



Murrindindi Shire Council Budget Report – 2016/2017

This Budget Report has been prepared with reference to Chartered Accountants ANZ “Victorian City Council Model Budget 2016/2017” a best practice guide for reporting local government budgets in Victoria.



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Mayor's introduction

The Councillors and I are pleased to release the proposed Budget 2016/17 to the Community for comment and public submissions. This budget builds on our Council Plan 2013-2017 vision which focuses on the following four key areas:

- Our Council
- Our Community
- Our Environment
- Our Economy

The Council Plan 2013-2017 (Year 4), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the final year of the current Council term, the focus over the coming year will be on completion of our existing commitments.

The proposed budget details the resources required over the next year to fund the large range of services we provide to the community. It also includes details of proposed capital expenditure allocations to continue improving and renewing our Shire's physical infrastructure, buildings and operational assets as well as supporting proposals for a range of operating projects.

As Councillors, it is our job to listen to community sentiment and expressed wishes and to understand your priorities. Since we started our term in 2012, we have consistently heard that Council's services are valued by the community, particularly those that more directly affect people's wellbeing and quality of life. We have also heard the clearly expressed desire for Council to remain financially responsible whilst keeping rates as low as possible. In response, Council has initiated a whole of organisation approach to identify savings that will not impact on its services, so that ratepayers can receive increased value for money. With the introduction of rate capping in the 2016/17 financial year, continue to focus on identifying sustainable cost savings that will enable the continued delivery of high quality, responsive and accessible services to the community.

The proposed budget incorporates a rate increase of 4.3 percent as determined by the Essential Services Commission (ESC) following our recent application for a variation to the cap declared by the Minister for Local Government under the Fair Go Rates System (FRGA) to cap rate increases by Victorian councils to the forecast movement of 2.5 percent in the Consumer Price Index (CPI). The decision by the ESC is in line with this cap and consequently provides for a 2.5 percent increase for the delivery of services by Council and also includes the 1.8 percent variation that Council applied for in order to continue making provision for asset renewal. This variation approval clearly recognised "the underlying funding need" to ensure the future renewal requirements of public infrastructure within the Shire and the financially responsible and prudent approach that Council is taking to managing this challenging issue.

This decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also that funds can be held in reserve for known future capital renewal of the community infrastructure that is already in place. However, this is only part of a range of strategies adopted by Council in managing the ongoing financial challenges, some of which such as the introduction of differential rating categories have already been implemented. Others will require a transition period, such as the transfer of responsibility to community groups and committees for operational and financial management of community assets in order to give our communities a greater say in how community assets are managed into the future.

This is the first year of the Fair Go Rates System and while Council proposes a rate increase that accords with the 4.3 per cent cap approved by the Essential Services Commission, the actual rate increases experienced by individual ratepayers will be different due to factors such as the various differential rating categories and the fact that this is a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (4.3 per cent) and also the property valuation increases or decreases of individual properties relative to the average across the municipality.

The revaluation of all properties within the municipality was carried out during the 2015/2016 year and will apply from 1 January 2016 for the 2016/17 and 2017/18 financial years. The outcome of the general revaluation has been a slight change in property valuations throughout the municipality. Ratepayers should be aware that the rates for individual properties may increase or decrease by a different percentage from the 4.3% rate due to the valuation of the property relative to the valuation of other properties in the municipal district. Therefore if your property increased by more in value than the average for Murrindindi Shire your rates will increase by more than 4.3 percent, while if your property value increased by less than the average your rates will increase by less than 4.3 percent and may in fact reduce from the previous year.

The proposed budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage you to read the remainder of this document, in conjunction with our revised Council Plan and Strategic Resource Plan 2013-2017 and I look forward to receiving your submission.

Cr Margaret Rae
Mayor

Executive Summary

Council has prepared a Budget for 2016/17 which is aligned to the vision in the Council Plan 2013/17. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within the rate increase mandated by the State Government.

This Budget projects a breakeven result for 2016/17 (refer Sections 5 and 10.1).

1. Key things we are funding

1) Ongoing delivery of services to the Murrindindi Shire community funded by a budget of \$32.8m. These services are summarised in Section 2.1.

2) Continued investment in Infrastructure assets (\$7.15m) primarily for renewal works. This includes roads (\$3.6m); bridges (\$1.1m); public buildings (\$0.7m), footpaths and bicycle paths (\$0.2m) and drainage (\$0.2m). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

2. The Rate Rise

a. The average rate will rise by 4.3% in line with the order by the Minister for Local Government on 14 December 2015 to increase rates by 2.5% under the Fair Go Rates System, and an additional 1.8% that was approved by the Essential Services Commission on 31 May 2016 for Murrindindi Shire Council to ensure that future renewal requirements are appropriately funded.

b. Key drivers

i. To fund ongoing service delivery – further efficiencies will continue to be sought to drive improvements to meet community expectations

ii. To fund renewal of infrastructure and community assets

iii. To cope with cost shifting from the State Government (refer Paragraph 5)

iv. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants

Commission caused by their freezing of indexation of the grant

c. This will be a revaluation year. Valuations will be as per the General Revaluation dated 1 January 2016 (as amended by supplementary valuations).

d. The waste service charges incorporating kerbside collection and recycling will increase by 2.5% and 3.0% per property.

e. Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments. Refer Section 6 for further Rates and Charges details.

f. Differential rates for rural properties have been adjusted for 2016/17, with rural 1 properties to now receive a 70% differential and rural 2 properties to receive a 99% differential rate comparative to the general residential rate.

3. Key Statistics

- Total Revenue: \$32.8M (2015/16 = \$30.6M)
- Total Expenditure: \$32.8M (2015/16 = \$33.5M)
- Accounting Result: Breakeven result for 2016/17
(Refer Income Statement in Section 3)

- Cash result: \$1.9M Surplus

(Refer Statement of Cash Flows in Section 3)

This is the net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers.

- Total Capital Works Program of \$7.15M

4. Budget Influences

External Influences

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5%. Murrindindi Shire Council applied for a rate cap variation through the Essential Services Commission and has been approved to raise average rates by 4.3% for 2016/17.
- State-wide CPI is forecast to be 2.5% for the 2016/17 year.
- The Victorian Wage Price Index is projected to be 3.25% in 2016/17.
- Freezing of indexation on Victoria Grants Commission funding compared to the prior year.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs of \$0.20 million. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.
- On going cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. More information and examples are shown in the section below.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

5. Cost Shifting

Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants which do not keep pace with delivery costs.

Type 1: Cost Shifting for Specific Services

Examples:

1. Library Services - \$27k from 2011/12 to 2015/16
2. School Crossing Supervision - \$20k from 2011/12 to 2015/16
3. Administration of the state wide Fire Services Levy which collects more than \$1.5m of State Government revenue per annum. For providing this service, Council has only been provided on a temporary basis \$32k each year which allows for the part-time employment of one officer to manage this responsibility. At this stage this grant is only to be provided until 2018/19.
4. Administration of the state wide temporary Food registration system 'Stretrader' – additional annual cost of \$35k since 2013/14 due to the responsibility having been shifted from the State Government to Council.

Type 2: Loss of funding in General

Examples:

5. A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014-15 Budget that it would pause indexation of the total national pool of financial assistance grants to local government for three years (2014-15, 2015-16, 2016-17). The cumulative impact on Council for the three years is \$500k.

Type 3: Statutory fee that prohibits full cost recovery

Examples:

6. Planning fees (set by the State Government and have been frozen for most of the past 14 years)
7. Freedom of Information fees (set by the State Government at a rate well below cost recovery levels for undertaking the volume of work).

Type 4: Levies

Examples:

8. State Government landfill levy

The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.

Type 5: Statutory requirements lead to increased costs

Examples:

9. Forecast costs for the 2016 Council elections have increased by more than \$50k when compared to the last full election of Council that occurred in 2012. As the VEC is the appointed agent under the Local Government Act to undertake this service on behalf of Council, there is no possibility to seek a competitive process to reduce this cost to Council and ultimately the ratepayers.

Budget Reports

The following reports include all statutory disclosures of information and are supported by the analysis contained in sections 8 to 15 of this report.

This section includes the following reports and statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

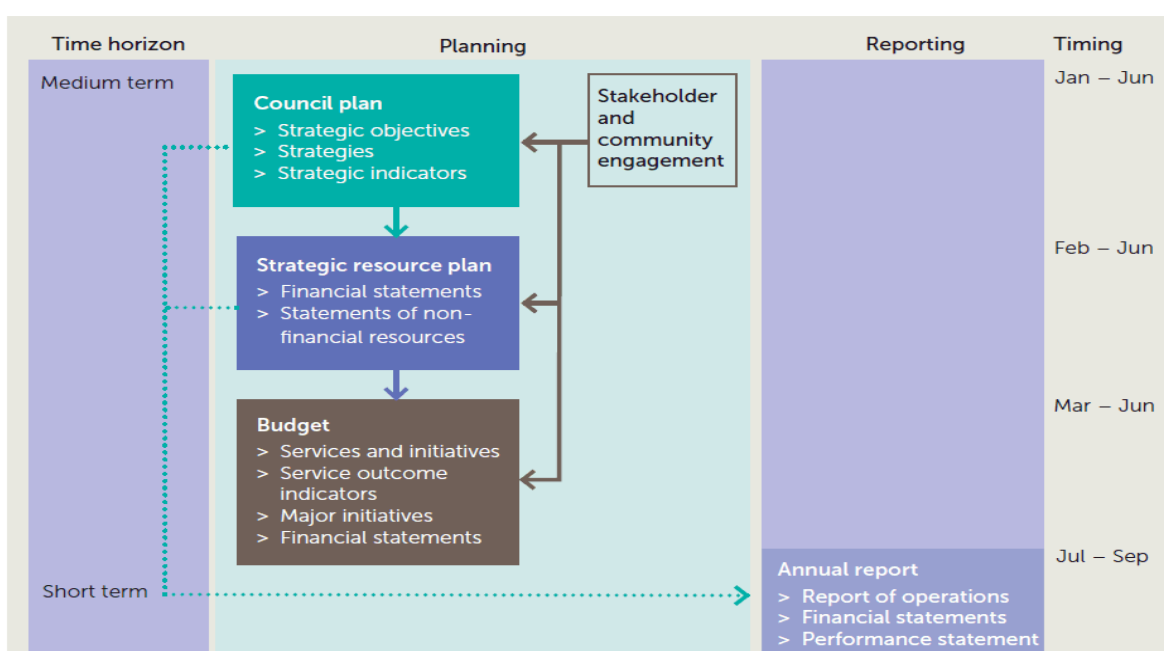
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

1. Link to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Vision 2030), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

1.1 Planning and accountability framework

The Strategic Resource Plan, is part of and prepared in conjunction with the Council Plan, and is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning (Formerly the Department of Transport, Planning and Local Infrastructure)

In addition to the above, Council has a long term plan (Vision 2030) which articulates a community vision, mission and values. The Council Plan is prepared with reference to Council's long term Community Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Annual Budget process.

1.2 Our purpose

Our vision

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

Our values

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

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

1.3 Strategic objectives

Council delivers activities and initiatives under 34 major service categories. Each contributes to the achievement of one of the four Goals and relevant Strategic Objectives as set out in the Council Plan for the 2013-17 years. The following table summarises the four Goals and their Strategic Objectives as described in the Council Plan.

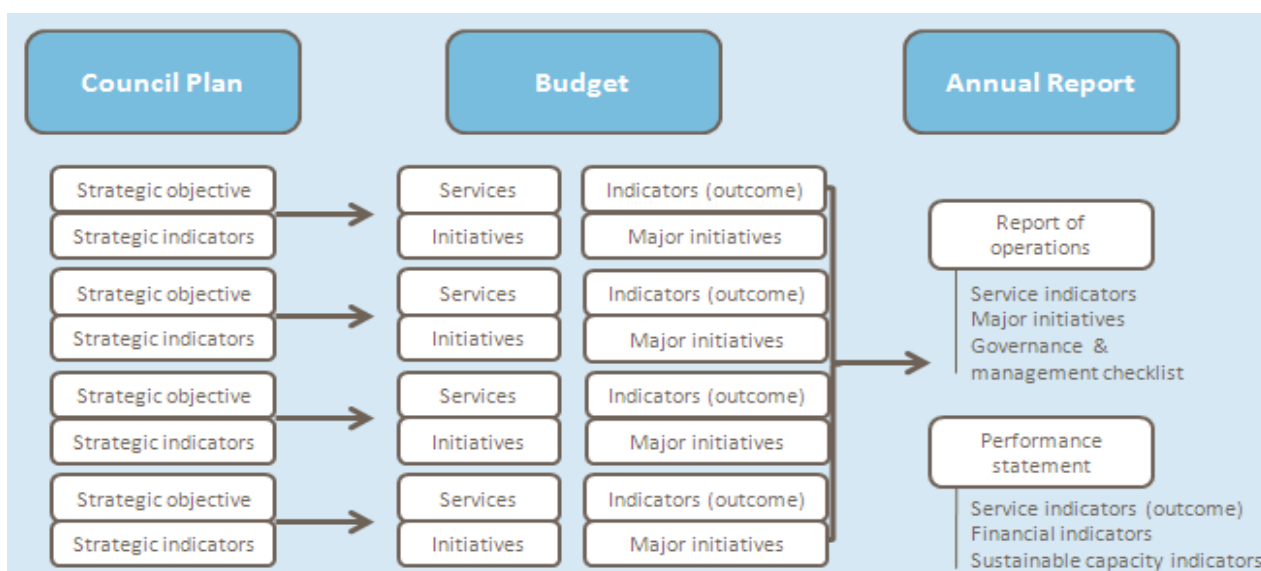
| Strategic Objective | Description |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Our Council | 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 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. |
| 2. Our Community | Our goal is to create vibrant, interconnected and inclusive communities. Murrindindi Vision 2030 supports a strong sense of pride and belonging across the shire. From arts programs, improved footpaths, on-going support of fire affected communities and new and upgraded recreational facilities we aim to put the pieces in place for healthy and active communities. We will achieve this vision through strong support programs and robust policy decisions. |
| 3. Our Environment | Council will continue to look for ways to protect significant environmental values along with 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. |

4. Our 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 the opportunity to establish and grow.

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2016/17 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify initiatives, major initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

Direct comparison of the following services to last year's budget is difficult for a number of reasons, such as changes in grant funding, internal organisational restructuring and completion of various projects during 2014/15.

It should be noted that all figures are expressed as thousands of dollars, which occasionally results in a difference between the rounded-off value and the actual value.

2.1 Strategic Objective 1: OUR COUNCIL

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

Services

| Service area | Description of services provided | Expenditure (Revenue) Net Cost \$'000 |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Councillors | This includes the cost of Council elections, Council chambers, Mayor and Councillors' expenses and civic events. | 481 -6 475 |
| Chief Executive and Executive Team | This area includes Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas. Income relates to Victorian Grants Commission annual grant. | 879 <u>-2,669</u> -1,790 |
| Communications and Publications | Communications and publications include a regular Mayor's Chair and Councillor Comment to keep residents informed of Council activities and what's happening across the shire. Regular radio spots are maintained and media releases issued as well as annual reports, strategic documents and the provision of Council's website. | 335 <u>-5</u> 330 |
| Community Service Administration | This includes general administration and the administration of Council's community properties. | 463 <u>0</u> 463 |
| Financial Services | Includes the management of Council's finances, payment of salaries, accounts payable & receivable, raising and collection of rates and charges and valuation of properties throughout the municipality. | 996 <u>-17,201</u> -16,205 |
| Corporate Services | Provides statutory and corporate support services to Council, including the coordination of business papers for meetings of Council and its committees and the coordination of Council's procurement. It is also responsible for enterprise risk management and the provision of document and information management support services to Council, including compliance with statutory obligations under Freedom of Information, Public Records, Information Privacy and Local Government Acts. | 803 <u>-138</u> 665 |
| Human Resources | Has a focus on management of OH&S and organisational well being and improving performance through the continuous development, improvement and implementation of our strategies, policies and procedures in relation to human resources. | 353 <u>0</u> 353 |
| Information Technology | Provides support, and maintains communications and computing systems, facilities and infrastructure to enable staff to deliver services in a smart, productive and efficient way. | 611 <u>0</u> 611 |
| Customer Services | This unit provides front counter services at Alexandra, Yea and Kinglake offices including reception, telephone, receipting of payments, connecting customers with relevant departments, customer request coordination, hall bookings, as well as the provision of a number of other civic services. | 543 <u>-1</u> 542 |

| | | |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Asset | Proposed sale of Council Assets: proceeds from sales (\$396K) offset | 0 |
| Rationalisation | against the carrying value of the assets held on Council's balance sheet | <u>33</u> |
| | (\$429K) Nett loss of (-\$33K). Assets are valued on Council's balance sheet at fair value less accumulated depreciation. Revenue is based on market valuation of what sales of these assets may achieve. It should be noted one of the long term effects of asset rationalisation is the reduction of Councils future operational and renewal costs. In the short term, there is also the benefit of a one off injection of cash from sale, plus the possibility of the property becoming a rateable assessment. Last year's budget included the forecast sale of the Kinglake RAC which has not been finalised during the 2015/16 year. | 33 |

Service Performance Outcome Indicators

The following indicator outlines how we intend to measure achievement of service objectives.

| Service | Indicator | Performance Measure | Computation |
|------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Governance | Satisfaction | Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community) | Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community |

2.2 Strategic Objective 2: OUR COMMUNITY

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

Services

| Service area | Description of services provided | Expenditure (Revenue) Net Cost \$'000 |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Aged & Disability Services | This service area provides a range of services for the aged and people with disabilities including delivered and group meals, domestic support, personal care, social activities and outings, home maintenance and senior citizens clubs. | 2,348 <u>-2,114</u> 233 |
| Children & Family Services | This service area provides family orientated support services including Maternal and Child Health, home and centre based childcare and youth support. | 1,439 <u>-924</u> 515 |

| | | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Library Services | This service area provides libraries in Alexandra, Yea and Kinglake and the mobile library visits Marysville, Buxton, Eildon, Flowerdale and Strath Creek. The service caters for cultural, recreational and educational needs of residents and provides a focal point for the community to meet, relax and enjoy the facilities and services offered. | 510 <u>-159</u> 351 |
| Recreation Services | This service area provides strategic planning to inform the development of recreation services and infrastructure and coordinates council services including recreation facilities, swimming pools, the mobile skate ramp, and all recreation responsibilities within the Municipality. | 2,528 <u>-122</u> 2,405 |

Service Performance Outcome Indicators

The following indicators outline how we intend to measure achievement of service objectives.

| Service | Indicator | Performance Measure | Computation |
|---------------------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Home and Community Care | Participation | Participation in HACC service (Percentage of the municipal target population who receive a HACC service) | [Number of people that received a HACC service / Municipal target population for HACC services] x100 |
| | | Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service) | [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100 |
| Maternal and Child Health | Participation | Participation in the MCH service (Percentage of children enrolled who participate in the MCH service) | [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 |
| | | Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service) | [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 |
| Libraries | Participation | Active library members (Percentage of the municipal population that are active library members) | [Number of active library members / municipal population] x100 |
| Aquatic Facilities | Utilisation | Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population) | Number of visits to aquatic facilities / Municipal population |

2.3 Strategic Objective 3: OUR ENVIRONMENT

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

Services

| Service area | Description of services provided | Expenditure |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| | | (Revenue) Net Cost \$'000 |
| Environmental Management | Manage the overall impact of council's impact on the environment including roadside biodiversity and weed mapping and pest, plant and animal programs. | 303 <u>-29</u> 274 |
| Waste Management Services | Provides kerbside rubbish and recycling collection, management of refuse recovery centres at Alexandra, Yea, Eildon Kinglake and Marysville and landfill operations in Alexandra. The service also provides educational programs aimed at reducing the generation of waste and the promotion of recycling initiatives. Any surplus generated from these operations is allocated to a reserve for future waste management works. | 3,292 <u>-3,717</u> -425 |
| Building Control | Provides statutory building services to the council and community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works. | 420 <u>-268</u> 152 |
| Local Laws | Facilitates a safer community through the provision of school crossing supervision, traffic management, domestic animal management, regulation and enforcement of local laws and community fire prevention. | 333 <u>-138</u> 195 |
| Development Approvals | Processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal (VCAT) where necessary. The service also monitors the Murrindindi Planning Scheme as well as preparing major policy documents shaping the future of the shire. It also prepares and processes amendments to the Murrindindi Planning Scheme. | 848 <u>-188</u> 660 |
| Environmental Health | Protects the community's health and well being by coordinating food safety support programs and immunisation. | 230 <u>-151</u> 79 |
| Infrastructure Works | Council has a vast network of infrastructure assets including buildings, roads, bridges, drains, and footpaths. This expenditure provides for ongoing maintenance of Council's infrastructure assets. | 12,361 <u>-4,328</u> 8,033 |
| Parks & Gardens | Provide planning, development and maintenance to our public open space, road reserves and parks. | 1,456 <u>0</u> 1,456 |
| Emergency Services | Funding of Council's statutory emergency services obligations | 329 <u>-100</u> 230 |

Service Performance Outcome Indicators

The following indicators outline how we intend to measure achievement of service objectives

| Service | Indicator | Performance Measure | Computation |
|---------|-----------|---------------------|-------------|
|---------|-----------|---------------------|-------------|

| | | | |
|--------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Statutory planning | Decision making | Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside) | [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 |
| Waste collection | Waste diversion | Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill) | [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 |
| Roads | Satisfaction | Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads) | Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads. |
| Animal Management | Health and safety | Animal management prosecutions (Number of successful animal management prosecutions) | Number of successful animal management prosecutions |
| Food safety | Health and safety | Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council) | [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100 |

2.4 Strategic Objective 4: OUR ECONOMY

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

Services

| Service area | Description of services provided | Expenditure (Revenue) Net Cost \$'000 |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Tourism | Provides a framework for shire wide and cross council co-operation in visitor information services and destination marketing to maximise visitor numbers and economic yield. Council is also the responsible authority for the Yea and Marysville Caravan Parks. | 361 -140 221 |
| Economic Development | This service assists business investment and growth and facilitates opportunities for local residents to improve their education and skill levels and access local employment. The conclusion of the Advancing Country Towns project sees funding for this area decrease significantly for 2016/17. | 360 -88 272 |
| Saleyards | This area covers the management and operations of the Yea Saleyards. | 234 |

Service Performance Outcome Indicators

The following indicator outlines how we intend to measure achievement of service objectives

| Service | Indicator | Performance Measure | Computation |
|----------------------|-------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economic Development | Economic activity | Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality) | [Number of businesses with an ABN in the municipality at the end of the financial year <i>less</i> the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x 100 |

2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2016/17 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.8 Reconciliation with budgeted operating result

| | Net Cost (Revenue) \$'000 | Expenditure \$'000 | Revenue \$'000 |
|---------------------------------------|---------------------------------|-----------------------|-------------------|
| Our Council | -14,523 | 5,465 | -19,987 |
| Our Community | 3,505 | 6,825 | -3,320 |
| Our Environment | 10,653 | 19,572 | -8,919 |
| Our Economy | 364 | 955 | -591 |
| Total services and initiatives | -1 | 32,817 | -32,818 |
| Other non-attributable | 0 | | |
| Surplus for the year | 1 | | |

3. Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2017/18 to 2019/20 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources

3.1 Comprehensive Income Statement

For the four years ending 30 June 2020

| | Forecast | Budget | Strategic Resource Plan | | |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Actual 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 |
| Income | | | | | |
| Rates and charges | 18,300 | 19,237 | 20,064 | 20,927 | 21,827 |
| Statutory fees and fines | 687 | 704 | 722 | 740 | 758 |
| User fees | 1,915 | 2,082 | 2,134 | 2,187 | 2,242 |
| Grants - Operating | 5,206 | 7,040 | 6,914 | 7,052 | 7,193 |
| Grants - Capital | 3,287 | 2,637 | 3,283 | 3,283 | 3,283 |
| Contributions - monetary | 148 | 44 | 44 | 44 | 44 |
| Contributions - non-monetary | 0 | 0 | 0 | 0 | 0 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | (75) | (33) | 0 | 0 | 0 |
| Fair value adjustments for investment property | 0 | 0 | 0 | 0 | 0 |
| Share of net profits/(losses) of associates and joint ventures | 0 | 0 | 0 | 0 | 0 |
| Other income | 1,138 | 1,107 | 1,129 | 1,152 | 1,175 |
| Total income | 30,606 | 32,818 | 34,290 | 35,385 | 36,522 |
| Expenses | | | | | |
| Employee costs | 13,242 | 13,866 | 14,351 | 14,854 | 15,373 |
| Materials and services | 11,485 | 9,988 | 10,313 | 10,648 | 10,994 |
| Bad and doubtful debts | 0 | 0 | 0 | 0 | 0 |
| Depreciation and amortisation | 8,291 | 8,432 | 8,685 | 8,946 | 9,214 |
| Borrowing costs | 255 | 240 | 233 | 226 | 226 |
| Other expenses | 284 | 291 | 300 | 309 | 318 |
| Total expenses | 33,557 | 32,817 | 33,881 | 34,981 | 36,125 |
| Surplus/(deficit) for the year | (2,951) | 1 | 408 | 403 | 397 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to surplus or deficit in future periods: | | | | | |
| Net asset revaluation increment | 0 | 0 | 0 | 0 | 0 |
| Share of other comprehensive income of | 0 | 0 | 0 | 0 | 0 |
| Items that may be reclassified to surplus or deficit in future periods (detail as appropriate) | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive result | (2,951) | 1 | 408 | 403 | 397 |

3.2 Balance Sheet

For the four years ending 30 June 2020

| | Forecast | Budget | Strategic Resource Plan | | |
|---------------------------------------------|-----------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Actual 2015/16 \$'000 | 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 21,310 | 23,234 | 23,931 | 24,649 | 25,388 |
| Trade and other receivables | 2,671 | 2,487 | 2,562 | 2,638 | 2,718 |
| Other financial assets | 0 | 0 | 0 | 0 | 0 |
| Inventories | 70 | 50 | 50 | 50 | 50 |
| Non-current assets classified as held for s | 0 | 0 | 0 | 0 | 0 |
| Other assets | 215 | 270 | 270 | 270 | 270 |
| Total current assets | 24,266 | 26,041 | 26,813 | 27,607 | 28,426 |
| Non-current assets | | | | | |
| Trade and other receivables | 22 | 24 | 24 | 24 | 24 |
| Investments in associates and joint ventur | 0 | 0 | 0 | 0 | 0 |
| Property, infrastructure, plant & equipment | 305,458 | 303,770 | 301,947 | 300,136 | 298,335 |
| Investment property | 0 | 0 | 0 | 0 | 0 |
| Intangible assets | 241 | 224 | 224 | 224 | 224 |
| Total non-current assets | 305,721 | 304,018 | 302,195 | 300,384 | 298,583 |
| Total assets | 329,987 | 330,059 | 329,008 | 327,991 | 327,009 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 2,364 | 2,543 | 2,619 | 2,698 | 2,779 |
| Trust funds and deposits | 588 | 563 | 563 | 563 | 563 |
| Provisions | 3,412 | 3,432 | 3,432 | 3,432 | 3,432 |
| Interest-bearing loans and borrowings | 712 | 448 | 435 | 422 | 409 |
| Total current liabilities | 7,076 | 6,986 | 7,049 | 7,114 | 7,183 |
| Non-current liabilities | | | | | |
| Provisions | 1,736 | 1,864 | 1,864 | 1,864 | 1,864 |
| Interest-bearing loans and borrowings | 1,797 | 1,830 | 1,775 | 1,722 | 1,670 |
| Total non-current liabilities | 3,533 | 3,694 | 3,639 | 3,586 | 3,534 |
| Total liabilities | 10,609 | 10,680 | 10,688 | 10,700 | 10,717 |
| Net assets | 319,378 | 319,379 | 318,320 | 317,291 | 316,292 |
| Equity | | | | | |
| Accumulated surplus | 126,127 | 124,782 | 125,190 | 125,593 | 125,990 |
| Reserves | 193,251 | 194,597 | 193,130 | 191,698 | 190,302 |
| Total equity | 319,378 | 319,379 | 318,320 | 317,291 | 316,292 |

3.3 Statement of Changes in Equity

For the four years ending 30 June 2020

| | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---------------------------------------------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2017 | | | | |
| Balance at beginning of the financial year | 319,378 | 126,127 | 180,547 | 12,704 |
| Surplus/(deficit) for the year | 1 | 1 | - | - |
| Net asset revaluation increment/(decrement) | - | - | - | - |
| Transfer to other reserves | - | (1,555) | - | 1,555 |
| Transfer from other reserves | - | 209 | - | (209) |
| Balance at end of the financial year | 319,379 | 124,782 | 180,547 | 14,050 |
| 2018 | | | | |
| Balance at beginning of the financial year | 319,379 | 124,782 | 180,547 | 14,050 |
| Surplus/(deficit) for the year | 408 | 408 | - | - |
| Net asset revaluation | - | - | - | - |
| Transfer to other reserves | - | - | - | - |
| Transfer from other reserves | (1,467) | - | - | (1,467) |
| Balance at end of the financial year | 318,320 | 125,190 | 180,547 | 12,583 |
| 2019 | | | | |
| Balance at beginning of the financial year | 318,320 | 125,190 | 180,547 | 12,583 |
| Surplus/(deficit) for the year | 403 | 403 | - | - |
| Net asset revaluation | - | - | - | - |
| Transfer to other reserves | - | - | - | - |
| Transfer from other reserves | (1,432) | - | - | (1,432) |
| Balance at end of the financial year | 317,291 | 125,593 | 180,547 | 11,151 |
| 2020 | | | | |
| Balance at beginning of the financial year | 317,291 | 125,593 | 180,547 | 11,151 |
| Surplus/(deficit) for the year | 397 | 397 | - | - |
| Net asset revaluation | - | - | - | - |
| Transfer to other reserves | - | - | - | - |
| Transfer from other reserves | (1,396) | - | - | (1,396) |
| Balance at end of the financial year | 316,292 | 125,990 | 180,547 | 9,755 |

3.4 Statement of Cash Flows

For the four years ending 30 June 2020

| | Forecast Actual 2015/16 \$'000 | Budget 2016/17 \$'000 | Strategic Resource Plan Projections | | |
|---------------------------------------------------------------------|-----------------------------------------|-----------------------------|----------------------------------------|-----------------------|-----------------------|
| | | | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 |
| | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) |
| Cash flows from operating activities | | | | | |
| Rates and charges | 18,211 | 19,102 | 19,763 | 20,613 | 21,499 |
| User fees and fines | 3,271 | 3,483 | 3,500 | 3,518 | 3,536 |
| Grants - operating & capital | 8,304 | 9,877 | 9,630 | 9,389 | 9,155 |
| Grants - capital | 0 | 0 | 0 | 0 | 0 |
| Contributions - monetary | 0 | 0 | 0 | 0 | 0 |
| Interest received | 670 | 514 | 532 | 551 | 570 |
| Dividends received | 0 | 0 | 0 | 0 | 0 |
| Trust funds and deposits taken | (248) | (24) | 0 | 0 | 0 |
| Other receipts | 0 | 0 | 0 | 0 | 0 |
| Net GST refund / payment | 0 | 0 | 0 | 0 | 0 |
| Employee costs | (13,106) | (13,615) | (14,208) | (14,705) | (15,220) |
| Materials and services | (12,134) | (10,257) | (10,209) | (10,541) | (10,884) |
| Trust funds and deposits repaid | 0 | 0 | 0 | 0 | 0 |
| Other payments | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by/(used in) operating activities | 4,968 | 9,080 | 9,008 | 8,825 | 8,656 |
| Cash flows from investing activities | | | | | |
| Payments for property, infrastructure, plant and equipment | (12,108) | (7,154) | (8,086) | (7,257) | (9,292) |
| Proceeds from sale of property, infrastructure, plant and equipment | 2,352 | 396 | 141 | (444) | 1,751 |
| Payments for investments | 0 | 0 | 0 | 0 | 0 |
| Proceeds from sale of investments | 0 | 0 | 0 | 0 | 0 |
| Loan and advances made | 0 | 0 | 0 | 0 | 0 |
| Payments of loans and advances | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by/ (used in) investing activities | (9,756) | (6,758) | (7,945) | (7,700) | (7,541) |
| Cash flows from financing activities | | | | | |
| Finance costs | (187) | (167) | (172) | (177) | (182) |
| Proceeds from borrowings | 500 | 500 | 500 | 500 | 500 |
| Repayment of borrowings | (787) | (731) | (694) | (729) | (693) |
| Net cash provided by/(used in) financing activities | (474) | (398) | (366) | (406) | (375) |
| Net increase/(decrease) in cash & cash equivalents | (5,262) | 1,924 | 697 | 718 | 739 |
| Cash and cash equivalents at the beginning of the financial year | 26,572 | 21,310 | 23,234 | 23,931 | 24,649 |
| Cash and cash equivalents at the end of the financial year | 21,310 | 23,234 | 23,931 | 24,649 | 25,388 |

3.5 Statement of Capital Works

For the four years ending 30 June 2020

| | Forecast | Budget | Strategic Resource Plan | | |
|----------------------------------------|-----------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Actual 2015/16 \$'000 | 2016/17 \$'000 | Projections | | |
| | | | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 |
| Property | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 |
| Land improvements | 0 | 0 | 0 | 0 | 0 |
| Total land | 0 | 0 | 0 | 0 | 0 |
| Buildings | 3,596 | 745 | 2,566 | 1,729 | 2,375 |
| Heritage buildings | 0 | 0 | 0 | 0 | 0 |
| Building improvements | 0 | 0 | 0 | 0 | 0 |
| Leasehold improvements | 0 | 0 | 0 | 0 | 0 |
| Total buildings | 3,596 | 745 | 2,566 | 1,729 | 2,375 |
| Total property | 3,596 | 745 | 2,566 | 1,729 | 2,375 |
| Plant and equipment | | | | | |
| Heritage plant and equipment | 0 | 0 | 967 | 881 | 1,096 |
| Plant, machinery and equipment | 1,545 | 939 | 0 | 0 | 0 |
| Fixtures, fittings and furniture | 0 | 0 | 178 | 162 | 202 |
| Computers and telecommunications | 454 | 173 | 0 | 0 | 0 |
| Library books | 109 | 97 | 99 | 102 | 104 |
| Total plant and equipment | 2,108 | 1,209 | 1,245 | 1,145 | 1,403 |
| Infrastructure | | | | | |
| Roads | 4,293 | 3,643 | 3,008 | 2,471 | 3,148 |
| Bridges | 1,074 | 1,147 | 982 | 807 | 1,028 |
| Footpaths and cycleways | 815 | 168 | 144 | 118 | 151 |
| Drainage | 222 | 242 | 141 | 132 | 261 |
| Recreational, leisure and community | 0 | 0 | 0 | 0 | 0 |
| Waste management | 0 | 0 | 0 | 0 | 0 |
| Parks, open space and streetscapes | 0 | 0 | 0 | 0 | 0 |
| Aerodromes | 0 | 0 | 0 | 0 | 0 |
| Off street car parks | 0 | 0 | 0 | 0 | 0 |
| Other infrastructure | 0 | 0 | 0 | 0 | 0 |
| Total infrastructure | 6,404 | 5,200 | 4,275 | 3,528 | 4,587 |
| Total capital works expenditure | 12,108 | 7,154 | 8,086 | 6,402 | 8,365 |
| Represented by: | | | | | |
| New asset expenditure | 0 | 0 | 0 | 0 | 0 |
| Asset renewal expenditure | 7,381 | 5,998 | 5,879 | 4,654 | 6,081 |
| Asset expansion expenditure | 1,962 | 352 | 768 | 608 | 795 |
| Asset upgrade expenditure | 2,765 | 804 | 1,439 | 1,139 | 1,489 |
| Total capital works expenditure | 12,108 | 7,154 | 8,086 | 6,402 | 8,365 |

3.6 Statement of Human Resources

For the four years ending 30 June 2020

| | Forecast | Budget | Strategic Resource Plan | | |
|--------------------------------|---------------|---------------|-------------------------|---------------|---------------|
| | Actual | | Projections | | |
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Staff expenditure | | | | | |
| Employee costs - operating | 13,242 | 13,866 | 14,351 | 14,782 | 15,225 |
| Employee costs - capital | 155 | 197 | 204 | 210 | 216 |
| Total staff expenditure | 13,397 | 14,063 | 14,555 | 14,992 | 15,442 |
| | EFT | EFT | EFT | EFT | EFT |
| Staff numbers | | | | | |
| Employees | 141.2 | 150.1 | 150.1 | 150.1 | 150.1 |
| Total staff numbers | 141.2 | 150.1 | 150.1 | 150.1 | 150.1 |

The EFT included for budgetary purposes is a financial measure and must include all funded positions for the upcoming financial year and is not an indication of Council's permanent establishment listing (exclusive of grant funded roles). It is expected that as of June 2016, Council's established staffing levels will have reduced from 212 to 209 staff (141.2 EFT). This incorporates seasonal positions that provide such services to the community as lifeguards and school crossing supervision. Whilst staffing levels have reduced, there is an increase in EFT by 1.0 since 30 June 2015, which is due to the transfer of one customer service position from contract labour to a salaried position.

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

| Department | Budget 2016/17 \$'000 | Comprises | |
|----------------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| | | Permanent Full Time \$'000 | Permanent Part Time \$'000 |
| | | | |
| Executive Team and Support | 805 | 714 | 91 |
| Business Services | 1,995 | 1,238 | 757 |
| Community Services | 3,236 | 421 | 2815 |
| Communications, Library and Customer Service | 1,210 | 545 | 665 |
| Infrastructure Assets | 1,014 | 809 | 205 |
| Infrastructure Operations | 4,159 | 3,509 | 650 |
| Development Services | 1,245 | 810 | 435 |
| Total permanent staff expenditure | 13,664 | 8,046 | 5,618 |
| Casuals and other expenditure | 202 | | |
| Capitalised labour costs | 197 | | |
| Total expenditure | 14,063 | | |

A summary of the number of full time equivalent (EFT) Council staff in relation to the above expenditure is included below:

It should be noted that the total staffing EFT number of 150.1 is 8.9 EFT above Council's permanent establishment listing of 141.2. Of this variance, 6.1 of EFT relates to grant funded positions in the areas of childcare, municipal emergency management, aged care, disability services and the collection of the State Government's Fire Services Property Levy and are broadly driven by the level of service required in the community to perform these functions. These roles are funded via grants from other levels of government and if funding was no longer provided or demand from the community reduced the roles would cease. A further 3.0 of EFT relate to fixed-term positions in Council's outdoor parks and gardens unit that were created to service the new and gifted assets and remain temporary subject to Council's ability to continue to fund operations and maintenance of these assets. Further analysis of Council's strategic direction with regard to human resources can be found at Section 10 of the Strategic Resource Plan.

| Department | Budget EFT | Comprises | |
|----------------------------------------------|--------------|---------------------|---------------------|
| | | Permanent Full Time | Permanent Part Time |
| Executive Team and Support | 5.0 | 4 | 1.0 |
| Business Services | 20.0 | 11 | 9.0 |
| Community Services | 38.9 | 4 | 34.9 |
| Communications, Library and Customer Service | 12.9 | 5 | 7.9 |
| Infrastructure Assets | 9.0 | 7 | 2.0 |
| Infrastructure Operations | 47.0 | 39.4 | 7.6 |
| Development Services | 12.1 | 8 | 4.1 |
| Total | 144.9 | 78.4 | 66.5 |
| Casuals and other | 2.6 | | |
| Capitalised labour costs | 2.6 | | |
| Total staff | 150.1 | | |

4. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

| Indicator | Measure | Notes | Forecast | | | Strategic Resource Plan | | | Trend +/- |
|----------------------------|------------------------------------------------------------------------------------------------------------|-------|-------------------|-------------------|-------------------|-------------------------|---------|---------|--------------|
| | | | Actual 2014/15 | Actual 2015/16 | Budget 2016/17 | Projections | | | |
| | | | | | | 2017/18 | 2018/19 | 2019/20 | |
| Operating position | | | | | | | | | |
| Adjusted underlying result | Adjusted underlying surplus (deficit) / Adjusted underlying revenue | 1 | 3.5% | -13.9% | -0.1% | 1.0% | 1.0% | 1.0% | + |
| Liquidity | | | | | | | | | |
| Working Capital | Current assets / current liabilities | 2 | 397.6% | 342.9% | 372.8% | 380.4% | 388.1% | 395.8% | o |
| Unrestricted cash | Unrestricted cash / current liabilities | | 73.1% | 282.1% | 318.6% | 95.9% | 96.1% | 96.3% | o |
| Obligations | | | | | | | | | |
| Loans and borrowings | Interest bearing loans and borrowings / rate revenue | 3 | 16.6% | 13.7% | 11.8% | 11.0% | 10.2% | 9.5% | + |
| Loans and borrowings | Interest and principal repayments on interest bearing loans and borrowings / rate revenue | | 6.6% | 5.3% | 4.7% | 4.3% | 4.3% | 4.0% | + |
| Indebtedness | Non-current liabilities / own source revenue | | 17.4% | 16.0% | 16.0% | 15.1% | 14.3% | 13.6% | + |
| Asset renewal | Asset renewal expenditure / depreciation | 4 | 51.7% | 89.0% | 71.1% | 67.7% | 52.0% | 66.0% | o |
| Stability | | | | | | | | | |
| Rates concentration | Rate revenue / adjusted underlying revenue | 5 | 53.7% | 62.0% | 58.7% | 58.6% | 59.2% | 59.8% | o |
| Rates effort | Rate revenue / CIV of rateable properties in the municipality | | 0.4% | 0.4% | 0.4% | 0.4% | 0.4% | 0.5% | o |
| Efficiency | | | | | | | | | |
| Expenditure level | Total expenditure /No. of property assessments | | \$3,192 | \$3,494 | \$3,397 | \$3,493 | \$3,588 | \$3,686 | + |
| Revenue level | Residential rate revenue / No. of residential property assessments | | \$1,189 | \$1,201 | \$1,264 | \$1,318 | \$1,375 | \$1,427 | + |
| Workforce turnover | No. of permanent staff resignations & terminations / average No. of permanent staff for the financial year | | 16.3% | 16.1% | 14.0% | 10.0% | 10.0% | 10.0% | + |

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

Notes to indicators

1 Adjusted underlying result – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2 Working Capital - The proportion of current liabilities represented by current assets. Working capital is forecast to decrease significantly in 2016/17 year due to a run down in cash reserves to fund the capital program. The trend in later years is to remain steady at an acceptable level.

3 Debt compared to rates - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

4 Asset renewal - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

5 Rates concentration - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

5. Other budget information (required by the Regulations)

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports

- 5.1.1 Grants operating
- 5.1.2 Grants capital
- 5.1.3 Statement of borrowings

5.1.1 Grants operating (\$1.83 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services. Overall, the level of operating grants is projected to increase by 35% or \$1.83 million. It should be noted that these figures are heavily influenced by the annual Victorian Grants Commission (VGC) grants which shows a \$2.16m increase. This variation is due to the timing of the receipt of the grant and is not a variation to the funding level. Removing this impact reveals an overall decrease in operating grants of \$0.32 million. This is mostly due to the cessation of grants supporting programs in the Economic and Community Development areas. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below

| Grants - operating | Forecast | Budget | Variance |
|-----------------------------------------------|-----------------------------|-------------------|--------------|
| | Actual 2015/16 \$'000 | 2016/17 \$'000 | \$'000 |
| <i>Recurrent - Commonwealth Government</i> | | | |
| Victorian Grants Commission - General Purpose | 1,325 | 2,669 | 1,344 |
| Victorian Grants Commission - Local Roads | 781 | 1,595 | 814 |
| Aged and Disability | 324 | 396 | 72 |
| Children Services | 674 | 664 | (10) |
| Customer Service | 5 | 5 | 0 |
| <i>Recurrent - State Government</i> | | | |
| Aged and Disability | 1064 | 1068 | 4 |
| Children Services | 162 | 166 | 4 |
| Emergency Services | 39 | 39 | 0 |
| Environmental Health | 12 | 13 | 1 |
| Library Service | 143 | 146 | 3 |
| Traffic Control | 17 | 17 | 0 |
| Total recurrent grants | 4,546 | 6,778 | 2,232 |
| <i>Non-recurrent - State Government</i> | | | |
| Children Services | 4 | | (4) |
| Community Development | 148 | | (148) |
| Community Recovery | 63 | | (63) |
| Economic Development | 261 | 90 | (171) |
| Emergency Services | 60 | 60 | 0 |
| Environmental Health | 4 | 4 | 0 |
| Environmental Management | 29 | 29 | 0 |
| Library Service | 6 | 6 | 0 |
| Recreational Services | 3 | 3 | 0 |
| Youth Services | 82 | 70 | (12) |
| Total non-recurrent grants | 660 | 262 | (398) |
| Total operating grants | 5,206 | 7,040 | 1,834 |

Increases in specific operating grant funding reflect expected increased demand for these services.. The level of VGC grants to Victorian Councils has been affected by Commonwealth Government's decision to pause indexation for three years commencing in 2015-16. The VGC analysis indicates that Victorian Councils will be impacted by \$200 million during the pause as well as lowering the base from which indexation will be resumed by approximately 12.5%

5.1.2 Grants capital (\$0.65 million decrease)

Capital grants include all monies received from State, Federal and Community sources for the purposes of funding the capital works program. Overall the level of capital grants is expected to decrease 20% or \$0.65 million. While Commonwealth Roads to Recovery funding is projected to increase, no State Government capital funding has been confirmed for 2016/17. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

| Grants - capital | Forecast | | |
|----------------------------------------------|-------------------|-------------------|---------------|
| | Actual | Budget | Variance |
| | 2015/16 \$'000 | 2016/17 \$'000 | \$'000 |
| <i>Recurrent - Commonwealth Government</i> | | | |
| Roads to Recovery | 2,283 | 2,637 | 354 |
| <i>Recurrent - State Government</i> | - | - | - |
| Total recurrent grants | 2,283 | 2,637 | 354 |
| <i>Non-recurrent - State Government</i> | | | |
| Buildings | 587 | - | -587 |
| Footpaths and Cycleways | 65 | - | -65 |
| Recreational, Leisure & Community Facilities | 73 | - | -73 |
| Roads | 279 | - | -279 |
| Total non-recurrent grants | 1,004 | - | -1,004 |
| Total capital grants | 3,287 | 2,637 | -650 |

5.1.3 Statement of Borrowings

The table below shows information on borrowings specifically required by the Regulations.

| | 2015/16 | 2016/17 |
|-------------------------------------------------------|-----------|------------------|
| | \$ | \$ |
| Total amount borrowed as at 30 June of the prior year | 2,796,720 | 2,509,542 |
| Total amount proposed to be borrowed | 500,000 | 500,000 |
| Total amount projected to be redeemed | (787,178) | (731,154) |
| Total amount of borrowings as at 30 June | 2,509,542 | 2,278,388 |

6. Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2016/17 year.

The capital works projects are grouped by class and include the following:

- New works for 2016/17
- Works carried forward from the 2015/16 year.

Capital works program

For the year ending 30 June 2017

6.1 New works

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|-------------------------------------------------|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| PROPERTY | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | | | | | | | | | |
| Community Buildings - audit priorities | 72 | 0 | 72 | 0 | 0 | 0 | 0 | 72 | 0 |
| Kinqlake Memorial Reserve - toilet upgrade | 50 | 0 | 50 | 0 | 0 | 0 | 0 | 50 | 0 |
| Public Convenience - renewal | 102 | 0 | 102 | 0 | 0 | 0 | 0 | 102 | 0 |
| Marysville Community Centre - Car park Lighting | 15 | 0 | 0 | 0 | 15 | 0 | 0 | 15 | 0 |
| Alexandra Office - disability access | 30 | 0 | 0 | 30 | 0 | 0 | 0 | 30 | 0 |
| Alexandra Library - roof renewal | 23 | 0 | 23 | 0 | 0 | 0 | 0 | 23 | 0 |
| Alexandra Office - toilet renewal | 40 | 0 | 40 | 0 | 0 | 0 | 0 | 40 | 0 |
| Other buildings - Corporate Building renewal | 16 | 0 | 16 | 0 | 0 | 0 | 0 | 16 | 0 |
| Total Buildings | 348 | 0 | 303 | 30 | 15 | 0 | 0 | 348 | 0 |
| TOTAL PROPERTY | 348 | 0 | 303 | 30 | 15 | 0 | 0 | 348 | 0 |
| PLANT AND EQUIPMENT | | | | | | | | | |
| Plant, Machinery and Equipment | | | | | | | | | |
| Motor vehicles and plant | 939 | 0 | 814 | 0 | 125 | 0 | 0 | 439 | 500 |
| Total Plant, Machinery and Equipment | 939 | 0 | 814 | 0 | 125 | 0 | 0 | 439 | 500 |
| Computers and Telecommunications | | | | | | | | | |
| Information technology: Asset system | 46 | 0 | 0 | 46 | 0 | 0 | 0 | 46 | 0 |
| Information technology: PCs and servers | 77 | 0 | 61 | 16 | 0 | 0 | 0 | 77 | 0 |
| Information technology: Project Management | 50 | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| Total Computers and Telecommunications | 173 | 0 | 61 | 112 | 0 | 0 | 0 | 173 | 0 |
| Library Books | | | | | | | | | |
| Library bookstock | 97 | 0 | 15 | 82 | 0 | 0 | 0 | 97 | 0 |
| Total Library Books | 97 | 0 | 15 | 82 | 0 | 0 | 0 | 97 | 0 |
| TOTAL PLANT AND EQUIPMENT | 1,209 | 0 | 890 | 194 | 125 | 0 | 0 | 709 | 500 |
| INFRASTRUCTURE | | | | | | | | | |
| Roads | | | | | | | | | |
| Gravel Roads - Resheeting | 1499 | 0 | 1499 | 0 | 0 | 1499 | 0 | 0 | 0 |
| Shoulder Resheeting Program | 75 | 0 | 75 | 0 | 0 | 0 | 0 | 75 | 0 |
| Sealed Roads Renewal & Patching | 458 | 0 | 453 | 5 | 0 | 0 | 0 | 458 | 0 |
| Sealed Roads - Reseals | 1148 | 0 | 1,148 | 0 | 0 | 0 | 0 | 1,148 | 0 |
| Gravel Roads Sealing Program | 90 | 0 | 18 | 72 | 0 | 0 | 0 | 90 | 0 |
| Road Safety | 113 | 0 | 59 | 54 | 0 | 0 | 0 | 113 | 0 |
| Kerb & Channel - Renewal & Upgrade | 133 | 0 | 97 | 36 | 0 | 0 | 0 | 133 | 0 |
| Vegetation Projects | 25 | 0 | 25 | 0 | 0 | 0 | 0 | 25 | 0 |
| Total roads | 3,541 | 0 | 3,374 | 167 | 0 | 1,499 | 0 | 2,042 | 0 |
| Bridges | | | | | | | | | |
| Bridges and culverts | 1147 | 0 | 935 | 212 | 0 | 1138 | 0 | 9 | 0 |

| | | | | | | | | | |
|-------------------------------------------------------|--------------|---|-------|-----|-----|-------|---|-------|-----|
| Total Bridges | 1147 | 0 | 935 | 212 | 0 | 1138 | 0 | 9 | 0 |
| Footpaths and Cycleways | | | | | | | | | |
| Footpath: Missing Links | 46 | 0 | 0 | 0 | 46 | 0 | 0 | 46 | 0 |
| Footpath: Renewal | 82 | 0 | 82 | 0 | 0 | 0 | 0 | 82 | 0 |
| Footpath: Upgrade | 40 | 0 | 0 | 40 | 0 | 0 | 0 | 40 | 0 |
| Total Footpaths and Cycleways | 168 | 0 | 82 | 40 | 46 | 0 | 0 | 168 | 0 |
| Drainage | | | | | | | | | |
| Drainage - Renewal | 50 | 0 | 40 | 0 | 10 | 0 | 0 | 50 | 0 |
| Drainage - Network Expansion | 96 | 0 | 0 | 0 | 96 | 0 | 0 | 96 | 0 |
| Drainage - trouble spots | 50 | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| Total Drainage | 196 | 0 | 40 | 50 | 106 | 0 | 0 | 196 | 0 |
| Recreational, Leisure and Community Facilities | | | | | | | | | |
| Shade Sail Renewal | 35 | 0 | 35 | 0 | 0 | 0 | 0 | 35 | 0 |
| Marysville Pool - chlorine shed | 13 | 0 | 13 | 0 | 0 | 0 | 0 | 13 | 0 |
| Alexandra Pool | 5 | 0 | 5 | 0 | 0 | 0 | 0 | 5 | 0 |
| Eildon Pool | 20 | 0 | 20 | 0 | 0 | 0 | 0 | 20 | 0 |
| Marysville Pool | 10 | 0 | 10 | 0 | 0 | 0 | 0 | 10 | 0 |
| Eildon Alliance Boat Ramp works | 28 | 0 | 14 | 14 | 0 | 0 | 0 | 28 | 0 |
| Total Rec, Leisure and Comm'y Facilities | 111 | 0 | 97 | 14 | 0 | 0 | 0 | 111 | 0 |
| Waste Management | | | | | | | | | |
| Landfill Cell Construction | 120 | 0 | 60 | 0 | 60 | 0 | 0 | 120 | 0 |
| Total Waste Management | 120 | 0 | 60 | 0 | 60 | 0 | 0 | 120 | 0 |
| TOTAL INFRASTRUCTURE | 5,283 | 0 | 4,588 | 483 | 212 | 2,637 | 0 | 2,646 | 0 |
| TOTAL NEW CAPITAL WORKS 2016/17 | 6,840 | 0 | 5,781 | 707 | 352 | 2,637 | 0 | 3,703 | 500 |

6.2 Works carried forward from the 2015/16 year

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|-------------------------------------------------------|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| PROPERTY | | | | | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings | | | | | | | | | |
| Yea Shire Hall | 27 | 0 | 27 | 0 | 0 | 0 | 0 | 27 | 0 |
| Public Convenience Renewal - Leckie Park | 89 | 0 | 89 | 0 | 0 | 0 | 0 | 89 | 0 |
| Total Buildings | 116 | 0 | 116 | 0 | 0 | 0 | 0 | 116 | 0 |
| TOTAL PROPERTY | 116 | 0 | 116 | 0 | 0 | 0 | 0 | 116 | 0 |
| INFRASTRUCTURE | | | | | | | | | |
| Roads | | | | | | | | | |
| Vegetation Projects | 101 | 0 | 101 | 0 | 0 | 0 | 0 | 101 | 0 |
| TOTAL ROADS | 101 | 0 | 101 | 0 | 0 | 0 | 0 | 101 | 0 |
| Drainage | | | | | | | | | |
| Flood Levee Buxton | 47 | 0 | 0 | 47 | 0 | 0 | 0 | 47 | 0 |
| Total Drainage | 47 | 0 | 0 | 47 | 0 | 0 | 0 | 47 | 0 |
| Recreational, Leisure and Community Facilities | | | | | | | | | |
| Leckie Park Pavilion | 50 | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| Total Rec, Leisure and Comm'y Facilities | 50 | 0 | 0 | 50 | 0 | 0 | 0 | 50 | 0 |
| TOTAL INFRASTRUCTURE | 198 | 0 | 101 | 97 | 0 | 0 | 0 | 198 | 0 |
| TOTAL CARRIED FWD WORKS 2016/17 | 314 | 0 | 217 | 97 | 0 | 0 | 0 | 314 | 0 |

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|----------------------------|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| 6.3 Summary | | | | | | | | | |
| PROPERTY | 464 | 0 | 419 | 30 | 15 | 0 | 0 | 464 | 0 |
| PLANT AND EQUIPMENT | 1,209 | 0 | 890 | 194 | 125 | 0 | 0 | 709 | 500 |
| INFRASTRUCTURE | 5,481 | 0 | 4,689 | 580 | 212 | 2,637 | 0 | 2,844 | 0 |
| TOTAL CAPITAL WORKS | 7,154 | 0 | 5,998 | 804 | 352 | 2,637 | 0 | 4,017 | 500 |

7. Rates and charges

This section presents information about rates and charges which the Act and the Regulations require to be disclosed in the Council's annual budget

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.6% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5% by the Minister for Local Government. The cap applies to all rateable assessments and the municipal charge, and is calculated on the basis of council's average rates and charges.

Council submitted an application to the Essential Services Commission for a variation of 5.4% following which a higher rates cap of 4.3 per cent has been set by the ESC for Murrindindi Shire Council for 2016/17. This has resulted in a shortfall of \$170,000 in the proposed budget. Council has complied with this cap in the development of its budget for the coming financial year by reducing its contribution to the Long Service Leave Reserve by 50% (\$150,000) and by 67% (\$20,000) in the operational seed funding budget. This is, however, only a short term solution in order to meet the shortfall for the 2016/17 financial year and to avoid imposing service reductions on the community. It does present some increased risk in the event of needing to meet unexpected long service leave obligations and/or defined benefit pension calls; however, these have been assessed as relatively low risk currently. Long term permanent savings will have to be found in the next financial year to cover this shortfall as well as any potential shortfall for that year.

The rates and charges for individual properties may increase or decrease by a different percentage amount for the following reasons -

- (i) the valuation of the property relative to the valuation of other properties in the municipal district;
- (ii) the application of differential rates by Council;

In order to achieve Council's objectives while maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 4.3% in line with the rate cap that has been determined by the ESC. Increases for 2016/17 for waste service charges are 2.5% for the kerbside collection charge and the recycling charge by 3.0%. This will raise total rate and charges for 2016/17 of \$19.24 million, including \$0.15 million generated from supplementary rates. Council has been able to lower its previously projected kerbside and recycling charges due to recent re-negotiation through a collaborative tender initiative for council's collection services contract.

7.1 The rate in the dollar to be levied as general rates under section 158 of the Act for each type or class of land compared with the previous financial year

The rate in the dollar is presented in the table as cents per \$ of CIV to allow greater understanding of the rates set. For example, whilst the rate in the \$ for vacant land for 2016/17 is to be set at 0.005271, when expressed as cents per \$ of CIV, this is shown as 0.5271. What this means is that for every dollar that the vacant land is rated at, just over half of one cent has been determined as payable in rates for this particular property, eg. for a plot of vacant land valued at \$100,000, the rate revenue to be paid is \$527.10.

| Type or class of land | 2015/16 cents/\$CIV | 2016/17 cents/\$CIV | Change |
|-----------------------------------------------------------------|------------------------|------------------------|--------------|
| General rate for rateable residential properties | 0.3415 | 0.3514 | 2.9% |
| Differential rate for rateable commercial industrial properties | 0.4269 | 0.4393 | 2.9% |
| Differential rate for rateable Rural 1 properties | 0.2561 | 0.2460 | -3.9% |
| Differential rate for rateable Rural 2 properties | 0.3415 | 0.3479 | 1.9% |
| Differential rate for rateable Vacant Land properties | 0.5122 | 0.5271 | 2.9% |

7.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

| Type or class of land | 2015/16 \$ | 2016/17 \$ | Change |
|---------------------------------------------------|-------------------|-------------------|-------------|
| Residential | 5,480,720 | 5,803,216 | 5.9% |
| Commercial and Industrial | 802,320 | 841,941 | 4.9% |
| Rural 1 | 3,168,211 | 3,146,699 | -0.7% |
| Rural 2 | 2,698,191 | 2,829,402 | 4.9% |
| Vacant Land | 591,924 | 667,352 | 12.7% |
| Total amount to be raised by general rates | 12,741,366 | 13,288,610 | 4.3% |

7.3 The number of assessments in relation to each type or class of land, and the total number of

| Type or class of land | 2015/16 \$ | 2016/17 \$ | Change |
|------------------------------------|---------------|---------------|-------------|
| Residential | 5,364 | 5,391 | 0.5% |
| Commercial and Industrial | 432 | 427 | -1.2% |
| Rural 1 | 1,312 | 1,332 | 1.5% |
| Rural 2 | 1,704 | 1,713 | 0.5% |
| Vacant Land | 792 | 798 | 0.8% |
| Total number of assessments | 9,604 | 9,661 | 0.6% |

7.4 The basis of valuation to be used is the Capital Improved Value (CIV)

7.5 The estimated total value of each type or class of land, and the estimated total value of land,

| Type or class of land | 2015/16 \$ | 2016/17 \$ | Change |
|----------------------------|----------------------|----------------------|-------------|
| Residential | 1,603,894,500 | 1,651,456,000 | 3.0% |
| Commercial and Industrial | 188,768,000 | 191,677,000 | 1.5% |
| Rural 1 | 1,236,479,000 | 1,279,250,000 | 3.5% |
| Rural 2 | 790,089,000 | 813,313,000 | 2.9% |
| Vacant Land | 116,584,000 | 126,608,200 | 8.6% |
| Total value of land | 3,935,814,500 | 4,062,304,200 | 3.2% |

7.6 The municipal charge under section 159 of the Act compared with the previous financial year

| Type of Charge | Per Rateable Property 2015/16 \$ | Per Rateable Property 2016/17 \$ | Change |
|----------------|-------------------------------------------|-------------------------------------------|--------|
| Municipal | 307.00 | 320.00 | 4.2% |

7.7 The estimated total amount to be raised by municipal charges compared with the previous

| Type of Charge | 2015/16 \$ | 2016/17 \$ | Change |
|----------------|---------------|---------------|--------|
| Municipal | 2,838,215 | 2,961,920 | 4.4% |

7.8 The rate or unit amount to be levied for each type of service rate or charge under section 162

| Type of Charge | Per Rateable Property 2015/16 \$ | Per Rateable Property 2016/17 \$ | Change |
|---------------------|----------------------------------------|----------------------------------------|-------------|
| Kerbside collection | 337.00 | 345.50 | 2.5% |
| Recycling | 83.00 | 85.50 | 3.0% |
| Total | 420.00 | 431.00 | 2.6% |

7.9 The estimated total amount to be raised by each type of service rate or charge, and the

| Type of Charge | 2015/16 \$ | 2016/17 \$ | Change |
|---------------------|---------------|------------------|-------------|
| Kerbside collection | 2,132,013 | 2,233,107 | 4.7% |
| Recycling | 527,673 | 537,336 | 1.8% |
| Total | 2,659,686 | 2,770,443 | 4.2% |

7.10 The estimated total amount to be raised by all rates and charges compared with the previous

| Type of Charge | 2015/16 \$ | 2016/17 \$ | Change |
|------------------------------------------------|---------------|-------------------|-------------|
| General rates | 12,741,366 | 13,288,610 | 4.3% |
| Municipal charge | 2,838,215 | 2,961,920 | 4.4% |
| Agreement in lieu of rates (Power Station) | 60,368 | 61,575 | 2.0% |
| Supplementary rates (pro-rata within the year) | N/A | 154,769 | 1.0% |
| Kerbside collection and recycling | 2,659,686 | 2,770,443 | 4.2% |
| Rates and charges | 18,299,635 | 19,237,317 | 5.1% |

7.11 Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (2016/17: estimated \$154,769, 2015/16: \$142,342)
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.

7.12 Differential rates**7.12.1 Rates to be levied**

The rate and amount of rates payable in relation to land in each category of differential are:

- A general rate of 0.003514 (0.3514 cents in the dollar of CIV) for all rateable residential properties; and
- A differential rate of 0.004393 (0.4393 cents in the dollar of CIV) for all rateable Commercial and Industrial properties (125% of general rate); and
- A differential rate of 0.002460 (0.2460 cents in the dollar of CIV) for all rateable Rural 1 properties (70% of general rate); and
- A differential rate of 0.003479 (0.3479 cents in the dollar of CIV) for all rateable Rural 2 properties (99% of general rate); and
- A differential rate of 0.005271 (0.5271 cents in the dollar of CIV) for all rateable Vacant Land properties (150% of general rate).

Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate, are set out below.

7.12.2 Rural 1 Land

Rural 1 land is any rateable land, which is:

- Not less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital intensive nature of farming within the Shire and limited access to some services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

7.12.3 Rural 2 land

Rural 2 land is any rateable land, which is:

- greater than 4 hectares and less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital intensive nature of farming within the Shire and limited access to some services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

7.12.4 Vacant land

Vacant land is defined as:

- Any land which is located in Council's defined residential, commercial, rural living or industrial zones for planning purposes that is currently undeveloped.
- Undeveloped land is broadly classified as land not containing an approved, habitable structure, or land that has not been developed for the purpose of commercial or industrial use.

The objective of this differential rate is to encourage property owners to develop vacant land identified by Council as suitable for development, rather than simply acquire or hold land for the purpose of future investment without developing it. By encouraging the development of land ensures that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

7.12.5 Commercial / Industrial

Commercial and industrial properties are defined as:

- Any property which is used primarily for commercial and/or industrial purposes and/or,
- Any property zoned as commercial and industrial land under the planning scheme in force in the municipal district which is not deemed vacant as per above.

The objective of this differential rate is to ensure that the owners of the property having the characteristics of Commercial and Industrial Land make an equitable financial contribution to the cost of carrying out Council's functions, including those functions supporting economic development and tourism, and the renewal and maintenance of public infrastructure that is of critical importance and benefit to business owners.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

Budget Analysis

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

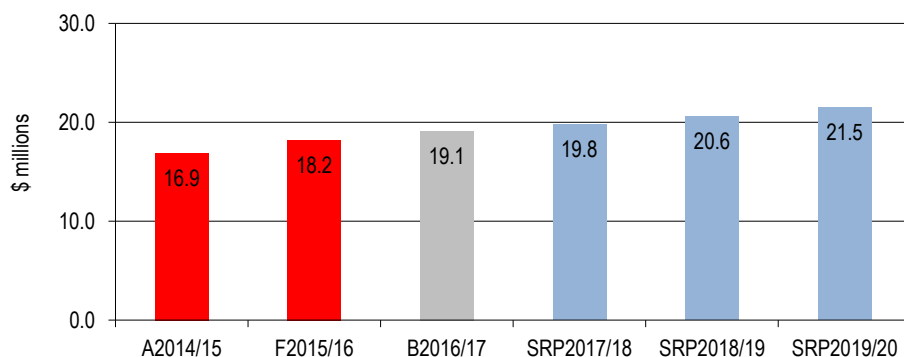
This section includes the following analysis and information.

- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Summary of other strategies
- 16 Rating strategy

8. Summary of financial position

Council has prepared a Budget for the 2016/17 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

8.1 Rates and charges

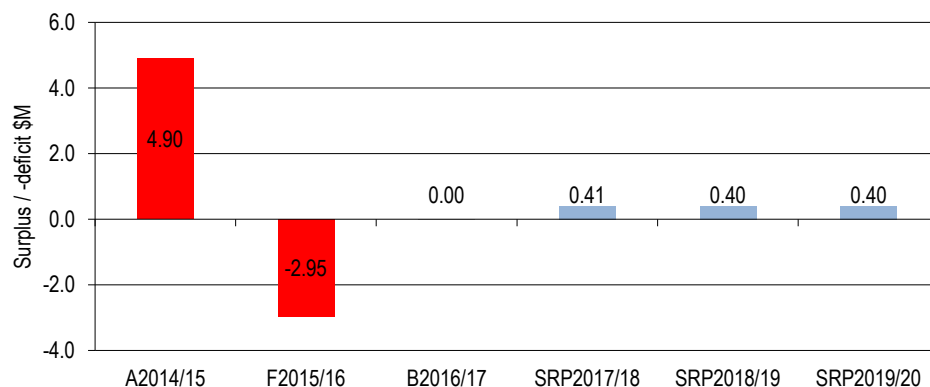


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

As endorsed by the 31 May 2016 decision of the ESC, it is proposed that the average rates increase by 4.3% for the 2016/17 year, raising total rates of \$19.1 million, including \$0.15 million generated from supplementary rates. This will result in an increase in total revenue from rates and service charges of 5.1%. Of the 4.3% approved increase, 2.5% will go toward maintaining service levels and meeting Council's current infrastructure obligations that are detailed in the capital works budget. The remaining 1.8% increase will go solely toward's Council infrastructure reserve to address the future asset renewal needs of the Shire which was validated by the ESC as an appropriate, financially responsible and prudent allocation to ensure long term sustainability of infrastructure within the Shire of Murrindindi.

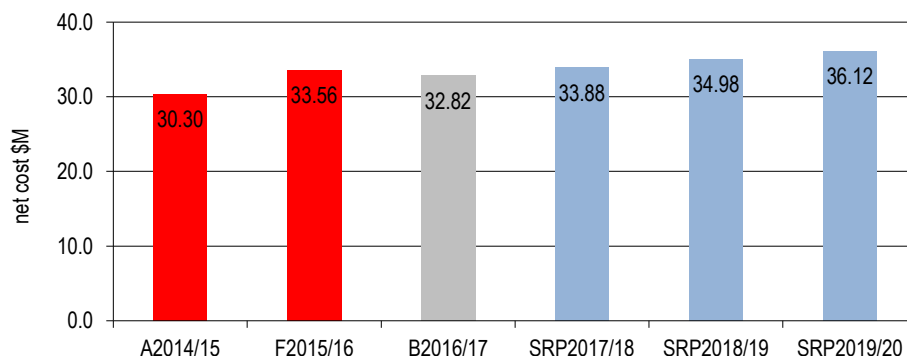
This rate increase is in line with the rate cap of 2.5% set by the Minister for Local Government and an additional 1.8% increase that was endorsed by the ESC. (The rate increase for the 2015/16 year was 5.5%). Refer Sections 7 and 10 for more information.

8.2 Operating result



The expected operating result for the 2016/17 year is a breakeven result which is an increase of \$2.95 million on the current forecast projection for 2015/16. The 2015/16 result will be substantially affected by the advance payment of grant funds that were initially budgeted to occur this financial year, but were received in advance in 2014/15, which artificially inflated the 2014/15 financial result.

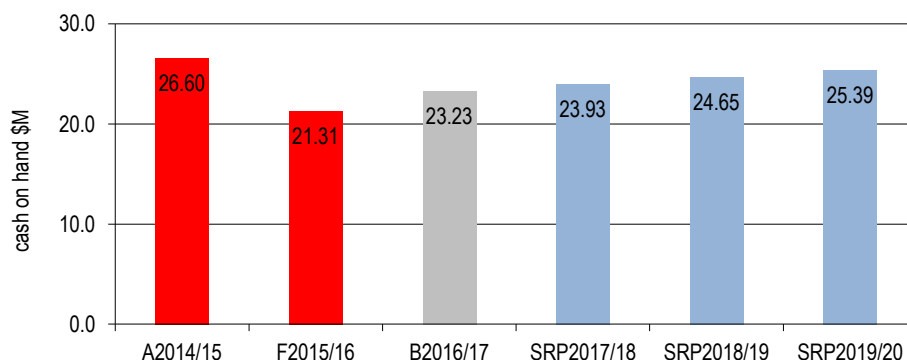
8.3 Services



The cost of services delivered to the community for the 2016/17 year is expected to be \$32.82 million which is a minor reduction compared to the forecast result for 2015/16. For the 2016/17 year, service levels have been maintained, though as has been often communicated in recent times, Council will need to undertake extensive consultation with the community regarding the sustainability of this approach given the future constraints of a rate capped environment.

Refer Section 2 for a list of services

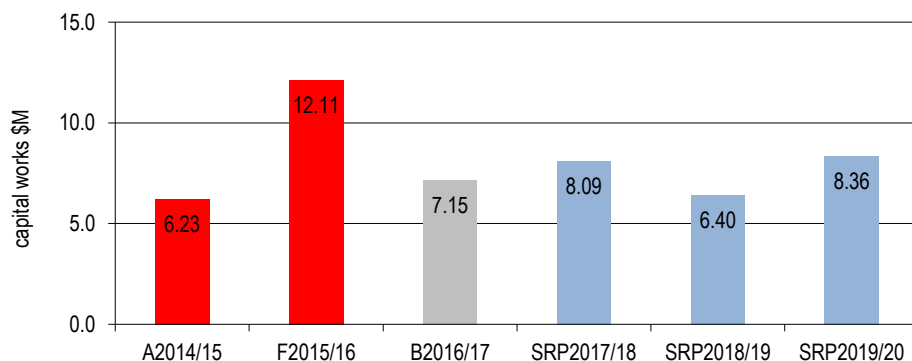
8.4 Cash and investments



Cash and investments are expected to increase by \$1.92 million during the year to \$23.23 million as at 30 June 2017. The higher amount recorded as of the end of the previous financial year is due to the advanced grant payments that were received by Council on 30 June 2015. Growth of Council's cash and investment levels are in line with Council's financial strategy to ensure that funds are available for future renewal requirements, as recently endorsed by the ESC.

Refer also Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

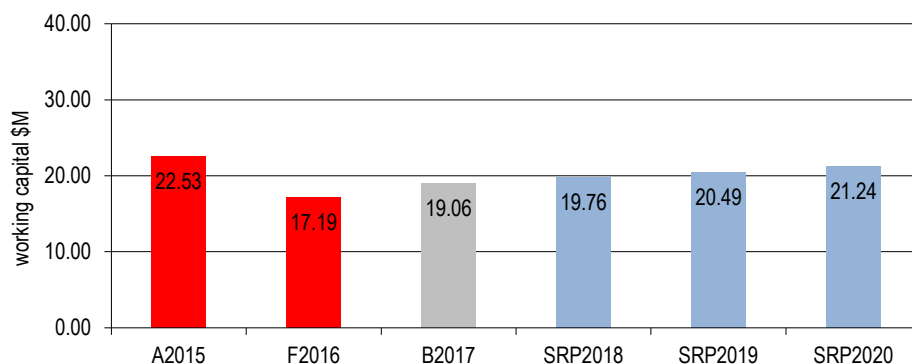
8.5 Capital works



The capital works program for the 2016/17 year is expected to be \$7.15 million of which \$0.31 million relates to projects which will be carried forward from the 2015/16 year. The carried forward component is fully funded from the 2015/16 budget. Of the \$7.15 million of capital funding required, \$2.64 million will come from external grants with \$4.02 million coming from Council cash. The capital expenditure program has been set and prioritised based on a continuous and rigorous process of consultation and review of the condition of public infrastructure that has enabled Council to assess needs and develop sound business cases for each project.

Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

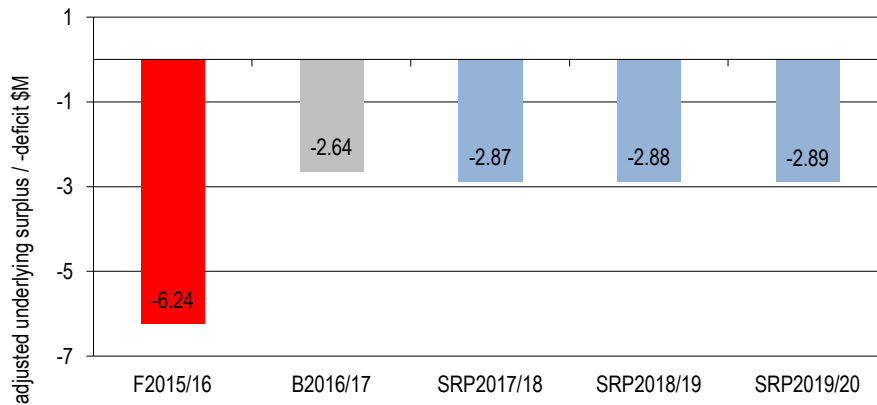
8.6 Financial position



The financial position is expected to improve with net current assets (working capital) to increase by \$1.87 million to \$19.06 million in the 2016/17 financial year. Council's commitment to reducing debt whilst increasing reserves to manage current and future renewal requirements shows continued working capital growth over the life of the longer term financial plan.

Refer also Section 4 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

8.7 Financial sustainability



A high level Strategic Resource Plan for the years 2015/16 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows a steady deficit over the four year period.

Refer Section 14 for more information on the Strategic Resource Plan.

9. Budget influences

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

9.1 Snapshot of Murrindindi Shire Council

Our shire is 60 to 90 minutes 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 promotes quality of life and a laidback lifestyle. The area has five key service centres in Alexandra, Eildon, Kinglake, Marysville and Yea that provides a range of businesses and facilities, educational hubs, medical services and a range of lifestyle choices and visitor 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.

Our history

The Taungurung and Wurundjeri peoples are the traditional owners of the land now 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 declared on 18 November 1994 by 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 per cent 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.

Population

We have a small population in a large and diverse Shire. More than 80 per cent of our 13,058 population was born in Australia. Other common countries of birth include England 4.2 per cent, New Zealand 1.1 per cent, Germany 0.7 per cent, Scotland 0.6 per cent and Netherlands 0.6 per cent.

Ageing Population

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

Employment

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

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

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.

Agriculture, viticulture, horticulture and aquaculture 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 per cent of Australian trout stock. Our favourable climate 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 services and Local Government. With over a million visitors each year, our tourism sector is a key economic driver that provides eco-tourism opportunities through to luxury holiday stays.

9.2 External influences

Several factors outside Council's control have influenced the development of the 2016/17 Budget, as outlined in further detail below:

- Local Government Cost Index (LGCI) increases on goods and services associated with the provision of infrastructure, social and community services is forecast to be 3.5% for the 2016/17 year
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2015 was 3.1% (ABS release 25 February 2016) which is above Council's current Enterprise Bargaining Agreement of 3.0% which was agreed to during 2014/15.
- Increases of 10% (or \$5.30 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.
- The Fire Services Property Levy continues to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.
- The Commonwealth Government's decision to freeze the indexation for Financial Assistance Grants until at least 2017/18.
- The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5% by the Minister for Local Government. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.
- Funding received through Roads to Recovery has now been extended through to 2019. The funding allocations are based on the recommendations of State Local Government Grant Commissions. Councils can use the funding they receive to make urgent repairs and upgrades to their local road networks.

9.3 Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased in line with CPI or market levels. A benchmarking exercise across the private and public sector was undertaken to ensure fees are comparable where appropriate;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency;
- Salaries and wage increases to be kept in line with the current Enterprise Bargaining Agreement;
- Construction and material costs to increase in line with the Local Government Cost Index;
- No new budget initiatives;
- Any employee-related proposals to be considered by Council on the merits of a business case;
- Real savings in expenditure and increases in revenue identified through various service level reviews to be preserved; and
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

Although the budget was prepared on a "no new initiatives" basis, Council will continue to consider initiatives that are raised by the community that are supported by a strong business case.

9.4 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2013 to 2017.

10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2016/17 year.

10.1 Budgeted income statement

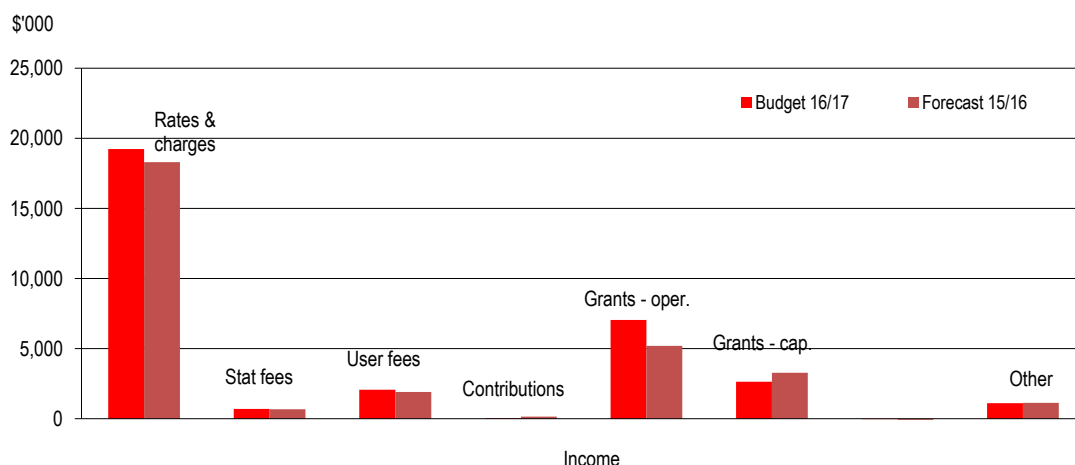
| | Ref | Forecast Actual 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|----------------------------------------------|--------|-----------------------------------------|-----------------------------|--------------------|
| Total income | 10.2 | 30,606 | 32,818 | 2,212 |
| Total expenses | 10.3 | (33,557) | (32,817) | 740 |
| Surplus (deficit) for the year | | (2,951) | 1 | 2,952 |
| Grants –non-recurrent capital | 10.2.6 | (1,003) | 0 | 1,003 |
| Contributions - non-monetary assets | | 0 | 0 | 0 |
| Capital contributions - other sources | 10.2.4 | (97) | (25) | 72 |
| Adjusted underlying surplus (deficit) | | (4,051) | (24) | 4,027 |

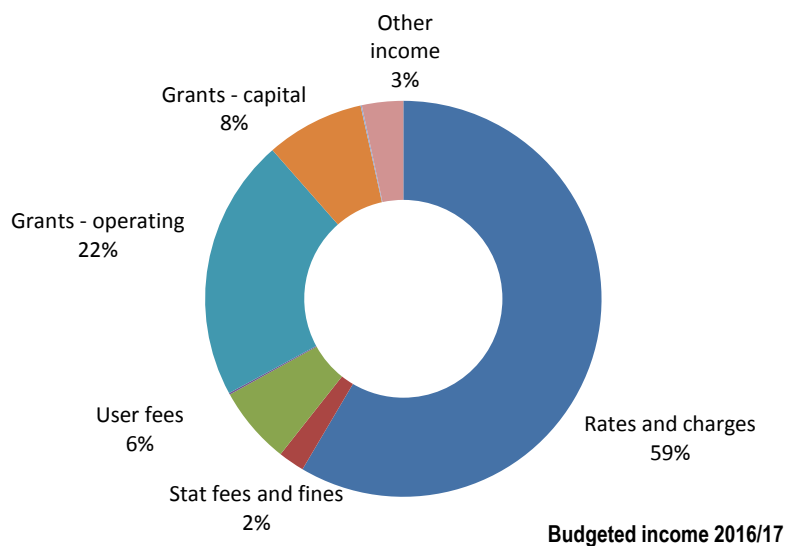
10.1.1 Adjusted underlying deficit (\$4.03 million increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a deficit of \$24k which is a decrease of \$4.027 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year. This is a standard measurement that is undertaken in the local government sector to indicate financial sustainability in a very conservative sense.

10.2 Income

| Income Types | Ref | Forecast Actual 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|------------------------------------------------------------------|--------|-----------------------------------------|-----------------------------|--------------------|
| Rates and charges | 10.2.1 | 18,300 | 19,237 | 937 |
| Statutory fees and fines | 10.2.2 | 687 | 704 | 17 |
| User fees | 10.2.3 | 1,915 | 2,082 | 167 |
| Contributions - monetary | 10.2.4 | 148 | 44 | (104) |
| Grants - operating | 5.1.1 | 5,206 | 7,040 | 1,834 |
| Grants - capital | 5.1.2 | 3,287 | 2,637 | (650) |
| Net gain on disposal of property, infrastructure, plant & equip. | 10.2.5 | (75) | (33) | 42 |
| Other income | 10.2.6 | 1,138 | 1,107 | (31) |
| Total income | | 30,606 | 32,818 | 2,212 |





Source: Section 3

10.2.1 Rates and charges (\$0.93 million increase)

It is proposed that income raised by all rates and charges be increased by \$0.93 million over 2015/16 to \$19.24 million. This includes an increase in average rates of 4.3%, Municipal Charge revenue of 4.4%; kerbside waste charge of 2.5%; recycling waste charge of 3.0%; and forecasts supplementary rates to increase to \$0.15 million.

Section 7. Rates and Charges - includes a more detailed analysis of the rates and charges to be levied for 2016/17 and the rates and charges specifically required by the Regulations.

10.2.2 Statutory fees and fines (\$0.01 million increase)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, *Public Health and Wellbeing Act 2008* registrations, planning fees and costs associated with requests for Freedom of Information. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees are forecast to increase marginally compared to 2015/16.

A detailed listing of statutory fees is included in Appendix A.

10.2.3 User fees (\$0.17 million increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include separate schedule of charges for use of community facilities and the provision of human services such as family day care and home help services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

User charges are projected to increase by \$0.17 million over 2015/16. Council plans to increase most user charges for all areas by 2.5% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

A detailed listing of fees and charges is included in Appendix A.

10.2.4 Contributions - monetary (\$0.10 million decrease)

Contributions relate to monies paid by developers or Community Groups in regard to public recreation, drainage and car parking in accordance with planning permits issued for property development.

Contributions are projected to decrease by \$0.10 million compared to 2015/16 due mainly to the completion of a number of major community projects within the municipality during the 2015/16 year.

10.2.5 Net gain on disposal of property, infrastructure, plant and equipment (\$42k increase)

Proceeds from the disposal of Council assets is forecast to relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet and sale of properties including surplus land.

Proposed sale of Council Assets accounts for the offsetting of proceeds from sales against the carrying value of the assets held on Council's balance sheet. Assets are valued at fair value less accumulated depreciation. Revenue is based on market valuation of what projected sales may achieve, which may be different to the carrying value recorded by Council.

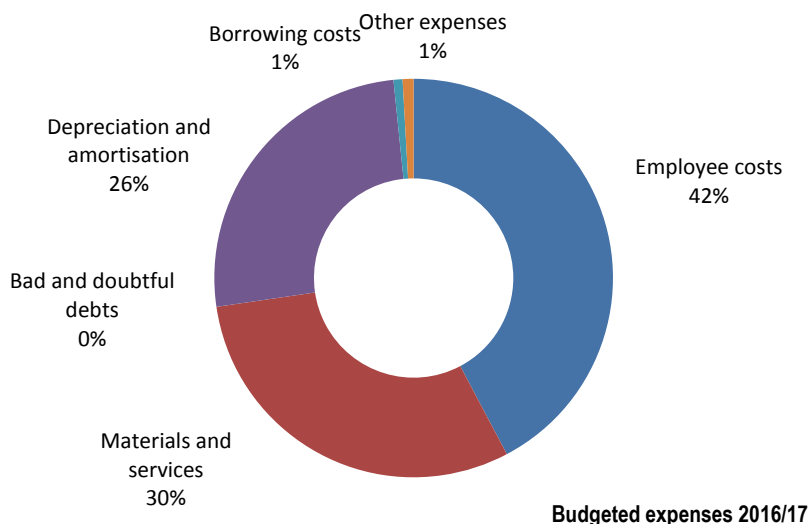
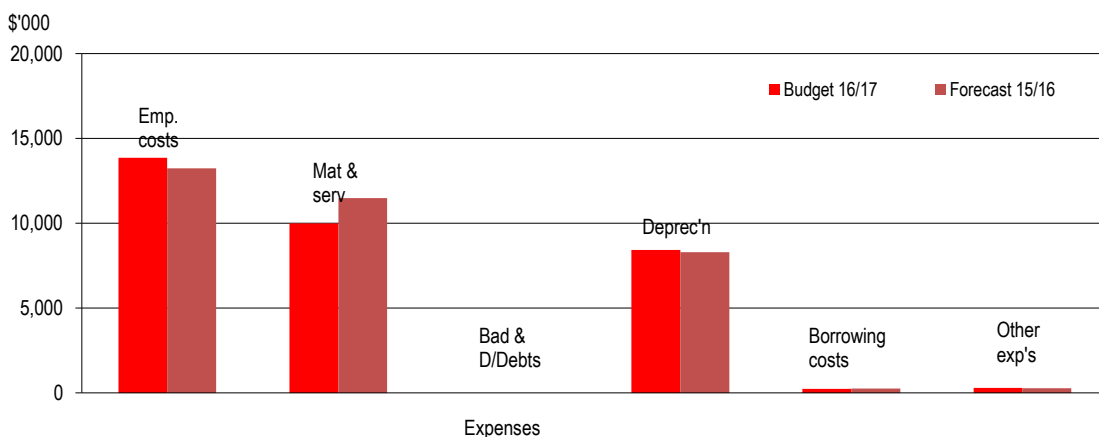
10.2.6 Other income (\$31k decrease)

Other income relates to a range of items such as cost recovery and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

The decrease in income from 2015/16 relates mainly to a drop in revenue from recyclables and sale of scrap steel.

10.3 Expenses

| Expense Types | Ref | Forecast | Budget | Variance |
|-------------------------------|--------|-----------------------------|-------------------|--------------|
| | | Actual 2015/16 \$'000 | 2016/17 \$'000 | \$'000 |
| Employee costs | 10.3.1 | 13,242 | 13,866 | 624 |
| Materials and services | 10.3.2 | 11,485 | 9,988 | (1,497) |
| Bad and doubtful debts | 10.3.3 | 0 | 0 | 0 |
| Depreciation and amortisation | 10.3.4 | 8,291 | 8,432 | 141 |
| Borrowing costs | 10.3.5 | 255 | 240 | (15) |
| Other expenses | 10.3.6 | 284 | 291 | 7 |
| Total expenses | | 33,557 | 32,817 | (740) |



Source: Section 3

10.3.1 Employee costs (\$0.62 million increase)

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, fringe benefits, employer superannuation, rostered days off, etc.

Employee costs are forecast to increase by 4.7% or \$0.62 million compared to 2015/16. This increase relates to the following key factors:

- Council's Enterprise Bargaining Agreement (EBA) allows for an annual 3% increase in 2016/17.
- Increases in staff numbers in the Community Services area driven by increasing demand for these services. These positions are supported by increased grants and contributions to fund these increased EFT requirements and are directly tied to the ongoing requirement for the provision of this service.
- Vacancies have existed in Council's Infrastructure Operations area during 2015/16. It is expected that staffing levels in 2016/17 will operate at the full contingent.

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

| Department | Budget 2016/17 \$'000 | Comprises | |
|----------------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| | | Permanent Full Time \$'000 | Permanent Part Time \$'000 |
| Executive Team and Support | 805 | 714 | 91 |
| Business Services | 1,995 | 1,238 | 757 |
| Community Services | 3,236 | 421 | 2815 |
| Communications, Library and Customer Service | 1,210 | 545 | 665 |
| Infrastructure Assets | 1,014 | 809 | 205 |
| Infrastructure Operations | 4,159 | 3,509 | 650 |
| Development Services | 1,245 | 810 | 435 |
| Total permanent staff expenditure | 13,664 | 8,046 | 5,618 |
| Casuals and other expenditure | 202 | | |
| Total Operating Employee Costs | 13,866 | | |
| Capitalised labour costs | 197 | | |
| Total employee expenditure | 14,063 | | |

A summary of the number of full time equivalent (EFT) Council staff in relation to the above expenditure is included below:

| Department | Budget EFT | Comprises | |
|----------------------------------------------|---------------|------------------------|------------------------|
| | | Permanent Full Time | Permanent Part Time |
| Executive Team and Support | 5 | 4 | 1.0 |
| Business Services | 20 | 11 | 9.0 |
| Community Services | 38.9 | 4 | 34.9 |
| Communications, Library and Customer Service | 12.9 | 5 | 7.9 |
| Infrastructure Assets | 9 | 7 | 2.0 |
| Infrastructure Operations | 47 | 39.4 | 7.6 |
| Development Services | 12.1 | 8 | 4.1 |
| Total | 144.9 | 78.4 | 66.5 |
| Casuals and other | 2.6 | | |
| Capitalised labour costs | 2.6 | | |
| Total staff | 150.1 | | |

It should be noted that the total staffing EFT number of 150.1 is 8.9 EFT above Council's permanent establishment listing of 141.2. Of this variance, 5.9 of EFT relates to grant funded positions in the areas of childcare, municipal emergency management, aged care, disability services and the collection of the State Government's Fire Services Property Levy and are broadly driven by the level of service required in the community to perform these functions. These roles are funded via grants from other levels of government and if funding was no longer provided or demand from the community reduced the roles would cease. A further 3.0 of EFT relate to fixed-term positions in Council's outdoor parks and gardens unit that were created to service the new and gifted assets and remain temporary subject to Council's ability to continue to fund operations and maintenance of these assets.

The most significant increases in employee costs by service unit are summarised below:

| Department | Service Unit | Forecast | Budget | Variance |
|---------------------------|----------------------------|----------|---------|----------|
| | | Actual | 2016/17 | |
| | | 2015/16 | \$'000 | \$'000 |
| Infrastructure Operations | Infrastructure Maintenance | 2,359 | 2,561 | 202 |
| Community Services | Aged and Disability | 2,037 | 2,194 | 157 |

10.3.2 Materials and services (\$1.50 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 13.0% or \$1.50 million compared to 2015/16.

| | Forecast | Budget | Variance |
|------------------------------------------------|---------------|--------------|----------------|
| Materials & Services Expenditure Type (\$'000) | 2015-16 | 2016-17 | |
| Utilities | 514 | 538 | 24 |
| Contractors | 8,126 | 6,866 | (1,260) |
| Legal Expenses | 248 | 241 | (7) |
| Insurance | 458 | 484 | 26 |
| Materials | 1,057 | 969 | (88) |
| Contributions | 700 | 644 | (56) |
| Consultants | 382 | 246 | (136) |
| Total Materials & Services | 11,485 | 9,988 | (1,497) |

External contracts are forecast to decrease by 15.5% or \$1.26 million compared to 2015/16. The main areas contributing to this is the decrease of grant funded operational projects received during 2015/16 or carry forward from prior years.

10.3.3 Bad and doubtful debts

Bad and doubtful debts are not forecast to increase as Council pursues recovery of all rates that are currently outstanding.

10.3.4 Depreciation and amortisation (\$0.14 million increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$0.14 million for 2016/17 is due mainly to the completion of the 2016/17 capital works program and the full year effect of depreciation on the 2015/16 capital works program. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2016/17 year.

10.3.5 Borrowing costs (\$0.01 million decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements.

10.3.6 Other expenses (\$7k increase)

Other expenses relate to rates and charges waived for charitable and not-for-profit organisations, Councillors' allowances and remuneration for auditors and audit committee members.

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2016/17 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

The analysis is based on three main categories of cash flows:

- **Operating activities** - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt
- **Investing activities** - Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment
- **Financing activities** - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

11.1 Budgeted cash flow statement

| | Ref | Forecast Actual 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|-------------------------------------------------------------------|--------|-----------------------------------------|-----------------------------|--------------------|
| Cash flows from operating activities | 11.1.1 | | | |
| <i>Receipts</i> | | | | |
| Rates and charges | | 18,211 | 19,102 | 891 |
| User fees and fines | | 3,271 | 3,483 | 212 |
| Grants - operating & capital | | 8,304 | 9,877 | 1,573 |
| Interest | | 670 | 514 | (156) |
| Other receipts | | (248) | (24) | 224 |
| | | 30,208 | 32,952 | 2,744 |
| <i>Payments</i> | | | | |
| Employee costs | | (13,106) | (13,615) | (509) |
| Other payments | | (12,134) | (10,257) | 1,877 |
| | | (25,240) | (23,872) | 1,368 |
| Net cash provided by operating activities | | 4,968 | 9,080 | 4,112 |
| Cash flows from investing activities | 11.1.2 | | | |
| Payments for property, infrastructure, plant & equip. | | (12,108) | (7,154) | 4,954 |
| Proceeds from sale of property, infrastructure, plant & equipment | | 2,352 | 396 | (1,956) |
| Payments for investments | | 0 | 0 | 0 |
| Proceeds from investments | | 0 | 0 | 0 |
| Loans and advances made | | 0 | 0 | 0 |
| Repayments of loans and advances | | 0 | 0 | 0 |
| Net cash used in investing activities | | (9,756) | (6,758) | 2,998 |
| Cash flows from financing activities | 11.1.3 | | | |
| Finance costs | | (187) | (167) | 20 |
| Proceeds from borrowings | | 500 | 500 | 0 |
| Repayment of borrowings | | (787) | (731) | 56 |
| Net cash used in financing activities | | (474) | (398) | 76 |
| Net decrease in cash and cash equivalents | | (5,262) | 1,924 | 7,186 |
| Cash and cash equivalents at the beginning of the year | | 26,572 | 21,310 | (5,262) |
| Cash and cash equivalents at end of the year | 11.1.4 | 21,310 | 23,234 | 1,924 |

11.1.1 Operating activities (\$4.1 million increase)

The increase in cash inflows from operating activities is due mainly to a \$1.57 million increase in operating grants (Grant Commission & R2R program) and \$0.89 million increase in rates and the municipal charge, which is in line with the 4.3% increase approved by the ESC. Other payments to suppliers has decreased by \$1.88m with high levels of grant funded projects and carry forwards from prior years in the 2015-16 Budget.

The net cash flows from operating activities does not equal the surplus (deficit) for the year as the expected revenues and expenses of the Council include non-cash items which have been excluded from the Cash Flow Statement. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table.

| | Forecast Actual 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|---------------------------------------------------------------------------|-----------------------------------------|-----------------------------|--------------------|
| Surplus (deficit) for the year | (2,951) | 1 | 2,952 |
| Depreciation | 8,291 | 8,432 | 141 |
| Loss (gain) on disposal of property, infrastructure, plant & equipment | 75 | 33 | (42) |
| Finance costs (Cash proportion) | 187 | 167 | (20) |
| Net movement in current assets and liabilities | (634) | 447 | 1,081 |
| Cash flows available from operating activities | 4,968 | 9,080 | 4,112 |

11.1.2 Investing activities (\$2.98 million increase)

The decrease in payments for investing activities represents the outcomes of the capital works expenditure disclosed in section 12 of this budget report. Proceeds from sale of assets are also forecast to decrease by \$1.96 million in 2016-17 - with significant assets including the Kinglake RAC forecast for sale in 2015-16, though it is anticipated that this will be carried forward into 2016/17 as the sale of this asset has not occurred in 2015/16.

11.1.3 Financing activities (\$0.07 million increase)

For 2016/17 the total of principal repayments is \$0.73 million and finance charges are \$0.17 million as Council's debt position continues to decrease.

11.1.4 Cash and cash equivalents at end of the year (\$1.92 million increase)

Overall, total cash and investments are forecast to increase by \$1.92 million to \$23.23 million as at 30 June 2017, reflecting Council's strategy of increasing its working capital to fund both current and future infrastructure renewal requirements This is consistent with Council's Strategic Resource Plan (see Section 8).

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$23.23 million, which has been restricted as shown in the following table.

| | Ref | Forecast | | Variance |
|--------------------------------------------------------------|--------|--------------------------|--------------------------|--------------|
| | | Actual 2016 \$'000 | Budget 2017 \$'000 | |
| Total cash and investments | | 21,310 | 23,234 | 1,924 |
| Restricted cash and investments | | | | |
| - Statutory reserves | 11.2.1 | (452) | (477) | (25) |
| - Cash held to carry forward capital works | 11.2.2 | (314) | 0 | 314 |
| - Trust funds and deposits | | (582) | (502) | 0 |
| Unrestricted cash and investments | 11.2.3 | 19,962 | 22,255 | 2,213 |
| - Discretionary reserves | 11.2.4 | (12,252) | (13,573) | (1,321) |
| Unrestricted cash adjusted for discretionary reserves | 11.2.5 | 7,710 | 8,682 | 892 |

11.2.1 Statutory reserve (\$0.48 million)

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes.

11.2.2 Cash held to fund carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2016, as the budget assumes that the capital works budget in the 2016/17 financial year will be fully expended. An amount of \$314k is forecast to be held at 30 June 2016 to fund capital works budgeted but not completed in the 2015/16 financial year. Section 6.2 contains further details on capital works funding.

11.2.3 Unrestricted cash and investments (\$22.26 million)

The amount shown is in accordance with the definition of unrestricted cash included in the Regulations. These funds are free of statutory reserve funds and cash to be used to fund capital works expenditure from the previous financial year.

11.2.4 Discretionary reserves (\$13.57 million)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

11.2.5 Unrestricted cash adjusted for discretionary reserves (\$8.68 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

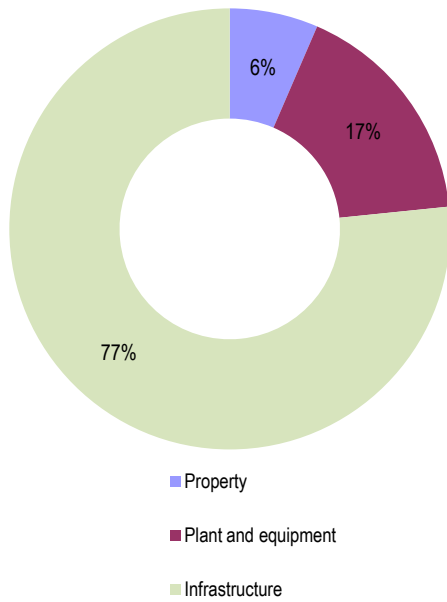
12. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Variance is based on comparison to prior year 2015/16 adopted budget to provide a more meaningful comparison without the distortion of carried forward projects from prior years. Sec 3.5 provides comparison against actual forecast expenditure for 2015/16.

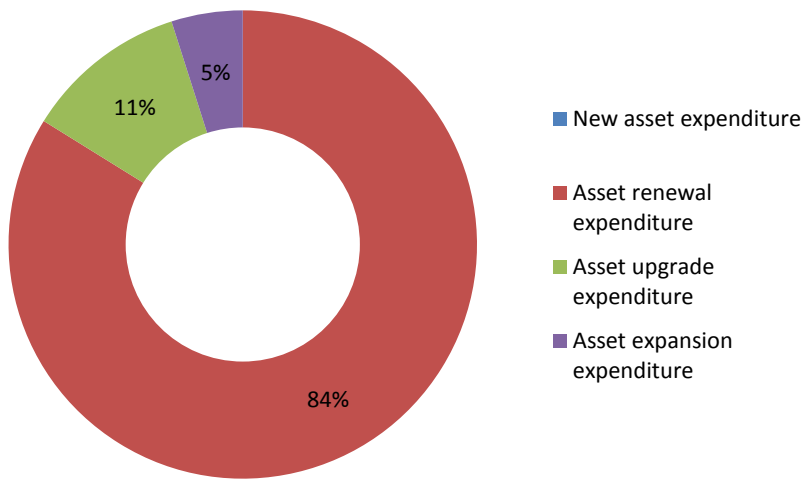
12.1 Capital works

| Capital Works Areas | Ref | Adopted Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|----------------------------------------|--------|----------------------------------------|-----------------------------|--------------------|
| Works carried forward | 12.1.1 | | | |
| Property | | | | |
| Buildings | | 145 | 116 | - 29 |
| Total buildings | | 145 | 116 | (29) |
| Total property | | 145 | 116 | (29) |
| Plant and equipment | | | | |
| Plant, machinery and equipment | | 0 | 0 | 0 |
| Fixtures, fittings and furniture | | 0 | 0 | 0 |
| Computers and telecommunications | | 43 | 0 | (43) |
| Library books | | 0 | 0 | 0 |
| Total plant and equipment | | 43 | 0 | (43) |
| Infrastructure | | | | |
| Roads | | 411 | 101 | (310) |
| Bridges | | 0 | 0 | 0 |
| Footpaths and cycleways | | 0 | 0 | 0 |
| Drainage | | 47 | 47 | 0 |
| Recreational, leisure and community | | 50 | 50 | 0 |
| Waste management | | 685 | 0 | (685) |
| Other infrastructure | | 0 | 0 | 0 |
| Total infrastructure | | 1,193 | 198 | (685) |
| Total works carried forward | | 1,381 | 314 | (757) |
| New works | | | | |
| Property | 12.1.2 | | | |
| Buildings | | 616 | 348 | (268) |
| Total property | | 616 | 348 | (268) |
| Plant and equipment | 12.1.3 | | | |
| Plant, machinery and equipment | | 1,051 | 939 | (112) |
| Fixtures, fittings and furniture | | 33 | 0 | (33) |
| Computers and telecommunications | | 226 | 173 | (53) |
| Library books | | 96 | 97 | 1 |
| Total plant and equipment | | 1,406 | 1,209 | (197) |
| Infrastructure | 12.1.4 | | | |
| Roads | | 2,707 | 3,541 | 834 |
| Bridges | | 637 | 1,147 | 510 |
| Footpaths and cycleways | | 210 | 168 | (42) |
| Drainage | | 202 | 196 | (6) |
| Recreational, leisure and community | | 203 | 111 | (92) |
| Waste management | | 155 | 120 | (35) |
| Total infrastructure | | 4,114 | 5,283 | 1,169 |
| Total new works | | 6,136 | 6,840 | 704 |
| Total capital works expenditure | | 7,517 | 7,154 | (53) |
| Represented by: | | | | |
| New asset expenditure | 12.1.5 | 1,158 | 0 | (1,158) |
| Asset renewal expenditure | 12.1.5 | 4,761 | 5,998 | 1,237 |
| Asset upgrade expenditure | 12.1.5 | 1,598 | 804 | (794) |
| Asset expansion expenditure | 12.1.5 | 0 | 352 | 352 |
| Total capital works expenditure | | 7,517 | 7,154 | (363) |

Budgeted capital works 2016/17



Budgeted capital works 2016/17



Source: Section 3. A more detailed listing of capital works is included in Section 6.

12.1.1 Carried forward works (\$0.314 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$314k of capital works will be incomplete and be carried forward into the 2016/17 year. The more significant projects include the Vegetation offset project (\$101k) and the Public Convenience renewal in Leckie Park Alexandra (\$89k).

12.1.2 Property (\$0.348 million)

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions.

For the 2016/17 year, \$348k will be expended on building and building improvement projects. The more significant projects include Public Convenience renewal (\$102k), Community Building - audit priorities (\$72k) and toilet upgrade at Kinglake Memorial Reserve (\$50k).

12.1.3 Plant and equipment (\$1.209 million)

Plant and equipment includes plant, machinery and equipment, computers and telecommunications, and library books.

For the 2016/17 year, \$1.209 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$939k), upgrade and replacement of information technology (\$173k) and library bookstock purchases (\$97k).

12.1.4 Infrastructure (\$6.840 million)

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, parks, streetscapes and other structures.

For the 2016/17 year, \$3.541 million will be expended on road projects. The more significant projects include Gravel Roads Resheeting (\$1,499k), Sealed Roads - Resealing (\$1,148k), Sealed Roads Renewal & Patching (\$458k), and Kerb & Channel renewal and upgrade (\$133k).

\$1,147k will be expended on Bridge & Culvert projects. These works are spread over numerous bridges, the more significant of these include Old Yarck Road Bridge (\$112k), Yarck Road Bridge (\$107k), Maintongoon Road Bridge (\$99k), Brooks Cutting Bridge \$82k), Acheron Road Bridge (\$80k), Dyes Lane Bridge (\$77k), Dairy Creek Road Bridge (\$74k), and Dropmore Bridge (\$73k).

\$196k million will be expended on Drainage - renewal, trouble spots and network extension.

Other infrastructure expenditure includes \$168k on footpaths and cycleways, \$111k on recreational, leisure and community facilities, and \$120k on Waste Management - Landfill.

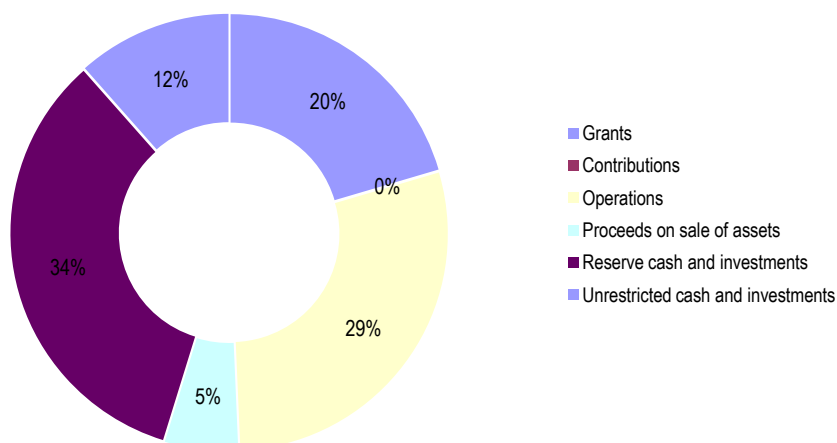
12.1.5 Asset renewal (\$5.998 million), upgrade (\$0.804 million) and expansion (\$0.352 million)

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

12.2 Funding sources

| Sources of funding | Ref | Adopted Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Variance \$'000 |
|-------------------------------------|--------|-------------------------------------|-----------------------------|--------------------|
| Works carried forward | | | | |
| Current year funding | | | | |
| Grants | | 370 | 0 | (370) |
| Contributions | | 0 | 0 | 0 |
| Borrowings | | 0 | 0 | 0 |
| Council cash | | | | |
| - operations | | 1,011 | 314 | (697) |
| - proceeds on sale of assets | | 0 | 0 | 0 |
| - reserve cash and investments | | 0 | 0 | 0 |
| - unrestricted cash and investments | | 0 | 0 | 0 |
| Total works carried forward | 12.2.1 | 1,381 | 314 | (1,067) |
| New works | | | | |
| Current year funding | | | | |
| Grants | 12.2.2 | 1,604 | 2,637 | 1,033 |
| Contributions | | 0 | 0 | 0 |
| Borrowings | | 500 | 500 | 0 |
| Council cash | | | | |
| - operations | 12.2.3 | 3,789 | 3,487 | (302) |
| - proceeds on sale of assets | 12.2.4 | 243 | 216 | (27) |
| - reserve cash and investments | 12.2.5 | 0 | 0 | 0 |
| - unrestricted cash and investments | 12.2.6 | 0 | 0 | 0 |
| Total new works | | 6,136 | 6,840 | 704 |
| Total funding sources | | 7,517 | 7,154 | (363) |

Budgeted total funding sources 2016/17



Source: Section 6

12.2.1 Carried forward works (\$0.314 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$314k of capital works will be incomplete and be carried forward into the 2016/17 year.

12.2.2 Grants - Capital (\$2.637 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for Roads to Recovery projects (\$2.637 million).

12.2.3 Council cash - operations (\$3.487 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$3,487k will be generated from operations to fund the 2016/17 capital works program. This amount equates to the cash generated from operating activities of \$9.08 million as set out in Section 11. 'Analysis of Budgeted Cash Position' adjusted for capital grants of \$2,637k and borrowing costs of \$898k. The surplus represents cash generated to go to Reserve for future capital requirements.

12.2.4 Council cash - proceeds from sale of assets (\$0.216 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$216k.

12.2.5 Reserve cash - reserve cash and investments

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes such as future Infrastructure Works (\$6.347 million), Waste - Landfill assurance (\$5.908 million) and specific reserves such as the Yea Saleyards Reserve. For 2016/17 no reserve funding will be used to fund the new capital works program.

12.2.6 Council cash - unrestricted cash and investments

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments and funds preserved from the previous year mainly as a result of grants and contributions being received in advance.

13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2015/16 and 2016/17. It also considers a number of key financial performance indicators.

13.1 Budgeted balance sheet

| | | Forecast | | |
|-----------------------------------------------|--------|--------------------------|--------------------------|--------------------|
| | Ref | Actual 2015 \$'000 | Budget 2017 \$'000 | Variance \$'000 |
| Current assets | 13.1.1 | | | |
| Cash and cash equivalents | | 21,310 | 23,234 | 1,924 |
| Trade and other receivables | | 2,671 | 2,487 | (184) |
| Financial assets | | 0 | 0 | 0 |
| Other assets | | 285 | 320 | 35 |
| Total current assets | | 24,266 | 26,041 | 1,775 |
| Non-current assets | 13.1.1 | | | |
| Trade and other receivables | | 22 | 24 | 2 |
| Property, infrastructure, plant and equipment | | 305,699 | 303,994 | (1,705) |
| Total non-current assets | | 305,721 | 304,018 | (1,703) |
| Total assets | | 329,987 | 330,059 | 72 |
| Current liabilities | 13.1.2 | | | |
| Trade and other payables | | 2,952 | 3,106 | (154) |
| Provisions | | 3,412 | 3,432 | (20) |
| Interest-bearing loans and borrowings | | 712 | 448 | 264 |
| Total current liabilities | | 7,076 | 6,986 | 90 |
| Non-current liabilities | 13.1.2 | | | |
| Provisions | | 1,736 | 1,864 | (128) |
| Interest-bearing loans and borrowings | | 1,797 | 1,830 | (33) |
| Total non-current liabilities | | 3,533 | 3,694 | (161) |
| Total liabilities | | 10,609 | 10,680 | (71) |
| Net assets | | 319,378 | 319,379 | 1 |
| Equity | 13.1.4 | | | |
| Accumulated surplus | | 126,127 | 124,782 | (1,345) |
| Reserves | | 193,251 | 194,597 | 1,346 |
| Total equity | | 319,378 | 319,379 | 1 |

Source: Section 3

13.1.1 Current Assets (\$1.77 million increase) and Non-Current Assets (\$1.70 million decrease)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to increase by \$1.92 million during the year mainly to fund increase in reserves of \$1.35 million.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget, however Government Grants unpaid at year end have been projected to reduce by \$200k.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$1.71 million decrease in this balance is attributable to the net result of the capital works program (\$7.15 million of capital works expenditure), depreciation of assets (\$8.43 million) and the sale through sale of property, plant and equipment (\$0.43 million).

13.1.2 Current Liabilities (\$0.09 million increase) and Non Current Liabilities (\$0.07 million decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2015/16 levels. Due to timing of processing at year end, accrued wages have been projected to increase by \$180k.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are only expected to increase marginally due to more active management of entitlements. Provisions also include an increase of \$76k for Landfill Rehabilitation.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$731k over the year - showing a net decrease in the level of borrowings of \$231k..

13.1.3 Working Capital (\$12.6 million decrease)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

| | Forecast | | |
|-------------------------------------------------|-----------------|-----------------|----------------|
| | Actual | Budget | Variance |
| | 2015 \$'000 | 2017 \$'000 | \$'000 |
| Current assets | 24,266 | 26,041 | (1,775) |
| Current liabilities | 7,076 | 6,986 | 90 |
| Working capital | 17,190 | 19,055 | (1,865) |
| Restricted cash and investment current assets | | | |
| - Statutory reserves | (452) | (477) | 25 |
| - Cash used to fund carry forward capital works | (314) | 0 | (314) |
| Unrestricted working capital | 16,424 | 18,578 | (2,154) |
| Discretionary reserves | | | |
| - Infrastructure Maintenance Reserves | (6,107) | (6,389) | 282 |
| - Waste Reserve | (5,004) | (5,909) | 905 |
| - Other Reserve | (1,142) | (1,276) | 134 |
| Discretionary reserves | (12,252) | (13,573) | (833) |

In addition to the restricted cash shown above, Council is also projected to hold \$13.57 million in discretionary reserves at 30 June 2017 (as per the table above) . Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

13.1.4 Equity (\$0.01 million increase)

Total equity always equals net assets and is made up of the following components:

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed time. The decrease in accumulated surplus of \$1.34 million results directly from the operating surplus of \$1k and transfers to Reserve increase of \$1.35.
for the year.

During the year an amount of \$1.35 million (net) is budgeted to be transferred to other reserves from accumulated surplus. This is a transfer between equity balances only and does not impact on the total balance of equity.

13.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2017 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- A total of 98.5% of total rates and charges raised will be collected in the 2016/17 year.
- Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 30 days.
- Other debtors and creditors to remain consistent with 2015/16 levels
- Employee entitlements to be increased by the Enterprise Bargaining Agreement outcome offset by the impact of more active management of leave entitlements of staff

Long Term Strategies

This section includes the following analysis and information.

- 14 Strategic resource plan
- 15 Rating information
- 16 Other long term strategies

14. Strategic resource plan

This section includes an extract of the adopted Strategic Resource Plan to provide information on the long term financial projections of the Council.

14.1 Plan development

The Act requires a Strategic Resource Plan to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared an SRP for the four years 2013/14 to 2016/17 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years. Council also maintains 10 Year Long Term Financial Plans and Capital Improvement Plan.

The key objective which underlines the development of the SRP is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives which underpin the SRP are:

- 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.

In preparing the SRP, Council has also been mindful of the need to comply with the following principles of sound financial management as detailed in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities
- Provide reasonable stability in the level of rate burden
- Consider the financial effects of Council decisions on future generations
- Provide full, accurate and timely disclosure of financial information.

These principles were also strongly referenced as required criteria by the Essential Services Commission, during the recent application by Council for a variation to the rate cap for 2016/17. The ESC commented very positively on Council's adherence to these principles and referenced the need for all councils to achieve this for any future successful rate cap applications.

The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

14.2 Financial resources

The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

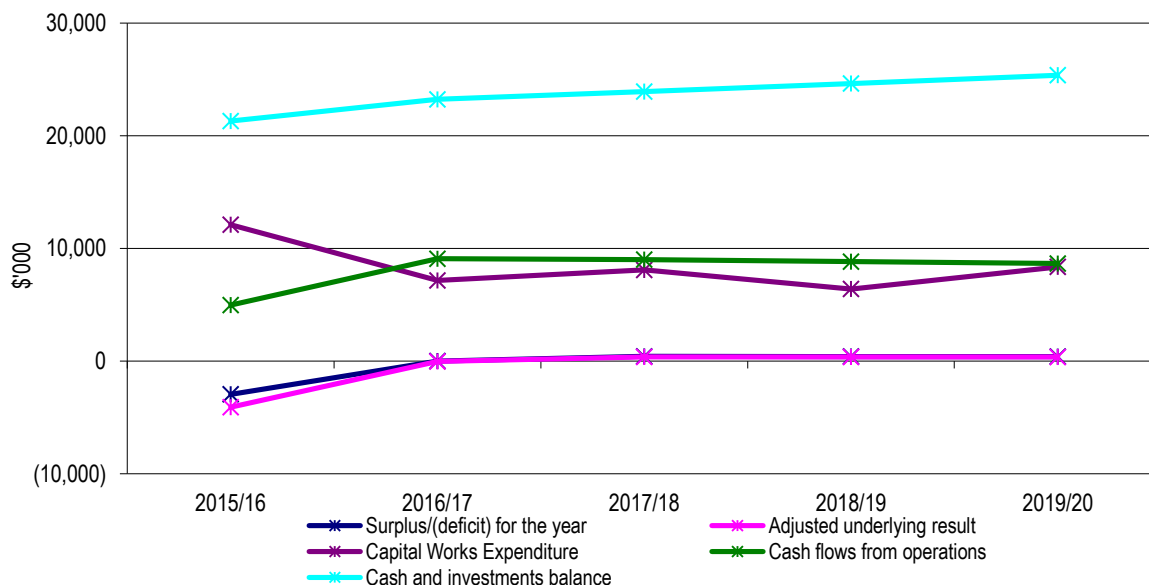
| Indicator | Forecast | Budget | Strategic Resource Plan | | | Trend |
|-----------|----------|---------|-------------------------|---------|---------|-------|
| | Actual | | Projections | | | |
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | +/- |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |

| | | | | | | |
|--------------------------------|---------|--------|--------|--------|--------|---|
| Surplus/(deficit) for the year | (2,951) | 1 | 408 | 403 | 397 | o |
| Adjusted underlying result | (4,102) | (43) | 364 | 359 | 353 | + |
| Cash and investments balance | 21,310 | 23,234 | 23,931 | 24,649 | 25,388 | o |
| Cash flows from operations | 4,968 | 9,080 | 9,008 | 8,825 | 8,656 | o |
| Capital works expenditure | 12,108 | 7,154 | 8,086 | 6,402 | 8,365 | o |

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

The following graph shows the general financial indicators over the four year period.



The key outcomes of the Plan are as follows:

- **Financial sustainability (Section 11)** - Cash and investments are forecast to increase marginally over the four year period, which indicates a growth budget on a cash basis in each year in accordance with Council's long term financial strategies
- **Rating levels (Section 15)** – Modest rate increases are forecast over the four years at a consistent level of 1.8% above the rate cap of 2.5%, subject to the determination of the new Council following the 2016 elections. As the issues raised by Council relate to longer term sustainability and the provision of renewal for existing infrastructure, it is assumed that this will form the basis for future rate cap exemptions due to the long term requirement for rating levels to be above any CPI index set by the Minister.
- **Service delivery strategy (section 16)** – Service levels have been maintained throughout the four year period.
However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a deficit reducing over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- **Borrowing strategy (Section 16)** – Borrowings are forecast to reduce over the four year period. This includes new borrowings of \$500k per annum throughout the long term plan.
- **Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$30.00 million at an average of \$7.50 million over the next four years.

15. Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.7% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Murrindindi Shire community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were made between Council and other similar sized councils.

15.2 Future rate increases

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2016.

| Year | General Rate Increase % | Municipal Charge Increase \$'000 | Garbage Charge Increase \$'000 | Recycling Charge Increase \$'000 | Total Rates Raised \$'000 |
|---------|-------------------------|----------------------------------|--------------------------------|----------------------------------|---------------------------|
| 2015/16 | 6.00 | 5.86 | 3.69 | 4.40 | 18,300 |
| 2016/17 | 4.30 | 4.20 | 2.50 | 3.00 | 19,237 |

15.3 Rating structure

Council has established a rating structure which comprises three key elements. These are:

- Property values, form the central basis of rating under the *Local Government Act 1989*
- A user pays component to reflect usage of certain services provided by Council
- A fixed municipal charge per property to cover some of the administrative costs of the Council.

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential or commercial purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates taking into account the benefits those commercial properties derive from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality, as detailed in its Rating Strategy that was adopted in March 2015. There are currently no plans to change that basis, but Council does review its rating structure every four years.

The existing rating structure comprises a general residential rate and a number of differential rates (commercial, vacant land and rural 1 and rural 2 assessments). These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. The commercial rate is set at 125% of the residential rate and the vacant land rate is set at 150% of the residential rate. Rates for rural properties are set at 70% for rural 1 properties (greater than 40 ha), and at 99% for rural 2 properties (2 to 40 ha). Council also levies a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 "Statutory Disclosures".

| Rate type | How applied | 2015/16 | 2016/17 | Total Raised \$ | Change in revenue |
|-------------------------------|--------------|----------|----------|--------------------|----------------------|
| General residential rate | Cents/\$ CIV | 0.3415 | 0.3514 | 5,803,216 | 5.9% |
| Commercial / Industrial rates | Cents/\$ CIV | 0.4269 | 0.4393 | 841,941 | 4.9% |
| Rural 1 rates | Cents/\$ CIV | 0.2561 | 0.2460 | 3,146,699 | -0.7% |
| Rural 2 rates | Cents/\$ CIV | 0.3415 | 0.3479 | 2,829,402 | 4.9% |
| Vacant Land rates | Cents/\$ CIV | 0.5122 | 0.5271 | 667,352 | 12.7% |
| Municipal charge | \$/ property | \$307.00 | \$320.00 | 2,961,920 | 4.2% |
| Kerbside collection charge | \$/ property | \$337.00 | \$345.50 | 2,233,107 | 4.7% |
| Recycling charge | \$/ property | \$83.00 | \$85.50 | 537,336 | 1.8% |

Council adopted a formal *Rating Strategy* in March 2015 that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used. This document can be found on Council's website.

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2016 for the 2016/17 and 2017/18 financial years. The outcome of the general revaluation has been a slight change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 3.2%. Of this increase, residential properties have increased by 3.0%, commercial properties by 1.5%, vacant land by 8.6% and rural 1 properties by 3.5%. (as per Section 7 - table 7.5)

At the April 2016 Ordinary Meeting of Council, Council resolved to make two slight changes to the differential rates structure that is in place for 2015/16. From 2016/17 onwards, the differential rate for Rural 1 properties is to be amended from 75% to 70%, and Rural 2 properties are to now be rated at 99% of the level of the general residential rate.

16. Summary of other strategies

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings, infrastructure and service delivery.

16.1 Borrowings

In developing the SRP (see Section 14), borrowings was identified as an important funding source for capital works programs. Council has not changed its longer term financial strategy to contribute \$500k per annum over the life of the SRP as a source of funding for annual capital works. Lower than expected interest rates have allowed Council to source debt more economically.

The SRP includes the results of an analysis of Council's debt position against both State averages and small rural Council averages over a number of different indicators. It also shows the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators. The outcome of the analysis highlighted that Council's current debt levels are well within reasonable parameters for a Council of this size and financial level.

For the 2016-17 year, Council has not changed its debt strategy that was proposed in the SRP. \$500k will be borrowed in 2016-17 to fund capital projects. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.

| Year | New Borrowings \$'000 | Principal Paid \$'000 | Interest Paid \$'000 | Balance 30 June \$'000 |
|---------|--------------------------|--------------------------|-------------------------|---------------------------|
| 2015/16 | 500 | 787 | 187 | 2,509 |
| 2016/17 | 500 | 731 | 167 | 2,278 |
| 2017/18 | 500 | 694 | 172 | 2,084 |
| 2018/19 | 500 | 729 | 177 | 1,854 |
| 2019/20 | 500 | 693 | 182 | 1,662 |

The table below shows information on borrowings specifically required by the Regulations.

| | 2015/16 \$ | 2016/17 \$ |
|-------------------------------------------------------|---------------|---------------|
| Total amount borrowed as at 30 June of the prior year | 2,796,720 | 2,509,542 |
| Total amount proposed to be borrowed | 500,000 | 500,000 |
| Total amount projected to be redeemed | (787,178) | (731,154) |
| Total amount of borrowings as at 30 June | 2,509,542 | 2,278,388 |

16.2 Infrastructure

The Council has developed various Asset Management Plans, each of which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It models infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. These plans have been developed through a rigorous process of review and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, Strategic Resource Plan and Annual Budget processes
- Identification of capital projects through the preparation of asset management plans
- Prioritisation of capital projects within classes on the basis of evaluation criteria
- Methodology for allocating annual funding to classes of capital projects
- Business Case template for officers to document capital project submissions.

A key objective of the Infrastructure Strategy is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While the Asset Management Plans are endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, it is known that in future years the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. The increasing requirement of the renewal works that Council is required to fund over the coming years was the key rationale behind both Council's repeated requests for further State Government assistance following the 2009 bushfires as well as Council's recent application to the Essential Services Commission for an exemption to the 2016/17 rate cap of 2.5%, which was granted on 31 May 2016.

In updating the Asset Management Plans for the 2016/17 year, the following influences have had a significant impact:

- Managing the amount of cash and investment reserves to fund future capital expenditure renewal;
- Environmental issues at the Alexandra Landfill requiring attention and the development of plans to ensure that all future liabilities associated with the rehabilitation of the site are appropriately funded; and
- Availability of significant Federal funding for the upgrade of roads.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

| Year | Total Capital Program \$'000 | Grants \$'000 | Summary of funding sources | | |
|---------|---------------------------------|------------------|----------------------------|------------------------|----------------------|
| | | | Contributions \$'000 | Council Cash \$'000 | Borrowings \$'000 |
| 2015/16 | 12,108 | 3,287 | 0 | 19,714 | 500 |
| 2016/17 | 7,154 | 2,637 | 0 | 24,440 | 500 |
| 2017/18 | 8,086 | 3,283 | 0 | 13,835 | 0 |
| 2018/19 | 6,402 | 3,283 | 0 | 14,836 | 2,000 |
| 2019/20 | 8,365 | 3,283 | 0 | 15,982 | 0 |

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has significant cash or investment reserves that are also used to fund a variety of capital projects. These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions to car parking, drainage and public resort and recreation. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Information (see Section 15.) also refers to modest rate increases into the future. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

| | 2016/17 % | 2017/18 % | 2018/19 % | 2019/20 % |
|--------------------------------|--------------|--------------|--------------|--------------|
| Consumer Price Index | 2.5 | 2.5 | 2.5 | 2.5 |
| Average Weekly Earnings | 4.5 | 4.5 | 4.5 | 4.5 |
| Local Government Cost Index | 3.5 | 3.5 | 3.5 | 3.5 |
| Non-residential Building Index | 3.5 | 3.5 | 3.5 | 3.5 |
| Property growth | 1.0 | 1.0 | 1.0 | 0.6 |
| Wages growth | 3.5 | 3.0 | 3.0 | 3.0 |
| Government funding | 2.0 | 2.0 | 2.0 | 2.0 |
| Statutory fees | 2.0 | 2.0 | 2.0 | 2.0 |
| Investment return | 3.0 | 3.0 | 3.0 | 3.0 |

Appendix A

Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various

Council officers, under delegation from the CEO, may waive or amend certain fees where appropriate and under specific circumstances.

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|-------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------------|-------------------------------------------|
| Administration Charges | | Budget | Budget |
| Photocopy Charges - A4 Black & White | Per copy | 0.30 | 0.30 |
| Photocopy Charges - A4 Black & White - double sided | Per double sided copy | 0.60 | 0.60 |
| Photocopy Charges - A4 Colour | Per copy | 1.00 | 1.00 |
| Photocopy Charges - A4 Colour - double sided | Per double sided copy | 2.00 | 2.00 |
| Photocopy - A3 Black & White | Per copy | 0.60 | 0.60 |
| Photocopy - A3 Black & White - double sided | Per double sided copy | 1.20 | 1.20 |
| Photocopy - A3 Colour | Per copy | 2.00 | 2.00 |
| Photocopy - A3 Colour - double sided | Per double sided copy | 4.00 | 4.00 |
| Photocopy - AO B&W Photocopies | Per copy | 8.00 | 8.00 |
| Photocopy - A1 B&W Photocopies | Per copy | 6.80 | 6.80 |
| Photocopy - A2 B&W Photocopies | Per copy | 5.50 | 5.50 |
| Photocopy Charges - Planning Photo A3 | Per copy | 1.00 | 1.00 |
| Freedom of Information Request - Statutory (photocopying additional) | Per application | 27.30 | 27.30 |
| FAXING | | | 2.00 |
| Freedom of Information - Search Charges | \$20.00 per hour | 1.5 fee units per hour | 1.5 fee units per hour |
| Freedom of Information requests - Supervision Charges | \$5.00 per qtr hour | 1.5 fee units | 1.5 fee units |
| Freedom of Information requests - B & W photocopy (A4) | Per copy | 0.20 | 0.20 |
| Freedom of Information - health explanation provided by a suitably qualified practitioner | Per qtr hour or part there of | 1.9 fee units to a maximum of 6 fee units | 1.9 fee units to a maximum of 6 fee units |
| Freedom of Information - provision of a health information summary | Per qtr hour or part there of | 1.9 fee units to a maximum of 6 fee units | 1.9 fee units to a maximum of 6 fee units |
| Sale of Yea History Book | Per book | 31.00 | 31.00 |
| General - Rates etc. | | | |
| Land Information Certificate Receipt | Per certificate | 24.75 | 24.80 |
| Reprint of lost/misplaced Rates Notice | Per certificate | 5.00 | 5.00 |
| Streets & Open Space | | | |
| A frame sign | Per sign for 2 years | 61.50 | 63.04 |
| Development Services | | | |
| Drainage Point of Discharge information (BCA Scheduled fee) | Per information certificate | 62.80 | 64.10 |
| Works Maintenance Bonds (Refundable) | | 5% of Cost of works | 5% of Cost of works |
| Checking Engineering Plans | Per application | 0.75% of value of works | 0.75% of value of works |
| Supervision Fees of Works | Per application | 2.5% of value of works | 2.5% of value of works |
| Municipal Roads <50kph | | | |
| Major Works (A) | Per application | 280.53 | 327.59 |
| Major Works (B) | Per application | 81.60 | 83.64 |
| Minor Works (A) | Per application | 126.50 | 129.64 |
| Minor Works (B) | Per application | 81.60 | 83.64 |
| Municipal Roads >50kph | | | |
| Major Works (A) | Per application | 586.20 | 600.81 |
| Major Works (B) | Per application | 319.60 | 327.59 |
| Minor Works (A) | Per application | 126.50 | 129.64 |
| Minor Works (B) | Per application | 81.60 | 83.64 |
| (A) On Roadway, shoulder or pathway | | | |
| (B) Not on Roadway, shoulder or pathway | | | |
| Driveway crossings and service connections are generally considered as minor works | | | |
| Building | | | |
| Domestic Building Applications: | | | |
| Dwellings additions / alterations | | | |
| Up to \$40,000 | Per permit | 484.00 | 484.00 |
| Up to \$120,000 in value (4 inspections) | Per permit | | |
| Up to \$157,000 in value (4 inspections) | Per permit | 864.00 | 864.00 |

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------|---------------------------------------------------------|
| Over \$120,000 in value (4 inspections) | Per permit | | |
| Over \$157,000 in value (4 inspections) | Per permit | \$cost/200 + gst | \$cost/200 + gst |
| New Dwellings | | | |
| Up to \$200,000 | Per permit | | |
| Up to \$261,500 | Per permit | 1436.00 | 1436.00 |
| Over \$200,000 | Per permit | | |
| Over \$261,500 | Per permit | \$cost/200 + gst | \$cost/200 + gst |
| e.g. cost of works new dwelling \$250,000 / 200 = \$1,250 + gst + \$30 Lodgement fee + government levy | | | |
| Shed / Carport / Verandas | Per permit | 482.00 | 482.00 |
| Sheds over 50m2 | Per permit | 654.00 | 654.00 |
| Swimming Pools | Per permit | 654.00 | 654.00 |
| Re-stumping | Per permit | 327.00 | 327.00 |
| Underpinning | Per permit | 327.00 | 327.00 |
| Demolition Permits | | | |
| - Dwellings | Per permit | 338.00 | 338.00 |
| - Commercial / Industrial up to 200m2 | Per permit | 654.00 | 654.00 |
| Fences | Per permit | 261.00 | 261.00 |
| Commercial Building Applications: | | | |
| as per AIBS Guidelines 4 (\$cost / 2000 + V cost) | | | |
| e.g. cost of works \$250,000 / 2000 = \$125, V\$250,000 = \$500, \$125 + \$500 = \$625 x 4 = \$2,500 + GST + \$37.40 Lodgement fee + govt. levy | | as per AIBS Guidelines 4(\$cost/2000+Sqr rt\$cost) | as per AIBS Guidelines 4(\$cost/2000+Sqr t\$cost) |
| Construction value \$100,000 | Per application | 1611.39 | 1611.39 |
| Construction value \$250,000 | Per application | 2760.00 | 2760.00 |
| Building Commission's Operations Levy | | | |
| Domestic Building Permits - where value of works is greater than \$10,000 | Levy per permit | 0.128% of \$ | 0.128% of \$ |
| Commercial Building Permits - where value of works is greater than \$10,000 | Levy per permit | 0.128% of \$ | 0.128% of \$ |
| Extension of Time | Per application | 201.00 | 201.00 |
| Amendment to Permit / Variation to Plan | Per application | Min. \$63.00 | Min. \$63.00 |
| Inspection of dwelling - relocation (plus deposit \$50.00) | Per application | 427.00 | 427.00 |
| Inspection Fees - expired permits - final certificate required | Per application | 201.00 | 201.00 |
| Copy of Plans- (Dwellings) | Per set | 52.00 | 52.00 |
| Copy of Plans- (Commercial/Industrial) | Per set | 81.00 | 81.00 |
| Building Permit Search Fee | Per search | 73.00 | 73.00 |
| Modification to siting requirements | Per application | 250.00 | 256.90 |
| Application to build over easement | Per application | 201.00 | 201.00 |
| Building Information Certificate | Per certificate | 47.50 | 51.15 |
| Solicitor's Inquiries | Per inquiry | 47.50 | 47.50 |
| Complex Property Inquiry - Commercial/Industrial | Per inquiry | 76.50 | 76.50 |
| Building Control Lodgement Fees (Domestic & Commercial) | Per lodgement | 35.70 | 38.30 |
| Health | | | |
| Septic Tank Fees domestic | Per permit | 518.00 | 518.00 |
| Septic Tank Alteration | Per permit | 287.00 | 287.00 |
| Septic Tank Fees commercial | Per permit | 518.00 | 518.00 |
| Septic Tank Permit extension | Per permit | | 145.00 |
| Extension of Time | Per application | 201.00 | 201.00 |
| Food Premises Registration (New categories) | | | |
| Category 3 | Per registration | 170.00 | 173.50 |
| Category 2 | Per registration | 303.00 | 309.00 |
| Category 1 | Per registration | 379.00 | 386.00 |
| Prescribed Accommodation Registration | | | |
| Level 1 - up to 25 beds | Per registration | 144.00 | 144.00 |
| Level 2 - 26 to 50 beds | Per registration | 196.00 | 196.00 |
| Level 3 - 51 to 74 beds | Per registration | 262.00 | 262.00 |
| Level 4 - 75 to 100 beds | Per registration | 327.00 | 327.00 |
| Level 5 - 101 to 125 beds | Per registration | 394.00 | 394.00 |
| | | | |
| Hair Dressers Registration | Per registration | 170.00 | 170.00 |
| Skin Penetration Registration | Per registration | 170.00 | 170.00 |

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|--------------------------------------------------------------------------------------------------------|-----------------------|---------------------|---------------------|
| Caravan Parks Registration - per site | Per site registration | 3.35 | 3.35 |
| Business Registration Transfers - Health | Per transfer | 138.00 | 140.00 |
| Inspections - Health | Per inspection | 138.00 | 140.00 |
| Flu shots to external organisations | Per shot | 18.50 | 19.00 |
| Local Laws | | | |
| Disabled Parking Permits | Per permit | 6.30 | 6.50 |
| Animal Impoundment Fees (Daily) | | | |
| Dog | Per dog | 79.00 | 81.00 |
| Dog (Concession owner) | Per dog | 47.00 | 40.50 |
| Cattle - first | Per head | 86.00 | 88.00 |
| Goats & Pigs | Per head | 46.00 | 47.00 |
| Horses | Per head | 86.00 | 88.00 |
| Sheep Pound | Per head | 23.00 | 23.50 |
| Each additional animal | Per head | 3.50 | 3.50 |
| Sustenance | Per head | 20.00 | 20.50 |
| All other animals (birds & poultry) | Per head | 1.90 | 2.00 |
| - sustenance | Per head | 1.30 | 1.30 |
| Animal Registrations | | | |
| Dog Tag Replacement Fee | Per tag | 3.80 | 4.00 |
| Cat Tag Replacement Fee | Per tag | 3.80 | 4.00 |
| New dog/cat registration - not desexed | Per dog/cat | 123.00 | 126.00 |
| New dog cat registration - not desexed (Concession) | Per dog/cat | 61.00 | 63.00 |
| Dog/cat Re-registration - not desexed or micro chipped | Per dog/cat | 123.00 | 126.00 |
| Dog/cat Re-registration - not desexed or micro chipped (Concession) | Per dog/cat | 61.00 | 63.00 |
| New Dog/cat Registration - Desexed and micro chipped | Per dog/cat | 41.00 | 42.00 |
| New Dog/cat Registration - Desexed and micro chipped (Concession) | Per dog/cat | 21.00 | 21.00 |
| Dog/cat Re-registration - Desexed or micro chipped | Per dog/cat | 42.00 | 42.00 |
| Dog/cat Re-registration - Desexed or micro chipped (Concession) | Per dog/cat | 21.00 | 21.00 |
| Guide dog registration & re-registration | Per dog | 0.00 | 0.00 |
| Restricted breeds/Declared Animals | Per animal | 229.00 | 235.00 |
| Planning Charges | | | |
| Advertising fee | | | |
| Public notice in paper (to be inserted by Council) | Per notice | 130.00 | 170.00 |
| Public notice on site (when erected for applicant) | Per notice | 79.00 | 79.00 |
| Admin. Charge | Per notice | 39.00 | 39.00 |
| Satisfaction Matters | | | |
| Satisfaction matters - As prescribed in regulation | | | |
| Assessing a Plantation Development Notice | Per assessment | 135.00 | 135.00 |
| Assessing a Timber Harvesting Plan | Per assessment | 135.00 | 150.00 |
| Subdivision Certification Fees | | | |
| Public Open Space Contributions | | 5% of land value | 5% of land value |
| Preparation of Engineering Plans By Council | Per set | 3.5% of works value | 3.5% of works value |
| Planning Certificates | | | |
| Planning Certificates - As prescribed in regulation | Per certificate | 18.20 | 18.20 |
| Fast Tracking of Planning Certificates | Per certificate | 36.40 | 36.40 |
| Planning Fees | | | |
| Shed, tree removal | Per application | 102.00 | 102.00 |
| House \$10,000 - \$100,000 | Per application | 239.00 | 239.00 |
| House > \$100,000 | Per application | 490.00 | 490.00 |
| Building works \$10,001 - \$250,000 | Per application | 604.00 | 604.00 |
| Building works >\$250,001 - \$500,000 | Per application | 707.00 | 707.00 |
| Building works >\$500,001 | Per application | 815.00 | 815.00 |
| 2 lot subdivision | Per application | 386.00 | 386.00 |
| Other subdivision | Per application | 781.00 | 781.00 |
| Change in use | Per application | 502.00 | 502.00 |
| Creation of easement | Per application | 404.00 | 404.00 |
| Section 173 Agreements | | | |
| Administrative fee | Per agreement | 121.50 | 130.00 |
| Applicant must also pay the full cost of assessment of a Section 173 agreement by council's solicitors | | | |

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|--------------------------------------------------------------------------------------------------------------------------|------------------|----------------|----------------|
| Planning Permit / Consent Fees | | | |
| Planning Consents | Per application | 102.00 | 102.00 |
| Extension of time for Planning Permit & Consents | Per application | 130.00 | 130.00 |
| Approval of Endorsed Plan/s | Per approval | 130.00 | 130.00 |
| Amendment of Endorsed Plan/s | Per amendment | 130.00 | 130.00 |
| Planning Permit / Consent archive search fee | Per item | 74.00 | 74.00 |
| Planning - Archive Search Fee | Per item | 74.00 | 74.00 |
| Planning Scheme Amendments | | | |
| Amendments - As prescribed in regulations | | | |
| When an independent panel report is required, the proponent must pay full panel charges for the hearing and panel report | | | |
| Planning Enforcement | | | |
| Planning enforcement - As prescribed in regulation | | 704.20 | 704.20 |
| Community Services | | | |
| Children's Services | | | |
| Community Bus rental per day | | | |
| - Not for Profit | Half day | 70.00 | 70.00 |
| - Not for Profit | Full day | 115.00 | 115.00 |
| - Disability Rate 1/2 Day Hire | Half day | n/a | 35.00 |
| - Business | Full day | n/a | n/a |
| Refundable Bond | | 50.00 | 100.00 |
| HACC charges | | | |
| Cheviot Planned Activity Group | | | |
| - Low Income | Per service | 7.50 | 7.50 |
| - Medium Income | Per service | 7.50 | 7.50 |
| - High Income (Core) | Per service | 13.15 | 13.60 |
| - High Income (High Care) | Per service | 18.45 | 19.00 |
| Allied Health Support | | | |
| - Low Income | Per consultation | 9.65 | 9.80 |
| - Medium Income | Per consultation | 14.85 | 98.90 |
| - High Income (Core) | Per hour | 98.00 | 98.90 |
| Food Services (Meals) | | | |
| - Low Income | Per meal | 8.90 | 9.00 |
| - Medium Income | Per meal | 8.90 | 9.00 |
| - High Income | Per meal | 15.50 | 15.70 |
| Home Care | | | |
| - Low Income | Per hour | 5.95 | 6.00 |
| - Medium Income | Per hour | 14.85 | 15.55 |
| - High Income | Per hour | 32.30 | 45.70 |
| Property Maintenance | | | |
| - Low Income | Per hour | 11.90 | 12.00 |
| - Medium Income | Per hour | 17.85 | 18.00 |
| - High Income | Per hour | 46.95 | 47.40 |
| Personal Care | | | |
| - Low Income | Per hour | 4.40 | 4.50 |
| - Medium Income | Per hour | 8.70 | 9.00 |
| - High Income | Per hour | 36.20 | 45.70 |
| Respite Care | | | |
| - Low Income | Per hour | 3.00 | 3.00 |
| - Medium Income | Per hour | 4.50 | 4.40 |
| - High Income | Per hour | 33.30 | 45.70 |
| Respite Care in home overnight | | | |
| - Low Income | Per 10 hours | 16.60 | 16.60 |
| - Medium Income | Per 10 hours | 21.15 | 21.40 |
| - High Income | Per 10 hours | 148.25 | 147.75 |
| Nursing | | | |
| - Low Income | Per visit | 3.70 | 3.80 |
| - Medium Income | Per visit | 32.70 | 33.00 |
| - High Income | Per visit | 89.90 | 90.65 |
| Cheviot Program - Social Support | | 9.20 | 12.75 |
| PRIVATE CLIENTS - AGED AND DISABILITY SERVICES | | | |
| Home Care, Personal Care and Respite Care | | | |
| Mon - Fri - 6am - 6pm | Per hour | 45.25 | 47.50 |
| Mon - Fri - outside above hours - and Saturday (first 2 hours) | Per hour | 53.95 | 56.65 |
| Mon - Fri - outside above hours - and Saturday (hours thereafter) | Per hour | 63.55 | 66.70 |
| Sunday all day | Per hour | 70.75 | 74.30 |
| Public Holidays | Per hour | 74.15 | 77.85 |

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|--------------------------------------------------|-------------------------------|----------------|----------------|
| Travel rate | Per hour | 45.25 | 46.15 |
| Travel cost | Per kilometre | 1.40 | 1.45 |
| Home Maintenance | | | |
| Mon - Fri 6am - 6pm | Per hour | 60.10 | 63.10 |
| Mon - Fri (outside above hours) | Per hour | 65.35 | 68.60 |
| Travel rate | Per hour | 16.00 | 16.25 |
| Travel cost | Per kilometre | 1.50 | 1.55 |
| Food Services (Meals) | Per meal | 16.00 | 16.25 |
| Cheviot Social Support | | | |
| - High | Per hour | 23.15 | 23.60 |
| - Core Meal | Per meal | 16.00 | 16.30 |
| Case Management | Per case | 109.30 | 111.50 |
| Swimming Pools | | | |
| Admissions | | | |
| Adults | Per adult | 6.00 | 6.00 |
| Children | Per child | 5.00 | 5.00 |
| Family | 2 Adults + 1 or more children | 17.00 | 17.00 |
| Seasons Tickets * | | | |
| Senior | Per person | 75.00 | 75.00 |
| Junior / Concession | Per person | 52.00 | 52.00 |
| 1 Adult and 1 Dependent Child | | 81.00 | 81.00 |
| 1 Adult and 2 or more Dependent Children | | 130.00 | 130.00 |
| 2 Adults with 1 or more Dependent Children | | 156.00 | 156.00 |
| * Season Tickets for Public Hours Only | | | |
| Multi Pass- Adult | Per adult - 10 visits | 42.00 | 42.00 |
| Multi Pass- Child | Per child - 10 visits | 35.00 | 35.00 |
| School Fees | | | |
| Schools/all private hirers | Per hour | 35.00 | 35.00 |
| Hirers who require Lifeguard | Per hour | 70.00 | 75.00 |
| Public Hire Facilities | | | |
| Yea Town Hall Hire (New Charging system) | | | |
| Commercial | per hour | 0.00 | \$90.00 |
| Commercial | Per 1/2 day | \$119.00 | \$270.00 |
| Commercial | Per Full day | \$235.00 | \$540.00 |
| Bond | Per rental period | \$235.00 | \$235.00 |
| Non commercial | per hour | 0.00 | \$45.00 |
| Non commercial | 1/2 day | \$60.00 | \$135.00 |
| Non commercial | Full day | \$120.00 | \$270.00 |
| Bond | Per rental period | \$120.00 | \$120.00 |
| Public Liability Insurance | Per hire | \$35.00 | \$35.00 |
| Proposed new fee for hire for funeral | Per hire | | \$80.00 |
| Hire of sound system | | | |
| Commercial | Per hire | | \$200.00 |
| Bond | Per hire | | \$1,000.00 |
| Non-commercial | Per hire | | \$100.00 |
| Bond | Per hire | | \$500.00 |
| Supper room and Kitchen hire only | | | |
| Yea Chambers (New Charging system) | | | |
| Commercial | Per 1/2 day | \$60.00 | \$60.00 |
| Commercial | Per Full day | \$120.00 | \$120.00 |
| Bond | Per rental period | \$120.00 | \$120.00 |
| Non commercial | Per 1/2 day | \$30.00 | \$30.00 |
| Non commercial | Per Full day | \$60.00 | \$60.00 |
| Bond | Per rental period | \$60.00 | \$60.00 |
| Public Liability Insurance | Per hire | \$35.00 | \$35.00 |
| Alexandra Town Hall Charges | | | |
| Commercial | 1/2 day | \$119.00 | \$125.00 |
| Commercial | Full day | \$235.00 | \$250.00 |
| Bond | Per rental period | \$235.00 | \$235.00 |
| Non commercial | 1/2 day | \$60.00 | \$60.00 |
| Non commercial | Full day | \$120.00 | \$120.00 |
| Bond | Per rental period | \$120.00 | \$120.00 |
| Piano Hire Fee | Per hire | \$120.00 | \$120.00 |
| Public Liability Insurance - per session of Hire | Per hire | \$35.00 | \$35.00 |

| Fees & Charges | Ref | 2015-16 | 2016-17 |
|---------------------------------------------------------------------------|---------------------------|------------------------|------------------------|
| Kinglake Community Centre | | | |
| Stadium Hire | Hourly rate | \$30.00 | \$30.00 |
| Stadium Hire | Daily rate | \$240.00 | \$240.00 |
| Stadium Hire | Weekend rate | \$400.00 | \$400.00 |
| Lounge, Hall and Craft Room - Casual Hire | Hourly rate | \$30.00 | \$30.00 |
| Lounge, Hall and Craft Room - User Group with Agreement Hire | Hourly rate | \$15.00 | \$15.00 |
| Lounge, Hall and Craft Room | Daily rate | \$120.00 | \$120.00 |
| Lounge, Hall and Craft Room | Weekend rate | \$240.00 | \$240.00 |
| Foyer | Flat rate per function | \$100.00 | \$100.00 |
| Servery | Flat rate per function | \$50.00 | \$50.00 |
| Kitchen and Servery | Flat rate per function | \$100.00 | \$100.00 |
| Thornton Hall | | | |
| Commercial (profit) casual hire | Hourly rate | \$20.00 | \$20.00 |
| Community group (non-profit) casual hire | Hourly rate | \$15.00 | \$15.00 |
| Commercial (profit) casual hire | Daily rate | \$125.00 | \$125.00 |
| Community group (non-profit) casual hire | Daily rate | \$100.00 | \$100.00 |
| Commercial (profit) casual hire | Weekend rate | \$200.00 | \$200.00 |
| Community group (non-profit) casual hire | Weekend rate | \$150.00 | \$150.00 |
| Bond | Per rental period | \$235.00 | \$235.00 |
| Alexandra Community Leisure Centre | | | |
| Stadium Court Fees – Senior Game | Per Game | \$60.00 | \$60.00 |
| Stadium Court Fees – Senior Training or Casual Hire | Per Hour | \$30.00 | \$30.00 |
| Stadium Court Fees – Junior Game | Per Game | \$50.00 | \$50.00 |
| Stadium Court Fees – Junior Training or Casual Hire | Per Hour | \$25.00 | \$25.00 |
| Stadium Fees –Casual Hire | Per Day | \$240.00 | \$240.00 |
| Squash Court Fees – Pennant | Per Court | \$45.00 | \$45.00 |
| Squash Court Fees – Club Training | Per Court Per Hour | 15.00 | 15.00 |
| Squash Court Fees – Casual Hire | Per Court Per Hour | 20.00 | 20.00 |
| Murrindindi Library - Photocopy Charges - A4 Black & White | | | |
| Murrindindi Library - Photocopy Charges - A4 Black & White | Per copy | 0.30 | 0.30 |
| Murrindindi Library - Photocopy Charges - A4 Black & White - double sided | Per double sided copy | 0.60 | 0.60 |
| Murrindindi Library - Photocopy Charges - A4 Colour | Per copy | 1.00 | 1.00 |
| Murrindindi Library - Photocopy Charges - A4 Colour - double sided | Per double sided copy | 2.00 | 2.00 |
| Murrindindi Library - Photocopy - A3 Black & White | | | |
| Murrindindi Library - Photocopy - A3 Black & White | Per copy | 0.60 | 0.60 |
| Murrindindi Library - Photocopy - A3 Black & White - double sided | Per double sided copy | 1.20 | 1.20 |
| Murrindindi Library - Photocopy - A3 Colour | Per copy | 2.00 | 2.00 |
| Murrindindi Library - Photocopy - A3 Colour - double sided | Per double sided copy | 4.00 | 4.00 |
| Murrindindi Library - Inter Library Loan Fees (Non Academic Library) | Per item | 10.00 | 3.00 |
| Murrindindi Library - Academic Library Loan Fees | (\$10 + \$16.50) Per item | (\$3 + 16.50) Per item | (\$3 + 16.50) Per item |
| Murrindindi Library Overdue Fees | Per day per item | 0.30 | 0.30 |
| Murrindindi Library Reimbursement Lost Item | Per Item | \$5 plus book cost | \$5 plus book cost |
| Murrindindi Library Internet Printing - A4 Black & white | Per page | 0.30 | 0.30 |
| Murrindindi Library Internet Printing - A4 colour | Per page | 1.00 | 1.00 |
| Murrindindi Library Internet Printing - A3 Black & white | Per page | 0.60 | 0.60 |
| Murrindindi Library Internet Printing - A3 Colour | Per page | 2.00 | 2.00 |
| Replacement Membership Cards | per Card | 3.50 | 3.50 |
| Value Added Library Programs (Holiday Activities) | per participant | Min \$2.00 | Min \$2.00 |
| Saleyards | | | |
| Yea Saleyard Agent Fees | Per head | 0.45 | 0.46 |
| Yea Saleyard Fees - Cow & Calf | Per head | 9.00 | 9.23 |
| Yea Saleyard Fees - Cattle | Per head | 8.00 | 8.20 |
| Yea Saleyard Fees - Bulls | Per head | 10.00 | 10.25 |
| Yea Saleyard Fees - Scanning | Per head | 2.50 | 2.56 |
| Yea Post Breeder Tags - No Tag | Per head | 33.00 | 33.82 |
| Yea Post Breeder Tags - Dead Tag | Per head | 11.00 | 11.28 |
| Yea Non-Sale Day Fee (Private) | Per head | 1.10 | 1.13 |
| Yea Non-Sale Day Fee (Agent) | Per annum | 250.00 | 256.25 |

Budget processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2016/17 budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2016 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during January and February. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in May for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties.

| Budget process | Timing |
|--------------------------------------------------------------|----------|
| 1. Officers update Council's long term financial projections | Dec/Jan |
| 2. Officers prepare operating and capital budgets | Jan/Feb |
| 3. Councillors consider draft budgets at informal briefings | Mar/Apr |
| 4. Proposed budget submitted to Council for approval | May |
| 5. Public notice advising intention to adopt budget | May |
| 6. Budget available for public inspection and comment | May |
| 7. Public submission process undertaken | May/June |
| 8. Submissions period closes (28 days) | June |
| 9. Submissions considered by Council/Committee | June |
| 10. Budget and submissions presented to Council for adoption | June |
| 11. Copy of adopted budget submitted to the Minister | July |

Council's anticipated timeline with regards to the remainder of the process for the budget is detailed below:

| | |
|-----------------------------------------------------------------|-------------|
| Special Meeting to approve draft budget for public consultation | Wed 15 Jun |
| Exhibition period opens from 20 June – finishes Wed 20 July | Mon 20 Jun |
| Kinglake community information session | Thurs 7 Jul |
| Alexandra community information session | Mon 11 Jul |
| Public Exhibition ends | Wed 20 Jul |
| Special meeting to hear budget submissions | Wed 27 Jul |
| Special Meeting to adopt the budget | Wed 3 Aug |
| Budget sent to Minister | Fri 5 Aug |



COUNCIL PLAN REVIEW

2013 – 2017

DRAFT

June 2016

Mayor and CEO Message

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

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

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

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

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

While the ESC's decision was welcome, it does not address Council's long term funding situation. Firstly, the decision applies only to the 2016-17 year. There are no guarantees that any future applications Council might make for variations to the rate cap will be successful. Secondly, before the introduction of the rate cap, Council's long term financial plan was premised on an annual increase to rates that commenced at 5.5% with a gradual reduction to 4% over the life of the plan. This was primarily driven by the long term funding needs to support adequate infrastructure renewal but also recognised that the annual cost increases experienced by local government are quite different from the CPI experienced in the retailing sector. Annual cost impacts experienced by councils have consistently run at around 1-1.5% pa higher and this had been built into our projections so that service delivery would not be adversely impacted over time. This figure and, consequently, Council's long term financial plan, has now been revised in the light of this one year decision and will need constant revision going forward.

The effect of this means Council will continually need to find ways to reduce its costs to meet the certain reality of a reduction in rates revenue over time. The potential for impacts on both service provision and infrastructure is significant and will require much thoughtful planning and consultation going forward. While Council will need to make the ultimate decisions to ensure the effects of reduced funding on services and assets are applied equitably across the Shire, it cannot do so in isolation. In financially challenging times, councils and communities need to collaborate in identifying priorities to work out which assets and services are most important to the community. One of the strategies already identified is to

transfer responsibility to community groups and committees for operational and financial management of community assets in order to give our communities a greater say in how these are managed into the future. Working together to identify solutions will therefore be a key priority going forward.

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

But this exercise was not designed to be static. There are a number of diverse communities in Murrindindi Shire, each with potentially different needs and views. Council needs to know more about what Shire communities value most about living in their particular localities and in the Shire as a whole. Council will be asking communities to identify their priorities for the areas in which they live. Council will also be looking to the community to help share the work which is necessary to keep communities active, connected and thriving and to ensure important community assets are maintained.

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

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

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

Margaret Abbey

Margaret 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 into the future. Each year, Council presents to the community an updated set of strategies and actions for implementing the four year Council Plan.

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

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

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

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

Council Values

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

Integrity

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

Accountability

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

Innovation

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

Respect

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

Service Excellence

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

Council Vision

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

The Council / Councillors

Cr Margaret Rae Cr John Kennedy Cr Christine Challen Cr Chris Healy

Cr Eric Lording Cr John Walsh Kinglake Ward (Vacant)

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

Current Councillors elected on 27 October 2012 were:

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

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

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

Following the resignation of the elected Councillor for the Kinglake Ward on 27 April 2016, the Kinglake Ward will remain vacant until the General Council Election is held on 22 October 2016, when elections in all Wards will take place. Currently the Community Services Portfolio is not allocated to a Councillor.

Organisational Structure

Murrindindi's Executive Management Team

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

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



Margaret Abbey – Chief Executive Officer



Michael Chesworth

Michael Chesworth -
General Manager,
Corporate &
Community Services

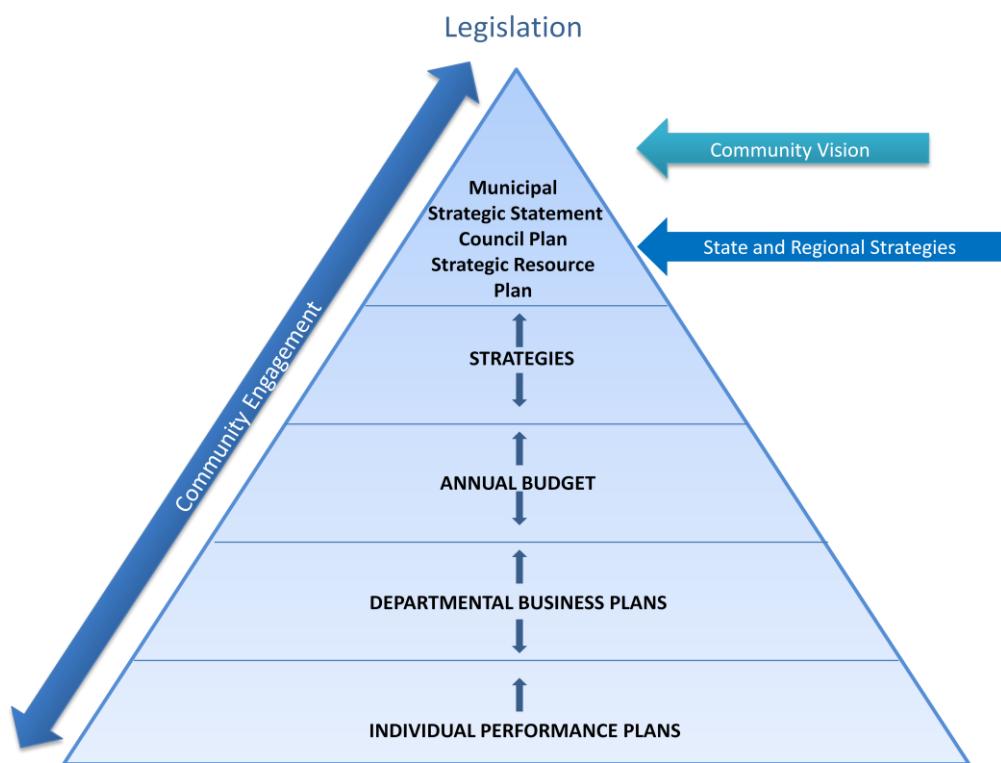


Elaine Wyatt -
General Manager
Infrastructure &
Development Services

Planning framework

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

Council's Corporate Planning Framework



Best Value

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

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

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

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

Managing Risks

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

Snapshot of Murrindindi Shire

Where we live:

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

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

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

Our history

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

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

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

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

Who we are

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

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

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

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

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

What we do

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

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

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

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

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

Council Goals, Strategic Objectives and Strategies

Vision 2030

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

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

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

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

Financial Sustainability

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

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

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

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

The Framework of the Council Plan

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

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

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

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

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

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

Goal - Our Council

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

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

Leadership

Strategic Objectives – What we will do

We will deliver visible leadership and advocacy.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------|
| Community participation in forums: Number of forums held | Deliver a minimum of one non-statutory community forum a year that actively encourages community participation. | Council quarterly report |
| Advocacy to the State and Federal Governments | Advocate on behalf of the community on a minimum of 10 issues a year | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Customer Service

Strategic Objectives – What we will do

We will deliver quality customer outcomes through continuous improvement.

Strategies – How we will do it

- Build on our customer service and communications with the community.
- Continue to improve our processes to enhance the efficiency and effectiveness of the organisation.

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|----------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------|
| Community perception of performance for customer service | Achieve a score of 66 or more in the annual community satisfaction survey | Community Satisfaction survey |
| Number of business processes implemented | Improve a minimum of five business processes a year | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

- Further develop Council's customer request tracking processes and establish indicators of Council's responsiveness.
- Explore the potential and consequences of shared services and collaborative activities across the Local Government sector.
- Further incorporate customer feedback into the review and delivery of Council's services

Financial Sustainability

Strategic Objectives – What we will do

We will use sound financial management practices.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------|
| Rate base increased by: | Increase the shire's Capital Improved Value by 1.5 % each year | Council rates data base |
| <ul style="list-style-type: none"> • Overall Capital Improved Value • New and quality developable lots | Increase the number of developable lots across the shire | Council planning applications |

Year 4 Actions – What Action We Are Taking in 2016/17

- Incorporate the Council's strategies for asset renewal and greater community stewardship of asset management into Council's Longer Term Financial Planning.
- Continue to source grants to support the achievement of Council's strategic objectives.
- Review the Council's Rating Strategy to examine the feasibility and impacts of introducing a Township Amenity differential rate.

Staff

Strategic Objectives – What we will do

We will have engaged and professional staff.

Strategies – How we will do it

- Ensure a healthy and safe workplace for all staff.
- Provide staff training and professional development opportunities.
- Provide workforce development and succession planning opportunities.

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-------------------------------|-----------------------------------------------------------|---------------------------|
| Staff Satisfaction | Improve internal staff satisfaction results year on year | Staff Satisfaction survey |
| | Reduce staff sick leave days by 1% per annum | Council quarterly report |
| Number of staff training days | Increase staff training days by 1% per annum | Council quarterly report |
| Health and safety | Reduce Time Lost through workplace injury by 5% per annum | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

- Identify opportunities to incorporate cadetships, traineeships and apprenticeships into the workforce.
- Continue to implement leadership development and multi-skilling opportunities across all levels of the organisation.
- Ensure Council's OHS framework adequately addresses the needs of an ageing workforce

Goal - Our Community

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

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

Health and Wellbeing

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-----------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Implementation of actions in the Municipal Public Health and Wellbeing Plan | 100% completion by June 2017. | Council quarterly report |
| Home and Community Care (HACC) services delivered to the community in accordance with Service Agreements. | 95% of all HACC targets reached | Annual Minimum Data Set reports |
| Development of a Recreation and Open Space Plan in partnership with the community | Complete by July 2017 | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Social Connectedness

Strategic Objectives – What we will do

We will encourage inclusive, creative and resilient communities.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Facilitate an increase in multi-community participation in artistic and cultural events. | Measured participation is more than or equal to the Victorian average. Support of a minimum of four events per annum | Community Indicators Victoria Council quarterly report |
| Progress the Urban Access Program (pathways and related infrastructure, total identified projects – 101) | 100% of annual identified projects completed per annum | Council quarterly report |
| Update and progress on the Missing Links program (total projects identified – 29) | 5 projects per annum | Council quarterly report |
| Audit of disability access issues regarding pathways and missing links. | Audit of disability access issues complete by June 2015 | Council quarterly report |

| | | |
|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| | | |
| Number of community network building activities initiated by Council | 1 event between July and December and 1 event between January and June per annum | Council quarterly report |
| Promote and acknowledge volunteers | Minimum of: <ul style="list-style-type: none"> • 1 Council initiated event per annum • Ongoing participation in the Murrindindi Volunteer Advisory Group | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Community Engagement

Strategic Objectives – What we will do

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

Strategies – How we will do it

- Trial and evaluate locality-based planning, in conjunction with local communities.

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Community perceptions of performance for health and human services | The Community Satisfaction Survey achieves a score in this category that is more than or equal to the indexed mean of 77 | Community Satisfaction Survey |

Year 4 Actions – What Action We Are Taking in 2016/17

- Work to increase the capacity of communities to undertake their own local planning and management of community projects and facilities.

Goal - Our Environment

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

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

Conservation of Resources

Strategic Objectives – What we will do

We will use resources more efficiently and effectively.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Our practices show a reduction in the use of energy, waste, paper and water resources | 35% diversion of waste from landfill Overall reduction of 5% 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 Waste Management Strategy | Implementation of year three actions | Council quarterly report |
| Revisions of Environment Strategy | Adoption of Revised Environment Strategy | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

- Continue to monitor Council's energy and natural resource consumption practices.
- Develop a Business Case which investigates viable options to increase the recovery of household and commercial food and organic waste.
- Develop a plan for the Resource Recovery Centres to identify further opportunities to increase recycling and further development of scavenging / reuse (tip) shops.

Protection of the Natural Environment

Strategic Objectives – What we will do

We will protect and enhance the natural environment.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

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

Year 4 Actions – What Action We Are Taking in 2016/17

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

Planning for Future Growth

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------|
| Adoption of environmentally sustainable design principles | The inclusion of environmentally sustainable features in new developments | Council quarterly report |
| Implementation of ongoing changes to the Murrindindi Planning Scheme (MPS) | Implementation of year 4 actions | Murrindindi Planning Scheme |
| Strategic and settlement planning adequately addresses bushfire risk and strengthens community resilience | Implementation of Bushfire protection measures | Murrindindi Planning Scheme |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Asset Management

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Reduction in the infrastructure renewal gap | Develop strategies to ensure resources are appropriately allocated across all asset groups to reduce the infrastructure renewal gap over time. | Council Quarterly Report |
| Delivery of the capital works program | Deliver 95% of annual scheduled Capital Works projects | Council Quarterly Report |
| Defined levels of service for maintenance activities. | Implement draft levels of service for roads and drainage maintenance by June 2017 | Council Quarterly Report |

Year 4 Actions – What Action We Are Taking in 2016/17

- Implement Council's strategy to give greater responsibility to communities for managing infrastructure.
- Continue to incorporate funding opportunities into the consideration of future capital works, with a priority on infrastructure renewal.
- Implement Council's new asset management system.

Goal - Our Economy

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

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

Workforce Development

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------|
| Number of training and/or workforce development initiatives implemented that address needs identified in the Murrindindi Training Needs Analysis 2013 | 2 new initiatives per annum. | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Improving Business Infrastructure

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|--------------------------------------------------------------------------------|-------------------------------------|--------------------------|
| Number of actions implemented from the Council’s Economic Development Strategy | 4 initiatives implemented per annum | Council quarterly report |
| No. of initiatives to improve business infrastructure and service | 2 initiatives per annum | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

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

Investment Attraction

Strategic Objectives – What we will do

We will support local business retention and growth.

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|--------------------------------------------------------------|-----------------------------|-----------------------------------------------------|
| Value of new commercial and industrial building developments | 3% increase per annum | Building Unit Permit approvals – Authority Database |
| Number of investment attraction events/initiatives delivered | 2 per annum | Council quarterly report |

Year 4 Actions – What Action We Are Taking in 2016/17

- Assess proposals for appropriate seed funding to support the establishment of new and expanded businesses or associated development in the Shire.
- Deliver the Murrindindi Investment Prospectus and Plan Smart initiatives.
- Continue to assist Murrindindi Inc. to deliver the Better Business program of business events including the Business Excellence Awards.

Tourism Development

Strategic Objectives – What we will do

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

Strategies – How we will do it

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

Strategic Indicators – How we measure our progress

| Strategic Indicator | What our targets are | Source |
|---------------------------------|------------------------------------------|----------------------------------------------------------------------------------|
| Tourism visitation to the Shire | 3% per annum increase in day trips | Goulburn River Valley Tourism Quarterly Visitors Survey (2 year rolling average) |
| Tourism visitation to the Shire | 3% per annum increase in overnight stays | Goulburn River Valley Tourism Quarterly Visitors Survey (2 year rolling average) |

| | | |
|-------------------------------------------|---------------------------------|-----------------------------|
| Visitation to Visitor Information Centres | 3% per annum increase in visits | Visitor Information Centres |
|-------------------------------------------|---------------------------------|-----------------------------|

Year 4 Actions – What Action We Are Taking in 2016/17

- Complete the 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.
- Continue to support the partnership with Goulburn River Valley Tourism Limited

Supporting Strategic Plans

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:

Legend:

- Denotes Primary Foundation for this goal
- ▽ Denotes Secondary Foundation for this goal

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

Legend:

- Denotes Primary Foundation for this goal
- ▽ Denotes Secondary Foundation for this goal

Our
Economy
Our
Environment
Our
Community
Our
Council

| | | | |
|---------------------------------------------|---|---|---|
| Rural Residential Study | | • | |
| Urban Design Framework Alexandra | • | • | • |
| Urban Design Framework Eildon | • | • | • |
| Urban Design Framework Marysville | • | • | • |
| Urban Design Framework Small Towns | • | • | • |
| Urban Design Framework Yea | • | • | • |
| Yea Township Drainage Network Analysis 2012 | | • | |
| Yea Structure Plan 2015 | ▽ | • | ▽ |



STRATEGIC RESOURCE PLAN 2013 TO 2017 (Final Year Revision)

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (year 2 revision)

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Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)

1. INTRODUCTION

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

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

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

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

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

1.1 Purpose of SRP

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

- Establish a financial framework over the next 4 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved.
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP).

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- Establish a basis to measure Council's adherence to its policies and strategies, and
- Assist Council to comply with sound financial management principles, in accordance with the Local Government Act (1989) and to plan for the long-term financial sustainability of the municipality.

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

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

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



Figure 1: Strategic Resource Plan – Key Strategic Areas

1.2 SRP Assumptions

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

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

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

1.3 Strategic Financial Direction

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

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

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

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

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

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

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)

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

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

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

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

1.4 Key Strategic Directions

The following table highlights the key strategies of this SRP. Each section includes detailed analysis to support the strategies. The key strategies provide direction for the preparation of the 2016/17 Budget.

| Section | Strategic Direction |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Section 3: Murrindindi Shire Financial Indicators | <ol style="list-style-type: none"> 1. That Murrindindi Shire Council continues to benchmark with other Victorian councils and those within the small rural council category. 2. That Council has applied the outcomes of this SRP and of the recent decision of the ESC to the 2016/17 Budget. 3. That in order to reduce ongoing underlying operating deficits, Council is implementing a range of potential measures that took effect from the 2015/16 financial year onwards. |
| Section 5: Capital Works | <ol style="list-style-type: none"> 1. That Murrindindi Shire Council initially focuses capital works on renewal investment based on current service levels and maintaining the majority of assets above desired intervention levels indicated in Table 7 (Section 6.5 Condition Assessment), with the last priority being adding further assets to the Shire. Council will remain reliant on grant funding for new and major end-of-life asset replacement and will be looking to dispose of poorly-utilised assets. |
| Section 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 |

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)

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

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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.

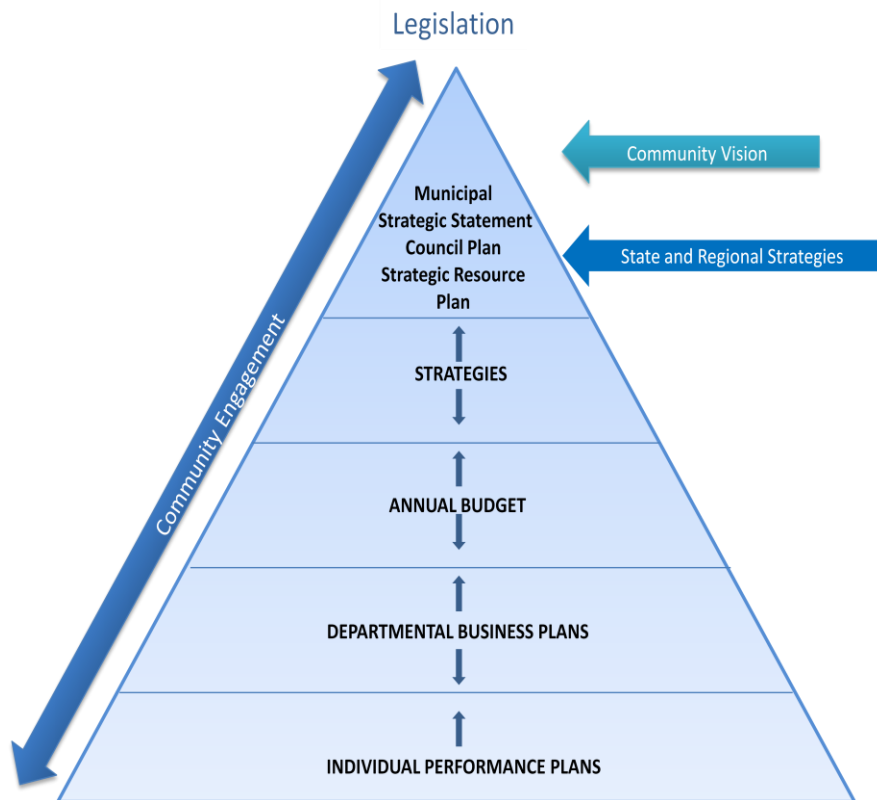


Figure 2: Integrated Planning Framework

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.

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3. MURRINDINDI SHIRE COUNCIL FINANCIAL SUSTAINABILITY

3.1 Introduction

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

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

3.2 Benchmarking

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

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

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

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

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

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

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

3.3 Analysis of Council's Financial Sustainability

3.3.1 Financial Sustainability

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

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

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

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

Underlying Operating Position (Surplus/Deficit)

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

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

Liquidity

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

Rate effort

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

Rates affordability

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

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

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)

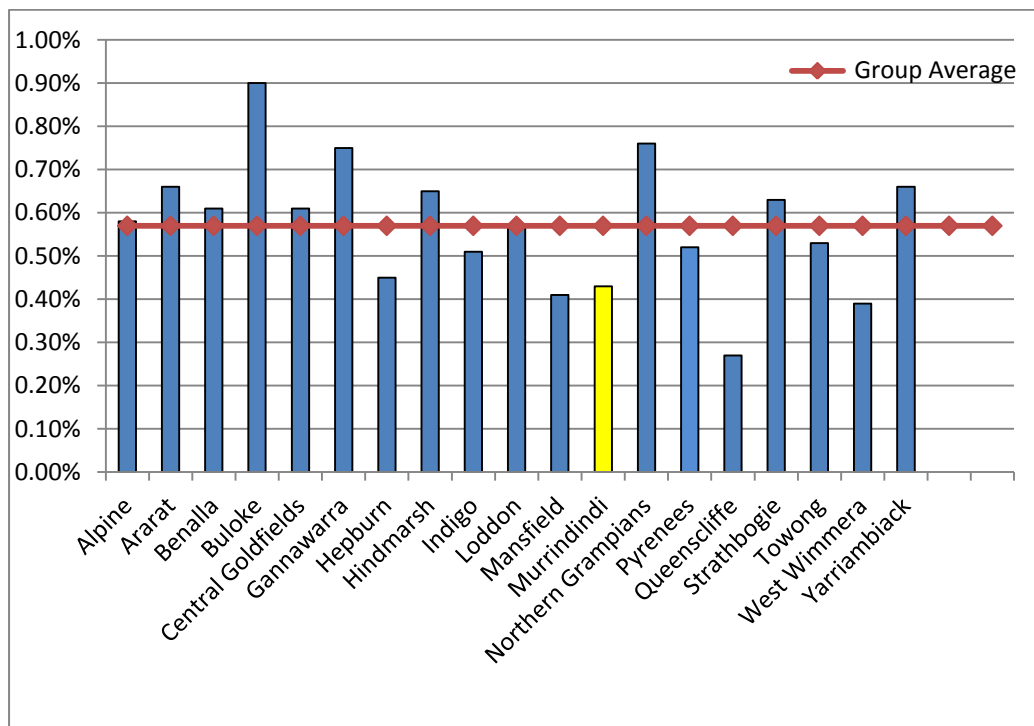


Chart 1: Rates Affordability Small Rural – 2014/15

Population growth

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

3.3.2 Victorian Auditor General

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

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

Risk Ledger

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

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

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)







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

Table 3: Murrindindi Shire Council VAGO Indicators of Council Viability

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

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3.4 Operating Surplus Exclusive of Capital Income and Abnormal Items

One of Murrindindi Shire Council's long-term financial goals is to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the operating statement) and abnormal items such as granted assets.

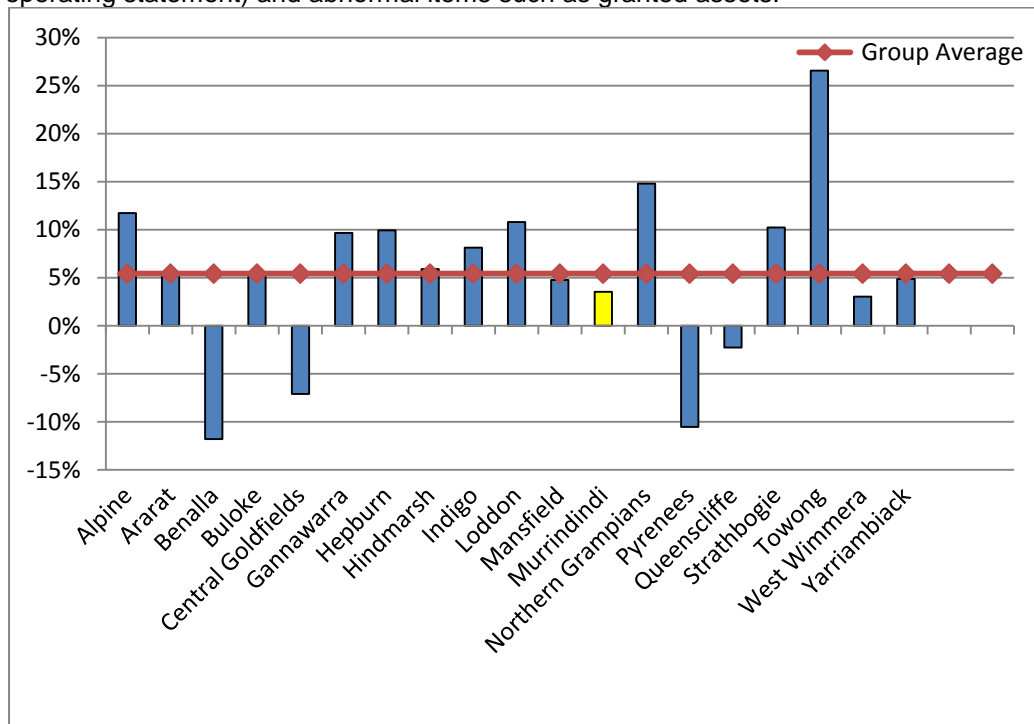


Chart 2: Adjusted Surplus / Deficit – 2014/15

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

3.4.1 Strategic Direction

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

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4. SERVICE PROVISION AND PLANNING

4.1 Introduction

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

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

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

4.1.1 *Departmental Business & Operation Plans*

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

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

4.1.2 *Murrindindi Shire Council Budget*

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

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

4.1.3 *Benchmarking Murrindindi Shire Council Financial Performance*

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

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

4.2 Conclusion

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

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

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5. CAPITAL WORKS PROGRAM

5.1 Introduction

This section includes:

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

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

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

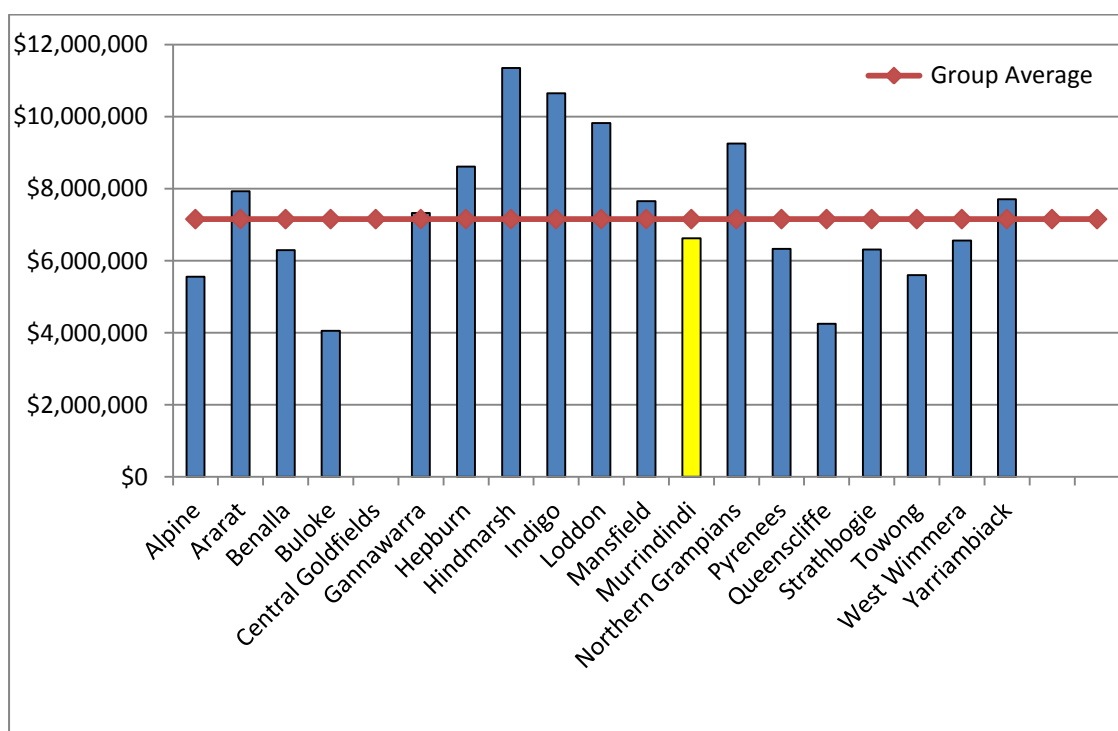


Chart 3: Capital Expenditure per Capital Works Statement – 2014/15

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

5.2 Level and Nature of Capital Works

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

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

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

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

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

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

5.3 2016/17 Capital Investment Levels

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

Table 4: Capital Works Summary – 2016/17

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

5.4 Capital Funding Sources

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

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

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

5.5 Conclusion

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

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

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

5.5.1 Strategic Direction

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

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6. ASSET MANAGEMENT

6.1 Introduction

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

This section includes:

- Background to Council's total asset portfolio at 30 June 2016.
- Summary of fixed assets.
- Key questions to determine service level/investment.
- Sustainability index.
- Condition assessments.
- Strategic asset management, and
- Future asset management.

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

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

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

Non-current assets consist of Council's debtor accounts not expected to be collected in the coming 12 months and Council's fixed assets. Fixed assets consist of land, buildings, plants, furniture, roads, paths, trails, drains, playgrounds, pools and other similar infrastructure assets. The projected total value of fixed assets at 30 June 2016 is \$305.699 million. The balance of this section will focus on the fixed assets and the management strategies that Council is pursuing.

6.3 Summary of Fixed Assets

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

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

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

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

Table 5: Fixed Assets – 2015/16

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 – 2015/16

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

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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 framework to readily monitor asset condition and performance and to:

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

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

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

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| | |
|--------------------------------------|-----|
| Community Build Roof Structure | 8.0 |
| Community Build Mechanical Services | 8.0 |
| Community Build Building Fit Out | 8.0 |
| Playground Equipment | 7.0 |
| Corporate Build Structure Long-Life | 8.0 |
| Corporate Build Structure Short-Life | 8.0 |
| Corporate Build Roof-Structure | 8.0 |
| Corporate Build Mechanical-Services | 8.0 |
| Corporate Build Building Fit-Out | 8.0 |

Table 7: Asset Condition Intervention Levels– 2015/16

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

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

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

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

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

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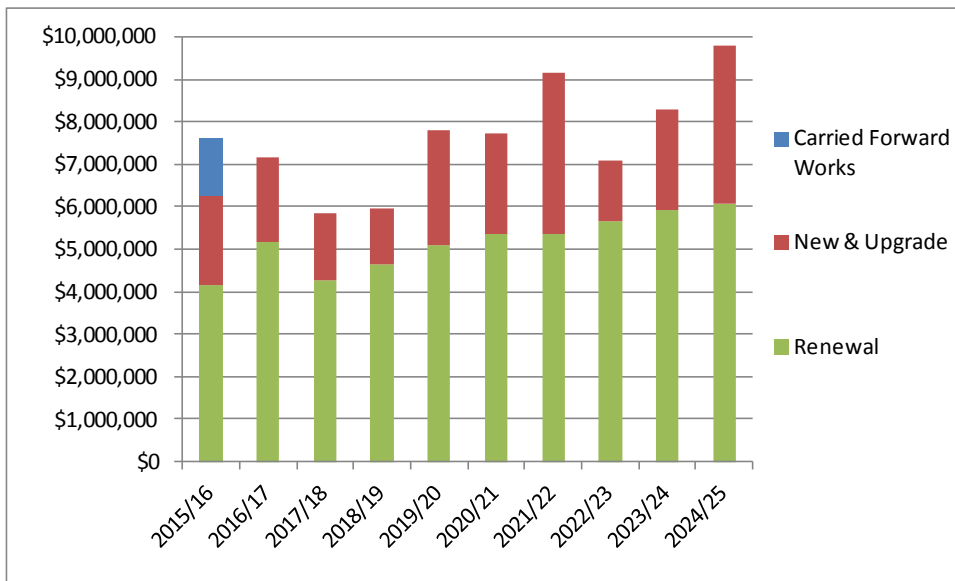


Chart 4: 10 Year Capital Works Program – 2016/17 – 2024/25

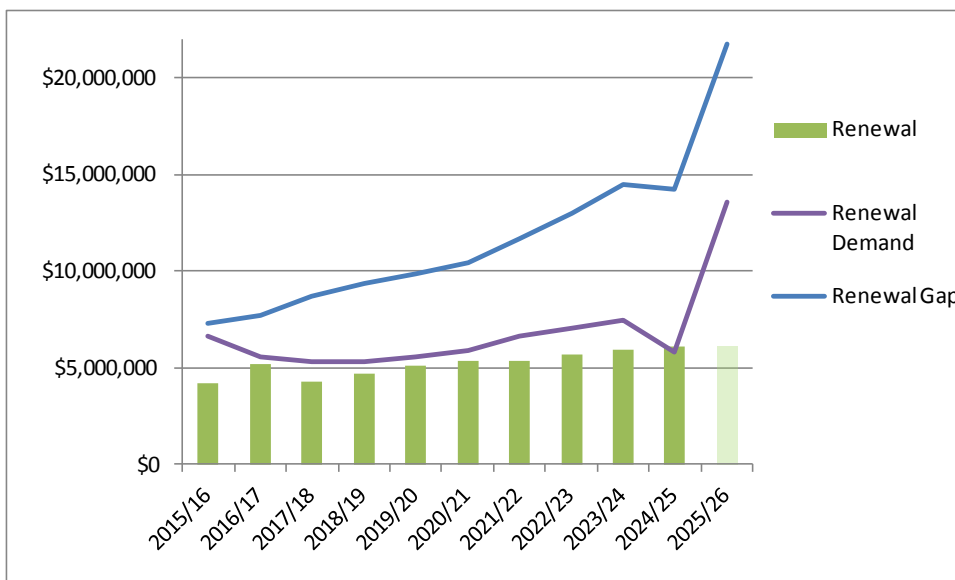


Chart 5: Proposed / Predicted Renewal Expenditure Chart – 2025/26

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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.

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

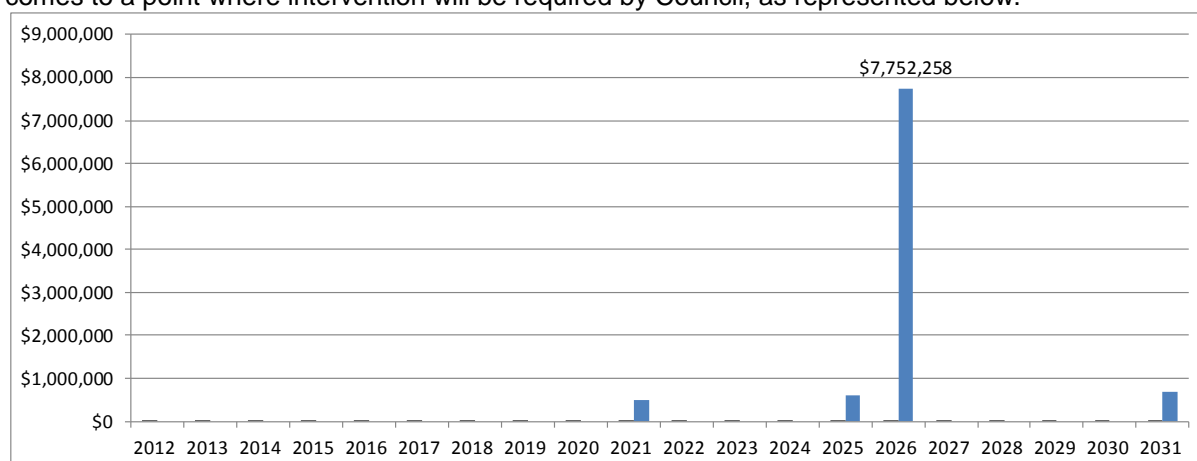
In addition to these broader political and macroeconomic pressures that local government faces in appropriately managing its public infrastructure, Murrindindi Shire Council has had to deal with the largest natural disaster in the country's history, which had the additional consequence of adding the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

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

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

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

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



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

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

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7. LONG-TERM BORROWING STRATEGIES

This section includes:

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

7.1 Appropriate level of debt

Deciding on a prudent debt level is a difficult task.

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

The following factors are important issues for Council:

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

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

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

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

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

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

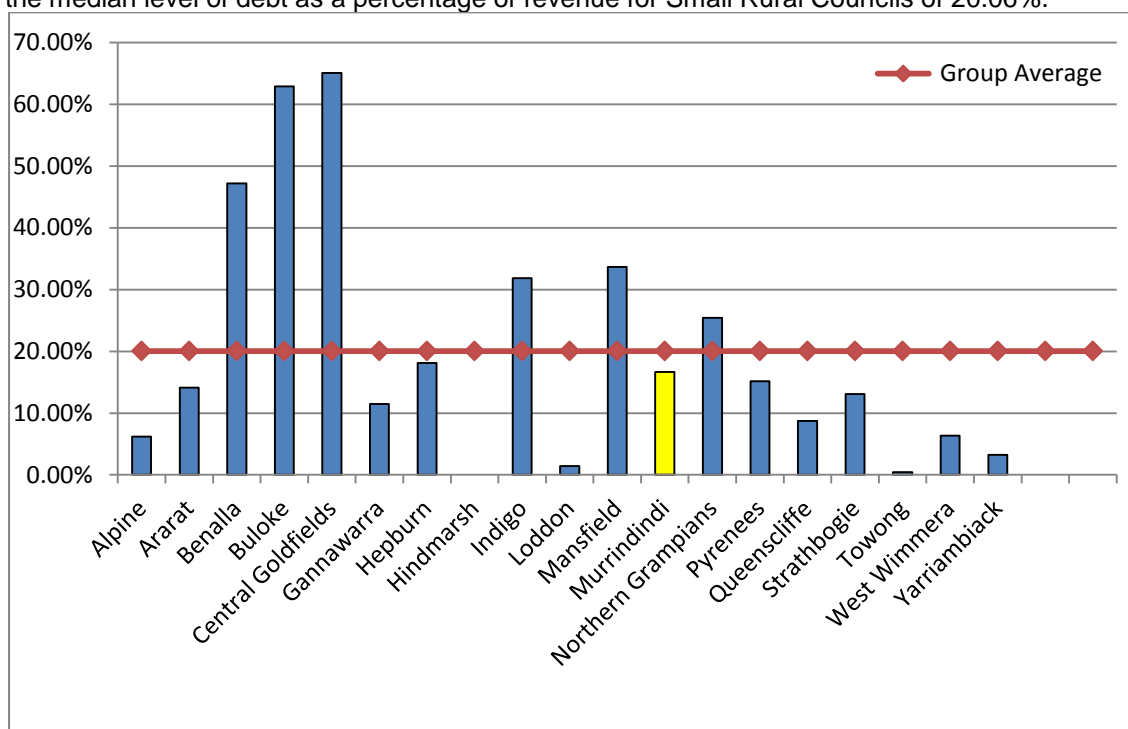


Chart 6: Debt Exposure Ratio – 2014/15

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

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

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

Table 10: Council's Interest Bearing Liabilities

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7.2 Borrowing Assessment Policy

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

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

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

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

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

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

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

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

7.3 Financial Indicators

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

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

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

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

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

7.3.1 Liquidity

How measured Current assets over current liabilities

Threshold 110% or higher

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

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

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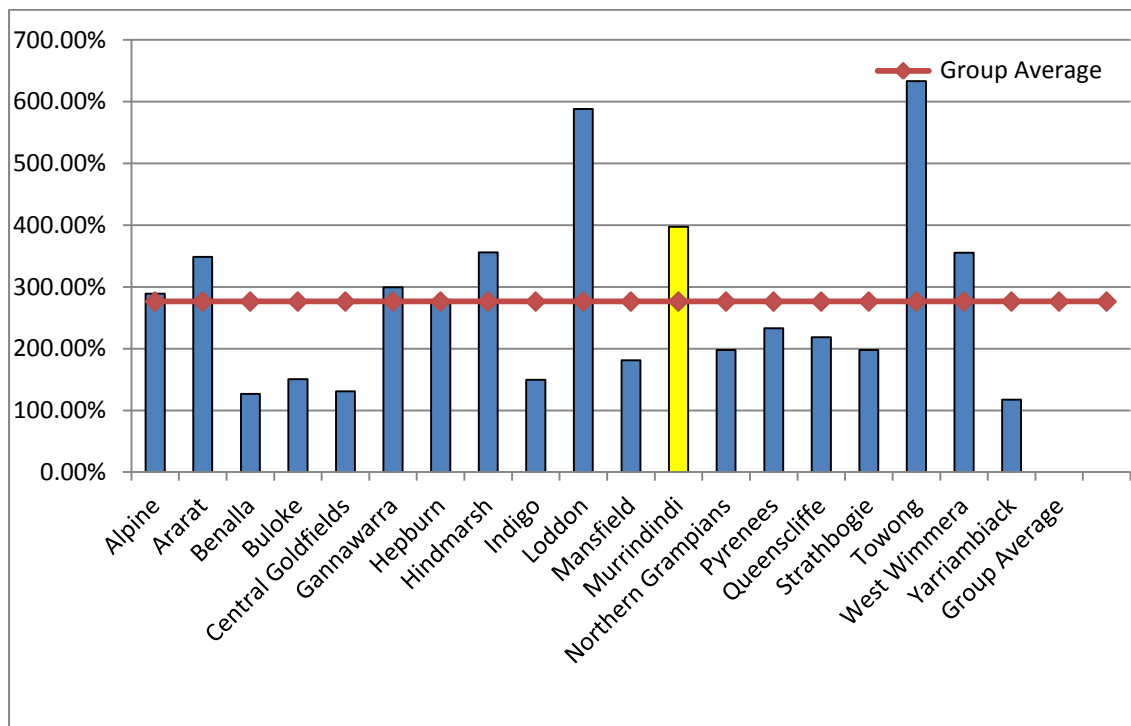


Chart 7: Current Assets / Current Liabilities – 2014/15

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

7.3.2 Debt Exposure

How measured Total liabilities over total realisable assets

Threshold 50 percent or below

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

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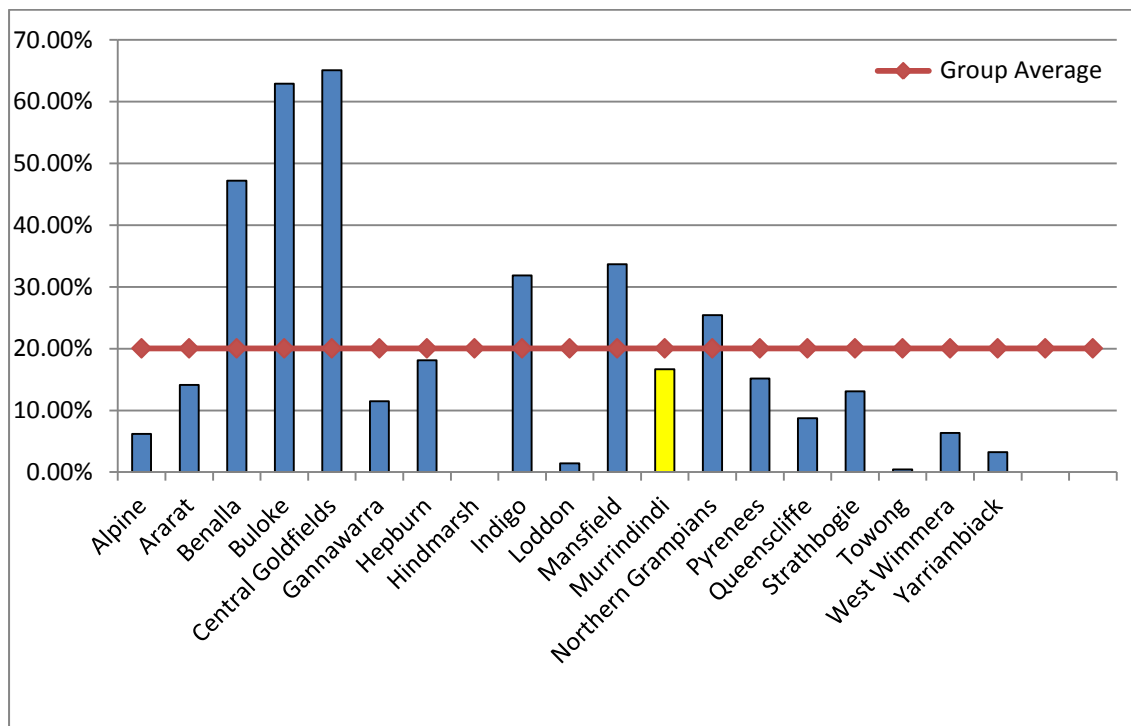


Chart 8: Indebtedness Ratio – 2014/2015

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

7.3.3 Debt Management

How measured Total debt as a percentage of rate revenue

Threshold 80 percent or below

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

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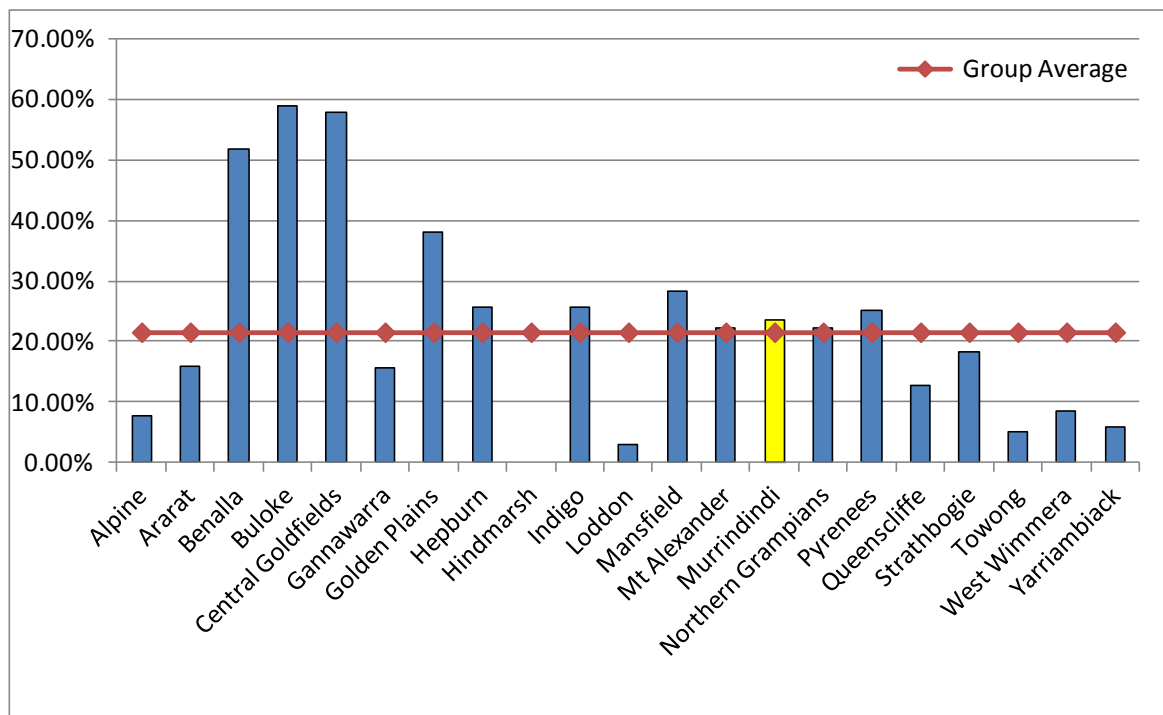


Chart 9: Total Debt as a Percentage of Rate Revenue – 2014/15

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

7.4 Prudent Debt Levels

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

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

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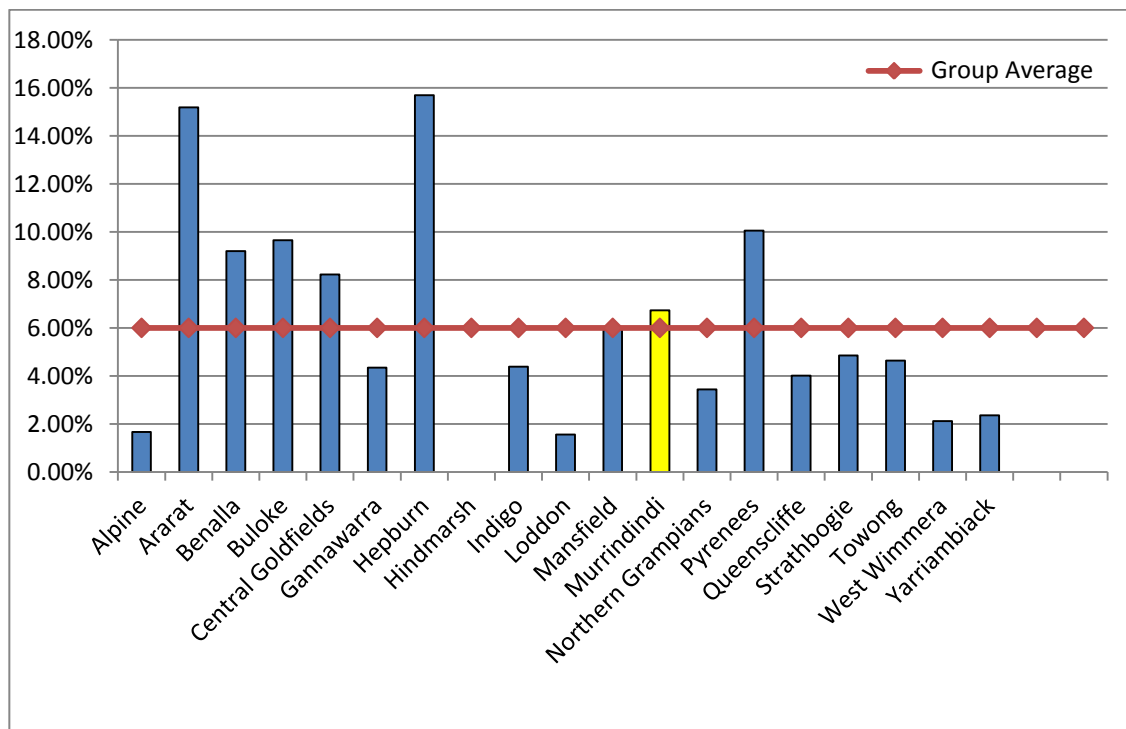


Chart 10: Debt Commitment Ratio (per assessment) – 2014/15

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

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

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

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

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

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7.5 Future Loan Program

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

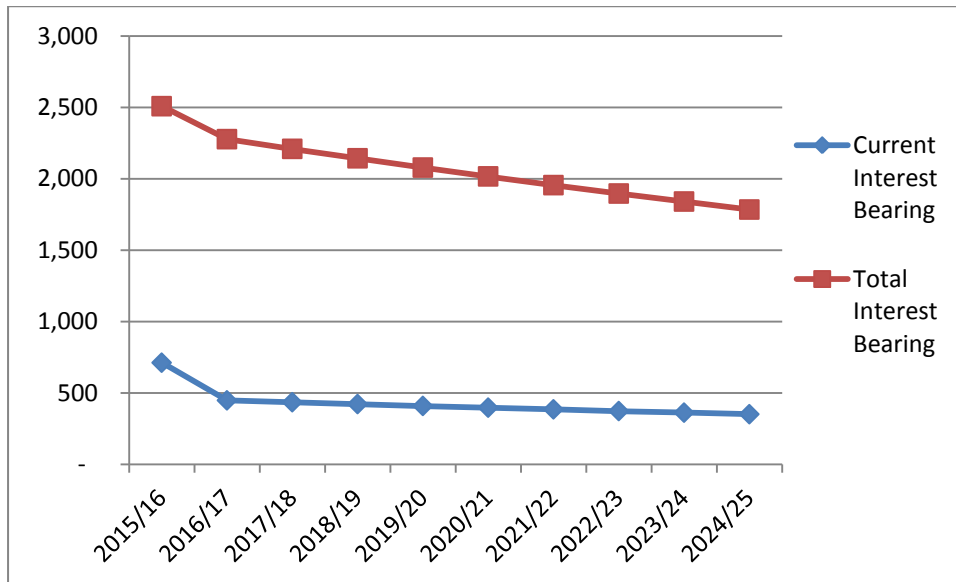


Chart 11: Total and Current Interest bearing Liabilities – 2015/16 – 2024/25

7.5.1 Strategic Direction

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

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8. RESTRICTED ASSETS

8.1 Introduction

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

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

8.2 Nature and Purpose of Restricted Assets

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

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

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

8.2.1 Long Service leave

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

8.2.2 Developer Contributions

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

8.2.3 Waste Reserve

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

8.2.4 Notional Reserves, Amounts held in Trust

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

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

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

Table 12: Restricted Assets – 2015/16

8.2.5 Strategic Direction

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

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9. RATING AND OTHER REVENUE STRATEGIES

9.1 Introduction

This section includes:

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

9.2 Valuations

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

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

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

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

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

9.2.1 Definitions of valuations

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

- flexibility to apply an unlimited range of strategic differentials.
- does not prejudice the industrial, commercial and retail sectors in terms of the rate burden, and
- is easier for people to understand.

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

- Site value (SV) which is the market value of land excluding improvements, and

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- Net annual value (NAV) which represents the reasonable annual rental of a property, minus specified outgoings. In most cases this is five percent of the CIV.

9.2.2 *Supplementary valuations*

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

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

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

9.2.3 *Components of Council's Rating Base*

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

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

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

9.2.4 *Assessment of Current Rating Levels*

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

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

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

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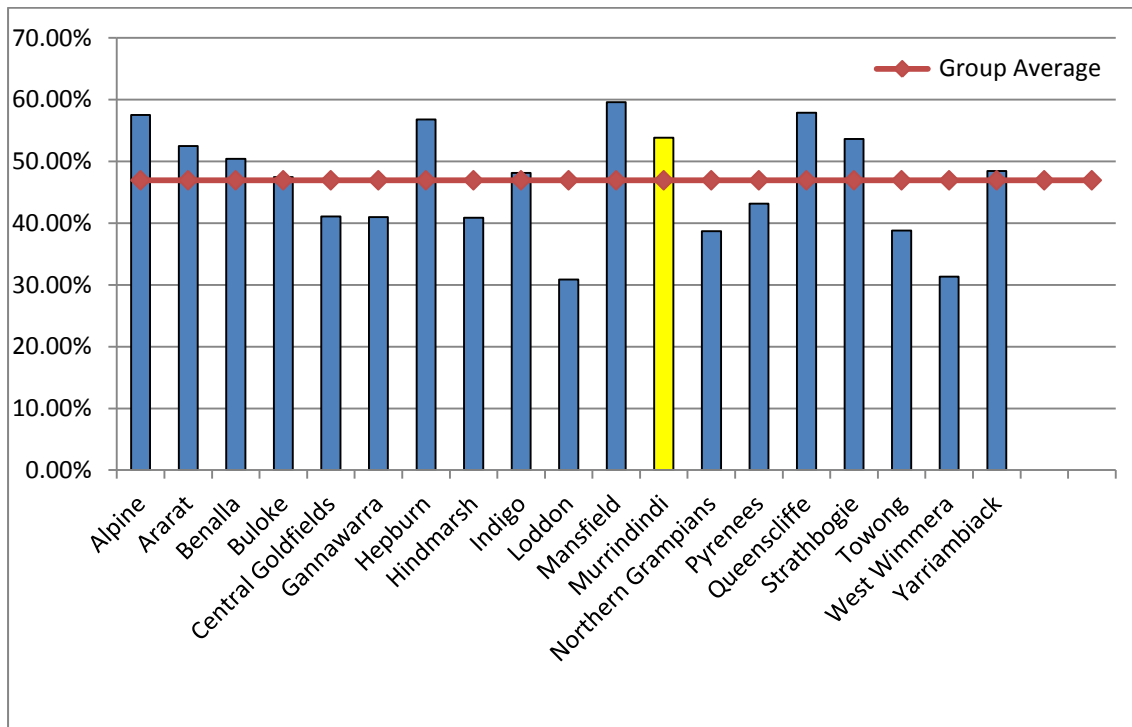


Chart 4: Rates as % of Total Revenue– 2014/15

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

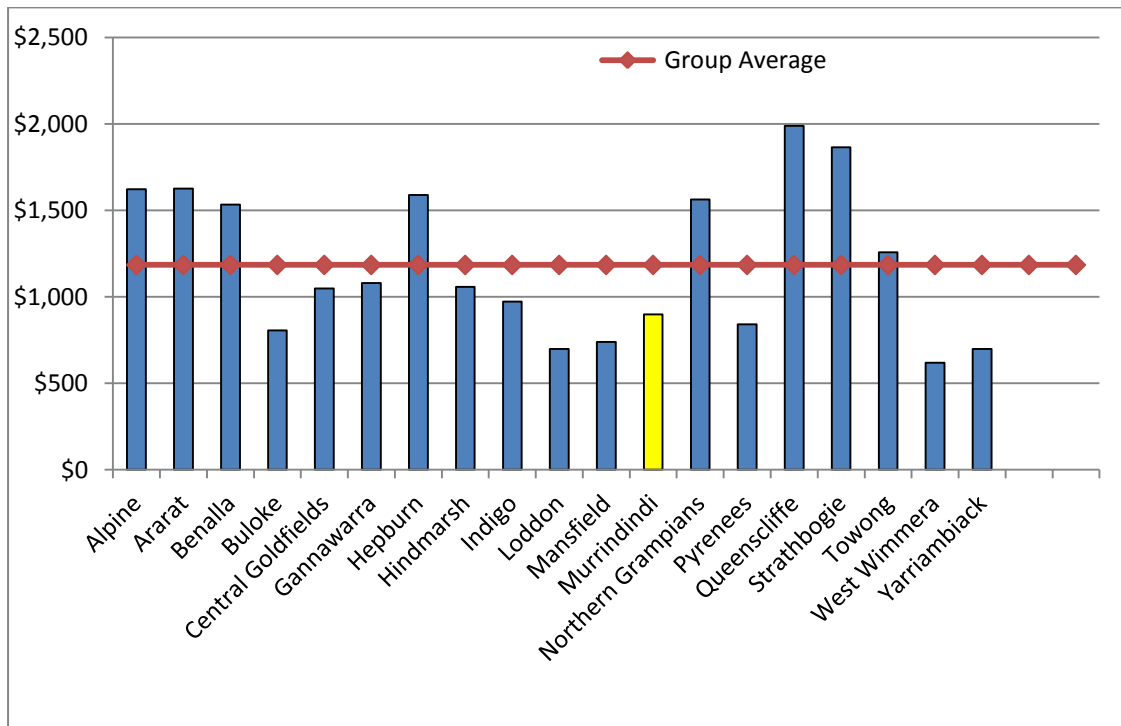


Chart 5: Rates Per Assessment – 2014/15

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

9.2.5 Background to the Present Rating System

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

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

Table 13: Rates and Charges Annualised – 2016/17

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

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

Table 14: Individual Rates Annualised 2016/17

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9.2.6 Rating Strategy

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

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

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

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

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

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

The proposed principles below are further explained in Appendix A:

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

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

9.2.7 Rates and Charges Budget – 2016/17

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

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

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

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

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

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

9.2.8 Waste Service Charges – 2016/17

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

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

Murrindindi Shire Council's Waste Services include¹:

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

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

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

Table 15: Projected Garbage Charges 2016/17

9.2.9 Grant Revenue

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

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

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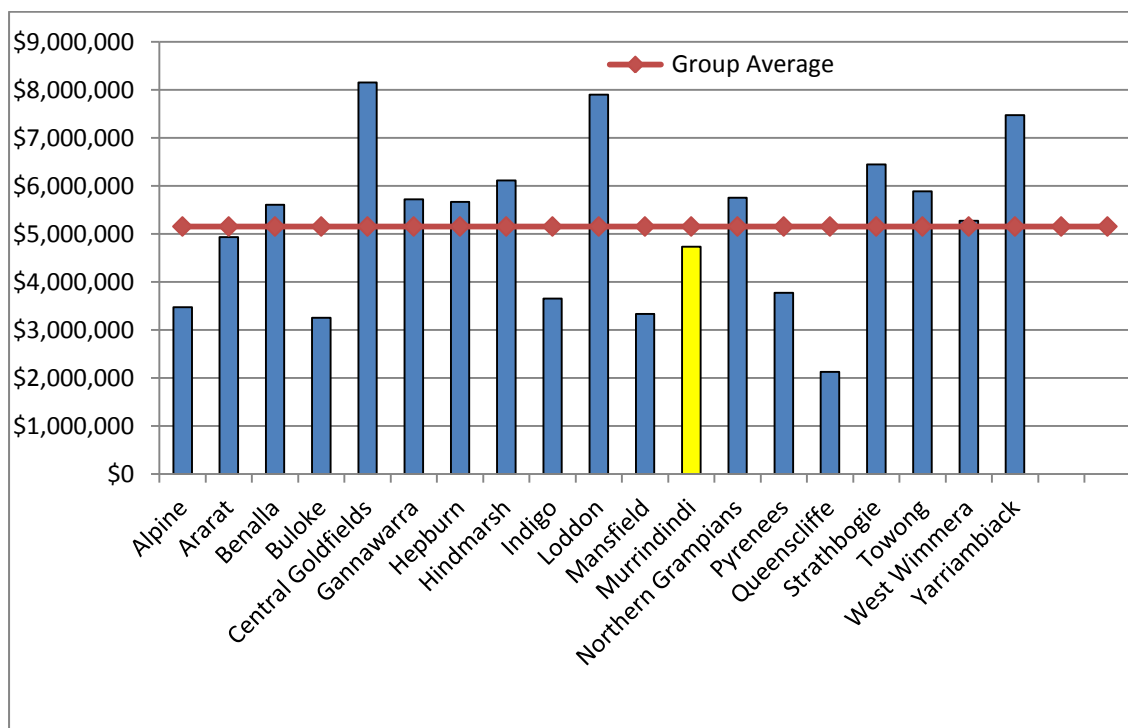


Chart 6: Recurrent Grants – 2014/15

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

9.2.10 Strategic Direction

That Murrindindi Shire Council:

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

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10. HUMAN RESOURCES

10.1 Human Resources

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

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

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

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

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

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

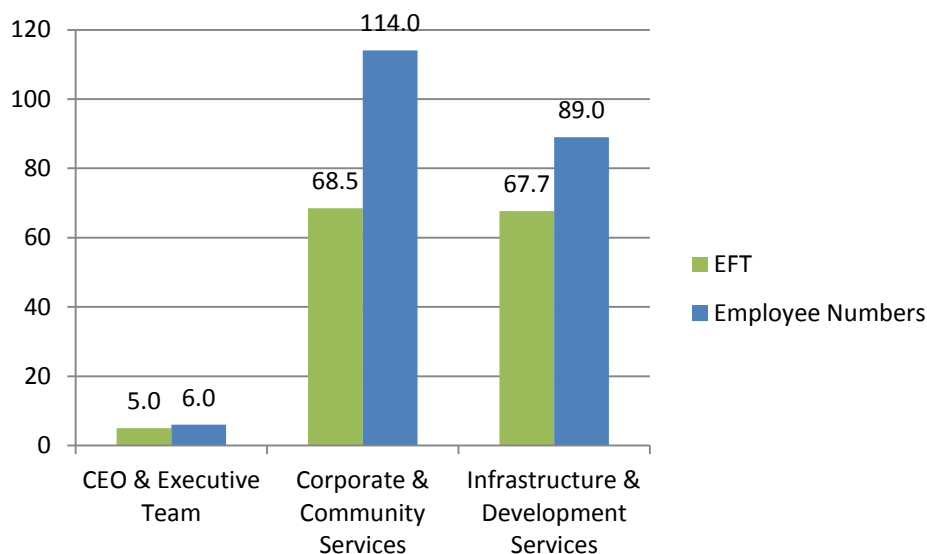


Chart 16: Current Staff Numbers: Actual and EFT

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

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

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

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114 staff (68.5 EFT)

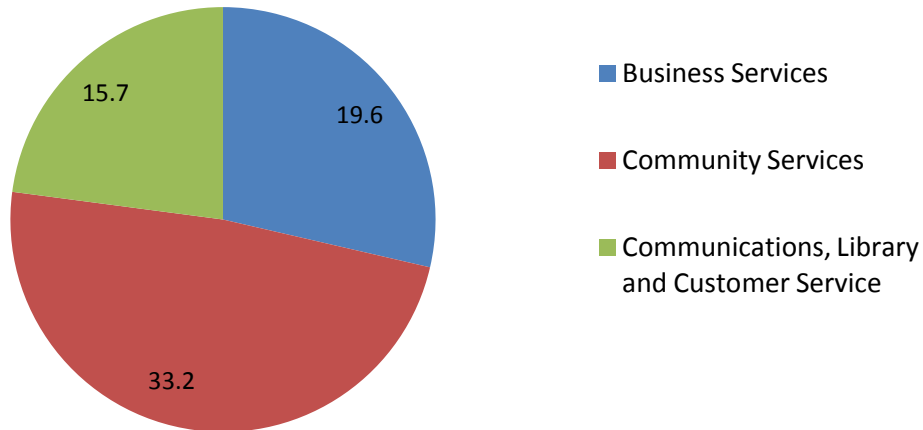


Chart 7: Corporate and Community Services

89 staff (67.7 EFT)

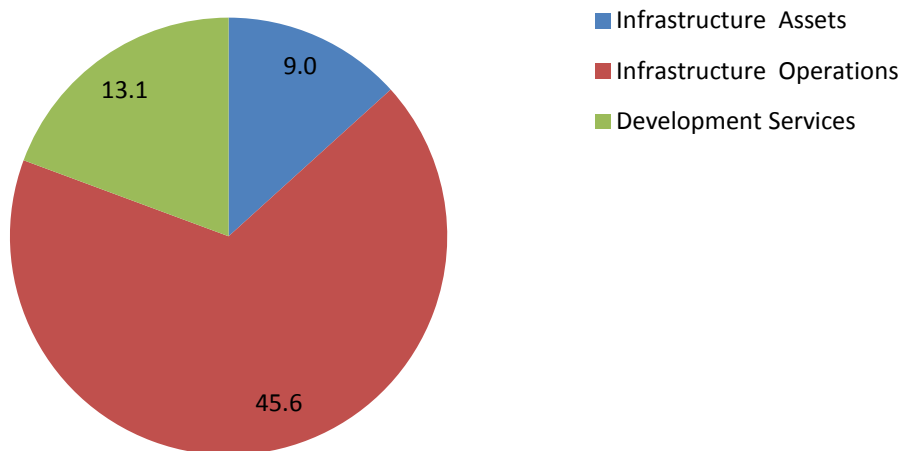
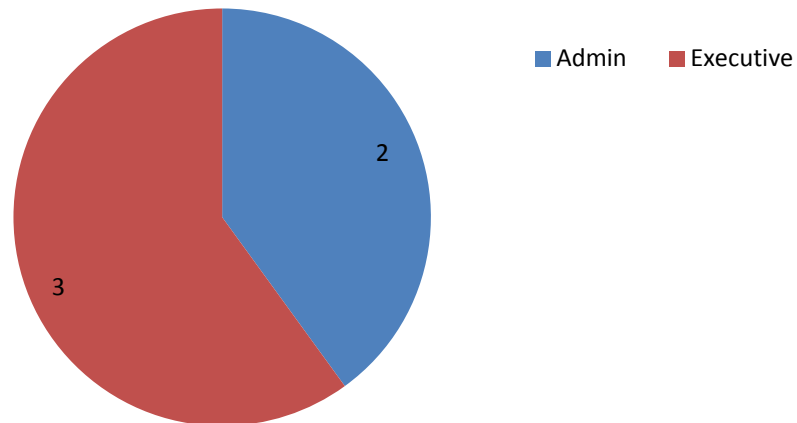


Chart 8: Infrastructure & Development Services

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6 staff (5.0 EFT)

**Chart 9: CEO Office and Executive Management Team****10.2 Strategic Direction**

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

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11. STRATEGIC FINANCIAL PLAN

11.1 Introduction

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

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

This section includes:

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

11.2 Modelling Methodology

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

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

11.3 Financial Assumptions

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

11.3.1 Labour and on-costs

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

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

Table 16: Labour and On-Costs

11.3.2 Depreciation

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

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11.3.3 Materials and Services

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

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

11.3.5 Debt servicing and redemption

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

11.3.6 Written-down values of assets sold

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

11.3.7 Rate revenue

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

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

11.3.8 Service charges

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

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

11.3.9 Grant revenue

An allowance of \$7.04 million has been made for operating grant revenue for services and projects in 2016/17. In broad terms, a 2.50 percent per annum increase over successive years has been allowed for operating grants reflecting the nature of this revenue type, which has seldom increased by CPI across the board. Reimbursements from the State Revenue Office for land valuations have also been included in the appropriate years. The Victorian Grants Commission Grant which was previously indexed to cover inflationary pressures has now been set at 2013/14 levels until at least 2017. Recent Federal budget indications are that indexing will resume from 2017/18, however given the 2016 Federal election, the certainty of any such future estimate is uncertain at this stage.

11.3.10 Fees and charges

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

11.3.11 Statutory Fees and Fines

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

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11.3.12 Interest on investments

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

11.3.13 Proceeds from sale of assets

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

11.3.14 Capital grants

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

11.3.15 Granted assets

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

The level of granted assets is forecast to continue at low-levels based on predicted levels of property development. However, estimates beyond 2016/17 are not based on any reliable data at this point. While granted assets add to Council's overall asset base, they also add to the future obligations to maintain and replace these assets at the end of their useful lives.

11.3.16 Capital expenditure

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

11.4 Conclusion

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

11.4.1 Strategic Direction

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

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

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

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

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

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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.

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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. |

Murrindindi Shire Council Strategic Resource Plan 2013 / 2017 (final year revision)**14. APPENDIX C - STANDARD FINANCIAL STATEMENTS**

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

The Standard Statements include the:

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

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

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Budgeted Comprehensive Income Statement

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

Budgeted Balance Sheet

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

Budgeted Statement of Changes in Equity

| | Forecast Actual | Budget | SRP | SRP | SRP | SRP | SRP | SRP | SRP | SRP | SRP |
|---------------------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Accumulated Surplus | 126,127 | 124,782 | 125,190 | 125,593 | 125,990 | 126,354 | 126,688 | 126,854 | 126,845 | 126,605 | 126,122 |
| Waste Reserve | 5,004 | 5,909 | 3,686 | 4,385 | 5,160 | 4,282 | 3,892 | 2,568 | 2,873 | 2,745 | 1,786 |
| Yea Saleyards Reserve | 323 | 363 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Marysville Caravan Park Reserve | 143 | 188 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Yea Caravan Park Reserve | 0 | 49 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Public Open Space Reserve | 452 | 477 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Unfunded Superannuation Reserve | 900 | 1,050 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Future Capital Works Reserves | 6,183 | 6,465 | 6,860 | 7,232 | 7,588 | 7,963 | 8,316 | 8,686 | 9,030 | 9,387 | 9,713 |
| Asset Revaluation Reserve | 180,246 | 180,096 | 180,234 | 177,731 | 175,204 | 174,375 | 173,142 | 172,892 | 171,239 | 170,122 | 170,129 |
| Total Equity | 319,378 | 319,379 | 318,320 | 317,291 | 316,292 | 315,324 | 314,388 | 313,350 | 312,337 | 311,208 | 310,100 |

Budgeted Statement of Cash Flows

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

Budgeted Statement of Capital Works

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