

1 REQUEST FOR INFORMATION – MOORABOOL SHIRE COUNCIL

Moorabool Shire Council has applied for a higher cap of 3.5 per cent (1.0 percentage points above the average rate cap of 2.5 per cent) for 2016-17. The Council's higher cap application was received by the Commission on 31 March 2016.

The questions and issues listed in this document represent the areas in the original application where further information or clarification will assist the Council to address the legislative matters that Councils must specify under the *Local Government Act 1989* when seeking a higher cap.

This information request has been structured based on the 6 legislative matters that applications must specify and the Commission must have regard to in determining whether the higher cap is appropriate. In addition, the Commission is also requesting information on LGPRF indicators, budget baseline information and verification on the Commission 'Council Profile'.

Please note the information request below assumes that Council has the further information as part of its existing management and reporting systems. Should the requested information prove to be onerous, we request that you endeavour to provide the best you can and state the constraints that you face.

1.1 185E(3)(B) – REASONS

The application identifies three reasons for seeking a higher rate cap:

- improve long term financial sustainability
- address its asset renewal gap

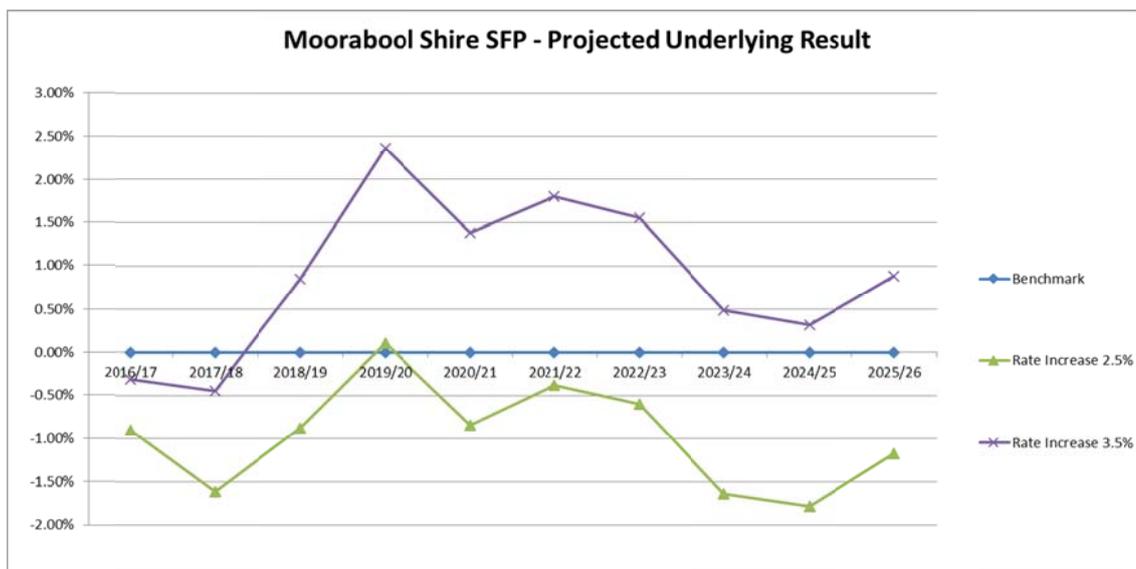
- enable additional investment in new and upgrade assets for the benefit of the community.

An initial review has been conducted by Commission staff and some areas have been identified that require further clarification or information in order to substantiate or verify the claims made by Council.

- The graph on page 5 of the application document '2016-17 ESC Rate Cap Variation Application' shows the difference between the projected underlying result for both the 2.5% and 3.5% cap scenarios. When compared to the 'SFP model outcomes — underlying result' in attachments 2 and 3, the results look significantly different. Can council please provide further detail on these results and their calculation?

Council Response

The graph on page 5 is consistent with attachments 2 and 3.



As per page 3 of both attachments 2 and 3 the following projected underlying results are reported at the bottom of these reports.

Source	Item		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Attachment 2: 2016/17 Long Term Financial Plan - 3.5% for four years	Underlying Surplus / (deficit) as per Annual Accounts	> 0	-0.3%	-0.4%	0.9%	2.4%	1.4%	1.8%	1.6%	0.5%	0.3%	0.9%
Attachment 3: 2016/17 Long Term Financial Plan - 2.5%	Underlying Surplus / (deficit) as per Annual Accounts	> 0	-0.9%	-1.6%	-0.9%	0.1%	-0.8%	-0.4%	-0.6%	-1.6%	-1.8%	-1.2%

- Can council provide the spreadsheet(s) used to calculate the long term financial plans shown in attachments 2 and 3?

Council Response

Included as Supplementary Attachment 1 – 3.5% Rate Increase and Supplementary Attachment 2 – 2.5% Rate Increase respectively. (Given the sensitive nature of certain information contained in this modelling Council requests that these not be made publicly available)

- Can council provide the spreadsheet(s) used to calculate the graph on page 5 of the application so the Commission can understand the assumptions and forecasts used?

Council Response

Please refer to Supplementary Attachment 1 – 3.5% Rate Increase and Supplementary Attachment 2 Rate Increase – 2.5% respectively.

- The budget baseline template indicates that council does not intend to spend any extra on renewal capital expenditure in 2016-17 if the higher cap is approved. Can council confirm?

Council Response

In 2016-17 Council will spend \$7.704M on renewal projects regardless of whether or not the higher cap is approved. In line with Councils strategy to increase its annual investment in Asset Renewal projects, the level of council funded renewal expenditure is \$0.400M more than the 2015-16 budget allocation excluding capital grants. Over a ten-year period Council will be able to fund a renewal program of \$105.150M if its proposed rate cap applications are approved versus \$98.132M if it is unable to increase rates above the rate cap.

It is important to note however, as demonstrated in Moorabool Shires 10 year strategic financial plan, the proposed level of investment in the Asset Renewal program (even though it is increasing) will vary on a year to year basis and will not follow a linear rate of increase due to a range of factors for e.g. the timing of expenditure of major projects.

- Council intends to spend an extra \$400,000 in 2016-17 on new and upgrade capital expenditure if the higher cap is approved, yet the additional revenue from a 1% increase is approximately \$259,032. Can council please confirm how it intends to fund the remaining \$140,000?

Council Response

The additional \$140,000 will be funded by loans. Under the 3.5% model Council will take out \$2.750M in new loans in 2016-17 versus \$2.608M in loans under the 2.5% model.

The decision to fund an additional \$0.400M in New and Upgrade projects is more a function of the strategic desire by the Councils to accommodate a higher level of investment in New & Upgrade program for the benefit of the community. Whilst the use of loans is generally restricted to the advancement of major projects, Moorabool Shire recognises that there is some fluidity and flexibility in its long term financial plans to accommodate short term spikes and fluctuations.

Importantly, Councils strategic financial plan is premised on 4 years of rate cap variations at 1%. Under this proposal, the Council will be in a position to fund an additional \$11.020m in expenditure across Asset Renewal (additional \$7.02M) and New & Upgrade projects (additional \$4.0M). In 2016/17, it has allocated additional loan borrowings to fund part of that commitment.

1.2 185E(3)(C) - ENGAGEMENT

This legislative matter requires the Council to specify how they have taken account of the views of the community. It is expected that you can provide evidence of how you have sought to engage with the community, what were the outcomes of the engagement (i.e. what were community views) and, crucially, how these were considered in determining the higher cap.

- The Commission has received some submissions from ratepayers relating to the proposed higher cap (Attachment A). Is council aware of these community submissions? How have these views been taken into account by Council in deciding to seek a higher cap?

Council Response

Please see attached minutes of the Special Meeting of Council on the 23rd March appended as Attachment 3. The published minutes state that:

Mr. Russ Hendry addressed Council in relation to the Rate Cap Variation Options Community Engagement.

Mrs. Margaret Scarff addressed Council in relation to the Rate Cap Variation Options Community Engagement.

In relation to the submission put forward by Russ Hendry, the ratepayer contended that Council adopted the Telephone response only and ignored the other 3 in deciding to apply to the ESC for a rate cap variation.

As per Attachment 16 of the original rate cap submission presented to the ESC being *Rate Cap Variation – Community Engagement plan – Report to Special Meeting of Council – 10 February 2016*, it was highlighted to the community prior to council undertaking its community consultation that the primary means of engagement would be via a statistically valid telephone survey complemented by other community engagement methods as outlined in the report. It was proposed that 400 people be surveyed with quotas on gender, age and locality. A sample size of 400 provided a sampling error of plus or minus 5.0% at 95% confidence. As a result, the research findings of the telephone survey can be interpreted as an accurate and robust measure of the entire community's attitudes.

As per the Supplementary Attachment 3 appended to this report – *SMC Minutes 230316*, a total of 402 residents were surveyed. When asked to indicate their preference, 64% indicated an option that included a rate variation i.e. either Options B or C. Notwithstanding this, 36% of respondents indicated a preference for Option A or for Council to work within a 2.5% rate cap. For this reason, Option C was seen as a logical compromise between Option A (no rate cap variation) and Option B (1.65% rate cap variation).

In relation to the questions as to why non-ratepayers were included in the survey, Moorabool Shires intention was to ensure that as per the engagement principles in the rate capping framework it could satisfy the following statement;

“How the views of the ratepayers and the community have been taken into account in proposing the higher cap”

In this regard Council sought to ensure that it consulted with both ratepayers and the wider community to ensure that it could demonstrate that it considered the views of the wider community.

As a result of the views raised at the Special Meeting held on the 23 March 2016 Council resolved:

“that the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.0% above the cap) for 2016/2017 based on other fees and charges increasing under a “user-pays” model to be cost reflective including indirect costs”.

- Has Council engaged with the community on the new and upgrade capital expenditure priorities? If not, is Council proposing to?

Council Response

As per pages 9 to 11 of our application and Attachment 10: adopted Capital Works evaluation guidelines, Council consults widely before prioritising and approving expenditure from its new and upgrade budget.

The projects foreshadowed in the New & Upgrade program are included in Draft 2016/17 Budget. As part of the draft 2016/17 Budget process, the following community consultation will occur;

1. The draft 2016/17 Budget will be endorsed for public consultation on Wednesday the 4th May 2016.
2. Community consultation will occur from the 10th May till the 7th June. During this time residents are invited to make a submission to the council in relation to the draft 2016/17 Budget.
3. A special Meeting of council is scheduled for the 22nd June to consider any budget submissions. As part of this meeting, residents also have the opportunity to present their submission in person.
4. Budget adopted by council on the 29th June 2016.

- What was the engagement conducted by council in the formulation of council's strategic financial plan which forms the basis of Council's efforts to improve its long-term financial sustainability?

Council Response

This engagement occurs every year as part of the Annual Plan and Budget process. The Strategic Resource Plan (a legislated 4 year plan based on the financial and non-financial resource requirements of the Council) is a rolling document subject to annual scrutiny and refinement as part of the Annual Plan & Budget consultation process.

Specifically, Council is required to develop a Budget and a 4 year Strategic Resource Plan as per the specific requirements of the Local Government Act and the associated Financial Regulations. Council has voluntarily taken this one step further by producing a 10 year Strategic Financial Plan. Apart from the extended timeframe, the 10 year SFP and the 4 year SRP are identical documents. As a result, due to the rolling and evolving nature of the SRP as part of the budget consultation cycle, the SRP and the SFP are constantly subject to community scrutiny and consultation as part of the Annual Budget process.

1.3 185(3)(D) VALUE AND EFFICIENCY

This legislative matter requires councils to ensure that they can demonstrate they have sufficient policies and processes in place (and have taken specific actions) to ensure that the additional revenue raised will be used efficiently and that the outcomes being pursued represent value for money for ratepayers.

In its application, Council has identified a number of service reviews and associated savings.

- How and where have these savings been reflected in Councils' long term financial planning?

Council Response

Please refer to the summary of Service planning outcomes as set out on page 20. As highlighted in the summaries provided on page 20, not all of the service reviews have resulted in a reduction in cost - for e.g. Rural Library service review. Where savings or reductions have occurred, these savings are incorporated in the 2016-17 budget or were incorporated into prior year budgets. Where reductions have been achieved in the 2016-17 budget, the model used extrapolates their impact over our 10-year Strategic Financial Plan.

As explained on page 36 of our application, Council has provided a graph to better explain the measures taken to address the challenges presented by the rate cap. In summary it shows, that under a rate capping environment when compared to the 2015/16 Strategic Resource Plan, Moorabool will experience a \$31.97m reduction in revenues (as measured by the 2015/16 SFP cumulative surplus of \$5.549m falling to cumulative \$26.419M in cumulative losses under the 2016/17 rate capping environment). To address this structural issue, Council has done the following;

1. **CYS** - Current Year budget controls and cost savings - Savings identified in the 2016/17 budget compared to the 2015/16 SFP extrapolated over 9 years. – results in \$5.936m in savings as compared to the 2015/16 Strategic Resource plan.
2. **FYS**- Future Year savings anticipated by applying more stringent Budget Control measures in future years. This includes the incorporating higher efficiency dividends, reducing future year staff increases and reducing future year new initiative expenditure – results in \$9.748M in savings as compared to the 2015/16 Strategic Resource plan.
3. **UP** - A move to user pays more cost reflective charges for Council services - results in \$6.242M in additional revenue as compared to the 2015/16 Strategic Resource plan.
4. **RCV** - Planned rate cap variations of 1% above the cap for the next four years - results in \$8.870M in additional revenue as compared to the 2015/16 Strategic Resource plan.

Further to this, from a historical aspect, Council can demonstrate through information publically available via the “Knowyourcouncil” website that the impact of savings and

efficiencies made in prior years demonstrates that Moorabool is a low spending, low rating Council in comparison to other Victorian Councils.

Performance Measure	MOORABOOL (2014-2015)	SIMILAR COUNCILS (2014-2015)	ALL COUNCILS (2014-2015)
Average residential rate per residential property assessment	\$1,392.85	\$1,443.61	\$1,409.30
Expenses per property assessment	\$2,665.52	\$3,189.80	\$2,980.68
Expenses per head of municipal population	\$1,352.32	\$2,011.55	\$1,805.28

Taken from knowyourcouncil.vic.gov.au

1.4 185E(3)(E) - TRADE OFFS AND ALTERNATIVE FUNDING

This legislative matter requires councils to demonstrate that they have considered the prioritisation of services and different funding options before seeking a higher cap.

- Has Council explored whether the savings arising from its ongoing efficiency programs and service reviews would be sufficient to cover the gap in its finances over the medium to long term.

Council Response

Yes. Council has considered a number of measures to address the structural challenges presented by the rate cap. As per page 36 of our submission, council has put in place a number of current and future years measures as compared to the adopted 2015/16 Strategic Resource Plan including;

1. **CYS** - Current Year budget controls and cost savings - Savings identified in the 2016/17 budget compared to the 2015/16 SFP extrapolated over 9 years. – results in \$5.936m in savings as compared to the 2015/16 Strategic Resource plan.
2. **FYS**- Future Year savings anticipated by applying more stringent Budget Control measures in future years. This includes the incorporating higher efficiency dividends, reducing future year staff increases and reducing

future year new initiative expenditure – results in \$9.748M in savings as compared to the 2015/16 Strategic Resource plan.

3. **UP** - A move to user pays more cost reflective charges for Council services - results in \$6.242M in additional revenue as compared to the 2015/16 Strategic Resource plan.
4. **RCV** - Planned rate cap variations of 1% above the cap for the next four years - results in \$8.870M in additional revenue as compared to the 2015/16 Strategic Resource plan.

In addition to cost savings borne out of its efficiency programs, council will be using a variety of measures including future cost control constraint, efficiency dividends, user pay fees & charges and a responsible level of rate cap variations to ensure councils ongoing viability.

- Does Council have a debt policy? If so, can we be provided with a copy?

Council Response

Council does not have a debt policy. However, as per Attachment 2 and Attachment 3 of the original rate cap submission, Council assesses its debt exposure against the measures as reported by the Auditor General of Victoria and the prudential loan borrowing criteria as per the State Government of Victoria.

- Has council considered whether the debt could be used to finance new and upgrade capital expenditure? Has the use of debt as an alternative funding option been discussed with the community?

Council Response

Moorabool Shire has and continues to use loan borrowings extensively to assist in funding capital works and vital infrastructure. As at the end of 2014/15, according to “knowyourcouncil” data, Moorabool Shires loans and borrowings amounted to 43.54% of rates as compared to 25.09% for all Victorian Councils. As per Councils rate cap submission, this percentage is predicted to rise to 53.2% of rate revenue as at the end of the 2016/17 financial year. Council will

have a heavy reliance on debt funding in the medium term as rapid population growth requires Council to invest heavily in large scale infrastructure projects.

Through its rate cap application, Moorabool Shire has also indicated that it is seeking a higher rate cap to improve its long term financial sustainability.

Against this backdrop, if council further escalates the use of debt funding to fund additional New & Upgrade Assets it will do so to the detriment of its long term financial sustainability, as higher loan interest expenses will result in larger annual deficits. For this reason, Council does not consider it a feasible option to further expand its borrowing program until it is able to consistently generate an underlying surplus in its annual operations.

Additionally, as per the Strategic Financial Plans appended as Supplementary Attachment 1 (3.5% rate increase) and Supplementary Attachment 2 (2.5% rate cap) to this response, Councils Indebtedness ratio as measured by the Victorian Auditor General will exceed 40% for each of the next 4 years. As a result, Councils debt levels are assessed as being “medium risk” by the Auditor General. Therefore, Council questions the merit of taking out further borrowings when its debt levels are already comparatively high to the state average.

Through its Annual Budget process, the Council consults the community on the Strategic Financial plan and the level of proposed borrowings that Council intends to take up in each of the years that form part of the Strategic Resource Plan. As a result, the use of debt as an alternative funding option is annually subject to community scrutiny and consultation as part of the Budget process.

As per some of the submissions raised to the ESC from Moorabool ratepayers and residents, there are concerns from sections of the community in relation to Moorabool Shires debts levels. The Council has a difficult task in balancing these concerns with the need to provide Infrastructure for a rapidly growing population.

1.5 185E(3)(F) - LONG TERM PLANNING

- Council states that if the higher application was not approved then \$400,000 in new and upgrade capital expenditure would not be spent in 2016-17 out of a total budgeted \$800,000. Can council provide further information on the projects that will not be undertaken and why they have been chosen? Was the community consulted in deciding on these projects?

Council Response

It is likely that the following two projects will not be undertaken in 2016/17 if Council is unsuccessful in receiving a rate cap variation. Further, community consultation for the 2016/17 budget is still pending so this list may change.

Project Name	Project Description	Council Contribution
Masons Lane Western Pavilion detailed design	Detailed design of Western Pavilion (Athletics)	\$ 75,000
Station Street, Maddingley urbanisation - construction of kerb and channel, parking bays, pedestrian/shared path network (from Grant Street to Bond Street)	Construction of Station Street, Maddingley to urban standard; kerb and channel construction, pedestrian/shared path network (Grant Street to Bacchus Marsh Train Station)	\$ 325,000

- Does Council have a long term financial plan? If so, can we be provided with a copy?

Council Response

Council has a long term financial plan, the last Council endorsed financial plan was included in our application as Attachment 47 - Council Plan: 2013-2017 Council Plan. Revised 10 year financial plans are now included as Supplementary Attachment 1 based on 3.5% rate increase and Supplementary Attachment 2 based on a 2.5% rate increase.

1.6 OTHER INFORMATION

This section contains other information that the Commission would like the Council to verify and submit.

ESSENTIAL SERVICES COMMISSION COUNCIL PROFILE

The Council profile is a snapshot of the data the Commission has collected to provide contextual information about Council prior to applying for higher caps. It includes data collected from council budgets, annual reports, the Victorian Grants Commission data, the LGPRF and the VAGO indicators.

The document represents the Commission staff's understanding of some data about the Council. We are extending to the Council the opportunity to correct any data transfer errors that may have occurred when the data was extracted. The Commission requests that the Council review the information collected in the Council profile, to ensure the information is accurate to the best of their knowledge.

Council Response

Please refer to Attachment 4 for updated data re: Moorabool Shire Council profile

Council Profile

Council

Moorabool

Group

Large Rural

Background

About

Moorabool Shire is classified as a Large Rural council but is a semi-rural municipality between Melbourne and Ballarat. The main towns are Bacchus Marsh and Ballan. About significant number of residents work in Melbourne. A significant number also work in Ballarat. The main industries include agriculture, dairy product manufacturing, construction material mining, beverage and malt manufacturing.

Demographics - sourced from ABS data and data from the Victorian Grants Commission

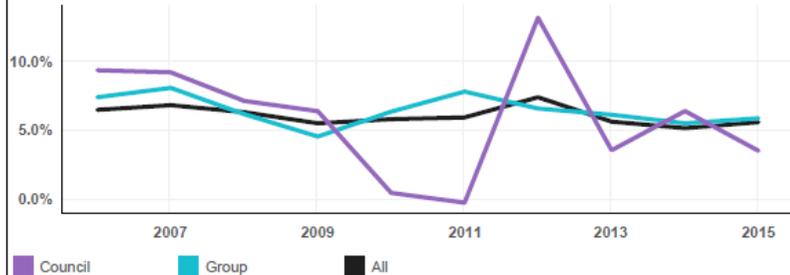
	Council	Group Average	All Average
Area (sq km)	2,111	4,821	2,876
Population	30,926	28,286	73,936
Population Density	15	10	752
Length of Roads (km)	1,503	2,301	1,655

Map



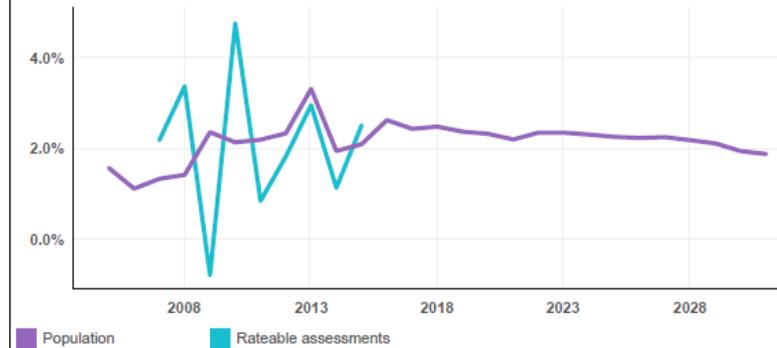
Rates

Percent change in all rates & charges per assessment



Note: 2004-05 to 2013-14 is based on DTPLI Victorian Local Government Indicators data and 2014-15 is based on VGC data; average rates and charges per assessment is calculated using different methodologies for each data source. From 2015-16, average rates and charges per assessment will be calculated as per the LGPRF framework, which also uses a different methodology.

Percent change in population & rateable assessments - sourced from ABS historical & VIF forecast data



News

Council concerned about the transition to the NDIS and lack of funding to provide disability services until it is rolled out.

Financials

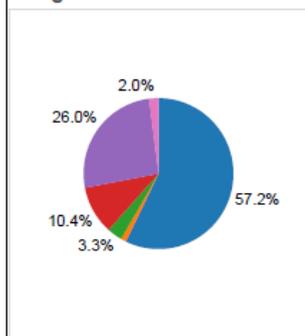
Budgeted Income Statement 2015/16 (\$'000) - sourced from council budgets and budget baseline information templates

	Council Budget	Council Forecast Actual	Group Average
Rates & charges	29,113	29,354	32,847
Grants	13,219	16,242	15,664
Other income	8,957	7,163	11,531
Total income	51,289	52,759	60,043
Employee costs	17,735	17,927	21,442
Materials & services	14,292	16,132	17,395
Depreciation & amortisation	8,595	8,595	11,676
Other expenses	3,137	1,615	3,427
Total expenses	43,759	44,269	53,941
Surplus/(deficit)	7,530		6,102

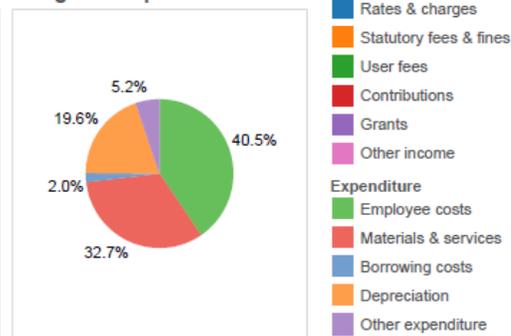
Budgeted Balance Sheet 2015/16 (\$'000) - sourced from council budgets

	Council Budget	Group Average
Financial assets	9,231	17,837
Non-financial assets	477,431	485,394
Other assets		2,359
Total assets	486,662	504,017
Payables	3,769	4,479
Provisions	5,180	8,775
Borrowings	15,042	8,974
Other liabilities	760	1,512
Total liabilities	24,751	23,740
Total equity	461,911	480,282

Budgeted Revenue 15/16



Budgeted Expenditure 15/16



Revenue	
■	Rates & charges
■	Statutory fees & fines
■	User fees
■	Contributions
■	Grants
■	Other income
Expenditure	
■	Employee costs
■	Materials & services
■	Borrowing costs
■	Depreciation
■	Other expenditure

Budgeted CAPEX 2015/16 (\$'000) - sourced from council budgets and budget baseline information templates

	Council Budget	Council Forecast Actual	Group Average
New asset expenditure	6,975	5,737	3,558
Asset renewal expenditure	5,947	11,723	9,766
Asset expansion expenditure	0	0	1,279
Asset upgrade expenditure	2,291	6,344	2,681
Total capital works expenditure	15,213	23,804	19,510

Indicators

VAGO Indicators - sourced from Victorian Auditor General, 'Local Government Results of Audits' reports

	2009/10	2010/11	2011/12	2012/13	2013/14
Underlying result (%)	-9.1	3.0	2.2	6.1	-6.5
Liquidity Ratio	1.2	1.9	2.0	1.4	0.9
Indebtedness (%)	29.6	50.5	59.4	34.0	30.4
Renewal gap (ratio)	0.6	0.9	1.7	1.6	1.4

Note: green = low risk; orange = medium risk; red = high risk

LGPRF Indicators - sourced from Local Government Victoria

	2014/15	2015/16	2016/17	2017/18	2018/19	Group Avg 2014/15
Adjusted underlying result (%)	-0.4	-1.2	-5.3	-2.8	-1.2	3.0
Working capital (%)	183.4	174.4	192.3	222.5	247.2	236.2
Unrestricted cash (%)	52.2	82.8	105.0	135.5	164.0	99.5
Indebtedness (%)	41.1	46.7	53.2	55.3	54.3	31.3
Asset renewal (%)	99.8	77.4	73.7	74.8	76.1	81.8
Loans & borrowings (%)	43.5	51.7	58.0	59.4	58.2	25.8
Loans & borrowings repayments (%)	8.8	8.0	7.7	7.2	6.1	4.4

Extended Analysis

Income Statement

Annual Report Income Statement (\$'000) - sourced from council annual reports

	2010/11	2011/12	2012/13	2013/14	2014/15
Rates & charges	21,003	22,643	24,162	26,018	27,633
Statutory fees & fines	655	552	550	396	481
User fees	1,347	1,614	1,572	1,485	1,716
Grants - operating	10,407	13,087	9,374	6,644	11,822
Grants - capital	7,930	0	0	4,054	4,961
Contributions - monetary	0	0	0	104	933
Contributions - non monetary	4,317	0	0	4,275	3,848
Net gain/(loss) on disposal of prope..	0	0	0	-1,380	-3,612
Fair value adjustments for investme..	0	0	0	0	0
Share of net profits/(losses) of asso..	0	0	0	0	0
Other income	1,907	1,789	1,922	1,491	1,724
Total income	47,566	39,685	37,580	43,087	49,506
Employee costs	13,845	14,433	15,685	16,712	17,094
Materials & services	16,498	16,857	18,928	15,413	15,428
Depreciation & amortisation	8,192	8,706	7,555	7,280	7,708
Borrowing costs	703	983	899	852	777
Bad & doubtful debts	0	0	0	31	22
Other expenses	2,656	3,358	584	1,145	793
Total expenses	41,894	44,337	43,651	41,433	41,822
Surplus/(deficit) for the year	5,672	-4,652	-6,071	1,654	7,684

Budgeted Income Statement (\$'000) - sourced from council budgets

	2015/16	2016/17	2017/18	2018/19
Rates & charges	29,113	30,979	32,943	35,027
Statutory fees & fines	600	620	641	663
User fees	1,654	1,786	1,925	2,071
Grants - operating	8,702	8,997	9,518	10,049
Grants - capital	4,517	2,706	1,379	2,029
Contributions - monetary	780	2,334	85	3,221
Contributions - non monetary	4,500	4,635	4,774	4,917
Net gain/(loss) on disposal of prope..	0	0	0	0
Fair value adjustments for investme..	0	0	0	0
Share of net profits/(losses) of asso..	0	0	0	0
Other income	1,423	1,438	1,554	1,690
Total income	51,289	53,495	52,819	59,667
Employee costs	17,735	18,678	19,725	20,849
Materials & services	14,292	15,099	15,257	15,909
Depreciation & amortisation	8,595	9,961	10,415	10,832
Borrowing costs	864	956	999	1,001
Bad & doubtful debts	0	0	0	0
Other expenses	2,273	2,305	2,334	2,363
Total expenses	43,759	46,999	48,730	50,954
Surplus/(deficit) for the year	7,530	6,496	4,089	8,713

Balance Sheet

Annual Report Balance Sheet (\$'000) - sourced from council annual reports

	2010/11	2011/12	2012/13	2013/14	2014/15
Cash & cash equivalents - C	13,181	13,840	11,272	9,576	12,173
Trade & other receivables - C	4,751	4,581	3,652	3,899	4,377
Other financial assets - C	0	0	0	0	0
Inventories - C	0	0	0	17	21
Non-current assets classified as hel..	1,236	1,053	1,053	991	991
Other assets - C	288	262	194	165	306
Other current assets - C	0	0	0	0	0
Trade and other receivables - NC	120	126	127	127	122
Investments in associates & joint v..	538	0	0	0	0
Property, infrastructure, plant & eq..	320,188	315,171	489,047	422,110	438,128
Investment property - NC	0	0	0	0	0
Intangible assets - NC	0	0	0	0	0
Other non-current assets - NC	0	56	42	0	0
Total assets	340,302	335,089	505,387	436,885	456,118
Trade & other payables - C	3,746	2,982	5,183	6,338	3,856
Trust funds & deposits - NC	1,028	1,434	797	813	599
Provisions - C	2,783	3,244	3,486	3,520	3,820
Interest-bearing loans and borrowin..	2,294	2,340	2,384	5,107	1,464
Other current liabilities - C	0	0	0	0	0
Provisions - NC	353	477	503	923	919
Interest-bearing loans and borrowin..	11,098	10,538	9,004	7,592	10,567
Other non-current liabilities - NC	471	2,395	0	0	0
Total liabilities	21,773	23,410	21,357	24,293	21,225
Reserves	165,254	155,331	319,938	287,606	303,281
Other equity	153,273	156,346	164,091	124,985	131,611
Total equity	318,527	311,677	484,029	412,591	434,892

Budgeted Balance Sheet (\$'000) - sourced from council budgets

	2015/16	2016/17	2017/18	2018/19
Cash & cash equivalents - C	4,996	7,333	10,240	13,798
Trade & other receivables - C	4,108	4,294	4,519	4,752
Other financial assets - C	0	0	0	0
Inventories - C	0	0	0	0
Non-current assets classified as hel..	991	991	991	991
Other assets - C	182	182	182	182
Other current assets - C	0	0	0	0
Trade and other receivables - NC	127	127	127	127
Investments in associates & joint ve..	0	0	0	0
Property, infrastructure, plant & equi..	476,258	483,923	490,930	536,061
Investment property - NC	0	0	0	0
Intangible assets - NC	0	0	0	0
Other non-current assets - NC	0	0	0	0
Total assets	486,662	496,850	506,989	555,911
Trade & other payables - C	3,769	3,976	4,023	4,193
Trust funds & deposits - C	760	760	760	760
Provisions - C	4,163	4,616	5,095	5,601
Interest-bearing loans and borrowin..	1,431	1,364	1,121	1,120
Other current liabilities - C	0	0	0	0
Provisions - NC	1,017	1,117	1,221	1,332
Interest-bearing loans and borrowin..	13,611	16,613	18,459	19,264
Other non-current liabilities - NC	0	0	0	0
Total liabilities	24,751	28,446	30,679	32,270
Reserves	323,786	325,551	331,866	373,489
Other equity	138,125	142,856	144,445	150,153
Total equity	461,911	468,407	476,311	523,642

CAPEX

Annual Report CAPEX (\$'000) - sourced from council annual reports

	2010/11	2011/12	2012/13	2013/14	2014/15
New asset expenditure	0	0	0	462	971
Asset renewal expenditure	0	0	0	9,890	7,692
Asset upgrade expenditure	0	0	0	553	531
Asset expansion expenditure	0	0	0	0	0
Total capital works expenditure	0	0	0	10,904	9,195

Budgeted CAPEX (\$'000) - sourced from council budgets

	2015/16	2016/17	2017/18	2018/19
New asset expenditure	6,975	6,759	4,856	6,508
Asset renewal expenditure	5,947	5,763	4,140	5,548
Asset upgrade expenditure	2,291	2,221	1,595	2,138
Asset expansion expenditure	0	0	0	0
Total capital works expenditure	15,213	14,744	10,593	14,192

Expenditure on services (\$'000) - sourced from the Victorian Grants Commission

	2010/11	2011/12	2012/13	2013/14	2014/15
Aged & Disabled Services	2,281	2,433	2,521	2,680	2,879
Business & Economic Services	1,601	2,994	4,007	4,291	4,441
Environment	2,527	2,021	2,417	2,384	2,631
Family & Community Services	2,210	2,578	2,923	3,033	2,837
Governance	1,511	15,058	14,100	11,382	10,637
Local Roads & Bridges	9,977	8,754	8,185	8,069	8,469
Recreation & Culture	3,770	4,103	4,381	4,462	4,501
Traffic & Street Management	2,584	2,053	2,153	2,090	2,307
Waste Management	2,826	3,043	2,923	3,026	3,117
Other (Main Roads & Other)	12,617	0	0	0	0
Total	41,904	43,036	43,610	41,416	41,819

BUDGET BASELINE INFORMATION

The Commission would like to bring to the Council's attention the following sections:

- The general rates, waste management charges and supplementary rates revenue are different to the figures shown in the 2015-16 Adopted Budget, however the total rates and charges revenue is the same. The Commission would be seeking further information on why these figures have changed.

	Budget Baseline	2015-16 Budget	Variance
General rates	25,316,813	25,295,337	(21,476)
Waste management charges	3,542,577	3,447,306	(95,271)
Supplementary rates and rate adjustments	253,802	370,549	116,747
Total rates and charges	29,113,192	29,113,192	0

If \$25,316,813 is used for general rates as per cell E10 of the 'calculating the higher cap' sheet in the budget baseline template, and the Council intends to collect \$259,032, the rate cap Council is applying for is technically 1.01%. If \$25,295,337 is used, and the Council intends to collect the same amount, the rate cap Council will be applying for is 1.10%.

For the purposes of calculating the capped average rates, the budgeted general rates in the 2015-16 budget of \$25,295,337 should be used.

Please review the rate cap calculations and confirm the accurate rate cap the Council intends to apply for.

Council Response

In relation to differences between the Budget baseline data and the Adopted 2015/16 Budget, the ESC's comments are noted and updated data is shown as appended below along with explanations;

	Budget Baseline	2015-16 Budget	Corrected Budget Baseline	Variance
General rates	25,316,813	25,295,337	25,295,337	-21,476
Waste management charges	3,542,577	3,447,306	3,542,577	0
Supplementary rates and rate adjustments	253,802	370,549	275,278	21,476
Total rates and charges	29,113,192	29,113,192	29,113,192	

Under Waste Management Charges, the data reported in the Adopted 2015-16 budget was not correct. The correct amount is \$3,542,777 and the difference of \$95,271 was incorrectly reported as supplementary rates and rate adjustments in the Budget document. The \$95,271 relates to waste management charges levied on commercial properties.

In relation to General Rates, the amounts as shown in the Adopted 2015/16 Budget of \$25,295,337 is correct and the amount as shown in the Budget baseline data was overstated by \$21,476. Equally, the amount as shown as supplementary rate revenue in the baseline data was understated by the same amount (\$21,476) and should have been \$275,278. Even though the two items net each other off, in completing the baseline data, council incorrectly used data from the finance system ledger and not the Adopted 2015/16 Budget. At an aggregate level however, the total general rates and supplementary rates is the same.

As the differences between the reported revenue streams only impact the “mix” of revenue (i.e. lower general rates and higher supplementary rates), the total value of annualised rates will be the same. Therefore, council can confirm that it still intends to apply for a 1.00% rate cap variation and not 1.10% increase.

In relation to the difference between a 1.01% rate cap variation and a 1.00% rate cap variation, Council is mindful that it has consulted with its community on a 1.0% rate cap application and whilst it considers the differences to be immaterial rounding differences, it is happy to take the advice of the ESC.

If the ESC requires Council to resubmit the baseline data based on the differences as highlighted above, Council is happy to oblige but confirms that the data will not affect its rate cap application.

Council can confirm

- For service 38 – Road and Off Road Maintenance, can council please clarify the negative value of 1.75 million reported in revenue under ‘other income’ and what it represents?

Council Response

The negative amount in other income relates to the WDV of Infrastructure Assets replaced. Overall, this nets off with asset sales to give us the ‘Net gain / (loss) on disposal of property, infrastructure, plant and equipment’. The ESC’s instructions require the ‘Net gain / (loss) on disposal of property, infrastructure, plant and equipment’ to be included in the revenue section.

ATTACHMENT A:

SUBMISSIONS TO THE ESC FROM RATEPAYERS IN MOORABOOL

1. “Moorabool Shire Council put out 4 surveys to the community seeking increased rates. A total of 1022 responses were received with 52% supporting capping at 2.5%. Council adopted the telephone response only and ignored the other 3 and moved a motion to appeal to Es for increasing rates above the cap.”
2. “I wish to make a comment on Rates Capping. Moorabool Shire Council applied for a variation. I attended Council meeting on 23/3/2016 when Council voted to apply for a variation. Two rate payers challenged (1) Why council used on the phone survey thus ignoring written and website responses and interpreted and (2) why non-ratepayers were included in the survey. Neither questions were satisfactorily responded to. If Council had considered all feedback, the percentage of respondents agreeing to a modest rate rise would have been different. Council used the statistics selectively and should not be granted a variation on these and many other grounds, such as their debt level is higher than other councils through bad investments (land speculation) and poor financial management. As a pensioner I am already struggling to pay rates and utility bills and can't see how Council can justify a significant rate increase in the next financial year. Thank you for considering this feedback.”

SPECIAL MEETING OF COUNCIL

Minutes of a
Special Meeting of Council held at
Council Chamber, 15 Stead Street, Ballan on
Wednesday 23 March 2016,
at 6:00 p.m.

Members:

Cr. Allan Comrie (Mayor)	East Moorabool Ward
Cr. Paul Tatchell	Central Ward
Cr. David Edwards	East Moorabool Ward
Cr. John Spain	East Moorabool Ward
Cr. Tonia Dudzik	East Moorabool Ward
Cr. Tom Sullivan	West Moorabool Ward
Cr. Pat Toohey	Woodlands Ward

Officers:

Mr. Rob Croxford	Chief Executive Officer
Mr. Phil Jeffrey	General Manager Infrastructure
Mr. Satwinder Sandhu	General Manager Growth and Development
Mr. Danny Colgan	General Manager Community Services

Rob Croxford
Chief Executive Officer

AGENDA

1.	OPENING OF MEETING	3
2.	ACKNOWLEDGEMENT TO COUNTRY	3
3.	PRESENT.....	3
4.	APOLOGIES	3
5.	DISCLOSURE OF CONFLICT OF INTEREST	4
6.	PRESENTATIONS / DEPUTATIONS	6
7.	BUSINESS	7
7.1	<i>Rate Cap Variation Options Community Engagement</i>	<i>7</i>
7.2	<i>Moorabool Shire Council - Election (Caretaker) Period Policy.....</i>	<i>17</i>
8.	FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL	22
9.	CLOSED SESSION OF THE MEETING TO THE PUBLIC	23
10.	MEETING CLOSURE	24

1. OPENING OF MEETING

The Mayor, Cr. Allan Comrie, opened the meeting at 6.00pm.

2. ACKNOWLEDGEMENT TO COUNTRY

We respectfully acknowledge the traditional owners of this land, their spirits and ancestors.

3. PRESENT

<i>Cr. Allan Comrie</i>	<i>East Moorabool Ward</i>
<i>Cr. Paul Tatchell</i>	<i>Central Ward</i>
<i>Cr. John Spain</i>	<i>East Moorabool Ward</i>
<i>Cr. Tonia Dudzik</i>	<i>East Moorabool Ward</i>
<i>Cr. David Edwards</i>	<i>East Moorabool Ward</i>
<i>Cr. Tom Sullivan</i>	<i>West Moorabool Ward</i>
<i>Cr. Pat Toohey</i>	<i>Woodlands Ward</i>

Officers:

<i>Mr. Rob Croxford</i>	<i>Chief Executive Officer</i>
<i>Mr. Satwinder Sandhu</i>	<i>General Manager Growth and Development</i>
<i>Mr. Danny Colgan</i>	<i>General Manager Community Services</i>
<i>Mr. Phil Jeffrey</i>	<i>General Manager Infrastructure</i>
<i>Mr. Steve Ivelja</i>	<i>Manager Finance</i>
<i>Mr. John Whitfield</i>	<i>Governance Coordinator</i>
<i>Mr. Melissa Hollitt</i>	<i>Minute Taker</i>

4. APOLOGIES

Nil.

5. DISCLOSURE OF CONFLICT OF INTEREST

Under the Local Government Act (1989), the classification of the type of interest giving rise to a conflict is; a direct interest; or an indirect interest (section 77A and 77B). The type of indirect interest specified under Section 78, 78A, 78B, 78C or 78D of the Local Government Act 1989 set out the requirements of a Councillor or member of a Special Committee to disclose any conflicts of interest that the Councillor or member of a Special Committee may have in a matter being or likely to be considered at a meeting of the Council or Committee.

Definitions of the class of the interest are:

- a direct interest
 - (section 77A, 77B)
- an indirect interest (see below)
 - indirect interest by close association (section 78)
 - indirect financial interest (section 78A)
 - indirect interest because of conflicting duty (section 78B)
 - indirect interest because of receipt of gift(s) (section 78C)
 - indirect interest through civil proceedings (section 78D)

Time for Disclosure of Conflicts of Interest

In addition to the Council protocol relating to disclosure at the beginning of the meeting, section 79 of the Local Government Act 1989 (the Act) requires a Councillor to disclose the details, classification and the nature of the conflict of interest immediately at the beginning of the meeting and/or before consideration or discussion of the Item.

Section 79(6) of the Act states:

While the matter is being considered or any vote is taken in relation to the matter, the Councillor or member of a special committee must:

- (a) leave the room and notify the Mayor or the Chairperson of the special committee that he or she is doing so; and
- (b) remain outside the room and any gallery or other area in view of hearing of the room.

The Councillor is to be notified by the Mayor or Chairperson of the special committee that he or she may return to the room after consideration of the matter and all votes on the matter.

There are important reasons for requiring this disclosure immediately before the relevant matter is considered.

- Firstly, members of the public might only be in attendance for part of a meeting and should be able to see that all matters are considered in an appropriately transparent manner.
- Secondly, if conflicts of interest are not disclosed immediately before an item there is a risk that a Councillor who arrives late to a meeting may fail to disclose their conflict of interest and be in breach of the Act.

Nil.

6. PRESENTATIONS / DEPUTATIONS

The Council has made provision in the business of the Special Meeting of the Council for the making of presentations or deputations to Council in relation to matters presented on the agenda for Council consideration.

Presentations or deputations are required to be conducted in accordance with the requirements contained within the **Presentation/Deputations Protocols and Procedural Guidelines**.

Persons wishing to make a presentation or deputation to the Council on a matter included in the agenda shall inform Council by 1pm on the Friday prior to the meeting by contacting the Chief Executive Officer's Office and registering their name and agenda item being spoken to.

At the meeting the Mayor will invite the persons wishing to make a presentation or delegation to address the Council on the agenda item.

The person making the presentation or deputation is to stand and address the Council on the item. No debate on the item is permitted between the person making the presentation or delegation and the Council.

A maximum of three minutes per presentation or delegation will be allocated. An extension of time may be granted at the discretion of the Mayor.

Councillors, through the Mayor, may ask the person making the presentation or delegation for clarification of matters presented.

The Mayor may direct that a member of the gallery ceases speaking if the above procedure is not followed.

List of Persons making Presentations/Deputations other than in relation to a planning item listed on the agenda:

Item No	Description	Name	Applicant/ Objector
7.1	<i>Rate Cap Variation Options Community Engagement</i>	Mr. Russ Hendry	Objector
7.1	<i>Rate Cap Variation Options Community Engagement</i>	Mrs. Margaret Scarff	Objector

7. BUSINESS

7.1 Rate Cap Variation Options Community Engagement

Introduction

File No.: 07/01/011
Author: Rob Croxford
Chief Executive Rob Croxford

The purpose of this report is to recommend that the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.00% above the cap) for 2016/2017.

Background

The Council at a Special meeting held on the 20 January 2016 resolved:

- (i) *that the CEO be authorised to advise the Essential Services Commission that Moorabool Shire Council intends to apply for a rate cap variation for the 2016/17 financial year; and*
- (ii) *that Officers present the Draft 2016/17 Annual Budget Timetable of Key Dates for the forthcoming 2016/17 budget to a Special Meeting of Council on 10th February, 2016.*

Following the Special Meeting, the Chief Executive Officer notified the Essential Services Commission (ESC) in writing of Council's intention to apply for a rate cap variation for the 2016/2017 financial year.

The Council at the Special meeting held on the 10 February 2016 resolved to:

1. Endorse the following rate cap options for the purposes of community engagement:

Option A . What Council can deliver under the Minister's Rate Cap of 2.5% in Year 1

Option B . What Council can deliver if it had a rate increase of 4.15% for 2016/17 (inclusive of a 1.65% rate cap variation) in addition to a likely rate increase of 4.15% for a further 3 years.

Option C . What Council can deliver if it had a rate increase of 3.50% for 2016/17 (inclusive of a 1.00% rate cap variation) in addition to a likely rate increase of 3.50% for a further 3 years. This option is also based on other fees and charges increasing under a user-pays+model to be cost reflective including indirect costs.

2. Endorse the Rate Cap Variation Community Engagement Plan; and;
3. Endorse an over budget expenditure of \$25,000 in 2015/2016 for the delivery of the community engagement activities.

The Victorian Minister for Local Government has announced a cap on general rates for Victorian local government of 2.5% (CPI) for the 2016/17 financial year.

Working within the confines of the cap will present significant challenges for the way Council continues its business of delivering high quality services to its residents.

The Council has made significant progress in preparing for a rate capped environment by:

- Reducing operating costs,
- Reducing management costs,
- Reducing overhead costs,
- A program of ongoing Service Reviews,
- Sharing services with other organisations,
- A policy on special charge schemes for some capital works,
- Future consideration of the commercialisation of some aspects of operations,
- Continued use of Business Excellence as a model to drive continuous improvement and review,
- The introduction of an integrated planning tool and model for officers.

Despite these efforts to contain costs, under a rate cap of 2.5% Council is forecast to produce underlying losses over its 10-year financial plan. These losses will impact the level of service Council can afford to deliver in future years resulting in either cuts to services or a deterioration of our asset base.

Three options for the 2016/17 budget have been prepared, including 10 year forecasts under each option which have been the subject of considerable community engagement over the last six weeks.

Community Engagement

The community engagement on the three rate cap options involved the following activities:

- The primary means of engagement was undertaken through a statistically valid telephone survey complemented by other community engagement methods. The telephone survey of 402 people was conducted between the 5-9 March. The key objectives of the research was to:
 - examine resident satisfaction with community and transport infrastructure;
 - the level of service provided by Council in the local area;
 - determine levels of support and preference for the three proposed rate cap variations;
 - understand awareness levels and modes of awareness for the rate cap variations; and
 - identify the key challenges facing the Moorabool Shire Council area.

The telephone survey was also conducted as part of Council's community engagement to inform the preparation of the Council Plan 2017-2021.

- 24 Listening Posts held across the municipality between 1-17 March at the following locations over a total of 62 hours:

Date	Location	Time	Duration
Tuesday, 1 March 2016	Dunnstown Recreation Reserve and Community Centre	9:00am-11:00am	2
Tuesday, 1 March 2016	Bungaree General Store	11:30am-1:30pm	2
Tuesday, 1 March 2016	Gordon Hall	2:00pm-4:00pm	2
Tuesday, 1 March 2016	Lerderderg Library	9:30am-12:00pm	2.5
Wednesday, 2 March 2016	Ballan Library	9:30am-1:00pm	4
Wednesday, 2 March 2016	Blackwood Hall	1:30pm-3:30pm	2
Thursday, 3 March 2016	BM Shopping Centre	10:00am-2:00pm	4
Friday, 4 March 2016	Ballan Library	1:00pm-5:00pm	4
Saturday, 5 March 2016	Lerderderg Library	12:00pm-2:30pm	2.5
Tuesday, 8 March 2016	Dunnstown Recreation Reserve and Community Centre	9:00am-11:00am	2
Tuesday, 8 March 2016	Bungaree General Store	11:30am-1:30pm	2
Tuesday, 8 March 2016	Gordon Hall	2:00pm-4:00pm	2
Tuesday, 8 March 2016	Lerderderg Library	9:30am-12:00pm	2.5
Wednesday, 9 March 2016	Blackwood Hall	1:30pm-3:30pm	2
Thursday, 10 March 2016	BM Shopping Centre	10:00am-2:00pm	4
Friday, 11 March 2016	Ballan Library	1:00pm-5:00pm	4
Tuesday, 15 March 2016	Dunnstown Recreation Reserve and Community Centre	9:00am-11:00am	2
Tuesday, 15 March 2016	Bungaree General Store	11:30am-1:30pm	2
Tuesday, 15 March 2016	Gordon Hall	2:00pm-4:00pm	2
Tuesday, 15 March 2016	Lerderderg Library	9:30am-12:00pm	2.5
Wednesday, 16 March 2016	Ballan Library	9:30am-1:00pm	4
Wednesday, 16 March 2016	Blackwood Hall	1:30pm-3:30pm	2
Thursday, 17 March 2016	BM Shopping Centre	10:00am-2:00pm	4

- Community members were provided with information and the opportunity to provide feedback on their preferred options through a poll on Have Your Say . Council's On Line Engagement Portal. Community members were also provided with the opportunity to lodge written submissions in relation to the proposal to seek a higher rate cap.
- A letter from the Chief Executive Officer was sent to all households and non-resident ratepayers providing information on Council's budget, proposed application for a higher rate cap, and encouraging community members participation in the community engagement. To facilitate this, a reply paid postcard was distributed with the letter to provide people with an opportunity to provide feedback. Approximately 17,000 letters were distributed.
- Information on the Council's Budget and proposed application for higher rate cap was promoted in the Moorabool News; posted on Council's website; Have Your Say, Facebook Page and Twitter.
- Notification about the telephone survey was promoted in the Moorabool News; posted on Council's website; Facebook Page and Twitter.
- A Media Release was issued providing information on the Council's budget; application for a higher rate cap; and community engagement activities including the telephone survey.
- A set of Frequently Asked Questions (FAQs) was also prepared and made available on Council's website.

It was originally proposed that focus groups also be conducted. However, on the advice of the research company commissioned to undertake the telephone survey, focus groups were not conducted. The advice from the Research Company was that in their extensive experience in NSW, undertaking focus group on identified rate options generally didn't yield any significant information as answers to the questions are generally closed (i.e. yes or no answers with no further discussion).

The following section provides a summary of the results of the community engagement with details contained in the attachments.

1. Telephone Survey

- Residents were most supportive of Option B with 61% of residents somewhat supportive to very supportive of this option compared with 57% of residents for both Option A and Option C respectively.
- When asked to indicate their preference, 64% indicated an option that included a rate variation i.e. Options B and C:
 - 37% preferred Option B believing it was important to maintain infrastructure i.e. roads and necessary to invest into the future of Moorabool
 - 36% preferred Option A as their first preference, primarily because of affordability questioning Council's use of funds and poor/uneven service provision

- The remaining 27% preferred Option C, also equally placing importance on infrastructure and the future investment of Moorabool as well as considering the user pay principle to be fairer and equitable.
- 44% of residents stated they had prior knowledge of Council exploring community feelings towards a Rate Cap Variation, with half of these residents becoming aware through newspaper articles. Awareness was higher amongst Residents of Bacchus Marsh Planning Area, whilst residents of the West Moorabool Planning Region were significantly less likely to be aware.
- Traffic congestion was deemed the key challenge for a quarter of residents, followed by road maintenance (13%), and infrastructure planning (11%).
- Overall, 66% of residents were at least somewhat satisfied with the level of community and transport infrastructure provided by Council. Residents aged 18-34 were significantly more satisfied, while those aged 50-64, and residents of the West Moorabool Planning Region were significantly less satisfied.
- Three quarters of residents rated the level of service provided by Council in the local area at least somewhat satisfactory. Residents aged 18-34 and non-ratepayers were significantly more satisfied with Council, while residents aged 50-64 were significantly less satisfied with the level of service.

The report from Micromex Research on the telephone survey is contained in **Attachment 7.1(a)**.

2. Listening Posts

A total of 51 responses were received at the listening posts in respect of the three rate options in the reply paid vote card.

Option	Response	Percentage
A	14	27%
B	10	20%
C	27	53%
Total	51	100%

53% of respondents preferred option C, followed by option A and B.

3. Reply Paid Vote card received in the mail

A total of 462 responses were received in the mail in respect of the three rate options in the reply paid vote card.

Option	Response	Percentage
A	296	64%
B	40	9%
C	126	27%
Total	462	100%

Just under two-thirds (64%) of respondents preferred option A followed by 27% for Option C.

4. Written Submissions received in the Mail

A summary of the number of people that attended the listening posts; verbal comments received and written responses is contained in **Attachment 7.1(b)**.

5. Have Your Say

A total of 107 responses were received in response to the poll on the three rate options.

Option	Response	Percentage
A	78	72.9%
B	13	12.1%
C	16	15.0%
Total	107	100%

Just under three-quarters (72.9%) of respondents preferred option A.

Written responses were received through Have Your Say and are contained in **Attachment 7.1(c)**.

Proposal

The primary means of engagement was undertaken through a statistically valid telephone survey complemented by other community engagement methods.

Nearly two thirds of the residents (61%) were ~~somewhat supportive~~to ~~very supportive~~of ~~Option B~~ Over half of the residents (57%) were at least ~~somewhat supportive~~of Council proceeding with ~~Option C~~

When asked to indicate their preference, 64% indicated an option that included a rate variation i.e. Options B and C: 37% preferred ~~Option B~~ believing it was ~~important~~ to maintain infrastructure i.e. roads ~~and~~ ~~necessary~~ to invest into the future of Moorabool ~~and~~ 27% preferred ~~Option C~~ also equally placing importance on ~~infrastructure~~ ~~and~~ ~~the~~ future investment of Moorabool ~~as well as considering the~~ ~~user pay~~ principle to be fairer and equitable. However, over a third of respondents (36%) preferred Option A . the rate cap set by the State Government primarily because of ~~affordability~~ ~~questioning Council's~~ use of funds ~~and~~ ~~poor/uneven~~ service provision.

The feedback from the listening posts; Have Your Say; Vote Cards and written comments/submissions reflect a broad response across the different options. The majority of respondents (53%) at the listening posts preferred option C; the majority of respondents (64%) completing the Vote Cards favoured option A; and just under three quarters (72.9%) of respondents through Have Your Say preferred Option A. The written responses contained a wide variety of feedback on the options and other ideas including that there should be no rate increase.

Under a rate capped environment, there is a greater likelihood that council will experience some form of financial distress in the medium to long term. With rates capped at 2.5% annually, Council is forecast to generate accumulated underlying deficits in excess of \$12m over the next 10 years. As a result Council will need to reduce services over time and/or reduce the level of investment in Infrastructure in line with its reduced revenue generating capacity.

The Council has notified the ESC of its intention to submit an application for a higher rate cap. Acknowledging the broad response to the community engagement, it is recommended that the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.0% above the cap) for 2016/2017, based on other fees and charges increasing under a user-pays model to be cost reflective including indirect costs.

The broad rationale for a 3.5% rate cap is based primarily on the outcome of the telephone survey. When asked to indicate their preference, 64% indicated an option that included a rate variation i.e. either Options B or C. Notwithstanding this, 36% of respondents indicated a preference for Option A or for council to work within a 2.5% rate cap. For this reason, it is recommended that Option C (1.00% rate cap variation) can be seen as a logical compromise between Option A (no rate cap variation) and Option B (1.65% rate cap variation).

Policy Implications

The 2013 . 2017 Council Plan provides as follows:

Key Result Area

Objective	Sound, long term financial management
Strategy	Develop and maintain a long term financial planning, management and reporting system, which ensures resources to deliver services and manage Council's assets.

The proposal is consistent with the 2013 . 2017 Council Plan.

Financial Implications

The conduct of the telephone survey cost \$20,000; with printing and distribution of information costing a further \$8,000. There was also indirect costs through the allocation of existing staff hours and resources.

Risk & Occupational Health & Safety Issues

Risk Identifier	Detail of Risk	Risk Rating	Controls/s
Financial . Rates Capped at CPI.	Increase risk of Council experiencing some form of financial distress in the medium to long term.	High	Seek a rate cap variation. Cost control. Service reviews. Fees & Charges increases. Shared services. Planning tools.

Community Engagement Strategy

Considerable community engagement has been undertaken to seek community feedback on the three rate options being considered by the Council. It is proposed that the outcomes of the community engagement and Council's resolution be communicated through a media release; information on Council's website; Facebook; Twitter and Moorabool Matters.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the Local Government Act 1989 (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

Author – Rob Croxford

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

The Victorian Minister for Local Government has announced a cap on general rates for Victorian local government of 2.5% (CPI) for the 2016/17 financial year.

Working within the confines of the cap will present significant challenges for the way Council continues its business of delivering high quality services to its residents.

Considerable community engagement has been undertaken on three rate cap options endorsed by the council for the purpose of community engagement.

The principal means of engagement was through a telephone survey of 402 residents.

The results of the telephone survey report that when asked to indicate their preference, 64% indicated an option that included a rate variation i.e. Options B and C, with 37% preferring Option B believing it was important to maintain infrastructure i.e. roads and necessary to invest into the future of Moorabool with 27% preferring Option C placing importance on infrastructure and the future investment of Moorabool as well as considering the user pay principle to be fairer and equitable.

The feedback from the listening posts; Have Your Say; Vote Cards and written comments/submissions reflect a broad response across the different options.

Council has notified the ESC of its intention to submit an application for a higher rate cap. Acknowledging the broad response to the community engagement, it is recommended that the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.0% above the cap) for 2016/2017, based on other fees and charges increasing under a user-pays model to be cost reflective including indirect costs.

Consideration of Presentation

Mr. Russ Hendry addressed Council in relation to the Rate Cap Variation Options Community Engagement.

Mrs. Margaret Scarff addressed Council in relation to the Rate Cap Variation Options Community Engagement.

The business of the meeting then returned to the agenda.

Recommendation:

That the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.0% above the cap) for 2016/2017 based on other fees and charges increasing under a “user-pays” model to be cost reflective including indirect costs.

Resolution:

Crs. Tatchell/Dudzik

- 1. That the Council not proceed with an application to Essential Services Commission for a rate cap variation.***
- 2. That Staff prepare a 2016/17 budget based on a 0% increase and including other fees and charges increasing under a “user-pays” model to be cost reflective including indirect costs.***

LOST.

Resolution:**Crs. Dudzik/Tatchell**

1. *That Council do not apply to the Essential Services Commission to vary the rate cap.*
2. *That Council prepare a budget which is delivered and meets the Ministers Rate Cap of 2.5 per cent in year one.*

LOST.**Resolution:****Crs. Spain/Edwards**

That the Council submit an application to the Essential Services Commission for a rate increase of 4.15% (1.65% above the cap) for 2016/2017.

LOST.**Resolution:****Crs. Toohey/Sullivan**

That the Council submit an application to the Essential Services Commission for a rate cap variation of 3.50% (1.0% above the cap) for 2016/2017 based on other fees and charges increasing under a "user-pays" model to be cost reflective including indirect costs.

CARRIED.

Report Authorisation**Authorised by:**

Name: Rob Croxford 
Title: Chief Executive Officer
Date: Friday, 18 March 2016.

7.2 Moorabool Shire Council - Election (Caretaker) Period Policy

Introduction

File No.: 02/01/002
Author: John Whitfield
General Manager: Satwinder Sandhu

Councils are now required to adopt an election period policy to openly explain to their communities how they will conduct their business immediately prior to an election.

Background

The *Local Government Amendment (Improved Governance) Act 2015*, was passed by Parliament in late October 2015. This legislation amended the *Local Government Act 1989* (the Act) in a range of areas. One of the important amendments to the Act relates to Section 93B, proclaimed in late December 2015, whereby Council is to adopt an election period policy by Thursday 31 March 2016.

Section 93B of the Act provides as follows:

93B Council to adopt an election period policy

- (1) *A Council must prepare, adopt and maintain an election period policy in relation to procedures to be applied by Council during the election period for a general election.*
- (2) *A Council must prepare and adopt an election period policy as required by subsection (1)—*
 - (a) *by 31 March 2016; and*
 - (b) *following the general election on 22 October 2016, continue to maintain the election period policy by reviewing and, if required, amending the policy not later than 12 months before the commencement of each subsequent general election period.*
- (3) *An election period policy must include the following—*
 - (a) *procedures intended to prevent the Council from making inappropriate decisions or using resources inappropriately during the election period before a general election;*
 - (b) *limits on public consultation and the scheduling of Council events;*
 - (c) *procedures to ensure that access to information held by Council is made equally available and accessible to candidates during the election.*
- (4) *A copy of the election period policy must—*
 - (a) *be given to each Councillor as soon as practicable after it is adopted; and*
 - (b) *be available for inspection by the public at the Council office and any district offices; and*
 - (c) *be published on the Council's Internet website maintained under Section 82A.*

- (5) *In this Section—*
inappropriate decisions made by a Council during an election period includes any of the following—
(a) *decisions that would affect voting in an election;*
(b) *decisions that could reasonably be made after the election.*

The next local general election for all councils will be held on Saturday 22 October 2016. In 2016, as in previous general elections, Moorabool Shire will be utilising postal voting pursuant to Section 41A (2A) of the Act. Postal voting closes at 6.00pm on Friday 21 October 2016.

The 'election period' is defined by the Act as starting on the last day for nominations and ending at 6pm on the Election Day. The last day for nominations is the day that is 32 days before the Election Day. In 2016 it commences from midnight on Tuesday 20 September 2016 and concludes at 6.00pm on Election Day, Saturday 22 October 2016

It is during this election period where certain prohibitions apply to the general functions and powers of Council.

Section 93A of the Act outlines the conduct of the council during an election period and has been in place since 2003. Section 93B of the Act adds to this in requiring an election period policy to be adopted.

To provide Councillors with an opportunity to review the draft Election (Caretaker) Period Policy prior to this meeting of Council, a briefing note was circulated to Councillors on Wednesday 9 March 2016.

Purpose

The Election (Caretaker) Period Policy (Policy) has been developed in order to facilitate the conduct of general elections in a manner that is ethical, fair and equitable, and are publicly perceived as such.

The Policy will also facilitate the continuation of the ordinary business of local government in the Moorabool Shire throughout the election (caretaker) period in a responsible and transparent manner, in accordance with statutory requirements and established 'caretaker' conventions.

This Policy also commits Council during the election (caretaker) period to:

- avoid making significant new policies or decisions that could unreasonably bind a future Council; and
- ensure that public resources, including staff resources, are not used in election campaigning or in a way that may improperly influence the result of an election, or improperly advantage existing Councillors as candidates in the election.

Proposal

It is proposed that with the development of a clear and consistent Policy, Council will openly explain to their communities how they will conduct their business immediately prior to an election. The Policy will explain key points including, but not limited to:

- Major policy decisions;
- Public consultation;
- Communication and publications;
- Council Resources;
- Media services; and
- Equitable Access to council information.

Policy Implications

The 2013 - 2017 Council Plan provides as follows:

Key Result Area	Representation and Leadership of our community
Objective	Good governance through open and transparent processes and strong accountability to the community.
Strategy	Ensure policies and good governance are in accordance with legislative requirements and best practice.

The proposal is consistent with the 2013-2017 Council Plan.

Financial Implications

There are no financial implications associated with the production and implementation of this policy.

Risk & Occupational Health & Safety Issues

Risk Identifier	Detail of Risk	Risk Rating	Control/s
Legislation requirements	Failure to comply to the Policy	Medium	Awareness campaign for Councillors and all Council staff.

Communications Strategy

A media release will be issued to advise the community of the content of the policy after its adoption. In accordance with Section 82A of the Act, the Policy will be published on Council's corporate website. Advertisements will be published in local and regional newspapers to notify the community of the caretaker arrangements closer to the period commencing.

All Councillors will be provided with a copy of the Policy immediately following its adoption by Council.

All Council staff will be fully briefed on the caretaker arrangements and provided supporting documentation and assistance both prior and during the period.

Victorian Charter of Human Rights and Responsibilities Act 2006

In developing this report to Council, the officer considered whether the subject matter raised any human rights issues. In particular, whether the scope of any human right established by the Victorian Charter of Human Rights and Responsibilities is in any way limited, restricted or interfered with by the recommendations contained in the report. It is considered that the subject matter does not raise any human rights issues.

Officer's Declaration of Conflict of Interests

Under section 80C of the *Local Government Act 1989* (as amended), officers providing advice to Council must disclose any interests, including the type of interest.

General Manager – Satwinder Sandhu

In providing this advice to Council as the General Manager, I have no interests to disclose in this report.

Author – John Whitfield

In providing this advice to Council as the Author, I have no interests to disclose in this report.

Conclusion

In order to comply with Section 93B of the *Local Government Act 1989* and the statutory requirements and established 'caretaker' conventions associated with the election (caretaker) period from midnight on Tuesday 20 September 2016 until 6.00pm on Saturday 22 October 2016, it is recommended that Council adopt the Election (Caretaker) Period Policy (GO15/V1) as attached to this report.

Resolution:

Crs. Toohey/Spain

That Council:

- 1. in accordance with Section 93B of the Local Government Act 1989, adopts the Election (Caretaker) Period Policy (GO15/V1); and***
- 2. prepare a media release to advise the community of the content of the Election (Caretaker) Period Policy after its adoption.***

CARRIED.

Report Authorisation

Authorised by:

Name: Satwinder Sandhu 
Title: General Manager Growth and Development
Date: Thursday, 17 March 2016

8. FURTHER BUSINESS AS ADMITTED BY UNANIMOUS RESOLUTION OF COUNCIL

Nil.

9. CLOSED SESSION OF THE MEETING TO THE PUBLIC

Nil.

10. MEETING CLOSURE

The meeting closed at 7.13PM.

Confirmed.....Mayor.

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK (LGPRF) – FINANCIAL INDICATORS

Please complete the tables below. These tables utilise the existing LGPRF financial indicator projections for the next 4 years (or longer if available), and provide updated scenarios based on a) the proposed higher cap, and b) based on the average rate cap of 2.5 per cent. This information will aid in demonstrating the potential impacts to the Council with and without the higher cap.

Council's financial position *without* the proposed higher cap

LGPRF indicator	2014-15 (Actual)	2015-16 (Forecast actual)	2016-17 (Cap Year)	Forecast	
				2017-18	2018-19
Operating position					
Adjusted underlying result (%) (measure 54)	-0.43%	-6.10%	2.59%	-3.02%	-2.21%
Liquidity					
Working capital ratio (measure 55)	183.45%	132.43%	146.49%	170.48%	190.44%
Unrestricted cash ratio (%) (measure 56)	52.20%	59.79%	60.57%	65.18%	68.24%
Obligations					
Loans and borrowings (%) (measure 57)	43.54%	51.25%	53.20%	51.39%	50.62%
Loans and borrowing repayments (%) (measure 58)	8.84%	7.93%	7.63%	7.05%	5.95%
Indebtedness (%) (measure 59)	41.11%	47.05%	49.17%	48.35%	47.70%
Asset renewal (%) (measure 60)	99.79%	136.40%	95.13%	72.45%	73.80%

Council's financial position *with* the proposed higher cap

LGPRF indicator	2014-15 (Actual)	2015-16 (forecast actual)	2016-17 (Cap Year)	Forecast	
				2017-18	2018-19
Operating position					
Adjusted underlying result (%) (measure 54)	-0.43%	-6.10%	3.14%	-1.82%	-0.44%
Liquidity					
Working capital ratio (measure 55)	183.47%	132.43%	146.50%	170.75%	190.95%
Unrestricted cash ratio (%) (measure 56)	52.20%	59.79%	60.32%	64.70%	67.54%
Obligations					
Loans and borrowings (%) (measure 57)	43.54%	51.25%	53.21%	50.97%	49.76%
Loans and borrowing repayments (%) (measure 58)	8.84%	7.93%	7.57%	6.95%	5.82%
Indebtedness (%) (measure 59)	41.11%	47.05%	49.22%	48.01%	46.98%
Asset renewal (%) (measure 60)	99.79%	136.40%	95.13%	72.39%	73.67%

Briefing note

Date: 16th May 2016

To: Essential Services Commission

File Ref:

From: Steven Ivelja
Manager Finance

Topic Draft Budget 2016/17 update

Background

Council submitted its application for a rate cap variation to the Essential Services Commission on the 31st March 2016. The information and budget estimates that formed the basis of the original rate cap application submitted in March 2016 was developed in November 2015 (due to the need to prepare a budget early in anticipation of the rate capping framework and the significant volume of community engagement that Moorabool conducted in the first quarter of 2016).

Following on from this, the proposed 2016/17 Budget was endorsed by the Council for public consultation on Wednesday the 4th May 2016. Since Council submitted its application for a rate variation there have been a number of changes to 2016/17 proposed Operating Budget based on updated information. The purpose of this briefing note is to inform the ESC of the main changes to the 2016/17 Operating Budget since Council submitted its application for a rate variation.

Key Issues

Budget Changes

As per Table 1 below, the reported surplus on the Proposed 2016/17 Budget is \$8.787M as compared to a reported surplus of \$10.243M in Councils Rate Cap submission to the ESC. This represents a decrease in the reported surplus of \$1.456M. The main reason for the changes are highlighted below;

Table 1: Summary of Operating Budget Changes

	ESC SUBMISSION '000	PROPOSED BUDGET '000	Variance '000	Comments
Income				
Rates and charges	30,746	31,043	297	Increase in Rates \$161,000 relates mainly to updated information around growth in assessments. Also, waste charges have increased by \$136,875 which relates to estimated revenue generated by the new Kerbside Greenwaste service which will be introduced in January 2017.
User fees	1,921	1,951	30	Increase of \$30,487 for Transfer Stations.
Grants - capital	4,726	5,088	362	Net changes in capital grants of \$362,800 which mainly reflects increased funding for New and Upgrade Projects.
Contributions - monetary	2,353	353	(2,000)	Decrease of \$2 million due to an expected delay when Council will receive Developer Contributions. These funds are expected to be received in the 2017/18 financial year so this represents a timing delay only.
Other income	1,125	1,381	256	Increase of \$256,000 for sales of Greenwaste bins as part of the new service
E penses				
Materials and services	14,138	14,530	(392)	Increase of \$391,623 for costs relating to Kerbside Greenwaste collection. Includes purchase of new bins and contract costs.
Finance costs	896	906	(10)	Increase of \$10,762 for interest repayments on borrowings. Loan Borrowings have increased from \$2.477 million to \$2.790 million.
Surplus (deficit) for the year	10,243	8,787	(1,456)	

Since Council submitted its application for a rate cap variation, Council has generated an additional \$0.297M in Rates and Charges. Of this increase, \$0.137M relates to the new non-compulsory green waste service that Council resolved to implement at OCM on the 6th April. In addition to this, since the rate cap application was submitted to the ESC, it is estimated that council will generate an additional \$0.161m in Rates and Charges due to growth in rateable properties. Generally speaking, the level of supplementary rate revenue generated in any given year is highly variable. The original budget calculation was performed in November 2015 (due to the need to prepare a budget early in anticipation of the rate capping framework). The Draft 2016/17 Budget is based on the current database of known properties with adjustments made for supplementary valuations and a 3.5% rate increase.

In addition to changes to Rates & Charges, there has been a \$2.000M deferral of developer contributions due to timing issues, additional capital grants of \$0.362M related to New & Upgrade projects and other income and expenditure related to the introduction of the non-compulsory green waste service. Other minor changes to Finance costs and User Fees have also been included.

Changes to the Capital Improvement Program

In addition to changes in the Draft 2016/17 Operating Budget, the 2016/17 Capital program has also changed. In Council's submission to the ESC, the Council projected a \$16.876M Capital program under a 3.5% rate increase scenario which has now been revised upwards to \$17.460M. Most of the changes in the 2016/17 Capital program are either due to a change in scope of Major Projects (and associated financial estimates) or due to increases in external funding that have resulted in an increase in the overall Capital budget.

Appended to this briefing note is an attachment titled "Income and Capital Works Variances". This document provides a detailed summary of all of the changes that have occurred to the Income Statement and the Capital Works Program since Moorabool Shire submitted its rate cap application.

Council applications to the ESC

Council's rate cap variation application was submitted to the Essential Services Commission on the 31st March 2016 as per the ESC timeframes. Since then there have been changes to the Draft 2016/17 Budget based on up to date information.

In most cases, the changes are either timing related (\$2.0m delay in the receipt of Developer contributions), cost neutral (as is the case for the green waste service) or will be used to fund additional New & Upgrade projects (as a result of a net \$0.362M in capital works funding).

In relation to the additional \$0.161M in Rates generated due to the growth in rateable assessments this will be a cash windfall as compared to the original submission to the ESC. The original budget calculation was performed in November 2015 (due to the need to prepare a budget early in anticipation of the rate capping framework and the significant volume of community engagement that Moorabool conducted in the first quarter of 2016). From a Moorabool Shire perspective, the additional growth in rateable assessments does not materially change the 10 year financial outlook as Moorabool Shire's 10 year Financial Plan is premised on 4 years of rate cap variations of 1% per annum. Please see attached to this briefing note an updated PDF version of the 10 year SFP based on the Draft 2016/17 Budget and the PDF version of the 3.5% budget submitted to the ESC in March for reference.

Conclusion

A number of changes have occurred to the budget since Council lodged its application to the ESC. Changes to the Budget will regularly occur as Council receives new information or confirmation of funding or known changes that will impact the timing of programs and projects.

Whilst Moorabool Shire does not believe the updated information materially impacts the 10 year financial outlook and its request for a 1% rate cap variation, Council has presented this updated information in the interest of ensuring that the ESC is aware of any changes that have occurred to the Draft 2016/17 Budget since Council submitted its application for a rate cap variation in 2016/17.

Option C - Strategic Financial Plan - 2016/17 to 2025/26											
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Key Assumptions											
General Assumptions											
Population (source: ID Forecast)	33,171	34,030	34,839	35,666	36,457	37,213	37,974	38,777	39,577	40,351	21.6%
Households (source: ID Forecast)	12,595	12,957	13,308	13,659	14,001	14,335	14,676	15,026	15,370	15,716	24.8%
Population per household	2.63	2.63	2.62	2.61	2.60	2.60	2.59	2.58	2.57	2.57	
Population Growth (PGF)	2.7%	2.6%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	2.16%
Household Growth (HGF)	3.0%	2.9%	2.7%	2.6%	2.5%	2.4%	2.4%	2.4%	2.3%	2.3%	2.48%
Future Consumer Price Index (CPI)	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
		2.75%									
Revenue Assumptions		0.07	0.015	0.025	0.005	-0.015	-0.015	-0.015	-0.015	-0.015	
Recurrent Grants (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Frozen Grants	2.7%	2.6%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
User Fees & Charges (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Statutory fees and fines (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Swap rates	2.90%	2.98%	3.07%	3.12%	3.18%	3.23%	3.29%	3.34%	3.34%	3.34%	
Other Revenue - Interest on investments	2.65%	2.73%	2.82%	2.87%	2.93%	2.98%	3.04%	3.09%	3.09%	3.09%	
Loan interest + 1.5%	4.40%	4.48%	4.57%	4.62%	4.68%	4.73%	4.79%	4.84%	4.84%	4.84%	
Non-recurrent Grants (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Non-recurrent Cash Contributions (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Expenditure Assumptions			3.50%								
Employee costs - base	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Employee costs - banding increment	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	
Defined Benefits Scheme (shortfall)											0
Materials and Services increase (CPI + PGF - eff. dividend) %	2.0%	2.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Utilities - Electricity (% above CPI & PGF)	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Utilities - Electricity total increase	7.0%	7.1%	5.9%	5.9%	5.7%	5.6%	5.5%	5.6%	5.6%	5.5%	
Utilities - Water (% above CPI & PGF)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Utilities - Water total increase	7.0%	7.1%	6.9%	6.9%	6.7%	6.6%	6.5%	6.6%	6.6%	6.5%	
Grants and Donations (CPI) %	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Strategic Decisions													
Long Term Borrowing Strategies													
SFP Proposed Loan Borrowings LGFV debt (\$'000)			427										
Adjustments to proposed loan borrowings (LGFV)			2,323	1,000	1,500	-	-	-	1,500	1,750	1,850	-	9,923
Revised Loan Borrowings as per modelling (LGFV)			427	406	-	184	894	1,663	-	-	-	-	3,574
LGFV Debt Repayment			2,750	1,406	1,500	184	894	1,663	1,500	1,750	1,850	-	13,497
Retention of Cash to fund principle repayments			-	-	-	-	-	4,695	4,476	2,750	1,406	1,500	14,827
			1,528	1,987	2,221	2,471	2,502	1,868	1,399	1,191	957	707	16,832
Statutory and Discretionary Reserves Strategies													
Cash up reserves			NO	NO	YES								
Rating and Other Revenue Strategies													
Projected Rate Cap (based on ESC report)			2.50%	2.85%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Rate Cap Variations			1.00%	1.00%	1.00%	1.00%							
Total Rate Increase			3.50%	3.50%	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Capital Works Program Strategies													
Additional Asset Renewal allowance			0	-322	1,009	440	595	4,912	4,764	5,057	5,455	6,256	28,166
Additional New Infrastructure projects													0
Additional Plant Replacement allowance													0
Capital Program Deferral													
Building and Construction Cost Escalation			4%										
Service Provision and Planning Strategies													
New Employees due to growth	-number			2	3								
Projected cost			0	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
			0	111	86	88	90	92	95	97	99	102	
Population Growth (PGF)	-% increase		0.0%	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
			2.7%										
New Initiatives (\$'000)	MAT			350									
			0	250	250	250	250	250	250	250	250	250	2,250
Specific Service Strategies													
- Proposed New Staff Yr1 ongoing impact	SAL		0	0	0	0							0
- Proposed New Staff Yr1 one off impact	SAL		0	0	0	0							0
- Proposed New Initiatives Yr1 with ongoing impact	MAT		0	0	0	0							0
- Proposed New Initiatives Yr1 with one off impact	MAT		200										200
- Proposed New Initiatives Yr2 + with one off impact	MAT			40	90	50							180
- Council elections (every 4 years)	MAT						130				150		280
- Other Service Initiatives 3	MAT												0
One Off Impacts on Materials & Contractors	MAT		200	290	107	16	137	-75	58	58	208	-96	901
One Off impact on Employee Costs	SAL		0	0	0	0	0	0	0	0	0	0	0
One Off impact on Operating Grants	GRNT		0	0	0	0	0	0	0	0	0	0	0
Future seed funding capex and future DB shortfalls	% of rates		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Future seed funding capex and future DB shortfalls	Dollar amount		134	141	148	156	162	169	176	184	192	200	1,662
Anticipated level of donated assets (\$'000)			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	45,000
Developer cash contribution one off (\$'000)			2,252	0	3,134	3,892	2,743	700	1,377	1,000	0	0	15,098
Efficiency dividend from Level of Service reviews / continuous improvement -:					2%								
Total Operating expenditure efficiency dividend			3.0%	3.0%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26												
		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Option C - Strategic Financial Plan - 2016/17 to 2025/26												
SFP model outcomes												
Financial Sustainability Indicators												
Underlying Result	> 0	10.9%	-0.5%	7.7%	10.4%	17.5%	14.8%	4.6%	2.9%	0.6%	0.1%	
Liquidity	> 1.0	1.46	1.71	1.91	2.19	1.75	1.61	1.59	1.63	1.59	1.68	
Self-financing	> 20%	35.6%	28.3%	34.1%	36.0%	42.0%	40.2%	33.3%	32.9%	31.3%	30.9%	
Indebtedness	< 40%	46.8%	45.6%	44.7%	41.5%	30.9%	23.7%	20.5%	20.8%	21.0%	20.2%	Average
Investment Gap	> 1.5	1.69	0.95	1.35	1.35	1.82	1.79	1.31	1.25	1.17	1.06	1.37
Renewal Gap	> 1	0.95	0.69	0.83	0.78	0.75	1.05	1.02	0.97	0.98	1.01	0.90
Prudential Loan Borrowing Requirements												
Liquidity	> 1.5	1.46	1.71	1.91	2.19	1.75	1.61	1.59	1.63	1.59	1.68	
Debt Mgmt - debt serv. costs/revenue	< 5%	1.6%	1.7%	1.4%	1.3%	1.1%	1.0%	0.9%	0.6%	0.6%	0.6%	
Debt Mgmt - total debt / rate revenue	< 60%	53.2%	51.0%	49.8%	44.8%	43.5%	33.6%	24.9%	21.5%	21.7%	17.5%	
Debt Exposure	< 50%	25.8%	26.0%	26.6%	24.1%	24.2%	21.5%	18.3%	17.9%	18.7%	16.7%	
Surplus available to fund 10 year Capital Program												
Operating Surplus		6,633	7,124	8,168	9,200	10,437	12,674	13,957	15,075	15,922	17,174	116,366
Reserves		2,353	103	3,239	4,000	2,853	813	1,493	1,119	122	125	16,219
Capital Grants & Contributions		4,726	1,379	2,029	2,279	9,400	9,400	1,900	1,900	1,550	900	35,461
Proceeds from Sale of Assets		414	373	382	392	402	412	422	433	444	455	4,129
Loan Borrowings		2,750	1,406	1,500	184	894	1,663	1,500	1,750	1,850	0	13,497
Accumulated and Current Year Surplus / (Deficit)		0	0	0	0	0	0	0	0	0	0	0
		16,876	10,385	15,319	16,054	23,986	24,961	19,273	20,277	19,888	18,653	185,672
10 year Capital Program												
Council Contribution to Moorabool Major Projects		2,521	1,500	866	708	2,057	300	1,123	1,750	1,850	0	12,675
External Funding for Moorabool Major Projects		4,079	500	4,284	5,292	11,243	9,200	2,377	2,000	650	0	39,625
New Infrastructure Projects		800	800	800	800	800	800	800	800	800	800	8,000
Asset Renewal Program		7,704	6,084	6,484	6,884	7,305	7,705	8,105	8,505	8,905	9,305	76,984
Plant Replacement Program		1,772	1,824	1,876	1,931	1,987	2,044	2,104	2,165	2,227	2,292	20,222
Additional Asset Renewal allowance		0	-322	1,009	440	595	4,912	4,764	5,057	5,455	6,256	28,166
Additional New Infrastructure projects		0	0	0	0	0	0	0	0	0	0	0
Additional Plant Replacement allowance		0	0	0	0	0	0	0	0	0	0	0
Capital Program Deferral		0	0	0	0	0	0	0	0	0	0	0
Total Capital Program		16,876	10,385	15,319	16,054	23,986	24,961	19,273	20,277	19,888	18,653	185,672
		0										
Councils Underlying Surplus												
Surplus as per VAGO	> 0	10.9%	-0.5%	7.7%	10.4%	17.5%	14.8%	4.6%	2.9%	0.6%	0.1%	
Underlying Surplus / (deficit) as per Annual Accounts	> 0	-0.3%	-0.4%	0.9%	2.4%	1.4%	1.8%	1.6%	0.5%	0.3%	0.9%	
Underlying Surplus / (deficit) in dollars	> 0	-134	-206	411	1,197	734	995	892	292	198	570	4,947

Option C - Strategic Financial Plan - 2016/17 to 2025/26											
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Key Assumptions											
General Assumptions											
Population (source: ID Forecast)	33,171	34,030	34,839	35,666	36,457	37,213	37,974	38,777	39,577	40,351	21.6%
Households (source: ID Forecast)	12,595	12,957	13,308	13,659	14,001	14,335	14,676	15,026	15,370	15,716	24.8%
Population per household	2.63	2.63	2.62	2.61	2.60	2.60	2.59	2.58	2.57	2.57	
Population Growth (PGF)	2.7%	2.6%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	2.16%
Household Growth (HGF)	3.0%	2.9%	2.7%	2.6%	2.5%	2.4%	2.4%	2.4%	2.3%	2.3%	2.48%
Future Consumer Price Index (CPI)	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
		2.75%									
Revenue Assumptions		0.07	0.015	0.025	0.005	-0.015	-0.015	-0.015	-0.015	-0.015	
Recurrent Grants (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Frozen Grants	2.7%	2.6%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
User Fees & Charges (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Statutory fees and fines (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Swap rates	2.90%	2.98%	3.07%	3.12%	3.18%	3.23%	3.29%	3.34%	3.34%	3.34%	
Other Revenue - Interest on investments	2.65%	2.73%	2.82%	2.87%	2.93%	2.98%	3.04%	3.09%	3.09%	3.09%	
Loan interest + 1.5%	4.40%	4.48%	4.57%	4.62%	4.68%	4.73%	4.79%	4.84%	4.84%	4.84%	
Non-recurrent Grants (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Non-recurrent Cash Contributions (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Expenditure Assumptions			3.50%								
Employee costs - base	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Employee costs - banding increment	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	
Defined Benefits Scheme (shortfall)											0
Materials and Services increase (CPI + PGF - eff. dividend) %	2.0%	2.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Utilities - Electricity (% above CPI & PGF)	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Utilities - Electricity total increase	7.0%	7.1%	5.9%	5.9%	5.7%	5.6%	5.5%	5.6%	5.6%	5.5%	
Utilities - Water (% above CPI & PGF)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Utilities - Water total increase	7.0%	7.1%	6.9%	6.9%	6.7%	6.6%	6.5%	6.6%	6.6%	6.5%	
Grants and Donations (CPI) %	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Strategic Decisions													
Long Term Borrowing Strategies													
SFP Proposed Loan Borrowings LGFV debt (\$'000)			2,323	1,000	1,500	-	-	-	-	250	1,850	-	6,923
Adjustments to proposed loan borrowings (LGFV)			467	406	-	184	894	1,663	-	-	-	-	3,614
Revised Loan Borrowings as per modelling (LGFV)			2,790	1,406	1,500	184	894	1,663	-	250	1,850	-	10,537
LGFV Debt Repayment			-	-	-	-	-	4,695	4,476	2,790	1,406	1,500	14,867
Retention of Cash to fund principle repayments			1,528	1,993	2,228	2,478	2,508	1,875	1,406	941	707	457	16,122
Statutory and Discretionary Reserves Strategies													
Cash up reserves			YES										
Rating and Other Revenue Strategies													
Projected Rate Cap (based on ESC report)			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Rate Cap Variations													
Total Rate Increase			3.50%	3.50%	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Capital Works Program Strategies													
Additional Asset Renewal allowance			0	315	-974	1,378	1,260	3,803	4,499	6,140	6,570	7,384	30,375
Additional New Infrastructure projects													0
Additional Plant Replacement allowance													0
Capital Program Deferral													
Building and Construction Cost Escalation			4%										
Service Provision and Planning Strategies													
New Employees due to growth	-number		0	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Projected cost			0	111	86	88	90	92	95	97	99	102	
	-% increase		0.0%	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Population Growth (PGF)			2.7%										
New Initiatives (\$'000)	MAT		0	250	250	250	250	250	250	250	250	250	2,250
Specific Service Strategies													
- Proposed New Staff Yr1 ongoing impact	SAL		0	0	0	0							0
- Proposed New Staff Yr1 one off impact	SAL		0	0	0	0							0
- Proposed New Initiatives Yr1 with ongoing impact	MAT		0	0	0	0							0
- Proposed New Initiatives Yr1 with one off impact	MAT		200										200
- Proposed New Initiatives Yr2 + with one off impact	MAT			40	90	50							180
- Council elections (every 4 years)	MAT						130				150		280
- Other Service Initiatives 3	MAT												0
One Off Impacts on Materials & Contractors	MAT		200	290	107	16	137	-75	58	58	208	-96	901
One Off impact on Employee Costs	SAL		0	0	0	0	0	0	0	0	0	0	0
One Off impact on Operating Grants	GRNT		0	0	0	0	0	0	0	0	0	0	0
Future seed funding capex and future DB shortfalls	% of rates		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Future seed funding capex and future DB shortfalls	Dollar amount		135	142	149	157	163	170	177	185	193	201	1,671
Anticipated level of donated assets (\$'000)			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	45,000
Developer cash contribution one off (\$'000)			252	2,077	777	3,211	3,969	2,820	1,377	1,000	0	0	15,483
Efficiency dividend from Level of Service reviews / continuous improvement -:					2%								
Total Operating expenditure efficiency dividend			3.0%	3.0%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Option C - Strategic Financial Plan - 2016/17 to 2025/26													
SFP model outcomes													
Financial Sustainability Indicators													
Underlying Result	> 0		8.3%	10.4%	8.5%	10.2%	17.5%	16.8%	7.8%	6.2%	1.7%	1.2%	
Liquidity	> 1.0		1.33	1.77	1.97	2.25	1.80	1.65	1.63	1.66	1.60	1.67	
Self-financing	> 20%		33.6%	35.7%	34.4%	35.7%	41.8%	41.4%	35.4%	34.9%	31.9%	31.4%	
Indebtedness	< 40%		46.1%	45.0%	44.1%	41.0%	30.6%	23.5%	17.0%	14.3%	14.7%	14.1%	Average
Investment Gap	> 1.5		1.75	1.30	1.39	1.35	1.82	1.91	1.35	1.31	1.23	1.11	1.45
Renewal Gap	> 1		0.91	0.76	0.65	0.86	0.80	0.97	0.99	1.03	1.04	1.07	0.91
Prudential Loan Borrowing Requirements													
Liquidity	> 1.5		1.33	1.77	1.97	2.25	1.80	1.65	1.63	1.66	1.60	1.67	
Debt Mgmt - debt serv. costs/revenue	< 5%		1.7%	1.5%	1.4%	1.3%	1.0%	0.9%	0.8%	0.4%	0.4%	0.3%	
Debt Mgmt - total debt / rate revenue	< 60%		52.8%	50.6%	49.4%	44.5%	43.3%	33.4%	21.0%	14.1%	14.6%	10.7%	
Debt Exposure	< 50%		26.0%	25.9%	26.4%	24.0%	24.0%	21.4%	17.1%	15.5%	16.3%	14.6%	
Surplus available to fund 10 year Capital Program													
Operating Surplus			6,814	7,312	8,385	9,427	10,675	12,926	14,270	15,725	16,593	17,847	119,975
Reserves			2,353	180	882	3,319	4,079	2,933	1,493	1,119	122	125	16,604
Capital Grants & Contributions			5,088	4,852	4,631	2,671	8,052	8,712	3,822	3,833	1,994	1,355	45,009
Proceeds from Sale of Assets			414	373	382	392	402	412	422	433	444	455	4,129
Loan Borrowings			2,790	1,406	1,500	184	894	1,663	0	250	1,850	0	10,537
Accumulated and Current Year Surplus / (Deficit)			0	0	0	0	0	0	0	0	0	0	0
			17,459	14,123	15,781	15,993	24,102	26,645	20,008	21,360	21,002	19,781	196,253
10 year Capital Program													
Council Contribution to Moorabool Major Projects			5,106	-577	3,448	389	2,031	1,073	623	250	1,850	0	14,193
External Funding for Moorabool Major Projects			1,929	5,677	4,147	4,611	10,719	11,220	3,877	3,500	650	0	46,330
New Infrastructure Projects			1,313	800	800	800	800	800	800	800	800	800	8,513
Asset Renewal Program			7,704	6,084	6,484	6,884	7,305	7,705	8,105	8,505	8,905	9,305	76,984
Plant Replacement Program			1,408	1,824	1,876	1,931	1,987	2,044	2,104	2,165	2,227	2,292	19,858
Additional Asset Renewal allowance			0	315	-974	1,378	1,260	3,803	4,499	6,140	6,570	7,384	30,375
Additional New Infrastructure projects			0	0	0	0	0	0	0	0	0	0	0
Additional Plant Replacement allowance			0	0	0	0	0	0	0	0	0	0	0
Capital Program Deferral			0	0	0	0	0	0	0	0	0	0	0
Total Capital Program			17,460	14,123	15,781	15,993	24,102	26,645	20,008	21,360	21,002	19,781	196,253
			0										
Councils Underlying Surplus													
Surplus as per VAGO	> 0		8.3%	10.4%	8.5%	10.2%	17.5%	16.8%	7.8%	6.2%	1.7%	1.2%	
Underlying Surplus / (deficit) as per Annual Accounts	> 0		0.1%	0.1%	1.3%	2.7%	1.8%	2.2%	2.0%	1.0%	0.8%	1.3%	
Underlying Surplus / (deficit) in dollars	> 0		48	64	625	1,406	948	1,221	1,138	596	495	846	7,387

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK (LGPRF) – FINANCIAL INDICATORS

Please complete the tables below. These tables utilise the existing LGPRF financial indicator projections for the next 4 years (or longer if available), and provide updated scenarios based on a) the proposed higher cap, and b) based on the average rate cap of 2.5 per cent. This information will aid in demonstrating the potential impacts to the Council with and without the higher cap.

Council's financial position *without* the proposed higher cap

LGPRF indicator	2014-15 (Actual)	2015-16 (Forecast actual)	2016-17 (Cap Year)	Forecast	
				2017-18	2018-19
Operating position					
Adjusted underlying result (%) (measure 54)	-0.43%	-5.67%	2.95%	-2.38%	-1.81%
Liquidity					
Working capital ratio (measure 55)	183.45%	134.45%	133.27%	177.00%	196.14%
Unrestricted cash ratio (%) (measure 56)	52.20%	61.81%	66.35%	69.17%	70.04%
Obligations					
Loans and borrowings (%) (measure 57)	43.54%	51.25%	52.82%	50.39%	53.86%
Loans and borrowing repayments (%) (measure 58)	8.84%	7.93%	7.59%	6.97%	6.02%
Indebtedness (%) (measure 59)	41.11%	47.05%	46.06%	44.68%	47.77%
Asset renewal (%) (measure 60)	99.79%	136.40%	91.47%	72.96%	73.76%

Council's financial position *with* the proposed higher cap

LGPRF indicator	2014-15 (Actual)	2015-16 (forecast actual)	2016-17 (Cap Year)	Forecast	
				2017-18	2018-19
Operating position					
Adjusted underlying result (%) (measure 54)	-0.43%	-5.67%	3.50%	-1.21%	0.01%
Liquidity					
Working capital ratio (measure 55)	183.47%	134.45%	133.27%	177.28%	196.97%
Unrestricted cash ratio (%) (measure 56)	52.20%	61.81%	66.10%	68.92%	70.11%
Obligations					
Loans and borrowings (%) (measure 57)	43.54%	51.28%	52.83%	50.63%	49.43%
Loans and borrowing repayments (%) (measure 58)	8.84%	7.94%	7.53%	6.90%	5.77%
Indebtedness (%) (measure 59)	41.11%	47.05%	46.12%	44.96%	44.09%
Asset renewal (%) (measure 60)	99.79%	136.40%	91.47%	75.81%	65.03%

Option C - Strategic Financial Plan - 2016/17 to 2025/26											
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Key Assumptions											
General Assumptions											
Population (source: ID Forecast)	33,171	34,030	34,839	35,666	36,457	37,213	37,974	38,777	39,577	40,351	21.6%
Households (source: ID Forecast)	12,595	12,957	13,308	13,659	14,001	14,335	14,676	15,026	15,370	15,716	24.8%
Population per household	2.63	2.63	2.62	2.61	2.60	2.60	2.59	2.58	2.57	2.57	
Population Growth (PGF)	2.7%	2.6%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	2.16%
Household Growth (HGF)	3.0%	2.9%	2.7%	2.6%	2.5%	2.4%	2.4%	2.4%	2.3%	2.3%	2.48%
Future Consumer Price Index (CPI)	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
		2.75%									
Revenue Assumptions		0.07	0.015	0.025	0.005	-0.015	-0.015	-0.015	-0.015	-0.015	
Recurrent Grants (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Frozen Grants	2.7%	2.6%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
User Fees & Charges (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Statutory fees and fines (CPI + PGF)	5.0%	5.1%	4.9%	4.9%	4.7%	4.6%	4.5%	4.6%	4.6%	4.5%	
Swap rates	2.90%	2.98%	3.07%	3.12%	3.18%	3.23%	3.29%	3.34%	3.34%	3.34%	
Other Revenue - Interest on investments	2.65%	2.73%	2.82%	2.87%	2.93%	2.98%	3.04%	3.09%	3.09%	3.09%	
Loan interest + 1.5%	4.40%	4.48%	4.57%	4.62%	4.68%	4.73%	4.79%	4.84%	4.84%	4.84%	
Non-recurrent Grants (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Non-recurrent Cash Contributions (CPI)	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Expenditure Assumptions			3.50%								
Employee costs - base	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Employee costs - banding increment	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	
Defined Benefits Scheme (shortfall)											0
Materials and Services increase (CPI + PGF - eff. dividend) %	2.0%	2.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Utilities - Electricity (% above CPI & PGF)	2.0%	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Utilities - Electricity total increase	7.0%	7.1%	5.9%	5.9%	5.7%	5.6%	5.5%	5.6%	5.6%	5.5%	
Utilities - Water (% above CPI & PGF)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Utilities - Water total increase	7.0%	7.1%	6.9%	6.9%	6.7%	6.6%	6.5%	6.6%	6.6%	6.5%	
Grants and Donations (CPI) %	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Strategic Decisions													
Long Term Borrowing Strategies			326										
SFP Proposed Loan Borrowings LGFV debt (\$'000)			2,323	1,000	1,500	-	-	-	-	250	1,850	-	6,923
Adjustments to proposed loan borrowings (LGFV)			326	198	1,397	-	643	-	-	-	-	-	2,564
Revised Loan Borrowings as per modelling (LGFV)			2,649	1,198	2,897	-	643	-	-	250	1,850	-	9,487
LGFV Debt Repayment			-	-	-	-	-	4,695	4,476	2,649	1,198	2,897	15,914
Retention of Cash to fund principle repayments			1,528	1,970	2,170	2,652	2,652	1,977	1,231	790	590	107	15,668
Statutory and Discretionary Reserves Strategies													
Cash up reserves			NO	NO	NO	YES	NO	YES	NO	NO	NO	NO	
Rating and Other Revenue Strategies				2.85%									
Projected Rate Cap (based on ESC report)			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Rate Cap Variations													
Total Rate Increase			2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	
Capital Works Program Strategies													
Additional Asset Renewal allowance			0	0	0	189	0	1,182	3,788	5,341	5,668	6,675	22,842
Additional New Infrastructure projects													0
Additional Plant Replacement allowance													0
Capital Program Deferral													
Building and Construction Cost Escalation			4%										
Service Provision and Planning Strategies													
New Employees due to growth	-number			2	3								
Projected cost			0	2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
			0	111	86	88	90	92	95	97	99	102	
Population Growth (PGF)	-% increase		0.0%	1.0%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
			2.7%										
New Initiatives (\$'000)	MAT			350									
			0	250	250	250	250	250	250	250	250	250	2,250
Specific Service Strategies													
- Proposed New Staff Yr1 ongoing impact	SAL		0	0	0	0							0
- Proposed New Staff Yr1 one off impact	SAL		0	0	0	0							0
- Proposed New Initiatives Yr1 with ongoing impact	MAT		0	0	0	0							0
- Proposed New Initiatives Yr1 with one off impact	MAT		200										200
- Proposed New Initiatives Yr2 + with one off impact	MAT			40	90	50							180
- Council elections (every 4 years)	MAT						130				150		280
- Other Service Initiatives 3	MAT												0
One Off Impacts on Materials & Contractors	MAT		200	290	107	16	137	-75	58	58	208	-96	901
One Off impact on Employee Costs	SAL		0	0	0	0	0	0	0	0	0	0	0
One Off impact on Operating Grants	GRNT		0	0	0	0	0	0	0	0	0	0	0
Future seed funding capex and future DB shortfalls	% of rates		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Future seed funding capex and future DB shortfalls	Dollar amount		134	139	145	151	157	164	171	178	185	193	1,615
Anticipated level of donated assets (\$'000)			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	45,000
Developer cash contribution one off (\$'000)			252	2,077	777	3,211	3,969	2,820	1,377	1,000	0	0	15,483
Efficiency dividend from Level of Service reviews / continuous improvement -:					2%								
Total Operating expenditure efficiency dividend			3.0%	3.0%	2.4%	2.4%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	

Option C - Strategic Financial Plan - 2016/17 to 2025/26			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Option C - Strategic Financial Plan - 2016/17 to 2025/26													
SFP model outcomes													
Financial Sustainability Indicators													
Underlying Result	> 0		7.8%	9.5%	7.0%	8.3%	15.9%	15.3%	6.1%	4.5%	-0.2%	-0.6%	
Liquidity	> 1.0		1.33	1.77	1.96	2.25	1.81	1.67	1.66	1.69	1.48	1.59	
Self-financing	> 20%		33.3%	35.1%	33.5%	34.3%	40.7%	40.3%	34.0%	33.5%	30.3%	29.8%	
Indebtedness	< 40%		46.1%	44.7%	47.8%	44.3%	32.9%	21.7%	15.4%	13.2%	10.9%	10.8%	Average
Investment Gap	> 1.5		1.71	1.24	1.44	1.21	1.70	1.70	1.29	1.25	1.17	1.07	1.38
Renewal Gap	> 1		0.91	0.73	0.74	0.76	0.71	0.79	0.95	0.99	0.99	1.04	0.86
Prudential Loan Borrowing Requirements													
Liquidity	> 1.5		1.33	1.77	1.96	2.25	1.81	1.67	1.66	1.69	1.48	1.59	
Debt Mgmt - debt serv. costs/revenue	< 5%		1.7%	1.5%	1.5%	1.4%	1.1%	0.9%	0.8%	0.4%	0.4%	0.2%	
Debt Mgmt - total debt / rate revenue	< 60%		52.8%	50.4%	53.9%	48.6%	46.5%	31.8%	19.0%	12.4%	13.4%	6.3%	
Debt Exposure	< 50%		25.9%	25.6%	27.4%	24.8%	24.7%	20.8%	16.5%	15.1%	16.1%	13.4%	
Surplus available to fund 10 year Capital Program													
Operating Surplus			6,555	6,805	7,563	8,022	9,265	11,567	13,159	14,526	15,292	16,738	109,492
Reserves			2,353	180	882	3,319	4,079	2,933	1,493	1,119	122	125	16,604
Capital Grants & Contributions			5,088	4,852	4,631	2,671	8,052	8,712	3,822	3,833	1,994	1,355	45,009
Proceeds from Sale of Assets			414	373	382	392	402	412	422	433	444	455	4,129
Loan Borrowings			2,649	1,198	2,897	0	643	0	0	250	1,850	0	9,487
Accumulated and Current Year Surplus / (Deficit)			0	0	0	0	0	0	0	0	0	0	0
			17,059	13,407	16,355	14,403	22,442	23,624	18,896	20,160	19,701	18,672	184,720
10 year Capital Program													
Council Contribution to Moorabool Major Projects			5,106	-577	3,448	389	2,031	1,073	623	250	1,850	0	14,193
External Funding for Moorabool Major Projects			1,929	5,677	4,147	4,611	10,719	11,220	3,877	3,500	650	0	46,330
New Infrastructure Projects			913	400	400	400	400	400	400	400	400	400	4,513
Asset Renewal Program			7,704	6,084	6,484	6,884	7,305	7,705	8,105	8,505	8,905	9,305	76,984
Plant Replacement Program			1,408	1,824	1,876	1,931	1,987	2,044	2,104	2,165	2,227	2,292	19,858
Additional Asset Renewal allowance			0	0	0	189	0	1,182	3,788	5,341	5,668	6,675	22,842
Additional New Infrastructure projects			0	0	0	0	0	0	0	0	0	0	0
Additional Plant Replacement allowance			0	0	0	0	0	0	0	0	0	0	0
Capital Program Deferral			0	0	0	0	0	0	0	0	0	0	0
Total Capital Program			17,060	13,407	16,355	14,403	22,442	23,624	18,896	20,160	19,701	18,672	184,720
			0										
Councils Underlying Surplus													
Surplus as per VAGO	> 0		7.8%	9.5%	7.0%	8.3%	15.9%	15.3%	6.1%	4.5%	-0.2%	-0.6%	
Underlying Surplus / (deficit) as per Annual Accounts	> 0		-0.5%	-1.0%	-0.5%	0.4%	-0.5%	0.1%	0.0%	-1.0%	-1.2%	-0.6%	
Underlying Surplus / (deficit) in dollars	> 0		-213	-460	-236	181	-277	41	-8	-579	-721	-384	-2,657