

CORANGAMITE SHIRE
STRATEGIC RESOURCE PLAN
2020-2024



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SHIRE**

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Strategic Resource Plan 2020-2024

The *Local Government Act* (the Act) requires a Strategic Resource Plan (SRP) to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan.

In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared a SRP for the four years 2020-2021 to 2023-2024 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework.

The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

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

The key financial objectives, which underpin the SRP, are:

- Council will make budgetary decisions that ensures Council remains in a strong position now and into the future.
- Council will deliver value for money by ensuring that services are required and delivered efficiently and sustainably.
- Council will advocate strongly in relation to roads, cost shifting, and other Council and community priorities.

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

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

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

- Asset management in accordance with Council's asset management plans.
- Annual assessment of Council's financial position.
- A borrowing strategy that maintains debt management ratios within State Government prudential limits.
- A rating strategy that minimises annual average rates increases and anticipates future ongoing restrictions on rate increases imposed by the State Government's rate capping framework.
- A plan to use cash-backed reserves for future unfunded superannuation liability contributions and future landfill remediation works.

Financial resources

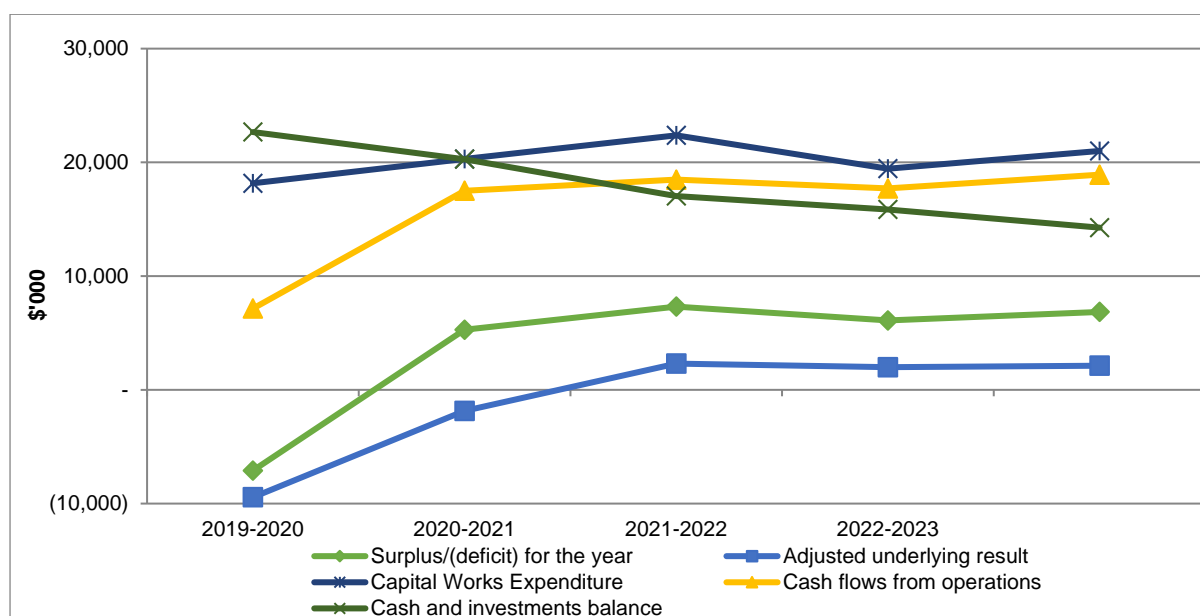
The following table summarises the key financial results for the next four years as set out in the SRP for years 2019-2020 to 2023-2024. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2019-2020 \$'000	2020-2021 \$'000	2021-2022 \$'000	2022-2023 \$'000	2023-2024 \$'000	+ / o / -
Surplus/(deficit) for the year	(7,097)	5,282	7,316	6,102	6,850	+
Adjusted underlying result	(9,446)	(1,852)	2,305	1,988	2,121	+
Cash and investments balance	22,665	20,277	17,038	15,857	14,260	-
Cash flows from operations	7,144	17,507	18,482	17,711	18,919	o
Capital works expenditure	18,162	20,297	22,376	19,449	20,998	o

Key to Forecast Trend:

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

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

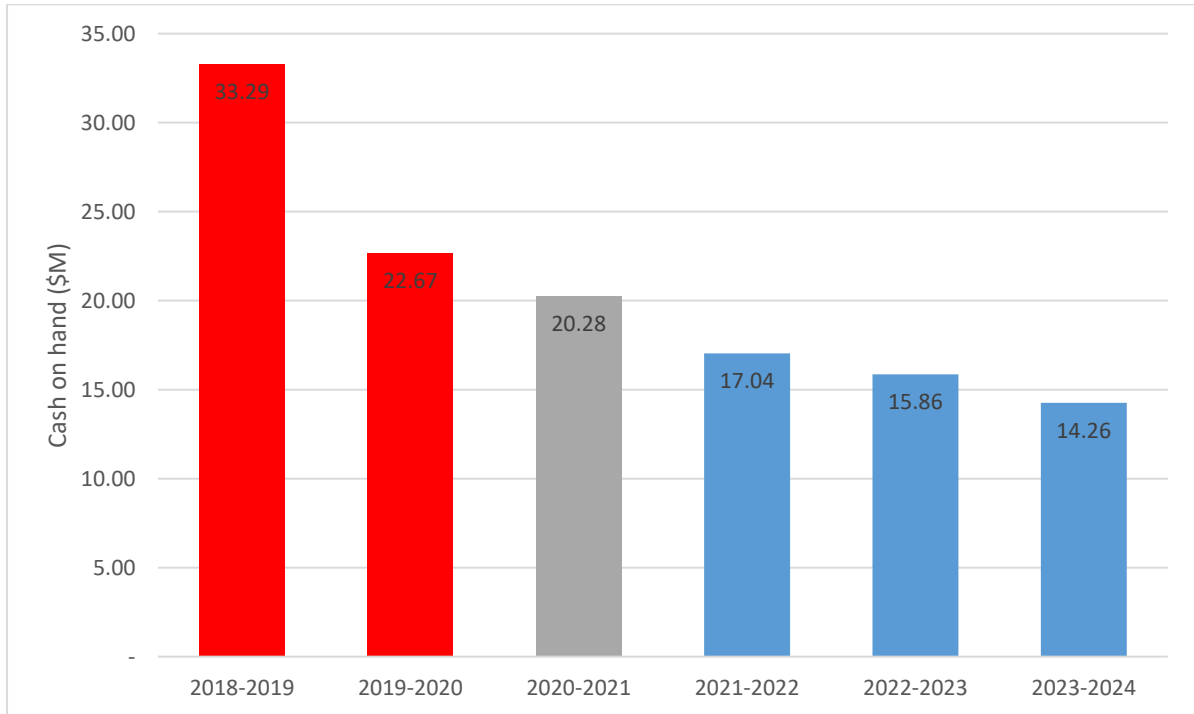


The following key assumptions were used for the plan:

	2020-2021	2021-2022	2022-2023	2023-2024
	%	%	%	%
Consumer Price Index	2.00	1.00	1.00	2.25
Rate increases	0.00	1.00	2.00	2.25
Wages growth	1.80	2.00	2.00	2.25
Statutory fees	2.00	1.00	1.00	2.25
Investment return	1.00	1.25	1.25	1.25

Financial Sustainability

Cash and investments are forecast to decrease by \$8.41 million over the four year period from \$22.67 million to \$14.26 million. This decrease reflects the surplus funds accumulated being allocated to large scale capital projects over the term of the SRP.



Rating Levels

A 0% increase is budgeted for 2020-2021, which is below the State Government's rate capping framework.

Future rate increases has been forecast to slowly increase for final three years of the SRP. The projected rate increases are in accordance with anticipated CPI increases. The garbage charge is predicted to increase by 4.72% in 2020-2021 to reflect the increase costs of providing the service. We anticipate the market will stabilise in the final three years of the SRP and increases have been set at CPI.

Year	General Rate Increase %	Municipal Charge Increase %	Garbage Charge Increase %	Total Rates Raised \$'000
2019-2020	2.00	2.00	-4.72	22,096
2020-2021	0.00	0.00	4.72	22,200
2021-2022	1.00	1.00	1.00	22,767
2022-2023	2.00	2.00	1.00	23,250
2023-2024	2.25	2.25	2.25	23,773

The existing rating structure comprises four differential rates (general, vacant industrial, farming and cultural and recreational). 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 farm rate is set at 89% of the general rate, vacant industrial land is set at 120% of the general rate and the rate concession for recreational land is set at 50% of the general rate. Council also levies a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

Rate type	How applied	2019-2020	2020-2021	Total Raised \$000's	Change
General rate for rateable residential properties	Cents/\$ CIV	0.37456	0.35982	5,382	-3.9%
General rate for rateable commercial properties	Cents/\$ CIV	0.37456	0.35982	554	-3.9%
General rate for rateable industrial properties	Cents/\$ CIV	0.37456	0.35982	2,025	-3.9%
General rate for rateable farm properties	Cents/\$ CIV	0.33523	0.32024	10,507	-4.5%
General rate for rateable vacant industrial land properties	Cents/\$ CIV	0.44947	0.43178	15	-3.9%
General rate for cultural and recreational land properties	Cents/\$ CIV	0.18728	0.17991	6	-3.9%
Municipal charge	\$/ property	\$202.50	\$202.50	1,724	0.0%
Kerbside collection charge	\$/ property	\$343.00	\$359.20	1,945	4.7%

Service delivery strategy

From 2020-2021, until the remainder of the SRP, no significant changes to service levels are anticipated based on the rating assumptions previously mentioned. Operating surpluses are forecast for all years as a result of capital grant revenue being received to fund the annual capital works program.

Excluding the effects of items such as capital contributions, the adjusted underlying remains close to break even over the four years of the SRP. The net cost of the services provided to the community decreases from \$22.56 million to \$20.71 million over the four year period.

Year	Surplus (Deficit) for the year \$'000	Adjusted Underlying Surplus (Deficit) \$'000	Net Service (Cost) \$'000
2019-2020	(7,097)	(9,446)	(24,723)
2020-2021	5,282	(1,852)	(22,586)
2021-2022	7,316	2,305	(20,099)
2022-2023	6,102	1,988	(20,563)
2023-2024	6,850	2,121	(20,717)

Borrowing strategy

Council repaid all borrowings in 2017-2018 and has not forecasted further borrowings in the four years of the SRP.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2019-2020	-	-	-	-
2020-2021	-	-	-	-
2021-2022	-	-	-	-
2022-2023	-	-	-	-
2023-2024	-	-	-	-

Infrastructure strategy

Capital Expenditure proposed over the four year period will total \$83.12 million at an average of \$20.78 million.

Year	Summary of funding sources			
	Total Capital Program \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000
2019-2020	18,162	4,386	643	18,162
2020-2021	20,297	9,419	180	20,297
2021-2022	22,376	7,319	186	22,376
2022-2023	19,449	6,446	171	19,449
2023-2024	20,998	7,112	110	20,998

Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance, and should be interpreted in the context of the organisation's objectives.

Indicator	Measure	Actual	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	5.93%	-24.40%	-5.35%	4.24%	3.45%	3.62%
Liquidity							
Working Capital	Current assets / current liabilities	602%	428%	389%	331%	308%	278%
Unrestricted cash	Unrestricted cash / current liabilities	521%	291%	246%	218%	223%	222%
Obligations							
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	0%	0%	0%	0%	0%	0%
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	0%	0%	0%	0%	0%	0%
Indebtedness	Non-current liabilities / own source revenue	12.49%	8.43%	7.55%	7.51%	7.42%	7.24%
Asset renewal	Asset renewal expenses / Asset depreciation	79%	125%	115%	110%	97%	138%
Stability							
Rates concentration	Rate revenue / adjusted underlying revenue	41%	51%	44%	47%	48%	47%
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.43%	0.35%	0.34%	0.34%	0.34%	0.34%

Indicator	Measure	Actual	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Efficiency							
Expenditure level	Total expenses/ no. of property assessments	\$5,158	\$5,206	\$4,707	\$4,314	\$4,417	\$4,538
Revenue level	Residential rate revenue / no. of residential property assessments	\$895	\$898	\$879	\$878.58	\$901	\$923
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	8.40%	6.39%	7.50%	7.50%	7.50%	7.50%

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 meaning council will not have to rely on cash reserves or borrowings to maintain services.

2 Working Capital – The proportion of current liabilities represented by current assets. Working capital is forecast to remain steady at an acceptable level.

3 Debt compared to rates - Trend indicates Council not having any projected borrowings in the four years of the Strategic Resource Plan.

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 less reliant on rate revenue compared to all other revenue sources.

Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also require non-financial resources, in particular human resources. A summary of Council's anticipated human resource requirements for the 2020-2021 year is shown below.

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2019- 2020 \$'000	2020- 2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
Staff expenditure					
Employee costs - operating	14,694	15,744	16,059	16,380	16,748
Employee costs - capital	1,670	1,704	1,745	1,786	1,829
Total staff expenditure	16,365	17,447	17,803	18,166	18,578
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	187	190	191	191	191
Total staff numbers	187	190	191	191	191

Department	Budget 2002-2021 \$'000	Comprises		
		Permanent		Casual
		Full Time \$'000	Part time \$'000	\$'000
Corporate & Community Services	5,840	2,966	2,776	98
Executive Services	462	397	65	-
Sustainable Development	3,970	2,822	1,056	92
Works & Services	5,471	5,347	107	18
Total permanent staff expenditure	15,537			
Casuals, temporary and other expenditure	207			
Capitalised labour costs	1,704			
Total expenditure	17,447			

Department	Budget 2020-2021	Comprises		
		Permanent		Casual
		Full Time	Part time	
Corporate & Community Services	63	28	33	1
Executive Services	3	2	1	0
Sustainable Development	43	28	13	1
Works & Services	62	61	1	0
Capitalised labour	19	19	0	0
Total staff	190			

Appendix A

Financial Statements

The appendix presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2020-2021 to 2023-2024 forms part of the Strategic Resource Plan.

The appendix includes the following information:

1.1 Statements

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources

Comprehensive Income Statement
For the four years ending 30 June 2024

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2019- 2020 \$'000	2020- 2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
Income					
Rates and charges	22,096	22,200	22,767	23,250	23,773
Statutory fees and fines	434	523	529	534	546
User fees	5,526	6,095	6,155	6,279	6,420
Grants - Operating	8,332	11,322	11,409	11,497	11,729
Grants - Capital	4,356	9,419	7,319	6,446	7,112
Contributions - monetary	-	633	186	171	110
Contributions – non monetary	1,514	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(57)	(95)	-	-	-
Other income	928	595	576	538	938
Total income	43,130	50,692	48,941	48,714	50,628
Expenses					
Employee costs	14,694	15,744	16,059	16,380	16,748
Materials and services	19,647	14,543	11,379	11,592	11,862
Depreciation and amortisation	12,856	12,131	11,114	11,535	11,994
Bad and doubtful debts	3	2	2	2	2
Borrowing costs	-	-	-	-	-
Other expenses	3,027	2,991	3,072	3,102	3,172
Total expenses	50,227	45,410	41,625	42,611	43,778
Surplus/(deficit) for the year	(7,097)	5,282	7,316	6,102	6,850
Other comprehensive income					
Net asset revaluation increment /(decrement)	-	10,000	10,000	10,000	10,000
Total comprehensive result	(7,097)	15,282	17,316	16,102	16,850

Balance Sheet

For the four years ending 30 June 2024

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2019- 2020 \$'000	2020- 2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
Assets					
Current assets					
Cash and cash equivalents	22,665	20,277	17,038	15,857	14,260
Trade and other receivables	2,400	2,400	2,448	2,472	2,497
Other financial assets	12	-	-	-	-
Inventories	140	140	143	144	146
Other assets	1,000	1,000	1,020	1,030	1,041
Total current assets	26,218	23,817	20,649	19,504	17,943
Non-current assets					
Trade and other receivables	25	25	25	26	26
Other financial assets	-	-	-	-	-
Investments in associates, joint arrangement and subsidiaries	293	293	293	293	293
Property, infrastructure, plant & equipment	460,132	477,814	498,422	515,779	534,301
Total non-current assets	460,450	478,132	498,740	516,098	534,620
Total assets	486,668	501,949	519,389	535,602	552,563
Liabilities					
Current liabilities					
Trade and other payables	2,100	2,100	2,142	2,163	2,185
Trust funds and deposits	226	226	231	233	235
Provisions	3,800	3,800	3,868	3,946	4,025
Interest-bearing liabilities	-	-	-	-	-
Total current liabilities	6,126	6,126	6,241	6,342	6,445
Non-current liabilities					
Provisions	3,972	3,972	3,980	3,990	3,999
Interest-bearing liabilities	-	-	-	-	-
Total non-current liabilities	3,972	3,972	3,980	3,990	3,999
Total liabilities	10,098	10,098	10,221	10,332	10,444
Net assets	476,569	491,851	509,167	525,270	542,120
Equity					
Accumulated surplus	177,927	182,858	191,847	199,633	208,202
Reserves	298,642	308,993	317,321	325,637	333,917
Total equity	476,569	491,851	509,167	525,270	542,120

Statement of Changes in Equity
For the four years ending 30 June 2024

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
2020 Forecast Actual				
Balance at beginning of the financial year	483,667	185,222	290,264	8,180
Surplus/(deficit) for the year	(7,097)	(7,097)	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfers to other reserves	-	360	-	(360)
Transfers from other reserves	-	(557)	-	557
Balance at end of the financial year	476,569	177,927	290,264	8,378
2021 Budget				
Balance at beginning of the financial year	476,569	177,927	290,264	8,378
Surplus/(deficit) for the year	5,282	5,282	-	-
Net asset revaluation increment/(decrement)	10,000	-	10,000	-
Transfers to other reserves	-	(2,122)	-	2,122
Transfers from other reserves	-	1,771	-	(1,771)
Balance at end of the financial year	491,851	182,858	300,264	8,729
2022 Budget				
Balance at beginning of the financial year	491,851	182,858	300,264	8,729
Surplus/(deficit) for the year	7,316	7,316	-	-
Net asset revaluation increment/(decrement)	10,000	-	10,000	-
Transfers to other reserves	-	(122)	-	122
Transfers from other reserves	-	1,794	-	(1,794)
Balance at end of the financial year	509,167	191,847	310,264	7,057
2023 Budget				
Balance at beginning of the financial year	509,167	191,847	310,264	7,057
Surplus/(deficit) for the year	6,102	6,102	-	-
Net asset revaluation increment/(decrement)	10,000	-	10,000	-
Transfers to other reserves	-	(123)	-	123
Transfers from other reserves	-	1,807	-	(1,807)
Balance at end of the financial year	525,270	199,633	320,264	5,373
2024 Budget				
Balance at beginning of the financial year	525,270	199,633	320,264	5,373
Surplus/(deficit) for the year	6,850	6,850	-	-
Net asset revaluation increment/(decrement)	10,000	-	10,000	-
Transfers to other reserves	-	(123)	-	123
Transfers from other reserves	-	1,843	-	(1,843)
Balance at end of the financial year	542,120	208,202	330,264	3,653

Statement of Cash Flows

For the four years ending 30 June 2024

	Forecast	Budget	Strategic Resource Plan		
	Actual 2019- 2020 \$'000	2020-2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Rates and charges	23,461	22,200	22,719	23,225	23,748
Statutory fees and fines	434	523	529	534	546
User fees	5,523	6,093	6,153	6,277	6,418
Grants - operating	8,332	11,322	11,409	11,497	11,729
Grants - capital	4,356	9,419	7,319	6,446	7,112
Contributions - monetary	1,514	633	186	171	110
Other receipts	927	595	576	538	938
Employee costs	(14,644)	(15,744)	(15,998)	(16,301)	(16,668)
Materials and services	(22,761)	(17,534)	(14,411)	(14,675)	(15,014)
Net cash provided by/(used in) operating activities	7,144	17,507	18,482	17,711	18,919
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(18,162)	(20,297)	(22,376)	(19,449)	(20,998)
Proceeds from sale of property, infrastructure, plant and equipment	367	390	654	556	482
Loan and advances made	25	12	-	-	-
Payments of loans and advances	-	-	-	-	-
Net cash provided by/ (used in) investing activities	(17,770)	(19,895)	(21,721)	(18,892)	(20,516)
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	(10,625)	(2,388)	(3,239)	(1,181)	(1,597)
Cash and cash equivalents at the beginning of the financial year	33,291	22,665	20,277	17,038	15,857
Cash and cash equivalents at the end of the financial year	22,665	20,277	17,038	15,857	14,260

Statement of Capital Works

For the for years ending 30 June 2024

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2019- 2020 \$'000	2020- 2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
Property					
Land	335	450	51	71	-
Total land	335	450	51	71	-
Buildings	2,756	658	2,204	609	1,031
Heritage buildings	-	-	139	86	132
Total buildings	2,756	658	2,343	695	1,163
Total property	3,091	1,108	2,393	767	1,163
Plant and equipment					
Plant, machinery and equipment	1,918	1,541	2,103	1,948	2,060
Fixtures, fittings and furniture	30	-	15	-	-
Computers and telecommunications	184	155	1,093	255	292
Total plant and equipment	2,131	1,696	3,211	2,203	2,352
Infrastructure					
Roads	9,665	8,681	6,599	6,822	6,468
Kerb and channel	217	136	546	329	305
Bridges	904	420	848	469	428
Footpaths and cycleways	222	35	167	163	197
Drainage	183	100	-	-	-
Recreational, leisure and community facilities	314	6,270	101	87	63
Waste management	200	1,051	2,665	2,753	3,233
Parks, open space and streetscapes	1,184	750	5,814	5,825	6,759
Other infrastructure	50	50	30	31	31
Total infrastructure	12,939	17,493	16,771	16,479	17,483
Total capital works expenditure	18,162	20,297	22,376	19,449	20,998
Represented by:					
New asset expenditure	2,125	7,791	10,143	8,305	4,479
Asset renewal expenditure	12,149	10,548	9,895	9,598	15,481
Asset upgrade expenditure	3,888	1,958	2,338	1,546	1,038
Total capital works expenditure	18,162	20,297	22,376	19,449	20,998
Funding sources represented by:					
Grants	4,386	9,419	7,319	6,446	7,112
Contributions	643	180	186	171	110
Council cash	13,133	10,698	14,871	12,832	13,775
Borrowings	-	-	-	-	-
Total capital works expenditure	18,162	20,297	22,376	19,449	20,998

Statement of Human Resources

For the four years ending 30 June 2024

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2019- 2020 \$'000	2020- 2021 \$'000	2021- 2022 \$'000	2022- 2023 \$'000	2023- 2024 \$'000
Staff expenditure					
Employee costs - operating	14,694	15,744	16,059	16,380	16,748
Employee costs - capital	1,670	1,704	1,745	1,786	1,829
Total staff expenditure	16,365	17,447	17,803	18,166	18,578
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	187	190	191	191	191
Total staff numbers	187	190	191	191	191



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