



Murrindindi
Shire Council

AGENDA
of the
SPECIAL MEETING OF COUNCIL
to be held on
WEDNESDAY 15 JUNE 2016
in the
ALEXANDRA CHAMBERS
commencing at
6.00 pm

INDEX

1.	PRAYER, OATH & RECONCILIATION STATEMENT	2
2.	APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE	2
3.	OFFICER REPORTS.....	2
3.1	Draft Budget 2016/2017 and Draft Council Plan Review 2013-2017 (Incorporating the Strategic Resource Plan).....	2

1. PRAYER, OATH & RECONCILIATION STATEMENT**2. APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE**

REF: SF/306

3. OFFICER REPORTS**3.1 Draft Budget 2016/2017 and Draft Council Plan Review 2013-2017
(Incorporating the Strategic Resource Plan)**

REF: 16/28724

Attachment/s: *Murrindindi Shire Council Draft Budget 2016/17 (TRIM: 16/10368)*
Council Plan Review (TRIM: 16/27022)
Strategic Resource Plan Review (TRIM: 16/27263)

Purpose:

The purpose of this report is to provide Council with the Draft 2016/2017 Budget document and 2013-2017 Council Plan Final Year Review (including the Strategic Resource Plan). These documents articulate Council's strategic direction and document the key activities we will undertake and the way in which they are to be funded.

Recommendation:

- 1. That the 2013-2017 Council Plan Final Year Review annexed to this resolution and initialled by the Mayor for identification, is the Council Plan and Strategic Resource Plan prepared by Council for the purposes of Section 125 (7) and Section 126 (3) of the *Local Government Act 1989*;**
- 2. The 2016/2017 Budget annexed to this resolution and initialled by the Mayor for identification, is the Budget prepared by Council for the purposes of Section 127 (1) of the *Local Government Act 1989*;**
- 3. The Chief Executive Officer be authorised to:**
 - (i) Give Public Notice in the newspapers detailed below of the proposed Budget, Council Plan and Strategic Resource Plan, in accordance with section 129 of the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2014*;**
 - (ii) Make available for public inspection the information required to be made available by the Sections 125, 126 and 129 of the *Local Government Act 1989*; and**
 - (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**
4. **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 Wednesday 27 July 2016 commencing at 6.00 pm at the Alexandra Council Chambers.**
 5. **That following the consideration of all written and verbal submissions, the 2016/2017 Budget, Council Plan and Strategic Resource Plan be presented to a Special Meeting of Council to be held on Wednesday 3 August 2016 commencing at 6.00 pm at the Alexandra Council Chambers.**

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 blueprint for Council activities. Council has reviewed the current Council Plan 2013-17 and revised its intended strategic actions for the 2016/17 financial year. Council has also reviewed 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.

Council is required under the *Local Government Act 1989*, to prepare and adopt an annual budget. The Murrindindi Shire Council Budget 2016/17 presented in this report outlines the financial implications of actions planned by Council, focusing on the coming financial year.

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 Mayor's introduction and executive summary of the 2016/17 Budget details the key outcomes from the budget process.

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 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

The proposed Draft Budget for 2016/17 is conservative in its scope of discretionary spending, whilst balancing Council's requirement to manage rate increases in accordance with the decision of the Essential Services Commission ("ESC") increases for 2016/17, providing a responsible and viable financial plan for the ensuing year.

Discussion:

The 2016/17 Draft Budget, Council Plan and Strategic Resource Plan ultimately details resource and project priorities that are in accordance with the key strategic directions outlined in the Council Plan.

The review of the Council Plan (2013-17) maintains the key strategies aligned to the four goals

of Council, namely:

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

With some minor exceptions, it is proposed that the strategic objectives and strategies remain unchanged from 2015/2016. The proposed Year Four Actions have been updated to reflect anticipated progress on implementing the Council Plan as at 30 June 2016. Key actions proposed for 2016/17 include the following:

- Commence community engagement to identify required service levels across all Council services
- Implement Council's strategy to give greater responsibility to communities for managing infrastructure
- Undertake an assessment of community needs in order to progress development of Council's Recreation and Open Space Strategy
- Implement a youth engagement program to encourage all young people to participate in their community and to support youth leadership skills development
- Develop a Business Case which investigates viable options to increase the recovery of household and commercial food and organic waste.
- Provide opportunities for mobile phone providers to establish the provision of additional infrastructure to address the blackspots in Murrindindi Shire
- Complete the project to expand the Yea Saleyards.

The draft Council Plan Final Year Review 2013-2017 (including the draft Strategic Resource Plan) and draft Budget 2016/2017 have been prepared to provide an opportunity for community comment prior to adoption and submission to the Minister of Local Government.

A number of significant factors have influenced the review of the Council Plan, and the preparation of the 2016/2017 Budget.

The 2013-2017 Strategic Resource Plan and 2016/2017 Budget are based upon the following key 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 to fund future renewal has been reflected in the annual budget for 2016/17 as well as throughout the life of this SRP.
- An additional 1% growth of the rate base is factored in each year;
- 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.
- 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.

For 2016/2017, the Budget has identified total operating expenditure of \$32.82 million against forecast revenue of \$32.82 million, which will generate a breakeven operating result. Rate revenue is forecast to increase, incorporating the recent changes to the differential rating structure approved by Council as well as incorporating the decision of the ESC to allow for a 4.3% increase in the average rate rise. It should be noted that a revaluation of all properties within the municipality has occurred which will take effect from 1 July 2016, though this does not result in Council being able to generate higher rating revenue.

For the 2016/17 year, service levels have been maintained and a limited number of initiatives proposed, in addition to Council reviewing the costs and affordability of managing the renewal of its assets.

Highlights of the \$7.15 million capital works program that are included in this year's draft Budget include:

- Widespread road upgrades and footpath restoration across the Shire.
- Swimming pool renewal works in Alexandra, Eildon and Marysville.
- Substantial renewal of a number of bridges and culverts across the Shire, including work on Old Yarck Road, Maintongoon Road, Brooks Cutting Bridge, Acheron Road Bridge, Dairy Creek Road Bridge, Dyes Lane Bridge and Dropmore Bridge.
- Public conveniences renewal in Kinglake, Yea and Alexandra.
- Continuation of renewal and upgrade works on a new cell at the Alexandra Landfill.
- Upgrade to the flood levee in Buxton.
- Shade sail and playground equipment renewal.
- Upgrade to the Leckie Park pavilion in Alexandra.

Financial considerations in relation to this report are contained within the SRP and the proposed 2016/2017 Budget. With the current situation regarding the significant impact on Council as a result of its need for robust assets management, it is essential that accurate long-term financial planning exists.

Last year Council indicated a range of potential measures that would be explored in the absence of additional financial assistance. These included increasing rate levels, the introduction of new differential rates, the transfer, closure or sale of assets, and reductions in services. Council continues to engage with the community in prioritising this range of options. The valuable feedback from the community in relation to the mix of options that the community would prefer Council to pursue has informed the direction and actions that are planned for the coming year.

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

The proposed budget incorporates a rate increase of 4.3 percent as determined by the Essential Services Commission (ESC) following Council's recent application for a variation to the 2.5% rate cap declared by the Minister for Local Government.

The decision by the ESC provides for a 2.5 percent increase for the delivery of services by Council and also includes an additional 1.8 percent increase that Council applied for in order to continue making provision for asset renewal. This variation approval clearly recognised the underlying funding need to provide for 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.

Consultation:

In accordance with the requirement of the Local Government Act, Council is required to give public notice that it intends to adopt the Budget and Council Plan. Both documents must be made available for inspection at its offices and on its website for a period of at least 28 days, and submissions invited from members of the public. The draft Budget and Council Plan will be formally advertised in a range of publications from 20 June 2016, with written submissions called for by 12.00pm on Wednesday 20 July 2016.

The advertising program for the draft Budget and Council Plan is as outlined below:

Newspaper / Other	Publishing Date(s)
<i>Newspaper:</i>	
Alexandra Standard	21 June 2016
Yea Chronicle	21 June 2016
Marysville Triangle	22 June 2016
North Central Review	20 June 2016
Website	20 June 2016
Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre	20 June 2016

Conclusion:

Given the extensive work which has been undertaken by Council it is now appropriate that the 2016/17 draft Budget and Council Plan Final Year Review (incorporating the Strategic Resource Plan) be adopted for public exhibition. These documents will be available at Council's service centres, agencies and on Council's website from 20 June 2016.