



Council Policy Manual

WEST WIMMERA SHIRE COUNCIL

COUNCIL POLICY							
COMPLAINTS HANDLING POLICY	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Policy No:</td> <td></td> </tr> <tr> <td>Adopted by Council:</td> <td>19 Feb 2020</td> </tr> <tr> <td>Next review date:</td> <td>February 2022</td> </tr> </table>	Policy No:		Adopted by Council:	19 Feb 2020	Next review date:	February 2022
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Adopted by Council:	19 Feb 2020						
Next review date:	February 2022						
Senior Manager:	Director Corporate and Community Services						
Responsible Officer:	Director Corporate and Community Services						
Functional Area:	Corporate Services						
Introduction & Background	<p>Council provides a wide and diverse range of services to our Community. Council understands that at times disputes arise around Council decisions, actions or the standard of service delivery.</p> <p>It is recognised that members of the public have the right to make complaints to Council regarding its service delivery and performance.</p> <p>To be able to maximise our service delivery to our community Council welcomes complaints and feedback when these disputes arise. Council will use these complaints to inform and drive service improvement.</p>						
Purpose & Objectives	<p>This policy sets out guidelines to manage complaints to ensure where possible an effective and positive outcome. The policy allows Council to:</p> <ul style="list-style-type: none"> Provide a mechanism for complaints to be received by Council Provide a structure for complaints to be investigated and actioned by Council in a timely, transparent and fair manner Provide a framework to utilise complaints in business and service provision improvement Enhance our relationship with our Community 						
Guiding Principles	<p>This policy is based around the seven principles of complaints handling as outlined in the Ombudsman Victoria's publication <i>Councils and complaints – A good practice guide</i>.</p> <p>1. Commitment</p> <p><i>Council is committed to resolving complains that we receive and we recognise that members of the public have the right to complain. We consider complaint handling to be a core part of our business in providing and improving efficient services to our community.</i></p>						



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	<p>2. Accessibility <i>Council will provide sufficient support to enable people with a range of needs to lodge a complaint and provide suitable resources to allow them to navigate through the complaints handling process.</i></p> <p>3. Transparency <i>Council will make it clear how to lodge a complaint, and provide a clear framework for handling complaints which will stand up to scrutiny.</i></p> <p>4. Objectivity and fairness <i>Council will ensure that all complaints received will be dealt with courteously, impartially, on merit and within established timeframes.</i></p> <p>5. Privacy <i>Council will ensure that all information involved in receiving and processing a complaint is handled in accordance with privacy and other applicable legislation. We will provide clear information to complainants about how personal information is disclosed. We will de-identify complaint data as a default unless otherwise necessary.</i></p> <p>6. Accountability <i>We are accountable internally and externally for our decisions and actions. We provide explanations and reasons for decisions, and ensure that our decisions are subject to appropriate review processes where required.</i></p> <p>7. Continuous Improvement <i>Acting on, learning from and using complaint data helps Council identify problems and improve service levels to our community.</i></p>
Definitions	<p>Complaint – An expressed dissatisfaction with an action, decision or an omission to act or make a decision by Council or its representatives.</p> <p><u>Section 107 of the Local Government Act 2020 defines a complaint as being:</u></p> <p><u>Communication, whether orally or writing, to the Council by a person of their dissatisfaction with :</u></p> <ul style="list-style-type: none"> • <u>The quality of an action taken, decision made or service provided by a member of Council staff or a contractor engaged by the Council; or</u> • <u>The delay by a member of Council staff or a contractor engaged by the Council in taking an action, making a decision or providing a service; or</u> • <u>A policy or decision made by a Council or a member of Council staff or a contractor.</u>

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	<p>A complaint may involve:</p> <ul style="list-style-type: none"> ○ the actions of a Councillor, staff member or contractor who act on behalf of Council ○ a complaint about the service standard (i.e frequency of road grading) ○ a complaint about the service quality (i.e failure to respond to a phone message) ○ a complaint about a policy or decision made by Council or a Council Officer or a contractor engaged by Council. <p>A complaint <i>is not</i>:</p> <ul style="list-style-type: none"> ○ An initial request for works (i.e report of a pot-hole in a road) ○ Feedback related to proposals for public comment and consultation (i.e consultation under S.233 of the <i>Local Government Act 1989</i>) ○ A submission or application under any other Council Policy ○ A planning objection which would be handled under the regular planning process ○ A request for information that may or may not fall under the <i>Freedom of Information Act 1982</i> ○ An industrial relations issue <p>Complainant - The person or party making the complaint</p> <p>Council - A representative of West Wimmera Shire Council. This includes:</p> <ul style="list-style-type: none"> ○ A Councillor of West Wimmera Shire Council ○ An officer of West Wimmera Shire Council ○ Any contractor authorised to act on behalf of Council <p>IBAC - Independent Broad-based Anti-Corruption Commission</p>
<p><u>Legislative Context</u></p>	<p><u>This policy has effect under S.107 of the <i>Local Government Act 2020</i></u></p>
<p><u>Reference to Council Plan</u></p>	<p><u>This policy has effect under the following elements of the Council Plan 2017-2020:</u></p>

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	<ul style="list-style-type: none"> - <u>Strategic Objective 1: A proactive, well governed, professional and financially sustainable organisation that encourages community participation.</u> - <u>Strategic Objective 3: Quality sustainable community services and infrastructure.</u>
Policy Details	
1.	<p>Scope</p> <p>This policy shall apply to all complaints received by Council. All Councillors, Council Officers and authorised contractors are subject to this policy.</p>
2.	<p>Making a Complaint</p> <p>Complaints may be received in the following manner:</p> <ul style="list-style-type: none"> o In person over the counter at one of Council's Customer Service Centres o Over the telephone o Via email or facsimile <p>Council works staff are not to receive complaints whilst working out of the depot/office. If a Council works staff member is approached whilst engaged in out of depot/office he or she is to direct the complainant to contact the nearest Customer Service Centre.</p> <p>A complainant has the right to remain anonymous when making a complaint. In this case no follow up or response is able to be made directly to the complainant.</p> <p>To enable complaints to be received, Council shall maintain the following:</p> <ul style="list-style-type: none"> • Customer Service Centres in Edenhope and Kaniva shall be open between 8.30am and 5.00pm daily Monday - Friday • Council staff are available by telephone between 8.30am and 5.00pm daily Monday to Friday • An email address Council@westwimmera.vic.gov.au shall be provided and monitored between 8.30am and 5.00pm daily Monday – Friday • Council's mail shall be collected and reviewed daily Monday –Friday • Maintain a website containing public information • Council's email address, Customer Service Centre telephone numbers and postal address shall be displayed on its website
3.	<p>What Information Needs To Be Collected</p> <p>A Council Officer receiving a complaint should ensure that sufficient information is obtained concerning the complaint which enables Council to achieve a resolution.</p>

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	<p>This may include items such as:</p> <ul style="list-style-type: none"> • The nature of the complaint (i.e what is being complained about) • The location and time of the item or action being the subject of the complaint (i.e when and where) • What the complainant believes a resolution of the complaint may be • Contact details of the complainant for follow up purposes – A complainant may chose to remain anonymous.
4.	<p>Confidentiality</p> <p>The details of all complaints will be treated with strict confidentiality. Complaints will be forwarded to and discussed by only those officers who have a direct interest in resolution of the complaint.</p> <p>All information received will be stored and treated in accordance with the provisions of the <i>Information Privacy Act 2000</i>.</p> <p>Some complaints may take the form of a Protected Disclosure under the <i>Public Interest Disclosures Act 2012</i>. Refer to Council's <i>Protected Disclosures Policy</i> for further information.</p> <p>There are some complaints which may trigger disclosure to other agencies, including Police, IBAC, Local Government Victoria, the Victorian Auditor General's Office, Victorian Ombudsman, etc. In this instance all relevant information will be referred to the appropriate agency.</p>
5.	<p>Who Deals With A Complaint</p> <p>Upon initial receipt of a complaint:</p> <ul style="list-style-type: none"> • Complaints concerning staff shall be directed to the Chief Executive Officer, who may then, dependent upon the nature of the complaint, delegate investigation and resolution to a relevant Director • Complaints concerning Councillors shall be directed to the Chief Executive Officer and Council's Principal Conduct Officer. The Mayor shall be informed of any complaints received against Councillors. • Complaints about the Mayor shall be directed to the Chief Executive Officer and Council's Principal Conduct Officer • Complaints concerning service standard or quality shall be directed to the relevant Director, who may then, dependent upon the nature of the complaint, delegate investigation and resolution to a relevant Manager. <p>Officers receiving the complaint may access the knowledge and expertise of other officers and/or external parties to assist in investigating and resolving a complaint. However, the onus on ensuring such investigation and resolution occurs remains with the receiving officer.</p>
6.	<p>Complaints about contractors</p>



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	<p>Council recognises that it retains a level of responsibility for the actions of contractors providing works and services on Council's behalf.</p> <p>In the case that a complaint is received by Council concerning the actions of a contractor then that complaint shall be referred to the relevant Manager or Director responsible for the relevant service being provided.</p>
7.	<p>Timeliness</p> <p>Complaints received shall be investigated and resolution shall be made in an appropriate time frame.</p> <p>Upon initial receipt of the complaint, the complainant will be contacted to acknowledge receipt of their complaint within 2 working days (except where the complaint is made anonymously).</p> <p>Formal communication of the outcome of the investigation of the complaint shall be made to the complainant within 30 days of the receipt of the complaint.</p> <p>It is acknowledged that some complaints may be complex in nature and a resolution may not be feasible within 30 days. If this is the case then the complainant will be informed of this along with an estimate of when a resolution may be possible within 30 days of lodging the complaint.</p> <p>Some complaints may be required to follow a specific Code of Conduct or legislation.</p>
8.	<p>Rights of Complainants, Officers and Councillors</p> <p>A complainant has the following rights under this policy:</p> <ul style="list-style-type: none"> • Confidentiality. Council will ensure that the complainant's details are treated in compliance with the <i>Information Privacy Act 2000</i> and are not distributed to any person without need for the purposes of investigating and/or resolving the complaint. • To be protected from detrimental action. Council must ensure that a complainant does not suffer detrimentally and is not the subject of targeted detrimental action as a result of making a complaint. • Access to information on progress of complaint. A complainant has the right at any stage to enquire from Council as to the progress of a complaint. • Review of resolution – A complainant has the right to request a review of the resolution of a complaint. This request must be made in writing to Council's Chief Executive Officer. <p>A Council Officer and a Councillor has the following rights under this policy:</p> <ul style="list-style-type: none"> • The right to provide evidence and response to allegations made against them. • Review of resolution – A respondent to a complaint has the right to request a review of the resolution of the complaint. This request must be made in writing to Council's Chief Executive Officer.



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	<ul style="list-style-type: none"> To be protected from detrimental action – Council must ensure that respondents to complaints are not punished or treated detrimentally in any manner outside any action directly related to the resolution of that complaint. <p>All rights listed under this policy are complimentary to all and any rights available to complainants and respondents under the Victorian <i>Charter of Human Rights and Responsibilities</i>.</p>
9.	<p>Review of Resolutions and Outcomes</p> <p>If a complainant or respondent to a complaint is unhappy or dissatisfied with the outcome of a complaint, then they may request a review of that outcome.</p> <p>Such request must be made in writing to Council's Chief Executive Officer. The review will be undertaken by a senior officer who was not originally involved in the complaint, or in the case where this is not possible, a suitably qualified and/or experienced external party.</p> <p>If after a review has been undertaken a complainant remains unsatisfied with the outcome, then they will be advised of relevant external agencies, such as IBAC, Local Government Victoria, The Victorian Auditor General's Office or Victorian Ombudsman, to refer their complaint. Appendix 2 outlines the respective external agencies that a complaint may be referred to.</p>
10.	<p>Redress</p> <p>If a review of an complaint outcome results in that outcome being overturned, the following remedies may be taken to redress the situation:</p> <ul style="list-style-type: none"> A commitment to undertake works to rectify the initial complaint as a minimum A full explanation of why the initial decision was made and whether any steps have taken to prevent an incorrect decision being made in future A review of processes to aim to prevent future situations which gave rise to the initial complaint from happening again Potential disciplinary action to against a staff member or contractor where applicable. <p>Where it has been shown that Council made an error in its initial assessment of the complaint Council will provide a formal apology to the complainant acknowledging its error.</p>
11.	<p>Reporting on Performance</p> <p>To measure Council's performance on complaint handling we shall measure the following Key Performance Indicators and report on them to Council at least annually:</p> <ul style="list-style-type: none"> Total number of complaints received Number of complaints upheld, partially upheld, and rejected



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	<ul style="list-style-type: none"> • Average time to respond to complaints • Number of complaint outcomes subject to review • Number of complaint outcomes overturned on review • Number of service changes made as a result of complaints
<u>12.</u>	<p><u>Complaints which are subject to Statutory Review</u></p> <p><u>Pursuant to s.107(1)(c) of the <i>Local Government Act 2020</i> Council may opt to refuse to deal with a complaint that would otherwise be subject to statutory review.</u></p> <p><u>In such circumstances the complaint and the circumstances concerning the statutory review status shall be referred to the Chief Executive Officer who may at their discretion refuse to deal with the complaint.</u></p> <p><u>In such circumstances for reporting purposes the complaint shall be received and treated as 'refused'.</u></p> <p><u>The complainant shall be informed of such decision within 24 business hours of a complaint being refused on the grounds of statutory review.</u></p>

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Policy Adopted:	Ordinary Meeting 20/02/19	Minute Book Page 39781	RecFind E19/000131
Policy Reviewed:	Ordinary Meeting 19/02/20	Minute Book Page _____	RecFind E20/000028



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The following table provides examples of whether contact with Council is considered a complaint or a request for service:

Complaint (to be dealt with per Council's Complaints Handling Policy)	Request for Service
My rubbish bins were out on time but the truck didn't pick them up	I forgot to put my bins out, can someone please pick them up
I have reported a neighbour's barking dog to Council but nothing has been done. I don't believe Council has investigated the situation correctly	My neighbour's dog keeps barking – can Council do anything about it?
I reported a pothole on Budjik Street 3 weeks ago to Council and it has not been fixed and I have heard nothing in reply to my complaint	There is a pothole on Budjik Street – can Council please fix it



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Appendix 2 – External Integrity Agencies a complaint may be escalated to

Local Government Inspectorate

The inspectorate may investigate matters relating to Council operations and potential breaches of the Local Government Act. These may take the form of:

- Misuse of position by a Councillor or Council Officer
- Conflict of interest
- Disclosure of confidential information
- Electoral offences

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The Inspectorate may be contacted by telephone on 1800 469 359 or via www.lgi.vic.gov.au

Victorian Ombudsman

The Ombudsman may investigate matters relating to the actions and decisions of councils, including:

- Services
- Communication
- Handling of complaints by Council
- Compliance by Council with its own policies and processes
- Compliance by Council with law
- Other actions by Council which may be deemed unreasonable

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The Ombudsman may be contacted via telephone on 1800 806 314 or via www.ombudsman.vic.gov.au

IBAC (Independent Broad-based Anti-corruption Commission)

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IBAC may investigate allegations of serious corruption and/or misconduct involving Councillors and Council Officers

IBAC may be contacted via telephone on 1300 735 135 or via www.ibac.vic.gov.au

VCAT (Victorian Civil and Administrative Tribunal)

VCAT may investigate complaints relating to decisions made by Council, largely around Planning and Environmental issues, as well as various permit complaints and valuation complaints.

VCAT may be contacted by telephone on 1300 01 8228 or www.vcat.vic.gov.au



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COUNCIL POLICY		
RISK MANAGEMENT POLICY	Policy No:	
	Adopted by Council:	21 February 2018
	Next review date:	Feb 2021
Senior Manager:	Director Corporate & Community Services	
Responsible Officer:	Director Corporate & Community Services	
Functional Area:	Corporate & Community Services	
Introduction & Background	<p>The West Wimmera Shire Council is committed to managing risk in accordance with the process described in Australia/New Zealand Standard 31000:20092018, Risk Management by logically and systematically identifying, analysing, assessing, treating and monitoring risk exposures that are likely to adversely impact on the Council's operations. Specifically, this <u>includes the following risk areas:</u></p> <p><u>includes the following areas of losses:</u></p> <ul style="list-style-type: none"> • Personnel (Occupational Health and Safety); • Plant and Property; • Liability (including Public Liability and Professional Indemnity); • Financial; • Business interruption. <p>The purpose of this policy is to provide a framework for the management of risk and define the responsibilities of staff and management in the risk management process.</p>	
Purpose & Objectives	<p>The objectives of the Policy are to <u>enable:</u></p> <ul style="list-style-type: none"> • Identify and analyse Council's liability associated with risk; • Promote and support risk management practices throughout the Council; • Encourage the identification and reporting of potential risks; • Implement processes to reduce risk and eliminate high risk activities; • Recognise that successful risk management relies on input from ALL employees; • Allow for more effective allocation and use of resources; • Provide a basis for higher standards of accountability; 	

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	<ul style="list-style-type: none"> • Allow for more effective delivery of local government programs; • Protect Council's corporate image as a professional, responsible and ethical organisation.
Definitions	Risk Management is the process of identifying, analysing and evaluating risk, and selecting the most advantageous ways of treating it.
<u>Council Plan Reference</u>	<p><u>This Policy has effect under the following objectives of the West Wimmera Shire Council Plan 2017-2021:</u></p> <ul style="list-style-type: none"> - <u>Strategic Objective 1: A proactive, well governed, professional and financially sustainable organisation that encourages community participation.</u>
Policy Details	
1.	<p>Risk Management Requirements</p> <p>Risk management shall be a consideration in Council decision making.</p> <p>In accordance with its common law duty of care, statutory responsibilities and Council policy, Council will ensure that resources are allocated to support:</p> <ul style="list-style-type: none"> • Staff health and safety; • Corporate assets; • Corporate liability; • Corporate reputation; • Any other circumstances which may cause a loss to Council. <p>This will be achieved through the implementation of the risk management process, which is designed to identify significant risk exposures, and find acceptable solutions for eliminating, reducing or transferring them.</p>
2.	<p>Responsibilities</p> <p>Council is responsible for approving the Risk Management Policy and for ensuring there is adequate budgetary provision for the implementation and maintenance of this policy.</p> <p>The Senior Management Group (SMG) is responsible for effectively co-ordinating and facilitating risk management operations within the framework provided by AS/NZS 4360:2004 <u>AS ISO 31000:2018 Risk Management</u>, legislation and Council policy.</p> <p>SMG is also responsible for identifying staff training needs on various aspects of risk management and ensure staff undertakes necessary training.</p> <p>Participate in regional and statewide Risk Management initiatives within the Local Government sector to strengthen Council's risk management practices.</p> <p>Occupational Health and Safety Committee must provide advice to senior</p>

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	<p>management on matters relating to risk management overall and in particular issues relating to staff health and safety.</p> <p>Risk Management Committee is responsible for steering Council's risk identification and control process, including defining the underlying methodology and processes by which Council shall identify and respond to risk.</p> <p>Managers and Supervisors are responsible for</p> <ul style="list-style-type: none"> • Ensuring the provision of a safe and healthy work environment and the implementation of appropriate safe work practices and control measures in accordance with the <i>Workplace Health and Safety Act 1995</i>, its amendments, Regulations and related Codes of Practice and Australian Standards. • Ensuring that Council's assets and operations, together with liability risks to the public, are adequately protected through appropriate risk financing and loss control programs and measures. • Providing risk management related information, as requested by Council and/or the Risk Management Committee, and for providing assistance and requested information in relation to any insurance claim or risk management issue, in a timely manner; • Advising of any risk management matter that should be incorporated in forthcoming budgets. <p>Employees are responsible for:</p> <ul style="list-style-type: none"> • Making loss control/prevention a priority whilst undertaking daily tasks in Council's operations; • Performing duties in a manner, which is without an unacceptable level of risk to their own health and safety, other employees, Council's customers or the community in general; • Reporting any illness, injury, hazard, near miss incidents and losses as soon as they are detected to their manager or co-ordinator; • Providing a risk management related information, as requested by their manager.
3.	<p>Implementation and Documentation</p> <p>A comprehensive review of all Council's activities is progressively undertaken in order to assess the level of compliance with the Risk Management Policy. Progressive adjustment of practices will be undertaken, including the documentation and recording of those practices, to achieve full compliance with this Policy.</p> <p>This review will include analysing all existing risks on Council's Risk Register and the recorded controls and updating as necessary.</p> <p>The objectives is for Council to be ultimately recognised as achieving and maintaining</p>



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best practice standards for managing risk with Local Government.
Implementation of this policy shall be in accordance with the Risk Management Procedures.

Policy Adopted:	Ordinary Meeting 18/06/15	Minute Book Page 30672	RecFind 15/002327
Policy Reviewed:	Ordinary Meeting 18/02/18	Minute Book Page 37612	RecFind 18/000631



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COUNCIL POLICY	
COMMUNITY ENGAGEMENT POLICY	Policy No:
	Adopted by Council:
	Next review date: February 2022
Senior Manager:	Director Corporate and Community Services
Responsible Officer:	Business Performance Manager
Functional Area:	Corporate Services
Introduction & Background	<p>West Wimmera Shire Council recognises that the involvement of the community in making decisions and plans is fundamental to good governance. Council values the experience and expertise of members of our community and recognises the value of that experience and expertise in decision making.</p> <p>This policy establishes a clear standard of engagement, having regard to the significance, complexity and anticipated level of impact associated with decisions made regarding major projects, policies, strategies and service planning.</p> <p>Council is committed to:</p> <ul style="list-style-type: none"> • offering opportunities for the community to contribute to the decisions made by Council • effective communication of information between Council and the community • ensuring effective community representation in the decision making process • decision making that is transparent and works in the interest of the community, considering our diverse stakeholders • ensuring effective community engagement planning.
Purpose & Objectives	<p>The objectives of the policy are to:</p> <ul style="list-style-type: none"> • Articulate Council's commitment to engage with our community on decisions and development of plans and policies that affect them



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	<ul style="list-style-type: none"> • Improve understanding of community and stakeholder engagement within Council and the community • Outline how community engagement is integrated into Council activities in order to support decision making and strengthen relationships and partnerships.
Scope	<p>This policy applies to the planning, design, implementation and evaluation of community engagement activities as directed by Council, recommended by staff, or legislated by the <i>Local Government Act 2020</i>.</p> <p>Community engagement is the responsibility of all Council service areas, teams and employees. It also applies to contractors and consultants undertaking work on behalf of Council.</p> <p>The policy does not apply to community engagement processes that are subject to prescribed processes imposed by other Victorian legislation such as land-use planning applications or other Council processes such as service requests or complaints.</p>
Definitions	<p>Community</p> <p>Refers to the people who have a stake and interest in the West Wimmera and includes people who:</p> <ul style="list-style-type: none"> • Live, work, study or conduct business or are involved in local community groups or organisations in the municipality • Visit, use or enjoy the services, facilities and public places located within the municipality
	<p>Community engagement</p> <p>Community engagement is a planned process with the specific purpose of working with individuals and groups to encourage active involvement in decisions that affect them or are of interest to them.</p>
	<p>Consultation</p> <p>The activity of seeking input on a matter.</p>
	<p>Deliberation</p> <p>Deliberation is an approach to decision-making in which</p>



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		stakeholders consider relevant facts from multiple points of view, converse with one another to think critically about options before them and enlarge their perspectives, opinions, and understandings.
	IAP2	The International Association for Public Participation – an international association which seeks to promote and improve the practice of public participation throughout the world. IAP2 provides templates and methodologies based on global practice and research.
	Process	A relationship between key steps, activities, tasks, policies and / or resources.
	Public participation	A term used by IAP2 meaning the involvement of those affected (interested or impacted) by a decision in the decision-making process. We use the term interchangeably with Community Engagement, Stakeholder Engagement or Consultation.
	Stakeholder	An individual or group with a strong interest in the decisions of Council and are directly impacted by their outcomes.

Policy Details

1.	<p>Principles of community engagement</p> <p>Council adopts the following principles and commitments which will inform all community engagement processes. These principles are set out in Section 56 of the <i>Local Government Act 2020</i>.</p> <p>Council has built on these principles to describe our commitment which reflects the values and expectations of the West Wimmera community as determined in consultation with the community.</p>
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Principle	Our Commitment
<p>The community engagement process has a clearly defined objective and scope.</p>	<ul style="list-style-type: none"> • Community engagement is planned by clearly identifying the purpose, scope and objectives of the community's participation, in the community engagement plan. • We will communicate the reasons for engagement with participants.
<p>Participants in community engagement will have access to objective, relevant and timely information to inform their participation.</p>	<ul style="list-style-type: none"> • We will ensure the community has the information necessary to participate meaningfully in the engagement activities. • We will endeavour to provide information that is objective, relevant, timely and easy to understand.
<p>Participants in community engagement will be representative of the persons and groups affected by the matter.</p>	<ul style="list-style-type: none"> • We will identify the people, communities and stakeholders who are affected by and interested in the topic of engagement. • We will reach out to our community to involve and hear from participants that represent the affected and interested groups.
<p>Participants in community engagement are entitled to reasonable support to enable meaningful and informed engagement.</p>	<ul style="list-style-type: none"> • We will reduce physical, social and cultural barriers to participation. • We will consider the needs and perspectives of all groups that may want to be involved in the process. • We will seek to obtain the views of a broad cross section of the community, especially when there is a quiet majority. • We will allow sufficient time for review of information and participation in varied engagement activities.



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	<p>Participants in community engagement are informed of the ways in which the community engagement process will influence Council decision making.</p>	<ul style="list-style-type: none"> • We recognise the International Association for Public Participation (IAP2) as the international standard for effective community engagement. We will be guided by IAP2 recommendations. • We will inform participants of the level of influence they will have, as described in the IAP2 spectrum's promise to the public, and we will ensure they know the outcomes of any decisions made.
2.	<p>Level of Community Engagement</p> <p>Council will call for different levels of engagement, having regard to the significance, complexity and anticipated level of impact of what is being proposed, and the stakeholders we need to target.</p> <p>This policy adopts the International Association for Public Participation's (IAP2) <i>Public Participation Spectrum</i> to guide the range and extent of participation at each of the five levels. The five levels of engagement outlined on the IAP2 spectrum shown below will be utilised where appropriate to meet our commitment to the community:</p> <ul style="list-style-type: none"> • Inform: To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions. • Consult: To obtain public feedback on analysis, alternatives and/or decisions. • Involve: To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered. • Collaborate: To partner with the public in each aspect of the decision including the development of alternatives and identification of the preferred solution. • Empower: To place final decision-making in the hands of the public. <p>The levels of community engagement will be identified on the IAP2 spectrum at the project planning stage following an analysis of the desired outcomes (see Appendix A). The community engagement plan will identify the most appropriate communication tool and timeframes to ensure the particular target group(s) are well informed of both the issue and the engagement opportunities.</p>	



3. Type of community engagement

Community engagement may include multiple levels of public participation, both at different stages of the process and because different stakeholders will choose to engage at different levels. The type or form of engagement practices undertaken can be broadly described as either deliberative or participatory. Many of Council's community engagement projects are likely to include both types of practice.

- Deliberative engagement

Deliberative engagement take place at the highest three levels of influence on the IAP2 spectrum, 'Involve', 'Collaborate' or 'Empower'. Deliberative engagement allows for discussion and the possibility of consensus if needed. The key features of a deliberative process are to come to a decision after considering all information and prioritising and weighing solutions. By its very name, it requires a level of engagement that is measured, considered and has the involvement of others. Deliberation can be scaled to fit the size and impact of the project. Some projects may require skilled facilitators to ensure a fair and equitable process.

Examples of deliberative practices are

- working with advisory groups
- online proposals and ideas are discussed by a panel of community members
- participants are asked to consider and prioritise ideas
- where a representative group participates in a series of sessions of information exchange in order to reach consensus.

Projects most suited to a deliberative approach include those where the outcome will have a far-reaching or long-term effect, and issues where there is considerable community concern or division about the alternatives.

- Participatory Engagement

Participatory engagement takes place at the first two levels of influence on the spectrum, 'Inform' and 'Consult' and involve one-way information exchange either from Council to community or community to Council. Participatory engagement typically occurs when feedback is invited on ideas, alternatives or draft documents.

Examples of participatory practices are

- Surveys



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	<ul style="list-style-type: none"> ○ Polls, ideas gathering ○ Submissions <p>Participation at this level can be very broad, including by stakeholders who choose to track the project but offer no direct input.</p> <ul style="list-style-type: none"> ● Submissions Process <p>On matters where the only form of community participation is an invitation to make submissions, and engagement on the matter was formerly governed by section 223 of the <i>Local Government Act 1989</i>, Council will continue to proceed in a manner modelled on section 223 of the <i>Local Government Act 1989</i>.</p>																		
	<p>Legislative Environment</p> <p>Some elements of community engagement are directed by statutory requirements. In accordance with the <i>Local Government Act 2020</i> Council has a statutory obligation to develop a long-term Community Vision, Financial Plan and Asset Plan, as well as a four-year Council Plan. Under the <i>Public Health and Wellbeing Act 2008</i> Council has a statutory requirement to develop a four-year Municipal Public Health and Wellbeing Plan. Council will meet its statutory obligations by ensuring the community will have an opportunity to participate in the development of these plans.</p> <p>As a guide, the lowest type of community engagement to be implemented is set out below:</p> <table border="1" data-bbox="284 1355 1457 1982"> <thead> <tr> <th data-bbox="284 1355 869 1422">Subject</th> <th data-bbox="869 1355 1457 1422">Community Engagement Approach</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1422 869 1489">Community Vision</td> <td data-bbox="869 1422 1457 1489">Deliberative Engagement</td> </tr> <tr> <td data-bbox="284 1489 869 1556">Council Plan</td> <td data-bbox="869 1489 1457 1556">Deliberative Engagement</td> </tr> <tr> <td data-bbox="284 1556 869 1624">10 year Financial Plan</td> <td data-bbox="869 1556 1457 1624">Deliberative Engagement</td> </tr> <tr> <td data-bbox="284 1624 869 1691">10 year Asset Plan</td> <td data-bbox="869 1624 1457 1691">Deliberative Engagement</td> </tr> <tr> <td data-bbox="284 1691 869 1758">Annual Budget</td> <td data-bbox="869 1691 1457 1758">Participatory Engagement</td> </tr> <tr> <td data-bbox="284 1758 869 1825">Making of Local Law</td> <td data-bbox="869 1758 1457 1825">Participatory Engagement</td> </tr> <tr> <td data-bbox="284 1825 869 1892">Acquisition or Sale of Land</td> <td data-bbox="869 1825 1457 1892">Participatory Engagement</td> </tr> <tr> <td data-bbox="284 1892 869 1982">Other matter (i.e Capital projects, service plans, strategies or Council policies)</td> <td data-bbox="869 1892 1457 1982">Dependent upon complexity of the matter</td> </tr> </tbody> </table>	Subject	Community Engagement Approach	Community Vision	Deliberative Engagement	Council Plan	Deliberative Engagement	10 year Financial Plan	Deliberative Engagement	10 year Asset Plan	Deliberative Engagement	Annual Budget	Participatory Engagement	Making of Local Law	Participatory Engagement	Acquisition or Sale of Land	Participatory Engagement	Other matter (i.e Capital projects, service plans, strategies or Council policies)	Dependent upon complexity of the matter
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Other matter (i.e Capital projects, service plans, strategies or Council policies)	Dependent upon complexity of the matter																		



4.	<p>Community engagement planning and review</p> <p>To ensure effective community engagement, Council implements the following eight steps to design, deliver and complete community engagement.</p> <ol style="list-style-type: none">1. Clearly define the purpose and scope of the community engagement:<ol style="list-style-type: none">1.1. Document the project purpose, scope, engagement objectives, timelines, budget and the decision to be made. Identify any risks.1.2. Take into account relevant legislation in framing the community engagement.1.3. Determine initial expectation of the level of participation on the IAP2 spectrum.2. Understand stakeholder and community interests:<ol style="list-style-type: none">2.1. Identify the stakeholders who are affected by, interested in, or who can influence or inform the decision.2.2. Understand how stakeholders are affected, the nature and intensity of their interest, and capacity and willingness to participate.2.3. Consider if there are barriers to participation that need to be removed to ensure an appropriate balance of views.2.4. Identify the preferred methods for engagement.2.5. Ensure that participants understand their role and level of influence on the decision-making process.3. Design an appropriate community engagement process:<ol style="list-style-type: none">3.1. Identify the stages of the engagement process and any negotiable or non-negotiable aspects.3.2. Plan inclusive and accessible communications and methods to support the engagement.3.3. Identify data requirements that are relevant and measurable, and how it will be analysed.3.4. Plan how the data collected will be managed and ensure compliance with Council's privacy policy.
5.	<p>Informing the community of outcomes</p> <p>Council shall inform all participants of the outcome of any community engagement processes they have been involved in.</p> <p>Council shall make these outcomes publically available to a level of detail in alignment requirements of the <i>Privacy and Data Protection Act 2014</i> and any other relevant legislation.</p>



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6.	<p>Charter of Human Rights</p> <p>This policy is deemed to be consistent with the <i>Charter of Human Rights and Responsibilities Act 2006</i>, in particular:</p> <ul style="list-style-type: none"> • S.13 – not to have their privacy interfered with • S18 – to take part in public life, by having the opportunity to: <ul style="list-style-type: none"> ○ Participate in the conduct of Council decision making; and ○ Have access to Council and Council information. 											
7.	<p>Roles and responsibilities</p> <p>Responsibilities for implementing this policy are shared as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #c8e6c9;"> <th style="text-align: left;">Party</th> <th style="text-align: left;">Roles and responsibilities</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">Councillors</td> <td style="vertical-align: top;"> <p>Ensure that matters under consideration are informed by the planned level of community engagement.</p> <p>Balance the range of stakeholder views and concerns on an issue when making a decision.</p> </td> </tr> <tr> <td style="vertical-align: top;">Senior Management Group</td> <td style="vertical-align: top;"> <p>Consult with councillors to establish the engagement process to be used.</p> <p>Champion better practice community engagement through policy, process and leadership.</p> <p>Monitor implementation and compliance with this policy.</p> </td> </tr> <tr> <td style="vertical-align: top;">Managers</td> <td style="vertical-align: top;"> <p>Manage areas of responsibility to ensure community engagement is consistent with this policy.</p> </td> </tr> <tr> <td style="vertical-align: top;">Staff</td> <td style="vertical-align: top;"> <p>Undertake to make community engagement activities consistent with this policy.</p> </td> </tr> </tbody> </table>		Party	Roles and responsibilities	Councillors	<p>Ensure that matters under consideration are informed by the planned level of community engagement.</p> <p>Balance the range of stakeholder views and concerns on an issue when making a decision.</p>	Senior Management Group	<p>Consult with councillors to establish the engagement process to be used.</p> <p>Champion better practice community engagement through policy, process and leadership.</p> <p>Monitor implementation and compliance with this policy.</p>	Managers	<p>Manage areas of responsibility to ensure community engagement is consistent with this policy.</p>	Staff	<p>Undertake to make community engagement activities consistent with this policy.</p>
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APPENDIX A

IAP2 SPECTRUM OF PUBLIC PARTICIPATION

IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that define the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

	Inform	Consult	Involve	Collaborate	Empower
Public participation goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure concerns and aspirations are understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of a preferred solution.	To place the final decision making in the hands of the public.
Promise to the public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.



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Policy Adopted:	Council Meeting [date]	Minute Book Page [number]	RecFind
Policy Reviewed:			

Draft



Local Government
Better Practice Guide

2014

**Revenue and
Rating Strategy**

Local Government Victoria

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Local Infrastructure
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1 Introduction

This guide is a revised version of Local Government Victoria's 2004 *Developing a Rating Strategy*. It has been developed by the Department of Transport, Planning and Local Infrastructure (DTPLI) to support councils to take an integrated approach to developing a revenue and rating strategy which takes into account all council revenue components.

The guide provides a discussion of the major issues in revenue and rating and a method for supporting councils to take up this integrated approach, along with some technical appendices. The guide is focussed upon presenting a higher level perspective on municipal revenue and rating but not a specialist one. Future iterations of the guide will address more technical and detailed aspects of revenue, rating, costing and pricing with a view to expanding the contents and scope of the brief technical appendices presented in this version. This future expansion material may be of specific interest to council officers and specialists. The main points of this guide are the following:

- Rates are just one part of the revenue picture, which includes other revenue components such as fees, charges and grants. All must be considered in conjunction with each other
- A key influence of the overall revenue picture is a council's pricing policy that determines what type and proportion of each revenue source pays for different services
- Knowing the full cost of council services is important when setting their prices
- Rates are an important source of funding for infrastructure
- The rating system chosen by a council should take into account a number of factors including equity, efficiency, capacity to pay and the benefit derived.

2 Revenue and Rating in Local Government – An Overview

2.1 Local government service provision

Local governments provide many public services and no two councils are identical in the mix of services they provide to their community. The Annual Budget describes the services that a council is deciding to provide, along with the funds to provide them. Most importantly, the budget is a statement by the council as to what they consider important for their community. Service decisions are the result of a variety of factors such as history, community demand, identified need and previous decisions. Regardless of the mix of services, providing the revenue stream to meet their cost is a basic requirement of council planning and decision making. The two critical areas for a council to consider are first, the mix and cost of services (expenditure) including what is appropriate, desirable and feasible, and second, the mix of revenue required to pay for the services.

2.2 Revenue and rating mix

In an annual budget cycle, councillors often focus on rates and their impact with less attention given to other elements of the revenue pie. Rates and other sources of revenue such as fees, charges and grants should be determined together, noting their different characteristics and impact on the community. A balance needs to be struck between rating to fund *public* services and benefits (for example, footpaths) versus *private* services to specific groups or individuals (for example, leisure centres), which are often better funded through user fees and charges. Many goods and services fall between these two extremes – they have both public and private good characteristics. In these cases, decisions regarding how best they are funded becomes challenging.

Councils generally do not provide pure public goods (though many have public good characteristics) rather, they provide a variety of 'mixed goods' (part public, part private) and private goods. Examples of services provided by local governments that are more closely defined as

public goods include local roads, footpaths, public parks and community libraries. Examples that are more closely defined as private goods include waste collection, parking and planning permits.

Directly charging users for services with mostly public good characteristics is usually impractical (such as charging people a fee for walking on footpaths). Councils should therefore recognise that it is more appropriate to recover the cost of services that have predominantly private good characteristics through user-pays charges and use property rates to offset the cost of public goods. Striking a balance between these two revenue sources forms an important element of a revenue and rating strategy – a pricing policy.

The pricing policy is an expression of a council's desired mix of property rates and other revenue sources. It is an acknowledgement that the chosen mix is a policy decision by council and takes into account a range of often competing and conflicting considerations. A pricing policy thus includes making considered choices about discretionary revenue such as fees and charges paid by service users and residual service costs borne by ratepayers. In each case the pricing policy should be driven by service objectives.

The pricing policy can directly affect who obtains access to services (affordability) and the level and frequency of that access. These aims are commonly addressed by the introduction of subsidies. Cross-subsidisation implies that one group may pay higher/lower prices than another group. Cross-subsidisation exists in a number of forms:

- cross-subsidisation between the fees and charges paid by different users for a specific service – a cross subsidy between users (for example concession prices)
- cross-subsidisation between fees, charges and rates – a cross subsidy between users and ratepayers or from one service to another service
- cross-subsidisation between the amounts of rates paid by various classes of ratepayers.

To be effective a more holistic approach than that traditionally taken by councils is required. More often than not user fees and charges are based on historic levels rather than any ongoing review of objectives, rationales and levels set against the cost of the service.

2.3 Brief history of local government rates

The taxation of land as a source of revenue for local government extends several centuries back – well before the colonisation of Australia and to the early part of the 16th century in England via the 1531 *Statute of Sewers*.^{1,2}

Its appeal is attributed to its close alignment with municipal government services – which among other things directly influenced the value of land. The taxation of land was also held to have administrative appeal – both in simplicity and transparency – as title records were maintained and readily available for the estimation of tax liabilities.

There are many benefits to the use of land taxes to raise revenue, notably their efficiency and the low level of distortion they impose on economic decisions when compared to many other forms of taxation. If administered well, land taxes are also stable and predictable, in that they are typically less volatile than revenue drawn from consumption or transaction taxes.

Land taxation has been an important source of revenue for governments in Australia – all three levels of government have utilised land as a basis for raising revenue at different times. From 1910 to 1952 the federal government taxed land values, while state and local government have taxed land for over a century.³

The application of rates by local government has changed along with the mix of goods and services provided. Over time how property is taxed has also been subject to change – for example the use of alternative valuation bases and the ability to combine service charges with *ad valorem* rates. Rates continue to provide an important revenue source for councils accounting for \$4.30 billion (or 52 per cent) of own source revenue for Victorian councils in 2012/13.⁴

1 The (Elizabethan) Poor Relief Act 1601 – An Acte for the better Releife of the Poore of this Kingdom

2 The Report of the Committee of Inquiry into Local Government Finance (the Layfield Committee); as cited in Oakes, The Report of Committee of Inquiry into Local Government Rating and Other Revenue Powers and Resources, 1990.

3 Groenewegen, *Public Finance in Australia (Theory & Practice)*, Prentice-Hall of Australia, 1979

4 Victorian Auditor General's Office, *Local Government: Results of the 2012-13 Audits*, December 2013



In addition to property rates, local governments raise revenue through the levying of fees and charges for services, along with other revenue sources. The primary principle behind a user fee or charge is that of 'user-pays'. The basic concept argues that the beneficiary or user of a service pays an amount directly for its use. Many public services attract a fee or a charge. The extent to which such fees and charges are used are important decisions of a council. The revenue mix is different for each council and rates, despite attracting a great deal of attention compared with other council revenue sources, are only one part of the picture.

Council Revenue Composition, 2012-13

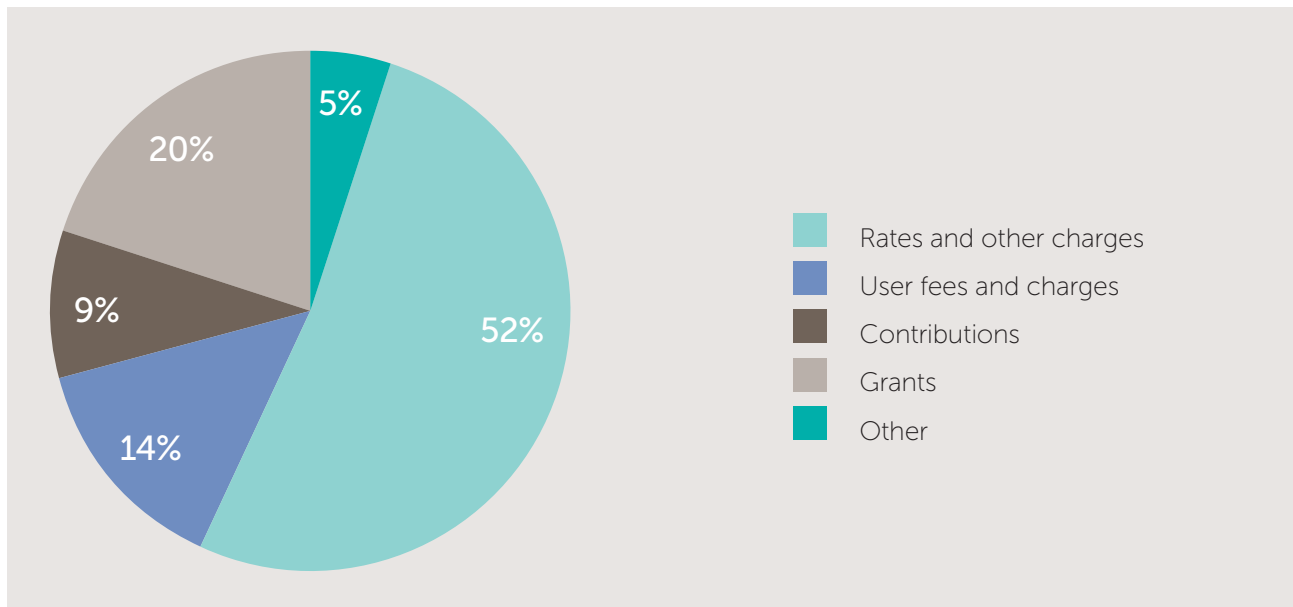


Diagram reproduced from the Victorian Auditor General's Report - Local Government: Results of the 2012-13 Audits

3 A Better Practice Revenue and Rating Strategy – Step by Step Outline

What does a better practice revenue and rating strategy look like?

Councils can take a range of approaches to devising a revenue and rating strategy. The key message of this guide is that template approaches have limitations and are only a starting point and a way to assist a process that supports considered decision-making and the transparent expression of a council’s views. It is the fulsome consideration of the whole revenue picture by council that matters most. A revenue and rating strategy ideally comprises a number of components and may include documents on:

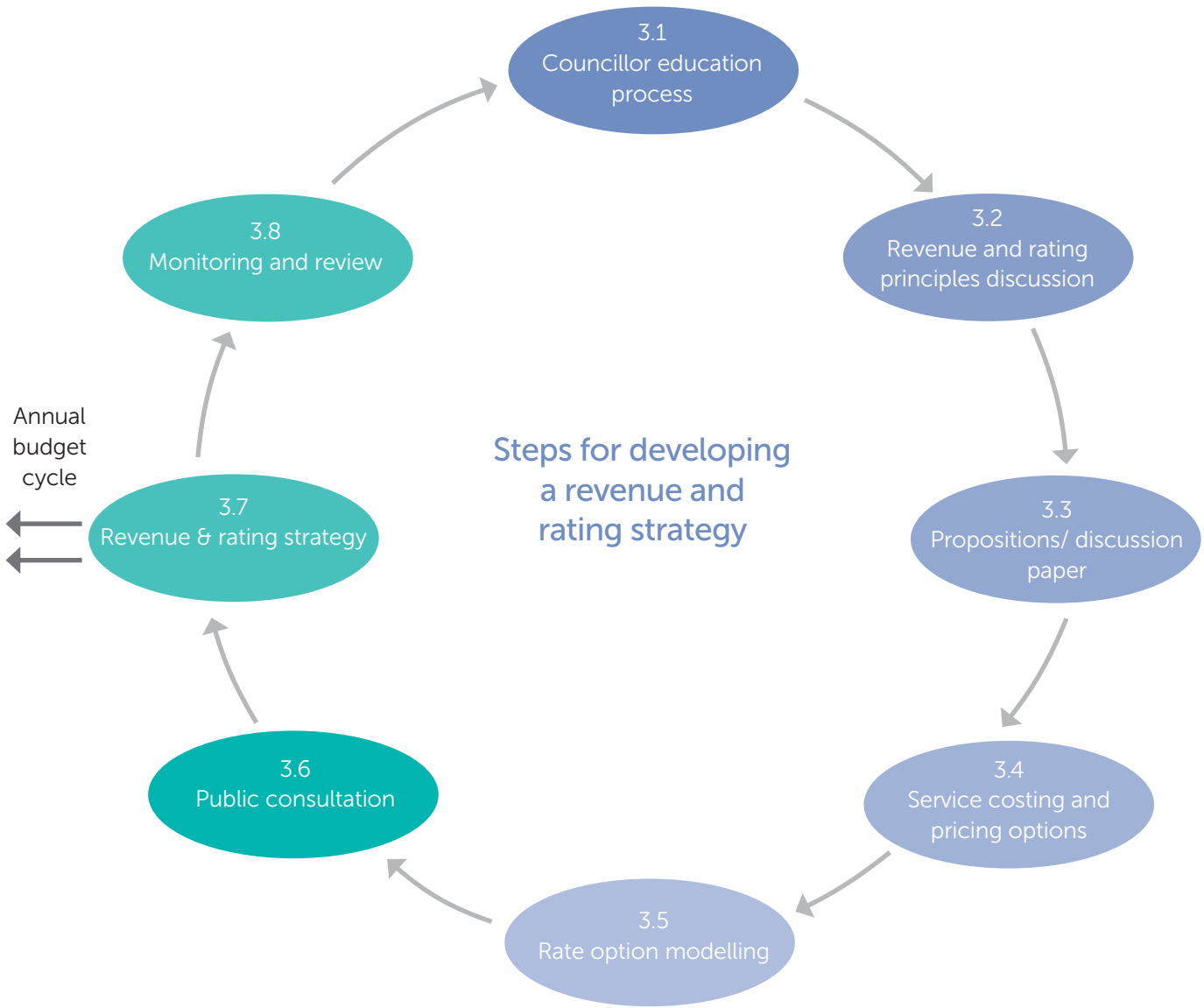
- a council rationale and objectives discussion including its pricing policy and core components of its rating structure

- related research and background discussion on the municipality and past practices
- comprehensive rates, fees and charges impact modelling on the municipality
- explanatory material
- opportunity for public review/consultation.

Above all of these steps is the need for time. A revenue and rating strategy is unlikely to take less than six months and could take up to 12 months depending on the level of community engagement. A revenue and rating strategy should cover at least a four-year period, consistent with the strategic resource plan and be updated each time a general revaluation takes place. Service area reviews are likely to be periodic and will feed into the overall strategy.

Steps for developing a revenue and rating strategy	Result
1. Education process for councillors	Informed council that understands the underlying principles and the process for preparing a revenue and rating strategy
2. Discussion of the major revenue and rating principles	Formulation of a council view based around councillors’ response to some common propositions
3. Proposition/discussion paper	Distillation of the views expressed by councillors and a statement of preferred principles (and priorities) to apply to the setting of rates, fees and charges and the basis of a council’s pricing policy for its services
4. Costing of services and pricing options	Striking of the revenue balance between rates and other sources of revenue for funding the delivery services
5. Modelling of rating options	Proposed rating structure for the consideration of the council and community
6. Public consultation process	Expression of a council’s rationale for the different options and a preferred approach
7. Preparation of the revenue and rating strategy	Strategy that informs the preparation of the budget
8. Monitoring and review	Review of the revenue and rating strategy at least every two years in line with the general revaluation of properties within the municipal district

Each of the above steps is shown in the following process diagram and discussed further in the following sections.



Department of Transport, Planning and Local Infrastructure

3.1 Councillor education process

An important aspect of developing a revenue and rating strategy includes understanding what charging approaches are available and how the revenue and rating system works. With respect to the latter this should cover councillor education on:

- the concepts of revenue neutrality and zero sum – how the rating system determines only the share of revenue contributed by each property and does not influence the total amount of money that will be raised and how a reduction provided to any group of ratepayers through the use of differential rates must be borne by increases to other ratepayers
- the arithmetic around how rates are calculated – the revenue target, property values and rate in the dollar
- fundamentals around property valuation – the valuation bases available, revaluation cycle, factors taken into account by valuers when valuing property and the valuation profile/s of the municipality
- relevant legislation and guidelines – the rating instruments that may be used by councils including municipal charge, differential rates, service rates and charges, rate rebates, concessions, waivers and payment of rates
- the basic statistical knowledge required for data interpretation and decision-making.

3.2 Revenue and rating principles

The rating system is one of the most sensitive issues on which council make decisions. A coherent and well-presented revenue and rating strategy can help everyone involved – councillors, council staff and ratepayers – better understand the issues involved and the choices and trade-offs that have to be made. In getting to this point it is important to have an understanding of the following key principles involved.

3.2.1 Wealth tax principle

Wealth can be defined as the total value reflected in property and investments and income directed to day-to-day living. Local government is limited to taxing one component of wealth – real property. Council rates tax the stored “wealth” or unrealised capital gains inherent in land and buildings.

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.

3.2.2 Equity

Equity is a subjective concept that is difficult to define. What is considered fair for one person may be considered unfair for another. There are two main equity concepts used to guide the development of rating strategies (and taxation more generally):

horizontal equity – ratepayers in similar situations should pay similar amounts (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 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).

Rates are essentially a wealth tax, determined on the value of property. A pure “wealth tax” approach implies that the rates paid relate directly to the value of a ratepayer’s real property. The tests of horizontal and vertical equity are solely based on a property’s value. There is frequent debate surrounding the characteristics of property owners that may impinge on the application of an equity principle. The three main ways in which positions can vary are:

- the benefit or user pays principle – some ratepayers have more access to, make more use of, and benefit more from the council services paid for by rates
- the capacity to pay principle – some ratepayers have more ability to pay rates than do others with similarly valued properties
- the incentive or encouragement principle – some ratepayers may be doing more towards achieving council goals than others in areas such as environmental or heritage protection.

Concepts such as “user pays” and “capacity to pay” often conflict. Depending on your viewpoint the equitable outcome may be the one where individuals pay more, or less, or exactly in proportion to, their level of consumption of services.

A difficulty arises where services are fully or partially public goods and it is either difficult or impossible to quantify use or access. For practical reasons equity considerations become focused on how the costs of some universally available basket of services should be shared between ratepayers.

3.2.3 Efficiency

Economic efficiency is measured by the extent to which production and consumption decisions by people are affected by a tax. Setting aside taxes explicitly intended to change behaviour (such as high taxes on cigarettes), a perfectly efficient tax would be one, which did not distort behaviour. Of course, there is no such tax – all taxes affect behaviour to some extent. However, economic *efficiency* in revenue collection is maximised when the degree of this distortion is minimised.⁵

Price is the major mechanism through which taxation efficiency may be achieved and for services where users are price sensitive, direct charging can influence demand and thus lead to greater efficiency. Conversely, the funding of services through rates (or via subsidies from other services)

may result in an inflated demand for services and additional costs for councils to meet this demand. As a result, a mix of user charges and rates revenue funds a variety of council services.

The efficiency of a tax is also related to the cost of administration. Administration costs include the issuing of assessments, collection of rates (including maintaining and improving collection systems), monitoring outcomes, educating and informing ratepayers, and enforcement and debt recovery.

3.2.4 Simplicity

The taxation principle of simplicity revolves around how easily a system can be understood by the public namely ratepayers. This can conflict with the principles of equity and efficiency.

A simple rating scheme would have a limited number of rating classifications, even using a uniform rate. Other features of a simple rating scheme may be practicality and ease of administration. Rates in general are quite simple to administer in that they rely on a clear information source (property values) and they place a levy on something that is impossible to conceal (land). Public understanding is another consideration for a council in striving for simplicity. A simple system should be easier for the public to understand as should the explanation of it by a council.

The efficacy of using rates to provide incentive or encouragement for ratepayers to act in a certain way to achieve corporate goals (e.g. environmental) should be evaluated critically against other approaches in terms of likely effectiveness.

⁵ Access Economics, Analysis of state tax reform, Report for the Financial Industry Council of Australia, 2011

3.2.5 Benefit principle

A popular complaint levelled at councils is that “the rates I pay have no correlation with the services I consume or the benefits I receive”. This argument is based on the benefit principle (the opposite of the wealth tax principle) that argues there should be a clear nexus between consumption/benefit and the rate burden. A user pays system is closely reflective of the benefit principle.

Application of the benefit principle to rates is difficult in practice because of the impossibility of measuring the relative levels of access and consumption across the full range of council services. While it might be quite obvious that certain geographic areas may not get access to specific services, for example street lighting, it is the level of benefit across the full range of rates-funded services that is important in determining the amount of rates that should be paid. Clearly, the exercise is not clear cut – for example, it might be argued that rural ratepayers derive less benefit from library services than their town counterparts but the reverse argument can apply to the costs of repairing local roads in rural areas where there are mostly rural users.

The analysis of benefit is often reduced to arguments of what services are consumed by town v. country, businesses v. residences and between different towns and suburbs. Such a simplistic determination of rates based on where services are located ignores the facts that:

- many services are not location specific
- access is not synonymous with consumption
- residents can travel or use technology to access some services
- (perhaps more significantly for many councils) services provided in different locations within a municipality have different costs. For example, the actual cost of providing the same or a lesser level of service to a more remote or less central location may be higher due to economies of scale or logistical reasons.

In some ways the arguing of the benefit principle with respect to council rates is like trying to do the same for Commonwealth income tax that is used to fund a wide range of universally accessed services.

It is likely to be quite costly to regularly undertake in-depth analyses on service access, consumption patterns and costs in order to attempt to review the level of benefit. In any event many subjective assumptions will have to be introduced that is unlikely to produce a fair result.

Other pricing instruments such as user charges, special rates and charges, and service rates and charges better lend themselves to dealing with the issue of benefit.

3.2.6 Capacity to pay

Councils may decide that capacity to pay is fundamentally reflected by property value or that the application of the wealth tax and benefit principles should be moderated for groups of ratepayers because of capacity to pay considerations.

As rates are levied on unrealised wealth in the form of property, their nexus with ratepayers' capacity to pay may be tenuous – ratepayers may be asset rich but cash poor or vice versa. Councils have been provided with a number of rating instruments that allow them to address the capacity to pay issue to varying degrees, including differential rates, waivers and deferrals.

One of the major issues councils face in assessing “capacity to pay” relates to the landlord-tenant relationship and the fundamental distinction between who is legally liable to pay rates and the economic incidence of rates. The economic incidence of rates reflects who ultimately bears the cost of rates through higher prices, lower wages or lower returns on assets. Liability for rates typically rests with property owners. Hence a council is required to assess fundamentally the capacity to pay of the property owner and not the tenant, although council may legitimately have concerns for the latter. Property owners are not just individuals but individual investors represented by

firms, superannuation funds, insurance companies, property trusts and banks.

Two issues are pertinent here. First, changes to property taxes have marginal effects on the rents (return) that properties can earn because rent is determined by the demand of actual and potential users against a fixed land supply. The theory goes that even if taxes are passed on to the renters the increase in rents will cause rents to fall as demand for rental premises declines. In response to this it could be argued that there are a number of reasons to think that rate rises maybe passed onto tenants. For example rental markets may be tight or slow to adjust and there are often logistic and other factors why businesses are committed to particular premises. In some commercial arrangements, a tenant can be liable for the rates as a result of a contractual agreement.

Councils therefore need to determine whether they should have regard to, and how best to address, the issue of the economic incidence of rates. Given the assumption that landlords will generally (but not always) have a greater capacity to pay rates than tenants, councils may wish to consider whether they can discriminate between properties on this basis. In practice, there is no simple means of identifying the properties that are rentals and therefore additional council resources would be required to do this.

Historically, councils have used the capacity to pay principle as a primary argument in the setting of differential rates. There has, however, been a lack of transparency concerning the basis for the views held about capacity to pay and their translation into a hierarchy of rates. More often than not substantive and evidence-based reasons are not provided why the rate in the dollar on one type of property is higher/lower than another (or for that matter why a uniform rate system exists) or to explain the basis for the difference.

On equity and good public policy grounds, it is appropriate that the meaning and assessment of capacity to pay is agreed, at least from a practical point of view, and that decisions are influenced by a strong understanding of the factors relevant

to particular property classes in order to make informed, albeit, generalised observations about their capacity to pay rates.

Knowledge and/or consideration of the following might be useful:

- Who are the poor and disadvantaged in a community (single renting pensioners and unemployed as well as home owning pensioners)?
- Is a council making assumptions about the relative capacities of different type of property owners e.g. pensioners versus single income families with little home equity?
- When devising rates, fees and charges, do you map income and wealth across your municipality?
- What is the breadth of businesses within your community, and what council services do they use and consume?
- Is it reasonable to treat a range of very different property types as very large blocks?
- What proportion of the economy within your local government area is small / large / heavy / light / rural business?
- Who are the farmers – small family businesses or large multi-nationals or a mix?
- Do you compare similar rates; for example a small business with a house versus family farm?
- Do you understand the property profiles in your local government area? For instance:
 - Who owns vacant land in your municipality?
 - Are they speculators, investment holders or superannuation organisations?
 - Which type own large blocks, small blocks?
 - Does a vacant land differential rate affect the behaviour change you are seeking or does it only make for a symbolic rate?
- Have you considered the appropriateness of rebates for addressing environmental problems?
- Have you considered the rating of specific uses such as charities and not for profit organisations?

- Should you benchmark your rates against adjoining councils?
 - Now?
 - Over time?
 - What are the reasons for differences between adjoining councils?
- By funding an extra program in your budget which property owners are you pressuring?
 - Are these property owners benefitting from this and like programs?

Understanding these things can help you develop a series of rationales, which will underpin decisions about the rating system.

3.2.7 Diversity

There is no way of getting around the fact that despite the “likeness” of members of property classes, there will also be considerable diversity with each class. There is considerable diversity in the economic circumstances of households related to household income, the number of breadwinners and members, expenditure patterns and debt levels.

Similarly, enormous business diversity exists – businesses range from small businesses with owner operators and few employees to corporations employing many thousands of people. They may take a variety of forms – sole operators, companies, partnerships, cooperatives and trusts. Production may cover a diverse range of goods and services for local, national or overseas markets. They may vary considerably in terms of turnover, net worth, profitability and gearing – just to name a few characteristics. Businesses may be “price takers” with little market power or “price makers” operating in oligopolistic markets.

Council rate setting for different groups may need to have regard to the general capacity of those classes of property to pay rates. There are practical limits to the extent that classes may be differentiated because of impacts on efficiency and simplicity – and the broader a property class, the more general are the assumptions about capacity

to pay. Clearly, there is an issue of how well the assumptions made about a large class of ratepayers accurately reflect the circumstances of most of its members.

3.3 Propositions / discussion paper

The propositions/discussion paper should express the importance a council places on the various revenue and rating principles with a view to this shaping the formation of the revenue and rating strategy. This need not be a lengthy document, rather, it must strive for clarity in expressing what a council is seeking to emphasise.

Such a paper should be the basis of a pricing policy covering all revenue sources. As noted previously, it is impossible to devise a revenue and rating strategy in isolation from other revenue sources.

3.4 Service costing and pricing options

Costing and pricing are two essentials in building the revenue and rating strategy. The pricing step is critical to establishing the revenue balance struck between rates and other sources of revenue such as user fees and charges. Pricing of services is typically undertaken over a rolling, multi year cycle as the work can be complex. Appendix B and C provide additional information on this step in the process. The revenue generated from user fees and charges can be estimated and inform the next step in the process.

3.5 Rate option modelling

The revenue and rating strategy should include a presentation of the different options for rating and their effect on the municipal valuation base. The analysis of the valuation base discussed earlier should form the subject of the analysis. In this way, the impact of the proposed options on the lowest valued properties, the median and different property categories (among others) can be ascertained.

It is important that modelling include the use of different instruments available under the *Local Government Act 1989*. Analysis of the effects of different instruments and their appropriateness can continue work that started in the previous step: that assesses the range of instruments available to a council and their utility for achieving the council's aims.

The rationale is the explanation for why a council chose one option (or set of options) over another. It is the culmination of the council's discussion of various principles and objectives subsequently illustrated by modelling of options and their community impact. By electing or preferring one option to another, a council is able to make a statement to the community as to why their preferred course of action aligns with their policy aims. Critically, a rationale provides for community transparency as to why a council chose to do what it chose to do. It also allows a council to defend its course of action and explain why it is desirable or preferable to other options.

In addressing the above considerations, a council has an information challenge arising from privacy considerations, the cost in obtaining and analysing relevant information, as well as the local relevance, quality and currency of available data.

The most obvious information source for a council and one that is most accurate is the certified municipal property value data. There are however a range of data that may assist councils in their considerations of the key principles. This may include socio-economic, business and agricultural data from sources such as the ABS. Data held in other areas of council or purpose developed for informing the process should also be considered.

A sometimes neglected part of the rating structure is the policy on the application of waivers, rebates and concessions.⁶ The criteria for the application of such instruments should strive for clarity and consistency to ensure that the public can easily

understand their use. They are important to consider carefully as their use allows targeting of individuals or groups, thereby concentrating their beneficial effect.

3.6 Public consultation

A public consultation is an important part of the revenue and rating strategy. Such an undertaking and its importance warrants a council engaging with their community about the revenue picture, its aims and its impact upon the municipality. If done in an effective way, it also offers a council an opportunity to inform the community about the revenue and rating system and how it is applied.

Options for public consultation range from a process such as that prescribed in section 223 of the *Local Government Act 1989* to appointing a community based committee or panel to advise on the development of a revenue and rating strategy. Given the great deal of misinformation about rates, as well as the complexity of the system, the utility of a better informed community should not be underestimated.

3.7 Revenue and rating strategy

The outcome of steps 3.1 to 3.6 above will be the revenue and rating strategy which will inform the preparation of the annual budget. This last step in this strategic process of development is one that the council undertakes in order that it makes what it considers to be the most appropriate decisions. The process of discovery it applies is in many respects as important as the end result of the strategy itself.

The final consideration for the revenue and rating strategy is for it to be published in or alongside the council's adopted annual budget. As a result, the process for developing the strategy should fit into the annual budget preparation process. Nevertheless, if a council decides to broadly

⁶ Noting that concessions on rates are provided by the Victorian Government under the *State Concessions Act 2004*. The Municipal Rates Concession provides a 50 per cent discount off council rates up to a yearly maximum of \$202.90 in 2013-2014. The concession is available to homeowners and must be for their principal place of residency.

change the way in which they approach their revenue and rating strategy and seek to clearly communicate to and ask for feedback from their residents, the public process for a revenue strategy can practically exceed that of the budget.

3.8 Monitoring and review

Monitoring of the revenue and rating strategy once implemented can involve a mix of feedback from the community and active attempts by the council to understand the effects of its decision making. Further modelling following new information, especially the use of updated census data or property revaluations can be invaluable here.

A review period may also be considered by a council to make possible changes to the strategy. Given the longer term perspective of a revenue and rating strategy, a review should be undertaken after each general revaluation cycle. Nevertheless, a council may determine a review is warranted at any time, and advice from its officers and a community's needs is the best position to consider the timing and scope of a review.



Appendices

The appendices in this guide provide general overviews of the major considerations in developing of a rating strategy. They are not intended to constitute sophisticated technical guides for council officers and specialists at this stage. Future versions of this guide will expand upon these appendices and will complement exiting material and manuals on pricing and costing.

4 Appendix A - Revenue and Rating Strategy – Sample Template Outline

Purpose

To determine the most appropriate, affordable revenue and revenue strategy which, in conjunction with other income sources, will adequately finance the objectives proposed in the council plan.

Council's pricing policy

[INSERT COUNCIL NAME] requires sufficient revenue to satisfy its service delivery needs and fund its infrastructure needs. The most important sources of these funds are:

- general rates
- government grants
- fees and charges.

All avenues have been pursued to obtain external grant funds for prioritised works. Similarly, the council has reviewed all fees and charges over the past [INSERT NUMBER] years and increased/ decreased the levels consistent with application of the user pays principle – that is, so far as is possible, the cost of providing a direct service will be met by the fees charged.

Council has determined that an annual assessment of all fees and charges is excessively costly and unnecessary. A rolling review process for all service areas is to be undertaken that ensures all service areas are subject to review at least once every four years.

A schedule of the current user fees and charges is presented in the annual budget. Also included is a selection of council services and their costs compared to the fees charged for their provision.

Council has resolved to utilise a band of plus or minus [INSERT NUMBER] per cent with regard to the cost/price ratio of services. In instances where this is not the case, a rationale is included to explain the variance and the basis for the subsidy.

Income from these sources represents [INSERT NUMBER] per cent of revenue required. The balance of [INSERT NUMBER] per cent must be obtained from general rate income.

The rating system is based on property valuations, these being carried out at two-year intervals. Rates are based on these valuations. The council has several means by which it can vary the amounts which are levied, including:

- a general rate
- a municipal charge
- differential rates
- service rates and charges
- special rates and charges
- rebates, waivers, deferments, concessions and exemptions.

Several propositions were put through a rate modelling process to develop the most suitable rating system. This entailed the council giving consideration to a number of factors, such as:

- equity of the system
- efficiency of application
- capacity to pay
- the link between rate levied and benefit to be derived.

An extensive discussion of these principles in the context of the municipality is found in the discussion paper published in [INSERT DATE]. In the paper, council considered and modelled the effects of the following options:

- the valuation base of rates, being site value (SV), capital improved value (CIV) and net annual value (NAV)
- the use of a uniform rate
- a uniform rate combined with a municipal charge set at [INSERT RATE & CHARGE]
- A differential rating system with and without a municipal charge
- The use of rebates and deferment schemes
- Policy approaches for exemptions and concessions
- Rating of cultural and recreational land.

Proposed rating system

Table A1

Rate Type	No.	Capital Improved Value	Share of Capital Improved Value	Existing		New Strategy		\$ Change	% Change
				20xx-xx Municipal Charge & Rate Revenue	Share of Revenue	20xx-xx Municipal Charge & Rate Revenue	Share of Revenue		
Rate 1									
Rate 2									
Rate 3									
Rate 4									
Rate 5									
Total									

The main features of the new rating system are as follows:

- The municipal charge will be based on covering some of the administrative costs of the council, including property valuations, rates administration and cashiering, councillor support and office of the chief executive. This will result in an increase in the unit level of the municipal charge from [INSERT \$] in 2013-14 to [INSERT \$] in 2014-15. Council has noted the regressive element of a fixed property charge, but has determined that it is appropriate for the recovery of certain and identified costs specific to property
- There will no longer be a commercial / industrial rate. A commercial / industrial rate set at [INSERT %] of the general rate has been used over recent years. Council has determined that it is unable to determine that commercial property uses a greater or lesser proportion of council services than other property types.

Where there is direct benefit of council services for commercial properties, council has resolved to examine the use of additional user charges or special charge schemes

- The agricultural land rate (previously farm rate) has been abolished in favour of a primary producer rate deferral scheme. Council has resolved that with the wide variety of farming in the municipality, it is not equitable to levy a general 'farm rate'. A primary producer deferral scheme allows council greater consideration of issues of equity and permit a more targeted approach that takes account of the specific circumstances of the primary production business (*in order to qualify for the primary producer deferral scheme, evidence of Australian Taxation Office primary producer status will be required*)

- A three-tiered approach to cultural and recreational properties will be implemented which will result in:
 - rates being waived or fully rebated for recreational facilities which provide broad public access for no charge
 - rates at the level of [INSERT %] of the general rate being applied to private recreational facilities which have significant local membership
 - The general rate being levied on recreational facilities which are considered to have a substantial commercial focus that exceeds their primary and original outdoor recreational purpose.
- A differential rate equal to [INSERT %] of the general rate will apply to low income residential housing owned and / or managed by volunteer, charitable, not-for-profit organisations (*in order to qualify for this discount, evidence of charitable or not for profit status will be required*)
- A waiver or rebate equivalent to the full value of rates will be provided to areas of high environmental significance that are registered by the Trust for Nature. These changes will result in some shifts in the rating burden, as shown in the Table A1 above.

Past and proposed rate levels

Table A2

Year	Total Levied	% Increase	Average % Increase Large Rural Shires	% of Total Revenue	Rates per Assessment
2001-02					
2002-03					
2003-04					
2004-05					
2005-06					
2006-07					
2007-08					

Summary

In council's view the proposed revenue and rating strategy puts due emphasis on equity and capacity to pay. The proposed increases of [INSERT %] for [INSERT FINANCIAL YEAR] and [INSERT %] thereafter are relatively moderate but necessary to help address identified service deficiencies.

It is noted that the first quintile of the valuation band will pay rates between [INSERT \$] and [INSERT \$]. This has been compared with the

income profile of the area indicated by the most recent census. The average income for the municipality is [INSERT \$]. This is [INSERT "higher" or "lower"] than the national average. More significantly, the municipality has areas in which significant numbers of people are low-income earners. This has been taken into consideration by council for this year's budget.



5 Appendix B – Full Service Costing

Cost recovery

Setting fees and charges is often determined by a notion that the fee charged for a service should correspond with the cost of providing the service – that is the costs borne by the council are fully recovered.

Council operations attracting fees and charges

All council services can be reviewed to assess whether they are appropriate to attract user fees and charges. Attributes of a service that can affect the ability for a council to place a fee or charge include whether the operation is a public or private good in nature and if there is any state & federal government legislation or funding conditions prohibiting or setting ceilings for pricing. Examples of such charges are found below:

Table B1: Examples of council fees and charges

Area	Significant or typical fee or charge	Examples of Constraints
Business and Economic	Planning application fees	Many fee levels set by Victorian Government
Traffic and Streets	Parking fees and fines	Nil
Recreation and Culture	Leisure centre entrance fees	Competition (if any) from other centres
	Library fees	Basic services free as condition of State Government funding
Family and Community	Child care centres	Constraints from funding agreements Competition from private providers
	Maternal and child health	Basic services free as part of State Government funding
Waste Management	Kerbside collection fees	Nil
	Tip disposal fees	Influenced by Environment Protection Act 1970 provisions
Aged and Disabled	HACC services fees	Maximums set by State Government
Governance	Local Laws fees or fines	Some related to penalty units set annually by State Government

Full cost

The full cost of delivering a service or providing a facility include both:

- direct costs – those costs that can be readily and unequivocally attributed to a service or activity because they are incurred exclusively for that particular product/activity
- indirect Costs (often referred to as overheads) – those costs that are not directly attributable to an activity, but support a range of activities across the council.

As discussed above, an important goal of this guideline is to achieve the benefits outlined, while minimising costs for councils. Most of the direct costing methodologies discussed here are part of “business as usual” sound financial management for any service. However, compared with current practice for many councils the allocation of indirect costs may involve some additional time and effort.

Direct Costs

Most councils have good systems for calculating the direct costs of providing services. These include:

- labour – the wages and salaries of all staff directly working on that service. These costs include staff overheads such as allowing for annual leave, sick leave, workers’ compensation payments, and long service leave
- materials and supplies – supplies used in providing the service. This may include car operating expenses
- administrative expenses – the office support for a service. Typically an operational unit provides a number of services, so the administrative costs of that unit will need to be allocated across the different services
- capital equipment and assets used in providing the service – this may include plant hire or, where a council owns the equipment and assets, allowance for asset replacement and depreciation.

Indirect Costs

Every council has a range of “back office” operations that are not directly tied to any service delivery. Nonetheless, these involve real costs that are incurred in supporting the delivery of direct services. For examples, direct services would soon grind to a halt without the support of IT services, or the work of the human resources unit selecting and paying staff. Two widely used methods to allocate indirect costs are:

- activity-based costing – links an organisation’s outputs or goods and services to the activities used to produce them, and then assigns a cost to each output based on the rate of consumption of associated activities
- the pro-rata approach – allocates indirect costs on a proportionate basis by using measures that are easily available, such as staff involved in the activity as a percentage of total staff, or the service unit’s share of total office space.

Activity-based costing

The activity-based costing method is the most accurate way of allocating indirect costs. It works by examining the activities undertaken, determining what drives or causes the activities to be used in the production process, and then allocates costs on the basis of the resource consumption of each activity.

Table B2 below, based on examples in the Auditor General and DTF reports, illustrates the application of activity-based costing in allocating \$300,000 of human resource costs between two areas: recreational services and child care.

The allocation of costs takes two steps:

1. **Establishing the cost parameters of the human resources department:**
 - Identify the main functions of the department (one of which is recruitment)
 - Estimate the proportion of time the department spends on each function (with recruitment estimated to be 30% of the total human resources workload)

- Calculate the cost of each function from the overall cost of the department and the proportion spent on each function (as recruitment is 30% of the overall cost of \$300,000, recruitment's cost is \$90,000)
- Identify what is the most important activity driving cost in each function (referred to as the cost driver). For recruitment, the most appropriate cost driver is the number of positions advertised.
- Sum the costs of each functional area for each operational unit
- Ensure that the total costs allocated to all operational units equal the overall costs of the department.

Adopting these steps, the table below gives the full allocation of the costs of the human resources department across the two operational units.

2. Allocating the costs between the operational units. For illustrative purposes, Table 3 uses just two units; recreational services and child care:

- Establish the number of cost driver units for each operational area. For example, each year recreational services has five positions advertised (25%), and child care, 15 positions (75%)
- Apply the proportion of cost driver units to the cost of that function. Recreational services has 25% of the positions advertised, so generates 25% of the \$90,000 total cost of the recruitment function

Table B2: Example of activity-based costing

Step 1: Analyse costs of human resources function

Main human resources functions	% of time spent on these functions	Cost of each function (= % x total cost)	Most appropriate cost driver
Recruitment	30	\$90,000	No of positions advertised
Selection	20	\$60,000	No of interviews
Payroll	50	\$150,000	No of employees
Total	100	\$300,000	

Table B3: Example of Activity-Based Costing

Step 2: Allocate indirect costs to operational units

Function	Number and proportion of cost drivers		Allocation of indirect costs	
	Recreational services	Child care services	Recreational services	Child care services
Recruitment	5 (25%)	15 (75%)	\$22,500	\$67,500
Selection	20 (40%)	30 (60%)	\$24,000	\$36,000
Payroll	40 (40%)	60 (60%)	\$60,000	\$90,000
Total			\$106,500	\$193,500

Source: Auditor General Fees and Charges Figure A1, p30. The report notes this table is based on material in Department of Treasury and Finance *Cost Recovery Guidelines*.

Using the activity-based costing method, the allocation of the council’s total human resource (indirect) costs between these two services are \$106,500 for recreation services and \$193,500 for child care services.

While activity based costing gives a comprehensive approach, an alternative pro rata approach, may be preferable. This is so for two reasons:

- It is not always practical to use the activity-based costing method. This process can be too labour intensive and costly to identify actual resource usage of different activities within a service
- A pro rata approach often delivers similar results with less effort.

An example of overhead allocation – that of the Municipal Association of Victoria’s overheads model is covered in MAV’s 2009 *Overheads Model – A Manual for Councils*. This provides a comprehensive overview and should be used as a guide for undertaking a review of indirect costs on a pro rata basis.

6 Appendix C – Pricing Policy

After a council has calculated the full costs of a service, another series of questions require answers before prices are decided. Presented as a sequence, these include:

- Do any external constraints apply? Possibilities include:
 - either the State or Commonwealth Government sets a statutory price for that service; and if the service has private sector competitors AND is a “significant business activity”, the council needs to check competitive neutrality conditions (discussed in section 5.2 above). How would the service users respond to any price changes?
- Is a price based on the full cost of the service competitive with other suppliers (nearby councils and/or private competitors)?
- Does the council have a specific policy either:
 - to subsidise this service (setting prices below full costs)?
 - to use the service as a taxation mechanism (setting prices above the full cost level)?

If a competitive neutrality assessment is required, the following steps are recommended by the Victorian Government’s National Competition Policy and Local Government Statement:

- Determine whether the operation is a “significant business activity” and, therefore, subject to the policy
- Assess the full costs of providing the services, including all overheads
- Identify any aspect whereby the operation gains a net commercial benefit from being government owned.

If this analysis shows that a significant business does enjoy a net competitive benefit, the council is expected to set prices that include competitive neutral adjustments. However, under the policy this is not required if the council:

- decides that the costs of applying competitive neutrality outweigh the benefits
- conducts and documents a “public interest test”, which involves public consultation on costed options, and identifies clear public policy objectives for providing the service at below competitive neutral prices.

As well as ensuring a level playing field for private sector competitors, the policy aims to identify subsidies, make them transparent to the community, and explain why the council is providing cross-subsidisation. Cross-subsidisation implies that one group may pay higher/lower prices than another group. Cross-subsidisation exists in a number of forms:

- cross-subsidisation between the fees and charges paid by different users for a specific service – a cross subsidy between users
- cross-subsidisation between fees & charges and rates – a cross subsidy between users and ratepayers or from one service to another service
- cross-subsidisation between the amounts of rates paid by various classes of ratepayers.

The final step in a pricing policy is identifying what council services or service areas are “public goods” and therefore most appropriate for funding via general rate revenue. This need not be an exacting exercise, and as often noted, few council services fall exclusively into the public or private goods category. But it is important for a council to make recommendations that as far as possible allow judgements to be made and a rationale for pricing decisions to be expressed in the rating and revenue strategy.

A hypothetical example of pricing issues – aquatic centre

Parrot Park Recreation Centre in Beachville is operated by the Wombat Shire Council. Parrot Park, like many council aquatic centres, offers a range of activities and services, including:

- general recreational aquatic activities
- learn to swim classes
- group fitness
- gym
- occasional child care
- a small sales outlet (with a range of swimwear and accessories, snack foods, etc.).

Setting prices for these different activities requires consideration of a number of issues, including:

- council's policies for the centre
- the operational costs, and how these are allocated across the above activities
- responses to prices from both users and any competitors.

The council's 2004-2007 Community Plan included goals to:

- facilitate optimal health and wellbeing outcomes for all ages
- nurture and support young people and families
- facilitate an improved level of access to recreation and leisure opportunities to provide better health and wellbeing outcomes.

The council identified Beachville as a particularly high need area due to local areas of socio-economic disadvantage. In consequence, the council was prepared to subsidise the centre.

A key issue for allocating costs to the different activities is the high capital cost of the centre. Reports by both the Victorian Competition and Efficiency Commission (VCEC) and the State Government Department of Treasury and Finance's (DTF) July 2003 guidance on the application of competitive neutrality policy to council-owned aquatic and leisure centres looked at this issue.

Some of the centre's activities are commercial, and compete with other gyms and fitness centres. However, as DTF noted, the "recreational aquatic component" of the leisure centre is not viewed as a commercial operation but as a public amenity or community infrastructure:

"... gym fitness and aerobics programs . . . are often incorporated in such facilities because they make an operational profit that can cross-subsidise the overall centre. These integrated centres are more economically viable and offer a broader range of services to the community."

In such a case, the VCEC report suggested that the avoidable cost methodology may be appropriate. This approach recognises that the basic capital costs of the aquatic centre – related to the non-commercial recreational aquatic component – would occur in any case, whether or not a fitness centre/gym is included. Therefore, the commercial activities should be costed based on their full direct costs plus only those capital costs which are related to that activity (fit-out of the gym for example, and an appropriate rental for the specific floor space).

As outlined above, this cost base provides a starting point for setting prices. As the DTF guide suggests:

"The overall 'commercial operation' of the council leisure centre should achieve full cost recovery. Full cost recovery is not required for each activity or output produced i.e. commercial activities can cross subsidise one another."

Within this overall objective, DTF acknowledges that “generally, admission prices are set consistently with ‘going rates’ in the market”.

The centre sets a range of prices:

- single visit prices for access to the gym or fitness classes
- discounts for concession card holders (about one third of the centre’s users have concession cards, and the council offers a 30% discount)
- periodic memberships, for three, six and 12 months, with different levels of access (the centre offers silver, gold and platinum categories)
- corporate memberships, where a group of users from one company can access a discounted rate (30% off).

In addition, other possibilities include off-peak prices where the centre could try to encourage additional usage during quieter times.

Setting such prices requires a balancing and iterative process between achieving council’s policy goals, covering costs, and being aware of competitive pressures for particular activities. Table C1 below compares rates for several council leisure centres in 2007.

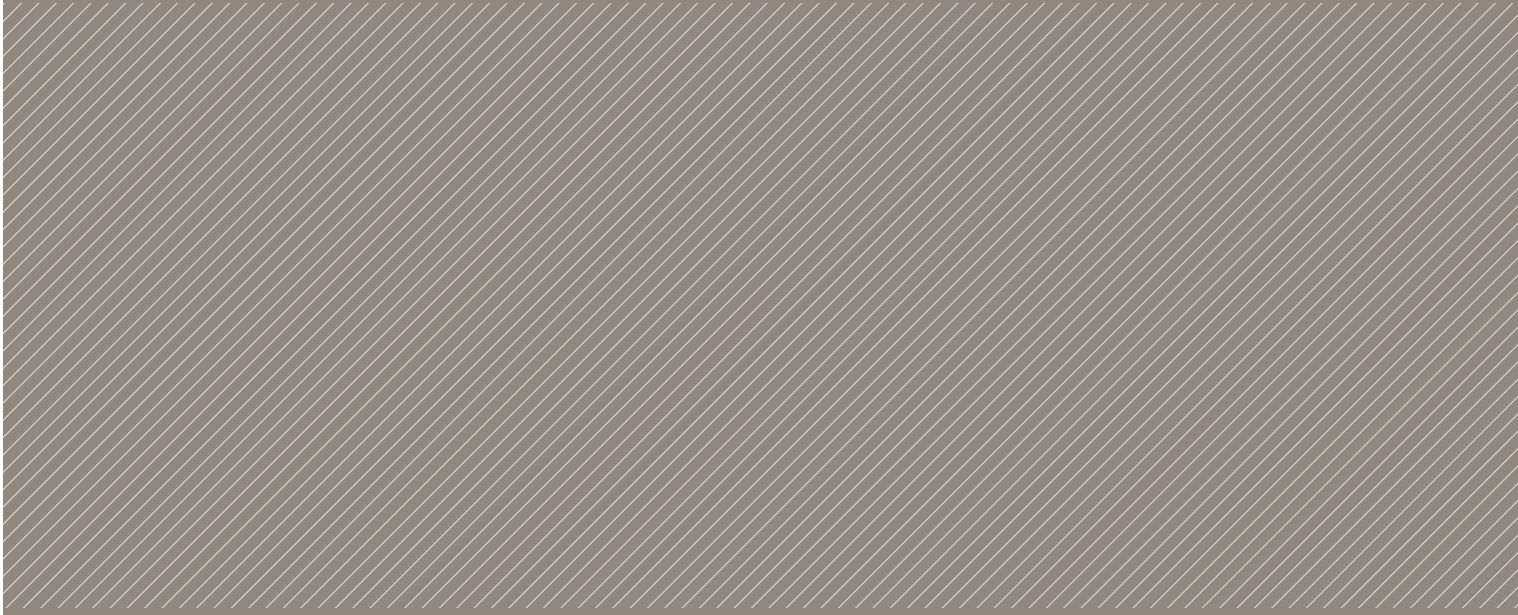
Table C1: Examples of premium full access membership fees

	3 month		12 month	
	Full	Concession	Full	Concession
Parrot Park (Platinum)	\$240	\$168	\$720	\$504
		30%		30%
Maryland Aquatic Centre	\$430	\$366	\$850	\$723
		15%		15%
Bunyip Council Leisure Centres	\$224	\$108	\$729	N/A
		52%		
City of Wetherby Recreational Centre	\$228	\$194	\$603	\$512
		15%		15%
Jack McEwen Olympic Pool (Rural City of Murray)	\$300	N/A	\$700	N/A



7 Further Reading

- Access Economics, *Independent Pricing and Regulatory Tribunal*, 2006
- Access Economics, *Analysis of state tax reform*, Report for the Financial Industry Council of Australia, 2011
- Anderson, *Victoria's Municipal Rating System*, 1996
- Anderson & McGuire – *The Illinois Property Tax: History and Structure*, Lincoln Institute of Land Policy, 2007
- Anderson & McGuire – *An Unfettered Property Tax in Illinois*, 2007
- Australian Centre of Excellence for Local Government, *The Henry Review of Australia's Future Tax System: Implications for Local Government, Working Paper No.3*, June 2011
- Australian Centre of Excellence for Local Government, *Strengthening Local Government Revenue, Background Paper*, Updated December 2012
- Australian Centre of Excellence for Local Government, *Strengthening Local Government Revenue for the 21st Century*, Working Paper, February 2013
- Australian Federal Government, *Australia's Future Tax System, Final Report: Part 2 - Detailed Analysis – Chapter C2: Land tax and conveyance stamp duty*, 2009
- Australian Federal Government, *Australia's Future Tax System, Final Report: Part 2 - Detailed Analysis – Chapter G3: Local Government*, 2009
- Australian Federal Government, *Australia's Future Tax System: Report to the Treasurer Part 1: Overview*, 2009
- Australian Federal Government, *Federal and State Taxation: A Comparison of the Australian, German and Canadian Systems*; Economics, Commerce and Industrial Relations Group, 1997
http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/CIB/CIB9798/98cib05#AUSTRALIA
- Deloitte Access Economics – in Conjunction with the Victorian Department of Planning & Community Development, *The economic principles of local government rating*, (Unpublished) 2013
- Groenewegen, *Public Finance in Australia (Theory & Practice)*, Prentice-Hall of Australia, 1979
- Koutifaris & Mangioni, *Commonwealth Journal of Local Governance, Rates versus Developer Contributions as Revenue*, 2012
- Local Government Act 1989, State of Victoria, 1989* – version incorporating amendments as at 22 July 2013
- Municipal Association of Victoria, *Overheads Model: A Manual for Councils*, 2009.
- Oakes, *Report of Committee of Inquiry into Local Government Rating and Other Revenue Powers and Resources*, Sydney: Committee of Inquiry into Local Government Rating and Other Revenue Powers and Resources, 1990
- PriceWaterhouseCoopers, *National Financial Sustainability study of Local Government (PWC Report)*, Sydney 2008
- Productivity Commission, *Assessing Local Government Revenue Raising Capacity*, Canberra 2008
- Productivity Commission, *Potential Benefits of the National Reform Agenda*, Report to the Council of Australian Governments, Canberra 2006
- Fisher, *Property Taxes for Local Finance: Research Results & Policy Perspectives (Reconsidering Property Taxes: Perhaps Not So Bad After All)* 2009, Lincoln
- Reinhardt & Steel, *A brief history of Australia's tax system Sources for Local Government*, December 2012
- Valuation of Land Act 1960*, State of Victoria, 1960 – version incorporating amendments as at 17 October 2012.
- Victorian Auditor General's Office, *Fees and Charges –Cost Recovery by Local Government*, April 2010
- Victorian Auditor General's Office, *Local Government: Results of the 2011-12 Audits*, November 2012
- Victorian Auditor General's Office, *Local Government: Results of the 2012-13 Audits*, December 2013
- Victorian Auditor General's Office, *Ratings Practices in Local Government*, February 2013
- Victorian Auditor General's Office, *Organisational Sustainability of Small Councils*, June 2013
- Victorian Government, *Victorian Government Gazette*, March 1998





AUDIT & RISK COMMITTEE MINUTES – 17 December 2020
WEST WIMMERA SHIRE COUNCIL

HELD: Thursday 17 December 2020

LOCATION: Edenhope Council Chamber
49 Elizabeth Street, Edenhope, and via Microsoft Teams video conference

COMMENCEMENT: 2:04pm

IN ATTENDANCE	
Committee Members	Senior Management/Officers
Andrew Johnson Celeste Gregory Mick Jaensch Monica Revell Cr Jodie Pretlove Cr Bruce Meyer	Paul Brumby Interim Chief Executive Officer Ashley Roberts Director Corporate and Community Services Sarah Ellis Manager Business Performance and Development Melanie Jordan Finance Coordinator
External Parties	
Cassandra Gravenall – Crowe Australasia Nick Bell – RSD Audit	
APOLOGIES	
Kathie Teasdale – RSD Audit	

Vision Statement: Our West Wimmera communities are healthy, thriving, diverse, harmonious, prosperous and self-sustaining, with regional and global connectivity



WELCOME AND APOLOGIES

Kathie Teasdale is an apology, Nick Bell is in attendance on her behalf for RSD Audit.

DECLARATION OF CONFLICTS OF INTEREST

Nil declared

BUSINESS

Mr Ashley Roberts temporarily took the role of chair.

1. WELCOME & ACCEPTANCE OF NEW INDEPENDENT AUDIT AND RISK COMMITTEE MEMBERS

Welcome to Mr Mick Jaensch & Mr Andrew Johnson, new independent members.

The Audit and Risk Committee is asked to accept Mr Jaensch and Mr Johnson as new independent members to the committee.

2. ELECTION OF CHAIRPERSON

Mr Roberts called for nominations for the position of chair.

Mr Mick Jaensch was nominated for the role and accepted.

Moved: Ms Celeste Gregory

Seconded: Ms Monica Revell

That the Audit and Risk Committee appoint Mick Jaensch to serve as Chair for the following 12 months.

Carried Unanimously

Mr Jaensch took the position of chair and Mr Roberts vacated the chair himself.



3. CONFIRMATION OF MINUTES

Minutes of the previous Audit and Risk Committee meeting are attached for member's information and confirmation.

Moved: Ms Monica Revell

Seconded: Ms Celeste Gregory

That the Minutes of the Audit and Risk Committee Meeting held on 22 September 2020 as circulated, be taken as read and confirmed.

Carried Unanimously

NEW ITEMS

4. 2019-20 ANNUAL REPORT, FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT

Council's 2019-20 Annual Report and Financial Statements were submitted to the Minister for Local Government, the Hon. Shaun Leane on 30 October 2020.

The 2019-20 Annual Report, 2019-20 Financial Statements and 2019-20 Performance Statement are presented for members' information.

Moved: Ms Celeste Gregory

Seconded: Mr Andrew Johnson

The Audit and Risk Committee receive and endorse the 2019-20 Annual Report, including the 2019-20 Financial Statements and the 2019-20 Performance Statement.

Carried Unanimously

STANDING ITEMS

5. WWSC CREDIT CARDS

West Wimmera Shire Council holds a small number of credit cards for the use of staff and the Mayor. Statements from the CEO's credit card are provided for the Committee's information.



Following the internal audit into credit cards conducted in March 2020, it was recommended that a quarterly report detailing the usage by cardholder and by expenditure type be prepared and presented to the Committee for review.

The Audit and Risk Committee are happy with the format of the new reports and would like to see the statements and reports combined into one attachment going forward.

Moved: Ms Celeste Gregory

Seconded: Ms Monica Revell

That the Audit and Risk Committee notes the use of Council Credit Cards.

Carried Unanimously

6. INTERNAL AUDIT UPDATE

Nick Bell from RSD Audit provided an update on the internal audit program:

The rating strategy internal audit has been completed, with the draft report having been released to management today. RSD will finalise this report after receiving feedback from management, in time for preparation of the new rating strategy.

Also included in RSD's quarterly update report to the Committee were industry updates, including findings from the recent Local Government inspectorate report.

The rating strategy internal audit was the final audit on the three-year schedule. Council's contract with RSD audit expires at the end of December 2020. Council will go out to tender for a new internal audit contract, with the tender specification document already in draft form.

The Committee recommends that the tender specification document for the new internal audit provider outlines the monetary budget per year, as opposed to outlining specific areas that Council wishes to be audited, as was the case last time. The tender specification document is to be distributed to committee members for review and feedback prior to being released for tender.

7. FINAL MANAGEMENT LETTER ISSUES – UPDATE

Standing Item – status update of Final Management Letter issues from previous audit.

Mr Jaensch requested a table of outstanding leave balances be prepared for presentation at the next meeting. Council will aim to implement a 12 month rolling plan to manage annual leave balances with the target of reducing all employee balances below 8 weeks - being the threshold determined by the EBA to be excessive.



The leave management plan will also be sent to Crowe in order to address the outstanding management letter issues. A copy of the final management letter will be redistributed to Mr Roberts to forward on to all Committee members.

Moved: Mr Andrew Johnson

Seconded: Cr Jodie Pretlove

That the Audit Committee receives the Summary of Final Management Letter Issues Update Report for information.

Carried Unanimously

8. QUARTERLY FINANCIAL PERFORMANCE REPORT

Standing Item - A copy of the Financial Performance Report to 30 September 2020 as presented to the November 2020 Council Meeting is presented for member's information.

Moved: Ms Celeste Gregory

Seconded: Mr Andrew Johnson

That the financial reports as at 30 September 2020 be received and noted.

Carried Unanimously

9. INTERNAL AUDIT RECOMMENDATIONS – UPDATE OF ACTIONS

Standing Item – status update of Internal Audit recommendations.

Mr Bell will redistribute the final report from the records management internal audit. Council will prepare an action plan for addressing the issues from the records management audit for presentation at the next Committee meeting.

Moved: Ms Celeste Gregory

Seconded: Cr Jodie Pretlove

That the Audit and Risk Committee receives the Internal Audit Recommendations – Update of Actions Report for information.

Carried Unanimously



10. RISK REGISTER & OHS COMMITTEE

Risk Register and OHS Committee meeting minutes are attached for Member's information. Mr Roberts noted there hasn't been a significant change to the risk register in this quarter.

Although it has not yet been conducted, Council is still planning to engage an external party to review the risk register, as has previously been discussed by the Committee. The risk register needs to be restructured and be more concise in order to add any real value. Committee members agreed that the current report has too much content. Mr Johnson suggested that based on his experience, the register should identify the top 10-15 risks and mitigation strategies for Council. The register should distinguish risks by the categories strategic and operational, as opposed to the current structure.

Mr Bell added that from an internal auditor perspective, it is much more beneficial to have a more focussed risk register as it will assist in tying focus areas of internal audits back to the risk register.

Moved: Ms Celeste Gregory

Seconded: Ms Monica Revell

That the Audit and Risk Committee receives the report on Risk Management and OHS for information.

Carried Unanimously

11. POLICY TRACKER LISTING

Standing Item – status of Policy Tracker.

Mr Johnson questioned whether this document needs to be included in the agenda in its current form. Mr Jaensch suggested changing the frequency of this report to half-yearly.

Moved: Ms Celeste Gregory

Seconded: Ms Andrew Johnson

That the Audit and Risk Committee;

1. Receives the Policy Tracker, and

2. Recommends the Policy Tracker be moved to a bi-annual agenda item.

Carried Unanimously



12. AUDIT COMMITTEE MEETING ACTIONS UPDATE

Standing Item – status update of actions arising from previous Audit and Risk Committee meetings.

Management will investigate item 14 ‘updated Risk Register from Elumina’ and notes that items 8 and 13 are to be signed off as complete.

All standing items to be moved on to the audit work plan rather than remain on this document, Management will update for the next meeting.

Moved: Andrew Johnson

Seconded: Celeste Gregory

That the Audit and Risk Committee receives the report on Audit Committee actions update for information.

Carried Unanimously

13. AUDIT & RISK COMMITTEE WORK PLAN

Standing Item – a work plan for the next 12 months is attached, along with specific reports relating to items on that work plan.

The work plan will be amended with the bi-annual reports to be moved to March and September instead of June and December.

To be added in to work plan every quarter; policy template needs to include reference to Council’s overarching principles. Some policies should go to the Audit and Risk Committee prior to Council – the Committee will discuss and advise management which policies they would like to view prior to taking to Council and which they are happy to accept as information.

Moved: Celeste Gregory

Seconded: Monica Revell

That the Audit & Risk Committee receive the annual work plan and attachment report flowing from the work plan

Carried Unanimously



14. EXTERNAL AUDIT STRATEGY

Standing Item – status of the external Audit Strategy as provided by Ms Gravenall from Crowe.

15. COUNCILLOR AND CEO REIMBURSEMENTS

Standing Item – a breakdown of Councillor and CEO reimbursements is presented for member's information.

Moved: Ms Celeste Gregory

Seconded: Mr Andrew Johnson

That the audit & risk committee receive the report on Councillor and Chief Executive reimbursements

Carried Unanimously

LATE ITEMS OF BUSINESS

16. COUNCILLOR REQUEST FOR INTERNAL AUDIT INTO EMPLOYEE COSTS

Cr Trevor Domaschenz submitted the following request to Mr Paul Brumby for consideration by the Audit and Risk Committee:

“This is a request that the internal independent auditors audit employee costs as their next audit and this be discussed at Thursday's audit meeting by that committee. That would include sick pay, stress leave, maternity leave, band movements, super, a full explanation why the annual report employee count differs by about 7 from the annual budget and the various other possible reasons. I also think an evaluation should be done as to the merits of the recent Staff restructure.

I have asked a lot of questions on this for over a year now and still don't understand properly where capital employee costs and contractor costs fit in. Our employee costs have risen by a huge amount this last 18 months since the restructure with no end in sight. I think the last few Enterprise agreements are around 2% but our last year was a double-digit overall increase.

Could this audit if approved please have a terms of reference developed by councillors with a confidential report direct to councillors from the auditors as an outcome?”



Mr Jaensch in response: The Audit and Risk Committee would not endorse the area of concern, employee costs, to be included in an internal audit program. The Committee recommends Cr Domaschenz seeks answers to his queries from Council management staff. Where that is not accepted by Cr Domaschenz or he feels he does not trust the responses from staff, the Committee would refer Cr Domaschenz to engage an external audit appointment. However, it is considered that an engagement such as this would be an unnecessary drain on Council's very scarce resources.

Mr Brumby will coordinate an in-depth response for Cr Domaschenz, inviting him to spend adequate time with Council's Senior Management Group to seek more detailed explanations from staff to address any concerns he has in relation to this matter including any lack of understanding or difficulty in interpreting the financial data provided to Council.

17. ANNUAL SCHEDULE OF MEETINGS FOR THE AUDIT & RISK COMMITTEE

A proposed meeting schedule was distributed to members for consideration outlining quarterly meeting dates for the full year in order to assist with planning.

All members accepted the proposed schedule.

NEXT MEETING DATE: 23 MARCH 2020

MEETING CONCLUDED: 3.26PM



FINANCIAL
PERFORMANCE
REPORT

December 2020



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INTRODUCTION

This report provides financial information for the period 1 July 2020 to 31 December 2020.

It provides information on Council's operating performance via the Operating Statement and Council's financial position as at 31 December 2020 via the Balance Sheet. A summary statement of Capital Works is also included for Council's information.

Figures included in these statements are for the period ended 31 December 2020. Year to date (YTD) figures are provided for actual results, along with the full year budget and the YTD allocation of that budget.

Where the YTD actual varies from the YTD budget allocation by more than 10% **and** \$20,000, **or** more than \$100,000 a variance explanation is given.

Information is also provided on some of the more pertinent financial indicators, including:

- Cash and investments
- Working capital
- Rates debtors outstanding
- Sundry debtors outstanding



OPERATING STATEMENT

The year to date Operating Statement is presented as per the AASB101 format for Council's information. Variances are calculated as YTD actuals less the YTD current budget, with the variance also being displayed as a percentage of the YTD current budget.

West Wimmera Shire Council Comprehensive Income Statement

1 July 2020 to 31 December 2020

	YTD Actual \$	Original Annual Budget \$	Revised Annual Budget \$	Annual Revised Budget Met %	YTD Budget \$	YTD Variance \$	YTD Variance %	Notes
Income								
Rates & Charges	7,866,466	7,935,637	7,935,637	99.13%	7,934,135	(67,669)	-0.9%	
Statutory Fees & Fines	61,431	145,160	145,160	42.32%	72,622	(11,191)	-15.4%	
User Fees	179,794	395,140	371,640	48.38%	197,578	(17,784)	-9.0%	
Grants - Operating	3,513,638	7,406,636	7,431,226	47.28%	3,547,843	(34,205)	-1.0%	
Grants - Capital	1,674,476	3,474,522	3,479,522	48.12%	1,719,762	(45,286)	-2.6%	
Contributions - Monetary	182,000	6,000	182,000	100.00%	182,000	-	0.0%	
Net Gain/(Loss) on Sale of Assets	77,331	308,000	308,000	25.11%	154,020	(76,689)	-49.8%	1
Other Income	905,809	1,930,890	1,870,890	48.42%	966,202	(60,393)	-6.3%	
Total Income	14,460,945	21,601,985	21,724,075	66.57%	14,774,162	(313,217)	-2.1%	
Expenses								
Employee Costs	4,269,029	7,880,999	7,953,590	53.67%	4,154,691	114,338	2.8%	2
Materials & Services	3,307,384	5,476,997	5,629,703	58.75%	3,475,854	(168,470)	-4.8%	3
Depreciation	3,391,890	6,783,810	6,783,810	50.00%	3,391,890	-	0.0%	
Other Expenses	114,102	279,174	279,674	40.80%	139,779	(25,677)	-18.4%	
Total Expenses	11,082,405	20,420,980	20,646,777	53.68%	11,162,214	(79,809)	-0.7%	
Surplus/(Deficit) from Operations	3,378,540	1,181,005	1,077,298		3,611,948	(233,408)	-6.5%	
Total Comprehensive Result	3,378,540	1,181,005	1,077,298		3,611,948	(233,408)	-6.5%	

Notes	
1. Net Gain/(Loss) on Sale of Assets	The net gain/(loss) on sale of assets will be reconciled at year-end, as part of the asset reconciliation process.
2. Employee Costs	Employee costs are 2.8% (\$114,338) above the year to date budget at 31 December 2020. As with the September financial report, the main budget variances within employee costs remain income protection insurance and sick leave, however it is noted that operational employee wages are slightly below budgeted year to date.
3. Materials & Services	Materials & Services are currently 4.8% (\$168,470) below year to date budget. This is predominantly due to budget timing differences within contractor expenses.

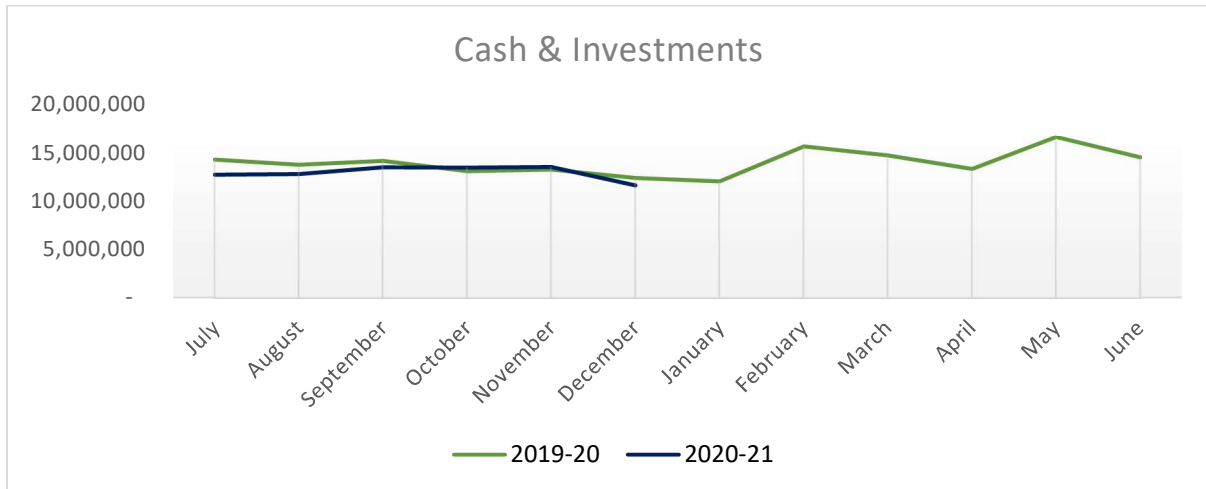


BALANCE SHEET

West Wimmera Shire Council Balance Sheet As at 31 December 2020

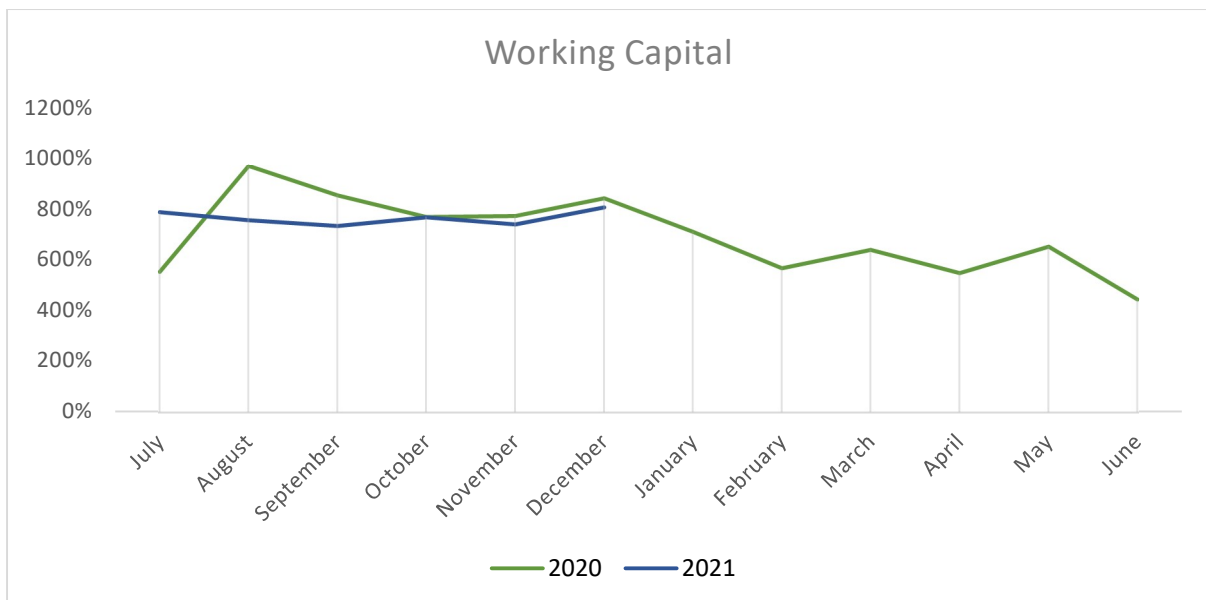
	\$ 31-Dec-20	\$ 31-Dec-19
ASSETS		
Current Assets		
Cash & Investments	11,590,700	12,358,382
Rate Debtors	6,507,877	6,318,045
Sundry Debtors	302,687	858,830
Other Financial Assets	5,456	160,745
Inventories	134,701	257,018
Current Assets Total	18,541,420	19,953,020
Non Current Assets		
Investments in Associates	435,500	435,500
Other Non-Current Assets	145,000	156,716
Property, Infrastructure, Plant & Equipment	194,096,655	193,757,630
Non Current Assets Total	194,677,155	194,349,847
TOTAL ASSETS	213,218,575	214,302,867
LIABILITIES		
Current Liabilities		
Trade & Other Payables	31,635	310,806
Trust Funds & Deposits	24,319	24,319
Provisions	2,242,800	2,037,503
Current Liabilities Total	2,298,754	2,372,628
Non Current Liabilities		
Provisions	599,934	579,421
Non Current Liabilities Total	599,934	579,421
TOTAL LIABILITIES	2,898,688	2,952,049
NET ASSETS	210,319,887	211,350,818
EQUITY		
Accumulated Surplus/(Deficit)	48,278,767	45,580,462
Reserves	162,041,121	165,770,356
TOTAL EQUITY	210,319,887	211,350,818

CASH AND INVESTMENTS



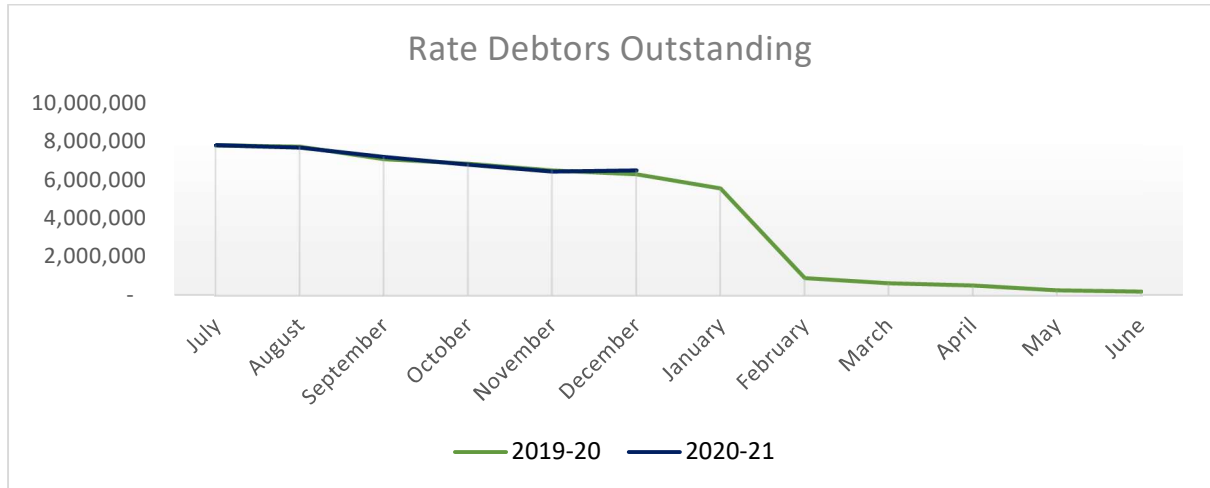
As at 31 December 2020, Council was holding a total of \$11.59m in cash and investments. As seen in the above graph, this is a decrease of around \$0.77m from the same time last financial year.

WORKING CAPITAL



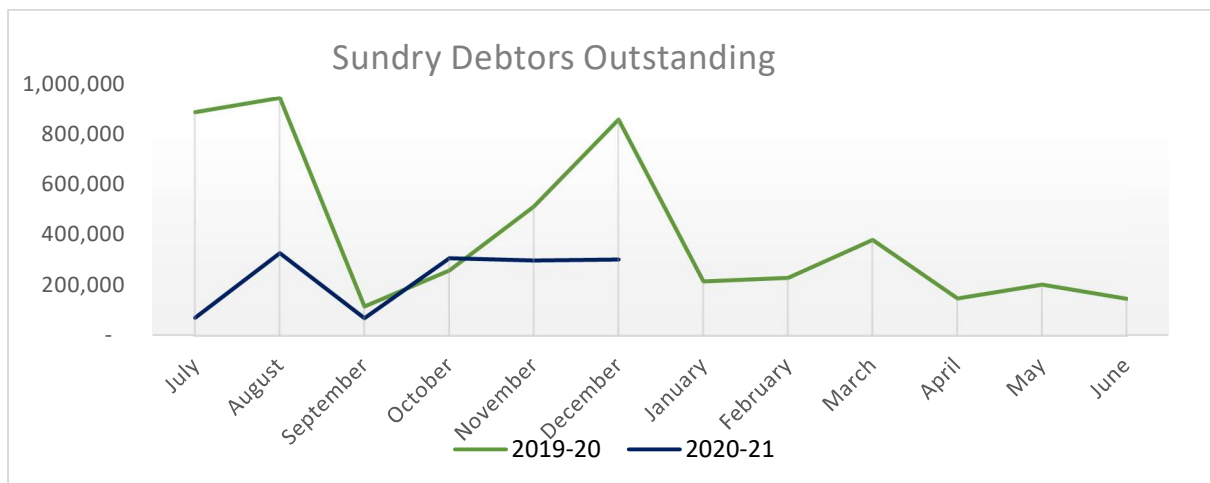
Council continues to hold a strong working capital level, with current assets at 806% of current liabilities as at 31 December 2020. The working capital level remains fairly consistent with the same time last year.

RATE DEBTORS



Council raised \$7.32 million in rates and charges in July 2020. Approximately 65% of Council’s ratepayers opt not to pay through the instalment option – for these ratepayers 100% of their rates are due by the end of February 2021. Therefore, as is consistent with prior financial years, Council shows a rate debtor amount at 31 December 2020 of \$6.51m.

SUNDRY DEBTORS



The total outstanding sundry debtors at 31 December 2020 was \$0.03m, a decrease of \$0.06m than at the same time last financial year.

EMPLOYEE COSTS

CAPITAL EXPENDITURE						
	YTD Actuals	Original Annual Budget	Revised Annual Budget	YTD Current Budget	YTD Variance \$	YTD Variance %
Salaries	288,581	1,096,972	1,096,972	606,082	-317,501	-52.39%

OPERATING EXPENDITURE						
	YTD Actuals	Original Annual Budget	Revised Annual Budget	YTD Current Budget	YTD Variance \$	YTD Variance %
Salaries	2,950,487	5,648,294	5,716,637	2,939,748	10,739	0.37%
Fringe Benefit Taxes	40,887	73,600	74,600	36,802	4,085	11.10%
Annual Leave	255,799	752,434	752,434	376,217	-120,418	-32.01%
Sick Leave	173,334	132,485	136,485	66,242	107,092	161.67%
Long Service Leave	91,210	192,082	192,082	96,054	-4,844	-5.04%
Other Leave Expenses	17,190	20,000	20,000	9,998	7,192	71.93%
Superannuation - Council Contribution	354,442	736,159	736,159	368,047	-13,605	-3.70%
Workers Compensation Insurance	153,774	156,038	155,051	128,158	25,616	19.99%
Income Protection Insurance	231,906	169,907	170,142	133,425	98,481	73.81%
	4,269,029	7,880,999	7,953,590	4,154,691	114,338	2.75%

OPERATING INCOME - EMPLOYEE COST REIMBURSEMENTS						
Income Protection Reimbursement	-77,303	0	0	0	-77,303	100.00%
Workers Compensation Reimbursement	-26,796	0	0	0	-26,796	100.00%
	-104,099	0	0	0	-104,099	100.00%

CAPITAL WORKS

A summary of Council's capital works as at 31 December 2020 is presented. As with the Operating Statement, variances are calculated as YTD actuals less the YTD current budget, with the variance also being displayed as a percentage of the YTD current budget.

Notes and explanations are provided where the variances exceed 10% and \$20,000, or where the \$ variance is greater than \$100,000.

West Wimmera Shire Council Capital Works As at 31 December 2020

Program	YTD Actuals (\$)	Annual Current Budget (\$)	YTD Current Budget (\$)	YTD Variance (\$)	YTD Variance (%)	Note
Roads	1,988,514	5,926,570	2,199,308	-210,794	-9.6%	1
Kerb & Gutter	4,085	153,948	48,474	-44,389	-91.6%	
Bridges	56,869	502,140	51,072	5,797	11.4%	
Footpaths	59,818	236,756	88,378	-28,560	-32.3%	
Buildings	138,135	909,040	320,188	-182,053	-56.9%	2
Plant	203,576	898,000	449,004	-245,428	-54.7%	3
Furniture & Equipment	55,341	98,604	49,302	6,039	12.2%	
Parks, Gardens, Other	18,114	191,004	53,752	-35,638	-66.3%	
Total	2,524,452	8,916,062	3,259,478	-735,026	-23%	

Capital Works - Variance Notes		
1.	Roads	Capital works on roads are 9.6% (\$210,794) below the budget for the financial year to date. This variance is due to budget timing differences with the roads capital works program only commencing towards the end of the first quarter.
2.	Buildings	Capital works on buildings are 56.9% (\$182,053) below the budget for the financial year to date. This variance is due to budget timing differences with the full year budget still expected to be met.
3.	Plant	Spending on plant is currently 54.7% (\$245,428) below budget for the financial year so far, predominantly due to waiting times for vehicles and other plant.



2020/21 HALF YEAR BUDGET REVIEW

During December 2020, Council undertook an analysis of all budgets and forecasts. Adjustments were made to budget forecasts where it was appropriate to do so. Council's purpose in amending budget forecasts is to ensure that all budget forecasts accurately reflect the expenditure and income which Council expects to incur and receive for the remainder of the financial year. To do this is critical in planning future activity and service delivery. Budget forecast amendments are a normal part of business operations, as the business reacts dynamically to changing conditions and circumstance. Budget forecast amendments are made under the following circumstances:

- Grant funding becomes available or confirmed
- Council receives unbudgeted contributions
- A discrete project is completed (i.e. forecast is amended to reflect actuals)
- Administrative requirements require a change to accounting disclosures (i.e. the change to funding may require a new suite of accounts to be set up)
- Timing of income and expenditure

Where a scope review of an individual project is required, no budget forecast amendment is made until such time as Council has reviewed the scope.

The half year review process resulted in a net increase to Council's operating expenditure of \$6,223. This was a mix of identified cost increases, offset by some identified increases in income. Carry Overs from the 2019/20 financial year are outlined below and resulted in a budget variation of \$544,081.

The following Budget Variations List highlights the individual accounts which were affected by the half year review.

2019-20 Carry Overs to 2020-21

Account Name	Amount to Carry Over	Description
Goroke Greywater Rectification	\$ 7,500.00	Works not complete
Planning Scheme Review General Costs	\$ 45,000.00	Works not complete
Planning Scheme Amendment Costs	\$ 25,000.00	Works not complete
Corella Control Expenditure: Salaries	\$ 10,000.00	Works not complete
Border Road Construction Ch. 20,115m (Dorodong Rd.) - Ch. 21,880m (Old Telegraph Rd.)	\$ 125,000.00	Grant money unsuccessful. Carry Forward as new application has been submitted.
Fry\Yarrock St. Intersection incl. K&C	\$ 32,732.00	Works not complete
Fry St., Kaniva, End of Kerb to Yarrock St. K&C .	\$ 21,591.00	Works not complete
Various Kerb and Channel renewal projects. To be identified.	\$ 6,605.00	Ongoing
Wallace Street between Langford St. and Elizabeth St, Edenhope	\$ 16,122.00	Works not complete
Footpath/pram crossing replacements for DDA	\$ 18,360.00	Works not complete
Lake Wallace Walking Track	\$ 12,259.00	Works not complete
Edenhope Pound - Upgrade due to compliance issues.	\$ 37,875.00	Works not complete
Kaniva Township watering system, Commercial Street between Camp and Webb Sts.	\$ 19,500.00	Works not complete
Playgrounds - Henley Park Playground equipment	\$ 20,000.00	Works not complete
Indigenous Cricket Trail Signage	\$ 11,500.00	Council contribution
Minor Culvert Renewals	\$ 4,516.00	Works not complete
Community strengthening grant - Community support expenses	\$ 5,200.00	Grants to be carried forward
Community strengthening grant - Grants/donations	\$ 33,374.30	Grants to be carried forward
Community strengthening grant - Community programs & events	\$ 14,102.40	Grants to be carried forward
HACC - System Resourcing - PYP	\$ 11,522.23	Funding unspent
Public relations - advertising press	\$ 9,044.00	Works not complete
Tourism operations - signs & posts	\$ 8,305.00	Works not complete
Tourism operations - professional services - materials	\$ 48,973.18	Works not complete
TOTAL CARRY OVERS	\$ 544,081.11	



West Wimmera Shire Council

Budget Variations to 31 December 2020

Master Account	Budget Movement	Reason
01120 - Financial Control Revenue	60,000.00	Reduced interest income
01380 - Road Safety Revenue	- 6,041.00	Additional funding
01430 - Waste Disposal Site Revenue	- 10,000.00	Additional funding
01790 - Pre-school Revenue (WO)	- 19,549.00	Additional SRF backfill & training funding
01860 - Community Transport Revenue	6,500.00	Reduced transport (Covid)
02170 - Economic Development Revenue (WO)	- 250,000.00	LCOEEP funding (Covid)
02075 - Emergency Management Income (WO)	- 90,000.00	CASI funding (Covid)
02140 - Pest Control Revenue (WO)	- 75,000.00	Pest & weed funding
02150 - Kaniva Caravan Park Revenue (WO)	17,000.00	Reduced income (Covid)
03000 - CEOs Office	8,330.00	Half-year review
03000 - CEOs Office (WO)	500.00	Half-year review
03010 - Executive Support	5,274.00	Half-year review
03020 - Elected Members Expenses	- 1,660.00	Half-year review
03022 - Council Chambers	1,078.00	Half-year review
03031 - Customer Satisfaction	- 623.00	Half-year review
03099 - Public Relations	5,900.00	Half-year review
03100 - Corporate Services Management	20,000.00	Addition funds to shovel-ready projects
03110 - Rates Section Operations	2,500.00	Half-year review
03120 - Financial Control Operations	10,800.00	Half-year review
03160 - Human Resources	42,650.00	Half-year review
03330 - Urban Streets Maintenance (WO)	34,300.00	Half-year review
03350 - Sealed Rural Roads (WO)	- 34,800.00	Half-year review
03450 - Public Amenities Maintenance (WO)	2,142.00	Half-year review
03740 - Halls & Community Centres (WO)	- 4,200.00	Half-year review
03790 - Pre-school (WO)	102,935.00	Half-year review
03875 - System Resourcing - PYP	11,522.00	Half-year review
03920 - Tourism Operations	11,500.00	Half-year review
04075 - Emergency Management (WO)	88,565.00	Half-year review
04085 - Bores Maintenance (WO)	- 3,300.00	Half-year review
04140 - Pest & Weed Control (WO)	75,000.00	Half-year review
04150 - Caravan Park Operations (WO)	- 5,100.00	Half-year review
TOTAL OPERATING VARIATION	\$ 6,223.00	