



AGENDA
of the
SPECIAL MEETING OF COUNCIL
to be held on
WEDNESDAY 8 APRIL 2015
in the
ALEXANDRA COUNCIL CHAMBERS
commencing at
6.00 pm

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

REF: SF/306

3. DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

REF: SF/783

4. OFFICER REPORTS**4.1 Draft Budget 2015-2016 and Draft Council Plan Review 2013-2017
(Incorporating the Strategic Resource Plan)**

REF: (15/9108, 15/8375, 15/14887)

*(Refer Attachments – Draft Budget 2015-2016 and Draft 2013-2017 Council Plan Review
(incorporating the Strategic Resource Plan))*

Purpose:

The purpose of this report is to provide Council with the Draft 2015-2016 Budget document and 2013-2017 Council Plan Second Year Review (including the Strategic Resource Plan) that have been prepared. 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 Second 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 2015-2016 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 20 May 2014 commencing at 6.00 pm at the Alexandra Council Chambers.
5. That following the consideration of all written and verbal submissions, the 2015-2016 Budget, Council Plan and Strategic Resource Plan be presented to an Ordinary Meeting of Council to be held on Wednesday 27 May 2015 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 blue print for Council activities. Council has reviewed the current Council Plan 2013-17 and revised its intended strategic actions for the 2015-16 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 2015-16 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 Chief Executive Officer's summary of the 2015-16 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 2015-16 is conservative in its scope of discretionary spending,

whilst balancing Council's commitment to the Community with regards to rate increases for 2015-16, providing a responsible and viable financial plan for the ensuing year.

Discussion:

The 2015-16 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) has seen minor adjustments of the key strategies aligned to the four goals of Council, namely:

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

With some minor exceptions, it is proposed that the strategic objectives and strategies remain unchanged from 2014-2015. The proposed Year Three Actions have been updated to reflect anticipated progress on implementing the Council Plan as at 30 June 2015. Key actions proposed for 2015-16 include the following:

- Commence implementation of Council's 2030 vision.
- Coordinate a master plan for growing the rates base.
- Progress the redevelopment of the Yea Swimming Pool.
- Develop an advocacy plan to support the need for new public and social housing options in the Shire.
- Develop a policy which guides Council's decision making in relation to new infrastructure development.
- Commence implementation of the new Waste Management Strategy.
- Participate in the Indi Electorate Mobile Blackspots project.
- Develop and implement the Murrindindi Business Prospectus.
- Complete a feasibility assessment of a trail link between Alexandra and Eildon.
- Implement Council's new Rating Strategy.

The draft Council Plan Second Year Review 2013-2017 (including the draft Strategic Resource Plan) and draft Budget 2015-2016 have been prepared to provide an opportunity for community comment prior to adoption and submission to the Minister of Local Government before the commencement of the 2015-16 financial year.

A number of significant factors have influenced the review of the Council Plan, and the preparation of the 2015-2016 Budget.

The 2013-2017 Strategic Resource Plan and 2015-2016 Budget are based upon the following key assumptions in the 10 year timeframe:

- Rate increases are limited to 6% for the general rate in 2015/16, although the incorporation of the two new differential rating categories for vacant land and commercial /

industrial properties will result in higher rate increases for these property class owners in 2015/16.

- From 2016/17 there will be a gradual reduction in the annual rates increase, with the annual rate increase decreasing to 4% by 2023/24.
- An additional 1% growth of the rate base is factored in each year; with a third of the general increase for each year allocated to an Infrastructure Reserve.
- The organisational establishment will remain static in 2015/16, although a small number of limited tenure positions that were scheduled to finish at 30 June 2015 have been continued into the 2015/16 financial year to ensure continuation of service delivery to the community. No other service level changes have been considered in the longer term financial plan for Council.
- Limited new initiatives or programs other than those that have been included in the 10 year capital improvement plan.
- Operating and capital savings from the Murrindindi Services Review have been factored in over successive years.
- The maintenance and operating costs of the new and gifted assets have now been reduced based on revised lower service level expectations, following the decision by State Government to not provide any further funding to Council to manage and operate these assets.
- Capital works will occur in accordance with the Ten Year Capital Improvement program.
- Provision each year has been made to expense \$300,000 as a contingency for future defined benefits superannuation calls and to quarantine this until such time as a call is made on Council.
- Rebuilding of the Long Service Leave reserve with 50% of the current liability component being cash backed by 30 June 2015. This program commenced in 2013-14 and is aimed to be completed over a 4 year period by 2016-17.

For 2015-2016, the Budget has identified total operating expenditure of \$30.41 million against forecast revenue of \$32.03 million, which will generate an operating deficit of \$1.61 million. It is worth noting that the budget 2015/16 deficit is a substantial improvement on the \$2.95 million deficit that was forecast in last year's SRP. Rate revenue is forecast to increase, incorporating the recent changes to the differential rating structure approved by Council as a part of the new Rating Strategy. For the 2015-16 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 \$7.52 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 improvement works in Alexandra, Eildon and Marysville.
- Continued expansion of the drainage network across the Shire.
- New solar panels to be installed across a number of buildings that will also lead to reduced energy costs and carbon emissions in future years.
- Replacement of furniture in the Alexandra Shire Hall.
- Township beautification works for Eildon and Yea.

- Commencement of works on a new cell at the Alexandra Landfill as well as continued works to upgrade and improve the landfill and Council's Resource Recovery Centres.
- Renewal of Council's stock of library books available across the libraries in Alexandra, Kinglake and Yea, as well as through the mobile library service.
- Upgrade to the flood levee in Buxton.
- Shade sail and playground equipment renewal.
- Snodgrass Street upgrade in Yea.

Financial considerations in relation to this report are contained within the SRP and the proposed 2015-2016 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 has worked to engage the community in prioritising this range of options since last July. 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.

They comprise four strategic elements:

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

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 14 April 2015, with written submissions called for by 5.00pm on Thursday 14 May 2015.

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

Newspaper / Other	Publishing Date(s)
<i>Newspaper:</i> Alexandra Standard Yea Chronicle Marysville Triangle North Central Review	 15 April 2015 15 April 2015 16 April 2015 14 April 2015
Website	14 April 2014
Copies at Council offices: Alexandra, Kinglake, Yea and also Eildon Resource Centre and Marysville Visitor Information Centre	14 April 2014

Conclusion:

Given the extensive work which has been undertaken by Council it is now appropriate that the 2015-16 draft Budget and Council Plan Second Year Review (incorporating the Strategic Resource Plan) be adopted for public exhibition. These documents will be available at Council's service centres, agencies and the Council's website from 14 April 2015.