

8. Draft Financial Strategy

Presenting the report on the outcomes of the exhibition of the Draft Financial Strategy and proposed amendments to the strategy.

General Manager

BACKGROUND

Council considered the Draft Financial Strategy at its meeting on 14 April, 2009, following a series of workshops during 2008/09. The Draft Financial Strategy was placed on exhibition in conjunction with the 2009 Management Plan and closed on 29 May 2009. While no submissions were received the content of the Draft Financial Strategy was included in local paper editorials and media releases.

Following discussions with the Department of Local Government and the recent release of the Integrated Planning Reporting Guidelines, some amendments to the Financial Strategy are proposed and summarised below.

Introduction (new subsection) – Community Strategic Plan

Add a new subsection referencing the recent introduction by the Department of Local Government of “Integrated Planning and Reporting Guidelines” (IPR). The Financial Strategy and its subsequent long term financial plan will form part of the Resourcing Strategy required by IPR. The Resourcing Strategy also includes the Workforce Plan (recently workshopped with Councillors) and the Asset Management Plan referenced elsewhere in the Financial Strategy.

This subsection will also indicate the financial plan and annual accounts will be framed to indicate the levels of investment, expenditure, revenues and assets to be managed under the key themes identified in the Community Strategic Plan (ie Choice, Culture, Character, Conservation, Capacity, Connectedness, Competitiveness and Capability)

Know our Population

Add a new statement regarding pensioners - The number of pensioners accessing annual rate rebates is currently 3,300 and growing at around 5% per annum. The state government subsidises 55% of the pensioner rebate. The net annual cost of the rebate to Bega Valley Shire Council is currently \$616,050. The net rebate erodes the annual rates yield by approximately 0.5% per annum. Any future rate variations and other revenue initiatives should have regard to the growing pensioner base and capacity to pay.

Know our Infrastructure

Add a new subsection providing an illustration of the “asset maintenance and renewal curve” indicating the preference to renew assets within nominated engineering cycles to maintain serviceability and defer significant replacement/rehabilitation costs.

Add a new subsection and actions indicating that significant infrastructure investment decisions will be based on the long term asset strategy and the application of “nett present value” principles to those decisions.

40 **Know our Environment (new heading)**

Add a new section – Drawing on the summary from the 2008 State of the Environment Report indicating the extent that the environment influences human activity, infrastructure capacity and economic production in the shire. This section will also draw on the position taken in the Sapphire Coast Tourism Board Business Plan in relation to the influence the natural environment plays on the tourism industry.

Similarly, once Council considers its position in relation to climate change and the proposed mitigation and adaptation strategies, it is intended to place a statement of the anticipated impact of climate change into this part of the Financial Strategy and outline the anticipated financial impacts extrapolated from the Climate Change Strategy. This will include design, size and siting impacts on existing and future infrastructure.

50 **Know our Economy (new subsection) – Growth**

Add a new subsection drawn from recent Councillor workshops on Position Statements on Growth – indicating Council’s intention to promote and manage population and land subdivision activities to increase rateable properties and properties connected to utilities. Through settlement planning, a better concentration of residences accessing infrastructure is expected to minimise costs of expansion of infrastructure networks and optimise “connections” per kilometre along those networks. The subsection will recognise influence of the yet to be published Comprehensive Local Environment Plan and Development Control Plans which will guide the release of land and the hierarchy of settlements. In turn those plans are likely to influence the rate and scale of development contributions and the sequence of construction for improvement of public facilities.

This subsection will also indicate that growth in the property base and economic base is required to offset the impact of the growth in pensioner base, and a robust employment base is sought to maintain an appropriate capacity to pay within the rate-paying community.

CONCLUSION

Following adoption of the Financial Strategy, the preparation of the Land Investment Strategy, Development Contribution Plans and Long Term Financial Plan will progress, subject to further workshops with Councillors

RECOMMENDATION

That the Draft Financial Strategy be adopted with the amendments as outlined in the report presented to Council on 16 June 2009.