



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

COUNCIL MINUTE

**SPECIAL MEETING OF COUNCIL
WEDNESDAY 10 JUNE 2015
COUNCIL CHAMBERS, LEONGATHA
COMMENCED AT 12.45PM**

PRESENT:

Mayor: Cr Jeanette Harding
Deputy Mayor: Cr Nigel Hutchinson-Brooks
Councillors: James Fawcett, Mohya Davies, Kieran Kennedy, Robert Newton, Lorraine Brunt, Andrew McEwen and Don Hill.

APOLOGY: Tim Tamlin, Chief Executive Officer

OFFICERS:

Ms Jan Martin	Acting Chief Executive Officer
Anthony Seabrook	Director Engineering Services
June Ernst	Director Corporate Services
Bryan Sword	Director Development Services
Luke Anthony	Manager Governance Services
Natasha Berry	Governance Officer
Tom Lovass	Manager Finance

MISSION

To effectively plan and provide for the social, built, economic and natural environments that ensure the future wellbeing of South Gippsland Communities.

SOUTH GIPPSLAND SHIRE COUNCIL

SPECIAL MEETING OF COUNCIL WEDNESDAY 10 JUNE 2015 COUNCIL CHAMBERS, LEONGATHA COMMENCED AT 12.45PM

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Jan Martin
Acting Chief Executive Officer

SECTION A - PRELIMINARY MATTERS

A.1 WELCOME

Please ensure Mobile phones remain 'off' during the Council Meeting.

A.2 OPENING PRAYER

We pray to God to guide us so that the thoughts we have and the decisions made this day, are in the best interests of the people of the South Gippsland Shire.

Amen

A.3 ACKNOWLEDGEMENT OF TRADITIONAL CUSTODIANS

The South Gippsland Shire Council respectfully acknowledges the Traditional Custodians of this Land, Elders past and present, their Spirits and Ancestors.

A.4 APOLOGIES

Mr Tim Tamlin, Chief Executive Officer

A.5 REQUESTS FOR LEAVE OF ABSENCE

Nil

A.6 DECLARATION OF CONFLICT OF INTEREST FOR COUNCILLORS

Any interest that a Councillor or staff member has deemed to be significant and has disclosed as either a direct or an indirect interest is now considered to be a conflict of interest. Conflict of interest legislation is in sections 77A, 77B, 78, 78A-D and 79 of the Local Government Act 1989. This legislation can be obtained by contacting the Council's Corporate Services Directorate (Governance Services) or by accessing the Victorian Legislation and Parliamentary Documents website at www.legislation.vic.gov.au. An interest may be by close association, financial, conflicting duties or receipt of gifts.

If a Councillor or staff member discloses any interest in an item discussed at any Council Meeting (whether they attend or not) they must:

- Complete a disclosure of interest form prior to the Meeting (forms are available from the Organisational Development Department – Governance).
- Advise the Chair of the interest immediately before the particular item is considered (if attending the Meeting).
- Leave the Council Chamber or Meeting room while the item is being discussed and during any vote taken (if attending the Meeting).

The Councillor or staff member will be advised to return to the Council Chamber or Meeting room immediately after the item has been considered and the vote is complete.

Councillors should check the Minutes of the Council Meeting to ensure their disclosure is recorded accurately.

Councillors are not required to disclose conflict of interest in relation to matters only considered at Meetings they do not attend.

Detailed information is available in Conflict of Interest – A Guide for Councillors June 2011.

Nil

Type of Interest		Example of Circumstance
Direct Interest		Reasonably likely that your benefits, obligations, opportunities or circumstances will be directly altered. Reasonably likely to receive a direct benefit or loss measurable in money. Reasonably likely that your residential amenity will be directly affected.
Indirect Interest	Close Association	A member of your family has a direct interest or an indirect interest. A relative has a direct interest. A member of your household has a direct interest.
	Indirect financial Interest	Likely to receive a benefit or loss, measurable in money, resulting from a change to another person's interest. Holding shares in a company or body that has a direct interest (subject to threshold) When a person with a direct interest owes money to you.
	Conflict of Duty	Manager or member of the governing body of an organisation with a direct interest. Trustee for a person with a direct interest. Past dealings in relation to the matter as duty to another person or body.
	Applicable Gift	Gifts valued at \$500 in previous 5 years. Election donations valued at or above \$500 in previous 5 years. Gifts other than election campaign donations that were received more than 12 months before a person became a Councillor are exempt.
	Party to the Matter	Initiated or became party to civil proceedings in relation to the matter.

Privacy

Council is required to keep minutes of each Council meeting. The minutes contain details of proceedings which may include personal information about community members disclosed as part of presentations, submissions and questions. The minutes of Council meetings are a public record and can be inspected by members of the public.

Council undertakes audio recordings of Council Meetings as a contribution to good governance and accuracy of minutes. An audio recording of this meeting is being made for the purpose of verifying the accuracy of minutes of the meeting. In some circumstances the recording may be disclosed, such as where Council is compelled to do so by court order, warrant, and subpoena or by any other law such as the Freedom of Information Act 1982. It should be noted that other people present at the meeting may be recording the meeting and Council has limited power to regulate this. Council has developed a policy to regulate recordings, "Sound Recording of Council Meetings". A copy of this policy is located on Council's website www.southgippsland.vic.gov.au. Further information or a copy of the policy or can be obtained by contacting Council's Organisational Development Department (Governance).

A.7 DECLARATION OF CONFLICT OF INTEREST FOR STAFF

Sections 80B and 80C of the Local Government Act 1989 require members of Council staff who have delegated functions and /or provide advice to Council or a Special Committee to disclose conflicts of interest. If Council staff have written, provided information/advice or approved a Council Report and have a conflict of interest it is the responsibility of that staff member to disclose the interest. Guidance to identifying and disclosing a conflict of interest is contained in Department of Planning and Community Development in '*Conflict of Interest A Guide for Council staff*', October 2011.

Nil

SECTION B - COUNCIL REPORTS

B.1 PROPOSED 2015-2016 ANNUAL BUDGET - S223 SUBMISSION CONSIDERATION AND DETERMINATION

Corporate Services Directorate

EXECUTIVE SUMMARY

At the Council Meeting 25 March 2015, Council endorsed the Proposed 2015-2016 Annual Budget (Proposed Budget) for public exhibition. The Proposed Budget document contains the 'Linkages to the 2013-2017 Council Plan', the 'Services, Initiatives and Service Performance Indicators' and the updated four year 'Strategic Resource Plan'.

Submissions closed on Wednesday 29 April 2015 at 5.00pm, with 25 submissions received by close of business. The submissions along with a response and recommendations are presented as individual reports for Council's consideration and determination at this 10 June 2015 Special Meeting of Council. A list of the submitters is contained in **Attachment 1**.

Decisions by Council in regard to the submissions will be utilised to finalise the 2015-2016 Annual Budget (Budget), including any refinements to the rolling four year Strategic Resource Plan that is to be included as an updated component of the 2013-2017 Council Plan.

Document/s pertaining to this Council Report

- **Attachment 1** - S223 Submissions to the 2015-2016 Proposed Budget

LEGISLATIVE / ACTION PLANS / STRATEGIES / POLICIES

- Local Government Act 1989, sections 125, 129 and 223 and Part 8, Rates and Charges on Rateable Land
- Valuation of Land Act 1960
- Ministerial Guidelines for Differential Rating, April 2013
- Rating Practices in Local Government VAGO, February 2013
- Local Government (Planning and Reporting) Regulations 2014
- Australian Valuation Property Classification Codes, 2015

INTERNAL POLICIES / STRATEGIES / DOCUMENTS

- Communication and Consultation Policy 2014
- Councillor Code of Conduct

- Public Submission Process (Section 223)
- Special Charge Scheme Policy 2010
- Rates and Hardship Policy 2013
- Long Term Financial Plan 2014-2015

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process.

CONSULTATION

Council has undertaken an extensive community engagement program to inform the development of the Budget. Some of the initiatives contained in the Budget have been incorporated as a result of the community engagement process over the past eight months. A final OurSay forum has resulted in informal ideas and comments on the Budget. This feedback has been provided separately to Council for consideration.

The final component of this consultation program has been the completion of a formal S223 submission process.

Twenty-five submissions were received by the closing time of 5.00pm on 29 April 2015. Eleven submitters requested to be heard in regard to their submissions. The hearing of submissions was held at the Council Chambers, Leongatha at 12.30pm on Wednesday 20 May 2015.

Council considered and discussed all submissions in a briefing session held after the hearing on 20 May 2015.

The submissions have been reviewed and recommendations developed for each submission for Council's consideration and determination.

The submissions along with their corresponding reports and recommendations are contained in Section C of this Agenda as individual reports. An index of all the submissions is contained in **Attachment 1**.

A further 3 late submissions were received after the closing date. Late submitters were advised that their submissions could not be received as part of the formal process, however their documentation was considered with the informal feedback and they were all offered an opportunity to present their request to Council at a Public Presentation session, if desired.

Two further Council briefings were held on 27 May and 3 June 2015 to provide Councillors with additional information on the Rating Strategy, so that questions, financial ramifications and process ramifications of any changes to the Australian Valuation Property Classification Codes (AVPCC) arising from a number of submissions could be raised and answered in time for consideration at this Special Meeting.

REPORT

Background

The role of Council is to provide leadership for the good governance of the Shire. This is achieved by establishing strategic directions articulated in the four year Council Plan and in the provision of approximately 120 services provided by Council. These are required to be funded in a sustainable and responsible manner. The Proposed Budget articulates the allocation of resources to achieve all of these outcomes. The *Local Government Act 1989* (Act) sets out in sections 125, 129 and 223 the requirements to be met in reviewing and preparing the Council Plan and Budget.

A formal public consultation process in accordance with Section 223 of the Act has been completed. The submission period was open for a minimum 28 day period. It ended at close of business on Wednesday 29 April 2015, 5.00pm, with 25 written submissions received.

Discussion

There are a number of key themes arising from the submissions. These include:

- Concern with property Australian Property Valuation Classification Codes (AVPCC) classifications; particularly for farms under 20 hectares and small accommodation properties. (9 submissions)
- Concern with the rate increases and the breadth of increases applicable to various priced properties; vacant land is highlighted several times.
- Request to reduce costs to reduce rates.
- Concern with staff costs.
- Funding requests/support from community based organisations for infrastructure projects.
- Concern with costs associated with tourism; particularly Caravan Parks and Coal Creek, but also duplication of promoting tourism with other providers.
- Concern with the proposed Municipal Precinct.

While each submission has been responded to in its own right, generally without a change to the Budget, Council may want to use this opportunity to consider any potential changes to the Budget as a result of the collective views provided by community members.

Consideration has been given to nine submissions raised over the differentials applied to various land categories and the use of the Australian Valuation Property Classification Codes (AVPCC) adopted in the 2014-2018 Rating Strategy. The 2015-2016 Budget sees the second and final stage of the Rating Strategy implementation completed. The implementation includes removing the Municipal Charge and finalising the differentials for each land category.

All rateable assessments are given an Australian Valuation Property Classification Code (AVPCC) as part of the valuation process. The code is based on the use of the property. These codes are used for the Fire Services Property Levy. The Fire Services Property Levy charges are based on the AVPCC codes and the categories they fall into. The categories are Residential, Commercial, Industrial, Primary Production, Public Benefit, Vacant and Exempt.

Council determined to align the rate categories with the AVPCC codes so the classification of each property uses the same definition and has the same classification for both the rates and the Fire Services Levy. The AVPCC classification process is also transparent as it is clearly documented. There is a process for objection to incorrect allocation of the AVPCC code under the Valuation of Land Act 1960.

Altering the use or application of the AVPCC codes for rating purposes would have strategic, financial and resource implications requiring further Council consideration.

Options

Council may choose to accept, amend or alter any or all of the recommendations for each submission.

Any amendments to the Budget may require adjustments to the Initiatives contained in Part 3 of the Budget.

A number of submissions relate to the Australian Valuation Property Classification Codes (AVPCC). Changes to application of the AVPCC for Council rating purposes may have an impact on the Budget; for example the inclusion of rural properties less than 20 hectares into the Farm category would provide these properties with a 30% differential. This example would have a flow on effect requiring changes to the rate in the dollar paid by other ratepayers or Council would have to consider other options to cover the shortfall in income arising from such a change.

Proposal

It is proposed Council consider and determine all 25 submissions with the aim of presenting a final Budget to Council for adoption on 24 June 2015.

FINANCIAL CONSIDERATIONS

The current Proposed Budget is sustainable and meets the requirements determined by the Act. Council in determining any potential reduction in the rate rise will need to consider not only the current year, but also ramifications of the impact for future years. Council is required to ensure that a sustainable Budget can be passed that will not place a financial burden on future generations.

RISKS

If Council determines that only insignificant changes be made to the Budget, then a final Budget can proceed with only minor amendments to the adoption stage scheduled for the 24 June 2015 Council Meeting. This approach minimises Council's risk of breaching legislation.

If Council determines that significant changes are to be made that will have a detrimental impact on sections of the community by either increasing or decreasing the Budget, rate differentials and/or Council services, then Council would be required to prepare a new Proposed Budget and undertake a further Section 223 public consultation process.

If this is required, Council would not be able to meet the legislated deadline of 30 June 2015. In this situation a request to the Minister for Local Government for an extension of time would be required by Council, however the Minister may choose not to grant an extension, potentially leaving Council in breach of the Act. Further, Council would need to amend its resolutions for the Budget to be adopted by 30 June 2015. This approach contains a level of reputational risk within the industry if approval is not provided by the Minister.

The community may also be concerned with consultation fatigue given the extensive engagement program implemented over the past eight months. This may lead to further reputational risk within the community.

CONCLUSION

The Council has dedicated an extensive amount of time over the past eight months and implemented an extensive community engagement program to inform the 2015-2016 Budget. The consideration and deliberation today, of formal community submissions lodged under Section 223 of the Local Government Act 1989, is the final stage of determining components to be included or excluded in the 2015-2016 Budget. Final amendments will then be made to the 2015-2016 Budget, the four-year Strategic Resource Plan and the Long Term Financial Plan, so these financial plans can be presented to Council for adoption on 24 June 2015.

Submitters will be notified of Council's decision, along with the reasoning upon which it has been based.

RECOMMENDATION

That Council:

1. Require the 2015-2016 Annual Budget, four-year Strategic Resource Plan and Long Term Financial Plan be amended to align with the decisions made to the submissions in Section C of the Agenda, prior to formal adoption of the 2015-2016 Annual Budget by Council.
2. Note that no submissions were received seeking amendment to 'Section 2 - Linkage to the Council Plan or Section 3 Services, Initiatives and Service Performance Indicators' within the Budget; which contains the Integrated Planning Framework and existing strategic outcomes, objectives or strategies of the 2013-2017 Council Plan.

STAFF DISCLOSURE OF INTEREST

Nil

MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT COUNCIL:

1. **REQUIRE THE 2015-2016 ANNUAL BUDGET, FOUR-YEAR STRATEGIC RESOURCE PLAN AND LONG TERM FINANCIAL PLAN BE AMENDED TO ALIGN WITH THE DECISIONS MADE TO THE SUBMISSIONS IN SECTION C OF THE AGENDA, PRIOR TO FORMAL ADOPTION OF THE 2015-2016 ANNUAL BUDGET BY COUNCIL.**
2. **NOTE THAT NO SUBMISSIONS WERE RECEIVED SEEKING AMENDMENT TO 'SECTION 2 - LINKAGE TO THE COUNCIL PLAN OR SECTION 3 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS' WITHIN THE BUDGET; WHICH CONTAINS THE INTEGRATED PLANNING FRAMEWORK AND EXISTING STRATEGIC OUTCOMES, OBJECTIVES OR STRATEGIES OF THE 2013-2017 COUNCIL PLAN.**

CARRIED UNANIMOUSLY

Attachment 1
S223 Submissions to the 2015-2016 Proposed Budget

#	Person/Organisation	Submission
C.1	Meg Knight	<ul style="list-style-type: none">• Consultancies in 2015/16• Commercial Ventures• Duplication of Services offered by State/Federal Governments• Organisational Restructure
C.2	Cathy Giles	Request for funds toward Waratah Way Shared Trail Proposal
C.3	Lynda Rose (on behalf of Carol McGrath Mirboo North Times)	Request for funds for printer
C.4	Wilma Western	General comments with a few questions: Rates rises and Our Say Surpluses Council – a business or a service provider? Multi-purpose community facilities and ‘hubs’ Staff Costs
C.5	Vincent Morfuni	Objection to rates increase, staff costs Council Services/facilities, capital expenditure
C.6	Ian Nicholas	General comments RE: rates, staff costs, Council facilities
C.7	Prom Country Regional Tourism	Objection to reclassification of small business and impact on South Gippsland Tourism
C.8	Paul Norton	<ul style="list-style-type: none">• No mention of Municipal Precinct in Mayors report• Building on steep slopes• Leongatha Rail Yards/CBD parking• Waste Management
C.9	Rodger and Claire Davis	Request for culverts at Markleys Road Mirboo North
C.10	Frank and Claire Oostermeyer	Classification objection to property under 20 hectare and request for reconsideration for amendment to farm rate

#	Person/Organisation	Submission
C.11	Tricia Fleming	Sealing of Henrys Road, Loch
C.12	John Murrell on behalf of West Gippsland Library Corporation	Support of Council's Municipal Precinct, Library and Community Centre
C.13	Rob Knight on behalf of Great Southern Rail Trail Committee	Request Council for continued support for funding for maintenance of rail trail
C.14	Fred Couper	Comparison between SGSC and Moira Shire of employee numbers and costs
C.15	Ron Burrows	Request for Council to establish more long term parking bays for caravans, boats and motorhomes in Leongatha
C.16	Tony and Geraldine Conabere	Request for reclassification of Bed and Breakfast business
C.17	Nola Kelly and Royal Carrington	Objection to property reclassification and rates increase
C.18	Paul Greco and Ellen Fabel	Objection to property classification and rates increase
C.19	Nick Eisen	Objection to property reclassification and rates increase
C.20	Norm Wilkins	Objection to property reclassification and rates increase
C.21	Christian and Denise Baumann	Objection to rates increase
C.22	Tony Eden	Objection to rates increase
C.23	Mark Wrigley	<ul style="list-style-type: none">• Objection to property reclassification• Council should delay reclassification until all reclassified property owners are notified• Inflexible rubbish collection fee/bins
C.24	Jake O'Hara	Concern about Vacant land rate
C.25	Marie & Philip Arnold	Objection to property reclassification

SECTION C – COUNCIL REPORTS

C.1 S223 #1 VARIOUS ISSUES

Name of Submitter: Megan Knight

Date submission received: 27 April 2015

Wish to speak: Yes

RESPONSIBLE DIRECTORATES

Corporate Services Directorate
Community Services Directorate
Development Services Directorate
Engineering Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUES RAISED

1. The removal of the following budgets:

1.1 Consultancies in 15/16

1.1.1 Business Plan for Waratah Bay Caravan Park

1.1.2 Streetscape Plans

1.1.3 Mirboo North Structure Plan

1.1.4 Branding Review

1.1.5 Equestrian Business Plan

1.1.6 Management Plan for Arboriculture for Mossvale & Korumburra Botanical Park

1.2 Councillor Discretionary Allowance

- 1.3 Expansion Plans for Splash Stage 2 & 3 and the Municipal Precinct Project
- 2. Commercial Ventures
 - 2.1 Yanakie and Long Jetty Caravan Parks
 - 2.2 Coal Creek Management
 - 2.3 Waratah Bay Caravan Park
- 3. Duplication of Services Offered by State / Federal Governments
 - 3.1 Removal of the Tourism Unit and the Information Centres
 - 3.2 Removal of the Economic & Business Unit

DISCUSSION

The removal of the following budgets:

- 1.1 Consultancies in 2015/16

- 1.1.1 Business Plan for Waratah Bay Caravan Park

The budgeted expenditure of \$20,000 is considered important to provide an independent review of the business operation and opportunities for this Park by a suitably qualified professional. It aims to assist Council in determining its preferred way forward for the future management of this Park.

- 1.1.2 Streetscape Plans

This expenditure is being used to develop a streetscape master plan for Commercial Street, Korumburra to facilitate its construction in future years subject to suitable grant funding being secured.

- 1.1.3 Mirboo North Structure Plan

The Mirboo North Structure Plan is the oldest town plan maintained by Council in the Shire. Much of the identified land for expansion in the existing 2004 plan has been developed. Council is expected by the State Government to update Planning Scheme Framework Plans derived from the Structure plans to identify residential growth and commercial/industrial and recreation areas. This process includes community engagement.

1.1.4 Branding Review

This review is not a review of the branding of the South Gippsland Shire Council. For more than a decade Council and the tourism business group Prom Country Regional Tourism have supported the 'Prom Country' brand. It is appropriate to review Council's investment in this brand to determine if it is effectively achieving its original objectives, i.e. meeting the needs of tourism operators in attracting visitors to the shire and bringing businesses together to promote their accommodation and activities.

1.1.5 Equestrian Business Plan

Council regularly contributes funds for the development of business plans and feasibility studies for development of new or enhanced recreational facilities. Council's experience is that this type of investment is necessary to assess the viability of new proposals, and then to leverage external and community resourcing to see suitable projects developed and sustainable. The proposed Indoor Equestrian Centre has the potential to contribute significantly to the South Gippsland economy over the long term, and this is the reason for Council considering funding this study.

This request is one of the priority ideas identified through the Our Say engagement program, with strong support from the community.

The proposed \$35,000 Council contribution for the Equestrian Centre feasibility study and business plan replaces the \$10,000 previously allocated to the working group as listed in your letter. Swimming pool master plans, in all cases have been funded fully by Council except for the Foster pool. As the Foster pool was under review the pool committee has chosen to develop an alternate plan.

1.1.6 Management Plan for Arboriculture for Mossvale & Korumburra Botanical Park

Both Mossvale Park & Korumburra Botanic Park require important arboriculture works to reduce the structural deterioration of the trees in the reserves identified by both of the Park's Advisory Committees and Council staff.

These parks are highly valued by the community and Council. The completion of a Management Plan for these invaluable community open spaces will recommend the required works to ensure the trees are protected, safe and healthy.

1.2 Councillor Discretionary Allowance

The Councillor Discretionary Fund program provides an opportunity for Councillors to support organisations with projects that don't always align with Council's strategic priorities; however is targeted to smaller initiatives of value to local communities. Ultimately the Councillor Discretionary Program is at Council's discretion and can determine the future of the Program within the Council Budget.

1.3 Expansion Plans for Splash Stage 2 & 3 and the Municipal Precinct Project

Splash

This expenditure is being used to finalise the designs for SPLASH Development Stages 2 and 3 (Gymnasium & Hydrotherapy Pool) which is a potential future Council priority project and currently included in the 2016/17 budget for construction.

Municipal Precinct Study

An Annual Initiative in the 2014/15 Budget was to investigate the most appropriate land use/location for a Municipal Precinct to be undertaken that includes a Municipal office, Library, Council Chambers, community meeting places and other integrated community facilities.

The study will identify a preferred site for the Municipal Precinct including concept designs.

The implementation of the outcomes of the study will be a future decision of Council.

Many of the users of our community facilities are supportive of this project and are providing Council with valuable input into their future spatial needs. The business community have also indicated for many years for Council to do something about retail growth.

Council is planning now for future service delivery, bearing in mind changing demographics (ie. increased retirees and the services they will require), impacts of technology and improved shopping experiences.

2. Commercial Ventures

2.1 Yanakie and Long Jetty Caravan Parks

Council is appointed by the State Government as the Committee of Management responsible for the Crown land upon which the Yanakie and Long Jetty Caravan Parks reside. As the Committee

of Management for these sites, Council is required to manage the assets, income and expenditure and use of these facilities on behalf of the Crown.

Council has taken the management of these facilities back in-house rather than re-leasing them. The condition of both caravan parks had deteriorated under the lease arrangements as inadequate funds were being reinvested back into the facilities.

The 2015/16 budget has made an allowance for a reduction in income due to site holders leaving the Parks and an increase in casual tourist visits.

2.2 Coal Creek Management

Council committed in the 2014/15 Annual Plan to develop a business plan for Coal Creek Community Park and Museum that supports the strategic direction of Council for Coal Creek. The Business Plan has been completed and will be presented to Council at the July 2015 Council meeting for consideration.

2.3 Waratah Bay Caravan Park

Refer response 1.1.1 above.

3. Duplication of Services Offered by State / Federal Governments

3.1 Removal of the Tourism Unit and the Information Centres

Council has one officer to assist the tourism businesses in the shire. The State Government does great work in attracting visitors to the state and to Gippsland. Council is expected by local tourism businesses to assist them, with a limited budget, to capture as much of the discretionary tourist visits to the Shire. Visitor Information Centres remain a valid way of raising the profitability of businesses by increasing the length of stay and spend of visitors.

Council is committed to undertake a review of the Visitor Information Centres in 2015-2016.

3.2 Removal of the Economic & Business Unit

Council has 2 staff that assist new and existing businesses to establish and grow the economic wellbeing of the shire. Many new businesses seek support in the processes involved in commencing operations. The community rely on the economic prosperity of the shire and South Gippsland is no different from the majority of rural shires in needing to maintain vital businesses to maintain employment and promote job growth. The State Government focusses its attention on medium and large employers, most of the

businesses in the shire are in the small category and benefit from Council assistance.

Section 3C (2)(a) of the Local Government Act 1989, articulates one of the objectives of a Council as:

3C (2)'In seeking to achieve its primary objective, a Council must have regard to the following facilitating objectives:

- (a) to promote the social, economic and environmental viability and sustainability of the municipal district'.

4. Organisational Restructure

At the time the proposed changes were announced, the EFT savings identified from the review amounted to 0.5 EFT. The review, by law, requires consultation with staff and affected unions, then consideration of alternatives presented by staff. The actual EFT changes will not be known until the completion of that process. As a result Council is not able to confirm what the final EFT and associated costs of the change will be. In setting up the structure for the future, ongoing continuous improvement in processes, systems, and how we organise work, will take place.

The restructure is not a cost cutting exercise, it is aimed at strategically positioning the organisation to take advantage of Council's changing operating environment. The new structure will be supported by further developing staff, embracing new technology, enhancing systems and processes to increase productivity and the effectiveness of Council's services.

The proposed structure will support the Chief Executive Officer in delivering greater operational value to the ratepayers and better support the Council in meeting community needs.

Conclusion

Addressing the tension between requests for increased services and requests to reduce rates is a constant challenge Council faces in many of the decisions made. Council has established the 2015-2016 Budget with a balance that includes a reduction to the rate rise for the next year and all future years, compared to the rate rises forecast in the 2014-2015 Budget, while also providing a number of the additional requests sought by the community.

There will always be personal views that will vary from Council's considered decision. It is important to receive a mix of views considered by community members, as these views and ideas provide substance to the discussions Council's has on the services to be provided, or not provided on behalf of the community. Very few people use all of

Council's services at any one time, but most either use them or gain a benefit from their provision over the span of a lifetime.

Robust deliberation and considered questioning of the items contained in the Budget by community members are received with appreciation from Council.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

--

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. No changes to the budget be made ~ OR ~ the following changes are made to the budget:
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NO CHANGES TO THE BUDGET BE MADE.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

VARIOUS ISSUES – MEGAN KNIGHT

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

Name: Megan Knight

Address: [REDACTED]

(optional)

Email:

Phone no: [REDACTED]

Date: 26/4/15

Signature:

Submission title:

COUNCIL BUDGET 2015-2016

YES – I WISH TO SPEAK TO THE SUBMISSION AT THE SPECIAL COUNCIL MEETING

We are presented with a Budget which has a 4.9% rate rise and 2% services and waste charge plus where applicable a green waste charge of \$78 ie. Total rates income will increase by 6.9%.

This is just a "same old same old" budget with only a little tinkering around the edges.

Where is the evidence of:

- An evaluation of what services are needed to be provided by Council
- What is the best and most efficient way to provide these services
- A zero based budgeting approach to each service
- What services are being duplicated at a Federal or State level and do not need to be provided by Council
- An evaluation of commercial enterprises run by Council and their impact on the budget.

1. If you are going to tinker around the edges then look at some other areas as well.

These suggested small changes represent 1.05% of rates collected in 15/16.

1.1 Consultancies in 15/16 budget

Business Plan for Waratah Bay Caravan Park	20,000
Strategic Investment & Streetscape Plans	54,000
Mirboo North Structure Plan	35,000
Branding Review	30,000
Equestrian Business Plan	35,000
Management Plan for Arboriculture for Mossvale & Korumburra Botanical Park	30,000

Allow \$20,000 for specialist arboreal advice and ditch the rest. A branding review ! I can absolutely understand what that will end in – new logo, new paper, new envelopes !!

The Equestrian body should fund their own business plan – they have already had \$10,000 in previous funding – in the same way that swimming pools had to fund their business plans.

Estimated savings : \$174,000.

1.2 Ditch Councillor Discretionary Allowances

Why are Councillors allowed to spend these discretionary allowances which are not targeted and not part of the strategic objectives. Eg as an example a discretionary allowance was used to make an "RV Parking sign" for land on which RV parking was not permitted.

Estimated savings: \$40,000

1.3 Ditch Expansion Plans

Concept planning Stage 2 and 3 of SPLASH	70,000
New municipal precinct plans	119,000

We only have 28,000 people in the whole Shire – how big a splash do we want Splash to be ??? Note we are not given attendance figures for just "aquatic use" – attendance figures have all activities included eg basketball. Is the Shire aiming for just one pool for all of us ?

As for a municipal edifice ! Learn to live and work in buildings like the rest of us. The future for libraries is not in bricks and mortar so don't use the library as an excuse.

Estimated savings : \$189,000

2. Council Commercial ventures

It is not the role of Council to run commercial ventures and clearly the results show this.

Losses represent 1.75% of rates. Plus of course additional employee expenses.

2.1 Caravan Parks

In August 2013 at a Council meeting, we, the ratepayers, were assured by Council that taking over the Caravan Parks would be a great business deal ! Indeed the Business Plan presented at that meeting, stated that after the initial set up costs of \$487,000 incurred in 13/14 which would result in substantial losses in the first 9 months of operation, the two caravan parks would return very substantial profits.

For 14/15 Council's original business plan showed a total profit from both parks of \$331,000 and no capital expenditure. Yet on your 14/15 budget figures Yanakie will make a profit of \$76,000 and Long Jetty a loss of \$60,000, an overall profit of \$16,000. Operating costs for 14/15 include labour costs of \$460,000. In addition, in 14/15 capital expenditure of \$280,000 will be spent.

The 15/16 budget tells us that the combined profit from both parks is \$3,000 and I note that \$695,000 in 15/16 is to be spent on capital improvements in the parks. Note that the business plan accepted by Council said that the profit for 15/16 would be \$523,739 and no capital expenditure.

The 15/16 budget also tells us that "Master Plans" are being completed for the two Parks and a program of works prepared which will be implemented in 16/17. So I would like to ask just what plan has been used up to now for the works done on the Parks ? Are there costings to be included in these Master Plans and how much more money is to be spent in 16/17 and beyond ??

By the end of June 2016 on my calculations \$1.46 million will have been spent on setup costs and capital works for the two parks. It could be more – the budget figures are sometimes not easy to translate.

Suggestion:

Lease back the Yanakie and Long Jetty Parks to commercial operators.

Council would **receive the lease income.**

Council would save **\$469,000 per annum in employee costs.**

Yanakie Caravan Park has a capital spend of \$118,000 in 15/16 budget. . Must spend the \$22,000 on the power head replacement. So capital savings **\$74,000**

Long Jetty Caravan Park has a capital spend of \$577,000 including a new toilet block for \$375,000. Just do toilet block for \$375,000. So savings **\$202,000**

2.2 Coal Creek

Over the past 4 years Coal Creek has LOST \$2.24 Million. For 14/15 the loss is budgeted at \$701,000 including capital expenditure. In the 15/16 Draft Budget the loss is budgeted at \$454,000 including capital expenditure. So by June 2016 the cost burden to the ratepayers of Coal Creek is \$3.4 Million.

There have been two major consultancies, Pitcher Partners Report in 2011 and Mawland Associates Report in 2012. Costs of these unknown and not included above. Recommendations involved borrowing millions of dollars !!!

Council keeps putting forward the number of visitors at 65,000 per annum. However Council has confirmed that this figure includes all those who go to the monthly **Farmers Market, Men's Shed participants going in and out, ditto for playgroups,** gardening groups etc and those who are using the Conference and Board Rooms for meetings. The true figure for visitors who actually come to just visit Coal Creek is about 12,000 per annum.

The last time Council actually discussed Coal Creek as a specific Agenda item was May 2014.

We ratepayers simply cannot afford Coal Creek !

Suggestion:

I call on Council to make a decision to stem the bleeding – either close it, or pass management responsibility to an incorporated volunteer community body and let **them run the site. Then in similar fashion to Council's decision on the** swimming pools, if the operation of the park is not successful then it has to close. Council will not take it back.

Note that budgeted Operating expenses were \$722,000 and budgeted income was \$398,000, a loss of \$333,000.

New management group would receive all income but Council could allow a one off subsidy of \$100,000 to get them started which would result in **net operating savings of \$233,000.**

Plus of course **savings of employee costs.**

Coal Creek has a budgeted capital spend of \$121,000. Council could commit to this to help the new Committee of Management. No savings 15/16 but no capital expenditure in ongoing years.

2.3 Waratah Bay Caravan Park

Do not even think of taking it over.

Do not even think of spending \$20,000 on a business plan to take over the park – look how woefully inadequate the business plan was which Council accepted for Yanakie and Long Jetty.

Not ONE figure was right. A business plan with no capital expenditure ? A business plan where Council immediately increased fees !

3. Duplication

Council tells ratepayers that we do not understand the considerable amount of cost passing onto Councils from State and Federal Governments.

But is the question ever put backwards and discussed by Council ?

That is - What services is Council providing which are already being provided by other levels of Government ie a complete duplication and waste of ratepayers money.

Two examples are discussed below.

3.1 Tourism

Tourism Australia is the Federal Government agency responsible for international **tourism marketing. Tourism Australia's role is to:**

- Influence people to travel to and throughout Australia;
- Increase the economic benefits to Australia from tourism;
- Help foster a sustainable tourism industry in Australia.

Tourism Victoria is the State Government agency whose role is

- to support the development and marketing of sustainable tourism destinations and experiences within the state,
- to increase awareness of the regions of Victoria and attract visitors.

This department has produced a Regional Tourism Strategy 2103 – 206.

Why does Council have a Tourism unit to duplicate these services and plans ?

SGSC Visitor centres – where is the analysis of their use – with web based access and GPS – do tourists need to come to a visitor centre ? In New Zealand if a community feels an absolute need to have an Information Centre then a local shop advertises itself as the Information Centre eg cafe and in one little town you could chat to people in their Op Shop.

Let tourism operators pay for their own marketing and brochures and web sites the same as any other business.

Suggestion:

No visitor centres: **Savings ???**

No Tourism unit: **savings ???**

No brochures: **Savings ???** (particularly no full colour brochures on our recreation reserves !!)

3.2 Economic and Business Unit

Regional Development Victoria is a State Government Agency and as its name implies focuses on regional Victoria.

The very wide ranging list of issues the Agency is working on include:

- Broadband
- Coastal planning in conjunction with DWELP
- Youth Action in conjunction with DH and DHS
- Economic Infrastructure
- Improving liveability for older Australians
- Provincial Victoria Arts Program in conjunction with Creative Victoria
- Growing and sustaining regional industries and jobs
- Developing stronger regions
- Etc etc etc

Why is SGSC continuing with an economic and business unit ?

RDV does not even call on Councils for their 2015 Expo – they call on business, employment agencies, real estate agents, tourism operators, education and housing providers, employment providers

Why is the Council duplicating these services ??? Savings : ????

4. Organisational Restructure

In the middle of preparing this submission there are press releases that an organisational restructure is taking place in Council. I understand 13.5 jobs will go, but 13 new jobs will be created. I hope that this restructure will not be impacting on the 15/16 budget otherwise it seems rather pointless commenting on this budget.

My general comments are these :

- SGSC currently has 261.48 people as per budget figures 14/15
- The Shire has 28,000 people and 19,000 rateable properties
- Employee costs are 60% of rates collected
- Compare this with Wellington Shire where employee costs are 48% of rates collected
- SGSC has too heavy a structure

Comments on restructuring:

- Restructuring alone does not lead to more efficient work practices
- Restructuring should be allied with a reduced cost base
- But if we are only saving .5 FTE have we got a reduced cost base ??
- Indeed are we really saving .5 or am I confused ?
- Employee numbers in 14/15 were 261.48
- The 15/16 budget shows 262.5 – an increase of 1.02
- If we have the announced saving of .5 does that mean we still have an increase of .52 in 15/16 ? i.e. 262 FTE in 15/16 compared with 261.48 in 14/15

Of the new positions:

- how many positions have a car for private use as part of the package
- how many positions will need access to a council vehicle for work and will this mean an increase in the vehicle fleet
- how many positions have a mobile phone paid for completely by Council

Does the 15/16 budget have provision for:

- estimated cost of redundancy payouts?
- Cost of staff counselling and help with finding new jobs ??
- cost of hiring for new positions
- are the ratepayers paying for HR consultants and change management consultants ?
- If so what cost ?
- Cost of incidentals ? eg new business cards etc etc

5. Conclusion

You know there are great myths about ratepayers who query the budget and want to see a reduction in rates.

Councillors tell us we are deniers – NO NO NO to all these wonderful and costly services which Councillors want to bring in.

Some Councillors use the scare campaign – a reduction in rates means a reduction in services:

“List for us the services you want to cut” they say – so that the vulnerable and elderly in our community are unnecessarily worried.

Asking sensible questions about the budget, or suggesting sensible strategies does not mean that meals on wheels will be cut out or HACCS programs.

What it does mean is that Council should review the budget with a more critical eye.

What does that mean ?

It is an acknowledgement by Council that:

- Do not hire consultants for everything
- Councillor Discretionary allowances should be cut
- There are still savings to be made with unnecessary concept plans
- Despite trumpeting their business experience when Caravan park business plans were queried at the time of the decision to take over the parks, Council has not been successful in running a specialist commercial enterprise and the business plan on which they made their decision was absolutely woeful. Lease back the caravan parks.
- Council has to acknowledge that they have dilly dallied and not made a decision on Coal Creek nor taken any effective action to stem the bleeding (apart from oh so expensive consultant reports). Make a decision.
- Council has not considered duplication of services with other levels of government and the cost savings which could be made
- Council has not made public (if indeed they have actually undertaken) any zero based budgeting exercises
- Council has not quantified in dollar terms the savings of the announced restructure

C.2 S223 #2 REQUEST FOR FUNDS WARATAH WAY SHARED TRAIL PROPOSAL

Name of Submitter: Cathy Giles (Sandy Point Community Group)

Date submission received: 27 April 2015 Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request for \$20,000 for investigative work for the Waratah Way Shared Trail Proposal. The funding would assist title boundary surveying work if required, a cultural heritage assessment and some preliminary design and scope work.

DISCUSSION

Providing funding for this request would be premature as Council is yet to revise the Paths and Trails Strategy or assess the suitability of this trail for inclusion in the revised strategy.

The inclusion of this walking track into the Paths and Trails Strategy would need to recognise that the State Government will not contribute to funding the design and construction of the track or its ongoing maintenance.

The issues that are listed in the submission and that may require expenditure in the future are reasonable, but the figure quoted for undertaking this work is not substantiated at this time.

Funding to undertake this work will be considered and prioritised against other projects within the Strategy.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Kennedy

SECONDED: Cr Davies

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **DETERMINE THAT UP TO \$20,000 IS INCLUDED IN THE 2015-2016 BUDGET FOR WARATAH WAY SHARED TRAIL TO FUND INVESTIGATIVE WORK THAT INCLUDES UNDERTAKING A CULTURAL HERITAGE ASSESSMENT, TITLE BOUNDARY ASSESSMENTS, PRELIMINARY DESIGN AND SCOPING WORK.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASONS FOR THE DECISION.**

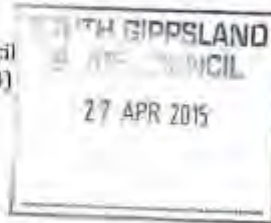
CARRIED

For: Crs Newton, Kennedy, Fawcett, Davies, Hill, McEwen, Hutchinson-Brooks and Harding.

Against: Cr Brunt

REQUEST FOR FUNDS WARATAH WAY SHARED TRAIL PROPOSAL

Mr Tim Tamlin
Chief Executive Officer
South Gippsland Shire Council
9 Smith Street (Private Bag 4)
Leongatha VIC 3953



Cathy Giles
Sandy Point Community Group

Ph: [REDACTED]

20th April, 2015

Dear Mr Tamlin,

**Section 223 Submission to the proposed 2015/16 Annual Budget:
Waratah Way Shared Trail Proposal**

I write to you on behalf of the Sandy Point Community Group Inc. to make a submission to the South Gippsland Shire Council 2015/16 Annual Budget in relation to the proposed Waratah Way Shared Trail (formerly WASP) between Sandy Point and Waratah Bay.

In doing so, I acknowledge the challenging budget climate and relative constraints at this phase in the budgetary process.

At the council meeting of the 25th March, 2015, council adopted the officer's recommendation to include the investigation of this trail in its 2015/16 review of the 2010 Paths & Trails Strategy.

The Sandy Point Community Group are currently pursuing further investigative work on this trail to better inform the Paths and Trails Strategy when the trail is included later this year or early next year.

We would appreciate if council would consider making an allocation towards this project in this year's budget and are seeking an allocation of \$20,000 to progress our investigations. The funding is important should title boundary surveying be required of one of the properties abutting the foreshore reserve, the possible need for a Cultural Heritage Assessment for part of the proposed trail and some preliminary trail design or scoping to enable the route to be determined and a thorough costing to be completed.

I wish to speak to this submission at the hearing on the 20th May, thank you.

Yours Sincerely,

A handwritten signature in blue ink that reads "Cathy Giles".

Cathy Giles

C.3 S223 #3 REQUEST FOR FUNDS FOR OFFICE PRINTER

**Name of Submitter: Carol McGrath on behalf of Mirboo North Times
(speaker Lynda Rose)**

Date submission received: 7 April 2015 Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request funds for Office Printer

DISCUSSION

- The Mirboo North Times has had capacity in the past to put profits aside to fund a replacement printer.
- The Mirboo North Times generates profits from the sale of their newspaper and from advertising and offers an annual community grant program using the profit. It would be unusual for Council to fund equipment for an organisation that has the capacity to generate an income to cover the cost but prefers to distribute that income in grants to the community.
- Council has assisted other community based newsletters with a community grant for establishment costs. However, the Mirboo North Times is a volunteer run newspaper that has received the benefit of free rental over the past decade and now pays a peppercorn rental for accommodation in a Council owned facility.
- Council encourages the Mirboo North Times to further investigate their proposed initiative to offer printing services to the community to recoup, over time, their expenditure on the printer.
- Council also recommends sourcing sponsorship or advertising through the publication to assist them to meet their costs.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Newton

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**
3. **NOTE THAT THERE BE NO CHANGE TO THE BUDGET.**

Cr Kennedy left the Meeting at 1.15pm.

Cr Kennedy returned to the Meeting at 1.17pm.

CARRIED UNANIMOUSLY

REQUEST FUNDS FOR OFFICE PRINTER

FTA Tim Tamlin, Chief Executive Officer

Dear Mr Tamlin,

I am writing to you today hoping that you can accept our submission for a donation towards the new printer we recently purchased. We purchased the printer in December as the price was increasing in January 2015 by 10%. The price was \$56,414. I did put an application in for a Grant but as it was in retrospect, it could not be acted upon. So, Penni Ellicott suggested that I could put in this submission under the auspices of the formal S223 process for the 2015/2016 Budget.

As you are probably aware, the Mirboo North Times (MNT) is a weekly publication, run by volunteers to inform, support and reflect our local community. Our office space has been severely compromised by the new share arrangement with Destination Gippsland. This made it extremely difficult for our paper folders to do their work in very cramped conditions. What used to be an enjoyable process for our volunteers became a stressful ordeal. We set up trestle tables each week in our very small space which is now made bearable by not having to fold, just organise the various distributions and occasional inserts.

We have always been conscious that owning a printer (an expensive capital item) which is operated only once a week for one purpose is not an ideal situation. A new printer, printing in both colour and quality black and white may give us the opportunity to offer a printing service to our local community. Our management committee is currently considering this possibility.

I am respectfully submitting this request to help our severely depleted funds and should you want to discuss this matter further you can get me at the MNT offices on [REDACTED], or my mobile [REDACTED]

Regards,

Carol McGrath
Editor and Secretary to the Committee of Management.

C.4 S223 #4 VARIOUS GENERAL COMMENTS – RATES, FACILITIES, STAFF COSTS

Name of Submitter: Wilma Western

Date submission received: 28 April 2015 Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

General comments with a few questions:

- Rates rises and Our Say
- Surpluses
- Council – a business or a service provider?
- Multi-purpose community facilities and ‘hubs’
- Staff Costs

DISCUSSION

Rate Rises and OurSay

The Council is mindful of both community concerns regarding rate rises and requests for increased levels of service provision. The community engagement opportunities Council implemented this year has provided an extensive level of Community information into the development of the 2015-2016 Budget.

The comments provided in this submission reflect the views shared by a portion of the community and these have been considered by Council. However a larger portion of the community has expressed requests for Council to provide a greater range of services. These conflicting community desires and expectations were identified in the first OurSay Forum and further expressed at the two Community Workshops.

Further, the second OurSay survey highlighted that the majority of participants rated infrastructure and community services as more important to them than the provision of basic core services and reduced rates.

The following table sets out the order of the second OurSay survey as it was presented on-line:

OurSay Survey	
To help us better understand what is most important to you and your families, could you please prioritise in order of importance from 1 to 5 the following five broad functions:	
	Promoting tourism and the economic and employment development of the Shire
	Providing for the good planning and orderly development of the Shire
	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
	Provision of a smaller number of basic services and a greater reduction of rates

The following table sets out the **overall results** of the 165 participants for comparison.

OurSay Survey – Overall Results	
Priority Order	Functional Area
1 (Highest)	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	Providing for the good planning and orderly development of the Shire
4	Promoting tourism and the economic and employment development of the Shire
5 (Lowest)	Provision of a smaller number of basic services and a greater reduction of rates

The results for 'Most important' function only for the OurSay survey were as follows:

OurSay Survey – 'Most Important' (Priority One Only) Results		
Priority Order	Percentage score	Functional Area
1 (Highest)	30.82%	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	26.28%	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	18.18%	Provision of a smaller number of basic services and a greater reduction of rates
4	15.33%	Providing for the good planning and orderly development of the Shire
5 (Lowest)	13.82%	Promoting tourism and the economic and employment development of the Shire

Council also included a single question in the Local Government Community Satisfaction Survey for South Gippsland Shire Council. This survey was conducted by the State Government and is a demographically sound survey of around 400 residents. It was conducted around the same time (February 2015) as the OurSay survey. The question was:

Local Government Community Satisfaction Survey	
'In your opinion, which ONE of the following five key Council functions is the MOST important to your family?'	
	Promoting tourism and the economic and employment development of the Shire
	Providing for the good planning and orderly development of the Shire
	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
	Provision of a smaller number of basic services and a greater reduction of rates

The survey results were as follows:

Local Government Community Satisfaction Survey Results		
Priority Order	Percentage score	Functional Area
1 (Highest)	43%	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	22%	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	14%	Providing for the good planning and orderly development of the Shire
4	9%	Provision of a smaller number of basic services and a greater reduction of rates
5 (Lowest)	8%	Promoting tourism and the economic and employment development of the Shire

There is a reasonably close correlation between the two survey results. The demographically sound survey increased the percentage gap between the provision of Infrastructure and Community Services from the provision of Basic Services/Greater Rate Reduction and Promotion of Tourism/Economic Development.

Addressing the tension between requests for increased services and requests to reduce rates is a constant challenge Council faces in many of the decisions made. Council has established the 2015-2016 Budget with a balance that includes a reduction to the rate rise for the next year and all future years, compared to the rate rises forecast in the 2014-2015 Budget, while also providing a number of the additional requests sought by the community.

There will always be personal views that will vary from Council's considered decision.

The material costs of the budget engagement program including the three OurSay forums, the two independently facilitated community workshops and associated advertising is \$24,300.

Surpluses

Council is required by the *Local Government Act 1989* to comply with the *Principles of Sound Financial Management*. These are set out in Section 9 of the Budget.

Council has adopted long term financial strategies that underpin the development of the Long Term Financial Plan, Strategic Resource Plan and

Annual Budget. Strategies 3, 5, 6 and 9 (self-financing ratio) refer specifically to budget reserve funds. These strategies form part of the suite of strategies that Council has adopted and maintained now for many years to ensure the principles of sound financial management are achieved. Setting aside reserve funds for future emergencies and anticipated large expenditure projects reduced the need for widely fluctuating rate increases across the Long Term Financial Plan.

The Municipal Precinct is incorporated in the Long Term Financial Plan as it is a strategic Council asset that requires future planning consideration.

An Annual Initiative in the 2014/15 Budget was to investigate the most appropriate land use/location for a Municipal Precinct that includes a Municipal office, Library, Council Chambers, community meeting places and other integrated community facilities.

The study will identify a preferred site for the Municipal Precinct including concept designs.

The implementation of the outcomes of the study will be a future decision of Council.

Many of the users of our community facilities are supportive of this project and are providing Council with valuable input into their future spatial needs. The business community have also indicated for many years for Council to do something about retail growth.

Council is planning now for future service delivery, bearing in mind changing demographics (ie. increased retirees and the services they will require), impacts of technology and improved shopping experiences.

Council – a business or a service provider?

The South Gippsland Shire Council exists to meet the legislative requirements set out for a Victorian Local Government entity as set out in the *Local Government Act 1989*.

Section 3A of the *Local Government Act 1989*, articulates that:

The purpose of local government is to provide a system under which Councils perform the functions and exercise the powers conferred by or under this Act and any other Act for the peace, order and good government of their municipal districts.

Section 3B outlines how a Council is constituted as:

A Council consists of its Councillors who are democratically elected in accordance with this Act.

Section 3C articulates the Objectives of a Council as:

- (1)** *The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.*
- (2)** *In seeking to achieve its primary objective, a Council must have regard to the following facilitating objectives—*
 - (a)** *to promote the social, economic and environmental viability and sustainability of the municipal district;*
 - (b)** *to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;*
 - (c)** *to improve the overall quality of life of people in the local community;*
 - (d)** *to promote appropriate business and employment opportunities;*
 - (e)** *to ensure that services and facilities provided by the Council are accessible and equitable;*
 - (f)** *to ensure the equitable imposition of rates and charges;*
 - (g)** *to ensure transparency and accountability in Council decision making.*

Section 3D further clarifies the role of a Council to be:

- (1)** *A Council is elected to provide leadership for the good governance of the municipal district and the local community.*
 - (2)** *The role of a Council includes—*
 - (a)** *acting as a representative government by taking into account the diverse needs of the local community in decision making;*
 - (b)** *providing leadership by establishing strategic objectives and monitoring their achievement;*
 - (c)** *maintaining the viability of the Council by ensuring that resources are managed in a responsible and accountable manner;*
 - (d)** *advocating the interests of the local community to other communities and governments;*
 - (e)** *acting as a responsible partner in government by taking into account the needs of other communities;*
 - (f)** *fostering community cohesion and encouraging active participation in civic life.*
-

The functions of a Council are found in Section 3E:

- (1)** *The functions of a Council include—*
 - (a) advocating and promoting proposals which are in the best interests of the local community;*
 - (b) planning for and providing services and facilities for the local community;*
 - (c) providing and maintaining community infrastructure in the municipal district;*
 - (d) undertaking strategic and land use planning for the municipal district;*
 - (e) raising revenue to enable the Council to perform its functions;*
 - (f) making and enforcing local laws;*
 - (g) exercising, performing and discharging the duties, functions and powers of Councils under this Act and other Acts;*
 - (h) any other function relating to the peace, order and good government of the municipal district.*
- (2)** *For the purpose of achieving its objectives, a Council may perform its functions inside and outside its municipal district.*

Further, Section 5 of the Local Government Act 1989, determines that:

- (1)** *A Council—*
 - (a) is a body corporate with perpetual succession.*

Council is appointed by the State Government as the Committee of Management responsible for the Crown land upon which the Yanakie and Long Jetty Caravan Parks reside and for the Crown land that sites Coal Creek. As the Committee of Management for these sites, Council is required to manage the assets, income and expenditure and use of these facilities on behalf of the Crown.

The Caravan Parks have not been 'taken over' as stated in the submission. Council has taken the management of these facilities back in-house rather than re-leasing them. The condition of both caravan parks had deteriorated under the lease arrangements as inadequate funds were being reinvested back into the facilities.

Multi-purpose community facilities and hubs

Please refer to comments provide under 'Surpluses', in relation to the Municipal Precinct.

Leongatha South Sporting Precinct is incorporated in the Long Term Financial Plan to meet future local sporting and public open space requirements as a direct result of residential growth in Leongatha South. Costs associated with this project will be offset by developer contributions. As outlined above in Clause 3E (1b) of the Local Government Act 1989, one of Council's functions is to plan for and provide services and facilities for the local community.

Staff Costs

At the time the proposed changes were announced, the EFT savings identified from the review amounted to 0.5 EFT. The review, by law, requires consultation with staff and affected unions, then consideration of alternatives presented by staff. The actual EFT changes will not be known until the completion of that process. In setting up the structure for the future, ongoing continuous improvement in processes, systems, and how work is organised, will take place.

The restructure is not a cost cutting exercise, it is aimed at strategically positioning the organisation to take advantage of Council's changing operating environment. The new structure will be supported by further developing staff, embracing new technology, enhancing systems and processes to increase productivity and the effectiveness of Council's services.

The proposed structure will support the Chief Executive Officer in delivering greater operational value to the ratepayers and better support the Council in meeting community needs.

The mix of services provided by councils is quite extensive. Finding meaningful measures for each service can be challenging, as the submitter notes in the submission. Local Government Victoria has established performance measures for a number of the most commonly provided services across the sector. These indicators are referred to as the Local Government Performance Reporting Framework (LGPRF). 2014-2015 is the first financial year to which the indicators will be reported. The mandatory indicators for auditing purposes are incorporated in Chapter 3 of the Budget. The LGPRF indicators are legislated and cannot be changed by Council.

Local Government Victoria is currently developing a 'My Council' website that will include the indicator results for all Victorian councils, along with other relevant data for each municipality. It is anticipated that further indicators will be developed and legislated over time. These in turn will be reported on the website and in Council Annual Reports.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

VARIOUS GENERAL COMMENTS – RATES, FACILITIES, STAFF COSTS

The following is my submission, I wish to be heard in support of it. Wilma Western

SUBMISSION TO COUNCIL RE DRAFT BUDGET 2015-2016

WILMA WESTERN, [REDACTED]

I. Rates rises and Our Say

Whenever members of the community protest about excessive rate rises, the standard staff response has been to cry poor. State and federal governments are blamed for imposing new responsibilities on councils while at the same time reducing their grants in real terms.

The community is reminded that defined benefits superannuation obligations periodically place millions of dollars in extra expenditure on council budgets. And we are always reminded that various community groups lobby council for new recreation facilities or to save an outdoor pool.

Such has been the standard rationale for annual rates increases of around 7% to 6% , regularly about 3% above CPI . The rate increase proposed for 2015 -2016 is about 2.8% above CPI.

Each year new personnel have been added to the shire's staff , many of whom in the "development", "community strengthening" and "governance" teams have nebulous titles and unclear work descriptions. A great deal of staff time seems to be spent developing or commissioning numerous strategies and plans or "vision " statements which often repeat work previously done or end up filed for future reference.

In support of this year's rate rise the introduction to the budget cites "Our Say" results, stage one of which was responded to by 762 people. But this "new and innovative" method of consultation merely provided a more convenient on-line campaign method for community groups which had already made many public presentations and circulated petitions.

Serious comments and suggestions about greater efficiencies or supporting concentration on the shire's extensive road system got almost lost in the process. Surprise, surprise , the so-called "winners" from this consultation were two outdoor pools supported by ten votes per person from groups which had already made their feelings crystal-clear.

A follow-up "Our Say" survey asked people to rank the importance of 5 general options. This survey attracted far fewer responses – only 165.

It was no surprise that the provision of standard infrastructure (roads and bridges) gained top ranking. From memory the final rankings followed the order in which the options were listed , though many responses would not have gone 1 to 5 in the printed order.

As well as the much-reduced number of responses , ambiguous wording of the option ranked last reduces the validity of this survey. "Provision of a smaller number of basic services" could be interpreted as CUTS to the basics – for example , less frequent grading of gravel roads; cuts to HACC services , less policing of pet registrations.

And if you had a suspicious mind, you might think this option would also allow some of the newer "services" such as the busy creation of "networks" expected to meet 4 times a year , or seminars on sustainable agriculture and understanding weather forecasts (adding to the existing local provision of such things by State departments and farmers' organisations) to continue and be increased , once some of the old basic stuff had been off-loaded or trimmed.

The problem of this clumsy wording was recognised by the writer of the latest edition of "South

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Gippsland Matters". On page 2 it states that half of the 165 respondents ranked "the provision of basic services and a greater reduction in rates" last in importance. But that is not the wording of the option in the survey. It should have been, but it wasn't.

What was the cost of the complete "Our Say" project?

2. Surpluses

Past generous rate rises, prudence and the deferral or stretching of capital projects over several budgets have resulted in regular operating surpluses. Money has been shifted into reserve funds characterised as "cash-backed flexible internal reserves". This allows for forward planning of capital expenditure. Leisurely planning or waits for grants from other levels of government mean that capital works take several years to happen even though they've been mentioned in consecutive budgets. For example the community committee that used to meet regularly to discuss reports on "SPLASH", and has ceased to meet for unexplained reasons, was told last year (or was it the year before ?) that plans for the hydrotherapy pool were shovel-ready. However according to this draft budget, detailed design work has to be done this year...and maybe construction might get into next year's budget. I should add that committee members are slightly miffed that they've been dispensed with without even a thank-you.

Regular production of cash surpluses, while gratifying for the finance department, hardly fits with the propaganda of really tight financial resources. On page 11 we are told "The projected growth in cash-backed internal reserves contributes to this (financial) growth."...and this "provides capital for future capital works... as well as for strategic or unavoidable cost events". On page 9 we are told the reserves could be used for "strategic opportunities that may occur". Sluggish achievement of important projects like the Korumburra Children's Centre; but a weather eye out for "strategic opportunities" ring warning bells for those who want more accountability and openness.

Most people would agree that small surpluses for "emergencies" are desirable. But the constant building of "flexible reserves" creates plenty of opportunity for things like the proposed new municipal building to make its way onto the long-term financial plan with minimal publicity. This situation raises issues about accountability and transparency. It is all too easy for ideas such as a shiny new municipal precinct to be promoted in-committee, in "Assembly of Councillors" and preliminary steps that sound innocuous ('study', 'feasibility consultations' "siting options") to get funded with little fanfare.

But despite the commissioning of a precinct study, the major expenditure for this capital project is already in the Long Term Plan. Democracy, anyone? Should today's ratepayers pay significant amounts towards a facility to benefit tomorrow's staff and a few of tomorrow's ratepayers?

The study for a "municipal precinct" was a "strategic initiative" grabbed when the CEO of West Gippsland Library Association wrote a submission stating the present Leongatha library isn't big enough for the population of Leongatha, describing the successful relocation of the Wonthaggi library to the previous Target shop in the main shopping centre. So with the figleaf of a submission stating the present library is too small (based on statistics, not user comments), the Wonthaggi option is ignored and a grand new capital project gets into the long-term plan even before the study has been done.

As for a suggested "strategic opportunity" to flog off the council-owned buildings in Smith Street for retail development, one of those buildings which had been leased after amalgamation to house the larger staff was recently bought back from one such aspiring developer. If the present

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location is not regarded as prominent or "high profile" enough for the Shire, why would it be particularly attractive for retail? And what about the large number of retail premises now vacant in Bair Street?

3. Council – a business or a service provider?

On page 121, local government is defined as a "not for profit business", and a service provider. Well, I guess that's something of a corrective to all the stuff about expanding financial capacity via repeated surpluses and flexible reserves.

Council can't flog off roads and bridges, it is true, neither can it float the organisation on the stock exchange. However, some councillors like stating "We're running a 60 million-dollar business here". Pseudo-business rhetoric infests the draft budget. Of course the shire must manage its finances prudently in the interests of its ratepayers and residents. But Councillors are elected as democratic representatives as well as having the over-all responsibilities of accountability and transparency.

If "strategic initiatives" are mainly discussed and decided behind closed doors, and disingenuous reasons are given for the decisions – for example, council's "regulatory obligations" trotted out re the caravan parks, need for a new library re the municipal precinct - Council will not build trust and respect in the general community.

In the last 2 years the council has initiated some new methods of consulting the general public with patchy results - the "Our Say" project, for example, which turned out to be of little value in adding to public input. Public presentations sessions give people the chance to present detailed submissions. And sometimes new projects make it into the budget process. However there is still a strong perception that the agenda is driven very much by the executive with the support of most councillors.

Now that the state government has decided to cap rates increases from 2016-2017 on, the shire will "diversify its income streams" and find "innovative ways of increasing revenue", the draft states.

So is the takeover of the foreshore caravan parks one of those "strategic initiatives" and innovative ways? First there will be significant renovation and renewal, additional facilities (CCTV at Yanakie is a bit of a worry – why the need?), and then wages and on-costs to meet. Any surplus then goes into a caravan parks reserve for asset renewal. After that if all goes exceedingly well and the autumn, winter and spring weather in South Gippsland doesn't deter too many campers, there might be some profit left available to spend on other crown land managed by the shire. Coal Creek perhaps? It would at least be a worthy recipient as it conserves so much of Korumburra and district heritage.

Like many of the services and community facilities in the shire, Coal Creek will never be a profit-maker. However, like the Memorial Hall in Leongatha and the Foster War Memorial Arts Centre it provides venues for community activities as well as important heritage values.

4. Multi-purpose community facilities and "hubs".

Recent community infrastructure studies have recommended the importance of community buildings being constructed as "multipurpose". One study notes that the only such buildings are two buildings in Venus Bay and Sandy Point. Hardly surprising as these were built recently in towns that have fairly recently come into existence and had next to no community infrastructure.

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The "multi-purpose" mantra has been used in specifications for a new municipal building in Leongatha, though this is also referred to as a Municipal Precinct. According to council documents, the present situation, having staff in separate buildings, though two of these are just across the road from one another, hinders communication within the organisation. Really? In this age of conversation by email even if the email is directed to someone in an adjacent office or even nearby desk?

The present Leongatha Municipal Precinct is very central and adjoins the Memorial Hall which houses a gallery, information centre, small CES and Medicare services, as well as the multi-purpose heritage hall and two meeting rooms, one of which is used as Council Chambers since the original more spacious council chamber was taken over to house the planning department. The present Municipal Precinct is close to the post office and the RSL clubrooms which are available to cater for private functions as well as being a popular social gathering spot. The offices are opposite the largest supermarket. Just how much more multi-functional can a precinct be?

The two other close-by heritage buildings that council takes responsibility for are each used by two community organisations on a regular basis and the old court house is also available for other uses by arrangement.

The need for activities to be clustered in a hub, and for multiple uses of buildings is catered for in the present central municipal precinct.

If some councillors and staff believe the present municipal offices are not enough in the public eye, being without frontage to one of the main streets, they need to remember that "image" relates to community relationships and service delivery far more than "main street" frontage.

If the council believes that there could be "a strategic opportunity" to sell off the present council offices to retail and office developers, why would a non-mainstreet frontage be so attractive to private enterprise?

There is potential to extend and upgrade the present municipal buildings. As previously argued the shopping strip is a good place for a public library. There may well be scope for both a library and an adjacent "dedicated youth centre" in Bair Street.

But after all the stress on providing facilities organised in "hubs" how did a plan to construct new sporting facilities south of the Leongatha township get into the long-term budget? Is there no spare room at the existing recreation grounds and no chance of extending them? What is the rationale for this project?

5. Staff costs

Employee costs will continue to rise above CPI due to the present EBA – an increase not far under one million dollars for the next budget. An over-abundance of management positions exacerbates this ongoing escalation in employee costs.

While ~~restructure~~^{restructure} of positions is proposed, the net result of a reduction of 0.5 EFT is not impressive. And while one directorship will go, plus some management titles, there will still be a lot of coordinators, so the progress towards flattening the staffing structure seems minimal.

Maybe a slight reorganisation and renaming certain functions will improve the public perception of staff productivity, but it would be nice if the delivery of services could be measured in a

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meaningful way:

The surpluses seem to demonstrate the effectiveness of the financial department – as well as the historic above- CPI rate rises. But there is still a public perception which, I believe, reflects the reality, that far too much staff time is spent on producing wordy documents, managing consultancies, and applying for grants even if the activities are not especially requested and may duplicate existing services provided by other government departments or adult education outlets. The performance measure quoted is 30% of grant applications succeeding, which leaves the way open for grant-driven service provision regardless of demand or existing supply of services.

The consultancy re impacts of the influx of population in the holiday season on coastal towns came up with information and recommendations that could have been gathered from any random sample of residents.

Some council departments list performance measures, others such as engineering list planned works, with performance measured by satisfaction surveys. One would hope there is also constant monitoring of input costs and other efficiency measures.

Some of the performance measures are straight-forward utilisation measures, the most basic measure available, leaving open questions regarding cost-benefit or satisfaction with quality. Most readers of the draft budget would not know who CALD people are (see p.37)

It is difficult to suggest a meaningful performance measure for economic development as most economic activity occurs independently of council officers' efforts, though they may be able to provide helpful information. Change in the number of ABNs is almost meaningless as a measure of economic activity. Promotion of township business centres, and exploration of gaps in retail and professional services provision might be of some benefit.

"Successful prosecution" as a performance measure for local laws and food safety may in fact be a measure of lack of success in educating /encouraging people to do the right thing re food preparation and storage or pet registration.

Most people want the council to deliver basic services such as infrastructure renewal, sustainable waste management, streetscape planning and maintenance, children and aged services, and disability access well and efficiently. They want officers responsible for planning and regulation to carry out their responsibilities conscientiously, courteously and without undue delays. Everyone values programs such as the community grants allocations that allow community recreation and cultural groups to receive financial assistance while contributing their own financial, skills and labour resources towards the project.

People want to be able to find out information without being passed from a receptionist to some-one else who may or may not be "at his/her desk", so a better website will be welcome.

However, most people would be sceptical about the need for council officers to spend ~~valuable~~ time and resources trying to organise volunteer committee members into networks, or expecting them to plough through unduly detailed and airy-fairy application documentation for community grants, or to plough through pages and pages of strategies and studies that put forward high-sounding principles in order for their comments or submissions to be considered worthy of attention.

Too much paper warfare and too much council PR just tends to make community members sceptical while becoming convinced there definitely is room to trim staff numbers.

**C.5 S223 #5 PUBLIC CONSULTATION ON THE BUDGET, RATE RISE
CAPITAL EXPENDITURE, STAFF COSTS, COUNCIL
SERVICES/FACILITIES REVENUE/PRODUCTIVITY AND VACANT LAND
DIFFERENTIAL**

Name of Submitter: Vince Morfuni

Date submission received: 29 April 2015 **Wish to speak:** Yes

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Public consultation on the Budget, Rate rise, Capital expenditure, Staff costs, Council services/facilities, Revenue/productivity and Vacant land differential.

DISCUSSION

Public consultation on the Budget

The Council has undertaken an extensive community engagement program to inform the 2015-2016 Budget. This program commenced in October 2014. The formal S223 public consultation phase is the final component of this engagement program.

Council is required under Section 223 of the *Local Government Act 1989*, to give 28 days notice of its intention to adopt the Proposed Budget and make the Proposed Budget available for inspection at its offices. A person has the right to make a written submission on any proposal contained in the Proposed Budget and any written submission must be considered before the adoption of the Budget. The Proposed Budget was adopted on 25 March and the submission period closed on 29 April.

This year Council has also separated the Hearing of submissions from the Special Meeting of Council where they will be considered and decided. This has provided a further three weeks for Council to deliberate further on the final Budget requirements.

Prior to this final stage, Council implemented an extensive community engagement program to inform the draft Budget. These included three on-line community engagement activities, two community workshops, a public

presentation sessions and meetings with community members that championed the highest ranking community ideas. Community involvement through each of these activities was sought to provide input into the draft Budget prior to its endorsement.

Further, since the Proposed Budget was endorsed Council has held a Community Question and Answer session and informal on-line engagement activity to allow general responses on the Proposed Budget. Council will receive the informal comments made along with the formal submissions for consideration, as the Budget is finalised.

As background information for the submitter, the first on-line forum ran between 27 October and 14 November 2014. The question Council asked the community was: "What would be your priorities if you were developing the Council Budget 2015-2016?" 765 participants submitted 98 ideas, cast 4,223 votes and provided 336 supporting comments. Three quarters of the ideas were requesting new or expanded services for consideration in the budget, the remaining quarter were either cost neutral or seeking budget cuts. A number of these were for advocacy requests that would not specifically impact the budget.

The two Community Workshops held at Meenyan on 25 November 2014 involved 51 participants. The top 5 priority ideas raised through the on-line engagement were discussed in detail. Opportunity was provided for other topics to be raised for Council's consideration.

The second on-line forum ran from 25 February to 9 March 2015. This forum had two parts. The first part involved a five question survey asking participants to prioritise the main functions of Council in order of importance. 165 people participated in the survey, with 1 being Most Important and 5 being Least Important. The table below shows the results of the on-line survey.

The following table sets out the **overall results** of the 165 participants for comparison.

OurSay Survey – Overall Results	
Priority Order	Functional Area
1 (Highest)	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	Providing for the good planning and orderly development of the Shire
4	Promoting tourism and the economic and employment development of the Shire
5 (Lowest)	Provision of a smaller number of basic services and a greater reduction of rates

The results for 'Most important' function only for the OurSay survey were as follows:

OurSay Survey – 'Most Important' (Priority One Only) Results		
Priority Order	Percentage score	Functional Area
1 (Highest)	30.82%	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	26.28%	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	18.18%	Provision of a smaller number of basic services and a greater reduction of rates
4	15.33%	Providing for the good planning and orderly development of the Shire
5 (Lowest)	13.82%	Promoting tourism and the economic and employment development of the Shire

Council also included a single question in the Local Government Community Satisfaction Survey for South Gippsland Shire Council. This survey was conducted by the State Government and is a demographically sound survey of around 400 residents. It was conducted around the same time (February 2015) as the OurSay survey. The survey question was:

Local Government Community Satisfaction Survey	
'In your opinion, which ONE of the following five key Council functions is the MOST important to your family?'	
	Promoting tourism and the economic and employment development of the Shire
	Providing for the good planning and orderly development of the Shire
	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
	Provision of a smaller number of basic services and a greater reduction of rates

The survey results were as follows:

Local Government Community Satisfaction Survey Results		
Priority Order	Percentage score	Functional Area
1 (Highest)	43%	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	22%	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	14%	Providing for the good planning and orderly development of the Shire
4	9%	Provision of a smaller number of basic services and a greater reduction of rates
5 (Lowest)	8%	Promoting tourism and the economic and employment development of the Shire

There is a reasonably close correlation between the two survey results. The demographically sound survey increased the percentage gap between the provision of Infrastructure and Community Services from the provision of Basic Services/Greater Rate Reduction and Promotion of Tourism/Economic Development.

Both survey results reinforce that the majority of these community members consider the provision of the broader range of infrastructure and community services is more important to them than the provision of a smaller number of basic services and a greater reduction of rates.

Rate rise,

The 2015-2016 Proposed Budget states that the general rate for 2015/16 will increase by 4.9%. The waste services charges for garbage collection and recycling will increase by 2.0% plus an additional \$78 for those receiving the new green waste service/charge.

The Victorian State Government has announced that local government rates will be capped from 2016/17. The rate rises in the forward years have been set at 3.0% from 2016/17 to 2022/23 and thereafter at 4.0%.

The financial modelling used for other income and expenditure items in the Long Term Financial Plan utilises both Commsec and the Reserve Bank's economic forecasts.

The Reserve Bank of Australia target rate for inflation (as measured in the CPI), is that it remains between 2% and 3%.

CommSec forecasts that inflation will be 2.8% for 2015/16, increasing in the following financial year to 3.1%.

Where an inflation movement has been used in material and consumable calculations, it has been modelled at being 2.5% in 2015/16. In the following years, the default inflation index in the Long Term Financial Plan has been modelled to remain at 2.5% per annum.

Commsec Wages Prices Index project a 3.0% movement to occur in 2015/16 and then to increase to 3.1% in following years. Council is party to Enterprise Agreement that remains in force until June 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

The employee costs for 2015/16 have been adjusted to take into account the 4.0% Enterprise Agreement wage movement and banding movements. Employee Enterprise Agreement cost increments have been set at 2.85% from 2016/17 to 2019/20 and 3.00% from 2020/21 onwards. It also has factored in the increase in superannuation contributions from 9.5% to 10.0% to occur in 2021/22 and then to increase by 0.5% each year thereafter until it reaches 12.0% in 2025/26.

Program service delivery areas that include construction type projects will have a tendency to have costs that increase more than CPI. The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria was an average of 3.6% for the five year period ending December 2014

The budgeting methodology used in the capital works program depends on the nature and timing of the projects. For the majority of infrastructure projects that occur yearly, such as roads, bridges culverts and drains, the costing in future years is based on an indexed increase of 3.80% per annum. The increase over and above the Road Bridge Construction Index allows for regional cost impacts of the closed quarry and creates a conservative buffer for the forward capital works program.

Capital Expenditure

An Annual Initiative in the 2014/15 Budget was to investigate the most appropriate land use/location for a Municipal Precinct to be undertaken that includes a Municipal office, Library, Council Chambers, community meeting places and other integrated community facilities.

The study will identify a preferred site for the Municipal Precinct including concept designs.

The implementation of the outcomes of the study will be a future decision of Council.

Many of the users of our community facilities are supportive of this project and are providing Council with valuable input into their future spatial needs. The business community have also indicated for many years for Council to do something about retail growth.

Council is planning now for future service delivery, bearing in mind changing demographics (ie. increased retirees and the services they will require), impacts of technology and improved shopping experiences.

The *Local Government Act 1989* stipulates Council's Strategic Resource Plan must take into account services or initiatives contained in any plan adopted by Council. It is considered better practice to include the costing of those initiatives in Council's Long Term Financial Plan (LTFP). The Strategic Resource Plan is a 4 year subset of the LTFP.

The provision of \$25m for 2022/23 does not have an impact on the rates and charges required in 2015/16. If the project was not included in the LTFP the rates and charges for 2015/16 would still remain the same. Council's underlying working capital ratio is forecast to be below its strategic target from 2016/17 to 2018/19. Proposed funding sources for the project include utilising general reserves, grant funds and borrowing \$16m.

The 15 year budget for outdoor pools allows for the following:

- The implementation of the Toora Master Plan.
- The implementation of the Poowong Master Plan.
- The refurbishment of the Mirboo North Pool.
- The refurbishment of the Korumburra Pool.
- The construction of a new plant room at Foster.

Once the above capital works are complete any other work required would be covered by programmed maintenance or break down maintenance.

The previous budget allowed for the renewal of all 5 outdoor pools which included new shells. The master plans have indicated that this is not required in the next 15 years. Therefore the \$9m has been deferred outside of the 15 year budget.

The Capital budgets are reviewed annually and if there is any requirement to adjust the 15 year budget this will be considered by Council annually.

Staff costs

The employee costs for 2015/16 have been adjusted to take into account the 4.0% Enterprise Agreement wage movement and banding movements. Employee Enterprise Agreement cost increments have been set at 2.85% from 2016/17 to 2019/20 and 3.00% from 2020/21 onwards.

Employee numbers respond to the service levels required by an individual Council to deliver what it has committed to provide for the community.

In making comparisons between Councils it is therefore important to understand the services being provided and just as importantly, recognise those which are not.

As an example some Councils do not directly provide Aged and Disability Services, which accounts for 25 Effective Full Time staff (EFT) at South Gippsland Shire Council. Some Councils outsource all of their Roads to Recovery program construction which accounts for an average of 3 EFT at South Gippsland on an annual basis.

Further, South Gippsland Shire Council is one of only a handful of Councils in Victoria who has its own Sealing Crew (currently 7 EFT), Amenities Cleaning Team (currently 4 EFT) and undertakes all/most capital works, construction, stabilising and sealing works in-house.

When considering staff/management figures it is also important to note that Council operates the Landfill Operations and Caravan Parks with in-house staff.

Comparing EFT and employee/management costs from one Council to another is not an appropriate reflection without a full understanding of the service provision offered. Contractor costs are not shown in Employee/Management costs. Without these figures included for comparison the true costs of service provisions are difficult to compare. Management costs for contractors form part of their contract costs.

Despite these differences in how many services are delivered, Council is seeking ways to continually improve its operating effectiveness and efficiency as part of an ongoing continuous improvement approach. This includes an ongoing review of the services required by Council to be delivered, how they are provided, and how Council arranges itself to achieve successful outcomes for the community.

Council services/facilities

The vast majority of services and programs that Council provides do not make a profit. All programs and services are provided for the benefit of the community in order to create an environment that meets the aspirations and needs within the Shire and creates an environment that is seen by people as being a desirable place to live and work. All community members would be disadvantaged if all services provided by Council that do not make a profit are cancelled.

Revenue/productivity

One of the greatest challenges Council faces is defining its service level requirements and funding them in a financially 'sustainable' and 'affordable' manner. Council has to be mindful of the preparedness and affordability of its ratepayers to pay rates and charges for a given level of services. This has been an ongoing challenge for some years, not only for South Gippsland, but the local government industry.

Council in 2013/14 established a Financial Sustainability Steering Committee that has undertaken Service Reviews for all Council departments. From this exercise it is now proceeding to implement a rolling program of detailed

service reviews. Any financial ramifications from these reviews will be updated into the Long Term Financial Plan.

Council in the 2014/15 year identified \$5.8m in savings across the Long term Financial Plan. It has factored in achieving another \$280k recurrent productivity savings target in the 2015/16 budget. Council has included an Annual Major Initiative under 'A Leading Organisation' in Section three of the Proposed Budget that further comments on Council's pursuit on ongoing productivity savings and ongoing reviews.

Council's efforts thus far has led to the 4.9% rate rise for 2015/16, which is 0.6% lower than what had been modelled for that year in the previous 2014/15 year's Long Term Financial Plan.

Vacant land differential

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven Community members and three Councillors. The committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the paper be released for public comment and considered feedback received.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. A letter was sent to every ratepayer encouraging them to read the Proposed Rating Strategy and make a submission if desired, as the changes may impact their rates. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the vacant, commercial, industrial and cultural & recreational differential rates and reducing the farm differential rate over two years. As a result the amount of rates and charges paid by some property owners have increased whilst other property owners have experienced a decrease. This impact will occur again this year with the final staged implementation of the Rating Strategy.

From an incentive principle perspective vacant land properties (which include Residential, Commercial and Industrial properties) differential rate was increased from 150% to 200% over two years. The high differential objective is to encourage vacant land owners to develop their properties.

Despite the increase in the differential rate from 150% to 200%, the lower valued vacant land properties would pay less rates due to the abolition of the Municipal Charge. 15% of the vacant land properties would receive a favourable financial outcome whilst 85% of the vacant land properties would

pay additional rates in varying degrees based on their valuation. The highest valued properties would receive a considerable increase in their tax burden.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Brunt

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED

For: Crs Fawcett, Kennedy, Brunt, Newton, Harding, Hutchinson-Brooks, Hill and Davies.

Against: Cr McEwen

Cr Fawcett left the Meeting at 1.36pm.

PUBLIC CONSULTATION ON THE BUDGET, RATE RISE CAPITAL EXPENDITURE, STAFF COSTS, COUNCIL SERVICES/FACILITIES REVENUE/PRODUCTIVITY AND VACANT LAND DIFFERENTIAL



South Gippsland Shire Council

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**Proposed 2015-2016
Annual Budget**

**Section 223
Formal Written
SUBMISSION**

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

NAME Vincent Morfuni

ADDRESS

EMAIL

PHONE

DATE 28 april 2015

SIGNATURE *Vincent A Morfuni*

Do you wish to speak to your submission at the Hearing on 20 May 2015: YES / NO

Submission title:

budget should amended so that rate rises are not more than 2.5%

Summary of Submission:

The first point I wish to make is that the process of putting the draft budget out for review is a sham. The reason it is a sham is because there is not sufficient time to meet the deadlines if council was really serious about taking opinions of ratepayers seriously and reworking the budget. This is evident from the decisions made



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relating to last years budget where most of the suggestions were rejected without any argument other than what was already stated in the budget papers.

Secondly the draft budget is based on a a CPI figure of 3% when the figure is less.No justification is provided for using the higher figure.

thirdly,the basis on which the budget is structured is false.There is an allowance for capital expenditure of \$18M in relation to the proposed new council office. There are no plans and there has not been any discussion of alternatives.Yet the provision of \$18M in the budget has the effect that amount of rates required THIS YEAR will be increased because of the need to ensure that the funds are in place if needed.

The capital expenditure for this year is stated to be \$17.09M.At the same time there is meant to be a \$9M reduction relating to the swimming pools capital expenditure.Where has the \$9M gone?

fourthly The administration costs are stated to be \$23.089M.The population of the shire is around 28000.The cost of management is greater than in other shires.this may be in part because the EBA requires a 4% increase in salaries when the average is well below that figure,but it is also because the management is simply top heavy.

Fifthly services that do not make a profit should be cancelled.Splash and Leongatha south sports pavilion are examples of this.

Sixthly,there is nothing in the draft budget that indicates that Council has taken action to put in place any action to ensure that revenue raising is increased in the future.The approach appears to be that the cost of services is calculated and then the rates are struck by calculating the level of payment required from ratepayers in



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order to meet those costs. There is nothing in the draft that requires productivity savings nor any strategy for containing costs in the future.

Seventh the differential between vacant land and other categories is too high and inequitable. There should be only one residential rate.

I would welcome the opportunity to speak to council.

Vincent A Morfani

C.6 S223 #6 GENERAL COMMENTS – RATES, STAFF COSTS, COUNCIL SERVICES

Name of Submitter: Ian Nicholas

Date submission received: 29 April 2015 Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

General comments – rate rises, staff costs, organisation restructure, Council should set the Budget and Council services/facilities.

DISCUSSION

Rate Rises

The Budget has been prepared in accordance the Local Government Act 1989 regulations and utilises sound principles of financial management along with key performance indicators to assess the financial integrity of the budgeted financial statements. The Executive Summary of the Budget incorporates a table applying these key performance indicators and provides an explanation of what each indicator measures. The Victorian Auditor General's Office audit's Council's financial performance to ensure legislative and fiscal management requirements are met.

The Council is mindful of both community concerns regarding rate rises and requests for increased levels of service provision. The community engagement opportunities Council implemented this year has provided an extensive level of Community information into the development of the 2015-2016 Budget.

The comments provided in this submission reflect the views shared by a portion of the community and these have been considered by Council. However a larger portion of the community has expressed requests for Council to provide a greater range of services. These conflicting community desires and expectations were identified in the first OurSay Forum and further expressed at the two Community Workshops.

Further, the second OurSay survey highlighted that the majority for those that participated rated infrastructure and community services as more important to them than the provision of basic core services and reduced rates.

Council also included a single question in the Local Government Community Satisfaction Survey for South Gippsland Shire Council. This survey was conducted by the State Government and is a demographically sound survey of around 400 residents. It was conducted around the same time (February 2015) as the OurSay survey.

The survey question was:

Local Government Community Satisfaction Survey	
'In your opinion, which ONE of the following five key Council functions is the MOST important to your family?'	
	Promoting tourism and the economic and employment development of the Shire
	Providing for the good planning and orderly development of the Shire
	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
	Provision of a smaller number of basic services and a greater reduction of rates

The survey results were as follows:

Local Government Community Satisfaction Survey Results		
Priority Order	Percentage score	Functional Area
1 (Highest)	43%	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	22%	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	14%	Providing for the good planning and orderly development of the Shire
4	9%	Provision of a smaller number of basic services and a greater reduction of rates
5 (Lowest)	8%	Promoting tourism and the economic and employment development of the Shire

There is a reasonably close correlation between the two survey results. The demographically sound survey increased the percentage gap between the provision of Infrastructure and Community Services from the provision of Basic Services/Greater Rate Reduction and Promotion of Tourism/Economic Development.

Addressing the tension between requests for increased services and requests to reduce rates is a constant challenge Council faces in many of the decisions made. Council has established the 2015-2016 Budget with a balance that includes a reduction to the rate rise for the next year and all future years, compared to the rate rises forecast in the 2014-2015 Budget, while also providing a number of the additional requests sought by the community.

Local Government does not have the same revenue raising abilities as other levels of government. As a result, Council is placed under pressure to raise rates to cover the costs of legislatively imposed and/or community driven increases to service levels. Income and expenditure for service delivery are monitored on a monthly basis and productivity savings through continuous improvement actions are captured to keep rates as low as practicable.

There will always be personal views that will vary from Council's considered decision.

Staff Costs and Organisation Restructure

At the time the proposed changes were announced, the EFT savings identified from the review amounted to 0.5 EFT. The review, by law, requires consultation with staff and affected unions, then consideration of alternatives presented by staff. The actual EFT changes will not be known until the completion of that process. In setting up the structure for the future, ongoing continuous improvement in processes, systems, and how work is organised, will all take place.

The restructure is not a cost cutting exercise, it is aimed at strategically positioning the organisation to take advantage of Council's changing operating environment. The new structure will be supported by further developing staff, embracing new technology, enhancing systems and processes to increase productivity and the effectiveness of Council's services.

The proposed structure will support the Chief Executive Officer in delivering greater operational value to the ratepayers and better support the Council in meeting community needs.

Council should set the Budget

The development of the 2015-2016 Budget and Long Term Financial Plan has been driven by Council. This has been demonstrated in the Councillors intensive review of numerous drafts of the budget, detailed discussions on the Capital Works Program, consideration of all the Fees and Charges and extensive deliberation on all community feedback and ideas that have been received.

Council has been involved in eighteen meetings/workshops totalling in excess of 62 hours that have been held since September 2014 as part of the Financial Sustainability Steering Committee. These have included:

- 3 September 2014 – Capital Works Program Review;
- 15 October 2014 - Strategic Financial Issues briefing session;
- 22 October 2014 - Capital Works Program Review;
- 29 October 2014 - Strategic Financial Issues briefing session;
- 5 November 2014 – New Initiatives briefing session;
- 19 November 2014 – Long Term Financial Strategies briefing session and all Community OurSay Initiatives submitted;
- 25 November 2014 – Community Workshops at Meeniyana to discuss community budget considerations and OurSay Top 5 priorities;
- 3 December 2014 – Council Briefing Draft Budget and consideration of Community OurSay Top 10 Priorities;
- 17 December 2014 – Financial Strategy adopted by Council and briefing to consider Community Workshop feedback;
- 20 January 2015 – Council review of the Council Plan directions, future two year outcomes and proposed annual initiatives for 2015-2016;
- 21 January 2015 - Council Workshop on the Draft Budget;
- 28 January 2015 – Briefing sessions with three of the Top 5 Our Say priority authors to discuss their proposals in detail;
- 4 February 2015 - Council Briefing Draft Budget;
- 11 February 2015 - Briefing sessions with two of the Top 5 Our Say priority authors and key advocates of the Rate Cut Priority to discuss their proposals in detail;
- 18 February 2015 - Council Briefing Draft Budget and Annual Initiatives, highlighting responses to community requests included;
- 4 March 2015 – Council Briefing on Proposed Budget Snapshot and Draft Budget;
- 11 March 2015 – Consideration of the survey results and ideas submitted in the second online 'OurSay' engagements;
- 18 March 2015 - Council Briefing Draft Budget and final review of the 2015-2016 Proposed Budget.

Further to these discussions Council implemented an extensive community engagement program to inform the Budget. These included three on-line community engagement activities and two community workshops to seek input into the Budget.

An open public participation 'Community Question and Answer on the Proposed Budget' session was also held on Wednesday 15 April 2015 at 1pm at the Council Chambers Leongatha. This opportunity allowed community members to ask questions on the Proposed Budget directly to Council.

The formal Section 223 Public Submission process has been the final component of the community engagement program. Council has increased the time between the hearing of submissions this year and the consideration/determination of the submissions to allow a reasonable amount of time to give the submissions due consideration.

Council Services

It is now several decades since Local Government was seen purely as a provider of the core services of 'roads, rates and rubbish'. Community expectations of Local Government to be a provider of a broad range of services, along with State and Federal Government legislation allocating Local Government as the authority responsible for the provision of many services, have both significantly shifted the role of local councils as providers of many services.

Council's community engagement program to inform the Budget highlighted in the first on-line forum involving 765 participants and 98 ideas, that three quarters of the ideas were requests for new or expanded services. The remaining quarter were either cost neutral or seeking budget cuts. A number of these were also for advocacy requests that would not specifically impact the budget.

The survey conducted as part of the second on-line forum asked participants to prioritise the main functions of Council in order of importance. 165 people participated in the survey, with 1 being Most Important and 5 being Least Important to them. The results are shown in the table below:

Priority Order	Functional Area
1 (Highest)	Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples
2	Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples
3	Providing for the good planning and orderly development of the Shire
4	Promoting tourism and the economic and employment development of the Shire
5 (Lowest)	Provision of a smaller number of basic services and a greater reduction of rates

The survey results from these participants reinforces that the majority of these community members consider the provision of the broader range of community services is more important to them than the provision of a smaller number of basic services and a greater reduction of rates.

The second part of the second forum was an open opportunity for participants to provide a general comment or idea. 68 people participated in this part. 24 ideas were presented, 287 votes cast and 41 comments provided. The key theme arising from this engagement was to encourage Council to pursue productivity improvements. Several additional requests for new or expanded services were raised, along with several ideas for raising revenue. A number of ideas were for advocacy requests.

Reviewing services and seeking to implement better processes both form part of Council's continuous improvement practices to find productivity savings and provide both efficient and effective services on behalf of the community. To this end productivity savings through improved practices have already been captured in the Budget, with more planned in the 2015-2016 Budget.

As outlined above addressing the tension between requests for increased services and requests to reduce rates is a constant challenge Council faces in many of the decisions made. Council has established the 2015-2016 Budget with a balance that includes a reduction to the rate rise for the next year and all future years, compared to the rate rises forecast in the 2014-2015 Budget, while also providing a number of the additional requests sought by the community.

Council plays a very active role in the review of services, the setting of Council's direction and in the establishment of the Annual Budget and the Long term Financial Plan.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Davies

SECONDED: Cr Hutchinson-Brooks

THAT COUNCIL:

- 1. RECEIVE AND NOTE THE SUBMISSION.**
- 2. NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
- 3. ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

Cr Fawcett returned to the Meeting at 1.37pm.

CARRIED UNANIMOUSLY

GENERAL COMMENTS – RATES, STAFF COSTS, COUNCIL SERVICES

**LGA S223 Submission
South Gippsland Shire Council
Proposed Budget 2015/2016**

I will commence by acknowledging the cooperation of the CEO, Mr Tamlin in making it possible to access Council's proposed budget in greater detail than what is routinely made available.

What were my motives for accessing this document? The ultimate aim was not to scrutinise Council's income and expenditure patterns for the purpose of negative point scoring. The rights of all ratepayers to receive what is essentially a "public document" must be acknowledged and Council must in the future make it known to the Community that documents in greater detail will be provided if requested.

With regard to the proposed budget, I genuinely believe that the proposed budget is fiscally irresponsible and fails to address underlying operational costs that have been allowed to continually increase for many years. As Australians we live in a very lucky Country where services to Communities are very well provided. The trouble with living in this type of environment is that Community expectations continually seem to be increasing. There will be many submissions made to this proposed budget that will be demanding increased or new funding for a great range of projects and services.

I have no issue with demands for increased or new funding for new projects or services, but to provide this, means that funding sources need to be identified. With, Government funding sources contracting, either Council needs to identify savings or increase funding from other sources that it has control over.

Hence, the continual unsustainable rate rises that have been levied on property owners since the rate freeze forced on newly amalgamated Councils in the mid 1990's.

Now, a new initiative is being forced upon Council's by the State Government. Rate capping.

So, with this new initiative looming over Local Government as a whole, you as Councillors need to make some very tough decisions about what services you are going to provide to be able to survive. Right now I will declare that I believe Local Government is doomed in its current form. It is not sustainable, the current structures of executive oversight give too much power to bureaucrats and almost pales Council into insignificance. You as Councillors must change this.

As most of you know, I was an employee of this Council for 21 years and I really do think I have enough knowledge to be able to understand the inner workings of Council bureaucracy. I can imagine what the response from the CEO would be if Council said "we want a leaner organisational structure at the upper levels of the organisation". In other words less management, and allow the staff to deliver efficient services without the bureaucrats.

The response from the CEO would be “The Local Government Act empowers the CEO to employ the level of staff he or she deems necessary to supply the services as determined by Council”. That statement is factually correct, but **who sets the budget??**

The big ticket item is the budget, **Council sets the budget**, and you as Councillors must take control. Instruct the CEO to make changes that will reduce expenditure and then just maybe there will be an opportunity to direct funding into Council’s core service areas.

Which are **Roads, Rates and Rubbish**. You as a Council **must get back to basics**.

Irrespective of what you believe our road infrastructure is falling apart, and road infrastructure services, especially over the last 2 years, are not being maintained at historic levels.

There are many services provided by Council, some are statutory, others are non-statutory. You as a Council must initiate a complete service review of all Council services to determine where savings could be made. Then again, a service review was listed in Council’s Community Plan in 2013/14. But this very important document was never brought before an open Council meeting. I wonder why?

With regard to the recent Council restructure, at a recent meeting with the CEO, I was given an opportunity to view the front page of the proposed new structure. Based on the information before me, I congratulated the CEO on his foresight in reducing the management burden.

The next day, I surprisingly received a full copy of the “Organisation Structure Review – Staff Information Pack” in my mail box. What an exercise in smoke and mirrors. This is a restructure that delivers very little if any savings to Council. I don’t know about you, but I think this is all about “bureaucracy gone mad”. The “Management Team” of Council has now been cut from 23 to 13. However, the new structure only delivers a reduction of 0.5 staff. Imagine, if staff levels had been decreased by 10, in excess of 1 million dollars in savings, 10 empty desks and no need for a 23 million dollar office.

So Council, you are our elected leaders, please take control of the destiny of this Council, please show leadership, and please make some tough decisions for the greater benefit of the Community.

If you continue on this path, I fear you will meet the same fate as Council’s in 1994 and Communities will be placed under the management of Commissioners.

The overall theme of this submission is that Council must take control and cut costs.

Yours sincerely

Ian Nicholas

[Redacted signature]

Ph:

Email:

I look forward to presenting this submission to Council.

C.7 S223 #7 CONCERN OF RECLASSIFICATION ON SMALL BUSINESS AND SOUTH GIPPSLAND TOURISM INDUSTRY

Name of Submitter: Prom Country Regional Tourism

Date submission received: 29 April 2015

Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Concern about the Australian Valuation Property Classification Codes reclassification of small business owners and the impacts on the South Gippsland Tourism Industry

DISCUSSION

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

All properties are allocated an Australian Valuation Property Classification Code (AVPCC code) as part of the valuation process. Valuation Best Practice guidelines specify that the Valuer must select one AVPCC code for each valuation. These codes are overseen and required to be approved by Valuer General Victoria (VGV) as part of the valuation

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and Valuer General Victoria regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these departments input and is sympathetic with concerns raised. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' that is subsequently reviewed and approved by VGV; and

- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayers can object to their AVPCC code pursuant to the provision in the Valuation of Land Act including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to Victorian Civil and Administrative Tribunal (VCAT).

Prom Country Regional Tourism is encouraged to work with Council's Economic Development Team to advocate for refinements to the Australian Property Valuation Classification Codes for tourism accommodation properties.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.
3. In the response letter, encourage Prom Country Tourism to work with Council's Economic Development Team to advocate for refinements to the Australian Property Valuation Classification Codes for tourism accommodation properties.

MOVED: Cr Davies

SECONDED: Cr Kennedy

THAT COUNCIL:

- 1. RECEIVE AND NOTE THE SUBMISSION.**
- 2. ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**
- 3. IN THE RESPONSE LETTER, ENCOURAGE PROM COUNTRY TOURISM TO WORK WITH COUNCIL'S ECONOMIC DEVELOPMENT TEAM TO ADVOCATE FOR REFINEMENTS TO THE AUSTRALIAN PROPERTY VALUATION CLASSIFICATION CODES FOR TOURISM ACCOMMODATION PROPERTIES.**

CARRIED UNANIMOUSLY

CONCERN OF RECLASSIFICATION OF SMALL BUSINESS AND SOUTH GIPPSLAND TOURISM INDUSTRY



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To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

Name: Prom Country Regional Tourism

Address: [REDACTED]

Email: [REDACTED]

Phone no: [REDACTED]

Date: Wednesday 29 April

Signature:

Do you wish to speak to your submission at the Hearing on 20 May 2015: YES

Submission title:

**'Classification changes and the impacts on small businesses and the
South Gippsland tourism industry'**

Summary of Submission:

Recent changes to the Australian Valuation Property Classification Code (AVPCC) will substantially impact a number of South Gippsland accommodation providers. Prom Country Regional Tourism (PCRT) is concerned about the financial implications of the change in classification and asserts that additional pressures placed on small accommodation providers may adversely affect future investment in South Gippsland and the viability of the tourism industry.

PCRT seek that Council reassess the classifications from a local level to help alleviate, or minimise, the financial impacts on small businesses.





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Background:

Changes to the Australian Valuation Property Classification Code (AVPCC) will impact a significant number of South Gippsland accommodation providers. Prior to the change most accommodation providers in South Gippsland were classed as 'Residential.' They will now be classed 'Commercial Business' under the amended classification.

Although the accommodation providers we spoke to agreed that they were "in business" there was also general consensus that the size of a 'Commercial Business' can vary substantially and that a 'one size fits all' approach is neither effective nor equitable. Many accommodation providers also questioned the change in classification, as they believe their property to be a home first and a business second.

Most bed & breakfast and cabin/cottage operators live on site and the owners' portion of the property often outweighs the guest/commercial portion of the property. This means that even though a commercial business is operating, the land use is primarily residential (similarly to a home-based business). And often, during the peak of winter, accommodation providers may have no guests at all. Considering cabin/cottage style product is a preferred accommodation type for Prom Country visitors, any financial impact on this market segment could have far reaching impacts on the future viability of the region's tourism industry.



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Expected Business Impacts:

The change in classification has a two-pronged effect for accommodation providers:

1. Fire Services Levy Increase

Most accommodation providers that PCRT spoke with indicated that they would experience an \$600 to \$1200 increase in the cost of their fire services levy charge.

2. Council Rate increase

Due to the change in classification, accommodation providers will receive an additional 5% increase on top of the expected 4.9% rate rise. The expected rate increase is believed to be on average \$700 to \$1000 per accommodation provider based on the feedback provided to PCRT from industry.

As the classification change was not anticipated, accommodation providers have not factored the rating increase into their proposed outgoing expenses for 2015/16. Although the increase might not (on paper) sound particularly large, sums of \$1800 or \$2000 are significant when operating a small business and it is likely that some operators will experience difficulties meeting payment deadlines.

To offset the increase a number of businesses indicated that they would, reluctantly, need to increase their room rates in an attempt to absorb the increase. This has negative connotations for the region and may impact future visitation.



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Formal Written
SUBMISSION**

Some businesses stated that they would be unable to increase room rates as they have contracts locked in with travel agents which require rates to be set well in advance.

Expected Regional Impacts:

Operators offering bed and breakfast or onsite cottage/cabin accommodation often state that they are subject to more fees and regulations than those operating holiday home businesses. The rating/fire services levy increase appears to support this assertion, as holiday homes are exempt from the change in classification on this occasion.

And indeed, it is difficult to deny that the financial demands on small businesses in South Gippsland (in this case bed and breakfast or onsite cottage/cabin accommodation providers) can be onerous and a possible deterrent to investment.

This may mean that, in time, the accommodation landscape in South Gippsland could change, as the incentive for people to invest or continue in bed and breakfast or cottage/cabin accommodation might decline, despite the existing and growing demand. (From Country Tourism Market Research Report, August 2010).

C.8 S223 #8 MUNICIPAL PRECINCT/INFRASTRUCTURE/WASTE

Name of Submitter: Paul Norton

Date submission received: 29 April 2015

Wish to speak: Yes

RESPONSIBLE DIRECTORATES

Corporate Services Directorate
Community Services Directorate
Development Services Directorate
Engineering Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

1. No mention of the Municipal Precinct Project in budget document under the Mayor's introduction
2. Objection to Funding a Municipal Precinct
3. Leongatha Rail Yards / CBD parking
4. Building on Steep Slopes
5. Waste Management

DISCUSSION

1. No mention of the Municipal Precinct in the Budget document under the Mayor's introduction

The Mayor's Introduction to the Budget is focused on initiatives that will either commence or be completed in 2015-2016. It also provides a high level coverage of the Capital Works Program with particular emphasis on the projects programmed for implementation in 2015-2016. Further, it outlines the Priority Projects that will form a major part of Council's advocacy efforts in the next financial year.

The Municipal Precinct Study currently underway forms part of the 2014-2015 Budget and the projected works for future funding of a Municipal Precinct are placed in later years of the Long Term Financial Plan. As a

result, there has been no specific reason to highlight it in the Mayor's Introduction as it is not a 2015-2016 Initiative, Capital Works Project or current Priority Project.

2. Objection to Funding a Municipal Precinct (Attachment 1)

An Annual Initiative in the 2014/15 Budget was to investigate the most appropriate land use/location for a Municipal Precinct to be undertaken that includes a Municipal office, Library, Council Chambers, community meeting places and other integrated community facilities.

The study will identify a preferred site for the Municipal Precinct including concept designs.

The implementation of the outcomes of the study will be a future decision of Council.

Many of the users of our community facilities are supportive of this project and are providing Council with valuable input into their future spatial needs. The business community have also indicated for many years for Council to do something about retail growth.

Council is planning now for future service delivery, bearing in mind changing demographics (ie. increased retirees and the services they will require), impacts of technology and improved shopping experiences.

3. Building on steep slopes

This project seeks to address issues separate to those identified in the Infrastructure Design Manual (IDM). This project will provide local planning policy for the construction of dwellings on steep land to ensure orderly planning outcomes. This project will also review the application of Environmental Significance Overlay 5 (ESO5) – Land Subject to Erosion and remove it from land where it is inappropriately applied. This may remove the requirement for a planning permit in some instances where the ESO5 is the only permit trigger.

4. Leongatha Rail Yards / CBD Parking

The Leongatha Parking Strategy was gazetted into the South Gippsland Planning Scheme in February 2014. This strategy identifies that current car parking provision in Leongatha's CBD is adequate. The strategy also includes a contribution scheme designed to off-set the costs of providing future car parking. Council has previously made enquiries to VicTrack about the availability of the rail yards land and is engaged with VicTrack on the long term future of the land.

5. Waste Management (Attachment 2)

The rate of filling at the Koonwarra Landfill has decreased since the service was brought in-house. The approved landfill airspace at the

Koonwarra Landfill is forecast to last until 2028. An extension to the site is subject to EPA approval. Currently cell 3 of 5 is being filled. This cell is due to reach capacity mid-2016.

Bringing landfill operations in-house has provided cost savings to Council. Increased costs associated with constructing and rehabilitating the landfill and Landfill Levy are due to changes to EPA requirements. These costs would have been encountered regardless of whether the service was performed in-house or contracted out.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. No changes be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Brunt

SECONDED: Cr Kennedy

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NO CHANGES BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

MUNICIPAL PRECINCT/INFRASTRUCTURE/WASTE

Transcribed from submission

There is no report in the Mayors introduction at page 5 as of the “new” municipal precinct.

Refer also to at the Major initiatives building on the slopes section 2 page 25.

Council already has what Council believes is a clearly defined as of the Federal Disability Discrimination Act as stated on Council Minutes page 105 of 18 April 2014 of Council Infrastructure Design Manual 17 March 2014 so question why be “we” want to change something that Council at this time are “happy” with?

As of section 7-1-3 Infrastructure \$11.14m pages 73-74 no project figures are given for car park at Leongatha Rail Yards as of minutes page 113 of 22 April 2015. Seemly unlike Council.

Myself and perhaps others believe car parking in Leongatha CBD is an issue and as the Leongatha Rail Yards has been a very long issue for Council.

Also unlike Council whom seemly believe that the new Bair Street will be as “manna from heaven” myself I am not convinced that the Leongatha Rail Yards should have been a big enough issue to at least put some monies on budget to get it started. Question Why not?

Attachment 1 is also a question. Attachment 2 is also a question.

I will be seeking to endeavour to speak at the open hearing Council Chambers Wed 20 May, 12.30pm

Paul Norton
Phone: 5662 3275
Norton Road, Leongatha South 3953

Attachment 1

As of the above, page 105, as of reality Council has not yet “find” as of tender process land to even consider building the above Municipal Precinct its if it may in fact unlikely that any precinct Councillors may still be Councillors in 7 years.

I don't believe that at this stage “we” should be concerned with “this “Municipal Precinct”.

Attachment 2

Page 3 from budget

I believe that most cell are now full and costs are greater than as was forecasted then as stated when Council took over the tip from whom ever after claims and counter claims of legal action and lockouts etc.

Are figures available as to the others and new costings and also the time frame of the projected life of the tip?

ORIGINAL SUBMISSION ON FOLLOWING PAGES

Submission
Proposed 2015-2016
Annual Budget

There is no report in Mayor
introduction as page 5 as of
the ~~the~~ "New" Municipal President
Refer also to at

The Mayor initiatives Building
on They Gages Section 2 Page 25
Council already has what
council believes is a Yearly
defined as of the ~~the~~ ^{the} Disability
Discrimination Act as stated
on council minutes Page 105 of
18 April 2014 of council infract
structure Design Manual. 17
March 2010 so
Question why be "we" want
1 of 5

to change some thing &
that council at this time are
"flappy" with

As of section 7-1-3 infrast
ructure (\$11.14 M) pages 73-74

no project figures are given
for car parks at Leongatha

Rail yards as of minutes

Page 113 of 22 April 2015

As car parks unlike council
~~was~~ I don't unlike council

myself and perhaps others believe

car parking in Leongatha CDA

is a issue and as the Leongatha

Rail yards has been a very

long issue for council

2 of 5

Also unlike council whom
seemly believe that the new
Baird will be as "kicker from
Heaven" my self I am not
convinced that the Leongatha
Railyards should have been
a big enough issue to at
least get some monies on
Budget to get it started
Question Why not

AT1 is also a question
AT2 is also a question

I will be ~~not~~ seeking to
~~see to an~~ endeavour to
speak at the Open hearing
council Chambers Wed 20 May
12-30 PM

PAUL NORTON PH [REDACTED]

29 April 2015

3045

a favourable actual outcome...
achieved by applying capital income from the sale of...
a financial outcomes achieved against long term debt.
borrowed funds in 2013/14 to pay the unfunded superannuation obligations of
In 2014/15 Council will convert its borrowing into a 5 year bond which will make
ity non-current for a number of years.
will also borrow \$16m in 2022/23 to provide a funding source for the \$24.98m
ial precinct, library and community centre project.

of) of the above as of page 105
cts of reality council has not
yet "hard" as of tender process
land to even consider building
a the above municipal precinct
cts it may in fact unlikely
that any present councillors
may still be councillors in 9 years
I don't believe that at this
stage "We" should be concerned
with "this" Municipal Precinct
Precedent.

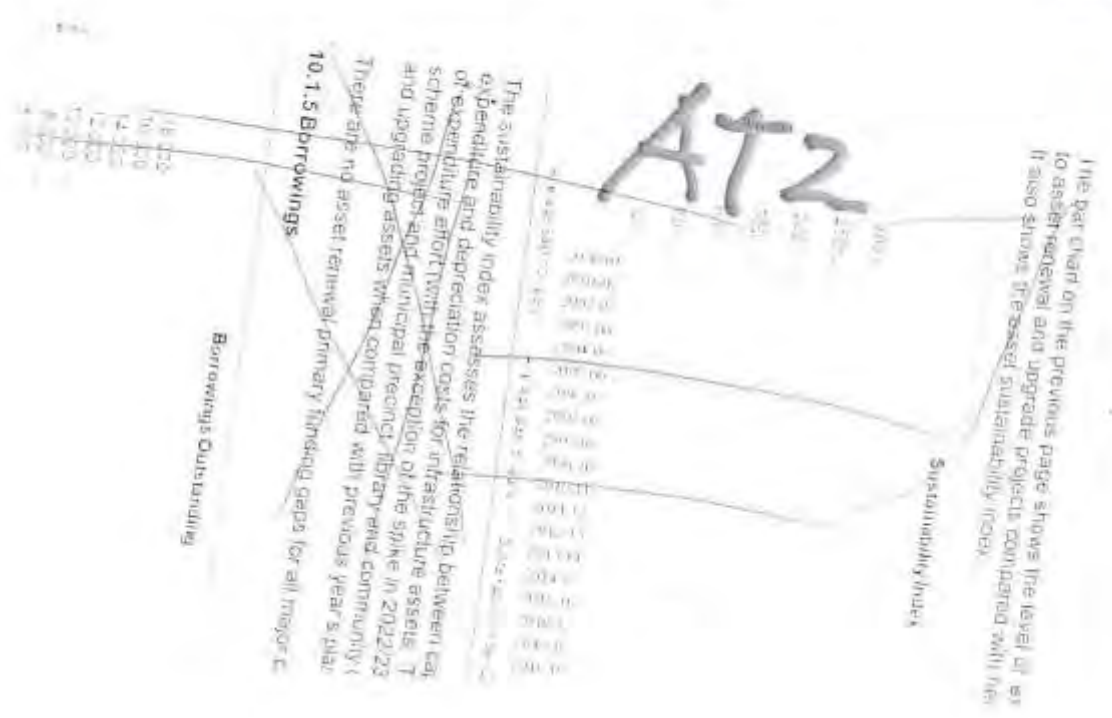
105

ATI

Page 3 of 3 from Council
 The Council has been advised that the new waste management plan is more forward looking than the previous plan as it takes into account the future costs of the waste management system and the impact of the proposed landfill on the environment.

For the 2015/16 year, \$1.90m will be expended on Waste Management projects. The projects include Construction of Cell 4 - Stage 1 Koonwarra Landfill (\$1.81m), Drainage Rehabilitation Cell 3 Koonwarra Landfill (\$65,000) and Leachate Evaporation System Koonwarra (\$20,000).

For the 2015/16 year, \$481,000 will be expended on Other Infrastructure projects. The projects include Splash Hydro Therapy Pool & Gymnasium, Leongatha (\$70,000); Long Jetty - playground replacement (\$64,000); Yahakie - playground replacement (\$54,000); Apex Park, Korumburra (\$35,000); Baromi Park, Mirboo North (\$22,000); Community Infrastructure projects (\$50,000); Jupiter Boulevard Park, Venue Pool (\$20,000); Korumburra Swimming Pool (\$20,000).



C.9 S223 #9 – REQUEST FOR CULVERTS MARKLEYS ROAD MIRBOO NORTH

Name of Submitter: Rodger & Claire Davis

Date submission received: 27 April 2015 Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request for culverts in Markleys Road, Mirboo North

DISCUSSION

Council completed the floodway design at this location approximately 3 years ago when the floods occurred across South Gippsland, with the intention of seeking funding from the Federal Government.

The design included raising the existing road at the low point by 160mm, sealing the surface, construction of concrete edge strips and beaching of the batters to protect the road from damage during future flooding.

The estimated cost to do the work cost at that time was approximately \$70,000 (current cost would be around \$80,000 with escalation).

The Federal Government offered grants as part of the Natural Disaster Funding Assistance Program for 'Betterment Works' in response to that flooding to assist local government agencies.

Unfortunately the Betterment Works Program ceased in 2013 and Council did not receive these anticipated funds to carry out the works.

These proposed works about the bridge over the Tarwin River West branch which is 700mm higher than the low point in the existing road. To raise the grade line to match this level would cost more than three times the cost of the proposed solution. If flood markers were installed, the proposed works, being 540mm below the level of the existing bridge, plus an all-weather surface would provide an improved level of service for emergency vehicles during a flood event.

Council has in the past considered undertaking these works as part of its Capital Works Program but when considered against other competing projects, the project does not rank as a high priority and therefore is not currently planned to be undertaken in the near future. Notwithstanding this, Council could choose to make an appropriate allocation in a future budget.

The works at the unnamed public road were due to a collapsed culvert that occurred in the March 2011 storm event. This was paid through the Natural Disaster Relief Fund.

Drainage and Flood Prevention Program

The Engineering and Assets Department have since revisited the floodway design at Markleys Road, Mirboo North and believe it is not the most appropriate solution in the event of a flood as this will not allow for all weather access.

Council will develop a criticality table to list all properties where access is restricted due to flooding. The criticality table will allow Council to investigate, scope and cost projects identified within this program. This will then allow Council to prioritise all the projects identified within this program and give a priority ranking for these projects.

Once the investigative works are complete and works prioritised, the next stage will then be to forward the Drainage and Flood Prevention Program to Council for their consideration with regards to funding for the 2016/17 financial year. This will occur during the 2016/17 budget process.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
 2. Note that no change be made to the budget.
 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.
 4. Write to the submitters once the drainage and flood prevention criticality table is complete and advise them where the Markleys road, Mirboo North all weather access project is ranked against all other projects within this program.
-

MOVED: Cr Hutchinson-Brooks

SECONDED: Cr Hill

THAT COUNCIL:

- 1. RECEIVE AND NOTE THE SUBMISSION.**
- 2. NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
- 3. ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**
- 4. WRITE TO THE SUBMITTERS ONCE THE DRAINAGE AND FLOOD PREVENTION CRITICALITY TABLE IS COMPLETE AND ADVISE THEM WHERE THE MARKLEYS ROAD, MIRBOO NORTH ALL WEATHER ACCESS PROJECT IS RANKED AGAINST ALL OTHER PROJECTS WITHIN THIS PROGRAM.**

CARRIED UNANIMOUSLY

REQUEST FOR CULVERTS IN MARKLEYS ROAD MIRBOO NORTH

BUDGET SUBMISSION – 2015/16

We are submitting a budget submission to have culverts put in Markleys Road, Mirboo North, before the bridge which crosses the West Branch of the Tarwin River as the road is lower than the bridge and over the last five (5) years the road has been flooded many times **not allowing access to four (possibly) five properties** and as Markleys Road is a **no through road** there is no other access to the properties.

Our concern is that emergency vehicles cannot obtain access through Markleys Road 365 days a year due to flooding of the road.

The section of road which floods every time we get heavy rain (not necessarily at these properties but further upstream) does not necessarily mean that the rest of the South Gippsland Shire is in flood **itself**.

When we purchased the property in in 1986 Markleys Road was lucky to flood once a year but drained very quickly.

Over the last five years (since March 2010) the water table has changed – highlighted by the fact that two properties alongside the river had grazing paddocks up until March 2010 but now the fence between those properties **HAS NOT BEEN OUT OF WATER SINCE** which means the water table has risen and that Markleys Road is flooded many more times a year and the flooding lasts longer.

When David Lewis was a Councillor we approached him and he came and checked the road and acknowledged there was a problem and it would be put to Council to have it rectified. Since David Lewis retired from the South Gippsland Council our requests/complaints seem to have fallen on deaf ears. We have contacted the Shire Engineer many times but still no satisfactory answer to the problem.

In the Spring issue 2013 of 'South Gippsland Matters' it was stated in the glossy brochure that the culvert in Markleys Road had been completed. The Shire, in their wisdom, forgot to mention that the culvert in question was fixed at **120 Markleys Road which people had assumed was a private driveway as there are closed double gates across the entrance** whereas, in fact, it is noted as a **public road** but people do not have access to this.

The Shire, in unexplained wisdom, replaced a 300mm culvert with 2.1 metre culvert pipes and eight (8) truck loads of concrete and other works – the area now resembles a beautiful picnic area (but no tables, chairs or bbq) at we believe a cost of over \$148,000 which only services the one property. (We have been told that this was provided by a Government grant but only services one property.)

When Markleys Road next floods (and it will with heavy rain) the money, work and time spent does not make this property accessible to the occupiers as

they will be in the same situation as all the other properties on Markleys Road (remember there are 4 to 5 properties involved).

What is South Gippsland Shire going to do is there is a medical emergency and delay to any of these properties is caused by the flooding of Markleys Road.

Would it not have been better to spend \$70,000 to enable 365 days a year access to four or five properties than the amount spent on the one property which still does not give that property access when Markleys Road floods.

As the culvert works at 120 Markleys Road is (we are told) on a public road we will take photographs of the flooding on Markleys Road and also photograph the work at 120 Markleys Road as we are sure the ratepayers of South Gippsland Shire would be interested to know how the minds of the Shire Council work with regard to the spending of our rates.

Regards,

Rodger and Claire Davis



C.10 S223 #10 OBJECTION OF CLASSIFICATION OF PROPERTY UNDER 20 HECTARES

Name of Submitter: Frank and Claire Oostermeyer

Date submission received: 19 April 2015

Wish to speak: Yes

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Objection regarding the Australian Valuation Property Classification Codes (AVPCC) classification applied to this ratepayer's property under 20 hectares and a request for the land to be reclassified from the general residential to farm rate.

DISCUSSION

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven Community members and three Councillors. The Steering Committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the paper be released for public comment and considered feedback received.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

The adopted Rating Strategy 2014-2018 articulates that the Australian Valuation Property Classification Codes (AVPCC) will be used as the basis for determining classifications of properties for Council rating purposes. These codes are used by the State Government for the Fire Services Levy. It was considered a logical alignment for Council to use the same classifications for rating purposes, as Council has legislative responsibilities for collecting the Fire Services Levy.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes

include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the vacant, commercial, industrial and cultural & recreational differential rates and reducing the farm differential rate over two years. As a result the amount of rates and charges paid by some property owners have increased whilst other property owners have experience a decrease.

- Farming is considered to be a key industry and it is appropriate to provide some incentive to encourage farmers by moderating the rate impact. The farming category is also one of the categories significantly impacted by the removal of the municipal charge. Decreasing the differential rate from 90% to 70% provides some rate relief to farmers after taking into consideration the property wealth, capacity to pay and incentive principles.
- It was considered that the reduced differential farm rate should only be applicable to genuine farming operations as distinct from hobby or rural lifestyle properties. The definition of Farm Land for differential rating purposes was modified so that rural lifestyle properties are no longer defined as Farm land for differential rating purposes.

Twenty hectares of land was established as the base. It is understood that smaller properties may have some farming attributes, however for properties to be classified as substantive farming enterprises they needed to meet the AVPCC codes 500-583 and have a total area exceeding 20 hectares.

Unfortunately the Oostermeyer's property falls just below the 20 hectare threshold and the AVPCC codes applicable to land under 20 hectares does not cover their situation to be classified as a farm. Council reviewed other situations arising from the Rating Strategy similar to this case and indicated that the adopted Rating Strategy requirements should remain in place.

Council was aware that in setting the 20 hectare base for the Farm differential, that there would be ratepayers impacted by this change. While Council is sympathetic to ratepayers in this situation, decisions need to be made in line with Council's adopted policy direction. As a consequence, the AVPCC codes for this property require the General Residential rate to remain in place. If the land owner can demonstrate application to one of the relevant AVPCC codes for farm land under 20 hectares, then the classification can be reconsidered.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Hill

SECONDED: Cr McEwen

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **DETERMINE THAT AN ADDITIONAL SECTION BE INCLUDED IN THE 2015-2016 BUDGET TO APPENDIX B – RATES AND CHARGES – FARM LAND AND THE AUSTRALIAN VALUATION PROPERTY CLASSIFICATION CODE (AVPCC), TO BE WORDED AS FOLLOWS:**

OR

**HAS A TOTAL AREA OF BETWEEN 18.30 AND 20 HECTARES AND
–**

(a) IS USED PREDOMINANTLY FOR FARMING PURPOSES;

AND

(b) IF THERE IS A DWELLING SITUATED ON THE LAND, OR A CURRENT PLANNING PERMIT FOR CONSTRUCTION OF A DWELLING ON THE LAND, AND HAS APPLIED TO IT AN AVPCC CODE WITHIN THE FOLLOWING RANGE:

AVPCC 117;

3. **AMEND THE 2014-2018 RATING STRATEGY SECTION RELATING TO THE FARMING PROPERTIES CATEGORY – REVIEW OF DEFINITION ACCORDINGLY.**
4. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASONS FOR THE DECISION.**

5. NOTIFY OTHER APPLICABLE LAND OWNERS IN THE PROPERTY RANGE OF 18.30 AND 20 HECTARES OF THE CHANGE TO THE FARM LAND CLASSIFICATION FOR RATING PURPOSES.

MOVED: Cr McEwen

SECONDED: Cr Newton

THAT COUNCIL SUSPEND STANDING ORDERS.

CARRIED UNANIMOUSLY

Discussion ensued.

MOVED: Cr Newton

SECONDED: Cr Kennedy

THAT COUNCIL RESUME STANDING ORDERS.

CARRIED UNANIMOUSLY

CARRIED

For: Crs Hill, McEwen, Harding, Newton and Kennedy.

Against: Crs Davies, Hutchinson-Brooks, Brunt and Fawcett.

OBJECTION TO CLASSIFICATION OF PROPERTY UNDER 20 HECTARES

Email forwarded from Mr & Mrs Oostermeyer to Council Sunday 19 April 2015 12:55pm

**Chief Executive Officer
South Gippsland Shire Council
9 Smith Street,
Leongatha, VIC 3953**

Please see below my submission to the Budget: how the decisions of council have/will affected my wife, myself and countless other owners of properties that fall just short of the 20 hectare rule or small farm holdings.

My wife and I left Melbourne to live in the country shortly after I had a health scare, this led to our decision to retire from the workforce and private enterprise and relocate from Melbourne to Dollar.

We purchased the property at [REDACTED] in an attempt to live a quality existence. We knew that living in a rural environment would have its challenges, we accepted that and looked forward to a new healthy and peaceful existence working hard and enjoying a country way of life.

As our house was too small to accommodate our children and grandchildren on school holidays and casual stop-overs Claire and I decided to extend our home (as Owner builders) to accommodate the family stay-overs. We finished the extension in 2011 all subject to relevant statute requirements.

Our property is a farm rearing cows and calves. As a farming business we conduct the following:

- We have the farm registered for GST
 - The farm is registered as a business by the ATO. An income tax return is submitted each year in addition to our personal income tax returns.
 - We complete the quarterly BAS
 - This property can run between 25-30 cows with calves
 - We sell calves as vealers yearly
 - We cut, rake, bale and store hay
 - We exercise stringent weed control on our property and road verges.
 - We attend to the health needs of our animals.
 - We are required to complete farming and property surveys from various government instrumentalities including the CSIRO
 - We own and maintain the necessary plant and equipment to run our property as a farm
 - We maintain our section of road verge removing weeds, mowing the grass edges and removing rubbish left by passing motorists.
 - There are properties that fall outside the 50 acre criteria that do none of the toil of running a farm but due to their size are rated as farms. This is extremely UNFAIR. Our farm is not a lifestyle property it is a working farm demanding due care and management with plenty of manual labour.
-

The issue of paying rates is well understood, we must pull our weight and pay our share. However when the payment of rates becomes a burden, it is time to ask the question; “are the rates that our property attracts FAIR”. The answer to this question is NO our property is over rated for the following reasons:

- This property cannot in all conscience be rated as Residential/General just because it fails to meet the 20 hectare criteria.
- This property lies in farming zone.
- This property is situated 26 KMs from Leongatha, on a winding dusty corrugated road maintained by council.
- The road outside the property is unsealed, no kerbing or channelling, no footpaths, no lighting but plenty of potholes and corrugations.
- This property does not receive any services, we are lucky if we get our dirt road graded, and when graded it has never been to a satisfactory standard.
- We maintain our road verges clearing debris from passing vehicles (shooters/tourists), mowing and controlling weeds, removing fallen trees.

It seems from reading the rating strategy documents that the appropriate code that allows for a mixed farm operation such as ours has been left out from the choices that rating officers have in allocating a code to a property.

Codes 510 to 539 should be included as they cover the farm type properties that could exist at the upper end of the 2 to 20 hectare sizes properties.

They are

510 cropping

530 sheep/cattle farming with appropriate infrastructure in place

I understand that many grey areas will exist within rules and appreciate that it is the officer’s final determination that applies-however, if the officers are unable to select an appropriate code because the code is not included then unintended outcomes will ensue.

I also feel a clause relating to the dwelling being secondary to the agricultural use is appropriate, such a clause is well known in the planning scheme.

2.1.1.2. Has a total area of between 2 and 20 hectares and –

(a) is used predominantly for farming purposes;

AND

(b) if there is a dwelling situated on the land, or a current planning permit for construction of a dwelling on the land, ***the dwelling must be secondary to the agricultural use of the land and not the primary use of the land***, and has applied to it an AVPCC code within the following range:

AVPCC 510–583;

OR

(c) if there is no dwelling situated on the land, and no current planning permit for construction of a dwelling on the land, has applied to it an AVPCC code within the following range:

AVPCC 500–583;

Frank and Claire Oostermeyer


C.11 S223 #11 SEALING OF HENRYS ROAD

Name of Submitter: Tricia Fleming

Date submission received: 29 April 2015 **Wish to speak:** No

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request to seal Henrys Road, Loch as opposed to North Poowong Road, Poowong.

DISCUSSION

North Poowong Road

North Poowong Road, Poowong has been included in the Capital Works Program because the 24 hour counts for the section to be sealed range from 125 - 140 vehicles per day (vpd) for counts taken over the past 10 years.

The average percentage of commercial vehicles range from 15% - 22% with the most recent count (mid 2014) showing a 7.3% average for heavy commercial vehicles and up to a maximum of 53 B-doubles in one day.

The 124 - 140 vpd is close to Council's trigger in the Road Infrastructure Asset Management Plan Service Statement for "Unsealed Roads – Rural Gravel to Seal Program" which is 150 vpd. However, the high percentage of commercial vehicles and in particular the high heavy commercial vehicle counts including B-doubles strengthens the case for sealing this section of road. These high commercial vehicle counts are contributed to by the quarantine farm along North Poowong Road.

The heavy commercial vehicles have contributed to very high maintenance costs for this section of road. The road has been re-sheeted on average every 4 years. This is 3 times the normal frequency for a re-sheet.

The road is currently accessible to General Access vehicles up to 19m B-doubles. Widening and sealing this section will enable access for 25m B-doubles and is consistent with the National Heavy Vehicle Regulator's aim to

facilitate the efficient movement of freight to and from local industries (referred to as the “last mile”). It is noted that a 3.6 km section of North Poowong Road is sealed from Drouin - Korumburra Road and this project will complete a gap in the sealed network to Mount Lyall Road, Nyora.

Henrys Road, Nyora

The rural section of Henrys Road has 24 hour counts between 73 - 94 vpd with the percentage of commercial vehicles typically in the range of 4 - 15%. There have been no heavy commercial vehicles recorded in any counts.

The previously unconstructed segments of the urban section of Henrys Road have recently been completed to complement the sections previously constructed by developers. Council’s current approach to constructing the rural section of Henrys Road is to rely on future developer contributions to assist with this task.

It is noted that there are no recorded accidents for Henrys Road in the VicRoads Road Crash Information System (CrashStats) database over the past 10 years. For North Poowong Road, there has been one crash on North Poowong Road and one crash at the intersection of North Poowong Road and Drouin-Korumburra Road.

2015/16 Design Investigation

Council will undertake a design investigation to improve the two corners and the crest located at Sanctuary Close, Nyora as indicated by the Flemings in their 223 Public Submission Hearing on 20 May 2015. The design will be undertaken in 2015/16 financial year and this can be accommodated within the Engineering & Assets Department’s design budget. Once the project is scoped and a cost determined, the project will be considered as part of the Capital Works Program annual review for prioritisation.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

--

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.
4. Undertake a design investigation in the 2015/16 financial year and write to the submitters detailing the outcome, project scope and cost.

MOVED: Cr Brunt

SECONDED: Cr Newton

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**
4. **UNDERTAKE A DESIGN INVESTIGATION IN THE 2015/16 FINANCIAL YEAR AND WRITE TO THE SUBMITTERS DETAILING THE OUTCOME, PROJECT SCOPE AND COST.**

Cr Fawcett left the Meeting at 2.50pm.

Cr McEwen left the Meeting at 2.51pm.

Cr Fawcett returned to the Meeting at 2.52pm.

Cr McEwen returned to the Meeting at 2.53pm.

CARRIED UNANIMOUSLY

SEALING OF HENRYS ROAD

Regarding the section "Strategic Outcome 3 - Integrated services and Infrastructure"

Under : "Major Initiatives" under (1) It is noted that "sealing of the North Poowong Road" will occur.

My question:

What happened to the continuation of sealing of Henrys Road? John and I have inspected North Poowong Road recently. It is in good condition, only three houses, a flat road and two corners.

In comparison, the gravel section of Henrys Road has 18 houses, with a further 8 houses from feeder roads. There is extreme undulation and very poor visibility with a very narrow pavement.

Under 7.1.3 Infrastructure

I note that that there is no mention of Henrys Road to be sealed.

Under 14. "properly managed and maintained" referring to infrastructure etc. Local residents now consider Henrys Road as a death threat. We expect a serious accident before long. Several of us have had many near misses. So much for considering the safety of residents in the Shire of South Gippsland.

Tricia Fleming



**C.12 S223 #12 SUPPORT TO THE PROPOSED MUNICIPAL PRECINCT,
LIBRARY AND COMMUNITY CENTRE**

**Name of Submitter: John Murrell on behalf of West Gippsland
Library Corporation**

Date submission received: 9 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome: 4.0 A Leading Organisation
Objective: 4.1 Pursue best practice in organisational
development and operations of the organisation
Strategy: 4.2.3 We will make informed decisions and provide
opportunities for the community to participate in
the decision making process

SUMMARY OF ISSUE RAISED

Support of the Proposed Municipal Precinct, Library and Community Centre
and a request for an opportunity to work with Council to achieve a Principal
Library to meet needs for next 30-40 years.

SUBMISSION

- Council will ensure that key staff from the West Gippsland Regional
Library Corporation (WGRLC) will be involved in the planning of the
proposed Municipal Precinct.
- WGRLC has considerable expertise and experience in the development
of libraries for the future, understanding optimum floor space required
and the impact technology will have on design. The WGRLC has
demonstrated the significant benefits that can be achieved for the
community through design and location of principal libraries and is
committed to shared public spaces (e.g. principal library in Wonthaggi,
library in Inverloch).

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

--

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Hutchinson-Brooks

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

Cr McEwen left the Meeting at 3.01pm.

CARRIED UNANIMOUSLY

SUPPORT TO THE PROPOSED MUNICIPAL PRECINCT, LIBRARY AND COMMUNITY CENTRE



South Gippsland Shire Council

Commitment to Community - one council for the district

**Proposed 2015-2016
Annual Budget
Section 223
Formal Written
SUBMISSION**

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

Name: John Murrell _____

Address: _____

Email: _____

Phone no: _____

Date: 9 April 2015 _____

Signature:  _____

Do you wish to speak to your submission at the Hearing on 20 May 2015: YES / NO

Submission title:

**West Gippsland Regional Library Corporation Submission to 10 Year Financial Plan
proposed as part of the 2015-2016 Annual Budget**

Summary of Submission:

The West Gippsland Regional Library Corporation supports the proposed municipal precinct, library and community centre project identified for 2022-23 in the Long Term Financial Plan component of the 2015-2016 Annual Budget. The Corporation has a strong track record of working with local councils and communities to achieve successful new library facilities. We are very pleased to have the opportunity to work with South Gippsland Shire Council to achieve a Principal Library that will meet the needs of the Council for the next 30-40 years, while contributing immediately to community strengthening and skilling.

South Gippsland Shire Council



South Gippsland Shire Council
Tracing our roots, inspiring our future

**Proposed 2015-2016
Annual Budget
Section 223
Formal Written
SUBMISSION**

Dear Mr Tamlin

I would like to take this opportunity to publicly state our support for the Council's proposed Long Term Financial Plan and particularly the Council's planning for a municipal precinct, library and community centre project identified for 2022-23 in the proposed 2015-2016 Annual Budget.

Community engagement is critical to designing the suite of services and facilities that a public library offers to meet community and business needs. While templates exist for minimum requirements for Principal Libraries, tailoring the requirements to the community needs is critical to success. The Corporation has developed a Future Concept Plan for the South Gippsland Principal Library in which we identified the minimum requirements to ensure that the library would serve the community for the next 30-40 years. These calculations are based on worldwide experience in building libraries for the future rather than looking at the old libraries of the past.

Our knowledge and skills in this area have enabled us to work very successfully with Bass Coast Shire Council both in the design of the Bass Coast Principal Library and in the development work for the Cowes Future Library, which will be part of a community precinct.

The Bass Coast Principal Library was opened in December 2013, and immediately saw increases in membership, loans and participation that were more than double those of the former library. The increase in members, growth and activities has continued, and been sustained beyond the initial "newness effect" as a result of the clever design of the building, the increased community participation and consultation now possible and the very central and convenient location of the new library.

We look forward to continuing to work with Council to achieve the best possible value for money in the design and delivery of a new Principal Library for South Gippsland as part of the proposed municipal precinct.

South Gippsland Shire Council

C.13 S223 #13 GREAT SOUTHERN RAIL TRAIL REQUEST FOR ASSISTANCE WITH FUNDING

Name of Submitter: Great Southern Rail Trail Committee of Management (Rob Knight)

Date submission received: 26 March 2015 Wish to speak: No

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

The Great Southern Rail Trail (GSRT) Committee of Management (CoM) is currently undertaking its 2015-2016 budget including costings for maintenance.

The CoM needs a firm commitment from SGSC that it has provided for assistance with GSRT maintenance needs in SGSC Budget for 2015-2016.

The CoM is asking Council to discuss an increase in funding for maintenance and re-sheeting costs for the short to medium term when the Rail Trail extension is complete.

DISCUSSION

- Council confirmed its commitment to supporting the CoM to both maintain and increase utilisation of the Trail in a letter to the CoM on 5 February 2015.
- Council has demonstrated its support by currently providing \$38,785 (ex GST) as an annual maintenance grant, with \$21,285 additional funding per annum for the extended Trail included in the 2015-16 Budget and ongoing through the Long Term Financial.
- The quantum proposed by the CoM for an increase in funding after 2015/16 is not supported. The Rail Trail is not a Council asset and the State Government should be asked to increase its contribution to the cost of maintaining and renewing its asset. However, on completion of

the Black Spur missing link and extension to Port Welshpool it would be appropriate to review Council's maintenance grant contribution. The review should take into account other sources of revenue raising the CoM has available to them together with the extended length of trail to be maintained.

- Council also provide the following support to the CoM:
 - Assistance with establishing a new Friends of GSRT volunteer network;
 - Coordination of the initial implementation of the Marketing Plan, developed using funds saved from the construction phase of the Foster to Welshpool extension;
 - Development of a new website and suite of printed promotional materials, also with the above saved funds;
 - Establishment of stronger links and partnerships with the South Gippsland business community and broader recreational and cultural networks;
 - Providing advice on the implementation of the CoM new maintenance contracts;
 - Assessment of ongoing essential level of annual funds required once the Trail is completed from Leongatha to Port Welshpool (anticipated to be completed by the end of 2015); and
 - Coordination of the installation of the new signage infrastructure.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Davies

SECONDED: Cr Kennedy

THAT COUNCIL:

- 1. RECEIVE AND NOTE THE SUBMISSION.**
- 2. NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
- 3. ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

GREAT SOUTHERN RAIL TRAIL COMMITTEE – FUNDING REQUEST



South Gippsland Shire Council

A COMMITMENT TO EXCELLENCE

2015-2016 Budget

Formal Written

SGS1 SUBMISSION

OF COUNCIL

16 MAR 2015

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

Name: Great Southern Rail Trail Committee of Management

Address:

(optional)
Email:

Phone no:

Date: 25/3/15

Signature: *R. J. Thickett (Hon Sec. GSRTC of M)*

Submission title:

COUNCIL BUDGET 2015-2016
GREAT SOUTHERN RAIL TRAIL MAINTENANCE
CONTRIBUTION BY SGSC FOR THE 2015/2016 BUDGET AND
ONGOING REQUIREMENTS

Summary of Submission: (Refer detailed letter to SGSC dated 15th January 2015) (D401915)

1. Benefits of the Great Southern Rail Trail to the Shire

- a. A wonderful Rail Trail Asset which has the potential to be the driver of a world standard tourism icon in South Gippsland
- b. An asset which will help promote community health and well being
- c. An asset which will help with community strengthening with the linking of the villages of South Gippsland

2. Maintenance

- a. The current costing for annual routine maintenance are approximately \$75,000 to \$80,000 which is met by an SGSC contribution of \$38,522 and income received by GSRT CoM from leases and DEPI of \$35,100.
- b. The SGSC contribution of \$38,522 is based on the length of the trail from Leongatha to Foster excluding the Black Spur section.
- c. It is indexed for future financial years at a rate of 3.8%.



South Gippsland Shire Council
Love for the Country Joy for the People

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S223 SUBMISSION

3. Financial Implications of completion of extension of Trail

- a. With the completion of the extension to Welshpool and the Black Spur link, the length of completed Trail will increase from 49km to 70km
- b. The maintenance cost for 2015/2016 is estimated to be \$101,293
- c. Based on the revised length of the trail and applying indexation then the SGSC contribution would be \$59,293
- d. GSRT CoM income of \$45,600 would be put towards the maintenance (the estimated increase in income of \$10,000 is from the additional benches along the extended trail)

4. Routine and Planned Maintenance along the extended Trail in the short to medium term

- a. The current estimate for the maintenance in the short to medium term of the full trail from Leongatha to Welshpool including the Black Spur section is \$140,000. This costing includes required capital works including re-sheeting where needed.
- b. There has been no formal discussions on how this amount is to be met.
- c. If Council meets the contribution of \$59,293 for 2015-2016 and GSRT CoM has an estimated lease and DEP income of \$45,600, there is a deficit of around \$40,000 p.a. between available funding and the forecast maintenance budget including capital works.
- d. GSRT CoM can fund the deficit of planned capital maintenance costings of \$40,000 in the very short term ie one year from reserves.
- e. GSRT CoM would therefore be looking for Council to meet the additional estimated \$40,000 p.a. required for capital works to cover resurfacing etc in the future.
- f. Note that in Council's grant application for the Foster to Welshpool section an increase is clearly contemplated with Council stating:
"To provide an initial maintenance cost for the extension based on the expanded infrastructure, the annual allocation would need to increase by approximately \$40,000 p.a. bringing the total to at least \$77,000 from Council annually."

5. The Challenges GSRT CoM is facing:

- a. Funding maintenance of \$101,293 for the 2015/2016 financial year
- b. Funding maintenance in the short to medium term of \$140,000 p.a. for the whole trail including the Black Spur extension, allowing for some capital costs for say re-sheeting a section.



South Gippsland Shire Council
Committing the quality of life to the future

**2015-2016 Budget
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S223 SUBMISSION**

6. What we seek from Council

- a. A continued strong partnership with Council
- b. Confirmation from Council of an allocation of \$59,293 to GSRT CoM for maintenance of the extended Rail Trail in Council's 2015/2016 budget
- c. Preparedness to discuss the funding of maintenance requirements of at least \$140,000 p.a. required in the short to medium term for the Trail from Leongatha to Welshpool and including the Black Spur extension and capital works of say a section of resheeting.

C.14 S223 #14 SGSC WAGE COSTS COMPARED TO MOIRA SHIRE

Name of Submitter: Fred Couper

Date submission received: 28 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Chief Executive Office

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

South Gippsland Shire Council staff wage costs and EFT numbers compared to Moira Shire Council.

DISCUSSION

Employee numbers respond to the service levels required by an individual Council to deliver what it has committed to provide for the community.

In making comparisons between two Councils it is therefore important to understand the services being provided and just as importantly, recognise those which are not.

Moira Shire Council does not provide Aged and Disability Services; which accounts for 25 Effective Full Time staff (EFT) at South Gippsland Shire Council (SGSC). Furthermore, they outsource all of their Roads to Recovery program construction; which accounts for an average of 3 EFT at South Gippsland on an annual basis.

South Gippsland Shire Council is one of only a handful of Councils in Victoria who has its own Sealing Crew (currently 7 EFT), Amenities Cleaning Team (currently 4 EFT) and undertakes all/most capital works, construction, stabilising and sealing works in-house.

When considering staff figures it is also important to note that Council operates the Landfill Operations and Caravan Parks with in-house staff.

Based on the figures supplied (Moira \$18.5m for 204 staff, compared to SGSC \$23.1m for 262 staff) our average cost per employee is lower.

Comparing EFT and employee/management costs from one Council to another is not an appropriate reflection without a full understanding of the service provision offered. Contractor costs are not shown in Employee/Management costs. Without these figures included for comparison the true costs of service provisions are difficult to compare. Management costs for contractors form part of their contract costs.

Despite these differences in how many services are delivered, Council is seeking ways to continually improve its operating effectiveness and efficiency as part of an ongoing continuous improvement approach. This includes ongoing review of the services required by Council to be delivered, how this is provided, and how the organisation structures its resources to achieve successful outcomes for our community. The current review of the structure is a component of this ongoing process.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Note that no change be made to the budget.
3. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Hutchinson-Brooks

SECONDED: Cr Kennedy

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

Cr McEwen returned to the Meeting at 3.08pm.

CARRIED UNANIMOUSLY

SGSC WAGE COSTS COMPARED TO MOIRA SHIRE

I tried to complete a formal submission document but had trouble saving the download as a file I could attach to an email. Below is a summary of my submission.

In essence my submission is related to South Gippsland Council's wage costs. Moira Shire has a population similar to South Gippsland, and covers a geographical area that is larger. However I understand that for 2015/16 their employee EFT's are 204 compared to 262 for South Gippsland, and they have budgeted for total employee costs of \$18.5m compared to \$23.1m for South Gippsland.

Does the Council believe that the employee and wage levels in South Gippsland are appropriate for a council of our size? How does the Council explain the difference between the two shires? Does the council believe there is room within their operations to reduce the number of employees to levels similar to that of Moira Shire?

Regards,

Fred Couper

**C.15 S223 #15 REQUEST FOR LONG TERM PARKING BAY AREAS FOR
CARAVANS, BOATS AND MOTOR HOMES IN LEONGATHA**

Name of Submitter: Ron Burrows

Date submission received: 13 April 2015 Wish to speak: No

RESPONSIBLE DIRECTORATE

Development Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request for Council to establish more long term parking bay areas for caravan, boats and motorhomes in Leongatha – suggest Council purchase land such as the old Shell depot in Hughes Street Leongatha

DISCUSSION

- Council adopted the Recreational Vehicle RV Strategy 2014.
- The RV Strategy outlines long vehicle parking in major towns.
- In Leongatha, long vehicle parking is located at the South Gippsland Hwy wayside stop. Parking is also located along the western side of Anderson Street from Smith Street to Alison Street.
- Council officers are investigating potential locations where further long vehicle parking may be established in Leongatha. It is envisaged these locations will be located in close proximity to town services and amenities.
- The Leongatha Parking Strategy established a mechanism where large developments that are not able to accommodate all car parking onsite must make a contribution to a car park fund. When sufficient funds are collected Council will be able to consider strategic land purchases for future car parking provision. The Leongatha Parking Strategy also found that there is currently an adequate supply of general car parking spaces within the town centre.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Hutchinson-Brooks

SECONDED: Cr Kennedy

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **NOTE THAT NO CHANGE BE MADE TO THE BUDGET.**
3. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

REQUEST LONG TERM PARKING BAY AREAS FOR CARAVANS, BOATS AND MOTORHOMES IN LEONGATHA



South Gippsland Shire Council
Come for the beauty, stay for the lifestyle

Proposed 2015-2016
Annual Budget
Section 223
Formal Written
SUBMISSION

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953



Name: Ron Burrows

Address: [REDACTED]

Email: [REDACTED]

Phone no: [REDACTED]

Date: 13 April 2015

Signature: R Burrows

Do you wish to speak to your submission at the Hearing on 20 May 2015: YES NO

Submission title:

Request for Council to establish more long parking bay areas for Caravans + boats or Motorhomes in Leongatha by purchasing land close by for them.

Summary of Submission:

There is a large increase in the number of caravans, boats + motorhomes coming to Gippsland for recreational purposes. There is currently insufficient spaces for these vehicles to park and walk to the main st in Leongatha to access the shops, cafe's and other shops. I understand there is limited space and so I consider Council could purchase land, such as the old Shell depot in Hughes St, or other properties close by that could be developed specifically for the use of these vehicles, particularly in the holiday periods. The area needs long bays that are drive in - drive out, similar to Park Welsh poolboating area.

South Gippsland Shire Council

C.16 S223 #16 REQUEST FOR RECLASSIFICATION BED & BREAKFAST

Name of Submitter: Tony and Geraldine Conabere

Date submission received: 7 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Request for reclassification for Bed and Breakfast and Serviced Apartment/Holiday Units that recognises the extent of the operation in terms of size, time/months in operation and services provided.

SUBMISSION

Background

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and Valuer General Victoria regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

This property for 2015/16 has been assessed to be 232 Serviced Apartments/Holiday Units.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these other Department's input and is sympathetic with concerns raises. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' and

that the decision is subsequently reviewed and approved by the Valuer General Victoria; and

- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the Valuation of Land Act including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to VCAT.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

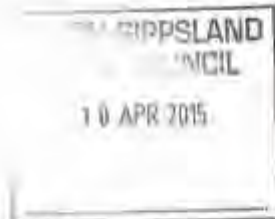
MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT THE RECOMMENDATIONS IN C.16, C.17, C.18, C.19 AND C.20 BE ADOPTED.

CARRIED UNANIMOUSLY

REQUEST FOR RECLASSIFICATION –BED AND BREAKFAST



April 7 2015

The Chief Executive Officer
South Gippsland Shire Council
9 Smith Street
Leongatha VIC 3953

Dear Sir/Madam

Ref: 74187 Submission to 2015/16 Budget re [REDACTED]

Thank you for your 27 March 2015 letter inviting submissions to the 2015/16 Budget. Geraldine and I do want the opportunity to represent our case/concern at the 12.30 meeting on Wednesday 20 May 2015.

In essence, we want to make the case for a classification within the general classification for Bed and Breakfast and Serviced Apartments/Holiday Units classification that recognises **the extent of the operation** in terms of **size, part or full time and months of operation, the proportion of the property that is given over to the business operation, and to the services provided by Council for the operation.**

We are a very small, boutique operation trading only on weekends for nine months of the year. We believe that we make a significant economic contribution to the local economy. Our property is isolated, well removed from the convenience of sealed highways and other services like rubbish collection that other businesses like ours enjoy. We have only three serviced apartments and these form part of the buildings that constitute our principal place of residence. We receive very minimal support from the Council for our contribution in terms of rubbish collection, road and verge maintenance and other economic assistance. Yet we pay extraordinary rates, and yet the food licence renewal rates and other compliance costs are similar as for businesses much larger than we are, operating on a full-time basis. Clearly, these businesses can extrapolate costs across a much larger revenue base than we can. As a tiny business, we have to operate on very small margins. An increase in rates that may be fair to a "more normal" business, may challenge the very viability of our business.

We operate our business to supplement our retirement income but we also think we are making a great contribution to tourism. We want to continue to do so.

Consequently, we want to argue that any future increase in the costs of our operation due to increases in rates should be geared to the nature, extent and anticipated income of this operation and that the smaller bed and breakfast business should not be expected to bear the same costs as larger commercial operations. I imagine that there is a protocol for verbal submissions. If so, would you forward a copy? If you would like further details or data to clarify any of the above matters, we can be contacted on 0414295048.

Sincerely,

Tony and Geraldine Donahere

A handwritten signature in black ink, appearing to read "Tony and Geraldine Donahere".

EMAIL RECEIVED 27 APRIL 2015 – IN ADDITION TO ORIGINAL SUBMISSION

The CEO,
South Gippsland Shire

Dear Sir,

Ref: 74187 Submission to the 2015/16 Budget re [REDACTED]

Unfortunately, my wife now has to have a medical procedure on May 20, 2015. Consequently, **I will not be able to attend the Special Meeting to put our case as I had requested.** I do apologize and I do hope that you will consider my written submission of April 7, 2015, especially as it affects tiny businesses like ours.

In that letter to you, I was at pains to make this case that any reclassification must recognize **the extent of the operation in terms of size, part or full time months of operation, the proportion of the property that is given over to the business operation, and to the services provided by Council for the operation.**

We further submit that we are a “very small, boutique operation trading only on weekends for nine months of the year. We believe that we make a significant economic contribution to the local economy. Our property is isolated, well removed from the convenience of sealed highways and other services like rubbish collections that other businesses like ours enjoy. We have only three serviced apartments and these buildings form part of the buildings that **constitute our principal place of residence.**”

We receive minimal support from Council in terms of rubbish collection, road and verge maintenance and other economic assistance for our contribution. Only PCRT and the Information Centres provide business support, and of course, we have to pay a levy for each of these services too.

Yet we pay extraordinary rates as well as other licence renewal and compliance fees that other larger businesses, operating on a full time basis, can expense across a much wider revenue stream than we can. Consequently, we have to operate on very small margins. Increases in rates, charges and taxes cause us to have to examine the very viability of the business.

We ask that you consider the contribution we make to the tourism industry in our Shire, an industry that is growing and bringing more wealth to the Shire, a contribution which generally needs to be quarantined from cost increases that are inequitable and inappropriate.

With every good wish,

Tony Conabere

Tony and Geraldine Conabere



C.17 S223 #17 OBJECTION TO PROPERTY RECLASSIFICATION AND RATE INCREASE

Name of Submitter: Nola Kelly and Royal Carrington

Date submission received: 8 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

- Concern about Australian Valuation Property Classification Codes (AVPCC) classification of property for Fire Services Charge and differential rates purposes
- Concern about increase in rates and charges.

DISCUSSION

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) applicable to some properties. As a result some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to the Rates and Charges, including the Fire Services Property Levy, on their property.

After receiving Council's letter, a number of ratepayers contacted Council and Valuer General Victoria (VGV) regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will now be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

This property for 2015/16 has been assessed to be 117 Residential Rural.

The property will therefore attract a:

1. Residential Fire Services Levy charge; and
2. General differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Council in 2014 adopted a Rating Strategy 2014-2018 that changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes that will be implemented in 2015/16 include removing the Municipal Charge, increasing the Vacant, Commercial, Industrial and Cultural & Recreational differential rates and reducing the Farm differential rate.

It is important to note that higher valued properties will experience another larger increase this year than the average 4.9% as the final changes are made. Lower valued properties will find their increase is lower than the average 4.9% rate rise.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that the property classification will be assessed as 117 residential rural**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

NOTE: The recommendation was CARRIED UNANIMOUSLY as part of a single motion, refer to page 118.

OJBECTION TO PROPERTY RECLASSIFICATION AND RATE INCREASE

Re: 2015/16 Rates and Charges

Property: [REDACTED]

We wish to object to the reclassification of our property, purportedly to fit within the AVPCC Code 232, as this does not comply with Councils current Proposed Budget which defines Commercial Land on page 139 as follows:

2.3 Commercial Land

2.3.1 Commercial land is any land which is used predominantly for commercial purposes and to which any of the following AVPCC codes have been allocated

we call your attention to the words "predominantly" also "and". Our property is definitely not predominantly used for commercial purposes as our cottage occupies approximately ten percent of the property. Allocation to the category of "commercial" causes us considerable hardship and will certainly lead up to rethink whether we are able to continue to offer the service of Tourist Accommodation to the South Gippsland area.

We would also like to take this opportunity to make an objection to the huge increase in council's rates, especially over the period 2014 to 2016. These increase mean that our rates will have risen a staggering 80% in just a four year period.

Yours faithfully

Nola Kelly and Royal Carrington

C.18 S223 #18 OBJECTION TO PROPERTY RECLASSIFICATION

Name of Submitter: P Greco and A Fabel

Date submission received: 5 March 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

- Concern about Australian Valuation Property Classification Codes classification of property for Fire Services Charge and differential rates purposes
- Concern about increase in rates and charges.

DISCUSSION

There has been a change to the definition of Australian Valuation Property Classification Codes (AVPCC) codes and these changes have resulted in property reclassifications for some properties in 2015-2016. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to

Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and the Valuer General Victoria regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

The property relating to this submission for 2015/16 has been assessed to be 233 Bed and Breakfast.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles and application of AVPCC codes.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these other department's input and is sympathetic with submitter's concerns raised. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' and that this decision is subsequently reviewed and approved by the Valuer General Victoria; and
- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the *Valuation of Land Act 1960*, including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to the Victorian Civil and Administrative Tribunal (VCAT).

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. **Receive and note the submission.**
2. **Advise the submitter/s in writing of this decision including the reason/s for the decision.**

NOTE: The recommendation was CARRIED UNANIMOUSLY as part of a single motion, refer to page 118.

OBJECTION TO PROPERTY RECLASSIFICATION

5th March 2015

To whom it may concern,

We write in relation to **the classification of Bed and Breakfasts as “Commercial” properties in relation to Municipal Rates and the Fire Services Levy.**

After operating a bed and breakfast for the last ten years in the Shire of South Gippsland it was with great surprise that we opened our 2014-2015 rates notice to discover we suddenly were being classified as a “commercial” premises” rather than “residential” as had previously been the case. This resulted in an increase in our Fire Service Levy from \$149.70 to \$590.40, and Rates from \$1,983.50 to \$2,033.10.

Over the last six months we have spoken to and emailed a range of Council Officers, Tourism bodies and the former local member in an attempt to discover the rationale for this change. Whilst everyone was sympathetic and most agreed bed and breakfasts seem to have been given a raw deal, there has been no tangible outcome to date. So, we felt it was important to provide the following information, gleaned over the past months, in the hope that common sense might prevail and the necessary changes to legislation and regulation might occur. Please bear with us as we attempt to unfold the story.

Our situation

We operate a bed and breakfast in Fish Creek with two suites, each accommodating two people. It is also our one and only place of permanent residence and is all under the same roof. We are registered with the Shire as “Prescribed Accommodation” (although technically we don’t need to as we don’t accommodate more than 5 people), as we were advised by the environmental health department this was the cheaper option in relation kitchen registration.

The Fire Services Levy

In the past, a fire services levy was applied through insurance premiums. This meant, however, that people without insurance would end up not having to contribute anything whilst people with insurance would bear the levy burden. To provide a fairer system, it was decided that a property-based levy would be collected with council rates. The Australian Valuation Property Classification Code (AVPCC) was the document used to determine which properties were classed as “residential” or “commercial”.

In the first year of the Fire Services Property Levy almost all residential properties, whether owner occupied or rented out to tenants, were allocated to the “residential” land use classification. In the subsequent year residential investment flats (AVPCC classification of 131) and short-term holiday accommodation (AVPCC classification of 133) were allocated to the “commercial” land use classification.

After significant lobbying from property owners, government amended the Fire Services Property Levy Act 2012 to reallocate residential investment flats and short term holiday accommodation from the “commercial” to the “residential” land use classification, with effect from 2014-15. Bed and breakfasts (AVPCC classification of 233) although being about the shortest term holiday accommodation possible, were left out of this amendment and remained under the “commercial” classification.

Municipal Rates

Under the new South Gippsland rating strategy the determination of rate type is aligned with the Australian Valuation Property Classification Codes in which bed and breakfasts are listed as commercial businesses. This means that bed and breakfasts are being rated as “commercial” but other short term holiday accommodation in South Gippsland is not. Interestingly, we have been informed by shire officers that if our two suites were not under the same roof we could be classified as short term holiday accommodation and would be classed as “residential”.

The Solution

There appear to be at least three options

1. State Government amend the Fire Services Property Levy Act 2012 and AVPP to exempt bed and breakfasts from their current “commercial” classification in line with other short term holiday accommodation – *This would have a flow on effect for Local Government and result in reclassification for municipal rates purposes, thus being the preferred option.*
2. The Shire of South Gippsland amends its rating strategy to not automatically align with AVPC listings and re-classify bed and breakfasts as residential, in line with all other short-term accommodation. – *This would not affect the Fire Services Levy component but would at least provide some financial relief in relation to Rates and be evidence of Council’s agreement of the inequitable treatment of bed and breakfast operators.*
3. State Government and Local Government exempt bed and breakfasts that are not required to register as “Prescribed Accommodation”(i.e. no more than 5 guests) from classification as “commercial” – *This would be the least preferred options as it would discriminate against bigger operators.*

We imagine it was not the intent of the State Government to penalise bed and breakfast operators but it does seem that the current classification system significantly penalises small businesses that are probably the closest to being residential than all other property types. As with their State Government counterparts, we are sure Councillors were not aware of the implications of alignment with AVPP classifications, but the outcome for bed and breakfast operators seems far from being logical, fails the common sense test and appears to unfairly penalise the smallest of tourism business operators.

Whilst we do see the Fire Services Levy as going to a good cause, it does seem a bit incongruous that small bed and breakfasts are still classified as “commercial” and paying a far greater share than seems appropriate.

We would greatly appreciate any efforts that could be made to redress the current situation.

We look forward to hearing from you.

Yours sincerely

Paul Greco and Ellen Fabel

C.19 S223 #19 OBJECTION TO RATES/PROPERTY RECLASSIFICATION

Name of Submitter: N L Eisen

Date submission received: 14 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

- Concern about Australian Valuation Property Classification Codes classification of property for Fire Services Charge and differential rates purposes
- Concern about increase in rates and charges.

DISCUSSION

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and Valuer General Victoria (VGV) regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

The property relating to this submission for 2015/16 has been assessed to be 232 Serviced Apartments/Holiday Units.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these other Department's input and is sympathetic with submitter's concerns raised. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' and

that this decision is subsequently reviewed and approved by the Valuer General Victoria; and

- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the *Valuation of Land Act 1960*, including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to Victorian Civil and Administrative Tribunal (VCAT).

The ratepayer will receive a supplementary 2015/16 rates and charges notice that includes the changes to the property classifications.

Council in 2014 adopted a Rating Strategy 2014-2018 that changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes that will be implemented in 2015/16 include removing the Municipal Charge, increasing the Vacant, Commercial, Industrial and Cultural & Recreational differential rates and reducing the Farm differential rate.

It is important to note that higher valued properties will experience another larger increase this year than the average 4.9% as the final changes are made. Lower valued properties will find their increase is lower than the average 4.9% rate rise.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

NOTE: The recommendation was CARRIED UNANIMOUSLY as part of a single motion, refer to page 118.

OBJECTION TO RATES/PROPERTY CLASSIFICATION

Regarding 2015 2016 Rates and Charges - [REDACTED]

I am writing to voice my objection and concern at the spiralling rates and charges. I understand my rates and charges will increase by \$1200+. This increase is on top of what are already very high council rates.

In my case I am being charged commercial rates in a circumstance wherein I run a business and my own home on a single title. There should be some allowance (reduction) in this circumstance.

Nick Eisen

C.20 S223 #20 OBJECTION TO PROPERTY RECLASSIFICATION

Name of Submitter: Norm Wilkins

Date submission received: 27 April 2015 Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Objection to property reclassification

DISCUSSION

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and the Valuer General Victoria (VGV) regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle

type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. These assessments will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

This property for 2015/16 has been assessed to be 232 Serviced Apartments / Holiday Units.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these departments input and is sympathetic with the submitter's concerns raises. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' that is subsequently reviewed and approved by VGV; and

- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the *Valuation of Land Act 1960*, including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to Victorian Civil and Administrative Tribunal (VCAT).

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

NOTE: The recommendation was CARRIED UNANIMOUSLY as part of a single motion, refer to page 118.

OBJECTION TO PROPERTY RECLASSIFICATION

Tim Tamlin
Chief Executive Officer
South Gippsland Shire

Dear Tim

I wish to express my disappointment in the 2015/16 Proposed Annual Budget, in particular the Rates and Charges.

I received a letter from Tom Lovass dated 27 March 2015 advising me that my property will now be rated as commercial. I run a small business with 4 self contained cottages, by all means not a big business. My rates have been increasing every year and was advised, after speaking to the Finance department, that next year I will be paying approximately \$7000.00 which includes Fire levy and garbage charge. This year I paid \$5233.05 and in 2012 I paid \$3500. These are huge increases and very hard to sustain.

Tourism is a huge industry for the Shire and increasing rates and charges by this margin will have detrimental effects to small accommodation businesses. Small business is the backbone of this country and government should be implementing initiatives to grow businesses, not keep slugging them with extra costs. I have since found out that not all properties with cabins have been changed to commercial rating. Can you please clarify this??

I urge the Shire to rethink this decision and to leave short term holiday accommodation as residential.

Regards

Norm Wilkins



C.21 S223 #21 OBJECTION TO RATES INCREASE

Name of Submitter: Christian and Denise Baumann

Date submission received: 27 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Objection to rates increase

DISCUSSION

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven community members and three Councillors. The Committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the recommendations arising for the draft strategy be released for public comment. The feedback received was considered by Council with slight changes made for the final Proposed Rating Strategy.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. A letter was sent to every ratepayer encouraging them to read the Proposed Strategy and provide a submission if desired. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the vacant, commercial, industrial and cultural & recreational differential rates and reducing the farm differential rate over two years. As a result the amount of rates and charges paid by some property owners have increased whilst other property owners have experience a decrease. This impact will occur again this year with the final staged implementation of the Rating Strategy.

The Municipal Charge is a 'flat charge' applied across rateable properties irrespective of the property value.

The Municipal Charge can be levied on the basis of defraying general administration costs of Council, however in reality the actual administration costs well exceed the revenue from municipal charges.

The Municipal Charge is regressive, which means that as the value of properties decreases, the Municipal Charge increases as a percentage of that value. As a result, the burden is reduced on higher valued properties and increased on lower valued properties.

Council when developing the Rating Strategy considered that those living in lower valued properties are also on lower incomes and hence have less capacity to pay. For this reason, Council has determined the Municipal Charge be phased out over two years. This lowers the rates for a majority of ratepayers in lower valued properties in all property categories. The rate burden is shifted to higher valued properties. In relative terms the Baumann's property is a higher valued property.

The Municipal Charge was \$343.65 in 2013/14. It is \$181.70 for 2014/15 and will be nil in 2015/16.

The general rate for 2015/16 was increased by 4.9% and waste charges by 2%. There was also an additional \$78 charge for those properties receiving the new green waste service. On an apple for apples comparison basis this additional cost should be excluded.

The most number of general properties (in \$50,000 incremental bands) is 2,808 in the \$200,000 to \$250,000 band (referring to Adopted Rating Strategy 2014-2018 – refer page 95).

For comparative purposes several alternate property value comparisons are shown below that provide a more credible 'typical' property value rate movements that is benchmarked against property values in the higher and lower property banding ranges.

Values used are:

- There are 2,477 lower valued properties in the \$150,000 - \$200,000 range. The value used for comparative purposes is \$175,000: in 2014/15 Rates and Charges were \$1,153.30, in 2015/16 Rates and Charges (not including Green waste fee) \$1,132.00 – Equates to a 1.85% rate reduction.
- There are 2,808 mid valued properties (most number of properties in a range) in \$200,000 - \$250,000 range. The value used for comparative purposes is \$225,000: in 2014/15 Rates and Charges \$1,379.73, in 2015/16 Rates and Charges (not including Green waste fee) \$1,403.22 – Equates to a 1.70% rate increase

- There are 1,080 higher valued properties in the \$350,000 - \$400,000 range. The value used for comparison purposes is \$375,000: in 2014/15 Rates and Charges \$2,059.01, in 2015/16 Rates and Charges (not including Green waste fee) \$2,216.91 – Equates to a 7.67% rate increase.

These comparisons indicate how Council has reduced the rate burden on lower valued residential properties, while higher valued residential properties have increased.

The different rate movements can be attributed to Council adopting to phase out the Municipal Charge over two years. Information was provided to local papers that showed a selection of rateable properties that had differing rateable values and the rating impact.

When comparing 'general rates' from one year it is important to include all relevant components that make up general rates, thus being 'rates' and 'municipal charge'. The figures in the table below are specific to the Baumann's property:

	2014/15	2015/16	Percentage
Municipal charge	\$181.70	Nil	
Rates	\$1,743.50	\$2,088.45	
General rates	\$1,925.20	\$2,088.45	8.48%

If the waste charges (which was increased by 2%) is factored in, the comparison of general rates and waste charges paid between the two financial years is shown in the table below:

	2014/15	2015/16	Percentage
General rates and waste charges	\$2,104.30	\$2,271.15	7.93%

If the new additional \$78 green waste service and charge is also included the comparison between the total 'rate bill' between the two financial years is shown in the table below:

	2014/15	2015/16	Percentage
Total rates and charges	\$2,104.30	\$2,349.85	11.64%

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

MOVED: Cr Newton

SECONDED: Cr Brunt

THAT THE RECOMMENDATIONS IN ITEMS C.21 AND C.22 BE ADOPTED.

CARRIED UNANIMOUSLY

OBJECTION TO RATES INCREASE

From:

Subject: PROPOSED ANNUAL BUDGET DOCUMENT

Date: Sat, 25 Apr 2015 13:16:56 +1000

Christian and Denise Baumann
[REDACTED]

Tel: [REDACTED]

Email:

25 April 2015

Chief Executive Officer
South Gippsland Shire Council
9 Smith Street
Leongatha Vic 3953

TO WHOM IT MAY CONCERN

After reading your Proposed 2015-2016 Annual Budget Document we wish to formally object to the proposed rate increase for the above property.

Last year's general rate for our property was \$1743.45 and the proposed general rate for this year (working on the calculations in the above report) will be \$2088.43. This does not include the fire services levy or the green waste charge.

According to these calculations this results in an approx. 20% increase which far exceeds the quoted 4.9% increase in the proposed budget document.

We would appreciate receiving your comments as to why we have been misled regarding the rate increase. There is a huge difference between 4.9% and 20%.

Yours sincerely

Christian and Denise Baumann

C.22 S223 #22 OBJECTION TO RATES INCREASE

Name of Submitter: Tony Eden

Date submission received: 27 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Objection to rates increases and Municipal Precinct

DISCUSSION

Residential Rate Rises

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven community members and three Councillors. The Committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the recommendations arising for the draft strategy be released for public comment. The feedback received was considered by Council with slight changes made for the final proposed Rating Strategy.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. A letter was sent to every ratepayer during this submission process encouraging people to read the Rating Strategy. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the vacant, commercial, industrial and cultural & recreational differential rates and reducing the farm differential rate over two years. As a

result the amount of rates and charges paid by some property owners have increased whilst other property owners have experienced a decrease. This impact will occur again this year with the final staged implementation of the Rating Strategy.

The Municipal Charge is a 'flat charge' applied across rateable properties irrespective of the property value.

The Municipal Charge can be levied on the basis of defraying general administration costs of Council, however in reality the actual administration costs will exceed the revenue from municipal charges.

The Municipal Charge is regressive, which means that as the value of properties decreases, the municipal charge increases as a percentage of that value. As a result, the burden is reduced on higher valued properties and increased on lower valued properties.

Council when developing the Rating Strategy considered that those living in lower valued properties are also on lower incomes and hence have less capacity to pay. For this reason, Council has determined the Municipal Charge be phased out over two years. This lowers the rates for a majority of ratepayers in lower valued properties in all property categories. The rate burden is shifted to higher valued properties. The Municipal Charge was \$343.65 in 2013/14. It is \$181.70 for 2014/15 and will be nil in 2015/16.

When advertising the Proposed Budget, Council includes the rate in the dollar for every category of land that has a differential rate applied to it. This allows property owners to work out that the rate increases for their own property. The average general rate rise is provided to the media as a guide, while highlighting that some property owners may pay a higher or lower rate depending on the value of their property.

The proposed general rate for 2015/16 has increased by 4.9% and waste charges by 2%. There was also an additional \$78 charge for those properties receiving the new green waste service. On an apple for apples comparison basis this additional cost should be excluded.

The most number of general properties (in \$50,000 incremental bands) is 2,808 properties in the \$200,000 to \$250,000 band (referring to Adopted Rating Strategy 2014-2018 – refer page 95)

For comparative purposes several alternate property value comparisons are shown below that provide a more credible 'typical' property value rate movements that is benchmarked against property values in the higher and lower property banding ranges.

Values used are:

- There are 2,477 lower valued properties in the \$150,000 - \$200,000 range. The value used for comparative purposes is \$175,000: in 2014/15 Rates and Charges were \$1,153.30, in 2015/16 Rates and

Charges (not including Green waste fee) \$1,132.00 – Equates to a 1.85% rate reduction.

- There are 2,808 mid valued properties (most number of properties in a range) in \$200,000 - \$250,000 range. The value used for comparative purposes is \$225,000: in 2014/15 Rates and Charges \$1,379.73, in 2015/16 Rates and Charges (not including Green waste fee) \$1,403.22 – Equates to a 1.70% rate increase
- There are 1,080 higher valued properties in the \$350,000 - \$400,000 range. The value used for comparison purposes is \$375,000: in 2014/15 Rates and Charges \$2,059.01, in 2015/16 Rates and Charges (not including Green waste fee) \$2,216.91 – Equates to a 7.67% rate increase.

These comparisons indicate how Council has reduced the rate burden on lower valued residential properties, while higher valued residential properties have increased.

The different rate movements can be attributed to Council adopting to phase out the Municipal Charge over two years. Information was provided to local papers that showed a selection of rateable properties that had differing rateable values and the rating impact.

Councils have to conduct a general revaluation of properties every two years. The valuations are determined by professional valuers that carry out analysis of market sales and rental evidence. This analysis is then applied to the data on each particular property, in line with State Government legislation. Council does not receive a 'windfall gain' of additional rate income. The revaluation process results in a redistribution of the rate burden across all properties in the municipality. Total rate income is fixed as part of the budgeting process. The rate in the dollar used to calculate the rate for each property is adjusted to ensure that the total rate income required, is generated.

These valuations are used to distribute the rate burden across the Municipality. A property with the same valuation and the same rate category/type will generate the same rate charge anywhere in the Municipality.

The actual rate burden is distributed amongst ratepayers on the Capital Improved Value (CIV) of rateable properties. This is a legislative requirement. Unfortunately, properties that have risen in value greater than the average will naturally bear more of the general rate burden.

Farms by their nature have a high rateable valuation relative to Residential, Commercial and Industrial premises.

From a capacity to pay perspective, ratepayers with higher value properties generally have a higher wealth and a greater capacity to pay. However from

a farming industry perspective it can be argued that rates are in fact levied on unrealised wealth in the form of real property.

On the other hand, farms more so than other types of businesses can realise the inherent capital value of their properties at the end of their working lives if they choose to do so.

Farms effectively include a residential and business component. Farm rates are paid from pre-tax money and this includes the residential component of the farm. At a tax rate of 30% (current company tax rate) this amounts to a benefit of 43%. It was considered appropriate from a capacity to pay principle perspective that this be taken into account when determining a differential rate for the Farm Properties Category.

Farming is considered to be a key industry and it is appropriate to provide some incentive to encourage farmers by moderating the rate impact. The farming differential was decreased from 90% to 80% for 2014/15 and will decrease to 70% in 2015/16. Decreasing the differential rate from 90% to 70% provides some rate relief to farmers after taking into consideration the property wealth, capacity to pay and incentive principles

Council has required that the 70% differential farm rate should only be applicable to genuine farming operations as distinct from hobby or rural lifestyle properties.

Council determined that the definition of Farm land for differential rating purposes be modified so that rural lifestyle properties are no longer defined as Farm land for differential rating purposes.

Properties where primary production and associated improvements are secondary to the value of the residential home site and associated residential improvements should not be classified as Farm land for differential rating purposes.

Similarly, vacant properties in a rural, semi-rural or bushland setting that have no restrictions or are not likely to encounter difficulties in obtaining building purposes should not be classified as Farm land for differential rating purposes.

Municipal Precinct Study

An Annual Initiative in the 2014/15 Budget was to investigate the most appropriate land use/location for a Municipal Precinct that includes a Municipal office, Library, Council Chambers, community meeting places and other integrated community facilities.

The study will identify a preferred site for the Municipal Precinct including concept designs.

The implementation of the outcomes of the study will be a future decision of Council.

Many of the users of our community facilities are supportive of this project and are providing Council with valuable input into their future spatial needs. The business community have also indicated for many years for Council to do something about retail growth.

Council is planning now for future service delivery, bearing in mind changing demographics (ie. increased retirees and the services they will require), impacts of technology and improved shopping experiences.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

- 1. Receive and note the submission.**
- 2. Note that no change be made to the budget.**
- 3. Advise the submitter/s in writing of this decision including the reason/s for the decision.**

NOTE: The recommendation was CARRIED UNANIMOUSLY as part of a single motion, refer to page 141.

OBJECTION TO RATE INCREASES

Proposed 2015-2016 Annual Budget Section 223

FORMAL WRITTEN SUBMISSION

Chief Executive Officer
South Gippsland Shire Council
8 Smith Street
LEONGATHA, VIC. 3953



Name: Tony Eden

Address: [REDACTED]

Email: [REDACTED]

Phone no: [REDACTED]

Date: 23rd April 2015

Signature: 

Do you wish to speak to your submission at a Hearing on 20th May 2015 NO

Submission Title: Residential Rates

Summary of Submission:

I seek Council's reconsideration on the level of proposed residential rates and charges as contained in the 2015-2016 budget on the grounds that they represent both unfair and harsh rating on homeowners whose properties generate no income, and accordingly have little or no capacity to meet the increases.

I also request Council to take into account the level of rate increases handed down over the past five years which have all been in excess of the annual inflation rate.

I also seek changes in the way Council communicates its proposed increases to residents, which I believe to be deliberately misleading.

1. How The Proposed Increase Will Impact Residences:

My calculations are made on the basis of the total rates and charges a residence is charged by Council, not just the rate calculation that Council promotes. Put simply, my submission is based upon the real financial impact on households across the municipality by this budget.

I calculate that you would need to have a residence with a capital improved value of \$175,000 in order to attract an overall cost increase of 4.9%. This is not the value of the average house and land package in this municipality, and if Council used the example of an average valued residence upon which to sell its budget, then the real cost increase per household would be clear.

By using an average valued residence from any local real estate listing of for example \$350,000, I calculate the following:

	2013/2014	2014/2015
General Rate	1,585.00	1,898.60
Municipal Charge	181.70	0.00
Garbage Charge	179.10	162.70
Greenwaste Charge	0.00	78.00
Total Cost	1,945.80	2,159.30
Cost Increase		213.50
Real Increase per average residence		10.98%

In reality a residence with a CIV of \$200,000 will see rates and charges increase by 6.3%, a residence valued at \$300,000 will see an increase of 9.8%, a residence valued at \$400,000 will see an increase of 11.9% and residences built over recent years with a valuation of \$500,000 will see an increase of 13.3%.

Residences valued over \$500,000 will see increased costs well above the higher level and these valuations are not un-realistic given the current cost of developed land and the cost of building a house today. Blocks that sold for \$100,000 a few years ago and homes and other improvements built for \$300,000 place many residences in that valuation bracket today.

Rates and charges from Council are now so high a resident needs to set aside between \$2,000 and \$3,000 just to pay this one bill. That can mean the annual interest earned on savings of \$100,000, or six weeks of all their pension or wage. That is the reality this Shire's residents now face.

2. The Level of Rates And Charges Increases over the Past 5 Years:

In my case, my house is the same as it was when built 5 years ago. Whilst revaluations have occurred, my rates and charges have increased as follows:

2011-2012	4.9%
2012-2013	7.2%
2013-2014	6.3%
2014-2015	11.1%
2015-2016	13.3% (Proposed)

These increases to any resident are harsh and extreme and will leave many to question whether they have chosen the right municipality in which to reside.

3. The Way Council Communicates its Proposed Increases to Residents:

All local newspapers have reported from Council meeting papers a proposed rate rise of 4.9%. My letter to the editor of The Great Southern Star newspaper of 14th April 2015 questioned the calculation of that increase and attracted immediate criticism from a Council employee, calling my figures "incorrect".

I believe my calculations to be correct, as they were based on the full impact of this budget on residences, not simply one part of the budget being rates. I therefore challenge Council to be more open and honest in the way it sells its budget, and rather than seek to challenge the credibility of any resident who dares to question your calculations. Council should simply provide the real figures in the first place. If Council was to ask anyone in the street they would confirm that they are bracing themselves for an increase of 4.9%. I believe that this proves a lack of clear communication.

If Council is genuine when it says it wants to be more open and transparent, why then is the real cost increases not communicated to residents instead of figures that portray Council in the best possible light, and hide the real value of the increase once again?

It would take very little effort on the part of Council to publish in local newspapers a simple report showing a selection of real valuations in each rating category, what they paid last year, what they will pay under a proposed budget, and the percentage increase or decrease.

4. Proposed Rates and Farm Properties

A farm property valued at \$500,000 with no garbage service and paying one municipal charge, will see its rates drop by 4.6% under this budget. A farm valued at \$900,000 will also see a minor drop in rates. Even with the dropping of the Municipal Charge Council has failed residential residents by not lifting the farm rate to reduce the burden on all other properties.

Where in Councils press releases are these real facts presented in a clear manner so residents can understand how increases, or decreases in the case of those that have income producing properties, will affect them?

Qualifications:

Any calculations quoted in this submission in relation to the effect of the proposed rates and charges are made entirely on what Council raises in revenue. Accordingly they exclude any charges levied by other entities that are out of Councils control.

Conclusion:

This submission is made out of concern to all residential ratepayers. I believe that the majority of homeowners in the South Gippsland Shire will be affected by increases in costs anywhere between 8% and 13%. I therefore believe that Council has misled ratepayers with the prospect of a 4.9% increase, because this figure would attract the least amount of backlash from residents.

Many families are already having to earn two wages to meet mortgage repayments due to inflated property values in South Gippsland, and many more on fixed incomes are struggling to meet their basic needs. This budget, as did the previous four years budgets, again impacts the hardest on those residents that can least afford to absorb these massively high rate increases, and yet this same budget protects income producing properties from such increases.

I therefore seek Councils reconsideration of the proposed 2015-2016 Budget as I believe that the increases are once again harsh and extreme when compared to the annual rate of inflation, and that Council has failed to correctly advise residents of the real additional costs to their households by this budget. I also request that any further consideration to new municipal offices be the subject of a referendum whereby all ratepayers cast their vote on whether or not they wish this matter to proceed.

**C.23 S223 #23 PROPERTY RECLASSIFICATION AND GARBAGE BIN
COLLECTION FEE SYSTEM**

Name of Submitter: Mark Wrigley

Date submission received: 27 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate
Community Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED – SUBMISSION A

Reclassification of residential properties with cabins to Commercial rating

SUMMARY OF ISSUE RAISED – SUBMISSION B

Delay reclassification until Council has applied this rating to all properties with cabins

SUMMARY OF ISSUE RAISED – SUBMISSION C

Request a review of garbage bin allocation and payment

DISCUSSION

Submission A

Section 13 DC (1) (a) of the Valuation of Land Act 1960 requires that each separate occupancy on rateable land must be valued separately. The legislative test is exclusivity of occupancy. In the case of the cabins they are considered to form part of the larger property as the occupancy is not exclusive. As a comparison, occupancy of a rental house or flat is considered exclusive.

For the purposes of comparison, in the current 2014/15 rating year, each separate assessment attracts a Municipal Charge of \$181.70 and a Fire Service Levy Flat Fee. In the case of a commercial property this fee is \$205 for the current rating year. In theory if the cabins could be rated separately in the current rating year each assessment would attract these additional

charges. It is proposed that Council will not have a Municipal Charge for next financial year but the Fire Services Property Levy fixed charge is likely to remain.

Again, for the same reasons, it is not possible to apportion one property to have a farm land rateable and cultural components.

Submission B

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and Valuer General Victoria (VGV) regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. This will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code

(232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

This property for 2015/16 has been assessed to be 232 Serviced Apartments / Holiday Units.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these departments input and is sympathetic with concerns raised. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' and this is subsequently reviewed and approved by VGV; and
- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the *Valuation of Land Act 1960*, including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to Victorian Civil and Administrative Tribunal (VCAT).

Prescribed Accommodation Registration Concerns:

1. Self-contained dwellings let as a single tenancy are exempt from registration requirements under the definition of Prescribed Accommodation in the Public Health & Wellbeing Regulations.
2. There is no direct nexus between Council's rating strategy and fees established by legislation. Prescribed accommodation fees collected under the Public Health and Wellbeing Act off-set the cost of Council's obligations to administer the requirements of the Act.

Prescribed accommodation businesses which accommodate 8 or less people and require Food Act registration currently receive a discount on fees. This discount represents a \$4,338 saving shared by 11 applicable businesses.

Submission C

DISCUSSION

- Council's kerbside waste and recycling collection services have been designed to maximise resource recovery and minimise the amount of waste going to landfill.
- The submitters original request for service was not clearly understood at the first point of contact with Council. Following receipt of this submission a solution that satisfactorily meets Mr Wrigley's requirements has been identified and put in place.
- The current bin allocation system already provides for a flexible service, as has been achieved for Mr Wrigley. It is not recommended that the current bin allocation system be changed.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Kennedy

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

PROPERTY RECLASSIFICATION AND GARBAGE BIN COLLECTION FEE SYSTEM

To: Chief Executive Officer
South Gippsland Shire Council
9 Smith Street, Leongatha VIC 3953

Name: Mark Wrigley

Address: [REDACTED]

Email: [REDACTED]

Phone no: [REDACTED] [REDACTED]

Date:
22/04/015 _____



Signature:

Do you wish to speak to your submission at the Hearing on 20 May 2015: NO

Submission title:

Properties that offer accommodation – Cabins, and Amend Rubbish Collection Fee System.

Summary of Submission:

- Council's planned 4.9% increase is compounded by an additional 5% increase for rate payers whose properties have been reclassified as commercial because they have cabins on them. This additional cost shall cause financial hardship.
- Consideration should be given to the multi-use of the properties. It is important to note that in the example property it is the rate payer's only residence and the main acreage use is as a farm.
- Council is not applying rates and certain fees evenly across the Shire and are therefore giving certain properties prejudicial financial advantages.
- Holiday Houses have not been reclassified as commercial yet certain properties are exclusively income producing, can often offer greater

occupancy and bed numbers than cabin properties. A single owner may have multiple houses solely for commercial reasons.

- A fee unevenly applied is the Prescribed Accommodations annual fee, causing loss of income to Council and having potential to negatively affect regional tourism and safety.
- Not all properties with cabins are being reclassified as they have not received a Council's notice. Reclassification should be delayed until reclassification can be applied evenly or the inequity explained.
- Council's requirement of pairing of rubbish bins causes certain rate payers to pay for bins that are not required; this pairing requirement should be amended.

Introduction.

Council is proposing a 4.9% rate increase for the 2015-2016 year.

According to a notice from Mr Tom Lovass, Council's Manager Finance, dated March 27 (but not received till April 2) certain residential properties with cabins on them are to be reclassified to commercial. Mr Lovass states that certain properties with cabins were AVPCC 133 to be changed to AVPCC 232. This has the effect of a second additional increase of 5% on the higher 2015-2016 rate.

(Plus 3% year end 2017, Plus 3% year end 2018, Plus 3% year end 2019, Compounded yearly.)

Reclassification dramatically affects the fire levy of these properties.

Specifically for this resident the double increase of year end 2016 equates to extra outgoings of \$1,020.00 in the first year alone, this figure includes the fire levy. This additional unexpected cost will cause financial hardship. Similar property owners have reported similar increases and predicted hardship.

Submission A.

Is A Property With Cabins Solely Commercial?

In this decision no consideration has been given to the multi-use of the property. Yet there is legal precedence in Australian Tax law which does provide for multiuse on properties.

My property, by way of an example, is located at 150 Foley Road, Yanakie and is roughly 10 acres.

Around 3 acres is old growth forest, while this area has outgoings (weed control etc.) it is not commercial and produces no income. This acreage should be considered as (regionally) cultural.

Around 6 acres is grass pastures with a farm Property ID Code (PIC), all outgoings and incomes (e.g. farm animal sales) are reported to the tax department accordingly. This acreage should be considered as farm.

Around three quarters of the remaining acre is private residence with related shedding, gardens, access roads and windbreaks. This acreage should be considered as residential.

The cabin business (with only 4 beds) is on the remaining quarter of an acre. This example is important, I submit that heavy consideration should be given that a percentage of a cabin property is the rate payer's residence, and therefore the property should not be considered solely commercial.

A second consideration should be given that when property use is considered, the main use of this example rateable property is farm.

Submission B.

Council Does Not Enforce A Level Playing Field.

To cover the hardship of this unexpected compounding extra cost properties with cabins, who are recipients of the Council notice, will be forced to increase their nightly tariffs or close their doors. However the hardship is greatly increased as Council is not evenly applying their rates and fees across the Shire, and therefore creating a prejudicial financial benefit to some.

1) Rented Holiday Houses are remaining rated as AVPCC 133 and residential, yet owners do not reside, contribute little to the Shire and only profit. Many of these properties are solely income producing and in direct competition to the cabins. Certain owners who have multiple houses have only immaterial differences commercially to a property with multiple cabins, except the houses are on separate titles.

Most of the individual house properties have more beds and offer greater occupancy than the cabin properties. 150 Foley Road has only 4 beds and has a strict maximum of only 8 people per night.

By accepting the definition of the holiday houses as residential, with lower rates and lower fire levy Council is giving these businesses a financial advantage in the

setting of their tariffs, equating to lost bookings and therefore further hardship to the properties with cabins.

Secondly, but importantly, Council do not pursue a number of these properties as Prescribed Accommodations. The Act (Victorian Public Health and Well Being Act 2008. Clause 8B) defines a Prescribed Accommodation as: *Any premises used as a place of abode, whether temporary or permanent, fixed or mobile, where a person or persons can be accommodated on payment of consideration.*

By not charging the Holiday Homes the Prescribed Accommodation fee (\$168.00 per annum) and associated cost of Council's annual inspection, Council is giving these properties a second prejudicial financial advantage.

As a submission focussing on Council rates it is disturbing that Council in one hand fails to collect the \$168.00 annual fee from so many properties, while on the other hand plans annual increases to cover the Council's outgoings.

As a rate payer with an interest in regional tourism it is worrying that so many properties are not inspected. No inspections may conceivably lead to lower standards, which will cause a drop in the perceived level of regional tourist accommodation, and have lower safety standard (e.g. supplying of foods/working smoke detectors) available in the Shire.

I submit that Council pursues under the Victorian Public Health and Well Being Act 2008 the holiday houses and collects the annual fee from these properties, that annual inspections occur for public safety reasons and to ensure that the Shire's tourism image is not degraded by substandard properties.

I further submit that a positive way Council may adjust some of the financial inequality between the properties would be to waive the annual Prescribed Accommodation Fee for cabin properties which have been reclassified to AVPCC 232. It is noted that these properties by being reclassified will be paying extra to Council.

2) I am aware that only certain properties with cabins have received Council's notice of reclassification. As other properties with cabins have not received this document it could be concluded that either they are not being given an opportunity to make a submission, or that Council does not intend to reclassify them, or, as certain rate payers are claiming, that Council does not have a

complete list of properties with cabins and plans to financially discriminate against the percentage of properties that they have on their incomplete list. Properties not reclassified are given a financial advantage by Council equating to further hardship to the properties with cabins that are being reclassified.

I submit that the reclassification be delayed until Council has the capability to evenly apply the reclassification across all cabin properties, or explain why not all properties with cabins have received notices.

Submission C.

Council Inflexible Rubbish Collection Fee.

In an attempt to reduce outgoings and lessen the financial burden placed on me by Council's reclassification and annual rate increases, I reviewed my garbage collection needs.

My weekly collection needs are one 240 litre general garbage bin and one 240 litre recycle bin. As Council only collect recycle material fortnightly my overall need is 1 x general bin and 2 x recycle bins.

Due to Council's inflexible collection system of only offering collection bins in pairs I am compelled to pay for two collection bin pairs (first pair: 1 x general bin and 1 x recycle bin, second pair: 2 x recycle bins). I am therefore required to pay for one recycle bin for which I have no use. This is the lowest price solution offered by Council staff.

When two levels of Council's staff were asked for the logic behind the requirement of paired bins they were unaware of any reason, and were only able to offer that it has always been that way.

I would prefer to continue with the Council collection system rather than the lower price skips collection system as I separate around 12,500 litres of recyclables per year and therefore prevent it from going to Council run landfill.

As a consideration to the compounding annual rate increases planned for rate payers, I submit that Council should amend the rubbish collection requirements so that any rate payer who has a need of additional bin collection after their first pair of bins, may order and pay for only what they require, even if this is only a singular extra bin.

Thank you for your considerations.

C.24 S223 #24 CONCERN OF VACANT LAND RATE

Name of Submitter: Jake O'Hara

Date submission received: 23 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process.

SUMMARY OF ISSUE RAISED

Concern about vacant land rate

DISCUSSION

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven community members and three Councillors. The Committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the paper be released for public comment and considered feedback received.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. A letter was sent to every ratepayer encouraging them to read the Proposed Rating Strategy and complete a submission if desired. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the vacant, commercial, industrial and cultural & recreational differential rates and reducing the farm differential rate over two years. As a result the amount of rates and charges paid by some property owners have increased, whilst other property owners have experienced a decrease. This impact will occur again this year with the final staged implementation of the Rating Strategy.

Rationale for Farm Land differential rate

Farms by their nature have a high rateable valuation relative to Residential, Commercial and Industrial premises.

From a capacity to pay perspective, ratepayers with higher value properties generally have a higher wealth and a greater capacity to pay. However from a farming industry perspective it can be argued that rates are in fact levied on unrealised wealth in the form of real property.

On the other hand, farms more so than other types of businesses can realise the inherent capital value of their properties at the end of their working lives if they choose to do so.

Farms effectively include a residential and business component. Farm rates are paid from pre-tax money and this includes the residential component of the farm. At a tax rate of 30% (current company tax rate) this amounts to a benefit of 43%. It was considered appropriate from a capacity to pay principle perspective that this be taken into account when determining a differential rate for the Farm Properties Category.

Farming is considered to be a key industry and it is appropriate to provide some incentive to encourage farmers by moderating the rate impact. The farming differential was decreased from 90% to 80% for 2014/15 and will decrease to 70% in 2015/16. Decreasing the differential rate from 90% to 70% provides some rate relief to farmers after taking into consideration the property wealth, capacity to pay and incentive principles

It is considered that the 70% differential farm rate should only be applicable to genuine farming operations as distinct from hobby or rural lifestyle properties.

Council determined that the definition of Farm land for differential rating purposes be modified so that rural lifestyle properties are no longer defined as Farm land for differential rating purposes.

Properties where primary production and associated improvements are secondary to the value of the residential home site and associated residential improvements should not be classified as Farm land for differential rating purposes.

Similarly, vacant properties in a rural, semi-rural or bushland setting that have no restrictions or are not likely to encounter difficulties in obtaining building purposes should not be classified as Farm land for differential rating purpose.

Rationale for Vacant Land differential rate

Vacant properties in 2013/14 had a 150% differential rate to encourage vacant land owners to develop their properties.

Council determined that the differential rate is increased to 200%. The rationale was to encourage vacant land owners to develop their properties.

Similarly, Council determined that the differential rate for restricted vacant land properties is increased to 200%. This is to encourage restricted vacant land owners to rationalise and consolidate their properties.

The vacant land differential was increased from 150% to 175% for 2014/15 and will increase to 200% in 2015/16.

Despite the increase in the differential rate from 150% to 200%, the lower valued vacant land properties would pay less rates due to the abolition of the Municipal Charge.

This property is 2.865ha with a planning permit for a dwelling and is therefore rated as Vacant Land. When a dwelling is built it will be rated as 'General Land'.

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

X

No amendments

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

CONCERN OF VACANT LAND RATE

Email received by Tom Lovass 28 April 2015

A policy that discriminates between different farming categories is absurd, and I don't see how you can allow a Horticulturist the farm rate (for a property of the size) but not a beef farmer. What right does Council have to discriminate between ratepayers based on type of farming they carry out?

It also happens that the land in question is used for "intensive farming", It's incorporates a 100 tree Truffle Plantation, if that changes your mind on the matter.

Based on what you have said there are 3 situations that this property could fall under,

- 1- No Dwelling, No Permit
- 2 - No Dwelling, Permit
- 3 - Dwelling

So before I received a planning permit I would have been rated as farm land 70% differential rate, and once the dwelling is constructed it will be at the general rate, 100%. How does it follow that while I am in the process of building I should pay 200%? Why does the council penalise people who want to building in the Shire? Logically the differential rate category whilst building should either be the same as what it was previously or what it is going to be (general rate) or somewhere in between (e.g. 70-100%)

So presumably after 20Ha, Beef farming is an acceptable form of farming, but this also is discriminating between large and small farmers., and I don't see how you can justify that.

You can include what I've already sent as a submission if you would like, but lets be honest unless half the Shire puts in the same submission the Council won't act on it.

Jake O'Hara

C.25 S223 #25 OBJECTION TO PROPERTY RECLASSIFICATION

Name of Submitter: Marie & Phillip Arnold

Date submission received: 29 April 2015

Wish to speak: No

RESPONSIBLE DIRECTORATE

Corporate Services Directorate

COUNCIL PLAN

Outcome:	4.0	A Leading Organisation
Objective:	4.1	Pursue best practice in organisational development and operations of the organisation
Strategy:	4.2.3	We will make informed decisions and provide opportunities for the community to participate in the decision making process

SUMMARY OF ISSUE RAISED

Objection to property reclassification

DISCUSSION

There has been a change to the allocation of Australian Valuation Property Classification Codes (AVPCC) codes to some properties. Some properties currently coded as 133 Short Term Holiday Accommodation will now be coded as 232 Serviced Apartments/Holiday Units under Valuation Best Practice requirements.

- Properties coded as 133 Short Term Holiday Accommodation now attract a residential Fire Services Levy charge.
- Properties coded as 232 Serviced Apartments/Holiday Units attract a commercial Fire Services Levy charge.
- Properties coded as 233 Bed and Breakfast will continue to attract a commercial Fire Services Levy charge.

Due to the change to the commercial category, Council wrote to 60 potentially affected ratepayers so they were aware of the change that would come into effect in 2015/16. The changes could result in an unexpected change to Rates and Charges including the Fire Services Property Levy on their property.

After receiving Council's letter, a number of ratepayers contacted Council and the Valuer General Victoria (VGV) regarding the application of the codes to their properties. After considering the variation in the nature of the properties included in the classification, which range from small scale owner lifestyle

type accommodation to larger commercial based properties, Valuer General Victoria agreed verbally with a practical application of the codes on a case by case basis. This may allow the valuers some scope when classifying the commercially marginal operators. These assessments will be done on a case by case basis. VGV will retain the authority to override these decisions.

The Valuer General Victoria has verbally indicated that for a property to be classified as a Bed and Breakfast (233) or Serviced Apartments/Holiday Units (232) the Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property'.

Based on the Valuer General's revised assessment criteria, this has enabled 41 properties previously classified as 232 Serviced Apartments/Holiday Units or 233 Bed and Breakfast to be reclassified to 117 Residential Rural. As a result these 41 properties will not attract a Commercial Fire Service Levy charge or the 'Commercial' differential for Council rates. Sixteen of the original 57 affected properties will remain within a 'Commercial' category code (232 Serviced Apartments / Holiday Units or 233 Bed and Breakfast). It is considered that the ability to operate a commercial venture from these properties adds value to the property.

It is also worth noting that a considerable number of micro bed and breakfast establishments within the Shire, that were previously coded as residential use for Fire Service Levy purposes (and general for rates), remain unaltered.

This property for 2015/16 has been assessed to be 232 Serviced Apartments / Holiday Units.

The property will therefore attract a:

1. Commercial Fire Services Levy charge; and
2. Commercial differential rate.

Council's differential rates classifications maintain uniformity with the Fire Services Property Levy charges and maintain consistency with the Rating Strategy principles.

Discussions have occurred between the Finance Department (Valuation team) and Strategic Planning and Development Department and Customer Relations Department who represented the interests of affected parties. The Finance Department acknowledges these departments input and is sympathetic with the submitter's concerns raised. The following however needs to be noted:

- The Valuer is required to determine that 'The ability to operate a commercial venture from the property adds value to the property' that is subsequently reviewed and approved by VGV; and

- Recommendation made in this report is mindful and takes into consideration principles embodied in the 2014-2018 Rating Strategy that was adopted by Council in 2014.

The ratepayer can object to their AVPCC code pursuant to the provision in the *Valuation of Land Act 1960*, including a similar review and appeal process as any valuation objection. Objections can be made on the prescribed form to Council's Valuer, and if still aggrieved by the decision the ratepayer can go to Victorian Civil and Administrative Tribunal (VCAT).

RECOMMENDATION BUDGET CONCLUSION

Determine if the budget is to be amended

No amendments

X

RECOMMENDATION

That Council:

1. Receive and note the submission.
2. Advise the submitter/s in writing of this decision including the reason/s for the decision.

MOVED: Cr Fawcett

SECONDED: Cr Davies

THAT COUNCIL:

1. **RECEIVE AND NOTE THE SUBMISSION.**
2. **ADVISE THE SUBMITTER/S IN WRITING OF THIS DECISION INCLUDING THE REASON/S FOR THE DECISION.**

CARRIED UNANIMOUSLY

OBJECTION TO PROPERTY RECLASSIFICATION

Email forwarded to Tom Lovass 29 April 2015 4:17pm

Re: 2015/2016 Rates and Charges

Property: [REDACTED]

Following a letter dated 27 March 2015, I am writing in response to South Gippsland City Council and the State Government proposing to increase our "Rates" and "Fire Levy" along with changes to how our property is classified. We are highly concerned in the proposal to change our home from residential to commercial and all the fees and charges associated with such a change including the impact when running and eventually selling the property. This was not the conditions present when we decided to purchase the property and feel it is unfair to saddle us with this now.

When deciding to live in South Gippsland, our decision was partly influenced by the positive promotions coming from the tourism industry encouraging people like us to join a seemingly well supported team. We used our hard earned funds to invest to purchase the property and yet more funds to bring the property to a good standard. In purchasing the property we believed that we were being offered the potential to provide pleasurable accommodation to tourist, couples and families who want to visit this part of the country while escaping the city and other populated areas. So far we have had little income but have provided the community with our support and local tradesman and businesses much needed source of income however this has proven to be to our disadvantage. It is now obvious that living outside of populated areas is highly unsustainable especially when adsorbent fees and charges are imposed at every opportunity by those that should be offering support.

We paid \$3,154.30 in 2014 for our rates and yet in return we found we received:

- No Services supplied from council including Waste Services

- No Dumping Green Waste

- No Roads are serviced by Council as these are the responsivity of Vic

Roads

To mention a few. On the renewal date I was planning to dispute these charges, but before I had an opportunity to do so I am faced with even more charges.

We are now being subjected to more charges in the form of increased fire levies despite the fact that we had recently had two further building approved for accommodation under the prior rates system. Had we been informed of this change we would have reconsidered such a large investment. We are being placed in a position where it does not seem to be viable to continue with our future plans to run this business and like our predecessors we too may need to just sell up and walk away. I feel very disappointed in the whole handling of this overhaul as we are the last to know. I would like to know how much money was spent in researching this change and how much was spent on consultation?

The farming community and other home businesses that earn far and beyond our meagre income do not seem to be singled out and targeted for this catastrophic charge. The holiday rental industry is very labour intensive with a very poor return on investment. I feel victimised by authorities who have failed their obligation to provide us with a "fair-go". When Tony Abbott and his party declare they are helping small businesses, that seems to be far from the truth and something I plan to take further in order to obtain an explanation as to how exactly we are being helped.

We pride ourselves in being self-sufficient and far from a burden to society but it seems that this is not applauded or rewarded. Yet those that refuse to work for a living are funded by the likes of us that contribute far more than is warranted.

I fear for future generations who are left to rely on those with poor judgement and yet placed as leaders in charge of our funds and welfare.

Marie Arnold & Phillip Arnold

[REDACTED]

SECTION D – GENERAL QUESTION TIME

D.1 QUESTION TIME

Meg Knight addressed Council by asking and submitting questions in relation to the Council Budget and the OurSay community consultation process.

The questions were taken on notice and will be responded to at the next appropriate Council Meeting.

Danika Dent, representing the South Gippsland Sentinel Times addressed Council by asking a question in relation to item C.2 - S223 #2 REQUEST FOR FUNDS WARATAH WAY SHARED TRAIL PROPOSAL, and the two projects referred to during the debate, what are the projects?

Cr Kennedy responded by highlighting that a trail 'Waratah Way' (formerly WASP) and a shared walking track in Walkerville would be heavily lobbied as the walkway at Ross Craig Crescent, Walkerville has significant views.

Danika Dent addressed Council by asking another question in relation to item C.10 - S223 #10 OBJECTION OF CLASSIFICATION OF PROPERTY UNDER 20 HECTARES regarding the motion put forth by Cr Hill and what is regarded as a significant change regarding the effect on community consultation?

June Ernst, Director Corporate Services responded by noting that a significant change is a major financial impact on the budget or rate payers, this change is not going to have a huge impact, it will directly impact around 44 community members.

D.2 ANSWERS TO PREVIOUS QUESTIONS ON NOTICE

Nil

SECTION E - MEETING CLOSED

NEXT MEETING

The next Ordinary Council Meeting open to the public will be held on Wednesday, 24 June 2015 commencing at 2pm in the Council Chambers, Leongatha.

The Meeting closed at 3.30pm.

CONFIRMED:.....

COUNCILLOR JEANETTE HARDING – MAYOR

Date:.....