



AGENDA  
of the  
SPECIAL MEETING OF COUNCIL  
to be held on  
WEDNESDAY 15 MAY 2013  
in the  
ALEXANDRA COUNCIL CHAMBERS  
commencing at  
6.00 pm

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**1. PRAYER****2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE****3. DISCLOSURE OF INTEREST OR CONFLICT OF INTEREST**

File No: 12/01/05

**4. OPEN FORUM****5. DRAFT BUDGET 2013-2014**

File No: 24/03/1314A

*(Refer Encl 5 – Draft Budget 2013-2014)****Purpose:***

The purpose of this report is to provide Council with the Draft 2013-14 Budget document for review.

***Recommendation:***

1. That Council prepare the 2013-14 Proposed Budget for the purposes of Section 127 of the *Local Government Act 1989*;
  - a. The Budget annexed to this Resolution and initialled by the Chairperson for identification, is the Budget prepared by Council for the purposes of section 127 of the *Local Government Act 1989*;
  - b. The Chief Executive Officer be authorised to:
    - (i) Give Public Notice in the newspapers detailed below that the proposed Budget, in accordance with section 129 of the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*;
    - (ii) Make available for public inspection the information required to be made available by the Act and Regulations.
    - (iii) That pursuant to Section 129(3) (b) of the *Local Government Act 1989* Council prescribes the following places for display of prescribed information required under Regulation 16:
      - Alexandra Council Office, Perkins Street, Alexandra 3714
      - Kinglake Council Office, 19 Whittlesea-Kinglake Road, Kinglake 3763
      - Yea Council Office, Civic Centre, Semi Circle, Yea 3717
      - Eildon Resources Centre Main Street Eildon 3779
      - Marysville Visitor Information Centre, 5 Murchison Street Marysville 3779

- c. Council consider submissions on a proposal (or proposals) contained in the Budget made in accordance with section 223 of the *Local Government Act 1989* at the Special Meeting of Council on Thursday 20 June 2013 commencing at 7.00 pm at the Alexandra Council Chambers.
- d. A Special Meeting of Council be held on Thursday 20 June 2013 commencing at 7.00 pm at the Alexandra Council Chambers, should any person wish to be heard in support of their submission to the Proposed Budget.
- e. That following the consideration of all written and verbal submissions, the 2013-14 Budget be presented to an Ordinary Meeting of Council to be held on Wednesday 26 June 2013 commencing at 6.00 pm at the Marysville Community Centre, Falls Road, Marysville.
2. That Council formally propose the following rates and charges for the 2013-14 financial year:

**Amount intended to be raised:**

- a. An amount of \$15,646,386 be declared as the amount which Council intends to be raised by general rates and the municipal charge and annual service charges later described in the Resolution, which amount is calculated as follows:-

	\$
General Rate	10,846,473
Municipal Charge	2,514,498
Garbage Service Charge	1,840,590
Recycling Service Charge	<u>444,825</u>
	15,646,386

- b. 1) A general rate be declared for the period commencing 1 July 2013 and concluding on 30 June 2014.
- 2) It be further declared that, subject to paragraph 5 in this Part, the general rate be raised by the application of a uniform rate.
- 3) A percentage of 0.3286% be specified as the percentage of the uniform rate (which percentage may be alternatively expressed as 0.3286 cents in the dollar).
- 4) It be confirmed that the general rate for all rateable land within the municipal district be determined by multiplying the Capital Improved Value of each rateable land assessment by that percentage (so that the amount payable be 0.3286 cents in the dollar of the Capital Improved Value).
- 5) (i) It be recorded that Council considers that a differential rate will contribute to the equitable and efficient carrying out of Council functions.
- (ii) A differential rate be declared for that rateable land having characteristics specified below which characteristics will form the criteria of the differential rate so declared:
- Rural 1 Land
- “Rural 1 Land” means any rateable land, which is not less than 40 hectares in area and shall include non-contiguous assessments within the Shire operated as a single farming enterprise.

- (iii) The differential rate be determined by multiplying the Capital Improved Value of the rateable land categorized in paragraph (ii), by the percentage indicated on the following table: -

Category %

1. Rural 1 land 0.2464% (75% of General Rate)
- (iv) It is further recorded that the objective of the differential rate are those objectives specified below:-  
*Rural 1 Land:* To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council including the construction and maintenance of public infrastructure, the development and provision of health and community services, the provision of general support services and to recognise the capital intensive nature of farming within the Shire and limited access to some Council services.

- 6) It be confirmed that no amount is fixed as the minimum amount payable by way of general rate in respect of each rateable land assessment within the municipal district.

#### Municipal Charge

- c. 1) A municipal charge to be declared for the period commencing 1 July 2013 and concluding on 30 June 2014.
- 2) The municipal charge be declared for the purpose of covering some of the administrative costs of Council.
- 3) The municipal charge be the sum of \$274.00 for each rateable land assessment (or part) in respect of which a municipal charge may be levied.
- 4) It be confirmed that the municipal charge is declared in respect of all rateable land within the municipal district in respect of which a municipal charge may be levied.

#### Service Rate Charge

- d. 1) Annual service charges be declared for the period commencing on 1 July 2013 and concluding on 30 June 2014.
- 2) The annual service charges be declared for: -  
*Garbage Services*  
*Charge Criteria:*
- \$306.00 All occupied residential properties (as defined and unless covered by other garbage service definitions) for a 1 x 120 litre mobile garbage bin to be provided by Council.
- \$306.00 All occupied commercial properties (as defined and unless covered by other garbage service definitions) for a 1 x 120 litre mobile garbage bin to be provided by Council. 75% of charge to be waived upon production of satisfactory evidence to Council that an alternative waste disposal arrangement is in operation.

- \$306.00 Rural properties (as defined and unless covered by other garbage service definitions) receiving a garbage collection for a 1 x 120 litre mobile garbage bin to be provided by Council.**
- \$306.00 Common garbage collection points receiving a garbage collection of 1 x 120 litre mobile garbage bin, to be provided by Council.**
- \$306.00 All occupied properties within the Taylor Bay area which have access to the garbage collection service.**

**3) The annual service charges be declared for:**

***Recycling Services***

***Charge Criteria:***

- \$75.00 All occupied residential properties (as defined) for a 1 x 240 litre recycling bin to be provided by Council.**
- \$75.00 All occupied commercial properties (as defined) for a 1 x 240 litre recycling bin to be provided by Council. 75% of charge to be waived upon production of satisfactory evidence to Council that an alternative waste disposal arrangement is in operation.**
- \$75.00 Rural properties (as defined) receiving a garbage and recycling collection for a 1 x 240 litre recycling bin to be provided by Council.**
- \$75.00 Common recycling collection points receiving a recycling collection for a 1 x 240 litre recycling bin, to be provided by Council.**

**Note: properties within the Taylor Bay area do not have access to the recycling collection service.**

- e. The Rate Collector of Council be authorised to levy and recover the general rates and the municipal charge and annual service charges described earlier in this Resolution in accordance with the *Local Government Act 1989*.**
- f. Council advertise its intention to adopt the above differential rates in accordance with the relevant provisions of the *Local Government Act 1989* in the publications listed below.**

***Background:***

The development of the financial budget is part of a cyclical process that begins with the review of the Council Plan, a four year blue print for Council activities. Council has prepared a draft Council Plan (2013-17). Following on from that process, review occurs of the Strategic Resource Plan (SRP), which ensures resource allocation is able to service Council's long term activities and initiatives. The SRP and its underpinning strategies inform the budget development process. The annual budget is a one year financial plan that considers SRP activities, current influences and any new initiatives.

The 2013-14 Draft Budget has been developed in recognition of the SRP requirements identified to date and Council's underlying commitment to make Murrindindi Shire the best possible place to live, work and raise a family. Included in the draft budget are the once off and recurrent effects of the Service Review, following adoption by Council of specific recommendations on 27 February 2012 which influenced both the operating and capital aspects of the incumbent financial year and subsequent years in the Long Term Financial Plan.

The draft budget balances the need to deliver infrastructure and services while also providing the best possible value for residents and recognising the need for careful ongoing financial management.

The process of development of the Strategic Resource Plan, out of the Long Term Financial Plan has been completed and the draft budget is proposed as finalised.

***Council Plan/Strategies:***

The Budget is the financial output of funding normal operations and the initiatives detailed in the development Council Plan for 2013-17 (incorporating the SRP).

***Legal/Policy Issues:***

The Budget is legislated under Section 127 of the *Local Government Act 1989* (the Act).

***Financial/Resources/Risk***

The proposed draft budget for 2013-14 is conservative in its scope of discretionary spending, providing a responsible and viable financial plan for the ensuing year.

In consequence to delivering a small potential surplus of \$39k, Council will not be undertaking any new initiatives, thereby limiting to some extent its short and medium term ability to provide additional services required and to enhance its current operating capacity.

***Discussion:***

The 2013-14 Draft Operating and Capital Budget ultimately details resource and project priorities.

The resultant draft budget produces a modest surplus of \$39k. The underlying result which excludes capital income from the operating statement indicates a deficit of \$4.81M, as compared to the forecast 2012-13 figure of \$7.01M. This is generally reflective of the fiscal restraint exercised across the organisation and of a period where minimal additional revenue can be derived from rates. The improvement in the underlying result has been achieved despite the increasing depreciation cost of \$374k for 2013-14.

The development of the new Council Plan (2013-17) has seen a consolidation of goals to four in number, namely:

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

It is a statutory requirement for Council to present in the budget document a representation of how operating expenditure is allocated over the key elements of the Council Plan. Accordingly, Council Officers have aligned all operating accounts to the four goals established in the Council Plan. As the operations of Divisions within Council straddle all four goals, there is not necessarily a direct correlation for what was budgeted by divisions to each Council Plan goal.

The following overview at Table 1 is provided with respect to the make up of the draft budget as allocated across the four goals. It should be noted that the total of income and expenditure together with the net figure expressed in Table 1 reconciles to the table provided on Page 20 of the Draft Budget and the Budgeted Standard Income Statement on Page 44 of Attachment 1 (Draft Budget).

**Table 1 – Summary of allocated operating budget across Council Plan Goals**

Goal	Income	Expenditure	Net
Our Community	2,661	(6,087)	(3,426)
Our Environment	11,472	(19,670)	(8,198)
Our Economy	636	(1,217)	581
Our Council	16,386	(4,142)	12,244
<b>TOTAL (agrees to Standard Statement A)</b>	<b>31,155</b>	<b>31,116</b>	<b>39</b>

### **Draft Budget and Key assumptions**

#### **1. Income Statement**

The Income Statement proposed for the 2013-14 budget year indicates a modest surplus of \$39k, as per Table 1. In terms of revenue, rates and non recurrent grants form the biggest components, comprising 50% and 26% respectively of total income of \$31M. The key change from last year's income statement is there is no additional non cash contribution (\$16,000k – representing the value of the rail trail).

Operating and Capital savings from the Services Review have been factored into the 2013-14 Budget.

There is no provision to service any new initiatives this financial year.

The data presented in Tables 2 and 3 below provides a comparison of budget changes between the 2012-13 and 2013-14 financial years. The notes associated with each table outline the main reasons for variations. They also incorporate the key budget influences applicable to the various lines in the Standard Statements.

Table 2 provides the comparison with operating income between the 2012-13 and 2013-14 financial years as per Page 26 in the Draft Budget.

**Table 2 – Comparative summary of Operating Income Components**

	Note	Forecast	Budget	Variance
		2012-13	2013-14	
Revenue Types		\$'000	\$'000	\$'000
Rates and charges	1	14,639	15,646	1,007
Rate Assistance Package	2	482	-	(482)
Special Charge Scheme	3	-	108	108
Statutory fees and fines	4	576	598	22
User fees	5	2,180	2,056	(124)
Grants – Recurrent	6	3,802	6,192	2,390
Grants – Non-Recurrent	7	10,932	5,665	(5,267)
Interest	8	620	256	(364)
Other revenue	9	460	236	(224)
Contributions Cash	10	95	281	186
Contributions Non Cash	11	16,000	-	(16,000)
Reimbursements	12	122	117	(5)
<b>Total operating revenue</b>		<b>49,908</b>	<b>31,155</b>	<b>(18,753)</b>



Explanation of Notes within Table 2 are provided as follows:

**Note 1** – The increase in rate income of \$1.007M is due to several factors including:

- An increase in the rateable base, as compared to last year by \$107M or 3.15%. This equates to an increase in income of \$609k. This figure does include the key budget influence of rates not increasing by more than 6% (rate in the dollar per rateable property) together with the net effect of growth (in supplementary rates) less the effect of the State Government buy back scheme. A third of this increase (2% points of the 6%) will be allocated to the Infrastructure Maintenance Reserve. The allocation to this reserve is indicated at the Budgeted Reserve Standard Statement at page 49 of the Draft Budget.
- An increase of \$147k in the Municipal Charge from \$2,366M in 2012-13 to \$2.514M in 2013-14 or 6.25%.
- An increase of \$136k in garbage and recycling collection charges from \$2.149M in 2012-13 to \$2.285M in 2013-14 or 6.3%.

**Note 2** – Subsequent to the February 2009 Bushfires, the Victorian State Government provided funding to reflect Rates income that Council lost as a result of the decrease in private property Capital Improved Value (CIV). This packaged totalled \$3.2M over four years, concluding with a final allocation of \$482k in the year ending 30 June 2013.

**Note 3** – The Special Charge Scheme amount of \$108k represents the community contributions budgeted for the capital works to be undertaken in Green Street, Alexandra.

**Note 4** – Statutory Fees and Fines comprise animal registrations, Health Act registrations, building permits and certificates, septic tank inspections and planning and building inspection fees. The increase of \$22k is reflective of an increase of statutory fees of around 3-4%.

**Note 5** – User Fees comprise are associated with the delivery of Council services that include: use of leisure and other community facilities and provision of human services such as child care, home and community care. Whilst the charges associated with these services have risen by CPI (Consumer Price Index), the fall in revenue of \$124k reflects the fact that Council no longer conducts or charges for external works.

**Note 6** – The increase in Recurrent Grant income of \$2.390M does not represent an increase in grant funding and relates primarily to the timing of receipt of Grants Commission funding. The budget proposed for 2013-14 assumes that the full allocation from the Grants Commission will be received in the 2013-14 financial year. In the last financial year (2012-13), 50% of the Grants Commission allocation (\$2.0M) was received in the prior financial year. An additional potential influence in the reduction of Grant Commission funding (\$235K) in 2012-13 has been offset with savings found in both operating and capital budgets within the current year and were adjusted accordingly within the 2013-14 budget.

**Note 7** – The reduction of \$5.267M in Non Recurrent Grant income is a return to a more 'normal' level of non recurrent funding. The level of funding for 2013-14 also includes the key budget influence of maintaining non recurrent capital funding for Roads to Recovery (R2R) and Country Roads and Bridges Infrastructure (CRABI) funding of \$1.834M.

The variance (reduction of \$5.267M) recognises:

- Cessation of MAP (Murrindindi Assistance Package) and Natural Disaster funding (Operating) of \$(2.773)M in 2012-13.
- Cessation of Natural Disaster funding storm damage (Operating) of \$(2.350)M in 2012-13.

- Cessation of Auspiced Community Recovery projects (Capital) of \$(265)K in 2012-13. These relate to many Bushfire related type projects (CRF).
- Winding up of direct projects (Capital) totalling \$(667)K associated with the Reconstruction and Recovery Unit in 2012-13.
- A capital funding for community infrastructure (Buildings) of \$803K.

**Note 8** – The reduction in earnings from interest generated from investments (short term Term Deposits) is primarily due to the reduction in the level of grant money available for investment at any point in time. This is mostly due to the reduction in the volume of non recurrent grants available to the organisation per Note 7. The reduction in earnings is also reflective of the decline in investment rates of around 1% compared to last financial year.

**Note 9** – Other Revenue includes rental income, lease income, cost recoupment and other miscellaneous items. The reduction of \$224k is attributable to the recoupment of plant return on investment which has corresponding effect on Materials and Supplies; this accounting process is no longer undertaken subsequent to the cessation of external works.

**Note 10** – The increase of Contributions Cash of \$186k refers to monies paid in accordance with public open space, cost sharing of projects and joint ventures

**Note 11** – The decrease in Non Cash Contributions of \$16.0M recognises the once off transaction last financial year of bringing to account the underpinning assets associated with the Rail Trail.

**Note 12** – The small decrease of \$5k in Reimbursement income relates to a lower level of recovery of legal costs associated with rates, reimbursements from Veteran Affairs for provision of services and sundry other reimbursements.

Increases in operating costs have been kept to a minimum with discretionary expenditure kept to no more than a 3% increase. Table 3 provides the comparison with operating expenditure between the 2012-13 and 2013-14 financial years as per Page 32 of the Draft Budget.

**Table 3 – Comparative summary of Operating Expenditure Components**

	Note	Forecast	Budget	Variance
		2012-13	2013-14	
Expenditure Types		\$'000	\$'000	\$'000
Employee benefits	13	12,380	11,513	867
Materials & Services	14	16,518	11,191	5,327
Depreciation and amortisation	15	7,423	7,797	(374)
Other expenses	16	271	279	(8)
Interest / Finance costs	17	337	336	1
<b>Total operating expenditure</b>		<b>36,929</b>	<b>31,116</b>	<b>5,813</b>

Explanation of Notes within Table 3 are provided as follows:

**Note 13** – Employee Benefits include all labour related costs covering salaries, allowances, leave entitlements and superannuation. The reduction of \$0.867M from \$12.38M to \$11.51M which whilst reflective of a 4.5% increase in payroll burden (EBA generated), has an overall decrease which can be attributed to the cessation of fixed term MAP (Murrindindi Assistance Package) positions and the implementation of Services Review

outcomes. Equivalent Full Time (EFT) employees will decrease from 167 to 145 as a result of the ending of Bushfire related funded positions and the outcome of the Services Review. The organisational establishment will remain static with exception of the addition of two positions.

**Note 14** – Materials and Services incorporates the purchase of consumables and payments to contractors for the provision of services. Utility costs are also recorded in this category.

The Materials and Services costs have decreased by \$5.32M, primarily in payments to Contractors and Consultants, which reflects the winding down of grant funded bushfire and storm recovery activities as per Page 32 of the Draft Budget. Also included in Materials and Services is the provision for maintenance and operating charges of \$1.200M for gifted assets. The unused portion of this provision is accumulating as a reserve as indicated at the Budgeted Reserves at Page 49.

Rail Trail maintenance costs of \$160k have also been factored into this budget component.

**Table 3.1 – Breakdown of Materials and Services expenditure**

	Forecast	Budget	Variance
	2012-13	2013-14	\$
Materials & Services Expenditure Type	\$'000	\$'000	\$'000
Utilities	497	497	-
Contractors	11,105	7,480	3,625
Legal Expenses	183	114	69
Insurance	453	526	(73)
Materials	1,234	1,114	120
Contributions	621	701	(80)
Consultancies	2,425	759	1,666
<b>Total Materials &amp; Services</b>	<b>16,518</b>	<b>11,191</b>	<b>5,327</b>

**Note 15** – The Depreciation charges represent an allocation of the value of an asset over its effective life for Council's property, plant, equipment and infrastructure assets. Investments in new assets and increasing values of assets will raise the base amount from which the depreciation is calculated, therefore, as Council continues to improve assets and infrastructure this figure will continue to increase. Depreciation charges in the 2013-14 financial year have increased significantly as a result of the \$30 million assets gifted to Council as a result of the February 2009 bushfire recovery projects as well as \$16 million of assets contribution from the Rail Trail. The increase of \$374k also includes provision of \$600k in depreciation charges for gifted assets.

**Note 16** – Other expenses relates to mainly Councillor Allowances and Auditor Remuneration. The effect of an \$8k increase is reflective of a rise in Councillor allowances, as gazetted.

**Note 17** - Finance costs relate to financial institution charges on borrowed funds. The small decrease in borrowing costs of \$1k results from loans of \$500,000 in 2013-14 and a reduction in the principal of existing loans.

## 2. **Balance Sheet**

Table 4 summarises the main components of the Balance Sheet as represented at the Budgeted Balance Sheet at Page 45.. Council's financial position remains in a fairly static and stable position compared to the 2012-13 financial year as evidenced in the table below. The

key effect indicated with the decrease in Current Assets of \$4.37M from \$17.19M to \$ 12.82M represents primarily the cash associated with carried forward expenditure of \$4.0M.

**Table 4 – Comparative Balance Sheet**

	<b>Balance Sheet</b>	<b>2012-13 Revised Budget</b>	<b>2013-14 Draft Budget</b>
		<b>\$K</b>	<b>\$K</b>
	<b>Assets</b>		
<b>1</b>	Current	17,197	12,826
<b>2</b>	Non Current	298,166	300,258
<b>3</b>	<b>Total Assets</b>	<b>315,363</b>	<b>313,084</b>
	<b>Liabilities</b>		
<b>4</b>	Current	8,318	6,382
<b>5</b>	Non Current	4,984	4,602
<b>6</b>	<b>Total Liabilities</b>	<b>13,302</b>	<b>10,984</b>
<b>7</b>	<b>Net Assets</b>	<b>302,061</b>	<b>302,100</b>
<b>8</b>	<b>Equity</b>	<b>302,061</b>	<b>302,100</b>

The Superannuation liability payment, that was due in the 2012-13 budget year was drawn from the Long Service Leave (LSL) reserve. The LSL provision currently totals \$2.09M and it is proposed that 25% of the Current Liability component (\$1.57M) be cash backed. This will commence in 2013-14 and be achieved over a 4 year period by 2015-16 (\$303k).

A reserve has been established to accumulate funds earmarked for future calls on the Defined Benefits Superannuation scheme. This reserve has been allocated \$300k out of cash, emanating from prior year savings. From 2014-15 onwards future allocations to this reserve will be generated by unspent expenses of \$300k per annum. The Budgeted Reserves at Page 49, illustrates the establishment of the reserve.

### **3. Capital Works**

The cash flows emanating from proposed operations and from other funding sources would enable capital expenditure of \$10,254,229. Proposed capital expenditure includes allowance for renewal, upgrade and new assets. The key objectives of the ten year capital funding profile are to gradually shift capital expenditure away from new and upgrade to renewal.

The capital expenditure plan also reflects a hierarchy of expenditure which is the prioritisation of non discretionary spending over discretionary expenditure and the split between new or enhancement projects and renewal projects as per Table 5 and represented at Page 37 of the Draft Budget.

**Table 5 – Summary of Capital Works for 2013-14**

	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
	<b>2012-13</b>	<b>2013-14</b>	
<b>Capital Works Areas</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Land	-	-	-
Buildings	3,405	4,920	(1,515)
Plant & Machinery	1,537	608	929
Roads & Paths	3,125	2,732	393
Bridges	1,637	863	774
Stormwater Network	252	452	(200)
Cultural	126	-	126
Furniture & Equipment	390	592	(202)
Library book stock	87	87	-
<b>Total new works</b>	<b>10,559</b>	<b>10,254</b>	<b>305</b>
<b>Represented by:</b>			
Renewal	4,645	4,501	144
Upgrade	1,844	1,165	679
New assets	4,070	4,588	(518)
<b>Total capital works</b>	<b>10,559</b>	<b>10,254</b>	<b>305</b>

The level of expenditure allocated to the renewal seeks to contribute to closing the infrastructure renewal gap.

Additional investment will be required in capital works to reduce this gap. The new and expanded assets reserve of \$600k per annum along with a need to attract approximately \$600k of infrastructure funding grants will be the underlying assumptions in reducing the infrastructure renewal gap.

#### 4. Cash Flow

Table 6 provides a snapshot of Council's cash position in terms of cash coming into the organisation, represented by inflows from Operating Activities, and cash expended as represented by outflows from Investing and Financing activities. Table 6 summarises the Budgeted Standard Cash Flow Statement at Page 34 of the Draft Budget.

**Table 6 – Comparative Cash Flow Statement**

	<b>Cash Flow Statement</b>	<b>2012-13 Revised Budget</b>	<b>2013-14 Draft Budget</b>
		<b>\$K</b>	<b>\$K</b>
	<b>Cash at Beginning of Year</b>	<b>13,616</b>	<b>13,066</b>
<b>1</b>	Net Cash Flow from Operating Activities	9,448	7,936
<b>2</b>	Net Cash Flow from Investing Activities	-9,222	-9,903
<b>3</b>	Net Cash Flow from Financing Activities	-776	-956
<b>4</b>	Net Increase/(Decrease)	-550	-2,923
	<b>Cash at End of Year</b>	<b>13,066</b>	<b>10,143</b>

#### **Consultation:**

The communication/consultation program for the Budget is as outlined below:

<b>Newspaper / Other</b>	<b>Publishing Date(s)</b>
<b>Newspaper:</b>	
Alexandra Standard	22 May 2013
Yea Chronicle	22 May 2013
Marysville Triangle	23 May 2013

<b>Newspaper / Other</b>	<b>Publishing Date(s)</b>
North Central Review	21 May 2013
The Age	18 May 2013
Website	20 May 2013
Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre	20 May 2013
<b>Information sessions:</b>	
Alexandra	27 May 2013
Eildon	29 May 2013
Yea	30 May 2013
Buxton	3 June 2013
Kinglake	13 June 2013

**Conclusion:**

Given the extensive work which has been undertaken by Council it is now appropriate that the 2013-14 draft Budget be adopted for public exhibition. The draft Council Budget will be available at Council's service centres, agencies and the Council's website from 20 May 2013.

## **6. DRAFT COUNCIL PLAN 2013-2017 (INCORPORATING THE STRATEGIC RESOURCE PLAN)**

File No: 24/03/1213A

*(Refer Encl 6a – Draft Council Plan 2013-2017 and Encl 6b Draft Strategic Resource Plan)*

**Purpose:**

This report provides an overview of the development of the Council Plan 2013-2017 and the Strategic Resource Plan and recommends that Council endorses it and places it on public exhibition for a period of 28 days in accordance with Sections 125 and 126 of the *Local Government Act 1989*.

**Recommendation:**

1. That Council endorse, for the purpose of community consultation, the Council Plan 2013-2017 incorporating the Strategic Resource Plan.
2. That Public Notice be given in the newspapers detailed below that the proposed Council Plan 2013-2017 is available to view, and inviting submissions in accordance with Sections 125 and 223 of the *Local Government Act 1989*.
3. That council consider submissions on the 2013-2017 Council Plan in the Special Meeting of Council on Thursday 20 June 2013 commencing at 7.00pm at the Alexandra Council Chambers, in accordance with sections 129 and 223 of the *Local Government Act 1989*.
4. A Special Meeting of Council be held on Thursday 20 June 2013 commencing at 7.00 pm at the Alexandra Council Chambers, should any person wish to be heard in support of their submission to the Proposed Budget.
5. That following the consideration of all written and verbal submissions, the proposed Council Plan 2013-2017 be presented to an Ordinary Meeting of Council to be held on Wednesday 26 June 2013 commencing at 6.00pm at the Marysville Community Centre, Falls Road, Marysville.

**Background:**

In accordance with Section 125 of the *Local Government Act 1989* ("the Act"), Council must prepare and approve a Council Plan covering a four-year period within the period of six (6) months after each general election or before 30 June whichever is the later.

Council's preparation of the Council Plan 2013-2017 has been informed by the work that was undertaken in 2012 with the commencement of the Murrindindi 2030 Vision. This work involved a community workshop in August 2012 and over 300 responses to a community survey.

In addition, Council has held a number of workshops and briefings to help define its strategic directions and priorities over the next four years.

Strategic Resource Plan Revision – Council is also required to prepare as part of the Council Plan a four (4) year SRP and review this plan annually. The SRP contains four financial documents:

- i. Standard Income Statement,
- ii. Standard Balance Sheet,
- iii. Standard Cash Flow Statement, and
- iv. Standard Statement of Capital Works.

Most importantly this plan identifies the financial challenges that Council faces and supports its advocacy for State Government assistance.

**Council Plan/Strategies:**

These Documents are the Council Plan and Strategic Resource Plan.

**Legal/Policy Issues:**

The requirement for the Council Plan inclusive of Strategic Resource Plan (SRP) is detailed under Sections 125 and 126 of the *Local Government Act 1989*.

**Financial/Resources/Risk**

Financial considerations in relation to this report are contained within the SRP and the proposed 2013-14 Budget.

With the current situation regarding the significant impact on Council as a result of gifted assets, it is essential that accurate long-term financial planning exists.

Key principles within the SRP/LTFP include:

- Rate increases limited to 6% plus 1% growth in each year (less impact of State Government buy back of 0.2%); a third of the increase (2 percentage points of the 6%) for each year (around \$249k) is allocated to an Infrastructure Reserve.
- The organisational establishment will remain static with exception of the addition of two positions in 2013-2014.
- The State Government Buy Back scheme involves some 84 properties within the Shire with an impact of \$87K in reduced rate revenue. This effect has been taken into account and included in the estimation of supplementary rate revenue on a net basis with growth estimated at around 0.8%.
- No new Initiatives.
- Operating and Capital-Savings from the Services Review have been factored in over successive years.

- Maintenance and Operating costs of \$1.2M and \$ 0.6M Depreciation costs are factored in for Victorian Bushfire Reconstruction and Recovery Authority (VBRRA) contributed assets.
- Capital works will occur in accordance with the Ten Year Capital Improvement Plan.
- In 2013-14, a reserve of \$300k has been established out of identified savings for the defined benefits, recognising that an immediate contingency needs to be established. Provision in each year from 201e4-15 has been made to expense \$300k, as a further contingency for future defined benefits superannuation calls and to quarantine this until such time as call is made on Council.
- The Superannuation liability payment, paid in the 2012-13 budget year was drawn from the Long Service Leave (LSL) reserve. The LSL provision currently totals \$2.09M and it is proposed that 25% of the Current Liability component (\$1.57M) be cash backed. This will commence in 2013-14 and be achieved over a 4 year period by 2015-16 (\$303k).
- An additional potential influence in the reduction of Grant Commission funding (\$235K) has been offset with savings found in both operating and capital budgets within the current year and were adjusted accordingly within the SRP.

***Discussion:***

Council has received important inputs into the development of the Council Plan including its early discussions regarding their Hopes and Aspirations for their term as Councillors, the report of the Community Visioning workshop, the community feedback to the survey regarding Murrindindi in 2030 as well as the community satisfaction survey.

These documents have provided valuable inputs and were a checklist against which the suggested strategies for each Strategic Direction could be assessed against.

Early in the development of the draft Council Plan it was agreed that the Plan would be based upon the four Goals of:

Our Community

Our Environment

Our Economy

Our Council

Whilst the Council Plan 2013-2017 is based upon the community feedback as to what residents are looking forward to in 2030, the Council Plan and its strategic objectives are also strongly influenced by the recognition that the February 2009 bushfires have had a major impact upon Council and the community.

Whilst much of the public reconstruction 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 have had a significant impact upon Councils long term financial sustainability. This means that, without State Government financial assistance, the Council Plan strategies over the next four years will be very modest and no new initiatives or activities will be undertaken. It also means that, as articulated in the Council Plan, its priorities over the next four years will be primarily directed towards growing our rate base through diligent planning especially in and around the Shire's main towns and supporting economic development.



This financial situation, based upon Council's diligence in reducing its expenditure and prudent use of resources, is also reflected in the Strategic Resource Plan. The SRP identifies that the amount of available cash from 2014-15 onwards to service restricted cash requirements becomes critical and remains so until at least 2019-20. The SRP is based upon Council meeting the operating, maintenance, insurance and renewal costs of the gifted and novated assets and reinforces the importance of Council's ongoing advocacy to the State Government for assistance to recognise this burden on the Murrindindi community.

As a result of the work undertaken by Council, it is now appropriate that the Council Plan 2013-2017 and its incorporated Strategic Resource Plan be placed on public exhibition.

**Consultation:**

The Council Plan 2013-2017 will be advertised for public consultation and submissions in the following publications

<b>Newspaper / Other</b>	<b>Publishing Date(s)</b>
<b>Newspaper:</b>	
Alexandra Standard	22 May 2013
Yea Chronicle	22 May 2013
Marysville Triangle	23 May 2013
North Central Review	21 May 2013
The Age	18 May 2013
Website	20 May 2013
Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre	20 May 2013
<b>Information sessions:</b>	
Alexandra	27 May 2013
Eildon	29 May 2013
Yea	30 May 2013
Buxton	3 June 2013
Kinglake	13 June 2013

**Conclusion:**

It is appropriate that the Council Plan 2013-2017, incorporating the revised Strategic Resource Plan, be placed on public exhibition.

The draft Council Plan will be available at Council's service centres, agencies and the Council's website from 20 May 2013.