COUNCIL PLAN 2009/10 TO 2012/13

WORKING TOGETHER FOR A SUSTAINABLE FUTURE

INCORPORATING THE STRATEGIC RESOURCE PLAN 2012/13 TO 2021/22

ADOPTED JUNE 2009
AMENDED JUNE 2010
AMENDED JUNE 2011
AMENDED JUNE 2012

Contents

VISION	3
MISSION	3
CORE VALUES	3
CONTACTING COUNCIL	4
MESSAGE FROM THE MAYOR AND COUNCILLORS	5
ORGANISATIONAL PROFILE	6
GEOGRAPHIC PROFILE	7
DEMOGRAPHIC PROFILE	8
COUNCILLOR PROFILES	12
STRATEGIC GOALS	16
STRATEGIC RESOURCE PLAN 2012/13 TO 2021/22	21

VISION

Moira 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

Moira Shire 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, Cobram
Phone:	(03) 5871 9222	**Email:**	webmaster@moira.vic.gov.au
TTY:	133 677	**Website:**	www.moira.vic.gov.au
Facsimile:	(03) 5872 1567		

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

Barmah Forest Heritage and Education Centre, Nathalia

Katamatite Post Office

Katunga Post Office

Numurkah Visitor Information Centre

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. This amended plan is the result of the final review of this plan for the term of the current Council and continues to reflect the strong commitment of Council to improvement of service delivery.

The Council Plan has been amended only to reflect changes to the Key Strategic Activities identified in the draft budget 2012/13, 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 of this Plan. As a Council we 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. It will be the responsibility of the incoming Council to review this plan and develop a new four year plan following Local Government Elections to be conducted in October 2012.

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

Alexandra Monk.

Cr Alex Monk,
Mayor

Back (from left):
Cr David McKenzie
Cr Garry Jones
Cr Ed Cox
Cr Brian Keenan
Cr Peter Mansfield
Cr Rob Chuck
Front (from left):
Cr Jessie McCallum
Cr Alex Monk - Mayor
Cr Wendy Buck

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 **$46.9 million** and capital budget of approximately **$10.9 million** in 2012/13, 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 eight other towns throughout the municipality.

COMMUNITY

COUNCIL

CHIEF EXECUTIVE OFFICER

GARY ARNOLD
Councillor Support
Corporate Development
Media

DIRECTOR CORPORATE GOVERNANCE

ALISON COE
Finance
Information Technology
Governance
Human Resources
Occupational Health and Safety
Corporate Communications

DIRECTOR DEVELOPMENT

SCOTT TAYLOR
Planning
Building
Natural Environment
Local Laws
Economic Development and Tourism

DIRECTOR COMMUNITY SUSTAINABILITY

KAYE THOMSON
Community Development
Environmental Health
Recreation
Maternal and Child Health
Environment Sustainability

DIRECTOR INFRASTRUCTURE SERVICES

AARON DRENOVSKI
Operations
Infrastructure Planning
Assets

GEOGRAPHIC PROFILE

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

THE MOIRA ADVANTAGE

Moira Shire 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

Moira 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

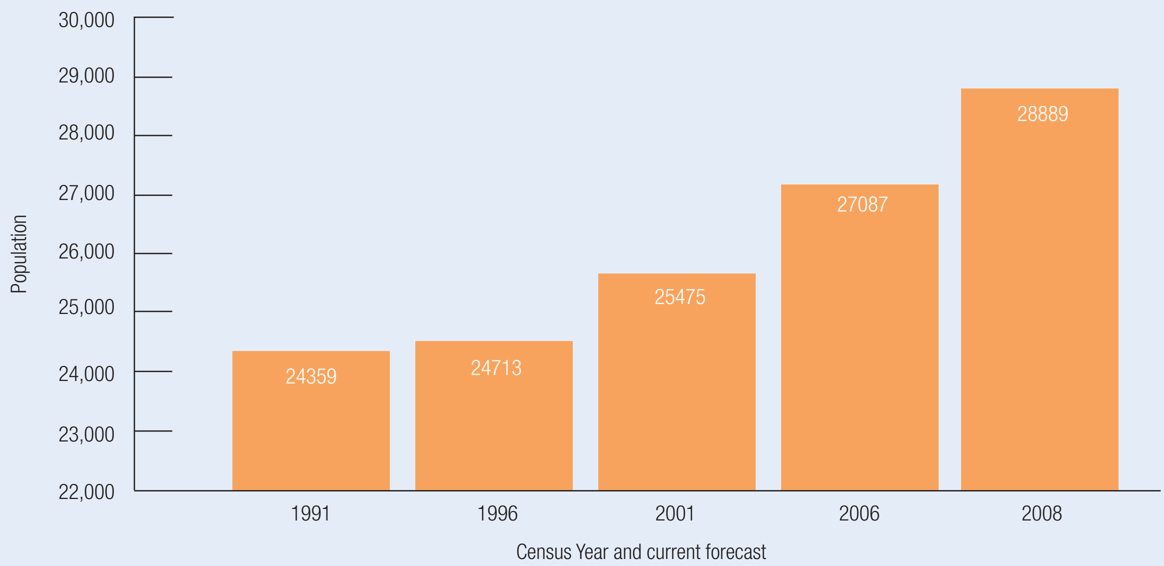
The area's warm Mediterranean climate, appealing natural environment and strategic location means Moira is home to agricultural, horticultural, viticultural and tourism operations.

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.

SHIRE POPULATION



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**.

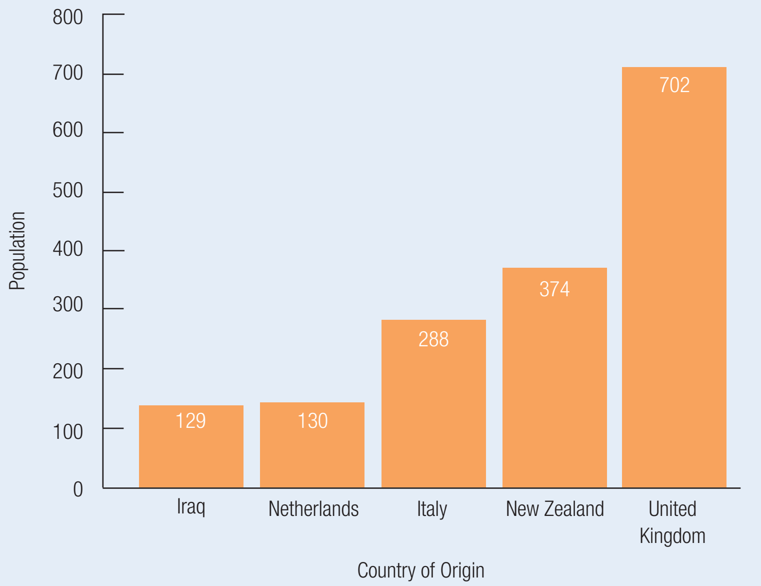
CELEBRATING DIVERSITY

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.

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

TOP 5: COUNTRY OF BIRTH (OTHER THAN AUSTRALIA)



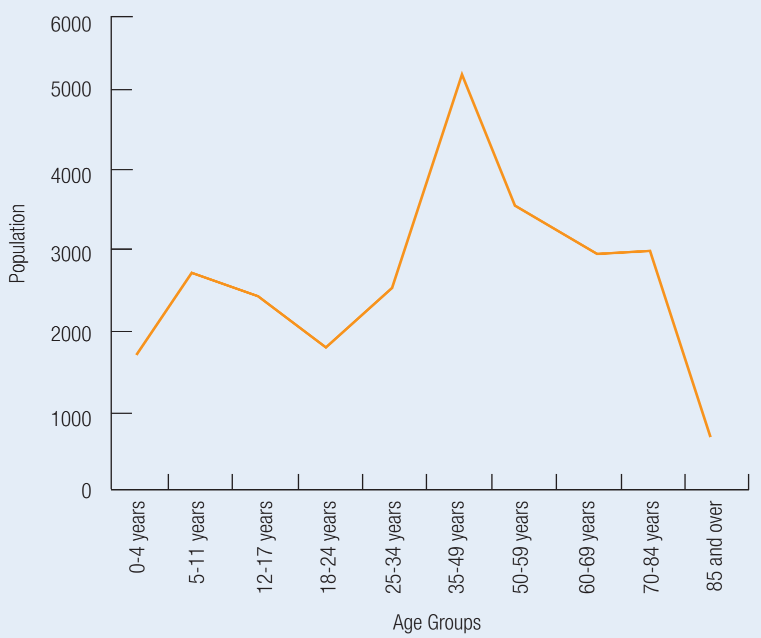
AGE GROUPS

Like many Victorian municipalities, Moira Shire 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.

Moira shire 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.

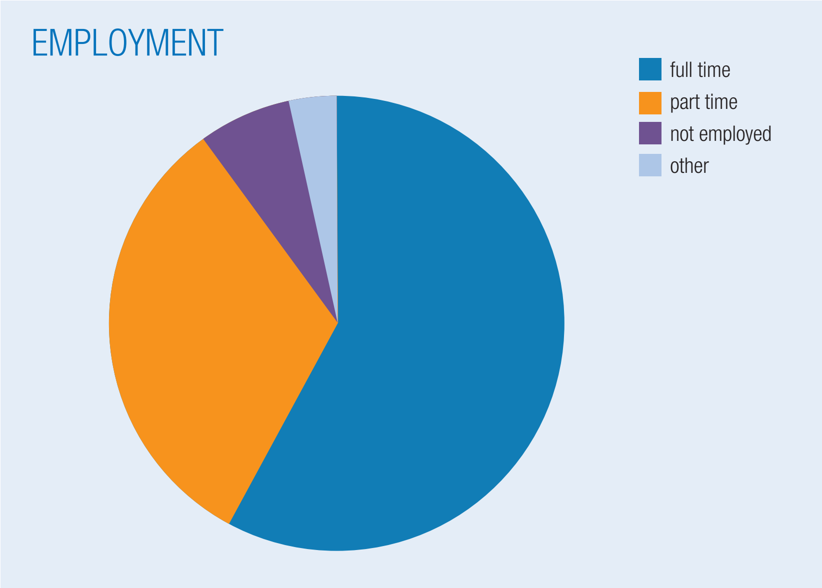
AGE GROUPS



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.

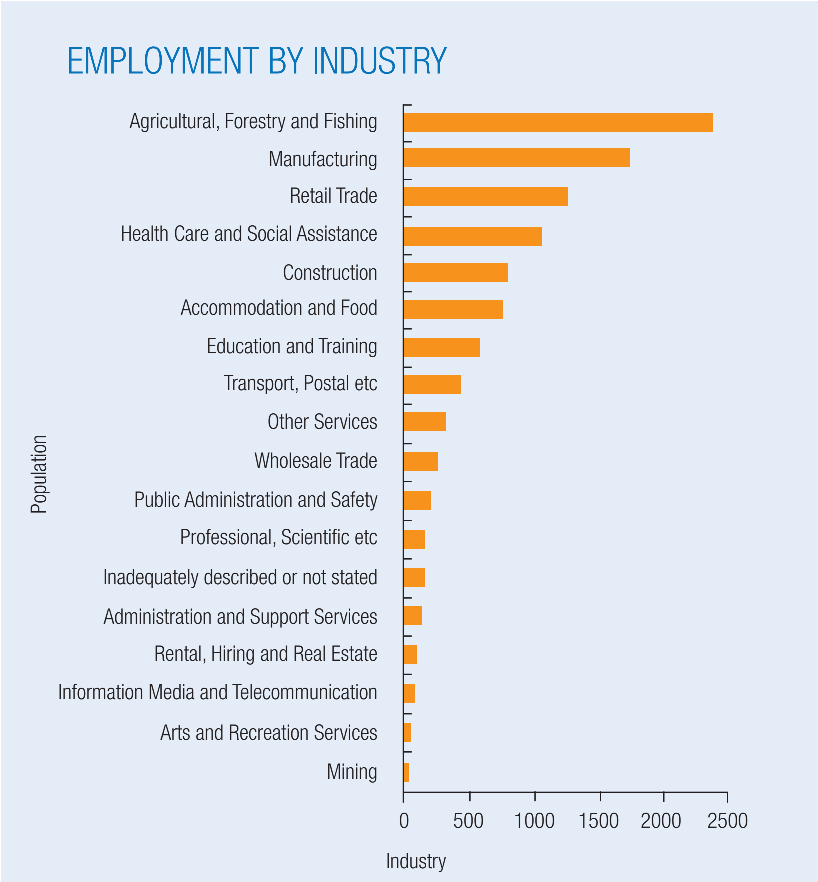


BUSINESS

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.



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

Moira Shire is well served with preschools, kindergartens, primary schools and secondary colleges in the municipality.

Moira ACE (Adult and Community Education), comprising the Cobram Community House, Nathalia Community House, Numurkah Community Learning Centre and YNH Services, also deliver vocational education and training, as well as a range of hobby & leisure courses. Cobram Community House, Numurkah Community learning Centre and YNH Services are also Registered Training Organisations (RTOs) who deliver nationally recognised training across the shire.

The nearby regional centres of Shepparton, Echuca, Wangaratta and Deniliquin provide tertiary education through universities and TAFE.

AGRICULTURE

Moira Shire 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, Moira'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.

Moira Shire 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. The report has been utilised to support submissions in relation to the Murray Darling Basin plan.

TOURISM

Tourism in Moira Shire 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 Moira community.

COUNCILLOR PROFILES

CR ALEX MONK

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 a volunteer for Moira Palliative Care Service.

Cr Monk's involvement with Council Committees includes the Cultural Diversity Advisory Committee, Kinnaird's Wetlands Advisory Committee, Municipal Public Health and Wellbeing Plan and L2P Mentor Driving Program.

Cr Monk is a past participant in the Moira Shire Community Leadership Program and has obtained an Australian Institute of Company Directors Diploma.

Cr Monk served as Deputy Mayor in 2010 and 2011 and is the current Moira Shire Council Mayor.

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 Northern Victorian Irrigation Renewal Project (NVIRP) Murray Valley Modernisation Consultation Committee. She is the Chair of the Water Technology Cluster Expo.

Cr Buck was the founding editor of the Strathmerton Standard newspaper and is a graduate of the Moira Shire Council Leadership Program.

Cr Buck represents Strathmerton Bowling Club in pennant and is currently participating in the Fairley Leadership Program 2012. In February 2012 she was accepted into the Goulburn Broken Catchment Management Authority's Sustainable Irrigation Program Advisory Group (GBCMA SIPAG).

CR ROB CHUCK

Phone: 0429 146 051
Email:
rchuck@moira.vic.gov.au

Cr Rob Chuck is a retired business owner who is currently working towards his Masters in Project Management.

Cr Chuck has qualifications in business management and park management, sessional teaching qualification and is an accredited golf and football coach with the Australian Sports Commission.

Cr Chuck has held many positions on committees and boards, involving the business, tourism and youth sectors, and was Vice President of the Wangaratta Golf Club. Most positions were held on a voluntary basis.

Cr Chuck served on Wangaratta City Council from 2003 until 2006, until he sold his business interests.

Cr Chuck and his wife Wendy have lived on a farm at Boweya, near Yarrawonga, for the past 32 years

CR ED COX

Phone: 0400 564 885
Email:
ecox@moira.vic.gov.au

Cr Ed Cox is a mixed irrigation farmer of beef, cereals, hay and lambs from Cobram. He is married to Su and has four children.

Cr Cox is involved in a wide range of community committees, including the Cobram Showgrounds Reserve Committee of Management and Cobram Apex Recreation Reserve Committee of Management.

Cr Cox is a member of the Murray Darling Association committee (a non-political, cross-border association that represents the views and concerns of the people that live in the Murray-Darling Basin) and an Advisory Committee in response to the Murray Darling Basin Plan to the Victorian State Government.

Cr Cox previously served as Moira Shire Council Mayor in 2005, 2006, 2010 and 2011.

CR GARRY JONES

Phone: 0408 314 593
Email:
garry.jones@moira.vic.gov.au

Garry Jones is a semi-retired small business operator who has lived in Cobram most of his life. He is married to Marian, they have two adult children.

Cr Jones is a life member of the Yarroweyah Football Club, was a player with the Yarroweyah and Cobram cricket clubs, and is an ex-board member of the Murray Valley Cricket Association and Novas.

He is chairman of the Cobram Sustainable Energy Group, a board member of the Cobram Community Enterprise and a member of the Hume Regional Development Board. Cr Jones has a very strong interest in economic development, youth and education opportunities.

Cr Jones has been a Moira Shire Councillor for the past six years.

CR BRIAN KEENAN

Phone: 0419 549 528
Email:
bkeenan@moira.vic.gov.au

Cr Brian Keenan was born and raised in Yarrawonga. 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 Yarrawonga community as a life member of the Country Fire Authority, Ambulance Victoria and Yarrawonga Agricultural and Pastoral Society.

Cr Keenan is a Justice of the Peace and a former Bail Justice.

CR PETER MANSIELD

Phone: 0408 755 212
Email:
pmansfield@moira.vic.gov.au

Cr Peter Mansfield is a semi-retired refrigera-tion mechanic, married to Mary, with three adult children.

Cr Mansfield has been the past President of Yarrawonga Mulwala Tourism and had 30 years involvement with the Scout movement.

Cr Mansfield was elected to Moira Shire Council on 14 November 2011. He previously served on Yarrawonga Shire Council in the 1980s.

CR JESSIE MCCALLUM

Phone: 0439 396 754
Email:
jmccallum@moira.vic.gov.au

Cr Jessie McCallum lives in Yarrawonga 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 Yarrawonga branch of the Country Women's Association, is part of the Friends of Chinaman Island group and chairperson of the Yarrawonga Mulwala Arts Council.

Cr McCallum represents Moira Shire on and is the chair of the Goulburn Valley Regional Library Corporation board and is Council's representative to the Moira Healthcare Alliance board, Green Alliance committee, Disability Access, Yarrawonga Art and Environment advisory committees. She also serves on the Yarrawonga Eastern Foreshore Section 86 Committee of Management, Wilby Hall Section 86 Committee of Management and Wilby Recreation Reserve Committee.

Cr McCallum is committed to and works for Moira Shire, your Council, in a job she loves, to ensure the services provided by the Council are adequate and appropriate to residents' needs

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, Nathalia and District Hospital Board 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 2012/13

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

> Increase immunisation rate for infants between 60-63 month to 95 percent.
> Successfully deliver Moira Shire Council elections by 31 December 2012.
> Successfully deliver National Quality Assurance for Moira Family Day Care by 30 November 2012.
> Complete Rating Strategy Review by 31 December 2012.

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 2012/13

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

- Continue 100 percent compliance for the Municipal Public Health and Wellbeing Plan, food sampling program and registered premises inspection schedule.
- Fully implement the Liveability of Older People project by 31 December 2012.
- Continue 100 percent compliance ratings for the Moira Social Plans Actions, Positive Ageing Strategy Actions and All Abilities Action Plan Actions.
- Increase the rating for 'building certificates' issued within 10 working days to 96 percent.

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 2012/13

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

> Increase the rating for replies to requests received in 'customer requests system' within targeted timeframes to 82 percent.
> Deliver Moira Shire Council's Communication Strategy by 30 June 2013.
> Implement Community Engagement Module throughout Council by 30 June 2013.

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 2012/13

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

> Initiate Council's EBA negotiations by December 2012.
> Develop/implement organisation HR Manual review and training strategy by 31 December 2012.
> Deliver 100 percent compliance in implementing Staff Health and Wellbeing Programs.
> Decrease VAGO Indebtedness ratio to 55 percent.
> Increase the number of Moira Business website hits by 10 percent.
> Increase the number of visits to the Moira Website by five percent.
> Implement Stage 1 of CIVICA IT integrated software project by 30 September 2012.

MOIRA SHIRE
ON THE MURRAY

STRATEGIC RESOURCE PLAN 2012/13 TO 2021/22

WORKING TOGETHER FOR A SUSTAINABLE FUTURE

STRATEGIC RESOURCE PLAN 2012/13 TO 2021/22

Contents

1.	EXECUTIVE SUMMARY	23
2.	LINK BETWEEN STRATEGIC RESOURCE PLAN AND COUNCIL PLAN	29
3.	MOIRA SHIRE COUNCIL FINANCIAL SUSTAINABILITY	31
4.	STATUTORY AND NOTIONAL RESERVES	42
5.	RATING AND OTHER REVENUE STRATEGIES	43
6.	ASSET MANAGEMENT	57
7.	CAPITAL WORKS PROGRAM	67
8.	SERVICE PROVISION AND PLANNING	72
9.	STRATEGIC FINANCIAL PLAN	74
10.	APPENDIX A – GLOSSARY OF TERMS	77
11.	APPENDIX B – STANDARD FINANCIAL STATEMENTS	79

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 2012/13 to 2021/22 are:

> Council will increase municipal rates and municipal charge collections by a net 6.0 percent in the 2012/13 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 $46.95 million and total operating income of $47.66 million;

> operating surplus after adjustments of $0.71 million;

> capital expenditure of $10.96 million has decreased by $0.42 million in 2012/13, compared to $11.38 million invested in 2010/11; and

> borrowings decreased by $0.96 million in 2012/13 to a total outstanding at June 30 2013 of $8.33 million.

These highlights are reflected in the Proposed Budget 2012/13 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 2011, 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 was updated in June 2012 only to reflect the current financial position of Council.

1.3 PURPOSE OF THE SRP

Council is required to prepare an 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.

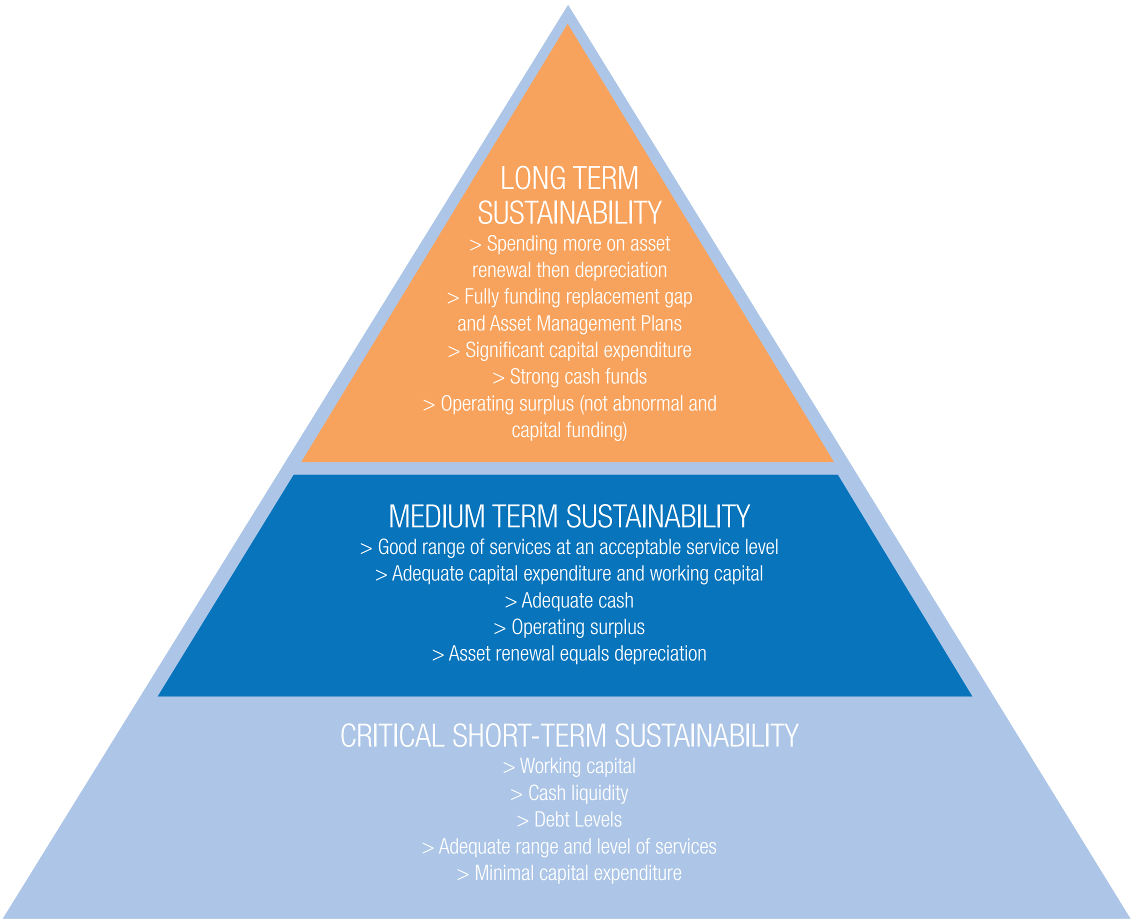

Debt
Strategy
Revenue
Raising
(Rating Strategy)
Operational
Expenses
(Service Levels)
Grants
and
Fees
Notional
Reserve
Funds
Asset
Management
Strategies
Capital Works
Projects
& Funding
STRATEGIC
RESOURCE
PLAN

1.4 SRP OBJECTIVES

The 2012/13 to 2021/22 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, 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, Council is presently in the medium term range of the sustainability pyramid. It may be difficult.

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 2012/13 Budget.

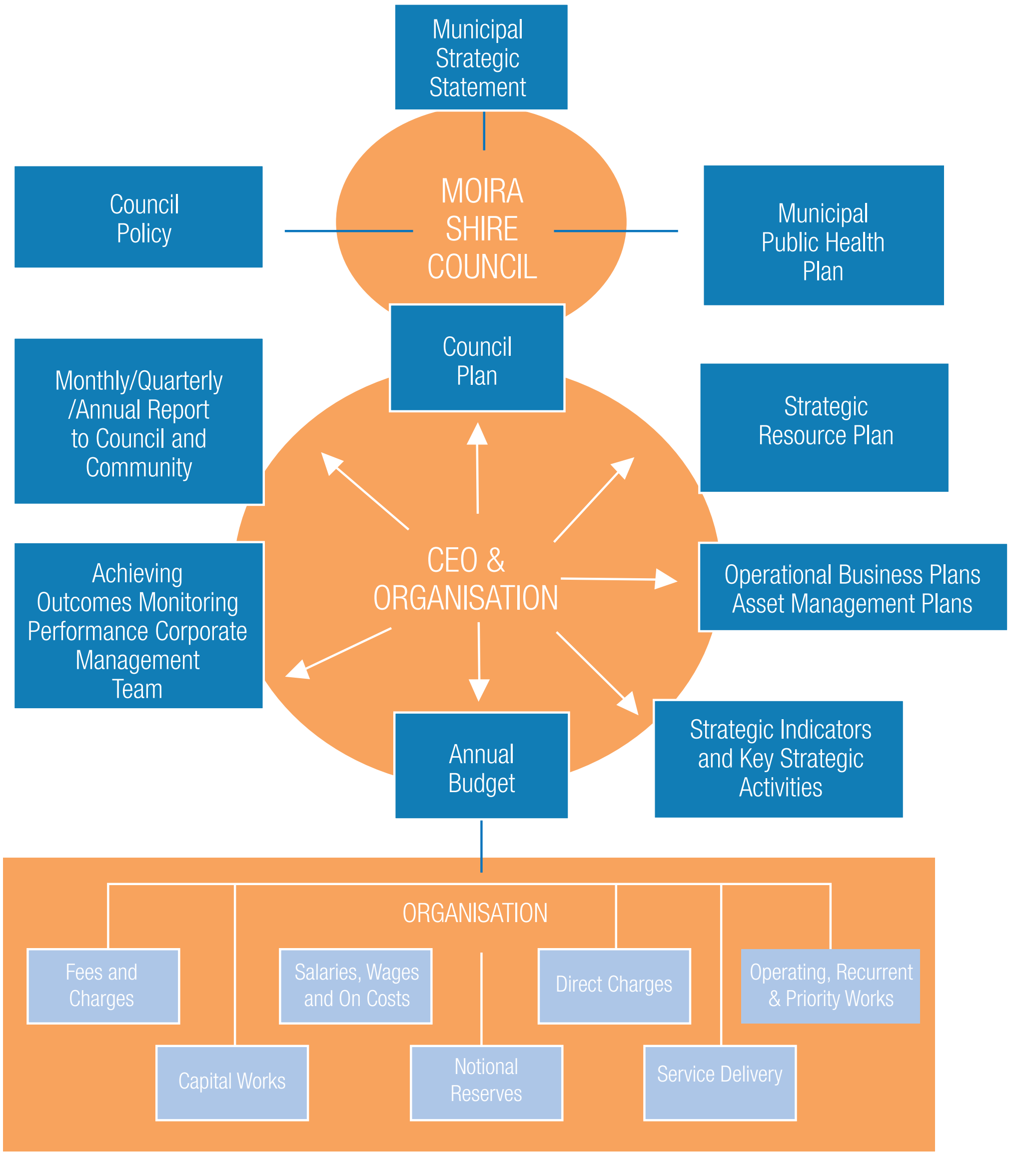
SECTION	STRATEGIC DIRECTION
Section 3: Victorian Auditor General Sustainability Measures	That Moira Shire Council continues to benchmark with other Victorian councils, particularly those within the large rural council category.
	That Moira Shire Council applies the outcomes of this SRP to the 2012/13 Budget.
	That Moira Shire Council, aims to progress towards meeting the low risk measures for the five (5) 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 Environment Protection Authority (EPA), regulatory and safety requirements.
	That Moira Shire Council, in 2012/13, adopt a: a) 6.0 percent increase in total net revenue for general rates and municipal charges; and 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.
	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
	That Moira Shire Council, having established its critical renewal investment levels, completes 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, consults 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.
Section 6: Asset Management	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 completes 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

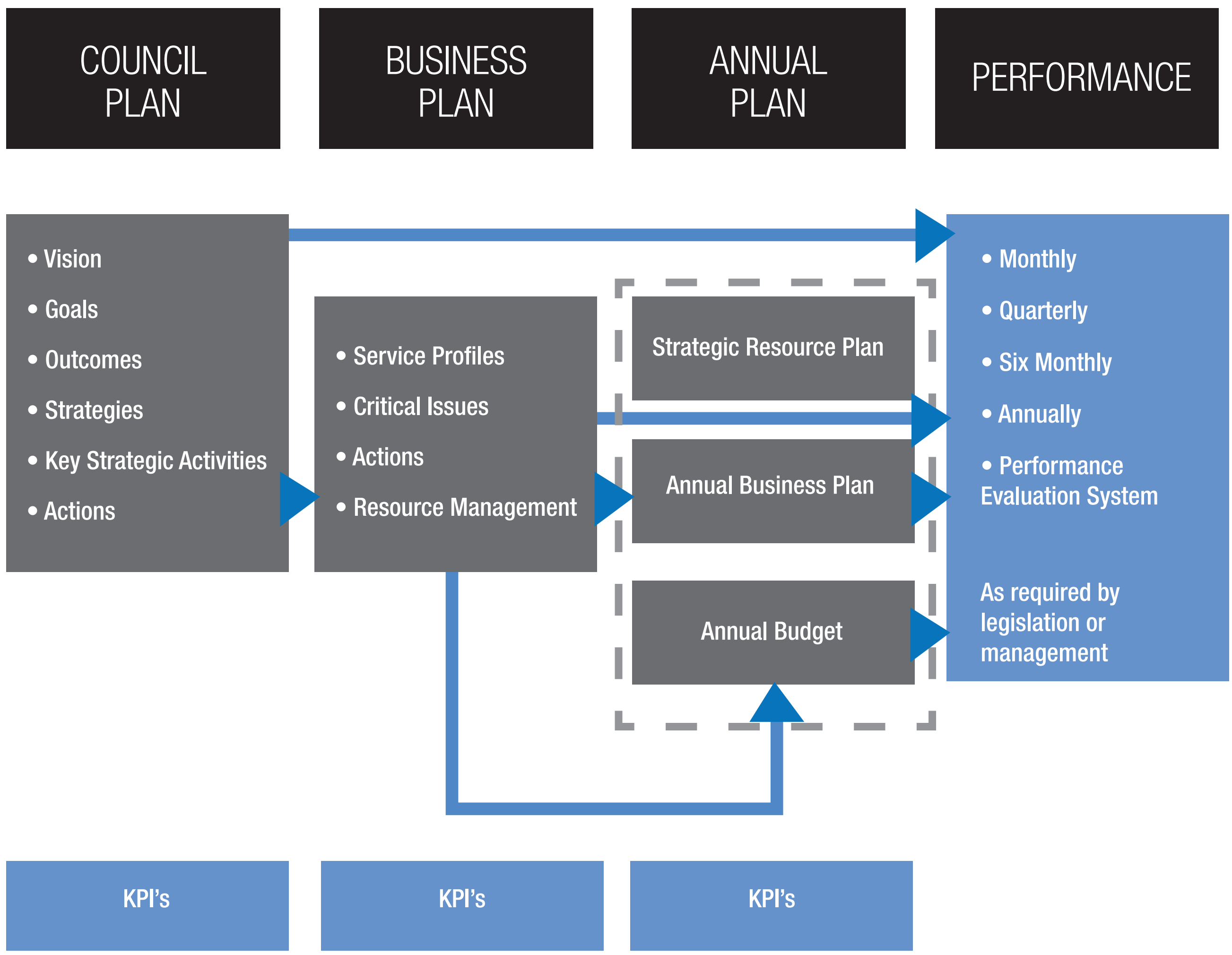
2.1 STRATEGIC PLANNING FRAMEWORK

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 2011 (2010/11 actual);

> the state average;

> the average for Victorian councils categorised as large rural shires (Moira Shire's group); and

> the projected position at 30 June 2012.

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 November 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 percentage, 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) boperating 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	2007	2008	2009	2010	2011	MEAN	ACTUAL TREND	FORECAST 2012	FORECAST 2013	FORECAST 2014	FUTURE TREND	LOW RISK	VAGO COMMENT
Underlying results	1.95	(2.15)	9.91	(4.05)	1.34	1.40	→ →	0.51	1.10	1.97	→ ↑	Underlying results	1.95
Liquidity	2.05	1.82	1.60	1.70	2.00	1.83	→ →	2.00	1.67	1.40	→ ↓	Liquidity	2.05
Indebtedness	55.20	66.24	64.74	70.14	62.45	63.75	→ ↓	54.95	48.48	44.16	→ ↓	Indebtedness	55.20
Self-financing	27.90	18.75	31.77	16.16	21.68	23.25	→ →	20.55	19.90	22.17	→ ↑	Self-financing	27.90
Investment gap	1.38	1.44	1.40	1.63	1.46	1.46	→ →	1.37	1.38	1.35	→ ↓	Investment gap	1.38

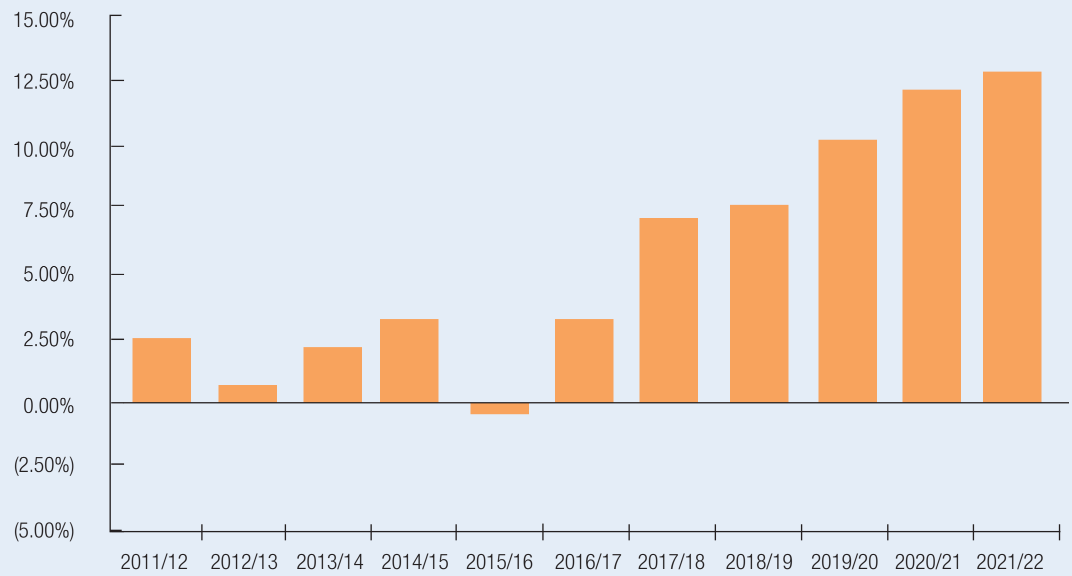
There has been a major increase in capital expenditure over the last two years, such that the total expenditure of $8.9 million in 2010/11 was equal to 144 percent of the expenditure in 2004/05. Liquidity and indebtedness indicators are satisfactory; however, Council is left with the need to consider 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 2011, relating to Moira Shire Council, was that there was a low risk of financial sustainability concerns.

What follows is an assessment of updated VAGO indicators based on Council's approved forecasts for the March 2012 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.

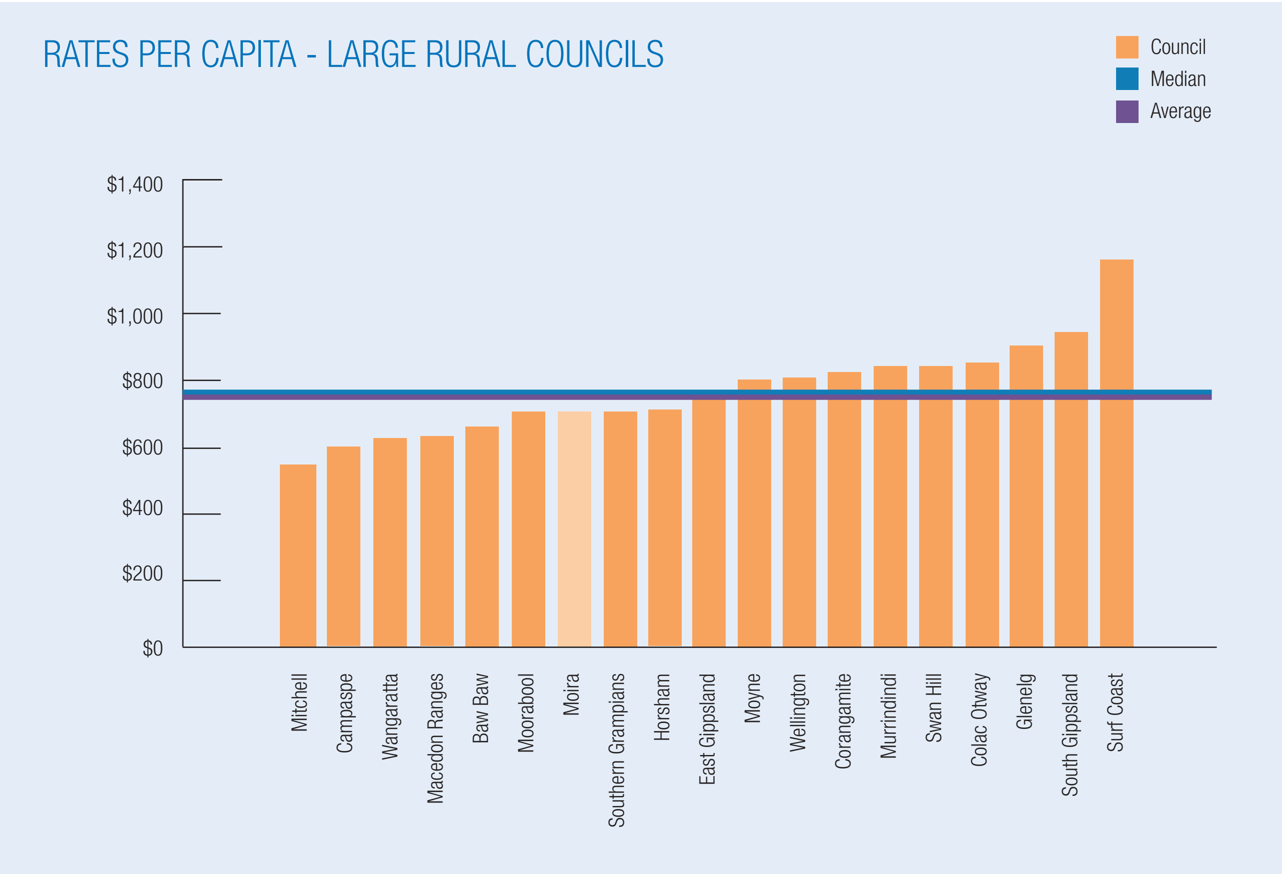
UNDERLYING RESULT (LOW RISK >0%)



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

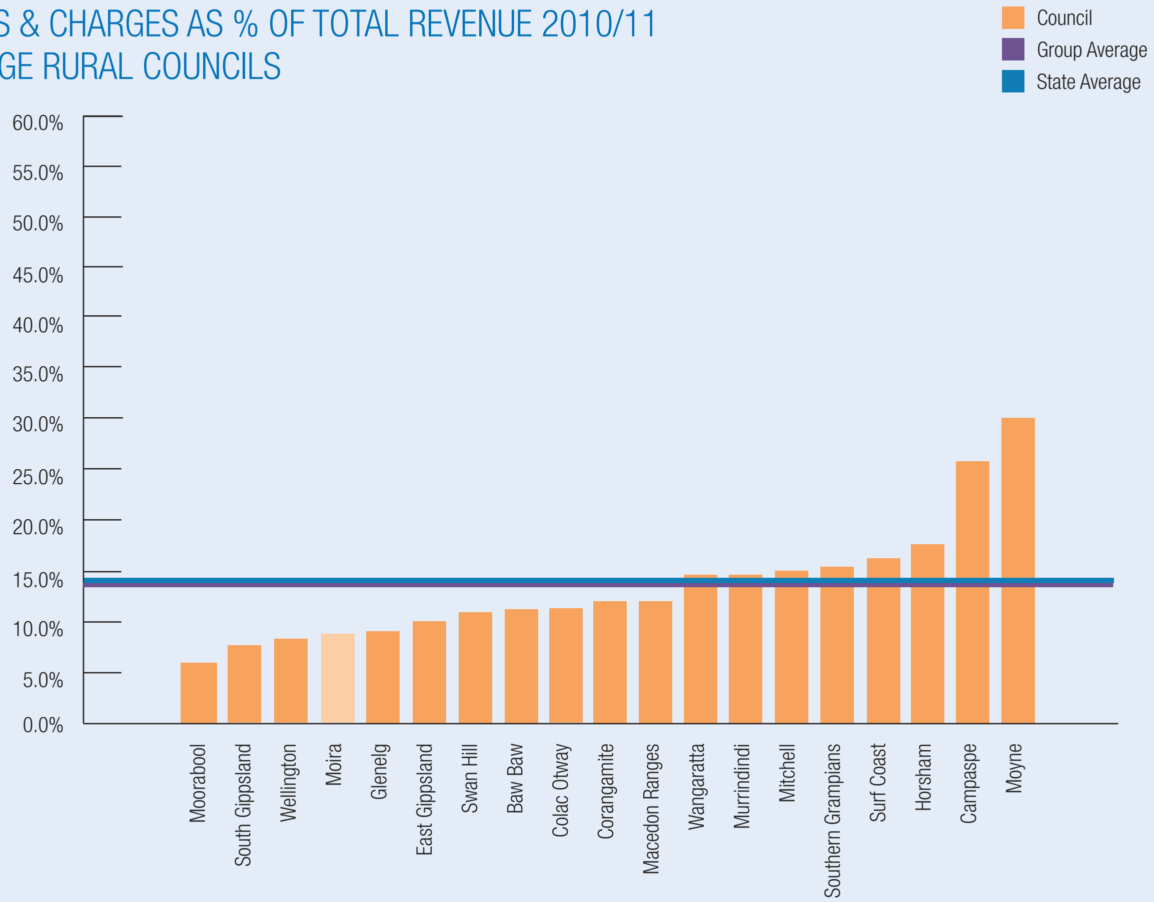
Council's underlying result is negative for the year 2015/16 due largely to reductions in capital grants. The underlying result is postive from 2013/14, as increases in revenue are greater than increases in expenses. Funds for capital works are therefore being accumulated.

Council will continue to look to access additonal 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.



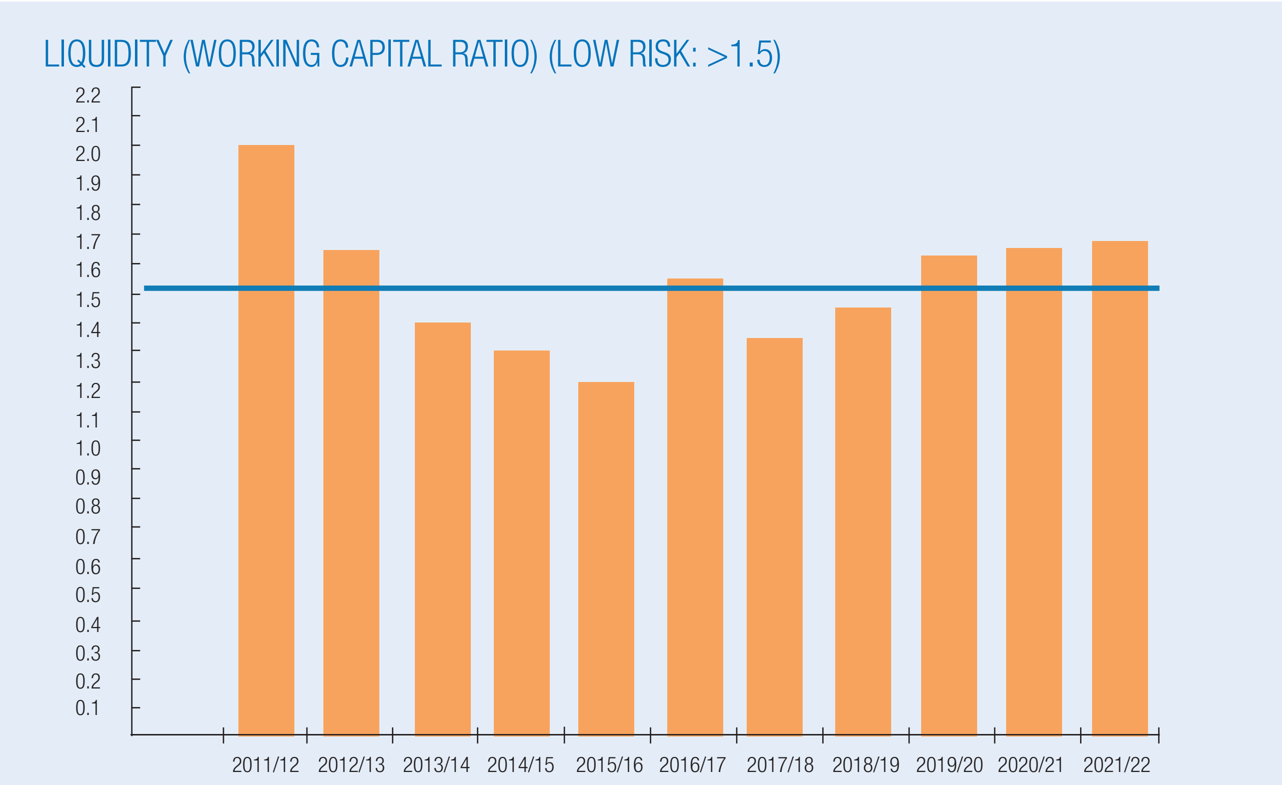
RATES PER CAPITA - LARGE RURAL COUNCILS
Council
Median
Average
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Mitchell
Campaspe
Wangaratta
Macedon Ranges
Baw Baw
Moorabool
Moira
Southern Grampians
Horsham
East Gippsland
Moyne
Wellington
Corangamite
Murrindindi
Swan Hill
Colac Otway
Glenelg
South Gippsland
Surf Coast

FEES & CHARGES AS % OF TOTAL REVENUE 2010/11 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**.



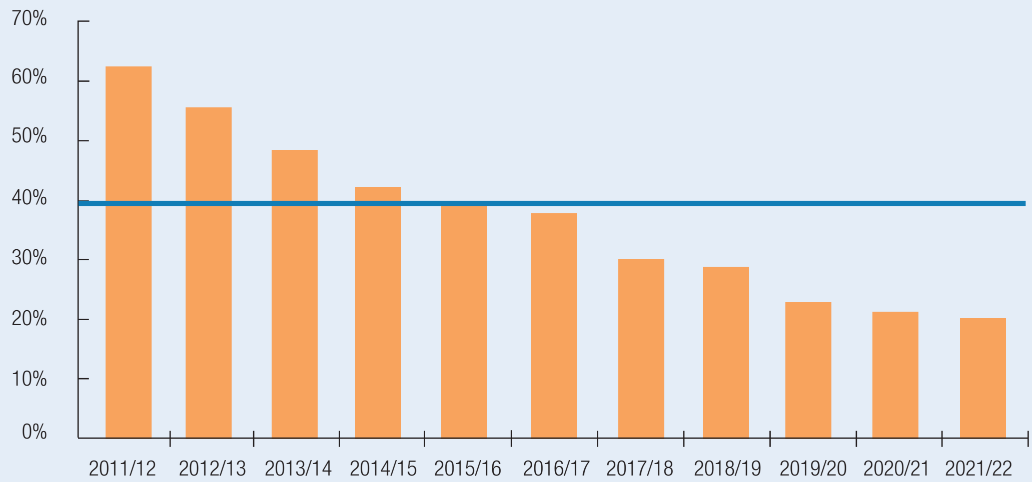
The straight line graph is the ratio of 1.50 above which, is the low risk level, as established by the VAGO.

Council plans to meet the low risk target for all years except for the years 2013/14 to 2015/16 and 2017/18/ to 2018/19.

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.

INDEBTEDNESS (LOW RISK: 40% OR LOWER)



The VAGO's low risk level is 40 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 in 2011/12. These funds have underpinned the large increase in capital expenditure over the previous seven years. No further loans are planned after 2011/12. As a result, Council's indebtedness will be in the low risk category in 2015/16.

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 as much as **$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 2012/13 Budget.

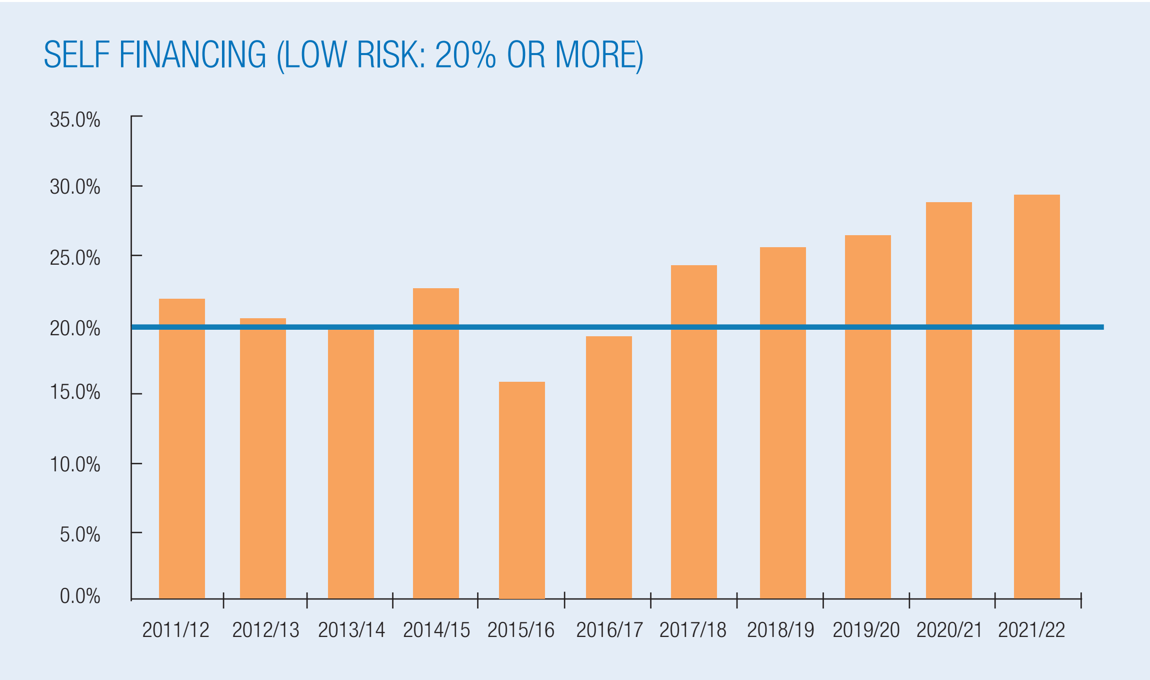
DEBT TYPE	ACTUAL 30 JUNE 2009	ACTUAL 30 JUNE 2010	ACTUAL 30 JUNE 2011	APPROVED FORECAST 30 JUNE 2012	PROPOSED BUDGET 30 JUNE 2013
Total loan debt	9,210,048	10,854,510	9,302,457	9,285,071	8,327,392

Council's current strategy means no further borrowings after 2011/12. In 2012/13 there will be no new borrowings. The effect of this strategy is shown below. The balance of outstanding borrowings starts reducing from 2012/13.

YEAR	NEW BORROWING $'000	PRINCIPAL PAID $'000	INTEREST PAID $'000	BALANCE 30 JUNE $'000
2011	-	1,552	759	9,302
2012	800	874	688	9,255
2013	-	928	659	8,327
2014	-	810	597	7,517
2015	-	869	537	6,648

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 20.00 percent or more. The straight line graph indicates the low risk level of 20.0 percent or more.

The downturn in the years 2015/16 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.

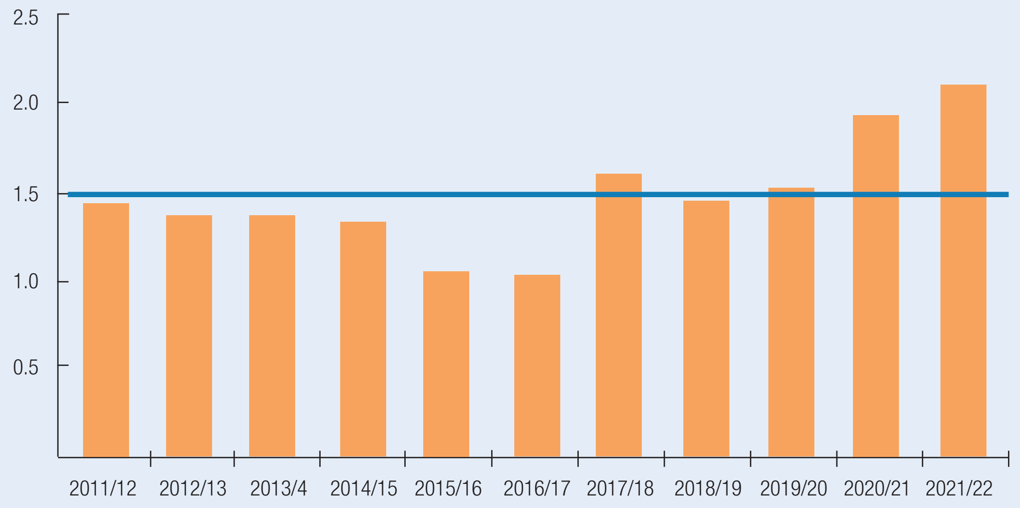
3.8 INVESTMENT GAP

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 until 2017/18; 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.

INVESTMENT GAP (LOW RISK: >1.5)



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 2012/13 Budget.
3.	That Moira Shire Council aims to progress towards meeting the low risk measures for the five (5) 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 2011, forecast to 30 June 2012 and Budget 30 June 2013 are detailed below.

NOTIONAL RESERVE	ACTUAL 30 JUNE 2011 $	FORECAST 30 JUNE 2012 $	FORECAST 30 JUNE 2013 $
Industrial estates	439,764	439,764	539,764
Waste management	6,224,556	6,224,556	6,224,556
Fords Pit rehabilitation	110,249	330,749	254,730
Total	**6,774,568**	**6,995,068**	**7,019,050**
STATUTORY RESERVE	**ACTUAL 30 JUNE 2011 $**	**FORECAST 30 JUNE 2012 $**	**FORECAST 30 JUNE 2013 $**
Recreation open space	832,451	888,041	918,041
Car parking	273,636	273,636	273,636
Offset planting	40,000	40,000	40,000
Total	**1,146,087**	**1,201,677**	**1,231,677**
Total Notional & Statutory	**7,920,655**	**8,196,745**	**8,250,727**

STRATEGIC DIRECTION
1. That Moira Shire Council maintains 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 2012/13;
> 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

Moira Shire 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, at least, a quarterly 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

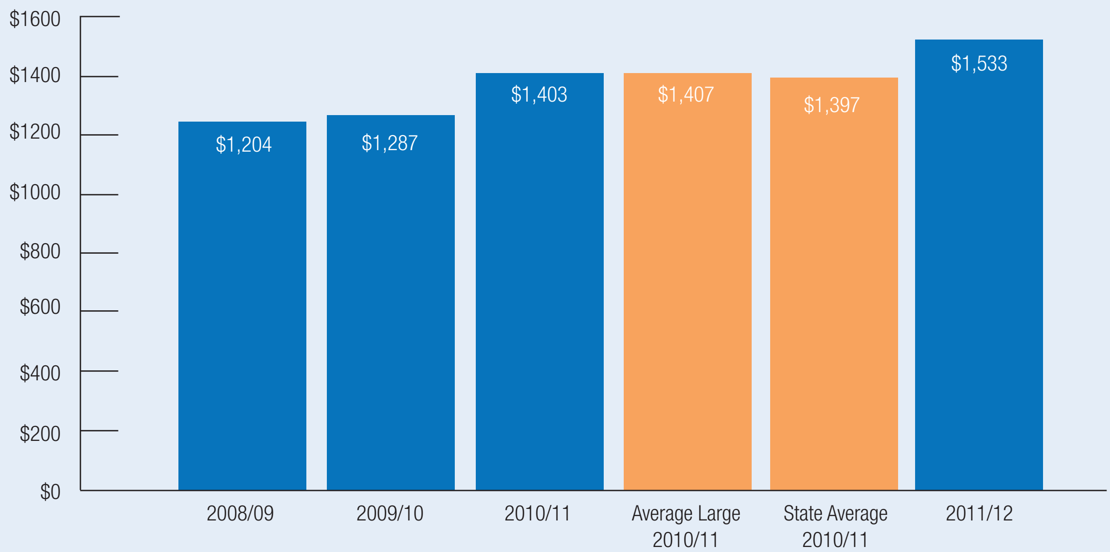
> Service rates and charges

> Rebates and concessions

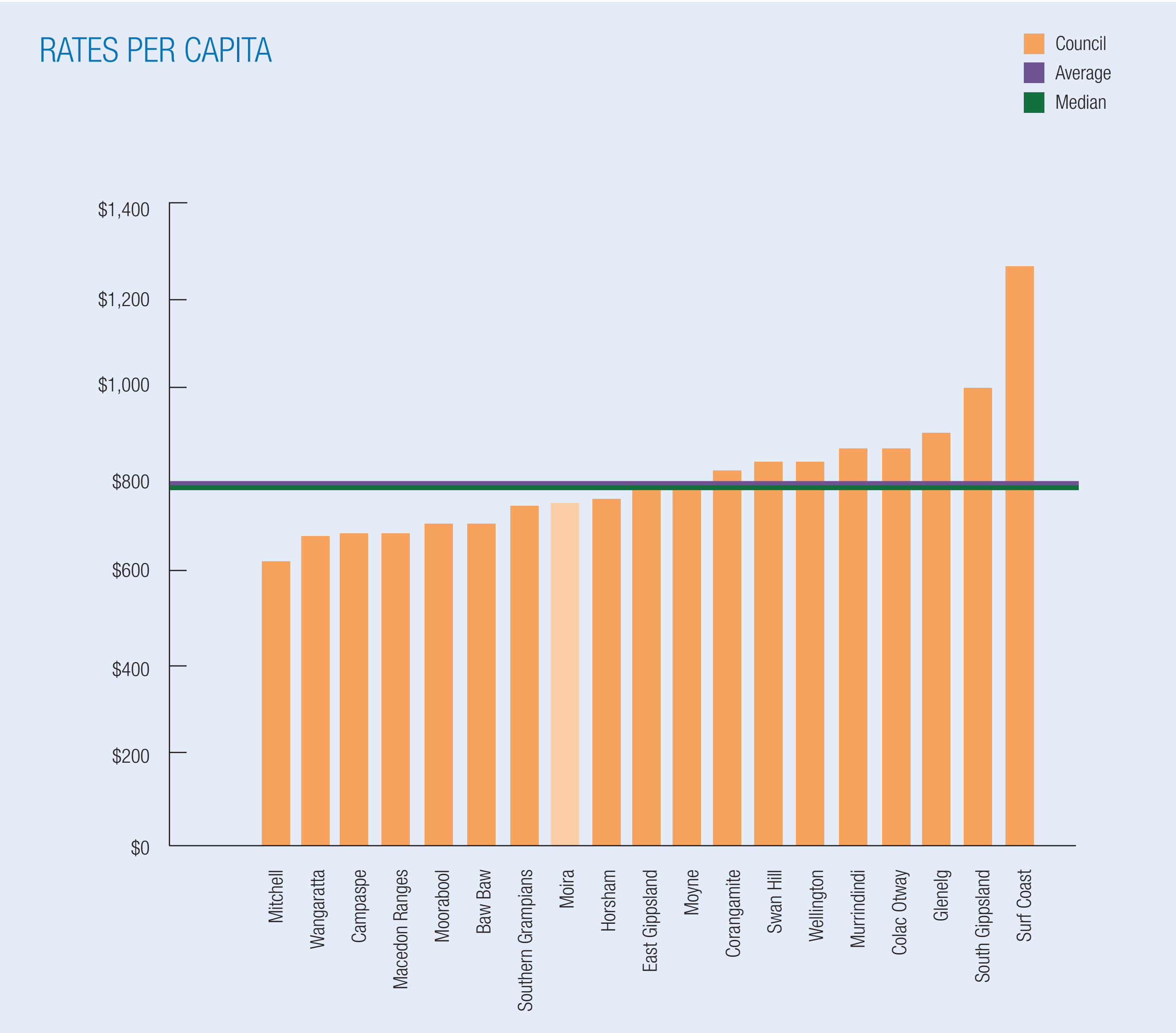
5.4 ASSESSMENT OF CURRENT RATING LEVELS

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

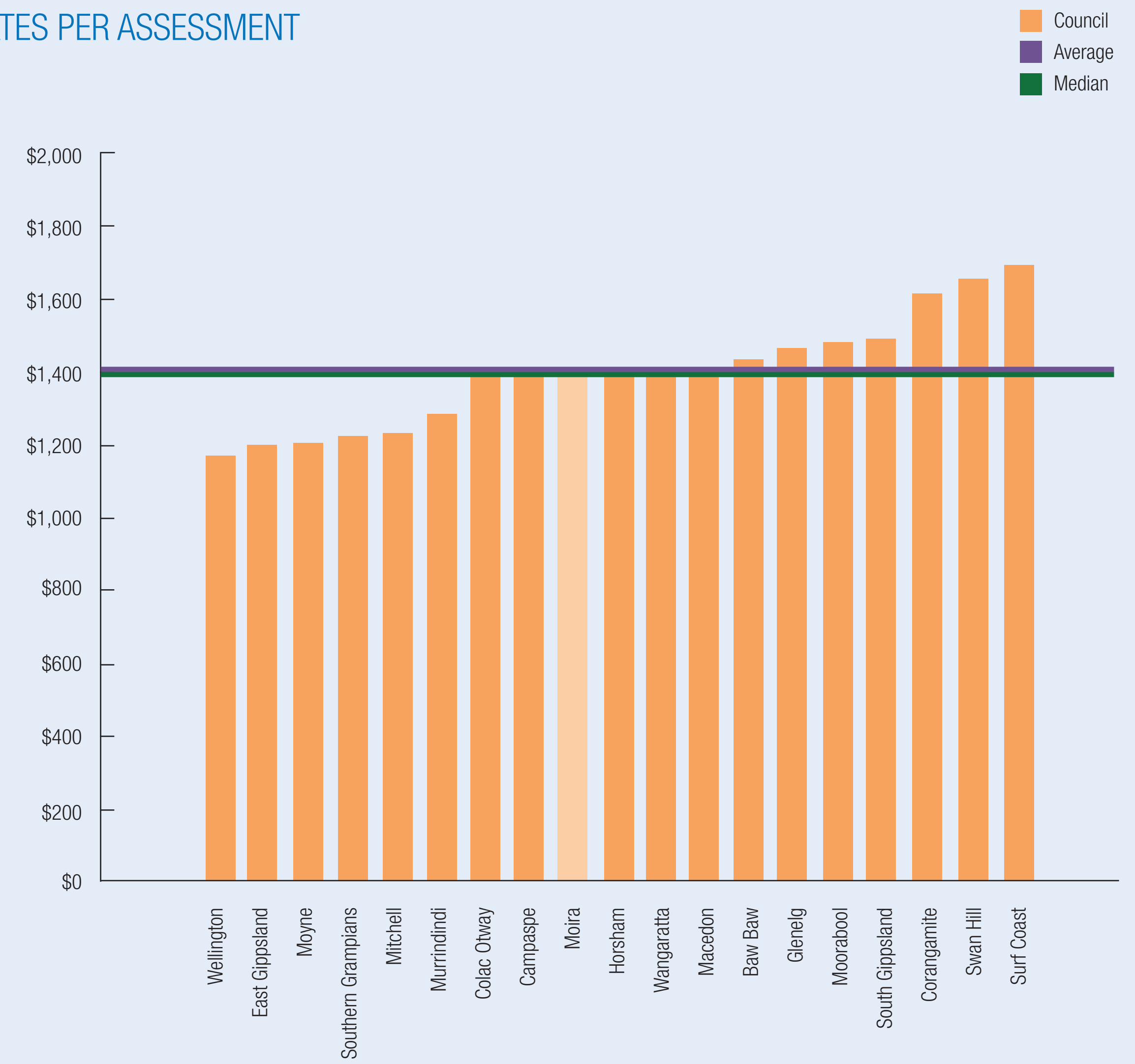


On rates per assessment basis in the 2010/11 financial year, Moira Shire was below average for the large rural sector but above the state average.



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.

5.5 RATES AND CHARGES BUDGET – 2012/13

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 - 2012/13

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	2,337,085,000	9,673	0.3530	-	8,250,506
General vacant	161,481,300	1,026	0.7060	-	1,140,140
Farm build	1,210,622,000	2,936	0.3530	-	4,273,804
Farm vacant	252,204,000	1,138	0.3530	-	890,345
Rural Build	202,967,000	756	0.3530	-	716,525
Rural vacant	16,667,600	121	0.7060	-	117,682
Commercial build	308,591,000	968	0.4942	-	1,525,167
Commercial vacant	8,120,400	54	0.7060	-	57,334
Industrial build A	154,035,000	85	0.4942	-	761,296
Industrial vacant	3,516,000	24	0.7060	-	24,825
Cultural and recreation	375,000	1	0.3372	-	1,264
DHS Elderly	5,434,000	69	0.1765	-	9,591
Municipal charge	-	15,571	-	285.30	4,442,300
Garbage	-	11,716	-	92.10	1,079,042
Recycling	-	11,627	-	83.05	965,476
Environmental	-	15,566	-	192.75	3,000,024
Total	**4,661,098,300**	**71,331**			**27,255,321**

Council's required general rate and municipal charge revenue from 2012/13 is **$22.21 million** based on a **6.0 percent** increase over the 2011/12 rate revenue. In total the Council will raise rates and charges revenue of **$27.25 million**, which excludes **$0.37 million** generated from supplementary rates

The outcome of this level of increase is as follows:

> the increase in rates and municipal charge in 2012/13 will provide an additional **$1.26 million** over the 2011/12 financial year;

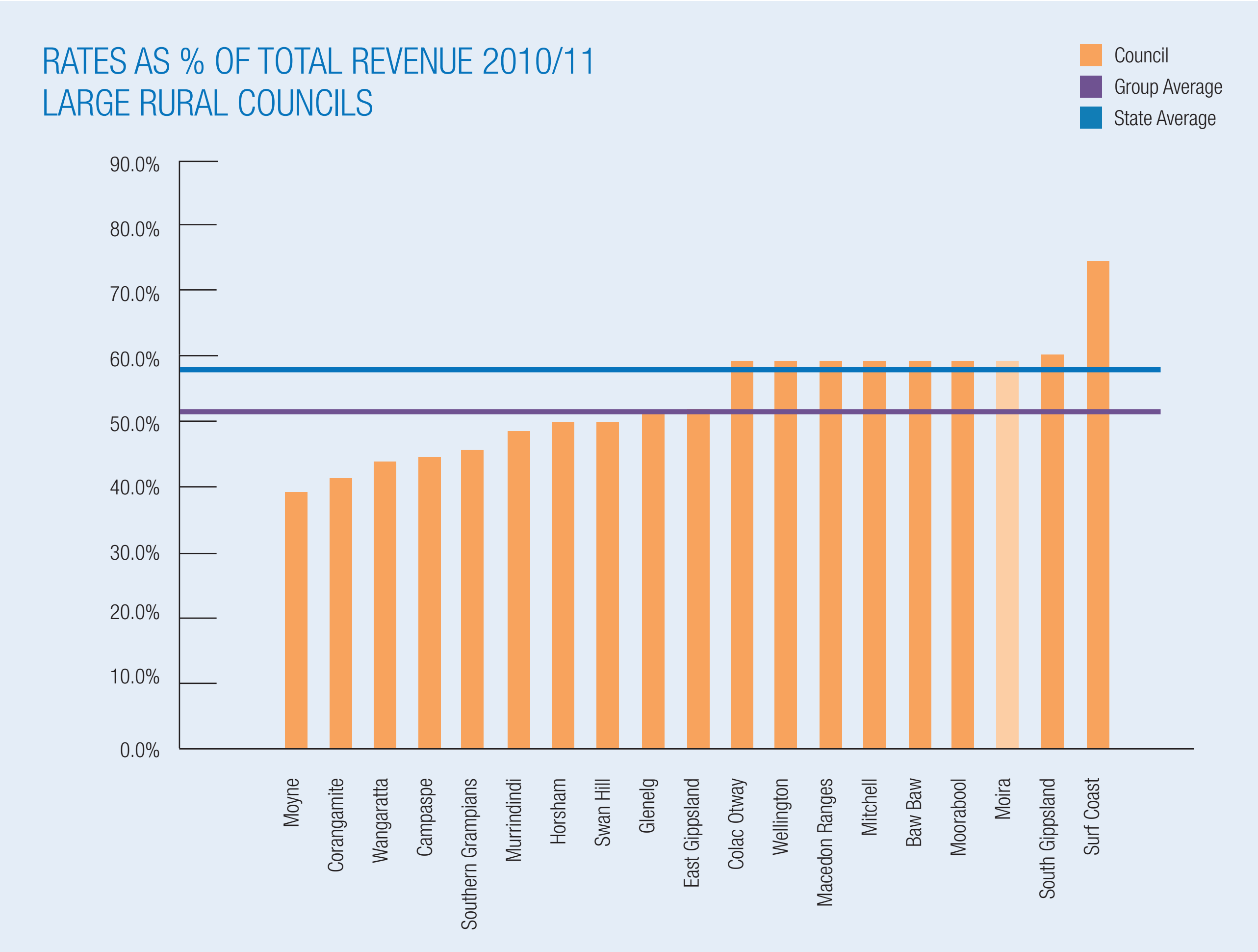
> the municipal charge for 2012/13 is **$285.30**, which is at the **20.0 percent** maximum allowable under Section 159 of the *Local Government Act 1989*. The municipal charge ensures all properties pay an equitable contribution towards the unavoidable fixed costs of Council;

> revenue from the municipal charge is anticipated to be **$4.44 million** in 2012/13;

> total revenue from rates, supplementary rates, municipal and service charges in 2012/13 is **$27.55 million**; and

> the SRP also applies rate revenue increases of CPI plus 3.0 percent (assume **6.0 percent**) for 2012/13 to 2021/22 for the purpose of financial planning escalation assumptions; and

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

5.6 RATING STRATEGY

5.6.1 PRINCIPLES AND OPTIONS

Moira Shire 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 **$46.70 million** will be invested in waste management over the next 10 years to support a recurrent operating expenditure of **$3.91 million** in 2012/13 growing to **$6.77 million** in 2021/22. Of the **$3.12 million** of rehabilitation and after care, **$1.91 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	2010/11 $	2011/12 $	2012/13 $
Garbage collection	$77.05	$83.86	$92.10
Recycling collection	$71.80	$77.05	$83.05
Environment levy	$164.00	$181.15	$192.75
Total	**$312.85**	**$342.06**	**$367.90**

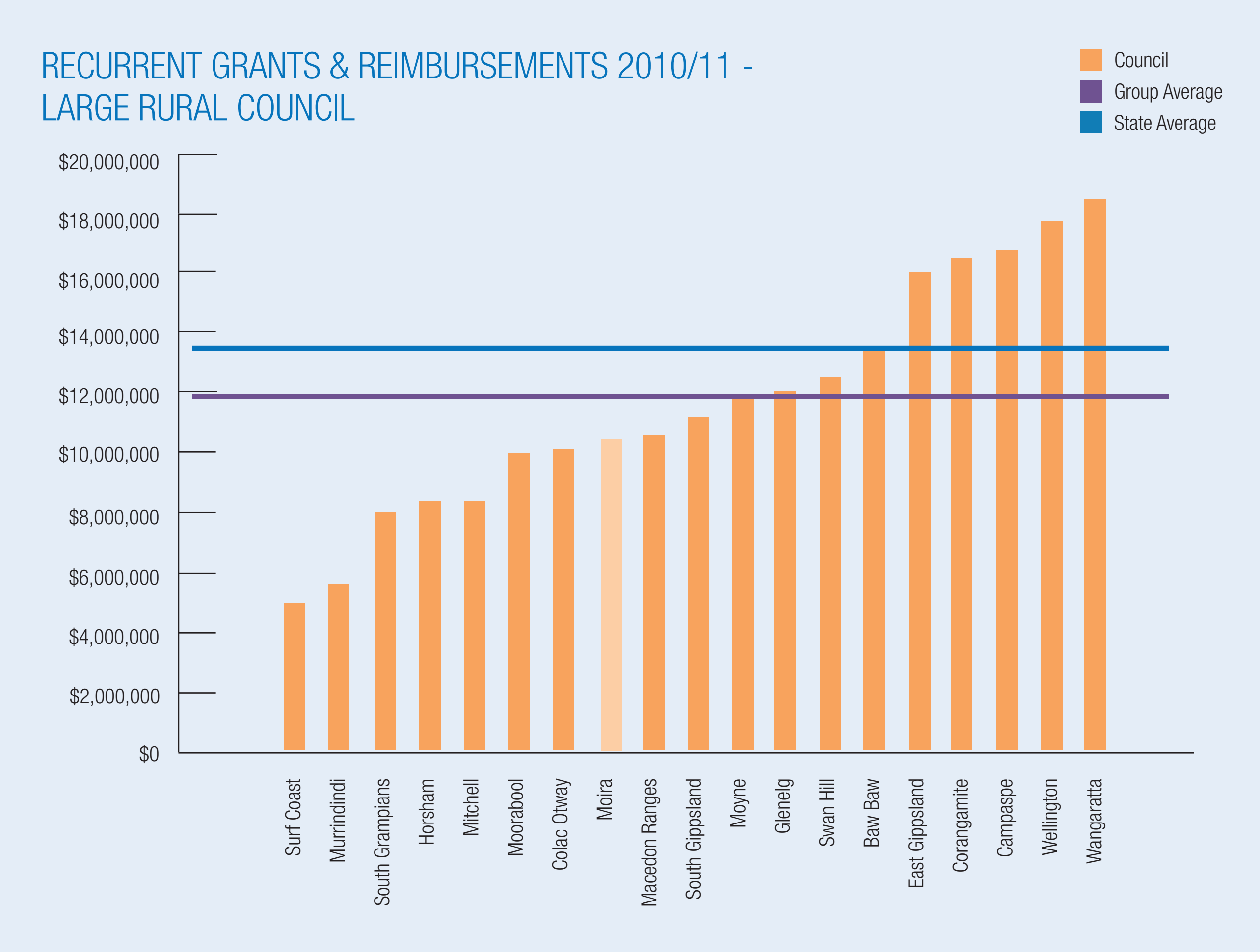
The environment levy can be declared on the basis of any criteria specified by Council. Council has allowed for single farm enterprises when declaring the criteria for the environment levy. Accordingly, a farm enterprise pays the levy once. In addition, users of garbage and recycling collection service 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. Total revenue from the levied service charges in the 2011/12 Budget is detailed below:

SERVICE CHARGE REVENUE	2011/12 $	2012/13 $
Garbage collection	$962,964	$1,079,042
Recycling collection	$874,826	$965,476
Environment levy	$2,777,211	$3,000,024
Total	**$4,615,001**	**$5,044,542**

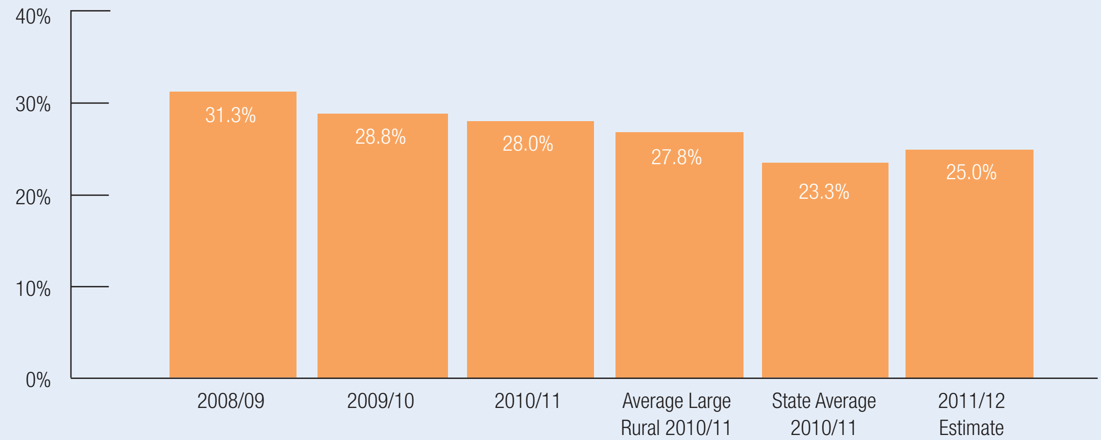
5.8 GRANT REVENUE

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.



Moira Shire Council must continue its strong focus on securing grant revenue, particularly for capital works. Grants (capital and operating) at 30 June 2011 totalled $13.86 million. At 30 June 2012 the projection is $14.21 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 to total revenue is detailed below:

RECURRENT/OPERATING GRANTS/ADJUSTED TOTAL REVENUE



Moira Shire 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.

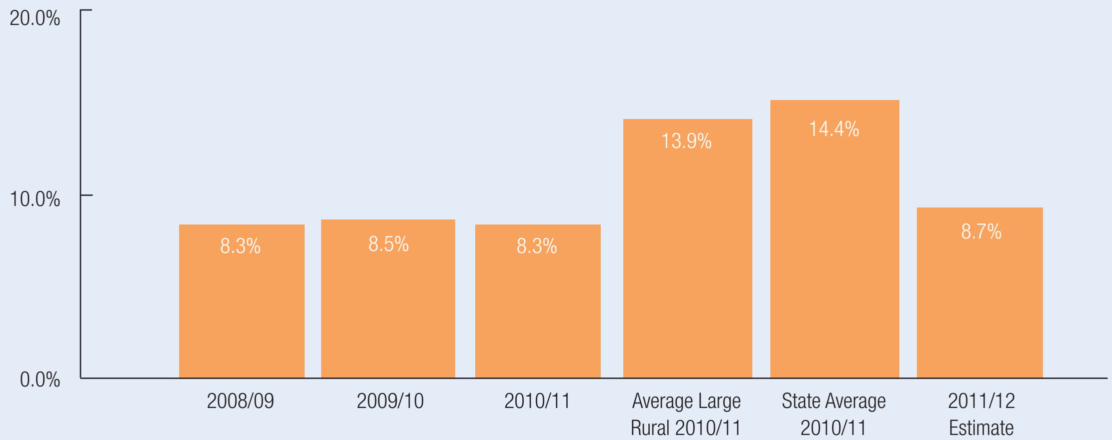
5.9 VICTORIAN GRANTS COMMISSION

Council receives approximately **18.3 percent** of its revenue from the Victorian Grants Commission. The allocation is projected to be **$8.49 million** in 2011/12 and budgeted at **$8.74 million** in 2012/13.

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.

FEES & CHARGES/TOTAL REVENUE



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 2012/13, adopts a: a. 6.0 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 2012;
> 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 2012

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 2012 is projected to be **$14.94 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 2012 is **$556.74 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.

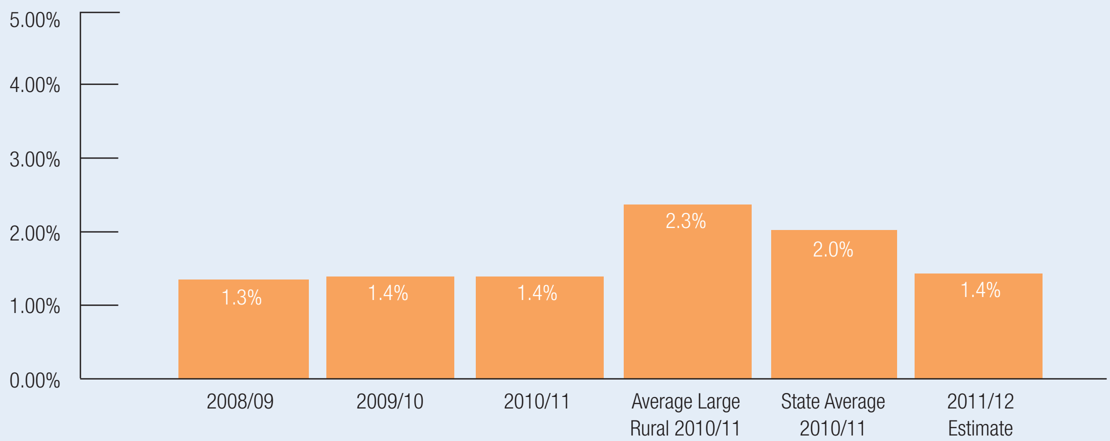
As at 30 June 2012 and 2013, Council's projected fixed assets and land held for resale are detailed below.

FIXED ASSETS	FORECAST ACTUAL WRITTEN DOWN VALUE 30 JUNE 2012 $	FORECAST WRITTEN DOWN VALUE 30 JUNE 2013 $
Land	48,979,410	49,009,410
Buildings	75,343,835	77,353,034
Plant and equipment	1,451,390	1,561,773
Furniture and equipment	91,849	87,664
Playground equipment	2,390,359	2,296,707
Pumps	673,270	636,342
Footpaths	11,485,989	11,516,079
Roads	324,672,491	324,363,665
Culverts and floodways	3,517,253	3,452,985
Bridges	20,052,460	19,947,185
Drainage	25,505,554	25,843,178
Kerb and channel	12,324,836	12,074,763
Land improvements	24,028,229	23,572,810
Other	6,226,154	6,684,134
Total written down value	**556,743,079**	**558,399,730**

Moira Shire Council's forecast depreciation on these assets for 2011/12 is **$7.81 million**, and the budget for 2012/13 is **$7.98 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.

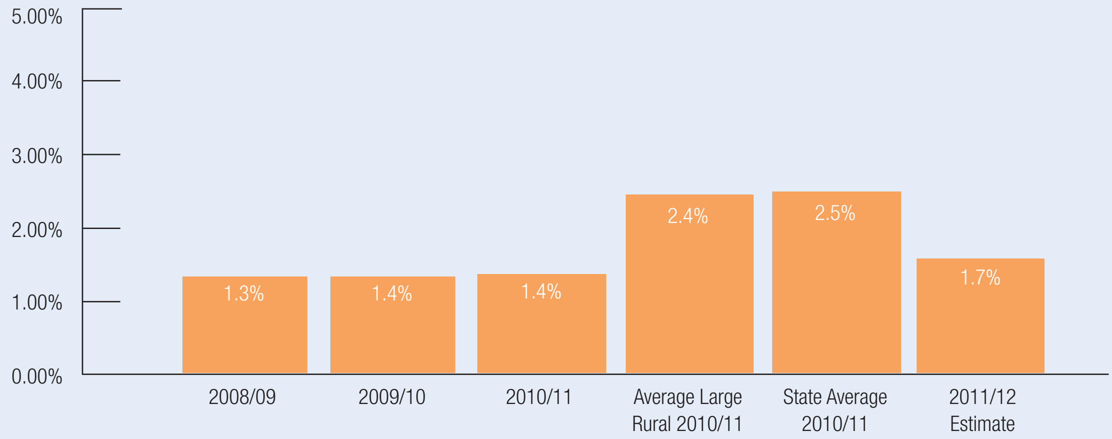
Council's depreciation charges as a percentage of its total assets are benchmarked and depicted in the following graph.

TOTAL DEPRECIATION/TOTAL ASSETS



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

DEPRECIATION ON INFRASTRUCTURE/INFRASTRUCTURE ASSETS



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	2010/11 ACTUAL	2011/12 FORECAST	2012/13 BUDGET
36%	Current spending on renewal and upgrade to the long term average* rate of asset consumption.	88%	101%	109%

* 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 that 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 or 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 or 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 five (5) 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.

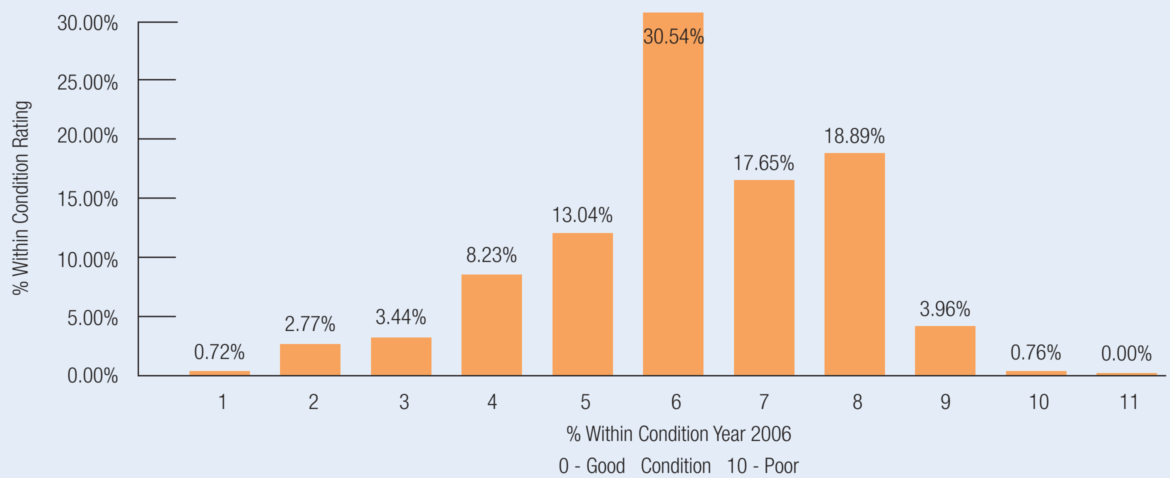
Council has reconciled its Balance Sheet with the Municipal Association of Victoria (MAV) STEP program data base and accordingly has a complete inventory of valuations and condition and is confident the renewal annuity modelling based on condition captures all infrastructure assets. Priority is on funding 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 has commenced 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 DISTRIBUTION BY % OF GRAVEL ROAD PAVEMENTS



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.

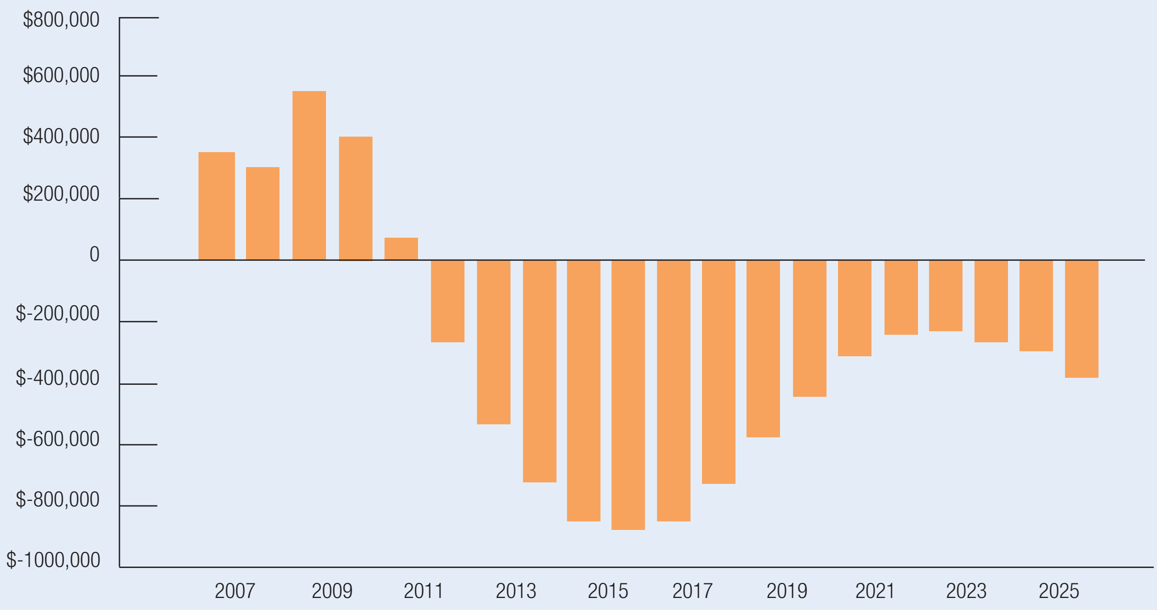
For gravel road pavements, Council's predictive modelling indicates that by maintaining its current investment of **$0.80 million** per annum the average condition of the access gravel pavements will continue to improve up until 2012. Following this, Council needs to strategically determine an affordable 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.

PREDICTED ANNUAL RENEWAL GAP IN $ - GRAVEL PAVEMENTS ACCESS

(The Predicted Renewal Expend. To Maintain Asset Cond. - Less the proposed Renewal Exp)



6.6.1 STRATEGIC ASSET MANAGEMENT

Council reviewed and adopted its Asset Management Policy at its Ordinary Meeting on 21 March 2011 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 10 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.
> 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.	> 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 2012/13 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 2012/13 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, to an actual ratio of **109.0 percent** in 2012/13. It should be noted **93.2 percent** of the capital expenditure is on renewal and upgrade type projects in the capital works program for 2012/13.

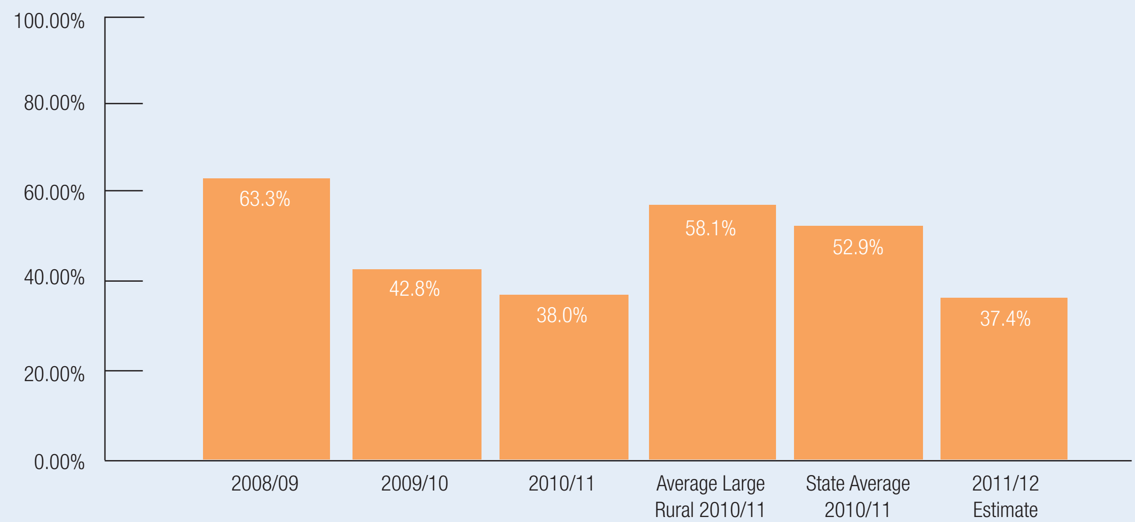
The total capital program for 2012/13 of **$10.96 million** is composed of **$0.74 million** in new assets and **$10.22 million** in renewal and upgrade.

This section includes:

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

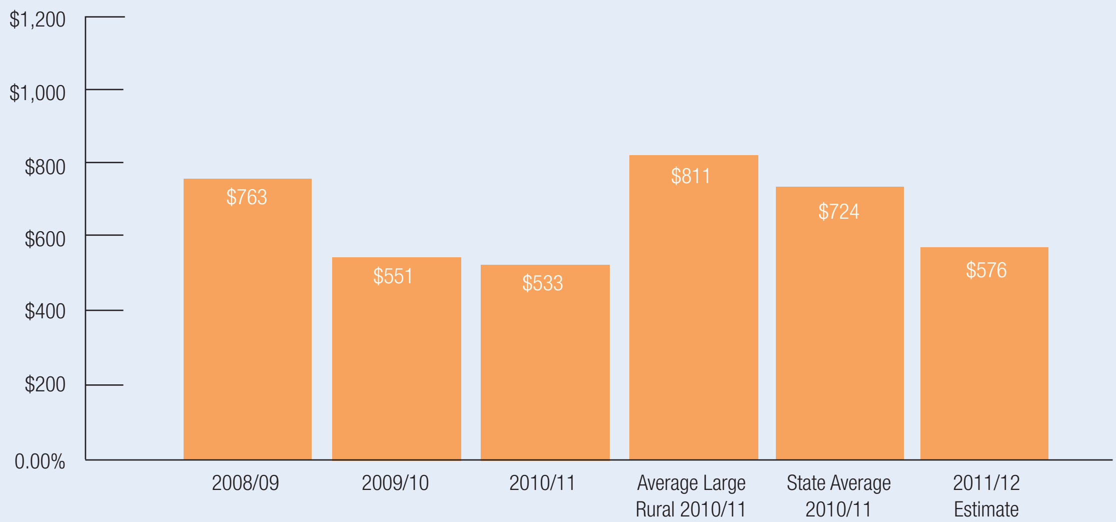
Capital expenditure represented **38.04 percent** of rate revenue in 2010/11, which is below the State average.

CAPITAL EXPENDITURE / RATE REVENUE

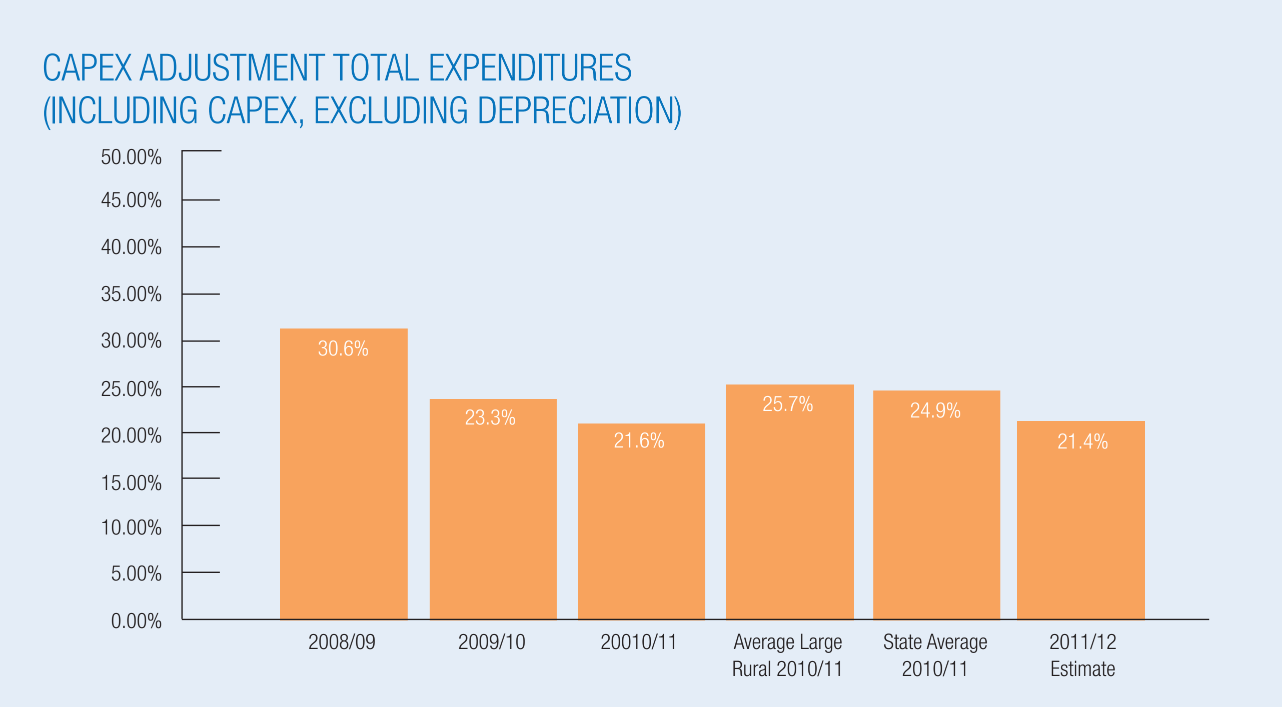


Accordingly, capital expenditure per assessment is lower than average, with **$533.00** per assessment in 2010/11 being spent on capital works as compared to **$811.00** for the average large rural shire and **$724.00** for the state average. The projected capital expenditure per assessment for 2011/12 is **$576.00**, which is lower than the state average for the previous year.

TOTAL CAPITAL EXPENDITURE PER ASSESSMENT



The capital outlay as a percentage of total cash outflow for 2010/11 was 21.6 percent at Moira Shire Council, compared with the average large rural shires at 25.7 percent and the state average of 24.9 percent. The projected outlay for 2011/12 is 21.4 percent.



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 2012/13 budget provides **$10.96 million** in expenditure with a contribution from rate revenue of **$5.74 million** or **52.4 percent** of the program internally funded.

The renewal and upgrade investment of **$10.22 million** represents **93.2 percent** of the overall capital program.

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 2012/13-2021/22 - PARAMETERS

The following are the parameters against which the 2012/13 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 2021/22 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 2021/22;
- 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 2012/13 CAPITAL INVESTMENT LEVELS

The 2012/13 budgeted capital works program by expenditure type is detailed below:

CAPITAL EXPENDITURE TYPE	2012/13 $	PERCENTAGE %
Renewal	5,871,644	53.57
Upgrade	4,346,000	39.65
New	743,000	6.78
Total	**10,960,644**	**100.00**

7.5 2012/13 CAPITAL WORKS PROGRAM – SERVICE LEVEL ASSESSMENT

The following indicative service levels are included in the 2012/13 capital works program. The targeted future service levels, where known are also detailed below:

CAPITAL INVESTMENT	2012/13 TARGETED LEVEL OF SERVICE	2021/22 TARGETED LEVEL OF SERVICE
Kerb and channel replacement	500m	200m
Footpath replacement	1000m2	800m2
Landfills	2 new cells in the next 10 years	TBD
Sealed road extension	Nil	TBD
Reseals intersection asphalt overlays	8000m2	8000m2
Shoulder re-sheet	17km	17km
Bridge replacement	Minor rehabilitation	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 2012/13 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 2012/13 are **$46.95 million** and **$44.66 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 20012/13 is **$0.71 million**.

8.3 BENCHMARKING - FINANCIAL PERFORMANCE INDICATOR ANALYSIS

Strategy Plus recently undertook a benchmarking analysis of Council's financial performance, in 2010/11, as at June 30 2011, 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. However, Council's indebtedness ratios remain above prudential limits recommended by the Victorian Auditor-General's Office; 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 2010/11 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 2012/13 operating position include:

8.4.1 TRANSFER STATIONS

Waste tipping fees for commercial waste are to rise significantly in 2012/13, 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 2012/13, 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 2012/13 budget for continued implementation of this strategy.

Council sees its role in tourism as a key focus in a growing municipality. 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; and
> effect of the 2012 flood.

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 2012 as prepared at the end of the March quarter (31 March 2012).

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.

The SRP assumes that operating expenses for extensive flood recover works and activities (except for the first $35,000 of restoration works) are fully funded by the national disaster funding assistance being offered by the State and Federal governments.

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%	0.8%	4.8%
2014/15 to 2021/22	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 insurancee.

9.3.4 SPECIAL PROJECTS/CONSULTANCIES

These works are essentially one-off expenditures that do not constitute the creation of an asset.

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. No new borrowings are provided for in the 2012/13 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 2012/13 forecast is based on an increase of 6.0 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.

A revenue raising strategy is being undertaken and is to be completed ready for application for the 2013/14 financial year.

9.3.8 SERVICE CHARGES

The 2012/13 Budget is based on service charge increase of approximately 6.0 percent and environment levy increases, 6.0 percent for 2012/13. It is important to note waste management is one of Council's notional reserves. Accordingly, required funds raised are ultimately deployed to waste management (operating & capital) activities.

Council is also updating its 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 **$9.6 million** has been made as operating grant revenue for ongoing services and projects in 2012/13.

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 Victorian 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 **$2.64 million** have been provided for in 2012/13.

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 **$0.86 million** have been provided for in 2012/13.

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 **$4.92 million** in 2012/13, 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 GIFTED ASSETS (CONTRIBUTIONS – NON CASH)

Gifted assets are those handed over to Council following the completion of a subdivision. These include roads, footpaths, curb, channel, drainage, etc. The level of gifted assets is forecast to continue at high levels, based on predicted levels of property development. However, estimates beyond 2012/13 are not based on any reliable data at this point. While gifted 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 2012/13 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, written down value 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 a note in some councils' statements.
Fees and charges revenue	Total fees and charges revenue as per the "Income Statement" or as disclosed in a 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 a 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 a note in some councils' statements.
Grant income and reimbursements	Total grants revenue as per the "Income Statement" or as disclosed in a 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 a 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 a note in some councils' statements.
Total depreciation	Total depreciation expense as per the "Income Statement" or as disclosed in a 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 a 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 notes (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.

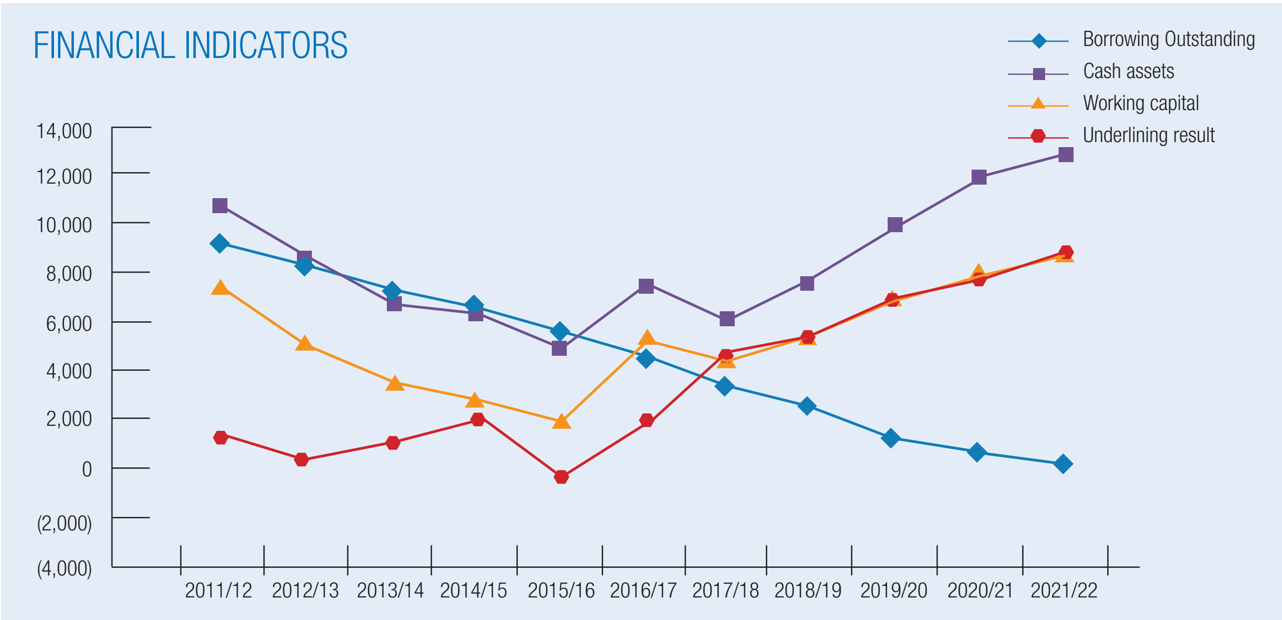
The Standard Statements include the:

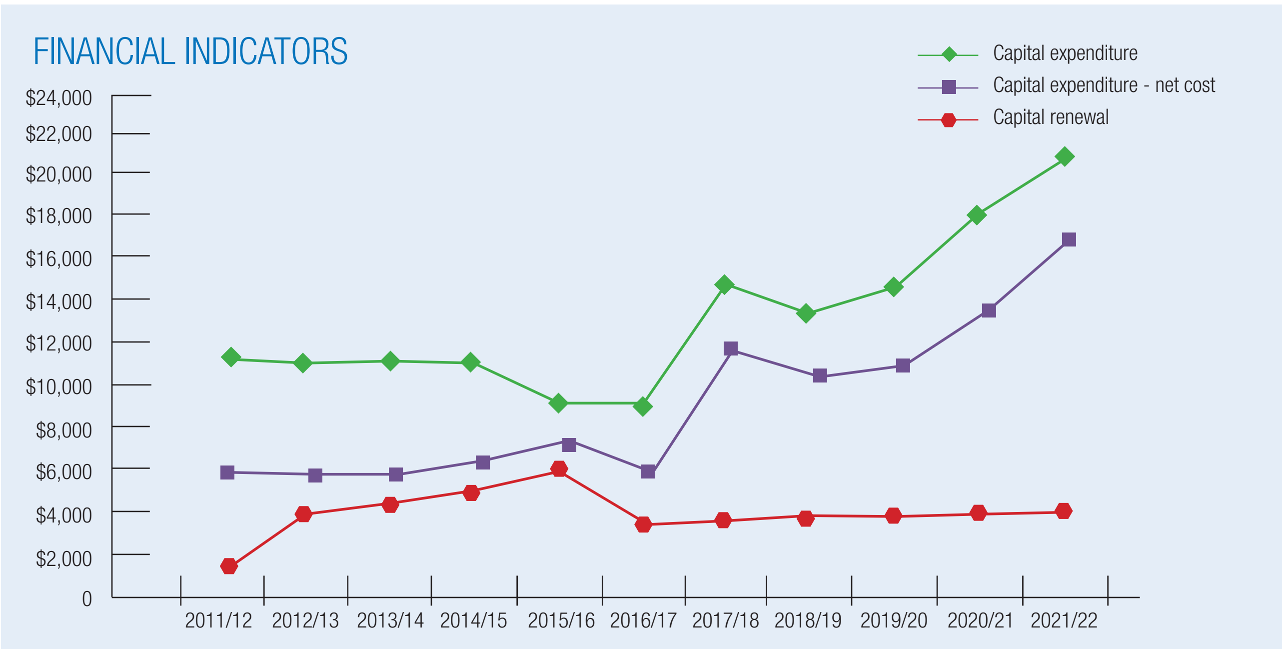
> standard Income Statement;
> standard Balance Sheet;
> standard Statement of Cash Flows;
> standard Statement of Capital Works; and
> financial indicators.

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 2010/11	ADOPTED BUDGET 2011/12	APPROVED FORECAST 2011/12	PROPOSED BUDGET 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	FORECAST 2021/22
REVENUES													
Rates Revenue	23,468,408	25,693,245	25,562,345	27,549,051	29,363,201	31,590,382	33,970,885	36,513,357	39,202,591	42,072,790	45,135,730	48,403,943	51,890,766
Special Rates	17,129	100,499	126,966	30,000	-	15,000	-	255,000	305,000	305,000	-	-	-
Operating Grants	10,921,352	10,119,183	10,095,897	10,131,701	10,075,102	10,445,932	10,636,001	11,042,894	11,491,716	11,906,098	12,356,794	12,831,287	13,324,384
Capital Grants	2,940,133	2,457,700	4,116,458	4,925,000	5,375,000	4,235,000	1,665,000	2,793,000	2,663,000	2,663,000	3,489,626	3,900,000	3,900,000
Contributions- cash	270,399	138,000	919,038	295,000	112,600	419,226	121,555	120,918	93,874	105,929	99,086	111,350	104,724
Contributions- non - monetary	682,596	1,600,000	300,000	200,000	400,000	600,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Reimbursements and Subsidies	132,591	48,171	123,340	39,112	39,095	40,639	42,245	43,915	45,651	47,457	49,336	51,289	53,321
User Charges	2,257,525	2,505,661	2,471,474	2,642,380	2,861,646	3,036,549	3,226,670	3,430,567	3,655,481	3,900,253	4,166,735	4,456,958	4,488,485
Statutory Fees and Fines	990,428	1,022,919	877,959	865,112	922,812	949,996	975,772	1,030,132	1,065,728	1,097,115	877,948	908,363	944,252
Revenue from Outside the Operating Activities													
Interest	779,868	624,786	667,059	715,500	739,326	776,526	753,408	668,211	839,019	754,625	864,697	1,004,426	1,112,553
Other Revenue	182,579	136,394	155,661	249,994	244,294	250,841	262,646	269,718	1,077,069	289,709	297,649	305,903	319,481
Net Proceeds of Sale of Land Held for Resale	-	9,000	-	10,000	20,000	-	-	-	-	101,183	105,230	59,439	-
Net Gain on Disposal of Property, Plant & Equipment		61,372	69,307	6,550	20,433	20,433	20,433	16,862	17,536	18,237	-	18,000	18,000
Share of Net Profit of Associated Entity	74,289		-										
Previously Unrecognised Assets	1,413,997												
	44,131,294	**44,516,930**	**45,485,504**	**47,659,400**	**50,173,509**	**52,380,523**	**52,574,615**	**57,084,573**	**61,356,665**	**64,161,396**	**68,342,831**	**72,950,957**	**77,055,965**
EXPENSES													
Expenses from Ordinary Activities													
Employee Benefits	14,549,597	15,892,127	15,500,304	17,182,052	18,445,350	19,195,467	20,402,529	21,066,291	22,381,775	23,119,936	24,171,722	25,636,368	26,531,175
Materials & Consumables	8,329,653	8,930,259	9,203,661	9,917,280	10,041,897	10,325,594	10,531,355	11,212,151	11,302,166	12,168,521	12,433,107	13,245,180	13,494,927
External Contract Services	4,420,429	4,876,816	5,413,022	5,377,895	5,414,720	5,109,939	5,574,833	5,909,545	6,143,232	6,305,045	6,769,182	6,829,233	7,367,237
Utilities	812,192	863,332	880,039	1,215,816	1,211,449	1,222,663	1,112,421	1,156,890	1,203,238	1,251,335	1,301,356	1,353,379	1,407,482
Bad and Doubtful Debts	(6,803)	5,000	11,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Depreciation	7,749,302	8,035,263	7,816,653	7,975,043	8,174,347	8,370,873	8,540,306	8,711,391	8,937,715	9,158,080	9,389,155	9,692,237	10,050,334
Other	3,851,348	3,658,055	3,744,475	3,879,304	4,068,061	4,252,880	4,451,743	4,662,245	4,884,963	5,121,547	5,404,970	5,671,944	5,955,499
Interest on Borrowings	757,451	687,764	687,764	658,864	596,867	537,422	475,483	403,527	328,888	248,465	169,414	109,667	65,903
Interest on Unwinding of Discount of Provisions	434,184	372,354	372,354	516,231	500,416	521,685	547,096	628,420	553,542	605,447	511,125	527,478	549,956
Written Down Value of Infrastructure Replaced	137,277	800,000	200,000	200,000	200,000	250,000	250,000	250,000	250,000	300,000	300,000	300,000	300,000
Small Plant Written off	-												
Net Loss on Disposal of Property, Plant & Equipment	23,784												
Share of Net Loss of Associated Entity	-	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	**41,058,414**	**44,140,970**	**43,849,272**	**46,947,485**	**48,678,108**	**49,811,523**	**51,910,767**	**54,025,460**	**56,010,519**	**58,303,375**	**60,475,032**	**63,390,486**	**65,747,513**
Net Surplus / (Deficit) for the year	**3,072,880**	**375,960**	**1,636,232**	**711,915**	**1,495,402**	**2,569,000**	**663,848**	**3,059,113**	**5,346,146**	**5,858,020**	**7,867,799**	**9,560,471**	**11,308,452**
Other comprehensive income													
Natural Disaster Funding Assistance - Flood			2,000,000	8,000,000	4,000,000								
Other comprehensive expenses													
Flood protection and reconstruction			2,000,000	8,000,000	4,000,000								
Comprehensive result			**1,636,232**	**711,915**	**1,495,402**	**2,569,000**	**663,848**	**3,059,113**	**5,346,146**	**5,858,020**	**7,867,799**	**9,560,471**	**11,308,452**

STANDARD BALANCE SHEET	ACTUAL 2010/11	ADOPTED BUDGET 2011/12	APPROVED FORECAST 2011/12	PROPOSED BUDGET 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	FORECAST 2021/22
ASSETS													
CURRENT ASSETS													
Cash Assets	11,782,850	6,462,812	10,640,540	8,597,596	6,686,655	6,299,131	4,842,416	7,578,827	5,907,357	7,604,308	10,079,347	12,015,253	12,899,464
Receivables	2,495,489	3,038,535	3,091,265	3,105,091	3,541,874	3,294,183	3,525,278	3,785,492	4,409,140	4,304,039	4,461,714	4,752,055	4,937,364
Inventory	470,129	265,225	470,129	484,233	501,181	518,722	536,878	555,668	575,117	595,246	616,079	637,642	659,960
Land held for Resale	581,095	500,095	581,095	491,095	611,219	911,342	1,687,582	2,494,872	3,122,668	2,864,931	2,596,884	2,061,929	2,061,929
Other	166,903	63,955	171,076	175,705	180,824	186,096	191,527	197,120	202,882	208,817	214,930	221,227	227,715
TOTAL CURRENT ASSETS	**15,496,466**	**10,330,622**	**14,954,105**	**12,853,719**	**11,521,753**	**11,209,476**	**10,783,682**	**14,611,980**	**14,217,165**	**15,577,341**	**17,968,954**	**19,688,106**	**20,786,431**
NON-CURRENT ASSETS													
Receivables	98,266	198,637	72,398	75,624	56,257	47,483	265,664	506,854	718,964	629,233	536,999	447,858	358,624
Property Plant and Equipment	553,298,020	546,073,888	556,743,079	558,399,730	560,754,142	563,692,365	564,567,105	564,539,593	568,956,101	573,993,614	577,773,359	586,458,354	597,576,518
Intangible Assets	1,413,997		1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997	1,413,997
Investments in Associate	498,015	383,726	478,015	458,015	438,015	418,015	398,015	378,015	358,015	338,015	318,015	298,015	278,015
Total Non-Current Assets	**555,308,298**	**546,656,251**	**558,707,489**	**560,347,366**	**562,662,411**	**565,571,860**	**566,644,781**	**566,838,459**	**571,447,077**	**576,374,859**	**580,042,370**	**588,618,224**	**599,627,154**
TOTAL ASSETS	**570,804,764**	**556,986,873**	**573,661,594**	**573,201,085**	**574,184,164**	**576,781,336**	**577,428,463**	**581,450,439**	**585,664,242**	**591,952,200**	**598,011,324**	**608,306,330**	**620,413,585**
LIABILITIES													
CURRENT LIABILITIES													
Payables	2,510,873	2,011,442	2,956,428	3,055,736	3,174,475	3,211,807	3,169,948	3,161,193	3,826,266	3,852,433	4,078,306	4,439,277	4,774,059
Trusts	965,922	978,500	994,900	1,024,747	1,055,489	1,087,154	1,119,768	1,153,361	1,187,962	1,223,601	1,260,309	1,298,118	1,337,062
Interest Bearing Liabilities	815,820	816,277	897,679	749,964	809,409	871,349	943,307	1,017,944	1,098,367	962,172	551,587	599,882	293,528
Non-Interest Bearing Liabilities		60,000	60,000	60,000	60,000	60,000	60,000	-	-	-	-	-	-
Employee Benefits	2,305,669	2,522,073	2,559,840	2,826,210	3,105,367	3,397,923	3,704,521	4,025,837	4,362,575	4,715,477	5,085,319	5,472,912	5,879,111
Provision for Landfill Rehabilitation	2,196,309												
TOTAL CURRENT LIABILITIES	**8,794,593**	**6,388,292**	**7,468,846**	**7,716,656**	**8,204,739**	**8,628,232**	**8,997,544**	**9,358,335**	**10,475,170**	**10,753,683**	**10,975,521**	**11,810,190**	**12,283,759**
NON CURRENT LIABILITIES													
Interest Bearing Liabilities	8,486,637	8,171,102	8,087,392	7,337,428	6,528,019	5,656,670	4,713,363	3,695,419	2,597,052	1,634,880	1,083,292	483,410	189,882
Non-Interest Bearing Liabilities		240,000	240,000	180,000	120,000	60,000	-	-	-	-	-	-	-
Employee Benefits	692,180	877,123	829,107	972,606	1,122,994	1,280,599	1,445,770	1,618,870	1,800,278	1,990,393	2,189,634	2,398,439	2,617,266
Provision for Landfill Rehabilitation	7,369,920	6,028,149	9,938,583	9,184,814	8,903,431	9,281,852	9,733,954	11,180,872	9,848,653	10,772,134	9,093,968	9,384,912	9,784,846
Total Non-Current Liabilities	**16,548,737**	**15,316,374**	**19,095,081**	**17,674,848**	**16,674,443**	**16,279,121**	**15,893,088**	**16,495,160**	**14,245,983**	**14,397,407**	**12,366,895**	**12,266,761**	**12,591,995**
TOTAL LIABILITIES	**25,343,330**	**21,704,666**	**26,563,928**	**25,391,505**	**24,879,182**	**24,907,353**	**24,890,632**	**25,853,495**	**24,721,153**	**25,151,090**	**23,342,416**	**24,076,951**	**24,875,754**
NET ASSETS	**545,461,434**	**535,282,207**	**547,097,666**	**547,809,580**	**549,304,982**	**551,873,982**	**552,537,831**	**555,596,943**	**560,943,089**	**566,801,110**	**574,668,908**	**584,229,379**	**595,537,831**
EQUITY													
Accumulated Surplus	140,759,341	315,925,427	327,746,886	328,428,801	329,894,203	332,433,203	333,067,051	336,096,164	341,412,310	347,240,330	355,078,129	364,608,600	375,887,051
Statutory Reserves	1,146,087	1,215,087	1,209,087	1,239,087	1,269,087	1,299,087	1,329,087	1,359,087	1,389,087	1,419,087	1,449,087	1,479,087	1,509,087
Asset Revaluation Reserves	403,556,006	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	**545,461,434**	**535,282,207**	**547,097,666**	**547,809,581**	**549,304,983**	**551,873,983**	**552,537,831**	**555,596,944**	**560,943,090**	**566,801,110**	**574,668,909**	**584,229,380**	**595,537,831**

STANDARD CASH FLOW STATEMENT	ACTUAL 2010/11	ADOPTED BUDGET 2011/12	APPROVED FORECAST 2011/12	PROPOSED BUDGET 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	FORECAST 2021/22
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from Ratepayers	23,378,373	25,603,940	25,609,130	27,473,658	29,296,057	31,517,156	33,624,074	36,386,351	39,152,370	42,342,581	45,095,154	48,350,744	51,831,139
Receipts from Grants	13,861,485	12,576,883	14,212,355	15,056,701	15,450,102	14,680,932	12,301,001	13,835,894	14,154,716	14,569,098	15,846,420	16,731,287	17,224,384
Contributions	297,439	138,000	919,038	295,000	112,600	419,226	121,555	120,918	93,874	105,929	99,086	111,350	104,724
Reimbursements and Subsidies	145,850	48,171	123,340	39,112	39,095	40,639	42,245	43,915	45,651	47,457	49,336	51,289	53,321
User Charges	2,483,278	3,649,174	2,832,939	3,575,833	3,414,186	4,318,736	4,094,976	4,336,301	4,235,671	5,222,409	5,014,818	5,212,320	5,391,289
Statutory Fees & Fines	969,571												
Interest Received	734,991	624,786	667,059	715,500	739,326	776,526	753,408	668,211	839,019	754,625	864,697	1,004,426	1,112,553
Other Receipts	182,579	136,394	155,661	249,994	244,294	250,841	262,646	269,718	1,077,069	289,709	297,649	305,903	319,481
Proceeds from Sale of Land held for Resale		90,000	-	100,000	200,000	-	-	-	-	1,011,829	1,052,302	594,394	-
Net GST refund	1,473,344												
Payments to Employees	(14,118,210)	(15,505,981)	(15,109,207)	(16,772,182)	(18,015,807)	(18,745,305)	(19,930,759)	(20,571,876)	(21,863,629)	(22,576,918)	(23,602,640)	(25,039,970)	(25,906,150)
Payments to Suppliers	(19,133,351)	(14,797,103)	(15,055,340)	(16,430,417)	(16,571,394)	(16,643,677)	(17,284,054)	(18,311,726)	(18,008,772)	(19,724,798)	(20,304,718)	(21,094,681)	(21,963,668)
Interest paid	(759,112)	(687,764)	(687,764)	(658,864)	(596,867)	(537,422)	(475,483)	(403,527)	(328,888)	(248,465)	(169,414)	(109,667)	(65,903)
Payments for Purchase of Land held for Resale	-	-	-	-	(300,124)	(300,124)	(776,240)	(807,290)	(627,796)	(652,908)	(679,025)	-	-
Other payments	-	(3,658,055)	(3,744,475)	(3,879,304)	(4,068,061)	(4,252,880)	(4,451,743)	(4,662,245)	(4,884,963)	(5,121,547)	(5,404,970)	(5,671,944)	(5,955,499)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**9,516,237**	**8,218,445**	**9,922,737**	**9,765,032**	**9,943,408**	**11,524,647**	**8,281,626**	**10,904,643**	**13,884,323**	**16,018,999**	**18,158,695**	**20,445,450**	**22,145,670**
CASHFLOWS FROM INVESTING ACTIVITIES													
Proceeds from Sale of Fixed Assets	103,075	613,720	591,336	65,500	204,326	204,326	204,326	168,615	175,360	182,374	-	180,000	180,000
From Community Organisations	(15,000)												
Recoupment of Loans/Advances	3,822	18,822	15,767	15,000	15,000	7,500	-	-	-	-	-	-	-
Payments for Purchase of Fixed Assets	(9,140,416)	(9,609,038)	(11,383,741)	(10,960,644)	(11,294,453)	(11,286,253)	(9,043,933)	(7,367,134)	(14,747,809)	(13,441,695)	(14,758,192)	(18,175,766)	(20,880,519)
NET CASHFLOWS FROM INVESTING ACTIVITIES	**(9,048,519)**	**(8,976,496)**	**(10,776,638)**	**(10,880,144)**	**(11,075,127)**	**(11,074,427)**	**(8,839,607)**	**(7,198,519)**	**(14,572,449)**	**(13,259,321)**	**(14,758,192)**	**(17,995,766)**	**(20,700,519)**
CASH FLOWS FROM FINANCING ACTIVITIES													
Repayment of Borrowings	(1,552,056)	(816,277)	(817,386)	(957,679)	(809,964)	(869,409)	(931,349)	(1,003,307)	(1,017,944)	(1,098,367)	(962,172)	(551,587)	(599,882)
Increase/(decrease) of Trust Monies	(82,161)	28,500	28,978	29,847	30,742	31,665	32,615	33,593	34,601	35,639	36,708	37,809	38,944
Proceeds from Borrowings	-	500,000	500,000	-	-	-	-	-	-	-	-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(1,634,217)**	**(287,777)**	**(288,408)**	**(927,832)**	**(779,222)**	**(837,744)**	**(898,734)**	**(969,713)**	**(983,344)**	**(1,062,728)**	**(925,464)**	**(513,778)**	**(560,939)**
NET CHANGE IN CASH HELD	**(1,166,499)**	**(1,045,828)**	**(1,142,310)**	**(2,042,944)**	**(1,910,940)**	**(387,524)**	**(1,456,715)**	**2,736,411**	**(1,671,470)**	**1,696,951**	**2,475,039**	**1,935,905**	**884,212**
CASH AT BEGINNING OF THE FINANCIAL YEAR	**12,949,349**	**7,508,640**	**11,782,850**	**10,640,540**	**8,597,596**	**6,686,655**	**6,299,131**	**4,842,416**	**7,578,827**	**5,907,357**	**7,604,308**	**10,079,347**	**12,015,253**
CASH AT END OF FINANCIAL YEAR	**11,782,850**	**6,462,813**	**10,640,540**	**8,597,596**	**6,686,655**	**6,299,131**	**4,842,416**	**7,578,827**	**5,907,357**	**7,604,308**	**10,079,347**	**12,015,253**	**12,899,464**

FINANCIAL INDICATORS	ACTUAL 2010/11	ADOPTED BUDGET 2011/12	APPROVED FORECAST 2011/12	PROPOSED BUDGET 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	FORECAST 2021/22
INDICATORS													
Cash assets	$11,782,850	$6,462,812	$10,640,540	$8,597,596	$6,686,655	$6,299,131	$4,842,416	$7,578,827	$5,907,357	$7,604,308	$10,079,347	$12,015,253	$12,899,464
Cash from operations	$9,516,237	$8,218,445	$9,922,737	$9,765,032	$9,943,408	$11,524,647	$8,281,626	$10,904,643	$13,884,323	$16,018,999	$18,158,695	$20,445,450	$22,145,670
Increase/(Decrease) in cash held	(1,166,499)	(1,045,828)	(1,142,310)	(2,042,944)	(1,910,940)	(387,524)	(1,456,715)	2,736,411	(1,671,470)	1,696,951	2,475,039	1,935,905	884,212
Borrowings outstanding	$9,302,457	$9,287,379	$9,285,071	$8,327,392	$7,517,428	$6,648,019	$5,716,670	$4,713,363	$3,695,419	$2,597,052	$1,634,880	$1,083,292	$483,410
Depreciation	$7,749,302	$8,035,263	$7,816,653	$7,975,043	$8,174,347	$8,370,873	$8,540,306	$8,711,391	$8,937,715	$9,158,080	$9,389,155	$9,692,237	$10,050,334
Operating surplus	$3,072,880	$375,960	1,636,232	$711,915	$1,495,402	$2,569,000	$663,848	$3,059,113	$5,346,146	$5,858,020	$7,867,799	$9,560,471	$11,308,452
Underlying surplus / (deficit)	(821,136)	(4,415,959)	1,336,232	511,915	1,095,402	1,969,000	(236,152)	2,159,113	4,446,146	4,958,020	6,967,799	8,660,471	10,408,452
Capital expenditure (excludes land held for resale)	$9,140,390	9,609,038	11,383,741	10,960,644	11,294,453	11,286,253	9,043,933	9,067,134	14,747,809	13,441,695	14,758,192	18,175,766	20,880,519
Capital income	$3,211,420	$3,191,919	$5,549,868	$5,216,500	$5,604,326	$4,774,268	$1,901,826	$3,236,615	$2,931,531	$3,109,901	$3,947,534	$4,674,394	$4,080,000
Net capital expenditure	$5,928,970	$6,417,119	$5,833,873	$5,744,144	$5,690,127	$6,511,985	$7,142,107	$5,830,519	$11,816,278	$10,331,794	$10,810,658	$13,501,372	$16,800,519
Working capital	$6,701,873	$3,942,330	$7,485,258	$5,137,063	$3,317,014	$2,581,243	$1,786,137	$5,253,645	$3,741,995	$4,823,658	$6,993,433	$7,877,916	$8,502,672
Net worth	$545,461,434	$535,282,207	$547,097,666	$547,809,581	$549,304,983	$551,873,983	$552,537,831	$555,596,944	$560,943,090	$566,801,110	$574,668,909	$584,229,380	$595,537,831
RATIOS													
VICTORIAN AUDITOR-GENERAL'S OFFICE													
Liquidity (working capital ratio) (Low risk: >1.5)	1.8	1.6	2.0	1.7	1.4	1.3	1.2	1.6	1.4	1.4	1.6	1.7	1.7
Underlying result (underlying surplus / underlying revenue) (Low risk: > 0%)	9.91%	(2.84)%	2.92%	1.08%	2.19%	3.79%	(0.46)%	3.83%	7.33%	7.81%	10.33%	11.99%	13.64%
Indebtedness (Non-current liabilities / Own source revenue) (Low risk: 40% or lower)	58%	51%	62%	55%	48%	44%	40%	39%	31%	30%	24%	22%	21%
Self financing (net operating cash flows / underlying revenue) (Low risk: 20% or more)	31.8%	19.1%	21.7%	20.5%	19.9%	22.2%	16.0%	19.4%	22.9%	25.2%	26.9%	28.3%	29.0%
Investment gap (capital expenditure / depreciation) (Low risk: > 1.5)	1.6	1.2	1.5	1.4	1.4	1.3	1.1	1.0	1.7	1.5	1.6	1.9	2.1
OTHER													
Number of rateable assessments	15,515	15,808	16,462	16,672	16,862	17,062	17,262	17,462	17,662	17,862	18,062	18,262	18,462
Average rates & charges per assessment	$1,513	$1,625	$1,553	$1,652	$1,741	$1,852	$1,968	$2,091	$2,220	$2,355	$2,499	$2,651	$2,811
Rates revenue / total revenue	53%	58%	56%	58%	59%	60%	65%	64%	64%	66%	66%	66%	67%
Operating expenses/assessment	$2,646	$2,792	$2,664	$2,816	$2,887	$2,919	$3,007	$3,094	$3,171	$3,264	$3,348	$3,471	$3,561
Operating result per assessment	$198	$24	$99	$43	$89	$151	$38	$175	$303	$328	$436	$524	$613
Capital expenditure / rate revenue	38.95%	37.40%	44.53%	39.79%	39.49%	36.68%	28.91%	22.39%	39.22%	33.50%	34.20%	37.55%	40.24%
Grants / total revenue	31.41%	28.25%	31.25%	31.59%	30.79%	28.03%	23.40%	24.24%	23.07%	22.71%	23.19%	22.93%	22.35%
Fees and charges / total revenue	7.36%	7.93%	7.36%	7.36%	7.54%	7.61%	7.99%	7.81%	7.69%	7.79%	7.38%	7.35%	7.05%
Total assets / assessments	$35,157	$33,861	$33,234	$32,858	$32,577	$32,345	$32,009	$31,817	$31,760	$31,732	$31,816	$31,992	$32,257
Total liabilities / assessments	$1,633	$1,373	$1,614	$1,523	$1,475	$1,460	$1,442	$1,481	$1,400	$1,408	$1,292	$1,318	$1,347
Capital outlays / total cash outflows	20.45%	21.34%	24.33%	22.09%	22.47%	22.03%	18.58%	15.40%	25.02%	22.43%	23.44%	25.74%	27.72%
Capital outlays / total depreciation	117.95%	119.59%	145.63%	137.44%	141.84%	138.41%	114.99%	93.84%	172.03%	153.90%	164.42%	187.53%	207.76%
Capital expenditure / assessments	$589	$608	$692	$657	$670	$661	$524	$519	$835	$753	$817	$995	$1,131