

Title	SETTING OF RATES AND CHARGES, ADOPTION OF ESTIMATES AND ANNUAL BUDGET FOR THE 2020/2021 FINANCIAL YEAR, AND UPDATED ASSET RENEWAL SCHEDULES FOR COUNCIL'S ASSET MANAGEMENT PLANS
Agenda Number	16.009/20*
Strategic Plan Reference	5
File Reference	19/39 and 10/14
Author	Director Corporate Services
Responsible Officer	Director Corporate Services
Reporting Brief	Director Corporate Services presenting a report on the Setting of Rates and Charges for 2020/2021, Adoption of the Estimates and Annual Budget for the 2020/2021 financial year, and the approval of updated Asset Renewal schedules for the Council's Asset Management Plans.
Attachments	A. Estimates and Annual Budget for the 2020/2021 Financial Year B. Updated Asset Renewal schedules for the period 2020/2021 to 2029/2030

Background

1. Each year the Council is responsible for determining rates and charges. The level of rates and charges to be imposed by the Council is to be sufficient to generate the income required to deliver the services detailed in the Council's Annual Plan.
2. The Council is also responsible for developing budget estimates for each financial year.
3. The Council is the custodian of a large asset portfolio on behalf of the community. This is valued at approximately \$353 million (replacement value, 30/06/2019). The management of these assets is articulated in Council's Asset Management Policy and Strategy and Asset Management Plans for major asset classes. Each Asset Management Plan (excepting the land asset class) includes a schedule which details proposed expenditure over a ten-year period. In line with Council's budget documents these schedules need to be updated annually. A schedule for each of the Asset Management Plans, excluding land, is included within the Attachments to the Reports.
4. The purpose of this Report is to set the rates and charges and to adopt the Estimates and Annual Budget for the 2020/2021 financial year, and to adopt the updated Asset Renewal schedules for inclusion in Council's Asset Management Plans.

Council Policy

5. Council's Rates and Charges are set taking into account the *Huon Valley Council Rates and Charges Policy* and the rates resolution is consistent with the Policy.
6. Estimates are not specifically a Council policy, but are an essential requirement for good governance and compliance with legislation.
7. Council's Asset Management Policy (Resolution 16.016/10) applies to the financial management of infrastructure assets under the Council's control.

Legislative Requirements

8. The rates and charges are levied pursuant to Part 9 of the *Local Government Act 1993*.
9. Section 82 of the *Local Government Act 1993* provides for the Council's estimates as follows:

82. Estimates

- (1) *The General Manager must prepare estimates of the Council's revenue and expenditure for each financial year.*
- (2) *Estimates are to contain details of the following:*
 - (a) *the estimated revenue of the Council;*
 - (b) *the estimated expenditure of the Council;*
 - (c) *the estimated borrowings by the Council;*
 - (d) *the estimated capital works of the Council;*
 - (e) *any other detail required by the Minister.*
- (3) *Estimates for a financial year must –*
 - (a) *be adopted by the Council, with or without alteration, by absolute majority; and*
 - (b) *be adopted before 31 August in that financial year; and*
 - (c) *not be adopted more than one month before the start of that financial year.*
- (4) *A Council may alter by absolute majority any estimate referred to in subsection (2) during the financial year.*
- (5) *A Council may make adjustments to individual items within any estimate referred to in subsection (2) by a simple majority so long as the total amount of the estimate is not altered.*
- (6) *A Council, by absolute majority, may authorise the General Manager to make minor adjustments up to specified amounts to individual items within any estimate referred to in subsection (2) so long as the total amount of the estimate is not altered.*
- (7) *The General Manager is to report any adjustment and an explanation of the adjustment at the first ordinary meeting of the Council following the adjustment.*

10. An absolute majority is required for the rates resolution as it includes variations to the general rate, a variation of a service charge according to the level of service provided as well as the granting of remissions to classes of ratepayers. An absolute majority is also required for the adoption of estimates and annual budget for each financial year.
11. Division 2 of Part 7 of the *Local Government Act 1993* requires the Council to adopt various plans and strategies to ensure the effective management of finances and assets for the municipal area. These include asset management policies, strategies and plans. These are to be reviewed at least every four years and the *Local Government (Content of Plans and Strategies) Order 2014* provides for the contents of the strategies and plans.

Risk Implications

12. Rates and charges are required to be approved in order for budget estimates to be achieved. Estimates are required to ensure good governance of the Council.
13. Failure to adequately address asset management issues in a systematic manner could result in deterioration of the Council's asset base to a level which is unacceptable to the community.
14. In order for the Council to be able to demonstrate its financial sustainability it needs to have asset management plans for all assets which will ensure that assets are adequately maintained and renewed as required. Failure by the Council to adequately manage its asset base could also leave Council open to legal redress due to the risk management issues that may arise.

Engagement

15. The Council has discussed and reviewed the structure of its budget for 2020/2021, and asset management principles, at workshops with the Executive Leadership Team and other Council staff on 31 March, 22 April, 5 May and 19 May.
16. Pursuant to section 118 of the Act the General Manager will, within 21 days after the making of the rates and charges notify that making together with a summary of the rates and charges made in a daily newspaper circulating in the municipal area and provide the Director of Local Government with a copy of the resolution relating to the making.
17. Engagement associated with this decision will be undertaken at Inform Level by inclusion within the Council meeting Minutes which will be available to the public on the Council's website and at the Customer Service Centre.

Human Resource & Financial Implications

18. Council's budget estimates are adopted in part based upon rates and charges income, and human resource and financial implications have been discussed in the budget preparation and included in the estimates.
19. The appropriate management of Council's asset portfolio and the replacement of assets as they expire is an important component of Council's financial stewardship to

ensure assets are maintained in a condition to enable services to be delivered by the Council to meet community expectations.

Discussion

20. The Council has discussed the structure of its budget for 2020/2021 in a number of Council workshops, considering the range and level of services to be provided to the community over the next financial year. The COVID-19 (novel coronavirus) pandemic has had a significant impact on these considerations, and the development of a budget for the 2020/2021 financial year has provided a significant challenge and cannot be regarded as normal.
21. A number of changes including program closures, a nil increase to the General Rate, a nil increase in salary and wage rates for Council employees, the loss of dividends from TasWater, the introduction of a community recovery package, and a program of cost reductions to assist funding the 2020/2021 budget have been undertaken.
22. Council agreed in-principle in workshops there be a nil increase to the General Rate and accordingly this is recommended. The Council has also developed a Financial Hardship and Payment Assistance Policy to assist those experiencing financial hardship, as well as the introduction of the community recovery package.
23. It should be noted that whilst there is no increase in the General Rate, there are some increases to service charges particularly with regard to kerbside collection and kerbside recycling which reflects the increased costs arising from changes in the recycling industry. There is also an increase in the stormwater removal charge. Ratepayers who receive these services to their properties will receive a small increase on their rate notices, which is wholly comprised of the increase in these service charges, and no increase in the General Rate.
24. The sum total of these effects is that an underlying operating deficit is forecast, which in normal circumstances, would not be a desired outcome. The State Government, via the Premier, has set the expectation that councils, as a level of government, will also rise to the community and economic challenge and provide its own assistance measures. It is in this context that the forecasting of an underlying operating deficit must be seen.

Conclusion and Recommendation

25. Rates and charges have been included in order to achieve budget objectives and are recommended for approval.
26. Detail of the Council's 2020/2021 budget is provided in the Attachments to the Reports and the document is now submitted for formal Council approval.
27. It is recommended that the updated Asset Renewal Schedules be approved.

Cr Prince left the meeting at 7.29pm
Cr Prince returned to the meeting at 7.31pm

16.009/20A*

RESOLVED

CR BIRD

CR O'MAY

That the report on the Setting of Rates and Charges, Adoption of Estimates and Annual Budget for the 2020/2021 financial year, and the updated Asset Renewal schedules for Council's Asset Management Plans be received and noted.

Councillors Enders, Doyle, Newell, Gibson, Campbell, Prince, Bird and O'May voted for the motion and no Councillors voted against the motion.

16.009/20B*

RESOLVED

CR DOYLE

CR PRINCE

That the following rates and charges are made and levied for the purposes contemplated under the *Local Government Act 1993* for the financial year 1 July 2020 to 30 June 2021.

INTERPRETATION

- 1. The words and expressions used in this resolution and in the *Local Government Act 1993* and the *Fire Service Act 1979* have in this resolution the same respective meanings as they have in those Acts.**
- 2. In this Resolution:
"Act" means the *Local Government Act 1993*;**

GENERAL RATE

- 3. Pursuant to section 90 of the Act the Council makes a general rate comprising 0.29075 cents in the dollar of the Capital Value of the land in respect of all rateable land in the Huon Valley Council Municipal Area.**
- 4. Pursuant to section 107 of the Act Council declares that the general rate varies within the municipal area according to use or predominant use of the land as follows:**
 - (a) For land used or predominantly used for commercial purposes the general rate is varied by increasing it by 0.253485 cents to 0.544235 cents in the dollar of the Capital Value of the land;**
 - (b) For land used or predominantly used for industrial purposes the general rate is varied by increasing it by 0.171795 cents to 0.462545 cents in the dollar of the Capital Value of the land;**
- 5. Pursuant to section 90(4) of the Act the Council sets a minimum amount payable of \$379.00 in respect of the General Rate.**

FIRE SERVICE ACT 1979 CONTRIBUTIONS

6. Pursuant to section 93A of the Act the Council makes service rates in respect of the Fire Service Contributions it must collect under the *Fire Service Act 1979* as follows:

General Land Fire District

- (a) A General Land Fire District rate of 0.012775 cents in the dollar of Capital Value of the land on all rateable land in the General Land Fire District which excludes all lands contained within the Volunteer Brigade Rating Districts, subject to a minimum amount payable in the amount of \$41.00.

Volunteer Brigade Fire Rate

- (b) A Volunteer Brigade Fire Rate of 0.01595 cents in the dollar of Capital Value of the land on all rateable land, in the Cygnet, Dover, Franklin, Geeveston and Huonville Volunteer Brigade Rating Districts, subject to a minimum amount payable in the amount of \$41.00.

SERVICE RATES AND CHARGES

Stormwater Removal Charge

7. Pursuant to section 94 of the Act the Council makes a service charge for stormwater removal of \$115.00 on all rateable land (including land which is otherwise exempt from rates pursuant to Section 87 of the Act but excluding land owned by the Crown to which the Council does not supply service to the land) for which a stormwater removal service is made available.

Waste Management – Kerbside Collection Charges

8. Pursuant to section 94 of the Act the Council makes the following service charges for waste management for each premises, tenement, flat, unit, apartment, single strata title, portion of land set aside for separate occupation or Certificate of Title on all rateable land (including land which is otherwise exempt from rates pursuant to Section 87 of the Act but excluding land owned by the Crown to which the Council does not supply service to the land) to which the Council makes available the following services:

- (a) A service charge for Kerbside Refuse Collection Service for the supply and collection of mobile garbage bins (which pursuant to section 94(3A) of the Act the service charge is varied according to the level of service (capacity) provided) as follows:

\$165.00	In respect of each 120 litre mobile garbage bin
\$228.00	In respect of each 240 litre mobile garbage bin

AND

- (b) A service charge for Kerbside Recycling Collection Service for the supply and collection of mobile recycling bins of \$100.00 in respect of each mobile recycling bin.

REMISSIONS

9. Pursuant to section 129 of the Act a remission is granted to rates paid or payable in respect of:
- (a) Rateable land that has been covenanted for conservation in perpetuity under either the Private Forests Reserves or the Protected Areas on Private Land Programs pursuant to the *Nature Conservation Act 2002* of:
 - (i) \$5.00 per hectare and
 - (ii) with a minimum remission per rateable land of \$126.00 and a maximum remission per rateable land of \$500.00 provided that the minimum general rate will not be less than \$253.00 per rateable land.
 - (b) Lessees and licencees who hold leases and licences from the Crown in relation to jetties/slipways and boatsheds so that the total general rate applicable does not exceed \$126.00 Fire service contributions and service charges where applicable are to be levied.

PAYMENT

10. Pursuant to section 124 of the Act the Council determines that all rates and charges are payable by four instalments. The first instalment shall be one-quarter of the rates and charges together with the smallest additional sum as will allow the subsequent three instalments to be equal to each other and in whole dollars. The first instalment is due to be paid by the 14th day of August 2020, the second instalment is payable by the 30th day of October 2020, the third instalment is payable by the 29th day of January 2021 and the fourth instalment is payable by the 30th day of April 2021.

DEFAULT IN PAYMENT OF INSTALMENT

11. If a ratepayer fails to pay any instalment within twenty one (21) days of the date on which the rates are due to the Council will require the ratepayer to pay the full amount owing pursuant to Section 124 (5) of the Act.

LATE PAYMENTS

12. Pursuant to section 128 of the Act if any amount of rates or charges or an instalment are not paid on or before the date they fall due:
- (a) a penalty of three (3) percent of that amount will be imposed and payable; and
 - (b) daily interest will be charged and payable on that amount of 6.81% per annum for the period during which it is unpaid.

- (c) Pursuant to section 129 of the Act a remission of penalty or interest that may be applied under this clause may be granted to any ratepayer who has entered into, and complies with, alternative and flexible payment arrangements or has an approved rate payment deferral under the Council's Financial Hardship and Payment Assistance Policy, GOV-FIN 006.

CARRIED BY AN ABSOLUTE MAJORITY

Councillors Enders, Doyle, Newell, Gibson, Campbell, Prince, Bird and O'May voted for the motion and no Councillors voted against the motion.

16.009/20C*

RESOLVED

CR BIRD

CR GIBSON

That:

- a) Pursuant to section 82 of the Act the Estimates and Annual Budget for the 2020/2021 financial year, included within the Attachments to the Reports, be adopted.
- b) A copy of the Estimates and Annual Budget for the 2020/2021 financial year be placed on the Council's website and copies be made available for inspection and available free of charge from the Council's Customer Service Centre.

CARRIED BY AN ABSOLUTE MAJORITY

Councillors Enders, Doyle, Newell, Gibson, Campbell, Prince, Bird and O'May voted for the motion and no Councillors voted against the motion.

16.009/20D*

RESOLVED

CR PRINCE

CR GIBSON

That the updated Asset Renewal schedules for the period 2020/21 to 2029/2030 as included within the Attachments to this report, be approved for inclusion into the applicable Asset Management Plans.

Councillors Enders, Doyle, Newell, Gibson, Campbell, Prince, Bird and O'May voted for the motion and no Councillors voted against the motion.