



the place
to live

STRATEGIC RESOURCE PLAN

For the four years 2018 to 2022

June 2018

This Strategic Resource Plan has been developed in accordance with the Local Government Better Practice Guide – Strategic Resource Plan, 2017 issued by the Department of Environment, Land, Water and Planning on preparing a Strategic Resource Plan in accordance with the legislation.

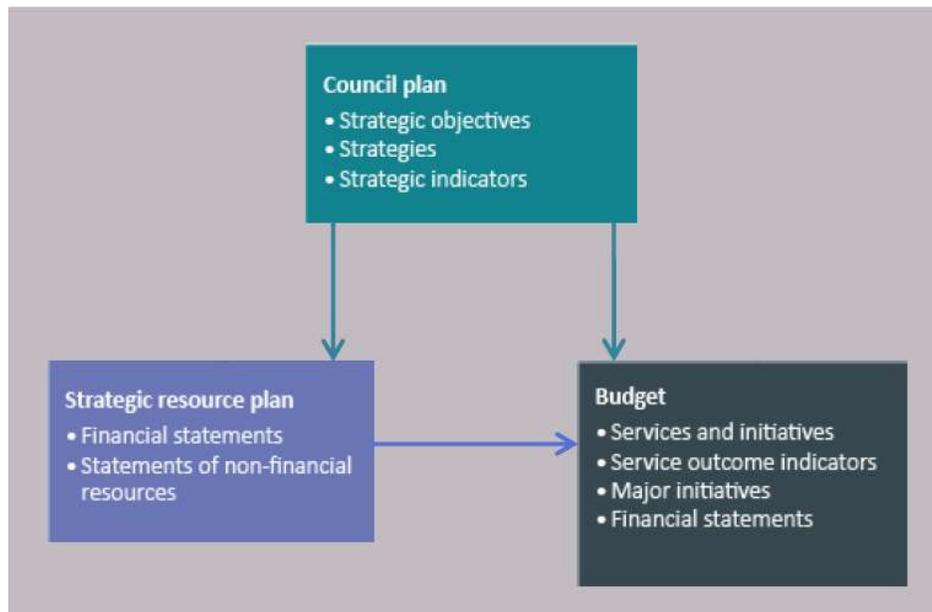
Contents	Page
1. Background	3
2. Objectives of the plan	3
3. How the plan was developed	4
4. Assessment of Council's current financial position	4
5. Key assumptions	5
6. Key strategies	8
7. Outcomes	15
Financial	
Non-financial	
Achievements of SRP objectives	
8. Appendix	21
Financial statements	
Non-financial statements	
Other information	

1. Background

The *Local Government Act 1989* (the Act) requires Council to prepare a Strategic Resource Plan (SRP) for the next four financial years that describes both the financial and non-financial resources required to achieve the strategic objectives in the Council Plan. 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.

In preparing the SRP, Council must take into account services and initiatives contained in any plan adopted or proposed to be adopted by Council. The SRP informs the preparation of the budget; describes the services and initiatives to be funded; and how they will contribute to the achieving the strategic objectives in the Council Plan.

Council has prepared a SRP for the four years 2018-19 to 2021-22 as part of its integrated planning framework as set out below.



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, capital works and asset management 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 2017
- 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 2017-18 year are in the following table.

Result	Adopted Budget 2017/18 \$'000	Forecast Actual 2017/18 \$'000	Variance Fav/ (Unfav) \$'000
Surplus/(deficit) for the year	12,800	13,053	253
Cash and investments balance	50,571	68,634	18,063
Capital works expenditure	47,327	42,898	(4,429)

A surplus of \$13.05 million is forecast to be achieved, compared with an original budgeted surplus of \$12.80 million.

Cash and investments is forecast to be \$68.63 million compared with an original budget of \$50.57 million. The forecast \$18.06 million favourable variance is primarily due the opening balance being \$14.53 greater than budgeted and forecast of capital works being delivered in 2017/18 being \$4.43 less than the original budget.

Capital works expenditure is forecast to be \$42.90 million compared with an original budget of \$47.33 million. The forecast \$4.43 million unfavourable variance is due to resetting the capital works program to better align with the organisational capacity for delivery.

The Victorian Government has legislated that local government rates be capped from the 2016/17 year. The rate cap for the 2018/19 year as set by the Minister for Local Government is 2.25 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 in the following table.

	2018/19	2019/20	2020/21	2021/22
	%	%	%	%
Consumer Price Index	2.3%	2.5%	2.5%	2.5%
Average Weekly Earnings	2.0%	2.0%	2.0%	2.0%
Engineering Construction Index	3.2%	3.6%	3.6%	3.6%
Non-Residential Building Index	3.5%	3.5%	3.5%	3.5%
Rate increases	2.3%	2.2%	2.2%	2.2%
Property growth	1.9%	1.8%	1.8%	1.8%
Wages growth	2.0%	2.0%	2.0%	2.0%
Government funding	1.8%	1.8%	1.8%	1.8%
Statutory fees	2.3%	2.5%	2.5%	2.5%
Investment return	2.3%	2.3%	2.3%	2.3%

Consumer price index

The annual consumer price index (CPI) for the December 2017 quarter for Melbourne was 2.2 percent (ABS release 31 December 2017). The state-wide CPI is forecast to be 2.25 percent in 2018/19 and 2.50 percent for the remaining three years of the outlook period (based on Victorian State Government 2017/18 Budget Update). For the purposes of developing the SRP, CPI has been set at 2.25 percent for the 2018/19 year 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 2018/19 year is 2.25 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% 2018/19, 1.8% in 2019/20, 1.8% in 2019/20, and 1.8% in 2021/22.

Wages growth

Council must negotiate a new Collective Agreement. The wages growth in the SRP has been set at 2.0 percent in future years.

Grants (operating)

Council receives approximately \$14.98 million annually in operating grants from State and Commonwealth sources for the purposes of funding the delivery of services to ratepayers. This includes \$4.19 million for the 2018/19 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 \$9.18 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 2.3 percent reflecting current investment returns.

Residential garbage and recycling collection

Waste tipping charges associated with the disposal of residential waste 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. With China's decision to restrict the import of recyclable materials, the cost of Council's kerbside recycling is expected to significantly increase. While the Victorian State Government has put temporary relief funding arrangements in place for the period 1 March to 30 June 2018, the full financial impact of the changes in the processing of recyclable materials will impact Council in 2018/19 and this has been forecast to continue in future years.

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 2018 and is effective for the 2018/19 year with the next revaluation being undertaken as at 1 January 2019.

Service delivery

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

Year	Surplus / (Deficit) for the year \$'000	Adjusted Underlying Surplus / (Deficit) \$'000	Net Service (Cost) \$'000
2017/18	13,053	5,278	96,310
2018/19	14,524	6,836	101,646
2019/20	21,040	10,474	101,427
2020/21	23,102	12,365	103,754
2021/22	25,259	14,348	105,797

Service levels have been maintained for 2018/19 but with the impact of capped rates increases, service reviews will need to be undertaken across 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 \$101.65 million to \$105.80 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.

	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000
Supplementary rates	1,200	1,200	1,200	1,200
Developer contributions (cash)	5,700	6,633	6,450	6,830
Developer contributions (non-cash)	0	0	0	0
Financial assistance grants	4,194	4,230	4,266	4,302
Grants (capital)	2,636	5,013	4,961	4,769
Statutory fees	9,182	9,366	9,553	9,744
Asset sales proceeds	(412)	620	620	620

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 \$1.20 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 budgeted allocation for the 2018/19 year of \$4.19 million is marginally greater than the allocation in 2017/18. Council has now reached the "minimum grant" level for the purposes of calculating the general purpose grant. It is forecast that future allocation increase will be in line with increase for the current year.

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 \$0.62 million has been forecast in 2018/19 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 2017/18 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 73.4% 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 2018/19 the FGRS cap has been set at 2.25%. 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 2018/19 driven by forecast wage increases, contract price increases, and increased compliance costs have been limited to 4.1% including an additional \$5.4 million for the next tranche of the Solar Saver program. The cost increase excluding the Solar Saver program is 0.7%.

The Council-funded rate rebate, raised to \$150.00 (actual) in 2015/16 will continue to be provided to residential pensioner ratepayers in 2018/19 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 \$132.04 million, including \$5.18 million for the Solar Saver program, 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 \$1.20 million in 2018/19, with special charge scheme rates for retail activity areas forecast to be \$0.34 million. The green waste collection service charge of \$2.55 million is included in rates and charges for the 2018/19 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 2.25% 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 2018.

Year	General rate increase	Green waste increase	Total rates Raised
	%	%	\$'000
2017/18	2.00%	3.00%	124,287
2018/19	2.25%	2.50%	132,500
2019/20	2.15%	2.50%	136,520
2020/21	2.15%	2.50%	140,628
2021/22	2.15%	2.50%	144,827

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 2018/19 year.

Rate Type	How applied	Actual 2017/18	Budget 2018/19	Total raised \$'000	Change
Residential	Cents / \$ CIV	0.2376631	0.1938657	101,311	-22.6%
Commercial	Cents / \$ CIV	0.4159105	0.3392650	20,917	-22.6%
Vacant residential	Cents / \$ CIV	0.7129894	0.5815972	483	-22.6%
Vacant business	Cents / \$ CIV	0.9506526	0.7754629	711	-22.6%
Mixed use occupancy	Cents / \$ CIV	0.3327284	0.2714120	1,260	-22.6%
Vacant retail	Cents / \$ CIV	0.9506526	0.7754629	59	-22.6%
Cultural and Recreational	Cents / \$ CIV	0.2079553	0.1696325	66	-22.6%
Total				124,809	

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 2017/18 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2018 for the 2018/19 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 25.6% for the two years from 1 January 2016 to 1 January 2018. Of this increase, rateable residential properties have increased by 25.7% and rateable business properties by 24.7%.

The following table summarises the valuation changes between the 2016 and 2018 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	18.8%	29.5%
Bundoora	15.8%	31.9%
Coburg	27.1%	63.2%
Fairfield	21.9%	15.8%
Kingsbury	23.7%	38.5%
Macleod	26.0%	35.3%
Northcote	25.6%	21.2%
Preston	25.5%	24.7%
Reservoir	31.0%	29.1%
Thornbury	21.4%	25.2%
Darebin average	25.7%	24.7%

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 waste 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 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, the average as at 30 June 2017 for all Victorian Councils of loans and borrowings as a percentage of rates is 20.75% compared with Darebin's 0.00%.

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
- (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.
1. Fair Go Rates System – Guidance for councils 2017-18
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 2018/19 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 2018 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
2017/18	-	-	-	-
2018/19	-	-	-	-
2019/20	-	-	-	-
2020/21	-	-	-	-
2021/22	-	-	-	-

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

	Forecast	Budget
	Actual 2017/18	2018/19
	\$'000	\$'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	Summary of funding sources			
	Program	Grants	Contributions	Council Cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000
2017/18	42,898	3,126	5	39,767	-
2018/19	52,203	1,040	1,670	49,493	-
2019/20	54,213	2,344	819	51,049	-
2020/21	72,480	2,259	520	69,701	-
2021/22	50,778	2,033	781	47,964	-

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 for 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

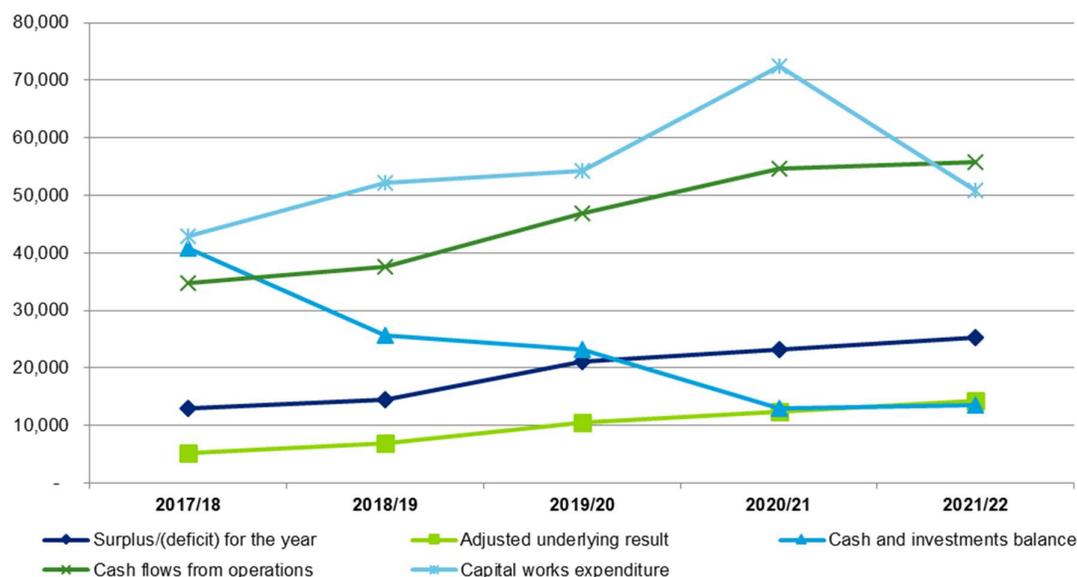
The following financial results, graph and indicators summarise the key financial outcomes for the next four years as set out in the SRP for the 2018-22 years. The attached Appendix includes the financial statements and other financial disclosures required by the Act and regulations.

	Forecast	Budget	Strategic Resource Plan Projections			Trend
	Actual					
	2017/18	2018/19	2019/20	2020/21	2021/22	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	13,053	14,524	21,040	23,102	25,259	+
Adjusted underlying result	5,278	6,836	10,474	12,365	14,348	+
Cash and investments balance	40,787	25,737	23,138	12,949	13,468	-
Cash flows from operations	34,707	37,645	46,814	54,549	55,693	+
Capital works expenditure	42,898	52,203	54,213	72,480	50,778	+

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	Strategic Resource Plan Projections			Trend
		2018/19	2019/20	2020/21	2021/22	+/-
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	4.0%	5.8%	6.6%	7.4%	+
Liquidity						
Working Capital	Current assets / current liabilities	193.1%	173.3%	97.5%	98.0%	-
Unrestricted cash	Unrestricted cash / current liabilities	127.1%	100.2%	23.4%	24.1%	-
Obligations						
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	0.0%	0.0%	0.0%	0.0%	o
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	1.1%	1.1%	1.1%	1.0%	o
Asset renewal	Asset renewal expenses / Asset depreciation	104.4%	137.2%	156.1%	144.6%	+
Stability						
Rates concentration	Rate revenue / adjusted underlying revenue	73.8%	72.7%	72.5%	72.2%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.21%	0.20%	0.20%	0.20%	-
Efficiency						
Expenditure level	Total expenses/ no. of property assessments	\$2,360	\$2,423	\$2,486	\$2,551	o
Revenue level	Residential rate revenue / No. of residential property assessments	\$1,575	\$1,609	\$1,645	\$1,681	+

Indicator	Measure	Budget	Strategic Resource Plan Projections			Trend
		2018/19	2019/20	2020/21	2021/22	+/-
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.

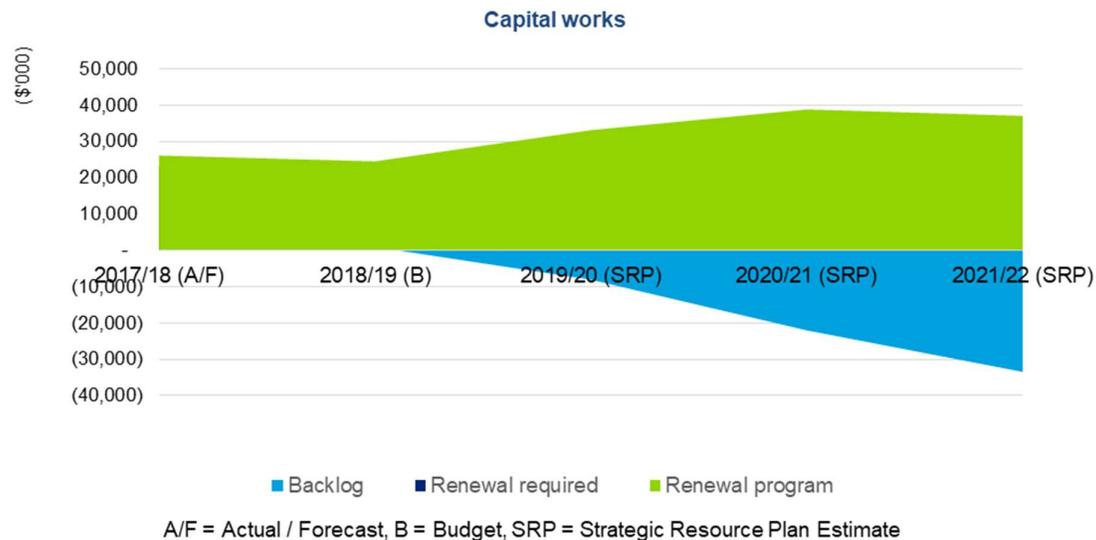
Asset renewal

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.

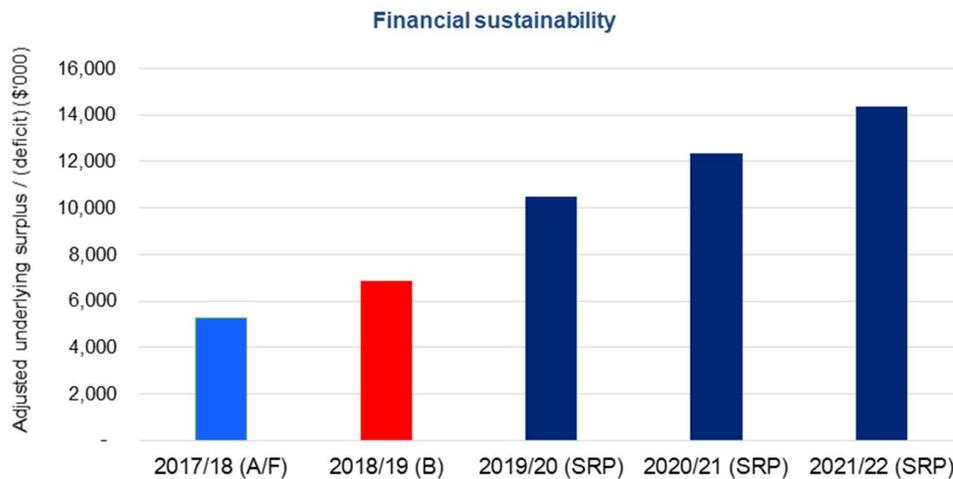
Operating performanceObjective

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

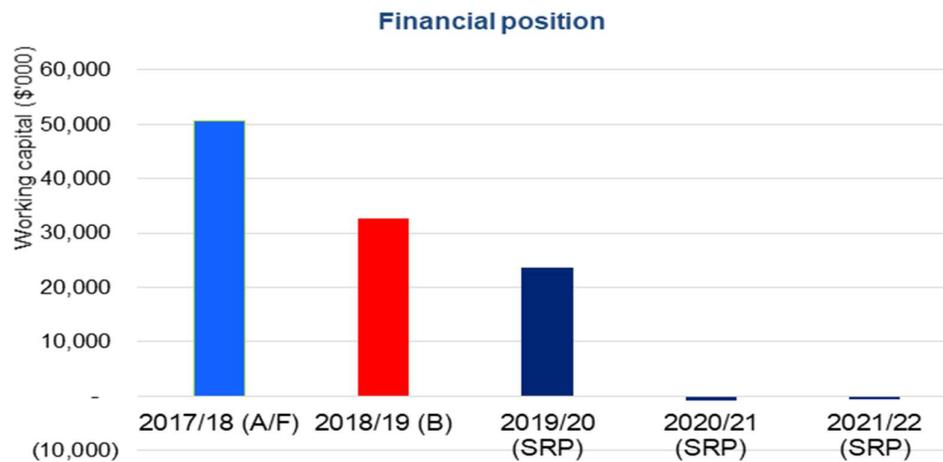
Objective

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 2019 is a financially sound 193% 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 \$1.93 worth of current assets.

At the time of preparing this SRP, the working capital ratio will not be achieved in 2020/21 and 2021/22.

The financial position is expected to improve with net assets (net worth) to increase by \$14.62 million to \$1.39 billion although net current assets (working capital) will reduce by \$17.14 million to \$33.42 million as at 30 June 2019. This is mainly due to the use of cash reserves to fund the capital works program. (Net assets is forecast to be \$1.37 billion as at 30 June 2018).

Summary of financial outcomes

Based on the assumptions as set out in the above section and associated strategies, the financial objectives which underpin the SRP will have been achieved over the four year period with the exception of the cash and liquidity objective which based on current information will not be met in 2020/21 and 2021/22. It must be noted that any significant adverse change in the key assumptions, could result in the non-achievement other 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 2018-22 years. The attached Appendix A 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 2022	Budget Strategic Resource Plan Projections			
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Staff expenditure				
Employee costs - Operating	(80,709)	(81,637)	(83,432)	(85,268)
Employee costs - Capital	(1,578)	(1,666)	(1,703)	(1,740)
Total staff expenditure	(82,287)	(83,303)	(85,135)	(87,008)
Staff numbers	EFT	EFT	EFT	EFT
Employees	769.2	765.2	765.2	765.2
Total staff numbers	769.2	765.2	765.2	765.2

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).

Appendix A – Financial statements and other disclosures

Darebin City Council Budgeted Comprehensive Income Statement

For the four years ending 30 June 2022	Budget	Strategic Resource Plan Projections		
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Income				
Rates and charges	132,500	136,520	140,628	144,827
Statutory fees and fines	9,182	9,366	9,553	9,744
User fees	10,831	11,102	11,379	11,664
Grants - Operating	14,981	15,280	15,585	15,896
Grants - Capital	2,636	5,013	4,961	4,769
Contributions - monetary	5,700	6,633	6,450	6,830
Contributions - non-monetary	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(412)	620	620	620
Fair value adjustments for investment property	-	-	-	-
Net gain/(loss) on disposal of investment property	-	-	-	-
Net gain/(loss) on disposal of intangible assets	-	-	-	-
Share of net profits/(losses) of associates and joint ventures	-	-	-	-
Other income	4,794	6,614	8,435	10,007
Total Income	180,212	191,147	197,611	204,356
Expenses				
Employee costs	(82,287)	(84,056)	(85,863)	(87,709)
Materials and services	(49,350)	(50,899)	(52,497)	(54,146)
Bad and doubtful debts	(1,267)	(1,050)	(1,028)	(1,072)
Depreciation and amortisation	(23,535)	(24,189)	(24,914)	(25,661)
Borrowing costs	-	-	-	-
Other expenses	(9,249)	(9,913)	(10,206)	(10,508)
Total Expenses	(165,688)	(170,107)	(174,510)	(179,097)
Surplus/(deficit) for the year	14,524	21,040	23,102	25,259
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods:				
Net asset revaluation increment /(decrement)	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-
Items that may be reclassified to surplus or deficit in future periods	-	-	-	-
Total comprehensive result	14,524	21,040	23,102	25,259

Darebin City Council Budgeted Balance Sheet

For the four years ending 30 June 2022	Budget	Strategic Resource Plan Projections		
	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000
Assets				
Current assets				
Cash and cash equivalents	25,737	23,138	12,949	13,468
Trade and other receivables	14,680	15,033	15,793	16,138
Other financial assets	23,847	14,308	-	-
Inventories	67	67	67	67
Non-current assets classified as held for sale	-	-	-	-
Other assets	3,338	3,338	3,338	3,338
Total current assets	67,669	55,884	32,148	33,011
Non-current assets				
Trade and other receivables	4,227	4,247	4,267	4,287
Investments in associates and joint ventures	3,142	3,142	3,142	3,142
Property, infrastructure, plant & equipment	1,347,837	1,377,879	1,425,463	1,450,598
Investment property	-	-	-	-
Intangible asset	363	345	327	309
Landfill rehabilitation intangible asset	-	-	-	-
Total non-current assets	1,355,569	1,385,613	1,433,199	1,458,335
Total assets	1,423,238	1,441,496	1,465,346	1,491,347
Liabilities				
Current liabilities				
Trade and other payables	11,569	8,300	8,551	8,786
Trust funds and deposits	5,034	5,135	5,237	5,342
Provisions	18,435	18,804	19,180	19,563
Interest-bearing loans and borrowings	-	-	-	-
Total current liabilities	35,038	32,239	32,968	33,692
Non-current liabilities				
Provisions	1,774	1,792	1,810	1,828
Interest-bearing loans and borrowings	-	-	-	-
Total non-current liabilities	1,774	1,792	1,810	1,828
Total liabilities	36,812	34,030	34,778	35,519
Net assets	1,386,426	1,407,466	1,430,568	1,455,827
Equity				
Accumulated surplus	560,325	580,497	601,566	625,075
Reserves	826,101	826,969	829,002	830,752
Total equity	1,386,426	1,407,466	1,430,568	1,455,827

Darebin City Council

Budgeted Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018/19				
Balance at beginning of the financial year	1,371,902	541,712	811,699	18,491
Surplus/(deficit) for the year	14,524	14,524	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	4,089	-	(4,089)
Balance at end of financial year	1,386,426	560,325	811,699	14,402
2019/20				
Balance at beginning of the financial year	1,386,426	560,325	811,699	14,402
Surplus/(deficit) for the year	21,040	21,040	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	-	(868)	-	868
Balance at end of financial year	1,407,466	580,497	811,699	15,270
2020/21				
Balance at beginning of the financial year	1,407,466	580,497	811,699	15,270
Surplus/(deficit) for the year	23,102	23,102	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	(0)	(2,033)	-	2,033
Balance at end of financial year	1,430,568	601,566	811,699	17,303
2021/22				
Balance at beginning of the financial year	1,430,568	601,566	811,699	17,303
Surplus/(deficit) for the year	25,259	25,259	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer (to)/from reserves	(0)	(1,750)	-	1,750
Balance at end of financial year	1,455,827	625,075	811,699	19,053

Darebin City Council Budgeted Statement of Cash Flows

For the four years ending 30 June 2022	Budget	Strategic Resource Plan Projections		
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Rates and charges	126,278	138,576	142,189	146,580
Statutory fees and fines	8,153	9,507	9,659	9,862
User fees	11,670	11,269	11,506	11,805
Grants - operating	12,346	15,510	15,758	16,089
Grants - capital	2,636	5,088	5,017	4,826
Contributions - monetary	5,700	6,633	6,450	6,830
Interest received	1,748	1,757	1,766	1,774
Dividends received	-	-	-	-
Trust funds and deposits taken	-	101	103	105
Other receipts	5,687	5,030	6,815	8,415
Net GST refund / payment	10,161	7,156	9,462	7,579
Employee costs	(82,286)	(89,485)	(89,340)	(91,294)
Materials and services	(64,448)	(54,187)	(54,623)	(56,359)
Trust funds and deposits repaid	-	-	-	-
Other payments	-	(10,142)	(10,210)	(10,520)
Net cash provided by/(used in) operating activities	37,645	46,814	54,549	55,693
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(57,355)	(59,634)	(79,728)	(55,856)
Proceeds from sale of property, infrastructure, plant and equipment	660	682	682	682
Payments for investment property	-	-	-	-
Proceeds from investment property	-	-	-	-
Payments for intangible assets	-	-	-	-
Proceeds from intangible assets	-	-	-	-
Payments for investments	-	-	-	-
Proceeds from investments	4,000	9,539	14,308	-
Loan and advances made	-	-	-	-
Repayments of loans and advances	-	-	-	-
Net cash provided by/(used in) investing activities	(52,695)	(49,413)	(64,738)	(55,174)
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	(15,050)	(2,599)	(10,189)	519
Cash and cash equivalents at the beginning of the financial year	40,787	25,737	23,138	12,949
Cash and cash equivalents at the end of the financial year	25,737	23,138	12,949	13,468

Darebin City Council Budgeted Statement of Capital Works

For the four years ending 30 June 2022	Budget	Strategic Resource Plan Projections		
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Property				
Land	-	-	-	-
Land improvements	1,161	383	394	405
Total land	1,161	383	394	405
Buildings	14,806	27,274	45,686	24,397
Heritage buildings	-	-	-	-
Building improvements	3,955	-	-	-
Leasehold improvements	-	-	-	-
Total buildings	18,761	27,274	45,686	24,397
Total property	19,922	27,657	46,080	24,801
Plant and equipment				
Heritage plant and equipment	-	-	-	-
Plant, machinery and equipment	4,480	6,093	5,293	5,468
Fixtures, fittings and furniture	-	-	-	-
Computers and telecommunications	4,321	2,491	2,553	2,617
Library books	804	840	950	882
Total plant and equipment	9,605	9,424	8,796	8,967
Infrastructure				
Roads	6,845	6,420	6,602	6,848
Bridges	4,582	83	86	88
Footpaths and cycleways	4,552	4,135	4,249	4,036
Drainage	1,968	1,482	1,737	1,125
Recreational, leisure and community facilities	160	300	308	262
Waste management	-	-	-	-
Parks, open space and streetscapes	4,569	4,711	4,623	4,651
Aerodromes	-	-	-	-
Off street car parks	-	-	-	-
Other infrastructure	-	-	-	-
Total infrastructure	22,676	17,132	17,605	17,010
Total capital works expenditure	52,203	54,213	72,480	50,778
Represented by:				
New asset expenditure	16,005	13,983	20,132	2,482
Asset renewal expenditure	24,571	33,174	38,861	37,083
Asset expansion expenditure	1,705	818	4,041	2,717
Asset upgrade expenditure	9,922	6,237	9,447	8,496
Total capital works	52,203	54,213	72,480	50,778

Darebin City Council Budgeted Statement of Human Resources

For the four years ending 30 June 2022	Budget	Strategic Resource Plan Projections		
	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000
Staff expenditure				
Employee costs - Operating	(80,709)	(81,637)	(83,432)	(85,268)
Employee costs - Capital	(1,578)	(1,666)	(1,703)	(1,740)
Total staff expenditure	(82,287)	(83,303)	(85,135)	(87,008)
Staff numbers	EFT	EFT	EFT	EFT
Employees	769.2	765.2	765.2	765.2
Total staff numbers	769.2	765.2	765.2	765.2

Planned Capital Works

Summary of planned capital works expenditure for the four years ended 30 June 2022

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
2018/19									
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Land Improvements	1,161	0	685	476	0	0	0	1,161	0
Total land	1,161	0	685	476	0	0	0	1,161	0
Buildings	14,806	6,802	5,228	1,921	855	300	140	14,366	0
Heritage buildings	0	0	0	0	0	0	0	0	0
Building improvements	3,955	0	1,920	2,035	0	0	0	3,955	0
Leasehold improvements	0	0	0	0	0	0	0	0	0
Total Buildings	18,761	6,802	7,148	3,956	855	300	140	18,321	0
Total property	19,922	6,802	7,833	4,432	855	300	140	19,482	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	4,480	140	3,987	353	0	0	659	3,821	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	4,321	1,460	1,854	707	300	0	0	4,321	0
Library Books	804	114	550	140	0	18	0	786	0
Total plant and equipment	9,605	1,714	6,391	1,200	300	18	659	8,928	0
INFRASTRUCTURE									
Roads	6,845	1,133	3,579	1,658	475	648	0	6,197	0
Bridges	4,582	4,132	405	45	0	0	1,580	3,002	0
Footpaths and Cycleways	4,552	326	3,611	615	0	0	0	4,552	0
Drainage	1,968	25	1,105	838	0	0	0	1,968	0
Recreational, Leisure and Community Facilities	160	0	130	30	0	0	0	160	0
Parks, Open Space and Streetscapes	4,569	1,602	1,538	1,354	75	0	0	4,569	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	22,676	7,218	10,368	4,540	550	648	1,580	20,448	0
TOTAL capital works expenditure 2018/19	52,203	15,734	24,592	10,172	1,705	966	2,379	48,858	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
2019/20									
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	27,274	11,458	13,486	1,747	582	1,925	819	24,530	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	27,274	11,458	13,486	1,747	582	1,925	819	24,530	0
Total property	27,657	11,649	13,678	1,747	582	1,925	819	24,913	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	6,093	66	5,451	576	0	0	1,227	4,866	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	2,491	249	1,744	498	0	0	0	2,491	0
Library Books	840	0	672	168	0	18	0	822	0
Total plant and equipment	9,424	315	7,867	1,242	0	18	1,227	8,179	0
INFRASTRUCTURE									
Roads	6,420	787	4,649	984	0	401	0	6,019	0
Bridges	83	0	83	0	0	0	0	83	0
Footpaths and Cycleways	4,135	214	3,355	566	0	0	0	4,135	0
Drainage	1,482	0	1,038	445	0	0	0	1,482	0
Recreational, Leisure and Community Facilities	300	75	150	75	0	0	0	300	0
Parks, Open Space and Streetscapes	4,712	942	2,356	1,178	236	0	0	4,712	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	17,132	2,018	11,631	3,248	236	401	0	16,731	0
TOTAL capital works expenditure 2019/20	54,213	13,982	33,176	6,237	818	2,344	2,046	49,823	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	394	197	197	0	0	0	0	394	0
Total land	394	197	197	0	0	0	0	394	0
Buildings	45,686	17,660	19,209	5,007	3,810	1,829	520	43,337	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	45,686	17,660	19,209	5,007	3,810	1,829	520	43,337	0
Total property	46,080	17,857	19,406	5,007	3,810	1,829	520	43,731	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	5,293	70	4,728	495	0	0	1,037	4,256	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	2,553	255	1,787	511	0	0	0	2,553	0
Library Books	950	0	760	190	0	18	0	932	0
Total plant and equipment	8,796	325	7,275	1,196	0	18	1,037	7,741	0
INFRASTRUCTURE									
Roads	6,602	728	4,964	910	0	430	0	6,172	0
Bridges	86	0	86	0	0	0	0	86	0
Footpaths and Cycleways	4,249	220	3,448	581	0	0	0	4,249	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	4,623	925	2,311	1,156	231	0	0	4,623	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	17,605	1,950	12,179	3,245	231	430	0	17,175	0
TOTAL capital works expenditure 2020/21	72,481	20,132	38,860	9,448	4,041	2,277	1,037	68,647	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
2021/22									
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	24,397	0	17,648	4,264	2,485	1,579	780	22,038	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	24,397	0	17,648	4,264	2,485	1,579	780	22,038	0
Total property	24,802	202	17,851	4,264	2,485	1,579	780	22,443	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	5,468	75	4,883	510	0	0	1,037	4,431	0
Fixtures, Fittings and Furniture	0	0	0	0	0	0	0	0	0
Computers and Telecommunications	2,617	262	1,832	523	0	0	0	2,617	0
Library Books	882	0	706	176	0	18	0	864	0
Total plant and equipment	8,967	337	7,421	1,209	0	18	1,037	7,912	0
INFRASTRUCTURE									
Roads	6,848	721	5,225	902	0	454	0	6,394	0
Bridges	88	0	88	0	0	0	0	88	0
Footpaths and Cycleways	4,036	226	3,255	555	0	0	0	4,036	0
Drainage	1,125	0	788	337	0	0	0	1,125	0
Recreational, Leisure and Community Facilities	262	65	132	65	0	0	0	262	0
Parks, Open Space and Streetscapes	4,651	930	2,325	1,163	233	0	0	4,651	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	17,010	1,942	11,813	3,022	233	454	0	16,556	0
TOTAL capital works expenditure 2021/22	50,779	2,481	37,085	8,495	2,718	2,051	1,817	46,911	0

CITY OF DAREBIN

Summary of planned human resources expenditure for the four years ending 30 June 2022

	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000
Chief Executive				
-Permanent full time	900	920	940	960
-Permanent part time	74	76	77	79
Total Chief Executive	974	996	1,017	1,038
City Sustainability & Strategy				
-Permanent full time	11,792	12,052	12,317	12,588
-Permanent part time	1,493	1,526	1,560	1,594
Total City Sustainability & Strategy	13,285	13,578	13,876	14,183
Operations & Capital				
-Permanent full time	15,128	15,461	15,801	16,149
-Permanent part time	81	83	85	87
Total Operations & Capital	15,209	15,544	15,886	16,236
Community				
-Permanent full time	13,602	13,901	14,207	14,520
-Permanent part time	13,836	14,141	14,452	14,770
Total Community	27,438	28,042	28,658	29,290
Governance & Engagement				
-Permanent full time	11,839	12,099	12,366	12,638
-Permanent part time	1,941	1,984	2,027	2,072
Total Governance & Engagement	13,780	14,083	14,392	14,709
Total casuals and other	10,022	11,813	12,034	12,253
Capitalised labour	1,578	0	0	0
Total staff expenditure	82,287	84,056	85,863	87,709
	EFT	EFT	EFT	EFT
Chief Executive				
-Permanent full time	4.8	3.8	3.8	3.8
-Permanent part time	0.8	0.8	0.8	0.8
Total Chief Executive	5.6	4.6	4.6	4.6
City Sustainability & Strategy				
-Permanent full time	120.7	119.7	119.7	119.7
-Permanent part time	22.9	21.9	21.9	21.9
Total City Sustainability & Strategy	143.6	141.6	141.6	141.6
Operations & Capital				
-Permanent full time	177.8	177.8	177.8	177.8
-Permanent part time	1.0	1.0	1.0	1.0
Total Operations & Capital	178.8	178.8	178.8	178.8
Community				
-Permanent full time	138.0	138.0	138.0	138.0
-Permanent part time	170.7	170.7	170.7	170.7
Total Community	308.7	308.7	308.7	308.7
Governance & Engagement				
-Permanent full time	110.0	109.0	109.0	109.0
-Permanent part time	22.5	22.5	22.5	22.5
Total Governance & Engagement	132.5	131.5	131.5	131.5
Total staff numbers*	769.2	765.2	765.2	765.2

*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

INTENTIONALLY BLANK

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
Speak & Listen 1300 555 727
or iprelay.com.au, then enter
03 8470 8888



Speak Your Language
8470 8470