



# **KNOX CITY COUNCIL MINUTES**

## **STRATEGIC PLANNING COMMITTEE**

Meeting held  
at the Civic Centre,  
511 Burwood Highway  
Wantirna South  
on  
Monday 12 February 2018

**Meeting Opened at 7.00pm****Present**

<i>Cr J Mortimore (Mayor &amp; Chairperson)</i>	<i>Chandler Ward</i>
<i>Cr J Keogh (Deputy Mayor)</i>	<i>Dobson Ward</i>
<i>Cr P Lockwood</i>	<i>Baird Ward</i>
<i>Cr J Taylor</i>	<i>Collier Ward</i>
<i>Cr A Gill (arrived at 7.11pm)</i>	<i>Dinsdale Ward</i>
<i>Cr T Holland</i>	<i>Friberg Ward</i>
<i>Cr L Cooper</i>	<i>Scott Ward</i>
<i>Cr D Pearce</i>	<i>Taylor Ward</i>
<i>Cr N Seymour</i>	<i>Tirhatuan Ward</i>
<i>Mr T Doyle</i>	<i>Chief Executive Officer</i>
<i>Dr I Bell</i>	<i>Director – Engineering &amp; Infrastructure</i>
<i>Mr A Kourambas</i>	<i>Director - City Development</i>
<i>Mr M Fromberg</i>	<i>Director – Corporate Development</i>
<i>Ms K Stubbings</i>	<i>Director – Community Services</i>
<i>Mr R McKail</i>	<i>Governance Advisor</i>

**Apologies**

*Nil.*

**Declarations of Conflict of Interest**

*Nil.*

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**COUNCILLOR GILL ENTERED THE CHAMBER AND TOOK HIS SEAT AT 7.11PM  
PRIOR TO THE VOTE ON ITEM 1**

**ALL WARDS**

**1. REVIEW OF POLICIES – FINANCIAL SERVICES**

**SUMMARY:** *Manager Financial Services (Dale Monk)*

*This report provides three Financial Services policies scheduled for review in 2018. These policies were endorsed, with minor edits, by the Audit Committee at its meeting on 7 December 2017.*

**RECOMMENDATION**

That Council approve the:

1. **Sale of Land and Buildings Policy as attached in Appendix A;**
2. **Loan Borrowing Policy as attached in Appendix B;**
3. **Payment Assistance Policy as attached in Appendix C.**

**1. INTRODUCTION**

The following policies under the stewardship of the Manager Financial Services are scheduled for review in 2018:

- Sale of Land and Buildings Policy (adopted by Council 28 January 2014).
- Loan Borrowing and Return on Investment Policy (adopted by Council 28 January 2014).
- Rates and Charges Hardship Policy (adopted by Council 25 March 2014).

**2. DISCUSSION**

At the Ordinary Council meeting on 26 April 2016 the Policies Requiring Audit Committee Endorsement Policy was adopted by Council. This policy requires certain policies, including those detailed below, to be endorsed by the Audit Committee prior to presentation to Council.

**Sale of Land and Buildings Policy**

The review of the Sale of Land and Buildings Policy (refer Appendix A) has resulted in several administrative changes.

**1. Review of Policies – Financial Services (cont'd)**

Key changes include:

- Updating the references to reflect current documents and legislation;
- Simplification of process tables and processes to support decision making; and
- Detailing how net proceeds should be allocated.

**Loan Borrowing and Return on Investment Policy**

The review of this policy has resulted in the proposed renaming as the Loan Borrowing Policy (refer Appendix B). This is reflective of the budgetary process and assessment of major capital works, as well as several proposed administrative changes.

Key changes include:

- Updating the references to reflect current documents and legislation;
- Increasing the maximum total indebtedness from 40% to 80% of annual rate revenue; and
- Removing specific details relating to loan repayment structures and the evaluation of loan projects.

**Rates and Charges Hardship Policy**

The review of this policy has resulted in the proposed renaming as the Payment Assistance Policy (refer Appendix C). The proposed policy name change aims to eliminate undue discomfort for residents/applicants, as well as expand the scope of application to sundry debtors.

Key changes include:

- The inclusion of sundry debtors in the scope of the policy;
- Updating the references to reflect current documents and legislation;
- Refining and, where appropriate, expanding policy term definitions;
- Updating the 'deferment interest rate' to reflect the current financial environment by adding 2.0% per annum to the official 180 day bank bill rate;
- Simplifying the process for payment arrangements including extension to the interest free period for repayment plans for eligible ratepayers; and
- Increasing the maximum amount of rates and charges, including any interest, that may be deferred for eligible ratepayers.

**1. Review of Policies – Financial Services (cont'd)**

All three policies were endorsed, with minor edits, at the Audit Committee meeting on 7 December 2017.

**3. CONSULTATION**

Officers involved in the application of these policies were consulted as part of the review.

**4. ENVIRONMENTAL/AMENITY ISSUES**

The reviewed Sale of Land and Buildings Policy addresses environmental matters associated with the sale of Council owned land.

**5. FINANCIAL & ECONOMIC IMPLICATIONS**

The reviewed Loan Borrowings Policy (formerly Loan Borrowings and Return on Investment Policy) provides guidance on the use of loan borrowings to fund Council activities including major infrastructure projects.

**6. SOCIAL IMPLICATIONS**

The reviewed Payment Assistance Policy (formerly Rates and Charges Hardship Policy) provides support where needed for ratepayers and customers within the community.

**7. RELEVANCE TO KNOX COMMUNITY AND COUNCIL PLAN 2017-2021**

This report relates to the following goal and strategy within the Knox Community and Council Plan 2017-2021 as outlined below:

**Goal 8 We have confidence in decision making**

*Strategy 8.1* - Build, strengthen and promote good governance practices across government and community organisations.

**8. CONFLICT OF INTEREST**

Under section 80c of the Local Government Act 1989 officers providing advice to Council must disclose any interests, including the type of interest.

Officer Responsible and Author - Dale Monk, Manager Financial Services - In providing this advice as both the Officer Responsible and the Author, I have no disclosable interests in this report.

**1. Review of Policies – Financial Services (cont'd)****9. CONCLUSION**

This report recommends that Council approve the Sale of Land and Buildings Policy; the Loan Borrowings Policy; and the Payment Assistance Policy. These policies include amendments which reinforce and strengthen processes providing rules and specific guidelines for Council officers to follow in the operation of a number of functions.

**10. CONFIDENTIALITY**

There are no confidential issues associated with this report.

**COUNCIL RESOLUTION**

**MOVED: CR. HOLLAND**

**SECONDED: CR. LOCKWOOD**

**That Council approve the:**

- 1. Sale of Land and Buildings Policy as attached in Appendix A;**
- 2. Loan Borrowing Policy as attached in Appendix B;**
- 3. Payment Assistance Policy as attached in Appendix C.**

**CARRIED**

# KNOX POLICY



## SALE OF LAND AND BUILDINGS

<b>Policy Number:</b>	2004/06	<b>Directorate:</b>	Corporate Development
<b>Approval by:</b>	Council	<b>Responsible Officer:</b>	Manager Financial Services
<b>Approval Date:</b>	Meeting Date	<b>Version Number:</b>	4
<b>Review Date:</b>	3 Years from Meeting Date		

### 1. PURPOSE

The purpose of this policy is to:

- Optimise the value of property assets to the community, including the evaluation of unused or redundant assets and realising the funds tied up in these assets in order to acquire, develop or improve other assets.
- Maximise the value to Council from any sale of property assets.
- Define the process for identifying and proceeding with the sale of any Council owned land (with or without improvements) and to identify how the proceeds from land sales are to be allocated.

### 2. CONTEXT

The process for the sale, exchange and transfer of Council land is subject to comprehensive Government Guidelines and requirements of the Local Government Act 1989. This Policy reflects those Guidelines and statutory requirements.

### 3. SCOPE

This Policy applies to the any land identified as surplus to Council's requirements. This policy does not apply to the sale of Council owned tree reserves.

### 4. REFERENCES

#### 4.1 *Community & Council Plan 2017-2021*

- Goal 8 - We have confidence in decision making

#### 4.2 *Relevant Legislation*

- Local Government Act 1989
- Planning and Environment Act 1987
- Subdivision Act 1988
- Sale of Land Act 1962
- Local Government Best Practice Guideline for the Sale, Exchange and Transfer of Land 2009



**4.3 Charter of Human Rights**

- This policy has been assessed against and complies with the charter of Human Rights

**4.4 Related Council Policies**

- Community Engagement Policy (2007/10)
- Sale of Council Owned Tree Reserves Policy (2003/20)
- Knox Affordable Housing Action Plan 2013-2018
- Knox Open Space Plan 2012-2022

**4.5 Related Council Procedures**

- Sale of Land and Buildings Procedure (2006/11)
- Sale or Access Over Council Owned Tree Reserves Procedure (2003/23)

**5. DEFINITIONS**

<b>Council</b>	means Knox City Council, whether constituted before or after the commencement of this Policy.
<b>Council Owned Land</b>	means land for which Council is the registered proprietor.
<b>Land</b>	means land of any tenure, and buildings or parts of buildings (whether the division is horizontal, vertical or made in any other way) and any other corporeal hereditaments; and also an undivided share in land and any estate or interest in land.
<b>Public Open Space</b>	means land set aside in a plan, or land in a plan zoned or reserved under a planning scheme: <ul style="list-style-type: none"> <li>a) for public recreation or public resort; or</li> <li>b) as parklands; or</li> <li>c) for similar purposes</li> </ul> as defined in the Subdivision Act 1988.
<b>Public Process</b>	means the sale of any land by way of public auction, public tender or registration of expression of interest.
<b>Value</b>	means financial, social and environmental outcomes provided to the community and/or Council

## 6. COUNCIL POLICY

Council land is identified as being surplus to requirements when assessed against the following principles.

- 6.1 Council land is identified as being surplus to requirements when assessed against the following principles:

<b>Component</b>	<b>Principle</b>
Economic	Council evaluation of surplus property will consider the value the land as well as the cost of retraining the land; ongoing maintenance, utilities and any foregone revenue; as well as any potential return available from use for alternative purposes.
Environment	Council will consider the sale of surplus land where retention will not enhance or protect its environmental value.
Physical Works	Council will consider the sale of surplus land where it is not required in the foreseeable future for the development of new assets or the improvements of existing assets.
Recreation	Council will consider the sale of surplus land where it is not required in the foreseeable future for recreational purposes.
Land Use Planning	Council will consider the sale of surplus land where there are not compelling land use planning grounds for retention.
Social	Council will consider the sale of surplus land where alternative social uses have not been identified.

- 6.2 Council will consider a report addressing the principles outlined in 6.1 to ensure that any proposed disposition of land is in the best interests of Council and the community prior to resolving to proceed with the public consultation process to sell land.
- 6.3 The sale of land will occur through a public process unless Council resolves that circumstances exist that justify an alternate method of sale.
- 6.4 The public process selected will be determined by the Chief Executive Officer on recommendation from the Director Corporate Development and based on achieving the optimum economic return to Council.
- 6.5 Prior to the sale of any land, the property it is to be appropriately zoned in order that the ultimate use of the land is determined by that zone and the highest possible sale price is achieved. Land with a 'reservation on title' will have this restriction removed through issue of a planning permit.
- 6.6 Prior to the sale of any land, optimum development of the land must be considered, including subdivision, in order to enhance the return.
- 6.7 Proposals for the exchange of land will be considered by Council on a case-by-case basis and will be subject to the principles established in 6.1.

4.

- 6.8 This Policy does not prevent Council from determining to sell small parcels of land directly to abutting land owners on the best terms achievable.
- 6.9 Net proceeds from the sale of Public Open Space land which has not been rezoned for another purpose are subject to the requirements of the Subdivision Act 1988 and must be held in Council's Open Space Reserve. Replacement land will be identified prior to the sale of any Public Open Space land.
- 6.10 Net proceeds from the sale of all other land that is not Public Open Space land are to be contributed to the Municipal Fund and treated as consolidated revenue. These funds may be allocated to capital projects within the municipality or the retirement of debt as part of the annual budget process and in accordance with Council's strategic priorities of the day.
- 6.11 Council may, by resolution, determine that net proceeds from the sale of other land that is not Public Open Space land are to be allocated to a specific program or infrastructure project. In this instance, expenditure of funds must occur within five years from the date of sale after which time the reserve fund will be reviewed by Council.

## **7. ADMINISTRATIVE UPDATES**

Nil

## LOAN BORROWING

<b>Policy Number:</b>	2007/07	<b>Directorate:</b>	Corporate Development
<b>Approval by:</b>	Council	<b>Responsible Officer:</b>	Manager Financial Services
<b>Approval Date:</b>	Meeting Date	<b>Version Number:</b>	4
<b>Review Date:</b>	3 Years from Meeting Date		

### 1. PURPOSE

The purpose of this policy is to establish Council's position in relation to the undertaking of loan borrowings.

### 2. CONTEXT

Section 144(1) of the Local Government Act 1989 provides councils the power to borrow subject to the principles of sound financial management. Council recognises loan borrowing is a legitimate and responsible financial management tool when used to finance major projects.

### 3. SCOPE

This Policy applies to all new borrowings undertaken by Council as well as existing borrowings that may be subject to refinancing.

### 4. REFERENCES

#### 4.1 **Community & Council Plan 2017-2021**

- Goal 8 - We have confidence in decision making

#### 4.2 **Relevant Legislation**

- Local Government Act 1989
- Local Government (Planning and Reporting) Regulations 2014

#### 4.3 **Charter of Human Rights**

- This policy has been assessed and does not impact upon any of the rights protected under the Charter of Human Rights.

#### 4.4 **Related Council Policies**

- Procurement Policy (2009/08)

#### 4.5 **Related Council Procedures**

- Nil

## 5. DEFINITIONS

<b>Asset Renewal Works</b>	means the refurbishment or replacement of an existing asset (or component of) that does not extend the service level output of the asset.
<b>Council</b>	means Knox City Council, whether constituted before or after the commencement of this Policy.
<b>Emergency Situation</b>	means an event or circumstance that requires Council to undertake the expenditure of funds to alleviate or address a situation that has caused, or is likely to cause, a danger or damage to the community or a community asset that was not foreseeable and may have occurred through a man-made or natural event or disaster. Such events include, but are not limited to, unprecedented flash flooding, bushfire, earthquake, major infrastructure destruction and unforeseeable major infrastructure deterioration.
<b>Recurrent Expenditure</b>	means ongoing operational expenditure for services, both existing or new.

## 6. COUNCIL POLICY

This Policy establishes the principles to ensure a structured approach to the borrowing of funds.

- 6.1 Council may undertake borrowings for the following:
  - 6.1.1 Funding new or significantly upgraded major assets that provide a broad community benefit.
  - 6.1.2 Funding the expenditure for one-off works in an emergency situation that is causing a danger or damage, or is likely to cause danger or damage, to the community or community infrastructure.
  - 6.1.3 Funding an externally imposed financial liability over which Council has not control over, for example calls for funding of Employee Defined Benefits Superannuation entitlements.
- 6.2 Council will not undertake any borrowings for recurrent expenditure or for asset renewal works on the basis that it aims to meet these annual requirements from annual funding sources.
- 6.3 The minimum loan threshold is \$1.0 million.
- 6.4 The loan term must not exceed twenty (20) years.
- 6.5 Council retains the option to refinance loans following the completion of the initial loan term.

### 3.

- 6.6 The impact of any proposed new borrowings must be assessed against the following financial indicators:
- 6.6.1 Total Debt Servicing (interest expense) to be below 5.0% of Total Revenue; and
  - 6.6.2 Total Indebtedness to be below 80% of Annual Rate Revenue; and
  - 6.6.3 Working Capital Ratio (Current Assets/Current Liabilities) must remain in excess of 100% or 1.0.
- 6.7 Where the indicators established in 6.6 are not satisfied, a report to Council detailing the impact of any new proposed borrowings and the financial plan to return within these indicators within five years must be presented. This may form part of the business case for loan borrowings.
- 6.8 All anticipated loan borrowings must be incorporated in the Adopted Budget or Revised Budget, where applicable.
- 6.9 New loan borrowings, including refinancing, must be procured in accordance with the principles of Council's Procurement Policy. It is noted loan borrowings are exempt from the need to procure by way of public tender.

## **7. ADMINISTRATIVE UPDATES**

Nil.

## PAYMENT ASSISTANCE

<b>Policy Number:</b>	2007/04	<b>Directorate:</b>	Corporate Development
<b>Approval by:</b>	Council	<b>Responsible Officer:</b>	Manager Financial Services
<b>Approval Date:</b>	Meeting Date	<b>Version Number:</b>	5
<b>Review Date:</b>	3 Years from Meeting Date		

### 1. PURPOSE

The purpose of this Policy is to provide Council with a framework to make available payment assistance to individuals. This Policy provides details of the assistance available to those currently experiencing, or at the risk of experiencing, financial hardship. Council is committed to assisting the community in meeting their financial obligations to Council by providing payment support, including arrangements, for property and service based debts.

### 2. CONTEXT

Part 8 Division 1 of the Local Government Act 1989 (the Act) establishes the power of Council to declare Rates and Charges. Sections 170-172 of the Act discusses the deferment and waiver provisions when considering financial hardship.

Whilst Rates and Charges are the largest source of Council's income, payment assistance may be sought for other fees and charges including the request for payment arrangements.

### 3. SCOPE

This Policy applies to balances outstanding from ratepayers and sundry debtor customer who are currently, or are at risk of, experiencing financial hardship.

### 4. REFERENCES

#### 4.1 **Community & Council Plan 2017-2021**

- Goal 8 - We have confidence in decision making

#### 4.2 **Relevant Legislation**

- Local Government Act 1989

#### 4.3 **Charter of Human Rights**

- This Policy has been assessed against and complies with the Charter of Human Rights.
- Any decisions regarding the deferral, waiver or collection of rates must be considered in light of, and be compatible with, relevant Charter rights, in particular, the rights to privacy and the right to protection of families and children.

#### 4.4 **Related Council Policies**

- Nil

#### 4.5 **Related Council Procedures**

- Nil

#### 4.6 **Other Guidance**

- Hardship Policy Guidelines (November 2013) – Municipal Association of Victoria

## 5. **DEFINITIONS**

<b>Council</b>	means Knox City Council, whether constituted before or after the commencement of this Policy.
<b>Deferment</b>	means the postponement of payment in whole or in part and can be for a specified period and subject to any conditions. When Rates and Charges are deferred payment is not required until the Council issues a Notice requiring payment, the property is sold, there is a change in ownership or there is a change in ratepayer. Deferred Rates and Charges remain a charge on the property.
<b>Deferment Interest Rate</b>	means the official 180 day bank bill rate sourced from Council's contracted banking services provider as at 1 July each year and will be the net penalty interest rate levied against overdue amounts where Rates and Charges have been deferred, rounded to 1 decimal place, plus 2.0% per annum
<b>Waiver</b>	means the relinquishment or the removal of the liability to pay and may include the whole or part of any Rate and Charges, interest charge, fee or other charge.

## 6. **COUNCIL POLICY**

Council, in applying this policy, will ensure that wherever possible, all outstanding debts will eventually be recovered.

### 6.1 **Rates and Charges**

Rates and Charges, including interest and legal costs, are a charge on the property. Council has the power under Section 181 of the Local Government Act 1989 to sell land (the property) to recover unpaid rates and charges.

#### Interest and Interest Waivers

6.1.1 Unless otherwise specified in this Policy, penalty interest will be charged on overdue rates and charges in accordance with Section 172 of the Local Government Act 1989. Penalty interest is calculated at the annual fixed rate as declared by the Attorney General under Section 2 of the Penalty Interest Rate Act 1983.



### 3.

6.1.2 Interest charges may be waived, in part or in full, under the following circumstances:

6.1.2.1 Administrative Waiver – interest charges may be waived in the event of an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates and charges by the due date.

6.1.2.2 Waiver on Compassionate Grounds – interest charges may be waived where the ratepayer has demonstrated compassionate grounds for the late payment of rates and charges.

6.1.2.3 Waiver of Interest due to Financial Hardship – ratepayers experiencing financial hardship maybe apply to have interest charges waived subject to the following conditions:

a) The ratepayer must be experiencing undue financial hardship. Ratepayers who are eligible pensioners or who can prove temporary unemployment may apply for current year rates and charges to be paid within 12 months from the date of issue of the Rates Notice, interest free. Such interest free arrangements only remain in place while agreed payments are being received. Applications should be directed to the Coordinator Rates and Valuations.

b) All other ratepayers (not eligible ratepayers or unable to prove temporary unemployment) may apply in writing to the Manager Financial Services detailing the circumstances affecting the ratepayer's ability to pay current rates and charges by the due date. If approved, the waiver of interest in full or in part will not exceed a period of 12 months from the date of issue of the Rates Notices.

#### Payment of Rates and Charges by Arrangement

6.1.3 Any ratepayer may request to pay outstanding rates and charges by way of a payment arrangement. Payment arrangements will attract penalty interest on outstanding balances but allow ratepayers additional time to make payments. Council will not take any legal action to recover rates and charges provided conditions of the payment arrangements are honoured.

Payment arrangements generally provide support to settle current rates and charges within 12 months. Payment arrangements beyond 12 months require approval of the Coordinator Rates and Valuations.

### Deferral of Rates and Charges

6.1.4 The deferral of rates and charges and/or interest is available to Residential and Retirement Village property owners only. Rates and charges will not be deferred for Commercial, Industrial, Vacant Land or Cultural and Recreational Land properties.

6.1.4.1 Residential and Retirement Village property owners may apply to have rates and charges and/or interest in full or in part, deferred. Rates and charges including interest will continue to be levied. Applications for deferral will only be considered under the following circumstances:

- a) The ratepayer must be experiencing, and be able to demonstrate, undue and unavoidable hardship; and
- b) The ratepayer is either an eligible pensioner or a current recipient of unemployment benefits for at least 3 consecutive months; and
- c) The ratepayer is both the legal owner of, and resides in, the property; and
- d) The total amount of rates and charges, including any interest, to be deferred should not exceed 10% of the capital improved value of the subject property.

6.1.4.2 Interest charged on overdue rates and charges, including any interest, that are deferred will be set at the Deferment Interest Rate rather than the penalty interest rate. The Deferment Interest Rate only applies after the approval of the deferment. Previous interest charges at the penalty interest rate remain.

6.1.4.3 Deferrals may be offered for a period of up to three (3) years, at which time the ratepayer may apply for a further deferral subject to the assessment of personal circumstances prior to the continuation of any deferral agreement.

6.1.4.4 All deferral agreements must be approved by the Manager Financial Services.

### Waiver of Rates and Charges

6.1.5 Rates and charges will not generally be waived. This is to ensure that payment assistance offered to one ratepayer does not have a redistribution effect on Council's rate base.

## 5.

The Local Government Act 1989 is specific in relation to the grounds for the consideration of waiving rates and charges under financial hardship. The Local Government Act 1989 will be the basis for the consideration of any application for waiver.

Applications for the waiver of rates and charges must be addressed to the Chief Executive Officer. Applications must be supported by evidence of necessitous circumstances causing or likely to cause financial hardship. The waiver of rates and charges must be approved by Council.

### Termination of Payment Assistance

6.1.6 Payment assistance support is terminated in the event of the sale or transfer of ownership of the subject property afforded payment support provided in 6.1.1 through 6.1.5 inclusive.

## 6.2 **Sundry Debtors**

The principles of this Policy will apply to sundry debtors. Requests for the waiver of a fee or charge must be submitted to the Manager of the relevant service for consideration. Recommendations for the waiver of fees and charges in full or in part must be forwarded to the Manager Financial Services for approval and processing.

Requests for payment arrangements for Sundry Debtor accounts should be submitted to the Manager Financial Services. Payment arrangements will generally not exceed a period of 12 months from the date of the original invoice. Penalty interest may be charged on overdue amounts during the payment arrangement period.

6.3 All information provided in accordance with this Policy will remain confidential.

## **7. ADMINISTRATIVE UPDATES**

Nil.

**2. MOTIONS FOR WHICH NOTICE HAS PREVIOUSLY BEEN GIVEN**

Nil.

**3. SUPPLEMENTARY ITEMS**

Nil.

**4. URGENT BUSINESS**

**4.1 URGENT BUSINESS**

Nil.

**4.2 CALL UP ITEMS**

Nil.

**MEETING CLOSED AT 7.15PM**

Minutes of Meeting confirmed at the  
Ordinary Meeting of Council  
held on  
Monday 26 February 2018

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Chairperson