APPENDIX A

DAREBIN CITY COUNCIL
Strategic Resource Plan
2008-2012

City of DAREBIN

Executive summary

The Local Government Act 1989 (the Act) requires Council to prepare a Strategic Resource Plan (SRP) which includes both the financial and non-financial resources required to achieve the strategic objectives included in the Council Plan The City of Darebin has prepared its SRP 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

With this framework in mind, in June 2005 Council developed and adopted a SRP for 2005-2009 in conjunction with the preparation of the Council Plan, covering the period of the existing Council's elected term In accordance with the Act, the SRP is reviewed and updated each year and now covers the four year period, 2008-2012

The overall objective which underlines the development of the SRP is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan The key financial objectives which underpin the SRP over the next four years are

- Maintain service levels
- Achieve a sustainable operating surplus
- Achieve a capital works program which meets the asset renewal needs of the City
- Achieve a balanced budget on a cash basis, after allowing for an increase in cash to fund future increases in employee leave liabilities

While these objectives have been applied to the development of the SRP as a whole, it must be noted that the last three years of the SRP extends beyond the existing Council's elected term which ceases in November 2008 Future strategic objectives and associated financial resources will therefore be subject to the direction of the next Darebin Council

The SRP has been developed through a rigorous process and is based on a range of key operating and balance sheet assumptions Any significant adverse change in the key assumptions could result in the non-achievement of some or all of the financial objectives and accordingly the financial outcomes must be considered in light of these assumptions

The key outcomes have been linked directly to the financial objectives which underpin the SRP as follows

- Services levels have been maintained throughout the four year period
- Sustainable operating surpluses are achieved based on a rate increase of 6% in 2008/09 and assumed increases for planning purposes of 5% in the later years The rate increases in the later years will ultimately be the decision of the new Council elected in November 2008
- Capital works over the four year period totals $99 89 million at an average of $24 97 million per annum exceeding the depreciation charge thereby providing sufficient funding for asset renewal
- Cash and investments are forecast to grow to $16 84 million in 2011/12 to cover anticipated growth over the four year period to match increased employee leave liabilities

The SRP will be reviewed and updated in conjunction with the preparation of the City of Darebin 2009-2013 Council Plan

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City of DAREBIN

1. Background

The Local Government Act 1989 (the Act) requires Council to prepare a Strategic Resource Plan (SRP) which includes both the financial and non-financial resources required to achieve the strategic objectives included in the Council Plan The SRP must be prepared for at least four financial years and be reviewed during the preparation of the Council Plan and adopted no later than 30 June each year

The City of Darebin has prepared its SRP for the four years 2008/09 to 2011/12 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

With the current Darebin Council elected until November 2008, the last three years of the SRP runs beyond the term of the current Council Existing Council strategies have been applied in developing the new SRP, although the future strategic objectives and associated financial resources will ultimately be the decision of the next Darebin Council

2. Objectives

The overall objective which underlines the development of the SRP is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan The key financial objectives which underpin the SRP over the next four years are

- Maintain service levels
- Achieve a sustainable operating surplus
- Achieve a capital works program which meets the asset renewal needs of the City
- Achieve a balanced budget on a cash basis, after allowing for an increase in cash to fund future increases in employee leave liabilities

In preparing the SRP, the 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

3. Development of plan

This SRP has been developed through a rigorous process and is based on the following key information

- Audited financial statements as at 30 June 2007
- Proposed 2008/09 Annual Budget
- Assumptions provided by Council service unit managers about changes in future income and expenditure associated with meeting current levels of service
- Assumptions provided by the Financial Services branch regarding future changes in assets, liabilities and equity
- Information provided by the Executive Management Team

The financial projections included in the SRP have been developed using a 'Three-Way' Budget methodology This methodology is a computer based spreadsheet model, which enables the linking of the Income Statement, Cash Flow Statement and Balance Sheet

4. Assessment of council's current financial position

Indicator	Adopted Budget 2007/08 $'000	Forecast Actual 2007/08 $'000	Variance $'000
Net surplus/(deficit)	2 569	2,931	362
Cash and investments	11,612	19 456	7 844
Working capital	(3,486)	4 054	7 540
Working capital (underlying)	1,522	9 053	7 531
Capital works	28 272	23 626	(4 646)
Borrowings outstanding	4 485	4,485	0

Council is expecting to achieve a net surplus of $2 93 million, compared with an original budgeted net surplus of $2 57 million The better than budgeted result is due mainly to grants being received in the 2007/08 year which will be spent in the 2008/09 year, higher developer contributions and additional supplementary rates These positive variances have been offset partly by the delayed receipt of capital income until 2008/09, reduced income from road reinstatements and increased major maintenance

Council will be in a strong financial position at the end of the 2007/08 year with cash and investments of $19 46 million compared with an original budget of $11 61 million The better than expected cash position is due mainly to $4 46 million of net expenditure on capital works which will be incomplete at the end of the 2007/08 year and will be carried forward for completion in 2008/09 and those items mentioned above in relation to the better than expected net result A total of $23 63 million is forecast to be expended on capital works in the 2007/08 financial year

Underlying working capital is expected to be $9 05 million compared to the original budget of $1 52 million The underlying working capital represents the difference between the current assets and current liabilities shown on Council's balance sheet Current liabilities have been adjusted to include the amount of long service leave payments expected to be made in the following 12 month period rather than all long service leave to which staff are presently entitled The better than budgeted result is due to the higher than expected cash and investments balance

Key issues arising from the 2007/08 year which are expected to impact on the 2008/09 and future years are as follows

- Operating grants received in the 2007/08 year which will be expended in the 2008/09 year – Operating budget impact $0 53 million increase in expenditure
- The budgeted capital works program for the 2007/08 year will not be fully completed and $4 60 million of capital works projects will need to be carried forward and completed in the 2008/09 year Capital grants and contributions of $0 13 million will also be received in 2008/09 relating to those projects – Operating budget impact $0 44 million increase in expenditure and $0 13 million increase in revenue
- Total cash and investments is forecast to be $7 84 million higher than budgeted and will be partly used to fund incomplete capital works to be carried forward into the 2008/09 year and expenditure associated with grants received in the 2007/08 year in advance

5. Key assumptions

5 1 General operating assumptions

The revenue and expenditure assumptions underlying the SRP include a range of assumptions both of a general and specific nature The general operating assumptions affect all revenue and expenditure are set out in the following table

	2008/09 %	2009/10 %	2010/11 %	2011/12 %
Rate increases	**6 0**	5 0	5 0	5 0
Consumer price index	**3 0**	2 5	2 5	2 5
Wages growth	**4 0**	4 0	4 0	4 0
Government funding	**2 0**	2 0	2 0	2 0
Statutory fees	**2 0**	2 0	2 0	2 0
Investment return	**6 0**	6 0	6 0	6 0

Rates

As a minimum the annual rate increase needs to meet the average increase in the Council's cost base as a result of wage, CPI and other known changes The average increase in the cost base over the four year period is approximately 5% per annum Rates and charges have been set at the average cost base increase of 5% plus 1% in 2008/09 in order to fund additional capital renewal works Rates in the remaining three years have been set at 5%, although the actual rate increase will be the decision of the new Council elected in November 2008

Consumer price index (cpi)

The annual inflation rate advised by the Australian Bureau of Statistics for the March 2008 quarter for Melbourne was 4 4% The Victorian State Government Budget Papers for 2008/09 estimate CPI as 3 0% p a in 2008/09, 2 75% in 2009/10 and 2 5% for the remaining two years of the outlook period For the purposes of developing the SRP, CPI has been set at 3 0% p a for the 2008/09 year and 2 5% for all remaining years and applied to all revenue and expense types with the exception of those specifically identified in the above table

Wages growth

The Darebin Collective Agreement no 1 has been finalised and applies to wage rate changes from 1 July 2007 The SRP is based on the Collective Agreement outcome of a 4 0% increase per annum until 30 June 2010 The Victorian State Government Budget Papers 2008/09 estimate the wage price index as 3 75% for 2008/09 to 2010/11 and 2 5% for 2011/12

Government funding

Council receives approximately $14 00 million annually in operating grants and subsidies from State and Federal sources for the purposes of funding the delivery of services to ratepayers This includes $4 33 million for the 2008/09 year in Grants Commission funding Future increases in operating grants and subsidies excluding Grants Commission funding have been set at CPI minus 1 0% in the 2008/09 year and CPI minus 0 5% in the remaining three years Future Grants Commission funding is forecast to decline in 2009/10 to around $3 96 million and then remain steady for the remaining years

Statutory fees

The City raises approximately $4 00 million in fees and fines which are imposed in line with various legislation governing local government activities such as animal registrations and parking fines Future increases in statutory fees have been set at CPI minus 1 0% in the 2008/09 year and CPI minus 0 5% in the remaining three years

Investment return

The official cash rate is now 7 25%, following four increases of 0 25% by the Reserve Bank since August 2007 In the most recent Statement on Monetary Policy in April 2008, the Reserve Bank Governor noted that 'the overall tightening in financial conditions since the middle of 2007 had been substantial In the short term, inflation is likely to remain relatively high, and both the CPI and underlying measures will probably rise further in year-ended terms in the March quarter However, inflation should decline over time, provided demand slows as expected'

The Governor stated that the Board's judgment was that 'the current monetary policy setting is appropriate for the time being' and that 'the Board will continue to evaluate prospects for economic activity and inflation in the light of new information'

The tightening credit conditions have seen the cost of funds increase significantly over the 2007/08 financial year, which has pushed up investment returns on short to medium term deposits The expected earning rate of Council's investments has been set at 6 0% in each of the four years

5 2 Specific operating assumptions

In developing the assumptions underlying the SRP all Service Unit Managers were consulted about future trends including any significant issues that may affect the net cost to Council of delivering services in the future Where changes in the level of revenues and expenses in a service area differ significantly from the general assumptions, these have been reflected in the SRP over the four year period The following table summarises the increase in net costs over the four year period on a departmental basis

	2009/10 %	2010/11 %	2011/12 %	Total %
Community Asset & Leisure	2 5	3 2	3 1	9 0
City Services	4 8	5 7	4 6	15 9
Communities & Culture	2 2	4 9	4 8	12 3
Corporate Services	2 1	3 3	3 9	9 6
Environment & Amenity	(1 7)	5 1	5 1	8 4
City Development	3 3	2 0	3 8	9 4
Total Departments	**2 8**	**4 4**	**4 3**	**11 9**

The following is a summary of the most significant specific operating assumptions within each department

Community assets & leisure

Facilities Maintenance

Increases in building maintenance, cleaning and security services have been included in the SRP as expenditure on new and upgraded Council facilities is completed This is expected to add $0 32 million per annum over the four year period

City services

Road Reinstatements

Council carries out road reinstatements on behalf of a number of utility providers which carry out construction works on roads and footpaths Advice has been received from a major utility that it will commence using its own contractors from the 2008/09 year onwards This will result in a reduction of net income of $0 15 million over the four year period

Collection Services

Future rises in tipping charges and growth in the number of tenements is expected to result in an increase of $0 88 million in the net operating costs of this service over the four year period

Fleet Management

Higher world oil prices have resulted in significant increases in fuel costs in recent years, with total fuel costs in 2007/08 expected to be $1 15 million The SRP assumes that fuel prices in 2008/09 will continue to increase and an allowance of $0 10 million has been made over the 2007/08 level

CPI growth has been allowed for the remainder of the four year period Further significant changes in world oil prices may require these assumptions to be revised

Community & culture

Home Support Services

Demand for aged and disability services such as general home care, personal care and respite care is predicted to increase significantly in the future due to the effects of the ageing community in Darebin The current funding policy requires that Council's contribution not exceed 46% of the total cost of operating all aged and disability services The Council contribution included in the SRP is forecast to increase from 38% to 40% or $0 83 million over the four year period

Maternal & Child Health Services

An increase in the birth rate within the City of Darebin above previous forecasts and changes in the pay structure for qualified nurses is expected to result in an increase of $0 25 million in the net operating costs of this service over the four year period

Best Start Program

The Best Start Program will conclude in the 2010/11 year resulting in a decrease in Council's contribution to this program of $0 19 million

Corporate services

Financial Services

Council is required to revalue all properties within the municipality every two years The last general revaluation was carried out as at 1 January 2008 effective for the 2008/09 year This will increase the net cost of this service by $0 08 million in the 2009/10 year and $0 12 million in the 2011/12 year to meet the additional cost of resources to complete the revaluation process

Information Services

Council is implementing a number of IT systems in 2008/09 including a new customer service system and asset management system These new systems along with predicted price increases in current core system licenses the annual license cost of maintaining Council's IT systems is expected to increase by $0 27 million over the four year period

General Election

Council elections were last held in November 2004 and are required to be held every four years An allowance of $0 40 million has been made in the 2008/09 year to cover the cost of elections in November 2008 This is expected to be offset by fines of $0 10 million in the same year from residents who fail to vote

5 3 Other operating assumptions

A number of other operating assumptions have been made in the SRP in relation to revenues and expenses which cannot be directly attributed to service provision The following is a summary of the most significant other assumptions included in the SRP

	2008/09 $'000	2009/10 $'000	2010/11 $'000	2011/12 $'000
Supplementary rates	**500**	450	400	400
Developer contributions	**1,750**	1 750	1,750	1,750
Grants Commission	**4,326**	3,960	3 960	3 960
Capital grants & contributions	**3,703**	2 000	2 100	2 100
Asset sales	**1,093**	750	750	750
Insurance costs	**1,576**	1 634	1,694	1 756
Workcover premium	**1,612**	1,676	1 744	1,813
Major maintenance	**3,639**	2,319	2 341	2 356

Supplementary rates
The municipality is expected to continue growing over the four year period based on current trends in property development including the effects of the Springthorpe and Lancaster Gate developments and other major known developments This is forecast to contribute an additional $0 50 million in rate revenue in the 2008/09 year, reducing over the outlook period to $0 40 million in 2011/12 This growth will increase the City's rate base over the four year period

Developer contributions
Contributions are levied on developers for the purpose of defraying the future costs associated with the creation and maintenance of open space and the cost of infrastructure needs Based on the level of property development activity within the municipality, the level of contributions is expected to be $1 75 million per annum across the planning period

Grants commission allocation
Council's Grants Commission allocation has been decreasing by around $0 30 million per annum due mainly to recent significant increases in Council's municipal property values relative to other Victorian Councils Council's allocation has been set based on the Grants Commission's current transitional arrangements which limit the annual decreases using a capping arrangement, with the base level expected to be reached in 2009/10

Capital grants and contributions
Council's receives government funding as well as private contributions to capital works projects An allowance of $2 00 million with a $0 10 million escalation every four years has been included in the projections as this represents the normal level of grants and contributions received by the City The 2008/09 year amount of $3 70 million includes known and expected external funding of capital projects as well as $0 13 million of capital revenue carried forward from the 2007/08 year

Sale of assets
Council has in the past disposed of surplus assets to fund its capital needs as well as replace its existing light and heavy vehicle fleet in accordance with its plant replacement program An amount of $1 09 million has been forecast in 2008/09 for the expected proceeds arising from Council's plant replacement program, reducing to $0 75 million per annum in later years

Insurance
The significant rise in insurance premiums seen in recent years appears to have eased and recent advice from Council's insurers indicates that the insurance market is now relatively stable Future insurance increases have been estimated at CPI plus 1%

Workcover premium
Significant effort is being put into operational measures to reduce occupational health and safety risk and in turn reduce Council's WorkCover premium costs Council's premium is based on actual experience for the preceding three years and it is expected that Council's good performance over this period will see the premium stabilise at current levels Future forecasts have assumed an increase in premium costs consistent with the expected increase in salaries

Major maintenance
Included in the annual capital works program are a number of projects which are considered to be maintenance rather than capital expenditure for accounting purposes These include tree planting, road patching and feasibility studies An allowance of $2 30 million per annum has been made in later years for projects in the capital works program considered to be of an operating nature, although in practice this will vary each year depending on the composition of the capital works program The 2008/09 year estimate of $3 64 million includes $0 44 million of major maintenance carried forward from the 2007/08 year

Abnormal items

There are two abnormal items which have not been considered in the SRP as their effect cannot be reliably measured

Firstly, every three years Council revalues its property and infrastructure assets to ensure they continue to be valued at fair value Changes arising from asset valuations have in the past resulted in a consequent impact on the level of depreciation relating to those assets The next such revaluation is due in June 2009 and while the impact on depreciation cannot be reliably measured at this time, it could impact negatively on Council's operating result

Secondly, from time to time Council receives contributed assets from developers at no cost which are recognised as revenue in the Income Statement This normally occurs following the completion of a property development, where the developer agrees to construct the required infrastructure including roads, footpaths and drains and then at the conclusion of the development, hands these assets over to Council It is expected that Council will receive contributed assets during the four year period as the Springthorpe and Lancaster Gate developments are completed While the value of assets cannot be reliably measured at this time, they could be in the order of $2 00 million to $3 00 million and may have a significant impact on future operating results

5 4 Balance sheet assumptions

In addition to the operating assumptions there are a number of balance sheet assumptions made in the SRP which affect future levels of assets, liability and equity The following is a summary of the most significant balance sheet assumptions included in the SRP

	2008/09 $'000	2009/10 $'000	2010/11 $'000	2011/12 $'000
Cash and investments	14,698	14 928	15 458	16 846
Rate arrears	2,550	2,650	2 750	2 850
Payables	9,824	9 824	9 824	9,824
Borrowings (outstanding)	3,892	3 285	2,663	2 026
Employee entitlements	13,142	13,532	13 922	14 312
Statutory reserves	3,305	2,755	2 205	2 205

Cash and investments

Cash and investments are forecast to increase from $14 70 million to $16 85 million over the four period The increase reflects higher cash holdings to match against growing employee leave liabilities, offset partly by a planned draw-down on reserves in 2009/10 and 2010/11

Rate arrears

The level of rate arrears has been set at 3 5% of the total rates and charges raised in 2008/09, reducing to 3 3% by 2010/11

Payables

Payables have been set at the expected underlying 2007/08 levels across the four years of the plan The actual level is influenced by the timing of capital works expenditure

Borrowings

Council is expected to end the 2007/08 year with borrowings of $4 49 million with no new borrowings planned for the projection period

Further opportunities that may arise during the four year period for investment in iconic assets where there is a sound business case and an ability to meet the loan repayments will be considered on a case-by-case basis Where further opportunities do arise, all alternative funding sources such as grants and contributions will be explored as part of the overall funding package

Employee entitlements

Employee entitlements have been increased by the indexation impact of future Collective Agreement increases, offset partly across the period by a reduction in leave days outstanding

Reserves

The level of statutory reserves is expected to decrease in 2009/10 to 20010/11 as Council expends funding received for the Lancaster Gate Community Centre Apart from this change, the level of reserves is expected to be maintained as transfers to reserves are assumed to be expended in the same year

City of DAREBIN

6. Outcomes

6 1 Financial outcomes

The following table summarises the key financial outcomes of the SRP for the years 2007/08 to 2010/11 Appendix A "Financial Resources" includes a more detailed analysis of the financial resources to be used over the four year period

Indicator	Budget 2008/09 $'000	Budget 2009/10 $'000	Budget 2010/11 $'000	Budget 2011/12 $'000
Net surplus/(deficit)	**845**	3 551	4 712	5,945
Underlying surplus/(deficit)	**(1,092)**	1,551	2 614	3,848
Cash and investments	**14,698**	14 928	15 458	16 846
Cash from operations	**16,866**	19 275	20 978	22 860
Working capital	**(1,058)**	(1,077)	(794)	341
Working capital (underlying)	**3,942**	3,923	4 206	5 341
Capital works	**26,460**	23 102	24,635	25 694
Capital works (renewal)[1]	**11,265**	11,400	11 473	12 147
Depreciation	**16,588**	17 229	17,888	18 562
Borrowings (outstanding)	**3,892**	3 285	2 663	2 026

1 Excludes carried forward capital works

The overall objective which underlines the development of the SRP is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan The key financial objectives which underpin the SRP over the next four years, are

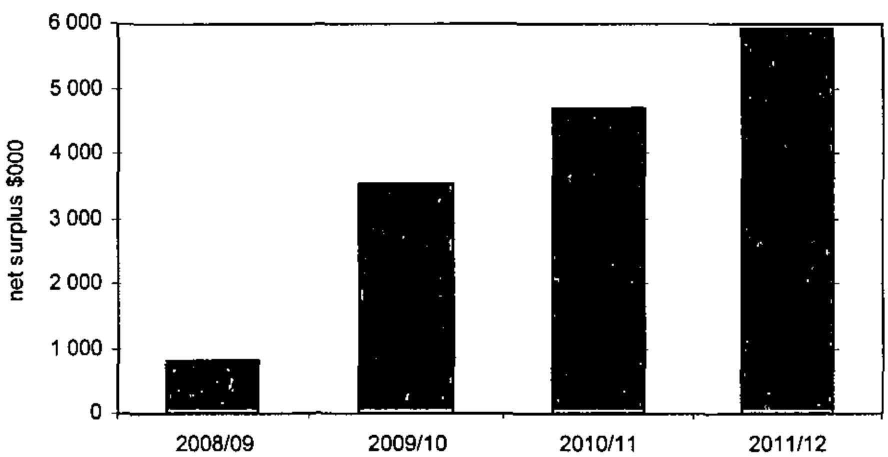
- Maintain service levels
- Achieve a sustainable operating surplus
- Achieve a capital works program which meets the asset renewal needs of the City
- Achieve a balanced budget on a cash basis

The achievement of each of these objectives by the SRP is considered below

Maintenance of service levels

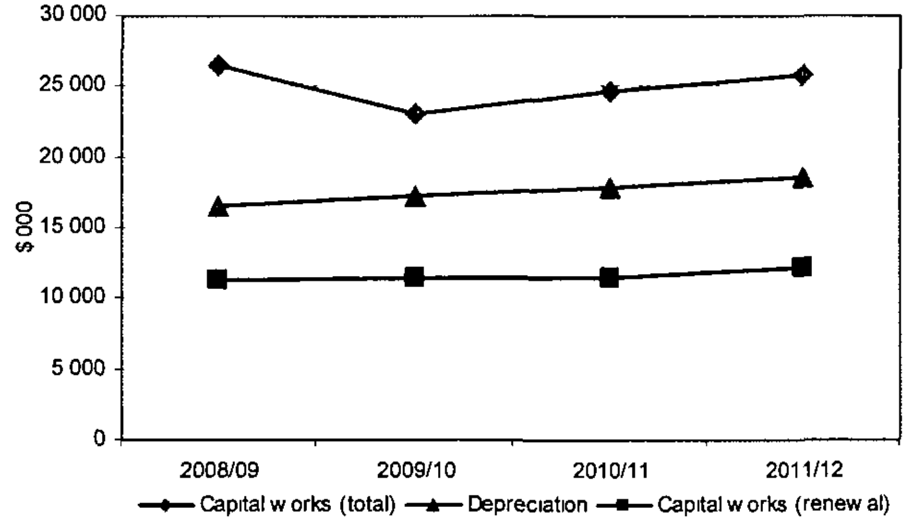
Services levels have been maintained throughout the four year period

Sustainable operating surpluses



Sustainable operating surpluses are achieved in each year of the SRP, although adverse changes in depreciation or other key assumptions may impact on the achievement of these results

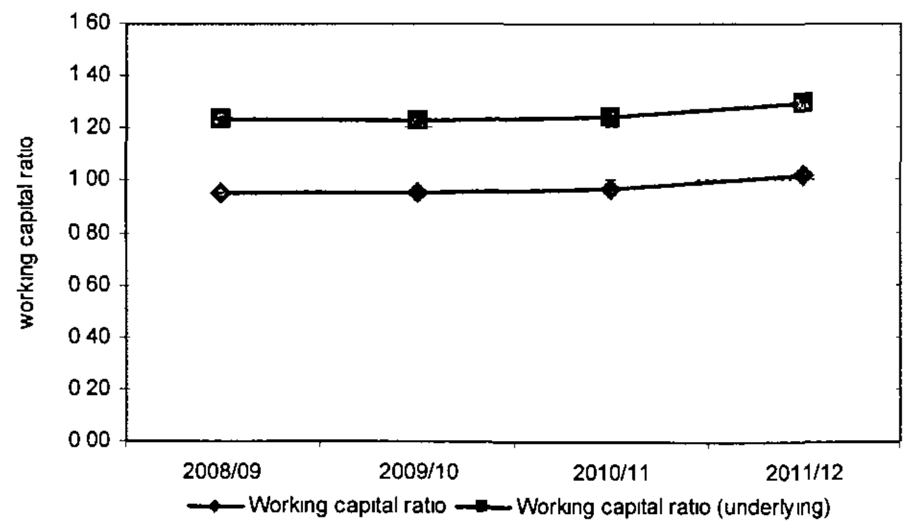
Meeting the asset renewal needs of the city



Capital works over the four year period totals $99 89 million at an average of $24 97 million per annum The graph below sets out asset depreciation, which provides some indication of the required spending on the renewal of assets, together with the forecast capital works and the renewal expenditure over the life of the current SRP

Council has demands for capital expenditure for both new assets and renewal of existing assets The above graph indicates that the projected level of capital works exceeds depreciation in each of the four years, which meets this key financial objective of the SRP In terms of expenditure specifically on renewal works, the future amounts allocated are increasing each year but remain below depreciation with renewal expenditure compared with depreciation expected to decrease from 68% in 2008/09 to 65% in 2011/12 The difference between the level of renewal expenditure and depreciation represents the asset renewal gap and contributes to the level of backlog This decline is being addressed in future strategies including the use of asset management plans to identify an improved measure of required renewal spending to replace the relatively simple measure of depreciation

Balanced budgets on a cash basis



Cash and investments are forecast to increase from $14 69 million in 2008/09 to $16 85 million by 2011/12 The increase reflects higher cash holdings to fund the expected future increases in employee leave liabilities, offset partly by a planned draw-down on reserves in 2009/10 and 2010/11

Council's' underlying working capital position is greater than 1 2 in each year of the SRP Underlying working capital represents the difference between the current assets and current liabilities shown on Council's balance sheet have been adjusted to reflect the amount of long service leave payments expected to be made in the following 12 month period rather than long service leave to which staff are presently entitled The normal measure of working capital reaches 1 0 in the 2011/12 year

Based on the assumptions as set out in Section 5 "Key Assumptions", all of the financial objectives which underpin the SRP have been achieved over the four year period However, it must be noted that **any significant adverse change in the key assumptions, could result in the non-achievement of some or all of the financial objectives and accordingly the financial outcomes must be considered in light of these assumptions**

6 2 Non-financial outcomes

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources The following table summaries the non-financial resources for the next four years Appendix B "Non-financial Resources" includes a more detailed analysis of the human resources to be used over the four year period

Indicator	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12
Employee costs ($ 000)	54,628	56,675	58 881	61,358
Employee numbers (EFTs)	731	731	731	731

On the basis of no change to service levels, the level of human resources as measured in Equivalent Full Time (EFT) personnel has been assumed to remain constant over the four year period with employee costs increasing in line with wage indexation assumptions Issues which may impact on Council's ability to maintain its current resource level are labor market constraints in highly specialised areas such as traffic engineering and areas where demand is high such as urban planning Council also has an ageing workforce, particularly in areas with high levels of manual labor which may also impact on its ability to maintain adequate service levels in these areas

6 3 Key financial indicators

The following table highlights Council's projected performance across a range of key financial indicators

Indicator	Budget 2008/09	Strategic Resource Plan Projections 2009/10	2010/11	2011/12	Trend +/o/-
Financial performance					
Underlying result/Underlying revenue	**(1 0%)**	1 4%	2 2%	3 2%	+
Operating expenses/Assessment	**$1,789**	$1 792	$1,844	$1 896	+
Rate revenue/Underlying revenue	**68 1%**	69 3%	70 1%	70 9%	+
Rate revenue/Assessment	**$1,193**	$1 253	$1,316	$1 382	+
Debt servicing/Total revenue	**0 3%**	0 2%	0 2%	0 1%	-
Grants/Total revenue	**15 1%**	14 0%	13 6%	13 1%	-
Fees & charges/Total revenue	**12 4%**	12 0%	11 8%	11 6%	-
Financial position					
Indebtedness/Rate revenue	**5 2%**	4 2%	3 2%	2 3%	-
Underlying result/Total assets	**(0 1%)**	0 2%	0 3%	0 5%	+
Current assets/Current liabilities[1]	**123 5%**	122 8%	123 9%	129 7%	+
Total liabilities/Assessment	**$439**	$432	$425	$419	-
Capital expenditure					
Capital works[2]					
- Asset renewal	**$11,265**	$11 400	$11 473	$12,147	+
- New assets	**$7,406**	$9 383	$10 821	$11,191	o
Cash op act /Net capital outlays	**81 8%**	105 5%	106 4%	109 9%	+
Capital works/Rate revenue	**15 5%**	14 8%	14 1%	14 1%	o
Capital renewals/Total depreciation	**67 9%**	66 2%	64 1%	65 4%	-

1 Current liabilities has been adjusted to exclude leave entitlements not expected to be paid within the next 12 months
2 Excludes carried forward capital works

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 declining trends shown in the above KPIs are described below in terms of the financial outcomes in the long term

- **Debt servicing/Total revenue** - Trend indicates that the interest expense Council is incurring on its interest bearing liabilities is declining as debt is repaid
- **Grants/Total revenue** – Provides an indication of the percentage of total revenue that is comprised of grant income Trend indicates that grant revenue is not expected to keep pace with growth in total revenue, reflected in more reliance on rate revenue
- **Fees & charges/Total revenue** – Trend indicates that fees and charges revenue is not keeping pace with growth in total revenue and therefore greater reliance on rates
- **Indebtedness/Rate revenue** – Trend indicates Council's relatively small and reducing reliance on debt across the four years of the SRP
- **Total liabilities/Assessment** – Trend indicates that total liabilities are falling on a per assessment basis mainly due to the repayment of debt
- **Capital renewals/Total depreciation** – Trend indicates that Council's assets are deteriorating faster than they are being renewed and the gap is not being reduced over the four years of the SRP despite additional funds being allocated to capital renewal expenditure The 2008/09 result is higher due to the impact of renewal works carried forward from the 2007/08 year

APPENDIX A
Financial resources

City of DAREBIN

CITY OF DAREBIN
Budgeted Standard Income Statement
For the four years ending 30 June 2012

	Budget 2008/09 $'000	Budget 2009/10 $'000	Budget 2010/11 $ 000	Budget 2011/12 $'000
Revenues from ordinary activities				
Rates and charges	**74,132**	78 476	82 901	87 590
User fees	**9,544**	9 679	9 924	10 231
Statutory fees and fines	**4,016**	3 997	4 056	4,137
Contributions	**1,750**	1,750	1,750	1 750
Operating grants and contributions	**14,091**	13 927	14 059	14 164
Capital grants and contributions	**2,467**	2 000	2 100	2,100
Other	**3,644**	3,705	3 793	3 881
Total revenues	**109,644**	113,534	118,583	123 853
Expenses from ordinary activities				
Employee benefits	**54,628**	56,675	58,881	61,358
Materials and services	**29,119**	28 127	29 085	29 934
Bad and doubtful debts	**660**	660	660	660
Finance costs	**285**	245	205	163
Depreciation and amortisation	**16,588**	17,229	17,888	18,562
Other	**8,138**	7,606	7 711	7 790
Total expenses	**109,418**	110,542	114 430	118 467
Net gain on disposal of property, infrastructure plant and equipment	**619**	559	559	559
Surplus for the year	**845**	3 551	4 712	5 945

CITY OF DAREBIN
Budgeted Standard Balance Sheet
For the four years ending 30 June 2012

	Budget 2009 $'000	Budget 2010 $'000	Budget 2011 $ 000	Budget 2012 $ 000
Current assets				
Cash and cash equivalents	**14,698**	14,928	15,458	16 846
Trade and other receivables	**6,011**	6 167	6,323	6 479
Other financial assets	**29**	29	29	29
Total current assets	**20,738**	21 124	21 812	23 355
Non-current assets				
Trade and other receivables	**478**	397	310	216
Property infrastructure plant & equipment	**787,513**	790 542	794 423	798 674
Investment property	**2,993**	2 993	2,993	2,993
Intangibles	**590**	590	590	590
Other financial assets	**206**	206	206	206
Total non-current assets	**791,780**	794 728	798 522	802 679
Total assets	**812,518**	815,852	820,332	826 033
Current liabilities				
Trade and other payables	**9,824**	9 824	9 824	9 824
Interest-bearing loans and borrowings	**607**	622	637	654
Provisions	**11,365**	11,755	12,145	12,535
Total current liabilities	**21,796**	22,201	22,606	23,013
Non-current liabilities				
Interest-bearing loans and borrowings	**3,285**	2 663	2 026	1 372
Provisions	**1,777**	1 777	1 777	1 777
Total non-current liabilities	**5,062**	4 440	3 803	3 149
Total liabilities	**26,858**	26 641	26 409	26 162
Net assets	**785,660**	789,211	793,923	799 871
Equity				
Accumulated surplus	**435,323**	439 424	444 686	450 634
Asset revaluation reserve	**347,032**	347 032	347 032	347 032
Other reserves	**3,305**	2 755	2 205	2 205
Total equity	**785,660**	789 211	793 923	799 871

CITY OF DAREBIN
Budgeted Standard Cash Flow Statement
For the four years ending 30 June 2012

	Budget 2008/09 $'000 Inflows (Outflows)	Budget 2009/10 $ 000 Inflows (Outflows)	Budget 2010/11 $ 000 Inflows (Outflows)	Budget 2011/12 $ 000 Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers	**91,802**	96 506	101,318	106 450
Payments to suppliers	**(92,056)**	(92 678)	(95 945)	(99,349)
	(254)	3 828	5,373	7,101
Interest received	**1,141**	951	955	989
Government receipts	**16,558**	15,927	16 159	16 264
Net cash inflow from operating activities	**17,445**	20,706	22,487	24 354
Cash flows from investing activities				
Proceeds from sale of property plant & equipment	**1,427**	1,084	1 084	1 084
Repayment of loans and advances	**70**	76	81	87
Payments for property, infrastructure, plant & equipment	**(22,822)**	(20 783)	(22 294)	(23 338)
Net cash outflow from investing activities	**(21,325)**	(19 623)	(21,129)	(22 167)
Cash flows from financing activities				
Finance costs	**(285)**	(245)	(205)	(163)
Repayment of borrowings	**(593)**	(607)	(622)	(637)
Net cash inflow/(outflow) from financing activities	**(878)**	(852)	(827)	(800)
Net (decrease)/increase in cash & cash equivalents	**(4,758)**	231	531	1 387
Cash & cash equivalents at the beg of year	**19,456**	14 697	14,927	15,459
Cash & cash equivalents at end of year	**14,698**	14 928	15 458	16 846

City of DAREBIN

CITY OF DAREBIN

Budgeted Standard Capital Works Statement

For the four years ending 30 June 2012

	Budget 2008/09 $'000	Budget 2009/10 $ 000	Budget 2010/11 $ 000	Budget 2011/12 $ 000
Capital works areas				
Roads	**8,121**	7 746	8 277	8,641
Drains	**719**	500	500	500
Open space	**3,037**	2 795	2 983	3 114
Buildings	**6,790**	6 207	6 626	6 916
Plant, equipment & other	**7,236**	5,535	5 908	6,167
Feasibility studies	**557**	319	341	356
Total capital works	**26,460**	23 102	24 635	25 694
Represented by				
Capital expenditure	**22,822**	20 783	22 294	23 338
Operating expenditure[1]	**3,638**	2,319	2 341	2 356
Total capital works	**26,460**	23 102	24 635	25 694

1 These items are expensed in the Operating Budget as they do not meet the definition of capital expenditure

City of DAREBIN

APPENDIX B
Non-financial resources

City of DAREBIN

CITY OF DAREBIN
Budgeted Statement of Human Resources
For the four years ending 30 June 2012

	Budget 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12
Employee costs ($'000)				
City Development	**3,130**	3 255	3 343	3 477
Environment & Amenity	**4,237**	4,376	4 552	4 734
City Services	**11,512**	11,972	12,451	12,949
Community Assets & Leisure	**5,759**	5,932	6,091	6 335
Communities & Culture	**20,462**	21 486	22 403	23 425
Corporate Services	**9,111**	9,443	9,822	10,211
Other non-attributable	**417**	211	219	227
Total employee costs ($'000)	**54,628**	56 675	58 881	61 358
Employee numbers (EFT)				
Permanent full-time	**512**	512	512	512
Permanent part-time	**219**	219	219	219
Total employee numbers (EFT)	**731**	731	731	731

City of DAREBIN