

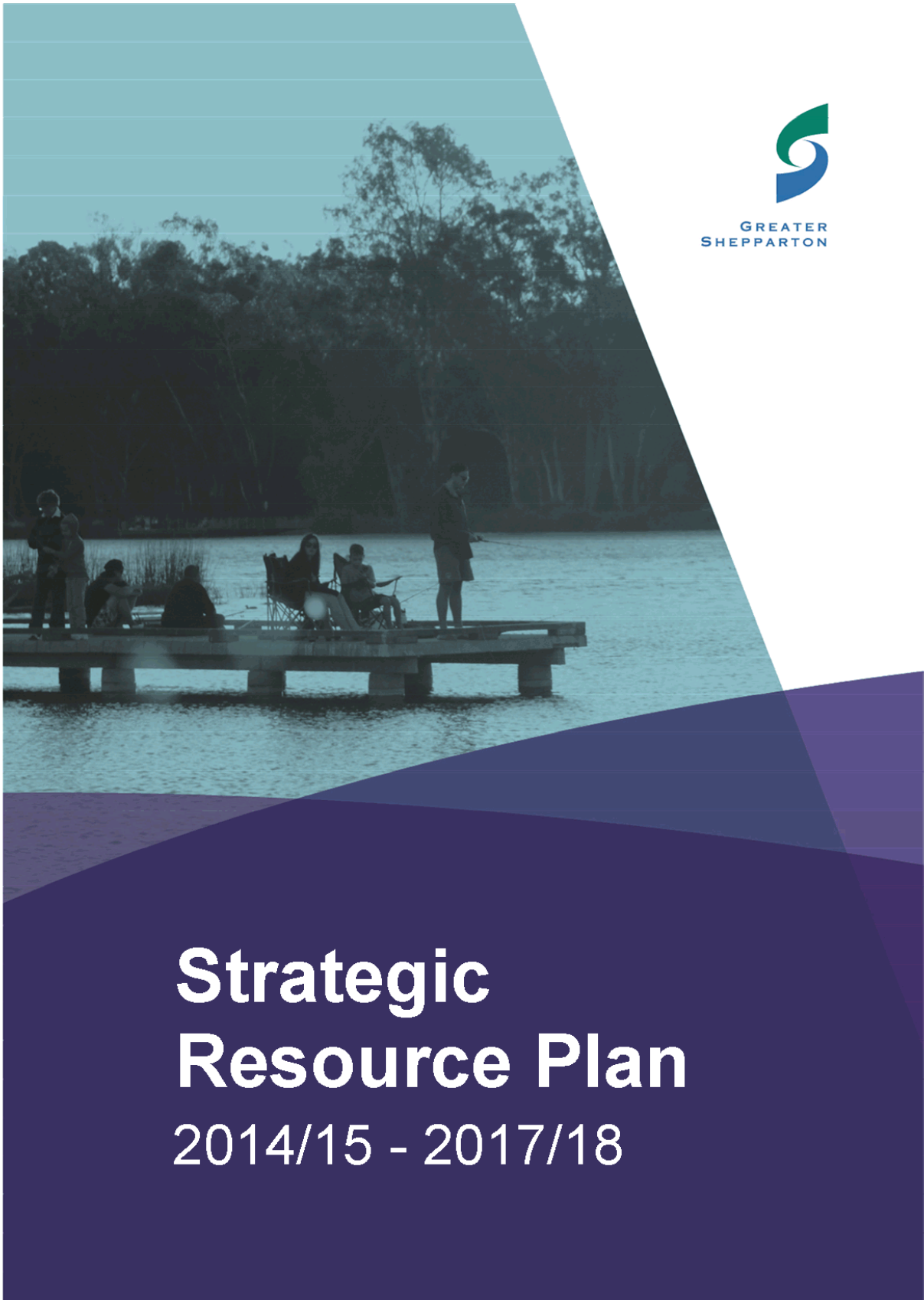
ATTACHMENT TO AGENDA ITEM

Special Meeting

24 June 2014

Agenda Item 4.1 Strategic Resource Plan 2014/2015 - 2017/2018

Attachment 1 Strategic Resource Plan 2014/15 to 2017/18 10



Strategic Resource Plan

2014/15 - 2017/18

Strategic Resource Plan 2014/15 to 2017/18

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Strategic Resource Plan 2014/15 to 2017/18

1. Executive summary

Introduction

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

The purpose of the Strategic Resource Plan is to:

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

Developing council financial strategies is often a difficult process.

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

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

Strategic Resource Plan 2014/15 to 2017/18

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



Figure 1: Strategic Resource Plan – Key Strategic Areas

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

A Glossary of Terms is attached in *Appendix A*.

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

2. Link between Strategic Resource Plan and the Council Plan

The links between the Strategic Resource Plan and the Council Plan are detailed in the following diagram. As 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.

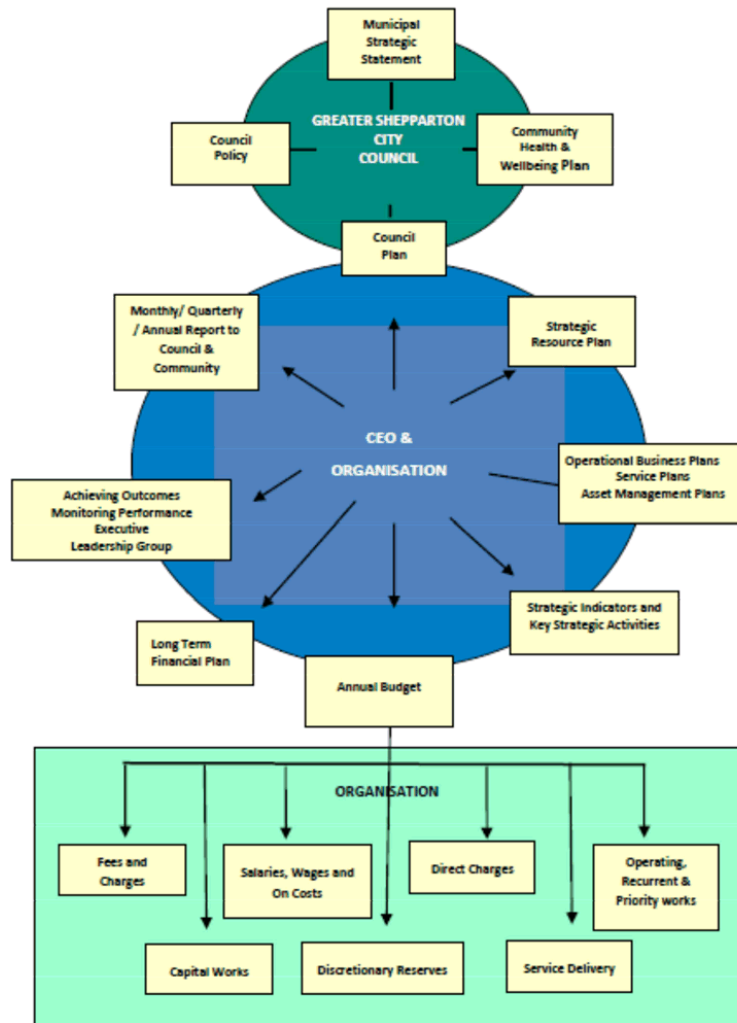


Figure 2: Links between Strategic Resource Plan and the Corporate Planning Framework

Strategic Resource Plan 2014/15 to 2017/18

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.

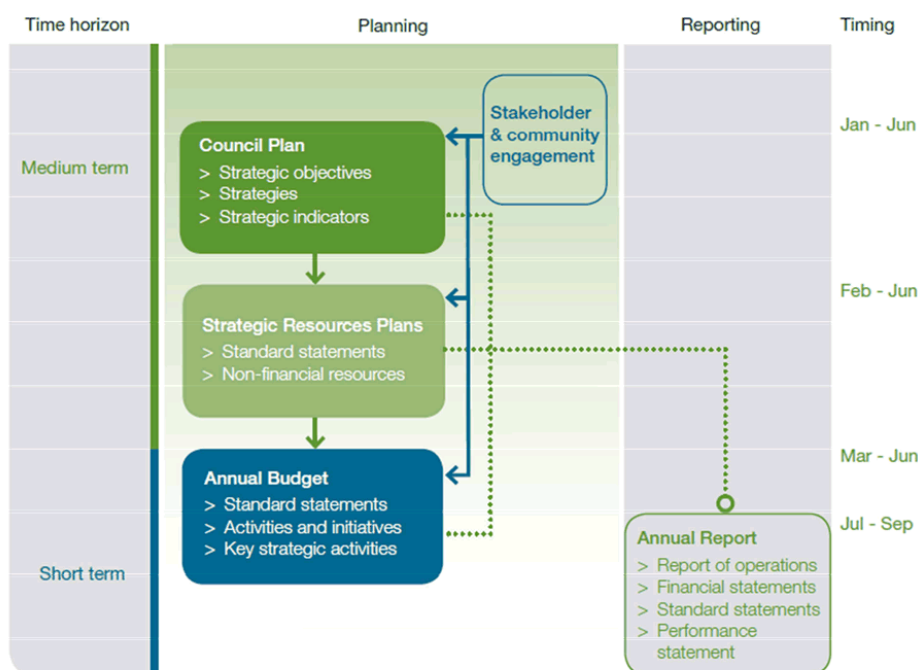


Figure 3: Planning and Accountability Framework

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

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

This Strategic Resource Plan goes beyond the minimum standards required by the Act and is intended to have a 10 year time frame to enable consideration of the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10 years as many of Council’s assets have long lives.

Strategic Resource Plan 2014/15 to 2017/18

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

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

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

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

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

The Plan identifies strategic directions which the Council is committed to achieving that will be monitored to ensure the success of the plan. The table below provides a summary of the direction for Greater Shepparton City Council.

Table 1: Council's Strategic Directions

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

Strategic Resource Plan 2014/15 to 2017/18

6.	Chapter	Strategic Directions:
	Strategic Asset Management	<ul style="list-style-type: none"> • Continue to review the reasonableness of depreciation expense and renewal modelling; • Update <i>Asset Management Plans</i> for major classes of assets on a regular basis; • As part of the development of Asset Management Plans, Council will consult with the community to determine how asset service levels can be reached including a combination of improved revenue raising, reviewing existing service levels, asset disposal and composition of the asset portfolio; • Allocate priority funding to asset renewal based on assessed condition being critical to maintain an agreed minimum service level; • Adopt a program to achieve an annual allocation of funds to meet the community's infrastructure renewal needs before it elects to construct new assets; and • Investigate the development of an asset retirement strategy.
	Capital Projects Planning and Delivery	<ul style="list-style-type: none"> • Asset Investment Guidelines to be developed to provide a framework for the assessment of capital projects; • Fully implement the Integrated Project Management (IPM) CAMMS Management Software as part of the governance, planning, management and delivery of capital projects. The continued implementation of the PRINCE2 project methodology will enhance and support the implementation of IPM.
	Defined Benefits Superannuation Liability	<ul style="list-style-type: none"> • 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; and • Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.
	Development Contributions Plans	<ul style="list-style-type: none"> • Continue to monitor Developer Contribution Plans to ensure Council's commitments are known and budgeted for; and • Determine if there is a need to provide for future capital contributions as part of a restricted asset based on known obligations.
	Waste Management Strategy	<ul style="list-style-type: none"> • Consider future increases based on EPA, regulatory and safety requirements and the need to sustain the Council's long term waste operations strategy; • Incorporate any increase in waste management charges into the overall rates and charges increase for the 2014/15 financial year; • When setting its rates and charges Councils recognise obligations under relevant legislation relating to monopoly business including Competitive Neutrality and the Trade Practices Act.

Strategic Resource Plan 2014/15 to 2017/18

Chapter		Strategic Directions:
11.	Long Term Borrowings	<ul style="list-style-type: none"> Examine the use loan funding within limits to fund new or significantly upgraded major assets that provide broad community benefit and intergenerational equity; Maintain a level of borrowings, debt servicing and redemption costs for a loan portfolio, well within State Government prudential guidelines; and Consider the long term financial implications prior to committing to any future borrowings and before determining the funding mechanism to meet annual debt servicing and redemption requirements.
12.	Restricted Investments	<ul style="list-style-type: none"> 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; and 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.
13.	Information Communications Technology	<ul style="list-style-type: none"> Apply a project management approach to oversee the implementation of ICT Strategy initiatives; Consider Information Communications Technology Strategy 2013-2018 initiatives during the development of Council's annual budget.
14.	Service Planning	<ul style="list-style-type: none"> Continue the service planning process established in 2013/14.
15.	Workforce Planning	<ul style="list-style-type: none"> Continue to implement the adopted transitional management plan; Continue to work with and on Council's workforce to ensure we provides a high level assessment is undertaken of Council's capacity to plan and respond proactively in providing services and meeting community needs and aspirations; Examine the merits of Council becoming SafetyMap accredited; Implement the Greater Shepparton Workforce Plan; Continue to strive to achieve the most efficient and effective organisation that it can be.

Strategic Resource Plan 2014/15 to 2017/18

3. Financial Sustainability

Developing Council's financial strategies is often a difficult process.

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

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

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

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

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

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

Financial risks include:

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

Strategic Resource Plan 2014/15 to 2017/18

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

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

Benchmarking

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

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

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

Table 2: Number of councils in each Benchmarking Category

Strategic Resource Plan 2014/15 to 2017/18

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

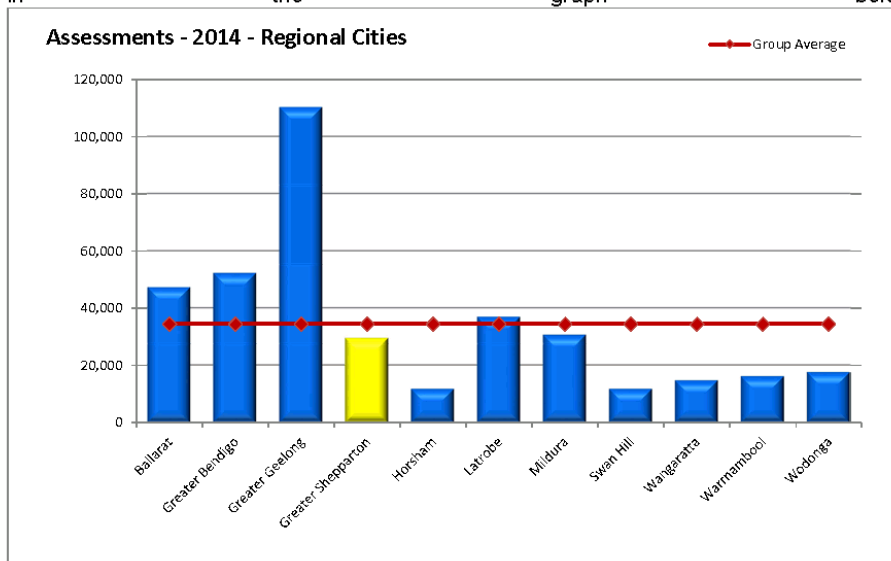


Chart 1: Rateable assessments for Regional Cities (2014)

Financial Sustainability

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

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

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

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

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Financial sustainability is further detailed in the following diagram.

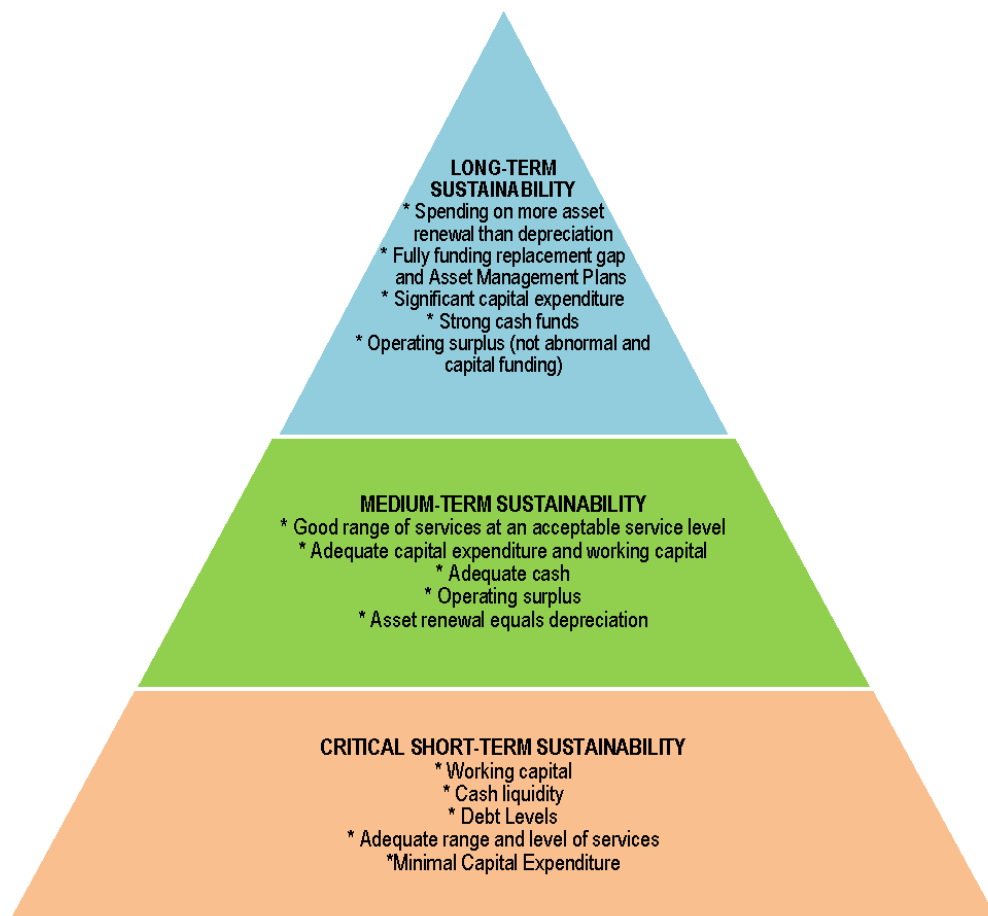


Figure 4: Financial Sustainability Diagram

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

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

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

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Victoria Auditor General

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

The Victorian Auditor General's Office overall assessment of Council's financial sustainability was low risk based on their financial audit for the year ending 30 June 2013. When assessing the financial sustainability of Councils the Victorian Auditor General's Office takes into consideration the following financial indicators:

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

The 2012/13 VAGO's assessment of Council's viability indicators compared to other regional city councils are included in the following graphs.

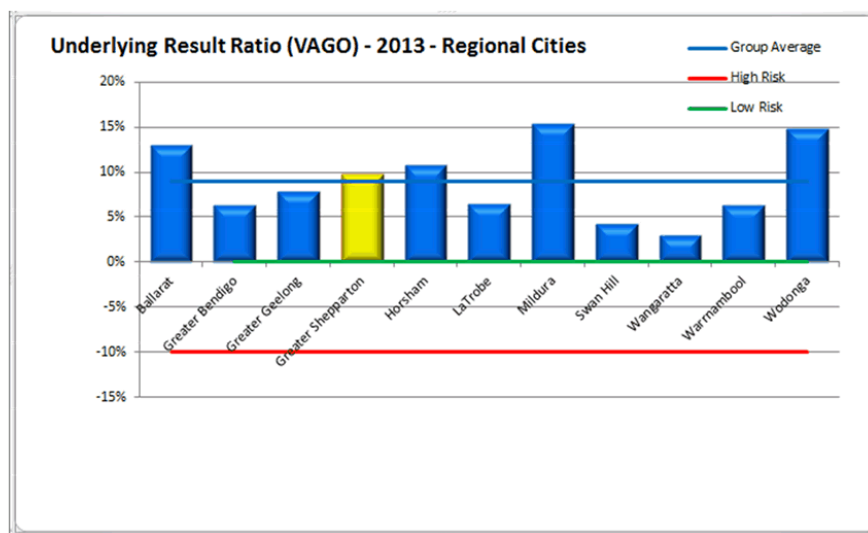


Chart 2: Underlying Result (VAGO) for Regional Cities (2013)

Council reported a positive underlying result of 9.85% during the 2012/13 financial year which is rated as low risk. A low risk rating is attributable to a score of more than zero and indicates that Council is consistently generating financial surpluses. A high risk score of minus 10% or less would indicate that a council was generating insufficient revenue to fund operations and asset renewal.

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Council's liquidity ratio of 233% was higher than average for regional city councils at 30 June 2013. Council's liquidity was rated as low risk as there are no immediate issues with Council repaying short-term liabilities as they fall due. A high risk classification of less than 100% would indicate that a council had insufficient cash assets to repay current liabilities.

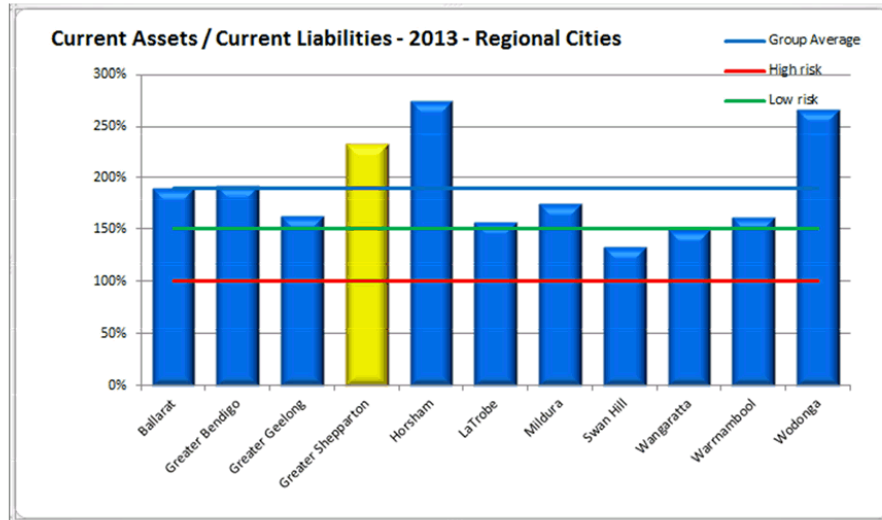


Chart 3: Liquidity for Regional Cities (2013)

The Indebtedness Ratio shown below measures a council's ability to repay debt from own source revenue (ie. funds generated from rates rather than government grants). Council recorded a low risk score of 20% which is better than average and well inside the low risk boundary of 40%.

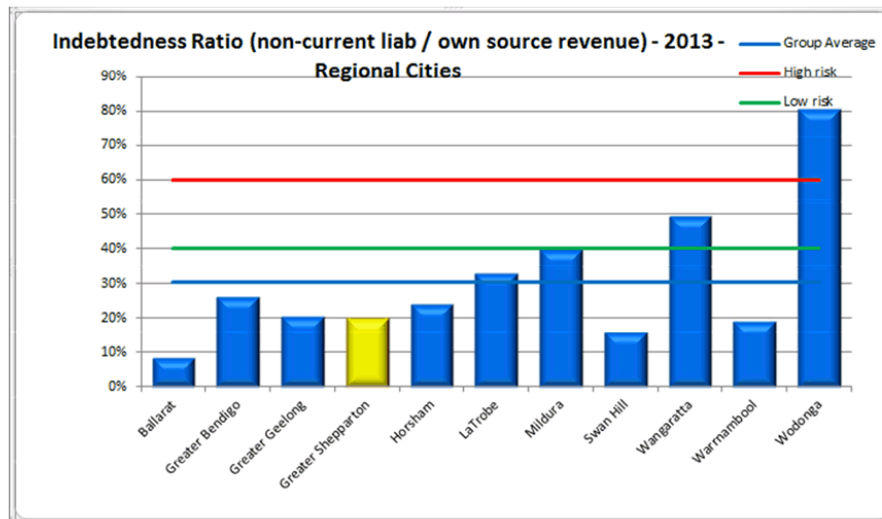


Chart 4: Indebtedness for Regional Cities (2013)

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Council's net operating cash flow as a proportion of total revenue was 24% which is slightly less than average for regional city councils during the 2012/13 financial year, and is within the low risk category of 20% or more indicating that Council is generating enough cash from operations to fund assets.

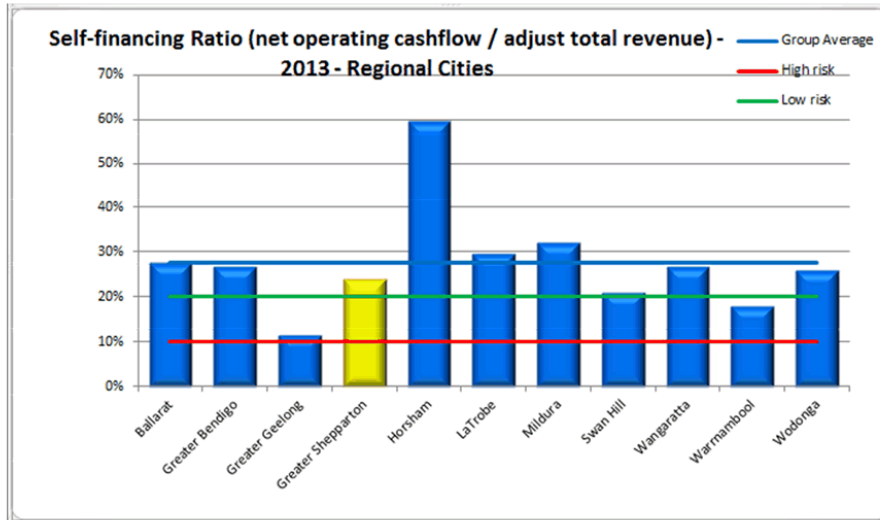


Chart 5: Self-financing for Regional Cities (2013)

As shown below Council's expenditure on total capital works as a proportion of depreciation expense was 125% which was lower than average for regional city councils during the 2012/13 financial year. Council's investment gap was rated as a medium risk.

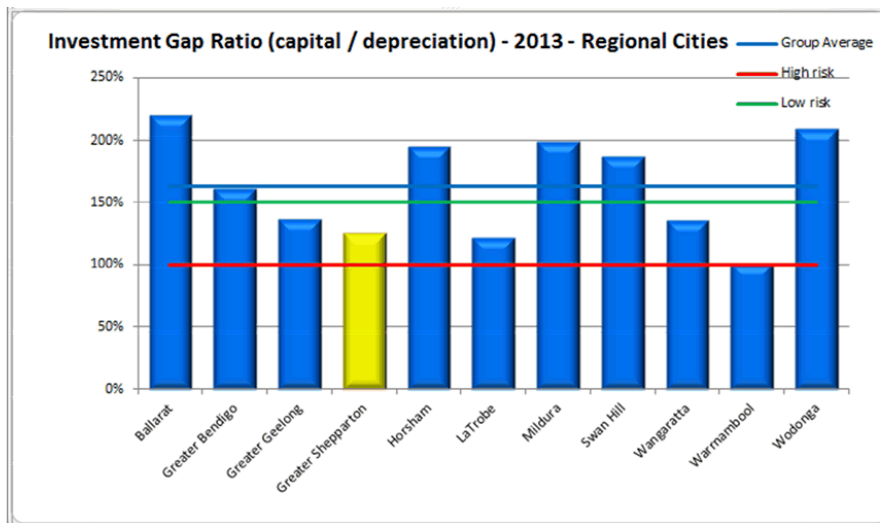


Chart 6: Investment Gap for Regional Cities (2013)

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The assessment of Council’s expenditure on the renewal and upgrade of assets was slightly less than average for regional city councils during the 2012/13 financial year and was rated as a low risk of insufficient spending on our asset base. A high risk result of less than 50% would indicate that a council’s spending on existing assets has not kept pace with consumption of those assets.

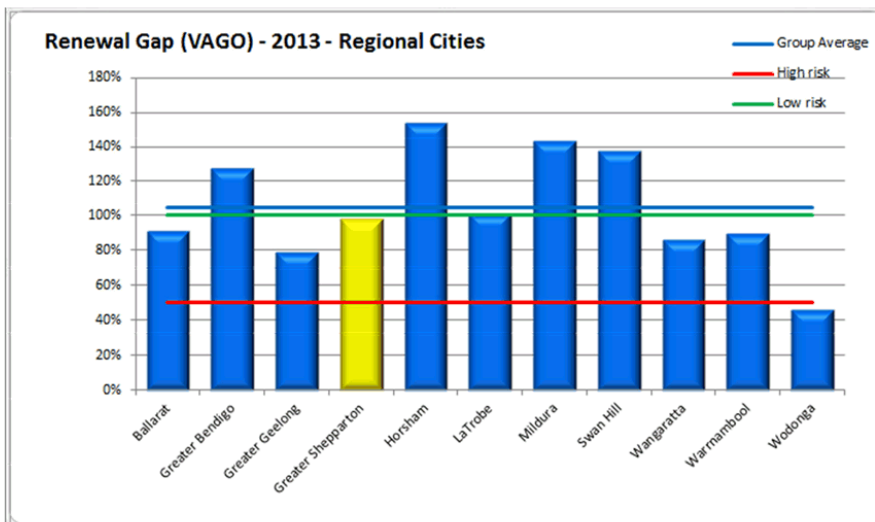


Chart 7: Renewal Gap for Regional Cities (2013)

However as stated before, when discussing the medium term sustainability, Council does need to increase expenditure on asset renewal over an extended period of time to reduce its renewal gap.

Strategic Resource Plan 2014/15 to 2017/18

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

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

Table 3: VAGO Indicators of Council Viability

Strategic Resource Plan 2014/15 to 2017/18

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

Indicator	2009	2010	2011	2012	2013	Mean	Trend
Underlying Results	5.1	5.25	6.64	7.46	9.85	6.86	+
Liquidity	1.99	1.69	1.98	1.93	2.33	1.98	o
Indebtedness	1.98	7.91	20.24	22.16	19.99	14.46	-
Self-financing	24.25	24.63	20.87	27.41	24.04	24.24	o
Capital Replacement	1.03	1.61	1.62	1.47	1.25	1.40	o
Renewal gap	0.83	1.23	1.24	1.31	0.98	1.12	o

Table 4: Financial Sustainability Risk Assessment

The sustainability indicators are colour coded using the following format:

Low Risk Medium Risk High Risk

These trend analyses use actual figures for the previous five years. The trend legend for the Financial Sustainability Risk Assessment table is provided below.

+	Improving trend
o	No substantial trend
-	Deteriorating trend

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

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

Council's indebtedness is rated as low risk even though it has increased over recent years. This is due to Council having a very low debt base.

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

Capital replacement, being total capital works compared to depreciation expense is rated as medium risk. Renewal gap, being the renewal and upgrade of assets compared to depreciation as assessed by the VAGO, is rated as low risk.

The Victorian Auditor General's Office overall assessment of Council's financial sustainability was low risk based on their financial audit for the year ending 30 June 2013. The 10 year financial projections that are included in this Strategic Resource Plan will be assessed against the VAGO financial sustainability indicators.

Strategic Directions:
1. Continue to benchmark 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.

Strategic Resource Plan 2014/15 to 2017/18

4. Long Term Financial Plan

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

The 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. They include:

- Required rating effort;
- Renewal of assets to maintain services;
- Granted assets / new and upgrade of assets;
- Projected increases of government grant revenue being less than the cost of maintaining services; and
- Growth in the number of properties and impact on the cost of delivering existing services.

The Strategic Resource Plan establishes a framework for Council to benchmark its performance. The base point used for financial modelling has been the Council Budget for the year ending 30 June 2014, taking into account the 2013/2014 March Quarter Budget review where appropriate. The Standard Statements (financial statements) are included in *Appendix B* of this document.

Financial assumptions

The long term financial plan is determined using a base point, typically the current budget adjusted for prior end of year results and forecasted variances as the starting point with long term assumptions applied as indexation throughout the life of the plan. This ensures, as much as possible, the plan is realistic in its reflection of the future financial position of the Council.

It is important to note that when determining a cost index for Local Government it is not as simple as applying the Consumer Price Index, which measures the change in prices associated with household expenditure. The cost index for the local government sector is determined by the Municipal Association of Victoria and takes into account costs incurred by local councils with wages linked to enterprise agreements and construction costs. For example Council's current enterprise agreement, which expires 30 June 2014, provides for a 4 per cent per annum increase although a new enterprise agreement is currently being negotiated. As well, costs associated with construction such as rock, bitumen and petroleum products have typically increased at a rate greater than Consumer Price Index.

Strategic Resource Plan 2014/15 to 2017/18

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

When measuring indicators, the long term financial plan reflects the Victorian Auditor General's methodology in determining the underlying result. That is its excludes gifted assets revenue from the operating result to establish both an underlying result in dollars as well as a percentage of underlying revenue.

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

Description	Ref	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
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 5: Key financial assumptions summary table – inflation only

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

Description	Ref	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Rates & Charges Revenue	1	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Fees & Charges – Council	2	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Employee costs	6	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Materials and contracts	7	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Depreciation	9	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Table 6: Key financial assumptions summary table – growth only

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

Description	Ref	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials and contracts	7	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Utilities	8	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Depreciation	9	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Table 7: Key financial assumptions summary table – inflation and growth combined

Strategic Resource Plan 2014/15 to 2017/18

1. Rates and Charges Revenue

Projected total rates and charges revenue is based on an increase of 4.95 per cent excluding supplementary valuations. 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 additional borrowings of \$5.5m 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.

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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.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Enterprise Agreement Increase	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Superannuation Guarantee increase	0.25%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%	0.00%	0.00%
Total Annual increment	3.50%	3.25%	3.25%	3.25%	3.75%	3.75%	3.75%	3.75%	3.25%	3.25%
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%	4.25%	4.25%	4.25%	4.75%	4.75%	4.75%	4.75%	4.25%	4.25%

Table 8: Employee costs

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

It should also be noted that the Australian Government have introduced draft legislation that provides for a two year delay to the increase in the level of Superannuation payable to employees. The Superannuation Guarantee will remain at 9.25 per cent for two years then increase gradually to 12 per cent by 2021/2022. This increase has been factored into the long term model.

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. Projecting forward utilities have been indexed to increase at 6 per cent per annum.

9. Depreciation

Depreciation estimates are based on the projected capital spending and the amount of assets granted to the municipality following subdivision. Depreciation estimates are also influenced by future asset revaluations and are reassessed following condition surveys. A factor of 3.0 per cent has been used to represent these costs which include 2.5 per cent for inflation and 0.5 per cent due to the recognition, creation and upgrade of assets.

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Other relevant information

Debt servicing and redemption

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

Written-down values of assets sold

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

Proceeds from sale of assets

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

Capital works

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

The long term financial plan reflects a base capital works program of \$27 million increasing by an average of \$2 million per year from 2018. Each year around \$4 million of capital works will be funded by restricted investments.

Otherwise base capital works expenditure has been notionally allocated between renewal 60%, upgrade 20% and new 20%.

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.

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Further Background to support assumptions

State Government Economic Projections

Below are the economic projections extracted from the State Government 2013/14 budget. (<http://www.dtf.vic.gov.au/Publications/State-Budget-publications/Budget-Update>)

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

	<i>(per cent)</i>				
	2012-13	2013-14	2014-15	2015-16	2016-17
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Real gross state product	1.6 (1.50)	2.00 (2.25)	2.75	2.75	2.75
Employment	0.9 (0.50)	1.00 (1.50)	1.50 (1.75)	1.75	1.50
Unemployment rate ^(c)	5.6 (5.75)	6.00 (5.50)	5.75 (5.25)	5.50 (5.00)	5.00
Consumer price index	2.2 (2.25)	2.50	2.25 (2.50)	2.50	2.50
Wage price index ^(d)	3.3 (3.50)	3.00 (3.50)	3.25 (3.50)	3.50	3.50
Population ^(e)	1.80 ^(f) (1.70)	1.70	1.70	1.70	1.70

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

Notes:

- (a) Year-average per cent change on previous year unless otherwise indicated. All economic projections are rounded to the nearest 0.25 percentage point, except population projections, which are rounded to the nearest 0.1 percentage point.
- (b) Assumptions underlying the economic projections include: interest rates following the forecasts prepared by the Treasury Corporation of Victoria up to the June quarter 2014 and held constant thereafter; exchange rates are held constant; and oil prices follow the path suggested by oil futures.
- (c) Year-average, per cent.
- (d) Total hourly rate excluding bonuses.
- (e) June quarter, per cent change on previous June quarter.
- (f) Estimate, actual not yet available.

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MAV Local Government Cost Index

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

Taken together, the Local Government Cost Index is forecast to increase by 3.4 per cent in 2013-14, driven primarily by wage price increasing by 3.5 per cent. The forecast for 2012-2013 has been revised upwards from 3.9 per cent to 4.4 per cent, primarily as a consequence of significant increases in the engineering construction price index..

	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.

5. Rates, Grants, Fees and Charges

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

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

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

Fees and charges should be applied as far as practicable to raise revenue for the provision of services that are not pure public services, with efficient pricing, to ensure that services provided by local government are supplied to those who are willing to pay the 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 are being implemented over a two-year period.

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Council's *Rating Strategy 2013-2017* is framed around the following key elements:

1. That the basis of valuation for rating purposes continue to be Capital Improved Value.
2. That the amount raised by the municipal charge be maintained at the existing proportion of total municipal charge and general rate revenue of 12.4%.
3. That user benefits be taken into consideration when setting differential rates.
4. That capacity to pay also be taken into consideration when setting differential rates.
5. That Greater Shepparton City Council continue to apply differential rating as its rating system.
6. That the differential rate for unimproved land be set at the same rate as improved land. That vacant land be classified as improved land when a building permit for the construction of a new building designed or adapted for permanent occupation has been issued.
- 7A. That the farm land differential rate be set at 90% in comparison to the residential rate.
- 7B. That a residential rural lifestyle differential rate be introduced for properties with a single residential dwelling on an allotment of land sized between 0.4 and 20 hectares in rural, semirural or bushland setting and the differential rate be set at the same rate as residential properties.
8. That the commercial improved differential rate be set at 200% in comparison to the residential rate. That the existing rating system of commercial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other commercial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.
9. That the industrial improved differential rate be set at 200% in comparison to the residential rate. That the existing rating system of industrial improved properties within the Urban Shepparton Area contributing to Shepparton Show Me remain and the other industrial improved differential rates for land located outside the Urban Shepparton Area be combined into one category.
10. That a differential rate for vacant commercial shops not be introduced due to the difficulty of administration.
11. That separate differential rates not be introduced for properties defined as Gaming Venues, Late Licence Premises and Late Trading Premises as they are not allowed by the recently released Ministerial Guidelines for Differential Rates.
12. Should the existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me remain, that the amount contributed by each property be communicated annually.
13. That the existing rating system of Shepparton commercial and industrial properties contributing to Shepparton Show Me should be retained.
14. That the Council develop a policy to enable it to consider waiving rates or providing rebates or concessions by application for charitable and not-for-profit residential or retail premises in accordance with the Act, where the organisation is not making a profit from those property uses. A Rates Rebates for Retail Land Occupied by Charitable Organisations policy has been adopted by Council in May 2014.
15. That heritage rating incentives be investigated with the assistance of the Council's Heritage Advisory Committee that are consistent with the heritage objectives of the Council, for consideration in the future.
16. Greater centralisation of the population through increased accommodation density to the centre of urban areas is supported. However the proposal to use the rating system to

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encourage centralisation is not recommended for implementation at this point in time, as this proposal requires further investigation, development, understanding and assessment.

17. To provide a reasonable degree of stability in the level of the rates burden, implementation of the Rating Strategy will be phased over two rating years.

18. That the Council considers methods and opportunities for the community to better understand the rating system.

19. That the role and benefit of an ongoing Rating Strategy Advisory Committee to assist in the further development of Council's Rating Strategy be further investigated.

Other information incorporated into Council's rating strategy includes details regarding the property valuation process, how rates are calculated, payment due dates and payment options, interest on arrears, the government funded pensioner rebate, deferred payments and financial hardship.

Proposals contained within the Rating Strategy 2013-2017 will be implemented over two years. Assuming a two-year staging, the proposed differential ratios would be as follows:

Differential Rate Type	2012-2013 Ratio to Residential Rate	Rating Strategy Differential Rate Type	2013-2014 Ratio to Residential Rate	Change	2014-2015 Ratio to Residential Rate	Change
Residential Unimproved and Improved Land	100%	Residential Unimproved Land	100%	0%	100%	0%
Residential Unimproved and Improved Land	100%	Residential Improved Land	100%	0%	100%	0%
Farm Land	100%	Farm Land	95%	(5%)	90%	(5%)
Farm Land	100%	Rural Residential Land	100%	0%	100%	0%
Commercial Unimproved Land	140%	Commercial Unimproved Land	172%	32%	200%	28%
Commercial Improved 1 Land	301% [*includes contribution to Shepparton Show Me]	Commercial Improved Land 1	257% [*includes contribution to Shepparton Show Me]	(44%)	217% [*includes contribution to Shepparton Show Me]	(40%)
Commercial Improved 2 Rate	304%	Commercial Improved Land 2	249%	(55%)	200%	(49%)
Commercial Improved 3 Land	237%	Commercial Improved Land 2	217%	(20%)	200%	(17%)
Industrial Unimproved Land	169%	Industrial Unimproved Land	185%	16%	200%	15%
Industrial Improved 1 Land	267% [*includes contribution to Shepparton Show Me]	Industrial Improved Land 1	234% [*includes contribution to Shepparton Show Me]	(33%)	204% [*includes contribution to Shepparton Show Me]	(30%)
Industrial Improved 2 Rate	332%	Industrial Improved Land 2	262%	(70%)	200%	(62%)
Industrial Improved 3 Land	223%	Industrial Improved Land 2	211%	(12%)	200%	(11%)
Cultural and Recreational Land	73%	Cultural and Recreational Land	73%	0%	73%	0%

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Ministerial Guidelines for Differential Rates

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

Background to the level of rates and charges

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

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

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

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

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

Rates and charges	2013-2014 Revenue	% of total
General rates	\$45,813,000	76%
Municipal charge	\$6,554,000	11%
Waste service charges	\$7,572,000	12%
Supplementary rates	\$411,000	1%
Total	\$60,350,000	100%

Table 9: Total rates and charges components.

A one per cent increase in total rates and charges revenue compared to the prior 2013/14 Budget would result in an additional \$603,500 in revenue during the 2014/15 financial year.

The following table shows a comparison of percentage increases on total rates and charges revenue over the last 7 years:

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Rating Year	Increase %
2007/2008	6.95
2008/2009	6.95
2009/2010	6.95
2010/2011	6.00
2011/2012	6.95
2012/2013	3.95
2013/2014	4.95
Average	6.10

Table 10: Rate Increases – 2007/08 to 2013/14

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 higher than other regional city councils.

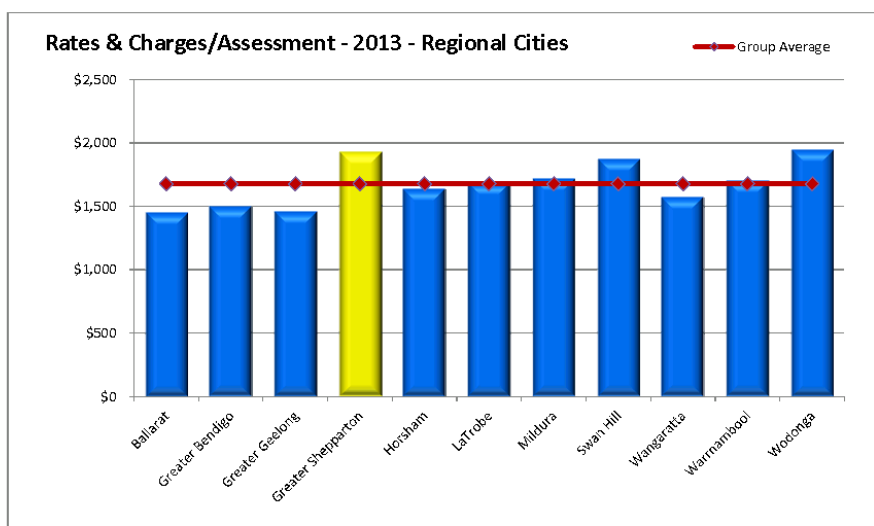


Chart 8: Rates and Charges per assessment for Regional Cities (2013)

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

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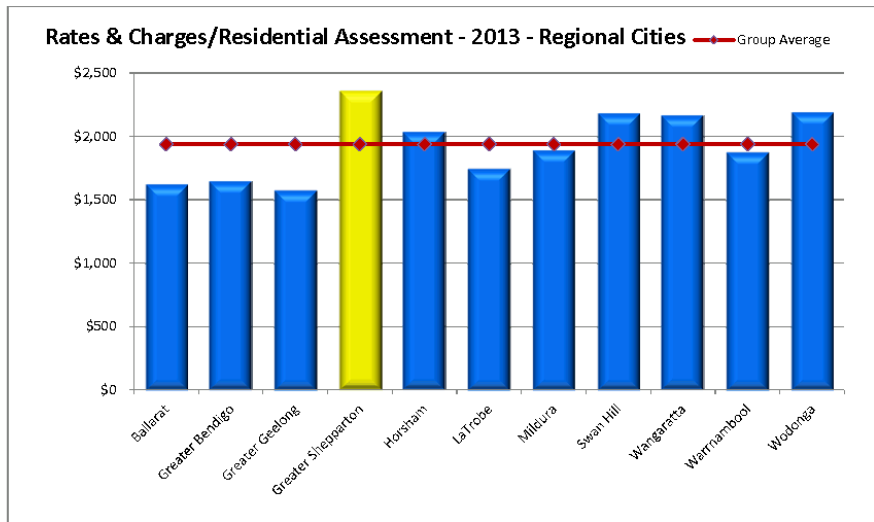


Chart 9: Rates and Charges per residential assessment for Regional Cities (2013)

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

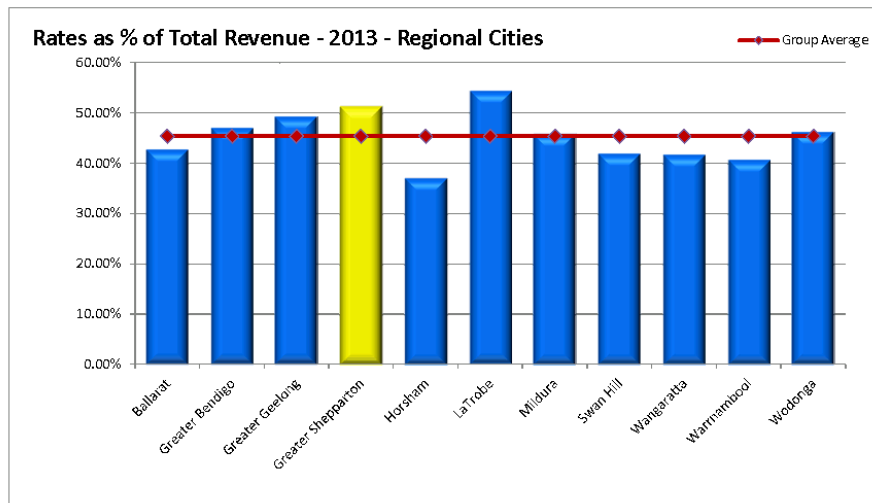


Chart 10: Rates and Charges as a percentage of total revenue for Regional Cities (2013)

Rates Affordability

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

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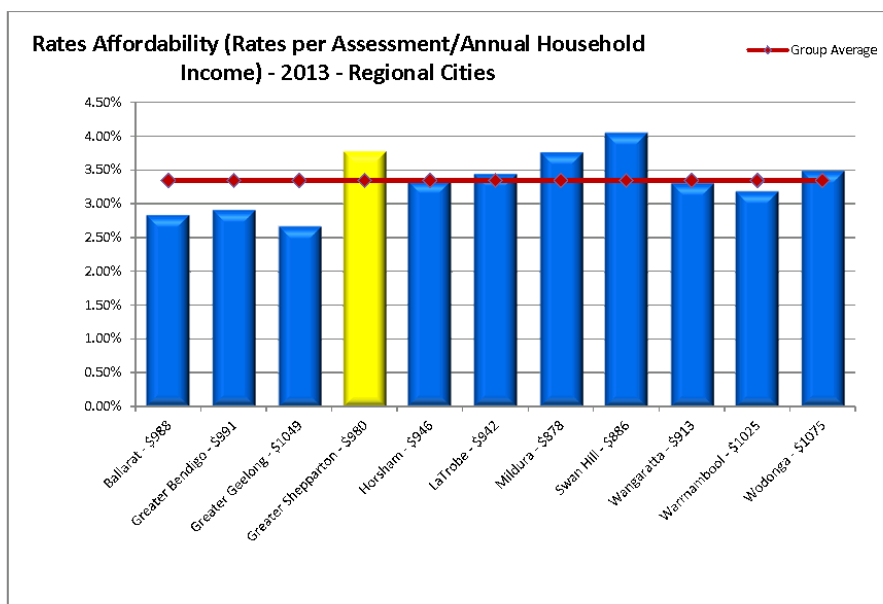


Chart 11: Rates Affordability for Regional Cities (2013)

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

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

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

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

Growth in the number of assessments

The total number of assessments has grown by 1.5% per year over the past four years from 27,833 in 2009/10 to 29,477 in 2013/14 as shown in the table below.

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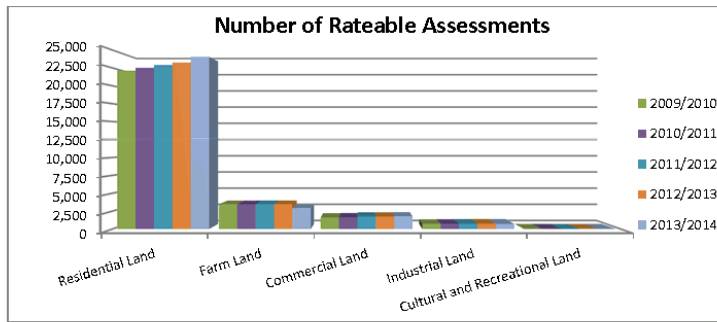


Chart 12: Number of Rateable Assessments 2009/10 – 2013/14

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 2013 Council was close to average in terms of receiving government grant revenue, compared to its like Council grouping as outlined in the graph below.

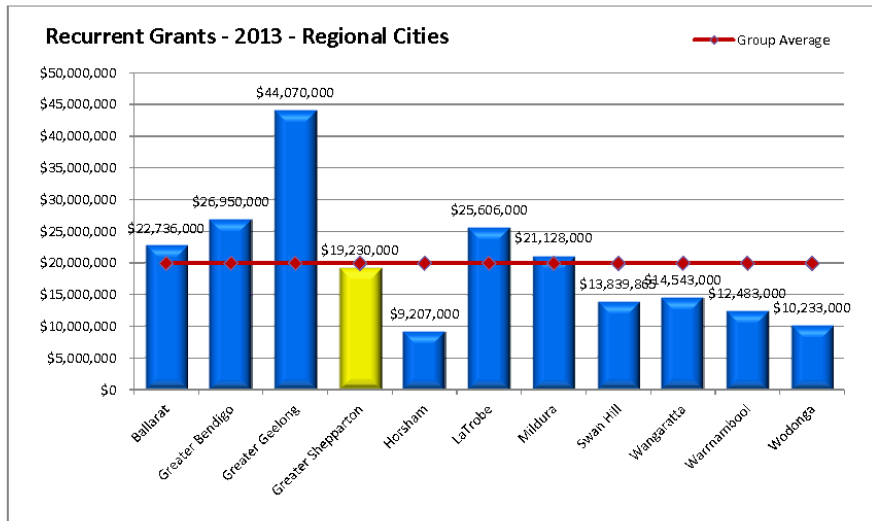


Chart 13: Recurrent Grants for Regional Cities

Council receives approximately 10 percent of its total revenue from the Victoria Grants Commission. Council's grant allocation for the 2014/15 financial year is \$11.153 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.

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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.

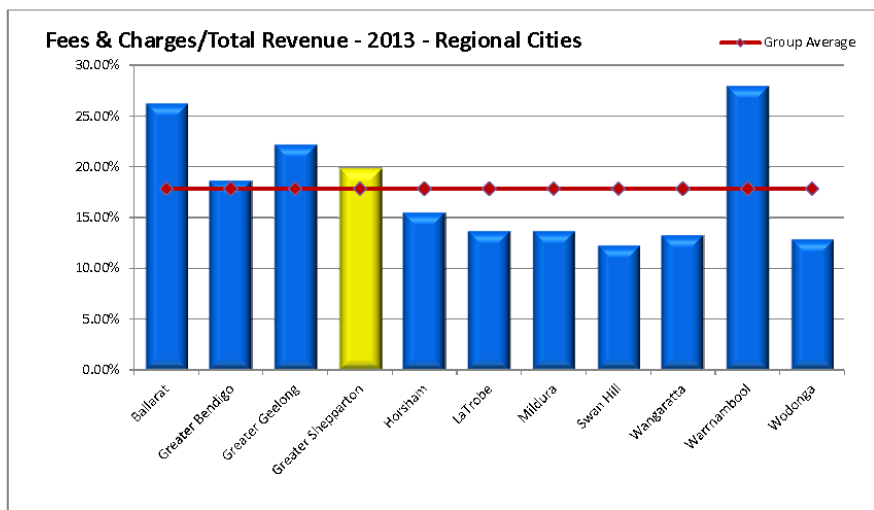


Chart 14: Fees & Charges/Total Revenue for Regional Cities (2013)

Strategic Directions:
1. Amend this Strategic Resource Plan to reflect the finalisation of its Rating Strategy 2013-2017.
2. Apply an annual 4.95 per cent increase in total rates and charges revenue excluding supplementary valuations to maintain existing services;
3. Pursue operational grant funding and strategic capital funding aligned with Council Plan objectives; and
4. Annually review the level of existing fees and charges and investigates new revenue sources.

6. Strategic Asset Management

Introduction

The Council is the custodian community assets with a replacement value of over \$1.18 billion in financial terms these assets depreciate in value by approximately \$20 million annually. The Council annually allocates resources to maintain, renew, upgrade and create these assets.

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

Sound Asset Management requires:

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

The Council's *Asset Management Policy* recognises the importance of integrated asset management, and therefore 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 for each asset class, which will define and quantify the level of service to be delivered by Council to the community;
- The identification of the actual asset renewal demand based on the condition of assets as determined by survey;
- Review and adopt 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.

Strategic Resource Plan 2014/15 to 2017/18

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

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

Table 11: Asset Management, Strategy and Planning

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

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

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

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

Distinguishing between asset management plans and service plans

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

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

Council’s Asset Portfolio

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

Fixed assets consist of property, infrastructure, plant and equipment. The total value of fixed assets as at 30 June 2013 is \$1,181 million. This value includes the infrastructure revaluation during the 2012-13 financial year.

Mix of fixed assets by value.

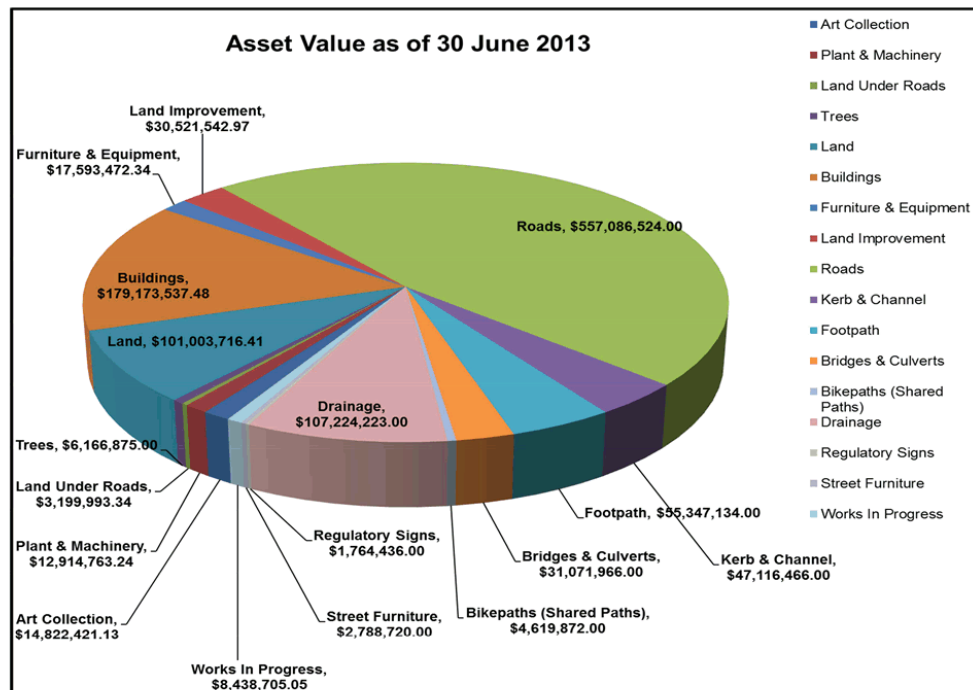
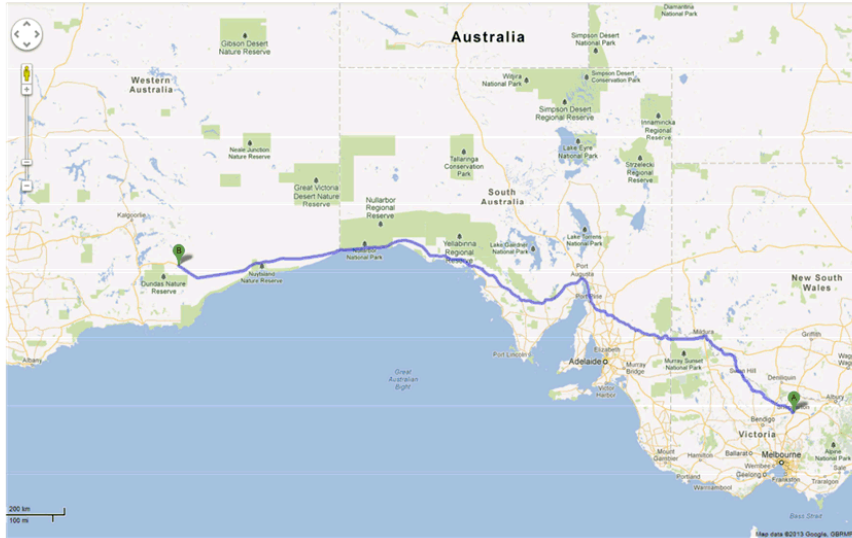


Chart 15: Mix of fixed assets by value.

Strategic Resource Plan 2014/15 to 2017/18

Council's roads form 59% 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.

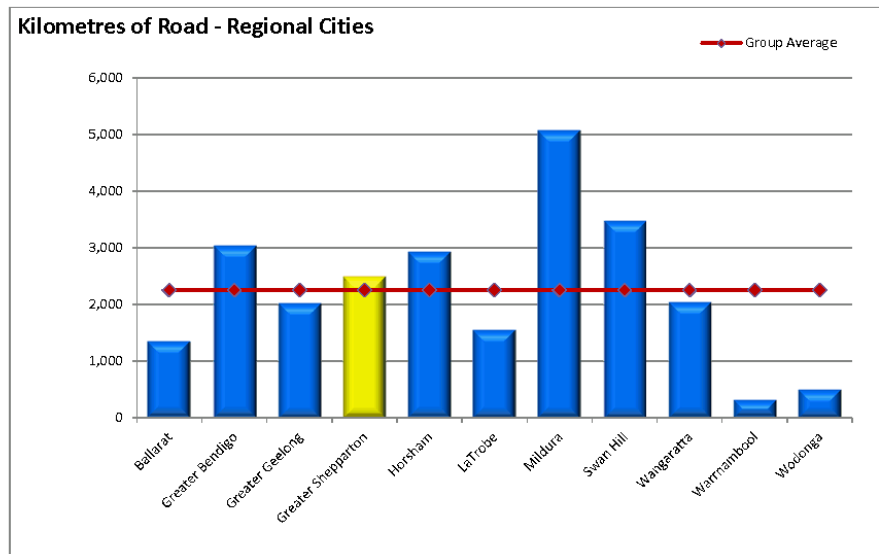


Chart 16: Kilometres of road for Regional Cities

Strategic Resource Plan 2014/15 to 2017/18

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.

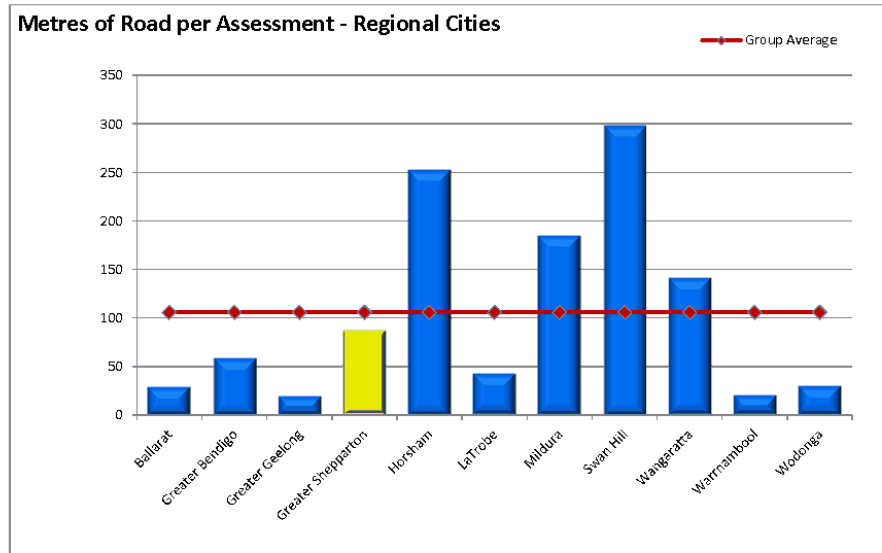


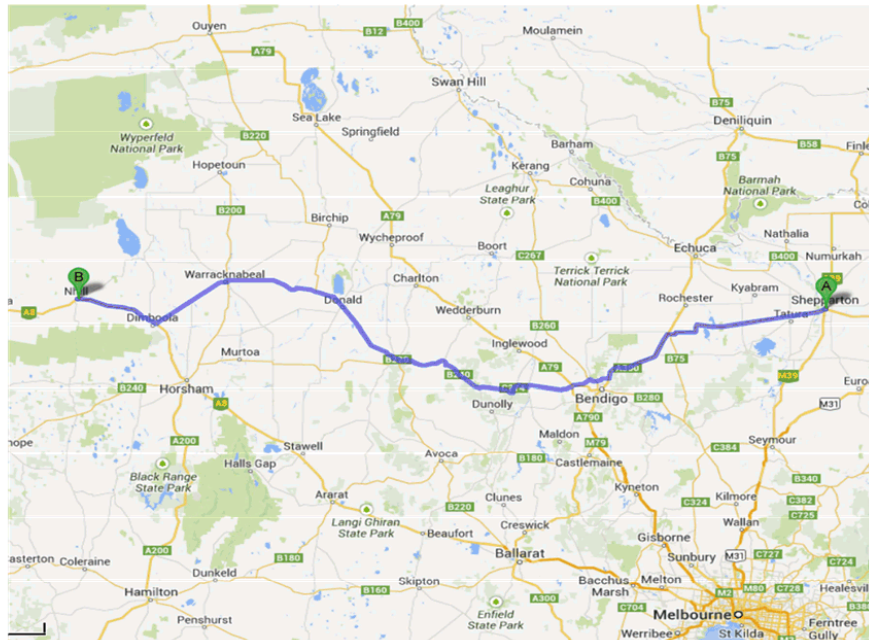
Chart 17: Metres of road per assessment for Regional Cities

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

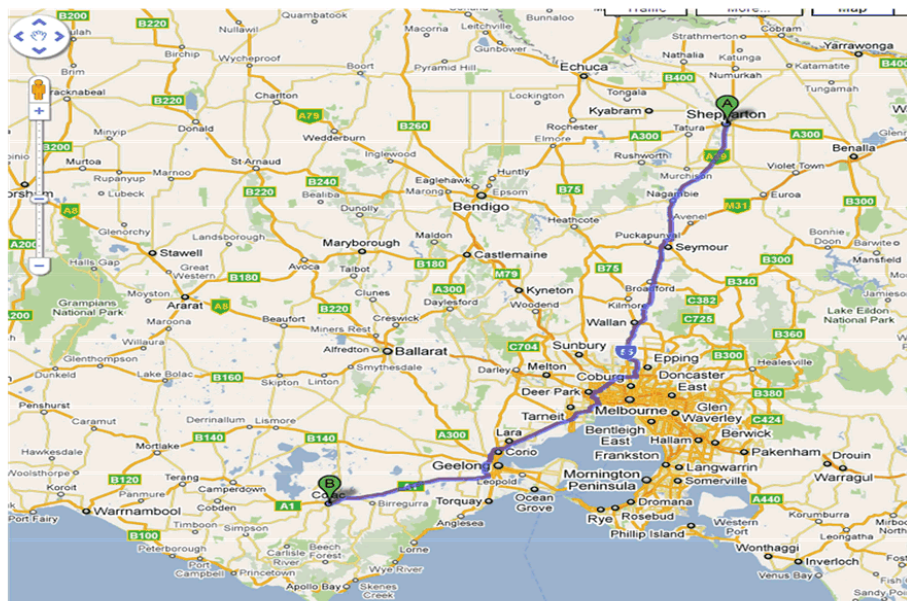


Strategic Resource Plan 2014/15 to 2017/18

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



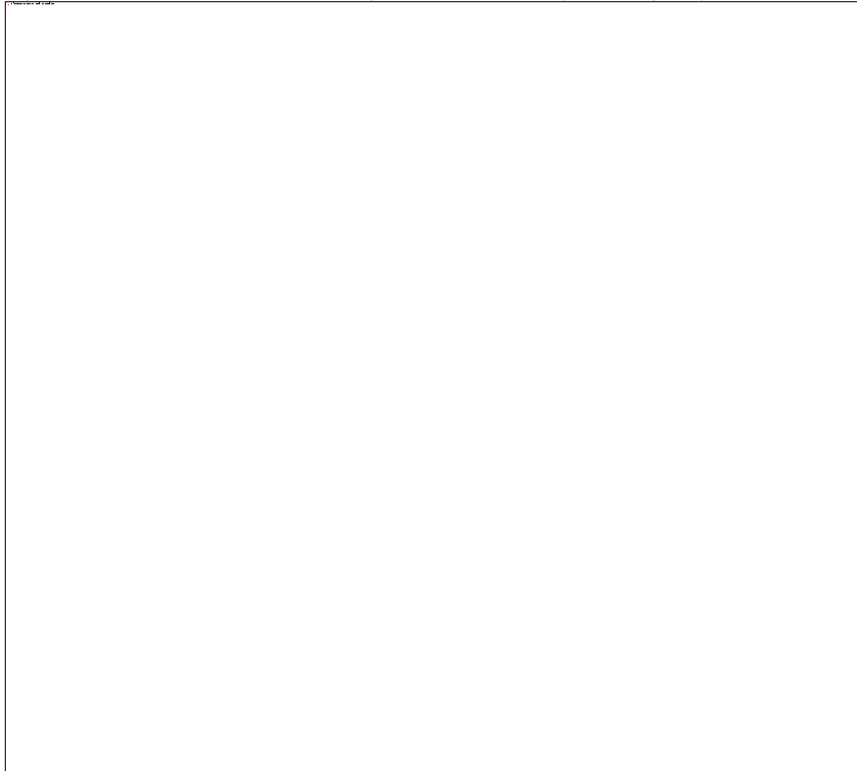
Council's underground drainage pipes of 330km are equivalent to pipeline from Shepparton to Colac.



Strategic Resource Plan 2014/15 to 2017/18

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

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

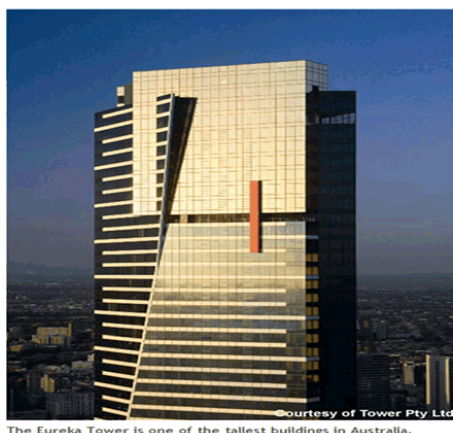


Of Council's assets 12% are Buildings and 13% are Recreation and Open Space.

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

Strategic Resource Plan 2014/15 to 2017/18

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



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

Table 12 – Asset Expenditure Definitions

Strategic Resource Plan 2014/15 to 2017/18

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



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

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

Asset condition

Monitoring asset condition and performance relates to the ability of the asset to meet target levels of service. Asset condition reflects the physical state of the asset and the functional level of service it is capable of providing.

The condition of assets are based on condition survey. Where condition survey data are 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:

Strategic Resource Plan 2014/15 to 2017/18

Asset	Modelled on
Roads including Kerb and Channel and footpath	Condition
Bridges	Age
Drainage Urban	Age
Buildings	Condition
Recreation facilities	Age
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 assets is rated from one to ten; One being the best condition and ten being the worst condition.

Council has determined that assets are to be renewed when the condition of asset reaches a condition of eight, except road seals renewed at seven and waste bins are replaced when at ten. Assets with a condition rating of eight or greater are submitted for considered as part of the development of Council's annual capital projects budget. Council has given high priority for renewal and preserving our existing assets before funding the creation of new assets. The acquisition or construction of new assets are funded after consideration of a number of factors including community benefit.

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

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

Strategic Resource Plan 2014/15 to 2017/18

The intervention level definitions are as follows:

Level	Description	Useful life Elapsed
1 to 4	As new - Near new asset with no visible signs of deterioration, only cyclic maintenance required	1-40%
5 to 6	Fair condition - maintenance required to return the asset to acceptable level of service. Deterioration in condition would be obvious and there would be some serviceability loss.	41 -80%
7	Poor condition - requires renewal. An asset in poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance cost would be very high if allowed to deteriorate further, ie road seals.	81-90%
8	Very poor condition - requires renewal. An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance cost would be very high and the asset would be at a point where it needed to be rehabilitated.	91-95%
9	Extremely poor/serious - requires immediate renewal. An asset in extremely poor condition with severe serviceability problem. Could also be a risk to remain in service.	96-99%
10	Unserviceable	100%

Table 13: 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).

Strategic Resource Plan 2014/15 to 2017/18

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

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

An example of the 2012 condition profile of sealed roads pavement of Council’s assets is shown in the graph below. The majority of assets are in fair condition.

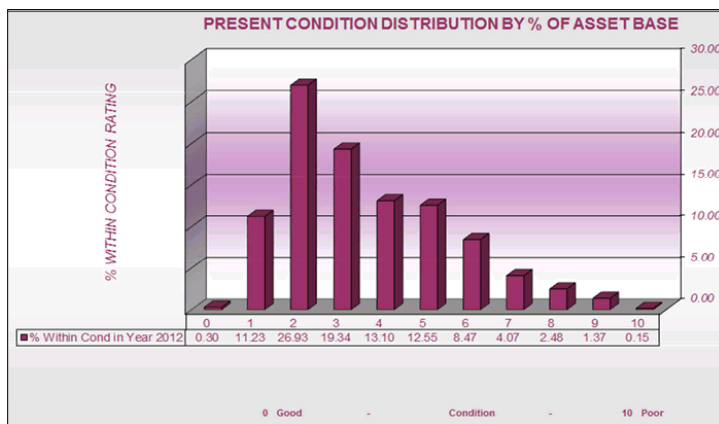


Chart 18: Condition profile of Council’s assets

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

Strategic Resource Plan 2014/15 to 2017/18

Asset consumption

Compared to the written down value at year end, Council's assets were depreciated during 2012/13 at the average rate of regional city councils of 2% as depicted below. 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; however this will not impact depreciation expense until the 2013/14 financial year where it is likely that assets will again be depreciated at 2.5%.

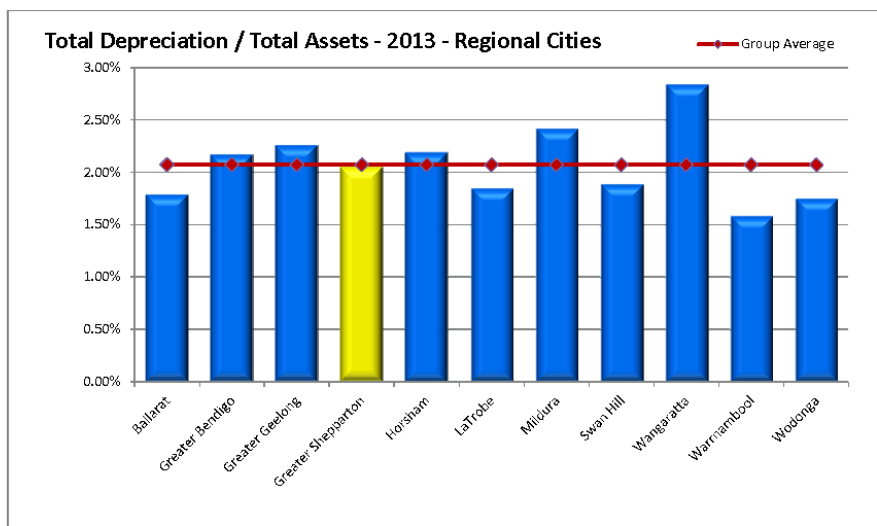


Chart 19: Total Depreciation/Total Assets

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

Council's infrastructure assets were depreciated below the group average for regional city councils in 2013 as shown below:

Strategic Resource Plan 2014/15 to 2017/18

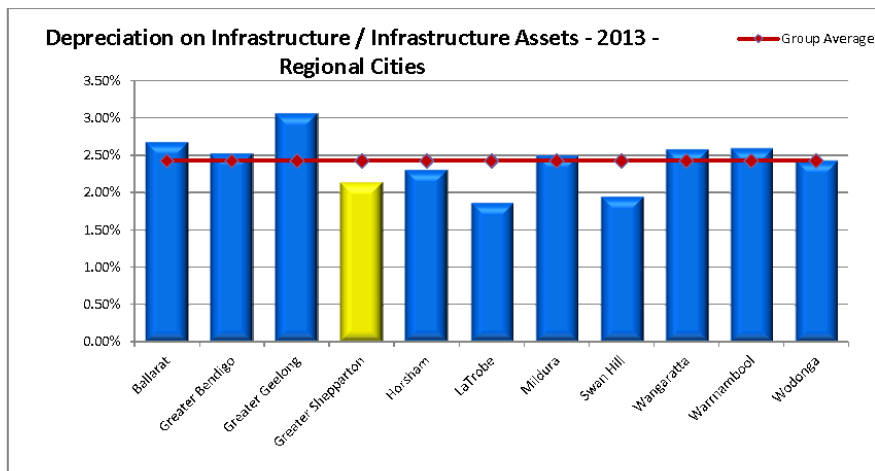


Chart 20: Depreciation on Infrastructure/Infrastructure Assets

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

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

Strategic Resource Plan 2014/15 to 2017/18

Asset valuations

Asset valuations are used for:

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

Renewal demand

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

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

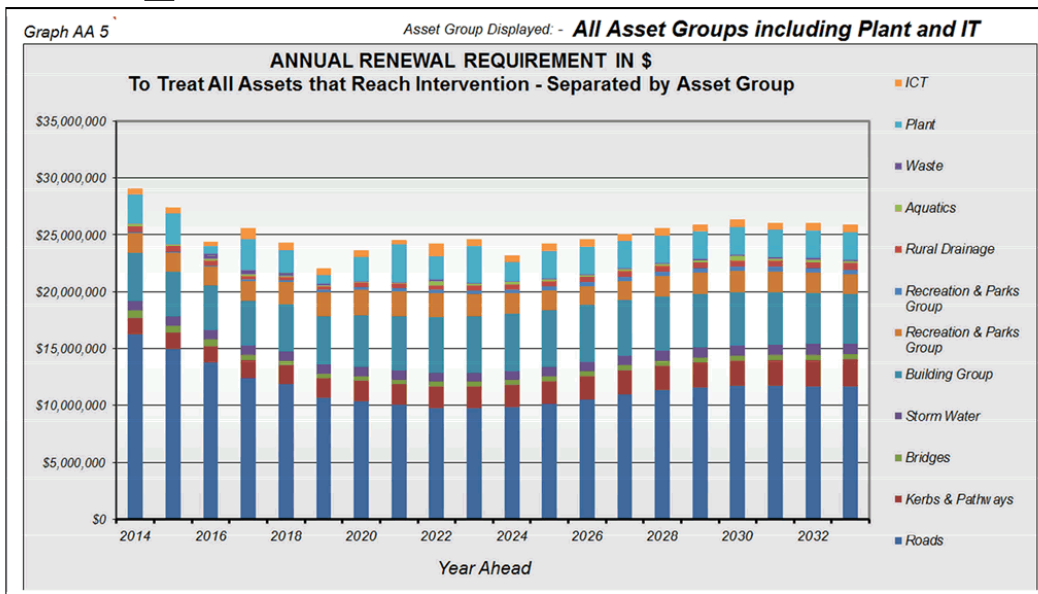


Chart 22: Estimated spend required on renewal over the next 20 years

The backlog of renewal required in the years 2014 to 2018 mainly relates to road assets. Other significant asset groups include buildings and plant.

Strategic Resource Plan 2014/15 to 2017/18

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

Graph AA 4 Asset Group Displayed: - All Asset Groups including Plant and IT

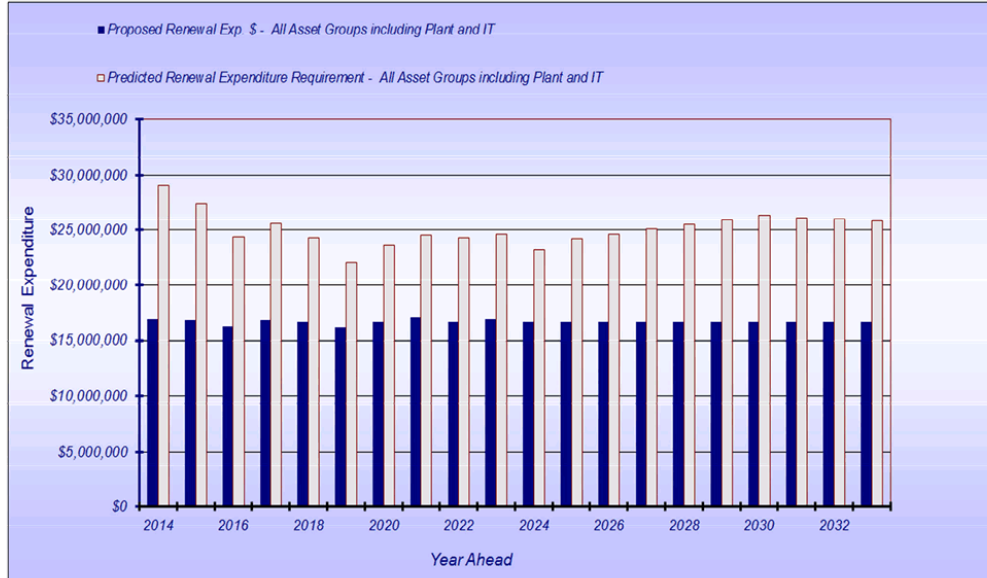


Chart 23: Estimated funding required to renew all assets compared to current funding levels

The estimated average annual infrastructure renewal required is \$25 million per year, which is \$6.2 million greater than the budgeted 2014/15 renewal funding of \$18.8 million.

The budgeted 2014/15 renewal funding of \$18.8 million represents 75% of the estimated required renewal funding being \$25 million per year over the next 20 years.

The estimated average annual infrastructure renewal required of \$25 million per year is based upon the 2012 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 \$23 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 2009 rates which was the previous 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 renewal required in the years 2014 to 2018 demonstrates an existing backlog of assets that require renewal based on condition. The increase in renewal demand from 2019 to 2030 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.

Strategic Resource Plan 2014/15 to 2017/18

Council's sustained level of growth and the significant levels of gifted assets to Council means that the costs to renew the assets in future years will increase significantly.

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

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

The following graph plots the cumulative affect of the ongoing renewal funding shortfall.

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.

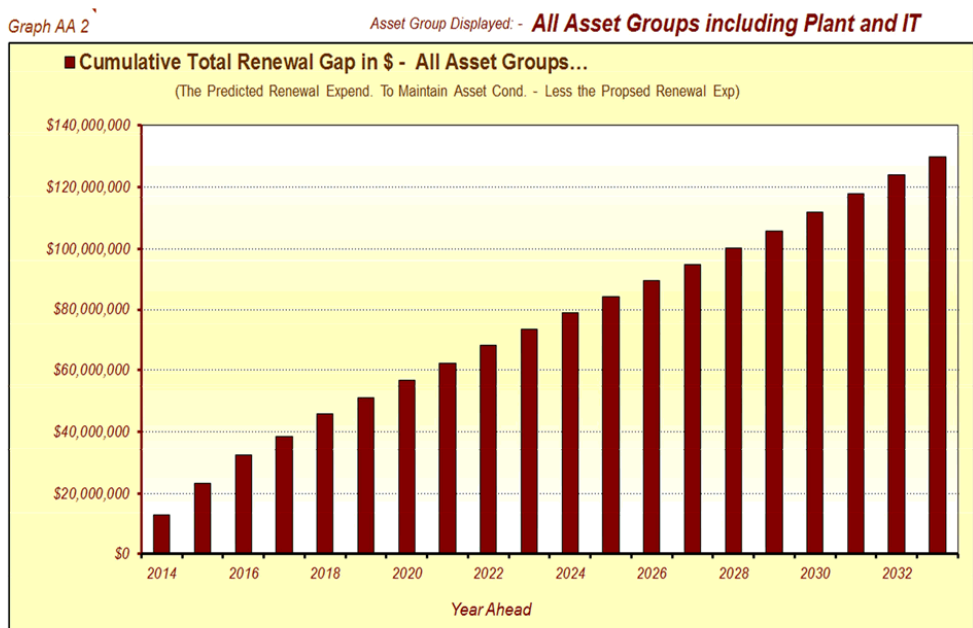


Chart 24: Cumulative total renewal gap

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

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

Strategic Resource Plan 2014/15 to 2017/18

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

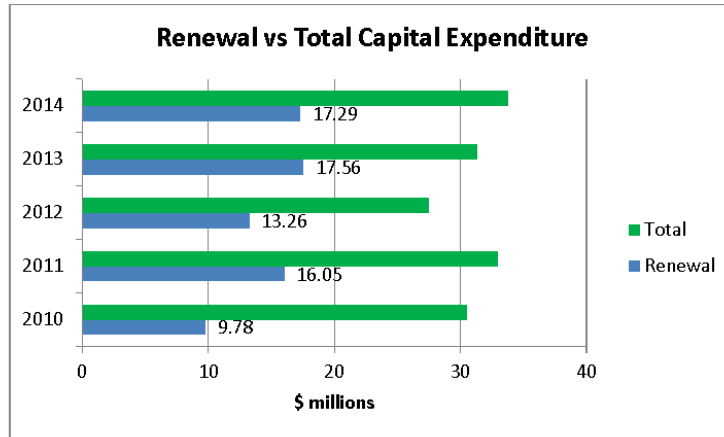


Chart 25: Renewal vs Total Capital Expenditure 2009/10 to 2013/14

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

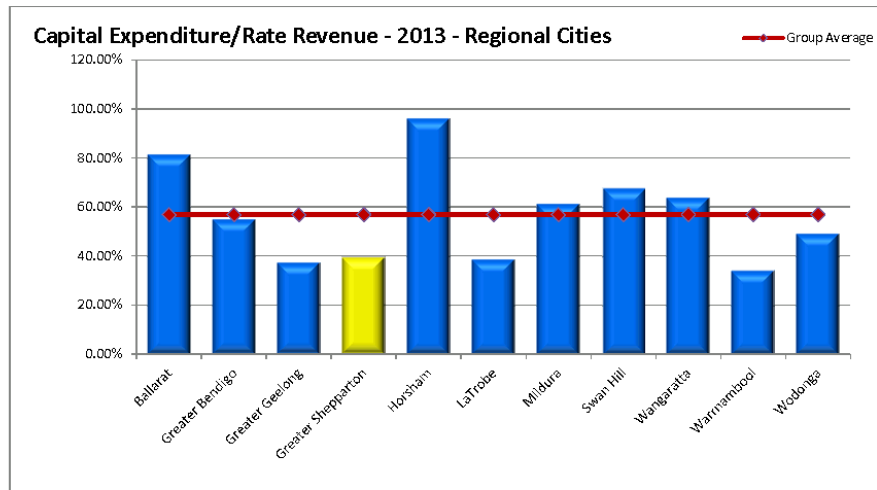


Chart 26: Capital expenditure compared to rate revenue for Regional Cities (2013)

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

Strategic Resource Plan 2014/15 to 2017/18

Asset Service Levels

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

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

The first issue is to determine the outcomes the community want to achieve – what is the strategy? The next issue is what services, including their performance levels, are required to meet the community outcomes? Finally what infrastructure or assets are required to support the service level? In the past, Council has focused more on the asset rather than on the outcome/service level it requires.

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

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

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

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

Strategic Resource Plan 2014/15 to 2017/18

Strategic Directions:

1. Continue to review the reasonableness of depreciation expense and renewal modelling;
2. Update *Asset Management Plans* for major classes of assets on a regular basis.
3. As part of the development of 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.

Strategic Resource Plan 2014/15 to 2017/18

7. Capital Projects Planning and Delivery

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

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

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.

Strategic Resource Plan 2014/15 to 2017/18

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

The PMO is a group of qualified project managers and engineers with experience in initiating, designing, planning, managing and delivering complex projects. The PMO has responsibility to deliver all complex projects and to support the delivery of all our projects through building the capability and capacity of project managers across the organisation. As part of this role, the PMO reviews projects at key gateways to ensure high quality project management practices are applied throughout the planning and delivery cycle and continually monitors and reports on project status.

For 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 developed 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. The continued implementation of the PRINCE2 project methodology will enhance and support the implementation of IPM.

Strategic Resource Plan 2014/15 to 2017/18

8. Defined Benefits Superannuation Liability

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

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

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

This payment from existing cash reserves has impacted Council's capacity to fund 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.

Background

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

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

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

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

Table 14: Past Defined Benefit Superannuation Calls

Strategic Resource Plan 2014/15 to 2017/18

Actuarial Review

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

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

Repayment Plan

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

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

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

Whilst there were clear financial benefits in paying upfront rather than entering the Vision Super payment plan, the payment of \$5,334,219 from existing cash reserves has had an impact on Council's liquidity and its capacity to fund capital works.

Municipal Association of Victoria Actions

The Municipal Association of Victoria (MAV) State Council has resolved to call for:

1. Continued advocacy for the Commonwealth to waive or rebate the 15% contribution tax payable on the current \$453m (plus contribution tax) and any possible future calls.
2. Return local government to be on an equal footing with other levels of government through legislative change withdrawing local government from the requirements of the SIS Act to fully fund any shortfalls.
3. The Vision Superannuation Board provide bi-annual (6 monthly) updates to member Councils on the investment performance of the LASB Defined Benefits Superannuation Fund

In addition, the MAV established a Defined Benefits Taskforce to which the Council's Chief Executive Officer was appointed as a member.

Strategic Resource Plan 2014/15 to 2017/18

The MAV are also lobbying the LASB to bring the timing of the Actuarial reviews forward by six months to 30 June, with finalisation of review by December, to better accommodate local government with budgeting for liability payments.

Financial Statements

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

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

Future calls

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

As part of its wider review of the superannuation industry, the regulator, the Australian Prudential Regulation Authority (APRA), has issued a new standard about the future funding of defined benefit plans and what Trustees must do to ensure that a plan is in a satisfactory financial position. The standard became mandatory from 1 July 2013.

Under the standard, APRA uses the Vested Benefits Index (VBI) as its primary measure of fund solvency. The VBI measures the market value of assets in a defined benefit portfolio against the benefits that members would have been entitled to if they had all resigned on the same day.

The process that will apply to VBI estimates from 1 July 2013 is as follows. The independent Actuary to the Fund, Russell Employee Benefits, will calculate the VBI at 30 June each year.

Vision Super will produce interim quarterly VBI estimates, using a methodology provided by Russell Employee Benefits, based on the actual quarterly assets and membership.

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. This is because APRA allows the Trustee to set a Shortfall Limit that is less than 100%; thereby allowing a fund to avoid the need for an automatic call in certain circumstances. The Actuary has recommended, and the Trustee accepted, a Shortfall Limit for LASF of 97%.

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%

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The estimated VBI at 31 March 2014 was 104.6%. 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; and
2. Continue to lobby Government to return the Defined Benefit Fund to an exempt fund for Local Government.

9. Development Contribution Plans

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

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

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

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

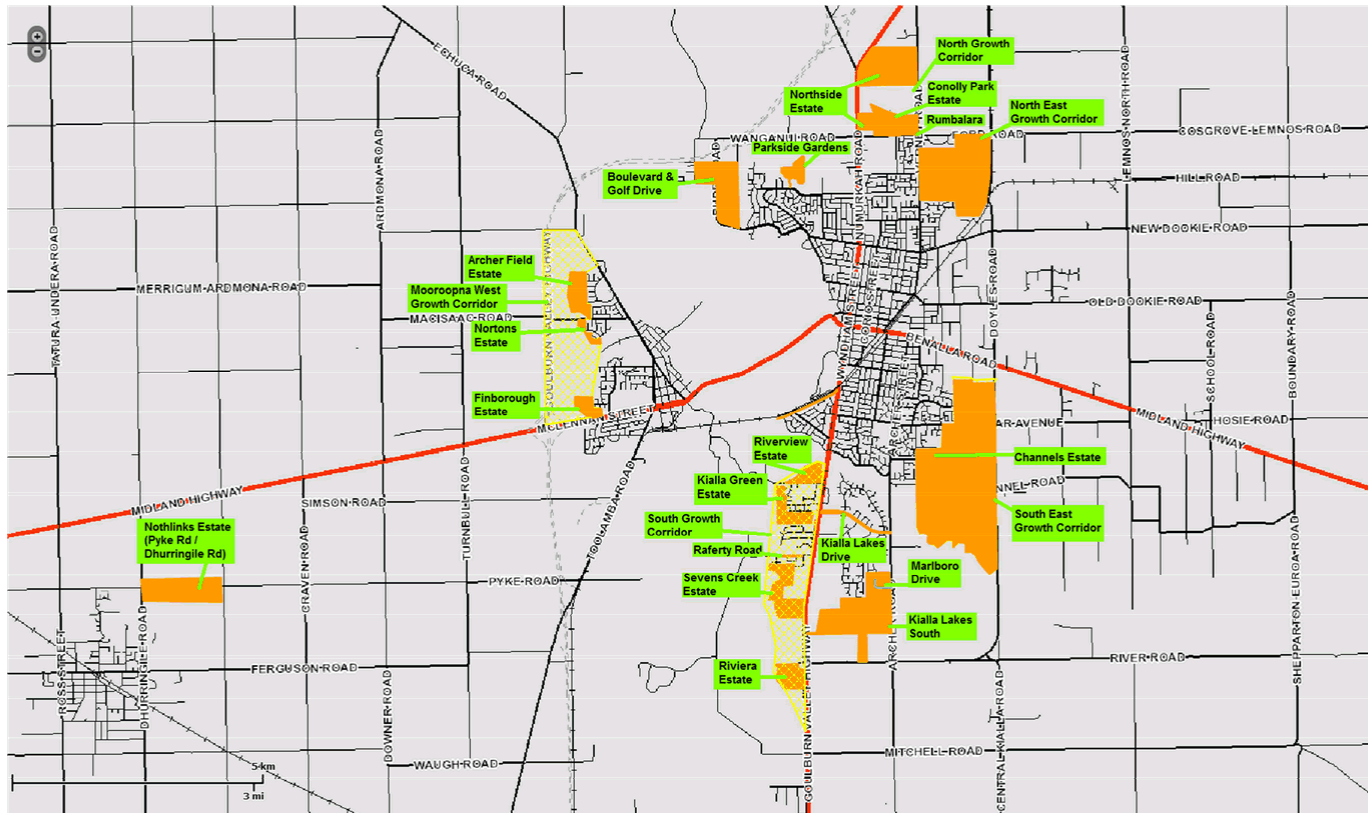
The Council endeavours to anticipate and budget for capital expenditure on providing such infrastructure when it is required or to facilitate a particular development, however the actual expenditure of the budget is more difficult to predict. This is largely due to a number of external factors which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

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

Additionally, even if the Council does not achieve its predicted expenditure, the works represent Council commitment to infrastructure, and any unspent funds are routinely reserved by way of carry forward, for the infrastructure in readiness for when it is actually required to be delivered.

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

Strategic Resource Plan 2014/15 to 2017/18



Strategic Resource Plan 2014/15 to 2017/18

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

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

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Endorsed developments</i>										
Expenditure	5,319	2,284	2,548	1,518	1,152	1,103	150	400	21	20
Income	-1,070	-1,248	-1,307	-968	-1,103	-1,366	-845	-557	-286	-250
Sub Total	4,249	1,036	1,241	550	49	-263	-695	-157	-265	-230
<i>Estimated future developments</i>										
Expenditure	0	0	0	0	400	400	1,300	1,100	1,500	1,500
Income	0	0	0	0	0	0	-200	-500	-800	-800
Sub Total	0	0	0	0	400	400	1,100	600	700	700
<i>Endorsed and estimated future developments</i>										
Expenditure	5,319	2,284	2,548	1,518	1,552	1,503	1,450	1,500	1,521	1,520
Income	-1,070	-1,248	-1,307	-968	-1,103	-1,366	-1,045	-1,057	-1,086	-1,050
Net cost to Council	4,249	1,036	1,241	550	449	137	405	443	435	470

As can be seen, the table above shows a relatively steady commitment to developer contributions and in some respects is at the hands of developers, with the income reliant on stage development which then drives Council's expenditure. Within these estimates, there are two years in which higher expenditure than the average is reflected. In the 2014/15 year the increase in works relates to the ongoing infrastructure costs in the Mooropna West Growth Corridor. In 2015/16 the increase in costs is associated with continued works on the Mooropna Growth Corridor as well as the Shepparton North Growth Corridor.

As well as using the projected income for modelling purposes, Council is focusing on capturing expenditures in the further development of its 10 year capital works program. As part of the annual budget setting process Council considers these projections and builds estimates into its annual budget, however as discussed in this chapter, Council is seeking to better reflect known works to smooth out the impact on the annual capital program. Council has investigated the option of maintaining a Developer Contribution Fund as a restricted asset and will continue to progress this work during the 2014/15 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.

Strategic Resource Plan 2014/15 to 2017/18

10. 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 March 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 kerb 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

Strategic Resource Plan 2014/15 to 2017/18

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 on or before March 2015.

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	2013-2014 Charge	2013-2014 Revenue	2014-2015 Charge	2014-2015 Revenue
240L Waste/Recyclables Service	\$354	\$2,981,034	\$368	\$3,201,440
120L Waste/Recyclables Service	\$214	\$1,604,786	\$222	\$1,717,691
80L Waste/Recyclables Service	\$160	\$1,684,160	\$166	\$1,764,764
120L or 240L Recyclables Only Service	\$74	\$15,244	\$77	\$15,400
120L or 240L Green Organic Waste Service	\$74	\$1,174,750	\$77	\$1,242,196
TOTAL		\$7,459,974		\$7,941,491

Strategic Resource Plan 2014/15 to 2017/18

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 implemented the first municipal in-vessel composting plant in Victoria for household green waste several years ahead of Melbourne based councils.

Strategic Directions:

1. Consider future increases 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 2014/15 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.

11. Long Term Borrowings

Introduction

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

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

This section includes:

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

When is it appropriate to borrow?

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

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

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

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

What is a Prudent Level of Debt?

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

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

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

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

Strategic Resource Plan 2014/15 to 2017/18

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.

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.

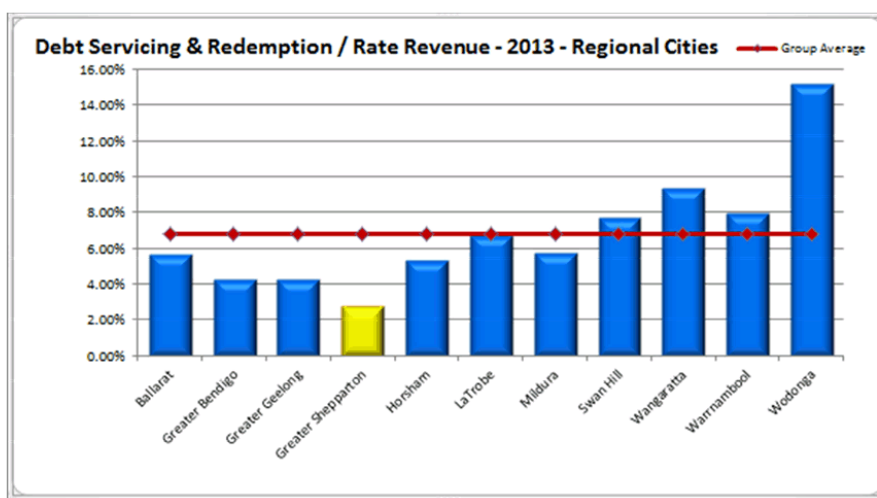


Chart 27: Debt Servicing and Redemption compared with rate revenue for Regional Cities (2013)

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

Strategic Resource Plan 2014/15 to 2017/18

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

Purpose	Start Date	Term Years	Fixed Interest Rate	Initial Amount \$'000s	Position 30 Jun 13 \$'000s	2012/13 Interest \$'000s	Position 30 Jun 18 \$'000s	2017/18 Interest \$'000s
Victoria Park Lake	Jun-10	20	8.0%	3,990	3,724	301	3,143	256
Capital Works 2010/11 - Pt1*	Jan-11	20	8.0%	5,000	4,748	386	3,944	323
Capital Works 2010/11 - Pt2*	Jun-11	20	8.1%	4,000	3,823	312	3,225	267
GV Link	Jun-12	10	6.2%	3,000	2,930	183	2,518	158
Greater Shepparton Regional Sports Precinct^	Jun-15	30	6.0%	2,000 Yr1 2,000 Yr2 1,500 Yr3	0	0	5,070	310
				21,490	15,225	1,182	17,900	1,314

Table 15: Council's existing Interest Bearing Liabilities

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

^Term and interest rate are estimates only. Subject to 2014/2015 Budget adoption.

Recognising the need to invest in better infrastructure for the community now and for future generations the Council is proposing in the 2014/2015 Budget new borrowings of \$5.5 million over three years, including \$2 million for 2014/2015. This will fund Council's contribution to the \$13.4 million Greater Shepparton Regional Sports Precinct project.

Council's working capital ratio as at June 30, 2013 was 233 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.

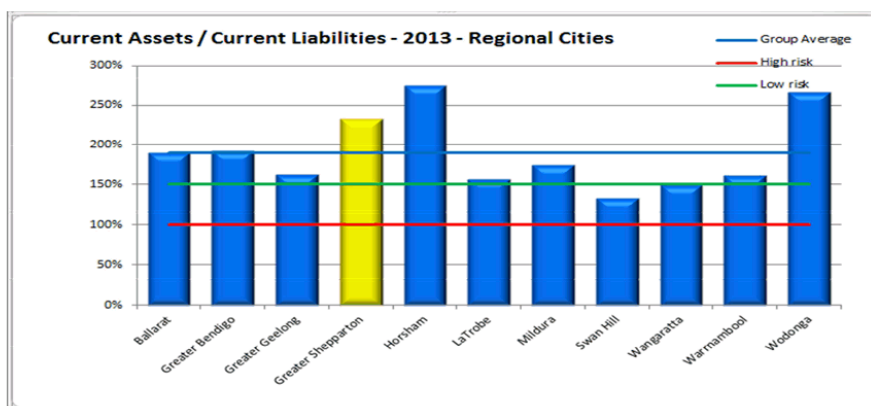


Chart 28: Current Assets / Current Liabilities for Regional Cities

Council's liquidity was higher than average at 30 June 2013 due to restricted investments held including grants received in advance.

Strategic Resource Plan 2014/15 to 2017/18

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.

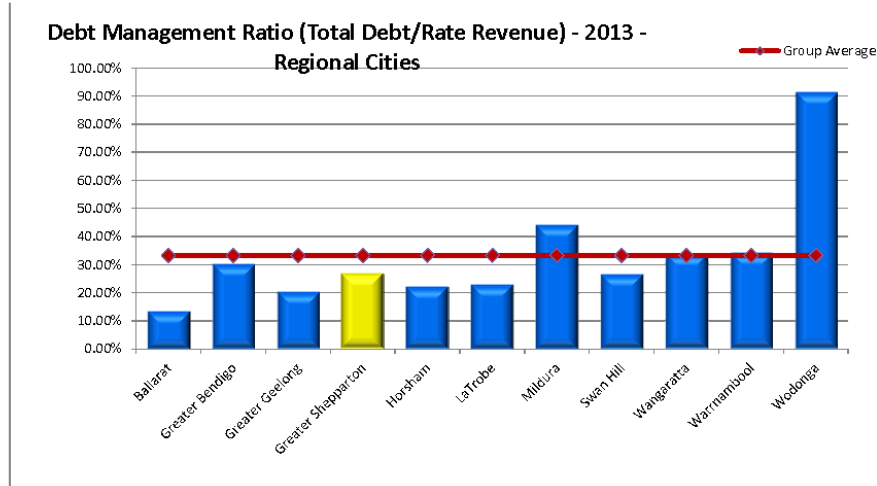


Chart 29: Total Debt / Rate Revenue

Council's debt as a percentage of rate revenue as at June 30, 2013 was 26.8 per cent, which is well below the 80 per cent threshold and just below the regional city's average of 33 per cent. For 2014/2015 to 2017/2018 this is projected to remain on average at 25.34 per cent and includes the proposed new borrowings.

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; and
3. Consider the long term financial implications prior to committing to any future borrowings and before determining the funding mechanism to meet annual debt servicing and redemption requirements.

12. Restricted Investments

Introduction

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 2013 were equal to \$1.97 million.

Long service leave

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

Statutory Reserves

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

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

Strategic Resource Plan 2014/15 to 2017/18

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
- Shepparton Art Museum
- Defined Benefit Superannuation Future Fund

Restricted Investments Balances

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 14/15 budget phase. Restricted investment balances are projected to be maintained at their 30 June 2015 balances with the exception of the defined benefit allocation.

Restricted Assets	Actual 30 June 2013 \$000's	Forecast 30 June 2014 \$000's	Projected 30 June 2015 \$000's	Projected 30 June 2016 \$000's	Projected 30 June 2017 \$000's	Projected 30 June 2018 \$000's
Developer Contributions						
- Unexpended Council contribution	3,840	588	0	0	0	0
- Developer contribution	880	1,360	715	715	715	715
Unexpended Grants						
Victoria Grants Commission	5,519					
Building Better Regional Cities	4,000					
Local Government Infrastructure Program	1,290					
Statutory Reserves						
- Civil Works Development	628	648	163	163	163	163
- Parking cash in lieu	836	858	498	926	926	926
- Recreational land fund	102	502	402	402	402	402
Discretionary restricted investments						
- Re-budgeted capital projects	4,810	3,570	0	0	0	0
- Urban Development Strategy (Parking)	463	952	1,340	1,340	1,340	1,340
- Saleyards Strategy	702	817	828	828	828	828
- Waste Management Strategy^	7,978	9,165	9,661	5,000	5,000	5,000
- Shepparton Art Museum	546	580	0	0	0	0
- Defined Benefit Superannuation	350	700	1,050	1,400	1,750	2,100
- Other Restricted Items*	2,796	2,722	3,968	330	330	330
Total	34,740	22,461	18,625	11,216	11,566	11,916

Table 19: Projected Restricted Investments

*Other Restricted Items includes \$650,000 Community Plan Implementation Works and \$342,000 Shepparton Show Me Promotion Scheme.

^Waste Management Strategy Forecast 30 June 2014 includes \$2.02 million of re-budgeted capital projects.

Strategic Resource Plan 2014/15 to 2017/18

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

Underlying net working capital	Actual 30 June 2013 \$000's	Forecast 30 June 2014 \$000's	Projected 30 June 2015 \$000's	Projected 30 June 2016 \$000's	Projected 30 June 2017 \$000's	Projected 30 June 2018 \$000's
Net working capital	25,801	9,034	7,510	6,800	9,056	10,152
Less restricted investments	34,560	17,459	15,064	12,600	12,950	13,299
Underlying net working capital	(8,759)	(8,425)	(7,554)	(5,800)	(3,894)	(3,148)

Table 20: 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; and
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.

Strategic Resource Plan 2014/15 to 2017/18

13. 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".

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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.

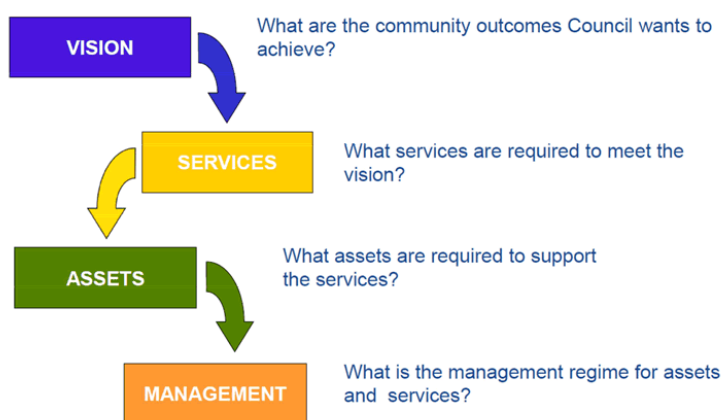
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14. Service Planning

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

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

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



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.

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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 commenced in the 2013/14 financial year and will be ongoing through 2014/2015 onwards.

Strategic Direction

1. Continue the service planning process established in 2013/14.

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15. Workforce Planning

Organisation Review

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

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

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

This was enabled via the following actions:

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

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

An issues paper was prepared (a confronting document that showed what the Councillors and employees had identified as the organisation's issues and concerns) which 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.

New Organisational Structure

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

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

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

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

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Transitional Management Plan

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

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

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

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

Appointments to Senior Positions

Since the restructure announcement on 14 June 2012, there have been a number of Senior Positions advertised over 4 phases of recruitment, which have been completed in January 2013. All vacancies within the organisation structure have been advertised and have been filled and appointments have been confirmed.

Council used external recruitment agencies to conduct the first two stages of recruitment, however for Phases 3 and 4, were able to use internal capacity to fill the roles. This has been successful as a cost saving mechanism and also in the outcomes in placing skilled and experiences staff into our workforce. It would be considered that Council can indeed conduct our own Executive recruitment in the future.

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.

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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.

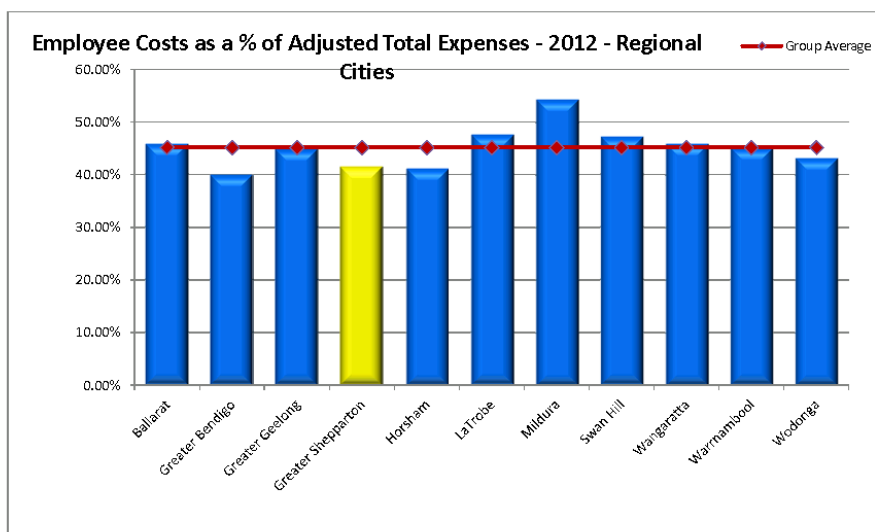


Chart 30: Employee costs as a percentage of adjusted total expenses for Regional Cities (2012)

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,

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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

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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 May 2014 the forecast actual Equivalent Full Time (EFT) for 2013/2014 was 498 and excludes staff vacancies. The 2014/2015 budget predicts 558 EFT and assumes no staff vacancies as well as 0.5% organisational growth. These assumptions are continued for future year projections.

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Casual Conversions

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

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

Building our Workforce Plan

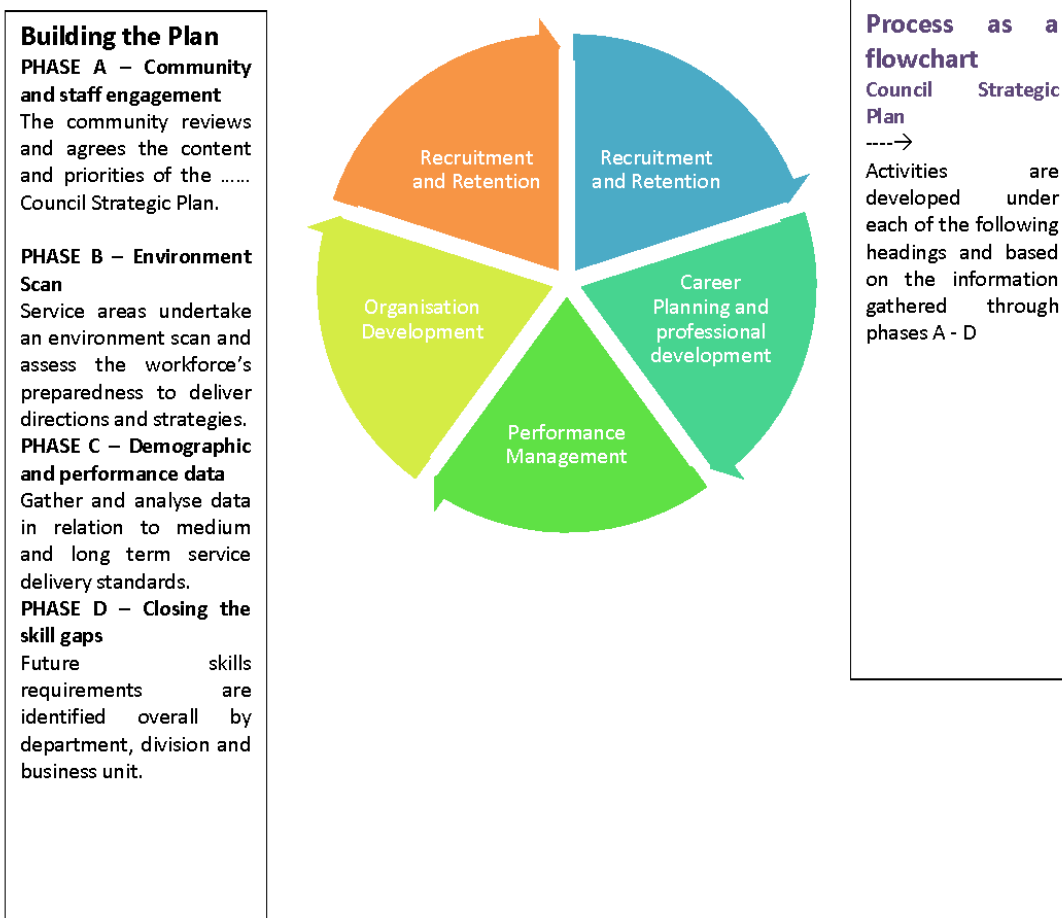
Greater Shepparton has developed a Workforce Plan, based on four phases to ensure we gather the best data possible and conduct a thorough review, to enable a successful gap analysis to be undertaken. The 4 phases are as follows:

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

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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.

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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. We will review the opportunities for GSCC to move to this model over the next 12 months.

Strategic Directions:
1. Continue to implement the transitional management plan.
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. Examine the merits of becoming SafetyMap accredited over the next 12 months.
4. Implement the Greater Shepparton Workforce Plan
5. Continue to foster a Learning Organisation.
6. Continue to strive to achieve the most efficient and effective organisation that it can be.

16. Organisational Overview

A new organisational structure was introduced on the 14 June 2012 following an extensive organisational review. The changes have largely been implemented throughout the 2012/13 financial year. Below is the organisational structure as at January 2014.

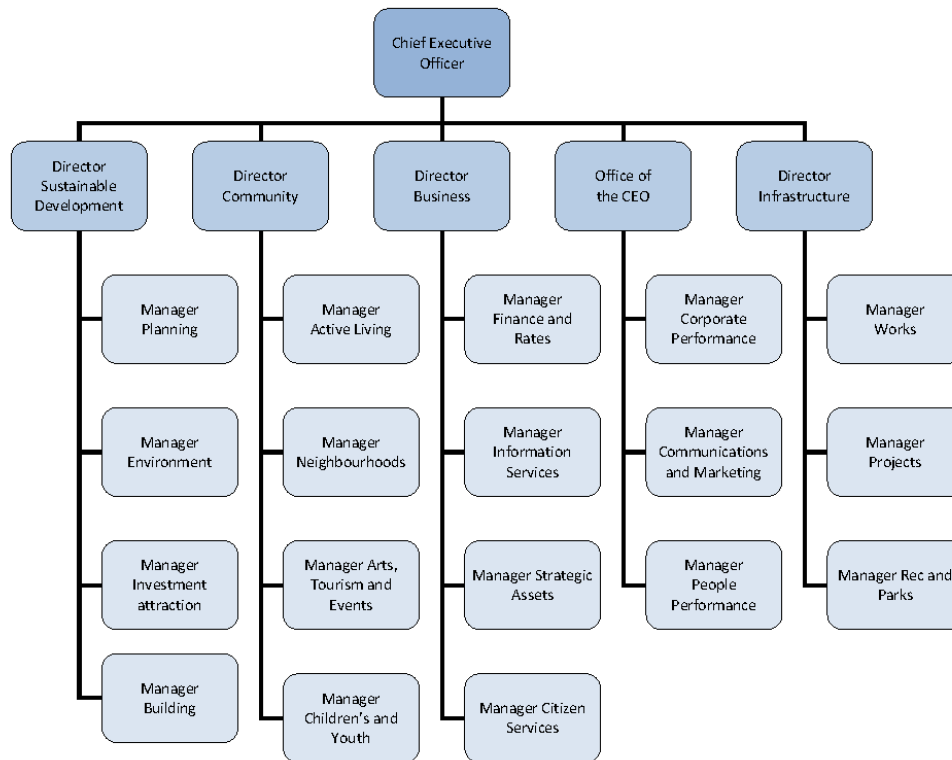


Figure 19: Organisational Structure as at January 2014

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Directorate Overview – Office of the CEO

The purpose of the Organisation Directorate 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 Organisation Directorate comprises three departments with the following expertise:

1. Corporate Performance including Business Planning
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, 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.

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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 2013/2014 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.

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People Performance

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

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

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

The Council has a stable workforce, meeting objectives as determined by the Council Plan. The level of staff at 30 June 2013 is projected to be 522 (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.

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Marketing & Communications

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

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

Key activities of the Marketing and Communications Team include:

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

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

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

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

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

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

Directorate Overview – Infrastructure

Infrastructure Directorate

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

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

The Infrastructure Directorate includes 3 departments:

- Works
- Recreation and Parks
- Projects

Works Department

The Works Department is responsible for the delivery of capital and maintenance functions within Council's road reserve for maintenance of buildings, and for the management of Council's fleet and plant, stores and workshop.

Works activities within Council's road reserve include:

- Road reconstruction
- Road re-sealing
- Unsealed road re-sheeting
- Road and 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 Works Department in 2014/15 include:

1. Inspection Based Maintenance for all assets in the road reserve.

In 2013/14 Council introduced inspection based maintenance of road, path and drainage assets. In 14/15 we will continue to improve this model of service delivery through further training of works staff, the review of service levels, updates to our hand held devices, the introduction of additional inspectors and the incorporation of the remaining asset groups such as rural drains and bridges into our inspection regime.

2. 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 will look to implement the recommendations of the business case moving toward a restructure of building maintenance functions into one area of Council, to service the entire organisation.

3. Review of the Management of Fleet and Plant

In 14/15 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 in 13/14 and to effectively communicate the methodology and practice of managing plant a fleet, a guideline

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will be drafted for fleet and plant users, Executive and managers, and finance. This will strengthen 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.

4. Review of a number of new maintenance technologies

As part of normal continuous improvement practices, the Works team will continue to review construction and maintenance technologies with a view to improving the efficiency and effectiveness of their activities. This is an ongoing action.

5. Delivery of a range of road reconstruction and maintenance projects with the Goulburn Valley

6. In 14/15 the Works department will be focusing on ensuring our worksite safety is the best it can be. While systems have been improved in 13/14, there is more to be done to raise the level of awareness of the importance of working safely and make sure systems currently being implemented are reviewed periodically and audited by supervisors for both compliance and effectiveness. Works will be looking to minimise as much as possible work days missed through injury or accident.

7. In 14/15 the Works department will be relying on a significant number of contractors to provide specialised plant and services, to add capacity to our own work crews. Contractor engagement and management will be a focus of senior Works staff to make sure our relationships are cooperative and harmonious and maintained at the appropriate level of professionalism. More engagement of contractor will ensure Council is receiving the level of service it desires through regular communication with contractors about the standards we aim to set.

Recreation and Parks 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
- Management 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 2014/15 include:

1. Consolidation of the service planning model implemented in 2013 that prescribes service levels to all parks, recreation and sporting fields across the municipality based on a five star rating system.
2. Delivery of the first year of the \$14 million Greater Shepparton Regional Sports Precinct Development Program. Development in 2014/15 will include the construction of five turf soccer fields with flood lighting, sports pavilions the replacement of the existing synthetic hockey field surface, car parking, fencing and signage.

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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. Preparation of a new business plan for Pine Lodge and Kialla West cemeteries.
5. Reconstruction of the Deakin Reserve playing surface and irrigation system.

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
- Traffic planning, management and related capital works
- 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 2014/2015 include:

1. The development and adoption of Asset Investment Guidelines across Council
2. Enhancing the role of the PMO as the key support for efficient and effective delivery of the Council's capital works program.
3. Examining the feasibility and potential for relocation of the Shepparton Aerodrome.

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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 and a Director.

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.

MATERNAL & CHILD HEALTH

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

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 as diverse as breastfeeding and kindergarten enrolment. These services are delivered from 14 sites

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across the municipality as well as home visits and supplementary services such as the Mother Goose and Small Talk Programs.

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

CHILDREN'S SERVICES

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

- Action Area 1 All children enjoy a healthy start to life
- Action Area 2 All children are supported to become confident learners
- Action Area 3 Greater Shepparton (is a) child and family friendly city

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

These services operate within the National Educational and Care Act and Regulations and are designed to meet the National Quality framework. More importantly the centre programs are designed to meet the needs of individual children and their families. Early childhood education is based on learning through play – children are given the opportunity to learn about themselves, their peers and the world they live in through exploration, experimentation and socialisation.

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

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

YOUTH DEVELOPMENT

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

The plan identifies five key action areas

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

Action Areas 1, 2 and 4 will be the preliminary focus; 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.

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Active Living

Aquamoves

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

The Healthy Communities Program incorporates the Get Moving Shepparton Program which aims to promote improved health outcomes focussed through physical activity and healthy eating. 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 runs over 150 free events between October and March each year 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.

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

The Neighbourhoods Department assist Council to:

- Develop an understanding of the needs of our community
- Promotes an opportunity to be involved in decision making processes
- 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

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- 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.

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Arts, Events and Tourism

Tourism

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.

The purpose of the Tourism Program is to;

- promote Greater Shepparton as a vibrant destination
- maximise visitation to the region, and increase length of stay through the development of sustainable attractions, events, exhibitions and experiences
- provide quality tourism information and services via Greater Shepparton's level one accredited centre and pop up information hubs at events and festivals, and
- raise 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.

Events Program

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

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

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Australia's prominent regional galleries and in 2012 was voted as Victoria's best Small Museum by Museums Victoria.

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.

A significant aspect of SAM's work is the biennial Sidney Myer Fund Australian Ceramics Award and the national Indigenous Ceramic Art Award.

SAM also has two exhibition spaces which are open for applications to exhibit.

Performing Arts and Conventions (Riverlinks)

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

Highlights include:

- Balancing the Riverlinks Season of performing arts presentations with community and commercial bookings to provide increased engagement and access to the performing arts
- Ongoing growth of community partnered events including Orchestra Victoria, Shepparton Young Instrumentalist Award, Goulburn Valley Concert Orchestra concerts, Shepparton Brass Band concerts, Boom Sheppada, Out of Tune Project, Georgy Awards, Playing for Pleasure and the Australian National Piano Award
- Development of Emerge Festival in partnership with Multicultural Arts Victoria, celebrating migrant, emerging and indigenous cultures
- Managing and promoting the Eastbank Centre as the region's premier multipurpose arts and entertainment venue. one of the state's most successful regional arts centres
- Managing the WestSide Performing Arts Centre in partnership with the Mooroopna Secondary College providing the community and touring performers with access to an intimate performance facility.
- Increased box office turnover as Riverlinks venues attract more commercial venue hire for touring entertainment.

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Directorate Overview – Sustainable Development

BUILDING SERVICES

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

SERVICE PROFILE

Building Services has responsibility in the following broad areas:

Public Safety and Amenity

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

Other specific areas of responsibility include:

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

RESPONSIBILITIES

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

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

Specific areas of responsibility include:

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

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BUILDING PERMITS AND INSPECTIONS

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

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

CUSTOMER INFORMATION

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

Specific areas of responsibility include:

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

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INVESTMENT ATTRACTION

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

The Investment Attraction Department's major objectives are:

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

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

The Investment Attraction Department's main responsibilities include:

Investment Attraction

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

Business and Industry Development

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

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International Relations – Cultural and Economic

Sister City Relationships consisting of:

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

CBD Strategy Implementation

GV Link (Goulburn Valley Freight Logistics Centre)

Grants Coordination (incoming and outgoing)

Township Development

Economic Development Flood Recovery

PLANNING

The Department has specific responsibilities for:

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

Statutory Planning

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

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

Statutory Planning involves making decisions that change the environment and affect every day 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.

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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.

SUSTAINABILITY AND ENVIRONMENT

Environmental Health

The Environmental Health team cover the following functions;

- Food Act
 - Registration (new, renewal & transfer) -
 - Temporary Food Premises
 - Food Premises Registration
 - Mobile Food Premises Registration
 - Compliance assessment
 - Enforcement
 - Education
 - Monitoring/Sampling
 - Complaint Investigation
- Public Health & Wellbeing Act
 - Registration (new, renewal & transfer) –
 - Accommodation/Rooming Houses,
 - Beauty,
 - Skin Penetration
 - Enforcement
 - Education
 - Monitoring
- Nuisance Investigation/Complaints
- Infectious disease prevention program/investigation
- Septic Tanks
 - Registration
 - Monitoring/Compliance
- Residential and Tenancies Act
 - Caravan Parks
 - Registration
 - Enforcement
 - Review of alterations within caravan park
 - Consultation with CFA
- Public Swimming Pools and Spas
 - Monitoring
- Tobacco Act

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- Education
- Enforcement
- Nuisance investigation/Complaints investigation
- Reporting
- Immunisation Program
 - Infants
 - Schools
 - Businesses
- Mosquito Monitoring Program
 - Surveillance
 - Education
 - Enforcement under Public Health & Wellbeing Act
 - Reporting
- Emergency Management
 - Pandemic flu
 - Food Businesses
 - 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

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- 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

RiverConnect

Is a project part funded by the Goulburn Broken CMA aimed at providing an avenue to link the community of Shepparton and Mooroopna with the River Environments and local waterways.

Key Areas of Responsibility include:

- Environmental Education aimed at Primary and Secondary School Children such as Pests V's the Rest
- Adopt-a Reach
- Linking with other local and state environmental educators to provide high quality experiences
- Providing activities for the wider community to learn about the rivers and waterways such as Breakky with the Birds and Art Classes along the River
- Convening working group meetings for key stakeholders in areas of Land Management, Communications, Aboriginal Actions and Education.
- Report to the River Connect Implementation committee and then to Council

Waste Services

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

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

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

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

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

Directorate Overview – Business

The Directorate includes the Departments of:

- Citizen Experience
- Finance and Rates
- Information Services
- Strategic Assets

Citizen Experience

The Customer Experience 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

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

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

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

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

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

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

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

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

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.

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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
2. Support digitisation and transition to electronic capture of Council records
3. Create an electronic environment that is user friendly and supports the needs of business units and their activities.
4. Manage the training and education of all Council staff and Councillors to ensure they understand their record keeping responsibilities

Regulatory Services

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

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

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

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

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

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.

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.

Strategic Resource Plan 2014/15 to 2017/18

Strategic Assets

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

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

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

Strategic Resource Plan 2014/15 to 2017/18

Appendix A Glossary of Terms - Definitions

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

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Strategic Resource Plan 2014/15 to 2017/18

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

Strategic Resource Plan 2014/15 to 2017/18

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

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.

Strategic Resource Plan 2014/15 to 2017/18

Financial Statements – Strategic Resource PlanBudgeted Comprehensive Income Statement
For the four years ending 30 June 2018

	Strategic Resource Plan Projections				
	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Income					
Rates and charges	60,350	63,938	67,742	71,773	76,043
Statutory fee and fines	4,404	4,560	4,651	4,744	4,839
User fees	15,241	16,121	16,685	17,269	17,874
Contributions – cash	3,522	2,029			
Contributions – non-monetary assets	3,000	3,000	3,000	3,000	3,000
Grants – operating (recurrent)	14,441	20,175	21,727	22,270	22,827
Grants – operating (non-recurrent)	4,745	1,939			
Grants – capital (recurrent)	1,719	1,450			
Grants – capital (non-recurrent)	3,940	3,575	3,120	3,030	3,170
Net gain (loss) on disposal of property, infrastructure, plant and equipment	(253)	20	100	100	100
Other income	3,227	2,306	2,364	2,423	2,483
Total income	114,336	119,973	119,390	124,609	130,336
Expenses					
Employee costs	41,017	42,998	45,108	47,020	49,014
Materials and services	47,307	44,731	45,850	47,014	48,223
Depreciation	20,645	21,013	20,827	21,451	22,045
Finance Costs	1,176	1,127	1,280	1,335	1,314
Total expenses	110,145	109,869	113,065	116,820	120,646
Surplus (Deficit)	4,191	9,244	6,325	7,789	9,690
Other comprehensive income					
Items that will not be reclassified to surplus or deficit:					
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					
Total comprehensive income	4,191	9,244	6,325	7,789	9,690

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Strategic Resource Plan 2014/15 to 2017/18

Budgeted Balance Sheet
For the four years ending 30 June 2018

	Strategic Resource Plan Projections				
	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Current Assets					
Cash and cash equivalents	1,000	1,880	1,000	1,000	1,000
Trade and other receivables	6,410	6,410	3,362	3,412	3,579
Investments	25,677	17,044	14,802	14,820	14,359
Other assets	649	649	649	649	649
Total Current Assets	33,736	25,983	19,812	19,881	19,587
Non-current assets					
Investments in regional library corporation	1,315	1,315	1,315	1,315	1,315
Property, infrastructure, plant and equipment	838,163	856,705	865,382	900,005	909,532
Intangible assets	1,183	1,183	1,183	1,183	1,183
Total non-current assets	840,661	859,203	867,880	902,503	912,030
Total assets	874,397	885,186	887,693	922,384	931,617
Liabilities					
Trade and other payables	8,127	8,128	2,710	2,638	2,731
Trust funds and deposits	2,051	2,051	2,051	2,051	2,051
Provisions	8,711	8,711	8,868	9,027	9,190
Interest-bearing loans and liabilities	460	460	637	731	786
Other liabilities	247	247	247	247	247
Total Current Liabilities	19,596	19,597	14,513	14,695	15,005
Non-current liabilities					
Provisions	992	992	1,010	1,028	1,047
Interest-bearing loans and liabilities	14,366	15,910	17,160	17,900	17,114
Total non-current liabilities	15,358	16,902	18,170	18,928	18,161
Total liabilities	34,954	36,499	32,682	33,623	33,166
Net assets	839,443	848,687	855,011	888,761	898,451
Equity					
Accumulated Surplus	314,955	324,199	330,523	338,311	348,002
Reserves	524,488	524,488	524,488	550,449	550,449
Total equity	839,443	848,687	855,011	888,760	898,451

Strategic Resource Plan 2014/15 to 2017/18

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

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
2015			
Balance at beginning of the financial year	839,443	314,955	524,488
Comprehensive result	9,244	9,244	
Balance at the end of the financial year	848,687	324,199	524,88
2016			
Balance at beginning of the financial year	848,687	324,199	524,488
Comprehensive result	6,325	6,325	
Net asset revaluation increment (decrement)			
Balance at the end of the financial year	855,012	330,524	524,488
2017			
Balance at beginning of the financial year	855,012	330,524	524,488
Comprehensive result	7,789	7,789	
Net asset revaluation increment (decrement)	25,960		25,960
Balance at the end of the financial year	888,761	338,313	550,448
2018			
Balance at beginning of the financial year	888,761	338,313	550,448
Comprehensive result	9,690	9,690	
Net asset revaluation increment (decrement)			
Balance at the end of the financial year	898,451	348,003	550,448

Strategic Resource Plan 2014/15 to 2017/18

Budgeted Statement of Cash Flows
For the four years ending 30 June 2018

	Strategic Resource Plan Projections				
	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Cash flows from operating activities					
Rates and charges	60,350	63,938	69,518	71,743	75,943
Statutory fee and fines	4,404	4,560	2,742	2,725	2,777
User fees	15,241	16,121	17,123	17,262	17,850
Contributions	3,522	2,029			
Grants – operating	19,186	22,114	22,296	22,261	22,797
Grants – capital	5,659	5,025	3,202	3,029	3,106
Interest Received	1,137	1,213	1,276	1,274	1,305
Other Receipts	2,090	1,093	3,108	3,165	3,232
Employee costs	(41,017)	(42,998)	(47,615)	(46,878)	(48,787)
Materials and consumables	(29,225)	(26,392)	(28,947)	(28,294)	(29,234)
Other Expenses	(16,315)	(16,206)	(17,259)	(16,425)	(16,379)
Utilities	(3,049)	(3,259)	(3,661)	(3,665)	(3,878)
Net cash provided by operating activities	21,983	27,238	21,856	26,196	28,791
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(33,777)	(37,415)	(27,229)	(27,234)	(29,321)
Proceeds from sale of property, infrastructure, plant and equipment	711	880	825	222	799
Net cash inflow (outflow) from investing activities	(33,066)	(36,535)	(26,404)	(27,012)	(28,522)
Cash flows from financing activities					
Proceeds from borrowings		2,000	2,000	1,500	
Repayment of borrowings	(426)	(456)	(573)	(666)	(731)
Net cash inflow (outflow) from financing activities	(1,602)	1,544	1,427	834	(731)
Net increase (decrease) in cash and cash equivalents	(11,509)	(7,753)	(3,121)	19	(462)
Cash and cash equivalents at the beginning of the year	38,186	26,677	18,924	15,803	15,822
Cash and cash equivalents at the end of the financial year	26,677	18,924	15,803	15,822	15,356

* Other Expenses include External Contracts

Strategic Resource Plan 2014/15 to 2017/18

Budgeted Statement of Capital Works
For the four years ending 30 June 2018

Capital Works Areas	Strategic Resource Plan Projections				
	Forecast Actual 2013/2014 \$'000	Budget 2014/2015 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Property					
Buildings	3,577	4,287			
Total property	3,577	4,287			
Plant and equipment					
Plant, equipment and other	4,749	5,151			
Total plant and equipment	4,749	5,151			
Infrastructure					
Roads	16,684	11,586			
Drains	4,007	885			
Open space	2,106	10,508			
Waste Management	1,355	3,006			
Other	1,297	1,994			
Total infrastructure	25,449	27,979			
Total capital works expenditure	33,777	37,417	27,229	27,234	29,321
Represented by:					
Renewal	17,285	18,788	16,377	16,340	17,593
Upgrade	7,514	4,864	5,446	5,447	5,864
New	8,978	13,765	5,446	5,447	5,864
Total capital works expenditure	33,777	37,417	27,229	27,234	29,321

Strategic Resource Plan 2014/15 to 2017/18

Budgeted Statement of Human Resources
For the four years ending 30 June 2018

	Strategic Resource Plan Projections				
	Forecast Actual 2013/2014 \$'000	Budget 2014/2015 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
Business*	5,534	5,958	6,401	6,668	6,948
Community	15,917	16,412	17,151	17,879	18,639
Infrastructure	10,253	11,190	11,694	12,191	12,709
Office of the CEO	3,784	3,986	4,165	4,342	4,527
Sustainable Development	5,529	5,452	5,697	5,939	6,192
Total Employee Costs	(41,017)	(42,998)	(45,108)	(47,020)	(49,014)
Staff Numbers					
Business					
Permanent full time	51	64	64	65	65
Permanent part time [^]	9	14	14	14	14
Community					
Permanent full time	93	87	87	88	88
Permanent part time [^]	110	128	129	129	130
Infrastructure					
Permanent full time	142	153	154	155	155
Permanent part time [^]	5	11	11	11	11
Office of the CEO					
Permanent full time	28	32	32	32	32
Permanent part time [^]	5	6	6	6	6
Sustainable Development					
Permanent full time	43	47	47	47	48
Permanent part time [^]	12	16	16	16	16
Total Staff Numbers	498	558	561	564	566

* Future year projections for Business include an annual provision for long service leave for all Council staff

[^] Permanent part time includes casuals

The 2013/2014 employee numbers are actual equivalent full time as of May 2014 and do not include any staff vacancies. The 2014/2015 budget onwards assumes no staff vacancies as well as 0.5% organisational growth, per the strategic resource plan projections. The costs for 2014/2015 also include an increase in the superannuation guarantee from 9.25% to 9.5%.

Strategic Resource Plan 2014/15 to 2017/18

2012/2013 Long Term Financial Plan

Key Metrics	Units												
	1 Jul 11 30 Jun 11	1 Jul 12 30 Jun 12	1 Jul 13 30 Jun 13	1 Jul 14 30 Jun 14	1 Jul 15 30 Jun 15	1 Jul 16 30 Jun 17	1 Jul 17 30 Jun 18	1 Jul 18 30 Jun 19	1 Jul 19 30 Jun 20	1 Jul 20 30 Jun 21	1 Jul 21 30 Jun 22	1 Jul 22 30 Jun 23	1 Jul 23 30 Jun 24
13.03.01 Auditor General Ratios													
Underlying Result Ratio (CT Methodology)	%	8.6%	7.4%	-1.5%	4.4%	4.6%	5.4%	5.8%	6.7%	7.0%	8.3%	9.2%	9.5%
Liquidity	x	198.00%	192.00%	146.1%	137.3%	133.0%	143.2%	147.3%	151.5%	152.0%	155.5%	165.5%	171.5%
Indebtedness	%	20.2%	22.0%	19.0%	17.0%	16.0%	14.6%	13.3%	11.9%	10.7%	9.4%	8.3%	6.1%
Self-financing	%	20.87%	22.85%	23.5%	24.1%	26.8%	26.8%	27.2%	27.2%	27.4%	27.5%	28.0%	27.9%
Investment Cap	x	152.00%	147.00%	230.3%	146.6%	142.6%	129.9%	140.4%	144.8%	146.2%	152.2%	158.3%	162.4%
13.03.02 Income Statement Summary													
Rate and Charge Revenue	\$'000	49,922	54,078	59,939	63,905	67,284	71,287	75,529	80,023	84,784	89,829	95,174	100,837
Grants - Operating	\$'000	20,643	24,496	19,200	21,197	21,727	22,270	22,827	23,397	23,982	24,582	25,196	25,826
Grants - Capital	\$'000	5,559	6,808	5,817	1,463	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453
Total Revenue from Operating Activities	\$'000	97,655	109,289	107,848	114,761	116,754	122,007	127,536	133,357	139,484	145,936	152,730	159,885
Employee Benefits	\$'000	(34,232)	(41,569)	(38,808)	(42,008)	(44,109)	(46,314)	(48,630)	(51,061)	(53,615)	(56,236)	(59,110)	(62,066)
Materials & Consumables	\$'000	(36,650)	(38,650)	(38,803)	(24,772)	(25,742)	(26,643)	(27,575)	(28,540)	(29,539)	(30,573)	(31,643)	(32,750)
Depreciation	\$'000	(16,913)	(17,523)	(17,859)	(18,452)	(19,028)	(19,593)	(20,148)	(20,693)	(21,228)	(21,753)	(22,268)	(22,773)
Total Operating Expenses	\$'000	(90,395)	(98,888)	(96,294)	(103,077)	(107,831)	(111,759)	(116,479)	(120,737)	(126,102)	(130,985)	(136,865)	(141,629)
Adjusted Operating Surplus (Deficit)	\$'000	8,669	11,426	14,058	18,424	18,424	18,424	18,424	18,424	18,424	18,424	18,424	18,424
Underlying Operating Position (CT Methodology)	\$'000	(1,267)	(1,400)	2,107	4,731	5,184	6,325	7,149	8,728	9,507	11,082	12,323	14,433
Underlying Operating Position (VAGO Methodology)	\$'000	6,457	8,088	10,524	7,424	7,877	9,018	9,842	11,421	12,200	13,775	15,016	17,126
13.03.04 Cash Flow Summary													
Net Cash flows from Operating Activities	\$'000	20,280	29,714	23,655	28,117	29,923	31,568	33,040	35,172	36,665	38,825	40,785	45,532
Net Cashflows from Investing Activities	\$'000	(30,106)	(24,143)	(21,628)	(28,852)	(28,869)	(27,625)	(30,207)	(32,361)	(34,497)	(36,079)	(37,879)	(39,910)
Net Cashflows from Financing Activities	\$'000	8,918	2,706	(389)	(1,591)	(1,591)	(1,590)	(1,591)	(1,591)	(1,591)	(1,591)	(1,591)	(1,590)
13.03.05 Capital Works													
Total Capital Works	\$'000	31,747	26,177	22,407	28,438	29,684	27,847	31,006	32,950	34,717	36,720	38,874	42,881
Renewal Investment	\$'000	16,000	13,538	14,003	16,831	16,629	16,708	18,604	19,770	20,830	22,032	23,324	25,689
Upgrade Investment	\$'000	7,461	9,409	3,801	9,269	5,983	5,569	6,201	6,950	6,943	7,344	7,775	8,105
Expansion/New Investment	\$'000	8,286	3,170	4,603	7,359	7,424	5,569	6,201	6,220	6,943	7,344	7,775	8,105
Renewal Demand	\$'000	12,825	21,071	9,708	28,983	28,551	25,306	28,678	27,142	26,581	26,802	30,850	32,505
Renewal Cap = Not Funded	\$'000	(3,175)	7,473	(4,295)	12,489	11,922	8,598	10,075	7,372	5,751	6,770	7,526	6,409
Accumulated Renewal Cap	\$'000	(3,175)	4,298	3	25,786	37,719	46,316	56,381	63,763	69,513	76,284	83,809	90,218

Strategic Resource Plan 2014/15 to 2017/18

2013/2014 Updated Long Term Financial Plan

		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	30 Jun 25	30 Jun 26
Victorian Auditor General Financial Sustainability Ratios													
Underlying Result Ratio (CT Methodology)	%	0.3%	0.1%	1.4%	2.9%	4.1%	5.3%	6.4%	7.6%	8.7%	10.0%	11.8%	189.0%
Underlying Result Ratio (VAGO Methodology)	%	5.4%	2.9%	4.0%	5.3%	6.3%	7.4%	8.5%	9.6%	10.6%	11.8%	189.0%	
Liquidity	x	132.6%	156.5%	135.5%	130.5%	134.8%	138.0%	147.2%	157.9%	170.8%	189.0%	9.0%	
Indebtedness	%	19.9%	20.3%	20.0%	18.3%	16.6%	14.9%	13.3%	11.8%	10.4%	9.0%	28.4%	
Self-financing	%	23.8%	20.2%	23.0%	24.0%	24.8%	25.5%	26.2%	26.9%	27.5%	28.4%	160.1%	
Investment Gap	x	178.1%	130.7%	127.0%	132.7%	132.0%	138.1%	142.9%	150.1%	154.1%	160.1%		
Income Statement Summary													
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)	(113,085)	(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		
Balance Sheet Summary													
Cash and Cash Equivalents	\$'000	18,923	15,802	15,820	15,359	16,275	17,054	18,824	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		
Capital Works													
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	20,688	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		