



REGIONAL COUNCIL

SPECIAL MEETING

MINUTES

14 JULY 2015



**SPECIAL MEETING
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14 JULY 2015**

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ATTENDANCE:

Councillors Present

- Cr Steve Jones (Mayor) (Chairperson)
- Cr Tanya Milligan
- Cr Peter Friend
- Cr Jim McDonald
- Cr Kathy McLean
- Cr Derek Pingel
- Cr Janice Holstein

Officers Present

- Ian Flint, Chief Executive Officer
- Jason Bradshaw, Executive Manager Governance, Engagement & Regional Development
- Dan McPherson, Executive Manager Organisational Development & Planning
- Myles Fairbairn, Executive Manager Infrastructure Works & Services
- David Lewis, Executive Manager Corporate & Community Services
- Jason Cubit, Executive Liaison Officer Mayor/CEO
- Tony Brett, Manager Finance & Customer Services
- Rick Machin, Marketing & Communications Coordinator
- Susan Boland, Council Business Support Officer

Media Present

- Nil

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1.0 MEETING OPENED

The meeting commenced at 2.02 pm

The meeting adjourned, the time being 2.02 pm, whilst the amended Summary of Draft 2015/2016 Budget Parameters and Assumptions report was being provided.

The meeting resumed at 2.11 pm.

2.0 LEAVE OF ABSENCE

No Leave Of Absence

3.0 DECLARATION OF ANY MATERIAL PERSONAL INTERESTS/CONFLICTS OF INTEREST BY COUNCILLORS AND SENIOR COUNCIL OFFICERS

3.1 Declaration of Material Personal Interest on any Item of Business

Pursuant to Section 172 of the *Local Government Act 2009*, a councillor who has a material personal interest in an issue to be considered at a meeting of the local government, or any of its committees must –

- (a) inform the meeting of the councillor's material personal interest in the matter; and
- (b) leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on.

3.2 Declaration of Conflict of Interest on any Item of Business

Pursuant to Section 173 of the *Local Government Act 2009*, a councillor who has a real or perceived conflict of interest in a matter to be considered at a meeting of the local government, or any of its committees must inform the meeting about the councillor's personal interest in the matter and if the councillor participates in the meeting in relation to the matter, how the councillor intends to deal with the real or perceived conflict of interest.

No declarations were made for this meeting.



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4.0 CORPORATE AND COMMUNITY SERVICES REPORTS

4.1 Summary of Draft 2015/2016 Budget Parameters and Assumptions

Date: 02 July 2015
Author: David Lewis, Executive Manager Corporate & Community Services
Responsible Officer: David Lewis, Executive Manager Corporate & Community Services

Summary:

The purpose of this report is to seek adoption by Council of the key budget parameters and assumptions which will be used to inform the development of Council's 2015/2016 Budget.

Officer's Recommendation:
THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

2016 Rating Revenues	<ul style="list-style-type: none">•2.5% increase generally•Major Service Stations reduced by 50%•Commercial – minimum rate to increase by 15.6% then proportional increase thereafter. Remaining increase limited to 2.5%•Noxious and Hazardous –•Explosive factories, abattoirs minimum \$28k•Other 20%<ul style="list-style-type: none">• Extractive (all categories) – increase by 5%• Gas Compressor Sites – 100% increase, minimum to \$10k• Transmission Sites - 100% increase, minimum to \$10k• Intensive Agricultural Poultry < or = 200,000 Birds - 100% increase, minimum to \$5k• Intensive Agricultural Poultry > 200,001 Birds - 100% increase, minimum to \$6k• Intensive Agricultural Piggery < or = 3,000 SPU - 100% increase, minimum to \$5k• Intensive Agricultural Piggery > 3,001 SPU - 100% increase, minimum to \$6k• Caravan Parks – revise category to small, medium, large, average increase \$2k, minimum large category \$25k•Waste Rates up 2.5%•Waste Levy up \$5.00.•Other levies - unchanged•Natural Growth – 1.5%•New category for non-owner occupied properties (urban and rural residential categories) with a 20% loading on the urban residential category
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	<ul style="list-style-type: none"> • New category for camping reserves – minimum \$5k
Other Revenues	<ul style="list-style-type: none"> •Private works - \$1.4M •Sale of Land - \$1.4M •Sale of Plant & Equipment - \$0.4M
Expenditure	<ul style="list-style-type: none"> •Employee Costs - <ul style="list-style-type: none"> • Staffing Reductions - \$1.7M. • Forced Leave - \$0.7M • Vacancy Factor - \$0.4M • Overtime reduced - \$0.05M •Materials and Services - <ul style="list-style-type: none"> • As estimated by Management using the December 2014 Budget Review as the base. • Increases to be limited to unavoidable costs. • Identified Efficiencies - \$0.5M • Unidentified Efficiencies - \$0.1M • Reduce Buildings condition consultancy by \$25k
Capital	<ul style="list-style-type: none"> •Total - \$16.2M •Revenue Funded \$11.1M •New Loan - \$0.9M(Waste Management)

To provide clarity and to separate the key parameters for decisions, each of the key matters have been addressed separately. Council was advised in response to questions on inflation that the current CPI for the quarter is 1.6% and that the Local Government Cost Index supplied to Council is 2.2%.

A general discussion was held on the best manner to address the overall changes in rates and charges, to ensure consistency in the parameters being provided for the formulation of the budget.

It was agreed that a general increase was to be deferred until discussion and adoption of the proposed new non-owner occupier category was determined.

RESOLUTION

THAT Council introduce a new rating category for non-owner occupied properties (from urban and rural residential categories) with a 20% loading on the urban residential category charge.

Moved By: Cr McDonald

Seconded By: Cr McLean

An amendment was proposed by Cr Holstein, at 10% loading but was not accepted.

The motion was put to the vote.



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Resolution Number: 4120

**CARRIED
4/3**

Voting

For the Motion: Crs PF Friend, JM McDonald, DP Pingel and K McLean.

Against the Motion: Crs JH Holstein, SJ Jones and TM Milligan.

Cr McDonald noted that the new category was part of the solution to assist with the additional costs carried by Council following the State Government's failure to fund NDRRA works undertaken early in the 2011 Flood Event, despite significant and ongoing attempts to recover funds from the State Government, as the driver for this revenue shortfall. There was further discussion in remaining consistent with adjoining Councils in rating non-owner occupied properties, and in addressing the financial sustainability of Council.

Cr Friend asked that it be noted that Council had discussed a number of available options including significant rate increases and staff reductions, and this option presented was the best available to Council in the current environment.

Cr Jones stated that the failure of the State Government to fund the legacy NDRRA costs incurred in 2011, had placed more load onto this Council, and these impacts would have to be passed onto the community. Cr Jones acknowledged what was proposed for the new rating category and advised he had difficulty in understanding the reason for imposing different charging on similar lands based on ownership. As such he would be voting against the motion.

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

**2016 Rating
Revenues**

**• A general increase of 2.5% across all rating categories
unless otherwise specified**

Moved By: Cr McDonald

Seconded By: Cr McLean

Resolution Number: 4121

**CARRIED
6/1**

Voting

For the Motion: Crs JH Holstein, SJ Jones, JM McDonald, TM Milligan, DP Pingel and K McLean.

Against the Motion: Cr PF Friend.

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In voting against the motion Cr Friend stated that Council has made a conscious effort to undertake a number of cost saving measures through efficiency and productivity improvements. Council has focused on being more productive, on improving systems, reviewing processes, realigning priorities and core services and in being more efficient in how we deliver services to our community. Council would have to consider further cuts to services.

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

<p>2016 Rating Revenues</p>	<ul style="list-style-type: none"> •Major Service Stations reduced by 50% •Commercial – minimum rate to increase by 15.6% then proportional increase thereafter. Remaining increase limited to 2.5% •Noxious and Hazardous – •Explosive factories, abattoirs minimum \$28000 •Other 20% <ul style="list-style-type: none"> • Extractive (all categories) – increase by 5% • Gas Compressor Sites – 100% increase, minimum to \$10000 • Transmission Sites - 100% increase, minimum to \$10000 • Caravan Parks – revise category to small, medium, large, average increase to \$2000, minimum large category \$25000 •Other levies - unchanged •Natural Growth – 1.5%
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Moved By: Cr Pingel

Seconded By: Cr McDonald

An Amendment to the motion was proposed by Cr McLean

THAT the 2016 Rating Revenues for Commercial properties be removed from the list until further discussion/debate is undertaken.

Moved By: Cr McLean

Seconded By: Cr McDonald

Resolution Number: 4122

LOST

2/5

Voting

For the Motion: Crs JM McDonald and K McLean.

Against the Motion: Crs PF Friend, JH Holstein, SJ Jones, TM Milligan and DP Pingel.

The amendment was lost and the original motion was retained for further discussion.

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The original motion was then put to the vote.

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

<p>2016 Rating Revenues</p>	<ul style="list-style-type: none"> •Major Service Stations reduced by 50% •Commercial – minimum rate to increase by 15.6% then proportional increase thereafter. Remaining increase limited to 2.5% to coincide with overall general increase. •Noxious and Hazardous – •Explosive factories, abattoirs minimum \$28000 •Other 20% <ul style="list-style-type: none"> • Extractive (all categories) – increase by 5% • Gas Compressor Sites – 100% increase, minimum to \$10000 • Transmission Sites - 100% increase, minimum to \$10000 • Caravan Parks – revise category to small, medium, large, average increase \$2000, minimum large category \$25000 •Other levies - unchanged •Natural Growth – 1.5%
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Moved By: Cr Pingel

Seconded By: Cr McDonald

Resolution Number: 4123

CARRIED

6/1

Voting

For the Motion: Crs PF Friend, JH Holstein, SJ Jones, JM McDonald, TM Milligan and DP Pingel.

Against the Motion: Cr K McLean.

It was noted that Cr McLean was concerned with the quantum of the increase for the commercial category.

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RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

2016 Rating Revenues	<ul style="list-style-type: none"> • Intensive Agricultural Poultry < or = 200,000 Birds - 50% increase, minimum to \$5000 • Intensive Agricultural Poultry > 200,001 Birds - 50% increase, minimum to \$6000 • Intensive Agricultural Piggery < or = 3,000 SPU - 50% increase, minimum to \$5000 • Intensive Agricultural Piggery > 3,001 SPU - 50% increase, minimum to \$6000
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Moved By: Cr Pingel

Seconded By: Cr McLean

Resolution Number: 4124

CARRIED

5/2

Voting

For the Motion: Crs PF Friend, SJ Jones, JM McDonald, DP Pingel and K McLean.

Against the Motion: Crs JH Holstein and TM Milligan.

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

2016 Rating Revenues	•Waste Rates increase by 2.5%
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Moved By: Cr Holstein

Seconded By: Cr McDonald

Resolution Number: 4125

CARRIED

7/0

The Mayor requested that it be noted that the reasons behind this increase is due to the increased costs being attributed by the contractor for the contract associated with the waste collection and disposal contract.

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RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

2016 Rating Revenues	•Waste Levy to increase by \$5.00 per rateable assessment.
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Moved By: Cr Milligan

Seconded By: Cr McDonald

Resolution Number: 4126

CARRIED

7/0

Note: The increase in the levy is to cover the additional costs associated with the increased regulation and requirements for landfill operations and management.

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

2016 Rating Revenues	• New category for camping grounds – minimum \$5000
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Moved By: Cr McDonald

Seconded By: Cr Pingel

Resolution Number: 4127

CARRIED

7/0

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

Other Revenues	•Private works - \$1.4M •Sale of Land - \$1.4M •Sale of Assets (other then Land) - \$0.4M
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Moved By: Cr Milligan

Seconded By: Cr Holstein

Resolution Number: 4128

CARRIED

7/0

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RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

Expenditure	<p>Materials and Services –</p> <ul style="list-style-type: none"> • As estimated by Management using the December 2014 Budget Review as the base. • Increases to be limited to unavoidable costs. • Identified Efficiencies - \$0.5M • Unidentified Efficiencies - \$0.1M • Reduce Buildings condition consultancy by \$25000
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Moved By: Cr Pingel

Seconded By: Cr McDonald

Resolution Number: 4129

CARRIED

7/0

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

Expenditure	<p>•Employee Costs –</p> <ul style="list-style-type: none"> • Staffing Reductions - \$1.7M. • Forced Leave - \$0.7M • Vacancy Factor - \$0.4M • Overtime reduced - \$0.05M
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Moved By: Cr McDonald

Seconded By: Cr Pingel

Resolution Number: 4130

CARRIED

7/0

RESOLUTION

THAT Council resolve to confirm the following 2015/2016 budget parameters and assumptions:

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Capital

- Total Program - \$16.2M
- Revenue Funded \$11.1M
- New Loan - \$0.9M(Waste Management)

Moved By: Cr McDonald

Seconded By: Cr McLean

Resolution Number: 4131

CARRIED

7/0

Report

9. Introduction

Under Section 107A of the *Local Government Act 2009*, Council must adopt its budget before 1 August in the financial year to which the budget relates.

2. Background

Under Section 12 (4) (b) of the *Local Government Act 2009* the Mayor is responsible for preparing the budget to present to Council.

Under Section 107A of the *Local government Act 2009*, Council must then consider the budget presented by the Mayor to each Councillor at least two weeks before Council considers adopting the budget.

3. Report

Following a series of Council Budget Workshops, Council is now finalising its budget for the 2015/2016 Financial year.

It is anticipated that the Mayor will present a copy of his 2015/2016 Budget to each Councillor on 10 July 2015 with a Special Budget Meeting scheduled for budget adoption on 27 July 2015.

The following table summaries the key budget parameters that have been determined during a series of budget workshops to date.

Council agreement is now sought on these parameters to allow the Mayor to finalise his draft 2015/2016 Budget.

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TABLE 1

Item	2015/2016 Budget Parameters and Assumptions
2016 Rating Revenues	<ul style="list-style-type: none"> • 2.0% increase generally • Major Service Stations reduced by 50% • Commercial – minimum rate to increase by 15.6% (\$250) then proportional increase thereafter. Remaining increase limited to 2.0% • Noxious and Hazardous – <ul style="list-style-type: none"> • Explosive factories, abattoirs minimum \$28k • Other 20% • Extractive (all categories) – increase by 5% • Gas Compressor Sites – 100% increase, minimum to \$10k • Transmission Sites - 100% increase, minimum to \$10k • Intensive Agricultural Poultry < or = 200,000 Birds - 100% increase, minimum to \$5k • Intensive Agricultural Poultry > 200,001 Birds - 100% increase, minimum to \$6k • Intensive Agricultural Piggery < or = 3,000 SPU – 100% increase, minimum to \$5k • Intensive Agricultural Piggery > 3,001 SPU – 100% increase, minimum to \$6k • Caravan Parks – revise category to small, medium, large, average increase \$2k, minimum large category \$25k • Waste Rates up 2.5% • Waste Levy up \$5.00. • Other levies – unchanged • Natural Growth – 1.5% • New category for non-owner occupied properties (urban and rural residential categories) with a 20% loading on the urban residential category • New category for camping reserves – minimum \$5k
Other Revenues	<ul style="list-style-type: none"> • Private works - \$1.4M • Sale of Land - \$1.4M • Sale of Plant & Equipment - \$0.4M
Item	2015/2016 Budget Parameters and Assumptions
Expenditure	<ul style="list-style-type: none"> • Employee Costs – <ul style="list-style-type: none"> • Staffing Reductions - \$1.7M. • Forced Leave - \$0.7M • Vacancy Factor - \$0.4M • Overtime reduced - \$0.05M • Materials and Services – <ul style="list-style-type: none"> • As estimated by Management using the December 2014 Budget Review as the base.

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	<ul style="list-style-type: none"> Increases to be limited to unavoidable costs. Identified Efficiencies - \$0.5M Unidentified Efficiencies - \$0.1M Reduce Buildings condition consultancy by \$25k
Capital	<ul style="list-style-type: none"> Total - \$16.2M Revenue Funded \$11.1M New Loan - \$0.9M(Waste Management)

Other options available to Council to achieve a long term financially sustainable result if the 20% non-owner occupier category is not accepted include:

- increase in agricultural rates to align with commercial rates;
- increase rates at a flat 5.9% across all categories (instead of the current parameters); or
- further workforce reductions.

4. Policy and Legal Implications

Policy and legal implications will be addressed in future on matters that arise before Council.

5. Financial and Resource Implications

The above parameters will ensure that the 2015/2016 Budget in total is developed to ensure the long term financial sustainability of the Lockyer Valley Regional Council and that the budget aligns with Council's Long Term Financial Forecast, Financial Plan, Corporate Plan, Operational Plan and Asset Management Plans.

Council's long term financial plan also requires significant rate increases in the outyears of the model.

6. Delegations/Authorisations

No further delegations are required to manage the issues raised in this report. The Executive Manager Corporate and Community Service will manage any requirements in line with existing delegations.

7. Communication and Engagement

Council Budget Workshops on 23 and 30 June 2015 and 14 July 2015.

Consultation with Queensland Treasury Corporation (QTC) has been undertaken upon their delivery of a credit review of Council's financial capacity. Council credit rating has progressively declined and was rated by QTC at 30 June 2014 as "weak with a neutral outlook".

8. Conclusion

The adoption of the 2015/2016 budget parameters and assumptions will ensure that the budget developed by the Mayor and submitted to Council ensures the ongoing financial sustainability of the Lockyer Valley Regional Council.

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9. Action/s

1. Adoption of budget parameters by Council.

It was stated by the Mayor that the Council would hold the Special Meeting to adopt the Budget formally on Tuesday 28 July 2015 at 9.00 am.

Cr McLean advised the meeting that she may miss part of the Ordinary Meeting on the 22 July 2015 due to travel to attend the Australian Local Government Women's Association Queensland Branch 2015 Conference being held in Gayndah.

5.0 MEETING CLOSED

There being no further business, the meeting closed at 2.46 pm.