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***Together we're making a
Greater Shepparton***

**GREATER SHEPPARTON CITY COUNCIL
COUNCIL PLAN 2013-2017**

Incorporating

The Strategic Resource Plan 2013-2023



**GREATER
SHEPPARTON**

Greater Shepparton - Greater Future

Acknowledgements

Greater Shepparton City Council would like to thank all the people who contributed to the development of this plan.

- The residents, community group representatives and members of the business community who participated in workshops
- All those who provided feedback via our website, email and/or submissions
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- The councillors of Greater Shepparton City Council for their vision, support and commitment to future planning.

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About the Council Plan

The Greater Shepparton Council Plan 2013-2017 is the key document that drives the strategic direction of Council for the next four years and beyond, and is a requirement under the Local Government Act 1989. The themes outlined in the Council Plan are the vehicle for achieving our desired future. The themes have been identified following extensive consultation with the Greater Shepparton community.

A Council Plan is developed every four years and updated annually. The 2013–2017 Council Plan has been created following the election of the Council in November 2012.

The plan is developed collaboratively with the community, Councillors and Council staff and reflects our community's needs, aspirations and expectations. The Council Plan is the connection point between the Greater Shepparton's community vision for the future and Council's planning processes. Through this plan, Council demonstrates the activities we will undertake to meet our contribution to the achievement of the collective vision.

The Council Plan describes what Council stands for, our objectives, the main activities we will complete over the four year electoral term and how these activities are going to be resourced. Importantly, it also outlines how our performance will be measured and reported through the Annual Report and other performance reports.

The Council Plan details how collectively we will achieve a Greater Future for Greater Shepparton.

Understanding our Community

Greater Shepparton is a vibrant, diverse community located approximately two hours north of Melbourne in the Goulburn Valley - the heart of regional Victoria.

Our Competitive Advantage

Two hours north east of Melbourne and only an hour from Bendigo, Greater Shepparton's central location is a major advantage and has seen our urban centre emerge as the retail, industry and services hub for central Victoria. Located at the intersection of the Midland and Goulburn Valley highways Greater Shepparton provides easy access to Adelaide, Sydney, Brisbane and Melbourne.

Along with our location, Greater Shepparton's critical mass of population and significant infrastructure provides the base of many key competitive advantages:

- An established manufacturing sector, with multinational companies such as SPC Ardmona, Tatura Milk, Campbell's and Unilver calling Greater Shepparton home
- Extensive road transport industry with Shepparton often being referred to as the transport hub of regional Victoria
- Thriving food production industry where 25% of the total value of Victoria's agricultural production occurs in Greater Shepparton which contributes \$900 million in production annually and \$1.53 billion in exports
- Affordable residential and commercial real estate
- Access to a high standard of telecommunications and IT infrastructure
- Excellent health, leisure and education facilities
- Recognition as regional Victoria's sporting capital, hosting many regional, state, national and international major sporting events

The mild climate, high level of activity coupled with a diverse culture makes Greater Shepparton an exciting place to be.

Our Location

Greater Shepparton is the fifth largest regional centre in Victoria extending over 2,421 kilometres. The city's population is almost evenly split between the main urban centres of Shepparton, Mooroopna and Tatura (53%) and with the remaining 47% of the population residing in the surrounding rural areas, including the smaller townships of Murchison, Dookie, Merrigum, Congupna, Toolamba, Undera, Katandra and Tallygaroopna. This split reflects the wide range of lifestyle choices available across the municipality, from small urban blocks close to high quality amenities, through to large working orchards and farms.

<http://profile.id.com.au/shepparton/home>

The Goulburn River forms the backbone and lifeblood of the region, winding its way through beautiful countryside, native forests and fertile farmlands, bringing life to the rich agricultural landscape which has made the area renowned as Australia's Food

Bowl. This vibrant and dynamic region is the heart and soul of Australia's fruit and dairy processing.

Our People

As a growing regional centre with a vibrant cultural mix, the Greater Shepparton community comprises almost 61,740 residents living within 60+ localities.

Greater Shepparton enjoys a young demographic with growing families, with 2011 census data showing the proportion of couples with children nearly 3% above the regional Victorian average, at 29.7%.

The overall population is forecast to grow from 63,000 in 2013 to nearly 80,000 by 2031. Our community understands that an expanding population will increase demand for services and infrastructure — particularly those that provide for our health and wellbeing. The challenge for all levels of government is to provide essential services and infrastructure in a timely manner. At the same time we need to be creative and broaden the economy by attracting investment and generating jobs in sectors that complement our lifestyle and environment.

Source: <http://profile.id.com.au/shepparton/home>

Socially we connect through friendships, gatherings, events and celebrations. Local strengths include high levels of citizen participation, embracing a strong volunteering ethos, participation in community events and organised sport, with a high level of community ownership and pride. Greater Shepparton hosts an abundance of community leaders, where the community is committed to seeking local solutions to local issues. Like most Victorian regions, people in Greater Shepparton are highly engaged in their community, with nearly one in five involved in volunteer work.

The community are also active in engaging with their local issues, responding well to local government community consultations such as the Council Plan process, and participating in large numbers in local politics, with 26 candidates at the last election.

Celebrating Diversity

Our point of difference and strength is the diversity of our people. We come from different places around the world bringing with us many languages, faiths and customs. We live together in harmony, respecting the past and each other's identity. It's our diversity that brings Greater Shepparton to life.

Our community is culturally rich with a large proportion of the population born overseas (13.1%), with many residents immigrating from India, Afghanistan, Sudan, Italy, Iraq, Turkey, New Zealand and the Philippines. Italian, Arabic, Persian/Dari, Turkish, Albanian, Punjabi, Greek, Macedonian, Mandarin and Filipino/Tagalog are the most commonly spoken languages other than English.

Greater Shepparton also has a significant Aboriginal population with a strong history of indigenous advocacy and leadership both nationally and internationally. The

City's indigenous population is the largest in regional Victoria, with an estimated 3.5% of residents having indigenous heritage.

Approximately 5.4% of the City's population has been identified as requiring assistance with self-care, body movements or communication and Greater Shepparton City Council is committed to providing access to services, programs and facilities for people with a disability.

Source: <http://profile.id.com.au/shepparton/home>

Liveability

Greater Shepparton is a vibrant and progressive community that offers the best of both provincial and metropolitan lifestyles. With its central location being a major strength, Greater Shepparton is the ideal regional location to live, work, invest and visit.

The municipality boasts affordable real estate and residents enjoy a wide range of entertainment and leisure options, including many coffee shops and restaurants.

Food malls, and dozens of cafes and restaurants provide plenty of choice. Greater Shepparton's history of migration has evolved our large selection of cuisine, whether it's Turkish, Japanese, Indian, Thai, Lebanese, Chinese, Italian or a bistro meal, you can find it all in Shepparton's CBD and the surrounding townships.

Local wineries and ample farm-gate suppliers provide an added gourmet touch to the region's repertoire.

Greater Shepparton is a retail hotspot for regional Victoria, constantly attracting new brands, and there is an abundance of events and leisure activities to keep the community busy after hours and on the weekends.

Culturally Alive

Greater Shepparton has, over the past decade or so, developed a very strong sense of self, and that confidence is reflected in its commitment to art and culture.

The arts scene is thriving with regular travelling performances and artists visiting the region. Shepparton is the home of the Bangerang Cultural Centre which is a meeting place for Indigenous artists.

The Shepparton Art Museum (SAM) houses a fine collection of colonial and contemporary paintings plus one of Australia's leading ceramics collections and regularly hosts significant and acclaimed exhibitions such as the recent Sam Jinks and Golden Age exhibitions. In 2012, SAM was awarded Best Small Museum in Victoria, and recently reopened following a major redevelopment.

Interesting art isn't confined to the gallery. Greater Shepparton's Moooving art brightens streets and major buildings.

The SheppARTon Festival has gained recognition as a smorgasbord of cultural and artistic experiences with people coming from far and wide to indulge in the many activities on offering throughout the festival.

Our Economy

The region has a strong and well developed economy, based primarily on irrigated agriculture, food processing, retailing and road transport. The Goulburn Valley is responsible for about 25 %of Victoria's agricultural production and is often referred to as the "Food Bowl of Australia".

Local entrepreneurs and small businesses are the backbone of our communities equating to 32.2% of the business sector. We will continue to support them to prosper and grow, thus retaining local knowledge, building skills and employment in the region.

Tourism and events represents another important sector for Greater Shepparton. In 2012 it is estimated that 900,000 people visited and spent money in the municipality.

In terms of employment, people within Greater Shepparton are primarily employed in the following sectors:

- Health Care and Social Assistance (3,775 people or 14.2%)
- Retail Trade (3,381 people or 12.7%)
- Manufacturing (3,311 people or 12.4%)

In combination these three industries employed 10,467 people in total or 39.3% of the employed resident population.

The unemployment rate for Greater Shepparton is above the state average and is currently at 8.4%.

Source: ABS, Census of Population and Housing, 2011 and 2006, DEEWR, Small Area Labour Markets, September Quarter 2012

Education

Greater Shepparton is home to a number of educational facilities including 14 day care facilities, 13 kindergartens, 26 primary schools, 6 secondary colleges (including Catholic and Grammar schools) and 3 tertiary institutions. Several smaller country schools are located just outside of Shepparton (5 to 15 minutes' drive). In addition to excellent public schools, private and catholic education is also available.

Compared to Regional Victoria, there is a lower proportion of people holding formal qualifications (Bachelor or higher degree; Advanced Diploma or Diploma; or Vocational qualifications), and a higher proportion of people with no formal qualifications residing in Greater Shepparton. Overall, 35.4% of the Greater Shepparton population aged 15 and over hold educational qualifications, while 52.5% of the local population have no formal qualifications.

Overall, 40.6% of the population left school at Year 10 or below, while 32.9% have gone on to complete Year 12 or equivalent, compared with 39.0% and 35.6% respectively for Regional Victoria.

Source: ABS, Census of Population and Housing, 2011 and 2006, DEEWR, Small Area Labour Markets, September Quarter 2012

Health

Greater Shepparton has access to quality health and medical facilities which offer a comprehensive range of services. These include two hospitals, retirement accommodation and nursing facilities.

The City offers specialist and diagnostic services, oncology, family counselling and youth services.

Shepparton is home to the University of Melbourne's Faculty of Medicine, Dentistry and Health Sciences and the Shepparton Medical Clinic. The Clinical School provides clinical rotations and education for the final three years of the Doctor of Medicine degree.

Greater Shepparton City Council has an obligation under the Local Government Act to partner in the effort to protect public health and prevent disease, illness, injury, disability or premature death.

The Act requires Councils to prepare a Municipal Public Health and Wellbeing Plan within 12 months of each general election of the Council.

This Council Plan will be the platform for Council's integrated approach to a Municipal Public Health and Wellbeing Plan.

Environment

Greater Shepparton City Council strongly supports the location of a large scale solar power plan in Shepparton and has undertaken extensive research and analysis to establish capacity to host such a facility. The Greater Shepparton region has a demonstrated affinity with the advancement of solar energy and is committed to providing developers with the assistance required to identify a preferred site.

The Resource Recovery Precinct accommodates a range of commercial businesses that locally process liquid and solid wastes, converting them to valuable recycled products. At the 2010 Virgin Blue Business Awards the Precinct won *Best Specific Environmental Initiative* at the United Nations Association of Australia World Environment Day Awards.

Environmental sustainability is important to the Greater Shepparton community as demonstrated by a number of initiatives such as RiverConnect, the Crouching Emu Revegetation Project, Dookie Biolinks Project and the creation of the Goulburn Broken Greenhouse Alliance.

Your Council

Our Community Vision

Greater Shepparton, Greater Future, a thriving economy in the foodbowl of Victoria with excellent lifestyles, innovative agriculture, a diverse community and abundant opportunities.

Our Values

- Promote **Leadership**, by setting an example that encourages others to strive for positive community outcomes.
- Act with **Integrity**, honesty, responsibility, transparency and accountability.
- Treat all people with **Respect**, showing consideration to and appreciation of others including their cultural backgrounds and beliefs and always seek to understand different points of view.
- Committed to being **Innovative**, by seeking continuous improvement through the application of new ideas.
- Strive to work in an environment that fosters **Teamwork**, through understanding we all represent and make decisions on behalf of the community of the Greater Shepparton.

Our Organisation

Greater Shepparton City Council is governed by seven elected Councillors, and operates in accordance with the Local Government Act (1989). As a local government authority, Greater Shepparton City Council exercises a wide range of government functions and powers for the "peace, order and good government" of our municipal district.

Greater Shepparton City Council is one of the largest regional Councils within Victoria and strives to achieve our community's vision of a "Greater Shepparton".

As a local government authority we protect and strengthen Greater Shepparton's economic prosperity and the health, wellbeing and safety of our residents. We endeavour to plan and build a connected regional community which is safe, easy to navigate and provides a healthy and prosperous lifestyle, now and into the future. We are committed to making a difference in our community and creating a Greater Shepparton that provides access to world class educational and employment opportunities and health and wellbeing facilities.

The purpose of the Greater Shepparton City Council is to deliver services, implement strategic initiatives and develop policies and plans. These three functions have a direct interface with the community. The fourth function, service support, refers to internal services that support the operations of the organisation.

Figure 1: The role of the Greater Shepparton City Council



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Your Councillors

With a new Council, comes the opportunity to plan ahead and re-define the Council's direction and plans to achieve this direction.

Council operates under the Local Government Act 1989 and is elected to provide leadership and good governance for the municipality and the local community.

Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision making
- Providing leadership by establishing the strategic direction and monitoring achievements
- Advocating the interests of the local community to other communities and governments
- Fostering community cohesion and encouraging active participation in civic life

Councillors take part in formulating, adopting and reviewing the Council Plan, Strategic Resource Plan and Annual Budget and also make informed decisions on Council policies and funding requirements.

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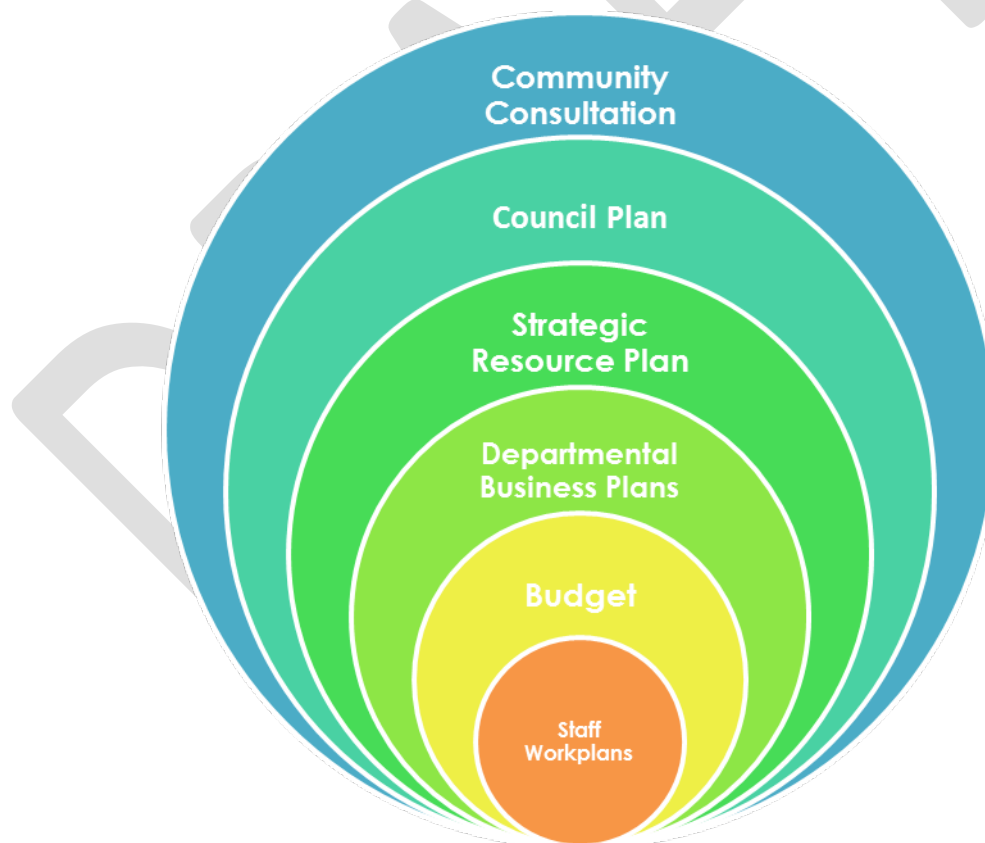
Planning for the Community

Greater Shepparton City Council prides itself on its integrated and rigorous approach to planning, implementation and performance reporting. An integrated approach to planning aims to achieve a whole-of-community approach and sustainable community outcomes. Planning is fundamental to the operations of any Council. It informs Council decision making and functions, with the ultimate goal of working towards meeting the needs, aspirations and expectations of the community.

Planning

Planning is undertaken annually by Greater Shepparton City Council to review the Council Plan, develop department business plans and prepare individual work plans. This ensures strong alignment between the organisation’s strategic direction and the activities carried out within individual departments.

Figure 2: Council Planning Process



This Council Plan is just one of a series of strategic and corporate plans that comprise Greater Shepparton’s planning framework. The Council Plan concentrates on the strategic, rather than the operational level of Council business. The Council Plan is about setting the scene. A comprehensive planning process is undertaken in the development of the four year Council Plan. Key to this is the seeking of input from

our community. In the development of the 2013-2017 Council Plan the following planning process was undertaken:

Figure 3: 2013-2014 Council Plan Planning Process

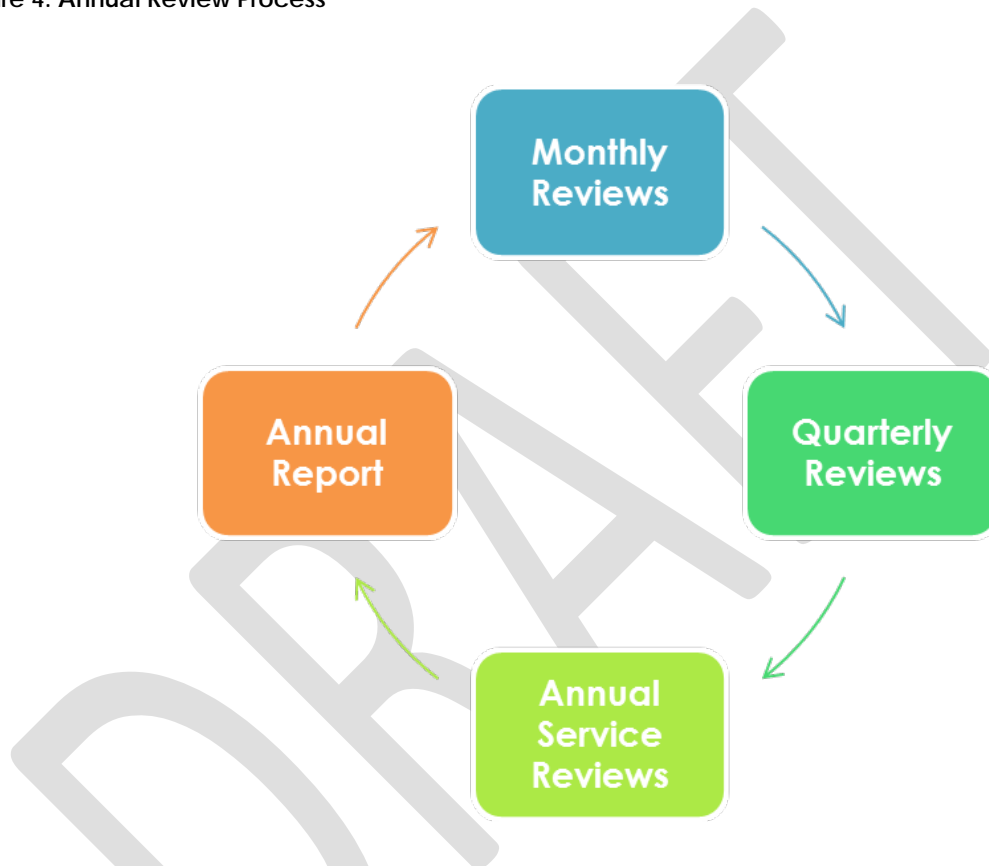


Review and Reporting

The Council Planning process has been well supported by the people of Greater Shepparton. To ensure that this is a living plan that adapts to constant change, the process now needs to be undertaken on a rolling basis.

The Council Plan will be updated each year through annual business and servicing planning which will build on success and address areas that need to be strengthened.

Figure 4: Annual Review Process



Just like in the planning phase, consultation with the community is critical in reviewing the direction and actions of Greater Shepparton City Council.

The community is actively engaged in the annual review of services delivered by Council. This occurs via interviews, focus groups and surveying. As part of a continuous improvement approach to planning and delivery, feedback from the review process is used to inform and enhance the on-going delivery of programs and Council operations.

Your Council Plan - Creating Our Future

The Community Plan is Greater Shepparton City Council's commitment to the achievement of the Greater Shepparton community's vision.

The 2013 – 2017 Council Plan defines the aspirations the community hold for the future of the region by exploring aspects residents most valued and those they would most like to change about life in Greater Shepparton.

The Council Plan details the objectives and strategies, opportunities and challenges for our community moving forward. It details of a range of strategies and actions that will be undertaken in shaping the future for our city, including the environment, our lifestyles, our culture, our social opportunities and our economy. It further serves as a way in which to measure Councillor and organisational performance.

Key to the success of the 2013 – 2017 Council Plan is that it is owned by the Greater Shepparton community. While it guides Council decision making, it is not a Council Plan. Rather, the Greater Shepparton City Council has accepted responsibility for adopting the plan, working with other community stakeholders, overseeing its implementation and reporting back to the community on progress.

Thus fundamental to the development of the plan is that of consulting the wider community for ideas about the future direction. In this light, we at Greater Shepparton City Council strategically sought to consult with the community for its ideas and voice as we moved towards action planning for the coming four years.

In this way we were able to encourage engagement and ownership of the objectives and required action points, not only by council employees themselves but by the community at large.

Greater Shepparton City Council is committed to effective community engagement and recognises the importance of community input in developing and delivering better services. Hence, Council set about undertaking a major community consultation process to collect ideas to help shape the development of the 2013 – 2017 Council Plan. The process was inclusive, transparent, consultative, empowering and therefore successful in gaining feedback and insights from the Greater Shepparton community.

A range of engagement methods were utilised to maximum the number of community members participating in the consultation process. These included:

- Two months of initial community consultations over July and August 2012
- 180 consultations sessions attending by over 100 Council staff within Greater Shepparton (public meetings, sporting events, shopping centres, events/activities, presentations to community, cultural and business groups)
- Staff made visible at all events via the wearing of Council Plan branded green t-shirts
- Hard copy Surveys provides to all households and businesses across Greater Shepparton

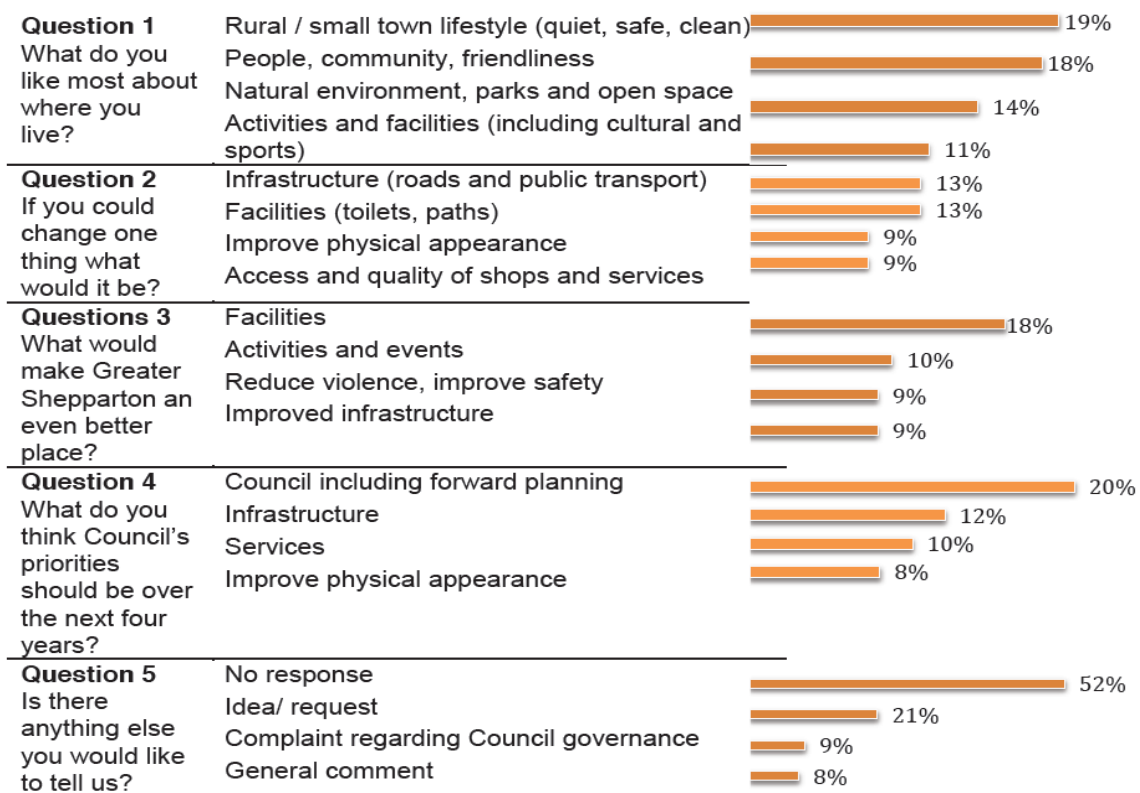
- Council Plan survey made available online
- Have your say via online conversations encouraged via social media

This strategy resulted in over 2,400 surveys received and 10,000 residents consulted in seeking input into the Council Plan.

Following the collation of the initial data key themes were identified and further consultation was undertaken to confirm the themes in what matters most to our community.

What our community told us

Survey Theme Snapshot:



Your Vision

From the consultations the community has clearly described the hopes and aspirations for the future of Greater Shepparton.

In 2035 Greater Shepparton will have a population of approximately 85,000 people, with growth occurring in all towns, however mostly within Shepparton and Mooroopna and Tatura. The growth needs to be managed in such a way that the important lifestyle advantages of Greater Shepparton will be maintained and enhanced.

Greater Shepparton has the required access to services particularly transport, medical, education and a range of shopping options which enables residents to source a range of goods and services. The quality of service delivery needs to be both maintained and enhanced.

Our communities and neighborhoods, are known for their pride, friendliness, their willingness to help out, their acceptance of those from other cultures and their community spirit. These are safe environments for families and individuals alike. Our smaller communities have maintained their quiet, safe environment, one that creates a more relaxed lifestyle that appeals to many residents.

Greater Shepparton has excellent parks and gardens, with open space that can be enjoyed by all. As a community we are living in harmony with our natural environment and have ensured during the growth that is occurring that this natural environment including our rivers has been protected and that we have adequate open space to enable utilisation by all who desire to.

Our community has expressed a desire to focus on renewable energy including pursuing the initiative of Greater Shepparton becoming the first solar city, and how we can achieve a reduction in water use.

Both large infrastructure, such as the completion of the new courthouse, GV Highway bypass, GV Health upgrade need to continue to be committed to as does our investment in smaller infrastructure projects to ensure that our city is well maintained.

The community is very vocal about improving passenger rail service which improves our connectivity to Melbourne, as well as, improving local transport connections for our regional communities.

Improvements in our current retail mix, revitalizing the CBD and rejuvenating the Maude Street Mall in Shepparton will provide a critical link to enhancing the local economy.

While support for our manufacturing and agricultural industries needs to continue there is an opportunity to diversify our primary industries for the region. Attraction of new and complementary investors is a must, as is creating new employment

opportunities. Our multicultural community could hold the key to the creation of new industries and business ventures.

The changing face of our community is a challenge which some residents will need to adjust to, however it also provides considerable opportunities in diversifying our services and facilities and opens up a world of new experiences.

A continued challenge is the provision of activities for our youth. The likes of Aquamoves and KidsTown have been embraced by our community; however activities that engage, entertain and challenge our young people need to be continually explored and developed. Critical to this will be the involvement of our youth in identifying ideas and opportunities.

In saying this, many of our youth and other members of our community value the many sporting opportunities provided across the Goulburn Valley. There is strong community support for the future development of the Shepparton Sports Precinct, with this initiative having the potential to significantly contribute to the local economy via the continued attraction of international, state and regional events.

Investing in education is a must in increasing the aspirational goals of our community and raising current academic attainment levels across the municipality. We need to strive for excellence in education across all levels of the sector. This can be achieved through partnerships and innovative educational and training models whether at a tertiary, secondary or primary school level.

Not only do we need to invest in technology such as the National Broadband Network, we need to understand its capacity and capability in providing new opportunities. Whether its industry, education, health or engagement and communication, technology may hold the key to diversifying our services in meeting our needs. Potentially investment in IT services could position Greater Shepparton as a leading hub for high-tech innovation and development within regional Victoria.

Our community is strongly advocating for a reduction in Council “red tape” which is a frustration in getting needs met. Processes need to be more streamlined and responsive in supporting members of our community to achieve their aspirations.

Our people want to live in a community that is both liveable and sustainable, with a continued focus on healthy lifestyles supported by high quality recreational, educational and cultural facilities and a natural environment that is nurtured and respected.

Our community is passionate about contributing to the future of Greater Shepparton in creating a vibrant progressive regional city.

As a community, we need to determine those things that are important, what we want to retain from our past, and areas for improvement. Most importantly, we need to debate what we want to see in the future, be prepared to make the hard decisions, and then agree how we will go about making change.

In some areas we will need to make incremental change, while in others we need to make substantial improvements through the implementation of innovative programs and technologies. To manage these changes we will need to identify the major risks, develop relevant indicators and targets, ensure transparency, honesty and openness, and clearly define the actions and responsibilities of everyone involved.

The 2013 – 2017 Council Plan enables us to prioritize objectives and actions in working towards the vision of a Greater Shepparton.

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Council Plan Goals

Based on the outcomes of the community consultations, Council has identified five strategic goals to describe what we are working towards in achieving the community's vision of a Greater Shepparton - Greater Future.

These five strategic goals are:

1. Active & Engaged Community (Social)

We will enhance social connectedness, physical and mental health and wellbeing, education and participatory opportunities in order to improve liveability and a greater range of community services.

2. Enhancing the Environment (Environment)

We will conserve and enhance significant natural, environmental and cultural heritage.

3. Economic Prosperity (Economic)

We will promote economic growth, business development and diversification, with a focus on strengthening the agricultural industry.

4. Quality Infrastructure (Built)

We are committed to facilitating growth in a consolidated and sustainable development framework and will strive to provide urban and rural infrastructure to enhance the performance of the municipality.

5. High Performing Organisation (Leadership & Governance)

We will deliver best practice management, governance, administrative and financial systems that support the delivery of Council programs to the community of Greater Shepparton.

As these goals explicitly align with the Municipal Public Health Planning Framework (Department of Health Services, 2001) with the emphasis on the built, social, economic and natural environments, the Council Plan will also address the legislative requirements for a Municipal Health and Wellbeing Plan.

No one individual or organisation has the capacity to deliver all the aspirations contained within this plan. Achieving our aspirations will require a solid commitment and partnership between the community, business and government.

Our collective efforts must now be focused on how best to implement our Council Plan. To realise a sustainable and successful future for the region, it is vital that all levels of government work together. This will require continuing community engagement and consultation, policy co-ordination and the development of solid strategies and actions.

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Council Plan Priorities and Actions

Council has identified five key goals to be achieved via a range of activities over the next four years

A range of corporate objectives and strategies have been identified that will ensure that Council is successful in achieving these goals.

To ensure that these activities are completed effectively, measures of success have been developed for each.

Goal 1: Active and Engaged Communities (Social)

Objective	Aim	Strategies
1. Continue to enhance Community Capacity Building.	We will work with our all communities to assist them to create opportunities whereby the community can develop, implement and sustain actions which allow them to exert greater control over their physical, social, economic and cultural environments.	<ul style="list-style-type: none">• Develop and implement neighbourhood planning within the Shepparton community.• Continue to work with our communities to implement their community plans.• Review, amend, implement and monitor Council's community consultation and engagement strategy.• Develop effective partnerships with agencies to deliver improved community wellbeing (all age cohorts) outcomes.• Ensure our 10 year capital works program is linked to the community and neighbourhood plans.
2. Develop and implement a strategy for improving education opportunities for all ages.	We will work with all levels of education within Greater Shepparton to develop strategies that will enable council to support the further attainment of skills within our community through a comprehensive, easily accessible system of further education for the benefit of the people and the community.	<ul style="list-style-type: none">• Develop an Education Strategy that includes the principles of lifelong learning.• Review and amend (if required) Council's Higher Education Strategy with the aim to improve the aspirational goals of students to gain further skills by attending higher education.• In association with education providers and industry/business develop opportunities to assist with the attainment and retention of skills to support industry and business development in Greater Shepparton.

Objective	Aim	Strategies
<p>3. Ensure liveability options are always considered in our decision making activities.</p>	<p>Council will work with the community in partnership and collaboration, to enable the provision of infrastructure that reflects the needs of the community. Council acknowledges that a diversity of lifestyle choices, improved accessibility, safety and affordability need to be considered and adopted to reflect liveability in Greater Shepparton.</p>	<ul style="list-style-type: none"> • Develop partnerships with Federal and State governments, statutory agencies, non for profits and private business to leverage growth within Greater Shepparton. • Develop, deliver and implement community safety initiatives with the State Government, Police, State agencies and the community, including but not limited to CCTV. • Continue to implement the Greater Shepparton City Council Community Safety Plan. • Renew and implement the Universal Access and Inclusion Plan. • Continue to implement the Positive Ageing Strategy objectives. • Continue to support the ongoing planning and resourcing of Emergency Management. • Continue to implement the Early Years Plan objectives. • Develop, adopt and implement the Greater Shepparton City Council Municipal Health and Wellbeing Action Plan.
<p>4. Provide sustainable community services to our community.</p>	<p>Council is committed to ensuring that the services provided to our communities reflect the needs and aspirations of the community.</p>	<ul style="list-style-type: none"> • Review the provision of library services, including potential partnerships and infrastructure requirements. • Establish a Service map that provides information on the services that are available to our community ensuring it is demographic specific data. • Continue to lobby and advocate on behalf of those disadvantaged citizens within Greater Shepparton. • Monitor and appropriately support the provision of quality children’s services within the municipality.

Objective	Aim	Strategies
<p>5. Embrace and Strengthen cultural harmony and diversity.</p>	<p>That council respects and acknowledges the diversity of the Greater Shepparton Community and encourages opportunities for all cultures to share and celebrate their values in the community.</p>	<ul style="list-style-type: none"> • Continue to engage and partner with our indigenous community to support improved opportunities and outcomes in employment and health. • Ensure council's activities and events support and enhance its reputation for cultural harmony and inclusiveness. • Continue to monitor, review annually and implement the Greater Shepparton City Council Cultural Diversity Strategy. • Recognise and take advantage of opportunities to celebrate our diversity.
<p>6. Value Arts Culture and Heritage as an integral part of our dynamic community.</p>	<p>We will recognise that a vibrant and broad ranging arts and culture program is important to our reputation as a dynamic and appealing place to live, work and play. We will encourage a diverse range of artistic and cultural activities that are accessible to as many people as possible across the municipality.</p>	<ul style="list-style-type: none"> • Continue to support and promote arts events. • Ensure that the Shepparton Arts Museum, Riverlinks and Westside performing Arts activities continue to deliver quality and diverse events aimed at increasing public participation. • Renew and implement the Arts and Culture strategy (which includes public art). • Continue to undertake the Greater Shepparton City Council Heritage Study by implementing Stage 3 - gap study. • Investigate the establishment of a Shepparton Arts Museum foundation. • Continue the feasibility investigations for a new location for the Shepparton Arts Museum (SAM).

Goal 2: Enhancing the Environment (Environment)

Objective	Aim	Strategies
<p>1. Ensure that the environment is a major priority in planning for the future.</p>	<p>Council will facilitate decision making to carry out development with due consideration given to the natural environmental, social, political, economic factors and provide a governance framework that will achieve sustainable outcomes.</p>	<ul style="list-style-type: none"> • Ensure that development applications provide sustainable management plans which incorporate sustainable building design concepts, water use and stormwater management plans. • Ensure that development applications take into account the importance of agricultural land to the Greater Shepparton community and its economy. • Advocate for and lobby governments to improve community access and safety within the Lower Goulburn National Park. • Advocate, lobby and work in partnership the state government to minimize the fire risk to our community on state government controlled land. • Work with Department of Primary Industry, Goulburn-Murray Water, Industries, University of Melbourne and other municipalities to ensure the use of irrigation water is both innovative and maximised. • Finalise, adopt and commence implementation of the Environmental Sustainability Strategy. • Investigate the opportunities that are available to Council to enable council to support renewable energy options. • Investigate the opportunities that will enable council to support the growth of solar usage a within the city. • Review, adopt and commence implementation of the Waste Management Strategy. • Review and implement the Greater Shepparton City Council Roadside Management Plan.

Goal 3: Economic Prosperity (Economic)

Objective	Aim	Strategies
<p>1. Maximise opportunities to ensure Greater Shepparton leads Victoria, retaining and attracting education and industry.</p>	<p>Council will actively participate in the economic growth of Greater Shepparton including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy and other initiatives.</p>	<ul style="list-style-type: none"> • Develop and implement a Strategy which identifies resources needed to attract new business and industry to Greater Shepparton as well as retaining our existing businesses and industry. • Ensure sufficient industrial land which offers a range of options for new industry establishment is available throughout Greater Shepparton. • Undertake research of industry to understand and highlight their needs and opportunities to ensure that Council has considered all options for industry attraction and retention. • Develop and implement a strategy for attracting renewable energy based industries to Greater Shepparton. • Develop and implement a marketing strategy for Industry attraction including the council owned GVLink. • Continue to seek out business to establish at GVLink. • Develop and implement a strategy promoting Shepparton as the regional capital.
<p>2. Ensure that retail strategies deliver appropriate outcomes for the community</p>	<p>Council is committed to provide assistance to the retail sector with an ultimate goal of identifying how the businesses intend to offer their products or services to consumers and how to attract optimal consumer interest.</p>	<ul style="list-style-type: none"> • Revise, adopt and commence implementation of the CBD strategy. • Develop, adopt and commence implementation of a Retail Strategy. • Maximise the opportunities within the CBD that present themselves with the redevelopment of Vaughan Street. • Continue to support and revitalise Shepparton Show Me. • Implement installation of new parking and wayfinding signage in the Shepparton CBD and progressively across the Greater Shepparton towns. • Develop, adopt and implement a CBD Parking Strategy.

Objective	Aim	Strategies
<p>3. Enhance Greater Shepparton's reputation as the regional sporting capital of Victoria and make Greater Shepparton a leading sporting destination.</p>	<p>Through ongoing development of high quality sporting infrastructure throughout Greater Shepparton and facilitating the conduct of regional, intrastate, interstate and national sporting events within Greater Shepparton we will become the sporting capital of Victoria.</p>	<ul style="list-style-type: none"> • Pursue opportunities for Greater Shepparton to be the location for major sporting events. • Build partnerships with state bodies to enable Greater Shepparton to be Victoria's leading location for major events. • Continue the development of the Shepparton North sporting precinct. • Continue to implement masterplans that have been prepared for recreation reserves and sports facilities. • Review, adopt and implement the tourism and major events strategy to enable the breadth and quality of major events to grow. • Complete the Shepparton Showgrounds redevelopment. • Develop plans and prepare a feasibility study for the redevelopment of the Shepparton Sports stadium. • Continue to develop Aquamoves and environs (including the carpark) as a regional aquatic and water park facility.

4. Quality Infrastructure (Built)

Objective	Aim	Strategies
<p>1. Ensure that the community has access to high quality facilities</p>	<p>Council will continue to provide for the development and maintenance of high quality facilities to enhance the opportunities for community participation in a broad range of activities at both a passive and active level.</p>	<ul style="list-style-type: none"> • Complete the Victoria Park Lake redevelopment project. • Work with the community to continue the development of the Australian Botanic Gardens Shepparton. • Review and adopt the Tatura Park Master Plan and develop an integrated sporting facilities master plan with the Howley Complex.
<p>2. Ensure that the community has access to appropriate transportation infrastructure.</p>	<p>Council, through the understanding that the need for appropriate transportation infrastructure is a key to the health and wellbeing of the community will continue to advocate for and strive to deliver the appropriate level of service across Greater Shepparton to serve the community.</p>	<ul style="list-style-type: none"> • Develop a long term plan for the Shepparton aerodrome which includes provision for its possible relocation. • Advocate for the delivery of improved passenger rail services to the Greater Shepparton including "Fast rail" services. • Advocate for the return of rail freight as an option for regional freight businesses. • Adopt and commence implementation of the Greater Shepparton Cycling Strategy 2013-2017. • Advocate the Federal and State Governments for a commitment for funding to enable the commencement Shepparton Bypass for the Goulburn Valley Highway. • Lobby and advocate to other levels of government for funding for major infrastructure projects. • Continue to develop plans for and commence implementation of streetscapes and town entrances. • Advocate and lobby for funding to enable commencement of the Maude Street bus interchange project. • In collaboration with the community lobby and advocate for the continued development of the Railway station precinct with priority linkage to the CBD.

Objective	Aim	Strategies
<p>3. Encourage sustainable municipal growth and development.</p>	<p>Greater Shepparton City Council, as one of Australia's fastest growing inland regional cities, recognises that it is important to manage growth in a structured and sustainable manner.</p> <p>In consultation with the Victorian Government and community stakeholders, we will continue to develop a planning framework that ensures that our growth and development does not compromise our enviable lifestyle.</p>	<ul style="list-style-type: none"> • Review councils Municipal Strategic Statement. • Ensure Developer Control Plan's minimise council's requirement for expenditure within developments. • Continue to develop structure plans for our growth corridors.

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5. High Performing Organisation (Leadership & Governance)

Objective	Aim	Strategies
<p>1. Develop and implement best practice communication strategies.</p>	<p>Council will provide open and transparent internal and external communication through the print, verbal and electronic media, to meet the need of the organisation and the community ensuring at all times value for money and continuous improvement approach.</p>	<ul style="list-style-type: none"> • Develop, adopt and implement Councils marketing and communication strategies. • Review, adopt and implement council's community engagement strategy. • Implement a "Citizen first" commitment to the delivery of our services. • Increase the use of social media to enhance community engagement and discussion.
<p>2. Develop stronger relationships between council and State and Federal Governments, local government sector and non-government partnerships to enhance the position of Greater Shepparton City Council.</p>	<p>Council will work with State and Federal governments to develop a range of collaborative programs and initiatives for the benefit of the Greater Shepparton community.</p> <p>Through partnership development, Council will endeavor to provide the ongoing improvement in the level of service delivery to the community.</p> <p>Council recognises the opportunities available through sector wide collaboration to maximise the improvement opportunities for our community. Equally the opportunities for partnerships with the non-government sector provide a level of opportunity which will be explored to ensure our community receives the best possible services.</p>	<ul style="list-style-type: none"> • Work with Strathbogie and Moira Shires to improve service delivery to our respective communities via the Goulburn Valley Regional Collaborative Alliance. • Proactively lobby politicians and the Local Government Sector for support in the delivery of services to our community. • Seek opportunities for partnerships with the non-government sector to support Greater Shepparton in the delivery of services to our community. • Develop, Adopt and implement a service planning model for the services that council provides for the community. • Continue to advocate for improved levels of support from Federal and State Government.

Objective	Aim	Strategies
<p>3. Ensure strong internal systems and processes to ensure best practice delivery of services for the community.</p>	<p>Greater Shepparton City Council will provide value for money services, best practice internal systems and processes and an organisational continuous improvement culture to maximise council performance in delivering service to meet the needs of the community.</p>	<ul style="list-style-type: none"> • Complete the implementation of the transition management plan. • Develop and review annually Councils long term financial plan (10 year). • Develop and adopt a comprehensive Strategic Resource Plan which contains strategic direction for the management of the resources for council. • Complete a Workforce Development Plan which will enable GSCC to become an employer of choice. • Develop and adopt best practice project management principles including asset investment guidelines which will guide Council investment in existing and new assets. • Commence implementation of the 2013 Information Management Strategy. • Implement the objectives of the 2013 Purchasing and Procurement Strategy. • Implement the approved recommendations from the Greater Shepparton 2013 Rating Review.

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Department of Education, Employment and Workplace Relations (2013) Small Area Labour Markets, September Quarter 2012.

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***Together we're making a
Greater Shepparton***

GREATER SHEPPARTON CITY COUNCIL
COUNCIL PLAN 2013-2017

**Draft Strategic Resource Plan
2013/14 - 2022/23**



GREATER
SHEPPARTON

Greater Shepparton – Greater Future

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1. EXECUTIVE SUMMARY

Introduction

Council is required by the Local Government Act 1989 (Act), to prepare and approve a Council Plan within the period of 6 months after the general election or by the next 30 June, whichever is later. The Council Plan must include a Strategic Resource Plan containing the matters specified in Section 126 of the Act. The Strategic Resource Plan is prepared in conjunction with the Council Plan to reflect the financial and non-financial resources required to achieve the strategic objectives included in the Council Plan.

The purpose of the Strategic Resource Plan is to:

- Establish a framework to manage the resources required to achieve the strategic objectives as expressed in the Council Plan;
- Provide an assessment of the resources required to achieve the strategic objectives of the Council Plan;
- Plan for the long-term financial sustainability of the Council;
- Establish a basis to measure Council's adherence to the principles of the Strategic Resource Plan; and
- Assist the Council to comply with sound financial management principles in accordance with the Act.

Developing council financial strategies is often a difficult process.

- Is sufficient revenue being generated to provide the services and level of service required by its community?
- Is the condition of existing assets providing an acceptable level of service to the community?
- What level of funding is required to upgrade existing assets or construct new assets?
- When should debt be used to fund capital projects?
- What is an acceptable rate and charge increase?

A number of strategic challenges remain for Greater Shepparton City Council including continuing to provide an appropriate range and level of services to a growing community, renewing existing assets, maintaining a sound financial position and addressing the need for capital expansion. This Strategic Resource Plan provides the basis of how Council will meet these challenges.

The diagram below details some of the key strategic areas covered by the Strategic Resource Plan and the integration required between Council's financial strategies.



Figure 1: Strategic Resource Plan – Key Strategic Areas

Each chapter of the Strategic Resource Plan identifies strategic directions to be applied in the preparation of each annual Budget.

A Glossary of Terms is attached in Appendix A.

Appendix B details Council's Standard Financial Statements which are an outcome of this Strategic Resource Plan.

2. LINK BETWEEN STRATEGIC RESOURCE PLAN AND THE COUNCIL PLAN

The links between the Strategic Resource Plan and the Council Plan are detailed in the following diagram. As the diagram illustrates, the Council sets the strategic direction to provide the Chief Executive Officer with the necessary guidance to develop and implement plans, strategies and actions to achieve the strategic objectives of the Council Plan. The key strategic documents include the Council Plan, Municipal Strategic Statement and the Municipal Public Health and Wellbeing Plan. These plans are prepared in accordance with Council policies.

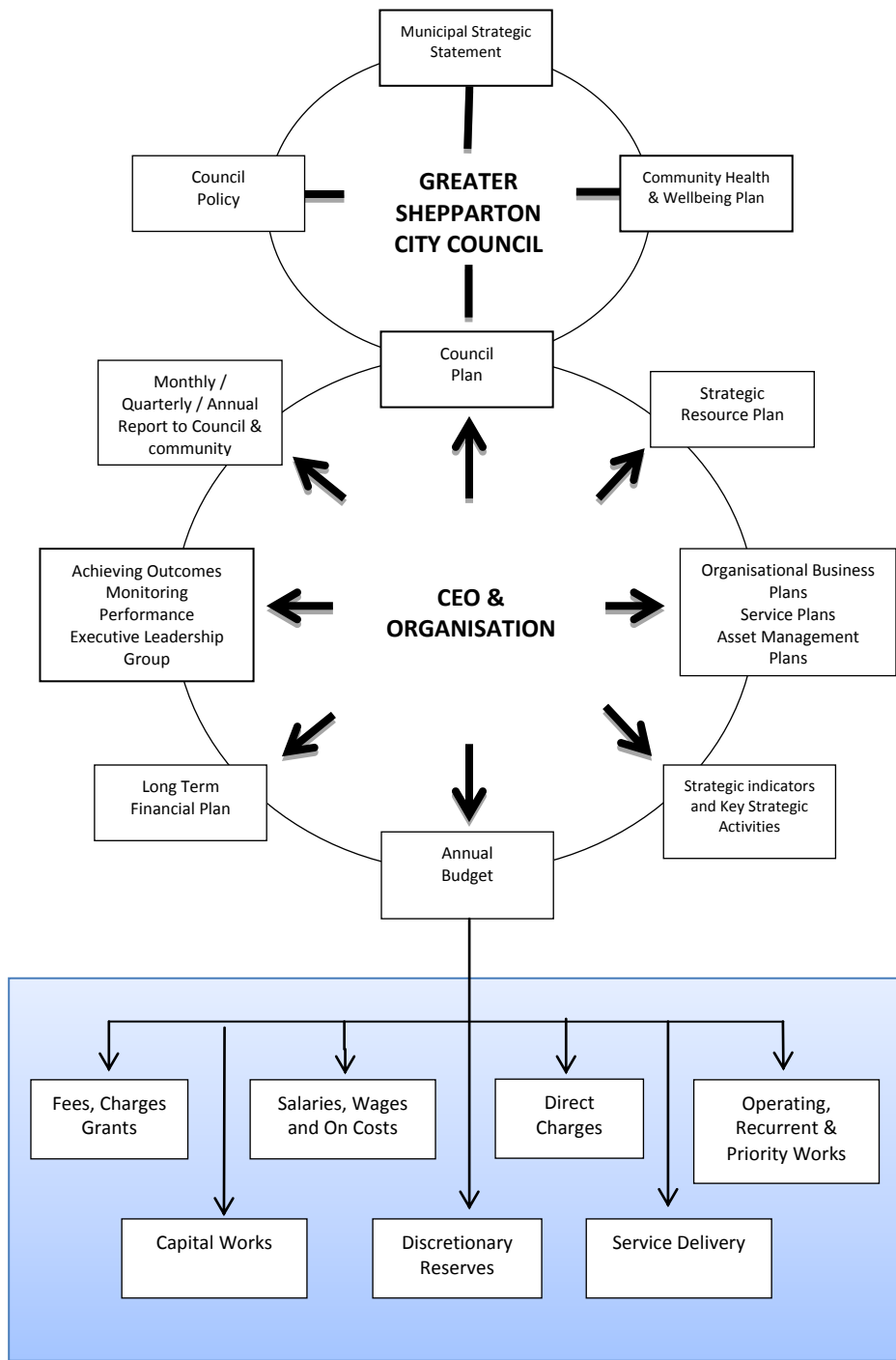


Figure 2: Links between Strategic Resource Plan and the Corporate Planning Framework

The Planning and Accountability Framework is found in part 6 of the Act and in the Local Government (Finance and Reporting) Regulations 2004 (the regulations). The legislation sets out that councils must prepare the following documents:

- a council plan within the period of six months after each general election or by 30 June, whichever is later
- a strategic resource plan for a period of at least four years and include this in the council plan
- an annual budget for each financial year
- an annual report in respect of each financial year including the audited statements.

The following diagram shows the relationships between the key statutory planning and reporting documents that make up the planning and accountability framework for local government.

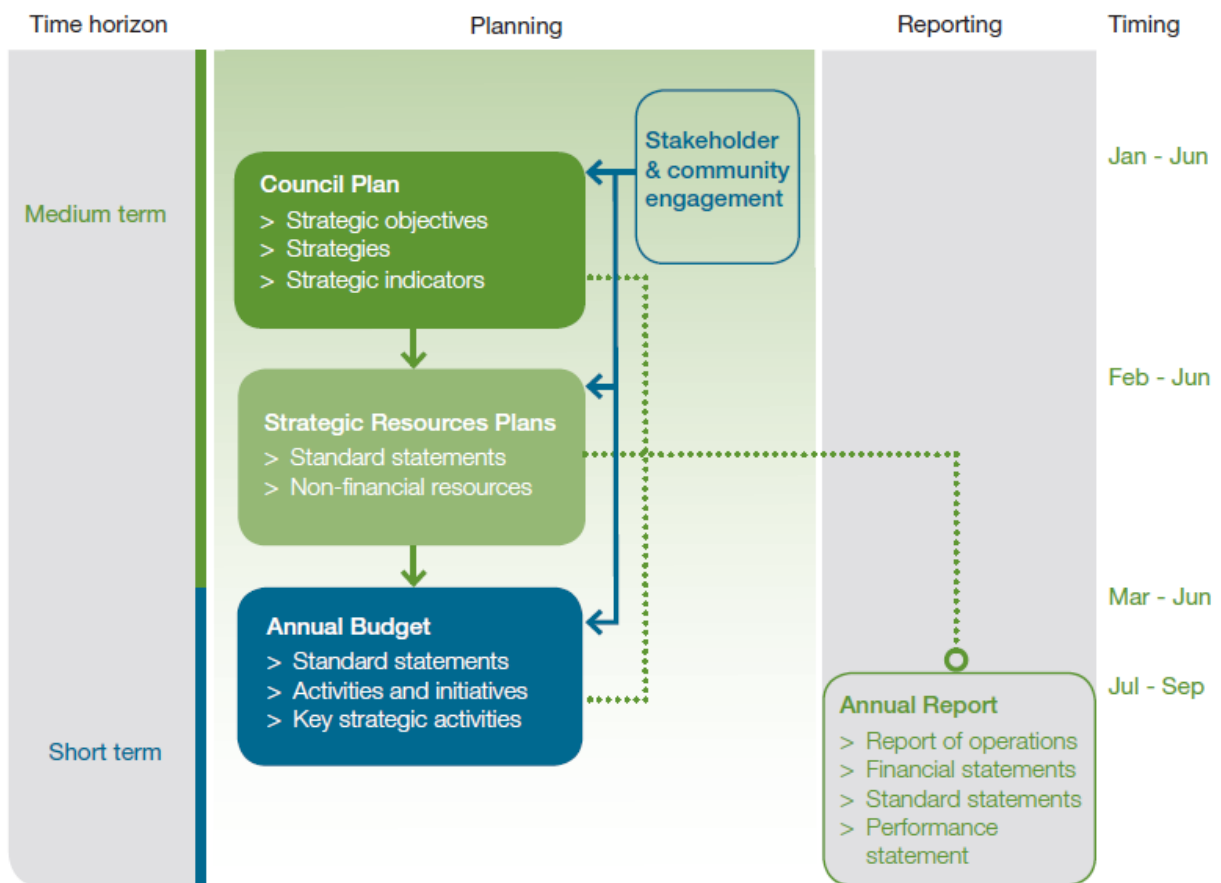


Figure 3: Planning and Accountability Framework
 (Source: Local Government Planning and Reporting – Better Practice Guide. Department of Planning and Community Development)

Medium-term planning is important for ensuring that Council remains financially sustainable into the future.

This Strategic Resource 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 financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10 years as many of Council’s assets have long lives.

The Strategic Resource Plan is a rolling plan that summarises the medium-term financial projections of Council.

The Strategic Resource Plan also shows how the annual budget for the forthcoming year fits within the medium-term planning framework and demonstrates the linkage with the Council Plan strategic objectives and desired outcomes.

The annual budget should reflect year one of the Strategic Resource Plan and should take into account the activities and initiatives which contribute to achieving the strategic objectives specified in the Council Plan.

In developing the Strategic Resource Plan, the Council will be able to determine its ability to meet its current and future obligations, as they fall due.

The organisation then measures and monitors performance and reports to internal and external stakeholders as required. Council is to receive formal reports on a quarterly basis detailing progress against its Council Plan and annual Budget.

Throughout this plan Council has identified strategic directions which the Council is committed to achieving and which will be monitored to ensure the success of the plan. The table below provides a summary of the direction for Greater Shepparton City Council.

Table 1: Council's Strategic Directions

	Chapter	Strategic Directions:
3.	Financial Sustainability	<ul style="list-style-type: none"> • Continue to benchmark its financial sustainability with other Victorian councils and those within the regional city category; • Apply the strategic directions of this Strategic Resource Plan to the 2013/14 Budget; and • Seek to achieve and maintain an annual underlying operating surplus over the life of this Strategic Resource Plan.
4.	Long Term Financial Plan	<ul style="list-style-type: none"> • Review and update its long term financial plan annually; • Consider and finalise its annual level of rates and charges to be collected during the annual budget setting process; • Seek to increase its capital works investment overtime to fund its asset renewal requirements; and • Enhance its 10 year capital works program to further develop its long term financial asset investment planning during the 2013/14 financial year.
5.	Rates, Grants, Fees and Charges	<ul style="list-style-type: none"> • Amend this Strategic Resource Plan to reflect the finalisation of its Rating Strategy 2013-2017 which is to be undertaken in conjunction with the 2013/14 Budget community consultation process; • Apply an annual 4.95 per cent increase in total rates and charges revenue excluding supplementary valuations to maintain existing services; • Pursues operational grant funding and strategic capital funding aligned with Council Plan objectives; and • Annually review the level of existing fees and charges and investigates new revenue sources.

Chapter		Strategic Directions:
6.	Strategic Asset Management	<ul style="list-style-type: none"> • Continue to review the reasonableness of depreciation expense and renewal modelling; • Updates <i>Asset Management Plans</i> for major classes of assets on a regular basis; • As part of the development of Asset Management Plans, Council will consult with the community to determine how asset service levels can be reached including a combination of improved revenue raising, reviewing existing service levels, asset disposal and composition of the asset portfolio; • That Council allocates priority funding to asset renewal based on assessed condition being critical to maintain an agreed minimum service level; • Adopts a program to achieve an annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets; and • Investigates the development of an asset retirement strategy.
7.	Capital Projects Planning and Delivery	<ul style="list-style-type: none"> • Prepare Asset Investment Guidelines to provide a framework for the assessment of capital projects; and • Implement PRINCE2 project management methodology as part of the governance, planning, management and delivery of capital projects.
8.	Defined Benefits Superannuation Liability	<ul style="list-style-type: none"> • Determine the payment of Council's unfunded defined benefit superannuation liability be funded through a combination of 2012/13 budget savings and a decrease in 2013/14 capital works expenditure as incorporated into the long term financial plan. • Minimise the shock of possible future calls by providing an additional amount of \$350,000 will be set aside each year as a restricted asset for the purpose of funding future calls should they eventuate; and • Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.
9.	Development Contributions Plans	<ul style="list-style-type: none"> • Continue to monitor Developer Contribution Plans to ensure Council's commitments are known and budgeted for; and • Determine during the 2013/14 financial year if there is a need to provide for future capital contributions as part of a restricted asset based on known obligations.
10.	Waste Management Strategy	<ul style="list-style-type: none"> • Incorporate any increase in waste management charges into the overall rates and charges increase; and • Adopt the Greater Shepparton City Council Waste Management Strategy following community consultation.

Chapter		Strategic Directions:
11.	Long Term Borrowings	<ul style="list-style-type: none"> • Examine the use of loan funding to fund new or significantly upgraded major assets that provide broad community benefit and intergenerational equity; • Maintain a level of borrowings, debt servicing and redemption costs for a loan portfolio, well within State Government prudential guidelines; and • Consider the long term financial implications prior to committing to any future borrowings and before determining the funding mechanism to meet annual debt servicing and redemption requirements.
12.	Restricted Assets	<ul style="list-style-type: none"> • Maintain notional restricted assets to ensure that the expenditure relating to these restricted balances does not impact upon the Council's capacity to pay commitments when they fall due; and • Maintain sufficient underlying working capital after deducting restricted assets, to enable restricted assets to be expended without impacting upon available working capital to meet day to day needs.
13.	Information Communications Technology	<ul style="list-style-type: none"> • Apply a project management approach to oversee the implementation of ICT Strategy initiatives; and • Consider the ICT Strategy 2013-2018 initiatives during the development of Council's annual budget.
14.	Service Planning	<ul style="list-style-type: none"> • Develop a service planning process and commence implementation of service planning in 2013/14.
15.	Workforce Planning	<ul style="list-style-type: none"> • Continue to implement the adopted transitional management plan; • Examine the merits of Council becoming SafetyMap accredited; • Develop and commence implementation of a Greater Shepparton Workforce Plan; • Continue to foster Council as a Learning Organisation; and Continue to strive to achieve the most efficient and effective organisation for its community.

3. FINANCIAL SUSTAINABILITY

Developing council financial strategies is often a difficult process.

1. Is sufficient revenue being generated to provide the services and level of service required by its community?
2. Is the condition of existing assets providing an acceptable level of service to the community?
3. What level of funding is required to upgrade existing assets or construct new assets?
4. When should debt be used to fund capital projects?
5. What is an acceptable rate and charge increase?

Some of these answers may come from prudential guidelines established by industry bodies such as the Department of Planning and Community Development or from the Victorian Auditor-General's Office.

However, a great deal is left for Council, as an individual entity, to determine. How does Council gather appropriate data on which to base decisions about its financial future?

The use of financial indicators that assess the comparative financial performance of each council in Victoria provides a valuable source of information in establishing financial strategies. These indicators highlight the relative financial strengths of each Council and uncover the opportunities that councils may grasp for improvement. The indicators are used to identify trends in financial sustainability.

Section 136 of the Act requires that Council must implement the principles of sound financial management which include:

- (a) manage financial risks faced by the Council prudently, having regard to economic circumstances;
- (b) pursue spending and rating policies that are consistent with a reasonable degree of
- (c) stability in the level of the rates burden;
- (d) ensure that decisions are made and actions are taken having regard to their financial
- (e) effects on future generations;
- (f) ensure full, accurate and timely disclosure of financial information relating to the
- (g) Council.

Financial risks include:

- (a) the level of Council debt;
- (b) the commercial or entrepreneurial activities of the Council;
- (c) the management and maintenance of assets;
- (d) the management of current and future liabilities;
- (e) changes in the structure of the rates and charges base.

In preparing the financial plan Council has complied with the following principles of sound financial management by:

- the management of financial risks, including the management of assets, liabilities and the level of debt, while having regard to economic conditions;
- considering the level of funding devoted to the renewal, upgrade and creation of assets ;
- provision of reasonable stability in the level of rates; and
- consideration of the financial impacts of Council decisions on future generations.

Benchmarking

The benchmarking information included in this Strategic Resource Plan is derived from financial data contained in annual reports from like regional city councils to assist in the comparison of Council's financial performance.

The number of councils in each category is shown in the table below.

Category Description	Councils within Category
Inner Melbourne	17
Outer Melbourne	14
Regional Cities	11
Large Shires	16
Small Shires	21
Totals	79

Table 2: Number of councils in each Benchmarking Category

The regional city councils and their respective number of rateable assessments are detailed in the graph below:

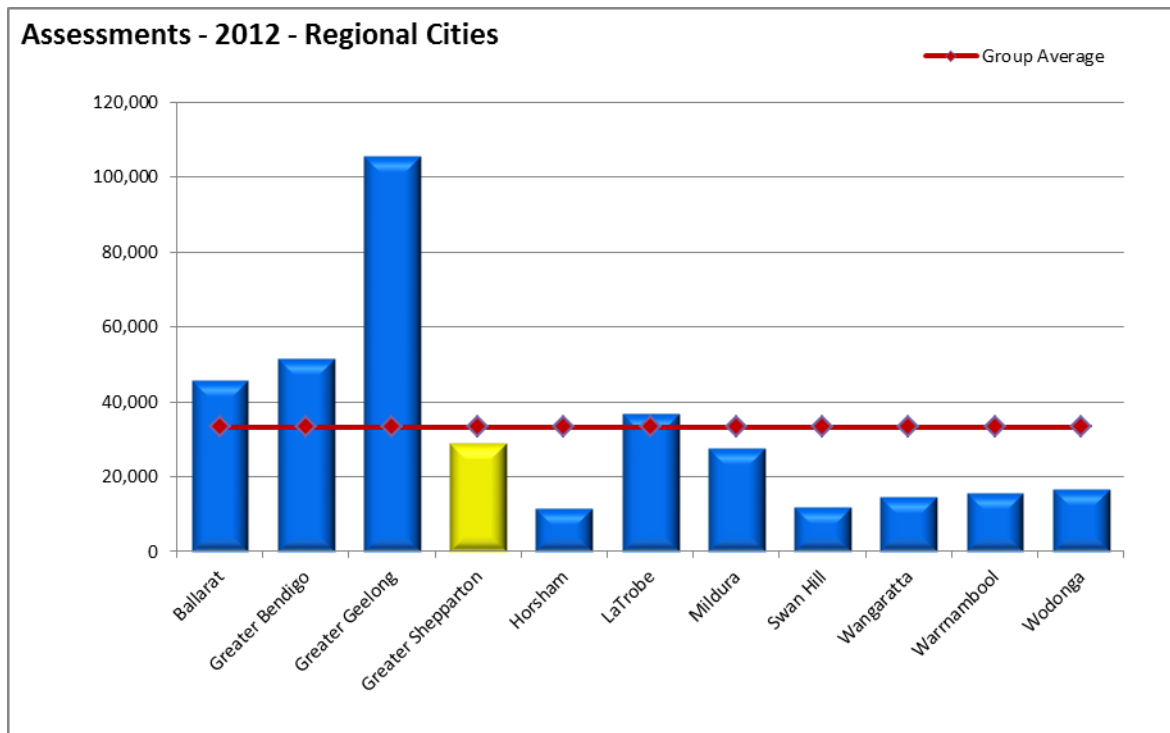


Chart 1: Rateable assessments for Regional Cities (2012)

Financial Sustainability

Councils are perpetual corporations that manage intergenerational community services and assets. Councils provide the legal framework by which communities own infrastructure and assets collectively.

The Australian Local Government Association’s (ALGA’s) definition of financial sustainability is worth noting:

“A Council’s long-term financial performance and position is sustainable where planned long term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

It is against this definition then that the sustainability of Greater Shepparton City Council is assessed.

Financial sustainability is further detailed in the following diagram.

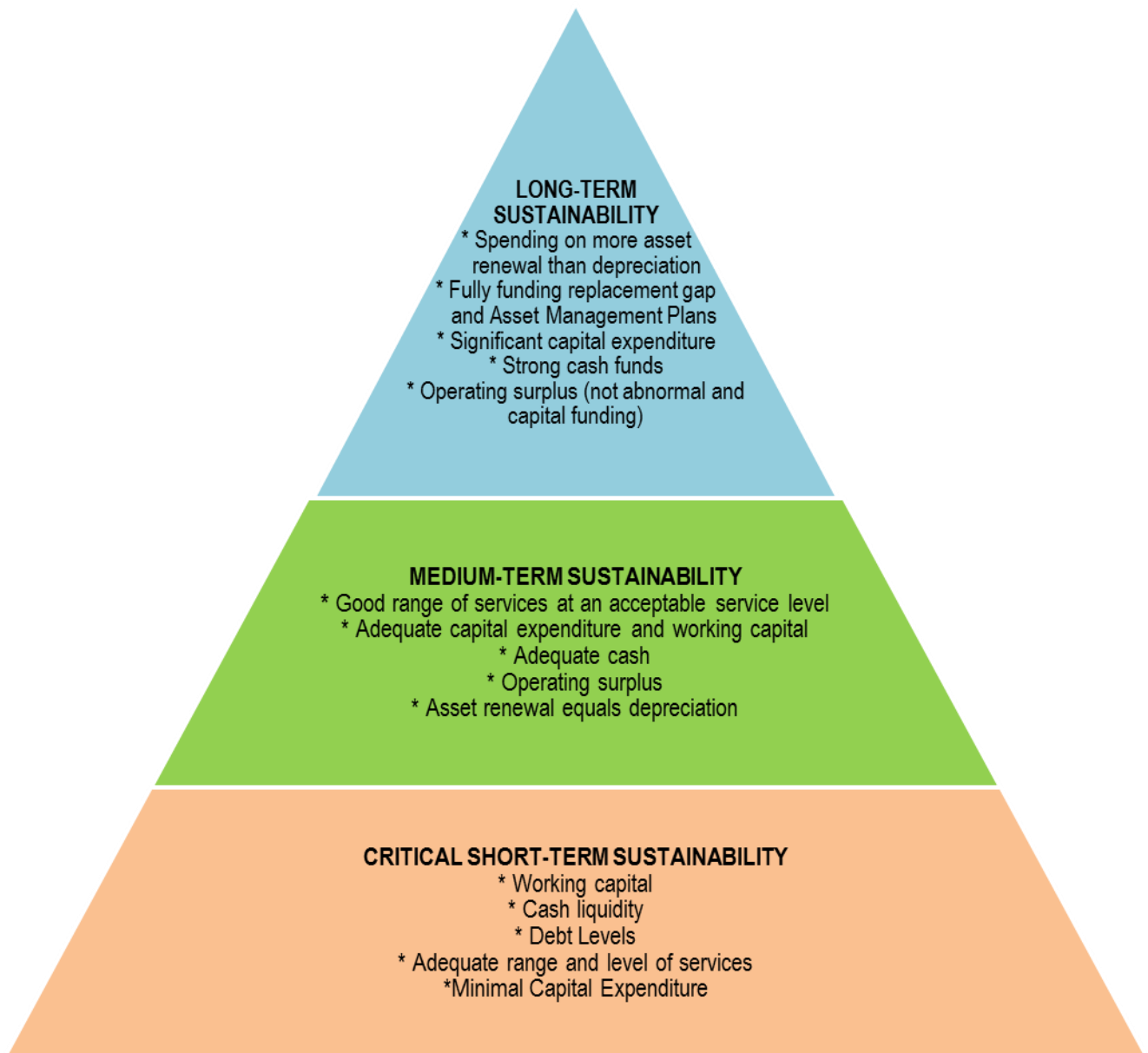


Figure 4: Financial Sustainability Diagram

Council is currently achieving medium term sustainability in four of the five areas as it:

- provides an acceptable level and range of services
- is reporting operating surpluses
- expends an adequate amount on capital works
- has sufficient working capital including cash
- asset renewal expenditure however is less than depreciation expense

To achieve medium term financial sustainability Council will need to examine what level of asset renewal funding is required.

Victoria Auditor General

The Victoria Auditor General's Office (VAGO) presents an annual report to parliament on Local Government based on their yearend financial audits of the local government sector comprising 79 councils. This report also includes an assessment of the financial sustainability of councils.

The Victorian Auditor General's Office overall assessment of Council's financial sustainability was low risk based on their financial audit for the year ending 30 June 2012. When assessing the financial sustainability of Council's the Victorian Auditor General's Office takes into consideration the following financial indicators:

- Underlying result - councils generate enough revenue to cover operating costs (including the cost of replacing assets reflected in depreciation expense)
- Liquidity - councils have sufficient working capital to meet short-term commitments
- Indebtedness - councils are not overly reliant on debt to fund capital programs
- Self-financing - councils generate sufficient operating cash flows to invest in
- asset renewal and repay any debt that may have been incurred in the past
- Investment Gap - councils have been replacing assets at a rate consistent with their consumption
- Renewal Gap - councils have been maintaining existing assets at a consistent rate.

The 2011/12 VAGO's assessment of Council's viability indicators compared to other regional city councils are included in the following graphs.

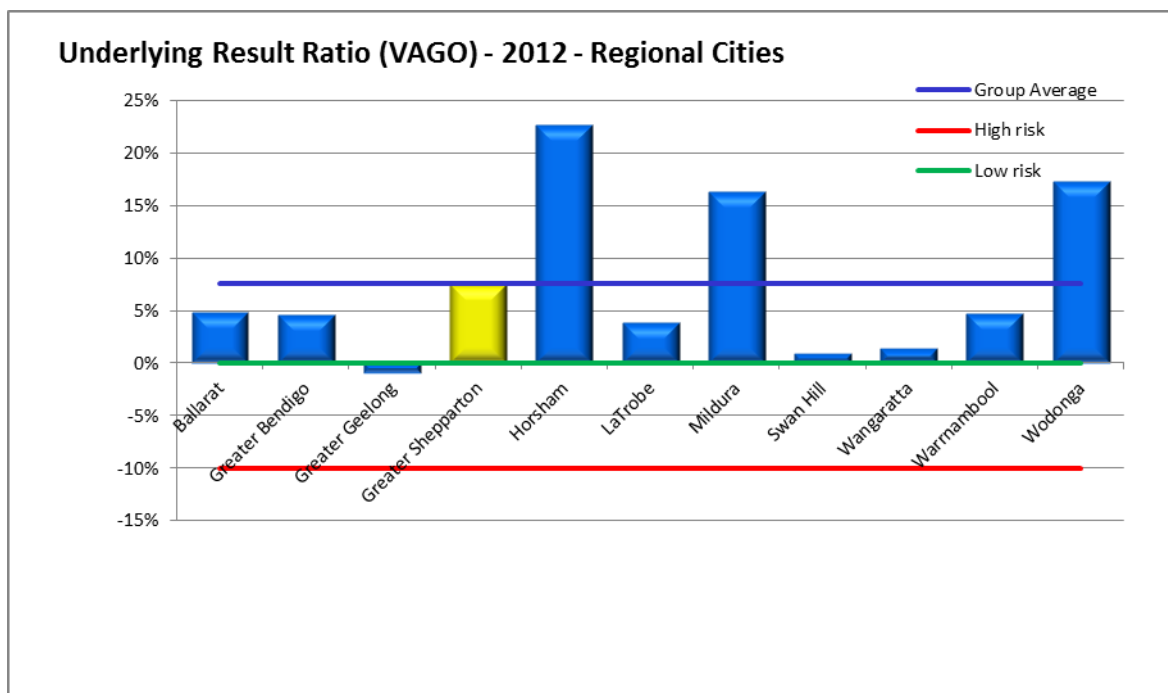


Chart 2: Underlying Result (VAGO) for Regional Cities (2012)

Council reported a positive underlying result of 7.46% during the 2011/12 financial year which is rated as low risk.

A low risk rating is attributable to a score of more than zero and indicates that Council is consistently generating financial surpluses.

A high risk score of minus 10% or less would indicate that a council was generating insufficient revenue to fund operations and asset renewal.

Council’s liquidity ratio of 193% was higher than average for regional city councils at 30 June 2012. Council’s liquidity was rated as low risk as there are no immediate issues with Council repaying short-term liabilities as they fall due. A high risk classification of less than 100% would indicate that a council had insufficient cash assets to repay current liabilities.

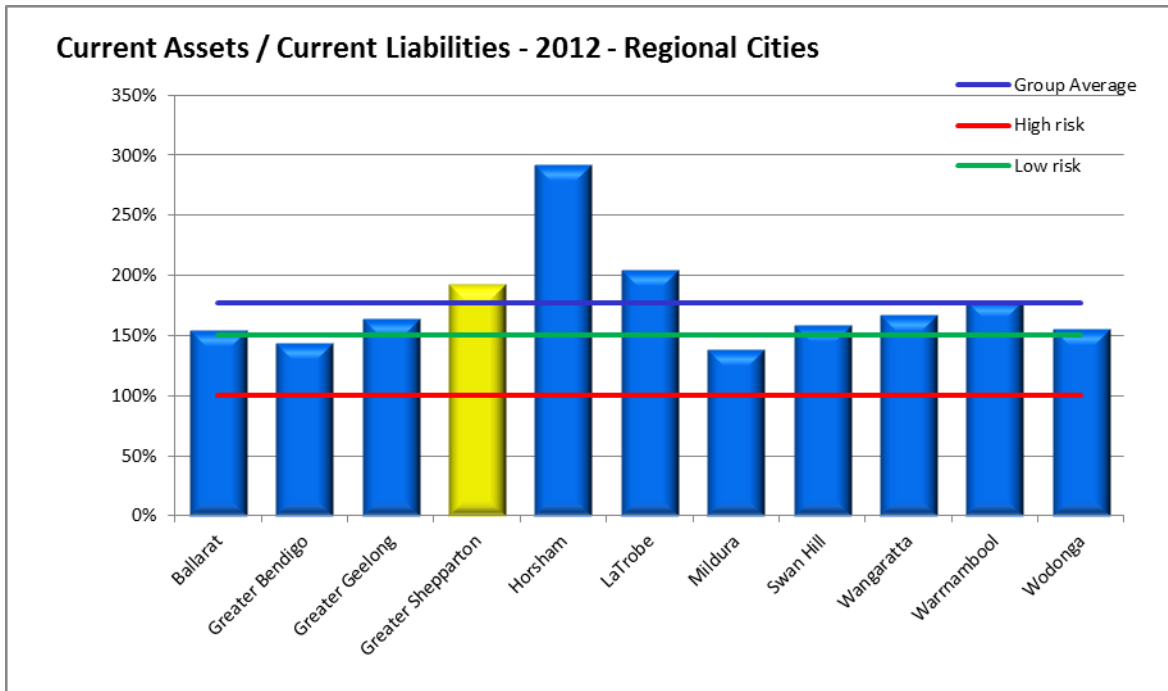


Chart 3: Liquidity for Regional Cities (2012)

The Indebtedness Ratio shown below measures a council’s ability to repay debt from own source revenue (ie. funds generated from rates rather than government grants). Council recorded a low risk score of 22% which is better than average and well inside the low risk boundary of 40%.

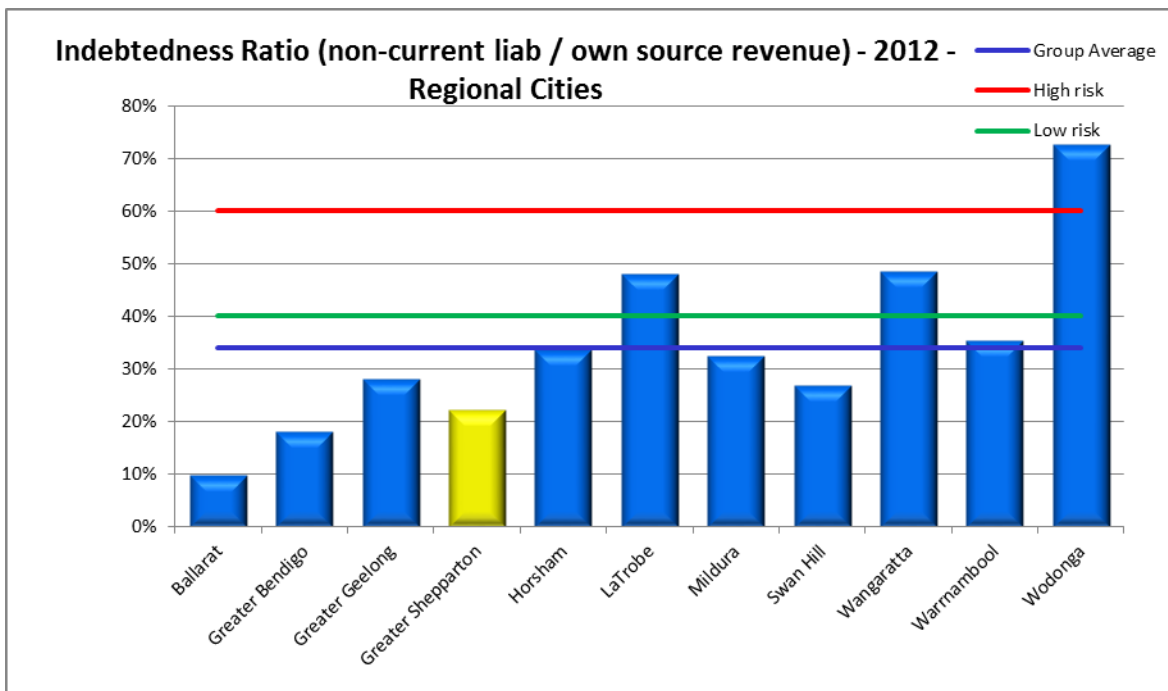


Chart 4: Indebtedness for Regional Cities (2012)

Council's net operating cash flow as a proportion of total revenue was 27% which is slightly less than average for regional city councils during the 2011/12 financial year, and is within the low risk category of 20% or more indicating that Council is generating enough cash from operations to fund assets.

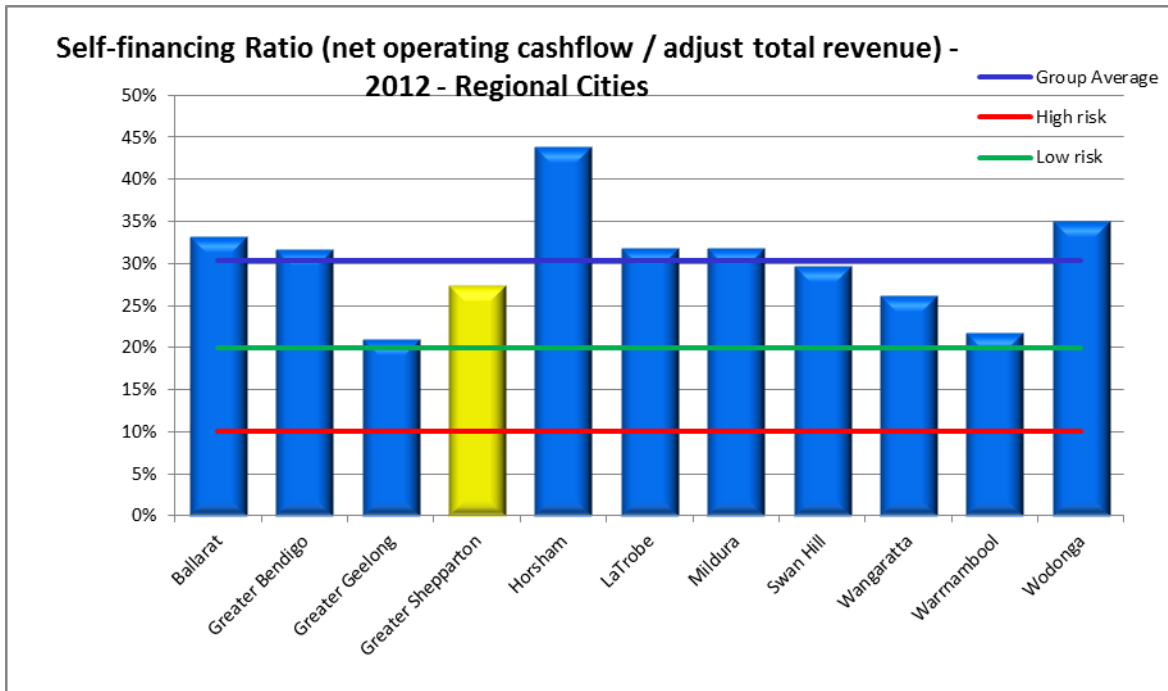


Chart 5: Self-financing for Regional Cities (2012)

As shown below Council's expenditure on total capital works as a proportion of depreciation expense was 147% which was lower than average for regional city councils during the 2011/12 financial year. Council's investment gap was rated as a medium risk.

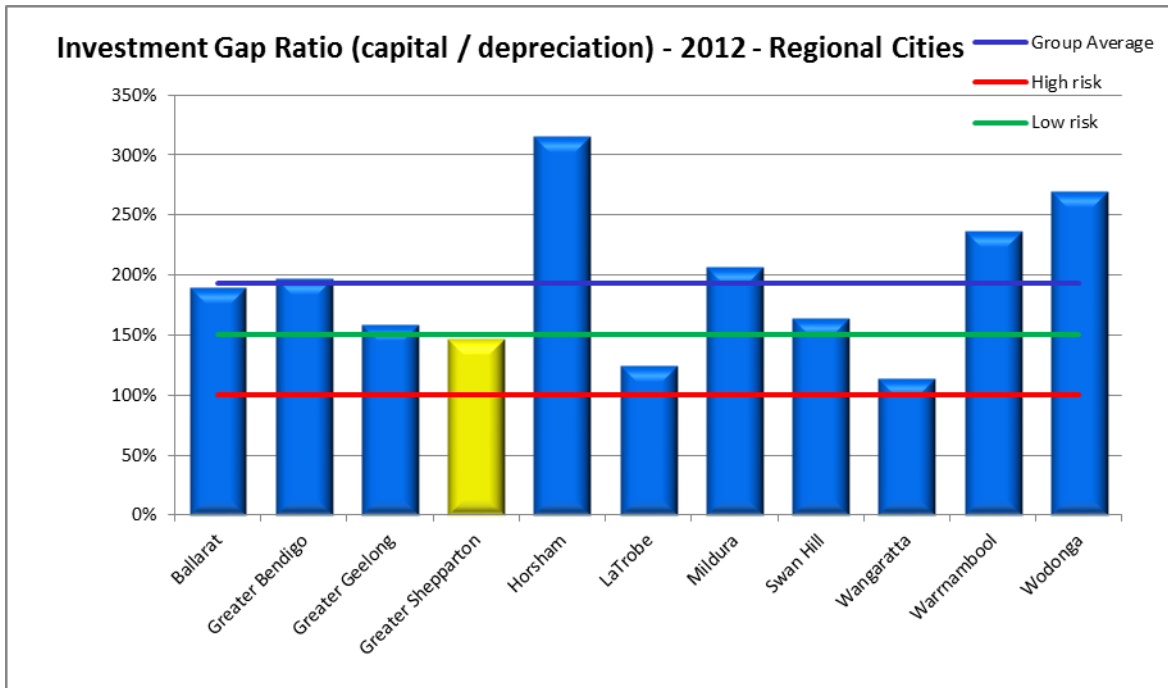


Chart 6: Investment Gap for Regional Cities (2012)

The assessment of Council’s expenditure on the renewal and upgrade of assets was better than average for regional city councils during the 2011/12 financial year and was rated as a low risk of insufficient spending on our asset base. A high risk result of less than 50% would indicate that a council’s spending on existing assets has not kept pace with consumption of those assets.

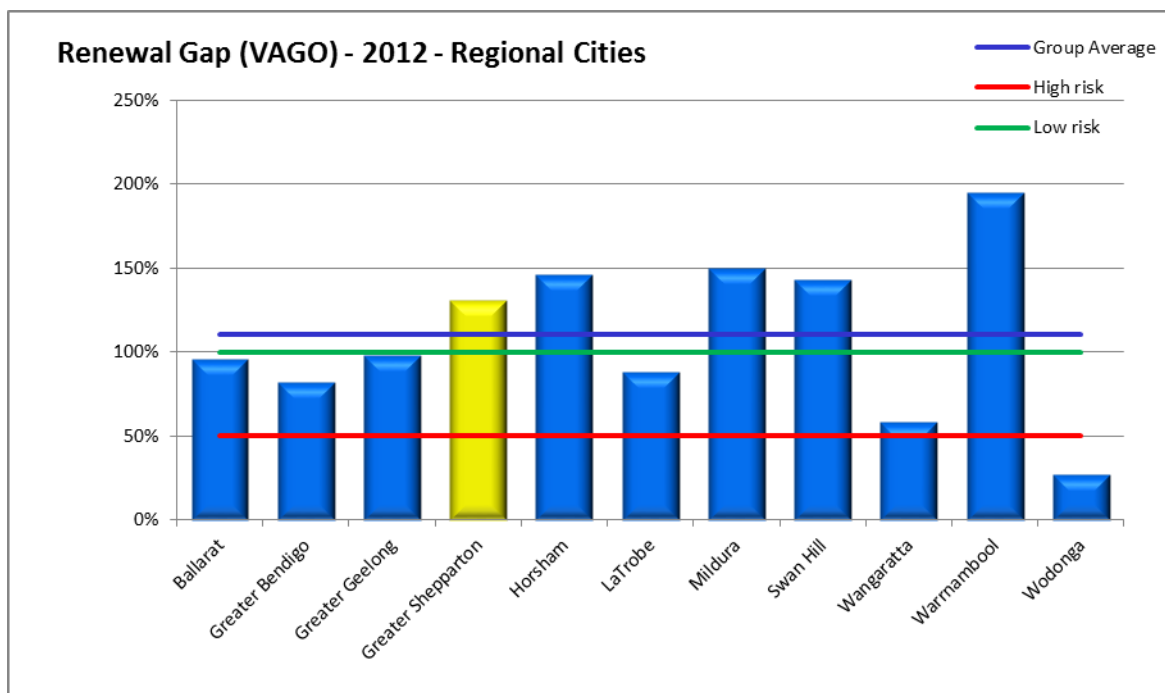


Chart 7: Renewal Gap for Regional Cities (2012)

However as stated before, when discussing the medium term sustainability, council does need to increase this percentage, particularly on its expenditure on asset renewal over an extended period of time to achieve this longer term good.

The VAGO's assessment of Council's viability is based on the following indicators:

Indicator	Calculation	Description
Underlying result	Adjusted net surplus/total underlying revenue	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long-term. Underlying revenue does not take into account non-cash developer contributions and other one-off (non-recurring) adjustment.
Liquidity	Current Assets/ Current Liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio one or more means there is more cash and liquid assets than short-term liabilities.
Indebtedness	Non-current liabilities/ own sourced revenue	Comparison of non-current liabilities mainly comprised of borrowings) to own-sourced revenue. The higher the percentage, the less able to cover non-current liabilities from the revenues they generate themselves. Own-sourced revenue is used (rather than total revenue) because it does not include capital grants, which are usually tied to specific projects.
Self-financing	Net Operating cash flow/ underlying revenue.	Measures the ability to replace assets using cash generated by their operations. The higher the percentage, the more effectively this can be done.
Investment Gap	Capital Spend: Depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate that spending is faster than the depreciating rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations, and borrowing is not an option.
Renewal gap	Renewal and upgrade expenditure / Depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate. Similar to the investment gap, this is a long-term indicator, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations, and borrowing is not an option.

Table 3: VAGO Indicators of Council Viability

The VAGO's assessment of Council's viability over the past five years is detailed in below:







Indicator	2008	2009	2010	2011	2012	5 Yr Mean	Actual Trend
Underlying Results	0.50	5.10	5.25	6.64	7.46	4.99	
Liquidity	2.05	1.99	1.69	1.98	1.93	1.93	
Indebtedness	2.68	1.98	7.91	20.24	22.16	10.99	
Self-financing	17.33	24.25	24.63	20.87	27.41	22.90	
Capita Replacement	1.02	1.03	1.61	1.62	1.47	1.35	
Renewal gap	0.49	0.83	1.23	1.24	1.31	1.02	

Table 4: Financial Sustainability Risk Assessment




These trend analyses use actual figures for the previous five years and forecast figures for the following three years based on the previous Strategic Resource Plan. The sustainability indicators are colour coded using the following format:

High Risk

Medium Risk

Low Risk

Legend for Financial Sustainability Table

	Downward trend
	No substantial trend
	Upward trend

Council's has consistently achieved positive underlying results over the past five years, which indicates that Council is generating financial surpluses.

Liquidity has been maintained above a ratio of 150% which is rated as low risk as there are no immediate issues with Council repaying short-term liabilities as they fall due.

Council's indebtedness is rated as low risk even though it has increased over recent years. This is due to Council having a very low debt base and adding \$12 million of debt over the last three years.

Self-financing is consistently rated as low risk, indicating that Council is generating enough cash from operations to fund assets.

Capital replacement, being total capital works compared to depreciation expense, has improved but is still rated as medium risk.

Renewal gap, being the renewal and upgrade of assets compared to depreciation as assessed by the VAGO, has improved over recent years.

The Victorian Auditor General's Office overall assessment of Council's financial sustainability was low risk based on their financial audit for the year ending 30 June 2012. The 10 year financial projections that are included in this Strategic Resource Plan will be assessed against the VAGO financial sustainability indicators.

Strategic Directions:

1. Continue to benchmark its financial sustainability with other Victorian councils and those within the regional city category;
2. Apply the strategic directions of this Strategic Resource Plan to the 2013/14 Budget;
3. Seek to achieve and maintain an annual underlying operating surplus over the life of this Strategic Resource Plan.

4. 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 assumption detailed in this Long Term Financial Plan are to be read in conjunction with *Appendix B* 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 financial 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:

- Required Rating effort;
- Renewal of assets to maintain services;
- Granted assets / new and upgrade of assets;
- Projected increases of government grant 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 modeling has been the Council Budget for the year ending 30 June 2013, taking into account the 2012/2013 Mid-Year Budget review where appropriate. 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 adjusted for prior end of year results and forecasted variances 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 is important to note that when determining a cost index for Local Government it is not as simple as applying the Consumer Price Index, which measures the change in prices associated with household expenditure. The cost index for the local government sector is determined by the Municipal Association of Victoria and takes into account costs incurred by local councils with wages linked to enterprise agreements and construction costs. For example Council's current enterprise agreement provides for a 4 per cent per annum increase. As well costs associated with construction such as rock, bitumen and petroleum products have typically increased at a rate greater than Consumer Price Index.

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.

When measuring indicators, the long term financial plan reflects the Victorian Auditor General's methodology in determining the underlying result. That is its excludes gifted assets revenue

from the operating result to establish both an underlying result in dollars as well as a percentage of underlying revenue.

The following projects the inflation of key revenue and expenditure types.

Description	Ref	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Rates & Charges Revenue	1	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%	4.95%
Fees & Charges – Council	2	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Fees & Charges – Statutory	3	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Grants	4	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Investment Income	5	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employee costs	6	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials and contracts	7	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Utilities	8	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Depreciation	9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Table 5: Key financial assumptions summary table

1. Rates and Charges Revenue

Projected total rates and charges revenue is based on an increase of 4.95 percent. Council's rate revenue is considered in Section 5 of this Strategic Resource Plan.

It should be noted that a Waste Management Discussion Paper is currently being prepared for community feedback. Any outcomes adopted by the Council will need to be factored into this model in later years. This is discussed in more detail in Section 10 of this Strategic Resource Plan.

As part of the assessment of the level of total rates and charges revenue required to be collected a number of models were considered. As detailed in chapter 3 of this plan, Council uses a number of indicators to gauge financial sustainability. The financial sustainability indicators as assessed by the Victorian Auditor General include underlying result, liquidity, indebtedness, self financing and investment gap.

An increase in total rates and charges of 4.95 per cent per annum is required to maintain the Council's financial sustainability against the indicators referred to above. The long term financial plan assumes no increase in service levels, a base level of capital works and no additional borrowings over the life of the plan.

Supplementary valuations have been projected at 1 per cent per annum.

2. Fees and Charges - Council

Fees and charges that Council has discretion over have been increased by 3.5 percent per annum. This increase incorporates inflation of 2.5 per cent and growth of 1 per cent.

3. Fees and Charges - Statutory

Council has no control over a large amount of statutory fees prescribed by the State Government. Fines include town planning; local laws and animal management and are set by the State Government. An increase of 2.0 per cent has been provided for as indexation in long term modeling.

4. Grant Revenue

An annual increase of 2.5 per cent per has been allowed for operating grants. Grant revenue is considered in more detail in Section 5 of this Strategic Resource Plan.

5. Investment Income

Interest on investments has been estimated based on cash flow and an average interest rate of 4 percent.

6. Employee costs

Employee costs represent the largest component of Council's operating budget. Increases in employee costs are composed of enterprise agreement increments, movements within bandings as part of the annual performance review process and growth in the number of equivalent full time employees.

The table below highlights these assumptions.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Enterprise Agreement Increase	4.00%	3.75%	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%	4.00%
Superannuation Guarantee increase	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%	0.00%
Total Annual increment	4.25%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Banding Increments	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
EFT Increase growth	2.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Total	7.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Table 6: Employee costs

Councils enter into an Enterprise Agreement every three years which determines the level of salary increase to be given to staff. Council's current 2011 Enterprise Agreement expires on 30 June 2014. Future year assumptions are estimates with negotiations on the 2015 Enterprise Agreement to commence later in the 2013 calendar year.

It should also be noted that the Australian Government have introduced legislation that provides for an increase in the level of Superannuation payable to employees. It provides for incremental increases over the life of this plan, moving from 9 per cent in 2012/2013 up to 12 per cent in 2019/2020 and beyond. This increase has been factored into the long term model.

In 2013/14 the assumption for employee costs includes a higher provision in EFT growth than future years. This reflects the changes to the approach taken in measuring casual staffing levels (refer chapter 15 Workforce Planning) and also assumes a full complement of staff, having completed the 2012 Organisational Restructure and filled vacant positions.

7. Materials and contracts

Materials and contracts expenditure is projected to increase matching inflation. Outside of the broad parameters are one off expenses such as election expenses and valuation contract payments. Materials and contracts have been incorporated into the long term plans at indexation of 3.5 per cent per annum, which is made up of a component for cost index increases, estimated at 2.5 per cent (State Government Budget update Dec 2012) and growth in the number of properties of 1 per cent.

8. Utilities

During the 2012/2013 year Council has experienced increases in utility costs substantially higher than normal, estimated at approximately 15-20 per cent following the introduction of the carbon tax. Projecting forward utilities have been indexed to increase at 6 per cent per annum.

9. Depreciation

Depreciation estimates are based on the projected capital spending and the amount of assets granted to the municipality following subdivision. Depreciation estimates are also influenced by future asset revaluations and are reassessed following condition surveys.

A factor of 3.0 per cent has been used to represent these costs which include 2.5 per cent for inflation and 0.5 per cent due to the recognition, creation and upgrade of assets.

Other relevant information

Debt servicing and redemption

Debt redemption is calculated according to fixed interest rate loan schedules. Council borrowings are dealt with in detail in the Long Term Borrowings Chapter 11 of this Strategic Resource Plan.

Written-down values of assets sold

All written-down values relate to assets including plant that are projected to be sold based on Council's Asset Register.

Proceeds from sale of assets

Proceeds from sale of assets are those relating to plant changeover.

Capital works

Capital expenditure for the renewal, upgrade and creation of assets including property, infrastructure plant and equipment has been projected over the next 10 years. Council will review its 10-year capital works program annually and incorporate any changes in to the annual review of the Strategic Resource Plan.

The long term financial plan incorporates a capital works program of \$30.7million in 2013/14, which delivers a base capital allocation of \$22.5million, an additional \$3 million required to complete the infrastructure works associated with the Mooroopna West and Vaughan Street developments plus rebudgeted projects of \$5.2 million as identified during the 2012/13 Mid Year Budget Review. In future years the modelling reflects a capital works program of \$22.5 million indexing at 3 per cent per annum. The exception to this is in year 2015/16, which also includes an additional \$6 million for the Cosgrove Landfill 3 Development. Capital works funding has been notionally allocated between renewal, upgrade and new. Capital works funding has been largely allocated to renewal type works (\$16.5 million in the first year and indexing by 3 per cent per annum) in line with Council's commitment to renewing existing assets, with the remaining allocation for new and upgrade works.

Capital grants

Projected capital grants have been forecast conservatively. Funds raised above or below the forecast amount will directly impact on the level of capital expenditure achievable. While conservative amounts have been included, it should be noted that Council will not pursue capital grants that do not align with its strategic direction. The modelling for this Strategic Resource Plan has included known capital revenue for Roads to Recovery grants, sale of assets (predominantly plant) and Developer Contributions. It does not incorporate an allowance for successful grant applications. Should Council be successful in receiving project specific funding this will be incorporated to update modelling throughout budget setting processes.

Developer Contributions and Gifted Assets

Developer contributions include both cash and granted assets. Granted assets are handed over to Council following the completion of a subdivision; roads, footpaths, kerb, channel, drainage etc.

A number of external factors affect the timing of developer funded works, 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.

Council has anticipated the budget for capital expenditure on providing such infrastructure when it is required or to facilitate a particular development including relevant revenues, details are contained in the Development Contribution Plans Chapter 9 of this Strategic Resource Plan.

Further Background to support assumptions

State Government Economic Projections

Below are the economic projections extracted from the State Government 2012/13 budget update of December 2012. (<http://www.budget.vic.gov.au/CA2579B200132B63/pages/budget-update>)

The economic projections used in this budget update are set out in Table 2.1, with the 2012-13 *Budget* forecasts in parentheses where different.

Table 2.1: Victorian economic projections^{(a)(b)(c)}

	<i>(per cent)</i>				
	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Real gross state product	2.3 (1.50)	2.00 (1.75)	2.50 (2.75)	2.75	2.75
Employment	0.8 (0.00)	0.50 (0.25)	1.50 (2.00)	1.75	1.75
Unemployment rate ^(d)	5.4 (5.50)	5.75	5.50	5.25	5.00
Consumer price index	2.3 (2.25)	2.75	2.50	2.50	2.50
Consumer price index (excluding carbon tax)	2.3 (2.25)	2.25	2.25	2.50	2.50
Wage price index ^(e)	3.5	3.00	3.25	3.50	3.50
Population ^(f)	1.60 ^(g)	1.60	1.60	1.60	1.60

Sources: Australian Bureau of Statistics; Department of Treasury and Finance

Notes:

- (a) Year-average per cent change on previous year unless otherwise indicated. All economic projections are rounded to the nearest 0.25 percentage point, except population projections, which are rounded to the nearest 0.1 percentage point.
- (b) All economic projections, except where otherwise indicated, include the impact from the Commonwealth Government's carbon price scheme, commencing in 2012-13.
- (c) Key assumptions underlying the economic projections include: interest rates following the forecasts prepared by the Treasury Corporation of Victoria up to the June quarter 2013 and held constant thereafter; exchange rates are held constant; and oil prices follow the path suggested by oil futures.
- (d) Year-average, per cent.
- (e) Total hourly rate excluding bonuses.
- (f) June quarter, per cent change on previous June quarter.
- (g) Estimate, actual not yet available.

MAV Local Government Cost Index

The following is an extract from the 2012/2013 MAV Cost Index Report in relation to indexation trends.

Taken together, the Local Government Cost Index was forecast to increase by 3.9 per cent in 2012-13. This includes a one-off carbon price movement of 0.57 per cent. This represents a slight increase against the 2011-12 year, which can be wholly attributed to the carbon price.

	2010-11	2011-12	2012-13
Commonwealth Wage Price Index	3.80%	3.50%	3.75%
State Wages Price Index	3.80%	3.50%	3.00%
Average Wage Price Index	3.80%	3.50%	3.38%
Construction prices (Construction Forecasting Council)	2.30%	2.25%	3.15%
Carbon price	0.00%	0.00%	0.57%
Local Government Cost Index (a)	3.50%	3.25%	3.90%

(a) Includes the effect of the carbon price

Source: Australian Budget 2012-13; Victorian Budget 2012-13; Construction Forecasting Council construction price index data; [Financial Implications of the Carbon Price on Local Government](#), MAV 2012.

It should be noted that this data is of higher relevance in the context of setting an operating budget more so than capital. Capital allocations are determined by Council on an annual basis against specific projects and may take into account a number of factors. The above indicators are an average and it should be expected that they may vary from Council to Council depending on asset base, renewal expenditure and individual Enterprise Agreements.

Strategic Directions:

1. Review and update its long term financial plan annually;
2. Consider and finalise its annual level of rates and charges to be collected during the annual budget setting process;
3. Seek to increase its capital works investment overtime to fund its asset renewal requirements; and
4. Enhance its 10 year capital works program to further develop its long term financial asset investment planning during the 2013/14 financial year.

5. RATES, GRANTS, FEES AND CHARGES

The appropriate setting of rates and prices for goods and services is essential for the efficient recovery of the costs of providing Council services and Council recognises that by choosing the appropriate instrument (rates, fees, user charges) it can achieve a better indication of the willingness of the community to pay for services and minimise the economic distortions that may arise when an inappropriate instrument is used.

Council will recover costs for services directly from the users of those services if a service benefits identifiable individuals or groups. If the benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service the costs should be allocated to the community.

Where infrastructure costs are directly attributable to individual property owners, Council will recover those costs through the application of special charge schemes, developer charges or contributions.

Fees and charges should be applied as far as practicable to raise revenue for the provision of services that are not pure public services, with efficient pricing, to ensure that services provided by local government are supplied to those who are willing to pay the opportunity cost of supply.

Council will also take consideration of the community's ability to pay as well as the benefits derived from the provision of services.

Victorian Auditor General's Rating Practices in Local Government Performance Audit

Council was selected along with 11 other Victorian Councils to participate in the Victorian Auditor General's Rating Practices in Local Government Performance Audit which was tabled in Parliament in February 2013.

The report found that while councils work within a common rating framework comprising the Act and existing sector guidance, these lack clarity, detail and direction. In addition, the guidance material does not reflect all current practices or recent changes to the Act. This has contributed to inconsistencies in the rating practices of councils and the quality and soundness of council rating decisions. The Department of Planning and Community Development does not proactively support or guide councils and cannot provide assurance that the legislation is being applied by councils as required.

There is limited assurance that all councils:

- systematically and rigorously consider the information and evidence needed to adequately understand the impact of their rating proposals on their communities
- adequately consider the principles of stability, equity, efficiency and transparency in their rating decisions, although this is difficult due to rating framework issues
- consistently calculate, and transparently report, key rates and charges data in a manner that allows scrutiny of decisions, and comparability between councils.

In establishing the Rating Strategy Reference Group Council is already well down the track to meeting the report's recommendations such as community consultation, engagement with the community about how rates are set, and developing a clear rating strategy.

Rating Strategy

A rating strategy is the process by which Council systematically considers the factors of importance that informs its decisions about the rating system. The rating system determines how Council will raise money from properties within the municipality. It does not influence the total amount of money to be raised, only the share of revenue contributed by each property. The rating system comprises the (valuation) base and actual rating instruments that are used to calculate an individual property owner's liability for rates.

Following the release of the draft 2012/13 Budget for public consultation, a total of 21 formal budget submissions were received and considered by Council prior to final adoption. The main areas of concern raised by submitters were in relation to the current level of rates being unsustainable, rate relief for commercial and industrial sectors and support for a review of the Rating Strategy.

In addition to the formal submissions, community feedback was received specifically in relation to the level of commercial and industrial rates and business sustainability across Greater Shepparton. Council's responses to those who provided formal submissions and feedback included an opportunity to become a member of the Council's Rating Strategy Reference Group.

At the Ordinary Council meeting held on 17 July 2012, Council approved a process to implement a review of the Council's Rating Strategy through the establishment of an advisory committee, referred to as the Rating Strategy Reference Group, representing a cross section of rate-paying stakeholders and two Councillors.

As specified in the Rating Strategy Reference Group Terms of Reference the objectives of the Rating Strategy Reference Group are to act as an advisory group for the development of a new Rating Strategy, and in particular to:

1. Identify and recommend to the Council the principles that the Council should consider when striking general rates, particularly with regard to the creation and maintenance of any differential rates.
2. Make recommendations to the Council regarding the equitable sharing of the rates burden between various categories of ratepayers – e.g. Residential, Rural, Commercial and Industrial.
3. Recommend to the Council any changes to the structure of current charges and their relationship to general rates, e.g. Waste service charges and Municipal Charges.
4. Identify any other special rates, charges or levies it believes the Council should consider.

Issues the Rating Strategy Reference Group were not to consider or comment upon included:

1. The amount of total rates and charges revenue to be collected;
2. Strategies and policies of the Council in general, except to the extent they relate directly to rating strategies;
3. Cost effectiveness and efficiency of providing Council services;
4. The merit or otherwise of the range of services and facilities provided by the Council; and
5. The Council's Capital Works Program.

Rating Strategy Reference Group

A Rating Strategy 2013-2017 Discussion Paper has been developed with the assistance of the Rating Strategy Reference Group. **It is worth noting that the recommendations of the Reference Group as detailed in the Discussion Paper are not necessarily representative of the views and opinions of Council.**

The Council sought public comment regarding the recommendations of the Rating Strategy Reference Group prior to the development of its Draft Rating Strategy 2013-2017 that will be released in conjunction with Council's 2013/14 Budget.

Outcomes of Rating Strategy Reference Group

To assist the Council in preparing a new Rating Strategy the Rating Strategy Reference Group have made a number of recommendations to the Council, as detailed in the Rating Strategy 2013-2017 Discussion Paper.

The Discussion Paper provides details of the existing legislative rating framework, the rating principles the Council should consider when striking differential rates, the history of the Council's current rating system and concludes with 19 recommendations of the Rating Strategy Reference Group.

The Rating Strategy Reference Group have recommended that the Council's practices and decisions regarding rating should be underpinned by the following rating principles as detailed in section 3.3 of the Discussion Paper:

- Equity Principle, considering:
 - Property wealth tax (including both horizontal and vertical equity)
 - User benefit
 - Capacity to pay
- Incentive principle
- Comparative rates principle
- Simplicity principle
- Efficiency principle
- Legislative compliance principle

The recommendations of the Rating Strategy Reference Group regarding the equitable sharing of the rates burden between various categories of ratepayers are detailed in the Rating Strategy 2013-2017 Discussion Paper. The Rating Strategy Reference Group did not consider in detail or make recommendations to the Council regarding waste service charges or special rates, due to the attention given to differential rates and the municipal charge within the limited time available. Waste service charges and special rates will be the subject of future rating strategy reviews.

Public submissions regarding the Rating Strategy 2013-2017 Discussion Paper were heard at a Special Council Meeting held on Tuesday 23 April 2013.

The Council will consider the recommendations of the Rating Strategy Reference Group and subsequent public comment received as part of the development of its Rating Strategy 2013-2017. Council will amend the Strategic Resource Plan to include its final determination following public consultation.

Ministerial Guidelines for Differential Rates

Ministerial Guidelines for Differential Rates have been released which specifies the types and classes of land appropriate for differential rating. Where differential rates are found to be inconsistent with the guidelines the Minister can seek an Order in Council to prohibit councils from applying such non-compliant differential rates.

Background to the level of rates and charges

In developing a long-term financial plan, rates and charges are an important source of revenue. The total amount required to be raised is taken from Council's long-term financial plan.

Total rates collected are fixed by Council each year as part of the budget process. Council only seeks to increase the total amount of revenue required in order to deliver services and the capital works program that is expected by the community and maintains financial sustainability.

The amount of property rates collected by Council depends on considered choices as to the quantity and quality of services that it decides to provide and how much of the cost is to be recovered from other revenue sources. The amount collected in rates represents the difference between the total expense required by Council to fund programs, maintain assets, to service and redeem debt, and the total of revenue from all other sources. Other sources of income include grants, prescribed and discretionary fees, fines and charges, sale of assets and interest earned.

A key decision of Council during the life of the Strategic Resource Plan is to determine the level of rate increase that will address funding levels for capital works, service provision for the municipality and maintain Council's long-term financial sustainability.

As detailed in the table below rates and charges revenue includes general rates, municipal charge revenue, waste service charges and supplementary rates.

Rates and charges	2012-2013 Revenue	% of total
General rates	\$42,980,160	76%
Municipal charge	\$6,099,000	11%
Waste service charges	\$6,939,500	12%
Supplementary rates	\$390,000	1%
Total	\$56,408,660	100%

Table 7: Total rates and charges components.

A one percent increase in total rates and charges revenue compared to the prior 2012/13 Budget would result in an additional \$564,000 in revenue during the 2013/14 financial year.

The following table shows a comparison of percentage increases on total rates and charges revenue over the last 6 years:

Rating Year	Increase %
2007/2008	6.95
2008/2009	6.95
2009/2010	6.95
2010/2011	6.00
2011/2012	6.95
2012/2013	3.95
Average	6.29

Table 8: Rate Increases – 2007/08 to 2012/13

Assessment of Current Rating Levels

Comparing the relativity of rating levels between councils can be a difficult exercise due to debate over the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils. Each local government sets rates based on an assessment of the desires, wants and needs of its community and as each community is different, direct comparisons can be difficult. For example, councils have significantly different infrastructure needs.

Council’s rating effort has been higher than average when benchmarked regional city councils. As detailed in the chart below the rates and charges revenue collected by Council per assessment is higher than other regional city councils.

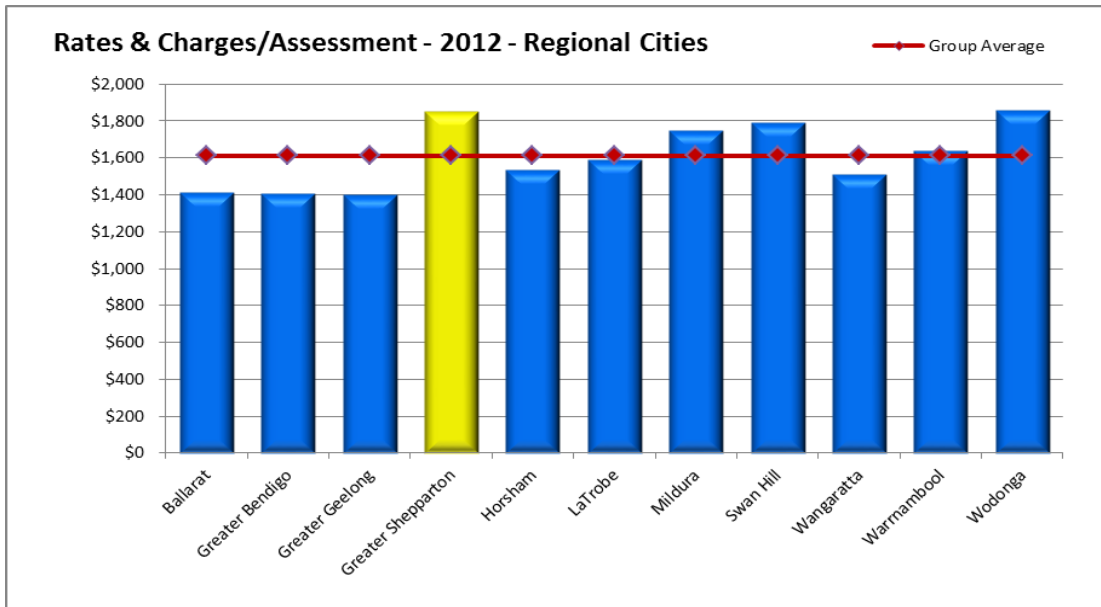


Chart 8: Rates and Charges per assessment for Regional Cities (2012)

The graph below details rates and municipal charges per assessment, however excludes garbage charges.

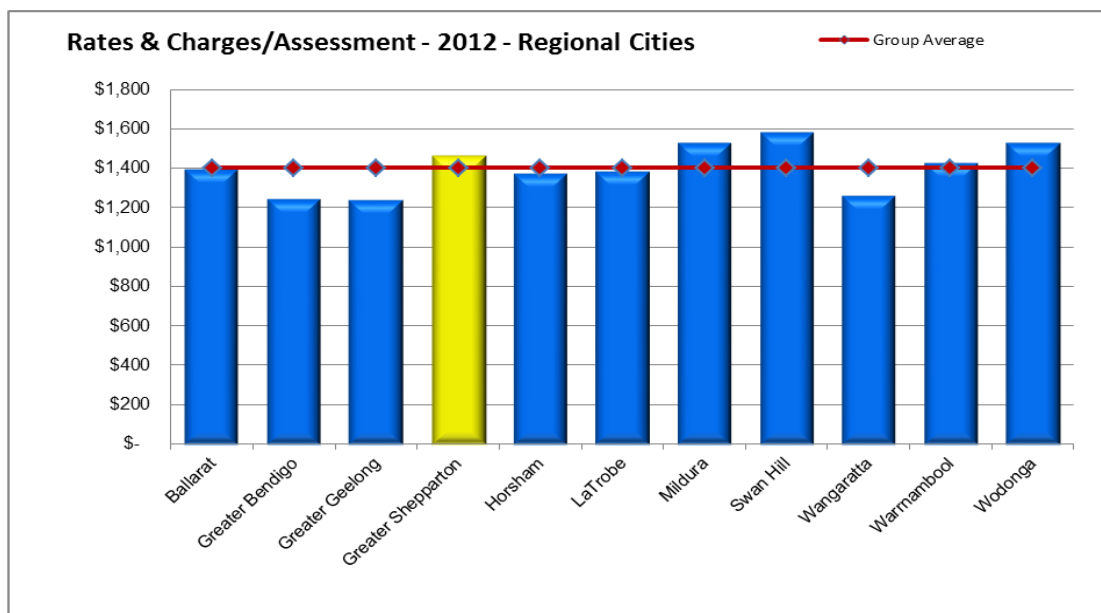


Chart 9: Rates and Charges per assessment for Regional Cities (2012) – Excluding garbage charges

The rates and charges revenue collected by Council from residential properties per assessment is also higher than other regional city councils, as detailed below.

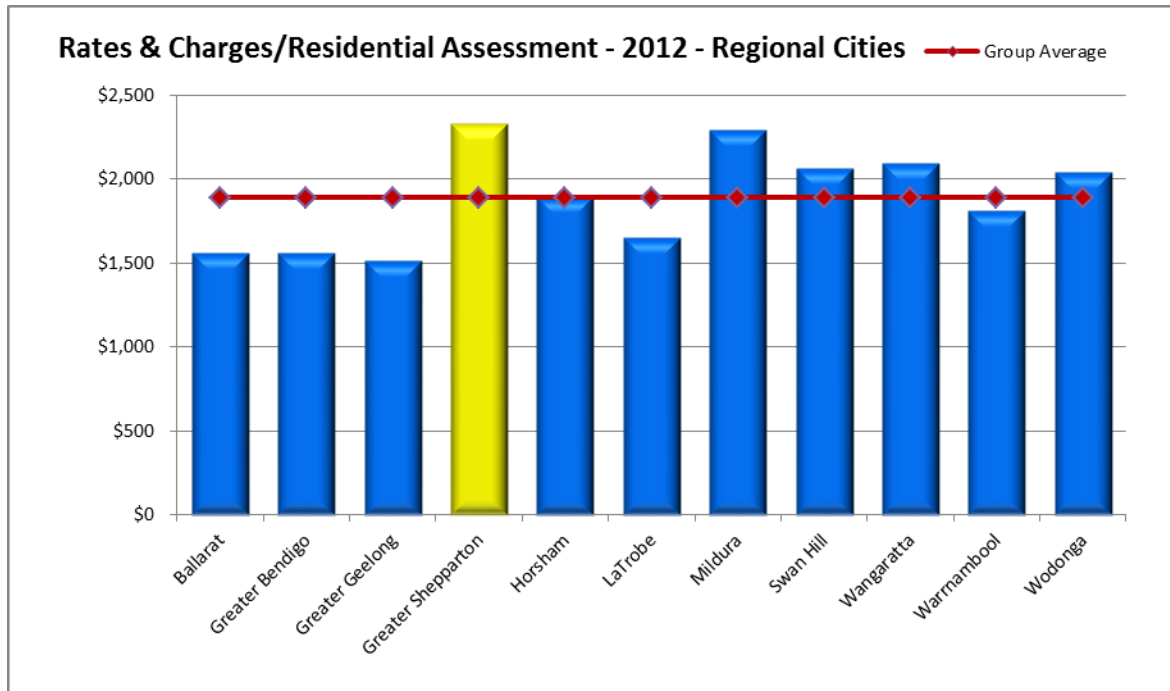


Chart 10: Rates and Charges per residential assessment for Regional Cities (2012)

Council is more reliant upon rates and charges revenue as a percentage of total revenue compared to the average of regional city councils, as detailed below.

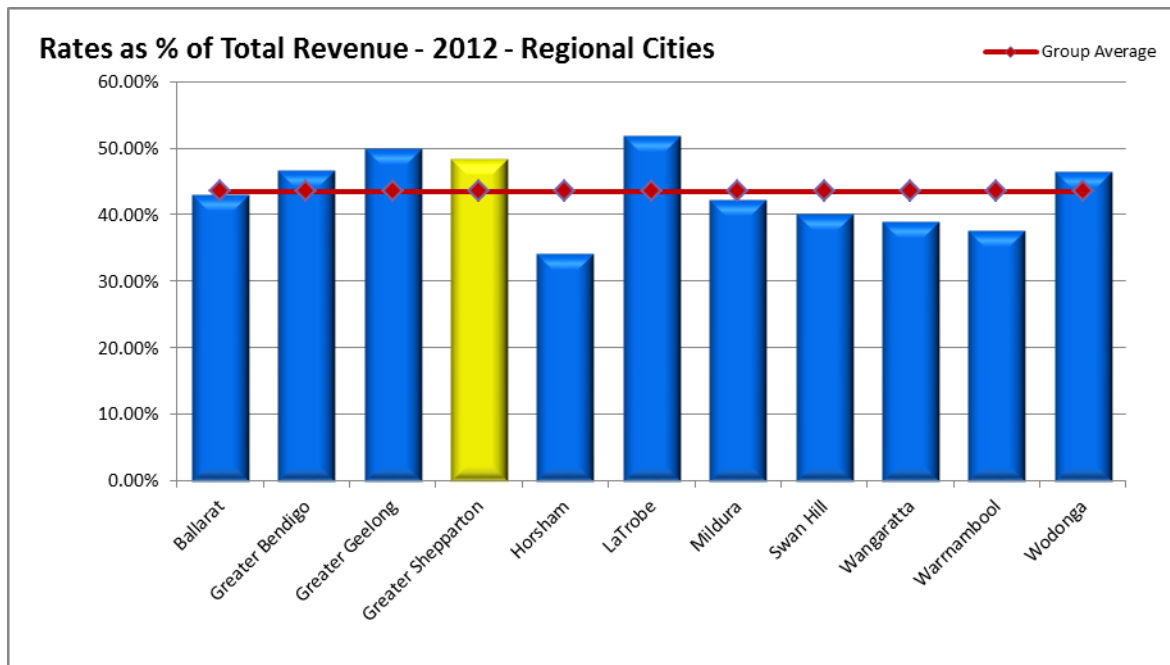


Chart 11: Rates and Charges as a percentage of total revenue for Regional Cities (2012)

Rates Affordability

Council’s rating effort when compared to annual household income provides an indication of rates affordability. As detailed below Council’s rates as a proportion of household income is higher than the regional city average.

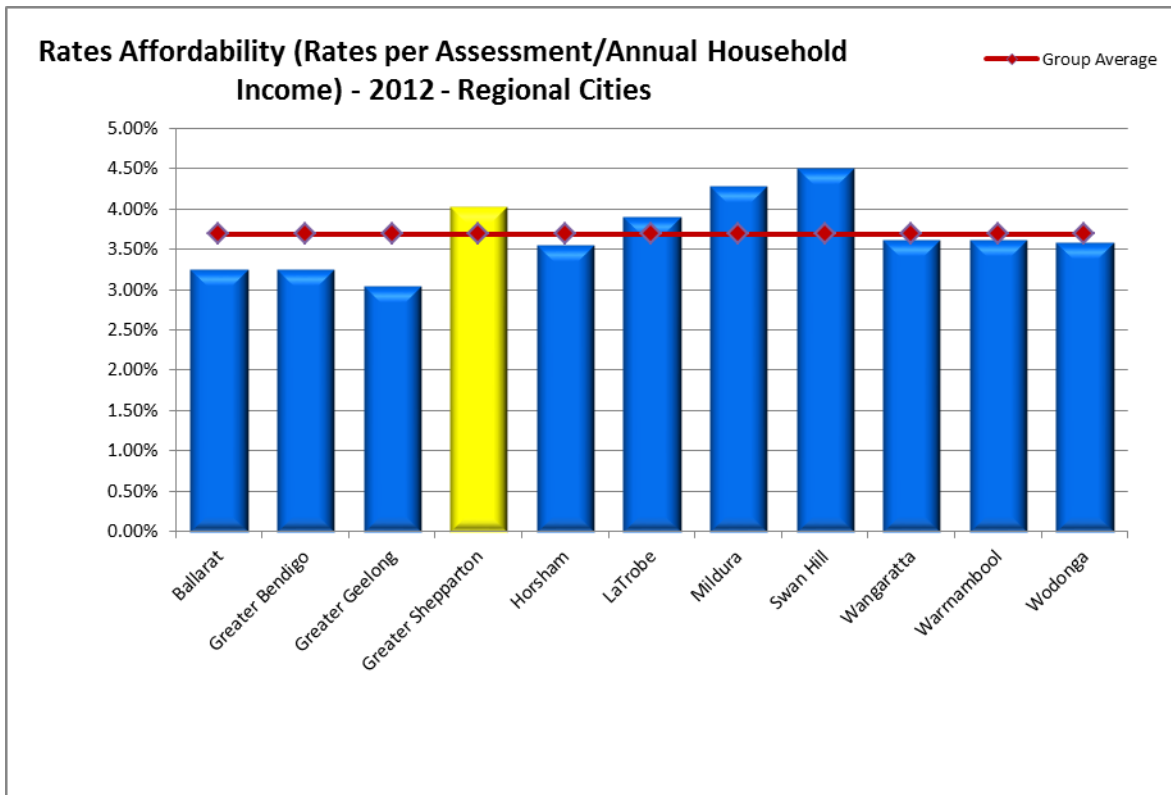


Chart 12: Rates Affordability for Regional Cities (2012)

Higher comparative rating levels do not necessarily represent a position of weakness or inefficiency. External funding bodies may consider levels of rating effort in their funding decisions, i.e. low rates could be construed as less preparedness at the local level to match the external contribution. Higher rating can also indicate that a council has opted for more control of its destiny, e.g. to achieve a particular project for the community that would otherwise be out of reach.

What is most critical in setting a rating structure is for Council to be accountable and responsible for the policy decisions with respect to the range of services provided, the expenditure and delivery of the services and the way services are funded and paid for by the community.

Council must be aware of and have regard to the views of its communities with respect to the priority areas for Council services. Council will heighten the communities awareness of the short and long-term financial implications of potential service priorities and key decisions, including trade-offs between service priorities.

Open and transparent processes for decision making include the making of information openly available to people in the local community and seeking active participation by the community with respect to choices regarding the range and level of services provided and how they are funded.

Growth in the number of assessments

The total number of assessments has grown by 1.5% per year over the past four years from 27,557 in 2008/09 to 29,193 in 2012/13 as shown in the table below.

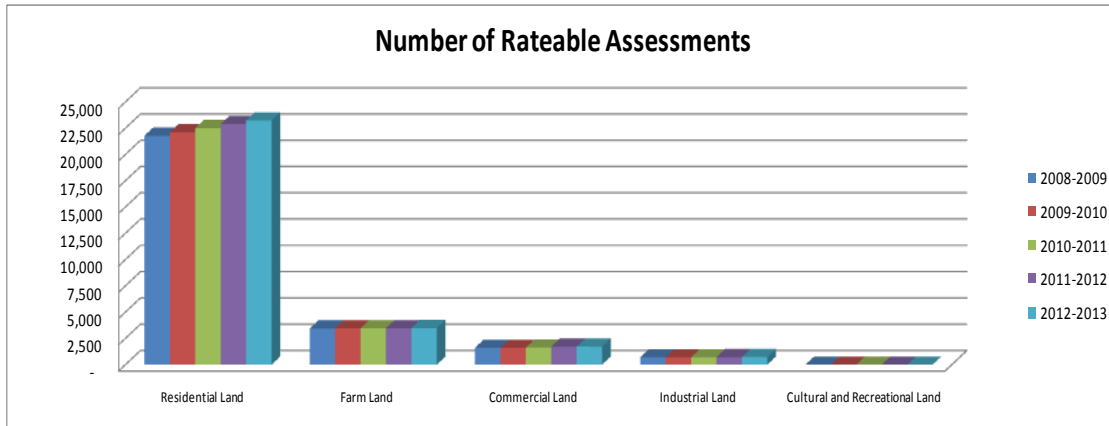


Chart 13: Number of Rateable Assessments 2008/09 – 2012/13

The majority of growth in assessments per year has been commercial 1.9%, industrial 1.9% and residential 1.7%.

Grant Revenue

As at 30 June 2012 Council was close to average in terms of receiving government grant revenue, compared to its like Council grouping as outlined in the graph below.

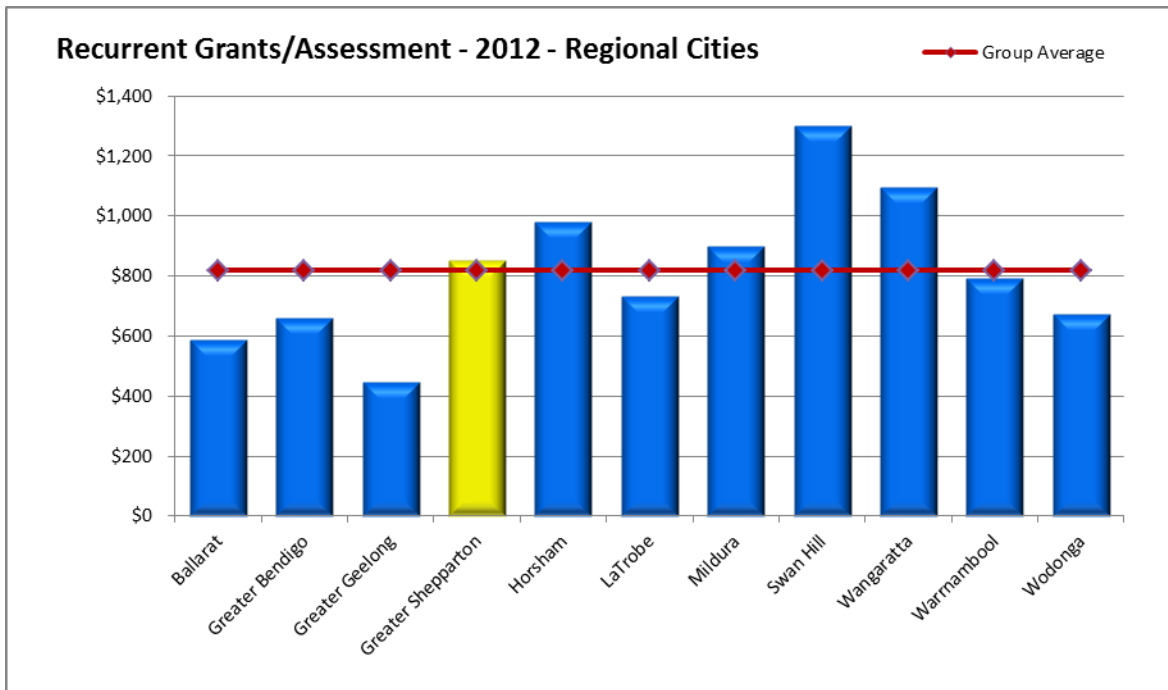


Chart 14: Recurrent Grants for Regional Cities

Council receives approximately 10 percent of its total revenue from the Victoria Grants Commission. Council's grant allocation during the 2012/13 financial year was equal to \$10.615 million. Council also receives non-recurrent capital 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.

Fees and Charges Revenue

Council's fees and charges revenue as a percentage of total revenue is close to the regional city council average as outlined in the graph below.

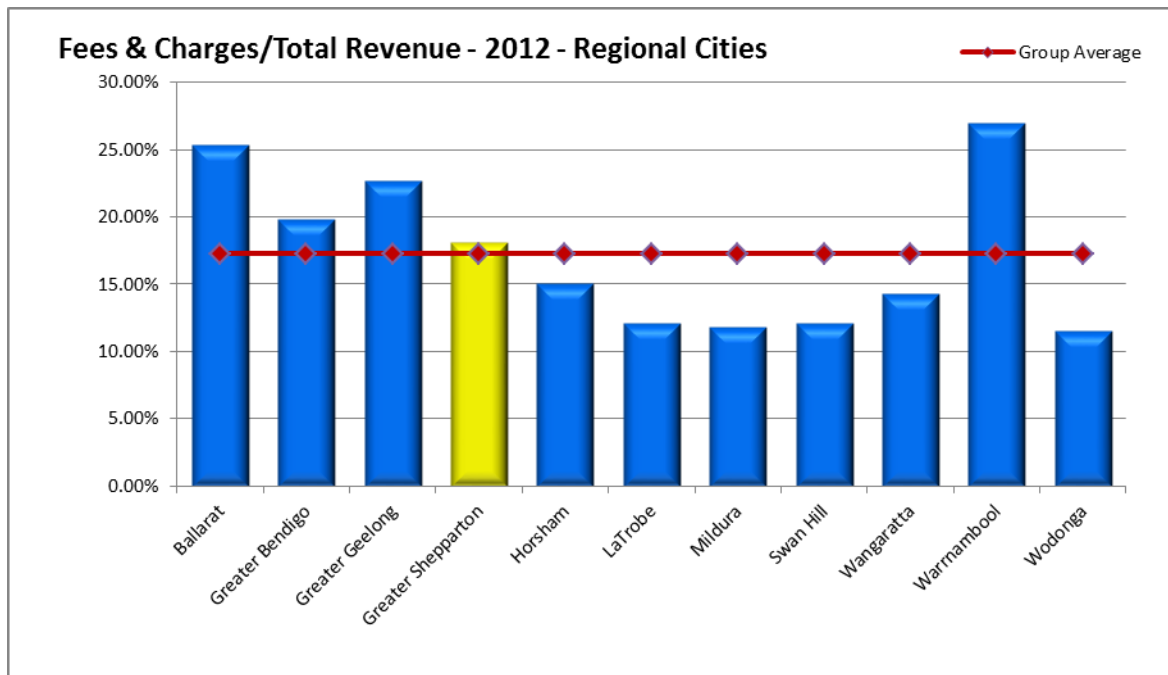


Chart 15: Fees & Charges/Total Revenue for Regional Cities (2012)

Strategic Directions:

1. Amend this Strategic Resource Plan to reflect the finalisation of its Rating Strategy 2013-2017 which is to be undertaken in conjunction with the 2013/14 Budget community consultation process;
2. Apply an annual 4.95 per cent increase in total rates and charges revenue excluding supplementary valuations to maintain existing services;
3. Pursues operational grant funding and strategic capital funding aligned with Council Plan objectives; and
4. Annually review the level of existing fees and charges and investigates new revenue sources.

6. STRATEGIC ASSET MANAGEMENT

Introduction

The Council is the custodian community assets with a replacement value of over \$1.01 billion in financial terms these assets depreciate in value by approximately \$18 million annually. The Council annually allocates resources to maintain, renew, upgrade and create these assets.

Council has developed a strategic asset management framework to maximise the benefit of these assets to the community.

Sound Asset Management requires:

- Knowing what assets Council is responsible for;
- Understanding the condition of our assets;
- Estimating how long an asset can be used before it needs to be replaced;
- Estimating how much it will cost to replace an asset;
- Knowing what 'levels of service' the community wants which will be achieved by community consultation;
- Having processes in place to establish priorities and allocate funds;
- Knowing the funding requirements for long-term sustainability of our assets; and
- Having documented Asset Management Plans and Service plans that detailing the levels of service.

The Council's *Asset Management Policy* recognises the importance of integrated asset management, and therefore is committed to:

- Achieving financial sustainability of the services it delivers;
- Giving priority to capital renewal expenditure over new and upgrade expenditure;
- Determining sustainable agreed levels of service with the community and prepare the Service Plans;
- The identification of the actual asset renewal demand based on the condition of assets as determined by survey;
- Preparation and reviewing of Asset Management Plans;
- Managing demand for improved or new services; and
- Preparation of an Asset Management Strategy which details how this policy is to be implemented.

Asset management planning is an essential component of this strategic asset management framework, and should be aligned to and integrated with Council's strategic, corporate and financial planning.

The table below explains the objectives and typical contents of *Asset Management Plans*:

Asset Management Strategy	Asset Management Plans
Specific actions to be undertaken by Council in order to improve or enhance asset management capability and achieve specific strategic objectives.	Long-term plans (usually 20 years or more for infrastructure assets) that outline the asset activities for each service area.
<i>Develops a structured set of actions aimed at enabling improved asset management by Council.</i>	<i>Outlines actions and resources to provide a defined level of service in the most cost effective way.</i>
<ul style="list-style-type: none"> • A description of the current status of asset management practices (processes, asset data and information systems). • Organisation's future vision of asset management. • A description of the required status of asset management practices to achieve the future vision. • Identification of the gap between the current status and the future vision (a "gap analysis"). • Identification of strategies and actions required to close the gaps, including resource requirements and timeframes. 	<ul style="list-style-type: none"> • A summary of Council's strategic goals and key asset management policies. • Definition of levels of service and performance standards. • Demand forecasts and management techniques. • Description of the asset portfolio. • A broad description of the lifecycle management activities for operating, maintaining, renewing, developing and disposing of assets. • A cash-flow forecast. • Key asset management improvement actions including resources/timeframes.

Table 9: Asset Management, Strategy and Planning

Service and Asset Management Plans are subsequent components where long-term plans (10-years and beyond) outline service levels for each asset category.

Council adopted in 2011 asset management plans for the following major assets groups:

- Transportation - roads, footpaths, car parks, bridges and related assets
- Parks and Open Space
- Aquatics - swimming pools and facilities
- Sport and Recreation – sporting facilities and recreation assets
- Building
- Fleet and Plant
- Drainage

Council's Asset Management System captures the details of assets and records condition based on inspections. The records of defects, deterioration and the condition of assets with the dates of inspections are required for the purpose of risk management and undertake reconstruction at the correct time. The system has the capabilities of tracking request for service from citizens, maintenance done as a result of request and general cost of the works.

Distinguishing between asset management plans and service plans

The distinction between what is meant by a service plan and what is meant by an asset management plan is a major consideration in meeting the service delivery challenges highlighted by the results of all forms of community input. Council policy and strategy drives services – services require assets.

Assets affect the user’s service experience. For example, a building that is clean, vibrant, in the right location, can make the difference between community perceptions of a good or a poor service. Therefore, to manage assets, the service required from that asset must be understood.

Council’s Asset Portfolio

Accounting for an asset requires the recognition of all costs associated with asset ownership including creation/acquisition, operations, maintenance, rehabilitation, renewal, depreciation and disposal. This “life cycle” approach needs to be recorded at an individual asset level so all the costs of owning and operating assets are known and understood.

Fixed assets consist of property, infrastructure, plant and equipment. The projected total value of fixed assets at 30 June 2013 is \$1,060 million. This projected value includes an allowance for infrastructure revaluation during this financial year.

Mix of fixed assets by value.

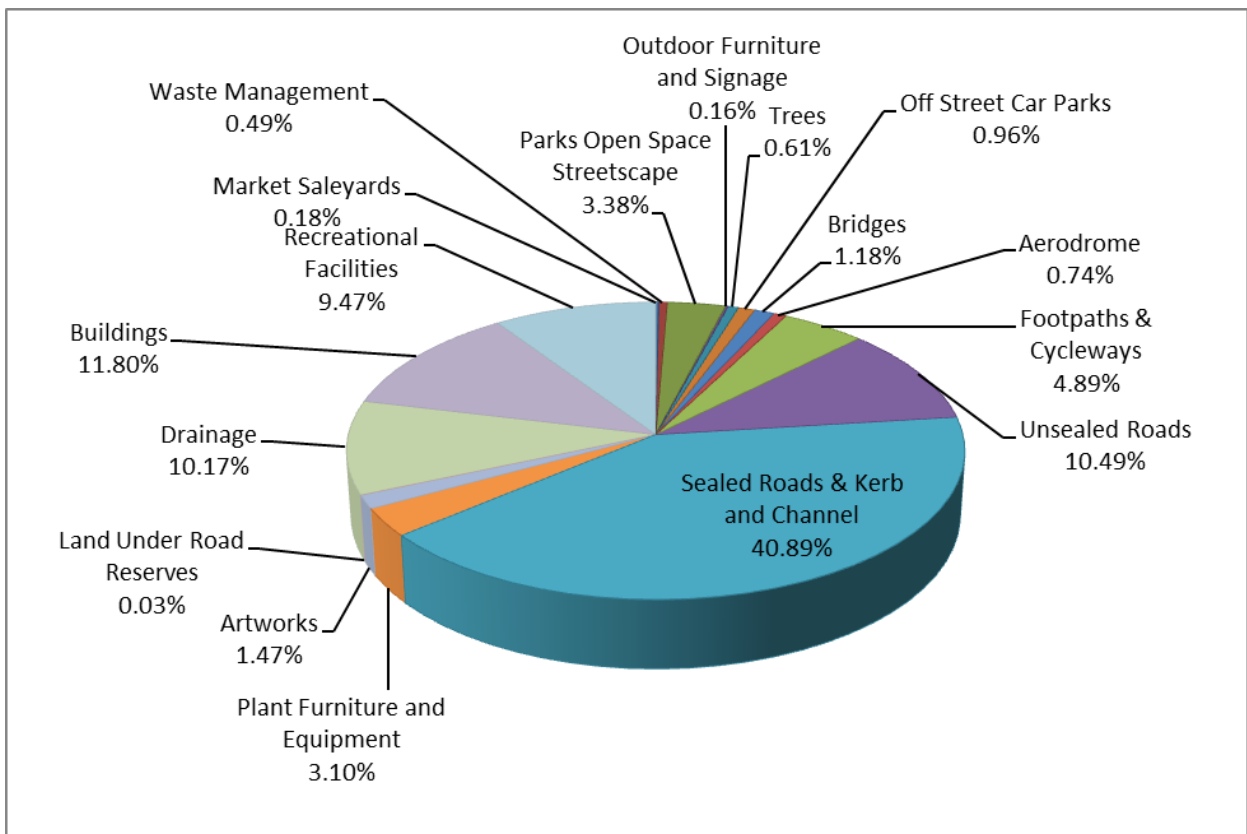


Chart 16: Mix of fixed assets by value.

Council’s roads form 51% of its total assets and footpath and other road related assets represent a further 8%.

Council's Roads are 2,506km in length; which is equivalent to a road from Shepparton to Near Norseman in Western Australia.

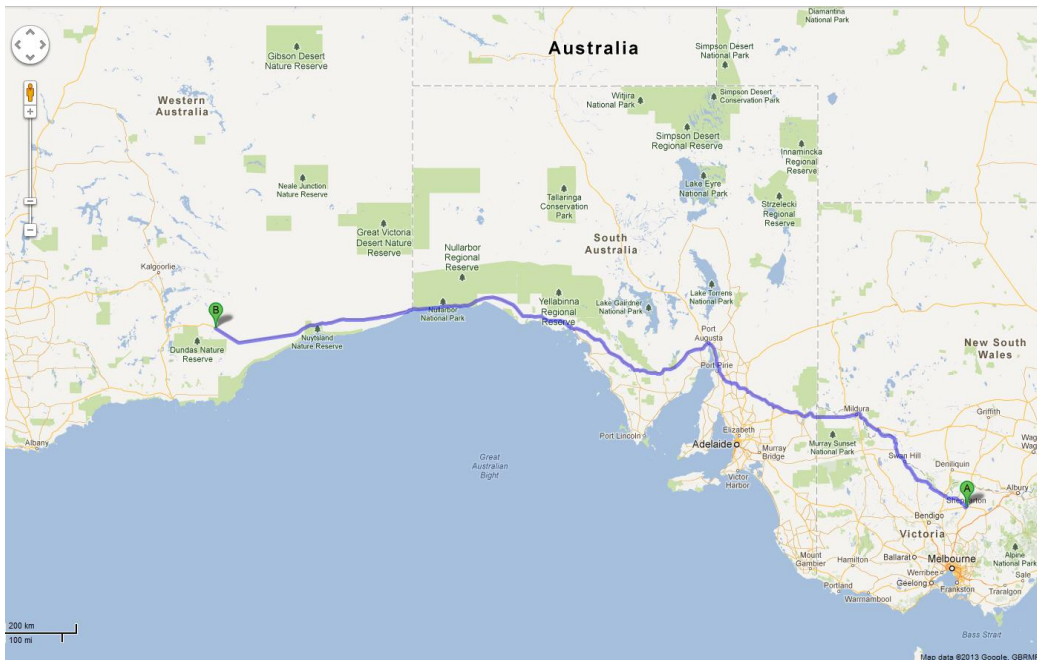


Figure 10: Length of Council's road network

The length of Council's roads compared to other regional city councils is detailed below.

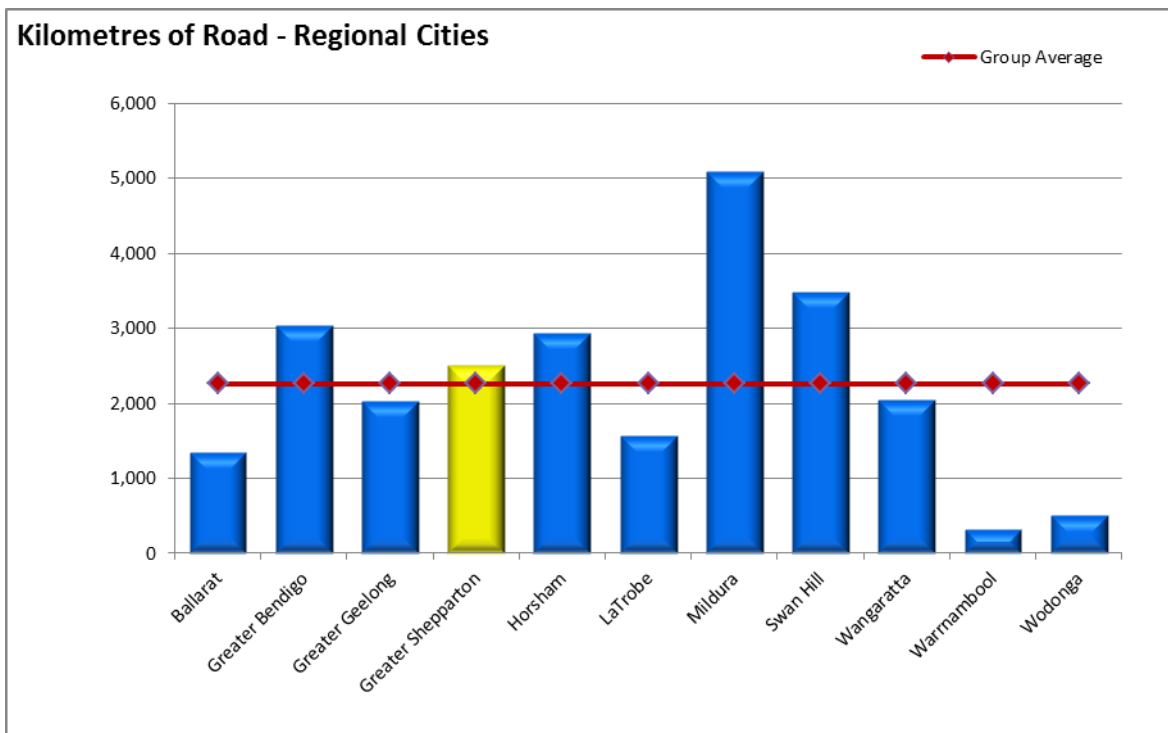


Chart 17: Kilometres of road for Regional Cities.

The comparative road length per rateable assessment in comparison to regional city councils is detailed below.

There is a significant comparative burden on Council to fund its required renewal and maintenance of road assets compared to larger Regional City councils including Ballarat, Bendigo, Geelong and Latrobe.

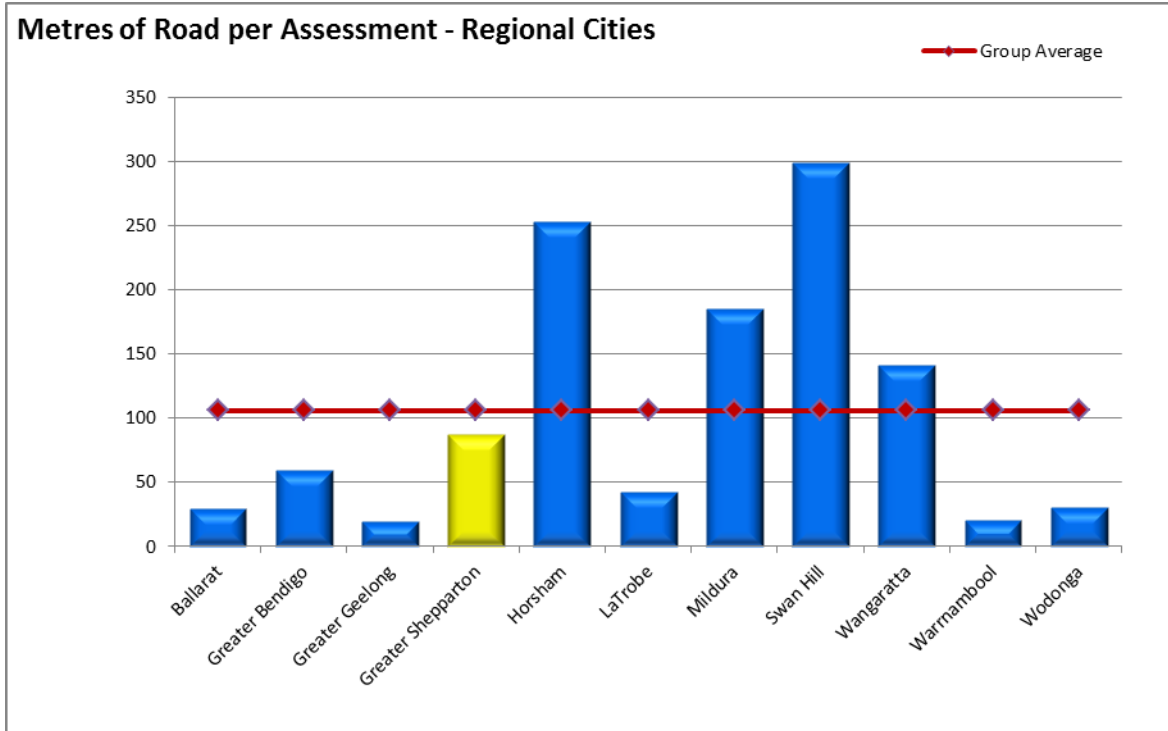


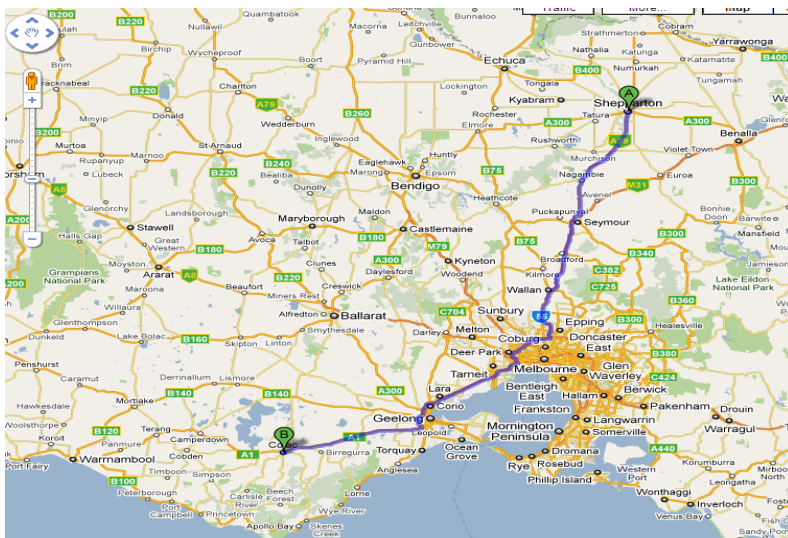
Chart 18: Kilometres of road for Regional Cities.

Council’s 61 bridges end on end span 1,480m; which is longer than the Sydney Harbour Bridge which spans 1,149m.



Figure 11: Length of Council’s bridges

Council’s underground drainage pipes of 330km are equivalent to pipeline from Shepparton to Colac.



In the future Council will be undertaking drainage asset surveys in older areas to update Council Drainage asset records. In older areas Council only has location information of drainage pits and pipes which was based on old plans and records. This information needs to be enhanced to include size, material, depth and type of pit and also the invert level details of the pipe and connections to the pits. This information is required for up-grades and renewal program and to analyse for capacity problems.

Of Council’s assets 12% are Buildings and 13% are Recreation and Open Space.

The management of these assets has a major bearing on the usage requirements more than the technical requirements. Renewal and maintenance may be targeted on the demand and the requirements to be analysed in the relevant Service Plans.

Council buildings are 447 in number with a total floor area of 115,732 m2. The Eureka Tower in Melbourne is 91 stories tall and includes 556 residential apartments – 300m high total floor area 111,000 m2.



The Eureka Tower is one of the tallest buildings in Australia.

Council's open space area is equivalent of 647 ha (1600acres) of mowing/slashing areas.

This is equivalent to area contained in the square shown below (2.5km square), which is close to covering the urban area of Shepparton.

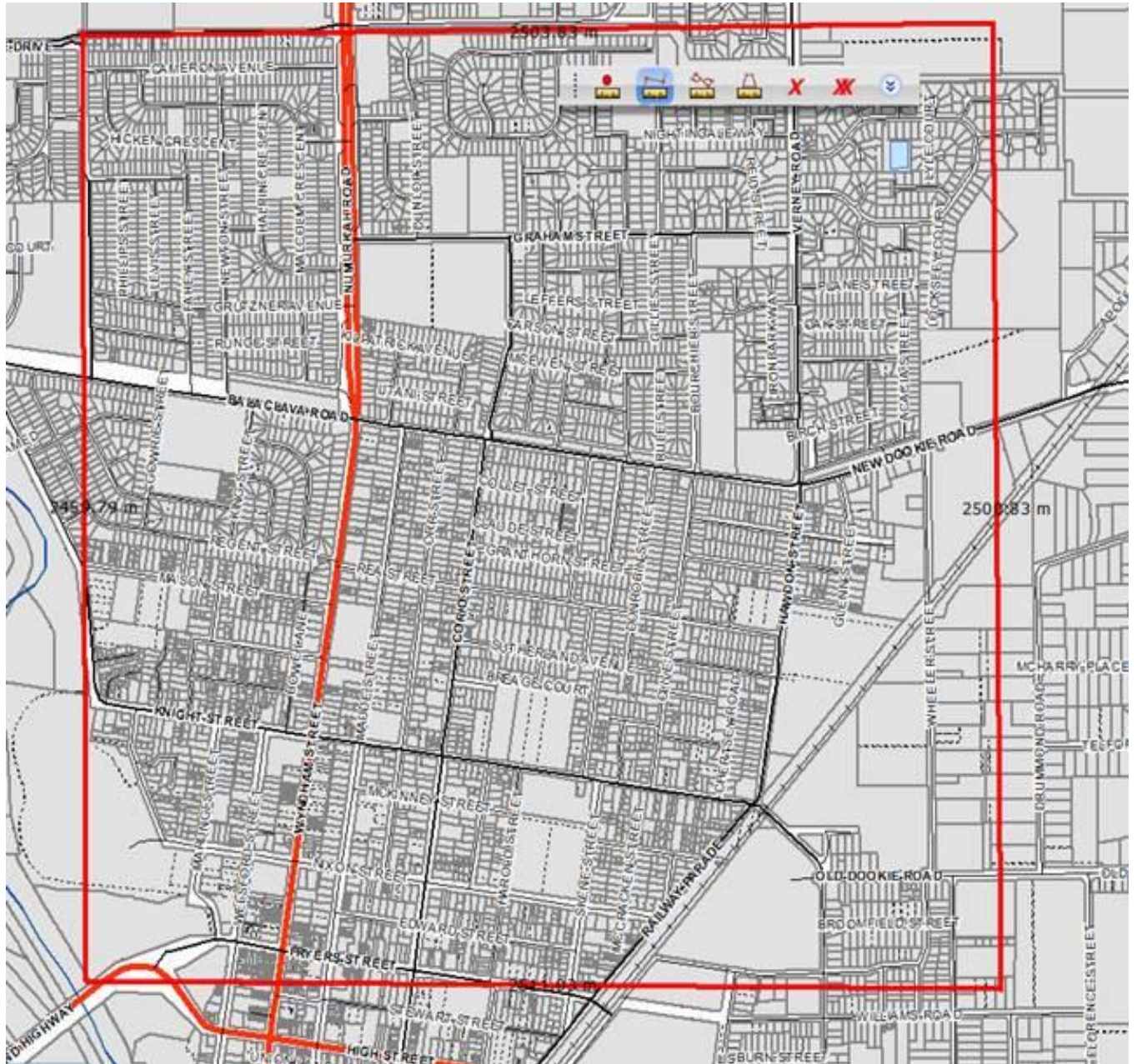


Figure 14: Council Open Space covers 2.5km square

Type of Expenditure	Definition	Purpose/Example
Maintenance	Expenditure on an asset that maintains the asset in use, but does not increase its service potential or life.	Life extension: Extending asset lives by repair, reducing average annual consumption costs and renewal rates, e.g. Repairing a single pipe in a drainage network or a pothole.
Operations	Expenditure of regular activities on an asset to provide public health, safety and amenity, but does not increase its service potential or life.	Examples are: Street sweeping, cleaning, grass mowing and street lighting
Capital Renewal	Expenditure on an existing asset or a portion of an infrastructure network which returns the service potential, or extends the life of the asset, to its original potential.	Retains an existing service level, e.g. Re-sheeting a road reseals, resurfacing an oval.
Capital Upgrade	Expenditure on upgrading the standard of an existing asset to provide a higher level of service, or to extend the life of the asset beyond its original standard.	Increases the quality of service provided to ratepayers or provides new services, e.g. Widening the pavement of a sealed area of an existing road.
Capital Expansion (New)	Expenditure on extending an infrastructure network at the same standard enjoyed by existing residents to a new group of users.	Extends services to newly developing areas of the City where there are new ratepayers, e.g. Extending a road or drainage network.

Table 10 – Asset Expenditure Definitions

Further examples of maintenance, operations, capital renewal, upgrade and expansion are depicted below.



Annual operating/maintenance funds need to increase as assets age, increase in size or when utilisation increases. Timely capital renewal expenditure decreases maintenance, reduces risk and improves safety. Providing additional assets for improved or new services is called capital expansion, upgrade or ‘new’. The creation of new assets increases the size of the asset base which leads to increased operating and maintenance costs and eventually renewal costs.

A legitimate asset management strategy is to retire assets that are old rather than renew. Principles around how this might occur will be built into Council's asset management and capital works planning.

Asset Condition

Monitoring asset condition and performance relates to the ability of the asset to meet target levels of service. Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing. Monitoring in this context throughout the asset life cycle is important in order to identify underperforming assets or those which are about to fail – that is, assets at the *critical renewal* level where if reinvestment is not funded the cost of future renewal will exponentially increase along with the risk of the asset being below accepted safety standards.

The Asset Management System must not only record asset condition and asset defects/inspection details, it must also be capable of providing financial management and year-end accounting and valuation data.

Council has undertaken condition surveys of its major asset groups and generated renewal programs to preserve the existing assets for the benefit of the community and for future generations. The condition of each asset is rated from one to ten; One being the best condition and ten being the worst condition. Council has determined that assets are to be renewed when the condition of asset reaches a condition of eight, except road seals renewed at seven and waste bins are replaced when at ten.

Assets with a condition rating of eight or greater are submitted for considered as part of the development of Council's annual capital projects budget. Council has given high priority for renewal and preserving our existing assets before funding the creation of new assets. The acquisition or construction of new assets are funded after consideration of a number of factors including community benefit.

It is intended that the allocation of renewal funding change from a percentage of depreciation expense to predetermined service intervention levels.

The service intervention levels are structured from one (the best condition) to ten (the worst condition). Council has determined that assets with a condition greater than eight will be considered for renewal as the cost of renewal otherwise significantly increase and the asset's functionality, safety and ability to provide its intended service level will be compromised.

The intervention level definitions are provided in the following:

Level	Description	Useful life Elapsed
1 to 4	As new - Near new asset with no visible signs of deterioration, only cyclic maintenance required	1-40%
5 to 6	Fair condition - maintenance required to return the asset to acceptable level of service. Deterioration in condition would be obvious and there would be some serviceability loss.	41 -80%
7	Poor condition - requires renewal. An asset in poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance cost would be very high if allowed to deteriorate further, i.e. road seals.	81-90%

Level	Description	Useful life Elapsed
8	Very poor condition - requires renewal. An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance cost would be very high and the asset would be at a point where it needed to be rehabilitated.	91-95%
9	Extremely poor/serious - requires immediate renewal. An asset in extremely poor condition with severe serviceability problem. Could also be a risk to remain in service.	96-99%
10	Unserviceable	100%

Table 11: Intervention Level Definitions

The intervention level for each asset class is intervention level 8 with the exception of sealed road surface with an intervention level of 7.

Photo examples of the condition of Council’s assets are as follows:



Footpath in fair condition (5 to 6 rating)



Footpath in poor condition (8 to 9 rating)

The benefits of knowing the current condition and performance (level of service) an asset provides include:

- Ability to plan for and manage the delivery of the required level of service;
- Avoidance of premature asset failure, leaving open the option of cost-effective renewal;
- Managing risk associated with asset failures;
- Accurate prediction of future expenditure requirements; and
- Refinement of maintenance and rehabilitation strategies.

An example of the present condition profile of Council's assets is shown in the graph below for sealed pavement. The majority of assets are in fair condition.

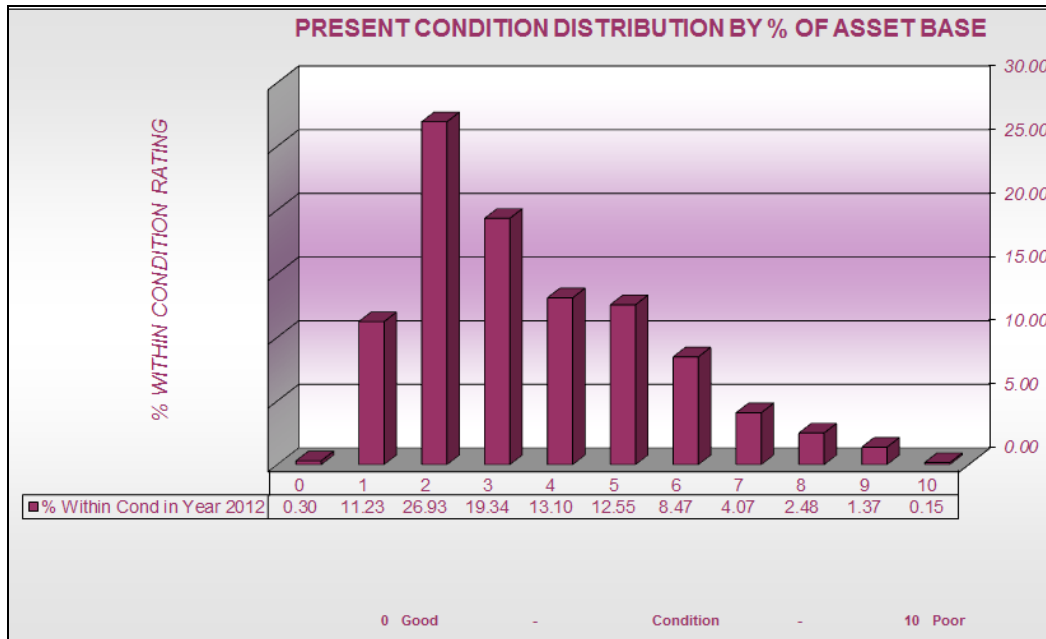


Chart 19: Condition profile of Council's assets

A condition survey program has been established to assess the condition of Council's. Each asset type is to be surveyed for condition between every three to five years depending on the type of asset. Assets are assessed on a more regular basis for maintenance purposes.

Asset consumption

Council's assets are depreciated at a faster rate than most other regional city councils as depicted below.

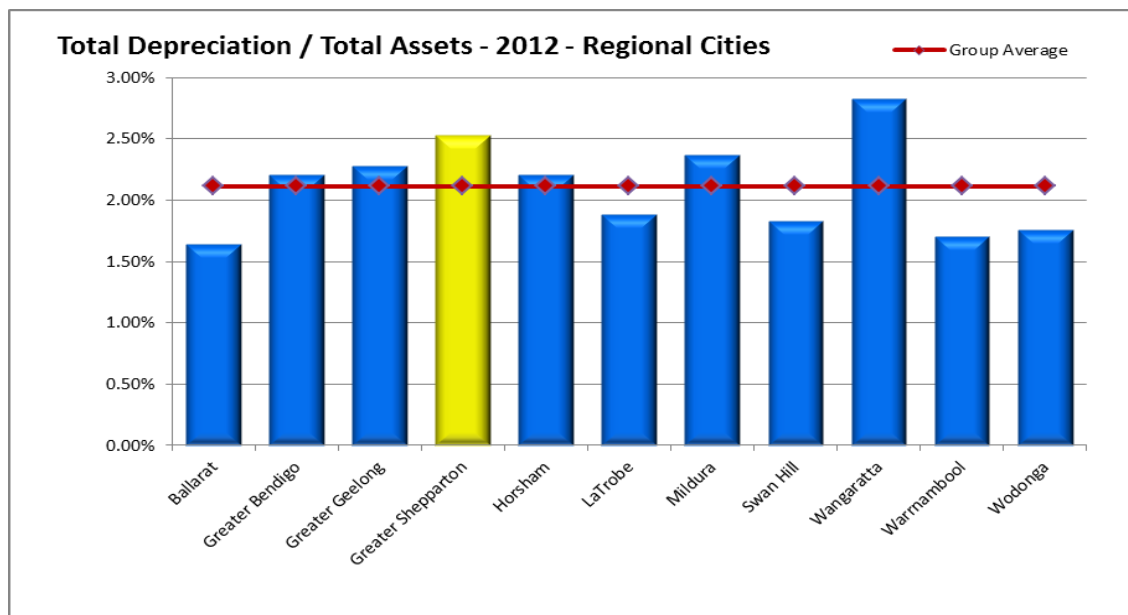


Chart 20: Total Depreciation/Total Assets for Regional Cities

Accounting depreciation expense is a reflection of the historical cost of creating assets spread over the assets useful life which is different the required cost to renew the asset based on condition.

Council’s assets infrastructure assets are depreciated 20% faster than the average for regional city councils as shown below.

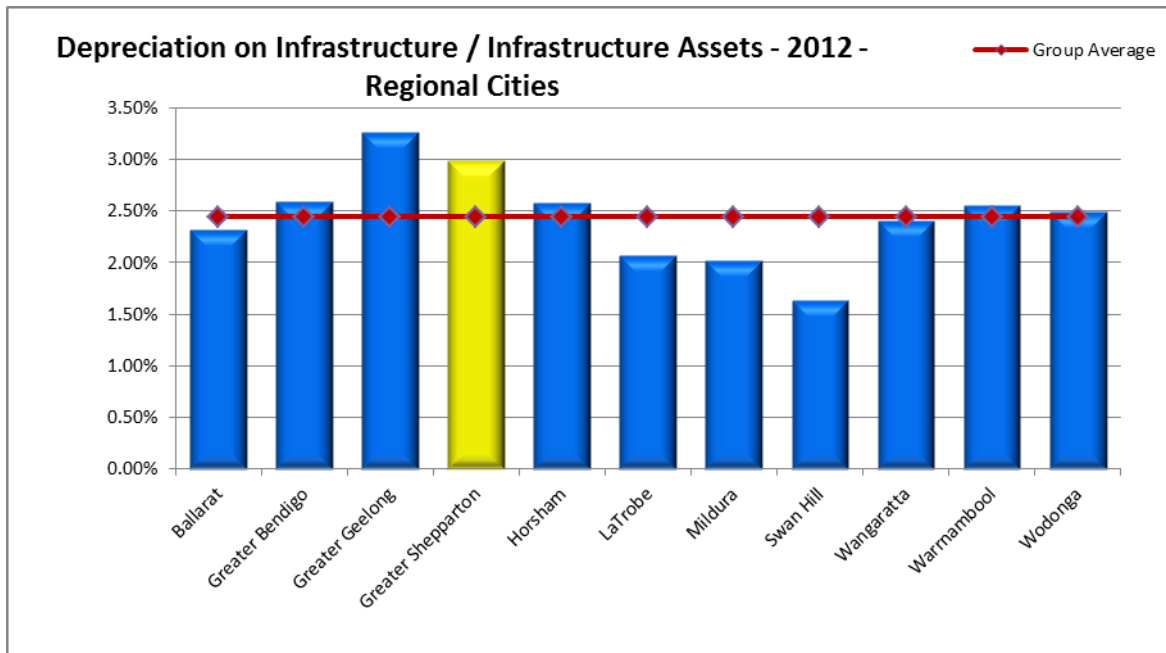


Chart 21: Depreciation on Infrastructure/Infrastructure Assets for Regional Cities (2012)

Council has determined independently, through its own experience, the useful life of each asset class and is applying parameters that have resulted in higher depreciation charges than like councils. The factors that impact on the useful lives of assets differ between councils. An example within Greater Shepparton is that rural roads in irrigation areas in the west of the municipality deteriorate faster the rural roads in other areas. Depreciation charges are reviewed annually by the Victorian Auditor General’s Office prior to being adopted by Council.

The estimated useful lives of assets is reassessed following the completion of condition assessments and valuations. The table below reflects a significant improvement in Council’s annual renewal expenditure compared to depreciation expense.

Sustainability Index	2007/08	2008/09	2009/10	2010/11	2011/12	Est. 2012/13
Capital Renewal Spend/Depreciation	26%	51%	56%	85%	78%	92%

Table 12: Renewal spend against depreciation

The estimated 2012/13 figure is based on forecast capital renewal spend against depreciation at the 2012/13 Mid Year Budget Review.

As indicated below Council’s total capital works compared to rate revenue was less than the regional city average.



Chart 22: Capital Expenditure compared to rate revenue for Regional Cities (2012)

Total capital expenditure includes both council funded and grant funded works. The average capital expenditure as a group average is somewhat distorted due to Horsham receiving significant capital grants in the 2011/12 linked to flood recovery activities and restoration works. Excluding these significant one off grants, the average capital expenditure as a percentage of rate revenue for regional city councils is equal to 60%, as reflected below.

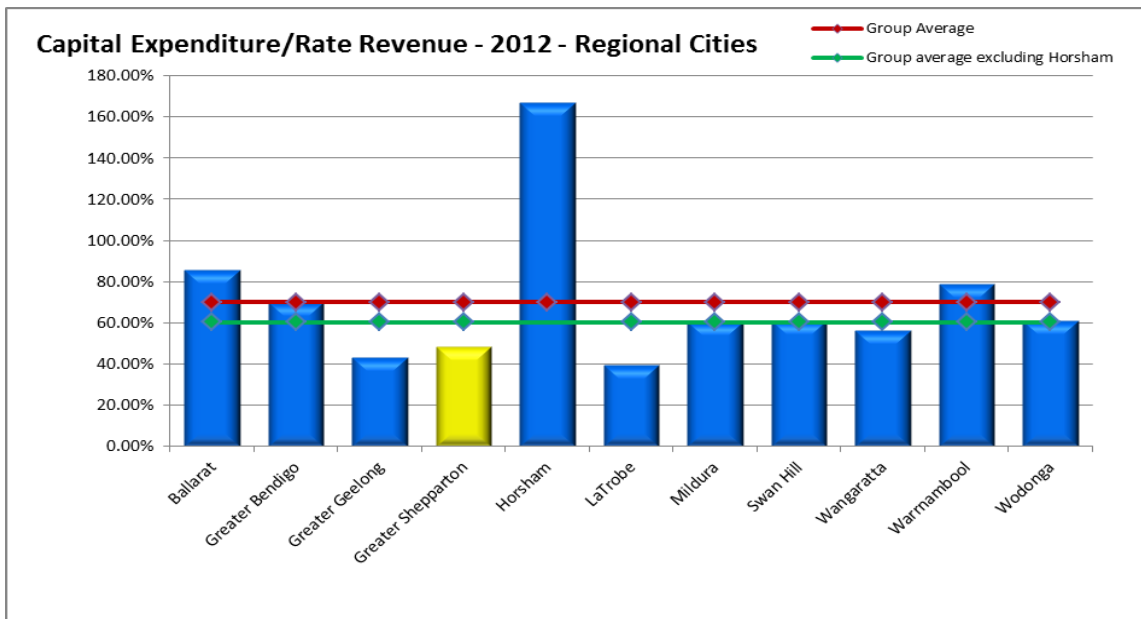


Chart 23: Capital Expenditure compared to rate revenue for Regional Cities – excluding Horsham

Asset valuations

Asset valuations are used for:

- **Renewal expenditure forecasting:** To accurately assess Council’s renewal demand based on the cost to renew existing assets.
- **Financial reporting:** Accounting standards require councils to value their non-current assets in their annual financial report based on fair value or the value to create like new assets.

Renewal demand

Required renewal modeling has been prepared based on condition and age where there is no condition survey information available. In the future an increasing number of asset categories that are currently assessed by age will be inspected for condition.

The chart below shows the estimated required renewal over the next 20 years separated by each major asset group. The graph is based on the cost to renew assets in today’s dollars, i.e. does not take into account inflation.

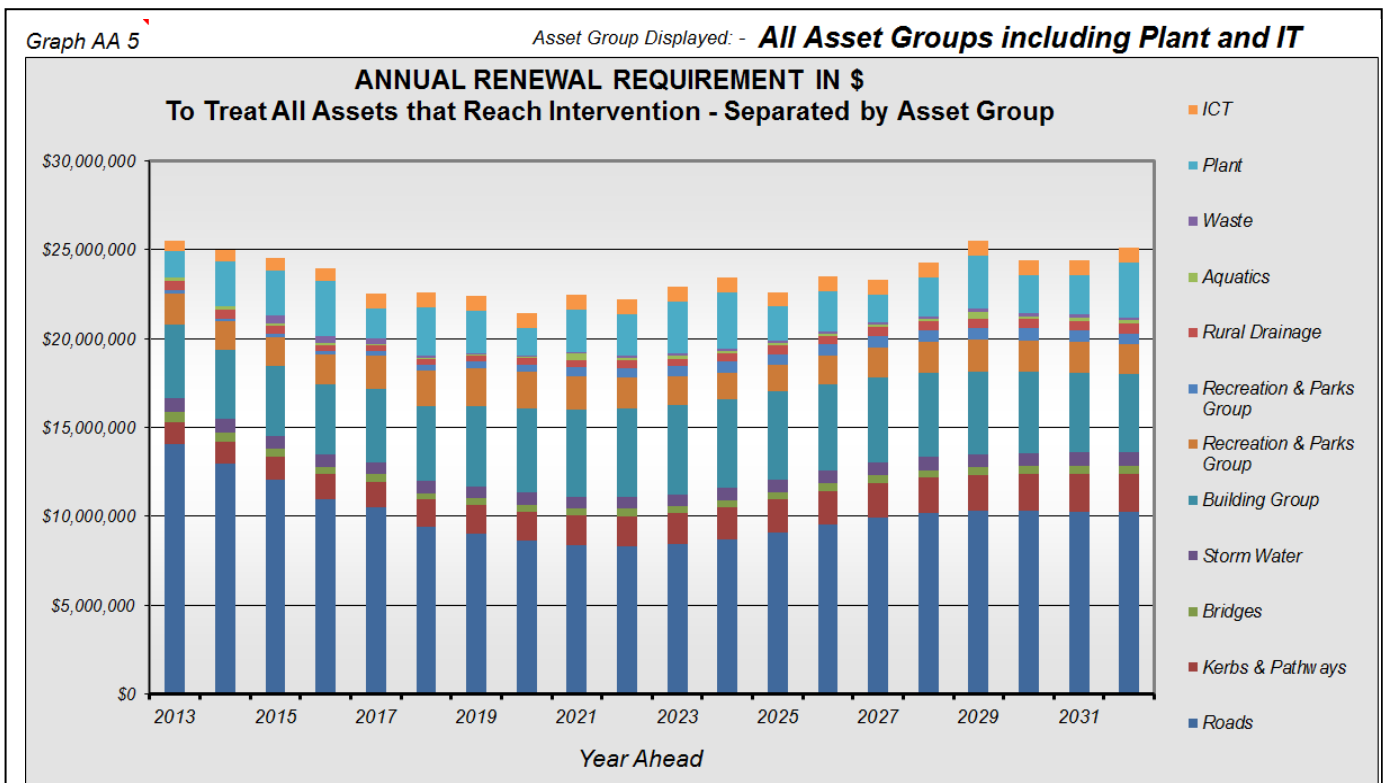


Chart 24: Estimated spend required on renewal over the next 20 years.

The backlog of renewal required in the years 2013 to 2017 mainly relates to road assets. Other significant asset groups include buildings and plant.

The following graph depicts the estimated funding required to renew all assets based on condition compared to the current level of renewal funding. The graph is also based on the cost to renew assets in today's dollars, i.e. does not take into account inflation.

Graph AA 4

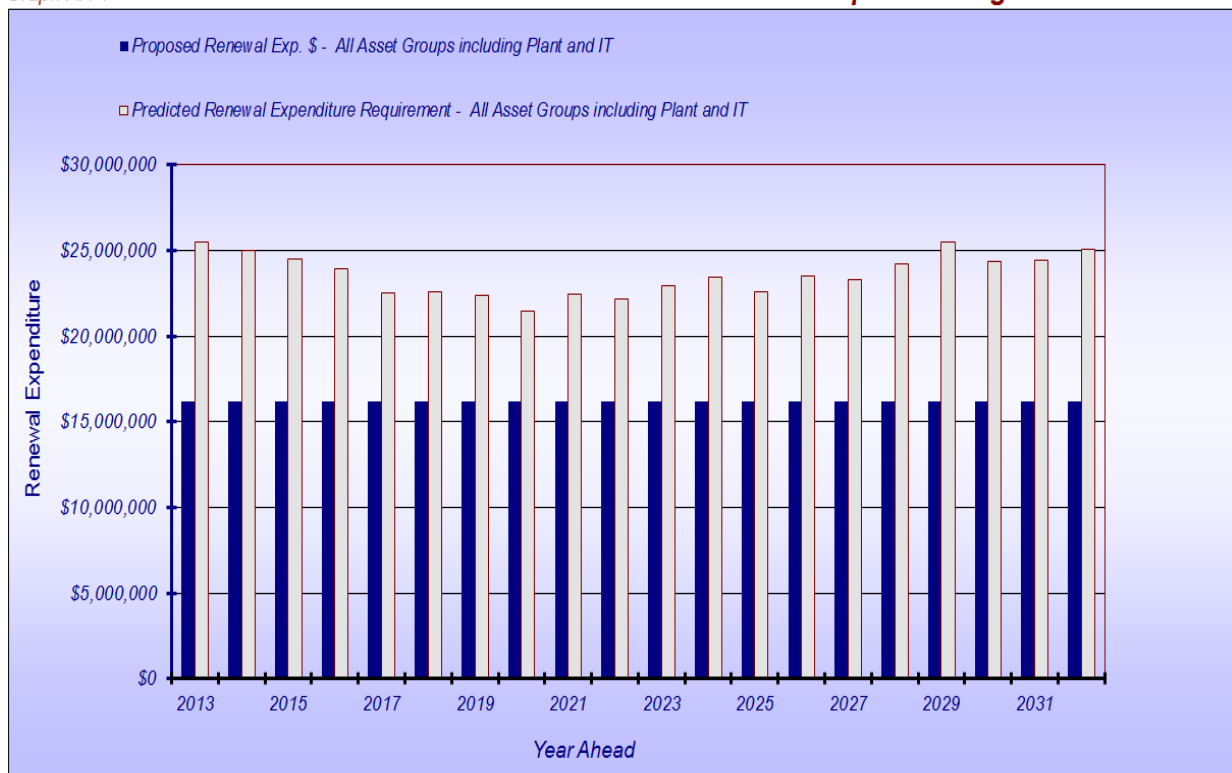
Asset Group Displayed: - **All Asset Groups including Plant and IT**

Chart 25: Estimated funding required to renew all assets compared to current funding levels.

The estimated average annual infrastructure renewal required is over \$23 million per year, which is \$7 million greater than the budgeted 2012/13 renewal funding of \$16 million.

The budgeted 2012/13 renewal funding of \$16 million represents 70% of the estimated required renewal funding being \$23 million per year over the next 20 years.

The renewal required in the years 2013 to 2017 demonstrates an existing backlog of assets that require renewal based on condition. The increase in renewal demand from 2023 to 2029 indicates an increasing value of assets that require renewal based on projected condition.

If actual capital renewal expenditure does not keep pace with renewal demand an increasing number of assets will be in very poor condition.

Council's sustained level of growth and the significant levels of gifted assets coming onto the asset data base mean that the costs to renew the assets in future years will increase significantly.

The predicted renewal demand will be reviewed and updated annually to reflect:

- the increase in Council's asset base
- changes in the cost to renew assets
- changes in the condition profile as identified by condition assessments
- outcomes from the annual review of asset useful lives

The Chart below confirms that Council has increased its actual investment in renewal as a percentage of total capital works expenditure.

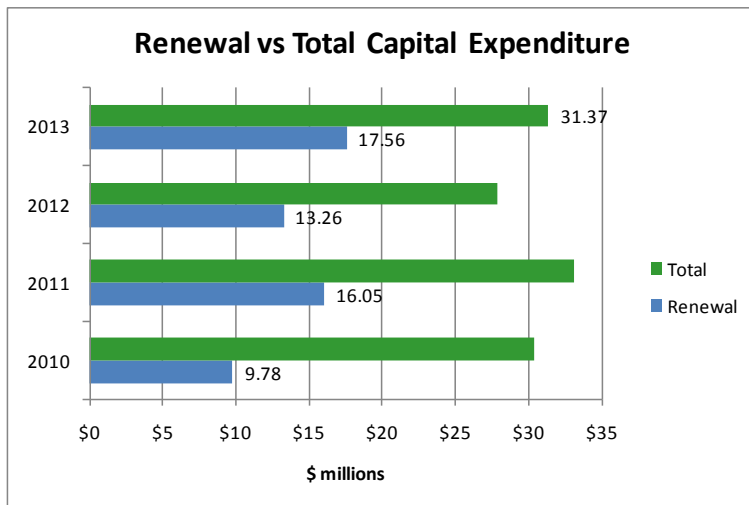


Chart 26: Renewal vs. Total Capital Expenditure 2009/10 to 2012/13

Asset Service Levels

Council will aim to ensure that its assets are relevant to the community, as retention of unused assets places a financial burden on the community. Council's Strategic Resource Plan is transitioning to focus on funding a "service level" that prioritises critical renewal and maintains average condition to meet community expectation.

The challenge ahead is to understand the community's expectations and provide service level and funding options to accommodate this. The target for Council in 2013/14 will be to engage the community in discussions about levels of service to provide the opportunity for differing service levels to be costed and reviewed.

The first issue is to determine the outcomes the community want to achieve – what is the strategy?

The next issue is what services, including their performance levels, are required to meet the community outcomes?

Finally what infrastructure or assets are required to support the service level? In the past, Council has focused more on the asset rather than on the outcome/service level it requires.

The benefit of this knowledge is that Council will have sufficient information for all of its asset categories and needs to strategically determine an affordable level of service to manage the emerging condition profile.

Broadly, the options are:

- to fund a higher service level than currently exists such as setting intervention levels in;
- neglecting renewal needs for an asset until it reaches breaking point or a level, a practice not uncommon for pipes, drains and waste assets; or
- retiring assets that are beyond their useful life.

To facilitate this process, Council will engage in consultation with key stakeholders including discussions on the key questions with respect to infrastructure investment, as detailed below:

1. Are the Council assets providing the level of service expected by the community?
2. How much does it cost ratepayers to retain the current infrastructure portfolio, that is, what is the long-term average cost of renewal plus maintenance?
3. How much will need to be spent in the short term (next 10 years) relative to the renewal expenditure invested in the recent past?
4. How much more management effort (financial and operational) will be required of Council as its assets age?
5. What assets are at the “at risk” phase (intervention level) of their life cycle and will ultimately result in their being unserviceable and unsafe?
6. What outcomes would the community and Council like to achieve with respect to asset upgrades? For example, would Council like to see an extension to the sealed road network, or playground network?
7. What assets should the community “manage for decline” – public halls, buildings, bridges, roads?

Strategic Directions:

- | |
|--|
| 1. Continue to review the reasonableness of depreciation expense and renewal modelling; |
| 2. Update <i>Asset Management Plans</i> for major classes of assets on a regular basis; |
| 3. As part of the development of <i>Asset Management Plans</i> , Council will consult with the community to determine how asset service levels can be reached including a combination of improved revenue raising, reviewing existing service levels, asset disposal and composition of the asset portfolio; |
| 4. Allocate priority funding to asset renewal based on assessed condition being critical to maintain an agreed minimum service level; |
| 5. Adopt a program to achieve an annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets; and |
| 6. Investigate the development of an asset retirement strategy. |

7. CAPITAL PROJECTS PLANNING AND DELIVERY

Greater Shepparton is committed to providing an efficient and effective approach to the planning and delivery of capital works on behalf of our citizens. Capital works are divided into three main categories:

1. Renewals – Council has a responsibility to ensure the existing asset base of the community is regularly reviewed and renewed as necessary. A renewal occurs where we replace an asset (or part thereof) with a particular service level with a similar asset offering a similar service level. For example we may reconstruct or reseal a road or replace a public toilet block or shade structure under a renewal program.
2. Upgrades – From time to time, existing assets may be improved or extended to offer a higher level of service than that offered by the existing asset being upgraded. For example we may extend an existing community hall to include an extra meeting room and kitchen or we may seal a road that was previously a gravel road.
3. New – a new asset is created that offers new services to the community. For example a new playground is built on an existing reserve, a new Men’s shed is constructed in a small town or a new shared path and open space area is created as part of a residential estate development.

For 2013/2014, staff have adopted a set of high level investment guidelines to assist staff and Councillors in assessing capital projects for budget purpose. Capital works proposals arising from Asset Management Plans, Council Plans, Community 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.

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.

There are 3 key strategies being undertaken in 2013/2014 to improve capital works planning and delivery:

1. Council adoption of Asset Investment Guidelines
The asset investment guidelines used by staff this year (mentioned above) will be further refined and adopted by Council in 2013/14 and will provide an ongoing objective framework for the assessment of all capital projects.
2. PRINCE2 Project Management Methodology
Project proposals and business cases are the key inputs to our PRINCE2 (Projects IN a Controlled Environment 2) project management process. PRINCE2 is a worldwide best practice approach to the governance, planning, management and delivery of capital projects.
Greater Shepparton adopted the PRINCE2 methodology in 2012/2013 and it will be fully rolled out across all capital projects in 2013/2014. Every staff member involved in sponsoring or managing a project has been trained in the PRINCE2 methodology.
3. Project Management Office (PMO)

Organisational support for the implementation of PRINCE2 is delivered through the Project Management Office (PMO). The PMO was created in 2012/2013 and became fully operational in the latter part of that financial year.

The PMO is 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 2013/2014, Council has deliberately focussed on asset renewals and completing projects that were initiated in previous years. Design and estimation of projects to deliver later in the term of this Council is another key focus.

Strategic Directions:

1. Prepare Asset Investment Guidelines to provide a framework for the assessment of capital projects; and
2. Implement PRINCE2 project management methodology as part of the governance, planning, management and delivery of capital projects.

8. DEFINED BENEFITS SUPERANNUATION LIABILITY

The Council is a member of the Defined Benefit Superannuation Fund which is a legislated fund that compels Local Government to comply with any contribution obligations.

At its meeting in September 2012 the Council was informed of the results of the actuarial investigation in relation to the Local Authority Superannuation Fund (LASF) Defined Benefit Plan and considered possible options to pay its liability.

The Council at its meeting in September 2012 approved early payment of the Defined Benefit Superannuation Liability for the Greater Shepparton City Council being \$5,334,220, from existing cash reserves to take advantage of a discount in the amount of \$297,600.

Further consideration and determination is required of the approach to be taken to fund to replenish the cash reserves used for early payment of the Council's liability.

Background

The local authority superannuation fund (LASF) defined benefit scheme (DBS) is a superannuation scheme introduced to Local Government in 1982. The scheme gives retired members a guaranteed pension based on a percentage of their earnings on the last few years of their employment. The basic fundamental of the scheme is that it needs the markets to perform well to ensure there was enough money in the DBS fund to pay out the entitlements of its retirees. This issue was recognised in 1988 and the State Government put in place a 30 year funding program to ensure that there were sufficient funds in the DBS.

However, in 1993, the State Government closed the DBS to new members and abandoned the 30 year funding program. This left a liability in the fund, which has remained since, despite a number of calls to top up the fund. Changes to both State and Federal Government legislation in 1998 required that liabilities in the DBS would be funded by the employer, being the local authorities.

Past calls to ensure the fund has sufficient funds made on Greater Shepparton City Council are as follows:

Year	Total Call	Council's contribution
1996/97	\$321 million	\$3,386,256
2002/03	\$127 million	\$1,538,311
2009/10	\$17 million	\$1,033,006
2011/12	\$453 million	\$5,631,820

Table 13: Past Defined Benefit Superannuation Calls

Actuarial Review

An actuarial review of the Defined Benefit Fund is to be undertaken every three years. In December 2011 an actuarial review of the fund was carried out, which revealed a large shortfall in the DBS funds of \$406 million. This shortfall is required to be paid, as per the operational rules of the DFS on or before 1 July 2013 and is predicted forward to that date to be \$453 million. The difference from the December 2011 figure and the July 2013 figure is the required growth of the fund, which is 7.5% plus the required federal contributions tax.

Council's share of this shortfall was \$5,631,820, which is made up of \$4,787,047 shortfall contribution plus the \$844,773 contributions tax. The due date for this payment was 1 July 2013. As the fund requires growth of 7.5% (plus contributions tax), paying before the due date would result in a discount proportional to the growth rates and the amount of time before the due date. Preliminary calculations were that Council's liability would be reduced by approximately \$30,000 for every month early that payment is made.

Repayment Plan

Vision Super will provide a payment plan over 15 years to spread the impact for councils. However, it should be noted that the repayment plan will almost certainly incur interest at the growth rate (plus contributions tax) of approximately 8.7% per annum. At present Council receives slightly under 5% for its investments and the latest rates for Council borrowing are approximately 6.4%. Therefore Council considered options for paying the liability other than the Vision Super payment plan.

Noting that an early payment would attract a discount and that the repayment plan offered by Vision Super would be at a higher interest rate, discount confirmation was requested and received from Vision Super. Payment of the liability prior to 30 September 2012 would result in the Council's portion of the liability discounted by \$297,600 to \$5,334,220

This saving however would be reduced by the loss of investment interest which on \$5,334,219, was estimated at \$192,000 for the remainder of the 2012/13 financial year. Therefore early payment in September 2012 from council's cash reserves would provide an overall saving in the order of \$105,000 and as such was recommended to Council.

This payment in itself is not a determination as to how to fund the liability. Funding options to replenish cash reserves require further consideration, discussion and determination as part of the preparation of the Strategic Resource Plan 2013-2017.

Municipal Association of Victoria Actions

The Municipal Association of Victoria (MAV) are lobbying both State and Federal Governments to:

1. Achieve a return of the scheme as an exempt public sector superannuation scheme
2. Provide access to Treasury Corporation of Victoria (TCV) borrowings to reduce the cost to councils
3. Exemption of Commonwealth Government contributions tax and state WorkCover premiums from payments made by councils to fund the shortfall.

However, the outlook for success on any of these is questionable.

In addition the MAV established Defined Benefits Taskforce and which the Council's Chief Executive Officer was appointed as a member. The Taskforce released its final report in December 2012.

Financial Statements

As directed by Local Government Victoria, councils recognised their share of the liability as both an expense and as a liability during the 2011/12 financial year. This is due to the actuarial investigation having been carried out during the 2011/12 financial year. It should also be noted that the repayment of Council's liability was subsequently accounted for as a reduction in the recognised liability and a reduction in cash assets.

Due to the nature of the fund and current legislation Local Government is compelled to make contributions when a call is made. It is only after an actuarial review is undertaken and a shortfall identified that councils are notified of a liability and therefore Council is unable to predict any future liabilities.

Options

Options to replenish Council's cash reserves include:

Option 1 Identify savings

In order to replenish cash reserves, Council may identify savings as part of the development of its annual budget or during quarterly budget reviews. To date \$751,000 has been identified as savings as part of the 2012/13 Mid-Year Budget Review with further savings identified for consideration as part of the March Budget Review. These are forecast savings and will need to be confirmed as part of Council's end of year account preparation.

Option 2 Reduction in services or deferral of capital projects

In order to replenish cash reserves, Council may consider the provision of services and capital projects as part of the development of the Strategic Resource Plan 2013-2017 with a view to reduce or defer individual items.

Option 3 Borrow to replenish cash reserves

As Council can at present borrow at approximately 6.4% interest rate, borrowing would achieve a saving of 2.3% in interest compared to the Defined Benefit Fund. This would amount to approximately \$95,000 in savings per annum. Due to the savings, this option should be considered.

A combination of year to date budget savings and decreased base levels of capital works have been reflected in this long term financial plan to fund the payment of Council's unfunded defined benefits superannuation liability.

Future calls

There may be future calls made against this fund unless the investment returns of the fund improve into the future or the fund is returned to an exempt fund for Local Government.

To minimise the shock of possible future calls an additional amount of \$350,000 will be set aside each year as a restricted asset for the purpose of funding future calls should they eventuate.

The Council will continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.

Strategic Directions:

1. Determine the payment of Council's unfunded defined benefit superannuation liability be funded through a combination of 2012/13 budget savings and a decrease in 2013/14 capital works expenditure as incorporated into the long term financial plan.
2. Minimise the shock of possible future calls by providing an additional amount of \$350,000 be set aside each year as a restricted asset for the purpose of funding future calls should they eventuate; and
3. Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.

9. DEVELOPMENT CONTRIBUTION PLANS

When people develop land for any use, they often contribute to or cause the need for new or upgraded infrastructure. Council therefore is required to plan ahead to make sure that new infrastructure needed by the community is provided when and where it is needed, and funds are available to provide the infrastructure.

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.

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.

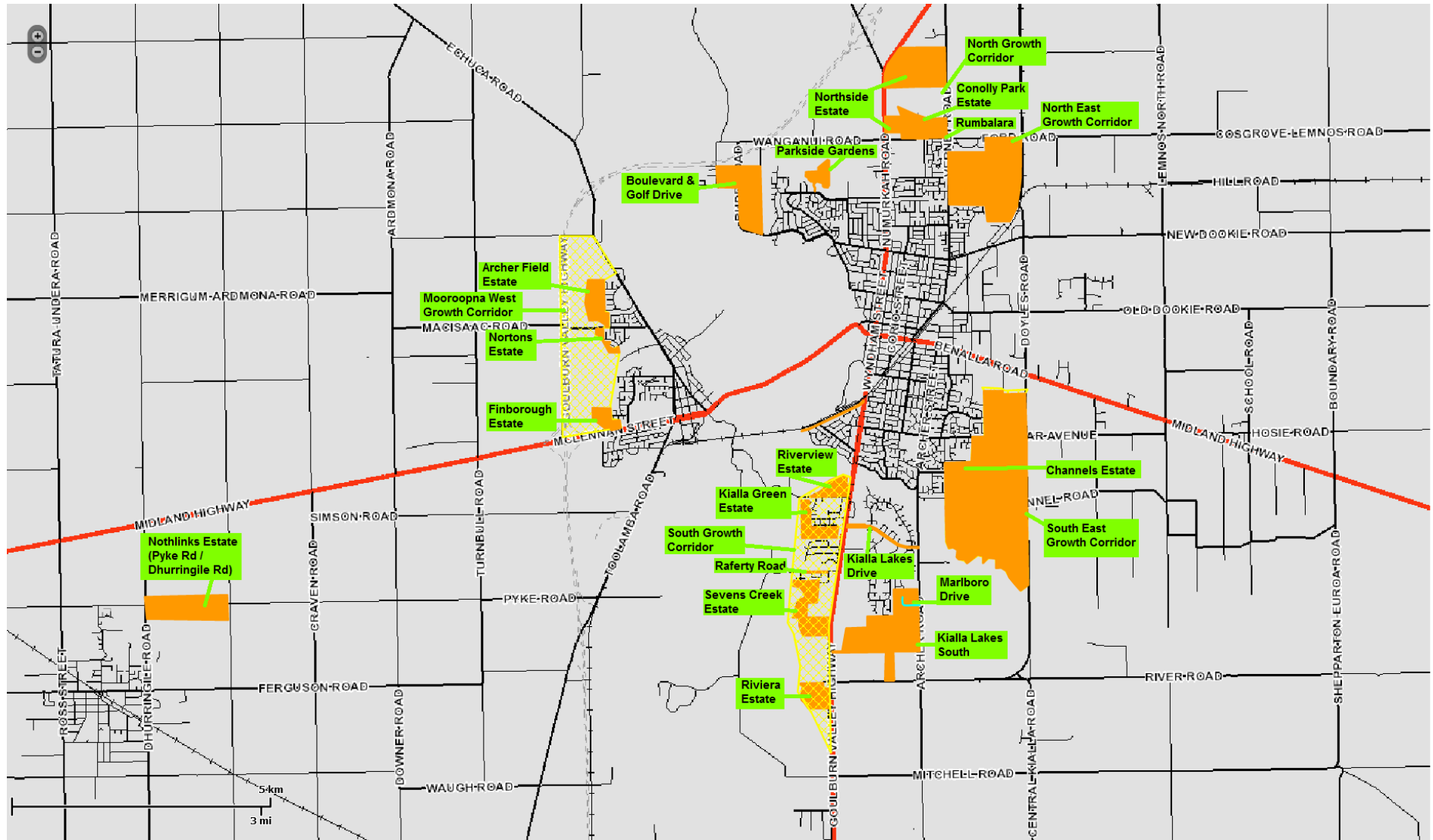
Over recent years the Council has seen an increase in the work done in this area, directly attributable to positive growth in the community.

The Council endeavours to anticipate and budget for capital expenditure on providing 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 commitment to infrastructure, and any unspent funds are routinely reserved by way of carry forward, for the infrastructure in readiness for when it is actually required to be delivered.

The following image is designed to provide a visual of the number of growth developments occurring across our municipality.



To ensure a greater understanding of future commitments relating to developments across the municipality, considerable work is being undertaken to ensure that all future liabilities in this area are understood and built into the 10 year capital works program.

The table below highlights estimated income and expenditure linked to the developments that Council has endorsed as well as an allocation for future developments that may occur.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Endorsed developments</i>										
Expenditure	4,711	1,730	2,803	1,403	1,511	1,298	240	401	21	20
Income	(1,240)	(1,401)	(1,125)	(1,032)	(1,165)	(926)	(730)	(553)	(286)	(250)
sub total	3,471	329	1,678	371	346	372	(490)	(152)	(265)	(230)
<i>Estimated future developments</i>										
Expenditure	0	0	0	0	0	0	1,150	1,050	1,450	1,500
Income	0	0	0	0	0	0	(300)	(500)	(800)	(800)
Sub total	0	0	0	0	0	0	850	550	650	700
Net cost to Council	3,471	329	1,678	371	346	372	360	398	385	470

Table 14: Developer Contribution levels

As can be seen, the table above shows a relatively steady commitment to developer contributions and in some respects is at the hands of developers, with the income reliant on stage development which then drives Council's expenditure. Within these estimates there are two years in which higher expenditure than the average is reflected. In the 2013/14 year the increase in works relates to the Mooroopna West Growth Corridor which incorporates Building Better Regional Cities project works. In 2015/16 the increase in costs is associated with continued works on the Mooroopna Growth Corridor as well as the Shepparton North Growth Corridor.

As well as using the projected income for modelling purposes, Council is focusing on capturing expenditures in the further development of its 10 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. Council is currently reviewing the option of maintaining a Developer Contribution Fund as a restricted asset and will continue to progress this work during the 2013/14 year to further understanding if there is a need for this fund to be maintained.

Strategic Directions:

1. Continue to monitor Developer Contribution Plans to ensure Council's commitments are known and budgeted for; and
2. Determine during the 2013/14 financial year if there is a need to provide for future capital contributions as part of a restricted asset based on known obligations.

10. WASTE MANAGEMENT STRATEGY

The Council adopted its current waste management strategy on the 27 September 2005. With the existing kerbside collection contracts due for renewal in mid-2014 the opportunity exists to review current service standards before the new contracts are awarded. The updated strategy will also confirm the Council's strategic waste management goals and how it intends to achieve them.

Currently the following services are included in the current waste management strategy:

1. Kerbside waste collection
2. Kerbside recyclables collection
3. Kerbside organics collection
4. Hard waste collection
5. DrumMuster
6. Household chemical collection
7. Litter bins

The following facilities are included in the current waste management strategy:

1. Shepparton transfer station
2. Ardmona transfer station
3. Murchison transfer station
4. Cosgrove landfill

An options paper will be presented to Council to establish the basis for the draft strategy. This draft will be taken to the community for detailed consultation during May and June, with the strategy being planned for adoption in August 2013. Communication with the community on the outcomes of this strategy will occur from August onwards, throughout any implementation period required for any potential changes to waste services. The completion of the waste management strategy will provide the future direction of Council's waste management services.

The new contracts for kerbside waste collection will be delivered in line with the adopted waste management strategy and will take effect as of June 2014.

Waste Service Charges

Kerbside waste collection services are provided in urban areas and rural areas abutting the sealed road network. The charge for a waste/recyclables service is compulsory for all residential properties in urban areas (whether or not the service is used) and optional in rural areas.

Council is empowered under Section 162(1) (b) of the *Local Government Act (1989)* to levy a service charge for the collection and disposal of refuse.

The purpose of this charge is to meet the costs of waste disposal and recycling activities throughout the Greater Shepparton area, including development and rehabilitation of Landfill sites and the operating costs of Tips and Transfer Stations.

Council has typically used this option through the raising of garbage and recycling charges on the annual rate assessment.

Council's Waste Services include:

- Weekly kerbside waste collection service;
- Fortnightly kerbside recycling and green organics collection service;
- Public recycling and waste disposal facilities at Ardmona, Shepparton and Murchison transfer stations;
- Commercial disposal facility at Cosgrove Landfill;
- Street litter and public place recycling bins; and
- Forward planning and for capital budget requirements.

The waste service charges account for the various costs associated with the provision of waste management services; including a recycling service, waste disposal and management, development, rehabilitation and operation of the Council's landfills in accordance with Environment Protection Authority License, waste minimization promotion and education, management and administration of the waste, recycling and green organic collection contracts and the provision of a weekly kerbside waste collection service and fortnightly recyclables and organic waste collection services.

The Council provides residents with a range of bin sizes to encourage waste minimisation and the service charges reflect these options.

The Council incurs the State Government's imposed EPA levy associated with the disposal of waste into landfill. Unfortunately the Council will need to pass these costs onto residents.

Service Charges	2012-2013 Charge	2012-2013 Revenue
240L Waste/Recyclables Service	\$334	\$2,735,460
120L Waste/Recyclables Service	\$202	\$1,482,276
80L Waste/Recyclables Service	\$152	\$1,597,976
120L or 240L Recyclables Only Service	\$71	\$1,109,801
120L or 240L Green Organic Waste Service	\$71	\$13,987
TOTAL		\$6,939,500

Table 15: Current Waste Service Charge levels.

Council waste services operate on a user pays principle via an accumulating fund distinct from rate revenue in order to implement a long term waste plan. The waste fund has been operating since 1997.

All income and expenditure relating to waste services goes in and out of this waste fund (including capital and operating expenditure). The benefits of maintaining this fund have been significant for Council waste services with Council meeting best current practice with next to no debt. Council implemented the first municipal in-vessel composting plant in Victoria for household green waste several years ahead of Melbourne based councils.

Strategic Directions:

1. Incorporate any increase in waste management charges into the overall rates and charges increase; and
2. Adopt the Greater Shepparton City Council Waste Management Strategy following community consultation.

11. LONG TERM BORROWINGS

Introduction

The following factors are important to consider when developing a long term borrowing strategy:

- When should loan funding be used?
- What level of debt servicing as a proportion of rate revenue is appropriate?
- Does the council have the ability to raise revenue in addition to rates if required?

This section includes:

- When is it appropriate to borrow?;
- Prudent debt level;
- Borrowing assessment; and
- Council's projected debt portfolio;

When is it appropriate to borrow?

If the Council was to borrow, what types of projects should these funds be put toward?

Debt is generally used to fund capital expansion projects on new projects when the asset life is greater than one generation (i.e. often described as intergenerational equity).

Borrowings when undertaken prudently are an appropriate means for local government to finance long lived infrastructure assets as the cost of servicing of debt through rates or user charges enables the cost of the asset to be matched with the benefits from consumption of the services over the life of the asset, thereby promoting intergenerational equity.

Intergenerational equity is based on the premise that successive generations and new residents should contribute to infrastructure or facilities that they will enjoy and benefit from. Generally these include major facilities where the benefit of the investment will extend beyond the current ratepayers.

What is a Prudent Level of Debt?

Each Council is different and the level of debt that is appropriate for one Council may not be acceptable to another Council.

The Council needs to determine what a prudent level of debt is given that it is a growing regional city that services a community greater than its population and rate base.

There are limits on borrowings due to the costs of interest payments. If the council was to borrow too heavily it would result in an inability to invest in capital works due to funds being consumed in debt repayment. Therefore a balance is important.

If the Council was to borrow, on what terms should these borrowings be structured?

What should the debt servicing and redemption costs be for Council, if any? This ratio is an important ratio as it provides the best indicator of the affordability of debt for a community and Council.

The following graph introduces a financial ratio namely debt commitment costs as a percentage of rates. Debt commitment costs include principal and interest repayments in a year. The ratio details how much of the Council’s rate dollar is being spent to repay debt and interest as an overall parentage of the Council’s rate revenue.

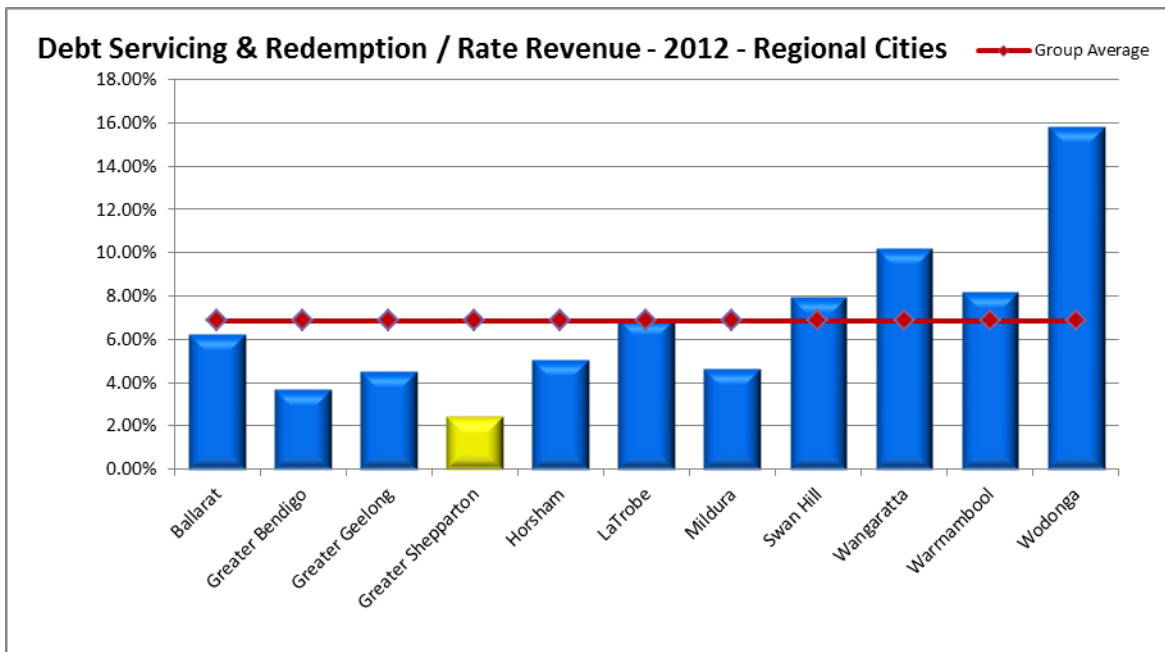


Chart 27: Debt Servicing and Redemption compared with rate revenue for Regional Cities (2012)

Council’s relative principle and interest debt repayments are the lowest of all regional city councils.

Council's debt commitments per assessment are the lowest of all regional city councils.

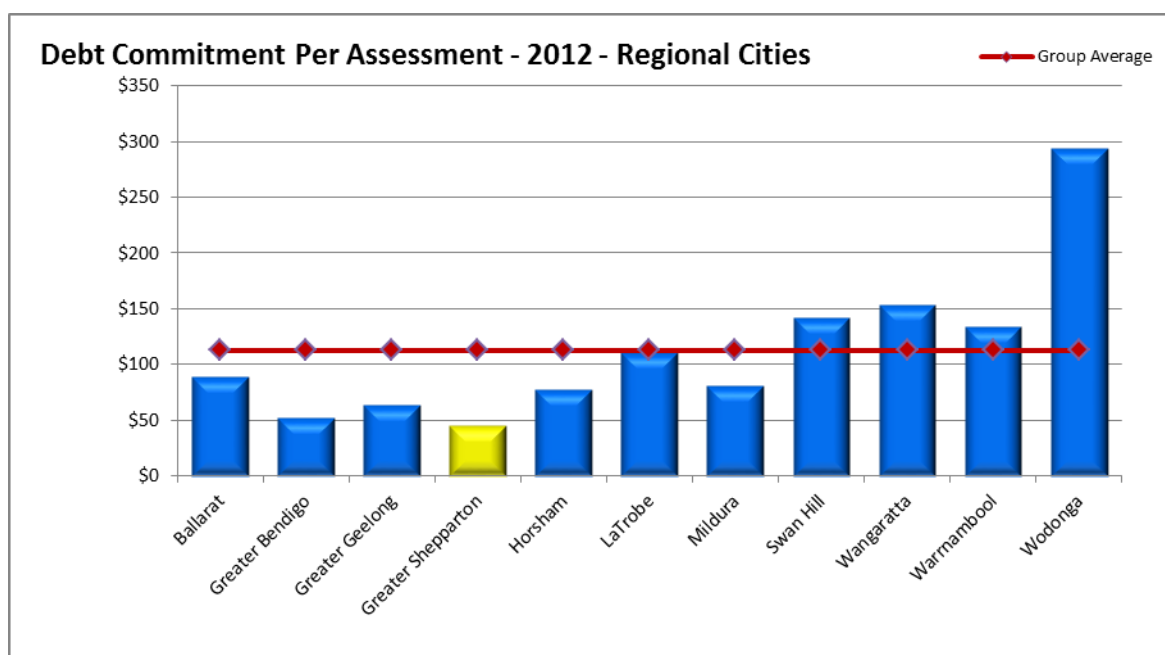


Chart 28: Debt Commitment Per Assessment for Regional Cities (2012)

Borrowing Assessment

The capacity of each Council to borrow is assessed by the State Government against its Prudential Guidelines which involves:

- The collation of the sector's borrowing requirements through an annual survey;
- The assessment of each Council's capacity to borrowing; and
- Recommendation to the Department of Treasury and Finance (DTF) of the aggregate net new borrowing required by Local Government.

Detailed below is Council's existing and projected debt level.

Purpose	Start Date	Term Years	Fixed Interest Rate	Initial Amount \$'000s	Position 30 Jun 12 \$'000s	2011/12 Interest \$'000s	Position 30 Jun 17 \$'000s	2016/17 Interest \$'000s
Victoria Park Lake	Jun-10	20	8.0%	3,990	3,820	312	3,257	268
Capital Works 2010/11 - Pt1*	Jan-11	20	8.0%	5,000	4,878	394	4,108	338
Capital Works 2010/11 - Pt2*	Jun-11	20	8.1%	4,000	3,916	323	3,351	279
GV Link	Jun-12	10	6.2%	3,000	3,000	-	2,603	164
15,990					15,614	1,029	13,319	1,049

Table 16: Council's existing Interest Bearing Liabilities

*The loan funding was utilised to fund various capital projects included in the Council's 2010/11 Budget.

What do the Financial Indicators Mean?

The graphs below detail the previously mentioned financial indicators and present the Council’s position graphically. The threshold detailed against each indicator is the minimum level council should meet as assessed by the State Government.

Liquidity

How measured Current assets over current liabilities

Threshold 110 per cent or higher

Description This indicator reflects the short-term liquidity position, being Council’s ability to repay current commitments from cash or near cash assets within 12 months.

Councils with a ratio of 110 per cent and below or with a deteriorating trend may be financially at risk of not being able to pay creditors’ when they fall due.

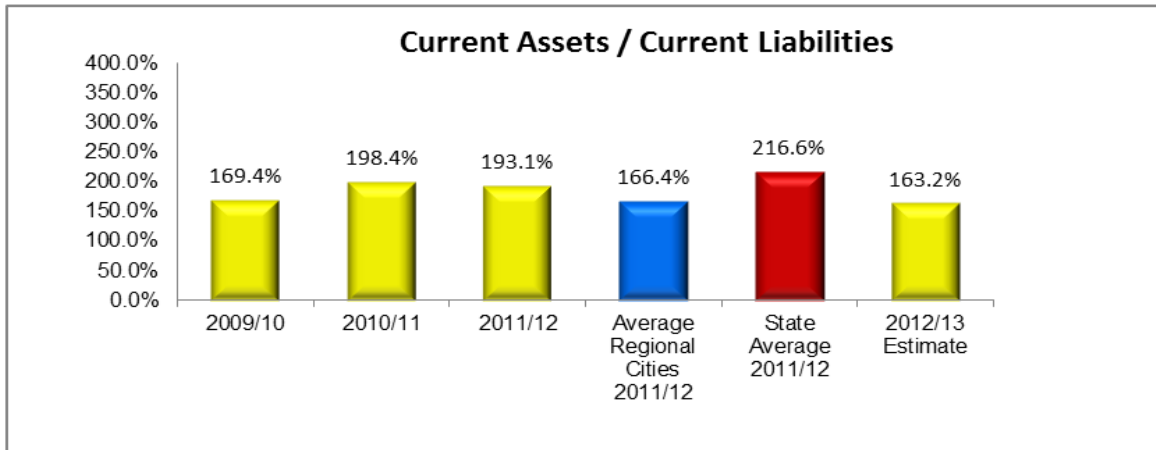


Chart 29: Current Assets / Current Liabilites

Council’s working capital ratio as at June 30, 2012 was 193 percent, which is well in excess of the 110 percent threshold, which would be the minimum acceptable level.

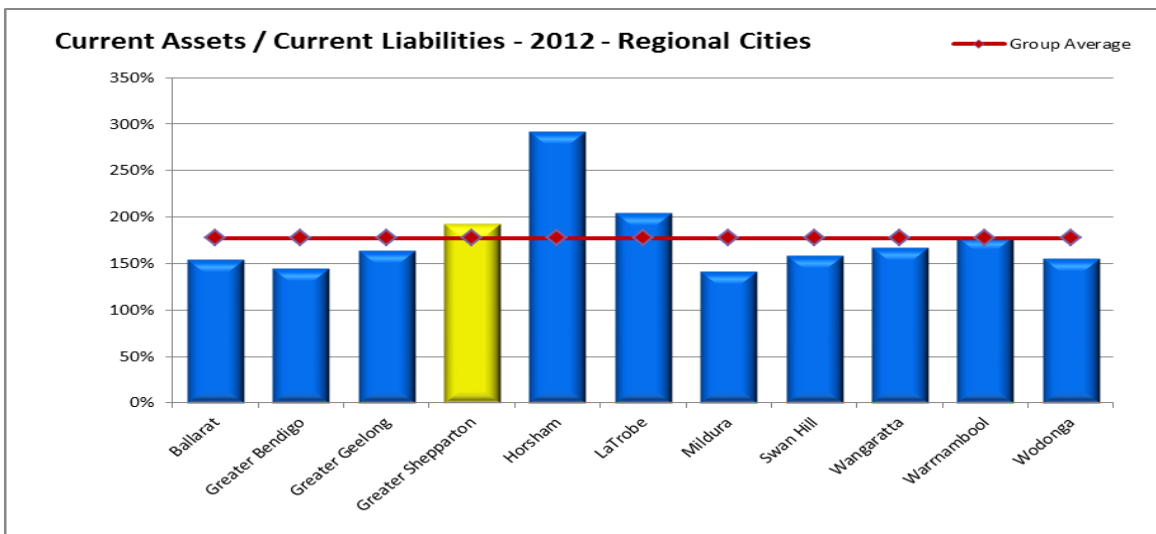


Chart 30: Current Assets / Current Liabilities for Regional Cities

Council’s liquidity was higher than average at 30 June 2012 due to restricted assets held including grants received in advance.

Debt Exposure

How measured Total liabilities over total realisable assets

Threshold 50 per cent or below

Description This indicator reflects the ability to acquit liabilities with the proceeds from the disposal of its realisable assets. Total liabilities should be less than 50 per cent of realisable assets.

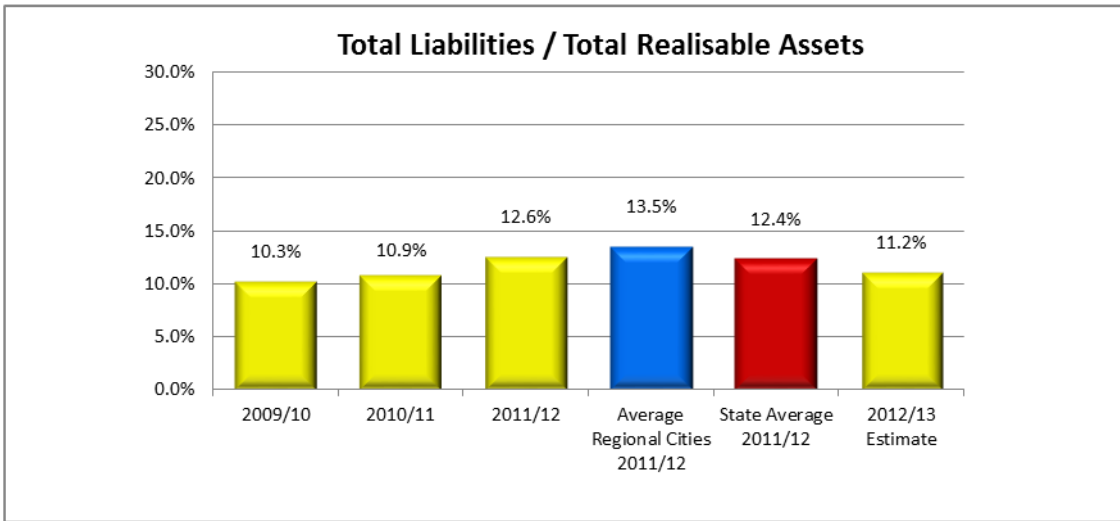


Chart 31: Total Liabilities / Total Realisable Assets

Council’s exposure of 13 percent as at June 30, 2012 is similar to the state and regional city’s average and below the 50 percent threshold.

Debt Management

How measured Total debt as a percentage of rate revenue

Threshold **80 per cent** or below

Description The Local Government Act 1989 requires that all loans are secured against the revenue stream from rates. A council with total debt in excess of the revenue from rates would be unable to meet all debt commitments from rate revenue should they be required to be paid at one time. A threshold of **80 per cent** has been set.

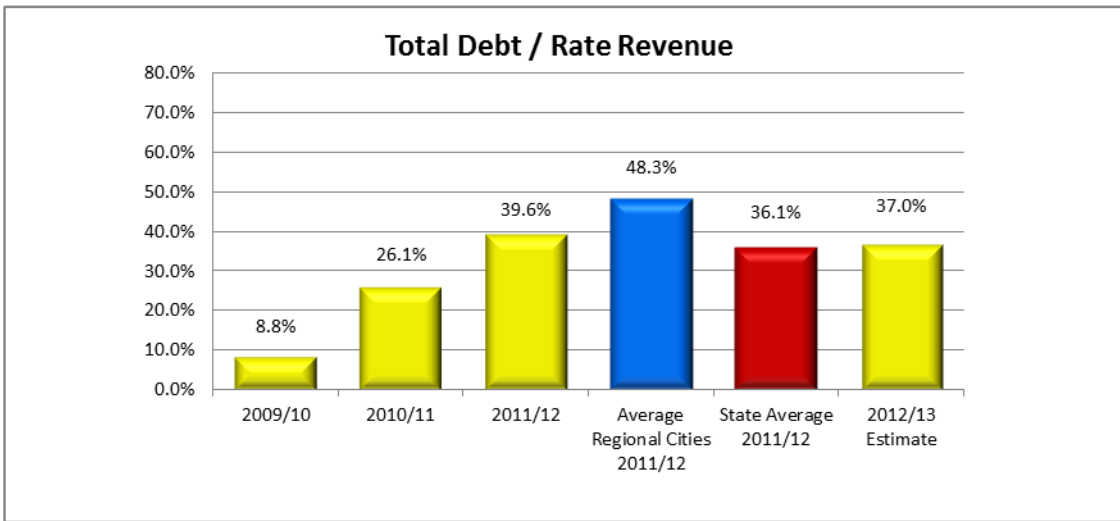


Chart 32: Total Debt / Rate Revenue

Council’s debt as a percentage of rate revenue as at June 30, 2012 was 40 percent, which is well below the 80 percent threshold and the regional city’s average but above the state average.

Debt Servicing

How measured Debt servicing costs as a percentage of adjusted total revenue

Threshold 5 per cent or below

Description This indicator reflects the proportion of total revenue that is used to service debt (interest on outstanding debt and any loan administration charges) and which cannot be used directly for service delivery. A threshold of 5 percent has been set.

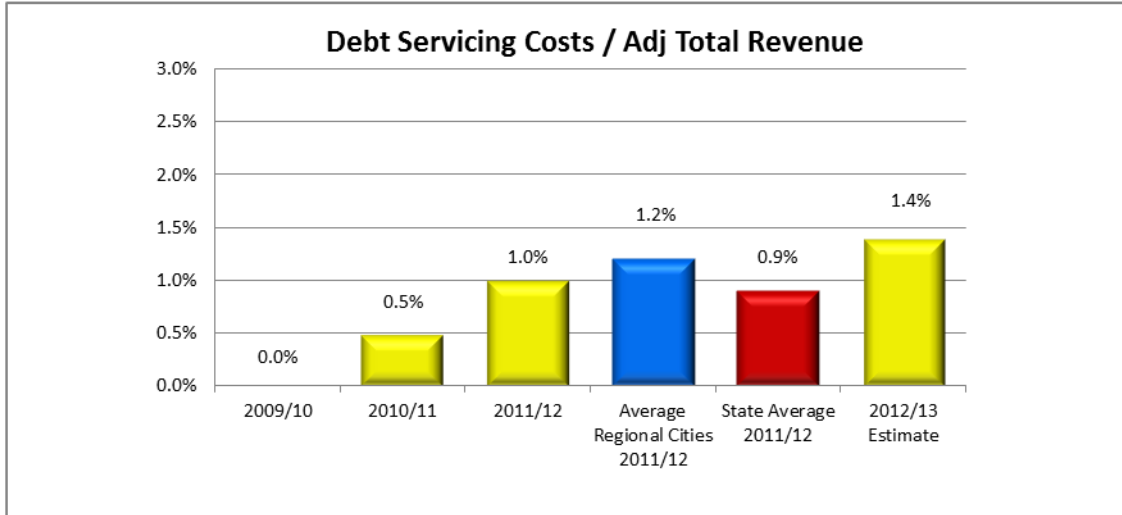


Chart 33: Debt Servicing / Adj Total Revenue

The Council’s ratio was 1 percent at 30 June 2012, which is below regional city’s average and the 5 percent benchmark but higher than the state average.

Strategic Directions:
1. Examine the use of loan funding to fund new or significantly upgraded major assets that provide broad community benefit and intergenerational equity;
2. Maintain a level of borrowings, debt servicing and redemption costs for a loan portfolio, well within State Government prudential guidelines; and
3. Consider the long term financial implications prior to committing to any future borrowings and before determining the funding mechanism to meet annual debt servicing and redemption requirements.

12. RESTRICTED ASSETS

Introduction

Council budgets for outlays and revenues in the financial year where the expenditure will be incurred or the revenue received. The traditional transfer to and from reserves is generally no longer undertaken as it is contrary to the requirements of the accounting standards and regulated standard reporting that now applies under the *Local Government (Financial and Reporting) Regulations 2004*.

Victorian councils have traditionally operated with reserve funds that are allocated for specific purposes. These funds do not have bank accounts of their own but were a theoretical split-up of Council's equity. Discretionary reserves are used only as an indicator of funds retained for specific purposes and represent what those functions have earned.

Nature and Purpose of Restricted Assets

Restricted assets include unexpended grants, developer contributions for future capital works, deposits held and notional 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 previous Section *Development Contribution Plans*.

Funds held for future developments across the municipality initially comprised \$8 million, including \$6.3 million for Mooroopna West and \$1.7 million for Vaughan Street, however \$5 million have been temporarily used to pay for the defined benefit superannuation liability and is to be replenished.

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 currently held equal \$2.7 million.

Long service leave

Previously Councils were also required to fund for the purpose of long service leave liabilities. 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 are now treated the same as annual leave liabilities and is not considered a restricted asset.

Satutory 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

Notional Restricted Assets

Notional reserves include carried forward Council funded capital projects that were not expended in the year that they were budgeted to be expended. Notional reserves also include net income relating specific business areas of Council's operations which include:

- Urban Development Strategy (Parking)
- Saleyards Strategy
- Waste Management Strategy
- Shepparton Art Museum
- Defined Benefits Future Fund

Restricted Assets Balances

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

The following projections have been based on what is known now, however further effort is required to combine this work with the 10 year program to better reflect the level of restricted assets into the future taking into account working capital needs.

Restricted Assets	Actual 30 June 2012 \$000's	Forecast 30 June 2013 \$000's	Projected 30 June 2014 \$000's	Projected 30 June 2015 \$000's	Projected 30 June 2016 \$000's	Projected 30 June 2017 \$000's
Developer Contributions	8,025	5,064	1,000	1,000	1,000	1,000
Unexpended Grants	8,763	3,345	0	0	0	0
Statutory Reserves						
- Civil Works Development	570	600	600	600	600	600
- Parking cash in lieu	749	800	800	800	800	800
- Recreational land fund	0	188	200	200	200	200
Notional restricted assets						
- Carried forward capital projects	2,807	752	0	0	0	0
- Urban Development Strategy (Parking)	118	503	500	500	500	500
- Saleyards Strategy	520	520	500	500	500	500
- Waste Management Strategy	6,067	7,189	8,000	9,000	3,000	4,000
- Shepparton Art Museum	538	538	600	600	600	600
- Defined Benefits	0	350	700	1,050	1,400	1,750
- Strategic Land Fund	1,215	715	500	500	500	500
Total	29,372	20,564	13,400	14,750	9,100	10,450

Table 17: Projected Restricted Assets

Strategic Directions:

1. Maintain notional restricted assets to ensure that the expenditure relating to these restricted balances does not impact upon the Council's capacity to pay commitments when they fall due; and
2. Maintain sufficient underlying working capital after deducting restricted assets, to enable restricted assets to be expended without impacting upon available working capital to meet day to day needs.

13. INFORMATION COMMUNICATIONS TECHNOLOGY (ICT)

Introduction

Council undertook a review of its Information and Communications Technology (ICT) Strategy during the 2012/13 financial year as part of a review of ICT operations. A recent organisational review also highlighted some areas of concern within the Information and Communications Technology area including:

- The need to examine the number of unresolved and not implemented systems and processes within the organisation.
- Audit of software applications and support arrangements.
- Introduce a project implementation process for all software implementation.

The review identified that Council's current core business systems have not been effectively developed or maintained. Improvements to the level of service and continual development of Council's core business systems will enable improved citizen services.

Information Communications Technology Strategy 2013-2018

The Strategy has a strong focus on how the Information Services Department could be more intimately involved in the effective use, management and support of core business systems across the organisation.

The user community, being Council staff, should be equipped with the skills, abilities and knowledge of ICT services required to support core business. Collaborative services will be developed which are in keeping with what the user community of today and tomorrow expects and demands. Portal and online services will be designed to make information available to the user community in immediate and convenient ways. Council staff should be provided with appropriate enabling technologies and services to deliver innovative and quality services. Staff must be supported by a suitable level of services and technologies that enhance and promote our Council organisation as a centre of excellence within the local government industry.

Constraints

The previous overall approach to ICT systems governance within the organisation was inadequate. Key issues identified during the development of this strategy are:

- no effective ICT Steering Committee in place that oversees the activities of the ICT Strategy;
- Ownership and management of key corporate wide applications is not formalised;
- No technical standards exist that dictate the technical requirements of business systems.

The lack of focus by the business on its core business system requirements has led to a significant number of issues across the core business systems suite. Leading to the need for separate systems, standalone or partially integrated systems, insufficient licensing to support the Council's user needs and a lack of specialised support for core business systems.

Goals and Objectives

Through the consultation process it was discovered that there are a number of areas that Council is underperforming in and working inefficiently in order to work around problem areas. The ICT Strategy tackles these problem areas and aims to resolve them, through a variety of initiatives to improve Council's core business systems and overall governance of information and communications technologies concluding in an effective, thorough, reliable and consistent citizen service. An outcome that fits with the overall aim of "Good to Great".

The adopted strategy has identified a total of 53 initiatives that should ideally be undertaken in the next 5 year strategy period to effectively address ICT issues across the organisation. Initiatives have been identified in the areas of:

- ICT Governance
- Core Business Systems Development
- Specific Unit Systems Development
- Electronic Service Deliver
- ICT Management and Development
- ICT Infrastructure
- Telecommunications
- Mobility
- Organisational Activities

Initiatives that fall under the heading of core business systems development include:

- Review and possible upgrade/replacement of the financial system.
- Selection and implementation of image management (digital asset management) system.
- Review of the customer service system and extension of use including integration.
- Review and confirmation of asset management systems approach.
- Continued development of the human resources system.
- Continued development of Pathway usage and function.
- Continued development of the geographical information system platform and function.
- Addressing information management system reliability and speed issues.
- Implementation of an integrated performance management system incorporating corporate planning, business planning, service planning and risk management.
- Gradual development of a central name and address register, with the likely move towards establishment of a complete customer relationship management system.

During the development of the Strategy, estimates were obtained or determined for the initiatives, with spends broken into the 5 years of the strategy as well as some spend within the 2012/13 financial year. For each initiative, an estimate of the external costs of implementing the initiative has been identified.

The most significant change to the proposed capital projects is the recommended spend regarding core business systems development. The core business systems have been highlighted throughout the organisational review, ICT Strategy workshops and survey feedback as requiring urgent attention, generally due to poor implementation.

Strategic Directions:

1. Apply a project management approach to oversee the implementation of ICT Strategy initiatives; and
2. Consider the ICT Strategy 2013-2018 initiatives during the development of Council's annual budget.

14. 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:

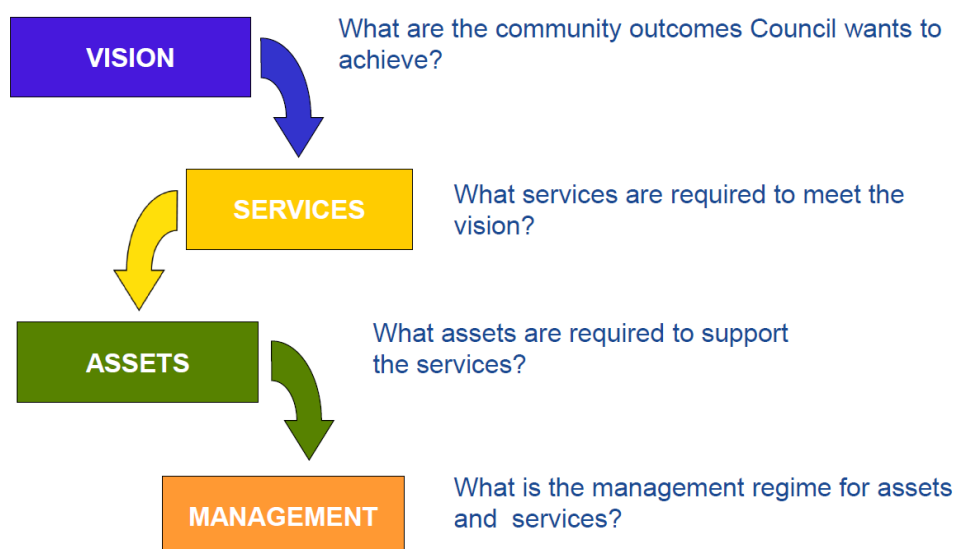


Figure 18: Overall Strategic Service Planning Framework

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 with it commencing in the 2013/14 financial year.

Strategic Direction:

1. Develop a service planning process and commence implementation of service planning in 2013/14.

15. WORKFORCE PLANNING

Organisation Review

During 2012 an organisational review of processes, systems, human and physical resources take place within the Council administration.

External Consultants were appointed to undertake an Organisational Scan with the purpose of identifying where the organisation could improve its performance and long term sustainability through:

- Increased ownership and alignment to the Council Plan
- Increased operating efficiency in service delivery
- Informing the proposed served play that will be undertaken
- Enable deployment and ownership of the human and physical assets of the Organisation.

This was enabled via the following actions:

- Consultation between staff and consultants in one on one meetings.
- Consultants meeting with cross functional teams and operational teams in a workshop environment.
- Councillor workshop and one on-one interview with the consultants

A total of 220 staff one on one interviews took place. A further 100 employees were involved in the workshops. There was a consistency of issues raised by both Councillors and staff.

An issues paper was prepared (a confronting document that showed what the Councillors and employees had identified as the organisation's issues and concerns) which provided a series of recommendations to alleviate these matters. The issues paper was released to Councillors and employees on 15 May 2012 with the Councillors and staff having the opportunity to comment on the issues paper. A total of 69 submissions were received.

New Organisational Structure

The issues paper provided the basis for the development of a functional organisational structure, and from here two separate actions were undertaken:

- A new Organisation structure was developed;
- A final report together with a transitional plan was developed

A draft functional structure was released on the 4 June 2012, followed by meetings between the CEO and Directors/Managers to discuss what the implications of the functional structure were. Submissions were also called for from employees on the draft functional structure, 100 submissions were received.

On the 14 June 2012 the new organisational structure was released to all employees. A transition management process was put in place to assist the organisation transition to the new structure.

Transitional Management Plan

A transitional management plan was adopted with 117 transitional tasks to be undertaken from June 2012 over the next two year period. Each task identified required the preparation of a transition management project plan. As at March 2013, 88% of these project plans had been developed and 34% of all projects have been completed and finalised. Each task requires a Transitional Plan with all Plans to be completed by the 31 December 2012.

Council receives quarterly report from the CEO in which he provides an update for Councillors in the progress towards implementation of the transitional management plan actions.

A considerable amount of work is being undertaken to review all current position descriptions, review functional responsibilities, review and establish new financial charts, review and establish new Information Services file structure.

A review of the location of all functional Departments throughout the organisation has been completed and implementation has commenced with staff movement in order to bring all staff within individual Departments together for greater operational efficiency.

Appointments to Senior Positions

Since the restructure announcement on 14 June 2012, there have been a number of Senior Positions advertised over 4 phases of recruitment, which have been completed in January 2013. All senior vacancies resulting from this restructure have been advertised, filled or appointments confirmed. As the organisation moves forward there continues to be opportunities to review existing structures, continue alignment with service outcomes and overall challenge the organisation to find efficiencies where possible.

Council used external recruitment agencies to conduct the first two stages of recruitment, however for Phases 3 and 4 were able to use internal capacity to fill the roles. This has been successful as a cost saving mechanism and also in the outcomes in placing skilled and experienced staff into our workforce.

Human Resources

Legislation requires a Council 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 Council 2011 Enterprise Agreement was certified by Fair Work Australia 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.

Employer of Choice

The term "Employer of Choice (EOC)" has typically been associated with recruitment and strategies to attract and retain staff. Many other singular visions for employer of choice include organisation reputation, family friendly work policies, employment awards and conditions and social and community practice.

EOC can be viewed from many perspectives, including from a staff, an employers', the industry's and the public's perspective. Internally the employer's perspective, (i.e. strategies safeguarding effective operations for a business), and the employee's perspective, (i.e. strategies securing employees commitment to the business), can substantially influence the success of the Council. Employer of choice is the internal policies which ensure employers are corporately responsible for their operations and the resulting effects on all stakeholders, including citizens, government and their primary asset - employees.

Work life balance is an increasingly important phenomenon in modern-day times. Having an employer who is supportive, committed and flexible creates an opportunity to adjust work arrangements to meet individual circumstances. This results in many benefits for the employee while creating significant wins for Council: improved productivity, engagement and retention, and the ability to attract engaged staff.

At Greater Shepparton City Council we seek to move to greater transparency; operational efficiency and service delivery, and to use our physical assets and human capital effectively. Through our workforce planning we aim to achieve employer of choice status as our new organisation structure continually evolves and improves.

Employee Costs

As can be identified below, benchmarking figures show Greater Shepparton City Council tracking along the group average for employee costs as a percentage of total expenses and even through the organisational restructures, we are similar to our regional counterparts.

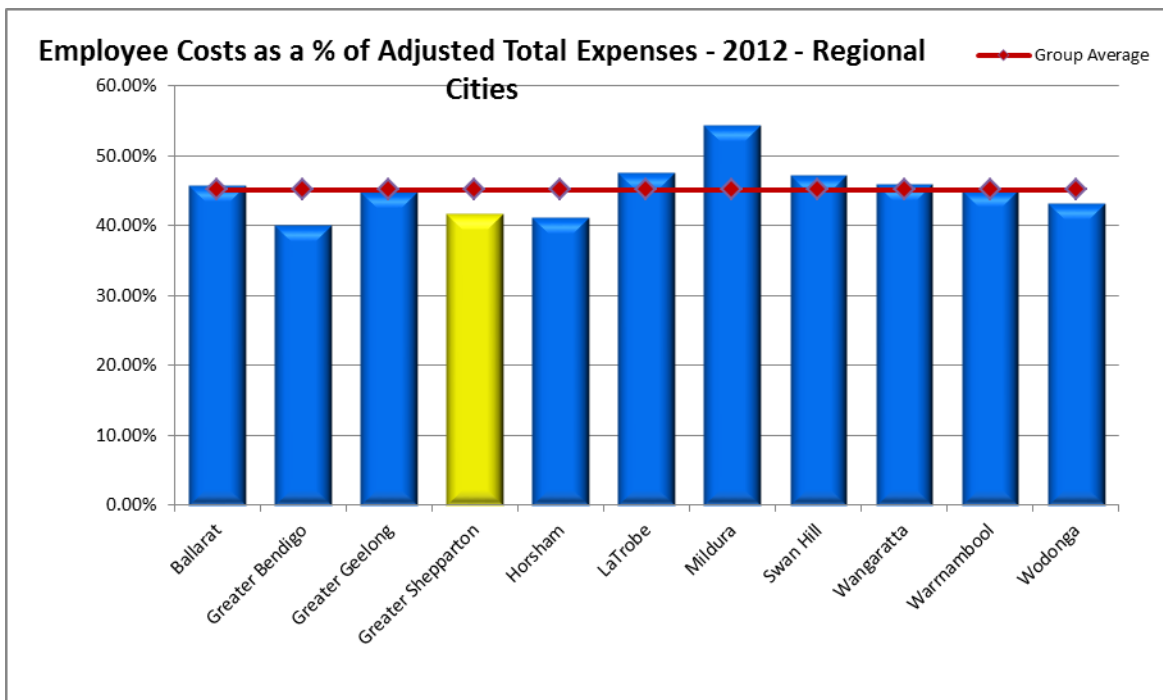


Chart 34: Employee costs as a percentage of adjusted total expenses for Regional Cities (2012)

Casual Conversions

Due to an audit of Casuals and a requirement of the Local Authorities Award, Casuals who work for Council for longer than 6 months on a consistent basis, have the right to ask for a permanent role. The audit and subsequent review of these positions has been completed and Casual employees continue to be monitored to ensure consistency in our recruitment practices.

Constant review of aligning the organisation functionally will be conducting on a regular basis using a Job Analysis/Business Case template. Managers of Departments will be required to conduct a Job Analysis and prepare a Business Case for every role where there is an exit or termination and also to request a new position into the structure, including roles which are funded. This will allow for a review functionally for the position and take into account budget implications for Council.

In regard to the calculation of casual EFT's, previously Council has allocated an EFT of 1 hour per week for the purposes of calculating EFT. Examination of this has indicated that the methodology of calculation does not truly reflect the EFT within the organisation. This has been corrected for the 2013/14 calculation with an average of 7 hours per week now used to reflect EFT for casual employees.

Employee Numbers

Greater Shepparton City Council has previously reported staff numbers in the Annual Report as the numbers of employees employed by Council at the end of the financial year. This generally has provided for an under reporting of the actual positions within the organisation as there is generally a 3 to 5% vacancy rate at any one time. In Last year's annual report and budget documents this methodology was used. We have determined that a more accurate position is to report the numbers of employees within the organisational structure which includes those positions currently vacant. The number of staff is equal to 828.

There has been an increase in the number of staff as a result of the organisational scan and the examination of numbers of employees previously hired from external agencies.

Cultural Change

Council are moving and enabling change to move us operationally from being reactive to proactive and we have been in this strategic focus of change for the past 14 months. Overall we are looking at our cultural change in three phases:

Phase 1 – **Re-invigorate Council** - Organisational Scan, Restructure and encourage and employee employees to 're-think' to continually ask questions and to embrace new ideas, innovation and to assess our work again our values; Leadership, Integrity, Teamwork, Respect and Innovation.

Phase 2 – **Stabilisation** –Over the next 12 months to 3 years, we will continue to engage, encourage and promote risk takers and manage talent all to ensure we move the organisation from 'Good to Great'.

Phase 3 – **Growth** – Adapt our recruitment framework and continue to recruit the right staff, review negative turnover and work with a positive Workforce Plan for our future.

A strategic and tactical focus to become an organisation whose culture is in fact a shift in mindset of all staff, a journey which will take place after the re-structure, seating changes, transition plans, process changes, which continue to demand not only time but need to be well managed going forward.

Staff will see their role as vital to the organisation overall, to ensure that the celebrate successes along the way and communicate success stories as a real change to employee views and culture is achieved. An organisation which can raise issues and have be part of the solution to solve these issues.

An organisation which is accountable for their actions, including an accountability framework which staff have ownership over and which they are proud of, knowledge that we are all accountable for our actions.

Learning Organisation

Our organisational culture is defined as shared values, norms and expectations that govern the way people approach their work and interact with each other. The distinguishing feature of a leading council is its culture; its norms and expectations that encourage performance orientated behaviour. Building the Council's internal organisational capacity and its capacity to work in a team environment are major components of this. Council has embarked on a successful learning and development strategy which, in addition to meeting training obligations required by regulation, strives to build on and reinforce this performance oriented culture.

Greater Shepparton City Council is a learning organisation which is committed to providing ongoing learning and development opportunities for all employees. Council wishes to enable its employees to achieve multi skilling, increase flexibility, and enhance productivity, performance, personal development and career development opportunities.

The Council will continue to provide learning and development opportunities to:

1. achieve corporate objectives, initiatives and priorities, as set out in the Council Plan;
2. enable continuous improvement;
3. implement and improve quality management systems;
4. enable effective job and work redesign;
5. improve career opportunities for, and job satisfaction of employees; and
6. Provide specific skills to ensure the effective and efficient operation of the organisation.

One of the purposes of learning and development programs is to ensure that employees acquire and utilise the specialist skills and knowledge, managerial and interpersonal skills to perform the duties of their current position and to prepare them for the future requirements of Council in meeting the needs of the community.

The Victorian Local Authorities Interim Award also provides that Councils shall set up a Staff Development and Annual Review process. This is to be directed towards benefiting both the Council and its employees. This comprehensive process is to cover areas of training, development, performance planning and annual review.

The Annual Review process provides employees and their manager with the opportunity to discuss and assess their performance, skill development and training program for the preceding twelve month period and to plan for the coming twelve months.

This process should be complimented by ongoing monitoring of performance, skill development and progressive achievement of objectives. Formal reassessment of an individual's situation in between the annual reviews should be conducted if the circumstances warrant.

Why does Council have a Learning and Development Strategy?

The Council is a diverse, multi-dimensional organisation which requires a Strategy that acknowledges the complexity of this service delivery to our community, while at the same time being strategic in supporting its staff to achieve the goals and objectives of their roles. The adoption of a Learning and Development Strategy by GSCC demonstrates the value placed on developing the capabilities of staff, individual and team fulfilment and their contribution to Council.

The Council's Learning and Development Strategy aims to support the creation of a learning organisation by:

1. Linking learning and development within Council to maximise organisational outcomes that learning and development activities are relevant, effective and support Council in achieving objectives as outlined in the Council plan.
2. Supporting and encouraging staff to undertake learning and development which assists them with their current employment and prepares them for future professional opportunities.
3. Improving staff career satisfaction, thereby promoting potential for greater engagement, commitment, loyalty, attraction and retention of staff.
4. Embracing effective working relationships between Managers and their staff by fostering collaborative and team-based approaches to identifying and addressing learning and development needs of the individual.
5. Implementing a planned approach to learning and development so that it is managed effectively within the available budget and resources.
6. Developing a Corporate Training Schedule that is available to all staff.
7. Acknowledging the diversity in knowledge and learning styles of staff employed by Council.

Building our Workforce Plan

Greater Shepparton have embarked on building their Workforce Plan, based on four phases to ensure we gather the best data possible and conduct a thorough review, to enable a successful gap analysis to be undertaken.

Succession Planning

As part of the Workforce Planning work, Council is working on completing a Succession Action Plan which will outline an implementation plan for senior management positions and all other position (and position groups) which are identified as critical.

The positions/position groups will also be assessed in terms of current risk and anticipated residual risk following the implementation of identified action plans. Risk assessment will be based upon a risk assessment matrix to be developed in accordance with this process.

Occupational Health and Safety

Council takes its responsibilities for providing a safe work place for its employees very seriously. To that end the following initiatives have been introduced in the last 12 months:

- Health Checks for all staff
- Fruit to the workplace every week
- Road Warrior Program
- Wellbeing Program
- Council sponsored Gym Membership program.
- Work break program

Council also provided (EAP) an Employee Assistance Program provides free and confidential counseling and support to all employees and immediate family members 24/7. EAP is also made available to employees via regular communication and on-site visits by Counsellors. Council we examine the merits of moving towards SafetyMap accreditation OHS Management System is "that part of the overall management system which includes organisational structure, planning activities, responsibilities, practices, procedures and resources for developing, implementing, achieving, reviewing and maintaining the OHS policy and so managing the risks associated with the business of the organisation."

OHS needs to be managed just like other critical aspects of a business and the best way to do it is to adopt a systematic approach. Consider the other things you need to manage as part of your business: quality, productivity, finance, accounting, industrial relations, insurance etc. Having systems in place makes it easier to manage these things. The same applies to health and safety. Good health and safety management systems are good business. We will review the opportunities for Council to move to this model over the next 12 months.

Strategic Directions:

1. Continue to implement the adopted transitional management plan;
2. Examine the merits of Council becoming SafetyMap accredited;
3. Develop and commence implementation of a Greater Shepparton Workforce Plan;
4. Continue to foster Council as a Learning Organisation; and
5. Continue to strive to achieve the most efficient and effective organisation for its community.

16. ORGANISATIONAL OVERVIEW

A new organisational structure was introduced on the 14 June 2012 following an extensive organisational review. The changes have largely been implemented throughout the 2012/13 financial year. Below is the new organisational structure.

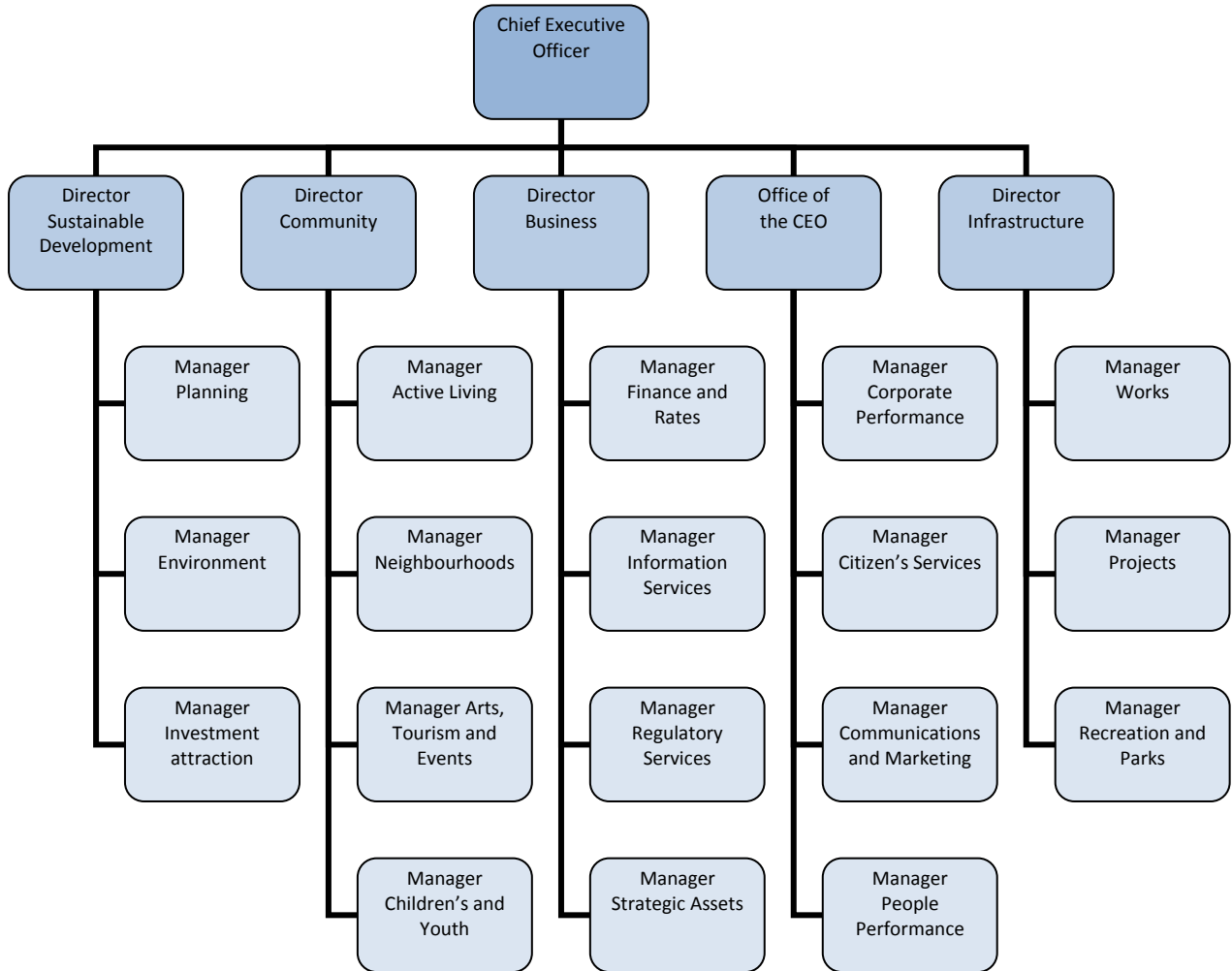


Figure 19: Organisational Structure as at April 2013

Overview – Office of the CEO

The purpose is to provide internal consultation, advice and support to Councillors, the Chief Executive Officer and all staff to enable them to achieve or exceed community expectations.

Our role is to encourage performance orientated behaviour. We facilitate internal capacity building, ensure appropriate governance and risk management, and improve our organisational reputation and explain the high level of services we provide to our community.

We deliver these key elements by focussing on strategy and planning; leadership and style; provision of excellent customer service by focussing on the citizen's needs; developing our people; regularly reviewing our service delivery to encourage process management, improvement and innovation; disseminating information and knowledge effectively and promoting success and sustainability.

In short, we add value and we make a difference.

The Office of the CEO comprises four departments with the following expertise:

1. Corporate Performance including Business Planning
2. People Performance including Workforce Development
3. Marketing and Communications
4. Citizen Services

Corporate Performance

Corporate Performance undertakes activities that implement good governance and business planning practices that enhance transparency, citizen participation and accountability.

The department delivers a range of diverse services including governance, risk management, business and service planning, monitoring and reporting corporate performance and maintenance of statutory registers.

Essentially the team ensures that obligations to government and other regulators are fulfilled and the performance of the Council is reported to the community.

Corporate Performance drives a best practice approach to good governance across the organisation ensuring that our practices are democratic, transparent and robust.

Integrated Planning Framework

Greater Shepparton City Council has an integrated planning framework that aligns strategic, corporate and operational plans to achieve sustainable outcomes and improvements for the municipality and its people.

The framework includes long, medium and short-term plans that set direction for everything we do.

We deliver a full range of services and programs within the context of a long-term financial plan that is ambitious, sustainable and protects the on-going interests of the municipality.

We provide a range of services for the community, including aged and disability services, health and wellbeing and community safety services, family, children and youth services, recreation and leisure services, planning, building and property services, customer services, events, arts and cultural services, waste management and environmental services and provision of infrastructure.

Our business planning process enables us to improve the quality of the services we offer to our community. Critical to this process is understanding what our community and customers value, now and into the future.

People Performance

Greater Shepparton City Council is a high performing organisation delivering quality services and experiences for members of the local community. The recruitment, development and retention of our staff is essential in successfully servicing the Greater Shepparton municipality and effectively managing the organisation.

Our people are our most valued resource. We have a diverse workforce of committed individuals with an extensive range of skills and experience. We aspire to be an employer of choice and to operate collectively as one organisation in achieving the aims and objectives of the Council Plan.

People Performance build organisational capability through strategic recruitment and job design, workforce planning, performance management, employee health and wellbeing initiatives, equal opportunity/diversity employment practices and co-ordination of professional development. The team facilitate a safe and respectful working environment that supports staff to be successful in their role.

The Council has a stable workforce, meeting objectives as determined by the Council Plan. The level of staff at 30 June 2013 is projected to be 525 (EFT).

It is anticipated that over the next four years there may be small increases in staffing levels as different service levels are considered and the organisational restructure is implemented, however the overall pattern should remain reasonably constant.

People Performance assists Council to help drive and shape the future strategy for organisation, while creating great place to work where innovation is expected and customers are our focus.

People Performance will require financial and non-financial resources to implement key initiatives in achieving the strategic objectives as expressed in the Council Plan.

These initiatives include:

1. Assisting Council in its vision to become a learning organisation, through an enhanced corporate training program, leadership development and online learning for all staff.
2. Further development of Council's Human Resources (HR) Information System required an audit of the system, its capacity and its data to assist in organisational planning and statistical analysis.
3. Continuous review and modernisation of all HR policies and procedures as per the requirements to ensure statutory compliance and meeting of the objectives of the Council Plan.

Marketing & Communications

The Greater Shepparton community has a right to be fully informed regarding Council priorities and projects and processes and the benefits these provide to individuals and the broader community. Council also needs to understand what the community and customers value, now and into the future, and use this to drive organisational design, strategy and services. The Marketing and Communications Team play a key role in communicating and engaging with the community to ascertain their needs, thoughts, ideas and perceptions and informing the community how their needs and expectations will be met.

The Marketing and Communications Team is therefore responsible for facilitating clear and consistent communication ensuring members of the community are fully aware, informed and engaged in Council activities.

Key activities of the Marketing and Communications Team include:

- Development of strategic integrated marketing and communications plans for key initiatives linked to the Council Plan
- Enhancement and protection of the Greater Shepparton City Council reputation
- Development of staff and Councillor capacity to effectively communicate and interact with citizens, media, government and other key stakeholders
- Research to inform improved service outcomes
- Writing, publishing and designing marketing and communications materials
- Media monitoring and management

We pride ourselves in being effective in our communication in having an acute understanding of what the community wants to know and when and how they like to receive information.

Marketing and Communication play a critical role in improving Council transparency, increasing citizen involvement and getting people emotionally connected to the community so they feel proud to live in Greater Shepparton.

The Marketing and Communications team also drives a culture of effective, timely and two-way communication across the organisation in support of a high performance and customer focussed organisation.

Marketing and Communications will require financial and non-financial resources to implement key initiatives in achieving the strategic objectives as expressed in the Council Plan. These initiatives include:

1. Implementation of a marketing strategy aiming to increase community awareness, understanding, ownership and patronage.
2. Increased use of social media as a community engagement tool.
3. Review of the Council brand and increased alignment between all GSCC brands.

Citizen Services

Citizen Services is the first point of contact for the community and is therefore an integral function of Greater Shepparton City Council. The team provides face-to-face, online and telephone support to citizens and provides appropriate channel management on complex matters that require technical or expert support from other departments of Council.

Citizen Services strives to support Council's vision through ensuring that enquiries and issues are acknowledged, understood and where possible, resolved at the first point of contact. The team aims to create a positive experience for the community through building a strong knowledge base of Council's services to allow citizens to access services efficiently and effectively.

Citizen Services is solution focussed in being committed to identifying matters that cannot be dealt with by Council, build relationships with those organisations that can assist our citizens and provide appropriate direction as to next steps.

We aim to treat every citizen with respect and dignity to ensure that Council services are accessible to all members of the Greater Shepparton community.

The team is working towards holistic service provision whereby feedback is elicited from the community, captured and then used to continuously improve the delivery of Council services.

The team places significant importance in the development of strong relationships with our customers with the aim of providing the community with prompt and courteous service and provision of precise information in addressing any enquiries or concerns.

Citizen Services will require financial and non-financial resources to implement key initiatives in achieving the strategic objectives as expressed in the Council Plan. These initiatives include:

1. Improve and assess the functionality of the existing customer relationship management systems to assist with deliver of quality outcomes for the community.
2. Up-skill and develop the Citizen Services Team to move towards proactive, holistic service provision.
3. Create service delivery standards that are achievable, sustainable and supported by the organisation in the best interest of our citizens.

Directorate Overview – Infrastructure

Infrastructure Directorate

The purpose of the Infrastructure Directorate is to provide urban and rural infrastructure assets to enhance the performance of the municipality and facilitate growth.

Council has approximately \$900 million of assets at replacement value and we acknowledge that we have a responsibility to maintain these assets to ensure that optimum usage is achieved and that the community's expectations are met.

The Infrastructure Directorate includes 3 departments:

- Works
- Recreation and Parks
- Projects

Works Department

The Works Department is responsible for capital and maintenance functions in the road reserve and for the management of Council's fleet and plant, stores and workshop and for Council building maintenance. Within the road reserve, Works activities include:

- Road construction
- Road and road furniture maintenance
- Street sweeping
- Road resurfacing & kerb and channel
- Footpath maintenance
- Drainage maintenance

Major strategic initiatives for the Works Department in 2013/14 include:

1. Inspection Based Maintenance for all assets in the road reserve.
This initiative will transform maintenance from a largely reactive and patrol based regime to a model whereby inspectors will regularly inspect all council road reserve assets and then program works based on service levels. The service levels will significantly exceed the intervention levels in the Road Management Plan and reduce the number of complaints from citizens. This initiative requires major work practice change and the introduction of a number of new technologies including mobile computing and GPS.
2. Centralised Building Maintenance business case.
This project will review the case for moving to a centralised model for the delivery of programmed and inspection based maintenance for all Council owned buildings.
3. Review of the Management of Fleet and Plant
This initiative has moved to a whole-of-life cost model for all fleet and plant items and all new and replacement items are subject to a business case analysis. New fleet and plant management software will be implemented in 2013/13 along with the use of GPS tracking technologies to ensure we are getting optimum use from our plant and fleet items.

4. Review of a number of new maintenance technologies
As part of normal continuous improvement practices, the Works team will continue to review construction and maintenance technologies with a view to improving the efficiency and effectiveness of their activities.
5. Delivery of a range of road reconstruction and maintenance projects with the Goulburn Valley
6. Regional Council Alliance.
The Alliance, comprising councils at Greater Shepparton, Moira, Strathbogie and Campaspe, will review the potential for shared services for road construction and maintenance to improve the payback on costly plant and fleet items and to make best use of our combined workforces.

Recreation and Parks Department

The Recreation and Parks Department has responsibility for:

- Recreation planning and strategy
- Parks construction
- Parks and parks furniture maintenance
- Wetlands maintenance
- Maintenance of public open space including town entries, median strips, streetscapes and the Mall
- Sporting facilities and showgrounds
- Tree plantings and maintenance

The major initiatives for the Recreation and Parks department for 2013/14 include:

1. Consolidation of the service planning model implemented in late 2012/13 that introduced defined service levels to all parks, recreation and sporting fields across the municipality. This will include community consultation and reporting against service levels at all venues along with the formal adoption of the 1-5 star rating for all venues.
2. Major upgrades to the Shepparton Sports Precinct subject to the approval of funding from State and Federal governments. This project would see significant improvements to the north Shepparton Sports Precinct, positioning it as a major sporting events hub in regional Victoria.
3. Continue the delivery of projects under the Victoria Park Lake masterplan to enhance Victoria Park as a passive recreation and events space.
4. The development of a municipal Recreation Strategy to support planning and funding for future recreations and parks upgrade projects.

Projects Department

The projects department comprises specialist project managers, engineers and support staff and has responsibility for the following functions:

- Aerodrome management
- Traffic planning and related capital works
- Drainage planning and related capital works
- Development engineering – working with residential and commercial developers to ensure infrastructure associated with development meets community expectations.

- The Project Management Office (PMO) – planning, delivery, support and monitoring of Council’s capital works program

Key initiatives for 2013/14 include:

1. Consolidation of the PRINCE2 Project governance and planning methodology across all Council capital projects (see Chapter 9).
2. The development and adoption of Asset Investment Guidelines across Council (see Chapter 9).
3. Enhancing the role of the PMO as the key support for efficient and effective delivery of the Council’s capital works program.
4. Examining the feasibility and potential for relocation of the Shepparton Aerodrome.

Directorate Overview – Community

Children and Youth Services

Best Start

State Government Funding for the Greater Shepparton Best Start demonstration site initiated the Early Years Partnership in 2003. This group is the acknowledged leading advisory group for early childhood programs in the municipality. Through continuous research, implementation and evaluation, the partnership identifies community needs in the development and delivery of the Best Start Municipal Early Years Plan.

The current (2011-2014) Plan nominates four key action areas:

1. All children enjoy a healthy start to life
2. All children are supported to become confident learners
3. Greater Shepparton (is) child and family friendly city
4. (We undertake) Collaborative planning and service development

The fourth and final action area is the core business of the Best Start Early Years Partnership.

Maternal & Child Health

Maternal and Child Health (M&CH) services follow the State Government Key Ages and Stages Framework. This involves 10 structured visits from or to a M&CH Nurse over the first three and half years of each child's life. These visits are based on promoting wellness and are delivered in a way that supports the families' strengths.

Additional visits, services and supports are offered to help families support their child to have the best start in life. M&CH nurses can offer support and advice in areas as diverse as breastfeeding and kindergarten enrolment. These services are delivered from 14 sites across the municipality as well as home visits and supplementary service such as the Mother Goose Program and Enhanced Home Learning through primary schools.

Through Enhanced Best Start (EBS) funding, strategies have been implemented to improve participation in maternal and child health services and kindergarten by more disadvantaged members of our community. The second priority of EBS is to improve breastfeeding rates across the municipality.

Children's Services

Greater Shepparton City Council, Children's Services are delivered following the three listed action areas.

Action Area 1 - All children enjoy a healthy start to life

Action Area 2 - All children are supported to become confident learners

Action Area 3 - Greater Shepparton (is) a child and family friendly city

Council operates 14 state government funded kindergartens, 10 fungroups, three long day care centres, one Occasional Care Centre, two Rural Occasional Care Services and one Family day Care Scheme. Over the course of a week these services cater for the educational and care needs of over 1000 children below school age.

These services operate within the National Educational and Care Act and Regulations and are designed to meet the National Quality framework. More importantly the centre programs are designed to meet the needs of individual children and their families. Early Childhood Education is based on learning through play – children are given the opportunity to learn about

themselves, their peers and the world they live in through exploration, experimentation and socialisation.

Council's focus in early childhood education and care has been and will continue to be on the implementation of the 2008 Council of Australian Governments Early Childhood Reforms. These reforms vary from the increase in minimum qualifications of staff to the hours of kindergarten service delivery and the improvement of adult: child ratios.

Council maintains the Central Enrolment Office for kindergarten enrolments for almost all funded kindergartens in the City of Greater Shepparton. Annually this involves processing enrolments for approximately 1000 children to access 27 funded kindergarten programs across the municipality

Youth Development

Council's inaugural Youth Strategy and Action Plan (2012) was developed following intensive consultation with young people, youth services sector and the general population.

The plan identifies five key action areas:

1. Sector Coordination, Support, Advocacy and Facilitation
2. Engagement and Partnerships
3. Celebrate Youth Culture
4. Building Capacity
5. Safer Places and Spaces

Active Living

The desire for good health, both physical and mental, is a major priority for the Greater Shepparton City Council and our community.

Local Government is recognised as a major stakeholder in both facilitating and directly providing ways for people to lead healthier lifestyles. The Active Living Department monitors population health and develops strategies and programs focussed on physical activity, social interaction and nutritional health.

Facilities such as Aquamoves, Indoor Sports Stadiums, Seasonal Swimming Pools and SPC Ardmona KidsTown, attract over 700,000 visits each year and will continue to be important centres of activity where communities can engage, learn and participate in healthy activities.

The Healthy Communities Branch will continue to provide fun and healthy activities that are accessible to the whole of Greater Shepparton and ensure that members of our community most at risk of suffering poor health are recognised and catered for through specific support, education and programming.

Neighbourhoods

Community development is a fundamental requisite to progress toward strong social, environmental and economic sustainability for Greater Shepparton. Community development principles are premised on the basis that we can positively shape our future through connected efforts and sharing responsibility with individuals, organisations, businesses and all levels of government.

Building resilient communities requires initiatives that benefit the community for the long term, equipping them for future challenges. It is a development approach that blends 'bottom up' community-driven change, with 'top down' resourcing, facilitation and coordination by local government.

Contemporary community development approaches promote social capital and sustainable resilient communities. Towns, neighbourhoods and streets thrive where residents live in safe, active, healthy communities where everyone feels valued and involved. At the core of community development approaches is encouraging active citizen engagement, increasing their involvement in local government decision making to guide the development of services and infrastructure to meet with community needs. This continuous process of consultation and responsive development increases community confidence in governance – encouraging future participation. Other community development approaches support community social networks and promote increased tolerance and respect for diversity and greater civic participation are also primary to community development success.

A major focus of Council's business is delivering facilities and services to promote and support good health and wellbeing, create stronger, engaged and connected community and promote active community involvement in civic life. The extent to which people interact, form relationships, engage in work, learning and community activity, from talking to their neighbours, through to attending an event, is directly related to health and wellbeing.

The Neighbourhoods Department plays a vital role in ensuring positive outcomes for our whole community and provides programs such as:

- Community Development
- Community Planning (future Neighbourhood Planning)
- Community Safety
- Municipal Health and Wellbeing
- Cultural Development
- Volunteer Support
- Positive Ageing
- Advocacy (Disability support)
- Home and Community Care Services
- Community Facilities.

The Neighbourhoods Department assist Council to:

- Develop an understanding of the needs of our community
- Promotes an opportunity to be involved in decision making processes
- Developing partnerships with other organisations to improve opportunities for community participation and improved service delivery
- Build and strengthen each the community's capacity to provide support to people with a disability and their families through a range of strategies which include networking,

community education, policy development, partnership development and specific project development

- Promotes and delivery's best practice accessibility for Council facilities/events
- Supports older people to age well in our community
- Services to support frail older people and people with disabilities to remain living at home with dignity and to support their carers, through the provision of a range of integrated, effective, flexible and responsive Home Services.

Critical issues include:

- Ageing infrastructure (Senior Citizens Building and their use for the traditional "Senior's groups", and don't meet current standards)
- Ageing population
- Service delivery – ensuring that we are delivering programs that meet the needs of our community. (People are ageing differently, Active Service Model, e.g. changing our Social Connections Program).
- End of funded programs – managing community expectations
- Cost shifting (inflation and still providing a cost effective service).
- Perception of safety

Arts, Events and Tourism

Tourism

Greater Shepparton City Council is the region's largest tourism operator. In addition to the economic benefit derived from increased levels of visitation, tourism can be a catalyst for community development encouraging social, cultural and environmental benefits.

The purpose of the Tourism Program is to:

- Promote Greater Shepparton as a vibrant destination
- Maximise visitation to the region, and increase length of stay through the development of sustainable attractions, events and experiences.

Events Program

Greater Shepparton's events program delivers the Tourism and Events Strategy which aims to deliver economic benefit, raise the profile of Greater Shepparton and provide social connection amongst our local community.

Key strategies of the events program are to:

1. Attract major events to Greater Shepparton (including sporting, cultural, agriculture and business)
2. Promote Greater Shepparton as an attractive and vibrant region with an extensive events calendar
3. Develop and assist in the delivery of a range of community events that represent the interests and talents of the host community
4. Actively participate in the Sports Decentralisation Project to secure national and state level sporting events
5. Contribute to the local economy by attracting outside visitation and reducing leakage
6. Ensure the program is supported through appropriate budget and resources

Shepparton Art Museum (SAM)

SAM is an Art Museum and follows the definition of a museum as defined by the International Council of Museums - "A museum is a non-profit making, permanent institution, in the services of society and of its development, and open to the public which acquires, conserves, researches, communicates and exhibits for purposes of study, education and enjoyment, material evidence of man and his environment."

In 2012 the Shepparton Art Gallery re-launched as the Shepparton Art Museum – and has affectionately become known as SAM. SAM is growing in profile and establishing itself in the Victorian Cultural offering. In March 2013 SAM will launch the Golden Age of Colour Prints – an Australian exclusive international touring show from the Museum of Fine Arts in Boston. This will be the first time that SAM has charged a ticketed entry to the Museum and will be the test case for future 'Major' exhibitions.

SAM offers an extensive education program for students of all ages as well as teachers (including educational resources to support art curriculum from primary school through to VCE). As the holder of one of Australia's most significant ceramic collections along with an extensive painting and works on paper store, SAM constantly balances the need for conservation and cataloging with the demands of carefully curating the collection to maximise enjoyment of the collection.

Performing Arts and Conventions (Riverlinks)

Marketed under the Riverlinks brand, Council presents an annual performing arts and entertainment program along with managing the Eastbank Centre and WestSide Performing Arts Centre.

Highlights include:

- Balancing of Riverlinks Season with community and commercial bookings to provide increased engagement and access to the performing arts
- Ongoing growth of community partnered events including Orchestra Victoria, Young Instrumentalist Award, Shepparton Brass Band
- Development of Emerge Festival in partnership with Multicultural Arts Victoria, celebrating migrant, emerging and indigenous cultures.
- Ongoing growth of community partnered events
- Managing the WestSide performing arts centre in partnership with the Mooroopna Secondary Collage providing the community and touring performers with access to this intimate community performance facility.

Directorate Overview – Business

The Directorate includes the Departments of:

- Finance and Rates
- Information Services
- Strategic Asset Management
- Property and Procurement

Finance and Rates

The Finance and Rates Department hold the responsibility to facilitate effective and efficient financial management by implementing the principles of sound financial management in order to support the achievement of the objectives outlined in the Council Plan.

Essentially the Department consists of two service streams:

- Financial Services
- Rates and Valuations

Financial Services

The Financial Services stream of the department consists of two teams, financial accounting and corporate accounting. The two teams deliver financial services to the organisation for the community.

Financial Accounting

The function of the Financial Accounting team is to maintain accountability for all financial transactions of the Council (and associated companies), to implement and monitor internal control procedures, to maintain an efficient financial accounting systems and records and to produce the statutory annual accounts. The Financial Accounting team specifically delivers financial accounting, accounts payable, accounts receivable, taxation, auditing and acquittal processes and treasury management.

Corporate Accounting

The function of the Corporate Accounting Team is to provide guidance, advice and support to the Council, management and the wider organisation to facilitate the development of the annual budget and quarterly budget reviews, to monitor and report on variances to budget, and to develop accounting and reporting systems that enable effective and efficient financial management.

Teams work together to deliver the Council's Strategic Resource Plan and Long Term Financial Plan as well regular financial reporting that provides accurate, reliable and timely financial information to management, the Council and the citizens of Greater Shepparton.

Rates and Valuations

Rates and Charges are a significant source of revenue for the Council and is collected on an annual basis. The Rates and Valuation Team are responsible for providing effective and efficient valuation, revenue raising and property services so as to ensure the accurate and timely collection of property rates and charges. The team maintain a complex property management system to ensure the accurate collection and maintenance of data on rateable properties. The team are also responsible for the production of the voter's role.

Information Services

The role of the Department is to maintain and continuously improve an information services environment that is user friendly, supports the organisation in achieving its objectives. The Department includes the functions of Information Management, Information Systems and Geospatial Information Systems.

The information management unit creates, receives and maintains records which document the functions, activities and transactions carried out within Council. A target of 80% paper reduction has been adopted that the information management unit continues to work toward, aiding with process efficiencies, digitisation of historical information and encouraging digital documentation where possible.

Information Systems plays a large role across all business units within Council and its potential to enable innovation which can transform existing services, create services, enhance efficiencies, assist with solutions to environmental problems and enhance social inclusion. Council's Information Communications Technology Strategy will guide the governance, development and maintenance of core systems to enable the continued improvement in the delivery of services.

The geospatial information systems unit coordinates activities including spatial data collection and management, remote sensing, aerial imagery, standards development and data and information sharing. Council is heavily reliant upon the GIS unit in relation to asset management, which enables Council staff to capture data, manage data and interact with assets in the field. This approach provides efficiency in delivery of services and the management of resources.

Strategic Asset Management

A separate Department of Strategic Assets was created in June 2012 to consolidate the strategic management of Council assets as a priority.

The purpose of the Strategic Assets Department is to produce accurate, timely and meaningful asset information to enable the effective management of infrastructure to support the delivery of services to the community.

Asset management planning is an essential component of good governance, and should be aligned to and integrated with, Council's strategic, corporate and financial planning.

The effective and efficient management of infrastructure assets is a primary role in local government service provision. Greater Shepparton, like other councils, is exposed to considerable financial risk due to the significant scale of its infrastructure investment of over \$1.019 billion.

Strategic Assets will collate and update the knowledge base of current assets - quantity, condition, useful life, replacement values, maintenance cost and whole of life cost that are essential for the efficient and effective management of assets.

Strategic Assets will coordinate periodic condition survey of the Council assets, model the renewal requirements and generate asset renewal listings based on condition.

The Strategic Assets Department will also manage the timely collection and analysis data relating to new assets, including assets gifted to Council due to new developments. The value of assets gifted to Council in 2011/12 was almost \$8 million.

Regulatory Services

The Regulatory Services Department provides internal and external customer service. The Department both delivers service and enables others in the organisation and contribute to the achievement of the Council's Strategic Objective through continually enhancing and promoting policies, practices and administrative systems.

The Animal Management/Local Laws team carries out Regulatory functions governed by several Acts and Regulations and various other activities detailed below. Functions include:

- Dog and Cat registration – renewals and property checks
- Animal Business Registration and Inspections
- Dog and Cat permits for more than two
- Animal complaints including issuing of infringements for non-compliance issues
- Stock on road complaints
- Animal Shelter operation including rehousing and euthanasia
- Management of complaints made under Council's Local Law No 1 including issuing of infringements for non-compliance
- Issuing of permits for particular purposes under Council's Local Law No. 1
- Investigation

The Parking Enforcement team carries out Regulatory functions governed by several Acts and Regulations and various other activities as detailed below. Functions include:

- Parking Enforcement to ensure continual flow of turnover of traffic in CBD areas to allow fair and reasonable access by all residents
- Collection of Money from parking meters and ticket machines throughout the Shepparton CBD
- Monitoring of controlled parking areas in Mooroopna and Tatura and certain street areas of Shepparton e.g. Shepparton Regional Hospital
- Maintenance and upkeep of meters and ticket machines
- School crossing supervision at 23 school crossing at various locations within the Municipality
- Manage and regulate the Disabled Parking Permit scheme
- Undertake a number of private parking enforcement agreements
- Issuing of permits for specific parking matters in the CBD
- Attend to all complaints received community regarding parking issues

Property functions of the Department include:

- Administration of property leases, sales and acquisitions
- Management of two caravan parks; Victoria Park Lake by direct management from 1 July 2013 and Tatura through a lease.
- Operation of the Shepparton Saleyards by contract
- Administration of the Shepparton Stock and Domestic Community Water Scheme

With respect to the procurement function of the Department, from 1 July 2013 it is Council's policy to operate a centre led procurement service delivery model wherein all strategy, policy, technology, and best practice procurement matters will be led by Council's centre led procurement department.

The procurement department are responsible for providing specialist procurement advice and expertise, developing strategy and policy, assisting service departments in applying a consistent organisational wide approach and providing relevant training. The service

departments are the experts in their particular area and are responsible for the management of contract performance however these are to be coordinated through a centralised approach.

Directorate Overview – Sustainable Development

Building Services

Building Services involves functions to ensure that Council's responsibilities under various Acts and Regulations are appropriately administered. The Municipal Building Surveyor is responsible for ensuring various Council procedures are adhered to and for the enforcement of building standards to ensure public protection as well as responding to related community expectations.

Service Profile

Building Services has responsibility in the following broad areas:

Public Safety and Amenity

This is a statutory requirement under the Building Act 1993. The purpose of this function is to provide emergency response to dangerous building situations and to implement public protection measures to address any community safety and amenity issues.

Other specific areas of responsibility include:

- swimming pool safety
- protection works for the public
- temporary structures
- essential services in existing buildings
- technical assistance to other council departments
- habitation standards for existing dwellings
- maintenance of safety equipment in all specified buildings
- maintenance and safety equipment in Council buildings.

Responsibilities

Building Services is responsible for providing an efficient building control service and is specifically divided into three main streams – Enforcement, Building Permits and Community Information.

Enforcement is a statutory function which requires Council to ensure that obligations under the Building Act and Regulations are enforced and to create an environment that is safe, habitable and accessible for residents of the Municipality.

Specific areas of responsibility include:

- illegal building work
- enforcement and prosecution
- building notices and orders
- delegated council consents and reports
- records management
- building levy
- property certificates
- building / occupancy permit registers
- flood certificates
- prescribed information for building surveyors
- combined allotment statements
- subdivision of existing building statements
- habitation standards, notices/orders

- infringement notices
- legal proceedings

Building permits and inspections

The building permit function operates in a competitive market, as permits may be issued by private Building Surveyors and Building Surveyors from other Councils. This function involves issuing building permits and carrying out inspections to maintain a high quality of building and safety standards throughout the municipality.

This program assesses plans, specifications and documentation against the Building Regulations, National Construction Code and relevant Australian standards to ensure compliance and community expectations are met and mandatory inspections are carried out.

Customer Information

This function provides information for the community at large with general building advice to the builders, owners, architects and developers. This service also provides public education, advice and awareness to a range of building regulation issues for the community.

Specific areas of responsibility include:

- property enquiries
- attending to building enquiries and complaints
- building education
- plan retrievals
- telephone, counter and email enquiries
- public safety
- protection of council assets
- monthly building activity reports
- storm water drainage points
- flood levels
- wind terrain categories
- bushfire prone areas
- modifications and appeals
- ratepayer enquiries
- Council consent and report for dispensations

Investment Attraction

The Investment Attraction (formally Economic Development) Department commenced in November 1994 following amalgamation. Prior to this time the Economic Development Department was an incorporated body known as SKyROD. The Investment Attraction Department's purpose is to encourage and assist investment, whilst working to develop employment and business opportunities for the established and emerging economic sectors within the City of Greater Shepparton.

The Investment Attraction Department's major objectives are:

- To protect existing assets (employment, business and industry)
- To develop and build upon regional competitive advantages
- To promote and support sustainable employment creation in the region
- To coordinate the provision of appropriate land supply and infrastructure to support, facilitate and sustain development
- To coordinate and encourage the provision of, or access to, appropriate education and training opportunities
- To promote the region for investment, development, expansion and diversification
- To identify opportunities for finding and support for local economic and community development initiatives, needs and priorities
- To improve management skills and professionalism of small and emerging businesses.

The Investment Attraction Department can assist the community by researching opportunities for business expansion and relocation in Greater Shepparton and can also provide advice on funding opportunities available from State and Federal Government. We are continuously identifying opportunities to address skills shortages and facilitate training and networking opportunities for employers and employees. The Investment Attraction Department also provides assistance to flood affected farmers, businesses and the broader community to recover, increase preparedness for future emergency events and build economic resilience.

The Investment Attraction Department's main responsibilities include:

Investment Attraction

- Greater Shepparton Greater Future (Ask of Government Program) and Ministerial Brief Development
- High Speed Rail
- Improvement of passenger and freight rail services
- Employment Response Plan Sessions
- HUME Economic Development Network
- Promoting Shepparton's Tertiary Education
- Festive Decorations
- Murray Darling Basin Plan

Business and Industry Development

- New Business Inquiries
- Provide assistance and advice to expansion and relocation inquiries
- Goulburn Valley Business Rural and Industry Network (GV BRaIN)
- Regional Living Expo
- Population Inquiries
- National Broadband Network (NBN)
- Summer and Winter Markets(formally bush markets)
- Greater Shepparton Business Centre – casual and permanent tenancies and training

International Relations – Cultural and Economic

Sister City Relationships consisting of:

- Korce, Albania
- Shangqui, China
- Lijiang City, Chin
- Esashi, Oshu City, Japan
- City of Toyoake, Japan

Planning

The Department has specific responsibilities for:

- Strategic and statutory planning, including the review and assessment of planning and subdivision applications, development of local policies and planning scheme amendments
- Coordination of public assets built by developers/subdividers
- Development and implementation of guidelines for development and subdivision
- Ensuring minimum impact on the environment, drainage and access by development or subdivision
- Planning enforcement
- Planning enquiries and customer service
- Native vegetation control
- Heritage planning
- Liquor licensing

Statutory Planning

The role of Statutory Planning is to provide information and advice about the Greater Shepparton Planning Scheme and to decide whether or not to grant a planning permit for a new use or development proposal within the city of Greater Shepparton.

Planning is concerned with the use of land, ensuring that land is well managed taking into account the needs of the community and the environment.

Statutory Planning involves making decisions that change the environment and affect everyday life. These decisions might be about dwelling locations, vegetation removal & revegetation, commercial development and protection of the environment.

A permit is not always required to use or develop land. Planning schemes allow some change in land use without the need for a permit, providing conditions are met. Some uses or developments may be prohibited.

A planning permit should not be confused with a building permit. It is not the Planning Department's role to approve the construction/structural integrity of a building. That is the role of a Building Surveyor, who is required to issue the relevant building permit, pursuant to Building Legislation. If a planning permit is required for the development, then the Council's building department should be contacted to determine the need for building permit.

Strategic Planning

The Strategic Planning are responsible for the development of strategies, policies and frameworks which aim to ensure that planning, investment and decision making is relevant to the needs of the community and provides a sustainable base for future generations.

The use, development, protection and conservation of land in the City of Greater Shepparton is governed by the Greater Shepparton Planning Scheme. The Planning Scheme is a statutory

document and sets out the objectives, policies and provisions to regulate the use and development of land.

The Council is constantly reviewing the Greater Shepparton Planning Scheme and developing new policy documents and strategies to ensure that planning, investment and decision making for Greater Shepparton is continually relevant to the municipality.

Transport Planning also forms part of this team. Transport planning formulates, develops and coordinates strategic transport policy, and works collaboratively with other agencies in developing and implementing future directions for transport policy, planning and infrastructure development. One of the key challenges for transport planning is to integrate the different modes of transport to create a seamless transport system able to focus on delivering safe, reliable and efficient transport services that meet the community's needs and expectations.

Environment

Sustainability and Environment

The Council's Sustainability and Environment Department has the role of facilitating sustainable environmental growth and development within Greater Shepparton.

We act as an example and a source of information to the community on environmental and sustainability issues. We also assist the community to attain their goals for environmental and sustainability outcomes such as providing advice, assistance and partnerships where appropriate.

Through energy management and implementing efficiency measures, we aim to reduce the budget burden for ratepayers by reducing energy consumption and cost. We seek external funding from other sources for projects that deliver sustainability, environmental economic and social benefits to the Council as an organisation and to the community generally.

Our internal relationships rely on efficient communication. We assist other departments by providing advice on environmental and sustainability best practice and statutory requirements. We focus on providing information early in the development phase of projects through the development of tools to assist project managers to easily understand information such as checklists and management plans. Assist staff and the organisation to reduce council's greenhouse gas emissions.

Waste Services

A clean and healthy environment is a key priority for the Council and its community.

To assist with these objectives the Council provides a number of waste services to ensure that waste can be conveniently and safely managed while still achieving sustainable outcomes.

The following waste services are provided to the community in Greater Shepparton:

- Kerbside waste, recycling and organics collection
- Organics processing
- Recyclables processing
- Litter bins
- Transfer stations
- Landfill
- Street sweeping

The Council will continue to provide waste services that are sustainable, protect the environment and satisfy the needs of our community.

Appendix A Glossary of Terms - Definitions

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".
Total cash outflows from	Total outflows per the "Cash flow statement".

**operations, finance and
Investment Act**

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.

Table 18: Glossary of Terms / Definitions

17. APPENDIX B STANDARD FINANCIAL STATEMENTS

The Local Government (Finance and Reporting) Regulations 2004 requires the following Standard Statements:

- Standard income statement;
- Standard balance sheet;
- Standard statement of cash flows;
- Standard statement of capital works; and

The standard statements must be prepared on accounting bases that are consistent with the financial statements. In respect of each financial year, the standard statements must use the same accounting bases in the Strategic Resource Plan, budget, revised budget and annual report.

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

**Greater Shepparton City Council
Strategic Resource Plan (incorporating Long Term Financial Plan)**

Scenario Variables

Total Rates & Charges Increase - 4.95 per cent per annum over life of Plan

Borrowings - Nil over life of plan

Capital Works Program - \$22.5m (plus Mooroopna West, Vaughan St, & rebudgeted items) in 13/14, \$22.5m indexing 3 per cent per annum

			Strategic Resource Plan Projections										
			Forecast										
			30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23
Victorian Auditor General Financial Sustainability Ratios													
			High Risk	Medium Risk	Low Risk								
Underlying Result Ratio	%	<= -10%	-10% - 0%	>0%	3.4%	5.7%	3.7%	3.5%	3.4%	3.5%	3.2%	3.3%	3.3%
Liquidity	x	<=1.0	1.0% - 1.5%	>1.5	209.8%	160.4%	163.2%	135.7%	138.7%	141.8%	143.4%	145.2%	147.0%
Indebtedness	%	>60%	40-60%	>40%	20.7%	19.0%	17.7%	16.3%	15.0%	13.7%	12.4%	11.2%	10.0%
Self-financing	%	>10%	10%-20%	>20%	15.7%	26.7%	23.5%	22.7%	22.3%	22.1%	21.7%	21.5%	21.2%
Investment Gap	x	<=1.0	1.0-1.5	>1.5	148.7%	163.9%	116.4%	145.6%	116.4%	116.4%	116.4%	116.4%	116.4%
Income Statement Summary													
Rate and Charge Revenue	\$'000				56,485	59,281	62,215	65,295	68,527	71,919	75,479	79,216	83,137
Grants - Operating	\$'000				17,457	20,949	21,515	22,097	22,694	23,308	23,939	24,587	25,252
Grants - Capital	\$'000				4,816	4,640	3,400	3,120	3,030	3,170	2,930	3,030	3,100
Total Revenue from Operating Activities	\$'000				101,636	108,380	111,293	115,348	119,784	124,649	129,342	134,593	140,043
Employee Benefits	\$'000				(37,915)	(40,569)	(42,598)	(44,727)	(46,964)	(49,312)	(51,778)	(54,366)	(57,085)
Materials & Consumables	\$'000				(27,743)	(27,743)	(28,714)	(29,719)	(30,759)	(31,836)	(32,950)	(34,103)	(35,297)
Depreciation	\$'000				(17,646)	(18,733)	(19,915)	(20,512)	(21,128)	(21,762)	(22,415)	(23,087)	(23,780)
Total Operating Expenses	\$'000				(97,993)	(102,780)	(107,157)	(111,439)	(115,903)	(120,557)	(125,409)	(130,469)	(135,745)
Operating Surplus/(Deficit)	\$'000				6,411	9,066	7,114	7,030	7,032	7,273	7,144	7,368	7,573
Underlying Operating Result	\$'000				3,411	6,066	4,114	4,030	4,032	4,273	4,144	4,368	4,573
Balance Sheet Summary													
			High Risk	Medium Risk	Low Risk								
Cash and Cash Equivalents	\$'000	<1/12 total revenue	1/12 - 2/12 total revenue	>2/12 total revenue	25,957	23,077	24,455	19,563	20,497	21,532	22,307	23,135	23,998
Total interest bearing loans and borrowings	\$'000				15,252	14,826	14,366	13,869	13,333	12,754	12,129	11,454	10,725
Capital Works													
Total Capital Works	\$'000				31,372	30,708	23,175	29,870	24,586	25,324	26,084	26,867	27,673
Renewal Works	\$'000				17,558	18,425	17,150	17,623	18,194	18,486	19,041	19,613	20,201
Upgrade Works	\$'000				6,053	6,142	3,708	3,286	3,934	4,052	4,173	4,299	4,428
Expansion/New Works	\$'000				7,761	6,142	2,318	8,961	2,459	2,786	2,869	2,955	3,044
Renewal Demand	\$'000				22,395	25,462	24,961	25,445	25,094	25,955	26,525	27,486	27,954
Renewal Gap = Not Funded	\$'000				4,837	7,038	7,811	7,822	6,900	7,469	7,484	7,874	7,752
Accumulated Renewal Gap	\$'000				15,867	22,905	30,716	38,538	45,438	52,907	60,391	68,264	76,017

Greater Shepparton City Council Budgeted Standard Income Statement

	Budget	Strategic Resource Plan Projections									
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
Income											
Rates and charges	56,875	59,675	62,613	65,697	68,933	72,329	75,893	79,634	83,559	87,678	92,002
Statutory fees and fines	2,490	2,540	2,591	2,642	2,695	2,749	2,804	2,860	2,917	2,976	3,035
User fees	14,309	14,810	15,328	15,865	16,420	16,995	17,589	18,205	18,842	19,502	20,184
Contributions - non-monetary assets	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Grants - operating (recurrent)	17,457	20,949	21,515	22,097	22,694	23,308	23,939	24,587	25,252	25,936	26,853
Grants - capital (non-recurrent)	4,816	4,640	3,400	3,120	3,030	3,170	2,930	3,030	3,100	3,100	3,100
Net gain on disposal of property, infrastructure and equipment	(20)	652	135	250	250	250	250	250	250	250	250
Other income	5,477	5,581	5,688	5,799	5,912	6,028	6,148	6,271	6,397	6,527	6,661
Total Income	104,404	111,847	114,271	118,469	122,935	127,829	132,554	137,836	143,318	148,969	155,085
Expenses											
Employee benefits	(37,915)	(40,569)	(42,598)	(44,727)	(46,964)	(49,312)	(51,778)	(54,366)	(57,085)	(59,939)	(62,936)
Materials and services	(30,596)	(30,767)	(31,920)	(33,117)	(34,361)	(35,654)	(36,997)	(38,393)	(39,844)	(41,352)	(42,920)
Depreciation and amortisation	(17,646)	(18,733)	(19,915)	(20,512)	(21,128)	(21,762)	(22,415)	(23,087)	(23,780)	(24,493)	(25,228)
Finance costs	(1,330)	(1,155)	(1,121)	(1,084)	(1,044)	(1,002)	(956)	(906)	(852)	(793)	(731)
Other expenses	(10,506)	(11,557)	(11,604)	(11,998)	(12,406)	(12,828)	(13,265)	(13,717)	(14,184)	(14,669)	(15,170)
Total Expenses	(97,993)	(102,780)	(107,157)	(111,439)	(115,903)	(120,557)	(125,409)	(130,469)	(135,745)	(141,246)	(146,984)
Surplus (deficit) for the year	6,411	9,066	7,114	7,030	7,032	7,273	7,144	7,368	7,573	7,722	8,101

Greater Shepparton City Council Budgeted Standard Balance Sheet

	Budget	Strategic Resource Plan Projections									
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
Current assets											
Cash and cash equivalents	25,957	23,077	24,455	19,563	20,497	21,532	22,307	23,135	23,998	24,866	25,920
Trade and other receivables	6,000	6,257	6,432	6,666	6,904	7,205	7,480	7,784	8,079	8,427	8,782
Other assets	500	500	500	500	500	500	500	500	500	500	500
Total current assets	32,457	29,834	31,388	26,729	27,901	29,237	30,287	31,419	32,578	33,793	35,202
Non-current assets											
Trade and other receivables	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371	1,371
Property, infrastructure, plant and equipment	659,609	772,872	778,575	821,326	827,034	865,928	871,847	912,750	918,894	961,909	968,290
Total non-current assets	660,980	774,243	779,946	822,697	828,405	867,299	873,218	914,121	920,265	963,280	969,661
Total assets	693,437	804,078	811,334	849,426	856,306	896,535	903,505	945,540	952,842	997,074	1,004,863
Current liabilities											
Trade and other payables	7,458	10,517	11,120	11,535	11,920	12,374	12,825	13,293	13,751	14,291	14,829
Interest-bearing loans and borrowings	389	460	497	536	579	625	675	729	787	850	918
Provisions	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620	7,620
Total current liabilities	15,467	18,597	19,237	19,691	20,119	20,619	21,120	21,642	22,158	22,762	23,367
Non-current liabilities											
Interest-bearing loans and borrowings	14,863	14,366	13,869	13,333	12,754	12,129	11,454	10,725	9,937	9,087	8,169
Provisions	921	921	921	921	921	921	921	921	921	921	921
Total non-current liabilities	15,784	15,287	14,790	14,254	13,675	13,050	12,375	11,646	10,858	10,008	9,090
Total liabilities	31,251	33,884	34,027	33,945	33,794	33,669	33,494	33,288	33,016	32,770	32,457
Net assets	662,186	770,194	777,307	815,481	822,512	862,866	870,011	912,252	919,826	964,304	972,405
Equity											
Accumulated surplus	302,210	311,276	318,390	325,420	332,452	339,725	346,869	354,237	361,810	369,533	377,634
Asset revaluation reserve	359,976	458,917	458,917	490,060	490,060	523,142	523,142	558,016	558,016	594,771	594,771
Total equity	662,186	770,194	777,307	815,481	822,512	862,866	870,011	912,252	919,826	964,304	972,405

Greater Shepparton City Council Budgeted Standard Cash Flow Statement

	Budget	Strategic Resource Plan Projections									
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities											
Receipts											
Rates and charges	56,875	59,533	62,515	65,564	68,796	72,155	75,732	79,453	83,383	87,469	91,787
Grants - operating	17,457	20,899	21,481	22,052	22,649	23,252	23,888	24,531	25,199	25,874	26,791
Grants - capital	4,816	4,629	3,395	3,114	3,024	3,162	2,924	3,023	3,093	3,093	3,093
Interest	1,702	1,698	1,699	1,699	1,699	1,698	1,698	1,698	1,698	1,698	1,698
User fees	16,292	14,775	15,304	15,833	16,387	16,954	17,552	18,164	18,803	19,455	20,137
Statutory fees and fines	2,490	2,534	2,587	2,637	2,690	2,743	2,798	2,854	2,911	2,969	3,028
Other revenue	1,792	3,870	3,980	4,088	4,202	4,316	4,437	4,559	4,685	4,814	4,947
	101,424	107,938	110,960	114,986	119,446	124,279	129,028	134,282	139,773	145,371	151,481
Payments											
Employee benefits	(37,915)	(39,072)	(42,299)	(44,521)	(46,771)	(49,083)	(51,549)	(54,127)	(56,850)	(59,659)	(62,656)
Materials and consumables	(27,743)	(26,719)	(28,513)	(29,582)	(30,633)	(31,688)	(32,804)	(33,953)	(35,151)	(36,362)	(37,643)
Utilities	(2,853)	(2,913)	(3,183)	(3,382)	(3,587)	(3,800)	(4,029)	(4,271)	(4,529)	(4,798)	(5,087)
Other expenses	(16,138)	(11,130)	(11,523)	(11,943)	(12,355)	(12,768)	(13,206)	(13,656)	(14,126)	(14,600)	(15,102)
	(84,649)	(79,834)	(85,518)	(89,428)	(93,345)	(97,340)	(101,588)	(106,007)	(110,656)	(115,419)	(120,488)
Net cash provided by operating activities	16,775	28,104	25,442	25,558	26,101	26,939	27,440	28,274	29,117	29,952	30,993
Cash flows from investing activities											
Proceeds from sales of property, plant and equipment	274	1,305	692	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Payments for property, plant and equipment	(26,248)	(30,708)	(23,175)	(29,870)	(24,586)	(25,324)	(26,084)	(26,867)	(27,673)	(28,503)	(29,358)
Net cash used in investing activities	(25,974)	(29,403)	(22,483)	(28,870)	(23,586)	(24,324)	(25,084)	(25,867)	(26,673)	(27,503)	(28,358)
Cash flows from financing activities											
Finance costs	(1,330)	(1,155)	(1,121)	(1,084)	(1,044)	(1,002)	(956)	(906)	(852)	(793)	(731)
Proceeds from borrowings	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(362)	(426)	(460)	(497)	(536)	(579)	(625)	(675)	(729)	(787)	(850)
Net cash provided by (used in) financing activities	(1,692)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)	(1,581)
Net increase (decrease) in cash and cash equivalents	(10,891)	(2,880)	1,378	(4,893)	934	1,035	775	827	864	868	1,054
Cash and cash equivalents at beg of year	36,847	25,956	23,076	24,454	19,562	20,496	21,531	22,306	23,134	23,997	24,865
Cash and cash equivalents at end of year	25,956	23,076	24,454	19,562	20,496	21,531	22,306	23,134	23,997	24,865	25,919

Note: Other expenses in the 2013/14 year include the payment for defined benefits superannuation liability as well as contract costs. In future years the other expenses predominantly cover contract costs.

Greater Shepparton City Council Budgeted Standard Capital Works Statement

	Budget	Strategic Resource Plan Projections									
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
Capital works areas											
Total capital works	31,372	30,708	23,175	29,870	24,586	25,324	26,084	26,867	27,673	28,503	29,358
Represented by:											
Asset renewal	17,558	18,425	17,150	17,623	18,194	18,486	19,041	19,613	20,201	20,807	21,431
New assets	7,761	6,142	2,318	8,961	2,459	2,786	2,869	2,955	3,044	3,135	3,229
Asset expansion/upgrade	6,053	6,142	3,708	3,286	3,934	4,052	4,173	4,299	4,428	4,561	4,697
Total capital works	31,372	30,708	23,175	29,870	24,586	25,324	26,084	26,867	27,673	28,503	29,358