Concerned Petitioners, Ratepayers and Stakeholders Group
Murrindindi Shire

15th August 2016

The Secretary,
Standing Committee on Environment and Planning
Parliament House
Spring Street
MELBOURNE, VIC, 3002.

Dear Sir, Madam,

Re: INQUIRY INTO RATE CAPPING POLICY – CALL FOR SUBMISSIONS

Following on last Wednesday’s meetings with Government we have been made aware of the Standing Committee on Environment and Planning.

Please find attached our Submission (Without Prejudice) for the inquiry into Rate Capping Policy and its impacts in the Murrindindi Municipality for consideration.

We support the Government policy of Council Rate Capping but it must be fair and equitable to all concerned in a transparent and accountable manner. The approach of the Murrindindi Shire appears to be a misinterpretation of the policy requirements and somewhat ambiguous in its intent and totally inadequate in its transparency and lack of meaningful consultation with the Community.

Our Group was formed by necessity in response to growing and ongoing concerns of the Community, Ratepayers and Stakeholders who have been impacted upon by the implementation of the Rate Capping Policy and the interpretation and actions by the Murrindindi Shire Council.

Our detailed submission is outlined in the attached documents.

We would appreciate the opportunity to give evidence in support of our Submission.

Should further information or clarification be required please do not hesitate to contact our Group.

Yours faithfully

[Signature]

David Hunt-Sharman
On behalf of
Lyn Gunter
Part 1 COMMUNITY KEY ISSUES OF CONCERN:-

- Four previous Petition Requests for investigation and corrective action have been presented to no avail.
- The Murrindindi Shire Council (MSC) have no accountability to Residents/Ratepayers/Stakeholders
- MSC denies the Community meaningful consultation and even when consultation occurs does not take Community concerns into consideration.
- There is a total lack of transparency; no relevant information or reporting provided when requested and a palpable arrogance with regard to the Community.
- Budget Forecasts and media releases mislead the Community and misrepresent the real financial position of the MSC.
- This has apparently occurred in the calculation of Rates for 2013/14; 2014/15; 2015/16 and now 2016/17 to the point of possibly misleading the ESCV.
- Reserves and Unrestricted Reserves for 2016 are misleading as the 2013 Strategic Resource Plan show reserve of $9.01 million yet the 2016/17 Budget show Cash and Cash Equivalents of $23.23 million.
- Perceived mismanagement and incorrect reporting of Capital Works Programs and Year to Year accounting.
- MSC mismanagement and funds wastage in relation to the Bushfire Memorials; Yea Caravan Park; Alexandra Library; proposed Kinglake Cemetery; Kinglake West Motel ; Yea Saleyards and stewardship of Alexandra Senior Citizens Hall to name as some examples of the failure to communicate openly and honestly with the Community.
- Inappropriate appointment and management of Staff issues are of ongoing concern as well as Governance issues concerning complaints and legal costs

2016/17 MSC BUDGET KEY ISSUES OF CONCERN:-

- Despite the Mayor’s introduction to the budget there was no opportunity given to the Community for broad and meaningful consultation.
- Especially with regard to intended representation to the Essential Services Commission of Victoria (ESCV) on the important issue of rate capping or exemptions.
- Disparity in the manner in which the capital budget was presented in 2015 and now in 2016/17 gives cause for Community concern.
- Perceived contradiction in MSC policy whereby they have increased rates but have indicated their intention to “transfer responsibility to community groups and committees for operational and financial management of community assets” which is ambiguous in its intent.

COMMUNITY REQUESTS:-

- The Community requests a Government Investigation and Audit of the Murrindindi Shire Council 2016/17 Budget as well as the past three Budgets for compliance with the National Asset Management Framework and other related obligations.
- The Community requests a review by ESCV into the representations made by the MSC; the handling of Community submissions; the terms and conditions of the ESCV Rate exemptions and the application of said exemptions by MSC. The apparent lack of policing by ESCV is of Community concern. (Refer Attachment 1)
- The Community requests an audit be undertaken of the Murrindindi Shire Council operations; Management practices and Financial Management preferably prior to the November Council elections.
Part 2 OVERVIEW

(All referenced documentation, figures and calculations are taken from published Murrindindi Shire Council documents.)

As Delegates of the Community we bring to your attention the following matters of concern, as highlighted below, that are being raised by an increasing number of Residents/Ratepayers/Stakeholders within the Murrindindi Shire. It seems the more we look at the Budgets, Financial Reports and other documents of Council the more that the concerns grow.

There have been Four Petitions over the last Seven Years where Ratepayers/Residents/Stakeholders have requested Administrators. With the latest Petition, presented on 10th August, we were disappointed when we were alerted to the removal of the most recent Petition at seven locations by person/s unknown. A total of 1294 signatures were collected.

We understand that Council elections are close but have requested that the Government consider these serious matters we present for detailed investigation. We are aware that Staff, under the direction of the CEO, provides information to Council and that ultimately the CEO is responsible for what is presented to Councillors. We contend that following the 2009 Bushfires, Council was pessimistic with regard to the Shire’s future viability.

The 2011/12 Budget Forecast indeed appeared to show that Council would have liquidity problems however outcomes in the following years proved this not to be the case but the thinking has remained the same without regard to the financial situation. In fact Council Rate Income has increased from $13.4 Mil to $19.0 Mil and Reserves from $7.1 Mil to $23.2 since 2011/12 to 2016/17 according to published Council Budgets.

Rates and Charges:-

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</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>$11.5 Mil</td>
<td>$11.3 Mil</td>
<td>$12.3 Mil</td>
<td>$13.4 Mil</td>
<td>$14.3 Mil</td>
<td>$15.5 Mil</td>
<td>$16.5 Mil</td>
<td>$18.0 Mil</td>
<td>$19.0 Mil</td>
</tr>
</tbody>
</table>

Reserves :-

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>$3.4 Mil</td>
<td>$4.7 Mil</td>
<td>$11.5 Mil</td>
<td>$7.1 Mil</td>
<td>$10.3 Mil</td>
<td>$10.1 Mil</td>
<td>$14.2 Mil</td>
<td>$19.9 Mil</td>
<td>$23.2 Mil</td>
</tr>
</tbody>
</table>

We believe by Council presenting this pessimistic outlook it appears to be used as ongoing validation for unjustified reserves.

Rates - In 2015/16 while the Community were told there was a 6% Rate Increase in the General Rate the Budget Appendix B pp 57-58 shows very clearly that it was 9.9%. Council submitted an Application to the ESC and provided a Response to Submissions received by the ESC specifically in the area of community consultation and submission. The Council, via an email from the Mayor, did not undertake any Community Consultation on the rate variation prior to their application. We believe the documentation provided shows Council has misled ESC. We provide extracts from Councils response to the ESC of questions raised by submitters. The attached budget figures show the council DID NOT include the supplementary Rate of 1 % in the 9.9% as stated by Council. Refer Attachment (Budget pp 57-58)

Reserves and Unrestricted Reserves 2016 – The 2013 Strategic Resource Plan show reserves of $9.01 million yet the Budget show Cash and Cash Equivalents of $23,234 million. Refer Spread Sheet and Attachment (SRP p 62)
Discrepancies in previous Budget Figures – 12/13, 13/14 & 14/15

**Capital Works** – A number of Budgets show the delivery of service is only up to 50% **YEAR AFTER YEAR**. There were items budgeted in the 13/14 budget that had been budgeted in the 12/13 year. Example Bridge component renewal. Council cannot be seen to be delivering or being transparent in what they want all the extra funding for. The cost of road sealing is approximately 300% more than other Councils at $216.85 per square meter. The annual financial reports clearly demonstrate that the expenditure for capital works has not met budget expectations from year to year. The under spend each year is significant and it is apparent that only grant funded works are being carried out. An audit of capital works program and Council’s capacity to deliver could be warranted.

**Community Consultation** is sorely lacking with the Council failing to undertake the required Community consultation needed by ESCV prior to Council making a submission to ESCV for a Rate Increase above CPI. The lack of consultation and transparency goes back to 2010 and in the years that followed of major community concern were the changes to the Alexandra Library. The cost of library service is over double of other Shires and one third more than similar Shires. The current Kinglake West application for a Motel is concerning in that it appears it does not comply with the KFT Plan; The C54 Amendment is yet another instance and the proposed Kinglake Cemetery and C59 Planning Amendment are further examples of the failure to communicate openly and honestly with the Community.

**Memorials** - It is over seven years since the devastating fires of Black Saturday yet NO MEMORIALS have been built within the Shire. Of the $600,000.00 provided for those Memorials approximately $295,000.00 has been spent on Consultants, (current consultation included in this amount is $95,000.00) without explanation or transparency.

**CEO** – While the Council is saying they are financially strapped they gave the CEO a $23,000 salary increase, (over 10%).

**Staff** – **Outdoor Staff cut by 11 in 2013.** Council is increasing staff by another 10 EFT stating 5.9 of these are via grants, grants that as we understand are via HACC. What is unstated are the other 4.1 EFT where they will be working? It should also be noted the Crs Healy and Lording requested a copy of the Staff Satisfaction Survey prior to the reappointment of the CEO early this year. This request was denied.

**Governance** – Complaints against the CEO by Councillors will be at the discretion of the CEO or Mayor to determine if action is taken. Refer Attachment (Code of Conduct p11)

**Legal and Consultancy Expenses** – have significantly increased with no substantiation nor transparency of what this expense is for. The Council claimed lack of funds that meant they were unable to afford assistance in preparation of the ESCV Submissions however, Consultants fees remain unexplained, CEO receives an increase in income and legal fees are extraordinarily high. Surely the reserves dollars could include the cost of labour for planning and estimating as well as providing the balance of staff required to deliver the proposed programs. If not the estimates are flawed. Keeping the processes in house and without meaningful consultation could raise the question of possible manipulation of fact.
Part 3 COMMUNITY CONCERNS

2016/17 MSC Budget Information

We will begin with the Mayor’s introduction to the budget. The opening statement is that they, Councillors, are listening to the Community as follows:

“As Councillors, it is our job to listen to community sentiment and expressed wishes and to understand your priorities. Since we started our term in 2012, we have consistently heard that Council’s services are valued by the community, particularly those that more directly affect people’s wellbeing and quality of life. We have also heard the clearly expressed desire for Council to remain financially responsible whilst keeping rates as low as possible. In response, Council has initiated a whole of organisation approach to identify savings that will not impact on its services, so that ratepayers can receive increased value for money.”

Despite this statement the Council DID NOT CONSULT with the community as required by the Essential Services Commission Victoria, ESCV, on the important issue of Rate Capping above CPI.

The reality in general terms is that the opposite of what the Mayor has stated is occurring. This is the feeling confirmed by the Community and those Staff who will speak up. The satisfaction survey also supports the fact that there is little positive feedback about the wishes, needs and opinions of Community and Staff.

2015/16

- Murrindindi Council stated a Rate Rise of 6% as per the SRP.
- Actual Rate Rise 9.9% as per Budget Appendix B.
- Council granted 4.3% Rate Rise by ESCV.
- By including Supplementary Rates in 2015/16 figures and not in 2016/17 figures, Council actually gained an increase of 5.6%.
- The extra increases referred to above have raised the base on which all future rates are calculated.
- This increase boosts Council revenue by this extra percentage each and every year into the future.

The decision to grant a 4.3% Rate increase by the ESCV has obviously been approved on the grounds that the Shire is suffering hardship as a result of the bushfire recovery and gifted assets. (Reality from the figures provided it is a 5.6% Rate increase not 4.3%) Obviously some constructive evidence was provided to be awarded this leniency. This evidence would most likely have come from the Asset Management database, a document we have not been able to obtain. We notice the different manner in which the Capital budget was presented in 2015 and in the most recent budget. You will also see the assets are in different categories and groups.

Being able to increase rates by a further 1.3% this financial year with the added bonus of 9.9% from 2015/16 this has an accumulative effect meaning that the budgeting for future budgets is distorted or inflated.

Council has stated their intention to go above the capping with hugely increased rates for commercial operators and then stated their intention to transfer responsibility to community groups and committees for operational and financial management of certain community assets in order to give our communities a greater say in how community assets are managed into the future.

So they are asking the Community to give Council more money to manage and maintain the Council assets and then proposing to transfer the responsibility to community groups and committees to find their own funds and management costs to maintain the assets. If this occurs then why does Council need so much money for the maintenance and service of assets?
CONCLUSION

We just don’t understand why Councillors and the Community are not provided with the correct funding information.

Our concerns are that the funds being gathered are in excess of what is reasonably required and that while our Council purports to sustainable futures, financial management skills, open and transparent processes our Council is far from showing any of these qualities.

Even though the value of properties on which Council calculate rates has decreased, the actual revenue collected by Council and the reserves held by Council have increased significantly and Council’s ongoing claims of detrimental financial effects of the bushfires cannot be justified.

Since the 2009 bushfires, Council Rates and Charges have risen from $11.5 Mil (2008/09) to $19.0 Mil 2016/17) and Reserves have risen from $3.4 Mil to $23.4 Mil over the eight year period.

The SRP of 2013 showed Reserve in 2016/17 of $9.0 Mil and in the 2016/17 Budget shows $23.2 Mil so in the three years period since SRP was published this estimate has increased by $14.2 Mil. ?

This demonstrates Council claims of financial stress appear misleading and cannot be justified by budget figures.

When the long term financial plan was initially developed post the bushfires, the estimates were not based on any true science as there was no other disaster recovery to compare.

In the years that have followed the financial reports have proved more favourable than anticipated and Council should be grateful for that.

However, given the huge gap between estimated and actual outcomes it might be that Council needs now to relax its pressure on the affected ratepayers and reconsider its future planning.

It is not sound financial management to put so much towards future benefit at the cost of today’s ratepayers.

We accept the need for reasonable and responsible rate increases.

Increases in Rates and Reserves in general all come out of the Ratepayers pocket.

There is a finite limit on how much our Ratepayers can be expected to contribute.

There is much evidence to suggest the assumptions put forward require validation.

We thank the Committee for considering our Submission.

Lyn Gunter  Lyn Bailey  David Hunt-Sharman

On behalf of Concerned Petitioners, Ratepayers and Stakeholders Group

Murrindindi Shire.
Attachment 1

- ESCV investigative and policing powers:-
  Essential Services Commission Act 2001
  p32 Part 4 Sect 37 (6)
  p41 Part 5 Sect 44 (5)
  p43 Part 5 Sect 46 (1)
  p 49 Part 7 Sect 53 (2b)


Essential Services Commission Act 2001
Act No. 62/2001
Part 4—Collection and Use of Information

(4) A person who without lawful excuse fails to comply with any requirement made under this section in a notice given to the person is guilty of an offence.

Penalty: 120 penalty units.

(5) It is a lawful excuse for the purposes of sub-section (4) that compliance may tend to incriminate the person or make the person liable to a penalty for any other offence.

(5A) Despite anything to the contrary in any other Act or law, a person who is a member or employee of a statutory body is not to be found guilty of an offence or to be in breach of a statutory duty by providing information or a copy of a document to the Commission if—

(a) the person provides information or a copy of a document to the Commission in compliance with a requirement under this section; and

(b) the Commission made the requirement in the performance of its functions under section 10A; and

(c) nothing in the information or document provided could lead to the identification of an individual insurance policy holder or indemnified person.

(6) A person must not, in purported compliance with a requirement, knowingly give the Commission information that is false or misleading.

Penalty: 120 penalty units or imprisonment for 6 months.
44. Powers relating to inquiries

(1) The Commission may serve upon any person a summons to—

(a) provide specified information; or

(b) produce specified documents; or

(c) appear before the Commission to give evidence.

(2) The Commission may make an order for the manner of service, including substituted service, of a summons under sub-section (1).

(3) A person who without lawful excuse disobeys a summons of the Commission is guilty of an offence.

Penalty: 60 penalty units.

(4) It is a lawful excuse for the purposes of sub-section (3) that compliance may tend to incriminate the person or make the person liable to a penalty for any other offence.

(5) A person must not give information which he or she knows is false or misleading to the Commission.

Penalty: 120 penalty units or imprisonment for 6 months.

(6) A person must not—

(a) threaten, intimidate or coerce another person; or

(b) take, threaten to take, incite or be involved in any action that causes another person to suffer any loss, injury or disadvantage—because that other person assisted, or intends to assist, any inquiry conducted by the Commission.

Penalty: 120 penalty units.
Essential Services Commission Act 2001
Act No. 62/2001
Part 5—Inquiries and Reports

(6) The Minister must, after the final report has been laid before each House of the Parliament, or if the Parliament is not sitting, within 30 days after receiving a final report, ensure that a copy of the final report is available for public inspection.

(7) After the Minister has made a final report publicly available, the Commission must ensure that copies are made publicly available.

46. Special reports

(1) If in the course of an inquiry the Commission considers that there is another matter on which the Commission should report to the Minister, the Commission may do so, in the final report or in a special report.

(2) If the Commission prepares a special report, subsections (5), (6) and (7) of section 45 apply to the special report as if it were a final report.
PART 7—GENERAL

53. Enforcement orders

(1) This section applies if a person has contravened or is contravening or, in the opinion of the Commission, is likely to contravene—

(a) a determination; or

(b) if the Commission is under the relevant legislation or by virtue of an Order made under section 4 responsible for licensing, the conditions of a licence—

and the Commission considers that the contravention or likely contravention is not of a trivial nature.

(2) The Commission may serve a provisional order or a final order on the person requiring the person—

(a) to comply with the determination or licence condition; and

(b) if a contravention has already occurred, to take such actions as are specified in the order to rectify the contravention.

(3) Unless sooner withdrawn by the Commission, a provisional order has effect for a period of 7 days commencing on the day that it is served.

(4) The Commission may serve another provisional order upon the expiry of a preceding provisional order.

(5) If the Commission has made a provisional order, the Commission must not make a final order if—

(a) the person has undertaken to comply with the determination or licence condition; or
Appendix B

Rates and charges

This appendix presents information which the Act and the Regulations require to be disclosed in the Council’s annual budget.

Rates and charges

1. Rates and charges

1.1 The rate in the dollar to be levied as general rates under section 158 of the Act for each type or class of land compared with the previous financial year

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>2014/15 cents/SCIV</th>
<th>2015/16 cents/SCIV</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General rate for rateable residential properties</td>
<td>0.3222</td>
<td>0.3415</td>
<td>6.00%</td>
</tr>
<tr>
<td>General rate for rateable commercial industrial properties</td>
<td>0.3222</td>
<td>0.4269</td>
<td>32.60%</td>
</tr>
<tr>
<td>Differential rate for rateable Rural 1 properties</td>
<td>0.2416</td>
<td>0.2561</td>
<td>6.00%</td>
</tr>
<tr>
<td>General rate for rateable Rural 2 properties</td>
<td>0.3222</td>
<td>0.3415</td>
<td>6.00%</td>
</tr>
<tr>
<td>Differential rate for rateable Vacant Land properties</td>
<td>0.3222</td>
<td>0.5122</td>
<td>58.97%</td>
</tr>
</tbody>
</table>

1.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>2014/15 $</th>
<th>2015/16 $</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>5,016,298</td>
<td>5,380,153</td>
<td>7.3%</td>
</tr>
<tr>
<td>Commercial and Industrial</td>
<td>541,003</td>
<td>731,579</td>
<td>35.2%</td>
</tr>
<tr>
<td>Rural 1</td>
<td>3,015,033</td>
<td>3,186,155</td>
<td>5.7%</td>
</tr>
<tr>
<td>Rural 2</td>
<td>2,476,664</td>
<td>2,651,997</td>
<td>7.1%</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>397,324</td>
<td>631,625</td>
<td>58.0%</td>
</tr>
<tr>
<td><strong>Total amount to be raised by general rates</strong></td>
<td>11,446,222</td>
<td>12,581,509</td>
<td>9.8%</td>
</tr>
</tbody>
</table>

1.3 The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>5,334</td>
<td>5,348</td>
<td>0.26%</td>
</tr>
<tr>
<td>Commercial and Industrial</td>
<td>428</td>
<td>433</td>
<td>1.7%</td>
</tr>
<tr>
<td>Rural 1</td>
<td>1,316</td>
<td>1,310</td>
<td>-0.46%</td>
</tr>
<tr>
<td>Rural 2</td>
<td>1,607</td>
<td>1,623</td>
<td>1.00%</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>817</td>
<td>817</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total number of assessments</strong></td>
<td>9,502</td>
<td>9,531</td>
<td>0.31%</td>
</tr>
</tbody>
</table>

1.4 The basis of valuation to be used is the Capital Improved Value (CIV)

1.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

<table>
<thead>
<tr>
<th>Type or class of land</th>
<th>2014/15 $</th>
<th>2015/16 $</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1,556,866,500</td>
<td>1,575,447,500</td>
<td>1.19%</td>
</tr>
<tr>
<td>Commercial and Industrial</td>
<td>167,900,000</td>
<td>171,370,000</td>
<td>2.06%</td>
</tr>
<tr>
<td>Rural 1</td>
<td>1,247,944,000</td>
<td>1,244,106,000</td>
<td>-0.31%</td>
</tr>
<tr>
<td>Rural 2</td>
<td>768,735,000</td>
<td>776,573,000</td>
<td>1.02%</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>123,316,000</td>
<td>123,316,000</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total value of land</strong></td>
<td>3,864,770,500</td>
<td>3,890,812,500</td>
<td>0.67%</td>
</tr>
</tbody>
</table>
1.6 The municipal charge under section 159 of the Act compared with the previous financial year

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>Per Rateable Property 2014/15</th>
<th>Per Rateable Property 2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal</td>
<td>290.00</td>
<td>307.00</td>
<td>5.86%</td>
</tr>
</tbody>
</table>

1.7 The estimated total amount to be raised by municipal charges compared with the previous financial year

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal</td>
<td>2,654,660</td>
<td>2,819,795</td>
<td>6.22%</td>
</tr>
</tbody>
</table>

1.8 The rate or unit amount to be levied for each type of service rate or charge under section 162 of the Act compared with the previous financial year

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>Per Rateable Property 2014/15</th>
<th>Per Rateable Property 2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerbside collection (120 litre mobile garbage bin)</td>
<td>325.00</td>
<td>337.00</td>
<td>3.69%</td>
</tr>
<tr>
<td>Recycling (240 litre recycling bin)</td>
<td>79.50</td>
<td>83.00</td>
<td>4.40%</td>
</tr>
<tr>
<td>Total</td>
<td>404.50</td>
<td>420.00</td>
<td>3.83%</td>
</tr>
</tbody>
</table>

For the purposes of clarification of "defined properties" for garbage and recycling charges, defined properties for compulsory garbage and recycling charges are described as follows:

- all townships (residential)
- all townships and low density residential zones;
- all other residential properties within the area as defined previously by Council. (no change).

For commercial properties 75% of the garbage charge & recycling charge will be waived upon production of satisfactory evidence to Council that an alternative commercial waste disposal arrangement is in operation.

1.9 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerbside collection</td>
<td>2,019,087</td>
<td>2,096,814</td>
<td>3.85%</td>
</tr>
<tr>
<td>Recycling</td>
<td>489,285</td>
<td>519,165</td>
<td>6.32%</td>
</tr>
<tr>
<td>Total</td>
<td>2,507,372</td>
<td>2,615,979</td>
<td>4.33%</td>
</tr>
</tbody>
</table>

1.10 The estimated total amount to be raised by all rates and charges compared with the previous financial year

<table>
<thead>
<tr>
<th>Type of Charge</th>
<th>2014/15</th>
<th>2015/16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates and charges</td>
<td>16,716,054</td>
<td>18,017,283</td>
<td>7.78%</td>
</tr>
<tr>
<td>Agreement in lieu of rates (Power Station)</td>
<td>59,418</td>
<td>60,903</td>
<td>2.50%</td>
</tr>
<tr>
<td>Supplementary rates (pro-rata within the year)</td>
<td>133,030</td>
<td>142,342</td>
<td>7.00%</td>
</tr>
<tr>
<td>Total Rates &amp; Charges</td>
<td>16,908,502</td>
<td>18,220,528</td>
<td>7.76%</td>
</tr>
</tbody>
</table>

Budget 2015/16 - Adopted 27 May 2015
Murrindindi Shire Council Strategic Resource Plan 2013 / 2017

<table>
<thead>
<tr>
<th>Period start</th>
<th>1 Jul 12</th>
<th>1 Jul 13</th>
<th>1 Jul 14</th>
<th>1 Jul 15</th>
<th>1 Jul 16</th>
<th>1 Jul 17</th>
<th>1 Jul 18</th>
<th>1 Jul 19</th>
<th>1 Jul 20</th>
<th>1 Jul 21</th>
<th>1 Jul 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$'000</td>
<td>7,046</td>
<td>4,473</td>
<td>1,793</td>
<td>2,335</td>
<td>3,969</td>
<td>5,288</td>
<td>7,202</td>
<td>9,673</td>
<td>12,068</td>
<td>15,093</td>
</tr>
<tr>
<td>Unrestricted Cash</td>
<td>$'000</td>
<td>5,420</td>
<td>5,670</td>
<td>5,729</td>
<td>5,058</td>
<td>5,423</td>
<td>6,824</td>
<td>4,905</td>
<td>5,406</td>
<td>5,637</td>
<td>5,812</td>
</tr>
<tr>
<td>Restricted Cash (due to reserves)</td>
<td>$'000</td>
<td>13,096</td>
<td>10,143</td>
<td>7,522</td>
<td>7,494</td>
<td>9,013</td>
<td>11,052</td>
<td>12,257</td>
<td>15,178</td>
<td>18,705</td>
<td>21,265</td>
</tr>
</tbody>
</table>
Attachment 2

RATES & BUDGET ISSUES

- Response to ESC by MSC in answer to submitters – 2 pages
- Email from Mayor application to ESC was based upon previous exhibited documents – 1 page
- Legal Cost Comparison 2009/10 & 2014/15 – 2 pages
Part A – Background Paper

1. Executive Summary

"Recent estimates suggest the ongoing cost to Council of operating, maintaining, insuring and renewing these gifted assets is in the order of $1.87 million* per annum over the next ten years to 2020/2021. This ongoing obligation is unable to be met by council and is expected to have a significant impact on the financial sustainability of the Council’s operations... a long-term solution is now being sought to ensure the continued viability of the Council’s operations."

(Source KPMG Risk Assessment and Modelling of Financial Assistance 2012 page 4 - further refined analysis revised this figure to $1.752 million p.a., see B.CONF 5)

Murrindindi Shire Council (MSC) has a clear and demonstrable requirement for a variation to the State Government’s rate cap of 2.5% for 2016-17 and is seeking a rate increase of 5.4%, consistent with its Long Term Financial Plan (see A. 91).

MSC faces a unique set of circumstances arising from the unintended consequences of reconstruction efforts which followed the 2009 Bushfires. In addition to having a reduced rate base following the disaster, the Council was gifted $33 million worth of new or expanded assets following the reconstruction effort. The ongoing cost to Council of operating, maintaining and renewing these assets is significant, representing an additional $1.76 million per annum.

Cognisant of the funding crisis facing it, the Council conducted a major review of its financial position in 2011/12 with assistance from consultancies KPMG and CT Management (see B.CONF 1, B.CONF 5, B.CONF 2 and B.CONF 3). This review highlighted that Council’s future cash flow, as projected at the time, was not sustainable and Council’s liquidity ratio would decline sharply in the coming decade due to the impact of the Shire’s reduced rate base and the additional renewal, operating and maintenance costs arising from the gifted assets.

Even in the absence of these additional asset-related costs the Council was facing significant financial challenges with its budget expected to fall into deficit by 2013 with no forecast to return to surplus in the immediate term. The ongoing cost of the gifted assets was expected to exacerbate the Council’s already negative financial position thus compromising its ability to maintain services and meet operational objectives. The review recommended immediate and direct intervention to ensure the long term financial sustainability of the Council.

The Council commenced a major Services Review in 2011/12 (see B.CONF 4 and A. 7a) to identify savings and/or increase revenue that would enable the Council to remain viable into the future. In February 2012 Council resolved to implement a range of measures from the Services Review to create organisational efficiencies and help address the growing...
of the strategy and the newly proposed differential rating structure. Further information is provided in the response to submissions discussed below.

- **When does council intend to engage with the community again regarding their long term financial strategy?**

As highlighted in the original submission, Council has engaged extensively with the community regarding its financial strategy and long-term financial challenges since the 2009 bushfires. Council will be again engaging with the community in May and June this year as part of undertaking its statutory budget and strategic resource planning processes for the 2016/17 financial year, and as a result of the outcome of its application to the ESC.

- **Council notes that it has had ongoing consultation with the community since its decision to apply for a higher rate cap and an understanding of the community's views regarding the need to ensure rates are not increased over Council's commitment to rises of no more than 6%. Can Council provide further detail on these views expressed to them since the rate cap announcement and its decision to apply for a higher cap?**

Council has not received any direct correspondence from ratepayers or residents regarding the rate cap announcement or on its decision to apply for a higher cap, although it is aware of a small number of views that have been expressed directly to the ESC, which is discussed further below. An extract of a petition to be submitted to the Victorian Legislative Council that was being circulated was presented at a recent Council meeting by one submitter and has been discussed in local media. A copy of the final petition has not been provided to Council.

- **The Commission has received a submission from ratepayers in Murrindindi Shire. We provide Council an opportunity to respond to this submission. Please refer to the attachment.**

Council has reviewed both submissions provided by the Commission and respond as follows:

The first submission received by the ESC from two ratepayers (Councillors) is clearly incorrect in relation to the decision making of Council. Council at its ordinary meeting held on 27 January 2016 resolved to advise the ESC of Council's intent to seek a variation to the rate cap. Then on 24 February 2016 Council resolved to prepare an application to the ESC for a variation to the rate cap for 2016-2017 for a rating increase of 5.4%.

Both of these ratepayers (Councillors) were in attendance at these two Council meetings and are recorded in the minutes as having voted against these resolutions.
From: Margaret Rae
Sent: Sunday, 13 March 2016 9:09 PM
To: Brantyn & Lyn Gunter
Cc: Councillors
Subject: Re: CEO and Rates

Dear Lyn

Thank you for your recent emails regarding the CEO contract position, the application for a variation to the rates cap to the Essential Services Commission, and for your submission.

With respect to the CEO position, as advertised following the February Council meeting (see link following), this matter will be formally considered at the March Council meeting.


The application to the ESC is built on the extensive community consultation carried out and on which the current Strategic Resource Plan was constructed. The content of the variation application will therefore be based upon previously exhibited documents and will reflect the community’s priorities as adopted in Council’s five point plan. The application is currently under preparation.

Having said that, there will of course be further community consultation with opportunity for submissions as these will inform the final shape and content of the budget. Timelines for this have not yet been determined. Contingent on the ESC’s response and in conjunction with consideration of submissions, the final budget will be formally considered by Council in June.

Regards

Margaret
Attachment 3

- Managing Complaints against CEO – 1 page
Murrindindi Shire Council Policy

Councillor Code of Conduct

Conflict and disputes emerge when the differences between Councillors become personal or the behaviour of Councillors towards each other and/or staff is of a nature that threatens the effective operation of Council’s decision-making processes.

A dispute may arise between two individual Councillors, between one Councillor and a group of Councillors or between two or more different groups of Councillors. In this internal resolution process the Councillor or group of Councillors that is seeking a resolution is referred to as ‘the Applicant’ and the Councillor or Councillors against whom the application is lodged is entitled ‘The Respondent’. The following internal resolution procedure will apply regardless of the dynamics and numbers involved.

Disputes Between Councillors and Staff

The Chief Executive Officer has sole responsibility for the management of Council staff. In the event of a Councillor wishing to lodge a complaint against a member of Council staff, this complaint must be lodged with the Chief Executive Officer. Where the complaint is about the Chief Executive Officer the complaint must be lodged with the Mayor. It will remain the discretion of the Chief Executive Officer or Mayor as to what, if any, action is undertaken as per the Internal Resolution Process.

Where a staff member has a complaint in respect of a Councillor, the complaint must be made to the Chief Executive Officer who will, if deemed appropriate, discuss the matter with the Mayor. Where the Mayor deems a breach of the Councillor Code of Conduct has occurred the Mayor will progress the matter in accordance with this dispute resolution process, acting as the Applicant. Where the complaint involves the Mayor, the Chief Executive Officer will act as the Applicant.

Disputes Between Members of the Public and Councillors

Where a complaint is received from the public in respect of a Councillor, the matter shall be referred to the Mayor for consideration. Where the Mayor determines a breach of the Councillor Code of Conduct has occurred, the Mayor will progress the matter in accordance with this dispute resolution process acting as the Applicant. Where the complaint involves the Mayor, the Chief Executive Officer will act as the Applicant.

Internal Resolution Procedure

Council’s internal resolution process comprises four components. They are:

1. Self-Resolution (Optional)
2. Formal Request for Remedy of Breach
3. External Arbitration
4. Request for Councillor Conduct Panel

1. Self Resolution (Optional)

Where a dispute and/or a breach of the Code of Conduct arises, the ideal outcome would be for the Applicant and Respondent to have informal discussions in the first instance with a view to resolving any issues without further recourse to this internal resolution procedure. This may be undertaken informally or alternatively either party may request a discussion with the Mayor acting as an independent arbiter, should the Mayor not be either the Applicant or Respondent. Where either party believes that this step will not achieve a resolution, this step in the internal resolution process may be by-passed.

Policy Responsible Officer: Coordinator Governance and Performance
April 2016