

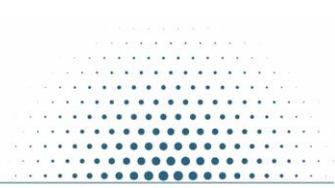
MITCHELL SHIRE COUNCIL STRATEGIC RESOURCE PLAN 2019 – 2022

MITCHELL SHIRE COUNCIL



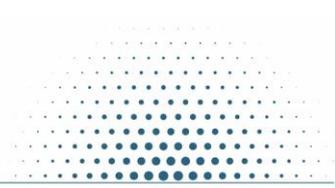
STRATEGIC RESOURCE PLAN 2019 – 2022.

Mitchell Shire Council



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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

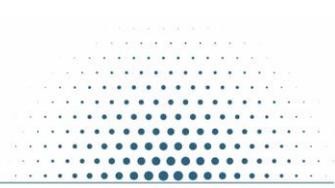
Councillors are committed to operating with probity, transparency and accountability and to ensuring sound and sustainable financial management.

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

- Long term financial sustainability
- Delivering quality services to the current community and planning to meet the needs of future communities
- Working within the annual rate cap
- Probity, transparency and accountability.

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.

Council's financial plans must remain flexible and be able to adapt to changes in circumstances outside of Councils control, e.g. rate capping, reduced grant funding, natural disasters, a sector-wide defined benefits superannuation call. This plan is therefore reviewed and adapted annually to incorporate any changes to assumptions and external factors.



Council’s aim is to be financially sustainable over the long term, to ensure that sufficient funds are generated to provide the community with agreed levels of service and infrastructure. This plan has been developed based on a 2.25% rate cap in 2018/19 and an assumed 2.0% for the remaining three years. 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.



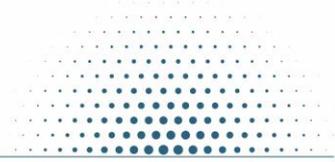
Source: Department of the Environment, Land, Water & Planning

Plan Development

Council has prepared this SRP for the four years 2018/19 to 2021/22. 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 following principles of sound financial management as contained in the Act 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
- 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 2.25% rate cap in 2018/19 and a continual 2.0% rate cap.



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

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.

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 new 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 a path to 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 adequate cash levels; and
- supporting existing and future communities.

These objectives are forecast to be achieved over the four years of this plan, and continue for the period of the long-term financial plan.

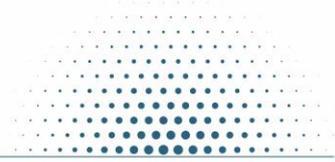
Rates

Rate capping commenced on 1 July 2016. Year 1 was set at 2.50%, Year 2 (2017/18) was set at 2.00% and Year 3 (2018/19) is set at 2.25%. Council will not be applying for an exemption and will be applying the 2.25%.

This is an increase of 0.25% from the previous SRP. The additional income will be used to meet increased service costs.

The remaining long-term plan has been built on an annual rate increase of 2.00%. However, this is subject to formal notification of future rate caps as well as further work to understand long term impacts and projections in partnership with the community.

Differential rates will be applied to ensure appropriate allocation of rates considering the use of land. Refer to the current Rating Strategy for further rating information.



FINANCIAL AREA and STRATEGY

The waste management component of the rates reflects the cost of providing waste services to the community. This includes collection and provision for the substantial cost to 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.

Rate capping as a key challenge is discussed further on page 10.

Government Funding

Council will continue to strongly advocate for government funding, particularly to support the development of infrastructure to meet the growing needs of the population. 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.

Council has made some adjustments to ensure fees and charges continue to reflect the cost of providing these services.

Loan Borrowings

Borrowings will be used to fund capital projects of a magnitude that could not otherwise be funded 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 Strategic Resource Plan includes potential borrowings for the Seymour Flood Levee, as well as capital expenditure associated with growth in our communities. This may include land acquisition, as well as, open and active space delivery.

Recurrent Operating Expenditure

Funding for recurrent operating expenditure will be increased annually in line with general cost movements. Services will continue to be reviewed against community expectations and shifting demand for services. During 2017/18 a Service Planning Review was commenced to inform future service decisions.

Currently, Council has plans to decrease net operating costs by \$400K in 2019/20, \$500K in 2020/21 and \$500K in 2021/22, adjusted for inflation.

New Initiatives and Cost Pressures

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

Capital Works

Council aims to dedicate sufficient resources to maintain and in some instances, improve the existing asset base in the long term, with remaining funds being allocated to acquire new assets.

This SRP sees lower than ideal funds available for the purpose of new and renewed capital works which increases the gap between the required asset renewal expense and the financially achievable expense. Council is working towards increasing renewal spend over the coming years to address this shortfall and a continued focus will be on identifying additional



FINANCIAL AREA and STRATEGY

funding sources in addition to reviewing current services, assets and associated standards to reduce this substantial burden.

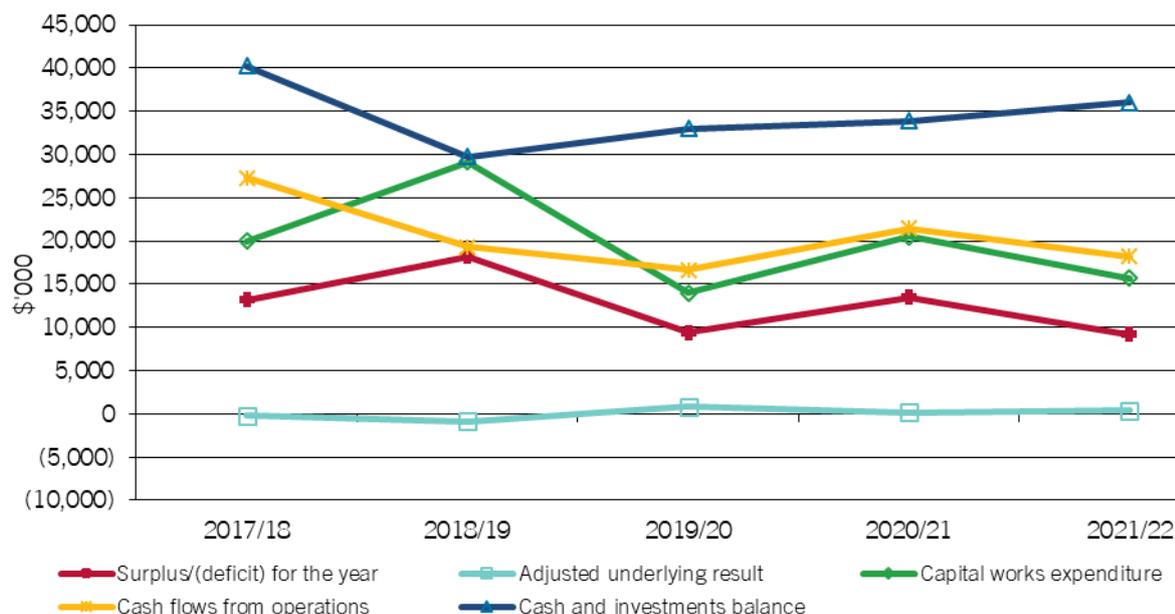
Council is heavily reliant on grant funds in the delivery of new infrastructure.

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 provide a more detailed analysis of the financial resources to be used over the next four years.

Indicator	Actual	Forecast	Budget	Strategic Resource Plan Projections		
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Surplus/(deficit) for the year	7,073	13,169	18,169	9,437	13,485	9,159
Adjusted underlying result	(6,804)	(192)	(847)	804	182	407
Cash and investments balance	34,601	40,250	29,742	32,979	33,877	36,059
Cash flows from operations	17,541	27,316	19,306	16,668	21,442	18,171
Capital works expenditure	9,768	19,971	29,126	13,984	20,500	15,725

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

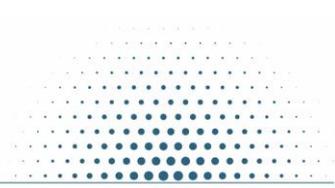


The financial indicators above show a decrease in the annual surplus in the three years following the 2018/19 budget year. The higher than average surplus in 2018/19 is due to capital grants and contributions of \$12.01M, when in the later years only confirmed non-recurrent grants and recurrent roads to recovery grant income (\$823K per annum) is included.

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. Over the term, Council has factored in operating efficiencies to ensure operating surpluses are achieved.

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Cash and investments are moving in a positive direction to meet the objective of satisfactory cash levels and improving liquidity.

Council will continue to advocate strongly for additional external funding to increase Council's ability to increase capital funding. Capital expenditure is higher in the 2017/18 forecast and 2018/19 budget due to works carried forward. 2020/21 includes new works being funded through external loan borrowings. Council's cash from operations for capital expenditure is gradually increasing over the life of the plan.

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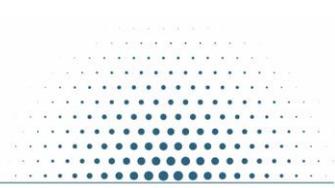
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Key Financial Indicators

The table to follow highlights Council's current and projected performance across a range of key financial indicators (KFI's). KFI's 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 2016/17	Forecast 2017/18	Budget 2018/19	Strategic Resource Plan Projections		
							2019/20	2020/21	2021/22
<i>Operating position</i>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	0-10%	1	12.2%	1.1%	-2.8%	1.2%	0.3%	0.6%
<i>Liquidity</i>									
Working Capital	Current assets / current liabilities	120-200%	2	257%	275.7%	237.3%	278.8%	283.1%	283.0%
Unrestricted cash	Unrestricted cash / current liabilities	50-100%		108%	152.5%	119.6%	143.8%	141.4%	141.3%
<i>Obligations</i>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	20-60%	3	46.0%	39.2%	35.0%	34.8%	33.0%	31.9%
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	0-5%		5.3%	6.1%	6.1%	6.5%	6.9%	7.0%
Indebtedness	Non-current liabilities / own source revenue	10-40%		41.9%	37.0%	28.0%	28.3%	27.8%	25.0%
Asset renewal	Asset renewal expenditure / depreciation	90-110%	4	53.0%	63.4%	97.5%	53.5%	61.7%	68.4%
<i>Stability</i>									
Rates concentration	Rate revenue / adjusted underlying revenue	50-80%	5	60.6%	66.3%	72.5%	69.0%	69.2%	69.5%
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.2-0.6%		0.52%	0.54%	0.47%	0.46%	0.39%	0.37%
<i>Efficiency</i>									
Expenditure level	Total expenditure / no. of property assessments	n/a		\$2,910	\$2,982	\$2,950	\$3,054	\$3,104	\$3,116
Revenue level	Residential rate revenue / No. of residential property assessments	n/a		\$1,840	\$1,996	\$1,977	\$1,958	\$1,939	\$1,920
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	10-15%	6	18.4%	14.0%	13.7%	13.7%	13.7%	13.7%



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. Over the life of the Strategic Resource Plan there is minor movement in the adjusted underlying result, achieving a key goal of the long term financial plan to move to a sustained adjusted underlying surplus.

2 Working Capital – With a focus on building cash and investments Council's working capital will improve over the coming years. Current assets will sufficiently cover Council operations and current liabilities.

3 Debt compared to rates – Council's current plan includes borrowings for capital expenditure in the growth within the south, as well as funds for the Seymour Flood Levee. Borrowings will be in line with Council's adopted Borrowings Policy.

Council's indebtedness ratio peaked in the 2016/17 year at 41.9%. It is then expected to improve over the longer term. This ratio will be dependent upon Council's capital works requirements and will be refined each year as further borrowings are identified and utilised to deliver infrastructure to the community.

4 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 the individual town needs. Council will renew assets where resources are available and seek grant funding to increase new and upgrade opportunities.

Asset renewal in 2018/19 is 97.5% which is within the KPI range, however if the carry forwards are excluded from this calculation, asset renewal would be 80.2%.

Asset renewal rates are not expected to meet 100% in 2019/20 to 2021/22 as Council balance the need for new, renewal and upgrade.

5 Rates concentration – Reflects extent of reliance on rate revenue to fund all of Council's on-going services. The trend indicates Council will become more reliant on rate revenue compared to all other revenue sources. It is important that Council's own source revenue is able to fund operations. Additional funding helps enhance and bring forward service improvements.

6 Workforce turnover – 2017/18 forecast workforce turnover assumes an improvement on 2016/17, that is expected to be maintained through the life of the plan.



Non-Financial Resources

Human Resources

Council recognises that our staff are a valuable asset and critical to the delivery of quality services and facilities to our community.

A summary of Council's anticipated human resources requirements for the 2018/19 year and beyond is shown below:

	Forecast	Budget	Strategic Resource Plan		
	2017/18	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	23,126	25,580	27,783	29,643	31,151
Employee costs - capital	480	612	649	672	696
Total staff expenditure	23,606	26,192	28,432	30,315	31,847
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	284.5	294.9	307.0	314.4	319.4
Total staff numbers	284.5	294.9	307.0	314.4	319.4

Capital works employee costs are lower than usual in the 2017/18 forecast due to staff changes in department leadership structures and staff being redirected to operational projects, including works related the flood and storm events in December 2017.

Council recognises that our staff are a valuable asset and critical to the delivery of quality services and facilities to our community. Just over two thirds 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.

Forecast dollars and FTE for 2017/18 are based on actual hours paid, they include a reduction for periods of staff vacancies. For some roles, vacancies are backfilled with labour hire (agency staff or contractors) to meet service requirements. In the quarter 2 forecast, the estimated annual cost of labour hire backfill for staff vacancies for 2017/18 is \$370K which is reflected in materials and services, not employee costs.

Employee number are expected to incline with the growth and expansion of services to the Shire.

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, pre-schools, child care centres and civic properties;
- sports reserves, bushland reserves, parks and open space;
- street and park furniture; and
- waste management facilities.



As at 26 February 2018, Council maintained assets include:

Sealed roads	675 km	Aquatic Centres	2
Unsealed roads	711 km	Outdoor pools	3
Fire Access Tracks	158 km	Public Toilets	25
Kerb and Channel	425 km	Buildings	109
Footpaths (Concrete)	197 km	Playgrounds	43
Footpaths (Non-Concrete)	56 km	Libraries (1 leased)	3
Drainage Pipes	260 km	Kindergartens (8 Council run)	9
Drainage Pits	9364	Community Halls	8
Bridges - Vehicle	71	Landfill – open	1
Bridges - Pedestrian	36	Landfill – closed	2
Sporting Pavilions/clubrooms	23	Resource Recovery Centres	4
Sporting Reserves	9		

Key Challenges

Rate Capping

Rate capping commenced on 1 July 2016 at 2.50%, with a reduced cap of 2.00% for the 2017/18 financial year. For the 2018/19 financial year, the State Government have announced a rate cap of 2.25%.

Population and Growth

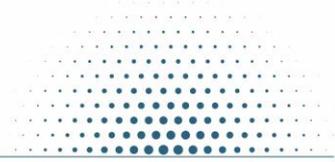
The Australian Bureau of Statistics estimated at the 2016 resident population for Mitchell Shire was 41,632. In 2018, Mitchell is estimated to be home to around 44,882 residents across a mix of urban and rural communities and is forecast to grow at around 3-4% per annum. By 2036 the population is forecast to grow to 91,830, which will see 46,948 new residents move to Mitchell Shire between 2018 and 2036. More than 80% 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 against 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. Measuring the actual 'renewal gap', (i.e. the difference between the required level of spending on asset protection and the actual level), is inherently subjective. Regardless, 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 exists 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 little integration with other 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.

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 and the broad area of 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 new 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 redefine 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 and 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 reduction in 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 addresses the significant costs of emergency planning and preparedness, including bushfire preparation works. Financial pressure in this area will continue as Council continues to respond to the recommendations of the Bushfires Royal Commission and Floods Inquiry, and as we continue to reduce and mitigate a range of emergency related risks. The increased frequency and severity of extreme weather events also continues to have a significant impact on Council's financial resources and service delivery. The majority of costs are reimbursed after the event 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 putting more 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 2.25% rate increase in 2018/19 and 2.0% each year thereafter. In addition to this annual increase is an allowance factored in for continued growth across the shire.
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 9.36% in 2018/19. For a detailed listing of all charges please see Council's Fees and Charges Schedule. From 2019/20 onwards, an increase of 2.0% per annum has been assumed.
Grants Recurrent	A 2.0% per annum increase has been assumed.
Grants Non-Recurrent	Grants Non-Recurrent are based on the known dollar value of specific grants and are not increased each year.
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.
Proceeds from sale of assets	An amount of \$806K is forecast in 2017/18 and is offset by the written down value of the asset. 2018/19 is budgeted at \$979K, and in the following years an average of \$630K p.a.
Other Revenue	All other revenue has been assumed to increase by 2.5% 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, which provides in 2018/19 a 3.0% increase, being a



Income / Expenditure Item	Assumption
Contractors, materials and utilities	<p>2.0% hourly rate increase and 1.0% banding increments and end of band payments. Years 2-4 of the SRP have been set at 3.0%.</p> <p>Utility costs are forecast to increase by 30.25% in 2018/19, mainly as a result of increased electricity costs. With a large number of electricity generating assets expected to be feeding into the grid by the end of 2018/19, the industry expects electricity prices to peak in 2018/19. Materials, contractors and consultants are forecast to increase by 2.5%. Consultants and contractors are reviewed in detail each financial year as part of the annual budget process.</p>
Bad and doubtful debts	<p>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.</p>
Finance Costs	<p>Principal and interest forecasts have been based on existing loan schedules and an interest rate of 5.0% for the following new borrowings,</p> <ul style="list-style-type: none"> • 2017/18 - • 2018/19 \$0.95M • 2019/20 \$2.85M • 2020/21 \$2.22M • 2021/22 \$2.69M
Depreciation	<p>At the time of borrowing Council will undertake a competitive process seeking to minimise interest rates as best as possible.</p> <p>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.</p>
Other	<p>All other costs have assumed no increase.</p>

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



Budgeted Standard Income Statement

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Income					
Rates and charges	40,673	43,152	45,561	47,384	49,356
Statutory fees and fines	897	1,086	1,059	1,150	1,153
User fees	5,793	6,332	6,383	6,591	6,807
Grants - Operating	11,596	7,369	11,202	11,469	11,790
Grants - Capital	1,477	10,871	823	5,473	923
Contributions - monetary	4,354	2,274	1,133	1,153	1,149
Contributions - non-monetary	7,500	7,500	7,500	7,500	7,500
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	47	-	-	-	-
Other income	850	747	999	1,040	1,075
Total income	73,187	79,331	74,660	81,760	79,753
Expenses					
Employee costs	23,132	25,968	28,186	30,060	31,584
Materials and services	19,294	19,626	21,282	22,273	22,579
Bad and doubtful debts	17	13	13	13	13
Depreciation and amortisation	15,313	13,320	13,856	14,583	15,631
Borrowing costs	854	816	861	858	866
Other expenses	1,408	1,419	1,448	1,466	1,485
Net operating reduction target*	-	-	(423)	(978)	(1,564)
Total expenses	60,018	61,162	65,223	68,275	70,594
Surplus/(deficit) for the year	13,169	18,169	9,437	13,485	9,159
Total comprehensive result	13,169	18,169	9,437	13,485	9,159

* The forecast figures represent the cumulative effect of \$400K in 2019/20, \$500K in 2020/21, and \$500K in 2021/22 adjusted for inflation.

STRATEGIC RESOURCE PLAN 2019 – 2022.

Mitchell Shire Council



Budgeted Standard Balance Sheet

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Assets					
Current assets					
Cash and cash equivalents	40,250	29,742	32,979	33,877	36,059
Trade and other receivables	1,876	7,389	7,389	7,389	7,389
Inventories	112	112	112	112	112
Non-current assets classified as held for sale	122	-	-	-	-
Other assets	680	680	680	680	680
Total current assets	43,040	37,923	41,160	42,058	44,240
Non-current assets					
Trade and other receivables	25	25	25	25	25
Investments in associates and joint ventures	5	5	5	5	5
Property, infrastructure, plant & equipment	463,278	483,461	489,366	502,369	509,102
Total non-current assets	463,308	483,491	489,396	502,399	509,132
Total assets	506,348	521,414	530,556	544,457	553,372
Liabilities					
Current liabilities					
Trade and other payables	5,518	5,531	5,546	5,562	5,580
Trust funds and deposits	2,826	2,826	2,826	2,826	2,826
Provisions	5,468	5,508	3,988	3,858	3,508
Interest-bearing loans and borrowings	1,801	2,115	2,401	2,608	3,718
Total current liabilities	15,613	15,980	14,761	14,854	15,632
Non-current liabilities					
Provisions	3,685	1,380	1,855	2,565	2,565
Interest-bearing loans and borrowings	14,155	12,990	13,439	13,052	12,030
Total non-current liabilities	17,840	14,370	15,294	15,617	14,595
Total liabilities	33,453	30,350	30,055	30,471	30,227
Net assets	472,895	491,064	500,501	513,986	523,145
Equity					
Accumulated surplus	249,067	269,179	276,939	290,118	297,448
Reserves	223,828	221,885	223,562	223,868	225,697
Total equity	472,895	491,064	500,501	513,986	523,145

STRATEGIC RESOURCE PLAN 2019 – 2022.

Mitchell Shire Council



Budgeted Statement of Changes in Equity

For the four years ending 30 June 2022

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017/18 Forecast Actual				
Balance at beginning of the financial year	459,773	233,877	212,824	13,072
Surplus/(deficit) for the year	13,169	13,169	-	-
Transfer to other reserves	-	(2,734)	-	2,734
Transfer from other reserves	-	4,802	-	(4,802)
Balance at end of the financial year	472,942	249,114	212,824	11,004
2018/19 Budget				
Balance at beginning of the financial year	472,895	249,067	212,824	11,004
Surplus/(deficit) for the year	18,169	18,169	-	-
Transfer to other reserves	-	(2,258)	-	2,258
Transfer from other reserves	-	4,201	-	(4,201)
Balance at end of the financial year	491,064	269,179	212,824	9,061
2019/20				
Balance at beginning of the financial year	491,064	269,179	212,824	9,061
Surplus/(deficit) for the year	9,437	9,437	-	-
Transfer to other reserves	-	(2,797)	-	2,797
Transfer from other reserves	-	1,120	-	(1,120)
Balance at end of the financial year	500,501	276,939	212,824	10,738
2020/21				
Balance at beginning of the financial year	500,501	276,939	212,824	10,738
Surplus/(deficit) for the year	13,485	13,485	-	-
Transfer to other reserves	-	(2,916)	-	2,916
Transfer from other reserves	-	2,610	-	(2,610)
Balance at end of the financial year	513,986	290,118	212,824	11,044
2021/22				
Balance at beginning of the financial year	513,986	290,118	212,824	11,044
Surplus/(deficit) for the year	9,159	9,159	-	-
Transfer to other reserves	-	(3,019)	-	3,019
Transfer from other reserves	-	1,190	-	(1,190)
Balance at end of the financial year	523,145	297,448	212,824	12,873



Budgeted Standard Cash Flow Statement

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan		
	2017/18	2018/19	Projections		
	\$'000	\$'000	2019/20	2020/21	2021/22
	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
Cash flows from operating activities					
Rates and charges	40,673	43,152	45,561	47,384	49,356
Statutory fees and fines	897	1,086	1,059	1,150	1,153
User fees	5,794	6,332	6,383	6,591	6,807
Grants - operating	11,596	7,369	11,202	11,469	11,790
Grants - capital	6,990	5,358	823	5,473	923
Contributions - monetary	4,355	2,274	1,133	1,153	1,149
Interest received	675	511	760	799	831
Other receipts	175	236	239	241	244
Employee costs	(23,120)	(25,954)	(28,172)	(30,044)	(31,569)
Materials and services	(19,294)	(19,626)	(21,282)	(22,273)	(22,579)
Other payments	(1,425)	(1,432)	(1,461)	(1,479)	(1,498)
Net operating reduction target	-	-	423	978	1,564
Net cash provided by/(used in) operating activities	27,316	19,306	16,668	21,442	18,171
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(19,972)	(29,126)	(13,984)	(20,200)	(15,725)
Proceeds from sale of property, infrastructure, plant and equipment	806	979	679	694	515
Net cash provided by/ (used in) investing activities	(19,166)	(28,147)	(13,305)	(19,506)	(15,210)
Cash flows from financing activities					
Finance costs	(854)	(816)	(861)	(858)	(866)
Proceeds from borrowings	-	950	2,850	2,221	2,695
Repayment of borrowings	(1,647)	(1,801)	(2,115)	(2,401)	(2,608)
Net cash provided by/(used in) financing activities	(2,501)	(1,667)	(126)	(1,038)	(779)
Net increase/(decrease) in cash & cash equivalents	5,649	(10,508)	3,237	898	2,182
Cash and cash equivalents at the beginning of the financial year	34,601	40,250	29,742	32,979	33,877
Cash and cash equivalents at the end of the financial year	40,250	29,742	32,979	33,877	36,059



Budgeted Standard Capital Works Statement

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Property					
Land	297	2,163	-	2,221	258
Total land	297	2,163	-	2,221	258
Buildings	6,247	2,928	420	200	200
Heritage buildings	-	-	-	300	-
Total buildings	6,247	2,928	420	500	200
Total property	6,544	5,091	420	2,721	458
Plant and equipment					
Plant, machinery and equipment	677	3,474	1,231	2,403	1,742
Fixtures, fittings and furniture	255	295	310	310	310
Computers and telecommunications	1,395	1,177	735	625	555
Library books	160	180	180	180	180
Total plant and equipment	2,487	5,126	2,456	3,518	2,787
Infrastructure					
Roads	1,631	6,606	4,246	3,453	5,308
Bridges	821	445	488	440	440
Footpaths and cycleways	809	2,069	724	774	770
Drainage	170	303	274	224	330
Recreational, leisure and community facilities	1,375	1,578	1,067	1,308	4,005
Waste management	4,727	3,560	1,120	2,590	1,170
Parks, open space and streetscapes	972	3,894	339	1,022	401
Off street car parks	6	247	-	-	-
Other infrastructure	429	207	2,850	4,450	56
Total infrastructure	10,940	18,909	11,108	14,261	12,480
Total capital works expenditure*	19,971	29,126	13,984	20,500	15,725
Represented by:					
New asset expenditure	6,462	9,454	4,464	9,871	4,333
Asset renewal expenditure	9,710	12,987	7,416	8,998	10,684
Asset expansion expenditure	338	-	-	-	-
Asset upgrade expenditure	3,461	6,685	2,104	1,331	708
Total capital works expenditure	19,971	29,126	13,984	20,200	15,725
Funding sources represented by:					
Grants	2,686	10,871	823	5,473	923
Contributions	2,860	1,141	-	-	-
Sales	1,103	979	405	694	515
Council Cash	13,322	15,185	9,906	12,112	11,592
Borrowings	-	950	2,850	2,221	2,695
Total capital works expenditure	19,971	29,126	13,984	20,500	15,725

* The 2017/18 forecast and 2018/19 budget include carry forward works of \$9.17M and \$13.50M respectively



Budgeted Statement of Human Resources

For the four years ending 30 June 2022

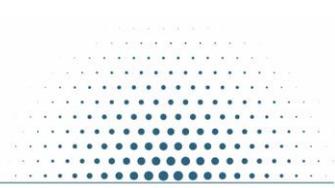
	Forecast	Budget	Strategic Resource Plan		
	2017/18	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	23,126	25,580	27,783	29,643	31,151
Employee costs - capital	480	612	649	672	696
Total staff expenditure	23,606	26,192	28,432	30,315	31,847
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	284.5	294.9	307.0	314.4	319.4
Total staff numbers	284.5	294.9	307.0	314.4	319.4

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

Department	Budget	Strategic Resource Plan Projections		
	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000
Advocacy and Community Services				
Permanent Full Time	5,247	5,763	6,136	6,540
Permanent Part Time	4,397	4,765	5,042	5,337
Total Advocacy and Community Services	9,644	10,528	11,178	11,877
Development and Infrastructure				
Permanent Full Time	7,989	8,715	9,438	9,921
Permanent Part Time	827	863	893	871
Total Development and Infrastructure	8,816	9,578	10,331	10,792
Governance and Corporate Performance				
Permanent Full Time	3,316	3,690	3,853	4,020
Permanent Part Time	860	979	1,158	1,199
Total Governance and Corporate Performance	4,176	4,669	5,011	5,219
Executive Services				
Permanent Full Time	392	404	418	433
Permanent Part Time	-	-	-	-
Total Executive Services	392	404	418	433
Total Casals and other	2,940	3,007	3,122	3,263
Capitalised Labour Costs	612	649	672	696
Total Staff Expenditure	26,580	28,835	30,732	32,280

STRATEGIC RESOURCE PLAN 2019 – 2022.

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	Budget	Strategic Resource Plan Projections		
	2018/19 FTE	2019/20 FTE	2020/21 FTE	2021/22 FTE
Advocacy and Community Services				
Permanent Full Time	54.5	57.9	59.9	61.9
Permanent Part Time	55.5	55.7	55.7	55.7
Total Advocacy and Community Services	110.0	113.6	115.6	117.6
Development and Infrastructure				
Permanent Full Time	88.5	93.0	97.4	99.4
Permanent Part Time	10.0	11.3	11.3	11.6
Total Development and Infrastructure	98.5	104.3	108.7	111.0
Governance and Corporate Performance				
Permanent Full Time	34.0	36.5	37.0	37.5
Permanent Part Time	8.8	8.8	9.3	9.3
Total Governance and Corporate Performance	42.8	45.3	46.3	46.8
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 Casals and other	35.4	35.6	35.6	35.8
Capitalised Labour Costs	6.2	6.2	6.2	6.2
Total Staff Expenditure	294.9	307.0	314.4	319.4

Mitchell Shire Council

113 High Street, Broadford 3658

Ph: (03) 5734 6200

Fax: (03) 5734 6222

Email: mitchell@mitchellshire.vic.gov.au

www.mitchellshire.vic.gov.au

MITCHELL SHIRE COUNCIL

