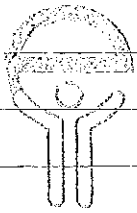
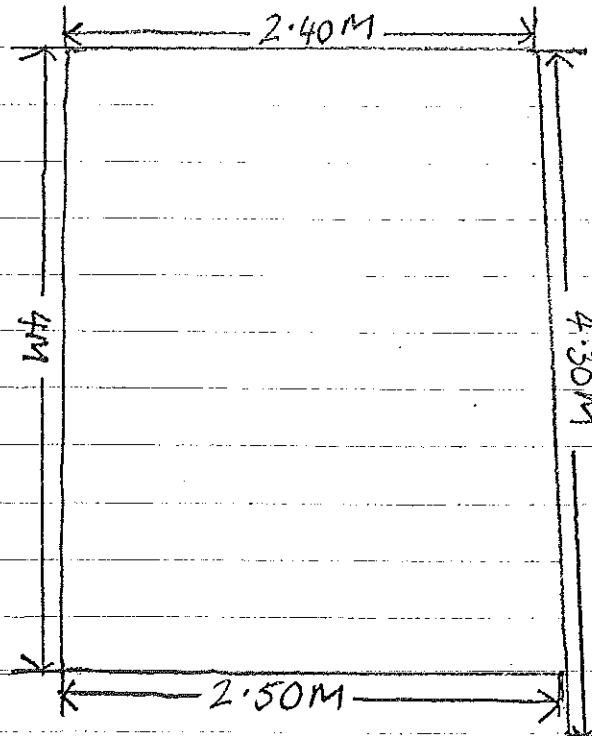


Steel Frame Shed with
Galvanised IRON.

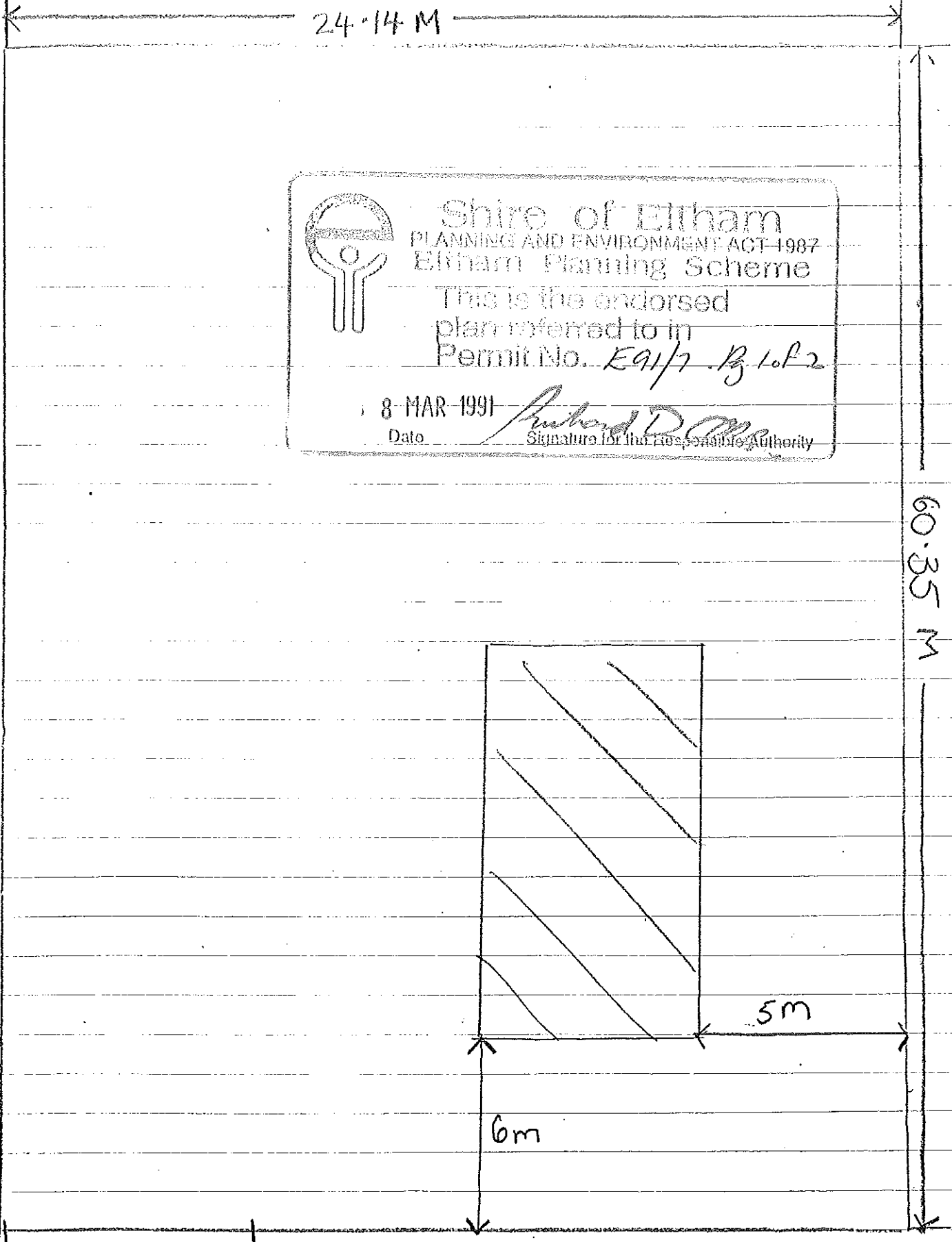


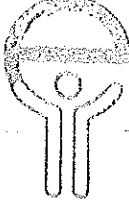
Shire of Eltham
PLANNING AND ENVIRONMENT ACT 1987
Eltham Planning Scheme

This is the endorsed
plan referred to in
Permit No. E91/7.Pg 2 of 2

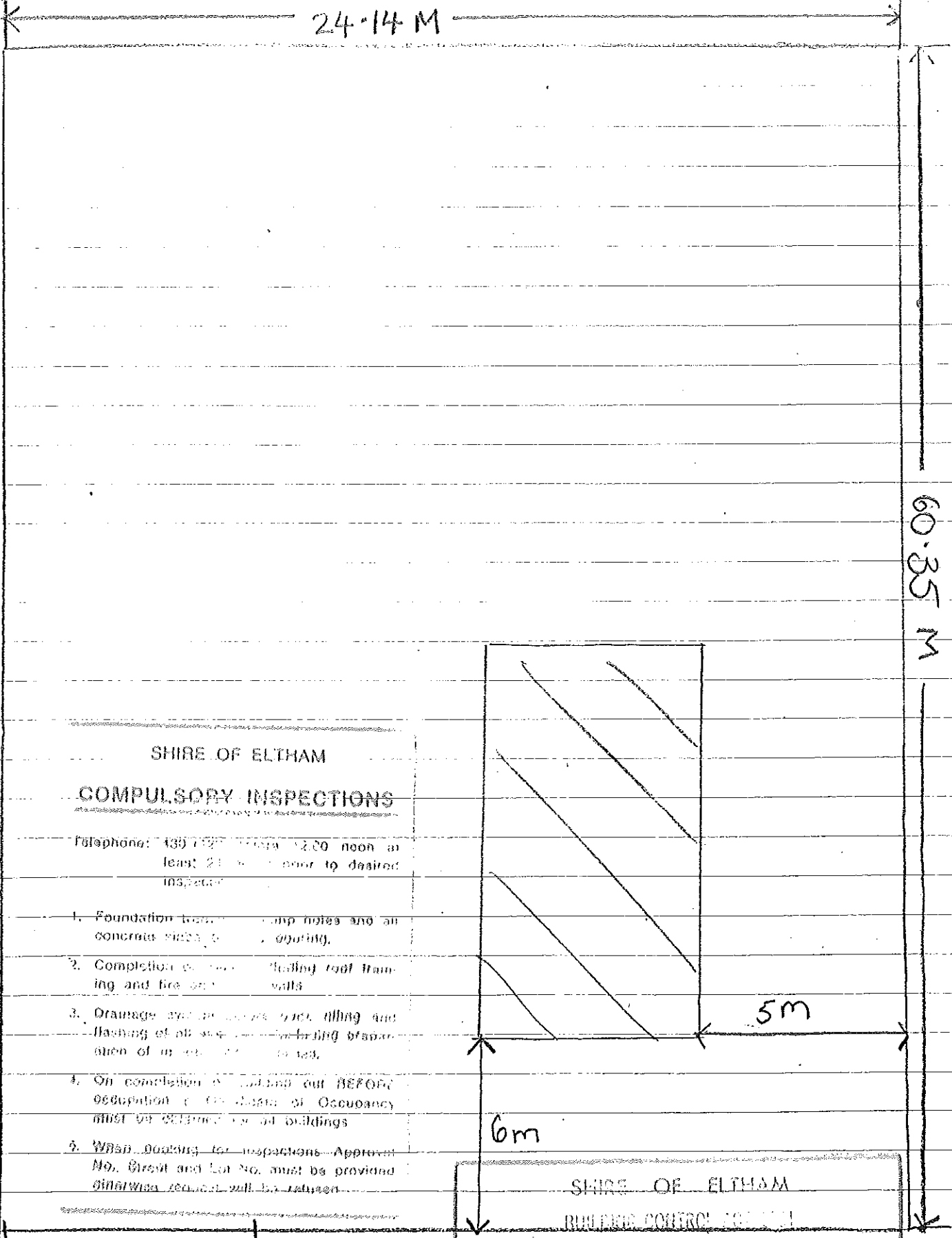
8 MAR 1991

Richard D. Allen



 Shire of Eltham
PLANNING AND ENVIRONMENT ACT 1987
Eltham Planning Scheme
This is the endorsed
plan referred to in
Permit No. *E91/7 B 1 of 2*
8 MAR 1991
Date *Richard D. [Signature]*
Signature for the Responsible Authority

HILL ROAD



SHIRE OF ELTHAM
COMPULSORY INSPECTIONS

Telephone: 439 1122. Inspectors available 2.00 noon at
 least 21 days prior to desired
 inspection.

1. Foundation work, comp notes and all
 concrete sides to be completed.
2. Completion of roof, flashing, roof fram-
 ing and fire proofing walls.
3. Drainage and all pipes to be filling and
 flashing of all sewers including drainage
 area of or adjacent to the site.
4. On completion of building out BEFORE
 occupation of the State of Occupancy
 must be determined for all buildings.
5. When booking for inspections Approval
 No., Street and Lot No. must be provided
 otherwise request will be refused.

For further information contact the Council's Building Control Officer on 439 1122.

HILL ROAD

SHIRE OF ELTHAM
 BUILDING CONTROL OFFICER

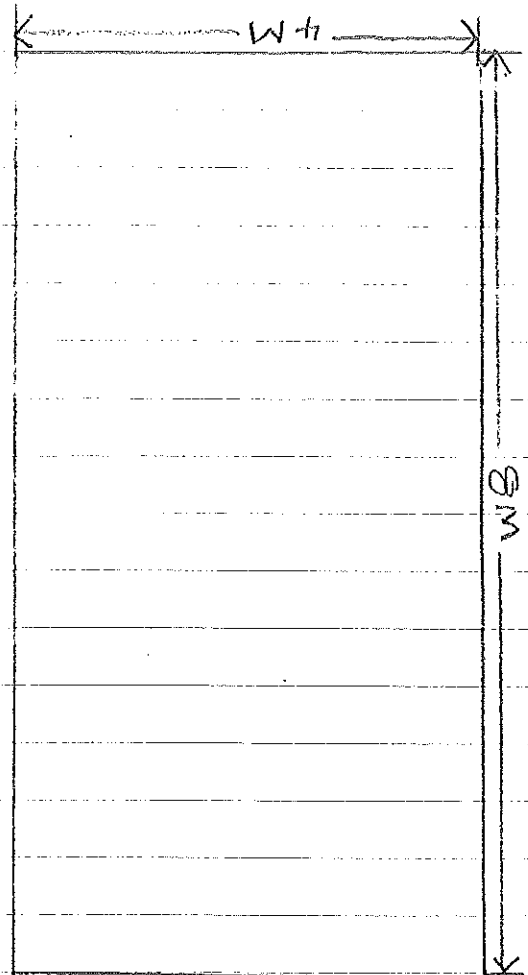
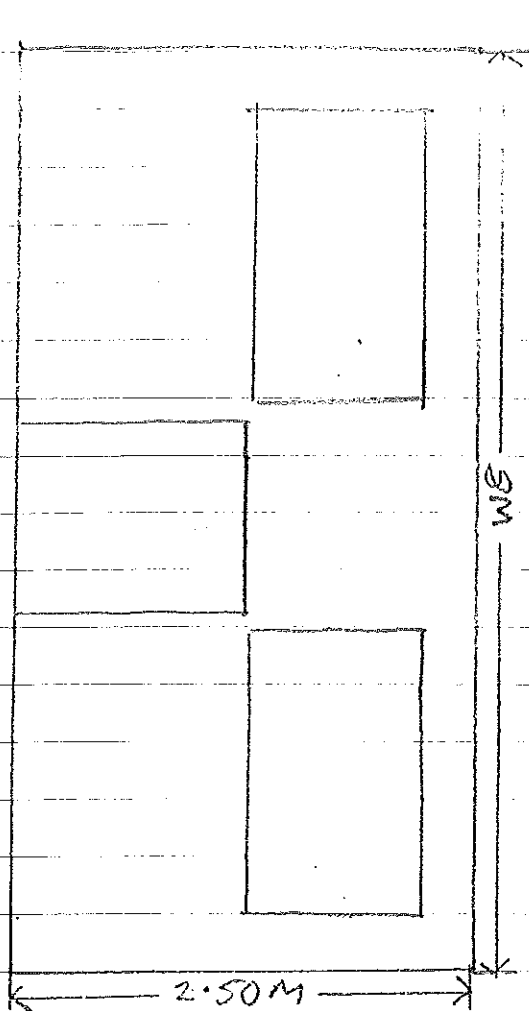
APPROVAL NO. 8486

APPROVED STREET FRONTAGE 14 NOV 1991

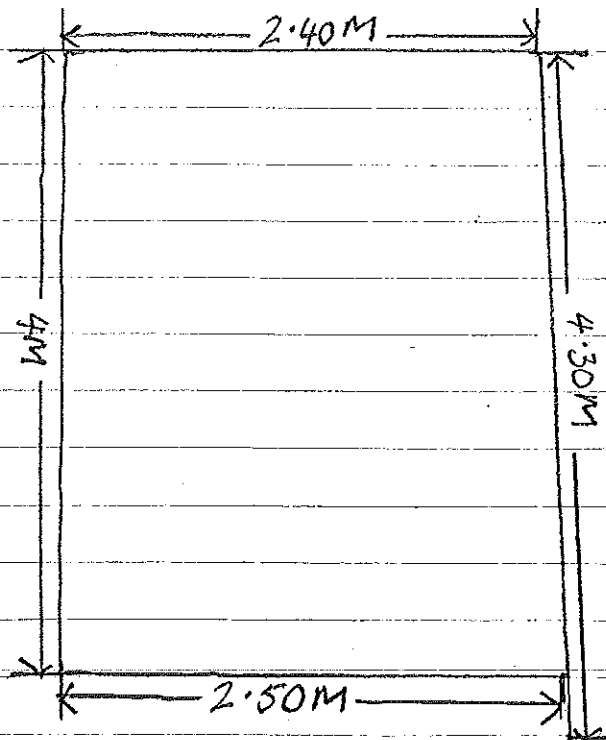
VICTORIA BUILDING REGULATIONS 1991

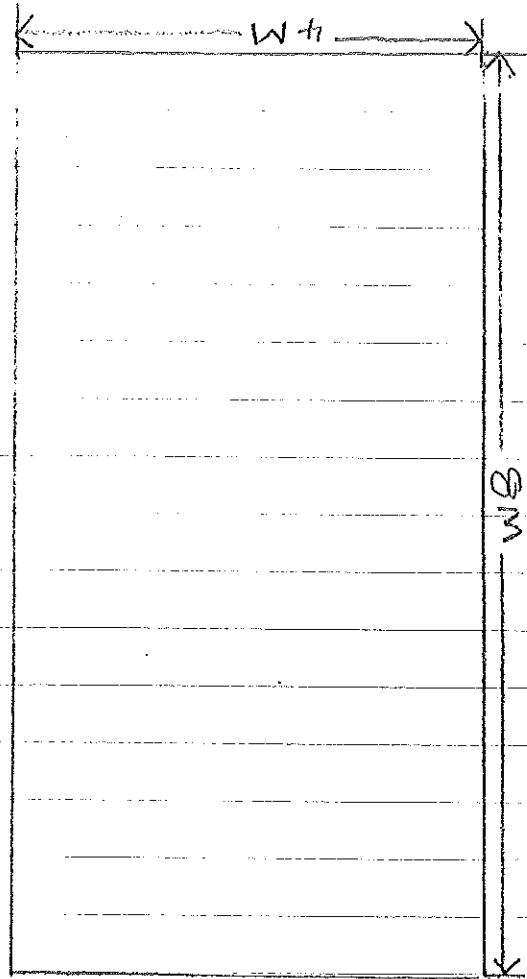
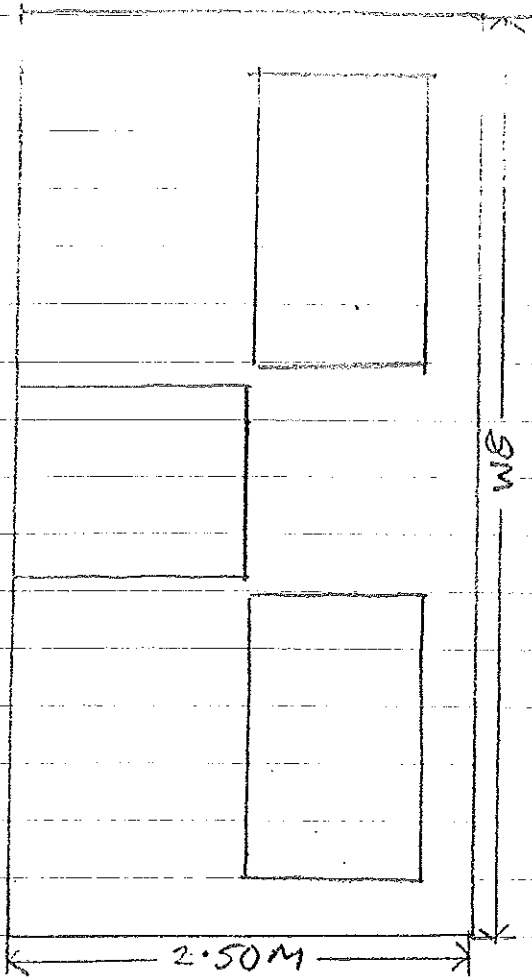
DATE

[Signature]
 DEVELOPMENT APPROVALS COORDINATOR



Steel Frame Shed with
Galvanised IRON.





Steel Frame Shed with
 Galvanised IRON
 SHIRE OF ELTHAM

COMPULSORY INSPECTIONS

- 1. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 2. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 3. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 4. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 5. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 6. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 7. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 8. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 9. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.
- 10. Foundations - to be 12.00 noon at least 24 hours prior to desired start of work.

2.40M

4M

4.30M

SHIRE OF ELTHAM
 BUILDING CONTROL ACT 1981
 APPROVAL NO. 8486

APPROVED SUBJECT TO SD 10
 VICTORIA BUILDING REGULATIONS
 2.50M DATE 14 MAY 2017

DEVELOPMENT APPROVALS CO-ORDINATOR



Road Management Plan 2017

Version 2

AMENDMENT UPDATE

Issue	Date	Details	Adopted By Council
1	January 2017	Internal Review	
2	May 2017	2.1 Replace “drainage network” with “road related infrastructure”	
		2.2 Replace “key safety issues” with “sets intervention levels at which point a common defect is felt to exceed reasonable tolerable standards”	
		2.3 “Replace Hazard/ Damage” with “Defect”	
		2.4 Added “viii Bridges and Culverts”	
		2.5 Deleted “Council cannot maintain roads constructed to a suitable standard without exposing itself to risk”	
		2.6 Added “except where it relates to traffic clearance envelopes and line of sight road users	
		2.7 Amended Table 1 adding” Foothpath” to RMP	
		2.8 Added “and any defects identified that exceed the stated intervention levels in accordance with Table 4”	
		2.9 Deleted “Risk...” and added “Obligation of Road Users “	
		2.10 Amendments to Table 4 including drainage items	

EXECUTIVE SUMMARY

Murrindindi Shire Council is the responsible road authority for the management of Council's local roads and road related infrastructure. The local road network is Council's largest asset category and comprises over 1,100 km's of sealed and unsealed roads.

The road network and its associated road infrastructure are required to be maintained to ensure that Council managed roads continue to function and to provide a level of service including road safety acceptable to the community. The network consists of **Arterial Roads** (managed by VicRoads), **Municipal Roads**, which are under the control of the Council, and **other roads**, which are managed by the party responsible for the relevant land.

This Road Management Plan (RMP) was first developed in response to the introduction, in July 2004, of the Road Management Act 2004 (The Act). The Act imposes a duty on road management authorities to inspect, maintain and repair public roads. Council must, in accordance with the Regulations made under the Act, conduct a formal review of its RMP every four years generally in line with Council elections and the Council Plan.

The purpose of the RMP is to describe the way in which Council will fulfil its road management obligations in respect of those municipal roads within its district.

The Road Management Plan:

1. Encompasses road user needs and expectations within an economic framework based on meeting reasonable maintenance operation targets and asset management programs relative to the road network function.
2. Seeks to balance the economic, social, safety and environmental expectations of the community; particularly those people and groups, who rely on the road network for access to homes, commercial and industrial areas.
3. Takes into consideration the affordability, available resources and management of risks. The RMP has determined within the supporting documents and the Road Asset Management Plan the levels of service that meet the community's reasonable expectations of day to day maintenance and the on-going asset function.
4. Provides supporting documents that have been developed to establish a management system for the local road functions that are the responsibility of Council. The management system is based on policy and operational objectives and at the same time recognises resource limitations in undertaking the necessary levels of service and performance targets outlined in the plan.
5. Is a dynamic document and is subject to continuous improvement, changing legislative requirements and economic, social, environmental and climatic impacts.

This RMP is developed in consultation with the community and seeks to balance the needs of the community by considering the various influencing factors of risk management, road safety, social needs, environmental influences, and economics. The RMP identifies Council's responsibilities in relation to roads and road related infrastructure (as listed in the Register of Public Roads). It sets out schedules of inspection types and frequencies, sets intervention levels at which point a common defect

is felt to exceed reasonable tolerable standards and sets service response times in respect to those defects.

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1 INTRODUCTION

1.1 General

The road network consists of **Arterial Roads** (Highways, Main Roads and Tourist Roads) managed by VicRoads, **Municipal Roads** which are under the control of the Council, and **other roads** which may be on private land, crown reserves or national parks which are managed by the party responsible for the relevant land.

The topography and the road network are such that the majority of the municipal or local roads in the rural areas feed directly off the arterial roads to provide access to property and forest areas. Very few local roads provide genuine linkages between significant locations either within or outside the shire. The total length of the local road network is approximately 1,100 kilometres.

1.2 Legislative Basis for the Plan

The *Road Management Act 2004 (RMA)* was developed to provide a more efficient and safer Victorian road network, and is based on the following key principles:

- Clear allocation of road asset ownership and management
- Established processes and accountabilities for policy decisions and performance standards
- Provision of operational powers to achieve targets and performance standards; and
- Clarification of civil liability laws for the management of roads.

This Road Management Plan (RMP) is prepared in accordance with the *RMA*.

The RMP reflects the purposes and objectives of the Council as specified under Division 2 of the *Local Government Act 1989*.

In developing the policy decisions and relevant standards, the statutes that relate to the RMP include the *Road Safety Act 1986* and the *Transport Act 1983*.

This RMP has been reviewed with regard to the following plans, policies, strategies and adoptions.

- i. Draft Council Plan (2017-2021)
- ii. Draft Operational and Capital Budgets
- iii. Asset Management Policy 2013
- iv. Asset Management Strategy 2012
- v. Road Asset Management Plan 2016
- vi. Pathways Asset Management Plan 2016
- vii. Kerb and Channel Asset Management Plan 2016
- viii. Bridges Asset Management Plan 2016
- ix. Urban Drainage Asset Management Plan 2016

1.3 Definitions

Term	Definition
Road Management Act (RMA)	Road Management Act 2004 (Vic) The Act provides a statutory framework for the management of the road network in Victoria.

Code of Practice	Code of Practice for Road Management Plans (13 September 2004). Supporting document to the legislation, which provides practical guidance to Road Authorities in the making of RMPs.
Road Management Plan (RMP)	A document developed by Councils to assist in the management of their road related duties and responsibilities, as defined in the RMA.
Responsible road authority	The organisation responsible for the management of the road, as determined under s.37 of the RMA
Road	Includes a street; right of way; cul de sac; by-pass; bridge or ford; footpath; bicycle path or other land or works forming part of the road.
Arterial roads	Freeways, highways & declared main roads which are managed by the State Government through VicRoads.
Municipal roads	Roads for which the council is the responsible Road Authority.
Pathways	<p>The definition of pathway provided in the RMA captures both 'footpaths' and 'shared pathways' as outlined below:</p> <p>A footpath, bicycle path or other area constructed or developed by a responsible road authority for use by members of the public other than with a motor vehicle but does not include any path:</p> <ul style="list-style-type: none"> (a) which has not been constructed by a responsible road authority; or (b) which connects to other land.
Shared pathways	<p>While the RMA does not specifically apply the term 'shared' in relation to pathways it is of course necessary to differentiate between those that are designed for shared-use as opposed to just one type of user group (e.g. cyclists).</p> <p>The below definition of 'shared pathways' has been extracted from Reg. 242(2) of the Australian Road Rules:</p> <p>"An area open to the public (except a separated footpath) that is designated for, or has as one of its main uses, use by both the riders of bicycles and pedestrians, and includes a length of path for use by both bicycles and pedestrians beginning at a shared path sign or shared path road marking and ending at the nearest of the following:</p> <ul style="list-style-type: none"> (a) an end shared path sign or end shared path road marking; (b) a no bicycles sign or no bicycles road marking; (c) a bicycle path sign or bicycle path road marking; (d) a road (except a road-related area); (e) the end of the path."
Non road infrastructure	<p>Includes infrastructure in, on, under, or over a road, which is not road infrastructure.</p> <p>The RMA provides examples of non-road infrastructure that includes: gas pipes, water and sewerage pipes, cables, electricity poles, bus shelters, rail infrastructure, public telephones, mail boxes, road side furniture and fences erected by utilities or providers of public transport.</p>
Other roads	Include roads in State reserves, and roads on private property. Council is not responsible for the care and maintenance of these roads.
Road reserve	All of the area of land that is within the boundaries of a road.

Roadside	Any land that is within the boundaries of a road (other than the shoulders of the road) which is not a roadway or a pathway and includes the land on which any vehicle crossing or pathway which connects from a roadway or pathway on a road to other land has been constructed.
Public Road Register	List of roads within a municipality that a council is responsible for. Council is required to keep a register under s.19 of the RMA.
Road infrastructure	The infrastructure which forms part of a roadway, pathway or shoulder, Including — <ul style="list-style-type: none"> • Structures including bridge surface and signage forming part of the roadway, pathway or shoulder; and the road-related infrastructure; • Materials from which a roadway, pathway or shoulder is made; such as asphalt, bitumen, gravel, lane markers and lines.
Road related infrastructure	Infrastructure which is installed by the relevant road authority for road-related purposes to— <ul style="list-style-type: none"> • Facilitate the operation or use of the roadway or pathway; or • Support or protect the roadway or pathway. Examples: Traffic islands, traffic management signage, traffic control sign, traffic light, kerb and channel, a bridge, culvert or ford, road drain or embankment, a noise wall, gate, post or board installed on the road reserve.
Proactive inspections	Inspections performed as part of a scheduled program, according to the classification of roads, which is based on the road classification, volume of traffic etc., for the purpose of identifying damaged areas above intervention and to provide a record that the road has been inspected
Reactive inspections	Inspections performed in response to a customer request or notification about the condition of the road, in order to assess whether the road contains a RMP damage that has reached the relevant intervention level.
Condition inspections	Inspections conducted to assess the life of the road and footpath network and to prioritise renewal works.
Defect description	Refers to a change to the road or footpath surface that introduces a defect. Common terminology includes: pothole, lift, shove, lip, crazing, depression, etc.
Intervention level	The size of the defect at which the road authority has determined that it exceeds reasonable tolerable standards and so will be rectified.
Infrastructure and works managers	Staff of road authorities that are responsible for the management and maintenance of roads as determined by the classification system within the RMA, and as contained in the roads register.
Consent applications	Applications made by other road authorities and utilities companies to perform works on council-managed roads.
'Exceptional Circumstances' clause	A clause included in the RMP that describes the conditions under which a council can suspend its maintenance and inspection responsibilities under the RMP due to the occurrence of events outside their control. The 'Exceptional Circumstances' clause also details the process for reinstating the RMP.

1.4 Purpose

The RMP describes Council's obligations as the responsible authority to inspect, maintain and repair public roads. Its purpose is to set out a clear system of inspection and maintenance on the road and footpath network and in doing so, to minimise risk.

In addition, the RMP may determine standards in respect of any other matter referred to in section 41 of the RMA. These may include:

- (c) a description of the types of road infrastructure;
- (d) a description of the inspections required for different types of road infrastructure;
- (e) the standard or target condition to be achieved in the maintenance and repair of different types of road infrastructure

1.5 Key Stakeholders

The key stakeholders in this RMP are Shire of Murrindindi residents and landowners; motorists; cyclists; pedestrians; emergency services; industry including forestry and agriculture; tourists and visitors to the area; other road users, Councillors and Council Officers.

2 DESCRIPTION OF ROADS & ROAD INFRASTRUCTURE

2.1 Coordinating Road Authority

The Murrindindi Shire Council, under the RMA is the *Coordinating Road Authority* for the municipal public roads within its district. This includes approximately 474 kilometres of sealed roads and 668 kilometres of unsealed (or gravel) roads. The Murrindindi Shire Council's *Register of Public Roads* lists all those roads or extents of roads which fall into this category. There are also 32 kilometres of sealed paths and unsealed paths associated with the public road network that Council is responsible for.

2.2 Register of Public Roads

Section 19 of the RMA requires Council to keep a Register of Public Roads.

The Register is part of Council's Road Asset Register. The Asset Register records information such as the type, configuration and quantity of road assets for which the Council is responsible, together with a history of assets including any additions, deletions or changes.

The following assets within the public road network are identified in Council's Asset Register are included in this RMP:

- i. Road surface and supporting pavement;
- ii. Road shoulders;
- iii. Footpaths and shared-use paths;
- iv. Road related infrastructure such as traffic facilities (roundabouts, raised pavements etc.);
- v. Line marking;
- vi. Traffic control signage;
- vii. Road drainage;
- viii. Kerb and channel;
- ix. Bridges and culverts

Council has also designated certain areas adjacent to a public road as 'ancillary areas' and these areas are recorded in the Register of Public Roads (i.e. car parks, service roads).

The Register of Public Roads establishes a road hierarchy which is used only to differentiate service levels and maintenance standards.

This RMP does not apply to the following:

- any driveway or pathway providing access from private property to a public road,
- roads and road related infrastructure under the responsibility of other road authorities like arterial roads, fire access tracks etc.,

- unformed roads or roads not built to Council standards etc.,
- any asset belonging to utility and public transport companies such as utility poles,
- rail crossings, street lighting, water mains,
- sewerage, telecommunications, etc., and
- privately owned assets such as connections to private properties, overhanging structures, etc.

It is important to note that the RMP does not include every government road or every public highway within the Shire, only those which fit the definition of *Public Road* within the RMA. Importantly, this leaves the policy decision to Council to determine which of the municipal roads within its district “*is reasonably required for general public use*”.

For inclusion on the *Register of Public Roads*, Council considers whether particular roads have been regularly maintained by Council in the past, the construction standard of any new or upgraded sections of roads, and the function of the road in the context of its requirement for general public use.

The roads within the municipal district which are not managed by Council typically fall into two categories:

- Roads which are not *municipal roads*. These include arterial roads (managed by VicRoads), roads on crown reserves, state parks or state forests etc. (responsibility of the relevant land manager), and private roads.
- Municipal roads which are deemed by Council not to be *reasonably required for general public use or are not constructed to a suitable standard that can be reasonably maintained by Council*.

The subsequent sections of this Plan deal only with the Public Roads managed by Council.

Appendix 9.1 provides a list of VicRoads managed roads.
Appendix 9.2 provides a copy of the Register of Public Roads.

2.3 Road and Pathway Hierarchy

The Council uses a road hierarchy which assigns a functional classification to each public road or road segment within its district. These are included in the Register of Public Roads. It should be noted that the classifications are *functionally based* rather than being based on traffic volumes or the current standard of construction (except the sub-classification Access Track). The functional definitions of Link, Collector and Access are summarised below.

LINK ROAD: *Provides linkages between collector roads and the arterial road network and between significant locations.*

- Links significant towns, locations and industries;
- High percentage of through traffic;
- Includes access to abutting properties;
- Caters generally for higher traffic volumes and traffic speeds, and for a higher percentage of heavy vehicles.

COLLECTOR ROAD: *Collects and distributes traffic from access roads to the wider road network.*

- Provides property access in both urban and rural areas;
- Provides access to minor locations and industries;
- Moderate percentage of through traffic;
- Caters for moderate traffic volumes and speeds.

ACCESS ROAD: *Provides predominantly for direct access to properties and industries.*

- Caters for low traffic volumes and generally for low traffic speeds;
- Low percentage of through traffic;

ACCESS TRACK: *Has the same functional definition as Access Road – but has a lower construction standard.*

- Has poor road formation, often narrow and with poor alignment.
- Often has little or no formal drainage;
- Caters for emergency vehicles.

**FIRE TRACK:
(not a Public Road)** *Provides basic access for fire fighting vehicles during fire danger period.*

- Caters for fire fighting vehicles, often at low speeds;
- Only a concern during fire danger period;
- May not be passable to traffic during winter;
- Often narrow and with poor road formation and alignment.

PATHWAY CLASSIFICATION

Classification	Description
Pathway Urban	CBD areas of major towns and selected key pedestrian areas. Specified locations which can represent a high volume of pedestrian and special needs traffic associated with adjacent properties e.g. outside schools, medical precincts, elderly citizens centres, hospitals, markets, minor-shopping areas,
Pathway Rural	Constructed footpaths on local roads in residential and low-density residential areas.
Shared Pathways	Paths that accommodate cyclists and pedestrians.
Recreational Trails	Informal recreational paths not suitable for all users

2.4 Road Infrastructure

In carrying out its duty to inspect, maintain and repair public roads, Council is responsible for the following road assets within the road reserve:

- Road structure including earth formation, road pavement and road surface;
- Road drainage including roadside table drains, kerbs, culverts, pits and other drainage infrastructure within the road formation;
- Road signs, guideposts and pavement markings;
- Bridges and major culverts;
- Constructed pathways (sealed and unsealed);

The following road infrastructure is **not** maintained by Council:

- Roadside verge areas and roadside vegetation except where it relates to traffic clearance envelopes and has line of sight road users

- Private vehicle crossings (from property boundary to road pavement) including driveway culverts and end walls (responsibility of landowner, construction requires permit from Council);
- Private stormwater outlet pipes;
- Unconstructed pathways;
- Trees on private property overhanging road reserve;
- Other authorities' assets (e.g. Telecommunications, electricity, water, sewerage assets etc.)

2.5 Duty of Owner or Occupier of Adjoining Land

Section 113 of the RMA sets out the duty of care of owners or occupiers of land adjoining a road. This is to ensure that due care is taken to protect the stability of the road, the safety of road users and the condition of road infrastructure.

2.6 Duty of Road Users

All road users have a duty of care under the RMA, with particular obligations prescribed in the *Road Safety Act 1986*, which states:

Section 17A(1):

A person who drives a motor vehicle on a highway must drive in a safe manner having regard to all the relevant factors including (without limiting the generality) the following-

- i. physical characteristics of the road;
- ii. prevailing weather conditions;
- iii. level of visibility;
- iv. condition of the motor vehicle;
- v. prevailing traffic conditions;
- vi. relevant road laws and advisory signs; and
- vii. physical and mental condition of the driver.

Section 17A(2):

A road user other than a person driving a motor vehicle must use a highway in a safe manner having regard to all the relevant factors.

Section 17A(3) A road user must –

- i. have regard to the rights of other road users and take reasonable care to avoid any conduct that may endanger the safety or welfare of other road users;
- ii. have regard to the rights of the community and infrastructure managers in relation to the road infrastructure and non-road infrastructure on the road reserve and take reasonable care to avoid any conduct that may damage road infrastructure and non-road infrastructure on the road reserve;
- iii. have regard to the rights of the community in relation to the road reserve and take reasonable care to avoid conduct that may harm the environment of the road reserve.

3 INSPECTIONS

3.1 Standards for inspection

The Plan sets inspection standards that enable Council to achieve the standards of maintenance and repair for different parts of the road reserve and different types of road infrastructure on public roads or classes of public roads for which Council is responsible.

The Plan determines an inspection standard, including the nature and frequency of inspections to be carried out on road infrastructure.

3.2 Programmed Inspections

Council undertakes various periodic inspections and audits of its public roads and associated infrastructure to ensure a proactive approach to road safety and road maintenance.

Different types of inspections are carried out to ascertain different information about the road infrastructure. The following table sets out the different inspection types and their key purpose.

Table 1 - Type of Inspection

Function	Inspection Type	Infrastructure Inspected	Inspection Purpose
Road Management Plan	Damage (or road condition) Inspection	Road surface, Bridges drainage, signs, guideposts, vegetation & any other imperfection.	To inspect condition of road infrastructure to allow programming of maintenance works and to address any imperfection.
	Road Safety Inspection	Road carriageway & signs	To assess general safety of road.
	Night Inspection	Signs and road markers	Routine inspections are undertaken (travelling both directions) for the purpose of identifying non-compliant reflectivity of regulatory signs and road markers.
	Footpath Inspection	Constructed pathways	To inspect condition of infrastructure to allow programming of maintenance works and to address any imperfection.
Asset Management Plan	Bridge Condition Assessment	Bridges and major culverts	To measure the overall lifecycle condition of the assets to enable long-term asset management.
	Footpath Inspection	Constructed pathways	To measure the overall lifecycle condition of the assets to enable long-term asset management.
	Lifecycle Condition Audit	All road assets except signs,	To measure the overall lifecycle condition of

Function	Inspection Type	Infrastructure Inspected	Inspection Purpose
		guideposts, street furniture, linemarking and trees.	the assets to enable long-term asset management.

3.3 Standards for maintenance and repair

The Plan may determine a standard in relation to the condition to be achieved in the maintenance and repair of the roadways and pathways and other road infrastructure.

The nominated maintenance standard for each road type is provided in the following Table 2. Note that the road type takes into account the traffic volume and nature of usage.

Table 2 – Maintenance Standards

Road Type	Maintenance Standard
Link Urban	1
Link Rural	1
Collector Sealed	2
Collector Unsealed	3
Access Sealed	3
Access Unsealed	4
Access Track	5
Pathway Urban	1
Pathway Rural	2
Pathway Shared	1
Recreational Trails	3

The frequencies set out in the table below for the various inspection types are based on the maintenance standards which are assigned to each road. In determining these frequencies, consideration has been given to the typical behaviour of road infrastructure and the time taken under normal circumstances for imperfections to develop. The inspection frequencies are considered to be reasonable taking these factors into account.

Table 3 – Inspection Frequencies

Road Type	Proactive Inspection type		
	Pavement Damage	Road Safety	Night inspections
Link Urban	Once in a 6 month period	Once in a 6 month period	Once in a 24 month period
Link Rural	Once in a 6 month period	Once in a 6 month period	Once in a 24 month period
Collector Sealed	Once in a 12 month period	Once in a 12 month period	Once in a 24 month period
Collector Unsealed	Once in a 6 month period	Once in a 6 month period	Once in a 24 month period
Access Sealed	Once in a 12 month period	Once in a 12 month period	Once in a 24 month period
Access Unsealed	Once in a 6 month	Once in a 6 month	Once in a 24 month

	period	period	period
Access Track#	As required	As required	As required
Pathway Urban	Once in a 12 month period	n/a	n/a
Pathway Rural	Once in a 24 month period	n/a	n/a
Pathway Shared	Once in a 12 month period	n/a	n/a
Recreational Trails	As required	n/a	n/a

Note: Fire track inspection prior to fire season or as required by CFA (typically annually), and only to ensure track is in sufficient condition for fire access by CFA fighting vehicles.

3.4 Reactive Inspections

In addition to the programmed inspections that are set out in Table 1, Council will from time to time receive information in relation to road defects or emergency situations from members of the public which require a reactive response.

A Council officer will assess the urgency of the matter based on their best assessment of the information received, and wherever possible through direct discussion with the person making the request. The appropriate inspection response time will be determined as part of this assessment.

Emergency situations deemed to be high-risk (e.g. collapse of road pavement, culvert etc.) will be inspected within 4 hours of receiving the information and appropriate repairs or temporary works will be undertaken, except under abnormal circumstances. Abnormal circumstances may be where normally available resources are unavailable or otherwise deployed due to competing demands or where faced with other unexpected circumstances.

Less urgent asset maintenance issues will be inspected within 5 working days.

Requests for road maintenance of a routine nature will be inspected within 28 days and any maintenance works resulting will be programmed in accordance with road maintenance programs and any defects identified that exceed the stated intervention levels in accordance with Table 4.

4 SERVICE LEVELS

The RMP may set out a priority order in which particular standards or target conditions are to be met for particular roads or classes of roads.

Even though roads and road infrastructure may be of a similar nature having regard to the criteria listed above, a Council may determine different standards for those roads and road infrastructure having regard to the existing nature of the road.

For example, two roads may be used by similar traffic types and volumes and have similar risk factors, but the existing standards of construction of the two roads may mean that different standards of maintenance are appropriate.

In this regard, it should be noted that section 40(2) of the RMA provides that a road authority's duty to inspect, maintain and repair a public road does not include a duty to upgrade a road or to maintain it to a higher standard than the standard to which the road is constructed.

4.1 General Influencing Factors.

As Council is a provider of a wide range of services to the community, far beyond road maintenance, the financial resource capacity and the overall priorities of the community, determined through its elected representatives, have a significant impact on the road maintenance service levels.

In order to understand the road maintenance service levels, it is important to understand the function of the road, the standard of construction of the road (and hence its ability to be “reasonably” maintained), the level and type of use of the road, and ultimately the level of risk and its relationship with the level of maintenance.

Road Function

Council’s functional road hierarchy was introduced in Section 2 of the RMP. A road’s function relates to the role it plays in the road network and is an important factor in determining its importance. Council’s Register of Public Roads provides greater detail and lists the functional classification assigned to each individual road or road segment.

Construction Standard

The construction standard of a road is critical to its ability to be reasonably maintained. A road with insufficient pavement strength is likely to result in surface damage and shape deterioration under medium or heavy loads. Similarly, roads with poor or non-existent surface or roadside drainage will be adversely affected during wet weather. The ability of a Council to maintain a road in *reasonable* condition is conditional upon the road being *reasonably* constructed in relation to key design parameters.

Many of Council’s lesser roads, which play a very minor role in the road network and typically cater for low traffic volumes, are only constructed to a basic standard, often with no drainage. These roads have been classified as **Access Tracks**. The level of service on these roads has to be low because their construction standard does not permit them to be maintained to a higher standard. For this reason, it is important that Council, in order to minimise its own risk, does not provide unrealistic expectations to its community in relation to the maintenance service levels on these roads.

Road Use

The number and types of vehicles (and other road users such as pedestrians and bicycles) are also influencing factors in determining maintenance service levels on roads and footpaths. While traffic volume is the key measure, consideration is also given to types of use (e.g. school buses, log trucks, tourists using the roads, or in the case of footpath use, the elderly or shoppers) typical for the particular section of road or footpath.

Obligation of Road users

Council is entitled to rely on the provision of the Road Safety Act and general common law principles which place an onus on the public to exercise reasonable care for their own safety.

Council has taken these key factors into account in establishing its RMP service levels.

4.2 Development of Maintenance Service Levels

In reviewing the service levels outlined in the Plan, the effectiveness and appropriateness of the current road maintenance service were gauged according to:

- Community feedback received through community satisfaction surveys
- Council's Customer Service Request System as they related to road maintenance.
- A review of maintenance standards being adopted by other road authorities in the region, particularly VicRoads and the local government municipalities in north-eastern Victoria, to ensure that the adopted levels of service were generally consistent with relevant industry standards.
- Any feedback received from the community during the public consultation process for the review of the plan.
- A review of Council's ability to deliver the stated service levels given the available levels of resourcing for maintenance.

5 INTERVENTION STANDARDS AND RESPONSE TIME

5.1 Response Service Standards

Council uses a proactive approach to road maintenance. Council undertakes inspections of the road network. All identified imperfections are recorded. Any imperfections which are identified as having reached the nominated intervention levels will be addressed within the corresponding response time.

The following Table 4 details the service levels and response times for the relevant maintenance standard for each of the road classifications under Council's RMP:

Table 4 – Road, Bridge and pathway damage service standards.

<i>Defect and Response</i>	<i>Intervention Standard</i>	<i>Road Maintenance Standard</i>	<i>Service Response Time*</i>
Obstacles in traffic lanes. Remove obstructions.	Obstacle which prevents the passage of vehicles, and where there is no alternative access.	All	24 hours
	Obstacles which encroach onto a traffic lane, and which would require a driver to have to deviate.	All	Take remedial action [#] within 1 week of confirmation of obstacle.
Potholes in traffic lanes. Patch potholes in traffic lanes using appropriate materials to repair the damage and restore the riding	Greater than 300mm diameter and greater than 100mm deep (sealed pavement) OR Greater than 500mm diameter and greater than	All	Take remedial action [#] within 1 week of confirmation of damage
		Undertake permanent repairs	
		1	4 weeks

Defect and Response	Intervention Standard	Road Maintenance Standard	Service Response Time*
surface to a smooth condition.	150mm deep (unsealed pavement)	2 & 3	6 weeks
		4	3 months
		5	6 months
Non-Reflective Regulatory signs and Hazard Marker signs and guideposts Replace Sign.	Missing signs or failing to reflect light.	All	Replace sign within 6 weeks of confirmation of damage.
Drop-off from edge of seal to shoulder and edge breaks. Restore unsealed shoulder to correct profile.	Edge drop-offs greater than 100mm measured with a 1.2m straightedge.	1 & 2	Take remedial action [#] within 1 week of confirmation of damage and program repairs as per response times below
		3, 4 & 5	Not applicable.
	Edge drop-offs between 75mm and 100mm measured with a 1.2m straightedge.	1	4 weeks
		2	6 weeks
		3	8 weeks
		4 & 5	Not applicable.
Rough surface unsealed road. Restore the riding surface of an unsealed road to a smooth even condition.	Scouring exceeding 150mm deep measured with a 1.2m straight edge, OR Corrugations, roughness or group of potholes exceeding 75mm deep on bends or 100mm deep on straights.	All	Take remedial action [#] within 1 week of confirmation of damage.
		Effect permanent repairs	
		1	4 weeks
		2	6 weeks
		3 & 4	3 months
	5	6 months	
	Any scouring exceeding 75mm deep measured with a 1.2m straight edge OR Corrugations, roughness or multiple potholes exceeding 75mm deep measured with a 1.2 m straight edge AND over • 20% of any length of road greater than 100m OR • 50% of any length of road between 10m & 100m.	1	3 months
		2 & 3	6 months
4 & 5		24 months	
Trees or limbs intruding into road. Maintain clear line of sight and clear road canopy.	Trees or limbs which encroach onto a traffic lane or shoulder	ALL	Take remedial action [#] within 1 week of confirmation of defect.
	Foliage interfering with line of sight at intersections and	1 & 2	6 weeks

Defect and Response	Intervention Standard	Road Maintenance Standard	Service Response Time*
	to road signs.	3, 4 & 5	12 weeks
	Sucker tree growth within road shoulder or verge, OR Trees or limbs encroaching into clear zone (1.5m behind edge of shoulders and minimum 5m height clearance over road pavement and shoulders).	1, 2 & 3	12 months
		4 & 5	24 months
Pathway trip hazard. Restore pathway levels to avoid lips and sharp transitions.	Vertical lip greater than 20mm within footpath.	Class 1	Mark with coloured paint upon inspection and rectify the imperfection within 4 months
	Vertical lip greater than 20 mm within footpath.	Class 2	Mark with coloured paint upon inspection and rectify imperfection within 12 months
	Major washouts	Class 3	Signed upon inspection and rectify imperfection within 12 months
Kerb & channel(sealed pavement)	When kerb & channel is damaged and causing water to pond over the trafficable road surface to a depth greater than 50mm.	All	Rectify within 12 months
Surface drains & culvert to maintain flow of water and protect road and roadside from scouring.	When there is a blocked surface drain or culvert preventing the free flow of water away from the road pavement	1	Clear or cleanout within 6 months
		2	
		3	
		4,5	Clear or cleanout within 12 months
Culvert or pit repairs Repairs or replacement of road culverts or pits.	Where a culvert or pit is a hazard to road users	All	Take remedial action within 24 hours of confirmation of defect.
	Where road culverts or roadside pits are damaged or have deteriorated through age to the extent where they are not able to function adequately, or where they are likely to become a hazard	1	Repair within 6 months
		2	
		3	
		4,5	

Defect and Response	Intervention Standard	Road Maintenance Standard	Service Response Time*
Bridge maintenance (Routine repairs to structure) Routine tasks associated with bridge maintenance	Repair of defects as identified	1,2,3	Rectify within 6 months
		4,5	Rectify within 24 months

Remedial action may include provision of warning signs, traffic control action or temporary repair.

* All response times are measured from the time that the imperfection is confirmed on site by a Council officer to exceed the stated intervention level.

5.2 Exceptional Circumstances

Council will make every effort to meet its commitments under the RMP. However, there may be situations or circumstances that affect Council's business activities to the extent that it cannot deliver on the service levels of the RMP. These include but are not limited to: natural disasters, such as fires, floods, or storms, or a prolonged labour or resource shortage, due to a need to commit or redeploy Council staff and/or equipment elsewhere.

In the event that the Chief Executive Officer (CEO) of Council has considered the impact of such an event on the limited financial resources of Council and its other conflicting priorities, and determined that the RMP cannot be met, then pursuant to Section 83 of the Wrongs Act, the CEO will write to Council's Officer in charge of its RMP and inform them that some, or all of the timeframes and responses in the RMP are to be suspended.

Once the scope of the event/s have been determined, and the resources committed to the event response have been identified, then there will be an ongoing consultation between Council's CEO and Council's Officer responsible for the RMP, to determine which parts of RMP are to be reactivated and when.

Council statements to residents about the suspension or reduction of the services under the RMP will include reference to how the work that will be done has been prioritised, and the period for which it is likely to be affected.

Details of the incident that led to the "Exceptional Circumstances" clause being activated, and then the process taken to re-enact the Plan, should be recorded and stored along with the RMP.

6 REVIEW

This RMP will be reviewed every four years in accordance with the Regulations made under the RMA or in circumstances where the RMP is required to be amended for unexpected reasons.

The review, which involves a community consultation process, would typically have regard to:

- feedback from the stakeholders including the community;
- the performance and the condition of the road infrastructure;
- the financial capacity of the Council and its ability to implement the RMP;
- Any other relevant matter which has arisen during the review period.

7 REFERENCED COUNCIL DOCUMENTS

There are a number of un-incorporated Council documents and systems which are fundamental to the Council's overall management system of the public road infrastructure, and to the contents and implementation of this RMP. Such documents may change from time to time to reflect changes in Council policy, legislative changes, and operational changes. .

Listed below are a number of those documents.

Major Documents which directly support the Road Management Plan:

- **Register of Public Roads.** This document is a public document and is available for viewing at Council offices and on Council's website www.murrindindi.vic.gov.au and is supported by this document.

Other Documents and systems which form part of the Road Management system:

- Draft Council Plan 2017-2021 incorporating a Strategic Resource Plan;
- Council Policies (contained in Council Policy Manual including Asset Management, Risk Management, Works Permits, Vehicle Crossing Permits, Special Charge Schemes);
- Asset Management Plans for Sealed, Unsealed, Roads, Bridges, Paths;
- Infrastructure Design Manual;
- Assets Management System;
- Customer Request System.

8 OTHER REFERENCES

The 'Act'

- *Road Management Act 2004*

The Regulation

- *Road Management (General) Regulations 2017*

The Road Safety Act 1986

Code of Practice

- Code of Practice for Road Management Plans;
- Operational Responsibility for Public Roads;
- Management of Road and Utility Infrastructure in Road Reserves.

9 APPENDICES

9.1 VicRoads – Arterial Roads

DECLARED ROADS (VicRoads is the Coordinating Road Authority).						
ROAD OR STREET NAME	SEGMENT DETAIL					Hierarchy or Road Classification
	FROM		TO		DISTRICT LOCATION	
	Street Name or Description	Dist. m	Street Name or Description	Dist. m		
Declared Roads - Alexandra						
Aitken St (Maroondah Hwy)	Grant St	0	McKenzie St	530	Alexandra	DECLARED
Downey St (GV Hwy)	Wattle St WBL	0	Grant	794	Alexandra	DECLARED
Downey St (Maroondah Hwy)	Grant	794	EBL Hall	1,581	Alexandra	DECLARED
Grant St	Downey St	895	Bon St	1,313	Alexandra	DECLARED
Declared Roads - Marysville						
Murchison St	Fiske St	0	Bridge	1,046	Marysville	DECLARED
Declared Roads - Strath Creek						
Glover St (Broadford Flowerdale Rd)	Ferguson St (Road Reserve)	0	Munro St	230	Strath Creek	DECLARED
Munro St (Broadford Flowerdale Rd)	King Parrot Creek Rd	0	Fitzgerald St	70	Strath Creek	DECLARED
Fitzgerald St (Broadford Flowerdale Rd)	Munro St	0	Forbes St	210	Strath Creek	DECLARED
Forbes St (Broadford Flowerdale Rd)	Fitzgerald St	0	Ferguson St	130	Strath Creek	DECLARED
Ferguson St (Broadford Flowerdale Rd)	Forbes St	240	Green St (Road Reserve)	455	Strath Creek	DECLARED

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Declared Roads - Thornton						
GV Hwy S/R Nth Side	Back Eildon Rd	0	Goulburn Valley Hwy	230	Thornton	DECLARED
GV Hwy S/R (East) Sth Side	West End	0	Goulburn Valley Hwy	275	Thornton	DECLARED
GV Hwy S/R (West) Sth Side	Wreford St	0	East end	98	Thornton	DECLARED
Taggerty Thornton Rd S/R	Goulburn Valley Hwy	0	End	350	Thornton	DECLARED
Declared Roads - Yea						
High St, Yea (GVH E. Bound)	Boundary Ck Bridge	0	WBL Whatton PI	1,317	Yea	DECLARED
High St, Yea (GVH East) P/B Ch 1121	East Bound Lane BOK	0	West Bound Lane BOK	66	Yea	DECLARED
High St, Yea (GVH W. Bound)	Boundary Ck Bridge	0	WBL Whatton PI	1,317	Yea	DECLARED
High St, Yea (S/R Nth)	Start of K&C	0	Giffard St	551	Yea	DECLARED
High St, Yea (S/R Sth)	Whatton PI WBL	0	Edge of seal Hwy	900	Yea	DECLARED
High St, Yea (S/R Sth) P/B	Melbourne Rd End	627	End	664	Yea	DECLARED
Melbourne Rd Ext.-High St	Edge of Seal	0	End	29	Yea	DECLARED
North St (Main Rd)	SBL Aldous Ave	0	End Kerb	440	Yea	DECLARED
Station St (P/B), Yea	TP Bend	30	Pelissier St	60	Yea	DECLARED
Station St, Yea	High St	0	Miller St	785	Yea	DECLARED
Station St, Yea (High St Median)	Edge of Seal	0	End	29	Yea	DECLARED



Mr John Canny
Manager Infrastructure Assets
Murrindindi Shire Council
Alexandra VIC 3714.

Ref: Proposed Road Management Plan 2017

Dear Mr Canny,

I wish to make some comments about the Proposed Road Management Plan 2017 which I have read carefully. I understand therefore that this Plan is based on the Road Management Act, as well as various other Victorian and Local Government Acts, Plans and Regulations, which may constrict its scope. Would this be the reason why the RMP is concerned principally with *repair and maintenance of roads*, rather than also with *prevention of damage and risk to road users and residents*? For example:

1. There is no mention in the RMP about maintenance of drains and gutters alongside roads, despite the claim in Section 2.4 that council is responsible for "road drainage including roadside table drains, kerbs, culverts, pits, and other drainage infrastructure" (p.7). I am sure I don't have to remind council that blocked drains and gutters and the consequential run-off of rainwater along or across roads contribute significantly to the development of corrugations and potholes, especially on non-sealed roads, and to the damage of the sub-structure of sealed roads. Would it not be prudent for council to prevent such road damage by attending to the state of gutters and drains?
2. Despite stating in Section 4.1 that decisions influencing road service levels include factors such as road function, construction standard, road use, incident risk, there is no mention of what council proposes to do to improve the construction standard and risk status if there are changes in road function and road use. For example, at what level of traffic volume will council consider to convert an unsealed road into a sealed road? Similarly, when will a narrow road with several bends be converted from a two-way to a one-way road or a local traffic only road to prevent crashes?

It is regrettable that these and other aspects that may *prevent deterioration* of roads are not considered in the RMP. It is afterall a Road *Management* Plan, not a Road *Maintenance* Plan.

I would like to add a more specific point: Section 3.3 Standards of Maintenance and Repair should also take into account the *slope of a road*, not just the surface (sealed/unsealed), traffic volume and nature of usage. The slope of a road, especially when unsealed, renders a road much more vulnerable to damage caused by drainage of rain water, especially when gutters are blocked.

I wish the council all the best in finalising this Plan.

Yours sincerely,



Statement on the Management of Central Highlands Forests

Murrindindi Shire Council is concerned about the impact of current timber harvesting on the landscape, biodiversity and a range of other current and future uses of Victoria's Central Highlands forests, particularly in the Rubicon Valley. The Council is also concerned about the future of businesses in the Murrindindi Shire that rely on timber harvesting – an industry in transition.

Following Murrindindi Shire Council's 'Have Your Say' survey, we know preserving the natural environment of Murrindindi Shire and supporting our economy are top priorities for our communities.

The Council calls on the Victorian Government to:

- Phase out current native timber harvesting activities in the Central Highlands forests within the Murrindindi Shire, and in particular to cease harvesting in the Rubicon Valley pending resolution of the best approach for the future protection and use of these unique areas; and
- Invest now to assist in industry transition and ensure that communities reliant on timber harvesting can continue to be part of a thriving economy in the future, including transition to alternative, plantation-base timber supply.

The Victorian Government made an election commitment to establish an Industry Taskforce to provide leadership on the future issues facing the forest industry, and protection of our unique native flora and fauna. There is a lack of clarity about when or if this process will deliver a clear direction for the future of forest management.

It is only appropriate that the continued harvesting in the Central Highlands Forests, and particularly current substantial harvesting underway in the Rubicon Valley, cease until a clear future direction for forest management is established. Council is also opposed to any harvesting in old growth forest and urges the Victorian Government to act quickly to preserve these forests.

The timber harvesting and processing sector is in transition and no more so than in Murrindindi Shire. Following the 2009 fires, the available timber resources will not support continued harvesting at the level and using the approaches employed historically. Murrindindi Shire Council recognises concerns that continuing to do so is causing damage to our environment. It is also undermining the range of uses of our forests that underpin the economy of the Murrindindi Shire and limiting possible alternative uses of the forests, including for tourism and recreation purposes.

The last ten years that has seen a major reduction in the number of timber processing facilities operating in Murrindindi Shire with a commensurate reduction in employment in the sector.

While Council continues to support local businesses involved in timber processing, saw logs are largely transported out of Murrindindi Shire for processing. As a result, Murrindindi Shire communities bear the adverse impacts of harvesting activities (for example, impacts on roads and other uses of state forests, visual impacts on the landscape) but do not share fairly in the economic returns.

While change is occurring, currently the timber industry and associated businesses continue to be important employers in Murrindindi Shire. Timber resources in the region are limited and continued harvesting at current levels will see these exhausted in coming years.

Investing in a new, sustainable future for this region is critical, including a transition to plantation-based timber supply. Now is the time for the Victorian Government to invest in the necessary transition for this sector, rather than waiting for changes in the sector to impact adversely on local communities before acting. Further delays will also negatively impact on future options involving alternative forest uses which could assist with this transition and help bolster the local economy.

Murrindindi Shire Council stands ready to work together in partnership with a Victorian Government that is ready to invest in a prosperous, vibrant and sustainable region.

Local government has been excluded to date from the process for determining the future management of the Central Highlands forests. This is unacceptable. Murrindindi Shire Council looks forward to a positive response to its continued efforts to meet to discuss these issues with Victorian Government ministers to advance this critical issue for the future economic prosperity of the Shire.

Selected Council resolutions on the Central Highlands

27 April 2016

1. Council note the minutes of the MEAC meeting held on 8 March 2016 and in response;
 - a. Endorse the draft submission on the National Recovery Plan for the
 - b. Leadbeater's possum,
 - c. Note the Rubicon Forest Protection Group's (RFPG) submission on the
 - d. impact of logging in the Rubicon Forest and instruct officers to advise the
 - e. RFPG that the information they have provided will be considered as part of
 - f. existing advocacy campaigns and ongoing discussions with VicForests.
 - g. Prepare a letter to the Minister for Environment, Climate Change and Water, the Hon. Lisa Neville MP to repeat the request for a meeting to discuss the impact of logging in State Forests in Murrindindi Shire.

28 October 2015

1. Council notes the proposal for the Great Forest National Park developed by My Forest Inc and supported at Open Forum of the August 2015 Council meeting by residents of Murrindindi Shire and encourages the proponents to further develop the details of their plan to cover:
 - a. The capacity and terms of use of the proposed eco-forestry zones.
 - b. Quantification of the potential for additional employment provided through the creation of the Park.
 - c. Maintenance of Murrindindi Shire's existing forestry based businesses, given the small percentage of currently harvested native forest supporting local economic activity.
 - d. A transition from native forest to plantations for the provision of woodchip, pulp and other non-sawlog products.
 - e. Tourism, recreational and other uses proposed to continue in the forest compatible with protecting endangered species of fauna and flora.
 - f. The management of the proposed national park.
2. Council requests meetings with the Minister for Regional Development and for Agriculture, the Minister for Environment, Climate Change and Water and the Minister for Tourism and Major Events to discuss the proposal and any progress for a Great Forest National Park in the Central Highlands and its potential impacts on the Shire.
3. Council discusses the Great Forest National Park proposal with the Yarra Ranges Council.

27 May 2015

That Council:

1. Notes that in the advice to the Federal Minister for the Environment, the Hon. Greg Hunt, the Threatened Species Scientific Committee stated that "The committee considers the most effective way to protect further decline and rebuild the population of Leadbeater's possum is to cease timber harvesting within montane ash forests of the Central Highlands";
2. Requests that the Minister investigate and consider measures which could be invoked to compel the Victorian State Government to cause to cease logging in the Central Highlands region within the Murrindindi Shire Council; and
3. Writes to the Victorian State Minister for the Environment, the Honourable Lisa Neville, that, in light of the findings of the Federal Government's Threatened Species Scientific Committee with respect to the Leadbeater's possum and its subsequent listing by the Federal Minister for the Environment as critically endangered, request that the State

Government cause to cease logging in areas in the Central Highlands region within the Murrindindi Shire Council.

27 August 2012

The Murrindindi Shire Council recognises that State Forest in the Murrindindi Shire provides important environmental, economic, and social benefits. For these benefits to be realised the Council supports forest management practices that sustain the long term health and biodiversity of the forest and respect the needs of Shire's local communities. To this end, the Murrindindi Shire Council opposes logging in State Forest in the Murrindindi Shire which:

- Reduces the visual appeal of significant landscapes and vistas.
- Adversely impacts threatened species or ecological communities.
- In the longer term reduces biodiversity of the forest.
- Significantly reduces reasonable access to the forest by local communities.
- Unfairly impacts on the amenity of local residents.

The Council will advocate for these matters to be satisfactorily addressed before supporting logging in the Shire's State forests.

That Council acknowledges the complexity of environmental law and its ability to protect threatened species and invites the Hon Tony Burke Federal Minister for Sustainability, Environment, Water, Population and Communities to join with Council in a visit to the Toolangi area to view the habitat of the threatened Leadbeater Possum.



MINUTES
of the
AUDIT ADVISORY COMMITTEE MEETING
held on
THURSDAY 11 MAY 2017
in the
ALEXANDRA COUNCIL CHAMBER
commencing at
1.06 pm

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1. PRESENT/APOLOGIES

That the Committee accept the apologies of Cr C Bisset.

Noted.

Present:

Michele Sheward (Chair)
Ian McKaskill
Cr Sandice McAulay
Cr Leigh Dunscombe

In attendance:

Margaret Abbey, CEO
Michael Chesworth, General Manager Corporate and Community Services
Andrew Bond, Manager Business Services
John Gavens, Partner, Crowe Horwath
Audrey Kyval, Governance Officer

2. DECLARATIONS OF INTEREST

Nil

3. CONFIRMATION OF MINUTES

3.1 Minutes of the Audit Advisory Committee Meeting held on 17 March 2017.

Officer Recommendation:

That the Minutes of the Audit Advisory Committee Meeting held on 17 March 2017 be confirmed.

RESOLUTION:

I McKaskill / Cr S McAulay

That the Minutes of the Audit Advisory Committee Meeting held on 17 March 2017 be confirmed.

CARRIED

The revised Audit Advisory Committee Charter to be emailed to the Committee for feedback prior to presenting the Charter to Council at its Ordinary Meeting on 24 May 2017.

4. REVIEW OF AND BUSINESS ARISING FROM PREVIOUS MINUTES

Nil

5. RISK MANAGEMENT

5.1 REVIEW RISK REGISTER (SUMMARY OF CHANGES)

Nil changes to report to the Committee

Noted.

Margaret Abbey entered the Chamber at 1.09 pm.

5.2 CEO'S REPORT INTO LEGAL AND POLICY COMPLIANCE

REF: 17/32341

Attachments: CEO - Audit Committee - Questionnaire to General Managers (refer *Attachment 5.2 – TRIM 17/36645*)

Purpose:

The purpose of this report is to provide the Chief Executive Officer's report to the Audit Advisory Committee.

Officer Recommendation:

That the report be received.

Background:

This report incorporate matters which have been previously reported to the Audit Advisory Committee on a separate basis (ie. the annual report from the HR Coordinator on annual and long service leave balances) but does not incorporate the regular quarterly financial and risk reports that will still be received by the Committee.

It is intended that over time this report will continue to be developed to meet the needs of the Committee.

Discussion:

1. Declaration of Legal Compliance by the CEO.

Further work has been undertaken on the Declaration of Legal Compliance and it will be tabled at this meeting.

2. Important Developments within the Local Government Sector and at Council

2.1 *Conflict of Interest Session – Victorian Ombudsman*

I attended a session conducted by the Victorian Ombudsman on conflict of interest requirements and challenges in the public sector. As it was directed at both state and local government representatives it was general in nature but provided some useful information in relation to the six steps of managing conflicts of interest in the public sector. The Chief Inspector also has a strong view in terms of the legislative framework for local government which is more specific than the general public sector perspective on conflicts of interest.

2.2 *VCAT Decision – former City of Bendigo Councillor*

VCAT heard a review of a decision of a Councillor Conduct Panel in relation to the use of a twitter account and the comments made by the Councillor on that private account.

Particularly relevant parts of the decision for all Councillors who use social media are the following comments:

“148 I find as a fact that her twitter account and in particular the tweet which is the subject matter of these proceedings was sent by her as part of the performance of her role as a Councillor for the City of Greater Bendigo.

and

149 I specifically reject the arguments that the twitter account was converted into a private activity simply because there was a disclaimer on the account.

150 The role of the disclaimer was simply to prevent readers being misled into thinking that any opinions expressed on the twitter account were those of the Council. It protected the Council from any suggestion that it had authorised anything posted to the account. The existence of the disclaimer has no bearing on whether or not the tweets from that account were sent in the capacity of Councillor or in a private capacity.”

The former Councillor was found guilty of misconduct under section 81K of the Local Government Act and reprimanded. Councillors have been advised of this decision and its relevance to their use of social media.

2.3 LGICI report on the 2016 Local Government elections

The Local Government Investigations and Compliance Inspectorate has released its report on the conduct of the 2016 Local Government elections. No matters were raised in relation to the conduct on the Murrindindi Shire general election.

The Chief Inspector met with Councillors, as part of the ongoing induction program, to discuss questions around the role of Codes of Conduct, conflict of interest and the confidentiality of information coming to Councillors.

2.4 Victorian Auditor General's Inquiry

In my previous report to this Committee I advised that VAGO was conducting a community participation and engagement audit and Council had been selected as the small rural Council to participate in this audit. Council officers have had the opportunity to comment on the draft finding of this Audit and the Audit will be tabled in Parliament shortly.

3. Council Quarterly Performance Report

The next quarterly performance report will be presented to the July 2017 Ordinary Council meeting.

4. Ongoing Risks

No report for this meeting.

5. Policy Review and Management

Council's Policy development is based upon the hierarchy of:

- Council Policies – adopted and reviewed by Council
- Organisational Policies – adopted and reviewed by the Executive Management Team
- Departmental Policies – adopted and reviewed by the relevant General Manager

Discussions have been held with Councillors regarding the review of the Councillor Development and Conference Policy. This Policy will be incorporated into the Councillor Reimbursement Policy and the revised Policy will be presented to the July 2017 Ordinary Council meeting.

Further work has occurred on Organisational Policies including the Internal Grievance Resolution, Bullying, Harassment and Occupational Violence and Youth Policies.

Conclusion:

The Chief Executive Officer's report will provide an important forum to advise the Committee on issues within Council as well as matters relevant to the local government sector.

RESOLUTION:

I McKaskill / Cr S McAulay
That the report be received.

CARRIED

Margaret Abbey (CEO) circulated the document 'Questionnaire to General Managers' to the Committee for information only.

5.3 RECENT REPORTS AND PUBLICATIONS OF INTEREST TO LOCAL COUNCILS

Attachments: Internal Audit - Mar 2017 Qtr_Recent Reports and Publications of Interest – final (refer *Attachment 5.3* – TRIM 17/31842)

This report will be tabled at the meeting and presented by Crowe Horwath.

RESOLUTION:

I McKaskill / Cr S McAulay
Noted.

CARRIED

6. AUDITS – INTERNAL

6.1 REVIEW INTERNAL AUDIT REPORTS AND MANAGEMENT RESPONSES

Nil to report

6.2 FOLLOW UP SIGNIFICANT ISSUES RAISED BY INTERNAL AUDIT

Nil to report

6.3 REVIEW IMPLEMENTATION OF PREVIOUS AUDIT ACTIONS

Attachments: Internal audit recommendations - Status of actions April 2017 (refer *Attachment 6.3* – TRIM 17/31734)

There has been limited progress on internal audit actions since the previous meeting. This is due primarily to the need to dedicate resources to the development of the four year Council Plan

2017-2021, incorporating the Strategic Resource Plan and the 2017/18 Annual Budget. In addition several actions are contingent on the implementation of an upgrade to Council's main corporate IT application which is not scheduled until September 2017.

Noted.

6.4 REVIEW SCOPES OF AUDITS BY CROWE HORWATH

Attachments: Internal Audit – Scope of Payroll and AP Data Analytics (refer *Attachment 6.4 – TRIM 17/32383*)

This report will be tabled at the meeting and presented by Crowe Horwath.

Noted.

The data extraction component of the audit will now occur on 26 May 2017 instead of the date listed in *Attachment 6.4*. The audit completion date may be revised but is still intended to be presented to the next Audit Advisory Committee meeting.

7. AUDITS - EXTERNAL

7.1 REVIEW AUDITORS PROPOSED SCOPE AND APPROACH

Attachments: Audit Strategy – Johnsons MME (refer *Attachment 7.1 – TRIM 17/32357*)

The audit strategy from the Victorian Auditor General's Office and Johnsons MME will be presented by the Manager Business Services and is attached for review by the Committee.

Noted.

8. FINANCIAL REPORT

8.1 REVIEW SIGNIFICANT ACCOUNTING AND REPORTING ISSUES

REF: 17/32339

Australian Accounting Standards Change

The Australian Accounting Standards Board has determined that AASB 124 related party disclosures will now apply to government entities. Council must disclose related party relationships, transactions (revenue and expenditure) and outstanding balances (receivable and payable), including loans and contractual commitments, in the annual financial statements. This information will be audited as part of the annual external audit by the Victorian Auditor-General's Office ("VAGO") or their appointed agent.

Related parties include entities related to Councillor, Key Management Personnel ("KMP"), close family members of KMP and any entities that are controlled or jointly controlled by KMP and their close family members. Any transactions with these parties, whether monetary or not, will need to be identified and may need to be disclosed. Disclosure will only be made if a transaction has occurred and the disclosure may be in aggregate.

KMP are persons having authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. Based on the AASB 124 specified requirements, the DELWP Guide and preliminary discussions with both VAGO and Council's external auditors, Council KMP will include:

- All Councillors;
- The Chief Executive Officer;
- Senior Management Team members; and
- Any other officer that submits a pecuniary interest return.

Close family members of KMP are defined as those who may be expected to influence, or be influenced by, that person in their dealings with Council and include:

- That person's children and spouse or domestic partner;
- Children of that person's spouse or domestic partner; and
- Dependants of that person or that person's spouse or domestic partner; and
- Any other member of family (e.g. siblings, parents) if they could be expected to influence or be influenced by that person.

Victorian State Government Budget Announcement – Annual Revaluations

The Victorian State Government announced on 2 May 2017, that as a part of its change to the State Taxation Amendment Bill that is currently before Parliament, that annual revaluations of all properties within Victoria are to occur from 2019 and beyond. It is anticipated that the Bill be passed within the next week.

Although final details can not be confirmed until the Bill is passed, the salient points that are anticipated to be introduced can be summarised as follows:

- From 1st July 2018, The Valuer General Victoria (VGV) becomes the mandated Valuation Authority for ALL 79 Councils. This in effect forces each Council to 'Opt In' – with no choice of provider, similar to how VAGO is the appointed external auditor of Council, and the VEC is the mandated election services provider;
- This is likely to mean that each Council's valuation contractor will be chosen by the VGV;
- The valuations system used to undertake the revaluation will most likely be decided by the VGV, though it is also anticipated that the revised Local Government Act may mandate the valuation system for all Councils in Victoria;
- The cost of the revaluation break up between Council and SRO of 50% each will likely remain, though annual revaluations will lead to increased costs – both in terms of contracting the services of valuers and internal costs in managing the revaluation process;
- Current contract provisions are likely to no longer apply. Council's current contract had options built in to it to allow provision of services through to 2022 which may now be redundant; and
- The 2018 valuation processes and specifications remain unchanged.

Noted.

It was agreed that a separate report will be presented to the next Committee meeting on how Council identifies related parties, transactions and disclosures.

8.2 QUARTERLY FINANCIAL REPORT TO 31 MARCH 2017

REF: 17/32270

Attachments: 3rd Qtr Finance Report – Attachments (refer *Attachment 8.2* – TRIM 17/23634)

Purpose:

The report provides the quarterly financial report for the period ending 31 March 2017 that was received by Council at the April 2017 Ordinary Meeting of Council.

Officer Recommendation:

That the Audit Advisory Committee notes the Quarterly Financial Report to 31 March 2017.

Discussion:

Quarterly Financial Report to 31 March 2017 – Overall Summary

As previously reported, the original budget operating deficit had been impacted by carry forward adjustments as detailed as part of the September 2016 Budget Review projecting a (\$0.89 million) operating deficit for 2016-17. With revised grant funding together with revision of all operating and capital budgets for the expected year end 30 June 2017 results, Council's Revised Budget for 2016-17 is now forecasting an operating deficit of (\$1.13 million).

It should be noted that the 2016-17 revised budget has been significantly impacted by the \$0.8 million reduction in Commonwealth capital grant funding that was initially budgeted to be received in 2016-17 under the Roads to Recovery program.

As explained further below, Council's projected cash position remains strong, with a projected balance of \$22.8 million for 30 June 2017.

Summary of Budget Adjustments

All forecast budget adjustments were provided as part of the Quarterly Financial Report to 31 December 2016, which was presented to Council on 22 February 2017. These are also the figures used as the forecast for 2016-17 within the Council 2017-18 Draft Budget.

The Annual Revised Budget for 30 June 2017 incorporates all these adjustments.

Balance Sheet (Statement B)

The Balance Sheet – Statement B as at 31 March 2017 shows a favourable variance on Cash & Cash Equivalents of \$0.85 million which is directly related to the year to date operating surplus variance of \$1.00 million as presented within the Income Statement and the Property Plant & Equipment variance of \$0.06 million, which is detailed in tables 4 & 5 of this report with reference to Statement D Capital Works.

The overall Revised Budget position maintains a high level of cash as at 30 June 2017 of \$22.8 million which is (\$0.40 million) below the adopted 2016-17 Budget levels of \$23.2 million. The bulk of this relates to the purchase of land near the Yea Saleyards in late 2015-16 of (\$0.80 million) and the carry forward into 2017-18 of nominated capital projects of \$0.28 million.

Cash Flow Statement (Statement C)

This statement provides a more holistic picture and reports the important information on Council's cash inflows and outflows. The *Net cash flow from operating activities* line in the Cash Flow Statement (a cash view of the operating statement) shows from the revised budget a decrease of \$1.03 million when compared to the original adopted budget.

Net cash used in investing activities (Capital Works) shows an overall increase of \$4.50 million mainly due to projects that were carried forward into 2016-17 and *Net cash used in financing*

activities (mainly Trust & Deposits) remains consistent with the minimal increase of \$0.31 million relating to projected increased level of contract deposit funds held.

The bulk of these adjustments are increased payments to suppliers related to carried forward projects from 2015-16, all funded by higher levels of cash \$5.44 million held at the beginning of the financial year.

Non Discretionary Cash & Council Reserves (Statement E)

Included as part of this report is an additional reconciliation flowing from the cash flow statement of Council's Non Discretionary Cash Flow requirements. This reconciliation lists all Council reserves together with funds held as Deposits or Trust which are required to be refunded, and an allowance for provision of employee entitlements – being a nominal amount of 25% of Council Annual Leave Liability and 18.75% of the current Long Service Leave Liability (moving towards 25% by 30 June 2017). This is then offset against the level of projected cash at year end.

Operating – Year to Date Review

Overall the income statement reflects minimal variances in both operating revenue and operating expenditure, with several projects behind anticipated expenditure budgets.

The Year to Date Summary of the Income Statement for the period ending 31 March 2017 is provided in Table 1 below. It should be noted that the analysis as of 31 March excludes any depreciation, as these amounts are calculated and accounted for as of 30 June, to allow for the completion of the annual capital works program and for the revaluation of any assets that have occurred during the financial year.

Table 1 – Summary of Income Statement

	YTD	YTD	
	Budget	Actual	Variance
	\$k	\$k	\$k
Revenue	28,203	28,212	9
Expenses	17,317	16,318	999
Surplus	10,886	11,894	1,008

The Year To Date (YTD) operating result at 31 March 2017 shows income up by \$9,000 and expenditure down \$999,000 generating an improvement of \$1,008,000 or 9% against the year to date budgeted result. It should again be noted that the bulk of Council's depreciation is yet to be accounted for in this analysis.

The key components comprising both Revenue and Expenses variances are summarised by category in Tables 2 and 3 as follows (*next page*):

Table 2 – Key Revenue Component Variance

Variance		
\$k		
9k	Unfavourable to budget	
Key Components	Type	Particulars
(37)	Rates & Charges	Unfavourable year to date – although still some supplementary valuations are still to be processed.
60	Statutory Fees & Fines	Favourable Planning Fees \$22k (increased fees) and Building Fees \$27k (increased activity).
(80)	User Fees	Unfavourable user fees for Waste Disposal (\$26k) Home Care (\$38k) and Property Maintenance (\$13k).
45	Other Revenue	Favourable interest on rates \$10k, Yea Saleyards – Electricity Rebate \$10k, and Rental Income – Council Properties \$14k.

Table 3 – Key Expense Component Variance

Variance		
\$k		
999	Favourable to Budget	
Key Components:	Type	Particulars
611	Employee Benefits	<p>Year to date saving across the organisation due to vacant positions or in the Community Services area driven by service level demand.</p> <p>Favourable variances relate to;</p> <ul style="list-style-type: none"> • Community & Children Services \$56k • Development Services \$51k, and • Infrastructure Operations \$438k – partially offset by contractors cost (under materials & services)
387	Materials & Services	<p>Favourable year to date variances mainly relate to:</p> <ul style="list-style-type: none"> • Business Services \$40k • Communications & Customer \$48k • Community Services \$122k • Development Services \$42, • Infrastructure Assets / Maintenance \$184k • Infrastructure Operations (\$148k) use of workforce contractors prior to appointment of staff. <p>It should be noted that these are year to date variances to budget due to timing and not forecast savings as budgets have been revised.</p>

Capital - Year to Date Review

As at 31 March 2017, Capital Works is (\$65,000) above the year to date budget of \$5,031,000. Statement D, as attached, indicates that across the asset categories, the largest variances are (\$51,000) in Buildings and (\$12,000) in Plant & Machinery, with further details provided in Table 5 below.

Table 4 – Summary of Capital Works Completed (Financial)

Asset Category	YTD Budget	Actuals	Variance	Complete to
	31/03/17	31/03/17	YTD	YTD Budget
	\$'000	\$'000	\$'000	%
Land	-	-	-	0%
Buildings	2,119	2,171	(51)	-2%
Plant & Machinery	407	420	(12)	0%
Roads & Paths	1,376	1,375	0	0%
Bridges	698	705	(7)	-1%
Footpaths and Cycleways	222	224	(2)	-1%
Drainage	89	85	4	5%
Heritage Assets	-	-	-	0%
Furniture & Equipment	61	58	3	4%
Library Bookstock	59	59	0	1%
Works in Progress	-	-	-	0%
Total Capital Works	5,031	5,096	(65)	-1%

Table 5 – Key Capital Component Variance

Variance		
\$k		
(65)	Favourable to Budget	
Key Components:	Type	Particulars
(51)	Buildings	<p>Expenditure on buildings is running slightly over year to date expectations with the major items being:</p> <ul style="list-style-type: none"> • Yea Civic Centre Precinct (\$21k) • Bollygum Park (\$14k) • Kinglake Office (\$17k) <p>Part of this expenditure is correctly costed as capital works however is funded from Council's building maintenance budget in the operational area.</p>
(12)	Plant & Machinery	<p>Minor year to date variance of (\$9k) for purchase of pump and (\$3k) on passenger vehicles changeover.</p>

The capital works program overall is meeting budget expectations as at 31 March 2017. It should be noted that this financial report is a measure of actual expenditure paid to date and that a substantial part of the physical works have been completed but not yet invoiced.

The overall budget had increased from \$7.15 million to \$12.37 million with \$4.38 million carry forwards of unexpended capital work projects from 2015-16 (reported to Council in August 2016)

and the inclusion of several new grant funded capital works projects – which were detailed separately as a part of the September and December Quarterly Reviews.

Councillor Expenses (GST Exclusive):

As agreed in the new Councillor Reimbursement Policy that was adopted by Council at its February 2017 Ordinary Meeting, the following table details Councillor expenses for the 3 month period ending 31 March 2017.

Councillor	Councillor Allowance	Councillor Superannuation	Mobile Phone	Training & Professional Development	Accomm. & Travel	Total
Cr C Bisset	\$15,826.05	\$0	\$327.27	\$1,657.14	\$1,604.14	\$19,414.60
Cr S McAulay	\$4,820.34	\$476.73	\$327.27	\$1,657.14	\$656.30	\$7,937.78
Cr J Ashe	\$5,297.07	\$0	\$327.27	\$1,435.09	\$538.44	\$7,597.87
Cr R Bowles	\$4,961.59	\$335.48	\$327.27	\$1,297.14	\$772.97	\$7,694.45
Cr L Dunscombe	\$5,297.07	\$0	\$327.27	\$1,297.14	\$2,319.82	\$9,241.30
Cr E Lording	\$5,297.07	\$0	\$327.27	\$1,414.09	\$2,191.57	\$9,230.00
Cr M Rae	\$5,297.07	\$0	\$376.35	\$1,297.14	\$0	\$6,970.56
Subtotal	\$46,796.26	\$812.21	\$2,339.97	\$10,054.88	\$8,083.24	\$68,086.56

It should be noted that accommodation and travel costs include the reimbursement of the claims which a Councillor may choose to submit for travelling to Council meetings, briefings and other functions which they attend in their capacity as a Councillor. Where a Councillor's residence is greater than 50 kilometres from the location of a Council meeting they may also claim the statutory remove area allowance.

It should also be noted that Councillors can elect for part of their allowance to be deducted for superannuation purposes.

Consultation:

The *Local Government Act (Act)* requires that Councils give public notice of their annual review of the Council Plan (which includes the Strategic Resource Plan) and also its Annual Budget. All submissions received by Council must be considered, in accordance with section 223 of the *Act*.

Conclusion:

Awareness by Councillors of general budgeting and reporting requirements will facilitate the preparation of the Annual Budget and Strategic Resource Plan. Operating performance for the March 2017 quarter has been largely in line with budget expectations. Council remains in a favourable cash position despite the challenges that it faces.

RESOLUTION:

I McKaskill / Cr L Dunscombe

That the Audit Advisory Committee notes the Quarterly Financial Report to 31 March 2017.

CARRIED

The year to date budget for Councillor expenditure is requested to be published in the financial report alongside actual expenditure to provide greater clarity and context for the reader.

9. MANAGEMENT REPORTING

9.1 DRAFT COUNCIL PLAN 2017-2021 (INCLUDING STRATEGIC RESOURCE PLAN)

REF: SF/2722 (17/32256)

Attachment: Draft Council Plan 2017-2021 (refer *Attachment 9.1* - TRIM 17/26798)

Purpose:

The purpose of this report is to present to the Committee the Draft Council Plan 2017-2021 which has been placed on public exhibition in accordance with the *Local Government Act 1989*.

Officer Recommendation:

That the Committee note this report.

Background:

In accordance with Section 125 of the *Local Government Act 1989 (Act)*, Council must prepare and approve a Council Plan covering a four year period within the period of six (6) months after each general election or before 30 June whichever is the later.

Council's preparation of the Draft Council Plan 2017-2021 has been informed by the Murrindindi 2030 Vision, an extensive 'Have Your Say' community engagement initiative during March and April 2017 involving approximately 1,600 responses from the community, and a number of officer and Council workshops to develop the strategic directions and priorities over the next four years.

Council is also required to prepare, as part of the Council Plan, a four year Strategic Resource Plan (SRP) which sets out the financial resourcing requirements and assumptions to support the delivery of the directions contained within the Council Plan.

Council endorsed the Draft Council Plan for the purposes of public exhibition and submissions at its Ordinary Meeting of 26 April 2017.

Council Plan/Strategies:

This report refers to the development of the Council Plan and Strategic Resource Plan.

Legal/Policy Issues:

The requirement for the Council Plan inclusive of Strategic Resource Plan is detailed under Sections 125 and 126 of the *Act* and the public exhibition and submission process is being undertaken in accordance with section 223 of the *Act*.

Financial/Resources/Risk:

Financial considerations in relation to this report are contained within the Draft SRP and the proposed Budget 2017-2018.

Discussion:

The Council has set its direction around four key strategic objectives as follows:

Our People

Together we will encourage and celebrate diverse, caring and connected communities

Our Place

We will maintain and enhance places to be attractive, liveable and in harmony with the natural environment

Our Prosperity

In partnership with the community we will prioritise and promote a culture in which business and community can evolve and thrive

Our Promise

We (the Councillors and officers) will work as a team in collaboration with our communities to deliver the best possible outcomes in all that we do

The Draft Council Plan 2017-2021 details a range of strategies under each of these objectives for implementation over the next four years and a series of indicators to measure the outcomes of the Council's work. Each year Council will prepare an implementation plan and an annual budget that ensures the correct focus and resources are being applied to implement the strategies in the Council Plan.

The Draft Strategic Resource Plan 2017-2021 includes financial projections for the next 10 years. It has been developed to meet the overall resourcing requirements flowing from the directions in the Draft Council Plan, whilst maintaining a focus on maximising the Council's longer term financial sustainability.

Key financial assumptions that underpin the longer term financial plan are as follows:

1. Operating within a rate cap of 2% annual rate increases, which is forecast to remain constant over the life of the SRP. The Minister for Local Government sets the rate cap annually and the SRP will be modified based on annual determinations.
2. Fees & Charges revenue to increase by 2.5% per annum.
3. Borrowings to remain at current levels of \$500,000 per annum.
4. Cost of goods and services to increase by 2.5% per annum.
5. Interest on investments to remain at 2.5% per annum, with interest on borrowings at 4.5% per annum.
6. Revenue received from grants (for either capital or operating purposes) only included where the source of funds is certain, or reasonably assumed to continue over the life of the plan (e.g. Roads to Recovery).
7. Council's permanent staffing establishment is forecast to remain relatively stable over the life of the SRP.
8. A strong focus maintained on balancing Council's asset renewal gap over the life of the SRP.

It is noted that on current assumptions, renewal expenditure will not fully meet renewal requirements over the next ten years, which will see the infrastructure renewal gap increase. Council is continuing to invest in improved strategic asset management systems and planning, and this combined with enhanced strategic procurement is expected to slow growth in the renewal gap over the ten year life of the plan.

The Council reviews the SRP on an annual basis and therefore improvements to the management of Council's asset renewal requirements will involve a review of the current assumptions. This annual review also enables Council to consider other priorities and initiatives in the context of Council's financial position.

Consultation:

The 'Have Your Say' community engagement, which informed the Council Plan's development, involved a short survey about what people value and would like to see improved about the Murrindindi Shire and what Council should focus on into the future.

Surveys were located at 37 distribution points across the Shire (in addition to Council Offices and Libraries) during March 2017. It was also distributed online, via Facebook and through local print

media. Councillors and officers also attended a number of events to maximize the reach of the engagement process, including through 13 'pop-up' stalls at markets and other community gatherings across the Shire. Council also conducted 12 school visits to ensure participation in this engagement by children and youth.

Approximately 1,600 responses to the survey were received, including those of 400 primary and secondary school students.

Using the outcomes of the survey a series of four community workshops were held across the Shire and were attended by approximately 120 people to help identify and priorities the themes from the community survey feedback.

A summary of the 'Have Your Say' engagement has been published on Council's website.

In accordance with the requirement of the *Act*, Council is required to give public notice that it intends to adopt the Budget and Council Plan. Both documents must be made available for inspection at its offices and on its website for a period of at least 28 days, and submissions invited from members of the public. Subject to its endorsement by Council at this meeting, the Draft Council Plan 2017-2021 will be advertised for public viewing in a range of publications from 1 May 2017, with written submissions called for by 12.00 pm on 1 June 2017.

The advertising program for the Draft Budget and Council Plan is as outlined below:

Newspaper / Other	Publishing Date(s)
<i>Newspaper:</i>	
Alexandra Standard	3 May 2017
Yea Chronicle	3 May 2017
Marysville Triangle	5 May 2017
The Local Paper	2 May 2017
Website	1 May 2017
Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre	1 May 2017

The council will consider public submissions on the Draft Council Plan 2017-2021 at a Special Meeting of Council on Wednesday 7 June 2017.

Following the consideration of all written and verbal submissions, the Draft Council Plan 2017-2021 will be presented for adoption at a Special Meeting of Council to be held on Wednesday 21 June 2017.

Conclusion:

It is appropriate that the Draft Council Plan 2017-2021, incorporating the Strategic Resource Plan, be placed on public exhibition.

RESOLUTION:

Cr S McAulay / I McKaskill

That the Committee note this report.

CARRIED

The Income Statement narration on pages 24 and 25 to be reviewed.

9.2 DRAFT ANNUAL BUDGET 2017-2018

REF: FY3-05 (17/32304)

Attachment: Draft Annual Budget 2017-2018 (refer *Attachment 9.2* – TRIM 17/26917)

Purpose:

The purpose of this report is to present to the Committee the Draft Annual Budget 2017-2018 which has been placed on public exhibition in accordance with the *Local Government Act 1989*.

Officer Recommendation:

That the Committee note this report.

Background:

The preparation of the financial budget is part of a cyclical process that begins with the development of the Council Plan, the four year blueprint for Council activities. Council has developed its new Draft Council Plan 2017-2021 following consultation with the community. Council has also developed the Strategic Resource Plan (SRP), which ensures resource allocation is able to service Council's long term activities and initiatives. The SRP and its underpinning strategies inform the budget development process. The Annual Budget is a one year financial plan that considers SRP activities, current influences and any new initiatives.

The Draft Murrindindi Shire Council Budget 2017-2018 (the Draft Budget) presented in this report outlines the financial implications of the strategic objectives and initiatives planned by Council, focusing on the coming financial year.

The Draft Budget balances the need to deliver infrastructure and services while also providing the best possible value for residents and recognising the need for careful ongoing financial management.

The Introduction and Executive Summary of the Draft Budget detailed the key features of the budget.

Council Plan/Strategies:

The Draft Budget is the financial output of funding normal annual operations and initiatives detailed in the development Council Plan for 2017-2021 (incorporating the SRP).

Legal/Policy Issues:

The requirement for the Council Budget, including its legislated content and structure is detailed under Section 127 of the *Local Government Act 1989 (Act)* and the public exhibition and submission process is being undertaken in accordance with section 223 of the *Act*.

Financial/Resources/Risk:

The proposed Draft Budget for 2017-2018 is conservative in its scope of discretionary spending. It balances Council's requirement to manage rate increases in accordance with the rate cap of 2% legislated by the State Government for 2017-2018, providing a responsible and viable financial plan for the ensuing year.

Discussion:

The Draft Budget 2017-2018 ultimately details the resource requirements and project priorities that are in accordance with the key strategic objectives that have been set in the Draft Council Plan 2017-2021.

The new Draft Council Plan (2017-2021) identifies four key strategic objectives of Council, covering the themes:

- Our People
- Our Place
- Our Prosperity
- Our Promise

The Draft Budget is based upon the following key financial assumptions:

- A one-off rate freeze will apply to all commercial and industrial properties for 2017-2018, as an indication of Council's renewed focus to support business growth and new business development
- All other properties will see an increase in the average rate at 2% in accordance with the rate cap announced by the State Government in December 2016
- An additional 1% growth of the rate base is factored in for the year
- The organisational establishment is anticipated grow slightly in 2017-2018, to further support, and improve our engagement, communication and service delivery for our community
- Capital works will occur in accordance with the Ten Year Capital Improvement Program, and will represent a \$7.13 million investment in public infrastructure for 2017-2018

For 2017-2018, the Draft Budget has identified total operating expenditure of \$33.01 million against forecast revenue of \$32.47 million, which will generate a small operating deficit of \$536,000. Council's cash flows will remain very strong with a projected cash increase of \$1.9 million over the year.

Rate revenue is forecast to increase, incorporating the rate rise for 2017-2018, as well as an assumed growth in the rate base of 1%.

For the 2017-2018 year, service levels have been maintained in most areas, though additional resources are proposed to be added to the areas of customer service, communications and waste management to increase service levels to the community. Council is also continually reviewing its costs and affordability of managing the renewal of more than \$300 million of public assets for which it is responsible.

The \$7.13 million capital works program that is included in this year's Draft Budget continue to focus heavily on renewal projects, as well as maximising grant funding opportunities that are available, particularly with regard to the renewal of Council's roads and bridges network.

Financial considerations in relation to this report are contained within the SRP and the Draft Budget 2017-2018. With the current situation regarding the significant impact on Council as a result of its need for robust assets management, it is essential that accurate long-term financial planning exists.

The decision of the Essential Services Committee (ESC) last year to grant Council a variation to the rate cap allowed additional funds to be raised for the future renewal of Council's assets. With ongoing improvements to Council's asset management and procurement practices, this component of the rate revenue provides the capacity to not only contribute to asset renewal, but also undertake new initiatives that respond to Council's priorities informed by the 'Have Your Say' community engagement. These new initiatives will help Council further support business growth, and improve its engagement, communication and service delivery for the community.

Council is also committing to review each quarter what additional funds may be available, through continued efficiency improvements or additional revenue, to fund other community priorities or to allocate to ways that will further assist in managing Council's renewal gap.

Consultation:

As per the report on the development of the Council Plan, the 'Have Your Say' community engagement program, which informed the Plan's development, was referenced in the development of the priorities that are to be funded in the 2017-18 Annual Budget.

In accordance with the requirement of the Act, Council is required to give public notice that it intends to adopt the Budget and Council Plan. Both documents must be made available for inspection at its offices and on its website for a period of at least 28 days, and submissions invited from members of the public.

Conclusion:

It is appropriate that the Draft Annual Budget 2017-2018, be placed on public exhibition.

RESOLUTION:

Cr L Dunscombe / I McKaskill

That the Committee note this report.

CARRIED

9.3 LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

Nil to report.

10. GENERAL BUSINESS AND FUTURE PLANNING

10.1 RATES – RECEIVABLES AND COLLECTIONS

REF: 17/32398

Attachment: MCMS – Procedural "Debt Recovery" Flow Chart (refer Attachment 10.1 - TRIM 16/16284)

Background:

Council's current Rating Strategy was adopted in March 2015 which set the strategic direction for Council's rating structure over the following five (5) years.

Council's Rating Strategy provides a clearer understanding to the community about Council's objectives for raising revenue through rates, as well as better defining the parameters that Council will use to collect and manage its rates revenue. This ensures that Council can continue to appropriately and responsibly manage its long term financial obligations in delivering services to the Murrindindi Shire community.

The underpinning principles of Council's approach to the management of rates, as outlined in the current rating strategy are as follows:

- That rates will continue to be based principally on the valuation of properties that are deemed rateable in accordance with the Act;
- That Council will continue to apply a service charge to fully recover the cost of the collection and disposal of garbage;
- That Council will continue to apply differential rating against various property classes that considers equity across the community; and

- That Council will continue to apply a municipal charge to assist in the funding of the administrative cost of Council in accordance with the Act.

The new rating strategy included the introduction of two new differential rating categories – being Commercial / Industrial properties and Vacant Developable Land.

Exemptions from rates apply to a number of types of properties that include Crown land, charitable land, land used for religious purposes, and land used exclusively for mining or forestry.

The Capital Improved Value (CIV) base, currently used by Murrindindi Shire Council, is considered to be the best valuation base for Councils to use for the following reasons:

- It is the closest approximation to an equitable distribution based on capacity to pay;
- It allows the ability to levy a full range of differential rates and therefore provides greater flexibility in achieving an equitable outcome; and
- It has wider community acceptance and understanding due to it being applied in the majority of Victorian local governments.

Legal/Policy Issues:

The Local Government Act 1989 sets out the statutory requirements that Council must comply with when undertaking its rating and valuation processes.

The *Local Government Act 1989* (The Act) sets out the objectives for Local Government. Part 8 – Rates and Charges on Rateable Land specifies the legislative guidelines for raising rates revenue, payment of rates and the charging of interest for non payment.

A change in legislation in the way interest is calculated and charged came into effect in 2013-14. Previously interest on overdue rates was calculated back to the date the notice was issued, which in most delinquent rates matters accounted for 6 months of interest, ie. the difference between August rates notice issuance and the February annual rates payment date. The change in legislation now only allows the charging of the current year's rates based on the amount of the instalment(s) due – back to the date of the instalment – being 30 Sept, 30 Nov, 28 Feb & 31 May. Under the *Penalty Interest Rates Act 1983*, interest is currently charged at 9.5%, though this is schedule to rise to 10.0% as of 1 July 2017.

Discussion:

Following the issue of rate notices for the current year, rate payers electing to pay by instalment are sent reminder notices, as well as advertising within newspapers when instalments are due. In addition for several weeks prior to 15 February – date for Full Payment of Rates, advertising is also undertaken reminding ratepayers that rates are due.

Council allows approximately two (2) weeks post 15 February – for receipt of rate payments that may be delayed in the mail, electronic payments etc, prior to commencing any formal debt collection processes.

The first step taken is a "Rates Final Notice" being sent out by Council advising rates are overdue, and also advising that failure to make full payment or to contact Council within 14 days to explain the failure to pay may result in legal action to recover the full amount outstanding including interest and legal cost without further notice.

In the majority of cases, this process initiates some contact with Council, resulting in either the payment of the outstanding rates, or contact is established that allows for suitable arrangements (ie. payment plans) to address the outstanding rates. Unfortunately not all rate payers respond, and following a review by Council officers, these properties are forwarded on to Council's Debt collection Agency – Midstate Credit Management Services ("Midstate").

The first step from Midstate is to issue a letter of demand (Solicitors letter) for the outstanding rates. It is important to note that at this stage if rates are paid – there are currently no legal costs incurred by the recalcitrant ratepayer. It is only after a further 14 days without any response to this second notice of failure to pay, that Council Officers review the file with Midstate prior to providing instruction to issue a formal Complaint.

If further debt recovery is required following the steps detailed above, Council’s debt management provider is engaged to solely handle the collection of the monies owed to Council from this point onwards. An important point to note is that from this stage on, the ratepayer can only resolve the amount owed to Council through collaboration with Midstate, not through contact with the rates officers of Council.

Legal recovery costs are also instituted from this stage in the process, with costs escalating through each stage of the process (complaint, judgement, oral examination, warrant), relative to the amount of time and resource associated with managing each action that requires debt management. As per the attached (*Attachment 10.1*) is a copy of Midstate’s procedural “debt Recovery Flow Chart” that details the steps that follow.

Once debt recovery has reached complaint stage, timelines that can be achieved for recovery can vary greatly, depending on the response that is received from the debtor. Generally, rates are recovered relatively quickly at this stage as it is confirmed to the debtor the approach that Council is taking, and that all additional costs will be borne by them until the full debt is cleared.

The table below details the current level of rate debtors as at 31 March 2017:

Rate Debtors (Arrears & Current) as at 31 March 2017 (excluding FSPL)					
			Full Payers	Instalments	TOTAL
Number of Assessments / Ratepayers			5,190	4,432	9,613
% of ratepayers paying by instalment				46%	(42% in 15/16)
Amount of Rates Outstanding 30 June 2016					\$810,859
Amount of Rates Outstanding 31 March 2016					\$4,068,246
Number of Ratepayers on arrangements					80
\$ Value of Rates - arrangements					\$168,994
Current ratepayers at Debt Collection - MC Legal (for debts pre 2016-17)					
Demand				31	
Complaint				21	
Judgement				14	
Summons Oral Examination				28	
Rent Demand				3	
Hold / Arrange / Warrant / Other				9	
Total Number of Ratepayers at MC Legal				106	\$284,364
<i>reduction compared to 31 March 2016</i>				<i>22.1%</i>	<i>32.5%</i>

Council increased the level of debt collection commencing late May 2013, after several years of an easing in pursuit of debt post the February 2009 Bushfires.

The increase in level of debt collection has also increased the related legal expenses. However, it should be noted that there is no overall net increase in costs to Council, as all debt collection expenses together with interest are a charge on the property and ultimately collectable, regardless of how long the recovery process takes, or at what stage the debt recovery process is concluded.

The table below reconciles the level of rate receivables extracted from Councils' Annual Reports for the last four financial years, as well as the forecast for the 2016/17 financial year:

Table (ii) Debt Levels					
Extracts from Annual Reports					
	2013	2014	2015	2016	2017
					<i>forecast</i>
Rate Debtors	\$1,016,154	\$1,146,964	\$1,259,037	\$1,422,997	\$1,426,110
Garbage & Recycling Debtors	\$262,165	\$255,324	\$250,722	\$274,509	\$307,161
	\$1,278,319	\$1,402,288	\$1,509,759	\$1,697,506	\$1,733,271
% increase in level of debt	28.48%	9.70%	7.66%	12.44%	2.11%
% collection of current rates levied	98.22%	99.27%	99.41%	99.05%	99.83%
Revenue from Rates					
	2013	2014	2015	2016	2017
					<i>forecast</i>
Rates & Charges	\$14,614,858	\$15,699,505	\$16,867,705	\$18,293,213	\$19,148,157
<i>includes Rates, Municipal Charge, Garbage, Recycling & payment in lieu of rates</i>					

This table details an increase in total rate debtors, but this increase is now increasing at a rate below the annual rating increase (4.30%), a strong indication of improved performance in managing the collection of total rate revenue.

Noted.

The Chair, Michele Sheward, stood down from the position of Chair prior to consideration of item 10.2 on the agenda at 2.40 pm. The CEO, Margaret Abbey, assumed the Chair.

10.2 ELECTION CHAIR OF AUDIT ADVISORY COMMITTEE

REF: 17/32315

As per Section 2c of the Audit Advisory Committee Charter, the Audit Advisory Committee is to "elect the Chair of the Committee to commence in the first quarter of each financial year. The term of the Chair is to be 12 months, with a maximum of three (3) consecutive years with a break of at least one (1) year."

As per Section 2g of the Audit Advisory Committee Charter, "The Chairperson shall be appointed from the external members of the Committee by the Audit Advisory Committee subject to Council's approval".

It is therefore appropriate to now call for nominations for the Chair of the Committee for the 2017-18 financial year to be called for. It is noted that until such time as the election result is approved by Council at the May Ordinary Council Meeting, the Chair elected will be in an Acting capacity only.

It is noted that due to resources being allocated to the development of the Draft Council Plan 2017-2021 and the Draft Annual Budget 2017-18 it has not been possible to present the revised Committee Charter to Council for endorsement. Consequently the recommendation to approve the Chair of the Audit Advisory Committee will be conditional upon Council's endorsement of the Committee Charter at the May Ordinary Council Meeting.

Officer Recommendation:

That, subject to the Council's endorsement of the Committee Charter, it be recommended to Council at the May Ordinary Council Meeting that (name) be approved as Chair of the Audit Advisory Committee.

RESOLUTION:

I McKaskill / Cr S McAulay

That, subject to the Council's endorsement of the Committee Charter, it be recommended to Council at the May Ordinary Council Meeting that Michele Sheward be approved as Chair of the Audit Advisory Committee.

CARRIED

Michele Sheward resumed the position of the Chair at 2.41 pm.

11. OTHER REPORTS

John Gavens advised that the Department of Environment, Land, Water and Planning (DELWP) has funds available through the FAST Program (Finance and Accounting Support Team). The criteria were for a collaboration of Council's, however Council will reassess if this is still the case.

12. NEXT MEETING

Thursday 14 September 2017 * at 3 pm in the Alexandra Council Chamber.

* to consider the 2016-2017 Financial Statements

There being no further items of Business, the Chairperson declared the meeting closed at 2.44 pm.

CONFIRMED THIS _____

CHAIRPERSON _____

MURRINDINDI SHIRE COUNCIL

CHARTER OF THE AUDIT ADVISORY COMMITTEE

1. OBJECTIVES

The Audit Advisory Committee (“the Audit Committee”) is an independent advisory committee to Council. The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation’s ethical development.

The Audit Committee is established to assist the co-ordination of relevant activities of management, the internal audit function and the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner.

As part of Council’s governance obligations to its community, Council has constituted an Audit Committee to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting;
- Effective management of financial and other risks and the protection of Council assets;
- Compliance with laws and regulations as well as use of best practice guidelines;
- The effectiveness of the internal audit function;
- The provision of an effective means of communication between the external auditor, internal audit, management and the Council.

2. TERMS OF REFERENCE

General

- (a) The Audit Committee is a formally appointed committee of the Council and is responsible to that body. The Audit Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent of management.

The Committee’s role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.

Membership

- (b) The Audit Committee will comprise a minimum of six members – three external independent persons (voting rights), two Councillors (voting rights) and the Mayor (or substitute - both non-voting).
- (c) Appointments of external independent persons shall be made by Council by way of public advertisement and be for a term of two years with an option of a one year extension. The terms of the appointment should be arranged to ensure a staggered rotation and continuity of membership despite changes to Council's elected representatives. The term of the Chair is to be 12 months, with a maximum of three (3) consecutive years with a break of at least one (1) year if three consecutive terms have been served. The term of the Chair is to commence in the first quarter of each financial year.
- (d) All external independent persons will have senior business or financial management/reporting knowledge and experience, and be conversant with the financial and other reporting requirements. The evaluation of potential members will be undertaken by the Mayor, member Councillor and Chief Executive Officer taking account of the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills, and a recommendation for appointment put to Council.
- (e) If the Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so and provide that member with an opportunity to be heard at a Council meeting which is open to the public, if the member so requests.
- (f) Remuneration will be determined by Council and reviewed periodically. Payment will be paid to each independent member of the Committee on a quarterly basis in arrears.
- (g) The Chairperson shall be appointed from the external members of the Committee by the Audit Committee subject to Council's approval. In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the external members present.
- (h) A quorum will be a simple majority of the voting members of the Committee, including at least two (2) independent members.
- (i) The Chief Executive Officer and internal auditor (whether a member of staff or contractor) should attend all meetings, except when the Committee chooses to meet without management in attendance. Other members of Council or Council staff may be invited to attend at the discretion of the Committee to advise and provide information when required.
- (j) Representatives of the external auditor should be invited to attend at the

discretion of the Committee but **must** attend meetings considering the draft annual financial report and results of the external audit.(k) Council shall provide secretarial and administrative support to the Committee.

- (l) Induction of new members – any prospective new committee members should be provided with a copy of the audit committee’s charter and with the following documentation:
- Council plan;
 - Annual report;
 - Key financial reporting policies, including related-party issues; and
 - Current council plan performance report.

Annual Agenda

- (m) An annual agenda including schedule of meeting dates will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Council reporting deadlines, for example to coincide with the approval of the Council Plan, annual plans and budgets and in August to coincide with the finalisation of the financial statements and the draft annual report to the Minister.

The Committee shall meet at least quarterly.

Additional meetings shall be convened at the discretion of the Chairperson or at the written request of any member of the Committee, internal or external auditor.

All meetings of the Committee shall be conducted in accordance with Council’s Governance Local Law No. 2, 2014.

Reporting

- (n) The Audit Committee shall after every meeting forward the minutes of that meeting to the next ordinary meeting of the Council, including a report explaining any specific recommendations and key outcomes.
- (o) The Committee shall report annually to the Council summarising the activities of the Committee during the previous financial year.

Duties and Responsibilities

- (p) The following are the duties and responsibilities of the Audit Committee in pursuing its Charter:
- (i) To review the scope of the internal audit plan and program and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:

- internal controls over significant areas of risk, including non- financial management control systems;
 - internal controls over revenue, expenditure, assets and liability processes;
 - the efficiency, effectiveness and economy of significant
 - Council programs; and
 - compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- (ii) Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or Chief Executive Officer.
- (iii) Review the level of resources allocated to internal audit and the scope of its authority.
- (iv) Review reports of internal audit and the extent to which Council and management respond to matters raised by internal audit, by monitoring the implementation of recommendations made by internal audit.
- (v) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- (vi) Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant under the Committee's terms of reference. Review management's response to, and actions taken as a result of the issues raised.
- (vii) Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems.
- (viii) Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.
- (ix) Review Council's draft annual financial report, focusing on:
- accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates; significant adjustments to the financial report (if any) arising from the audit process;

- compliance with accounting standards and other reporting requirements;
 - significant variances from prior years.
- (x) Recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
- (xi) Discuss with the external auditor the scope of the audit and the planning of the audit.
- (xii) Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters.
- (xiii) Review procurement practices against best practice and legislation and advise Council.
- (xiv) Review the annual performance statement and recommend its adoption to Council.
- (xv) Review issues relating to national competition policy, financial reporting by Council business units and comparative performance indicators.
- (xvi) Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Council if appropriate. Oversee any subsequent investigation, including overseeing of the investigation of any suspected cases of fraud within the organisation.
- (xvii) Monitor the progress of any major lawsuits facing the Council.
- (xviii) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
- (xix) The Audit Committee in conjunction with Council and the Chief Executive Officer should develop the Committee's performance indicators.
- (xx) Receiving mandatory quarterly financial statements.
- (xxi) Review key policies impacting the effectiveness of Council's governance framework, including the Code of Conduct, Fraud Prevention & Control Policy, Protected Disclosures Policy, etc.

- (q) The Audit Committee, through the Chief Executive Officer and following authorisation from Council, and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.

Review

- (r) The audit committee shall be subject to a periodic review, including a review by the Council and the completion of a self-assessment program. The reviews should include the following:
- Obtaining feedback on the committee's performance and operations from key people such as the external auditor, the internal auditor, and senior financial and other management staff.
 - Obtaining feedback from the Council on the effectiveness of the committee.
 - Assessing the performance of the audit committee against its terms of reference.
 - Assessing the contribution of individual committee members (review to be completed by the committee's chairperson) and the chairperson (review by committee members), for discussion with the Mayor.

3. MISUSE OF POSITION

In accordance with section 76D of the *Local Government Act 1989* as amended (the Act), members must not misuse their position to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or to cause, or attempt to cause, detriment to the Council or another person.

4. CONFLICT OF INTEREST

In accordance with Section 79 of the Act, members are required to disclose all conflicts of interest and may not be eligible to vote on a matter or attend a meeting at which the subject of the conflict will be considered, depending on the nature of the conflict. Members are expected to be aware of the provisions of the Act with regard to conflicts of interest and disclosure thereof. Failure to comply with the provisions of the Act with regard to conflicts of interest may result in the member's appointment being terminated.

5. CONFIDENTIALITY

All members are expected to be aware of their responsibilities with regard to the confidentiality of information about Council's affairs pursuant to Section 77 of the Act. Failure to comply with the provisions of the Act with regard to confidentiality may result in the member's appointment being terminated.

6. ATTACHMENTS

The Council has attached the following documents or copies of the document to this Charter.

- Governance Local Law 2, 2014

The Audit Committee Charter was endorsed by the Murrindindi Shire Council on XXX.


Margaret Abbey
CHIEF EXECUTIVE OFFICER

Title:	Procurement
Type:	Council
Adopted:	
File No:	SF/491
Attachments:	Procurement Guidelines

1. Purpose

The purpose of this policy is to:

- Outline Council's procurement principles
- Provide guidance on expected ethical behaviour in procurement processes
- Demonstrate how Council supports the local economy through its procurement practices
- Ensure consistency and control over procurement activities
- Demonstrate to rate payers how value for money is achieved

2. Rationale

Section 186A of the Local Government Act 1989 requires the Council to prepare, approve and comply with a Procurement Policy encompassing the principles, processes and procedures applied to all purchases of goods, services and works by the Council. The Council must review its Procurement Policy annually and make it available for public inspection.

3. Scope

This policy covers all procurement activities of Council and is binding upon councillors, council officers and temporary employees, contractors and consultants while engaged by council.

4. Policy - Procurement Principles

Council will apply the following fundamental best practice principles to every procurement process irrespective of monetary value or complexity.

4.1 Best value for money

Council's procurement decisions will be based on achieving best value for money taking into account all costs of ownership and the acceptability of the solution in terms of fit for purpose and risk. Section 186 of the Local Government Act provides that Council is not required to accept the lowest price response or any response.

4.2 Fair and honest dealing

All participants will be treated fairly in an open, transparent and consistent manner without any bias or the perception of bias. Where participants are selected to take part in a procurement process, the selection decision will be impartial, based on value for money considerations and documented.

Procurement processes will be reasonable. The time and cost of participating will be minimised to remove barriers to participation and increase accessibility, particularly for small and medium sized companies.

Council does not tolerate corrupt or improper conduct by its Councillors, employees, agents or, suppliers. People are encouraged to report known or suspected incidences of corrupt or improper conduct to the General Manager, Corporate and Community Services or direct to either the Independent Broad Based Anti-Corruption Commission (IBAC) or Victorian Ombudsman.

4.3 Accountability

Procurement activities will be documented, decisions will be made by people with appropriate authorisations and more than one person will be involved in procurement and financial commitment processes.

4.4 Open and transparent

Procurement processes will be open and transparent. Participants will have equal access to information. Council will provide constructive feedback to participants to build capacity and understanding of Council's procurement and decision making processes.

4.5 Confidentiality

Councillors and staff will treat all information contained in responses as commercial-in-confidence. The information will be kept secure and not disclosed to any other participant or third party, or to any person who has no official interest in the procurement process.

Councillors and staff will protect commercial information by refusing to publicly release or discuss commercial in confidence information provided in response to a procurement process.

5. Expected ethical behaviour

5.1 What is expected from Council

Council will:

- Comply with the relevant legislation, regulation and guidelines including the Local Government Act, Council's Code of Conduct and this Procurement Policy;
- Treat all individuals or organisations involved in procurement processes fairly;
- Encourage fair and open competition while seeking value for money and efficiency;
- Try to minimise the cost of participating in procurement processes;
- Protect commercial in confidence material;
- Act honestly and be accountable;
- Avoid and manage situations where private interests conflict with public duty;
- Disclose any situations that involve, or could be perceived to involve, a conflict of interest;
- Not ask for or accept financial or other benefits from potential, current or past suppliers/business partners for performing official duties; and
- Respond to reasonable requests for information or advice without delay and ensure equitable distribution of information for all participants.

5.2 What Council expects from participants in procurement processes and/or suppliers

Council has the following expectations regarding the behaviour of participants in procurement processes and/or suppliers:

- Comply with the conditions and requirements stated in Council's procurement documents;
- Comply with legal obligations including industrial relations, security of payment and occupational health and safety obligations;
- Respect the obligation of Councillors and staff to comply with relevant legislation, regulation and guidelines including the Local Government Act, Council's Code of Conduct and this Procurement Policy;
- Not engage in collusive practices. Act with integrity and openness and respond to reasonable requests for advice and information;
- Not offer Councillors or staff financial inducements or any gifts or other benefits which may lead to, or be seen as leading to, an unfair advantage in dealings with Council; and
- Ensure business and supply chain practices are conducted in an honest, ethical and safe

manner.

6. Supporting the local economy

The Council is committed to buying from suppliers based in the Shire of Murrindindi and will give preference to these suppliers where their price is within 5% of the highest scoring value for money offer and they have demonstrated that they can meet Council's requirements with minimal risk. Council may also take into account contributions that suppliers from outside the Shire may make to the local economy when determining best value for money.

Council is also committed to increasing opportunities for local suppliers to gain Council work and building the capacity and competitiveness of local businesses. For instance, Council will:

- Take reasonable steps to raise awareness within the local economy of open opportunities whilst recognising that businesses should take responsibility for monitoring the market and identifying opportunities
- Provide local businesses with access to information regarding procurement processes, requirements and expectations through the Procurement Unit;
- Host information sessions on bidding and the use of Council's e-Tendering portal; and
- Offer face to face de-briefing sessions with unsuccessful respondents to support them to do better in future procurement processes.

Council is also strongly focussed on making it easy to do business with council. For instance, Council will adopt procurement and contract documents that are simple and easy to read in order to remove barriers to participation and increase accessibility, particularly for small and medium sized companies. Council will also use its online e-Tendering portal wherever possible because it makes it easier and faster for local businesses to get information and learn about opportunities and engage with council. The e-Tendering portal also reduces costs and streamlines procurement processes for council and participants.

7. Procurement control arrangements

7.1 Approval to release procurement documents

Procurement documents are approved by the officer with the delegated authority to commit the funds before being released.

Procurement documents are not to be released unless there is an approved budget or source of funds and a firm commitment, intention and capacity to proceed.

The approving officer is also required to check that the procurement documents:

- Are clear, unambiguous and easily understood;
- Include a sufficiently detailed specification that can easily be costed and is consistent with the scope of the approved budget or source of funds;
- Identify reasonable and relevant criteria upon which responses will be evaluated; and
- Are not overly onerous and do not include requirements that unnecessarily limit who can respond or create barriers to participation.

7.2 Council's e-Tendering Portal

Wherever practicable, Council will release opportunities through its e-Tendering Portal because it enhances:

- Openness as the same information is available to all participants simultaneously;
- Accountability as a system generated audit record is created for each procurement process;

- Efficiency by removing the need to print and submit hardcopy submissions;
- Confidentiality as system controls limit access to responses to authorised officers only; and
- Communication as the web-based portal provides ongoing and immediate notification of opportunities reducing reliance on local paper advertisements.

Opportunities released through the e-Tendering Portal will need to be responded to through the portal.

Some selective opportunities will continue to be released via email direct to selected suppliers where this represents the most efficient and effective way of seeking and responding to requests.

7.3 Conflict of interest

Anyone participating in a procurement evaluation process is required to declare any interest they may have in the outcome of the evaluation by completing the Conflict of Interest Declaration Form. For clarity, this includes any actual, potential and/or perceived direct or indirect interest that might reasonably be thought to be in conflict with their role.

If an interest is declared, the officer's manager or the Evaluation Team Chair, if one has been appointed, will determine how best to manage the interest. Depending on the significance of the declared interest, the officer may be required to take no further part in the process, to undertake a reduced role or to continue their involvement with their interest known to all others involved.

7.4 Evaluation process

Procurement processes where only one response (quote) is sought may be evaluated by a single officer. The rationale for accepting or rejecting the response must be documented. If it is accepted, the person raising the Purchase Order must not be the same person that approves the Purchase Order. This separation of roles is critical to Council's system of financial control.

Procurement processes where more than one response has been sought must be evaluated by an Evaluation Team of at least two people, one of whom is appointed as the Evaluation Team Chair.

The Evaluation Chair is responsible for managing the evaluation process and ensuring a fair and consistent evaluation, confidentiality and the appropriate management of conflicts of interest. Following the completion of the evaluation process, the Evaluation Chair will document the recommendation for the endorsement of the Evaluation Team. The final decision on whether to accept a response rests with the officer with delegated authority to commit the funds.

7.5 Communications

Communications throughout procurement processes need to be controlled to ensure that all participants are treated fairly with equal access to information in an environment where confidentiality is maintained.

Communications regarding opportunities published on the Council's e-Tendering Portal must be lodged through the portal so that all participants have access to the same information. Communications during an evaluation process must be directed to or come from the Evaluation Chair. Participants will receive written notification of the outcome of procurement processes. Upon request, unsuccessful participants will be provided with constructive feedback on their submission and improvements that could increase competitiveness in future procurement processes.

8. Emergency procurement

In accordance with the Murrindindi Shire Municipal Emergency Management Plan (MEMP), during an emergency the Municipal Emergency Resources Officer will have the same Financial Delegation as the CEO and the power to suspend parts of the Procurement Policy where required to enable a timely emergency response. The decision to suspend parts of the Procurement Policy must be recorded and

reported to Council as soon as reasonably practicable.

The Municipal Emergency Resources Officer must ensure that procurement processes comply with the Emergency Management Act 1986 and take into account value for money, accountability and probity to the extent possible given the severity of the emergency. As a minimum, the Municipal Emergency Resources Officer will be required to report to Council details regarding Council’s suppliers and the value of goods, services and works supplied.

9. Process for achieving value for money (Procurement Thresholds)

The achievement of best price can most easily be demonstrated through highly competitive processes involving a number of participants. However, participating in these processes can be costly and the overarching principle of value for money requires a balance between the time and cost of participating in competitive procurement process and the likely cost benefits of greater competition.

Council's procurement thresholds provide guidance on how this balance can be achieved by setting minimum levels of competition depending on the value of the good, service or works. These are shown in the following table. Levels of competition above these minimum requirements will be considered where it is reasonably likely to generate better value for money.

Tier	Value (inclusive of GST)	Procurement threshold (min requirement)
Tier 1	\$0 - \$5,000	Request a minimum of one verbal quote from a potential supplier. The rationale for selecting the successful respondent to be documented. If the successful response is verbal it must be confirmed by the Council officer via email.
Tier 2	\$5,001 - \$20,000	A written request (letter, fax, email, e-Tendering portal) to be issued to a minimum of two potential suppliers. The responses can be verbal or written. The rationale for selecting the successful respondent to be documented. If successful response is verbal it must be confirmed by the Council officer via email.
Tier 3	\$20,001 – \$150,000 (goods and services)/ \$200,000 (works)	A written request (letter, fax, email, e-Tendering portal) to be issued to a minimum of three potential suppliers. The rationale for selecting the successful respondent to be documented. A formal agreement between parties is required.
Tier 4	Over \$150,000 (goods and services)/ \$200,000 (works)	Open and advertised tender process published on the e-Tendering portal. The responses must be in writing and submitted through the e-Tendering portal. The rationale for selecting the successful respondent to be documented. A formal agreement between parties is required.

10. Procurement threshold exemptions (Tiers 1, 2, and 3)

An exemption from the procurement threshold must be clearly documented and formally approved by the Chief Executive Officer or relevant General Manager. Exemptions from procurement thresholds up to \$150,000 (goods and services) and \$200,000 (works) will only be considered in emergency situations or where compliance is either not possible or unlikely to generate better value for money. For instance, it may not be possible or appropriate to meet the minimum levels of competition if the service is highly specialised with very limited providers, or where intellectual property or compatibility issues mean that only one provider or make/model/system is suitable. It may also be inappropriate or impossible to meet minimum levels of competition in urgent or emergency situations.

11. Procurement threshold exemptions (Tier 4 only)

For procurements worth \$150,000 (goods and services) and \$200,000 (works) or more, the Local Government Act requires Council to undertake an open and advertised procurement process unless an exemption under Section 186(5) is applicable.

Section 186(5) allows for the following exemptions, if Council:

- Has resolved that a contract must be entered into because of an emergency;
- Has entered into an agency arrangement with another Council or third party agent that has otherwise complied with the Act;
- Has been granted a Ministerial exemption or is making use of a Ministerial Approved Arrangement (eg use of State Purchase and Whole of Victorian Government Contracts); or
- Is entering into a type of contract which is exempt (eg legal services, loans, purchase of land, sale of goods).

12. Purchasing from existing standing offer or panel agreements

Council is committed to adopting efficient work practices and reducing, wherever possible, the time and resources involved in procurement activities whilst also ensuring best value and effective risk management. For this reason, where a panel or standing offer agreement has been established through a competitive and open process, the Chief Executive Officer may set panel or standing offer purchasing thresholds to support purchases through these existing agreements.

13. Order splitting

Suppliers, Contractors and Council staff must not request, encourage or facilitate the prohibited act of “order splitting” (splitting one order into a succession of orders) for the purpose of obtaining the goods or services under a financial delegation level or procurement delegation level.

14. Cumulative Spend

Council is committed to strategic procurement practices that take into account the cumulative spend on similar goods and services over time. Council recognises that the cumulative spend of small value or larger value frequent purchases can quickly amount to significant sums and create opportunities for savings through strategic procurement practices.

For this reason, Council monitors cumulative spend with suppliers to identify strategic procurement opportunities such as bundling and consolidated supply contracts. Council also requires staff to have a long-term view of regular and/or ad hoc procurement processes and consider cumulative spend and savings opportunities.

15. Complaints

General feedback and complaints regarding Council's procurement processes and procedures are taken seriously and will be handled fairly and promptly in a respectful manner. Feedback and complaints should be directed to the Procurement and Risk Coordinator.

16. Related Policies, Strategies and Legislation

- Capital Works Expenditure Policy
- Complaints Resolution Policy
- Confidentiality and Privacy
- Corporate Card Policy
- Councillor Code of Conduct
- Employee Conduct
- Financial Delegations Policy
- Fraud Prevention and Control

- Information Management
- Petty Cash
- Risk and Safety
- Using Consultants

17. Council Plan

This report is consistent with the Council Plan 2013-2017 goal – ‘Our Council’ – to provide effective governance that supports the aspirations of our community.

18. Management and Review

The executive management team is responsible for monitoring compliance with this policy. The procurement unit will prepare reports to assist management in carrying out that responsibility.

This policy will be reviewed at least annually by Council.

19. Consultation

Consultation has been undertaken internally with relevant stakeholders.

20. Human Rights Charter

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.