



Murrindindi Shire Council
Council Plan Review 2013-2017
2016 REVIEW



Mayor and CEO Message



The year ahead (2016-17) poses both challenges and opportunities for the Shire of Murrindindi and for Council. There are increasing obligations on all councils to do more with less - increased legislative and regulatory demands which limit the ability of councils to generate revenue; increased reporting and other workloads; cost and burden shifting from other levels of government and, of course, the changing and evolving needs of the community itself.

Council must balance the community's desire to keep rates as low as possible with its obligation to provide a wide range of services across the community. It must do this while managing the substantial and ongoing effects on Council's funding situation arising from the gifting to Council of \$33 million worth of additional assets following the 2009 fires.



Council's focus is firmly on the practice of prudent financial management, while pursuing a modest range of activities. Council will be working to grow its rate base and pursuing external funding sources to assist in asset maintenance and service delivery.

Council obtained a variation to the Victorian Government's 2.5% rate cap which has allowed it to raise rates by up to 4.3% in 2016-17 to help meet the ongoing costs of asset renewal. In considering Council's application for a variation to the cap, the Essential Services Commission (ESC) endorsed Council's sensible approach to long term financial planning. The ESC's decision also reflected its understanding of the need for Council to avoid burdening future generations with large bills to renew community assets. The ESC's decision and endorsement of Council's approach as both "financially responsible" and "prudent" vindicates the hard work Council has done in recent years to ensure it has an detailed and accurate understanding of its asset base and costs.



This decision, however, does mean that the additional rate revenue above the cap is dedicated to the infrastructure renewal reserve. Service delivery and operational activities are therefore restrained by the 2.5% cap and we are working hard to mitigate any adverse consequences on the community for this coming financial year.

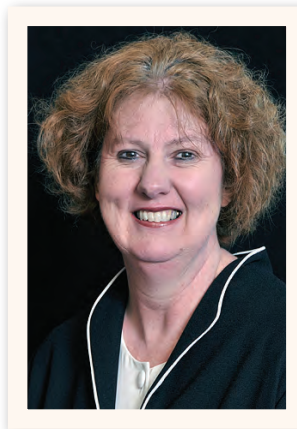
While the ESC's decision was welcome, it does not address Council's long term funding situation. Firstly, the decision applies only to the 2016-17 year. There are no guarantees

that any future applications Council might make for variations to the rate cap will be successful. Secondly, before the introduction of the rate cap, Council's long term financial plan was premised on an annual increase to rates that commenced at 5.5% with a gradual reduction to 4% over the life of the plan. This was primarily driven by the long term funding needs to support adequate infrastructure renewal but also recognised that the annual cost increases experienced by local government are quite different from the CPI experienced in the retailing sector. Annual cost impacts experienced by councils have consistently run at around 1-1.5% pa higher and this had been built into our projections so that service delivery would not be adversely impacted over time. This figure and, consequently, Council's long term financial plan, has now been revised in the light of this one year decision and will need constant revision going forward.

The effect of this means Council will continually need to find ways to reduce its costs to meet the certain reality of a reduction in rates revenue over time. The potential for impacts on both service provision and infrastructure is significant and will require much thoughtful planning and consultation going forward. While Council will need to make the ultimate decisions to ensure the effects of reduced funding on services and assets are applied equitably across the Shire, it cannot do so in isolation. In financially challenging times, councils and communities need to collaborate in identifying priorities to work out which assets and services are most important to the community. One of the strategies already identified is to transfer responsibility to community groups and committees for operational and financial management of community assets in order to give our communities a greater say in how these are managed into the future. Working together to identify solutions will therefore be a key priority going forward.

Council's approach to its work continues to be informed by the Murrindindi 2030 Vision, which was developed in partnership with the community. The Vision sets the tone for what our citizens value most about the Shire; namely that we are sustainable, vibrant and resilient; we focus on growing our business opportunities, and that our communities are safe and connected, enjoying a healthy and productive lifestyle within our wonderful natural environment.

But this exercise was not designed to be static. There are a number of diverse communities in Murrindindi Shire,



Margaret Abbey CEO



Mayor Margaret Rae

each with potentially different needs and views. Council needs to know more about what Shire communities value most about living in their particular localities and in the Shire as a whole. Council will be asking communities to identify their priorities for the areas in which they live. Council will also be looking to the community to help share the work which is necessary to keep communities active, connected and thriving and to ensure important community assets are maintained.

The upside of the uncertainties we all face in these challenging times is the chance to think about doing things differently – and hopefully better – with your participation and collaboration.

This is the final year of the current Council Plan. A new Council will be elected on 22 October 2016 and will usher in a set of new of priorities, which will be encapsulated in a new Council Plan for 2017-2021. This Council might choose to pursue a further rate cap exemption, or it might choose to stay within the rate cap increase as set by the Victorian Government on an annual basis.

We urge the community to engage with Council as it embarks on this important work, as this will help set the tone for the next Council term and will help inform Council's priorities until 2021.

Margaret Abbey

Margaret Abbey CEO

Margaret Rae

Mayor Margaret Rae



Council Values

Our Values drive behaviour throughout the Council and are reflected in working relationships between Councillors, the organisation and the external environment including the community. The values underpin the way we work as an organisation and the way we want the community to perceive us as an organisation. Murrindindi's values are:

Integrity

We will be respectful, open and truthful in our dealings. Council will strive to be valued and trusted by the Murrindindi Shire community.

Accountability

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

Innovation

We will consider new ideas, opportunities and better ways of doing things. Council will constantly seek opportunities to look for new, more efficient and effective ways of providing its services.

Respect

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

Service Excellence

We will ensure that Council services meet quality, cost and efficiency standards; are responsive to need; accessible to members of the community for whom the service is intended; and demonstrate continuous improvement.

Introduction

After Council elections held every four years, Council establishes a new Council Plan. The Council Plan sets out a four year roadmap of strategic objectives and strategies to work toward the community vision for Murrindindi into the future. Each year, Council presents to the community an updated set of strategies and actions for implementing the four year Council Plan.

The Council Plan plays a vital role in articulating Council's vision and shaping the future for Murrindindi over the four year period. It sets out local and regional challenges and opportunities for our community within the framework of the community's long term vision.

The annual review of the strategies in this Plan ensures that Council takes a comprehensive look at the way it conducts its business, encouraging continuous improvement and cost effectiveness. It ensures that all Council planning, strategies, policies and processes take their lead from the directions within this plan.

Council has identified four goals on which we will focus over the 2013-2017 period. These are:

- **Our Council** – We will provide strategic leadership and effective governance that supports the aspirations of our community.
- **Our Community** – We will support and promote health and well-being, social connectedness and community involvement.
- **Our Environment** – We will manage our natural and built environment in a responsible manner.
- **Our Economy** – We will support the sustainable growth of Murrindindi's businesses and the local economy.

Council Vision

Murrindindi Shire will be vibrant and progressive through strong connected communities within a healthy and attractive environment.

The Council / Councillors



Cr Margaret Rae



Cr John Kennedy



Cr Christine Challen



Cr Chris Healy



Cr Eric Lording



Cr John Walsh

Murrindindi Shire Council is made up of seven wards with one Councillor representative per ward. Councillors are elected for a 4 year-term.

Current Councillors elected on 27 October 2012 were:

- Cr Margaret Rae (Mayor) represents the Redgate Ward.
- Cr John Kennedy (Deputy Mayor) represents the Cheviot Ward and holds the Economic Development Portfolio.
- Cr Christine Challen represents the Cathedral Ward and holds the Land Use and Planning Portfolio.
- Cr John Walsh represents the Koriella Ward and holds the Natural Environment and Climate Change Portfolio.

Current Councillors elected following a by-election on 29 August 2015 were:

- Cr Chris Healy represents Eildon Ward and holds the Corporate Services Portfolio.
- Cr Eric Lording represents King Parrot Ward and holds the Infrastructure and Waste Portfolio.

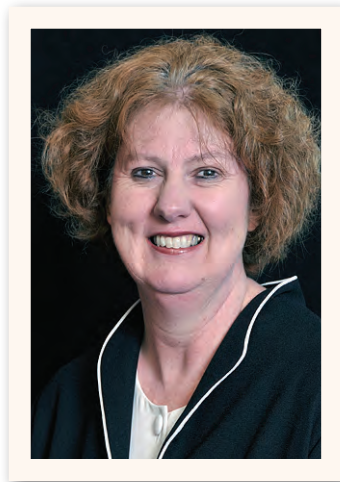
Following the resignation of Cr Andrew Derwent on 27 April 2016, the Kinglake Ward will remain vacant until the General Council Election is held on 22 October 2016, when elections in all Wards will take place.

Organisational Structure

Murrindindi Shire Council's Executive Management Team

To support the Council in its role, the Chief Executive Officer is appointed to manage staff and the day-to-day operational activities of Council. Council staff provide advice and expertise to the Council to assist with policy development and decision making.

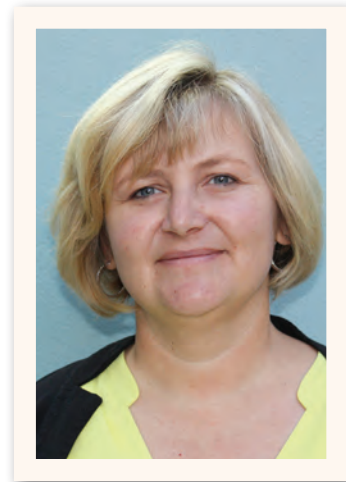
The Chief Executive Officer is responsible for overseeing the implementation of Council's decisions. Murrindindi Shire Council operates under a corporate management model, headed by the Chief Executive Officer, Margaret Abbey. The Chief Executive Officer reports directly to Council and is supported by two General Managers, pictured below.



Margaret Abbey
Chief Executive Officer



Michael Chesworth
General Manager
Corporate & Community
Services

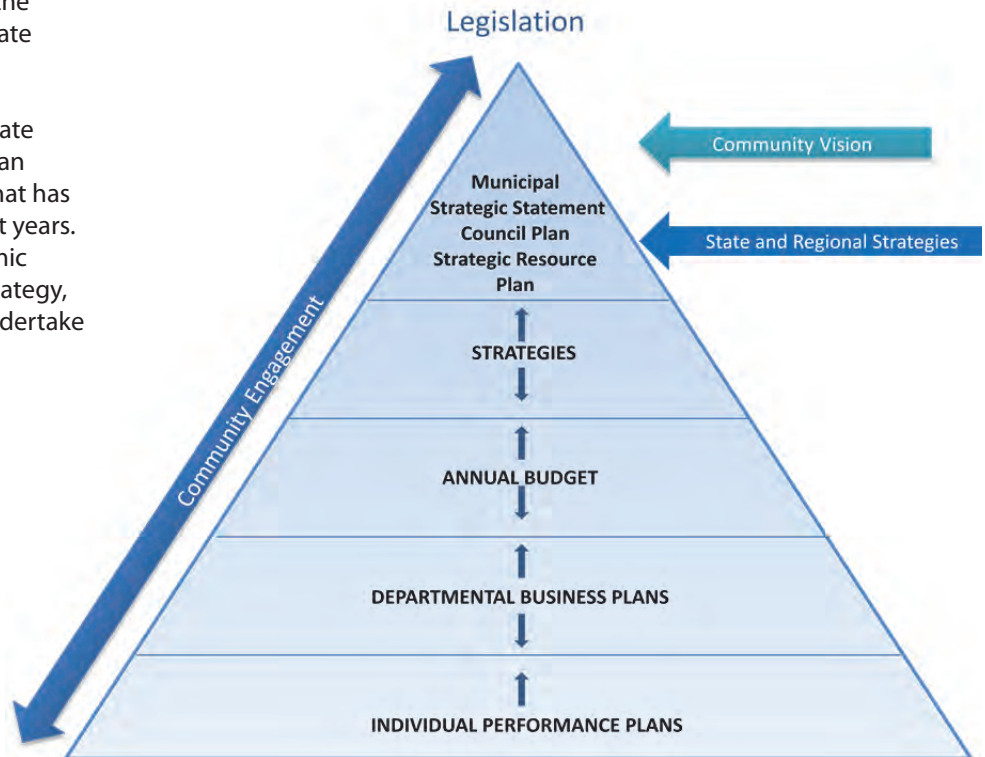


Elaine Wyatt
General Manager
Infrastructure &
Development Services

Planning framework

Council's Planning Framework recognises the importance of the Council Plan as the overarching document that will articulate Council's priorities. It is informed by a community vision that is a priority for development by Council, along with state and regional strategies. The Council Plan brings together a range of strategies that has been developed by Council over recent years. The strategies, for example the Economic Development Strategy or the Youth Strategy, outline the actions that Council will undertake to achieve its overall objectives.

Council's Corporate Planning Framework



Best Value

Best Value is a commitment by Council to provide the best value for the resources we use and the best possible service for our community.

Councils are required by the *Local Government Act 1989* to consider Best Value principles in service planning and delivery to ensure that services:

- meet their agreed quality and cost
- are responsive to the needs of their communities
- are accessible to those members of the community for whom the services are intended
- achieve continuous improvement in the provision of services for the community
- include consultation with its community in relation to the services it provides
- and to ensure they report annually on their performance to their communities.

Murrindindi Shire Council will apply these principles to ensure continuous improvement in service planning and delivery. Ongoing commitment to these principles will assist Council to achieve the provision of high quality, cost effective services within the framework articulated in the Council Plan, the Strategic Resource Plan and the Annual Budget.

Managing Risks

Murrindindi Shire Council continues to build on its commitment to managing its risks as an integral part of its corporate governance and operations. The Murrindindi Enterprise Risk Management Policy 2016 provides the framework for this to be achieved.

Snapshot of Murrindindi Shire

Where we live

Our Shire is 60 to 90 minutes drive north east of Melbourne. Our amazing landscape includes beautiful National Parks and State Forests, fertile farming land, the scenic Goulburn River, Lake Eildon and abundant creeks and rivers.

Removed from the fast pace of big city living, yet easily accessible from Melbourne and regional hubs, the Shire boasts excellent quality of life and a relaxed lifestyle. The area has five key service centres in Alexandra, Eildon, Kinglake, Marysville and Yea and is home to varied business and retail outlets and leisure, sporting and other community facilities, educational hubs, good medical services and a range of exceptional built and natural tourist attractions and accommodation.

These service centres are complemented by a number of diverse townships including: Acheron • Buxton • Cathkin • Castella • Flowerdale • Glenburn • Gobur • Highlands • Homewood • Kanumbra • Kinglake West • Koriella • Limestone • Molesworth • Murrindindi • Narbethong • Rubicon • Strath Creek • Taggerty • Terip Terip • Thornton • Toolangi • Woodbourne • Yarck • Yea.

Our history

The Taungurung and Wurundjeri the peoples are the traditional owners of the land known as the Murrindindi Shire.

European settlement followed Hume and Hovell's overland exploration in December 1824. Many local towns were established during the 1850s and 1860s after the discovery of gold.

The Murrindindi Shire Council was established on 18 November 1994 following the amalgamation of the former municipalities of Alexandra and Yea, and the addition of parts of the former municipalities of Healesville, Broadford, Eltham, Whittlesea and Euroa.

On 7 February 2009, the Victorian bushfires claimed 95 lives in our Shire and burned more than 1500 square kilometres (40% of the Shire). Our shire has shown amazing resilience to come back from this natural disaster and we have a community that continues to grow and prosper today.

Who we are

Murrindindi Shire has a small population in a large and geographically diverse Shire. More than 80% of our 13,058 population was born in Australia. Other common countries of birth include England (4.2%), New Zealand (1.1%), Germany (0.7%), Scotland (0.6%) and Netherlands (0.6%).

Our highest proportion of the population (31.6%) is aged between 45 and 64. The percentage of those aged over 65 is expected to rise from 18.6% in 2010 to 23.6% in 2021, compared to the Victorian anticipated increase from 13.7% to 20.2%.

We have a strong workforce with around 54% employed full time, 34% employed part-time and 4.8% unemployed which is below the state average for unemployment.

Our major employment categories include management at 18%, technicians and trades workers at 17%, professionals at 15%, labourers at 12% and community and personal service workers at 12%.

Our landscape, clean air and beautiful countryside are major attractions of our region. Those who have made the choice to live in Murrindindi Shire also have quick access to all the city of Melbourne has to offer while living in a very special part of the world.

What we do

Our community has a strong affinity to the land, which is a strong attraction for people to come to our area to enjoy the natural beauty.

Agriculture, aquaculture, horticulture and viticulture are significant drivers of our economy as is our hospitality and tourism industry.

Our region supplies most of Australia's strawberry runner stock and 80% of Australian trout stock. Our favourable climate and soil conditions allow for the growing of stone fruits, berries and turf production. We also have a vibrant beef, sheep and grain industry.

Education also provides employment opportunities as does medical, aged and community care and Local Government.

With over a million visitors each year, our tourism and hospitality sector is a key economic driver that provides experiences ranging from eco-tourism through to luxury holiday stays.

Council Goals, Strategic Objectives and Strategies

Vision 2030

Murrindindi Shire Council has developed a Community Vision to take the Municipality through to 2030.

'In 2030 we are sustainable, vibrant and resilient. We focus on growing our business opportunities. Our communities are safe and connected, enjoying a healthy and productive lifestyle within our wonderful natural landscape.'

This Vision has been inspired by community workshops and a community survey that was completed by almost 300 residents. The Vision 2030 will inform and guide Council's planning and activities over the next 15 years.

A number of key themes emerged from the feedback that Council received for its Vision 2030. These themes have helped shape the focus of the Council Plan and will continue to be a benchmark against which the implementation of the strategies within the Council Plan will be assessed.

Financial Sustainability

Whilst much of the public reconstruction following the 2009 bushfires has been completed, there is ongoing effort directed to support the affected communities and to enable individual property owners to rebuild. Despite this, Murrindindi Shire has experienced a drop in its population numbers and rateable assessments.

Furthermore, the impact of the operation, maintenance, insurance and depreciation costs of the new and enhanced assets received from the Victorian Bushfire Reconstruction and Recovery Authority that were funded through the Victorian Bushfire Appeal Fund has had a significant impact upon Council's long term financial sustainability.

As further State Government financial assistance is unlikely, the Council Plan strategies over the four years of the Council Plan are quite modest with few new initiatives or activities to be undertaken. It also means that Council's priorities over the four years will be primarily directed towards growing our rate base through diligent planning, especially in and around the Shire's main towns, in supporting economic development and in developing financial strategies to strengthen Council's longer term financial position.

Council will also be working to reduce its costs associated with the operation, maintenance and renewal of its assets. To achieve this Council will be looking at a number of strategies such as seeking greater community involvement in maintaining community facilities, disposing of underutilised land and buildings, limiting



Council's maintenance activities to those assets Council owns or directly manages and reviewing the levels to which assets are maintained and renewed. It is anticipated that over time, and in partnership with the community, these strategies will strengthen Council's longer term financial sustainability.

The Framework of the Council Plan

The Council Plan is structured under a series of key goals and strategic objectives as outlined below:

Goals: The four goals establish the framework for the Council Plan and describe what Council aims to achieve in the four years of the Plan.

Strategic Objectives: Each goal is supported by a number of strategic objectives which provide more specific details on what Council aims to achieve.

Strategies: The strategies guide the work to achieve the strategic objectives. The strategies will be carefully monitored and reviewed each year to assess their effectiveness and where required, modifications will be made.

Strategic Indicators: These indicators are performance measures that have been developed to monitor Council's progress in achieving its strategic objectives.

Year 4 Actions: These actions are Council's commitment regarding activities that will be undertaken during year 4 (ie 2016-2017) of the Council Plan. Council reports to the community on its progress in implementing these actions on a quarterly basis.

Goal – Our Council

We will provide strategic leadership and effective governance that supports the aspirations of our community.

By ensuring our long term financial sustainability, Council's priorities will be directed towards the implementation of the Murrindindi Vision 2030. Achieving the outcomes of this community-driven vision will be our strong advocacy to all levels of government on local needs and issues, the implementation of a master plan to grow the Murrindindi rate base through sound planning and support for economic development and the effective and efficient operation of the Council. By achieving this Murrindindi Shire will be a place of prosperity and opportunity.



LEADERSHIP

Strategic Objectives – What we will do

We will deliver visible leadership and advocacy.

- Strategies – How we will do it*
- Involve community leaders in regular advocacy to State and Federal Governments on local needs and issues.
 - Actively develop and implement a long term vision for Murrindindi Shire.
 - Build community relationships and trust through community forums and engagement.
 - Communicate key Council decisions and strategies to the community in a variety of ways.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Community participation in forums: Number of forums held	Deliver a minimum of one non-statutory community forum a year that actively encourages community participation.	Council quarterly report
Advocacy to the State and Federal Governments	Advocate on behalf of the community on a minimum of 10 issues a year	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Through the establishment of issue based community advisory committees engage with community and business leaders to better inform Council decision making.
- Advocate on behalf of the community on relevant local issues.
- Commence community engagement to identify required service levels across all Council services.

CUSTOMER SERVICE

Strategic Objectives – What we will do

We will deliver quality customer outcomes through continuous improvement.

- Strategies – How we will do it*
- Build on our customer service and communications with the community.
 - Continue to improve our processes to enhance the efficiency and effectiveness of the organisation.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Community perception of performance for customer service	Achieve a score of 66 or more in the annual Community Satisfaction Survey	Community Satisfaction Survey
Number of business processes implemented	Improve a minimum of 5 business processes a year	Council quarterly report

- Year 4 Actions – What action we are taking in 2016/17*
- Further develop Council's customer request tracking processes and establish indicators of Council's responsiveness.
 - Explore the potential and consequences of shared services and collaborative activities across the Local Government sector.
 - Further incorporate customer feedback into the review and delivery of Council's services.

FINANCIAL SUSTAINABILITY

Strategic Objectives – What we will do

We will use sound financial management practices.

- Strategies – How we will do it*
- Grow our rate base through diligent planning.
 - Provide value for money through the delivery of long-term financial plans.
 - Practice responsible grants management and how we access grants.
 - Promote an equitable rating strategy for all ratepayers.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Rate base increased by: • Overall Capital Improved Value	Increase the Shire's Capital Improved Value by 1.5% each year	Council rates data base
• New and quality developable lots	Increase the number of developable lots across the shire	Council planning applications

- Year 4 Actions – What action we are taking in 2016/17*
- Incorporate the Council's strategies for asset renewal and greater community stewardship of asset management into Council's Longer Term Financial Planning.
 - Continue to source grants to support the achievement of Council's strategic objectives.
 - Review the Council's Rating Strategy to examine the feasibility and impacts of introducing a Township Amenity differential rate.

STAFF

Strategic Objectives – What we will do

We will have engaged and professional staff.

- Strategies – How we will do it*
- Ensure a healthy and safe workplace for all staff.
 - Provide staff training and professional development opportunities.
 - Provide workforce development and succession planning opportunities.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Staff Satisfaction	Improve internal staff satisfaction results year on year	Staff Satisfaction Survey
	Reduce staff sick leave days by 1% per annum	Council quarterly report
Number of staff training days	Increase staff training days by 1% per annum	Council quarterly report
Health and safety	Reduce time lost through workplace injury by 5% per annum	Council quarterly report

- Year 4 Actions – What action we are taking in 2016/176*
- Identify opportunities to incorporate cadetships, traineeships and apprenticeships into the workforce.
 - Continue to implement leadership development and multi-skilling opportunities across all levels of the organisation.
 - Ensure Council's OHS framework adequately addresses the needs of an ageing workforce.

Goal – Our Community

We will support and promote health and wellbeing, social connectedness and community involvement.

Our goal is to create vibrant, interconnected and inclusive communities. Murrindindi Vision 2030 supports a strong sense of pride and belonging across the shire. From arts programs, improved footpaths, on-going support of fire-affected communities and new and upgraded recreational facilities we aim to put the pieces in place for healthy and active communities. We will achieve this vision through strong support programs and robust policy decisions.



HEALTH AND WELLBEING

Strategic Objectives – What we will do

We will advocate for and support the lifelong needs of our communities at all ages and all stages.

Strategies – How we will do it

- Advocate for and support flexible delivery of early years services.
- Promote and deliver effective transition through integrated aged care options.
- Support older people to remain active and healthy and connected to their community.
- Strengthen partnerships with service providers to meet the demonstrated health needs of our communities.
- Actively engage with community health and wellbeing issues through implementation of the *Municipal Public Health and Wellbeing Plan*.
- Work with young people and service providers to identify and respond to youth priorities across their respective communities.
- Support participation in a range of sport recreation and leisure activities.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Implementation of actions in the <i>Municipal Public Health and Wellbeing Plan</i>	100% completion by June 2017	Council quarterly report
Home and Community Care (HACC) services delivered to the community in accordance with Service Agreements	95% of all HACC targets reached	Annual Minimum Data Set reports
Development of a Recreation and Open Space Plan in partnership with the community	Complete by July 2017	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Undertake key initiatives outlined in the *Municipal Public Health and Wellbeing Plan*, in conjunction with community and service partners.
- Undertake an assessment of community needs in order to progress development of Council's Recreation and Open Space Strategy.
- Support a partnership between aged care providers to retain and strengthen aged care services in the Shire.
- Implement a youth engagement program to encourage all young people to participate in their community and to support youth leadership skills development.

SOCIAL CONNECTEDNESS

Strategic Objectives – What we will do

We will encourage inclusive, creative and resilient communities.

- Strategies – How we will do it**
- Prioritise the activities of Council and engage other stakeholders to improve people's access and inclusion.
 - Ensure access and social connectedness is considered in the planning and development of facilities and infrastructure.
 - Support participation in a wide range of artistic and cultural pursuits.
 - Work with communities to build resilience and prepare for future unplanned events.
 - Support people and groups to work together to strengthen connections and community networks.
 - Recognise, support and value volunteers.
 - Advocate for better access to public and social housing options.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Facilitate an increase in multi-community participation in artistic and cultural events	Measured participation matches or exceeds the Victorian average Support a minimum of 4 events per annum	Community Indicators Victoria Council quarterly report
Progress the <i>Urban Access Program</i> (pathways and related infrastructure, total identified projects – 101)	100% of annual identified projects completed per annum	Council quarterly report
Update and progress the <i>Missing Links Program</i> (total projects identified – 29)	5 projects per annum	Council quarterly report
Audit of disability access issues regarding pathways and missing links	Audit of disability access issues complete by June 2015	Council quarterly report
Number of community network building activities initiated by Council	1 event between July and December and 1 event between January and June per annum	Council quarterly report
Promote and acknowledge volunteers	Minimum of <ul style="list-style-type: none"> • 1 Council-initiated event per annum • Ongoing participation in the Murrindindi Volunteer Advisory Group 	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Strengthen the capacity of the community to access available grant funds to meet community objectives.
- Work collaboratively with key partners to support the co-ordination of volunteer recruitment and training.
- Continue to strengthen relationships with indigenous and culturally diverse communities across the Shire in order to deliver culturally appropriate services.
- Undertake an audit of disability car parking in Murrindindi Shire to promote disability awareness and appropriate use.

COMMUNITY ENGAGEMENT

Strategic Objectives – What we will do

We will actively engage with our communities to increase participation and community input.

Strategies – How we will do it • Trial and evaluate locality-based planning, in conjunction with local communities.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Community perceptions of performance for health and human services	The Community Satisfaction Survey achieves a score in this category that matches or exceeds the indexed mean of 77	Community Satisfaction Survey

Year 4 Actions – What action we are taking in 2016/17 • Work to increase the capacity of communities to undertake their own local planning and management of community projects and facilities.

Goal – Our Environment

We will manage our natural and built environment in a responsible manner.

Council will continue to protect significant environmental values and assets whilst balancing the need to develop and manage our built environment. This will be achieved through leadership and cooperation with other agencies and community networks. Our Council will be recognised for its environmental practices as we look to balance our natural surrounds with our need to grow. We aim to achieve communities that are sustainable in the use of natural resources while developing planning policies that embrace and protect our rural landscapes.



CONSERVATION OF RESOURCES

Strategic Objectives – What we will do

We will use resources more efficiently and effectively.

- Strategies – How we will do it**
- Reduce our corporate footprint by using energy, water and materials more responsibly.
 - Encourage and recognise environmentally responsible behaviour and practices within Council and across the Murrindindi community.
 - Strengthen Council's capacity to use resources more sustainably by cooperating with the Goulburn Broken Greenhouse Alliance (GBGA) and community networks.
 - Implement the *Waste Management Strategy* that seeks to promote waste minimisation strategies and increase opportunities for recycling and reuse of resources.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Our practices show a reduction in the use of energy, waste, paper and water resources	35% diversion of waste from landfill Overall reduction of 5% in paper consumption targeted on 2013-2014 baseline information Overall reduction of 5% in energy consumption across a selection of high use Council buildings targeted on 2013-2014 baseline information	Council quarterly report
Implementation of the <i>Waste Management Strategy</i>	Implementation of year 3 actions	Council quarterly report
Revision of <i>Environment Strategy</i>	Adoption of Revised Environment Strategy	Council quarterly report

- Year 4 Actions – What action we are taking in 2016/17**
- Continue to monitor Council's energy and natural resource consumption practices.
 - Develop a Business Case which investigates viable options to increase the recovery of household and commercial food and organic waste.
 - Develop a plan for the Resource Recovery Centres to identify further opportunities to increase recycling and further development of scavenging / reuse (tip) shops.

PROTECTION OF THE NATURAL ENVIRONMENT

Strategic Objectives – What we will do

We will protect and enhance the natural environment.

- Strategies – How we will do it*
- Ensure Council operations are managed in a way that minimises impact on the natural environment.
 - Conserve high value sites on Council controlled land and roadside reserves by reducing environmental threats.
 - Encourage property development across the Shire that protects and enhances environmental values.
 - Strengthen Council's capacity to work with key agencies that have responsibility for delivering local, regional, state and federal environmental policies and programs.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Plans, policies and processes to protect the environmental values on Council-owned land are developed and continually refined	Annual action plans for managing the environment on Council-owned land are implemented	Council quarterly report
Partnerships developed that deliver regionally-funded projects across the Murrindindi Shire	Number of partnerships with other organisations developed	Council quarterly report
Number of communication materials planned and delivered with and/or to agencies, households and business groups	At least 1 environmental communication activity is held with each group	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Continue to implement Council's agreed native vegetation offset management actions.
- Collaborate with key local Landcare networks, agencies and community stakeholders to identify and deliver environmental projects in Murrindindi Shire and to advocate for relevant funding.
- Implement and seek to enhance Council's roadside weed control program.
- Develop Council's Domestic Wastewater Management Plan.

PLANNING FOR FUTURE GROWTH

Strategic Objectives – What we will do

We will plan for future growth that is sensitive to the constraints of our natural environment whilst considering development needs.

Strategies – How we will do it

- Improve the flexibility of the *Murrindindi Planning Scheme* to respond to growth in a way that balances environmental values and improves the level of safety of our community.
- Ensure that Council's emergency management planning responds to community safety needs.
- Improve Council and community capacity to respond to the impacts of extreme weather events and longer term climate change.
- Adopt and implement the *Municipal Strategic Statement (MSS)* to establish future directions that align to the *Council Plan*.
- Promote environmentally sustainable design in future developments to achieve more energy and water-efficient outcomes in our built environment.
- Review and progress Council's implementation of its Urban Design Frameworks for settlements within the Shire.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Adoption of environmentally sustainable design principles	The inclusion of environmentally sustainable features in new developments	Council quarterly report
Implementation of ongoing changes to the <i>Murrindindi Planning Scheme (MPS)</i>	Implementation of year 4 actions	Murrindindi Planning Scheme
Strategic and settlement planning adequately addresses bushfire risk and strengthens community resilience	Implementation of Bushfire protection measures	Murrindindi Planning Scheme

Year 4 Actions – What action we are taking in 2016/17

- Conduct a review of the Significant Landscapes Study.
- Develop a program to implement Council's existing Structure Plans, Development Plans and Urban Design Frameworks.
- Continue to update emergency management plans to prepare for and mitigate risks to the community.
- Support sustainable industries within the region through the provision of infrastructure advice and support.

ASSET MANAGEMENT

Strategic Objectives – What we will do

We will apply a whole of life approach to the management and maintenance of Council's assets.

- Strategies – How we will do it*
- Manage and renew our existing infrastructure assets in a responsible manner.
 - Engage with relevant communities on the development of community infrastructure and services.
 - Develop and deliver services with consideration of the impacts on the natural environment that meet community needs.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Reduction in the infrastructure renewal gap	Develop strategies to ensure resources are appropriately allocated across all asset groups to reduce the infrastructure renewal gap over time	Council quarterly report
Delivery of the capital works program	Deliver 95% of annual scheduled Capital Works projects	Council quarterly report
Defined levels of service for maintenance activities	Implement draft levels of service for roads and drainage maintenance by June 2017	Council quarterly report

- Year 4 Actions – What action we are taking in 2016/17*
- Implement Council's strategy to give greater responsibility to communities for managing infrastructure.
 - Continue to incorporate funding opportunities into the consideration of future capital works, with a priority on infrastructure renewal.
 - Implement Council's new asset management system.

Goal – Our Economy

We will support the sustainable growth of Murrindindi Shire's businesses and the local economy.

A vibrant economy will attract people to our region and in turn will open further opportunities for business expansion and investment. This will increase employment prospects, social and cultural benefits and population growth. A key focus of our activities will be the further development and enhancement of educational and training options across the shire. While our attention will continue to be focused on a vibrant tourism and agricultural-based economy, we need to also advocate for improved telecommunications networks that will encourage diverse and entrepreneurial businesses the opportunity to establish and grow.



WORKFORCE DEVELOPMENT

Strategic Objectives – What we will do

We will maximise the potential of the local workforce through education, training and employment opportunities.

Strategies – How we will do it

- Advocate for and support initiatives to improve post-secondary education opportunities in the Shire, including further development of the Murrindindi Training Institute.
- Support initiatives and activities of the Murrindindi Strategic Skills Training and Employment Network.
- Work closely with the Central Ranges Local Learning and Employment Network (CRLLEN), Workspace Australia and other organisations to improve local workforce development opportunities.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Number of training and/or workforce development initiatives implemented that address needs identified in the <i>Murrindindi Training Needs Analysis 2013</i>	2 new initiatives per annum	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Continue to advocate and support the provision of education and training opportunities within the Murrindindi Shire.

IMPROVING BUSINESS INFRASTRUCTURE

Strategic Objectives – What we will do

We will advocate for the provision of infrastructure and services that support business growth.

Strategies – How we will do it

- Support the development and implementation of the Hume ICT (Digital) Strategy and the Hume NBN Business Readiness Plan.
- Support further growth and development of the Yea Sale Yards subject to the availability of grant and reserve funds.
- Facilitate opportunities to increase utilisation of available land (eg. industrial, commercial and government owned) in the Shire.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Number of actions implemented from the Council's <i>Economic Development Strategy</i>	4 initiatives implemented per annum	Council quarterly report
Number of initiatives to improve business infrastructure and service	2 initiatives per annum	Council quarterly report

Year 4 Actions – What action we are taking in 2016/17

- Provide opportunities for mobile phone providers to establish the provision of additional infrastructure to address the blackspots in Murrindindi Shire.
- Enhance the provision of data access to support existing and potential future business opportunities.
- Complete the project to expand the Yea Saleyards.

INVESTMENT ATTRACTION

Strategic Objectives – What we will do

We will support local business retention and growth.

- Strategies – How we will do it*
- Implement a business attraction and investment campaign.
 - Investigate opportunities to attract investment in residential facilities for retiree and aged sectors.
 - Identify and promote opportunities for growth in housing and business development in and around the Shire's main townships.
 - Facilitate business and community groups to attract new business and residential investment in the Shire.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Value of new commercial and industrial building developments	3% increase per annum	Building Unit permit approvals – Authority Database
Number of investment attraction events/initiatives delivered	2 per annum	Council quarterly report

- Year 4 Actions – What action we are taking in 2016/17*
- Assess proposals for appropriate seed funding to support the establishment of new and expanded businesses or associated development in the Shire.
 - Deliver the Murrindindi Investment Prospectus and Plan Smart initiatives.
 - Continue to assist Murrindindi Inc. to deliver the Better Business program of business events including the Business Excellence Awards.

TOURISM DEVELOPMENT

Strategic Objectives – What we will do

We will increase the economic, social and cultural benefits to the Shire of a growing tourism sector.

- Strategies – How we will do it**
- In partnership with Goulburn River Valley Tourism, actively encourage investment and support development of new tourism product and attractions as a result of the *Destination Management Plan*.
 - Assess the feasibility of extending the Great Victorian Rail Trail from Alexandra to Eildon.
 - Maintain strong relationships with government departments and agencies to promote enhanced tourism opportunities and infrastructure in the Shire such as the Giant Trees Trail.

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	WHAT OUR TARGETS ARE	SOURCE
Tourism visitation to the Shire	3% per annum increase in day trips	Goulburn River Valley Tourism Quarterly Visitors Survey (2 year rolling average)
Tourism visitation to the Shire	3% per annum increase in overnight stays	Goulburn River Valley Tourism Quarterly Visitors Survey (2 year rolling average)
Visitation to Visitor Information Centres	3% per annum increase in visits	Visitor Information Centres

Year 4 Actions – What action we are taking in 2016/17

- Complete the design and cultural planning work for the proposed trail link between Alexandra and Eildon.
- In Partnership with other agencies, undertake a feasibility study for the Giant Trees Trail linking all our State and National Parks.
- Continue to support the partnership with Goulburn River Valley Tourism Limited.

Supporting Strategic Plans

LEGEND • Denotes Primary Foundation for this goal
 ▽ Denotes Secondary Foundation for this goal

The Murrindindi Council Plan 2013-2017 provides a four year outline of how we, as a Council, will deliver for our community. The Plan is supported by a range of strategies that have been developed over recent years.

These strategies include:

	OUR COUNCIL	OUR COMMUNITY	OUR ENVIRONMENT	OUR ECONOMY
Alexandra Landfill Environmental Improvement Plan			•	
Alexandra Township Drainage Network Analysis (2012)			•	
Asset Management Plans (Roads, Bridges, Paths, Kerb & Channel, Buildings etc.)			•	
Asset Management Policy 2014			•	
Asset Management Strategy			•	
Community Engagement Guidelines 2012 - 2015	•			
Community Vision 2030	•	•	•	•
Domestic Animal Management Plan 2013-2017			•	
Economic Development Strategy 2011-2016		▽	▽	•
Eildon Structure Plan 2016		▽	•	▽
Industrial Land Demand Study			•	▽
IT Strategic Plan 2014	•			
Kinglake Ranges, Flowerdale and Toolangi Plan & Design Framework 2014			•	
Kinglake Ranges, Flowerdale and Toolangi Plan & Design Framework Implementation Strategy 2014			•	
Lake Eildon Land and On Water Management Plan		▽		
Management of Significant Landscapes in Murrindindi and Baw Baw			•	
Municipal Emergency Management Plan 2015		▽	•	
Municipal Public Health and Wellbeing Plan 2013-2017	▽	•	▽	▽
Municipal Recovery Plan 2015		•	▽	
Municipal Strategic Statement		▽	•	▽
Murrindindi Shire & Lake Mountain Municipal Fire Management Plan		▽	•	
Murrindindi Shire Council Advocacy Plan	•			
Murrindindi Shire Council Environment Strategy 2011-2015			•	
Murrindindi Shire Heritage Study			•	
Murrindindi Shire Land Capability Assessment			•	
Murrindindi Youth Strategy 2012-2015	▽	•		▽
Rating Strategy 2015 - 2019	•			▽
Recreation Reserves: Overall Plans of Development		•	▽	
Enterprise Risk Management Guidelines 2016	•			
Road Management Plan 2013 - 2017	•		▽	
Roadside Weed and Pest Animal Control Plan	•		▽	
Rural Residential Study			•	
Urban Design Framework Alexandra		•	•	•
Urban Design Framework Eildon		•	•	•
Urban Design Framework Marysville		•	•	•
Urban Design Framework Small Towns		•	•	•
Urban Design Framework Yea		•	•	•
Yea Township Drainage Network Analysis 2012			•	
Yea Structure Plan 2015		▽	•	▽



Murrindindi
Shire Council

STRATEGIC RESOURCE PLAN 2013 TO 2017 (Final Year Revision)

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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:

- Details of financial resources (Standard Statements), and
- Details of non-financial resources, including human resources
- The SRP is intended to have a 10-year time frame to enable a longer term perspective to be analysed
- Purpose of the SRP
- Objectives of the SRP
- Financial strategic direction
- Key strategic directions

Significant features of this revised Strategic Resource Plan 2013/2017 are:

- The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5% by the Minister for Local Government. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.
- Council submitted an application to the Essential Services Commission ("ESC") and a higher rates cap of 4.3% has been determined by the ESC for Murrindindi Shire Council for 2016/17. Council has complied with this cap in the development of its budget for the coming financial year.
- This decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also to ensure that funds can be held in reserve for known future capital renewal of the community infrastructure that is already in place.
- The cap does not apply to waste charges, the Fire Services Levy, nor supplementary rate income that Council expects to receive throughout the year due to growth of rateable assessments within the municipality. When these are taken into consideration, total rates revenue projections for the 2016/17 financial year equate to a 5.1% increase when compared to 2015/16 expectations.
- Capital Expenditure is \$7.15 million in 2016/17; and
- New borrowings of \$500,000 in 2016/17.

1.1 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 over the next 4 years 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 (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP).

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- 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.

While compliance with the legislation can be achieved with the development of long-term (four-year) financial statements, the 10-year approach undertaken by Council is more comprehensive.

A 10-year timeframe 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.



Figure 1: Strategic Resource Plan – Key Strategic Areas

1.2 SRP Assumptions

The 2013-2017 SRP is based upon the following assumptions in the 10 year timeframe:

- An increase in the average rate had been initially forecast at 5.5% for 2016/17 in the second year review of the SRP, though this was reduced to 5.4% at the time of the submission of the application to the ESC seeking an exemption from the rate cap for 2016/17. The decision of the ESC to provide a 1.8% additional rate increase for renewal has been reflected in the annual budget for 2016/17 as well as throughout the life of this SRP.
- An additional 1% projected growth of the rate base is factored in each year;

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- For 2016/17, \$282,000 of the general rate increase has been allocated to an Infrastructure Reserve following the endorsement of Council's approach to managing its long term asset renewal by the Essential Services Commission.
- The organisational establishment is anticipated to remain static in 2016/17. No other service level changes have been considered in the longer term financial plan for Council.
- Limited new initiatives or programs other than those that have been included in the 10 year capital improvement plan are proposed.
- Operating and capital savings from the Murrindindi Services Review have been factored in over successive years.
- The maintenance and operating costs of assets have now been reduced based on revised lower service level expectations, following the decision by State Government to not provide any further funding to Council to manage and operate these assets and in light of the recent decision by the ESC regarding Council's rate rise for 2016/17 to which the rate cap of 2.5% has been applied.
- Capital works will occur in accordance with the Ten Year Capital Improvement program.
- Provision has been made for the last three financial years to expense \$300,000 as a contingency for future defined benefits superannuation calls and to quarantine this until such time as a call is made on Council. For 2016/17, this provision will be reduced to \$150,000, with a further provision of \$150,000 to occur in 2017/18. This, together with a further saving of \$20,000 in operating expenditure, provides compliance with the cap of 2.5% in this area as determined by the ESC.

1.3 Strategic Financial Direction

Councils are required to provide services and facilities for their local communities that are equitable and accessible. They must also promote the economic viability and sustainability of the municipal district and in doing so have regard to the long term financial viability of their Council.

The population and number of rateable properties in Murrindindi Shire have still not recovered to levels prior to those of the tragic events of the 2009 bushfires. Furthermore, the additional maintenance, operational, depreciation and insurance costs of the new and enhanced assets received through funding from the Victorian Bushfire Appeal and through Victorian Bushfire Reconstruction & Recovery Authority continue to have a significant impact on the long term financial sustainability of Council.

A number of strategic challenges remain ahead including renewing existing assets, continuing to provide an appropriate range and level of services to a community where there is limited growth, maintaining a sound financial position and addressing the need for capital renewal. The other related issues are the risks and liabilities that Council and the community face if Council does not invest in asset renewal at an adequate rate.

The SRP, with the Long Term Financial Plan (LTFP), 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.

2014/15 saw a range of potential measures explored in the absence of any further financial assistance from the State Government. These included increasing rate levels, the introduction of new differential rates, the transfer, closure or sale of assets, and reductions in services.

These actions have been identified following extensive community consultation and have been incorporated into Council's SRP in the interests of financial responsibility and responsible forward planning and will provide a framework to support a sustainable Strategic Resource Plan and enable the development of responsible and accountable annual budgets.

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The strategic elements that are reflected in Council's SRP are:

- Council's rating strategy, which expanded its differential rating categories;
- the reduction of financial support for a range of assets by transferring that support for those assets for which we have no responsibility to their own responsible body, and by the sale of appropriately identified assets;
- by transferring responsibility to community groups and committees for the operational and financial management of community assets, in order to give our communities a greater say in how community assets – their assets – are managed into the future;
- and the development of a policy in respect of asset renewal which identifies the extent to which renewal for identified assets is assessed as appropriate for their respective communities – reducing commitment to funding renewal at an appropriate level rather than the 100% currently projected will assist markedly in reducing financial pressure across the board.

These initiatives will be implemented with a transition period over the next two years to give time for the related identification and consultation to take place and for relevant agreements and policies to be completed. Council believes this framework will provide a structure for future sustainability and the potential for reduction in financial pressures without impacting on service delivery or the range of services offered.

It is important to note that Council's funding position and asset management is only one part of a much larger story. Other challenges that face us include a significant freeze on the quantum of our Federal Assistance Grant revenue, which is not anticipated to be re-activated until 2017/18 and the introduction of the State Government's rate capping framework.

1.4 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 2016/17 Budget.

Section	Strategic Direction
Section 3: Murrindindi Shire Financial Indicators	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small rural council category. 2. That Council has applied the outcomes of this SRP and of the recent decision of the ESC to the 2016/17 Budget. 3. That in order to reduce ongoing underlying operating deficits, Council is implementing a range of potential measures that took effect from the 2015/16 financial year onwards.
Section 5: Capital Works	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council initially focuses capital works on renewal investment based on current service levels and maintaining the majority of assets above desired intervention levels indicated in Table 7 (Section 6.5 Condition Assessment), with the last priority being adding further assets to the Shire. Council will remain reliant on grant funding for new and major end-of-life asset replacement and will be looking to dispose of poorly-utilised assets.
Section 6: Asset Management	That as the increase in rate revenue of \$282K endorsed by the ESC in the 2016/17 rate cap exemption for Murrindindi assists, but does not fully resolve, Council's future renewal cost requirements, it is necessary that Council continues to implement its strategy to seek greater financial contribution from the community towards the operation, maintenance and renewal of community assets.

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Section	Strategic Direction
Section 7: Long-term Borrowing Strategies	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for plant and vehicle replacements that provide intergenerational equity; and 2. That Murrindindi Shire Council retains its debt servicing and redemption costs at or below 8.0 cents in the rate revenue dollar, towards interest and principal, over the life of this SRP.
Section 8: Restricted Assets	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council builds into its 10 year financial plan the estimated movements in restricted assets and provides for at least \$6 million to \$8 million in working capital to meet day to day needs through effective cash management principles. 2. That to ensure sufficient funds are available to meet operational needs, Murrindindi Shire Council retains a cash position of at least \$1.0 million to \$2.0 million after deducting restricted assets, i.e. cash received but not spent or cash to be spent for specific purposes such as developer contributions (infrastructure), waste facility development, employee long service leave payments, security deposits etc.
Section 9: Rating and Other Revenue Strategies	<p>That Murrindindi Shire Council:</p> <ol style="list-style-type: none"> 1. retains the capital improved value (CIV) as its valuation base 2. provides a municipal charge that remains less than the maximum 20% of rate revenue and ensures an equitable contribution towards the unavoidable fixed costs of Murrindindi Shire Council 3. considers future increases based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy 4. in 2016/17, adopts a 4.30% increase in the average rates and municipal charge, as well as applying the revised differential rating categories, a 1% allowance for growth through supplementary valuations and a 4.20% increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy. 5. pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other Councils
Section 10: Human Resources	<p>That Murrindindi Shire Council plans, manages and delivers activities that support the goals of the Council Plan within the capacity of the current organisational structure and workforce profile.</p>
Section 11: Strategic Financial Plan	<p>The SRP represents the short to medium term of 4 years within the Long Term Financial Plan which presents a financial perspective of the organisation over 10 years.</p> <p>Council has and will continue to work with Federal and State Government to address the known financial issues that face Council, including by looking for ways in which the Government can support Council to increase business confidence, economic development and the provision of appropriate infrastructure which will help to grow the Shire and in turn, the Council's rate base.</p> <p>Council will continue to ensure it practises prudent financial</p>

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Section	Strategic Direction
	management, hence the 2013/17 Council Plan contains a modest range of activities whilst its priorities will be focused on growing its rate base and pursuing further funding sources to assist in asset maintenance and service delivery.

Table 1: Key Strategies – 2016/17

2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN

2.1 Integrated Planning Framework

Murrindindi Shire Council has developed a corporate planning framework which identifies the relationship between the Council Plan, its various strategies and the individual departmental business plans and staff performance plans.

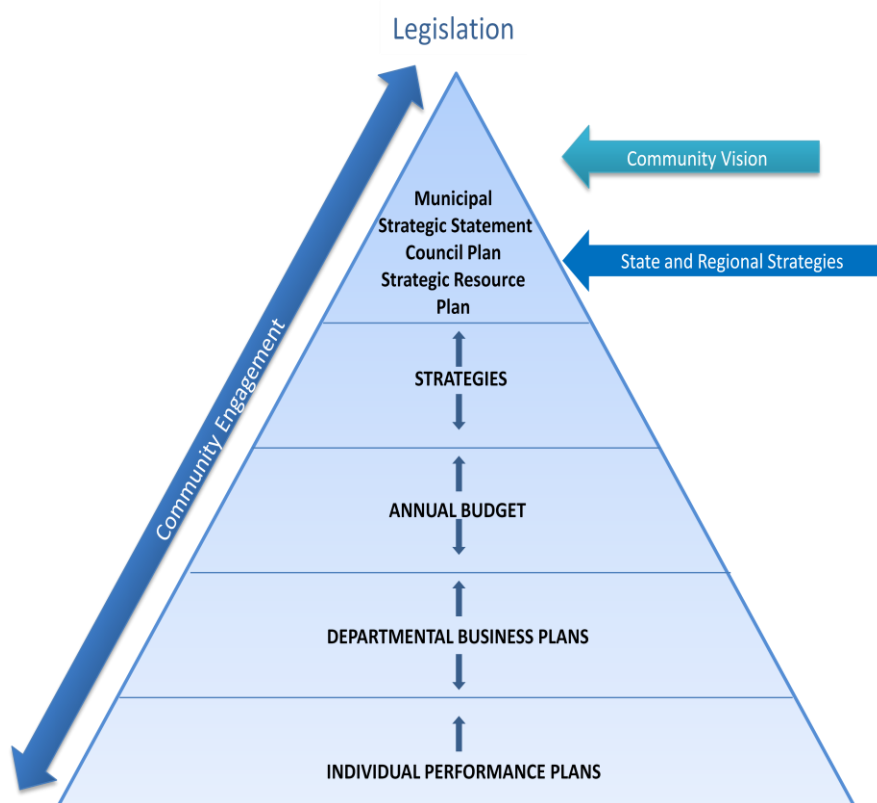


Figure 2: Integrated Planning Framework

The planning framework provides for the Council plan strategies to be linked to the implementation of adopted strategies that are funded and resourced through the Annual Budget.

The Council then measures and monitors its performance and reports both internally and to its community as required.

Council receives formal reports on a quarterly basis detailing progress against the Council Plan, the Annual Budget and the Capital Works program.

3. MURRINDINDI SHIRE COUNCIL FINANCIAL SUSTAINABILITY

3.1 Introduction

Council has participated in a project sponsored by small rural municipalities which has led to the Local Government Financial Sustainability Review. This report highlighted the challenges faced by small and medium sized rural municipalities in achieving long term financial sustainability. This is due to these Councils having small populations, low density and for the most part, very high dispersion and remoteness. All of these indicators are relevant to the Murrindindi Shire.

In 2014/15 Council indicated a range of potential measures that would be explored in the absence of additional financial assistance to support the additional costs relating to the operation, maintenance, insurance and renewal of Council's assets. These included increasing rate levels, the introduction of new differential rates, the transfer, closure or sale of assets, and reductions in services. Council received valuable feedback in relation to the mix of options that the community would prefer Council to pursue and this has informed our direction and the actions we plan to undertake for the coming year.

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 are comparable under the current regulations.

The State Government measures the performance of councils by benchmarking between like councils using a number of Key Performance Indicators (KPIs) for each council. The measurement of the KPIs has been derived from Council's Annual Reports.

The number of councils in each category is shown in the table below – Murrindindi Shire Council is classified as a Small Rural Shire.

Category Description	Councils within Category
Inner Melbourne	16
Outer Melbourne	16
Regional Cities	11
Large Rural Shires	15
Small Rural Shires	21
Total	79

Table 2: Number of Councils in each Category– 2015/16

These key performance indicators are detailed within the relevant sections of the SRP, and assist Council to compare its position to other small rural councils.

2014/15 also saw the introduction of a range of new key performance indicators as a part of the new Local Government Performance Reporting Framework (LGPRF), which requires all Victorian Councils to report a range of indicators that measure financial performance, sustainability, service delivery and governance and management performance. These new indicators will assist in the development of future Strategic Resource Plans and Long Term Financial Plans for Council.

3.3 Analysis of Council's Financial Sustainability

3.3.1 Financial Sustainability

The concepts most people use in their personal and business lives are basically the same as those that should be applied to local government; however, those concepts need some modification.

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Councils are organisations 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."

It is against this definition that the sustainability of Murrindindi Shire Council can be assessed.

Underlying Operating Position (Surplus/Deficit)

The underlying operating result as defined by the Institute of Chartered Accountants (2009) is a measure of the financial sustainability of a Council. Continuous underlying operating deficits lead to a loss in equity, reduction in asset base, drop in service standards over time and a deferral of costs to future generations.

The underlying operating result is the operational result (balanced, surplus or deficit) less gifted assets, developer contributions, asset revaluations, and write offs and impacts of asset sales. Capital income is further deducted on the grounds it represents an "unmatched" income (expenditure is not included) and it is a non-recurring income source.

Liquidity

The MAV assessment asserts a working capital ratio of 100 percent is generally considered desirable. However, the analysis considers that Councils with working capital below 150 percent over the life of the plan is not a favourable indicator when considering the Infrastructure Renewal Gap shortfall by the end of the current 10 Year Long Term Financial Plan.

Rate effort

The ability to increase rate revenue is a significant factor in determining whether Council is potentially at risk. Council's rating effort has been satisfactory although when benchmarked was below the average effort of the small rural council group.

Rates affordability

Given that rates are calculated based upon the Capital Improved Value ("CIV") of properties, it is reasonable to provide comparison of rates revenue raised as a percentage of the total CIV of properties within the Shire.

This analysis notes that Murrindindi compares favourably with other small rural Councils in Victoria. Further details regarding rate affordability and comparison of rating statistics with other small rural Councils is provided in Section 9 of this document.

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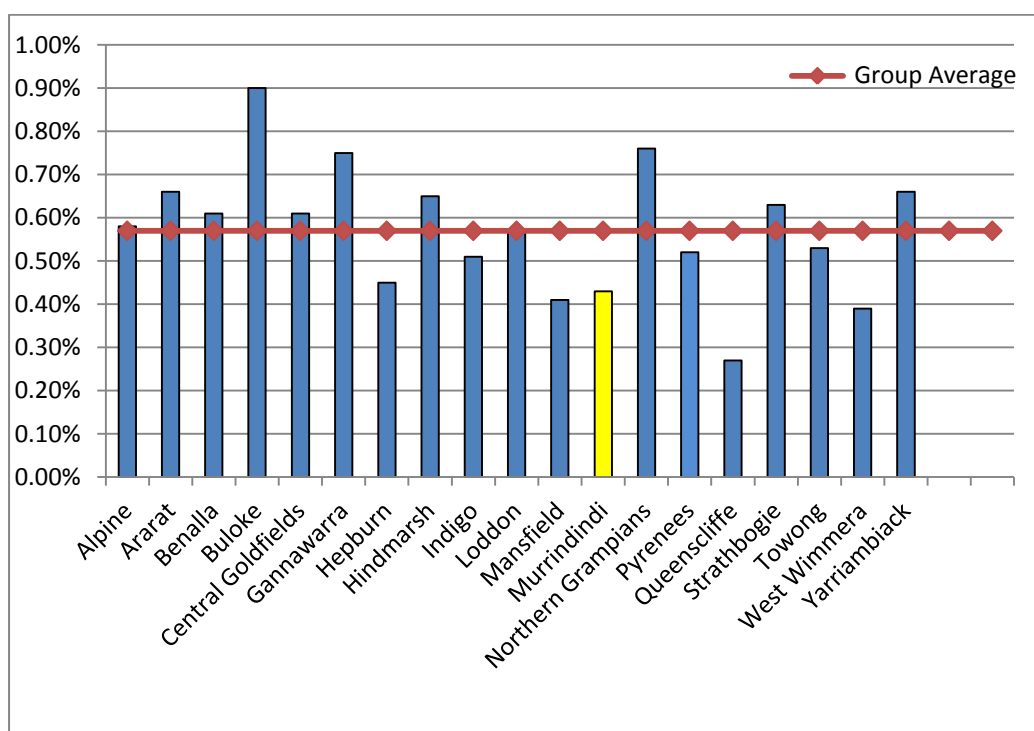


Chart 1: Rates Affordability Small Rural – 2014/15

Population growth

Population changes have a direct impact on Council costs. For example, population declines can result in higher unit costs of service delivery because of the fixed nature of some costs. There is a direct correlation to population and Council's comparatively low rate base. From 14,157 in 2006 to 13,494 in 2013 the overall population of the Shire declined by some 4.7% over these years with the 2009 Bushfires significantly contributing to this overall decline, which compares to a state-wide population growth rate of 11.2% in the same timeframe. Another contributor to Council's reduced rate base and low population growth is the effect of the State Government Buy Back scheme which has also diminished Council's rateable assessments by 0.9%.

3.3.2 Victorian Auditor General

The Victorian Auditor General's Office (VAGO) in late 2007 prepared a report on Local Government which outlines for the first time a detailed analysis on the financial sustainability of Councils and Regional Library Corporations.

The 2014/15 Result compared to the five (5) year average for VAGO's indicators of Council viability is:

Risk Ledger

- High risk of short-term and immediate sustainability concerns
- Medium risk of long-term sustainability concerns
- Low risk of sustainability concerns

Indicator	Calculation	Description	Results 2014/15	Five (5) Year Ave	Actual Trend

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Indicator	Calculation	Description	Results 2014/15	Five (5) Year Ave	Actual Trend
Underlying result	Adjusted net surplus / total underlying revenue	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long-term. Underlying revenue does not take into account non-cash developer contributions and other one-off (non-recurring) adjustment	2.65%	3.34%	
Liquidity	Current Assets / Current Liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio one or more means there is more cash and liquid assets than short-term liabilities.	3.97	2.94	
Indebtedness	Non-current liabilities/ own sourced revenue	Comparison of non-current liabilities (mainly comprising borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the revenues they generate themselves. Own-sourced revenue is used (rather than total revenue) because it does not include capital grants, which are usually tied to specific projects.	17.61%	22.61%	
Self-financing	Net Operating cash flow/ underlying revenue.	Measures the ability to replace assets using cash generated by their operations. The higher the percentage, the more effectively this can be done.	33.84%	29.64%	
Investment Gap	Capital Spend: Depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations, and borrowing is not an option	2.53	4.32	
Renewal gap	Renewal and upgrade expenditure / Depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate. Similar to the investment gap, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option	0.88	1.11	

Table 3: Murrindindi Shire Council VAGO Indicators of Council Viability

Whilst Council's liquidity ratio in 2014/15 was 3.97 and is projected as favourable in 2015/16, when taking into account the cash required for restricted purposes and the investment required to meet the renewal gap, cash is not being generated at sufficient levels to fully fund all renewal requirements for the current level of infrastructure at the current service levels into the future.

3.4 Operating Surplus Exclusive of Capital Income and Abnormal Items

One of Murrindindi Shire Council's 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.

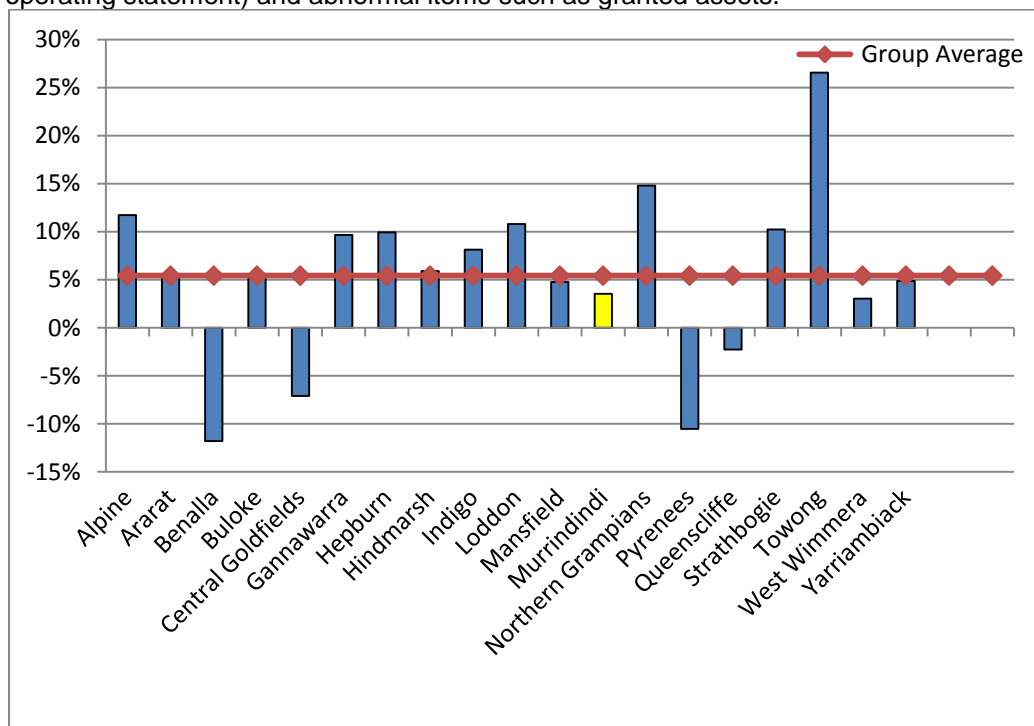


Chart 2: Adjusted Surplus / Deficit – 2014/15

As detailed in Chart 2, this is an area that is quite inconsistent across small rural Councils as with smaller budgets and a greater reliance on rating revenue, changes to other factors such as grant funding or service level requirements are not able to be easily absorbed by small rural Councils. Council's 2014/15 position compares marginally behind of the average for the small rural council category Council's underlying position for coming years as detailed in the LTFP shows that Council will continue to have difficulties in this area going forward as it attempts to address the ongoing asset renewal costs. The absence of any additional financial assistance means that Council will be pursuing those options identified in conjunction with the community to be utilised in addressing the revenue gap.

3.4.1 Strategic Direction

1. That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small rural council category.
2. That Council has applied the outcomes of the SRP and the recent decision of the Essential Services Commission on Council's rating increases to the 2016/17 Budget.
3. That in order to reduce ongoing underlying operating deficits, Council is implementing a range of potential measures that took effect from the 2015/16 financial year onwards.

4. SERVICE PROVISION AND PLANNING

4.1 Introduction

The range and level of services that Council can provide were considered as part of the development of the Murrindindi Services Review 2012. A number of further reviews have been undertaken since 2012 on a range of services provided by Council, as referenced extensively in Council's recent submission to the ESC.

Council's new organisational restructure, which resulted in substantial redundancies and reduced hours of remaining staff, is reflective of cessation of the Murrindindi Assistance Package and the recommendations of the Murrindindi Services Review that was completed during the 2013/14 financial year.

In addition, as part of Council's Asset Management Planning processes, service levels will also be revised.

4.1.1 Departmental Business & Operation Plans

Council maintains a process whereby departmental business plans define concise actions/plans and outline a department's commitment for the next financial year.

Council's departmental business and operation plans illustrate core functions, service improvements and assist with forward planning and resource allocation and demonstrate relationships and expectations, both from within and external to the organisation.

4.1.2 Murrindindi Shire Council Budget

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, human resource and risk management and organisation development.

The LTFP Model generated the key results and reports which were transferred to the Murrindindi Shire Council Budget 2016/17. Council's operating costs and revenues for 2016/17 are \$32.82 million and \$32.82 million respectively with forecasts for the next 10 years contained in Appendix C. The Capital Works Program is explained in more detail in Section 5.

4.1.3 Benchmarking Murrindindi Shire Council Financial Performance

When benchmarked to other small rural councils, Murrindindi Shire Council is characterised by:

- Underlying deficit.
- Slightly below average overall operational costs (including employee costs) in comparison to Councils in the category.
- Average rating effort.
- Acceptable to low debt ratios, and
- Inadequate capital works program for asset renewal causing widening of the infrastructure renewal gap.

4.2 Conclusion

Managing its financial sustainability and the range and level of services provided will remain an ongoing challenge for Council. This work continues in the context of improving financial sustainability and linking infrastructure planning to service planning.

Council has demonstrated clear decision making in allocating scarce resources as part of the implementation of the Murrindindi Services Review. However, this SRP demonstrates that even with prudent financial management cash is not generated to sufficient levels.

5. CAPITAL WORKS PROGRAM

5.1 Introduction

This section includes:

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

84 per cent of Council's capital expenditure is on renewal and upgrade type projects in the capital works program for 2016/17.

The total capital program of \$7.15 million is composed of only \$0.80 million in new assets and \$6.80 million in renewal and upgrade.

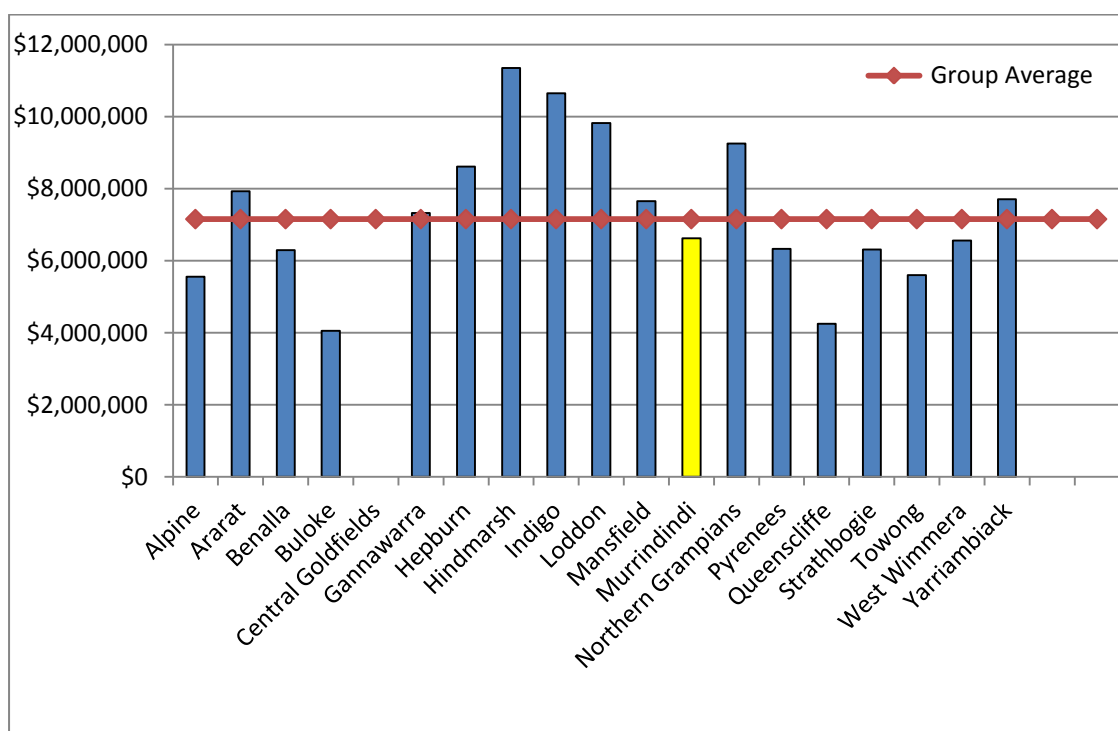


Chart 3: Capital Expenditure per Capital Works Statement – 2014/15

The level of capital expenditure when compared to previous periods represents a significant shift away from the abnormal amounts of expenditure attributable to Bushfire and Natural Disaster funded works in prior years. The focus from 2013/14 onwards has been on renewal works as opposed to new and upgrade works in order to address the Infrastructure Renewal Gap and therefore a return to 'normal' levels of expenditure. This is also shown in the 2016/17 budget year as only 16% of the capital expenditure budget is allocated to new assets and this philosophy is continued throughout the SRP.

5.2 Level and Nature of Capital Works

The following are the key objectives around which the 2016/17 capital works program has been developed:

- Show proposed total available capital funding across the life of the program,
- Continue to invest more heavily in renewal of existing infrastructure, with less of the capital works budget being allocated to new and upgraded assets.

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- Demonstrate the effect of generating an infrastructure reserve, and
- Identify funding sources for capital funding.

In terms of the longer term program to 2024/25 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.
- Priority will continue on renewal, followed by upgrade, with new assets being the most discretionary and almost exclusively funded through specific grant funded opportunities.
- Expenditure growth is required to a level of sustainable renewal to meet the community's service level requirements (based on current Asset Management Plans) by 2020/21.
- Income assumptions are to remain conservative given they are less predictable, and the forecast reduction of annual rate increases to be reflected into each year's annual capital works program.
- The funding for the development of the saleyards, including the completion of the current expansion that is supported by Federal grant revenue, will be supported by the utilisation of the Yea Saleyards Reserve, which is sustained by operating surpluses generated by the Yea Saleyards.
- Roads to Recovery income is assumed to continue at current level spread across relevant projects within the Roads Program.
- Whilst Council's focus is to invest in renewal projects, there is insufficient generation of cash to eliminate the infrastructure renewal gap over the next 10 years. With rate-capping methodology introduced from 2016/17, the Infrastructure Renewal Gap will continue to accumulate for the life of the Long Term Financial Plan and beyond. Council's management of this issue is being addressed through further development of strategic procurement initiatives, investment in advanced asset management technology and community consultation regarding service planning for all community infrastructure.
- Council's approach to the management of its renewal gap, which has been endorsed by the ESC through the recent variation application process will continue to be applied to the life of Council's long term financial plan.

Council is also aiming to work towards a 50% renewal target of the required expenditure on the new and gifted assets over the life of the long-term financial plan. Future reviews of the SRP will incorporate these intentions of Council, once the quantity and timing of the actions are fully determined.

5.3 2016/17 Capital Investment Levels

The 2016/17 capital works program by expenditure type is detailed below:

Table 4: Capital Works Summary – 2016/17

Capital Expenditure Type	2016/17 \$	2016/17 %
Renewal	5,998,000	84%
Upgrade	804,000	11%
New	352,000	5%
TOTAL	7,154,000	100%

5.4 Capital Funding Sources

The development of a 10-year capital improvement program has enabled a cash flow budget to be developed. External capital funding sources primarily include capital grants. Internal capital funding sources include land sales, asset sales, special charge schemes and general rates. The SRP forecasts capital funding sources conservatively.

Over the longer term there is insufficient cash to address Council's increasing Infrastructure Renewal Gap which increases per annum on a variable level depending on the estimated life of assets and the forecast schedule of works required to maintain assets at their current level of utility. There is little capacity in terms of cash to consider the expansion of new and upgrade capital works projects.

The recent decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also to ensure that funds can be held in reserve for the known future capital renewal of the community infrastructure that is already in place

5.5 Conclusion

Council's capital works program underpins the needs and priorities as determined by Council's 10 year capital improvement plan.

Council has met the challenge of preparing Asset Management Plans to achieve National Asset Management Assessment Framework (NAMAF) core competency and is now progressing the implementation of the Improvement Actions from these Plans. Their input into the annual review of the capital works program will ensure that Council's objective of addressing its renewal gap is appropriately resourced.

Council's 10 year capital improvement program is modest in scope and is underpinned by limited financial capacity.

5.5.1 Strategic Direction

That Murrindindi Shire Council initially focuses capital works on renewal investment based on current service levels and maintaining the majority of assets above desired intervention levels indicated in Table 7 (Section 6.5 Condition Assessment), with the last priority being adding further assets to the Shire. Council will remain reliant on grant funding for new and major end-of-life asset replacement and will be looking to dispose of poorly-utilised assets.

6. ASSET MANAGEMENT

6.1 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 2016.
- Summary of fixed assets.
- Key questions to determine service level/investment.
- Sustainability index.
- Condition assessments.
- Strategic asset management, and
- Future asset management.

6.2 Background to Council's Total Asset Portfolio at 30 June 2016.

Accounting for an asset requires the recognition of all costs associated with asset ownership including creation/acquisition, operations, maintenance, renewal, depreciation and disposal. This "life cycle" approach needs to be recorded at an individual asset level to enable all costs of owning and operating assets to be known and understood.

For accounting purposes assets are grouped into current and non-current assets. Current assets are cash or assets that are considered to be readily convertible to cash. This asset grouping includes cash at bank, investment funds, stock on hand, debtors due for collection in the next 12 months and land held for resale. The projected balance of current assets held by Murrindindi Shire Council at 30 June 2016 is projected to be \$24.26 million, an increase of \$1.3 million from last year's budget.

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, paths, trails, drains, playgrounds, pools and other similar infrastructure assets. The projected total value of fixed assets at 30 June 2016 is \$305.699 million. The balance of this section will focus on the fixed assets and the management strategies that Council is pursuing.

6.3 Summary of Fixed Assets

Councils across Australia are facing the problem of ageing assets in need of renewal. Many of these assets were not initially funded by councils, but came about by State and Federal government grants, developer contributions, or from a shift of responsibilities for State or Commonwealth owned assets to Local Government.

In December 1998, the then Department of Infrastructure (DOI) undertook a Victorian Local Government Infrastructure Study – "Facing the Renewal Challenge". Council has subsequently increased its investment in renewal and maintenance to the present level.

Council's projected fixed assets at 30 June 2016 are detailed below:

Fixed Assets	WDV 30 June 2016 \$000's
Property, Plant and Equipment	29,128
Infrastructure Assets	276,571
TOTAL	305,699

Table 5: Fixed Assets – 2015/16

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

All changes to depreciation charges have been accepted by Council's external auditor and reported to Council's Audit Committee prior to being adopted by Council.

6.4 Sustainability Index

The Department of Infrastructure's (DOI's) "infrastructure study" calculated a Sustainability Index for each Victorian council. The Sustainability Index indicates the extent of the gap between a council's current investment in asset renewal and the required level of investment to ensure the asset remains serviceable for its useful life. This is determined largely by historical factors and the long term sustainable level of costs for the existing assets. The index measures future management requirements of each council.

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, eg. 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 and road reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service.	Increases the quality of service provided to ratepayers, eg. Widening the pavement of a sealed area of an existing road.
New Assets	Expenditure on creating a new infrastructure asset to be enjoyed by existing residents.	Creates services or utilisation to residents of the Shire, eg. Extending a road, drainage network, or new pre-school.
<i>*The average annual asset consumption is a measure of the asset consumption costs being incurred today. To the extent that they are not funded by today's ratepayers, the liability becomes one for future generations</i>		

Table 6: Sustainability Index – Definitions – 2015/16

The Sustainability Index is an accounting measure based on the difference, expressed as a percentage, between Council's annual depreciation charge and renewal liability. Murrindindi Shire Council's Sustainability Index projected at 30 June 2016 is 72.00%. The Sustainability Index (renewal) indicates the extent to which current ratepayers are contributing to the assets they are now consuming.

6.5 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 service levels .

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Murrindindi Shire Council has continued to develop its asset management framework to readily monitor asset condition and performance and to:

- Identify those assets which are under performing.
- Forecast potential asset failure in order to determine when intervention will be required.
- Ascertain the reasons for performance deficiencies, and
- Determine what corrective action is required and when (maintenance, rehabilitation, renewal).

Council's asset management systems records asset condition and asset defects/inspection details; it is also capable of providing financial management and year-end accounting and valuation data. Priority is on funding the annual renewal liability based on predetermined service levels which are shown in the table below.

MURRINDINDI COUNCIL – ASSET CONDITION INTERVENTION LEVELS	
ASSET SET	IL LEVEL
Pavement (High Traffic) Urban	8.0
Pavement (Low Traffic) Urban	8.0
Pavement (High Traffic) Unsealed	8.0
Pavement (Low Traffic) Unsealed	8.0
Spray Seal (High Traffic) Urban	6.0
Spray Seal (Low Traffic) Urban	6.0
All Kerbs	8.0
Pavement (High Traffic) Rural	8.0
Pavement (Low Traffic) Rural	8.0
Spray Seals (High Traffic) Rural	6.0
Spray Seals (Low Traffic) Rural	6.0
Carpark Pavements	8.0
Carpark Seal	6.0
Concrete Pathways & areas	9.0
Brick Paved Pathways & areas	8.0
Sealed Pathways	8.0
All other Pathways	9.0
Long Life Bridges	8.0
Short Life Bridges	7.5
Pits	9.0
Pipes	9.0
Community Build Structure Long Life	8.0
Community Build Structure Short Life	8.0
Community Build Roof Structure	8.0
Community Build Mechanical Services	8.0
Community Build Building Fit Out	8.0
Playground Equipment	7.0
Corporate Build Structure Long-Life	8.0
Corporate Build Structure Short-Life	8.0
Corporate Build Roof-Structure	8.0
Corporate Build Mechanical-Services	8.0
Corporate Build Building Fit-Out	8.0

Table 7: Asset Condition Intervention Levels– 2015/16

Council has recent condition data for the majority of its major asset categories and has completed Asset Management Plans and asset audits in accordance with the various standards required.

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.
- Avoid premature asset failure, leaving open the option of cost-effective renewal.
- Manage risk associated with asset failures.
- Accurate prediction of future expenditure requirements, and
- Refinement of maintenance and rehabilitation strategies.

Council, as a manager of public infrastructure, assesses the relative merits of rehabilitation, renewal or replacement as options and identifies the optimum long-term solution. The following graphs depict Council’s approved Capital Works Program for the coming 10 years, as well as the forecast level of renewal expenditure compared to the renewal demand across all asset categories for Murrindindi Shire Council from 2016-2026. The chart reflects the updated 10 year capital works projections which now includes the impact of the renewal and upgrade of Council’s landfill site and resource recovery centres.

As detailed previously, Council will be adjusting its future renewal expenditure to a 50% target in the coming years as it aims to address its financial sustainability concerns through the implementation of a number of measures. These changes will be further reflected in future reviews of Council’s SRP as the impacts and timing of these decisions are reviewed.

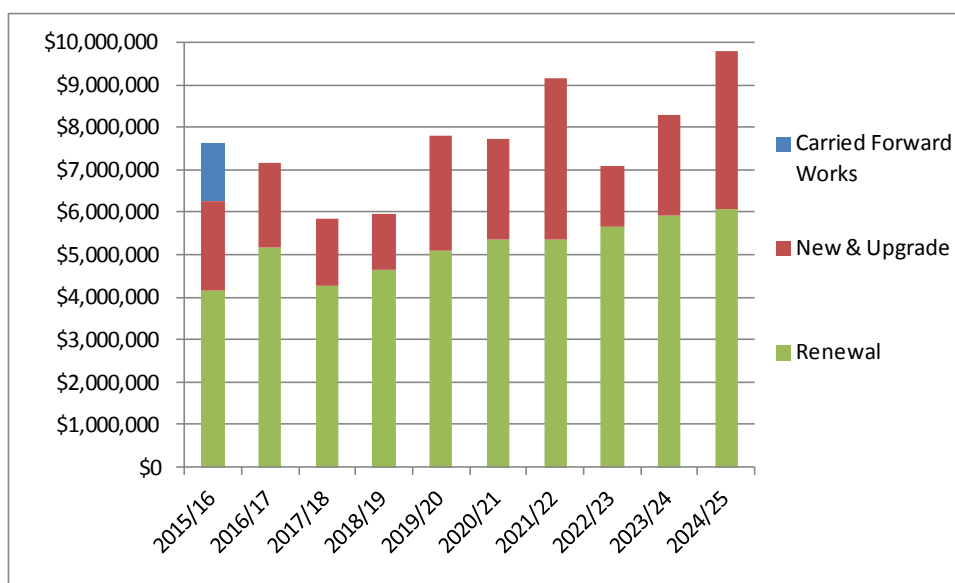


Chart 4: 10 Year Capital Works Program – 2016/17 – 2024/25

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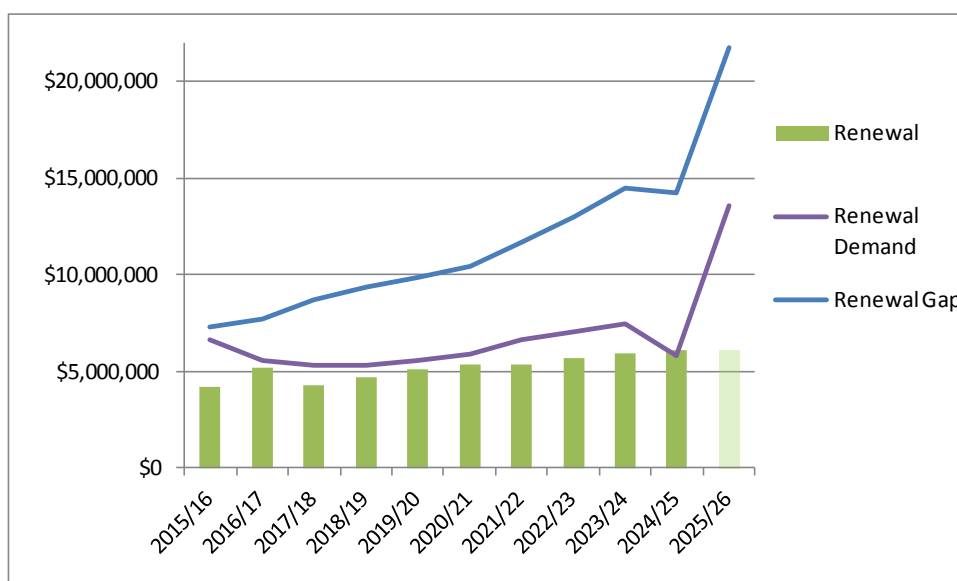


Chart 5: Proposed / Predicted Renewal Expenditure Chart – 2025/26

6.6 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 and the Asset Management Plans that are subsequent components where long-term plans (10-years and beyond) outline renewal requirements for each asset category.

The following table explains the purpose 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"> • A description of the current status of asset management practices (processes, asset data and information systems). • Organisation's future vision of asset management. • A description of the required status of asset management practices to achieve the future vision. • Identification of the gap between the current status and the future vision (a "gap analysis"). • Identification of strategies and actions required to close the gaps, including resource requirements and timeframes. 	<ul style="list-style-type: none"> • A summary of Council's strategic goals and key asset management policies. • Definition of levels of service and performance standards. • Demand forecasts and management techniques. • Description of the asset portfolio. • A broad description of the lifecycle management activities for operating, maintaining, renewing, developing and disposing of assets. • A cash-flow forecast. • Key asset management improvement actions including resources/ timeframes.

Table 8: Asset Management Plan Objectives & Document Content

Council has identified the asset renewal demand, however planned renewal expenditure is insufficient to avoid an accumulating renewal gap over the next 10 years.

6.7 Long Term Asset Management

Long-term asset management is specifically focused on the fundamental goal to preserve and extend the service life of long-term infrastructure assets which are vital underlying components in maintaining the quality of life in society and efficiency in the economy that they support.

The basic premise of long term infrastructure asset management is to intervene at strategic points in an asset's normal life cycle to extend the expected service life, and thereby maintain its performance. Typically, a long-life-cycle asset requires multiple intervention points including a combination of repair and maintenance activities and even overall rehabilitation. Costs decrease with planned maintenance rather than unplanned maintenance.

The challenges that Murrindindi Shire Council faces with its long term asset management are consistent with other local government bodies and the broader challenges faced by all authorities tasked with the operation, maintenance and renewal of public infrastructure.

After decades of capital investment in public infrastructure such as public roads, waste management and treatment facilities, bridges, public halls and community facilities, the need to sustain such infrastructure presents mounting challenges. The current duress includes tight federal, state and local government budgets, deferral of needed maintenance funding, and political pressures to cut public spending. Today, shrinking federal and state appropriations, progressively ageing capital stock, and interest groups have inhibited flexible procurement and asset management strategies.

In addition to these broader political and macroeconomic pressures that local government faces in appropriately managing its public infrastructure, Murrindindi Shire Council has had to deal with the largest natural disaster in the country's history, which had the additional consequence of adding the operation, maintenance and renewal of more than \$33 million of new and upgraded infrastructure to Council's responsibilities. By way of comparison, this is approximately double the total amount of funds expected to be spent on new and upgraded infrastructure in the Shire in the next 10 years.

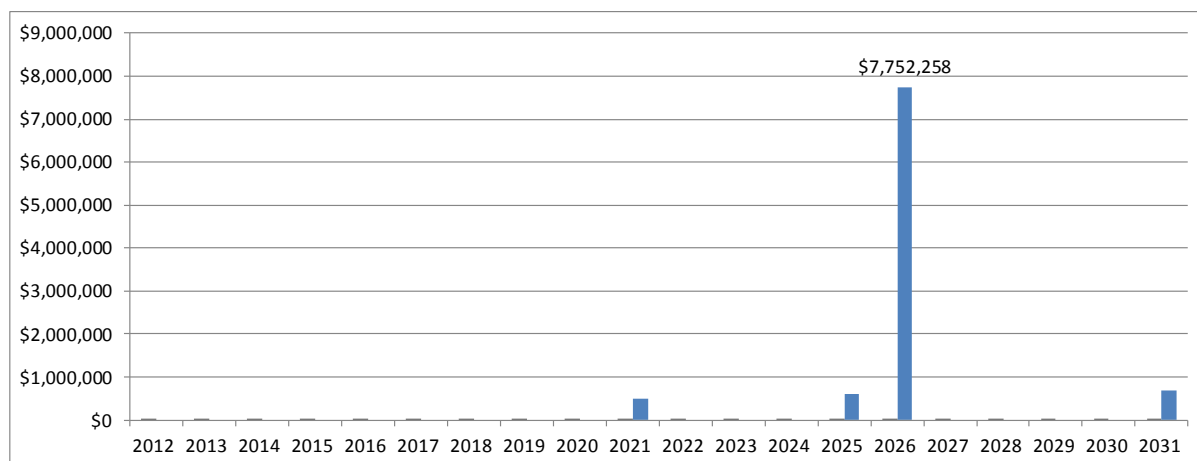
The longer-term impact of the unplanned addition of this infrastructure, is the current cost that Council is now required to fund on an annual basis (ie. Operations and maintenance) as well as providing for the known future expenditure that will be required for the sustainability of these assets (ie. Renewal).

With regard to the renewal of this infrastructure, based on the extensive degradation curve modelling of the cost of these assets, their service level and estimated life of the various assets, it is now determined that an allowance of between \$0.57 million and \$0.62 million is required for renewal on an annual basis over the life of the current long term financial plan. This is not money that is required to be expended currently on an annual basis, but it is the amount required to be generated per annum over the next 10 years to ensure that Council is quarantining funds to ensure the longer-term sustainability of this infrastructure.

The majority of the newer infrastructure will not require substantial renewal in the life of this long term financial plan, so the financial expenditure impact of this requirement is masked by the expected life of these assets. However, Council has modelled the costs of these assets out over the next 100 years to not only ensure its understanding of the costs of these assets, but to manage and responsibly plan for the known renewal that will be required for its public infrastructure.

Longer term modelling shows that nearly \$8.0 million of funds will be required in 2026/27, just beyond the boundaries of Council's long term financial plan, in order to meet the first large renewal of a number of assets that Council received in the post-2009 period, as the life of a substantial portion comes to a point where intervention will be required by Council, as represented below.

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The further extension of this asset modelling shows that approximately another \$15.0 million will be required in the 10 years after 2031, with a further \$35.0 million required in the 20 years beyond 2031.

The recent decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also to ensure that funds can be held in reserve for known future capital renewal of the community infrastructure that is already in place.

6.5.1 Strategic Direction

That as the increase in rate revenue of \$282K endorsed by the ESC in the 2016/17 rate cap exemption for Murrindindi assists, but does not fully resolve, Council's future renewal cost requirements, it is necessary that Council continues to implement its strategy to seek greater financial contribution from the community towards the operation, maintenance and renewal of community assets.

7. LONG-TERM BORROWING STRATEGIES

This section includes:

- Appropriate level of debt.
- Loan borrowings policy.
- Financial indicators.
- Prudent debt level, and
- Council's current and projected debt portfolio.

7.1 Appropriate level of debt

Deciding on a prudent debt level is a difficult task.

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

The following factors are important issues for 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

The table below highlights the relative debt levels of Councils within the Small Rural Council grouping at 30 June 2015. Council's relative debt level is also shown. Debt commitments remain low when compared to similar small rural Councils, whether assessing as a percentage of rates, commitments per capita or per rating assessment.

Council	Total Debt / Rate Revenue	Debt Commitment / Rates	Debt Commitment per Capita	Debt Commitment per Rating Assessment
Alpine	6.17%	1.67%	\$22	\$30
Ararat	14.14%	15.19%	\$65	\$102
Benalla	47.20%	9.20%	\$118	\$209
Buloke	62.92%	9.66%	\$107	\$117
Central Goldfields	65.09%	8.23%	\$44	\$68
Gannawarra	11.50%	4.35%	\$46	\$72
Hepburn	18.14%	15.70%	\$89	\$121
Hindmarsh	0.00%	0.00%	\$0	\$0
Indigo	31.84%	4.39%	\$36	\$68
Loddon	1.43%	1.57%	\$24	\$24
Mansfield	33.65%	5.94%	\$68	\$77
Murrindindi	16.68%	6.74%	\$59	\$98

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Council	Total Debt / Rate Revenue	Debt Commitment / Rates	Debt Commitment per Capita	Debt Commitment per Rating Assessment
Northern Grampians	25.43%	3.45%	\$49	\$64
Pyrenees	15.15%	10.06%	\$89	\$98
Queenscliff	8.71%	4.02%	\$81	\$84
Strathbogie	13.08%	4.86%	\$69	\$94
Towong	0.46%	4.64%	\$12	\$26
West Wimmera	6.35%	2.12%	\$24	\$26
Yarriambiack	3.24%	2.36%	\$31	\$32

Table 9: Council Comparison Debt Levels within Small Rural Council Group – 2014/15

In terms of total debt levels, Murrindindi Shire Council's current debt levels are broadly consistent with the median level of debt as a percentage of revenue for Small Rural Councils of 20.06%.

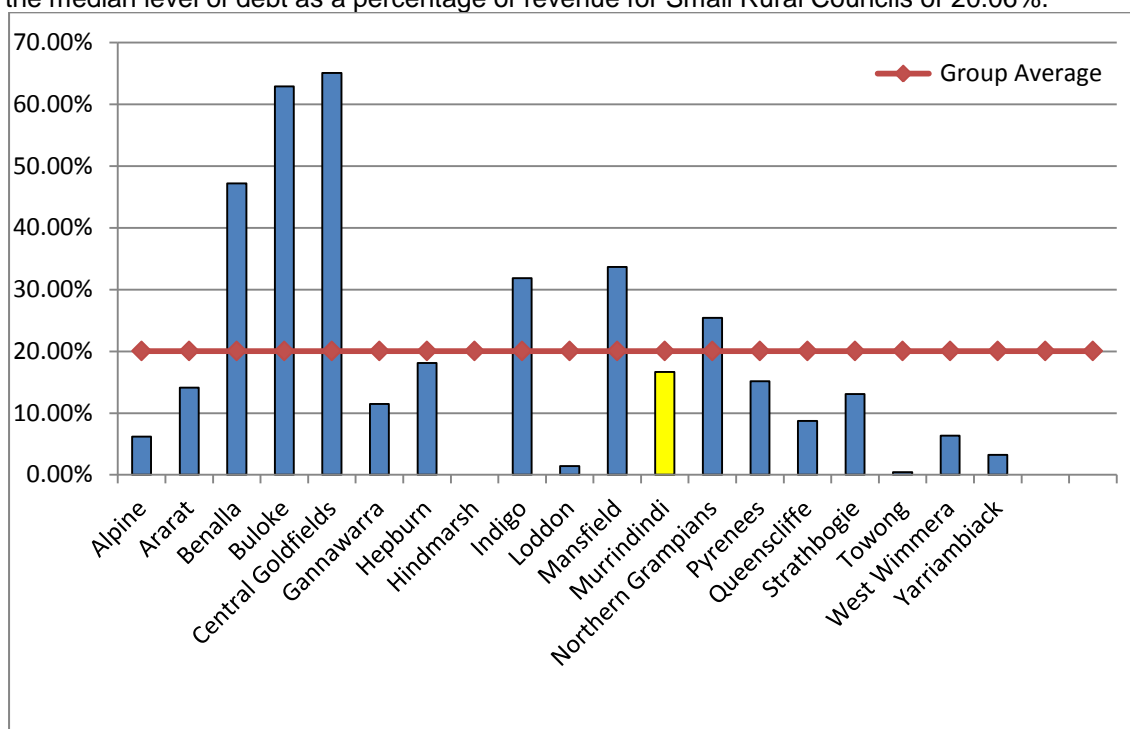


Chart 6: Debt Exposure Ratio – 2014/15

In order to track the trend in Council debt position, the table below confirms that debt levels will continue to decrease, by \$0.52 million from 30 June 2015 to 30 June 2017.

Relative debt ratios for the Council remain well within State Government Prudential Guidelines throughout the life of the SRP and become more favourable as the level of debt reduces over the life of the Long term Financial Plan.

	Actual	Forecast	Budget
Debt Type	30/06/2015	30/06/2016	30/06/2017
Loans	2,798	2,509	2,278

Table 10: Council's Interest Bearing Liabilities

7.2 Borrowing Assessment Policy

Murrindindi Shire 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 Murrindindi Shire 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 key areas of financial management with certain thresholds that are required to be met.

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

Area	Financial Indicator	Position 2014/15	Forecast 2015/16	Budget 2016/17
Liquidity	Current Assets to Current Liabilities	3.97	3.37	3.68
Debt Exposure	Total debt over total realisable assets	10.3%	8.7%	8.2%
Debt Servicing	Debt Servicing Costs as a % of Total Revenue	1.0%	0.8%	0.7%

Table 11: Financial Indicators– 2014/15 to 2016/17

7.3 Financial Indicators

Murrindindi Shire Council is projected to be well within the State Government Prudential Guidelines as at 30 June 2016.

The graphs below detail the previously mentioned financial indicators and present the council's position graphically.

The threshold detailed against each indicator is the minimum level council must meet in order to achieve approval to borrow from the State Government.

To encourage longer term planning by councils, the framework also includes an assessment of reasons for the new borrowings. This rationale is explained in the council's policy, which is to fund long term intergenerational assets from loan funds to ensure intergenerational equity.

Murrindindi Shire Council's forecast is within the State Government prudential guidelines at 30 June 2015 for most indicators and continue to trend on a favourable basis through to 2024/25. However, whilst these indicators may seem favourable, Council's liquidity, as expressed in the liquidity ratio and in terms of being able to meet an accumulated unfunded infrastructure renewal gap is insufficient.

7.3.1 Liquidity

How measured Current assets over current liabilities

Threshold 110% or higher

Description This indicator reflects the short-term liquidity position. That is, the council's ability to repay current commitments from cash or near cash assets.

Councils with a ratio of 110% and below or with a deteriorating trend may be financially at risk of not being able to meet creditors. Whilst the liquidity ratio trends above 110% for the life of the SRP and long term financial plan, it is not sufficient to cover the cash requirement needs to address an accumulating infrastructure renewal gap.

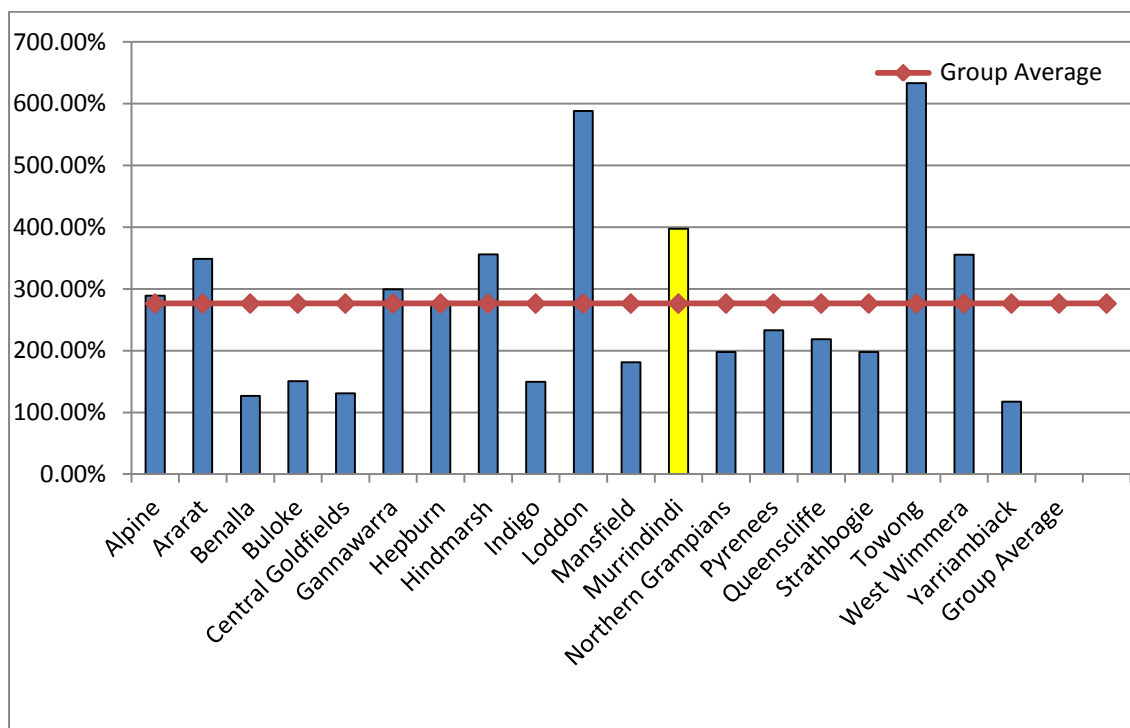


Chart 7: Current Assets / Current Liabilities – 2014/15

Murrindindi Shire Council’s working capital ratio as at June 30 2015 was 397 percent (that is, current assets over current liabilities), which is well in excess of the 110 percent benchmark, which would be the minimum acceptable level. The improvement in this area over the last 12 months reflects Council’s efforts to reduce debt, and to increasing cash reserves to fund future capital renewal projects.

7.3.2 Debt Exposure

How measured Total liabilities over total realisable assets

Threshold 50 percent or below

Description This indicator reflects the ability to acquit liabilities with the proceeds from the disposal of its realisable assets. Ideally, total liabilities should be less than 50 percent of realisable assets.

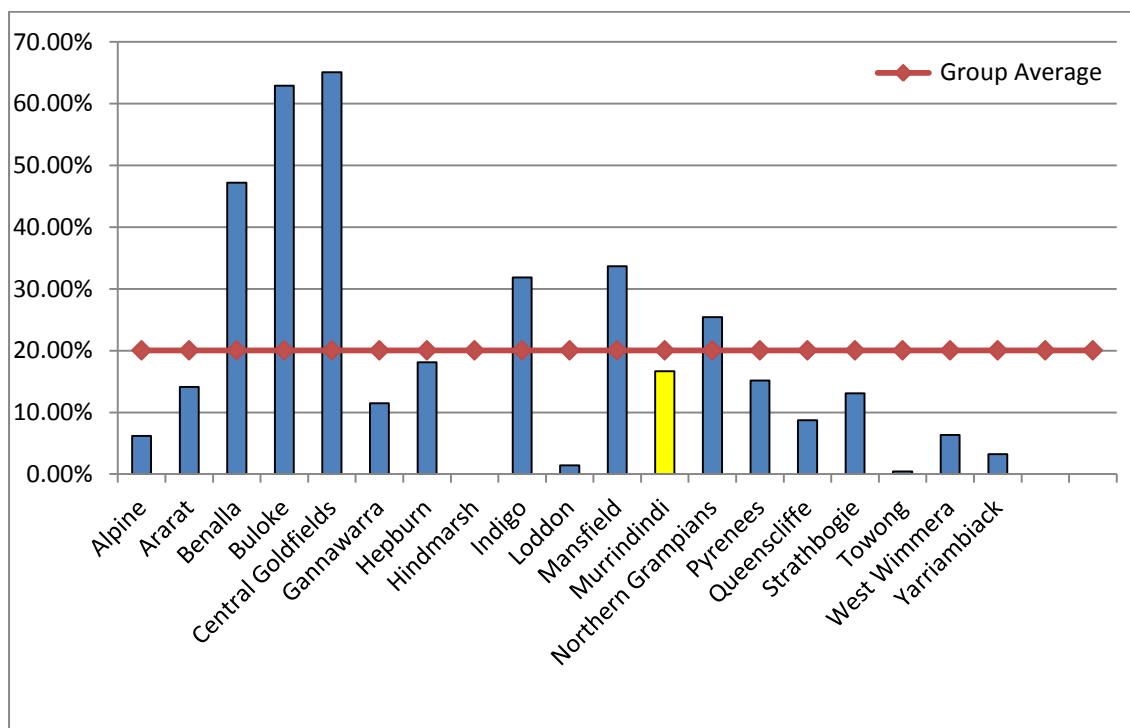


Chart 8: Indebtedness Ratio – 2014/2015

Murrindindi Shire Council’s indebtedness ratio at June 30, whilst marginally above the average for small rural councils, has continued to decrease over the last few years (25.1% to 17.6% comparing 2013/14 to 2014/15) as Council reduces its liabilities, whilst managing its limited revenue base.

7.3.3 Debt Management

How measured Total debt as a percentage of rate revenue

Threshold 80 percent or below

Description 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 paid at one time. A threshold of 80 percent has been set.

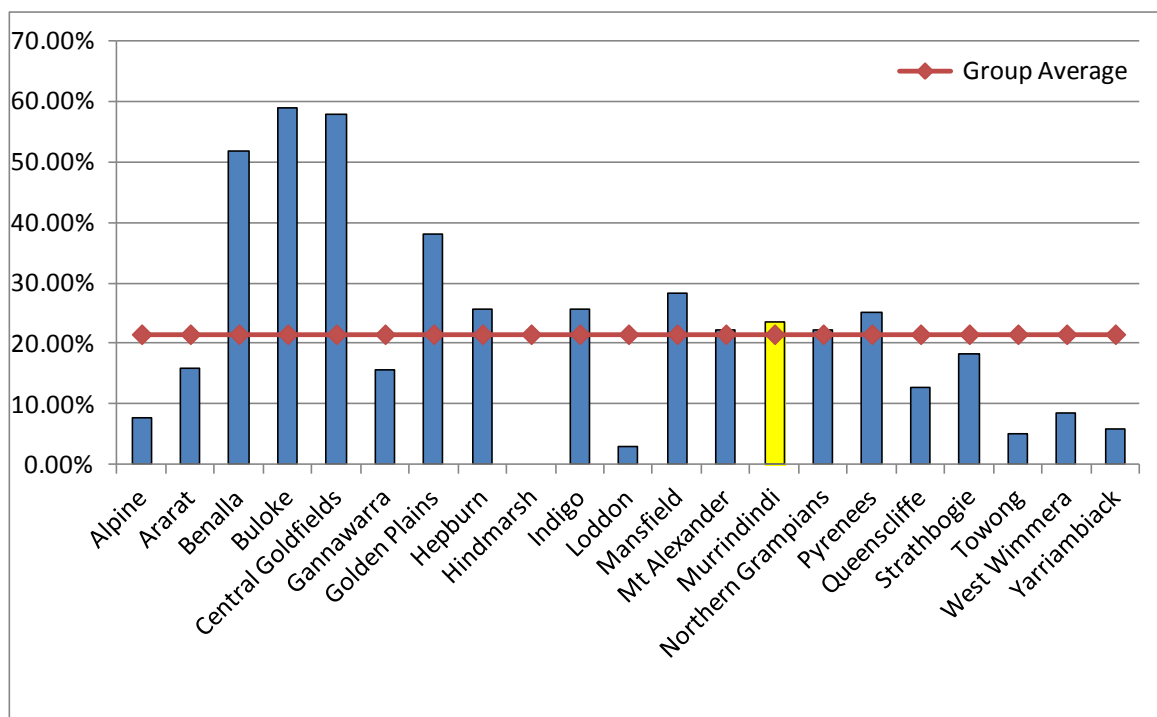


Chart 9: Total Debt as a Percentage of Rate Revenue – 2014/15

Murrindindi Shire Council’s debt as a percentage of rate revenue as at June 30 2015 was 21.1% percent, which is well inside the 80 percent benchmark and both the state and Small Rural’s average.

7.4 Prudent Debt Levels

The following graph introduces an additional financial ratio namely debt commitment costs per each rateable assessment. Debt commitment costs include principal and interest repayments in a year.

The ratio details how much of the Council’s rate dollar is being spent to repay debt and interest as an overall percentage of the Council’s rate revenue. This ratio is the most important ratio as it provides the best indicator of the affordability of debt for a community and Council.

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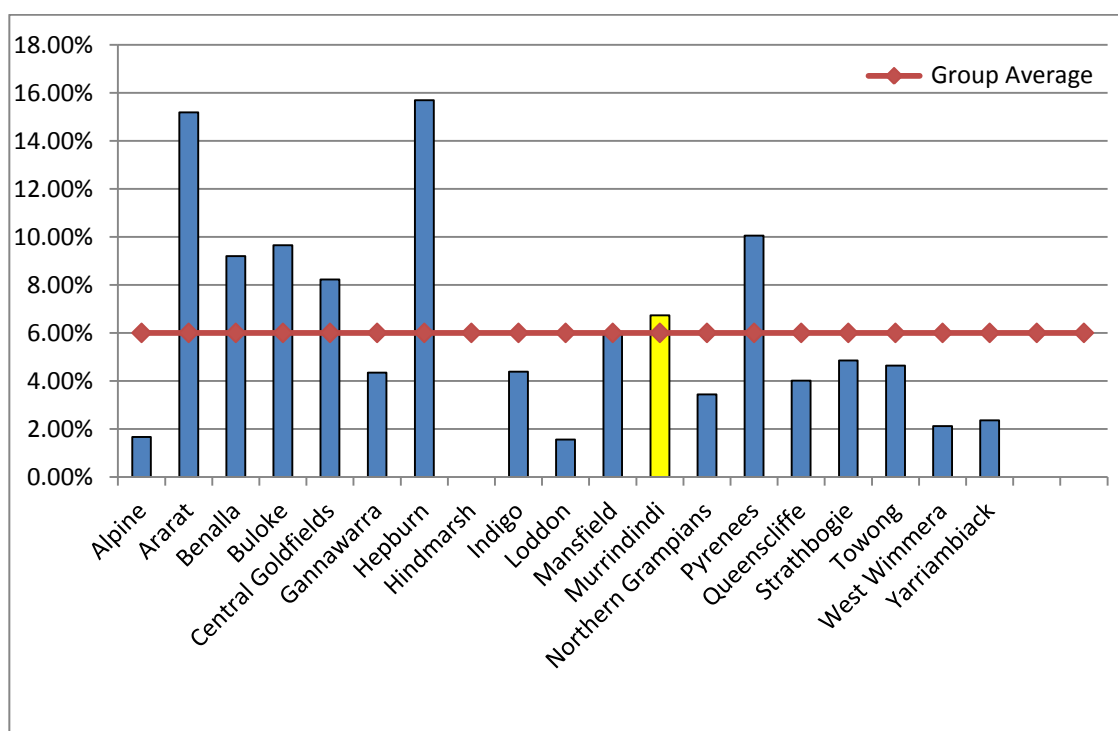


Chart 10: Debt Commitment Ratio (per assessment) – 2014/15

Council has determined that a prudent level of debt will not exceed \$500,000 in new borrowings per annum over the next 10 years. On that basis, Council’s overall debt level is projected to diminish.

In 2013/14 7.59 cents in the rate dollar received serviced debt – both principal and interest payments. Whilst higher than the average of small rural Councils in Victoria, this represents a steady decrease from levels of a few years ago, where debt commitment per assessment exceeded 13 cents in the dollar. Current levels are affordable and with the added benefit of lower interest rates, reflects the benefit of taking out loans over a longer period.

In 2016/17 it is proposed that this figure will decrease to approximately 6.7 cents in the rate dollar received, down from approximately 6.9 cents per rate dollar achieved in 2015/16. Debt is generally used to fund capital expansion projects and for 2016/17 these projects have been earmarked as plant and fleet replacement (i.e. It should not be used for renewal or maintenance) when the asset life is greater than one generation (i.e. often described as intergenerational equity).

The intergenerational equity theory is based on the premise that successive generations and new residents should contribute to infrastructure or facilities that they will enjoy and benefit from.

By borrowing, the Council ensures today’s ratepayers are not fully funding these facilities. There are limits on borrowings due to the costs of interest payments. If the council was 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.

7.5 Future Loan Program

The table and chart below highlight the forecast borrowings. Borrowings are decreasing over time with the extinguishing of pre 2015/16 loans by 2018. The Chart below includes the split between current (payable within 12 months) and the total interest bearing liabilities.

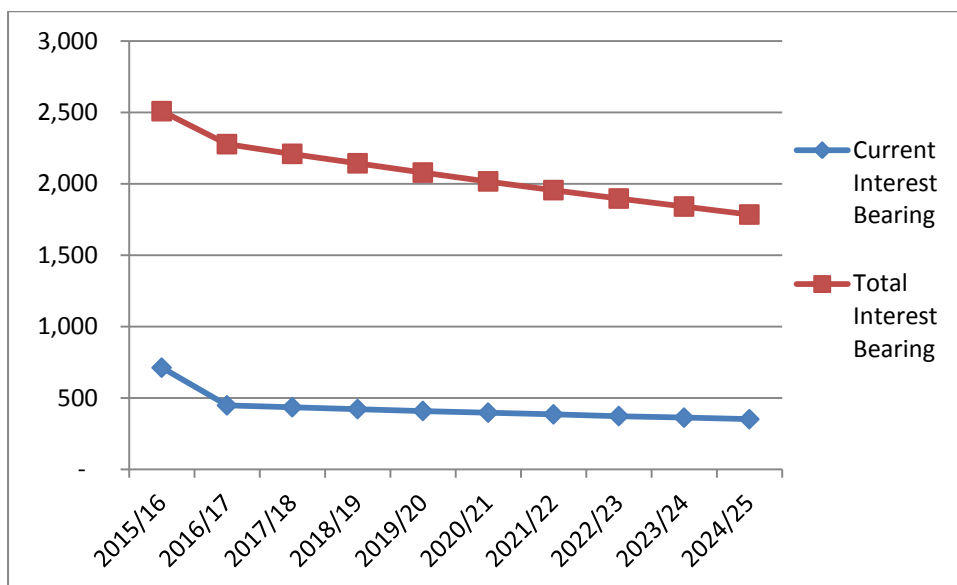


Chart 11: Total and Current Interest bearing Liabilities – 2015/16 – 2024/25

7.5.1 Strategic Direction

1. That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for plant and vehicle replacements that provide intergenerational equity, and
2. That Murrindindi Shire Council retains its debt servicing and redemption costs at or below 8.0 cents in the rate revenue dollar, towards interest and principal, over the life of this SRP.

8. RESTRICTED ASSETS

8.1 Introduction

Victorian 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. Discretionary reserves are used only as an indicator of funds for specific purposes and represent what those functions have earned.

8.2 Nature and Purpose of Restricted Assets

Murrindindi Shire Council 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 generally 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. The Strategic Resource Plan is framed around having sufficient cash reserves to cover restricted assets which are primarily developer open space contributions, long service entitlements and grant funding.

Murrindindi Shire Council also generally provides for a working capital ratio of 1.5 to meet day to day needs, however, this level of cash is insufficient to fund the total requirements of the Infrastructure Renewal Gap into the future. This is a reflection of ongoing recurrent deficits due to the inclusion predominantly of the cost of gifted assets.

The recent decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also to ensure that funds can be held in reserve for known future capital renewal of the community infrastructure that is already in place.

8.2.1 Long Service leave

The *Local Government (Long Service Leave) Regulations 2012* were enacted on 7 February 2012. The changes to the regulations removed the requirement to have a fully funded cash provision based on previous LSL taken. As a consequence of relaxing of this requirement, Council utilised this reserve to offset the call of \$1.9 million from the Defined Benefits Superannuation fund in 2013/14. In recognition that Council needs to fund Long Service Leave calls into the future, Council commenced providing allocations in 2013/14 and will look to continue this through until 2017/18 with 75% of the current liability component being cash backed by 30 June 2016, with the program to be completed by 2017/18. Council continues to recognise employee long service leave entitlements as a liability in accordance with applicable Accounting Standards.

8.2.2 Developer Contributions

Development contribution receipts are payments or in-kind works, facilities or services provided by developers towards the supply of infrastructure (generally by the Murrindindi Shire Council) required to meet the future needs of a particular community, of which the development forms part. This type of contribution is not a stream of revenue that Council can rely on or have discretion over in terms of allocation to a purpose.

8.2.3 Waste Reserve

All income and expenditure relating to waste services is transferred in and out of the Waste Reserve, including capital and operating expenditure. The Waste reserve is effectively a pool of funds reserved for landfill operations, long term rehabilitation of landfills, the operation of kerbside garbage and recycling collection together with the cost of State Government levy increases

8.2.4 Notional Reserves, Amounts held in Trust

It is a requirement of Council to separately identify trust funds or refundable deposits as "restricted

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assets". While the council is able to access these funds in its day to day treasury management, the financial statements must recognise that a component of its cash balances relates to deposits that may be refundable in the future. Council is required to quarantine cash or accumulate restricted cash to meet these requirements.

Restricted Assets	Estimate 30 June 2016 \$000's
Reserves	12,580
Amounts held in Trust	
- Refundable Building Deposits	40
- Refundable Contract Deposits	272
- Refundable Security Deposits	250
- Fire Services Levy	427
- Other Refundable Deposits	235
Total	1,224

Table 12: Restricted Assets – 2015/16

8.2.5 Strategic Direction

1. That Murrindindi Shire Council builds into its 10 year financial plan the estimated movements in restricted assets and provides for at least \$6 million to \$8 million in working capital to meet day to day needs.
2. That to ensure sufficient funds are available to meet operational needs, Murrindindi Shire Council retains a cash position of at least \$1 million to \$2 million after deducting restricted assets, i.e. cash received but not spent or cash to be spent for specific purposes such as developer contributions (infrastructure), waste facility development, employee long service leave payments, security deposits etc.

9. RATING AND OTHER REVENUE STRATEGIES

9.1 Introduction

This section includes:

- Valuations.
- Components of Murrindindi Shire Council's rating base.
- Background to present rating system.
- Rates Affordability.
- Rating Strategy.
- Rates and Charges Budget 2016/17.
- Waste services.
- Grant revenue.
- Victorian Grants Commission, and
- Fees and charges revenue.

9.2 Valuations

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 Council the Valuer is appointed via a competitive process on a two year cycle as general valuations are required every two years to ensure a common date is used for all valuations. Data on every property are recorded and used by the appointed valuer, along 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 Murrindindi Shire Council's rating system; therefore, their accuracy is of paramount importance.

Property values have been reassessed during the 2015/16 financial year for implementation for the 2016/17 rating year, and will be set as of 1 January 2016.

The revaluation does not in itself raise the total rate income for Murrindindi Shire Council, as the rates are distributed based on the property value of all properties across the municipality. As a result of the revaluation, some property owners may pay more in rates and others less, depending on their new property valuation, relative to others.

9.2.1 Definitions of valuations

As detailed in Council's Rating Strategy, 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
- is 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

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- 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.

9.2.2 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.

Murrindindi Shire Council presently undertakes this task on a quarterly basis. As a result of a supplementary valuation, a rate notice is issued to reflect any change in rates. Supplementary rate valuations effectively provide Council with a small amount of growth to its rate base. In the life of this Strategic Resource Plan this has been factored in as 1.0%. Supplementary valuations are reported in the Long Term Financial Plan as Rate and Charge Revenue and are not listed separately.

9.2.3 Components of Council's Rating Base

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 how they apply to Murrindindi Shire Council are available upon request and were extensively reviewed during the 2015/16 financial year as a part of Council's review of the Murrindindi Shire Rating Strategy that was adopted on 25 March 2015. Council's Rating Strategy provides further details regarding the principles under which Council addresses:

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

9.2.4 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.

Each local government sets rates based on an assessment of the desires, wants and needs of its community and as each community is different, direct comparisons can be difficult. For example, cash holdings of municipalities vary and councils have significantly different infrastructure needs and geographic sizes.

Council's access to grant funding has also declined since the peak of the post-2009 bushfire years, resulting in a higher percentage of rate revenue as a portion of total revenue. This is a further challenge in the coming years due to the Commonwealth Government's decision to freeze the indexation for Financial Assistance Grants until 2017, and due to the cessation of a number of grant-funded capital programs (CRABI & LGIP) which provided substantial support to Council's capital works annual program.

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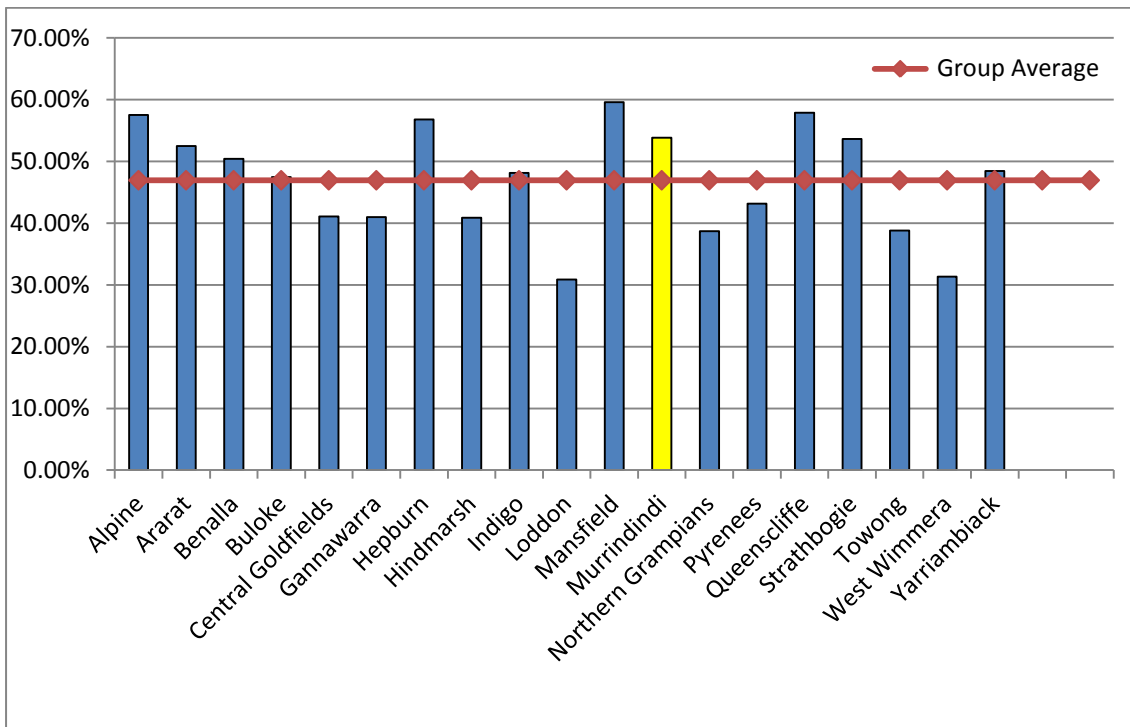


Chart 4: Rates as % of Total Revenue– 2014/15

As detailed in Chart 12 below, on a rates per assessment basis in the 2014/15 financial year, Murrindindi Shire Council was below the average level for the Small Rural Council group, reflecting the relative affordability of rates in Murrindindi when compared to other Small Rural Councils.

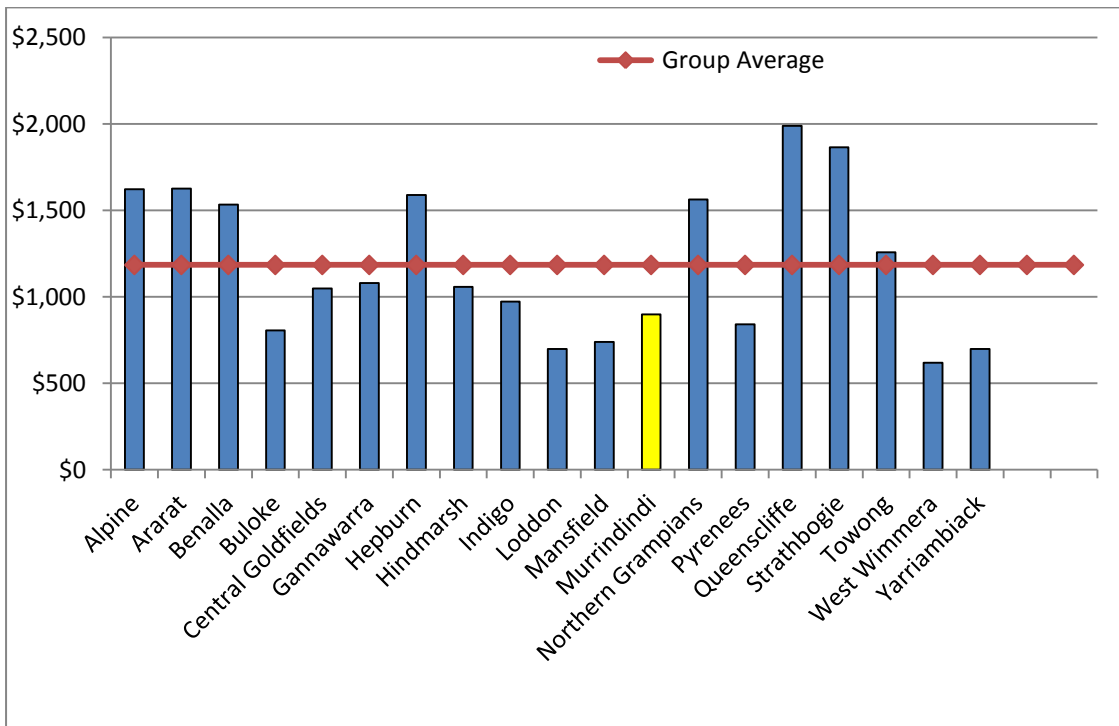


Chart 5: Rates Per Assessment – 2014/15

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For the 2016/17 financial year, Council's average rate increase has been tested and set by the ESC at a level of 4.3%. This level has been acknowledged by the ESC as being necessary to continue the provision of current services and management of public infrastructure to the community of the Shire of Murrindindi, as well as to ensure prudent financial management for the known future costs of the management of Council's infrastructure (known as renewal).

9.2.5 Background to the Present Rating System

The following tables summarise the rate per dollar of CIV proposed for the 2016/17 year including a comparison with 2015/16. It should be noted that these changes do not represent the likely increase per assessment in the amount owed to Council, as changes due to revaluation will also affect each assessment's amount due for the 2016/17 financial year.

Differential Rate Type	Rate in the \$/cost per Assessment		% Change
	2015/2016	2016/2017	
General	\$0.003415	\$0.003514	2.90%
Commercial	\$0.004269	\$0.004393	2.90%
Rural 1	\$0.002561	\$0.002460	-3.90%
Rural 2	\$0.003415	\$0.003479	1.90%
Vacant Land	\$0.005122	\$0.005271	2.90%
Municipal Charge	\$307.00	\$320.00	4.20%

Table 13: Rates and Charges Annualised – 2016/17

The table below outlines the individual annualised rates for 2016/17:

Rate Type	2016/2017
	Budget
General / Residential	5,803,216
Commercial / Industrial	841,941
Rural 1	3,146,699
Rural 2	2,829,402
Vacant Land	667,352
Municipal Charge	2,961,920
Agreement in lieu of rates	61,575
Supplementary Valuation – (pro-rata within year)	154,769
Waste Services	2,770,443
TOTAL ALL RATES & CHARGES	19,237,317

Table 14: Individual Rates Annualised 2016/17

9.2.6 Rating Strategy

Murrindindi Shire Council's Rating Strategy (2015-2019) 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.

Council's Rating Strategy (2015-2019) was comprehensively reviewed during 2014/15, and was adopted by Council at the Ordinary Meeting of Council on 25 March 2015. The key change to the rating structure as a result of the revised strategy was the introduction of two new differential rating classes, being vacant land and commercial/industrial properties.

The rating strategy determines how Murrindindi Shire 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.

It should be noted that the revenue that the local government sector (ie. Councils) is able to raise through rates represents less than 4% of total taxation revenue generated in Australia, whilst Councils are tasked with the operation, maintenance and renewal of more than 30% of total public infrastructure in the country.

The total money to be raised is taken from the Long Term Financial Plan.

Use was also made of long-established principles in the public finance and economics literature, as well as some of the principles outlined in recent financial sustainability reports around the nation.

The proposed principles below are further explained in Appendix A:

- 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.

The wider and more rigorous application of the principles offers Murrindindi Shire Council a way to determine more effectively which services local communities really want or value and how much they are prepared to pay for them.

9.2.7 Rates and Charges Budget – 2016/17

As the community knows, Murrindindi Shire Council sought a variation to the State-Government imposed cap of 2.5% for all councils across the state for the 2016-17 financial year. The Essential Services Commission (ESC) handed down its decision on that application on 31 May 2016 granting Council permission to raise the average rates by 4.3% (rather than the 5.4% figure originally sought by Council). This represents a 1.8% increase above the standard 2.5% fixed cap.

Council considers that the ESC's endorsement of its long term financial planning and approach to its asset management responsibilities reflects its understanding of the long term infrastructure renewal challenges facing Council, and that Council continues to face exceptional challenges arising from the gifting of assets after the 2009 Bushfires. It was noted by the ESC that it was "unrealistic" for Council to raise \$7.75 million in a single financial year to meet its future renewal needs and that Council's approach to allocation of funds to an infrastructure renewal reserve progressively over time was a "responsible means of addressing future renewal expenditure without rate shocks".

One further change to the budget for 2016/17 is the amendment of the differential rates for rural properties. Council decided at its Ordinary Meeting of Council on 27 April 2016, that rural 1

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properties shall receive a differential rate of 70% of the general rate, and rural 2 properties shall receive a differential rate of 99%. These changes do not result in any change to Council's overall projected revenue for 2016/17, but provides a small redistribution of rating revenue away from rural properties towards the other differential rating categories (residential, vacant land and commercial properties).

A Municipal Charge is a fixed charge per assessment regardless of the valuation of that property. It operates in combination with the charge based on Capital Improved Value (CIV), and any rates collected by the municipal charge reduce the remaining rates revenue collected by the CIV.

The municipal charge for 2016/17 is \$320 which is set at 15.40 percent of the total revenue from rates and municipal charges. The maximum revenue allowable for the municipal charge is 20.00% of total revenue from rates and municipal charges per Section 159 of the Local Government Act. The municipal charge ensures all properties pay an equitable contribution towards Murrindindi Shire Council's unavoidable fixed costs.

9.2.8 Waste Service Charges – 2016/17

Murrindindi Shire 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.

The purpose of this charge is to meet the costs of waste disposal and recycling activities throughout the Murrindindi Shire, including development and rehabilitation of landfill sites and the operating costs of Resource Recovery Centres. The reserve is projected to be maintained and used progressively in order to meet the demand for landfill and waste requirements over the long term financial plan. Murrindindi Shire Council has typically used this option through the raising of garbage and recycling charges on the annual rate assessment.

Murrindindi Shire Council's Waste Services include¹:

- Weekly kerbside waste collection service;
- Fortnightly kerbside recycling collection service;
- Public recycling and waste disposal facilities at Alexandra, Eildon, Ghin Ghin, Marysville and Kinglake Resource Recovery Centres;
- Street litter and public place recycling bins; and
- Forward planning for capital budget requirements.

Murrindindi Shire Council's proposed garbage charges are as described below. A total income of \$2.77 million will be received for garbage and recycling services in 2016/17 to support recurrent operating expenditure.

Service Charges	Charge per Service		\$ Change	% Change
	2015/2016	2016/2017		
Garbage	\$337.00	\$345.50	\$8.50	2.5%
Recycling	\$83.00	\$85.50	\$2.50	3.0%

Table 15: Projected Garbage Charges 2016/17

9.2.9 Grant Revenue

As at 30 June 2015 Murrindindi Shire Council was just below average in terms of receiving government grant revenue, compared to its like Council grouping as outlined in the graph below.

¹The waste collection service is compulsory in urban areas and optional in rural areas

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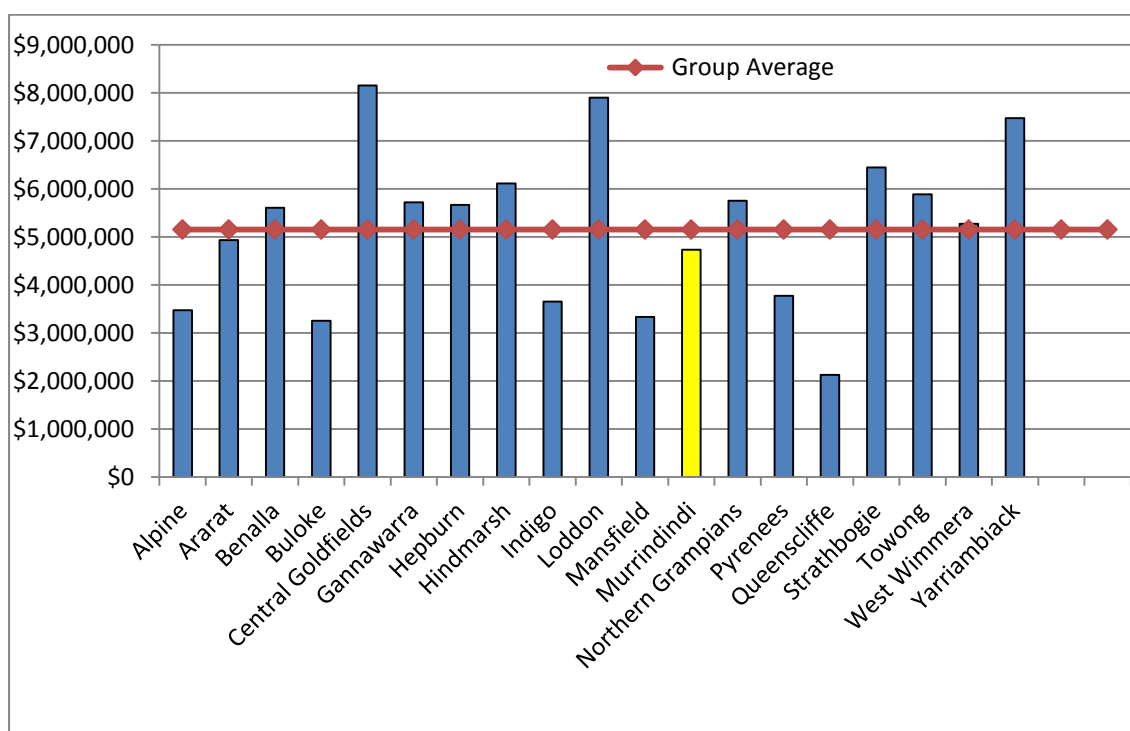


Chart 6: Recurrent Grants – 2014/15

Murrindindi Shire Council will continue its strong focus on securing grant revenue, particularly for capital works. Operating grants as at 30 June 2016 are forecast to total \$7.04 million. With a longer term capital works program in place Council will be able to target and focus on grants that align with the 10 year capital improvement plan.

9.2.10 Strategic Direction

That Murrindindi Shire Council:

1. retains the capital improved value (CIV) as its valuation base;
2. provides a municipal charge that remains less than the maximum 20 percent of rate revenue and that ensures an equitable contribution towards the unavoidable fixed costs of Murrindindi Shire Council;
3. considers future increases based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy;
4. in 2016/17, adopts a 4.30% increase in the average rates and municipal charge, as well as applying the revised differential rating categories, a 1% allowance for growth through supplementary valuations and a 4.20% increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy;
5. pursues recurrent grant funding and strategic capital funding aligned with the Council Plan objectives, including benchmarking of results with other Councils; and
6. continues with the differential rating categories as a part of the Rating Strategy recently for the 2016/17 financial year onwards, with the additional change of decreasing the rural 1 differential to 70% and the rural 2 differential to 99%.

10. HUMAN RESOURCES

10.1 Human Resources

Council employees enable Council to work with and for our communities, to plan, manage and deliver the many activities to achieve the goals of the Council Plan. The Chief Executive Officer is ultimately accountable for ensuring the organisational structure and workforce profile is able to effectively manage the operations in accordance with the Council Plan.

Staff numbers are reported by actual numbers and equivalent full time (EFT) staff numbers. Council employs a workforce profile that is a mix of full time, part time and fixed term, contract or casual positions. Fixed term staff and contractors are usually employed for either seasonal positions such as pool staff, or for projects and services that are largely grant funded for specific purposes.

Over the past year, Murrindindi Shire Council completed a review into the structure of its planning, building and economic development business units, resulting in the merging of these services into one department which has been titled "Development Services".

It is expected that as of June 2016, Council's established staffing levels will have reduced from 212 to 209 staff (141.2 EFT). This incorporates seasonal positions that provide such services to the community as lifeguards and school crossing supervision. Whilst staffing levels have reduced, there is an increase in EFT by 1.0 since 30 June 2015, which is due to the transfer of one customer service position from contract labour to a salaried position.

Within the life of the SRP there is no provision for growth in staffing numbers beyond current levels.

Chart 16 below indicates the number of staff and the equivalent EFT in each of Council's divisions.

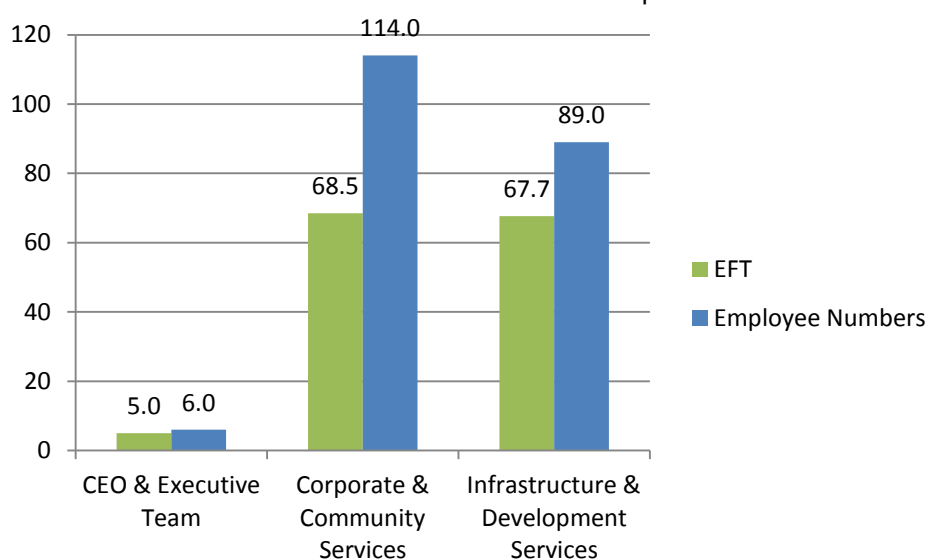


Chart 16: Current Staff Numbers: Actual and EFT

In addition to workforce planning, other key human resources strategies to ensure that Council is able to engage and retain appropriately skilled staff include:

- Learning and development including leadership programs
- Performance coaching
- Health and well-being
- Transparent and open policy and systems
- Staff engagement and satisfaction survey

Charts 17-19 indicate the distribution of EFT between each of Council's divisions.

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114 staff (68.5 EFT)

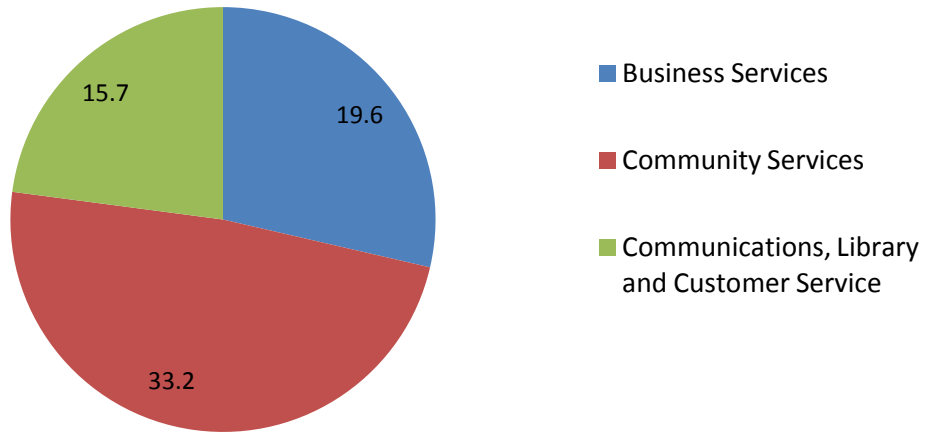


Chart 7: Corporate and Community Services

89 staff (67.7 EFT)

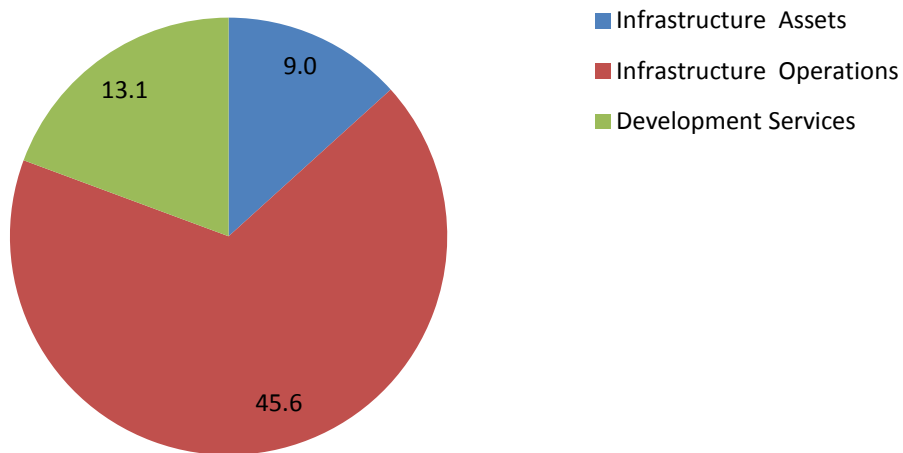


Chart 8: Infrastructure & Development Services

6 staff (5.0 EFT)

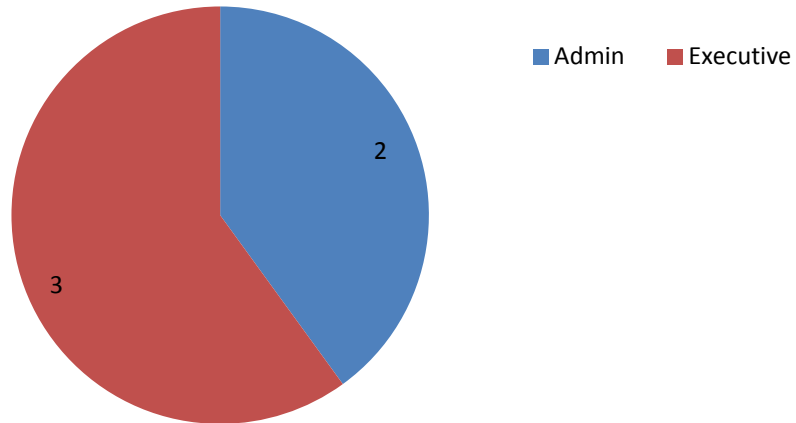


Chart 9: CEO Office and Executive Management Team

10.2 Strategic Direction

Murrindindi Shire Council plans, manages and delivers activities that support the goals of the Council Plan within the capacity of the current organisational structure and workforce profile.

11. STRATEGIC FINANCIAL PLAN

11.1 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

11.2 Modelling Methodology

The SRP establishes a framework for Council to benchmark its performance and an industry developed long term financial software model has been utilised to verify the data. The base point used for financial modelling has been the Council budget for 30 June 2016.

The Standard Statements (financial statements) are the result of the modelling and are reproduced from the long term financial software model, refer Appendix C.

11.3 Financial Assumptions

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

11.3.1 Labour and on-costs

Increases in labour and on-costs are composed of two elements. The elements are enterprise agreement increments and superannuation and on-cost movements. The table below highlights these assumptions.

Year	2014/15	2015/16	2016/17	2017/18
	%	%	%	%
EBA Banding Increase/Other	3.5	3.0	3.0	3.0
Superannuation and other on-costs	0.5	0.5	0.5	0.5
Total	4.0	3.5	3.5	3.5

Table 16: Labour and On-Costs

11.3.2 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 granted and gifted assets to the municipality.

11.3.3 Materials and Services

These works are essentially one-off expenditures that do not constitute the creation of an asset and have decreased with the winding down of Bushfire and Natural Disaster projects.

The broad assumption in materials and contracts is for an increase matching CPI. Outside of the broad parameters are one off expenses such as election expenses, valuation contract amounts and insurances. A subsidiary record of one off items and how they are factored into the model is recommended instead of a series of individual adjustments within the model.

11.3.5 Debt servicing and redemption

Debt redemption is calculated according to the restructured loan schedules. Council borrowings are dealt with in detail in Section 9.

11.3.6 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.

11.3.7 Rate revenue

The 2016/17 Budget is based on an increase of 4.30% for the average rates and municipal charges collected, as well as the application of the differential rating categories as discussed in Council's adopted Rating Strategy. Council's Rating Strategy is dealt with in detail in Section 9.2.7.

The mechanism to estimate supplementary revenue is based on historical dollar returns and net of the impact of the State Government Buy Back scheme. This assumption has been factored in successive years of the SRP and the Long Term Financial Plan.

11.3.8 Service charges

The 2016/17 Budget is based on a service charge for waste management which experienced a 4.20% increase.

Funds raised are ultimately deployed to waste management (operating and capital) activities. This is discussed in Section 9.2.8 in more detail.

11.3.9 Grant revenue

An allowance of \$7.04 million has been made for operating grant revenue for services and projects in 2016/17. In broad terms, a 2.50 percent per annum increase over successive years 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. The Victorian Grants Commission Grant which was previously indexed to cover inflationary pressures has now been set at 2013/14 levels until at least 2017. Recent Federal budget indications are that indexing will resume from 2017/18, however given the 2016 Federal election, the certainty of any such future estimate is uncertain at this stage.

11.3.10 Fees and charges

Fees and charges that Council has discretion over have been reviewed and benchmarked against similar levels for like services. Fees and charges of \$2.08 million have been provided for in 2016/17. It has been assumed that these charges will increment by 3.0% in successive years in the long term financial plan. It should be noted that these fees and charges are not impacted by the introduction of the rate cap.

11.3.11 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.

11.3.12 Interest on investments

Interest on investments has been estimated based on current investment rates.

11.3.13 Proceeds from sale of assets

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

11.3.14 Capital grants

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.

11.3.15 Granted assets

Granted assets are those handed over to Council following the completion of a subdivision. These include roads, footpaths, kerb, 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 2016/17 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.

11.3.16 Capital expenditure

Capital expenditure amounts for renewed, new and upgraded assets, have been directly budgeted for during the life of the SRP (next 4 years) and for the remaining years of the Long Term Financial Plan (through to 2025/26). Capital works expenditure over the ensuing 10 years from 2016/17 has been drawn from Council's 10 Year Capital improvement program.

11.4 Conclusion

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 C.

11.4.1 Strategic Direction

The SRP represents the short to medium term of 4 years within the Long Term Financial Plan which presents a financial perspective of the organisation over 10 years. In the medium and long term it is clear that Council will have significant challenges in funding its asset renewal requirements as well as maintaining services at their current level.

Council has and will continue to work with the State Government to address these issues, including by looking for ways in which the Government can support Council to increase business confidence, economic development and the provision of appropriate infrastructure which will help to grow the Shire and in turn, the Council's rate base.

Council will continue to work with the community in how we go about addressing the funding shortfall. One part of this process will be to engage with community groups and committees about a gradual transition over the next two years to give these groups more responsibility for managing and maintaining community assets. This will give our communities a greater say in how community assets – their assets - are managed into the future.

We believe the community is in the best position to decide how the funding resources that are available should be allocated. Communities are certainly best placed to make decisions about the assets they believe should be maintained into the future and to what level. This will help to ensure that the level of infrastructure that is provided for each community accords with its need and ability to support them.



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It is important to note that Council's funding position and asset management is only one part of a much larger story. Other challenges that face Council include a significant freeze on the quantum of our Federal Assistance Grant and the introduction of some form of rate capping as well as changing demographic patterns and demands on service provision. Our long term Strategic Resource Plan seeks to set a framework by which we can manage these over the term of the plan. This will give us the opportunity to work with the State Government and all stakeholders to improve business, education and lifestyle opportunities for our current communities and for those we would like to see join us and thereby assist in growing our rate base.

12. APPENDIX A - PRINCIPLES FOR RATING, VICTORIAN LOCAL GOVERNMENT CONTEXT

(a) Sustainable financial management

The aggregate revenue raised by Council plus that received from grants needs to be sufficient to cover the aggregate long-run cost of delivering the services provided measured on an accrual-accounting basis. Sustainable financial management requires the application of multi-year framework to financial management, asset management, planning, spending and revenue decisions.

(b) Evaluating and setting priorities

Council is aware of and will have regard to the views of its communities with respect to the priority areas for Council services. Council will heighten the communities awareness of the short and long-term financial implications of potential service priorities and key decisions, including trade-offs between service priorities.

(c) Core Functions

Council will continue to provide a full range of municipal goods and services in accordance with its statutory and community service obligations.

Where Council engages in the provision of services, that resemble those of private sector markets, the application of competitive neutrality principles requires Council to aim to recover the full costs of a significant business activity, including the direct costs of providing goods and services, rate and tax equivalent payments and a commercial rate of return on investment.

(d) Identifying the cost of service delivery

Council will understand the cost of delivering its services as an acknowledgement that this information is useful in determining the range of services, and the level of service provision, and the corresponding structure for rates and charges.

(e) Prudent borrowings for infrastructure

Borrowings when undertaken prudently are an appropriate means for local government to finance long lived infrastructure assets as the cost of servicing of debt through rates or user charges enables the cost of the asset to be matched with the benefits from consumption of the services over the life of the asset, thereby promoting intergenerational equity.

(f) Rate setting and pricing of services

The appropriate setting of rates and prices for goods and services is essential for the efficient recovery of the costs of providing council services and Council recognises that by choosing the appropriate instrument (rates, fees, user charges) it can achieve a better indication of the willingness of the community to pay for services and minimize the economic distortions that may arise when an inappropriate instrument is used.

Council will recover costs for services directly from the users of those services if a service benefits identifiable individuals or groups. If the benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service the costs should be allocated to the community.

Where infrastructure costs are directly attributable to individual property owners, Council will recover those costs through the application of special charge schemes, developer charges or contributions.

Fees and charges should be applied as far as practicable to raise revenue for the provision of services that are not pure public services, with efficient pricing, to ensure that services provided by local government are supplied to those who are willing to pay the opportunity cost of supply.

Council will also take consideration of the community's ability to pay as well as the benefits derived from the provision of services.

(g) Openness and transparency

Council is accountable and responsible for the policy decisions with respect to the range of services provided, the expenditure and delivery of the services and the way services are funded and paid for by the community. Open and transparent processes for decision making of Council include the making of information openly available to people in the local community and seeking active participation by the community with respect to choices regarding the range and level of services provided and how they are funded.

(h) Providing services on behalf of other tiers of government

Effective interaction between Council and other tiers of government is important to ensure delivery of some essential services to the community. Where Council enters into the delivery of services on behalf of other tiers of government, the supply of these services should be delivered on commercial terms based on the incremental cost to Council. In situations where Council determines to provide subsidies for the delivery of these services Council will make the costs transparent and inform the community about the purpose and amount of the subsidy and how it is to be funded.

13. APPENDIX B - GLOSSARY OF TERMS – DEFINITIONS

Table 17: Glossary of Terms / Definitions

TERM	DEFINITIONS
Accumulated Cash Surplus	Balance Sheet calculation of accumulated cash being Current Assets (excl Land for resale) minus Current and Non-Current Liabilities (excluding Debt and Landfill Remediation Provision) minus Reserves.
Adjusted Operating Surplus / (Deficit)	Operating surplus/deficit less revenue from Capital (Non-recurrent) grants, Developer contributions (ie. assets contributed), Asset Revals, Sale of Assets plus expenditure from Asset Revals, WDV of assets sold, Landfill Remediation Provision increases (through Income Statement) and unfunded superannuation expense.
Adjusted Total Operating Expenses	Total Operating expenses as per the "Income Statement"- net of asset revals, unfunded superannuation expense and WDV of asset sold. (Also excludes any Income Statement amounts for Landfill Remediation Provision increases)
Adjusted Total Revenue	Total Revenue from "Income Statement" - net of asset sales, asset contributions in kind, capital grant funding & contributions and revaluation adjustments.
Asset renewal & upgrade	per Capital Works Statement / note.
Assets & Contributions by Developers	Total value of assets & contributions received from developers as per the "Income Statement" or as disclosed in note in some Council's statements. (include contributions for Open Space).
Capital Grants & Contributions(non-recurrent)	Capital or non-recurrent grants and contributions as disclosed in notes.
Cash & Investments on hand	Cash & investments per "Balance Sheet".
Change in Equity (income)	As per the "Income Statement" or as disclosed in note in some Council's statements - for example revaluation adjustments / correction fundamental error (income) - include Library profit here.
Change in Equity (expense)	As per the "Income Statement" or as disclosed in note in some Council's statements - for example revaluation adjustments / correction fundamental error (expense) - include Library loss here.
Current Assets	Total current assets from "Balance Sheet".
Current Liabilities	Total current liabilities from "Balance Sheet".
Debt Redemption	Debt repayments including DBS superannuation liability repayment.
Debt Servicing Costs (Interest)	Total borrowing costs or interest expense as per the "Income Statement" or as disclosed in note in some Council's statements.
Employee Costs	Employee costs in the "Income Statement"
Fees & Charges Revenue	Total Fees & Charges revenue as per the "Income Statement" or as disclosed in note in some Council's statements.(includes fines and rent.)
Interest Earnings	Total interest received as per the "Income Statement" or as disclosed in note in some Council's statements. (includes interest on rates).

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TERM	DEFINITIONS
Land Held for Resale (current)	per Balance Sheet or disclosed in note.
Landfill Remediation Provision (expense)	Any amounts set aside in a provision for future Landfill remediation (increase in provision per Income Statement)
Liquidity Alert	Cash assets less LSL provision and reserves (assumes cash backing required for LSL and reserves). Calculated figure shows funds available after cash backing LSL and reserves.
LGPRF	Local Government Performance Reporting Framework.
Long Service Leave Liability (Current + Non Current)	Long Service Leave liability (Current plus Non-current) per note.
Loss from sale of non-current assets	Net loss from asset sales as per the "Income Statement" or as disclosed in note in some Council's statements.
NAMAF	National Asset Management Assessment Framework
No of Rateable Properties	Number of rateable properties per Grants commission advice.
Non-Current Liabilities	Total non-current liabilities from "Balance Sheet"
Operating Surplus (Deficit)	Operating result from Income Statement.
Population	Population per ABS.
Proceeds from New Borrowings	Amount of any new borrowings/loans per the "Cash flow statement".
Profit from sale of non-current assets	Net profit from asset sales as per the "Income Statement" or as disclosed in note in some Council's statements.
Rate Revenue	Total Rate revenue as per the "Income Statement" or as disclosed in note in some Council's statements.
Rates Outstanding at End of Year	Rate debtor amount as disclosed in "Receivables" note.
Recurrent Grant Income & Re-imbursements	Recurrent grants revenue as per the "Income Statement" or as disclosed in note in some Council's statements. (includes VicRds sometimes shown as "reimbursements" by some Councils.)
Reserve Funds (excluding Asset Reval)	per Balance Sheet or disclosed in note.
Superannuation debt repayment	Any repayments for unfunded superannuation liability (DBS) per notes or in "Cash flow statement"
Superannuation Liability	Any remaining liability for unfunded superannuation (DBS) as disclosed in notes.
Total Assets	Total assets from "Balance Sheet".
Total Capital Expenditure	Capital expenditure per the "Capital Works" note or Standard Capital Works Statement.
Total Cash Inflows from Operations, Finance & Investment Act	Total inflows per the "Cash flow statement".
Total Cash Outflows from Operations, Finance & Investment Act	Total outflows per the "Cash flow statement".
Total Debt	Total interest bearing liabilities (current and non-current) from "Balance Sheet" plus outstanding Defined Benefits Superannuation liability, plus overdrafts.

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TERM	DEFINITIONS
Total Depreciation	Total depreciation expense as per the "Income Statement" or as disclosed in note in some Council's statements.
Total Depreciation on Infrastructure Assets	Total Depreciation on Infrastructure Assets as disclosed in "Depreciation expense" note.
Total Infrastructure Assets	Total infrastructure assets from "Balance Sheet" or as disclosed in note. (written down value.) Infrastructure includes roads, bridges, drains, road structures, other structures, playground equip., parking meters 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 "Income Statement" plus Loss on sale of assets where net method used, plus loss on associates.
Total Revenue	Total Revenue from "Income Statement" plus gains from asset sales (net method) and net profit from Associates.

14. APPENDIX C - STANDARD FINANCIAL STATEMENTS

The Standard Statements present a full 10 year perspective (The Long term Financial Plan) of Council's financial operations and position and includes the short to medium term perspective of the SRP (2013-2017).

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.

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Budgeted Comprehensive Income Statement

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000	SRP 2025/26 \$'000
Income											
Rates and charges	18,300	19,237	20,064	20,927	21,827	22,656	23,517	24,270	25,046	25,798	26,572
Statutory fees and fines	687	704	722	740	758	777	797	816	837	858	879
User fees	1,915	2,082	2,134	2,187	2,242	2,298	2,356	2,414	2,475	2,537	2,600
Contributions - cash	148	44	44	44	44	44	44	44	44	44	44
Contributions - non-monetary assets	0	0	0	0	0	0	0	0	0	0	0
Grants - Operating (recurrent)	4,546	6,778	6,914	7,052	7,193	7,337	7,483	7,633	7,786	7,942	8,100
Grants - Operating (non-recurrent)	660	262	0	0	0	0	0	0	0	0	0
Grants - Capital (recurrent)	2,283	2,637	2,283	2,283	2,283	2,283	2,283	2,283	2,283	2,283	2,283
Grants - Capital (non-recurrent)	1,004	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Net gain on disposal of property, infrastructure, plant and equipment	(75)	(33)	0	0	0	0	0	0	0	0	0
Other income	1,138	1,107	1,129	1,152	1,175	1,198	1,222	1,247	1,272	1,297	1,323
Fair value adjustments for investment property	0	0	0	0	0	0	0	0	0	0	0
Share of net profits/(losses) of associated and joint ventures accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Total income	30,606	32,818	34,290	35,385	36,522	37,593	38,702	39,707	40,742	41,758	42,801
Expenses											
Employee costs	13,242	13,866	14,351	14,854	15,373	15,835	16,310	16,799	17,303	17,822	18,357
Materials and services	11,485	9,988	10,313	10,648	10,994	11,351	11,720	12,101	12,494	12,900	13,320
Bad and doubtful debts	0	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation	8,291	8,432	8,685	8,946	9,214	9,490	9,775	10,068	10,370	10,681	11,002
Finance costs	255	240	233	226	226	226	226	226	226	226	226
Other expenses	284	291	300	309	318	328	337	347	358	369	380
Total expenses	33,557	32,817	33,881	34,981	36,125	37,229	38,368	39,541	40,751	41,998	43,284
Surplus (deficit) for the year	(2,951)	1	408	403	397	364	334	166	(9)	(240)	(482)
Other comprehensive income											
Items that will not be reclassified to surplus or deficit:											
Impairment of fire impacted infrastructure	0	0	0	0	0	0	0	0	0	0	0
Net asset revaluation increment /(decrement)	0	0	0	0	0	0	0	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Comprehensive result	(2,951)	1	408	403	397	364	334	166	(9)	(240)	(482)

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Balance Sheet

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000	SRP 2025/26 \$'000
Assets											
Current assets											
Cash and cash equivalents	21,310	23,234	23,931	24,649	25,388	26,150	26,935	27,608	28,298	28,864	29,441
Trade and other receivables	2,671	2,487	2,562	2,638	2,718	2,799	2,883	2,970	3,059	3,150	3,245
Financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	70	50	50	50	50	50	50	50	50	50	50
Other assets	215	270	270	270	270	270	270	270	270	270	270
Total current assets	24,266	26,041	26,813	27,607	28,426	29,269	30,138	30,898	31,677	32,335	33,006
Non-current assets											
Trade and other receivables	22	24	24	24	24	24	24	24	24	24	24
Investments in regional library corporation	0	0	0	0	0	0	0	0	0	0	0
Property, infrastructure, plant & equipment	305,458	303,770	301,947	300,136	298,335	296,545	294,766	292,997	291,239	289,492	287,755
Investment property	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	241	224	224	224	224	224	224	224	224	224	224
Total non-current assets	305,721	304,018	302,195	300,384	298,583	296,793	295,014	293,245	291,487	289,740	288,003
Total assets	329,987	330,059	329,008	327,991	327,009	326,062	325,151	324,143	323,164	322,074	321,009
Liabilities											
Current liabilities											
Trade and other payables	2,364	2,543	2,619	2,698	2,779	2,862	2,948	3,036	3,128	3,221	3,318
Trust funds and deposits	588	563	563	563	563	563	563	563	563	563	563
Provisions	3,412	3,432	3,432	3,432	3,432	3,432	3,432	3,432	3,432	3,432	3,432
Interest-bearing loans and borrowings	712	448	435	422	409	397	385	373	362	351	341
Total current liabilities	7,076	6,986	7,049	7,114	7,183	7,254	7,328	7,405	7,485	7,568	7,654
Non-current liabilities											
Provisions	1,736	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864
Interest-bearing loans and borrowings	1,797	1,830	1,775	1,722	1,670	1,620	1,571	1,524	1,479	1,434	1,391
Total non-current liabilities	3,533	3,694	3,639	3,586	3,534	3,484	3,435	3,388	3,343	3,298	3,255
Total liabilities	10,609	10,680	10,688	10,700	10,717	10,738	10,763	10,793	10,827	10,866	10,909
Net assets	319,378	319,379	318,320	317,291	316,292	315,324	314,388	313,350	312,337	311,208	310,100
Equity											
Accumulated surplus	126,127	124,782	125,190	125,593	125,990	126,354	126,688	126,854	126,845	126,605	126,122
Reserves	193,251	194,597	193,130	191,698	190,302	188,970	187,700	186,496	185,492	184,604	183,978
Total equity	319,378	319,379	318,320	317,291	316,292	315,324	314,388	313,350	312,337	311,208	310,100
		319,379	318,320	317,291	316,292	315,324	314,388	313,350	312,337	311,208	310,100

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Budgeted Statement of Changes in Equity

	Forecast Actual	Budget	SRP	SRP	SRP	SRP	SRP	SRP	SRP	SRP	SRP
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus	126,127	124,782	125,190	125,593	125,990	126,354	126,688	126,854	126,845	126,605	126,122
Waste Reserve	5,004	5,909	3,686	4,385	5,160	4,282	3,892	2,568	2,873	2,745	1,786
Yea Saleyards Reserve	323	20	50	80	110	135	160	195	220	245	270
Marysville Caravan Park Reserve	143	188	200	200	200	200	200	200	200	200	200
Yea Caravan Park Reserve	0	49	50	50	50	50	50	50	50	50	50
Public Open Space Reserve	452	477	500	500	500	500	500	500	500	500	500
Unfunded Superannuation Reserve	900	1,050	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Future Capital Works Reserves	6,183	6,465	6,860	7,232	7,588	7,963	8,316	8,686	9,030	9,387	9,713
Asset Revaluation Reserve	180,246	180,439	180,584	178,051	175,494	174,640	173,382	173,097	171,419	170,277	170,259
Total Equity	319,378	319,379	318,320	317,291	316,292	315,324	314,388	313,350	312,337	311,208	310,100

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Statement of Cash Flows

	Forecast Actual	Budget	SRP	SRP	SRP	SRP	SRP	SRP	SRP	SRP	SRP
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities											
Rates and charges	18,211	19,102	19,763	20,613	21,499	22,316	23,164	23,906	24,671	25,411	26,173
Statutory fees and fines	0	0	0	0	0	0	0	0	0	0	0
User fees	3,271	3,483	3,500	3,518	3,536	3,553	3,571	3,589	3,607	3,625	3,643
Contributions - cash	0	0	0	0	0	0	0	0	0	0	0
Grants - operating	8,304	9,877	9,630	9,389	9,155	8,926	8,703	8,485	8,273	8,066	7,864
Grants - capital	0	0	0	0	0	0	0	0	0	0	0
Interest	670	514	532	551	570	590	610	632	654	677	701
Other receipts	(248)	(24)	0	0	0	0	0	0	0	0	0
Net GST refund / payment	0	0	0	0	0	0	0	0	0	0	0
Employee costs	(13,106)	(13,615)	(14,208)	(14,705)	(15,220)	(15,676)	(16,147)	(16,631)	(17,130)	(17,644)	(18,173)
Materials and consumables	(12,134)	(10,257)	(10,209)	(10,541)	(10,884)	(11,238)	(11,603)	(11,980)	(12,369)	(12,771)	(13,186)
External contracts	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Other payments	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by operating activities	4,968	9,080	9,008	8,825	8,656	8,471	8,299	8,000	7,705	7,363	7,021
Cash flows from investing activities											
Payments for property, plant and equipment	(12,108)	(7,154)	(8,086)	(7,257)	(9,292)	(7,556)	(9,023)	(6,404)	(9,511)	(9,153)	(6,700)
Proceeds from sale of property, plant and	2,352	396	141	(444)	1,751	192	1,828	(630)	2,766	2,603	483
Trust funds and deposits	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	(9,756)	(6,758)	(7,945)	(7,700)	(7,541)	(7,363)	(7,196)	(7,034)	(6,745)	(6,550)	(6,217)
Cash flows from financing activities											
Finance costs	(187)	(167)	(172)	(177)	(182)	(188)	(194)	(199)	(205)	(212)	(218)
Proceeds from borrowings	500	500	500	500	500	500	500	500	500	500	500
Repayment of borrowings	(787)	(731)	(694)	(729)	(693)	(658)	(625)	(594)	(564)	(536)	(509)
Net cash provided by (used in) financing activities	(474)	(398)	(366)	(406)	(375)	(346)	(319)	(293)	(270)	(248)	(227)
Net (decrease) increase in cash & cash equivalents	(5,262)	1,924	697	718	739	762	785	673	690	566	577
Cash and cash equivalents at beginning of the financial year	26,572	21,310	23,234	23,931	24,649	25,388	26,150	26,935	27,608	28,298	28,864
Cash and cash equivalents at end of the financial year	21,310	23,234	23,931	24,649	25,388	26,150	26,935	27,608	28,298	28,864	29,441

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Statement of Capital Works

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000	SRP 2025/26 \$'000
Property											
Land	0	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0	0
Total land	0	0	0	0	0	0	0	0	0	0	0
Buildings	3,596	745	2,566	1,729	2,375	2,507	3,976	1,449	2,352	3,207	1,863
Building improvements	0	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0	0	0
Heritage buildings	0	0	0	0	0	0	0	0	0	0	0
Total buildings	3,596	745	2,566	1,729	2,375	2,507	3,976	1,449	2,352	3,207	1,863
Total property	3,596	745	2,566	1,729	2,375	2,507	3,976	1,449	2,352	3,207	1,863
Plant and equipment											
Plant, machinery and equipment	1,545	939	967	881	1,096	894	1,099	993	1,412	1,246	1,295
Fixtures, fittings and furniture	0	0	0	0	0	0	0	0	0	0	0
Computers and telecommunications	454	173	178	162	202	165	202	183	260	230	239
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0	0
Library books	109	97	99	102	104	107	110	112	115	118	121
Total plant and equipment	2,108	1,209	1,245	1,145	1,403	1,165	1,411	1,289	1,788	1,594	1,655
Infrastructure											
Roads	4,293	3,643	3,008	2,471	3,148	3,384	3,048	4,004	3,685	3,767	3,953
Bridges	1,074	1,147	982	807	1,028	1,105	995	1,307	1,203	1,230	1,291
Footpaths and cycleways	815	168	144	118	151	162	146	191	176	180	189
Drainage	222	242	141	132	261	156	176	192	197	202	332
Recreational, leisure and community facilities	0	0	0	0	0	0	0	0	0	0	0
Waste management	0	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0	0
Total infrastructure	6,404	5,200	4,275	3,528	4,587	4,806	4,364	5,695	5,262	5,379	5,765
Total capital works expenditure	12,108	7,154	8,086	6,402	8,365	8,479	9,751	8,433	9,401	10,180	9,282
Represented by:											
New asset expenditure	0	0	0	0	0	0	0	0	0	0	0
Asset renewal expenditure	7,381	5,998	5,879	4,654	6,081	6,164	7,089	6,130	6,835	7,401	6,748
Asset expansion expenditure	1,962	352	768	608	795	805	926	801	893	967	882
Asset upgrade expenditure	2,765	804	1,439	1,139	1,489	1,509	1,736	1,501	1,673	1,812	1,652
Total capital works expenditure	12,108	7,154	8,086	6,402	8,365	8,479	9,751	8,433	9,401	10,180	9,282