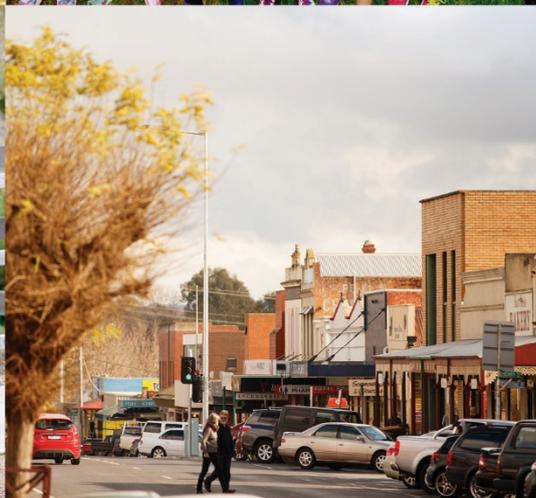


# MITCHELL SHIRE COUNCIL STRATEGIC RESOURCE PLAN 2020–2023

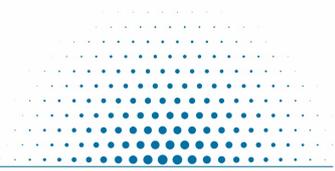


MITCHELL SHIRE COUNCIL



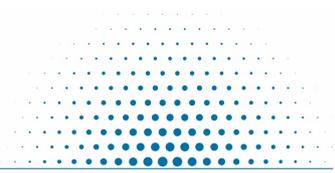
# STRATEGIC RESOURCE PLAN 2020–2023.

*Mitchell Shire Council*



# STRATEGIC RESOURCE PLAN 2020–2023.

*Mitchell Shire Council*



## Contents

Introduction .....	1
Planning and Reporting Framework .....	2
Plan Development .....	3
Financial Objectives and Resources .....	3
Key Financial Results .....	6
Key Financial Indicators.....	7
Notes to indicators .....	8
Non-Financial Resources.....	9
Key Challenges.....	10
Key Assumptions.....	12
Strategic Resource Plan Model .....	13
Budgeted Standard Income Statement.....	14
Budgeted Standard Balance Sheet .....	15
Budgeted Statement of Changes in Equity.....	16
Budgeted Standard Cash Flow Statement .....	17
Budgeted Standard Capital Works Statement .....	18
Budgeted Statement of Human Resources.....	19

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## 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.

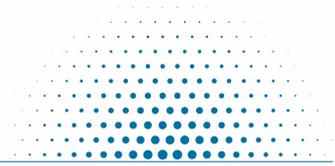
The SRP is a core part of this commitment and is developed with four primary objectives:

- 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.

# STRATEGIC RESOURCE PLAN 2020–2023.

*Mitchell Shire Council*



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 rate capping, 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 adapted annually to incorporate any changes to assumptions and external factors.

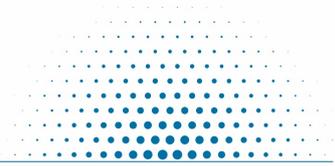
Council’s aim is to be financially sustainable into the future. Ensuring that sufficient funds are generated to provide the community with agreed levels of service and infrastructure. This plan has been developed based on a 2.50% rate cap in 2019-2020, an assumed 2.50% rate cap for 2020-2021 and 2021-2022, and 2.00% for the final year 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 2019-2020 to 2022-2023. 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 2.50% rate cap for 2020-2021 and 2021-2022, and 2.00% thereafter.

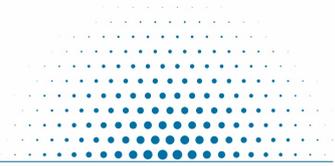
Through the review and redevelopment of this plan, Council has remained focused on a sustainable future and maintaining an underlying operating surplus, renewing existing assets and providing new assets, addressing the need for capital upgrades and expansions, as well as servicing an existing community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



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## FINANCIAL AREA and STRATEGY

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### 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 appropriate cash levels; and
- planning and delivering for 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 may vary each financial year and 2019-2020 will be set at 2.50%. Council will not be applying for an exemption and will apply the 2.50%.

The remaining long-term plan has been built on an annual rate increase of 2.50% in 2020-2021 and 2021-2022, and 2.00% thereafter. However, this is subject to formal notification of future rate cap.

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

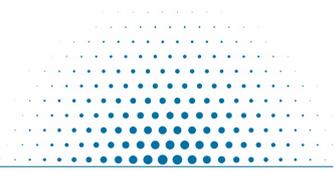
The waste management component of the rates notice reflects the costs of providing waste services to the community. This includes collection as well as the provision for the cost to remediate and rehabilitate landfill sites at the end of their useful life. This charge is not subject to the annual rate 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 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.



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## FINANCIAL AREA and STRATEGY

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Council will continue to ensure fees and charges continue to reflect the cost of providing these services.

### Loan Borrowings

Borrowings will be used to fund new or expanded 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 Strategic Resource Plan includes potential borrowings for planning and construction of Seymour's flood levee, Southern Resource Recovery Centre land purchase, design and construction, Patterson Street road construction and the refinancing of a loan.

### Recurrent Operating Expenditure

Funding for recurrent operating expenditure will be increased annually in line with general cost movements. Council has commenced a program of service planning that will ensure services are in line with community expectations and need.

### New Initiatives and Cost Pressures

Where achievable, allocations of funding are available annually for recurrent 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 new assets.

This SRP sees lower than ideal funds available for the purpose of renewed capital works which increases the gap between the required asset renewal expense and the financially achievable expense. Council continues to work towards 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 planning.

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

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council

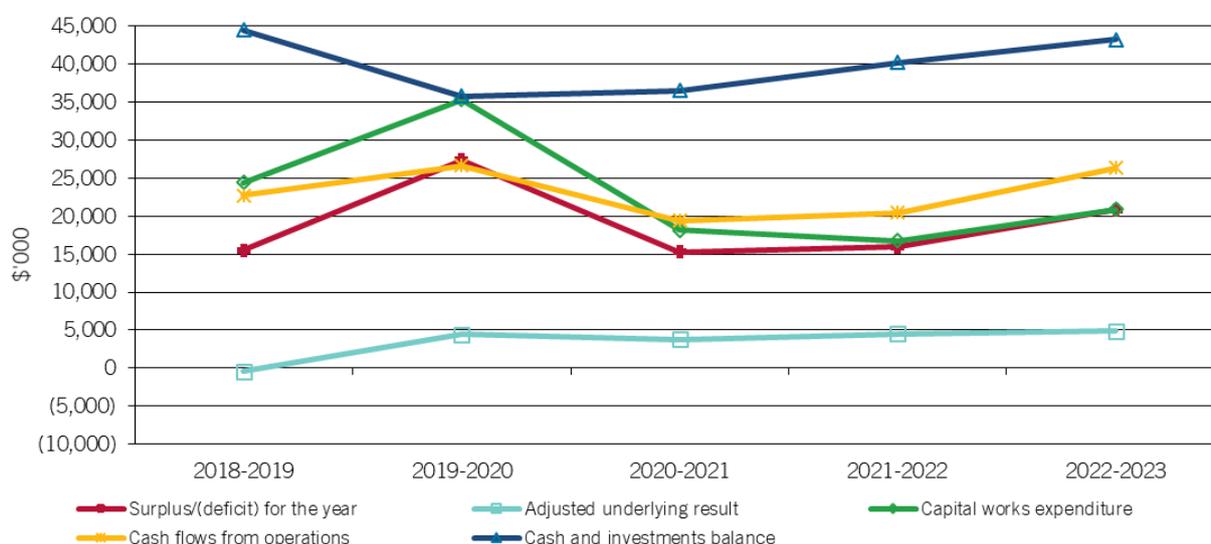


## Key Financial Results

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	Strategic Resource Plan					
	Actual	Forecast	Budget	Projections		
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) for the year	17,979	15,488	27,386	15,303	15,975	20,817
Adjusted underlying result	(1,401)	(405)	4,455	3,800	4,501	4,908
Cash and investments balance	45,420	44,452	35,776	36,479	40,169	43,211
Cash flows from operations	29,228	22,741	26,612	19,393	20,466	26,370
Capital works expenditure	17,707	24,441	35,302	18,163	16,752	20,853

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 2019-2020 budget year. The higher than average surplus in 2019-2020 is due to successful capital grants and contributions of \$12.37M, when in the later years only confirmed non-recurrent grants and recurrent roads to recovery grant income (\$1.18M 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. Council has worked hard over previous years to eliminate the adjusted underlying deficits.

Cash and investments are moving in a positive direction to meet the objective of satisfactory cash levels and improving liquidity. In prior years carry forward capital projects has meant cash being held pending delivery of budgeted projects.

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 2018-2019 forecast and 2019-2020 budget due to works carried forward and successful grant funding. Over the life of the plan, Council aims to gradually increase cash from operations for capital expenditure.

# STRATEGIC RESOURCE PLAN 2020–2023.

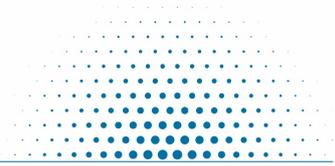
*Mitchell Shire Council*



## 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 2017-2018	Forecast 2018-2019	Budget 2019-2020	Strategic Resource Plan Projections		
							2020-2021	2021-2022	2022-2023
<b><i>Operating position</i></b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	0-10%	1	2.1%	(0.6%)	6.2%	4.8%	5.5%	5.7%
<b><i>Liquidity</i></b>									
Working Capital	Current assets / current liabilities	120-200%	2	279%	223.8%	238.1%	237.4%	218.5%	270.2%
Unrestricted cash	Unrestricted cash / current liabilities	50-100%		122%	132.7%	117.4%	111.1%	104.7%	130.2%
<b><i>Obligations</i></b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	20-60%	3	39.5%	33.0%	31.5%	28.9%	28.1%	22.1%
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	0-5%		6.2%	5.8%	5.9%	6.1%	6.2%	13.0%
Indebtedness	Non-current liabilities / own source revenue	10-40%		31.6%	30.3%	29.8%	24.3%	19.4%	17.9%
Asset renewal	Asset renewal expenditure / depreciation	90-110%	4	61.4%	115.7%	81.4%	78.4%	73.0%	80.0%
<b><i>Stability</i></b>									
Rates concentration	Rate revenue / adjusted underlying revenue	50-80%	5	62.2%	63.0%	66.3%	68.2%	69.0%	69.4%
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.2-0.6%		0.54%	0.57%	0.51%	0.50%	0.43%	0.41%
<b><i>Efficiency</i></b>									
Expenditure level	Total expenditure / no. of property assessments	n/a		\$3,180	\$3,248	\$3,170	\$3,237	\$3,256	\$3,309
Revenue level	Residential rate revenue / No. of residential property assessments	n/a		\$1,846	\$1,865	\$1,856	\$1,847	\$1,829	\$1,811
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for	10-15%	6	12.7%	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. 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 for Seymour Flood Levee planning and Southern Resource Recovery Centre land purchase and design. Borrowings will be in line with Council's adopted Borrowings Policy.

Council's indebtedness ratio peaked in 2017-2018 at 31.6% and forecasts a declining trend. This ratio will be 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.

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

Asset renewal in 2019-2020 is 81.4% which is not within the KPI range. Furthermore, if the carry forwards were excluded from this calculation, asset renewal would be 65.2%.

Asset renewal rates are not expected to meet 100% in 2020-2021 to 2022-2023 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.

**5 Rates concentration** – Reflects 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.

**6 Workforce turnover** – Workforce turnover is forecasted at 13.5% for 2018-2019 and is expected to remain constant over the life of the Strategic Resource Plan. The 13.5% turnover rate is within the KPI range and is in line with like councils across Victoria.

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Non-Financial Resources

### Human Resources

A summary of Council's anticipated human resources requirements for the 2019-2020 year and beyond is shown below:

	Budget	Strategic Resource Plan Projections		
	2019-2020	2020-2021	2021-2022	2022-2023
	\$'000	\$'000	\$'000	\$'000
<b>Staff expenditure</b>				
Employee costs - operating	28,418	30,272	31,895	33,507
Employee costs - capital	509	524	321	333
<b>Total staff expenditure</b>	<b>28,927</b>	<b>30,796</b>	<b>32,216</b>	<b>33,840</b>
	FTE	FTE	FTE	FTE
<b>Staff numbers</b>				
Employees	318.9	330.1	334.6	340.3
Total staff numbers	318.9	330.1	334.6	340.3

As a fast-growing Council, it is expected that employee numbers incline 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.

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.

### Infrastructure

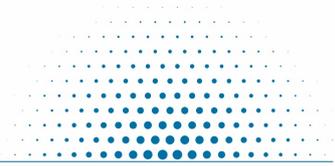
Infrastructure refers to the assets that Council manages and maintains for the community. These include:

- 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.

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.

# STRATEGIC RESOURCE PLAN 2020–2023.

*Mitchell Shire Council*



As at 22 March 2019, Council maintained assets include:

Sealed roads	675 km	Aquatic Centres	2
Unsealed roads	715 km	Outdoor pools	3
Fire Access Tracks	158 km	Public Toilets	25
Kerb and Channel	432 km	Buildings	110
Footpaths (Concrete)	202 km	Playgrounds	46
Footpaths (Non-Concrete)	57 km	Libraries (1 leased)	4
Drainage Pipes	265 km	Kindergartens (8 Council run)	10
Drainage Pits	9697	Community Halls	7
Bridges - Vehicle	71	Landfill – open	1
Bridges - Pedestrian	39	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. For the 2019-2020 financial year, the State Government have announced a rate cap of 2.50%. 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

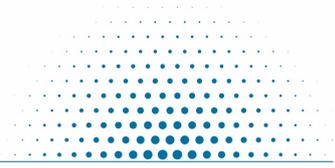
In 2019, Mitchell is estimated to be home to around 46,038 residents across a mix of urban and rural communities and is forecast to grow at around 3-5% per annum. By 2036 the population is forecast to grow to 103,094, which will see 57,056 new residents move to Mitchell Shire between 2019 and 2036. Majority 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 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 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.

## **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 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 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 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 financial 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 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 2.50% rate increase in 2019-2020 and 2.50% in 2020-2021 and 2021-2022, and 2.00% 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 12.86% in 2019-2020. For a detailed listing of all charges please see Council's Fees and Charges Schedule. From 2019-2020 onwards, an increase of 2.50% per annum has been assumed. The 12.86% overall increase is from increased services being delivered.
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 \$337K is forecast in 2019-2020 and is offset by the written down value of the asset. In the following years

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



Income / Expenditure Item	Assumption
	an average of \$542K per annum. These proceeds relate to the annual plant and fleet program.
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 2019-2020 a 3.0% increase, being a 2.0% hourly rate increase and 1.0% banding increments and end of band payments. Year 2 of the SRP has been set at 3.0% and years 3-4 of the SRP have been set at 3.50%. This will be revised following the EA update.
Contractors, materials and utilities	Utility costs are forecast to increase by 3.50% in 2019-2020. 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.
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 4.50% for the following new borrowings,</p> <ul style="list-style-type: none"><li>• 2019-2020 \$2.40M</li><li>• 2020-2021 \$1.93M</li><li>• 2021-2022 \$2.85M</li><li>• 2022-2023 \$4.00M</li></ul> <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.

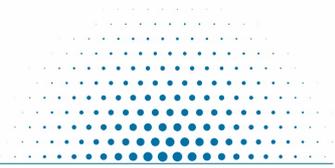
## Strategic Resource Plan Model

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

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Budgeted Standard Income Statement

For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections		
	2018-2019 \$'000	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000
<b>Income</b>					
Rates and charges	43,131	46,481	49,515	52,282	55,195
Statutory fees and fines	891	1,017	1,208	1,153	1,167
User fees	6,274	7,101	7,589	8,001	8,431
Grants - Operating	12,201	13,050	11,812	11,821	12,152
Grants - Capital	4,285	11,677	1,175	1,175	5,625
Contributions - monetary	2,406	2,193	1,503	1,474	1,459
Contributions - non-monetary	10,000	10,000	10,000	10,000	10,000
Other income	1,670	1,585	1,617	1,673	1,743
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	-	-	-	-
<b>Total income</b>	<b>80,858</b>	<b>93,104</b>	<b>84,419</b>	<b>87,579</b>	<b>95,772</b>
<b>Expenses</b>					
Employee costs	26,032	28,417	30,272	31,895	33,507
Materials and services	24,350	22,439	23,060	23,504	24,165
Bad and doubtful debts	10	7	7	7	7
Depreciation and amortisation	12,492	12,416	13,312	13,707	14,881
Borrowing costs	784	758	760	767	653
Other expenses	1,702	1,681	1,705	1,724	1,742
<b>Total expenses</b>	<b>65,370</b>	<b>65,718</b>	<b>69,116</b>	<b>71,604</b>	<b>74,955</b>
<b>Surplus/(deficit) for the year</b>	<b>15,488</b>	<b>27,386</b>	<b>15,303</b>	<b>15,975</b>	<b>20,817</b>
<b>Total comprehensive result</b>	<b>15,488</b>	<b>27,386</b>	<b>15,303</b>	<b>15,975</b>	<b>20,817</b>

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Budgeted Standard Balance Sheet

For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan Projections		
	2018-2019 \$'000	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	44,452	35,776	36,479	40,169	43,211
Trade and other receivables	6,831	6,831	6,831	6,831	6,831
Inventories	186	186	186	186	186
Other assets	419	419	419	419	419
<b>Total current assets</b>	<b>51,888</b>	<b>43,212</b>	<b>43,915</b>	<b>47,605</b>	<b>50,647</b>
<b>Non-current assets</b>					
Trade and other receivables	23	23	23	23	23
Investments in associates and joint ventures	5	5	5	5	5
Property, infrastructure, plant & equipment	464,181	496,228	508,974	522,246	536,629
<b>Total non-current assets</b>	<b>464,209</b>	<b>496,256</b>	<b>509,002</b>	<b>522,274</b>	<b>536,657</b>
<b>Total assets</b>	<b>516,097</b>	<b>539,468</b>	<b>552,917</b>	<b>569,879</b>	<b>587,304</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	11,768	7,821	7,837	7,855	7,873
Trust funds and deposits	3,087	3,087	3,087	3,087	3,087
Provisions	6,367	4,980	5,108	4,328	4,268
Interest-bearing loans and borrowings	1,965	2,260	2,469	6,520	3,513
<b>Total current liabilities</b>	<b>23,187</b>	<b>18,148</b>	<b>18,501</b>	<b>21,790</b>	<b>18,741</b>
<b>Non-current liabilities</b>					
Provisions	3,486	4,370	2,702	4,070	3,242
Interest-bearing loans and borrowings	12,256	12,396	11,857	8,187	8,672
<b>Total non-current liabilities</b>	<b>15,742</b>	<b>16,766</b>	<b>14,559</b>	<b>12,257</b>	<b>11,914</b>
<b>Total liabilities</b>	<b>38,929</b>	<b>34,914</b>	<b>33,060</b>	<b>34,047</b>	<b>30,655</b>
<b>Net assets</b>	<b>477,168</b>	<b>504,554</b>	<b>519,857</b>	<b>535,832</b>	<b>556,649</b>
<b>Equity</b>					
Accumulated surplus	267,662	295,680	309,357	322,709	342,492
Reserves	209,506	208,874	210,500	213,123	214,157
<b>Total equity</b>	<b>477,168</b>	<b>504,554</b>	<b>519,857</b>	<b>535,832</b>	<b>556,649</b>

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Budgeted Statement of Changes in Equity

For the four years ending 30 June 2023

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2018-2019 Forecast Actual</b>				
Balance at beginning of the financial year	461,680	251,657	196,753	13,270
Surplus/(deficit) for the year	15,488	15,488	-	-
Transfer to other reserves	-	(2,900)	-	2,900
Transfer from other reserves	-	3,418	-	(3,418)
<b>Balance at end of the financial year</b>	<b>477,168</b>	<b>267,663</b>	<b>196,753</b>	<b>12,753</b>
<b>2019-2020 Budget</b>				
Balance at beginning of the financial year	477,168	267,662	196,753	12,753
Surplus/(deficit) for the year	27,386	27,386	-	-
Transfer to other reserves	-	(3,302)	-	3,302
Transfer from other reserves	-	3,935	-	(3,935)
<b>Balance at end of the financial year</b>	<b>504,554</b>	<b>295,681</b>	<b>196,753</b>	<b>12,120</b>
<b>2020-2021</b>				
Balance at beginning of the financial year	504,554	295,681	196,753	12,120
Surplus/(deficit) for the year	15,303	15,303	-	-
Transfer to other reserves	-	(3,814)	-	3,814
Transfer from other reserves	-	2,188	-	(2,188)
<b>Balance at end of the financial year</b>	<b>519,857</b>	<b>309,358</b>	<b>196,753</b>	<b>13,746</b>
<b>2021-2022</b>				
Balance at beginning of the financial year	519,857	309,358	196,753	13,746
Surplus/(deficit) for the year	15,975	15,975	-	-
Transfer to other reserves	-	(3,882)	-	3,882
Transfer from other reserves	-	1,259	-	(1,259)
<b>Balance at end of the financial year</b>	<b>535,832</b>	<b>322,710</b>	<b>196,753</b>	<b>16,369</b>
<b>2022-2023</b>				
Balance at beginning of the financial year	535,832	322,710	196,753	16,369
Surplus/(deficit) for the year	20,817	20,817	-	-
Transfer to other reserves	-	(4,013)	-	4,013
Transfer from other reserves	-	2,979	-	(2,979)
<b>Balance at end of the financial year</b>	<b>556,649</b>	<b>342,492</b>	<b>196,753</b>	<b>17,404</b>

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



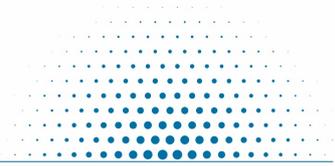
## Budgeted Standard Cash Flow Statement

For the four years ending 30 June 2022

	Strategic Resource Plan				
	Forecast	Budget	Projections		
	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Inflows	Inflows	Inflows	Inflows	Inflows	
(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	
<b>Cash flows from operating activities</b>					
Rates and charges	43,131	46,481	49,515	52,282	55,195
Statutory fees and fines	891	1,017	1,208	1,153	1,167
User fees	6,275	7,101	7,589	8,001	8,431
Grants - operating	12,201	13,050	11,812	11,821	12,152
Grants - capital	8,247	7,714	1,175	1,175	5,625
Contributions - monetary	2,407	2,193	1,503	1,474	1,459
Interest received	779	665	770	814	871
Other receipts	891	920	847	859	872
Employee costs	(26,017)	(28,402)	(30,254)	(31,877)	(33,489)
Materials and services	(24,352)	(22,439)	(23,060)	(23,505)	(24,164)
Other payments	(1,712)	(1,688)	(1,712)	(1,731)	(1,749)
<b>Net cash provided by/(used in) operating activities</b>	<b>22,741</b>	<b>26,612</b>	<b>19,393</b>	<b>20,466</b>	<b>26,370</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(24,441)	(35,302)	(18,163)	(16,752)	(20,853)
Proceeds from sale of property, infrastructure, plant and equipment	1,251	337	563	362	700
<b>Net cash provided by/ (used in) investing activities</b>	<b>(23,190)</b>	<b>(34,965)</b>	<b>(17,600)</b>	<b>(16,390)</b>	<b>(20,153)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(784)	(758)	(760)	(767)	(653)
Proceeds from borrowings	-	2,400	1,930	2,850	3,998
Repayment of borrowings	(1,735)	(1,965)	(2,260)	(2,469)	(6,520)
<b>Net cash provided by/(used in) financing activities</b>	<b>(2,519)</b>	<b>(323)</b>	<b>(1,090)</b>	<b>(386)</b>	<b>(3,175)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,968)</b>	<b>(8,676)</b>	<b>703</b>	<b>3,690</b>	<b>3,042</b>
Cash and cash equivalents at the beginning of the financial year	47,420	44,452	35,776	36,479	40,169
<b>Cash and cash equivalents at the end of the financial year</b>	<b>44,452</b>	<b>35,776</b>	<b>36,479</b>	<b>40,169</b>	<b>43,211</b>

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Budgeted Standard Capital Works Statement

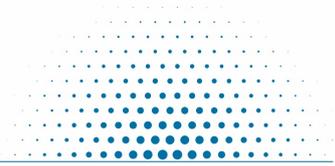
For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan Projections		
	2018-2019 \$'000	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000
<b>Property</b>					
Land	4	-	2,208	-	-
<b>Total land</b>	<b>4</b>	<b>-</b>	<b>2,208</b>	<b>-</b>	<b>-</b>
Buildings	3,150	5,037	375	250	275
<b>Total buildings</b>	<b>3,150</b>	<b>5,037</b>	<b>375</b>	<b>250</b>	<b>275</b>
<b>Total property</b>	<b>3,154</b>	<b>5,037</b>	<b>2,583</b>	<b>250</b>	<b>275</b>
<b>Plant and equipment</b>					
Plant, machinery and equipment	3,572	1,517	2,441	1,624	2,744
Fixtures, fittings and furniture	193	482	370	360	340
Computers and telecommunications	1,353	869	479	397	375
Library books	190	180	180	180	180
<b>Total plant and equipment</b>	<b>5,308</b>	<b>3,048</b>	<b>3,470</b>	<b>2,561</b>	<b>3,639</b>
<b>Infrastructure</b>					
Roads	6,081	9,750	6,066	5,478	4,981
Bridges	564	1,419	250	400	200
Footpaths and cycleways	1,256	2,635	800	900	900
Drainage	278	155	200	300	300
Recreational, leisure and community facilities	1,862	4,197	1,496	2,175	2,875
Waste management	3,399	5,450	2,968	928	2,668
Parks, open space and streetscapes	1,907	2,906	210	220	160
Off street car parks	198	135	-	-	305
Other infrastructure	434	570	120	3,540	4,550
<b>Total infrastructure</b>	<b>15,979</b>	<b>27,217</b>	<b>12,110</b>	<b>13,941</b>	<b>16,939</b>
<b>Total capital works expenditure*</b>	<b>24,441</b>	<b>35,302</b>	<b>18,163</b>	<b>16,752</b>	<b>20,853</b>
<b>Represented by:</b>					
New asset expenditure	5,549	17,822	5,138	5,773	7,195
Asset renewal expenditure	14,454	10,110	10,435	10,012	11,898
Asset expansion expenditure	4,438	7,270	2,590	967	1,760
Asset upgrade expenditure	-	100	-	-	-
<b>Total capital works expenditure</b>	<b>24,441</b>	<b>35,302</b>	<b>18,163</b>	<b>16,752</b>	<b>20,853</b>
<b>Funding sources represented by:</b>					
Grants	4,285	11,677	1,175	1,175	5,625
Contributions	591	690	-	-	-
Sales	1,249	337	563	362	700
Council Cash	18,316	20,198	14,495	12,365	10,530
Borrowings	-	2,400	1,930	2,850	3,998
<b>Total capital works expenditure</b>	<b>24,441</b>	<b>35,302</b>	<b>18,163</b>	<b>16,752</b>	<b>20,853</b>

Note: the 2018-2019 forecast, 2019-2020 budget and 2020-2021 include carry forward works of \$14.06M, \$8.41M and \$2.21M respectively

# STRATEGIC RESOURCE PLAN 2020–2023.

Mitchell Shire Council



## Budgeted Statement of Human Resources

For the four years ending 30 June 2023

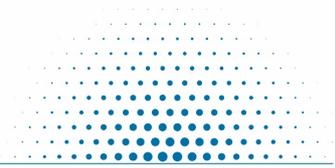
	Budget	Strategic Resource Plan Projections		
	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000
<b>Staff expenditure</b>				
Employee costs - operating	28,418	30,272	31,895	33,507
Employee costs - capital	509	524	321	333
<b>Total staff expenditure</b>	<b>28,927</b>	<b>30,796</b>	<b>32,216</b>	<b>33,840</b>
	FTE	FTE	FTE	FTE
<b>Staff numbers</b>				
Employees	318.9	330.1	334.6	340.3
<b>Total staff numbers</b>	<b>318.9</b>	<b>330.1</b>	<b>334.6</b>	<b>340.3</b>

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

Department	Budget	Strategic Resource Plan Projections		
	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000
<b>Advocacy and Community Services</b>				
Permanent Full Time	5,703	6,187	6,493	6,721
Permanent Part Time	4,410	4,768	5,268	5,672
<b>Total Advocacy and Community Services</b>	<b>10,113</b>	<b>10,955</b>	<b>11,761</b>	<b>12,393</b>
<b>Development and Infrastructure</b>				
Permanent Full Time	8,658	9,504	10,054	10,590
Permanent Part Time	1,154	1,284	1,336	1,464
<b>Total Development and Infrastructure</b>	<b>9,812</b>	<b>10,788</b>	<b>11,390</b>	<b>12,054</b>
<b>Governance and Corporate Performance</b>				
Permanent Full Time	3,700	3,807	3,940	4,078
Permanent Part Time	851	994	1,101	1,176
<b>Total Governance and Corporate Performance</b>	<b>4,551</b>	<b>4,801</b>	<b>5,041</b>	<b>5,254</b>
<b>Executive Services</b>				
Permanent Full Time	398	409	424	439
Permanent Part Time	-	-	-	-
<b>Total Executive Services</b>	<b>398</b>	<b>409</b>	<b>424</b>	<b>439</b>
Total Casuals and other	3,544	3,319	3,279	3,367
Capitalised Labour Costs	509	524	321	333
<b>Total Staff Expenditure</b>	<b>28,927</b>	<b>30,796</b>	<b>32,216</b>	<b>33,840</b>

# STRATEGIC RESOURCE PLAN 2020–2023.

*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		
	2019-2020 FTE	2020-2021 FTE	2021-2022 FTE	2022-2023 FTE
<b>Advocacy and Community Services</b>				
Permanent Full Time	57.1	61.1	62.1	62.1
Permanent Part Time	54.8	56.3	59.2	61.6
<b>Total Advocacy and Community Services</b>	<b>111.9</b>	<b>117.4</b>	<b>121.3</b>	<b>123.7</b>
<b>Development and Infrastructure</b>				
Permanent Full Time	95.0	102.0	105.0	107.0
Permanent Part Time	13.0	14.2	14.6	15.7
<b>Total Development and Infrastructure</b>	<b>108.0</b>	<b>116.2</b>	<b>119.6</b>	<b>122.7</b>
<b>Governance and Corporate Performance</b>				
Permanent Full Time	36.0	36.0	36.0	36.0
Permanent Part Time	9.3	11.0	12.0	12.5
<b>Total Governance and Corporate Performance</b>	<b>45.3</b>	<b>47.0</b>	<b>48.0</b>	<b>48.5</b>
<b>Executive Services</b>				
Permanent Full Time	2.0	2.0	2.0	2.0
Permanent Part Time	-	-	-	-
<b>Total Executive Services</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
Total Casuals and other	47.0	42.8	41.0	40.7
Capitalised Labour Costs	4.7	4.7	2.7	2.7
<b>Total Staff Expenditure</b>	<b>318.9</b>	<b>330.1</b>	<b>334.6</b>	<b>340.3</b>

**Mitchell Shire Council**

113 High Street, Broadford 3658

Ph: (03) 5734 6200

Fax: (03) 5734 6222

Email: [mitchell@mitchellshire.vic.gov.au](mailto:mitchell@mitchellshire.vic.gov.au)

[www.mitchellshire.vic.gov.au](http://www.mitchellshire.vic.gov.au)

**MITCHELL SHIRE COUNCIL**

