



Murrindindi Shire Council
Council Plan Review 2013-2017
2015 REVIEW



Mayor and CEO Message

It is with pleasure that we present to the community of Murrindindi Shire the 2015 update to the 2013-2017 Council Plan. The Council Plan is the key strategic document which reflects Council's priorities and informs our work. The Plan also contains our 10 year Strategic Resource Plan which provides a blueprint for our long term financial sustainability.

At the half-way point in the period covered by the Plan, it is an opportune time to reflect on where we have come from and where we are heading. There have been a number of challenges facing Council in recent years. One of the most important of Council's priorities has been to find a lasting solution to the ongoing funding shortfall which has arisen as a result of the gifting of assets by the State Government following 2009 Bushfire reconstruction activities. To this end, Council redoubled its efforts in working with the State Government to secure additional funding support to alleviate the effects of the shortfall. The Government at that time advised Council that the requested support would not be forthcoming.

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

At the same time, Council has also worked to engage the community in prioritising a range of options it is exploring to reduce expenditure and raise revenue. Council has received valuable feedback from the community in relation to the mix of options that it would prefer Council to pursue, and this will continue to inform our direction and the actions we undertake for the coming year.

Council will continue to work with the community in how we go about addressing the funding shortfall. One part of this process will be to



Margaret Abbey CEO



Mayor Margaret Rae

engage with community groups and committees about a gradual transition over the next few years to give these groups more responsibility for managing and maintaining community assets. This will give our communities a greater say in how community assets – their assets – are managed into the future.

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

Over the next year we will implement a framework for this transition; this

will include establishing a means by which Council will help to empower each community with the skills and tools necessary to support its planning for community assets.

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

This framework will align with the goals we have set in the Council Plan which have four key elements: Our Community, Our Environment, Our Economy and Our Council. These goals support community expectations that we will continue to deliver on these important issues, by providing leadership, advocacy and ensuring financial sustainability. Our 2015 Review of the Council Plan also reflects many of the goals and aspirations the community has put forward as part of our Shire-wide vision for 2030.

While the goals we have set are individually challenging, we believe in total they remain modest and achievable within the limits of our carefully managed resources. We will continue to work with and engage the community in achieving our objectives to ensure a bright and prosperous future for Murrindindi Shire.



Margaret Abbey CEO



Mayor Margaret Rae



Introduction

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

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

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

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

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

Council Values

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

Integrity

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

Accountability

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

Innovation

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

Respect

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

Service Excellence

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

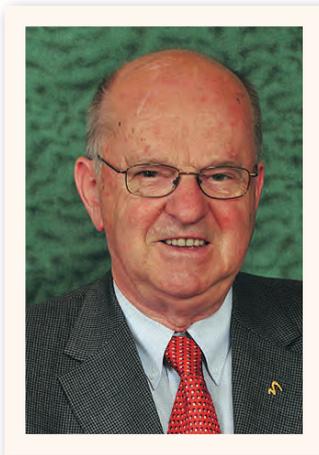
Council Vision

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

The Council / Councillors



Cr Margaret Rae



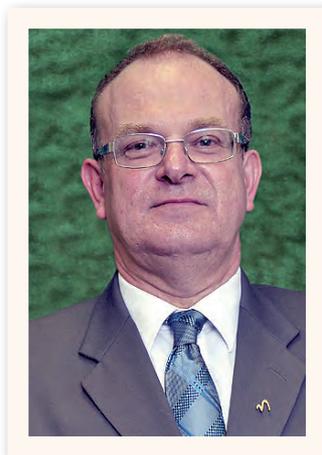
Cr John Kennedy



Cr Christine Challen



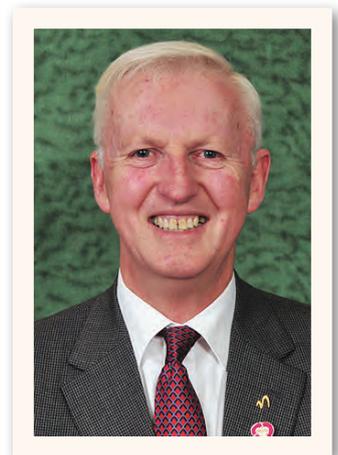
Cr Bernie Magner



Cr Andrew Derwent



Cr Cris Ruhr



Cr John Walsh

Murrindindi Shire Council is made up of seven wards with one Councillor representative per ward. Councillors are elected for a 4 year-term. The Councillors elected on 27 October 2012 were:

- Cr Margaret Rae (Mayor) represents the Redgate Ward.
- Cr John Kennedy (Deputy Mayor) represents the Cheviot Ward and holds the Community Services Portfolio.
- Cr Christine Challen represents the Cathedral Ward and holds the Economic Development Portfolio.
- Cr Bernie Magner represents the Eildon Ward and holds the Corporate Services Portfolio.
- Cr Andrew Derwent represents the Kinglake Ward and holds the Natural Environment and Climate Change Portfolio.
- Cr Cris Ruhr represents the King Parrot Ward and holds the Infrastructure and Waste Portfolio.
- Cr John Walsh represents the Koriella Ward and holds the Land Use and Planning Portfolio.

Organisational Structure

Murrindindi Shire Council's Executive Management Team

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

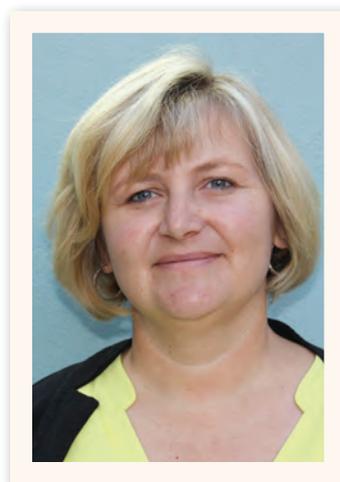
The Chief Executive Officer is responsible for overseeing the implementation of Council decisions. Murrindindi Shire Council operates under a corporate management model, headed by the Chief Executive Officer, Margaret Abbey. The Chief Executive Officer reports directly to Council and is supported by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



*Margaret Abbey
Chief Executive Officer*



*Michael Chesworth
General Manager
Corporate and
Community Services*

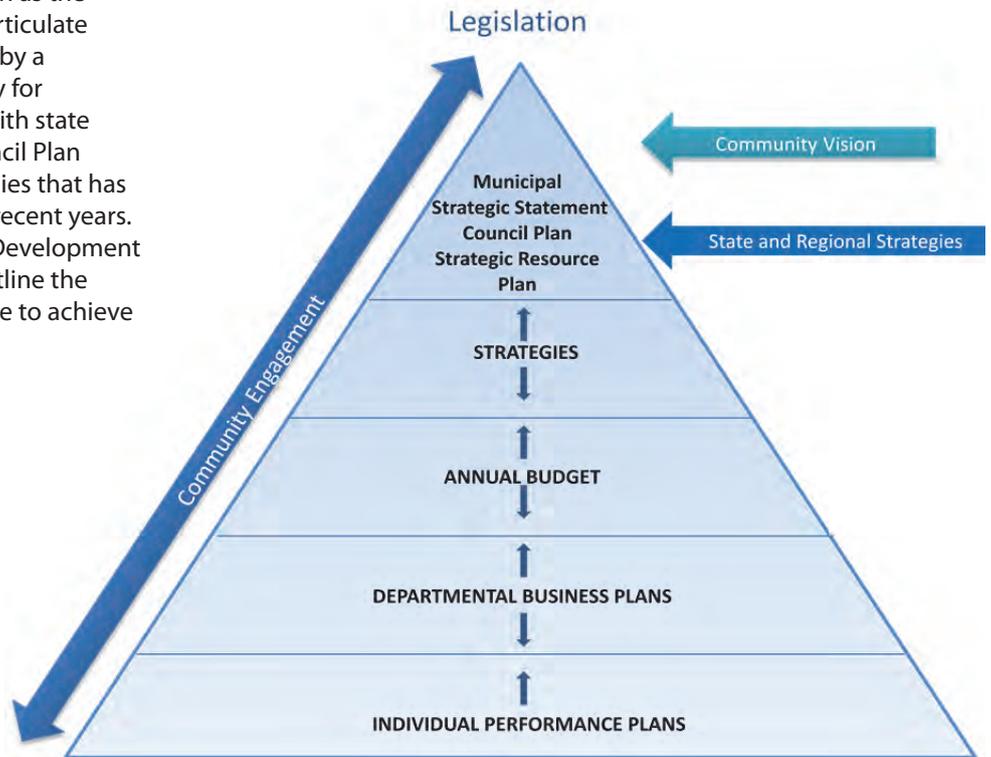


*Elaine Wyatt
General Manager
Infrastructure and
Development Services*

Planning framework

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

Council's Corporate Planning Framework



Best Value

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

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

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

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

Managing Risks

Murrindindi Shire Council continues to build on its commitment to managing its risks as an integral part of its corporate governance and operations. The Murrindindi Risk Management Strategy 2011 provides the framework for this to be achieved.

Snapshot of Murrindindi Shire

Where we live

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

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

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

Our history

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

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

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

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

Who we are

Murrindindi Shire has a small population in a large and geographically diverse Shire. More than 80% of our 13,494 population was born in Australia. Other common countries of birth include England (4.2%), New Zealand (1.1%), Germany (0.7%), Scotland (0.6%) and Netherlands (0.6%).

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

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

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

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

What we do

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

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

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

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

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

Council Goals, Strategic Objectives and Strategies



Vision 2030

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

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

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

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

Financial Sustainability

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

Furthermore, the impact of the operation, maintenance, insurance and depreciation costs of the new and enhanced assets received from the Victorian Bushfire Reconstruction and Recovery Authority that were funded through the Victorian Bushfire Appeal Fund has had a

significant impact upon Council's long term financial sustainability.

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

Council will also be working to reduce the costs associated with the operation, maintenance and renewal of its assets. To achieve this, Council will be looking at a number of strategies such as seeking greater community involvement in maintaining community facilities, disposing of under-utilised land and buildings, limiting Council's maintenance activities to those assets Council owns or directly manages and reviewing the levels to which assets are maintained and renewed. It is anticipated that over time, and in partnership with the community, these strategies will strengthen Council's longer term financial sustainability.

The Framework of the Council Plan

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

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

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

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

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

Year 3 Actions: These actions are Council's commitment regarding activities that will be undertaken during Year 3 (ie 2015-2016) of the Council Plan. Council reports to the community on its progress in implementing these actions on a quarterly basis.

Goal – Our Council

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

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



LEADERSHIP

Strategic Objectives – What we will do

We will deliver visible leadership and advocacy.

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Outline to the community how Council will implement its strategy to give greater responsibility to communities for managing infrastructure.
- Identify and work with community leaders to progress Council's asset management transition strategy.
- Advocate on behalf of the community on relevant local issues.

CUSTOMER SERVICE

Strategic Objectives – What we will do

We will deliver quality customer outcomes through continuous improvement.

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

Strategic Indicators – How we measure our progress

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

- Year 3 Actions – What action we are taking in 2015/16*
- Further develop Council's customer request tracking processes and establish indicators of Council's responsiveness.
 - Adjust Council's reporting of its performance to meet the requirements of the new Local Government Performance Reporting Framework and the introduction of the 'My Council' website.
 - Explore the potential and consequences of shared services and collaborative activities across the Local Government sector.

FINANCIAL SUSTAINABILITY

Strategic Objectives – What we will do

We will use sound financial management practices.

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

Strategic Indicators – How we measure our progress

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

- Year 3 Actions – What action we are taking in 2015/16*
- Reflect the Council's strategies for asset renewal and greater community stewardship of asset management into Council's Longer Term Financial Planning.
 - Implement Council's newly adopted Rating Strategy.
 - Increase capacity to attract grants to support the achievement of Council's strategic objectives.

STAFF

Strategic Objectives – What we will do

We will have engaged and professional staff.

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Progress the development of a voluntary staff rotation program across the organisation.
- Identify opportunities to incorporate cadetships, traineeships and apprenticeships into the workforce.
- Identify and develop a work experience program linked to local secondary schools.

Goal – Our Community

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

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



HEALTH AND WELLBEING

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	OUR TARGETS	SOURCE
Implementation of actions in the <i>Municipal Public Health and Wellbeing Plan</i>	100% completion by June 2016	Council quarterly report
Home and Community Care (HACC) services delivered to the community in accordance with Service Agreements	95% of all HACC targets reached	Annual Minimum Data Set reports
Development of a Recreation and Open Space Plan in partnership with the community	Complete by July 2016	Council quarterly report

Year 3 Actions – What action we are taking in 2015/16

- Undertake key initiatives outlined in the *Municipal Public Health and Wellbeing Plan*, in conjunction with community and service partners.
- Work with the Health and Wellbeing Consortium to advocate for improved access to services across Murrindindi Shire.
- Undertake an assessment of community needs with respect to recreation and use of open space facilities and programs.
- Support a partnership between aged care providers to retain and strengthen aged care services in the Shire.

SOCIAL CONNECTEDNESS

Strategic Objectives – What we will do

We will encourage inclusive, creative and resilient communities.

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Facilitate the development of a Community Arts and Culture Forum.
- Strengthen the capacity of the community to access available grant funds to meet community objectives.
- Work collaboratively with key partners to support the co-ordination of volunteer recruitment and training.

COMMUNITY ENGAGEMENT

Strategic Objectives – What we will do

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

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16 • Seek funding to increase the capacity of communities to undertake their own local planning and management of community projects and facilities.

Goal – Our Environment

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

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



CONSERVATION OF RESOURCES

Strategic Objectives – What we will do

We will use resources more efficiently and effectively.

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Continue to improve Council's energy management planning and practices.
- Implement capital improvement works to Leachate Pond.

PROTECTION OF THE NATURAL ENVIRONMENT

Strategic Objectives – What we will do

We will protect and enhance the natural environment.

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Implement Council's agreed native vegetation offset management actions.
- Collaborate with key local Landcare networks to identify and deliver environmental projects in Murrindindi Shire and to advocate for relevant funding.
- Deliver environmental initiatives with agencies, schools, households and businesses.
- Implement Council's roadside weed control program.

PLANNING FOR FUTURE GROWTH

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	OUR TARGETS	SOURCE
Adoption of environmentally sustainable design principles	The inclusion of environmentally sustainable features in new developments	Council quarterly report
Implementation of ongoing changes to the <i>Murrindindi Planning Scheme (MPS)</i>	Implementation of year 3 actions	Murrindindi Planning Scheme
Strategic and settlement planning adequately addresses bushfire risk and strengthens community resilience	Implementation of Bushfire protection measures	Murrindindi Planning Scheme

Year 3 Actions – What action we are taking in 2015/16

- Conduct a review of the *Significant Landscapes Study*.
- Advocate for funding assistance to deliver infrastructure improvements identified through relevant Council and regional strategies.

ASSET MANAGEMENT

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

STRATEGIC INDICATOR	OUR TARGETS	SOURCE
Reduction in the infrastructure renewal gap	Develop strategies to ensure resources are appropriately allocated across all asset groups to reduce the infrastructure renewal gap over time	Council quarterly report
Delivery of the capital works program	Deliver 95% of annual scheduled Capital Works projects	Council quarterly report
Defined levels of service for maintenance activities	Implement levels of service for roads and drainage maintenance by June 2016	Council quarterly report

Year 3 Actions – What action we are taking in 2015/16

- Support sustainable industries within the region through the provision of infrastructure advice and support.
- Develop a policy to guide Council in its decisions to take on, or divest to the community, management responsibility for community assets.
- Develop policy that defines the basis by which Council will fund infrastructure renewal and seek government endorsement.
- Continue to seek infrastructure grants to support future capital works, with a priority on infrastructure renewal.

Goal – Our Economy

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

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



WORKFORCE DEVELOPMENT

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

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

IMPROVING BUSINESS INFRASTRUCTURE

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

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

INVESTMENT ATTRACTION

Strategic Objectives – What we will do

We will support local business retention and growth.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Investigate the creation of seed funding to support the establishment of new businesses in the Shire.

TOURISM DEVELOPMENT

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

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

Year 3 Actions – What action we are taking in 2015/16

- Support the development of a master plan for the Alexandra Railway Precinct.
- Progress the first stage of the trail link between Alexandra and Eildon.
- In Partnership with other agencies, undertake a feasibility study for the Giant Trees Trail linking all our State and National Parks.
- Support recognition of business excellence through the establishment of the Business Excellence Awards with Murrindindi Inc.

Supporting Strategic Plans

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

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

These strategies include:

	OUR COUNCIL	OUR COMMUNITY	OUR ENVIRONMENT	OUR ECONOMY
Alexandra Landfill Environmental Improvement Plan			•	
Alexandra Township Drainage Network Analysis (2012)			•	
Asset Management Plans (Roads, Bridges, Paths, Kerb & Channel, Buildings etc.)			•	
Asset Management Policy 2014			•	
Asset Management Strategy			•	
Community Engagement Guidelines 2012 - 2015	•			
Community Vision 2030	•	•	•	•
Domestic Animal Management Plan 2013-2017			•	
Economic Development Strategy 2011-2016		▽	▽	•
Industrial Land Demand Study			•	▽
IT Strategic Plan 2008-2012	•			
Kinglake Ranges, Flowerdale and Toolangi Plan & Design Framework 2014			•	
Kinglake Ranges, Flowerdale and Toolangi Plan & Design Framework Implementation Strategy 2014			•	
Lake Eildon Land and On Water Management Plan		▽		
Linking Murrindindi – Accessibility and Liveability Strategic Plan 2011-2013		•	▽	
Management of Significant Landscapes in Murrindindi and Baw Baw			•	
Municipal Emergency Management Plan 2014		▽	•	
Municipal Public Health and Wellbeing Plan 2013-2017	▽	•	▽	▽
Municipal Recovery Plan 2012		•	▽	
Municipal Strategic Statement		▽	•	▽
Murrindindi Shire & Lake Mountain Municipal Fire Management Plan		▽	•	
Murrindindi Shire Council Advocacy Plan	•			
Murrindindi Shire Council Environment Strategy 2011-2015			•	
Murrindindi Shire Heritage Study			•	
Murrindindi Shire Land Capability Assessment			•	
Murrindindi Youth Strategy 2012-2015	▽	•		▽
Railtrail Integrated Marketing and Wayfinding Strategy - Name and Branding			•	
Rating Strategy 2015 - 2019	•			▽
Recreation Reserves: Overall Plans of Development		•	▽	
Risk Management Strategy 2011	•			
Road Management Plan 2013 - 2017	•		▽	
Roadside Weed and Pest Animal Control Plan	•		▽	
Rural Residential Study			•	
Urban Design Framework Alexandra		•	•	•
Urban Design Framework Eildon		•	•	•
Urban Design Framework Marysville		•	•	•
Urban Design Framework Small Towns		•	•	•
Urban Design Framework Yea		•	•	•
Yea Township Drainage Network Analysis 2012			•	



STRATEGIC RESOURCE PLAN 2013 TO 2017 (Year 2 Revision)

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1. INTRODUCTION

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

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

- Details of financial resources (Standard Statements), and
- Details of non-financial resources, including human resources
- 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
- Purpose of the SRP
- Objectives of the SRP
- Financial strategic direction
- Key strategic directions

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

- In light of the recently adopted Rating Strategy, Council will maintain its commitment to increase the general rate by 6.0% in the 2015/2016 financial year. However, owners of vacant land and commercial or industrial properties will also be impacted by the introduction of the differential rates for these land categories recently adopted by Council. This level allows Council to maintain existing service levels and continue to allocate additional funds to renew the municipality's infrastructure;
- Capital Expenditure is \$7.52 million in 2015/16; and
- New borrowings of \$500,000 in 2015/16.

1.1 Purpose of SRP

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

- Establish a financial framework over the next 4 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved.
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP).
- Establish a basis to measure Council's adherence to its policies and strategies, and
- Assist Council to comply with sound financial management principles, in accordance with the *Local Government Act (1989)* and to plan for the long-term financial sustainability of the municipality.

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

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

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



Figure 1: Strategic Resource Plan – Key Strategic Areas

1.2 SRP Assumptions

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

- Rate increases are limited to 6% for the general rate in 2015/16, although the incorporation of the two new differential rating categories for vacant land and commercial / industrial properties will result in higher rate increases for these property class owners in 2015/16.
- From 2016/17 there will be a gradual reduction in the annual rates increase, with the annual rate increase decreasing to 4% by 2023/24.
- An additional 1% growth of the rate base is factored in each year; with a third of the general increase for each year allocated to an Infrastructure Reserve.
- The organisational establishment will remain static in 2015/16, although a small number of limited tenure positions that were scheduled to finish at 30 June 2015 have been continued into the 2015/16 financial year to ensure continuation of service delivery to the community. No other service level changes have been considered in the longer term financial plan for Council.
- Limited new initiatives or programs other than those that have been included in the 10 year capital improvement plan.
- Operating and capital savings from the Murrindindi Services Review have been factored in over successive years.

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- The maintenance and operating costs of the new and gifted assets have now been reduced based on revised lower service level expectations, following the decision by State Government to not provide any further funding to Council to manage and operate these assets.
- Capital works will occur in accordance with the Ten Year Capital Improvement program.
- Provision each year has been made to expense \$300,000 as a contingency for future defined benefits superannuation calls and to quarantine this until such time as a call is made on Council.
- Rebuilding of the Long Service Leave reserve with 50% of the current liability component being cash backed by 30 June 2015. This program commenced in 2013-14 and is aimed to be completed over a 4 year period by 2016-17.

1.3 Strategic Financial Direction

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

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

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

The SRP, within the Long Term Financial Plan (LTFP), establishes the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10 years. The SRP is prepared in conjunction with the Council Plan to ensure the affordability of activities included in the Council Plan.

Last year we indicated a range of potential measures that would be explored in the absence of additional financial assistance. These included increasing rate levels, the introduction of new differential rates, the transfer, closure or sale of assets, and reductions in services. Council has worked to engage the community in prioritising this range of options since last July. We have received valuable feedback in relation to the mix of options that the community would prefer Council to pursue and this has informed our direction and the actions we plan to undertake for the coming year.

These actions have been identified in the interests of financial responsibility and responsible forward planning and will provide a framework to support a sustainable Strategic Resource Plan and enable the development of responsible and accountable annual budgets.

They comprise four strategic elements:

- the introduction of new differential rates;
- the reduction of financial support for a range of assets by transferring that support for those assets for which we have no responsibility to their own responsible body, and by the sale of appropriately identified assets;
- by transferring responsibility to community groups and committees for managing and maintaining community assets in order to give our communities a greater say in how community assets – their assets – are managed into the future;

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- and the development of a policy in respect of asset renewal which identifies the extent to which renewal for identified assets is assessed as appropriate for their respective communities – reducing commitment to funding renewal at an appropriate level rather than the 100% currently projected will assist markedly in reducing financial pressure across the board.

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

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

1.4 Key Strategic Directions

The following table highlights the key strategies of this SRP. Each section includes detailed analysis to support the strategies. The key strategies provide direction for the preparation of the 2015/16 Budget.

Section	Strategic Direction
Section 3: Murrindindi Shire Financial Indicators	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small rural council category. 2. That Council has applied the outcomes of this SRP to the 2015/16 Budget. 3. That in order to reduce ongoing underlying operating deficits, Council is implementing a range of potential measures that will take effect from the 2015/16 financial year onwards.
Section 5: Capital Works	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council initially focuses capital works on renewal investment based on current service levels and maintaining the majority of assets above desired intervention levels indicated in Table 7 (Section 6.5 Condition Assessment), with the last priority being adding further assets to the Shire. Council will remain reliant on grant funding for new and major end-of-life asset replacement and will be looking to dispose of poorly-utilised assets.
Section 7: Long-term Borrowing Strategies	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council, based on compliance with the State Government Prudential Guidelines, borrows funds for plant and vehicle replacements that provide intergenerational equity; and 2. That Murrindindi Shire Council retains its debt servicing and redemption costs at or below 8.0 cents in the rate revenue dollar, towards interest and principal, over the life of this SRP.
Section 8: Restricted Assets	<ol style="list-style-type: none"> 1. That Murrindindi Shire Council builds into its 10 year financial plan the estimated movements in restricted assets and provides for at least \$6 million to \$8 million in working capital to meet day to day needs through effective cash management principles. 2. That to ensure sufficient funds are available to meet operational needs, Murrindindi Shire Council retains a cash position of at least \$1.0 million to \$2.0 million after deducting restricted assets, i.e.

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Section	Strategic Direction
	<p>cash received but not spent or cash to be spent for specific purposes such as developer contributions (infrastructure), waste facility development, employee long service leave payments, security deposits etc.</p>
<p>Section 9: Rating and Other Revenue Strategies</p>	<p>That Murrindindi Shire Council:</p> <ol style="list-style-type: none"> 1. retains the capital improved value (CIV) as its valuation base 2. provides a municipal charge that remains less than the maximum 20% of rate revenue and ensures an equitable contribution towards the unavoidable fixed costs of Murrindindi Shire Council 3. considers future increases based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy 4. in 2015/16, adopts a 6.00% increase in total revenue for the general rate and municipal charges, as well as applying the introduction of the new differential rating categories for vacant land and industrial / commercial properties and a 4.33% increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy 5. pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other Councils
<p>Section 10: Human Resources</p>	<p>That Murrindindi Shire Council plans, manages and delivers activities that support the goals of the Council Plan within the capacity of the current organisational structure and workforce profile.</p>
<p>Section 11: Strategic Financial Plan</p>	<p>The SRP represents the short to medium term of 4 years within the Long Term Financial Plan which presents a financial perspective of the organisation over 10 years.</p> <p>As highlighted extensively to the community over the last 12 months, Council has strongly advocated to State Government to assist in managing the impact of gifted Bushfire assets which has an average effect on the bottom line of \$1.78 million per year for the life of the Plan. The State Government has advised Council that the requested support would not be forthcoming.</p> <p>Council has and will continue to work with the new State Government to address these issues, including by looking for other ways in which the Government can support Council to increase business confidence, economic development and the provision of appropriate infrastructure which will help to grow the Shire and in turn, the Council's rate base.</p> <p>Council will continue to ensure it practises prudent financial management, hence the 2013/17 Council Plan contains a modest range of activities whilst its priorities will be focused on growing its rate base and pursuing further funding sources to assist in asset maintenance and service delivery.</p>

Table 1: Key Strategies – 2015/16

2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN

2.1 Integrated Planning Framework

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

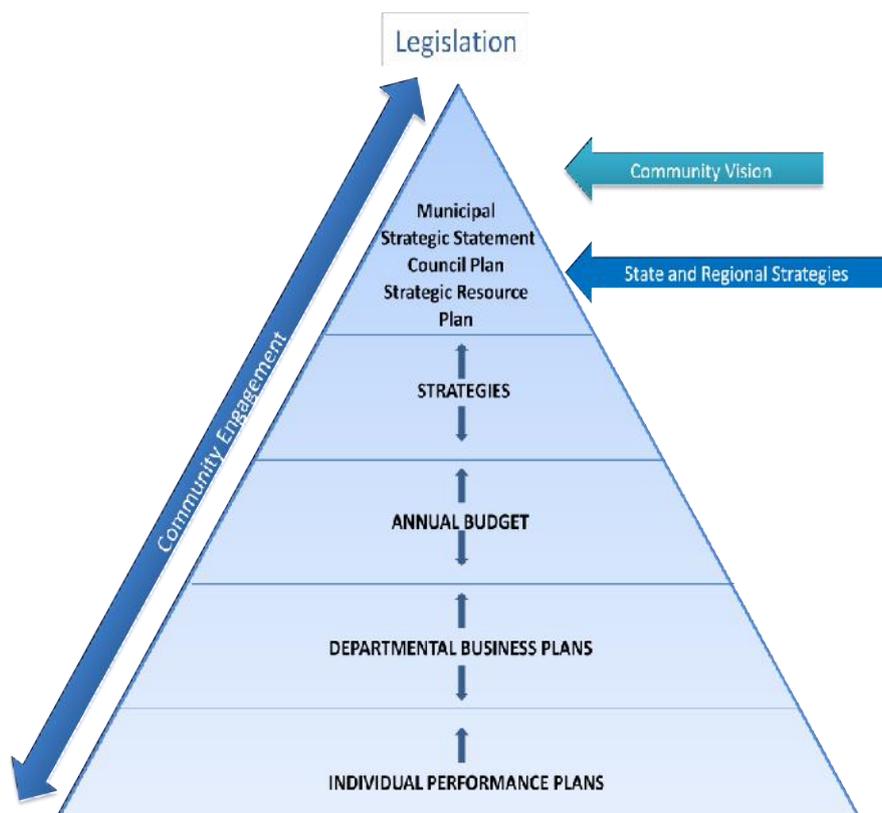


Figure 2: Integrated Planning Framework

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

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

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

3. MURRINDINDI SHIRE COUNCIL FINANCIAL SUSTAINABILITY

3.1 Introduction

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

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

3.2 Benchmarking

The benchmarking program in this SRP is derived from financial data contained in annual reports from other councils. This benchmarking ensures data are comparable under the current regulations.

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

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

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

Table 2: Number of Councils in each Category– 2014/15

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

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

3.3 Analysis of Council's Financial Sustainability

3.3.1 Financial Sustainability

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

Councils are organisations that manage intergenerational community services and assets. Councils provide the legal framework by which communities own infrastructure and assets collectively. The Australian Local Government Association's (ALGA's) definition of financial sustainability is worth noting:

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

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

Underlying Operating Position (Surplus/Deficit)

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

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

Liquidity

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

Rate effort

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

Rates affordability

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

This work noted that Murrindindi's capacity to raise revenue from rates and charges is close to average when compared to other like Councils.

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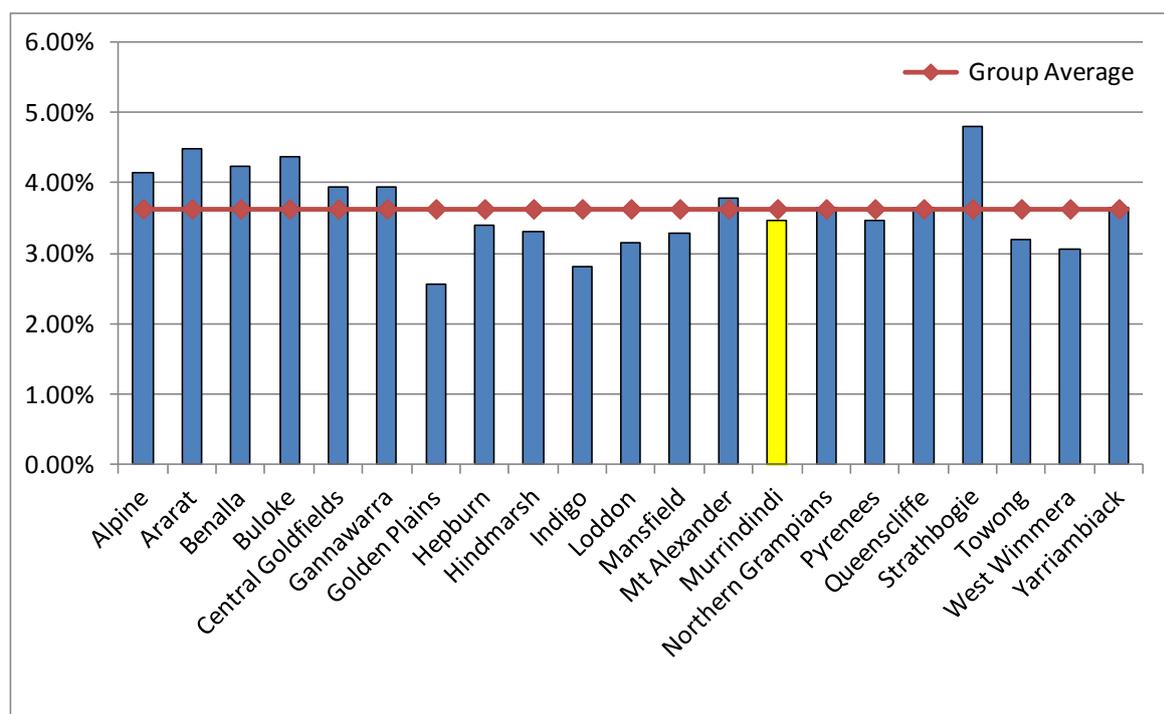


Chart 1: Rates Affordability Small Rural – 2013/14

Population growth

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

3.3.2 Victorian Auditor General

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

The 2013/14 Result compared to the five (5) year average for VAGO's indicators of Council viability is:

Risk Ledger

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

Indicator	Calculation	Description	Results 2013/14	Five (5) Year Ave	Actual Trend

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Indicator	Calculation	Description	Results 2013/14	Five (5) Year Ave	Actual Trend
Underlying result	Adjusted net surplus / total underlying revenue	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long-term. Underlying revenue does not take into account non-cash developer contributions and other one-off (non-recurring) adjustment	4.20%	3.79%	
Liquidity	Current Assets / Current Liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio one or more means there is more cash and liquid assets than short-term liabilities.	2.75	2.66	
Indebtedness	Non-current liabilities/ own sourced revenue	Comparison of non-current liabilities (mainly comprising borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the revenues they generate themselves. Own-sourced revenue is used (rather than total revenue) because it does not include capital grants, which are usually tied to specific projects.	20.78%	24.66%	
Self-financing	Net Operating cash flow/ underlying revenue.	Measures the ability to replace assets using cash generated by their operations. The higher the percentage, the more effectively this can be done.	34.92%	28.68%	
Investment Gap	Capital Spend: Depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations, and borrowing is not an option	1.19	4.62	
Renewal gap	Renewal and upgrade expenditure / Depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate. Similar to the investment gap, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option	0.82	1.37	

Table 3: Murrindindi Shire Council VAGO Indicators of Council Viability

Whilst Council's liquidity ratio in 2013/14 was 2.75 and is projected as favourable in 2015/16, when taking into account the cash required for restricted purposes and the investment required to meet the renewal gap, cash is not being generated at sufficient levels. This is exacerbated by the incidence of recurrent deficits.

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.

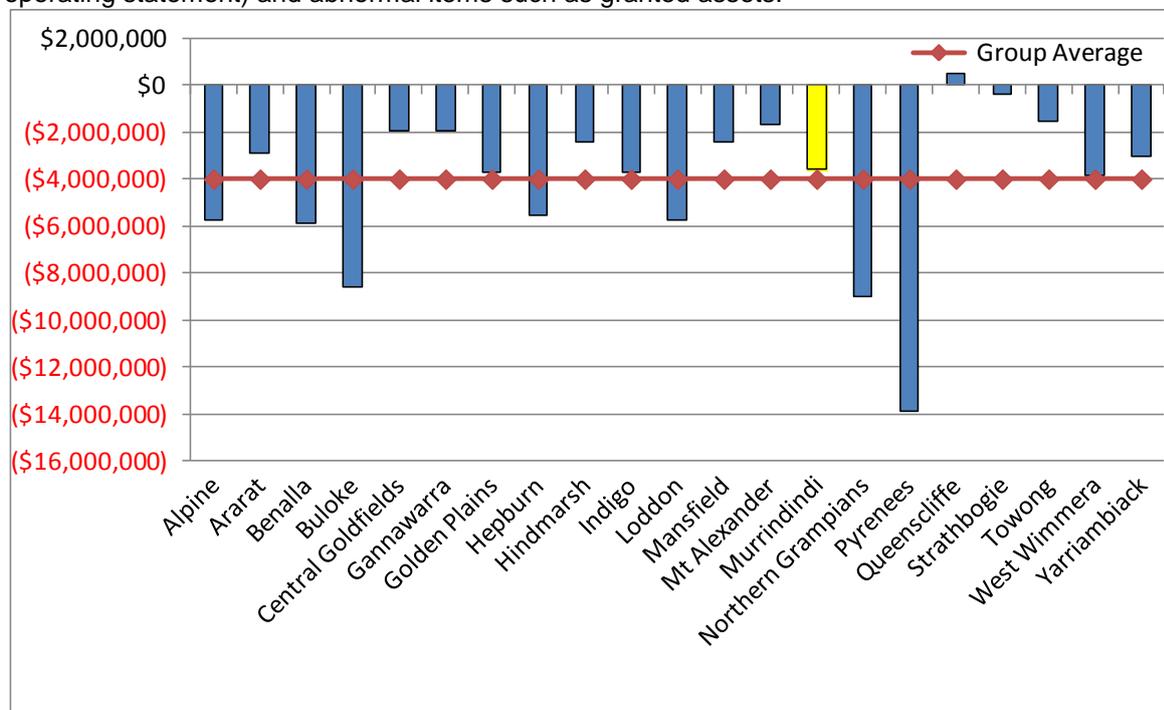


Chart 2: Adjusted Surplus / Deficit – 2013/14

As detailed in Chart 2, this is an area that all small rural Councils struggle to achieve, with the majority recording adjusted operating deficits. Council's 2013/14 position compares marginally ahead of the average for the small rural council category at \$3.45 million for underlying operating deficit. Council's underlying position for coming years as detailed in the LTFP shows that Council will continue to have difficulties in this area going forward as it attempts to address the ongoing asset renewal costs. The absence of any additional financial assistance means that Council will be pursuing those options identified in conjunction with the community to be utilised in addressing the revenue gap.

3.4.1 Strategic Direction

1. That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small rural council category.
2. That Council has applied the outcomes of this SRP to the 2015/16 Budget.
3. That in order to reduce ongoing underlying operating deficits, Council is implementing a range of potential measures that will take effect from the 2015/16 financial year onwards.

4. SERVICE PROVISION AND PLANNING

4.1 Introduction

The range and level of services that Council can provide were considered as part of the development of the Murrindindi Services Review 2012.

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

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

4.1.1 Departmental Business & Operation Plans

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

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

4.1.2 Murrindindi Shire Council Budget

Council's operation includes provision of building, planning, economic development services, community services, infrastructure planning, operations and corporate support services including finance, information technology, asset management, human resource and risk management and organisation development.

The LTFP Model generated the key results and reports which were transferred to the Murrindindi Shire Council Budget 2015/16. Council's operating costs and revenues for 2015/16 are \$32.03 million and \$30.41 million respectively with forecasts for the next 10 years contained in Appendix C. The Capital Works Program is explained in more detail in Section 5.

4.1.3 Benchmarking Murrindindi Shire Council Financial Performance

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

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

4.2 Conclusion

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

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

5. CAPITAL WORKS PROGRAM

5.1 Introduction

This section includes:

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

85 per cent of Council’s capital expenditure is on renewal and upgrade type projects in the capital works program for 2015/16.

The total capital program of \$7.52 million is composed of only \$1.15 million in new assets and \$6.36 million in renewal and upgrade.

Capital expenditure represents 60.63 percent of rate revenue in 2015/16. The benchmark for 2013/14 capital expenditure levels by small rural councils is illustrated below. It should be noted that Buloke’s capital expenditure for 2013/14 was impacted by works undertaken following the floods of 2011:

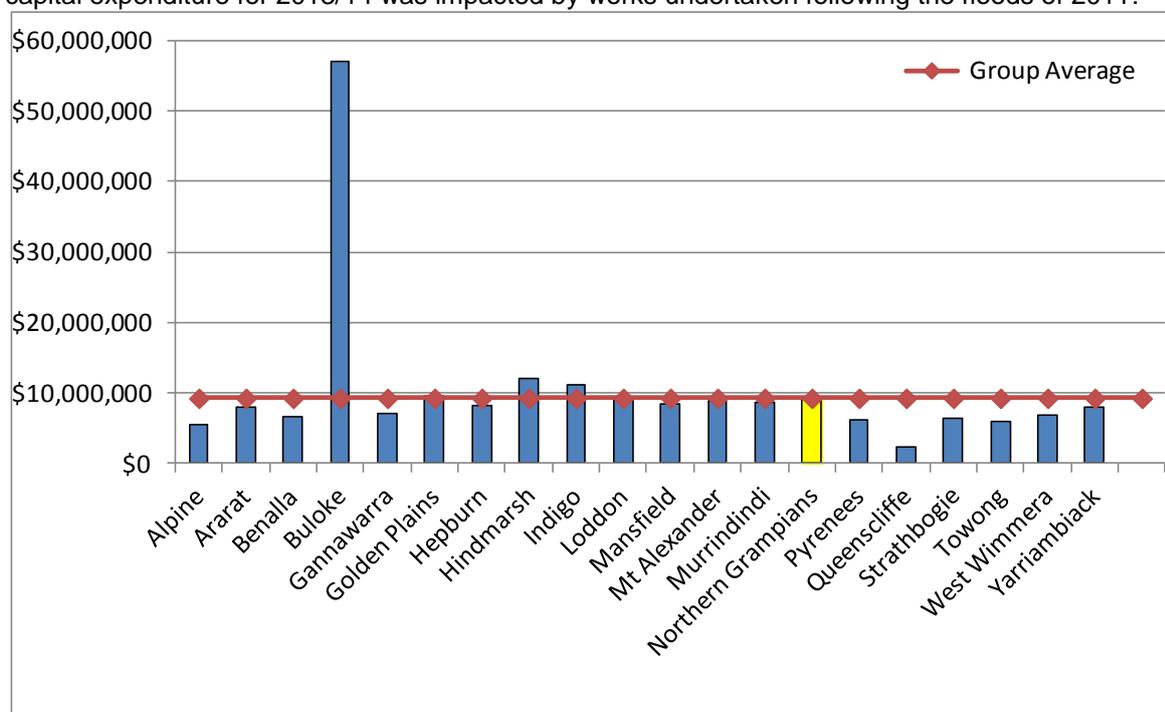


Chart 3: Capital Expenditure per Capital Works Statement – 2013/14

The level of capital expenditure when compared to previous periods represents a significant shift away from the abnormal amounts of expenditure attributable to Bushfire and Natural Disaster funded works in prior years. The focus from 2013/14 onwards has been on renewal works as opposed to new and upgrade works in order to address the Infrastructure Renewal Gap and therefore a return to ‘normal’ levels of expenditure. This is also shown in the 2015/16 budget year as only 15% of the capital expenditure budget is allocated to new assets and this philosophy is continued throughout the SRP.

5.2 Level and Nature of Capital Works

The following are the key objectives around which the 2015/16 capital works program has been developed:

- Show proposed total available capital funding across the life of the program,

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- Continue to invest more heavily in renewal of existing infrastructure, with less of the capital works budget being allocated to new and upgraded assets.
- Demonstrate the effect of generating an infrastructure reserve, and
- Identify funding sources for capital funding.

In terms of the longer term program to 2024/25 the following parameters/assumptions apply:

- Large one-off projects flagged in subsequent years require accurate costing to be undertaken and their timing and priority finalised.
- Priority will continue on renewal, followed by upgrade, with new assets being the most discretionary and almost exclusively funded through specific grant funded opportunities.
- Expenditure growth is required to a level of sustainable renewal to meet the community's service level requirements (based on current Asset Management Plans) by 2020/21.
- Income assumptions are to remain conservative given they are less predictable, and the forecast reduction of annual rate increases to be reflected into each year's annual capital works program.
- Roads to Recovery income is assumed to continue at current level spread across relevant projects within the Roads Program.
- Whilst Council's focus is to invest in renewal projects through to 2023, there is insufficient generation of cash to close the unfunded Infrastructure renewal gap over the next 10 years. With the spectre of an indetermined rate-capping methodology to be applied from 2016/17, the Infrastructure Renewal Gap will continue to accumulate for the life of the Long Term Financial Plan and beyond.

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

5.3 2015/16 Capital Investment Levels

The 2015/16 capital works program by expenditure type is detailed below:

Table 4: Capital Works Summary – 2015/16

Capital Expenditure Type	2015/16 \$	2015/16 %
Renewal	4,761,000	63%
Upgrade	1,598,000	21%
New	1,158,000	15%
TOTAL	7,517,000	100%

5.4 Capital Funding Sources

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

Over the longer term there is insufficient cash to address Council's increasing Infrastructure Renewal Gap which increases per annum on a variable level depending on the estimated life of assets and the

forecast schedule of works required to maintain assets at their current level of utility. There is little capacity in terms of cash to consider the expansion of new and upgrade capital works projects.

5.5 Conclusion

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

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

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

5.5.1 Strategic Direction

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

6. ASSET MANAGEMENT

6.1 Introduction

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

This section includes:

- Background to Council's total asset portfolio at 30 June 2015.
- Summary of fixed assets.
- Key questions to determine service level/investment.
- Sustainability index.
- Condition assessments.
- Strategic asset management, and
- Future asset management.

6.2 Background to Council's Total Asset Portfolio at 30 June 2015.

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

For accounting purposes assets are grouped into current and non-current assets. Current assets are cash or 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 projected balance of current assets held by Murrindindi Shire Council at 30 June 2015 is projected to be \$22.94 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 2015 is \$294.89 million. The balance of this section will focus on the fixed assets and the management strategies that Council is pursuing.

6.3 Summary of Fixed Assets

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

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

Council's projected fixed assets at 30 June 2015 are detailed below:

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Fixed Assets	WDV 30 June 2015 \$000's
Property Plant and Equipment	29,080
Infrastructure Assets	265,807
TOTAL	294,887

Table 5: Fixed Assets and Land Held for Resale – 2014/15

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

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

6.4 Sustainability Index

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

Type of Expenditure	Definition	Purpose/Example
Maintenance	Expenditure on an asset that maintains the asset in use, but does not increase its service potential or life.	Life extension: Extending asset lives by repair, reducing average annual consumption costs and renewal rates, eg. Repairing a single pipe in a drainage network or a pothole.
Capital Renewal	Expenditure on an existing asset or a portion of an infrastructure network which returns the service potential, or extends the life of the asset, to its original potential.	Retains an existing service level, e.g. Re-sheeting and road reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service.	Increases the quality of service provided to ratepayers, eg. Widening the pavement of a sealed area of an existing road.
New Assets	Expenditure on creating a new infrastructure asset to be enjoyed by existing residents.	Creates services or utilisation to residents of the Shire, eg. Extending a road, drainage network, or new pre-school.
*The average annual asset consumption is a measure of the asset consumption costs being incurred today. To the extent that they are not funded by today's ratepayers, the liability becomes one for future generations		

Table 6: Sustainability Index – Definitions – 2014/15

The sustainability index is an accounting measure based on the difference, expressed as a percentage, between Council's annual depreciation charge and renewal liability. Murrindindi Shire Council's Sustainability Index projected at 30 June 2015 is 61.00%. The sustainability Index (renewal) indicates the extent to which current ratepayers are contributing to the assets they are now

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consuming.

As identified in Section 1.3 Council has also participated in the Local Government Financial Sustainability Review. This has highlighted the challenges facing small rural municipalities in maintaining their long term financial sustainability.

6.5 Condition Assessment

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

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

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

Murrindindi Shire Council has continued to develop its Asset Management System to readily monitor asset condition and performance and to:

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

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

MURRINDINDI COUNCIL – ASSET CONDITION INTERVENTION LEVELS	
ASSET SET	IL LEVEL
Pavement (High Traffic) Urban	8.0
Pavement (Low Traffic) Urban	8.0
Pavement (High Traffic) Unsealed	8.0
Pavement (Low Traffic) Unsealed	8.0
Spray Seal (High Traffic) Urban	6.0
Spray Seal (Low Traffic) Urban	6.0
All Kerbs	8.0
Pavement (High Traffic) Rural	8.0
Pavement (Low Traffic) Rural	8.0
Spray Seals (High Traffic) Rural	6.0
Spray Seals (Low Traffic) Rural	6.0
Carpark Pavements	8.0
Carpark Seal	6.0
Concrete Pathways & areas	9.0
Brick Paved Pathways & areas	8.0
Sealed Pathways	8.0
All other Pathways	9.0
Long Life Bridges	8.0

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Short Life Bridges	7.5
Pits	9.0
Pipes	9.0
Community Build Structure Long Life	8.0
Community Build Structure Short Life	8.0
Community Build Roof Structure	8.0
Community Build Mechanical Services	8.0
Community Build Building Fit Out	8.0
Playground Equipment	7.0
Corporate Build Structure Long-Life	8.0
Corporate Build Structure Short-Life	8.0
Corporate Build Roof-Structure	8.0
Corporate Build Mechanical-Services	8.0
Corporate Build Building Fit-Out	8.0

Table 7: Asset Condition Intervention Levels– 2014/15

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

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

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

Council, as a manager of public infrastructure, assesses the relative merits of rehabilitation, renewal or replacement as options and identifies the optimum long-term solution. The following graphs depict Council's approved Capital Works Program for the coming 10 years, as well as the forecast level of renewal expenditure compared to the renewal demand across all asset categories for Murrindindi Shire Council from 2015-2024. The key changes to this chart when compared to last year, is the updated 10 year capital works projections which now includes the impact of the renewal and upgrade of Council's landfill site and resource recovery centres.

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

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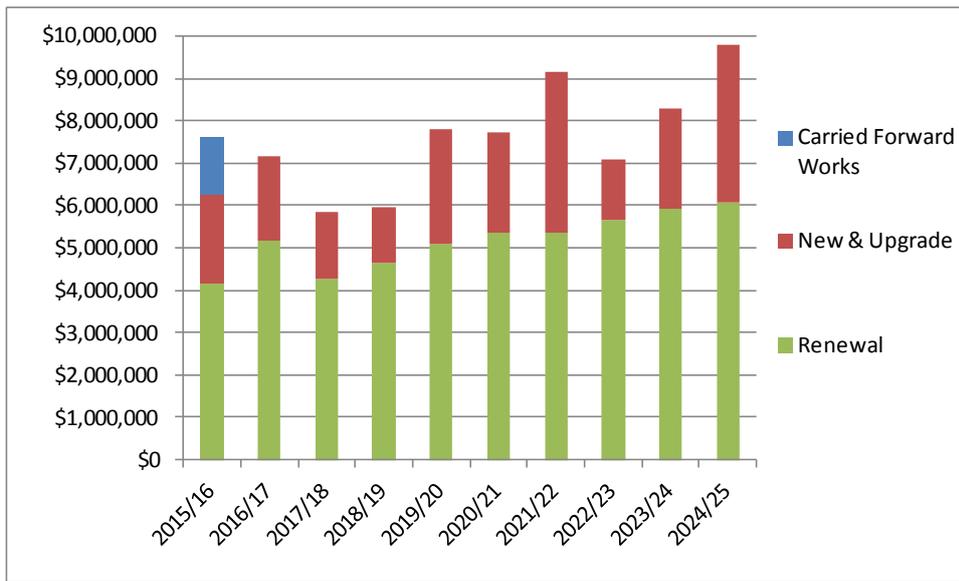


Chart 4: 10 Year Capital Works Program – 2015/16 – 2024/25

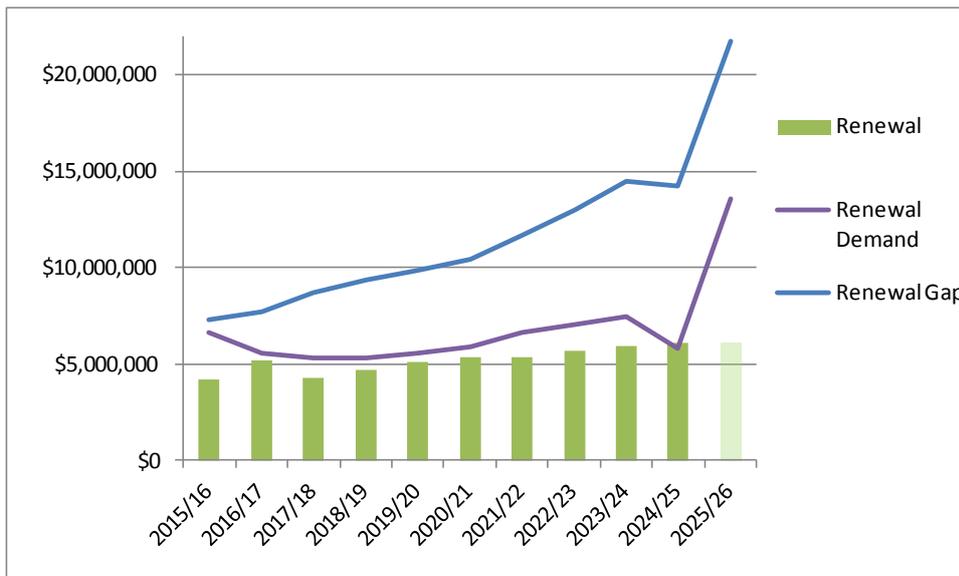


Chart 5: Proposed / Predicted Renewal Expenditure Chart – 2025/26

6.6 Strategic Asset Management

Council reviews its Asset Management Policy on a triennial basis.

Other major elements are the Asset Management Strategy which details specific actions to be undertaken by Council to improve asset management capability and achieve specific strategic objectives and the Asset Management Plans that are subsequent components where long-term plans (10-years and beyond) outline renewal requirements for each asset category.

The following table explains the purpose and typical contents of these documents:

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

Table 8: Asset Management Plan Objectives & Document Content

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

6.7 Long Term Asset Management

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

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

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

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

In addition to these broader political and macroeconomic pressures that local government faces in appropriately managing its public infrastructure, Murrindindi Shire Council has had to deal with the largest natural disaster in the country’s history, which had the additional consequence of adding the

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operation, maintenance and renewal of more than \$33 million of new and upgraded infrastructure to Council's responsibilities. By way of comparison, this is 50% more than the total amount of funds expected to be spent on new and upgraded infrastructure in the Shire in the next 10 years.

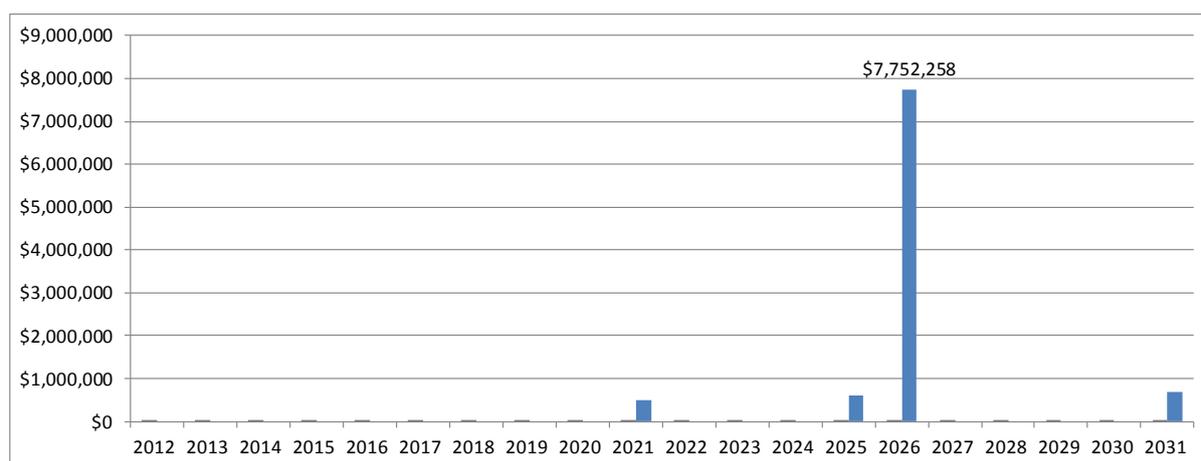
The longer-term impact of the unplanned addition of this infrastructure, is the current cost that Council is now required to fund on an annual basis (ie. Operations and maintenance) as well as providing for the known future expenditure that will be required for the sustainability of these assets (ie.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

The operational and maintenance of these assets has been previously recognised with Council's SRP at a cost of \$1.2 million per annum. This value has been adjusted to \$0.9 million per annum in the 2015/16 annual budget, with the review of the ongoing service level standards of this infrastructure, with this to be reviewed further in 2015/16 as part of Council's commitment to work with community groups regarding the importance and ultimate responsibility of various components of the public infrastructure under Council's ownership or management.

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

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

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



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

7. LONG-TERM BORROWING STRATEGIES

This section includes:

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

7.1 Appropriate level of debt

Deciding on a prudent debt level is a difficult task.

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

The following factors are important issues for Council:

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

The table below highlights the relative debt levels of Councils within the Small Rural Council grouping at 30 June 2014. Council's relative debt level is also shown.

Council	Total Debt / Rate Revenue	Debt Commitment / Rates	Debt Commitment per Capita	Debt Commitment per Rating Assessment
Alpine	7.66%	1.82%	\$23	\$32
Ararat	15.79%	1.04%	\$13	\$20
Benalla	51.75%	12.24%	\$126	\$223
Buloke	48.98%	6.60%	\$99	\$111
Central Goldfields	47.90%	4.41%	\$40	\$62
Gannawarra	15.72%	4.91%	\$49	\$77
Golden Plains	38.14%	4.24%	\$35	\$69
Hepburn	25.44%	7.50%	\$83	\$113
Hindmarsh	0.00%	0.00%	\$0	\$0
Indigo	25.59%	4.54%	\$38	\$71
Loddon	3.01%	2.42%	\$28	\$27
Mansfield	28.29%	4.59%	\$64	\$70
Mt Alexander	22.17%	4.72%	\$47	\$78

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Council	Total Debt / Rate Revenue	Debt Commitment / Rates	Debt Commitment per Capita	Debt Commitment per Rating Assessment
Murrindindi	23.55%	7.59%	\$88	\$125
Northern Grampians	22.32%	3.80%	\$46	\$59
Pyrenees	25.06%	5.39%	\$62	\$71
Queenscliff	12.75%	4.70%	\$89	\$91
Strathbogie	18.18%	4.06%	\$64	\$85
Towong	5.15%	1.53%	\$17	\$22
West Wimmera	8.57%	1.81%	\$24	\$23
Yarriambiack	4.94%	2.24%	\$32	\$33

Table 9: Council Comparison Debt Levels within Small Rural Council Group – 2013/14

In terms of total debt levels, Murrindindi Shire Council's current debt levels are broadly consistent with the median level of debt as a percentage of revenue for Small Rural Councils of 22.17%. However, when debt is viewed as a percentage of net realisable assets, which measures a Council's liquidity, or ability to cover its debt position, Murrindindi is highlighted as having one of the most favourable debt positions when compared to like Councils.

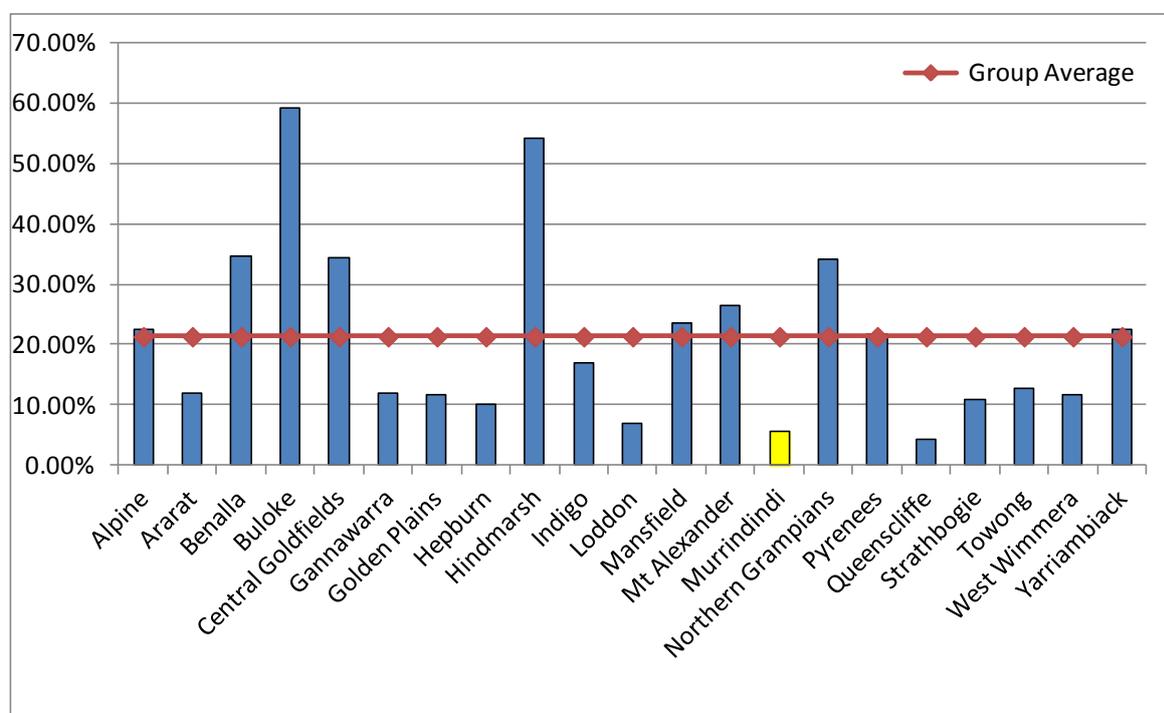


Chart 6: Debt Exposure Ratio – 2013/14

In order to track the trend in Council debt position, the table below confirms that debt levels will continue to decrease, by \$0.725 million from 30 June 2014 to 30 June 2016.

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

	Actual	Forecast	Budget
Debt Type	30/06/2014	30/06/2015	30/06/2016
Loans	3,697	3,297	2,972

Table 10: Council's Interest Bearing Liabilities

7.2 Borrowing Assessment Policy

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

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

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

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

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

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

Area	Financial Indicator	Threshold (Prudential Guidelines)	Position 2013/14	Forecast 2014/15	Budget 2015/16
Liquidity	Current Assets to Current Liabilities	1.5	2.74	3.16	3.28
Debt Exposure	Total liabilities over total realisable assets	50%	5.7%	4.6%	4.3%
Debt Servicing	Debt Servicing Costs as a % of Total Revenue	5%	1.1%	1.1%	1.0%

Table 11: State Government Prudential Guidelines– 2013/14 to 2015/16

7.3 Financial Indicators

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

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

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

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

Murrindindi Shire Council's forecast is within the State Government prudential guidelines at 30 June 2014 for most indicators and continue to trend on a favourable basis through to 2023/24. However,

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whilst these indicators may seem favourable, Council's liquidity, as expressed in the liquidity ratio and in terms of being able to meet an accumulated unfunded infrastructure renewal gap is insufficient.

7.3.1 Liquidity

How measured Current assets over current liabilities

Threshold 110% or higher

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

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

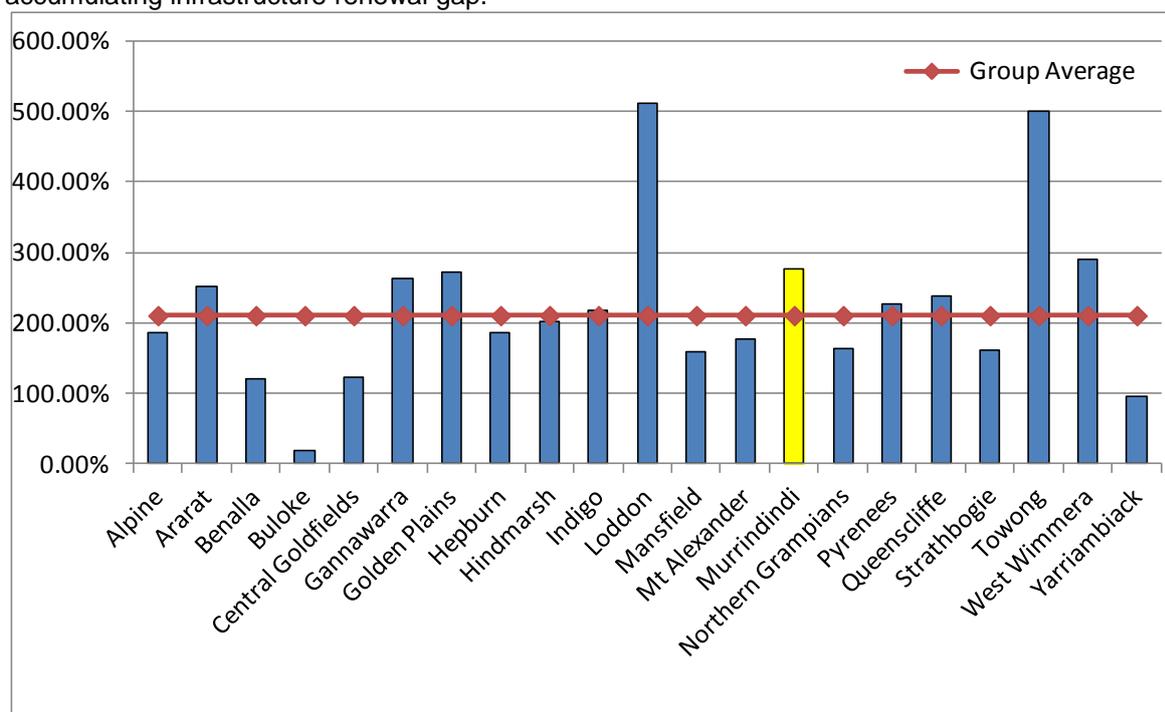


Chart 7: Current Assets / Current Liabilities – 2013/14

Murrindindi Shire Council's working capital ratio as at June 30, 2014 was 275 percent (that is, current assets over current liabilities), which is well in excess of the 110 percent benchmark, which would be the minimum acceptable level. The significant improvement in this area over the last 12 months reflects Council's efforts to reduce debt, in addition to increasing cash reserves to fund future capital renewal projects.

7.3.2 Debt Exposure

How measured Total liabilities over total realisable assets

Threshold 50 percent or below

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

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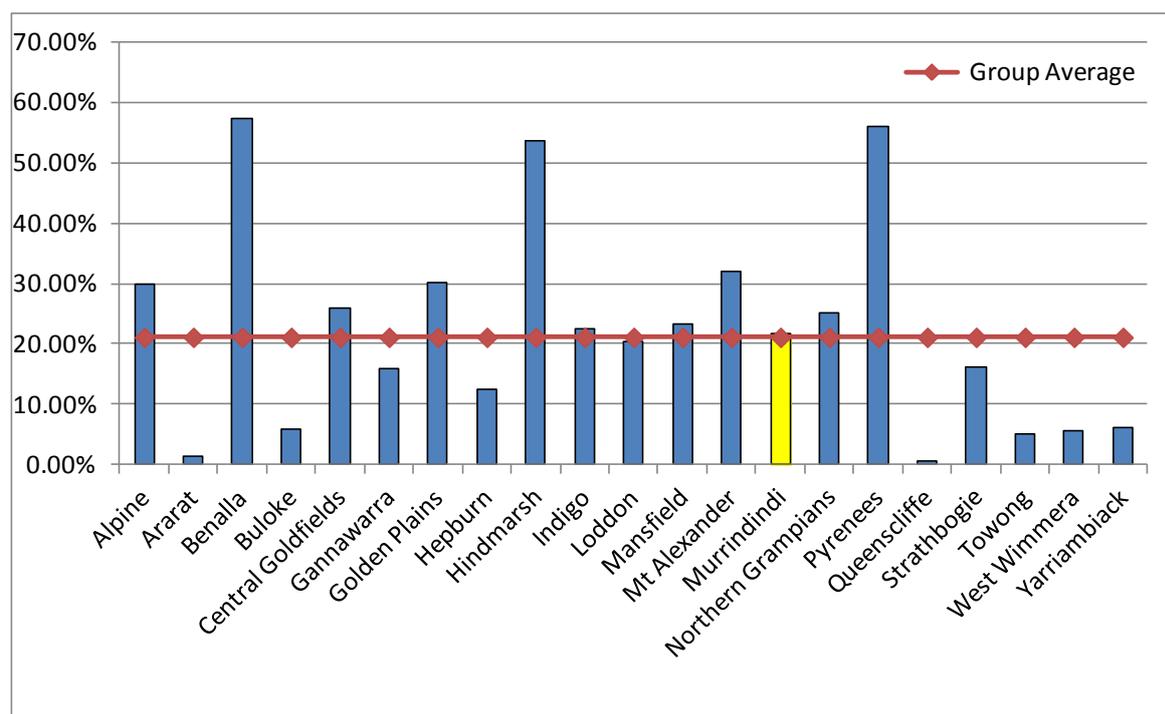


Chart 8: Indebtedness Ratio – Non-Current Liabilities / Own Source Revenue – 2013/14

Murrindindi Shire Council's indebtedness ratio at June 30, whilst marginally above the average for small rural councils, has continued to decrease over the last few years (25.1% to 21.1% comparing 2012/13 to 2013/14) as Council reduces its liabilities, whilst managing its limited revenue base.

7.3.3 Debt Management

How measured Total debt as a percentage of rate revenue

Threshold 80 percent or below

Description The Local Government Act 1989 requires that all loans are secured against the revenue stream from rates. A council with total debt in excess of the revenue from rates would be unable to meet all debt commitments from rate revenue should they be required to be paid at one time. A threshold of 80 percent has been set.

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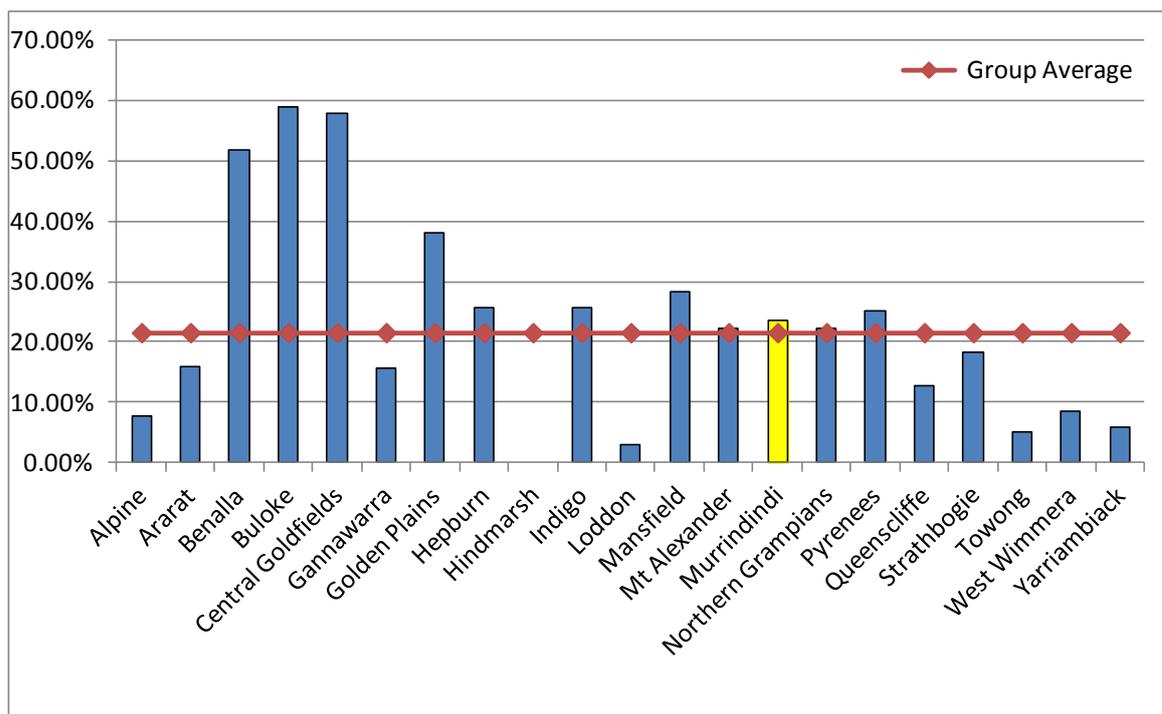


Chart 9: Total Debt as a Percentage of Rate Revenue – 2013/14

Murrindindi Shire Council's debt as a percentage of rate revenue as at June 30, 2014 was 23.5 percent, which is well inside the 80 percent benchmark and both the state and Small Rural's average.

7.4 Prudent Debt Levels

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

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

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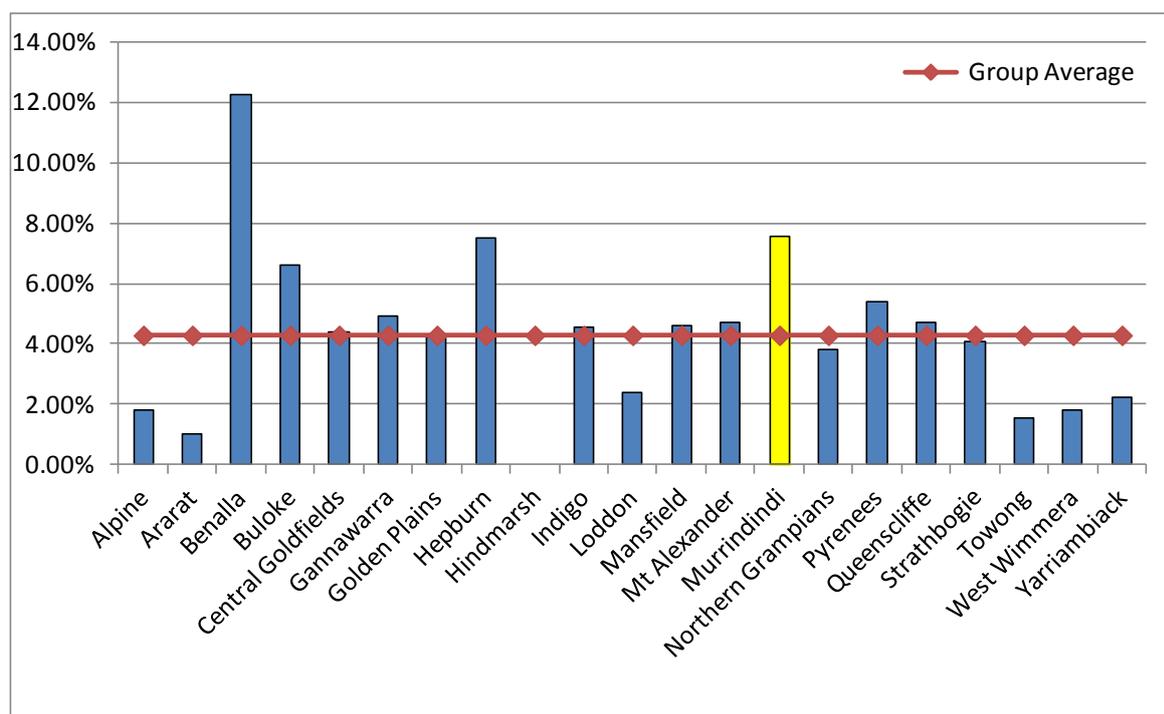


Chart 10: Debt Commitment Ratio (per assessment) – 2013/14

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

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

In 2015/16 it is proposed that this figure will decrease to below 7.0 cents in the rate dollar received. Debt is generally used to fund capital expansion projects and for 2015/16 these projects have been earmarked as plant and fleet replacement (i.e. It should not be used for renewal or maintenance) when the asset life is greater than one generation (i.e. often described as intergenerational equity).

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

By borrowing, the Council ensures today's ratepayers are not fully funding these facilities. There are limits on borrowings due to the costs of interest payments. If the council was to borrow too heavily it would result in an inability to invest in capital works due to funds being consumed in debt repayment. Therefore a balance is important.

7.5 Future Loan Program

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

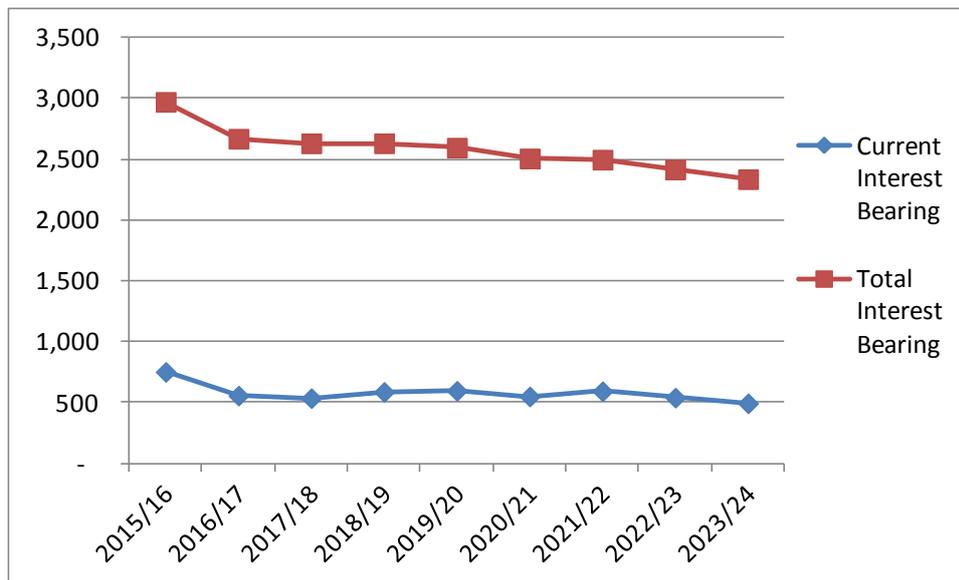


Chart 11: Total and Current Interest bearing Liabilities – 2015/16 – 2023/24

7.5.1 Strategic Direction

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

8. RESTRICTED ASSETS

8.1 Introduction

Victorian Councils have traditionally operated with reserve funds that are allocated for specific purposes.

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

8.2 Nature and Purpose of Restricted Assets

Murrindindi Shire Council allocates expenditure for known outlays and revenues, directly to the financial year where the expenditure will be incurred, rather than to specific reserve funds. The traditional transfer to and from reserves is generally no longer undertaken as it is contrary to the requirements of the accounting standards and regulated standard reporting that now applies under the Local Government (Financial and Reporting) Regulations 2004. The Strategic Resource Plan is framed around having sufficient cash reserves to cover restricted assets which are primarily developer open space contributions, long service entitlements and grant funding.

Murrindindi Shire Council also generally provides for a working capital ratio of 1.5 to meet day to day needs, however, the level of cash is insufficient from 2015/16 onwards with an accumulating Infrastructure Renewal Gap. This is a reflection of ongoing recurrent deficits due to the inclusion predominantly of the cost of gifted assets.

8.2.1 Long Service leave

The *Local Government (Long Service Leave) Regulations 2012* were enacted on 7 February 2012. The changes to the regulations removed the requirement to have a fully funded cash provision based on previous LSL taken. As a consequence of relaxing of this requirement, Council utilised this reserve to offset the call of \$1.9 million from the Defined Benefits Superannuation fund in 2013/14. In recognition that Council needs to fund Long Service Leave calls into the future, Council commenced providing allocations in 2013/14 and will look to continue this over the next four years with 50% of the current liability component being cash backed by 30 June 2015, with the program to be completed by 2016-17. Council continues to recognise employee long service leave entitlements as a liability in accordance with applicable Accounting Standards.

8.2.2 Developer Contributions

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

8.2.3 Waste Reserve

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

8.2.4 Notional Reserves, Amounts held in Trust

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

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Restricted Assets	Estimate 30 June 2015 \$000's
Reserves	11,904
Amounts held in Trust	
- Refundable Building Deposits	70
- Refundable Contract Deposits	290
- Refundable Security Deposits	113
- Other Refundable Deposits	170
Total	643

Table 12: Restricted Assets – 2014/15

8.2.5 Strategic Direction

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

9. RATING AND OTHER REVENUE STRATEGIES

9.1 Introduction

This section includes:

- Valuations.
- Components of Murrindindi Shire Council's rating base.
- Background to present rating system.
- Rates Affordability.
- Rating Strategy.
- Rates and Charges Budget 2015/16.
- Waste services.
- Grant revenue.
- Victorian Grants Commission, and
- Fees and charges revenue.

9.2 Valuations

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

Valuations are carried out using *Valuation Best Practice Principles* as set down by the State Government Valuer General. In Murrindindi Shire Council the Valuer is appointed via a competitive process on a two year cycle as general valuations are required every two years to ensure a common date is used for all valuations. Data on every property are recorded and used by the appointed valuer, along with sales, rentals and other information to determine the valuations.

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

The 2015 revaluation was undertaken based on property values at 1 January 2014. Property values will be reassessed during the 2015/16 financial year for implementation for the 2016/17 rating year.

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

9.2.1 Definitions of valuations

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.

9.2.2 *Supplementary valuations*

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

- construction of a new dwelling or building;
- subdivision of a property; or
- consolidation of properties.

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

9.2.3 *Components of Council's Rating Base*

Murrindindi Shire Council levies differential rates, annual service charges and a municipal charge, to raise its annual rates and charges revenue.

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

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

9.2.4 *Assessment of Current Rating Levels*

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

Each local government sets rates based on an assessment of the desires, wants and needs of its community and as each community is different, direct comparisons can be difficult.

For example, cash holdings of municipalities vary and councils have significantly different infrastructure needs and geographic sizes.

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

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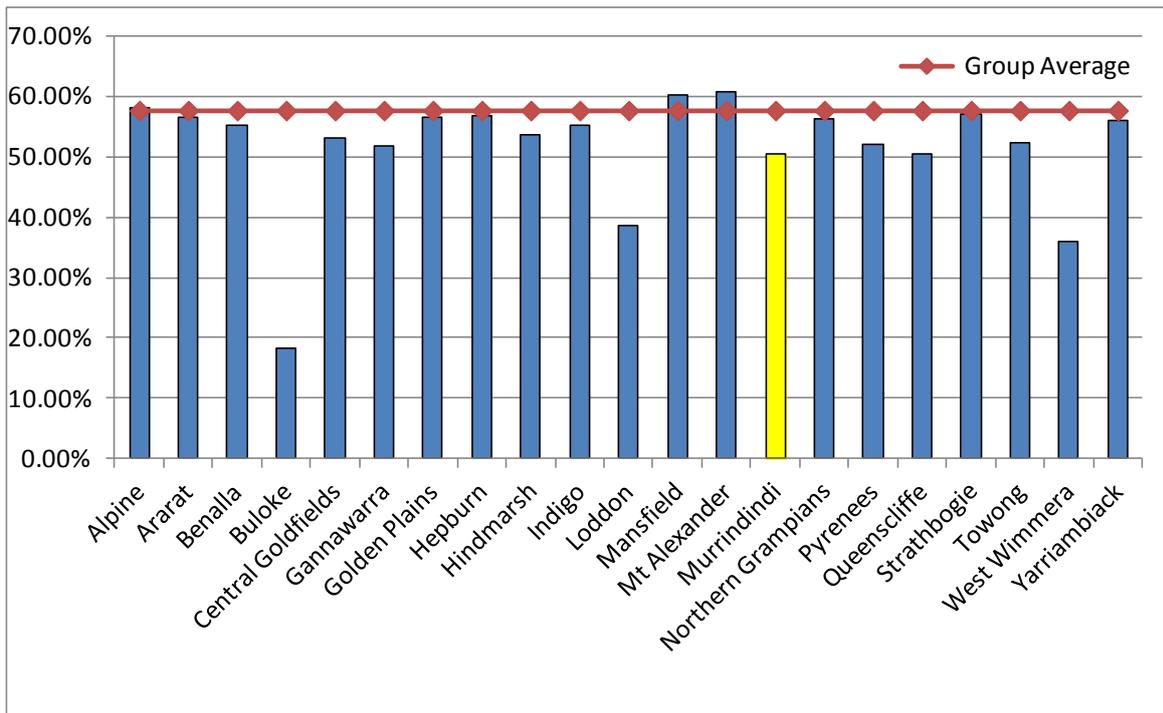


Chart 4: Rates as % of Total Revenue– 2013/14

As detailed in Chart 12 below, on a rates per capita basis in the 2013/14 financial year, Murrindindi Shire Council was below the average level for the Small Rural Council group, reflecting the relative affordability of rates in Murrindindi when compared to other Small Rural Councils.

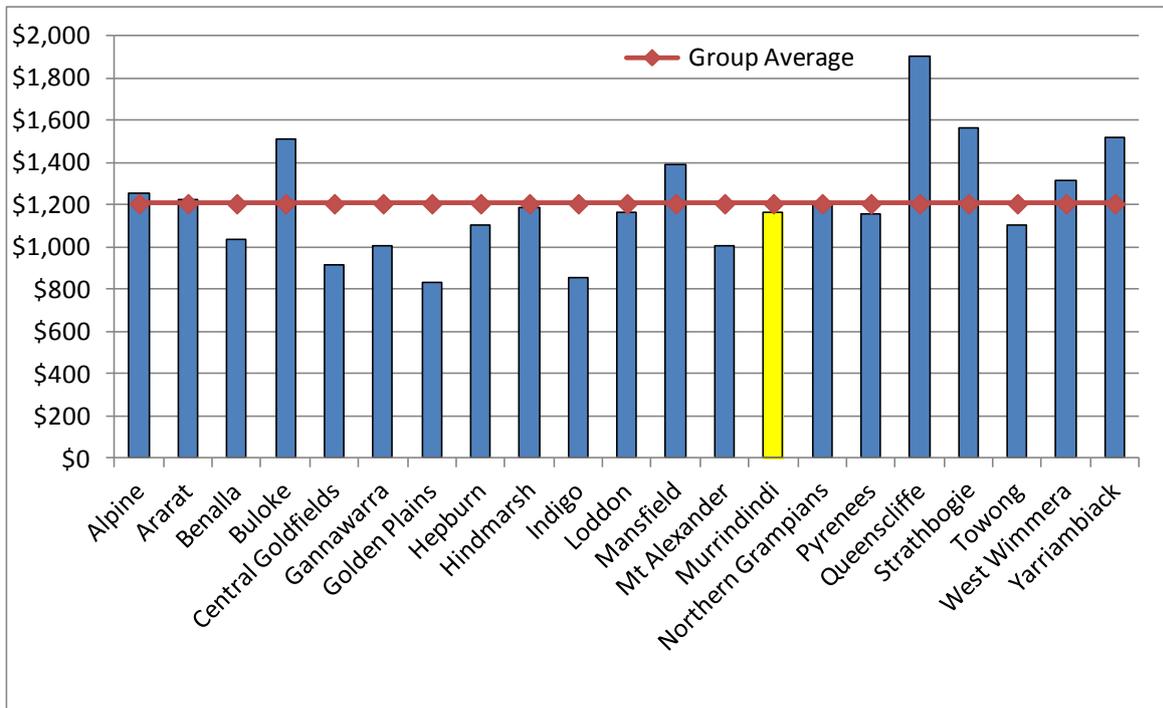


Chart 5: Rates Per Capita – 2013/14

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Council maintained its commitment to limit rate rises to no more than 6% for the financial year for the 2015/16 financial year. For the 2015/16 financial year, this commitment has been maintained for the general rate increase, although the introduction of two new differential rate categories will impact the annual change for both vacant land owners and commercial/industrial property owners. This is a one-off impact, and Council is now looking at ways to ensure a steady decline in the overall rate increase to 4% by 2023/24.

The new Labor State Government in Victoria has recently indicated to all Councils in Victoria that it will introduce legislation before the Parliament that will prevent Councils from raising rates above inflation levels from 1 July 2016.

Whether the inflation rate used to determine the rate capping level will be based on historical averages, current inflation rates or projected inflation rates remains unclear at present, which inhibits Council from being able to make any accurate predictions about the impact that this will have on the long term financial sustainability of Council, or the corresponding impact that this may have on the delivery of services currently provided.

It is also understood by Council that there will be an appeal process where Councils will be able to appeal for an exemption to this new legislation, but it is again unclear at this stage as to how this mechanism will work, what the criteria will be to allow a Council to be considered for an exemption, or what costs from such a process might eventuate.

9.2.5 *Background to the Present Rating System*

The following tables summarise the rates in the dollar proposed for the 2015/16 year including a comparison with 2014/15. The effect going forward within the SRP and Long Term Financial Plan is for an initial increase in rates to be no more than 6% and a gradual reduction over time.

Differential Rate Type	Rate in the \$/cost per Assessment		% Change
	2014/2015	2015/2016	
General	\$0.003222	\$0.003415	6.00%
Commercial	\$0.003222	\$0.003483	32.50%
Rural 1	\$0.002416	\$0.002612	6.00%
Rural 2	\$0.003222	\$0.003483	6.00%
Vacant Land	N/A	\$0.005122	N/A
Municipal Charge	\$290.00	\$307.00	5.86%

Table 13: Rates and Charges Annualised – 2015/16

The table below outlines the individual annualised rates for 2015/16:

Rate Type	
	2015/2016
	Budget
General	\$5,380,153
Commercial / Industrial	\$731,579
Rural 1	\$3,186,155
Rural 2	\$2,651,997
Vacant Land	\$631,625
Municipal Charge	\$2,819,795
Agreement in lieu of rates	\$60,903
Supplementary Valuation – (pro-rata within year)	\$142,342
Waste Services	\$2,615,979
TOTAL ALL RATES & CHARGES	\$18,220,528

Table 14: Individual Rates Annualised 2015/16

9.2.6 Rating Strategy

Murrindindi Shire Council's Rating Strategy (2015-2019) establishes a framework by which rates and charges will be shared by the community. In developing a long-term financial plan, rates and charges are an important source of revenue.

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

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

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

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

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

The proposed principles below are further explained in Appendix A:

- Sustainable financial management.
- Evaluating and setting priorities.
- Core functions.
- Identifying cost of service delivery.
- Prudent borrowings for infrastructure.

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- Rate setting and pricing for services.
- Openness and transparency, and
- Providing services on behalf of other tiers of government.

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

9.2.7 Rates and Charges Budget – 2015/16

The SRP reflects a Rates and Charges budget that is presently geared to no more than a 6% increase in rates in 2015/16 before gradually declining to 4% by 2023/24. With the proposed forthcoming rate-capping initiatives that are being reviewed by the new State Government, and being mindful of various external cost pressures that exist within the Murrindindi Shire, Council is now looking at a Long Term Financial Plan that starts to progressively reduce the annual rating increase to below 6%, which combined with a number of other community initiatives, will see the annual rating increase reduce to 4% by the end of the 10-Year Long Term Financial Plan. The timing of the gradual forecast decline in rate increases is detailed in the following table:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Annual Rate Increase	6.0%	5.5%	5.5%	5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%

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

The municipal charge for 2015/16 is \$307 which is set at 15.48 percent of the total revenue from rates and municipal charges. The maximum revenue allowable for the municipal charge is 20.00% of total revenue from rates and municipal charges per Section 159 of the Local Government Act. The municipal charge ensures all properties pay an equitable contribution towards Murrindindi Shire Council's unavoidable fixed costs.

9.2.8 Waste Service Charges – 2015/16

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

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

Murrindindi Shire Council's Waste Services include¹:

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

Murrindindi Shire Council's proposed garbage charges are as described below. A total income of \$2.62 million will be received for garbage and recycling services in 2015/16 to support recurrent operating expenditure.

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

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Service Charges	Charge per Service		\$ Change	% Change
	2014/2015	2015/2016		
Garbage	\$325.00	\$337.00	\$12.00	3.69%
Recycling	\$79.50	\$83.00	\$3.50	4.40%

Table 15: Projected Garbage Charges 2015/16

9.2.9 Grant Revenue

As at 30 June 2014 Murrindindi Shire Council was just above average in terms of receiving government grant revenue, compared to its like Council grouping as outlined in the graph below.

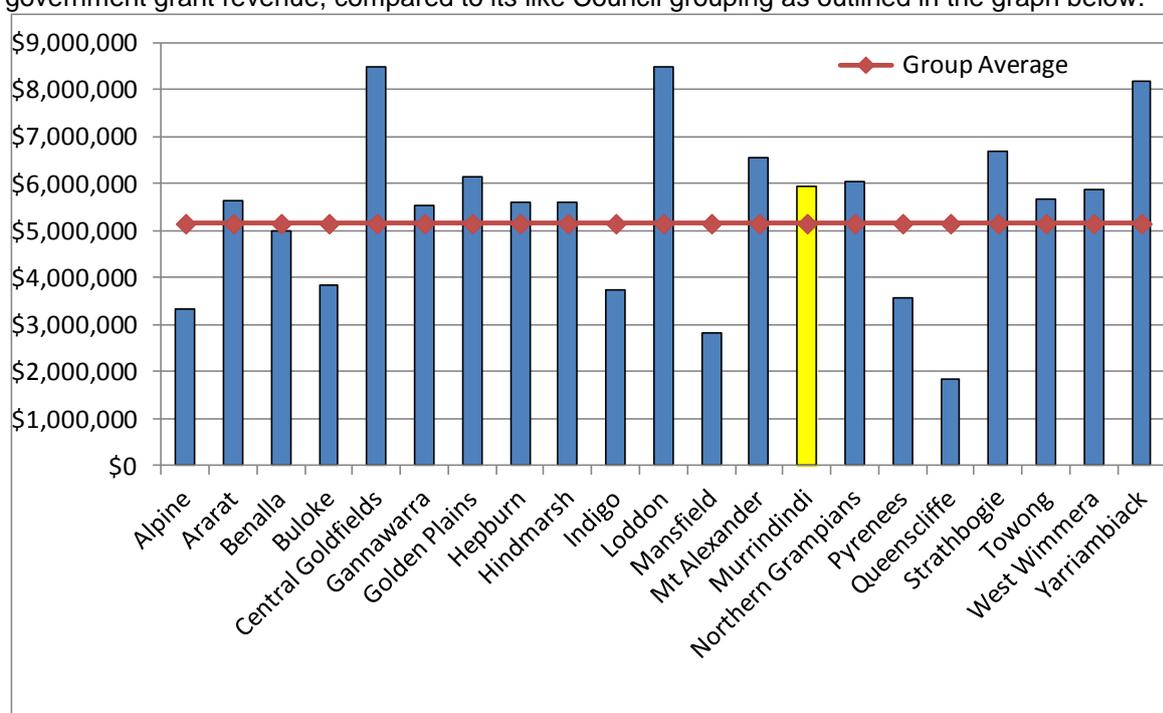


Chart 6: Recurrent Grants – 2013/14

Murrindindi Shire Council will continue its strong focus on securing grant revenue, particularly for capital works. Operating grants as at 30 June 2014 totalled \$4.94 million. With a longer term capital works program in place Council will be able to target and focus on grants that align with the 10 year capital improvement plan.

9.2.10 Fees and Charges Revenue

Murrindindi Shire Council's fees and charges revenue as a percentage of its total revenue, represented at Chart 15, is marginally above the average for Small Rural Councils. The capacity for Small Rural Councils to grow revenue in this area is quite limited. Council has taken steps to review all fees and charges in this year's budget through a benchmarking exercise, comparing Murrindindi's fees to similar Councils, to increase where appropriate all discretionary fees and charges over which it has the power to set.

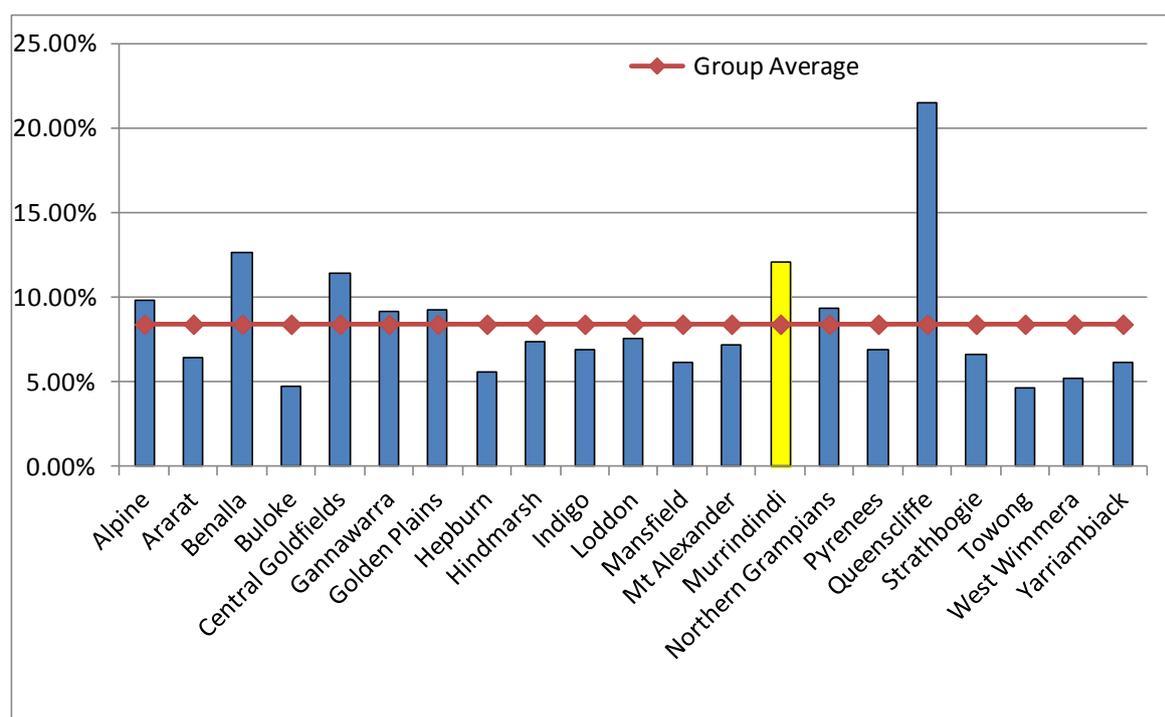


Chart 7: Fees & Charges/Total Revenue – 2013/14

9.2.11 Strategic Direction

That Murrindindi Shire Council:

1. retains the capital improved value (CIV) as its valuation base
2. provides a municipal charge that remains less than the maximum 20 percent of rate revenue and that ensures an equitable contribution towards the unavoidable fixed costs of Murrindindi Shire Council
3. considers future increases based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy
4. in 2015/16, adopts a 6.00% increase in total revenue for the general rate and municipal charges, as well as applying the introduction of the new differential rating categories for vacant land and industrial / commercial properties and a 4.33% increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy
5. pursues recurrent grant funding and strategic capital funding aligned with the Council Plan objectives, including benchmarking of results with other Councils
6. implements the new differential rating categories as a part of the new Rating Strategy recently adopted by Council from the 2015/16 financial year onwards.

10. HUMAN RESOURCES

10.1 Human Resources

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

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

Over the past year, Murrindindi Shire Council has finalised the majority of the additional fixed term staff contracts funded through municipal assistance and disaster recovery packages. These staff worked with permanent staff to deliver a number of reconstruction and recovery projects and programs and to restore operations following the 2009 bushfires and a number of flood events.

In addition, Council completed the service review of all its operations in 2013/14 which resulted in some restructuring of staffing to ensure the right profile into the future. This enables Council to manage and maintain new assets, programs and services; as well as retaining and improving the existing assets and services that are identified priorities of our communities, as established through the Council Plan. Part of Council's organisational restructure following the cessation of the Murrindindi Assistance Package involved reduction in the Executive Management team, reducing the organisational structure from 3 to 2 Divisions.

It is expected that as of June 2015, Council's established staffing levels will be at 212 staff (140.2 EFT). This incorporates seasonal positions that provide such services to the community as lifeguards and school crossing supervision.

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

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

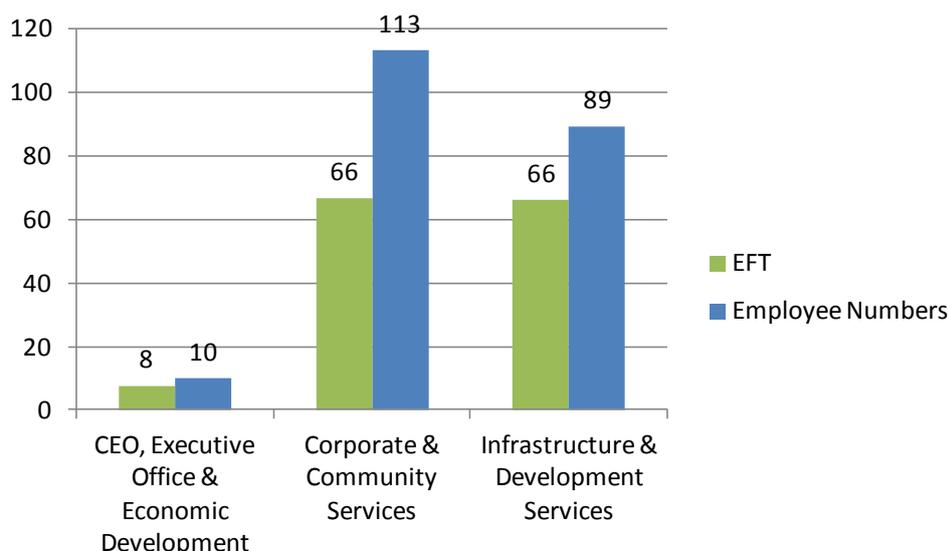


Chart 8: Current Staff Numbers: Actual and EFT

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

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

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

113 staff (66.48 EFT)

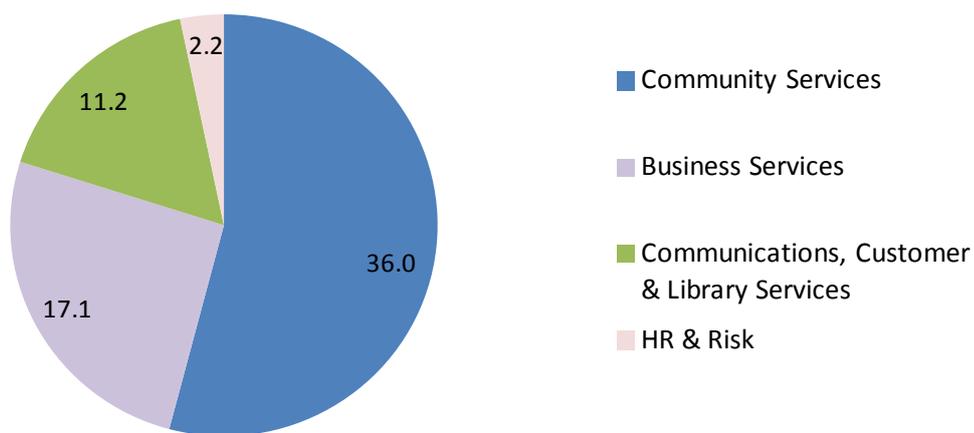


Chart 9: Corporate and Community Services

89 staff (66.10 EFT)

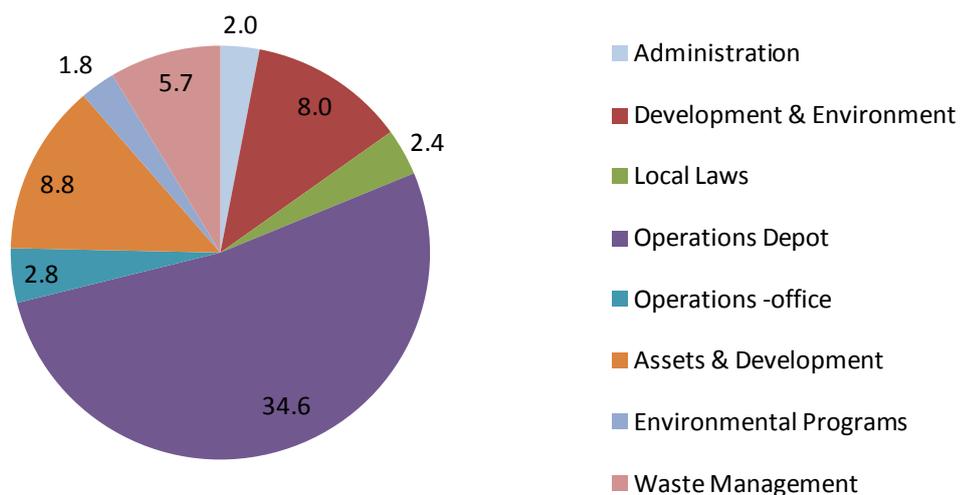


Chart 10: Infrastructure & Development Services

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10 staff (7.60 EFT)

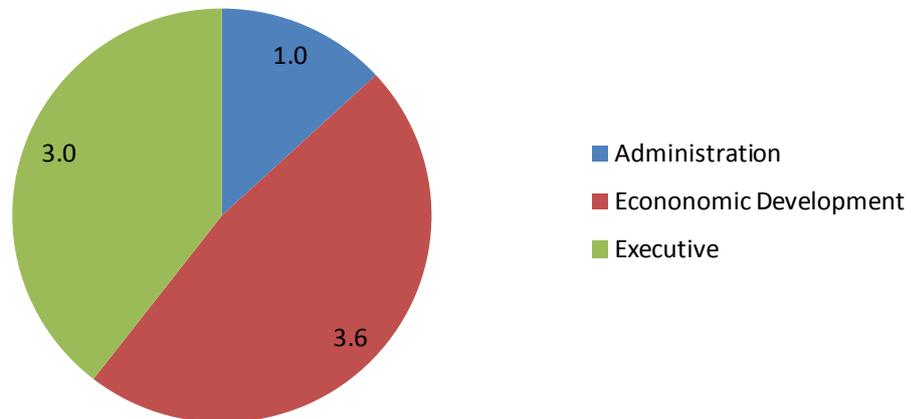


Chart 11: CEO Office, Executive and Economic Development

10.2 Strategic Direction

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

11. STRATEGIC FINANCIAL PLAN

11.1 Introduction

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

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

This section includes:

- Modelling methodology.
- Financial assumptions.
- Adopted financial strategy, and
- Conclusion

11.2 Modelling Methodology

The SRP establishes a framework for Council to benchmark its performance and an industry developed long term financial software model has been utilised to verify the data. The base point used for financial modelling has been the Council budget for 30 June 2015.

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

11.3 Financial Assumptions

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

11.3.1 Labour and on-costs

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

Year	2013/14	2014/15	2015/16	2016/17
	%	%	%	%
EBA Banding Increase/Other	3.5	3.5	3.5	3.5
Superannuation and other on-costs	0.5	0.5	0.5	0.5
Total	4.0	4.0	4.0	4.0

Table 16: Labour and On-Costs

11.3.2 Depreciation

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

11.3.3 Materials and Services

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

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

11.3.4 Special projects/consultancies

These works are essentially one-off expenditures that do not constitute the creation of an asset and have decreased below 2014/15 levels also as a result of the winding down of Bushfire and Natural Disaster projects.

11.3.5 Debt servicing and redemption

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

11.3.6 Written-down values of assets sold

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

11.3.7 Rate revenue

The 2015/16 Budget is based on an increase of 6.00% for the general rates and municipal charges collected, as well as the application of the new differential rating categories as discussed in Council's newly adopted Rating Strategy. Council's Rating Strategy is dealt with in detail in Section 9.2.7.

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

11.3.8 Service charges

The 2014/15 Budget was based on a service charge and waste management charge which experienced a 6.00% increase. This is reduced to 3.83% in 2015/16 and is forecast to remain broadly consistent over the life of the Long Term Financial Plan.

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

11.3.9 Grant revenue

An allowance of \$6.93 million has been made for operating grant revenue for services and projects in 2015/16. In broad terms, a 2.50 percent per annum increase over successive years has been allowed for operating grants reflecting the nature of this revenue type, which has seldom increased by CPI across the board. Reimbursements from the State Revenue Office for land valuations have also been included in the appropriate years. The Victorian Grants Commission Grant which was previously indexed to cover inflationary pressures has now been set at 2013/14 levels until at least 2017.

11.3.10 Fees and charges

Fees and charges that Council has discretion over have been reviewed and benchmarked against similar levels for like services. Fees and charges of \$1.99 million have been provided for in 2015/16. It has been assumed that these charges will increment by 3% in successive years in the long term financial plan.

11.3.11 Statutory Fees and Fines

Council has no control over a large amount of statutory fees prescribed by the State Government. Fines include town planning, local laws and the animal pound. Fees and fines are included in the above.

11.3.12 Interest on investments

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

11.3.13 Proceeds from sale of assets

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

11.3.14 Capital grants

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

11.3.15 Granted assets

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

The level of granted assets is forecast to continue at low-levels based on predicted levels of property development. However, estimates beyond 2015/16 are not based on any reliable data at this point. While granted assets add to Council's overall asset base, they also add to the future obligations to maintain and replace these assets at the end of their useful lives.

11.3.16 Capital expenditure

Capital expenditure amounts for renewed, new and upgraded assets, have been directly budgeted for during the life of the SRP (next 4 years) and for the remaining years of the Long Term Financial Plan (through to 2024/25). Capital works expenditure over the ensuing 10 years from 2015/16 has been drawn from Council's 10 Year Capital improvement program.

11.4 Conclusion

The SRP continues to provide a financial framework for Council, enabling an assessment of Council resources and assisting Council to plan and fund capital infrastructure and meet future community aspirations. The Standard Statements (financial statements) are detailed in Appendix C.

11.4.1 Strategic Direction

The SRP represents the short to medium term of 4 years within the Long Term Financial Plan which presents a financial perspective of the organisation over 10 years. In the medium and long term it is clear that Council's ongoing sustainability will depend on receiving assistance from the State Government if Council services and community assets are to be maintained at their current level.

As highlighted extensively to the community over the last 12 months, Council has strongly advocated to State Government to assist in managing the impact of gifted bushfire assets which has an average effect on the bottom line of \$1.76 million per year for the life of the Plan. The State Government has advised Council that the requested support would not be forthcoming.

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

Council will continue to work with the community in how we go about addressing the funding shortfall. One part of this process will be to engage with community groups and committees about a gradual

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transition over the next two years to give these groups more responsibility for managing and maintaining community assets. This will give our communities a greater say in how community assets – their assets - are managed into the future.

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

Over the next year we will implement a framework for how this transition will occur; this will include establishing a means by which Council will help to empower each community with the skills and tools necessary to support its planning for community assets.

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

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

(a) Sustainable financial management

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

(b) Evaluating and setting priorities

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

(c) Core Functions

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

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

(d) Identifying the cost of service delivery

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

(e) Prudent borrowings for infrastructure

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

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(f) Rate setting and pricing of services

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

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

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

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

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

(g) Openness and transparency

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

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

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

13. APPENDIX B GLOSSARY OF TERMS – DEFINITIONS

Table 17: Glossary of Terms / Definitions

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

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

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TERM	DEFINITIONS
Total Depreciation	Total depreciation expense as per the "Income Statement" or as disclosed in note in some Council's statements.
Total Depreciation on Infrastructure Assets	Total Depreciation on Infrastructure Assets as disclosed in "Depreciation expense" note.
Total Infrastructure Assets	Total infrastructure assets from "Balance Sheet" or as disclosed in note. (written down value.) Infrastructure includes roads, bridges, drains, road structures, other structures, playground equip., parking meters and other like categories. Heritage assets have been deemed to be building assets. Work in progress where not separately split has been included as infrastructure.
Total Net Realisable Assets	Total assets less total infrastructure assets.
Total Operating Expenses	Total Operating expenses as per the "Income Statement" plus Loss on sale of assets where net method used, plus loss on associates.
Total Revenue	Total Revenue from "Income Statement" plus gains from asset sales (net method) and net profit from Associates.

14. APPENDIX C - STANDARD FINANCIAL STATEMENTS

The Standard Statements present a full 10 year perspective (The Long term Financial Plan) of Council's financial operations and position and includes the short to medium term perspective of the SRP (2014-2018).

The Standard Statements include the:

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

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

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Budgeted Comprehensive Income Statement

	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	SRP 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000
Income											
Rates and charges	16,909	18,221	19,223	20,280	21,396	22,466	23,589	24,650	25,760	26,790	27,862
Statutory fees and fines	669	685	706	727	749	771	794	818	842	868	894
User fees	2,000	1,992	2,042	2,093	2,145	2,199	2,254	2,310	2,368	2,427	2,488
Contributions - cash	125	54	54	54	54	54	54	54	54	54	54
Contributions - non-monetary assets	0	0	0	0	0	0	0	0	0	0	0
Grants - Operating (recurrent)	6,689	6,711	6,845	6,982	7,122	7,264	7,409	7,558	7,709	7,863	8,020
Grants - Operating (non-recurrent)	598	224	0	0	0	0	0	0	0	0	0
Grants - Capital (recurrent)	799	1,598	799	799	799	799	799	799	799	799	799
Grants - Capital (non-recurrent)	2,851	373	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Net gain on disposal of property, infrastructure, plant and equipment	(48)	(625)	0	0	0	0	0	0	0	0	0
Other income	1,647	1,179	1,203	1,227	1,251	1,276	1,302	1,328	1,354	1,381	1,409
Fair value adjustments for investment property	0	0	0	0	0	0	0	0	0	0	0
Share of net profits/(losses) of associated and joint ventures accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Total income	32,239	30,412	31,871	33,162	34,515	35,829	37,201	38,517	39,886	41,182	42,525
Expenses											
Employee costs	12,524	12,949	13,402	13,871	14,357	14,859	15,305	15,764	16,237	16,724	17,226
Materials and services	11,391	10,600	10,945	11,300	11,667	12,047	12,438	12,842	13,260	13,691	14,136
Bad and doubtful debts	0	0	0	0	0	0	0	0	0	0	0
Depreciation and amortisation	7,638	7,908	8,145	8,390	8,641	8,901	9,168	9,443	9,726	10,018	10,318
Finance costs	292	284	275	267	259	251	244	237	229	223	216
Other expenses	297	285	294	302	311	321	330	340	351	361	372
Total expenses	32,142	32,026	33,061	34,131	35,236	36,379	37,485	38,626	39,803	41,016	42,268
Surplus (deficit) for the year	97	(1,614)	(1,190)	(969)	(721)	(550)	(284)	(109)	83	166	258
Other comprehensive income Items that will not be reclassified to surplus or deficit:											
Impairment of fire impacted infrastructure	0	0	0	0	0	0	0	0	0	0	0
Net asset revaluation increment /(decrement)	0	0	0	0	0	0	0	0	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	0	0	0	0	0	0	0	0	0	0	0
Comprehensive result	97	(1,614)	(1,190)	(969)	(721)	(550)	(284)	(109)	83	166	258

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Balance Sheet

	Forecast Actual 2015 \$'000	Budget 2016 \$'000	SRP 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000
Assets											
Current assets											
Cash and cash equivalents	18,964	19,898	20,495	21,110	21,743	22,395	23,067	23,644	24,235	24,720	25,214
Trade and other receivables	2,544	2,674	2,754	2,837	2,922	3,010	3,100	3,193	3,289	3,387	3,489
Financial assets	0	0	0	0	0	0	0	0	0	0	0
Inventories	150	150	150	150	150	150	150	150	150	150	150
Other assets	175	215	215	215	215	215	215	215	215	215	215
Total current assets	21,833	22,937	23,614	24,312	25,030	25,770	26,532	27,202	27,889	28,472	29,068
Non-current assets											
Trade and other receivables	35	66	66	66	66	66	66	66	66	66	66
Investments in regional library corporation	0	0	0	0	0	0	0	0	0	0	0
Property, infrastructure, plant & equipment	297,558	294,709	292,941	291,183	289,436	287,699	285,973	284,257	282,552	280,856	279,171
Investment property	0	0	0	0	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	297,593	294,775	293,007	291,249	289,502	287,765	286,039	284,323	282,618	280,922	279,237
Total assets	319,426	317,712	316,621	315,561	314,532	313,535	312,571	311,525	310,507	309,395	308,305
Liabilities											
Current liabilities											
Trade and other payables	2,418	2,368	2,439	2,512	2,588	2,665	2,745	2,828	2,912	3,000	3,090
Trust funds and deposits	403	464	464	464	464	464	464	464	464	464	464
Provisions	3,281	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412
Interest-bearing loans and borrowings	806	753	730	708	687	667	647	627	608	590	572
Total current liabilities	6,908	6,997	7,045	7,097	7,151	7,208	7,268	7,331	7,397	7,466	7,538
Non-current liabilities											
Provisions	1,654	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736	1,736
Interest-bearing loans and borrowings	2,490	2,219	2,152	2,088	2,025	1,964	1,906	1,848	1,793	1,739	1,687
Total non-current liabilities	4,144	3,955	3,888	3,824	3,761	3,700	3,642	3,584	3,529	3,475	3,423
Total liabilities	11,052	10,952	10,934	10,921	10,912	10,908	10,909	10,915	10,926	10,941	10,961
Net assets	308,374	306,760	305,687	304,640	303,620	302,627	301,662	300,610	299,581	298,454	297,344
Equity											
Accumulated surplus	125,017	123,318	122,128	121,159	120,439	119,889	119,605	119,496	119,579	119,745	120,003
Reserves	183,357	183,442	183,559	183,481	183,181	182,738	182,057	181,114	180,002	178,708	177,341
Total equity	308,374	306,760	305,687	304,640	303,620	302,627	301,662	300,610	299,581	298,454	297,344

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Statement of Changes in Equity

	Forecast Actual	Budget	SRP								
	2015	2016	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus	125,017	123,318	122,128	121,159	120,439	119,889	119,605	119,496	119,579	119,745	120,003
Waste Reserve	3,783	4,599	3,686	4,385	5,160	4,282	3,892	2,568	2,873	2,745	1,786
Yea Saleyards Reserve	236	250	250	250	250	250	250	250	250	250	250
Marysville Caravan Park Reserve	149	160	160	160	160	160	160	160	160	160	160
Yea Caravan Park Reserve	20	20	20	20	20	20	20	20	20	20	20
Public Open Space Reserve	419	430	430	430	430	430	430	430	430	430	430
Unfunded Superannuation Reserve	600	900	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Future Capital Works Reserves	6,698	5,631	6,508	6,860	7,232	7,588	7,963	8,316	8,686	9,030	9,387
Asset Revaluation Reserve	171,452	171,452	171,305	170,176	168,729	168,808	168,142	168,170	166,383	164,873	164,108
Total Equity	308,374	306,760	305,687	304,640	303,620	302,627	301,662	300,610	299,581	298,454	297,344

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

Budgeted Statement of Cash Flows

	Forecast Actual 2014/15 \$'000 Inflows (Outflows)	Budget 2015/16 \$'000 Inflows (Outflows)	SRP 2016/17 \$'000 Inflows (Outflows)	SRP 2017/18 \$'000 Inflows (Outflows)	SRP 2018/19 \$'000 Inflows (Outflows)	SRP 2019/20 \$'000 Inflows (Outflows)	SRP 2020/21 \$'000 Inflows (Outflows)	SRP 2021/22 \$'000 Inflows (Outflows)	SRP 2022/23 \$'000 Inflows (Outflows)	SRP 2023/24 \$'000 Inflows (Outflows)	SRP 2024/25 \$'000 Inflows (Outflows)
Cash flows from operating activities											
Rates and charges	16,730	18,096	18,935	19,976	21,075	22,129	23,235	24,281	25,373	26,388	27,444
Statutory fees and fines	0	0	0	0	0	0	0	0	0	0	0
User fees	4,130	3,306	3,323	3,339	3,356	3,373	3,389	3,406	3,423	3,441	3,458
Contributions - cash	0	0	0	0	0	0	0	0	0	0	0
Grants - operating	12,764	8,906	8,683	8,466	8,255	8,048	7,847	7,651	7,460	7,273	7,091
Grants - capital	0	0	0	0	0	0	0	0	0	0	0
Interest	634	567	587	607	629	651	673	697	721	747	773
Other receipts	0	0	0	0	0	0	0	0	0	0	0
Net GST refund / payment	0	0	0	0	0	0	0	0	0	0	0
Employee costs	(12,147)	(12,827)	(13,268)	(13,733)	(14,213)	(14,711)	(15,152)	(15,607)	(16,075)	(16,557)	(17,054)
Materials and consumables	(11,718)	(10,950)	(10,835)	(11,187)	(11,551)	(11,926)	(12,314)	(12,714)	(13,127)	(13,554)	(13,994)
External contracts	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0
Other payments	0	0	0	0	0	0	0	0	0	0	0
Net cash provided by operating activities	10,393	7,098	7,424	7,469	7,550	7,563	7,679	7,714	7,776	7,738	7,718
Cash flows from investing activities											
Payments for property, plant and equipment	(10,380)	(7,629)	(7,160)	(6,799)	(6,879)	(6,886)	(6,991)	(7,129)	(7,185)	(7,254)	(7,227)
Proceeds from sale of property, plant and	1,143	1,833	950	500	480	460	440	420	400	380	360
Trust funds and deposits	(2,650)	61	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	(11,887)	(5,735)	(6,210)	(6,299)	(6,399)	(6,426)	(6,551)	(6,709)	(6,785)	(6,874)	(6,867)
Cash flows from financing activities											
Finance costs	(228)	(216)	(222)	(229)	(236)	(243)	(250)	(258)	(266)	(274)	(282)
Proceeds from borrowings	500	500	500	500	500	500	500	500	500	500	500
Repayment of borrowings	(901)	(825)	(784)	(823)	(782)	(743)	(706)	(670)	(637)	(605)	(575)
Net cash provided by (used in) financing activities	(629)	(541)	(506)	(552)	(518)	(486)	(456)	(428)	(402)	(379)	(357)
Net (decrease) increase in cash & cash equivalents	(2,123)	822	708	619	633	652	672	577	589	485	494
Cash and cash equivalents at beginning of the financial year	21,087	18,964	19,786	20,495	21,110	21,743	22,395	23,067	23,644	24,235	24,720
Cash and cash equivalents at end of the financial year	18,964	19,786	20,495	21,110	21,743	22,395	23,067	23,644	24,235	24,720	25,214

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Budgeted Statement of Capital Works

	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	SRP 2016/17 \$'000	SRP 2017/18 \$'000	SRP 2018/19 \$'000	SRP 2019/20 \$'000	SRP 2020/21 \$'000	SRP 2021/22 \$'000	SRP 2022/23 \$'000	SRP 2023/24 \$'000	SRP 2024/25 \$'000
Property											
Land	0	0	0	0	0	0	0	0	0	0	0
Land improvements	0	0	0	0	0	0	0	0	0	0	0
Total land	0	0	0	0	0	0	0	0	0	0	0
Buildings	1,171	761	184	746	221	204	134	548	250	242	290
Building improvements	0	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0	0	0
Heritage buildings	5	0	0	0	0	0	0	0	0	0	0
Total buildings	1,176	761	184	746	221	204	134	548	250	242	290
Total property	1,176	761	184	746	221	204	134	548	250	242	290
Plant and equipment											
Plant, machinery and equipment	1,232	1,051	1,109	1,104	956	1,175	915	1,101	914	1,353	1,052
Fixtures, fittings and furniture	56	33	25	25	25	25	25	25	25	25	25
Computers and telecommunications	199	269	173	170	218	220	176	255	190	185	190
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0	0
Library books	106	96	96	96	96	96	96	96	96	96	96
Total plant and equipment	1,593	1,449	1,403	1,395	1,295	1,516	1,212	1,477	1,225	1,659	1,363
Infrastructure											
Roads	2,115	3,118	2,259	2,455	2,380	2,844	3,324	3,155	3,655	3,629	3,690
Bridges	2,002	637	611	613	610	642	622	610	700	628	800
Footpaths and cycleways	1041	210	168	145	170	173	187	174	185	185	235
Drainage	352	249	251	138	126	142	141	156	166	166	166
Recreational, leisure and community facilities	1916	253	414	347	976	604	574	734	738	607	1,040
Waste management	185	840	1,870	105	175	1,685	1,525	2,305	155	1,165	2,225
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0	0
Other infrastructure - Saleyards	0	0	0	0	0	0	0	0	0	0	0
Total infrastructure	7,611	5,307	5,573	3,803	4,437	6,088	6,374	7,133	5,600	6,380	8,156
Total capital works expenditure	10,380	7,517	7,160	5,944	5,952	7,809	7,719	9,158	7,075	8,281	9,809
Represented by:											
New asset expenditure	1,902	1,158	1,669	1,105	569	1,937	1,808	2,775	589	1,622	2,681
Asset renewal expenditure	5,809	4,761	5,138	4,252	4,639	5,080	5,345	5,364	5,676	5,908	6,063
Asset expansion expenditure	0	0	0	0	0	0	0	0	0	0	0
Asset upgrade expenditure	2,669	1,598	353	586	744	791	567	1,019	809	751	1,066
Total capital works expenditure	10,380	7,517	7,160	5,944	5,952	7,809	7,719	9,158	7,075	8,281	9,809
Renewal Demand		6,599	5,553	5,311	5,299	5,570	5,872	6,588	7,002	7,445	5,815
Renewal Gap = Not Funded		2,381	415	1,059	660	490	528	1,224	1,326	1,537	1,722
Accumulated Renewal Gap	2,438	4,819	5,234	6,293	6,953	7,442	7,970	9,194	10,520	12,057	13,779