Minutes

Ordinary Meeting of Council

Wednesday 24 April 2019 at 7:00pm

Queenscliff Town Hall
50 Learmonth Street, Queenscliff

Distribution

Councillors
Cr Bob Merriman
Cr Boyce Pizzey
Cr Ross Ebbels
Cr Tony Francis
Cr Susan Salter

Officers
Lenny Jenner - Chief Executive Officer
Phillip Carruthers - General Manager Organisational Performance & Community Services
Johann Rajaratnam – General Manager Planning & Infrastructure
Council Vision

Inspired by the Borough’s Latin motto, ‘Statio Tutissima Nautis’, that translates as “the safest anchorage for seafarers”, our vision for the future is that:

The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

Council acknowledges the traditional owners of this land, the Wadda Warrung people, one of some 25 clans that form part of the Kulin nation. We pay respect to their past and present Elders and their emerging leaders, and extend this respect to all Aboriginal and Torres Strait Islander peoples.
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1. OPENING OF MEETING

The meeting opened at 7:06pm.

Council acknowledges the traditional owners of this land, the Wadda Warrung people, one of some 25 clans that form part of the Kulin nation. We pay respect to their past and present Elders and their emerging leaders, and extend this respect to all Aboriginal and Torres Strait Islander peoples.

2. PRESENT & APOLOGIES

Present:
Cr Bob Merriman
Cr Boyce Pizzey
Cr Ross Ebbels
Cr Tony Francis
Cr Susan Salter
Lenny Jenner – Chief Executive Officer
Phillip Carruthers – General Manager Organisational Performance & Community Services
Johann Rajaratnam – General Manager Planning & Infrastructure
Allison Chaloner – Manager, Financial Services
Connor Parker – Coordinator, Community Engagement and Communications

Apologies:
Nil

Councillors Ebbels / Salter:

That Council formally accept and consider the two late additional confidential agenda reports as documented in the amended page 101 of 107 of tonight’s Ordinary Meeting agenda that includes:

19.3 CEO Contract (in accordance with Section 82(2)(a) of the Local Government Act 1989); and
19.4 Land Valuation (in accordance with Section 82(2)(d) of the Local Government Act 1989).

Carried
3. **PECUNIARY INTEREST & CONFLICT OF INTEREST DISCLOSURES**

Councillors must disclose a conflict of interest in accordance with Section 79 of the Local Government Act 1989.

Councillors: Cr Francis declared a conflict of interest in relation to public question 1 in that the question related to proposed beach boxes which may be located in reasonable proximity of a business in which he has a direct pecuniary interest and stated his intention to leave the chamber while the item was considered.

Cr Francis declared a conflict of interest in relation to public question 4 in that the question related to the lease of a business in which he has a direct pecuniary interest and stated his intention to leave the chamber while the item was considered.

Cr Salter declared a conflict of interest in relation to item 14.2 50 Stokes Street Queenscliff 2017/036.1 (application to amend a permit) as the subject property is adjacent to her personal place of residence and stated her intention to leave the chamber while the item was considered.

Officers: The CEO, Lenny Jenner, declared a conflict of interest in relation to item 14.2 50 Stokes Street Queenscliff 2017/036.1 (application to amend a permit) in that he is directly related to the owners of the subject property and stated his intention to leave the chamber while the item was considered.

4. **LEAVE OF ABSENCE OF COUNCILLOR**

Nil
5. PUBLIC QUESTION TIME

5.1 Public Questions Status Update

No Public Questions outstanding.

5.2 Public Questions

In accordance with Council’s Public Question Time Guidelines, questions must be written and received by the Chief Executive Officer prior to 3.00pm on the day of the Ordinary Council meeting. Questions received after this time will be treated as correspondence and a written response provided consistent with Council’s Customer Service Charter. Questions can be lodged online via the Borough of Queenscliffe website, via email, via post or in person by completing a Public Question Time Form.

The CEO advised Council that 5 public questions had been received by Council within the prescribed timelines.

7:08pm Cr Francis declared a conflict of interest in relation to public question 1 in that the question related to proposed beach boxes which may be located in reasonable proximity of a business in which he has a direct pecuniary interest and left the chamber while this item was considered.

Public Question 1 from QCA
The proposed budget has significant budget allocations to front beach works and South Hesse St. parking alterations.

With regard specifically to Beach Boxes (projected cost $110,000), there is a community expectation that Council undertook extensive community consultation, addressed and acknowledged the Coastal Management Act and DELWP Draft Policy that specified no more beach boxes on Crown Lands, prepared a market analysis and business case clearly articulating potential revenue streams and related expenses and also identified any potential councillor conflicts of interest consistent with the Local Government Act.

Can council re-assure the community that all such steps, processes and procedures did take place in preparing the Draft Budget on such matters and in the process identify how it arrived at a ‘conservative estimate’ of $26,000 income next financial year.

Response by Mayor
I will ask the General Manager, Planning & Infrastructure to answer this question.

Response by General Manager, Planning & Infrastructure
Thank you Mayor. Council has incorporated into its 2018/19 budget an allocation of funds to commence its preparation of a new Marine and Coastal Management Plan consistent with the requirements of the new State legislation.
Council is acutely aware of the need to ensure that this Plan includes extensive community consultation and applies the principles articulated in the Marine and Coastal Act.

Council is keen to signal its desire to ensure that this initiative to activate the Queenscliff Front Beach foreshore is fully considered in the development of the Plan.

The Draft Budget 2019/20 includes a set of assumptions with respect to income that may be received, and expenditure which may be incurred, however there are a set of processes (including those raised in the public question) which must first be carried out prior to the installation of beach huts.

Council has been conservative in its estimates, with a net income from beach huts of only $19,600 over the ten years to 2028/29.

7:11pm Cr Tony Francis returned to the chamber.

**Public Question 2**

With regard to the Avenue of Honour Budget, Council in the 2017 budget allocated a 3 year budget of $55,000 p.a as below-

‘Continue planning with the community to determine the future of the Borough’s historic Avenue of Honour and how best to manage the replacement of trees along the Avenue, by increasing the current budget allocation from $40,000 to $55,000 p.a. for three years to 2019/20 ($15,000);’

Can the community ascertain how much remains in the Budget for this priority project, why the AOH funds do not appear in the Draft Budget as a line item or why the per annum contributions specified in the 2017/18 budget again are not apparent in either the Current operations or Capital budgets for 2019/20?

**Response by Mayor**

I will ask Manager, Financial Services to answer this question.

**Response by Manager, Financial Services**

Thank you Mayor. The budget allocation to the Avenue of Honour project is included within Council’s operating expenditure, and specifically within the overall allocation to Materials and Services. It is therefore not a separately identified budget line item. Given the anticipated requirements, Council has allocated a recurrent budget of $30,000 p.a.

Council’s forecast budget for the Avenue of Honour project is $42,000 with expenditure of $12,000 to date and $30,000 remaining.

**Public Question 3**

A Follow up on the February QCA Question the response included timelines being available late February. Can this be clarified and now provided?

**Response by Mayor**

I will ask General Manager, Planning & Infrastructure to answer this question.
Response by General Manager, Planning & Infrastructure
Thank you Mayor. The response as provided by the GM, Organisational Performance & Community Services in February 2019 remains pertinent. Officers have requested Hassell to prepare new plans consistent with the Council resolution that incorporated the changes requested through the community consultation phase of the project.

Council expects the new draft plans to be ready for further community information sessions before the end of the financial year.

In relation to the undergrounding of power lines, Council identified an opportunity to secure funding as part of a project to upgrade the southern end of Hesse Street in Queenscliff.

7:16pm Cr Francis declared a conflict of interest in relation to public question 4 in that the question related to the lease of a business in which he has a direct pecuniary interest and left the chamber while this item was considered.

Public Question 4
Council records indicate that the lease for Harry’s Kiosk contains the following provision: ‘Public Facilities: Public facilities to be maintained by tenant. Future refurbishment / upgrade of public facilities to be undertaken by tenant to the satisfaction of Council’.

Why is Council allocating funds for these works?

Response by Mayor
I will ask General Manager, Planning & Infrastructure to answer this question.

Response by General Manager, Planning & Infrastructure
Thank you Mayor. I will need to take this matter on notice and review the subject lease prior to responding to the question.

7:18pm Cr Tony Francis returned to the chamber.

Public Question 5
When will the new Destination Queenscliff Plans be made available? Thank-you

Response by Mayor
I will ask General Manager, Planning & Infrastructure to answer this question.

Response by General Manager, Planning & Infrastructure
Thank you Mayor. As indicated in the response to an earlier public question, officers have requested Hassell to prepare new plans consistent with the Council resolution that incorporated the changes requested through the community consultation phase of the project. Council expects the new draft plans to be ready for further community information sessions before the end of the financial year.
6. CONFIRMATION OF COUNCIL MEETING MINUTES

6.1 Ordinary Meeting of Council – 28 March 2019

A copy of the previous Minutes of the Ordinary Meeting of Council held on 28 March 2019 was distributed to Councillors under separate cover.

Councillors Francis / Salter:

That the Minutes of the Ordinary Meeting of Council of the Borough of Queenscliffe held on 28 March 2019, as distributed, be confirmed as an accurate record.

Carried unanimously

7. RECORD OF ASSEMBLY OF COUNCILLORS

Record in accordance with section 80A(1) of the Local Government Act 1989 (see Adjunct to Item 7).

Councillors Francis / Salter:

That the Record of Assembly of Councillors, as presented in Adjunct to Item 7, be noted.

Carried

8. MOTION ON NOTICE

8.1 Motion on Notice Status Update

No Motions on Notice outstanding.

8.2 Motion on Notice

No Motions on Notice were received.

9. PETITIONS AND JOINT LETTERS

Nil
10. FUNCTIONS ATTENDED

Council was represented at the following functions:

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<th>Function Attended</th>
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<td>26 March 2019</td>
<td>‘Thank You’ morning tea for Bill Comerford for his many years of assistance with the Borough Australia Day event</td>
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<td>28 March 2019</td>
<td>Council Listening Post at the Queenscliff Uniting Church</td>
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<td>29 March 2019</td>
<td>G21 Region Alliance Board Meeting</td>
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<td>3 April 2019</td>
<td>G21 Education and Training Pillar Meeting</td>
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<td>6 April 2019</td>
<td>Event to celebrate The Queenscliff Couta’s first official game on new netball courts and a tour of our new facilities</td>
</tr>
<tr>
<td>6 April 2019</td>
<td>Concert release of new single by The Wonder by Matt Davis (recorded &amp; mixed in the Borough)</td>
</tr>
<tr>
<td>12 April 2019</td>
<td>Point Lonsdale Civic Association Inc. ‘2019 Federal Election Meet the Candidates Forum’</td>
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**Councillors Francis / Salter:**

That the Functions Attended report be received.

Carried unanimously
11. COMMUNITY WELLBEING

No reports to consider.

12. LOCAL ECONOMY

No reports to consider.
13. ENVIRONMENTAL SUSTAINABILITY

13.1 Environmental Sustainability Portfolio Report

File: QG055-02-12

Report Author: Cr Tony Francis

Strategic Objective: Play our part in protecting the local, national and globally significant values within our natural environment for future generations

Portfolio: Environmental sustainability

Portfolio Holder: Cr Tony Francis

Purpose

The purpose of this portfolio report is to provide Councillors and the community with an update on key issues within the portfolio of environmental sustainability, and to place this on the public record.

Background

Inspired by the Borough’s Latin motto, *Statio Tutissima Nautis*, that translates as ‘the safest anchorage for seafarers’, Council’s vision for the future is that:

*The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.*

The Borough has an enduring role to play in conserving our extraordinary natural beauty, with ecological values of global significance. It is surrounded by coastal foreshore on three sides, including Port Phillip Heads Marine National Park and Swan Bay, a wetland of international importance under the Ramsar Convention.

Council has considerable responsibility for coastal and crown land management, with a number of foreshore reserves under its management. These comprise approximately 8% of the total municipal area (27 reserves totalling around 104 hectares) – the highest proportion of any municipality in Victoria.

The need to protect and enhance the Borough’s natural environment continues to be a high priority for Council, as demonstrated through its Corporate Carbon Neutral Action Plan and the in-progress Community Carbon Neutral Action Plan.
The Borough community has enthusiastically embraced Council’s many recycling programs, as households become more environmentally aware. Such programs include the kerbside recycling collection, annual hard waste collection, green waste collections, e-waste drop-off event and the battery recycling program.

**Council Plan**

Environmental Sustainability is identified as Strategic Objective 2 in Council Plan 2017-2021.

In order to achieve Council’s objective of playing its part in protecting the local, national and globally significant values within our nature environment for future generations, the following key strategies are included in the Council Plan (and progress reported quarterly to Council):

- Protect significant vegetation and continue revegetation of urban and open space areas;
- Continue to eradicate the spread of noxious weeds;
- Respond to the impacts of erosion and climate change on our beaches and the coast;
- Lead by example and work with the community to reduce carbon emissions;
- Increase and promote the use of renewable energy;
- Enhance recycling and green waste and minimise waste to landfill;
- Advocate for additional protection of significant wetlands within and adjacent to the Borough; and
- Actively participate in relevant regional, state and national environmental initiatives.

**Key Issues**

There are three issues of significance within the environmental sustainability portfolio, which are a key focus of this report, as detailed below.

1. **Climate change**
   Council plays a key role in responding to the challenges of climate change and sea level rise and where possible working with various Federal, State, regional and local organisations to inform and educate the community on practices that support environmental sustainability.

**Operating expenditure**

The net cost to Council of dealing with climate change averages $115,000 p.a. in recurrent operating expenditure, comprising of:

- $55,000 Climate change initiatives (operating);
- $40,000 Employee costs; and
- $20,000 Administrative expenses.

The climate change initiatives undertaken by Council each year includes climate change adaptation per the AECOM report ($25,000), the Corporate Carbon Neutral Action Program ($25,000) and the provision of Community Environment Alliance seeding grants ($5,000).
Specific activities which Council engages in include:

- Supporting the community to organise and promote events that increase residents’ knowledge on sustainable living and protection of our environment such as the upcoming Sustainable Living Festival, annual community planting days;
- Developing education programs and materials to assist residents to correctly use their kerbside waste, recycling and green waste bins including the annual green waste collection calendar and A-Z waste/recycling guide; and
- Increasing residents’ opportunity to recycle more household items through organisation of annual e-waste drop-off event, national recycling week collections and ongoing battery and toothbrush collection programs.

2. Waste management

The Local Government Act 1989 allows councils to calculate a separate charge for the collection and disposal of waste management services, and this is not subject to the rate cap. It enables the recovery of all waste management costs, which the State Government acknowledges to be a user pay service, and one in which typical cost increases are significantly higher than CPI.

Council considers the achievement of full cost recovery of waste services provided to be the most financially responsible option available to Council. The total cost of waste management services is funded by the application of waste management charges to ratepayers who use each of the three waste services provided by Council.

**Rating Strategy**

Council’s Rating Strategy outlines Council’s policy regarding how its rates and charges are applied and the methodology used.

An important component of the annual budget process is Council’s continuing commitment, in accordance with its Rating Strategy, to three key principles in relation to the funding of its waste management services:

(i) Full cost recovery of all waste management services;
(ii) Clear identification of the waste management cost streams of kerbside waste, green waste and public waste and specifying these on the Rate Notice where applicable; and
(iii) Disclosure of all costs associated with each of the waste management streams.

Kerbside and green waste charges are applied to residential and tourist accommodation properties only, as commercial and other properties (including residential vacant land and cultural/recreational properties) are not eligible to receive these particular waste services. The public waste charge applies to all rateable properties within the Borough.

An annual reconciliation is completed each year-end, to determine the surplus/(deficit) between waste management charges collected from ratepayers and the actual waste costs incurred by Council for the year.

Reserve funds are held on the Balance Sheet to record any net surplus achieved, so Council can then determine that amount which will be allocated towards meeting the cost of waste services in the
next financial year, while retaining part of the surplus as a contingency to address emerging risks with respect to waste management services in future years. Council does not make any money on its waste service.

Recycling issues
As well documented, the recycling industry continues to be significantly impacted by the ‘National Sword Policy’, which was implemented by China’s General Administration of Customs on 1 January 2018 and aims to improve recovery and reuse of China’s domestic solid waste while restricting the import of contaminated paper, cardboard and plastics.

The policy has severely disrupted recycling markets worldwide with significant impacts on Victoria. The policy most directly impacts kerbside recycling services, as recyclables from households are usually on-sold in a mixed form. Significant quantities of collected recyclable material is exported to China for processing, resulting in the new restrictions having significant impacts on recycling processors.

The changes have impacted all councils in Victoria, as recycling processors have sought to reset contractual arrangements with councils. The local government sector has seen the withdrawal of rebate payments to councils, which have been replaced by gate fees charged for recyclable material sorting. This has resulted in a shift of $50,000 p.a. for Queenscliffe, from previously receiving approximately $17,000 p.a. in recycling disposal income, to instead incur a recycling disposal expense in the order of $33,000 p.a., which in turn impacts on the level of kerbside waste charge applied to residential and tourist accommodation ratepayers.

The State government provided temporarily relief to councils via grant funding, to assist with impact on councils of the recycling issue, however this was for costs in the 2017/18 year only. Council received a total of $10,860, paid in two instalments in the 2017/18 and 2018/19 years.

With the changes in recycling, and in order for this Council to maintain its recycling service, the charge for recycling was reviewed and adjusted in Council’s Adopted Budget 2018/19 to meet the higher costs associated with Council continuing its current recycling contract while continuing to be sustainably responsible in the process. An increase in 2018/19 of 7.94% overall for kerbside, green and public waste services was included in the 2018/19 Budget.

Further issues with recycling in recent weeks has meant that an additional $6,000 expenditure is now expected to be incurred in the current 2018/19 financial year. This will be adjusted in the March quarter’s forecast review, with the increased costs to be funded from Council’s kerbside waste reserve, which is used to hold the surplus of charges collected compared with costs paid in prior years. It should be noted, however, that this will reduce the reserve balance to only $1,226 as at 30 June 2019 and leaves little flexibility to deal with emerging pressures.

Municipal Industrial Landfill Levy (MILL)
The Victorian Auditor-General’s Office (VAGO) tabled its report, Managing the Municipal and Industrial Landfill Levy, with Parliament on 25 July 2018. A full copy of the report is available by accessing the following web link:

The Municipal and Industrial Landfill Levy (MILL), introduced in Victoria in 1992, aims to encourage recycling by putting a price on every tonne of waste that goes to landfill. Funds collected through the levy are used first to fund core activities of environmental agencies, with the balance being transferred to the Sustainability Fund (the fund) that was established in 2005. Payments from the fund can be made only for the purposes of fostering:

- environmentally sustainable uses of resources and best practices in waste management;
- community action or innovation in relation to the reduction of greenhouse gas substance emissions, or adaptation or adjustment to climate change in Victoria.

The MILL has changed significantly over the past 25 years, increasing from $2 per tonne in 1992 to its current rate of $63.28 per tonne. In 2010, the government considered the MILL of $9 at that time to be too low to drive behavioural change, and increased the levy substantially to make recycling economically competitive compared to depositing valuable materials to landfill. The objective was to increase recycling rates and stimulate the recycling industry, by making new recycling ventures more viable and creating new jobs. The expected impact of this increase was reduced volumes of waste to landfill of 34% between 2009-10 and 2013-14.

When the fund was originally administered by Sustainability Victoria, open grant rounds were available, however there have been no open grant rounds announced since 2009. The fund is now administered by the Department of Environment, Land, Water and Planning (DELWP), with all distributions now occurring through the budget process with departments and agencies as the recipients. A proportion of these funded initiatives involve grant programs that provide subsequent opportunities for councils and non-government organisations to access monies from the fund.

Waste industry groups, councils and environmentalists have expressed concern over the growth of the fund and the low level of expenditure from the fund on waste and resource recovery initiatives. Waste industry advocates, councils and environmental organisations continue to lobby the Victorian Government to access the fund to invest in future solutions for recycling.

The State government’s MILL fund currently has a balance of approximately $500 million. Since 2009, $401 million has been distributed from the fund, being 48% of the $829 million that has been transferred into the fund over this period. Over the next four years, the MILL is expected to collect approximately $215 million a year.

The Municipal Industrial Landfill Levy (MILL) is approximately $70,000 p.a. for Queenscliff, based on 1,100 tonnes at $63.28, and represents almost 15% of the total cost of kerbside waste provided (and charged) to ratepayers. Only $10,860 has been granted to Council by the State government for the temporary relief of recycling services in the latter part of 2017/18.

VAGO concluded in its report that, while MILL distributions to environmental agencies and the transfer of the remaining balance to the fund are in accordance with the Environment Protection Act 1970, there is a potential risk that the funds are not always used for their intended purposes and that activities that receive funds are not achieving the legislative objectives of better waste management, reduced greenhouse gases or effective adaptations to climate change. A significant proportion of funds have remained unspent over many years, representing an opportunity cost and begging the question as to the quantum of the charge on every tonne of waste that goes to landfill.
3. **Lighthouse Reserves**

Council’s operating budget for maintenance of the two Lighthouse Reserves comprises:

- **$7,000 p.a.** Lighthouse reserves maintenance; and
- **$30,000** Non-recurrent budget in 2018/19 (originally allocated in the 2015/16 year and carried over), for Point Lonsdale Lighthouse Reserve vegetation management.

In addition, Council has secured government grants for priority capital works at the lighthouse reserve as follows:

- **$500,000** Implementation of the Point Lonsdale Lighthouse Reserve Master Plan Stage 1 (total project $600,000, with balance of $100,000 funded from the rates budget). Council is scheduled to complete the detailed design in July 2019, with a commencement of construction scheduled for August 2019; and
- **$90,000** Search light emplacement structure at the Point Lonsdale Lighthouse Reserve (total project $153,000, with $23,000 allocated in Council’s budget in 2017/18 and the balance of $40,000 funded by savings reported in other maintenance budgets in 2018/19).

Council is also planning to include $500,000 in its Draft Budget 2019/20, for implementation of Point Lonsdale Lighthouse Reserve Stage 2. Council will seek funding of $400,000 from the State government, with the balance of $100,000 to be funded by new borrowings in 2019/20.

As Council is the Committee of Management for the two lighthouse reserves, it is important to note that the cost of maintaining and developing the two lighthouse reserves will come from ratepayer’s money, should Council not be successful in continuing to secure additional State government funding.

The surplus from Council’s tourist parks currently pays for some of Council’s crown land management responsibilities, however this surplus is not sufficient to cover all aspects, including the above mentioned maintenance and development of the lighthouse reserves.

**Discussion**

To achieve our objective of playing our part in protecting the local, national and globally significant values within our natural environment for future generations, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives, initiatives and service performance outcome indicators for each program area are detailed below and on the following pages.

1. **Environmental sustainability**

Forecast expenditure totals $152,000 for 2018/19, comprising: $77,000 recurrent projects and $75,000 for the administrative costs involved with delivering projects in this service area. This expenditure is funded from the rates budget and, although discretionary in nature rather than
legislated, is a high priority for Council in protecting and enhancing the Borough’s natural environment.

2. Coastal protection
Forecast expenditure totals $548,000 for 2018/19, comprising: $289,000 foreshore and open space maintenance; $173,000 administrative costs; and $86,000 non-recurrent projects. Forecast income of $124,000 consists of $101,000 lease of Crown land properties and $23,000 government grants for removal of seaweed from the beach and updated signage. The net forecast expenditure of $424,000 is funded from the rates budget, some of this contributed by the net surplus from Council’s tourist parks.

3. Waste management and recycling
Forecast expenditure totals $915,000 for 2018/19, comprising: $512,000 kerbside waste; $296,000 public waste; and $107,000 green waste. Full cost recovery is achieved via the application of waste charges to those ratepayers who access some/all of the waste services.

During the March 2019 quarter, new information on the waste management issues currently being experienced by the sector indicates that Council is expected to incur an additional cost of $6,000 for sending recyclables to landfill for the remainder of the 2018/19 financial year.

This cost pressure will be funded by using up current kerbside waste reserves of $6,000, noting this will leave a balance of only $1,226 in the kerbside waste reserve at 30 June 2019.
<table>
<thead>
<tr>
<th>Service area</th>
<th>Description of services provided</th>
<th>Adopted Budget</th>
<th>Sep 2018 Forecast</th>
<th>Dec 2018 Forecast</th>
<th>Mar 2019 Forecast</th>
<th>Variance from Q2 to Q3 Forecast</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Sustainability</td>
<td>The Environmental Sustainability program sees the Borough playing its part in protecting the natural environment for future generations. This includes Council measuring, monitoring and reducing its carbon emissions as well as assisting the local community to implement various initiatives designed to reduce greenhouse gases through the Community Environment Alliance. Council plays a key role in responding to the challenges of climate change and sea level rise and where possible working with various Federal, State, regional and local organisations to inform and educate the community about practices that support environmental sustainability.</td>
<td>147 $'000</td>
<td>151 $'000</td>
<td>151 $'000</td>
<td>152 $'000</td>
<td>(1) (0.8%)</td>
<td></td>
</tr>
<tr>
<td>Coastal Protection</td>
<td>The Coastal Protection program seeks to preserve and enhance the Borough’s globally significant, highly-valued coast as an iconic environmental asset for current and future generations. Under this program, Council implements State Government coastal management policy, manages environmental projects and works with State, regional and local services to enhance its management of coastal Crown Land. The program involves weed reduction initiatives and planting of trees and other plants.</td>
<td>591 (100) $'000</td>
<td>680 (100) $'000</td>
<td>592 (120) $'000</td>
<td>548 (124) $'000</td>
<td>44 (7.5%)</td>
<td>1</td>
</tr>
<tr>
<td>Waste Management and Recycling</td>
<td>The Waste Management and Recycling program seeks to promote local action in order to protect the environment for future generations. Council works with local and regional organisations, including the Barwon South West Waste and Resource Recovery Group and neighbouring councils to increase community awareness and promote behaviours that reduce waste and promote recycling. In addition to regular kerbside waste collection and a hard rubbish collection, the program includes a recycling service, e-waste and a green waste bin service for all residential and tourist accommodation properties. A range of public waste services are also provided given the comparatively high level of tourist visitation. Note full cost recovery of waste management, including recycling, is achieved via application of waste charges to ratepayers in accordance with Council’s Rating Strategy.</td>
<td>928 (19) $'000</td>
<td>928 (19) $'000</td>
<td>910 (21) $'000</td>
<td>915 (21) $'000</td>
<td>(6) (0.7%)</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Expenditure (Revenue)</td>
<td>1,666 (119) $'000</td>
<td>1,759 (119) $'000</td>
<td>1,652 (141) $'000</td>
<td>1,615 (144) $'000</td>
<td>37 (2.2%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Cost / (Income)</td>
<td>1,547 $'000</td>
<td>1,640 $'000</td>
<td>1,511 $'000</td>
<td>1,471 $'000</td>
<td>40 (2.7%)</td>
<td></td>
</tr>
</tbody>
</table>

Notes
1. $30k Point Lonsdale Lighthouse Reserve vegetation management now forecast for carry forward to 2019/20 and $14k contingent budgets declared as savings for crown land public conveniences and fencing maintenance.
2. $6k additional cost of recyclables sent to landfill to be funded by using $6k surplus kerbside waste charges from prior years, currently held in the kerbside waste reserve.
Major Initiatives 2018/19
Although no major initiatives (operating projects) are included in the 2018/19 Budget, it is important to note Council’s kerbside waste charges were adjusted in order to maintain its recycling service, which is facing significant issues as noted in the Discussion section of this portfolio report.

Initiatives 2018/19
No additional initiatives (operating projects) included in the 2018/19 Budget.

Carry forward operating projects 2018/19
Funds were held in reserves at 30 June 2018 and carried forward to the 2018/19 financial year, for completion of the following projects:

- $86,973 Coastal tender works at Ocean Road;
- $30,000 Point Lonsdale Lighthouse Reserve (PLLR) vegetation management;
- $20,000 Foreshore Action Plan;
- $11,897 Noxious weed eradication;
- $10,000 Lakers Cutting into RAMSAR listed Swan Bay site; and
- $6,145 Risk assessment/mitigation plan for gun emplacements near Point Lonsdale Lighthouse Reserve.

Some of the above projects are now expected to be carried over to 2019/20. These include: $81,973 coastal tender works at Ocean Road, $30,000 Point Lonsdale Lighthouse Reserve (PLLR) vegetation management, $5,000 Lakers Cutting into RAMSAR and $4,555k for risk assessment/mitigation for gun emplacements near Point Lonsdale Lighthouse Reserve.

Draft Budget 2019/20 Initiatives
The following new initiatives are included in the Draft Budget 2019/20:

- $15,000 Conduct an organic food waste pilot; and
- $5,000 Review Council’s hard waste service.

Performance Indicators

(a) Strategic Indicators
The following strategic indicators are included within the Council Plan 2017-2021:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon footprint</td>
<td>Maintain or reduce the baseline carbon emissions (as at 2010/11 levels) for the Borough of Queenscliffe Council.</td>
<td>To be reported at the 2018/19 year-end.</td>
</tr>
<tr>
<td>Waste diversion</td>
<td>1) Maintain the 2016/17 ratio of recyclable material to waste, to landfill;</td>
<td>1) Achieved in 2017/18, on track for 2018/19.</td>
</tr>
<tr>
<td></td>
<td>2) Reduce the 2016/17 amount of e-waste and recyclable material to landfill.</td>
<td>2) To be reported at the 2018/19 year-end.</td>
</tr>
<tr>
<td>Community satisfaction</td>
<td>Maintain or improve the Borough of Queenscliffe survey results as published.</td>
<td>The 2019 community satisfaction survey is currently underway, with preliminary report expected in May and a final report to Council in June/July 2019.</td>
</tr>
</tbody>
</table>
(b) Service Performance Outcome Indicators

The mandated Performance Statement includes one service performance indicator with respect to statutory planning, as tabled below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerbside collection waste diverted from landfill</td>
<td>37%</td>
<td>46%</td>
<td>54%</td>
<td>55%</td>
<td>56%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Council’s result has improved over the period to 2017/18, following the introduction of the new green waste service in 2015/16. The year-to-date outcome for 2018/19 is impacted by recycling issues being experienced across the sector and worldwide.

Council’s performance for this indicator in 2017/18 (55%), compared with the average for the Small Rural Councils group (40%) and State-wide (45%), is illustrated in the chart below.

![Waste diverted from landfill 2017/18](chart.png)

**Conclusion**

Council is committed to the ongoing management of environmental sustainability issues and considers a range of related matters within its Council Plan and annual budget. With respect to the three key issues highlighted in this report, Council concludes as follows:

1. **Climate change**

   Council has undertaken, and continues to invest in, a range of initiatives to manage the issues being experienced due to climate change. The annual budget provides for ongoing operating expenditure as well as the annual renewal of foreshore assets most likely to be impacted by adverse weather conditions. Council will continue to follow up with the State government on the matter of lost boat ramp fees ($110,000 p.a. for Queenscliff), noting any change to the government’s view on this matter could lead to additional monies being available to reinstate the coastal infrastructure project that Council had originally sought to fund.
2. Waste management
While Council continues to experience budgetary movements due to recycling issues, which are being experienced worldwide, Council has a robust method for managing this under its Rating Strategy. Waste costs are estimated, and waste charges applied to ratepayers each year, with any surplus/(deficit) between estimated and actual costs accounted for by the use of waste management reserve accounts on Council’s Balance Sheet. Full disclosure is included in the annual budget, quarterly financial reports during the year and Council’s Annual Report.

3. Lighthouse Reserves
As Committee of Management for the two lighthouse reserves, Council has a responsibility for ensuring the reserves are maintained to appropriate standards and developed consistent with the Point Lonsdale Lighthouse Reserves Master Plan. Council has been successful in securing significant funding to implement Stage 1, however Stage 2 of this project will require another significant investment of funds which, if not secured, will result in funds having to come from ratepayer’s money in order to progress this project.

Councillors Francis / Pizzey:

That Council note the Portfolio Report.

Carried
### 14. PLANNING & HERITAGE

#### 14.1 Planning Permit Activity Report

**14.1 (a) Planning Permit Summary Report**

<table>
<thead>
<tr>
<th>App. No</th>
<th>Date Received</th>
<th>Address</th>
<th>Proposal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/059</td>
<td>24/07/2017</td>
<td>Queenscliff Harbour carpark, Wharf Street East, Queenscliff</td>
<td>Construct and display signage</td>
<td>Waiting on information from applicant</td>
</tr>
<tr>
<td>2018/021</td>
<td>16/03/2018</td>
<td>159 Point Lonsdale Road Point Lonsdale</td>
<td>Lopping and removal of vegetation in a Heritage Overlay where tree controls apply</td>
<td>Referral to DELWP</td>
</tr>
<tr>
<td>2018/032</td>
<td>23/04/2018</td>
<td>5 Tobin Drive Queenscliff</td>
<td>Removal of vegetation</td>
<td>Referral to DELWP</td>
</tr>
<tr>
<td><strong>2018/039</strong></td>
<td><strong>9/05/2018</strong></td>
<td><strong>34-38 King Street Queenscliff</strong></td>
<td>Subdivision of the land into two (2) lots, creation of access to a road in a Road Zone Category 1 and the construction of fences and driveways on a site individually listed in a Heritage Overlay</td>
<td>VCAT application for review lodged by applicant (failure to determine) VCAT hearing 5 March and 20 March 2019 VCAT decision yet to be issued</td>
</tr>
<tr>
<td><strong>2018/069</strong></td>
<td><strong>3/08/2018</strong></td>
<td>12 Bethune Street Queenscliff</td>
<td>Construction of two double storey dwellings and front fences and construction of an outbuilding</td>
<td>Notice of decision to refuse to grant a permit issued VCAT application for review lodged by applicant VCAT hearing 17 June 2019</td>
</tr>
<tr>
<td>2018/076</td>
<td>17/08/2018</td>
<td>2 Gellibrand Street Queenscliff</td>
<td>Alterations to a building (solar panels and flag pole) and external painting of a building individually listed in a Heritage Overlay</td>
<td>Waiting on information from applicant</td>
</tr>
<tr>
<td>2018/079</td>
<td>23/08/2018</td>
<td>81 Nelson Road Queenscliff</td>
<td>Subdivision of land into seven (7) lots, removal of vegetation and works associated with the subdivision</td>
<td>Amended proposal under review</td>
</tr>
<tr>
<td>App. No</td>
<td>Date Received</td>
<td>Address</td>
<td>Proposal</td>
<td>Status</td>
</tr>
<tr>
<td>--------</td>
<td>---------------</td>
<td>---------</td>
<td>----------</td>
<td>--------</td>
</tr>
<tr>
<td>2018/082</td>
<td>28/08/2018</td>
<td>71 Flinders Street Queenscliff</td>
<td>Construction of an outbuilding (storage shed)</td>
<td>Public notification Referrals to DELWP &amp; CFA</td>
</tr>
<tr>
<td>2018/083</td>
<td>28/08/2018</td>
<td>71 Flinders Street Queenscliff</td>
<td>Construction of an outbuilding (alfresco area) and alterations to an existing building</td>
<td>Referral to CFA</td>
</tr>
<tr>
<td><strong>2018/102</strong></td>
<td><strong>2/11/2018</strong></td>
<td><strong>10 Hobson Street Queenscliff</strong></td>
<td>Alterations and additions to an existing retail premises comprising a single dwelling at first floor level within a Commercial 1 Zone and Heritage Overlay area, variation to the site coverage and setback requirements of the Design and Development Overlay – Schedule 1, removal of easement E1 and waiver of the car parking requirements of Clause 52.06 of the Queenscliff Planning Scheme</td>
<td>Notice of decision to grant a permit issued</td>
</tr>
<tr>
<td><strong>2018/104</strong></td>
<td><strong>5/11/2018</strong></td>
<td><strong>31 Cheshunt Street Point Lonsdale</strong></td>
<td>Construction of a two storey dwelling and front fence</td>
<td>Notice of decision to grant a permit issued VCAT application for review lodged by objector VCAT hearing 5 September 2019</td>
</tr>
<tr>
<td><strong>2018/110</strong></td>
<td><strong>18/12/2018</strong></td>
<td><strong>69 Learmonth Street Queenscliff</strong></td>
<td>Construction of a two storey dwelling and front fence in a Heritage Overlay area</td>
<td>Under consideration</td>
</tr>
<tr>
<td><strong>2018/111</strong></td>
<td><strong>19/12/2018</strong></td>
<td><strong>1 Hobson Street Queenscliff</strong></td>
<td>Construction of a two storey dwelling in a Heritage Overlay area</td>
<td>Notice of decision to grant a permit issued</td>
</tr>
<tr>
<td><strong>2019/001</strong></td>
<td><strong>11/01/2019</strong></td>
<td><strong>4 Wharf Street Queenscliff</strong></td>
<td>Alterations to an existing building in a Heritage Overlay area</td>
<td>Public notification</td>
</tr>
<tr>
<td>2019/005</td>
<td>8/02/2019</td>
<td>1 Rayleigh Avenue Queenscliff</td>
<td>Subdivision of the land into three (3) lots</td>
<td>Under consideration</td>
</tr>
<tr>
<td>2019/008</td>
<td>11/02/2019</td>
<td>1/7 Bellarine Highway Point Lonsdale</td>
<td>Construction of a two storey dwelling</td>
<td>Public notification Referral to Parks Vic</td>
</tr>
<tr>
<td>2019/009</td>
<td>21/02/2019</td>
<td>3 Winterley Road Point Lonsdale</td>
<td>Construction of a two storey dwelling and front fence</td>
<td>Public notification</td>
</tr>
<tr>
<td>2019/010</td>
<td>22/02/2019</td>
<td>5 Carnegie Place &amp; 11 Lonsdale Street Point Lonsdale</td>
<td>Subdivision of the land into two (2) lots and boundary realignment</td>
<td>Further information requested 28 February 2019</td>
</tr>
<tr>
<td>App. No</td>
<td>Date Received</td>
<td>Address</td>
<td>Proposal</td>
<td>Status</td>
</tr>
<tr>
<td>---------</td>
<td>---------------</td>
<td>--------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>2019/013</td>
<td>01/03/2019</td>
<td>10 Bailey Street</td>
<td>Extensions to an existing single dwelling and variation to the site coverage requirements of Design and Development Overlay - Schedule 4</td>
<td>Further information requested 21 March 2019</td>
</tr>
<tr>
<td>2019/014</td>
<td>20/03/2019</td>
<td>5 Laker Drive</td>
<td>Construction of a dwelling and removal of native vegetation</td>
<td>Public notification Referral to CFA</td>
</tr>
</tbody>
</table>

14.1(b) Planning Permit Summary Report: Applications on Hold at Request of Applicant

No applications to report.
### 14.1(c) Planning Permit Summary Report: Applications Finalised Since Last Report

<table>
<thead>
<tr>
<th>App. No</th>
<th>Date Received</th>
<th>Address</th>
<th>Proposal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017/110</strong></td>
<td>20/12/2017 (Amended 15/06/2018)</td>
<td>153 Point Lonsdale Road Point Lonsdale</td>
<td>Construction of a two storey dwelling and front fence and variation to the site coverage and front and side setback requirements of Design and Development Overlay Schedule 3</td>
<td>Permit issued</td>
</tr>
<tr>
<td><strong>2018/010</strong></td>
<td>13/02/2018</td>
<td>39 Stevens Street Queenscliff</td>
<td>Part demolition, alterations and extensions (two storey) to an existing dwelling, demolition of outbuildings in a Heritage Overlay area, construction of an outbuilding and alteration to fences</td>
<td>Permit issued (at the direction of VCAT)</td>
</tr>
<tr>
<td>2018/093</td>
<td>4/10/2018</td>
<td>1 Mercer Street Queenscliff</td>
<td>Part demolition, alterations and extensions to an existing two storey dwelling in a Heritage Overlay area</td>
<td>Permit issued</td>
</tr>
<tr>
<td><strong>2018/096</strong></td>
<td>15/10/2018</td>
<td>Lawrence Road (road reserve near Point Lonsdale Road intersection) Point Lonsdale</td>
<td>Removal and lopping of native vegetation in the road reserve</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2018/101</td>
<td>30/10/2018</td>
<td>1 Girvan Grove Point Lonsdale</td>
<td>Alterations and extensions to an outbuilding, variation to the front setback requirements of Design and Development Overlay - Schedule 4 and alterations to a dwelling</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2018/103</td>
<td>2/11/2018</td>
<td>29 Flinders Street Queenscliff</td>
<td>Alterations and extensions to an existing building</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2018/108</td>
<td>6/12/2018</td>
<td>2 Point Lonsdale Road Point Lonsdale</td>
<td>Removal of vegetation in the Point Lonsdale Lighthouse reserve</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2018/109</td>
<td>12/12/2018</td>
<td>3 Pelham Court Point Lonsdale</td>
<td>Alterations to an existing dwelling, construction of outbuildings and variation to the setback and wall length on boundary requirements of Design and Development Overlay – Schedule 4</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2019/003</td>
<td>16/01/2019</td>
<td>6 Richards Street Queenscliff</td>
<td>Removal of easements (E1, E2 &amp; E3)</td>
<td>Permit issued</td>
</tr>
<tr>
<td>2019/007</td>
<td>12/02/2019</td>
<td>165 Point Lonsdale Road Point Lonsdale</td>
<td>Alterations and extensions to an existing dwelling</td>
<td>Permit issued</td>
</tr>
<tr>
<td>V 2019/012</td>
<td>25/02/2019</td>
<td>31 Stokes Street Queenscliff</td>
<td>The installation of a rainwater tank in a Heritage Overlay</td>
<td>Permit issued</td>
</tr>
</tbody>
</table>
**14.1(d) Planning Permit Summary Report: New Applications Received Since Last Report**

<table>
<thead>
<tr>
<th>App. No</th>
<th>Date Received</th>
<th>Address</th>
<th>Proposal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>V 2019/015</td>
<td>03/04/2019</td>
<td>82 Hesse Street Queenscliff</td>
<td>Display business identification signage, external painting and alterations to a building in a Heritage Overlay</td>
<td>Further information requested 10 April 2019</td>
</tr>
<tr>
<td>2019/016</td>
<td>03/04/2019</td>
<td>9 Williams Road Point Lonsdale</td>
<td>Alterations and extensions to an existing dwelling</td>
<td>Initial assessment</td>
</tr>
<tr>
<td>2019/017</td>
<td>04/04/2019</td>
<td>76 Hesse Street Queenscliff</td>
<td>Development of a dwelling on a site individually listed in a Heritage Overlay and subdivision of the land into two (2) lots</td>
<td>Initial assessment</td>
</tr>
</tbody>
</table>

**14.1(e) Development Plan Summary Report**

No applications to report.

**14.1(f) Planning Scheme Amendment Summary Report**

<table>
<thead>
<tr>
<th>Amend. No.</th>
<th>Address</th>
<th>Proposal</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>C28</td>
<td>Land parcel CA 2C SEC1, Queenscliff</td>
<td>Zoning of Commonwealth land (CA) to Public Park and Recreation Zone (PPRZ)</td>
<td>Amendment documents drafted. Discussions with DELWP on progression of the amendment are underway.</td>
</tr>
<tr>
<td>C30</td>
<td>81 Nelson Road, Queenscliff</td>
<td>Rezone the land at 81 Nelson Road, Queenscliff to Neighbourhood Residential Zone – Schedule 1 (NRZ1) and General Residential Zone – Schedule 1 (GRZ1), apply Design and Development Overlay – Schedule 3 (DDO3) and Design and Development Overlay – Schedule 5 (DDO5), delete Development Plan Overlay 1 (DPO1) and subdivide the land into seven (7) lots.</td>
<td>Amendment documents being prepared.</td>
</tr>
</tbody>
</table>

**LEGEND**

**Objections received**

*Amendment or extension of time request to application previously determined by Council*

**Officer delegation removed**

*VicSmart application (officer delegation cannot be removed)*
Councillors Francis / Pizzey:

That the report be received.

Carried
7:31pm Cr Salter declared a conflict of interest in relation to item 14.2 50 Stokes Street Queenscliff 2017/036.1 (application to amend a permit) as the subject property is adjacent to her personal place of residence and left the chamber while this item was considered.

7:31pm The CEO, Lenny Jenner, declared a conflict of interest in relation to item 14.2 50 Stokes Street Queenscliff 2017/036.1 (application to amend a permit) in that he is directly related to the owners of the subject property and left the chamber while the item was considered.

14.2 50 Stokes Street Queenscliff: 2017/036.1 (application to amend a permit)

File: QP230-5000

Report Author: Senior Planner

Strategic Objective: Planning and Heritage

Portfolio: Planning and Heritage

Portfolio Holder: Cr Boyce Pizzey

Purpose

This report seeks to advise Council on an application to amend a planning permit at 50 Stokes Street in Queenscliff.

The application proposes to amend an existing permit that allowed building and works associated with a swimming pool, shed, landscaping and fencing issued in October 2017 through removal of Condition 3 a) requiring 50% of landscaping and endorsement of a new landscape plan.

One (1) objection to the proposal has been received as a result of public advertising.

Background

The subject land is located on the north side of Stokes Street and is developed with an existing weatherboard dwelling and outbuildings. The land has an area of 287 square metres.

The land is zoned Neighbourhood Residential Zone Schedule 1 with a Design and Development Overlay Schedule 1 and Heritage Overlay Schedule 8.

Planning permit 2017/036 was issued on 5 October 2017 and allowed for partial demolition, alterations and extensions to a dwelling in a heritage area, demolition of outbuildings and fences, construction of an outbuilding, swimming pool, spa and fences, with external painting on a site less
than 300 square metres and variation to the site coverage requirements of the Design and Development Overlay Schedule 1.

The planning permit included Condition 3 as follows:

*Before the development starts, a landscape plan to the satisfaction of the Responsible Authority must be submitted to and approved by the Responsible Authority. When approved, the plan will be endorsed and will then form part of the permit. The plan must show:*

- a) Landscaping that covers at least 50% of the private open space with soft landscaping
- b) A survey (including botanical names) of all existing vegetation to be retained and/or removed
- c) Building and trees (including botanical names) on neighbouring properties within three metres of the boundary
- d) Details of surface finishes of pathways and driveways
- e) A planting schedule of all proposed trees, shrubs and ground covers, including botanical names, common names, pot sizes, sizes at maturity and quantities of each plant.

A plan was endorsed showing landscaping outcomes generally consistent with Condition 3 on the 27 October 2017.

Changes have occurred to the landscaping on the site during the development of the buildings and works. A change to the landscape plan was requested by the permit holder/land owner on 14 June 2018. The change was requested as a secondary consent consideration, not as an amendment to the permit under Section 72 of the Planning and Environment Act 1987.

A review of the details of the request indicates significant changes to the soft landscaping to the private open space to reduce the soft landscaping to be 35%. The changes propose significant alterations to the requirement of Condition 3 a) and are inconsistent with that condition. As such it was considered these changes could not be considered under secondary consent as the matters are not of a minor nature. The changes ought to be considered as an amendment to the permit under Section 72 of the Planning and Environment Act 1987 and remove Condition 3 a) that requires 50% soft landscaping. The current application seeks to remove conditions 3 a) and endorse a new landscape plan for the site.

Further review of the application has confirmed the following in relation to the planning controls on the land:

- The original permit application lodged in May 2017 included reference to a pool and spa. A review of the planning controls has confirmed that a pool/spa and associated mechanical equipment were and remain as building and works exempt from a planning permit unless specifically required by the planning scheme under Clause 62.02-2.
- The Neighbourhood Residential Zone Schedule 1 and Design and Development Overlay Schedule 1 that apply to the land do not specifically require a planning permit for a pool/spa and associated mechanical equipment and as a result the pool/spa were not subject to planning permission under those controls.
- At the time of the decision on the application in October 2017 the Heritage Overlay Schedule 8 on the subject land specifically stated a pool/spa were subject to a permit under the Heritage Overlay however the Heritage Overlay also noted an application for a pool/spa
were exempt from public notification and third party appeal rights to the Victorian Civil and Administrative Tribunal (VCAT).

- Based on the above the original public notification of the proposal should have highlighted that the pool/spa were exempt from notification, but the landscaping and other changes were still available for potential objectors to comment on.

- The Heritage Overlay has been altered further since 2017 to now detail that no planning permits are needed for a pool/spa if the pool/spa is not visible from a street (other than a lane). In the event a permit is required for a pool/spa the Heritage Overlay the control still maintains that such an application is exempt from notice and third party appeal rights pursuant to Clause 43.01-4.

Based on the above, the assessment of the current application to amend the planning permit can only relate to the variation to landscaping outcomes. The pool/spa and associated mechanical equipment are not subject to review by third parties specifically other than the location of the pool mechanical equipment impacting on landscaped area.

**Key Issues**

In the consideration of the Section 72 amendment to the planning permit the key issues for consideration are as follows:

- Is the removal of Condition 3 a) reasonable in context to the original assessment of the proposal and the relevant permit triggers under the Design and Development Overlay Schedule 1?

- Is the endorsement of an updated landscape plan that has a reduced area of soft landscaping reasonable, in regard to the Design and Development Overlay Schedule 1?

Importantly the development of the pool and associated mechanical equipment are not able to be considered under the Section 72 amendment process as these are now exempt from a planning permit under the Heritage Overlay and Design and Development Overlay Schedule 1.

**Discussion**

The matters to be considered via the application to amend the permit relate to those matters triggered under the relevant planning controls. The key change sought relates to the building and works associated with the shed and fencing as triggered by the Design and Development Overlay Schedule 1. These triggers result in assessment of matters relevant to the 50% soft landscaping requirements of the Design and Development Schedule 1.

The swimming pool and associated equipment are exempt from a permit under Clause 62.02-2 of the Queenscliffe Planning Scheme as they are not specifically listed as requiring a permit under the zone or Design and Development Overlay.

The swimming pool and associated equipment, whilst originally triggered a permit under the Heritage Overlay, was exempt from public notice and appeal provisions under Clause 43.01-4.
A swimming pool is now exempt from requiring a planning permit under the Heritage Overlay where it is not visible from a street (other than a laneway) pursuant to Clause 43.01-1.

The Design and Development Overlay Schedule 1 states the following in relation to soft landscaping:

*At least 50% of the required private open space on a site should be ‘soft landscaping’ (i.e. vegetation). Hardstand areas should consist of porous surfaces.*

The main changes the amendment seeks to the area of landscaping related to the following:

- New paved steps from the rear gate into the site on the east side of the pool.
- An outdoor shower and pool pump storage to the southern side of the shed.
- A section of decking between the pool and the rear deck on the house.
- Replacement of formerly approved brick paving with garden to the east side of the deck to the rear of the house.

Council has discretion to apply the 50% soft landscaping requirement as relevant to the merits of each individual site. In considering the variation as requested important elements are:

- The level of impact on the design objectives of the overlay and the streetscape.
- The ability for the standard to be reasonably met.
- The context of the site prior to the development occurring.

The proposed change to remove Condition 3 a) and allow for soft landscaping less than 50% of the private open space based is considered to respond to the above as detailed below:

- The proposal will not impact the interaction of the proposal with Stokes Street as the area is to the rear of the site. The overall design objectives as relevant to the streetscape will not be compromised.
- The ability for 50% of the area to be soft landscaping on a site of 280 square metres and where some elements such as the pool can be developed without a permit is challenging.
- The level of soft landscaping proposed at 35% is an improvement to the area of soft landscaping that existed in the rear yard prior to the development occurring.

On balance the amendment to the permit is considered reasonable and will not compromise the overall character objectives of the Design and Development Overlay Schedule 1.

It is noted that the landscaping change has reduced taller planting to the eastern side of the yard adjacent the common boundary to the property to the east. The original endorsed plan featured a Crepe Myrtle in this position. Some level of landscaping, both along this boundary and generally, is considered important to help minimise overlooking to the east from the elevated deck and to introduce a level of landscaping that accords with that in surrounding lots. As such, in recommending support for the amended landscaping outcome a condition has been included requiring an amended landscape plan showing planting in the rear yard and, in particular, a Crepe Myrtle on the eastern boundary (on the southern side of the shed) similar to that originally approved.

**Objections**

One (1) objection to the proposal has been received.
In summary, the objection has raised the following issues which are responded to below:

Noise from the pool and pool pumps.
As detailed above the pool does not require planning permission under the controls on the land and is not subject to public notification and review rights at VCAT. In this context issues associated with the pool are not matters to be considered under the current amendment to the planning permit application.

Loss of view from shed location
The application to amend the permit does not seek any variation to the shed as originally approved. The location of shed was originally assessed as being appropriately sited. It is understood the issue of view is related to the obtaining a view whilst standing in the backyard of 48 Stokes Street looking over existing fencing and other development to the north. An element of view from the rear yard remains to the north and the impact of the shed is not considered unreasonable in the overall context. The single storey shed is a reasonable expectation in a residential property and any view from ground level and its context were considered in the original decision.

Glare from the shed
The shed as approved includes a zincalume roof. Some element of glare may occur at particular times however it is anticipated such glare will dull with the passing of time.

Reduction in the soft landscaping area not appropriate
As detailed above the reduction in the landscaped area is considered a reasonable outcome. It is considered the landscape outcome sought will provide an appropriate response to the backyard of the property and will not result in unreasonable amenity impacts to the neighbouring property. However it is noted that the change to the landscaped areas has reduced the presence of vegetation, including a larger Crepe Myrtle to the eastern boundary, as originally approved. It is considered a form of screen planting along the eastern boundary is important given the elevated decking and landscaped areas created. As such it is recommended the amended plan for the site be further amended to show additional planting including a Crepe Myrtle on the eastern boundary to the south of the shed.

Council Plan
This planning application has been assessed giving due consideration to the strategic direction identified in the 2017-2021 Council Plan, particularly Strategic Objective 4 – Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage.

Financial
There are no financial impacts for Council as a result of the proposal.
Social

Consideration has been given to the impact of the proposal on the amenity of the surrounding area and the potential impact on the community of Queenscliff.

Environmental

The environmental impact of the proposal has been considered as a component of assessment against the provisions of Design and Development Overlay – Schedule 1 of the Queenscliffe Planning Scheme.

Risk Management

All relevant matters as required by the Planning and Environment Act 1987 have been considered in the assessment of the application.

Community Engagement

Council has a commitment to community engagement and effective consultation.

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<tr>
<th>CATEGORY</th>
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<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six</th>
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<tr>
<td>One-off Issues</td>
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<td>Major projects</td>
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</table>

At the meeting of 28 February 2019, Council removed officer delegation conferred under Section 98(1) of the Local Government Act 1989 in relation to Planning Application 2017/036.1: 50 Stokes Street, Queenscliff – on the grounds of response to the location and form of buildings on adjacent land and response to the heritage qualities of the town of Queenscliff. A Planning Review meeting was held at 7.00pm on April 2018 during which the applicant and objectors were given the opportunity to speak to Council on the proposal. Only the applicant attended the meeting and presented to Council.

Officer Direct or Indirect Interest

*Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.*

Officers involved in developing the report have no direct or indirect interests.
Assessment

As discussed in this report, the application has been assessed as responding appropriate to the relevant controls and policy framework of the Queenscliffe Planning Scheme.

Conclusion

As noted above, assessment of the proposal has resulted in support for the amendment of the permit consistent with the requirements of the Queenscliffe Planning Scheme.

Recommendation:

That Council, having considered all the matters required under Section 60 of the Planning and Environment Act 1987, decides to amend Planning Permit 2017/036 under the provisions of the Queenscliffe Planning Scheme in respect of the land known and described as 50 Stokes Street, Queenscliff for partial demolition, alterations and extensions to a dwelling in a heritage area, demolition of outbuildings and fences, construction of an outbuilding, swimming pool, spa and fences, with external painting on a site less than 300 square metres and variation to the site coverage requirements of the Design and Development Overlay Schedule 1., through:

- Inclusion of additions to Condition 1 to require an amended landscape plan generally in accordance with the plan submitted with the application for amendment on 3 December 2018 but modified to include additional planting including a Crepe Myrtle on the eastern boundary south of the shed. The Crepe Myrtle is to be of mature size when planted.
- Removal of Condition 3 a) and renumbering of remaining sections of Condition 3.

Councillors Pizzey / Ebbels:

That Council, having considered all the matters required under Section 60 of the Planning and Environment Act 1987, decides to amend Planning Permit 2017/036 under the provisions of the Queenscliffe Planning Scheme in respect of the land known and described as 50 Stokes Street, Queenscliff for partial demolition, alterations and extensions to a dwelling in a heritage area, demolition of outbuildings and fences, construction of an outbuilding, swimming pool, spa and fences, with external painting on a site less than 300 square metres and variation to the site coverage requirements of the Design and Development Overlay Schedule 1., through:

- Inclusion of additions to Condition 1 to require an amended landscape plan generally in accordance with the plan submitted with the application for amendment on 3 December 2018 but modified to include additional planting including a Crepe Myrtle on the eastern boundary south of the shed.
- Removal of Condition 3 a) and renumbering of remaining sections of Condition 3.

Carried unanimously

7:36pm Cr Susan Salter returned to the Chamber.
7:36pm The CEO, Lenny Jenner, returned to the Chamber.
15.  GOVERNANCE & PERFORMANCE

15.1  Review of Council Policies

File: QG055-01-12

Report Author: General Manager, Organisational Performance & Community Services

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

The purpose of this report is for Council to consider three revised Council policy recommended by officers to be adopted.

The draft Council policies presented for consideration are as follows:
1. CP041 Residential Vacant Land Rate – Revised (Appendix 1a)
2. CP009 Gifts, Benefits and Hospitality – Revised (Appendix 1b)
3. CP018 Councillor Support, Resources and Facilities – Revised (Appendix 1c)

Background

Good governance is a core role of Council and the timely and regular review of Council policies is essential to ensuring that current and relevant direction and guidance is available to Council and its officers in relation to the core corporate governance functions of Council.

The establishment of Council policies, typically reviewed on a cyclical basis, is influenced by a range of considerations, such as:
- Ensuring compliance with legislative requirements;
- Alignment with best practice guidelines applicable to the local government sector and/or business;
- Implementing internal and external audit recommendations; and
- Conveying Council’s strategic intent to the organisation and/or the community in relation to a Council function or responsibility.
Key Issues

A regular review of policies ensures relevance to today’s environment, such as consideration of Council’s strategic intent outlined in the Council Plan 2017-2021, as well as compliance with legislative requirements.

The review of this Council policy is a routine matter and not the result of any operational challenges experienced in relation to these particular policies, unless specifically stated.

The most significant change proposed for this policy is summarised below.

**CP041 Residential Vacant Land Rate**: The review of this policy has been brought forward, primarily to ensure consistency between this policy and Council’s Draft Rating Strategy, which is scheduled to be considered by Council at its 24 April 2019 Ordinary Council Meeting before being placed on exhibition and public submissions invited. Key changes proposed to this policy include a change to the definition of residential vacant land, to include any uninhabitable shed or shelter in this definition, and a new section to clarify the waste management charges which will and will not apply to residential vacant land.

**CP009 Gifts, Benefits and Hospitality**: The review of this policy recommends an increase to the ‘not significant monetary value’ from $5 to $10 to accommodate inflation over the past few years and amendment to a Council officer title.

**CP018 Councillors Support, Resources and Facilities**: The review of this policy sees an amendment to a Council officer title and changing reference to election caretaker period to overall election campaigning.

Discussion

Council policies are updated by Council officers in accordance with a regular program of review by management. The proposed revision to the policies in this report will ensure that the policy framework remains current and relevant.

The following is a summary of key issues and changes as they relate to the draft policy:

1. **CP041 Residential Vacant Land Rate – Revised**
   This policy was first adopted in March 2018. The purpose of this policy is to outline the objectives and principles applied in Council’s identification of residential vacant land, and the subsequent application of a residential vacant land rate in accordance with Council’s adopted Rating Strategy and its adopted Budget. This policy sets out the manner in which the residential vacant land rate is administered.
Council officers have now reviewed this policy and recommend the following amendments:

<table>
<thead>
<tr>
<th>Section</th>
<th>Proposed amendment(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
<td>Remove reference to comments that date this policy, such as the residential vacant land rate that applied prior to the last change effective from 2018/19 and the number of properties that are rated as residential vacant land.</td>
</tr>
<tr>
<td>Purpose</td>
<td>Again, remove references which would otherwise date this policy.</td>
</tr>
<tr>
<td>Definitions</td>
<td>Residential vacant land – have added that the land must be zoned residential, and that any uninhabitable shed or shelter (where no certificate of occupancy has been issued) will also be rated as residential vacant land.</td>
</tr>
<tr>
<td>Policy 1. Calculation of the residential vacant land rate</td>
<td>Remove reference to commentary and dollars that date this policy. Instead, this section of the policy now advises that the residential vacant land rate is determined by applying a premium to the general rate, and a simple formula is included to explain how the residential vacant land rate is calculated.</td>
</tr>
<tr>
<td>3. Waste management charges</td>
<td>New section, which details the three waste management charges applied to cover the cost of Council’s waste management service, noting only the public waste charge is applied to residential vacant land. Kerbside and green waste charges do not apply, unless a residential vacant land property applies for (and is eligible to receive) an optional green waste service from Council.</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>To be reviewed as a minimum in the first year of each new Council term, and as required.</td>
</tr>
</tbody>
</table>

2. **CP009 Gifts, Benefits and Hospitality – Revised**

This policy was first adopted in October 2011 and last reviewed in March 2016. The purpose of this policy is to clearly detail how Councillors and Council officers receive or decline gifts or hospitality.

Council officers have now reviewed this policy and recommend the following amendments:

<table>
<thead>
<tr>
<th>Section</th>
<th>Proposed amendment(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy 4. Token Gifts</td>
<td>Increase the value of significant monetary value from $5 to $10 to reflect inflation since the policy was first adopted.</td>
</tr>
<tr>
<td>9. Reporting</td>
<td>Update the Executive Assistants title to ‘Executive Assistant to the Mayor, Councillors &amp; Chief Executive Officer’</td>
</tr>
</tbody>
</table>

3. **CP018 Councillor Support, Resources and Facilities– Revised**

This policy was first adopted in October 2011 and last reviewed in February 2016. The purpose of this policy is to outline the resources, support and facilities that will be provided to Councillors to effectively exercise their duties as an elected Councillor, in accordance with section 75C of the *Local Government Act 1989*. 
Council officers have now reviewed this policy and recommend the following amendments:

<table>
<thead>
<tr>
<th>Section</th>
<th>Proposed amendment(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy 2. Administrative Support for the Mayor and Councillors</td>
<td>Update the Executive Assistants title to ‘Executive Assistant to the Mayor, Councillors &amp; Chief Executive Officer’</td>
</tr>
<tr>
<td>6. Stationary</td>
<td>Update the Executive Assistants title to ‘Executive Assistant to the Mayor, Councillors &amp; Chief Executive Officer’</td>
</tr>
<tr>
<td>10. Election Campaigning</td>
<td>Change heading from ‘Election Caretaker Period’ to ‘Election Campaigning’. Remove reference to ‘election caretaker period’ and change to ‘election campaigning’.</td>
</tr>
<tr>
<td>Other References</td>
<td>Add reference to Council Policy CP021 Election Caretaker Period</td>
</tr>
</tbody>
</table>

**Council Plan**

The draft Council policy presented aligns with the following Council Plan 2017-2021 strategic objective and strategies:

Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough:
- Provide transparent and accountable governance and meet all legislative requirements.

**Financial**

Key policy reviews provide the opportunity for constant assessment of the financial risks to the organisation, which assist in limiting unnecessary exposure to risk.

**CP041 Residential Vacant Land Rate:** The objective of this differential rate includes ensuring all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the construction of maintenance of infrastructure assets, and provision of general support services.

**CP009 Gifts, Benefits and Hospitality:** There are no financial implications of this report.

**CP018 Councillor Support, Resources and Facilities:** There is annual budget allocation to provide Councillor support, resources and facilities.

**Social**

Key policy reviews also provide the opportunity for constant assessment of social risks to the organisation, which assist in limiting unnecessary exposure to risk.
**CP041 Residential Vacant Land Rate:** The objective of this differential rate includes promoting housing development on vacant land.

**CP009 Gifts, Benefits and Hospitality:** Not applicable

**CP018 Councillor Support, Resources and Facilities:** Not applicable.

**Environmental**

Key policy reviews also provide the opportunity for constant assessment of environmental risks to the organisation, which assist in limiting unnecessary exposure to risk.

**CP041 Residential Vacant Land Rate:** Not applicable.

**CP009 Gifts, Benefits and Hospitality:** Not applicable

**CP018 Councillor Support, Resources and Facilities:** Not applicable.

**Risk Management**

The absence of clear policies, relating to good governance practices, increases the risk that relevant legislative provisions may not be complied with and current practices may not be transparent. Financial and non-financial (social and environmental) risks were considered in this review of an existing Council policy for Council adoption.

**Officer Direct or Indirect Interest**

*Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.*

Officers involved in developing the report have no direct or indirect interests.

**Conclusion**

Adopting the draft policy, as presented in this report, will ensure that the Council policy framework remains current and relevant.

**Councillors Francis / Salter:**

That Council adopt the following Council policies, as presented:

1. CP041 Residential Vacant Land Rate.
2. CP009 Gifts, Benefits and Hospitality
3. CP018 Councillor Support, Resources and Facilities

Carried
15.2 Council Plan 2017-2021 - Quarterly Report against 2018/19 Implementation Plan as at 31 March 2019

File: QG054-01-01

Report Author: Chief Executive Officer

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

The purpose of this report is to provide Council with the progress report (Appendix 2) on actions taken in relation to the 2017-2021 Council Plan and the Initiatives for period from 1 January to 31 March 2019 as defined in the 2018/19 Implementation Plan.

Background

The Council Plan 2017 - 2021 was framed around five Strategic Objectives and related portfolios:

1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture;
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations;
3. Foster a diverse and vibrant local economy.
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage;
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

The Council Plan 2017-2021 identifies that the Strategic Objectives will be achieved by implementing initiatives in specific financial years. These are documented in Council’s 2018/19 Implementation Plan.

Statutory Requirements

In accordance with section 125 of the Local Government Act 1989 Council adopted its Council Plan that covers the four year period from 2017 to 2021 at its 10 August 2017 Special Meeting. For the 2018/19 financial year Council defined the specific Initiatives that would form part of its 2018/19
Implementation Plan. This report provides Council with progress achieved against the adopted priorities for the third quarter of 2018/19.

Financial

There are no financial implications associated with this report. The report includes details of a number of grant applications to other levels of Government. The Quarterly Financial Report to be considered as part of this Ordinary Council meeting details Council’s financial position as at 31 March 2019.

Social

The progress report highlights that Council has progressed a number of priority actions that have contributed to the health and wellbeing of the local community.

Environmental

The progress report highlights that Council has progressed a number of priority actions that have contributed to the environmental sustainability of the Borough.

Risk Management

No specific issues to report. The report details some system improvements that address organisational risks.

Officer Direct or Indirect Interest

Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.

Officers involved in developing the report have no direct or indirect interests.

Assessment

This progress report provides details regarding actions taken between 1 January and 31 March 2019.

The Council Plan Quarterly Progress Report describes the range and level of activity undertaken by the Borough of Queenscliffe during the third quarter of the 2018/19 financial year. The report
continues to reinforce the importance of good working relationships and project partnerships between residents, local community organisations, Council, neighbouring municipalities and other levels of Government. The Council activities over the financial year period to 31 March 2019 that deserve particular attention include:

- Council completed a significant level of capital improvements in the initial 6 months of the current financial year. In the 3 month period to 31 March Council’s asset improvements extend to include:
  - Stage 1 drainage improvements in King Street, Queenscliff (from the Bowling club entrance back to Hesse Street) to provide a new outfall drain to Hesse Street. A new pump system will be commissioned to complement this upgrade in the next financial year;
  - Pathway and kerb renewal in Hobson Street, Queenscliff between Hesse Street and Learmonth Street;
  - Renewal of the old beach shelter at the northern end of Point Lonsdale foreshore;
  - Mulching of 15 trees on The Avenue of Honour supplemented by a government grant; and
  - Line-marking renewal in Hesse Street, Queenscliff.

- The January to March quarter is very busy in relation to events and Council supported the following local organisations in the planning, implementation and promotion of activities and events:
  - Australia Day award nominations and celebrations
  - 180 Family Swim
  - Point Lonsdale Surf Life Saving Club Nippers Carnival
  - Queenscliff Rod Run
  - Rip Swim
  - Lions Club Awareness Day
  - ANZAC Day preparations
  - Sustainable Living Fair
  - Literary Festival pop up event
  - Fire Up Bushfire fundraiser

- Council continues to work closely with Bellarine Community Health. Consultation on health planning in the Borough was conducted in March, and involvement in Aged Friendly communities is ongoing. Neighbourhood Day held on 31 March was promoted and the detail on how to be involved was published in local media outlets to strengthen community connections.

- Council completed 46 public health inspections.

- In February 2019, Council was advised by its recycling contractor, SKM Industries that kerbside recyclable material could no longer be accepted into its Laverton Materials Recovery Facility (MRF) following an enforcement notice issued by the Environmental Protection Authority. SKM Industries is the largest recycling processor in Victoria, accepting 55% of the state’s kerbside recyclable material. While Council’s recyclables are accepted at SKM Industries’ MRF in South Geelong, the closure of the Laverton facility later triggered a voluntarily closure of the South Geelong MRF as SKM ceased to accept recyclables from Councils across the state. Council and
the G21 councils who share the common kerbside recycling contract sought alternative recycling options. However, the scale of the closure severely impacted the capacity for recycling in Victoria and Council was forced to divert recyclables from its kerbside service to landfill between 20 February and 13 March 2019. While recycling of kerbside material has resumed, Council continues to work with G21 Councils, the Barwon South West regional waste network and the Municipal Association of Victoria to advocate to other levels of government to address challenges in the recycling industry.

- As part of Council’s Carbon Neutral Action Plan the annual hard waste collection took place on Saturday 16 March 2019. The annual e-waste collection event has been organised for Saturday 18 May 2019 and community advertising has commenced for this initiative.

- The Queenscliffe Visitor Information Centre (VIC) volunteers have attended to 22,295 Walk In enquiries and 1,270 phone enquiries. The VIC arranged and hosted 49 public Heritage Guided Walks with 329 participants. Overall 3,283 volunteer hours has been provided to the Visitor Information Centre since 1 July 2018. Throughout January 2019 the Visitor Information Service provided a limited ‘Meet and Greet’ service to foot passengers arriving in the Harbour from the Ferry.

- Council has a strong partnership with the Bellarine Catchment Network (BCN) and the joint program where Queenscliff Dog Beach is monitored for sand and dune changes, has been extended to include sand monitoring at the Point Lonsdale front beach. Visiting schools include Bellarine Secondary College, Gordon TAFE, Brighton Grammar, and Christian College Bellarine. Both the Point Lonsdale Primary School and Saint Aloysius Primary School in Queenscliff continue conservation activities that were undertaken in past years whereby the schools provide a stewardship role over small areas of foreshore with weeding and revegetation as required.

- Council continued to maintain a ‘zero waiting list’ for the Aged Care Services within the Borough. In the period 1 January – 31 March 2019 the Aged Care Service provided 2,142 hours of service (2603 visits) to 168 active clients across a range of services including domestic/personal care assistance, lawn and home maintenance, in home respite, social support and assisted transport.

- Council has continued to implement its guidelines for community listening posts. Council has conducted ‘Community Listening Posts’ each month in the third quarter of the financial year to increase opportunities for engagement and discussion with the community. The location of for Listening Posts has alternated between Queenscliff and Point Lonsdale. In the third quarter of the 2018/19 financial year, Listening Posts were conducted on 24 January at 2.00pm, 28 February at 11.00am and 28 March at 2.00pm.
Councillors Salter / Francis:


Carried unanimously

Cr Salter acknowledged the efforts of the staff team and fellow Councillors in progressing the range of initiatives and projects in the 2018/19 Implementation Plan.
15.3 2018/19 Quarterly Financial Report as at 31 March 2019

File: QG085-01-08

Report Author: Manager, Financial Services

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

This report provides information on Council’s operating and capital performance for the nine months to 31 March 2019 against the 2018/19 budget adopted by Council on 21 June 2018. Detailed financial information, to accompany this Council report, is included at Appendix 3.

Introduction

The quarterly financial report considers the 2018/19 budget, a comparison of the forecast results reported from the December 2018 to March 2019 quarters and year-to-date actuals for all program areas and capital works projects.

Whilst reporting essentially the same figures as the Annual Financial Report, the quarterly report differs substantially in that it is a ‘management’ report that must be presented to Council each quarter to compare the budget and actual revenue and expenditure in accordance with Section 138(1) the Local Government Act 1989. The ‘management report’ is based around the Strategic Objectives included in the Council Plan and the services provided by Council, and ensures accountability for program leaders and for management to monitor actual results in each area.

This report includes comparison of the budget to year-end forecast for key results including:

- **Cash result**, as included in Council’s Statement of Income and Expenditure, which is calculated by excluding depreciation, non-cash (in-kind) contributions, library equity adjustments, asset write-offs and the written down value of assets sold, while including transfers to/from cash reserves, proceeds from new loans and asset sales, loan principal repayments (redemption) and capital works. Although not part of the financial report, subject to audit each year, it is a key financial statement used by Council to ensure the result for the year (and for the longer term view) is balanced on a break-even cash basis;

- **Operating result**, as included in the Comprehensive Income Statement, which is audited in accordance with Accounting Standards at the end of each financial year; and

- **Underlying result**, calculated by deducting non-recurrent capital funding, including both government grants and community contributions.
Background

At its Ordinary Council Meeting on 21 June 2018, Council adopted the 2018/19 Budget (including Strategic Resource Plan). This budget was based on a set of key assumptions, including the projected completion of major projects and capital works at 30 June 2018. Those works which were incomplete as at 30 June 2018, including annual asset renewal, were carried forward to 2018/19 (total $2.2m) and forecasts adjusted accordingly.

Each quarterly financial report includes a summary of forecast adjustments identified since the last report was issued. Adjustments typically include new government grants confirmed, efficiency savings and additional income achieved, the reallocation of funds to meet emerging budget pressures and the identification of projects likely to be carried forward to next year.

Key Issues

The adopted budget, year-end forecast and variance from December 2018 to March 2019 forecast is summarised in the table below.

<table>
<thead>
<tr>
<th>Key Results for the quarter ended 31 March 2019</th>
<th>Adopted Budget $’000</th>
<th>Sep 2018 Forecast $’000</th>
<th>Dec 2018 Forecast $’000</th>
<th>Mar 2019 Forecast $’000</th>
<th>YTD Actual $’000</th>
<th>Variance from Q2 Dec to Q3 Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated cash surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Underlying surplus/(deficit)</td>
<td></td>
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<tr>
<td>Capital expenditure</td>
<td></td>
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<tr>
<td>Loan liability</td>
<td></td>
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<td></td>
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<tr>
<td>Carry forward reserves</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Accumulated cash surplus

The forecast accumulated cash surplus remains at $174,000, consistent with the cash result reported at December. Forecast updates during the March quarter include a reduction of $3.684 million in capital grants (and corresponding expenditure), $1.785 million in additional operating and capital projects identified for carry forward to 2019/20, additional income of $85,000 and efficiency savings of $57,000 now expected to be achieved, with $142,000 in funds reallocated to meet emerging budget pressures.

Operating result

The forecast operating surplus has declined by $3.256 million, from a surplus of $5.432 million at December to $2.176 million at March. This is largely due to a shift in timing of $3.684 million for capital grants now expected to be received in 2019/20, offset by $235,000 operating carry forwards, $85,000 additional income, $57,000 operational savings achieved and $59,000 developer contribution to public open space.

Underlying result

In calculating underlying result, operating result is adjusted by non-recurrent capital funding to determine the amount remaining to fund Council’s operations. This result is distorted by operating project carry forwards, for which funds received in prior years are held in reserves to match expenditure when incurred. While Council is forecasting an underlying deficit of $1.119 million in
2018/19, the accumulated underlying result is a forecast surplus of $1,518 million at 30 June 2019. The March quarter improvement is due to operating carry forwards.

**Assets**
Capital expenditure has been revised downward compared with that reported at December, due to a shift in timing of capital projects/funding and additional capital works identified for carry forward to 2019/20. Council’s building assets will be revalued in the June 2019 quarter.

**Liabilities**
There is no change in forecast borrowings of $370,000, as reported at the December quarter. New loans to be drawn down prior to 30 June 2019 comprise: $220,000 for storm water asset improvement and $150,000 for the Queenscliff Sports and Recreation Precinct project.

**Project carry forwards**
Additional projects identified for carry forward to 2019/20, during the third quarter, include $235,000 in operating initiatives and $1,550,000 for capital works. Funds related to these projects are held in cash reserves on the Balance Sheet, to pay for expenditure when incurred in 2019/20. The most significant increases in project carry forwards this quarter include: $925,000 Destination Queenscliff, $264,000 Queenscliff Sports and Recreation Precinct, $175,000 Point Lonsdale lighthouse reserve and $100,000 Queenscliffe Cultural Hub. A full listing of additional carry forwards is included at Section 5.5 of the Appendix.

**Discussion**
The financial report (included in the Appendix) notes major variations in forecast year-end position, from that reported at December 2018 to this latest review by officers at March 2019.

Quarterly reporting is not a static process, and the quarterly financial report continues to be refined to produce a cost-effective report which assists Council in effective decision making. This report has been modified during the March 2019 quarter to remove the previously reported section on non-financial performance indicators, which will only be reported on by exception in future, i.e. where a material variance in expected outcome requires corrective action to be taken by Council. Note also that incident reporting will instead be included in risk reporting to Council via its Audit Committee.

The charts and table on the following pages provide a quick visual glance at information which is provided in more detail in the Appendix.

**Cumulative cash result**
A break-even cash result is one of Council’s key budget principles. Forecast cash surpluses are considered by Council in its preparation for the Draft Budget each year, although noting that they are not confirmed until the financial year-end, with any variance from forecast to be adjusted in the September quarterly report each year. The March forecast includes a cash surplus of $174,000, which will be considered for allocation in Council’s Draft Budget 2019/20.
While the forecast accumulated cash result remains the same as that reported at December, there are nevertheless a range of adjustments included in the March quarter, as illustrated in the two charts below … the first is for operating budgets and the second reflects capital works.

**Additional government grants secured**

Additional grants are provided in Section 1.2 of the Appendix. A total of $14,000 in operating grants were secured in the March quarter, $10,000 of which will be received in 2018/19 and the balance of $4,000 in the 2019/20 financial year.

**Efficiency savings and additional income**

Favourable forecast movements in cash are included at Section 1.3 of the Appendix. During the March quarter, $85,000 additional income has been generated, with $57,000 operational savings achieved across a range of asset management and contingent budget lines.

**Funds reallocated to emerging budget pressures**

Unfavourable forecast movements are listed in Section 1.4 of the Appendix, with $142,000 of efficiency savings and additional income reallocated to meet an increase in operating and capital projects as well as topping up Council’s reserve for funds over-allocated at December.

**Cumulative underlying result**

One of Council’s key budget principles is to achieve a cumulative break-even underlying result which takes into account carry forward operating projects for which funds are received in one year and spent in another year. Council continues to report a cumulative underlying surplus, although this is declining over time, as expenses increase by a greater amount than income.
Discretionary reserve balances

Additional carry forwards totalling $1.785 million were identified during the quarter, with $98,000 of over-allocated reserves at December restored during March and $15,000 plan for enhancing alternate power supply held over to 2019/20. Transfers from waste reserves reflect additional costs for recycling disposal ($6,000) and the replacement of bins ($2,000).

<table>
<thead>
<tr>
<th>Discretionary Reserves for the quarter ended 31 March 2019</th>
<th>Adopted Budget $'000</th>
<th>Sep 2018 Forecast $'000</th>
<th>Dec 2018 Forecast $'000</th>
<th>Mar 2019 Forecast $'000</th>
<th>YTD Actual $'000</th>
<th>Variance from Q2 Dec to Q3 Mar %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset replacement reserve (Allocated)</td>
<td>225</td>
<td>225</td>
<td>267</td>
<td>281</td>
<td>202</td>
<td>13</td>
</tr>
<tr>
<td>Asset replacement reserve (Unallocated)</td>
<td>382</td>
<td>381</td>
<td>381</td>
<td>494</td>
<td>549</td>
<td>113</td>
</tr>
<tr>
<td>Unfunded superannuation liability</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>0</td>
</tr>
<tr>
<td>Carry forward reserves</td>
<td>0</td>
<td>(35)</td>
<td>1,353</td>
<td>3,137</td>
<td>1,000</td>
<td>1,784</td>
</tr>
<tr>
<td>Waste management reserves</td>
<td>43</td>
<td>26</td>
<td>47</td>
<td>39</td>
<td>19</td>
<td>(8)</td>
</tr>
<tr>
<td>Carry forward reserves</td>
<td>690</td>
<td>638</td>
<td>2,088</td>
<td>3,991</td>
<td>1,811</td>
<td>1,903</td>
</tr>
</tbody>
</table>

Local Government Performance Reporting Framework (LGPRF)

Officers continue to monitor the governance and management checklist items that require action before 30 June 2019, noting ten of the 24 items remain outstanding, although most are in progress and all items are expected to be completed by year-end. A progress update is provided at Section 4.4 of the Appendix.

Statutory Requirements

Under Section 138 of the Local Government Act 1989, at least quarterly, a report comparing expenses and revenue to budget must be presented to Council for consideration.

Council Plan

The quarterly financial report aligns with the following Council Plan 2017-2021 strategic objective and strategies:

Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough:
- Provide transparent and accountable governance and meet all legislative requirements;
- Ensure the continuing financial sustainability and independence of the Borough; and
- Maximise the return on Council assets and leverage external funding opportunities.
Financial

The report attached provides the opportunity for constant review of Council’s financial position against the adopted budget.

Social

Not applicable.

Environmental

Not applicable.

Risk Management

The quarterly report is part of Council’s risk management framework to ensure financial reporting includes reporting against the adopted annual budget.

Officer Direct or Indirect Interest

Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.

Officers involved in developing the report have no direct or indirect interests.

Conclusion

The accumulated cash result is forecast to be $174,000 at 30 June 2019, consistent with the cash result forecast at the December quarter. Note, this is a forecast, with results not yet realised and which will not be confirmed until the year-end accounts are finalised.

This forecast accumulated cash result is included as a starting point in Council’s Draft Budget 2019/20, with any variation between this forecast and the 2018/19 actual year-end result to be dealt with as part of the 2019/20 Quarter 1 forecast review to 30 September 2019.
Councillors Salter / Ebbels:

That Council:
1. Receive the quarterly financial report for the nine months to 31 March 2019;
2. Note the Quarter 3 forecast adjustments included in the quarterly report, for additional government grants secured, efficiency savings and additional income achieved, reallocation of funds to meet emerging budget pressures and the identification of additional projects which are expected to be carried forward to 2019/20;
3. Note the forecast accumulated cash surplus of $174,000; and

Carried
15.4 Draft Implementation Plan 2019/20

File: QG054-01-01

Report Author: Chief Executive Officer

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

The purpose of this report is to present the draft Implementation Plan 2019/20 for Council’s consideration and approval, prior to undertaking public consultation.

Background

The Borough of Queenscliffe Council formally adopted the 2017-2021 Council Plan at its 10 August 2017 Special Meeting.

The Borough of Queenscliffe Council draft 2019/20 Implementation Plan (Appendix 4) has been framed to achieve the draft Council Plan 2017-2021. The draft Implementation Plan identifies the key initiatives that Council intends to undertake across the five strategic objectives that underpin the Council Plan. The draft Implementation Plan also identifies the key capital works projects for 2019/20 that are funded in the draft budget for 2019/20. It is important to note that some of the proposed projects are dependent on Council securing funding from other levels of Government.

Statutory Requirements

In formally endorsing the 2017-2021 Council Plan at its 10 August 2017 Special Meeting Council fulfilled its statutory requirements under section 125 of the Local Government Act.

In accordance with Council’s CP003 Community Engagement Policy and to keep the community informed of municipal-wide project initiatives and strategies, the draft 2019/20 Implementation Plan once approved by Council for public consultation will follow the provisions of section 223 of the Act including publishing a public notice specifying the manner in which a submission can be made, including the date by which submissions are to be submitted, being a date which is not less than 28 days after the date on which the public notice is published and stating that a person making a submission may request in the submission that the person wishes to appear in person, or to be represented by a person specified in the submission, at a meeting to be heard in support of the submission.
Council presented the draft 2019/20 Implementation Plan and draft 2019/20 Budget to its Governance and Finance Community Reference Group on 15 April 2019 and has scheduled a public meeting in Queenscliff to present the draft 2019/20 Implementation Plan and draft 2019/20 Budget at 5.00pm on Wednesday 24 April 2019.

Community Engagement

Council has a commitment to community engagement and effective consultation.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six</th>
</tr>
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<tbody>
<tr>
<td>One-off Issues</td>
<td>☐</td>
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<td>Changes to current practice</td>
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<td>☐</td>
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<tr>
<td>Area impacts</td>
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<tr>
<td>Service planning</td>
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<tr>
<td>Major plans</td>
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<tr>
<td>Major projects</td>
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</tr>
</tbody>
</table>

In preparing the Draft Budget for the 2019/20 financial year, Council makes reference to four key documents which it proposes to adopt at its Ordinary Council Meeting on 20 June 2019, after first undertaking an important period of community consultation and engagement and considering formal submissions. These four documents are:

1. Draft Implementation Plan 2019/20;
2. Draft Budget 2019/20 (including Strategic Resource Plan);
3. Draft Rating Strategy; and

Councillors and officers presented key aspects of each of these four documents to members of Council’s Governance and Finance Portfolio Reference Group (PRG) on Monday 15 April 2019. A community information session was also held at the Queenscliff Town Hall this evening, prior to this Ordinary Council Meeting, to present key information to interested members of the community. At both the PRG and community sessions, there was an opportunity for public questions on these four key documents to be answered by Councillors and officers.

Following Council endorsement of these four key documents tonight, a set of Frequently Asked Questions (FAQ’s) will be published on Council’s website, as another means of providing as much information as possible to assist the community in its awareness and understanding of these documents.

Also following Council endorsement tonight, the community engagement process with respect to each of these four documents will commence. Council seeks to engage with the community in seeking feedback, by commencing a four week public submissions period, consistent with Section 223 of the Local Government Act 1989 (the Act). Community submissions are invited until 4:00 pm on Friday 24 May 2019.

Submitters will have the opportunity to present their submissions to Council, at a public meeting to be held in the Queenscliff Town Hall at 5:00 pm on Thursday 30 May 2019. After considering any public submissions received, and updating the documents for any new information that becomes
available after the draft documents were prepared, Council will consider adoption of its four key documents at the Ordinary Council Meeting scheduled for 7:00 pm on Thursday 20 June 2019.

Council Plan

The draft 2019/20 Implementation Plan responds to the vision and the five key Strategic Objectives that underpin the 2017-2021 Council Plan, namely:

**The Council’s Vision:**
The Borough remains a safe haven defined by its unique heritage, rich culture and significant natural environment. It is a special and restorative place for an involved and caring community and our visitors.

**Council’s Strategic Objectives:**
1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture;
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations;
3. Foster a diverse and vibrant local economy;
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage; and
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

A set of 42 Strategies, identifying what Council aims to undertake to achieve Council’s Strategic Objectives over the period 2017 to 2021, are also defined in the Council Plan.

Implementation Plan

Council will progress the vision of the Borough and achieve the Council Plan Strategic Objectives and action the associated Strategies through an annual Implementation Plan. The draft 2019/20 Implementation Plan, as attached, specifies a set of initiatives to be instigated under each of its five Strategic Objectives and associated Strategies. The draft 2019/20 Implementation Plan also identifies the capital works’ priorities that will be undertaken in the financial year.

Inputs to the draft 2019/20 Implementation Plan

In order to understand the priorities of people in the Borough of Queenscliffe community and advocate effectively on your behalf, it is essential that we actively seek, listen to, and fully understand your feedback.

Council actively participates in a range of community engagement processes, including regular scheduled initiatives and engagement activities associated with local projects. We welcome and encourage the exchange of feedback and ideas via a number of channels, such as:

- Project based community engagement and consultation;
- Independent surveys such as the annual community satisfaction survey;
- Monthly community listening posts;
- Councillor phone and email contact and direct feedback;
- Communication through general correspondence;
- Community information;
- Council website that includes information regarding Council Meeting reports and resolutions as well as Council’s response to Public Question Time.

Preparation of Council’s annual Implementation Plan includes a public submissions process that, where possible, enables Council to incorporate priorities identified by the community into annual operational funding for the Borough of Queenscliffe.

This year Council has released the Draft Implementation Plan 2019/20, Draft Rating Strategy and Draft Long Term Financial Plan (LTFP) with the Draft Budget 2019/20 for review by the community. In so doing, Council aims to provide the members of our community with a comprehensive overview of its financial planning processes and extended options for feedback.

Council’s annual financial documents support the implementation of community priorities that are included in the Council Plan 2017–2021. The Council Plan itself was developed with reference to an extensive engagement process involving all sections of the community, incorporating a Community Summit, Children’s Summit and Community Survey.

Council’s ongoing community engagement activities continue to inform Council’s understanding of community priorities, needs and expectations, and have provided vital input to the preparation and development of Council’s draft financial documents for the 2019/20 financial year.

Concluding Comments

The funding sources for all elements of the draft 2019/20 Implementation Plan are detailed in the draft 2019/20 Budget to be considered by Council as part of this 24 April 2019 Ordinary Meeting agenda.

Key facts from this draft 2019/20 Implementation Plan have been presented to Council’s Governance and Finance Portfolio Reference Group (PRG) and to the community. Given the timing of both the PRG and community information sessions is after this Council report has been prepared for the Ordinary Council Meeting tonight, the officer will include in the presentation of this report a verbal summary of the feedback received from both the PRG and the community to date.

This draft 2019/20 Implementation Plan is now presented to Council for endorsement, prior to commencing the public submission process.
Councillors Francis / Salter:

That Council:

1. **Endorse the draft 2019/20 Implementation Plan, as presented at Appendix 4;**
2. **Give public notice, by way of newspaper advertisements, that Council has prepared the draft 2019/20 Implementation Plan, and call for public submissions by no later than 4:00 pm on Friday 24 May 2019 in accordance with Section 223 of the Local Government Act 1989;**
3. **Receive submissions and, where requested, allow submitters to be heard by Council in support of those submissions on any proposal contained in the draft 2019/20 Implementation Plan, at a public meeting to be held at 6:00 pm on Thursday 30 May 2019 at the Queenscliff Town Hall; and**
4. **Consider the draft 2019/20 Implementation Plan for adoption at the Ordinary Meeting to be held at 7:00 pm on Thursday 20 June 2019.**

Carried unanimously
15.5 Draft Budget 2019/20 (including Strategic Resource Plan)

File: QG085-05-02

Report Author: Manager, Financial Services

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

This report is provided to enable Council to formally endorse the Draft Budget 2019/20 (including Strategic Resource Plan), prior to commencing the public submission process. The Draft Budget 2019/20 is included at Appendix 5.

Introduction

The Draft Budget 2019/20 is a statutory requirement and applies to the reporting period from 1 July 2019 to 30 June 2020. This budget includes the following financial statements:

- Comprehensive Income Statement;
- Balance Sheet;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Statement of Capital Works; and
- Statement of Human Resources.

The Strategic Resource Plan (SRP) is a high level resource plan for the four years to 2022/23, required under legislation. It has been developed to assist Council in achieving its strategic objectives as specified in the Council Plan 2017-2021, as well as addressing the key objective of financial sustainability in the medium to long-term.

The budget describes the services, initiatives and service performance outcome indicators for the year, aligned to the Strategic Objectives in the Council Plan 2017-2021. In addition, the budget includes information about the rates and charges to be levied, the capital works program to be undertaken, human resources required, funding sources available or sought, user fees and other financial information required for Council to make an informed decision about preparation of the draft budget for the 2019/20 financial year.

The budget contains rates and charges, consistent with information included in Council’s Draft Rating Strategy, which is also to be considered by Council at its Ordinary Meeting tonight. Council
has determined that a 2.50% increase in average rates (i.e. the maximum increase permitted under the State government rate cap set by the Minister for Local Government for the 2019/20 financial year) will be necessary in order to achieve the aspirations and priorities identified by the community and included in the Council Plan 2017-2021.

**Background**

Council’s Draft Budget 2019/20 (including Strategic Resource Plan) has been prepared with reference to relevant legislation, inclusion of matters specific to the Borough of Queenscliffe and in accordance with the following key documents issued by Local Government Victoria:

- *Victoria City Council Budget Report 2019-20;*
- *Local Government Better Practice Guide: Model Budget 2019-20;* and

Four key documents are presented to Council and its community, which directly relate to the preparation of Council’s budget for the 2019/20 financial year, as follows:

1. Draft Implementation Plan 2019/20;
2. Draft Budget 2019/20 (including Strategic Resource Plan);
3. Draft Rating Strategy; and

The timetable for preparation of these four key documents is summarised in the table below:

<table>
<thead>
<tr>
<th>Budget process</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community engagement activities</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2. Minister of Local Government announces maximum rate increase</td>
<td>December 2018</td>
</tr>
<tr>
<td>3. Officers update Council’s long term financial projections and prepare draft budgets for Councillors to consider at a series of Council Assembly meetings (budget workshops) – this includes analysis and consideration of community engagement activities</td>
<td>November 2018 – March 2019</td>
</tr>
<tr>
<td>4. Council determines and advises Essential Services Commission that it does not intend to make an application for a higher rate cap for the 2019/20 financial year</td>
<td>28 February 2019</td>
</tr>
<tr>
<td>5. Budget information presented to Council’s Governance &amp; Finance Portfolio Reference Group (PRG)</td>
<td>15 April 2019</td>
</tr>
<tr>
<td>6. Budget information presented to the community</td>
<td>24 April 2019, 6:00 - 7:00 pm</td>
</tr>
</tbody>
</table>
8. Public notice advising intention to adopt the four key documents 27 April 2019

9. Four key documents available for public inspection and comment 27 April – 24 May 2019

10. Submissions period closes (28 days) 24 May 2019

11. Public submissions presented to Council 30 May 2019

12. Four key documents, and a summary of the submissions received with officer recommendations, presented to Council for adoption 20 June 2019

13. Copy of adopted Budget submitted to the Minister 24 June 2019

Key Issues

Key results for the Forecast 2018/19, Draft Budget 2019/20 and the SRP are tabled below.

<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated cash surplus</td>
<td>174</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>2,176</td>
<td>8,475</td>
<td>1,491</td>
<td>799</td>
<td>317</td>
</tr>
<tr>
<td>Underlying deficit</td>
<td>(1,119)</td>
<td>(936)</td>
<td>(309)</td>
<td>(201)</td>
<td>(183)</td>
</tr>
<tr>
<td>Cumulative underlying surplus</td>
<td>1,518</td>
<td>582</td>
<td>273</td>
<td>72</td>
<td>(111)</td>
</tr>
</tbody>
</table>

Although not forming part of the budgeted financial statements, Council is budgeting for a **break-even cash result**. Note this is after allocating the $174,000 surplus forecast for 2018/19 toward priority projects included in the Draft Budget 2019/20.

The **$8.475 million operating surplus**, as included in the Comprehensive Income Statement, is due to significant non-recurrent government grant funding for capital works projects. Lower surpluses are projected over the SRP, due to less government grant funding predicted, while Council’s ability to raise sufficient revenue to pay for increases in expenditure is constrained by rate capping and this will continue to apply pressure over the longer term.

The **($936,000) underlying deficit** is due to forecast completion of funded operating projects carried forward from 2018/19, new initiatives included in 2019/20 and the loss of boat ramp parking fees (a State government election commitment to remove these fees). Underlying operating deficits are also projected for each year of the SRP and over the longer term.

The **$582,000 cumulative underlying surplus** records the net balance of surpluses reported in previous financial years, after allowing for the projected completion of operating projects carried forward from 2018/19. This cumulative result continues to decline over the SRP, as an underlying deficit is projected for each of the Draft Budget and SRP years, and there remain future challenges for Council over the longer term.
Council has determined that a rate increase of 2.50% in line with the State government rate cap is necessary to deliver services, maintain assets and address key priorities as set out in the Council Plan 2017-2021 and further detailed in the Draft Implementation Plan 2019/20.

The State Government does not apply a rate cap to waste management. Council has applied waste management charges for the full cost recovery of waste management collection and disposal costs, in line with Council’s Draft Rating Strategy included at Item 15.6 of this Agenda.

Waste charges proposed for the 2019/20 year are tabled below.

<table>
<thead>
<tr>
<th>Waste service provided</th>
<th>2018/19</th>
<th>2019/20</th>
<th>Increase/(decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerbside waste</td>
<td>$170.60</td>
<td>$183.95</td>
<td>$13.35 7.83%</td>
</tr>
<tr>
<td>Green waste</td>
<td>$37.40</td>
<td>$40.15</td>
<td>$2.75   7.36%</td>
</tr>
<tr>
<td>Public waste</td>
<td>$99.75</td>
<td>$88.35</td>
<td>($11.40) 11.43%</td>
</tr>
<tr>
<td>Total waste charges</td>
<td>$307.75</td>
<td>$312.45</td>
<td>$4.70 1.53%</td>
</tr>
</tbody>
</table>

Residential and tourist accommodation properties pay for each of the three waste streams and will experience a net increase of $4.70 (1.53%). Residential vacant land and commercial properties only pay the public waste charge and will thus pay $11.40 (11.43%) less next year.

New initiatives totalling $140,000 for nine operating projects are included in the Draft Budget 2019/20, with $100,000 non-recurrent expenditure and $40,000 requiring ongoing budgets.

The operating budget is presented, under each of Council’s five portfolios and their related Strategic Objectives, with their share of the operating budget summarised in the table below.

<table>
<thead>
<tr>
<th>Net expenditure/(revenue) by Strategic Objective and Portfolio</th>
<th>Forecast 2018/19 $'000</th>
<th>Draft Budget 2019/20 $'000</th>
<th>Draft SRP 2020/21 $'000</th>
<th>Draft SRP 2021/22 $'000</th>
<th>Draft SRP 2022/23 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO 1: Community Wellbeing</td>
<td>2,003 32%</td>
<td>2,175 31%</td>
<td>2,165 33%</td>
<td>2,233 34%</td>
<td>2,305 34%</td>
</tr>
<tr>
<td>SO 2: Environmental Sustainability</td>
<td>1,466 23%</td>
<td>1,626 23%</td>
<td>1,475 23%</td>
<td>1,501 23%</td>
<td>1,533 23%</td>
</tr>
<tr>
<td>SO 3: Local Economy</td>
<td>(443) (7%)</td>
<td>(382) (5%)</td>
<td>(634) (10%)</td>
<td>(659) (10%)</td>
<td>(680) (10%)</td>
</tr>
<tr>
<td>SO 4: Planning and Heritage</td>
<td>516 8%</td>
<td>567 8%</td>
<td>452 7%</td>
<td>477 7%</td>
<td>515 8%</td>
</tr>
<tr>
<td>SO 5: Governance and Performance</td>
<td>2,789 44%</td>
<td>3,006 43%</td>
<td>3,011 47%</td>
<td>3,016 46%</td>
<td>3,080 46%</td>
</tr>
</tbody>
</table>

Capital works totalling $13.556 million are included in the Draft Budget 2019/20, reflecting priority projects identified in the Draft Implementation Plan 2019/20 included at Item 15.4 of this Agenda and forecast completion of capital works carried forward from the 2018/19 year.

The proposed capital works program, and the sources of expenditure funded, is tabled below.
The Draft Budget 2019/20 includes proposed **new borrowings of $548,566**, with no new borrowings projected over the SRP from years 2020/21 to 2022/23.

**Total asset replacement, carry forwards and other discretionary reserves of $957,000** is budgeted at 30 June 2020, as tabled below.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset replacement (allocated)</td>
<td>281</td>
<td>125</td>
<td>70</td>
<td>115</td>
<td>160</td>
</tr>
<tr>
<td>Asset replacement (unallocated)</td>
<td>494</td>
<td>473</td>
<td>514</td>
<td>387</td>
<td>198</td>
</tr>
<tr>
<td>Defined benefits (superannuation)</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Carry forwards</td>
<td>3,137</td>
<td>205</td>
<td>180</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Waste management</td>
<td>39</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total discretionary reserves</strong></td>
<td><strong>3,991</strong></td>
<td><strong>855</strong></td>
<td><strong>816</strong></td>
<td><strong>553</strong></td>
<td><strong>410</strong></td>
</tr>
</tbody>
</table>

A key budget principle for Council is to retain a minimum balance of $300,000 in unallocated reserves. Falling below this target limits Council’s ability to respond to emerging pressures, address any risk management issues which may arise during the year and have matching funds to call on if the opportunity becomes available to secure additional government grants.

While Council will not achieve this target by 2022/23, it is projecting to reach this target over the longer term.

**Discussion**

**Council Plan 2017-2021**

The Council Plan 2017-2021 sets the strategic priorities, enabling Council to determine an action plan via the Annual Implementation Plan and allocate adequate resources via the Annual Budget to deliver on those priorities to our community each financial year. In addition, Council must meet current service delivery needs, maintain renewal of infrastructure and community assets and fund new operating initiatives and capital works.

The Draft Implementation Plan 2019/20 is presented to Council in Item 15.4 of this Agenda. In this third year of the current Council term, an appropriate level of resources has been allocated in the Draft Budget 2019/20 to achieve the Draft Implementation Plan 2019/20. The budget continues to centre on planning and implementing activities to meet current commitments in maintaining and
improving services and infrastructure, as well as delivering a number of new priority projects in the 2019/20 financial year.

Rates and charges

Application of the 2.50% rate increase, and full cost recovery of waste management costs, will raise total rate and charges revenue of $7,384,810. This will go towards meeting current service delivery needs including the cost of waste management service, maintaining renewal of infrastructure and community assets, and funding new initiatives and capital works.

The 2019 general property revaluation will take effect from 1 July 2019. Preliminary information received from Council’s independent Valuer is referred to in the Draft Budget 2019/20 Budget, to calculate the general rate in the dollar (0.218737 cents in the dollar of CIV). This rate is then applied to collect total rates in compliance with the rate cap. Note the final 2019 property revaluation is expected to be approved by the Valuer-General in May 2019, with any adjustments between preliminary and final revaluation data to be captured in Council’s final budget for consideration in June 2019.

Waste management costs are budgeted to increase by 6.08% overall for kerbside, green and public waste services, although waste management charges applied to rateable assessments in 2019/20 will only increase by $4.70 (1.53%) overall, as tabled in the Key Issues section of this report.

As well documented, the recycling industry and in turn, all councils in Victoria, have been significantly impacted by China’s ‘National Sword Policy’. One of Council’s priorities is to continue to advocate for State and Federal government reform in relation to waste management.

In addition to the cost pressures associated with the disposal of recyclable materials collected, Council has also included in its Draft Budget 2019/20 the following two new initiatives with respect to waste management:

- $5,000 review of Council’s hard waste service – funded by kerbside waste charge; and
- $15,000 organic food waste pilot – with $10,000 to be funded by surplus funds held in the green waste reserve and the balance of $5,000 to be funded by green waste charge.

On the flip slide, Council is forecasting to hold $27,800 of surplus funds in its public waste reserve by 30 June 2019 and is therefore proposing to reduce this reserve balance to $10,000, with $17,800 to be given back to ratepayers in the form of a reduction of $11.40 (11.43%) in the public waste charge to be applied in the 2019/20 financial year.

Council will raise a total of $929,814 in waste charges to recover the full cost of waste management services, including $912,679 for kerbside waste, green waste and public wastes services and $17,135 for additional bin services.

Council has disclosed all costs associated with each of the waste management streams of kerbside waste, green waste and public waste to the community in Section 4.1.1(p) of the Draft Budget 2019/20.

Fees and charges

The fees and charges schedule forms part of the annual budget document and is included at Appendix A of the Draft Budget 2019/20. Fees are budgeted to increase by an average 2.5%.
**Borrowings**

New borrowings of $548,566 proposed in the Draft Budget 2019/20 provide for funding of the following capital works:

- $208,566 for Hesse Street South including undergrounding of power;
- $140,000 to meet the cost of Simpson Street stormwater asset improvement;
- $100,000 as Council’s contribution to the Point Lonsdale lighthouse reserve project; and
- $100,000 in foreshore improvements.

After adding $548,566 for new borrowings and repaying loan principal of $47,998, borrowings will increase by $500,568 in the 2019/20 year, from a forecast of $416,020 at 30 June 2019 to $916,588 as at 30 June 2020.

**Services, new initiatives (operating projects) and capital works**

Services are delivered across a range of programs to meet community needs and Council’s strategic objectives. Estimates are provided on the basis that the majority of programs will continue at the same service levels as for the current 2018/19 year, with ongoing emphasis on achieving operational efficiencies to reduce costs or minimise waste and duplication.

In resourcing priority projects identified in the Draft Implementation Plan 2019/20, Council is focussed on:

- Delivering initiatives and capital works projects, previously formally approved by Council but yet to be fully implemented; and
- Considering and responding to:
  - formal community requests received during 2018/19, where the request was outside the scope of the current Implementation Plan and Council has not had the resource capacity to respond to the request;
  - Councillor identified proposals that stem from community feedback; and
  - proposals identified as potential priorities by Council officers and reviewed by the Executive Management Team.

Nine new initiatives (operating projects), totalling $140,000, are included in the Draft Budget 2019/20 as follows:

- $50,000 complete the review of Queenscliffe Planning Scheme (urban character controls);
- $20,000 p.a. increase in sponsorship program;
- $15,000 organic food waste pilot;
- $10,000 risk assessment/mitigation for defence structures;
- $10,000 conduct a review of Local Law No. 1, 2010 (Processes of Municipal Government) and Local Law No. 2, 2010 (Community Amenity);
- $10,000 receive and consider 20 year vision from Queenscliffe Economic Development and Advisory Committee (QEDAC);
- $10,000 p.a. property officer to manage leases;
- $10,000 p.a. independent review of targeted programs; and
- $5,000 review Council’s current hard waste service.

The proposed capital works program, which totals $13.556 million and includes projects carried forward from 2018/19, is included in the Draft Budget 2019/20 as follows:
$3.825 million Queenscliffe Hub (project continuing into 2020/21, at a total cost of $5.75 million, comprising State government funding of $4.2 million, Federal government funding of $1.45 million and Council contribution of $100,000);

$3.667 million Destination Queenscliffe;

$1.357 million Hesse Street South including King Street storm water asset improvement and underground of power;

$1.200 million Queenscliff Sports and Recreation Precinct;

$974,518 Point Lonsdale Lighthouse Reserve;

$750,000 Foreshore Improvements;

$658,000 Annual Asset Renewal Program (property, plant & equipment, infrastructure);

$435,691 Project management resourcing;

$181,360 Queenscliff Marine and Coastal Management Plan;

$140,000 Simpson Street storm water asset improvement;

$100,000 Beach huts;

$80,000 Princess Park kiosk toilet upgrade;

$58,500 Public open space (funded by developer contribution);

$30,000 Contribution to Point Lonsdale Tennis Club lighting;

$30,000 Continue investment in corporate I.T. systems;

$19,602 Hesse Street streetscape;

$15,000 Plan for enhancing alternate power supply;

$10,64 Future use of Fishermen’s Co-op building;

$10,000 Invest in new system to manage property leases;

$10,000 Way-finding signs; and

$5,000 Tourism Directional Signage Project.

Part of the capital works program is dependent on the success of funding submissions to the Federal and State Government and reflects Council’s continuing efforts to maximise grants and minimise the financial demands on ratepayers. Should Council not be successful in attracting budgeted grants, the expenditure will not proceed until funding is secured.

Underlying result

The 2019/20 budgeted adjusted underlying deficit is ($936,000). Underlying operating deficits are also projected for the SRP forward years to 2022/23.

The underlying deficit for the 2019/20 year is larger than the deficit in each of the SRP years, a combination of carry forward projects ($437,000), new initiatives ($140,000), the loss of boat ramp parking fees ($106,000), and the balance reflecting the fact that Council’s ability to raise sufficient revenue to maintain existing services and deliver priorities is constrained by rate capping.

Note the removal of boat ramp parking fees was a State government election commitment, and Council is continuing to advocate to the State government with respect to the loss of this fee income, which totals $1.25m over 10 years.

In terms of carry forward operating projects, grant funding received and/or Council budget allocations set aside in previous years are held in reserves, until works are completed and paid for in the 2019/20 financial year. This timing issue, whilst resulting in a larger underlying deficit in 2019/20, has no impact on the cash result over time.
History indicates that some level of carry forward will always occur. An estimate is included in the Draft Budget 2019/20, with a further review of projects to occur before the final budget is presented for Council to consider adoption at the 20 June 2019 Ordinary Meeting.

Underlying result is an important measure of financial sustainability, and Council has as one of its key Strategic Resource Plan objectives that a break-even underlying result is to be achieved cumulatively, to allow for timing differences between grants received and/or budgets allocated in one year and the subsequent expenditure on projects in another year.

Appendix B of the Draft Budget 2019/20 provides more information with respect to Council’s accumulated underlying result. Note that Council is forecasting an accumulated underlying surplus of $582,000 at 30 June 2020, although this result will dwindle over the SRP, to a cumulative deficit of ($111,000) by 30 June 2023 as illustrated in the chart below.

![Accumulated underlying operating surplus / (deficit)](chart)

Note: shading in above chart is green for actual results, yellow is 2018/19 forecast and orange is future budgets.

**Accumulated cash surplus and discretionary reserves**

Although not forming part of the budgeted financial statements, Council converts the surplus for the year (reported in the Comprehensive Income Statement) to a cash result, in order to ascertain what unrestricted surplus funds are available from the annual rates budget. This is calculated by removing non-cash items such as depreciation expense and then including non-operating cash items such as transfers to/from reserves, borrowings and capital expenditure.

An **accumulated cash surplus** represents unencumbered (available) cash, i.e. real savings accumulated from the rates budget. Using this methodology, Council typically frames its annual budget on a break-even cash basis, with the expectation that unbudgeted cash surpluses generated through the year will be transferred to the asset replacement reserve.

The Draft Budget 2019/20 provides for a break-even cash result. Note this is after allocating the $174,000 surplus, forecast for the current 2018/19 year, to priority projects in 2019/20.

Council makes use of asset replacement and carry forward reserves to set aside income and expenditure budgets that have not been expended during the year and for which Council is committed to completing in future years. Some items of income and expenditure can be carried forward over more than one financial year.
The **asset replacement reserve (allocated)** is used to hold funds over for future years when asset renewal requirements will peak. Specific projects are earmarked within this reserve, which is typically reserved for future building renewal, but can also include funds not fully spent at year-end on the renewal of Council’s infrastructure assets. Council is budgeting to hold $125,000 in this reserve at 30 June 2020, for the future renewal of its building assets.

The **asset replacement reserve (unallocated)** is where surpluses achieved in prior financial years are held, for Council’s discretion in allocating funds in future years. Council targets a minimum reserve balance of $300,000 so that it can meet emerging pressures, address risk management issues which may arise and/or have matching funds available to secure additional government grants. Council is budgeting to hold $473,000 in this reserve at 30 June 2020 and, while noting this balance will reduce to $198,000 by 30 June 2023, it is planning to increase the balance of this reserve back to $300,000 over the longer term.

**Carry forward reserves** are used to hold operating and capital project carry forwards, and are divided into grant funding and Council budget allocations too. Council typically budgets for all projects to be completed in the year in which they are budgeted, hence the balance of carry forward reserves is projected to be $Nil over the longer term. The reality, however, is that some level of carry forward will always occur and this is reassessed each quarter throughout the year. Council is forecasting to carry forward $3.137 million into 2019/20 and, by 30 June 2020, all except $205,000 is projected to have been spent, with $180,000 of this to be held over again until the 2021/22 financial year for expenditure on parks.

Council reconciles its total waste charges, collected from ratepayers, with the actual waste costs incurred at the end of the financial year. The surplus/(deficit) for each of the three waste streams (kerbside, green and public waste) is held in **waste management reserves**, for Council to consider allocating funds toward the cost of these waste services in future years. The total balance of the three waste management reserves is budgeted to be $11,000 at 30 June 2020, after allocating $10,000 in 2019/20 toward the cost of the organic food waste pilot and returning $17,800 to ratepayers in the form of a reduced public waste charge in 2019/20.

The final reserve balance Council holds is for the **defined benefits superannuation fund**. Council has in previous years allocated $40,000 to this reserve, as a buffer in being able to meet potential future calls on the fund. Given the size of the last call on this fund ($140,000), Council considers it prudent to maintain this reserve balance in its Draft Budget 2019/20.

**Statutory Requirements**

The Draft Budget 2019/20 meets legislative financial reporting requirements and is prepared pursuant to Section 127 of the **Local Government Act 1989** (the Act), and in accordance with the **Local Government (Planning and Reporting) Regulations 2014** (the Regulations). The budget complies with Australian Accounting Standards.

Section 130(3) of the Act requires Council to adopt the Budget by 30 June each year.

The budget is required to include certain information about rates and charges Council intends to levy, and a range of other information required by the Regulations which support the Act.
Specifically, Section 127 of the Act requires that:

“(1) A Council must prepare a budget for each financial year.
(2) The Council must ensure that the budget contains —
   (a) financial statements in the form and containing the information required by the regulations;
   (b) a description of the services and initiatives to be funded in the budget;
   (c) a statement as to how the services and initiatives described under paragraph (b) will contribute to achieving the strategic objectives specified in the Council Plan;
   (d) major Initiatives, being initiatives identified by the Council as priorities, to be undertaken during the financial year;
   (da) for services to be funded in the budget, the prescribed indicators of service performance that are required to be reported against in the performance statement under section 131;
   (db) the prescribed measures relating to those indicators;
   (e) any other information required by the regulations.”

Section 127 (3) further outlines the requirements for disclosure of proposed rates and charges in the budget:

“(3) The Council must ensure that the budget also contains —
   (a) the information the Council is required to declare under section 158(1);
   (b) if the Council intends to declare a differential rate under section 161, the information listed in section 161(2);
   (c) if the Council intends to declare a differential rate under section 161A, the information listed in section 161(2).”

Section 9 of the Regulations requires that the financial statements included in the budget must be in the form set out in the Local Government Model Financial Report, which is the best practice guide for reporting local government budgets in Victoria.

Council must give public notice that it has prepared a draft budget and is available for public inspection for a period of not less than 28 days (Section 129(2) of the Act). Submissions are invited and will be considered by Council at a public meeting on Thursday, 30 May 2019, commencing at 6:00 pm, prior to consideration of the final budget for adoption at the Ordinary Council Meeting scheduled to be held on Thursday, 20 June 2019.

Legislative requirements relating to the Strategic Resource Plan are contained in Section 126 of the Act. 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.”

A complete list of statutory disclosures is tabled at Appendix C of the Draft Budget 2019/20.
Council Plan


The Draft Implementation Plan 2019/20 and supporting new initiatives (operating projects) and capital works included in the Draft Budget 2019/20 have been prepared to support and deliver a range of strategies that will assist Council to achieve the five key Strategic Objectives included in the Council Plan 2017-2021 as follows:

1. Enhance community wellbeing by providing a safe environment where people are involved, healthy and active in recreation, arts and culture;
2. Play our part in protecting the local, national and globally significant values within our natural environment for future generations;
3. Foster a diverse and vibrant local economy;
4. Preserve and enhance the Borough as a special place through excellence of design and conservation of its rich culture and unique heritage; and
5. Maintain a cohesive, well governed, financially sustainable and independent Borough.

With respect to the above Strategic Objective 5, within which preparation of the Draft Budget falls, the following strategies included in the Council Plan have most relevance to this budget:
- Provide transparent and accountable governance and meet all legislative requirements;
- Ensure the continuing financial sustainability and independence of the Borough;
- Maximise the return on Council assets and leverage external funding opportunities; and
- Enhance communication and community engagement in decision-making across the 3225 postcode area.

Financial

The Draft Budget 2019/20 has been informed by the strategic objectives of the Council Plan 2017-21 with due consideration given to maintaining the financial sustainability and independence of the Borough over the long term.

As rate capping continues to apply pressure to Council’s financial position over the longer term, Council has produced a financially responsible budget, with a cumulative underlying surplus achieved in the Draft Budget 2019/20 and over the SRP years to 2021/22, noting a cumulative underlying deficit is projected for the SRP year 2022/23 and this will need to be reviewed by Council at the commencement of the 2020/21 budget setting process.

To reiterate, it must be noted that priority actions are required by Council in order to address the operating and underlying deficits which are currently projected over the longer term.

Social

No specific items to report.
Environmental

No specific items to report.

Risk Management

This budget report is part of Council’s risk management framework to ensure legislative requirements are met with respect to the preparation of the Draft Budget 2019/20 (including Strategic Resource Plan), inviting the public to make submissions and allowing Council to consider all relevant material in making an informed decision in adoption of its annual budget.

Community Engagement

Council has a commitment to community engagement and effective consultation.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six</th>
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<tbody>
<tr>
<td>One-off Issues</td>
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<tr>
<td>Changes to current practice</td>
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<td>Area impacts</td>
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<td>Service planning</td>
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<td>Major plans</td>
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</tbody>
</table>

Public consultation is an important part of the development of Council’s Draft Budget 2019/20 (including Strategic Resource Plan).

In preparing the Draft Budget for the 2019/20 financial year, Council makes reference to four key documents which it proposes to adopt at its Ordinary Council Meeting on 20 June 2019, after first undertaking an important period of community consultation and engagement.

These four documents are:
1. Draft Implementation Plan 2019/20;
2. Draft Budget 2019/20 (including Strategic Resource Plan);
3. Draft Rating Strategy; and

Councillors and officers presented key aspects of each of these four documents to members of Council’s Governance and Finance Portfolio Reference Group (PRG) on Monday 15 April 2019. A community information session was also held at the Queenscliff Town Hall tonight, prior to this Ordinary Council Meeting, to present the same key facts to interested members of the community. At both the PRG and community sessions, there was an opportunity for public questions on these four key documents to be answered by Councillors and officers.

Following Council endorsement of these four key documents tonight, a set of Frequently Asked Questions (FAQ’s) will be published on Council’s website, as another means of providing as much information as possible to assist the community in its awareness and understanding of these documents.
Also following Council endorsement tonight, the community engagement process with respect to each of these four documents will commence. Council seeks to genuinely engage with the community in seeking feedback, by commencing a four week public submissions period, consistent with Section 223 of the *Local Government Act 1989* (the Act). Community submissions are invited until 4:00 pm on Friday 24 May 2019.

Submitters will have the opportunity to present their submissions to Council, at a public meeting to be held in the Queenscliff Town Hall at 6:00 pm on Thursday 30 May 2019.

After considering any public submissions received, and updating the documents for any new information that becomes available after the draft documents were prepared, Council will consider adoption of its four key documents at the Ordinary Council Meeting scheduled for 6:00 pm on Thursday 20 June 2019.

Specific to the Draft Budget 2019/20 (including Strategic Resource Plan), changes between the draft and final document are expected to be made with respect to additional carry forward projects identified over the coming weeks, indicative funding updates from the Victoria Grants Commission, any Federal government election commitments which may arise prior to the 18 May 2019 election and other budget pressures, efficiency savings and additional income which may be identified by officers in the period between advertising this Draft Budget and preparing the final budget to be considered by Council for adoption in June.

Such changes as those indicated above tend to occur each year, however such changes are typically immaterial and not expected to result in the Draft Budget 2019/20 (including Strategic Resource Plan) needing to be readvertised before it is adopted by Council.

### Officer Direct or Indirect Interest

*Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.*

There is no conflict of interest or pecuniary interest to be declared in relation to this report.

### Conclusion

In order to fund a range of priorities identified throughout the budget process, the budget is framed on the basis of the State government rate cap of 2.50% in the 2019/20 financial year for general rate revenue and the full cost recovery of waste management costs through the application of waste charges for kerbside waste, green waste and public waste services.
Management endorses the Draft Budget 2019/20 (including Strategic Resource Plan) as financially responsible, to maintain existing services and infrastructure and deliver priority projects and services that are valued by our community.

Key facts from this Draft Budget 2019/20 (including Strategic Resource Plan) have been presented to Council’s Governance and Finance Portfolio Reference Group (PRG) and to the community. Given the timing of both the PRG and community information session is after this Council report has been prepared for the Ordinary Council Meeting tonight, the officer will include in the presentation of this report a verbal summary of the feedback received from both the PRG and the community to date.

This Draft Budget 2019/20 (including Strategic Resource Plan) is now presented to Council for endorsement, prior to commencing the public submission process.

**Councillors Salter / Francis:**

**That Council:**

1. **Endorse the Draft Budget 2019/20 (including Strategic Resource Plan), as presented at Appendix 5;**

2. **Give public notice, by way of newspaper advertisements, that Council has prepared the Draft Budget 2019/20 (including Strategic Resource Plan) as required by Sections 126, 127 and 129 of the Local Government Act 1989 (the Act), and call for public submissions by no later than 4:00 pm on Friday 24 May 2019 in accordance with Section 223 of the Act;**

3. **Receive submissions and, where requested, allow submitters to be heard by Council in support of those submissions on any proposal contained in the Draft Budget 2019/20 (including Strategic Resource Plan) at a public meeting to be held at 6:00 pm on Thursday 30 May 2019 at the Queenscliff Town Hall; and**

4. **Consider the Draft Budget 2019/20 (including Strategic Resource Plan) for adoption at the Ordinary Meeting to be held at 7.00 pm on Thursday 20 June 2019.**

*Carried unanimously*
15.6 Draft Rating Strategy

File: QG2270601

Report Author: Manager, Financial Services

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

This report is provided to enable Council to consider and formally endorse the Draft Rating Strategy, as included at Appendix 6, prior to commencing the public submission process.

Introduction

The Borough of Queenscliffe provides a range of services which it considers important for its community. Service decisions are the result of a variety of factors such as history, community demand, identified need and previous decisions. These services are managed within 25 service areas, as described in Section 2 of Council’s Draft Budget 2019/20.

Regardless of the mix of services, providing the revenue stream to meet their cost is a basic requirement of Council’s planning and decision making. Rates and waste management charges are an important source of funding for the provision of services and infrastructure, being the most significant source of income for Queenscliffe (in a typical year), followed by government grants and tourist park user fees.

The Local Government Act 1989 (the Act) requires Council to ensure the equitable imposition of rates and charges. Principles to be considered in achieving this include: equity (how the rate burden is shared across the community); benefit (those who benefit from services pay); capacity to pay; simplicity (easy to understand and administer); and sustainability (stability).

The Fair Go Rates system was introduced in 2016 to limit the amount that councils can increase rates in a financial year. Given the ability of Council to increase its overall rates is constrained by this legislation, Council remains obliged to ensure that rates are imposed in a fair and equitable manner. Council’s rating strategy is an important document, as rates and waste management charges are its main source of income, and the rating strategy allows the community an opportunity to understand the way in which Council achieves an equitable imposition of rates and charges.

The rating strategy is the method by which Council systematically considers factors of importance that inform its decisions about the rating system, and it is this rating system that determines how
Council will raise money from properties within the municipality. It does not influence the total amount to be raised, only the share of revenue that is to be contributed by each property.

Background

Council’s Draft Rating Strategy has been prepared with reference to the relevant legislation, changes specific to the Borough of Queenscliffe, reviewing the adopted Rating Strategy of a range of Victorian councils and considering key issues raised in the following documents:

- *Local Government Better Practice Guide 2014: Revenue and Rating Strategy*, issued by Local Government Victoria; and

Four key documents are presented to Council and its community, which directly relate to the preparation of Council’s budget for the 2019/20 financial year, as follows:

1. Draft Implementation Plan 2019/20;
2. Draft Budget 2019/20 (including Strategic Resource Plan);
3. Draft Rating Strategy; and

The timetable for preparation of these four key documents is summarised in the table below:

<table>
<thead>
<tr>
<th>Budget process</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community engagement activities</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2. Minister of Local Government announces maximum rate increase</td>
<td>December 2018</td>
</tr>
<tr>
<td>3. Officers update Council’s long term financial projections and prepare draft budgets for Councillors to consider at a series of Council Assembly meetings (budget workshops) – this includes analysis and consideration of community engagement activities</td>
<td>November 2018 – March 2019</td>
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<tr>
<td>4. Council determines and advises Essential Services Commission that it does not intend to make an application for a higher rate cap for the 2019/20 financial year</td>
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</tr>
<tr>
<td>5. Budget information presented to Council’s Governance &amp; Finance Portfolio Reference Group (PRG)</td>
<td>15 April 2019</td>
</tr>
<tr>
<td>6. Budget information presented to the community</td>
<td>24 April 2019, 6:00 - 7:00 pm</td>
</tr>
<tr>
<td>8. Public notice advising intention to adopt the four key documents</td>
<td>27 April 2019</td>
</tr>
</tbody>
</table>
9. Four key documents available for public inspection and comment 27 April – 24 May 2019
10. Submissions period closes (28 days) 24 May 2019
11. Public submissions presented to Council 30 May 2019
12. Four key documents, and a summary of the submissions received with officer recommendations, presented to Council for adoption 20 June 2019
13. Copy of adopted Budget submitted to the Minister 24 June 2019

Key Issues

Council’s previous Rating Strategy was adopted on 1 March 2018. During preparation of its Draft Budget for the 2019/20 financial year, Council has considered some modifications to the rating strategy which it proposes to put to the community and seek feedback via the public submission process, before considering adoption of the revised strategy in June 2019.

Changes included in the Draft Rating Strategy are proposed to apply from the commencement of the 2019/20 rating year, effective from 1 July 2019. Key changes proposed include:

- Increase of $50.00 in additional pensioner rebate offered by Council to eligible ratepayers, from $70 in the 2018/19 financial year to $120 effective from the 2019/20 financial year;
- Removal of references to the change from CIV-based to a fixed charge for kerbside waste services, which were included in the current rating strategy, given there is no proposal to change the kerbside waste charge from a fixed charge that is now in place and therefore this wording is no longer necessary in moving forward with a revised rating strategy;
- Update to wording about the rates revaluation process, to reflect change from biennial to annual process;
- Update to wording for residential vacant land, to include non-habitable structures (e.g. sheds and shelters) within the definition of residential vacant land;
- Minor edits to wording for tourist accommodation properties, to reinforce that the differential rate applies to:
  - tourist accommodation properties with five bedrooms or less;
  - where “any part” of the property is used for tourist accommodation;
  - for “any period of time” during the financial year (no matter how seldom); and
  - property that is either currently being used, or is advertised as being available for use, for tourist accommodation;
- Minor edits to wording for waste management, to clarify arrangements with respect to the collection of waste for non-rateable properties and also those properties which have a second set of bins or upsized bins;
- Minor edits to wording for contiguous land, to include details with respect to the application process and the guidance that officers may provide to those ratepayers who are eligible to apply for this option;
- Minor edits to wording for rates assistance, to provide additional details as included in Council Policy CP031: Rates Assistance; and
• Other edits throughout, to remove outdated references and include up-to-date information on the costs of waste management, economic and other factors considered in Council’s rating strategy.

Public consultation is an important part of the rating strategy and Council is seeking to genuinely engage with the community with respect to the above changes proposed to its rating strategy. Details regarding presentation of information to Council’s Governance and Finance Portfolio Reference Group (PRG), community information session and the Section 223 public submission period are included in the Community Engagement section of this report.

Monitoring and review of Council’s rating strategy is also key to its success. Council will consider feedback received via the public submission process, before adopting its rating strategy on 20 June 2019. Following the implementation of its revised rating strategy, Council will continue to monitor the outcome of this strategy, with a view to conducting a formal review of its rating strategy at least once in each new Council term.

Discussion

Council uses Capital Improved Value (CIV) and differential rating to determine the distribution of total rates levied. Queenscliffe is the only one of the G21 Councils that does not apply a municipal charge, and it is not intending to introduce this charge in its revised rating strategy.

Council’s rateable assessments are grouped by type or class of land, and a differential rate (% of the general rate) is applied for each property type, as tabled below. There is no proposal to change these differential rates.

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>% of general rate</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Residential vacant land</td>
<td>125%</td>
<td>125%</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>130%</td>
<td>130%</td>
<td></td>
</tr>
<tr>
<td>Tourist accommodation</td>
<td>110%</td>
<td>110%</td>
<td></td>
</tr>
</tbody>
</table>

Councillors were provided with a briefing, at the Council Assembly on 21 March 2019, with respect to the following key rating matters:

• 2019 Rates Revaluation – presented by independent Valuer, appointed by Valuer-General;
• Rates Modelling – presented by officers, modelling the impact of the rates revaluation for each ratepayer group and also looking at the impact for pensioners in the Borough; and
• Draft Rating Strategy – Councillors and officers discussed key changes proposed, including an increase in the additional pensioner rebate offered by Council and other minor edits to the strategy, as listed in the Key Issues section of this report.

Modelling for each ratepayer group as well as pensioners was presented to highlight the annual and weekly impact for the highest and lowest ratepayer in each group, the average and median (middle
point) of the group, and the average for each quartile of the group. This same information was presented to Council’s PRG on 15 April 2019 and to the community at the information session held earlier tonight.

In modelling these outcomes, Council also considered the rebates and concessions it currently offers. Council is proposing to increase the additional pension rebate by $50.00 in 2019/20, while the other rebates are expected to remain the same.

<table>
<thead>
<tr>
<th>Rebates and concessions</th>
<th>% of general rate, or rebate $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust for Nature rebate</td>
<td>100%</td>
</tr>
<tr>
<td>Cultural and recreational lands</td>
<td>25%</td>
</tr>
<tr>
<td>Additional pensioner rebate offered by Council</td>
<td>$70.00</td>
</tr>
<tr>
<td></td>
<td>$120.00</td>
</tr>
</tbody>
</table>

It should also be noted that feedback received from ratepayers during the year, with respect to the application of matters contained in Council’s rating strategy, has been considered by Councillors and officers in this latest review of the rating strategy.

For example, some of the ‘grey’ areas with respect to sheds on vacant land and who is entitled to receive a waste service have been addressed in this review, and Council is also taking the opportunity to reinforce the circumstances in which the tourist accommodation differential applies as officers receive queries, comments and complaints during the year from ratepayers saying ‘but I only rent my house out for a week’.

Council manages its waste management service by providing a complete and transparent reconciliation of waste costs paid by Council, waste charges applied to ratepayers and the resulting surplus/(deficit) in its annual budget and quarterly financial reports.

The balance of funds is held in waste management reserves on Council’s Balance Sheet, for Council to consider allocating surpluses in future budgets and/or keeping some funds in reserve to meet emerging pressures, such as that recently experienced across the industry with respect to recycling disposal issues.

With Council proposing to increase the additional pensioner rebate offered, to assist pensioners in paying for their kerbside waste charge, this has an impact on the kerbside waste charge that will need to be applied to ratepayers to recover the cost of this additional rebate.

Council has also included two new initiatives for waste in its Draft Budget 2019/20 as follows:

- $5,000 review of hard waste service – funded by increasing kerbside waste charge; and
- $15,000 organic food waste pilot – $10,000 of surplus funds to be transferred from the green waste reserve, with the balance of $5,000 to be funded by increasing green waste charge.

On the flip side, Council has a forecast surplus in its public waste reserve, which it is proposing to return to ratepayers in 2019/20, in the form of a one-off reduction in the public waste charge compared with that charged for the current 2018/19 financial year.
Taking into account CPI and other increases in waste management costs, and the adjustments with respect to the additional pensioner rebate for kerbside waste and the return of surplus funds for public waste, Council has included fixed waste charges in its Draft Budget 2019/20 as tabled below.

<table>
<thead>
<tr>
<th>Waste charge</th>
<th>Current charge</th>
<th>Proposed charge</th>
<th>Increase/(decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerbside waste charge</td>
<td>$170.60</td>
<td>$183.95</td>
<td>$13.35, 7.83%</td>
</tr>
<tr>
<td>Green waste charge</td>
<td>$37.40</td>
<td>$40.15</td>
<td>$2.75, 7.36%</td>
</tr>
<tr>
<td>Public waste charge</td>
<td>$99.75</td>
<td>$88.35</td>
<td>($11.40), (11.43%)</td>
</tr>
<tr>
<td>Additional set of bins</td>
<td>$225.00</td>
<td>$230.00</td>
<td>$5.00, 2.22%</td>
</tr>
<tr>
<td>One additional bin</td>
<td>$112.50</td>
<td>$115.00</td>
<td>$2.50, 2.22%</td>
</tr>
</tbody>
</table>

Noting that only residential and tourist accommodation properties receive the kerbside waste and green waste service, while all ratepayer groups contribute equally to the cost of the public waste service, the net impact of the above waste charges for the ratepayer groups in 2019/20 is as tabled below.

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>Current charge</th>
<th>Proposed charge</th>
<th>Increase/(decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$307.75</td>
<td>$312.45</td>
<td>$4.70, 1.41%</td>
</tr>
<tr>
<td>Residential vacant land</td>
<td>$99.75</td>
<td>$88.35</td>
<td>($11.40), (11.43%)</td>
</tr>
<tr>
<td>Commercial</td>
<td>$99.75</td>
<td>$88.35</td>
<td>($11.40), (11.43%)</td>
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<td>$307.75</td>
<td>$312.45</td>
<td>$4.70, 1.41%</td>
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**Statutory Requirements**

Council’s Draft Rating Strategy is prepared in accordance with relevant legislation. Statutory requirements relating to the establishment of rates and charges are contained in the following legislation:

- **Local Government Act 1989**
- **Valuation of Land Act 1960**
- **Cultural and Recreational Lands Act 1963**
- **Penalty Interest Rates Act 1983**

**Local Government Act 1989 (the Act)**

The following sections of the Act apply with respect to rates and charges levied by Council:

- Part 8 – Rates and Charges on Rateable Land
  - Section 158 (Declaring rates and charges) Council must declare:
    (a) the amount which Council intends to raise by general rates, municipal charges, service rates and charges, and
    (b) whether the general rates will be raised by the application of a uniform rate or differential rate.
  - Section 161 (Differential rates)
• Section 162 (Service rates and charges)
  This section enables Council to apply waste management charges, at either a fixed or variable rate, to recover the costs of collection and disposal of waste.
• Section 163 (Special rates and charges)
• Section 170 (Deferred payment)
• Section 171 (Waiver)
• Section 171A (Financial hardship)
• Section 172 (Interest on Rates Arrears)
• Part 8A – Rates Caps
  This section prescribes how the total amount of general rate revenue declared is calculated, in line with State government policy on rate capping.

**Valuation of Land Act 1960**
This prescribes how valuations will be calculated for properties in the municipality, applied to the differential rate (rate in the dollar) to determine the amount payable by each ratepayer.

**Cultural and Recreational Lands Act 1963**
Section 5 establishes rate exemptions for cultural and recreational lands, which the Borough of Queenscliff currently applies to five properties.

**Penalty Interest Rates Act 1983**
Section 2 prescribes how Council may apply rules in collecting outstanding rates and charges.

**Council Plan**
This Draft Rating Strategy aligns with the following Council Plan 2017-2021 strategic objective and strategies:
Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough:
• Provide transparent and accountable governance and meet all legislative requirements;
• Ensure the continuing financial sustainability and independence of the Borough; and
• Enhance communication and community engagement in decision-making across the 3225 postcode area.

**Financial**
The Draft Rating Strategy has directly informed the development of the Draft Budget 2019/20 (including Strategic Resource Plan) and the Draft Long Term Financial Plan (LTFP) by providing information on the total number of rateable properties, total property valuations (CIV), differential rates, rebates offered by Council and calculation of the rate in the dollar required in order to collect the required amount of rate revenue. It does not change the total rates and charges generated by Council, only the share of revenue that is contributed by each property.
Social

Council’s Draft Rating Strategy includes reference to Council Policy CP031: Rates Assistance. The purpose of this policy is to ensure Council is sensitive and responsive to ratepayers experiencing financial hardship, by establishing a mechanism through which Council can offer some form of financial relief to ratepayers experiencing financial difficulty in meeting payments for general rates, waste management charges and other rates and charges. It is aimed at enabling ratepayers to feel comfortable in approaching Council about their outstanding debts, and encouraging a consistent and proactive approach in identifying and assisting ratepayers before the debt is referred to the undertaking of legal proceedings.

In addition, Council’s Draft Rating Strategy includes reference to an additional pension rebate offered by Council, to assist pensioners in meeting the charges applied for the kerbside waste service. Council has the discretion to offer an additional pension rebate, above that level funded by State government. Given the financial pressures impacting on pensioners with fixed incomes, Council is proposing to increase the current rebate by $50.00, from $70.00 to $120.00 p.a. per eligible ratepayer.

Council’s Draft Rating Strategy also includes reference to Council Policy CP041: Residential Vacant Land. This policy sets out the objectives and principles applied in Council’s identification of residential vacant land, and the subsequent application of a differential rate for residential vacant land. The objective of this differential rate includes promoting housing development on vacant land.

Environmental

Council’s Draft Rating Strategy includes reference to Council Policy CP019: Conservation Covenant Incentive. This policy demonstrates Council’s commitment to protecting and preserving remnant flora and fauna and promotes use of sustainable land management practices within the Borough of Queenscliffe, through the provision of a conservation and land management rate rebate, which is at 100% of the general rate for eligible properties. This rebate encourages and empowers local communities and landholders to manage land for conservation, and reduces unsuitable land practices that would otherwise result in severe degradation and the permanent loss of biodiversity.

Risk Management

The ongoing monitoring and review of Council’s rating strategy is a good governance practice, reducing the risk that relevant legislative provisions may not be complied with and current practices may not be transparent. Financial and non-financial (social and environmental) risks were also considered in this review. Changes proposed in the Draft Rating Strategy do not compromise Council’s compliance with legislative requirements in terms of its approach to the rating and charges structure, and Council continues to comply with the State Government imposed rate cap.
Community Engagement

Council has a commitment to community engagement and effective consultation.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Six</th>
</tr>
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<tbody>
<tr>
<td>One-off Issues</td>
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<td>☐</td>
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<td>☐</td>
<td>☒</td>
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<tr>
<td>Changes to current practice</td>
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<td>☐</td>
<td>☐</td>
<td></td>
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<tr>
<td>Area impacts</td>
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<tr>
<td>Service planning</td>
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<tr>
<td>Major plans</td>
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<tr>
<td>Major projects</td>
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Public consultation is an important part of the development of Council’s Rating Strategy.

In preparing the Draft Budget for the 2019/20 financial year, Council makes reference to four key documents which it proposes to adopt at its Ordinary Council Meeting on 20 June 2019, after first undertaking an important period of community consultation and engagement.

These four documents are:
1. Draft Implementation Plan 2019/20;
2. Draft Budget 2019/20 (including Strategic Resource Plan);
3. Draft Rating Strategy; and

Councillors and officers presented key aspects of each of these four documents to members of Council’s Governance and Finance Portfolio Reference Group (PRG) on Monday 15 April 2019. A community information session was also held at the Queenscliff Town Hall tonight, prior to this Ordinary Council Meeting, to present the same key facts to interested members of the community. At both the PRG and community sessions, there was an opportunity for public questions on these four key documents to be answered by Councillors and officers.

Following Council endorsement of these four key documents tonight, a set of Frequently Asked Questions (FAQ’s) will be published on Council’s website, as another means of providing as much information as possible to assist the community in its awareness and understanding of these documents.

Also following Council endorsement tonight, the community engagement process with respect to each of these four documents will commence. Council seeks to genuinely engage with the community in seeking feedback, by commencing a four week public submissions period, consistent with Section 223 of the Local Government Act 1989 (the Act). Community submissions are invited until 4:00 pm on Friday 24 May 2019.

Submitters will have the opportunity to present their submissions to Council, at a public meeting to be held in the Queenscliff Town Hall at 5:00 pm on Thursday 30 May 2019.

After considering any public submissions received, and updating the documents for any new information that becomes available after the draft documents were prepared, Council will consider adoption of its four key documents at the Ordinary Council Meeting scheduled for 6:00 pm on Thursday 20 June 2019.
Specific to the Rating Strategy, changes between the draft and final document are expected to be made with respect to the 2019 Rates Revaluation. Calculations included in the Draft Rating Strategy are based on the Stage 3 valuation provided by an independent Valuer, and are subject to change when the Stage 4 (final) valuation is certified by the Valuer-General.

The calculations are also subject to change as a result of any supplementary valuations processed in the next few weeks before the final budget is considered by Council in June. Supplementary valuations are conducted between general valuations and occur when: properties are physically changed (constructed, renovated, extended, altered or demolished); land is subdivided, amalgamated, sold off or rezoned; and/or incorrect data (e.g. previous rates calculated using the wrong land or building areas) means another valuation is required.

While the total rate revenue collected by Council will not change, as a result of the general rates revaluation and/or supplementary valuations being processed, the total property values (CIV), number of rateable assessments and the rate in the dollar are subject to change. These changes will occur each year, as the rates revaluation cycle is not perfectly aligned with Council’s budget timetable, however such changes are typically immaterial and not expected to result in the Rating Strategy needing to be readvertised before it is adopted by Council.

**Officer Direct or Indirect Interest**

*Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is consider by the Council or the committee.*

There is no conflict of interest or pecuniary interest to be declared in relation to this report.

**Conclusion**

While a number of edits have been made to the Draft Rating Strategy, compared with the previous version adopted by Council on 1 March 2018, none of these changes have a material impact for the general ratepayer population of the Borough of Queenscliffe. Nor do any of the changes proposed in the Draft Rating Strategy result in Council collecting more rates.

The most significant of the changes proposed is an increase of $50.00 in the additional pension rebate offered by Council, from $70.00 in 2018/19 to $120.00 in 2019/20, to assist pensioners in meeting the charges applied by Council for its kerbside waste service.

In offering this additional rebate to pensioners, the kerbside waste charge will increase by $6.60 per property accordingly (before CPI is applied to other kerbside waste costs). This is an increase of 3.87% on the charge of $170.60 applied in the current 2018/19 financial year.

To reiterate, all residential and tourist accommodation ratepayers will pay an additional $6.60 each, to meet the cost of this additional rebate, while pensioners will experience a reduction of $43.40...
(calculated as the $50.00 additional rebate, less their share for the $6.60 additional charge per property).

Key facts from this Draft Rating Strategy have been presented to Council’s Governance and Finance Portfolio Reference Group (PRG) and to the community. Given the timing of both the PRG and community information sessions is after this Council report has been prepared for the Ordinary Council Meeting tonight, the officer will include in the presentation of this report a verbal summary of the feedback received from both the PRG and the community to date.

This Draft Rating Strategy is now presented to Council for endorsement, prior to commencing the public submission process.

**Councillors Salter / Ebbels:**

That Council:

1. Endorse the Draft Rating Strategy, as presented at Appendix 6;
2. Give public notice, by way of newspaper advertisements, that Council has prepared the Draft Rating Strategy, and call for public submissions by no later than 4:00 pm on Friday 24 May 2019 in accordance with Section 223 of the Local Government Act 1989;
3. Receive submissions and, where requested, allow submitters to be heard by Council in support of those submissions on any proposal contained in the Draft Rating Strategy, at a public meeting to be held at 6:00 pm on Thursday 30 May 2019 at the Queenscliff Town Hall; and
4. Consider the Draft Rating Strategy for adoption at the Ordinary Meeting to be held at 7:00 pm on Thursday 20 June 2019.

Carried unanimously
15.7 Draft Long Term Financial Plan (LTFP)

File: QG085-05-02

Report Author: Manager, Financial Services

Strategic Objective: Maintain a cohesive, well governed, financially sustainable and independent Borough

Portfolio: Governance and Performance

Portfolio Holder: Cr Bob Merriman

Purpose

This report is provided to enable Council to formally endorse the Draft Long Term Financial Plan (LTFP), prior to commencing the public submission process. The Draft LTFP is included at Appendix 7.

Introduction

The LTFP provides a framework for effective financial management decisions to be made, by building on information included in Council’s four year Budget and Strategic Resource Plan, and projecting outcomes over the longer term.

This Draft LTFP is prepared for a ten year reporting period, from 1 July 2019 to 30 June 2029, and includes the following financial statements:

- Forecast Comprehensive Income Statement;
- Forecast Balance Sheet;
- Forecast Statement of Changes in Equity;
- Forecast Statement of Cash Flows;
- Forecast Statement of Capital Works; and
- Forecast Statement of Human Resources.

Council’s commitment to responsible financial management is demonstrated in the LTFP, which examines options in terms of the strategic direction for the Borough of Queenscliff, and includes a set of key recommendations for achieving a sustainable financial position.

The LTFP has been developed to assist Council in achieving its strategic objectives as specified in the Council Plan 2017-2021, as well as addressing financial sustainability in the long-term. Financial information included in this LTFP has been used by Council in making an informed decision about preparation of the draft budget for the 2019/20 financial year.
Importantly, the LTFP is not a static document. A rolling review of the LTFP and subsequent updates to the Budget and SRP is required, as new information becomes available and priorities change (locally and/or through State and Federal government mandates). Key assumptions are reset as required, and applied in the annual budget setting process, with a formal review of the LTFP planned to occur in the first year of each new Council term.

Background

Council last adopted its Strategic Financial Plan (SFP) on 17 November 2010. This included a LTFP for the ten years from 1 July 2010 to 30 June 2020, based on a set of assumptions around the key elements in ensuring financial sustainability over the longer term.

Council’s Draft LTFP has been prepared with reference to its previous SFP, updated to reflect current matters being managed by the Borough of Queenscliffe, and benchmarking with the adopted 10 year plans of a range of Victorian councils.

Four key documents are presented to Council and its community, which directly relate to the preparation of Council’s budget for the 2019/20 financial year, as follows:
5. Draft Implementation Plan 2019/20;
6. Draft Budget 2019/20 (including Strategic Resource Plan);
7. Draft Rating Strategy; and

The timetable for preparation of these four key documents is summarised in the table below:

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<tr>
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<td>15 April 2019</td>
</tr>
<tr>
<td>19. Budget information presented to the community</td>
<td>24 April 2019, 6:00 - 7:00 pm</td>
</tr>
<tr>
<td>21. Public notice advising intention to adopt the four key documents</td>
<td>27 April 2019</td>
</tr>
</tbody>
</table>
Key Issues

Key financial results projected over the ten years to 30 June 2029 are tabled at the end of the Key Issues section of this report.

Although not forming part of the budgeted financial statements, Council is budgeting for a **break-even cash result**. Note this is after allocating the $174,000 surplus forecast for 2018/19 toward priority projects included in the Draft Budget 2019/20.

The **operating result**, as included in the Comprehensive Income Statement, is projected to decline, from a surplus of $8.475 million in 2019/20 to a deficit of ($81,000) by 30 June 2029. The large surplus budgeted in 2019/20 is due to significant non-recurrent government grant funding for capital works projects. The deterioration in operating result over the LTFP is due to less government grant funding predicted and a loss in boat ramp parking fees income, while Council’s ability to raise sufficient revenue to maintain existing services and deliver priorities is constrained by rate capping and this will continue to apply pressure over the longer term.

An **underlying deficit** is projected over each of the ten years in the LTFP, although noting it improves from a deficit of ($936,000) in 2019/20 to smaller deficits each year thereafter. The large deficit budgeted in 2019/20 is due to a combination of operating projects carried forward from 2018/19 and expected to be completed in 2019/20 ($437,000), new initiatives ($140,000 in 2019/20, with $100,000 of this being non-recurrent expenditure and the balance of $40,000 requiring recurrent budgets), the loss of boat ramp parking fees ($106,000 in 2019/20, with a total loss of income of $1.25 million over the ten years to 30 June 2029) and the balance reflecting that fact that Council’s ability to raise sufficient revenue to maintain existing services and deliver priorities is constrained by rate capping.

The **cumulative underlying result** deteriorates over the LTFP, from a surplus of $582,000 in 2019/20 to a deficit of ($754,000) by 30 June 2029. After allowing for the projected completion of operating projects carried forward from 2018/19, this cumulative underlying result continues to decline over the longer term, as a deficit is projected in each of the ten years of the LTFP, and there remain future challenges for Council over the longer term.

Council has determined that a **rate increase of 2.50%** in line with the State government rate cap is necessary to deliver services, maintain assets and address key priorities as set out in the Council Plan 2017-2021. An increase of 2.50% in rates is included over each of the ten years included in the
LTFP, noting any variation from this assumption – as announced by the Minister for Local Government in December of each year – will be adjusted in Council’s Annual Budget as necessary. The State Government does not apply a rate cap to waste management. Council has applied waste management charges for the full cost recovery of waste management collection and disposal costs, in line with Council’s Draft Rating Strategy included at Item 15.6 of this Agenda.

Of the new initiatives, which totals $140,000 for nine operating projects in the Draft Budget 2019/20, $40,000 p.a. is included for ongoing budgets ($20,000 additional sponsorships, $10,000 property officer to manage leases and $10,000 independent review of targeted programs).

The operating budget is presented, under each of Council’s five portfolios and their related Strategic Objectives, with their share of the operating budget summarised in the table at the end of the Key Issues section of this report.

Capital works, included in the LTFP, reflects priority projects identified in the Council Plan 2017-2021, in addition to the Annual Asset Renewal Program which averages $700,000 p.a., to ensure Council’s existing assets are maintained and renewed at the optimum time. Council typically spends in excess of $1 million p.a. on the renewal and upgrade of existing assets and the creation of new assets, although this can be significantly higher, depending on the level of capital funding secured in terms of government grants and community contributions.

The proposed capital works program, and the sources of expenditure funded, is tabled at the end of the Key Issues section of this report.

New borrowings totalling $548,566 is included in the LTFP, all of which is planned to be drawn down in the 2019/20 financial year, with no new borrowings projected over the years 2020/21 to 2028/29. With $370,000 of new borrowings planned in the current Forecast 2018/19 and a further $548,566 proposed in the Draft Budget 2019/20, and taking into account scheduled loan repayments, total loan liability is projected to increase to $917,000 by 30 June 2020. With the steady repayment of loans in accordance with repayment schedules (not yet agreed, but typically repaid over a period of ten years) and no further borrowings proposed over the remainder of the LTFP, total loan liability is projected to reduce to $66,000 by 30 June 2029.

Council uses a range of asset replacement, carry forwards and other discretionary reserves, as tabled at the end of the Key Issues section of this report, to ensure funds earmarked for specific projects and/or contingencies are cash-backed via reserves held in the Balance Sheet. A key budget principle for Council is to retain a minimum balance of $300,000 in unallocated reserves. Falling below this target limits Council’s ability to respond to emerging pressures, address any risk management issues which may arise during the year and have matching funds to call on if the opportunity becomes available to secure additional government grants. While Council will not achieve this target over the medium term, it is projecting to reach this target over the longer term.

Key strategies included in the LTFP
The LTFP contains a number of key strategies, considered by Council in preparation of its Annual Budget and the projected financial outcomes over the medium to longer-term. These strategies include specific focus on the following matters:
• Operational income, expenditure and surplus/(deficit);
• Cash and investments, and the use of discretionary reserves;
• Fixed asset management;
• Long term borrowings; and
• Financial strategy, key financial statements and performance indicators.

Each of the above will be considered in more detail in the Discussion section of this report.

**Recommendations included in the LTFP**

The LTFP contains a set of key recommendations, which articulate Council’s strategic direction and ensure decisions made by Council take into account the financial sustainability of Council over the short term (Annual Budget), medium term (Strategic Resource Plan) and long term (LTFP).

Key recommendations in the LTFP are summarised in the Discussion section of this report.
### Key financial results ($'000)

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Accumulated cash surplus</td>
<td>174</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Operating surplus</td>
<td>2,176</td>
<td>8,475</td>
<td>1,491</td>
<td>799</td>
<td>317</td>
<td>(157)</td>
<td>(31)</td>
<td>(128)</td>
<td>(21)</td>
<td>(34)</td>
<td>(81)</td>
</tr>
<tr>
<td>Underlying deficit</td>
<td>(1,119)</td>
<td>(936)</td>
<td>(309)</td>
<td>(201)</td>
<td>(183)</td>
<td>(157)</td>
<td>(222)</td>
<td>(128)</td>
<td>(21)</td>
<td>(34)</td>
<td>(81)</td>
</tr>
<tr>
<td>Cumulative underlying surplus</td>
<td>1,518</td>
<td>582</td>
<td>273</td>
<td>72</td>
<td>(111)</td>
<td>(268)</td>
<td>(490)</td>
<td>(618)</td>
<td>(639)</td>
<td>(673)</td>
<td>(754)</td>
</tr>
</tbody>
</table>

### Net expenditure/(revenue) by Strategic Objective and Portfolio

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>SO 1: Community Wellbeing</td>
<td>2,003</td>
<td>32%</td>
<td>2,175</td>
<td>31%</td>
<td>2,165</td>
<td>33%</td>
<td>2,233</td>
<td>34%</td>
<td>2,305</td>
<td>34%</td>
<td>2,374</td>
</tr>
<tr>
<td>SO 2: Environmental Sustainability</td>
<td>1,466</td>
<td>23%</td>
<td>1,626</td>
<td>23%</td>
<td>1,475</td>
<td>23%</td>
<td>1,501</td>
<td>23%</td>
<td>1,533</td>
<td>23%</td>
<td>1,575</td>
</tr>
<tr>
<td>SO 3: Local Economy</td>
<td>(443)</td>
<td>(7%)</td>
<td>(382)</td>
<td>(5%)</td>
<td>(634)</td>
<td>(10%)</td>
<td>(659)</td>
<td>(10%)</td>
<td>(680)</td>
<td>(10%)</td>
<td>(693)</td>
</tr>
<tr>
<td>SO 4: Planning and Heritage</td>
<td>516</td>
<td>8%</td>
<td>567</td>
<td>8%</td>
<td>452</td>
<td>7%</td>
<td>477</td>
<td>7%</td>
<td>515</td>
<td>8%</td>
<td>496</td>
</tr>
<tr>
<td>SO 5: Governance and Performance</td>
<td>2,789</td>
<td>44%</td>
<td>3,006</td>
<td>43%</td>
<td>3,011</td>
<td>47%</td>
<td>3,016</td>
<td>46%</td>
<td>3,080</td>
<td>46%</td>
<td>3,216</td>
</tr>
</tbody>
</table>

### Capital works program

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</tr>
</thead>
<tbody>
<tr>
<td>Total capital works program, funded by:</td>
<td>4,367</td>
<td>13,556</td>
<td>2,864</td>
<td>2,417</td>
<td>1,817</td>
<td>1,015</td>
<td>1,279</td>
<td>1,115</td>
<td>1,211</td>
<td>1,257</td>
<td>1,150</td>
</tr>
<tr>
<td>Council cash and reserve transfers *</td>
<td>591</td>
<td>14%</td>
<td>3,792</td>
<td>28%</td>
<td>1,021</td>
<td>36%</td>
<td>1,350</td>
<td>56%</td>
<td>1,257</td>
<td>69%</td>
<td>940</td>
</tr>
<tr>
<td>Grants</td>
<td>3,205</td>
<td>73%</td>
<td>9,085</td>
<td>67%</td>
<td>1,800</td>
<td>63%</td>
<td>1,000</td>
<td>41%</td>
<td>500</td>
<td>28%</td>
<td>0</td>
</tr>
<tr>
<td>Contributions</td>
<td>91</td>
<td>2%</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reserve transfers</td>
<td>(1,299)</td>
<td>(71%)</td>
<td>2,651</td>
<td>146%</td>
<td>80</td>
<td>4%</td>
<td>135</td>
<td>7%</td>
<td>(45)</td>
<td>2%</td>
<td>(245)</td>
</tr>
<tr>
<td>Borrowings</td>
<td>370</td>
<td>8%</td>
<td>549</td>
<td>4%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
<td>0</td>
</tr>
<tr>
<td>Asset sales</td>
<td>111</td>
<td>3%</td>
<td>101</td>
<td>1%</td>
<td>43</td>
<td>1%</td>
<td>68</td>
<td>3%</td>
<td>60</td>
<td>3%</td>
<td>75</td>
</tr>
</tbody>
</table>

* Some of the reserve transfers include grants received in prior years and held in reserves until projects are completed and funds are spent.

### Discretionary reserve balances ($'000)

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</thead>
<tbody>
<tr>
<td>Asset replacement (allocated)</td>
<td>281</td>
<td>125</td>
<td>70</td>
<td>115</td>
<td>160</td>
<td>405</td>
<td>450</td>
<td>495</td>
<td>540</td>
<td>585</td>
<td>630</td>
</tr>
<tr>
<td>Asset replacement (unallocated)</td>
<td>494</td>
<td>473</td>
<td>514</td>
<td>387</td>
<td>198</td>
<td>120</td>
<td>86</td>
<td>119</td>
<td>238</td>
<td>251</td>
<td>300</td>
</tr>
<tr>
<td>Defined benefits (superannuation)</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Carry forwards</td>
<td>3,137</td>
<td>205</td>
<td>180</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total discretionary reserves</td>
<td>3,991</td>
<td>855</td>
<td>816</td>
<td>553</td>
<td>410</td>
<td>577</td>
<td>587</td>
<td>665</td>
<td>830</td>
<td>888</td>
<td>982</td>
</tr>
</tbody>
</table>
Discussion

Council, in recognition of its accountability and financial responsibility to the community, has developed an over-arching Long Term Financial Plan (LTFP). The Draft LTFP is a key reference point in annual budget setting, as it sets out the assumptions and strategies that must be considered by Council, in preparing a budget that achieves financial sustainability over the short, medium and long term.

It is important to note that the LTFP is a macro view of the financial structure, i.e. it addresses areas that impact on Council’s ability to fund its services, operating initiatives and capital works program and to be financially sustainable over the longer term. It does not analyse which services should or should not be provided by Council, nor which operating initiatives or capital works should be selected from a list of proposals put forward by Councillors, officers and/or the community.

The LTFP endeavours to explain the issues that affect the ongoing financing of Council operations and the management of Council’s assets. Annual budgets should not only consider the resourcing of service delivery and capital works programs in the short term, but should also be set within the context of longer term financial sustainability.

The objectives set by a Council Plan, and the growing expectations of a vibrant and involved community, creates a significant dilemma for Council – how to ensure legislative compliance and risk management issues are addressed adequately, maximise government grant funding opportunities, provide valuable and cost-effective services to the community, ensure community infrastructure is well maintained and replaced when necessary, and achieve improvements in social and environmental outcomes – while managing all of this within the rate cap set by the Minister for Local Government.

**Principles of sound financial management**

Section 136 of the *Local Government Act 1989* provides four principles of sound financial management. All councils are required to implement these principles and establish budgeting and reporting frameworks consistent with these principles, which require councils to:

- Manage financial risks prudently, having regard to economic circumstances;
- Pursue spending and rating policies that are consistent, with a reasonable degree of stability in the level of the rate burden;
- Ensure that decisions and actions have regard to financial effects on future generations;
- Ensure full, accurate and timely disclosure of financial information relating to the council.

Council’s Draft LTFP considers all of the above financial management principles, and these are also considered in the Draft Budget 2019/20 and Draft Rating Strategy before Council tonight.

**Council Plan 2017-2021**

The Council Plan 2017-2021 sets the strategic priorities, enabling Council to determine an action plan via the Annual Implementation Plan and allocate adequate resources via the Annual Budget to deliver on those priorities to our community each financial year. In addition, Council must meet current service delivery needs, maintain renewal of infrastructure and community assets and fund new operating initiatives and capital works. An appropriate level of resources has been allocated in
the Draft LTFP to achieve this, recognising that assumptions will need to be reviewed in each new Council term, as a new four year Council Plan is agreed.

**Rates and charges**

Application of the 2.50% p.a. rate increase, and full cost recovery of waste management services, goes towards meeting current service delivery needs. This includes meeting the cost of kerbside, green and public waste services, maintaining and renewing property, equipment and community infrastructure assets, and funding new initiatives and capital works each year.

Differential rates (as included in Council’s Rating Strategy), the total number of rateable assessments and total property value (CIV) (as determined from the most recent 2019 general property revaluation) and the resulting rate in the dollar required, multiplied up by the rate increase set by the Minister for Local Government, is applied in calculating rate revenue over each of the ten years included in the LTFP.

This calculation will need to be reviewed in the Annual Budget, following both the announcement of the rate cap by the Minister in December of each year and certification of the annual rates revaluation by the Valuer-General in May of each year.

Given the difficulty in predicting variable waste management costs, waste management reserves are utilised by Council, to reconcile and disclose any surplus/(deficit) outcome between waste charges applied to ratepayers and waste costs incurred by Council each year.

**Fees and charges**

The fees and charges schedule forms part of the annual budget document and is included at Appendix A of the Draft Budget 2019/20. Fees are budgeted to increase by an average 2.5% p.a. over the ten years of the LTFP, with tourist park fees being the most significant source of user fees and charges income for Council (averaging 91.5% of total user fees over the LTFP).

**Borrowings**

New borrowings of $548,566, proposed in the Draft Budget 2019/20, provide for funding of the following capital works:
- $208,566 for Hesse Street South including undergrounding of power;
- $140,000 to meet the cost of Simpson Street stormwater asset improvement;
- $100,000 as Council’s contribution to the Point Lonsdale lighthouse reserve project; and
- $100,000 in foreshore improvements.

No further borrowings are proposed over the SRP and LTFP years 2020/21 to 2028/29.

**Services, new initiatives (operating projects) and capital works**

Services are delivered across a range of programs to meet community needs and Council’s strategic objectives. Estimates are provided on the basis that the majority of programs will continue at the same service levels as for the current 2018/19 year, with ongoing emphasis on achieving operational efficiencies to reduce costs or minimise waste and duplication.
Of the nine new initiatives (operating projects) included in the Draft Budget 2019/20, at Item 15.5 of this Agenda, the following three initiatives require recurrent budgets ($40,000 in total) and are included in each year of the LTFP:

- $20,000 p.a. increase in sponsorship program;
- $10,000 p.a. property officer to manage leases; and
- $10,000 p.a. independent review of targeted programs.

Council’s Annual Asset Renewal Program averages $700,000 p.a. and includes renewal and upgrade of existing assets, for which capital expenditure is reported in the annual financial statements by fixed asset class as follows:

- Property – buildings;
- Plant and equipment:
  - Plant, machinery and equipment;
  - Fixtures and fittings; and
  - Computers and telecommunications;
- Infrastructure:
  - Roads (including kerb and channel);
  - Footpaths and cycleways;
  - Drainage;
  - Recreational, leisure and community facilities;
  - Waste management;
  - Parks, open space and streetscapes;
  - Off street car parks; and
  - Other infrastructure.

The capital works budget also includes additional expenditure for the creation of new assets and for Council to consider upgrades to existing assets and bringing forward renewal of assets where unplanned maintenance costs determine earlier renewal would be more cost effective.

Part of the capital works program is dependent on the success of funding submissions to the Federal and State Government and reflects Council’s continuing efforts to maximise grants and minimise the financial demands on ratepayers. Should Council not be successful in attracting budgeted grants, the expenditure will not proceed until funding is secured.

Council has included confirmed capital funding for recurrent grants such as Roads to Recovery Program and Fixing Local Roads, and has also included some level of aspirational funding (e.g. further funding being sought for the Point Lonsdale lighthouse reserve project), however very little in the way of capital grants is included beyond the SRP (i.e. over the LTFP years 2023/24 to 2028/29).

While we can be fairly confident that some level of capital funding may be received in these outlying years, the extent of such funding is difficult to predict. In the absence of funding, Council has allocated a total of $855,000 over the last five years of the LTFP towards additional capital expenditure that will be required, if Council is not successful in securing capital grants. This is a conservative approach, which will be reviewed in preparation of the budget each financial year.
Asset sales
The only asset sales included in the Draft LTFP are for the annual replacement of motor vehicles (trade-ins). The average replacement of motor vehicles over the ten years comprises of $128,500 annual expenditure for the purchase of new vehicles, $66,850 total proceeds from the sale of vehicles each year and therefore an average net cost to Council of $61,650 over each of the ten years to 2028/29.

Although Council has a current resolution to sell part of its land at Murray Road, no land sales are included in the Draft LTFP. At such time as Council progresses the sale of this land, in accordance with its Council resolution, the budget/forecast will be adjusted accordingly.

Discretionary reserves
Council makes use of asset replacement and carry forward reserves to set aside income and expenditure budgets that have not been expended during the year and for which Council is committed to completing in future years. Some items of income and expenditure can be carried forward over more than one financial year.

The asset replacement reserve (allocated) is used to hold funds over for future years when asset renewal requirements will peak. Specific projects are earmarked within this reserve, which is typically reserved for future building renewal, but can also include funds not fully spent at year-end on the renewal of Council’s infrastructure assets. Council is budgeting to hold $630,000 in this reserve at 30 June 2029, for the future renewal of its building assets.

The asset replacement reserve (unallocated) is where surpluses achieved in prior financial years are held, for Council’s discretion in allocating funds in future years. Council targets a minimum reserve balance of $300,000 to meet emerging pressures, address risk management issues which may arise and/or have matching funds available to secure additional government grants. Council is budgeting to hold $300,000 in this reserve at 30 June 2029.

Carry forward reserves are used to hold operating and capital project carry forwards, and are divided into grant funding and Council budget allocations too. Council typically budgets for all projects to be completed in the year in which they are budgeted, hence the balance of carry forward reserves is projected to be $Nil over the longer term.

Council reconciles its total waste charges, collected from ratepayers, with the actual waste costs incurred at the end of the financial year. The surplus/(deficit) for each of the three waste streams (kerbside, green and public waste) is held in waste management reserves, for Council to consider allocating funds toward the cost of these waste services in future years. The total balance of the three waste management reserves is budgeted to be $11,000 at 30 June 2029.

The final reserve balance Council holds is for the defined benefits superannuation fund. Council has in previous years allocated $40,000 to this reserve, as a buffer in being able to meet potential future calls on the fund. Given the size of the last call on this fund ($140,000), Council considers it prudent to maintain this reserve balance of $40,000 in its Draft LTFP.
Key recommendations included in the LTFP

The LTFP articulates Council’s strategic direction and ensure decisions made by Council take into account the financial sustainability of Council over the short term (Annual Budget), medium term (Strategic Resource Plan) and long term (LTFP).

Key recommendations included in the LTFP are summarised below, noting more detail for each item recommended is provided in the Appendix which accompanies this report.

<table>
<thead>
<tr>
<th>Strategic Direction</th>
<th>Recommendation</th>
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| General             | 1. Any decision of a financial nature must consider the longer-term implications, by referring to the LTFP;  
2. Annually, preparation of the Budget is to be based broadly on assumptions for the relevant year included in the LTFP;  
3. Forecast adjustments throughout the year are to consider offsets (additional income or reduced expenditure) to ensure the forecast financial outcomes are not severely impacted;  
4. Council budgets on a break-even cash basis;  
5. Council also budgets on the basis of achieving a cumulative underlying surplus over the longer term;  
6. Assumptions, stemming from the LTFP and included in the Annual Budget, are to be reviewed in light of any new information, change(s) in government direction, previous year’s forecast financial results and the annual review of the Implementation Plan which is aligned to the Council Plan. |
| Demographic profile | 1. Planning and review of services must take into account the changing demographics and/or community needs. |
| Operational revenue | 1. Council will increase its annual rates revenue in line with the State government’s rate cap – unless it determines that an application for a future rate variation will be made to the Essential Services Commission;  
2. Where possible, increases and fees and charges will be implemented, to relieve undue pressures on the rates budget. Consideration must be given to the ‘user pays’ principle, where appropriate, in order to cover costs. Annual benchmarking of fees and charges is also recommended;  
3. Sufficient resources will be allocated to ensure government grant funding opportunities are maximised, noting grant applications will only be sought if Council’s contribution does not severely impact on the annual budget, in terms of the initial contribution and/or recurrent funds required;  
4. Council’s Rating Strategy will be regularly reviewed, including review of differential rating levels and other rebates and concessions offered by Council, with consideration given to the community’s capacity to pay and the benefit received by each group of ratepayers. |
### Operational expenditure

1. Council services will be regularly reviewed to determine if any changes are required to the services offered and/or the method of service delivery;
2. Community engagement is essential in establishing the expectations, demands, gaps in services, deficiencies, types and quality of services offered by Council;
3. Partnerships and alliances with other organisations in the region will continue to be explored, with a view to achieving economies of scale and measurable savings in expenditure;
4. Any surpluses achieved at year-end, through savings in operational expenditure, will be transferred to Council’s Asset Replacement Reserve for allocation to future budgets as may be determined by Council from time to time.

### Cash holdings

1. The working capital ratio will be monitored, to ensure at least 110% is achieved at all times throughout the year;
2. A balance of approximately $1,000,000 is to be held in Council’s general bank account at any time during the year, in order to meet short term commitments, while the balance will be invested in accordance with Council’s policy on the investment of available funds, to maximise interest.

### Fixed assets

1. Following the review of Council’s asset management plans, any recommendations out of this review will be ‘modelled’ in the Annual Budget and LTFP as necessary;
2. Annual asset renewal and recurrent maintenance budgets are to be included in Council’s budget, before considering additional allocations to other capital works priorities, (with average annual renewal expenditure of at least $700,000);
3. Any unspent asset renewal budgets in one year may be carried forward, to ensure renewal is carried out in a subsequent year, to achieve optimum renewal of assets;
4. In reviewing building utilisation, the condition of the asset must be considered, as well as the usage and return on the asset, the possible co-location of community groups who utilise assets and the potential usage and return if Council invests in an asset;
5. Assets that are in poor condition, duplicatory or deemed to be no longer required or well utilised, may be disposed of by sale or demolition, in accordance with Council’s policies on the sale, transfer or exchange of land and of other assets;
6. Proceeds from the sale of land must be directed to either retiring debt, investing in invest-to-save projects, using funds as Council’s contribution to secure additional grant funding, holding funds in reserve for future capital projects, or any combination of the above;
7. Depreciation rates for all fixed asset classes are to be continually monitored to ensure they reflect the useful lives of such assets.
<table>
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<tr>
<th>Discretionary reserves</th>
<th>Council may use a range of discretionary reserves, in an effort to achieve full transparency with respect to the funds it has set aside for allocation in future budget years.</th>
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</thead>
</table>
| Long term borrowings   | 1. Low level debt may be considered for any major new projects, only when annual servicing (interest) and redemption (principal repayments) do not severely impact on the annual budget;  
2. A range of debt ratios are to be considered, along with prudential guidelines, when making decisions with respect to proposed new borrowings – Council has a target for indebtedness (total loan liability as a percentage of annual rates revenue) of less than 40%;  
3. Variable interest rate or shorter term borrowings are preferred, on the basis that loans can be retired as and when an opportunity arises, such as through asset sales;  
4. Where possible, through the review of asset utilisation, any further funds which become available to Council may be considered in the retirement of existing debt – after considering maturity dates, interest rates and any penalties which may apply for the early repayment of debt;  
5. Future calls on the defined benefits superannuation fund will be considered for new borrowings, depending on the size of such calls, to extinguish the liability to Vision Super. |

**Statutory Requirements**

While there is currently no legislative requirement for Council to adopt a Long Term Financial Plan, Council does have responsibility under Section 136 of the *Local Government Act 1989* (the Act) for applying the four principles of sound financial management, which are considered in this LTFP and Council’s Annual Budget.

**Council Plan**

This Draft LTFP aligns with the following Council Plan 2017-2021 strategic objective and strategies:  
**Strategic Objective 5: Maintain a cohesive, well governed, financially sustainable and independent Borough:**  
- Provide transparent and accountable governance and meet all legislative requirements;  
- Ensure the continuing financial sustainability and independence of the Borough;  
- Maximise the return on Council assets and leverage external funding opportunities; and  
- Enhance communication and community engagement in decision-making across the 3225 postcode area.
Financial

The Draft LTFP has been informed by the strategic objectives of the Council Plan 2017-21 with due consideration given to maintaining the financial sustainability and independence of the Borough over the long term.

As rate capping continues to apply pressure to Council’s financial position over the longer term, Council has produced a financially responsible LTFP, albeit noting an underlying deficit of $754,000 is projected over the longer term and there are range of priority actions which are now required by Council, in order to address the operating and underlying deficits projected over the longer term.

Social

No specific items to report.

Environmental

No specific items to report.

Risk Management

This budget report is part of Council’s risk management framework to ensure legislative requirements are met with respect to considering the four principles of sound financial management, which is included in the preparation of the Draft LTFP, and inviting the public to make submissions and allowing Council to consider all relevant material in making an informed decision in adoption of this Draft LTFP.

Community Engagement

Council has a commitment to community engagement and effective consultation.

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Public consultation is an important part of the development of Council’s Draft LTFP.

In preparing the Draft Budget for the 2019/20 financial year, Council makes reference to four key documents which it proposes to adopt at its Ordinary Council Meeting on 20 June 2019, after first undertaking an important period of community consultation and engagement.

These four documents are:
5. Draft Implementation Plan 2019/20;
6. Draft Budget 2019/20 (including Strategic Resource Plan);  
7. Draft Rating Strategy; and  

Councillors and officers presented key aspects of each of these four documents to members of Council’s Governance and Finance Portfolio Reference Group (PRG) on Monday 15 April 2019. A community information session was also held at the Queenscliff Town Hall tonight, prior to this Ordinary Council Meeting, to present the same key facts to interested members of the community. At both the PRG and community sessions, there was an opportunity for public questions on these four key documents to be answered by Councillors and officers.

Following Council endorsement of these four key documents tonight, a set of Frequently Asked Questions (FAQ’s) will be published on Council’s website, as another means of providing as much information as possible to assist the community in its awareness and understanding of these documents.

Also following Council endorsement tonight, the community engagement process with respect to each of these four documents will commence. Council seeks to genuinely engage with the community in seeking feedback, by commencing a four week public submissions period, consistent with Section 223 of the Local Government Act 1989 (the Act). Community submissions are invited until 4:00 pm on Friday 24 May 2019.

Submitters will have the opportunity to present their submissions to Council, at a public meeting to be held in the Queenscliff Town Hall at 6:00 pm on Thursday 30 May 2019.

After considering any public submissions received, and updating the documents for any new information that becomes available after the draft documents were prepared, Council will consider adoption of its four key documents at the Ordinary Council Meeting scheduled for 6:00 pm on Thursday 20 June 2019.

Specific to the Draft LTFP, changes between the draft and final document may be required if changes made to the Draft Budget 2019/20 (considered at Item 15.5 of this Agenda) and/or the Draft Rating Strategy (considered at Item 15.6 of this Agenda) have a notable impact on key assumptions included in the LTFP.

While some changes are expected to be made to the LTFP, to ensure consistency is achieved between the four key documents prepared for the 2019/20 budget process, such changes are likely to be immaterial, in the context of the overall LTFP document, and are not expected to result in the Draft LTFP needing to be readvertised before it is adopted by Council.

**Officer Direct or Indirect Interest**

*Under Section 80C (1) (2) of the Local Government Act 1989, Council staff and persons engaged under a contract to provide advice or a report to a meeting of the Council or a special committee, and who have a direct or indirect interest in a matter to which the advice or report relates, must disclose the type of interest when providing the advice or report and before the advice or report is considered by the Council or the committee.*
There is no conflict of interest or pecuniary interest to be declared in relation to this report.

**Conclusion**

Council’s Long Term Financial Plan (LTFP) is a fluid document and Council continues to reset its annual budget and revise forecasts during the year, as key priorities are either addressed by Council or changed (locally and/or through State and Federal government mandates) and new information comes to light.

Although a cumulative underlying deficit of $754,000 is projected by 2028/29, there are a range of options for Council to consider in working towards a future which remains financially sustainable. This includes the priority identified by Council to advocate to State government with respect to its election commitment to eliminate boat ramp parking fees, given this has had a significant impact on Council’s projected financial outcomes, with a total loss in related income of $1.25 million over ten years impacting on what would otherwise have been a cumulative underlying surplus of $496,000 over this same period.

Council has a good track record in achieving financially sustainable outcomes, as evidenced in annual reports by the Victorian Auditor-General’s Office to Parliament on the results of local government audits. Council takes its governance and financial management seriously, and is committed to presenting full, transparent, disclosure of the facts to its community. Council will continue in its efforts to lobby State and Federal governments where appropriate, benchmark its results against that of relevant Councils, extend its collaboration/partnerships and keep its focus on the identification of opportunities to derive additional income and invest in projects that have the potential to reduce operating expenditure over the long term.

Management endorses the Draft LTFP as financially responsible, to maintain existing services and infrastructure and deliver priority projects and services that are valued by our community. The LTFP includes a range of strategies to ensure the continuing financial sustainability and independence of the Borough of Queenscliffe over the longer term, which is a key strategy included in the Council Plan 2017-2021.

Key facts from this Draft LTFP have been presented to Council’s Governance and Finance Portfolio Reference Group (PRG) and to the community. Given the timing of both the PRG and community information session is after this Council report has been prepared for the Ordinary Council Meeting tonight, the officer will include in the presentation of this report a verbal summary of the feedback received from both the PRG and the community to date.

This Draft LTFP is now presented to Council for endorsement, prior to commencing the public submission process.
Councillors Salter / Ebbels:

That Council:
1. Endorse the Draft Long Term Financial Plan (LTFP), as presented at Appendix 7;
2. Give public notice, by way of newspaper advertisements, that Council has prepared the Draft Long Term Financial Plan (LTFP) as required by Sections 126, 127 and 129 of the Local Government Act 1989 (the Act), and call for public submissions by no later than 4:00 pm on Friday 24 May 2019 in accordance with Section 223 of the Act;
3. Receive submissions and, where requested, allow submitters to be heard by Council in support of those submissions on any proposal contained in the Draft Long Term Financial Plan (LTFP) at a public meeting to be held at 6:00 pm on Thursday 30 May 2019 at the Queenscliff Town Hall; and
4. Consider the Draft Long Term Financial Plan (LTFP) for adoption at the Ordinary Meeting to be held at 7.00 pm on Thursday 20 June 2019.

Carried unanimously

Councillors Pizzey / Francis:

That Council formally acknowledge the significant efforts of the Manager, Financial Services and the Financial Services team on their important work, professional standards and outstanding performance.

Carried unanimously
16. AUTHORISATION OF SIGNING & SEALING OF DOCUMENTS

16.1 Use of Council Seal - Instrument of Delegation - Council to the Chief Executive Officer

At the Ordinary Meeting of Council held on 28 March 2019 Council resolved to sign and seal the Instrument of Delegation - Council to the Chief Executive Officer.

Council applied the Common Seal to the above Agreement on 4 April 2019.

Councillors Francis / Ebbels:

That Council note the use of the Council Seal.

Carried

16.2 Use of Council Seal - Instrument of Delegation - Council to the Members of Council Staff

At the Ordinary Meeting of Council held on 28 March 2019 Council resolved to sign and seal the Instrument of Delegation – Council to Members of Council Staff.

Council applied the Common Seal to the above Agreement on 4 April 2019.

Councillors Francis / Salter:

That Council note the use of the Council Seal.

Carried unanimously

16.3 Use of Council Seal - Council Instrument of Appointment and Authorisation (Planning and Environment Act 1987)

At the Ordinary Meeting of Council held on 28 March 2019 Council resolved to sign and seal the Instrument of Appointment and Authorisation (Planning and Environment Act 1987).

Council applied the Common Seal to the above Agreement on 4 April 2019.

Councillors Francis / Salter:

That Council note the use of the Council Seal.

Carried unanimously
17. **QUESTIONS WITHOUT NOTICE**

17.1 **Questions Without Notice Status Update**

No Questions Without Notice outstanding.

17.2 **Questions Without Notice**

Nil

18. **LIST OF COUNCIL MEETINGS**

All Council Meetings are held at the Council Offices, 50 Learmonth Street, Queenscliff unless otherwise indicated.

- **PLANNING REVIEW MEETING**
  Thursday 9 May 2019 at 7:00pm (if required)

- **COUNCIL MEETING**
  Thursday 23 May 2019 at 7:00pm
19. CONFIDENTIAL ITEMS

Time: 7:56pm

Councillors Francis / Salter:

That Council suspend standing orders and commence in-camera meeting, at which time the meeting will be closed to members of the public, to resolve on matters pertaining to the following items:

19.1 Community Environment Alliance Grants Program
(in accordance with Section 89(2)(i) of the Local Government Act 1989)

19.2 Applications to place a Memorial or Plaque
(in accordance with Section 89(2)(i) of the Local Government Act 1989)

19.3 CEO Contract
(in accordance with Section 89(2)(a) of the Local Government Act 1989)

19.4 Land valuation
(in accordance with Section 89(2)(d) of the Local Government Act 1989)

Carried

Time: 8:06pm

Councillors Salter / Francis:

That Council cease ‘in camera’ meeting and resume standing orders.

Carried

20. RATIFICATION OF CONFIDENTIAL ITEMS

Councillors Salter / Francis:

That the decisions made in camera be ratified by Council.

Carried
Councillors Francis / Pizzey:

That Council formally welcome Mr Connor Parker, Coordinator, Community Engagement and Communication.

Carried unanimously

21. CLOSE OF MEETING

The Meeting closed at 8:11pm.
ADJUNCT TO 7 - RECORD OF ASSEMBLY OF COUNCILLORS

Record in accordance with section 80A(1) of the Local Government Act 1989.

7.1 Councillor Assembly – Friday 22 March 2019 - Memorials and Plaques Assessment Committee

Assembly Commenced: 11.30AM                Assembly Closed: 12.04PM

Assembly Location: Queenscliff Town Hall

Attendees:
Cr Susan Salter
Mr John Barrett
Mr John Johnson
Mr Stephen Lee
Mr Johann Rajaratnam, General Manager Planning and Infrastructure
Mr Garry Purton, Foreshore Coordinator

Apologies:
Nil

Conflict of Interest Disclosures:
Councillors:    Nil
Officers:       Nil

Agenda Items:

1. Consider two applications to place a memorial or plaque within the Borough
7.2 Councillor Assembly – Thursday 28 March 2019

Assembly Commenced: 5.05pm  Assembly Closed: 6.10pm

Assembly Location: Town Hall

Attendees:
Cr Ross Ebbels
Cr Tony Francis
Cr Bob Merriman
Cr Boyce Pizzey
Cr Susan Salter
Mr Phillip Carruthers, Acting CEO
Mr Johann Rajaratnam, General Manager Planning & Infrastructure

Apologies:
Mr Lenny Jenner, CEO

Conflicts of Interest Disclosures:
Councillors: Nil
Officers: Nil

Agenda Items:
1. Governance & Finance Reference Group
2. Council Meeting Agenda
3. Point Lonsdale Tennis Club update
4. Queenscliffe Hub update
7.3 Councillor Assembly – Thursday 4 April 2019

Assembly Commenced: 10.30am  Assembly Closed: 1.13pm

Assembly Location: Town Hall

Attendees:
Cr Ross Ebbels
Cr Bob Merriman
Cr Susan Salter
Mr Phillip Carruthers, Acting CEO
Ms Allison Chaloner, Manager – Financial Services (11.25am – 11.55am / 12.45 – 12.56)
Ms Jacqueline Wilson, Sustainability Officer (11.57am – 12.10pm)
Mr Garry Purton, Foreshore Coordinator (11.57am – 12.10pm)
Ms Libby Coker, Labor Candidate for Corangamite (10.30am – 11.25am)

Apologies:
Mr Lenny Jenner, CEO
Mr Johann Rajaratnam, General Manager Planning & Infrastructure
Cr Tony Francis
Cr Boyce Pizzey

Conflict of Interest Disclosures:
Councillors: Nil
Officers: Nil

Agenda Items:
1. Budget workshop
2. Memorials and Plaques
3. CONFIDENTIAL Item
4. Mornington Peninsula Shire
5. Queenscliff Indigenous Nursery
6. Report on officer visit to Campaspe Shire
7. Borough After 5 event
8. ANZAC Day services in the Borough
7.4 Councillor Assembly – Thursday 11 April 2019

Assembly Commenced: 6.28pm  
Assembly Closed: 6.53pm

Assembly Location: Town Hall

Attendees:
Cr Ross Ebbels  
Cr Tony Francis  
Cr Bob Merriman  
Cr Boyce Pizzey  
Mr Johann Rajaratnam, General Manager Planning & Infrastructure  
Ms Dinah O’Brien, Senior Planner

Apologies:
Cr Susan Salter  
Mr Lenny Jenner, CEO

Conflict of Interest Disclosures:

Councillors: In advance of the meeting Cr Salter declared a conflict of interest in that the subject property is adjacent to her personal place of residence and advised she would not attend the meeting.

Officers: In advance of the meeting the CEO, Lenny Jenner declared a conflict of interest in that he is directly related to the owner of the subject property and advised he would not attend the meeting.

Agenda Items:

1. Planning Review Meeting Agenda
7.5 Councillor Assembly – Thursday 11 April 2019 – Planning Review Meeting

Assembly Commenced: 6.59pm  
Assembly Closed: 7.12pm

Assembly Location: Town Hall

Attendees:
Cr Ross Ebbels  
Cr Tony Francis  
Cr Bob Merriman  
Cr Boyce Pizzey  
Mr Johann Rajaratnam, General Manager Planning & Infrastructure  
Ms Dinah O’Brien, Senior Planner

Apologies:
Cr Susan Salter  
Mr Lenny Jenner, CEO

Conflict of Interest Disclosures:
Councillors: In advance of the meeting Cr Salter declared a conflict of interest in that the subject property is adjacent to her personal place of residence and advised she would not attend the meeting in her capacity as Councillor.

Officers: In advance of the meeting the CEO, Lenny Jenner declared a conflict of interest in that he is directly related to the owner of the subject property and advised he would not attend the meeting.

Agenda Items:

1. Planning Review Meeting
   Planning Permit amendment application number: 2017/036.1, 50 Stokes Street, Queenscliff
ADJUNCT TO 5.1 – PUBLIC QUESTIONS STATUS UPDATE (COMMENCING 23 MARCH 2016)

No Public Questions outstanding.

ADJUNCT TO 8.1 – MOTION ON NOTICE STATUS UPDATE

No Motions on Notice outstanding.

ADJUNCT TO 17.1 – QUESTIONS WITHOUT NOTICE STATUS UPDATE

No Questions Without Notice outstanding.