



Council Plan

2009 - 2013

Third year Review

incorporating

Strategic Resource Plan

Adopted by Council 18 June 2012

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Part 2 – Strategic Resource Plan

MESSAGE FROM THE MAYOR



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

This plan is a guide to Council's vision, direction, priorities and actions for the current Council term. It has been updated to reflect our work over the past 12 months and sets the direction for 2012/13.

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

Council is proud of its record during the past 12 months. Throughout the continuing reconstruction and recovery efforts following the February 2009 bushfires, our Council and staff have worked tirelessly to meet the enormous challenges that were set.

In the past year they have also taken the opportunity to closely examine the on-going commitments and operations of the Shire, in order to ensure we are working towards achieving maximum efficiency in providing value-for-money results.

As a consequence of our extensive Service Review, we are now in a position to present the updated Council Plan and the associated 10 year Strategic Resource Plan to provide a blueprint for long term sustainability. This has been done while still limiting projected rate rises to the level that the Community demanded.

Early in 2012-13, we will also commence the development of the Council's 2030 Vision to provide the platform for future Councils to realise long term projects to improve the amenity and well being of our citizens.

We continue to seek assistance from State and Commonwealth Governments to provide support in recognition of the unique situation of having to operate, maintain and provide for the long term replacement of the massive upgrade of our facilities following the Fires. These quality assets will provide improved facilities for current and future residents alike but they bring with them the responsibility of ensuring their on-going benefits can be maintained.

By working together as a united community, we will undoubtedly achieve the successes that this plan outlines.

A handwritten signature in black ink that reads "John Walsh". The signature is written in a cursive, flowing style.

John Walsh
Mayor

MURRINDINDI PROFILE

THE PLACE

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

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

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

THE FEBRUARY 2009 FIRES

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

Since the fires, Council and community members have been working tirelessly on the recovery effort. Cessation of VBRRA is taking greater responsibilities.

Council has worked closely with the state government to secure resources for continuing recovery activity. The focus of recovery efforts has been detailed in the Reform and Recovery Plan, which complements and has strong links with this Council Plan.

THE PEOPLE

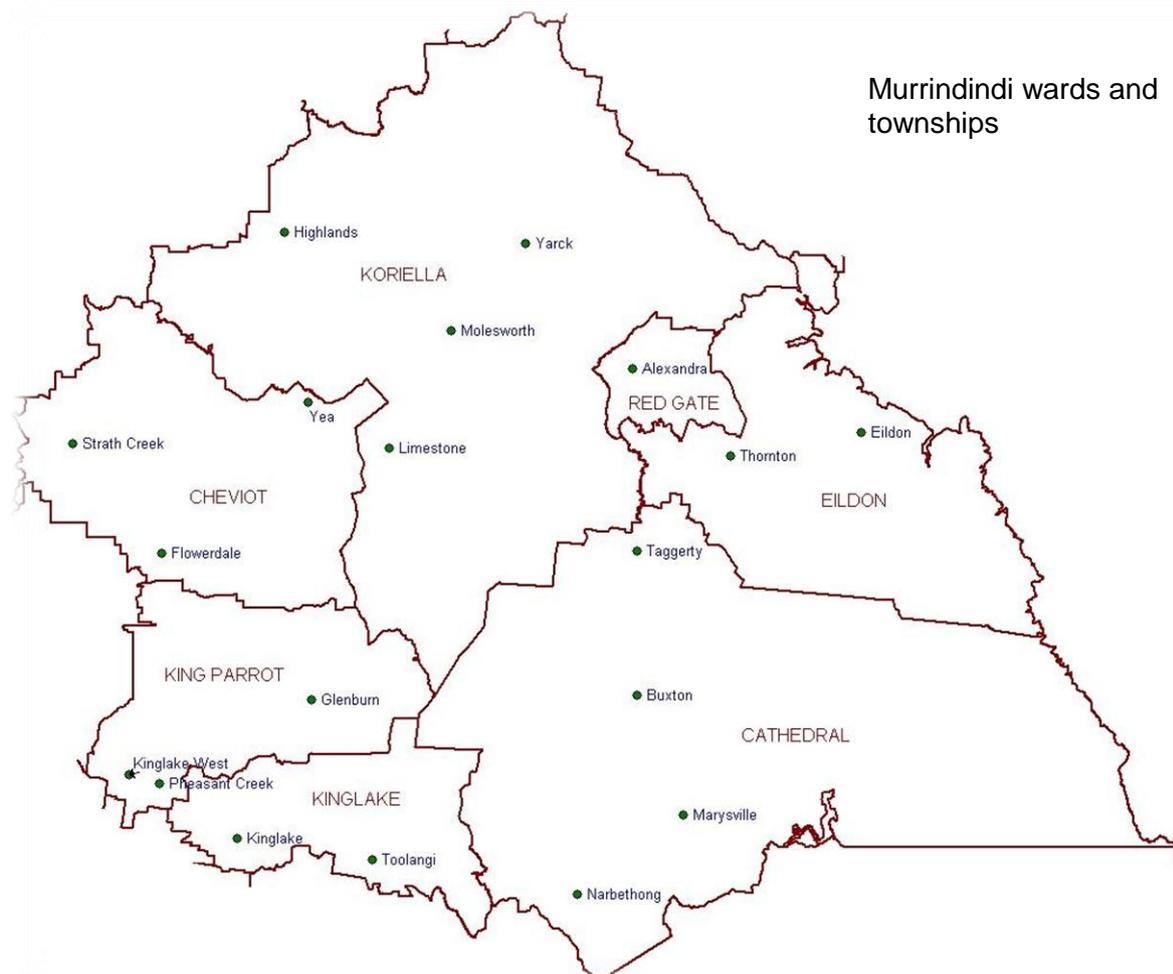
Prior to the February 2009 fires, the majority (57 per cent) of residents lived in the major towns, with 43 per cent of all residents living in rural areas or smaller towns. With the loss of so many homes, many residents were displaced. Accurate figures on population and analysis of displacement will not be available until the publication of the 2011 census information (June 2012).

EMPLOYMENT

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

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

Source ABS



HOW COUNCIL OPERATES

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

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

The Shire of Murrindindi is divided into seven wards with one councillor elected to represent each ward. The last elections were held in November 2008 when the councillors were elected for a four year term. The next election will be held on 27 October 2012.

Councillors 2012



Cr John Walsh



Cr Chris Healy



Cr Sally Abbott Smith



Cr Peter Beales



Cr Kevin Bellingham



Cr Bob Flowers



Cr Cris Ruhr

EXECUTIVE TEAM 2012

The Executive team comprises:

- Chief Executive Officer, Margaret Abbey
- General Manager Sustainability, Michael Chesworth
- General Manager Corporate and Community Services, Robert Cherry
- General Manager Infrastructure, Andrew Bainbridge
- Executive Director Reconstruction and Recovery, Dimitri Scordalides

COUNCIL'S ROLE AND OBLIGATIONS

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

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

This plan has been prepared in accordance with these obligations.

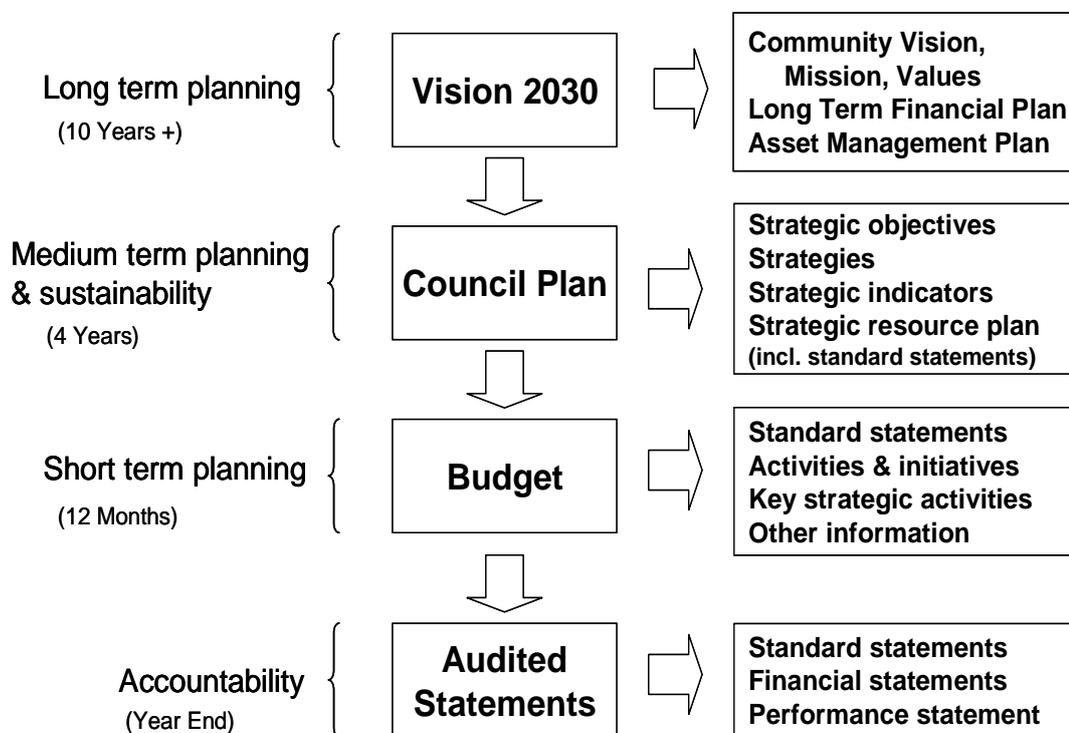
WHAT IS THE COUNCIL PLAN?

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

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

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

OUR PLANNING AND REPORTING PROCESS



STRUCTURE OF THE PLAN

VISION

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

MISSION

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

VALUES

Our behaviour and actions will be guided by our values.

Honesty and Integrity

We will be open and truthful in our dealings.

Accountability and Consistency

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

Innovation and Excellence

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

Respect and Trust

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

STRATEGIC DIRECTION

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

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

Strategic Indicators

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

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

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

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

GOVERNANCE

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

The success of Council rests on good governance by:

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

As we move through recovery and reconstruction following the 2009 bushfires much of the Council's initial focus and energy is naturally given to helping communities recover. Given the recovery issues to be dealt with at the local level, the Council is foreshadowing preparation for a community visioning project entitled *Murrindindi 2030*, to inform the next Council Plan.

COUNCIL SERVICES RELATING TO THIS THEME

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

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

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

Council elections are held every four years or whenever an extraordinary vacancy arises. The next general election will be on 27 October 2012. Councillors elect a Mayor each year.

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

<p>Strategic Objective</p> <p>Effective leadership providing representation and advocacy for the community backed by a financially strong organisation.</p>	
<p>Strategic Indicators:</p> <p>Community perception of overall performance.</p> <p>Community perception of performance for advocacy.</p> <p>Financial performance measured through liquidity and operating result.</p>	<p>Target: More than or equal to indexed mean of 62 in annual Community Satisfaction Survey.</p> <p>Target: More than or equal to indexed mean of 60.</p> <p>Target: To maintain low level of risk in accordance with VAGO (Victorian Auditor-General's Office) Local Government financial sustainability indicators.</p>

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

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

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

KEY YEAR TWO ACTIVITIES	STATUS
Prepare and implement a Bushfire Reform and Recovery Plan.	Completed
Clearly communicate the Council Plan to the community	Completed
Develop a program of mentoring for future leaders.	Completed
Support the Murrindindi Bushfire Reconstruction and Recovery - Section Rebuilding Committee to achieve collaborative recovery and reconstruction.	Completed
Ensure financial information is provided in a style which is both professionally acceptable and understandable by the community.	Completed
Undertake a community visioning exercise to develop a Murrindindi 2030 Community Plan.	Continue in year 3
Complete continuous improvement and Best Value requirements.	Continue in year 3

KEY YEAR THREE ACTIVITIES	STATUS
Continue to communicate the Council Plan to the community	Continue in year 4
Commence a community visioning exercise to develop a Murrindindi 2030 Community Plan.	Continue in year 4
Complete continuous improvement and Best Value requirements.	Rollover to year 4
Participate in Council Reforming Business – Procurement excellence program. Note: Government withdrew support for program.	Withdrawn
Develop a strategy to manage and maintain gifted assets and Council's long term sustainability.	Completed

KEY YEAR FOUR ACTIVITIES

- Continue to communicate the Council Plan to the community
- Continue a community visioning exercise to develop a Murrindindi 2030 Community Plan.
- Complete continuous improvement and Best Value requirements.

- Continue to provide leadership and advocate for the community in the recovery process.
- Support ongoing community and organisational transition to post recovery operations.
- Implement the Murrindindi Reform and Recovery Plan.
- Undertake business planning and implement the Services Review recommendations.
- Implement the Senior Management Leadership Development Program.
- Through the post recovery transition of the organisation support activities that value staff and keep skilled employees.
- Conduct the induction for new and returning Councillors.
- Monitor and review the changes to the schedule of Council meeting times and locations.

COMMUNITY

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

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

COUNCIL SERVICES RELATED TO THIS THEME

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

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

Community Development empowers communities to be self-determining and to pursue projects, programs and activities that are the community's own priorities. Through its work with all council departments and across all levels of government, the Council seeks to facilitate

genuine community engagement and the formation of effective partnerships with the communities of the Shire of Murrindindi.

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

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

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

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

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

KEY YEAR ONE ACTIVITIES	STATUS
Work with VBRRRA, Community Recovery Committees (CRCs) and fire affected communities to develop community based recovery plans based on active participation and strengthened community connectedness.	Continue in year 2
Develop and deliver additional youth support programs and activities including: <ul style="list-style-type: none"> • Youth web site • Youth leadership program • Youth provider's committee • Youth development grants program 	Continue in year 2
Roll out a program of activities and initiatives to support fire affected communities including: <ul style="list-style-type: none"> • Recreation programs • Social connectedness program • Celebrate positive ageing images project • Library programs • Community information and notice boards • Theatre plays • Support for volunteers 	Continue in year 2 Continue in year 2 Completed Completed Completed Completed Continue in year 2
Work with the community to deliver a series of community festivals and celebrations.	Continue in year 2
Facilitate a community building initiative to support people impacted upon by the Sugarloaf North South Pipeline.	Continue in year 2

Subject to funding:	
Develop leadership, mental health and wellbeing programs for drought affected communities.	Continue in year 2
Provide additional support to Community and Neighbourhood Houses for additional programs.	Not funded
Assist people to re-establish gardens damaged or destroyed by fire.	Not funded
Finalise Yea Swimming Pool redevelopment planning, considering disability access and improved amenity.	Completed-project under review
Assist community to secure funding for a skate park in Yea.	Completed
Complete the development of the arts and cultural policy.	Rollover to year 2

KEY YEAR ONE ACTIVITIES	STATUS
Complete Health and Wellbeing Plan.	Completed
Complete Alex community kitchen project.	Rollover to year 2
Implement phase two of transport connections project.	Continue into year 2
Plan for a healthy and active aging population by finalising the <i>Healthy and Active in the Third Age Strategy</i> .	Completed
Establish a Community Development Interface Committee to facilitate community development outcomes from Council departments	Completed

KEY YEAR TWO ACTIVITIES	STATUS
Develop and deliver additional youth support programs and activities including: <ul style="list-style-type: none"> ○ Youth web site ○ Youth leadership program ○ Youth provider's committee, extend to Flowerdale, Glenburn and Yea ○ Youth development grants program 	Completed Completed Ongoing Completed
Work with VBRRRA, Community Recovery Committees (CRCs) and fire affected communities to develop community based recovery plans based on active participation and strengthened community connectedness.	Completed
Develop leadership, mental health and wellbeing programs for drought affected communities.	Completed
Implement phase two of transport connections project.	Completed
Complete the development of the arts and cultural policy.	Completed
Complete Alex community kitchen project.	Completed
Implement initiatives from the <i>Inclusiveness, Access and Equity Plan</i> .	Rollover to year 3
Establish maintenance service standards for section 86 committees of management.	Rollover to year 3
Lobby the state government to improve access to public housing.	Rollover to year 3
Implement initiatives from the <i>Health and Well Being Plan</i> .	Continue in year 3
Review and evaluate the Transport Connections program's first three years.	Completed

KEY YEAR TWO ACTIVITIES	STATUS
Develop a community strengthening activity to acknowledge the contribution of volunteers.	Completed
Extend programs to all fire affected communities to strengthen communities and prepare for future disasters.	Continue in year 3
Develop a plan for the implementation of the Transport Connection Program for years 2010-2013.	Continue in year 3
Seek funding through the Department of Planning and Community development grants program <ul style="list-style-type: none"> ○ Flowerdale Tennis Court ○ Eildon Basketball Court ○ Alexandra Leisure Centre Feasibility Study 	Completed Completed Completed
Plan for the integration and future governance of the Kinglake Early Learning Centre.	Completed

KEY YEAR THREE ACTIVITIES	STATUS
Continue work with fire affected communities to assist with ongoing implementation of community based recovery plans based on active participation and strengthened community connectedness.	Continue in year 4
Implement initiatives from the Inclusiveness, Access and Equity Plan.	Continue in year 4.
Re-establish maintenance service standards for section 86 committees of management.	Continue in year 4
Lobby the state government to improve access to public housing.	Continue in year 4.
Implement initiatives from the Health and Well Being Plan.	Continue in year 4.
Continue the implementation of the Transport Connection Program into 2011.	Completed.
Extend programs to all fire affected communities to strengthen communities and prepare for future disasters.	Continue in year 4.
Investigate a Community Capacity Building initiative in Yea.	Continue in year 4.

KEY YEAR FOUR ACTIVITIES

- Continue work with fire affected communities to strengthen communities and prepare for future disasters.
- Identify and implement projects, programs and initiatives to meet the key strategic directions of the 'Linking Murrindindi – Access and Liveability for All' Strategic Plan 2011-2013
- Implement ongoing prioritized strategies from the Health and Wellbeing Plan.
- Lobby State Government to improve access to public housing.
- Identify and implement priority strategies from the *Healthy and Active Third Age Strategy*.
- Develop an ongoing community strengthening activity to acknowledge the contribution of volunteers.
- Develop a *Diversity Plan for Council Aged and Disability Services*.
- Review and redevelop the *Early Years Plan*.
- Implement strategies from the *Youth Strategy*.
- Establish maintenance service standards for section 86 Committees of Management.
- Investigate a community building initiative in Yea.

LOCAL ECONOMY

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

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

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

Success will create employment, encourage new business and services to the shire, and make the region more attractive to potential residents. Activities such as developing cooperative regional marketing approaches for common business products and services are intended to enhance local businesses 'bottom lines'. Our bushfire recovery efforts will focus on restoring and enhancing our traditional industries of agriculture, forestry, fisheries, horticulture and tourism.

We will also promote the development of new industries such as solar power, building fabrication and logistics. Linking Local Economy with the sustainable growth objectives of Climate Change and Natural Environment will result in an improvement in services and amenities.

COUNCIL SERVICES RELATED TO THIS THEME

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

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

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

Strategic Objective	
Sustainable growth of our local economy.	
Strategic Indicators	
Community perception of Council's performance on economic development.	Target: More than or equal to indexed mean of 56.
Employment rate.	Target: Equal to or higher than Victorian average in 2011 census.

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

KEY YEAR ONE ACTIVITIES	STATUS
Conduct industry forums for Marysville District and Kinglake Ranges.	Completed
Conduct <i>Inspired by Murrindindi</i> food, wine and arts events.	Completed
Participate in the Mitchell Murrindindi destination marketing campaign.	Continue in year 2
Revise Economic Development Strategy to incorporate strategies for fire affected businesses.	Rollover to year 2
Determine Council's future role and possible structure of regional tourism industry support.	Continue in year 2
Initiate cooperative regional marketing and industry development as part of the <i>United Approach to Tourism</i> project.	Completed
Advocate for improved access to high speed, affordable broadband and mobile phone services.	Continue in year 2
Finalise financing and implementation of Yea Saleyards upgrade.	Continue in year 2
Support the Yea Wetlands Committee of Management to progress a sustainable business model for the Yea discovery centre.	Continue in year 2
Develop a plan to attract new business and support existing businesses.	Continue in year 2
Confirm Council's position on the future of the Murrindindi Regional Tourism Association (MRTA) as it relates to the five year plan.	Completed
Develop a synchronised online council tourism calendar of events for council and tourism activities.	Continue as core Council role

YEAR TWO ACTIVITIES	STATUS
Revise the Economic Development Strategy to incorporate strategies for fire affected businesses.	Completed
Expand cooperative marketing initiatives under the United Approach to Tourism and the Mitchell Murrindindi destination marketing campaign.	Completed
Support the Yea Wetlands Committee of Management to progress a sustainable business model for the Yea Discovery Centre.	Completed
Advocate for, and pursue funding for, the Murrindindi Regional Saleyards upgrade.	Completed

YEAR TWO ACTIVITIES	STATUS
Undertake a feasibility study into the possible future uses of the old Alexandra District Hospital facility.	Modified to continue in year 3 (undertaken by Murrindindi Training Institute)
Develop a plan to attract new business and support existing businesses throughout the shire.	Continue in year 3
Facilitate processes relating to the development of Mt Pinniger Resort, and a core tourism development in Marysville.	Continue in year 3
Scope and assist with planning requirements for Marysville commercial developments.	Continue in year 3
Progress the development of industrial land in Alexandra – Alexandra Saleyards and Binns-McCrae Road.	Continue in year 3

KEY YEAR THREE ACTIVITIES	STATUS
Develop Action Plans to enable implementation of the Economic Development Strategy 2011-2016.	Continue in year 4
Participate in the development of a region-wide on line holiday planner and promotional tools.	Completed
Participate in a Yarra Valley - High Country touring route marketing campaign.	Completed by June 2012
Undertake a feasibility study into the development of industrial/business park land in the Marysville and Triangle area.	Not required due to other land in the area being rezoned to industrial use
Undertake a feasibility study to enable improved access to high speed and affordable broadband services. If warranted apply for grant funding for an initial implementation.	Continue in year 4
Participate in development of a feasibility study of the Murrindindi Training Institute.	Not required, as the Murrindindi Training Institute is now operational
Develop a plan to attract new business and support existing businesses throughout the shire.	Ongoing
Facilitate processes relating to the development of Mt Pinniger Resort.	Continue in year 4
Facilitate processes relating to a core tourism development in Marysville.	Completed
Progress the development of industrial land in Alexandra – former Alexandra Saleyards	Continue in year 4
Progress the development of industrial land in Alexandra - Binns-McCrae Road	To be completed by June 2012.

KEY YEAR THREE ACTIVITIES	STATUS
Facilitate opportunities for promotion and marketing of the Goulburn River High Country Rail Trail.	Continue in year 4
Undertake visitor satisfaction and demographic research.	Completed
Resolve future management arrangements for Yea Wetlands Centre and pursue a sustainable business model.	Continue in year 4

KEY YEAR FOUR ACTIVITIES

- Subject to available resources, attract investors to fill product gaps on the Goulburn River High - Country Rail Trail and Yarra Valley - High Country touring route.
- Advocate for the expansion of local provision of post secondary training opportunities through the Murrindindi Training Institute.
- Attract investment into available industrial land.
- Fulfil undertakings under the Memorandum of Understanding with the Goulburn River Valley Tourism Inc. to grow tourism in the shire.
- Work with Yarra Ranges Regional Marketing to assist in the delivery of the Marysville and Triangle Marketing and Events Implementation Plan.
- Re-establish the Murrindindi Festivals and Events Network to support and promote tourism events in the Shire.
- Develop Action Plans to enable implementation of the Economic Development Strategy 2011-2016.
- Investigate and advocate for improved access to high speed and affordable broadband services. If warranted apply for grant funding for an initial implementation.
- Facilitate processes relating to the development of Mt Pinniger Resort.
- Progress the development of industrial land in Alexandra – former Alexandra Saleyards.
- Develop a plan to attract new business and support existing businesses throughout the shire.
- Resolve future management arrangements for Yea Wetlands Centre and pursue a sustainable business model.

CLIMATE CHANGE AND NATURAL ENVIRONMENT

Based on the *Murrindindi Shire Environment Policy* adopted in April 2008, our aim in 2009 to 2013 is to set up an overarching *Environment Strategy* incorporating Climate Change. This strategy was adopted in January 2011. The strategy will be further refined in other related strategic documents, e.g. a municipal weed action plan, a roadside conservation plan, a municipal waste management strategy and related guidelines.

Together, these will form the framework for corporate and community based pro-environment actions in the domains of water, biodiversity, sustainable land management, resource efficient human settlement and adaptation to, and mitigation of climate change impacts.

In addition to the extended drought, the February 2009 Bushfires have been devastating for both our local communities and our natural environment. A healthy well functioning natural environment is essential for strong and healthy communities and therefore the Council will continue to work toward the recovery and protection of our natural assets in partnership with other organisations and the community.

COUNCIL SERVICES RELATED TO THIS THEME

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

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

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

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

Strategic Objective	
A natural environment that is diverse, healthy and cared for	
Strategic Indicators: Community Indicators Victoria Household waste recycling rates	Target: Maintain or improve current level of 33%
Annual waste diversion rates	Target: 65% by 2013-14
Greenhouse gas emissions	Target: Reduce 2006 community emissions by 15% by 2020

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

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

KEY YEAR ONE ACTIVITIES	STATUS
Provide support to community education on environmental issues.	Continue in year 2
Identify and prioritise sites with significant biodiversity values and formulate management guidelines to protect them.	Continue in year 2

KEY YEAR TWO ACTIVITIES	STATUS
Assess roadside biodiversity and conservation value and develop guidelines for management and protection.	Continue in year 3
Undertake roadside management protection and map noxious weed infestations.	Partially Complete and Continue in year 3
Establish and resource an ongoing environment officer position.	Completed
Identify and prioritise sites with significant biodiversity values and formulate management guidelines to protect them.	Continue in year 3
Complete the mapping and assessment of significant flora, fauna and pests on Council managed land.	Completed
Establish and commence implementation of a weed and pest control strategy for Council managed land.	Completed
Develop biodiversity management protocols for Council managed roadsides.	Completed
Establish a process to ensure Council works do not threaten listed flora, fauna and ecological communities.	Completed
Develop and commence implementation of an offset plan for native vegetation removal associated with Council managed works.	Continue in year 3
Review and develop a domestic wastewater management strategy.	Rollover to year 3
Establish water use targets for Council facilities and activities and monitor progress.	Rollover to year 3
Identify and purchase eco-friendly products and materials through participation in a green procurement program.	Rollover to year 3
Finalise and commence implementation of the Council's waste management strategy, including the expansion of recycling facilities in public places.	Continue in year 3
Provide support to community education on environmental issues.	Continue in year 3
Implement stage two of the green and hard waste collection program.	Completed

KEY YEAR THREE ACTIVITIES	STATUS
Implement an environmental best practice code and training plan for outdoor works.	Continue in year 4
Develop and implement guidelines for the management and protection of roadside conservation values.	Continue in year 4
Identify and prioritise sites, other than roadsides, with significant biodiversity values and formulate management guidelines to protect them.	Continue in year 4
Develop and commence implementation of an offset plan for native vegetation removal associated with Council managed works.	Continue in year 4
Establish water use targets for Council facilities and activities and monitor progress.	Continue in year 4
Identify and purchase eco-friendly products and materials through participation in a green procurement program.	Continue in year 4
Provide support to community education on environmental issues.	Continue in year 4
Continue the Council's waste management strategy, including the expansion of recycling facilities in public places.	Continue in year 4
Develop and implement communication strategy for environment initiatives.	Completed
Review the Environment Local Law to ensure consistency with Council's <i>Environment Policy</i> and strategy.	Completed

KEY YEAR FOUR ACTIVITIES

- Review and develop a domestic wastewater management strategy subject to funding being available.
- Investigate the use of environmental and land management incentives for landholders.
- Implement an environmental best practice code and training plan for outdoor works.
- Develop and implement guidelines for the management and protection of roadside conservation values.
- Identify and prioritise sites, other than roadsides, with significant biodiversity values and formulate management guidelines to protect them.
- Develop and commence implementation of an offset plan for native vegetation removal associated with Council managed works.
- Establish water use targets for Council facilities and activities and monitor progress.
- Identify and purchase eco-friendly products and materials through participation in a green procurement program.
- Provide support to community education on environmental issues.
- Adopt and commence implementation of Council's waste management strategy, including the expansion of recycling facilities in public spaces.

PLANNING AND ENVIRONMENT

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

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

COUNCIL SERVICES RELATED TO THIS THEME

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

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

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

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

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

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

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

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

KEY YEAR TWO ACTIVITIES	STATUS
Review the Council's fire management planning having regard to the state's response to the Bushfire Royal Commission.	Continue in year 3
Map municipal fire risk.	Continue in year 3
Resolve planning scheme anomalies.	Continue in year 3
Continue to improve permit approval processes.	Ongoing
Assist Goulburn Murray Water in rezoning process related to the Mt Pinniger Resort Development.	Continue in year 3
Facilitate Goulburn Murray Water Land transfers for future development options.	Continue in year 3

KEY YEAR THREE ACTIVITIES	STATUS
Review the Council's fire management planning having regard to the state's response to the Bushfire Royal Commission.	Continue in year 4
Map municipal fire risk.	Completed
Facilitate Goulburn Murray Water Land transfers for future development options.	Continue in year 4
Review and adopt Alexandra Urban Design Framework	Continue in year 4
Develop a plan for the review of existing Urban Design Frameworks.	Completed
Ensure appropriate planning responses to the 2009 Bushfire Royal Commission recommendation taking into account any state government subsequent policy or legislative changes.	Ongoing
Assess implications of conducting a shire wide <i>Rural Land Study</i> .	Will be completed by end June 2012
Assist Goulburn Murray Water in rezoning process related to the Mt Pinniger Resort Development.	Continue in year 4
Review rural living development guidelines.	Completed
Resolve planning scheme anomalies.	Completed in Year 4
Commence a review of the Municipal Strategic Statement.	Continue in year 4

KEY YEAR FOUR ACTIVITIES

- Complete the Municipal Fire Management Plan.
- Facilitate Goulburn Murray Water Land transfers for future development options.
- Review and adopt Alexandra Urban Design Framework.
- Incorporate new bush fire policy into the Murrindindi Planning Scheme, having regard to the 2009 Bush Fire Royal Commission recommendation.
- Assist Goulburn Murray Water in rezoning process related to the Mt Pinniger Resort Development.
- Resolve planning scheme anomalies.
- Commence review of the Municipal Strategic Statement.
- Develop a planning guideline that responds to high fire risk environments having regard to settlement patterns, access and egress options and an improved awareness of the inherent risks posed by wildfire.

INFRASTRUCTURE

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

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

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

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

COUNCIL SERVICES RELATED TO THIS THEME

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

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

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

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

Strategic Objective	
To enhance the sustainability of our infrastructure, recognising the changing needs and expectations of our communities	
Strategic Indicators: Community perception of performance in relation to: Local roads and footpaths Appearance of public areas Completion of <i>Capital Works Program</i> Compliance with <i>Road Management Plan</i> Infrastructure funding gap Asset condition assessments	Target: More than or equal to indexed mean of 50 Target: More than or equal to indexed mean of 71 Target: 90% Target: 95% Target: Annual improvement Target: No demonstrated degradation of overall asset condition.

Strategies
Rebuild community infrastructure damaged or destroyed by the February 2009 fires.
Work with the fire affected communities and other levels of government to assist the implementation of priority infrastructure projects.
Undertake a range of community infrastructure projects which enhance community amenity and foster civic pride.
Align infrastructure service delivery with community needs and expectations.
Improve and expand the network of footpaths and shared trails both within towns and linking communities.
Maintain and further develop a safe and efficient transport network.
Undertake whole-of-life cost analyses for all new assets, and commit to funding necessary for operational, maintenance and renewal amounts.
Enhance the organisation's asset system knowledge and data.
Define and quantify the infrastructure renewal funding gap and seek to close this gap by 5% per annum.

KEY YEAR ONE ACTIVITIES	STATUS
Rebuild damaged and destroyed buildings and other infrastructure.	Continue year 2, 3 and 4
Complete refurbishment or repair of Hazeldene Store access bridge.	Rollover to year 2
Develop a five year forward capital works plan (new and upgrade works) aligned to the <i>Strategic Resource Plan (SRP)</i> .	Rollover to year 2
Build new public toilet facility in Alexandra shopping precinct.	Completed

KEY YEAR ONE ACTIVITIES	STATUS
Develop initial stages of Goulburn River High Country Rail Trail.	Continue in years 2, 3 and 4
Establish bushfire maintenance teams.	Completed
Resource Assets Team to cope with rebuild workload.	Completed
Undertake a roadside green waste and hard waste collection program.	Continue in year 2
Contribute to the maintenance of Goulburn River High Country Rail Trail.	Continue as core Council role
Complete review of <i>Road Management Plan</i> .	Completed
Pursue funding for the replacement of Ghin Ghin Bridge over the Goulburn River.	Continue in year 2
Complete and publish <i>Infrastructure Design Manual</i> .	Continue in year 2
Pursue funding for Alexandra to Eildon shared path link.	Continue in year 2
Finalise plans and project management for the completion of the Bollygum Park project.	Continue in year 2

KEY YEAR TWO ACTIVITIES	STATUS
Rebuild damaged and destroyed buildings and other infrastructure including: <ul style="list-style-type: none"> ○ Buildings (one damaged and five destroyed) ○ Bridges(nine damaged and two destroyed) ○ Roads (45km) ○ Roadside signs, furniture and vegetation ○ Pathways ○ Recreational Facilities 	Continue year 3 and 4
Complete priority infrastructure projects <ul style="list-style-type: none"> ○ Buxton Streetscape ○ Narbethong streetscape ○ Narbethong Hall ○ Marysville Community Centre ○ Gallipoli Park development ○ Marysville Streetscape ○ Marysville Drainage ○ Toolangi All-purpose Track ○ Middle Kinglake Early Learning Centre ○ Kinglake Memorial Reserve improvements ○ Flowerdale Community House ○ Hazeldene Bridge 	Completed Completed Continue in year 3 Continue in year 3 Continue in year 3 Continue in year 3 Continue in year 3 Completed Completed Continue in year 3 Continue in year 3 Completed

KEY YEAR TWO ACTIVITIES	STATUS
<ul style="list-style-type: none"> ○ Flowerdale Early Learning Centre ○ Glenburn Hall ○ Glenburn Community Precinct ○ Murrindindi/Woodbourne Community Meeting Space ○ Pioneer Reserve, Strath Creek public hall 	<p>Completed</p> <p>Continue in year 3</p> <p>Continue in year 3</p> <p>Completed</p> <p>Continue in year 3</p>
Complete refurbishment or repair of Hazeldene Store access bridge	Completed
Develop a five year forward capital works plan (new and upgrade works) aligned to the Strategic Resource Plan (SRP).	Continue in year 3
Build initial stages of Goulburn River High Country Rail Trail: <ul style="list-style-type: none"> ○ Homewood Station to Yea Station (8.7km) ○ Cathkin to Alexandra (14.0km) 	<p>Continue in year 3</p> <p>Continue in year 3</p>
Pursue funding for the replacement of Ghin Ghin Bridge over the Goulburn River.	Continue year 3 and 4
Pursue funding for Alexandra to Eildon shared path link.	Continue in years 3 and 4
Finalise plans and project management for the completion of the Bollygum Park project: <ul style="list-style-type: none"> ○ Adventure Park ○ Skate Park ○ Carpark 	<p>Current stage complete</p> <p>Completed</p> <p>Completed</p>
Complete and publish an Infrastructure Design Manual.	Completed
Undertake revegetation of Council Reserves including No 1 Creek.	Completed

KEY YEAR THREE ACTIVITIES	STATUS
Develop a five year forward capital works plan (new and upgrade works) aligned to the Strategic Resource Plan (SRP).	Completed
Pursue funding for the replacement of Ghin Ghin Bridge over the Goulburn River.	Completed
Pursue funding for Alexandra to Eildon shared path link.	Continue in year 4
Develop a shire wide pathway strategy to identify future priorities	Continue in year 4
Rebuild damaged and destroyed buildings and other infrastructure including: <ul style="list-style-type: none"> ○ Bridges(nine damaged and two destroyed)Roads (45km) ○ Roadside signs, furniture and vegetation Pathways 	All Completed

KEY YEAR THREE ACTIVITIES	STATUS
<ul style="list-style-type: none"> ○ Narbethong Hall ○ Marysville Community Centre ○ Gallipoli Park development ○ Marysville Streetscape ○ Marysville drainage ○ Kinglake Memorial Reserve improvements ○ Flowerdale Community House ○ Glenburn Hall ○ Glenburn Community Precinct ○ Pioneer Reserve, Strath Creek public hall 	
<p>Develop <i>Asset Management Plans</i> for key infrastructure categories (priorities determined by OAMS).</p> <ul style="list-style-type: none"> ○ Roads ○ Bridges ○ Paths 	<p>Completed. Continue in year 4 Continue in year 4</p>
<p>Institute the formation of an organisation wide Asset Steering Committee and develop a working plan that will ensure “core competency” under the National Asset Management Framework (NAMAF).</p>	<p>Completed</p>
<p>Review key road and related renewal strategies for input into the ten year capital works program.</p>	<p>Continue in year 4</p>
<p>Implement systems that quantify the Infrastructure renewal gap and adopt policies that seek to close the gap by 5% per annum.</p>	<p>Completed.</p>
<p>Build the Goulburn River High Country Rail Trail.</p>	<p>Completed.</p>
<p>Undertake a review of Special Charge Scheme policies and processes.</p>	<p>Completed.</p>
<p>Undertake works at Breakaway Bridge subject to available funding.</p>	<p>Continue in year 4</p>

KEY YEAR FOUR ACTIVITIES

- Implement project management systems and build project management capacity.
- Review key road and related renewal strategies for input into the ten year capital works program.
- Undertake works at Breakaway Bridge.
- Implement essential service safety systems for public buildings under Council control.
- Review the list of annual supply contracts and draft annual supply contracts for key areas not already contracted.
- Review bridge renewal strategies.
- Undertake a review of maintenance scheduling activities for council buildings.

- Develop a construction rates database.
- Develop a new Road Safety Strategy.
- Develop *Asset Management Plans* for key infrastructure categories (priorities determined by OAMS).
 - Buildings
 - Drainage
 - Paths
- Pursue funding for Alexandra to Eildon shared path link.
- Develop a shire wide pathway strategy to identify future priorities.

CORPORATE DEVELOPMENT

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

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

COUNCIL SERVICES RELATED TO THIS THEME

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

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

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

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

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

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

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

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

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

KEY YEAR ONE ACTIVITIES	STATUS
Implement Council and management reporting process.	Completed.
Adopt the <i>Communication Strategy</i> .	Under Review.
Produce a quarterly community newsletter.	Completed.
Complete a pandemic plan.	Completed.
Review the recovery section of the <i>Emergency Management Plan</i> .	Completed.
Support staff to achieve their best given the increased workload of bushfire recovery.	Continue in year 2.
Establish an effective grants management process.	Continue in year 2.
Carry out a shire-wide property revaluation.	Completed.
Implement a Shared Services Document Management system.	Rollover to year 2.
Investigate business case for electronic document management.	Rollover to year 2.
Implement procurement policies and processes.	Continue in year 2.

KEY YEAR ONE ACTIVITIES	STATUS
Review chart of accounts.	Rollover to year 2.
Review Mayor and General Manager's executive support.	Completed.

KEY YEAR TWO ACTIVITIES	STATUS
Refine the grants application and management process.	Continue in year 3.
Adopt the <i>Communication Strategy</i> .	Under review.
Complete business continuity plans.	Continue in year 3.
Implement the Customer Service Plan.	Rollover to year 3.
Support staff to achieve their best given the increased workload of bushfire recovery.	Continue in Year 3.
Establish an effective grants management process.	Continue in Year 3.
Participate in the MAV <i>Shared Services Document Management</i> steering committee.	Rollover to year 3.
Implement a Shared Services Document Management system.	Rollover to year 3.
Investigate business case for electronic document management.	Completed.
Implement procurement policies and processes.	Continue in year 3.
Review Chart of Accounts.	Rollover to year 3.

KEY YEAR THREE ACTIVITIES	STATUS
Support staff to achieve their best given the increased workload of bushfire recovery	Continue in year 4.
Refine the grants application and management process.	Continue in year 4.
Investigate the option of participating in the MAV Shared Services Proposal.	Withdrawn (by MAV).
Continue to investigate electronic document management options.	Roll over to year 4.
Implement procurement policies and processes.	Continue in year 4.
Complete business continuity plans.	Continue in year 4.
Implement the Customer Service Plan.	Completed.

KEY YEAR THREE ACTIVITIES	STATUS
Review Chart of Accounts.	Completed.
Adopt the <i>Communications Strategy</i> .	Completed.
Review the <i>Rating Strategy</i> .	Completed.

KEY YEAR FOUR ACTIVITIES

- Support staff to achieve their best.
- Refine the grants application and management process.
- Continue to investigate electronic document management options.
- Implement procurement policies and processes.
- Complete business continuity plans.
- Implement new proposed Chart of Accounts.
- Progress an electronic document system.
- Implement Rating Strategy.
- Document policies and procedures relating to financial services.
- Develop and implement a workforce development and transition plan.



STRATEGIC RESOURCE PLAN 2012- 2017



Prepared by:

CT Management Group

For the

Murrindindi Shire Council

DOCUMENT CONTROL

CT Management Group P/L PO Box 1374 GEELONG VIC 3220 Mobile: 0418 107 304 (MC) Email: michaelc@ctman.com.au Web: www.ctman.com.au	Document: Murrindindi SRP S3 Report Draft 4A
	Project Manager: Michael Courtney Author: Michael Courtney Date:
	Synopsis: Murrindindi Strategic Resource Plan 2009-2013 3 rd Review

CONSULTANTS DISTRIBUTION SCHEDULE

Version No.	Date	Distribution	Reference
Version 1	20/04/2012	Malcolm Lewis	
Version 2	14/6/2012	Malcolm Lewis	
Version 3			
Version 4			

SCHEDULE OF ADOPTION

Version No.	Date	Comment	TRIM Reference

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1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

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

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

- Details of financial resources (standard statements); and
- Details of non-financial resources, including human resources.
- Council must adopt its SRP by 30 June each year. The SRP is intended to have a 10-year time frame to enable a longer term perspective to be analysed.
- Significant changes to this revised Strategic Resource Plan 2012/13 are:
- Council will increase municipal rates and municipal charge collections by **6.0 percent** plus **1.0 percent** for growth in the 2012/13 financial year. This level allows Council to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the municipality's infrastructure;
- Capital Expenditure is **\$10.2 million** in 2012/13; and
- New borrowings of **\$0.5 million** in 2012/13.
- This section includes:
 - Purpose of the SRP;
 - Objectives of the SRP;
 - Financial strategic direction;
 - Key strategic directions

1.2 KEY OUTCOMES AND ISSUES

- Following a comprehensive Service Review, Council was able to reduce its operating cost base that was instrumental in achieving a long term financially sustainable position.
- The significant improvement in financial sustainability was primarily due to the reduction in staff costs(Employee benefits) from the 2011/12 Forecast of **\$14.2 million** to the 2012/13 Budget amount of **\$12.7 million**. While this reduction does include unwinding of the natural disaster work force, in the order of \$1M annual savings was a direct result of the Service Review program.
- Council acquired in the order of **\$38 million** of assets from the Victorian Bushfire Reconstruction and Recovery Authority (VBRRA). This acquisition is identified as **\$29.9 million** contributed non cash assets during the prior 2011/12 Forecast financial year plus a further **\$8.0 million** contributed non cash assets during the 2010/11 year.

- The VBRRA contributed assets have added in the order of **\$1.2 million** operating/maintenance costs. In addition the VBRRA asset acquisition results in additional **\$0.6 million** depreciation to the Long Term Financial Plan (LTFP) that contributes to Council's annual cost base. Renewal costs from VBRRA assets average **\$0.62 million** per annum that are not identifiable in this LTFP as minimal expenditure is required in the next **10** years;
- Future cashflow is sustainable - liquidity ratio (current assets divided by current liabilities) remains above 1.5 during the life of the long term financial plan.
- The sustainable cash position is supported by an annual capital works program that is able to provide for a minimum of \$4 million renewal each year with capacity increasing progressively to \$7M renewal by 2018/19.
- Annual projected rate increase of **6.0 per cent** plus **1.0 per cent** growth and rebuild has been provided in future financial years.

1.3 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);
- 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 proposed by Council in the future will be 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

1.4 SRP OBJECTIVES

The 2012/13 SRP is intended to achieve the following objectives in the 10-year timeframe:

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

Financial sustainability is explained in the following diagram.

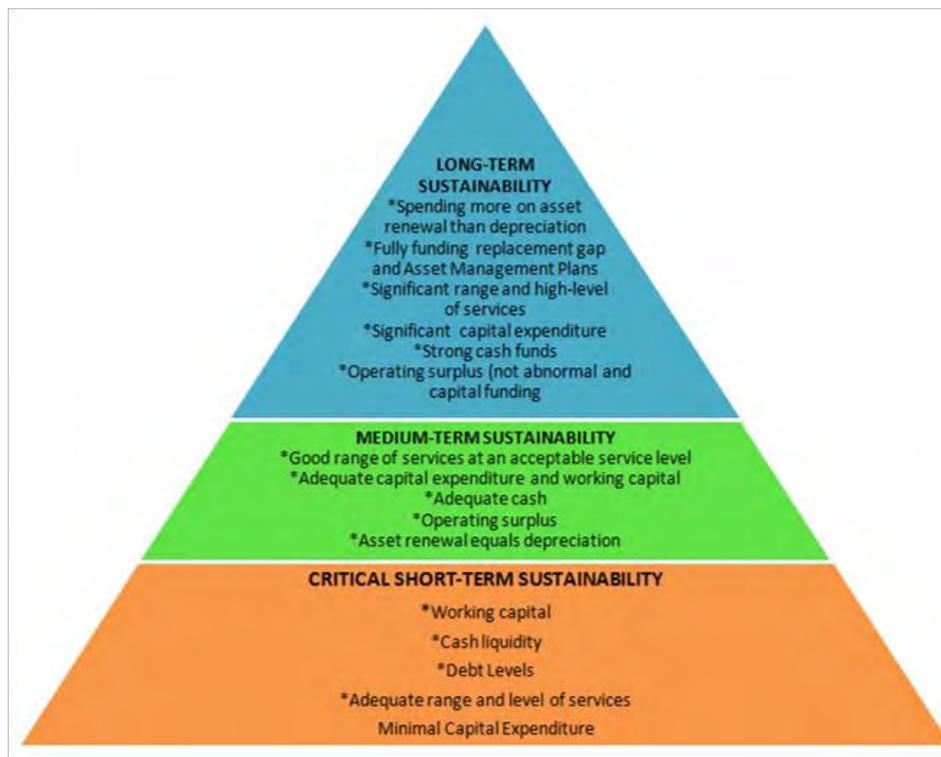


Figure 2: Financial Sustainability Diagram

Council is presently in the **medium term** range of the sustainability pyramid. It may be difficult to reach all the long-term sustainability goals however Council now has an improved position to improve its sustainability.

This improved sustainability is demonstrated by a stronger cash position, capacity to provide significant capital expenditure and closure of the infrastructure funding gap.

1.5 STRATEGIC FINANCIAL DIRECTION

Council, as part of establishing its SRP, revises its borrowing strategy, asset management, capital investment, discretionary and statutory reserves, capital works program, the range and level of services provided and the revenue-raising strategy.

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

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

A Glossary of Terms is attached in Appendix B.

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

1.6 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 2011/12 Budget.

Section	Strategic Direction
<p>Section 3: Murrindindi Shire financial indicators</p>	<p>That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the Small Shire category.</p> <p>That Murrindindi Shire Council applies the outcomes of this SRP to the 2012/13 Budget.</p> <p>That Murrindindi Shire Council maintains its operating surplus over the life of this SRP.</p> <p>That Murrindindi Shire Council continues its advocacy to the Victorian State Government to ensure it receives long term financial support to address legacy which it faces as a result of the additional cost to operate, maintain and insure new and enhanced assets as a result of the 2009 bushfire recovery and reconstruction.</p>
<p>Section 4: Long-term borrowing strategies</p>	<p>That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide intergenerational equity.</p> <p>That Murrindindi Shire Council retains its debt servicing and redemption costs at or below 10.0 cents in the rate revenue dollar, towards interest and principal, over the life of this SRP.</p>
<p>Section 5: Discretionary reserves</p>	<p>That Murrindindi Shire Council maintains discretionary reserves for stand-alone operations or investments</p>
<p>Section 6: Rating and other revenue strategies</p>	<p>That Murrindindi Shire Council retains capital improved value (CIV) as its valuation base;</p> <p>That Murrindindi Shire Council provides a municipal charge that approaches 20 percent of rate revenue plus the</p>

Section	Strategic Direction
	<p>municipal charge to ensure an equitable contribution towards the unavoidable fixed costs of Council;</p> <p>The total waste management budget is balanced and fully accounts for all revenue and expenditure associated with the service.</p> <p>That Murrindindi Shire Council ensure:</p> <ol style="list-style-type: none"> a) The total waste management budget is balanced and fully accounts for all revenue and expenditure associated with the service; b) The kerbside collection services not subsidise the cost of resource recovery centres or commercial waste services; c) The resource recovery centre fees and charges be set to meet the costs of operation and be benchmarked against comparable operations; d) The Budget for landfill operations meet the cost of operations including current and foreseen licence charges, landfill levies and the funding of a reserve to meet current rehabilitation costs and other licence conditions. <p>That Murrindindi Shire Council, in 2012/13 adopts a:</p> <p>6.0 percent increase plus 1.0 percent for growth in general rates and municipal charges;</p> <p>4.0 per cent increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the EPA levy.</p> <p>That Murrindindi Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other councils.</p> <p>That Murrindindi Shire Council continues to review its existing fees and charges and investigates new revenue sources and report</p>

Section	Strategic Direction
	recommendations to Council consistent with the Service Review.
<p>Section 7: Asset management</p>	<p>That Murrindindi Shire Council prioritise renewal and upgrade over new infrastructure.</p> <p>That Murrindindi Shire Council, as part of the development of its <i>Service and Asset Management Plans</i>, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.</p> <p>That the Murrindindi Shire Council prioritise renewal and upgrade over new infrastructure in order to increase the proportion of available funds spent on this infrastructure to a minimum of 80 per cent over 5 years consistent with its 10 year capital improvement plan.</p> <p>That Murrindindi Shire Council increases its capital expenditure over a period of ten years such that the identified infrastructure gap is halved by the tenth year.</p>

Section	Strategic Direction
<p>Section 8: Capital works</p>	<p>That Murrindindi Shire Council maintains its capital works commitment at levels consistent with its 10 year capital improvement plan.</p> <p>That Murrindindi Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at levels indicated in Table 12: Intervention Levels by Service Area – Asset Set – 2010/11 (Section 7.6 Condition Assessment), with the next priority on upgrade and expansion and new assets.</p> <p>That Murrindindi Shire Council review and confirm its future commitment to the renewal of recently acquired assets from the bushfire recovery program.</p> <p>That Murrindindi Shire Council continue its strong advocacy to the Victorian State Government to obtain long term external funding to meet the future costs of renewal and maintenance of the bushfire recovery new and enhanced assets.</p>
<p>Section 9: Service provision and planning</p>	<p>That Murrindindi Shire Council annually determines the range and level of service provision through the budget process based on the outcomes of its Service Review.</p>
<p>Section 10: Strategic Financial Plan</p>	<p>That Murrindindi Shire Council finalises its review of the Rating Strategy in 2012-13. .</p> <p>That Murrindindi Shire Council continues to monitor the outcomes of the Service Review and specifically its revenue and expenditure commitments in order to realise the expected favourable surplus and cash position identified within the LTFP.</p>

Table 1: Key Strategies– 2012/13

2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN

2.1 STRATEGIC PLANNING FRAMEWORK

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

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

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

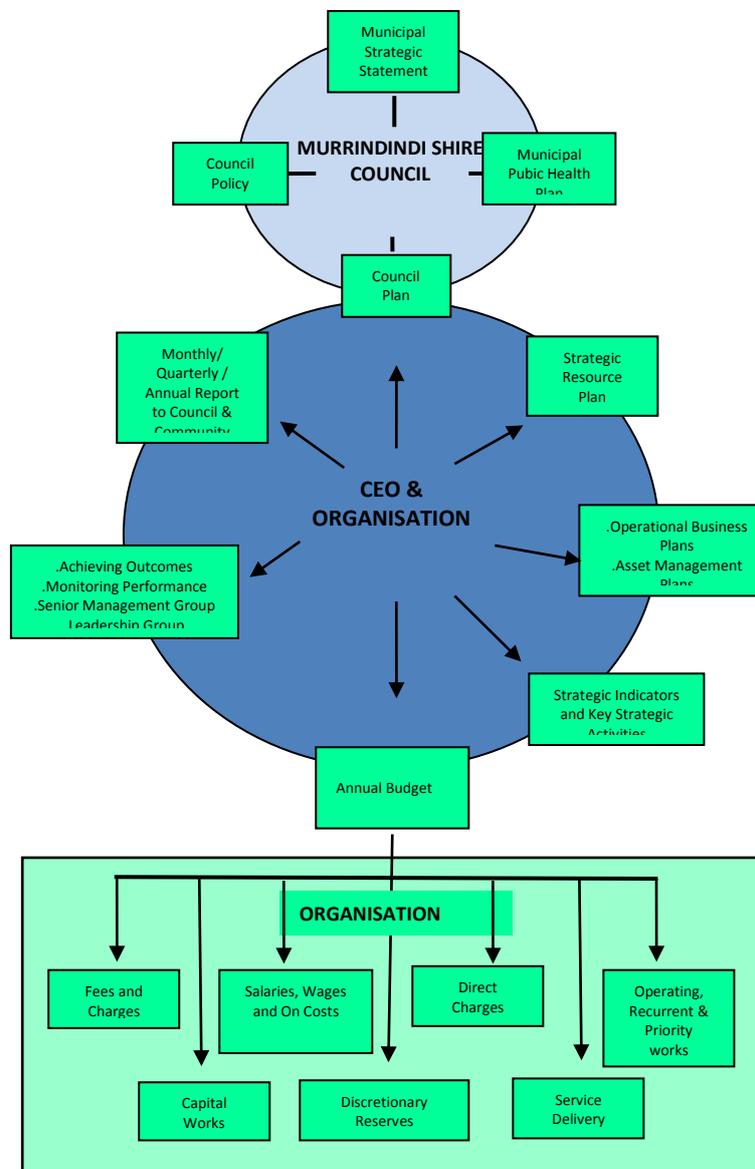


Figure 3: Links between SRP & balance of the Corporate Planning Framework

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

The diagram below depicts this framework:

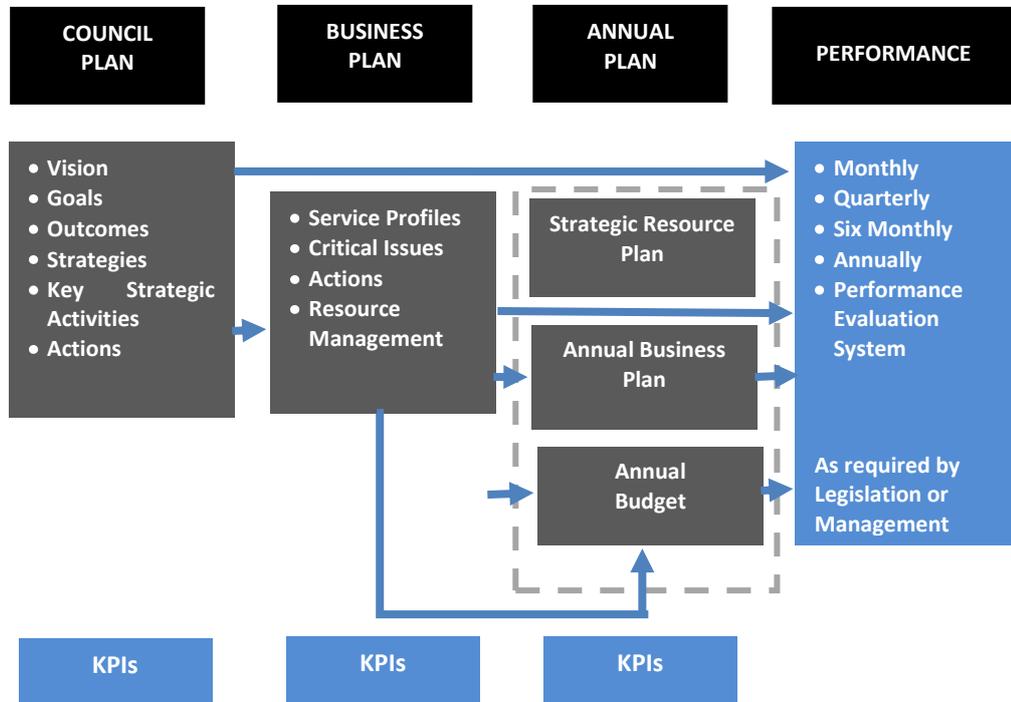


Figure 4: Strategic Planning Framework

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

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

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

3. MURRINDINDI SHIRE COUNCIL FINANCIAL SUSTAINABILITY

3.1 INTRODUCTION

Developing financial strategies for councils is often a difficult process.

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

Some of these answers may come from Prudential Guidelines established by industry bodies such as the Department of Planning and Community Development.

However, a great deal is left for each Council, as an individual entity, to determine.

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

The use of financial indicators that assess the comparative financial position of each council in Victoria provides a valuable source of information in establishing financial strategies.

These indicators highlight the relative financial strengths of each council and uncover the opportunities that councils may grasp for improvement.

The indicators are used to identify trends in financial sustainability.

This section includes:

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

3.2 BENCHMARKING

The benchmarking program in this SRP is derived from financial data contained in annual reports from other councils.

This benchmarking ensures data is comparable under the current regulations.

The State Government measures councils' performance by benchmarking between councils and establishes a number of Key Performance Indicators (KPIs) for each council to use.

The KPIs have been derived from Councils Annual Reports.

The number of councils in each category is shown in the table below.

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

Table 2: Number of Councils in each Category– 2010/11

These key performance indicators are detailed within the relevant chapters of the SRP, and assist Council to compare its position to other **Small Shire** councils.

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.

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

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

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

It is against this definition then that the sustainability of Murrindindi Shire Council can be assessed. Interestingly the MAV assessment indicates Council is at "low risk" whilst the Victorian Auditor General's Office indicates that "there are no financial viability concerns identified for Murrindindi Shire Council".

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.

Murrindindi Shire Council had an underlying operating surplus ratio of 8.54% (VAGO) at 30 June 2011.

Liquidity

The MAV assessment asserts a working capital ratio of **100 percent** is generally considered desirable. The analysis considers that Councils with working capital above **150 percent** may have the capacity to reduce long-term debt.

Council's working capital ratio of **228.15 percent** indicates no immediate concerns regarding liquidity.

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 and when benchmarked was comparable to the average effort of the **Small Shire** group for rates per capita and rates per assessment.

Cost and Efficiency

Council was a statistically a "high cost" council. However the impact of the Service Review that will identify savings in the order of \$1 million per annum is expected to improve this position.

Capital expenditure measured as a percentage of adjusted total expenditure was **20.64 percent** compared to the **Small Shire** average of **26.16 percent** during 2010/11. This measure supports the need to reallocate additional funding to capital infrastructure.

Rates Affordability

Australian Taxation Office (ATO) income data for wage and salary earners (PAYE) can be used to give some indication of rates affordability.

The Australian Bureau of Statistics (ABS) produces a set of social and economic indices known as SEIFA. The four indices in the set, which are based on census data, reflect the level of social and economic wellbeing in local government areas. SEIFA includes the following indices:

- **Advantage/Disadvantage** – the proportion of families with high incomes, people with a tertiary education and employees in skilled occupations. Low values indicate areas of disadvantage;
- **Disadvantage** – derived from attributes such as income, educational attainment, unemployment and dwellings without motor vehicles;
- **Economic Resources** – relating to family income, rent paid, mortgage repayments and dwelling size; and
- **Education and Occupation** – covering the proportion of people with a higher qualification or those employed in a skilled occupation. The first three indicators have been used to reflect on the socio-economic status of local areas and therefore ability to bear significant increases in rates.

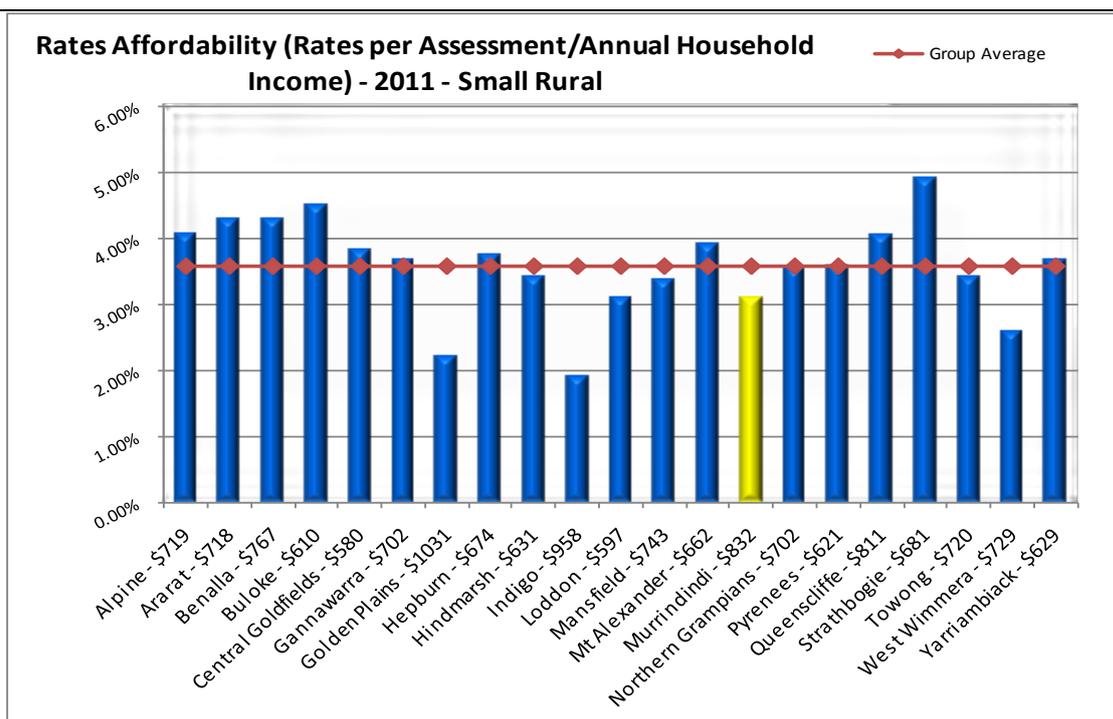


Chart 1: Rates Affordability Small Shire – 2010/11

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. Rapid population growth can place significant financial pressure on councils to put new or expanded services in place. **Murrindindi Shire** is currently experiencing a gradual annual population increase, an impact therefore assessed as insignificant.

3.3.2 Victoria Auditor General

The Victoria 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 2010/11 Result compared to the five (5) year average for VAGO's indicators of Council viability are:

Indicator	Calculation	Explanation	Results 2010/11	Five (5) Year Ave
Underlying result	Adjusted net surplus/total underlying revenue	Adjusted net surplus is calculated by removing non-cash developer contributions and one-off items from statement of income and expenditure.	8.54%	7.58%
Liquidity	Current Assets/Current Liabilities	Measure of ability to pay existing liabilities within 12 months.	2.28	1.99
Indebtedness	Non-current liabilities/own sourced revenue	Compares non-current liabilities (including loans) to own source revenue. Own-sourced revenue is used because it does not include capital grants.	27.50%	32.52%
Self-financing	Net Operating cash flow/underlying revenue.	This is a measure of local government's - ability to fund the replacement of assets from cash generated by their operations: the higher the percentages, the more able to do so.	21.59%	23.50%

Indicator	Calculation	Explanation	Results 2010/11	Five (5) Year Ave
Investment Gap	Capital Spend: Depreciation	This is a measure of whether local governments are spending on infrastructure at a greater rate than the infrastructure is depreciating.	2.48	1.60
Renewal Gap (VAGO)			0.95	0.99

Table 3: VAGO Indicators of Council Viability– 2010/11

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.

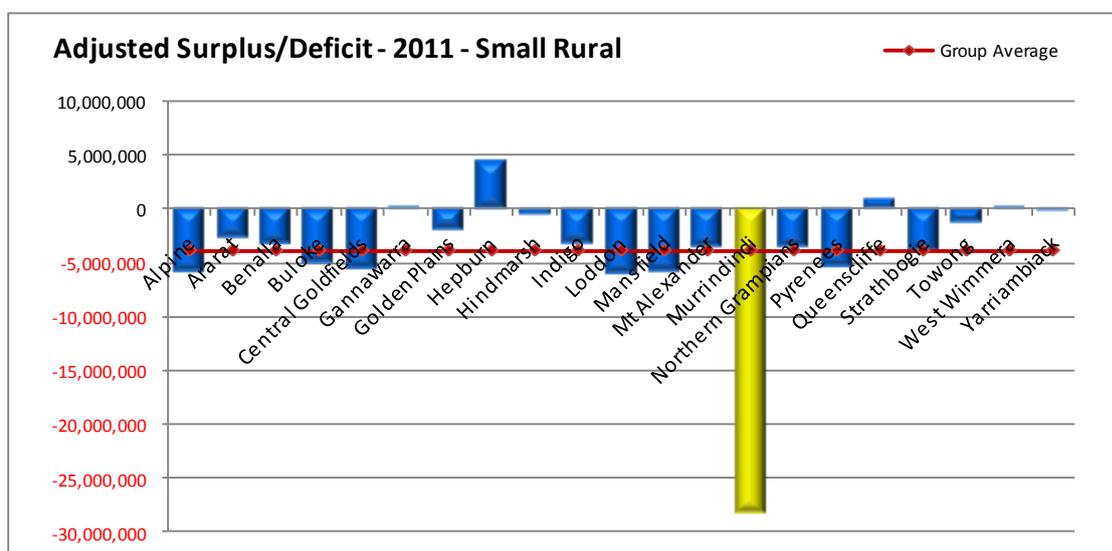


Chart 2: Adjusted Surplus / Deficit – 2010/11

Council's position is difficult to compare to other Councils within the **Small Shire** category due to the impact of the additional funding and expenditure for the natural disaster recovery program. The Victorian Auditor General's Office (VAGO) has indicated that Murrindindi recorded an underlying surplus during 2011/12 with a ratio of **8.54%** (underlying net surplus divided by adjusted total revenue).

Strategic Direction

That **Murrindindi Shire Council** continues to benchmark with other Victorian councils and those within the **Small Shire** category.

That **Murrindindi Shire Council** applies the outcomes of this SRP to the 2012/13 Budget.

That **Murrindindi Shire Council** maintains its operating surplus over the life of this SRP.

That **Murrindindi Shire Council** continues its advocacy to the Victorian State Government to ensure it receives long term financial support to address legacy

which it faces as a result of the additional cost to operate, maintain and insure new and enhanced assets as a result of the 2009 bushfire recovery and reconstruction.

4. LONG-TERM BORROWING STRATEGIES

4.1 INTRODUCTION

This section includes:

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

4.2 BACKGROUND TO CURRENT DEBT PORTFOLIO

The table below highlights Council's interest-bearing liabilities, i.e. the movements that have occurred over the past two financial years, the 2012/2013 forecast and the 2013/14 and 2014/15 likely budget projections.

Debt Type	Position at 30 June 2010 \$'000s	Position at 30 June 2011 \$'000s	Forecast at 30 June 2012 \$	Budget at 30 June 2013 \$	Budget at 30 June 2014 \$
Loans	4,204	4,126	4,377	4,046	3,746

Table 4: Council's Interest Bearing Liabilities – 2011/12

Borrowings in 2012/13 are \$0.5 million.

4.3 MEASURING WHICH LEVEL OF DEBT IS APPROPRIATE

Deciding an appropriate debt level is a difficult task. Each council is different and the level of debt that is appropriate for **Murrindindi Shire** Council may not be acceptable for another council.

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

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

The table below highlights the relative debt levels of councils within the **Small Shire** grouping at 30 June 2011. **Murrindindi Shire** Council's relative debt level is also shown.

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

Council	Debt Servicing / Adj. Total Revenue	Debt Commitment / Rates	Total Liabilities / Realisable Assets	Debt Commitment / Own Source Revenue	Total Debt / Own Source Revenue	Total Debt / Rate Revenue
Alpine	0.58%	3.18%	26.02%	2.00%	14.24%	12.36%
Ararat	0.00%	0.00%	13.09%	0.00%	7.30%	0.00%
Benalla	1.96%	10.45%	17.72%	6.29%	22.01%	44.19%
Buloke	0.67%	1.39%	25.00%	0.67%	14.69%	38.50%
Central Goldfields	2.29%	23.25%	22.95%	11.21%	12.01%	56.02%
Gannawarra	0.91%	5.33%	18.47%	2.18%	6.77%	29.61%
Golden Plains	1.67%	6.49%	19.66%	3.01%	4.86%	59.78%
Hepburn	0.67%	4.55%	10.87%	1.92%	5.72%	25.60%
Hindmarsh	0.12%	0.32%	10.16%	0.12%	4.92%	0.00%
Indigo	0.65%	7.29%	9.22%	3.42%	14.15%	17.28%
Loddon	0.27%	2.34%	8.63%	0.89%	74.09%	9.76%
Mansfield	1.31%	6.70%	17.59%	3.93%	69.53%	23.31%
Mt Alexander	0.77%	3.90%	16.37%	2.35%	15.46%	19.89%
Murrindindi	1.35%	7.22%	15.84%	3.72%	21.63%	33.06%
Northern Grampians	0.58%	4.80%	9.03%	2.60%	37.91%	23.19%
Pyrenees	1.12%	5.52%	10.13%	2.61%	9.16%	41.40%
Queenscliffe	1.46%	6.53%	4.86%	4.21%	18.42%	28.03%
Strathbogie	1.06%	5.31%	12.01%	3.16%	9.77%	24.64%
Towong	0.42%	1.82%	9.42%	0.91%	20.14%	8.73%
West Wimmera	0.02%	0.07%	17.08%	0.02%	8.41%	0.00%
Yarriambiack	0.06%	2.26%	12.28%	0.86%	4.30%	2.25%
Average	0.86%	5.18%	14.59%	2.67%	18.83%	23.70%
Median	0.67%	4.80%	13.09%	2.35%	14.15%	23.31%

Table 5: Council Comparison Debt Levels within Small Shire Group – 2010/11

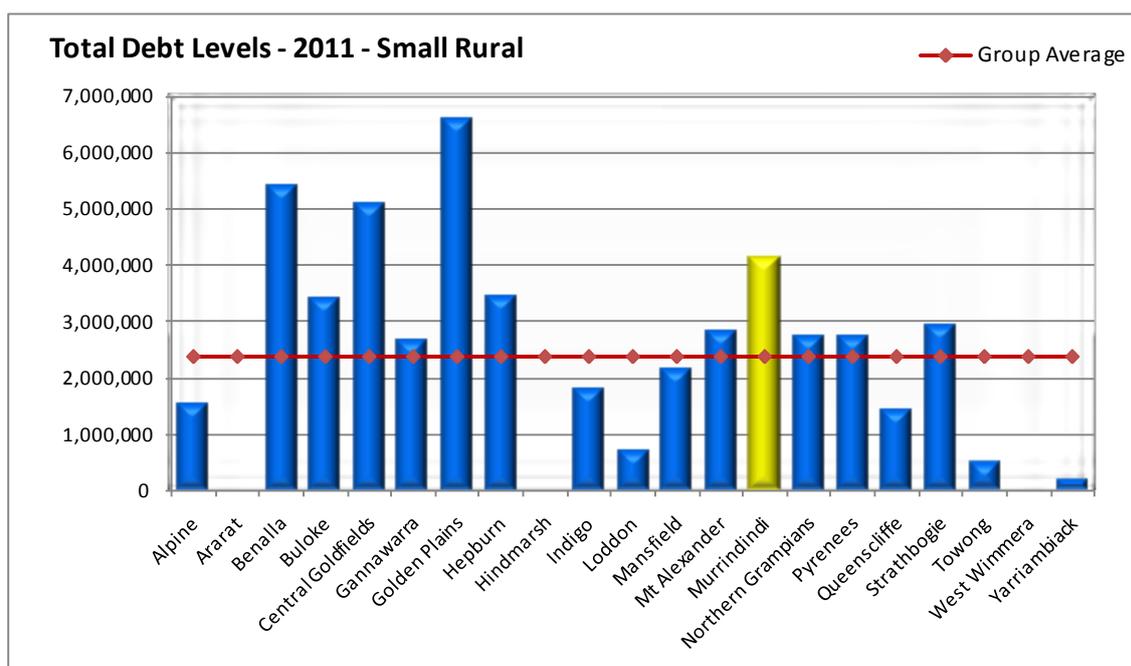


Chart 3: Council Comparison Debt Levels within Small Shire Group – 2011/12

The details provided in the financial ratios with respect to debt management with the **Small Shire** council's highlights the following points.

Murrindindi Shire Council's debt position as compared to the councils in their group can be described as follows:

- Murrindindi Shire Council's financial ratios are well within State government prudential guidelines;
- The debt commitment ratio of 7.2 percent in 2010/11 meant ratepayers funded principal redemption and interest at 7.2 cents in every dollar of rates paid; and
- Council's debt levels are adequate to provide opportunity to use debt as a means of financing new capital including where the life of the asset exceeds a generation.

4.4 BORROWING ASSESSMENT POLICY

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

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

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

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

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

Area	Financial Indicator	Threshold (Prudential Guidelines)	Position 2010/11	Forecast 2011/12	Budget 2012/13
Liquidity	Current Assets to Current Liabilities	1.5	2.3	1.8	1.7
Debt Exposure	Total Indebtedness to Total Realisable Assets	50%	14.9	15.0	15.2
Debt Servicing	Debt Servicing Costs as a % of Total Adjusted Revenue	5%	1.3	1.1	1.2
Debt Commitment	Debt Servicing and Redemption Costs as a % of Rate Revenue	10%	7.2	6.8	7.9

Table 6: State Government Prudential Guidelines – Thresholds – 2011/12

Murrindindi Shire Council is well within the State Government Prudential Guidelines as at 30 June 2011.

4.5 WHAT DO THE FINANCIAL INDICATORS MEAN?

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

4.5.1 Liquidity – Threshold 1.1:1

Current Assets to Current Liabilities

This indicator reflects the short-term liquidity position; that is, Council's ability to repay current commitments from cash or near cash assets. Councils with a ratio of 1.1:1 and below, or with a deteriorating trend, may be financially at risk of not being able to meet creditors' commitments. Council's working capital ratio was **228 per cent** at 30 June 2011.

4.5.2 Debt Exposure – Threshold 50 Per cent

Total Indebtedness / Realisable Assets

This indicator reflects the ability to acquire liabilities with the proceeds from the disposal of its realisable assets. Ideally, total liabilities should be significantly less than 50 percent of total realisable assets. Council's ratio is at **14.9 per cent** at 30 June 2011.

4.5.3 Debt Servicing – Threshold 5 Percent

Debt Servicing Costs as a Percentage of Total Revenue

This indicator reflects the proportion of total revenue that is used to service debt (interest on outstanding debt and any loan administration charges) and which cannot be used directly for service delivery. A threshold of **5 per cent** has been set.

The Council's ratio is at **1.3 per cent** at 30 June 2011.

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

Council's forecast is within the State Government prudential guidelines at 30 June 2011.

4.6 WHAT IS A PRUDENT DEBT LEVEL?

4.6.1 Debt Servicing Costs as a Percentage of Rate Revenue

An additional financial ratio, namely debt commitment costs as a percentage of rates. Debt commitment costs include principal and interest repayments in a year.

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

In 2010/11, **7.2 cents** in rate dollar was spent on servicing debt – both principal and interest payments. Council proposes **0.5 million** borrowings in the 2012/13 year.

Along with the State Government Prudential Guidelines Council proposes to limit its debt servicing and redemption costs to **10.0 cents** in every rate dollar.

4.7 FUTURE LOAN PROGRAM

The use of loans to fund capital expenditure is an effective mechanism of linking the payment for the asset to successive generations who receive benefits over the life of that asset. This matching concept is frequently referred to as "intergenerational equity".

Council will review its need for loan funds annually when consideration of the capital works program is undertaken.

An indicative level of borrowing will be applied in accordance with the 10 year improvement plan.

Strategic Direction

That **Murrindindi Shire** Council, based on compliance with the State Government Prudential Guidelines, borrows funds for capital expansion projects that provide intergenerational equity.

That **Murrindindi Shire** Council retains its debt servicing and redemption costs at or below **10.0 cents** in the rate revenue dollar, towards interest and principal, over the life of this SRP.

5. STATUTORY, DISCRETIONARY RESERVES

5.1 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.

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

5.2 NATURE AND PURPOSE OF DISCRETIONARY RESERVES

Murrindindi Shire Council now allocates expenditure for known outlays and revenues, directly to the financial year where the expenditure will be incurred, rather than to specific reserve funds. The traditional transfer to and from reserves is 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*.

Discretionary	Actual 30 June 2011 \$000's
Garbage	1,233
Marysville Caravan Park	135
Parking	44
Coster Street Units	15
Shaw Avenue	44
Road Maintenance	16
Alexandra Community Leisure	17
Yea Saleyards	480
Alexandra Saleyards	30
Public Open Space	308
Yea Caravan Park	54
Total	2,376

Table 7: Discretionary & Statutory Reserves– 2012/13

Strategic Direction

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

6. RATING AND OTHER REVENUE STRATEGIES

6.1 INTRODUCTION

This section includes:

- Valuations
- Background to present rating system;
- Components of Council's rating base;
- Rates and charges Budget 2012/13;
- Rating strategy;
- Waste services;
- Grant revenue;
- Victoria Grants Commission; and
- Fees and charges revenue.

6.2 VALUATIONS

6.2.1 General valuation

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

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

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

General valuations are required every two years. This ensures a common date is used for all valuations. The 2012 revaluation was undertaken based on property values as at 1 January 2012.

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

6.2.2 Definitions of valuations

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

- flexibility to apply an unlimited range of strategic differentials;
- does not prejudice the industrial, commercial and retail sectors in terms of the rate burden; and

- 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
- 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.

6.2.3 Supplementary valuations

Supplementary valuations are made during the financial year when a significant change to the valuation occurs.

The most common causes for supplementary valuations are:

- construction of a new dwelling or building;
- subdivision of a property; or
- consolidation of properties Council presently undertakes this task on a quarterly basis.

As a result of a supplementary valuation, a rate notice is issued to reflect any change in rates.

6.3 RATING STRATEGY

6.3.1 Principles and Options

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

The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property.

The total money to be raised is taken from Council's long-term financial plan.

Council and the community invariably confront tradeoffs and the principles are designed to improve the quality of decision making in this environment. The principles set out below were synthesized from a number of sources including the work published by a number of authors quoted in the Productivity Commission report, *Assessing Local Government Revenue Raising Capacity*.

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 are as follows 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 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.

Council can then exercise its legitimate governance role and determine not only who wants what service and who benefits but what is socially equitable, that is, who pays how much.

Council will review its differentials in accordance with these principles in the 2012/13 financial year to coincide with the general revaluation.

6.4 BACKGROUND TO THE PRESENT RATING SYSTEM

Prior to dealing with the rating strategy, it is important to have a broad knowledge of the present rating structure.

The table below outlines the initial rates levied and raised for 2011/12.

Rating Category	Budget 2011/2012	Actuals 2011/2012	
		Raised	Valuation
Residential	\$ 4,169,953	\$ 4,262,329	\$ 1,354,588,200
Commercial	\$ 462,082	\$ 461,356	\$ 150,124,000
Rural 1	\$ 2,398,469	\$ 2,407,282	\$ 1,038,748,000
Rural 2	\$ 2,066,658	\$ 2,073,857	\$ 671,429,000
Supplementary Rates	\$ 110,000	\$ -	
Agreement in Lieu of Rates (Power Station)	\$ 55,070	\$ 55,456	
Sub Total Rates	\$ 9,262,232	\$ 9,260,280	\$ 3,214,889,200
Municipal Charge	\$ 2,222,108	\$ 2,224,060	
Garbage - Kerbside Collection	\$ 1,633,019	\$ 1,635,498	
Recycling	\$ 390,100	\$ 400,971	
TOTAL RATES AND CHARGES	\$ 13,507,459	\$ 13,520,809	

Table 8: Rates Levied and Raised – 2011/12

6.5 COMPONENTS OF COUNCIL'S RATING BASE

6.5.1 Introduction

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

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

6.6 ASSESSMENT OF CURRENT RATING LEVELS

Comparing the relativity of rating levels between councils can be a difficult exercise due to debate over the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils. Also, cash holdings of municipalities vary and councils have significantly different infrastructure needs and geographic sizes. For example, Surf Coast Shire is 1,560 square kilometres, compared to Moira Shire at 4,057 square kilometres and Wellington Shire at 10,200 square kilometres.

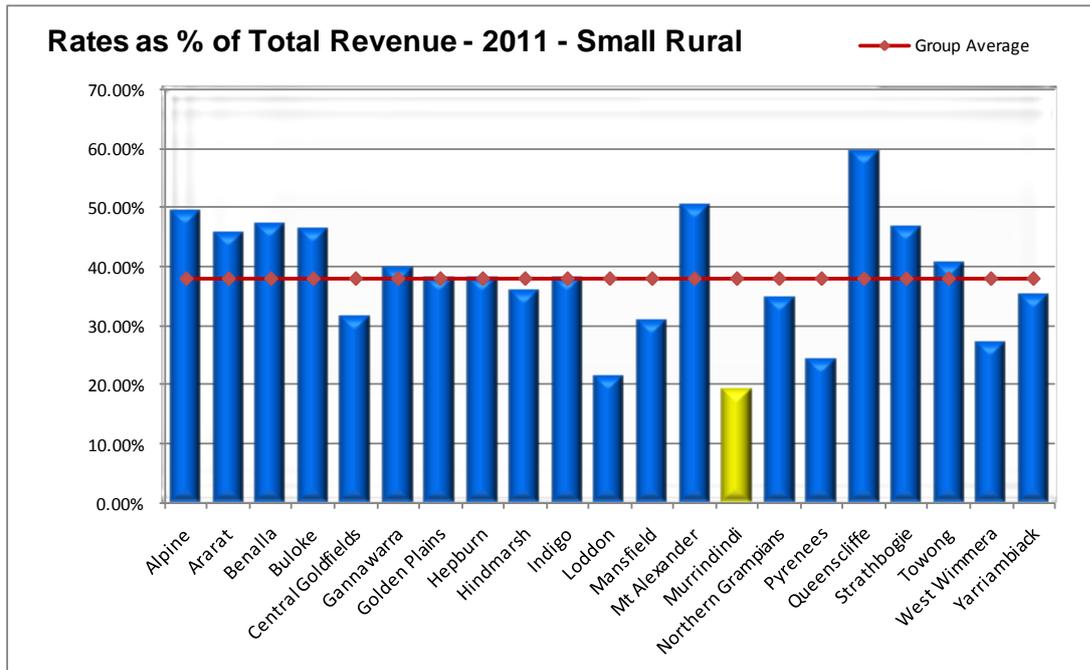


Chart 4: Rates as % of Total Revenue – 2010/11

Each municipality also has significantly different levels of capital works, funding structures for capital works and varying debt levels. On rates per capita basis in the 2010/11 financial year, **Murrindindi Shire Council** was about average for the **Small Shire** group as identified by the graph below.

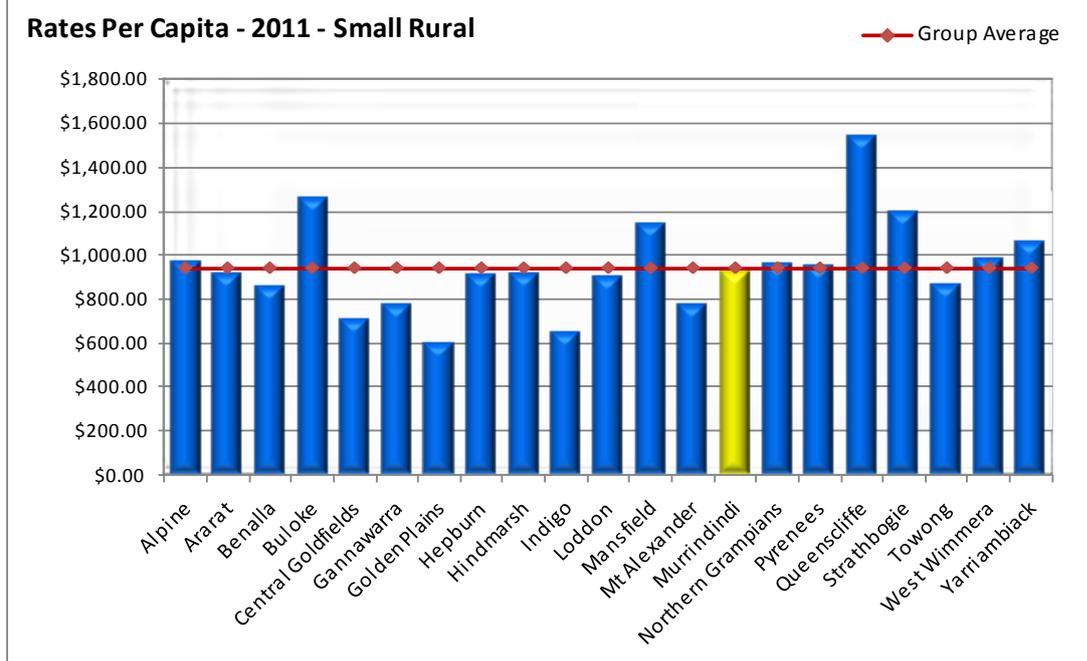


Chart 5: Rates Per Capita – 2010/11

6.7 RATES AND CHARGES BUDGET – 2012/13

6.7.1 Introduction

This section details issues regarding rating parameters.

6.7.2 Revenue – rate and municipal charge increase – 2012/13

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

Council's revenue from rates,, municipal charges nad waste service charges for 2012/13 is **\$14.403 million** based on a **6.0 percent** increase, plus **1 percent** for growth, over 2011/12 levels.

The outcome of this level of increase is as follows:

- A **6.0 percent** increase in rates and municipal charges in 2012/13 will provide an additional **\$0.802 million** (including **\$0.112 million** for supplementary rates) over the 2011/12 financial year.
- The municipal charge for 2012/13 levies **\$2.352 million** which is set at **19.1 percent** of the total revenue from rates and municipal charges. The maximum revenue allowable for the municipal charge is 20 percent of total revenue from rates and municipal charges, Section 159 of the Local Government Act. The municipal charge ensures all properties pay an equitable contribution towards the unavoidable fixed costs of Council.
- A **4 percent** increase in waste service charges in 2012/13 will provide an additional **\$0.080 million** over the 2011/12 financial year.
- Total revenue from rates, municipal charge and service charges in 2012/13 is **\$14.403 million**.

	2011/2012	2012/2013	2011/2012	2012/2013	%
	Rate in \$	Differential	Rate raised	To Be Raised	
General	\$0.003078	100%	\$4,169,953	\$4,577,438	9.77%
Commercial	\$0.003078	100%	\$462,082	\$478,721	3.60%
Rural 1	\$0.002309	75%	\$2,398,469	\$2,540,167	5.91%
Rural 2	\$0.003078	100%	\$2,066,658	\$2,168,360	4.92%
Agreement in Lieu of Rates			\$55,456	\$57,120	3.00%
Supplementary Valuation - (pro-rata within year)			\$109,614	\$112,038	2.21%
SUB TOTAL			\$11,484,340	\$12,286,030	6.98%
Municipal Charge	\$244.00	\$258.00	\$2,222,108	\$2,352,186	5.85%
TOTAL RATES & MUN CHGS					
Garbage – Kerbside Collection	\$280.00	\$289.00	\$1,633,019	\$1,704,575	4.38%
Recycling	\$69.00	\$71.00	\$390,100	\$412,596	5.77%
TOTAL RATES & CHARGES			\$13,507,459	\$14,403,201	6.63%
Average			\$1,428	\$1,520	6.44%

Table 9: Projected Rates Levied – 2012/13

6.8 WASTE SERVICE CHARGES

6.8.1 Introduction

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

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

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

A total of **\$2.11 million** will be received for garbage and recycling services during 2012/13 to support recurrent operating expenditure. The primary reason for the increase in charges is due to levies which Council must pay to the State Government.

6.9 GRANT REVENUE

As at 30 June 2011 **Murrindindi Shire** Council was slightly below average in terms of receiving government grant revenue, compared to its like council grouping as outlined in the graph below. As a benchmark **Murrindindi Shire** Council receives **24.9%** of its revenue (as a percentage of total revenue) from operating grants compared to the average of **Small Shire's** at **33.4%**.

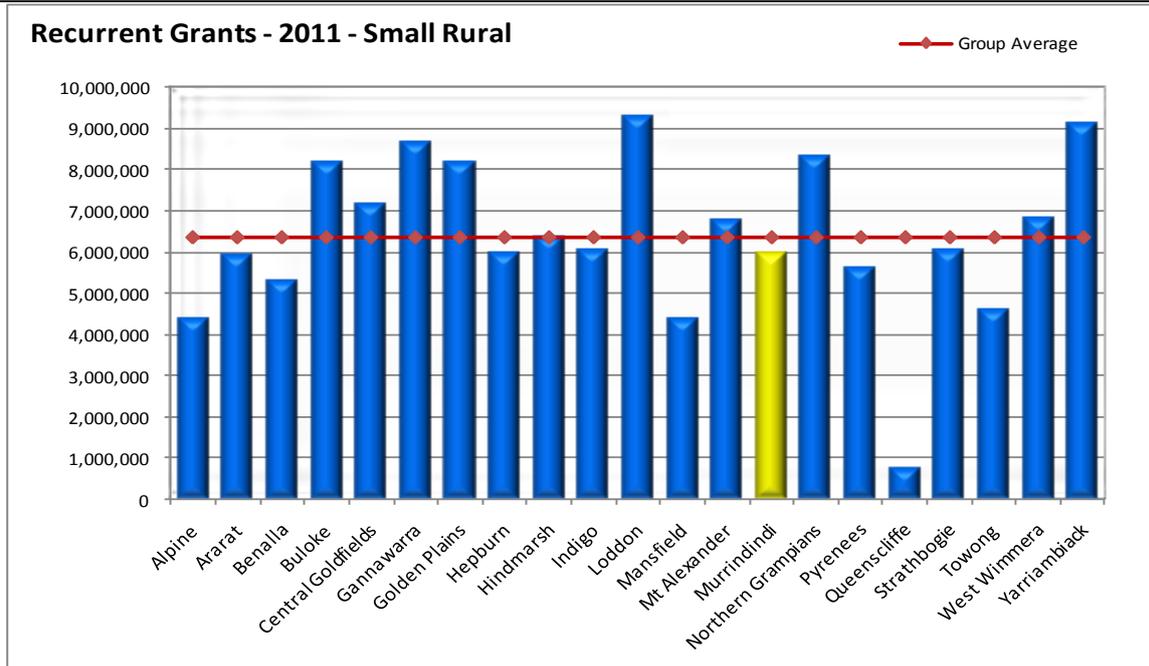


Chart 6: Recurrent Grants – 2010/11

Murrindindi Shire Council must continue its strong focus on securing grant revenue, particularly for capital works. Grants (capital and operating) proposed for the 2012/13 year are **\$13.251 million**. With a 10 year capital works program in place Council will be able to target and focus on grants that align with its overall strategic direction.

6.10 VICTORIA GRANTS COMMISSION

Council receives approximately **9.5 percent** of its revenue from the Victoria Grants Commission. This revenue is projected at **\$4.3 million** in 2011/12 and budgeted at **\$4.4 million** in 2012/13.

6.11 FEES AND CHARGES REVENUE

Murrindindi Shire Council's fees and charges revenue as a percentage of its adjusted total revenue is well above average for **Small Shire's** as outlined in the graph below.

It should be noted that the resultant percentage of **15.3%**, while comparable to other councils, is impacted by the removal of non-recurrent revenue items from the denominator to arrive at adjusted total revenue. Therefore the ratio of **15.3%** is derived by dividing adjusted total revenue of **\$23.88 million** (total revenue of **\$65.34 million** less non-recurrent revenue of **41.46 million**) into the total of fees & charges of **\$3.66 million**.

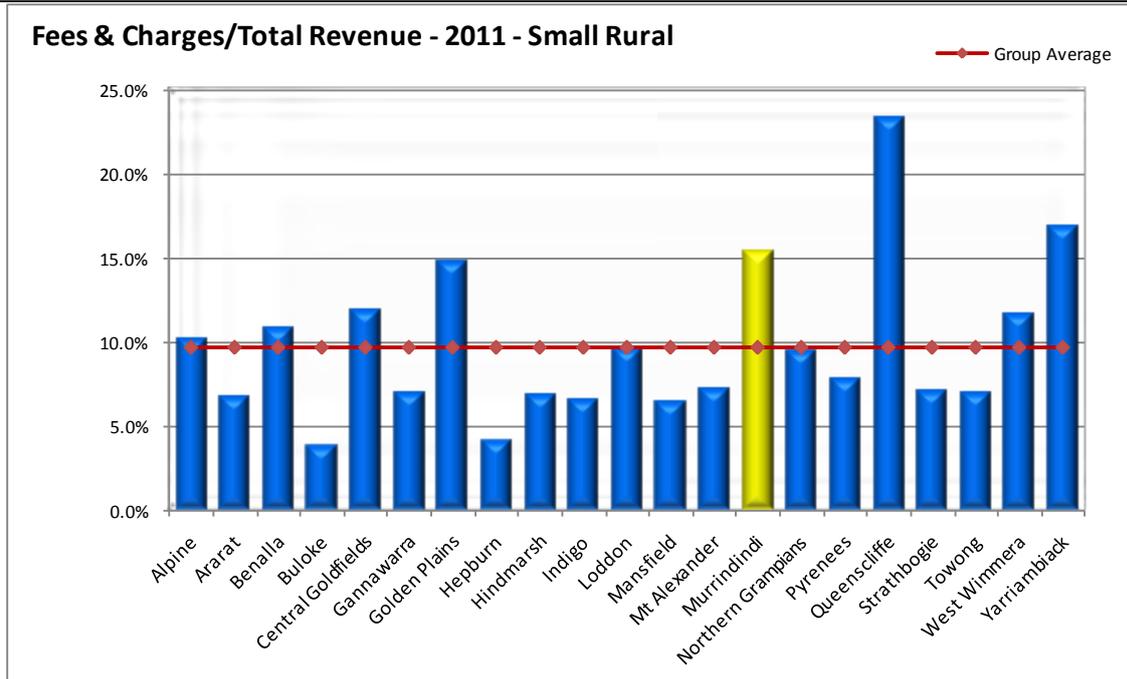


Chart 7: Fees & Charges/Total Revenue – 2010/11

Strategic Direction

1. That Murrindindi Shire Council retains capital improved value (CIV) as its valuation base;
2. That Murrindindi Shire Council continues to provide a municipal charge that approaches **20 per cent** of rate revenue plus the municipal charge to ensure an equitable contribution towards the unavoidable fixed costs of Council;
3. The total waste management budget is balanced and fully accounts for all revenue and expenditure associated with the service.
4. That Murrindindi Shire Council ensures:
 - a) The total waste management budget is balanced and fully accounts for all revenue and expenditure associated with the service;
 - b) The kerbside collection services not subsidise the cost of resource recovery centres or commercial waste services;
 - c) The resource recovery centre fees and charges be set to meet the costs of operation and be benchmarked against comparable operations;
 - d) The Budget for landfill operations meet the cost of operations including current and foreseen licence charges, landfill levies and the funding of a reserve to meet current rehabilitation costs and other licence conditions.
5. That Murrindindi Shire Council, in 2012/13, adopts a:
 - a) **6.0 per cent** plus **1 per cent** growth and rebuild increase in total revenue for general rates and municipal charges;
 - b) **4.0 per cent** increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy.

-
6. That Murrindindi Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other councils.
 7. That Murrindindi Shire Council continue its strong advocacy to the Victorian State Government to obtain long term external funding to meet the future costs of renewal and maintenance of the bushfire recovery new and enhanced assets.

7. ASSET MANAGEMENT

7.1 INTRODUCTION

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

This section includes:

- Background to Council's total asset portfolio at 30 June 2011;
- Summary of fixed assets;
- Key questions to determine service level/investment;
- Sustainability index;
- Condition assessments;
- Strategic asset management; and
- Future asset management

7.2 BACKGROUND TO COUNCIL'S TOTAL ASSET PORTFOLIO AT 30 JUNE 2011

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

For accounting purposes assets are grouped into current and non-current assets. Current assets are cash or those assets that are considered to be readily convertible to cash. This asset grouping includes cash at bank, investment funds, stock on hand, debtors and land held for resale. The balance of current assets held by **Murrindindi Shire Council** at 30 June 2012 is projected to be **\$14.8 million**.

Non-current assets consist of Council's debtor accounts not expected to be collected in the coming 12 months and Council's fixed assets. Fixed assets consist of land, buildings, plants, furniture, roads, drains, playgrounds and other similar infrastructure assets. The projected total value of fixed assets at 30 June 2012 is **\$301.3 million**. The balance of this section will focus on the fixed assets and the management strategies that Council is pursuing.

7.3 SUMMARY OF FIXED ASSETS

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

As at 30 June 2011, Council's fixed assets and land held for resale are detailed below:

Fixed Assets	WDV 30 June 2011
	\$000's
Land (inc land under roads)	24,248
Plant and Equipment	5,396
Buildings	31,737
Bridges	0
Footpaths	0
Kerb & Channel	0
Drainage	7,386
Roads Street and Bridges	171,938
Road Formations	0
Streetscape and Recreation	0
Works in Progress	13,034
Total	253,739

Table 10 – Fixed Assets and Land Held for Resale – 2012/13

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

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

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

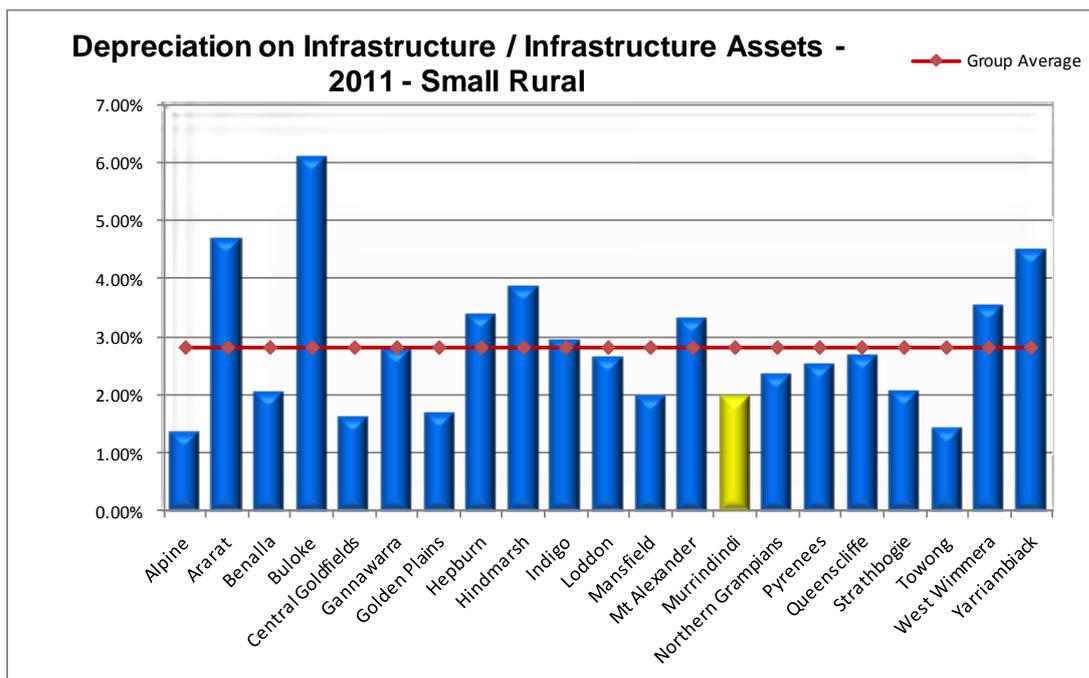


Chart 8: Depreciation on Infrastructure/Infrastructure Assets – 2010/11

7.4 KEY QUESTIONS TO DETERMINE SERVICE LEVEL/INVESTMENT

The key questions with respect to infrastructure investment are detailed below:

- How much does it cost ratepayers to retain the current infrastructure portfolio, that is, what is the long-term average cost of renewal plus maintenance?
- How much will need to be spent in the short term (next 10 years) relative to the renewal expenditure invested in the recent past?
- How much more management effort (financial and operational) will be required of Council as its assets age?
- What assets are at the “at risk” phase (intervention level) of their life cycle and will ultimately result in their being unserviceable and unsafe?
- What outcomes would the community and Council like to achieve with respect to asset upgrades? For example, would Council like to see an extension to the sealed road network, or playground network?
- Are the Council assets providing the level of service expected by the community?
- What assets should the community “manage for decline” – public halls, buildings, bridges, roads?

7.5 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 a road reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service, or to extend the life of the asset beyond its original standard.	Increases the quality of service provided to ratepayers or provides new services, eg. Widening the pavement of a sealed area of an existing road.
Capital Expansion	Expenditure on extending an infrastructure network at the same standard enjoyed by existing residents to a new group of users.	Extends services to newly developing areas of the Shire where there are new ratepayers, eg. Extending a road or drainage network, new pre-school.

**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 annuity becomes one for future generations*

Table 11 - Sustainability Index - Definitions – 2012/13

The *sustainability index* is an accounting measure based on the difference, expressed as a percentage, between Council's annual depreciation charge and renewal annuity.

Murrindindi Shire Council's Sustainability index as at 30 June 2011 was 69.3 per cent. This unfavourable result is impacted by the low percent completion of Council's 2010/11 capital works program. Only **\$3.4 million** of the **\$9.4 million** renewal program was completed during the 2010/11 year. Council's need to complete in the order of **\$4.9 million** of renewal capital to achieve a target of **100 per cent** renewal replacement (sustainability index).

The sustainability index (renewal) indicates the extent to which current ratepayers are contributing to the assets they are now consuming.

7.6 CONDITION ASSESSMENT

Monitoring asset condition and performance relates to the ability of the asset to meet targeted levels of service. Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing. Monitoring asset condition and performance throughout the asset life cycle is important in order to identify underperforming assets or those which are about to fail – that is, assets at the *critical renewal* level where if reinvestment is not funded the cost of future renewal will exponentially increase along with the risk of the asset being below accepted safety standards .

Murrindindi Shire Council has developed its *Asset Management System* to position Council to readily monitor asset condition and performance and to:

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

The Asset Management System not only 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 annuity based on predetermined service levels which are shown in the table below.

MURRINDINDI SHIRE COUNCIL – INTERVENTION LEVELS BY SERVICE AREA	
ASSET SET	IL LEVEL
Pavement (High Traffic) Urban	8.00
Pavement (Low Traffic) Urban	8.00
Asphalt High Traffic Urban	8.00
Asphalt Low Traffic Urban	8.00
Spray Seal (High Traffic) Urban	7.00
Spray Seal (Low Traffic) Urban	7.00
All Kerbs	8.00
Pavement (High Traffic) Rural	8.00
Pavement (Low Traffic) Rural	8.00
Spray Seals (High Traffic) Rural	7.00
Spray Seals (Low Traffic) Rural	7.00
Shoulder Pavement (High Traffic or Narrow Seal)	

MURRINDINDI SHIRE COUNCIL – INTERVENTION LEVELS BY SERVICE AREA	
ASSET SET	IL LEVEL
Shoulder Pavement (Low Traffic)	
Pavement (High Traffic) Unsealed	9.00
Pavement (Low Traffic) Unsealed	9.00
Carpark Pavements	8.00
Carpark Seal	8.00
Concrete Pathways & areas	9.00
Brick Paved Pathways & areas	8.00
Sealed Pathways	8.00
All other Pathways	9.00
Structure Long Life	8.00
Structure Short Life	7.50
Pits	9.00
Pipes	9.00
Long Life	8.00
Short Life	8.00
Roof Cladding	8.00
Mechanical	8.00
Fit Out	8.00
Street & Park Furniture	
Active Reserves (Footy Ovals etc)	
Manicured Turf (Bowling Greens etc)	
Play Equipment	7.00
Synthetic Playing Surfaces	8.00
Bores, Pumps	
Reticulation	
All Lighting	
Asset set 39	
Asset Set 40	

Table 12: Intervention Levels by Service Area – Asset Set – 2010/11

Council has determined that no asset's condition will be allowed to go below these levels as the cost of renewal significantly increases and the asset's functionality, safety and ability to provide its intended service level is compromised.

Council has largely collected condition data for all of its major asset categories and is now in a position to commence detailed *Service and Asset Management Plans*.

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

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

Council, as asset managers, need to be able to assess the relative merits of rehabilitation/renewal/replacement options and identify the optimum long-term solution through a decision related to levels of service.

Council needs to strategically determine an affordable level of service to manage the emerging condition profile.

The benefit of that knowledge now is the management process can commence across the entire asset portfolio.

The following graph depicts the predicted level of renewal expenditure required across all asset categories for **Murrindindi Shire Council** until 2029. The graph indicates a shortfall between renewal funding and renewal demand resulting in the increasing line that identifies the percentage of assets above intervention (exceeds their useful life and past their due date for replacement).

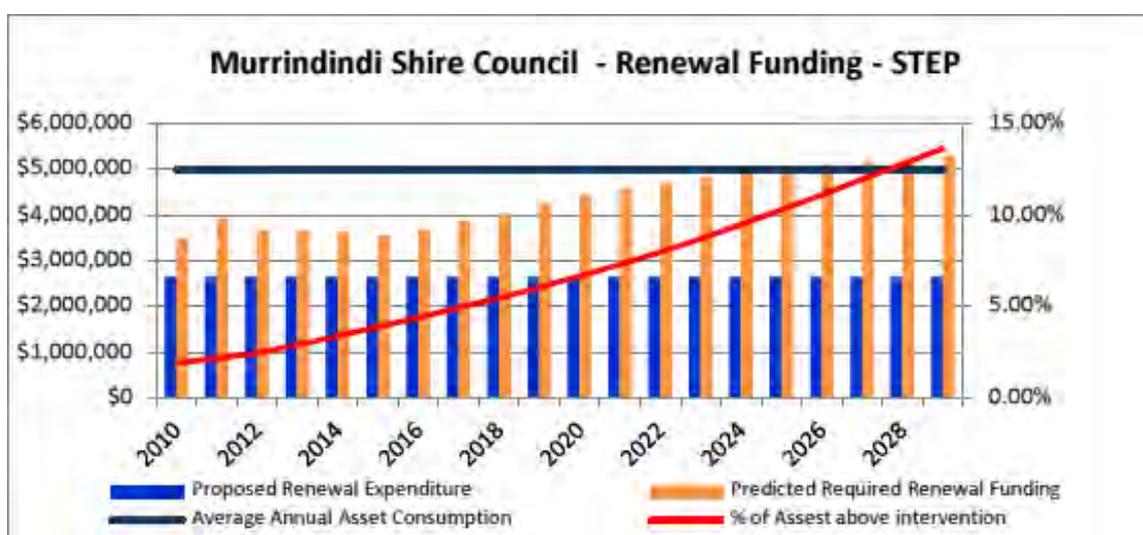


Chart 9: Proposed / Predicted Renewal Expenditure Chart – 2010/11

Council now has this information for all of its asset categories and is now positioned to strategically consider these issues.

7.7 STRATEGIC ASSET MANAGEMENT

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

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

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

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

Asset Management Strategy	Asset Management Plans
Specific actions to be undertaken by Council in order to improve or enhance asset management capability and achieve specific strategic objectives.	Long-term plans (usually 20 years or more for infrastructure assets) that outline the asset activities for each service area.
<i>Develops a structured set of actions aimed at enabling improved asset management by Council.</i>	<i>Outlines actions and resources to provide a defined level of service in the most cost effective way.</i>

Asset Management Strategy	Asset Management Plans
<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 13: Asset Management Plan Objectives & Document Content

Council has reached the point where it has identified and funded its critical renewal – no asset's condition goes beyond **those shown in table 13 (Section 7.6 Condition Assessment)**. Council is now in a position to analyse its condition profile and determine and understand the cost of a predetermined service level.

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

7.7.1 Community Consultation

Council aims to ensure its assets are relevant to the community, as retention of unused assets places a financial burden on the community. Council's Strategic Resource Plan is presently focused on funding a "service level" that prioritises critical renewal and maintains average condition to meet community expectation.

The challenge ahead is to understand the community's expectations and provide service level and funding options to accommodate this. The target for Council in 2011/12 will be to engage Council and the community in discussions about levels of service to provide the opportunity for differing service levels to be costed and reviewed.

Sound Asset Management is:

- Knowing what assets we own (Asset Register);
- Understanding the condition and expected lives of our assets;
- Knowing what 'levels of service' customers want;
- Having processes in place to establish priorities and allocate funds;
- Knowing the long-term funding requirements associated with our assets; and
- Having documented Asset Management Plans detailing levels of service will be a challenge during 2012/13.

The first issue is to determine the outcomes the community want to achieve – what is the strategy? The next issue is what services, including their performance levels, are required to meet the community outcomes? Finally what infrastructure or assets are required to support the service level? Too often Council starts focusing on the asset rather than on the outcome/service level it requires.

A review of this nature may result in assets no longer being required to support community outcomes.

7.7.2 Asset Management Working Group

The *Asset Management Working Group (AMWG)* is a cross-functional professional team with representatives from all Council departments. The purpose of the AMWG is to oversee the decision-making process with respect to the direction of asset management and to

ensure the **Murrindindi Shire** Council continues to develop total asset management across the organisation.

The Working Group's Terms of Reference include:

- Guiding Council's overall Asset Management Program;
- Setting priorities for system development while keeping in mind the legislative obligations of Council (e.g. Strategic Resource Plan and Council Plan etc.);
- Facilitating the implementation of appropriate asset management systems and asset management plan development; and
- Reviewing asset management resource requirements.

There is still a deal of work to be done on recording and developing *Service and Asset Management Plans*.

The AMWG has developed a template and draft *Service and Asset Management Plans* that will be refined and improved. These drafts will be used to consult the community with respect to levels of service.

Strategic Direction

That Murrindindi Shire Council prioritise renewal and upgrade over new infrastructure.

That Murrindindi Shire Council, as part of the development of its *Service and Asset Management Plans*, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.

That Murrindindi Shire Council prioritises renewal and upgrade over new infrastructure in order to increase the proportion of available funds spent on this infrastructure to **80 per cent** over 5 years, consistent with the 10 year capital improvement plan.

That Murrindindi Shire Council increase capital expenditure over a period of 10 years such that the identified infrastructure renewal gap is halved by the tenth year.

8. CAPITAL WORKS PROGRAM

8.1 INTRODUCTION

The previous section discusses the long-term issues with respect to Asset Management and issues relevant to determine investment levels in capital renewal.

It should be noted **55.9 percent** of the capital expenditure is on renewal and upgrade type projects in the draft capital works program for 2012/13.

The total capital program of **\$10.2 million** is composed of **\$4.3 million** in new/expansion assets and **\$5.9 million** in renewal and upgrade.

This section includes:

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

Capital expenditure represents **71.1 percent** of rate revenue in 2012/13.

The benchmark for 2010/11 capital expenditure levels by **Small Shire's** is illustrated below:

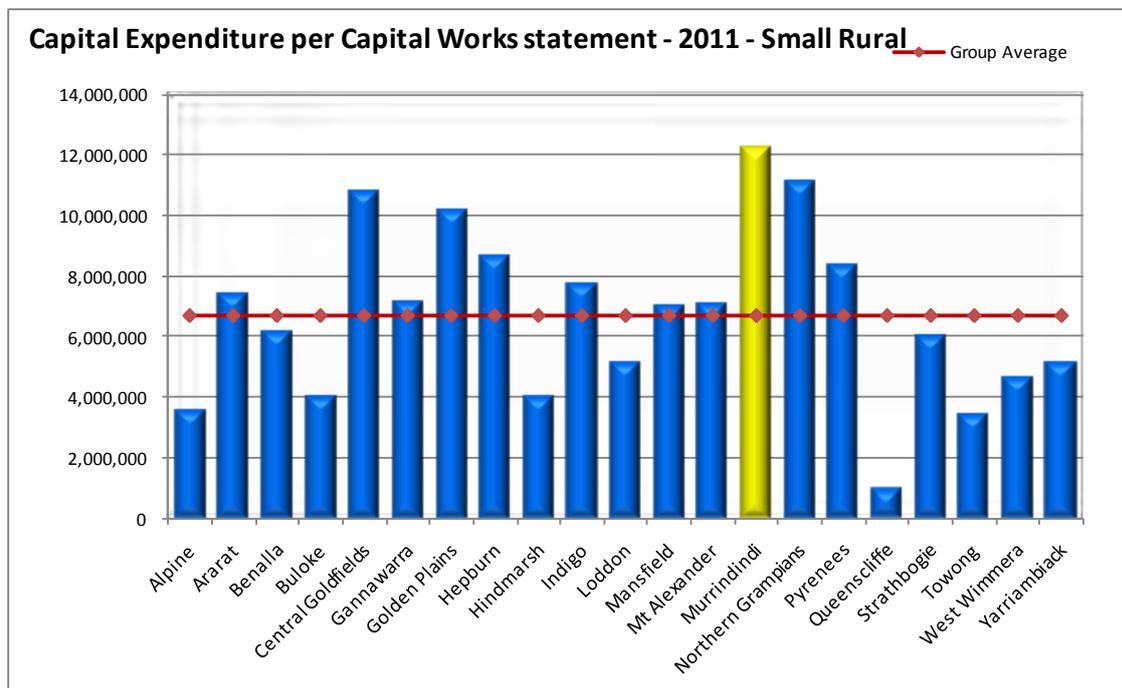


Chart 10: Capital Expenditure per Capital Works Statement – 2010/11

Capital expenditure per assessment is higher than average in 2010/11 at **\$1,306** per assessment as compared to **\$901** for the average **Small Shire's**. The average is higher than the average for small shires due to bushfire related additional capital works.

8.2 LEVEL AND NATURE OF CAPITAL WORKS

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

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

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

8.2.1 Capital Works Program 2012/13- 2020/21– Parameters

The following are the parameters against which the 2012/13 capital works program has been developed:

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

In terms of the longer term program to 2020/21 the following parameters/assumptions apply:

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

- Continue priority on renewal, followed by upgrade with expansion the most discretionary;
- Provide for expenditure growth required to level of sustainable renewal to meet the community's service level requirements (based on current Asset Management Plans) by 2020/21;
- Income assumptions to remain conservative given they are less predictable; and
- Roads to Recovery or other similar income assumed to continue at current level spread across relevant projects within the Roads Program.

8.3 2012/13 CAPITAL INVESTMENT LEVELS

The 2012/13 capital works program by expenditure type is detailed hereunder:

Capital Expenditure Type	2012/13 \$M	2012/13 %
Renewal	4.6	45.1
Upgrade	1.3	12.8
Expansion/New	4.3	42.1
TOTAL	10.2	100.0

Table 14: Capital Works Summary – 2012/13

8.4 CAPITAL FUNDING SOURCES

The development of the 10-year capital improvement plan enables a precise cash flow budget to be developed.

8.5 VICTORIAN BUSHFIRE RECONSTRUCTION AND RECOVERY AUTHORITY (VBRRA) – CONTRIBUTED ASSETS

This *Strategic Resource Plan* includes the following contributed assets and associated costs as a result of the acquisition of buildings and recreation assets constructed as part of the bushfire reconstruction program.

- A total of **\$37.9 million** contributed assets were acquired during the 2010/11 and 2011/12 financial years that primarily due to the bushfire reconstruction program works. This amount comprises **\$8.0 million** during the 2010/11 plus a further **\$29.9 million** expected by the completion of the 2011/12 year.
- VBRRA works totalled **\$52.8 million** assets of which **\$30.6 million** was expected to be novated to Council with the balance of **\$22.2 million** identified as non Council assets.
- In addition to the original estimate of **\$30.6 million** of Council assets, a further **\$7.3 million** assets were identified that included acquisition of the rail trail. Contributed assets are included to Council's records for the purposes of financial reporting, calculation of future annual costs for depreciation, operating, maintenance and renewal expenditure.

- As Council is acquiring new assets, capital renewal costs are expected to only commence from the 2018/19 financial year. While initial renewal costs, included to the LTFP are modest (in the order of **\$40,000** for 2018/19, **\$60,000** for 2019/20), the average annual renewal costs over the total asset life is **\$0.62 million** per annum. It is important for Council to address this **\$0.62 million** future funding requirement in the medium to long term to ensure ongoing sustainability.

8.6 CONCLUSION

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

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

Council has acquired in the order of **\$38 million** of new assets as part of the bushfire restoration and recovery program. While there will be limited demand for renewal funding during the life of this ten year financial plan, the average annual impact will be in the order of **\$0.62 million** that will need to be include to Council's future long term planning

Strategic Direction

That Murrindindi Shire Council maintains its capital works commitment at levels consistent with its 10 year capital improvement plan.

That Murrindindi Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at levels indicated in **Table 12: Intervention Levels by Service Area – Asset Set – 2010/11 (Section 7.6 Condition Assessment)**, with the next priority on renewal, upgrade and expansion.

That Murrindindi Shire Council review and confirm its future commitment to the renewal of recently acquired assets from the bushfire recovery program.

That Murrindindi Shire Council continue its strong advocacy to the Victorian State Government to obtain long term external funding to meet the future costs of renewal and maintenance of the bushfire recovery new and enhanced assets.

9. SERVICE PROVISION AND PLANNING

9.1 INTRODUCTION

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

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

This section includes:

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

9.2 OPERATING EXPENDITURE/REVENUE

Council's operating costs and revenues for 2012/13 are **\$31.7 million** and **\$32.9 million** respectively. Council's operation includes provision of building, planning, economic development services, community services, infrastructure planning, operations and corporate support services including finance, information technology, asset management and organisation development.

9.3 BENCHMARKING – FINANCIAL PERFORMANCE INDICATOR ANALYSIS

When benchmarked by the CT Management Group to other **Small Shire's Murrindindi Shire** Council is characterised by:

- underlying surplus (VAGO) that is projected to continue following the Service Review that has resulted in a reduction to Council's ongoing cost;
- Relatively low operational costs (including employee costs) in comparison to Councils in the category;
- Moderate or average rating effort;
- Moderate debt ratios;
- Reduced new capital works program, due to the completion of the bushfire recovery program, but with future priorities required for asset renewal.
- Council's projected future cash position provides capacity to fund an increased level of capital renewal in order to address the infrastructure gap.

9.4 SERVICE PROVISION AND PLANNING

Ultimately, Council determines the range and level of services it is able to offer the community and this is reviewed annually based on the outcome of community consultation undertaken during the year and most recently the Service Review.

This is finalised through the annual budget process with the SRP providing preliminary guidance based on the service delivery model arising from the Service Review.

One of the key objectives of Council's Strategic Resource Plan is to maintain service levels and a satisfactory operating position over the life of the SRP.

9.4.1 Funding Renewal Gap

Funding the ongoing and growing renewal gap will be a major challenge during the life of this SRP. The gap is presently growing and this is based on data that will be reviewed in 2012/13.

9.4.2 Underlying operating deficit

The underlying operating position measures Council's ability to generate enough revenue to cover operating costs (including the cost of replacing assets reflected in the depreciation expenses). Council at 30 June 2011 had a ratio of 8.54 per cent underlying operating position.

9.4.3 Liquidity

Working to address the declining liquidity of the municipality will be a focus of the *Strategic Resource Plan*.

Improved working capital will also assist the underlying operating deficit position.

9.4.4 Review of Depreciation charges

This will be reviewed during the 2012/13 financial year.

9.4.5 Asset maintenance

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

9.4.6 Skill retention

Retention and development of skills is critical to ensure the ongoing sustainability of the municipality.

The current work force is ageing and organisation development strategies will be critical going forward including the impact when positions funded through the Murrindindi Assistance Package cease.

9.5 CONCLUSION

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

Strategic Direction

That **Murrindindi Shire Council** annually determines the range and level of service provision through the budget process based on the outcomes of its Service Review.

10. STRATEGIC FINANCIAL PLAN

10.1 INTRODUCTION

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

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

This section includes:

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

10.2 MODELLING METHODOLOGY

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 2011. The Standard Statements (financial statements) are the result of the modelling and are reproduced from the long term financial software model, refer *Appendix C*.

10.3 FINANCIAL ASSUMPTIONS

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

10.3.1 Labour and on-costs

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

10.3.2 Depreciation

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

10.3.3 Materials and contracts

These works are essentially one-off expenditures that do not constitute the creation of an asset and have been maintained at 2012/13 levels through the life of the SRP.

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.

10.3.4 Special projects/consultancies

These works are essentially one-off expenditures that do not constitute the creation of an asset and have been maintained at 2011/12 levels through the life of the SRP.

10.3.5 Debt servicing and redemption

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

10.3.6 Written-down values of assets sold

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

10.3.7 Rate revenue

The 2012/13 Budget is based on an increase of **6.0 per cent** plus **1.0 per cent** growth and rebuild for rates and municipal charges collected.

10.3.8 Service charges

The 2012/13 Budget was based on service charge and waste management charge was based on a **4.0 percent** increase.

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

10.3.9 Grant revenue

An allowance of **\$6.2 million** has been made as operating grant revenue for services and projects in 2012/13. One off operating grants are expected to decrease during 2012/13 due to the reduction in bushfire recovery funding. Ongoing grant revenue is expected to increase in the order of **3.0 percent** per annum for the life of the LTFFP. In broad terms, a **3 percent** per annum increase has been allowed for operating grants reflecting the nature of this revenue type, which has seldom increased by CPI across the board. Reimbursements from the State Revenue Office for land valuations have also been included in the appropriate years. An allowance of **3.0 percent** has been allowed for the Victoria Grants Commission grant.

10.3.10 Fees and charges

Fees and charges that Council has discretion over have been increased in accordance with the Service Review. Fees and charges of **\$3.3 million** have been provided for in 2012/13.

10.3.11 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.

10.3.12 Interest on investments

Interest on investments has been estimated based on cash flow.

10.3.13 Proceeds from sale of assets

Proceeds from sale of assets are those relating to plant changeover and land sales, including the commencement of the program initiated by the Service Review.

10.3.14 Capital grants

While non-recurrent grant revenue is **\$7.0 million** in 2012/13, the majority of this amount relates to one off funding for bushfire recovery.

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.

10.3.15 Granted assets

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

The level of granted assets is forecast to continue at low-levels based on predicted levels of property development. However, estimates beyond 2012/13 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.

10.3.16 Capital expenditure

Capital expenditure amounts for new assets, local roads, buildings and information technology (renewal), and the like and have been directly budgeted for during the next 4-years. The balance of capital expenditure has been left unallocated at this point. These funds may be available for capital renewal (priority), capital upgrade or expansion.

10.4 CONCLUSION

The Strategic Resource Plan was adopted by Council in July 2011. 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*.

Strategic Direction

1. That Murrindindi Shire Council finalises its review of the Rating Strategy during 2012/13.
2. That Murrindindi Shire Council continues to monitor the outcomes of the Service Review and specifically its revenue and expenditure commitments in order to realise the expected favourable surplus and cash position identified within the LTFP.

11. 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.

12. APPENDIX B GLOSSARY OF TERMS – DEFINITIONS

TERM	DEFINITION
Adjusted operating surplus/deficit	Operating surplus/deficit less revenue from capital (non-recurrent) grants, developer contributions (i.e. assets contributed), asset revaluations, sale of assets plus expenditure from asset revaluations, WDV of assets sold and unfunded superannuation expense.
Adjusted total operating expenses	Total operating expenses as per the “Statement of financial performance” – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
Adjusted total revenue	Total revenue from “Statement of financial performance” – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
Capital grants (non-recurrent)	Capital or non-recurrent grants as disclosed in notes.
Current assets	Total current assets from “Statement of financial position”.
Current liabilities	Total current liabilities from “Statement of financial position”
Debt redemption	Debt principal’s repayments.
Debt servicing costs (interest)	Total borrowing costs or interest expense as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Fees and charges revenue	Total fees and charges revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements (includes fines).
Grant income and reimbursements	Total grants revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements (includes Vic Roads sometimes shown as “reimbursements” by some councils).
Granted assets	Total value of assets received from developers (in kind) as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Interest earnings	Total interest received as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
No. of rateable properties	Number of rateable properties in municipality.
Non-current liabilities	Total non-current liabilities from “Statement of financial position”.
Proceeds from sale of non-current assets	Total proceeds from asset sales as per the “Statement of financial performance” or as disclosed in note in some councils’ statements, (gross received not Written-down value).
Rate revenue	Total rate revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Rates outstanding at end of year	Rate debtor amount as disclosed in “Receivables” note.
Total assets	Total assets from “Statement of financial position”.
Total capital asset outlays	Payments for capital purchases per the “Cash flow

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

Table 15: Glossary of Terms / Definitions

13. APPENDIX C STANDARD FINANCIAL STATEMENTS

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

The Standard Statements include the:

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

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

The original SRP statements partially differed in layout due to their release prior to the proclamation of the regulations.

13.1 Standard Income Statement

Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17

Income Statement

Revenue from Operating Activities

Rate and Charge Revenue	\$'000	13,505	14,403	15,411	16,490	17,644	18,879
Supplementary Rates	\$'000	16	-	-	-	-	-
Special Charges	\$'000	-	108	108	108	108	108
Rate Assistance Package	\$'000	-	-	-	-	-	-
Grants - Operating (Recurrent)	\$'000	5,029	6,250	6,437	6,630	6,828	7,032
Grants - Operating (Non-recurrent)	\$'000	-	-	-	-	-	-
Grants - Capital (Recurrent)	\$'000	-	-	833	800	800	800
Grants - Capital (Non-recurrent)	\$'000	30,202	6,951	1,605	1,835	1,065	1,060
Contributions (Assets)	\$'000	29,936	-	-	-	-	-
Contributions (Cash)	\$'000	720	296	296	296	296	296
Reimbursements and Subsidies	\$'000	145	90	90	90	90	90
User Charges	\$'000	3,867	3,256	3,209	3,369	3,538	3,715
Statutory Fees and Fines	\$'000	625	571	594	618	642	668
Total Revenue from Operating Activities	\$'000	84,045	31,925	28,583	30,236	31,012	32,649

Revenue from Outside of Operating Activities

Interest Revenue	\$'000	-	-	-	-	-	-
Other Revenue Outside of Operating Activities	\$'000	1,302	1,006	1,036	1,067	1,099	1,132
Total Revenue from Outside Operating Activities	\$'000	1,302	1,006	1,036	1,067	1,099	1,132

Total Revenue	\$'000	85,347	32,931	29,619	31,303	32,111	33,781
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Operating Expenses from Ordinary Activities

Employee Benefits	\$'000	(14,236)	(12,662)	(11,654)	(12,212)	(12,822)	(13,463)
Employee Benefits Provisioned	\$'000	-	-	-	-	-	-
Materials & Consumables	\$'000	(24,265)	(11,171)	(10,824)	(11,419)	(12,047)	(12,709)
Utilities	\$'000	-	-	-	-	-	-
Bad and Doubtful Debts	\$'000	-	-	(2)	(1)	(1)	(1)
Depreciation	\$'000	(5,655)	(7,183)	(7,075)	(7,229)	(7,512)	(7,822)
Other Operating Expenses	\$'000	(265)	(271)	(282)	(293)	(305)	(317)
Interest on Borrowings (Finance Costs)	\$'000	(334)	(370)	(289)	(269)	(250)	(236)
Superannuation Call	\$'000	-	-	(350)	(1)	(1)	(350)
Total Operating Expenses	\$'000	(44,755)	(31,657)	(30,475)	(31,424)	(32,937)	(34,899)

Net Surplus/(Deficit) from Operations	\$'000	40,592	1,274	(856)	(121)	(827)	(1,118)
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Adjustments

Net Gain/(Loss) on Disposal of Property Plant & Equipment	\$'000	(115)	-	-	-	-	-
Gain on Sale of Assets Held for Resale	\$'000	-	-	-	-	-	-

Total Adjustments	\$'000	(115)	-	-	-	-	-
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Adjusted Operating Surplus/(Deficit)	\$'000	40,477	1,274	(856)	(121)	(827)	(1,118)
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Figure 5: Standard Income Statement 2012/13

13.2 Standard Balance Sheet

Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	
Balance Sheet						
Current Assets						
Cash and Cash Equivalents	\$'000	10,614	10,271	10,775	11,595	10,892
Receivables	\$'000	3,899	3,939	1,657	1,626	1,665
Inventory	\$'000	150	160	160	160	160
Accrued Income	\$'000	50	70	70	70	70
Prepayments	\$'000	130	130	130	130	130
Total Current Assets	\$'000	14,843	14,570	12,792	13,582	12,917
Non Current Assets						
Property Plant and Equipment	\$'000	89,325	91,311	91,418	89,958	92,654
Infrastructure Assets	\$'000	211,989	211,770	215,609	215,741	218,701
Investment in Associates	\$'000	-	-	-	-	-
Trade and Other Receivables (Long Term)	\$'000	50	50	50	50	50
Total Non Current Assets	\$'000	301,364	303,131	307,076	305,749	311,405
Total Assets	\$'000	316,207	317,701	319,868	319,331	324,322
Current Liabilities						
Payables	\$'000	3,423	3,925	1,333	1,246	1,303
Trust Funds	\$'000	1,006	797	797	797	797
Current Provisions	\$'000	-	-	-	-	-
Current Employee Benefits	\$'000	2,877	3,052	3,052	3,052	3,052
Current Interest Bearing Liabilities	\$'000	814	837	802	686	627
Total Current Liabilities	\$'000	8,120	8,611	5,985	5,780	5,779
Non Current Liabilities						
Non Current Employee benefits	\$'000	460	482	482	482	482
Non Current Provisions	\$'000	1,181	1,242	1,242	1,242	1,242
Non Current Interest Bearing Loans and Borrowings	\$'000	3,564	3,210	2,944	2,732	2,578
Total Non Current Liabilities	\$'000	5,205	4,934	4,668	4,456	4,302
Total Liabilities	\$'000	13,325	13,545	10,653	10,236	10,081
Net Assets	\$'000	302,882	304,156	309,215	309,094	314,241
Equity						
Accumulated Surplus	\$'000	151,888	153,181	152,325	152,204	151,378
Reserve Land Under Roads	\$'000	-	-	-	-	-
Public Open Space	\$'000	363	428	428	428	428
Carparking Contributions	\$'000	65	66	66	66	66
Infrastructure Maintenance	\$'000	207	435	435	435	435
Garbage Reserve	\$'000	2,291	2,171	2,171	2,171	2,171
Coster Street	\$'000	21	27	27	27	27
Shaw Avenue	\$'000	44	44	44	44	44
Alexandra Community Leisure Centre	\$'000	3	50	50	50	50
Road Maintenance Subdividers Contributions	\$'000	16	16	16	16	16
Saleyards	\$'000	415	173	173	173	173
Caravan Parks	\$'000	29	25	25	25	25
Asset Revaluation Reserve	\$'000	147,540	147,540	153,455	153,455	159,428
Total Equity	\$'000	302,882	304,156	309,215	309,094	314,241

Figure 6: Standard Balance Sheet 2012/13

13.3 STANDARD STATEMENT OF CASH FLOWS

Period start	1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	
Period end	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	
Cash Flow Statement							
Cash flows from Operating Activities							
Rates and Charges Received	\$'000	13,483	14,363	16,714	16,614	17,731	18,942
Grants - Operational Received	\$'000	6,000	6,250	7,251	6,932	7,115	7,311
Grants - Capital Received	\$'000	32,463	6,951	2,626	2,638	1,863	1,856
Interest Received	\$'000	778	685	-	-	-	-
User Fees Received	\$'000	6,480	4,622	3,456	3,373	3,534	3,706
Statutory Fees and Fines Received	\$'000	-	-	640	618	642	666
Other Revenue Received	\$'000	-	-	1,213	1,158	1,188	1,219
Employee Benefits Paid	\$'000	(13,959)	(12,455)	(12,961)	(12,256)	(12,793)	(13,423)
Materials and Consumables Paid	\$'000	(27,338)	(10,956)	(12,037)	(11,461)	(12,019)	(12,671)
Other Expenses Paid	\$'000	-	-	(703)	(295)	(305)	(665)
Net Cash flows from Operating Activities	\$'000	17,907	9,460	6,198	7,320	6,954	6,942
Cash flows from Investing Activities							
Payment for Property Plant and Equipment and Infrastructure	\$'000	(23,806)	(10,240)	(6,955)	(7,202)	(7,495)	(7,410)
Proceeds from Property Plant and Equipment and Infrastructure	\$'000	396	1,289	1,850	1,300	300	100
Proceeds from/(to) Investments	\$'000	-	-	-	-	-	-
Net Cash flows from Investing Activities	\$'000	(23,410)	(8,951)	(5,105)	(5,902)	(7,195)	(7,310)
Cash flows from Financing Activities							
Trust Funds and Deposits	\$'000	(37)	(209)	-	-	-	-
Proceeds/(Payments) from/for Financial Assets	\$'000	-	-	-	-	-	-
Proceeds from Interest Bearing Loans and Borrowings	\$'000	900	500	500	500	500	500
Repayments of Interest Bearing Loans and Borrowings	\$'000	(649)	(831)	(800)	(829)	(713)	(654)
Finance Costs	\$'000	(265)	(312)	(289)	(269)	(250)	(236)
Net Cash flows from Financing Activities	\$'000	(51)	(852)	(589)	(598)	(462)	(390)
Net Change in Cash Held	\$'000	(5,554)	(343)	504	821	(703)	(759)
Cash at Beginning of the Financial Year	\$'000	16,168	10,614	10,271	10,775	11,595	10,892
Cash at End of the Financial Year	\$'000	10,614	10,271	10,775	11,595	10,892	10,133

Figure 7: Standard Statement of Cash Flows 2012/13

13.4 STANDARD STATEMENT OF CAPITAL WORKS

Period start		1 Jul 11	1 Jul 12	1 Jul 13	1 Jul 14	1 Jul 15	1 Jul 16	1 Jul 17
Period end		30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Capital Works Statement Based on Adopted Budget								
Land	\$'000	-	-	9	170	120	14	30
Buildings	\$'000	12,325	3,994	219	432	676	725	483
Roads	\$'000	8,516	4,661	2,283	1,955	2,754	1,773	2,189
Footpaths	\$'000	-	-	415	52	202	127	105
Bridges	\$'000	-	-	350	1,295	59	306	226
Drainage	\$'000	1,476	200	287	300	251	250	125
Works in Progress	\$'000	-	-	-	-	-	-	-
Heritage Assets	\$'000	-	-	-	-	-	-	-
Furniture & Equipment	\$'000	202	395	276	73	60	75	50
Plant & Machinery	\$'000	1,170	870	252	818	807	833	800
Environment	\$'000	-	-	210	300	45	60	40
Recreation	\$'000	-	-	1,540	642	70	30	123
Commerce	\$'000	-	-	-	-	-	-	-
Other	\$'000	-	-	1,000	1,000	2,000	3,000	3,000
Kerb and Channel	\$'000	-	-	76	47	93	97	74
Road Safety	\$'000	-	-	20	30	40	50	50
Other Community Facilities	\$'000	-	-	18	88	318	70	70
Library bookstock	\$'000	116	120	-	-	-	-	-
Total Capital Works	\$'000	23,805	10,240	6,955	7,202	7,495	7,410	7,365
Represented by:								
Renewal Investment	\$'000	6,857	4,576	4,170	4,526	6,282	6,769	6,608
Upgrade Investment	\$'000	6,475	1,333	2,141	1,826	704	313	679
Expansion/New Investment	\$'000	10,473	4,331	644	849	509	329	128
Total Capital Works	\$'000	23,805	10,240	6,955	7,202	7,495	7,410	7,415

Figure 8: Standard Statement of Capital Works 2012/13