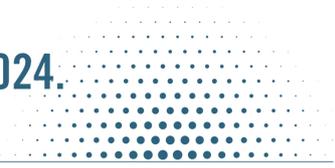


MITCHELL SHIRE COUNCIL DRAFT STRATEGIC RESOURCE PLAN 2021–2024



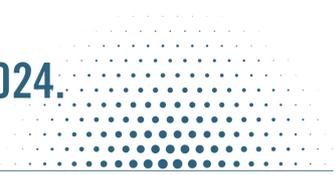
DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



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Introduction

All councils in Victoria are required to prepare a Strategic Resource Plan (SRP) as part of the Planning and Accountability Framework in the *Local Government Act 1989*.

Included in the 2017-2021 Council plan are seven strategic objectives which assist in achieving Council's vision, mission, service delivery and initiatives. These strategic objectives are as follows:

| Strategic Objective | Description |
|--|--|
|  1. Advocacy | To relentlessly advocate for funding to benefit our community |
|  2. Community participation | To actively explore all opportunities for community involvement and participation in Council decisions |
|  3. Responsible planning | To demand best practice outcomes when planning for future growth |
|  4. Strong communities | To build and nurture strong and vibrant communities where people are proud to live |
|  5. Supporting local jobs and quality investment | To identify, encourage, and actively promote investment, business, and tourism |
|  6. Financial and organisational management | To be leaders in financial and organisational management |
|  7. Caring for our environment | To be responsible custodians, by managing and enhancing our environment, minimising the impacts of development, waste, natural disasters, and climate change |

Councillors are committed to operating with probity, transparency and accountability and to ensuring sound and sustainable financial management.

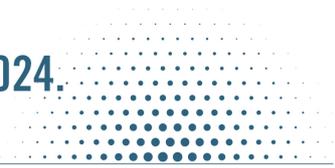
The SRP is a core part of this commitment and is developed with four primary objectives:

- probity, transparency and accountability;
- long term financial sustainability;
- delivering quality services to the current community and planning to meet the needs of future communities; and
- working within the annual rate cap.

The SRP sets financial targets and helps guide financially sustainable decision making over the next four years. The SRP shows what resources will be needed (both financial and non-financial) to implement Council's commitments through adopted plans and strategies and to meet community aspirations and needs. The SRP helps assess these commitments and aspirations against Council's capacity to resource them and identifies areas where adjustments may be needed to these commitments or to Council's financial plans.

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Council’s financial plans must remain flexible and be able to adapt to changes in circumstances, both internal and external. External factors outside of Council’s control can include the annual rate cap, reduced grant funding, natural disasters, and a sector-wide defined benefits superannuation call. Internal factors can include adjusted service delivery and new or revised strategies and/or plans. This plan is therefore reviewed and updated annually to incorporate any changes to assumptions and external factors.

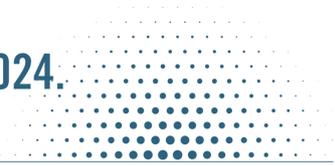
Council’s aim is to be financially sustainable into the future. Ensuring that sufficient funds are generated to provide the community with agreed levels of service and infrastructure. This plan has been developed based on a 2.00% rate cap in 2020-2021, and an assumed 2.25% rate cap for the next three years of the plan. Our long-term goal of financial sustainability has not changed; however, we have adjusted the SRP to reflect revised assumptions and influences.

Planning and Reporting Framework

The diagram below details the relationship between the key planning and reporting documents that make up the planning and accountability framework for local government. At each stage of the planning and reporting cycle there are opportunities for community and stakeholder input. This is important to ensure transparency and accountability to residents and ratepayers.



Source: Department of the Environment, Land, Water and Planning



Plan Development

Council has prepared this SRP for the four years 2020-2021 to 2023-2024. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years. In preparing the SRP, Council has also been mindful of the need to comply with the Act with regards to following the principles of sound financial management, being to:

- prudently manage financial risks relating to debt, assets and liabilities;
- provide reasonable stability in the level of rate burden;
- consider the financial effects of Council decisions on future generations; and
- provide full, accurate and timely disclosure of financial information.

The four years represented in this SRP have been developed taking into consideration a longer period. Council maintain and revise, each year, a financial model inclusive of 10 years. This longer modelling has been developed assuming a 2.00% rate cap for 2020-2021 and 2.25% thereafter.

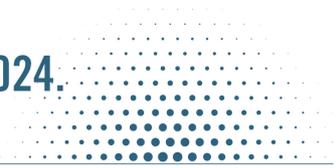
Through the review and redevelopment of this plan, Council has remained focused on a sustainable future and maintaining an underlying operating surplus, renewing existing assets and providing new assets, addressing the need for capital upgrades, as well as servicing an existing community whilst addressing the needs of new and growing communities.

This plan is prepared with the best-known information to affect Mitchell Shire Council at this time. An important part of the plan are the assumptions used to inform the financial modelling and the flexibility to adapt to change.

Mitchell Shire Council continues to have a number of key challenges. Our Shire comprises both rural and urban areas with continued strong growth, particularly in the south which brings a requirement to plan appropriately, build new infrastructure for our communities as well as to then provide appropriate services to these communities. Other challenges include supporting general development across the shire which often requires a substantial financial or in-kind contribution, addressing pockets of socio-economic disadvantage and providing support to communities that are prone to natural disasters.

Financial Objectives and Resources

Council's modelling set out the strategies to be employed to support the achievement of Council Plan objectives within a sustainable financial framework. The outcomes of this plan are reflected in the Budgeted Standard Statements, and form part of the overall SRP. The following provides a summary of the key strategies identified in Council's modelling.



FINANCIAL AREA and STRATEGY

Financial Sustainability

A key driver in the development of the long-term financial plan is maintaining financial sustainability. This involves four key pillars:

- operating at an adjusted underlying surplus;
- increasing the amount of money spent on renewing existing assets, to ensure that those assets continue to deliver the level of service which the community expects;
- retaining appropriate cash levels; and
- planning and delivering for growing and new communities.

These objectives are important over the four years of this plan and continue for the period of the long-term financial plan.

Rates

Rate capping commenced on 1 July 2016. The rate cap can vary each financial year and 2020-2021 will be set at 2.00%. Council will not be applying for an exemption. The remaining long-term plan has been built on an annual rate increase assumption of 2.25%. However, this is subject to formal notification each year.

As with previous years, differential rates will be applied to ensure appropriate allocation of rates. Council's Rating Strategy was revised during the 2019-2020 financial year with minor adjustments and the community are encouraged to review the strategy for further information.

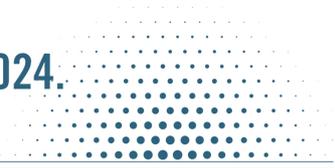
The waste management component of the rates notice reflects the costs of providing waste services to the community. This includes collection as well as the provision for the cost to remediate and rehabilitate landfill sites at the end of their useful life. This charge is not subject to the annual rate cap and has increased following a review of all income and expenditure. The fee calculation is based on service cost recovery.

Government Funding

Council will continue to strongly advocate for government funding, particularly to support the development of infrastructure and services to meet the needs of the Mitchell Shire community. Government funding and the challenges it presents are discussed on page 11.

Fees and Charges

Fees and charges are reviewed for appropriateness annually as part of the budget process. The review considers the cost of the service, the price charged by comparable service providers (including other councils and private operators where applicable) and the extent to which Council is prepared to provide the service at less than full cost recovery.



FINANCIAL AREA and STRATEGY

Loan Borrowings

Borrowings will be used to fund new or upgraded capital projects where they could not otherwise be funded at this time from ongoing income sources and that provide benefit across generations. Council borrowings will be set at a financially sustainable level in line with the Borrowings Policy.

The SRP includes potential borrowings for the delivery of Resource Recovery Centre projects (Seymour, Southern and Central), Strategic land purchases, 300 Northern Highway development, Kilmore Community Hub construction, Patterson Street Beveridge road construction, Dudley Street Wallan road upgrade, Footpath missing links program and Broadford public toilet construction.

Recurrent Operating Expenditure

Funding for recurrent operating expenditure will be increased annually in line with general cost movements. Council will continue a program of service planning that will ensure services are in line with community expectations and need and delivered as effectively and efficiently as possible.

New Initiatives and Cost Pressures

Where achievable, allocations of funding are available annually for new initiatives and one-off projects that do not form part of recurrent operating budgets but benefit the community and/or increase the effective and efficient operations within Council.

Capital Works

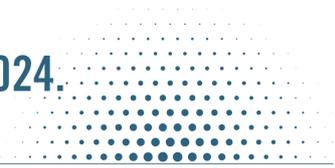
Council aims to balance allocating sufficient resources to maintain and improve the existing asset base in the long term, and funds being allocated to acquire or construct new assets.

This SRP sees lower than ideal funds available for the purpose of renewing existing assets in the long term which increases the gap between the required asset renewal expense and the financially achievable expense. Council continues to focus on increasing renewal spend over the coming years to address this shortfall and a continued focus will be on securing grant funds and identifying additional funding sources. Council has adopted a Property Holding, Acquisition and Disposal Policy and assets will be reviewed to ensure they are fit for purpose in line with service delivery requirements.

Council is heavily reliant on grant funds in the delivery of new infrastructure.

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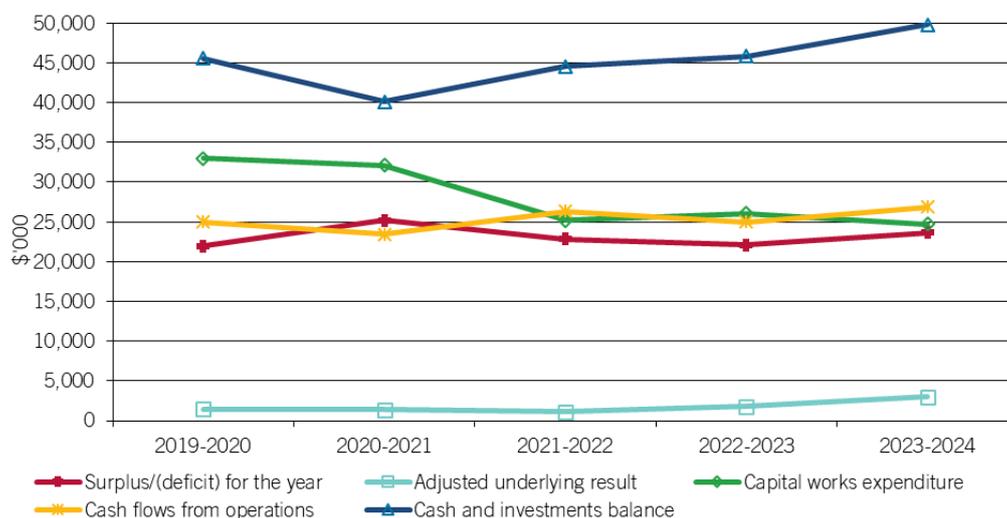


Key Financial Results

The following table summarises the key financial results for the next four years as set out in the SRP. The Standard Budget Statements commencing on page 14 provides more detailed information of the financial resources to be used over the next four years.

| Indicator | Forecast | Draft | Strategic Resource Plan | | |
|--------------------------------|-----------|-----------|-------------------------|-----------|-----------|
| | 2019-2020 | Budget | Projections | | |
| | \$'000 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Surplus/(deficit) for the year | 21,991 | 25,212 | 22,865 | 22,080 | 23,650 |
| Adjusted underlying result | 1,466 | 1,412 | 1,087 | 1,763 | 3,025 |
| Cash and investments balance | 45,536 | 40,129 | 44,551 | 45,852 | 49,787 |
| Cash flows from operations | 24,981 | 23,469 | 26,356 | 24,993 | 26,895 |
| Capital works expenditure | 33,010 | 32,116 | 25,194 | 26,068 | 24,714 |

The following graph of the financial indicators over the next four years illustrates the trends.



The financial indicators above show a decrease in the annual surplus in the three years following the 2020-2021 Draft Budget. The higher than average surplus in 2020-2021 is due to expected capital grants and cash contributions of \$12.98M, when in the later years this is reduced based on known assumptions. From 2021-2022 to 2023-2024, capital grants and cash contributions are, on average, \$2.89M lower than expected compared to 2020-2021.

The adjusted underlying result removes non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources from the operating surplus/(deficit) result. Council has worked hard over previous years to eliminate the adjusted underlying deficits and move Council to a continued adjusted underlying surplus position. This calculation is important as it demonstrates Council's ability to fund annual costs from recurrent revenue.

The adjusted underlying results reduce from 2020-2021 through to 2021-2022 as expenditure is forecast to increase at a rate greater than revenue. Improving this result is a priority.

Council will continue to advocate strongly for additional external funding to increase Council's ability to increase capital delivery. Capital expenditure is higher in the 2019-2020 forecast and 2020-2021 Draft Budget due to works carried forward and increased grant funding.

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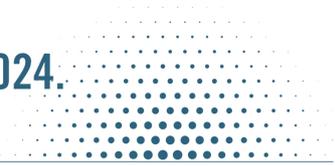
Mitchell Shire Council



Key Financial Indicators

The table to follow highlights Council's current and projected performance across a range of key financial indicators (KFI). KFIs provide a useful analysis of Council's financial position and performance and should be used in the context of setting the organisation's long-term financial planning.

| Indicator | Measure | KPI | Notes | Actual 2018-2019 | Forecast 2019-2020 | Draft Budget 2020-2021 | Strategic Resource Plan Projections | | |
|----------------------------|--|----------|-------|---------------------|-----------------------|------------------------------|-------------------------------------|-----------|-----------|
| | | | | | | | 2021-2022 | 2022-2023 | 2023-2024 |
| Operating position | | | | | | | | | |
| Adjusted underlying result | Adjusted underlying surplus (deficit) / Adjusted underlying revenue | 0-10% | 1 | 7.9% | 2.0% | 1.9% | 1.4% | 2.1% | 3.4% |
| Liquidity | | | | | | | | | |
| Working Capital | Current assets / current liabilities | 120-200% | 2 | 382.1% | 284.9% | 297.4% | 232.0% | 266.1% | 302.4% |
| Unrestricted cash | Unrestricted cash / current liabilities | 50-100% | 3 | 132.5% | 111.6% | 97.4% | 72.0% | 64.7% | 62.2% |
| Obligations | | | | | | | | | |
| Loans and borrowings | Interest bearing loans and borrowings / rate revenue | 20-60% | 4 | 33.0% | 29.4% | 33.9% | 38.5% | 40.6% | 40.9% |
| Loans and borrowings | Interest and principal repayments on interest bearing loans and borrowings / rate revenue | 0-10% | 4 | 5.8% | 5.3% | 6.2% | 6.5% | 14.2% | 7.6% |
| Indebtedness | Non-current liabilities / own source revenue | 10-40% | 4 | 33.5% | 26.5% | 29.1% | 26.7% | 31.6% | 32.3% |
| Asset renewal | Asset renewal expenditure / depreciation | 90-110% | 5 | 107.8% | 115.5% | 108.5% | 75.7% | 64.0% | 78.5% |
| Stability | | | | | | | | | |
| Rates concentration | Rate revenue / adjusted underlying revenue | 50-80% | 6 | 62.0% | 65.2% | 67.7% | 68.4% | 68.2% | 68.2% |
| Rates effort | Rate revenue / CIV of rateable properties in the municipality | 0.2-0.6% | | 0.45% | 0.42% | 0.42% | 0.43% | 0.46% | 0.49% |
| Efficiency | | | | | | | | | |
| Expenditure level | Total expenditure / no. of property assessments | n/a | | \$3,013 | \$3,248 | \$3,177 | \$3,209 | \$3,225 | \$3,233 |
| Revenue level | Residential rate revenue / No. of residential property assessments | n/a | | \$1,946 | \$1,362 | \$1,455 | \$1,435 | \$1,414 | \$1,394 |
| Workforce turnover | No. of permanent staff resignations and terminations / average no. of permanent staff for the financial year | 10-15% | | 14.9% | 13.5% | 13.5% | 13.5% | 13.5% | 13.5% |



Notes to Indicators

1 Adjusted underlying result – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. A key goal of the long-term financial plan is to maintain an adjusted underlying surplus. The adjusted underlying results reduce from 2020-2021 through to 2021-2022 as expenditure is forecast to increase at a rate greater than revenue. Improving this result is a priority.

2 Working capital – With a past focus on building cash and investments, Council’s working capital will remain favourable. Current assets will sufficiently cover Council operations and current liabilities.

3 Unrestricted cash – Unrestricted cash has a declining trend over the four years. This is a result of necessary increased costs in service and infrastructure delivery required for our existing, growing and new communities. Council will be proactive in delivering best value services whilst improving this indicator.

4 Loans and borrowings – Council’s current plan includes borrowings for capital expenditure.

Council’s repayments as a percentage of rate revenue peaks at 14.2% in 2022-2023 due to a scheduled loan payout. It also remains outside of the KPIs for the term of the SRP however the other two indicators remain within KPI ranges.

Council’s indebtedness ratio in 2018-2019 was 33.5%. This ratio will fluctuate dependent upon Council’s borrowing and capital works requirements and will be refined each year as further borrowings are identified and utilised to deliver infrastructure to the community.

5 Asset renewal – This percentage indicates the extent of Council’s renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

Mitchell Shire is unique in that the location offers urban, peri-urban and rural landscapes. Being a Council balancing the needs of growth, interface, and rural adds pressure for new and renewal as Council strives to balance individual town needs. Council will renew assets where resources are available and seek grant funding to increase new and upgrade opportunities.

Asset renewal in 2020-2021 is 108.5% which is within the KPI range. Even if carry forward renewal expenditure is excluded from the calculation, asset renewal would still be above 100%.

Despite this, asset renewal rates are not expected to meet 100% in 2021-2022 through to 2023-2024 as Council balances the need for new, renewal and upgrade. Council will ensure all renewal projects are prioritised to ensure renewal funds are directed where needed the most. The risk of not achieving 100% renewal will be monitored closely throughout the SRP.



6 Rates concentration – This ratio reflects the extent of reliance on rate revenue to fund all of Council's on-going services. The trend indicates Council is more reliant on rate revenue compared to all other revenue sources. It is important that Council's own source revenue is able to fund ongoing operations. Additional funding helps fund key services in addition to enhancing and advancing service improvements.

Non-Financial Resources

Human Resources

A summary of Council's anticipated human resources requirements for the 2020-2021 year and beyond is shown below:

| | Forecast 2019-2020 \$'000 | Draft Budget 2020-2021 \$'000 | Strategic Resource Plan Projections | | |
|--------------------------------|---------------------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| | | | 2021-2022 \$'000 | 2022-2023 \$'000 | 2023-2024 \$'000 |
| Staff expenditure | | | | | |
| Employee costs - operating | 30,410 | 32,331 | 34,795 | 37,314 | 39,670 |
| Employee costs - capital | 492 | 784 | 811 | 722 | 851 |
| Total staff expenditure | 30,902 | 33,115 | 35,606 | 38,036 | 40,521 |
| | FTE | FTE | FTE | FTE | FTE |
| Staff numbers | | | | | |
| Employees | 326.4 | 339.7 | 351.6 | 355.5 | 357.0 |
| Total staff numbers | 326.4 | 339.7 | 351.6 | 355.5 | 357.0 |

As a fast-growing Council, employee numbers increase with the growth and expansion of services to the Shire. Employee numbers are aligned with the requirements of each of our services and are reviewed annually. The increase in employee numbers includes both new positions and employee hour changes.

Almost three quarters of our staff live within the Mitchell Shire. Coupled with their experience in the job, a large number of our staff offer a unique quality, bringing local perspective and knowledge. These qualities strengthen the services we provide to our community.

Infrastructure

Infrastructure refers to the assets that Council manages and maintains for the community. These include:

- local roads, footpaths, kerb and channel and drainage;
- buildings such as community halls, maternal and child health centres, kindergartens, and civic properties;
- sports reserves, bushland reserves, parks and open space;
- street and park furniture; and
- waste management facilities.

The assets that Council maintain assist in the service provision to the community. Council's asset management continues to improve each year and service planning will better inform future requirements.

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As at 18 February 2020, Council maintained assets include:

| | | | |
|------------------------------|--------|-------------------------------|-----|
| Sealed roads | 694 km | Aquatic Centres | 2 |
| Unsealed roads | 714 km | Outdoor pools | 3 |
| Fire Access Tracks | 158 km | Public Toilets | 27 |
| Kerb and Channel | 459 km | Buildings | 127 |
| Footpaths (Concrete) | 225 km | Playgrounds | 71 |
| Footpaths (Non-Concrete) | 64 km | Libraries (1 leased) | 4 |
| Drainage Pipes | 282 km | Kindergartens (7 Council run) | 9 |
| Drainage Pits | 10,669 | Community Halls | 7 |
| Bridges - Vehicle | 65 | Landfill – open | 1 |
| Bridges - Pedestrian | 40 | Landfill – closed | 1 |
| Sporting Pavilions/clubrooms | 26 | Resource Recovery Centres | 4 |
| Sporting Reserves | 9 | | |

Key Challenges

Rate Capping

Rate capping commenced on 1 July 2016. For the 2020-2021 financial year, the State Government have announced a rate cap of 2.00%. As rate revenue provides the majority of Council's income, a cap can become challenging when costs escalate at a higher rate. Council continues to prioritise expenditure to stay within the annual cap.

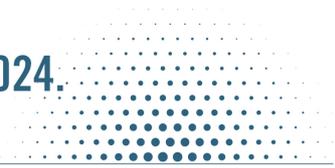
Population and Growth

In 2020, Mitchell is estimated to be home to over 52,000 residents across a mix of urban and rural communities and is forecast to grow at around 3-5% per annum. In the next 25-30 years it is expected that 270,000 people will call Mitchell home. The majority of this growth is expected to occur around Beveridge, Kilmore/Kilmore East and Wallan. In preparing our capital programs, we must balance service pressure and asset renewal with upgrade and new infrastructure to meet the needs of our growing and changing communities.

Infrastructure

There is a continued significant focus throughout the Local Government sector on the level of spending on infrastructure, and particularly the level of funding for protecting existing infrastructure as distinct from creating new assets. Protection and renewal of existing infrastructure is a key long-term issue for local government. The level of capital works funding available in this plan is insufficient to meet renewal requirements. In addition, a tension continues to exist in allocating capital funds between renewal and new or upgrade projects.

Council is taking steps to minimise the impact of rate capping and restricted funding, however the existing standard and extent of assets within the municipality remains a significant issue. Many of Council's buildings were built 40 to 50 years ago as single purpose buildings with limited integration between Council activities. This ageing infrastructure requires significant investment if it is to meet the rising expectations of the community. Ensuring that the networks of roads, footpaths, bridges and drainage are maintained and renewed into the future is also a key



challenge for a municipality such as Mitchell due to the geographic spread and significant growth in the South of the Shire.

Efforts to address this will continue with work on service planning and reviews of direct services and may result in reduction or consolidation of services to the community or retiring assets that no longer fit within council's service delivery model. Council's Asset Management Plans play a key role in asset management.

Risk Management

The broad focus on risk management across the industry has resulted in a number of additional costs for Council. These costs include internal effort and attention allocated to dealing with risk and occupational health and safety matters, and costs passed on by contractors in their meeting of similar obligations. Some of the areas significantly impacted from a cost perspective include waste management, tree maintenance and fire protection work. Risk management effort is likely to continue to increase in future years.

Service Delivery and growing community expectations

While growth brings some additional rate revenue, it does not cover the cost of maintaining new infrastructure, planning for future growth, or providing services needed in our new communities. In addition, government funding for many services such as school crossings and libraries does not cover the full cost of service provision, and cost shifting places increased demands on Councils to fund important community services.

These challenges combined with high community expectations for services means Council's current service provision mix is unsustainable in the longer term. Council will be working with the community to define core services and set service levels. This will assist with prioritising service investment, particularly as our community continues to grow and for those areas where Council has a social responsibility to provide services to address socio-economic disadvantage and ensure access to services across the municipality.

These priorities will need to be continually reviewed, particularly in light of likely funding trends in future years and changes in community demographics, along with the growth in the southern part of the Shire.

Government Funding

The largest source of government funding to Council is through the annual Victorian Grants Commission allocation. The overall State allocation is determined by the Federal Financial Assistance Grants.

Cost shifting remains a real concern for local government. As other tiers of government change or implement new legislation it creates a need for Council to allocate resources accordingly, which in turn can mean a real impact is felt at a local level. Together with capped revenues, the shift of service or reporting responsibilities onto local government without adequate funding places additional strain on Council finances and staffing resources.



Municipal emergency planning and preparedness

Council's budget includes costs of emergency planning and preparedness, including bushfire preparation works. Financial pressure in this area remains as council continues to reduce and mitigate a range of emergency related risks and responds to changes in emergency management legislation. The increased frequency and severity of extreme weather events also continues to have a significant impact on Council's resources and service delivery. The majority of costs are reimbursed after the event, if declared, and Council must manage our cashflow well to meet these events.

Accessibility

It is our plan to make Mitchell Shire a place where all residents can continue to engage in the community. This includes those with a disability and the older generation, where their contribution to the day to day life of the community is valued, their experience and wisdom are respected, their advice sought and active participation in community life is ongoing. In this Strategic Resource Plan, Council is continuing to prioritise and allocate money into improving footpaths, as well as advocating for grant funding for improving accessibility across the Shire.

Key Assumptions

A range of assumptions were used in the development of this SRP and applied to both revenue and expenditure.

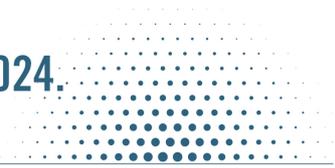
| Income / Expenditure Item | Assumption |
|------------------------------|---|
| Rates | Council has planned for a 2.00% rate increase in 2020-2021 and 2.25% each year thereafter. |
| User Charges | User Charges and Fees have been extensively reviewed, in addition to an annual increase, new fees have been introduced as well as some fees being discontinued. User Charge revenue will increase by 8.25% in 2020-2021. Fee increases on average will increase by 2.5%, the additional revenue directly relates to an increase in the number of fees and services provided through community growth. For a detailed listing of all charges please see Council's Fees and Charges Schedule. From 2020-2021 onwards, an increase of 2.50% per annum has been assumed. |
| Grants Recurrent | A 2.00% per annum increase has been assumed. |
| Grants Non-Recurrent | Grants Non-Recurrent are based on the expected dollar value of specific grants and are not increased each year by a set percentage. |
| Contributions | Contributions are difficult to forecast and are external to Council's control. Therefore, no annual increase has been assumed but rather a budget has been developed based on prior year actuals along with known increases. |
| Proceeds from sale of assets | An amount of \$802K is forecast in 2020-2021 and is offset by the written down value of the asset. In the following years |

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| Income / Expenditure Item | Assumption |
|--------------------------------------|--|
| | an average of \$332K per annum. These proceeds relate to the annual plant and fleet program. |
| Other Revenue | All other revenue has been assumed to increase by 2.50% annually. |
| Employee Costs | Employee costs are driven by the Enterprise Agreement (EA). Council's current EA is for the 3 years ending 30 June 2020. The SRP includes growth in employee numbers as well as an expected wage increase. Negotiations around an updated EA are yet to be finalised. Year 1 of the SRP has been set at 4.0% and years 2-4 of the SRP have been set at 3.35%. This will be revised following the finalisation of the updated EA and includes band movements. |
| Contractors, materials and utilities | Utility costs are forecast to increase by 3.50% in 2020-2021. Materials, contractors and consultants are forecast to increase by 2.00%. Consultants and contractors are reviewed in detail each financial year as part of the annual budget process. |
| Bad and doubtful debts | Council has assumed a nil increase to bad and doubtful debts in response to continued focus on strong debt recovery to reduce Council's receivables. |
| Finance Costs | <p>Principal and interest forecasts have been based on existing loan schedules and an interest rate of 3.00% for the following new borrowings,</p> <ul style="list-style-type: none">• 2020-2021 \$5.51M• 2021-2022 \$6.27M• 2022-2023 \$9.64M• 2023-2024 \$5.50M <p>At the time of borrowing Council will undertake a competitive process seeking to minimise interest rates as best as possible.</p> |
| Depreciation | Depreciation has been forecast on a calculation utilising the percentage depreciation rate specific to each asset class and the assumed value of assets within these classes each year. |
| Other | All other costs have assumed no increase. |



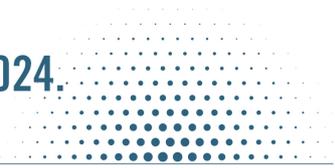
Strategic Resource Plan Model

The following financial statements have been prepared and form Council's four-year Strategic Resource Plan.

- Standard Income Statement
- Standard Balance Sheet
- Statement of Changes in Equity
- Standard Cash Flow Statement
- Standard Capital Works Statement
- Statement of Human Resources

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



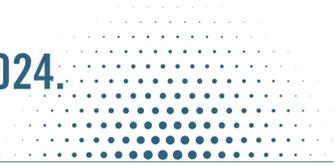
Budgeted Standard Income Statement

For the four years ending 30 June 2024

| | Forecast | Draft Budget | Strategic Resource Plan Projections | | |
|---------------------------------------|---------------------|---------------------|-------------------------------------|---------------------|---------------------|
| | 2019-2020 \$'000 | 2020-2021 \$'000 | 2021-2022 \$'000 | 2022-2023 \$'000 | 2023-2024 \$'000 |
| Income | | | | | |
| Rates and charges | 46,839 | 49,879 | 53,165 | 56,328 | 60,077 |
| Statutory fees and fines | 1,033 | 1,171 | 1,266 | 1,337 | 1,410 |
| User fees | 7,246 | 7,844 | 8,262 | 8,858 | 9,454 |
| Grants - Operating | 13,809 | 11,757 | 12,106 | 13,190 | 14,181 |
| Grants - Capital | 5,724 | 8,226 | 6,780 | 4,755 | 4,850 |
| Contributions - monetary | 3,976 | 4,749 | 4,173 | 4,737 | 4,950 |
| Contributions - non-monetary | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Other income | 1,699 | 1,832 | 1,731 | 1,721 | 1,837 |
| Total income | 92,326 | 97,458 | 99,483 | 102,926 | 108,759 |
| Expenses | | | | | |
| Employee costs | 28,384 | 32,331 | 34,795 | 37,314 | 39,670 |
| Materials and services | 26,685 | 24,053 | 24,960 | 25,931 | 26,816 |
| Bad and doubtful debts | 6 | 2 | 2 | 2 | 2 |
| Depreciation | 12,419 | 12,990 | 13,800 | 14,600 | 15,500 |
| Amortisation - intangible assets | 385 | 388 | 528 | 422 | 550 |
| Borrowing costs | 654 | 728 | 746 | 758 | 721 |
| Other expenses | 1,802 | 1,754 | 1,787 | 1,819 | 1,850 |
| Total expenses | 70,335 | 72,246 | 76,618 | 80,846 | 85,109 |
| Surplus/(deficit) for the year | 21,991 | 25,212 | 22,865 | 22,080 | 23,650 |
| Total comprehensive result | 21,991 | 25,212 | 22,865 | 22,080 | 23,650 |

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



Budgeted Standard Balance Sheet

For the four years ending 30 June 2024

| | Forecast | Draft Budget | Strategic Resource Plan | | |
|---|---------------------|---------------------|-------------------------|---------------------|---------------------|
| | 2019-2020 \$'000 | 2020-2021 \$'000 | 2021-2022 \$'000 | 2022-2023 \$'000 | 2023-2024 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6,536 | 1,129 | 3,551 | 4,352 | 4,787 |
| Trade and other receivables | 9,182 | 10,211 | 10,306 | 10,584 | 11,266 |
| Other financial assets | 39,000 | 39,000 | 41,000 | 41,500 | 45,000 |
| Inventories | 199 | 183 | 190 | 196 | 202 |
| Other assets | 1,222 | 1,231 | 1,276 | 1,338 | 1,406 |
| Total current assets | 56,139 | 51,754 | 56,323 | 57,970 | 62,661 |
| Non-current assets | | | | | |
| Other Financial Assets | 5 | 5 | 5 | 5 | 5 |
| Property, infrastructure, plant & equipment | 515,796 | 545,066 | 569,176 | 591,898 | 612,314 |
| Intangible assets | 388 | 1,056 | 1,638 | 1,216 | 666 |
| Total non-current assets | 516,189 | 546,127 | 570,819 | 593,119 | 612,985 |
| Total assets | 572,328 | 597,881 | 627,142 | 651,089 | 675,646 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 8,490 | 7,867 | 8,182 | 8,512 | 8,814 |
| Trust funds and deposits | 3,216 | 2,741 | 2,990 | 2,981 | 3,221 |
| Provisions | 5,960 | 4,292 | 6,246 | 6,718 | 5,459 |
| Interest-bearing loans and borrowings | 2,038 | 2,500 | 6,854 | 3,572 | 3,224 |
| Total current liabilities | 19,704 | 17,400 | 24,272 | 21,783 | 20,718 |
| Non-current liabilities | | | | | |
| Provisions | 3,303 | 3,246 | 3,570 | 2,255 | 2,198 |
| Interest-bearing loans and borrowings | 11,731 | 14,433 | 13,633 | 19,304 | 21,333 |
| Total non-current liabilities | 15,034 | 17,679 | 17,203 | 21,559 | 23,531 |
| Total liabilities | 34,738 | 35,079 | 41,475 | 43,342 | 44,249 |
| Net assets | 537,590 | 562,802 | 585,667 | 607,747 | 631,397 |
| Equity | | | | | |
| Accumulated surplus | 328,726 | 350,281 | 369,156 | 384,695 | 403,809 |
| Reserves | 208,864 | 212,521 | 216,511 | 223,052 | 227,588 |
| Total equity | 537,590 | 562,802 | 585,667 | 607,747 | 631,397 |

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



Budgeted Statement of Changes in Equity

For the four years ending 30 June 2024

| | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2019-2020 Forecast Actual | | | | |
| Balance at beginning of the financial year | 515,599 | 308,979 | 191,555 | 15,065 |
| Surplus/(deficit) for the year | 21,991 | 21,991 | - | - |
| Transfer to other reserves | - | (3,983) | - | 3,983 |
| Transfer from other reserves | - | 2,795 | - | (2,795) |
| Balance at end of the financial year | 537,590 | 329,782 | 191,555 | 16,253 |
| 2020-2021 Budget | | | | |
| Balance at beginning of the financial year | 537,590 | 328,726 | 191,555 | 17,309 |
| Surplus/(deficit) for the year | 25,212 | 25,212 | - | - |
| Transfer to other reserves | - | (5,977) | - | 5,977 |
| Transfer from other reserves | - | 1,264 | - | (1,264) |
| Balance at end of the financial year | 562,802 | 349,225 | 191,555 | 22,022 |
| 2021-2022 | | | | |
| Balance at beginning of the financial year | 562,802 | 350,281 | 191,555 | 20,966 |
| Surplus/(deficit) for the year | 22,865 | 22,865 | - | - |
| Transfer to other reserves | - | (5,808) | - | 5,808 |
| Transfer from other reserves | - | 1,818 | - | (1,818) |
| Balance at end of the financial year | 585,667 | 369,156 | 191,555 | 24,956 |
| 2022-2023 | | | | |
| Balance at beginning of the financial year | 585,667 | 369,156 | 191,555 | 24,956 |
| Surplus/(deficit) for the year | 22,080 | 22,080 | - | - |
| Transfer to other reserves | - | (6,541) | - | 6,541 |
| Transfer from other reserves | - | - | - | - |
| Balance at end of the financial year | 607,747 | 384,695 | 191,555 | 31,497 |
| 2023-2024 | | | | |
| Balance at beginning of the financial year | 607,747 | 384,695 | 191,555 | 31,497 |
| Surplus/(deficit) for the year | 23,650 | 23,650 | - | - |
| Transfer to other reserves | - | (6,871) | - | 6,871 |
| Transfer from other reserves | - | 2,334 | - | (2,334) |
| Balance at end of the financial year | 631,397 | 403,808 | 191,555 | 36,034 |

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



Budgeted Standard Cash Flow Statement

For the four years ending 30 June 2024

| | Forecast | Draft Budget | Strategic Resource Plan | | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
| | \$'000 Inflows (Outflows) | \$'000 Inflows (Outflows) | \$'000 Inflows (Outflows) | \$'000 Inflows (Outflows) | \$'000 Inflows (Outflows) |
| Cash flows from operating activities | | | | | |
| Rates and charges | 46,261 | 49,590 | 52,853 | 56,027 | 59,721 |
| Statutory fees and fines | 1,088 | 1,152 | 1,250 | 1,329 | 1,403 |
| User fees | 7,246 | 7,844 | 8,262 | 8,858 | 9,454 |
| Grants - operating | 13,809 | 11,757 | 12,106 | 13,190 | 14,181 |
| Grants - capital | 5,724 | 8,226 | 6,780 | 4,755 | 4,850 |
| Contributions - monetary | 3,976 | 4,749 | 4,173 | 4,737 | 4,950 |
| Interest received | 750 | 663 | 656 | 650 | 721 |
| Trust funds and deposits taken | - | - | 249 | - | 240 |
| Other receipts | 2,022 | 574 | 1,478 | 1,260 | 955 |
| Employee costs | (27,907) | (32,267) | (34,754) | (37,271) | (39,630) |
| Materials and services | (25,899) | (26,727) | (25,049) | (26,857) | (28,245) |
| Trust funds and deposits repaid | (411) | (475) | - | (9) | - |
| Other payments | (1,678) | (1,617) | (1,648) | (1,676) | (1,705) |
| Net cash provided by/(used in) operating activities | 24,981 | 23,469 | 26,356 | 24,993 | 26,895 |
| Cash flows from investing activities | | | | | |
| Payments for property, infrastructure, plant and equipment | (33,010) | (31,058) | (24,083) | (26,067) | (24,715) |
| Proceeds from sale of property, infrastructure, plant and equipment | 646 | 802 | 453 | 743 | 795 |
| Payments for investments | - | - | (2,000) | (500) | (3,500) |
| Payments for Intangible Assets | - | (1,056) | (1,110) | - | - |
| Net cash provided by/ (used in) investing activities | (32,364) | (31,312) | (26,740) | (25,824) | (27,420) |
| Cash flows from financing activities | | | | | |
| Finance costs | (654) | (728) | (746) | (758) | (721) |
| Proceeds from borrowings | 1,400 | 5,510 | 6,265 | 9,640 | 5,500 |
| Repayment of borrowings | (1,851) | (2,346) | (2,713) | (7,250) | (3,819) |
| Net cash provided by/(used in) financing activities | (1,105) | 2,436 | 2,806 | 1,632 | 960 |
| Net increase/(decrease) in cash and cash equivalents | (8,488) | (5,407) | 2,422 | 801 | 435 |
| Cash and cash equivalents at the beginning of the financial year | 15,024 | 6,536 | 1,129 | 3,551 | 4,352 |
| Cash and cash equivalents at the end of the financial year | 6,536 | 1,129 | 3,551 | 4,352 | 4,787 |

DRAFT STRATEGIC RESOURCE PLAN 2021–2024

Mitchell Shire Council



Budgeted Standard Capital Works Statement

For the four years ending 30 June 2024

| | Forecast | Draft Budget | Strategic Resource Plan Projections | | |
|--|---------------------|---------------------|-------------------------------------|---------------------|---------------------|
| | 2019-2020 \$'000 | 2020-2021 \$'000 | 2021-2022 \$'000 | 2022-2023 \$'000 | 2023-2024 \$'000 |
| Property | | | | | |
| Land | 174 | 2,100 | 1,300 | 1,000 | 1,000 |
| Buildings | 5,165 | 2,112 | 5,910 | 8,021 | 8,845 |
| Total property | 5,339 | 4,212 | 7,210 | 9,021 | 9,845 |
| Plant and equipment | | | | | |
| Plant, machinery and equipment | 2,768 | 3,094 | 1,484 | 2,587 | 2,311 |
| Fixtures, fittings and furniture | 607 | 256 | 240 | 240 | 240 |
| Computers and telecommunications | 1,186 | 981 | 1,105 | 900 | 900 |
| Library books | 190 | 180 | 180 | 180 | 180 |
| Total plant and equipment | 4,751 | 4,511 | 3,009 | 3,907 | 3,631 |
| Infrastructure | | | | | |
| Roads | 9,763 | 6,990 | 6,089 | 5,060 | 5,400 |
| Bridges | 1,134 | 570 | 300 | 300 | 300 |
| Footpaths and cycleways | 2,133 | 1,581 | 1,100 | 1,100 | 1,100 |
| Drainage | 146 | 100 | 50 | 50 | 50 |
| Recreational, leisure and community facilities | 3,975 | 3,922 | 3,230 | 4,300 | 879 |
| Waste management | 3,625 | 4,356 | 3,283 | 1,840 | 2,334 |
| Parks, open space and streetscapes | 1,343 | 5,494 | 588 | 145 | 500 |
| Off street car parks | 135 | - | - | - | 450 |
| Other infrastructure | 666 | 380 | 335 | 345 | 225 |
| Total infrastructure | 22,920 | 23,393 | 14,975 | 13,140 | 11,238 |
| Total capital works expenditure | 33,010 | 32,116 | 25,194 | 26,068 | 24,714 |
| Represented by: | | | | | |
| New asset expenditure | 10,181 | 15,072 | 10,227 | 6,425 | 2,820 |
| Asset renewal expenditure | 14,339 | 14,091 | 10,442 | 9,342 | 12,164 |
| Asset expansion expenditure | 182 | - | - | - | - |
| Asset upgrade expenditure | 8,308 | 2,953 | 4,525 | 10,301 | 9,730 |
| Total capital works expenditure | 33,010 | 32,116 | 25,194 | 26,068 | 24,714 |
| Funding sources represented by: | | | | | |
| Grants | 5,934 | 8,226 | 6,780 | 4,755 | 4,850 |
| Sales | 646 | 802 | 453 | 743 | 795 |
| Council Cash | 25,030 | 17,988 | 13,196 | 11,730 | 14,569 |
| Borrowings | 1,400 | 5,100 | 4,765 | 8,840 | 4,500 |
| Total capital works expenditure | 33,010 | 32,116 | 25,194 | 26,068 | 24,714 |

Note: the 2019-2020 forecast and 2020-2021 budget include carry forward works of \$4.12M and \$8.53M respectively.

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



Budgeted Statement of Human Resources

For the four years ending 30 June 2024

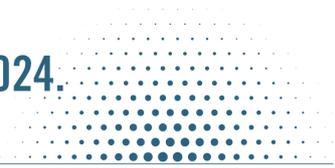
| | Forecast | Draft Budget | Strategic Resource Plan Projections | | |
|--------------------------------|---------------|---------------|-------------------------------------|---------------|---------------|
| | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Staff expenditure | | | | | |
| Employee costs - operating | 30,410 | 32,331 | 34,795 | 37,314 | 39,670 |
| Employee costs - capital | 492 | 784 | 811 | 722 | 851 |
| Total staff expenditure | 30,902 | 33,115 | 35,606 | 38,036 | 40,521 |
| | FTE | FTE | FTE | FTE | FTE |
| Staff numbers | | | | | |
| Employees | 326.4 | 339.7 | 351.6 | 355.5 | 357.0 |
| Total staff numbers | 326.4 | 339.7 | 351.6 | 355.5 | 357.0 |

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

| Department | Draft Budget | Strategic Resource Plan Projections | | |
|---|---------------|-------------------------------------|---------------|---------------|
| | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Advocacy and Community Services | | | | |
| Permanent Full Time | 6,519 | 7,165 | 7,552 | 7,994 |
| Permanent Part Time | 5,106 | 5,533 | 6,050 | 6,538 |
| Total Advocacy and Community Services | 11,625 | 12,698 | 13,602 | 14,532 |
| Development and Infrastructure | | | | |
| Permanent Full Time | 9,819 | 10,482 | 11,428 | 12,097 |
| Permanent Part Time | 1,614 | 1,840 | 1,939 | 2,052 |
| Total Development and Infrastructure | 11,433 | 12,322 | 13,367 | 14,149 |
| Governance and Corporate Performance | | | | |
| Permanent Full Time | 4,598 | 4,928 | 5,194 | 5,498 |
| Permanent Part Time | 703 | 770 | 845 | 930 |
| Total Governance and Corporate Performance | 5,301 | 5,698 | 6,039 | 6,428 |
| Executive Services | | | | |
| Permanent Full Time | 430 | 449 | 474 | 501 |
| Permanent Part Time | - | - | - | - |
| Total Executive Services | 430 | 449 | 474 | 501 |
| Total Casuals and other | 3,542 | 3,628 | 3,832 | 4,060 |
| Capitalised Labour Costs | 784 | 811 | 722 | 851 |
| Total Staff Expenditure | 33,115 | 35,606 | 38,036 | 40,521 |

DRAFT STRATEGIC RESOURCE PLAN 2021–2024.

Mitchell Shire Council



A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

| Department | Draft Budget | Strategic Resource Plan Projections | | |
|---|------------------|-------------------------------------|------------------|------------------|
| | 2020-2021 FTE | 2021-2022 FTE | 2022-2023 FTE | 2023-2024 FTE |
| Advocacy and Community Services | | | | |
| Permanent Full Time | 60.0 | 64.0 | 64.0 | 64.0 |
| Permanent Part Time | 59.5 | 63.7 | 64.1 | 64.1 |
| Total Advocacy and Community Services | 119.5 | 127.7 | 128.1 | 128.1 |
| Development and Infrastructure | | | | |
| Permanent Full Time | 99.9 | 101.0 | 106.0 | 106.0 |
| Permanent Part Time | 17.2 | 18.5 | 18.5 | 18.5 |
| Total Development and Infrastructure | 117.1 | 119.5 | 124.5 | 124.5 |
| Governance and Corporate Performance | | | | |
| Permanent Full Time | 42.2 | 43.0 | 43.0 | 43.0 |
| Permanent Part Time | 6.3 | 6.7 | 7.2 | 7.7 |
| Total Governance and Corporate Performance | 48.5 | 49.7 | 50.2 | 50.7 |
| Executive Services | | | | |
| Permanent Full Time | 2.0 | 2.0 | 2.0 | 2.0 |
| Permanent Part Time | - | - | - | - |
| Total Executive Services | 2.0 | 2.0 | 2.0 | 2.0 |
| Total Casuals and other | 45.7 | 45.8 | 44.8 | 44.8 |
| Capitalised Labour Costs | 6.9 | 6.9 | 5.9 | 6.9 |
| Total Staff Expenditure | 339.7 | 351.6 | 355.5 | 357.0 |

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**MITCHELL
SHIRE COUNCIL**

