

# AGENDA

FOR THE  
GREATER SHEPPARTON CITY COUNCIL

## SPECIAL COUNCIL MEETING

TO BE HELD ON  
TUESDAY 26 JUNE 2012  
AT 1.00PM

IN THE COUNCIL BOARD ROOM  
90 WELSFORD STREET

**COUNCILLORS:**

Cr Michael Polan (Mayor)  
Cr Chris Hazelman (Deputy Mayor)  
Cr Cherie Crawford  
Cr Geoff Dobson  
Cr Jenny Houlihan  
Cr Milvan Muto  
Cr Kevin Ryan

***VISION***

***GREATER SHEPPARTON***  
AS THE FOOD BOWL OF AUSTRALIA,  
A SUSTAINABLE, INNOVATIVE  
AND DIVERSE COMMUNITY  
***GREATER FUTURE***

**A G E N D A**  
**FOR THE**  
**SPECIAL COUNCIL MEETING**  
**TO BE HELD ON**  
**TUESDAY 26 JUNE AT 1.00PM**

**CHAIR**  
**CR MICHAEL POLAN**

**INDEX**

<b>1. ACKNOWLEDGEMENT .....</b>	<b>3</b>
<b>2. APOLOGIES .....</b>	<b>3</b>
<b>3. MANAGEMENT REPORTS .....</b>	<b>4</b>
<b>FROM THE ORGANISATION DIRECTORATE .....</b>	<b>4</b>
3.1 Review of Council Plan 2009-2013 .....	4
<b>FROM THE BUSINESS DIRECTORATE .....</b>	<b>7</b>
3.2 2012/2013 Budget .....	7
<b>4. URGENT AND OTHER BUSINESS NOT INCLUDED ON THE AGENDA .....</b>	<b>10</b>

**PRESENT:**

**1. ACKNOWLEDGEMENT**

“We the Greater Shepparton City Council, begin today’s meeting by acknowledging the traditional owners of the land which now comprises Greater Shepparton. We pay respect to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors”.

**2. APOLOGIES**

### 3. MANAGEMENT REPORTS

#### FROM THE ORGANISATION DIRECTORATE

#### 3.1 Review of Council Plan 2009-2013

##### **Disclosures of conflicts of interest in relation to advice provided in this report**

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

##### **Summary**

The *Local Government Act 1989* (the Act) requires the Council to review its adopted Council Plan and Strategic Resource Plan each financial year. The Council reviewed the Council Plan 2009-2013 (the Council Plan) on 17 April 2012 and the Strategic Resource Plan throughout the annual budget setting process and determined that:

- no adjustments were required to the strategic objectives, strategies or strategic indicators contained in the Council Plan
- adjustments were required to the Strategic Resource Plan which is included in the Council Plan.

##### **RECOMMENDATION**

That the Council:

1. confirm that the Council Plan 2009-2013 and Strategic Resource Plan which is a statutory inclusion in the Council Plan, as adopted on 23 June 2009 has been reviewed
2. affirm that as a result of this review, the strategic objectives, strategies for achieving those objectives and strategic indicators contained in the Council Plan do not require adjustment
3. affirm that the Strategic Resource Plan which is included in the Council Plan requires adjustment
4. adopts the current Council Plan, which includes the adjusted Strategic Resource Plan for the 2012/2013 financial year.

##### **Background**

The Act was amended in 2003 to ensure that the Council planning cycle is aligned with the Council election cycle. After each election, the new Council is required to approve a Council Plan, which includes a Strategic Resource Plan. The Council is required to review the approved Council Plan, including the Strategic Resource Plan annually. This ensures that both remain relevant, without requiring the Council to undertake a full planning activity every year.

During the review conducted on 17 April 2012, the Council determined that while the Council Plan did not require adjustment, the Strategic Resource Plan which is included in the Council Plan needed to be adjusted to reflect changed guidance from the Council for the next 12 months. The Strategic Resource Plan has been adjusted to reflect:

- a lower forecast rate rise
- changes to the amount and timing of projected borrowings
- a reduced capital works program in future years in line with longer term financial modelling

## 4. MANAGEMENT REPORTS

### 3.1 Review of Council Plan 2009-2013 (Continued)

- recognition of capital projects not completed in 2011/2012 to be carried forward to 2012/2013, predominately developer contribution works
- recognition of 2012/2013 grants funding which has been received in June 2011/2012 financial year. Recognition of income in advance is required by Australian accounting standards

The adjusted Strategic Resource plan is attached to this agenda.

#### **Risk Management**

The review of the Council Plan eliminates the risk of it becoming outdated and failing to reflect the community's needs.

#### **Policy Implications**

There are no known conflicts with any Council policy.

#### **Best Value Implications**

Best Value principles have been considered and there are no implications for the review of the Council Plan.

#### **Financial Implications**

The Council Plan drives the Council Budget, with all budgetary expenditure linked back to the Strategic Objectives contained in the Council Plan.

#### **Victorian Charter of Human Rights and Responsibilities Act 2006 Implications**

This proposal does not restrict any of the human rights provided for under the Victorian *Charter of Human Rights and Responsibilities Act 2006*.

#### **Legal/Statutory Implications**

The review process fulfils Council's statutory obligations under section 125 of the Act. There are no other known legislative implications.

#### **Consultation**

Councillors and Council Officers were consulted throughout the review and update process. The Strategic Resource Plan is one of the elements of the Council Plan which the Council is able to adjust without the need for formal consultation under section 223 of the Act.

In conjunction with the review of the current Council Plan, councillors were also briefed on the proposed consultation process for the Council Plan 2013-2017. This consultation will commence in July 2012 with a number of fact finding community meetings. The information gathered at these sessions will be presented to the incoming Council after the election on 27 October 2012.

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration.

## 4. MANAGEMENT REPORTS

### 3.1 Review of Council Plan 2009-2013 (Continued)

#### **Strategic Links**

##### a) Greater Shepparton 2030 Strategy

The Adjusted Council Plan is consistent with the *Greater Shepparton 2030 Strategy*.

##### b) Council Plan

Reviewing the Council Plan supports Strategic Objective 6 of the *Council Plan 2009-2013 "Council Organisation and Management"* as it enables Council to meet its statutory obligations under the *Local Government Act 1989*.

##### c) Other strategic links

No other strategic links have been identified.

#### **Attachment**

Adjusted Strategic Resource Plan.

### 3. MANAGEMENT REPORTS

#### FROM THE BUSINESS DIRECTORATE

#### 3.2 2012/2013 Budget

##### **Disclosures of conflicts of interest in relation to advice provided in this report**

No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

##### **Summary**

At the Ordinary Council Meeting held on Tuesday 15 May 2012, the Council resolved to adopt and advertise its proposed budget and called for submissions under Section 223 of the *Local Government Act 1989*. The public notice period closed at 5.00pm Wednesday 13 June 2012. A total of twenty submissions were received in the period of public display with ten submitters electing to be heard by the Council. A Special Council Meeting was held on Tuesday 19 June 2012 at 4.00 pm where the Council heard those submitters present in support of their written submission.

Written submissions ranged in content however generally contained the following themes:

- Council should focus on cutting costs before increasing rates
- Current level of rates are unsustainable, with support for Council to provide further rate relief to the commercial and industrial sectors in the 2012/2013 year
- Further attention be directed towards farm zone and residential properties impacted by planning changes
- Support for residential rates to be decreased
- Support for review of rating strategy in 2012/0213
- Support for Shepparton Show Me Levy to be removed
- Support for accessible change facilities in the CBD
- Increased signage at Victoria Park Lake
- Further lighting at Victoria Park Lake along the south west side
- Reduced parking fees in CDB to promote revitalisation of CBD
- Further attention given to smaller towns across the municipality
- Cleaning to be improved around the town

Those who appeared in support of their submissions generally presented submissions relating to the following areas:

- Rate relief for the Commercial and Industrial sectors
- Clearer budget documentation with a stronger emphasis on explaining the Council's surplus position, how the capital works program is funded and provision of detailed program costing
- Rate relief for commercially operated residential villages for retirees or disadvantaged residents
- Budget provision for accessible change facilities in the CBD

The community's involvement during the public consultation period has been pleasing and the Council acknowledges and extends thanks to those who attended the community information sessions to discuss the draft budget.

### 3. MANAGEMENT REPORTS

#### 3.2 2012/2013 Budget (Continued)

The quality of the submissions received and spoken to was excellent and submitters are congratulated on the interest they have shown and the time taken to prepare and present submissions. A number of issues were raised that the Council needs to give full consideration to. In order to do this, further time is necessary. As such formal consideration of the received submissions and the adoption of the 2012/2013 Budget is recommended to be postponed and a new Council Meeting date and time be nominated by the Council.

#### **RECOMMENDATION**

Council resolve:

1. to postpone consideration of received submissions and the adoption of the 2012/2013 Budget
2. nominate a new Council Meeting date and time to consider all received submissions and the adoption of the 2012/2013 Budget.

#### **Background**

In accordance with the requirements of the Local Government Act, Council is required to give "public notice" that it intends to adopt a budget. The draft budget document must be made available for inspection at its offices and on its website for a period of 28 days and submissions invited from members of the public.

Council at its ordinary meeting held on Tuesday 15 May 2012 resolved to advertise its proposed budget and to call for submissions under Section 223 of the *Local Government Act 1989*. The public notice period closed at 5.00pm Wednesday 13 June 2012 and a Special Council Meeting was held at 4.00pm Tuesday 19 June 2012 to hear those submitters who requested to be heard in support of their written submission.

#### **Risk Management**

A well planned budget will reduce the risk that Council will not be able to provide the services expected and required by the community. Council is required under section 130 of the *Local Government Act 1989*, to adopt a budget each year.

#### **Policy Implications**

There are no conflicts with Council policy. The budget resources the Council Plan to enable the outcomes in the Council Plan to be achieved, including Council policies.

#### **Best Value Implications**

The budget is prepared and presented using the model budget developed by The Institute of Chartered Accountants in Australia in conjunction with the Municipal Association of Victoria, Local Government Financial Professionals and Local Government Professionals. Most Victorian Councils use this model budget and this provides readers of the budget with the ability to compare with other Councils.

#### **Financial Implications**

As part of the section 223 consultation process, those submitting to the 2012/2013 draft budget can elect to be heard by the Council. All received submissions will be considered by the Council formally at a Special Council Meeting to be held Tuesday 26 June at



### 3. MANAGEMENT REPORTS

#### **3.2 2012/2013 Budget (Continued)**

1.00pm. Financial implications as a result of the Council considering submissions are unknown at this point.

#### **Victorian Charter of Human Rights and Responsibilities Act 2006 Implications**

This proposal does not limit any of the human rights provided for under the Victorian *Charter of Human Rights and Responsibilities Act 2006*.

#### **Legal/Statutory Implications**

The 2012/2013 draft budget is consistent with and conforms with all requirements of the Local Government Act 1989 or any other relevant legislation.

#### **Consultation**

The 2012/2013 draft budget has been prepared using the current Council Plan and associated priorities and the long term strategic financial plan as the basis for Council decision making during the budget setting process.

The Council on Wednesday 16 May 2012, placed the statutory public notices in local newspapers advising the documents are available for inspection and that written submission are being sought in accordance with Section 223 of the *Local Government Act 1989*.

In addition to this statutory consultation a number of budget community forums were held as detailed below:

Shepparton RSL – 7pm to 9pm Tuesday 22 May 2012

Tatura Ballantyne Centre – 7pm to 9pm Wednesday 23 May 2012

Dookie Recreation Reserve – 7pm to 9pm Tuesday 29 May 2012

Murchison Community Centre – 7pm to 9pm Wednesday 30 May 2012

Merrigum Hall – 7pm to 9pm Tuesday 5 June 2012

Tallygaroopna Recreation Reserve – 7pm to 9pm Wednesday 6 June 2012

Mooroopna Hub – 7pm to 9pm Thursday 7 June 2012

It should also be noted that the 2012/2013 Draft Budget provides funding allocation and support for the nominated projects to proceed in both operational and capital works budgets, and where appropriate further community consultation will occur throughout the year specific to each project.

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration.

#### **Strategic Links**

##### **a) Greater Shepparton 2030 Strategy**

The 2012/2013 draft budget is linked to the *Greater Shepparton 2030 Strategy* via the Council Plan.

##### **b) Council Plan**

The 2012/2013 draft budget is linked to the council Plan by the funding of the Strategic Objectives contained in the Council Plan.

##### **c) Other strategic links**

No other strategic links have been identified.

#### **Attachments**

Nil

**4. URGENT AND OTHER BUSINESS NOT INCLUDED ON THE AGENDA**

# STRATEGIC RESOURCE PLAN

2009-2013

REVIEWED JUNE 2012

## Executive Summary

The Local Government Act 1989 (the Act) requires the Council to prepare and approve a Strategic Resource Plan (SRP) in accordance with Section 126 to address financial and non-financial resources, for at least the next four financial years. The intent behind the preparation of the SRP is to take the strategic objectives and strategies as specified in the Council Plan and convert them into financial terms to achieve the desired outcomes. The SRP includes both narrative detail and financial data presented in the form of four standard statements comprising income statement, balance sheet, cash flow and capital works.

The SRP provides a high-level, four-year view of how Council intends to utilise resources to achieve its strategic direction and complement the *Greater Shepparton 2030 Strategy*. It is not designed to identify where individual funds will be allocated, rather it addresses areas that impact on Council's ability to fund its services and capital works program into the future. The overarching principle in the development of the SRP is the financial sustainability of the Council.

The reviewed SRP is based on a range of key assumptions and principles which have been developed through a rigorous process. These assumptions are reviewed annually to ensure they remain valid and then used to set parameters for future revenues and expenditures throughout the budget process.

The reviewed SRP is presented in three main categories: human resources, infrastructure and financial resources.

## Human Resources

Legislation requires councils to have an organisational structure and staff in place to effectively manage the operations in accordance with the Council Plan. The Council's existing organisational structure is based on functional activity and common objectives in order to meet the community's needs, provide quality and efficient services, support the stimulation and strengthening of the local economy and provide efficient and effective administration for the organisation.

Under the existing organisational structure, a range of full-time, part-time and casual staff members are employed, with a diverse skills base across a wide range of disciplines.

The Greater Shepparton City Council 2011 Enterprise Agreement was certified by Fair Work Australian on 20 January 2012 and shall remain in force until 30 June 2014. The agreement encourages workplace flexibility and multi-skilling and delivers to staff sound terms and conditions of employment. The four-year projection for equivalent full time (EFT) staff requirement is:

2011-2012	2012-2013	2013-2014	2014-2015
495	497	502	507

The Council has a stable workforce, meeting objectives as determined by the Council Plan. The level of staff at 30 June 2012 is projected to be 495 (EFT).

It is anticipated that over the next four years there may be small increases in staffing levels as the municipality continues to experience growth and different service levels are considered. Council in 2012/2013 will be driving a stronger focus in the area of service planning in consultation with our communities however expects that the overall staffing pattern should remain reasonably constant. The figures reflected above provide an estimate only, based on the municipalities growth over past years and current service levels, any actual increase proposed to staffing levels will be supported with an appropriate business case and will be determined by the Council throughout that year's budget setting process.

The Council has implemented a number of strategies to assist in achieving best value from staff resources, including:

- A review of all HR policies and procedures as per the requirements of the People Performance Department's plan. This review has been undertaken to ensure statutory compliance and meeting of the objectives of the Council Plan.
- A comprehensive review of the human resources department completed in 2010 identified a significant requirement for increased staff in this area as well as additional roles to support ongoing training and development for Council staff. The outcome was an additional two training and development staff members, adoption of a Branch Plan strategically aligned at building a proactive team focusing on internal customer service, building a organisational development, concentration on a strategic HR focus particularly in the areas of workforce planning, succession planning, staff health and wellbeing program and effective employee relations.
- Further development of Council's Human Resources Information System required an audit of the system, its capacity and its data to assist in organisational planning and statistical analysis.
- Council conducted an Organisational Scan in 2012, a process where all staff were given the opportunity to give feedback in relation to functions, products and services within their department and in council overall, to enable analysis to be completed for an outcome based on structural, corporate capability to deliver potential efficiency improvements and alignment of responsibilities, as well as identify issues that require immediate attention within Council.

## Infrastructure

As part of our business, Council owns and maintains approximately \$637 million of assets which enables the delivery of services to the community. The Council acknowledges that it has a duty and responsibility to maintain these assets to ensure that optimum usage is achieved and that the community's requirements are met.

The replacement value of all Council assets is \$981 million with the written down value of these assets at 30 June 2011 as reported in the Annual Financial Statements as follows:

Asset category	\$
Land	\$ 96M
Buildings	\$108M
Heritage Assets	\$ 3M
Land Improvements	\$ 20M
Plant and Equipment	\$ 5M
Office Furniture/Equipment	\$ 6M
Other Assets	\$ 13M
Infrastructure	\$379M
Works In Progress	<u>\$ 7M</u>
<b>Total</b>	<b><u>\$ 637M</u></b>

Council is implementing a sophisticated asset management system. As part of the implementation, an extensive internal audit of all Council assets is being undertaken. This will produce a more accurate list of Council assets. While not finalised at the time of printing this document, the audit is likely to discover assets which are currently not on the asset list and therefore raise the total value of Council's asset base. The audit will be finished on the 2012/2013 year.

These assets are depreciating at an amount of approximately \$17.6 million in 2012/2013 and to arrest the continuing decline in the asset base the Council has included indicative estimates for the following capital investment on redevelopment and construction of these assets over the life of the reviewed SRP.

	2011-2012	2012-2013	2013-2014	2014-2015
Gross Capital Expenditure	\$ 34.8M	\$ 28.1M	\$ 27.9M	\$28.9M

Local Government as a sector faces a major challenge with asset management in trying to maintain existing infrastructure assets to the desired levels. Council, in recognising the significant investment required to maintain our infrastructure assets, has taken a strong position and is committed to funding the replacement and renewal costs of our existing asset base prior to funding new assets. Council has been using the level of depreciation as a guide to the level of asset renewal funding. Council has developed a sophisticated asset management system and is now moving towards assessing the condition of all of its assets and funding replacements and renewals on the basis of the condition of the assets.

## Financial Resources

In preparing the Council Plan, the Council is committed to the following principles of sound financial management as required by Section 136 of the Act:

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

The key principle that underlines the reviewed SRP is the financial sustainability of the Council, whilst achieving the objectives of the Council Plan and the needs of its community. The key financial objectives that underpin the long-term financial plans are:

- Achieving an underlying operating surplus
- Funding asset replacement and renewal costs
- Generating sufficient revenues to maintain an ongoing sound capital works program
- Achieving a balanced budget on a cash basis

The reviewed SRP for the 2010-2013 period provides that the Council intends taking actions to adequately fund the asset replacement costs of its existing large asset infrastructure base. Should these costs not be adequately funded, then the Council's high quality infrastructure assets such as roads, footpaths, sporting facilities and public buildings will deteriorate at an increasing rate. Future councils would then be faced with a major financial burden to restore the minimum service standard of the Council's infrastructure assets.

The SRP clearly supports the Council's commitment to:

- Review the current pattern of operational expenditures
- Increase resources being spent on the maintenance of infrastructure assets
- Limit the resources being spent on new capital projects
- Increase operational revenues

Over the life of the plan the Council will continue to undertake further management reviews of its internal operations with a view to reducing current operational expenditures and increasing operational revenues. Where the Council provides services on a fee for use basis, the Council will examine whether or not the users of those services can be realistically expected to pay full cost recovery.

The reviews will take a considered approach and apply commercial business principles to determine the appropriateness of this method. The Council acknowledges that there are a number of services provided for community benefit, for example public open space, and as such full commercial business principles may not apply.

The reviews will also give consideration to what the core activities of the Council are and evaluate the level of service provided in meeting the needs and wants of the community, given the limited financial and non-financial resources available.

## Borrowings

Council's long term borrowing strategy focuses on reaching a debt position that provides future flexibility to use loan funds, without unduly exposing Council to a high debt burden. A key assumption of the long term financial plan is that Council endeavours to remain below the targets recommended by the Victorian Auditor General's Office (40 per cent of total own source revenue).

Generally speaking projects which provide a financial return enabling the repayment of debt will be given consideration for borrowing; however Council will also consider funding projects which have sufficient community benefit to justify the raising of debt. Loans are viewed as an effective mechanism of linking the payment for the asset to successive generations who receive the benefit, creating intergenerational equity. When developing a capital works program Council considers any existing reserve funds to check on any ability to fund projects internally, prior to taking out new borrowings.

The following table sets out the Council's loan principal and interest repayment schedule for the next four years.

Year	New Borrowings \$'000	Loan Principal Paid \$'000	Loan Interest Paid \$'000	Balance 30 June \$'000	Indebtedness Ratio**
2012/2013	0	362	1,330	15,338	17.08%
2013/2014	2,000	392	1,259	16,946	15.98%
2014/2015	0	468	1,385	16,478	16.67%
2015/2016	0	508	1,345	15,970	15.53%

\*\* Indebtedness ratio is a measure which provides a comparison of non-current liabilities (mainly comprising borrowings) to own sourced revenue. The Victorian Auditor General Office places any percentage below 40 as a low risk with no audit concern.

## Key Financial Assumptions

The reviewed SRP contains assumptions about the future trends of council revenues and expenses. These assumptions are based on how the Council intends to manage the elements of its business which it can influence, e.g. user charges, employee entitlements, materials and consumables.

As part of the process these assumptions have now been reviewed and updated to reflect current expectations and have been used in setting parameters for future revenues and expenditures contained in the SRP. As part of the development of the plan, all assumptions are considered achievable and form the basis for the preparation of the standard statements. Whilst acknowledging these assumptions are realistic and achievable, the Council recognises they are challenging and will need to stay committed and focused to ensure they are achieved.

## Revenue Assumptions

- Rate increases are forecast to increase as follows:

2011-2012	2012-2013	2013-2014	2014-2015
6.95%	5.95%	5.50%	5.50%

- Growth of rate base is forecast to increase by 1.50 per cent per annum
- Operational grants (Federal and State) have been included at a conservative increase of three and a half per cent per annum. The final water unbundling grant of \$260,000 will be received in 2011-2012, reducing to zero in 2012-2013.
- \$3 million per annum is estimated for contributed capital (i.e. infrastructure assets gifted to Council for sub-divisions undertaken by developers)
- Interest revenue generated from investments has been forecast to fluctuate due to reduced cash balances
- Inflation and growth factor combined of 3.5 per cent per annum is forecast for user fees
- Inflation and growth factor combined of 4.0 per cent per annum has been forecast and applied to statutory fees revenue
- Parking fees and fines are forecast to increase at an average of three per cent per annum
- The Council estimates that inflation will be 3.5 per cent per annum and has applied this to rental revenues, based on existing rental agreements
- New borrowings are as per the table on the previous page.

## Expenditure Assumptions

- Total employee entitlements are estimated to increase at 6.6 per cent per annum. This includes Councils Enterprise Agreement 2011 wage increases, skills based salary increments, additional resources and overheads such as work cover and superannuation. As mentioned earlier, the Council will also be increasing the emphasis on service planning throughout 2012/2013 and places high importance on continuously searching for efficiencies.
- Materials, consumables and external services are estimated to remain stagnate over the term of the plan
- External contracts are estimated to increase at six per cent over the term of the plan
- Utility costs are estimated to increase at six per cent per annum. Council has also had to factor in significant increases in utility and fuel costs which are impacted by the carbon tax. These increases have been necessary to ensure adequate budget cover is provided to meet actual expected costs. The introduction on 1 July 2012 means that the 2012/2013 year shows a jump in utility costs. However Council is actively looking at ways to reduce impacts of the carbon tax and green house emissions to realise cost savings and is proud to include in the capital works program a utility management systems project at Aquamoves. This will deliver more efficient utility consumption and fewer emissions each year, ultimately meaning savings in utility costs.
- Provision has been made for a change in asset values resulting from asset revaluations during the third period of the SRP

## **Conclusion**

In adopting the above assumptions, the reviewed SRP allows the Council to continue providing high quality services with a sustained capital works program. This will be carried out within a framework that is financially and socially responsible and meets the expectations of the community. The Council also recognises the importance of preserving the existing asset base at the desired service levels and is moving towards a key objective of funding asset replacement costs.

In order to achieve the strategies outlined throughout the Council Plan, the Council must work hard in undertaking reviews to ensure that the sustainability of the Council is maintained while delivering on the needs of its community. The Council has committed to providing a responsible SRP to ensure that Greater Shepparton can provide a greater future for its community.



**REVIEWED STANDARD INCOME  
STATEMENT  
FOR THE YEARS ENDING 30 June 2012-2015**

	<b>2012 \$,000</b>	<b>2013 \$,000</b>	<b>2014 \$,000</b>	<b>2015 \$,000</b>
<b>Revenues from ordinary activities</b>				
Rates and Charges	53,780	57,497	57,839	61,752
Operating grants and contributions *	24,965	15,809	21,671	22,204
Capital grants and contributions	8,730	7,205	7,652	10,160
Interest	1,647	1,598	1,003	906
User Charges	12,730	13,870	14,352	14,854
Statutory Fees	2,382	2,445	2,506	2,569
Proceeds from sale of assets	1,539	365	1,305	692
Other	1,085	533	547	561
Parking Fees and Fines	1,915	1,984	2,033	2,084
Rent	688	591	607	622
<b>Total Revenue</b>	<b>109,461</b>	<b>101,897</b>	<b>109,515</b>	<b>116,404</b>
<b>Expenses from ordinary activities</b>				
Employee Benefits	35,635	38,101	40,785	43,445
Materials and Consumables	27,842	26,533	26,136	26,816
External Contracts	10,457	10,060	10,564	11,122
Utilities	2,356	2,707	2,787	2,901
Borrowing Costs	1,075	1,330	1,259	1,385
Depreciation and amortisation	18,651	17,649	18,736	19,919
Written down value of assets sold	184	358	653	557
<b>Total expenses</b>	<b>96,200</b>	<b>96,738</b>	<b>100,920</b>	<b>106,145</b>
<b>Net surplus (deficit) from operations</b>	<b>13,261</b>	<b>5,159</b>	<b>8,595</b>	<b>10,259</b>
<b>Movements in equity</b>				
Net increase (decrease) in asset revaluation reserves	0	0	23,000	0
Increase (decrease) in accumulated surplus on adoption of new accounting standards	0	0	0	0
<b>Total changes in equity #</b>	<b>13,261</b>	<b>5,159</b>	<b>31,595</b>	<b>10,259</b>

**\* Note**

The Federal Government has announced a decision to provide a forward payment to the Victorian Grants Commission for half of the 2012/2013 Financial Assistance Grants payable to local governments.

Greater Shepparton City Council will receive a total of \$5.3million (or 50 per cent) of the 2012/2013 allocation prior to 30 June 2012, which is reflected in the figures above. Recognition of this income in advance improves the end of year income statement result for the 2011/2012 year. However, the payment distorts the final position for the 2012/2013 year, reporting a significantly lower end position.

The funds received in June 2012 will be held in reserve at the end of the financial year for use in 2012/2013 and will form part of investments reported in the balance sheet at 30 June 2012.

**# Note**

The total changes in equity above reflect a surplus position which is an accrual based accounting position required for compliance with Australian Accounting Standard AASB 101 – presentation of financial statements and it should be noted it contains both cash and non cash items. It is important that at an operating level the Council delivers a cash surplus which is then used towards funding the annual capital works program, which is not shown as expenditure on the income statement.

**REVIEWED STANDARD BALANCE SHEET  
AS AT 30 June 2012-2015**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
<b>ASSETS: CURRENT</b>				
Cash	1,000	1,000	1,000	1,000
Receivables	6,000	6,000	6,000	6,000
Investments	31,570	16,286	14,973	13,361
Other	74	500	500	500
<b>Total Current Assets</b>	<b>38,644</b>	<b>23,786</b>	<b>22,473</b>	<b>20,861</b>
<b>NON CURRENT ASSETS</b>				
Infrastructure etc	664,812	684,893	719,408	730,714
Other	1,371	1,371	1,400	1,400
<b>Total Non Current Assets</b>	<b>666,183</b>	<b>686,264</b>	<b>720,808</b>	<b>732,114</b>
<b>TOTAL ASSETS</b>	<b>704,827</b>	<b>710,050</b>	<b>743,281</b>	<b>752,975</b>
<b>LIABILITIES: CURRENT</b>				
Payables	7,204	7,280	6,608	5,911
Interest bearing liabilities	200	100	468	508
Trust funds	2,100	2,000	2,000	2,000
Employee Benefits	7,500	7,900	8,500	9,000
Other	220	220	220	220
<b>Total Current Liabilities</b>	<b>17,224</b>	<b>17,500</b>	<b>17,796</b>	<b>17,639</b>
<b>NON CURRENT LIABILITIES</b>				
Payables	200	200	200	200
Employee Benefits	750	800	900	1000
Interest Bearing Liabilities	15,500	15,238	16,478	15,970
<b>Total Non Current Liabilities</b>	<b>16,450</b>	<b>16,238</b>	<b>17,578</b>	<b>17,170</b>
<b>TOTAL LIABILITIES</b>	<b>33,674</b>	<b>33,738</b>	<b>35,374</b>	<b>34,809</b>
<b>NET ASSETS</b>	<b>671,153</b>	<b>676,312</b>	<b>707,907</b>	<b>718,166</b>
<b>REPRESENTED BY:</b>				
Accumulated Surplus	296,532	301,691	310,286	320,545
Reserves	374,621	374,621	397,621	397,621
<b>TOTAL EQUITY</b>	<b>671,153</b>	<b>676,312</b>	<b>707,907</b>	<b>718,166</b>

**REVIEWED STANDARD CASH FLOW  
STATEMENT**

**For the years ending 30 June 2012-2015**

	<b>2012 \$,000</b>	<b>2013 \$,000</b>	<b>2014 \$,000</b>	<b>2015 \$,000</b>
Cash flows from operating activities				
Receipts from customers	72,580	76,920	77,884	82,442
Payments to suppliers and employees	(76,290)	(77,401)	(80,272)	(84,284)
<b>Net cash inflow (outflow) from customers/suppliers</b>	<b>(3,710)</b>	<b>(481)</b>	<b>(2,388)</b>	<b>(1,842)</b>
Interest received	1,647	1,598	1,003	906
Government receipts	30,695	20,014	26,323	29,364
Interest paid	(1,075)	(1,330)	(1,259)	(1,385)
<b>Net cash inflow (outflow) from operating activities</b>	<b>27,557</b>	<b>19,801</b>	<b>23,679</b>	<b>27,043</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment, infrastructure	1,539	365	1,305	692
Payments for property, plant and equipment, infrastructure	(27,814)	(35,088)	(27,905)	(28,879)
Loans repaid by community organisations	-	-	-	-
Loans made to community organisations	-	-	-	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(26,275)</b>	<b>(34,723)</b>	<b>(26,600)</b>	<b>(28,187)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest bearing loans and borrowings	3,000	-	2,000	-
Repayment of interest bearing loans and borrowings	(283)	(362)	(392)	(468)
<b>Net cash inflow (outflow) from financing activities</b>	<b>2,717</b>	<b>(362)</b>	<b>1,608</b>	<b>(468)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,999</b>	<b>(15,284)</b>	<b>(1,313)</b>	<b>(1,612)</b>
Cash and cash equivalents at the beginning of the year	28,571	32,570	17,286	15,973
Cash and cash equivalents at the end of the year	32,570	17,286	15,973	14,361

**REVIEWED STANDARD CAPITAL WORKS  
STATEMENT**

**For the years ending 30 June 2012-2015**

<b>Capital Works Areas</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>	<b>\$,000</b>
Roads	11,065	13,694	9,470	10,742
Drains	3,280	3,670	4,612	4,096
Open Space	1,187	5,660	1,390	1,385
Buildings	2,764	4,017	3,256	3,202
Plant, Equipment	4,731	3,092	4,849	3,015
Waste Management	1,670	2,379	1,970	5,580
Other	3,117	2,576	2,358	859
<b>Total capital works</b>	<b>**27,814</b>	<b>35,088</b>	<b>27,905</b>	<b>28,879</b>
<b>Represented by:</b>				
Renewal	13,235	19,736	18,240	16,646
Upgrade	4,688	7,005	3,792	5,356
New Assets	9,891	8,347	5,873	6,877
	<b>27,814</b>	<b>35,088</b>	<b>27,905</b>	<b>28,879</b>

**\*\* Note**

Total capital works to be completed at 30 June 2012 is forecast to be \$27.81million. An amount of approximately \$7 million will be held in reserve for use in 2012/2013 to complete the unfinished projects. Predominantly works being carried forward relate to developer contribution works planned across the municipality.