

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

18 April 2017

Agenda Item 9.11 Draft Council Plan 2017-2021

Attachment 1 2017 - 2021 Council Plan Draft 11 April 2017..... 434



GREATER SHEPPARTON CITY COUNCIL

DRAFT COUNCIL PLAN 2017 - 2021



Greater Shepparton

Council Plan 2017 – 2021

Final Draft: dated 11 April 2017

“Great things happen in Greater Shepparton”

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Council Vision

Greater Shepparton, Greater Future.

A thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture, a diverse community and abundant opportunities

Council Purpose

To serve our community through providing leadership, making decisions, and advocating for equitable services and infrastructure.

Principles for this Council Plan

In developing this Council Plan, councillors developed a set of principles to guide decision-making over the next four years:

- Demonstrate clear, decisive and consistent direction
- Be financially responsible
- Transparent and consultative approach to key decisions
- Advocate for councils priorities and form partnerships to deliver the projects
- Foster innovation and creativity to deliver results
- Review core Council services so they are consistent with council direction, balancing social and financial responsibilities
- Bring an evidence based approach and rigour to decision making

Financial principles

Council needs to demonstrate how it will deliver the Council Plan priorities. Council has adopted key financial principles:

- Financial sustainable budget:
 - Budget for underlying operating surplus annually.
- Responsible for maintaining existing assets:
 - Fund the capital renewal of existing assets as a priority.
- Responsible borrowing:
 - Council will consider the use of borrowings as a legitimate and responsible financial management tool.
 - Council will not use borrowings to fund operating expenditure.
 - Borrowings will only be used to fund long life infrastructure assets or assets that generate sufficient income to fund principle and interest repayments.

About the Council Plan

What is a Council Plan?

The 2017-2021 Greater Shepparton Council Plan is the key tool that drives the strategic direction of Council over the next four years and is a requirement under the Local Government Act (1989).

The Council Plan details objectives to be achieved and guides decision making, priorities and the allocation of resources by Council to deliver outcomes and services to the community. The objectives were developed through community consultation.

How does our Council Plan work?

The Council Plan identifies five **Themes** and supporting **Objectives** which provide the framework for **Strategic Directions** and supporting Strategies and Plans which define what Council will work to achieve. Performance **Indicators** have been included to monitor Greater Shepparton City Council's achievement of the objectives of the Council Plan.



Our 2017-2021 Council Plan has five key themes to achieve its strategic direction:

1. Leadership and Governance
2. Social
3. Economic
4. Built
5. Environment

How does the Council Plan fit in with other planning?

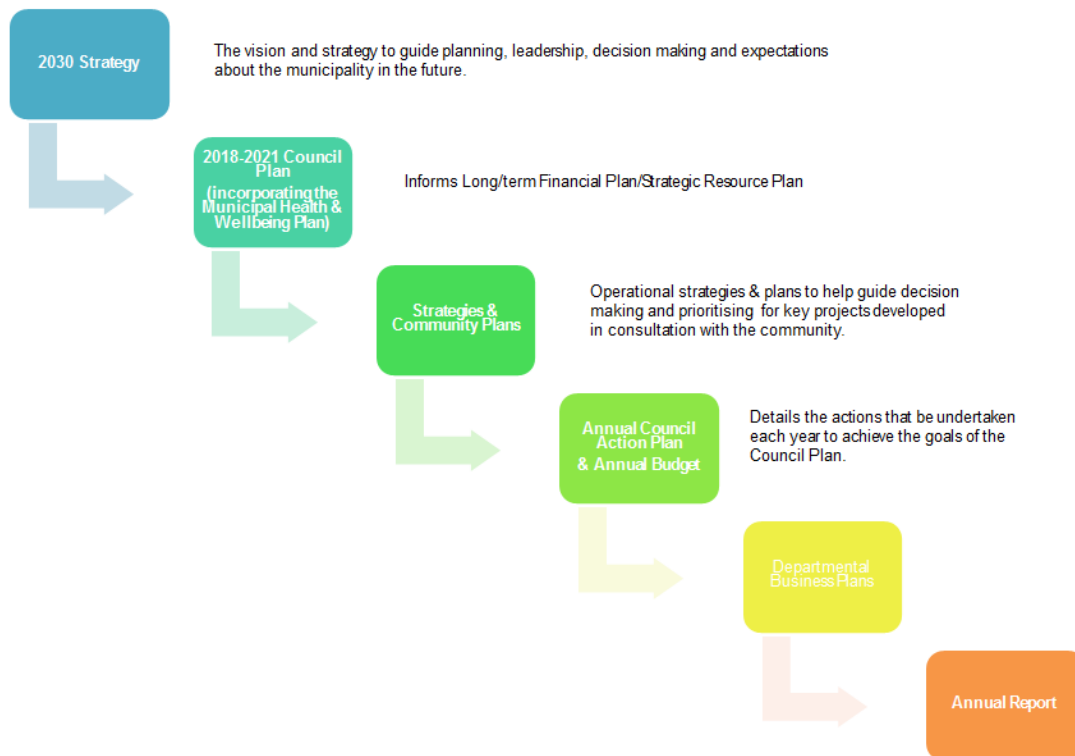
The 2030 Strategy details the long-term vision for Greater Shepparton over a 25 year time frame. It serves as a vision and strategy to guide planning, leadership, decision making and expectations about the municipality into the future. The 2017-2021 Council Plan details the four year objectives to meet the longer term vision of the 2030 Strategy.

The Council Plan is accompanied by the Strategic Resource Plan, 10 Year Long Term Financial Plan and an Annual Action Plan.

The Strategic Resource Plan sets out the financial and non-financial resources required to achieve the objectives of the Council Plan. The 10 Year Capital Plan is a long-term estimate of the infrastructure and asset (balance sheet) type expenditure proposed or committed by Council. The Annual Action Plan outlines the key strategic activities and actions to be undertaken each year to deliver on the Council Plan.

The Council Plan also incorporates the Municipal Health and Wellbeing Plan.

Ultimately our Council Plan details how Council will work for, and with, the community to ensure that great things happen in Greater Shepparton. It will be reviewed annually and adjusted for its continuing relevance having regard to changing circumstances, new opportunities and completed actions.



Greater Shepparton City Council is also an active participant in the Goulburn Regional Partnership and has been a key contributor in the development of the priorities for the partnership.

Municipal Health and Wellbeing Plan

Every Council in Victoria is required to promote and improve the overall quality of life of the people of the community. This includes services and facilities that:

- Protect the community
- Prevent disease, illness, injury or preventable death
- Improve and promote public health and wellbeing
- Reduce inequalities
- Address environmental health dangers

The World Health Organisation defines health as “a state of complete physical, social and mental well-being, and not merely the absence of disease or infirmity.” It also defines health promotion as “the process of enabling people to increase control over, and to improve, their health. It moves beyond a focus on individual behaviour towards a wide range of social and environmental interventions.”

It is within this context that Council is required to develop a Municipal Health and Wellbeing Plan. Greater Shepparton Council has incorporated its commitments and directions to improve health and wellbeing within this Council Plan by considering the four environments that create health and wellbeing – social, economic, built and natural.

In addition, the Greater Shepparton Public Health and Wellbeing Advisory Committee will advise Council on the development of an Annual Implementation Plan and performance measures. The Council also works closely with other health services and professionals to consider evidence, health gaps, and future needs to make sure that community health outcomes are optimal.

Matters of concern that need to be addressed in Greater Shepparton over the next four years are:

- Access to early childhood education
- Access to transport
- Access to safe housing
- Affordability of housing
- Alcohol and drugs and related harm
- Chronic disease management
- Community safety
- Completion of education
- Employment
- Family violence
- Immunisation rates
- Life expectancy
- Mental wellness
- Nutrition
- Physical activity
- Obesity
- Smoking rates, including smoking during pregnancy rates

Current areas of strength that are positive health and wellbeing indicators include:

- Walking to work is higher than the Victorian State average
- Daily fruit intake is higher than the Victorian State average
- Volunteer participation is much higher than the Victorian state average

Liveability Indicators

Liveability is about the way that a place enables and assists people to achieve the quality of life they desire to be healthy and fulfilled. A liveable city, town or neighbourhood is one where people can be healthy, safe and live in harmony; one that is attractive and provides affordable living, transport and employment opportunities in a sustainable environment. (Bendigo, 2016)

The health and wellbeing of the community and individuals is influenced by a range of factors, many of which are outside of Council's control. However, Council takes a lead in providing services that positively affect health and wellbeing, and works closely with other agencies to advocate for services and funding, deliver programs in partnership, and support communities to identify and deliver their own goals.

Greater Shepparton City Council encourages communities and individuals to better understand and manage their own health. At a community level, this is done through community development, community planning and neighbourhood planning. At an individual level, this is done through education, information and awareness campaigns, and direct services like immunisation.

Council is also mindful of levels of vulnerability within the community and the need for consideration and inclusion of ALL people in initiatives and services.

Currently, the following aspirations are used to guide the directions of the Municipal Health and Wellbeing Plan. Council will develop a Liveability Indicators Plan that will set out the targets and measures.

Social

- Increase in municipal-wide average SEIFA index of disadvantage
 - (A higher score on the index means a lower level of disadvantage. A lower score on the index means a higher level of disadvantage.)
- Increase the proportion of the population who volunteer for a community group or activity more than once per month
- Maintain childhood immunisation completion rates
- Improve access to local health services
- Increase community safety (including public safety, and safety at home)
- Increase respectful relationships
- Reduce the incidence of alcohol and drug related harm
- Increase the percentage of residents who meet the recommended fruit and vegetable dietary guidelines
- Reduce levels of overweight and obesity
- Reduce the rates of smoking
- Improvement in Australian Early Development Census data (represented by a decrease in the percentage of children vulnerable in one or more domains)

Economic

- Increase the proportion of young people engaged in education (including school and vocational training)
- Decrease unemployment, especially for young people
- Increase the proportion of the workforce who have completed formal qualifications

Built

- Increase the proportion of the urban area within 400m of a bus stop
- Increase access to parks and open spaces close to where people live
- Increase opportunities for people to use public transport
- Increase medium-density housing

Natural

- Decrease greenhouse pollution
- Increase solar power energy production

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How was the Council Plan developed?

The Council Plan needs to take into account a range of issues and opportunities identified by the community. Community engagement feedback is considered alongside:

- State and federal government policies and priorities
- Current and previous Council priorities and decisions, including adopted plans and strategies
- Benchmarks and evidence of liveability factors
- Professional advice from council staff
- Councillors directions and priorities
- Issues, challenges and other influences

Community consultation

During the development of the 2017 – 2021 Council Plan there were several ways in which community members were consulted:

- On line and hard copy survey (185 responses)
- Community focus groups (eight meetings held in North Shepparton, Central Shepparton, Mooroopna, Tatura and Congupna)
- Council Advisory Committees consisting of community members and experts, including:
 - Aerodrome Advisory Committee
 - Australian Botanic Gardens Shepparton Special Committee
 - Best Start Early Years Partnership
 - Cussen Park Advisory Committee
 - Disability Advisory Committee
 - Heritage Advisory Committee
 - Public Health and Wellbeing Plan Advisory Committee
 - RiverConnect Community Advisory Committee
 - Women’s Charter Alliance Advisory Committee

Additionally, previous community input to current council plans and strategies was reviewed.

Written submissions on this DRAFT Council Plan are now invited to provide an opportunity for formal feedback.

What matters?

From the consultation, we heard preferences for what council should address in the next four years:

Leadership and governance

- Respectful relationships and decision making
- Leadership
- Implementing action
- Accountability and financial responsibility (efficiency using ratepayers money)
- Sound financial position
- Affordability of services
- Strong advocacy of behalf of the community to other levels of government
- Build the Shepparton brand
- Transparent local government, open council
- Congruent planning for the whole of community – clear vision
- Consistent communication, tell us about outcomes

- Real consultation

Community health, education, arts

- Liveability
- Welcoming and safe communities
- Access to lifelong education for all sectors of community
- Investment in education – education precinct
- Uncertainty about National Disability Insurance Scheme (NDIS)
- Preventative health
- Impacts of ageing population
- Affordable housing
- Range and quality of health services and infrastructure
- Thriving Shepparton Art Museum (SAM) – well managed

“A family friendly place where there are green spaces, parks for families, access to river, walking paths and bike paths, sports and cultural activities”

“Arts and entertainment festivals and cultural events that make the region a great place to live”

Heritage and culture

- Social cohesion
- Celebrating and living in harmony with cultural diversity
- Respect and inclusion all of all people
- Recognition and protection of heritage
- Greater connection with, and respect for indigenous community

“Build on our multicultural society”

“A shining example of multiculturalism and diversity for all of Australia”

“Vibrant, inclusive community respecting and encouraging diversity”

Transport and communication

- Frequent and reliable passenger rail services from Shepparton to Melbourne
- Advocate for inland freight rail
- Better public transport and better transport between smaller communities and Shepparton
- Goulburn Valley Highway Shepparton Bypass – freight links working
- Bike and walking tracks, footpaths
- Parking
- Airport
- Embrace and promote NBN

“Better public transport – more options”

“Roads, footpaths and better transport to Shepparton”

“Continue to invest in the upgrade and maintenance of drainage, roads, streetscapes”

Economy

- Importance of agricultural sector and protecting water
- Economic growth and stability
- Shepparton as a key regional centre
- CBD issue needs to be addressed
- Increased tourism, including conferences, events and sports
- Grow local businesses, and continue to attract more industries and employment

“Investment that returns money to the community”

“Healthy economy”

Land Use

- Contain urban and town footprints
- Value diversity and opportunities in smaller towns
- Focus on growth in smaller towns
- Impact of flooding
- Affordable living on reasonable sized blocks of land

“A well planned city that takes advantage of its space, not a ‘Melbourne suburb’ “

Natural environment

- Extensive planting of trees
- Care of gardens and streetscapes
- Access to natural environment - bush and river
- Beautify open spaces
- Alternative energy sources
- Waste diversion and recycling
- Improve Council’s energy efficiency

“Environment is healthy and valued, people are also healthy and connected”

“The Lake and Arts precinct drawcard and shining jewel of the region”

“Safe, green, clean municipality with well-kept gardens, waterways, walking tracks, food venues”

Our Five Focus Themes 2017-2021

1. Leadership and Governance

Provide strong civic leadership, advocacy and good governance in the operation of Greater Shepparton City Council.

Objectives:

- 1.1 Council demonstrates strong leadership and sound decision making in the best interests of the community.
- 1.2 Financial management is responsible and effective in responding to challenges and constraints with a focus on the financial sustainability of the Council.
- 1.3 Our organisation is high performing; customer focused and is marked by great people and quality outcomes.
- 1.4 Gender equity and equality is embedded into Council policy and decision making and employment processes.
- 1.5 Council advocates on issues, priorities and needs that matter to our community.
- 1.6 Consultation that is transparent, robust and accessible, and clear, consistent and timely communication provided to inform, educate and engage with the community, including
- 1.7 Service standards and service delivery models are realistic and meet community expectations and demand while being financial viable and in line with council's core business

Measures of Success:

Measure	Source	Baseline	Target	When measured
Overall Council Direction	Community Satisfaction Survey for local government results	44/100	>50 points	Annually
Overall performance community satisfaction rate	Community Satisfaction Survey for local government results	49/100	>50 points	Annually
Community satisfaction with council decisions	Community Satisfaction Survey for local government results	46/100	>50 points	Annually
Community satisfaction with community consultation and engagement	Community Satisfaction Survey for local government results	51/100	>55 points	Annually
Council decisions made at meetings closed to the public	Know Your Council data	4.56%	5%	Quarterly
Councillor attendance at council meetings	Know Your Council data	89.52%	90%	Annually
Community satisfaction with level of advocacy	Community Satisfaction Survey for local government results	49/100	>50 points	Annually
Customer responsiveness	GSCC Customer Service Standards	To be established	90% of requests dealt with in required timeframes	Quarterly
Community satisfaction with services	Community Satisfaction Survey for local government results	60/100	>65 points	Annually
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue	Know Your Council data	(9.12%)	2%	Annually
Current assets as a percentage of current liabilities	Know Your Council data	186%	150%	Annually
Loans and borrowings as a percentage of rates	Know Your Council data	26.94%	< or = 40%	Annually

Supporting Strategies & Plans:

Council (current)

- Councillor Code of Conduct
- Customer Service Charter
- Domestic Animal Management Plan (2013-17)
- Greater Shepparton 2030 Strategy
- Greater Shepparton Women's Charter
- ICT Strategy
- People and Development Strategy (2014-2017)
- Rating Strategy 2017 – 2021
- Staff Code of Conduct
- Workforce Health and Safety Plan

Council (to be developed)

- Greater Shepparton 2050 Strategy
- Domestic Animal Management Plan (2017-21)
- People and Development Strategy (2017-2021)

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2. Social

Develop resilient, inclusive, healthy communities that make Greater Shepparton a safe and harmonious place to live, work, learn, and play.

Objectives:

- 2.1 Greater Shepparton is a welcoming, inclusive and safe place for all.
- 2.2 Our community is supported to achieve and sustain physical, emotional and spiritual health and wellbeing.
- 2.3 Lifelong learning is valued and fostered in our community.
- 2.4 Social and cultural, educational and employment opportunities are created to enable children, young people, individuals and families to actively participate in their community.
- 2.5 Creativity and participation in arts and culture is nurtured and encouraged.
- 2.6 Volunteering is promoted and encouraged along with other measures to improve community resilience.
- 2.7 Greater Shepparton is valued for cultural celebrations, inclusion and engagement of our diverse communities.
- 2.8 Our Aboriginal culture and people are valued and celebrated, with collaborative actions undertaken to enable peaceful, healthy and productive lives in a safe environment.
- 2.9 Public places, open space and community facilities are safe and accessible for all and presented to a high quality.

Measures of Success:

Measure	Source	Baseline	Target	When measured
Active library members in municipality	Know Your Council data	12.63%	20%	Annually
Number of people attending performing arts events	Riverlinks & Economic Development data	46,000	Increase by 5%	Annually
Number of people attending SAM	SAM data	32,000	Increase by 5%	Annually
Participation in the Maternal & Child Health (MCH) Service	Know Your Council data	77.32%	>75%	Annually
Participation in the MCH service by Aboriginal children	Know Your Council data	64.11%	>65%	Annually
Compliance with Home Care Standards	Australian Aged Care Quality Agency audit	100%	100%	Annually
Immunisation coverage rate	Australian immunisation register	State average	Above State average	Annually
Number of people cycling to work within Greater Shepparton	Super Tuesday Count	655	Increase by 10%	Annually
Number of people that participate in council run Active Living programs	Attendance and membership data	700,000	>750,000 visits	Annually
GSCC to achieve 2% indigenous employment by 2020 as per the Algabonyah Agreement	GSCC Employment data		2%	2020

Key Capital Projects:

- Construction of a new SAM
- Victoria Park Lake Masterplan implementation
- Eastbank Centre Refurbishment

Supporting Strategies & Plans:

Council (current)

- Algabonyah Agreement
- Aquamoves Master Plan
- Best Value Strategy
- Community Access and Inclusion Plan

- Community Engagement Strategy
- Community Plans – Arcadia, , Congupna, Dhurringile, Dookie & District, Katandra West, , Merrigum, Mooroopna, Murchison & District, Shepparton East, St George’s Road, Tallygaroopna, Tatura, Toolamba & District and Undera.
- Community Safety Strategy 2014-2017
- Cultural Diversity and Inclusion Strategy and Action Plan 2015-2018
- Disability Action Plan
- Greater Shepparton City Council Community Safety Strategy 2014-2017
- Greater Shepparton Cycling Strategy 2013-2017
- Greater Shepparton Football Strategy
- Greater Shepparton City Council Seasonal Pools Review and Strategy
- Greater Shepparton Volunteer Strategy and Action Plan 2014-2018
- Greater Shepparton Youth Strategy and Actions Plan 2012-2015
- KidsTown Future Directions Plan: Food Hub Concept
- Municipal Health and Wellbeing Plan
- Neighbourhood Plans - Boulevard and Golf Estates, Kialla Lakes and Seven Creeks.
- Open Space and Recreation Strategy
- Playground Provision Strategy
- Recreation Plan
- SAM Fundraising Strategy
- Seasonal Pools Review and Strategy
- Small Towns Youth Recreation Spaces Strategy
- Strategy for Tertiary Education in Shepparton 2005
- Sustainable Community Strategy – Final Report
- Volunteer Strategy and Action Plan 2014-2018
- Youth Strategy

Council (to be developed)

- Aquamoves Master Plan
- Liveability Indicators Plan
- Reconciliation Action Plan
- Youth Strategy

3. Economic

Build a thriving, resilient economy where Greater Shepparton is recognised as a competitive place to invest and grow business.

Objectives:

- 3.1 The Greater Shepparton economy is prosperous, high value and a focus of choice for business, investment and employment.
- 3.2 Strong global, national and local business connections are developed and nurtured.
- 3.3 Greater Shepparton is a major destination for events and tourism.
- 3.4 Water is protected and managed to optimise sustainable benefits for industry, the environment and the community.
- 3.5 Shepparton is the regional city centre supported by well-planned and designed existing and emerging commercial activity centres.

Measures of Success:

Measure	Source	Baseline	Target	When measured
Visitor numbers increase	Tourism Research Australia	959,900	2%	Annually
Average length of stay per visitor	Tourism Research Australia	2.3 nights	2%	Annually
Economic yield from Council events	Visit Victoria data	\$44.5m	2%	Annually
Number of new businesses that Council assists to invest in Greater Shepparton	Council data	No baseline	20	Annually
Number of existing businesses that Council assists to expand their operations in Greater Shepparton	Council data	No baseline	20	Annually
Value of non-residential building approvals	Economy.id	TBC	TBC	Annually
Reduction in the Greater Shepparton retail vacancy rate	CBD vacancy audit	11.4%	10%	Quarterly
Value of gross regional product	Economy.id	TBC	TBC	Five yearly
Number of local jobs	Economy.id	TBC	TBC	Five yearly
Number of employed residents	Economy.id	TBC	TBC	Five yearly

Key Capital Projects:

- Shepparton Showgrounds Multi-Purpose Pavilion Multi Use Extension
- St Georges Road Retail Precinct Streetscape and Amenity Improvements
- Maude Street Mall Activation
- CBD Revitalisation

Supporting Strategies & Plans:

Council (current)

- City of Greater Shepparton Commercial Activity Centres Strategy 2015
- Economic Development Tourism and Major Events Strategy 2017 – 2021
- Greater Shepparton International Engagement Strategy
- Shepparton CBD Strategy 2008
- Shepparton Central Business District Parking Precinct Plan
- Shepparton Regional Saleyards – Long Term Strategy

4. Built

Provide and support appealing relevant infrastructure that makes Greater Shepparton an attractive, liveable regional city.

Objectives:

- 4.1 Growth is well planned and managed for the future.
- 4.2 Urban and rural development is sustainable and prosperous.
- 4.3 Greater Shepparton's heritage places, cultural landscapes, and objects are protected and conserved for future generations
- 4.4 Quality infrastructure is provided and maintained to acceptable standards.
- 4.5 Assets are well managed and their renewal is being planned through long term renewal strategies.
- 4.6 Accessible digital infrastructure across Greater Shepparton supports connectivity and enterprising capability.
- 4.7 Reliable, safe, more frequent and connected local and broader transport system supporting the connection of people within, across and outside of Greater Shepparton.
- 4.8 Active transport (cycling, walking) is encouraged through safe, connected and improved linkages.
- 4.8 Freight and logistics infrastructure is developed to accommodate future growth.
- 4.9 Transport routes are efficient and local roads are protected from unnecessary freight, through opportunities involving the intermodal hub and Goulburn Valley Highway Shepparton Bypass.

Measures of Success:

Measure	Source	Baseline	Target	When measured
Planning decision upheld at VCAT	Know Your Council data	100%	100%	Annually
Planning applications decided within 60 days	Planning Permit Activity Reporting Know your council data	77%	80%	Quarterly
Infrastructure asset defects addressed within relevant intervention period by class of asset.	Inspection Service Level Plan Asset Management System	90%	90%	Quarterly
Community satisfaction with conditions of sealed local roads	Community Satisfaction Survey for local governments results	48/100	>55 points	Annually
Community satisfaction with condition of local streets and footpaths	Community Satisfaction Survey for local governments results	TBC	TBC	Annually
Community satisfaction with maintenance of unsealed roads	Community Satisfaction Survey for local governments results	TBC	TBC	Annually
Asset renewal funding as a percentage of total depreciation	Know your Council	82%	100%	Annually
Building applications decided within 14 days (for complete applications)	Council records	100%	100%	Annually
Number of federal and ministerial meetings and briefing held per year in advocating for projects, services and programs	GSCC data	8	>10	Annually
Increase in kilometres of cycling and walking routes in Greater Shepparton	Source Council GIS	Cycle Lane - 34.45 Recreation Path (walking) - 29.60 Shared Path - 46.17	10% 10% 10%	Annually
Percentage of capital projects completed at the conclusion of the financial year (based on number of projects)	Council records	92%	95%	Annually
Maturity of Council's asset management practices and processes	National Asset Management Assessment Framework	Core	Advanced (by 2021)	Annually

Key Capital Projects:

- Bus interchanges to Maude and Vaughan Streets and Vaughan Street to High Street
- Balaclava/Verney/New Dookie Roads intersection upgrade
- On-going Road Sealing Program - Urban, Rural and Final Seals
- Commencement of Public Toilet Replacement Program
- New Dookie Road/Verney Road Stages 2,3 & 4
- Continuation of Bridge Renewals Program 2016 - 2026

Supporting Strategies & Plans:

Council (current)

- Asset Management Policy and Strategy Review
- City of Greater Shepparton Industrial Land Review 2011
- City of Greater Shepparton Strategic Review of Tatura Industrial Land 2011
- Commercial Activities Centres Strategy
- Congupna Urban Drainage Strategy
- Greater Shepparton 20130 Strategy
- Greater Shepparton City Council Seasonal Pools Review and Strategy
- Greater Shepparton Cycling Strategy 2013-2017
- Greater Shepparton Freight and Land Use Study 2013
- Greater Shepparton Heritage Study 2013
- Greater Shepparton Housing Strategy 2011
- Greater Shepparton Industrial Development Guidelines
- Greater Shepparton Movement and Place Strategy – Draft Challenges and Opportunities Paper
- Greater Shepparton Planning Scheme
- Greater Shepparton Urban Forest Strategy 2013 - 2023
- Infrastructure Design Manual
- Investigation Area 1 – Goulburn Valley Harness & Greyhound Racing Precinct Feasibility Study & Masterplan
- Investigation Area 3 – Adams Road Area, Kialla
- Liveability Framework and Indicators Plan
- Mooroopna West Growth Corridor 2009
- Northern Victoria Regional Transport Strategy
- Regional Land Use Strategy 2008
- Roadside Management Strategy
- Shepparton North South Growth Corridor 2003
- Southern Gateway Landscape Strategy
- South Shepparton Community Infrastructure Needs Assessment 2011
- Tatura Milk Industries Master Plan 2011
- Urban Design Manual
- Unilever Tatura Master Plan 2014
- Urban Design Framework – Shepparton North and South Business Areas 2006
- Urban Development Program – Residential and Industrial Land Supply Assessments 2016

Council (to be developed)

- Greater Shepparton Heritage Strategy 2017-2021

5. Environment

Enhance and protect the clean, green environment that makes Greater Shepparton the unique place it is.

Objectives:

- 5.1 Greening Greater Shepparton has created an attractive, vibrant and liveable place with well-connected green spaces that are valued by the community.
- 5.2 The region's environmental assets are planned and managed to ensure they are enhanced and sustainable for future generations.
- 5.3 Waste is managed in a sustainable way that is environmentally friendly, reliable and sustainable for future generations.
- 5.4 Council has positioned itself to be a leader in building Greater Shepparton's response to climate change issues now and into the future.
- 5.5 Alternative energy sources with both environmental and economic gains is promoted and encouraged.
- 5.6 Floodplain management minimises the consequences of flooding to life, property, community wellbeing and the economy.

Measures of Success:

Measure	Source	Baseline	Target	When measured
Trees planted per year (including One Tree Per Child)	Council records	4,986	17,000	Annually
Kerbside collection waste diverted from landfill	Know your council data	37%	50%	Annually
Improve council's energy efficiency rating in accordance with the Energy Reduction plan	Energy Reduction Plan	To be determined	5% energy reduction per annum	Annually
Percentage of tree canopy cover	Council records	19%	2% per year (40% by 2030)	Annually
Percentage of Native Vegetation cover (NVC)	Council records	7,263 Ha	^12 Ha per annum	Annually

Key Capital Projects:

- Cosgrove 3 – Waste Centre and Landfill construction
- Street tree new and renewals program
- Large site Solar Powered Generation
- Wetland and Native Infrastructure Renewal

Supporting Strategies & Plans:

Council (current)

- Domestic Wastewater Management Plan (DWMP)
- Food Safety Strategy
- Greater Shepparton Environmental Sustainability Strategy 2014-2030
- Greater Shepparton Resource Recovery Precinct Feasibility and Site Study 2016
- Greater Shepparton Urban Forest Strategy 2013 - 2023
- Greening Greater Shepparton
- Local Floodplain Development Plans/Precincts
- Mosquito Management Plan
- RiverConnect Strategy
- Roadside Management Strategy
- Streetscape Plan
- Storm Water Management Plan
- Waste Management Strategy 2013-2023

Council (to be developed)

- Greater Shepparton Resource Recovery Master Plan

Appendix 1

Strategic Resource Plan

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1. Executive Summary

INTRODUCTION

Greater Shepparton City Council (“Council”) is required under Section 125(1) of the *Local Government Act (1989)*, to prepare a Strategic Resource Plan (SRP). The SRP outlines the resources required to achieve the Council’s strategic objectives expressed in the Greater Shepparton Council Plan.

Section 126 of the Act states that:

- a. The SRP is a plan of the resources to achieve the Council Plan objectives;
- b. The SRP must include:
 - i. the financial statements describing the financial resources in respect of at least the next four financial years;
 - ii. statements describing the financial resources in respect of at least the next four financial years;
 - iii. statements describing the non-financial resources including the human resources in respect of the next four financial years;
 - iv. services and initiatives contained in any plan adopted by Council and if the Council proposes to adopt a plan to provide services or take initiatives ,the resources required must be consistent with the SRP;
 - v. Council must review the SRP during the preparation of the Council Plan and must adopt the SRP no later than 30 June each year and a copy must be available for public inspection at the Council office and internet web site.

2. Long Term Financial Plan

This Long Term Financial Plan is prepared as part of the Strategic Resource Plan to reflect the financial resources required to achieve the strategic objectives included in the Council Plan.

The assumptions detailed in this Long Term Financial Plan are to be read in conjunction with Appendix B which details Council's Standard Statements which form part of this Long Term Financial Plan.

Medium-term planning is important for ensuring that Council remains financially sustainable into the future. This Long Term Financial Plan goes beyond the minimum standards required by the Act and is intended to have a 10 year time frame to enable consideration of the strategic direction for Council to meet the funding and investment challenges that lie ahead as many of Council's assets have long lives.

The Long Term Financial Plan is a rolling plan that is subject to an annual review. There are a number of dynamic variables that may influence the outcomes expressed in this Long Term Financial Plan. They include:

- The annual rate capping framework;
- Renewal of assets to maintain services;
- Granted assets / new and upgrade of assets;
- Projected increases of government grants revenue being less than the cost of maintaining services; and
- Growth in the number of properties and impact on the cost of delivering existing services.

The Strategic Resource Plan establishes a framework for Council to benchmark its performance. The base point used for financial modelling has been the 2016/17 Q2 Adopted Forecast with year 1 being the proposed 2017/18 Council Budget. The Standard Statements (financial statements) are included in Appendix B of this document.

Financial Assumptions

The long term financial plan is determined using a base point; typically the current budget or forecast as the starting point with long term assumptions applied as indexation throughout the life of the plan. This ensures, as much as possible, the plan is realistic in its reflection of the future financial position of the Council.

It should be noted that even within the Local Government sector, specific Councils' are likely to face differing cost structures leading to different assumptions in estimates for long term planning.

It is important to note that when determining a cost index for Local Government it is not as simple as applying the Consumer Price Index (CPI), which measures the change in prices associated with household expenditure. As noted by the Municipal Association of Victoria (MAV), the CPI is a weighted basket of household goods and services, however, council services are directed more towards providing infrastructure and social and community services.

As such, MAV publish a Local Government Cost Index that provides a more realistic reflection of the cost of inputs for councils and acknowledges the impacts of movements in construction costs and wage prices above normal CPI.

The table below projects combined inflation and growth applied to key revenue and expenditure types.

Description	Ref	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Rates & Charges Revenue	1	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Waste Services Charges	2	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Fees & Charges – Council		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Fees & Charges – Statutory		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Investment Income		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Employee Costs	3	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%
Materials and Contracts		0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Utilities		3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Depreciation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Table 1: Key financial assumptions summary table – inflation and growth combined

Ref 1 – Assumes rate cap without seeking any variations. This does not include efficiency factors or allow for supplementary growth.

Ref 2 – Waste Service Charges include contribution to Cosgrove Landfill Capital Works.

Ref 3 – From 2021/22 onwards the increase of 0.5 per cent is as a result of the additional Superannuation Guarantee requirements.

3. Revenue Strategy

Greater Shepparton City Council raises the majority of its revenue from its own sources which includes rates and charges and sales of goods and services (user fees and charges). In 2017/18 approximately 75 per cent of Council’s revenue is budgeted to come from these sources.

The remaining 25 per cent is from discretionary and non-discretionary grants from the State and Federal Governments. This includes the annual allocation of Federal Financial Assistance Grants comprising a general purpose component as well as a local roads component.

A key challenge for Council’s revenue strategy is determining the type and proportion of each revenue source to fund the services provided by Council. A basic requirement of Council is to ensure a revenue stream to meet its costs.

The *Local Government Better Practice Guide 2014 Revenue and Rating Strategy* notes that it is more appropriate for councils to recover the cost of services that have predominantly private goods and services characteristics (services to specific groups or individuals such as leisure centres) through user pay charges and use the property rates to offset the cost of public services and benefits (eg. roads).

As part of the annual budget process, Council determines what the level of subsidisation will be for each service. Council’s Program Budget included as an Appendix to the Annual Budget document gives an indication of the level of subsidisation each year.

The introduction of rate capping in 2017/18 has required Council to review its revenue mix and the level of subsidisation of services. Prior to seeking any variation to the rate cap, Councils will be required to investigate alternate sources of income (own source revenue) including lowering the levels of subsidy for services derived from rates.

OWN-SOURCE REVENUE

The below table demonstrates that compared to similar councils (such as Ballarat, Greater Bendigo and Greater Geelong) Greater Shepparton has a lower reliance on rate revenue and therefore a higher range of revenue sources.



Table 2: Rates as a percentage of adjusted underlying revenue

Source: www.knowyourcouncil.vic.gov.au

Furthermore Greater Shepparton also has a higher level of own-source revenue per head of municipal population than both similar councils and all Victorian councils.



Table 3: Own-source revenue per head of municipal population

Source: www.knowyourcouncil.vic.gov.au

Higher percentages of own source revenue (rates, user charges, recurrent grants) as a proportion of total revenue represents greater financial independence and financial sustainability. Higher rates, however, would only be obtainable if Council sought a variation to the rate cap.

RATES

This Strategic Resource Plan and Long Term Financial Plan assumes no variations to the rate cap in the next 10 years, however, should the need arise Council will engage with the community.

Irrespective of the rate cap, Council’s rating strategy determines how Council will raise money from properties within the municipality, in other words how much each property will contribute.

No significant changes are proposed from 2016/17 to 2017/18 however in future years any changes to the rating strategy may impact individual ratepayer groups.

Any such review will take into consideration the community’s capacity to pay. The table below shows that in 2015/16 when compared to similar councils Greater Shepparton had a slightly higher amount of rates revenue as a percentage of capital improved value.



Table 4: Rates compared to property values

Source: www.knowyourcouncil.vic.gov.au

To further assess Council’s current rating revenue strategy a comparison of the average residential rate per residential property assessment also shows that Greater Shepparton is above the average of similar councils and the state wide average. This difference is largely influenced by the 2013-2017 Greater Shepparton Rating Strategy which reduced the rating differentials for Commercial and Industrial from 3 times to 2 times that of Residential.



Table 5: Average residential rate per residential property assessment

Source: www.knowyourcouncil.vic.gov.au

USER FEES AND CHARGES

Greater Shepparton includes in its annual budget a schedule of fees and charges. The services that Council has identified as having operations that are not pure public services and should generate income on a “user pays” system.

Where there is not any state or federal government legislation or funding conditions prohibiting or setting ceilings for pricing Greater Shepparton will look to a level of cost recovery.

At this point in time cost recovery is based mainly on direct costs for the services in question; however, with the introduction of rate capping consideration will be given to incorporating indirect costs into the calculation for future years.

For 2017/18 Council has used a generic assumption of 3 per cent per annum increases in user charges in a continued focus towards cost recovery.

GRANTS

In reviewing the amount of Government grants expected to be received on an ongoing basis for the year per head of municipal population, Greater Shepparton compares on par with similar councils but is below the state wide average.

GREATER SHEPPARTON (2015-2016)	SIMILAR COUNCILS (2015-2016)	ALL COUNCILS (2015-2016)
\$313.87	\$299.48	\$354.89

Table 6: Recurrent grants per head of municipal population

Source: www.knowyourcouncil.vic.gov.au

Council will continue to seek non-recurrent grants, particularly for capital works. Through the establishment of a longer term capital works program, Council will target grants that align with its strategic direction.

4. Strategic Asset Management

Introduction

The Local Government sector has focussed heavily on asset management in recent times, with the key reasons for this captured in the Victorian Auditor-General’s report, “Asset Management and Maintenance by Councils”, presented to the Victorian Parliament in February 2014. The report was primarily looking at Victorian Councils long term sustainability, highlighting the quantum of aging infrastructure assets, and the cost to renew them into the future.

Greater Shepparton City Council has an asset portfolio worth approximately \$1.4 billion. The chart below shows the breakup of the asset values between asset categories.

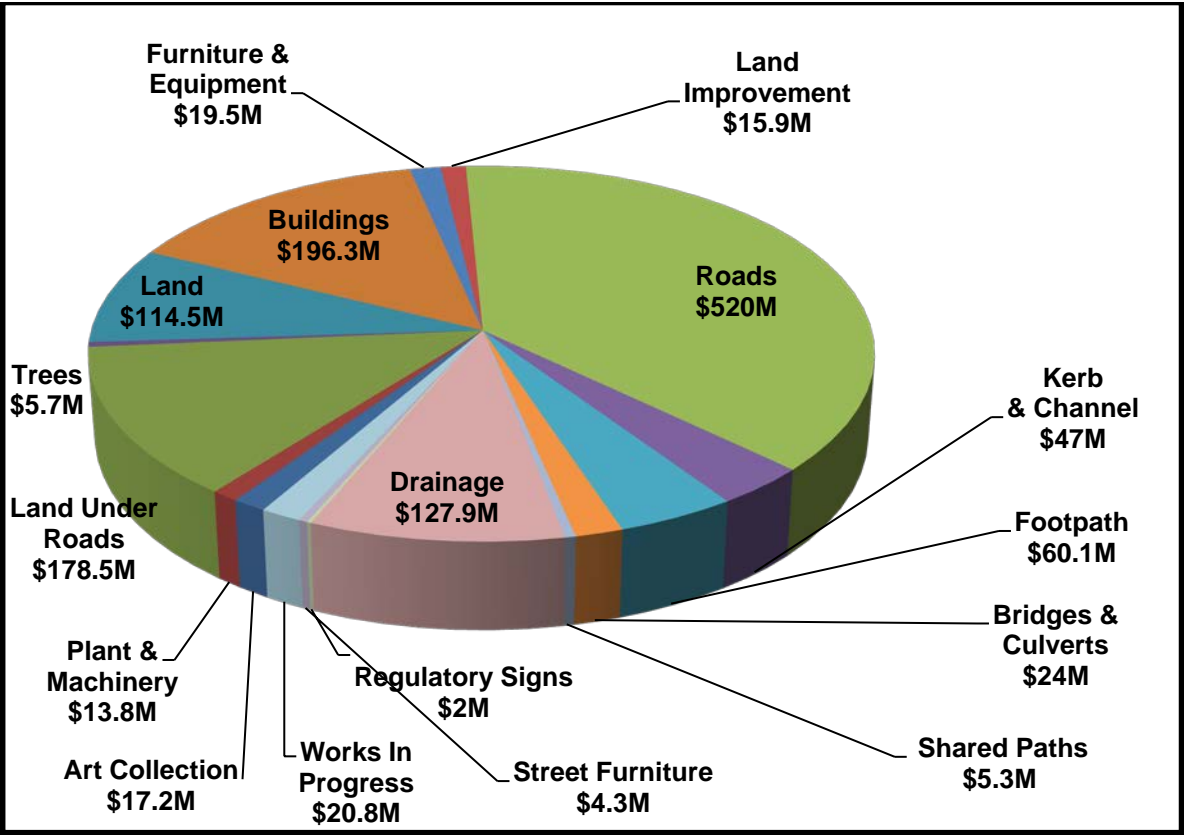


Chart 1: Council’s asset value distribution as part of the overall \$1.4 billion total value

A large asset portfolio such as this will require significant investment (asset renewal) to ensure the ongoing levels of service provided by the assets to the community are maintained. In 2017/18 Council’s depreciation expense is forecast to be \$22.49 million. The measure of Council’s ability to address its asset renewal demand is based on our depreciation expense in any given year.

The table below shows the level of renewal investment against depreciation since 2011/12.

2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Forecast	2017/18 Budget
78%	61%	74%	82%	107%	113%

Table 7: Renewal investment as a percentage of depreciation expense

In 2013/14, where possible, Council moved away from funding renewal of assets as a percentage of depreciation to a funding model based more on asset condition. At this point in time Council does not have condition data for all asset categories so depreciation remains the default measure for a number of assets. As depreciation is largely governed by useful life, or consumption of the asset, we need to be better able to ascertain the useful life of our assets such that the actual condition of assets is better aligned with depreciation.

Services and Councils Assets

As a service delivery organisation, Council's goal is to provide a level of service that satisfies needs and expectations of the community. This is far from straight forward and there are varying and competing community expectations; and Council must still have a dialogue with the community to determine what the service expectations are.

Council owns and manages assets for the specific purpose of service delivery, and therefore our assets are critical in this equation. Council must manage the condition of its asset portfolio so that the assets are able to complement service delivery. From this perspective Council measures asset condition as 0 (new) to 10 (failed) with the objective of ensuring the overall condition of an asset category remains in a state that does not impact negatively on the service experience of the community.

Monitoring Asset Condition

In practice asset deterioration is more variable than straight line depreciation with peaks and troughs in demand across asset categories. A good example of this is a bridge where in a 10 year period, the financial spend is only required in years 6 and 7, not split across the decade, but the bridge will continue to depreciate each year. This is where it does prove challenging to match depreciation as a measure, and condition as a measure, to renewal funding.

A condition based approach to asset renewal relies on good condition data, which Council is continuously improving on. Council has a high quality Asset Management System which is well resourced to capture, monitor and update asset information on a regular basis. This includes the capture of condition data from surveys carried out on distinct asset categories on a cyclical basis.

Critically, wherever an asset survey is undertaken to assess condition of the overall asset category, we also use the exercise to re-evaluate the assets remaining useful life. The physical deterioration of assets is not always easy to predict. For example, climate can play a part in influencing the longevity of assets, such as drought, which reduces deterioration of sealed roads and drainage infrastructure. Conversely, very wet seasonal conditions can impact negatively on these assets, increasing asset deterioration rates.

The aforementioned scoring system (0-10) is constructed around estimated useful life and deterioration rates of assets. Where an asset is new it is zero, where it fails to meet service expectations it is generally an 8, and an asset is considered to have fully failed and is regarded as unserviceable at 10.

Many of Council's assets have useful lives that span multiple decades; for Council this is 33 years for asphalt roads, 60 years for concrete footpaths, 80 years for steel bridges. These age profiles

rely on engineering assumptions, but they also attempt to factor in local environmental conditions.

Greater Shepparton is unique in that it has a large network of irrigation channels which often run in or next to the road reserve, creating a risk to the road pavement from ingress of water. Our pavements are often built on a clay sub-base which is prone to soften if wet which will accelerate failure. For this reason Shepparton has on average a shorter useful life for road pavement than many other councils in different geographical areas.

As part of condition based assessment Council now asks the question, “what is the assets remaining useful life” (viewed from the asset category level e.g. concrete footpaths)? Where an asset category useful life can be extended beyond what has been its current measure, this will impact favourably on Councils asset renewal demand and overall sustainability. Where the asset category life may be shortened, this will have the opposite effect.

For most asset categories, Council will intervene to renew a failing asset at condition 8. This will be the point where the asset is detracting from customer service experience, but the asset has not quite failed. As such we need to manage assets to intervention, not to end of useful life.

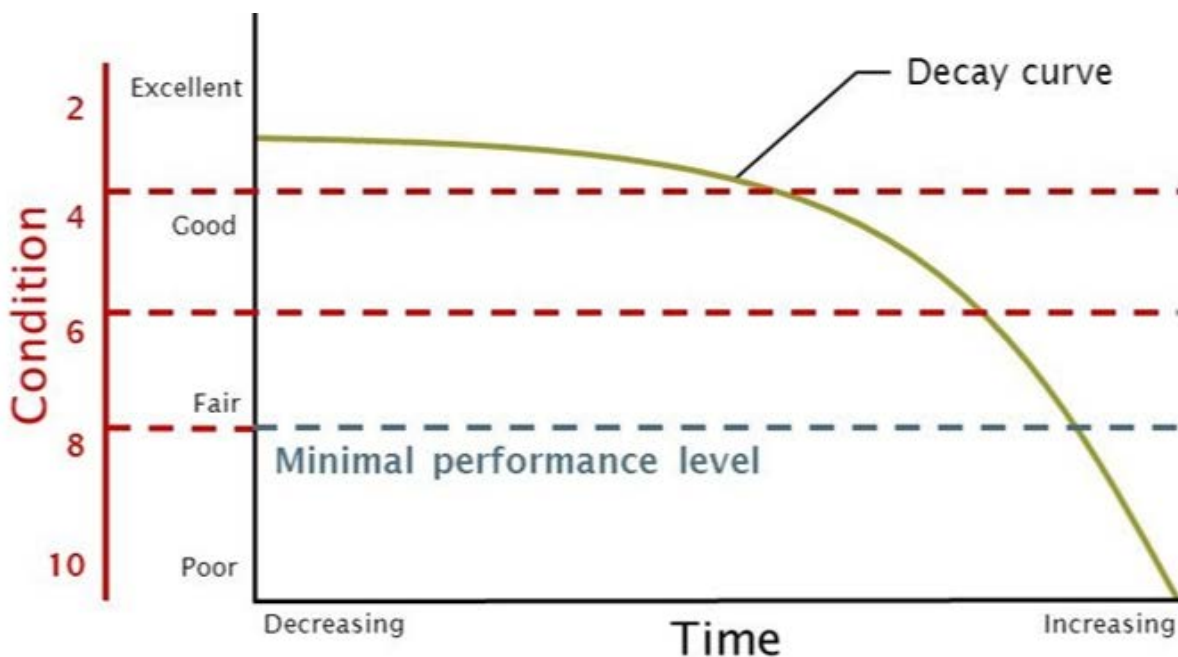


Chart 2: Example of asset deterioration over time – Council would intervene to renew an asset where the decay curve meets the minimal performance level.

Overall Council’s assets are in a reasonably good condition across the board. While assets are aging, the percentages of assets outside intervention (condition 8) is low, and have not passed beyond any critical point where the asset base cannot be sustained. However, managing the renewal demand into the future, especially with the introduction of rate capping, may mean Council does not renew all that is outstanding like for like; it may mean more asset rationalisation, change of service delivery methods, change of treatment options – all of which can have varying impacts on services which must also be managed in order to maintain community satisfaction.

The Planning Framework

Long term planning for assets will be managed through an alignment of Councils Strategic Resource Plan, Long Term Financial Plan, Service Plans and Asset Management Plans. These plans form the framework to manage the peaks and troughs of demand renewal over any ten year period.

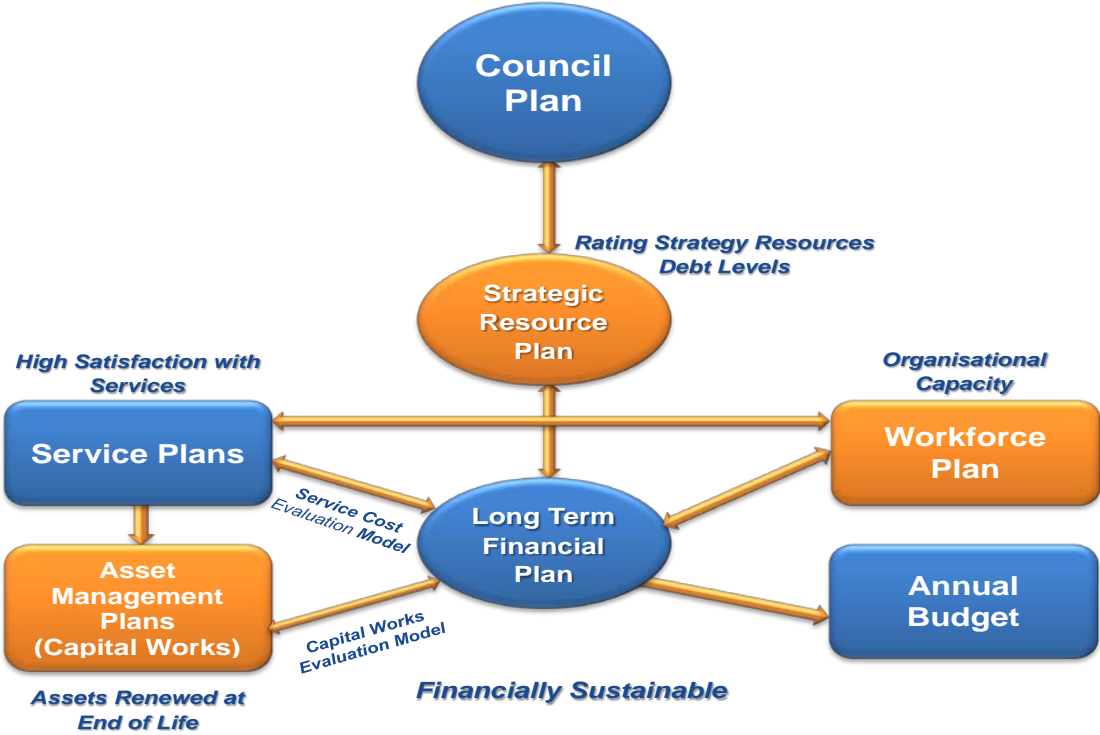


Chart 3: Asset Management Framework

Modelling Assets for Future Demand

Council uses the Maloney modelling system to provide predictions of renewal demand into the future. While Maloney modelling is the Victorian Local Government sectors most relied on system for calculating asset renewal demand, it does have its limitations. It is not necessarily an accurate indicator of actual year in year out demand and it is wise to rely on asset inspections and condition surveys to verify if the renewal figures that fall out of a Maloney model meet the reality of overall asset condition.

A great case in point for Council is footpaths. Council has just over 400km of concrete footpath with a total replacement value of \$55 million. A total of 42 per cent of this network is at or past condition 6. Council can infer from this it has an aging network and that constitutes a liability in the future as it will need to be replaced at some point, and that point is becoming sooner than later. Interestingly we only have 0.45 per cent over condition 8. Council’s 10 year Maloney model states we should be spending on average \$2.8 million per annum to ensure there is not a large and unacceptable failure rate at year 10 or sooner. However, Council only needs to repair what is at condition 8, otherwise assets that are still serviceable are pulled up, which shortens asset life

and increases costs. There is a similar scenario with kerb and channel where over 60% of the asset base is at condition 6, but less than 1% is at condition 8.

The Maloney system is modelling consumption rates of assets based on Councils estimated useful life. Each year a percentage of the assets within each condition (6, 7, 8 etc.) will slip to the next condition level. For example 15 per cent of condition 6 will become 7; this pattern then repeats itself each year. According to the Maloney system, we will have a renewal backlog of \$28 million for footpath assets, based on this year's funding level, by 2026.

Maloney modelling is providing us the information about impending liability. It is not incorrect; it's just not accurate enough to predict what will happen in your next financial year. We will inevitably have to replace aging assets, however, Council will wait until replacement is actually required, and thus there will be discrepancy between modelling and proposed annual renewal budgets, until such time Council has its useful life timeframes much tighter.

In recent times Council has trialled an alternative modelling process for the road network (our single largest asset category). The use of optimisation modelling based on available budget, deterioration rates, treatment options and service levels provides both specific capital work priorities while still providing long term deterioration (or condition) models. This process will be further explored through a tender for a Pavement Management System for modelling of Councils sealed roads.

Resourcing Asset Management

Council has a Strategic Assets Branch with a key role in supporting Service Managers maintain their required service levels through tracking asset condition. As a primarily data driven practice, Asset Management seeks to:

- Know where our assets are physically located, and how many we have
- Program surveys to audit the condition of these assets on a cyclical basis
- Drive maintenance programs – both the platform for managing maintenance, and identification of maintenance tasks
- Forecast the cost to renew assets
- Nominate the amount of renewal demand required
- Maintain valuations of assets

With the information in Council's Asset Management System, Officers are able to draw on this data, and using the Maloney System, provide 10 year forecasts of renewal demand using a number of "what if" scenarios.

Over time Council has expanded its ability to model specific asset categories. Below is a table showing the current state of these assets. It is important to keep in mind the above statements made about modelling, about knowing an assets useful life and condition. These figures are not fixed, and are constantly interrogated and updated to drive better asset management through data collection and further modelling.

Asset Category	Asset Value	Intervention Level	Useful Life	% Outside Intervention (\$ Value)	Type of Modelling-Condition/Depreciation/NA	Depreciation Expense p.a	Renewal Expense 16/17	Renewal as a % of depre
Art Collection	17,199,245	NA	NA	NA	NA	0	0	0%
Plant & Machinery	14,285,003	NA	Various	NA	Condition	1,442,291	2,318,293	161%
Land Under Roads	179,074,510	NA	NA	NA	NA	0	0	0%
Trees	5,646,060		50	3.65%	Condition	112,259	102,761	92%
Land	114,375,549	NA	NA	NA	NA	0	0	0%
Buildings	197,477,131	8	Various	3.28%	Depreciation	2,991,614	3,054,064	102%
Furniture & Equipment	20,271,968	10	10	0	Depreciation	1,122,847	277,455	25%
Land Improvement	21,329,727	8	Various		Depreciation	910,729	9,651,335	1060%
Roads	523,097,132		Various	1.64%	Condition	11,607,660	8,288,721	71%
Kerb & Channel	47,947,890	8	60	0.00%	Condition	817,617	1,130,374	138%
Footpaths	60,334,096	8	60	0.49%	Condition	1,035,381	30,828	3%
Bridges & Culverts	23,830,425	8	T50/C80	Audit in Progress	Condition	349,068	557,994	160%
Shared Paths	6,001,957	8	60	3.77%	Condition	135,611	35,966	27%
Drainage	129,354,716				Depreciation	1,535,609	82,209	5%
Regulatory Signs	2,042,705	8	7	0.02%	Condition	222,483	0	0%
Street Furniture	4,481,374	10	10	0.35%	Condition	202,830	0	0%
Works in Progress	33,518,268	NA	NA	NA	NA	0	0	
Total	1,400,267,756					22,486,000	25,530,000	114%

Table 8: High level overview of asset information

Not all assets of Council have been modelled. The asset categories Art works, Land, Land Under Roads, and Works in Progress stand out when considering our overall Asset portfolio value. These asset categories are either appreciating assets, or not depreciated, or they are not infrastructure assets impacting on public service delivery.

2017/18 Capital Renewal Budget

Council's Strategic Resource Plan has planned for total renewal commitments of \$25.5 million from a \$37.33 million budget in the 2017/18 financial year. Against our current depreciation rate this represents a funding level of 113 per cent. For 2017/18 year Council has made a concerted effort to implement a longer term view of the capital works program.

The large renewal investment in Waste Management in 2017/18 is for the decommissioning of Cosgrove 2 and commissioning of Cosgrove 3 land fill sites. This will be a 30 plus year capital investment.

Conclusion

Depreciation, Maloney modelling and condition based demand are not yet satisfactorily aligned for strategic decision making. This work is being done with haste. At \$25.5 million we are renewing what we know must be done, and ensuring we are gaining maximum value from our other assets by managing them appropriately to end of useful life.

We know we will have to continue focus on renewal spending into the future to ensure aging asset categories are addressed in a timely manner. By focusing on condition of these assets, and continuing to improve modelling, we can manage the ramp up of renewal without having to replace assets still in a serviceable state.

5. Capital Projects Planning and Delivery

Greater Shepparton is committed to providing an efficient, effective and sustainable approach to the planning and delivery of capital works on behalf of its citizens.

With Council's adoption of the Asset Investment Guidelines the Council Executive are better able to inform and assist staff and Councillors in assessing capital projects for budget purpose. Capital works proposals arising from Asset Management Plans, Council Plans, Community Plans, strategies, master plans and other sources are subject to a preliminary appraisal followed a business case analysis and more detailed appraisal against a set of objective criteria that include community and social benefit, environmental benefit, risk management, financial implications. This two-step appraisal process results in a prioritised list of capital projects for consideration in the immediate budget and 10 year capital plan. The Asset Investment Guidelines used by staff now provides an ongoing objective framework for the assessment of all capital projects.

Projects are also assessed against their readiness to proceed. It is critical that projects to be delivered in the near future are fully designed and estimated so that ratepayers can be confident that projects can be delivered on time and on budget.

A Project Management Office (PMO) within the Projects Department has been implemented and operating for the past 3 years. The PMO consists of a group of qualified project managers and engineers with experience in initiating, designing, planning, managing and delivering complex projects. The PMO has responsibility to deliver all complex projects and to support the delivery of all our projects through building the capability and capacity of project managers across the organisation. As part of this role, the PMO reviews projects at key gateways to ensure high quality project management practices are applied throughout the planning and delivery cycle and continually monitors and reports on project status.

For 2017/18, Council will again focus on asset renewals and completing projects that were initiated in previous years. Planning and design of projects to be delivered later in the term of this Council is another key focus.

Key Projects for the 2017/18 include:

- New Shepparton Art Museum
- Balaclava / Verney / New Dookie Road intersection
- Cosgrove 3 Landfill construction

6. Development Contribution Plans

When land is developed for any use, it often causes the need for new or upgraded infrastructure. The developer either contributes to the cost of the infrastructure or performs works in kind to offset the contribution. Either way the Council is required to plan ahead to make sure that new infrastructure needed by the community is provided in a timely manner, and funds are available to provide for the infrastructure.

Development contributions are payments or in-kind works, facilities or services provided by developer towards the supply of infrastructure (generally by the Council) required to meet the future needs of a particular community, of which the development forms part.

Levies can be raised through Development Contribution Plans (DCPs) for a range of State and Local Government provided infrastructure including roads, public transport, storm water and urban run-off management systems, open space and community facilities.

In past years the Council has seen an increase in the work carried out in this area, directly attributable to positive growth in the community.

The Council endeavors to anticipate and budget for capital expenditure for the provision of such infrastructure when it is required or to facilitate a particular development, however the actual expenditure of the budget is more difficult to predict. This is largely due to a number of external factors which affect the Council's ability to expend funds, including whether or not a developer decides to proceed or the timing of the developers in engaging contractors, economic factors such as land sales, and design changes and subsequent statutory approvals which may be required.

Under the current legislative framework, any funds that have been received from developers for those infrastructure works, under a DCP or freely negotiated agreements, must be held in reserve for that actual infrastructure and cannot be reallocated for other non-related capital projects.

Additionally, even if the Council does not achieve its predicted expenditure, the works represent Council's commitment to infrastructure, and any unspent funds are routinely reserved by way of restricted investment (see section 9), for the infrastructure in readiness for when it is actually required to be delivered.

To ensure a greater understanding of future commitments relating to developments across the municipality, considerable work is undertaken to ensure that all future liabilities in this area are understood and built into the development ten year capital works program.

This includes regular feedback from consultants, council's planning officers and developers to keep up to date with the movements within the development industry. This allows changes to be made to the ten year plan ensuring it is as current as possible.

However in some respects this is at the hands of developers. The ten year plan assumes one stage of development per year for each estate in progress. This changes based on previously mentioned scenarios in the market. The stage of development and its timing then drives Council's expenditure due to having an effect on the resultant timing of infrastructure construction.

As well as using the projected income for modeling purposes, Council is also focusing on capturing expenditures in the further development of its ten year capital works program. As part of the annual budget setting process Council considers these projections and builds estimates into its annual budget, however as discussed in this chapter, Council is seeking to better reflect known works to smooth out the impact on the annual capital program.

7. Waste and Resource Recovery Strategy

The Victorian Government has developed new strategies for the Waste and Resource Recovery industry (Getting Full Value). The main thrust of their strategies is to reduce the amount of waste being deposited into landfill and to increase the amount of resource recovery for use in other reprocessing. Council has a Waste & Resource Recovery Strategy that is in line with the State strategy. The Council strategy also identifies an objective to make waste & resource recovery a user pays service. To this end Council has interrogated its costs and developed a costing model to ensure that charges are reflective of these costs.

Council's waste services are split into 3 main areas; Kerbside Collection, Resource Recovery Centres and Landfill Operation.

Kerbside Collection

In November 2015, Council commenced new contracts for the collection of kerbside waste, recyclables and organics. It also commenced contracts for the acceptance and processing of recyclables and the acceptance and processing of organics. As at February 2017 the following number of services are being provided for each of the streams;

- Waste – 27,912
- Recyclables – 28,191
- Organics – 22,371

Up until November 2015 the organics service has been an opt-in service but from 16 November 2015 the service became a compulsory service for all residential properties within the urban collection zones. The service also expanded to include food waste. Kerbside collection and processing costs for the 2017/18 financial year are anticipated to be \$6.15 million.

Resource Recovery Centres (RRC)

Council operates 3 Resource recovery Centres at Shepparton, Ardmona and Murchison. The Shepparton RRC is open 7 days per week whilst Ardmona is 3 days and Murchison 2 half days. Resource recovery efforts are undertaken at all centres with many items being recovered for re-use or re-processing. The largest items by volume are concrete, bricks, organic material (green waste) and cardboard. Operation of the RRC's is expected to cost \$1.31 million in the 2017/18 financial year. Resource recovery and re-processing is subject to market forces; this is evidenced by changing market prices for items such as steel.

Landfill Operation

Council anticipates that the effective life of the Cosgrove 2 landfill is about 2 years. The Environment Protection Authority (EPA) has approved Council's Works Approval Application to further develop the landfill precinct at Cosgrove that will become Cosgrove 3. Prior to 30 June 2016 Council has provisions within the balance sheet to the value of approximately \$7.5 million for the ongoing rehabilitation of Cosgrove 2. The development of Cosgrove 3 is progressing with costs incurred to date for the purchase of the land, the EPA Works Approval Application,

agreements with parties for farming rights and extractive industry rights, initial design of the landfill and actual construction commencing in 2016/17. These and future development costs will have a significant impact on the Council's capital budget for the next 4 years.

8. Debt Strategy

Introduction

It is argued Councils are likely to better service their communities by making greater use of debtⁱ. As part of regular and prudent financial planning, Council should consider the use of borrowings as a legitimate and responsible financial management tool.

When should borrowings be used

Greater Shepparton City Council will not use borrowings to fund operating expenditure. This is not a sustainable practice and is not consistent with Council's objectives to generate an operating surplus each financial year.

The generation of an annual operating surplus should also be sufficient to fund the annual renewal of Council assets. Borrowings will therefore not be used for this type of expenditure.

Capital projects that have an asset life greater than one generation will be considered for borrowings. These are typically major facilities, such as the new Shepparton Art Museum, where the benefit of the investment will extend beyond the current ratepayers.

This is referred to as *intergenerational equity*, which allows the cost of the asset to be matched with the benefits from consumption of that asset. In other words, rather than today's users funding the whole asset the future users will also contribute towards the cost of an asset that they will enjoy and benefit from.

The contributions from future users can be more easily identified for assets that have a revenue stream. Where users are charged for the asset/service the user charge shall reflect the cost of providing the service including any loan repayments.

For example, the Cosgrove Landfill facility and the Greater Shepparton Regional Sports Precinct are two projects that have identified revenue streams (landfill gate fees, sports field hire fees) which can contribute to the borrowing costs of the asset.

Ultimately the aim for Council through the use of borrowings should be to:

- Obtain an alternative funding source that reduces the reliance on seeking rate cap variations; and
- Achieve better cash flow management, stretching out the timing of payments and matching income to expenses, while providing a level of predictability.

Determining how much to borrow

The Local Government Act 1989 allows for Councils to use borrowings subject to the principles of sound financial managementⁱⁱ. These principles include ensuring decisions are made and actions are taken having regard to their financial effects on future generations as well as managing the financial risks including the level of Council debt.

The principles, however, are not prescriptive and provide only a framework for Council to manage its finances. Therefore any decision to take on new debt will be done so with proper long term financial modelling, considering its impacts and ensuring that Council's future financial sustainability is not threatened.

To achieve this, Greater Shepparton City Council will utilise a number of financial indicators confirmed by the Victorian Auditor General as indicators that reflect short- and long-term sustainability.

In particular liquidity, having sufficient working capital to meet short-term commitments, and indebtedness, that Council is not overly reliant on debt to fund capital programs.

The Local Government (Planning and Reporting Regulations) 2014 No. 17 also prescribe the annual reporting of these indicators plus more in the context of obligations. Council will utilise these indicators as a guide, particularly in consideration of Council's performance against other like Councils, when considering and planning for the use of borrowings.

Loan structures

Consideration will be given to both variable or fixed, principal and interest or interest only and various terms with appropriate financial modelling undertaken to determine the best fit for Council.

Preference will be given towards fixed loans in order to achieve predictability for planning of future years. For the same reason borrowings with longer tenures will be preferred, aiming to match the life of the asset as much as possible. It is acknowledged that such predictability comes at a premium, however it can be argued the benefits for planning do outweigh the costs.

Council will consider options that allow early pay back should the financial position warrant as well as other loan structures, such as the Local Government Funding Vehicle, which provides greater flexibility for funding long term assets.

Current and proposed future borrowings as at 30 June 2017

The table below

Purpose	Start Date	Original Loan	Current Loan Balance
Victoria Park Lake	Jun-10	\$3.99 million	\$3.26 million
Capital Works 2010/11 – part 1	Jan-11	\$5.00 million	\$2.28 million
Capital Works 2010/11 – part 2	Jun-11	\$4.00 million	\$3.37 million
GV Link	Jun-12	\$3.00 million	\$2.60 million
Regional Sports Precinct	May-16	\$4.44 million	\$4.06 million
Regional Sports Precinct	Jun-16	\$4.06 million	\$4.06 million
Sub-total Current Borrowings			\$19.63 million
Cosgrove 3 Landfill	June-18	\$6.00 million	
Cosgrove 3 Landfill	June-19	\$7.00 million	
Cosgrove 3 Landfill	June-20	\$2.00 million	
Cosgrove 3 Landfill	June-21	\$1.00 million	

Table 9: Current and proposed future borrowings as at 30 June 2017

Financial Performance

The Victorian Auditor General's Office (VAGO) report annually on five financial sustainability risk indicators used to assess the financial sustainability risks of local councils.

One of these indicators measures Indebtedness which is a comparison of non-current liabilities (mainly comprised of borrowings) to own-sourced revenue (mainly rates and user charges). The higher the percentage, the less able to cover non-current liabilities from the revenues Council generates itself.



Table 10: Indebtedness – non-current liabilities over own-source revenue

Source: www.knowyourcouncil.vic.gov.au

The above shows as at 30 June 2015 Council was well below similar councils and lower than the Victorian state average. VAGO prescribes that anything below 40% for Indebtedness is considered low risk (no concern over the ability to repay debt from own-source revenue). 60% and above is considered high risk.

The Local Performance Reporting Framework (LGPRF) provides two further performance indicators to assess Council's levels of debt.

The first indicator is total loans and borrowings compared to rates. While there is no performance range prescribed by legislation, the LGPRF does note an expected range for councils of between 0% and 70%.

The second indicator is total loans and borrowings repayments compared to rates. This measures the level of annual principal and interest repayments against council rate revenue. Once again there is no legislated target but the LGPRF notes an expected range of be 0% to 20%.

Table 11: Loans and borrowings as a percentage of rates



Table 12: Loans and borrowings repayments as a percentage of rates



Source: www.knowyourcouncil.vic.gov.au

In 2015/16 Council was significantly below the levels of debt and repayments than those of similar councils and on par with the Victorian state average. To put this in perspective, this is equal to having an annual income of \$100,000 with total loans of \$26,940 and annual interest and principal repayments of \$2,340.

Summary

Greater Shepparton City Council will consider borrowing for capital projects, particularly those with long useful lives, with identifiable current and future users who will benefit across the life of the asset and possess revenue streams that can contribute to the debt repayments.

ⁱ Australian Centre of Excellence for Local Government, 2014, *Debt is not a Dirty Word, The Role and Use of Debt in Local Government*, p5.

ⁱⁱ Local Government Act 1989 s144(1)

9. Restricted Investments

Council budgets for income and expenditure in the financial year where the expenditure will be incurred or the revenue received.

Council has traditionally operated with notional reserve funds that are allocated for specific purposes. Discretionary reserves are used only as an indicator of funds that are being held for specific purposes. In the interests of consistency of language, reserve funds are hereafter referred to as Restricted Investments.

Nature and Purpose of Restricted Investments

Restricted investments include unexpended grants, developer contributions for future capital works, deposits held and discretionary reserves maintained by Council.

Unexpended Grants

These are grants recognised as revenue that were obtained on condition that they are expended in a specified manner that had not been expended at balance date.

Developer Contributions

Development contribution receipts are payments or in-kind works, facilities or services provided by developers towards the supply of infrastructure (generally by the Council) required to meet the future needs of a particular community, of which the development forms part.

Under the current legislative framework, any funds that have been received from developers for infrastructure works, must be held in reserve or “restricted” for that actual infrastructure and cannot be reallocated for other non-related capital projects. Refer to Section 6 *Development Contribution Plans*.

Deposits held in Trust

It is a requirement of Council to separately identify trust funds or refundable deposits as restricted assets. While the Council is able to access these funds in its day to day treasury management, the financial statements must recognise that a component of its cash balances relates to deposits that may be refundable in the future. Trust funds and deposits held at 30 June 2016 were equal to \$3.09 million.

Long service leave

Previously Councils were also required to maintain a long service leave investment account for the purpose of making payments for long service leave to which members of Council staff become entitled. Changes to the Local Government (Long Service Leave) Regulations 2012 in February 2012 removed the requirement to have a fully funded cash provision based on long service leave liabilities. Long service leave liabilities will continue to be accounted for as a liability on an accrual basis the same as annual leave liabilities and is not considered a restricted investment.

Statutory Reserves

Statutory reserves relate to contributions received which are subject to use on specific developments which comply with relevant regulations.

- Civil Works Development
- Parking cash in lieu
- Recreational Land Fund

Discretionary Restricted Investments

Discretionary restricted investments include carried forward Council funded capital projects that were not expended in the year that they were budgeted to be expended. These also include net income relating specific business areas of Council's operations such as:

- Urban Development Strategy (Parking)
- Saleyards Strategy
- Waste Management Strategy
- Defined Benefit Superannuation Future Liability Fund

Restricted Investments Balances

Trust Deposits and Long Service Leave restricted investments are provided for as a current liabilities and therefore are already funded by maintaining a working capital ratio of at least 100%. However funds need to be set aside for the following types of restricted investments to ensure that the expenditure of these items does not impact upon the short term liquidity of the Council.

The following projections have been prepared based upon on what is known as at the current preliminary 2017/18 budget phase.

Restricted Investments	Actual 30 June 2016 \$000's	Forecast 30 June 2017 \$000's	Projected 30 June 2018 \$000's
Developer Contributions	1,204	1,144	1,054
Unexpended Grants	278	260	272
Statutory Reserves			
- Civil Works Development	492	517	542
- Parking cash in lieu	937	980	900
- Recreational land fund	0	220	244
Discretionary restricted investments			
- Re-budgeted capital projects	3,426	2,719	0
- Urban Development Strategy (Parking)	1,178	1,786	1,088
- Saleyards Strategy	1,398	1,828	2,110
- Waste Management Strategy	9,888	1,778	3,836 [^]
- Defined Benefit Superannuation	1,400	1,750	2,100
- Other Restricted Items*	999	2,360	2,125
Total	21,200	15,343	14,271

Table 13: Projected Restricted Investments

*Other Restricted Items include the Shepparton Show Me Promotion Scheme and Strategic Land Acquisitions.

[^]Includes impact of proposed \$6 million in borrowings for Cosgrove 3 in 2017/18

A comparison between restricted investments and working capital highlights that all available working capital for Council should not be considered as discretionary.

The table below reflects underlying net working capital excluding restricted investments.

Underlying net working capital	Actual 30 June 2016 \$000's	Forecast 30 June 2017 \$000's	Projected 30 June 2018 \$000's
Net working capital	23,609	16,003	16,857
Less restricted investments	21,200	15,343	14,271
Underlying net working capital	2,409	660	2,586

Table 14: Projected underlying working capital

10. Service Planning

Council provides a range of services to the Greater Shepparton Council community as well as to other stakeholders. Service provision requires work to be done by one or more people for the benefit of others

A service is defined as a collection of tangible and intangible benefits that can be produced, consumed and enjoyed by others. Some services are external services that are aimed at both those in and outside the council boundaries while some services are internal services to benefit the organisation itself.

Integration, cooperation and aligning assets with service, finance, council and community expectations is essential to efficient management of assets. How service planning fits in the broader context of Council operations is illustrated in the diagram below:

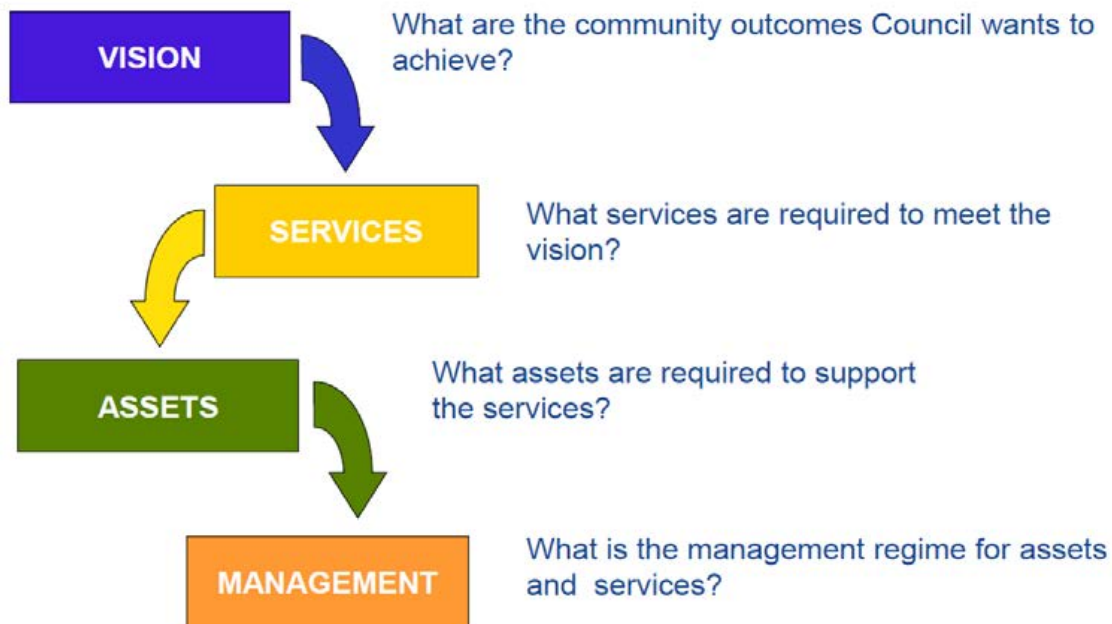


Chart 4: Overall Strategic Service Planning Framework

Service Plans are plans prepared which define programs and projects that need to be undertaken to deliver the service and include service levels (Community & Technical), service cost, service targets, who provides the service, KPI's and the reporting framework.

The completion of service plans will allow Council to focus on the provision of services to the community in the most efficient and appropriate manner.

Service Plans define programs and projects which need to be undertaken to deliver the service and include service levels (community and technical), service cost, service targets, which provides the service, key performance indicators and the reporting framework.

Each service plan must include the details of the manager(s) responsible for the delivery of the technical and community levels of service. Unless unusual circumstances apply, the responsibility for developing community levels of service should reside at least at departmental manager level.

Council, Organisational Services Framework

The range and level of services a Council should, or is capable of, or wants to provide is a difficult decision and should be made in consultation with the users of this service provided. This will ensure that the council in providing this service is meeting the expectations of the users of this service. In addition this same range and level of services Council provides the community should be reviewed regularly based on the outcome of community consultation undertaken.

However in some cases the community may not be prepared to pay for the service standard they require. However in consultation with the wider community the level of affordable service provision should be able to be determined

Once the service standard is determined the service provision is finalised through the annual budget process with the Strategic Resource Plan providing preliminary guidance based on the service delivery model adapted and improved from the previous year.

Service Planning Implementation

Decisions taken on the range and level of services that Council will provide as a result of the Council Plan and Strategic Resource Plan process will be incorporated into a service planning and monitoring program.

Greater Shepparton City Council has not previously undertaken an extensive service planning process with its community and it is proposed that an organisation wide service planning program will be undertaken.

Appendix A Glossary of Terms – Definitions

TERM	DEFINITION
Adjusted operating surplus/deficit	Operating surplus/deficit less revenue from capital (non-recurrent) grants, developer contributions (i.e. assets contributed), asset revaluations, sale of assets plus expenditure from asset revaluations, WDV of assets sold and unfunded superannuation expense.
Adjusted total operating expenses	Total operating expenses as per the “Statement of financial performance” – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
Adjusted total revenue	Total revenue from “Statement of financial performance” – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
Capital grants (non-recurrent)	Capital or non-recurrent grants as disclosed in notes.
Current assets	Total current assets from “Statement of financial position”.
Current liabilities	Total current liabilities from “Statement of financial position”
Debt redemption	Debt principal’s repayments.
Debt servicing costs (interest)	Total borrowing costs or interest expense as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Fees and charges revenue	Total fees and charges revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements (includes fines).
Grant income and reimbursements	Total grants revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements (includes Vic Roads sometimes shown as “reimbursements” by some councils).
Granted assets	Total value of assets received from developers (in kind) as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Interest earnings	Total interest received as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
No. of rateable properties	Number of rateable properties in municipality.
Non-current liabilities	Total non-current liabilities from “Statement of financial position”.
Proceeds from sale of non-current assets	Total proceeds from asset sales as per the “Statement of financial performance” or as disclosed in note in some councils’ statements, (gross received not Written-down value).
Rate revenue	Total rate revenue as per the “Statement of financial performance” or as disclosed in note in some councils’ statements.
Rates outstanding at end of year	Rate debtor amount as disclosed in “Receivables” note.
Total assets	Total assets from “Statement of financial position”.
Total capital asset outlays	Payments for capital purchases per the “Cash flow statement”.
Total cash inflows from operations, finance and Investment Act	Total inflows per the “Cash flow statement”.

TERM	DEFINITION
Total cash outflows from operations, finance and Investment Act	Total outflows per the "Cash flow statement".
Total depreciation	Total depreciation expense as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
Total depreciation on infrastructure assets	Total depreciation on infrastructure assets as disclosed in "Depreciation expense" note.
Total debt	Total interest bearing liabilities (current and non-current) from "Statement of financial position".
Total indebtedness	Total liabilities (current and non-current) from "Statement of financial position".
Total infrastructure assets	Total infrastructure assets from "Statement of financial position" or as disclosed in note (Written-down value). Infrastructure includes roads, bridges, drains, road structures, other structures, playground equipment, and other like categories. Heritage assets have been deemed to be building assets. Work in progress, where not separately split, has been included as infrastructure.
Total net realisable assets	Total assets less total infrastructure assets.
Total operating expenses	Total operating expenses as per the "Statement of financial performance".
Total revenue	Total revenue from "Statement of financial performance"
Written-down value of assets sold	Written-down value of assets sold as per the "Statement of financial performance" or as disclosed in note in some councils' statements.

Appendix B Standard Financial Statements

The Local Government (Planning and Reporting) Regulations 2014 requires the financial statements included in the Strategic Resource Plan must:

- a) Contains a statement of capital works for the financial years to which the financial statements relate; and
- b) Be in the form set out in the Local Government Model Financial Report

These financial statements include:

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

In addition to the standard statements, a long term model with key indicators is provided to show a number of the key indicators and how they measure against the Victorian Auditor General Financial Sustainability Ratios.

Budgeted Income Statement	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates and charges	71,816	74,444	75,982	77,551	79,154
Statutory fees and fines	3,398	3,751	3,826	3,902	3,981
User fees	17,344	19,654	20,243	20,851	21,476
Grants – Operating	22,485	22,590	22,816	23,044	23,274
Grants – Capital	7,342	5,123	13,350	8,100	7,100
Contributions – Monetary	2,519	2,842	2,500	2,500	2,500
Contributions – Non-Monetary	2,000	2,000	2,000	2,000	2,000
Net gain on disposal of property, infrastructure, plant and equipment	(320)	539	555	572	589
Other income	1,340	1,143	1,011	1,018	1,025
Total Income	127,925	132,086	142,283	139,538	141,099
Expenses					
Employee benefits	46,342	47,980	48,939	49,918	50,916
Materials and services	46,329	47,727	43,789	44,227	44,670
Bad and doubtful debts	144	144	158	171	169
Depreciation and amortisation	21,926	22,486	1,620	1,990	2,015
Finance costs	960	1,262	1,620	1,990	2,015
Other expenses	285	345	357	369	382
Total Expenses	115,986	119,944	118,024	120,531	122,723
Surplus (deficit) for the year	11,939	12,142	24,259	19,006	18,375
Other comprehensive income					
Net asset revaluation increment /(decrement)	-	14,822	-	-	11,297
Other	-	-	-	-	-
Total comprehensive result	11,939	26,964	24,259	19,006	29,672

Budgeted Balance Sheet	Forecast	Budget	Strategic Resource Plan Projections		
	Actual		2018/19	2019/20	2020/21
	2016/17	2017/18	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	10,708	14,431	10,795	16,712	14,165
Trade and other receivables	5,966	6,575	7,102	7,009	7,056
Financial assets	22,043	17,635	14,989	19,486	28,255
Other assets	1,304	1,304	1,304	1,304	1,304
Total current assets	40,021	39,945	34,190	44,510	50,780
Non-current assets					
Investments in associates and joint ventures	1,493	1,493	1,493	1,493	1,493
Property, infrastructure, plant and equipment	1,041,092	1,071,745	1,107,041	1,116,112	1,138,732
Intangible assets	973	973	973	973	973
Total non-current assets	1,043,558	1,074,211	1,109,507	1,118,578	1,141,198
Total assets	1,083,579	1,114,155	1,143,697	1,163,089	1,191,978
Current liabilities					
Trade and other payables	10,040	8,720	8,368	8,456	8,559
Trust funds and deposits	3,093	3,093	3,093	3,093	3,093
Provisions	9,932	9,932	9,932	9,932	9,932
Interest-bearing loans and borrowings	953	1,343	1,699	1,883	2,041
Total current liabilities	24,018	23,088	23,091	23,364	23,626
Non-current liabilities					
Provisions	6,485	6,485	6,485	6,485	6,485
Interest-bearing loans and borrowings	19,605	24,149	29,428	29,538	28,494
Total non-current liabilities	26,090	30,634	35,913	36,023	34,979
Total liabilities	50,108	53,722	59,004	59,388	58,605
Net assets	1,033,471	1,060,434	1,084,693	1,103,701	1,113,373
Equity					
Accumulated surplus	335,856	347,998	372,257	391,263	409,638
Asset revaluation reserve	697,614	712,436	712,436	712,438	723,735
Total equity	1,033,471	1,060,434	1,084,693	1,103,701	1,133,373

Budgeted Statement of Changes in Equity	Total	Accumulated Surplus	Revaluation Reserve
	\$'000	\$'000	\$'000
2017/18			
Balance at beginning of the financial year	1,033,471	335,856	697,614
Surplus/(deficit) for the year	12,142	12,142	-
Net asset revaluation increment (decrement)	14,822	-	14,822
Transfer to other reserves	-	-	-
Transfer from other reserves	-	-	-
Balance at end of financial year	1,060,434	347,998	712,436
2018/19			
Balance at beginning of the financial year	1,060,434	347,998	712,436
Surplus/(deficit) for the year	24,259	24,259	-
Net asset revaluation increment (decrement)	-	-	-
Transfer to other reserves	-	-	-
Transfer from other reserves	-	-	-
Balance at end of financial year	1,084,693	372,257	712,436
2019/20			
Balance at beginning of the financial year	1,084,693	372,257	712,436
Surplus/(deficit) for the year	19,006	19,006	-
Net asset revaluation increment (decrement)	-	-	-
Transfer to other reserves	-	-	-
Transfer from other reserves	-	-	-
Balance at end of financial year	1,103,701	391,263	712,436
2020/21			
Balance at beginning of the financial year	1,103,701	391,263	712,436
Surplus/(deficit) for the year	18,375	18,375	-
Net asset revaluation increment (decrement)	11,297	-	11,297
Transfer to other reserves	-	-	-
Transfer from other reserves	-	-	-
Balance at end of financial year	1,133,373	409,368	723,733

Budgeted Cash Flow Statement	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflow (Outflow)	Inflow (Outflow)	Inflows (Outflow)	Inflow (Outflow)	Inflow (Outflow)
Cash flows from operating activities					
Receipts					
Rates and charges	71,591	74,011	75,609	77,507	79,030
Statutory fees and fines	3,398	3,730	3,808	3,901	3,975
User fees	17,420	19,540	20,144	20,839	21,443
Grants - operating	22,487	22,459	22,704	23,031	23,238
Grants - capital	7,342	5,093	13,285	8,095	7,089
Contributions - monetary	2,511	2,842	2,500	2,500	2,500
Interest received	955	651	658	668	674
Other receipts	610	469	336	348	246
Employee costs	(47,910)	(48,639)	(49,125)	(49,871)	(50,862)
Materials and services	(46,473)	(46,933)	(43,955)	(44,186)	(44,621)
Other payments	(285)	(1,799)	(358)	(369)	(382)
Net cash provided by operating activities	31,648	31,422	45,606	42,463	42,429
Cash flows from investing activities					
Payments for property, infrastructure, plant & equipment	(42,471)	(37,330)	(57,500)	(32,000)	(35,000)
Proceeds from sales of property, infrastructure, plant & equipment	2,049	1,551	1,598	1,645	1,695
Proceeds from investments	5,000	4,409	2,645	(4,497)	(8,679)
Net cash used in investing activities	(35,422)	(31,370)	(53,257)	(34,852)	(42,074)
Cash flows from financing activities					
Finance costs	(960)	(1,262)	(1,620)	(1,990)	(2,015)
Proceeds from borrowings	5,064	6,000	7,000	2,000	1,000
Repayment of borrowings	(2,897)	(1,066)	(1,365)	(1,705)	(1,886)
Net cash provided by (used in) financing activities	1,207	3,672	4,015	(1,695)	(2,901)
Net increase (decrease) in cash and cash equivalents	(2,567)	3,724	(3,636)	5,916	(2,546)
Cash and cash equivalents at beg. of year	13,276	10,708	14,431	10,795	16,711
Cash and cash equivalents at end of year	10,708	14,431	10,795	16,711	14,165

Budgeted Capital Works Statement	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital works areas					
Property					
Land	-	-	-	-	-
Land improvements	13,981	1,113	-	-	-
Buildings	3,195	6,656	-	-	-
Heritage buildings	-	-	-	-	-
Building improvements	-	-	-	-	-
Leasehold improvements	-	-	-	-	-
Art collection	-	-	-	-	-
Total Property	17,176	7,769	-	-	-
Plant and Equipment					
Heritage plant and equipment	-	-	-	-	-
Plant, machinery and equipment	2,330	2,256	-	-	-
Fixtures, fittings and furniture	615	70	-	-	-
Computers and telecommunications	875	236	-	-	-
Library books	-	-	-	-	-
Total Plant and Equipment	3,821	2,562	-	-	-
Infrastructure					
Roads	11,966	10,952	-	-	-
Kerb and Channel	-	1,145	-	-	-
Bridges	60	543	-	-	-
Footpaths and cycle ways	334	662	-	-	-
Drainage	824	485	-	-	-
Rec, leisure and community facilities	6,046	3,707	-	-	-
Waste management	2,871	7,500	-	-	-
Parks, open spaces and streetscape	471	815	-	-	-
Aerodromes	38	189	-	-	-
Off street car parks	-	-	-	-	-
Other infrastructure	3	-	57,500	32,000	35,000
Total Infrastructure	22,613	25,999	57,500	32,000	35,000
Project Management Office		1,000			
Total capital works	43,609	37,330	57,500	32,000	35,000
Represented by:					
Asset renewal	24,387	25,530	30,188	16,800	18,375
New assets	15,609	6,063	18,688	10,400	11,375
Asset expansion	-	775	4,313	2,400	2,625
Asset upgrade	3,613	4,961	4,313	2,400	2,625
Total capital works	43,609	37,330	57,500	32,000	35,000

Budgeted Statement of Human Resources	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2016/17	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - Operating	46,342	47,980	48,939	49,918	50,916
Employee costs - Capital	769	1,403	1,468	1,498	1,527
Total staff expenditure	47,111	49,382	50,407	51,416	52,443
Staff numbers	FTE	FTE	FTE	FTE	FTE
Employees	542.3	577.4	580.3	583.2	586.1
Total staff numbers	542.3	577.4	580.3	583.2	586.1

Appendix C Victorian Auditor General Financial Sustainability Ratios

Period start	1 Jul 16	1 Jul 17	1 Jul 18	1 Jul 19	1 Jul 20	1 Jul 21	1 Jul 22	1 Jul 23	1 Jul 24	1 Jul 25
Period end	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25	30 Jun 26
Liquidity	166.6%	173.0%	148.1%	190.5%	214.9%	222.4%	234.7%	251.6%	273.4%	299.4%
Indebtedness	27.9%	30.8%	35.3%	34.7%	32.9%	30.2%	27.5%	24.7%	21.9%	19.1%
Self-financing	27.3%	25.7%	36.7%	33.5%	32.8%	30.0%	30.2%	30.4%	30.7%	30.9%
Investment Gap	193.7%	166.0%	248.3%	134.1%	142.4%	138.3%	134.3%	130.4%	126.6%	122.9%

Legend:

	Red	Yellow	Green
Liquidity	<=1.0	1.0%-1.5%	>1.5
Indebtedness	>60%	40-60%	>40%
Self-financing	>10%	10%-20%	>20%
Investment Gap	<=1.0	1.0-1.5	>1.5