



**GREATER  
SHEPPARTON**

# **Strategic Resource Plan**

**2015/16 TO 2018/19**



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# 1. Executive summary

## Introduction

The Strategic Resource Plan (SRP) is the key medium term financial plan produced by Council on a rolling basis that summarises the resourcing forecasts for at least four years. The SRP forms part of the Council Plan.

Resource Planning is important for ensuring that a Council remains sustainable in the long term and good practice is to extend forecasting for a ten year period, to take account of long lived assets such as road and drainage infrastructure. Greater Shepparton City Council has prepared a 10 year long term financial plan to enable a longer term perspective of the ongoing financial sustainability of the Council and the impact of financial decisions into the longer term.

In preparing the SRP Council must take into account all other plans and strategies in regards to services and initiatives which commit financial and non-financial resources over the four year period.

Section 125(1) of the *Local Government Act 1989* (Act) requires Councils to prepare a SRP and include this in the Council Plan. The SRP outlines the resources required to achieve Council's strategic objectives expressed in the Council Plan. Section 126 of the Act states that:

- a. The SRP is a plan of the resources to achieve the Council Plan objectives;
- b. The SRP must include:
  - i. the financial statements describing the financial resources in respect of at least the next four financial years;
  - ii. statements describing the financial resources in respect of at least the next four financial years;
  - iii. statements describing the non-financial resources including the human resources in respect of the next four financial years;
  - iv. account services and initiatives contained in any plan adopted by Council and if the Council proposes to adopt a plan to provide services or take initiatives, the resources required must be consistent with the SRP;
  - v. Council must review the SRP during the preparation of the Council Plan and must adopt the SRP no later than 30 June each year and a copy must be available for public inspection at the Council office and internet web site.
- c. Significant changes to this revised SRP 2015/16 are:
  - Council will increase municipal rates, municipal charge and waste charge collections by **4.95 per cent** in the 2015/16 financial year, excluding supplementaries. This level allows Council to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the municipality's infrastructure;
  - Capital Expenditure is **\$40.1 million** in 2015/16; and
  - New borrowings of **\$4.44** million in 2015/16.

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 ahead including continuing to provide an appropriate range and level of services to a growing and diverse community, rate capping, renewing existing assets, maintaining a sound financial position and addressing the need for capital expansion.

## 2. Purpose of SRP

The purpose of the SRP is to:

- Establish a financial framework over the next 4 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved;
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP);
- Establish a basis to measure Council's adherence to its policies and strategies; and
- Assist Council to comply with sound financial management principles, in accordance with the *Local Government Act (1989)* and to plan for the long-term financial sustainability of the municipality.

The diagram below details the key strategic areas covered by the SRP 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.

### 3. 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 shown, 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 legislation and Council policies.

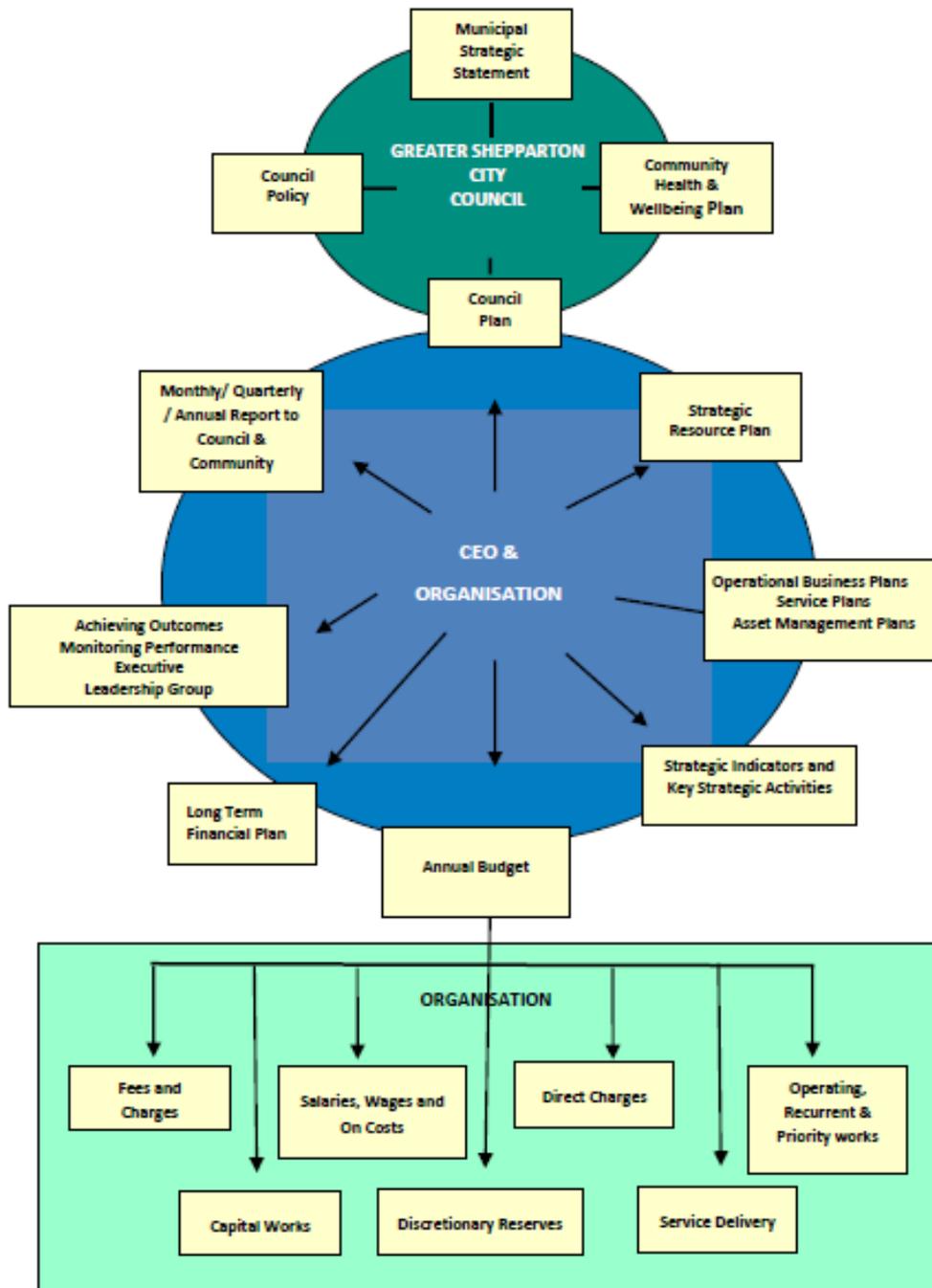


Figure 2: Links between Strategic Resource Plan and the Corporate Planning Framework

The Planning and Accountability Framework is found in part 6 of the Act and in the Local Government (Planning and Reporting) Regulations 2014 (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)

## 4. Key Strategic Directions

The following table highlights the key strategies of this SRP. Each section includes detailed analysis to support the strategies.

The key strategies provide direction for the preparation of the 2015/16 Budget.

**Table 1: Council's Strategic Directions**

Chapter		Strategic Directions:
5.	Financial Sustainability	<ul style="list-style-type: none"> <li>Continue to benchmark its financial sustainability with other Victorian councils and those within the regional city category.</li> <li>Apply the strategic directions of this Strategic Resource Plan to the annual Budget.</li> <li>Seek to achieve and maintain an annual underlying operating surplus over the life of this Strategic Resource Plan.</li> </ul>
6.	Long Term Financial Plan	<ul style="list-style-type: none"> <li>Review and update its long term financial plan annually.</li> <li>Consider and finalise the annual level of rates and charges to be collected during the annual budget setting process.</li> <li>Seek to increase its capital works investment over time to fund its asset renewal requirements.</li> <li>Further develop its 10 year capital works program.</li> </ul>
7.	Rates, Grants, Fees and Charges	<ul style="list-style-type: none"> <li>Apply a 4.95 percent increase in total rates and charges revenue excluding supplementary valuations to maintain existing services for the 2015/2016 financial year.</li> <li>Pursue operational grant funding and strategic capital funding aligned with Council Plan objectives.</li> <li>Annually review the level of existing fees and charges and investigate new revenue sources.</li> <li>In preparation for rate capping, investigate strategies for alternate sources of income (e.g. increased borrowings) and/or reduce operational and capital expenditure (e.g. reduced service provision).</li> </ul>
8.	Strategic Asset Management	<ul style="list-style-type: none"> <li>Continue to review the reasonableness of depreciation expense and renewal modelling.</li> <li>Update Asset Management Plans for major classes of assets on a regular basis.</li> <li>As part of the development of Service and Asset Management Plans, consult with the community to determine how asset service levels will be reached including a combination of revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.</li> <li>Allocate priority funding to asset renewal based on assessed condition being critical to maintain an agreed minimum service level.</li> <li>Adopt a program to achieve the annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets.</li> <li>Investigate the development of an asset retirement strategy.</li> </ul>
9.	Capital Projects Planning and Delivery	<ul style="list-style-type: none"> <li>That Asset Investment Guidelines to be adopted to provide a framework for the assessment of capital projects.</li> <li>That the Integrated Project Management (IPM) CAMMS Management Software be fully implemented as part of the governance, planning, management and delivery of capital projects.</li> </ul>

Chapter		Strategic Directions:
10.	Defined Benefits Superannuation Liability	<ul style="list-style-type: none"> <li>Minimise the shock of possible future calls on Council by providing an additional amount of \$350,000 that will be set aside each year as a restricted asset for the purpose of funding future calls should they eventuate.</li> <li>Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.</li> </ul>
11.	Development Contributions Plans	<ul style="list-style-type: none"> <li>Continue to monitor Developer Contribution Plans to ensure Council's commitments are known and budgeted for.</li> <li>Determine if there is a need to provide for future capital contributions as part of a restricted asset based on known obligations.</li> </ul>
12.	Waste Management Strategy	<ul style="list-style-type: none"> <li>Consider future increases in waste and costs based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy.</li> <li>Incorporate any increase in waste management charges into the overall rates and charges increase for the 2015/16 financial year;</li> <li>Recognise Council's obligations under relevant legislation relating to monopoly business including Competitive Neutrality and the Trade Practices Act when setting its rates and charges.</li> </ul>
13.	Long Term Borrowings	<ul style="list-style-type: none"> <li>Examine the use loan funding within limits to fund new or significantly upgraded major assets that provide broad community benefit and intergenerational equity.</li> <li>Maintain a level of borrowings, debt servicing and redemption costs for a loan portfolio, well within State Government prudential guidelines.</li> <li>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.</li> </ul>
14.	Restricted Investments	<ul style="list-style-type: none"> <li>Maintain discretionary restricted investments 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.</li> <li>Maintain sufficient underlying working capital after deducting restricted investments, to enable restricted investments to be expended without impacting upon available working capital to meet day to day needs.</li> </ul>
15.	Information Communications Technology	<ul style="list-style-type: none"> <li>Apply a project management approach to oversee the implementation of ICT Strategy initiatives.</li> <li>Consider Information Communications Technology Strategy 2013-2018 initiatives during the development of Council's annual budget.</li> </ul>
16.	Service Planning	<ul style="list-style-type: none"> <li>Continue the service planning process throughout 2015/16.</li> </ul>
17.	Workforce Planning	<ul style="list-style-type: none"> <li>Continue to implement the Whole Brain Thinking Model into the organisation.</li> <li>Continue to work with and on Council's workforce to ensure a high level assessment is undertaken of Council's capacity to plan and respond proactively in providing services and meeting community needs and aspirations.</li> <li>Continue to work with the MAV to develop and implement the Greater Shepparton Workforce Plan</li> <li>Continue to foster a Learning Organisation.</li> <li>Continue to strive to achieve the most efficient and effective organisation that it can be.</li> </ul>

## 5. Financial Sustainability

Financial sustainability as defined by The Australian Local Government Association (ALGA) 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 that the sustainability of **Greater Shepparton City Council** can be assessed.

The precise financial strategy which supports financial sustainability and which balances community expectations with the capacity to pay is a challenge for Councils.

As part of this process strategies, services and investment in infrastructure must be developed that meets the community’s needs whilst simultaneously remaining affordable.

The question of what is ‘financial sustainability’ and the appropriate strategy to support this position will be answered differently by every Council.

However, there are some common questions that should be asked by Councils in the strategic development process. These include:

- the range and level of Council services that are to be offered;
- the affordability of new assets;
- the utilisation of existing assets;
- the quantum of the renewal investment compared to the renewal demand;
- the suitability of borrowings;
- whether rate and charge increases are sustainable and the impact of rate capping; and
- if the community is willing to pay for services and infrastructure.

One mechanism Councils use to support their financial strategic development is to benchmark their financial performance to like sized Councils or their neighbours.

How Councils compare and why they are different are interesting questions that assist Councils to make ultimate decisions about these complex questions.

This Report contains a summary of relevant benchmarking data to enable this comparative analysis to occur.

### Benchmarking

Council Annual Reports generally contain standard and consistent financial data. These Reports have been reviewed to produce the data used for benchmarking purposes in this SRP. The number of Councils in each category is shown in the table below. Greater Shepparton is part of the Regional Cities group.

Category Description	Councils within Category
Inner Metropolitan	16
Outer Metropolitan	15
Regional Cities	11
Large Shires	16
Small Shires	21
Totals	79

**Table 2: Number of councils in each Benchmarking Category**

## Financial Sustainability

The concepts most people use in their personal and business lives are basically the same as those that should be applied to local government; however, those concepts need some modification.

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

### Underlying Operating Position (Surplus/Deficit)

The underlying operating result as defined by the *Institute of Chartered Accountants* (2009) is a measure of the financial sustainability of a Council.

Continuous underlying operating deficits lead to a loss in equity, reduction in asset base, drop in service standards over time and a deferral of costs to future generations.

The underlying operating result is the operational result (balanced, surplus or deficit) less gifted assets, developer contributions, asset revaluations, and write offs and impacts of asset sales. Capital income is also excluded on the grounds it represents an “unmatched” income (expenditure is not included) and it is a non-recurring income source.

One of **Greater Shepparton City Council**'s long-term financial goals is to achieve an operational surplus without the inclusion of any capital income (against which there is no matching expenditure in the operating statement) and abnormal items such as granted assets.

Council's position is close to the average within the **Regional Cities** category as at June 30 2014.

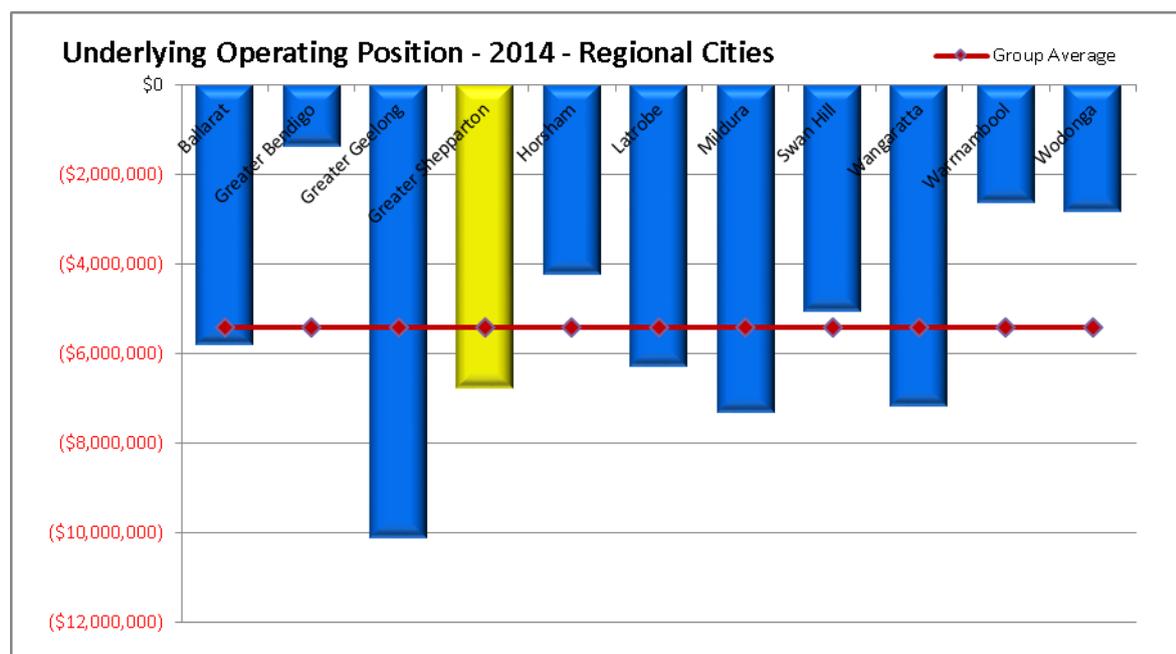


Chart 1: Underlying Operating Deficit – 2013/14

## Liquidity

The MAV assessment asserts a working capital ratio of **100 percent** is generally considered desirable. The analysis considers that Councils with working capital above **150 percent** may have the capacity to reduce long-term debt and preparedness to meet day to day obligations.

Council's working capital ratio of **224 percent** indicates Council's liquidity is strong, largely due to unspent commitments, and is forecast to decline in the medium term as these outstanding commitments are closed out.

## Rates affordability

Australian Taxation Office (ATO) income data for wage and salary earners (PAYE) can be used to give some indication of rates affordability.

The Australian Bureau of Statistics (ABS) produces asset of social and economic indices known as SEIFA. The four indices in the set, which are based on census data, reflect the level of social and economic wellbeing in local government areas. SEIFA includes the following indices:

**Advantage/Disadvantage:** The proportion of families with high incomes, people with a tertiary education and employees in skilled occupations. Low values indicate areas of disadvantage;

**Disadvantage:** Derived from attributes such as income, educational attainment, unemployment and dwellings without motor vehicles;

**Economic Resources:** Relating to family income, rent paid, mortgage repayments and dwelling size; and

**Education and Occupation:** Covering the proportion of people with a higher qualification or those employed in a skilled occupation.

The first three indicators have been used to reflect on the socio-economic status of local areas and therefore ability to bear significant increases in rates. The other issue Greater Shepparton City has to contend with and which does distort these benchmarks is the census understates both number of residents and annual household income due to the impact of non-resident ratepayers.

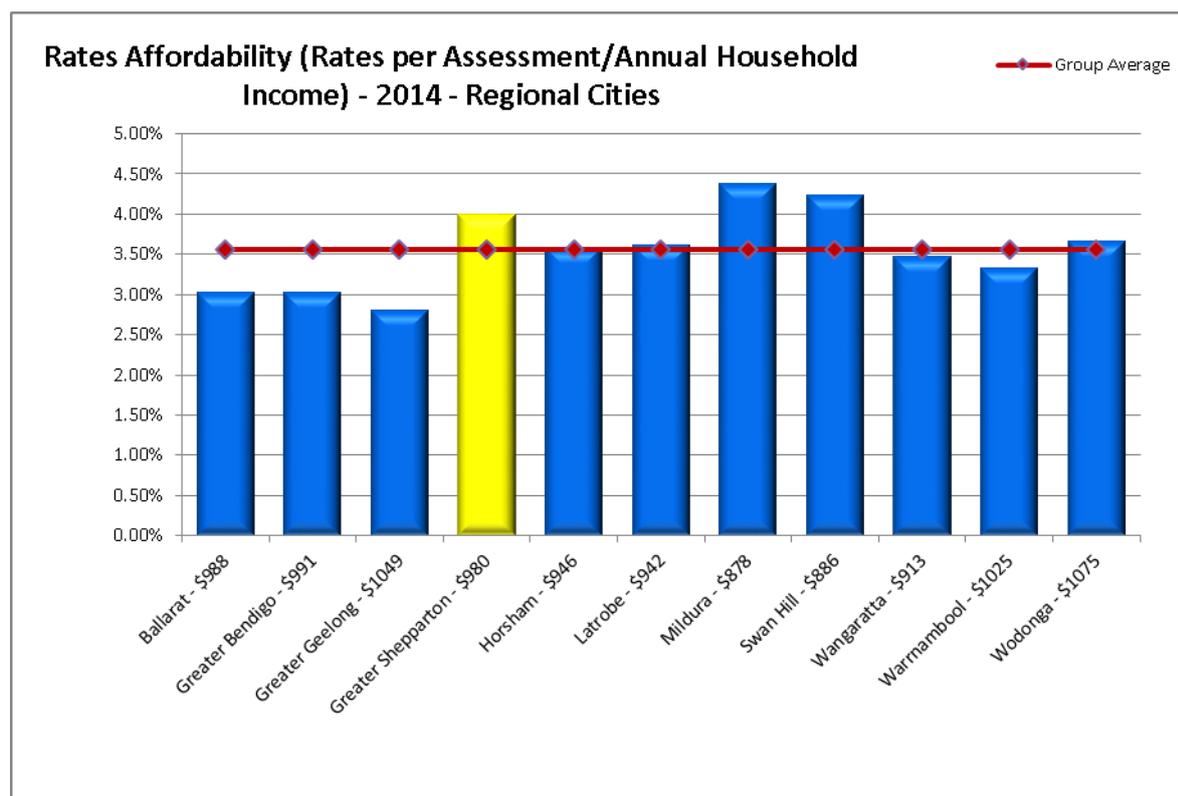


Chart 2: Rates Affordability Regional Cities – 2013/14

## Victoria Auditor General

The Victoria Auditor General's Office (VAGO) in late 2007 prepared a report on Local Government which outlines for the first time a detailed analysis on the financial sustainability of Councils and Regional Library Corporations.

The 2013/14 result compared to the five (5) year average for VAGO's indicators of Council viability are:

Indicator	Calculation	Description	Results 2013/14	Five (5) Year Ave	Actual Trend
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) adjustments.	2.95%	6.33%	
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	2.24	2.03	
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.	18.25%	17.70%	
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.	27.94%	24.56%	
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.	1.16	1.42	
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.	0.89	1.13	

**Table 1: Greater Shepparton City Council VAGO Indicators of Council Viability**

**Strategic Directions:**

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

## 6. Long Term Financial Plan

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

The assumptions detailed in this Long Term Financial Plan are to be read in conjunction with *Appendix B* 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 which 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 modelling has been the 2014/2015 March Quarter Budget review with the 2015/2016 budget as year one. 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, 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 it 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 table projects the inflation of key revenue and expenditure types.

Description	Ref	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
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	4.00%	4.00%	3.75%	3.75%	3.75%	3.75%	4.25%	4.25%	4.25%	4.25%
Materials and contracts	7	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Utilities	8	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Depreciation	9	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

**Table 4: Key financial assumptions summary table – inflation only**

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

Description	Ref	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Rates & Charges Revenue	1	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Fees & Charges – Council	2	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Employee costs	6	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Materials and contracts	7	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Depreciation	9	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

**Table 5: Key financial assumptions summary table – growth only**

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

Description	Ref	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Rates & Charges Revenue	1	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%	5.95%
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	4.50%	4.50%	4.25%	4.25%	4.25%	4.25%	4.75%	4.75%	4.75%	4.75%
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	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Depreciation	9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

**Table 6: Key financial assumptions summary table – inflation and growth combined**

## **1. Rates and Charges Revenue**

Projected total rates and charges revenue for future years is based on an increase of 4.95 per cent excluding supplementary valuations. While rate capping will be introduced in 2016/2017 the details for its application are yet to be determined.

The Victorian Essential Services Commission (ESC) is scheduled to submit its final report with recommendations on a rates capping and variation framework to the Victorian Minister for Local Government and Minister for Finance by 31 October 2015.

Council will review the strategic resource plan and long term financial plan once the framework has been finalised.

Council's rate revenue is considered in Section 5 of this Strategic Resource Plan.

It should be noted that a Waste and Resource Recovery Management Strategy 2013 – 2023 was adopted by Council on 17 December 2013. This strategy is discussed in more detail in Section 10 of this Strategic Resource Plan, however as the strategy is implemented the outcomes will need to be factored into this model in future years.

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 excluding supplementary rates 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 proposes additional borrowings of \$15.5m 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 per cent 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 modelling.

## **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 is based on cash flow and an average interest rate of 4 per cent.

## **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.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Enterprise Agreement Increase	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Super Guarantee increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%
Total Annual increment	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.75%	3.75%	3.75%	3.75%
Banding Increments	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
EFT growth	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Total	4.50%	4.50%	4.25%	4.25%	4.25%	4.25%	4.75%	4.75%	4.75%	4.75%

**Table 7: 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 2014 Enterprise Agreement expires on 30 June 2017. Future year assumptions are estimates with negotiations on the 2018 Enterprise Agreement commenced early in the 2017 calendar year.

Note this agreement prescribes a 3.05 per cent or \$41 per week increase in 2015/16 and 3.05 per cent or \$42 per week increase in 2016/17. For long term financial modelling purposes an average increase of 3.5 per cent has been used.

In the 2014/15 Federal Budget, the Treasurer announced the government's intention to change the schedule for increasing the Super Guarantee rate to 12 per cent.

The government amendments mean the rate will remain at 9.5 per cent until 30 June 2021 and then increase by 0.5 percentage points each year until it reaches 12 per cent.

## 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 and growth in the number of properties of 1 per cent.

## 8. Utilities

During the 2012/2013 year Council experienced increases in utility costs substantially higher than normal, at approximately 15-20 per cent following the introduction of the carbon tax. With the repeal of the carbon tax Council has experienced lower increases than previous strategic resource plan assumptions. An indexation of 3.5 per cent per annum has been used, made up of an estimated 2.5 per cent inflation and 1 per cent growth.

## 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, expansion, 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 reflects a year one capital works program of \$40 million followed by \$26 million per year from 2017.

From 2017 onwards capital works expenditure has been notionally allocated between renewal 70%, upgrade 10%, expansion 10% and new 10%.

#### **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 2015/16 budget.

#### Key economic assumptions<sup>(a)</sup>

	2014-15 Forecast	2015-16 Forecast	2016-17 Forecast	2017-18 Forecast
	(\$ billion)			
Nominal gross state product	370.1	389.7	410.7	432.6
	(percentage change) <sup>(b)</sup>			
Real gross state product	2.50	2.75	2.75	2.75
Employment	1.25	1.50	1.50	1.50
Unemployment rate	6.25	6.00	5.75	5.50
Consumer price index <sup>(c)</sup>	2.25	2.50	2.50	2.50
Wage price index <sup>(d)</sup>	3.25	3.50	3.50	3.50
Population	1.80	1.80	1.80	1.80

Source: Department of Treasury and Finance

#### Notes:

- (a) The key assumptions underlying the economic projections include interest rates that follow movements in market expectations in the short term and held constant thereafter, constant exchange rates, and oil prices that follow the path suggested by oil futures.
- (b) Per cent change in year-average compared with previous year, except for the unemployment rate which is a year-average rate, and population which is a year-ended per cent change to 30 June. Projections are rounded to the nearest 0.25 percentage point, except population projections, which are rounded to the nearest 0.1 percentage point.
- (c) Melbourne consumer price index. Includes impact of the expected repeal of carbon tax in 2014-15.
- (d) Total hourly rate excluding bonuses.

### MAV Local Government Cost Index

The following is an extract from the 2013/2014 MAV Cost Index Report in relation to indexation trends.

Taken together, the Local Government Cost Index is forecast to increase by 3.4 per cent in 2014-15, driven primarily by wage price increasing by 3.5 per cent.

	2011-12	2012-13	2013-14	2014-15
Construction Costs				
Engineering construction price index	3.82%	11.04%	3.00%	2.95%
Non-residential construction price index	1.9%	-1.1%	2.9%	3.0%
Average construction price index	2.8%	5.0%	3.0%	3.0%
Wage price index				
Commonwealth Budget Estimate	3.70%	3.50%	3.50%	3.50%
State Wages Price Index	3.50%	3.50%	3.50%	3.50%
Average Wage Price Index	3.60%	3.50%	3.50%	3.50%
Allowance for carbon price	0.00%	0.57%	0.00%	0.00%
Local Government Cost Index	3.45%	4.36%	3.39%	3.39%

Source: Australian Construction Forecasts, engineering and non-residential construction price index (2013); Australian Government Budget 2013-2014; Victorian Government Budget 2013-14.

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 the long term financial plan annually;
2. Consider and finalise the annual level of rates and charges to be collected during the annual budget setting process;
3. Seek to increase capital works investment overtime to fund asset renewal requirements; and
4. Further develop the 10 year capital works program.

## 7. 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 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.

### Rating Strategy

Council's rating strategy establishes a framework by which rates and charges will be shared by the community. In developing a long term financial plan, rates and charges are an important source of revenue. Higher percentages of rates and charges as a proportion of total revenue represent greater financial independence and financial sustainability.

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.

A Rating Strategy Reference Group was formed to act as an advisory group to assist Council in preparing a new Rating Strategy. The group held seven meetings between November 2012 and May 2013, as well as attending a briefing of Council on their *Rating Strategy 2013-2017 Discussion Paper*.

The Council's Rating Strategy 2013-2017 was developed with community input via the Rating Strategy Reference Group, public information sessions and public submissions. Changes to the rating structure to achieve a more equitable distribution of the rate burden will increase the amount paid by some properties and decrease the amount paid by others.

The Rating Strategy 2013-2017 was adopted by Council at its Ordinary Council Meeting on 20 August 2013. Changes to the rating structure were implemented over a two-year period and completed in 2014/2015.

### 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 during the annual budget process 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 to maintain 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.

<b>Rates and charges</b>	<b>Annualised 2014-2015 Revenue</b>	<b>% of total</b>
General rates	\$48,635,000	76%
Municipal charge	\$6,873,000	11%
Waste service charges	\$7,941,000	12%
Supplementary rates	\$421,000	1%
<b>Total</b>	<b>63,870,000</b>	<b>100%</b>

**Table 8: Total rates and charges components**

A one per cent increase in total rates and charges revenue compared to the 2014/2015 base would result in an additional \$639,000 in revenue during the 2015/16 financial year.

The following table shows a comparison of percentage increases on total rates and charges revenue over the last 5 years:

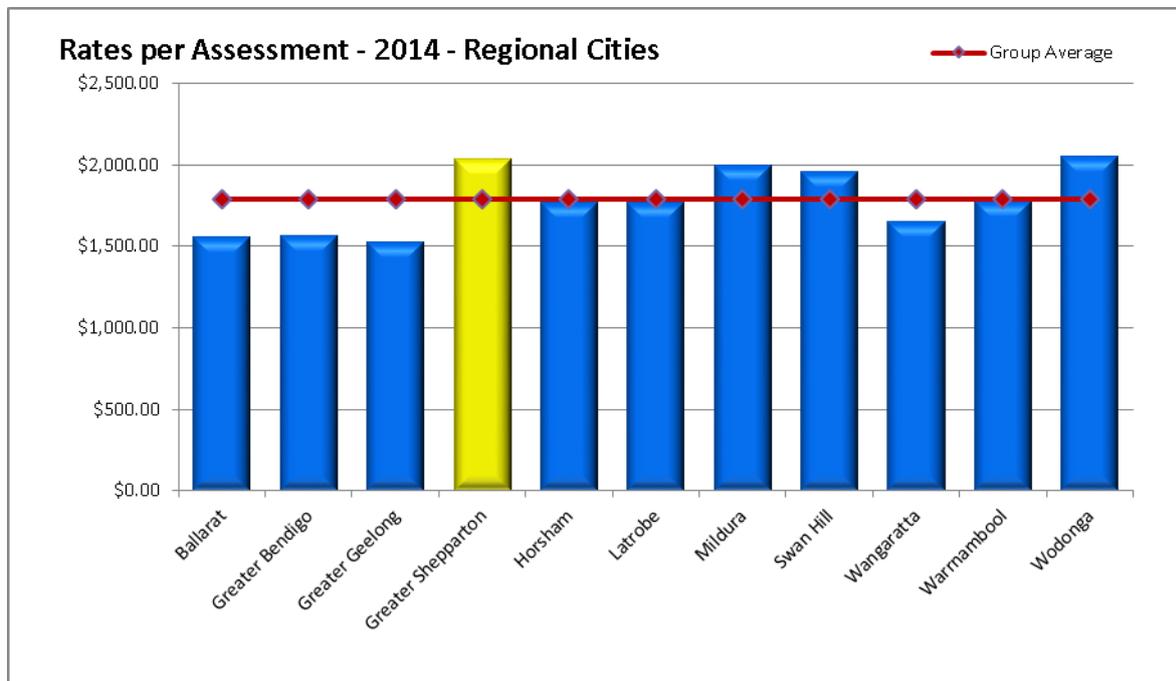
<b>Rating Year</b>	<b>Increase %</b>
2010/2011	6.00
2011/2012	6.95
2012/2013	3.95
2013/2014	4.95
2014/2015	4.95
<b>Average</b>	<b>5.36</b>

**Table 9: Rate Increases – 2007/2008 to 2014/2015**

### **Assessment of Current Rating Levels**

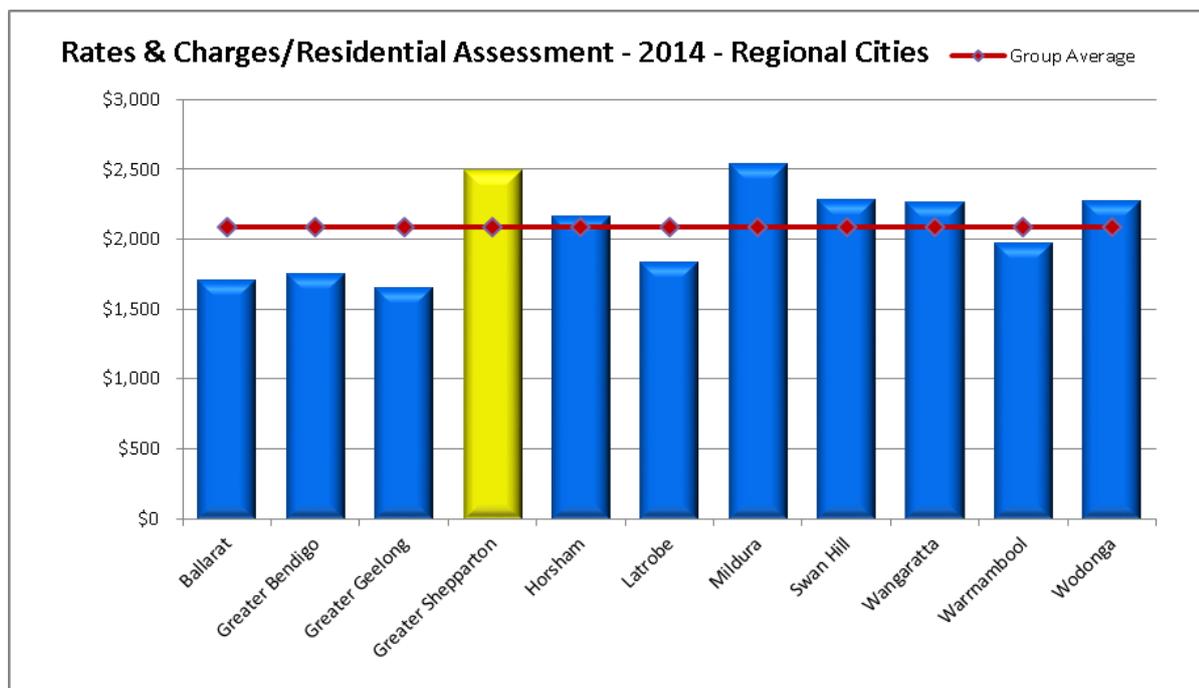
Comparing the relativity of rating levels between councils can be a difficult exercise due to debate over the most appropriate methods to use and the inability to take into account the intricacies of rating structures in different councils. Each local government sets rates based on an assessment of the 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 with regional city councils. As detailed in the chart below the rates and charges revenue collected by Council per assessment is high when compared to other regional city councils.



**Chart 4: Rates and Charges per assessment for Regional Cities (2014)**

The rates and charges revenue collected by Council from residential properties per assessment is also high when compared to other regional city councils, as detailed below, however, Greater Shepparton City Council has a lower proportion of residential assessments compared to other regional city councils.



**Chart 5: Rates and Charges per residential assessment for Regional Cities (2014)**

As a percentage of total revenue Council is no more reliant upon rates and charges revenue when compared to the average of regional city councils, as detailed below.

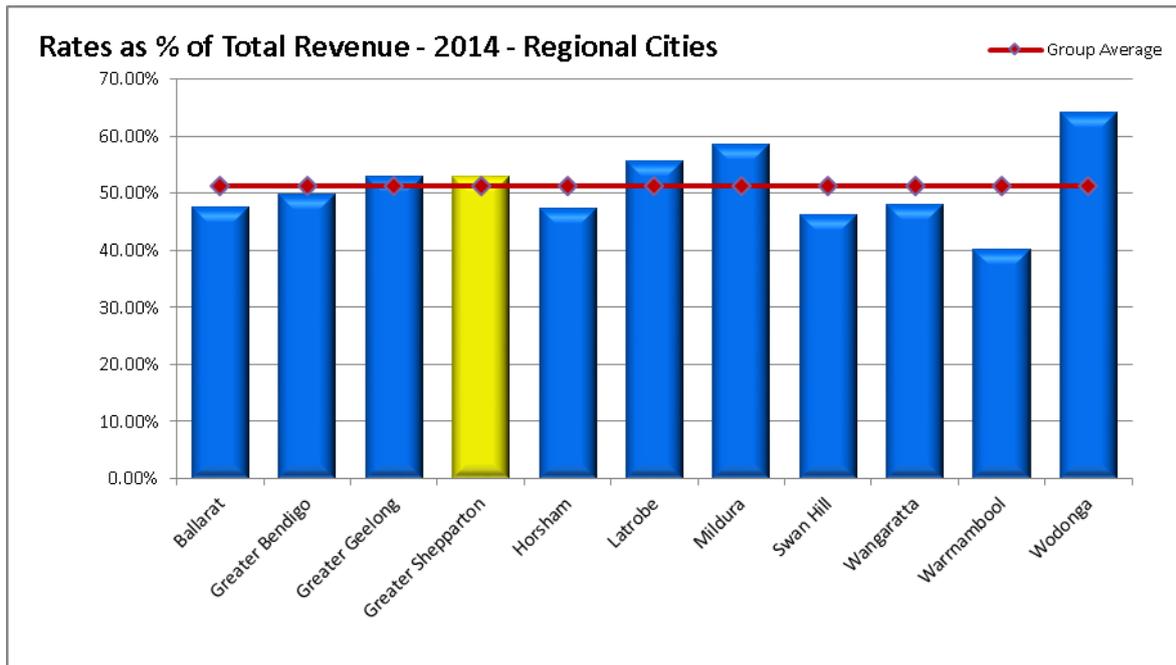


Chart 6: Rates and Charges as a percentage of total revenue for Regional Cities (2014)

### 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 above but close to the regional city average.

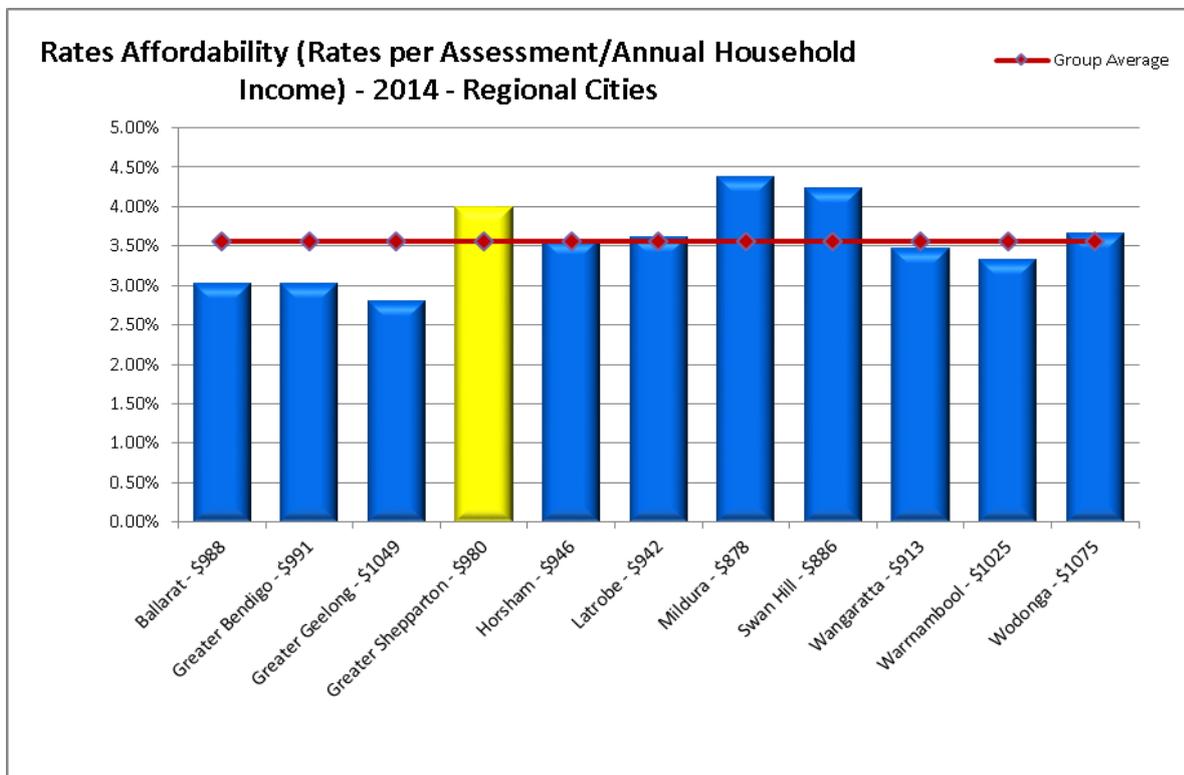


Chart 7: Rates Affordability for Regional Cities (2014)

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 1.2% per year over the past five years from 27,833 in 2009/10 to 29,574 in 2014/15 as shown in the table below.

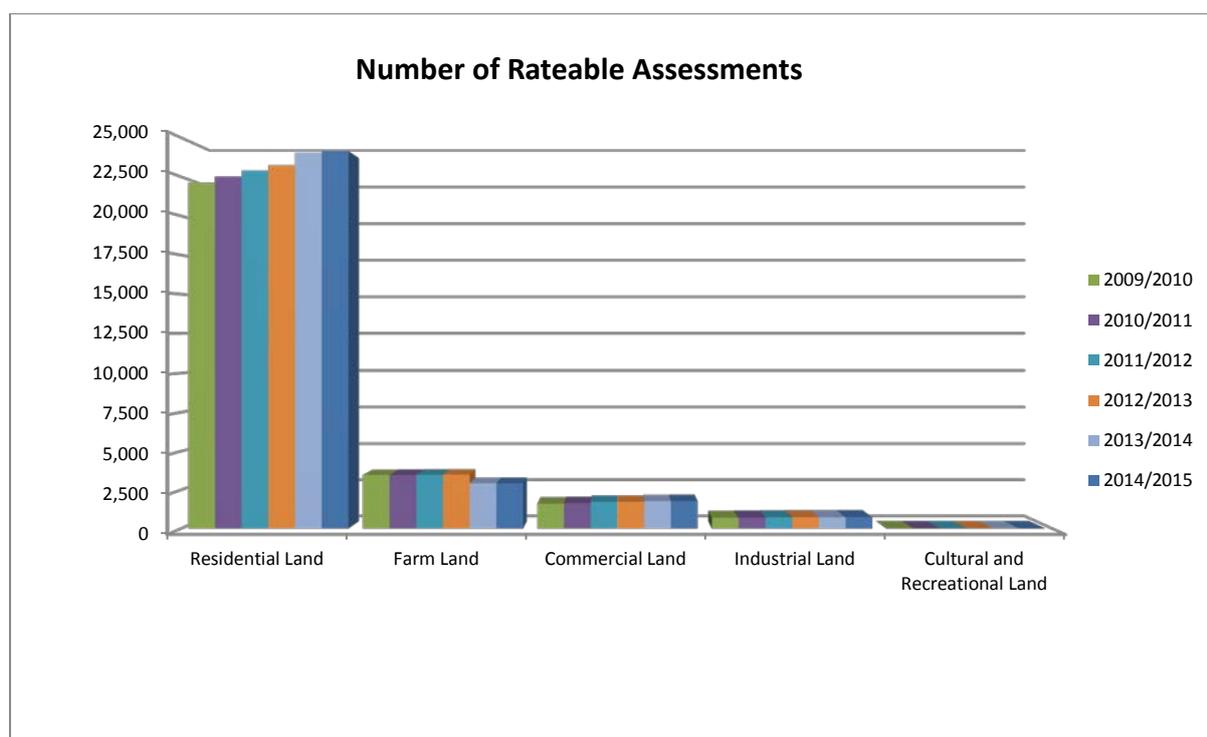


Chart 8: Number of Rateable Assessments 2009/10 – 2014/15

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 2014 Council was close to average in terms of receiving government grant revenue, compared to other like councils as outlined in the graph below.

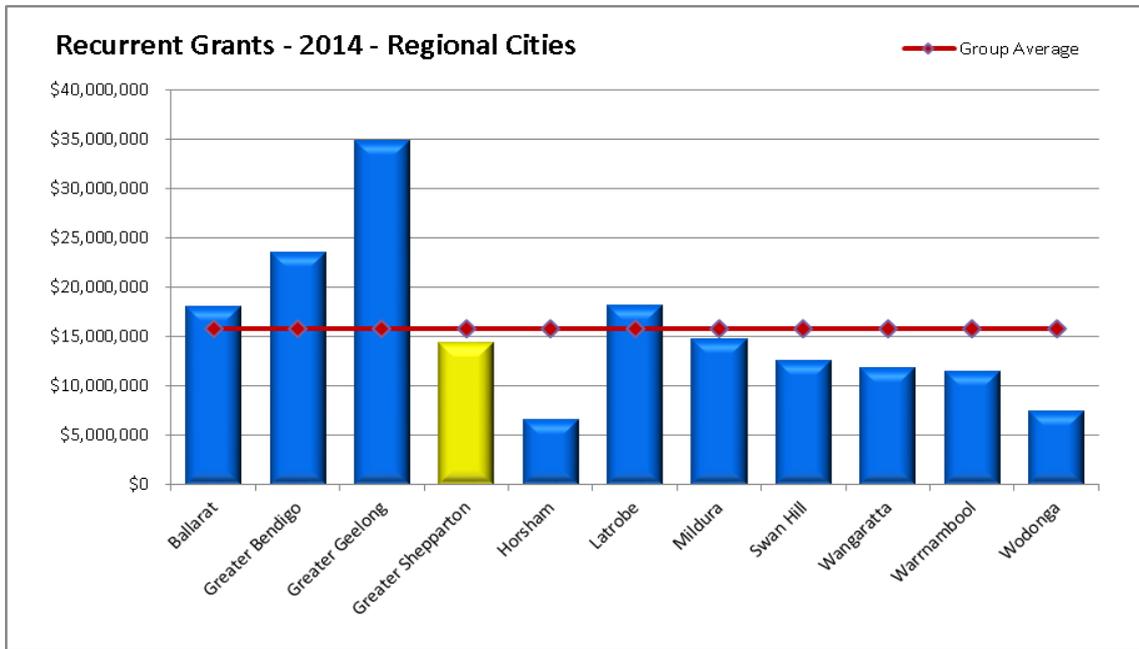


Chart 9: Recurrent Grants for Regional Cities

Council receives approximately 10 per cent of its total revenue from the Victoria Grants Commission. Council's grant allocation for the 2014/15 financial year was \$11.46 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.

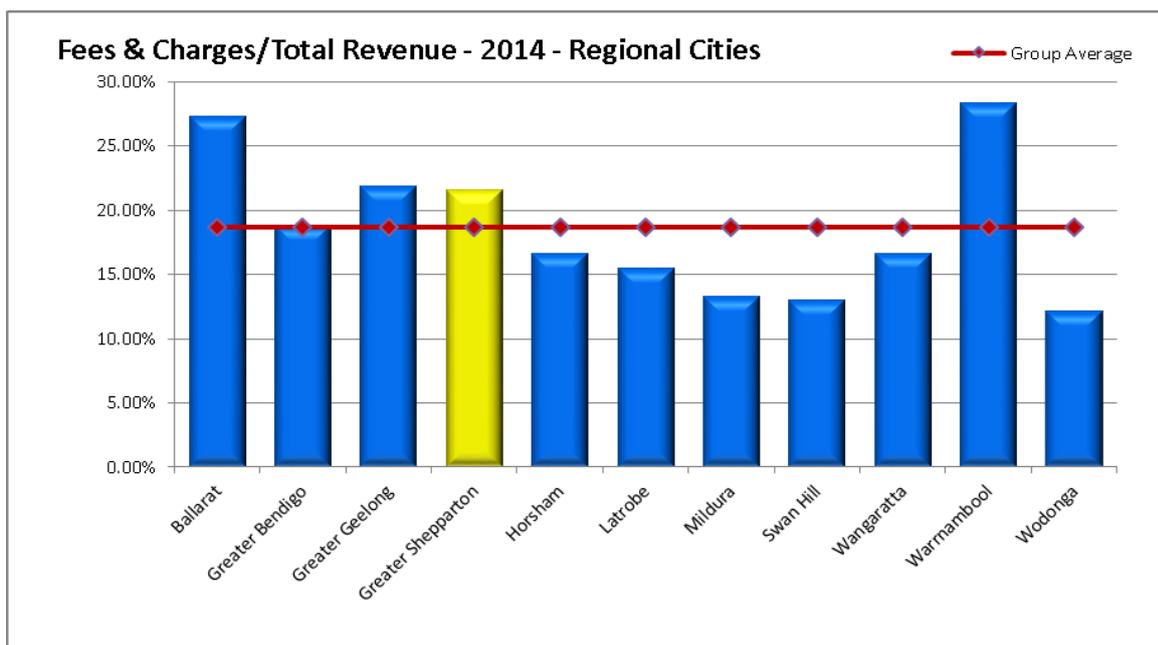


Chart 10: Fees & Charges/Total Revenue for Regional Cities (2014)

### **Future Considerations with Rate Capping**

Rate capping will be introduced in 2016/2017 however specific details regarding the framework for its application are still unknown at this stage.

The terms of reference for the Victorian Essential Services Commission's (ESC) design of the rate capping framework states that advice should be given on "implementation of the Government's commitment to cap annual council rate increases at the Consumer Price Index (CPI) with councils to justify any proposed increases beyond the cap, including advice on the base to which the cap should apply (e.g. whether to rates or to general income)."

In April 2015 the ESC released the *Local Government – Rates Capping & Variation Framework Consultation Paper* highlighting some of the key issues.

The most relevant of these to the short and long term forecasting is whether CPI is the most appropriate index, whether the level of service delivery or asset condition will deteriorate through rate capping and the variation process itself (Council's ability to seek increases above the rate cap).

Rates revenue equates to around 54% of Greater Shepparton's revenue. Having general income capped would be a significant impost on Council's ability to generate sufficient income to fund the existing level of service delivered to the community.

Greater Shepparton Council delivers over 150 services to the community as well as maintaining a large asset base to ensure it meet the infrastructure needs of a growing population.

Rate capping will have a significant impact on Council to the point that the following strategies will need to be considered for future years:

- Reduce the level or number of services provided to the community;
- Reduce the level of capital expenditure including infrastructure renewals;
- Increase user charges to full cost recovery;
- Increase the use of debt borrowings to fund capital projects; and
- Greater use of non-rate charges such as special rate schemes and waste levies.

The ESC is scheduled to submit its final report with recommendations on a rates capping and variation framework to the Victorian Minister for Local Government and Minister for Finance by 31 October 2015.

#### **Strategic Directions:**

1. Apply an annual 4.95 per cent increase in total rates and charges revenue excluding supplementary valuations to maintain existing services for the 2015/2016 financial year.
2. Pursue operational grant funding and strategic capital funding aligned with Council Plan objectives.
3. Annually review the level of existing fees and charges and investigates new revenue sources.
4. In preparation for rate capping, investigate strategies for Council to source alternate sources of income (e.g. increased borrowings) and/or reduce operational and capital expenditure (e.g. reduced service provision).

## 8. Strategic Asset Management

### Introduction

The Council is the custodian of community assets with a replacement value of approximately \$1.2 billion. In financial terms these assets depreciate in value by approximately \$21.1 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 detail the levels of service.

Council's *Asset Management Policy* recognises the importance of integrated asset management, and therefore will endeavor to:

- Determine sustainable agreed levels of service in consultation with the community which will then allow Council to determine which assets are required to deliver those agreed levels of service;
- Maintain its assets so they are safe for use for the benefit of current and future generations;
- Prepare Service Plans, which will define and quantify the level of service to be delivered to the community by Council, which will then inform asset management plans to maintain and improve assets that support those services
- The identification of the actual asset renewal demand based on the condition of assets as determined by survey;
- Review and adoption of Asset Management Plans;
- Allocate priority funding to asset renewal based on assessed condition critical to maintain an agreed minimum service level;
- Renew existing assets at the optimal time to avoid deferred liability expenditure being borne by future generations; and
- Implement and regularly review an Asset Management Strategy which identifies improvement opportunities that will lead to best practice in asset management.

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*:

<b>Asset Management Strategy</b>	<b>Asset Management Plans</b>
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"> <li>• A description of the current status of asset management practices (processes, asset data and information systems).</li> <li>• Organisation’s future vision of asset management.</li> <li>• A description of the required status of asset management practices to achieve the future vision.</li> <li>• Identification of the gap between the current status and the future vision (a “gap analysis”).</li> <li>• Identification of strategies and actions required to close the gaps, including resource requirements and timeframes.</li> </ul>	<ul style="list-style-type: none"> <li>• A summary of Council’s strategic goals and key asset management policies.</li> <li>• Definition of levels of service and performance standards.</li> <li>• Demand forecasts and management techniques.</li> <li>• Description of the asset portfolio.</li> <li>• A broad description of the lifecycle management activities for operating, maintaining, renewing, developing and disposing of assets.</li> <li>• A cash-flow forecast.</li> <li>• Key asset management improvement actions including resources/timeframes.</li> </ul>

**Table 10: Asset Management, Strategy and Planning**

In 2011 Council adopted 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

All these listed asset management plans will be reviewed and updated through 2015/16.

Council’s Asset Management System captures and records the details of assets condition based on inspections. Records of defects, deterioration and the condition of assets, with dates inspections were undertaken are captured for the purpose of risk management and for formulating programs of maintenance and asset renewals. The system has the capability of tracking service requests from citizens, maintenance done as a result of these requests, and general cost of the works.

### **Distinguishing between asset management plans and service plans**

Service planning precedes asset management planning. Asset quality and condition affect a service users participatory experience. For example, a building that is clean, vibrant, in a good location, can make the difference between community perceptions of a good or a poor service experience. Therefore, to manage assets correctly, Council must first understand what the community’s expectations of the service are, and then manage the assets accordingly.

## 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 total value of fixed assets as at 30 June 2014 is \$1.19 billion which is an increase of \$18 million from 30 June 2013.

Mix of fixed assets by value.

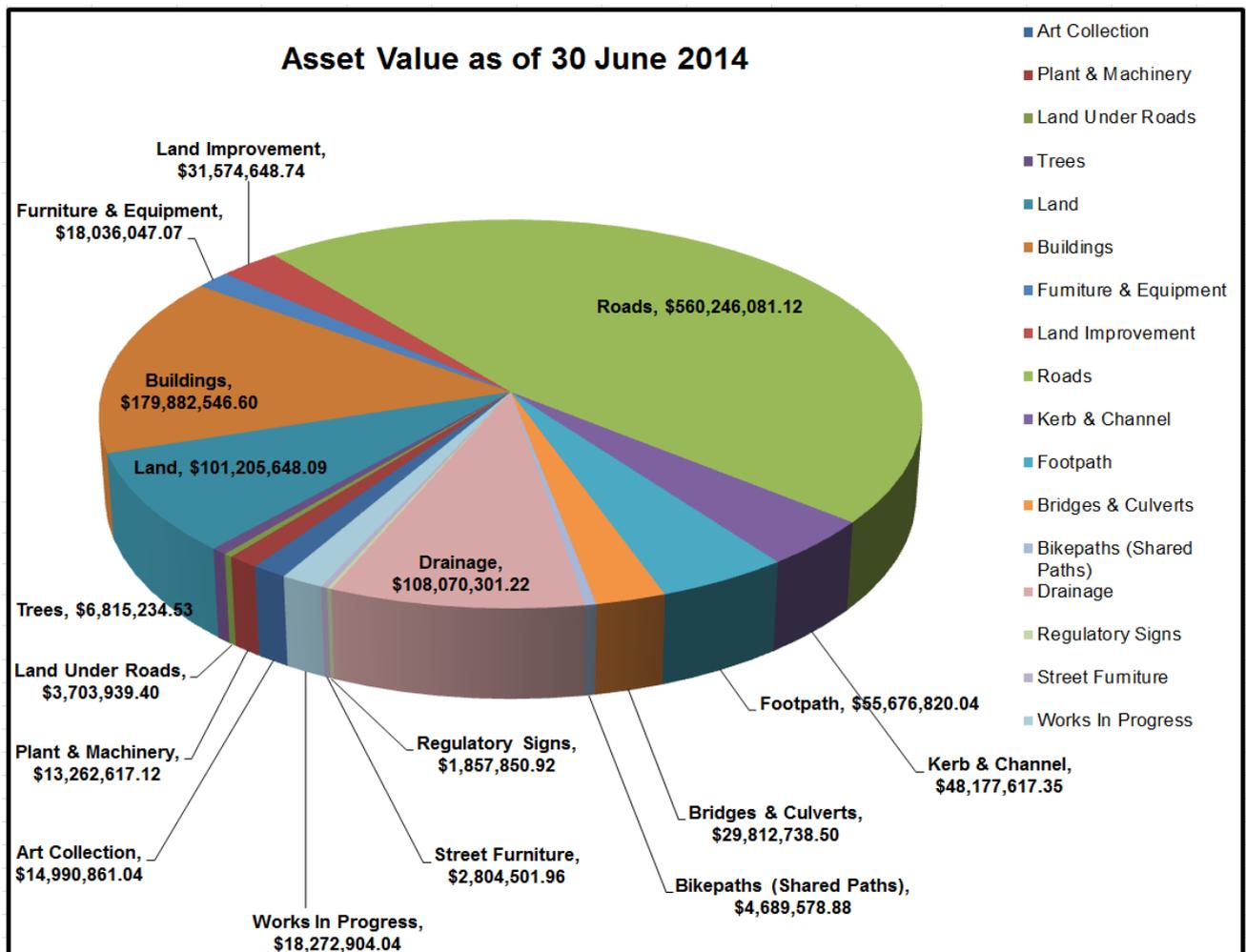
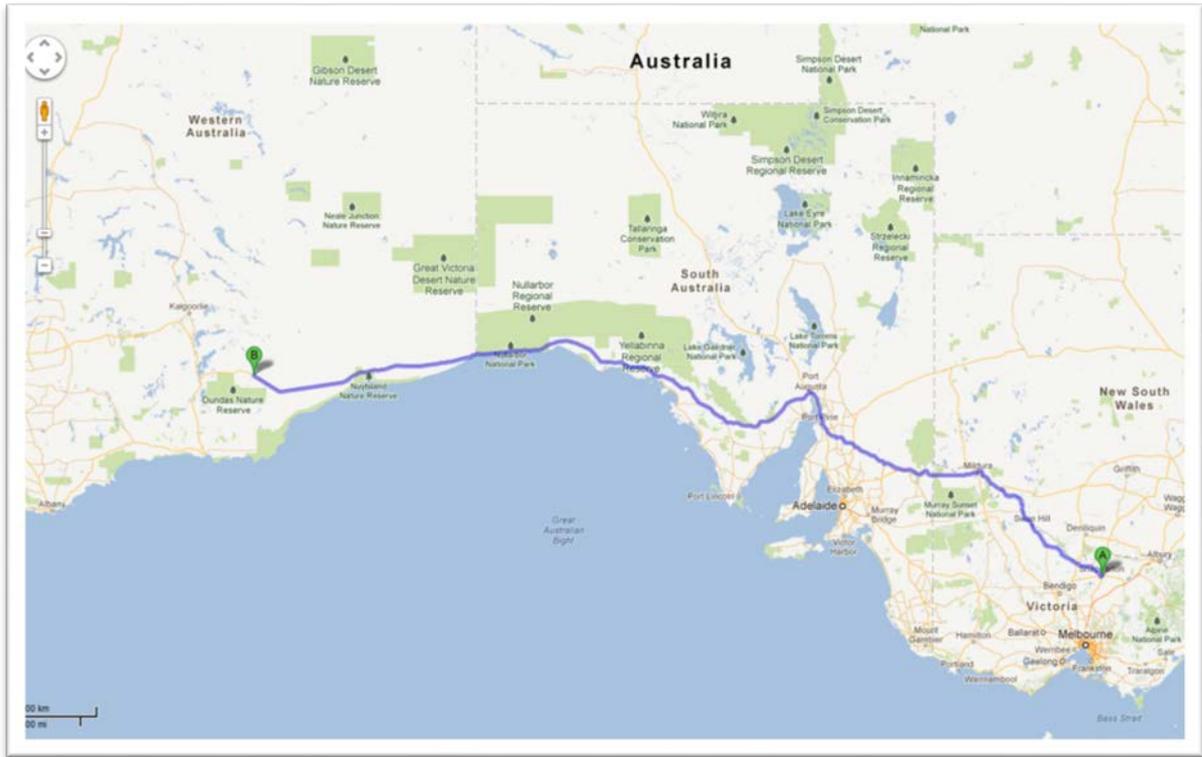


Chart 11: Mix of fixed assets by value

Council's roads form 56% of its total assets which include Sealed Roads, Unsealed Roads Kerb and Channel, Bridges and Culverts, Footpaths, Shared Paths, Signage and Street Furniture.

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



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

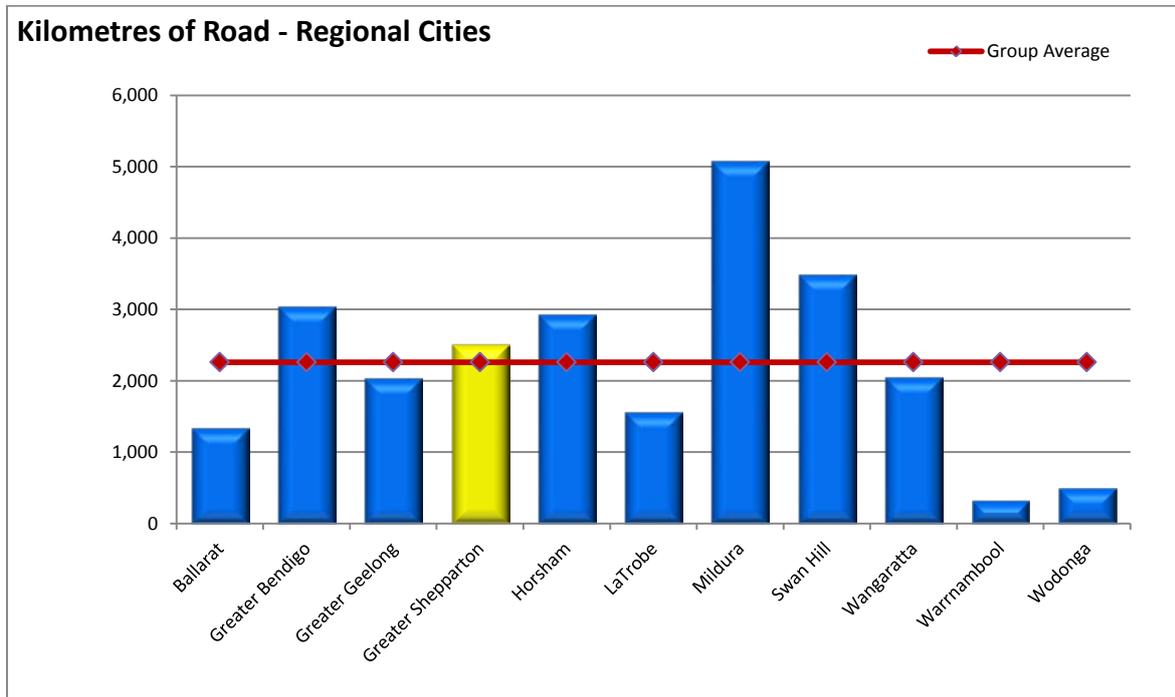
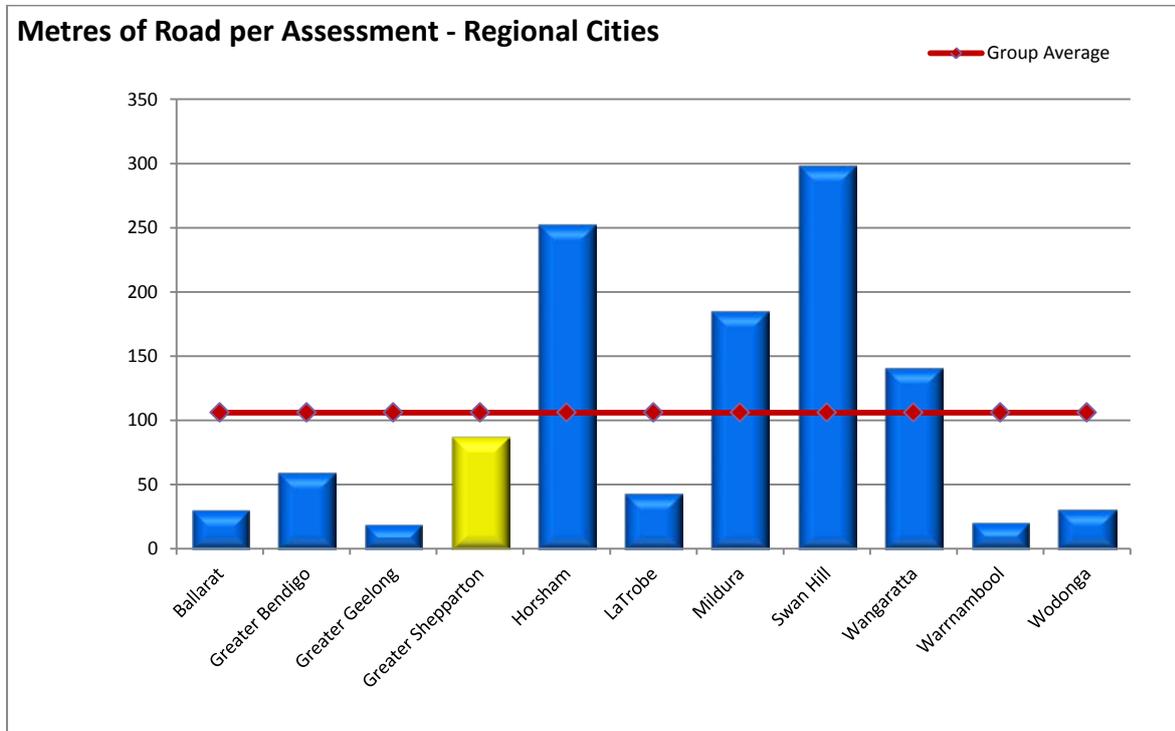


Chart 12: Kilometres of road for Regional Cities

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.

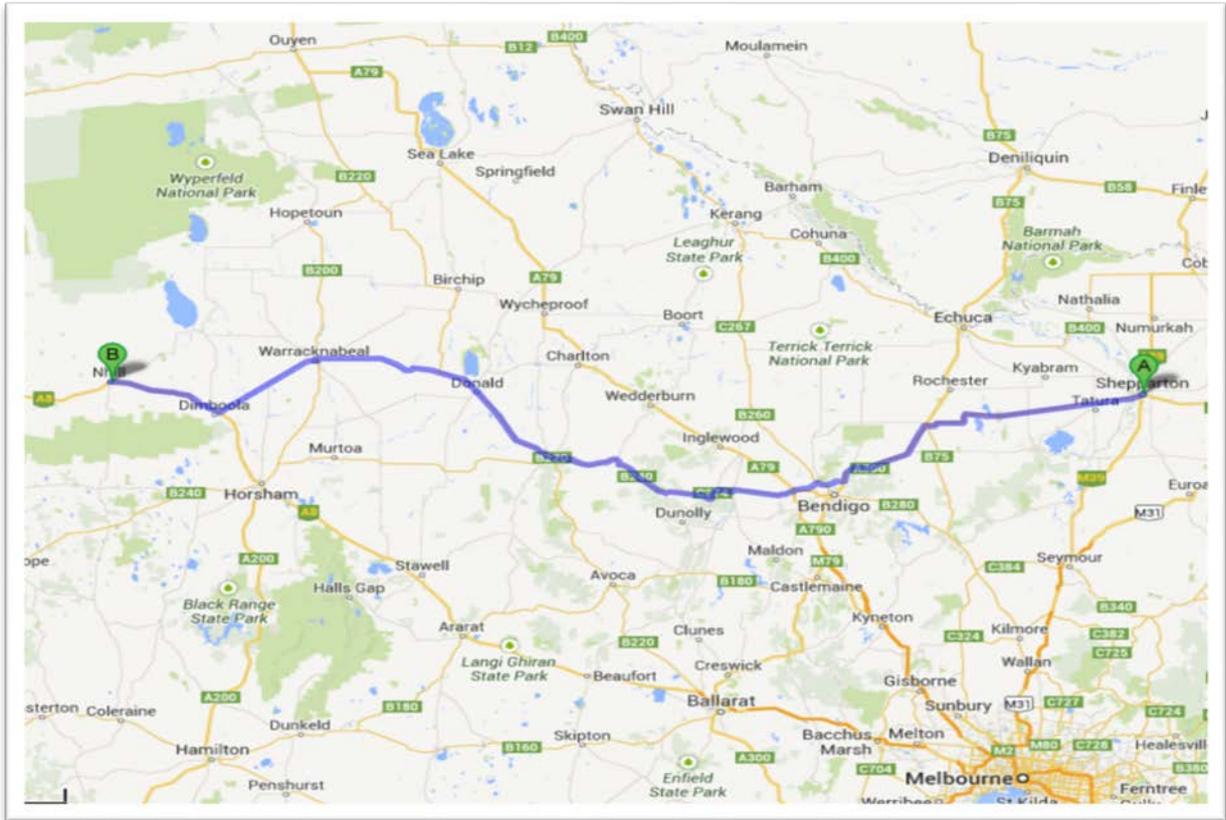


**Chart 13: Metres of road per assessment for Regional Cities**

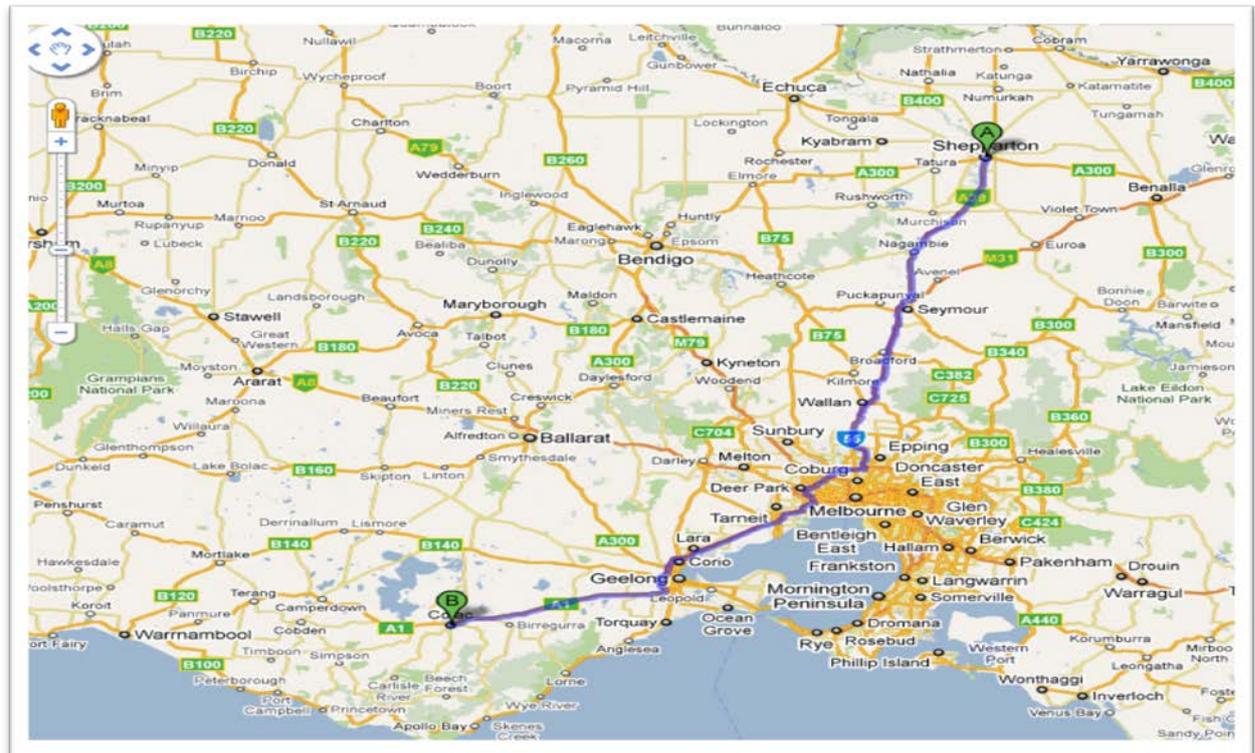
Council's 30 Road Bridges (918m) and 43 Pedestrian Bridges (1095m) end on end span 2,013m; which is longer than the Sydney Harbor Bridge which spans 1,149m.



Total length of Council footpaths is 407km and this is equivalent to a footpath from Shepparton to Nhill.



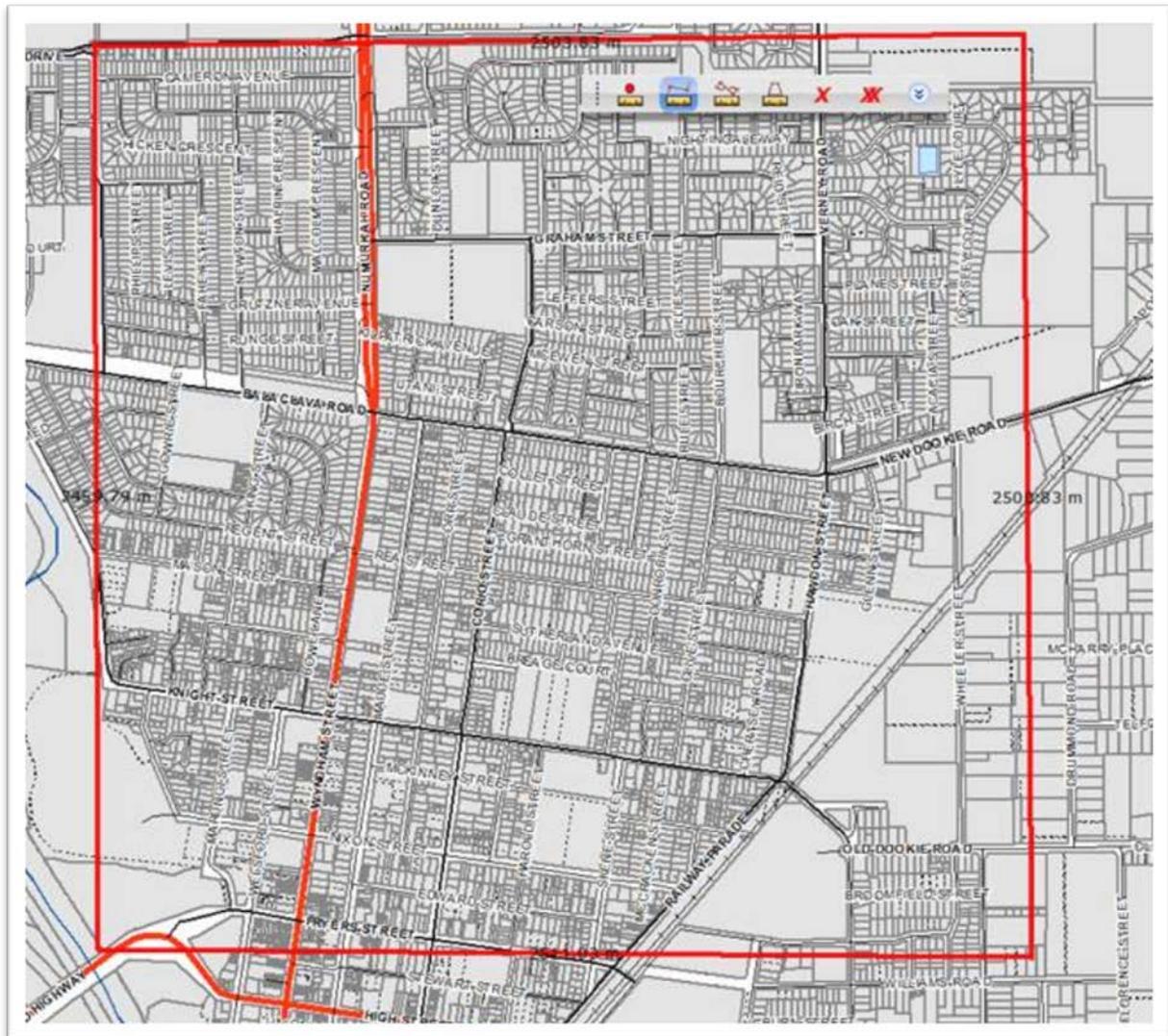
Council's underground drainage pipes of 330km are equivalent to pipeline from Shepparton to Colac.



Council is undertaking drainage asset surveys in older areas of the municipality to update Drainage asset records. In areas built earlier than 1950 Council only has location information of drainage pits and pipes 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 programs and for defect analysis.

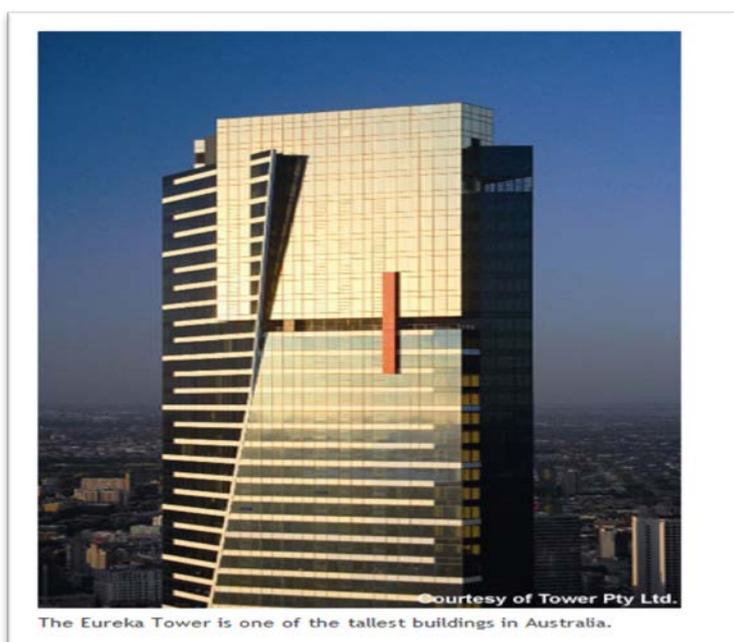
Council's open space area requiring mowing and slashing is equivalent of 647 ha (1600acres) - equivalent to the area of Shepparton contained in the square shown below (2.5km square).



Of all Council assets, 12% are Buildings and 13% are classified as Recreation and Open Space.

The management of these assets has a major bearing on the service experience of citizens. Renewal and maintenance requirements will be drawn from the service plans developed for these asset categories.

Council buildings are 447 in number with a total floor area of 115,732 m<sup>2</sup>. The Eureka Tower in Melbourne is 91 stories tall and includes 556 residential apartments – 300m high total floor area 111,000 m<sup>2</sup>.



The various treatments applied in the maintenance, renewal and development of assets are traced and recorded differently depending on the classifications in the table below. These distinctions are important for both accounting purposes and reporting Council investment in assets to the State Government.

Type of Expenditure	Definition	Purpose/Example
<b>Maintenance</b>	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, eg. Repairing a single pipe in a drainage network or a pothole.
<b>Operations</b>	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
<b>Capital Renewal</b>	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.
<b>Capital Upgrade</b>	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, eg. Widening the pavement of a sealed area of an existing road.
<b>Capital Expansion (New)</b>	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, eg. Extending a road or drainage network.

### Table 11 – 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 them. 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.

The condition of assets is determined by condition survey inspections. Where condition survey data is not yet available, age of assets is used to determine the condition profile. Condition profile is used in the modelling for renewal.

The table below gives the methodology used for modelling for major asset groups:

<b>Asset</b>	<b>Modelled on</b>
Roads including Kerb and Channel and footpath	Condition
Bridges	Condition
Drainage Urban	Age and condition
Buildings	Condition
Recreation facilities	Age and condition
Open Space	Condition
Aquatics	Condition

Monitoring asset condition and performance 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 zero to ten; Zero being the best condition (brand new) and ten being the worst condition (complete failure of the asset).

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 analysed as part of the development of Council's annual capital projects budget. Council has given high priority for renewal of our existing assets before funding new assets. The acquisition or construction of new assets is funded after consideration of a number of factors including community benefit.

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 as follows:

Level	Description	Useful life Elapsed
1 to 4	<b>As new</b> - Near new asset with no visible signs of deterioration, only cyclic maintenance required	1-40%
5 to 6	<b>Fair condition</b> - 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	<b>Poor condition</b> - 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, ie road seals.	81-90%
8	<b>Very poor condition</b> - 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	<b>Extremely poor/serious</b> - 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	<b>Unserviceable</b>	100%

**Table 12: 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).
	



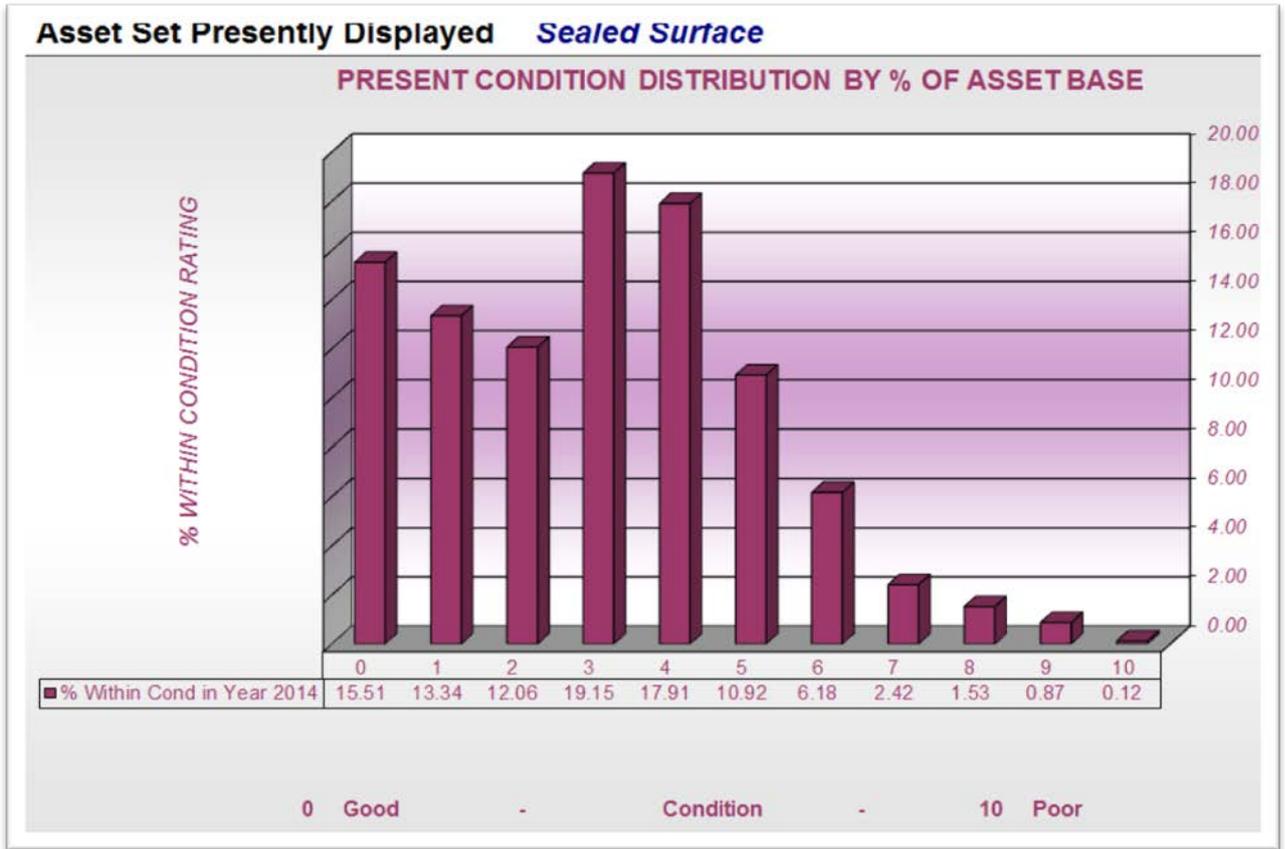


Chart 14B: Condition profile of Council's Sealed Surface assets

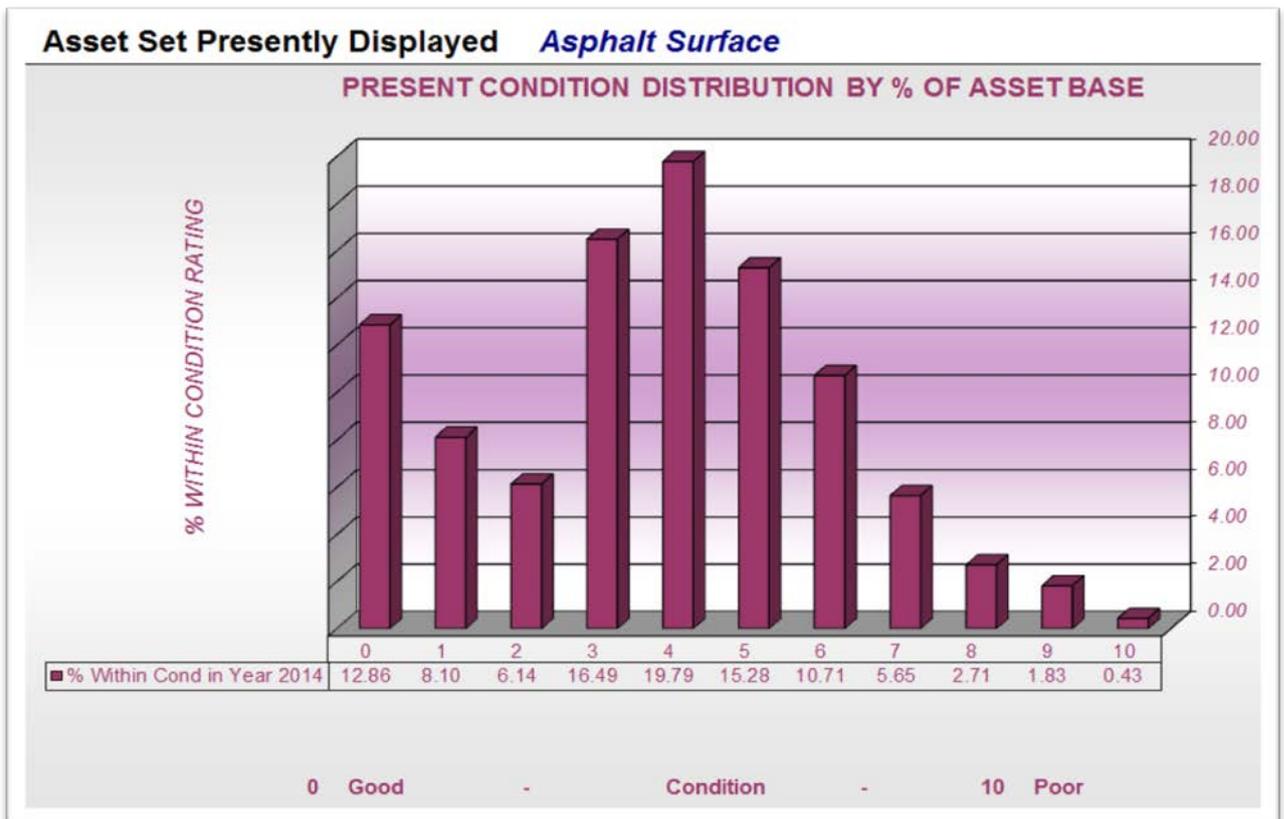


Chart 14C: Condition profile of Council's Asphalt Surface assets

At the time of preparing the 2015/16 SRP for Strategic Asset Management, Council had only just received the Kerb and Channel condition data for 2014 and is in the process of preparing the data and modelling from this condition survey.

The 2014 Condition Data provides a much different picture from the data received in 2011 which suggested the majority of Council's kerb and channel assets were in the range of 1-4 condition. The 2014 data collected through more sophisticated data collection methods tells a very different story with over 60% of all kerb and channel scored as condition 6.

When the 2014 condition data is used with the Maloney's predictive renewal model, the model generates a renewal figure of \$4.09 million for the 2015/16 financial year. This is so as the model assumes about 7% of the kerb and channel will spill into category 7 taking this category to 15% of the network and 4% will spill outside intervention at condition 8. The model while predictive is not definitive and Council can still use its discretion in determining the renewal quantity rather than start renewing condition 7 kerb which may still be good for 5 plus years.

Kerb and Channel infrastructure has a long life of 60 + years and much of it was laid over the past 40 years. It is inevitable that we will renew kerb and channel at a higher rate in the future. Our condition 8 to 10 is still very low and Council has time to increase the renewal program in a planned way. It is recommended the budget for 2015/16 reflects the updated asset condition and budget is increased with a 10 year program up to 2025 to follow for the management of this asset class.

The graph below demonstrates the 2014 condition profile in blue with the predicted shift of condition in 2015 shown in white. The model shows an increase in assets with condition 7 and 8 and if extended into future years would show 7 – 10 increasing annually if not addressed.

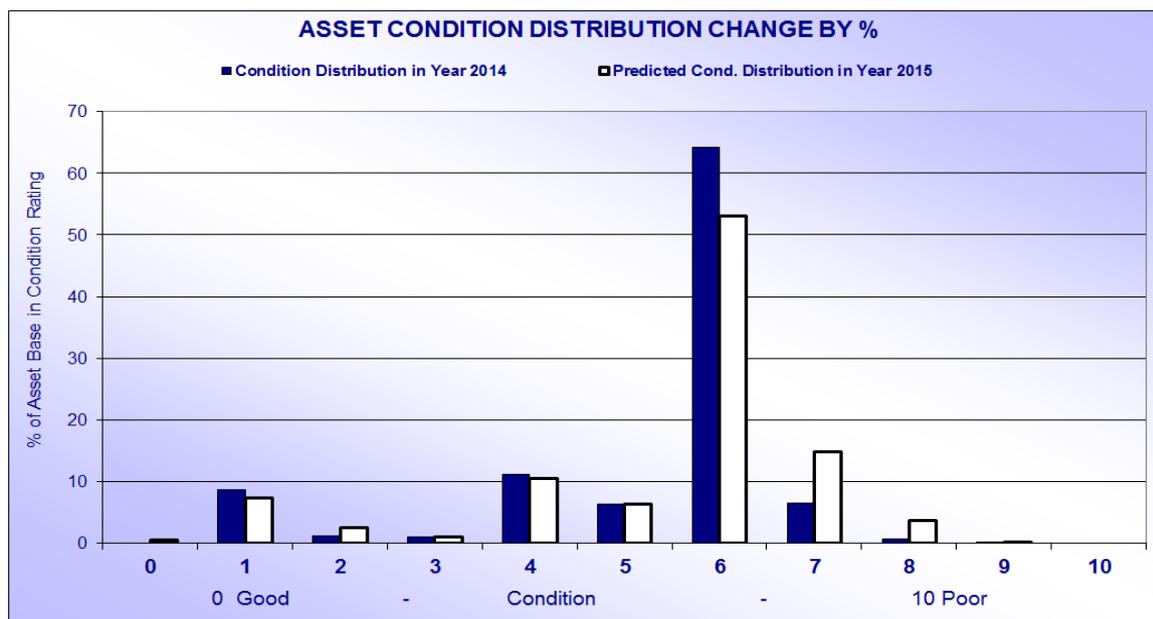


Chart 14D: 2014 Condition profile of Council's Kerb and Channel assets

## Asset consumption

The 2012/13 depreciation was \$18 million and 2013/14 depreciation was \$21 million. The estimated 2014/15 depreciation is approximately \$22.54 million.

Compared to the written down value at year's end of \$826,867, Council's assets were depreciated during 2013/14 at the average rate of regional city councils of 2.56%.

Council's assets were depreciated during 2012/13 at the average rate of regional city councils of 2%. During 2011/12 Council's assets were depreciated at the average rate of 2.5%. The reason for this change was that the 2013 financial statements included an increase in the value of infrastructure assets due to the year-end revaluation

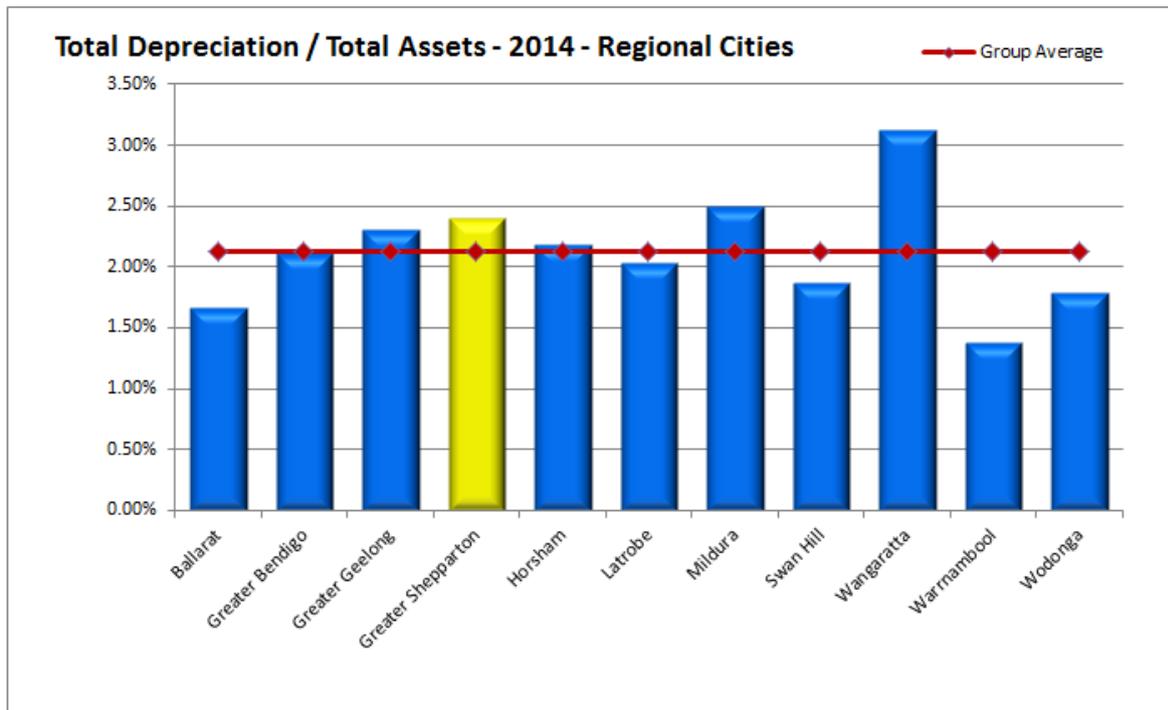


Chart 15: Total Depreciation/Total Assets

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

Council's infrastructure assets were depreciated slightly above the group average for regional city councils in 2014 as shown below:

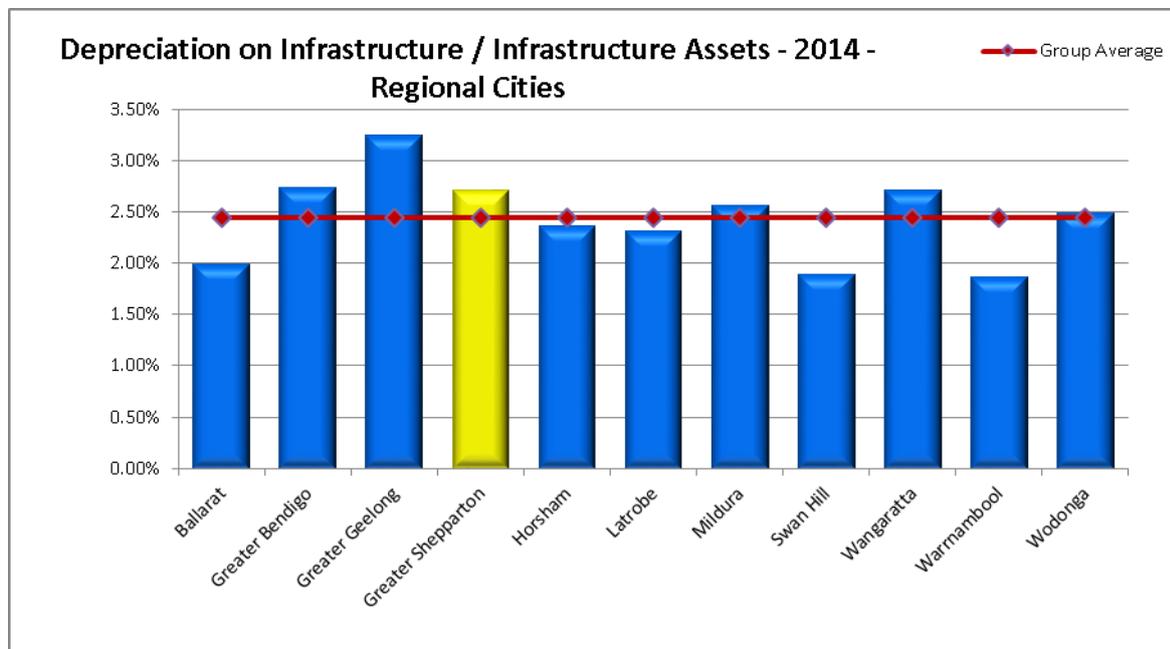


Chart 16: Depreciation on Infrastructure/Infrastructure Assets

Council has determined, 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 than rural roads in other areas due to water seepage into the sub-grade of the pavement.

Depreciation charges are reviewed annually by the Victorian Auditor General's Office prior to being adopted by Council.

The estimated useful lives of assets are reassessed following the completion of condition assessments and valuations.

### 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.

Graph AA 5

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

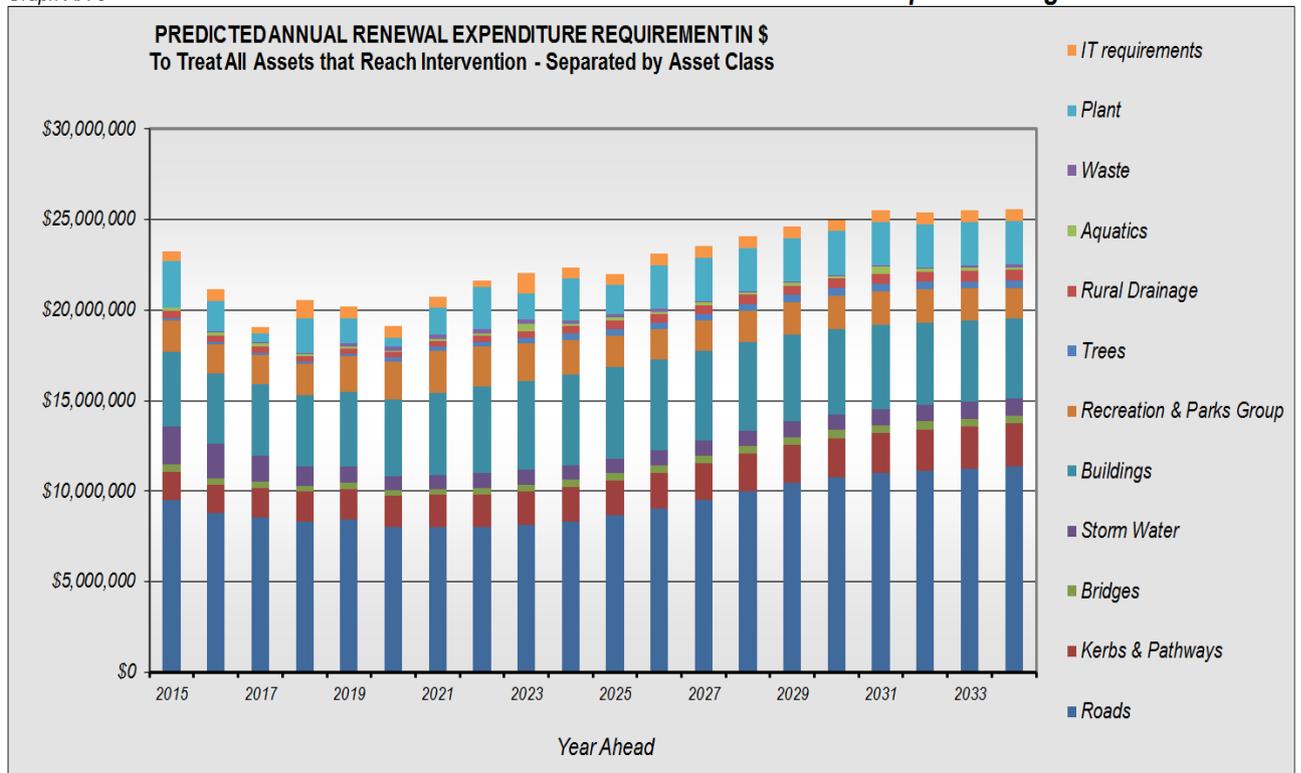


Chart 17: Estimated spend required on renewal over the next 20 years

The following graph depicts the estimated funding required to renew all assets based on condition compared to the 2014 renewal funding for the first 10 years then 100% of 2014 renewal demand. 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**

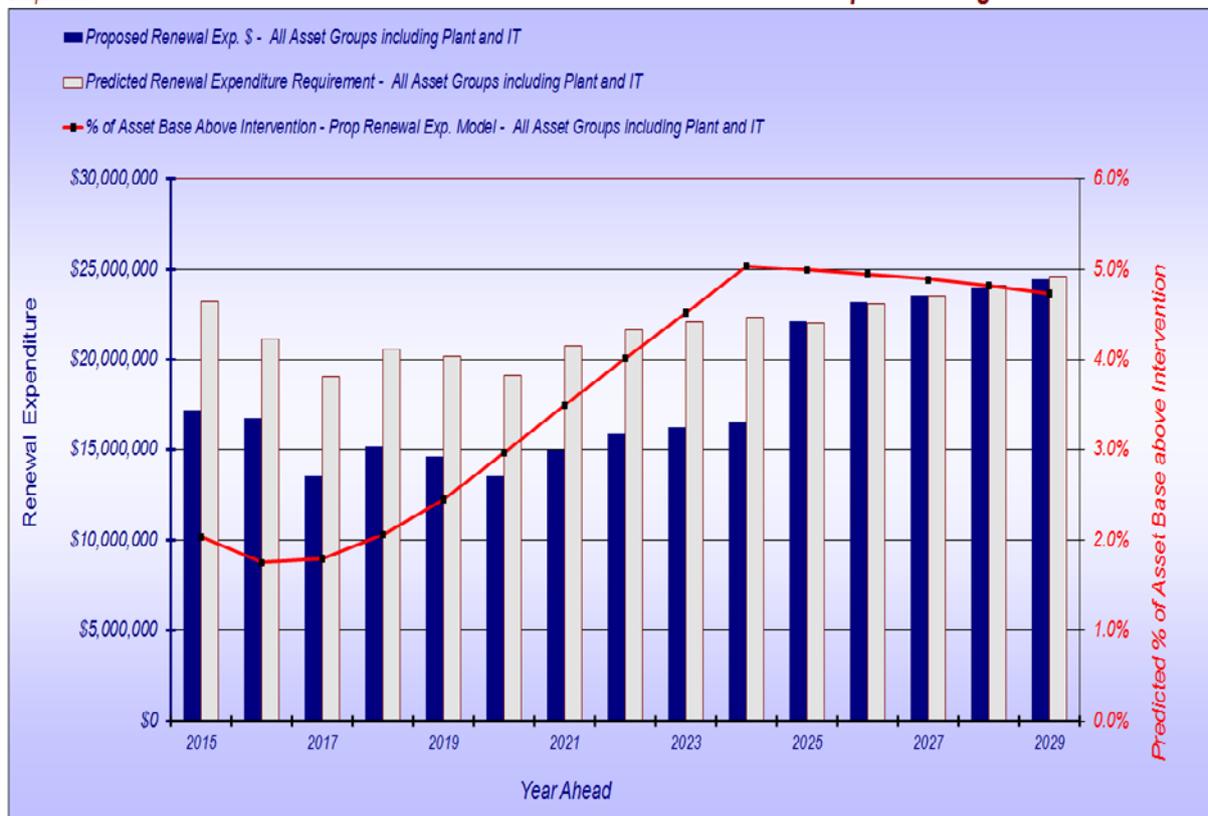


Chart 18 Estimated funding required to renew all assets compared to 2014 funding levels

The estimated average annual infrastructure renewal required is \$21.6 million per year for the first 10 years and \$23.0 million per year for the first 20 years, which is \$5.3 million and \$6.7 million respectively greater than the budgeted 2015/16 renewal funding of \$16.75 million.

The budgeted 2015/16 renewal funding of \$16.75 million represents 73% of the estimated required renewal funding being \$23.0 million per year over the next 20 years.

The estimated average annual infrastructure renewal required of \$23.0 million per year is based upon the 2014 condition profile of assets. The unit rates used for the road infrastructure assets is based on 2013 revaluation and for all other assets is based on 2012 unit rates being the last revaluation.

Previously the estimated average annual infrastructure renewal required was about \$25 million per year. This renewal modeling was also based on the 2012 condition profile of all assets however the unit rates used for road infrastructure assets were based on 2013 rates which was the last revaluation year. Unit rates for all other assets were based on the 2012 unit rates. All unit rates used in the renewal modeling are brown-field unit rates.

The increase in renewal demand from 2020 to 2034 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 levels of gifted assets to Council means that the costs to renew assets in future years will increase.

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 following graph plots the cumulative affect of the ongoing renewal funding shortfall. The renewal funding is based on the 2014 renewal funding for the first 10 years then 100% of 2014 renewal demand.

Graph AA 2 below plots the individual renewal funding shortfall on an annual basis. However, if there is a funding shortfall present in any one year that shortfall carries over to the next year and is cumulative.

Graph AA 2 *Asset Group Displayed: - All Asset Groups including Plant and IT*

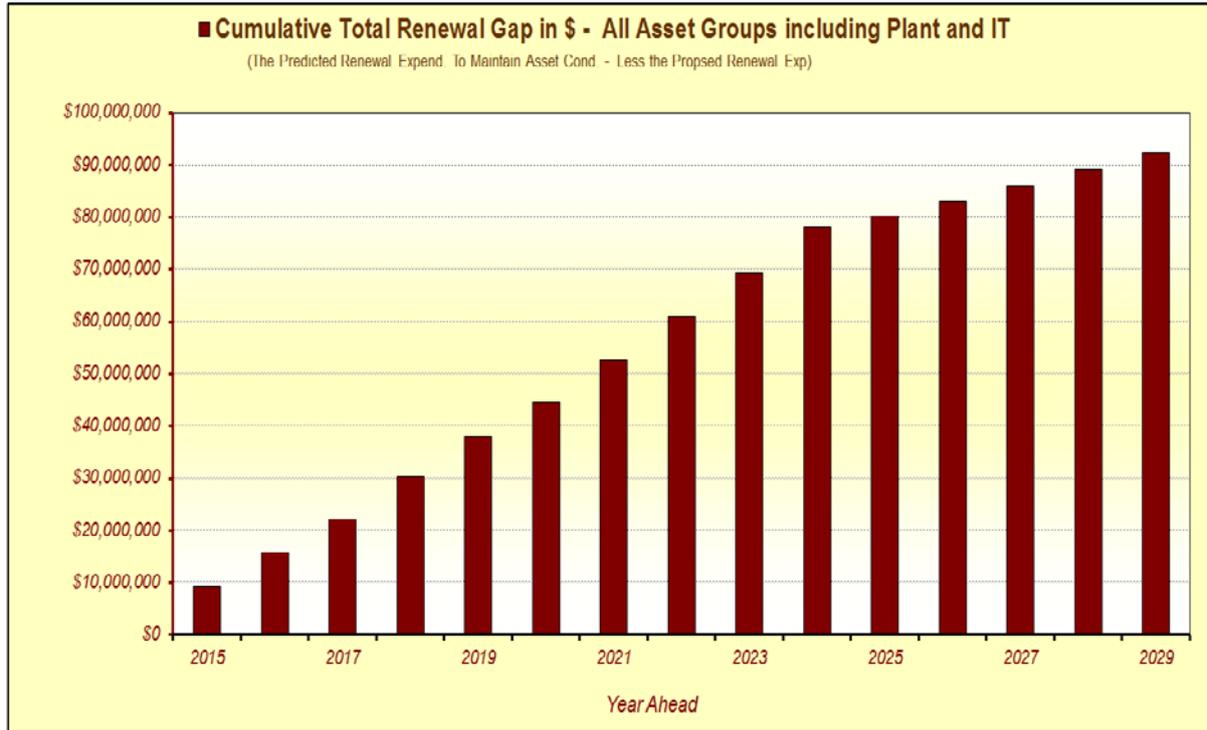


Chart 19: Cumulative total renewal gap

The table below reflects a significant improvement in Council’s annual renewal expenditure compared to depreciation expense over the past ten years.

	2005 \$'000	2006 \$'000	2007 \$'000	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000
<b>Renewal works</b>	\$819	\$1,712	\$4,364	\$4,098	\$8,412	\$9,780	\$16,000	\$13,598	\$14,003	\$12,959
<b>Depreciation expense</b>	\$13,930	\$14,459	\$14,667	\$15,545	\$16,586	\$17,427	\$18,913	\$17,523	\$17,860	\$21,177
	6%	12%	30%	26%	51%	56%	85%	78%	78%	61%

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

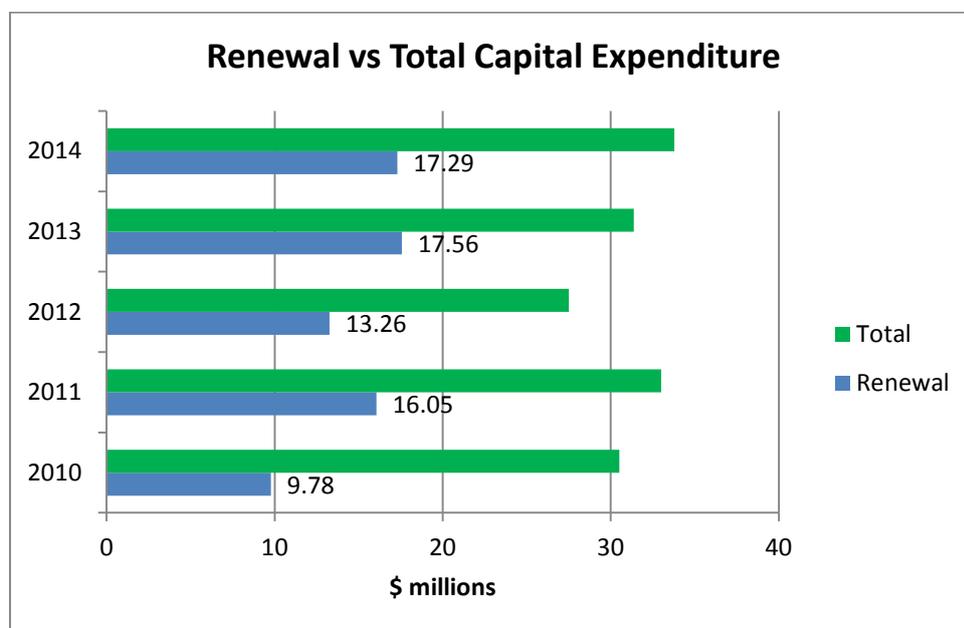


Chart 20: Renewal vs Total Capital Expenditure 2009/10 to 2013/14

Total capital expenditure includes both council funded and grant funded works. The average capital expenditure as a percentage of rate revenue of regional city councils (excluding Horsham) was approximately 60% in 2013.

#### 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 2015/16 will be to engage the community in discussions about levels of service and how the service level impacts on service cost.

Council must determine the service outcomes the community expects. –The next step is to understand what services levels are required to meet the community outcomes? Finally what infrastructure or assets are required to support the service level?

Service and Asset information, once understood, allows community and Council to make decisions based on the following options:

- to fund a higher service level than currently exists;
- Reduce the service level from what currently exists
- Retire assets for services that are no longer important to the majority of the community.

To facilitate this process, Council will consult with key stakeholders regarding 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 assets age?
5. What assets are at the “at risk” phase (intervention level) of their life cycle and will ultimately result in them being unserviceable and unsafe?
6. What outcomes would the community and Council like to achieve with respect to asset upgrades? For example, would the community 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 Service and Asset Management Plans, Council will consult with the community to determine how asset service levels will be reached including a combination of improved revenue raising, review of 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 the annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets.   |
| 6. Investigate the development of an asset retirement strategy.   |

## 9. 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 its citizens. Capital works are divided into three main categories:

1. **Renewals** – Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it originally had. Asset renewal expenditure reinstates existing assets it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.
2. **Upgrades** – Expenditure which enhances an existing asset to provide a higher level of service or that will increase the life of the asset beyond that which it originally had. Asset upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.
3. **New** – Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renew.
4. **Expansion** - Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to new users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

For 2014/2015, the Council Executive has 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, strategies, master plans and other sources are subject to a preliminary appraisal followed a business case analysis and more detailed appraisal against a set of objective criteria that include community and social benefit, environmental benefit, risk management, financial implications. This two-step appraisal process results in a prioritised list of capital projects for consideration in the immediate budget and 10 year capital plan.

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 two key strategies being undertaken in 2014/2015 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 2014/15 and will provide an ongoing objective framework for the assessment of all capital projects.
2. Project Management Office (PMO)  
Organisational support for the implementation of Integrated Project Management (IPM) Software 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 2014/2015, Council will again focus on asset renewals and completing projects that were initiated in previous years. Planning and design of projects to be delivered later in the term of this Council is another key focus.

**Strategic Directions:**

1. That Asset Investment Guidelines be adopted to provide a robust framework for the assessment of capital projects.

2. That the Integrated Project Management (IPM) CAMMS Management Software be fully implemented as part of the governance, planning, management and delivery of capital projects.

## 10. 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.

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

To take advantage of a \$297,600 discount, the Council made an early Defined Benefit Superannuation Liability payment of \$5,334,220, from existing cash reserves.

This payment from existing cash reserves has impacted Council's capacity to fund restricted investments and future capital works. Council has subsequently commenced setting aside \$350,000 per annum for the funding of future Defined Benefit Superannuation liabilities should they occur.

### **New prudential defined benefits standard**

From 1 July 2013, the Australian Prudential Regulation Authority (APRA) introduced a new defined benefit prudential standard.

Each quarter the vested benefit index (VBI), the financial position of the defined benefits fund, is calculated with actuarial valuations undertaken annually and a full actuarial review every three years.

The new standard reduces the need for an automatic call when the VBI falls below 100%. The Local Authorities Superannuation Fund is set at 97%.

If the VBI is below 97%, or falls below 100% at the time of the annual actuarial valuation or triennial actuarial review, a restoration plan is required to restore the VBI to 100% within three years.

### **Local Authorities Superannuation Fund Triennial Actuarial Investigation**

The triennial actuarial investigation was completed in late 2014 and reported a VBI of 103.4% at 30 June 2014 (source: Vision Super 2014 Annual Report). The Vision Super board, the fund manager, advised that a funding call was not required.

Future calls will be dependent on investment performance and continues to be a risk to the Council.

## Financial Statements

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.

## Future calls

There may be future calls made against this fund if the investment returns of the fund are less than required.

At 30 June each year it is necessary for the VBI to be 100% or greater each year. For the purposes of the interim quarterly estimates, it is permissible for the VBI to be 97% or greater.

The quarterly history of the LASF VBI is shown below.

## Estimated Vested Benefit Index

30 June 2012	94.4%
30 September 2012	96.6%
31 December 2012	97.9%
31 March 2013	99.4%
30 June 2013	100.7%
30 September 2013	103.1%
31 December 2013	105.1%
31 March 2014	104.6%
30 June 2014	103.4%
30 September 2014	102.6%
31 December 2014	103.1%
31 March 2015	108.5%

Source: <http://www.visionsuper.com.au/db>

The estimated VBI at 31 March 2015 was 108.5%. As this is greater than 100%, there is no action required by employers at this stage.

To minimise the shock of possible future calls an additional amount of \$350,000 will be set aside each year as a restricted investment for the purpose of funding future calls should they eventuate. Below is a table showing the projected amount held as a restricted investment based on the next three financial years.

Defined Benefits Liability Provision		
	Annual Provision	Accumulated Balance
2012/13	\$350,000	\$350,000
2013/14	\$350,000	\$700,000
2014/15	\$350,000	\$1,050,000
2015/16	\$350,000	\$1,400,000
2016/17	\$350,000	\$1,750,000

## Strategic Directions:

1. Minimise the shock of possible future calls by providing an additional amount of \$350,000 that will be set aside each year as a restricted asset for the purpose of funding future calls should they eventuate.
2. Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.

# 11. Development Contribution Plans

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

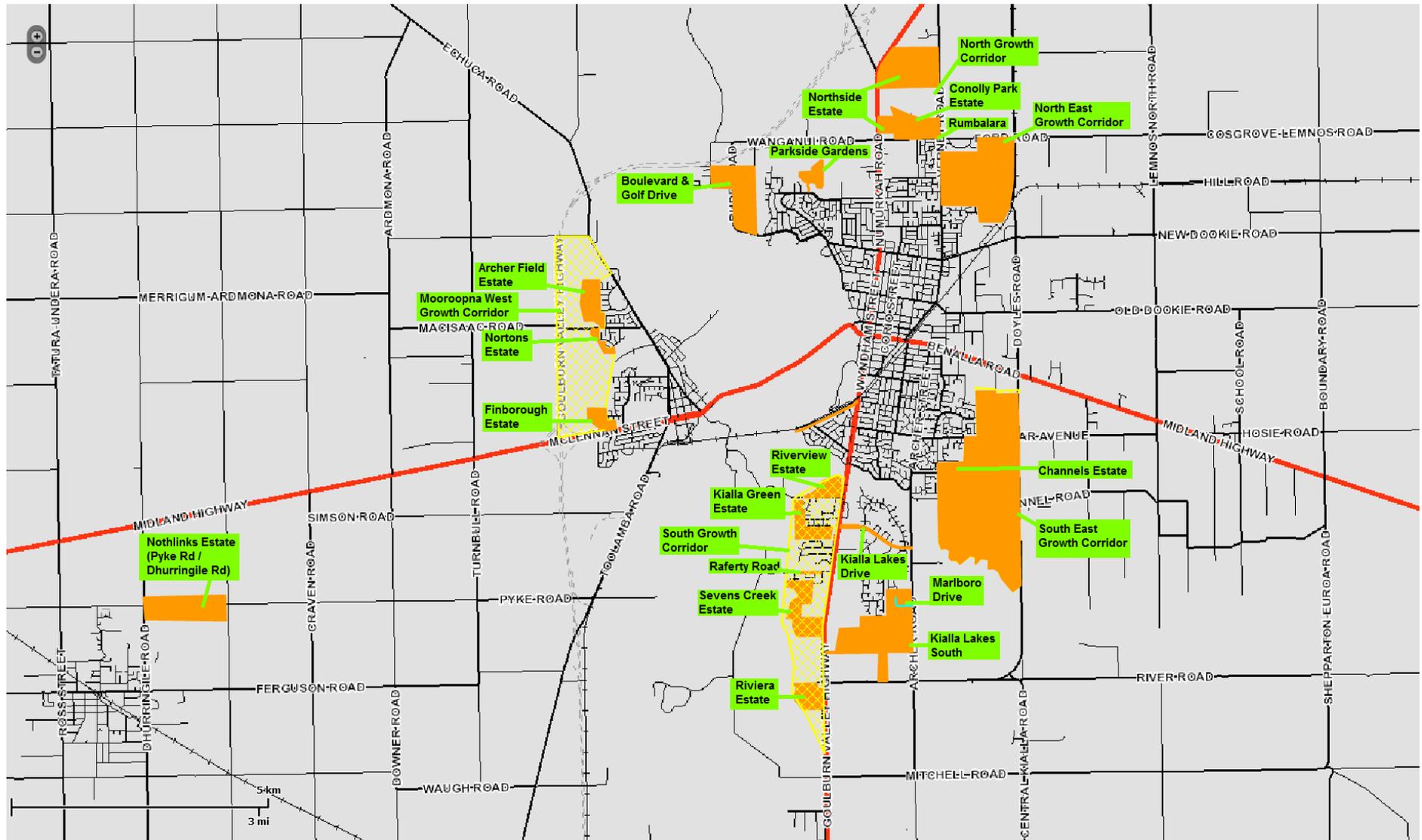
Over recent years the Council has seen an increase in the work carried out in this area, directly attributable to positive growth in the community.

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

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

Additionally, even if the Council does not achieve its predicted expenditure, the works represent Council 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 residential growth developments occurring across our municipality.



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

The table below highlights estimated income and expenditure linked to the developments that Council has endorsed.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Endorsed developments</i>										
Expenditure	1,938	2,067	702	1,010	965	1,180	327	52	130	135
Income	-947	-1,286	-757	-797	-552	-518	-582	-429	-340	-340
<b>Sub Total</b>	<b>991</b>	<b>781</b>	<b>-55</b>	<b>213</b>	<b>413</b>	<b>662</b>	<b>-255</b>	<b>-377</b>	<b>-210</b>	<b>-205</b>
<i>Estimated future developments</i>										
Expenditure	0	0	1,316	482	160	627	897	687	1,307	0
Income	0	0	-205	-469	-89	-619	-420	-291	-172	-152
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>-1,111</b>	<b>13</b>	<b>71</b>	<b>8</b>	<b>477</b>	<b>396</b>	<b>-1,135</b>	<b>-152</b>
<i>Endorsed and estimated future developments</i>										
Expenditure	1,937	2,067	2,018	1,492	1,125	1,807	1,224	739	1,437	135
Income	-947	-1,286	-962	-1,266	-641	-1,137	-1,002	-720	-512	-492
<b>Net cost to Council</b>	<b>991</b>	<b>781</b>	<b>-1,056</b>	<b>226</b>	<b>484</b>	<b>670</b>	<b>222</b>	<b>19</b>	<b>927</b>	<b>-357</b>

As can be seen, the table above shows a relatively steady commitment to developer contributions over time. However in some respects this is at the hands of developers. The ten year plan assumes one stage of development per year for each estate in progress. This changes based on previously mentioned scenarios in the market. The stage of development and its timing then drives Council's expenditure due to having an effect on the resultant timing of infrastructure construction.

As well as using the projected income for 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 has investigated the option of maintaining a Developer Contribution Fund as a restricted investment and will continue to progress this work during the 2015/16 year to further understanding if there is a need for this fund to be maintained.

#### **Strategic Direction:**

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

## 12. Waste and Resource Recovery Management Strategy

The Council adopted its current waste and resource recovery management strategy on the 16 December 2013. With the existing kerbside collection contracts due for renewal in November 2015 the opportunity exists to review current service standards before the new contracts are awarded. The new strategy will also confirm the Council's strategic waste management goals and how it intends to achieve them. The Victorian State Government has also released a Waste and Resource Recovery Strategy – Getting Full Value and a draft Statewide Waste and Resource Recovery Infrastructure Plan 2013-2043. These two documents have been considered in developing the Council's waste and resource recovery management strategy.

The new strategy will see Council investigate the following;

- Work towards the downsizing of the garbage bin to 80L becoming the standard size with the gradual phasing out of the 240L bin except in exceptional circumstances;
- Provision of special collection arrangements for a number of our community with legitimate mobility, health or transport issues;
- Extension of kerbside organics service to all urban households
- Acceptance of the placing of food-waste into the green waste collection service;
- The need for increasing education to promote waste minimisation, resource recovery and litter management;
- The need to increase awareness and strategies to curb littering and illegal dumping of waste
- Working together with local service providers and volunteer groups that could work in partnership with Council to address concerns of illegal dumping of waste and implementation of strategies;
- The need to maintain and investigate and encourage Best Practice at Council's three resource recovery centres;
- Continue to identify opportunities at Council's waste facilities for the improved recovery of hard waste with particular emphasis on commercial and industrial waste that takes up a large proportion of the overall waste stream;
- Undertake the necessary planning and licencing stages for the future development of the Cosgrove 3 landfill site well before the closure of the current Cosgrove 2 site.

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 – current, closed and future

The new contracts for kerbside waste collection will be delivered in line with the adopted waste and resource recovery management strategy and will take effect from November 2015.

\* Hard Waste collection is currently being assess as how best to implement the service.

## 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 Landfills 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 2 Landfill;
- Management and monitoring of existing and closed landfill sites;
- Street litter and public place recycling bins; and
- Forward planning (including future landfill site) 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 minimisation 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	2014-2015 Charge	2014-2015 Annualised Revenue	2015-2016 Charge	2015-2016 Forecast Revenue
240L Waste/Recyclables Service	\$368	\$3,274,133	\$372	\$3,309,721
120L Waste/Recyclables Service	\$222	\$1,734,641	\$224	\$1,750,269
80L Waste/Recyclables Service	\$166	\$1,745,490	\$168	\$1,766,520
120L or 240L Recyclables Only Service	\$77	\$19,905	\$78	\$20,163
120L or 240L Green Organic Waste Service	\$77	\$1,263,470	\$78	\$1,279,879
<b>TOTAL</b>		<b>\$8,037,639</b>		<b>\$8,126,552</b>

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 with Council retaining the interest from the waste fund, approximately \$0.1 million annually transferred into general revenue.

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

**Strategic Directions:**

1. Consider future increases in waste and costs based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy;
2. Incorporate any increase in waste management charges into the overall rates and charges increase for the 2015/16 financial year;
3. Recognise Council's obligations under relevant legislation relating to monopoly business including Competitive Neutrality and the Trade Practices Act when setting its rates and charges.

# 13. 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
- Council's projected debt portfolio

## When is it appropriate to borrow?

If the Council was to borrow, what types of projects should these fund?

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?

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 borrow; and
- Recommendation to the Department of Treasury and Finance (DTF) of the aggregate net new borrowing required by Local Government.

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.

## Current Levels of Debt and Future Projections

Purpose	Start Date	Term Years	Fixed Interest Rate	Initial Amount \$'000s	Position 30 Jun 14 \$'000s	2013/14 Interest \$'000s	Position 30 Jun 19 \$'000s	2018/19 Interest \$'000s
Victoria Park Lake	Jun-10	20	8.0%	3,990	3,622	297	2,964	246
Capital Works 2010/11 - Pt1*	Jan-11	20	8.0%	5,000	4,610	381	3,711	308
Capital Works 2010/11 - Pt2*	Jun-11	20	8.1%	4,000	3,725	309	3,065	257
GV Link	Jun-12	10	6.2%	3,000	2,855	179	2,406	153
Greater Shepparton Regional Sports Precinct <sup>^</sup>	Jun-15	19	6.0%	4,436 Yr1 1,064 Yr2	0	0	5,202	306
New Shepparton Art Museum <sup>#</sup>	Jun-19	20	6.0%	10,000	0	0	10,000	0
				<b>21,490</b>	<b>14,812</b>	<b>1,166</b>	<b>27,348</b>	<b>1,270</b>

**Table 14: Council's existing and projected Interest Bearing Liabilities**

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

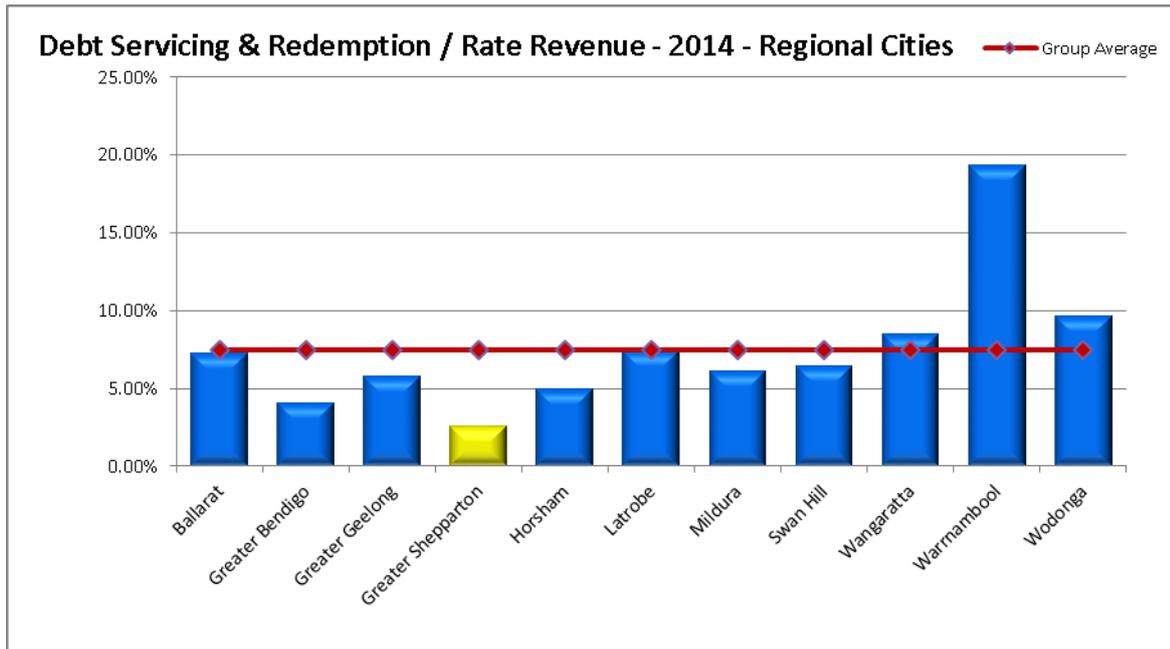
<sup>^</sup>Term and interest rate are estimates only. Borrowings are subject to 2015/2016 Budget adoption.

<sup>#</sup>Term, interest rate and financial year are estimates only. Any loans are subject to budget adoption.

Recognising the need to invest in better infrastructure for the community now and for future generations the Council is proposing in the 2015/2016 Budget new borrowings of \$5.5 million over two years, including \$4.436 million for 2015/2016. This will fund Council's contribution to the Greater Shepparton Regional Sports Precinct project.

### Debt Ratios and Indicators

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 percentage of the Council's rate revenue.



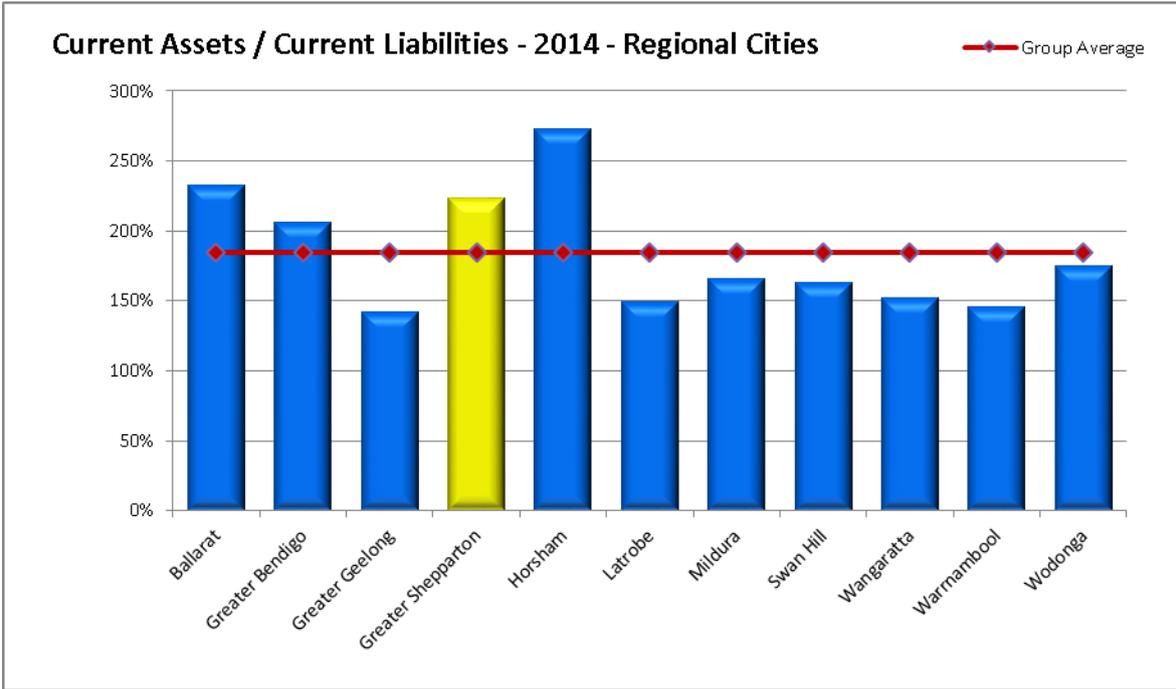
**Chart 21: Debt Servicing & Redemption compared with rate revenue for Regional Cities (2014)**

Council's relative principle and interest debt repayments are the lowest of all regional city councils at 2.62%. The Local Government Performance Reporting Framework (LGPRF) target band is 0% to 5%.

To put this in perspective, for a household with annual income of \$100,000 this would mean the annual interest and principal repayments would need to fall under \$5,000 for the year (or \$420 per month, \$192 per fortnight or \$96 per week).

Greater Shepparton City Council is currently 2.62%. Referring back to the household income example of \$100,000 this equates to an annual interest and principal repayment of \$2,500 (\$208 per month, \$96 per fortnight or \$48 per week).

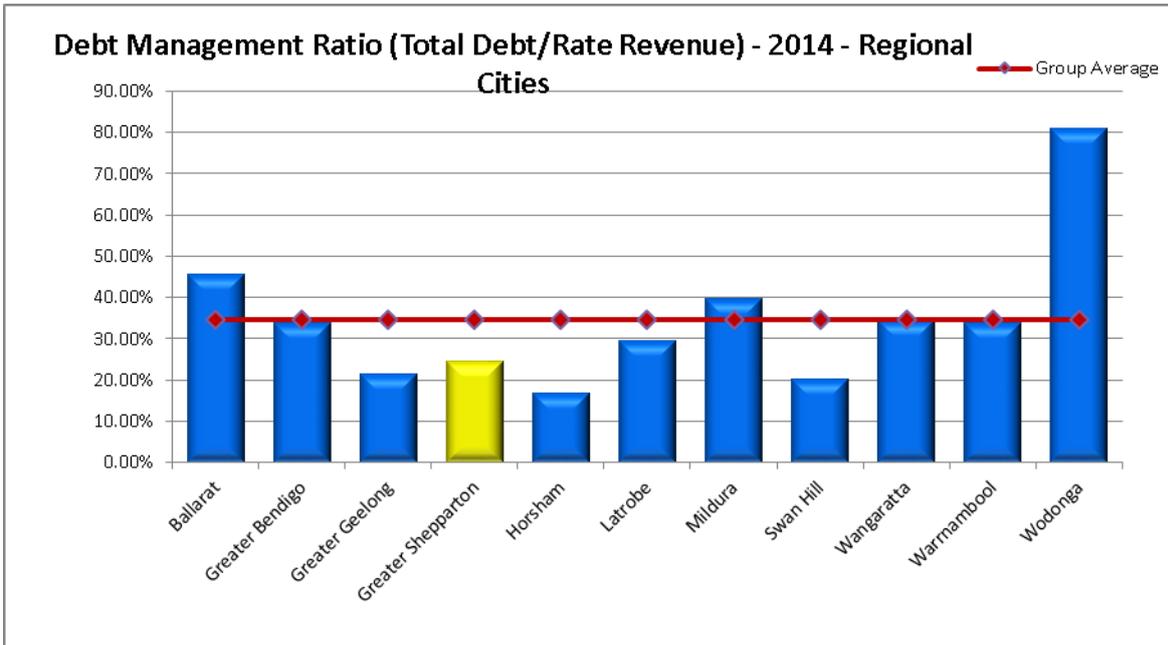
Council's working capital ratio as at 30 June 2014 was 224 per cent, which is well in excess of the minimum 100 per cent threshold. This indicator reflects the short-term liquidity position, being Council's ability to repay current commitments from cash or near cash assets within 12 months. Councils with a ratio of 100 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 22: Current Assets / Current Liabilities for Regional Cities**

Council's liquidity was higher than average at 30 June 2014 due to restricted investments held including grants received in advance.

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 23: Total Debt / Rate Revenue**

Council's debt as a percentage of rate revenue as at 30 June 2014 was 24.6 per cent, which is well below the 80 per cent threshold and below the regional city's average of 34.66 per cent. For 2015/2016 to 2018/2019 this is projected to remain on average at 27.5 per cent and includes the proposed new borrowings for the Greater Shepparton Regional Sports Precinct and the Shepparton Arts Museum.

**Strategic Directions:**

1. Examine the use of loan funding within limits 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.

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.

# 14. Restricted Investments

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

Council has traditionally operated with reserve funds that are allocated for specific purposes.

Discretionary reserves are used only as an indicator of funds retained for specific purposes and represent what those functions have earned. In the interests of consistency of language, reserve funds are hereafter referred to as Restricted Investments.

## **Nature and Purpose of Restricted Investments**

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

## **Unexpended Grants**

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

## **Developer Contributions**

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

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

## **Deposits held in Trust**

It is a requirement of Council to separately identify trust funds or refundable deposits as restricted assets. While the Council is able to access these funds in its day to day treasury management, the financial statements must recognise that a component of its cash balances relates to deposits that may be refundable in the future. Trust funds held at 30 June 2014 were equal to \$2.08 million.

## **Long service leave**

Previously Councils were required to maintain a long service leave investment account for the purpose of making payments for long service leave to which members of Council staff become entitled. Changes to the Local Government (Long Service Leave) Regulations 2012 in February 2012 removed the requirement to have a fully funded cash provision based on long service leave liabilities. Long service leave liabilities will continue to be accounted for as a liability in the balance sheet, on an accrual basis.

## **Statutory Reserves**

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

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

## Discretionary Restricted Investments

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

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

Deposits and Long Service Leave restricted investments 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 investments to ensure that the expenditure of these items does not impact upon the short term liquidity of the Council.

The following projections have been prepared based upon on what is known as at the current preliminary 2015/16 budget phase. Restricted investment balances are projected to be maintained at their 30 June 2016 balances with the exception of the defined benefit allocation and Waste Management Strategy.

Restricted Assets	Actual 30 June 2014 \$000's	Forecast 30 June 2015 \$000's	Projected 30 June 2016 \$000's	Projected 30 June 2017 \$000's	Projected 30 June 2018 \$000's	Projected 30 June 2019 \$000's
<b>Developer Contributions</b>						
- Unexpended Council contribution	2,535	195	0	0	0	0
- Developer contribution	1,012	495	731	731	731	731
<b>Unexpended Grants</b>						
Building Better Regional Cities	795	0	0	0	0	0
<b>Statutory Reserves</b>						
- Civil Works Development	653	360	375	375	375	375
- Parking cash in lieu	857	897	937	937	937	937
- Recreational land fund	486	616	716	716	716	716
<b>Discretionary restricted investments</b>						
- Re-budgeted capital projects	7,910	2,913	0	0	0	0
- Urban Development Strategy (Parking)	737	1,041	1,186	1,186	1,186	1,186
- Saleyards Strategy	1,063	1,207	1,288	1,288	1,288	1,288
- Waste Management Strategy	10,564	12,450	10,608	7,608	5,608	3,608
- Shepparton Art Museum	530	0	0	0	0	0
- Defined Benefit Superannuation	700	1,050	1,400	1,750	2,100	2,450
- Other Restricted Items	5,486	2,265*	1,025	0	0	0
<b>Total</b>	<b>33,328</b>	<b>23,489</b>	<b>18,266</b>	<b>14,591</b>	<b>12,941</b>	<b>11,291</b>

**Table 15: Projected Restricted Investments**

\*Other Restricted Items includes \$893,000 Goulburn Broken Greenhouse Alliance Street Lighting Project, \$425,000 Shepparton Show Me Promotion Scheme and \$335,000 Community Plan Implementation Works.

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

<b>Underlying net working capital</b>	<b>Actual 30 June 2014 \$000's</b>	<b>Forecast 30 June 2015 \$000's</b>	<b>Projected 30 June 2016 \$000's</b>	<b>Projected 30 June 2017 \$000's</b>	<b>Projected 30 June 2018 \$000's</b>	<b>Projected 30 June 2019 \$000's</b>
Net working capital	28,174	16,744	9,374	7,509	7,138	7,414
Less restricted investments	33,328	23,489	18,266	14,591	12,941	11,291
<b>Underlying net working capital</b>	<b>(5,154)</b>	<b>(6,745)</b>	<b>(8,892)</b>	<b>(7,082)</b>	<b>(5,803)</b>	<b>(3,877)</b>

**Table 16: Projected underlying working capital**

**Strategic Directions:**

1. Maintain discretionary restricted investments 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.
2. Maintain sufficient underlying working capital after deducting restricted investments, to enable restricted investments to be expended without impacting upon available working capital to meet day to day needs.

# 15. Information Communications Technology

## Introduction

Council undertook a review of its Information and Communications Technology Strategy during the 2012/13 financial year as part of a review of ICT operations.

The review identified that Council's current core business systems have not been effectively developed or maintained. An ICT Steering Committee has been established to consist of the Council's Executive and the Information Services Manager to oversee the implementation of the ICT Strategy. In addition Application Steering Committees were formed to influence the direction of the core applications within council which include Documents, Assets, People, Property & Citizens, Finance and E-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 Delivery
- 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. 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.

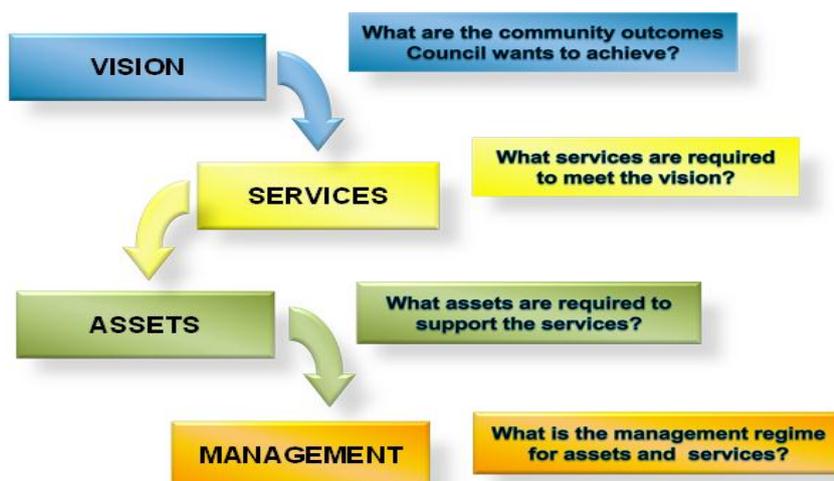
Strategic Direction
1. Apply a project management approach to oversee the implementation of ICT Strategy initiatives;
2. Consider Information Communications Technology Strategy 2013-2018 initiatives during the development of Council's annual budget.

# 16. 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:



## 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 under the stewardship of the Corporate Performance Department.

Greater Shepparton City Council has not previously undertaken an extensive service planning process with its community, however planning for an organisation wide service planning program will commence in the 2014/15 financial year and will be ongoing through 2015/16 onwards.

### **Strategic Direction**

1. Continue the service planning process throughout 2015/16.

# 17. 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 providing 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.

## 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.

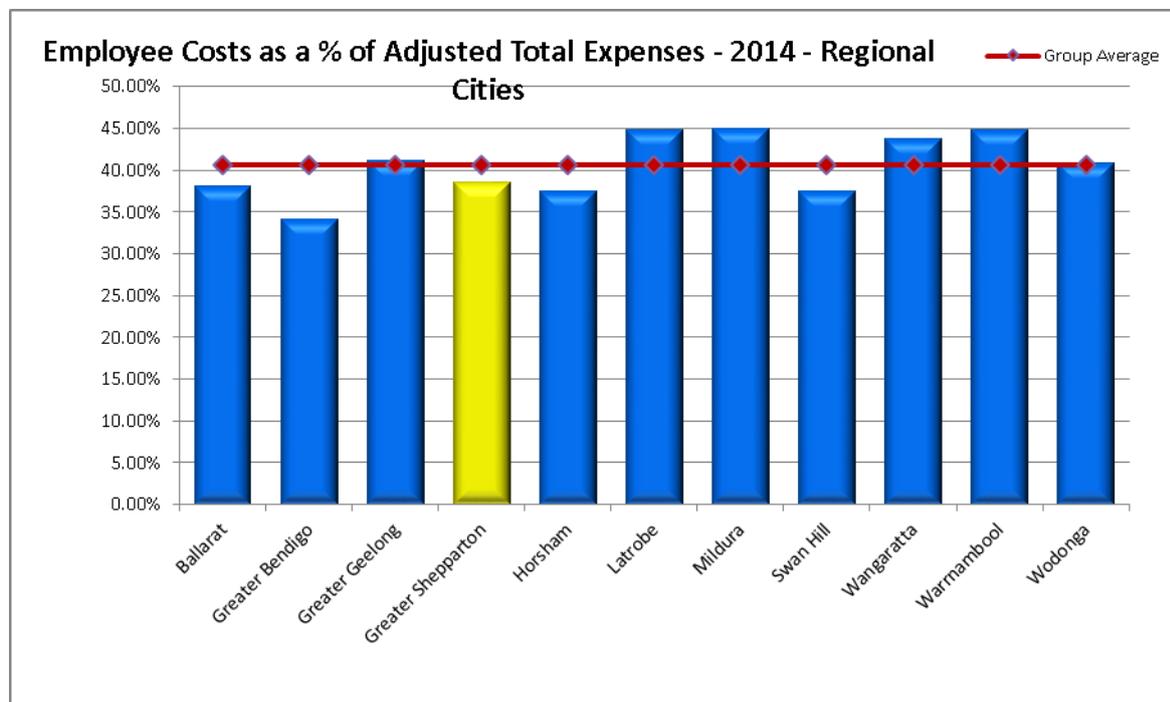


Chart 24: Employee costs as a % of adjusted total expenses for Regional Cities (2014)

### Cultural Change

Council is 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 (GSCC) is a learning organisation which is committed to providing on-going learning and development opportunities for all employees. GSCC wishes to enable its employees to achieve multi skilling, increase flexibility, and enhance productivity, performance, personal development and career development opportunities.

GSCC will continue to provide learning and development opportunities to:

- a) achieve corporate objectives, initiatives and priorities, as set out in the Council Plan;
- b) enable continuous improvement;
- c) implement and improve quality management systems;
- d) enable effective job and work redesign;
- e) improve career opportunities for, and job satisfaction of employees; and
- f) 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 GSCC have a Learning and Development Strategy?**

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

1. Linking learning and development within GSCC to maximise organisational outcomes that learning and development activities are relevant, effective and support GSCC 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 GSCC.

### **Implementation of the Strategy**

The building of the Centralised training model will enable the People Performance Department to assist the organisation overall and Departments specifically with their learning and development, personal and professional development needs to achieve the true outcome of a learning organisation for all staff. This building of capacity will bring the GSCC into the future with sound and knowledge expertise and confidence to handle any challenges and overcome them, while achieving results for our organisation, through building internal capacity.

The design of the Corporate Training Calendar will ensure that all staff have access to learning and professional development at all times. This concept will ensure that at any point in time, all our staff are valued and involved in some type of learning. This will assist us to build on skills and knowledge around effective communication, building better working relationships, time management, emotional intelligence, customer service skills, team work and work / life balance strategies.

Each Directorate and Department of GSCC will integrate the Learning and Development Strategy into their Department Plans and individual staff KPI's in the future. Working with the Corporate Performance Department, People Performance will ensure that all Managers are working with all their staff to develop individual work plans, KPI's which are aligned to the Corporate Training Calendar, as well as linked to their personal training plan and the business unit work plan.

### **Staff Numbers**

As of April 2015 the forecast actual Equivalent Full Time (EFT) for 2014/2015 was 555 and excludes staff vacancies. The 2015/16 budget predicts 587 EFT and assumes no staff vacancies as well as 0.5% organisational growth. These assumptions are continued for future year projections.

### **Building our Workforce Plan**

Council is a participant in the MAV Workforce Planning Model in which a small number of Councils will work together to improve their workforce planning and develop a model that will be able to be introduced into Local Government across Victoria.

We are developing a 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. The 4 phases are as follows:

1. Community and staff engagement
2. Environment scan
3. Demographic and performance data
4. Closing the skills gap

With Five Focus Areas:

5. Recruitment and retention
6. Organisational Development
7. Performance Management
8. Reward and Recognition
9. Career planning and professional development

**Building the Plan**  
**PHASE A – Community and staff engagement**  
 The community reviews and agrees the content and priorities of the ..... Council Strategic Plan.

**PHASE B – Environment Scan**  
 Service areas undertake an environment scan and assess the workforce’s preparedness to deliver directions and strategies.

**PHASE C – Demographic and performance data**  
 Gather and analyse data in relation to medium and long term service delivery standards.

**PHASE D – Closing the skill gaps**  
 Future skills requirements are identified overall by department, division and business unit.



**Process as a flowchart**  
**Council Strategic Plan**  
 ---->  
 Activities are developed under each of the following headings and based on the information gathered through phases A - D

As part of the Workforce Planning work, GSCC are 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 Directors and Managers will work with People Performance to identify who is responsible for undertaking and implementing succession planning within their functional areas to ensure business continuity.

From this work a list of *Critical Positions/Position Groups* which will identify if a position or position group may be deemed critical, as outlined below:

- If it drives the delivery of a future vision for Council
- If the required skills are extremely difficult to source/replace
- Where critical corporate knowledge is held solely by an individual in a particular position

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.

**Policies and Procedures**

A review of all policies and procedures is currently being undertaken. It is vital that greater Shepparton City Council has up to date documentation to both enable the ease of understanding by all employees, but also these documents form the basis for any issue that may arise from a grievance of referral to Fair Work Australia.

As part of the Organisational Scan it was identified that Council had too many policies and most procedures (now CEO Directives) and guidelines required some attention. The number of policies will be reduced and all CEO Directives and Guidelines have been or are in the process of being modified.

People Performance Consultative Committee for review and oversight, prior to being presented to the Executive for consideration. The Council is required to adopt Policies via a formal council meeting process with the Executive approving CEO Directives and The Guidelines.

The PPCC is a formal committee as established under the Greater Shepparton City Council Enterprise Agreement and has a representative membership from across the Organisation. It considers general employee concerns, matters relating to award conditions and the review of the documentation as described. It is chaired by the Manager of People Performance.

### **Strategic Recruitment**

A focus of the change process was the requirement of Directors/Managers to prepare a Job Analysis / Business Case for all vacant positions prior to any recruitment taking place. A freeze is placed on recruitment (an exception for urgent positions that were assessed on a case by case basis) and if the Job Analysis / Business Case is approved, recruitment for these positions will take place.

This was an important part of the strategic human resource management focus which has been introduced over the last eighteen months.

The Job Analysis is developed by Managers to assess the justification of the position to be filled after vacancy or for a new position, as it is an opportune time to think about how you might reallocate or recombine duties and responsibilities in order to make better use of the rest of the team's skills and abilities and to accommodate any other employee's desires to take on additional or different duties or responsibilities

The document enables the CEO to approve the resources and to analyse the rationale for the position and for an informed decision to be made as to whether or not to fill the vacancy.

A Job Analysis / Business Case is required to be completed for all roles prior to advertising the position and requires the updated or proposed Position Description to be attached.

The completed Job Analysis / Business Case is sent to People Performance for review prior to being given to the CEO for approval. If approved the Directors or Manager will work with People Performance to finalise the Position Description and commence advertising.

A Job Analysis is the systematic process of gathering and interpreting information about the essential duties, tasks and responsibilities of a job and requires Directors/Managers to consider work activities; skills and knowledge required to do the job, performance standards, working conditions and have a clear picture of what kind of person would be required to meet the needs of the organisation.

The job analysis will assist to identify where changes to the position would allow people to work more smoothly or efficiently and where additional resources such as equipment might be needed

It is vitally important for Directors/Managers to remember that they are looking at the role and what they want achieved in this role, rather than the previous incumbent or person currently in the role.

### **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 positions (and position groups) which are identified as critical.

Succession planning is the consideration of current and future organisational capability and staffing needs, and strategies to ensure that these can be met. This is a major issue for Greater Shepparton City Council as with an ageing workforce (in some parts of our operations), which is intensified by the need to attract and retain younger workers who are seen to be mobile by nature.

Our succession planning will focus on identified critical roles, specifically the skills that make these roles critical, and seek to ensure there is current and future capacity for these positions to be filled with appropriately skilled in-house staff.

Our Succession planning will include reviewing processes to determine if there are more effective ways to deliver services and therefore train our employees accordingly. It is also important that GSCC implements staff learning and development strategies which are aimed not only at ensuring that employees have the skills to deliver the Council Plan and Council's strategic and operational goals, but also to ensure that GSCC has a generous flow of internal candidates to fill senior roles as they become vacant.

All 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.

### **Talent Management**

It is vital for GSCC future that we focus on strategic talent management of those employees who we need to develop, foster and promote, to secure our intellectual property and value this growth for years to come, based on our strategic learning culture.

Preparing for the future at GSCC will mean developing an talent pool. Effective leadership and talent development requires a long term view. While it's important to have learning and development programs in place to address short term needs, what's more important is to address longer term needs. And one of the best ways to do that is through talent pool development.

The GSCC talent pool leadership program will identify high performing, high potential employees in all areas of our organisation, and assign them development plans to prepare them for career advancement, and periodically assess their progress. What's important here is to develop a talent focus for all areas of Council business, leadership being only one of those.

We will start by looking at the Council Plan, the strategic resource plan and work through by identifying knowledge and experience areas that will be important to future success and competitiveness, develop competency models for each of these areas, and design learning paths/curricula to develop these competencies in increasing degrees.

We will then match our high performing, high potential employees to the areas that best suit them, and start developing them. In line with our succession plan and learning and development strategy, as well adhering to the Local Government Act we will end up with a talent pool of employees at varying stages of development/readiness for advancement – which is exactly what we will need to ensure success for GSCC for the future, as well support growth, and attract, engage and retain top talent to our Organisation.

### **Performance Management**

Greater Shepparton City Council prior to 2013 undertook Performance Reviews of all employees based on a paper based system. To improve the efficiency of the reviews a computer based system was introduced in 2013. The Performance Evaluation System (PES) enabled a greater percentage of reviews to be completed on time.

This system also provided for employee's training requirements to be recorded, which in turn enables the Learning and Development team to develop a training program for the organisation as well as set a budget to enable this program to be developed.

In addition Council moved to a common review date for all employees, being 30th June, which coincided with the increase as set by the Greater Shepparton Enterprise Agreement. The date for completion of all reviews was 30th September.

The date for increases in the levels within the Bands has remained at the anniversary date of the employee's commencement at Greater Shepparton City Council.

## **Managing Poor Employee Performance**

One of the major findings of the organisational scan was that the organisation has been poor at managing the performance of its employees. Matters of poor performance were ignored and were not addressed by those in supervisory positions.

A major focus over the last 18 months has been the need for poor performance to be addressed. This has meant that a number of external and internal investigations have been undertaken, and resultant recommendations have been implemented.

Training has also been undertaken in “Having Difficult Conversations” for supervisors to build their skills in this area.

Under the Enterprise Agreement employees who are aggrieved by the process, or aggrieved by any employment matter can avail themselves of the Grievance Process as detailed in the Enterprise Agreement. In summary matters are required to be escalated through the supervisory levels and if the employee gains no satisfaction, and is still aggrieved may request a Grievance Panel to be formed. This panel generally allows for the matter to be determined, however if either party is not satisfied they may take the matter to Fair Work Australia.

## **Recognition Awards/Good to Great**

Council recognises and values the service of its employees and the importance of celebrating achievements. This contributes to Council being an employer of choice, promotes greater job satisfaction, increases employee motivation, creativity and productivity, and improves attraction and retention rates.

Appropriate service recognition supports the development of behaviours and capabilities that are central to building on a culture of continuous improvement and organisational success. Service recognition supports and reinforces the Council’s goals, values and vision, and will be applied fairly, equitably, transparently and consistently across Council.

Good to Great is about acknowledging those exceptional efforts made by our employees who make a significant contribution to our Council priorities and to our ultimate goal of achieving outstanding public services. You can nominate individuals or teams for a single action or for work over a period of time.

There are seven categories of award to reflect the different contributions that can be made by our employees. These categories are:

- Citizen Service Award
- Leadership Award
- Integrity Award
- Respect Award
- Innovation Award
- Teamwork Award; and
- MAD Ideas award

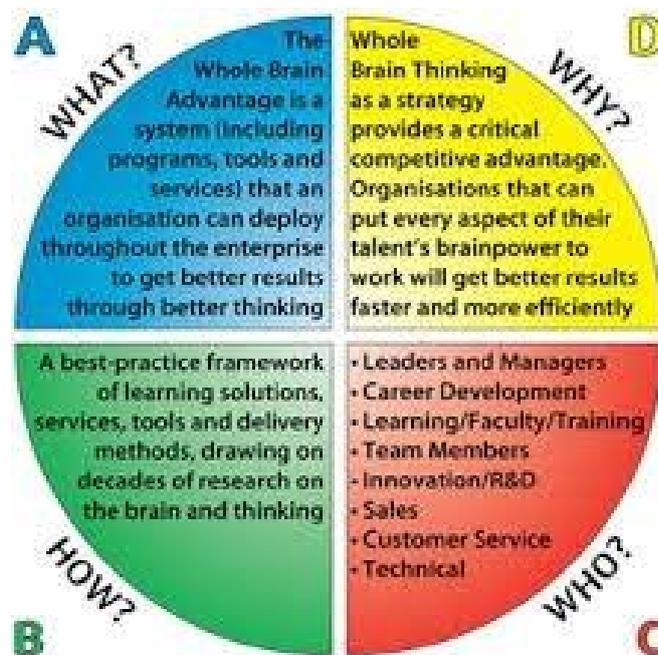
## **Whole Brain Thinking Model**

Over the coming months it is proposed to introduce Whole Brain Thinking into the organisation to assist Executive, Managers, Team Leaders and all employees. As we know results drive success of the organisation. The faster and smarter we can reach our critical organisational goals, the quicker we will see a return on the organisations efforts.

But it is critical that we need to have every aspect of our combined organisational intelligence working for us, from our problem solving abilities and creativity, to technical expertise and management

discipline, otherwise as an organisation we will not have the advantage we need to be effective and efficient in today's ever changing and challenging environment.

To enable this to occur it is planned to introduce Herrmann International's Whole Brain Technology® which is based on proven research into the organisation to assist all employees to understand how people think and communicate differently. By drawing on the combined analytical, organisational, strategic and interpersonal skills that it takes to succeed today, Greater Shepparton City Council as an organisation will be able to harness the thinking styles of every individual.



The Whole Brain® Advantage will give our employees:

- insight into their own and others' thinking styles
- tools to leverage their natural preferences
- the skills they need to operate outside their preferences when the situation arises.

When employees put Whole Brain Technology® to work, they will approach problems, communications and planning more effectively, and will break out of their individual self-limiting patterns that interfere with their individual productivity, innovation and creativity. With better thinking across the whole organisation we will get better results for our community.

This thinking is well used across the world with nine out of ten Fortune 100 organisations relying on the Herrmann Whole Brain® Advantage as a strategic approach. It helps these organisations remain successful and nimble, even with the changing world and the issues and challenges that organisations face.

### **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.

The merits of moving towards SafetyMap accreditation OHS Management System that forms "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

**Strategic Directions:**

1. Continue to implement the Whole Brain Thinking Model into the organisation.
2. Continue to work with and on Council's workforce to ensure a high level assessment is undertaken of Council's capacity to plan and respond proactively in providing services and meeting community needs and aspirations.
3. Continue to work with the MAV to develop and implement the Greater Shepparton Workforce Plan.
4. Continue to foster a Learning Organisation.
5. Continue to strive to achieve the most efficient and effective organisation that it can be.

# 18. 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 organisational structure as at December 2014.

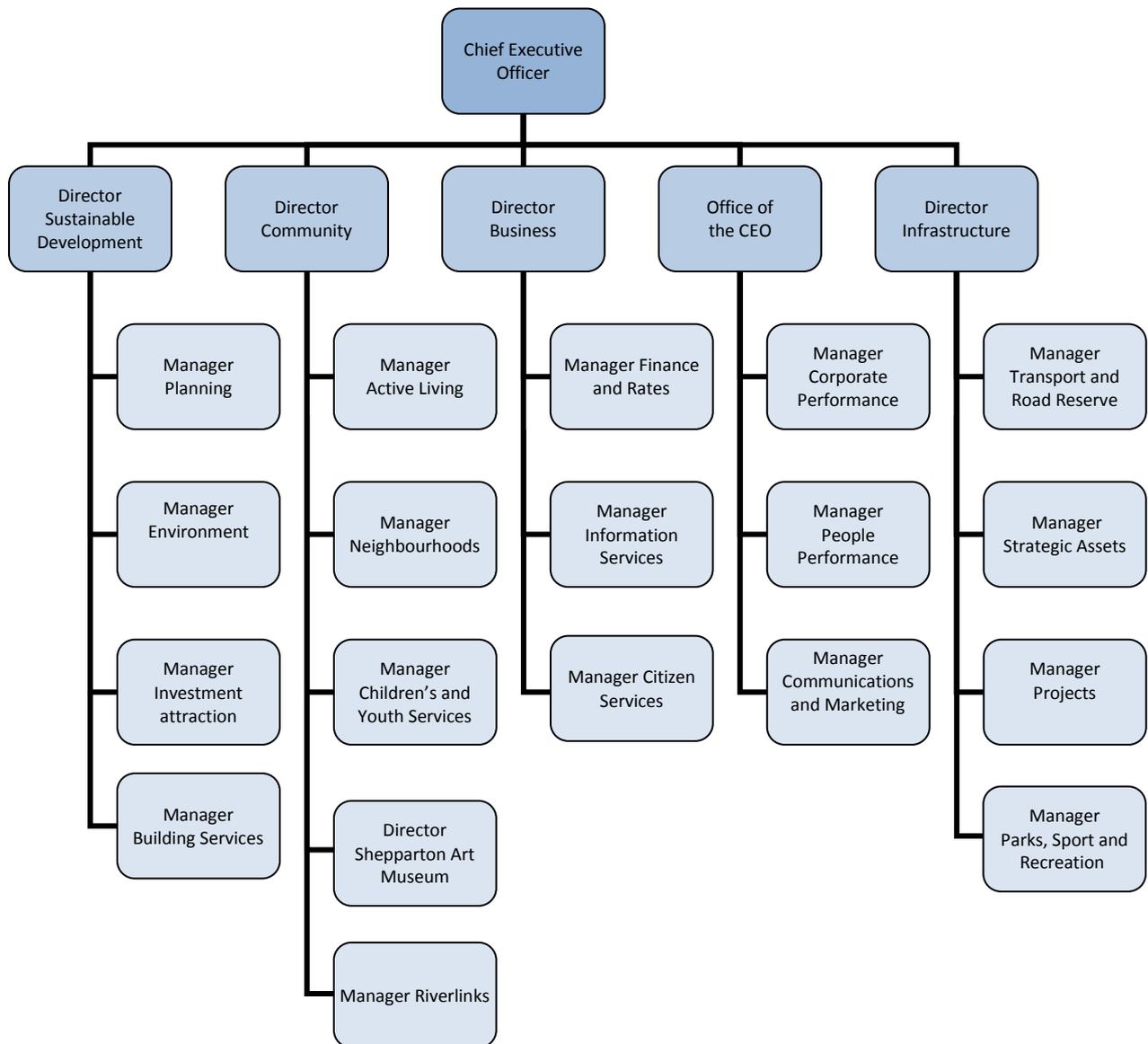


Figure 4: Organisational Structure as at December 2014

# Directorate Overview – Office of the CEO

The purpose of the Office of the CEO 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 three departments with the following expertise:

1. Corporate Performance including Business and Service Planning, Risk Management, Procurement and Governance.
2. People Performance including Workforce Development
3. Marketing and Communications

## 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, procurement, 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.

## Business Planning and Service Provision

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.

While the Council determines the range and level of services it is able to offer the community, this is reviewed annually based on the outcome of community consultation undertaken during the year. This is finalised through the annual budget process with the SRP providing preliminary guidance based on the service delivery model from the previous year.

Council will commence in 2014/2015 a review of the service delivery model which supports the community and the organisation to ensure that it is providing the services required by the community and that those services are provided as value for money.

Leading into this four year plan the organisation has undergone a total organisational scan which has seen a new organisational structure implemented. This new structure has been designed to most effectively deliver quality services to our community. This review has led to a change in approach towards business and service planning which will be consolidated across the term of this plan.

Undertaking business planning 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. Service Plans are to be prepared in consultation with the community for all key services to determine the required level of service.
2. A review of the existing range and level of services and development of the capacity to grow and provide new services where there is community support and costs can be justified.

## **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 2014 is projected to be 498 (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.
4. Introduction of Whole Brain Thinking into the organization which will assist all employees to communicate better by understanding their own and others thinking preferences, tools to leverage their natural preferences and equip all employees with the skills to operate outside their preferred preference when the situation arises
5. Development of a workforce plan which includes strategic recruitment procedures and practices so that we recruit the best possible employees into our organisation, succession planning strategies, practices to manage our talented employees and to build a workforce that will position the organisation to meet the challenges of the future

## **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. The 2014/2015 Marketing Strategy will see campaigns implemented to:

1. Continue to educate and engage the community regarding the services delivered by Council.
2. Nurture local pride with our community becoming strong ambassadors for Greater Shepparton.
3. Assist with Greater Shepparton consolidating its identity as a regional city to attracting investment, visitation and new residents.
4. Lobby government to secure funding for much needed infrastructure upgrades, development and increased services.

# 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 \$1.2 billion 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 4 departments:

- Transport and Road Reserve
- Parks, Sport and Recreation
- Projects
- Strategic Assets

## Transport and Road Reserve Department

The Transport and Road Reserve Department is responsible for the delivery of capital and maintenance functions within Council's road reserve, the planning of transport strategy and the delivery of Council's traffic engineering functions.

Assets maintenance and upgrade activities within Council's road reserve include:

- Road reconstruction
- Road re-sealing
- Unsealed road re-sheeting
- Road maintenance
- Road furniture maintenance
- Street sweeping
- Sealed and Unsealed road maintenance
- Footpath and kerb and channel replacement and maintenance
- Drainage maintenance

Major strategic initiatives for the Transport and Road Reserve Department in 2015/16 include:

1. Capitalising on the use of Inspection Based Maintenance and Asset Condition data for all assets in the road reserve.

We will continue with these initiatives and include a review of service levels, update our mobile device platform to assist staff and introduce additional inspectors to better inform our maintenance regimes.

2.. Review of a number of new maintenance technologies

As part of normal continuous improvement practices, the Transport and Road Reserve team will continue to review construction and maintenance technologies with a view to improving the efficiency and effectiveness of their activities. This will include intensive training of maintenance grading crew members, the use of new products and plant, and changes to the working hours for the operation of expensive plant (such as graders).

3.. Delivery of a range of road reconstruction and maintenance projects with the Goulburn Valley Region Collaborative Alliance.

In particular a review of the Graders without Borders project will result in further opportunities for us to work with Strathbogie to improve services to our community.

4. In 2015/16 the Transport and Road Reserve department will be implementing the Auspec standards for all maintenance and construction works undertaken by both in-house teams and

contractors. This will ensure greater consistency in our works and enable accurate benchmarking of performance.

5. 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.

In particular Councillors have expressed an interest in examining the need for an "Active Transport Strategy" that, in conjunction with the VicRoads SMARTRoads initiative, will examine the potential to greater activate some spaces through changing the design priorities of some of our urban streets.

6.. Traffic planning, management and related capital works will continue to be focus to improve pedestrian, cyclist and motoring safety across the municipality.

### **Parks, Sport and Recreation Department**

The Recreation and Parks Department has responsibility for:

- Strategic planning and development of recreation, parks and sports and civic facilities.
- Horticultural maintenance of parks, public open spaces, lakes and wetlands, outdoor sports facilities.
- Maintenance of parks and sports facilities buildings, furniture and infrastructure
- Maintenance of the Pine Lodge and Kialla West cemeteries
- Management and maintenance of trees
- Maintenance of the Maude Street Mall and all CBD areas
- Landscaping
- Town Entries and Signage

The major initiatives for the Recreation and Parks department for 2015/16 include:

1. Reviewing existing service plans in the context of organisation-wide service planning.
2. Technical expertise and input towards the delivery of the Greater Shepparton Regional Sports Precinct Development Program. Development in 2014/15 will include the construction of six turf soccer fields with flood lighting, sports pavilions, car parking, fencing and signage.
3. Preparation of a Parks 2050 Strategic Plan that will guide and direct the future development and provision of public open space and facilities in Greater Shepparton.
4. Development of an Urban Forest Strategy for the City of Greater Shepparton.

### **Projects Department**

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

- Aerodrome management
- Drainage and flood planning and related capital works
- Development engineering – working with residential, industrial and commercial developers to ensure infrastructure associated with development meets community expectations. The Department Team also ensure that gifted assets meet Council's standards.
- The Project Management Office (PMO) – planning, delivery, support and monitoring of Council's capital works program.

Key initiatives for 2015/16 include:

1. The delivery of the first stage of works to improve drainage in the Shepparton East area.
2. Major renewals and upgrade works at Aquamoves
3. The delivery of major components of the Greater Shepparton Sports Precinct redevelopment
4. The delivery of three Public Toilet projects in Arcadia, Congupna and Tatura as part of Council's Public Toilet development Plan
5. A major redevelopment of cattle sale pens at the Shepparton Regional Saleyards.
6. Significant renewal projects in the region's kerb and channel reflecting recent asset condition data.
7. Design works for the next stage of the CBD revitalisation works in Maude Street from High Street to Ashenden Street.
8. The next stage of the Verney Road reconstruction and upgrade from Hawkins Street to Graham Street.
9. Significant development of the Cosgrove 3 landfill site.

## **Strategic Assets**

A separate Department of Strategic Assets was created in June 2012 for the strategic management of Council assets.

The Strategic Assets Department includes the following Services:

- Strategic Asset Management
- Property
- Building Maintenance
- Fleet and Stores

1. The purpose of the Strategic Assets Department is to produce accurate, timely and meaningful asset information to enable the effective management of property and 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 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 of data relating to new assets, including assets gifted to Council due to new developments.

2. The Property function provides internal and external customer support in the delivery of Council's services.

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

### 3. Centralised Building Maintenance.

Council was able to complete a business case in 13/14 for an alternate model for building maintenance, which looked at centralising and standardising processes for the entire organisation. In 14/15 we commenced implementing the recommendations of the business case moving toward a restructure of building maintenance functions into one area of Council, to service the entire organisation. Council has appointed a Transition Manager and has adopted an 18 month project plan to ensure the transition of all building maintenance functions can be centralised with no negative impacts on service delivery. The project will continue through 15/16 financial year.

### 4. Review of the Management of Fleet and Plant

In 15/16 Council will be looking to continue with the progress made in the better management of plant and fleet. In order to capture the initiatives introduced over the past two years and to effectively communicate the methodology and practice of managing plant a fleet, a guideline was drafted for fleet and plant users, Executive and managers, and finance. This has improved systems of managing fleet, where responsibilities lie across departments, to align all processes and ensure the organisation has a clear reference point for making future changes to further improve the overall management of this asset class. In 15/16 will commence a programme to introduce a full hybrid fleet of passenger vehicles (which will take about 3 years) and continue rationalising our heavy plant while ensuring we maintain high environmental standards like Euro 5 engine technology.

# Directorate Overview – Community

## Libraries

Greater Shepparton City Council is a member of the Goulburn Valley Regional Library Corporation (GVRLC) which delivers a range of Library services to three municipalities. GVRLC is a separate Corporation and is contracted to provide library services to Greater Shepparton, Moira and Strathbogie Shires. Greater Shepparton is represented on the Corporation board by a Councillor, a Director and Community Representative. In 2014-2015, Greater Shepparton completed the redevelopment of the Shepparton Library.

## Emergency Management

Local Government is the lead agency for the coordination of emergency resources, relief and recovery at the local level. It also has a critical role in supporting the activities of control agencies (e.g. CFA, SES, DEPI) by providing resources for response activities.

In Greater Shepparton, the emergency risks that Council may be required to support include, but are not limited to, bushfire or structural fire, storm, flood, major road accident, incidents involving hazardous material and dangerous goods, pandemic, heatwave, landslip, and dam failure.

In addition, Greater Shepparton City Council is also a signatory to the Municipal Association of Victoria's Inter-Council Emergency Management Resource Sharing Protocol. This means we may be asked to assist other Councils facing an emergency.

## 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, data and promotion 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 a) 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.

The research document, The State of Greater Shepparton's Children Report was released in 2014.

The 2015 – 2018 Best Start Municipal Early Years plan will be presented to Council in July / August 2015.

## 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 MCH 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 programs are offered to help families support their child to have the best start in life. M&CH nurses can offer guidance and advice in areas such as breastfeeding and kindergarten enrolment. These services are delivered from 14 sites across the municipality as well as home visits and supplementary services such as Book Bags, New Parent Groups, the Mother Goose Program and Small Talk Programs.

## CHILDREN'S SERVICES

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 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- 2015) was developed following intensive consultation with young people, youth services sector and the general population.

The plan identifies five key action areas that continue to be our priority:

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

Action Areas 1, 2 and 4 will be the preliminary focus with the initiation of a Youth Sector Leadership Group / Partnership and a Young People's Advisory Group. Both groups will be charged with ensuring that young people in Greater Shepparton have a voice and that the voice is heard.

Greater Shepparton continues to be the lead supporter and funding body for Word and Mouth.

## **Active Living**

### **AQUAMOVES**

With over 350,000 programmed and 600,000 total visits each year, Aquamoves is amongst Greater Shepparton's highest utilised service and asset. The centre services users from all townships across the municipality as well as playing host to a number of regional and state wide visitors and events.

Aquamoves is a key driver in contributing to the overall health and well-being of the community by providing a suite of programs and services that support education and participation in physical activity and healthy eating.

### **SEASONAL OUTDOOR POOLS**

Seasonal outdoor pools are located in the townships of Mooroopna, Merrigum and Tatura and well as financial and operational support is provided to the committee managed Murchison Swimming pool.

These pools are important community assets providing access to safe recreational swimming facilities over the summer. Around 15,000 people visit the pools including a number of school aquatic programs, community events and bookings by sporting clubs.

### **REGIONAL ADVENTURE PLAYGROUND – SPC ARDMONA KIDSTOWN**

KidsTown provides both an important attraction enjoyed by a high proportion of local families and a key tourist attraction for Greater Shepparton. The site attracts over 160,000 visits each year with a high number travelling from outside the region (including inter-state) to attend the playground or events such as KidsFest. KidsTown is also the host to many community gatherings with events held at the playground almost every weekend including markets, weddings, school fetes and events such as the Twilight Strolls. KidsTown also has a strong history of promoting the Greater Shepparton region through being a regular feature on TV shows such as Sunrise, The Great Outdoors, Coxy's Big Break and Postcards.

### **HEALTHY COMMUNITIES PROGRAM**

A key program delivered via the Healthy Communities program is the Activities in the Parks program which in partnership with a range of organisations and community groups will run over 100 plus free and low cost events between October and March and includes activities such as fishing, kite making, movies and star-gazing held in all the townships across the municipality.

### **INDOOR SPORTS**

The Indoor Sports program includes the operation and maintenance of the Shepparton Sports Stadium, Tatura Community Activity Centre and the lease of the Mooroopna Sports Stadium. The Sports Stadiums provide a range of indoor sports across the municipality including basketball, futsal, table tennis, badminton, volleyball, netball, extensive older adults programs, gymnastics, and a host of significant regional and state level events. The Stadiums combined have in excess of 200,000 visits made up of individuals, community groups, sports clubs and school groups.

## **Neighbourhoods**

Community development is a fundamental requisite to progress toward strong social, environmental and economic sustainability for Greater Shepparton.

Greater Shepparton City Council embraces a contemporary community development approach to promote social capital and sustainable resilient communities. 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. Towns, neighbourhoods and streets thrive where residents live in safe, active, healthy communities where everyone feels valued and involved. A continuous process of engagement, consultation and responsive development increases community confidence in governance – encouraging future participation.

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. Council engage local experts in health and wellbeing matters on an advisory panel to ensure knowledge and action is gained and implemented by those best placed to meet the community's needs.

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

- Community Development
- Community, Neighbourhood and Locality Planning
- Community Safety
- Municipal Health and Wellbeing
- Cultural Development
- Aboriginal Partnerships
- Volunteer Support
- Positive Ageing
- Advocacy (Disability support)
- Home and Community Care (HACC) 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
- Develop partnerships with other organisations to improve opportunities for community participation and improved service delivery
- Build and strengthen 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
- Promote and deliver best practice accessibility for Council facilities/events
- Support older people to age well in our community
- Provide 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

- 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, eg 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
- Diverse demographic and managing needs of all residents and engaging all.

## **Shepparton Art Museum (SAM)**

SAM has one of Australia's most important collections of historical and contemporary ceramics, along with significant holdings of Australian art in all media and has an active exhibitions program that includes curated, local community and touring exhibitions. Since the redevelopment in 2012, SAM has been growing in profile as one of Victoria's and Australia's prominent regional galleries and in 2012 was voted as Victoria's best Small Museum by Museums Victoria. In 2014, Greater Shepparton City Council in partnership with the State Government undertook a feasibility study for a possible new SAM. Any decision in regards to the outcome of this feasibility study will occur in 2015.

SAM has three core focus areas within its collection strategy being;

- Contemporary Australian Art
- Australian Ceramics
- Aboriginal and Torres Strait Islander Art

In addition 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.

In 2014 /15, Greater Shepparton completed a Feasibility Study and Business Case for a New SAM.

## **Performing Arts and Conventions (Riverlinks)**

Marketed under the Riverlinks brand, Greater Shepparton City Council presents an annual performing arts and entertainment program at the Eastbank Centre and WestSide Performing Arts Centre.

The Riverlinks performing arts program includes a scheduled annual season of events launched each December and additional presentations arranged by negotiation with artists, producers and community groups.

A typical Riverlinks season includes theatre, classical and contemporary dance, comedy, musical theatre, classical and contemporary music, daytime melodies for seniors and events partnered with community arts organisations. The season is presented within the Eastbank Centre and WestSide Performing Arts Centre as well as within smaller town halls, community venues and occasionally in open spaces.

Riverlinks sponsors or partners community organisations to present events such the Goulburn Valley Concert Orchestra concerts, the Australian National Piano Awards, the Playing for Pleasure concert, Orchestra Victoria's On the Move workshops, the Shepparton Young Instrumentalist Awards, the Georgy Awards and the Emerge Festival.

Riverlinks also oversees venue hire and civic use of the Eastbank Centre and WestSide Performing Arts Centre. Venues are available for hire for social events and balls, conferences and meetings, exhibitions and forums, civic ceremonies, commercial entertainment, education and school programs and community hire.

Riverlinks venues offer support for venue hirers to facilitate their events including technical services, marketing and promotions, box office, front of house staffing and catering. The Eastbank Centre also has a café and foyer exhibition spaces.

# Directorate Overview – Sustainable Development

## BUILDING SERVICES

### OVERVIEW

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

### RESPONSIBILITIES

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 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.

#### ENFORCEMENT

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 report and consents
- records management
- building levy
- property certificates
- building / occupancy permit registers
- flood certificates
- prescribed information for building surveyors
- combined allotment statements
- provide statements for subdivision of existing buildings
- habitation standards, notices/orders
- infringement notices
- legal proceedings

## BUILDING PERMITS

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

The Customer Information function provides information for the community at large with general building advice to 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 report and consent applications to vary the Building Regulation

## **INVESTMENT ATTRACTION**

### OVERVIEW

The purpose of the Investment Attraction Department is to encourage economic prosperity through investment, business development, visitation, tourism and events, whilst working to develop employment and business opportunities for the established and emerging economic sectors within 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 promote and increase tourism and visitation opportunities
- To grow the diversity, number of and economic impact of major events
- To identify opportunities for funding 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 supporting existing events to grow and attracting new major events. We assist the business community to best leverage from these major events. We are continuously identifying opportunities to address skills shortages and facilitate training and networking opportunities for employers and employees. Greater Shepparton City Council is the region's largest tourism operator managing a range of experiences, venues and attractions and providing visitor servicing. 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.

## RESPONSIBILITIES

### **Investment Attraction**

The Investment Attraction Department's main responsibilities include:

- High Speed Rail
- Improvement of passenger and freight rail services
- Employment Response Plan Sessions
- HUME Economic Development Network
- Tertiary Education
- Festive Decorations
- 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
- CBD Strategy Implementation
- GV Link (Goulburn Valley Freight Logistics Centre)
- Grants Coordination (incoming and outgoing)
- Township Development
- International Relations – Cultural and Economic
- Tourism and Events
- The maintenance and development of Sister City Relationships currently held with:
  - Korce, Albania
  - Shangqui, China
  - Lijiang City, China
  - Esashi, Oshu City, Japan
  - City of Toyoake, Japan

### **Tourism and Events**

Tourism and events are responsible for:

- promoting Greater Shepparton as a vibrant destination
- maximising visitation to the region, and increase length of stay through the development of sustainable attractions, events, exhibitions and experiences
- providing quality tourism information and services via Greater Shepparton's level one accredited centre and pop up information hubs at events and festivals, and
- raising the profile of the tourism industry amongst the local community

Greater Shepparton City Council actively participates in a joint tourism initiative to promote the Goulburn River Valley tourism region alongside member councils; Strathbogie Shire, Mitchell Shire Council and Murrindindi Shire Council.

Greater Shepparton's dynamic events program aims to deliver economic benefit, raise the profile of Greater Shepparton as an attractive place to live, work and visit 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. Provide support and sponsorship to a range of local event organisers to create sustainable events and build capacity within our community
5. Actively participate in the Sports Decentralisation Project to secure national and state level sporting events
6. Contribute to the local economy by attracting outside visitation and reducing economic leakage
7. Managing events venues including the Shepparton Showgrounds and Tatura Park Equestrian Centre

## **PLANNING**

### OVERVIEW

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
- 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

### RESPONSIBILITIES

#### 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**

### OVERVIEW

The Environment Department has specific responsibilities in areas covering Waste services, Environmental Health services and Sustainability & Environment services.

Waste services are driven by the Waste and Resource Recovery Management Strategy which was adopted by the Council in December 2013. The major objective in this area is to provide waste services to the community of Greater Shepparton in an effective and efficient manner whilst ensuring current best practises are applied and tonnages to landfill are minimised.

Environmental Health services cover a range of responsibilities required by legislation. The major objective in this area is ensuring compliance of these requirements to ensure the well-being of the residents of Greater Shepparton and the general public.

Sustainability and Environment services are guided by the recently adopted Greater Shepparton Environmental Sustainability Strategy. The Strategy has six strategic themes including:

- Protecting and enhancing our natural assets (land and biodiversity).
- Healthy, productive and sustainable water resources.
- Using our resources wisely – climate change and energy efficiency.
- Using our resources wisely – waste and resource efficiency.
- Sustainable planning, development and transport.
- Council governance and operations.

### RESPONSIBILITIES

#### **Environmental Health**

The Environmental Health team cover the following functions;

- Food Act: including registration, education monitoring/sampling, complaint investigation and enforcement.
- Public Health & Wellbeing Act Registration (new, renewal & transfer): including accommodation/rooming houses, beauty and skin penetration premises for registration, education, monitoring and enforcement.
- Nuisance Investigation/Complaints
- Infectious disease prevention program/investigation
- Septic Tanks: including registration and compliance inspections.

- Residential and Tenancies Act - Caravan parks including registration, review of alterations, consultation with CFA and enforcement.
- Monitoring of Public Swimming Pools and Spas:
- Tobacco Act: including education, enforcement, complaints and reporting.
- Immunisation Program: including infants, school children and businesses.
- Mosquito Monitoring Program: including surveillance, education and reporting.
- Emergency Management including for pandemics, food premises and septic tanks
- Municipal Public Health Plan
- Development & review of internal Policies & Procedures & external Fact Sheets

## **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.

Key Areas of Responsibility include:

- Development and implementation of the Environmental Sustainability Strategy
- Sustainability Training for staff
- ECO-Buy and sustainable procurement
- Development of policies and guidelines such as the Sustainable Decision making Policy
- Energy reduction measures
- Development of Environmental Management Plans such as Boulevard Bush Reserve, Cussen Park and Stormwater Management Plans
- Revegetation projects
- Roadside Management Plan
- Environmental weed control and mapping
- National Tree Day
- Roadside Native Vegetation training
- Statutory Planning advice and support for Environmental Issues
- Support the Community in projects such as Cussen Park and Earth Hour
- Liaise with external agencies such as the Goulburn Broken CMA, Department of Environment and Primary Industries.
- Represent Council on committees such as the Goulburn Broken Greenhouse Alliance
- Management of the RiverConnect program

## **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

The Council will continue to provide waste services that are sustainable, protect the environment and satisfy the needs of our community in accordance with the Waste and Resource Recovery Management Strategy 2013-2023.

# Directorate Overview – Business

The Directorate includes the Departments of:

- Citizen Services
- Finance and Rates
- Information Services

## Citizen Services

The Citizen Services Department was established in June 2013. This brought together many departments that have direct contact with our citizens and provide essential services to support the Council Plan.

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. Implementation and advocacy of a new customer relationship management system 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.

## Information Services

To 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 Systems and Geospatial Information Systems.

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.

## **Information Management**

The Information Management team are responsible for the capture, recording and audit control of all activity conducted by Council.

This includes the receipt and management of Council's hard copy and electronic records to ensure that our legislated obligations are met as a public authority.

The Information Management Team are focussed on transitioning the organisation to a 'paperless' environment. This involves partnering with each business unit to develop strategies to manage historical paper files and to effectively manage the storage and disposal schedules for this information. It also involves creating an electronic environment in which to do business from that complies with the standards set by the Public Records Act.

The Information Management Team are also tasked with educating the organisation on their record keeping responsibilities and ensuring that staff are trained in the EDRMS (Electronic Document Record Management System).

The Information Management Team 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 our legislative compliance for storage of Council records through consolidation to one location through the Grace Uplift Project
2. Support digitisation and transition to electronic capture of Council records
3. Significantly improve Council's audit position for record keeping responsibilities.
4. Create an electronic environment that is user friendly and supports the needs of business units and their activities.
5. Manage the training and education of all Council staff and Councillors to ensure they understand their record keeping responsibilities

## **Regulatory Services**

The Regulatory Services Department consists of Animal Management / Local Laws and Parking Enforcement. Both teams are governed by several Acts and Regulations and are tasked with delivering these regulated services to the community in a consistent, fair and professional manner.

The Animal Management / Local Laws team is responsible for working towards improved registration of domestic animals and promoting responsible pet ownership. They provide the Animal Shelter services for the municipality and are tasked with ensuring improved welfare of domestic animals. Given our regional location, the Animal Management team also manage stock on road complaints and other livestock issues.

The Animal Management / Local Laws team also issue cautions and infringements for regulated activities including administering Greater Shepparton City Council's Local Law #1 Community Living to ensure that the community can live harmoniously. This includes issuing permits where required, managing complaints and undertaking investigations.

The Animal Management and Local Laws team 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. Implement the Domestic Animal Management Plan 2013-2017 to ensure the wellbeing of the municipalities domestic animal population
2. Improve systems and processes to reduce complaint handling time and working towards improved service delivery
3. Commence preparations for the review of Council's Local Law which sunsets in 2018

The Parking Enforcement team is tasked with ensuring the continual flow of turnover of traffic in CBD areas to allow fair and reasonable access by all residents. This involves the issuing of infringements for a number of offences, managing all parking complaints and collecting monies from parking meters and ticket machines throughout the Shepparton CBD. The team also undertakes the maintenance of the parking machines and manages a number of privately owned car parks by agreement. They monitor controlled parking areas in Mooroopna and Tatura and certain street areas of Shepparton that see high volumes of traffic eg: Goulburn Valley Hospital.

The School Crossing Supervision program is managed by the Parking Enforcement department and currently undertakes the supervision of 23 school crossings at various locations within the municipality to ensure the safety and well being of the community. The Parking Enforcement team also manage and regulate the Disable Parking Permit scheme.

The Parking Enforcement team 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. Targeting specific non-compliance issues and targeting areas to change behaviours to better improve safety in high traffic areas.
2. Working towards a single parking meter machine solution to avoid confusion in different parking zones / areas
3. Develop campaigns to encourage drivers to access the longer term parking options available in the CBD.

## **Finance and Rates**

The Finance and Rates Department are responsible for implementing the principles of sound financial management 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.

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.

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.

Both teams work together to deliver the Council's Strategic Resource Plan and Long Term Financial Plan as well as 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 are 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.

## Appendix A Glossary of Terms - Definitions

TERM	DEFINITION
<b>Adjusted operating surplus/deficit</b>	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.
<b>Adjusted total operating expenses</b>	Total operating expenses as per the "Statement of financial performance" – net of asset revaluations, unfunded superannuation expense and WDV of asset sold.
<b>Adjusted total revenue</b>	Total revenue from "Statement of financial performance" – net of asset sales, asset contributions in kind. Capital grant funding and revaluation adjustments.
<b>Capital grants (non-recurrent)</b>	Capital or non-recurrent grants as disclosed in notes.
<b>Current assets</b>	Total current assets from "Statement of financial position".
<b>Current liabilities</b>	Total current liabilities from "Statement of financial position"
<b>Debt redemption</b>	Debt principal's repayments.
<b>Debt servicing costs (interest)</b>	Total borrowing costs or interest expense as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
<b>Fees and charges revenue</b>	Total fees and charges revenue as per the "Statement of financial performance" or as disclosed in note in some councils' statements (includes fines).
<b>Grant income and reimbursements</b>	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).
<b>Granted assets</b>	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.
<b>Interest earnings</b>	Total interest received as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
<b>No. of rateable properties</b>	Number of rateable properties in municipality.
<b>Non-current liabilities</b>	Total non-current liabilities from "Statement of financial position".
<b>Proceeds from sale of non-current assets</b>	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).
<b>Rate revenue</b>	Total rate revenue as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
<b>Rates outstanding at end of year</b>	Rate debtor amount as disclosed in "Receivables" note.
<b>Total assets</b>	Total assets from "Statement of financial position".
<b>Total capital asset outlays</b>	Payments for capital purchases per the "Cash flow statement".
<b>Total cash inflows from operations, finance and Investment Act</b>	Total inflows per the "Cash flow statement".
<b>Total cash outflows from operations, finance and Investment Act</b>	Total outflows per the "Cash flow statement".
<b>Total depreciation</b>	Total depreciation expense as per the "Statement of financial performance" or as disclosed in note in some councils' statements.
<b>Total depreciation on infrastructure assets</b>	Total depreciation on infrastructure assets as disclosed in "Depreciation expense" note.

<b>TERM</b>	<b>DEFINITION</b>
<b>Total debt</b>	Total interest bearing liabilities (current and non-current) from "Statement of financial position".
<b>Total indebtedness</b>	Total liabilities (current and non-current) from "Statement of financial position".
<b>Total infrastructure assets</b>	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.
<b>Total net realisable assets</b>	Total assets less total infrastructure assets.
<b>Total operating expenses</b>	Total operating expenses as per the "Statement of financial performance".
<b>Total revenue</b>	Total revenue from "Statement of financial performance"
<b>Written-down value of assets sold</b>	Written-down value of assets sold as per the "Statement of financial performance" or as disclosed in note in some councils' statements.

# Appendix B Standard Financial Statements

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

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

These financial statements include:

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

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

## Financial Statements – Strategic Resource Plan

### Budgeted Comprehensive Income Statement For the four years ending 30 June 2019

	Strategic Resource Plan Projections				
	Forecast Actual 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Income</b>					
Rates and charges	63,974	67,706	71,736	76,004	80,563
Statutory fee and fines	2,407	2,420	2,469	2,519	2,568
User fees	15,957	18,520	19,168	19,839	20,534
Contributions – cash	2,381	1,837	-	-	-
Contributions – non-monetary assets	8,000	3,000	3,000	3,000	3,000
Grants – operating (recurrent)	23,327	21,602	22,151	22,926	23,729
Grants – operating (non-recurrent)	-	-	-	-	-
Grants – capital (recurrent)	-	-	-	-	-
Grants – capital (non-recurrent)	3,128	7,604	3,030	3,170	27,930
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(7,084)	(541)	100	100	100
Other income	4,407	3,007	3,079	3,002	3,077
<b>Total income</b>	<b>116,497</b>	<b>125,155</b>	<b>124,733</b>	<b>130,560</b>	<b>161,501</b>
<b>Expenses</b>					
Employee costs	(42,535)	(45,617)	(47,665)	(49,806)	(52,040)
Materials and services	(51,531)	(46,578)	(45,658)	(47,256)	(48,910)
Depreciation	(22,540)	(22,636)	(23,315)	(24,014)	(24,734)
Finance Costs	(1,126)	(1,210)	(1,337)	(1,319)	(1,314)
<b>Total expenses</b>	<b>(117,732)</b>	<b>(116,041)</b>	<b>(117,975)</b>	<b>(122,395)</b>	<b>(126,998)</b>
<b>Surplus (Deficit)</b>	<b>(1,235)</b>	<b>9,114</b>	<b>6,758</b>	<b>8,165</b>	<b>34,503</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit:</b>					
Impairment of fire impacted infrastructure	-	-	-	-	-
Net asset revaluation increment/(decrement)	-	-	-	-	-
Share of other comprehensive income of associated and joint ventures accounted for by equity method	-	-	-	-	-
<b>Total comprehensive income</b>	<b>(1,235)</b>	<b>9,114</b>	<b>6,758</b>	<b>8,165</b>	<b>34,503</b>

**Budgeted Balance Sheet  
For the four years ending 30 June 2019**

<b>Strategic Resource Plan Projections</b>					
	<b>Forecast Actual 2014/15 \$'000</b>	<b>2015/16 \$'000</b>	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>
<b>Current Assets</b>					
Cash and cash equivalents	19,548	13,255	13,695	15,736	15,761
Trade and other receivables	5,713	6,106	6,062	6,353	7,836
Investments	12,000	12,000	12,000	12,000	12,000
Other assets	1,571	1,571	1,571	1,571	1,571
<b>Total Current Assets</b>	<b>38,832</b>	<b>32,932</b>	<b>33,328</b>	<b>35,596</b>	<b>37,105</b>
<b>Non-current assets</b>					
Investments in regional library corporation	1,314	1,314	1,314	1,314	1,314
Property, infrastructure, plant and equipment	839,681	859,073	891,909	897,696	967,453
Intangible assets	1,183	1,183	1,183	1,183	1,183
<b>Total non-current assets</b>	<b>842,178</b>	<b>861,570</b>	<b>894,406</b>	<b>900,193</b>	<b>969,950</b>
<b>Total assets</b>	<b>881,011</b>	<b>894,502</b>	<b>927,734</b>	<b>935,789</b>	<b>1,007,055</b>
<b>Liabilities</b>					
Trade and other payables	10,652	11,093	10,773	11,203	11,653
Trust funds and deposits	2,051	2,051	2,051	2,051	2,051
Provisions	8,895	8,868	9,465	9,631	9,800
Interest-bearing loans and liabilities	490	460	724	779	1,131
Other liabilities	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>22,088</b>	<b>22,471</b>	<b>23,013</b>	<b>23,664</b>	<b>24,635</b>
<b>Non-current liabilities</b>					
Provisions	992	1,010	1,028	1,047	1,065
Interest-bearing loans and liabilities	13,864	17,840	17,985	17,205	26,051
<b>Total non-current liabilities</b>	<b>14,856</b>	<b>18,850</b>	<b>19,013</b>	<b>18,252</b>	<b>27,116</b>
<b>Total liabilities</b>	<b>36,944</b>	<b>41,322</b>	<b>42,026</b>	<b>41,916</b>	<b>51,751</b>
<b>Net assets</b>	<b>844,066</b>	<b>853,180</b>	<b>885,708</b>	<b>893,873</b>	<b>955,304</b>
<b>Equity</b>					
Accumulated Surplus	314,997	324,111	330,869	339,034	373,537
Reserves	529,069	529,069	554,839	554,839	581,767
<b>Total equity</b>	<b>844,066</b>	<b>853,180</b>	<b>885,708</b>	<b>893,873</b>	<b>955,304</b>

**Budgeted Statement of Changes in Equity  
For the four years ending 30 June 2019**

	<b>Total \$'000</b>	<b>Accumulated Surplus \$'000</b>	<b>Revaluation Reserve \$'000</b>
<b>2015/16</b>			
Balance at beginning of the financial year	844,066	314,997	529,069
Comprehensive result	9,114	9,114	-
Net asset revaluation increment (decrement)	-	-	-
<b>Balance at the end of the financial year</b>	<b>853,180</b>	<b>324,111</b>	<b>529,069</b>
<b>2016/17</b>			
Balance at beginning of the financial year	853,180	324,111	529,069
Comprehensive result	6,758	6,758	-
Net asset revaluation increment (decrement)	25,770	-	25,770
<b>Balance at the end of the financial year</b>	<b>885,708</b>	<b>330,870</b>	<b>554,839</b>
<b>2017/18</b>			
Balance at beginning of the financial year	885,708	330,870	554,839
Comprehensive result	8,165	8,165	-
Net asset revaluation increment (decrement)	-	-	-
<b>Balance at the end of the financial year</b>	<b>893,873</b>	<b>339,035</b>	<b>554,839</b>
<b>2018/19</b>			
Balance at beginning of the financial year	893,873	339,035	554,839
Comprehensive result	34,503	34,503	-
Net asset revaluation increment (decrement)	26,928		26,928
<b>Balance at the end of the financial year</b>	<b>955,304</b>	<b>373,538</b>	<b>581,767</b>

**Budgeted Statement of Cash Flows  
For the four years ending 30 June 2019**

<b>Strategic Resource Plan Projections</b>					
	<b>Forecast Actual 2014/15 \$'000</b>	<b>2015/16 \$'000</b>	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>
<b>Cash flows from operating activities</b>					
Rates and charges	63,751	67,468	71,753	75,820	79,800
Statutory fee and fines	2,406	2,418	2,469	2,512	2,544
User fees	15,875	18,406	19,173	19,791	20,339
Contributions	2,381	1,837	-	-	-
Grants – operating	23,327	21,602	22,157	22,871	23,504
Grants – capital	3,128	7,604	3,031	3,162	27,666
Interest Received	1,229	1,054	1,181	1,219	1,252
Other Receipts	3,204	1,897	1,899	1,776	1,795
Employee costs	(42,224)	(45,627)	(47,425)	(49,400)	(51,622)
Materials and Services	(52,454)	(46,121)	(45,488)	(47,031)	(48,676)
Other Payments	(170)	-	-	-	-
Net cash provided by operating activities	20,454	30,539	28,650	30,721	56,603
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(31,618)	(40,098)	(27,500)	(27,500)	(65,050)
Proceeds from sale of property, infrastructure, plant and equipment	361	530	222	799	589
Net movement in other financial assets	4,500	-	-	-	-
Net cash inflow (outflow) from investing activities	(26,758)	(39,569)	(27,278)	(26,701)	(64,461)
<b>Cash flows from financing activities</b>					
Finance Costs	(1,126)	(1,210)	(1,337)	(1,319)	(1,314)
Proceeds from borrowings	-	4,436	1,064	-	10,000
Repayment of borrowings	(458)	(490)	(659)	(724)	(803)
Net cash inflow (outflow) from financing activities	(1,584)	2,736	(932)	(2,043)	7,883
<b>Net increase (decrease) in cash and cash equivalents</b>					
	<b>(7,887)</b>	<b>(6,293)</b>	<b>440</b>	<b>1,977</b>	<b>26</b>
Cash and cash equivalents at the beginning of the year	27,435	19,548	13,255	13,695	15,672
<b>Cash and cash equivalents at the end of the financial year</b>	<b>19,548</b>	<b>13,255</b>	<b>13,695</b>	<b>15,672</b>	<b>15,698</b>

\* Materials and Services include External Contracts and Utilities

**Budgeted Statement of Capital Works  
For the four years ending 30 June 2019**

<b>Strategic Resource Plan Projections</b>					
	<b>Forecast Actual</b>				
<b>Capital Works Areas</b>	<b>2014/2015 \$'000</b>	<b>2015/2016 \$'000</b>	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>
<b>Property</b>					
Aquatics	118	-			
Artwork	21	25			
Buildings	4,168	4,388			
Recreational Facilities	-	80			
Saleyards	-	820			
<b>Total property</b>	<b>4,307</b>	<b>5,313</b>			
<b>Plant and equipment</b>					
Aquatics	-	173			
Buildings	-	117			
Furniture & equipment	235	-			
IT	1,542	1,405			
Outdoor furniture & signage	-	13			
Plant	1,876	2,287			
Waste management	-	315			
<b>Total plant and equipment</b>	<b>3,653</b>	<b>4,310</b>			
<b>Infrastructure</b>					
Bridges	170	86			
Buildings	520	163			
Drainage – Rural and Urban	2,051	1,416			
Footpaths and shared paths	449	244			
Kerb & Channel	801	1,384			
Parks open space streetscapes	397	333			
Recreational Facilities	6,040	10,076			
Roads	10,536	10,152			
Waste Management	1,719	6,175			
Other	975	446			
<b>Total infrastructure</b>	<b>23,658</b>	<b>30,475</b>			
<b>Total capital works expenditure</b>	<b>31,618</b>	<b>40,098</b>			
<b>Represented by:</b>					
Renewal	18,128	16,278	16,500	19,250	21,040
Upgrade	3,525	3,953	3,667	2,750	3,005
Expansion	-	1,154	3,666	2,750	3,005
New	9,965	18,713	3,667	2,750	38,000
<b>Total capital works expenditure</b>	<b>31,618</b>	<b>40,098</b>	<b>27,500</b>	<b>27,500</b>	<b>65,050</b>

**Budgeted Statement of Human Resources  
For the four years ending 30 June 2019**

<b>Strategic Resource Plan Projections</b>					
	<b>Forecast Actual 2014/2015 \$'000</b>	<b>2015/2016 \$'000</b>	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>
<b>Staff Expenditure</b>					
Employee costs	42,535	45,617	47,665	49,805	52,041
<b>Staff Numbers</b>					
Employees	555	587	590	593	596

The 2014/2015 employee numbers are actual equivalent full time as of April 2015 and do not include any vacant positions. The 2015/2016 budget was prepared on the assumption that Council is full complement of staff to approved EFT levels as well as 0.5 per cent organisational growth. To allow for natural staff turnover, total salary and related expenses were decreased by 1.5 per cent across the Council to recognise the possible savings from staff vacancies during the year.

**2014/2015 Long Term Financial Plan (previous version)**

Strategic Resource Plan Projections											
	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	30 Jun 24	
<b>Victorian Auditor General Financial Sustainability Ratios</b>											
Underlying Result Ratio (VAGO Methodology)	%	<= 10%	Medium Risk -10% - 0%	Low Risk >0%							
Liquidity	x	<= 1.0	1.0% - 1.5%	>1.5							
Indebtedness	%	>60%	40-60%	>40%							
Self-financing	%	>10%	10%-20%	>20%							
Investment Gap	x	<= 1.0	1.0-1.5	>1.5							
		5.4%	2.9%	4.0%	5.3%	6.3%	7.4%	8.5%	9.6%	10.6%	11.5%
		132.6%	136.5%	135.3%	130.5%	134.8%	138.0%	147.2%	157.9%	170.6%	189.0%
		19.9%	20.3%	20.0%	18.3%	16.6%	14.9%	13.3%	11.8%	10.4%	9.9%
		23.8%	20.2%	23.0%	24.0%	24.8%	25.5%	26.2%	26.9%	27.5%	28.4%
		178.1%	130.7%	127.0%	132.7%	132.0%	138.1%	142.9%	150.1%	154.1%	160.1%
<b>Income Statement Summary</b>											
Total Revenue from Operating Activities	\$'000	117,296	117,447	122,621	128,301	133,892	140,131	146,665	153,472	160,641	168,193
Total Operating Expenses	\$'000	(109,869)	(113,065)	(116,820)	(120,646)	(124,590)	(128,942)	(133,476)	(138,202)	(143,126)	(147,951)
Adjusted Operating Surplus/(Deficit)	\$'000	9,244	6,325	7,789	9,690	11,386	13,323	15,373	17,506	19,804	22,586
<b>Balance Sheet Summary</b>											
Cash and Cash Equivalents	\$'000	18,923	15,802	15,820	15,359	16,275	17,054	18,624	20,904	23,436	27,013
Total interest bearing loans and borrowings	\$'000	16,370	17,797	18,631	17,900	17,114	16,269	15,360	14,383	13,332	12,201
<b>Capital Works</b>											
Total Capital Works	\$'000	37,417	27,229	27,234	29,321	30,050	32,374	34,497	37,325	39,465	42,238
Renewal Investment	\$'000	18,788	16,337	16,340	17,593	18,030	19,424	20,698	22,395	23,679	25,343
Upgrade Investment	\$'000	4,864	5,446	5,447	5,864	6,010	6,475	6,899	7,465	7,893	8,448
New Investment	\$'000	13,765	5,446	5,447	5,864	6,010	6,475	6,899	7,465	7,893	8,448
Condition Based Renewal Demand	\$'000	28,103	27,009	23,353	25,821	23,557	24,396	24,917	25,785	26,134	26,989
Renewal Gap = Not Funded	\$'000	9,315	10,671	7,013	8,229	5,527	4,972	4,219	3,390	2,455	1,646
Accumulated Renewal Gap	\$'000	26,553	37,224	44,237	52,466	57,993	62,964	67,183	70,572	73,028	74,673

## 2015/2016 Updated Long Term Financial Plan

		Strategic Resource Plan Projections											
		30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22	30 Jun 23	30 Jun 24	30 Jun 25		
<b>Auditor General Ratios</b>													
Underlying Result Ratio (VAGO Methodology)	%		5.0%	4.1%	20.0%	5.6%	6.7%	7.8%	8.7%	9.7%	10.7%		
Liquidity	x		145.4%	150.4%	150.6%	148.7%	150.7%	153.2%	156.9%	162.7%	164.1%		
Indebtedness	%		20.5%	18.4%	25.9%	23.5%	21.2%	19.0%	16.9%	14.8%	12.9%		
Self-financing	%		27.1%	24.5%	44.1%	27.9%	26.9%	27.4%	27.9%	28.5%	29.0%		
Investment Gap	x		177.1%	118.0%	263.0%	127.1%	131.5%	138.1%	141.8%	147.3%	158.0%		
			Green										
			>0%										
			>1.5										
			Yellow										
			-10% - 0%										
			1.0% - 1.5%										
			40-60%										
			10%-20%										
			Red										
			<-10%										
			<=1.0										
			>60%										
			>10%										
			<=1.0										
			Green										
			>2/12 total revenue										
			Yellow										
			1/12 - 2/12 total revenue										
			Red										
			<1/12 total revenue										
<b>Statement of Comprehensive Income Summary</b>													
Total Revenue from Operating Activities	\$'000	123,860	122,737	128,504	159,386	140,934	147,788	154,957	162,502	170,453	178,834		
Total Operating Expenses	\$'000	(116,041)	(117,975)	(122,394)	(127,000)	(132,276)	(137,169)	(142,366)	(147,833)	(153,487)	(159,368)		
Operating Surplus/(Deficit) after Adjustments	\$'000	9,117	6,756	8,165	34,501	10,837	12,872	14,871	17,048	19,417	21,991		
Underlying Operating Position (VAGO Methodology)	\$'000	6,117	3,756	5,165	31,501	7,837	9,872	11,871	14,048	16,417	18,991		
			Yellow										
			1/12 - 2/12 total revenue										
			Red										
			<1/12 total revenue										
			Green										
			>2/12 total revenue										
<b>Balance Sheet Summary</b>													
Cash and Cash Equivalents (plus deposits >90 days)	\$'000	25,255	25,695	27,672	27,698	29,084	30,407	31,951	33,866	36,473	37,873		
Total interest bearing loans and borrowings	\$'000	18,304	18,709	17,985	27,182	26,051	24,840	23,540	22,147	20,654	19,052		
<b>Capital Works</b>													
Total Capital Works	\$'000	40,098	27,500	27,500	65,050	32,374	34,497	37,325	39,465	42,238	46,661		
Renewal Investment	\$'000	16,308	16,500	19,250	21,044	20,234	24,148	25,008	27,626	28,299	27,997		
Upgrade Investment	\$'000	3,962	3,575	2,750	2,999	4,047	3,450	4,106	3,947	4,646	6,066		
Expansion Investment	\$'000	1,155	3,575	2,750	2,989	4,047	3,450	4,106	3,947	4,646	6,066		
New Investment	\$'000	18,674	3,850	2,750	38,009	4,047	3,450	4,106	3,947	4,646	6,533		
Renewal Demand	\$'000	27,625	20,238	22,922	22,734	21,574	24,550	25,697	27,800	29,226	28,333		
Renewal Gap = Not Funded	\$'000	11,317	3,738	3,672	1,690	1,340	402	690	175	927	336		
Accumulated Renewal Gap	\$'000	28,809	32,547	36,219	37,909	39,249	39,652	40,341	40,516	41,443	41,779		