



COUNCIL PLAN 2009/10 TO 2012/13

WORKING TOGETHER FOR A SUSTAINABLE FUTURE



INCORPORATING THE STRATEGIC RESOURCE PLAN 2011/12 TO 2020/21

ADOPTED JUNE 2009
AMENDED JUNE 2010
AMENDED JUNE 2011

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VISION

Moirashire on the Murray; with an environmentally, economically and socially sustainable community: the best place to be.

MISSION

To serve our community through transparent and open governance, active engagement, strong advocacy and the provision of affordable services.

CORE VALUES

Moirashire Council is committed to the values of community, honesty, innovation, integrity, responsibility, responsiveness, trust, leadership and accountability.

CONTACTING COUNCIL

Postal:	PO Box 578, Cobram, VIC, 3643	DX:	DX 37801
Phone:	(03) 5871 9222	Facsimile:	(03) 5872 1567
TTY:	(03) 5871 2262	Email:	webmaster@moira.vic.gov.au
		Website:	www.moira.vic.gov.au

Customer Service Centres

Main Administration Centre
44 Station Street, Cobram Victoria

Hours: Monday to Friday, 8.30am to 5pm

Municipal Service Centre
100 Belmore Street, Yarrawonga Victoria

Agencies

Barmah Post Office

Katamatite Post Office

Katunga Post Office

Nathalia Post Office

Numurkah Visitor Information Centre

St James Post Office

Strathmerton Post Office

Tungamah Post Office

Wunghnu Post Office

MESSAGE FROM THE MAYOR AND COUNCILLORS

It is with great pleasure that we present the amended 2009/10 to 2012/13 Moira Shire Council Plan.

The Council Plan has been amended only to reflect the current financial position of Council and to update some statistical information. The document articulates Council's strategic direction and assists in balancing its commitment to responsible decision making and policy implementation with meeting community expectation and the effective delivery of a range of essential services.

This Council Plan provides the foundation to achieve our vision:

'Moira on the Murray; with an environmentally, economically and socially sustainable community: the best place to be'.

Community consultation formed an integral part of the compilation process. As a Council, we have considered the community ideas to ensure the plan responds to what has been identified as important to the community. The consultation process provided an important opportunity for the community to have a voice and play a role in guiding Council's future direction.

As a Council, we have identified the key priorities of:

**Our Community, Our Environment and Lifestyle,
Our Communications and Processes and Our People.**

We believe this plan will provide for the wellbeing of the people who live, work and invest in Moira Shire.

The Annual Budget will steer the delivery of Council's capital works program and guide our strategic direction, as identified in the Council Plan. The Plan reflects Council's commitment to ensuring financial sustainability and demonstrating transparent and open governance.

Moira Shire is one of the fastest growing municipalities in regional Victoria and recognised as a thriving and vibrant place to live, work and invest. This Council Plan provides the required strategic direction to ensure Moira Shire Council remains in such a position.

We would like to thank the community and Council staff for their input into the Council Plan and look forward to continued prosperity in Moira Shire.



**Cr Ed Cox,
Mayor**



Back (from left):

Cr Garry Jones

Cr Jessie McCallum

Cr Brian Keenan

Cr Judy Heather

Cr Rob Chuck

Front (from left):

Cr Ed Cox - Mayor

Cr Alex Monk - Deputy Mayor

Cr Wendy Buck

Cr David McKenzie

ORGANISATIONAL PROFILE

The community elect nine Councillors to form the Council, who in turn have appointed a Chief Executive Officer to implement the decisions of Council. To assist in the effective management of the shire and the services it delivers to the community, an organisational structure incorporating four Directors has been put in place by the Chief Executive Officer.

With an annual operating budget of approximately \$44.3 million and capital budget of approximately \$9.6 million in 2011/12, Moira Shire Council employs 197 full time equivalent staff to provide more than 100 services across the 4057 square kilometre municipality.

Council's main administrative offices are located in Cobram, with a service centre in Yarrawonga and agency services provided in nine other towns throughout the municipality.





GEOGRAPHIC PROFILE

Moirashire is a vibrant and progressive place in which to live, work and invest.

THE MOIRA ADVANTAGE

Moirashire has its location on the majestic Murray River with lifestyle, location and opportunities to maximise The Moira Advantage. In fact, so many people are choosing to call Moira home that it is one of the fastest growing municipalities in Victoria. One of Moira's major towns, Yarrawonga, was named in the top 10 lifestyle change destinations nationally by The Australian newspaper.

LIFESTYLE

Access to affordable rural and urban housing, good educational facilities, excellent sporting and recreational opportunities, award-winning health services, clean, fresh air and an active and friendly community; it is no surprise to those who live here that the area is experiencing strong residential and commercial growth.

LOCATION

Moirashire is strategically positioned just a 2.5 hour drive from Melbourne and close to other regional centres such as Shepparton, Wangaratta, Echuca-Moama and Albury-Wodonga.

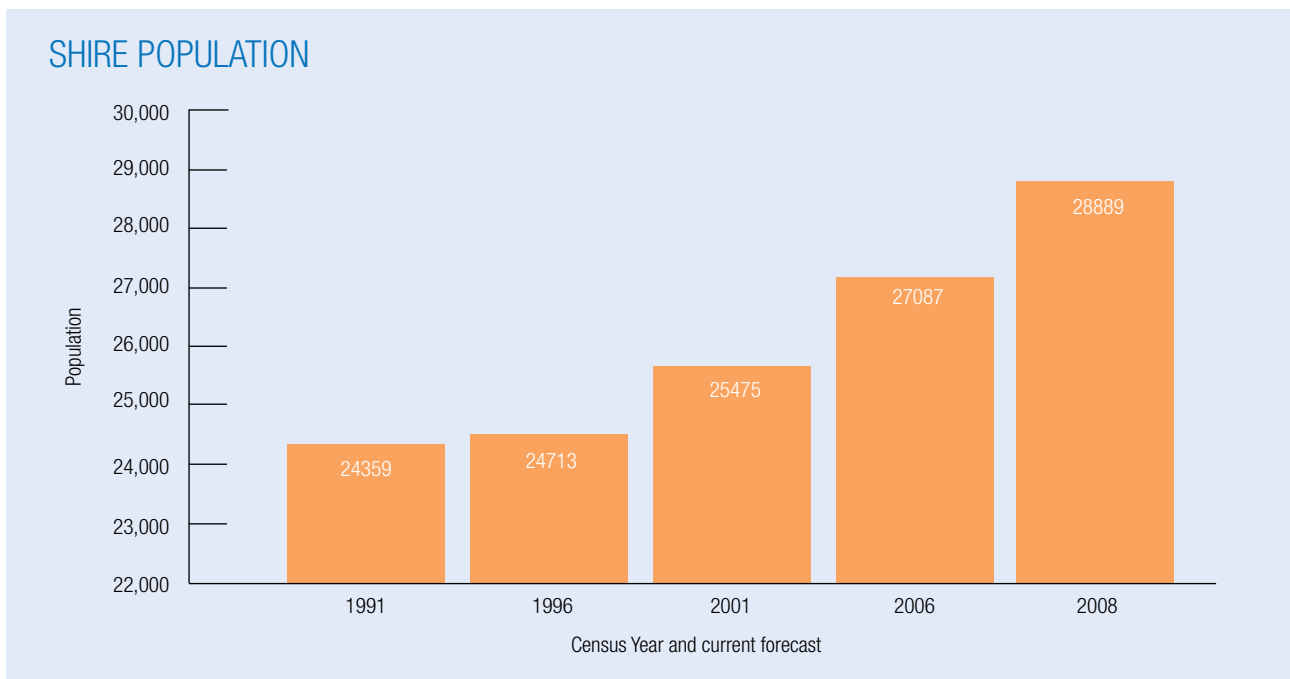
OPPORTUNITY

The area's warm Mediterranean climate, appealing natural environment and strategic location means Moira is home to agricultural, horticultural, viticultural and tourism operations. Stretching from Bundalong in the east to Barmah in the west, attractions include wineries, historic homesteads, galleries, craft shops, licenced clubs, water sports, fishing, beaches, forests, lakes, rivers and wetlands.

DEMOGRAPHIC PROFILE

POPULATION

Moira Shire is home to an estimated 28,889 people (Census 2008) with 12,350 dwellings and a growth in population of 7.8 percent in the previous seven years.



The municipal region comprises the major centres of Cobram, Nathalia, Numurkah and Yarrawonga, as well as 18 smaller towns and communities.

According to the 2006 Australian Bureau of Statistics Census of Population and Housing, Yarrawonga is the largest town with 6112 residents, followed by Cobram with 5531, Numurkah with 4643 and Nathalia with 1430.

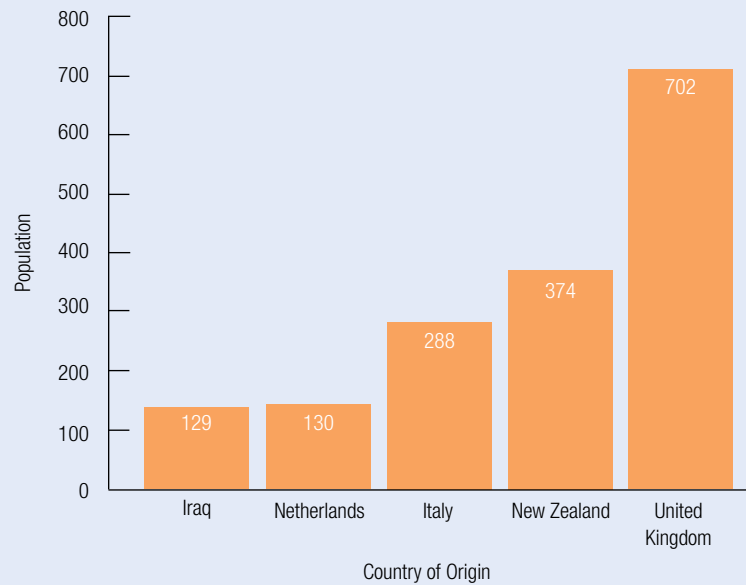
CELEBRATING DIVERSITY

Overall, 8.3 percent of the population is born overseas and 3.9 percent is from a non-English speaking background. This compared to 10.1 percent and 5.0 percent respectively for regional Victoria.

Of those who were born overseas, the majority come from the United Kingdom and New Zealand, followed by Italy, the Netherlands and Iraq.

Moirashire's Indigenous population is 1.2 percent, the same as the average for regional Victoria.

TOP 5: COUNTRY OF BIRTH (OTHER THAN AUSTRALIA)



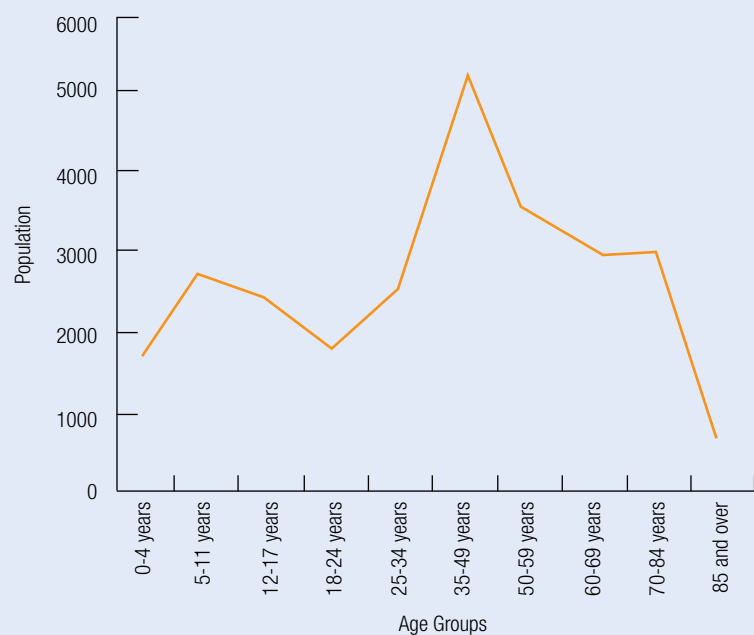
AGE GROUPS

Like many Victorian municipalities, Moirashire has an increasingly ageing population.

Overall, 25.4 percent of the population is aged between 0 and 17 years and 24.6 percent is aged 60 years or older.

Moirashire has slightly fewer people under the age of 18 years and slightly more people above the age of 85 years when compared with the average for regional Victoria.

AGE GROUPS



LABOUR FORCE

The municipality has a labour force of nearly 12,000 people and boasts a strong employment rate. At 95.3 percent, employment is higher than the average Victorian regional employment rate of 92.6 percent.

The highest proportion of employment is in agriculture, forestry and fishing. This represents 20 percent of the workforce, compared with the 9.1 percent average for regional Victoria. This is followed by manufacturing, retail trade, health care and social assistance.

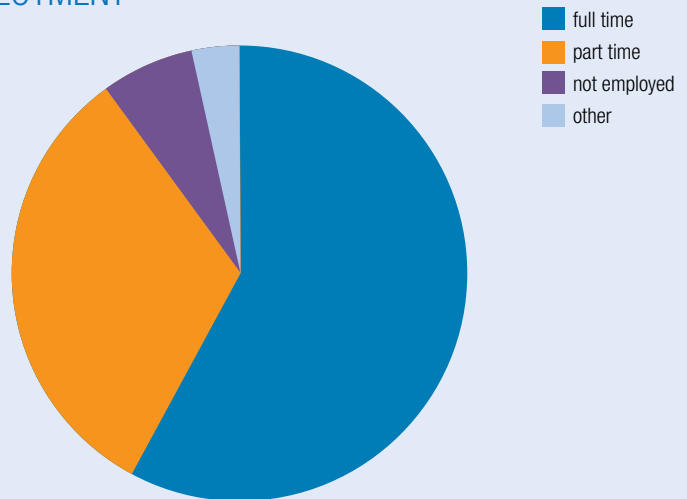
BUSINESS

The shire's small to medium business community is substantial. Council's 2002 business survey shows that more than 80 percent of businesses employ fewer than 10 people.

The survey, and census statistics, shows value-added manufacturing and tourism industries are increasingly important activities in the shire, based on the strengths of climate, water and the river landscape.

The intensity of agricultural production and the cluster of food processing industries are significant features of the region, stimulating economic activity, providing employment opportunities and creating wealth for the local communities.

EMPLOYMENT



EMPLOYMENT BY INDUSTRY





RESIDENTIAL GROWTH

Predominantly a farming community, parts of the shire are now being developed as residential areas. Residential activity is increasing dramatically in Yarrawonga and is supported with consistent growth in the other major towns of Cobram, Nathalia and Numurkah. Demand is increasing for a range of housing types in towns, semi-rural areas and traditional farming areas. Almost three quarters of private properties are owner-occupied, representing a relatively stable community.

EDUCATION AND TRAINING

Moirashire is well served with preschools, kindergartens, primary schools and secondary colleges in the municipality. The nearby regional centres of Shepparton, Echuca, Wangaratta and Deniliquin provide tertiary education through universities and TAFE.

Moirashire Adult and Community Education (ACE) also provides vocational education and training, short courses and hobby/leisure courses.

AGRICULTURE

Moirashire has a strong agricultural base, with almost three quarters of total land area dedicated to agricultural use. This land use is divided between irrigated and dryland production; secure irrigation water is a key driver to the local economy.

Areas to the south and east of the shire are used for extensive grazing (dairy in irrigated areas and sheep and cattle in dryland areas). The northern irrigated areas focus on horticulture, cereal grains and oilseed production. There are about 1350 farms in the shire, providing a cost-efficient source of fresh produce and raw materials for the supply of value-added products to rapidly expanding domestic and export markets.

Through the production of high-value fresh and processed food, Moirashire's horticultural industries are an important component of the regional, state and national economy. Industries include the fruit (mostly stone and citrus), viticulture (vineyards and wineries), cereal crops, vegetables and an emerging olive industry. These industries are recognised as key elements for long term prosperity in the irrigation region. They are particularly important because they provide high returns per unit of

applied water, well-suited to the climate of the region and ensure a diverse economic base in the area.

The worst drought in living memory continues to challenge the agricultural community. Council maintains its commitment to support those affected, in conjunction with other agencies, through its Social Recovery Committee and a strong commitment of advocacy with Federal and State governments.

Moirashire Council is one of four Murray region councils taking a lead role in adapting to climate change. Along with the Shire of Campaspe, Swan Hill Rural City Council and Mildura City Council, council successfully secured \$800,000 under the Australian Government's Strengthening Basin Communities Program to deliver the Strengthening Victoria's Foodbowl: Adaptation to Reduced Water Availability in a Changing Climate project.

The project addresses all sectors of the region, assisting communities to adapt to climate change through strategic planning and the development of practical solutions. Developed in two stages, it initially focused on an analysis of the science and government policy impacting on water availability; an assessment of and planning for the future was then undertaken, with the development of adaptation action plans and water savings plans for each council and the region. It is due for completion in November 2011.

TOURISM

Tourism in Moirashire centres on the natural assets of the Murray River, wineries and excellent sport and recreational facilities. Stretching from Bundalong in the east to Barmah in the west, attractions include wineries, historic homesteads, galleries, craft shops, licensed clubs, water sports, fishing, beaches, forests, lakes, rivers and wetlands. Tourism generates an estimated \$259 million for the Moirashire community.

COUNCILLOR PROFILES



CR ED COX

Mayor

Phone: 0400 564 885

Email:

ecox@moira.vic.gov.au

Cr Ed Cox is a beef and hay farmer from Cobram. He is married to Su and has four children.

Cr Cox previously served as Mayor in 2005, 2006 and 2010. He is involved in a wide range of committees, including the Cobram Showgrounds Reserve Committee of Management and Cobram Apex Recreation Reserve Committee of Management and is a member of the Murray Darling Water Basin Committee.

Cr Cox is currently serving his second consecutive term as Mayor.



CR ALEX MONK

Deputy Mayor

Phone: 0427 683 382

Email:

amonk@moira.vic.gov.au

Cr Alex Monk lives at Katamatite. She is married to Greg and has four adult children.

Cr Monk is involved in the operation of the family dairy farm business. She has had a long association with local community groups, including as the Community Coordinator at Katamatite and is the Coordinator of Volunteers for Moira Palliative Care Service.

This is Cr Monk's second term as Deputy Mayor, after also holding the office in 2010.



CR WENDY BUCK

Phone: 0427 820 645

Email:

wbuck@moira.vic.gov.au

Cr Wendy Buck is a business owner in Strathmerton and extensively participates in the agricultural sector.

Cr Buck is the facilitator of the Murray Irrigators Farming Support Group and the community representative on the NVIRP Murray Valley Modernisation Consultation Committee. She is Chair of the Water Technology Cluster Expo and secretary of the Northern Victorian Irrigators.

Cr Buck also developed the Small Communities Great Treasures of the Moira Shire tourism brochure and website.



CR ROB CHUCK

Phone: 0429 146 051

Email:

rchuck@moira.vic.gov.au

Cr Rob Chuck is a retired business owner who has lived on a small farm in Boweya for the past 30 years.

Cr Chuck has held many positions on committees and boards, some in a voluntary capacity. Cr Chuck is an accredited coach with the Australian Sports Commission, teaching AFL football and golf into schools, and recently attained his Diploma in Project Management.

Cr Chuck served on Wangaratta City Council from 2003-2006.



CR JUDY HEATHER

Phone: 0429 708 583

Email: jheather@moira.vic.gov.au

Cr Judy Heather is a business owner and operator who lives near Yarrowonga and is a proud mother of five children.

Raised and educated in the rural district of St James, she is now heavily involved in the Yarrowonga community.

Cr Heather was Secretary of the Yarrowonga Show for 12 years. She has a strong background in tourism and small business and keenly promotes Moira and its many attributes through various tourism and small business avenues.



CR GARRY JONES

Phone: 0408 314 593

Email: garry.jones@moira.vic.gov.au

Cr Garry Jones is a semi-retired small business operator and has lived in Cobram for 30 years with his wife Marian.

Cr Jones has been involved with the Yarroweyah Football Club and Murray Valley Cricket Umpires and as a board member of Numurkah Occupational and Vocational Adult Services. He has a keen interest in providing facilities to the shire's youth.

Cr Jones was appointed to the Regional Development Australia Hume Committee in 2010.



CR BRIAN KEENAN

Phone: 0419 549 528

Email: bkeenan@moira.vic.gov.au

Cr Brian Keenan was born and raised in Yarrowonga. He is married to Shirley and has six adult children and 21 grandchildren.

Cr Keenan is an irrigation and dryland cropping and grazing farmer and a retired real estate agent.

Cr Keenan has been actively involved in the Yarrowonga community as a life member of the Ambulance Service, former CFA Captain of 40 years, SES Controller and was Chairman of the Mid Murray Water Services Committee.



CR JESSIE MCCALLUM

Phone: 0439 396 754

Email: jmccallum@moira.vic.gov.au

Cr Jessie McCallum lives in Yarrowonga with her husband Bruce and is semi-retired.

Cr McCallum is a former Councillor and Mayor of the City of Whitehorse. She is involved with the local Yarrowonga branch of the Country Women's Association and is part of the Friends of Chinaman Island group.

Cr McCallum represents Moira Shire on the Goulburn Valley Library Board and at the Annual General Meeting of Moira Shire was appointed Council's representative to the Moira Healthcare Alliance Board.



CR DAVID MCKENZIE

Phone: 0438 691 252

Email: dmckenzie@moira.vic.gov.au

Cr David McKenzie is a retired farmer who resides in Nathalia with his wife Cheryl.

He has been actively involved in the community through his commitment as President of Picola and District Football League, member of School Council, member of the Rural Fire Brigade and a board member of Resource GV, Sun Country on the Murray and Roadsafe GV.

Cr McKenzie maintains an interest in junior sport and education opportunities.

Cr McKenzie served as Mayor in 2003, 2004 and 2009.



STRATEGIC GOALS

Moira Shire has four key goals with a particular focus on economic development, tourism, youth, the provision of health services to the community, providing an appropriate range of and level of services, pursuing an ongoing dialogue with the community and maintaining a sound financial position.

1. OUR COMMUNITIES

Working together to strengthen our communities.

2. OUR ENVIRONMENT AND LIFESTYLE

Maximising the potential development opportunities respecting our environment and lifestyle.

3. OUR COMMUNICATIONS AND PROCESSES

Providing strong leadership, delivering openness, transparency and accountability.

4. OUR PEOPLE

Supporting opportunities for the growth and development of our people.



STRATEGIC GOAL 1: OUR COMMUNITIES

WORKING TOGETHER TO STRENGTHEN OUR COMMUNITIES.

OUTCOME - QUALITY ACCESSIBLE EDUCATION

STRATEGIES

- > Lobby for improved access to a full range of educational opportunities for our youth within the region.
- > Investigate provision of additional learning venues.
- > Lobby for improved education opportunities for adult learning.
- > Develop a shire wide training and education plan that articulates clearly defined pathways, incorporating both existing and new providers.

OUTCOME - IMPROVED TELECOMMUNICATION SERVICES

STRATEGIES

- > Investigate options for improved broadband access across the shire.
- > Investigate options for improved mobile telephone services across the shire.

OUTCOME - ACCESS TO A BROAD RANGE OF ENTERTAINMENT

STRATEGIES

- > Develop options and seek opportunities for enhanced entertainment facilities.
- > Seek opportunities for improved entertainment options for all demographics.

OUTCOME - TOWN DEVELOPMENT THAT IS COMPLIMENTARY TO THE COMMUNITY

STRATEGIES

- > Undertake a review of the status of town streetscape improvement projects.
- > Finalise the industrial landscape plan.
- > Review planning for residential development in our towns.

OUTCOME - A COMMUNITY FOR ALL

STRATEGIES

- > Continue the provision of quality community infrastructure.
- > Continue to develop and implement appropriate planning strategies.
- > Encourage community participation in planning for improvement.
- > Ensure the continued development and implementation of actions for inclusive community programs.

OUTCOME - DELIVERY OF WORLD'S BEST PRACTICE AGED FRIENDLY COMMUNITY

STRATEGIES

- > Continue the implementation of the shire's Positive Ageing Strategy.

KEY STRATEGIC INDICATORS 2010/11

The following strategic indicators will be used to monitor achievement of the outcomes:

- > increase the Community Satisfaction Rating for performance in Appearance of Public Areas to greater than 69;
- > increase the Community Satisfaction Rating for performance in Town Planning Policy and Approvals to greater than 58;
- > increase the Community Satisfaction Rating for performance in Economic Development Responsibilities to greater than 58; and
- > increase the Community Satisfaction Rating for performance in Enforcement of By Laws to greater than 63.

STRATEGIC GOAL 2: OUR ENVIRONMENT AND LIFESTYLE

MAXIMISING THE POTENTIAL DEVELOPMENT OPPORTUNITIES RESPECTING OUR ENVIRONMENT AND LIFESTYLE.

OUTCOME - A QUALITY ENVIRONMENT FOR FUTURE GENERATIONS

STRATEGIES

- > Investigate opportunities to help our communities adapt to change.
- > Continue to negotiate with government and authorities in relation to delivery of sustainable provision of water for our communities.
- > Encourage the use of energy saving alternatives protecting the environment.
- > Ensure implementation of environmental road management practices.
- > Ensure the continuing management and development of environmentally significant areas of our community.

OUTCOME - SAFE COMMUNITIES

STRATEGIES

- > Continue the development of quality transport infrastructure.
- > Develop and implement strategies to promote Moira as a safe place to live and grow.
- > Lead the development of a regional approach to emergency declaration.

OUTCOME - A VIBRANT TOURISM INDUSTRY

STRATEGIES

- > Complete implementation of the Tourism Strategy.
- > Develop broad ranging tourism partnerships.

OUTCOME - IMPROVED ACCESS TO UTILITIES AND SERVICES

STRATEGIES

- > Continue to negotiate with governments, authorities and private enterprises in relation to the provision of quality utilities and services.

OUTCOME - A STRONG AND FLEXIBLE COMMERCIAL AND INDUSTRIAL SECTOR

STRATEGIES

- > Improve opportunities for industrial development.
- > Continue to support small and home-based business.
- > Finalise Industrial Land Strategy.
- > Encourage business development to ensure ongoing employment opportunities.

OUTCOME - A STRONG AGRICULTURAL FUTURE

STRATEGIES

- > Assist agricultural sector to capitalise on export opportunities.



OUTCOME - HIGH QUALITY ACTIVE AND PASSIVE RECREATION SERVICES

STRATEGIES

- > Support enhancements to cultural, arts, cinema, events and facilities for all ages and abilities.

OUTCOME - IMPROVED ACCESS TO HEALTH SERVICES

STRATEGIES

- > Lobby for improved access to hospital, medical and specialist services.
- > Continue implementation of the Moira Shire Municipal Health and Wellbeing Plan.

OUTCOME - WASTE MANAGEMENT THAT RESPECTS THE ENVIRONMENT

STRATEGIES

- > Continue implementation of Council's Waste Management Strategy.
- > Continue to implement environmentally sound waste management recovery practices.

KEY STRATEGIC INDICATORS 2010/11

The following strategic indicators will be used to monitor achievement of the outcomes:

- > increase the Community Satisfaction Rating for performance in the Provision of Recreational Facilities to greater than 69;
- > increase the Community Satisfaction Rating for performance in the Provision of Local Roads and Footpaths to greater than 51;
- > increase the Community Satisfaction Rating for performance in Traffic Management and Parking Facilities to greater than 60;
- > increase the Community Satisfaction Rating for performance in the Provision of Health and Human Services to greater than 78; and
- > increase the Community Satisfaction Rating for performance in the Provision of Waste Management to greater than 71.

STRATEGIC GOAL 3: OUR COMMUNICATIONS AND PROCESSES

PROVIDING STRONG LEADERSHIP, DELIVERING OPENNESS, TRANSPARENCY AND ACCOUNTABILITY.

OUTCOME - PROACTIVE COMMUNITY CONSULTATION AND ENGAGEMENT

STRATEGIES

- > Adopt and implement Council's revised Communications and Engagement Strategy.
- > Encourage community participation.
- > Strengthen partnership arrangements with State and Federal governments and private investors.

OUTCOME - EFFECTIVE MANAGEMENT AND MAINTENANCE OF COMMUNITY ASSETS

STRATEGIES

- > Ensure all community assets are clearly identified.
- > Ensure identification and management of surplus assets.
- > Review implementation of the Asset Management Strategy.

OUTCOME - RESPONSIBLE MANAGEMENT AND LEADERSHIP

STRATEGIES

- > Ensure appropriate management of Council's financial direction.
- > Investigate options that address issues relating to cost shifting implications from Federal and State governments.
- > Ensure the provision of quality internal communications.
- > Ensure effective corporate governance.

OUTCOME - SHARING OUR SUCCESSES

STRATEGIES

- > Continue to set an example for achievements in Local Government.
- > Develop a marketing strategy.

KEY STRATEGIC INDICATORS 2010/11

The following strategic indicators will be used to monitor achievement of the outcomes:

- > increase the Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues to greater than 63; and
- > increase the Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues to greater than 58.



STRATEGIC GOAL 4: OUR PEOPLE

SUPPORTING OPPORTUNITIES FOR THE GROWTH AND DEVELOPMENT OF OUR PEOPLE.

OUTCOME - MORE OPPORTUNITIES FOR YOUTH

STRATEGIES

- > Seek partnerships to provide opportunities for our youth.

OUTCOME - PROFESSIONAL, SKILLED COUNCIL STAFF

STRATEGIES

- > Ensure effective Human Resources management.
- > Ensure staff access to resources that enable high level service delivery.

OUTCOME - ENHANCED EMPLOYMENT OPPORTUNITIES FOR THE COMMUNITY

STRATEGIES

- > Maximise opportunities for retention of skills and labour force within our communities.

OUTCOME - GREATER COMMUNITY PARTICIPATION IN VOLUNTEERISM

STRATEGIES

- > Establish stronger community volunteer base.

KEY STRATEGIC INDICATORS 2010/11

The following strategic indicators will be used to monitor achievement of the outcomes:

- > increase the Community Satisfaction Rating for Overall Performance Generally of the Council to greater than 64;
- > increase the Community Satisfaction Rating for Council's Interaction and Responsiveness in Dealing with the Public to greater than 68; and
- > increase the Community Satisfaction Rating for Overall Performance in Key Service Areas and Responsibilities to greater than 64.



STRATEGIC RESOURCE PLAN 2011/12 TO 2020/21

WORKING TOGETHER FOR A SUSTAINABLE FUTURE



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1. EXECUTIVE SUMMARY

1.1 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:

- a) details of financial resources (Standard Statements); and
- b) details of non-financial resources, including human resources.

Council must adopt its SRP by 30 June each year. The SRP is intended to have a 10 year time frame to enable a longer term perspective to be analysed.

The highlights of year one of the Strategic Resource Plan 2011/12 to 2020/21 are:

- > Council will increase municipal rates and municipal charge collections by a net **7.40 percent** in the 2011/12 financial year. This level allows Council to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the municipality's infrastructure;
- > total operating expenditure of **\$44.35 million** and total operating income of **\$44.52 million**;
- > operating surplus after adjustments of **\$0.16 million**;
- > capital expenditure of **\$9.61 million** has decreased by **\$3.16 million** in 2011/12, compared to **\$12.77 million** invested in 2010/11; and
- > borrowings decreased by **\$0.17 million** in 2011/12 to a total outstanding at June 30 2012 of **\$11.61 million**.

These highlights are reflected in the Proposed Budget 2011/12 document.

This section includes:

- > community input into the SRP;
- > purpose of the SRP;
- > objectives of the SRP;
- > financial strategic direction; and
- > key strategic directions.

1.2 COMMUNITY INPUT: STRATEGIC RESOURCE PLAN (SRP)

Council began a review of its SRP in December 2010, with a focus on continuing long term financial sustainability and responsible asset management.

Council has reviewed elements of the SRP in conjunction with the Council Plan.

The SRP has been updated only to reflect the current financial position of Council and was adopted by Council on 20 June 2011.

1.3 PURPOSE OF THE SRP

Council is required to prepare a SRP under Section 126 of the *Local Government Act 1989*.

The purpose of Moira Shire Council's SRP is to:

- > establish a financial framework over the next 10 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 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 adopted 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 with Council's financial strategies.

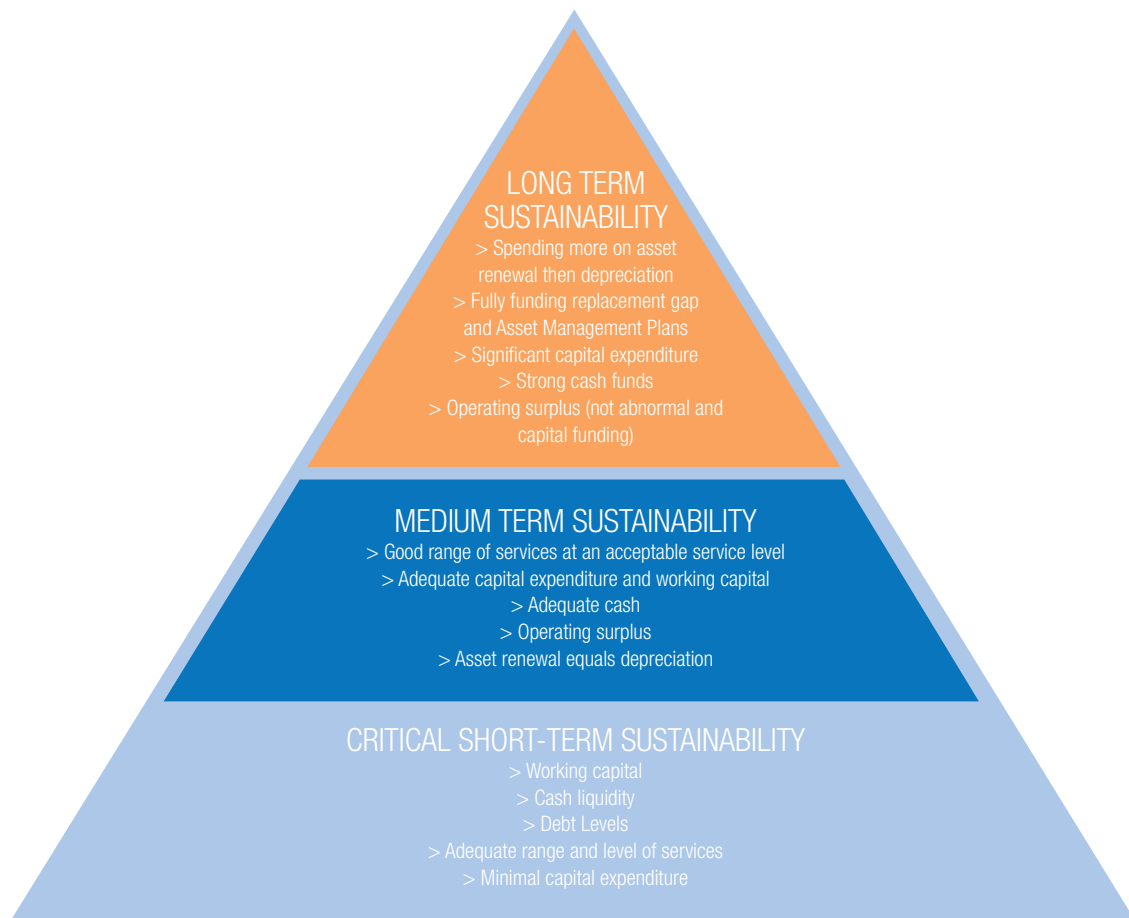


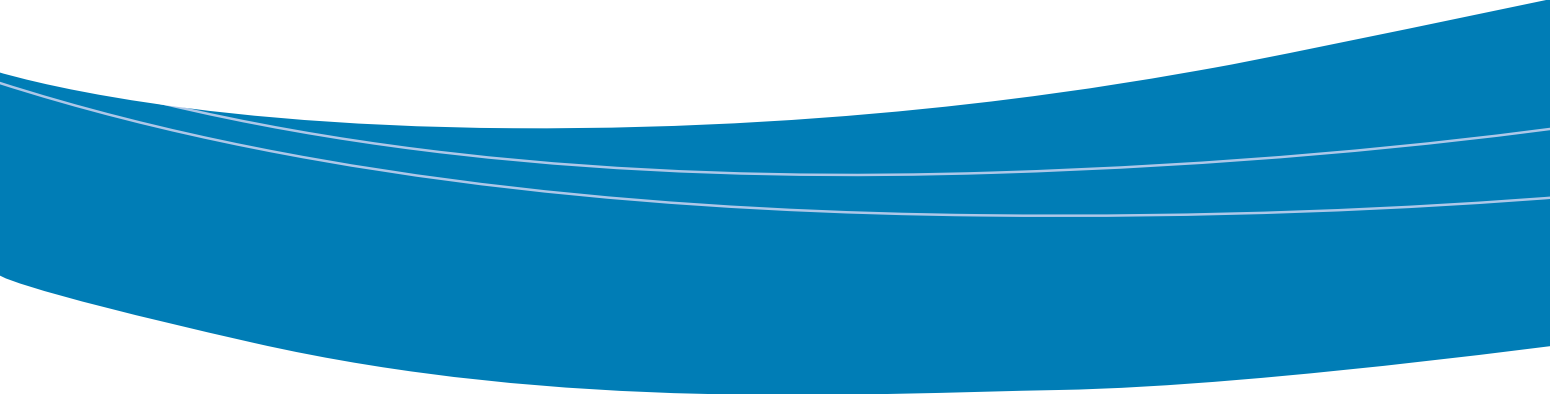
1.4 SRP OBJECTIVES

The 2011/12 to 2020/21 SRP is intended to achieve the following objectives in the 10-year timeframe:

- > maintain a strong cash position, ensuring Council remains financially sustainable in the long term;
- > maintain the existing range and level of service provision and develop the capacity to grow and add new services;
- > achieve operating statement surpluses with the exclusion of all non-operational items such as granted assets and capital income;
- > maintain debt levels below Victorian Auditor-General Low Risk Measures;
- > continue to pursue recurrent grant funding for strategic capital funds from the State and Federal governments; and
- > provide for rate increases that fund critical renewal and achieve a sustainability index of 100 percent, including increasing funding for capital works (asset renewal, expansion and upgrade) and general asset maintenance.

Financial sustainability is explained in the following diagram.





Council is presently in the medium term range of the sustainability pyramid. It may be difficult to reach all the long term sustainability goals; however, Moira will continue to improve its sustainability. This improved sustainability is demonstrated by a satisfactory cash position, significant capital expenditure and meeting the infrastructure funding gap with adequate critical renewal investment.

1.5 STRATEGIC FINANCIAL DIRECTION

Council, as part of reviewing its SRP, revises its borrowing strategy, asset management, capital investment, notional reserves, capital works program, range and level of services provided and revenue raising strategy. A number of strategic challenges remain ahead, including renewing existing assets, continuing to provide an appropriate range and level of services to a growing community, maintaining a financially sustainable position and addressing the need for new capital projects. The challenge for Council, in the short term, is to fund the appropriate level of investment in the community's assets and simultaneously accommodate the pressures of growth, including new capital investment and expanded service provision. 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.

This SRP 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.

A Glossary of Terms is attached in **Appendix A**. **Appendix B** details Council's Standard Financial Statements, which are an outcome of this SRP.



1.6 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 2011/12 Budget.

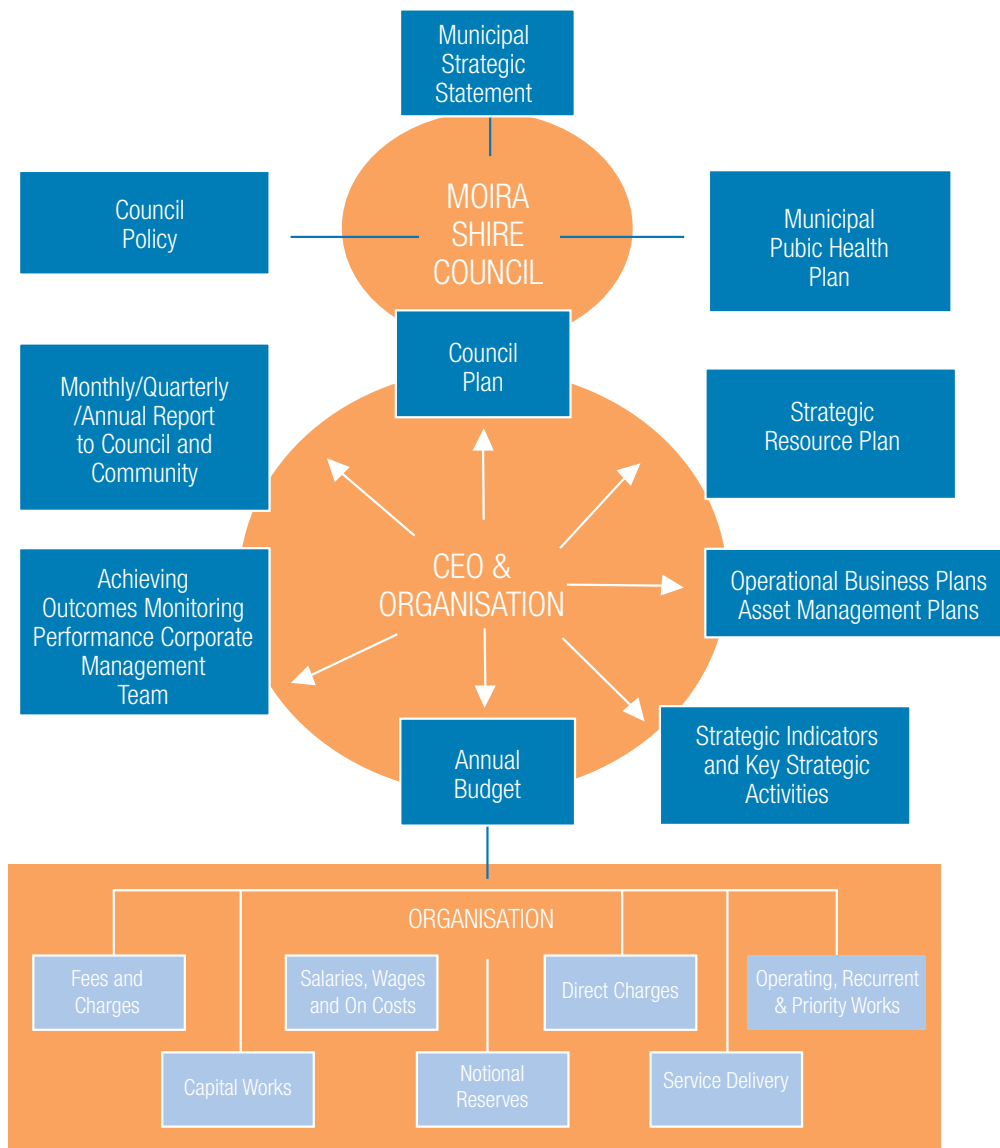
SECTION	STRATEGIC DIRECTION
Section 3: Victorian Auditor General Sustainability Measures	That Moira Shire Council continues to benchmark with other Victorian councils, particularly those within the large rural council category.
	That Moira Shire Council applies the outcomes of this SRP to the 2011/12 Budget.
	That Moira Shire Council, aims to progress towards meeting the low risk measures for the five Victorian Auditor General sustainability measures.
Section 4: Notional Reserves	That Moira Shire Council maintains notional reserves for stand-alone operations or investments.
Section 5: Rating and Other Revenue Strategies	That Moira Shire Council retains capital improved value (CIV) as its valuation base.
	That Moira Shire Council provides a municipal charge that is approximately 20 per cent of rates to ensure an equitable contribution towards the “unavoidable” fixed costs of Council.
	That Moira Shire Council:
	> directly charges recycling costs to those ratepayers who receive the service;
	> directly charges waste collection costs and the cost of disposal of domestic waste to those ratepayers who receive the service;
	> continues an environment levy on all rateable properties to raise revenue for the management of landfills and transfer stations; and
	> bases future increases on future EPA, regulatory and safety requirements.
That Moira Shire Council, in 2011/12, adopt a:	
a) 7.4 per cent increase in total net revenue for general rates and municipal charges; and	
b) 6.0 per cent increase in total revenue for waste collection, including funding the cost of disposal of domestic waste, recycling collection and the environment levy.	
That Moira Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other councils.	
That Moira Shire Council undertakes detailed analysis on the level of existing fees and charges, investigates new revenue sources and reports recommendations to Council.	

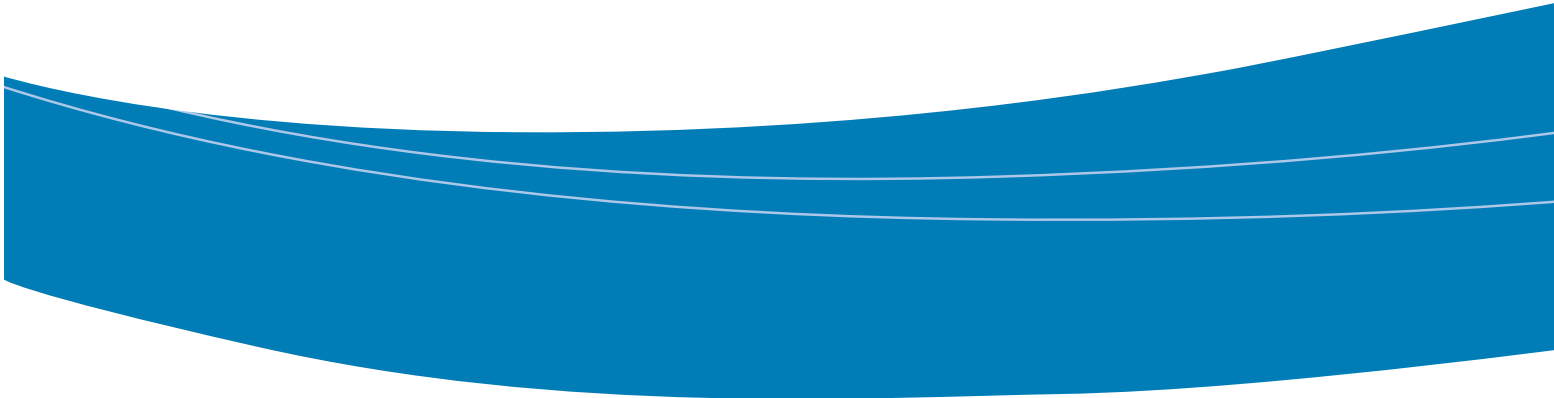
SECTION	STRATEGIC DIRECTION
Section 6: Asset Management	That Moira Shire Council, having established its critical renewal investment levels, complete detailed Asset Management Plans for all classes of Council assets incorporating level of service assessments.
	That Moira Shire Council, as part of the development of its Asset Management Plans, consult with the community to determine how service levels will be reached, including a combination of improved revenue raising, possible review of existing service levels, asset disposal and composition of the asset portfolio.
	That Moira Shire Council allocates funds to renewal of existing assets rather than constructing new assets where possible, noting that as the shire's population expands, it will be necessary to provide the appropriate infrastructure.
	That Moira Shire Council allocates additional funding to capital works (renewal) as its debt and revenue raising strategies are completed.
Section 7: Capital Works	That Moira Shire Council increases its capital works commitment at levels that meet or exceed the targets established in this SRP, and complete the development of a 10-year capital works program.
	That Moira Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at condition Level 8, with the next priority on renewal, upgrade and expansion.
Section 8 Service Provision and Planning	That Moira Shire Council annually determines the range and level of service provision through the budget process, incorporating an analysis of organisational and financial capability.
Section 9 Strategic Financial Plan	That Moira Shire Council continues to review its preferred rating option for its strategic financial model to fund the Council Plan, capital expenditure and service delivery, as part of the Rating Strategy, through the Annual Budget process.

2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN

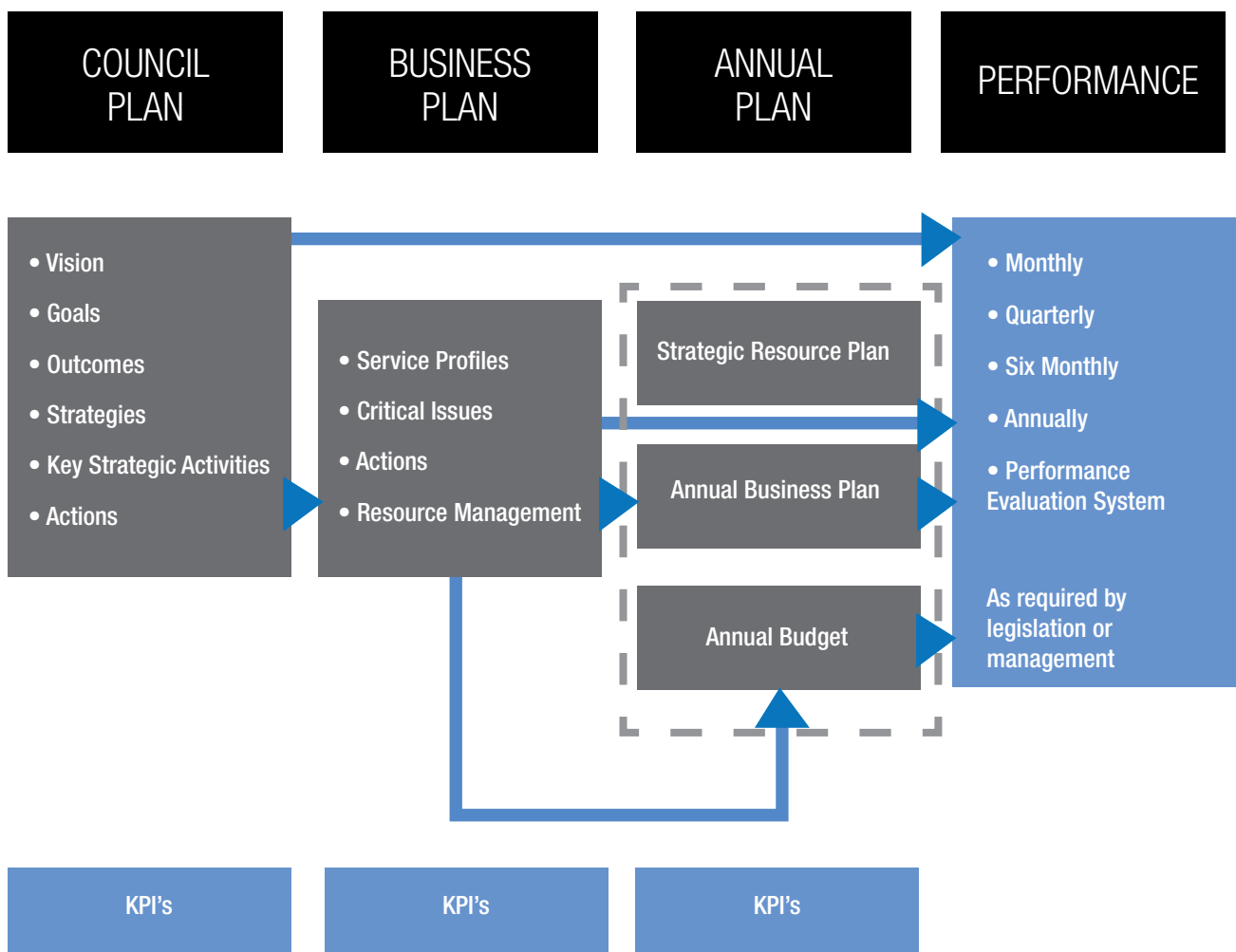
2.1 STRATEGIC PLANNING FRAMEWORK

The diagram below shows the links between the SRP and the balance of the corporate planning framework. As the diagram illustrates, Council sets the strategic direction to provide the Chief Executive Officer with the necessary guidance to develop and implement plans, actions and strategies to achieve these strategic outcomes. The key strategic documents include the Council Plan, Municipal Strategic Statement and Municipal Public Health and Wellbeing Plan. These plans are prepared in accordance with Council policies.





The strategic planning framework incorporates the Council Plan and Business Plans linked together and resourced by the Annual Budget.
 The diagram below depicts this framework:



The planning framework provides for the Council Plan strategies to be linked to Business Plan actions that are funded and resourced through the Annual Budget.

The organisation then measures and monitors performance and reports to internal and external stakeholders as required.

Council receives formal reports on a monthly and quarterly basis, detailing progress against its Council Plan and Annual Budget.

3. MOIRA SHIRE COUNCIL FINANCIAL SUSTAINABILITY

3.1 INTRODUCTION

Developing financial strategies for Council is often a difficult process.

- > Is Council achieving a sufficient amount of revenue to provide services to the community?
- > What should the target be in respect to resourcing expenditure on new assets (capital expenditure)?
- > What is Council's targeted renewal investment and is this maintaining an acceptable level of service for the community?
- > What is an acceptable rate and charge increase?
- > What is an acceptable level of debt?

Some of the answers to these questions come from prudential guidelines established by industry bodies such as the Department of Planning and Community Development. However, a great deal is left for each council as an individual entity to determine. How does Council gather appropriate data on which to base decisions about its financial future?

The use of financial indicators that assess the comparative financial position of each council in Victoria provides a valuable source of information in establishing financial strategies. These indicators highlight the relative financial strengths of each council and uncover the opportunities that councils may grasp for improvement. The indicators are used to identify trends in financial sustainability.

This section includes:

- > benchmarking; and
- > analysis of Council's financial sustainability from the perspective of the Victorian Auditor-General (VAGO).

3.2 BENCHMARKING

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

The State Government measures Council's performance by benchmarking between councils and establishes a number of Key Performance Indicators (KPIs) for each council to use. The KPIs have been derived from Council's Annual Reports. The number of councils in each category is shown in the table below.

CATEGORY DESCRIPTION	COUNCILS WITHIN CATEGORY
Inner Melbourne	18
Outer Melbourne	13
Regional cities	8
Large shires	19
Small shires	21
Total	79

In each KPI, the following information is shown:

- > the position at 30 June 2010 (2009/10 actual);
- > the state average;
- > the average for Victorian councils categorised as large rural shires (Moirashire's group); and
- > the projected position at 30 June 2011.

These key performance indicators are detailed within the relevant chapters of the SRP, and assist Council compare its position to other large rural Councils.

3.3 ANALYSIS OF COUNCIL'S FINANCIAL SUSTAINABILITY

3.3.1 FINANCIAL SUSTAINABILITY

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

Councils are perpetual corporations 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 then that the sustainability of Moira Shire Council can be assessed. The VAGO has indicated "there are no financial viability concerns identified for Moira Shire Council".

3.3.2 VICTORIAN AUDITOR

The VAGO, in February 2011, prepared the Annual Report on Local Government, which gives a detailed analysis of the financial sustainability of councils. The VAGO's indicators of Council financial viability are:

INDICATOR	CALCULATION	EXPLANATION
Underlying result	Adjusted net surplus/total underlying revenue	Adjusted net surplus is calculated by removing non cash developer contributions and one off items from statement of income and expenditure.
Liquidity	Current assets/Current liabilities	Measure of ability to pay existing liabilities within 12 months.
Indebtedness	Non-current liabilities/own sourced revenue	Compares non-current liabilities (including loans) to own source revenue. Own sourced revenue is used because it does not include capital grants.
Self financing	Net operating cash flow/ underlying revenue	This is a measure of local government's ability to fund the replacement of assets from cash generated by their operations: the higher the percentages, the more able to do so.
Investment gap	Capital spend: Depreciation	This is a measure of whether local governments are spending on infrastructure at a greater rate than the infrastructure is depreciating.



3.3.2.1 FORMULA ISSUES

There are formula/structural issues:

- a) the self-financing ratio numerator 'net operating cash flow' includes capital income and this should, theoretically, be discounted from this equation. Capital income is an external funding source and is non-recurrent; and
- b) operating grants, an external funding source, is included in the underlying surplus and underlying revenue.

A conservative approach would exclude capital income and operating grants.

3.3.2.2 VICTORIAN AUDITOR-GENERAL'S RESULTS

The following results, for Moira Shire Council, have been provided by the VAGO in the Local Government: Results of the 2009/10 Audits report in February 2011.

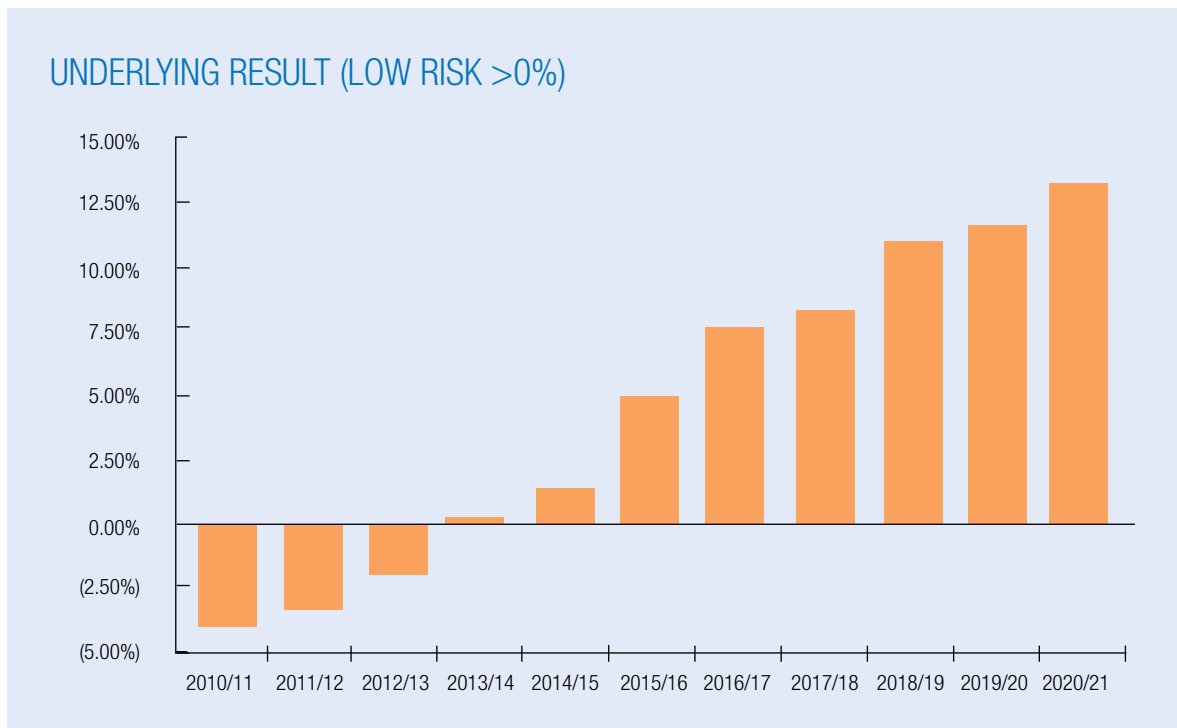
COMPONENT	2006	2007	2008	2009	2010	MEAN	ACTUAL TREND	FORECAST			FUTURE TREND	LOW RISK	VAGO COMMENT
								2011	2012	2013			
Underlying results	4.99	1.95	(2.15)	9.91	(4.05)	2.13	→	(3.33)	(2.03)	0.17	↑	> 0	Council generating sufficient profit
Liquidity	2.03	2.05	1.82	1.60	1.70	1.80	→	1.58	1.20	1.16	↓	> 1.5	No immediate issues repaying liabilities
Indebtedness	45.8	55.2	66.24	64.74	70.14	60.42	↓	63.19	55.24	44.44	↓	40% or less	Some concern to repay from own source revenue
Self-financing	32.73	27.9	18.75	31.77	16.16	25.50	→	18.72	18.45	21.47	↑	20% or more	Generating enough cash from operation to fund new assets and renewal
Investment gap	1.37	1.38	1.44	1.40	1.63	1.44	→	1.20	1.20	1.09	→	> 1.5	May indicate not spending enough on renewal

There has been a major increase in capital expenditure over the last two years, such that the total expenditure of **\$9.06 million** in 2009/10 was equal to 210 percent of the expenditure in 2004/05. Liquidity and indebtedness indicators are satisfactory; however, Council is left with the need to consider increases in own source revenue, e.g. fees and charges and rates. The Victorian Auditor-General's Office overall financial sustainability rating issued in November 2010, relating to Moira Shire Council, was that there was a "low risk of financial sustainability concerns - there are no high risk indicators".

What follows is an assessment of updated VAGO indicators based on Council's approved forecasts for the March 2011 Quarterly Budget Review.

3.4 UNDERLYING RESULTS

This is Council's underlying result as a percentage of its underlying revenue. The underlying surplus is the operating result in the standard income statement less contributed assets. The underlying revenue is the total revenue in the standard statements plus proceeds of sale of fixed assets less contributed assets.

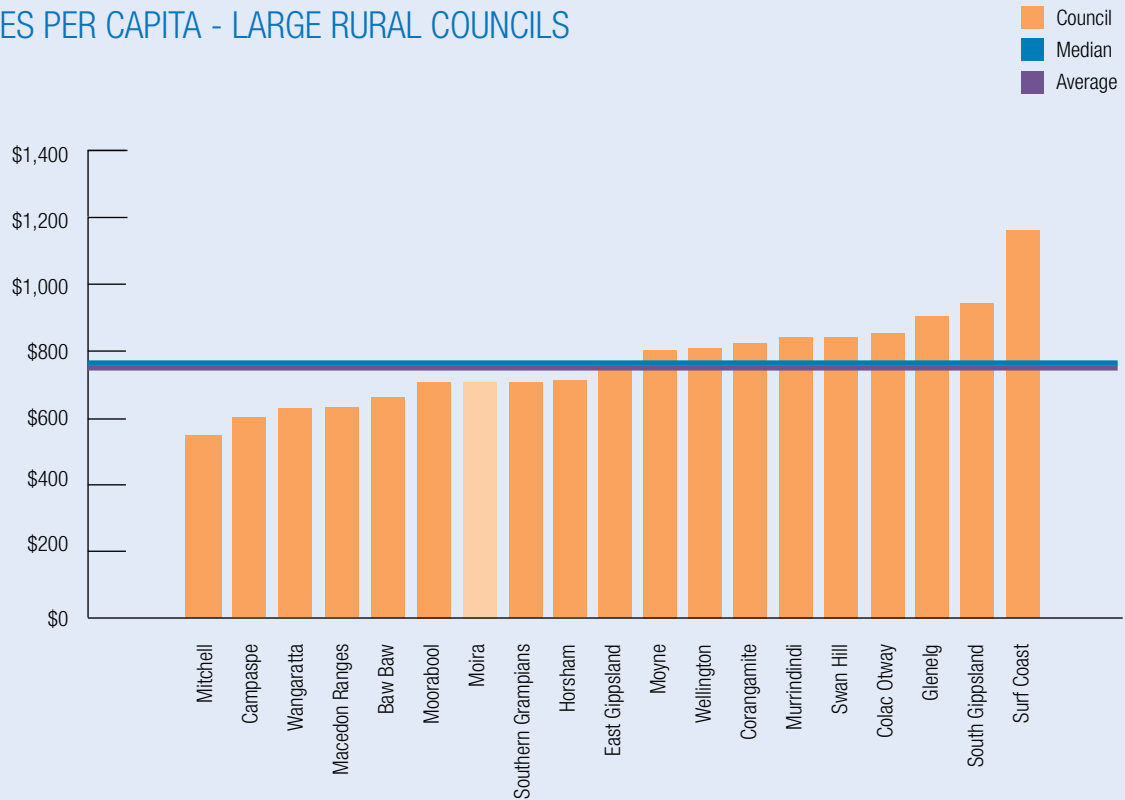


The VAGO's low risk level is a percentage greater than zero percent.

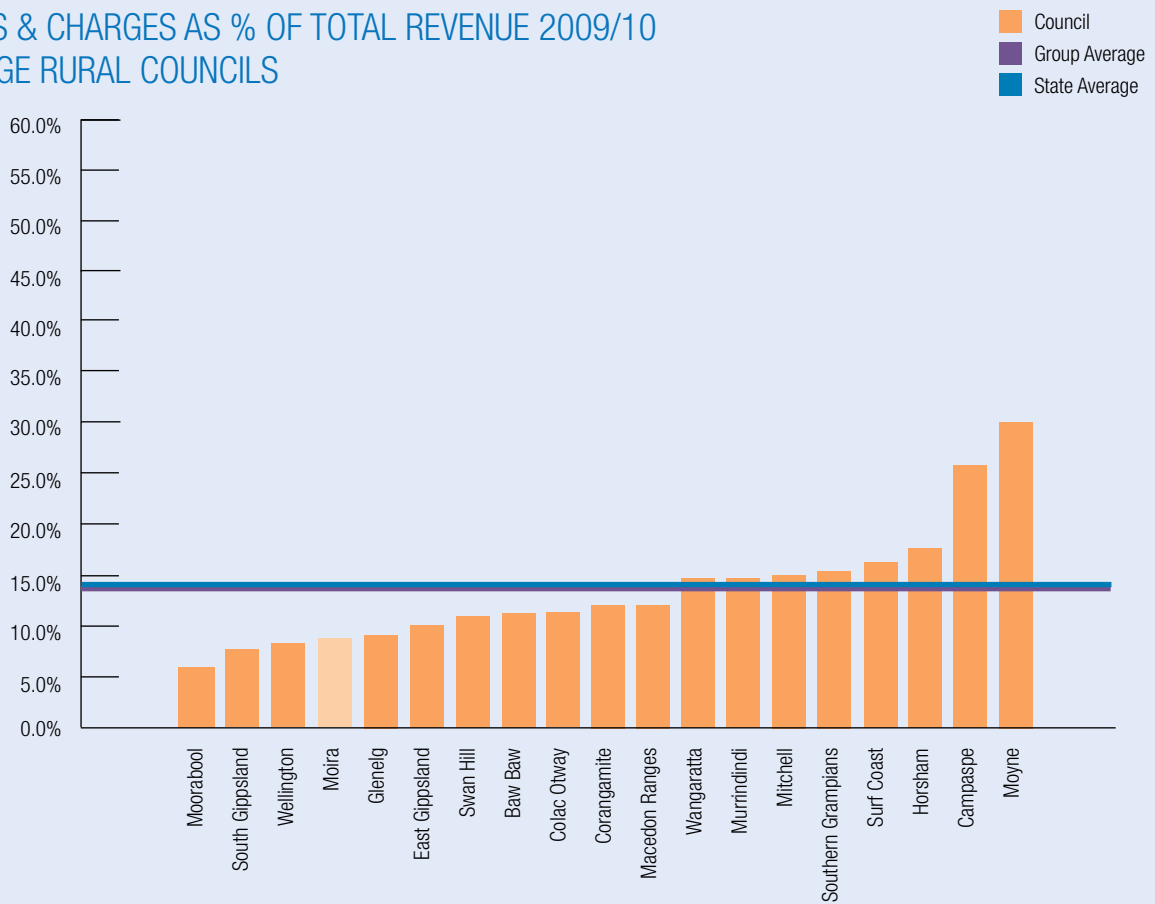
Council's underlying result is negative for the years 2011/12 and 2012/13, due largely to reductions in capital grants. The underlying result is positive from 2013/14, as increases in revenue are greater than increases in expenses. Funds for capital works are therefore being accumulated.

Council will continue to look to access additional sources of revenue, in the short term, particularly own sourced revenue, such as rates and charges and user fees. The graphs that follow indicate Council, in comparison with other large rural councils, has reason to consider increases in revenue in these areas. Moira Shire Council is below the average in each case.

RATES PER CAPITA - LARGE RURAL COUNCILS



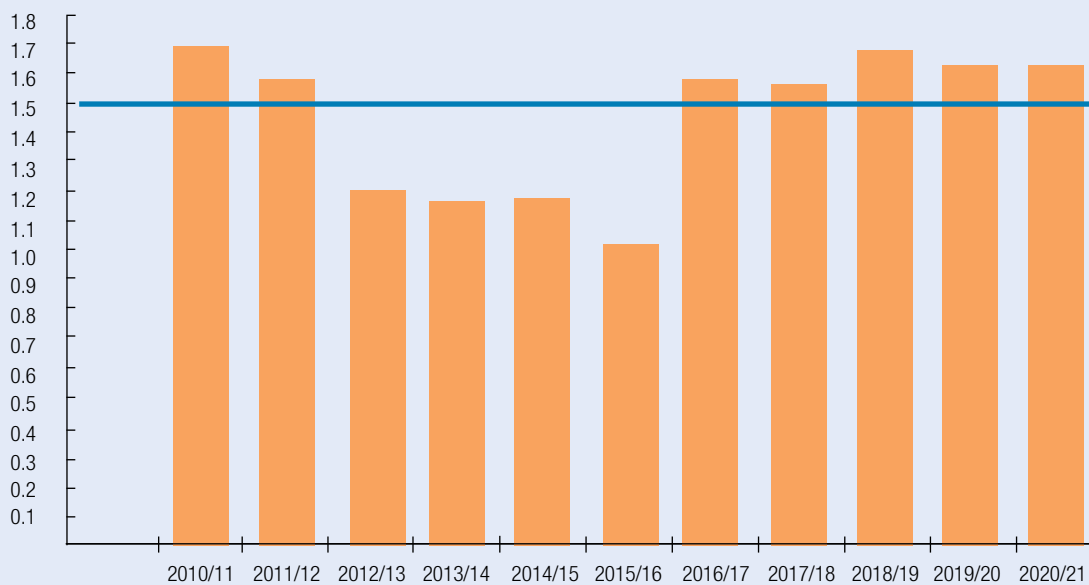
FEES & CHARGES AS % OF TOTAL REVENUE 2009/10 LARGE RURAL COUNCILS



3.5 LIQUIDITY

This is Council's current assets compared to its current liabilities. It is also known as the working capital ratio. Current assets are assets that can be turned into cash within 12 months. Current liabilities are debts owed, which Council has to pay within 12 months. As a minimum, Council's current assets must always be greater than its current liabilities. To date, Council's strategy has been that for each \$1.00 of current liabilities there will be at least \$1.20 of current assets. Council will now aim to meet the low risk level set by the VAGO, which is a ratio greater than 1.50, that is, for each \$1.00 of current liabilities there will be more than \$1.50 of current assets. Council's target is a ratio of 1.60:1.

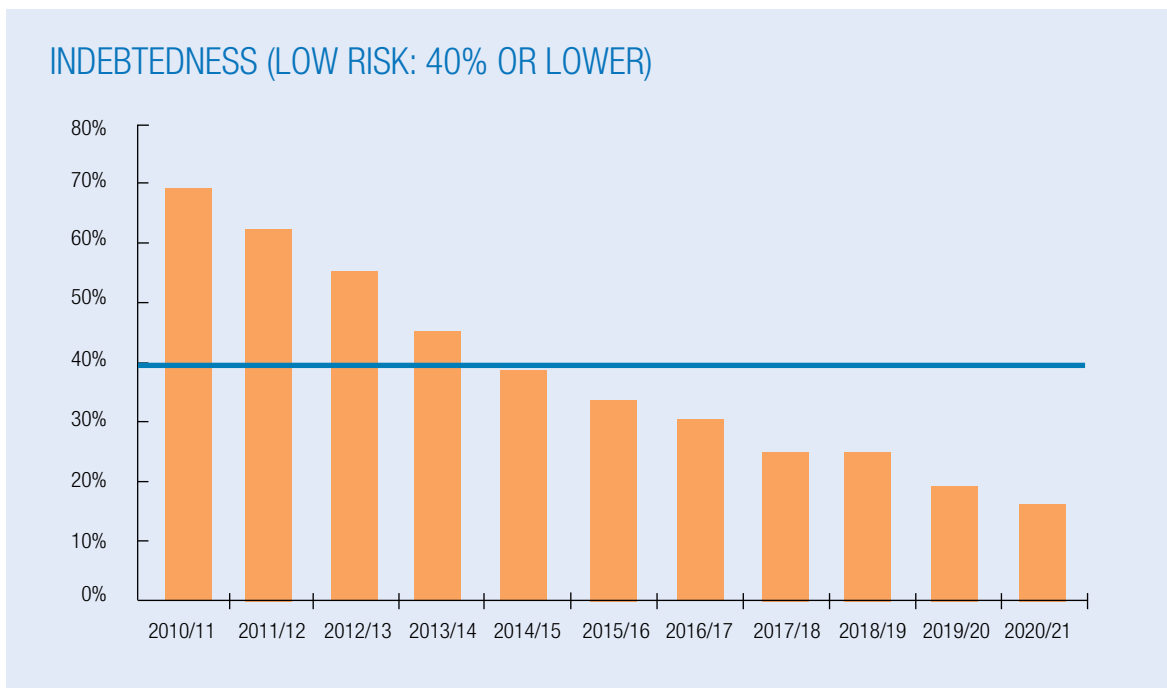
LIQUIDITY (WORKING CAPITAL RATIO) (LOW RISK: >1.5)



The straight line graph is the ratio of 1.50 above which, is the low risk level, as established by the VAGO. Council plans to meet the low risk target for all years except for the years 2012/13 to 2015/16.

3.6 INDEBTEDNESS

This is Council's long term liabilities, as shown in the standard balance sheet, as a percentage of own source revenue. Long term liabilities include that portion of outstanding loans not payable within 12 months plus the liability to rehabilitate Council's landfills. Own sourced revenue is the total revenue in the standard income statement less grants and contributions and less net gain on disposal of fixed assets. Thus, own sourced revenue is revenue generated by the actions of Council, for example, rates and user fees.



The VAGO's low risk level is 40.00 percent or lower. The straight line graph shows the minimum low risk level.

The main factors affecting this financial indicator are loan borrowings, employee entitlements, the liability for the rehabilitation of Council's landfill and own sourced revenue. Council has been borrowing large amounts in recent years - **\$2.50 million** in 2010/11 and **\$0.80 million** planned for 2011/12. These funds have underpinned the doubling of capital expenditure over the previous six years. No further loans are planned after 2011/12. As a result, Council's indebtedness will be in the low risk category in 2014/15.

Potentially, the establishment of a regional waste organisation, which is being investigated, would reduce the landfill rehabilitation liability by reducing additional liabilities, and, therefore further improve the indebtedness financial indicator.

Council's indebtedness is high risk for the short term, but the strategy now in place will result in a low risk indicator by 2015/16.



3.6.1 LOAN BORROWINGS

3.6.1.1 History

In 2003/04, Council consolidated its then eight (8) existing loans in one seven (7)-year fixed interest loan of **\$6.90 million** to be repaid in full by 17 February 2011. No further loans were to be raised.

The 2005/06 SRP introduced a key financial indicator for future loan borrowings, namely, that debt servicing and redemption costs not exceed 10.00 percent of rate revenue. As a result, a new loan of **\$1.20 million** was raised and capital expenditure increased from **\$6.00 million** in 2004/05 to **\$9.00 million** in 2005/06.

Since 2005/06, further borrowings have been taken up and capital expenditure increased to **\$13.00 million**.

3.6.1.2 Current position

The table below highlights Council's interest bearing liabilities and the movements that have occurred during the past three (3) financial years, the 2011 forecast and 2011/12 Budget.

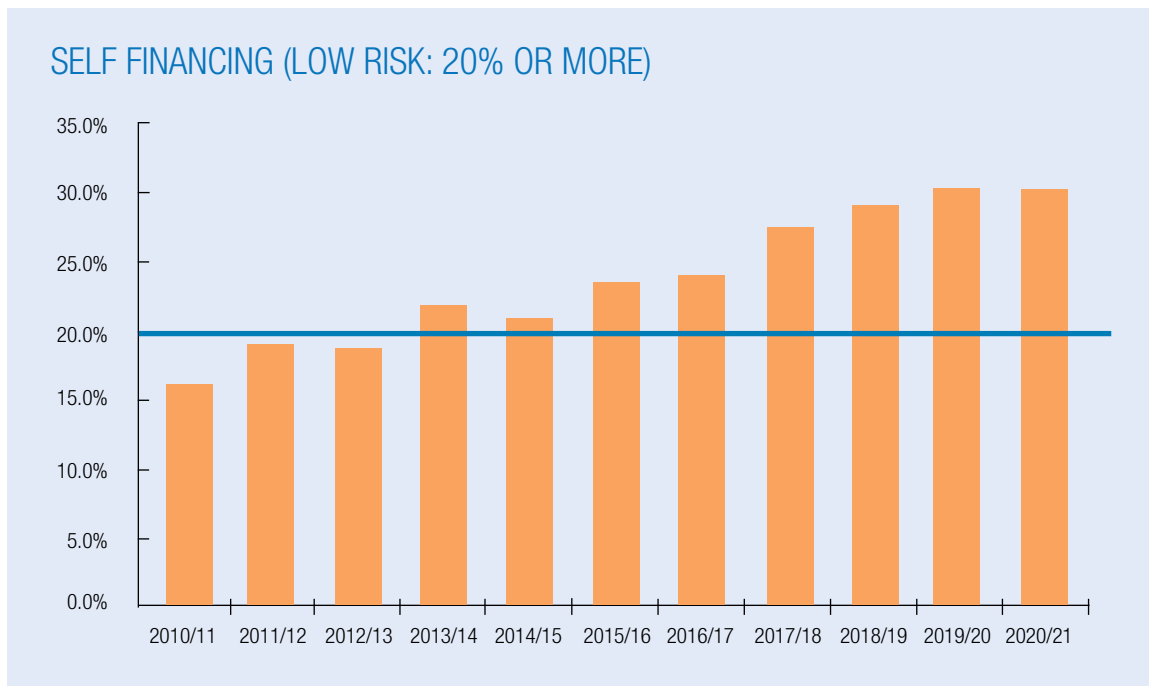
DEBT TYPE	ACTUAL 30 JUNE 2008	ACTUAL 30 JUNE 2009	ACTUAL 30 JUNE 2010	APPROVED FORECAST 30 JUNE 2011	FORECAST 30 JUNE 2012
Total loan debt	9,140,269	9,210,048	10,854,510	11,789,552	11,615,288

Council's current strategy means no further borrowings after 2011/12. In 2011/12 \$0.80 million is to be borrowed. The effect of this strategy is shown below. The balance of outstanding borrowings starts reducing from 2011/12.

YEAR	NEW BORROWING \$'000	PRINCIPAL PAID \$'000	INTEREST PAID \$'000	BALANCE 30 JUNE \$'000
2011	2,500	1,564	703	11,789
2012	800	974	859	11,615
2013	-	1,145	833	10,470
2014	-	1,010	757	9,460
2015	-	1,088	680	8,372

3.7 SELF FINANCING

This is net operating cash flow as a percentage of underlying revenue. Net operating cash flow is as recorded in the standard statement of cash flows. It is the net cash generated by Council operating activities, that is, the revenue received from rates, charges, user fees, contributions and grants less the expenses paid for performing its functions, such as road maintenance, community services, planning and building obligations and waste management. It does not include capital expenditure. The underlying revenue is the total revenue in the standard statements plus proceeds of sale of fixed assets less contributed assets.



The VAGO's low risk level is 20.0 percent or more. The straight line graph indicates the low risk level of 20.0 percent or more.

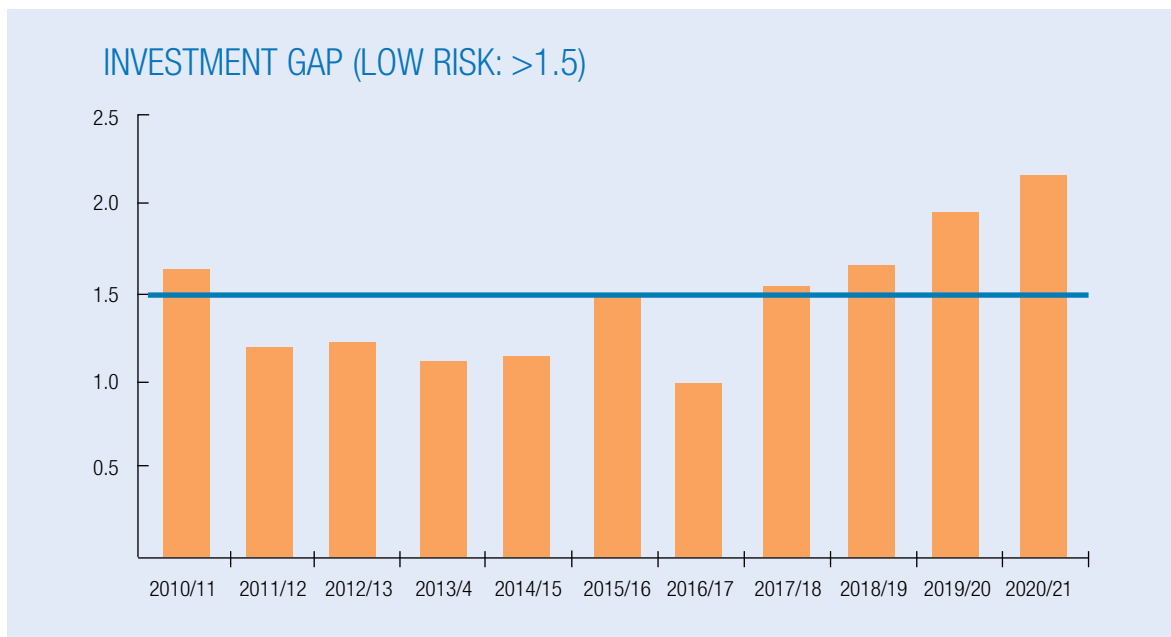
The downturn in the years 2011/12 and 2012/13 is related to the reduction in capital grants and the improvement in the later years is due to increases in capital grants associated with increases in capital expenditure, and, proceeds of sale of industrial land. Overall, Council is generating sufficient, or near sufficient funds, for renewal of assets.

3.8 INVESTMENT GAP

This is capital expenditure compared to the depreciation expense for the year. The VAGO has established a low risk ratio of 1.50, that is, \$1.50 of capital expenditure to \$1.00 of depreciation expense.

The investment gap financial indicator is a very broad indicator. Its aim is to measure whether Council's spending on infrastructure is at a greater rate than the infrastructure is depreciating. Council does not meet the low risk level for the years 2010/11 to 2016/17; however, while this is so, Council has planned capital expenditure, which includes 100 percent of the required capital renewal, which is a critical measure regarding the continuing working condition of Council's infrastructure assets.

The graph below shows that, while Council is meeting the capital renewal demand, it is delaying capital upgrade and expansion expenditure, which would otherwise see the investment gap ratio level out over the 10 years.



The straight line graph shows the VAGO's low risk level of 1.5.

Council's capital expenditure is adequate in that it is meeting 100 percent of its capital renewal requirements.

STRATEGIC DIRECTION

1. That Moira Shire Council continues to benchmark with other Victorian councils and those within the large rural council category.
2. That Moira Shire Council applies the outcomes of this SRP to the 2011/12 Budget.
3. That Moira Shire Council aims to progress towards meeting the low risk measures for the five Victorian Auditor General Sustainability measures.

4. STATUTORY AND NOTIONAL RESERVES

4.1 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. Notional reserves are used only as an indicator of funds for specific purposes and represent what those functions have earned. The following section details Moira Shire Council's notional reserves.

4.1.1 NATURE AND PURPOSE OF NOTIONAL RESERVES

Moira Shire Council allocates expenditure for known outlays and revenues, directly within the long term financial plan to the financial year where the expenditure will be incurred, rather than to specific reserve funds. The traditional transfer to and from reserves is 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. Council's statutory and notional reserve funds at 30 June 2010, forecast to 30 June 2011 and Budget 30 June 2012 are detailed below.

NOTIONAL RESERVE	ACTUAL 30 JUNE 2010 \$	FORECAST 30 JUNE 2011 \$	FORECAST 30 JUNE 2012 \$
Industrial estates	439,764	439,764	252,764
Waste management	4,115,426	5,088,609	4,425,235
Fords Pit rehabilitation	96,260	65,660	304,901
Major projects	-	180,000	180,000
Total	4,651,450	5,774,033	5,162,900
STATUTORY RESERVE	ACTUAL 30 JUNE 2009 \$	FORECAST 30 JUNE 2010 \$	FORECAST 30 JUNE 2011 \$
Recreation open space	791,451	821,451	701,451
Car parking	273,636	353,636	433,636
Offset planting	30,000	80,000	80,000
Total	1,095,087	1,255,087	1,215,087
Total Notional & Statutory	5,746,537	7,029,120	6,377,987

STRATEGIC DIRECTION

1. That Moira Shire Council maintain notional reserves for stand-alone operations or investments.

5. RATING AND OTHER REVENUE STRATEGIES

5.1 INTRODUCTION

This section includes:

- > valuations;
- > components of Council's rating base;
- > rates and charges budget 2010/11;
- > rating strategy;
- > waste services;
- > grant revenue;
- > Victorian Grants Commission; and
- > fees and charges revenue.

5.2 VALUATIONS

5.2.1 GENERAL VALUATION

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 Moira Shire, data on every property is recorded and used by independent valuers 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 Council's rating system; therefore, their accuracy is of paramount importance. General valuations are required every two (2) years. This ensures a common date is used for all valuations. The 2010 revaluation was undertaken based on property values as at 1 January 2010.

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

5.2.2 DEFINITIONS OF VALUATIONS

Moirashire Council uses the capital improved method of valuation, 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, which is the market value of land excluding improvements; and
- > net annual value, which represents the reasonable annual rental of a property, minus specified outgoings. In most cases this is 5.0 percent of the CIV.

5.2.3 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.

As a result of a supplementary valuation, a rate notice is issued to reflect any change in rates. Council presently undertakes this task on a regular basis.

5.3 COMPONENTS OF COUNCIL'S RATING BASE

5.3.1 INTRODUCTION

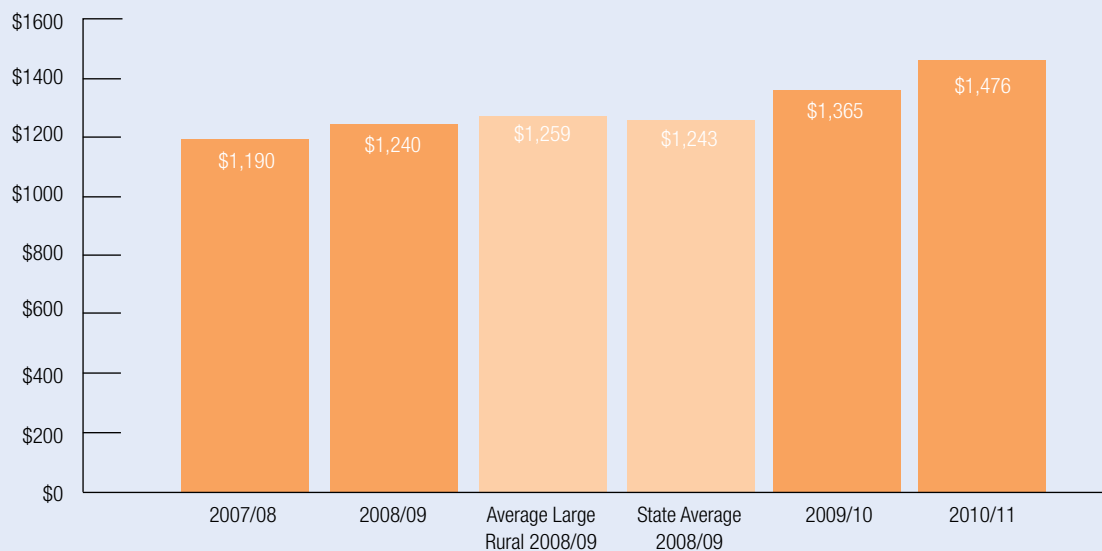
Moira Shire Council levies differential rates, annual service charges and a municipal charge to raise its annual rates and charges revenue. The legislative basis of the following, and details about how they apply to Moira Shire, is available upon request.

- > Differential rates - legislation
- > Differential rates - Moira Shire Council
- > Municipal charge
- > Special rates and charges
- > Service rates and charges
- > Rebates and concessions

5.4 ASSESSMENT OF CURRENT RATING LEVELS

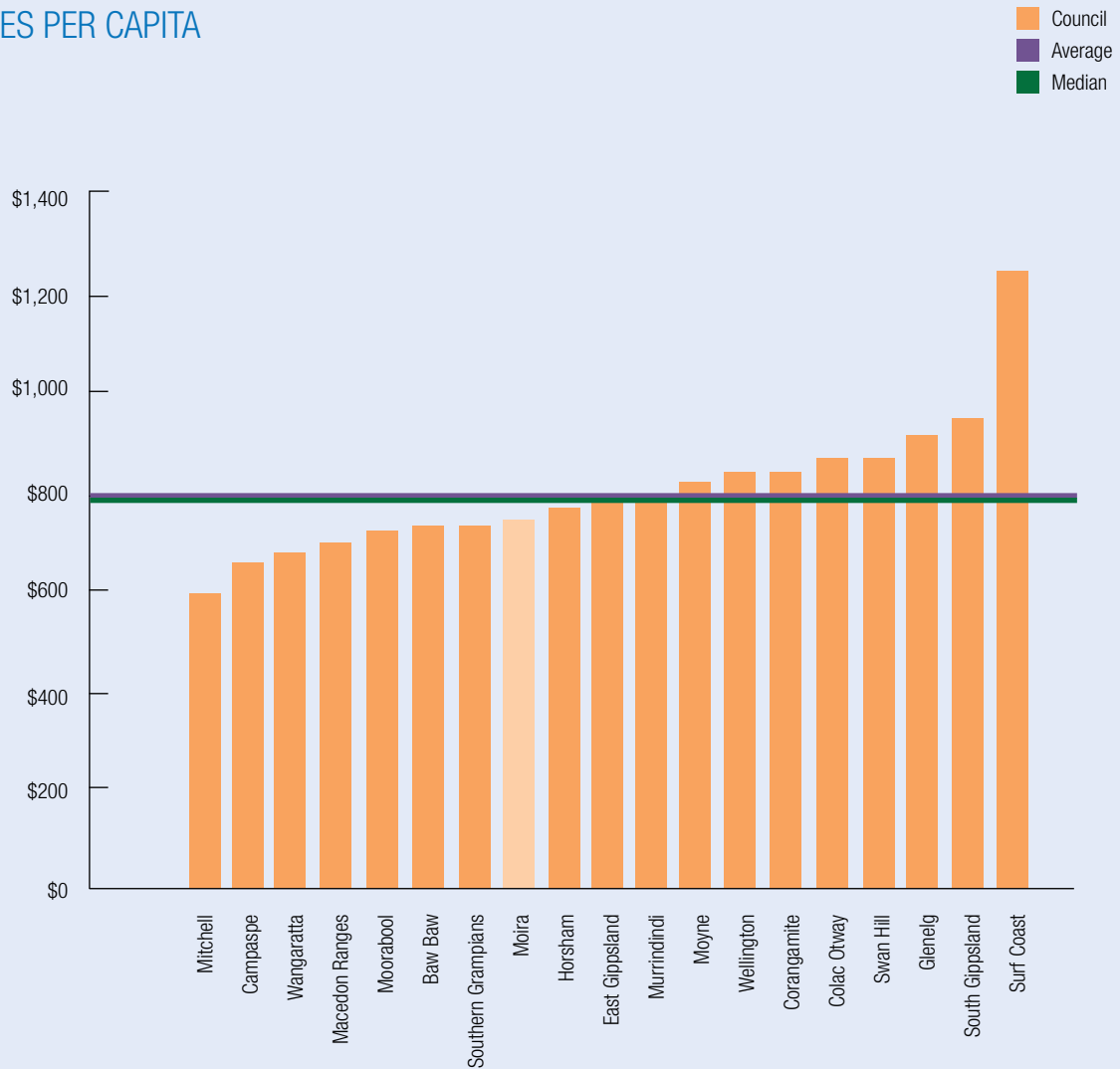
Comparing the relativity of rating levels between councils can be a difficult exercise due to debate about the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils. Also, cash holdings of municipalities vary and councils have significantly different infrastructure needs and geographic sizes. For example, Surf Coast Shire is 1560 square kilometres, compared to Moira Shire at 4057 square kilometres and Wellington Shire at 10,200 square kilometres. Each municipality also has significantly different levels of capital works, funding structures for capital works and varying debt levels.

RATES PER ASSESSMENT



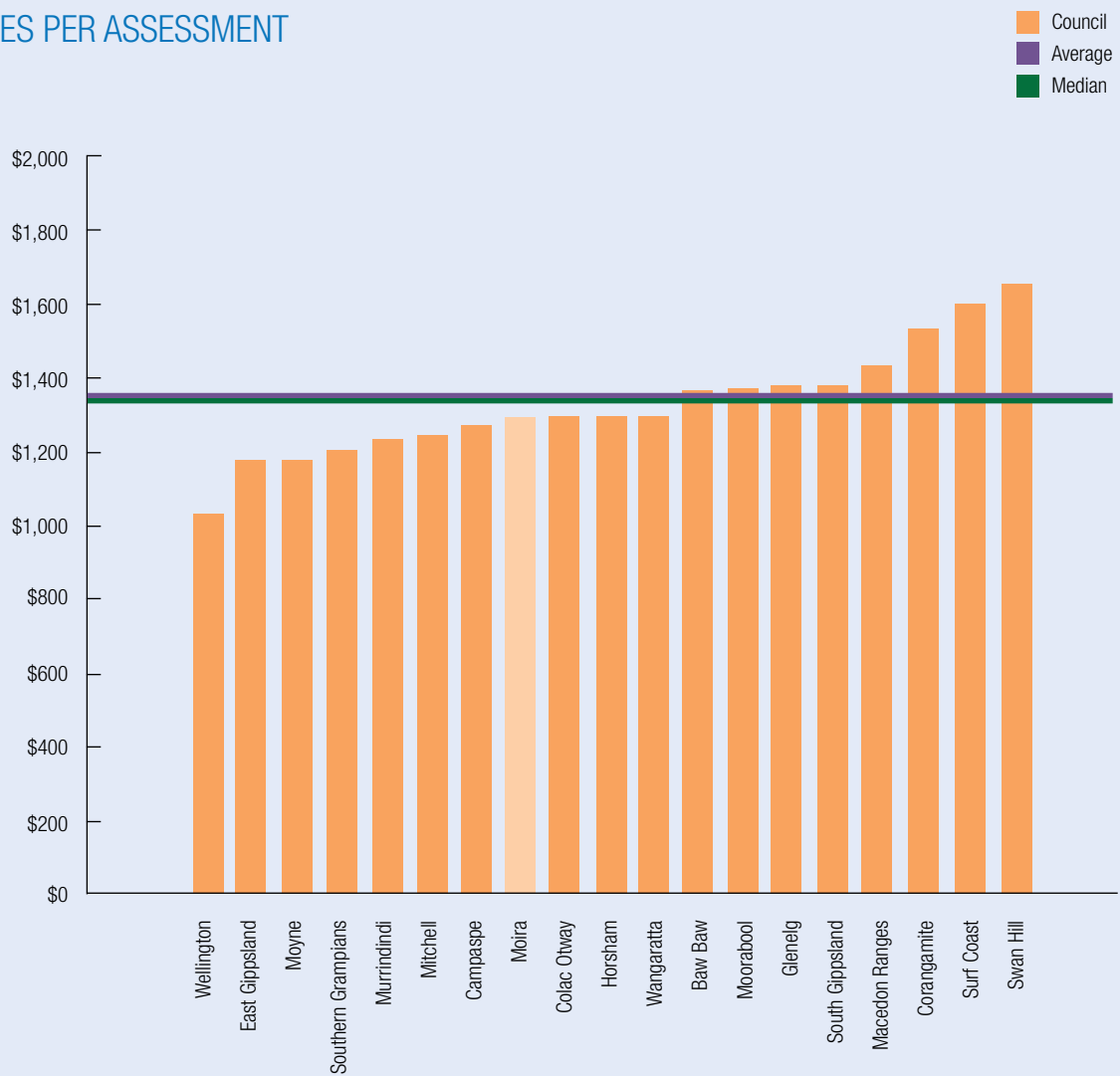
On rates per assessment basis in the 2009/10 financial year, Moira Shire was above average for the large rural sector and state average; however, Moira Shire spends significantly more of its rates per assessment on capital expenditure - see comments in Section 8.

RATES PER CAPITA



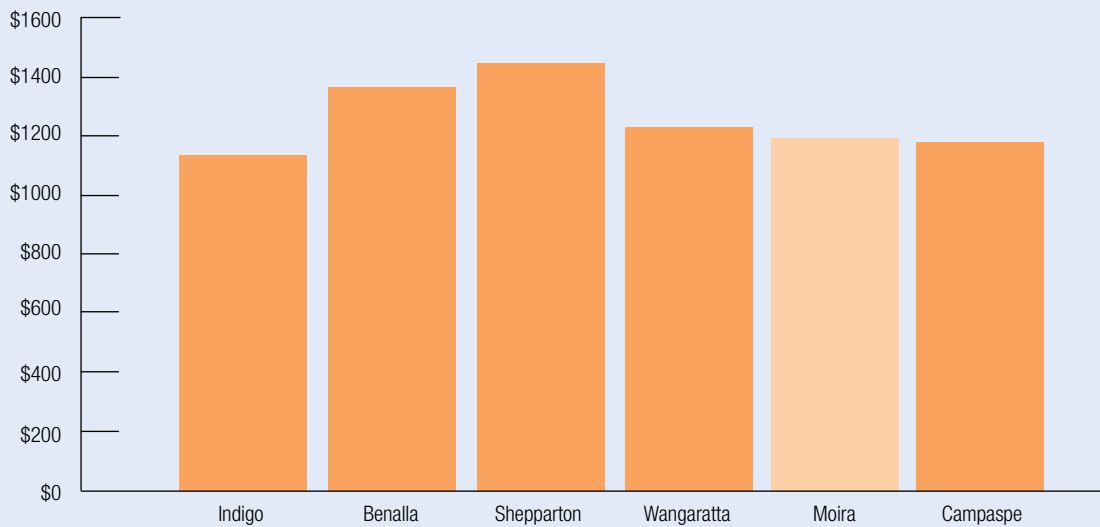
On a rates per capita basis, Moira is eighth lowest out of 19 when compared with the large rural councils.

RATES PER ASSESSMENT



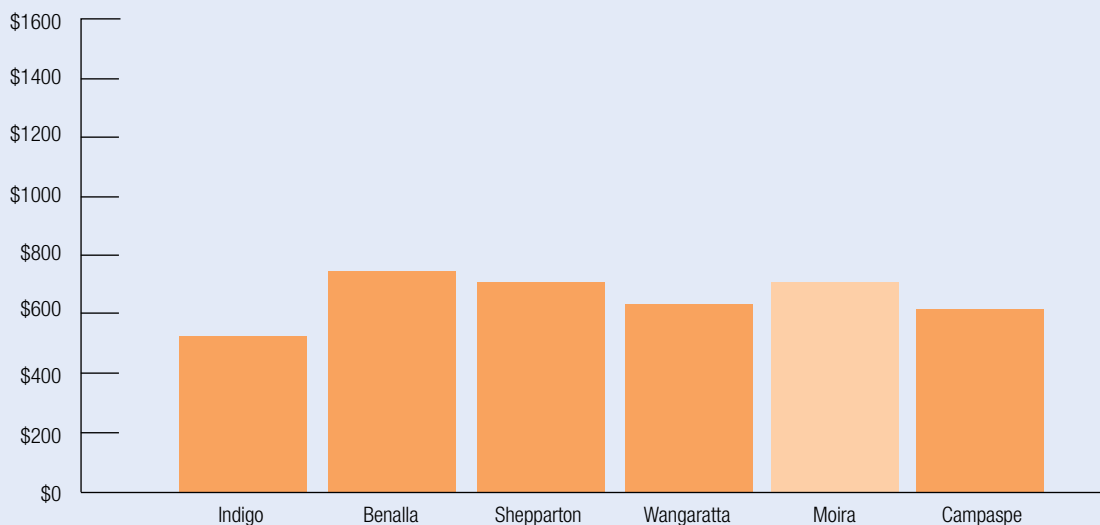
On a rates per assessment basis, Moira is eighth lowest out of 19, when compare with the large rural councils.

RATES PER ASSESSMENT



On rates per capita basis, when compared to our neighbours, Moira is fifth out of the six councils.

RATES PER CAPITA



On rates per assessment basis, when compared to our neighbours, Moira is third of the six councils.

5.5 RATES AND CHARGES BUDGET – 2011/12

5.5.1 INTRODUCTION

This section details issues regarding rating parameters. Details are also provided to show the experiences of other councils in attempting to introduce similar options to their communities.

5.5.2 REVENUE - RATE AND MUNICIPAL CHARGE INCREASE - 2011/12

A key decision of Council during the life of the SRP is to determine the level of rate increase that will address funding levels for capital works, service provision for a growing municipality and improve Council's long term financial sustainability. Council has 11 different categories across which three differential rates apply. The Cultural and Recreational Rate is not a differential rate. The range of categories and the application of differentials have been examined by the Rating Working Party.

RATING CATEGORIES	CIV \$	NO. OF PROPERTIES	RATE IN DOLLAR/CENTS	ANNUAL CHARGE \$	RATES/CHARGES FORECAST \$
General build	2,303,305,000	9,574	0.3325		7,658,489
General vacant	158,221,300	1,062	0.665		1,052,171
Farm build	1,225,404,000	2,945	0.3325		4,074,468
Farm vacant	254,590,000	1,126	0.3325		846,512
Rural Build	176,860,000	655	0.3325		588,060
Rural vacant	16,295,600	109	0.665		108,371
Commercial build	309,104,000	965	0.4655		1,438,879
Commercial vacant	8,238,400	57	0.665		54,785
Industrial build	153,874,000	85	0.4655		716,284
Industrial vacant	3,516,000	24	0.665		23,381
Cultural and recreation	375,000	1	0.3309		1,241
DHS Elderly	5,434,000	69	0.1654		8,988
Municipal charge				269.87	4,140,615
Garbage				83.86	962,964
Recycling				77.05	874,826
Environmental				181.15	2,777,211
Total	4,615,217,300	16,672			25,327,245



Council's required general rate and municipal charge revenue from 2011/12 is **\$20.70 million** based on a **7.4 percent increase** over the 2010/11 rate revenue. Council is using the State Government grant to effectively provide a rate rebate to all ratepayers across the shire to achieve a net 7.4 percent increase in rate revenue. Over the four years of the adjustment package was provided, Council has used this rebate methodology. In total the Council will raise rates and charges revenue of **\$25.33 million**, which excludes **\$0.40 million** generated from supplementary rates

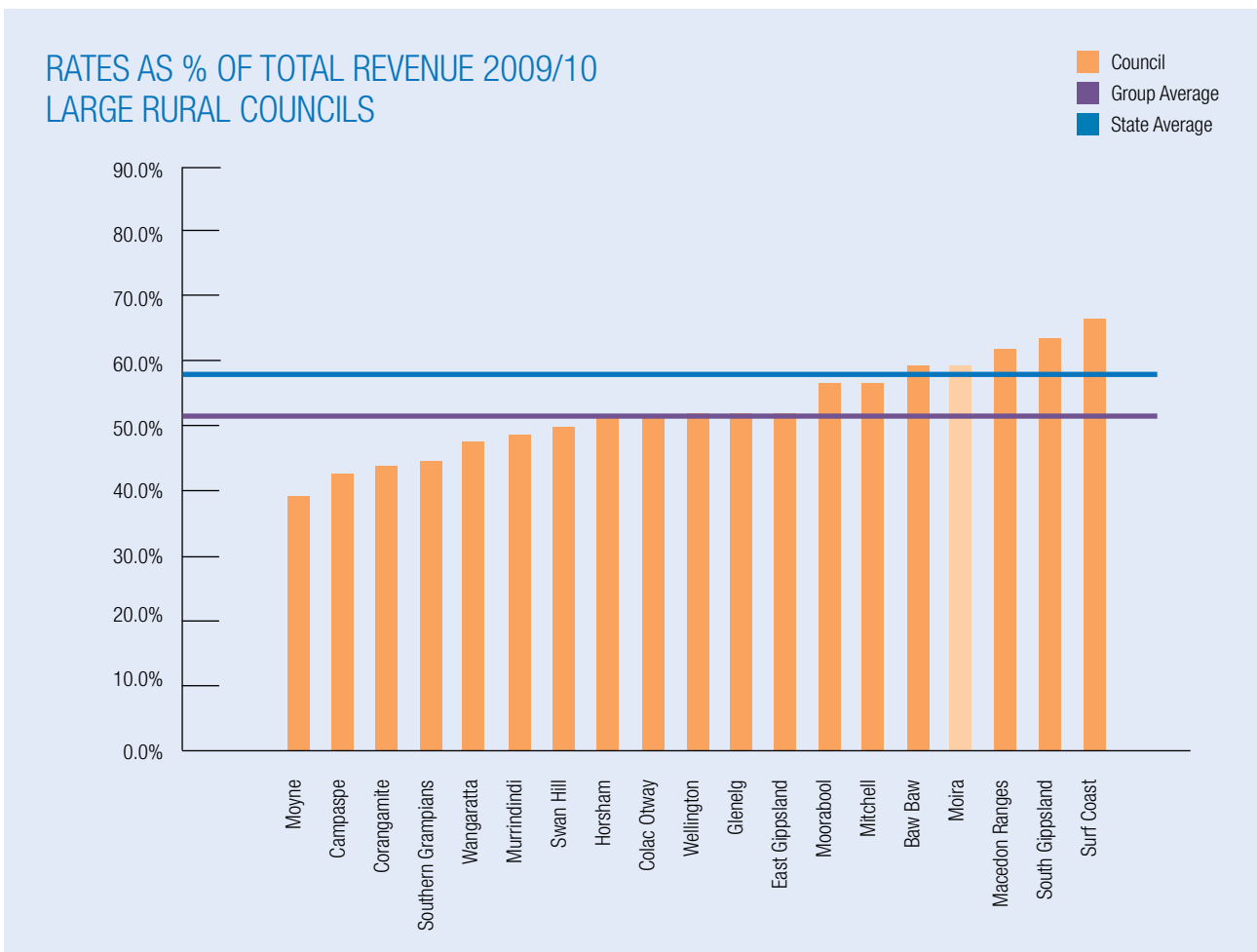
The outcome of this level of increase is as follows:

- > the increase in rates and municipal charges in 2011/12 will provide an additional **\$1.62 million** over the 2010/11 financial year, exclusive of **\$0.19 million** from the State Government to assist with the unbundling of water from the valuation base;
- > the municipal charge for 2011/12 is **\$269.87**, which is at the 20.0 percent maximum allowable under Section 159 of the Local Government Act 1989. The municipal charge ensures all properties pay an equitable contribution towards the unavoidable fixed costs of Council;

- > revenue from the municipal charge is anticipated to be **\$4.14 million** in 2011/12;
- > total revenue from rates, supplementaries, municipal and service charges in 2011/12 is **\$25.69 million**;
- > the SRP also applies rate revenue increases of CPI plus 3.0 percent (assume **7.4 percent**) for 2011/12 to 2020/21 for the purpose of financial planning escalation assumptions; and
- > the table below details the proposed treatment of the remaining portion of the **\$1.80 million** adjustment package Council will receive from the State Government to offset the impact of the un-bundling of water from property values. The final assistance payment of **\$0.19 million** will be received in 2011/12.

	2011/12
Rates levied	19,276,122
Supplementary rates	250,000
New base	19,526,122
Add increase in rate revenue required	1,616,433
Less assistance package	190,000
Net increase in rate revenue	1,426,433
Rates levied from properties general rates plus municipal charge	20,952,555
Increase in rate revenue excluding subsidy and supplementary rates	7.40%

The graph below shows the Council's rate revenue as a percentage of total revenue. Council is above the group and slightly below the state average.



5.5.3 DEVELOPER CONTRIBUTIONS

When land is developed for any use it will often contribute to or cause the need for new or upgraded infrastructure.

Council is engaging landowners to prepare Outline Development Plans for residential developments and Development Contributions Plans if necessary.

Council is facilitating suitably qualified professionals to assist landowners to undertake this planning work.

5.5.4 BORROWING STRATEGY

The borrowing strategy provides additional capital income and is considered in Section 3 of this document.

5.6 RATING STRATEGY

5.6.1 PRINCIPLES AND OPTIONS

Moirashire Council's rating strategy 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.

Higher percentages of rates and charges as a proportion of total revenue represent greater financial independence and financial sustainability.

The rating system determines how 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. The total money to be raised is taken from Council's long term financial plan.

The rating system comprises a valuation base (rateable properties as per their capital improved value) and the rating instruments allowed under the Local Government Act 1989 to calculate the rate liability that is levied on each property owner.

Council formed a Rating Strategy Working Party in 2008 that analysed the impacts of the 2008 general valuation and developed a set of 'rating principles' along with differential rating options for further examination.

Council adopted principles for rating, referred from the Working Party, at its Ordinary Meeting on 17 March 2008. Effective principles assist decision making, rating structure, balance between rates and user charges and the range and level of services and capital investment.

The adopted principles serve as a guide to assist and improve the decision making of Council, and the Working Party, particularly in the context of effective rating and financial sustainability.

The emphasis in setting out the principles was about providing high level

guidance. It is recognised that in implementing these principles, Council and the community have to make practical decisions using incomplete information within a democratic framework. Council and the community invariably confront trade-offs and the principles are designed to improve the quality of decision making in this environment.

The principles set out below were synthesised from a number of sources, including the work published by a number of authors quoted in the Productivity Commission report Assessing Local Government Revenue Raising Capacity.

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 adopted principles are:

- > 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.

5.6.1.1 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.

5.6.1.2 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 community's awareness of the short and long term financial implications of potential service priorities and key decisions, including trade-offs between service priorities.

5.6.1.3 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.

5.6.1.4 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.

5.6.1.5 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.

5.6.1.6 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 and user charges) it can achieve a better indication of the willingness of the community to pay for services and minimise 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.

5.6.1.7 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.

5.6.1.8 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.

The wider and more rigorous application of the principles offers 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. Council can then exercise its legitimate governance role and determine not only who wants what service and who benefits but what is socially equitable, that is, who pays how much.

5.7 WASTE SERVICE CHARGES

5.7.1 INTRODUCTION

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. Moira Shire Council has typically used this option through the raising of garbage and recycling charges on the annual rate assessment.

For 2009/10, Council revised the Waste Management Business Plan that details a long term financial plan for waste management in the municipality. The business plan identified that if Council continued with its SRP financial assumptions (**6.0 percent** revenue from service charges increase and **6.0 percent** user charges) that it would, within a 10 year timeframe, meet its rehabilitation obligations arising from the *Environment Protection Act 1970*.

In addition, the business plan addresses the prioritisation and funding of major capital investments and the ongoing operations of waste services in the municipality. The business plan includes financial statements (Income Statement, Statement of Cash Flow and Balance Sheet) for the waste services of the municipality are projected over a 10 year timeframe.

A total of **\$17.90 million** will be invested in waste management over the next 10 years to support a recurrent operating expenditure of **\$4.80 million** in 2011/12 growing to **\$8.20 million** in 2020/21. Of the **\$13.50 million** of rehabilitation **\$3.30 million** is 'backlog', which will be completed by 2013/14. The financial plan is fully funded from the service charges and user fees levied from the waste services.

5.7.2 BROADEN THE TAX BASE

Council applies a garbage charge and recycling charge to cover the collection and disposal of waste and recycling as well as the operation of the Cobram Landfill and transfer stations and associated capital works. These charges are supplemented by user charges at the landfill and transfer stations. In 2004/05 an environment levy was introduced to ensure every rateable property made a contribution towards the cost of waste disposal site rehabilitation and development, which was previously only funded by users of the garbage and recycling collection service.

Council has determined the waste collection cost of disposal should be charged directly to the ratepayers who have an entitlement to waste collection. The service charges for the 2007/08 and 2008/09 financial year and charges for 2009/10, which include estimated increases due to new contracts, are detailed below:

SERVICE CHARGE PER ASSESSMENT	2009/10 \$	2010/11 \$	2011/12 \$
Garbage collection	\$71.75	\$77.05	\$83.86
Recycling collection	\$67.70	\$71.80	\$77.05
Environment levy	\$146.35	\$164.00	\$181.15
Total	\$285.80	\$312.85	\$342.06

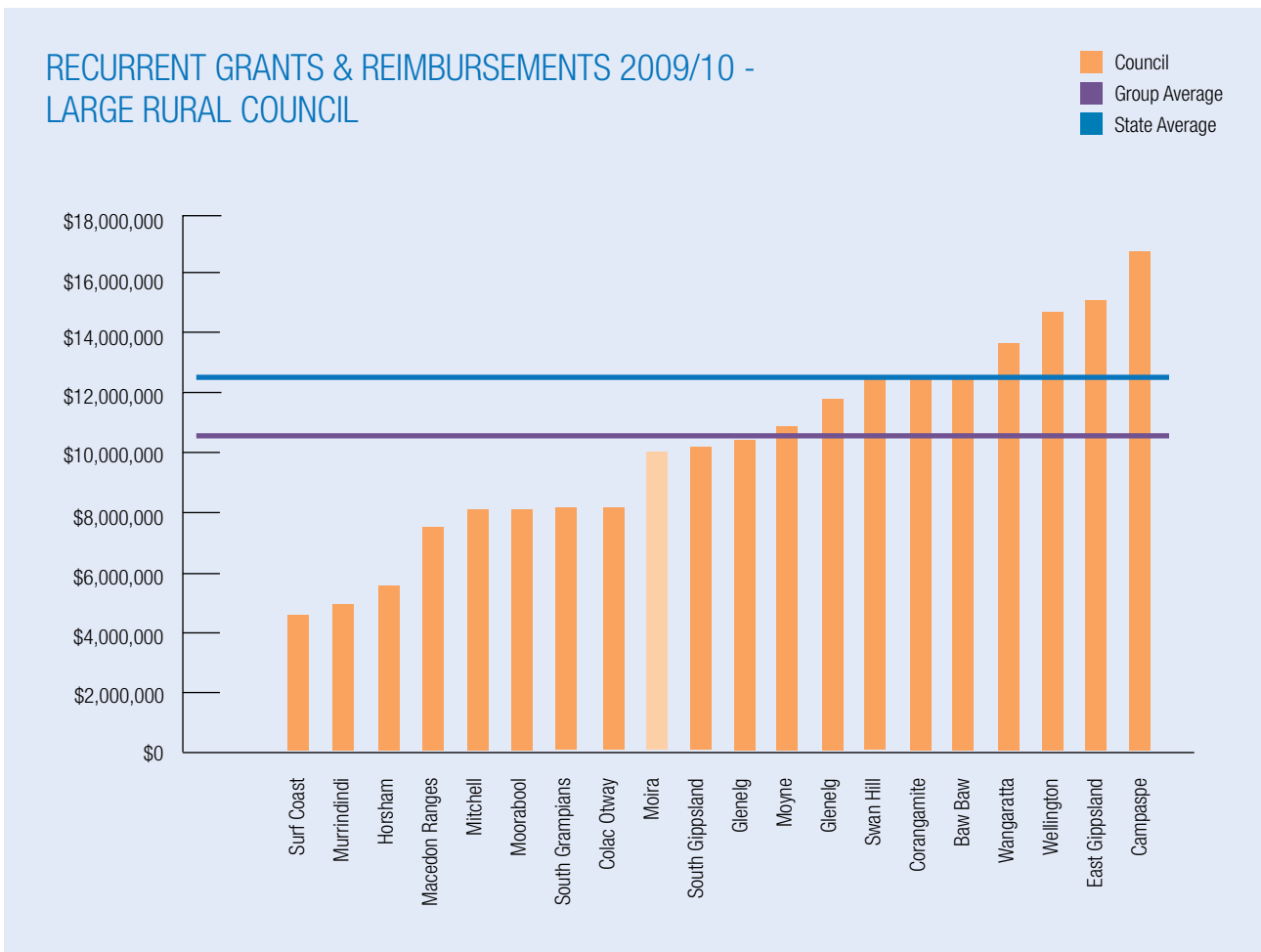
The environment levy can be declared on the basis of any criteria specified by Council. Council has allowed for single farm enterprises when declaring the criteria for the environment levy. Accordingly, a farm enterprise pays the levy once. In addition, users of garbage and recycling collection service also pay the environment levy.

The environment levy ensures the cost of user charges at Council's waste disposal sites will be lower than they otherwise would be. The only other option for Council to meet the costs of landfill and transfer station rehabilitation would be to increase user and service charges significantly; however, this year, the environmental levy has been increased by **11.0 percent** to reflect increased waste management fees being imposed on Council by the EPA. Total revenue from the levied service charges in the 2010/11 Budget is detailed below:

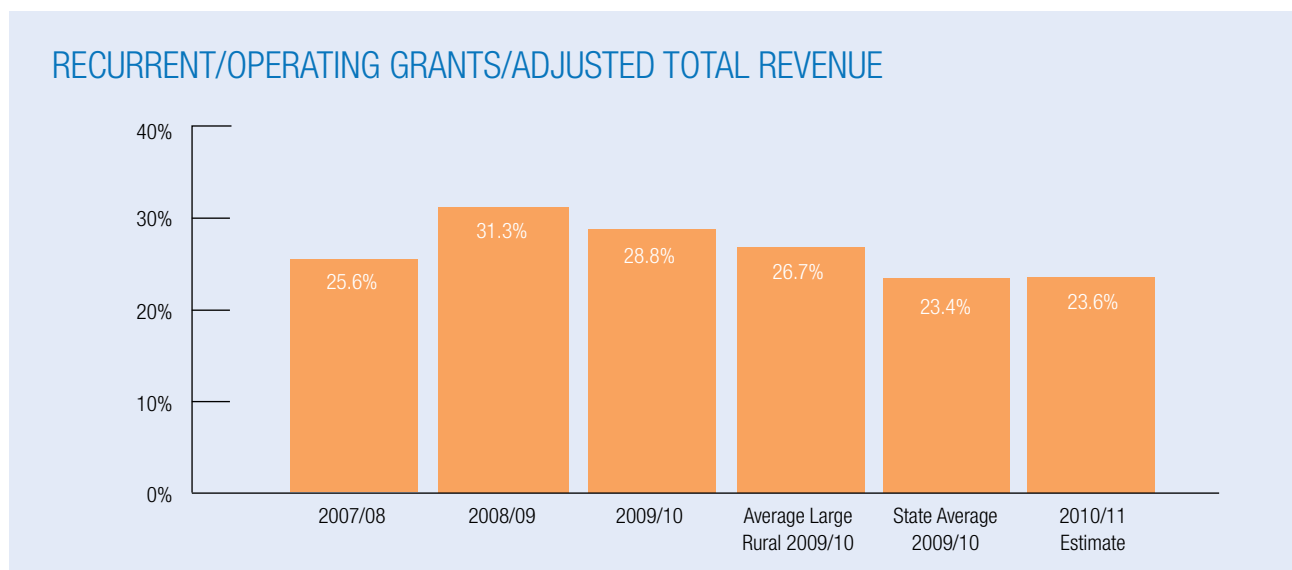
SERVICE CHARGE REVENUE	2010/11 \$	2011/12 \$
Garbage collection	\$861,419	\$962,964
Recycling collection	\$793,318	\$874,826
Environment levy	\$2,475,416	\$2,777,211
Total	\$4,130,153	\$4,615,001

5.8 GRANT REVENUE

Moira Shire Council is performing well in terms of receiving government grant revenue, compared to its like council grouping as outlined in the following graph.



Moirashire Council must continue its strong focus on securing grant revenue, particularly for capital works. Grants (capital and operating) at 30 June 2010 totalled **\$14.00 million**. At 30 June 2011 the projection is **\$12.40 million**. The SRP provides for conservative annual estimates of externally funded capital works. Although unlikely, if these estimates are not achieved, the overall capital works program will be reduced. Council's grants total revenue is detailed below:



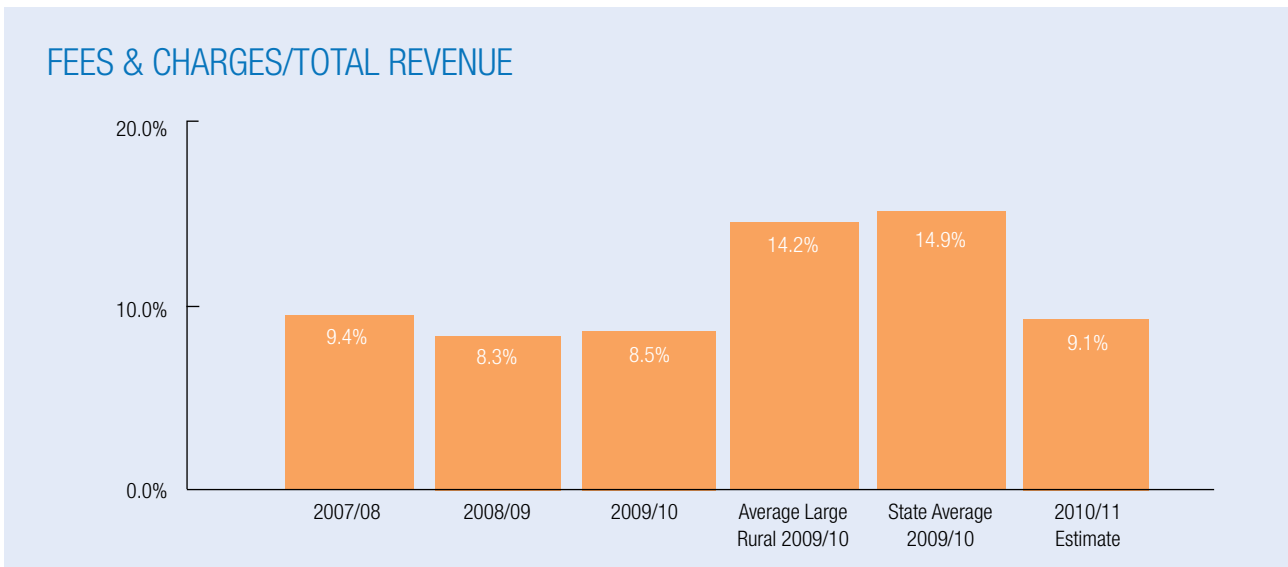
Moirashire Council is slightly above the large rural and above the State average. With a longer term capital works program in place, Council should be able to target and focus on grants that align with its overall strategic direction.

5.9 VICTORIAN GRANTS COMMISSION

Council receives approximately **19.0 percent** of its revenue from the Victorian Grants Commission. The allocation is **\$8.30 million** in 2010/11 and budgeted at **\$8.37 million** in 2011/12.

5.10 FEES AND CHARGES REVENUE

Moira Shire Council's fees and charges revenue as a percentage of its total revenue is lower than the average for large rural councils. It is outlined in the graph below.





STRATEGIC DIRECTION

1. That Moira Shire Council retains capital improved value as its valuation base.
2. That Moira Shire Council provides a municipal charge that is approximately 20.0 percent of rates to ensure an equitable contribution towards the unavoidable fixed costs of Council.
3. That Moira Shire Council:
 - a. directly charges recycling costs to those ratepayers who receive the service;
 - b. directly charges waste collection costs and the cost of disposal of domestic waste to those ratepayers who receive the service;
 - c. continues an environment levy on all rateable properties to raise revenue for the management of landfills and transfer stations; and
 - d. bases future increases on future EPA, regulatory and safety requirements
4. That Moira Shire Council, in 2011/12, adopts a:
 - a. 7.4 percent increase in total revenue for general rates and municipal charges;
 - b. 6.0 percent increase in total revenue for waste collection including funding the cost of disposal of domestic waste, recycling collection and the environment levy.
5. That Moira Shire Council pursues recurrent grant funding and strategic capital funding aligned with Council Plan objectives, including benchmarking of results with other councils.

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 2011;
- > 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 2011

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

For accounting purposes, assets are grouped into current and non-current assets. Current assets are cash or those assets that are considered to be readily convertible to cash. This asset grouping includes cash at bank, investment funds, stock on hand, debtors and land held for resale. The projected balance of current assets held by Moira Shire Council at 30 June 2011 is projected to be **\$11.80 million**. Non-current assets consist of Council's investment in the regional library, debtor accounts not expected to be collected in the coming 12 months and Council's fixed assets. Fixed assets consist of land, buildings, plant, furniture, roads, drains, playgrounds and other similar infrastructure assets. The projected total value of fixed assets at 30 June 2011 is **\$547.00 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 all over Australia are facing the problem of ageing assets in need of renewal. Many of these assets were not initially funded by councils, but came by State and Federal government grants, developer contributions, or from a shift of responsibilities for State owned assets to Local Government.

In December 1998, the then Department of Infrastructure (DoI) undertook a Victorian Local Government Infrastructure Study - Facing the Renewal Challenge.

At the time the data for the survey was compiled, Moira Shire Council was experiencing some significant changes in financial management, in particular, reducing expenditure. In 1996/97 significant reductions in capital renewal and maintenance were necessary due to Council's poor financial position.

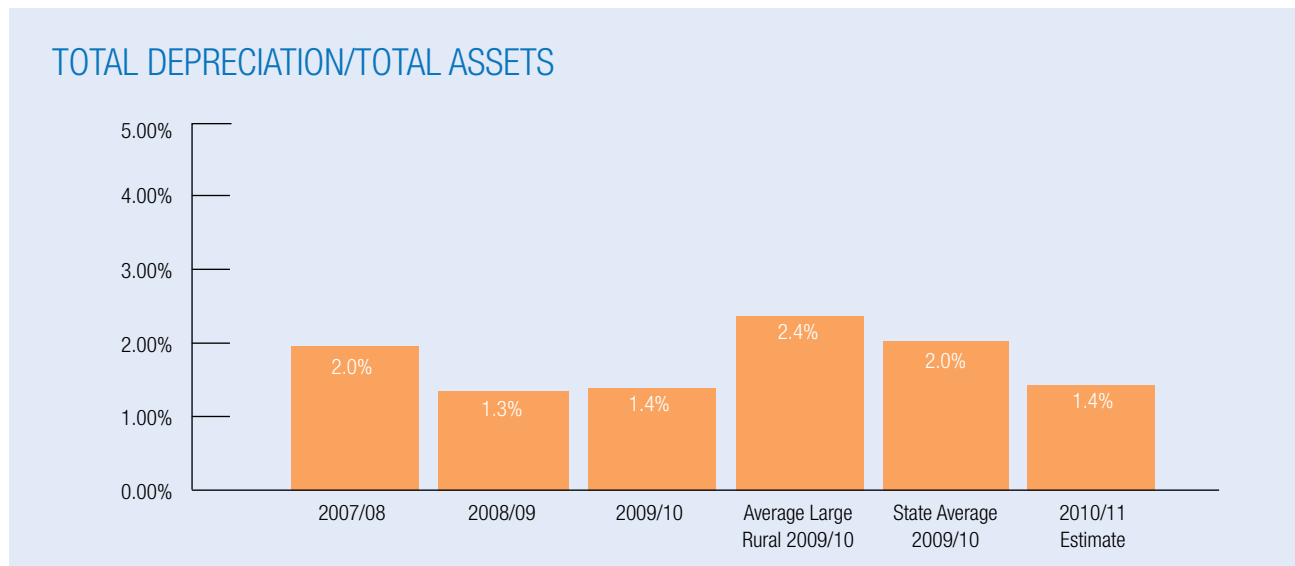
Council has subsequently increased its investment in renewal and maintenance to the present level. It must also be appreciated that due to the high growth levels being experienced, particularly in Yarrawonga, Council is receiving gifted infrastructure assets of approximately **\$1.80 million** for 2010/11 and **\$1.60 million** is forecast for 2011/12.

As at 30 June 2011 and 2012, Council's projected fixed assets and land held for resale are detailed below.

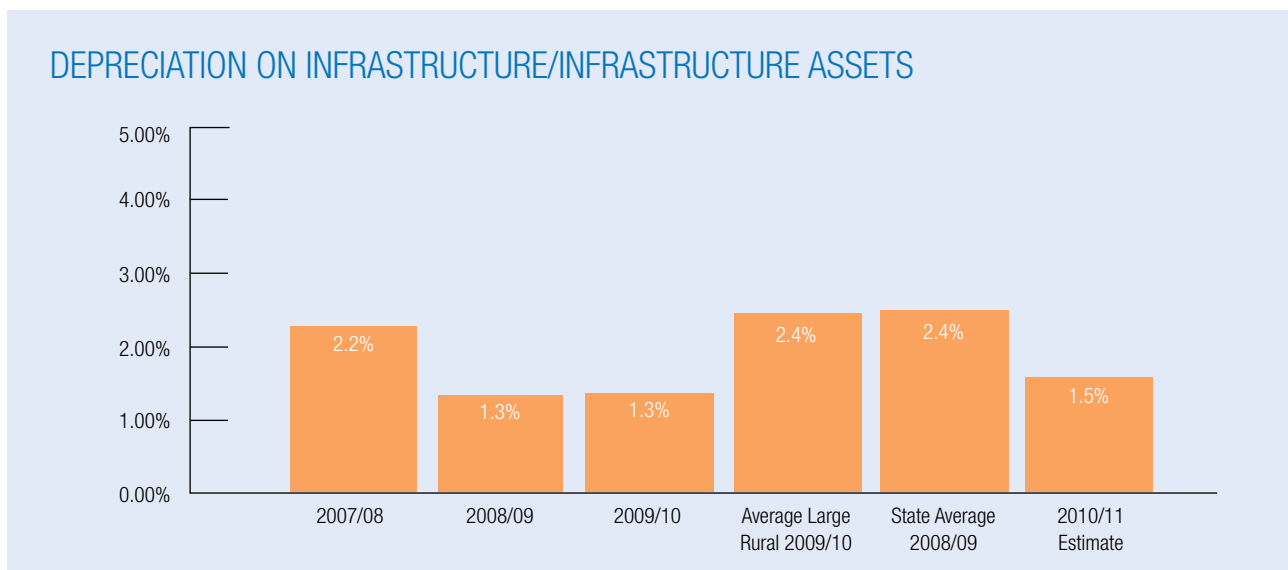
FIXED ASSETS	FORECAST ACTUAL WRITTEN DOWN VALUE 30 JUNE 2011 \$	FORECAST WRITTEN DOWN VALUE 30 JUNE 2012 \$
Land	47,434,009	47,329,009
Buildings	66,882,730	65,802,250
Plant and equipment	1,218,787	1,663,101
Furniture and equipment	96,034	91,849
Playground equipment	2,092,087	2,001,163
Pumps	684,826	644,657
Footpaths	11,770,675	11,677,913
Roads	324,792,335	324,745,942
Culverts and floodways	3,563,181	3,498,917
Bridges	19,149,658	19,003,544
Drainage	24,871,150	25,021,100
Kerb and channel	11,972,066	11,742,279
Land improvements	23,374,333	24,432,386
Other	9,100,589	10,024,096
Total written down value	547,002,461	547,678,206

Moira Shire Council's forecast depreciation on these assets for 2010/11 is **\$7.80 million**, and the budget for 2011/12 is **\$8.00 million**. Depreciation charges, useful lives and the rate at which the economic benefits are consumed are reassessed following condition assessments and when general valuations are undertaken. Council has reviewed its depreciation rates as an outcome of the detailed condition assessments that have been undertaken. All changes to depreciation charges have been passed by Council's external auditor and reported to Council's Audit Committee prior to being adopted by Council.

Council's depreciation charges as a percentage of its total assets are benchmarked and depicted in the following graph.



Council's depreciation on its infrastructure assets as a percentage of its total infrastructure assets is benchmarked and depicted in the following graph.



Council is required to comply with the following Australian Accounting Standards with respect to asset management and financial reporting:

SOURCE OF REGULATION	REFERENCE	PURPOSE
Depreciation of non-current assets	AASB 116	Establishes requirements with respect to application of depreciation on Council's assets.
Revaluation on non-current assets	AASB 116	Determine the carrying amount (value) of assets on Council's balance sheet.
Acquisition of assets	AASB 116	Assets acquired, recorded at the cost of acquisition plus incidental costs.
Provision for contingent liabilities and contingent assets	AASB 137	Establishes requirements for recognition of contingent liability for Council's landfill.

6.4 KEY QUESTIONS TO DETERMINE SERVICE LEVEL/INVESTMENT

The key questions with respect to infrastructure investment are detailed below.

- 1) How much does it cost ratepayers to retain the current infrastructure portfolio, that is, what is the long term average cost of renewal plus maintenance?
- 2) How much will need to be spent in the short term (next 10 years) relative to the renewal expenditure invested in the recent past?
- 3) How much more management effort (financial and operational) will be required of Council as its assets age?
- 4) What assets are at the 'at risk' phase (intervention level) of their life cycle and will ultimately result in their being unserviceable and unsafe?
- 5) What outcomes would the community and Council like to achieve with respect to asset upgrades? For example, would Council like to see an extension to the sealed road network or playground network?
- 6) Are the Council assets providing the level of service expected by the community?
- 7) What assets should the community 'manage for decline' - public halls, buildings, bridges, roads?

6.5 SUSTAINABILITY INDEX

The 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 that the average condition of all assets was maintained. The index measures the effect the budget has on the overall asset condition.

1996/97 ACTUAL	MOIRA SHIRE COUNCIL SUSTAINABILITY INDEX	2009/10 ACTUAL	MEANING	2010/11 FORECAST	2011/12 BUDGET
36%	Current spending on renewal and upgrade to the long term average* rate of asset consumption.	99%	Council spending per cent of what it will need to spend to renew and upgrade assets as they fall due for renewal.	120%	93%

* 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 annuity becomes one for future generations.



In addition to the sustainability index, the critical renewal demand, which addresses assets at the end of their life, is fully funded.

Since 1996/97, Moira Shire Council has increased its investment in assets as detailed above. The sustainability chart (also above) provides an overall indication that Council needed to (and subsequently did) apply extra expenditure effort to reduce its future renewal costs, and maintain average asset condition. The differing types of asset expenditure are defined in the table below.

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, e.g. Repairing a single pipe in a drainage network or a pothole in a road.
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.	Retain an existing service level, e.g. Re-sheeting a road, reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service, or to extend the life of the asset beyond its original standard.	Increases the quality of service provided to ratepayers or provides new services, e.g. Widening the pavement of a sealed area of an existing road.
Capital Expansion	Expenditure on extending an infrastructure network at the same standard enjoyed by existing residents to a new group of users.	Extend services to newly developing areas of the Shire where there are new ratepayers, e.g. Extending a road or drainage network, new pre-school.

The sustainability index indicates the extent to which current ratepayers are contributing to the assets they are now consuming.

6.6 CONDITION ASSESSMENT

The sustainability index is an accounting measure based on the difference, expressed as a percentage, between Council's annual depreciation charge and renewal annuity.

Asset condition reflects the physical state of the asset. Monitoring asset condition and performance throughout the asset lifecycle is important in order to identify underperforming assets or those that 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 safety standards.

Moira Shire Council has developed its Asset Management System (Conquest) to position Council to readily monitor asset condition and performance and to:

- > identify those assets that are underperforming;
- > predict when asset failure to deliver the required level of service is likely to occur;
- > ascertain the reasons for performance deficiencies; and
- > determine what corrective action is required and when (maintenance, rehabilitation, renewal).

Moira Shire Council has made significant progress in the last three (3) years through the development of its Conquest system. The system not only records asset condition, customer queries and asset defects/inspection details, it is also capable of providing financial management and year end accounting and valuation data. Accordingly, the management of the capital works program, asset accounting and year end accounting processes have been significantly improved.

Council has reconciled its Balance Sheet with the Municipal Association of Victoria (MAV) STEP program data base and accordingly has a complete inventory of valuations and condition and is confident the renewal annuity modelling based on condition captures all infrastructure assets. Priority is on funding the annual renewal annuity based on a predetermined service level linked to condition Level 8. No asset in Council's condition profile is allowed to go below condition Level 8 as the cost of renewal significantly increases beyond condition Level 8 and the assets functionality, safety and ability to provide its intended service level is compromised.

Council has largely collected condition data for all of its major asset categories and is now in a position to commence detailed Asset Management Plans. The benefits of knowing the current condition and performance (level of service) an asset provide are:

- > ability to plan for and manage the delivery of the required level of service;
- > avoidance of premature asset failure, leaving open the option of cost effective renewal;
- > managing risk associated with asset failures;
- > accurate prediction of future expenditure requirements; and
- > refinement of maintenance and rehabilitation strategies.

Council, as an asset manager, needs to be able to assess the relative merits of rehabilitation/renewal/replacement options and identify the optimum long term solution through a decision related to levels of service.

Condition assessment allows the organisation to understand the remaining life of, for example as represented in the graph above, the gravel road pavements, acknowledging this understanding drives future renewal expenditure.

For gravel road pavements, Council's predictive modelling indicates that by maintaining its current investment of **\$0.80 million** per annum the average condition of the access gravel pavements will continue to improve up until 2012. Following this, Council needs to strategically determine an affordable level of service to manage the emerging condition profile. The benefit of that knowledge now is the management process can commence across the entire asset portfolio.

Should Council increase/decrease this level of investment and consciously improve/reduce the level of service? The answer lies in considering the other asset categories condition profiles, what is affordable, what is critical and must be renewed and what service level is Council targeting? Council now has this information for all of its asset categories and is now positioned to strategically consider these issues globally.

Across the asset base asset renewal cash flow is variable over time as it depends on services and service levels to be provided in the future, as well as the age and condition profile of the asset stock.

6.6.1 STRATEGIC ASSET MANAGEMENT

Council reviewed and adopted its Asset Management Policy at its Ordinary Meeting on 19 April 2007 and this is reviewed on a triennial basis. Other major elements are the Asset Management Strategy that details specific actions to be undertaken by Council to improve asset management capability and achieve specific strategic objectives.

Asset Management Plans are subsequent components where long term plans (10 years and beyond) outline service levels for each asset category. The table below explains the objectives 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.
Develops a structured set of actions aimed at enabling improved asset management by Council.	Outlines actions and resources to provide a defined level of service in the most cost effective way.
<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.

Council has reached the point where it has identified and funded its critical renewal – no asset's condition goes beyond condition Level 8. Council is now in a position to analyse its condition profile and determine and understand the cost of a predetermined service level. Alternatively Council may allow some assets to degrade in condition, freeing up funds to improve the level of service for other assets.

The next phase of strategic asset management is where Council will consult the community on levels of service to determine what is acceptable to the community. The first issue is to determine the outcomes the community wants to achieve - what is the strategy? The next issue is what services, including their performance levels, are required to meet the community outcomes. Finally, what infrastructure or assets are required to support the service level? Too often, Council starts focusing on the asset rather than on the outcome/service level it requires.

A review of this nature may result in assets no longer being required to support community outcomes. Council aims to ensure its assets are relevant to the community, as retention of unused assets places a financial burden on the community. Council's SRP is presently focused on funding a 'service level' that prioritises critical renewal and maintains average condition to meet community expectation. The challenge ahead is to understand the community's expectations and provide service level and funding options to accommodate this.

Council, as part of the development of its Asset Management Plans will continue to conduct extensive community consultation. Ultimately, the strategy, service level and assets required to support these will be expressed in Council's Asset Management Plans.

6.7 ASSET MANAGEMENT WORKING GROUP

The Asset Management Working Group (AMWG) is a cross functional professional team with representatives from all Council departments. The purpose of the AMWG is to oversee the decision making process with respect to the direction of asset management and to ensure the Moira Shire Council continues to develop total asset management across the organisation.

The Working Group's Terms of Reference include:

- > guiding Council's overall asset management program;
- > setting priorities for system development while keeping in mind the legislative obligations of Council (e.g. Strategic Resource Plan and Council Plan, etc.);
- > facilitating the implementation of appropriate asset management systems and Asset Management Plan development; and
- > reviewing asset management resource requirements.

There is still a deal of work to be done on recording and developing asset management plans. These Asset Management Plans will be used to consult the community with respect to levels of service.

6.7.1 STRATEGIC LEVELS OF SERVICE: ASSET MANAGEMENT PLANS

The MAV Step Program assists councils to manage assets now and into the future. The program enables parameters around condition (that ultimately determine levels of service) to be modelled and costed. Council can elect, for example, to nominate a minimum condition/level of service, that it will not allow an asset category to exceed, and then calculate using predictive modelling the required investment to maintain this level of service.

Financial modelling based on pre-determined service levels has been undertaken across a number of Council's asset categories. This modelling has been the basis for determining Council's critical renewal investment levels across each asset category. Within the roads category, modelling has been completed for unsealed gravel roads, pavement sealed roads (links, collectors, access), asphalt, spray seals. In total, approximately 20 sub-categories under roads have had critical renewal modelling completed.

The minimum level of service or critical renewal level is condition Level 8 in Council's predictive model. That is the minimum service level an asset's condition can deteriorate to prior to renewal intervention. Beyond condition Level 8 assets functionality, cost to renew and safety standard is below what Council considers acceptable.

The target in 2011/12 will be to continue to engage Council and the community in discussions about levels of service to provide the opportunity for differing service levels to be costed and reviewed.

Continued participation in the MAV Broadened STEP Program in 2011/12 will move the program into the 'advanced asset management' phase and involve an external audit of Council's asset management processes and programs.

Sound asset management is:

- > knowing what assets we own (asset register);
- > understanding the condition and expected lives of our assets;
- > knowing what 'levels of service' customers want;
- > having processes in place to establish priorities and allocate funds;
- > knowing the long-term funding requirements associated with our assets; and
- > having documented Asset Management Plans detailing levels of service.



6.8 FUTURE ASSET MANAGEMENT

Council has developed asset registers, knowledge and data, built information systems to support maintenance renewal, customer service and financial activities and is now in a strong position to develop tactical responses through its Asset Management Plans to manage levels of service into the future. The goal of infrastructure asset management is to meet a required level of service in the most cost effective way through the creation, acquisition, maintenance, operation, renewal and disposal of assets to provide for present and future customers.

Asset management will remain a major challenge over the life of this SRP.

STRATEGIC DIRECTION

1. That Moira Shire Council, having established its critical renewal investment levels, complete detailed asset management plans for all classes of Council assets incorporating service level assessments.
2. That Moira Shire Council, as part of the development of its Asset Management Plans, consult with the community to determine how service levels will be reached, including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
3. That Moira Shire Council allocates funds to renewal of existing assets rather than constructing new assets where possible, noting that as the shire's population expands, it will be necessary to provide the appropriate infrastructure.
4. That Moira Shire Council allocates additional funding to capital works (renewal) as its debt and revenue raising strategies are completed.

7. CAPITAL WORKS PROGRAM

7.1 INTRODUCTION

The previous section discussed the long term issues with respect to asset management and issues relevant to determine investment levels in capital renewal. Council has increased its investment in renewal, as shown by the sustainability index increasing from **36.0 percent** in 1996/97, an actual ratio of **99.0 percent** in 2009/10. It should be noted **96.0 percent** of the capital expenditure is on renewal and upgrade type projects in the capital works program for 2011/12.

The total capital program for 2011/12 of **\$9.60 million** is composed of **\$0.40 million** in new assets and **\$9.20 million** in renewal and upgrade.

This section includes:

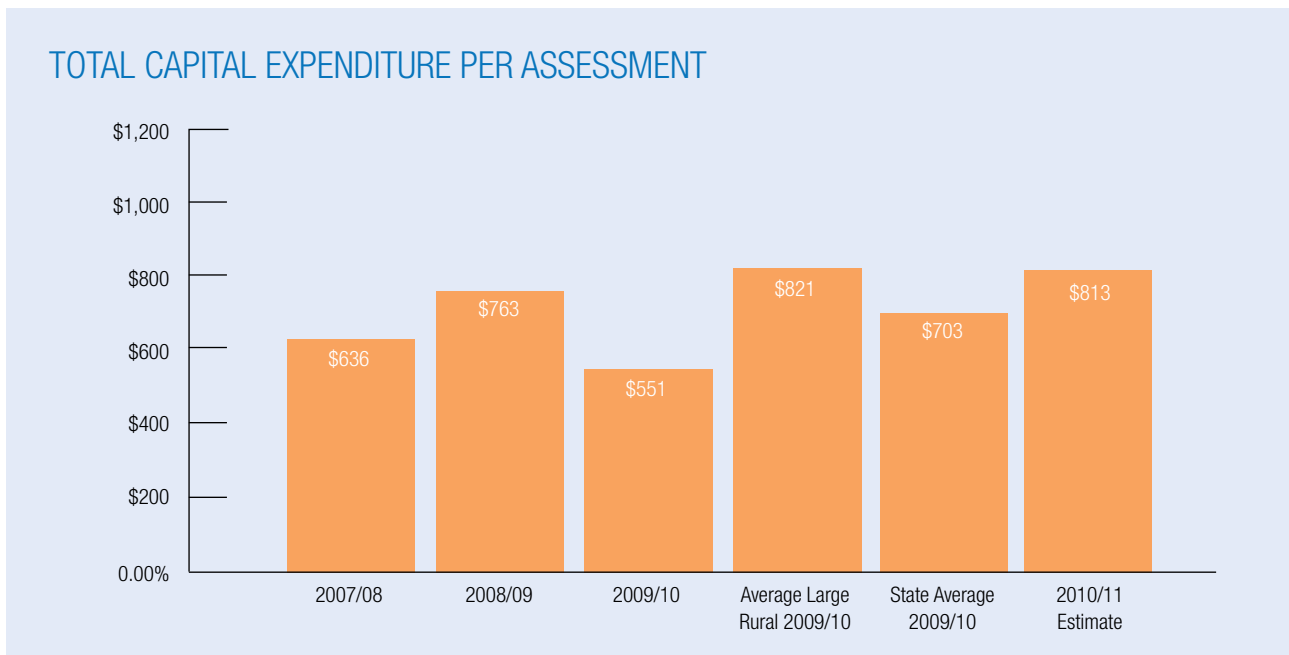
- > level and nature of capital works; and
- > capital funding sources.

Capital expenditure represented **42.8 percent** of rate revenue in 2009/10 which is below average.

CAPITAL EXPENDITURE / RATE REVENUE

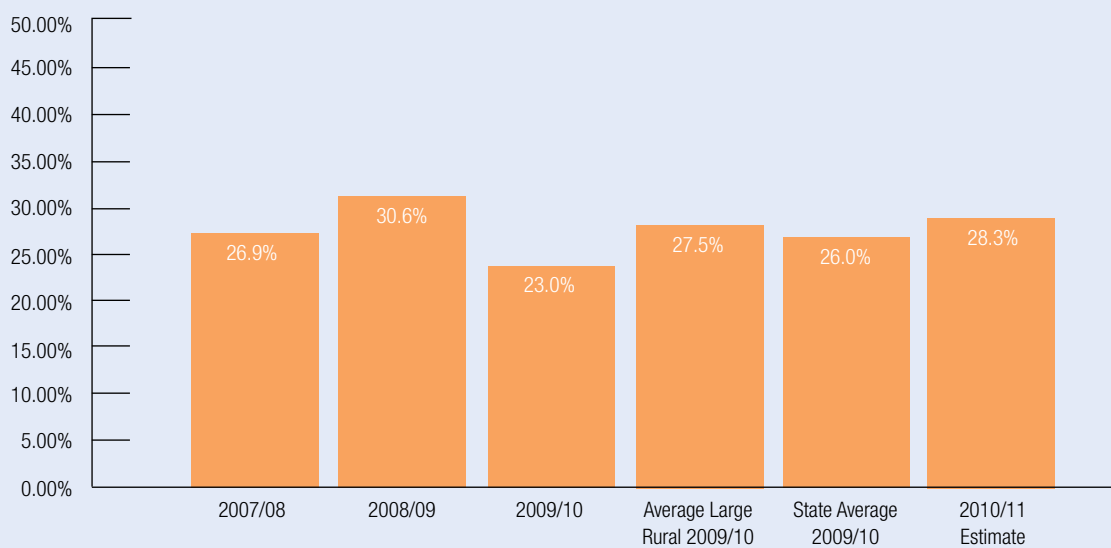


Accordingly, capital expenditure per assessment is lower than average, with **\$551.00** per assessment in 2009/10 being spent on capital works as compared to **\$821.00** for the average large rural shire and **\$703.00** for the state average. However, the projected capital expenditure per assessment for 2010/11 is **\$813.00**, which is higher than the state average for the previous year.



The projected capital outlay as a percentage of total cash outflow is **23.0 percent** at Moira Shire Council, compared with the average large rural shires at **27.5 percent** and the state average of **26.0 percent**. However, the projected outlay for 2010/11 is **28.3 percent**.

CAPEX ADJUSTMENT TOTAL EXPENDITURES (INCLUDING CAPEX, EXCLUDING DEPRECIATION)



7.2 LEVEL AND NATURE OF CAPITAL WORKS

It is important that the asset management issues raised in the previous section inform the decisions taken in determining the capital works program. The Annual Budget process will enable Council to identify individual projects for funding.

The capital works program for the 2011/12 budget provides **\$9.60 million** in expenditure with a contribution from rate revenue of **\$6.00 million** or **62.0 percent** of the program internally funded.

Three key outcomes from the long term financial plan will be to maintain the critical renewal investment, maintain average condition where desired and where achievable maintain the sustainability index at or above 100 percent and to also deliver new assets in a growing municipality.



7.3 CAPITAL WORKS PROGRAM 2011/12-2020/21 - PARAMETERS

The following are the parameters against which the 2011/12 capital works program has been developed:

- > alignment to Strategic Resource Plan financial growth assumptions with respect to expenditure and revenue; and
- > priority provisions for critical renewal investment, then capital renewal, capital upgrade with capital expansion the most discretionary.
- > In terms of the longer term program to 2020/21 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;
 - > continue priority on renewal, followed by upgrade with expansion the most discretionary;
 - > provide for expenditure growth required to level of sustainable renewal to meet the communities service level requirements (based on current asset management plans) by 2020/21;
 - > income assumptions to remain conservative given they are less predictable; and
 - > Roads to Recovery income assumed to continue at current level spread across relevant projects within the Roads Program.

7.4 2011/12 CAPITAL INVESTMENT LEVELS

The 2011/12 capital works program by expenditure type is detailed below:

CAPITAL EXPENDITURE	2011/12 \$	PERCENTAGE %
Renewal	4,138,538	43.0
Upgrade	5,070,500	53.0
New	400,000	4.0
Total	9,609,038	100

7.5 2011/12 CAPITAL WORKS PROGRAM – SERVICE LEVEL ASSESSMENT

The following indicative service levels are included in the 2011/12 capital works program. The targeted future service levels, where known are also detailed below:

CAPITAL INVESTMENT	2009/10 TARGETED LEVEL OF SERVICE	2018/19 TARGETED LEVEL OF SERVICE
Kerb and channel replacement	500m	200m
Footpath replacement	1000m2	800m2
Landfills	One cell p.a.	One cell p.a.
Sealed road extension	Nil	TBD
Reseals intersection asphalt overlays	8000m2	8000m2
Shoulder re-sheet	17km	17km
Bridge replacement	Rehabilitation on one bridge	TBD
Resealing	340,000m2	250,000m2
Sealed road patches	6000m2	6000m2
Re-sheeting gravel roads	55km	60kms
Urban street light construction	750m	TBD
Stabilisation/dust control	750m	TBD

* TBD - these items to be included in Asset Management Plans.

This listing is not exhaustive and will expand with the development of Council's Asset Management Plans, as discussed in the previous section.

7.6 CAPITAL FUNDING SOURCES

The development of a 10 year capital works program will enable a precise cash flow budget to be developed. This program will be completed during the 2011/12 financial year by Council's Infrastructure Planning department.

External capital funding services include capital grants, developer contributions and special charges schemes. Internal capital funding sources include land sales, asset sales, special charge schemes and general rates. The SRP forecasts capital funding sources conservatively.

7.7 CONCLUSION

Council's capital works program should underpin the needs and priorities as determined by Council's Asset Management system output developed in consultation with the community.

It is Council's challenge to develop Asset Management Plans that ensure the communities levels of service are met through the delivery of efficient and effective services.

STRATEGIC DIRECTION

1. That Moira Shire Council increases its capital works commitment at levels that meet or exceed the targets established in this SRP, and develops a 10 year capital works program.
2. That Moira Shire Council initially focuses capital works on maintaining a critical renewal level based on maintaining a minimum service level at condition Level 8, with the next priority on renewal, upgrade and expansion.

8. SERVICE PROVISION AND PLANNING

8.1 INTRODUCTION

The range and level of services a council should, or is capable of, or wants, to provide is a complex question to consider.

Council provides a range of services, including community services, youth services, recreational, customer services and asset maintenance.

This section includes:

- > operating expenditure/revenue;
- > growth of operating budget;
- > service delivery analysis; and
- > service provision and planning.

8.2 OPERATING EXPENDITURE/REVENUE

Council's operating costs and revenues for 2011/12 are **\$44.35 million** and **\$44.52 million** respectively. 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 and organisational development. The budgeted operating surplus for 2011/12 is **\$0.16 million**.

8.3 BENCHMARKING - FINANCIAL PERFORMANCE INDICATOR ANALYSIS

Strategy Plus recently undertook a benchmarking analysis of Council's financial performance, in 2009/10, as at June 30 2010, and reviewed key financial performance indicators.

While Council has a sound industry recognised long term financial plan/SRP, an analysis of trends over the previous three years, and benchmarking results over this period, it was seen as useful to gain an additional perspective.

On both occasions this analysis has been completed, Moira Shire Council has achieved:

- > relatively low overall operational costs (including employee costs) in comparison to councils in the large rural category;
- > utilisation of loan funds confirmed as a viable means of funding Council's capital expenditure in the development of new assets. Council's debt ratios remain well below prudential limits; and
- > maintaining a strong capital works program, particularly in asset renewal, continues to be a desirable strategy for Council.

Council's capital expenditure outlays as a percentage of total cost expenditure "reflects positively on the financial strategies chosen by Moira and is an excellent achievement".

This independent report undertaken by Strategy Plus in 2009/10 formally confirmed the benefits and outcomes of Council's financial strategies.

8.4 SERVICE PROVISION AND PLANNING

Ultimately, Council determines the range and level of services it is able to offer the community and this is reviewed annually based on the outcome of community consultation undertaken during the year. This is finalised through the annual budget process with the SRP providing preliminary guidance based on the service delivery model from the previous year.

One of the key objectives of Council's Strategic Resource Plan is to maintain existing service levels and maintain a satisfactory operating position over the life of the SRP. The most significant service delivery areas likely to impact on the 2011/12 operating position include:

8.4.1 TRANSFER STATIONS

Waste tipping fees for commercial waste have risen significantly in 2010/11, as disposal costs are fully recovered on a user pay basis. The pricing structure currently in place for transfer station users has been adjusted to absorb all future cost increases. The ongoing viability of Council's transfer stations will be reviewed during 2011/12, with possible opportunities for rationalisation.

8.4.2 TOURISM

Council has reviewed service delivery options for this significant service area and has, through significant community consultation, developed a Tourism Strategy. Provision has been made in the 2011/12 budget for continued implementation of this strategy.

Council sees its role in tourism as a key focus in a growing municipality.

Evaluation of service delivery options has seen Council in consultation with the Sun Country on the Murray Inc. Tourism is a key sector in providing employment opportunities to existing and new businesses in the Moira Shire.

8.4.3 ASSET MAINTENANCE

With the growth of the municipality, particularly new subdivisions, the level of maintenance services (street sweeping, reserve mowing, footpath maintenance, street bin collection, etc.) has increased.

8.5 CONCLUSION

Managing growth and the range and level of services provided will remain an ongoing challenge.

STRATEGIC DIRECTION

That Moira Shire Council annually determine the range and level of service provision through the budget process, incorporating an analysis of organisational and financial capability.

9. STRATEGIC FINANCIAL PLAN

9.1 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.

9.2 MODELLING METHODOLOGY

This section details the approach to financial modelling used in the preparation of these options and provides background about the major financial assumptions that were applied.

The financial model has been prepared at the lowest accounting level within Council's general ledger system being sub-activity level.

At this level, certain accounts were coded for manual adjustment rather than broad percentage increases (for example, election expenses occur only once every four years). It is not always possible to multiply the previous year's base by a percentage to achieve a correct forecast.

The base point used for financial modelling has been the forecast result for 30 June 2011 as prepared at the end of the March quarter (31 March 2011).

While the SRP uses the more specific assumptions as detailed in **Appendix B** and the pages that follow, it will not remove the need for Council to continue to achieve operational efficiencies.

The SRP intends to establish a framework for Council to benchmark its performance. Where further efficiencies can be achieved, funds will be dedicated to asset renewal, maintenance or improved service provision.

9.3 FINANCIAL ASSUMPTIONS

The following information explains the major financial assumptions applicable to the financial option considered by Council prior to community input. **Appendix B** details these financial assumptions with the following explanation supporting their calculation.

9.3.1 LABOUR AND ON-COST

Increases in labour and on-costs are composed of two elements. The elements are enterprise agreement increments and movements within bandings as part of the annual performance review process. The table below highlights these assumptions.

YEAR	EBA BANDING INCREASE	AWARD INCREMENTS	TOTAL
2011/12	4.0%	0.8%	4.8%
2012/13	4.0%	0.8%	4.8%
2013/14	4.0%	0.75%	4.8%
2014/15 to 2020/21	4.0%	0.8%	4.8%

9.3.2 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 assets granted to the municipality following subdivision.

9.3.3 MATERIALS AND CONTRACTS

The broad assumption in materials and contracts is for an increase matching CPI. Outside of these broad parameters there have been a number of manually assessed items in this area, including election expenses, valuation contract amounts and insurance.

9.3.4 SPECIAL PROJECTS/CONSULTANCIES

These works are essentially one-off expenditures that do not constitute the creation of an asset and have been maintained at 2008/09 levels through the life of the SRP.

9.3.5 DEBT SERVICING AND REDEMPTION

Debt redemption is calculated according to the restructured loan schedules. Council borrowings are dealt with in detail in Section 3. New borrowings of **\$0.80 million** are provided for in the 2011/12 budget.

9.3.6 WRITTEN DOWN VALUE 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.

9.3.7 RATE REVENUE

The 2011/12 forecast is based on an increase of **7.4 percent** for rates and municipal charges collected. Council's *Rating Strategy* is dealt with in detail in Section 5. The mechanism to estimate supplementary revenue is at present an arbitrary one, based on historical dollar returns with forward probable development revenue estimated. Developing improved mechanisms is a difficult task given supplementary rate growth occurs not only via the creation of new subdivisions, but also with improvements on existing properties. In addition, revaluations every two years bring the potential for revenue loss through successful appeals against valuations being upheld.

9.3.8 SERVICE CHARGES

The 2011/12 Budget is based on service charge increase of approximately **6.0 percent** and environment levy increases, 11.0 percent for 2011/12, to cover increases in the EPA levy. It is important to note waste management is one of Council's notional reserves. Accordingly, all funds raised are ultimately deployed to waste management (operating & capital) activities. Council also maintains a detailed Waste Business Plan to ensure both the capital and operating expenditure is adequately funded by the service charges. This is discussed in Section 5. in more detail.

9.3.9 GRANT REVENUE

An allowance of **\$10.11 million** has been made as operating grant revenue for ongoing services and projects in 2011/12.

In broad terms, a **2.0 percent** per annum increase 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. An allowance of **4.0 percent** has been allowed for the Victoria Grants Commission grant.



9.3.10 FEES AND CHARGES

Fees and charges that Council has discretion over have been increased by **6.0 percent** per annum. Fees and charges of **\$2.51 million** have been provided for in 2011/12.

9.3.11 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 of **\$1.02 million** have been provided for in 2011/12.

9.3.12 INTEREST ON INVESTMENT

Interest on investments has been estimated based on cash flow.

9.3.13 PROCEEDS FROM SALE OF ASSETS

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

9.3.14 CAPITAL GRANTS

Capital grant revenue is **\$2.46 million** in 2011/12, with revenue from future years estimated to fund future capital works.

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.

9.3.15 GRANTED ASSETS

Granted assets are those handed over to Council following the completion of a subdivision. These include roads, footpaths, curb, channel, drainage, etc. The level of granted assets is forecast to continue at high levels, based on predicted levels of property development.

However, estimates beyond 2011/12 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. They therefore impact on Council's depreciation levels and required capital spending (renewal) in the future. This area requires appropriate factoring into the financial model and therefore further review.

9.3.16 CAPITAL EXPENDITURE

Capital expenditure amounts for local roads, water quality, waste and information technology (renewal), and the like and have been directly budgeted for during the next 10 years. The balance of capital expenditure has been left unallocated at this point. These funds may be available for capital renewal (priority), capital upgrade or expansion. Council will develop a 10 year capital works program during the 2011/12 financial year.

9.3.17 CONCLUSION

The Strategic Resource Plan, which is part of the Council Plan, will be reviewed by Council.

Following Council's review Strategic Resource Plan as part of the Council Plan must be lodged with the Minister for Local Government by 30 June.

The Standard Statements (financial statements) are detailed in **Appendix B**.

STRATEGIC DIRECTION

1. That Moira Shire Council finalises its preferred rating option for its strategic financial model to fund the Council Plan, capital expenditure and service delivery through the Annual Budget process.

10. APPENDIX A – GLOSSARY OF TERMS

DEFINITIONS

Adjusted operating surplus/(deficit)	Operating surplus/deficit less revenue from capital (non-recurrent) grants, developer contributions (i.e. assets contributed), asset revaluations, sale of assets plus expenditure from asset revaluations, WDV of assets sold and unfunded superannuation expense.
Total revenue	Total revenue from "Income statement"
Adjusted total revenue	Total revenue from "Income statement" – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
Rate revenue	Total rate revenue as per the "Income statement" or as disclosed in note in some councils' statements.
Fees and charges revenue	Total fees and charges revenue as per the "Income statement" or as disclosed in note in some councils' statements (includes fines).
Proceeds from sale of non-current assets	Total proceeds from asset sales as per the "Income statement" or as disclosed in note in some councils' statements, (gross received not written down value).
Interest earnings	Total interest received as per the "Income statement" or as disclosed in note in some councils' statements.
Grant income and reimbursements	Total grants revenue as per the "Income statement" or as disclosed in note in some councils' statements (includes VicRoads sometimes shown as "reimbursements" by some councils).
Capital grants (non-recurrent)	Capital or non-recurrent grants as disclosed in notes.
Granted assets	Total value of assets received from developers (in kind) as per the "Income statement" or as disclosed in note in some councils' statements.
Total operating expenses	Total operating expenses as per the "Income statement".
Adjusted total operating expenses	Total operating expenses as per the "Income statement" – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
Debt servicing costs (interest)	Total borrowing costs or interest expense as per the "Income statement" or as disclosed in note in some councils' statements.
Total depreciation	Total depreciation expense as per the "Income statement" or as disclosed in note in some councils' statements.
Written down value of assets sold	Written down value of assets sold as per the "Income statement" or as disclosed in note in some councils' statements.
No of rateable properties	Number of rateable properties in municipality.
Total assets	Total assets from "Balance sheet".
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., 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.
Current assets	Total current assets from "Balance sheet".
Current liabilities	Total current liabilities from "Balance sheet".
Non-current liabilities	Total non-current liabilities from "Balance sheet"
Total indebtedness	Total interest bearing liabilities (current and non-current) from "Balance sheet".
Total net realisable assets	Total assets less total infrastructure assets.
Rates outstanding at end of year	Rate debtor amount as disclosed in "Receivables" note.
Total depreciation on infrastructure assets	Total depreciation on infrastructure assets as disclosed in "Depreciation expense" note
Total capital asset outlays	Payments for capital purchases per the "Cash flow statement".
Debt redemption	Debt principal repayments.
Total cash inflows from operations, finance and Investment Activities	Total inflows per the "Cash flow statement".
Total cash outflows from operations, finance and Investment Activities	Total outflows per the "Cash flow statement".

11. APPENDIX B – STANDARD FINANCIAL STATEMENTS

This Appendix contains a graph that details the outcomes from the Standard Statements that follow.

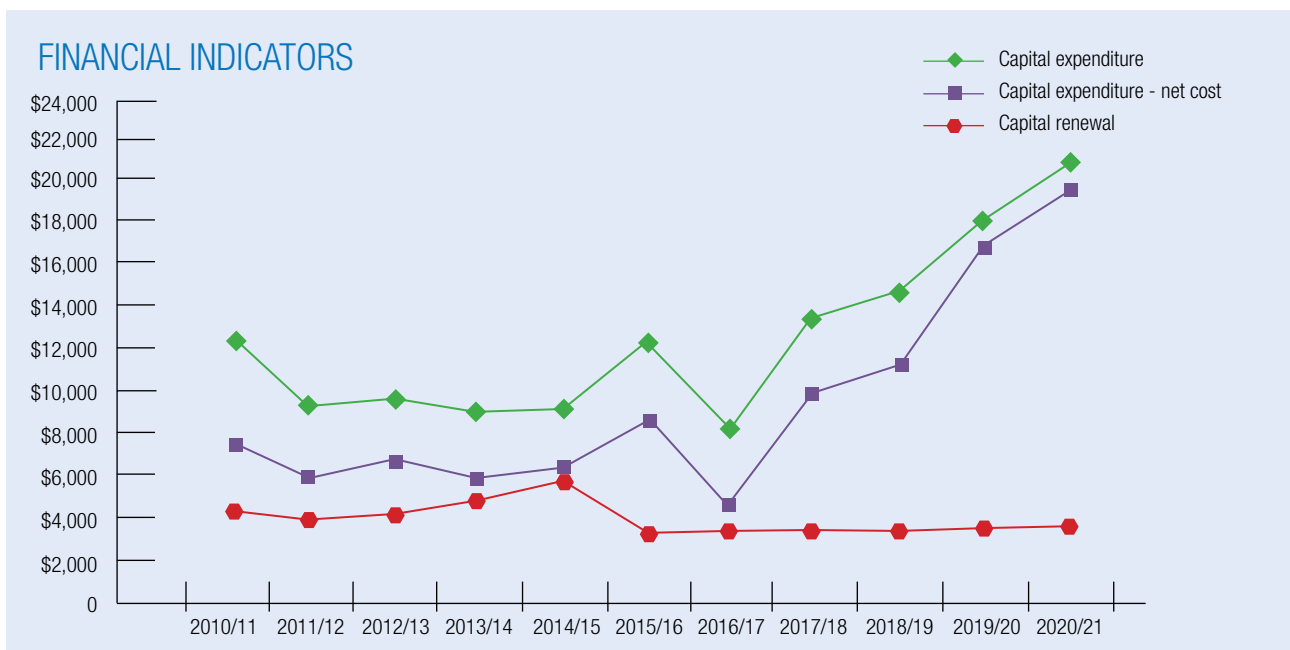
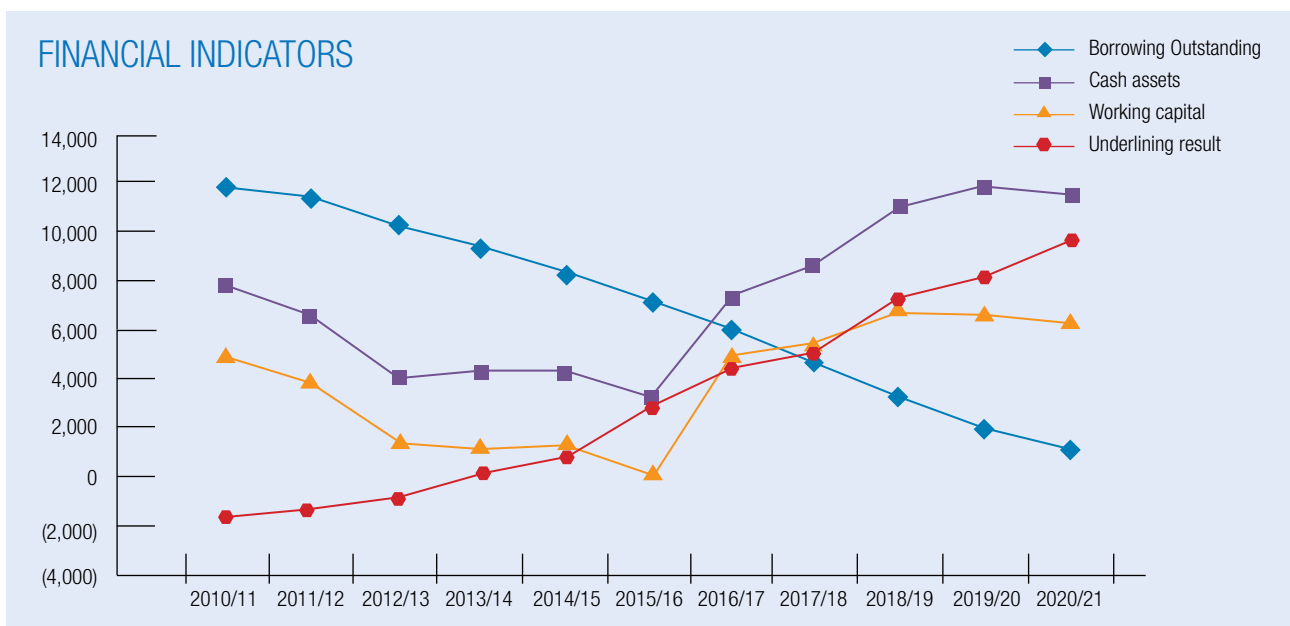
The Standard Statements include the:

- > 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.

This annexure also includes:

- > financial assumptions that affect the financial statements; and
- > financial indicators that occur as a result of the financial assumptions.



STANDARD INCOME STATEMENT													
	ACTUAL 2009/10	ADOPTED BUDGET 2010/11	APPROVED FORECAST 2010/11	PROPOSED BUDGET 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21
REVENUES													
Rates Revenue	21,184,227	23,340,445	23,458,475	25,693,245	27,647,394	29,709,161	31,905,137	34,242,512	36,704,518	39,323,692	42,110,031	45,074,165	48,227,399
Special Rates	-	174,988	89,469	100,499	-	-	-	255,000	305,000	305,000	-	-	-
Operating Grants	10,305,829	8,379,291	8,693,819	10,119,183	9,765,491	10,069,870	10,434,471	10,819,759	11,209,816	11,626,142	12,058,976	12,498,312	12,877,298
Capital Grants	3,711,683	3,316,619	3,764,555	2,457,700	2,365,000	2,515,000	2,055,000	2,793,000	2,663,000	2,663,000	3,489,626	3,900,000	3,900,000
Contributions - Cash	269,984	257,398	561,518	138,000	148,540	139,082	153,625	131,170	120,717	111,265	120,816	111,369	120,923
Contributions - Non-monetary	2,768,195	1,800,000	1,800,000	1,600,000	1,600,000	1,400,000	1,400,000	900,000	900,000	900,000	900,000	900,000	900,000
Reimbursements and Subsidies	206,416	67,100	131,612	48,171	48,537	50,478	52,498	54,597	56,781	59,053	61,415	63,871	66,426 User
Charges	1,921,284	2,192,127	2,335,449	2,505,661	2,977,065	3,099,121	3,303,986	3,442,198	3,589,335	3,746,019	3,912,918	4,090,751	4,302,792
Statutory Fees and Fines	1,108,145	1,114,595	995,771	1,022,919	1,035,960	1,080,050	1,112,786	1,151,751	1,188,398	1,230,605	1,269,445	1,058,586	1,100,683
Interest	495,884	543,400	540,189	624,786	643,504	497,497	513,896	511,144	452,507	706,280	808,716	928,201	967,115
Other Revenue	243,081	110,164	184,641	136,394	144,050	146,812	149,684	157,672	960,778	164,010	172,370	175,865	179,499
Net Proceeds of Sale of Land Held for Resale	-	-	-	9,000	36,192	37,640	39,145	40,711	42,340	101,183	105,230	59,439	-
Net Gain on Disposal of Property, Plant and Equipment	-	14,241	89,643	61,372	20,133	20,363	20,433	16,862	17,536	18,237	-	18,000	18,000
Write-back of Provision (Landfill Rehabilitation)	29,163	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	42,905,759	41,909,067	39,357,347	42,540,529	43,837,537	44,975,318	46,906,755	49,550,554	52,664,839	57,130,262	60,171,523	62,412,770	65,542,685
EXPENSES													
Employee Benefits	13,008,125	13,922,265	14,470,413	15,892,127	16,627,469	17,291,428	18,642,225	19,255,793	20,167,091	21,121,999	22,122,281	23,448,777	24,241,325
Materials and Consumables	7,272,176	8,267,431	8,850,879	8,911,259	9,210,546	9,646,680	9,467,279	9,918,299	10,311,627	10,774,820	11,092,039	11,712,005	12,298,347
External Contract Services	4,069,361	4,755,687	4,995,964	4,876,816	5,092,324	5,301,973	5,487,888	5,917,464	6,323,127	6,568,593	6,691,966	7,171,560	7,488,346
Utilities	867,162	846,870	839,967	863,332	898,063	933,961	971,396	1,010,224	1,050,605	1,092,701	1,136,377	1,181,800	1,229,040
Bad and Doubtful Debts	3,714	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Depreciation	7,675,571	7,978,470	7,827,634	8,035,263	8,226,869	8,400,335	8,583,498	8,757,025	8,883,875	9,105,620	9,338,195	9,642,777	10,002,374
Other	3,978,048	3,108,283	3,833,452	3,657,055	3,796,903	3,966,830	4,149,106	4,341,814	4,544,988	4,760,673	5,022,978	5,266,491	5,524,857
Interest on Borrowings	642,181	703,184	703,184	859,637	833,205	757,617	680,638	600,658	511,901	415,876	321,049	232,837	144,307
Interest on Unwinding of Provisions	396,086	461,138	461,138	432,354	434,792	329,003	309,967	320,867	361,716	308,178	412,754	350,140	283,797
Written Down Value of Infrastructure Replaced	1,203,353	500,000	500,000	800,000	600,000	630,000	661,500	694,575	729,304	765,769	804,057	844,260	886,473
Small Plant Written off	44,921	-	-	-	-	-	-	-	-	-	-	-	-
Net Loss on Disposal of Property, Plant and Equipment	605	-	-	-	-	-	-	-	-	-	-	-	-
Share of (Net Loss) of Associated Entity	13,425	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENSES	39,174,728	40,568,328	42,507,631	44,352,843	45,745,170	47,282,827	48,978,497	50,841,719	52,909,234	54,939,227	56,966,697	59,875,647	62,123,866
NET SURPLUS/(DEFICIT) FROM OPERATIONS	3,069,163	742,020	137,510	164,087	686,695	1,482,246	2,162,164	3,674,655	5,301,493	6,015,259	8,042,845	9,002,911	10,536,270

STANDARD INCOME STATEMENT													
ASSETS	ACTUAL 2009/10	ADOPTED BUDGET 2010/11	APPROVED FORECAST 2010/11	PROPOSED BUDGET 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21
ASSETS													
CURRENT ASSETS													
Cash Assets	12,949,349	7,813,868	7,843,187	6,486,412	3,995,930	4,294,593	4,264,086	3,083,393	7,236,305	8,846,921	11,007,139	11,780,529	11,429,371
Receivables	2,254,657	2,848,671	3,055,547	3,038,535	3,607,976	3,332,756	3,533,292	3,740,868	4,321,949	4,197,787	4,420,791	4,542,244	4,801,183
Inventory	487,156	285,225	257,500	265,225	274,508	284,116	294,060	304,352	315,004	326,029	337,440	349,251	361,474
Land Held for Resale	581,095	581,095	581,095	500,095	474,491	435,857	859,790	1,300,680	1,547,420	1,289,683	1,021,636	486,681	486,681
Other	60,836	61,301	62,357	63,955	65,634	67,358	69,128	70,945	72,811	74,727	76,694	78,713	80,787
TOTAL CURRENT ASSETS	16,333,093	11,570,160	11,799,686	10,354,222	8,418,539	8,414,680	9,020,356	8,500,238	13,493,490	14,735,147	16,863,700	17,237,419	17,159,497
NON-CURRENT ASSETS													
Receivables	113,782	315,418	136,237	198,637	162,931	127,370	99,309	286,016	542,124	727,944	630,997	534,050	437,500
Property Plant and Equipment	541,914,811	546,296,381	547,002,461	547,678,206	549,781,432	548,911,570	549,661,057	553,467,911	553,379,785	556,655,221	563,869,035	571,081,584	580,597,076
Investments in Associate	423,726	397,151	403,726	383,726	363,726	343,726	323,726	303,726	283,726	263,726	243,726	223,726	203,726
Total Non-current Assets	542,452,319	547,008,950	547,542,424	548,260,569	550,308,089	549,382,666	550,084,092	554,057,652	554,205,634	557,646,890	564,743,758	571,839,360	581,238,302
TOTAL ASSETS	558,785,412	558,579,110	559,342,110	558,614,791	558,726,628	557,797,346	559,104,448	562,557,890	567,699,125	572,382,037	581,607,458	589,076,778	598,397,799
LIABILITIES													
CURRENT LIABILITIES													
Payables	2,353,116	2,555,516	2,128,826	2,010,366	2,102,925	2,129,758	2,225,403	2,479,221	2,327,833	2,694,362	2,839,835	3,104,296	3,340,184
Trusts	1,048,083	880,669	950,000	978,500	1,007,855	1,038,091	1,069,233	1,101,310	1,134,350	1,168,380	1,203,432	1,239,535	1,276,721
Interest Bearing Liabilities	1,550,854	1,479,859	1,625,447	974,264	1,084,832	950,497	1,027,618	1,106,846	1,196,849	1,291,938	1,394,721	1,281,993	896,787
Non-Interest Bearing Liabilities	-	-	-	60,000	60,000	60,000	60,000	60,000	-	-	-	-	-
Employee Benefits	2,036,907	2,394,819	2,273,804	2,522,073	2,782,258	3,054,932	3,340,695	3,640,174	3,954,028	4,282,948	4,627,655	4,988,908	5,367,502
Provision for Landfill Rehabilitation	1,762,125	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	8,751,085	7,310,863	6,978,077	6,545,203	7,037,871	7,233,278	7,722,950	8,387,552	8,613,059	9,437,628	10,065,642	10,614,732	10,881,193
NON CURRENT LIABILITIES													
Interest Bearing Liabilities	9,303,656	10,359,412	10,164,105	10,341,024	9,145,623	8,329,462	7,224,723	6,038,649	4,751,798	3,364,769	1,867,266	698,001	186,419
Non-Interest Bearing Liabilities	-	-	-	240,000	180,000	120,000	60,000	-	-	-	-	-	-
Employee Benefits	607,683	643,647	739,246	877,123	1,021,619	1,173,050	1,331,751	1,498,068	1,672,369	1,855,037	2,046,473	2,247,097	2,457,351
Provision for Landfill Rehabilitation	7,505,611	8,721,548	8,705,795	7,692,467	7,735,846	5,853,640	5,514,945	5,708,886	6,435,671	5,483,115	7,343,745	6,229,705	5,049,321
Total Non-Current Liabilities	17,416,950	19,724,607	19,609,145	19,150,614	18,083,088	15,476,152	14,131,419	13,245,603	12,859,838	10,702,922	11,257,483	9,174,802	7,693,092
TOTAL LIABILITIES	26,168,035	27,035,470	26,587,223	25,695,817	25,120,959	22,709,431	21,854,368	21,633,155	21,472,897	20,140,550	21,323,125	19,789,534	18,574,285
NET ASSETS													
EQUITY													
Accumulated Surplus	134,176,892	312,256,315	313,358,107	313,412,194	313,988,889	315,361,135	317,413,300	320,977,955	326,169,448	332,074,707	340,007,552	348,900,464	359,326,734
Statutory Reserves	1,095,087	1,145,632	1,255,087	1,365,087	1,475,087	1,585,087	1,695,087	1,805,087	1,915,087	2,025,087	2,135,087	2,245,087	2,355,087
Asset Revaluation Reserves	397,345,398	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693	218,141,693
TOTAL EQUITY	532,617,377	531,543,640	532,754,887	532,918,974	533,605,669	535,087,915	537,250,080	540,924,735	546,226,228	552,241,487	560,284,332	569,287,244	579,823,514

STANDARD INCOME STATEMENT	ACTUAL 2009/10	ADOPTED BUDGET 2010/11	APPROVED FORECAST 2010/11	PROPOSED BUDGET 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from Ratepayers	21,089,519	23,176,586	23,458,357	25,603,940	27,580,896	29,636,144	31,825,875	34,179,055	36,616,429	39,297,989	42,080,318	45,036,370	48,181,008
Receipts from Grants	14,017,512	11,695,910	12,458,374	12,576,883	12,130,491	12,584,870	12,489,471	13,612,759	13,872,816	14,289,142	15,548,602	16,398,312	16,777,298
Contributions	296,982	257,398	561,518	138,000	148,540	139,082	153,625	131,170	120,717	111,265	120,816	111,369	120,923
Reimbursements and Subsidies	227,058	67,100	131,612	48,171	48,537	50,478	52,498	54,597	56,781	59,053	61,415	63,871	66,426
User Charges	2,899,541	3,580,537	2,622,461	3,649,174	3,525,021	4,542,969	4,303,559	4,505,625	4,328,632	5,240,670	5,081,018	5,157,626	5,282,477
Statutory Fees and Fines	1,131,631												
Interest Received	426,278	543,400	540,189	624,786	643,504	497,497	513,896	511,144	452,507	706,280	808,716	928,201	967,115
Other Receipts	243,081	110,164	184,641	136,394	144,050	146,812	149,684	157,672	960,778	164,010	172,370	175,865	179,499
Proceeds from Sale of Land held for Resale		-	-	90,000	361,920	376,397	391,453	407,111	423,395	1,011,829	1,052,302	594,394	-
Net GST refund	1,334,452												
Payments to Employees	(13,074,336)	(13,555,566)	(14,101,953)	(15,505,981)	(16,222,788)	(16,867,322)	(18,197,762)	(18,789,996)	(19,678,936)	(20,610,412)	(21,586,138)	(22,886,899)	(23,652,477)
Payments to Suppliers	(18,102,551)	(14,165,523)	(14,682,965)	(14,779,190)	(15,119,336)	(15,842,632)	(15,842,632)	(16,604,278)	(17,849,265)	(18,082,524)	(18,788,287)	(19,814,733)	(20,794,143)
Interest paid	(644,003)	(703,184)	(703,184)	(859,637)	(833,205)	(757,617)	(680,638)	(600,658)	(511,901)	(415,876)	(321,049)	(232,837)	(144,307)
Payments for Purchase of Land held for Resale	-	-	-	-	(300,124)	(300,124)	(776,240)	(807,290)	(627,796)	(652,908)	(679,025)	-	-
Other payments	-	(3,108,283)	(3,833,452)	(3,657,055)	(3,796,903)	(3,966,830)	(4,149,106)	(4,341,814)	(4,544,988)	(4,760,673)	(5,022,978)	(5,266,491)	(5,524,857)
NET CASH FLOW FROM OPERATING ACTIVITIES	9,845,164	7,898,539	6,635,599	8,065,485	8,310,603	10,215,243	10,233,682	12,415,095	13,619,170	16,357,844	18,528,080	20,265,047	21,458,963
CASH FLOWS FROM INVESTING ACTIVITIES													
Proceeds from Sale of Fixed Assets	94,150	142,358	222,358	613,720	201,333	203,633	204,326	168,615	175,360	182,374	-	180,000	180,000
Proceeds from Sale of Land held for Resale	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoupment of Loans/Advances	24,796	27,386	(30,000)	18,822	15,767	15,000	15,000	7,500	-	-	-	-	-
Payments for Purchase of Fixed Assets	(9,065,609)	(9,339,522)	(12,771,078)	(9,609,038)	(9,902,708)	(9,154,951)	(9,427,040)	(12,637,134)	(8,417,809)	(13,671,695)	(15,008,192)	(18,425,766)	(21,130,519)
NET CASH FLOW FROM INVESTING ACTIVITIES	(8,946,663)	(9,169,778)	(12,578,720)	(8,976,496)	(9,685,608)	(8,936,318)	(9,207,714)	(12,461,019)	(8,242,449)	(13,489,321)	(15,008,192)	(18,245,766)	(20,950,519)
CASH FLOWS FROM FINANCING ACTIVITIES													
Repayment of Borrowings	(1,625,536)	(1,479,859)	(1,564,958)	(974,264)	(1,144,832)	(1,010,497)	(1,087,618)	(1,166,846)	(1,256,849)	(1,291,938)	(1,394,721)	(1,281,993)	(896,787)
Increase/(decrease) of Trust Monies	(174,573)	(341,990)	(98,083)	28,500	29,355	30,236	31,143	32,077	33,039	34,030	35,051	36,103	37,186
Proceeds from Borrowings	3,270,000	2,500,000	2,500,000	500,000	-	-	-	-	-	-	-	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	1,469,891	678,151	836,959	(445,764)	(1,115,477)	(980,261)	(1,056,475)	(1,134,769)	(1,223,809)	(1,257,908)	(1,359,669)	(1,245,890)	(859,601)
NET CHANGE IN CASH HELD	2,368,392	(593,088)	(5,106,162)	(1,356,775)	(2,490,482)	298,663	(30,507)	(1,180,693)	4,152,912	1,610,615	2,160,218	773,390	(351,158)
CASH AT BEGINNING OF FINANCIAL YEAR	10,580,957	8,406,956	12,949,349	7,843,187	6,486,412	3,995,930	4,294,593	4,264,086	3,083,393	7,236,305	8,846,921	11,007,139	11,780,529
CASH AT END OF FINANCIAL YEAR	12,949,349	7,813,869	7,843,187	6,486,412	3,995,930	4,294,593	4,264,086	3,083,393	7,236,305	8,846,921	11,007,139	11,780,529	11,429,371

STANDARD INCOME STATEMENT												
ACTUAL 2009/10	ADOPTED BUDGET 2010/11	APPROVED FORECAST 2010/11	PROPOSED BUDGET 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21
INDICATORS												
Cash assets	\$12,949,349	\$7,813,868	\$7,843,187	\$3,995,930	\$4,294,593	\$4,264,086	\$3,083,393	\$7,236,305	\$8,846,921	\$11,007,139	\$11,780,529	\$11,429,371
Cash from operations	\$9,845,164	\$7,898,539	\$6,635,599	\$8,310,603	\$10,215,243	\$10,233,682	\$12,415,095	\$13,619,170	\$16,357,844	\$18,528,080	\$20,265,047	\$21,458,963
Increase/(Decrease) in cash held	2,368,392	(593,088)	(5,106,162)	(2,490,482)	298,663	(30,507)	(1,180,699)	4,152,912	1,610,615	2,160,218	773,390	(351,158)
Borrowings outstanding	\$10,854,510	\$11,839,271	\$11,789,552	\$10,230,456	\$9,279,959	\$8,252,341	\$7,145,495	\$5,948,646	\$4,656,708	\$3,261,987	\$1,979,994	\$1,083,206
Depreciation	\$7,675,571	\$7,978,470	\$7,827,634	\$8,226,869	\$8,400,335	\$8,583,498	\$8,757,025	\$8,883,875	\$9,105,620	\$9,338,195	\$9,642,777	\$10,002,374
Operating surplus	\$3,069,163	\$742,020	137,510	\$686,695	\$1,482,246	\$2,162,164	\$3,674,655	\$5,301,493	\$6,015,259	\$8,042,845	\$9,002,911	\$10,536,270
Underlying surplus / (deficit)	(5,346,821)	(6,439,748)	(1,662,490)	(913,305)	82,246	762,164	2,774,655	4,401,493	5,115,259	7,142,845	8,102,911	9,636,270
Capital expenditure (excludes land held for resale)	\$13,137,146	\$9,339,522	\$12,771,078	\$9,902,708	\$9,154,951	\$9,427,040	\$12,637,134	\$8,417,809	\$13,671,695	\$15,008,192	\$18,425,766	\$21,130,519
Capital income	\$5,647,789	\$5,381,768	\$4,463,369	\$2,576,856	\$2,728,577	\$2,273,668	\$3,220,331	\$3,354,926	\$3,109,901	\$3,947,534	\$4,674,394	\$4,080,000
Net capital expenditure	\$7,489,357	\$3,957,754	\$8,307,682	\$7,325,852	\$6,426,374	\$7,153,372	\$9,416,804	\$5,062,882	\$10,561,794	\$11,060,658	\$13,751,372	\$17,050,519
Working capital	\$7,582,008	\$4,259,297	\$4,821,609	\$1,380,668	\$1,181,401	\$1,297,406	\$112,686	\$4,880,431	\$5,297,518	\$6,798,058	\$6,622,686	\$6,278,304
Net worth	\$532,617,377	\$531,543,640	\$532,754,887	\$533,605,669	\$535,087,915	\$537,250,080	\$540,924,735	\$546,226,228	\$552,241,487	\$560,284,332	\$569,287,244	\$579,823,514
RATIOS												
VICTORIAN AUDITOR-GENERAL'S OFFICE												
Liquidity (working capital ratio) (Low risk: >1.5)	1.9	1.6	1.7	1.2	1.2	1.2	1.0	1.6	1.6	1.7	1.6	1.6
Underlying result (underlying surplus/ underlying revenue (Low risk: > 0%)	9.91%	(2.67%)	(4.05%)	(2.03%)	0.17%	1.53%	5.16%	7.66%	8.49%	11.14%	11.89%	13.39%
Indebtedness (Non-current liabilities/ Own source revenue) (Low risk: 40% or lower)	67%	71%	70%	55%	44%	38%	33%	30%	23%	23%	18%	14%
Self financing (net operating cash flows/ underlying revenue) (Low risk: 20% or more)	31.8%	19.9%	16.2%	18.5%	21.5%	20.5%	23.1%	23.7%	27.2%	28.9%	29.7%	29.8%
Investment gap (capital expenditure/depreciation) (Low risk: > 1.5)	1.6	1.2	1.6	1.2	1.1	1.1	1.4	0.9	1.5	1.6	1.9	2.1
OTHER												
Number of rateable assessments	15,515	15,808	16,462	16,862	17,062	17,262	17,462	17,662	17,862	18,062	18,262	18,462
Average rates & charges per assessment	\$1,365	\$1,476	\$1,425	\$1,640	\$1,741	\$1,848	\$1,961	\$2,078	\$2,202	\$2,331	\$2,468	\$2,612
Rates revenue / total revenue	50%	57%	55%	60%	61%	62%	63%	63%	65%	65%	65%	66%
Operating expenses/assessment	\$2,525	\$2,566	\$2,582	\$2,713	\$2,771	\$2,837	\$2,912	\$2,996	\$3,076	\$3,154	\$3,279	\$3,365
Operating result per assessment	\$198	\$47	\$8	\$41	\$87	\$125	\$210	\$300	\$337	\$445	\$493	\$571
Capital expenditure / rate revenue	62.01%	40.01%	54.44%	36.90%	31.83%	31.98%	39.26%	24.64%	36.43%	37.25%	40.88%	43.81%
Grants / total revenue	33.18%	28.31%	29.21%	26.13%	25.81%	24.42%	24.97%	23.83%	23.44%	23.92%	23.81%	23.09%
Fees and charges / total revenue	7.17%	8.00%	7.81%	8.64%	8.57%	8.64%	8.43%	8.21%	8.16%	7.97%	7.48%	7.44%
Total assets / assessments	\$34,329	\$33,625	\$32,363	\$31,645	\$31,361	\$31,123	\$30,977	\$30,927	\$30,917	\$31,020	\$31,173	\$31,406
Total liabilities / assessments	\$1,687	\$1,710	\$1,615	\$1,490	\$1,331	\$1,266	\$1,239	\$1,216	\$1,128	\$1,181	\$1,084	\$1,006
Capital outlays / total cash outflows	21.32%	21.89%	26.80%	21.58%	19.75%	20.36%	24.49%	17.11%	24.09%	24.99%	27.15%	29.30%
Capital outlays / total depreciation	171.16%	117.06%	163.15%	124.02%	112.56%	118.87%	153.53%	101.82%	157.32%	167.99%	191.08%	211.26%
Capital expenditure / assessments	\$847	\$591	\$776	\$587	\$537	\$546	\$724	\$477	\$765	\$831	\$1,009	\$1,145

