



# **Council Plan**

**2009- 2013**

**First year Review**

incorporating

**Strategic Resource Plan**

**2009-10 to 2013-14**

**Adopted by Council 25 August 2010**

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## MESSAGE FROM THE MAYOR



I am pleased to present Murrindindi Shire Council's updated 2009-2013 Council Plan.

This plan is a guide to Council's vision, direction, priorities and actions for the current Council term. It has been updated to reflect our work over the past 12 months and sets the direction for 2010/11.

Our plan is a charter between the Council, Murrindindi Shire Council staff and our community.

Council is proud of its record during the past 12 months. There were enormous challenges set throughout the reconstruction and recovery efforts following the February 2009 bushfires.

In trying circumstances, our Council and staff have continued to work tirelessly in the aftermath of the February 2009 fires. They have shown strength, compassion and an unbelievable resolve to the rebuilding and recovery process.

Across 2010/11 there is still a significant recovery focus, but our attention firmly turns to day-to-day Council operations. We will enhance our service delivery, support business and continue to show our leadership strength by dealing with the state and federal government to get the best results for our shire.

Our updated plan aligns with Council's policies, strategies, budget and other corporate documents.

It is no easy task in developing a Council Plan. We have many challenges in an effort to support our diverse and wide-spread shire.

We have taken into account the need to support our business community, the continued focus on major infrastructure maintenance and upgrades, and those essential community services that are vital in assisting an ageing population.

Over the next 12 months I believe the Council has set high expectations that will be realised for the betterment of our shire.

A handwritten signature in black ink, appearing to read 'Peter Beales'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Peter Beales  
Mayor

## MURRINDINDI PROFILE

### THE PLACE

The Shire of Murrindindi is located north east of Melbourne's urban fringe and encompasses large areas of quality agricultural land and timbered public land. Murrindindi is one of Melbourne's closest natural playgrounds with beautiful national parks and state forests, the majestic Goulburn River and the expansive Lake Eildon.

Extending over an area of just under 4,000sq kilometres, 48 percent of the shire is crown land. Murrindindi is characterised by many small towns including Acheron, Alexandra, Buxton, Cathkin, Castella, Eildon, Flowerdale, Glenburn, Gobur, Highlands, Homewood, Kanumbra, Kinglake, Kinglake West, Koriella, Limestone, Marysville, Molesworth, Murrindindi, Narbethong, Rubicon, Strath Creek, Taggerty, Terip Terip, Thornton, Toolangi, Woodbourne, Yarck and Yea.

The Murrindindi Shire boasts more than 2000 square kilometres of prime forest, pristine waterways, Melbourne's closest alpine resort at Lake Mountain, Lake Eildon and the national park which surrounds it, and a friendly and welcoming population

### THE FEBRUARY 2009 FIRES

On 7 February 2009 fires burned a large portion of Victoria, nowhere more severely than the Shire of Murrindindi. The destruction in Murrindindi was enormous; 1,539 square kilometres or 40 percent of shire area was burned, 95 people died, 1,397 dwellings were lost, 75 businesses destroyed, 25 community facilities damaged or lost and 3,533kms of fencing destroyed. More than 126,000 ha of forested area burnt in the Kilmore East - Murrindindi Complex North Fire Zone.

Since the fires, Council and community members have been working tirelessly on the recovery effort. Key Council achievements from the first year are detailed in the Councils "12 Months On" report, available on Council's web site.

Council has worked closely with the state government to secure resources for continuing recovery activity. The focus of recovery efforts will be detailed in a Reform and Recovery Plan, currently being completed. This plan will complement and have strong links with this Council Plan.

## THE PEOPLE

Prior to the February 2009 fires, the majority (57 per cent) of residents lived in the major towns, with 43 per cent of all residents living in rural areas or smaller towns. With the loss of so many homes, many residents were displaced with estimates suggesting a fall of seven per cent in the Shire’s population (ABS). Accurate figures on population and analysis of displacement and will not be available until after the next census.

## EMPLOYMENT

Traditionally the largest employers of residents in Murrindindi are (percent):

- Agriculture, forestry and fishing (12)
- Manufacturing (10)
- Health care and social assistance (10)
- Construction (10)
- Retail trade (9)
- Accommodation & food services (9)
- Education and training (9)
- Public administration and safety (6)
- Transport, postal and warehousing (4)
- Wholesale trade (4)

Source ABS



## HOW COUNCIL OPERATES

The Murrindindi Shire Council is a body corporate established under the *Local Government Act 1989* which is made up of elected representatives who collectively comprise the Council.

The Council appoints a Chief Executive Officer who manages the day to day functions of the Council.

The Shire of Murrindindi is divided into seven wards with one councillor elected to represent each ward. The last elections were held in November 2008 when the councillors were elected for a four year term.

Recognising the need for a whole of government response to bushfire recovery and reconstruction, the council has established a committee comprising Council, the Victorian Bushfire Reconstruction and Recovery Authority, the Department of Human Services and The Department of Planning and Community Development representatives to guide the recovery process.

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### COUNCILLORS 2010



Cr Peter Beales



Cr Kevin Bellingham



Cr Sally Abbott Smith



Cr Bob Flowers



Cr Chris Healy



Cr Cris Ruhr



Cr John Walsh

## EXECUTIVE TEAM 2010

The Executive team comprises:

- Chief Executive Officer, Margaret Abbey
- General Manager Operations (currently vacant)
- General Manager Sustainability, Michael Chesworth

## COUNCIL'S ROLE AND OBLIGATIONS

The *Local Government Act 1989* defines Council's obligations to be to:

- promote social, economic and environmental viability and sustainability
- ensure that resources are used efficiently and effectively to best meet the needs of the local community
- improve the overall quality of life of people in the local community
- promote appropriate business and employment opportunities
- ensure that services and facilities provided by the Council are accessible and equitable
- ensure the equitable imposition of rates and charges
- ensure transparency and accountability in Council decision making

This plan has been prepared in accordance with these obligations.

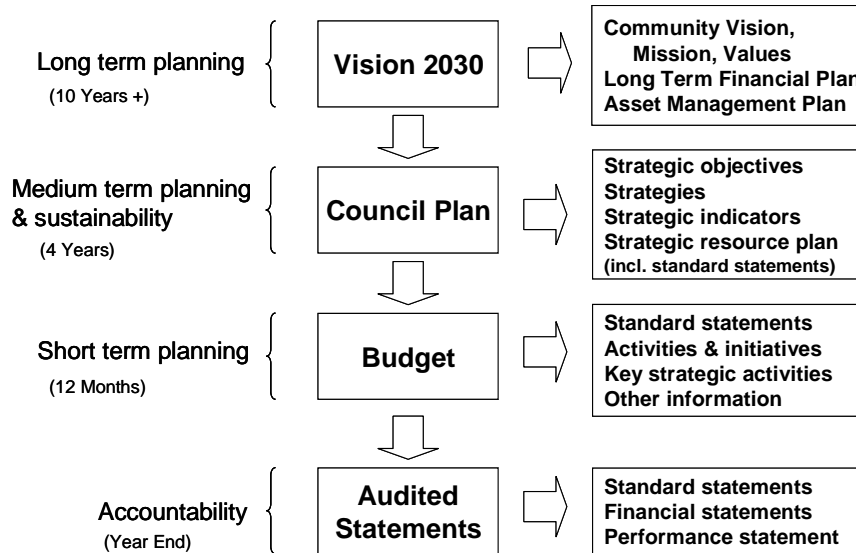
## WHAT IS THE COUNCIL PLAN?

The Council Plan is the key planning document which translates Council's obligations of the *Local Government Act 1989* into strategies and actions. Specifically the plan:

- guides Council's strategic direction
- identifies Council priorities and strategic indicators
- contributes to the development of the annual budget for the next four years

The Council Plan is a key document for local community groups, residents, investors, and other levels of government who play a vital role in helping the Council deliver on its commitments. It sets out what we expect to achieve over a four year period and guides the allocation of finances through the Strategic Resource Plan.

## OUR PLANNING AND REPORTING PROCESS



## STRUCTURE OF THE PLAN

### VISION

Murrindindi will be a vibrant and progressive shire, with strong communities thriving within a healthy environment.

### MISSION

To care for, foster and promote the Murrindindi Shire in partnership with communities and other stakeholders.



## VALUES

Our behaviour and actions will be guided by our values.

### HONESTY AND INTEGRITY

We will be open and truthful in our dealings.

### ACCOUNTABILITY AND CONSISTENCY

We will accept responsibility for our actions and be consistent in the application of our principles, policies and processes.

### INNOVATION AND EXCELLENCE

We will consider new ideas, opportunities and better ways of doing things.

### RESPECT AND TRUST

We will respect other people and their opinions and do as we say we will.

## STRATEGIC DIRECTION

The strategic direction for Murrindindi Shire Council has been defined within seven broad headings:

- Governance
- Community
- Local Economy
- Infrastructure
- Environment and Climate Change
- Planning and land use
- Corporate Development

Due to the enormous impact of the February 2009 fires on Council operations, the Council Plan developed in early 2009 focused largely on year one activities which included bushfire reconstruction and recovery. This first year review has incorporated year two and future year activities.

## Strategic Indicators

Each theme within this Council Plan contains a number of strategic indicators. These are high level measurements that provide information about past and current trends and provide insight into the overall direction of a community: whether it is improving, declining, or staying the same, or is some mix of all three.

Some of the indicators in this plan are internal to Council, for example “completion of the capital works program’. The majority, however, are external measures most of which relate to community perception and community well being.

**Community perception** indicator results come from an annual survey of all local governments. The survey is commissioned by the State Government and conducted by an independent survey company. Five hundred residents are surveyed by phone regarding a range of Council issues.

**Community Indicators Victoria (CIV)** is a collaborative project, funded by VicHealth and hosted by the McCaughey Centre, School of Population Health, at the University of Melbourne. CIV support the development and use of local community wellbeing indicators to assist local government to improve community planning and policy making. More information about Community Indicators Victoria can be found at [www.communityindicators.net.au](http://www.communityindicators.net.au).

## GOVERNANCE

In the context of local Councils, governance is the exercise of legislated power and obligation to properly manage the Council's resources and affairs. We commit to being transparent, accountable and lawful and to engage with our community.

The success of Council rests on good governance by:

- providing clear direction for the shire
- improving the flow of information in both directions between Council and the community
- identifying community needs, aspirations and the key priorities
- supporting all council activities by maintaining a solid financial position
- undertaking process improvement
- lobbying state and federal government

As we move through recovery and reconstruction following the 2009 bushfire much of the Council's initial focus and energy is naturally given to asset rebuilding and helping communities recover. Given the recovery issues to be dealt with at the local level, the Council is foreshadowing a major review of this plan following a community visioning project entitled *Murrindindi 2030* in 2010-11.

In addition, it is expected that this plan will need to be reviewed as a result of the findings of the 2009 Bushfires Royal Commission and the State Government's response.

### COUNCIL SERVICES RELATING TO THIS THEME

**Civic functions and events** include the Mayor and Councillors hosting a range of civic functions throughout the year to recognise the work of individuals and groups and to welcome residents who have decided to become Australian citizens.

**Councillor training and development** ensures supporting the ongoing skill development of Councillors so that they are well equipped to fulfil the complex role of local governance and contribute to broader local government issues at a regional and state level.

**Communications and publications** include a regular Mayors Chair and Councillor Comment to keep residents informed of council activities and what's happening across the shire. Regular radio spots are maintained, newsletters issued, and an Annual Report and strategic documents written.

**Council elections** are held every four years or whenever an extraordinary vacancy arises. Councillors elect a Mayor in November each year.

**Community engagement** supports a well developed community engagement model based on issue specific consultation plans, community capacity building principles, and regular open forums that offer direct dialogue with councillors and senior staff.

<b>Strategic Objective</b>	
Effective leadership providing representation and advocacy for the community backed by a financially strong organisation.	
<b>Strategic Indicators:</b> Community perception of overall performance.	<b>Target:</b> More than or equal to indexed mean of 62 in annual Community Satisfaction Survey.
Community perception of performance for advocacy.	<b>Target:</b> More than or equal to indexed mean of 60.
Financial performance measured through liquidity and operating result.	<b>Target:</b> To be determined

<b>Strategies</b>
Facilitate and support recovery within fire affected communities.
Provide opportunity for open and responsive communication with the community.
Improve governance systems, processes and relationships.
Be consistent, fair and transparent in our decision-making.
Provide sound financial management.
Advocate on issues of importance to our community.

<b>KEY YEAR ONE ACTIVITIES</b>	<b>STATUS</b>
Clearly communicate Council's direction in the Council Plan to the community.	Completed
Implement a Councillor training and development program with a focus on community mentoring.	Withdrawn
Provide training and development program to Committees of Management and Community Advisory Groups.	Completed
Develop a program of mentoring for future leaders.	Roll over to year 2
Support the Murrindindi Bushfire Reconstruction and Recovery - Section Rebuilding Committee to achieve collaborative recovery and reconstruction.	Continue in year 2
Ensure financial information is provided in a style which is both professionally acceptable and understandable by the community.	Continue in year 2

Lobby other levels of government to secure recovery resources.	Continue as a core Council role
Review governance processes to identify opportunities for improvement.	Continue as a core Council role

### KEY YEAR TWO ACTIVITIES

- Prepare and implement a Bushfire Reform and Recovery Plan.
- Clearly communicate the Council Plan to the community.
- Develop a mentoring program for future community leaders.
- Support the Rebuilding Murrindindi Committee to achieve collaborative recovery and reconstruction.
- Ensure financial information is provided in a style which is understandable by the community.
- Undertake a community visioning exercise to develop a Murrindindi 2030 Community Plan.
- Complete continuous improvement and Best Value requirements.

### KEY FUTURE ACTIVITIES

- Continue to provide leadership in the recovery process.
- Support community and organisational transition to post recovery operations.

## COMMUNITY

Strong local communities supported by consistent high quality services are the backbone of the Council. Vibrant community spirit is crucial to enabling us to enjoy the shire's amenity to prosper in the face of adversity and to attract visitors and new residents to the shire.

Our aims for the community in 2009 to 2013 are to restore those communities affected by the February 2009 fires to a level higher than that which existed before the fires, and to enhance those communities that were not directly impacted. Achieving these aims will require close cooperation with the Victorian Bushfire Reconstruction and Recovery Authority (VBRRA), a range of government departments and the not for profit sector. Maintaining the high standard of services that are currently provided which foster health and well being, social connectedness and community involvement will be critical to the recovery process.

### COUNCIL SERVICES RELATED TO THIS THEME

**Aged and Disability Services** provide a range of services for the aged and people with disabilities including delivered and group meals, domestic support, personal care, social activities and outings, home maintenance and senior citizens clubs.

**Children and Family Services** provides family orientated support services including Maternal and Child Health, home and centre based childcare and youth support.

**Community Development** empowers communities to be self-determining and to pursue projects, programs and activities that are the community's own priorities. Through its work with all council departments and across all levels of government, the Community Development team seeks to facilitate genuine community engagement and the formation of effective partnerships with the communities of the Shire of Murrindindi.

**Library Services** provides libraries in Alexandra, Yea and Kinglake and the mobile library visits Marysville, Buxton, Eildon, Flowerdale and Strath Creek. The service caters for cultural, recreational and educational needs of residents and provides a focal point for the community to meet, relax and enjoy the facilities and services offered.

**Recreation Services** provides strategic planning to inform the development of recreation services and infrastructure and coordinates council services including swimming pools and the mobile skate ramp.

**Reception Services** provides a customer interface for council service and enables a wide range of transactions. The service is delivered through three customer service centres at Alexandra, Yea and Kinglake.



<b>Strategic Objective</b>	
Communities enjoying good health and well being.	
<p><b>Strategic Indicators:</b> Community Indicators Victoria Subjective well being rating.</p> <p>Community Indicators Victoria Feeling part of the community rating.</p> <p>Community Indicators Victoria Food security rating.</p> <p>Community perception of performance for health and human services.</p> <p>Community perception of performance for recreation facilities.</p>	<p><b>Target:</b> Maintain better than Victorian average.</p> <p><b>Target:</b> Maintain better than Victorian average.</p> <p><b>Target:</b> Maintain better than Victorian average.</p> <p><b>Target:</b> More than or equal to indexed mean of 76</p> <p><b>Target:</b> More than or equal to indexed mean of 66</p>

<b>Strategies</b>
Facilitate and support recovery within fire affected communities.
Foster a more resilient community by promoting diversity, inclusion, access and equity, and supporting community interaction.
Facilitate improved quality of life for the Murrindindi communities.
Advocate for and facilitate access to arts and cultural experiences and events.

<b>KEY YEAR ONE ACTIVITIES</b>	<b>STATUS</b>
Work with VBRRA, Community Recovery Committees (CRCs) and fire affected communities to develop community based recovery plans based on active participation and strengthened community connectedness.	Continue in year 2
Develop and deliver additional youth support programs and activities including: <ul style="list-style-type: none"> <li>• Youth web site</li> <li>• Youth leadership program</li> <li>• Youth provider's committee</li> <li>• Youth development grants program</li> </ul>	Continue in year 2

<p>Roll out a program of activities and initiatives to support fire affected communities including:</p> <ul style="list-style-type: none"> <li>• Recreation programs</li> <li>• Social connectedness program</li> <li>• Celebrate positive ageing images project</li> <li>• Library programs</li> <li>• Community information and notice boards</li> <li>• Theatre plays</li> <li>• Support for volunteers</li> </ul>	<p>Continue in year 2</p> <p>Continue in year 2</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Continue in year 2</p>
<p>Work with the community to deliver a series of community festivals and celebrations.</p>	<p>Continue in year 2</p>
<p>Facilitate a community building initiative to support people impacted upon by the Sugarloaf North South Pipeline.</p>	<p>Continue in year 2</p>

<b>Subject to funding:</b>	
<p>Develop leadership, mental health and wellbeing programs for drought affected communities.</p>	<p>Continue in year 2</p>
<p>Provide additional support to Community and Neighbourhood Houses for additional programs.</p>	<p>Not funded</p>
<p>Assist people to re-establish gardens damaged or destroyed by fire.</p>	<p>Not funded</p>
<p>Finalise Yea Swimming Pool redevelopment planning, considering disability access and improved amenity.</p>	<p>Completed-project under review</p>
<p>Assist community to secure funding for a skate park in Yea.</p>	<p>Completed</p>
<p>Complete the development of the arts and cultural policy.</p>	<p>Roll over to year 2</p>
<p>Complete Health and Wellbeing Plan.</p>	<p>Completed</p>
<p>Complete Alex community kitchen project.</p>	<p>Roll over to year 2</p>
<p>Implement phase two of transport connections project.</p>	<p>Completed</p>
<p>Plan for a healthy and active aging population by finalising the <i>Healthy and Active in the Third Age Strategy</i>.</p>	<p>Completed</p>
<p>Establish a Community Development Interface Committee to facilitate community development outcomes from Council departments</p>	<p>Completed</p>

## KEY YEAR TWO ACTIVITIES

- Develop and deliver additional youth support programs and activities including:
  - Youth web site
  - Youth leadership program
  - Youth provider's committee, extend to Flowerdale, Glenburn and Yea
  - Youth development grants program
- Work with VBRRA, Community Recovery Committees (CRCs) and fire affected communities to develop community based recovery plans based on active participation and strengthened community connectedness.
- Develop leadership, mental health and wellbeing programs for drought affected communities.
- Implement phase two of transport connections project.
- Complete the development of the arts and cultural policy.
- Implement initiatives from the *Inclusiveness, Access and Equity Plan*.
- Establish maintenance service standards for section 86 committees of management.
- Lobby the state government to improve access to public housing.
- Implement initiatives from the *Health and Well Being Plan*.
- Review and evaluate the Transport Connections program's first three years.
- Develop a community strengthening activity to acknowledge the contribution of volunteers.
- Extend programs to all fire affected communities to strengthen communities and prepare for future disasters.
- Develop a plan for the implementation of the Transport Connection Program for years 2010-2013.
- Seek funding through the Department of Planning and Community development grants program
  - Flowerdale Tennis Court
  - Eildon Basketball Court
  - Alexandra Leisure Centre Feasibility Study

- Plan for the integration and future governance of the Kinglake Early Learning Centre.

## **KEY FUTURE ACTIVITIES**

- Implement Transport Connections program.
- Identify and implement priority strategies from the Health and Well Being Plan.
- Identify and implement priority strategies from the Healthy and Active Third Age Strategy.

## LOCAL ECONOMY

In these times of economic instability, influenced by the bushfires, the global economic downturn and climate change, it is vitally important that we provide solid leadership and support for our local economy.

Key aims for the local economy in 2009 to 2013 are:

- to stimulate the sustainable economic growth of local economies
- to strengthen economic activity in areas not directly affected by the bushfires
- to restore economic conditions in the bushfire areas and to assist the recovery of businesses affected by the fires.

Success will create employment, encourage new business and services to the shire, and make the region more attractive to potential residents. Activities such as developing cooperative regional marketing approaches for common business products and services are intended to enhance local businesses 'bottom lines'. Our bushfire recovery efforts will focus on restoring and enhancing our traditional industries of agriculture, forestry, fisheries, horticulture and tourism. We will also promote the development of new industries such as solar power, building fabrication and logistics. Linking Local Economy with the sustainable growth objectives of Climate Change and Natural Environment will result in an improvement in services and amenities.

### COUNCIL SERVICES RELATED TO THIS THEME

**Economic Development** assists business investment and growth and facilitates opportunities for local residents to improve their education and skill levels and access local employment.

**Tourism** provides a framework for shire wide and cross council co-operation in visitor information services and destination marketing to maximise visitor numbers and economic yield.

**Event Coordination** provides guidance on event management and produces an overall calendar of events to ensure year round activities and maximise occupancy rates.

<b>Strategic Objective</b>	
Sustainable growth of our local economy.	
<b>Strategic Indicators</b>	
Community perception of Council's performance on economic development.	<b>Target:</b> More than or equal to indexed mean of 56.
Employment rate.	<b>Target:</b> Equal to or higher than Victorian average in 2010 census.
Business re-investment post fires	<b>Target:</b> 50% fire affected businesses re-established. Less than 5% businesses in non fire affected areas closed.

<b>Strategies</b>
Facilitate and support recovery of businesses within fire affected communities.
Support and promote events and festivals across the shire.
Provide support to new and expanding business.
Participate in cooperative marketing.
Facilitate improved access to information communication technology and mobile phone services.
Undertake or facilitate major economic development projects.

<b>KEY YEAR ONE ACTIVITIES</b>	<b>STATUS</b>
Conduct industry forums for Marysville District and Kinglake Ranges.	Completed
Conduct <i>Inspired by Murrindindi</i> food, wine and arts events.	Completed
Participate in the Mitchell Murrindindi destination marketing campaign.	Continue in year 2
Revise Economic Development Strategy to incorporate strategies for fire affected businesses.	Roll over to year 2
Determine Council's future role and possible structure of regional tourism industry support.	Continue in year 2
Initiate cooperative regional marketing and industry development as part of the <i>United Approach to Tourism</i> project.	Completed

Advocate for improved access to high speed, affordable broadband and mobile phone services.	Continue in year 2
Finalise financing and implementation of Yea Saleyards upgrade.	Continue in year 2
Support the Yea Wetlands Committee of Management to progress a sustainable business model for the Yea discovery centre.	Continue in year 2
Develop a plan to attract new business and support existing businesses.	Continue in year 2
Confirm Council's position on the future of the Murrindindi Regional Tourism Association (MRTA) as it relates to the five year plan.	Completed
Develop a synchronised online council tourism calendar of events for council and tourism activities.	Continue as core Council role

## KEY YEAR TWO ACTIVITIES

### Strategic

- Revise the *Economic Development Strategy* to incorporate strategies for fire affected businesses.

### Tourism and Marketing

- Expand cooperative marketing initiatives under the United Approach to Tourism and the Mitchell Murrindindi destination marketing campaign.
- Support the Yea Wetlands Committee of Management to progress a sustainable business model for the Yea Discovery Centre.
- Participate in the development of a region-wide on line calendar of events and promotions.
- Participate in a Yarra Valley High Country touring route marketing campaign.

### Infrastructure

- Undertake a feasibility study to enable improved access to high speed, affordable broadband and mobile phone services. If warranted apply for grant funding for an initial implementation.
- Advocate for, and pursue funding for, the Murrindindi Regional Saleyards upgrade.
- Undertake a feasibility study into the possible future uses of the old Alexandra District Hospital facility.

### **Investment attraction**

- Develop a plan to attract new business and support existing businesses throughout the shire.
- Facilitate processes relating to the development of Mt Pinniger Resort, Kinglake Resort and a core tourism development in Marysville.
- Scope and assist with planning requirements for Marysville commercial developments.

### **Industrial land**

- Undertake a feasibility study into the development of industrial/business park land in the Marysville and Triangle area.
- Progress the development of industrial land in Alexandra – Alexandra Saleyards and Binns-McCrae Road.

## **KEY FUTURE ACTIVITIES**

- Participate in a Goulburn River High - Country Rail Trail marketing campaign.
- Undertake visitor satisfaction and demographic research.
- Advocate for improved access to and local provision of tertiary training opportunities.



## CLIMATE CHANGE AND NATURAL ENVIRONMENT

Based on the *Murrindindi Shire Environment Policy* adopted in April 2008, our aim in 2009 to 2013 is to set up an overarching *Environment Strategy* and a *Climate Strategy*. These two strategies will be further refined in other related strategic documents, eg. a municipal weed strategy or a municipal waste management strategy and related guidelines. Together, they form the framework for corporate and community based pro-environmental actions in the domains of water, biodiversity, sustainable land management, resource efficient human settlement and adaptation and mitigation of climate change impacts.

In addition to the extended drought, the February 2009 bushfires have been devastating for both our local communities and our natural environment. Because a healthy and well functioning natural environment is so essential to strong and healthy communities, Murrindindi Shire Council, in partnership with other organisations, will be involved in the recovery of our natural assets.

### COUNCIL SERVICES RELATED TO THIS THEME

**Waste Management Service** provides kerbside rubbish and recycling collection, management of refuse recovery centres at Alexandra, Yea, Eildon Kinglake and Marysville and a landfill in Alexandra. The service also provides educational programs aimed at reducing the generation of waste.

**Strategic Planning** for the environment informs Council operations in areas including land use, environmental overlays and public open space conservation.

**Roadside biodiversity and weed mapping** aims to identify areas of significant roadside biodiversity and noxious weed infestation in order to protect the biodiversity and control further weed infestation on road sides and adjoining land.

**Provision of advice** regarding sustainable land use practices and community based environmental protection resources.

<b>Strategic Objective</b>	
A natural environment that is diverse, healthy and cared for	
<b>Strategic Indicators:</b> Community Indicators Victoria Household waste recycling rates  Annual waste diversion rates  Greenhouse gas emissions	<b>Target:</b> Maintain or improve current level of 16%  <b>Target:</b> 65% by 2013-14  <b>Target:</b> Reduce corporate emissions by 10% by 2011-12 Reduce 2006 community emissions by 15% by 2020

<b>Strategies</b>
Facilitate and support environmental recovery within fire affected communities.
Promote and advocate sustainable living, business practice and land use.
Reduce generation of waste by council and the community.
Integrate environmental resource and land management across council operations.
Reduce council and community carbon footprint.
Encourage the community to adapt to climate change.

<b>KEY YEAR ONE ACTIVITIES</b>	<b>STATUS</b>
Assess roadside biodiversity and conservation value and develop guidelines for management and protection.	Rollover to year 2
Undertake roadside management protection and map noxious weed infestations.	Continue in year 2
Participate in an education and awareness program for community groups and private land owners in partnership with other agencies.	Completed
Complete Council's <i>Environment Strategy and Resource Plan</i> .	Completed
Improve access to recycling in public areas.	Completed
Complete council's <i>Local Climate Adaptation Action Plan</i> .	Completed
Publish tree and land clearing guidelines.	Completed
Instal roadside signage to protect threatened plant species.	Complete

Establish and resource an ongoing environment officer position.	Roll over to year 2
Provide support to community education on environmental issues.	Continue in year 2
Identify and prioritise sites with significant biodiversity values and formulate management guidelines to protect them.	Continue in year 2

## KEY YEAR TWO ACTIVITIES

- Complete the mapping and assessment of significant flora, fauna and pests on Council managed land.
- Establish and commence implementation of a weed and pest control strategy for Council managed land.
- Develop biodiversity management protocols for Council managed roadsides.
- Establish a process to ensure Council works do not threaten listed flora, fauna and ecological communities.
- Develop and commence implementation of an offset plan for native vegetation removal associated with Council managed works.
- Finalise and implement the domestic wastewater management plan.
- Establish water use targets for Council facilities and activities and monitor progress.
- Identify and purchase eco-friendly products and materials through participation in a green procurement program.
- Finalise and commence implementation of the Council's waste management strategy, including the expansion of recycling facilities in public places.
- Implement stage two of the green and hard waste collection program.

## KEY FUTURE ACTIVITIES

- Review the Environment Local Law to ensure consistency with council's *Environment Policy* and strategy.
- Implement an environmental best practice code and training plan for outdoor works.

## PLANNING AND ENVIRONMENT

Land-use planning is the process used to assess the environmental, economic and social impact of land use alternatives in order to select and adopt the best land-use options within the framework of the Victorian planning provisions and the *Murrindindi Planning Scheme*. The planning scheme guides land uses that will best meet the needs of people, having regard to land use capability and safeguarding resources for the future.

The February 2009 bushfires have had a major impact on demand for Council's planning and building services. Our goal in the short term is to facilitate easy access to the services people need to rebuild their homes and continue to protect the elements of our towns and districts for future generations.

### COUNCIL SERVICES RELATED TO THIS THEME

**Development Approvals** processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. The service also monitors the *Murrindindi Planning Scheme* as well as preparing major policy documents shaping the future of the shire. It also prepares and processes amendments to the *Murrindindi Planning Scheme*.

**Building Services** provides statutory building services to the Council and community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.

**Fire Prevention** provides coordination of the Municipal Fire Prevention Committee and develops, implements and enforces annual fire prevention works.

**Environmental Health** protects the community's health and well being by coordinating food safety support programs and immunisation.

**Local Laws** facilitates a safer community through the provision of school crossing supervision, traffic management, domestic animal management, regulation and enforcement of local laws and community fire prevention.

<b>Strategic Objective</b>	
Sustainable land use, development and growth.	
<b>Strategic Indicators</b> Community perception for town planning policy and approvals.  VCAT determinations consistent with Council decisions  Community perception for town planning approvals  Building and Planning permit turn around times	<b>Target:</b> Equal to or more than the previous year.  <b>Target:</b> Equal to or more than 80%.  <b>Target:</b> More than or equal to indexed mean of 54.  <b>Target:</b> Building 30 days / Planning 45 days

<b>Strategies</b>
Streamline approvals processes to encourage rebuilding in fire affected areas.
Use a strategic approach to land use planning to facilitate integrated residential and public facility construction.
Continue to strengthen partnerships with the Department of Sustainability and Environment and the Country Fire Authority.

<b>KEY YEAR ONE INITIATIVES</b>	<b>STATUS</b>
In conjunction with VBRRA and the community assist with new land use options to facilitate desired outcomes for: <ul style="list-style-type: none"> <li>• Land rezoning</li> <li>• Marysville Urban Design Framework</li> <li>• Approvals processes</li> </ul>	Amendment abandoned Completed Completed
Complete Alexandra industrial land amendment.	Completed
Investigate innovative water treatment options for Kinglake.	Completed
Review the Council's fire management planning having regard to the state's response to the Bushfire Royal Commission.	Roll into year 2
Map municipal fire risk.	Roll into year 2
Progress strategic fire prevention programs that address an ongoing commitment to fire safety and community awareness.	Completed

## KEY YEAR TWO ACTIVITIES

- Resolve planning scheme anomalies.
- Continue to improve permit approval processes.
- Map municipal fire risk.
- Assist Goulburn Murray Water in rezoning process related to the Mt Pinniger Resort Development
- Facilitate Goulburn Murray Water Land transfers for future development options.
- Review the Council's fire management planning having regard to the State Government's response to the 2009 Bushfire Royal Commission.

## KEY FUTURE ACTIVITIES

- Review existing urban design frameworks.
- Review the *Municipal Strategic Statement*.
- Develop strategies that respond to high fire risk environments having regard to settlement patterns, access and egress options and an improved awareness of the inherent risks posed by wildfire.
- Respond to the 2009 Bushfire Royal Commission's recommendations and any state government subsequent policy or legislative changes.
- Complete *Rural Land Study*.

## INFRASTRUCTURE

Quality infrastructure is fundamental to the ongoing development and affluence of our shire. It is also a key factor in what makes the Shire of Murrindindi a great place to live, work or visit. The maintenance and further improvement of our infrastructure to better meet the needs and expectations of our communities is a priority of Council.

Initially there will be a focus on the areas of the shire affected by the bushfires. This will be achieved by developing a capital works plan for the next five years which will improve the management of our existing assets and by the provision of adequate resources by local, state and federal governments.

Attention will be given to the further development of safe transport networks for vehicles, pedestrians and cyclists. This is of prime importance to residents and visitors.

The fostering of civic pride through the maintenance of Council facilities including parks and streetscapes is also a focus of this plan.

### COUNCIL SERVICES RELATED TO THIS THEME

**Facilities Maintenance** conducts long term maintenance programs for Council's property assets. These include municipal buildings, pavilions and other community buildings.

**Engineering Design and Management** involves design, tendering, contract management and supervision of various works within council's capital works program. The maintenance of council infrastructure, for example, roads, drains, paths and bridges, as well as much of the construction work is undertaken using Council resources. The service also approves and supervises private development activities such as infrastructure provided through private subdivisions and other land developments.

**Infrastructure Planning** conducts capital works planning for Council's main civil infrastructure assets to optimise their value and service potential. These include roads, car parks, foot and bike paths, drains and bridges.

**Parks and Gardens** provide planning, development and maintenance to our public open space, road reserves and parks.



<b>Strategic Objective</b>	
<b>To enhance the sustainability of our infrastructure, recognising the changing needs and expectations of our communities</b>	
<p><b>Strategic Indicators:</b>                  Community perception of performance in relation to:                  Local roads and footpaths</p> <p>Appearance of public areas</p> <p>Completion of <i>Capital Works Program</i></p> <p>Compliance with <i>Road Management Plan</i></p> <p>Infrastructure funding gap</p> <p>Asset condition assessments</p>	<p><b>Target:</b> More than or equal to indexed mean of 50</p> <p><b>Target:</b> More than or equal to indexed mean of 71</p> <p><b>Target:</b> 90%</p> <p><b>Target:</b> 95%</p> <p><b>Target:</b> Annual improvement</p> <p><b>Target:</b> Maintain average asset condition</p>

<b>Strategies</b>
Rebuild community infrastructure damaged or destroyed by the February 2009 fires.
Work with the fire affected communities and other levels of government to assist the implementation of priority infrastructure projects.
Undertake a range of community infrastructure projects which enhance community amenity and foster civic pride.
Align infrastructure service delivery with community needs and expectations.
Improve and expand the network of footpaths and shared trails both within towns and linking communities.
Maintain and further develop a safe and efficient transport network.
Undertake whole-of-life cost analyses for all new assets, and commit to funding necessary for operational, maintenance and renewal amounts.
Enhance the organisation's asset system knowledge and data.

KEY YEAR ONE ACTIVITIES	STATUS
Rebuild damaged and destroyed buildings and other infrastructure.	Continue year 2, 3 and 4
Complete refurbishment or repair of Hazeldene Store access bridge.	Roll over to year 2
Develop a five year forward capital works plan (new and upgrade works) aligned to the <i>Strategic Resource Plan (SRP)</i> .	Roll over to year 2
Build new public toilet facility in Alexandra shopping precinct.	Completed
Develop initial stages of Goulburn River High Country Rail Trail.	Continue in years 2,3 and 4
Establish bushfire maintenance teams.	Completed
Resource Assets Team to cope with rebuild workload.	Completed
Undertake a roadside green waste and hard waste collection program.	Continue in Year 2
Contribute to the maintenance of Goulburn River High Country Rail Trail.	Continue as core Council role
Complete review of <i>Road Management Plan</i> .	Complete
Pursue funding for the replacement of Ghin Ghin Bridge over the Goulburn River.	Continue in year 2
Complete and publish <i>Infrastructure Design Manual</i> .	Continue in year 2
Pursue funding for Alexandra to Eildon shared path link.	Continue in year 2
Finalise plans and project management for the completion of the Bollygum Park project.	Continue in year 2

## KEY YEAR TWO ACTIVITIES

- Rebuild damaged and destroyed buildings and other infrastructure including:
  - Buildings (one damaged and five destroyed)
  - Bridges(nine damaged and two destroyed)
  - Roads (45km)
  - Roadside signs, furniture and vegetation
  - Pathways
  - Recreational Facilities

- Complete priority infrastructure projects
  - Buxton Streetscape
  - Narbethong streetscape
  - Narbethong Hall
  - Marysville Community Centre
  - Gallipoli Park development
  - Marysville Streetscape
  - Marysville Drainage
  - Toolangi All-purpose Track
  - Middle Kinglake Early Learning Centre
  - Kinglake Memorial Reserve improvements
  - Flowerdale Community House
  - Hazeldene Bridge
  - Flowerdale Early Learning Centre
  - Glenburn Hall
  - Glenburn Community Precinct
  - Murrindindi/Woodbourne Community Meeting Space
  - Pioneer Reserve, Strath Creek public hall
- Complete refurbishment or repair of Hazeldene Store access bridge.
- Develop a five year forward capital works plan (new and upgrade works) aligned to the *Strategic Resource Plan (SRP)*.
- Build initial stages of Goulburn River High Country Rail Trail:
  - Homewood Station to Yea Station (8.7km)
  - Cathkin to Alexandra (14.0km)
- Pursue funding for the replacement of Ghin Ghin Bridge over the Goulburn River.
- Pursue funding for Alexandra to Eildon shared path link.
- Finalise plans and project management for the completion of the Bollygum Park project:
  - Adventure Park
  - Skate Park
  - Carpark
- Complete and publish an *Infrastructure Design Manual*.
- Undertake revegetation of Council Reserves including No 1 Creek.
- Develop Stormwater Drainage Strategies for the towns of Alexandra and Yea.

- Undertake a review of Special Charge Scheme policies and processes.
- Complete *Overall Asset Management Strategy (OAMS)*.
- Further develop township signage.

## KEY FUTURE ACTIVITIES

- Build subsequent stages of Goulburn River High Country Rail Trail:
  - Kerrisdale to Homewood Station (11.8km)
  - Yea Station to Cheviot Station (5.7km)
  - Cheviot Station to Molesworth (11.6km)
  - Molesworth to Cathkin (4.65km)
  - Cathkin to Kanumbra Station (11.5km)
  - Kanumbra Station to Merton (8.5km)
- Develop a shire wide pathway strategy to identify future priorities.
- Develop a new *Road Safety Strategy*.
- Develop *Asset Management Plans* for key infrastructure categories (priorities determined by OAMS).
  - Roads
  - Buildings
  - Bridges
  - Paths
  - Drainage

## CORPORATE DEVELOPMENT

Our aims in undertaking Corporate Development in 2009 to 2013 are to advance the efficiencies of Council's administration, to improve the service we provide to our customers, and to achieve higher levels of organisational performance.

Bushfire recovery efforts within the shire place considerable extra demands on the Council and will require additional assistance from state and federal governments. Such assistance will need to be well managed if we are to assist with recovery and re-establish services in the shortest possible time.

### COUNCIL SERVICES RELATED TO THIS THEME

**Communication** area is responsible for the management and provision of advice on internal and external communication.

**Corporate Services** provides statutory and corporate support services to Council, including coordination of business papers for meetings of the Council and its committees. It is responsible for the provision of document and information management support services to Council, including compliance with statutory obligations under Freedom of Information, public records and Information Privacy legislation.

**Customer Services** is the myriad of interactions undertaken by all staff with our customers on a daily basis.

**Financial Services** includes the management of Council's finances, payment of salaries, procurement and contracting, raising and collection of rates and charges and valuation of properties throughout the municipality.

**Information Technology** provides support, and maintains communications and computing systems, facilities and infrastructure to enable staff to deliver services in a smart, productive and efficient way.

**Organisational Development** has a focus on organisational well being and improving performance through the continuous development, improvement and implementation of Council's strategies, policies and procedures.

**Risk Management** aims to identify and mitigate risks associated Council functions, operations and services.

<b>Strategic Objective:</b>	
Improve systems and processes	
<b>Strategic Indicators</b>	
Staff satisfaction	<b>Target:</b> Within second quartile of benchmarked results.
Community perception of performance for customer contact	<b>Target:</b> More than or equal to indexed mean of 68
Council's risk audit ranking	<b>Target:</b> JMAP regional ranking of 8 or better CMP regional ranking of 10th or better
Procurement compliance audit result	<b>Target:</b> 85% compliant
Benchmarking included in best value reports	<b>Target:</b> 85% of reports

<b>Strategies</b>
Improve systems and processes.
Communicate well with our stakeholders.
Deliver excellent customer service.
Reduce organisational risk.
Be an employer of choice.

<b>KEY YEAR ONE ACTIVITIES</b>	<b>STATUS</b>
Implement Council and management reporting process.	Completed
Adopt the <i>Communication Strategy</i> .	Under Review
Produce a quarterly community newsletter.	Completed
Complete a pandemic plan.	Completed
Review the recovery section of the <i>Emergency Management Plan</i> .	Completed
Support staff to achieve their best given the increased workload of bushfire recovery.	Continue in Year 2
Establish an effective grants management process.	Continue in Year 2

Carry out a shire-wide property revaluation.	Completed
Implement a Shared Services Document Management system.	Roll over to year 2
Investigate business case for electronic document management.	Roll over to year 2
Implement procurement policies and processes.	Continue in year 2
Review chart of accounts.	Roll over to year 2
Review Mayor and General Manager's executive support.	Complete

### KEY YEAR TWO ACTIVITIES

- Support staff to achieve their best given the increased workload of bushfire recovery.
- Refine the grants application and management process.
- Participate in the MAV *Shared Services Document Management* steering committee.
- Investigate the business case for electronic document management.
- Implement procurement policies and processes.
- Complete business continuity plans.
- Implement the Customer Service Plan.

### KEY FUTURE ACTIVITIES

- Develop a workforce development and transition plan.
- Review the Chart of Accounts.

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# **Strategic Resource Plan**

**2009/10 to 2013/14**

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# 1. EXECUTIVE SUMMARY

## 1.1 INTRODUCTION

Council is required under the *Local Government Act (1989)*, to prepare a *Strategic Resource Plan (SRP)*.

The SRP outlines the resources required to achieve Council's strategic objectives expressed in the Council Plan. The SRP must include:

- a) Details of financial resources (Standard Statements); and
- b) Details of non-financial resources, including human resources.
- c) Council must adopt its SRP by 30 June each year. Council has an SRP with a 10-year time frame to enable a longer term perspective to be analysed, however in accordance with *Local Government Act 1989* is publishing the 4-years 2010/11 – 2013/14.
- d) Major decisions to this revised *Strategic Resource Plan 2010/11* are:
  - Council will increase municipal rates and municipal charge collections by **6 percent** in the 2010/11 financial year. This level allows Council to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the municipality's infrastructure;
  - Capital Expenditure is **\$16.55 million** in 2010/11 ;
  - Borrowings in 2010/11 of **\$0.9 million**; and

This section includes:

- Purpose of the SRP;
- Objectives of the SRP;
- Financial strategic direction;
- Key strategic directions

Following community input, the Council Plan, including the SRP, was adopted at the 25 August 2010 Council meeting.

**1.2 PURPOSE OF SRP**

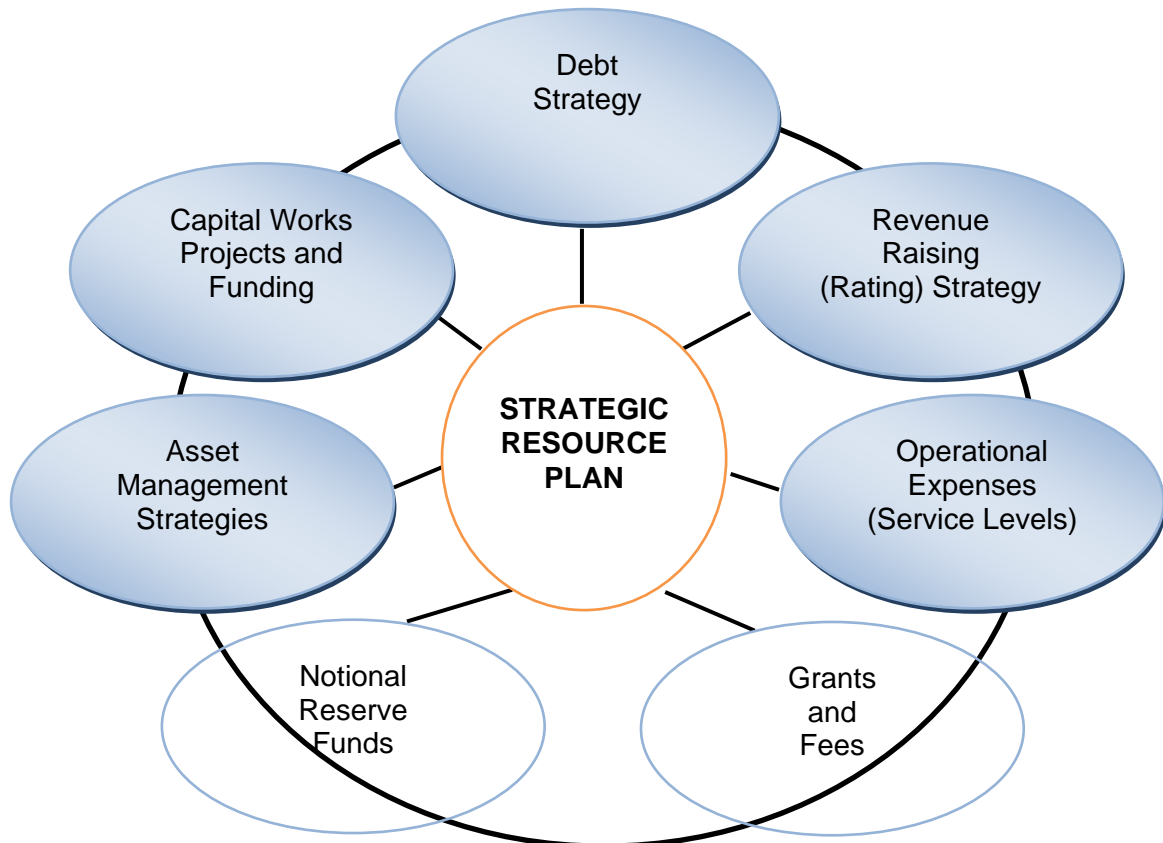
Council is required to prepare a SRP under Section 126 of the *Local Government Act (1989)*.

The purpose of the SRP is to:

- Establish a financial framework to ensure Council’s strategic objectives, as expressed in its Council Plan, are achieved;
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan;
- Establish a basis to measure Council’s adherence to its policies and strategies; and
- Assist Council to comply with sound financial management principles, in accordance with the *Local Government Act (1989)* and to plan for the long-term financial sustainability of the municipality.

A 10-year time frame more fully supports strategic asset management as many of Council’s assets have long lives.

The diagram below details the key strategic areas covered by the SRP and the integration required between Council’s financial strategies.

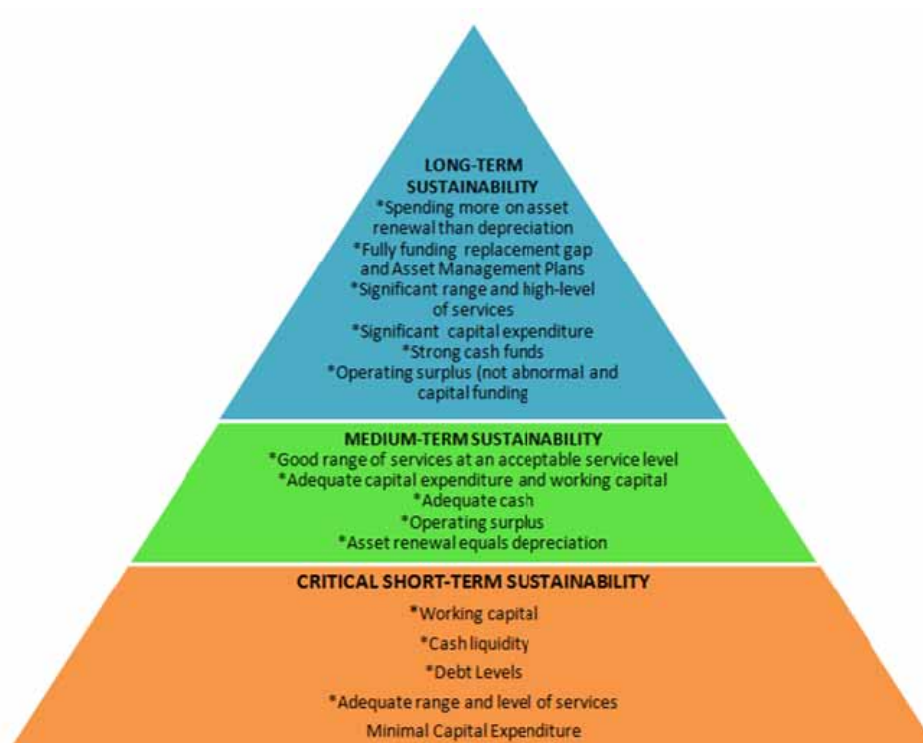


### 1.3 SRP OBJECTIVES

The 2010/11 SRP is intended to achieve the following objectives in the 10-year time frame:

- Maintain the existing range and level of service provision and develop the capacity to grow and add new services;
- Maintain a strong cash position, ensuring Council remains financially sustainable in the long-term;
- Achieve operating statement surpluses with the exclusion of all non-operational items such as granted assets and capital income;
- Maintain debt levels below prudential guidelines;
- Continue to pursue recurrent grant funding for strategic capital funds from the state and federal government;
- Provide for rate increases that establish a funding level for a sustainability index of **100 percent**, including increasing funding for capital works (asset renewal, expansion, upgrade) and asset maintenance; and
- Ensure critical renewal is funded annually over the timeframe of the SRP.

Financial sustainability is explained in the following diagram.



Council is presently in the medium range of the sustainability pyramid. It may be difficult to reach all the long-term sustainability goals however Council continues to improve its sustainability.

## 1.4 STRATEGIC FINANCIAL DIRECTION

A number of strategic challenges remain ahead including renewing existing assets, continuing to provide an appropriate range and level of services to a growing community, maintaining a sound financial position and addressing the need for capital investment following the bushfire.

The challenge for Council, in the short-term, is to fund the appropriate level of investment in the community's assets and simultaneously accommodate the pressures of bushfire recovery, including new capital investment and service provision.

The SRP establishes the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10-years. The SRP is prepared in conjunction with the Council Plan to ensure the affordability of activities included in the Council Plan.

A Glossary of Terms is attached in Appendix A.

*Appendix B* details Council's Standard Financial Statements which are an outcome of this SRP.

## 1.5 KEY STRATEGIC DIRECTIONS

The following table highlights the key strategies of this SRP. Each section includes detailed analysis to support the strategies. The key strategies provide direction for the preparation of the 2010/11 Budget.

Section	Strategic Direction
Section 3: Murrindindi financial indicators	<p>That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small Council category.</p> <p>That Murrindindi Shire Council applies the outcomes of this SRP to the 2010/11 Budget.</p> <p>That Murrindindi Shire Council reduces its adjusted operating deficit over the life of this SRP and reach an adjusted operating surplus within 5 years.</p>
Section 4: Long-term borrowing strategies	<p>That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide intergenerational equity.</p> <p>That Murrindindi Shire Council retains debt servicing and redemption costs at or below <b>12 cents</b> in the rate revenue dollar or below, during the life of this SRP.</p>
Section 5: Notional reserves	<p>That Murrindindi Shire Council maintains notional reserves for stand-alone operations or investments.</p>
Section 6: Rating and other revenue strategies	<p>That Murrindindi Shire Council retains Capital Improved Value (CIV) as its valuation base.</p> <p>That Murrindindi Shire Council provides a</p>

Section	Strategic Direction
	<p>municipal charge that is approximately <b>19 percent</b> of rate revenue to ensure an equitable contribution towards the “unavoidable” fixed costs of Council.</p> <p>That Murrindindi Shire Council:</p> <ul style="list-style-type: none"> <li>➤ Directly charges waste and recycling collection costs and the cost of disposal of domestic waste to those ratepayers who receive the service;</li> <li>➤ Continues a waste management charge on all rateable properties to raise revenue for the management of landfills and transfer stations; and</li> <li>➤ Bases future increases on future EPA, regulatory and safety requirements</li> </ul> <p>That Murrindindi Shire Council, in 2010/11, adopt a:</p> <ul style="list-style-type: none"> <li>➤ <b>6 percent</b> increase in total revenue for general rates and municipal charges; and</li> <li>➤ <b>6 per cent</b> increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection.</li> </ul> <p>That Murrindindi Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other Councils.</p> <p>That Murrindindi Shire Council undertakes detailed analysis on the level of existing fees and charges investigates new revenue sources and report recommendations to Council.</p>
<p><b>Section 7: Asset management</b></p>	<p>That Murrindindi Shire Council, having established its critical renewal investment levels, completes detailed Asset Management Plans for all classes of Council assets incorporating level of service assessments.</p> <p>That Murrindindi Shire Council, as part of the development of its Asset Management Plans, consult with the community to determine how service levels will be reached including a combination of improved revenue raising, possible review of existing service levels, asset disposal and composition of the asset portfolio.</p> <p>That Murrindindi Shire Council allocates funds to renewal of existing assets rather than constructing new assets where possible,</p>

Section	Strategic Direction
<p><b>Section 8: Capital works</b></p>	<p>noting that as the Shire's population expands, it will be necessary to provide the appropriate infrastructure.</p> <p>That Murrindindi Shire Council allocates additional funding to capital works rate as its debt and revenue-raising strategies are completed.</p>
	<p>That Murrindindi Shire Council increases its capital works commitment at levels that meet or exceed the targets established in this SRP and complete the development of a 10-year capital works program.</p> <p>That Murrindindi Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at condition level 8, with the next priority on renewal, upgrade and expansion.</p>
<p><b>Section 9: Service provision and planning</b></p>	<p>That Murrindindi Shire Council annually determines the range and level of service provision through the budget process incorporating an analysis of organisational and financial capability.</p>
<p><b>Section 10: Strategic Financial Plan</b></p>	<p>That Murrindindi Shire Council finalises its preferred rating option for its strategic financial model to fund the Council Plan, capital expenditure and service delivery as part of the Rating Strategy through the annual budget process.</p> <p>That In the next 12 months Murrindindi Shire Council develop its 10 year long term financial plan based on the financial strategies detailed in this SRP.</p>



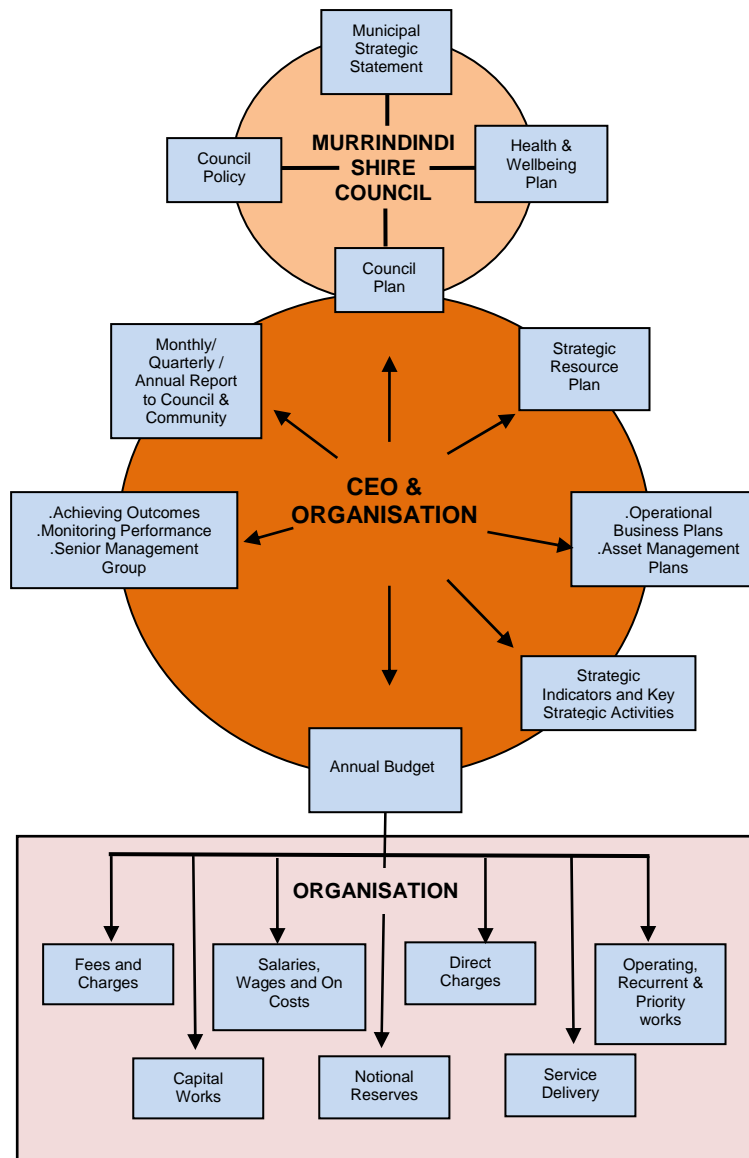
## 2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN

### 2.1 STRATEGIC PLANNING FRAMEWORK

The diagram below shows the links between the SRP and the balance of the corporate planning framework.

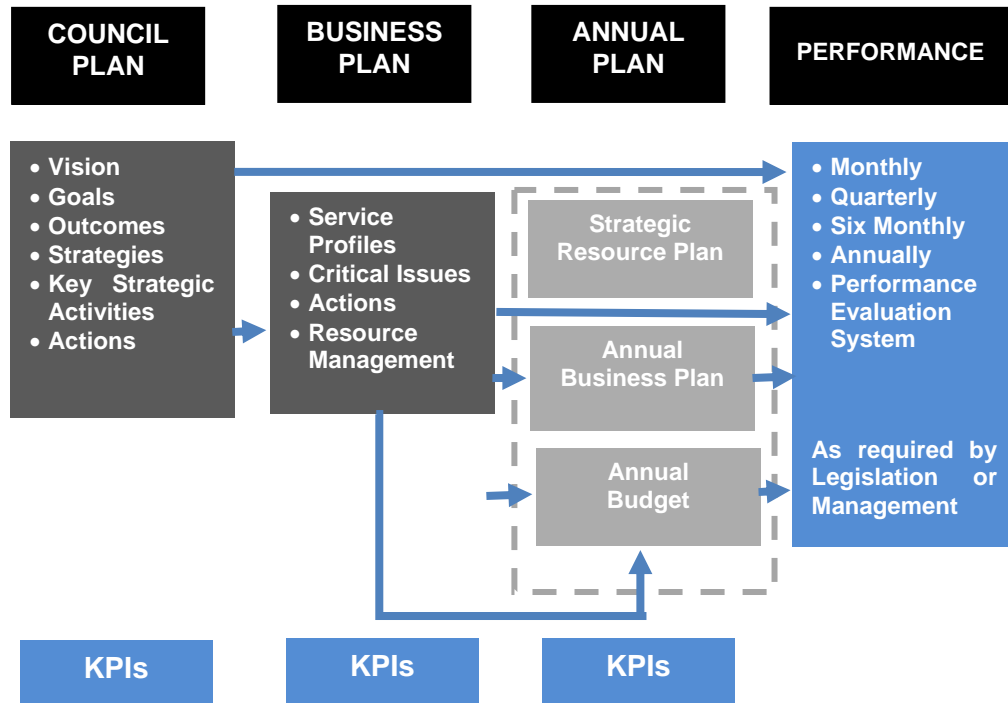
As the diagram illustrates, Council sets the strategic direction to provide the Chief Executive Officer with the necessary guidance to develop and implement plans, actions and strategies to achieve these strategic outcomes.

The key strategic documents include the Council Plan, Municipal Strategic Statement and Health & Wellbeing Plan. These plans are prepared in accordance with Council policies.



The strategic planning framework incorporates the Council Plan and Business Plans all linked together and importantly resourced by the Annual Budget.

The diagram below depicts this framework:



The planning framework provides for the Council Plan strategies to be linked to Business Plan actions that are funded and resourced through the Annual Budget.

The organisation then measures and monitors performance and reports to internal and external stakeholders as required.

Council receives formal reports on a quarterly basis detailing progress against its Council Plan and on a monthly basis against the Annual Budget.

## 3. MURRINDINDI SHIRE COUNCIL FINANCIAL SUSTAINABILITY

### 3.1 INTRODUCTION

Developing financial strategies for Councils is often a difficult process.

- Is Council achieving a sufficient amount of revenue to provide services to the community?
- What should the target be in respect to resourcing expenditure on new assets (capital expenditure)?
- What is Council's targeted renewal investment and is this maintaining an acceptable level of service for the community?
- What is an acceptable rate and charge increase?
- What is an acceptable level of debt?

Some of these answers may come from Prudential Guidelines established by industry bodies such as the *Department of Planning and Community Development*. However, a great deal is left for each Council, as an individual entity, to determine.

How does Council gather appropriate data on which to base decisions about its financial future?

The use of financial indicators that assess the comparative financial position of each council in Victoria provides a valuable source of information in establishing financial strategies. These indicators highlight the relative financial strengths of each council and uncover the opportunities that councils may grasp for improvement. The indicators are used to identify trends in financial sustainability. This section includes:

- Benchmarking;
- Analysis of Council's financial sustainability from the perspective of the Municipal Association of Victoria (MAV) and the Victorian Auditor General (VAGO); and
- Operating surplus exclusive of capital income and abnormal items.

### 3.2 BENCHMARKING

The benchmarking program in this SRP is derived from financial data contained in annual reports from other councils. This benchmarking ensures data is comparable under the current regulations. The State Government measures councils' performance by benchmarking between councils and establishes a number of Key Performance Indicators (KPIs) for each council to use. The number of councils in each category is shown in the table below.

Category Description	Councils within Category
Inner Melbourne	16
Outer Melbourne	15
Regional Cities	11
Large Shires	15
Small Shires	22
Total	79

### 3.3 ANALYSIS OF COUNCIL'S FINANCIAL SUSTAINABILITY

#### 3.3.1 Financial Sustainability

Councils are perpetual corporations that manage intergenerational community services and assets. Councils provide the legal framework by which communities own infrastructure and assets collectively.

The *Australian Local Government Association's* (ALGA's) definition of financial sustainability is worth noting:

***“A Council's long-term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”***

#### 3.3.2 Municipal Association of Victoria (MAV) Assessment

The *Municipal Association of Victoria* (MAV) in late 2007 assessed the financial strength of Victorian Councils; the purpose of which was to identify those Councils facing financial risks and assess whether, through internal reform, they could improve their financial performance.

The *MAV Viability Index* is calculated by dividing the capital spending shortfall plus long-term debt by rate revenue. The capital spending shortfall equals the accumulated difference between depreciation and capital expenditure over two years.

The MAV assessment indicated Murrindindi Council a “low risk”

#### 3.3.3 Victoria Auditor General

The Victoria Auditor General's Office (VAGO) in 2010 prepared a report on Local Government which outlines an analysis on the financial sustainability of Councils and Regional Library corporations.

The VAGO's indicators of Council viability are:

Indicator	Calculation	Explanation
Underlying result	Adjusted net surplus/total underlying revenue	Adjusted net surplus is calculated by removing non-cash developer contributions and one-off items from statement of income and expenditure.
Liquidity	Current Assets/Current Liabilities	Measure of ability to pay existing liabilities within 12 months.
Indebtedness	Non-current liabilities/own sourced revenue	Compares non-current liabilities (including loans) to own source revenue. Own-sourced revenue is used because it does not include capital grants.
Self-financing	Net Operating cash flow/ underlying revenue.	This is a measure of local government's ability to fund the replacement of assets from cash generated by their operations: the higher the percentages, the more able to do so.
Investment Gap	Capital Spend: Depreciation	This is a measure of whether local governments are spending on infrastructure at a greater rate than the infrastructure is depreciating.

The Victorian Auditor General's Office overall rating indicated there were no financial viability concerns identified for the Murrindindi Shire Council.

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### **3.3.4 Impact of Bushfire**

The impact of the bushfire presents risks around procurement, project management and financial controls that will need to be carefully managed in the 2010/11 financial year.

The Council will be accountable for the expenditure of grants with associated obligations and payment milestones. To facilitate management of this Council has developed projects and grants registers and will require a commitment from senior management to ensure all governance processes and controls are defined and followed.

Cash flow risks are heightened when handling significant funds with payment obligations attached.

## **3.4 OPERATING SURPLUS EXCLUSIVE OF CAPITAL INCOME AND ABNORMAL ITEMS**

One of Murrindindi Shires long-term financial goals is to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the operating statement) and abnormal items such as granted assets. The large \$ value of Government funding relating to the Bushfire Recovery has distorted Council's Operating Surplus in 2010/11.

### **Strategic Direction**

- That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small council category.
- That Murrindindi Shire Council applies the outcomes of this SRP to the 2010/11 Budget.
- That Murrindindi Shire Council reduces its operating deficit over the life of this SRP and reaches an adjusted operating surplus within 5 years.

## 4. LONG-TERM BORROWING STRATEGIES

### 4.1 INTRODUCTION

This section includes:

- Background to Murrindindi Shire Council's current debt portfolio;
- Measuring what level of debt is appropriate;
- Loan borrowings policy;
- Financial indicators;
- Prudent debt level;
- Future loan program.

### 4.2 BACKGROUND TO CURRENT DEBT PORTFOLIO

The table below highlights Council's interest-bearing liabilities and the movements that have occurred during the past three financial years, the 2010 forecast and 2010/11 Budget.

Debt Type	Position at 30 June 2007 \$	Position at 30 June 2008 \$	Position at 30 June 2009 \$	Forecast at 30 June 2010 \$	Budget at 30 June 2011 \$
<b>Loan borrowings</b>	\$5.59M	\$5.16M	\$4.88M	\$4.46M	\$4.50M

Borrowings in 2010/11 are predicted to be **\$0.9 million**.

### 4.3 MEASURING WHICH LEVEL OF DEBT IS APPROPRIATE

Deciding an appropriate debt level is a complex task.

Each council is different and the level of debt that is appropriate for Murrindindi Shire Council may not be acceptable for another council.

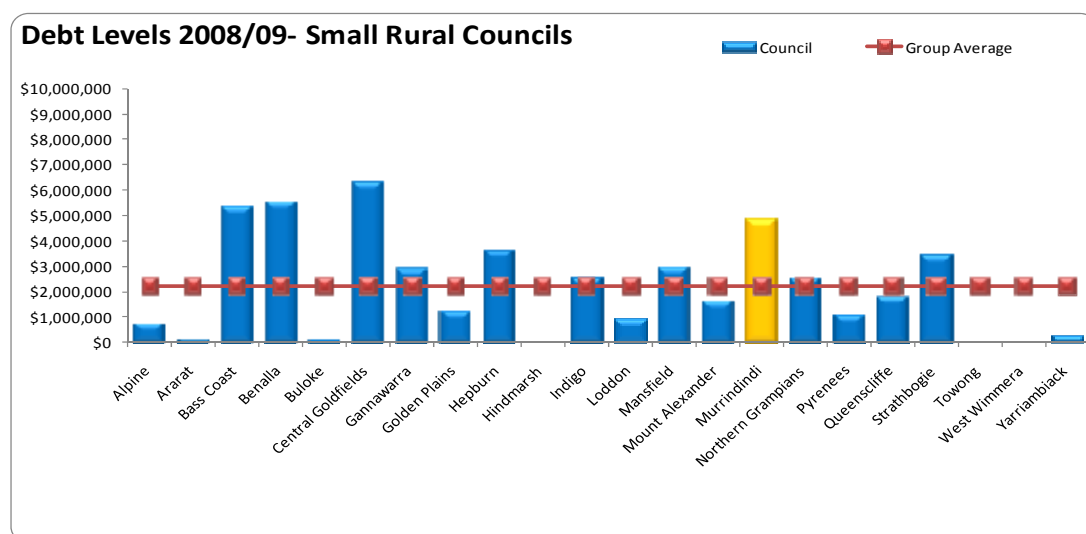
The following factors are seen as important issues for consideration by Murrindindi Shire Council:

- level of debt servicing as a proportion of rate revenue;
- ability to raise revenue in addition to rates;
- level of realisable assets to support the indebtedness;
- achieving the right mix of capital works and debt commitments;
- growth rate of municipality;
- community needs; and
- demographics

Council is responsible and accountable for indebtedness and the cost of debt servicing needs to be controlled to manageable levels.

By comparing a number of different debt ratios within the small rural council grouping, Murrindindi Shire Council can begin to consider what level of debt is appropriate.

Council's debt position relative to other small rural Councils is shown below.



Council	Debt Servicing / Total Revenue	Debt Commitment / Rates	Total Debt / Realisable Assets	Debt Commitment / Own Source Revenue	Total Debt / Own Source Revenue	Total Debt / Rate Revenue
Alpine	0.38%	2.93%	11.46%	2.42%	6.02%	7.29%
Ararat	0.10%	1.95%	12.95%	1.69%	1.61%	1.86%
Bass Coast	0.80%	3.83%	7.51%	3.29%	15.75%	18.31%
Benalla	2.08%	10.18%	32.41%	8.46%	41.86%	50.39%
Buloke	0.08%	2.31%	15.81%	2.09%	1.51%	1.67%
Central Goldfields	3.42%	16.59%	28.49%	12.40%	60.83%	81.42%
Gannawarra	1.27%	7.78%	15.66%	6.47%	32.25%	38.81%
Golden Plains	0.41%	3.97%	11.86%	2.88%	10.44%	14.40%
Hepburn	0.97%	5.05%	11.84%	4.38%	27.86%	32.09%
Hindmarsh	0.15%	1.34%	11.29%	1.06%	0.00%	0.00%
Indigo	0.83%	9.44%	9.68%	8.03%	24.09%	28.31%
Loddon	0.34%	2.63%	15.08%	1.96%	10.80%	14.50%
Mansfield	1.54%	8.28%	22.01%	7.41%	33.36%	37.27%
Mount Alexander	0.53%	4.82%	14.91%	4.06%	12.11%	14.37%
Murrindindi	1.94%	12.12%	21.07%	9.66%	33.73%	42.34%
Northern Grampians	0.53%	6.06%	5.93%	4.86%	19.87%	24.77%
Pyrenees	0.49%	4.38%	3.68%	3.78%	17.64%	20.45%
Queenscliffe	1.77%	7.58%	3.87%	5.54%	29.50%	40.37%
Strathbogie	1.27%	7.08%	6.35%	5.99%	30.23%	35.75%
Towong	0.06%	1.59%	0.00%	1.29%	0.00%	0.00%
West Wimmera	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Yarriambiack	0.14%	4.03%	1.17%	3.24%	3.01%	3.75%
Average Small Shires	0.87%	5.63%	11.96%	4.59%	18.75%	23.10%
Median Small Shires	0.53%	4.60%	11.65%	3.92%	16.69%	19.38%
Ranking	17	15	7	16	17	16

#### 4.4 BORROWING ASSESSMENT POLICY

Council assessed its capacity to borrow against the Victorian State Government's Prudential Guidelines.

The administration of the Local Government sector's borrowing involves:

- The collation of the sector's borrowing requirements through an annual survey;
- The assessment of individual council's borrowings; and
- Recommendation to the Department of Treasury and Finance (DTF) of the aggregate net new borrowing requirement of the sector.

All borrowings by individual councils are assessed under a borrowings assessment policy adopted by the Local Government Division.

The policy identifies four key areas of financial management with certain thresholds that are required to be met.

Area	Financial Indicator	Threshold (Prudential Guidelines)	Position 2008/09	Forecast 2009/10	Budget 2010/11
Liquidity	Current Assets to Current Liabilities	1.1:1	2.31:1	2.98:1	2.06:1
Debt Exposure	Total Indebtedness to Total Realisable Assets	50%	17.01%	20.6%	18.7%
Debt Management	Total Debt as a % of Rate Revenue	60%	42.35%	34.72%	31.43%
Debt Management	Debt Servicing Costs as a % of Total Revenue *	5%	0.93%	0.49%	0.83%

\* Total Revenue has been distorted by additional Government Grants pertaining to the Bushfire Restoration Project in 2008/09, 2009/10 and 2010/11.

Murrindindi Shire Council is within the State Government Prudential Guidelines as at 30 June 2010 and is forecast to be within these as at 30 June 2011.



## 4.5 WHAT DO THE FINANCIAL INDICATORS MEAN?

Detailed below is Council's performance on a number of the financial indicators which are necessary for borrowing approval by State Government.

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### 4.5.1 *Liquidity – threshold 1.1:1*

Current Assets to Current Liabilities

This indicator reflects the short-term liquidity position; that is, Council's ability to repay current commitments from cash or near cash assets. Councils with a ratio of 1.1:1 and below, or with a deteriorating trend, may be financially at risk of not being able to meet creditors' commitments. Council's working capital ratio was **230 per cent** at June 30 2009.

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### 4.5.2 *Debt exposure – Threshold 50 percent*

Total Indebtedness / Realisable Assets

This indicator reflects the ability to acquit liabilities with the proceeds from the disposal of its realisable assets. Ideally, total liabilities should be significantly less than 50 percent of total realisable assets. Council's ratio is expected to be **20.6 per cent** at June 30 2010.

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### 4.5.3 *Debt Management – Threshold 80 percent*

Total Debt as a percentage of Rate Revenue

The *Local Government Act (1989)* requires that all loans are secured against the revenue stream from rates. A council with total debt in excess of the revenue from rates would be unable to meet all debt commitments from rate revenue should they be required to be repaid at the one time. Council's ratio is **34.72%** at June 30 2010.

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### 4.5.4 *Debt Servicing – Threshold 5 percent*

Debt Servicing Costs as a percentage of Total Revenue

This indicator reflects the proportion of total revenue that is used to service debt (interest on outstanding debt and any loan administration charges) and which cannot be used directly for service delivery. The Council's ratio is at **0.49 per cent** at June 30 2010.

Council's forecast is within the State Government prudential guidelines at 30 June 2010 and over the period of the SRP.

#### 4.6 WHAT IS A PRUDENT DEBT LEVEL?

Debt commitment costs include principal and interest repayments in a year.

This ratio details how much of Council's rate dollar is being spent to repay debt and interest as an overall percentage of Council's rate revenue

Council's new policy is to retain debt commitment costs below **12 cents** in the dollar. That is, for every dollar of rate revenue received, the cost to service debt (principal and interest) should not exceed **12 cents**.

Council has also determined to only borrow for capital expansion projects that provide intergenerational equity.

That is, borrowings will only occur for new assets, where the asset life is greater than one generation. This policy will provide Council with a loan program that will maintain consistent borrowing for capital expansion whilst managing debt servicing at or below **12 cents** in the rate dollar.

The intergenerational equity theory is that successive generations and new residents should contribute to infrastructure or facilities that they will enjoy and benefit from. Generally these include major facilities (preschools, halls, arts centres) where the benefit of the investment will extend beyond the current ratepayers.

By borrowing, Council ensures today's ratepayers are not fully funding these facilities.

There are limits on borrowings due to the costs of debt servicing. If Council were to borrow too heavily it would result in an inability to invest in capital works due to funds being consumed in debt repayment. Therefore a balance is important.

Along with the State Government Prudential Guidelines Council proposes to limit its debt servicing and redemption costs to **12 cents** in every rate dollar. This will mean at any time Council will:

- Be within State Government prudential guidelines; and
- Not exceed **12 cents** in the dollar for the cost of debt servicing and redemption (interest and principal).

#### Strategic Direction

- That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide intergenerational equity.
- That Murrindindi Shire Council retains its debt servicing and redemption costs at or below **12 cents** in the rate revenue dollar, towards interest and principal, over the life of this SRP.

## 5. STATUTORY AND NOTIONAL RESERVES

### 5.1 INTRODUCTION

Councils have traditionally operated with reserve funds that are allocated for specific purposes. These funds do not have bank accounts of their own but are a theoretical split-up of Council's equity. Notional reserves are used only as an indicator of funds for specific purposes and represent what those functions have earned.

The following section details Murrindindi Shire Council's notional reserves.

### 5.2 NATURE AND PURPOSE OF NOTIONAL RESERVES

Murrindindi Shire Council now allocates expenditure for known outlays and revenues, directly to the financial year where the expenditure will be incurred, rather than to specific reserve funds. The traditional transfer to and from reserves is no longer undertaken as it is contrary to the requirements of the accounting standards and regulated standard reporting that now applies under the *Local Government (Financial and Reporting) Regulations 2004*. Council's statutory and notional reserve funds at 30 June 2008, forecast to 30 June 2010 and Budget 30 June 2011 are detailed below:

Notional Reserve	Actual 30 June 2009 \$	Forecast 30 June 2010 \$	Budget 30 June 2011 \$
Garbage- Waste management	1,831,033	2,071,091	2,376,395
Coster St. Units	5,466	13,748	18,443
Alexandra sale yards	36,168	32,385	31,655
Shaw Avenue redevelopment	49,252	43,752	43,752
Subdividers contribution	16,044	16,044	16,400
Alexandra Community Centre	2,244	0	600
Yea Sale yards	317,084	405,457	66,513
Yea Caravan Park	32,946	42,810	6,278
Marysville Caravan Park	75,498	231,959	539
<b>Total</b>	<b>\$2,366,235</b>	<b>\$2,112,238</b>	<b>\$2,560,575</b>

Statutory reserve	Actual 30 June 2009 \$	Forecast 30 June 2010 \$	Budget 30 June 2011 \$
Public Open Space	380,554	372,455	312,455
Contributions Parking	44,080	44,080	44,080
<b>Total</b>	<b>\$424,634</b>	<b>\$416,535</b>	<b>\$356,530</b>

**Total Notional & Statutory**

#### Strategic Direction

- That Murrindindi Shire Council maintains notional reserves for stand-alone operations or investments.

## 6. RATING AND OTHER REVENUE STRATEGIES

### 6.1 INTRODUCTION

This section includes:

- Valuations
- Background to present rating system;
- Components of Council's rating base;
- Rates and Charges Budget 2010/11;
- Rating strategy;
- Waste services;
- Grant revenue;
- Victoria Grants Commission; and
- Fees and charges revenue.

### 6.2 VALUATIONS

#### 6.2.1 General valuation

Valuations are conducted under the provisions of the *Valuation of Land Act (1960)* with each separate occupancy on rateable land computed at its net annual value (NAV), capital improved value (CIV), and site value (SV).

Valuations are carried out using *Valuation Best Practice Principles* as set down by the State Government Valuer General. In Murrindindi Shire, data on every property is recorded and used by independent valuers with sales, rentals and other information to determine the valuations.

A general valuation (revaluation) establishes the value of a property relative to all other properties, that is, its market relativity. Valuations form the basis of Council's rating system; therefore, their accuracy is of paramount importance.

General valuations are required every two years. This ensures a common date is used for all valuations. The 2010 revaluation was undertaken based on property values as at 1 January 2010.

The revaluation does not in itself raise the total rate income for Council, as the rates are distributed based on the property value of all properties across the Shire. As a result of the revaluation, some property owners may pay more in rates and others less, depending on the new valuation of their property, relative to others. Information regarding the 2010 Municipal revaluation will be contained in Council's 2010/11 Budget.

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### 6.2.2 *Definitions of valuations*

Murrindindi Shire Council uses the capital improved method of valuation (CIV), which is the market value of a property including land, buildings and improvements. CIV has the following long-term advantages relative to other valuation bases:

- Flexibility to apply an unlimited range of strategic differentials;
- Does not prejudice the industrial, commercial and retail sectors in terms of the rate burden; and
- Easier for people to understand.

The other valuation bases the valuer is required to return are:

- Site value (SV) which is the market value of land excluding improvements; and
- Net annual value (NAV) which represents the reasonable annual rental of a property, minus specified outgoings. In most cases this is five percent of the CIV.

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### 6.2.3 *Supplementary valuations*

Supplementary valuations are made during the financial year when a significant change to the valuation occurs. The most common causes for supplementary valuations are:

- Construction of a new dwelling or building;
- Subdivision of a property; or
- Consolidation of properties Council presently undertakes this task on a quarterly basis.

## **6.3 BACKGROUND TO THE PRESENT RATING SYSTEM**

Prior to dealing with the rating strategy, it is important to have a broad knowledge of the present rating structure. The present rating structure has two differential rates, a Municipal Charge and separate Garbage and Recycling Charges. Full details of the Rates in the \$ for each category, the Municipal charge and Garbage Charges will be included in the 2010/11 Budget.

The differential rates are a general rate and a differential rate providing a 25% rate-in-the-dollar reduction for those rural properties in excess of 40 hectares.

In 2010/11 total income from rates will increase by 7% made up of 6% general increase and 1% increase in relation to supplementary rates and rebuilds.

As 2010/11 is a Municipal Revaluation year the rates in the \$ and subsequently the rates payable by each sector of the community will not increase uniformly. Full details of the impact of the Municipal revaluation will be provided with the 2010/11 Budget document.

## 6.4 COMPONENTS OF COUNCIL'S RATING BASE

### 6.4.1 Introduction

Murrindindi Shire Council levies differential rates, annual service charges and a municipal charge, to raise its annual rates and charges revenue. The legislative basis of the following and details of how they apply to Murrindindi Shire are available upon request:

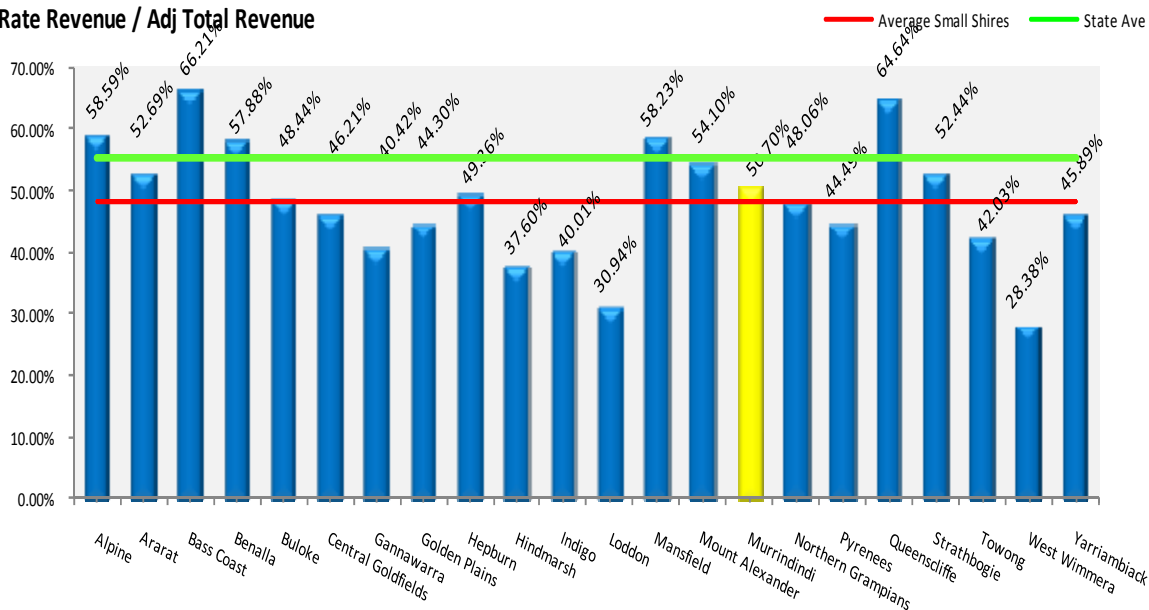
- Differential Rates – Legislation;
- Municipal Charges;
- Special Rates and Charges;
- Service Rates and Charges; and
- Rebates and Concessions

## 6.5 ASSESSMENT OF CURRENT RATING LEVELS

Comparing the relativity of rating levels between councils can be a difficult exercise due to debate over the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils.

Also, cash holdings of municipalities vary and councils have significantly different infrastructure needs and geographic sizes. For example, Surf Coast Shire is 1,560 square kilometres, compared to Moira Shire at 4,057 square kilometres and Wellington Shire at 10,200 square kilometres.

1. Rate Revenue / Adj Total Revenue



Each municipality also has significantly different levels of capital works, funding structures for capital works and varying debt levels. On rates per assessment basis in the 2008/09 financial year, Murrindindi Shire Council was above average for the small shire group.

## 6.6 RATES AND CHARGES BUDGET – 2010 /11

### 6.6.1 Introduction

This section details issues regarding rating parameters.

### 6.6.2 6.6.2 Revenue – rate and municipal charge increase – 2010/11

A key decision of Council during the life of the SRP is to determine the level of rate increase that will address funding levels for capital works, service provision for the municipality and improve Council's long-term financial sustainability.

Council's required rate and municipal charge revenue from 2010/11 is **\$10.56 million** based on a **6 percent increase** over the 2009/10 rate revenue property base.

The outcome of this level of increase is as follows:

- The proposed increase in rates and municipal charges in 2010/11 will provide an additional **\$0.7 million** over the 2009/10 financial year.
- The municipal charge for 2010/11 is **\$2.07 million** which is at the **19 percent** of the total revenue from rates and charges. The maximum allowable under Section 159 of the Local Government Act is **20 percent**. The municipal charge ensures all properties pay an equitable contribution towards the unavoidable fixed costs of Council.
- Total revenue from rates, municipal and service charges in 2010/11s **\$10.56 million**.
- The SRP also applies rate revenue increases of **6 percent** for the period 2010/11 to 2013/14 for the purpose of financial planning escalation assumptions.

<b>Rates, Garbage &amp; Recycling Income</b>					
	Forecast 2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000
Rates	9,815	10,557	8,739	9,348	10,140
Garbage Charges	1,221	1,424	1,509	1,600	1,696
Recycling Charges	350	368	390	413	438
Total Garbage & Recycling Charges	1,571	1,792	1,899	2,013	2,134
<b>Total Rates, Garbage &amp; Recycling Charges</b>	<b>11,386</b>	<b>12,349</b>	<b>10,638</b>	<b>11,361</b>	<b>12,274</b>

The above table details the rate revenue for the 4 years of the SRP.

## 6.7 STATE GOVERNMENT – RATE ASSISTANCE

### 6.7.1 Introduction

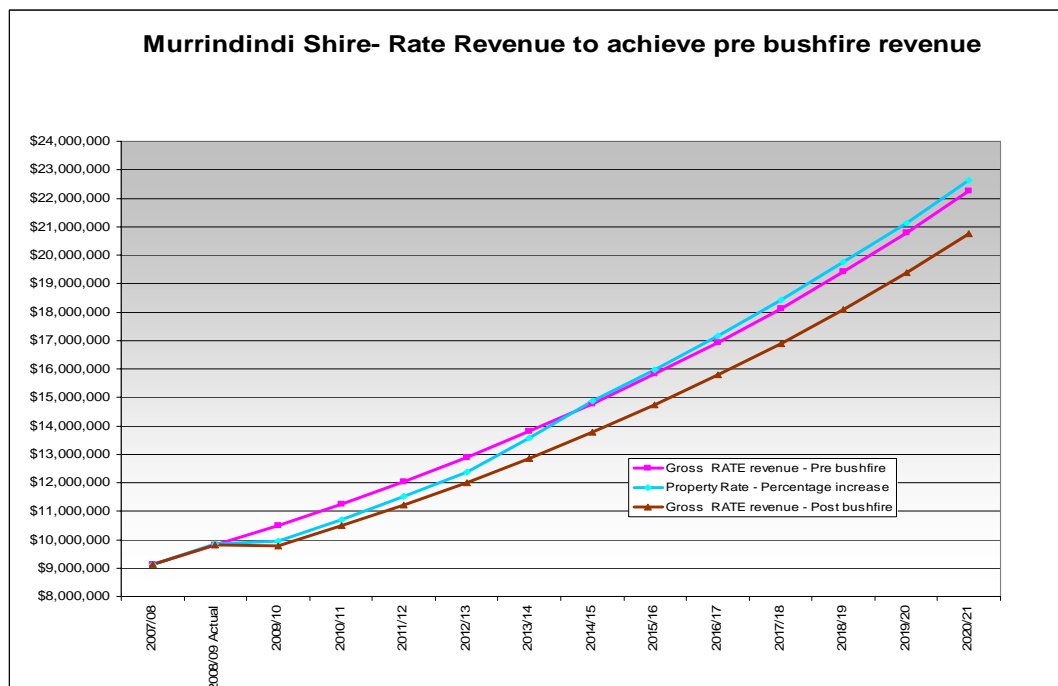
Council has lost **20.5 per cent** of its the value of site improvements of residential properties capital equating to a loss of **\$0.666 million** in net rate revenue in the 2009/10 financial year.

Precedent has been established with the Murray River Councils where Councils lost CIV and the State Government has responded with a *Rates Assistance Package*.

### 6.7.2 Rate assistance package - funding model

Council has had approved a Rate Assistance Package totaling \$3.085M over the four years commencing in 2009/10 to replace the lost revenue from rates from the Black Saturday bushfires.

This was following representations from Council last financial year.



The pink line is where Council's revenue would have been without the impact of the bushfire, that is, pre-bushfire. The red line on the graph details the level of revenue assuming a **6 per cent** increase plus **1 per cent** for supplementaries assuming none of the affected properties rebuilds to determine a "maximum" revenue loss.

The rate of rebuild will ultimately determine the rate of restoration of the rate base. This issue will need to be monitored in the future financial planning periods.



## 6.8 RATING STRATEGY

### 6.8.1 Principles and Options

Murrindindi Shire Council's rating strategy establishes a framework by which rates and charges will be shared by the community. In developing a long-term financial plan, rates and charges are an important source of revenue.

The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property. The total money to be raised is taken from Council's long-term financial plan.

The proposed principles are:

- Sustainable financial management;
- Evaluating and setting priorities;
- Core functions;
- Identifying cost of service delivery;
- Prudent borrowings for infrastructure;
- Rate setting and pricing for services;
- Openness and transparency; and
- Providing services on behalf of other tiers of government.

It will be important to monitor the rate revenue position going forward.

## 6.9 WASTE SERVICE CHARGES

### 6.9.1 Introduction

Council is empowered under Section 162(1) (b) of the *Local Government Act (1989)* to levy a service charge for the collection and disposal of refuse.

Murrindindi Shire Council has typically used this option through the raising of garbage and recycling charges on the annual rate assessment.

The purpose of this charge is to meet the costs of waste disposal and recycling activities throughout the Council area, including development and rehabilitation of Landfill sites and the operating costs of Tips and Transfer Stations.

Murrindindi Shire's charge is **\$237** per rateable property and is on a cost recovery basis, i.e. all revenue collected for this charge is allocated to be spent on Waste Management.

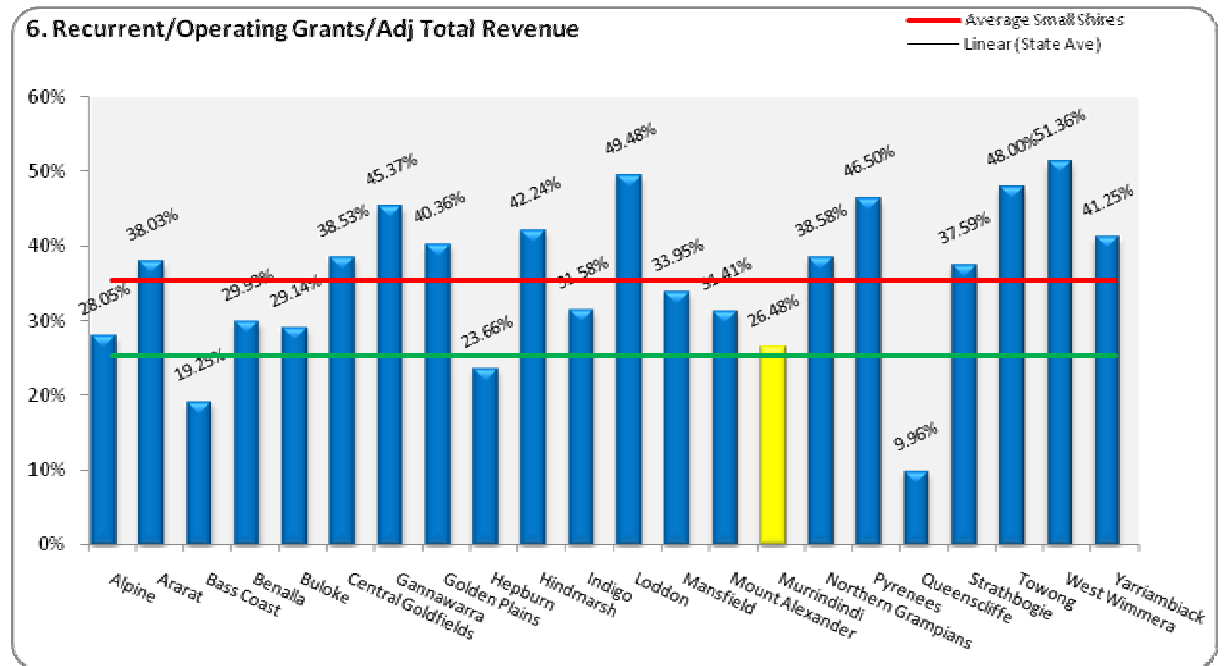
A total of **\$1.424 million** will be received for waste management in 2010/11 to support a recurrent operating expenditure.

**6.10 GRANT REVENUE**

Murrindindi Shire Council is performing well in terms of receiving government grant revenue, compared to its like council grouping as outlined in the graph over page.

Murrindindi Shire Council must continue its strong focus on securing grant revenue, particularly for capital works. Grants (capital and operating) at 30 June 2009 totalled **\$53.13 million**.

Total recurrent grants totalled **\$5.682 million** as at June 30 2009.

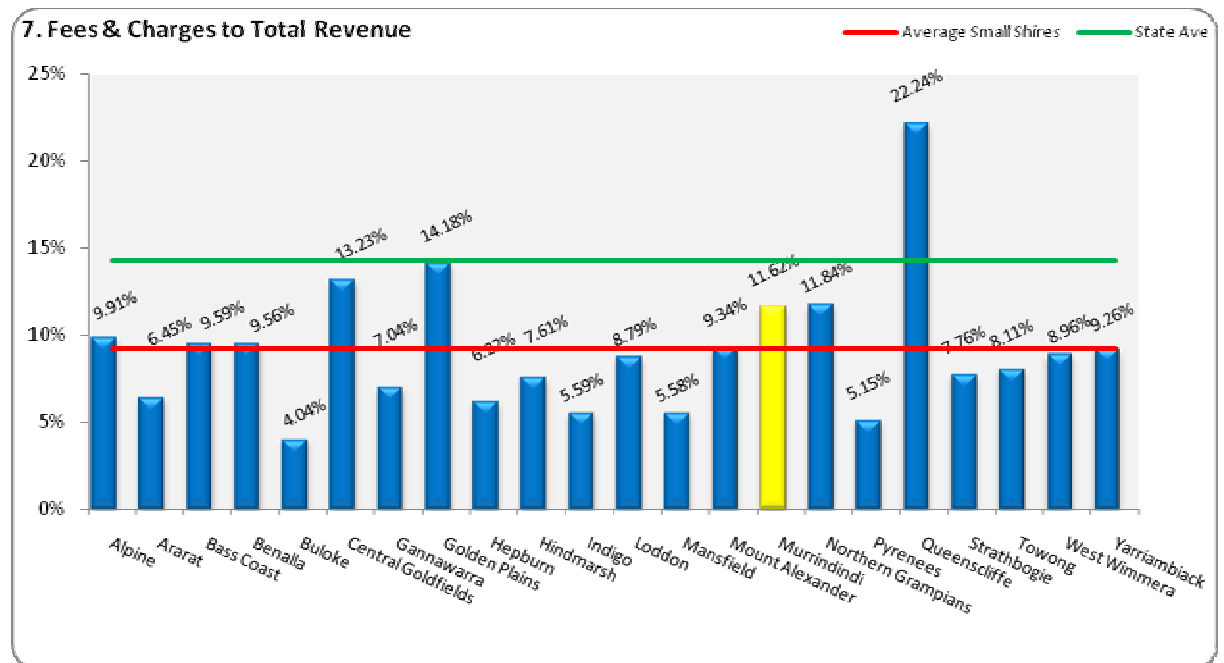


**6.11 VICTORIA GRANTS COMMISSION**

Council receives approximately **7.5 percent** of its “ex bushfire recovery” revenue from the Victoria Grants Commission. This revenue is projected at **\$3.96 million** in 2009/10 and budgeted at **\$3.12 million** in 2010/11. The 2010/11 amount is lower than 2009/10 due to the VGC prepaying Council one quarterly instalment in 2008/09 and again in 2009/10. Council has budgeted to receive three instalments in 2010/11 and four instalments each year thereafter.

**6.12 FEES AND CHARGES REVENUE**

Murrindindi Shire Council’s fees and charges revenue (**\$3.15 million**) as a percentage of its total revenue is about the average for small councils as outlined in the graph below.



**Strategic Direction**

- That Murrindindi Shire Council retains capital improved value (CIV) as its valuation base;
- That Murrindindi Shire Council provides a municipal charge that is approximately **19 percent** of rates to ensure an equitable contribution towards the unavoidable fixed costs of Council;
- That Murrindindi Shire Council:
  - a) directly charges waste collection and recycling costs and the cost of disposal of domestic waste, to those ratepayers who receive the service; and
  - b) bases future increases on future EPA, regulatory and safety requirements;
- That Murrindindi Shire Council, in 2010/11, adopts a:
  - a) **6 percent** increase in revenue for general rates and municipal charges;
  - b) **6 per cent** increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy.
- That Murrindindi Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other councils.

## 7. ASSET MANAGEMENT

### 7.1 INTRODUCTION

Linking asset management to Council's strategic financial direction is fundamental to achieving the goal of long-term financial sustainability.

This section includes:

- Background to Council's total asset portfolio at 30 June 2009;
- Depreciation of fixed assets;
- Key questions to determine service level/investment;
- Sustainability index;
- Condition assessments;
- Strategic asset management; and
- Future asset management

### 7.2 BACKGROUND TO COUNCIL'S TOTAL ASSET PORTFOLIO AT 30 JUNE 2009

Current assets are cash or those assets that are considered to be readily convertible to cash.

This asset grouping includes cash at bank, investment funds; stock on hand, debtors and land held for resale.

The balance of current assets held by Murrindindi Shire Council at 30 June 2010 is forecast to be **\$21.07 million**, and is forecast to be **\$15.41M** by 30 June 2011. This is anticipated to reduce due to the reinstatement of Community facilities from Grants and Insurance recoveries.

Non-current assets consist of Council's debtor accounts not expected to be collected in the coming 12 months and Council's fixed assets.

Fixed assets consist of land, buildings, plants, furniture, roads, drains, playgrounds and other similar infrastructure assets.

The total value of fixed assets at 30 June 2010 was **\$204.76 million**.

Fixed Assets	Forecast	Budget
	WDV 30 June 2010 \$	WDV 30 June 2011 \$
Land	20,351,697	20,594,775
Buildings	26,131,412	29,328,163
Plant and machinery	4,634,525	4,791,095
Roads streets and bridges	146,056,444	148,674,769
Drainage	6,302,010	6,438,524
Historical assets	140,369	138,957
Furniture and Equipment	508,758	503,664
Library book stock	435,144	455,053
Work in progress	196,900	0
<b>Total Written-down Value</b>	<b>204,757,259</b>	<b>210,925,000</b>

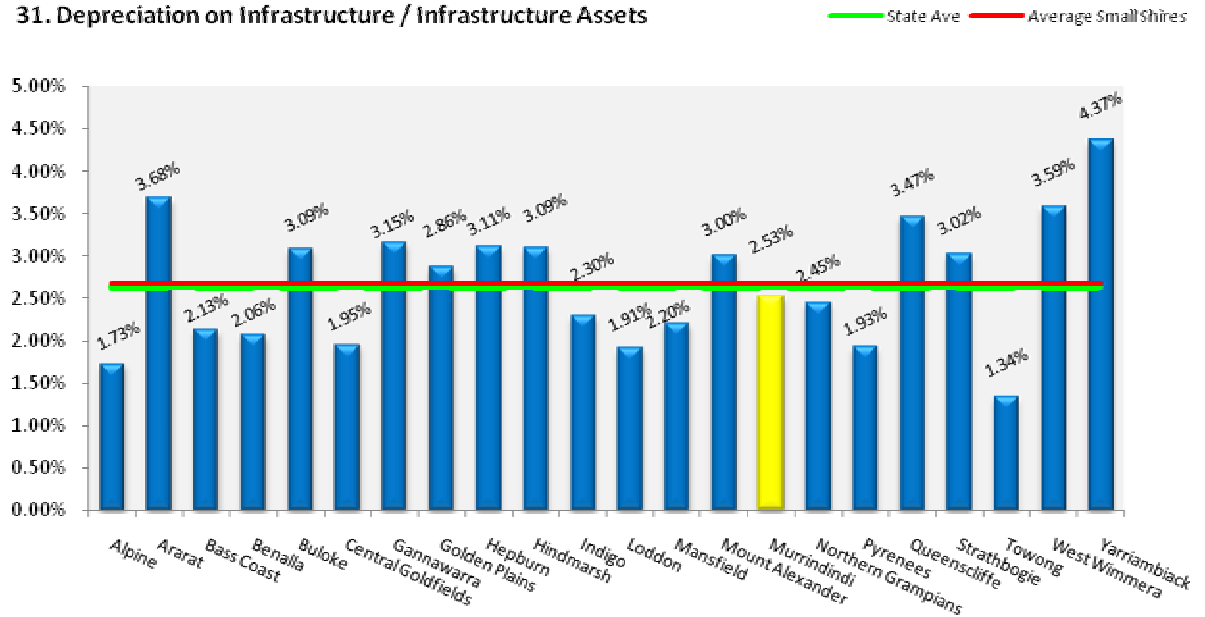
### 7.3 DEPRECIATION CHARGES - INFRASTRUCTURE

Depreciation charges useful lives and the rate at which the economic benefits are consumed is reassessed following condition assessments and when general valuations are undertaken.

Murrindindi Shire Council's depreciation on these assets for 2009/10 was **\$4.5 million**, and the budget for 2010-11 is **\$4.9 million**.

Council's depreciation charges as a percentage of its total assets are benchmarked and depicted in the following graph:

31. Depreciation on Infrastructure / Infrastructure Assets



## 7.4 BUSHFIRE IMPACT

Council continues to manage the enormity of the task related to restoration of facilities in Bushfire related areas of the Shire. As at 30 June 2010 Council is expected to have spent in excess of \$61M and received external funding of approximately \$54M, leaving a deficit of approximately \$7M to date. Whilst Council is appreciative of the funds it has received to restore and repair bushfire impacted areas, the shortfall in funding from that identified is having a significant effect on Council's financial position.

Moving forward from 30 June 2010, Council has been forced to decide between identified and necessary restoration works and Council's ability to fund these works. Accordingly moving forward Council will only be providing funding for those works that are funded by:

- Insurance Payments;
- Government Grants; or
- Loan Funds for identified Facilities upgrades.

As a result \$5.6M of Bushfire Projects require funding and early in 2010/11 Council will be undertaking prioritising Bushfire Restoration projects that fall within Council's financial means and identify alternate means of funding for those necessary activities that currently have no identified funding source.

The effect of the Bushfire on Council's financial position is such that the high level of grant funds received from the State and Federal Government is not sufficient to fund the issues identified to provide complete rectification of those areas significantly affected by the Black Saturday bushfires. Accordingly this means that in the absence of greater funding becoming available, choices will need to be made as to which projects are funded as part of Council's SRP and Budget and which are not.

## 7.5 DEFINITIONS

The table on the following page defines the type of asset expenditure.

Type of Expenditure	Definition	Purpose/Example
Maintenance	Expenditure on an asset that maintains the asset in use, but does not increase its service potential or life.	Life extension: Extending asset lives by repair, reducing average annual consumption costs and renewal rates, e.g. Repairing a single pipe in a drainage network or a pothole.
Capital Renewal	Expenditure on an existing asset or a portion of an infrastructure network which returns the service potential, or extends the life of the asset, to its original potential.	Retains an existing service level, e.g. Re-sheeting a road reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service, or to extend the life of the asset beyond its original standard.	Increases the quality of service provided to ratepayers or provides new services, e.g. Widening the pavement of a sealed area of an existing road.
Capital Expansion	Expenditure on extending an infrastructure network at the same standard enjoyed by	Extends services to newly developing areas of the Shire where there are new ratepayers,

existing residents to a new group of users.

e.g. Extending a road or drainage network, new pre-school.

## 7.6 CONDITION ASSESSMENT

Monitoring asset condition and performance relates to the ability of the asset to meet targeted levels of service.

Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing.

Monitoring asset condition and performance throughout the asset life cycle is important in order to identify underperforming assets or those which are about to fail – that is, assets at the *critical renewal* level where if reinvestment is not funded the cost of future renewal will exponentially increase along with the risk of the asset being below accepted safety standards .

Murrindindi Shire Council is developing its *Asset Management System* (Moloney) to position Council to readily monitor asset condition and performance and to:

- Identify those assets which are under performing;
- Predict when asset failure to deliver the required level of service is likely to occur;
- Ascertain the reasons for performance deficiencies; and
- Determine what corrective action is required and when (maintenance, rehabilitation, renewal).

Priority is on funding the annual renewal annuity based on a predetermined service level linked to **condition level 8**.

No asset in the Council's condition profile is allowed to go below condition 8 as the cost of renewal significantly increases beyond condition 8 and the asset's functionality, safety and ability to provide its intended service level is compromised. Council is collecting condition data for all of its major asset categories and will be in a position to commence detailed *Service and Asset Management Plans*.

The benefits of knowing the current condition and performance (level of service) an asset provides are:

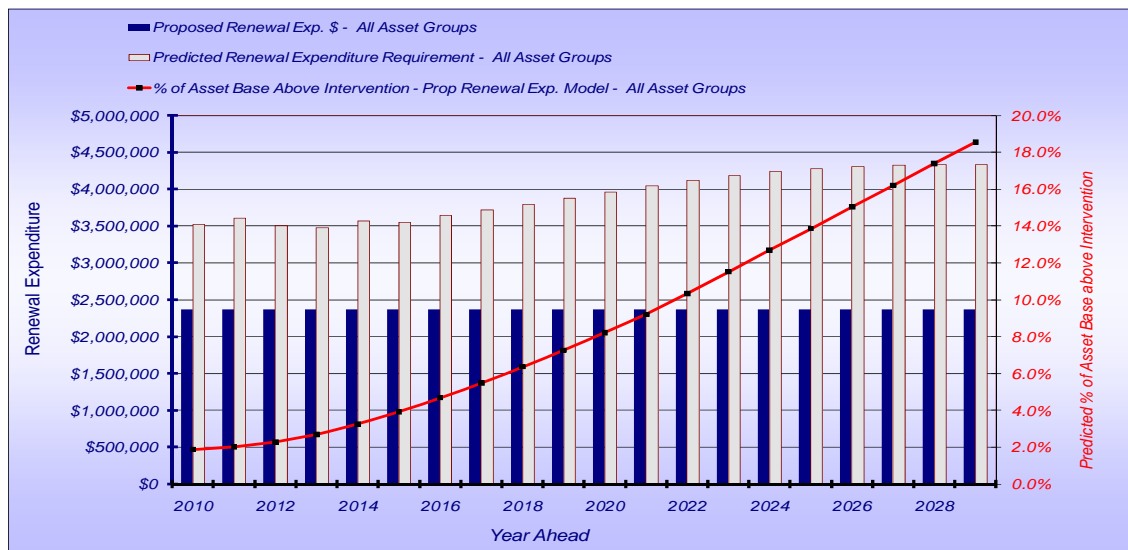
- Ability to plan for and manage the delivery of the required level of service;
- Avoidance of premature asset failure, leaving open the option of cost-effective renewal;
- Managing risk associated with asset failures;
- Accurate prediction of future expenditure requirements; and
- Refinement of maintenance and rehabilitation strategies.

Council, as asset managers, need to be able to assess the relative merits of rehabilitation/renewal/replacement options and identify the optimum long-term solution through decisions related to levels of service. Following this Council needs to strategically determine an affordable level of service to manage the emerging condition profile.

The benefit of that knowledge now is the management process can commence across the entire asset portfolio. Should Council increase/decrease this level of investment and consciously improve/decrease the level of service?

The answer lies in considering the other asset categories condition profiles – what is affordable, what is critical and must be renewed and what service level is Council targeting?

The graph below shows Council's current investment will result in **18.5 per cent** of the asset base being outside the preferred condition level 8. This will result in assets not providing the required level of service and safety to the community.



This issue is being addressed by Council as part of the long term financial plan.

Across the asset base asset renewal cash flow is variable over time as it depends on services and service levels to be provided in the future, as well as the age and condition profile of the asset stock.



## 7.7 STRATEGIC ASSET MANAGEMENT

Council reviews its *Asset Management Policy* on a triennial basis.

Other major elements are the *Asset Management Strategy* which details specific actions to be undertaken by Council to improve asset management capability and achieve specific strategic objectives.

*Service and Asset Management Plans* are subsequent components where long-term plans (10-years and beyond) outline service levels for each asset category.

The table below explains the objectives and typical contents of these documents:

Asset Management Strategy	Asset Management Plans
Specific actions to be undertaken by Council in order to improve or enhance asset management capability and achieve specific strategic objectives.	Long-term plans (usually 20 years or more for infrastructure assets) that outline the asset activities for each service area.
<i>Develops a structured set of actions aimed at enabling improved asset management by Council.</i>	<i>Outlines actions and resources to provide a defined level of service in the most cost effective way.</i>
<ul style="list-style-type: none"> <li>• A description of the current status of asset management practices (processes, asset data and information systems).</li> <li>• Organisation's future vision of asset management.</li> <li>• A description of the required status of asset management practices to achieve the future vision.</li> <li>• Identification of the gap between the current status and the future vision (a "gap analysis").</li> <li>• Identification of strategies and actions required to close the gaps, including resource requirements and timeframes.</li> </ul>	<ul style="list-style-type: none"> <li>• A summary of Council's strategic goals and key asset management policies.</li> <li>• Definition of levels of service and performance standards.</li> <li>• Demand forecasts and management techniques.</li> <li>• Description of the asset portfolio.</li> <li>• A broad description of the lifecycle management activities for operating, maintaining, renewing, developing and disposing of assets.</li> <li>• A cash-flow forecast.</li> <li>• Key asset management improvement actions including resources/timeframes.</li> </ul>

Council has reached the point where it has identified and funded its critical renewal – no asset's condition goes beyond **condition 8**.

Council is now in a position to analyse its condition profile and determine and understand the cost of a predetermined service level.

Alternatively Council may allow some assets to degrade in condition, freeing up funds to improve the level of service for other assets.

### 7.7.1 Strategic levels of service: Asset Management Plans

The *MAV Step Program* assists councils to manage assets now and into the future. The program enables parameters around condition (that ultimately determine levels of service) to be modelled and costed. Council is currently undertaking its Asset Management Strategy that will be used to inform the Strategic Resource Plan into the future.

## 7.8 FUTURE ASSET MANAGEMENT

The goal of infrastructure asset management is to meet a required level of service in the most cost effective way through the creation, acquisition, maintenance, operation, renewal and disposal of assets to provide for present and future customers.

Asset management will remain a major challenge over the life of this SRP.

### Strategic Direction

- That Murrindindi Shire Council, having established its critical renewal investment levels, completes detailed *Service and Asset Management Plans* for all classes of Council assets incorporating service level assessments.
- That Murrindindi Shire Council, as part of the development of its *Service and Asset Management Plans*, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
- That Murrindindi Shire Council allocates funds to renewal of existing assets rather than constructing new assets where possible, noting that as the Shire's population expands, it will be necessary to provide the appropriate infrastructure.
- That Murrindindi Shire Council allocates additional funding to capital works (renewal) as its debt and revenue-raising strategies are completed.

## 8. CAPITAL WORKS PROGRAM

### 8.1 INTRODUCTION

The previous section discusses the long-term issues with respect to Asset Management and issues relevant to determine investment levels in capital renewal. Following the 2009 bushfires Council has increased its investment in renewal.

It should be noted **85 percent** of the capital expenditure is on renewal and upgrade type projects in the draft capital works program for 2010/11. The total capital program of **\$16.55 million** is composed of **\$2.62 million** in new assets and **\$13.93 million** in renewal and upgrade.

This section includes:

- Level and nature of capital works;
- Capital funding sources.

Due to the significant bushfire rebuilding projects, Capital expenditure represents an abnormally high **156 percent** of rate revenue in 2010/11.

### 8.2 LEVEL AND NATURE OF CAPITAL WORKS

It is important that the asset management issues raised in the previous section inform the decisions taken in determining the capital works program.

The annual budget process will enable Council to identify individual projects for funding.

The capital works program for the 2010/11 Budget provides **\$16.55 million** in expenditure.

The renewal and upgrade investment of **\$13.93 million** represents **85 percent** of the overall capital program.

Four key outcomes from the long-term financial plan will be

- To maintain the critical renewal investment,
- Maintain average condition where desired
- Maintain the required critical renewal annuity; and
- Invest in new assets subject to principles espoused in chapters 4 and 8.

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#### 8.2.1 CAPITAL WORKS PROGRAM 2010/11 - 2013/14 – PARAMETERS

The following are the parameters against which the 2010/11 capital works program has been developed:

- Alignment to Strategic Resource Plan financial growth assumptions with respect to expenditure and revenue; and
- Priority provision for critical renewal investment, then capital renewal, capital upgrade with capital expansion the most discretionary.

In terms of the longer term program to 2019/20 the following parameters/assumptions apply:

- Large one-off projects flagged in subsequent years require accurate costing to be undertaken and their timing and priority finalised;

- Continue priority on renewal, followed by upgrade with expansion the most discretionary;
- Provide for expenditure growth required to level of sustainable renewal to meet the community's service level requirements (based on current Asset Management Plans) by 2019/20;
- Income assumptions to remain conservative given they are less predictable; and
- Roads to Recovery income assumed to continue at current level spread across relevant projects within the Roads Program.

### 8.3 2010/11 CAPITAL INVESTMENT LEVELS

The 2010/11 capital works program by expenditure type is detailed hereunder:

Capital Expenditure Type	2010/11 forecast \$ '000	2010/11 %
Renewal	8,369	50.6%
Upgrade	5,562	33.6%
Expansion	2,622	15.8%
<b>TOTAL</b>	<b>16,553</b>	<b>100.0%</b>

### 8.4 2010/11 CAPITAL WORKS PROGRAM – SERVICE LEVEL ASSESSMENT

The following indicative service levels are included in the 2010/11 Capital Works program. The targeted future service levels, where known, are also detailed below:

Renewal Investment	2010/11 Actual Level of Service	2013/14 Targeted Level of Service
Kerb and Channel replacement	880 metres	1300 metres
Footpath replacement	1,500 m2	5,000 m2
Landfills	One cell 3 years	One cell 3 years
Sealed road extension	260,000 m2	230,000 m2
Shoulder re sheet	NA	NA
Bridge replacement	As per program	As per program
Resealing	260,000 m2	230,000 m2
Sealed road pavements	5,000 m2	5,000 m2
Re-sheeting gravel roads	130,000 m2	130,000 m2
Stabilisation/dust control	65,000 m2	65,000m2

This listing is not exhaustive and will expand with the development of Council's *Asset Management Plans* as discussed in the previous chapter.

## 8.5 CAPITAL FUNDING SOURCES

The development of a 10-year capital works program will enable a precise cash flow budget to be developed.

This program will be completed during the 2010/11 financial year by Council's Engineering department. External capital funding services include capital grants, developer contributions and special charges schemes.

Internal capital funding sources include land sales, asset sales, special charge schemes and general rates. The SRP forecasts capital funding sources conservatively.

## 8.6 CONCLUSION

Council's capital works program should underpin the needs and priorities as determined by Council's Asset Management system output developed in consultation with the community.

It is the Council's challenge to develop Asset Management Plans that ensure the community's levels of service are met through the delivery of efficient and effective services.

### **Strategic Direction**

- That Murrindindi Shire Council increases its capital works commitment at levels that meet or exceed the targets established in this SRP, and develops a 10-year capital works program.
- That Murrindindi Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at condition level 8, with the next priority on renewal, upgrade and expansion.

## 9. SERVICE PROVISION AND PLANNING

### 9.1 INTRODUCTION

The range and level of services a council should, or is capable of, or wants to provide is a complex question to consider.

Council provides a range of services, including community services, youth services, recreation, customer services, and asset maintenance.

This section includes:

- Operating expenditure/revenue;
- Growth of operating budget;
- Service delivery analysis; and
- Service provision and planning

### 9.2 OPERATING EXPENDITURE/REVENUE

Council's operating costs and revenues for 2010/11 are **\$43.93 million** and **\$42.61 million** respectively. Council's operation includes provision of building, planning, economic development services, community services, infrastructure planning, operations and corporate support services including finance, information technology, asset management and organisation development.

### 9.3 SERVICE PROVISION AND PLANNING

Ultimately, Council determines the range and level of services it is able to offer the community and this is reviewed annually based on the outcome of community consultation undertaken during the year. This is finalised through the annual budget process with the SRP providing preliminary guidance based on the service delivery model from the previous year. One of the key objectives of Council's Strategic Resource Plan is to maintain existing service levels and maintain a satisfactory operating position over the life of the SRP. The most significant service delivery areas likely to impact on the 2010/11 operating position include:

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#### 9.3.1 *Completing capital program/Project Management*

The large capital program will place a large strain on the human resources and corporate systems and processes. It will be important the organisation develop improved processes and systems in terms of approvals, scoping design and delivery along with procurement, cost control and reporting.

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#### 9.3.2 *Bushfire impact*

The organisation has grown from a pre bushfire turnover of **\$26 million** to approximately **\$70 million** (2009/10) which has placed considerable strain on the skill set of the staff. The approach to delivery of a large capital program, the management processes are different to the traditional small rural approach to project delivery.

The impact of the bushfire recovery will continue to impact on the Council's resources in terms of operations and Council's ability to communicate with the community. Impacts will be felt with the ongoing rebuild and meeting community expectations through this period.

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**9.3.3 Funding Renewal Gap**

Funding the ongoing and growing renewal gap will be a major challenge during the life of this SRP. The gap is presently growing and this is based on data that will be reviewed in 2010/11.

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**9.3.4 Underlying operating deficit**

The underlying operating deficit measures Council's ability to generate enough revenue to cover operating costs (including the cost of replacing assets reflected in the depreciation expenses). Council's expected underlying deficit in 2010/11 is expected to be \$502K.

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**9.3.5 Liquidity**

Working to improve the liquidity of the municipality will be a focus of the *Strategic Resource Plan*. Improved working capital will also assist the underlying operating deficit position.

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**9.3.6 Review of Depreciation charges**

This will be reviewed during the 2010/11 financial year.

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**9.3.7 Asset maintenance**

The level of maintenance services (street sweeping, reserve mowing, footpath maintenance, street bin collection etc.) has been maintained at a similar level to the previous year.

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**9.3.8 Skill retention**

Retention and development of skills is critical to ensure the ongoing sustainability of the municipality. The current work force is ageing and organisation development strategies will be critical going forward.

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**9.4 CONCLUSION**

Managing financial sustainability and the range and level of services provided will remain an ongoing challenge.

**Strategic Direction**

- That Murrindindi Shire Council annually determines the range and level of service provision through the budget process incorporating an analysis of organisational and financial capability.

## 10. STRATEGIC FINANCIAL PLAN

### 10.1 INTRODUCTION

There are a number of dynamic variables that may influence the outcomes expressed in this SRP. They include:

- Rating levels and supplementary rate income;
- Government grant revenue (both recurrent and capital);
- Granted asset amounts;
- Asset revaluations (major impact on fixed asset value and depreciation);
- Asset sales;
- Mix of funding between capital works/special projects (new initiatives); and
- Level of growth factor applied to expenditure items / rate of expenditure/activity level.

This section includes:

- Modelling methodology;
- Financial assumptions;
- Adopted financial strategy; and
- Conclusion

### 10.2 MODELLING METHODOLOGY

This section details the approach to financial modelling used in the preparation of these options and provides background about the major financial assumptions that were applied.

The financial model has been prepared at the account level within Council's general ledger system.

The base point used for financial modelling has been the forecast financial outcome as at 30 June 2010.

### 10.3 FINANCIAL ASSUMPTIONS

The following information explains the major financial assumptions applicable to the financial option considered by Council prior to community input.

Appendix B details these financial assumptions with the following explanation supporting their calculation.



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### 10.3.1 Labour and on-costs

Increases in labour and on-costs are composed of two elements. The elements are enterprise agreement increments and movements within bandings as part of the annual review process. The table below highlights these assumptions.

Year	2010/11	2011/12	2012/13	2013/14
	%	%	%	%
EBA Banding Increase/Other	0.8	0.8	0.8	0.8
Award Increments	3.0	3.0	4.0	4.0
<b>Total</b>	<b>3.8</b>	<b>3.8</b>	<b>4.8</b>	<b>4.8</b>

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### 10.3.2 Depreciation

Depreciation estimates are based on the projected capital spending contained within each assumption. Depreciation estimates are influenced by future asset revaluations and depreciation charges are assessed following condition assessments. The overall depreciation charge is also impacted by the amount of assets granted to the municipality following subdivision.

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### 10.3.3 Materials and contracts

The broad assumption in materials and contracts is for an increase matching CPI. Outside of these broad parameters there have been a number of manually assessed items in this area including election expenses, valuation contract amounts and insurance.

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### 10.3.4 Special projects/consultancies

These works are essentially one-off expenditures that do not constitute the creation of an asset and have been maintained at 2010/11 levels through the life of the SRP.

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### 10.3.5 Debt servicing and redemption

Debt redemption is calculated according to the restructured loan schedules. Council borrowings are dealt with in detail in Section 4.

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### 10.3.6 Written-down values of assets sold

All Written-down values relate to plant and land sold as part of the 10-year program. These are based on information from Council's Asset Registers.

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### 10.3.7 Rate revenue

The 2010/11 Budget is based on an increase of **6 percent** for rates and municipal charges collected. Council's Rating Strategy is dealt with in detail in Section 6.7.

The mechanism to estimate supplementary revenue is at present an arbitrary one, based on historical dollar returns with forward probable development revenue estimated. Developing improved mechanisms is a difficult task given supplementary rate growth occurs not only via the creation of new subdivisions, but also with improvements on existing properties. In addition, revaluations every two years bring the potential for revenue loss through successful appeals against valuations being upheld.

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**10.3.8 Service charges**

The 2010/11 Budget will be based on service charge and waste management charge was based on a 6% increase plus recovering any additional State Government Levies.

Funds raised are ultimately deployed to waste management (operating and capital) activities. This is discussed in Section 6.8 in more detail.

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**10.3.9 Grant revenue**

An allowance of **\$4.96 million** has been made as operating grant revenue for ongoing services and projects in 2010/11. In broad terms, a **3 percent** per annum increase has been allowed for operating grants reflecting the nature of this revenue type, which has seldom increased by CPI across the board. Reimbursements from the State Revenue Office for land valuations have also been included in the appropriate years. An allowance of **3 percent** has been made allowed for the Victoria Grants Commission grant.

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**10.3.10 Bushfire Funding**

An amount of \$5.6M over the four years of the SRP has been provided for to enable necessary bushfire restoration to occur. At present the source of this funding has not yet been identified.

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**10.3.11 Fees and charges**

Fees and charges that Council has discretion over have been increased by **3 percent** per annum. However, fees and charges of **\$3.15 million** have been provided for in 2010/11.

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**10.3.12 Statutory Fees and Fines**

Council has no control over a large amount of statutory fees prescribed by the State Government.

Fines include town planning, local laws and the animal pound. Fees and fines are included in the above.

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**10.3.13 Interest on investments**

Interest on investments has been estimated based on cash flow.

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**10.3.14 Proceeds from sale of assets**

Proceeds from sale of assets are those relating to plant changeover and land sales.

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**10.3.15 Capital grants**

Capital grant revenue is **\$18.42 million** in 2010/11, with revenue from future years estimated to fund future capital works.

Capital grants have been forecast conservatively. Funds raised above or below the forecast amount will directly impact on the level of capital expenditure achievable. While conservative amounts have been included, it should be noted that Council does not pursue part-funded capital works that do not fit with its strategic direction.

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**10.3.16 Granted assets**

Granted assets are those handed over to Council following the completion of a subdivision. These include roads, footpaths, curb, channel, drainage etc.

The level of granted assets is forecast to continue at low-levels based on predicted levels of property development. However, estimates beyond 2010/11 are not based

on any reliable data at this point. While granted assets add to Council's overall asset base, they also add to the future obligations to maintain and replace these assets at the end of their useful lives.

They therefore impact on Council's depreciation levels (see Item 2) and required capital spending (renewal) in the future. This area requires appropriate factoring into the financial model and therefore further review.

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#### **10.3.17 Capital expenditure**

Capital expenditure amounts for local roads, water quality, waste and information technology (renewal), and the like and have been directly budgeted for during the next 4-years. The balance of capital expenditure has been left unallocated at this point. These funds may be available for capital renewal (priority), capital upgrade or expansion. Council will develop a 10-year capital works program during the 2010/11 financial year.

### **10.4 CONCLUSION**

The revised Strategic Resource Plan was adopted, for public consultation by Council at its Special meeting in July 2010. The SRP continues to provide a financial framework for Council, enabling an assessment of Council resources and assisting Council to plan and fund capital infrastructure and meet future community aspirations. The Standard Statements (financial statements) are detailed in *Appendix B*.

#### **Strategic Direction**

That Murrindindi Shire Council adopts this Strategic Resource Plan as the base from which to move forward and to inform the development of the 2010/11 Council Budget.

## 11. APPENDIX A GLOSSARY OF TERMS - DEFINITIONS

TERM	DEFINITION
Adjusted operating surplus/deficit	Operating surplus/deficit less revenue from capital (non-recurrent) grants, developer contributions (i.e. assets contributed), asset revaluations, sale of assets plus expenditure from asset revaluations, WDV of assets sold and unfunded superannuation expense.
Adjusted total operating expenses	Total operating expenses as per the "Statement of financial performance" – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
Adjusted total revenue	Total revenue from "Statement of financial performance" – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
Capital grants (non-recurrent)	Capital or non-recurrent grants as disclosed in notes.
Current assets	Total current assets from "Statement of financial position".
Current liabilities	Total current liabilities from "Statement of financial position"
Debt redemption	Debt principal repayments.
Debt servicing costs (interest)	Total borrowing costs or interest expense as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
Fees and charges revenue	Total fees and charges revenue as per the "Statement of financial performance" or as disclosed in note in some councils' statements (includes fines).
Grant income and reimbursements	Total grants revenue as per the "Statement of financial performance" or as disclosed in note in some councils' statements (includes Vic Roads sometimes shown as "reimbursements" by some councils).
Granted assets	Total value of assets received from developers (in kind) as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
Interest earnings	Total interest received as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
No. of rateable properties	Number of rateable properties in municipality.
Non-current liabilities	Total non-current liabilities from "Statement of financial position".
Proceeds from sale of non-	Total proceeds from asset sales as per the

TERM	DEFINITION
current assets	“Statement of financial performance” or as disclosed in note in some councils’ statements, (gross received not Written-down value).
Rate revenue	Total rate revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Rates outstanding at end of year	Rate debtor amount as disclosed in “Receivables” note.
Total assets	Total assets from “Statement of financial position”.
Total capital asset outlays	Payments for capital purchases per the “Cash flow statement”.
Total cash inflows from operations, finance and Investment Act	Total inflows per the “Cash flow statement”.
Total cash outflows from operations, finance and Investment Activities	Total outflows per the “Cash flow statement”.
Total depreciation	Total depreciation expense as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Total depreciation on infrastructure assets	Total depreciation on infrastructure assets as disclosed in “Depreciation expense” note.
Total debt	Total interest bearing liabilities (current and non-current) from “Statement of financial position”.
Total indebtedness	Total liabilities (current and non-current) from “Statement of financial position”.
Total infrastructure assets	Total infrastructure assets from “Statement of financial position” or as disclosed in note (Written-down value). Infrastructure includes roads, bridges, drains, road structures, other structures, playground equipment, and other like categories. Heritage assets have been deemed to be building assets. Work in progress, where not separately split, has been included as infrastructure.
Total net realisable assets	Total assets less total infrastructure assets.
Total operating expenses	Total operating expenses as per the “Statement of financial performance”.
Total revenue	Total revenue from “Statement of financial performance”
Written-down value of assets sold	Written-down value of assets sold as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.

## 12. APPENDIX B STANDARD FINANCIAL STATEMENTS

This Appendix contains a graph that details the outcomes from the Standard Statements that follow.

The Standard Statements include the:

- Standard income statement;
- Standard balance sheet;
- Standard statement of cash flows;
- Standard statement of capital works; and
- Financial indicators.

These statements are required under Part 2 Section 5 of the Local Government (Finance and Reporting) Regulations 2004. The Regulations commenced on 20 April 2004.

## 12.1 Standard income statement

<b>MURRINDINDI SHIRE COUNCIL</b>					
<b>Standard Income Statement</b>					
<b>For years ending 30 June 2010-2013</b>					
	<b>2009/10 (forecast)</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenues from ordinary activities</b>					
Rates & Charges	11,419	12,349	13,079	13,973	15,106
Rates Assistance Package	646	691	831	917	0
Special Rates & Charges	0	105	0	0	0
Statutory fees and fines	1,040	523	535	548	561
Fees & Charges	4,415	3,147	2,563	2,640	2,719
Contributions & Reimbursements	1,530	290	292	299	307
Grants - Operating	5,682	4,960	6,161	6,345	6,534
Grants - Capital	47,450	18,419	4,111	3,861	2,361
Additional Funding Required	0	2,450	1,670	1,345	160
Other revenue (incl Interest)	1,059	999	1,005	1,011	1,016
<b>Total revenues</b>	<b>73,241</b>	<b>43,933</b>	<b>30,247</b>	<b>30,939</b>	<b>28,764</b>
<b>Expenses from ordinary activities</b>					
Employee costs	11,764	14,620	14,430	14,443	13,487
Materials and services	49,228	22,470	10,810	11,101	10,301
Bad and doubtful debts	0	0	0	0	0
Depreciation and amortisation	4,518	4,918	5,047	5,054	5,087
Finance costs	360	362	363	349	331
Other expenses	230	243	250	258	266
<b>Total expenses</b>	<b>66,100</b>	<b>42,613</b>	<b>30,900</b>	<b>31,212</b>	<b>29,471</b>
<b>Net gain on disposal of property, infrastructure, plant and equipment</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Granted assets</b>					
<b>Surplus (deficit) for the year</b>	<b>7,195</b>	<b>1,320</b>	<b>-653</b>	<b>-274</b>	<b>-707</b>

## 12.2 Standard balance sheet

<b>MURRINDINDI SHIRE COUNCIL</b>					
<b>Standard Balance Sheet</b>					
<b>For years ending June 2010-2014</b>					
	<b>2009/10 (forecast)</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>					
Cash and cash equivalents	17,777	13,235	8,405	7,244	5,094
Trade and other receivables	2,938	1,788	1,842	1,796	1,748
Inventories	140	140	220	220	220
Other	215	249	325	325	325
<b>Total current assets</b>	<b>21,070</b>	<b>15,412</b>	<b>10,792</b>	<b>9,585</b>	<b>7,387</b>
<b>Non-current assets</b>					
Trade and other receivables	66	30	40	40	40
Property, infrastructure, plant & equipment	204,757	211,485	215,114	215,993	217,201
<b>Total non-current assets</b>	<b>204,823</b>	<b>211,515</b>	<b>215,154</b>	<b>216,033</b>	<b>217,241</b>
<b>Total assets</b>	<b>225,893</b>	<b>226,927</b>	<b>225,946</b>	<b>225,618</b>	<b>224,628</b>
<b>Current liabilities</b>					
Trade and other payables	2,274	2,323	2,162	2,220	2,060
Interest bearing loans and borrowings	578	746	800	822	822
Provisions	2,506	2,761	2,885	3,015	3,151
Trust Funds	1713	662	570	570	570
<b>Total current liabilities</b>	<b>7,071</b>	<b>6,492</b>	<b>6,417</b>	<b>6,627</b>	<b>6,603</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	3,626	3,718	3,400	3,060	2,720
Provisions	1,449	1,651	1,723	1,806	1,894
<b>Total non-current liabilities</b>	<b>5,075</b>	<b>5,369</b>	<b>5,123</b>	<b>4,866</b>	<b>4,614</b>
<b>Total liabilities</b>	<b>12,146</b>	<b>11,861</b>	<b>11,540</b>	<b>11,493</b>	<b>11,217</b>
<b>Net assets</b>	<b>213,747</b>	<b>215,066</b>	<b>214,406</b>	<b>214,125</b>	<b>213,411</b>
<b>Equity</b>					
Accumulated Surplus	88,615	96,166	97,486	96,826	96,545
Annual Surplus/(Deficit)	7,195	1,320	-661	-281	-714
Statutory Reserves	3,273	2,916	2,916	2,916	2,916
Asset Revaluation Reserve	114,664	114,664	114,664	114,664	114,664
<b>Total Equity</b>	<b>213,747</b>	<b>215,066</b>	<b>214,406</b>	<b>214,125</b>	<b>213,411</b>



## 12.3 Standard statement of cash flows

<b>MURRINDINDI SHIRE COUNCIL</b>					
<b>Standard Cash Flow Statement</b>					
For the years ending 30 June 2010 - 2014	2009/10 (forecast) \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000
<b>Cash flows from operating activities</b>					
<i>Receipts</i>					
Rates	14,436	12,298	13,079	13,973	15,106
Rates Assistance Package	646	691	831	917	0
Additional Funding Required	0	2,450	1,670	1,345	160
User Charges and Other Fines	14,356	5,775	3,751	4,110	4,213
Grants	51,687	23,390	10,272	10,206	8,895
Other Expenses	457	475	424	434	438
<b>Sub total</b>	<b>81,582</b>	<b>45,079</b>	<b>30,027</b>	<b>30,985</b>	<b>28,812</b>
<i>Payments</i>					
Payments to Suppliers	-51,735	-22,991	-10,834	-11,301	-10,727
Employee costs	-11,694	-14,285	-14,284	-14,291	-13,328
<b>Sub total</b>	<b>-63,429</b>	<b>-37,276</b>	<b>-25,118</b>	<b>-25,592</b>	<b>-24,055</b>
<b>Net cash provided by operating activities</b>	<b>18,153</b>	<b>7,803</b>	<b>4,909</b>	<b>5,393</b>	<b>4,757</b>
<b>Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	369	291	293	375	264
Payments for property, plant and equipment	-9,552	-11,587	-9,313	-6,323	-6,565
<b>Net cash used in investing activities</b>	<b>-9,183</b>	<b>-11,296</b>	<b>-9,020</b>	<b>-5,948</b>	<b>-6,301</b>
<b>Cash flows from financing activities</b>					
Trust Funds and deposits	968	-1,051	-92	0	0
Proceeds from borrowings	500	900	500	500	500
Repayment of borrowings	-1,175	-645	-764	-818	-840
Finance Costs	-314	-307	-305	-288	-267
<b>Net cash provided by (used in) financing activities</b>	<b>-21</b>	<b>-1,103</b>	<b>-661</b>	<b>-606</b>	<b>-607</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>8,949</b>	<b>-4,596</b>	<b>-4,773</b>	<b>-1,161</b>	<b>-2,150</b>
<b>Cash &amp; cash equivalents at the beginning of the year</b>	<b>8,826</b>	<b>17,775</b>	<b>13,178</b>	<b>8,405</b>	<b>7,244</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>17,775</b>	<b>13,178</b>	<b>8,405</b>	<b>7,244</b>	<b>5,094</b>

## 12.4 Standard statement of capital works

<b>MURRINDINDI SHIRE COUNCIL</b>					
<b>Standard Capital works Statement</b>					
<b>For the years ending 30 June 2010 - 2014</b>					
<b>Capital Works Areas</b>	<b>2009/10 (forecast) \$'000</b>	<b>2010/11 \$'000</b>	<b>2011/12 \$'000</b>	<b>2012/13 \$'000</b>	<b>2013/14 \$'000</b>
Land	73	245	0	0	0
Buildings	2,005	8,796	1,600	1,600	2,000
Roads, Streets and Bridges	6,739	5,961	3,288	3,287	3,388
Drains	235	247	114	118	121
Furniture & Heritage	135	117	104	106	108
Library Book Stock	110	113	117	120	124
Plant and equipment	1,521	1,074	988	1,141	908
<b>Total capital works</b>	<b>10,818</b>	<b>16,553</b>	<b>6,211</b>	<b>6,372</b>	<b>6,649</b>
<b>Represented by:</b>					
Renewal	4,075	8,369	3,688	3,820	4,067
Upgrade	3,400	5,562	642	652	661
New assets	3,342	2,622	1,881	1,900	1,922
<b>Total capital works</b>	<b>10,818</b>	<b>16,553</b>	<b>6,211</b>	<b>6,372</b>	<b>6,649</b>