

AGENDA

ORDINARY MEETING OF THE
HORSHAM RURAL CITY COUNCIL

To be held on
29 January 2019
At 5.30pm

In the
Council Chambers, Civic Centre
18 Roberts Avenue, HORSHAM



Horsham Rural City
Council urban rural balance

COUNCILLORS are respectfully requested to attend the Ordinary Meeting of the Horsham Rural City Council to be held in the Municipal Chambers, Civic Centre, Horsham at 5.30pm on 29 January 2019.

Order of Business

PRESENT

ALSO IN ATTENDANCE

1. PRAYER

Almighty God, we pledge ourselves to work in harmony for, the social, cultural and economic well-being of our Rural City. Help us to be wise in our deliberations and fair in our actions, so that prosperity and happiness shall be the lot of our people. AMEN

2. ACKNOWLEDGEMENT OF COUNTRY STATEMENT

The Horsham Rural City Council acknowledges the five Traditional Owner groups of this land; the Wotjobaluk, Wergaia, Jupagalk, Jaadwa and Jadawadjali people. We recognise the important and ongoing place that all Indigenous people hold in our community.

We pay our respects to the Elders, both past and present, and commit to working together in the spirit of mutual understanding and respect for the benefit of the broader community and future generations.

3. OPENING AND WELCOME

Welcome to distinguished guests or persons in the public gallery.
The public are advised that the Council meeting will be recorded to maintain an audio archive.

4. APOLOGIES

5. LEAVE OF ABSENCE REQUESTS

6. CONFIRMATION OF MINUTES

Recommendation

That the minutes emanating from the Ordinary Meeting of the Horsham Rural City Council held in the Municipal Chambers, Civic Centre, Horsham at 5.30pm on 17 December 2018 be adopted.

7. CONFLICTS OF INTEREST

Disclosure of Interest and Declarations of Conflict of Interest.

A Councillor who has a conflict of interest and is attending the Council meeting must make a full disclosure of that interest.

(a) by either –

- (i) advising the Council at the meeting of the details required under paragraphs (b) and (c) immediately before the matter is considered at the meeting; or
- (ii) advising the Chief Executive Officer in writing of the details required under paragraphs (b) and (c) before the meeting; and

(b) classifying the type of interest that has given rise to the conflict as either –

- (i) a direct interest under 77B; or
- (ii) an indirect interest and specifying the particular kind of indirect interest under:

Section 78 – close association

Section 78A – financial interest

Section 78B – conflicting duties

Section 78C – receipt of an applicable gift

Section 78D – consequence of becoming an interested party

Section 78E – impact on residential amenity; and

(c) describing the nature of the interest; and

(d) if the Councillor advised the Chief Executive Officer of the details under paragraph (a)(ii), the Councillor must make a disclosure of the class of interest only to the meeting immediately before the matter is considered at the meeting.

Members of Staff

Under Section 80C of the Local Government Act 1989, officers or people engaged under contract to the Council providing a report or advice to Council must disclose any conflicts of interests in the matter, including the type of interest.

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CLOSE



SUNIL BHALLA
Chief Executive Officer

9. OFFICERS REPORTS

9.1 RATING STRATEGY REVIEW

Author's Name: Graeme Harrison **Director:** Graeme Harrison
Author's Title: Director Corporate Services **File No:** F27/A03/000001
Department: Corporate Services

Officer Declaration of Interest

Rates are a matter that impact all residents and ratepayers in common and as such do not present any conflicts of interest for officers.

Status: Information classified confidential in accordance with *Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** Nil

Appendix

Rates Strategy Advisory Committee Discussion Paper, December 2018 (**Appendix "9.1A"**)

Draft Rating Policy (**Appendix "9.1B"**)

Draft Rating Strategy 2019-23 (**Appendix "9.1C"**)

Purpose

To place on public exhibition and invite submissions to the Draft Rating Strategy and Draft Rating Policy.

Summary

- Council, at its ordinary meeting in August 2018, resolved to appoint a Rates Strategy Advisory Committee.
- The committee met during October and November 2018 and presented its report to Councillors on 13 December 2018.
- Following further discussion at the Councillor briefing on 18 December 2018, a draft Rating Policy and draft Rating Strategy have now been prepared.
- It is proposed to seek community feedback on the draft Rating Policy and Rating Strategy.

Recommendation

That Council:

1. Note the report from the Rates Strategy Advisory Committee and make it available to the general public.
2. Place on public exhibition the draft Rating Policy and draft Rating Strategy 2019-23 and invite submissions.

Report

Background

Council, at its ordinary meeting in August 2018, resolved to appoint a Rates Strategy Advisory Committee. Following an open tender process, an independent chairperson, Mr John Watson (current chair of the Victorian Grants Commission), and an independent consultant, Mr Mark Davies from Mach2 Consulting, were appointed to guide discussion. Nine independent community members were selected by the chair from a field of 28 applicants. The nine community members represented the broad range of ratepayer sectors across the municipality.

The purpose of the committee was to advise Council as follows:

- To Identify and recommend principles for formulating Council's Rates Strategy and Policy.
- Advise on the factors for consideration of any differential rates.
- Advise on the equitable sharing of the rate revenue and changes to current charges, rebates and exemptions.
- Propose improvements to communication and engagement on the budget and rating strategy.
- Consider feedback and submissions from members of the public that may be obtained during the review.
- Produce a discussion paper with recommendations for Council.

The role of the committee was in an advisory capacity and Council would consider their recommendations but may not necessarily adopt them all.

Discussion

The committee met during October and November of 2018 and presented its report to Councillors on 13 December 2018 (**Appendix "9.1A"**). Councillors had further discussion on the report on 18 December 2018 and the major changes to Council's Rating Strategy were as follows:

1. Farm Differential – a further discount of 13% is proposed for the farm sector taking the differential from 80% down to 67% of the general rate.
2. Commercial and Industrial Differentials – a discount of 5% is proposed for the Commercial and Industrial sectors making the differential 95% of the general rate.
3. Flat Municipal Charge – the fixed dollar municipal charge per property will be reduced from \$287 to \$200.
4. Pensioner Rebates – Council will give a \$30 per property rebate for all eligible pensioners in addition to the state funded pensioner rebate that already exists.
5. Differential Review Trigger – that a trigger of +/- 5% relative valuation movement per sector be used as a basis to trigger a review of the differentials provided to all sectors.

The recommendations from the Rates Strategy Advisory Committee as provided in their discussion paper and Council's response are summarised in the table below:

No	Committee Recommendation	Council Response
1	Key rating principles to consider.	Accepted.
2a	Factors to consider when setting differential rates (long list of items listed in the committees report).	Council considered the list of 29 factors and have included 21 of these in the final draft Rates Strategy.
2b	That a threshold be set for annual valuation changes requiring Council to review the rating differentials when the valuation change for any rating category exceeded the threshold or there was a large disparity in valuation changes between categories.	Accepted. It is proposed that should valuations for any sector shift by greater than +/- 5% relative to the general rate, then Council will review the differential for a sector. This will only be possible once the Valuer General has finalised all values for the year. (Over the last 20 years this trigger would have been reached six times).
3a	That a 67% differential be set for farms (a further 13% reduction from the current 80%).	Accepted. With the justification being to recognise the changes to relative property values (in 2018), the high value of land as an input to farm operations, and in recognition of some lesser access to services associated with the rural isolation of the majority of the farming sector.
3b	That a differential of 80% be introduced for Retirement Villages.	Not accepted. Council did not consider that a differential for retirement villages would address the situation for elderly residents across the entire municipality. Instead of the differential, Council is proposing a rebate of \$30 to current eligible pensioner assessments across the entire municipality. (currently 1,785 assessments).
3c	That a definition for Rural Lifestyle land be implemented and that they be treated as Residential for rating purposes.	Not accepted. Council does not wish to introduce another sub-category within its rating structure and to avoid a complex situation of conflicting rules to that of the Valuer General and for Fire Services Levy legislation. Council will continue to utilise existing controls to ensure only genuine business operations are eligible for the farm differential.
3d	That, the definition of farmland be as per the Valuation of <i>Land Act, 1960</i> .	Accepted.

3e	That no other differentials be introduced.	Not accepted. Council to introduce a differential for the Commercial and Industrial sectors of 95% to recognise the changes to relative property values and reliance on the level of economic activity of the farming sector.
3e	No change to the approach for rating of Culture and Recreation properties.	Accepted. Council will, however, review the policy at a later date and prior to the setting of the 2019-20 rates.
3f	That the municipal charge be reduced from \$287 to \$200 and given the regressive nature of the municipal charge it should continue to decrease over time.	Accepted.
3g	That there be no change to the current rebates, discounts or exemptions offered by HRCC.	Not Accepted. Council will introduce a \$30 rebate for eligible pensioner assessments in addition to the state subsidised amount.
3h	That the hardship policy be revised with a view to incorporating financial hardship grounds as well as prolonged illness, unemployment or other reasonable cause.	Accepted. Council will review the policy before 30 June 2019.
4a	That suggested improvements be made to communication and engagement on the budget and rating strategy.	Accepted. Council will consider the recommended engagement methods and approaches and implement as and where practical.
4b	Provide new property valuations to all ratepayers prior to consideration of the draft budget.	Not Accepted. To provide individual property values prior to the determination of the rate has been found in law to prejudice any subsequent decision on the setting of a differential.
4c	If 4b is not possible, advise individual ratepayers of new property valuations where the valuation and/or rate increases are over an agreed threshold.	Accepted. Council will put in place a system to advise those with significant increases prior to the issuing of the rate notice and advise them of opportunities to appeal their valuations.

4d	Provide details to the community on the impact of the new property valuations on the rating burden for different rating categories.	Accepted. This information is already provided in the budget documentation, but council will communicate the impacts more broadly though other means available.
4e	Make more transparent, ratepayers' rights to discuss or challenge property valuations.	Accepted. This information is currently available but council will continue to ensure the right of appeal against valuations is readily understood and communicated to all.
5	That following the State election the HRCC strongly lobby the new government to pursue a review of the rating and/or valuation system to improve what the Committee considers to be currently a broken system.	Accepted. Council has already been active in this through the MAV State Council and will continue to advocate at both the state and federal levels wherever possible.

The above responses from Council have been compiled by the Mach2 Consulting in to two new draft council documents, the Rating Policy and Rating Strategy 2019-23 (**Appendix "9.1B" and "9.1C"**).

The next steps are as follows:

No.	Action	Target Commencement Date	Target Completion Date
1	Draft Rating Strategy and Policy distributed to the community for feedback and submissions.		29 January 2019
2	Community Consultation period as per Section 223 of the <i>Local Government Act</i> .	30 January 2019	7 March 2019
3	Council to hear & consider submissions received and make any changes accordingly.		12 March 2019
4	Council to adopt the final Rating Policy and Strategy (unless there are significant changes).		25 March 2019
If changes are significant then a further Section 223 consultation period will be required:			
5	Community consultation period.	26 March 2019	23 April 2019
6	Council consider any further submissions received.		30 April 2019
7	Council to adopt the final Rating Strategy and Rating Policy.		27 May 2019

Financial Implications

The Rating Strategy is undertaken in-conjunction with the development of the Council Budget.

Funding of \$75,000 to run the committee and engage the consultant was met through the 2018-19 Budget.

The introduction of a \$30 rebate for eligible pensioner assessments will cost approximately \$53,000 and these funds will need to be budgeted for in the 2019-20 budget and beyond.

Links To Council Plans, Strategies, Policies

2018-2022 Council Plan

Four-Year Priority – 4.1.01 Review the rates strategy and implement

Consultation/Communication

The committee received feedback from the community through an on-line survey, face-to-face meetings with the consultant during several community drop-in sessions and through formal submissions.

Source	Residential	Farm	Business	Other	Total
Survey	202	66	21	0	289
Submissions	1	4	0	0	5
Face-to-face	0	3	0	1 ¹	4
Total	203	73	21	1	298

The information gathered through this process was compiled by the consultant and was reviewed by the committee.

Risk Implications

Should a new Local Government Act be adopted during this current term of the State Government, then there will be some statutory implications for Council with regards to its rating processes, most significantly regarding the level of the municipal charge. The exact impact remains uncertain until such time as the new Act comes in to force.

Environmental Implications

Not applicable

Human Rights Implications

This report complies with the rights listed in the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Conclusion

The next stage of the process needs to take place to seek further feedback from the community on the Draft Rating Policy and Rating Strategy.

9.2 QUARTERLY FINANCIAL REPORT 31 DECEMBER 2018

Author's Name: Zac Gorman **Director:** Graeme Harrison
Author's Title: Management Accountant **File No:** F18/A10/000001
Department: Finance Department, Corporate Services

Officer Declaration of Interest

No officer involved in the preparation of this report has any conflicts of interest.

Status: Information classified confidential in accordance with *Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** Nil

Appendix

Quarterly Financial Report – December 2018 (**Appendix “9.2A”**)

Purpose

To provide Council with the quarterly financial report for the quarter ended 31 December 2018.

Summary

- The quarterly financial report for the quarter ended 31 December 2018 is provided in accordance with statutory requirements.

Recommendation

That Council note the Quarterly Financial Report for the period ending 31 December 2018.

Report

Background

Under Section 138 (1) of the *Local Government Act 1989*, a financial statement is to be provided to open Council comparing actual to budget for revenue and expenditure at least once every three months.

Discussion

The attached report (**Appendix "9.2A"**) has been prepared to provide Council with an overview of finances year-to-date and comparisons to budget in a simple easy to read format, with commentary as required.

Financial Implications

Staff time to compile and prepare this report is included in the 2018-19 budget.

Links To Council Plans, Strategies, Policies

2018-2022 Council Plan

Goal 4 – Governance and Business Excellence

Four-Year Priority – 4.4.5 Improve performance reporting and regular management reporting across all areas of Council

Consultation/Communication

This report, together with more extensive analysis and detail, is provided to Council each month as part of the Finance and Performance Committee agenda and to the Audit Committee on a quarterly basis.

Risk Implications

The provision of relevant information on a regular basis is an important part of Council's internal controls and is necessary for Council to meet its obligations under Section 3 of the *Local Government Act 1989*, which ultimately makes Council accountable for the good financial management of the municipality.

There is a risk that either too much or too little information is provided to Council for it to carry out this responsibility. Council must therefore ensure that it has sufficient information to be satisfied that finances are in order and that budgetary and financial planning goals are being met.

Environmental Implications

Not applicable

Human Rights Implications

This report complies with the rights listed in the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Conclusion

The financial report provides a summary of Council's performance against budget for the half year ended 31 December 2018.

9.3 CLOSED CIRCUIT TV (CCTV) POLICY

Author's Name: Kerrie Bell

Director: Graeme Harrison

Author's Title: Manager Governance & Information **File No:** F19/A10/000001

Department: Corporate Services

Officer Declaration of Interest

No officer involved in the preparation of this report has any conflicts of interest.

Status: Information classified confidential in accordance with *Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** Nil

Appendix

CCTV – Council Policy (**Appendix “9.3A”**)

Purpose

To present to Council a draft CCTV policy for adoption.

Summary

In their 2018 audit, the Victorian Auditor-General's Office recommended that Horsham Rural City Council establish and implement a policy to cover all Council CCTV systems.

Recommendation

That Council adopt the draft CCTV policy.

Report

Background

To enhance the safety of the community, HRCC operates public CCTV systems primarily in the Horsham central activity district. There are also corporate security systems installed at the Town Hall and Kalkee Road Children's and Community Hub.

In September 2018, the Victorian Auditor-General's Office (VAGO) released a report on the Security and Privacy of Surveillance Technologies in Public Places. As part of their investigation, VAGO did an audit of five randomly selected Victorian councils. The councils they audited were the City of Melbourne, Whitehorse City Council, Hume City Council, East Gippsland Shire Council and Horsham Rural City Council.

Discussion

Auditor-General Andrew Greeves provided Horsham Rural City Council with a list of 10 recommendations. Officers have responded to the recommendations proposing actions and timeframes. Establishing and implementing a policy was one of these recommendations.

Financial Implications

No direct financial implications from the adoption of this Policy.

Links To Council Plans, Strategies, Policies

2018-2022 Council Plan

Four-Year Priority – 1.2 Develop a safe, active and healthy community, encouraging participation

Goal 4 – Governance and Business Excellence

Consultation/Communication

An internal working group has collaborated on the development of this Policy, with reference to relevant industry standards and guidelines including

- AS4806 Set-2008 Australian Standard Closed circuit television (CCTV)
- *Guide to Developing CCTV for Public Safety in Victoria*, the Department of Justice, August 2011
- *Surveillance and Privacy Information Sheet*, Privacy Victoria, March 2012.

Risk Implications

Not applicable

Environmental Implications

Not applicable

Human Rights Implications

This report complies with the rights listed in the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Conclusion

The adoption of the CCTV Policy will ensure that our community has confidence in Council's commitment to providing public safety using surveillance technology whilst protecting the privacy of individuals in accordance with legislation.

9.4 AUDIT COMMITTEE CHARTER

Author's Name: Diana McDonald **Director:** Graeme Harrison
Author's Title: Co-ordinator Governance **File No:** F18/A13/000001
Department: Governance & Information

Officer Declaration of Interest

No officer involved in the preparation of this report has any conflicts of interest.

Status: Information classified confidential in accordance *with Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** Nil

Appendix

Audit and Risk Committee Charter – track changes (**Appendix “9.4A”**)
Audit and Risk Committee Charter – clean copy (**Appendix “9.4B”**)

Purpose

To endorse a revised charter for Council's Audit Committee.

Summary

- The Audit Committee reviews its charter every year.
- The current charter was discussed by the committee at its November 2018 meeting.
- Proposed changes have since been distributed and reviewed by the committee.

Recommendation

That Council adopt the revised Audit and Risk Committee charter.

Report

Background

The Horsham Rural City Council (HRCC) Audit Committee is an advisory committee of Council, established in accordance with Section 139 of the *Local Government Act 1989*. The committee's objective is to provide appropriate advice and recommendations to Council on matters as listed in its Charter.

Discussion

The Audit Committee and officers have reviewed the Charter and there are a number of changes which can be summarised as follows:

- Inclusion of "Risk" in the title for the Committee to more accurately reflect the committee's role in overseeing Council's risk management processes.
- References throughout the document have been changed in line with the new corporate responsibilities arising from the restructure in 2018.
- The composition of the committee (section 4) has been updated to better clarify the re-appointment of independent members and the appointment process for the chair.
- A new requirement has been added 6.8.4 that the chair report annually to Council.

Financial Implications

Operations of Council's Audit Committee is covered within the 2018-19 operational budget allocation.

Links To Council Plans, Strategies, Policies

2018-2022 Council Plan

Goal 4 – Governance and Business Excellence

Four-Year Priorities:

4.2 Manage risk to the organisation

4.4 Achieve high standards of organisational performance

Consultation/Communication

Council's Audit Committee is comprised of councillors and independent members. Consultation and communication is undertaken with Internal Auditors and external (Victorian Auditor-General's Office – VAGO) Auditors.

Risk Implications

The Audit Committee is an important committee of council required under the *Local Government Act 1989*. To not have a properly functioning or constituted committee would be in breach of the requirements of the Act. The committee has an important role in monitoring Council's financial governance and risks, to not have such a committee could increase Council's to potential for fraud and corruption to occur.

Environmental Implications

Not applicable

Human Rights Implications

This report complies with the rights listed in the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Conclusion

The Audit Committee is a legislated requirement and a current up-to-date Charter ensures that the committee is effective in discharging its duties and responsibilities.

9.5 PROPOSED SALE OF ARNOTT’S QUARRY

Author’s Name:	John Martin	Director:	John Martin
Author’s Title:	Director Infrastructure	File No:	99/01/08963A
Department:	Infrastructure		

Officer Declaration of Interest

No officer involved in the preparation of this report has any conflicts of interest.

Status: Information classified confidential in accordance with *Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** Nil

Appendix

Nil

Purpose

To propose the sale of Council’s Arnott’s Quarry at Laharum to the adjoining landholder, Luke Uebergang, who intends to establish a quarry on that land.

Summary

- Council’s stocks of gravel at its main quarry, the Arnott’s Quarry at Laharum, will be exhausted within two years.
- Extensive negotiations with the owner of the land adjoining Arnott’s Quarry, Luke Uebergang, have considered a range of options that would lead to development of the resource on that land.
- Mr Uebergang is also the Director of Horsham Excavation and Demolition, which has taken over the contract formerly held by G&H Hair Earthmoving, for bulldozer operations at Arnott’s Quarry, and has separately tendered for supply of material from its adjoining land, once it develops the site.
- The sale of Council’s land to the adjoining landowner is considered to be efficient from operational, resource management and commercial perspectives.
- The *Local Government Act 1989* prescribes a process for sale of Council land, which includes public notification of the intention to sell the land, and obtaining a valuation of the land.
- An agreement would need to be established with Mr Uebergang regarding Council’s access to the Mt Zero Transfer Station.

Recommendation

That Council:

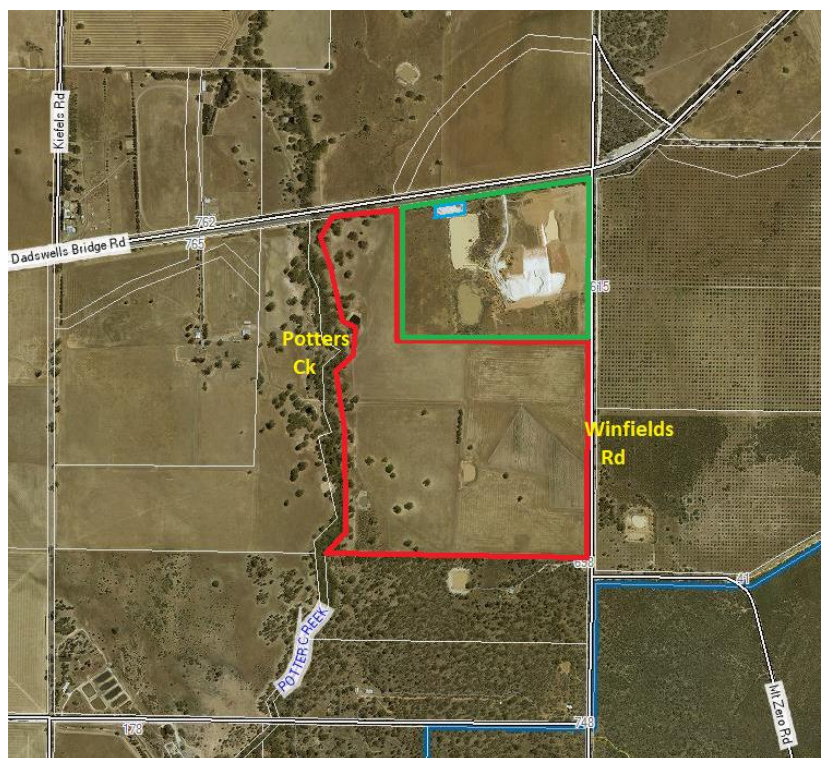
1. Agree in principle to the sale of the Arnott’s Quarry land. Obtain a valuation for the sale of the site.
2. Advertise its intention to sell the land as per the *Local Government Act* requirements.
3. Negotiate a contract that preserves Council’s access to the Mt Zero transfer station and addresses the rehabilitation requirements for the land, either by licence or subdivision.

Report

Council owns Arnott's Quarry, being the land shown in green adjacent to the Wonwondah-Dadswells Bridge Road, and Winfields Road in the diagram below. The Laharum transfer station occupies a small part of the site, shown in blue facing the Wonwondah-Dadswells Bridge Road.

This quarry has been in operation since about 1997, producing around 30 - 40,000 m³ per year of crushed sandstone. This is the major source of gravel used by Council. The quarry is getting close to the end of its life, with around two years of material estimated to remain in the north-east corner of the site.

For approximately two years, this writer has been in negotiation with the adjoining landholder, Luke Uebergang – principal of Horsham Excavation and Demolition (HED) – about options for continued quarry operations on the adjoining parcel of land shown in red.



HED has not yet been issued a Work Authority to conduct the quarrying operations but is in the process of obtaining this Authority, including the related Planning Permit. It is anticipated that this process will be completed promptly so that the quarry could be in operation early in 2019.

Discussion

A number of different options for development of the quarry have been considered, including:

1. Council sources gravel from HED – no land amalgamation
2. Council leases / purchases land from HED
3. Council sells land to HED

The assessment of these three options has determined that the preferred approach is option 3, Council selling the land to HED. The following pros and cons were identified for this option:

- **Pros**
 - Provides operational efficiency for HED, through access to an existing working floor at the base level of the sandstone.
 - Provides a simpler arrangement for continued site access from Wonwondah-Dadswells Bridge Rd, rather than Winfields Road.
 - Enables the 20 m buffer at the common boundary to be used as a resource – this resource would not be able to be accessed if HED did not control the Council land.
- **Cons**
 - Council would need to secure access to the transfer station through a lease or subdivision.
 - An agreement would be needed so that Council could retain priority access to the remaining sandstone in the north-east corner of the site as a contingency reserve.

The latter con is proposed to be addressed by delaying the sale of land until Council has utilised as much of the resource on the site as possible. This will ensure that Council accesses this resource at current rates.

Next Steps

If the sale of land to HED is the preferred option, the following steps would be required:

- A valuation would need to be obtained.
- The process of advertising Council land for sale would need to be followed.
- A contract would need to be drawn up to cater for sale of the land to provide for:
 - A lease or subdivision of land for the area occupied by the transfer station
 - Reservation of any remaining resource in the north-east corner of the site for use by Council.

Financial Implications

The key issue in this matter is securing a long-term gravel resource.

The price of land sale would be based on a valuation yet to be obtained. This would need to take into consideration the funds set aside for restoration of the site (which occurs progressively during the life of the quarry).

The costs of obtaining gravel will be minimised by utilising as much of the remaining resource as possible before implementing the transfer.

Links To Council Plans, Strategies, Policies

This action is not directly identified in Council plans, however, ensuring continuing access to a gravel resource is essential to our road construction and maintenance programs.

Consultation/Communication

Council would be required to give notice of the intention to sell should this proposal advance.

Risk Implications

No impacts on any of the top 15 risks listed in the risk register.

Environmental Implications

There are numerous potential environmental issues associated with quarrying. The conditions on Work Authorities generally address these. Council has a fund for rehabilitation of the quarry, which would need to be ensured post-sale.

Mr Uebergang has had a Cultural Heritage Management Plan prepared for his adjoining land.

Human Rights Implications

Nil

Conclusion

The sale of Council's Arnott's Quarry land to the adjoining landholder presents an opportunity for efficient access to gravel resources in the area.

9.6 CONTRACT 19-14 URBAN ROADS RECONSTRUCTION

Author's Name: Lyndon White **Director:** John Martin
Author's Title: Coordinator Engineering Design **File No:** 19-014
Department: Infrastructure

Officer Declaration of Interest

No officer involved in the preparation of this report has any conflicts of interest.

Status: Information classified confidential in accordance with *Local Government Act 1989* – Section 77(2)(c): Yes No **Reason:** The Appendix only is considered confidential as it includes commercial-in-confidence information relating to submitted tenders.

Appendix

Contract 19-014 Urban Roads – Tender Evaluation Report (confidential) (**Appendix "15.1A"**)

Purpose

To award the contracts for the reconstruction of five urban roads, being parts of Fechler Avenue, Federation Avenue, Frederick Street, Gardenia Street and Wavell Street.

Summary

- The five urban road reconstruction projects were bundled into one tender process to see if Council could get a better financial outcome compared to other recent tenders for similar projects.
- Tenderers were invited to provide a submission for all five of the street construction works, or any single street or combination of streets.
- Public tenders were sought through Council's normal procurement processes.
- A good response was received, and preferred tenderers have been identified to conduct the works through the normal evaluation process.
- The tendered price for the combined five projects is 2.1% higher than budget or \$25,440.78, which is considered as an acceptable financial outcome.
- The timing of contractor availability is a factor in relation to delivery of this year's and next year's road construction program.

Recommendation

That Council:

1. Accept the tender submitted by Midbrook Pty Ltd for the lump sum of \$314,687.00 ex GST for the reconstruction of Fechler Avenue, from Kalimna Avenue to Valentine Avenue.
2. Accept the tender submitted by Midbrook Pty Ltd for the lump sum of \$513,313.00 ex GST for the reconstruction of Federation Avenue, from Drummond Street to Kalimna Avenue.
3. Accept the tender submitted by Midbrook Pty Ltd for the lump sum of \$165,800.00 ex GST for the reconstruction of Frederick Street, from Wavell Street to north 140 metres.
4. Accept the tender submitted by Mintern Civil for the lump sum of \$100,752.25 ex GST for the reconstruction of Gardenia Street, from Laurel Street to Wotonga Drive.
5. Accept the tender submitted by Mintern Civil for the lump sum of \$132,247.53 ex GST for the reconstruction of Wavell Street, from Queen Street to Kalkee Road.

Report

Background

The five urban road reconstruction projects, being Fechler Avenue, Kalimna Avenue to Valentine Avenue, Federation Avenue, Drummond Street to Kalimna Avenue, Frederick Street, Wavell Street 140 m to the north, Gardenia Street, Laurel Street to Wotonga Drive and Wavell Street, Queen Street to Kalkee Road, are all part of the 2018-19 roads reconstruction program.

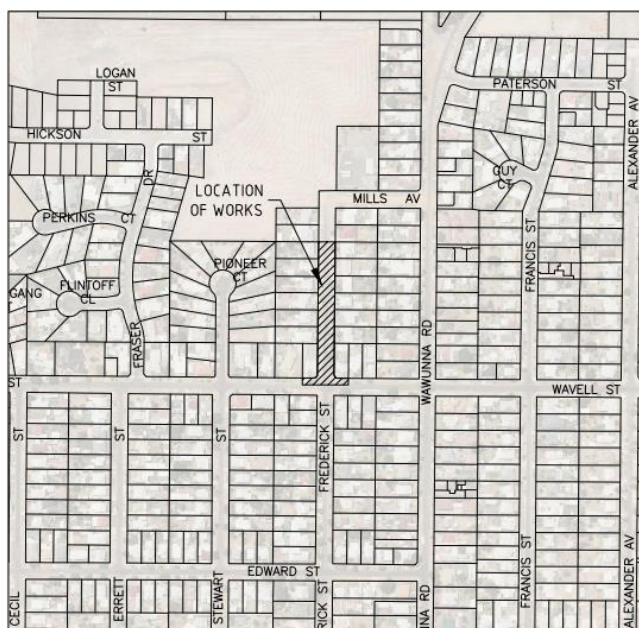
Two of the projects, Federation Avenue and Wavell Street, were tendered previously and the tender prices came in excessively high compared to the budget allocations. This led to the idea of bundling the five projects together to see if we could receive lower tendered prices.

The diagrams below show the sites of the works (hatched in each diagram).

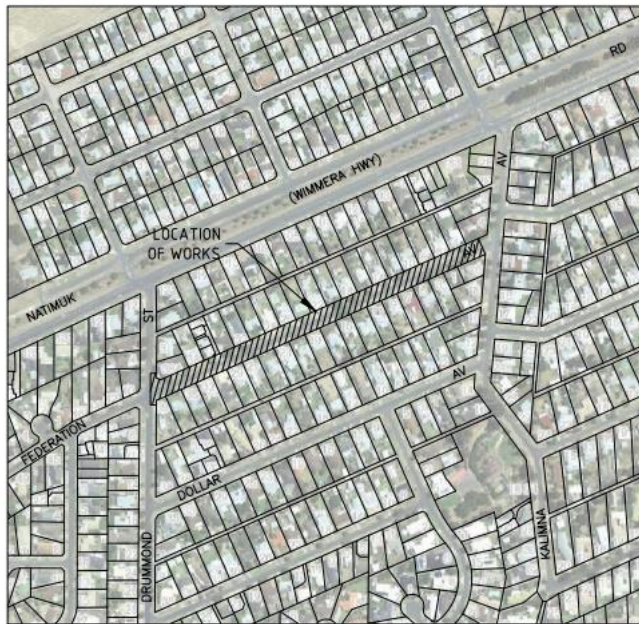
Fechler Avenue



Frederick Street



Federation Avenue



Gardenia Street



Wavell Street



Discussion

A detailed tender evaluation report is provided as an appendix in the Confidential Reports (**Appendix "15.1A"**).

Key aspects of the report include:

- Two tenders only were received for the Federation Avenue works, three tenders were received for the other four street works.
- The evaluation of tenders was based on the criteria as presented in the tender documents.

A significant issue for the overall program is the availability of contractors. For this package of works, three local companies submitted tenders. A limitation in the tenders was the timing of when contractors could start the works.

None of the contractors have indicated an availability to commence the works before May this year, and the last of these works is anticipated not to be completed until around December 2019.

This has implications for deliverability of the 2019-20 program, as these contractors are likely to be the key contractors Council will rely on for similar works in that year.

Detailed planning is underway at present examining how the anticipated (preliminary) program for 2019-20 will be able to be delivered through a combination of internal and external resources. Information on this deliverability will be presented to Council as part of the upcoming budget planning process.

Financial Implications

The projects are part of Councils 2018-19 urban roads program. The recommended tender and budget amounts for each project are (ex GST \$):

Project	Budget	Recommended Tender
Fechler Avenue	\$305,000	\$314,687
Federation Avenue	\$519,359	\$513,313
Frederick Street	\$170,000	\$165,800
Gardenia Street	\$103,000	\$100,752
Wavell Street	\$104,000	\$132,247
Total	\$1,201,359	\$1,226,800

Combining the five projects the preferred tendered price is \$25,440.78 (or 2.1%) above the budget. This is considered an acceptable outcome given the pricing received for other similar road tenders over the past 12 months. This variation from budget will be absorbed through minor reductions in other related road programs.

Links To Council Plans, Strategies, Policies

2018-22 Council Plan

Four-Year Priority – 3.4 Deliver works to develop and maintain Council’s physical assets for long term sustainability, amenity and safety

Consultation/Communication

The key communication aspect with these projects will be the interaction between the appointed contractors, Council's project supervisor and the adjacent landowners. Council has standard arrangements in place for this communication.

Risk Implications

Standard construction risks will apply. Supervision of works will be conducted by Council officers to manage these risks.

The availability of contractors for these works means that some of the projects will in part occur over the winter months. This could lead to some delays, for example in relation to application of bitumen seals at the completion of the works.

Contractor availability also means that some of the works will continue into the 2019-20 financial year.

Environmental Implications

Standard construction management practices will minimise environmental risks. There are no native vegetation or waterway issues associated with these works.

Human Rights Implications

Nil

Conclusion

The preferred tenders provide best value to Council and are recommended for award.

10. COUNCILLORS' REPORTS

Cr Alethea Gulvin

- 21 December 2018 – Teleconference with consultant regarding the upcoming Open Space Strategy for the municipality
- 1 January 2019 – Hoping that everyone has had a wonderful start to the New Year and I hope that it will be a prosperous one for all
- 21 January 2019 – Attendance at Council Briefing meeting
- 26 January 2019 – Australia Day celebrations – book reading for children at the Horsham ceremony

Cr Les Power

- I wish everyone a happy and prosperous New Year.

Cr Mark Radford, Mayor

- 18 December 2018 – Horsham College Years 7, 8 and 9 Presentations
- 18 December 2018 – Rates Review Briefing
- 18 December 2018 – Horsham College Year 12 Presentation
- 19 December 2018 – Horsham College tour with U3A members
- 19 December 2018 – Christmas party at the Horsham Golf Club
- 20 December 2018 – Operations Outdoor Team breakfast
- 20 December 2018 – Pick My Project meeting
- 20 December 2018 – Natimuk Men's Shed Christmas lunch
- 20 December 2018 - Mayor's Christmas party at the Horsham Town Hall
- 23 December 2018 – Natimuk Community Carols
- 24 December 2018 – Community piano launch, Roberts Avenue
- 31 December 2018 – New year's eve event at the Horsham Showgrounds
- 7 January 2019 – Pick My Project meeting
- 8 January 2019 – Meeting with Graeme Sawyer, National Broadband Network
- 9 January 2019 – Meeting with Hugh Delahunty and candidate for National Party
- 10 January 2019 – Neil Hateley funeral (Natimuk Men's Shed and Agricultural Society)
- 12 January 2019 – Karen community new year celebrations, Horsham Town Hall
- 14 January 2019 – CEO Meeting
- 15 January 2019 – MAV Presidential candidate interview
- 15 January 2019 – Western Rail Alliance meeting in Halls Gap
- 21 January 2019 – Philip Proctor funeral
- 21 January 2019 – Council Briefing meeting

11. URGENT BUSINESS

Nil

Report

Background

An application to establish a service station on the land situated at 123 Main Street, Natimuk was lodged with Council on the 31 August 2018.

A petition signed by 45 signatories and objecting to the planning application has recently been received.

Discussion

The application was referred to VicRoads and the Environment Protection Authority. In addition to these referrals, the application was placed on public notification. This resulted in 28 objections being lodged. These objections primarily related to amenity and traffic issues.

VicRoads required further information to be provided. This request was relayed to the applicant on 18 September 2018. The further information letter specified a lapse date of 18 October 2018. As no extension of time was sought to provide the additional information the application has lapsed.

Peregrine Corporation has since been advised that the application has lapsed and that Council has agreed not to lease the property for the proposed development.

Notwithstanding the lack of support for the site at 123 Main Street, Natimuk, Council through the Council Plan is supportive of a community service station in Natimuk, subject to identifying a suitable site.

It is suggested that Council advise the petitioners that the proposed development of service station will not proceed.

Financial Implications

There are no financial implications.

Links to Council Plans, Strategies, Policies

2018-2022 Council Plan

Four-Year Priority – 2.1.07 Support investigations into the community service station at Natimuk

Four-Year Outcome – 5.2 Plan for rural and urban land use to create a sustainable municipality for the future

Consultation/Communication

The Planning application was placed on public exhibition, and neighbours were notified of the application, together with referral authorities.

Risk Implications

There are no risk implications.

Environmental Implications

There are no environmental implications.

Human Rights Implications

This report complies with the rights listed in the *Victorian Charter of Human Rights and Responsibilities Act 2006*.

Conclusion

A petition signed by 45 signatories and objecting to the planning application has recently been received. It is suggested that Council advise the petitioners that the proposed development of service station will not proceed.

13. PROCEDURAL BUSINESS

13.1 ASSEMBLY OF COUNCILLORS – RECORD OF MEETINGS

- Council Planning/Budget Meeting held on Thursday 13 December 2018 at 5.00pm in the Civic Centre Reception Room, Horsham Rural City Council
- Council Briefing Meeting held on Tuesday 18 December 2018 at 5.00pm in the Civic Centre Reception Room, Horsham Rural City Council
- Council Briefing Meeting held on Monday 21 January 2019 at 5.00pm in the Civic Centre Reception Room, Horsham Rural City Council

13.2 SEALING OF DOCUMENTS

Nil

13.3 INWARD CORRESPONDENCE

Nil

13.4 COUNCIL COMMITTEE MINUTES

Nil

Recommendation

That Council receives and notes agenda items 13.1, 13.2, 13.3 and 13.4.

14. NOTICES OF MOTION

Nil

Horsham Rural City Council



RATES STRATEGY REVIEW ADVISORY COMMITTEE

Discussion Paper

December 2018

'Ardsville'
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Executive summary

This discussion paper sets out the key recommendations of the Rates Strategy Review Advisory Committee (the Committee) convened on October 2018 to provide community input and to make recommendations to the Horsham Rural City Council (HRCC) on revisions to the Rates Strategy 2018-19.

The HRCC is requested to consider the following recommendations of the Committee in setting its Rates Strategy and Rates Policy for the 2019-20 year.

Recommendation 1: Key rating principles (section 3.)

That the principles of:

- Wealth tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to pay
- Diversity.

be taken into account when setting HRCC's rating strategy and policy.

Recommendation 2: Factors to consider when setting differential rates (section 4.)

That the factors set out in section 4.2 of this report be taken into account when setting differential rates and that a new category be included for retirement villages.

That a threshold be set for annual valuation changes requiring the HRCC to review the rating differentials when the valuation change for any rating category exceeded the threshold or there was a large disparity in valuation changes between categories.

Recommendation 3: Equitable sharing of the rate burden and changes to current charges, rebates and exemptions (section 5.)

That the following differential rate categories and levels be adopted by HRCC:

- Residential (100%)
- Commercial (100%)
- Industrial (100%)
- Farm (67%)
- Cultural and recreational (0%-50%)
- Retirement villages (80%).

That it be noted that even at a 67% differential, farms continue to carry an excessive rate burden and it is recommended that this be addressed by the HRCC at every general revaluation so as to bring it down to a level that results in a more fair and equitable distribution of the rates burden.

That the definition of farm land be changed to:

“Is land that is occupied for the principal purpose of carrying out activities of primary production on land defined as ‘farm land’ under the Valuation of Land Act 1960; is not less than 2ha; used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind; used by a business that

has a significant commercial purpose, seeks to make a profit on a continuous basis or repetitive basis; is making a profit or has a reasonable prospect of making a profit.”

And that the following definition be considered for rural lifestyle land as land that is to be treated as residential land:

“Is land with a residential dwelling on larger allotments in rural, semi-rural or bushland settings. Primary production uses and associated improvements are secondary to the value of the residential home site use and associated residential improvements.”

That the municipal charge be reduced from \$287 to \$200 and given the regressive nature of the municipal charge it should continue to decrease over time.

That there be no change to the current rebates, discounts or exemptions offered by HRCC.

That the hardship policy be revised with a view to incorporating financial hardship grounds as well as prolonged illness, unemployment or other reasonable cause. The hardship policy to also include an independent assessment process including referring applicants to a financial counselling service for advice back to the HRCC prior to deciding on the best course of action.

Recommendation 4: Proposed improvements to communication and engagement on the budget and rating strategy (section 6.)

That the following improvements be made to communication and engagement on the budget and rating strategy.

General

- That the HRCC do more than the minimum requirements (i.e. statutory requirements) around community engagement and improve how they listen, communicate and liaise with the community
- Provide more information to ratepayers in easy to understand language and increase the use of electronic delivery of information
- Make it simpler to navigate Council’s website.

Budget

- Hold independently facilitated community meetings prior to the preparation of the budget to identify priorities and needs.

Rating strategy

- Provide new property valuations to all ratepayers prior to consideration of the draft budget, or if this is not possible, advise individual ratepayers of new property valuations where the valuation and/or rate increases are over an agreed threshold
- Provide details to the community on the impact of the new property valuations on the rating burden for different rating categories
- Make more transparent, ratepayers’ rights to discuss or challenge property valuations.

Recommendation 5: Other matters (section 8.)

That following the State election the HRCC strongly lobby the new government to pursue a review of the rating and/or valuation system to improve what the Committee considers to be currently a broken system.

1 Overview

1.1. Purpose

The Horsham Rural City Council (HRCC) formed the Rates Strategy Review Advisory Committee (Committee) to provide community input and opinion on the setting of key rating principles in the review of the HRCC's current Rates Strategy, and to make recommendations to Council on revisions to the Rates Strategy and an overarching Rates Policy. A key outcome of which is to achieve a fair and equitable distribution of the rate burden across all members of the community.

1.2. Responsibilities

The responsibilities of the Committee were:

- To identify and recommend principles for formulating the HRCC's rates strategy and policy (section 3.)
- Advise on the factors for consideration of any differential rates (section 4.)
- Advise on the equitable sharing of the rate burden and changes to current charges, rebates and exemptions (section 5.)
- Propose improvements to communication and engagement on the budget and rating strategy (section 6.)
- Consider feedback and submissions from members of the public that may be obtained during the review (section 7.)
- Produce a discussion paper with recommendations for Council.

1.3. Membership

The Committee consisted of nine people (excluding ex-officio) who were all ratepayers within the municipality. The members represented residential, commercial, industrial, farm and retirement village ratepayers. The Committee also included a representative of the Victorian Farmers Federation (VFF).

Members of the Committee:

- Elizabeth Jackman
- Christie Keene
- Kola Kennedy
- Jim Lonsdale
- Tim Mintern
- Gregory Pitman
- Karen Somerville
- Richard Walker
- Scott Johns (VFF)
- John Watson (ex-officio – Independent Chair)

Committee support:

- Mark Davies (Consultant)
- Teagan Barents (Rates Officer/Committee support)

The Committee met on five occasions to discharge its responsibilities under the Terms of Reference.

1.4. Items out of scope

Items that were out of scope and which the Committee was not asked to consider were:

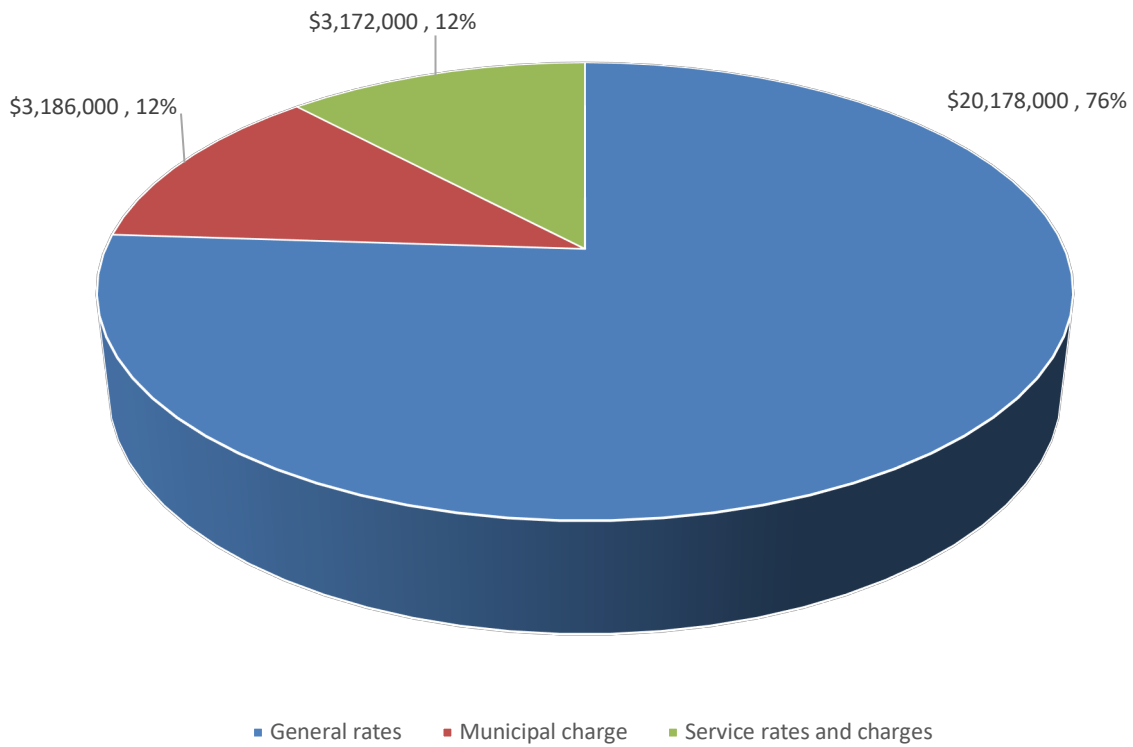
- The amount of rates collected by HRCC
- The fees and charges for kerbside waste and recycling services
- HRCC's other policies and strategies, except to the extent they relate to rating strategies
- The cost effectiveness of providing HRCC's services
- The range of services and facilities provided by HRCC
- HRCC's capital works program
- Lease, licence and user agreements.

2 Horsham rating structure

2.1. Rates and charges 2018-19

Details	Cents/\$CIV	Assessments	\$CIV	\$
General rates				
Residential	0.4908	9,186	2,361,734,500	11,591,393
Commercial	0.4908	524	328,949,500	1,614,484
Industrial	0.4908	418	167,600,500	822,583
Farm	0.3926	2,159	1,562,389,000	6,133,939
Cultural and recreational	0.2454	3	6,260,000	15,362
TOTAL		12,290	4,426,933,500	20,177,762
Details	\$/Property	Properties		\$
Municipal charge				
Charge	287	11,100		3,185,700
TOTAL		11,100		3,185,700
Details	\$/Property	Properties		\$
Service rates and charges				
Residential urban (240l)	394	4,605		1,814,370
Residential rural (240l)	365	1,169		426,685
Commercial (240l)	382	336		128,352
Residential urban (120l)	253	2,709		685,377
Residential rural (120l)	224	351		78,624
Commercial (120l)	365	82		29,930
Commercial recycling (240l)	136	66		8,976
TOTAL		9,318		3,172,314
GRAND TOTAL				26,535,776

2.2. Rates and charges composition

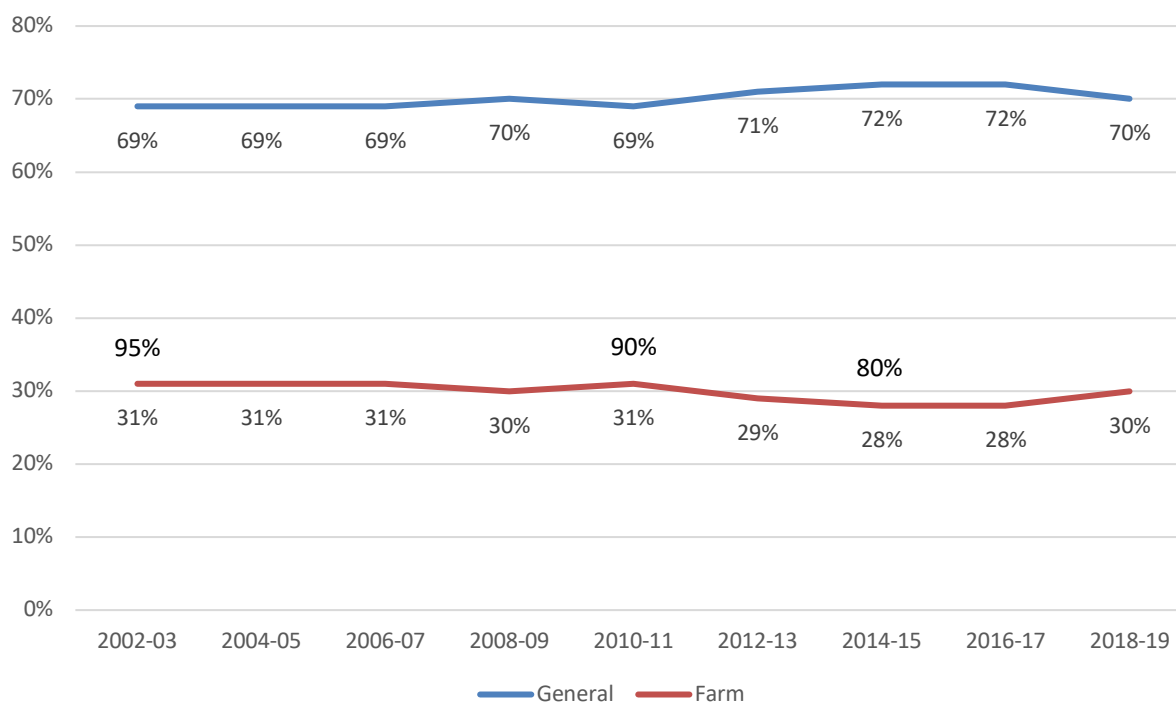


2.3. Valuation and rating outcomes

Valuation Changes			Valuation Proportion			General Rate Burden			Farm
Years	General	Farm	Years	General	Farm	Years	General	Farm	Diff
2002-03	0%	0%	2002-03	69%	31%	2002-03	69%	31%	95%
2004-05	37%	38%	2004-05	68%	32%	2004-05	69%	31%	95%
2006-07	15%	20%	2006-07	69%	31%	2006-07	69%	31%	95%
2008-09	9%	7%	2008-09	68%	32%	2008-09	70%	30%	95%
2010-11	6%	14%	2010-11	68%	32%	2010-11	69%	31%	90%
2012-13	8%	4%	2012-13	69%	31%	2012-13	71%	29%	90%
2014-15	11%	22%	2014-15	67%	33%	2014-15	72%	28%	80%
2016-17	12%	14%	2016-17	67%	33%	2016-17	72%	28%	80%
2018-19	5%	17%	2018-19	65%	35%	2018-19	70%	30%	80%

The above table shows year by year details of the general revaluation outcomes since the 2004 general revaluation. The farm differential was introduced in the 2002-03 year and was adjusted down in each of the years where there was a large disparity between general and farm property valuation outcomes. In particular 2010-11 and 2014-15 which had the effect of softening the rate burden impact.

2.4. General rates burden



The above graph shows that since 2002-03, the level of the general rates burden for farm properties remained steady at between 30% and 31% until 2010-11 when the farm differential was reduced to 90%. The differential was further reduced to 80% in 2014-15 with a subsequent reduction in the general rates burden to 28%. This remained steady at this level until 2018-19 when following the 2018 general revaluation of properties it increased to 30%.

2.5. Benchmarking

Council	Budget	Rates	Residential	Commercial	Industrial	Farm	Cult & Rec	Municipal Charge	SEIFA Index
Moyne	\$45,469	\$22,385	100%	100%	100%	100%	na	\$261	7.00
Glenelg	\$46,789	\$23,857	100%	100%	100%	100%	50%	\$0	2.00
Mildura	\$105,535	\$69,700	100%	120%	120%	90%	10%	\$100	1.00
Buloke	\$32,937	\$13,316	100%	100%	100%	90%	na	\$170	3.00
Corangamite	\$39,363	\$21,532	100%	100%	100%	90%	50%	\$198	5.00
Hindmarsh	\$18,160	\$8,645	100%	90%	90%	90%	50%	\$199	2.00
Swan Hill	\$46,724	\$27,624	100%	125%	100%	82%-86%	96%	\$0	2.00
Horsham	\$51,014	\$26,702	100%	100%	100%	80%	50%	\$287	4.00
Southern Grampians	\$42,581	\$19,607	100%	100%	100%	80%	na	\$195	5.00
Colac Otway	\$47,363	\$30,204	100%	165%	165%	75%	na	\$188	3.00
Yarriambiack	\$24,138	\$12,183	100%	100%	100%	72%	na	\$73	1.00
Ararat	\$29,844	\$16,919	100%	100%	100%	55%	na	\$92	1.00
Northern Grampians	\$33,830	\$17,377	100%	100%	100%	47%	58%	\$156	1.00

Out of 10

Swan Hill: 82% dry land and 96% irrigation land

Northern Grampians: Reduced its farm rate by 18% in 2018-19 to achieve 2.25% increase

The above table shows that Horsham is generally comparable with other similar councils in terms of the range and level of rate differentials. However, it has the highest municipal charge at \$287.

3 Principles for formulating the HRCC's rates strategy and policy

3.1. Good practice taxation principles

The Victorian Government's *Local Government Better Practice Guide: Revenue and Rating Strategy 2014* states that when developing a rating strategy, in particular with reference to differential rates, the Council should give consideration to the following key good practice taxation principles:

- **Wealth Tax:** The "wealth tax" principle implies that the rates paid are dependent upon the value of a ratepayer's real property and have no correlation to the individual ratepayer's consumption of services or the perceived benefits derived by individual ratepayers from the expenditures funded from rates
- **Equity:** Horizontal equity – ratepayers in similar situations should pay similar amounts of rates (ensured mainly by accurate property valuations, undertaken in a consistent manner, their classification into homogenous property classes and the right of appeal against valuation). Vertical Equity – those who are better off should pay more rates than those worse off (the rationale applies for the use of progressive and proportional income taxation. It implies a "relativity" dimension to the fairness of the tax burden)
- **Efficiency:** Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by rates
- **Simplicity:** How easily a rates system can be understood by ratepayers and the practicality and ease of administration
- **Benefit:** The extent to which there is a nexus between consumption/benefit and the rate burden
- **Capacity to pay:** The capacity of ratepayers or groups of ratepayers to pay rates
- **Diversity:** The capacity of ratepayers within a group to pay rates.

3.2. Committee response

3.2.1. Wealth Tax

The Committee agreed that the wealth tax is a starting point and that it needs to be the basis of rating.

3.2.2. Equity

The Committee agreed that if people have the capacity to pay more, then they should pay more.

3.2.3. Efficiency

The Committee agreed that if rates for a particular category became too high (e.g. farms) then they would have less ability to spend money with local businesses, thus affecting the local economy.

3.2.4. Simplicity

The Committee agreed that the rating system needs to be simple so that HRCC doesn't need to hire extra staff, resources etc to administer and it also needs to be simple for ratepayers to understand. However, the Committee acknowledged that some complexity may be required and should be considered by the HRCC to ensure a more fair and equitable distribution of the rate burden.

3.2.5. Benefit

The Committee agreed that the farming sector was generally further from Horsham and therefore their use of HRCC services and facilities was lower. This was reflected in the 80% differential. On the other hand, residential ratepayers receive more benefit from their rates and should pay a higher rate. This was

reflected in the 100% differential. It was noted that residential ratepayers who live further out of Horsham in the smaller communities may also have lower access to HRCC services and facilities.

3.2.6. Capacity to Pay

The Committee agreed that capacity to pay was an important factor to take into account when setting the rating structure, but also noted that it was difficult to assess.

3.2.7. Diversity

The Committee agreed that there can be diversity within ratepayer categories such as residential ratepayers living in the city versus rural areas. However, such diversity should be reflected in the property valuation.

3.3. Committee recommendation

That the principles of:

- Wealth tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to pay
- Diversity

be taken into account when setting HRCC's rating strategy and policy.

4 Factors for consideration of any differential rates

4.1. HRCC differential rates

The HRCC currently has the following differential rating categories:

- Residential
- Commercial
- Industrial
- Farm
- Cultural and recreational.

4.2. Committee response

The Committee believes the factors that should be taken into account when considering the differential rating categories are as set out below.

4.2.1. Residential

- Investors and home-based business properties can claim a tax deduction
- Residential properties generally have higher access to council services
- Horsham has an ageing population (i.e. Horsham: 22% population >65yrs; Victoria: 16% population >65yrs)
- There is some disadvantage amongst the community (i.e. Horsham SEIFA is 4/10)
- Residential properties tend to be lower in valuation and therefore are adversely impacted by the regressive nature of the municipal charge
- A number of residential properties are held for investment purposes (i.e. 38% of residential properties are not owner occupied).

4.2.2. Commercial

- Commercial properties are able to claim a tax deduction
- Commercial properties are operated for a profit
- There is a wide diversity of retail operators both in size and type
- The commercial sector is relatively small (i.e. 524 properties)
- The farming sector underpins economic activity
- The retail area is a focus of the HRCC Economic Development Strategy.

4.2.3. Industrial

- Industrial properties are able to claim a tax deduction
- Industrial properties are operated for a profit
- The industrial sector is relatively small (422 properties)
- The farming sector underpins economic activity
- The HRCC Economic Development Strategy states that primary industry can support new downstream industries.

4.2.4. Farm

- Farms are able to claim a tax deduction
- Farms are operated for a profit
- Access to services varies according to location and remoteness
- The rate burden for farms is proportionately higher compared to other categories as their productive asset is valued
- There is no nexus between land valuation increases and productive capacity
- There is no nexus between the rates paid and services received
- Farmers are price takers so cannot pass on rate increases
- Farms are more susceptible to external factors (e.g. weather, commodity prices, national/international events)
- The farming sector impacts on the economic activity of other HRCC sectors
- Farms are able to aggregate their properties on the basis of a farm enterprise resulting in a reduction in the municipal charge paid.

4.2.5. Cultural and recreational

- Cultural and recreational properties should be recognised in accordance with the Cultural and Recreational Lands Act 1963.

4.2.6. Retirement villages

The Committee also believes that the HRCC should consider inclusion of a separate differential for retirement villages on the basis that:

- The HRCC receives increased rates from higher density housing
- Retirement villages invest in and maintain their own infrastructure (e.g. lighting, roads, footpaths, landscaping).

4.3. Committee recommendation

That the factors set out in section 4.2 above be taken into account when setting differential rates and that a new category be included for retirement villages.

That a threshold be set for annual valuation changes requiring the HRCC to review the rating differentials when the valuation change for any rating category exceeded the threshold or there was a large disparity in valuation changes between categories.

5 Equitable sharing of the rate burden and changes to current charges, rebates and exemptions

5.1. General rates

5.1.1. Local Government Act 1989 – Section 158, 160 and 161

A Council when declaring rates and charges must declare whether the general rates will be raised by the application of a uniform rate or differential rates. If a Council declares a uniform rate, then the general rate for any rateable land is to be determined by multiplying the value of the land by the uniform rate percentage.

If a Council declares a differential rate for any land, the Council must:

- Specify the objectives of the differential rate including a definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate
- Specify the characteristics of the land which are the criteria for declaring the differential rate.

A Council must have regard to any Ministerial guidelines before declaring a differential rate for any land.

The highest differential rate must be no more than four times the lowest differential rate.

5.1.2. HRCC general rates

HRCC has declared that the general rates will be raised by the application of differential rates. The current differential rates are as follows:

- Residential (100%)
- Commercial (100%)
- Industrial (100%)
- Farm (80%)
- Cultural and recreational (0%-50%).

The current HRCC policy is that a differential for the farm sector is appropriate in recognition of changes to relative property values, the high value of land as an input to farm operations and in recognition of some lesser access to services associated with their rural isolation of the majority of the sector.

The HRCC policy for Cultural and Recreational properties is that rates are set at 50% (for those with significant revenue raising capacity) of the general rate. No municipal charge is made on these properties.

5.2. Committee response

The Committee agreed that the current differential categories and levels were appropriate subject to the following changes:

- Farm (67%): To return the level of rate burden to that which existed before the 2018 General Revaluation. The Committee also agreed that even at a 67% differential, farms continue to carry an excessive rate burden and that this should be addressed at every general revaluation by the HRCC so as to bring it down to a level that results in a more fair and equitable distribution of the rates burden
- Retirement Villages (80%): To recognise that the HRCC receives increased rates from higher density housing on retirement village land and retirement villages invest in and maintain their own infrastructure (e.g. lighting, roads, footpaths, landscaping).

The Committee agreed that that the differential rating levels for commercial and industrial properties should remain at 100% given their reliance on the farming sector and that they would receive some of the

rate burden following a reduction in the farm differential to 67% and reduction in the municipal charge to \$200. There is also no change recommended in regard to cultural and recreational land properties.

The Committee also agreed that the definition of farm land should be expanded as follows:

“Occupied for the principal purpose of carrying out activities of primary production on land defined as ‘farm land’ under the Valuation of Land Act 1960; is not less than 2ha; used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind; used by a business that has a significant commercial purpose, seeks to make a profit on a continuous basis or repetitive basis; is making a profit or has a reasonable prospect of making a profit.”

And that the following definition be considered for rural lifestyle land as land that is to be treated as residential land:

“Is land with a residential dwelling on larger allotments in rural, semi-rural or bushland settings. Primary production use and associated improvements are secondary to the value of the residential home site use and associated residential improvements.”

5.3. Municipal charge

5.3.1. Local Government Act 1989 – Section 159

A Council may declare a municipal charge to cover some of the administrative costs of the Council. A Council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the sum total of the Council's total revenue from a municipal charge and total revenue from general rates. The *Local Government Bill 2018* proposed that this be reduced to 10%.

A person may apply to a Council for an exemption from the payment of a municipal charge on rateable land if the rateable land is farm land, the rateable land forms part of a single farm enterprise and an exemption is not claimed in respect of at least one other rateable property which forms part of the single farm enterprise. In the case of a single farm enterprise which is occupied by more than one person, an exemption cannot be claimed in respect of more than one principal place of residence.

5.3.2. HRCC municipal charge

The current municipal charge is budgeted to raise \$3.10 million in the 2018-19 year which represents 13.6% of total revenue from the municipal charge and general rates. The HRCC advised that total administrative costs for the 2018-19 year was \$7.36 million. The current charge of \$3.10 million represents a 42% recovery of these costs.

5.4. Committee response

The Committee agreed that given the regressive nature of the municipal charge, it should be reduced to 10% of total revenue from the municipal charge and general rates, which is consistent with that proposed in the new Local Government Act. This would equate to a municipal charge of \$200. The Committee also agreed that given the regressive nature of the municipal charge it should continue to decrease over time.

5.5. Rebates, discounts and exemptions

5.5.1. Local Government Act 1989 – Section 169

A Council may grant a rebate or concession in relation to any rate or charge:

- To assist the proper development of the municipal district
- To preserve buildings or places in the municipal district which are of historical or environmental interest
- To restore or maintain buildings or places of historical, environmental, architectural or scientific importance in the municipal district

- To assist the proper development of part of the municipal district.

A Council resolution granting a rebate or concession must specify the benefit to the community as a whole resulting from the rebate or concession.

5.5.2. HRCC rebates, discounts or exemptions

The current HRCC policy is that no rebates or concessions be granted to properties other than the state funded pension rebate or those under specific contractual agreements.

5.6. Committee response

The Committee agreed that it did not support any rebates, discounts or exemptions over and above the government pension rebate currently provided by the State government.

5.7. Deferrals and waivers

5.7.1. Local Government Act 1989 – Section 170 and 171

A Council may defer in whole or in part the payment by a person of any rate or charge which is due and payable for a specified period and subject to any conditions determined by the Council if it considers that an application by that person shows that the payment would cause hardship to the person.

The Council may waive the whole or part of any rate or charge or interest in relation to:

- An eligible recipient
- Any other class of persons determined by the Council for the purpose of waiving rates or charges on the grounds of financial hardship.

5.7.2. HRCC deferrals and waivers

The HRCC has a separate hardship policy for the handling of hardship cases which allows deferment of all or part of rates for varying times depending on circumstances and, interest may also be waived in hardship cases. Applicants are required to specify the hardship grounds for consideration of which the HRCC may grant a deferment, which would generally continue until circumstances change, the land is sold or the person dies. In the past the HRCC has only granted interest waivers for hardship.

5.8. Committee response

The Committee agreed that the hardship policy needed to be revised with a view to incorporating financial hardship grounds as well as prolonged illness, unemployment or other reasonable cause. It should also include an independent assessment process including referring applicants to a financial counselling service for advice back to the HRCC prior to deciding on the best course of action.

5.9. Financial impact of proposed changes to the rating structure

5.9.1. Options

The Committee agreed that the following options should be modelled to assess the financial impacts of its recommendations on each category of ratepayer:

- 1 Do nothing: Retain the current rating structure and allow the annual general revaluation process to determine the level of rates.
- 2 Committee recommendation: Adjust the farm differential to 67%, introduce a retirement village differential of 80% and reduce the municipal charge to \$200.

Assumptions

The following assumptions were made in regard to future rating years:

- Future rate cap increases were set at 2.25%

- Future property valuation increases were based on the average valuation increases over the past two general revaluations (i.e. 2016 and 2018) and applied annually with a capped upper limit of 10% and lower limit of 5%
- The growth in the number of assessments were based on the average growth over the past two general revaluations period (i.e. 2016/17 to 2018/19) and applied annually with a capped upper limit of 10% and lower limit of 5%.

Refer Appendix A – Financial Modelling for a detailed analysis of the financial impacts of each option on each category of rate payer.

5.9.2. Option 1: Do nothing

Under the do-nothing option, the general rate and municipal charge burden for farm land will increase from 27.5% in 2018-19 to 28.0% in 2019-20 and then continue to increase to 29.6% by 2023-24. This will result in average rate increases for farm land between 4.3% and 4.5% per annum. This is compared to residential land which will experience average rate decreases of between 0.1% and 0.3% per annum, commercial land with increases of between 1.7% and 2.1% and industrial land with decreases of between 0.5% and 1.5%.

5.9.3. Option 2: Committee recommendation

Under option 2, the rate burden for farm land will drop from 27.5% in 2018-19 to 25.6% in 2019-20 which is equivalent to the 2017-18 level and then continue to increase to 27.2% by 2023-24. This will result in an average rate decrease for farm land in 2019-20 of 4.4% or \$131 and then average increases between 4.4% and 4.6% per annum. This is compared to residential land which will experience an average rate increase of 3.0% or \$47 in 2019-20 and then rate decreases of between 0% and 0.3% per annum. Commercial land will experience an average rate increase of 9.2% or \$310 in 2019-20 and then increases of between 1.8% and 2.2%. Industrial land will experience an average rate increase of 3.7% or \$83 in 2019-20 and then decreases of between 0.5% and 1.5%. Retirement village land will experience an average rate decrease of 11.0% or \$118 in 2019-20 and then increases of between 0.4% and 1.3%.

Due to the regressive nature of the municipal charge, lower value properties such as residential properties valued under \$200,000 would experience a rate decrease in 2019-20 in the average general rate and municipal charge. For farm, commercial and industrial properties, they would experience a rate increase from the reduction in the municipal charge due to the higher value of these properties.

5.10. Committee response

The Committee agreed that option 2 achieved a good balance between reducing the rate burden on farming properties, creating a separate differential for retirement villages and minimising the impact of moving the rate burden onto other rating categories. In particular, by lowering the municipal charge this had the effect of softening the impact on lower valued properties, especially residential properties.

5.11. Committee recommendation

That the following differential rate categories and levels be adopted by HRCC:

- Residential (100%)
- Commercial (100%)
- Industrial (100%)
- Farm (67%)
- Cultural and recreational (0%-50%)
- Retirement villages (80%).

That it be noted that even at a 67% differential, farms continue to carry an excessive rate burden and it is recommended that this be addressed by the HRCC at every general revaluation so as to bring it down to a level that results in a more fair and equitable distribution of the rates burden.

That the definition of farm land be changed to:

“Occupied for the principal purpose of carrying out activities of primary production on land defined as ‘farm land’ under the Valuation of Land Act 1960; is not less than 2ha; used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind; used by a business that has a significant commercial purpose, seeks to make a profit on a continuous basis or repetitive basis; is making a profit or has a reasonable prospect of making a profit.”

And that the following definition be considered for rural lifestyle land as land that is to be treated as residential land:

“Is land with a residential dwelling on larger allotments in rural, semi-rural or bushland settings. Primary production uses and associated improvements are secondary to the value of the residential home site use and associated residential improvements.”

That the municipal charge be reduced from \$287 to \$200 and given the regressive nature of the municipal charge it should continue to decrease over time.

That there be no change to the current rebates, discounts or exemptions offered by HRCC.

That the hardship policy be revised with a view to incorporating financial hardship grounds as well as prolonged illness, unemployment or other reasonable cause. The hardship policy to also include an independent assessment process including referring applicants to a financial counselling service for advice back to the HRCC prior to deciding on the best course of action.

6 Proposed improvements to communication and engagement on the budget and rating strategy

6.1. Committee response

The Committee agreed that HRCC should do more than the minimum requirements (i.e. statutory requirements) around community engagement and improve how they listen, communicate and liaise with the community. They also agreed that HRCC should provide more information to ratepayers in easy to understand language and increase the use of electronic delivery of information. This included making it simpler to navigate Council's website.

6.2. Committee recommendation

That the following improvements be made to communication and engagement on the budget and rating strategy.

General

- That the HRCC do more than the minimum requirements (i.e. statutory requirements) around community engagement and improve how they listen, communicate and liaise with the community
- Provide more information to ratepayers in easy to understand language and increase the use of electronic delivery of information
- Make it simpler to navigate Council's website.

Budget

- Hold independently facilitated community meetings prior to the preparation of the budget to identify priorities and needs.

Rating strategy

- Provide new property valuation results to all ratepayers prior to consideration of the draft budget, or if this is not possible, advise individual ratepayers where valuation and/or rate increases are over an agreed threshold
- Provide details to the community of the impact of the results of new property valuations on the rating burden for different rating categories.
- Make more transparent, ratepayers' rights to discuss or challenge property valuations.

7 Community feedback

7.1. Summary of engagement

Source	Residential	Farm	Business	Other	Total
Survey	202	66	21	0	289
Submissions	1	4	0	0	5
Face-to-face	0	3	0	1 ¹	4
Total	203	73	21	1	298

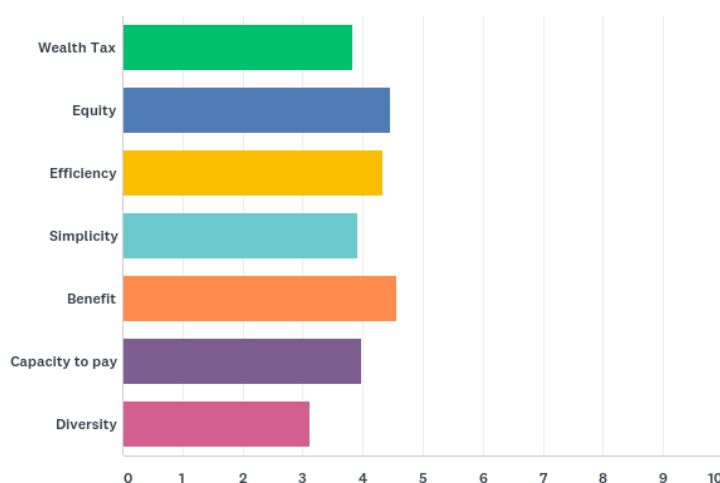
¹ Victorian Farmers Federation

The stakeholder engagement consisted of an on-line survey, written submissions and face-to-face interviews. A summary of stakeholder engagement feedback is set out below by type of engagement. Where possible, the feedback has been aligned to the good taxation principles.

7.2. Survey

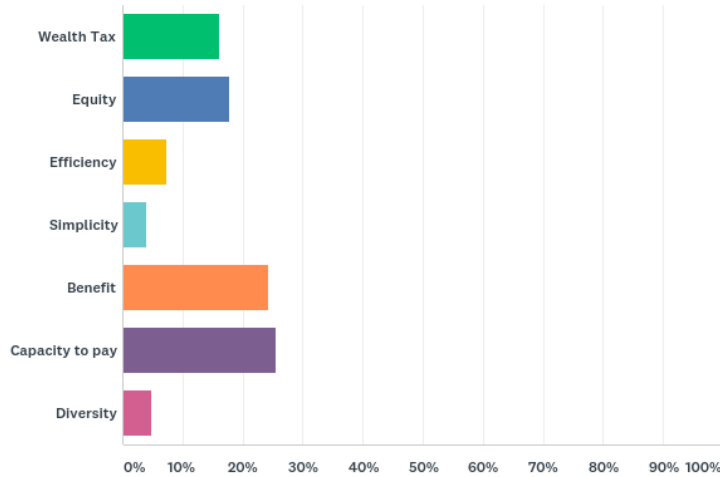
The on-line survey consisted of multiple-choice questions and free text. Only the multiple-choice questions have been reproduced below due to the difficulty in analysing the free text answers.

Q1 Some of the above principles conflict for example Diversity conflicts with Simplicity, if the rates take account of the wide range of ability to pay within a class of rate payers then the rates system will be more complex than if it didn't. To help the committee understand how to apply the principles rank the principles in order of most important (1) to least important (7) to you.



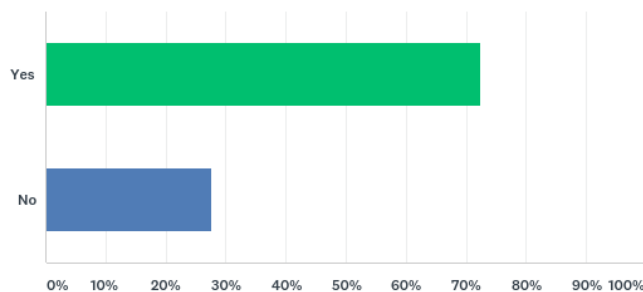
The above results indicate that the three most important taxation principles were benefit, equity and efficiency.

Q2 Differential Rates A differential can be used to provide a discount for some classes of rate payers (e.g. farms) with this discount being made up for by other rate payers paying more. Alternatively, a differential can be used to increase rates for some classes of payers (e.g. vacant land) with this being offset by other rate payers paying less. If a differential rate is to be applied to provide a discount to farmers what principle is best used to justify that discount?



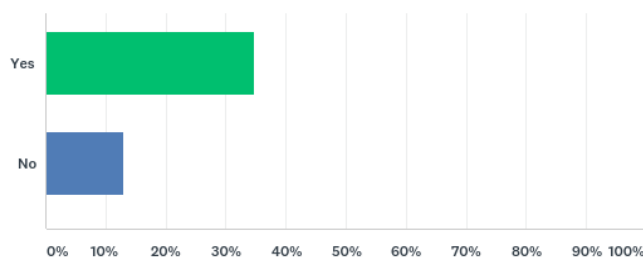
The above results indicate that the three most important taxation principles to be taken into consideration when providing a discount to farms were capacity to pay, benefit and equity.

Q4 If a differential rate is applied to a class of rate payers to support a particular economic objective should there be some criteria to determine when that goal has been reached and therefore when the differential should be removed?



The above results indicate that 70% of respondents supported removing a differential once the original goal had been reached.

Q5 Definition of a farm enterprise- Should we make a distinction between commercial farm enterprises and hobby farms?



The above results indicate that 34% of respondents supported a distinction being made between commercial farm enterprises and hobby farms for the purposes of setting a farm land differential.

7.3. Submissions

Equity

- Differentials should be used to achieve the rate cap
- Hobby farms should be classified as residential
- Operating for profit should not be used as a reason to pay higher rates
- A \$645,000 increase in farm rates and a \$68,000 reduction in residential rates is not fair or equitable
- Council should have taken into account that 2018 was a drought year
- Discounts should be offered to pensioners and other disadvantaged members of the community
- The residential rate base is being subsidised by residential growth
- Residential rates in Horsham are high compared to other comparable councils

Benefit

- Farm rates are high compared to the services they use

Efficiency

- The differential rates on commercial and industrial properties should not be increased so that businesses remain in Horsham

7.4. Face-to-face

Equity

- There should be stability in the rate burden
- Differentials should be used dynamically to adjust the burden
- Support a high municipal charge to recover administrative costs
- Land is a production tool and shouldn't be rated
- No link between land valuation and productive capacity
- Hobby farmers should be excluded from the farm differential
- Lease value might be a better measure of land value
-

Benefit

- The benefit principle should be a key input to setting the rate burden

Efficiency

- Commercial and industrial properties rely on the farming sector

Other

- There is not enough time after valuations are released for Council to make a considered decision on rates
- Ratepayers should be advised of large valuation increases before rate notices are issued
- New land values should be applied in the following year and averaged

8 Other matters

8.1. Committee response

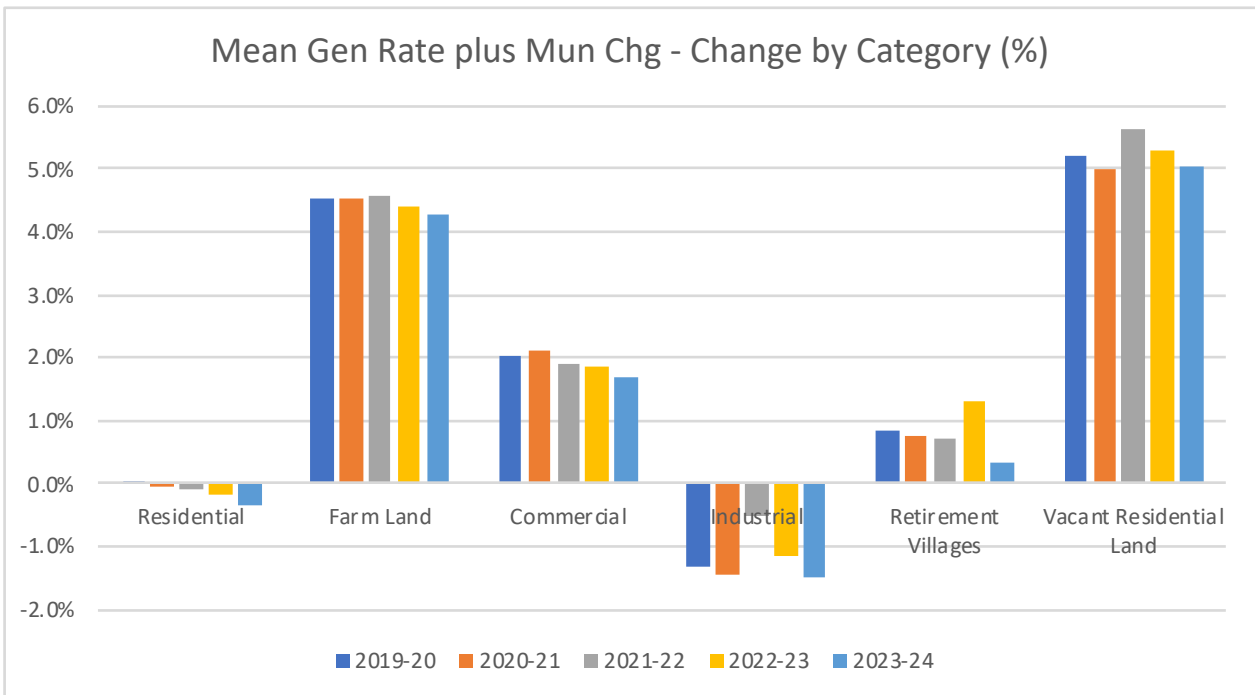
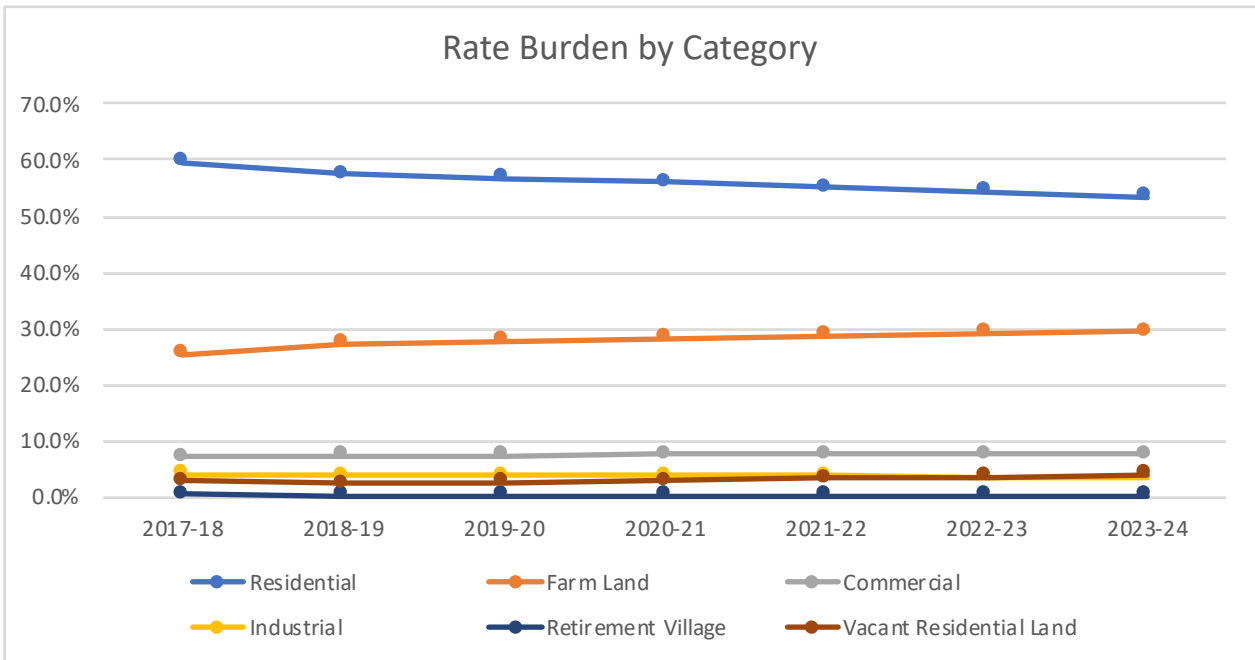
The Committee agreed that while outside of their brief, it noted that both major Victorian political parties had committed to a review around rating and/or valuations in the lead up to the State election on 24 November 2018.

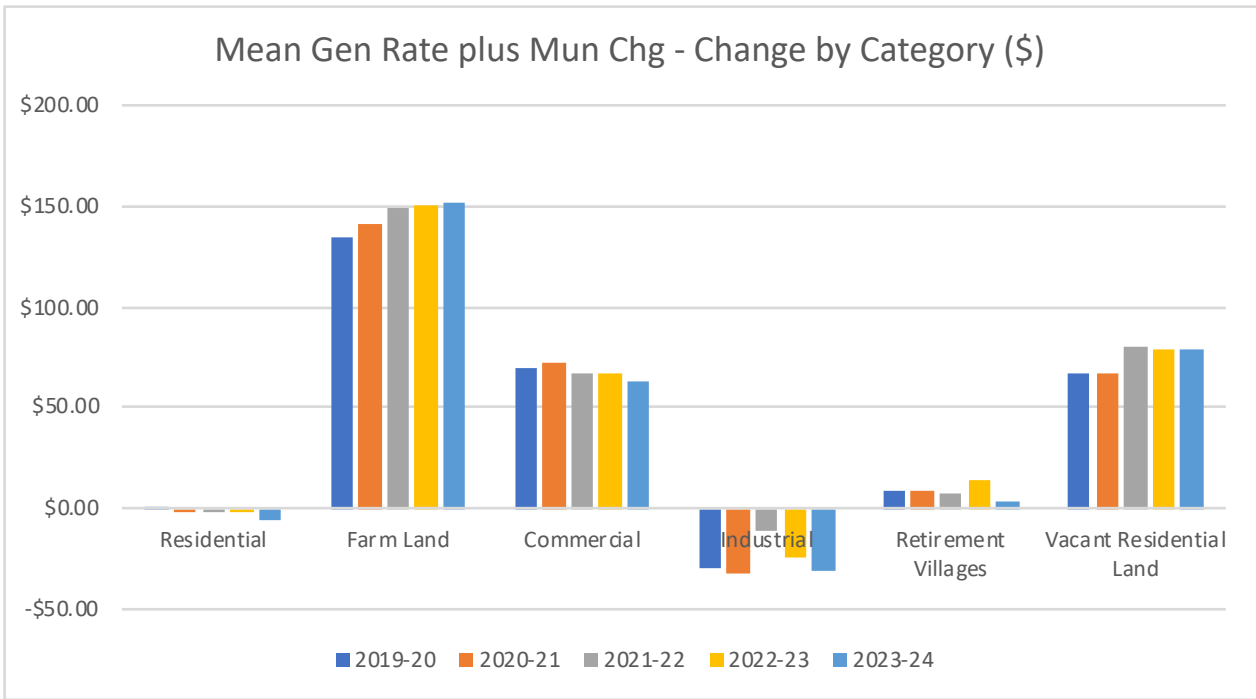
8.2. Committee recommendation

That following the State election the HRCC should strongly lobby the new government to pursue a review of the rating and/or valuation system to improve what the Committee considers to be currently a broken system.

Appendix A – Financial modelling

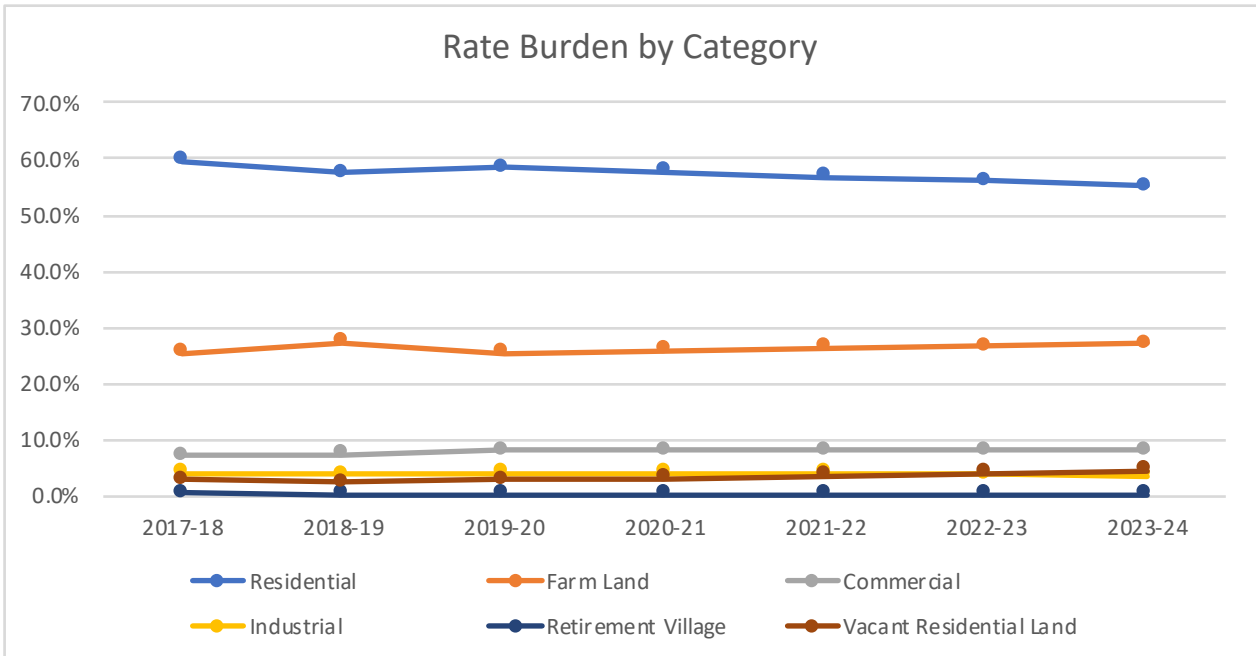
Option 1: Do nothing

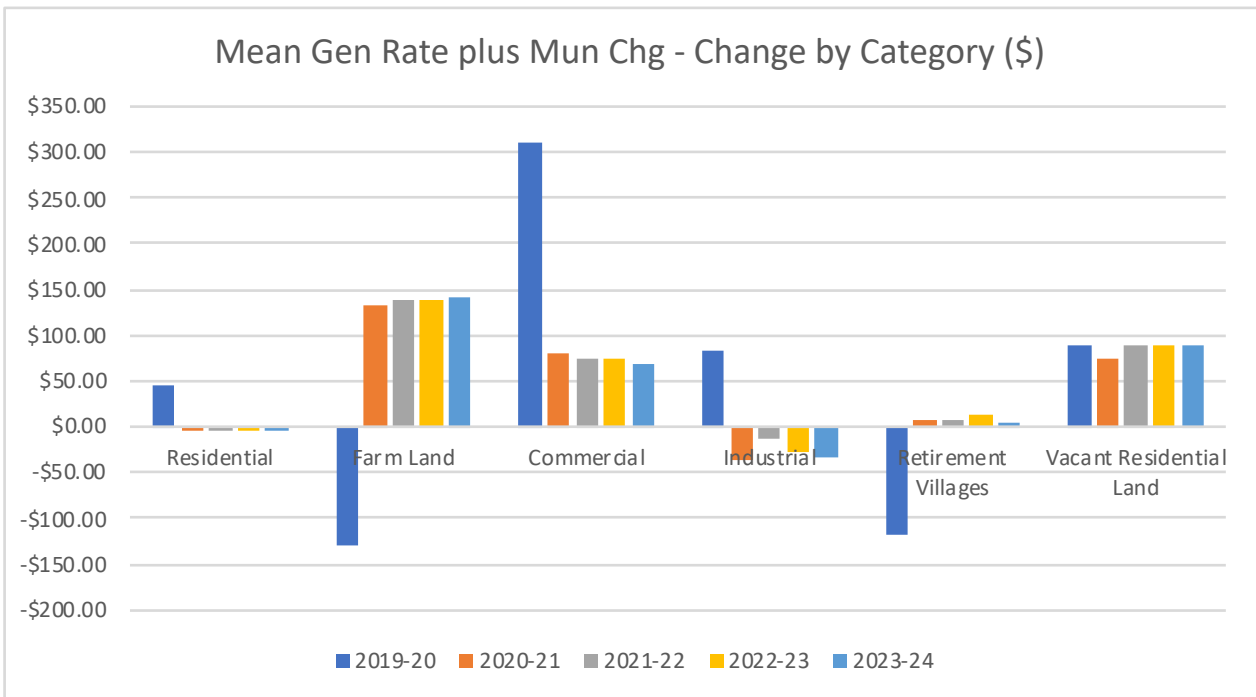
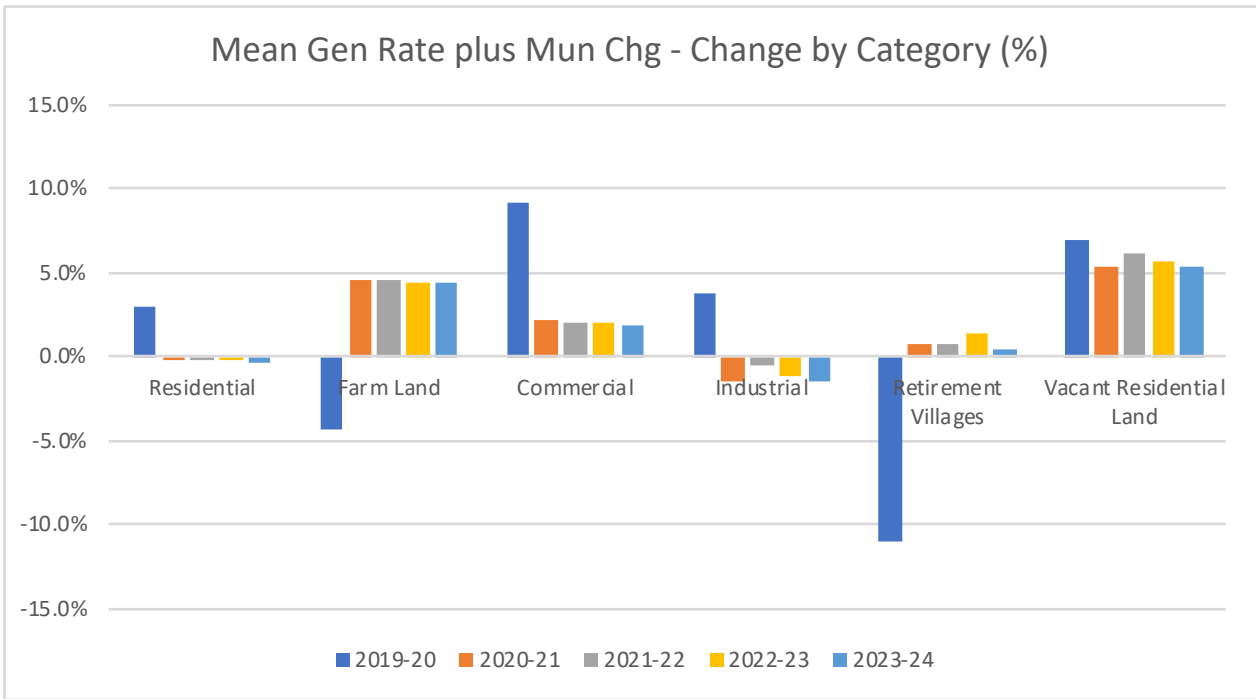




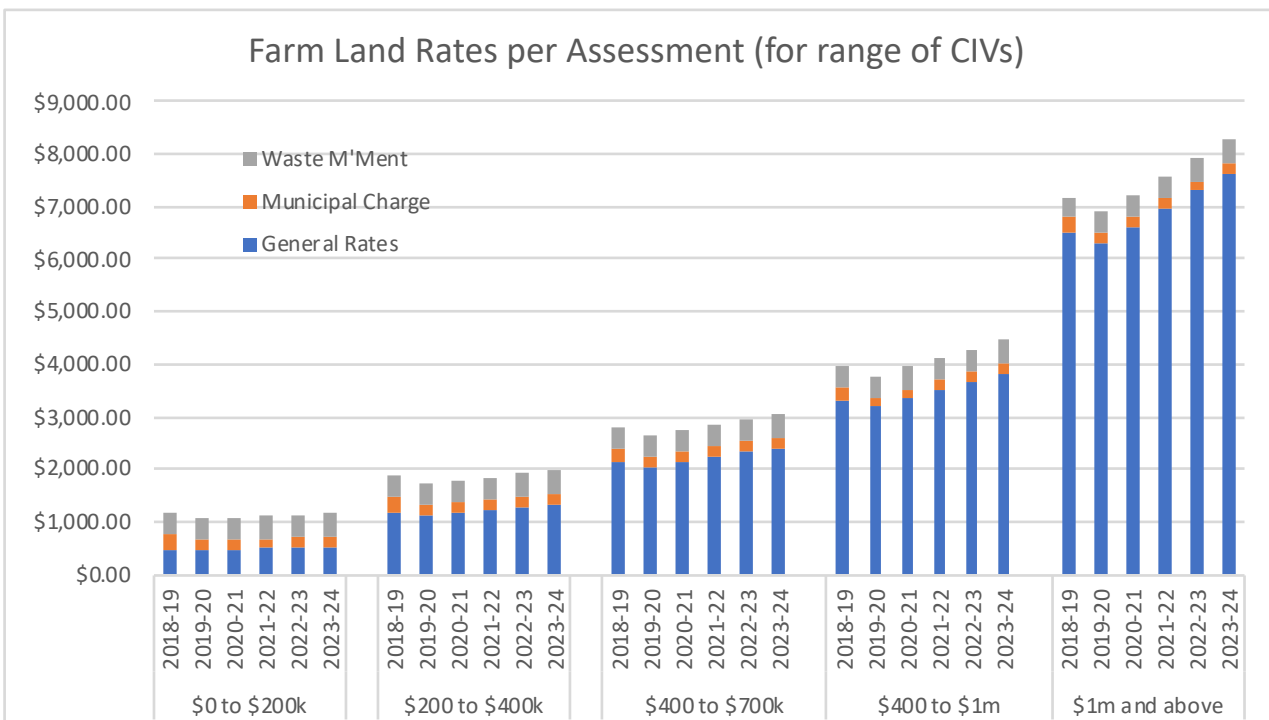
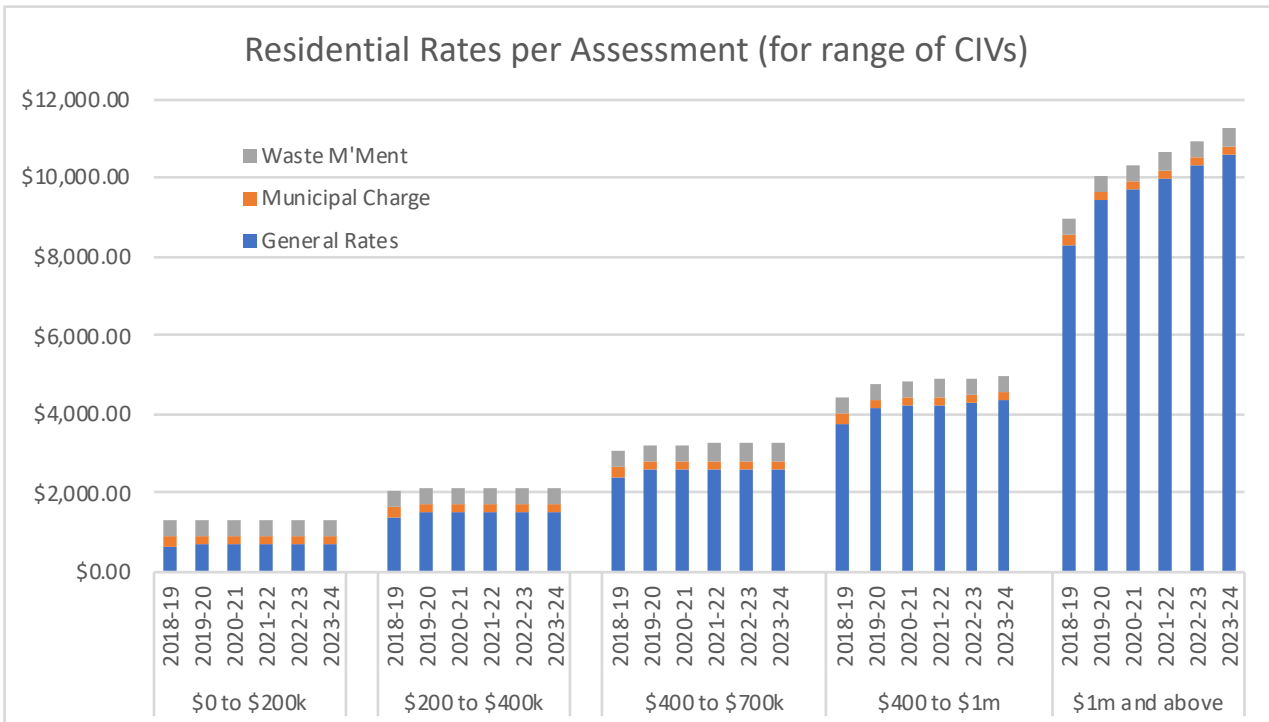
Under the do-nothing option, the general rate and municipal charge burden for farm land will increase from 27.5% in 2018-19 to 28.0% in 2019-20 and then continue to increase to 29.6% by 2023-24. This will result in average rate increases for farm land between 4.3% and 4.5% per annum. This is compared to residential land which will experience average rate decreases of between 0.1% and 0.3% per annum, commercial land with increases of between 1.7% and 2.1% and industrial land with decreases of between 0.5% and 1.5%.

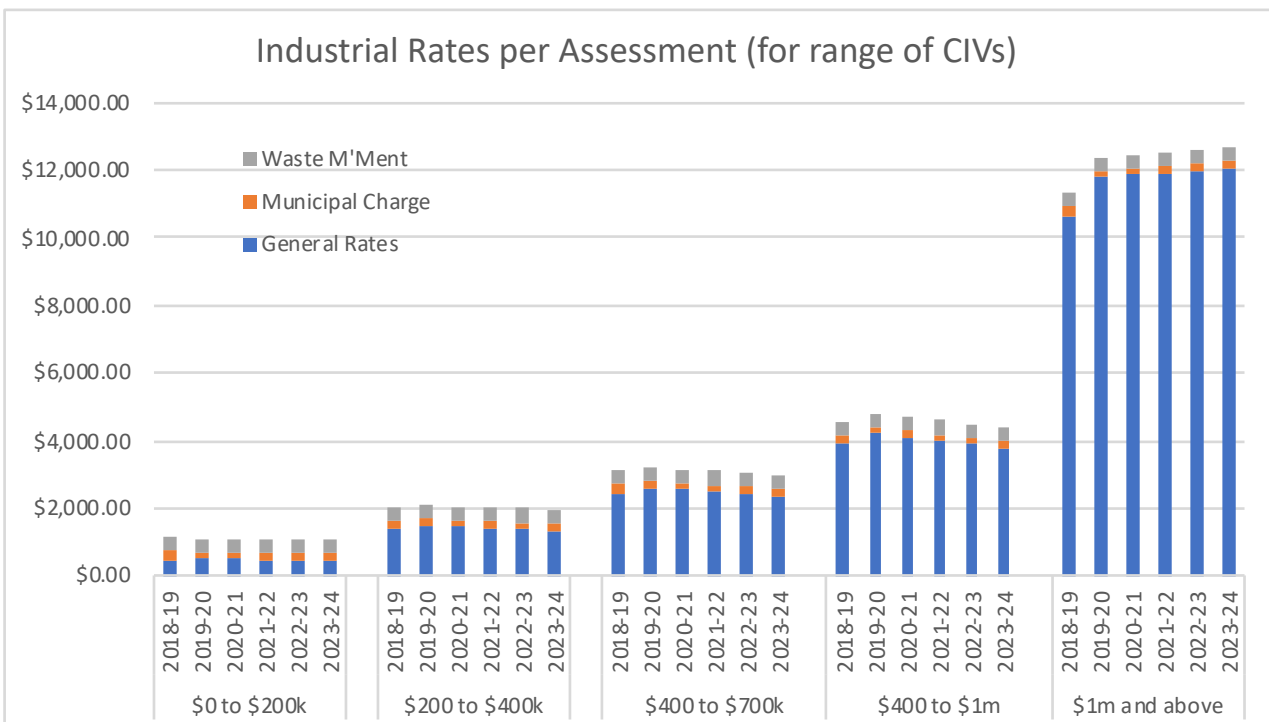
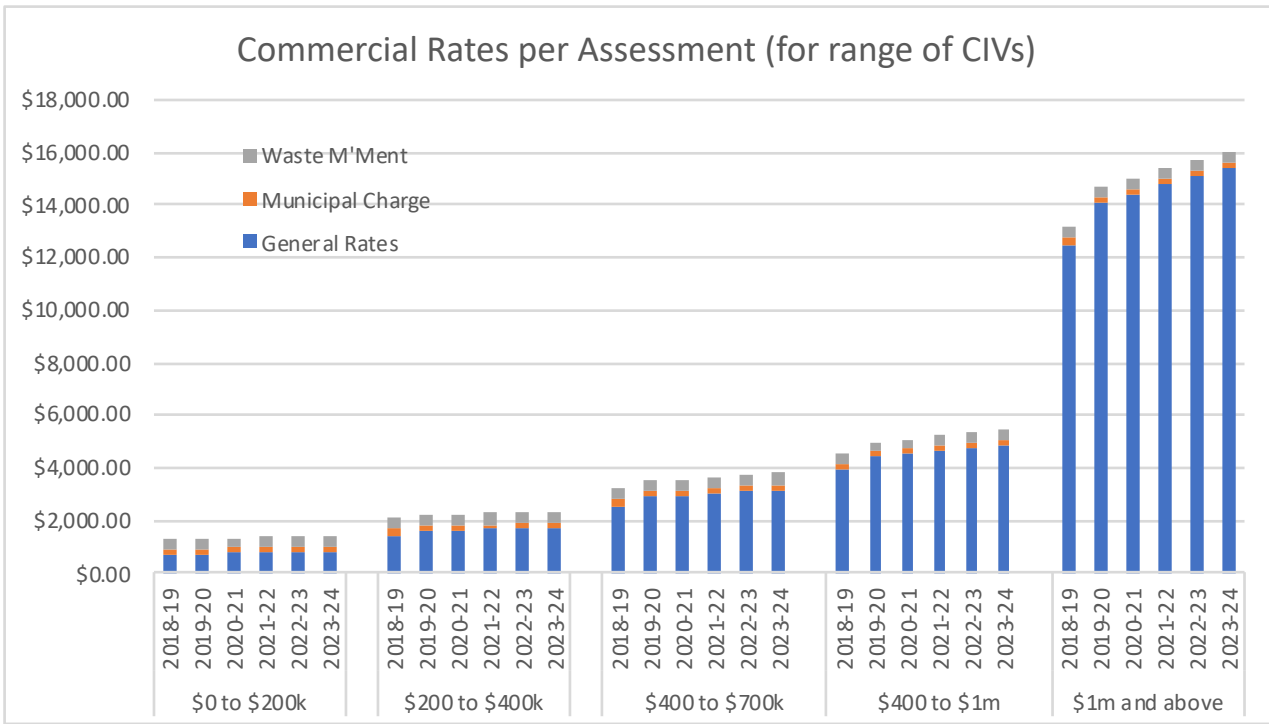
Option 2: Committee recommendation





Under option 2, the rate burden for farm land will drop from 27.5% in 2018-19 to 25.6% in 2019-20 which is equivalent to the 2017-18 level and then continue to increase to 27.2% by 2023-24. This will result in an average rate decrease for farm land in 2019-20 of 4.4% or \$131 and then average increases between 4.4% and 4.6% per annum. This is compared to residential land which will experience an average rate increase of 3.0% or \$47 in 2019-20 and then rate decreases of between 0% and 0.3% per annum. Commercial land will experience an average rate increase of 9.2% or \$310 in 2019-20 and then increases of between 1.8% and 2.2%. Industrial land will experience an average rate increase of 3.7% or \$83 in 2019-20 and then decreases of between 0.5% and 1.5%. Retirement village land will experience an average rate decrease of 11.0% or \$118 in 2019-20 and then increases of between 0.4% and 1.3%.





Due to the regressive nature of the municipal charge, lower value properties such as residential properties valued under \$200,000 would experience a rate decrease in 2019-20 in the average general rate and municipal charge. For farm, commercial and industrial properties, they would experience a rate increase from the reduction in the municipal charge due to the higher value of these properties.



1. PURPOSE

The purpose of the Rating Policy is to establish the framework for setting the Horsham Rural City Council's (the Council) Rating Strategy. The Rating Policy and Rating Strategy are reviewed and adopted every four years following a general election of Council. The Rating Strategy is reviewed in the intervening years and adjusted where Council is of the opinion that the Strategy does not provide for the equitable imposition of rates and charges.

Council's policy in regard to rates and charges as set out in the *Local Government Act 1989* (the Act) is set out below.

2. INTRODUCTION

Legislation requirements under the Act, Section 3C; 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. Further in seeking to achieve its primary objective, a council must ensure the equitable imposition of rates and charges.

Under Section 136 of the Act, a Council must pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.

3. SCOPE

This policy covers the decision making rules that council will apply when reviewing its Rating Strategy.

4. PRINCIPLES

4.1 Rating Objectives

Legislation: Under Section 3C of the Act, 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. Further in seeking to achieve its primary objective, a council must ensure the equitable imposition of rates and charges.

Under Section 136 of the Act, a Council must pursue spending and rating policies that are consistent with a reasonable degree of stability in the level of the rates burden.

Policy: Council will give consideration to the good practice taxation principles when determining the equitable imposition of rates and charges. Council's policy on the taxation principles is provided in Section 4.14.

4.2 Valuation Method

Legislation: A council may use the site value, net annual value or capital improved value system of valuation. For the purposes of calculating the site value, net annual value or capital improved value of rateable land, a council must use the current valuations made in respect of the land under the *Valuation of Land Act 1960*.

Valuations occurring up to January 2018 were undertaken on a two year basis, with supplementary valuations able to be done where there are sales in subdivisions and consolidations, as well as following the construction and demolition of buildings. Changes were made to the *Valuation of Land Act* during 2017 that from 2019 it will be compulsory for Council's valuations to be undertaken through the Valuer General's Office and that valuations will be undertaken on an annual basis.

Issues: Of the 79 Councils in the state, 75 use CIV as the valuation method. Use of CIV allows the use of differential rates.



Policy: Council will use the capital improved value valuation method as this satisfies the equity principles and allows council to utilise differential rates in its rating structure.

4.3 Supplementary Valuations

Legislation: The *Valuation of Land Act* allows for Councils to have its Valuer make regular inspections following sales in subdivisions and consolidations as well as following the construction and demolition of buildings so that the maximum financial benefit can be gained from development as it occurs in the municipality, while at the same time ensuring that rates are levied equitably and transparently on new and changed properties.

Issues: There is some discretion as to what is an appropriate level of change in value upon which a supplementary valuation should be made.

Policy: Councils policy is to undertake supplementary valuations on a regular basis throughout the year, where there is a significant change to the capital improvements or where there is a new assessment or property consolidation required. The additional revenue generated during the year assists in maintaining the rate in the dollar at the lowest level and is both transparent and satisfies the equity principles within the rating strategy.

4.4 Differential Rates

Legislation: Under Section 158 of the Act, a council when declaring rates and charges must declare whether the general rates will be raised by the application of a uniform rate or differential rates.

Under Section 161 of the Act, if a council declares a differential rate for any land, the council must:

- Specify the objectives of the differential rate including a definition of the types or classes of land which are subject to the rate and a statement of the reasons for the use and level of that rate
- Specify the characteristics of the land which are the criteria for declaring the differential rate.

A council must have regard to any Ministerial guidelines before declaring a differential rate for any land. The Minister issued Guidelines in April 2013. These guidelines attempt to spell out clearly what types and classes of land may be considered for differentials and also those that are not appropriate for differentials or need to be "carefully considered". Geographic Location may also be considered as a basis for the use of a differential.

The highest differential rate must be no more than four times the lowest differential rate.

4.4.1 Differential Residential Land

A differential may be offered for residential land. A differential is considered appropriate for residential land under the Ministerial Guidelines for use of differentials.

Council considerations when looking at a differential for residential land will include the following: Rates are an allowable deduction for tax purposes for residential properties held for investment purposes and homebased businesses in relation to the portion of the home that is used for business purposes, properties within the township of Horsham generally have higher access to council services, residential properties tend to be lower in valuation and therefore are adversely impacted by the regressive nature of the municipal charge and any other factors as may be deemed relevant from time to time.

Policy: Council does not consider appropriate, a separate differential for residential land.



4.4.2 Differential Commercial Land

A differential may be offered for commercial land and is considered appropriate under the Ministerial Guidelines for use of differentials.

Council considerations when looking at a differential for commercial land will include the following: Rates are an allowable deduction for tax purposes for commercial properties, commercial properties are operated for profit, there is a wide diversity of retail operators both in size and type, the farming sector underpins economic activity for much of the local economy and any other factors as may be deemed relevant from time to time.

Policy: Council considers it appropriate to have a separate differential for commercial land.

4.4.3 Differential Industrial Land

A differential may be offered for industrial land and is considered appropriate under the Ministerial Guidelines for use of differentials.

Council considerations when looking at a differential for industrial land will include the following: rates are an allowable deduction for tax purposes for industrial properties, industrial properties are operated for profit, there is a wide diversity of retail operators both in size and type, the farming sector underpins economic activity for much of the local economy and any other factors as may be deemed relevant from time to time.

Policy: Council considers it appropriate to have a separate differential for industrial land.

4.4.4 Differential Farm Land

A differential may be offered for farming land and is considered appropriate under the Ministerial Guidelines for use of differentials. It is a specific requirement of these Guidelines for Council to consider a reduced differential for this category of land use.

Council considerations when looking at a differential for farm land will include the following: Farms can have reduced access to services compared to residential properties, and this reduced access is not reflected in the property values, the extent to which relative property values may have varied between sectors, an excessive rate burden is applied on farmers due to their land holding having a significantly greater value than for other small businesses, agriculture producers are unable to pass on increases in costs, farms are seen as more susceptible or fragile than other commercial or industrial operations, the farming sector underpins economic activity for much of the local economy, rates are an allowable deduction for tax purposes and often include the principle place of residence, farms are operated for profit and any other factors as may be deemed relevant from time to time.

Policy: Council considers that a differential is appropriate for the farm sector.

4.4.5 Differential Retirement Villages

A differential may be offered for Retirement Villages and is considered appropriate under the Ministerial Guidelines for use of differentials. It is a specific requirement of these Guidelines for Council to consider a reduced differential for this category of land use.

Council considerations when looking at a differential for farm land will include the following: A lower differential for this class of properties may be considered appropriate, based on the reduced number of services accessed by residents of retirement villages, savings in capital investment and maintenance to council for roads, footpaths, drainage, street lighting, car parking and landscaping, council benefits



from increased rate revenue because of the density of retirement village housing and any other factors as may be deemed relevant from time to time.

Policy: Council does not consider a differential appropriate for Retirement Villages.

4.4.6 Differential Other Classes of Land Use

A differential may be offered for range of other classes of land use under the current Ministerial Guidelines.

Policy: Council does not consider any other differential as appropriate for any of the other listed categories of land use within the Ministerial Guidelines.

4.4.7 Differential for Geographic Reasons

A differential may be offered for definable Geographic areas and is considered appropriate under the Ministerial Guidelines for use of differentials.

Council considerations when looking at a differential for geographic reasons will include the following: A lower differential for this class of properties may be considered appropriate based upon, the distance from Horsham and therefore the ability to access services, in practice this would be very difficult to measure as to where the line should be and how to administer, in taking in to account the extent of usage of services Council needs to satisfy itself that the situation is consistent across the majority of properties within a property class.

Policy: Whilst Council recognises the issue as being applicable to outer geographic areas of the Municipality the costs and inability to position and administer a suitable line on a map would outweigh the benefits of introducing such a differential.

4.5 Cultural and Recreational Land

Legislation: Under the provisions of the *Cultural and Recreational Lands Act 1963* most Councils levy rates on outdoor cultural and recreational facilities at concessional rates. These lands must be occupied by a body which exists for an outdoor recreational purpose and which applies its profits in promoting the furthering of this purpose. The lands must be owned by the body or owned by the Crown or Council to be eligible. Agricultural showgrounds are specifically included. Indoor bodies may be exempt as charities under Section 154 of the *Local Government Act 1989*, on the basis of providing a general community benefit.

Issues: Council during 2014-15 undertook a detailed review of culture and recreational assessments within the municipality and developed a policy to guide officers in applying the principles. This policy clearly defines eligibility criteria and reduces the previous 20% concessional rate to 0% i.e. no rates to be levied and the upper rate of 60% has been reduced to 50%. Council believes this recognises the role that Cultural and Recreational groups play in the provision of services to the community. These groups do have access to some services in their own right but largely, themselves, are part of the cultural and recreational service provision within the community. This new policy reduces the rate burden on these groups within the community and attempts to clarify the grey areas in the decision process, to help provide consistency and fairness in the way in which Council approaches this matter.

Council sets rates which differentiate between those which have significant fund raising capacity and those which do not. The levels are discretionary and as a consequence have been reviewed so that the lower rate aligns with the full exemption that may be granted to groups under Section 154 of the *Local Government Act*. The upper rate has been reduced from 60% to 50% to provide some further concession to these groups in recognition of the general community benefit they provide.



Policy: Rates are set at a higher value (for those with significant revenue raising capacity) and a low value (for those with little revenue raising capacity) of the General rate. No municipal charge is made on these properties.

4.6 Municipal Charge

Legislation: Under Section 159 of the Act, a council may declare a municipal charge to cover some of the administrative costs of the council. A council's total revenue from a municipal charge in a financial year must not exceed 20 per cent of the sum total of the council's total revenue from a municipal charge and total revenue from general rates. The Local Government Bill 2018 proposes that this be reduced to 10%.

A person may apply to a council for an exemption from the payment of a municipal charge on rateable land if the rateable land is farm land, the rateable land forms part of a single farm enterprise and an exemption is not claimed in respect of at least one other rateable property which forms part of the single farm enterprise. In the case of a single farm enterprise which is occupied by more than one person, an exemption cannot be claimed in respect of more than one principal place of residence.

A fixed component of the rating structure is provided as recognition of the fact that all rateable properties have an obligation to contribute to the basic operations of Council i.e. its Administrative functions

Issues: Because the municipal charge is a fixed charge, it is regressive, meaning that as the value of properties decrease, the municipal charge increases as a percentage of rates paid, thus the total burden is reduced on higher value properties. The higher the municipal charge the greater is the benefit to farms with multiple assessments that are eligible for the "single farm enterprise" exemption, a municipal charge may be used by a council to collect a portion of revenue not linked to property value but paid equally by all ratepayers. The charge cannot be more than 20% of total rates. A reduction in the level of the municipal charge would benefit lower valued properties, but any reduction would need to be balanced by an increase in the ad-valorem rate accordingly which would increase the rates on all properties across all sectors. Some Council's tie the municipal charge to specific administrative or governance costs and set it accordingly. Council has considered the effect of lowering the level of the charge and consequently raising the ad-valorem rate to compensate.

Policy: Council recognises the regressive nature of this charge but will levy a municipal charge on the grounds that all properties should contribute to its administrative costs.

4.7 Service Rates and Charges

Legislation: Under Section 162 of the Act, a council may declare a service rate or charge for any of the following services:

- Provision of a water supply
- Collection and disposal of refuse
- Provision of sewage services
- Any other prescribed service.

Garbage Services are compulsory for Natimuk and Horsham and are charged on a user pays principle. Recycling Services are included as part of the Garbage Services. Appropriate to have a user charge as the service can be clearly tagged to those that use it. The calculation is done on a cost recovery basis. Recycling is included to encourage recycling which helps reduce landfill costs. To charge separately may result in some people cancelling the service.



Issues: The calculation of the garbage charge is on a cost recovery basis but does not currently pick up on a contribution towards Council's general administration or overhead. During 2017-18 the acceptable levels of contaminants in recyclable product delivered to China was reduced thereby impacting the recycling market, this resulted in a cost increase to council per recycling service.

Policy: Council will levy a charge for garbage and recycling services combined on a cost recovery basis (with the exclusion of Council overheads). Council will where practical, charge any increases in recycling costs only to those properties that receive a recycling service.

4.8 Special Rates and Charges

Legislation: Under Section 163 of the Act, a council may declare a special rate or charge for the purposes of defraying any expenses or repaying (with interest) any advance made to or debt incurred or loan raised by the Council, in relation to the performance of a function or the exercise of a power of the council, if it will be of special benefit to the persons required to pay the special rate or special charge.

A 1999 VCAT ruling said "if a benefit accrues to the land so as to make it more desirable and therefore more valuable for sale, the owner derives a special benefit even if his or her present use of the land does not provide it there and then".

Special rates and Charges may be utilised. These have been utilised principally for drainage, footpaths and road schemes where the "benefit" to individual ratepayers can be clearly identified.

Issues: Greater use of Special Charges when there are clearly "special benefits" that can be identified will help address some of the Equity issues around the benefit principle.

Policy: Council will use special rates and charges wherever it believes these may be appropriate.

4.9 Rate Exemptions for Charitable and Other Properties

Legislation: Rate exempt status for specified charitable and other properties, both as required by legislation and under Council discretion. The *Local Government Act* provides for limited exemption of certain categories of properties from rating, Section 154 sets out what land is non-rateable. Primarily those regarded as being used for charitable purposes, as well as specified types of property, such as those used for mining. Most Government and Council owned properties, including educational institutions and hospitals, are also included in non-rated categories.

Issues: Some degree of discretion needs to be applied when looking at some charities as they may often be almost commercial in nature, a detailed review of non-rateable assessments is undertaken on a regular basis.

Policy: Council provides exemptions in accordance with Section 154 of the Local Government Act.

4.10 Rating of Retail Premises of Charitable Organisations

Legislation: The *Local Government Act* provides in Section 154 (4) that any part of land used for the retail sale of goods cannot be regarded as used exclusively for charitable purposes and is thus rateable. These are commercial operations that are not charitable by nature and hence they should be rated.

Issues: These retail premises operate in order to both raise income for their charitable cause and also to provide a cheap source of recycled clothing which provides a social benefit to the community.



Policy: For the purpose of charging rates, the Council Valuer be asked to separately value that part of land not rated which is occupied by a charitable organisation and used for the retail sale of goods so as to allow that part to be separately rated. Council will then make an annual Community Donation / Grant equivalent to the rates charged to the charitable organisations so rated in accordance with this policy.

4.11 Payment Options and Incentives

Legislation: Under Section 167 of the Act, a council must allow rates and charges to be paid in four instalments. A council may also allow rates and charges to be paid in a lump sum.

Under Section 168 of the Act a council may also provide incentives for prompt payment. Lump sum payment option has remained in February largely due to the preference by the farming community to pay annually at this time. Interest can be charged on overdue payments.

Issues: Farming has changed in recent years and farm incomes are now often spread differently across the year, compulsory quarterly payments would offer opportunities for improved efficiencies in how the rates department operates and better debt management and cash-flow management for Council and potentially ratepayers alike, quarterly payments have been modelled to show there would be minimal extra costs to annual payers and can still be paid in full at the time of the first instalment on 30 Sept, council has a policy for the charging of interest on late payments in accordance with the Local Government Act provisions and in the interests of fairness and transparency, council authorises a credit management company to take prompt action where payment is not made by due dates or where payment arrangements are not followed by ratepayers.

Policy: Council will allow payment of rates and charges by lump sum in February as well as quarterly payments. A discount for early payment of rates will not be offered.

4.12 Early Payment Incentives

Legislation: Early payment incentives may be offered if rates are paid early. Early payment benefits council by improvements to cashflow.

Issues: The question of a discount on early payment of rates has been looked at previously by Council. In a survey in 2003 few ratepayers indicated that they would be attracted by a discount, the discount may be seen to benefit ratepayers in the community with greater cashflow, there is a cost to the discount itself, plus additional administrative and system costs.

Policy: Council does not offer a discount for early payment of rates and charges.

4.13 Rebates and Concessions

Legislation: Under Section 169 of the Act, a council may grant a rebate or concession in relation to any rate or charge:

- To assist the proper development of the municipal district; or
- To preserve buildings or places in the municipal district which are of historical or environmental interest; or
- To restore or maintain buildings or places of historical, environmental, architectural or scientific importance in the municipal district; or
- To assist the proper development of part of the municipal district.

A council resolution granting a rebate or concession must specify the benefit to the community as a whole resulting from the rebate or concession. Rebates and Concessions may be offered for a number



of reasons as defined in Section 169 of the Act. Primarily “to assist the proper development of the municipal district” or to assist the preservation and /or restoration of places “of historical or environmental interest.”

Issues: Council may offer rebates and concessions as it deems appropriate, and as established through clear policy direction, council provides for the state funded pensioner rebate scheme, other rate concession considered in the past were on land with Conservation Covenants issued by the Trust for Nature for landowners undertaking conservation of their land, which has been suggested by the Trust as being appropriate and desirable. An option for a rebate or concession to be offered for relevant landholders in return for weed management has been discussed. However, the administrative burden for such a scheme would be significant and outweigh the benefits. A specific rebate has been granted under an historical agreement, to provide 50% general rate concession (excluding the Municipal charge) on the low value rental units owned by the Department of Human Services.

Policy: Council administers the state government funded pensioner rebate scheme. Council will not grant a concession or rebate to Health Care Card holders. Council will offer an additional rebate to pensioners over and above the state government value.

In relation to the rating of Granny Flats, where a flat that is constructed on land on which there had previously been one dwelling only and where such flat is occupied by the elderly or disabled pensioner relatives of the occupier of the adjacent house, Council will waive the rates and charges over and above the pensioner concession granted, providing the pensioners make an application for such a waiver each year before rate payment is due.

Council will not grant a concession or rebate to properties on which a conservation covenant has been executed. Such covenants would be incorporated into the attributes considered by the Valuer when determining the Capital Improved Value of the land.

4.14 Deferrals, Discounts and Waivers

Legislation: Under Section 170 of the Act, a council may defer in whole or in part the payment by a person of any rate or charge which is due and payable for a specified period and subject to any conditions determined by the council if it considers that an application by that person shows that the payment would cause hardship to the person.

Under Section 171 of the Act, a council may waive the whole or part of any rate or charge or interest in relation to:

- An eligible recipient
- Any other class of persons determined by the Council for the purpose of waiving rates or charges on the grounds of financial hardship.

Deferrals, discounts and/or waivers of rates and charges are available in specific hardship cases. Section 169, 170 & 171 of the Act allows for people in designated groups to access this i.e. pensioner rate discount or for individual cases of hardship.

Issues: Council has traditionally not granted waivers or discounts. Deferrals mean little lost revenue to Council and it picks up on the equity issue of capacity to pay, by delaying payment until assets are realised at a later date.

Policy: Council has a separate and specific policy, “Rates and Charges Financial Hardship Policy” for the handling of hardship cases which allows deferral of all or part of rates for varying times depending on circumstances, interest may also be waived in hardship cases. Applicants are required to specify the hardship grounds, on consideration of which Council may grant a deferral, which would generally continue until circumstances change, the land is sold or the person dies, when the



rates and interest deferred would be taken from the sale proceeds. Council has in the past only granted interest waivers for hardship.

4.15 Taxation Principles

The Victorian Government's Local Government Better Practice Guide: Revenue and Rating Strategy 2014 states that when developing a rating strategy, in particular with reference to differential rates, a council should give consideration to the following key good practice taxation principles:

- Wealth Tax
- Equity
- Efficiency
- Simplicity
- Benefit
- Capacity to Pay
- Diversity.

4.15.1 Wealth Tax

Council supports the principle that rates paid are dependent upon the value of the ratepayer's real property. To ensure that people in similar economic circumstances are treated similarly.

Issues: There is a direct relationship between property holdings and disadvantage – less wealthy people tend to own lower valued housing stock. Property owners with higher valued assets generally have a greater capacity to pay.

Policy: Council considers the wealth tax principle a good starting point in developing its rating strategy.

4.15.2 Equity (Horizontal)

Council considers issues of horizontal equity when developing its rating strategy. To ensure that people in similar economic circumstances are treated similarly.

Issues: Levels of Government with more diverse taxing and investigative powers and resources struggle to achieve this and use a broad range of taxing instruments from income and assets tests, consumption versus income taxation etc. It is difficult to expect a property tax system alone to deal practically with this issue.

Policy: Council will consider (where possible) issues of horizontal equity in its rating strategy.

4.15.3 Equity (Vertical)

Council considers issues of vertical equity when developing its rating strategy. The amount of tax to be paid varies in accordance with an individual's economic circumstances.

Issues: Economic circumstances can be very subjective, depending upon how we define and measure this. Similar circumstances may be judged differently based on wealth, income and expenditure. Information around individual economic circumstances is not freely available to Council.

Policy: Council will consider (where possible) issues of vertical equity in its rating strategy.

4.15.4 Efficiency

Council considers issues of economic efficiency when developing its rating strategy. The level of rates burden can affect the extent to which production and consumption decisions are made by people.

Issues: Efficiency can be defined as the ratio of ends produced (outputs) to means used (inputs). Being more efficient, means that the burden on ratepayers can be reduced or ratepayer's utility can be increased by limited resources being diverted to more productive areas. For services where users are



price sensitive, direct charging can influence demand patterns and thus lead to greater allocative efficiency.

Policy: Council will consider (where possible) issues of efficiency in its rating strategy.

4.15.5 Simplicity

Council considers issues of simplicity when developing its rating strategy. The complexity of the rating system affects how easily it can be understood by ratepayers and the practicality and ease of administration.

Issues: All reviews of taxation have argued that simplicity is a critical goal. The simpler the rating system is, the easier it is for ratepayers to understand, but simplicity principle can often conflict with other principles.

Policy: Council will consider (where possible) issues of simplicity in its rating strategy.

4.15.6 Benefit

Council considers the "benefit" or "user pays" principle. The benefit principle points to the fact that some groups may have more access to Council services.

Issues: More use of user charges, special rates and service charges lend themselves better to dealing with the issue of benefit. Another issue to consider here is that of the degree of "public" good in a service. A public good is something where it is difficult or impractical to exclude non-payers from the benefit. A user charge can be used where the benefit of a particular service can be mapped to an individual ratepayer. A comprehensive analysis of access to services is extremely costly, complex and difficult to determine with many subjective judgement calls to be made. In some ways arguing of the benefit principle with respect to Council rates is like trying to do the same for income tax that is used to fund a wide range of universally accessed services. It might be argued that a country ratepayer derives less benefit from library services or street lighting than their town counterparts but the reverse may be argued with respect to the cost of repairing rural roads that are seldom travelled on by the urban ratepayer. Many services are not location specific. Access is not synonymous with consumption. Residents can travel or use technology to access services. Services provided in different locations within the municipality have different costs e.g. waste collection in rural areas may be more costly than in urban areas etc. Rates are a property wealth tax based on valuation of properties and not based upon access to services. Services are available on a "whole of life" basis i.e. different services are accessed at different points during a person's life.

Policy: Council will consider user pays opportunities wherever practicable.

4.15.7 Capacity to Pay

Council considers issues of capacity to pay when developing its rating strategy. Some groups may have a greater or lesser capacity to pay (i.e. asset rich but income poor).

Issues: Council does not have access to income information for all ratepayers. This would be necessary to assess this aspect of rating equity. Individuals may apply on hardship grounds to have their rates deferred or interest waived and in doing so need to provide Council with some of this information.

Policy: Council will consider (where possible) issues of capacity to pay in its rating strategy.

4.15.8 Diversity

Council considers issues of diversity when developing its rating strategy. Some ratepayers within a group may have a greater or lesser capacity to pay (i.e. city versus rural).



Issues: Council does not have access to income information for all ratepayers. This would be necessary to assess this aspect of rating equity. Individuals may apply on hardship grounds to have their rates deferred or interest waived and in doing so need to provide Council with some of this information. Establishing sub-groups may lead to an overly complex rating system.

Policy: Council will consider (where possible) issues of diversity in its rating strategy.

4.16 Changes to the Rating Strategy

Council has established the following parameters for the purposes of deciding when a detailed review of the Rating Strategy is required in any budget year:

- The difference in the valuation change (increase or decrease) between the general differential rate category and another differential rate category exceeds 5% following a general revaluation of properties
- Any change in the legislative framework that materially impacts the equitable imposition of rates and charges.

5. COMMUNICATION

Council will seek to communicate individually with properties that have a significant shift in the rate burden in any one year, advising them of the reason for the change and their options for appeal on their valuation. This policy will be publicly available on council's website.

6. RESPONSIBILITY

Policy Owner: Director Corporate Services

7. SUPPORTING DOCUMENTS

Document	Location
Local Government Act 1989	LGV Website
Victorian Government's Local Government Better Practice Guide: Revenue and Rating Strategy 2014	LGV Website

8. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
01	Date approved	Council	New Policy	Review date to be added by Governance Unit



DRAFT

RATING STRATEGY

2019-23

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1. PURPOSE

The purpose of the Rating Strategy is to set out the system of rates and charges adopted by Council for the purposes of distributing the rates burden across the municipality on a fair and equitable basis. The Strategy is reviewed and adopted every four years following a general election of the Council. This Rating Strategy is for the four year period 2019-23.

In 2005 Council developed a Rating Strategy, which was adopted in conjunction with the adoption of the 2005-06 Budget. Council has annually reviewed this strategy as part of its budget process, but in 2013-14 as a response to budget submissions received, it undertook to do a more detailed review of its entire Rating Strategy in order to investigate the concerns raised by some sectors within the community. Further to this the Victorian Auditor General's Report into the results from the 2012-13 audits highlighted the need for Council's to "apply a robust and strategic approach to the collection and use of revenue through rates and charges" and to improve the quality of the Rates Strategy and to implement a Rating Policy. Council during the 2013-14 review looked in depth at the various elements of its current rating package, the objective being to consider ways in which these could be varied to "more equitably distribute the rates burden across the municipality".

In the 2018-19 year Council formed the Rates Strategy Review Advisory Committee (Committee) to provide community input and opinion on the setting of key rating principles in the review of the Council's 2018-19 Rates Strategy, and to make recommendations to Council on revisions to the Rates Strategy and an overarching Rates Policy. A key outcome of which was to achieve a fair and equitable distribution of the rate burden across all members of the community.

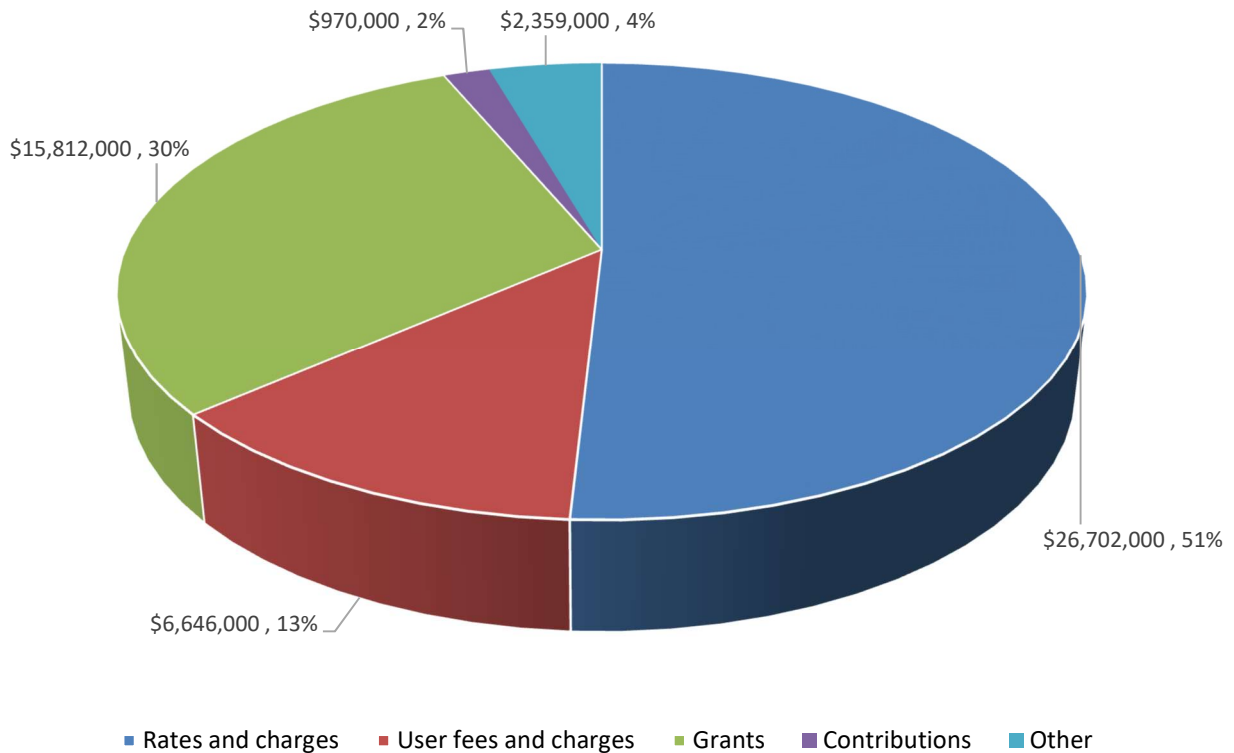
The responsibilities of the Committee were:

- To identify and recommend principles for formulating the HRCC's rating strategy and policy
- Advise on the factors for consideration of any differential rates
- Advise on the equitable sharing of the rate burden and changes to current charges, rebates and exemptions
- Propose improvements to communication and engagement on the budget and rating strategy
- Consider feedback and submissions from members of the public that may be obtained during the review
- Produce a discussion paper with recommendations for Council.

The Council has considered the Committee's recommendations and have incorporated them into the development of this Rating Strategy for the 2019-23 years.

2. REVENUE COMPOSITION

The composition of Council's revenue for the 2018-19 year is shown in the graph below.



In determining if services should be funded by specific charges or through rates, Council has to consider the aspect of whether services are either entirely or partially “public goods”, these being services providing a broad benefit to the community rather than a particular benefit to individuals or groups. In the case of public goods it is often difficult or impractical to exclude non-payers from the benefits or to attribute costs.

Where possible, Council sets user charges based on the cost of provision of those services where there is clearly a direct benefit to users, such as the garbage collection service, in which the revenue from the charges for household garbage services are set to meet the total cost of all waste services, including collection, treatment and disposal (but excluding Council overheads).

At the same time small scale services or those where it would be difficult to attribute costs or collect fees are funded through rates.

3. CURRENT RATING STRUCTURE

3.1 Rating System

The rating system used at Horsham for the 2018-19 year is as follows:

- General Rates levied using differential rates based on Capital Improved Valuations multiplied by specified rates in the dollar, being General rates including Residential, Commercial and Industrial properties (2018-19: 0.4908 cents/\$CIV) and Farm rates at 80% of the General rate (2018-19: 0.3926 cents/\$CIV)
- Municipal Charge levied on all rateable properties, representing 13.6% of total revenue from the municipal charge and general rates, with exemptions for properties making up single farm enterprises and cultural and recreational lands (2018-19: \$287 per property)
- Cultural and Recreational rates levied on recreational land based on Capital Improved Valuations at concessional rates in the dollar of between 0% and 50% of the General rate (2018-19: 0.0000-0.2454 cents/\$CIV)
- Service Rates and Charges levied for garbage collection based on the type and size of the services provided, with a discretionary service for those outside the residential urban areas of Horsham and Natimuk, including the provision of a free-to-user recycling service for residential garbage service recipients (2018-19: \$224-\$394 per property)
- Deferments and/or waivers of rates and charges in specific hardship cases
- Rebates and Concessions offered in some circumstances as set out in legislation such as for the State funded Pensioner Rebate Scheme and as per Council policy and other agreements.

3.2 Comparison with Other Councils

A comparison of Horsham's rates and charges for the 2018-19 year with other comparable councils is shown in the table below.

Council	Budget	Rates	Residential	Commercial	Industrial	Farm	Cult & Rec	Municipal Charge	SEIFA Index
Moyne	\$45,469	\$22,385	100%	100%	100%	100%	na	\$261	7.00
Glenelg	\$46,789	\$23,857	100%	100%	100%	100%	50%	\$0	2.00
Mildura	\$105,535	\$69,700	100%	120%	120%	90%	10%	\$100	1.00
Buloke	\$32,937	\$13,316	100%	100%	100%	90%	na	\$170	3.00
Corangamite	\$39,363	\$21,532	100%	100%	100%	90%	50%	\$198	5.00
Hindmarsh	\$18,160	\$8,645	100%	90%	90%	90%	50%	\$199	2.00
Swan Hill	\$46,724	\$27,624	100%	125%	100%	82%-86%	96%	\$0	2.00
Horsham	\$51,014	\$26,702	100%	100%	100%	80%	50%	\$287	4.00
Southern Grampians	\$42,581	\$19,607	100%	100%	100%	80%	na	\$195	5.00
Colac Otway	\$47,363	\$30,204	100%	165%	165%	75%	na	\$188	3.00
Yarriambiack	\$24,138	\$12,183	100%	100%	100%	72%	na	\$73	1.00
Ararat	\$29,844	\$16,919	100%	100%	100%	55%	na	\$92	1.00
Northern Grampians	\$33,830	\$17,377	100%	100%	100%	47%	58%	\$156	1.00

Out of 10

Swan Hill: 82% dry land and 96% irrigation land

Northern Grampians: Reduced its farm rate by 18% in 2018-19 to achieve 2.25% increase

3.3 Valuation Outcomes

Council currently chooses to rate properties based on the Capital Improved Value (CIV) method, on the basis that this more accurately reflects the true value of the property, and also under the Local Government Act 1989 it allows Council to be able to apply differential rates when they believe they are applicable. Council effective from 1 January 2019, undertakes its valuations on a yearly basis in accordance with the Valuation of Land Act 1960 and has appointed the Valuer General as the Valuation Authority who in turn employs an independent contract Valuer. The last revaluation was undertaken effective January 2018.

The following table shows the general revaluation outcomes since 2004 and the impact on the property valuation proportion and general rate burden (excluding municipal charge).

Valuation Changes			Valuation Proportion			General Rate Burden			Farm
Year	General	Farm	Year	General	Farm	Year	General	Farm	Diff
2002-03	0%	0%	2002-03	69%	31%	2002-03	69%	31%	95%
2004-05	37%	38%	2004-05	68%	32%	2004-05	69%	31%	95%
2006-07	15%	20%	2006-07	69%	31%	2006-07	69%	31%	95%
2008-09	9%	7%	2008-09	68%	32%	2008-09	70%	30%	95%
2010-11	6%	14%	2010-11	68%	32%	2010-11	69%	31%	90%
2012-13	8%	4%	2012-13	69%	31%	2012-13	71%	29%	90%
2014-15	11%	22%	2014-15	67%	33%	2014-15	72%	28%	80%
2016-17	12%	14%	2016-17	67%	33%	2016-17	72%	28%	80%
2018-19	5%	17%	2018-19	65%	35%	2018-19	70%	30%	80%

There are also often large variations between revaluation years and these are expected to be reduced due to revaluations occurring on an annual basis rather than every second year.

New property assessments and additional value has been created by way of new sub-divisions and constructions in the General Sector specifically but to a lesser extent in the Farm Sector as well. These new properties have helped contribute to rate revenue in total and have thus reduced the rate burden for all categories of properties.

4. PROPOSED RATING STRUCTURE

4.1 Rating System

The rating system proposed at Horsham for the 2019-23 years is as follows:

- General Rates levied using differential rates based on Capital Improved Valuations multiplied by specified rates in the dollar, being:
 - Residential rates at 100% of the General rate, Commercial rates at 95% of the General rate, Industrial rates at 95% of the General rate and Farm rates at 67% of the General rate.
- Municipal Charge levied on all rateable properties, representing approximately 10% of total revenue from the municipal charge and general rates, with exemptions for properties making up single farm enterprises and cultural and recreational lands. (This aligns with the proposed Local Government Bill (2018) which has capped the Municipal Charge to a maximum of 10% of the total revenue from the municipal charge plus general rates)
- Cultural and Recreational rates levied on recreational land based on Capital Improved Valuations at concessional rates in the dollar of between 0% for those with little other sources of revenue and 50% of the General rate with significant revenue raising capacity
- Service Rates and Charges levied for garbage collection based on the type and size of the services provided, with a discretionary service for those outside the residential urban areas of Horsham and Natimuk, including the provision of a free-to-user recycling service for residential garbage service recipients
- Deferments and/or waivers of rates and charges in specific hardship cases
- Rebates and Concessions offered in some circumstances as set out in legislation such as for the State funded Pensioner Rebate Scheme and as per Council policy and other agreements.
- A rebate of \$30 in addition to the State funded Pensioner Rebate Scheme to eligible pensioners

4.2 General & Differential Rates

Until the year 2000-01, Council levied a uniform rate in the dollar on all properties, whether they were residential, commercial, industrial or farm. It then resolved that the equity of the rating system would be enhanced if the different characteristics of the farming sector were recognised by applying a differential rate at 95% of the general rate applied to all other non-concessional rateable properties.

Taking the above into account the farm rate was determined in the year 2000-01 after noting the relative changes in valuations between the farming and residential sectors in particular following the 2000 revaluation, and the lower accessibility of the farming sector to some of the services provided in the municipality generally. In doing so Council was mindful that a concession granted to one sector has to be paid for by all others but it believes that the equity principle is furthered by the application of this differential.

In 2010-11, Council further reduced its differential rate to benefit the farming sector from 95% to 90% (of the general rate) having considered the outcomes of its biennial revaluation, the impact of low commodity prices on farming incomes and uncertainty about the continuation of the Exceptional Circumstances financial support (which was subsequently withdrawn). In doing so, it considered the issue of geographical distance from standard Council services and the ability of farmers to use and access those services.

In 2014-15, Council reduced its farm differential rate by a further 10% to 80% of the general rate, in recognition of the changes to relative property values, the high value of land as an input to farm operations, and in recognition of some lesser access to services associated with the rural isolation of the majority of the farming sector.

For the 2019-23 years, Council proposes to reduce the farm differential rate by a further 13% to 67% of the general rate to recognise the changes to relative property values (in 2018), the high value of land as an input to farm operations, and in recognition of some lesser access to services associated with the rural isolation of the majority of the farming sector. Council also proposes to introduce a commercial differential rate of 95% of the general rate and an industrial differential rate of 95% of the general rate in recognition of the changes to relative property values following the 2018 general revaluation of properties and reliance on the level of economic activity of the farming sector.

4.3 Municipal Charge

The municipal charge is intended to cover some of the “administrative costs” of a Council, examples of which are elections, governance, valuations and corporate expenses. The 2018-19 level of \$287 is the result of applying the charge of \$95.00 set at the time of municipal restructure in 1995 until 1997-98, after which changes in the amount of the charge have followed the annual rate percentage increases declared by Council, except for 2014-15 and 2015-16 when there was no increase to the municipal charge. Council determined in 2016-17 to again increase the charge in-line with the overall rate increase and this approach has been maintained.

For the 2019-23 years, Council proposes to reduce the municipal charge to \$200 which represents 10% of total revenue from the municipal charge and general rates, to reduce the regressive nature of the charge on lower valued properties and bring it in-line with that proposed in the Local Government Bill (2018). Council will consider reducing this further in future years to address the regressive nature of this charge.

4.4 Service Rates and Charges

Council provides for the collection and disposal of household garbage, as well as providing for the depositing of industrial and other waste to landfill. A 240 litre bin service has been in existence since before municipal restructure, with weekly collection using bins supplied by the Council to householders in the urban area, and to commercial and industrial premises on request. The service is mandatory for all residential tenements in the urban areas of Horsham and Natimuk.

From the year 2000 Council has offered a residential 240 litre bin service to rural properties where this is feasible, as well as to residential properties in rural townships. The service is optional and the charge the same as in urban areas, although the provision cost is substantially greater due to the increased travelling

involved in collection. However, Council's view is that rural dwellers should not be financially penalised to provide the service and that cross subsidization is justified in this case.

In 2001 Council extended the garbage service by providing an optional 120 litre service at a reduced charge, with the two-fold purpose of leading to a reduction of garbage going to landfill and to encourage recycling. Again some cross subsidization occurs as the collection costs are not substantially less for the small bins, but Council believes the strategy outlined justifies this.

Council resolved in 2002 to add a recycling bin service for residential users using distinctively coloured wheeled bins. Recycling bins are provided only on request. Not all rural users have been offered the service as it is not practical at this stage. The cost of the residential recycling service is included in the overall garbage charge and in 2018-19 this was increased by approximately \$30 due to national issues with recycling and contamination issues for the market of recyclable products in to China. Relevant state bodies are working with industry to look at alternative markets and products to keep these costs down in the future.

At the request of the occupiers of some commercial premises the Council agreed in 2008 to provide a recycling service. This chargeable service is restricted to occupiers not using the Council's commercial garbage service, for which the recycling service is at no additional cost.

For the 2019-23 years, Council proposes no change to its policy on service rates and charges.

4.5 Deferments, Discounts and Waivers

Council has a separate and specific policy for the handling of hardship cases which allows deferment of all or part of rates for varying times depending on circumstances, interest may also be waived in hardship cases. Applicants are required to specify the hardship grounds, on consideration of which Council may grant a deferment, which would generally continue until circumstances change, the land is sold or the person dies, when the rates and interest deferred would be taken from the sale proceeds. Council has in the past only granted interest waivers for hardship. Council has traditionally not granted waivers or discounts.

For the 2019-23 years, Council proposes no change to its policy on deferments, discounts or waivers.

4.6 Concessions and Rebates

The most important rate concession available to ratepayers is the Municipal Rates Pension Concession set at a maximum of half the rates and charges levied on eligible pensioners. This is fully funded by the State Government. Eligible pensioners are also entitled to receive a concession on the Fire Services Property Levy. The total concession amounts for 2018-19 were \$498,729.

There are currently no known Councils that offer a rate rebate for Health Care Cards, and Council has decided not to offer any further rate concessions for holders of these cards.

An additional rebate of \$30 is offered to eligible pensioners from 2019-20 to recognise the impact of rates on this section of the community.

Other concessions are given to the Office of Housing (Department of Human Services) 50% of their total general rates (excluding the Municipal charge) on the low value rental units, for disadvantaged sectors of the community. Council provides rebates for properties which are involved in Sport, Cultural & Recreational activities under the Culture and Recreational Rates Concession policy which was adopted with the 2015-16 Council Budget. Council proposes to undertake a review of this policy prior to 30 June 2019.

For the 2019-23 years, Council proposes no further reviews or changes to its policy on concessions and rebates.

4.7 Payment of Rates

Rates may be paid by quarterly instalment or as a yearly lump sum payment in February. The Council also widely publicises the opportunity it allows for paying rates by arrangement throughout the year as it can be managed and encourages ratepayers who may be having difficulty to discuss payment arrangements with rates staff. Council considered moving to quarterly only payment options for the 2013-14 year and again in

2017-18 but elected to continue to offer a lump sum option in February, in consideration of the benefits specifically to the farm sector.

For the 2019-23 years, Council proposes no change to its policy on payment of rates.

5. FINANCIAL IMPACT OF PROPOSED CHANGES

5.1 Modelling

For the purposes of determining the financial impact of the proposed rating strategy on each category or class of ratepayer, the current and proposed rating structures have been modelled over the next five years based on the assumptions below.

5.2 Assumptions

The following assumptions have been made in regard to future rating years for the purposes of modelling the financial impact of the proposed rating structure:

- Future rate cap increases have been set at 2.5%
- Future property valuation increases have been based on the average valuation increases over the past two general revaluations (i.e. 2016 and 2018) and applied annually with a capped upper limit of 10% and lower limit of 5%
- The growth in the number of assessments has been based on the average growth over the past two general revaluations period (i.e. 2016/17 to 2018/19) and applied annually with a capped upper limit of 10% and lower limit of 5%.

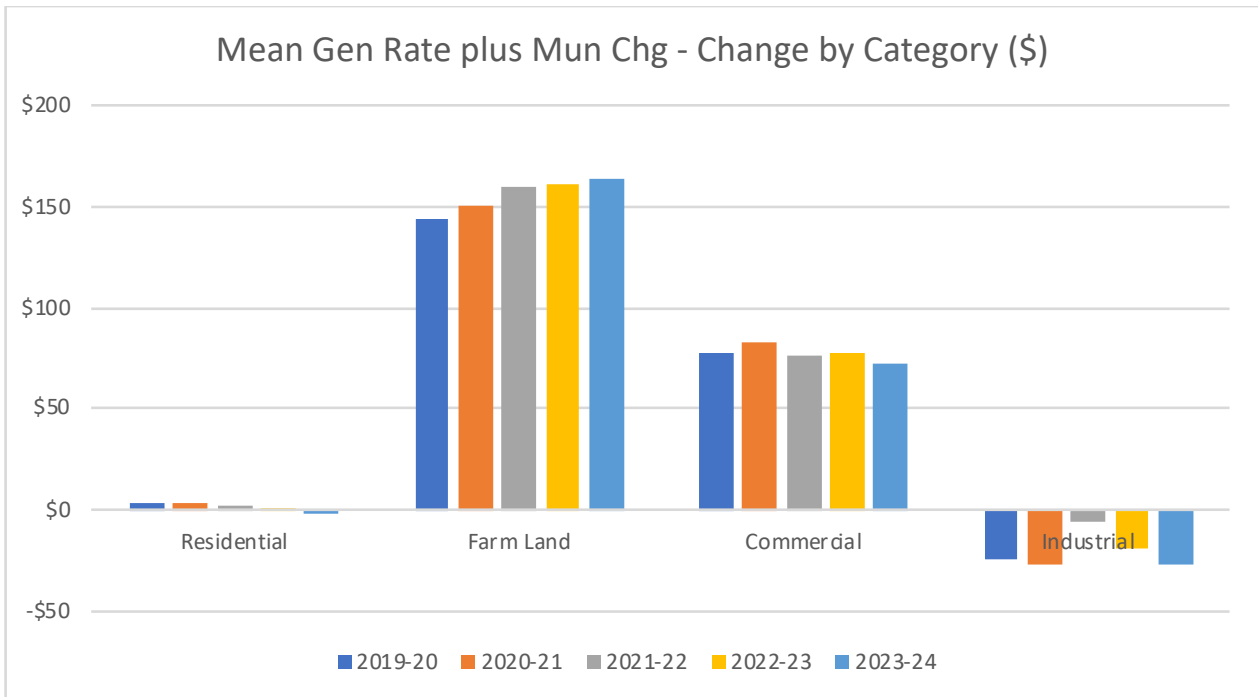
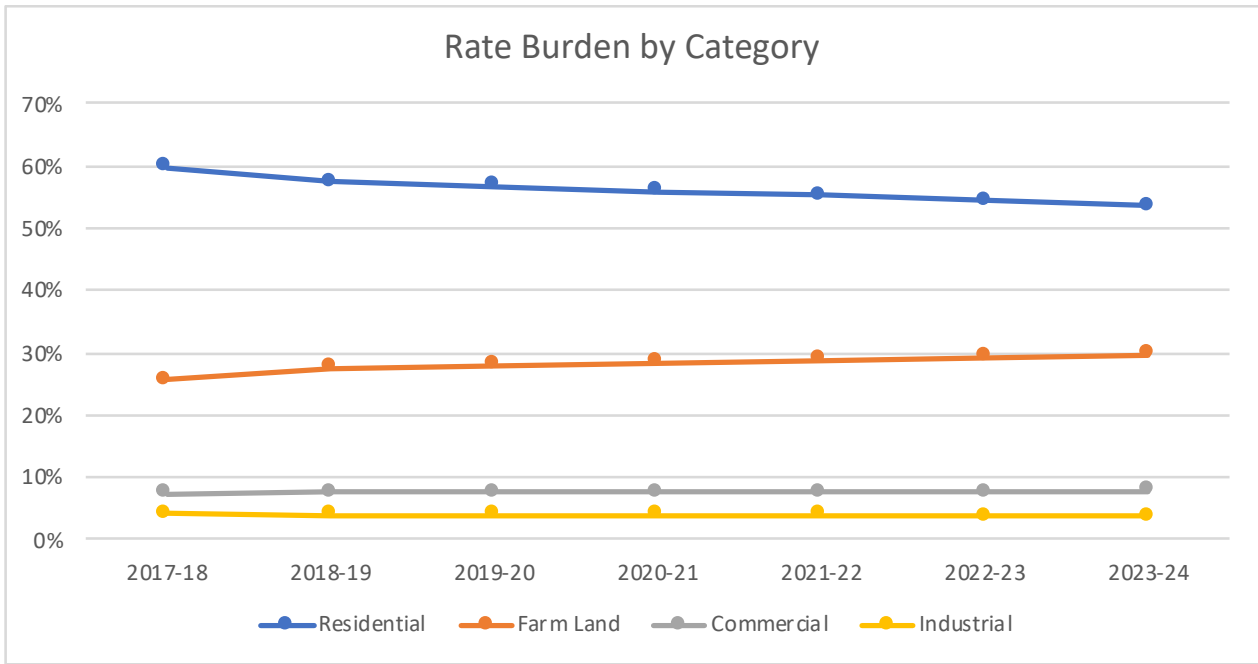
5.3 Financial Impact

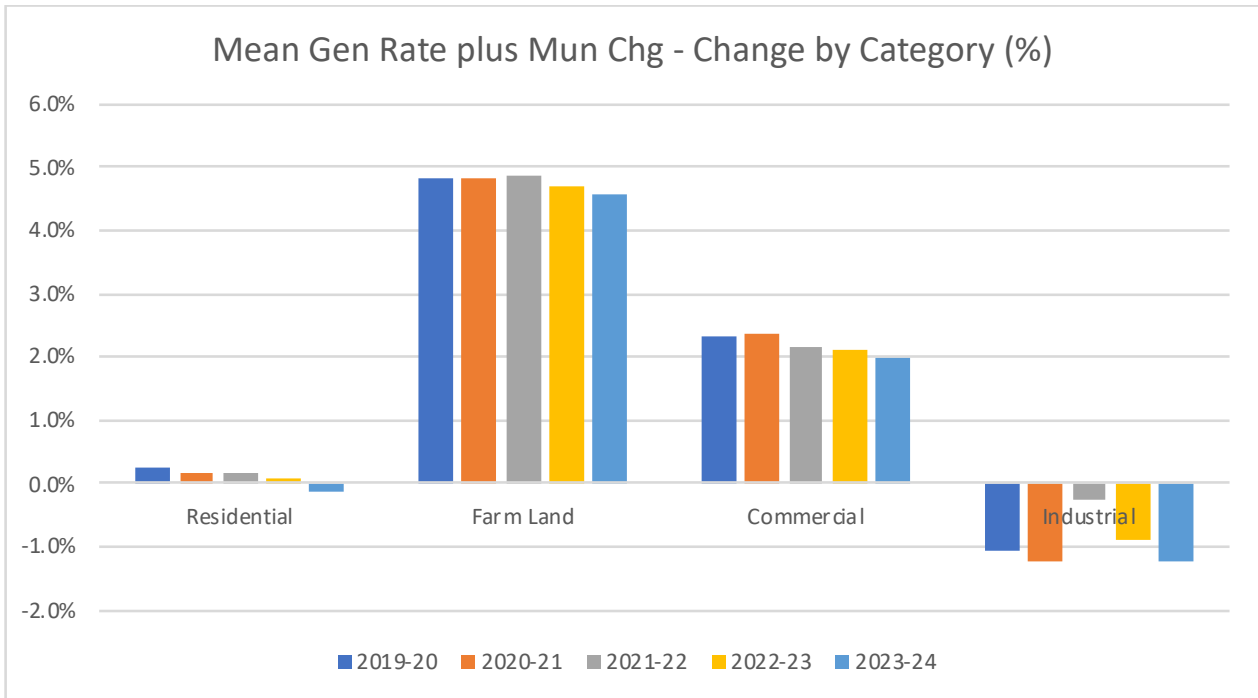
5.3.1 Summary

Measure	Residential	Farm	Commercial	Industrial
Rate burden: 2018-19	57.5%	27.5%	7.5%	4.0%
Rate burden: 2019-20	58.7%	25.7%	7.8%	4.0%
Change	+1.2%	-1.8%	+0.3%	0.0%
Average rate: 2018-19	\$1,577	\$2,979	\$3,371	\$2,235
Average rate: 2019-20	\$1,636	\$2,871	\$3,534	\$2,229
Change	+\$59	-\$108	+\$163	-\$6

The above table compares the rate burden and average rate (general rate and municipal charge) for the 2018-19 year and that which would exist in the 2019-20 year under the proposed rating structure. It shows that under the proposed rating structure, farm land would experience a reduction in the rate burden of 1.8% to 25.7%, which is the level that existed prior to the 2018 general revaluation. The rate burden would be transferred to the other rating categories with residential land bearing most of the change. However, due to the large number of residential assessments the average rate impact would be limited to an increase of \$59 compared to commercial properties which would increase by \$163 on average. Industrial properties would be largely unaffected.

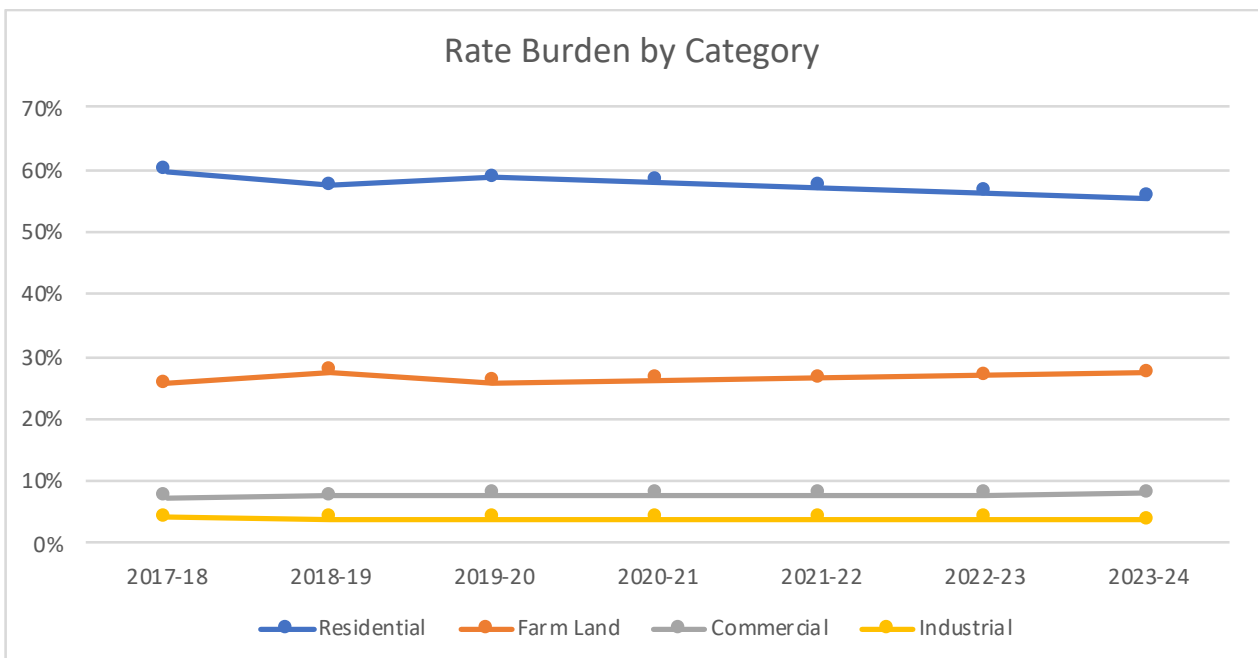
5.3.2 Current

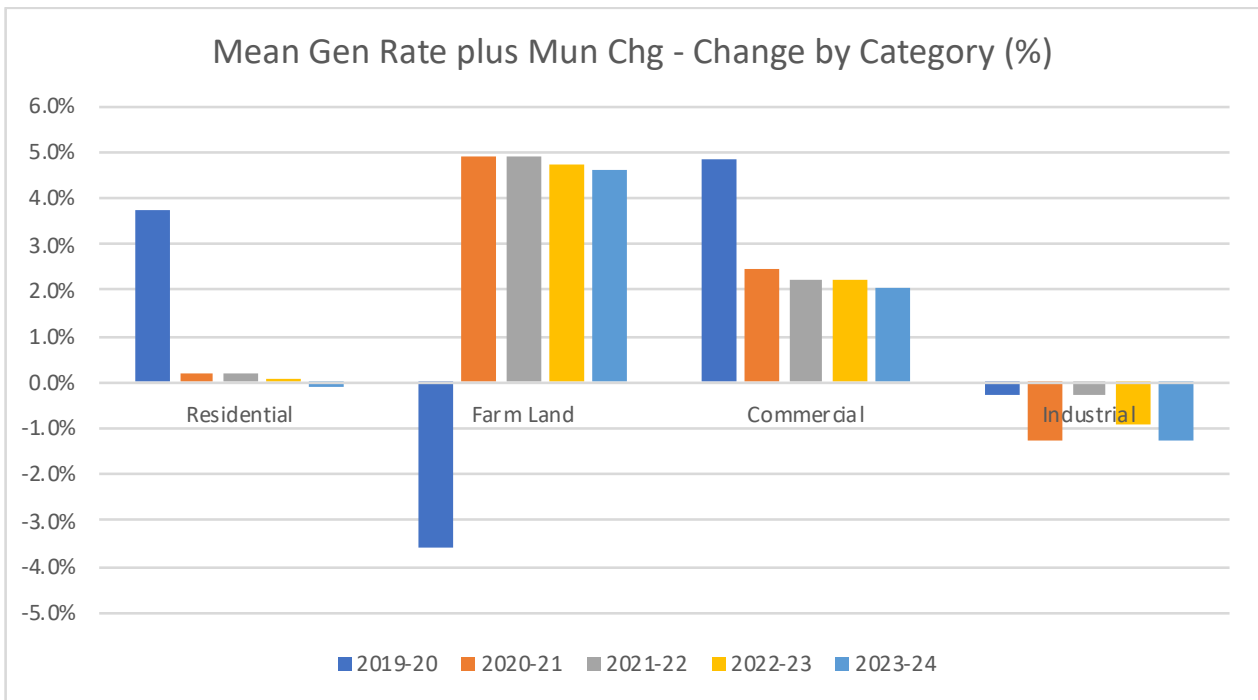
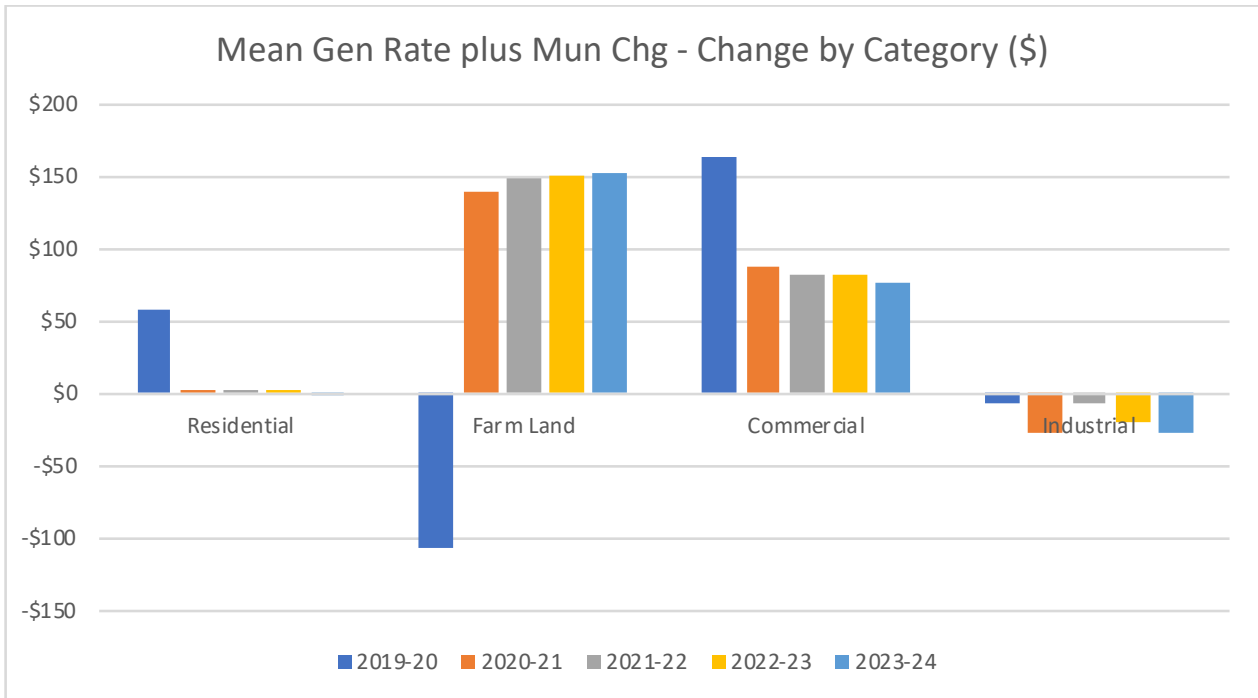




Under the current rating structure, the general rate and municipal charge burden for farm land will increase from 27.5% in 2018-19 to 28.0% in 2019-20 and then continue to increase to 29.7% by 2023-24. Residential land will decrease from 57.5% to 53.5%, Commercial land will increase from 7.5% to 7.7% and Industrial land will decrease from 4.0% to 3.8% over the same period. This will result in average rate increases for farm land of between 4.6% and 4.8% per annum over the five year period. This is compared to residential land which will experience average rate changes of between -0.1% and 0.2% per annum, commercial land with increases of between 2.0% and 2.3% and industrial land with decreases of between -0.3% and -1.2% over the five year period.

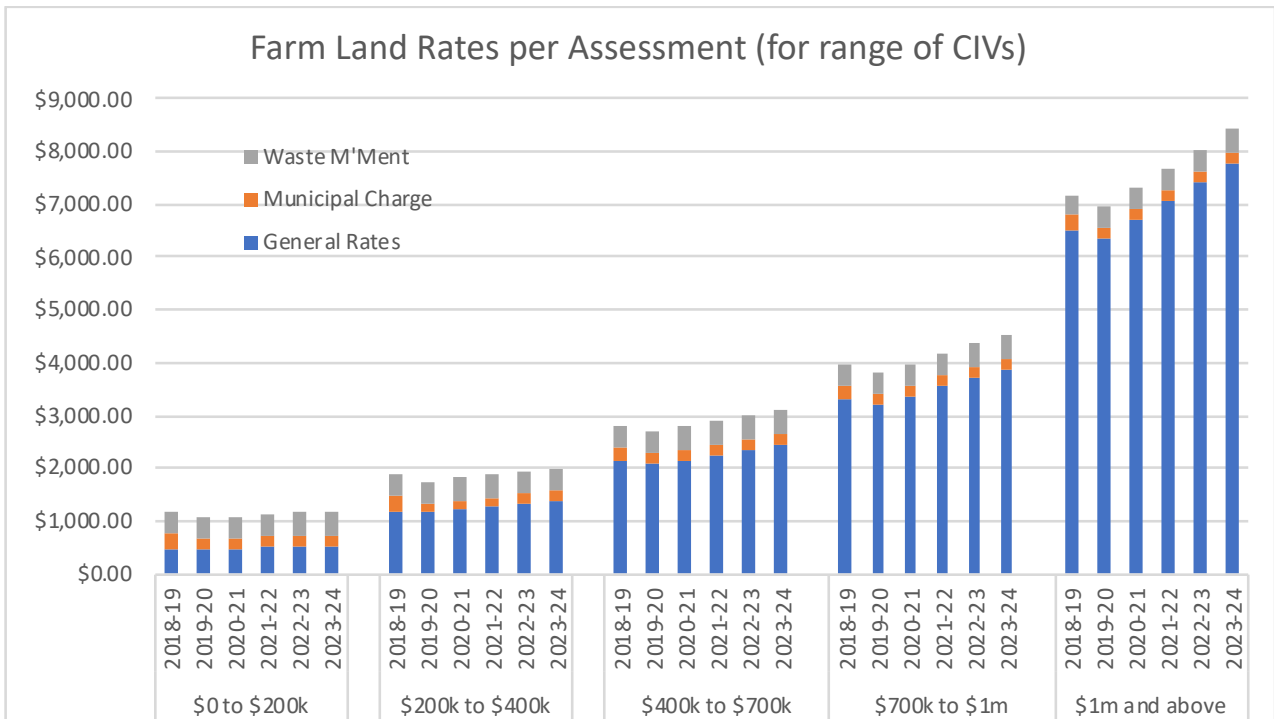
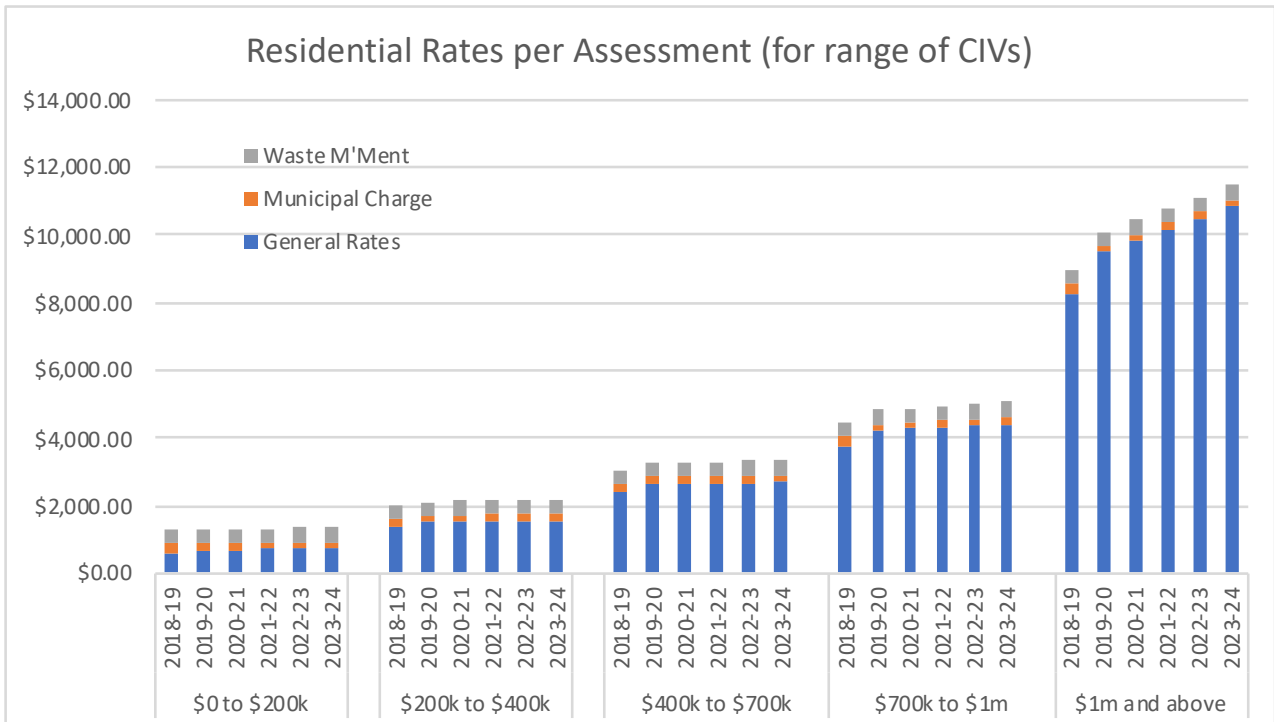
5.3.3 Proposed

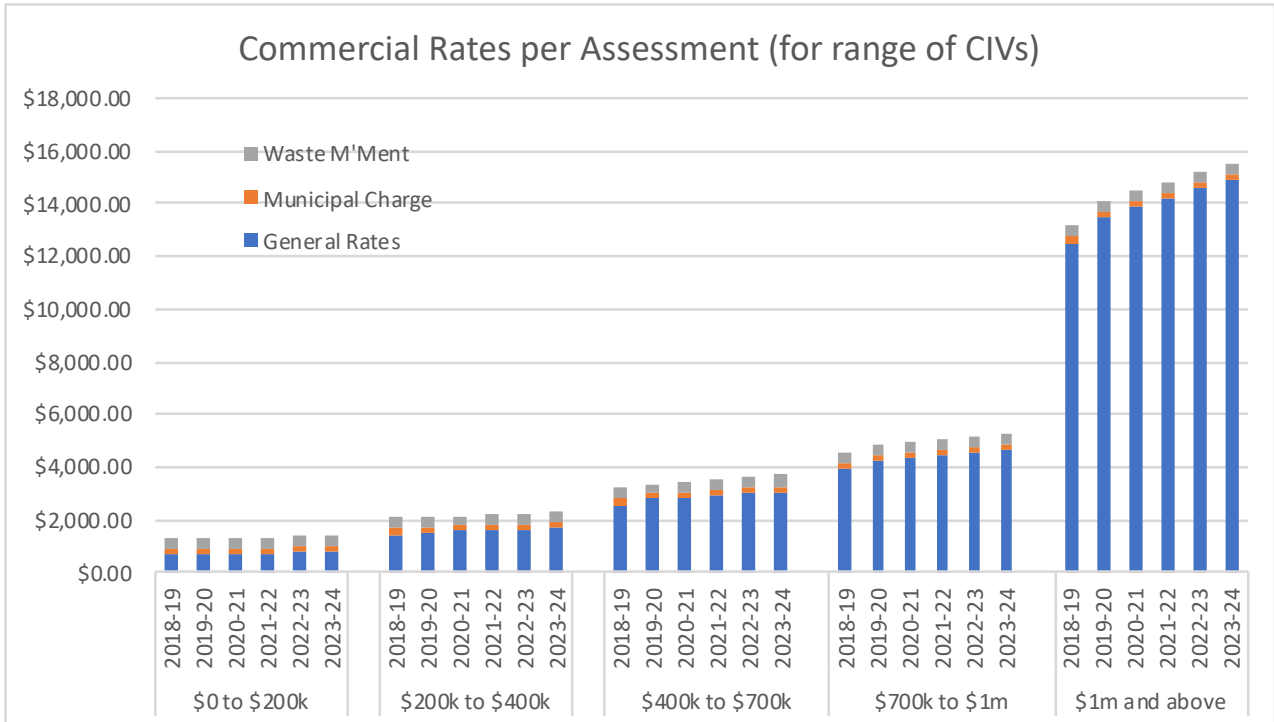




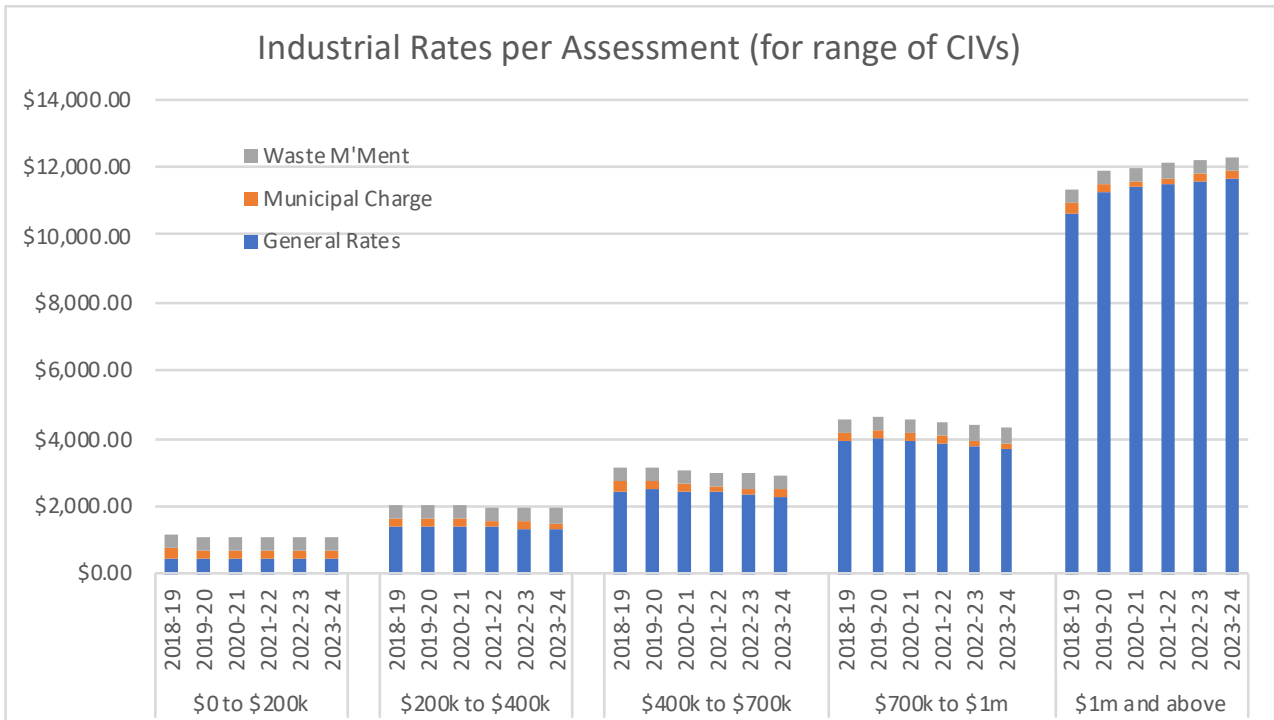
Under the proposed rating structure, the general rate and municipal charge burden for farm land will decrease from 27.5% in 2018-19 to 25.7% in 2019-20 and then continue to increase to 27.3% by 2023-24. Residential land will increase from 57.5% in 2018-19 to 58.7% in 2019-20 and then will decrease to 55.5% by 2023-24. Commercial land will increase from 7.5% in 2018-19 to 7.8% in 2019-20 and then will increase to 7.9% by 2023-24. Industrial land will decrease from 4.0% in 2018-19 to 3.8% by 2023-24.

This will result in an average rate decrease for farm land in 2019-20 of -3.6% or -\$108 and then average increases between 4.6% and 4.9% per annum for the remaining years. This is compared to residential land which will experience an average rate increase of 3.7% or \$59 in 2019-20 and then rate changes of between -0.1% and 0.2% per annum. Commercial land will experience an average rate increase of 4.9% or \$163 in 2019-20 and then increases of between 2.0 and 2.5%. Industrial land will experience an average rate decrease of -0.3% or -\$6 in 2019-20 and then decreases of between -0.3% and -1.3%.





Due to the regressive nature of the municipal charge, lower value properties such as residential properties valued under \$200,000 would experience a rate decrease of -\$13 in 2019-20 in the average general rate and municipal charge. For farm, commercial and industrial properties, they would experience a rate increase from the reduction in the municipal charge due to the higher average value of these properties.



APPENDIX A: Definition of Land

Residential Land

Definition:	Residential land is identified as any rateable land which, is not Commercial land, Industrial land, Farm land or Cultural and Recreational land.
Objectives:	The objectives of the rate are to: <ul style="list-style-type: none"> • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: <ul style="list-style-type: none"> – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services.
Characteristics:	Is land that is not used for commercial, industrial, farming or cultural and recreational purposes.
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate:	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate:	100% of the general rate.
Use of land:	Is any use permitted under the Horsham Planning Scheme.
Geographic location:	The geographic location of the land is wherever it is located within the municipal district.
Planning scheme zoning:	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Horsham Planning Scheme.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year.

Commercial Land

Definition:	Commercial land is identified as any rateable land on which a building designed or adapted for occupation is erected which is used for commercial purposes.
Objectives:	The objectives of the rate are to: <ul style="list-style-type: none"> • Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the: <ul style="list-style-type: none"> – Construction and maintenance of infrastructure assets – Development and provision of health and community services – Provision of general support services • Recognise the changes to relative property values and reliance on the level of economic activity of the farming sector.
Characteristics:	Is land that is used for commercial purposes including: <ul style="list-style-type: none"> • Retail shops • Offices • Services businesses, car parks, garden centres, car yards, boat yards, entertainment centres (theme parks), hotels and motels

- Land which has improvements and/or buildings used for commercial purposes.

Types and classes The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

Use of rate: The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of rate: 95% of the general rate.

Use of land: Is any use permitted under the Horsham Planning Scheme.

Geographic

location: The geographic location of the land is wherever it is located within the municipal district.

Planning scheme

zoning: The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Horsham Planning Scheme.

Types of

buildings The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year.

Industrial Land

Definition: Industrial land is identified as any rateable land on which a building designed or adapted for occupation is erected which is used for industrial purposes.

Objectives: The objectives of the rate are to:

- Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
 - Construction and maintenance of infrastructure assets
 - Development and provision of health and community services
 - Provision of general support services.
- Recognise the changes to relative property values and reliance on the level of economic activity of the farming sector.

Characteristics: Is land that is used for industrial purposes including:

- Manufacturing
- Quarrying
- Land which is located in an industrial zone or other area in the Municipality.

Types and classes The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

Use of rate: The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of rate: 95% of the general rate.

Use of land: Is any use permitted under the Horsham Planning Scheme.

Geographic

location: The geographic location of the land is wherever it is located within the municipal district.

Planning scheme

zoning: The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Horsham Planning Scheme.

Types of buildings

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year.

Farm Land

Definition: Is farm land as defined under the Valuation of Land Act 1960.

Objectives: The objectives of the rate are to:

- Ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
 - Construction and maintenance of infrastructure assets
 - Development and provision of health and community services
 - Provision of general support services.
- Recognise the changes to relative property values, the high value of land as an input to farm operations, and in recognition of some lesser access to services associated with the rural isolation of the majority of the farming sector.

Characteristics: Is farm land that is:

- Not less than 2 hectares in area
- Used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or growing of crops of any kind
- Used by a business that has significant and substantial commercial purpose or character, seeks to make a profit on a continuous or repetitive basis and is either making a profit or has reasonable prospect of making a profit from its activities.

Types and classes: The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

Use of rate: The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Level of rate: 67% of the general rate.

Use of land: The use of the land within this differential rate, in the case of improved land, is any use of land.

Geographic

location: The geographic location of the land within this differential rate is wherever it is located within the municipal district.

Planning scheme

zoning: The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Horsham Planning Scheme.

Types of buildings

The types of buildings on the land within this differential rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year.

Cultural and Recreational Land

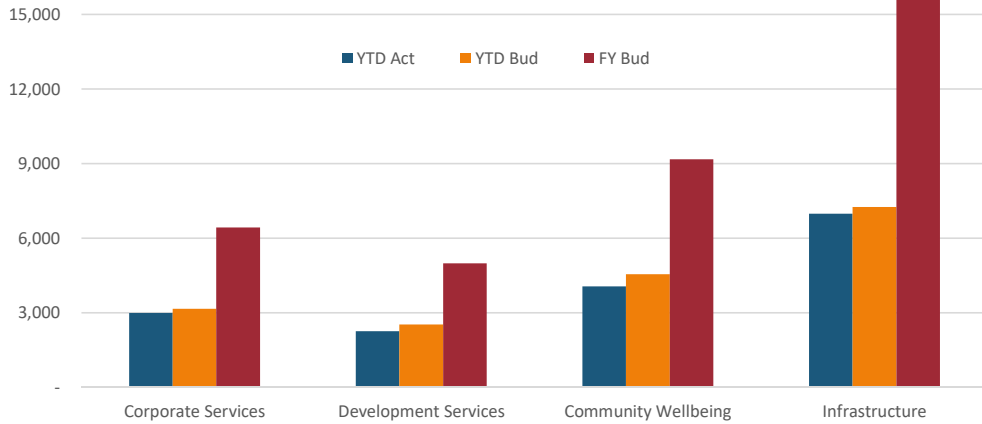
Definition:	Is land as defined under the Cultural and Recreational Lands Act 1963.
Objectives:	The objectives of the rate are to recognise the large contribution that these community organisations and the volunteers make to the Municipality in the provision of sporting, cultural and recreational activities:
Characteristics:	Is cultural and recreational land that is: <ul style="list-style-type: none"> • Occupied by a body which exists for cultural or recreational purposes and applies its profits in promoting the furthering of this purpose • Owned by the body, by the Crown or by Council • Not agricultural showgrounds.
Types and classes	The types and classes of rateable land within this rate are those having the relevant characteristics described above.
Use of rate:	The money raised by this rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
Level of rate:	0%-50% of the general rate depending on the level revenue raising capacity in recognition of the large contribution that these community organisations and the volunteers make to the Municipality in the provision of sporting, cultural and recreational activities.
Use of land:	The use of the land within this rate, in the case of improved land, is any use of land.
Geographic location:	The geographic location of the land within this rate is wherever it is located within the municipal district.
Planning scheme zoning:	The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the relevant Horsham Planning Scheme.
Types of buildings	The types of buildings on the land within this rate are all buildings already constructed on the land or which will be constructed prior to the expiry of the 2018/19 financial year.

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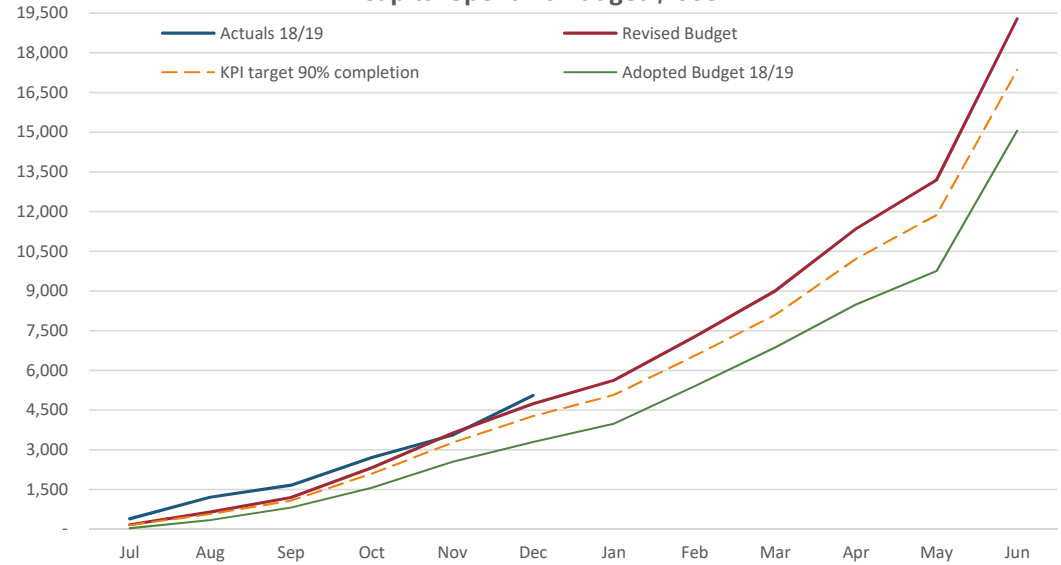
Financial Snapshot

APPENDIX 9.2A

Service Delivery \$'000



Capital Spend vs Budget \$'000



FINANCE & PERFORMANCE OBSERVATIONS:

Service Delivery

Most departments a little under YTD budgets, more noticeably in Community Wellbeing where several staff vacancies have not yet been filled.

Capital Spend

Actual expenditure to date is tracking along the revised budget.

Initiatives Spend

Actual expenditure is \$214k behind the revised budget, main reason for the variances to date are due to design delays.

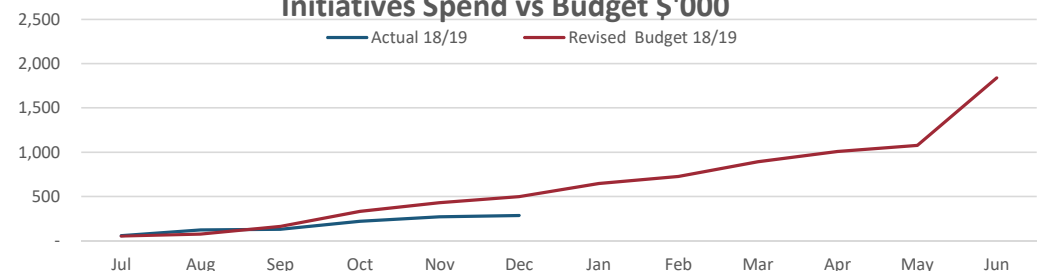
Total Income

Income is on track with the revised budget.

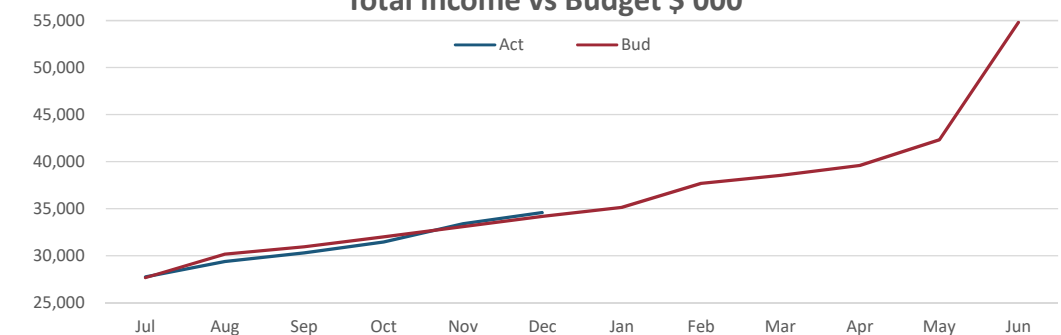
Key Revisions to Budget during December

Reduction of the grant funded CBD revitaliation project that won't be started this financial year. Grants revenue has been reduced to reflect the component of the Grants Commission funding that was paid in June 2018.

Initiatives Spend vs Budget \$'000



Total Income vs Budget \$'000



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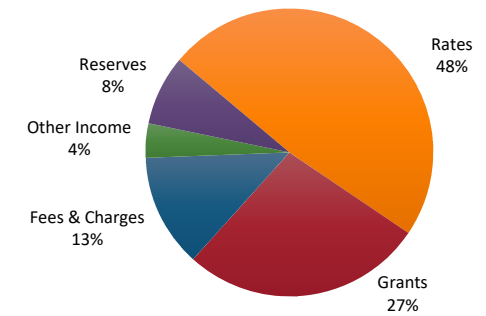
Overview

APPENDIX 9.2A

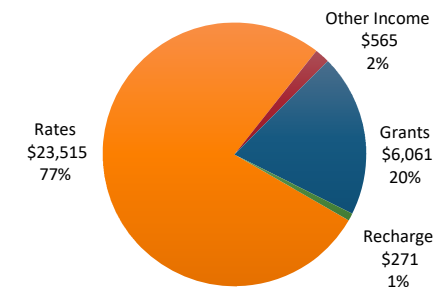
Overall Cash Budget Summary - \$'000

Business Activity	Actuals	Adopted	Revised	Budgets	Actuals	YTD	Variance	Variance	Note
	17/18	Budget 18/19	Budget 18/19	YTD 18/19	YTD 18/19	18/19			
Income									
Service Delivery	-15,831	-14,100	-14,100	-7,995	-8,208	213	2.7%		
General Revenue	-29,650	-30,412	-30,412	-25,549	-25,270	-279	-1.1%		
Capital	-13,388	-9,340	-10,942	-643	-1,077	434	67.4%		
Initiatives	-213	-2,004	-760	-	-20	20	0.0%		
Reserves	-134	-249	-280	-	-	-	0.0%		
Income Total	-59,216	-56,106	-56,494	-34,187	-34,574	387	1.1%		
Expenditure									
Service Delivery	35,256	35,956	37,655	17,942	16,669	1,272	7.1%	1	
Capital	24,273	17,230	21,458	4,738	5,053	-316	-6.7%		
Initiatives	712	2,503	1,839	497	284	214	43.0%		
Financing	439	423	423	-	0	-0	0.0%		
Reserves	272	68	68	-	-	-	0.0%		
Expenditure Total	60,952	56,180	61,442	23,177	22,006	1,170	5.0%		
Grand Total	1,736	75	4,948	-11,010	-12,568	1,557	14.1%		

Operating Income Budget 18/19



General Revenue Budget 18/19 \$'000



General Revenue - Details - \$'000

Sub Description	Actuals	Adopted	Revised	Budgets	Actuals	YTD	Variance	Variance	Note
	17/18	Budget 18/19	Budget 18/19	YTD 18/19	YTD 18/19	18/19			
Rates									
Rates & Charges	-22,784	-23,515	-23,515	-23,515	-23,475	-40	-0.2%		
Grants									
Grants & Subsidies Recurrent	-6,222	-6,061	-6,061	-1,631	-1,630	-1	-0.1%		
Other Income									
Interest & Investment Income	-594	-565	-565	-268	-144	-124	-46.2%	2	
Recharge									
Overhead Recovery	-48	-271	-271	-135	-21	-115	-84.8%		
Grand Total	-29,650	-30,412	-30,412	-25,549	-25,270	-279	-1.1%		

Comments:

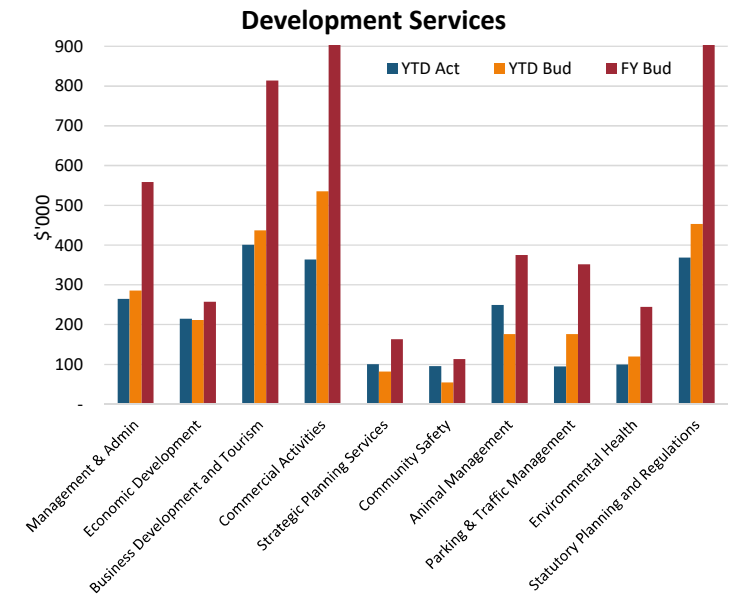
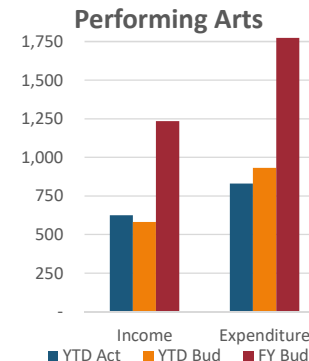
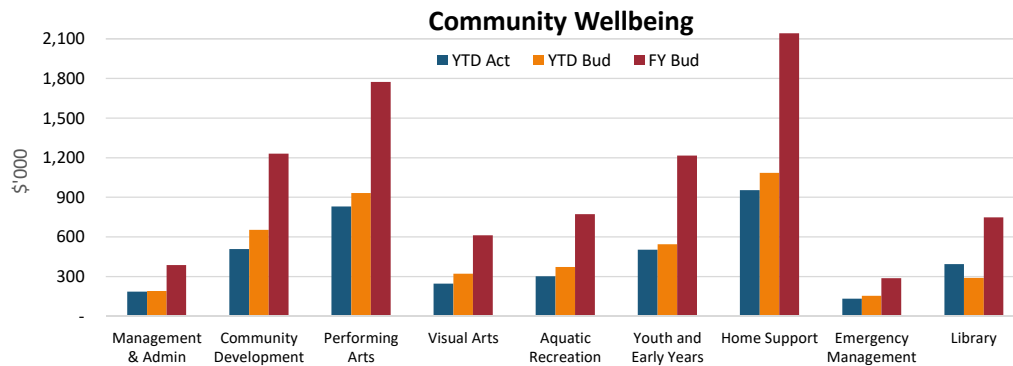
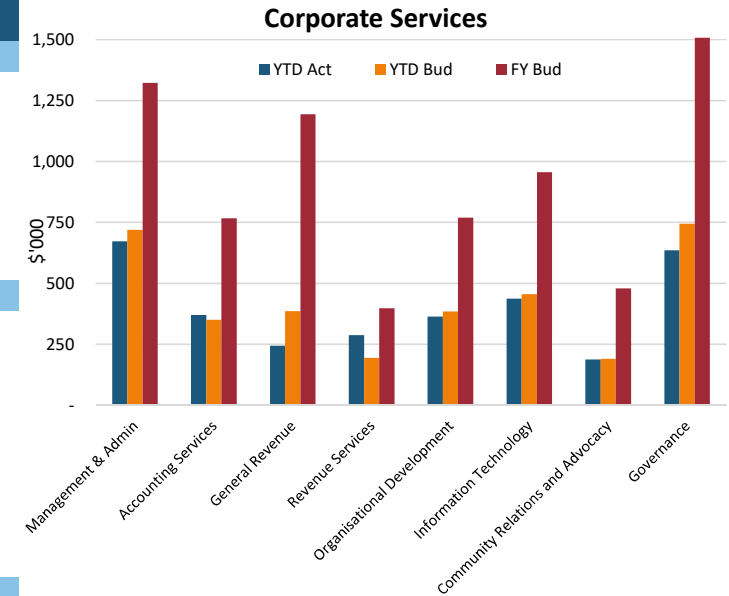
1. Service Delivery is behind budget by \$1.272k, partly due to recruitment lag f restructure & inability to recruit suitable staff. Corporate services is below budget by \$161k, Community Wellbeing by \$487k, Development services \$278k and Infrastructure by \$280k. Further details, see pages 3 & 4 for service delivery expenditure.
2. Interest & Investment Income - YTD variance will catch up as long term loans come due.

Finance & Performance Report - 31 December 2018

Service Delivery Expenditure

APPENDIX 9.2A

Key variances: \$'000	Revised Budget	YTD Budget	YTD Actual	YTD Variance	Variance %	Comments
Corporate Services	7,354	3,609	3,382	228	6.3%	
Management & Admin	1,709	909	860	48	5.3%	
Accounting Services	767	350	370	-19	-5.6%	
Revenue Services	397	193	287	-94	-48.8%	Rates strategy costs
Organisational Development	769	384	363	21	5.5%	
Information Technology	956	455	437	18	4.1%	
Community Relations and Advocacy	478	190	187	3	1.3%	
Governance	1,508	743	634	109	14.7%	Recruitment lag following the restructure & other staffing
Community Wellbeing	9,174	4,547	4,060	487	10.7%	
Management & Admin	388	190	186	5	2.5%	
Community Development	1,232	655	509	146	22.3%	Minor variances across 5 services
Performing Arts	1,774	932	831	101	10.9%	See the Performing Arts Chart
Visual Arts	612	322	246	76	23.6%	
Aquatic Recreation	773	372	303	69	18.5%	
Youth and Early Years	1,217	545	504	41	7.6%	
Home Support	2,141	1,085	955	130	12.0%	Minor variances across 3 services
Emergency Management	288	155	132	23	14.7%	
Library	749	291	395	-104	-35.9%	Early payment of quarter 3 contribution
Development Services	4,978	2,530	2,252	278	11.0%	
Management & Admin	559	285	264	21	7.3%	
Economic Development	258	211	215	-3	-1.6%	
Business Development and Tourism	813	437	400	36	8.3%	
Commercial Activities	964	535	364	171	32.0%	Minor variances across 7 services
Strategic Planning Services	164	82	101	-19	-23.3%	
Community Safety	113	55	95	-40	-73.6%	
Animal Management	375	176	250	-73	-41.6%	
Parking & Traffic Management	352	176	95	81	46.0%	
Environmental Health	245	120	100	20	16.8%	
Statutory Planning and Regulations	1,135	453	368	85	18.7%	

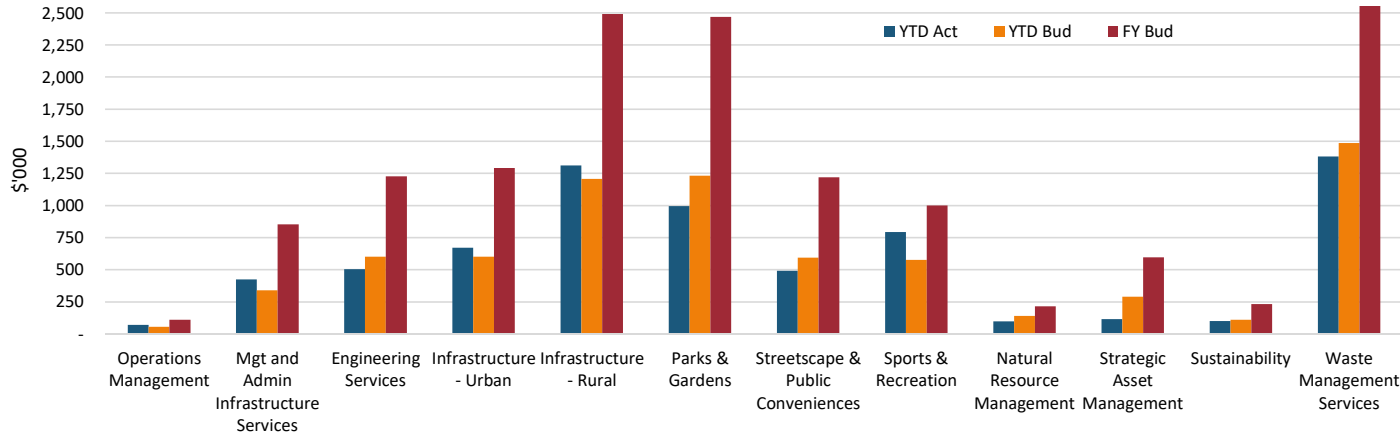


Finance & Performance Report - 31 December 2018

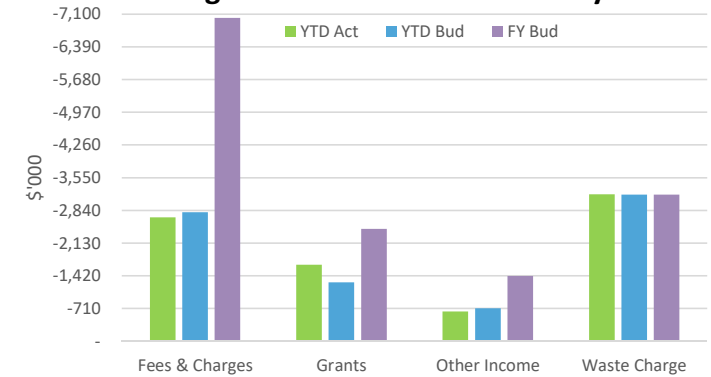
Service Delivery Expenditure

APPENDIX 9.2A

Infrastructure Services



Funding Sources for Service Delivery

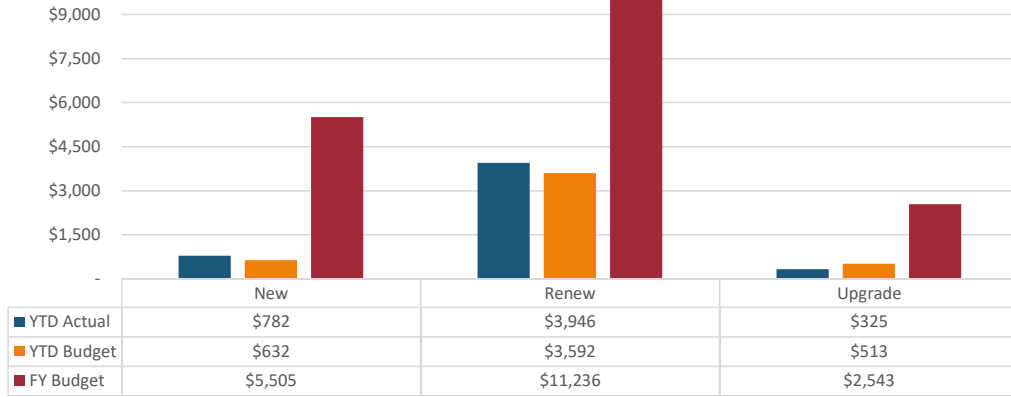


Key variances: \$'000	Revised Budget	YTD Budget	YTD Actual	YTD Variance	Variance %	Comments
Infrastructure	16,149	7,255	6,976	280	3.9%	
Operations Management	111	58	72	-14	-24.9%	●
Mgt and Admin Infrastructure Services	854	340	425	-85	-25.1%	●
Engineering Services	1,228	602	506	95	15.8%	●
Infrastructure - Urban	1,293	602	672	-70	-11.7%	●
Infrastructure - Rural	2,492	1,209	1,313	-103	-8.5%	● Timing of the roads & bridges maintenance program
Parks & Gardens	2,469	1,232	997	236	19.1%	● Budget variances across the botanic gardens, street beautification & minor reserves
Streetscape & Public Conveniences	1,220	594	492	102	17.2%	● Minor variances across 3 services
Sports & Recreation	1,001	578	796	-218	-37.8%	● Additional grant expenditure not originally budgeted (\$318k)
Natural Resource Management	217	141	100	41	28.8%	●
Strategic Asset Management	599	292	117	175	59.9%	● Recruitment lag following the restructure
Sustainability	234	113	102	11	10.0%	●
Waste Management Services	4,415	1,487	1,382	105	7.1%	● Combination of landfill operations & kerb side collection

Finance & Performance Report - 31 December 2018

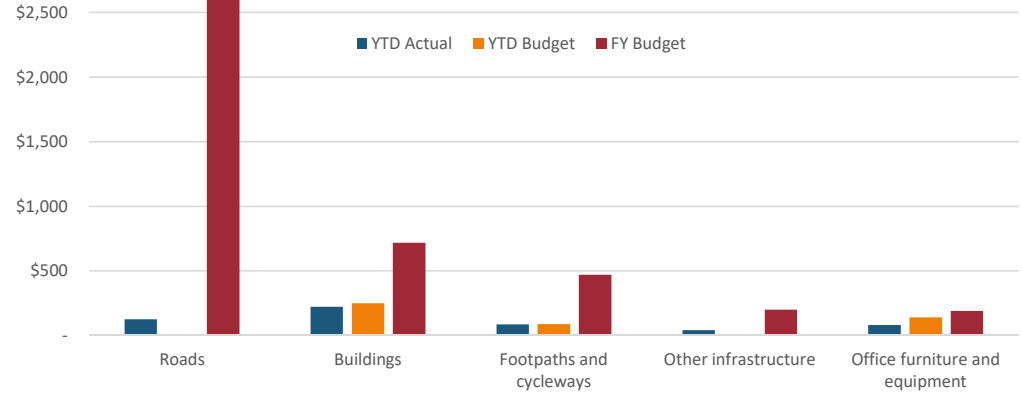
Capital - Revised Budget

Capital Spend - New/Renew/Upgrade \$'000



Comments:
The adopted full year capital budget is \$15.055 million.

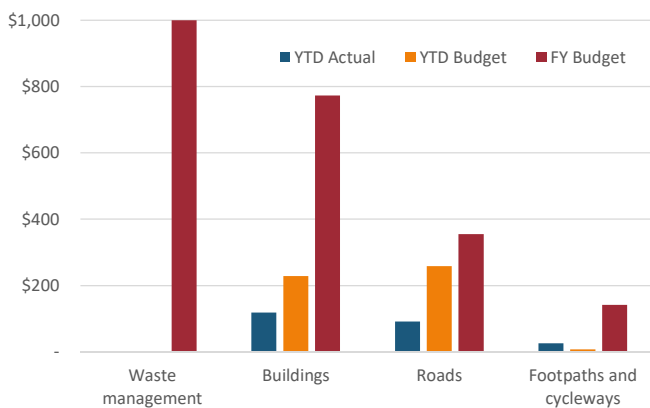
New Capital Spend by Asset Group \$'000



New Works

Currently inline with the revised YTD expectation.

Upgrade Spend by Asset Group \$'000



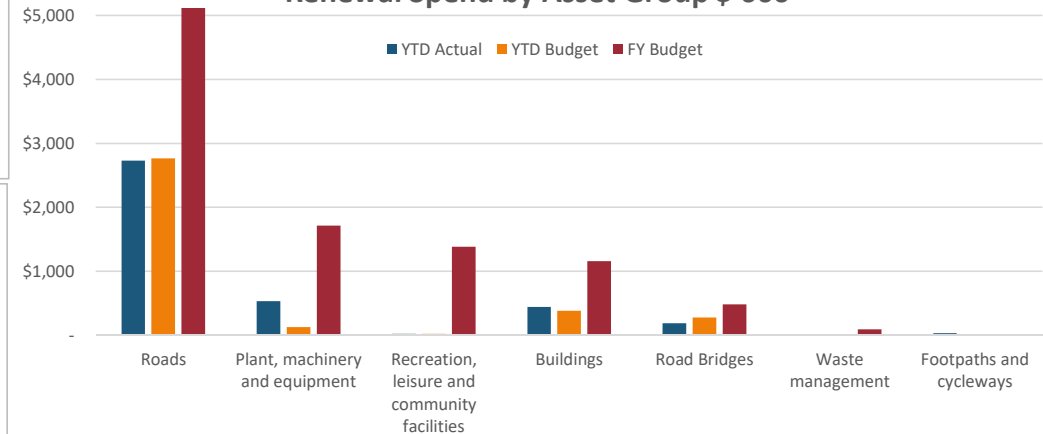
Upgrade works

Building spend variance is due to the timing of the reception alteration works.

Roads spend variance is due to timing of the R2R Old Hamilton Rd.

Works have commenced on both projects

Renewal Spend by Asset Group \$'000



Renewal works

Currently inline with the revised YTD expectation.

Finance & Performance Report - 31 December 2018 Initiatives

APPENDIX 9.2A

Initiatives with Revised FY Budget greater than \$40,000 - \$'000

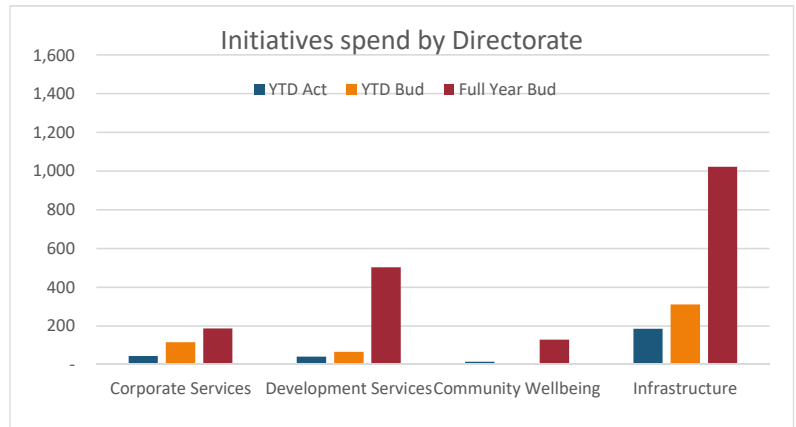
	WO Description	Adopted	Revised Budget	Budgets YTD	Actuals YTD	YTD Variance
		Budget 18/19				
Corporate Services	Civic Centre Refurbishment Detailed Design	-	40	30	11	19
Community Wellbeing	Social Infrastructure Framework	60	60	-	-	-
Development Services	Horsham South Structure Plan	-	240	-	9	-9
	Livestock Exchange Detailed Design Roofing Selling Area	-	50	-	1	-1
	Certif 4 Statutory Compliance Training and Backfill	40	40	20	-	20
Infrastructure	Rehabilitate Dooen Landfill Ladlows Hardwaste 2B West cov	440	440	10	10	0
	Road Clearances Tree Clearing/Pruning	90	90	90	22	68
	Asset condition & revaluation assessments	85	85	85	89	-4
	Town Entrances Streetscape Refurbishment	-	62	-	-	-
	E-Waste Management	50	50	-	4	-4
	Sustainability Strategy Review	40	40	-	-	-
	Asbestos Auditing Additional 17/18	-	40	-	-	-
	Sport and Recreation Strategy Review	40	40	40	-	40
Other Initiatives	Initiatives less then \$40,000 budget	1,658	561	222	136	86
Grand Total		2,503	1,839	497	284	214

Comments:

The budget has been revised to exclude the grant funded CBD projects that won't be funded this financial year.

Non-operational Initiatives - Special

	WO Description	Revised Budget	Budgets	Actuals	YTD
		\$'000	YTD \$'000	YTD \$'000	Variance \$'000
Income	Grampians Peak Trail Parks Victoria expenditure	-3,159	-	-	-
Expenditure	Grampians Peak Trail Parks Victoria expenditure	3,159	-	-	-
Grand Total		-	-	-	-



Finance & Performance Report - 31 December 2018
Contract Variations, New Contracts & Exemptions from Procurement

APPENDIX 9.2A

Contract Variations [Accepted Under Instrument Of Delegation] - (GST exclusive)

Item No	Contract No	Date Approved	Delegated Officer	Contract Description	Contractor	Description of Variation	Addition	Deduction
1	16/025A	9/01/2019	Angela Murphy	Cleaning Civic Centre and Various Buildings	Woodys	Additional Cleans	\$1,522	
2	16/025A	1/12/2018	Angela Murphy	Cleaning Civic Centre	Woodys	Additional Cleans	\$551	
Net Variations							<u>\$2,073</u>	

New Contracts Signed off by the Chief Executive or a Director or Council - (GST exclusive)

Item No	Contract No	Date Approved	Required Signatories	Contract Description	Contractor	Expense	Revenue
No new contracts were signed in December							

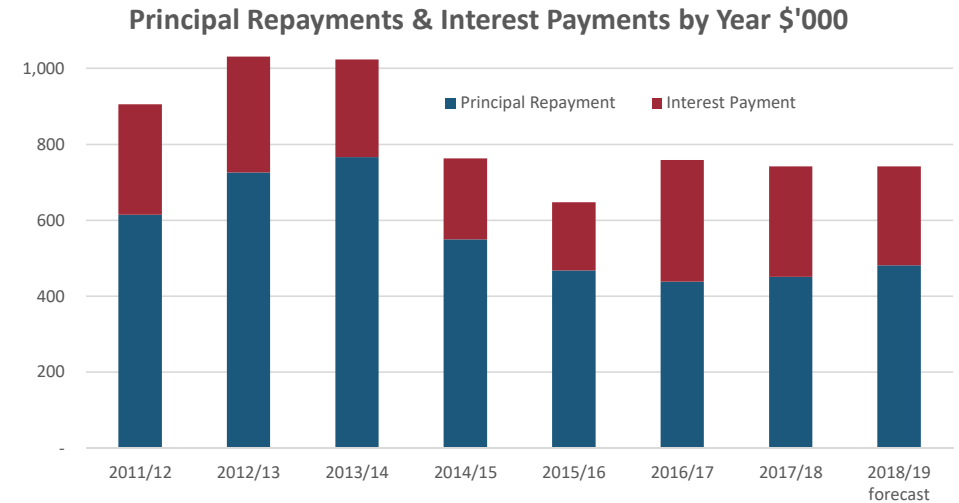
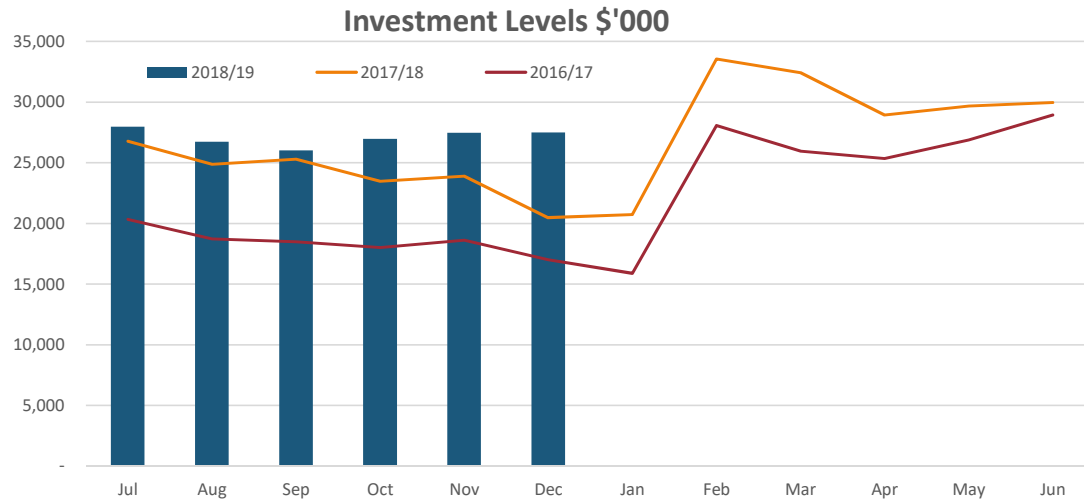
Exemptions from Procurement - (GST exclusive)

Item No	Purchase Order No	Date Approved	Delegated Officer	Reason	Exemption Description	Supplier	Expense
1	206602	7/01/2019	H J Proctor	Provide Authority Nar Review as per quote QTE-0436 *m	Used quote for similar project	Pacesetter Services Pty Ltd	\$11,550
2	206577	3/01/2019	K A Bell	Regional Councils Transformation Project Consultan	Sole source of supply	KPMG	\$74,140

Finance & Performance Report - 31 December 2018

Investments & Loans

APPENDIX 9.2A

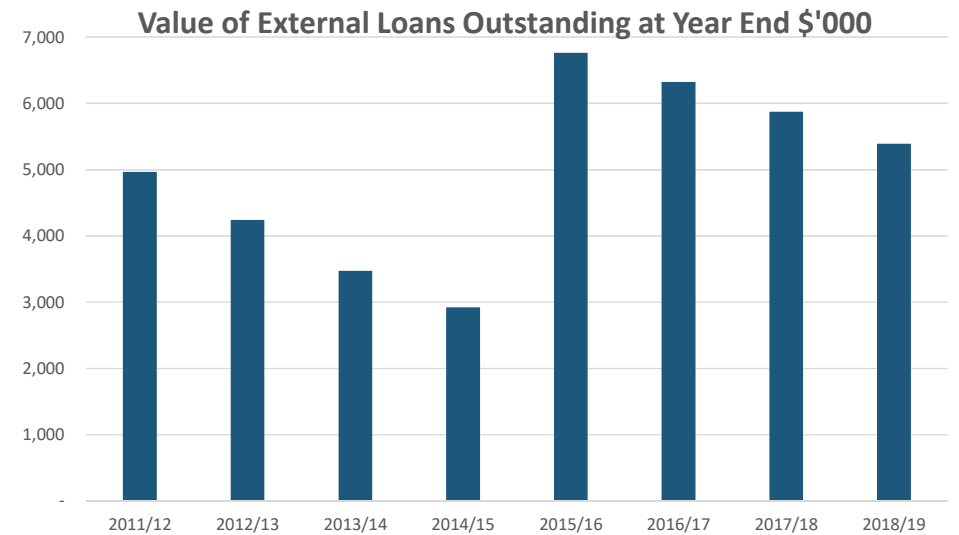


	Interest Rate	
11 a.m. Investment	1.25%	
10 Term Deposits	1.61% - 2.72%	Ranging 28 Days to 216 Days
Last investment	1.63%	30 Days 03/12/2018 to 02/01/2019

Breakout of Loans Outstanding

Purpose	Interest Rate	Original Principal	Outstanding at 30 Jun 19	Start Date	Year End Date	No. of Years	
Horsham Regional Livestock Exchange Aquatic Centre	3.59%	400,000	-	01 Jun 99	01 Jun 19	20	P & I
City Oval Lighting	6.44%	2,195,000	427,140	16 Jun 06	01 Jun 22	15	P & I
Unfunded Defined Superannuation	7.88%	250,000	34,541	29 Jun 10	01 Jun 20	10	P & I
Drainage Works	7.57%	500,000	131,467	20 Jun 11	01 Jun 21	10	P & I
Aerodrome Runway	7.57%	200,000	52,587	20 Jun 11	01 Jun 21	10	P & I
Drainage Works	7.57%	300,000	78,880	20 Jun 11	01 Jun 21	10	P & I
Wimmera Intermodal Freight Hub	5.73%	500,000	180,816	20 Jun 12	01 Jun 22	10	P & I
Anzac Pedestrian Bridge	5.73%	500,000	180,816	20 Jun 12	01 Jun 22	10	P & I
Horsham North Children's Hub	3.97%	500,000	500,000	23 Jun 16	01 Jun 26	10	I
City Oval Clubroom Purchase	3.97%	100,000	100,000	23 Jun 16	01 Jun 26	10	I
Horsham Town Hall Refurbishment	3.97%	230,000	230,000	23 Jun 16	01 Jun 26	10	I
*Horsham North Community & Childrens Hub	3.97%	3,475,000	3,475,000	23 Jun 16	01 Jun 26	10	I
	3.97%	900,000	900,000	23 Jun 18	01 Jun 28	10	I

* Not drawn down from external sources. Will be funded from internal cash reserves held with an internal 10 year repayment plan back to the reserve
 No new loan borrowings have been included in the 18/19 budget.



Finance & Performance Report - 31 December 2018

Application Status of Non-Recurrent Grant Applications

APPENDIX 9.2A

Project	Project Year	Sponsor	Total Project	Grant Request	Council Contribution	Other Sources	Possible funding source	Status	Comments
ACTIVE PROJECTS									
Aquatic Centre - Solar panels	2017/18	Newall, S	155,000	154,614	386		Sustainability Victoria	Design & scoping required	● Potential project under Local Government Energy Saver Program - Stream 3
CBD Revitalisation Stage 1	2018/19	Martin, J	3,370,000	1,685,000	1,685,000		Building Better Regions Fed	Application ready	● Building Better Regions Fund application was unsuccessful. On hold until completion of the River/CBD visioning project. To be lodged with other suitable funding programs
Racecourse fitness station shade sails	2017/18	Newall, S	32,000	16,000	16,000		RDV	Application ready	● Requires project scoping and suitable funding program.
Aquatic Centre - Outdoor pool shade	2017/18	Newall, S	40,000	36,000	4,000		Not identified	Application ready	● Master Plan complete and project ready for future application when suitable funding program is available
Pimpinio Netball Court and Lighting Upgrade	2018/2019	Newall, S	216,985	136,665	35,320	45,000	Australian Sports Commission	Application unsuccessful	● Application lodged 14/9/2018, new application round approaching
Horsham Aquatic Centre Redevelopment Stage 2	2019/2020	O'Brien, K	646,313	323,000	323,313		Australian Sports Commission	Application unsuccessful	● Application lodged 14/9/2018, new application round approaching
Quantong netball facility upgrade project	2018/2019	Newall, S	269,000	186,000	83,000		Australian Sports Commission	Application unsuccessful	● Application lodged 14/9/2018, new application round approaching
Laharum Community Facility	2019/2020	Newall, S	700,000	500,000		200,000	Australian Sports Commission	Application unsuccessful	● Application lodged 14/9/2018, new application round approaching
Grampians New Resident and Workforce Attraction Strategy and Action Plan	2019/2021	Pykett, S	56,250	50,000	6,250		Regional Development	Application lodged	● Application lodged by RDV 14/9/2018. Part of a regional application to be auspiced by Grampians Tourism
Designing Safe Intersection Treatment - Firebrace and McLachlan Street intersections	2019/2022	Upadhyaya, R	30,000	25,000	5,000		TAC	Application lodged	● Application lodged 7/9/2018
Pimpinio Netball Court and Lighting Upgrade	2018/2019	Newall, S	230,560	100,000	35,320	50,000	SRV - CFN	Application unsuccessful	● CFN and CSIF application unsuccessful.
Horsham Town Hall - reconstruction of original auditorium floor	2018/2019	Donovan, A	247,250	200,000	47,250		Heritage Victoria	Application unsuccessful	● Application unsuccessful
Horsham Aquatic Centre Stage 2 Redevelopment	2019/2020	O'Brien, K	646,313	250,000	396,313		SRV	Application unsuccessful	● Application unsuccessful
Telangatuk and Sunnyside Tennis Court Upgrade	2019/2020	Newall, S	138,460	92,000	46,460		SRV	Application unsuccessful	● Application unsuccessful
Quantong netball courts - upgrade courts and facilities	2018/2019	Newall, S	248,000	165,000	83,000		Sport & Recreation	Application unsuccessful	● Application unsuccessful
Horsham Transfer Station Upgrade - Stage 1	2018/2019	Hammond, J	438,947	219,473	219,474		Sustainability Victoria	Application unsuccessful	● Application unsuccessful
Rural Council's Transformation Program	2018/2019	Bhalla, S	4,980,000	4,980,000			DELWP	Application lodged	● Application lodged 15/11/2018
Horsham Regional Livestock Exchange Infrastructure Upgrade Project	2018/2019	Pykett, S	3,030,000	1,490,000	1,540,000		BBRF Round 3	Application lodged	● Application lodged 15/11/2018
INACTIVE PROJECTS									
Relocation of Depot - feasibility and design	2017/18	Martin, J	100,000	30,000	70,000		Not identified	Design & scoping required	● No suitable grant program available
Wimmera Events Centre - Strategic Master Plan	2017/18	Field Days	45,000	30,000		15,000	Not identified	Design & scoping required	● Scope requires more detail - No state government funding currently available for Master Plans
Horsham North Outdoor Community Multi Sports Court	2017/18	Donovan, A	149,000	70,000	79,000		RDV	Design & scoping required	● Project on hold due to land use / ownership issues along the rail corridor

Finance & Performance Report - 31 December 2018
Application Status of Non-Recurrent Grant Applications

APPENDIX 9.2A

Project	Project Year	Sponsor	Total Project	Grant Request	Council Contribution	Other Sources	Possible funding source	Status	Comments
SUCCESSFUL APPLICATIONS									
Culvert widening at Lower Norton Nurrabil Road	2018/19	Duke, M	100,000	50,000	50,000		Bridges Renewal Rd 3	Application successful	● Application successful. Grant allocation of \$50,000
Dudley Cornell Park New Female Change Rooms	2018/19	Donovan, A	260,000	100,000	160,000		SRV CSIF - Female	Application successful	● Application successful. Grant allocation of \$100,000
Horsham Olympic Pool Renewal	2018/19	Donovan, A	1,316,160	200,000	1,116,160		SRV CSIF Small Aquatics	Application successful	● Application successful. Grant allocation of \$200,000
Natimuk United Football Netball Club Oval Lighting upgrade	2018/19	Donovan, A	98,644	93,644	5,000	35,823	SRV CFN	Application successful	● Application successful. Grant allocation of \$98,644
Curtis Road Wonwondah Road Henty Highway intersection upgrade	2018/19	Duke, M	100,000	50,000	50,000		VicRoads	Application successful	● Application successful. Grant allocation of \$50,000
Improving cyclist safety through the Hamilton/Firebrace Street roundabout	2018/19	Duke, M	80,586	40,293	40,293		TAC	Application successful	● Application successful. Grant allocation of \$40,293
Horsham Racecourse Reserve Public Safety Improvements	2018/19	Donovan, A	221,650	192,035	29,615		Public Safety Infrastructure	Application successful	● Application successful. Grant allocation of \$192,035
Central Park Tennis Court - 4th Bay	2018/19	Donovan, A	180,000	15,000	25,000	140,000	Tennis Australia	Application successful	● Application successful. Grant allocation of \$15,000. CFN Grant of \$100,000
Horsham City Bowling Club Synthetic Green	2018/19	Donovan, A	177,120	100,000	5,000	72,120	SRV	Application successful	● Application successful. Approved 15/2/2018
Dooen Hall - restoration of 2 Honour Boards	Not Budgeted	Surridge, S	2,910	2,910			DVA	Application successful	● Application successful. Approved 30/11/2017. Project complete
Brimpaen War Memorial Gates Restoration	Not Budgeted	Surridge, S	4,955	4,955			DVA	Application successful	● Application successful. Approved 30/11/2017. Project complete
Engage 2018-2020 - Young Generation	Not Budgeted	Donovan, A	100,000	100,000			Youth Affairs	Application successful	● Application successful. Approved 5/1/2018
Wonwondah Dadswells Bridge Road Final Stage	2018/19	Duke, M	257,000	128,500	128,500		DEDJTR Local Roads to Mark	Application successful	● Application successful. Approved 16/5/2018
Community Stories - Local Emergencies	2018/20	Shrestha, P	7,800	7,800			Public Records Office	Application successful	● Application successful. Approved 23/5/2018
Jubilee Hall Creating a home for Oasis	2018/19	O'Brien, K	99,905	66,600	33,305		Multicultural Commission	Application successful	● Advice of SUCCESS 30/3/2018. Grant allocation \$33,300
Walk to School Partnership 2018 & 2019	2018/2019	Duke, M	10,000	10,000			VicHealth	Application successful	● Application lodged 12/4/2018. Approved 28/5/2018
Electronic NLIS Transition Package - Saleyards Phase 2	Not Budgeted	Martin, J	379,883	379,883			DEDJTR	Application successful	● Application successful. Approved 12/12/2017
Local Government Energy Saver Stream 2 Application	2018/2019	Newall, S	13,468	13,468			Sustainability Victoria	Application successful	● Application successful. Project completed
Gender Equity in Community Engagement	2019/2020	O'Brien, K	115,000	111,937	3,063		MAV/DELWP	Application successful	● Application successful. Approved 20/9/2018
Commemorating Armistice Day - 100 years on	2019/20	Martin, J	13,785	12,785	1,000		Armistice Centenary	Application successful	● Application successful. Approved 27/9/2018
Sunnyside Bowling Club - 2 synthetic greens	2019/2020	Newall, S	422,864	250,000	10,000	162,864	SRV	Application successful	● Application successful. Approved 20/9/2018
Horsham Transfer Station E-Waste Facility	2018/2019	Hammond, Ja	100,000	100,000			Sustainability Victoria	Application successful	● Application successful. Approved 24/9/2018
2009 Victorian Bushfires Commemoration & Community Development Grants Scheme	2018/2019	O'Brien, K	10,000	10,000			DELWP	Application successful	● Application successful
Peppertree Lane Upgrade	2018/2019	Upadhyaya, R	670,358	585,000	10,358	75,000	VicRoads - Regional Roads	Application successful	● Application successful
Children's Week 2018	2018/2019	Kelly, C	700	700			DHHS	Application successful	● Application successful
Horsham Youth Festival	2018/2019	Kelly, C	2,000	20,000			Victorian Youth Week 2019	Application successful	● Application successful. Approved 29/10/2018
10th Anniversary Black Saturday Bushfire Community Arts Program	2018/2019	Pearce, J	20,000	8,000	2,000	10,000	Regional Arts Victoria	Application successful	● Application successful. Approved 11/12/2018
Her Words Exhibition - NETS Victoria	2018/2019	Mountain, M	20,000	10,000	8,272	1,728	NETS Victoria	Application successful	● Funding Agreement signed off 3/9/2018



Horsham Rural City
Council urban rural balance

Council Policy

CCTV Policy

1. PURPOSE

The purpose of this policy is to provide direction and guidance on Council's use of closed circuit television (CCTV) systems in public places and at Council facilities to enhance public safety and assist in the prevention of crime.

2. INTRODUCTION

The objectives of this policy are to ensure:

- That CCTV systems are installed where there is an identified public safety or security need, and are installed for a lawful and proper purpose;
- Council CCTV systems are compliant with relevant legislation and other laws;
- Management of CCTV records/footage is appropriate, including in relation to use, retention, security, privacy, access, disclosure, storage and disposal; and
- To ensure there is appropriate and ongoing monitoring and evaluation of CCTV systems.

Amongst other relevant material, the Policy takes account of, and acknowledgement is given to, the Victorian Ombudsman's Guidelines for developing Closed Circuit Television policies for Victorian Public Sector bodies, November 2012.

As well as being a general Policy document, the Policy includes the details of Council's CCTV audit and evaluation mechanisms and refers to its complaint handling process. The Policy therefore also acts as a CCTV Code of Practice for Council staff. Council staff working with CCTV systems will be expected to undertake their duties in accordance with this Policy.

3. SCOPE

This policy applies to all Council-owned CCTV systems installed in public places that have the purpose of surveillance.

4. DEFINITIONS

CCTV Records / Footage	Any information that is recorded or unrecorded that is taken from a CCTV system including any data, still images or moving images.
CCTV Steering Committee	The committee established by Council to oversee the operation of a CCTV system.
CCTV System	A surveillance system in which a number of cameras are connected through a closed circuit or equivalent wireless connection. The footage taken by the cameras is sent to a television monitor or recorder. CCTV systems consist of cameras, monitors, recorders, interconnecting hardware and support infrastructure.
Corporate CCTV System	All Council-owned or Council-managed CCTV systems operating in public places and Council facilities except for the Public Safety CCTV system, as defined below.
Council Audit Committee	The Council committee for the ongoing management of audit related matters. A function of the committee will be to uphold the integrity of Council's CCTV systems.
Council Risk Management Committee	The Council committee for the ongoing management of risk related matters. A function of the committee will be to uphold the integrity of Council's CCTV systems.
Department of Justice's CCTV Guide	<i>Guide to Developing CCTV for Public Safety in Victoria</i> , Department of Justice, June 2018
FOI	Freedom of Information (in reference to the <i>Freedom of Information Act 1982 (Vic)</i>)
IPP	Information Privacy Principles (from the Privacy and Data Protection Act 2014 (Vic))
MOU	Memorandum of Understanding. Council and Victoria Police have an MOU relating to the operation of the Public Safety CCTV system.
Monitoring	Active Monitoring: Where CCTV monitors are actively viewed by operators and assessed and responded to in real time. Passive Monitoring: Where CCTV monitors are intermittently viewed by operators.
Public Place	Any place to which the public has access as of right or by invitation, whether expressed or implied and whether or not a charge is made for admission to the place. A public place relevant to Council can include, but is not limited to, public streets, public malls, shopping centres, Council carparks, open space parks or reserves, Council managed public buildings or areas.
Public Safety CCTV System	Council-owned CCTV system generally operated in the Horsham CBD and adjoining areas, which is hosted in the Horsham Police Station.

5. PRINCIPLES

Council CCTV systems will be operated and managed in accordance with the following principles:

- All aspects will be operated and managed with integrity and will be compliant with the relevant legislation, standards, codes and guidelines as outlined in this Policy and otherwise in force from time to time;
- All aspects will be operated and managed with due regard to the privacy and respect for the human rights of individual members of the public;
- Monitoring and access to CCTV records/footage will be controlled and managed in accordance with the operating procedures of each system; and
- Each system will be monitored and periodically evaluated to ensure that the purposes and objectives of each system are being achieved.

6. DECISION TO IMPLEMENT CCTV SYSTEMS

When making decisions on the development and implementation of CCTV systems, Council will utilise and take into account all relevant material, including the Department of Justice's CCTV Guide.

Any decision to implement a new (or retain an existing) CCTV system will be based on the purpose of the system and an assessment of the effectiveness of the system in achieving its purpose. The relevant use must be specifically stated for each system and such use must be in accordance with the IPP 1: Collection (Information Privacy Principles from the Privacy and Data Protection Act 2014 (Vic)). In accordance with IPP 2, any use for a purpose other than the primary purpose must be precluded or limited to exceptional circumstances, as approved by the CEO or Director Corporate Services and in accordance with the legislation.

Typically, CCTV systems must only be installed by Council for the following purposes:

- To improve actual and perceived levels of safety;
- To reduce levels of graffiti and other forms of vandalism, damage or theft;
- To reduce anti-social behaviour; and
- To reduce incidents of serious criminal offences.

Council will consult with relevant stakeholders prior to establishing a CCTV system. Victoria Police will be specifically consulted where the purpose of a CCTV system is to manage high crime locations and matters of public order or safety. Other stakeholders may include, for example, utility companies, private property owners and local traders.

7. DOCUMENTATION OF CCTV MANAGEMENT SYSTEMS

In most cases, Council CCTV systems in public places will be owned, installed and maintained by Council. The responsibility for the operation and monitoring of the system will typically be by the Victoria Police, a private contracting company or a nominated member of Council staff.

The documentation for the management of a CCTV system will vary depending on the system. However, this will usually be via a Memorandum of Understanding (MOU), a Licence Agreement or a Standard Operating Procedures Manual.

An MOU with Victoria Police is required if the CCTV system is streamed to a Police facility, that is, where any part of the CCTV system or equipment is on Victoria Police premises or where members of Victoria Police have direct access to view or download footage. The MOU will address the key considerations listed above.

Where a Council CCTV system is operated and monitored by Council, Council will prepare a Standard Operating Procedures Manual that will cover the key considerations listed above. All MOUs, Licence Agreements and Standard Operating Procedures Manual will, ordinarily and subject to law, be confidential documents and will not be publicly available.

8. OPERATION AND MAINTENANCE MANUAL AND TRAINING

For each CCTV system, Council will document an operation and maintenance manual. This will include the technical details of the system, including detailed design drawings, product specifications and warranty information. These will, ordinarily and subject to law, not be publically available documents.

When a new CCTV system is installed, Council will provide the operators of the system with the required training and support to accompany the operation and maintenance manual.

9. SIGNAGE

Council will advise the community of the presence of a CCTV system by installing appropriate signage to indicate that they are in an area of a CCTV system where they may be observed or recorded. Signage will be placed so as to comply with relevant Australian Standards in force and will comply with the following requirements:

- Signs will be placed at each main access to the CCTV coverage area members of the public are reasonably entitled to use and be monitored;
- Signs will be prepared so as to be easily understood by members of the public, including people who are from non-English speaking backgrounds. Signs will include a mix of worded text and symbols;
- Signs will be clearly visible, distinctive and located in areas with good lighting, placed within normal eye range and large enough so that any text can be read easily;
- Signs will identify Council as the owner of the system;
- Signs will include details of who to contact for any queries about the system; and
- Signs will be checked periodically for damage and theft, and replaced where required.

10. COLLECTION OF CCTV DATA

The collection of CCTV data including details of how the CCTV data is recorded, monitored and responded to by CCTV operators is to be documented for each system in the respective MOU or Standard Operating Procedures Manual.

For Council CCTV systems in general public areas, the CCTV footage on digital media will be retained for 31 days unless otherwise downloaded for legal reasons. Where footage has been provided to a third party (e.g. Victoria Police) it will be the third party's responsibility to retain the records/footage in accordance with the disposal authority that covers their agency's functional responsibilities.

Council will ensure that its record keeping practices comply with the Public Records Office Standards for the management of public records, Public Records Office Specifications and the *Public Records Act 1973* (Vic). In general, surveillance camera footage is temporary and may be destroyed when any relevant administrative use has concluded.

11. REQUESTS TO ACCESS CCTV RECORDS/FOOTAGE AND DISCLOSURE

Requests to access CCTV records/footage from the public or media will be managed differently depending on the CCTV system.

Public Safety CCTV Systems - Victoria Police control access to and distribution of CCTV recordings

Images generated from the CCTV System will be stored at the Horsham Police Station and may be accessed by members of Victoria Police, in accordance with CCTV Policies and the Law.

Victoria Police is not under any obligation to continuously monitor the CCTV system. Victoria Police may monitor the CCTV system at any time for specific events or police operations.

Details of any images or recordings taken by Victoria Police members or provided to the public or media will be recorded on a register which will be located at Horsham Police Station.

Corporate CCTV Systems - Council access to and distribution of CCTV recordings

Unless authorised by the Director Corporate Services, no Council employee is to have access to the system to review or download images from the network.

Council staff may request images to be provided to Council to support programs to improve the perceptions of safety in Horsham or as evidence to support Council investigation of incidents.

Any request for images by Council staff must be made using the HRCC Application to View or Obtain CCTV Recorded Images form.

Images are not to be made available to members of the public unless required under legislation. The CCTV system was not installed for this purpose.

If an application is made under the Freedom of Information (FOI) Act, then this will be processed through the normal FOI procedures. Further information on FOI applications is available on the Victoria Police or Council websites.

12. PRIVACY

Council will balance the need for public safety against the right for privacy of members of the public. Council staff who use CCTV systems are required to act responsibly and consider the reasonable expectations of the privacy of individuals.

13. INAPPROPRIATE USE AND COMPLAINT MANAGEMENT

Council staff who work with CCTV systems are to comply with the requirements of this Policy. Where a Council staff member is in breach of this Policy, there will be an internal review and appropriate action will be taken.

Any public complaints in relation to any aspect of a CCTV system relating to Council must be made in writing to the Chief Executive Officer at Horsham Rural City Council (email: council@hrcc.vic.gov.au)

Any member of the public who is dissatisfied with the outcome of their complaint to Council also has the right to complain to the Victorian Ombudsman using the following contact details: www.ombudsman.vic.gov.au Phone: (03) 9613 6222

Any complaints that are made by members of the public to Council relating to the policies and procedures of Victoria Police or to members of Victoria Police may be referred to the:

- Officer in Charge, Horsham Police Station;
- Victoria Police Professional Standards Command; or
- (Assuming jurisdiction) The Independent Broad-Based Anti-Corruption Commission.

14. GOVERNANCE EVALUATION AND MONITORING

Council will undertake evaluation and regular reporting of the CCTV system against the objectives and purpose of the system and against documented performance standards.

The first evaluation of a new CCTV system will occur between 12 and 18 months following the full commissioning of the CCTV system.

Council will establish a CCTV Steering Committee chaired by a Council representative and consisting of representatives from Council staff and Victoria Police. The CCTV Steering Committee will be responsible to:

- Oversee the implementation of the CCTV system and its ongoing management;
- Report on the management of CCTV systems;
- Ensure adherence to the relevant MOU for each system, Council policies and the law;
- Promote public confidence in CCTV systems by ensuring its operations are transparent and subject to public scrutiny; and
- Make recommendations to improve the integrity of CCTV systems.
- Consider any recommendations of the Council Audit and Risk Committee.

The CCTV Steering Committee serves the purpose of a CCTV Audit Committee as defined in the CCTV MOU.

Council will undertake regular audits of its CCTV systems and appropriate action plans will be formulated to address any deficiencies.

15. COUNCIL DOCUMENTS

This Policy is supplemented by a number of Council documents that relate to CCTV systems that include, but are not limited to, the following:

- Memoranda of Understanding (MOU) for Public Safety CCTV systems
- Standard Operating Procedure Manuals developed for various CCTV systems;
- Council’s Information Privacy Policy; and
- Council’s Complaints Management Policy.

The implementation of Council CCTV systems supports the objectives, role and functions of Council under the Local Government Act 1989 (Vic).

16. LEGISLATION

Council CCTV systems are to be operated and managed in accordance with all relevant Commonwealth and State legislation. The list below is not complete and is a guide only because legislation continually changes and new legislation is continually being applied.

Commonwealth	
Privacy Act 1988	Establishes and regulates privacy principles for individuals, corporate entities and personal information.
Surveillance Devices Act 2004	Regulates the use of optical surveillance devices without warrant. This legislation is to be considered when determining: <ul style="list-style-type: none"> • Whether Council is able to conduct surveillance. • Limitations and constraints in the types of surveillance that may be conducted. • Limitations on the use of surveillance material.
State of Victoria	
Privacy & Data Protection Act 2014	Regulates the collection, use and disclosure of ‘personal information’ (other than health information) about individuals, including surveillance-captured information that is recorded and which a person is potentially identifiable. This legislation is to be considered when determining: <ul style="list-style-type: none"> • How to protect privacy of individuals. • How to protect information which may confirm the identity of an individual, for example vehicle licence plates. • How records are to be disclosed in accordance with the Information Privacy Principles from Schedule 1 of the Act. • How CCTV footage will be protected from misuse, loss, unauthorised access, modification and disclosure.

Public Records Act 1973	Provides requirements for the capture, access to, control, records management, storage and disposal of information. This legislation is to be considered when determining: <ul style="list-style-type: none"> • The circumstances CCTV records/footage is considered a public record. • How long public records must be kept. • How public records must be maintained. • How public records are to be disposed of.
Private Security Act 2004	Provides a requirement of being granted a private security licence is the successful completion of training in relation to each activity for which the licence is granted. This legislation is to be considered to ensure Council's employees and contractors acting as a control room operator or monitoring CCTV meet the licensing requirements.
Charter of Human Rights and Responsibilities Act 2006 (the Charter)	Makes it unlawful for public authorities to act in a way that is incompatible with human rights listed in the Charter, including the right not to have privacy arbitrarily interfered with. Requires any interference (such as through surveillance, recorded or unrecorded) to be demonstrably justifiable.
Freedom of Information Act 1982	Provides the community with the right to request information about the activities of Council, including CCTV records/footage.
Evidence Act 2008	Establishes the legal standard for the admissibility of evidence including CCTV records/footage.

17. OTHER REFERENCE MATERIAL

Council will ensure that the CCTV systems are to be operated and managed in accordance with all relevant industry standards and guidelines including, but not limited to:

- AS4806 Set-2008 Australian Standard Closed circuit television (CCTV);
- *Guide to Developing CCTV for Public Safety in Victoria*, the Department of Justice, August 2011;
- *Surveillance and Privacy Information Sheet*, Privacy Victoria, March 2012.

18. COMMUNICATION

The policy will be available on Council's website.

19. RESPONSIBILITY

Policy Owner: Manager Governance and Information

20. SUPPORTING DOCUMENTS

Related Documents
HRCC Standard Operating Procedures CCTV
HRCC Complaints Resolution Policy
HRCC Information Privacy Policy

MOU with Victoria Police Horsham
HRCC Application to View or Obtain CCTV Recorded Images

21. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
01-000?	XX/11/2018	Council	<ul style="list-style-type: none">NEW POLICY	<ul style="list-style-type: none">

DRAFT



AUDIT & RISK COMMITTEE CHARTER



This charter sets out the Audit & Risk Committee's objectives, authority and responsibilities, and is reviewed annually.

It is based on the Department of Planning & Development's guide to Good Practice for Local Government's model charter for Audit Committees.

(Adopted by resolution of Council [**](#))





AUDIT & RISK COMMITTEE CHARTER

1. Purpose

To maintain an efficient and effective audit framework and ensure that risks are adequately identified, assessed and managed and that effective controls are implemented to mitigate those risks.

The Audit & Risk Committee's (the Committee) work is to be informed by the requirements of the *Local Government Act 1989* and best practice in audit governance principles and processes.

2. Authority

The Audit and Risk Committee is an advisory committee and has the responsibility for advising Council on:

- 2.1 Seeking resolution on any disagreements between management and the external auditors on financial reporting.
- 2.2 Seeking any information it requires from Council members, and Council staff via the Chief Executive Officer and external parties.
- 2.3 Formally meeting with Council staff, internal and external auditors as necessary.

3. Management Responsibility

It is the responsibility of management to:

- 3.1 Keep the Committee informed regarding financial reporting, risk management and risk exposures of the organisation.
- 3.2 Keep the Committee informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations in order that the Committee may monitor management's response to these findings.
- 3.3 Facilitate, through the Chief Executive Officer, the operation of the Committee by providing secretariat services and officer attendance as required in respect of matters before the Committee.
- 3.4 To draft agenda in consultation and agreement with the Chair.

4. Composition of the Committee

- 4.1 The Council will appoint as members of the Committee:
 - o The Mayor and one other Councillor; and
 - o Three independent members, one of whom will be appointed annually by Council as Chair of the Committee.
- 4.2 Independent members will be appointed for a term of three years on a rotational basis via a public call for Expression of Interest. Retiring members are eligible for re-appointment, however, no member can be appointed for more than three consecutive terms, without a break for at least one term.
- 4.3 A recommendation is made to the Council from the Committee for the appointment of the Chair.
- 4.4 One of the independent Committee members should be financially literate with relevant experience and/or qualifications.

5. Meetings

5.1 The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.

- 5.2 All Committee members are expected to attend each meeting, in person or through teleconference and to have prepared for participation in the meeting.
- 5.3 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide pertinent information, as necessary.
- 5.4 Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- 5.5 Minutes will be prepared and reported to Council and the Committee in a timely manner.
- 5.6 Each meeting will require a quorum of at least three members, two of which must be independent members.
- 5.7 Ex-officio members / attendees: Chief Executive Officer, Director Corporate Services, Manager Finance, Co-ordinator Governance, Governance Officer, External Auditor, Internal Auditor

6. Responsibilities

The Committee will carry out the following responsibilities:

6.1 Financial Report

- 6.1.1 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 6.1.2 Review with management and the external auditors the results of any audits, including any difficulties encountered.
- 6.1.3 Review the annual financial report and quarterly financial reports, and consider whether it is complete, consistent with information known to Committee members, and reflects appropriate accounting principles.
- 6.1.4 Review with management and the external auditors all matters required to be communicated to the Committee under the Australian Auditing Standards.

6.2 Internal Control

- 6.2.1 Understand the scope of internal auditors' review of internal controls, and obtain reports on significant findings and recommendations, together with management's responses.

6.3 Risk Management

- 6.3.1 Monitor the systems and process via the Council's risk profile to ensure that material operational risks to the Horsham Rural City Council are dealt with appropriately.
- 6.3.2 Monitor the process of review of the Council's risk profile.
- 6.3.3 Consider the adequacy of actions taken to ensure that the material business risks have been dealt with in a timely manner to mitigate exposure.

6.4 Business Continuity

- 6.4.1 Monitor processes and practices of the Council to ensure for effective business continuity.

6.5 Internal Audit

- 6.5.1 To recommend to Council the appointment of the internal auditors.
- 6.5.2 Review with management and the internal auditor the charter, activities, staffing and organisational structure of the internal audit function.
- 6.5.3 Review and recommend the annual internal audit plan for approval by the Council and any major changes to the plan, ensuring that it links with the Councils Risk Management Strategy and key identified business risks.
- 6.5.4 Monitor processes and practices to ensure that the independence of internal audit function is maintained.

6.5.5 As part of the Committee's annual assessment of performance, determine level of satisfaction with the internal audit function and the performance of the internal auditors, having consideration of the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

6.5.6 Provide an opportunity for the Committee to meet with the internal auditor to discuss any matters that the Committee or internal auditor believes should be discussed privately.

6.6 External Audit

6.6.1 Note the external auditor's proposed audit scope and approach, including any reliance on internal auditor activity.

6.6.2 Provide an opportunity for the Committee to meet with the external auditors, to discuss any matters that the Committee or internal auditor believes should be discussed privately.

6.6.3 Consider the findings and recommendations of relevant Performance Audits undertaken by the Victorian Auditor-General and to ensure the Council implements relevant recommendations.

6.7 Compliance

6.7.1 Review the systems and processes for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instance of non-compliance.

6.7.2 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

6.7.3 Obtain regular updates from management about compliance matters.

6.8 Reporting and Communication Responsibilities

6.8.1 Report regularly to the Council about Committee activities, issues, and related recommendations through circulation of minutes and annual report. Additional updates may be appropriate should issues of concern arise.

6.8.2 Monitor that direct, open and complete communication between the internal auditor, the external auditors, and the Council occurs.

6.8.3 Report annually to stakeholders through the Council's Annual Report, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation, including approval of non-audit services.

[6.8.4 Chair to report annually to Council describing the Committee's composition, responsibilities and how they were discharged, and any other applicable information.](#)

6.9 Other Responsibilities

6.9.1 Perform other activities related to this charter as requested by the Council.

6.9.2 Review and assess the adequacy of the Committee charter annually, requesting Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

6.9.3 Confirm annually that all responsibilities outlined in this charter have been carried out.

6.9.4 Evaluate the Committee's performance annually.

Conflict(s) of interest: it is the responsibility of Committee members to disclose a conflict of interest or the appearance of a conflict of interest to the Committee in accordance with the *Local Government Act* and Councillors Code of Conduct.

7. Other Matters

Insurance

7.1 Members of the Committee are covered by the Council's insurance policies.

Expense Allowances for Members

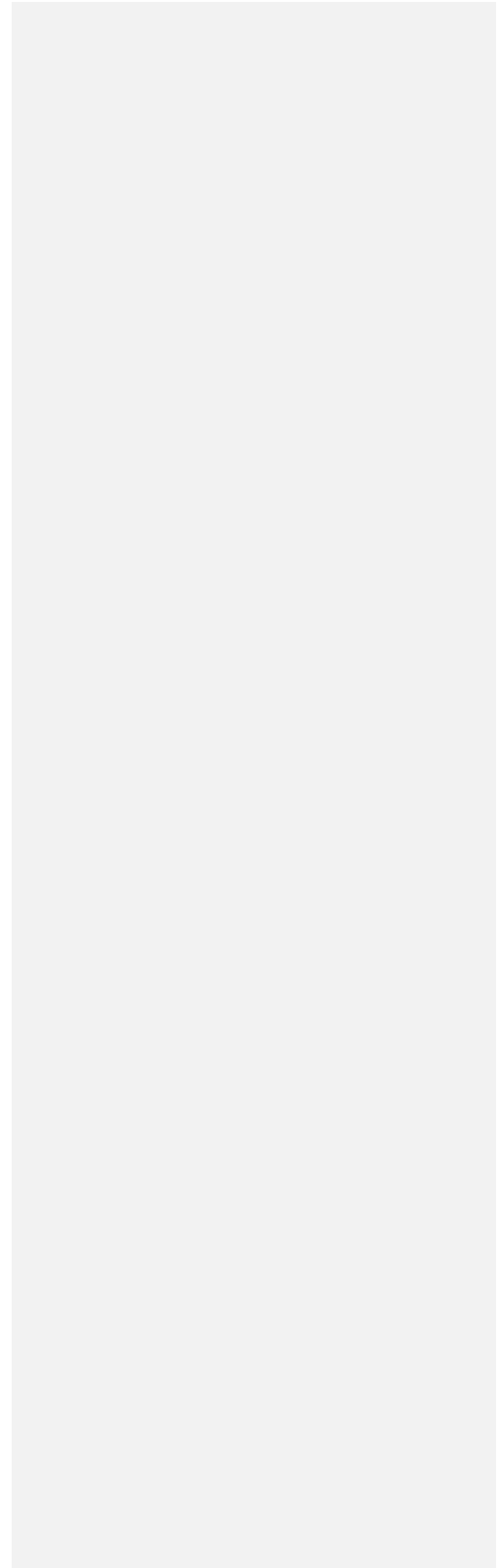
7.2 External members of the committee will be offered a Committee Sitting Fee for carrying out their duties. The amount payable per meeting is to be set by Council.

7.3 External members will be reimbursed the cost of travel from outside the Horsham town boundaries in line with the Councillors re-imbursements policy.

Orientation and Training

7.4 Committee members shall receive formal orientation training on the purpose and responsibilities of the Committee and on Council's overall objectives. A process of continuing education shall be established.

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Audit & Risk Committee Annual Plan for 2019

MEETINGS SCHEDULED FOR:	Sept	Dec	March	June
Financial Report				
Review the significant accounting and reporting issues	✓			
Review the annual financial report	✓			
Review the results of the audit (VAGO)	✓			
Review communication required under Australian Auditing Standards	✓			
Internal Control				
Consider the effectiveness of HRCC's internal control system				✓
Review the internal control over financial reporting				✓
Risk Management				
Monitor the systems and processes for risk management			✓	
Review HRCC's risk profile			✓	
Material business risks consider adequacy of mitigation actions			✓	
Monitor effectiveness of business continuity planning			✓	
Review any reports concerning evidence of material violation or breaches of fiduciary duty			✓	
Review any instance of fraud or possible illegal acts			✓	
Internal Audit				
Review the internal audit function when the contract is renewed			✓	
Review and recommend the annual audit plan				✓
Review internal audit plan and ensure it is linked to the HRCC's risk Profile				✓
Monitor satisfaction with internal audit service			✓	
Monitor processes and practices to ensure that independence of internal audit function			✓	
Provide an opportunity for the audit & risk committee to meet with internal audit function	✓	✓	✓	✓
External Audit				
Note the external auditors' proposed audit scope and approach				✓
Consider external auditors' view on the control environment and management letters			✓	✓
Resolve any disagreement between management and the external auditors in financial reporting	✓			
Provide an opportunity for the audit & risk committee to meet with external auditor without management	✓			
Consider performance of external audit		✓		
Compliance				
Obtain regular updates on compliance matters	✓	✓	✓	✓
Review the systems and processes for monitoring compliance with legislation and regulations		✓		
Obtain reports on any breaches of compliance	✓	✓	✓	✓
Be informed on how management monitors the effectiveness of its compliance and ethics program	✓	✓	✓	✓
Keep informed of the findings of any examinations by regulatory Agencies	✓	✓	✓	✓

	Sept	Dec	March	June
Reporting Responsibilities				
Report regularly to HRCC	✓	✓	✓	✓
Monitor that open communication between the internal auditor, the external auditors and HRCC occurs		✓		
Report annually through Council's Annual Report		✓		
Consider the findings and recommendations of relevant Audits	✓	✓	✓	✓
Assessment of Financial Information				
Review significant accounting and reporting issues	✓	✓	✓	✓
Periodically compare actual outcomes, achievement of milestones and other KPIs as compared with the Council Plan, Annual Report and Budget - Strategic indicators for monitoring the achievement of the strategic objectives		✓		
Review and discuss any reports concerning evidence of material violation of breaches of fiduciary duty	✓	✓	✓	✓
General				
Establish number of meetings for forthcoming year		✓		
Effectiveness of Secretariat support performance		✓		
Perform an assessment of the Committee's performance annually		✓		
Review and assess the adequacy of the audit committee charter annually		✓		
Confirm annually that all responsibilities outlined in this charter have been carried out		✓		
Membership Renewal – following Council elections		✓		
Review Property & Public Liability Audits			✓	
Committee Appointment		✓		
Chair Appointed by Council		✓		



Horsham Rural City
Council urban rural balance

AUDIT & RISK COMMITTEE CHARTER



This charter sets out the Audit & Risk Committee's objectives, authority and responsibilities, and is reviewed annually.

It is based on the Department of Planning & Development's guide to Good Practice for Local Government's model charter for Audit Committees.

(Adopted by resolution of Council **)



AUDIT & RISK COMMITTEE CHARTER

1. Purpose

To maintain an efficient and effective audit framework and ensure that risks are adequately identified, assessed and managed and that effective controls are implemented to mitigate those risks.

The Audit & Risk Committee's (the Committee) work is to be informed by the requirements of the *Local Government Act 1989* and best practice in audit governance principles and processes.

2. Authority

The Audit and Risk Committee is an advisory committee and has the responsibility for advising Council on:

- 2.1 Seeking resolution on any disagreements between management and the external auditors on financial reporting.
- 2.2 Seeking any information it requires from Council members, and Council staff via the Chief Executive Officer and external parties.
- 2.3 Formally meeting with Council staff, internal and external auditors as necessary.

3. Management Responsibility

It is the responsibility of management to:

- 3.1 Keep the Committee informed regarding financial reporting, risk management and risk exposures of the organisation.
- 3.2 Keep the Committee informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations in order that the Committee may monitor management's response to these findings.
- 3.3 Facilitate, through the Chief Executive Officer, the operation of the Committee by providing secretariat services and officer attendance as required in respect of matters before the Committee.
- 3.4 To draft agenda in consultation and agreement with the Chair.

4. Composition of the Committee

- 4.1 The Council will appoint as members of the Committee:
 - The Mayor and one other Councillor; and
 - Three independent members, one of whom will be appointed annually by Council as Chair of the Committee.
- 4.2 Independent members will be appointed for a term of three years on a rotational basis via a public call for Expression of Interest. Retiring members are eligible for re-appointment, however, no member can be appointed for more than three consecutive terms, without a break for at least one term.
- 4.3 A recommendation is made to the Council from the Committee for the appointment of the Chair.

- 4.4 One of the independent Committee members should be financially literate with relevant experience and/or qualifications.

5. Meetings

- 5.1 The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.
- 5.2 All Committee members are expected to attend each meeting, in person or through teleconference and to have prepared for participation in the meeting.
- 5.3 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide pertinent information, as necessary.
- 5.4 Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- 5.5 Minutes will be prepared and reported to Council and the Committee in a timely manner.
- 5.6 Each meeting will require a quorum of at least three members, two of which must be independent members.
- 5.7 Ex-officio members / attendees: Chief Executive Officer, Director Corporate Services, Manager Finance, Co-ordinator Governance, Governance Officer, External Auditor, Internal Auditor

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The Committee will carry out the following responsibilities:

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- 6.1.1 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 6.1.2 Review with management and the external auditors the results of any audits, including any difficulties encountered.
- 6.1.3 Review the annual financial report and quarterly financial reports, and consider whether it is complete, consistent with information known to Committee members, and reflects appropriate accounting principles.
- 6.1.4 Review with management and the external auditors all matters required to be communicated to the Committee under the Australian Auditing Standards.

6.2 Internal Control

- 6.2.1 Understand the scope of internal auditors' review of internal controls, and obtain reports on significant findings and recommendations, together with management's responses.

6.3 Risk Management

- 6.3.1 Monitor the systems and process via the Council's risk profile to ensure that material operational risks to the Horsham Rural City Council are dealt with appropriately.
- 6.3.2 Monitor the process of review of the Council's risk profile.
- 6.3.3 Consider the adequacy of actions taken to ensure that the material business risks have been dealt with in a timely manner to mitigate exposure.

6.4 Business Continuity

6.4.1 Monitor processes and practices of the Council to ensure for effective business continuity.

6.5 Internal Audit

6.5.1 To recommend to Council the appointment of the internal auditors.

6.5.2 Review with management and the internal auditor the charter, activities, staffing and organisational structure of the internal audit function.

6.5.3 Review and recommend the annual internal audit plan for approval by the Council and any major changes to the plan, ensuring that it links with the Councils Risk Management Strategy and key identified business risks.

6.5.4 Monitor processes and practices to ensure that the independence of internal audit function is maintained.

6.5.5 As part of the Committee's annual assessment of performance, determine level of satisfaction with the internal audit function and the performance of the internal auditors, having consideration of the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

6.5.6 Provide an opportunity for the Committee to meet with the internal auditor to discuss any matters that the Committee or internal auditor believes should be discussed privately.

6.6 External Audit

6.6.1 Note the external auditor's proposed audit scope and approach, including any reliance on internal auditor activity.

6.6.2 Provide an opportunity for the Committee to meet with the external auditors, to discuss any matters that the Committee or internal auditor believes should be discussed privately.

6.6.3 Consider the findings and recommendations of relevant Performance Audits undertaken by the Victorian Auditor-General and to ensure the Council implements relevant recommendations.

6.7 Compliance

6.7.1 Review the systems and processes for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instance of non-compliance.

6.7.2 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

6.7.3 Obtain regular updates from management about compliance matters.

6.8 Reporting and Communication Responsibilities

6.8.1 Report regularly to the Council about Committee activities, issues, and related recommendations through circulation of minutes and annual report. Additional updates may be appropriate should issues of concern arise.

6.8.2 Monitor that direct, open and complete communication between the internal auditor, the external auditors, and the Council occurs.

6.8.3 Report annually to stakeholders through the Council's Annual Report, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation, including approval of non-audit services.

6.8.4 Chair to report annually to Council describing the Committee's composition, responsibilities and how they were discharged, and any other applicable information.

6.9 Other Responsibilities

6.9.1 Perform other activities related to this charter as requested by the Council.

6.9.2 Review and assess the adequacy of the Committee charter annually, requesting Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

6.9.3 Confirm annually that all responsibilities outlined in this charter have been carried out.

6.9.4 Evaluate the Committee's performance annually.

Conflict(s) of interest: it is the responsibility of Committee members to disclose a conflict of interest or the appearance of a conflict of interest to the Committee in accordance with the *Local Government Act* and Councillors Code of Conduct.

7. Other Matters

Insurance

7.1 Members of the Committee are covered by the Council's insurance policies.

Expense Allowances for Members

7.2 External members of the committee will be offered a Committee Sitting Fee for carrying out their duties. The amount payable per meeting is to be set by Council.

7.3 External members will be reimbursed the cost of travel from outside the Horsham town boundaries in line with the Councillors re-imburements policy.

Orientation and Training

7.4 Committee members shall receive formal orientation training on the purpose and responsibilities of the Committee and on Council's overall objectives. A process of continuing education shall be established.

Audit & Risk Committee Annual Plan for 2019

MEETINGS SCHEDULED FOR:	Sept	Dec	March	June
Financial Report				
Review the significant accounting and reporting issues	✓			
Review the annual financial report	✓			
Review the results of the audit (VAGO)	✓			
Review communication required under Australian Auditing Standards	✓			
Internal Control				
Consider the effectiveness of HRCC's internal control system				✓
Review the internal control over financial reporting				✓
Risk Management				
Monitor the systems and processes for risk management			✓	
Review HRCC's risk profile			✓	
Material business risks consider adequacy of mitigation actions			✓	
Monitor effectiveness of business continuity planning			✓	
Review any reports concerning evidence of material violation or breaches of fiduciary duty			✓	
Review any instance of fraud or possible illegal acts			✓	
Internal Audit				
Review the internal audit function when the contract is renewed			✓	
Review and recommend the annual audit plan				✓
Review internal audit plan and ensure it is linked to the HRCC's risk Profile				✓
Monitor satisfaction with internal audit service			✓	
Monitor processes and practices to ensure that independence of internal audit function			✓	
Provide an opportunity for the audit & risk committee to meet with internal audit function	✓	✓	✓	✓
External Audit				
Note the external auditors' proposed audit scope and approach				✓
Consider external auditors' view on the control environment and management letters				✓
Resolve any disagreement between management and the external auditors in financial reporting	✓			
Provide an opportunity for the audit & risk committee to meet with external auditor without management	✓			
Consider performance of external audit		✓		
Compliance				
Obtain regular updates on compliance matters	✓	✓	✓	✓
Review the systems and processes for monitoring compliance with legislation and regulations		✓		
Obtain reports on any breaches of compliance	✓	✓	✓	✓
Be informed on how management monitors the effectiveness of its compliance and ethics program	✓	✓	✓	✓
Keep informed of the findings of any examinations by regulatory Agencies	✓	✓	✓	✓

	Sept	Dec	March	June
Reporting Responsibilities				
Report regularly to HRCC	✓	✓	✓	✓
Monitor that open communication between the internal auditor, the external auditors and HRCC occurs		✓		
Report annually through Council's Annual Report		✓		
Consider the findings and recommendations of relevant Audits	✓	✓	✓	✓
Assessment of Financial Information				
Review significant accounting and reporting issues	✓	✓	✓	✓
Periodically compare actual outcomes, achievement of milestones and other KPIs as compared with the Council Plan, Annual Report and Budget - Strategic indicators for monitoring the achievement of the strategic objectives		✓		
Review and discuss any reports concerning evidence of material violation of breaches of fiduciary duty	✓	✓	✓	✓
General				
Establish number of meetings for forthcoming year		✓		
Effectiveness of Secretariat support performance		✓		
Perform an assessment of the Committee's performance annually		✓		
Review and assess the adequacy of the audit committee charter annually		✓		
Confirm annually that all responsibilities outlined in this charter have been carried out		✓		
Membership Renewal – following Council elections		✓		
Review Property & Public Liability Audits			✓	
Committee Appointment		✓		
Chair Appointed by Council		✓		

APPENDIX 12.1A

FILE NO.	0910/10427
REF NO.	301
22 JAN 2019	
CC Group Directors, Group Councillors	
REG. NO.	Sue F, Nick C
John Robinson, Josh Koenig, Nick Carey	

PETITION TO: Horsham Rural City Council

Attention: The Mayor, The honourable, Pam Clarke
& The Councillors, Mark Radford, David Grimble, Alethea Sedgeman, John Robinson, Josh Koenig, Nick Carey.

Reference Planning Application No: PA1800070

The following signatories object to the planning application by Andrew Casper, Peregrine Corporation to use the land at 123 Main Street, Natimuk as a 24 hour / 7 day a week, service station.
This is a residential area, with houses on either side.

IF YOU WOULD NOT WANT A 24 HOUR SERVICE STATION 5 METRES FROM YOUR OWN HOUSE PLEASE SIGN

	Name	Address	Phone	Signature	Date
1	J. RUSH & BROOKE	Natimuk	0429114789		5-10-18
2	NICOLE SUNDENLAND	1121 Main Rd NATIMUK	0428580825		5-10-18
3	P. (Wimbury)	116 Keeso Hershe	0427096905		5-10-18
4	Imhion Choudhury	Listen house climgc	0493493355		5-10-18
5	Jess Gardner	1860 Horsham - Noradjuha Rd. Noradjuha 3409	0429465222		11/10/18
6	Pete Green	1 DUNCAN STREET NATIMUK	0478770078		12/10/18
7	Claire Helm	Blackheath	0414750526		12/10/18
8	PETER DICKERSON	NATIMUK	0427361335		19-10-18
9	BEN STARVIC	BRIMPAEN	0424184331		14-11-18
10	DAVID KITCHING	NATIMUK	0429196980		20-10-18
11	Yasmin Harradine	34 Church St Dimboola	0491379321		25/10/18
12	K. Dooley	7 Schmidt st Natimuk	0412619958		28/10/18
13	PAT FORB	50 station st	0455509115		28/10/18
14	Paul Deacon	85 Main St Natimuk	0408872690		28/10/18
15	REBECCA HOPKINS	18 TORY ST. Natimuk	0417365077		28/10/18
16	SIMON MENTZ	4 ELMES ST, NATIMUK	0428526695		28/10/18
17	HENA COPLEY	57 Village Settlement School Rd DIMBOOLA	0408177989		31/10/18
18	MAX ELLIS	16 NEWTON ST WSH	0419636106		2-11-18
19	Rommi Crouch	237 Goodwins B Crouches RD KANIVA	047422166		15-11-18
20	Phil O'Connor	4114 Sunraysia Hwy Stuart Mill	0408326178		27/11/18
21	Jan Kennedy	10 Jock St Natimuk	0425708102		4-12-18
22	Rob Sendertand	5/11 Shell Cove Lane 2450	0400109220		11-12-18
23	Barole Janderland	5/11 Shell Cove Lane 2450	0400109220		11-12-18
24	D Jones	88 main St Natimuk	043740172		11/12/18
25	Pete Lohw	1860 Horsham/Noradjuha Rd Noradjuha	0400077435		13/15/18

APPENDIX 12.1A

PETITION TO: Horsham Rural City Council

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	Name	Address	Phone	Signature	Date
1	M. MATHESON	5 MITCHELL ST	0459238715	<i>[Signature]</i>	18/12/18
2	S. ARNEL	13 BURNETT ST HORSHAM	0409957666	<i>[Signature]</i>	20/12/18
3	H O'Connor	Wimmera Hq-way	53871359	<i>[Signature]</i>	20.12.18
4	L. Shepherd	3 Sisson St. Natimuk	53871558	<i>[Signature]</i>	21.12.18
5	Scorey Shepherd	53 Explains Hwy Sh	83569317	<i>[Signature]</i>	21/12/18
6	Kate Dookey	7 Schmidt st Natimuk	0412619958	<i>[Signature]</i>	21/12/18
7	LINCOLN Shepherd	8 Laurel St Horsham	0417836786	<i>[Signature]</i>	21/12/18
8	GLENN MUMFORD	69 DUNCAN ST MURTOA	0447814539	<i>[Signature]</i>	21-12-18
9	LUKE HUTCHINSON	4 ERRETT ST	0409354312	<i>[Signature]</i>	21-12-18
10	BRAD O'CONNOR	125 MAIN ST NATIMUK	0429171486	<i>[Signature]</i>	23-12-18
11	KYLE O'CONNOR	125 MAIN ST NATIMUK	0427377641	<i>[Signature]</i>	23/12/18
12	Sam O'Connor	125 Main St Natimuk	0498121173	<i>[Signature]</i>	23.12.18
13	Sheena O'Connor	125 Main St Natimuk	0418875012	<i>[Signature]</i>	24.12.18
14	charlie Stewart	125 main st Natimuk	0402595043	C STEWART	24.12.18
15	Ellysha O'Connor	125 Main St, Natimuk	0428650412	<i>[Signature]</i>	24.12.18
16	Billy Shields	125 Main St, Natimuk	0448968635	<i>[Signature]</i>	24.12.18
17	Tracey Skinner	117 Main St Natimuk	042577443	<i>[Signature]</i>	29/12/18
18	Silvia Festina	5 Schmidt St Natimuk	0409371962	<i>[Signature]</i>	29/12/18
19	Andrew Aspinall	117 MAIN ST NATIMUK	042859504	<i>[Signature]</i>	6/1/19
20	Tove Coyle	85 main st. Natimuk	040971176	<i>[Signature]</i>	10/1/19
21					
22					
23					
24					
25					

REG 100
COPIES

22 JAN 2019

**COUNCIL PLANNING / BUDGET MEETING HELD IN THE RECEPTION ROOM
ON THURSDAY 13 DECEMBER 2018 AT 5.00PM**

Present: Cr MA Radford, Mayor; Cr P Clarke, Cr D Grimble, Cr A Gulvin, Cr J Koenig, Cr L Power, Cr J Robinson; Sunil Bhalla, Chief Executive Officer; Graeme Harrison, Director Corporate Services; John Martin, Director Infrastructure; Angela Murphy, Director Development Services; Kevin O'Brien, Director Community Wellbeing; Heather Proctor, Finance Manager

Apologies:

1. WELCOME AND INTRODUCTION

Cr Radford welcomed everyone.

2. DISCLOSURE OF CONFLICT OF INTEREST SEC 79, LOCAL GOVERNMENT ACT, 1989 (AS AMENDED)

Nil.

3. RATES REVIEW COMMITTEE REPORT

In attendance: Mark Davies, John Watson, Tim Mintern, Greg Pitman, Kola Kennedy, Scott Johns, Liz Jackman, Christie Keene, Jim Lonsdale.

Rates Review Committee Chair John Watson presented final report.

Meeting adjourned for dinner: 6.30pm

Meeting reconvened: 7.00pm

4. REVIEW OF COUNCIL PLAN

Discussed.

5. BUDGET PARAMETERS

Not discussed.

6. COMMUNITY ENGAGEMENT

Not discussed.

6. RATES STRATEGY

8. CLOSE

Meeting closed at 8.45pm

**COUNCIL BRIEFING HELD IN THE RECEPTION ROOM
ON TUESDAY 18 DECEMBER 2018 AT 5.00PM**

Present: Cr MA Radford, Mayor, Cr P Clarke, Cr D Grimble, Cr A Gulvin, Cr J Koenig, Cr J Robinson; Sunil Bhalla, Chief Executive Officer; Graeme Harrison, Director Corporate Services; John Martin, Director Infrastructure; Angela Murphy, Director Development Services; Kevin O'Brien, Director Community Wellbeing; Heather Proctor, Finance Manager; Teagan Barents, Co-ordinator Revenue

Apologies: Cr L Power

1. WELCOME AND INTRODUCTION

Cr Radford welcomed everyone.

2. DISCLOSURE OF CONFLICT OF INTEREST SEC 79, LOCAL GOVERNMENT ACT, 1989 (AS AMENDED)

Nil.

3. COUNCIL MEETING REPORTS FOR DISCUSSION

3.1 Rate Review Committee Report

Discussed.

3.2 Community Engagement

Discussed.

Meeting adjourned for dinner: 6.45pm

Meeting reconvened: 7.15pm

4. COUNCIL MEETING REPORTS FOR DISCUSSION

4.1 Budget Parameters

Discussed.

4.2 Cultural and Recreation Rate Concession Policy

Discussed.

4.3 Review of Non-rateable Properties

Discussed.

5. CLOSE

Meeting closed at 8.10pm

**COUNCIL BRIEFING HELD IN THE RECEPTION ROOM
ON MONDAY 21 JANUARY 2019 AT 5.00PM**

Present: Cr MA Radford, Mayor; Cr P Clarke, Cr A Gulvin, Cr L Power, Cr J Robinson; Sunil Bhalla, Chief Executive Officer; Graeme Harrison, Director Corporate Services; John Martin, Director Infrastructure; Angela Murphy, Director Development Services; Kevin O'Brien, Director Community Wellbeing; Zac Gorman, Management Accountant (item 4 only)

Apologies: Cr J Koenig, Cr D Grimble, Heather Proctor, Finance Manager (item 4)

1. WELCOME AND INTRODUCTION

Cr Radford welcomed everyone.

2. DISCLOSURE OF CONFLICT OF INTEREST SEC 79, LOCAL GOVERNMENT ACT, 1989 (AS AMENDED)

Nil.

3. PRESENTATION

3.1 Aerodrome Business / Master Plan Review

In attendance: Michael McCarthy

Discussed.

4. FINANCE AND PERFORMANCE MEETING

Zac Gorman presented the monthly report. Creditor payments were noted.

5. COUNCIL MEETING REPORTS FOR DISCUSSION

5.1 Rates Strategy Review

Discussed.

5.2 Audit Committee Charter

Discussed.

5.3 CCTV Policy

Discussed.

5.4 Sale of Arnotts Quarry

Discussed.

5.5 Community Representatives for WDA

Discussed.

5.6 Wesley (Service Demand Study)

Discussed.

6. OTHER COUNCIL MEETING REPORTS

6.1 Artist in Residence (verbal update)

Discussed.

Meeting adjourned for dinner: 7.00pm

Meeting reconvened: 7.30pm

7. REPORTS FOR INFORMATION ONLY

7.1 Proposed Service Station – 1213 Main Street, Natimuk

Discussed.

7.2 Victorian Drought Support Mental Health and Wellbeing Support Program

Discussed.

7. GENERAL DISCUSSION

8. CLOSE

Meeting closed at 8.10pm