

Strategic Resource Plan 2016-2020

Section 125(1) of the Local Government Act, 1989 (the Act) requires councils to prepare a Strategic Resource Plan and include this in the Council Plan.

1.1 Plan development

The Act requires a Strategic Resource Plan to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared an SRP for the four years 2016/17 to 2019/20 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the SRP, is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the SRP, are:

- to maintain existing service levels;
- to maintain consistency in future rises of rates and charges;
- to maintain an annual budget surplus;
- to achieve an underlying cash budget surplus of not less than \$250,000 per annum, before including carry forward;
- to maintain a responsible and sustainable asset management program.

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Act:

- Prudently manage financial risks relating to debt, assets and liabilities
- Provide reasonable stability in the level of rate burden
- Consider the financial effects of Council decisions on future generations
- Provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

1.2 Financial resources

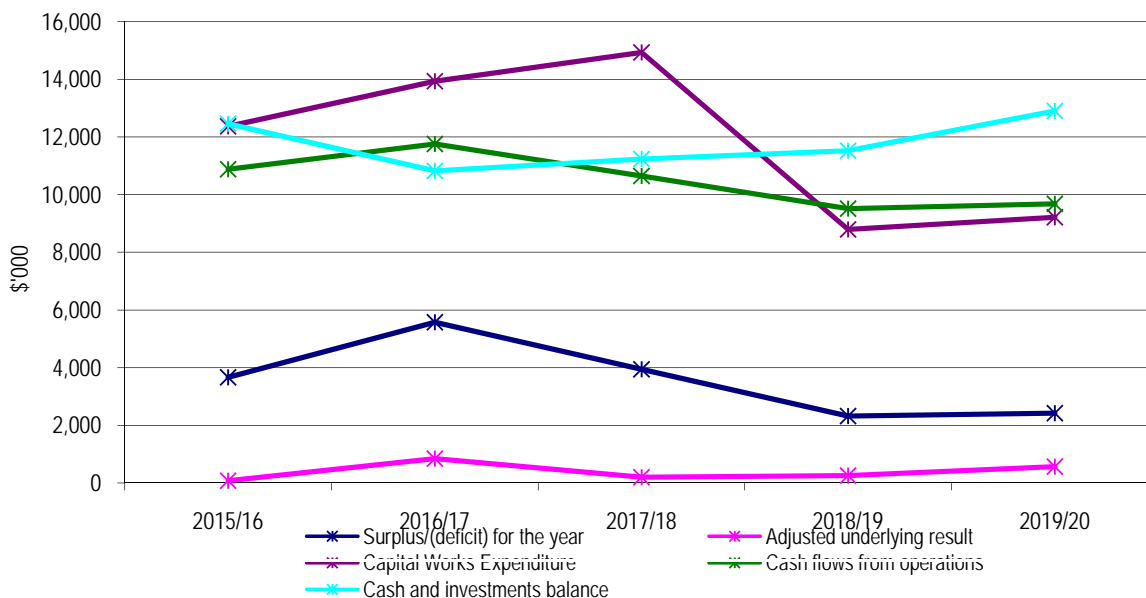
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual 2015/16 \$'000	2016/17 \$'000	Projections 2017/18 2018/19 2019/20 \$'000 \$'000 \$'000			+/-
Surplus/(deficit) for the year	3,665	5,578	3,945	2,327	2,424	-
Adjusted underlying result	84	850	202	262	567	o
Cash and investments balance	12,457	10,826	11,237	11,524	12,902	+
Cash flows from operations	10,877	11,760	10,650	9,513	9,676	-
Capital works expenditure	12,372	13,936	14,937	8,798	9,219	o

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

The following graph shows the general financial indicators over the four year period.



The key outcomes of the Plan are as follows:

- **Financial sustainability** - Cash and investments is forecast to increase marginally over the four year period from \$12.46 million to \$12.90 million, which indicates a balanced budget on a cash basis in each year
- **Rating levels** – Modest rate increases are forecast over the four years at an average of 2.5% in line with State Government rate capping.
- **Service delivery strategy** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are forecast to trend downward over the four years. This is reflective of the downward trend of capital grants in each of these years. However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a small surplus in each year of the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- **Borrowing strategy** – Borrowings are forecast to increase from \$2.69 million to \$4.58 million over the four year period. This includes new borrowings of \$3.13 million in 2017/18.
- **Infrastructure strategy** - Capital expenditure over the four year period will total \$46.89 million at an average of \$11.72 million. Excluding construction of the two community hubs and the bioenergy facility, the average is \$8.48 million.

2. Financial Statements

This section presents information in regard to the Financial Statements.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

- 2.1 Comprehensive Income Statement
- 2.2 Balance Sheet
- 2.3 Statement of Changes in Equity
- 2.4 Statement of Cash Flows
- 2.5 Statement of Capital Works
- 2.6 Statement of Human Resources

2.1 Comprehensive Income Statement

For the four years ending 30 June 2020

	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Income				
Rates and charges	18,464	19,048	19,719	20,414
Statutory fees and fines	554	568	582	597
User fees	792	811	831	852
Grants - Operating	4,753	4,167	4,237	4,308
Grants - Capital	6,562	5,850	4,172	3,964
Contributions - monetary	122	60	60	60
Contributions - non-monetary	218	0	0	0
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	426	353	62	64
Other income	1,531	1,644	1,613	1,710
Total income	33,422	32,501	31,276	31,969
Expenses				
Employee costs	11,354	11,694	12,045	12,406
Materials and services	8,949	9,075	8,913	9,065
Bad and doubtful debts	6	6	6	6
Depreciation and amortisation	6,694	6,939	7,132	7,138
Borrowing costs	145	131	128	189
Other expenses	697	711	725	740
Total expenses	27,844	28,556	28,949	29,545
Surplus/(deficit) for the year	5,578	3,945	2,327	2,424
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods:				
Net asset revaluation increment	120	368	126	386
Total comprehensive result	5,698	4,313	2,453	2,810

2.2 Balance Sheet

For the four years ending 30 June 2020

	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Assets				
Current assets				
Cash and cash equivalents	10,826	11,237	11,524	12,902
Trade and other receivables	2,088	2,082	2,076	2,070
Other financial assets	713	913	1,113	113
Inventories	17	17	17	17
Other assets	68	68	68	68
Total current assets	13,712	14,317	14,798	15,170
Non-current assets				
Property, infrastructure, plant & equipment	227,474	233,947	235,695	238,120
Intangible assets	597	503	409	315
Total non-current assets	228,072	234,451	236,104	238,436
Total assets	241,784	248,768	250,902	253,605
Liabilities				
Current liabilities				
Trade and other payables	2,207	2,207	2,207	2,207
Trust funds and deposits	1,473	1,473	1,473	1,473
Provisions	2,025	2,025	2,025	2,025
Interest-bearing loans and borrowings	437	300	90	1,460
Other Liabilities	39	39	39	39
Total current liabilities	6,182	6,045	5,835	7,205
Non-current liabilities				
Provisions	513	513	513	513
Interest-bearing loans and borrowings	1,846	4,671	4,582	3,122
Other Liabilities	109	92	74	56
Total non-current liabilities	2,468	5,275	5,168	3,690
Total liabilities	8,650	11,320	11,002	10,895
Net assets	233,134	237,448	239,900	242,710
Equity				
Accumulated surplus	146,488	150,233	152,359	154,583
Reserves	86,647	87,215	87,541	88,127
Total equity	233,134	237,448	239,900	242,710

2.3 Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017				
Balance at beginning of the financial year	227,436	140,990	84,891	1,556
Surplus/(deficit) for the year	5,578	5,578	-	-
Net asset revaluation increment/(decrease)	120	-	120	-
Transfer to other reserves	0	(715)	-	715
Transfer from other reserves	0	635	-	(635)
Balance at end of the financial year	233,134	146,488	85,011	1,636
2018				
Balance at beginning of the financial year	233,134	146,488	85,011	1,636
Surplus/(deficit) for the year	3,945	3,945	-	-
Net asset revaluation	368	-	368	-
Transfer to other reserves	0	(200)	-	200
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	237,448	150,233	85,379	1,836
2019				
Balance at beginning of the financial year	237,448	150,233	85,379	1,836
Surplus/(deficit) for the year	2,327	2,327	-	-
Net asset revaluation	126	-	126	-
Transfer to other reserves	0	(200)	-	200
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	239,900	152,359	85,505	2,036
2020				
Balance at beginning of the financial year	239,900	152,359	85,505	2,036
Surplus/(deficit) for the year	2,424	2,424	-	-
Net asset revaluation	386	-	386	-
Transfer to other reserves	0	(200)	-	200
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	242,710	154,583	85,891	2,236

2.4 Statement of Cash Flows

For the four years ending 30 June 2020

	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Rates and charges	18,464	19,048	19,719	20,414
Statutory fees and fines	554	568	582	597
User fees	792	811	831	852
Grants - operating	4,753	4,167	4,237	4,308
Grants - capital	6,562	5,850	4,172	3,964
Contributions - monetary	122	60	60	60
Interest received	305	305	310	310
Rent received	985	1,010	1,035	1,062
Other receipts	224	311	250	320
Employee costs	(11,354)	(11,694)	(12,045)	(12,406)
Materials and services	(8,949)	(9,075)	(8,913)	(9,065)
Other payments	(697)	(711)	(725)	(740)
Net cash provided by/(used in) operating activities	11,760	10,650	9,513	9,676
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(13,718)	(14,937)	(8,798)	(9,219)
Proceeds from sale of property, infrastructure, plant and equipment	1,081	2,340	200	200
Payments for investments	(200)	(200)	(200)	0
Proceeds from sale of investments	0	0	0	1,000
Net cash provided by/ (used in) investing activities	(12,837)	(12,797)	(8,798)	(8,019)
Cash flows from financing activities				
Finance costs	(145)	(131)	(128)	(189)
Proceeds from borrowings	0	3,125	0	0
Repayment of borrowings	(409)	(437)	(300)	(90)
Net cash provided by/(used in) financing activities	(554)	2,558	(428)	(279)
Net increase/(decrease) in cash & cash equivalents	(1,630)	411	287	1,378
Cash and cash equivalents at the beginning of the financial year	12,457	10,826	11,237	11,524
Cash and cash equivalents at the end of the financial year	10,826	11,237	11,524	12,902

2.5 Statement of Capital Works

For the four years ending 30 June 2020

	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Property				
Land	0	0	0	0
Land improvements	98	40	0	0
Total land	98	40	0	0
Buildings	4,298	7,455	819	701
Building improvements	1,751	1,934	1,866	1,875
Total buildings	6,049	9,389	2,685	2,576
Total property	6,147	9,429	2,685	2,576
Plant and equipment				
Plant, machinery and equipment	755	1,650	650	950
Computers and telecommunications	157	157	157	157
Library books	53	53	53	53
Total plant and equipment	965	1,860	860	1,160
Infrastructure				
Roads	3,785	2,780	3,280	3,780
Bridges	153	153	153	153
Footpaths and cycleways	295	295	295	295
Drainage	165	150	150	150
Recreational, leisure and community	695	230	835	565
Parks, open space and streetscapes	1,692	0	500	500
Other infrastructure	40	40	40	40
Total infrastructure	6,824	3,648	5,253	5,483
Total capital works expenditure	13,936	14,937	8,798	9,219
Represented by:				
New asset expenditure	4,785	4,100	896	1,391
Asset renewal expenditure	7,396	7,032	7,045	7,560
Asset upgrade/expansion expenditure	1,755	3,805	857	268
Total capital works expenditure	13,936	14,937	8,798	9,219

2.6 Statement of Human Resources

For the four years ending 30 June 2020

	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Staff expenditure				
Employee costs - operating	11,354	11,694	12,045	12,406
Employee costs - capital	595	608	622	636
Total staff expenditure	11,949	12,302	12,667	13,042
	EFT	EFT	EFT	EFT
Staff numbers				
Employees	129.78	129.78	129.78	129.78
Total staff numbers	129.78	129.78	129.78	129.78

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Department	Strategic Resource Plan Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Community Services				
- Permanent Full Time	1,409	1,451	1,495	1,539
- Permanent Part Time	1,697	1,748	1,801	1,855
Total Community Services	3,106	3,199	3,295	3,394
Corporate Services				
- Permanent Full Time	1,381	1,422	1,465	1,509
- Permanent Part Time	614	632	651	671
Total Corporate Services	1,995	2,054	2,116	2,179
Executive Services				
- Permanent Full Time	965	994	1,023	1,054
- Permanent Part Time	447	461	475	489
Total Executive Services	1,412	1,454	1,498	1,543
Infrastructure				
- Permanent Full Time	3,602	3,710	3,821	3,935
- Permanent Part Time	218	224	231	238
Total Infrastructure	3,819	3,934	4,052	4,173
Casuals and other	1,022	1,052	1,084	1,116
Capitalised labour costs	595	608	622	636
Total staff expenditure	11,949	12,302	12,667	13,042

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Strategic Resource Plan Projections			
	2016/17 FTE	2017/18 FTE	2018/19 FTE	2019/20 FTE
Community Services				
- Permanent Full Time	15.0	15.0	15.0	15.0
- Permanent Part Time	22.8	22.8	22.8	22.8
Total Community Services	37.8	37.8	37.8	37.8
Corporate Services				
- Permanent Full Time	15.0	15.0	15.0	15.0
- Permanent Part Time	7.7	7.7	7.7	7.7
Total Corporate Services	22.7	22.7	22.7	22.7
Executive Services				
- Permanent Full Time	9.0	9.0	9.0	9.0
- Permanent Part Time	5.4	5.4	5.4	5.4
Total Executive Services	14.4	14.4	14.4	14.4
Infrastructure				
- Permanent Full Time	45.0	45.0	45.0	45.0
- Permanent Part Time	2.8	2.8	2.8	2.8
Total Infrastructure	47.8	47.8	47.8	47.8
Total	122.64	122.64	122.64	122.64
Casuals and other	0.75	0.75	0.75	0.75
Capitalised labour costs	6.39	6.39	6.39	6.39
Total staff numbers	129.78	129.78	129.78	129.78