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STRATEGIC RESOURCE PLAN

For the four years ended 2017-2021

Monday 8 May 2017

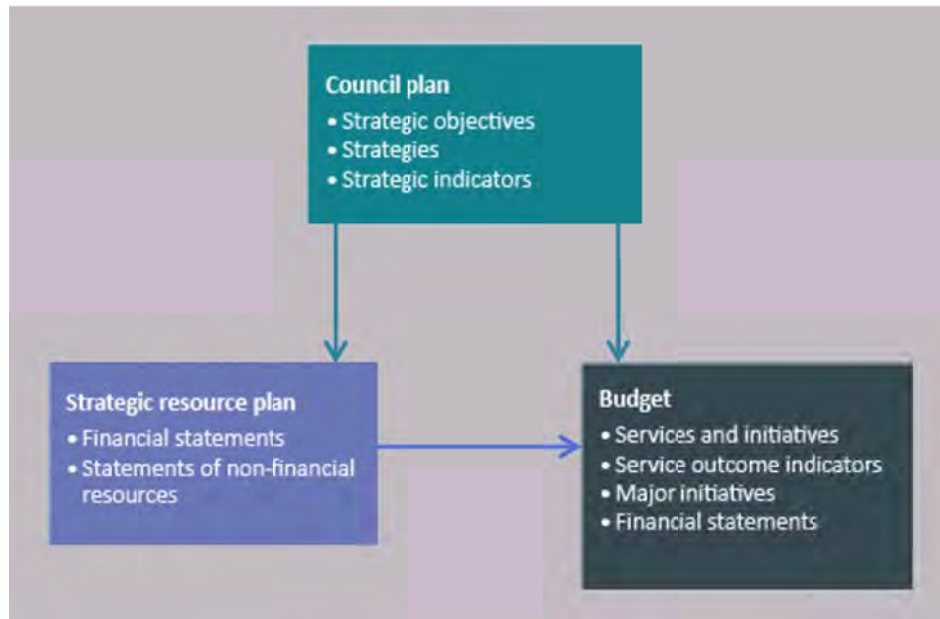
This Strategic Resource Plan has been developed in accordance with the Local Government Better Practice Guide 2016 – Strategic Resource Plan issued by the Department of Environment, Land, Water and Planning on preparing a Strategic Resource Plan in accordance with the legislation.

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1. Background

The *Local Government Act 1989* (the Act) requires council to prepare a strategic resource plan (SRP) for at least the next four financial years that describes both the financial and non-financial resources required to achieve the strategic objectives in the council plan. In preparing the SRP, council must take into account services and initiatives contained in any plan adopted or proposed to be adopted by council.

Council has prepared a SRP for the four years 2017/18 to 2020/21 as part of its integrated planning framework as set out below.



The council plan includes the strategic objectives, strategies for achieving these for at least the next four years and strategic indicators for monitoring achievement of the strategic objectives. The SRP is a plan of the resources for at least the next four years required to achieve the strategic objectives in the council plan. The SRP informs the preparation of the budget which is a plan that describes the services and initiatives to be funded and how they will contribute to the achieving the strategic objectives in the council plan.

2. Objectives of the plan

The overall objective of the SRP is financial sustainability in the medium to long term, while still providing sufficient resources to achieve the council plan strategic objectives. The key objectives which underpin the SRP over the next four years are:

- maintaining ongoing services provided to the Darebin community and be flexible to address changing community needs with innovative services and facilities
- the timely renewal of community assets and the assets required for ongoing service delivery
- ongoing underlying surpluses that allow the funding of ongoing service delivery and capital works commitments
- holding sufficient cash and other assets in order to meet payment obligations to suppliers and employees as they fall due.

In preparing the SRP, council has also been mindful of the need to comply with the principles of sound financial management in the Act which requires council to:

- 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 key objectives set out in this SRP and the measures used to reflect these objectives are:

Objective	Measure
<u>Service levels</u> We will maintain the scope and standard of ongoing services provided to the Darebin community and be flexible to address changing community needs with innovative services and facilities.	Allowance for continuity of services included within the annual budgets throughout the plan period.
<u>Asset renewal</u> We will continue to focus on renewing community assets such as roads, footpaths, open space and buildings to ensure they are maintained at an appropriate standard to meet required service levels.	Increase in the amount of capital expenditure allocated to asset renewal projects in Council's capital works program, expressed as a percentage of the amount required to maintain the assets, as measured by depreciation.
<u>Operating performance</u> We will ensure that Council delivers ongoing underlying surpluses that allow the funding of ongoing service delivery to the community, the timely renewal of community assets and the assets required for ongoing service delivery, and new community assets.	Achieve an underlying operating surplus throughout the term of the SRP. The underlying surplus is measured after adjusting for capital grants that are not necessarily ongoing funding sources and timing differences on grants for provision of services.
<u>Cash and liquidity</u> We will ensure Council holds sufficient cash and other assets in order to meet payment obligations to suppliers and employees as they fall due.	Achieve a working capital ratio of at least 1.1: 1 throughout the plan.

3. How the plan was developed

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

- audited financial statements as at 30 June 2016
- assumptions provided by council service providers about changes in future income and expenditure
- assumptions provided by council capital works expenditure providers about requirements for future asset renewal, expansion, upgrade and new assets
- assumptions provided by finance regarding future changes in assets, liabilities and equity
- information provided by the executive management team and council.

The financial projections included in the SRP have been developed using a 'four-way' budget model. This methodology is a computer based model, which enables the linking of the comprehensive income statement, balance sheet, statement of cash flows and statement of capital works.

4. Assessment of Council's current financial position

An assessment has been undertaken of the council's current financial position to identify any significant matters which may impact on the SRP. A summary of the budgeted and forecast financial results for the 2016/17 year are in the following table.

	Adopted Budget 2016/17 \$'000	Forecast Actual 2016/17 \$'000	Variance Fav/ (Unfav) \$'000
Surplus/(deficit) for the year	10,474	14,969	4,495
Cash and investments balance	42,822	41,186	(1,636)
Capital works expenditure	35,840	39,185	3,345

A surplus of \$14.97 million is forecast to be achieved, compared with an original budgeted surplus of \$10.47 million. The forecast \$4.50 million favourable variance is primarily due to favourable rates, statutory fees and fines, operating grants, capital grants, contributions, and employee benefits which has been partly offset by unfavourable materials, services and depreciation.

Cash and investments is forecast to be \$41.19 million compared with an original budget of \$42.82 million. The forecast \$1.64 million unfavourable variance is primarily due a significantly greater capital works expenditure than budgeted that has been partly offset by a higher opening cash and investments position compared with budget and a larger surplus than budgeted.

Capital works expenditure is forecast to be \$39.19 million compared with an original budget of \$35.84 million. The forecast \$3.35 million favourable variance is due to capital works carry forwards from 2015/16 completed in 2016/17 and the additional land purchases to be completed in 2016/17 that were not in the adopted budget.

The Victorian Government has legislated that local government rates be capped from the 2016/17 year. The rate cap for the 2017/18 year as set by the Minister for Local Government is 2.0 percent. Depending on the level at which rates are capped in future years, Council may need to review the level of services and capital works expenditure which are delivered in future years and/or apply for a higher cap.

5. Key assumptions

There are a number of assumptions underlying the forecasts for income, expenditure, assets, liabilities, equity, cash, capital works expenditure and human resources included in the SRP. These assumptions have been derived from the following sources:

- assessment of the current financial position
- scan of the external economic environment
- forecast changes in population and demographics
- advice from officers responsible for service and capital works planning and delivery
- services and initiatives contained in plans adopted or proposed to be adopted by council.

The key assumptions underlying the SRP are set out below.

General operating

The general assumptions affecting all operating income and expenditure are included the following table.

	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
Consumer Price Index	2.0%	2.3%	2.5%	2.5%
Average Weekly Earnings	2.5%	3.0%	3.5%	3.5%
Engineering Construction Index	3.2%	3.2%	3.2%	3.2%
Non-Residential Building Index	3.5%	3.5%	3.5%	3.5%
Rate increases	2.0%	2.2%	2.2%	2.2%
Property growth	1.9%	1.8%	1.8%	1.8%
Wages growth	2.0%	2.3%	2.5%	2.5%
Government funding	1.5%	1.8%	2.0%	2.0%
Statutory fees	1.5%	1.8%	2.0%	2.0%
Investment return	2.9%	3.0%	3.0%	3.0%

Consumer price index

The annual consumer price index (CPI) for the March 2017 quarter for Melbourne was 2.5 percent (ABS release 26 April 2017). The state-wide CPI is forecast to be 2.0 percent in 2017/18, 2.25 percent in 2018/19 and 2.5 percent for the remaining two years of the outlook period (Victorian State Government 2016/17 Budget Update). For the purposes of developing the SRP, CPI has been set at 2.0 percent for the 2017/18 year, 2.25 percent for 2018/19 and 2.5 percent for the remaining years and applied to all income and expense types with the exception of those specifically identified in the above table.

Rate cap

The Victorian Government requires local government rates to be capped from 2016-17 onwards. The cap for the 2016-17 year is 2.0 percent and based on the state-wide CPI projections is likely to remain at this level for the forecast period.

Property growth

The municipality is expected to continue growing over the four year period based on current trends. The population growth rate has been forecast to increase by 1.9% 2017/18, 1.8% in 2018/19, 1.8% in 2018/19, and 1.8% in 2019/20.

Wages growth

Council must renegotiate a new Collective Agreement during 2017 for commencement on 1 July 2017. The wages growth in the SRP has been based on forecast rate caps in future years which is equivalent to the state-wide CPI in future years.

Grants (operating)

Council receives approximately \$14.81 million annually in operating grants from State and Commonwealth sources for the purposes of funding the delivery of services to ratepayers. This includes \$4.23 million for the 2017/18 year in financial assistance grants. Future increases in operating grants excluding financial assistance grants have been set at CPI minus 0.5 percent in all years.

Statutory fees

Council raises approximately \$8.08 million in fees and fines which are imposed in line with legislation governing local government activities such as animal registrations and parking fines. Future increases in statutory fees have been set at CPI minus 0.5 percent in all years.

Investment return

The official cash rate is now 1.50 percent, following a rate decrease of 0.25 percent by the Reserve Bank on 3 August 2016. Council has set its investment return at 2.9 percent reflecting current investment returns.

Service delivery

The assumptions affecting specific services provided by council are set out below.

Residential garbage and recycling collection

Waste tipping charges associated with the disposal of residential garbage and growth in the number of tenements (981 per annum over the four year period) is expected to have minimal financial impact with cost increases only reflecting CPI.

Property valuation

Council is required to revalue all properties within the municipality every two years. The last general revaluation was carried out as at 1 January 2016 and is effective for the 2017/18 year with the next revaluation being undertaken as at 1 January 2018. An allowance of \$0.08 million has been made every two years commencing in 2017/18 to meet the additional cost of resources to complete the revaluation process.

Service delivery

The service delivery outcomes measured in financial terms are shown in the following table.

Year	Surplus / (Deficit) for the year	Adjusted Underlying Surplus / (Deficit)	Net Service (Cost)
	\$'000	\$'000	\$'000
2016/17	14,969	8,003	89,857
2017/18	13,215	5,404	93,711
2018/19	15,640	5,848	95,350
2019/20	18,339	7,991	97,610
2020/21	19,977	9,644	99,846

Service levels have been maintained for 2017/18 but with the impact of capped rates increases service reviews will need to be undertaken across all services to establish sustainable service levels

in future years as well as Council needing to review other potential sources of revenue. Excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result sees moderate increases in future years. The adjusted underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.

The net cost of the services provided to the community increases from \$93.71 million to \$99.85 million over the four year period.

Other operating

Other assumptions affecting operating income and expenditure which cannot be directly attributed to specific services are included the following table.

	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000
Supplementary rates	1,120	1,120	1,120	1,120
Developer contributions (cash)	5,000	6,500	7,365	8,690
Developer contributions (non-cash)	0	0	0	0
Financial assistance grants	4,230	3,980	3,750	3,525
Grants (capital)	3,220	2,277	2,304	2,332
Statutory fees	8,076	8,238	8,402	8,238
Asset sales proceeds	734	734	734	734

Supplementary rates

The municipality is expected to continue growing over the four year period based on current trends in property development. Supplementary rates are estimated to add an additional \$1.12 million in rate revenue in each year.

Developer contributions (cash)

Contributions are levied on developers for the purpose of offsetting future costs associated with the creation of open space and new community infrastructure. These contributions have been forecast to increase in future years to reflect changes to open space contributions and the reintroduction of developer contributions schemes in future years.

Developer contributions (non-cash)

From time to time council receives infrastructure assets from developers at no cost which are recognised as income in the comprehensive 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. At the conclusion of the development, these assets are handed over to council. It is expected that Council will receive some infrastructure assets during the four year period. As the value of assets cannot be reliably measured at this time no allowance has been made.

Financial assistance grants

Council's financial assistance grant allocation has been decreasing in recent years due to the freeze in indexation by the Federal Government and Council's assessment relative to other Victorian councils. The initial allocation for the 2017/18 year of \$4.23 million is less than the allocation in 2016/17 and it is forecast that future allocations will continue to decrease despite indications being the Federal Government will restore the indexation to these grants in 2017/18. This is due to the current formula being used by the Victorian Grants Commission indicates that Darebin has a lesser need for access to these grants when compared with other Victorian councils.

Grants (capital)

Council receives both recurrent and non-recurrent government funding for capital works projects. Capital grants are expected to be relatively consistent to reflect Roads to Recovery grants and other capital grants expected to be received in future years.

Asset sales (proceeds)

Council has in the past disposed of assets as part of its plant replacement program for light and heavy vehicle fleet. An amount of \$0.73 million has been forecast in 2017/18 for the expected proceeds from the plant replacement program will similar amounts in future years.

General balance sheet

The general assumptions affecting assets, liabilities and equity balances are set out below:

- 98.5 percent of the total rates and charges raised, is expected to be collected
- trade creditors is based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. The payment cycle is 30 days
- other debtors and creditors are expected to remain consistent with 2016/17 levels
- employee entitlements have increased in accordance with forecast wages growth offset by the impact of more active management of leave entitlements of staff.

6. Key strategies

6.1 Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

6.1.1 Rating context

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for 72.8% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

However, it has been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality.

The State Government introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

Council's cost increases for 2017/18 driven by forecast wage increases, contract price increases, and increased compliance costs have been limited to 1.6%.

The Council-funded rate rebate, raised to \$150 in 2015/16 will continue to be provided to residential pensioner ratepayers in 2017/18 in addition to the State Government pensioner rates concession. The pensioner rate rebate was first introduced in the 2010/2011 year and is to assist in the proper development of the municipal district, in accordance with section 169 of the Act.

Total rates and charges raised will be \$123.78 million, including an allowance of supplementary rates on new developments and service charges for the optional green waste service. The level of rates raised allows Council to maintain the services currently delivered to the community and deliver a substantial capital works program.

Supplementary rates on property developments are forecast to be \$1.12 million in 2017/18, with special charge scheme rates for retail activity areas forecast to be \$0.33 million. The green waste collection service charge of \$2.40 million is included in rates and charges for the 2017/18 year.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Darebin.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.0% in line with the rate cap.

6.1.2 Current year rates and charges

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2017.

Year	General rate increase	Green waste increase	Total rates Raised
	%	%	\$'000
2016/17	2.5%	3.0%	120,648
2017/18	2.0%	3.0%	123,775
2018/19	2.2%	3.0%	127,546
2019/20	2.2%	3.0%	131,399
2020/21	2.2%	3.0%	135,334

6.1.3 Rating structure

Council has established a rating structure which is comprised of two elements. These are:

- Property values, which form the central basis of rating under the Local Government Act 1989
- A 'user pays' component to reflect usage of certain services provided by Council

Striking a proper balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential or commercial purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates, taking into account the benefits those commercial properties derives from the local community.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis.

The existing rating structure comprises six differential rates (residential, business, vacant residential, vacant business, mixed use occupancy, and vacant retail), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands".

The business rate is set at 175% of the residential rate, the rate concession for recreational land is set at 50% of the commercial rate, the residential vacant land rate is set at 300% of the residential rate, the vacant business land rate is set at 400% of the residential rate, mixed use occupancy land is set at 140% of the residential rate, and vacant retail land is set at 400% of the residential rate. Council also levies green waste charge as allowed under the Act.

The following table summarises the rates to be determined for the 2017/18 year.

Rate Type	How applied	Actual 2016/17	Budget 2017/18	Total raised \$'000	Change
Residential	Cents / \$ CIV	0.2330032	0.2376631	96,645	2.0%
Commercial	Cents / \$ CIV	0.4077557	0.4159105	21,007	2.0%
Vacant residential	Cents / \$ CIV	0.6990100	0.7129894	425	2.0%
Vacant business	Cents / \$ CIV	0.9320130	0.9506526	658	2.0%
Mixed use occupancy	Cents / \$ CIV	0.3262045	0.3327284	1,137	2.0%
Vacant retail	Cents / \$ CIV	0.9320130	0.9506526	64	2.0%
Recreational	Cents / \$ CIV	0.2038780	0.2079553	32	2.0%
Total				119,968	

Council has adopted a formal *Rating Strategy* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used.

6.1.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2017 for the 2017/18 year. The outcome of the general revaluation was a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district increased on average by 13.9% for the two years from 1 January 2014 to 1 January 2016. Of this increase, rateable residential properties have increased by 14.6% and rateable business properties by 11.0%.

The following table summarises the valuation changes between the 2014 and 2016 general revaluations for residential properties by suburb. Rates for individual properties will vary depending on their individual valuation outcomes.

Suburb	Rateable Residential Valuation Change	Rateable Business Valuation Change
Alphington	16.5%	8.6%
Bundoora	10.1%	20.6%
Coburg	18.7%	1.4%
Fairfield	15.2%	8.2%
Kingsbury	11.7%	8.3%
Macleod	8.4%	5.0%
Northcote	17.4%	11.7%
Preston	15.7%	12.0%
Reservoir	12.7%	7.7%
Thornbury	13.2%	10.7%
Darebin average	14.6%	11.0%

Council has chosen not to make any changes to the existing rate differential.

6.1.5 Service charges – waste collection

The fundamental issue with funding waste services through general rates is that there is no correlation with consumption.

Waste minimisation may be viewed as an important Council objective. Councils are increasingly looking at their roles in terms of broader environmental responsibilities and sustainability, particularly given pressures for land in metropolitan areas and the role of landfill gas in greenhouse effects. If Council considers that waste minimisation is an important objective it follows that ratepayers should be made aware of the significant costs involved. Specific charges are the best means of providing transparency.

Council has the power to levy a service rate or service charge or combination service rate and charge to fund waste services. The most commonly used service rate or charge is that used to defray garbage collection and recycling costs. Most councils fund waste services through a separate service charge.

Waste services lend themselves to user charges. A unit charge is normally levied on each property that receives or can access the service. The recipient of the benefit of this service can clearly be identified as the property to which it is provided so it is more in the way of a private good rather than a public good.

Darebin currently has an optional green waste service which carries an annual service charge for those who elect to take this service but has no separate charge for general waste and recycled collection services. Council may consider the introduction of services charges for general waste and recycled collection services in future financial years.

6.2 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 14), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects and since then has been in a phase of debt reduction resulting in borrowings reduced to \$0 during 2015/16. With Council considering a number of substantial

intergenerational capital works projects and environmental initiatives, it is timely to reconsider the issue of borrowings.

Loan borrowing is a legitimate and responsible financial management tool that provides Council an appropriate mechanism to enable it to implement its Council Plan objectives.

Borrowing allows for a timing mismatch in income and expenditure, where it allows the income to be offset and balanced with expenditure, over a longer period of time. Accordingly decisions to raise borrowings are not funding strategies, but rather financing options and strategies.

Borrowing provides cash, but it is important to recognise that this is not income. A borrowing creates an asset (available cash) and also a liability (obligation to repayment). The repayment of the principal itself results in a reduction of the liability, and a reduction of the asset (available cash). The interest though, is regarded as an expense.

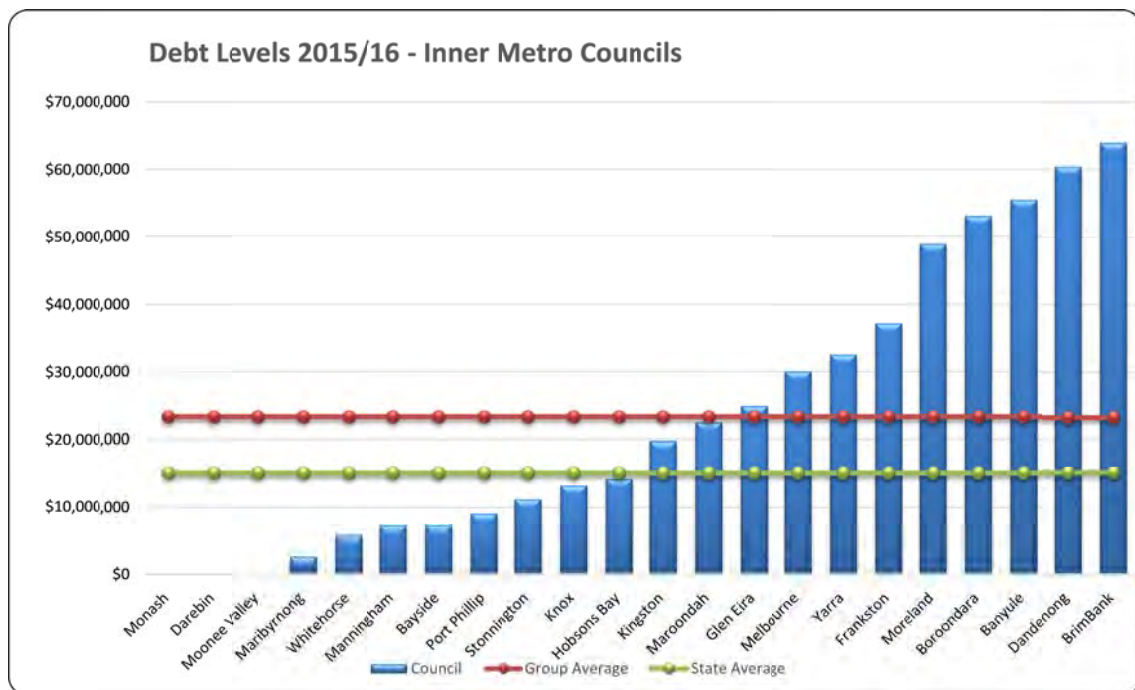
It is not possible for Council to meet infrastructure outlay needs and treat different generations of ratepayers equitably (in terms of services provided relative to rates and charges levied) without the use of borrowing. Borrowing is a useful instrument for spreading the costs of an asset over its useful life or time that the asset provides services to the ratepayers so that ratepayers who benefit from the assets, pay for their consumption over time, providing inter-generational benefits to the community.

Council is dependent on infrastructure assets which require large investment to deliver its service objectives and needs to be mindful of intergenerational equity in generating revenue to offset service costs. If Council as an infrastructure intensive organisation was to keep its level of borrowings very low, it is likely to under-invest in new infrastructure and asset renewal relative to what its operating income stream would allow.

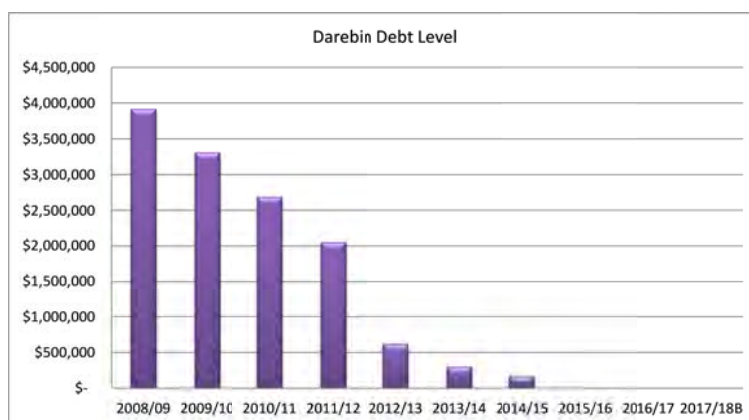
It is important to note that borrowing would not allow Council to make acquisitions that it otherwise could not afford and that it is more cost effective to use surplus cash and investments rather than borrowing.

Deciding an appropriate borrowing level is a difficult task. Each council is different and the level of debt that is appropriate for Darebin may not be acceptable for another council.

To provide some context for Council's decision on an appropriate borrowing level, borrowing data is provided for the Inner Metro councils as at the end of June 2016.



6.2.1 Council's current position



Council has determined that borrowings will be considered as a means of financing strategic infrastructure initiatives with reference to criteria including financing projects which are:

- iconic in nature
- of a size that could not otherwise be funded through the annual capital works program
- based on a sound business case including consideration of the following factors:
 - the purposes for which the borrowings are being sought including the level of demonstrated community need for the project and the expected life of the infrastructure
 - reasons why the project cannot be funded through normal operational income
 - a clear statement of how the repayments will be funded and the impact on funding otherwise available for recurrent services or capital works
 - any financial return to Council which can be used to meet the loan repayments.

Borrowings may also be required in the future to fund other liabilities Council may face, for example, should there be a future requirement to contribute additional amounts to the local government defined benefit superannuation fund.

Any future borrowings will be considered carefully in accordance with sound financial management principles and the relevant State Government prudential requirements for borrowing, which are set out below:

Prudential ratio	Calculation	Rationale	State Govt Limit
Liquidity (working capital)	Current Assets : Current Liabilities	Reflects ability to repay current commitments from cash or near cash assets	> 1.1 : 1
Debt commitment	Total loans as a percentage of rate revenue	Reflects total loan levels relative to Council rates	< 60%
Debt servicing	Total interest costs as a percentage of total revenue	Reflects the proportion of total revenue that is used to service loan interest	< 5%

Council will manage its debt and only undertake additional borrowings in accordance with the following principles:

- Council complies with the Local Government Prudential Guidelines at all times.
- Loans are only taken when Council's Long Term Financial Plan shows that debt management obligations can be met over the life of the loan.
- Loan funds are drawn only at the time when required.
- Loan funds should be considered when funding intergenerational infrastructure initiatives.

It is important that Council adopts a responsible borrowing strategy that ensures long term financial sustainability.

6.2.2 Essential Services Commission's position on borrowings¹

The Essential Services Commission (ESC) does not advocate for the local government sector to increase or reduce its debt level. Whether it is prudent or responsible to use debt finance depends on the circumstances of each municipality and the judgment of the council.

The ESC's expectation is that a council applying for a higher cap shows it has a well-considered debt policy (preferably consulted on with the community) that guides its decision whether to use debt to reduce the need for additional funding in the short term through increased rates revenue. If the council adopts a debt position that is not consistent with its debt policy, then the application should clearly explain why.

As required by the legislation, a council's application must demonstrate it considered the option of debt and the reasons for adopting or not adopting it.

Section 185E(3) of the Local Government Act 1989 states that:

An application under this section must specify —

- (a) a proposed higher cap for each specified financial year; and
 - (b) the reasons for which the Council seeks the higher cap; and
1. Fair Go Rates System – Guidance for councils 2017-18
- (c) how the views of ratepayers and the community have been taken into account in proposing the higher cap; and
 - (d) how the higher cap is an efficient use of Council resources and represents value for money; and
 - (e) whether consideration has been given to reprioritising proposed expenditure and alternative funding options and why those options are not adequate; and
 - (f) that the assumptions and proposals in the application are consistent with the Council's long term strategy and financial management policies set out in the Council's planning documents and annual budget.

An application for a higher rate cap would need to demonstrate that the council considered other suitable funding or financing options. It also needs to outline the decision reached (and reasoning for the decision) on those options (which should include) different rate increase scenarios. In demonstrating the preferred option, the council should consider how a higher cap is in the long-term interests of the community and ratepayers. The council, in consultation with the community, must decide priorities and desired outcomes; this decision is not the role of the ESC.

6.2.3 Borrowing Principles

The Darebin City Council Borrowing Strategy is underpinned by the following principles which will be considered as part of any decision to borrow:

1. The purpose for borrowing is consistent with Council's strategic objectives as detailed in the Council Plan.
2. Any borrowings will be considered carefully in accordance with sound financial management principles and the ability of Council to meet the relevant prudential requirements for borrowing set out by State Government.
3. Borrowing is undertaken only when Council's Long Term Financial Plan shows that debt management obligations can be fully met over the life of the loan.
4. Loan funds are drawn only at the time when required and for the amount that is required.
 - Expenditure made using working capital during the financial year with borrowings entered into towards the end of the financial year.
 - Amount drawn down does not exceed funding requirements.
5. Management of borrowings will focus on sound cash management practices in that Council will not borrow at higher interest rates when unrestricted funds are invested at lower interest rates.
6. The nature of any borrowings (short or long term) and the interest rate (fixed or variable) will take into account the purpose of the borrowings and seek to minimise interest rate exposure.

7. Borrowing does not increase the amount of money available to spend. Borrowing does allow a higher level of expenditure in a given year, but as it must be repaid with interest it requires a reduction of expenditure in future years.
8. Borrowing is not to be used to finance ongoing recurrent operational expenditure.
9. Where borrowing is associated with the construction or purchase of an asset, the term of the loan is not to exceed the useful life of the asset.

For the 2017/18 year, Council has decided not to take out new borrowings.

It is likely in future years that borrowings will be required to fund future intergenerational infrastructure initiatives and the extension of the Solar Savers program as detailed in the Climate Change Action Strategy. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2017 and does not reflect at this time any borrowings in future years and this will be updated as Council makes decisions on the delivery of strategies and infrastructure that require borrowings for implementation.

Year	New Borrowings	Principal Paid	Interest Paid	Balance 30 June
	\$'000	\$'000	\$'000	\$'000
2016/17	-	-	-	-
2017/18	-	-	-	-
2018/19	-	-	-	-
2019/20	-	-	-	-
2020/21	-	-	-	-

The table below shows information on borrowings specifically required by the Regulations.

	Forecast	Budget
	Actual 2016/17 \$'000	2017/18 \$'000
Total amount borrowed as at 30 June of the prior year	-	-
Total amount proposed to be borrowed	-	-
Total amount projected to be redeemed	-	-
Total amount of borrowings as at 30 June	-	-

6.3 Infrastructure

Council is developing a more detailed understanding of its future infrastructure requirements based on the knowledge provided by various Asset Management Plans, which sets out future capital expenditure requirements of the Council by class of asset. Asset management plans predict infrastructure consumption, renewal needs and consider infrastructure needs to meet future community service expectations. The key aspects of Council's approach to infrastructure management are:

- A long term capital planning process which integrates with the Council Plan, Strategic Resource Plan and Annual Budget processes;
- Identification of capital projects through the preparation of asset management plans;
- Prioritisation of capital projects within classes on the basis of evaluation criteria;
- Methodology for allocating annual funding to classes of capital projects; and
- Business Case template for officers to document capital project submissions.

A key objective set out in the Strategic Resource Plan is to continue to focus on renewing community assets such as roads, footpaths, open space and buildings to ensure they are maintained at an appropriate standard to meet required service levels. This is measured by the amount of expenditure allocated to asset renewal projects included in Council's capital works program across the plan period.

Council has demands for capital expenditure for both new assets and renewal of existing assets.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

Year	Total Capital Program \$'000	Summary of funding sources			
		Grants	Contributions	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000
2016/17	39,185	2,676	544	35,965	-
2017/18	45,797	2,830	1,793	41,174	-
2018/19	46,790	410	793	45,586	-
2019/20	53,193	389	1,227	51,577	-
2020/21	48,977	418	1,037	47,522	-

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has significant cash or investment reserves that are also used to fund a variety of capital projects.

These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions public resort and recreation. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

Council will consider plans to rationalise underperforming assets and assets that are no longer required to support service delivery.

7. Outcomes

7.1 Financial outcomes

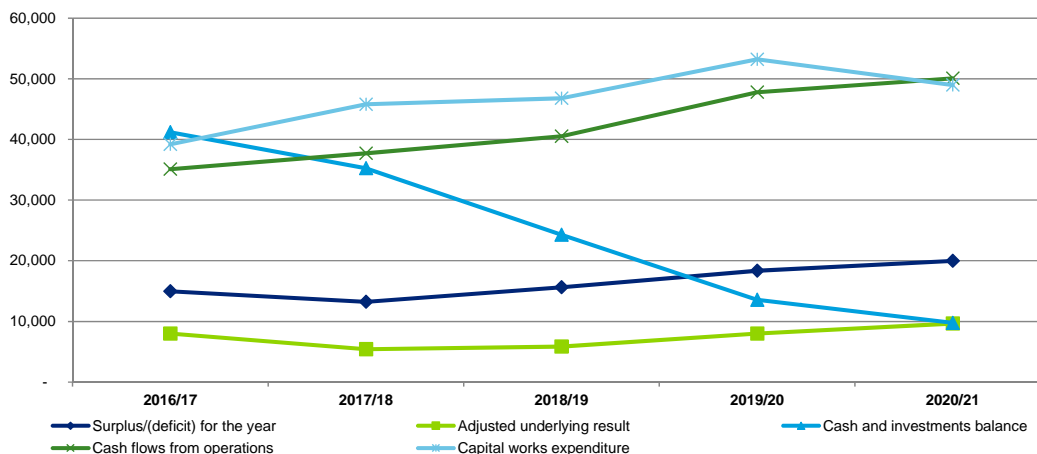
The following financial results, graph and indicators summarise the key financial outcomes for the next four years as set out in the SRP for the 2017-21 years. The attached Appendix includes the financial statements and other financial disclosures required by the Act and regulations.

	Forecast	Budget	Strategic Resource Plan Projections			Trend
	Actual	2017/18	2018/19	2019/20	2020/21	+o/-
	2016/17 \$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	14,969	13,215	15,640	18,339	19,977	+
Adjusted underlying result	8,003	5,404	5,848	7,991	9,644	+
Cash and investments balance	41,186	35,241	24,307	13,580	9,755	-
Cash flows from operations	35,087	37,698	40,513	47,785	50,050	+
Capital works expenditure	39,185	45,797	46,790	53,193	48,977	+

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

Financial resources (\$'000)



Indicator	Measure	Budget 2017/18	Strategic Resource Plan Projections			Trend +o/-
			2018/19	2019/20	2020/21	
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	3.3%	3.6%	4.6%	5.3%	o
Liquidity						
Working Capital	Current assets / current liabilities	181.8%	170.4%	137.8%	125.4%	-
Unrestricted cash	Unrestricted cash / current liabilities	21.9%	(8.0%)	(39.5%)	(49.9%)	-
Obligations						
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	0.0%	0.0%	0.0%	0.0%	o
Indicator	Measure	Budget 2017/18	Strategic Resource Plan Projections			Trend +o/-
			2018/19	2019/20	2020/21	
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	0.0%	0.0%	0.0%	0.0%	o
Indebtedness	Non-current liabilities / own source revenue	1.2%	1.1%	1.1%	1.1%	o
Asset renewal	Asset renewal expenses / Asset depreciation	113.2%	109.5%	133.2%	143.2%	+
Stability						
Rates concentration	Rate revenue / adjusted underlying revenue	75.5%	74.8%	74.3%	73.9%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.27%	0.26%	0.25%	0.25%	-
Efficiency						
Expenditure level	Total expenses/ no. of property assessments	\$2,285	\$2,336	\$2,361	\$2,389	o
Revenue level	Residential rate revenue / No. of residential property assessments	\$1,522	\$1,629	\$1,743	\$1,866	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	9.3%	9.3%	9.3%	9.3%	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

Notes to indicators

1 Adjusted underlying result – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period but are reliant on savings being realised from service reviews and from revenue increases from sources other than rates and charges.

2 Working Capital – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease significantly over the term of the SRP due to a run down in cash reserves to fund the capital program.

3 Debt compared to rates - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt and no additional borrowings currently forecast during the term of this SRP.

4 Asset renewal - This percentage indicates the extent of Council's renewal of assets against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

5 Rates concentration - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become decrease its reliance on rate revenue compared to all other revenue sources.

The SRP supports Council achieving its goals within a framework of financial sustainability. Financial sustainability in the longer term means that planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The key objectives set out in this SRP and the measures used to reflect these objectives are included below, together with the outcomes for each objective.

Service levels

Objective

We will maintain the scope and standard of ongoing services provided to the Darebin community and be flexible to address changing community needs with innovative services and facilities.

Measure

Allowance for continuity of services included within the annual budgets throughout the plan period.

Outcome

Funding for the maintenance of service levels throughout the four-year period has been included in the SRP. Annual service plans are prepared for each Council service area which set out the activities and initiatives that will be undertaken each year in support of the goals outlined in the Council Plan.

Asset renewal

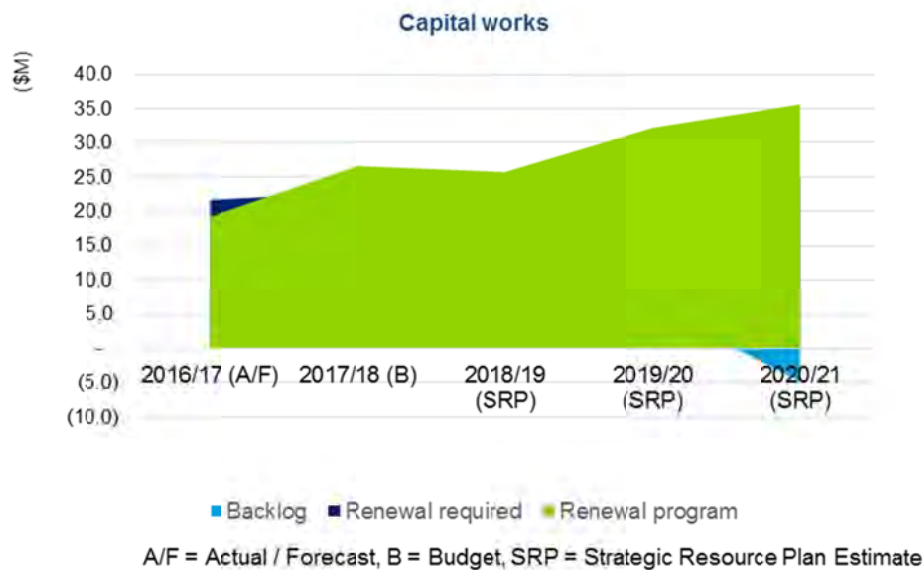
Objective

We will continue to focus on renewing our infrastructure such as roads, footpaths, open space and buildings to ensure these community assets are maintained at an appropriate standard to meet required service levels.

Measure

Increase in the amount of capital expenditure allocated to asset renewal projects in Council's capital works program, expressed as a percentage of the amount required to maintain the assets, as measured by depreciation.

Outcome



The above graph indicates that total funding available for capital works exceeds depreciation in each of the four years. A negative monetary difference between depreciation and renewal expenditure is an indication that there is an increasing gap between renewal investment and assets requiring renewal.

This indication is predicated on the asset's life declining at rate that is the same as the straight line depreciation values reported in the financial statements. In reality, the renewal gap can only be reliably estimated when asset condition assessments and the quality of maintenance are also considered. The underlying renewal expenditure compared with depreciation is expected to remain above 100% for the term of the SRP.

Operating performance

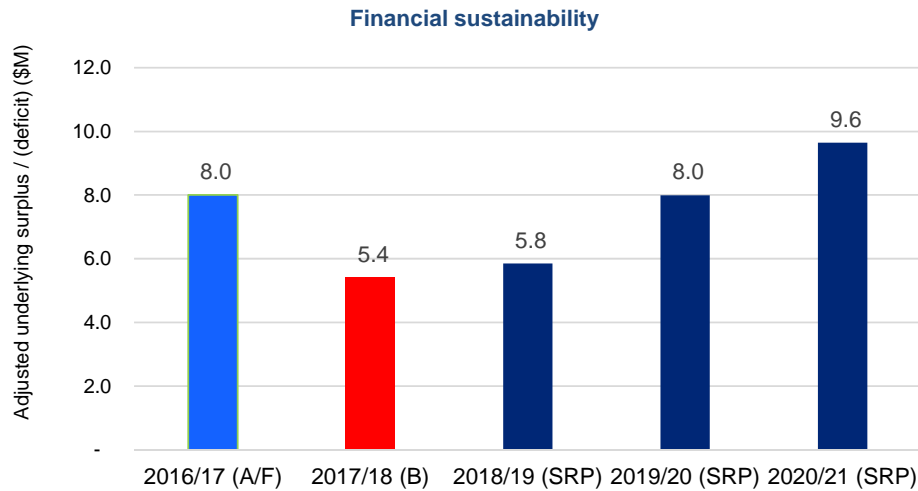
Objective

We will ensure that Council delivers ongoing underlying surpluses that allow the funding of ongoing service delivery to the community, the timely renewal of community assets and the assets required for ongoing service delivery, and new community assets.

Measure

Achieve an underlying operating surplus throughout the term of the SRP. The underlying surplus is measured after adjusting for capital grants and contributions that are not necessarily ongoing funding sources and timing differences on grants for provision of services.

Outcome



A/F = Actual / Forecast, B = Budget, SRP = Strategic Resource Plan Estimate

The adjusted underlying result, which is a measure of financial sustainability, shows an increasing adjusted underlying surplus.

Cash and liquidity

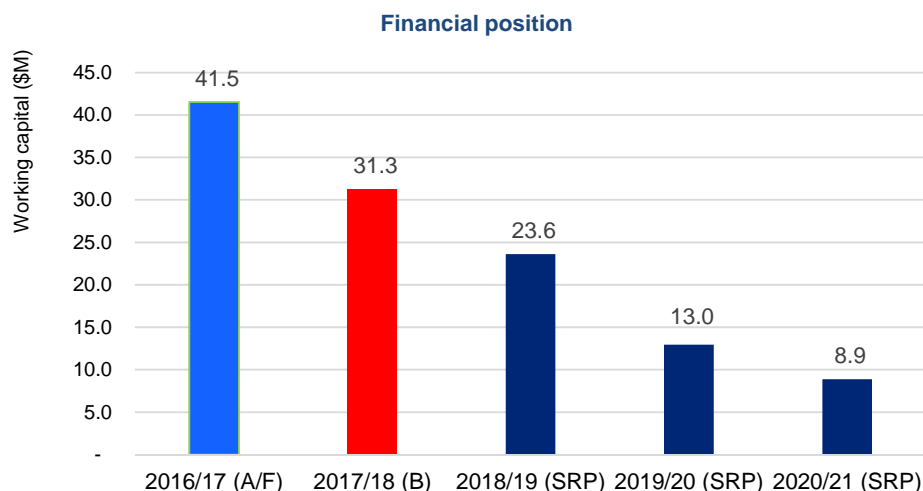
Objective

We will ensure Council holds sufficient cash and other assets in order to meet payment obligations to suppliers and employees as they fall due.

Measure

Achieve a working capital ratio of at least 1.10 : 1 in the plan.

Outcome



A/F = Actual / Forecast, B = Budget, SRP = Strategic Resource Plan Estimate

Working capital represents operating liquidity available to Council. The budgeted working capital at 30 June 2018 is a financially sound 182% of current (or short term) assets against current liabilities, representing Council's ability to meet its current obligations. This means that for every \$1.00 of current liabilities, Council has \$1.82 worth of current assets.

The financial position is expected to improve with net assets (net worth) to increase by \$17.51 million to \$1.30 billion although net current assets (working capital) will reduce by \$10.23 million to \$31.29 million as at 30 June 2018. This is mainly due to the use of cash reserves to fund the capital works program. (Net assets is forecast to be \$1.28 billion million as at 30 June 2017).

Summary of financial outcomes

Based on the assumptions as set out in the above section and associated strategies, each 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.

Accordingly the financial outcomes must be considered in light of these assumptions. The SRP will be reviewed and updated each year.

7.2 Non-financial outcomes

In addition to the financial resources to be consumed over the planning period, Council will also utilise non-financial resources, in particular human resources. Appendix B "Non-financial Resources" includes a more detailed analysis of the human resources to be used over the four year period.

On the basis of continuing to provide the same level of service to the community, the level of human resources as measured in Equivalent Full Time (EFT) personnel has been assumed to remain generally constant over the four year period with employee costs increasing in line with wage indexation assumptions inclusive of base rate increases and banding level changes.

Issues which may impact on Council's ability to maintain its current resource level are labour market constraints in highly specialised areas such as traffic engineering and areas where demand is high such as urban planning, although the current economic conditions have resulted in greater availability of labour at the present time. Council also has an ageing workforce, particularly in areas with high levels of manual labour which may also impact on its ability to maintain adequate service levels in these areas.

The following table summarises the key non-financial outcomes for the next four years as set out in the SRP for years 2017-21 years. The attached Appendix includes the non-financial statements and other non-financial disclosures required by the Act and Local Government (Planning and Reporting) Regulations 2014.

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000
Staff expenditure				
Employee costs - Operating	(80,452)	(83,105)	(85,806)	(88,594)
Employee costs - Capital	(1,011)	(1,047)	(1,081)	(1,116)
Total staff expenditure	(81,463)	(84,151)	(86,886)	(89,710)
Staff numbers	EFT	EFT	EFT	EFT
Employees	779.0	779.0	776.1	776.1
Total staff numbers	779.0	779.0	776.1	776.1

7.3 Achievement of SRP objectives

The overall objective of the SRP is financial sustainability in the medium to long term, while still providing sufficient resources to achieve the council plan strategic objectives. The financial outcomes of the SRP are set out below under each of the key objectives which underpin the SRP over the next four years.

1. Maintain existing service levels (objective: achieved)

Service levels have been maintained throughout the four year period after allowing for the impact of inflation and other cost indexation (measure: net cost of services and expenditure level).

2. Meet council's asset renewal requirements (objective: achieved)

Asset renewal is forecast to be above the target of 100 percent of depreciation for all four years covered by the SRP (measure: asset renewal).

3. Achieve ongoing adjusted underlying surpluses (objective: achieved)

The adjusted underlying result is a surplus and is forecast to increase moderately over the four year period (measure: underlying surplus).

4. Have sufficient cash and other assets to meet payment obligations (objective: achieved)

The working capital ratio is greater than 110% over the four year period (measure: working capital ratio).

Darebin City Council Budgeted Comprehensive Income Statement

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Income				
Rates and charges	123,775	127,546	131,399	135,334
Statutory fees and fines	8,076	8,238	8,402	8,570
User fees	11,846	12,142	12,446	12,757
Grants - Operating	14,806	15,102	15,403	15,710
Grants - Capital	3,278	3,725	3,742	3,809
Contributions - monetary	5,000	6,543	7,092	7,020
Contributions - non-monetary	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(13)	19	-	-
Other income	3,207	5,028	6,851	8,425
Total Income	169,975	178,344	185,335	191,626
Expenses				
Employee costs	(81,463)	(84,151)	(86,886)	(89,710)
Materials and services	(43,012)	(44,437)	(45,909)	(47,430)
Bad and doubtful debts	(876)	(1,095)	(951)	(1,001)
Depreciation and amortisation	(22,784)	(23,467)	(24,171)	(24,896)
Borrowing costs	-	-	-	-
Other expenses	(8,625)	(9,554)	(9,079)	(8,612)
Total Expenses	(156,760)	(162,704)	(166,996)	(171,649)
Surplus/(deficit) for the year	13,215	15,640	18,339	19,977
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods:				
Net asset revaluation increment /(decrement)	-	-	73,528	-
Total comprehensive result	13,215	15,640	91,867	19,977

Darebin City Council Budgeted Balance Sheet

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000
Assets				
Current assets				
Cash and cash equivalents	35,241	24,307	13,580	9,755
Trade and other receivables	15,311	13,887	14,627	15,105
Other financial assets	17,274	17,274	17,274	17,274
Inventories	65	65	65	65
Other assets	1,640	1,640	1,640	1,640
Total current assets	69,531	57,173	47,186	43,839
Non-current assets				
Trade and other receivables	350	351	351	352
Investments in associates and joint ventures	2,867	2,867	2,867	2,867
Property, infrastructure, plant & equipment	1,267,407	1,290,730	1,393,279	1,417,360
Investment property	-	-	-	-
Intangible assets	-	-	-	-
Total non-current assets	1,270,624	1,293,947	1,396,497	1,420,579
Total assets	1,340,155	1,351,120	1,443,683	1,464,418
Liabilities				
Current liabilities				
Trade and other payables	12,948	7,750	7,912	8,125
Trust funds and deposits	5,151	5,254	5,359	5,466
Provisions	20,147	20,550	20,961	21,380
Total current liabilities	38,246	33,554	34,232	34,972
Non-current liabilities				
Provisions	1,725	1,742	1,760	1,777
Total non-current liabilities	1,725	1,742	1,760	1,777
Total liabilities	39,971	35,296	35,992	36,749
Net assets	1,300,184	1,315,824	1,407,691	1,427,669
Equity				
Accumulated surplus	541,199	556,839	575,179	595,156
Reserves	758,985	758,985	832,513	832,513
Total equity	1,300,184	1,315,824	1,407,691	1,427,669

Darebin City Council

Budgeted Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017/18				
Balance at beginning of the financial year	1,282,669	527,984	742,157	12,528
Surplus/(deficit) for the year	13,215	13,215	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	4,300	-	-	4,300
Balance at end of financial year	1,300,184	541,199	742,157	16,828
2018/19				
Balance at beginning of the financial year	1,300,184	541,199	742,157	16,828
Surplus/(deficit) for the year	15,640	15,640	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
Balance at end of financial year	1,315,824	556,839	742,157	16,828
2019/20				
Balance at beginning of the financial year	1,315,824	556,839	742,157	16,828
Surplus/(deficit) for the year	18,339	18,339	-	-
Net asset revaluation increment/(decrement)	73,528	-	73,528	-
Transfer (to)/from reserves	-	-	-	-
Balance at end of financial year	1,407,691	575,179	815,685	16,828
2020/21				
Balance at beginning of the financial year	1,407,691	575,179	815,685	16,828
Surplus/(deficit) for the year	19,977	19,977	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
Balance at end of financial year	1,427,669	595,156	815,685	16,828

Darebin City Council Budgeted Statement of Cash Flows

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Rates and charges	120,472	128,737	130,954	135,115
Statutory fees and fines	7,183	8,422	8,479	8,661
User fees	12,767	12,415	12,560	12,892
Grants - operating	14,806	15,440	15,544	15,877
Grants - capital	3,278	3,809	3,776	3,850
Contributions - monetary	5,000	6,543	7,092	7,020
Interest received	1,695	1,703	1,712	1,721
Trust funds and deposits taken	-	103	105	107
Other receipts	3,146	5,218	6,901	8,502
Net GST refund / payment	8,824	6,399	7,401	6,967
Employee costs	(81,464)	(90,601)	(90,138)	(93,011)
Materials and services	(49,384)	(47,843)	(47,627)	(49,175)
Trust funds and deposits repaid	-	-	-	-
Other payments	(8,625)	(9,834)	(8,974)	(8,476)
Net cash provided by/(used in) operating activities	37,698	40,513	47,785	50,050
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(50,377)	(51,469)	(58,512)	(53,875)
Proceeds from sale of property, infrastructure, plant and equipment	734	21	-	-
Proceeds from investments	6,000	-	-	-
Repayments of loans and advances	-	-	-	-
Net cash provided by/(used in) investing activities	(43,643)	(51,448)	(58,512)	(53,875)
Cash flows from financing activities				
Finance costs	-	-	-	-
Proceeds from borrowings	-	-	-	-
Repayment of borrowings	-	-	-	-
Net cash provided by/(used in) financing activities	-	-	-	-
Net increase/(decrease) in cash & cash equivalents	(5,945)	(10,934)	(10,727)	(3,825)
Cash and cash equivalents at the beginning of the financial year	41,186	35,241	24,307	13,580
Cash and cash equivalents at the end of the financial year	35,241	24,307	13,580	9,755

Darebin City Council Budgeted Statement of Capital Works

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Property				
Land	-	-	-	-
Land improvements	488	383	394	405
Total land	488	383	394	405
Buildings	7,358	21,937	27,926	24,075
Heritage buildings	-	-	-	-
Building improvements	1,154	-	-	-
Leasehold improvements	-	-	-	-
Total buildings	8,512	21,937	27,926	24,075
Total property	9,000	22,320	28,320	24,480
Plant and equipment				
Heritage plant and equipment	-	-	-	-
Plant, machinery and equipment	5,458	4,236	6,261	5,438
Fixtures, fittings and furniture	177	-	-	-
Computers and telecommunications	3,034	1,453	1,489	1,527
Library books	789	840	861	882
Total plant and equipment	9,458	6,528	8,611	7,847
Infrastructure				
Roads	6,999	4,822	4,574	4,914
Bridges	3,417	1,771	86	88
Footpaths and cycleways	3,690	3,027	2,903	2,982
Drainage	1,621	1,066	1,737	1,785
Recreational, leisure and community facilities	386	300	308	262
Waste management	-	-	-	-
Parks, open space and streetscapes	9,977	5,190	4,841	4,750
Off street car parks	46	-	-	-
Other infrastructure	1,203	1,766	1,814	1,870
Total infrastructure	27,339	17,941	16,262	16,650
Total capital works expenditure	45,797	46,790	53,193	48,977
Represented by:				
New asset expenditure	9,815	15,850	13,384	1,672
Asset renewal expenditure	26,586	25,705	32,185	35,639
Asset expansion expenditure	1,265	785	1,766	3,992
Asset upgrade expenditure	8,131	4,450	5,858	7,674
Total capital works	45,797	46,790	53,193	48,977

Darebin City Council Budgeted Statement of Human Resources

For the four years ending 30 June 2021	Budget	Strategic Resource Plan Projections		
	2017/18	2018/19	2019/20	2020/21
	\$'000	\$'000	\$'000	\$'000
Staff expenditure				
Employee costs - Operating	(80,452)	(83,105)	(85,806)	(88,594)
Employee costs - Capital	(1,011)	(1,047)	(1,081)	(1,116)
Total staff expenditure	(81,463)	(84,151)	(86,886)	(89,710)
Staff numbers	EFT	EFT	EFT	EFT
Employees	779.0	779.0	776.1	776.1
Total staff numbers	779.0	779.0	776.1	776.1

Other information

Summary of planned capital works expenditure for the four years ended 30 June 2021

Capital Works Area	Total \$'000	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2017/18									
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Land Improvements	488	174	102	212	0	0	0	488	0
Total land	488	174	102	212	0	0	0	488	0
Buildings	7,358	2,642	3,482	836	398	0	0	7,358	0
Heritage buildings	0	0	0	0	0	0	0	0	0
Building improvements	1,154	0	372	782	0	0	0	1,154	0
Leasehold improvements	0	0	0	0	0	0	0	0	0
Total Buildings	8,512	2,642	3,854	1,618	398	0	0	8,512	0
Total property	9,000	2,816	3,956	1,830	398	0	0	9,000	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	5,458	50	4,808	580	20	0	734	2,503	0
Fixtures, Fittings and Furniture	177	30	133	14	0	0	0	177	0
Computers and Telecommunications	3,034	279	1,684	660	411	0	0	3,034	0
Library Books	789	99	550	140	0	18	0	751	0
Total plant and equipment	9,458	458	7,175	1,394	431	18	734	8,706	0
INFRASTRUCTURE									
Roads	6,999	595	5,466	844	94	467	0	6,532	0
Transport & road safety	1,203	0	300	903	0	0	0	1,203	0
Bridges	3,417	2,587	747	83	0	0	1,665	1,752	0
Footpaths and Cycleways	3,690	140	2,691	719	140	0	0	3,690	0
Drainage	1,621	572	597	452	0	0	0	1,621	0
Recreational, Leisure and Community Facilities	386	35	290	61	0	1,345	0	386	0
Parks, Open Space and Streetscapes	9,977	2,612	5,318	1,845	202	1,000	13	8,964	0
Off Street Car Parks	46	0	46	0	0	0	0	46	0
Other Infrastructure	0	0	0	0	0	0	0	0	0
Total infrastructure	27,339	6,541	15,455	4,907	436	2,812	1,678	22,849	0
TOTAL capital works expenditure 2017/18	45,797	9,815	26,586	8,131	1,265	2,830	2,412	40,555	0

Capital Works Area	Total	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018/19									
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Land Improvements	383	191	192	0	0	0	0	383	0
Total land	383	191	192	0	0	0	0	383	0
Buildings	21,937	12,879	7,246	1,359	453	0	0	21,937	0
Heritage buildings	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0
Total Buildings	21,937	12,879	7,246	1,359	453	0	0	21,937	0
Total property	22,320	13,070	7,438	1,359	453	0	0	22,320	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	4,236	63	4,141	31	0	0	793	3,442	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	1,453	363	944	73	73	0	0	1,453	0
Library Books	840	0	672	168	0	0	0	840	0
Total plant and equipment	6,528	450	4,617	72	117	0	793	5,735	0
INFRASTRUCTURE									
Roads	4,822	0	4,822	0	0	410	0	4,412	0
Transport & road safety	1,766	0	883	883	0	0	0	1,766	0
Bridges	1,771	1,240	531	0	0	0	0	1,771	0
Footpaths and Cycleways	3,027	0	2,783	244	0	0	0	3,027	0
Drainage	1,066	0	746	320	0	0	0	1,066	0
Recreational, Leisure and Community Facilities	300	75	150	75	0	0	0	300	0
Parks, Open Space and Streetscapes	5,190	1,038	2,595	1,298	260	0	0	5,190	0
Off Street Car Parks	0	0	0	0	0	0	0	0	0
Other Infrastructure	0	0	0	0	0	0	0	0	0
Total infrastructure	17,941	2,353	12,510	2,819	260	410	0	17,941	0
TOTAL capital works expenditure 2018/19	46,790	15,850	25,705	4,450	785	410	793	45,587	0

Capital Works Area	Total	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019/20									
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Land Improvements	394	197	197	0	0	0	0	394	0
Total land	394	197	197	0	0	0	0	394	0
Buildings	27,926	11,701	12,129	2,646	1,449	0	0	27,926	0
Heritage buildings	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0
Total Buildings	27,926	11,701	12,129	2,646	1,449	0	0	27,926	0
Total property	28,320	11,898	12,326	2,646	1,449	0	0	28,320	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	6,261	68	6,159	34	0	0	1,227	5,034	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	1,489	372	968	75	74	0	0	1,489	0
Library Books	861	0	689	172	0	0	0	861	0
Total plant and equipment	8,611	440	7,816	281	74	0	1,227	7,384	0
INFRASTRUCTURE									
Roads	4,574	0	4,574	0	0	389	0	4,185	0
Transport & road safety	1,814	0	907	907	0	0	0	1,814	0
Bridges	86	0	86	0	0	0	0	86	0
Footpaths and Cycleways	2,902	0	2,687	215	0	0	0	2,902	0
Drainage	1,737	0	1,216	521	0	0	0	1,737	0
Recreational, Leisure and Community Facilities	308	77	154	77	0	0	0	308	0
Parks, Open Space and Streetscapes	4,841	969	2,420	1,210	242	0	0	4,841	0
Off Street Car Parks	0	0	0	0	0	0	0	0	0
Other Infrastructure	0	0	0	0	0	0	0	0	0
Total infrastructure	16,262	1,046	12,044	2,930	242	389	0	15,874	0
TOTAL capital works expenditure 2019/20	53,193	13,384	32,185	5,858	1,766	389	1,227	51,577	0

Capital Works Area	Total \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
2020/21									
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Land Improvements	405	202	203	0	0	0	0	405	0
Total land	405	202	203	0	0	0	0	405	0
Buildings	24,075	0	15,961	4,436	3,678	0	0	24,075	0
Heritage buildings	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0
Total Buildings	24,075	0	15,961	4,436	3,678	0	0	24,075	0
Total property	24,480	202	16,164	4,436	3,678	0	0	24,480	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	5,438	72	5,330	36	0	0	1,037	4,401	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	1,527	382	993	76	76	0	0	1,527	0
Library Books	882	0	706	176	0	0	0	882	0
Total plant and equipment	7,847	454	7,029	288	76	0	1,037	6,810	0
INFRASTRUCTURE									
Roads	4,914	0	4,914	0	0	418	0	4,496	0
Transport & road safety	1,870	0	935	935	0	0	0	1,870	0
Bridges	88	0	88	0	0	0	0	88	0
Footpaths and Cycleways	2,982	0	2,756	226	0	0	0	2,982	0
Drainage	1,785	0	1,250	535	0	0	0	1,785	0
Recreational, Leisure and Community Facilities	262	65	132	65	0	0	0	262	0
Parks, Open Space and Streetscapes	4,750	950	2,375	1,188	237	0	0	4,750	0
Off Street Car Parks	0	0	0	0	0	0	0	0	0
Other Infrastructure	0	0	0	0	0	0	0	0	0
Total infrastructure	16,651	1,015	12,450	2,949	237	418	0	16,233	0
TOTAL capital works expenditure 2020/21	48,977	1,672	35,639	7,674	3,992	418	1,037	47,522	0

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Summary of planned human resources expenditure for the four years ending 30 June 2021

	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Chief Executive				
-Permanent full time	635	651	667	684
-Permanent part time	74	76	78	80
Total Chief Executive	709	728	745	763
City Futures & Assets				
-Permanent full time	10,204	10,459	10,721	10,989
-Permanent part time	611	626	642	658
Total City Futures & Assets	10,815	11,085	11,362	11,647
Operations & Environment				
-Permanent full time	14,768	15,138	15,516	15,904
-Permanent part time	532	546	559	573
Total Operations & Environment	15,301	15,683	16,075	16,477
Community Development				
-Permanent full time	15,301	15,683	16,075	16,477
-Permanent part time	15,916	16,314	16,722	17,140
Total Community Development	31,216	31,997	32,796	33,618
Corporate Services				
-Permanent full time	7,550	7,738	7,932	8,130
-Permanent part time	550	563	577	592
Total Corporate Services	8,099	8,302	8,508	8,722
Civic Governance & Compliance				
-Permanent full time	5,691	5,833	5,979	6,129
-Permanent part time	1,006	1,031	1,057	1,083
Total Civic Governance & Compliance	6,697	6,864	7,036	7,212
Total casuals and other	7,525	9,419	10,287	11,191
Capitalised labour	1,010	0	0	0
Total staff expenditure	81,373	84,078	86,809	89,629
	EFT	EFT	EFT	EFT
Chief Executive				
-Permanent full time	3.0	3.0	3.0	3.0
-Permanent part time	0.8	0.8	0.8	0.8
Total Chief Executive	3.8	3.8	3.8	3.8
City Futures & Assets				
-Permanent full time	100.5	100.5	100.5	100.5
-Permanent part time	6.3	6.3	6.3	6.3
Total City Futures & Assets	106.8	106.8	106.8	106.8
Operations & Environment				
-Permanent full time	168.0	168.0	168.0	168.0
-Permanent part time	6.5	6.5	6.5	6.5
Total Operations & Environment	174.5	174.5	174.5	174.5
Community Development				
-Permanent full time	151.8	151.8	151.8	151.8
-Permanent part time	194.9	194.9	194.9	194.9
Total Community Development	346.7	346.7	346.7	346.7
Corporate Services				
-Permanent full time	68.0	68.0	68.0	68.0
-Permanent part time	5.7	5.7	5.7	5.7
Total Corporate Services	73.7	73.7	73.7	73.7
Civic Governance & Compliance				
-Permanent full time	56.0	56.0	56.0	56.0
-Permanent part time	17.5	17.5	17.5	17.5
Total Civic Governance & Compliance	73.5	73.5	73.5	73.5
Total staff numbers*	779.0	779.0	779.0	779.0

*Excludes casual staff

Glossary

Act	means the <i>Local Government Act 1989</i>
Annual report	means a report of the council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement
Asset expansion expenditure	means expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries
Asset expenditure type	means the following types of asset expenditure: (a) asset renewal expenditure; (b) new asset expenditure; (c) asset upgrade expenditure; (d) asset expansion expenditure
Asset renewal expenditure	means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability
Asset upgrade expenditure	means expenditure that: (a) enhances an existing asset to provide a higher level of service; or (b) increases the life of the asset beyond its original life
Australian Accounting Standards (AASB)	means the accounting standards published by the Australian Accounting Standards Board
Budget	means a plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the Council Plan
Capital works expenditure	means expenditure on non-current assets and includes new assets, asset renewal, asset expansion and asset upgrade
Council Plan	means a plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four year
Financial resources	means income, expenditure, assets, liabilities, equity, cash and capital works required to deliver the services and initiatives in the budget
Financial statements	means the financial statements and notes prepared in accordance with the Local Government Model Financial Report, Australian Accounting Standards and other applicable standards as they apply to the general purpose financial reports and a statement of capital works and included in the annual report
Financial year	means the period of 12 months ending on 30 June each year
Human resources	means the staff employed by a council

Indicator	means what will be measured to assess performance
Initiatives	means actions that are one-off in nature and/or lead to improvements in service
Major initiatives	means significant initiatives that will directly contribute to the achievement of the Council Plan during the current year and have a major focus in the budget
Minister	means the Minister for Local Government
Model budget	means the <i>Victorian City Council Model Budget</i> prepared annually by the Chartered Accountants in Australia and New Zealand
New asset expenditure	means expenditure that creates a new asset that provides a service that does not currently exist
Non-financial resources	means the resources other than financial resources required to deliver the services and initiatives in the budget
Non-recurrent grant	means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council's Strategic Resource Plan
Planning and accountability framework	means the key statutory planning and reporting documents that are required to be prepared by councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act
Performance statement	means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report
Recurrent grant	means a grant other than a non-recurrent grant
Regulations (LGR)	means the Local Government (Planning and Reporting) Regulations 2014
Report of operations	means a report containing a description of the operations of the council during the financial year and included in the annual report
Services	means assistance, support, advice and other actions undertaken by a council for the benefit of the local community
Statement of capital works	means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type prepared accordance to the model statement of capital works in the Local Government Financial Report
Strategic objectives	means the outcomes a council is seeking to achieve over the next four years and included in the Council Plan
Strategic Resource Plan	means a plan of the financial and non-financial resources for at

least the next four years required to achieve the strategic objectives in the Council Plan. Is also referred to as a long term financial plan

Strategies

means high level actions directed at achieving the strategic objectives in the Council Plan

Statement of human resources

means a statement which shows all council staff expenditure and numbers of full time equivalent council staff

Statements of non-financial resources

means a statement which describes the non-financial resources including human resources

Summary of planned capital works expenditure

means a summary of capital works expenditure in relation to non-current assets classified according to the model statement of capital works in the Local Government Financial Report, by asset expenditure type and funding source

Summary of planned human resources expenditure

means a summary of permanent council staff expenditure and numbers of full time equivalent council staff categorised according to the organisational structure of the council

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CONTACT US

274 Gower Street, Preston
PO Box 91, Preston, Vic 3072
T 8470 8888
F 8470 8877
E mailbox@darebin.vic.gov.au
darebin.vic.gov.au



National Relay Service
TTY dial 133 677 or
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