

## Rural Councils Transformation Program

### Hume Region Business Case

Submission to Local Government Victoria  
31 March 2019



## Hume Region Rural Transformation Project

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<b>Member councils / entities</b>	Wodonga, Wangaratta, Moira, Mitchell, Towong, Benalla, Strathbogie, Murrindindi, Mansfield, Alpine
<b>Total funding requirements:</b>	\$5.0 million over 5 years

For convenience the business case assessment criteria are reproduced below from the 'Rural Councils Transformation Program Funding Guidelines'. The Department of Environment, Land, Water and Planning reserves the right not to award funding in the case that no applications reasonably meet these criteria.

Criteria	Description	Weighting
<b>Financial sustainability</b>	Demonstrate how the proposal will deliver efficiencies / savings that will contribute to improved sustainability of involved councils	
	Quantify the financial benefits of the proposal in annual terms and demonstrate that there will be a positive Net Present Value (NPV) within five years, which will be sustained beyond this period	35%
<b>Evidence-based</b>	Clearly articulates the evidence of the need and how the proposal will address this need	
	Outlines a robust framework for collecting data or other evidence to assess the proposal's outcomes and, if applicable, to assess its viability as a model that can be replicated or scaled up	25%
<b>Impact</b>	Clearly quantifies the expected improvements from current baseline resourcing and service provision levels or council operations that will result from the proposal	
	Outlines how the proposal project will result in a transformation of significant scale	25%
<b>Collaboration</b>	Demonstrates that the proposal project will have a positive impact on rural communities through improving service delivery quality or scope	
	Demonstrates clear and comprehensible partnering arrangement governance arrangements, including roles and responsibilities for project delivery on an ongoing basis*	15%

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# 1. Overview

## 1.1 Executive Summary

### Business Case Overview

#### Funding ask

Hume Regional Councils are seeking **\$5.0 million** from Local Government Victoria (LGV) to implement transformational shared service improvements which will increase sustainability of the region's councils.

#### Strategic Response

To address the Hume Region's problems of having siloed operating systems, increasing cost pressure and increasing community expectations, the following strategic responses have been identified:

- Align business systems and processes across councils
- Enable resourcing sharing and flexible working to attract and retain highly skilled staff
- Coordinate service delivery across appropriate functions.

The alignment of business systems and processes creates the required environment to facilitate responsive resource sharing and coordination of service delivery across the region. These responses will be applied to business systems, capital work procurement, regulatory services, waste management and emergency management.

#### Return on Investment

The 5-year Net Present Value (NPV) of the recommended project option has been estimated at **\$6.2 million**, based on the 'Medium' efficiency scenario and using a discount rate of 4 per cent. Based on these estimations, a positive return on investment would be expected by the end of FY21 (the third year of the program).

#### Benefits

The preferred solution will deliver benefits to the community through transformational reforms to council functions. Four major benefit categories have been identified as being critical to the success of the project, including:

- Creating greater capacity for the workforce to deliver consistently high-quality services
- Providing greater access to the skilled workforce required
- Improving local community liveability
- Increasing the cost-effectiveness of delivery of services.

#### Implementation and Deliverability

The shared services program is planned to be rolled out over a four year period, from 2019 to 2022, with efficiencies analysed over a five-year period. The implementation will begin with further due diligence and market assessment to better determine the cost impacts to individual councils. After this initial work, there will be an 'opt-in' decision point for councils to confirm participation across functional areas.

The Business Systems category is scheduled to be introduced across councils from 2019, with other service areas commencing shared services in 2021. Waste management solutions can be implemented without delay, and the remaining categories (Procurement, Regulatory Services and Emergency Management) will all be implemented from 2021-22. All service categories are expected to be operating in full efficiency (achieving maximum cost savings) by mid-2022.

### 1.1.1 The funding ask

This business case is seeking \$5.0 million (\$4.5 million in present value) in funding over 3 years to implement the Hume Regional Councils Transformation Program. The grant application is submitted to Local Government Victoria as part of the Rural Council Transformation Program.

### 1.1.2 Background

Local councils play a vital role in the livelihood of Victoria's regional and rural communities. They serve their communities through the provision of essential services, development and maintenance of local assets and infrastructure, enforcement of local laws and engagement with their communities.

Ensuring the long-term financial and operational stability and sustainability of Victoria's rural and regional councils is crucial to protect the continued delivery of these services and to support community needs into the future.

## RURAL AND REGIONAL GOVERNMENT SUSTAINABILITY

***Regional and rural local government sustainability rests on councils' ability to deliver efficient, quality services to local communities, both now and into the future***

As part of the 2018-2019 Victorian State Budget, \$20 million was committed to the Rural Councils Transformation Program to explore and implement options to improve the long-term financial and operational sustainability for rural and regional councils. The program aims to:

1. Improve the financial sustainability of rural and regional councils by achieving economies of scale including through regional service delivery or collaborative procurement;
2. Promote more efficient and improved service delivery through collaboration and innovation;
3. Facilitate benefits for rural and regional communities, with priority given to those for rural communities; and
4. Demonstrate potential efficiencies to be gained through regional service delivery.

Following an *Expressions of Interest* phase in November 2018, the Hume Region was successful in gaining support to develop a business case to provide further justification for investment in 5 planned transformation initiatives to be implemented across 11 municipalities in the Hume Region. The business case (this document) will be submitted by 31 March 2019, and funding outcomes will be decided by LGV in June 2019.

### 1.1.3 Guiding principles for councils' commitment

The following guiding principles from council CEOs and councillors were identified throughout the business case process to guide the development of the Hume Region Transformation Project. These are outlined below:

- *Council staff considerations* – Councils have indicated there should be no intended loss of existing staff (aside from regular attrition) under the proposed project transformation. Future planning of staff roles may change to better suit the collaborative cross regional approaches to working arrangements being implemented as part of the project.
- *Improved financial sustainability for councils* - It is expected that individual councils will need to conduct further financial due diligence to assess impacts of up-front or on-going costs of each. It is not intended that participating councils would be subject to costs beyond their expenditure forecasts provided for the recommended solution. The project aims to provide savings rather than additional costs.
- *Flexibility in implementation* – Participating councils will need flexibility in their commitment to making transformational changes within their organisations, subject to further detail and costs of solutions being provided during the implementation stage.
- *Positive community impact* – Councils will seek to ensure all changes under the RCTP will have a positive impact on the delivery of services to local communities.
- *Equitable distribution of benefits* - Benefits are to be shared equitably amongst participating councils.
- *Avoidance of centralisation* – Enabling flexible shared services will facilitate staff who live anywhere in the region to provide services to other councils, avoiding centralisation of services towards the larger council and away from regional shires.

- *'Future proofing' the Hume Region councils* - Efficiencies will be reinvested into improved service delivery and asset maintenance, renewal and development.

#### 1.1.4 Problems

The project is seeking to address the following problems, identified during the investment logic mapping workshop with council participants in January 2019:

- **Problem 1: Siloed council operating systems are causing inefficient service delivery and inconsistent service quality across councils** - Councils in the Hume Region are using different business systems and processes to meet their respective residents' needs. This is preventing effective council collaboration in service delivery resulting in an inconsistent level of services provided to residents across the region.
- **Problem 2: Increasing cost pressure on councils is leading to unsustainable council operations** - Increasing service delivery costs and relatively high asset maintenance costs are placing financial pressure on the Region's councils. This financial pressure is amplified by the increasing scope and complexity of council services and their reduced capacity to generate additional revenue.
- **Problem 3: Increasing community expectations of council services are causing demand beyond current council capabilities** - The Hume Region has experienced difficulty attracting skilled staff to the region, reducing councils' ability to keep up with increasing community expectations of council services and community engagement.

#### 1.1.5 Recommended Solution

To address the Hume Region's identified problems and improve financial performance and sustainable capacity of councils, the following strategic responses have been identified:

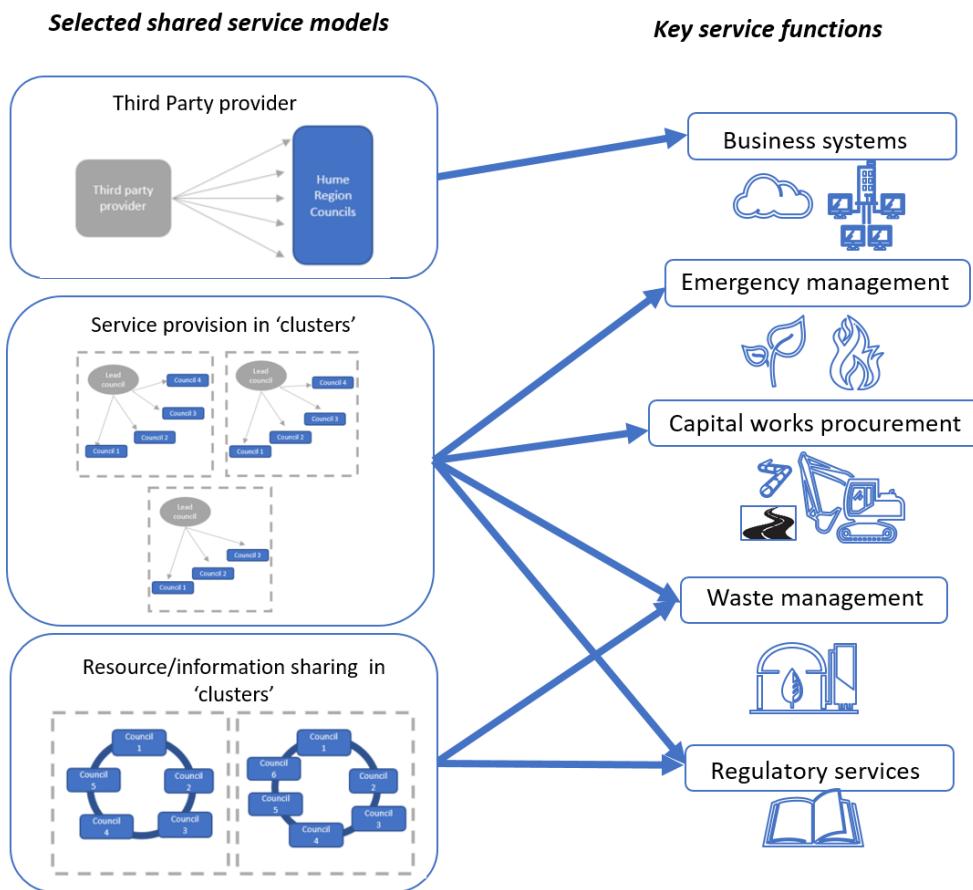
- Align business systems and processes across councils
- Enable resourcing sharing and flexible working to attract and retain highly skilled staff
- Coordinate service delivery across appropriate functions.

The alignment of business systems and processes creates the required environment to facilitate responsive resource sharing and coordination of service delivery across the region. These responses will be applied to the following functions:

- Business systems
- Capital work procurement
- Regulatory services
- Waste management
- Emergency management.

Through the application of the strategic responses, the Hume Region will benefit from the solutions identified in the Investment Logic Map: common specifications, strategic resource sharing and clear governance around multi-council activities and collaboration. The planned response is outlined in the figure below.

Figure 1: Key transformation functions and service models



Source: EY analysis, 2019

### 1.1.6 Benefits

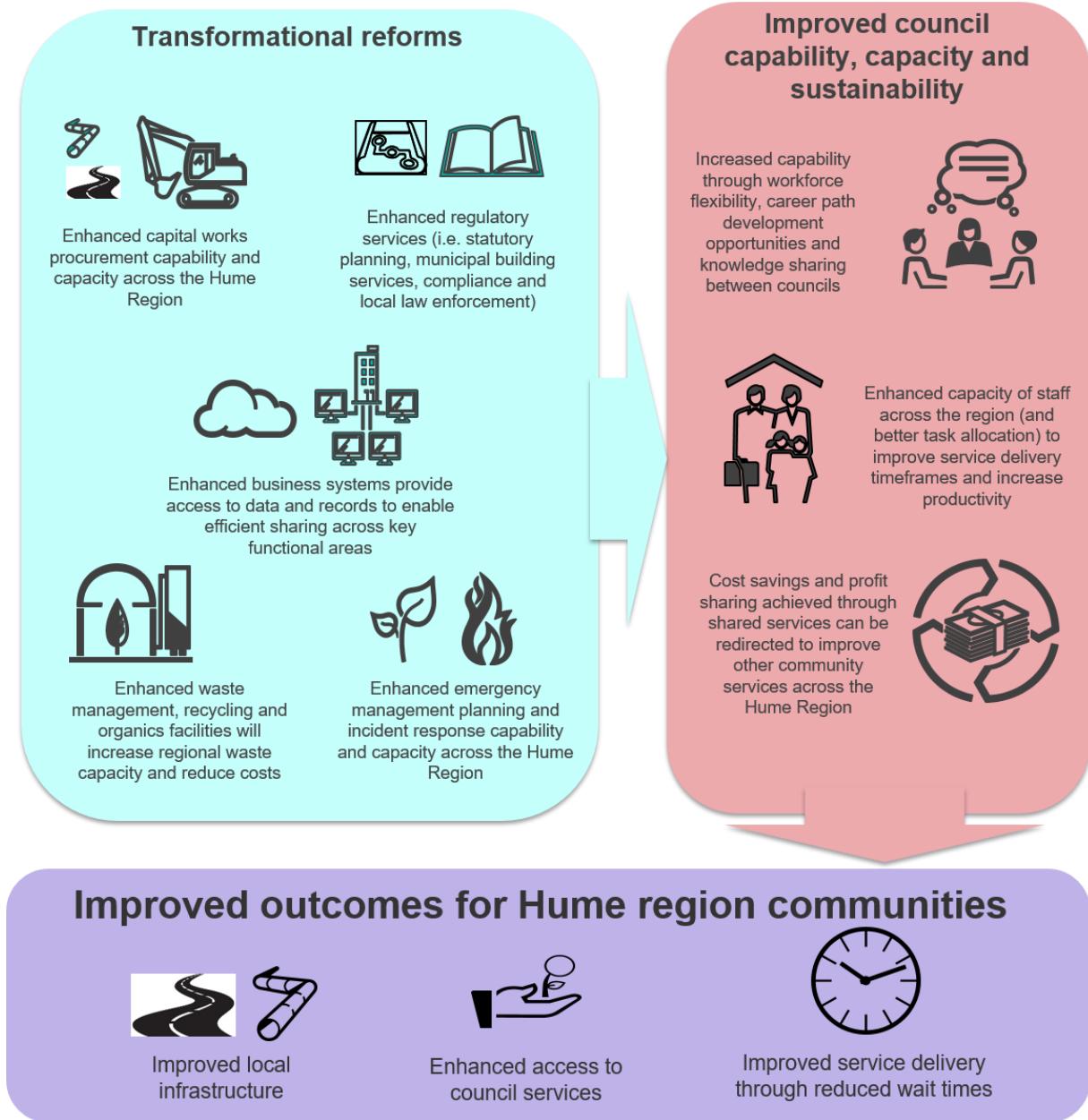
The recommended shared service solution will see resource and information sharing deliver better service to the community and enable councils to run their core functions at a better capacity.

The preferred solution will deliver benefits to the community through transformational reforms to council functions. Four major benefit categories have been identified as being critical to the success of the project, including:

- Creating greater capacity for the workforce to deliver consistently high-quality services
- Providing greater access to skilled workforce required
- Improving local community liveability
- Increasing the cost-effectiveness of delivery of services

The diagram below outlines the key benefit streams for the preferred solution. Further discussion of benefits is provided in section 4.

Figure 2: Key benefit streams for the Hume Regional Transformation program



Source: EY, 2019

### 1.1.7 Delivery of recommended solution

The shared services program is planned to be rolled out over a four year period, from 2019 to 2022, with efficiencies analysed over a five-year period. The implementation will begin with further due diligence and market assessment to better determine the cost impacts to individual councils. This initial work allows a further decision point (to proceed or not to proceed) to be considered by each council to ensure that the solutions being implemented will be of mutual benefit and not place an undue cost on short or long-term budgets of councils.

The Business Systems category is scheduled to be introduced across councils from 2019, with other service areas commencing shared services in 2021. Waste management solutions can be implemented without delay, and the remaining categories (Procurement, Regulatory Services and Emergency Management) will all be implemented from 2021-22. All service categories are expected to be operating in full efficiency (achieving maximum cost savings) by mid-2022. Outlined below is the scheduled delivery timeline of the different service categories.

Figure 3: Schedule delivery timeline of service categories

Service Areas	Activity	2019	2020	2021	2022
Project planning	Establish working capital fund	→			
	Market sounding and refined costing	→			
	Opt-in decision point	•			
Business Systems	Cloud based IT storage & file management	→			
	Payroll / HR system	→			
	Finance system (common CoA)	→			
	Alignment of IT infrastructure / hardware	→			
	Coordinated IT support services	→			
Procurement	Common platform citizen access	→			
	Capital works procurement		→		
Other	Other procurement		→		
				→	
Regulatory Services	Statutory Planning			→	
	Municipal Building Services			→	
	Environmental Health			→	
	Local Laws and Enforcement			→	
Emergency Management	Resource / information sharing			→	
Waste Management	Integrated Landfill and Recycling	→			
	Organics	→			

Source: EY analysis, 2019

### 1.1.8 Return on Investment

Table 1 below presents the present value of expected efficiency savings, estimated at \$10.9 million, and the 5-year Net Present Value (NPV) of the project, which has been estimated at \$6.2 million, based on the 'Medium' efficiency scenario and using a discount rate of 4 percent.

Table 1: Net present value cash flow analysis: Medium efficiency savings, discounted @ 4%

Indicative project savings	Present value	FY19	FY20	FY21	FY22	FY23	FY24
<b>Indicative project savings</b>							
Medium efficiency savings	\$10.87m	-	-	-	\$2.87m	\$5.10m	\$5.34m
<b>Estimated Implementation cost</b>							
Business systems	\$2.9m	\$0.70m	\$2.00m	\$0.50m	-	-	-
Waste management	\$0.2m	\$0.26m					
Project Management costs	\$0.5m	\$0.22m	\$0.22m	\$0.21m			
Legal advisors	\$0.19m	\$0.20m					
Consultants	\$0.58m	\$0.60m					
Working Capital Fund	\$0.10m	\$0.10m					
<b>Total implementation costs</b>	<b>\$4.67m</b>	<b>\$2.08m</b>	<b>\$2.22m</b>	<b>\$0.71m</b>			
<b>Indicative net financial impact (savings less costs)</b>							
Net Value	<b>-\$2.08m</b>	<b>-\$2.22m</b>	<b>-\$0.71m</b>	<b>\$2.87m</b>	<b>\$5.10m</b>	<b>\$5.34m</b>	
Net present value (NPV)	<b>\$6.2m</b>						

Source: EY analysis, 2019

Note: these savings include potential value of efficiency savings for councils, but do not include quantitative estimates of benefits to the community, which are described qualitatively in the benefits section above.

### 1.1.9 Project Cases Summary Statistics

Description	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	5-year total	Ongoing
<b>Deliverables - Implementation costs (\$ 000's)</b>								
Business Systems	1,000	1,700	500	-	-	3,200	-	-
Waste Management	260	-	-	-	-	260	-	-
Project Management	215	215	210	-	-	640	-	-
Legal advisors	100	100	-	-	-	200	-	-
Consultants	200	200	200	-	-	300	-	-
Working Capital Fund	100	-	-	-	-	100	-	-
<b>Total implementation costs</b>	<b>1,875</b>	<b>2,215</b>	<b>910</b>	-	-	-	<b>5,000</b>	-
<b>Net RCTP funds sought (\$ 000's)</b>	<b>1,875</b>	<b>2,215</b>	<b>910</b>	-	-	-	<b>5,000</b>	-
<b>Performance Measures</b>								
Number of sealed local road requests received by council per 100 kilometres of sealed local road	22.0	24.9	23.5	24.0	23.5	23.5	n/a	n/a
Percentage of sealed local roads that are below the renewal intervention level set by council and therefore do not require renewal	96%	96%	96%	96%	96%	97%	n/a	n/a
Direct cost to council of sealed local road resealing per square metre resealed	\$3.18	\$6.36	\$6.34	\$6.29	\$6.25	\$6.21	n/a	n/a
Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	50	49	50	50	51	51	n/a	n/a
Percentage of VicSmart planning application decisions made within 10 days and regular planning application decisions made within 60 days	78%	-1%	+2%	0	0	+1%	n/a	n/a
Direct cost to council of the statutory planning service per planning application received	\$2,120	78%	77%	79%	79%	79%	n/a	n/a
Direct cost to council of the kerbside garbage bin collection service per kerbside garbage collection bin	\$104	\$2,083	\$2,076	\$2,058	\$2,046	\$2,032	n/a	n/a
Amount of council expenditure for each property	\$3,200						n/a	n/a
Expenses divided by the population of the municipality	\$2,027	\$98	\$97	\$97	\$96	\$95	n/a	n/a
Community satisfaction rating out of 100 with how council has performed in making decisions in the interests of the community	50	+2	-1	+1	0	+1	n/a	n/a
Frontline staff	-	135.9	139.3	142.8	146.4	150.0	n/a	0.0
Back office staff	-	245.0	243.8	242.6	241.3	240.1	n/a	0.0
Contractors	-	3.0	3.0	3.0	0.0	0.0	n/a	0.0
<b>Total staff</b>	<b>-</b>	<b>383.9</b>	<b>386.1</b>	<b>388.3</b>	<b>387.7</b>	<b>390.1</b>	<b>n/a</b>	<b>0.0</b>

## 2. Problem identification

### 2.1 Background

Local councils play a vital role in the livelihood of regional and rural communities. They serve their communities through the provision of essential services; development and maintenance of local assets and infrastructure; enforcement of local laws; and engagement with their communities. Ensuring the long-term financial and operational stability and sustainability of Victoria's rural and regional councils is crucial to ensuring the continued delivery of these services and support of community needs into the future.

### RURAL AND REGIONAL GOVERNMENT SUSTAINABILITY

***Local governments having the capacity to meet the agreed service and infrastructure needs of their community and absorb foreseeable changes and unexpected shocks into the future<sup>1</sup>***

The two key drivers affecting councils' sustainability are financial performance and sustainable capacity to meet future demand. These are distinctly different aspects of sustainability, with each requiring different means of assessment. In line with rural and regional councils across the state, local governments in the Hume Region have reported revenue constraints, operational capability and capacity issues and relatively high service delivery and asset maintenance costs.

Through assessment of financial performance of Victorian councils, it is evident that the Hume Region's local councils have a strong asset to liability ratios, with the average assets as a percentage of current liabilities being 358% (compared to 317% for Victoria as a state-wide average).<sup>2</sup> While financial metrics provide a sound indication of the financial performance of councils, they are not the principal indicator of a council's ability to maintain financial and operational sustainability to meet future demand.

Two of the major factors affecting the ongoing sustainability of Hume Region councils are:

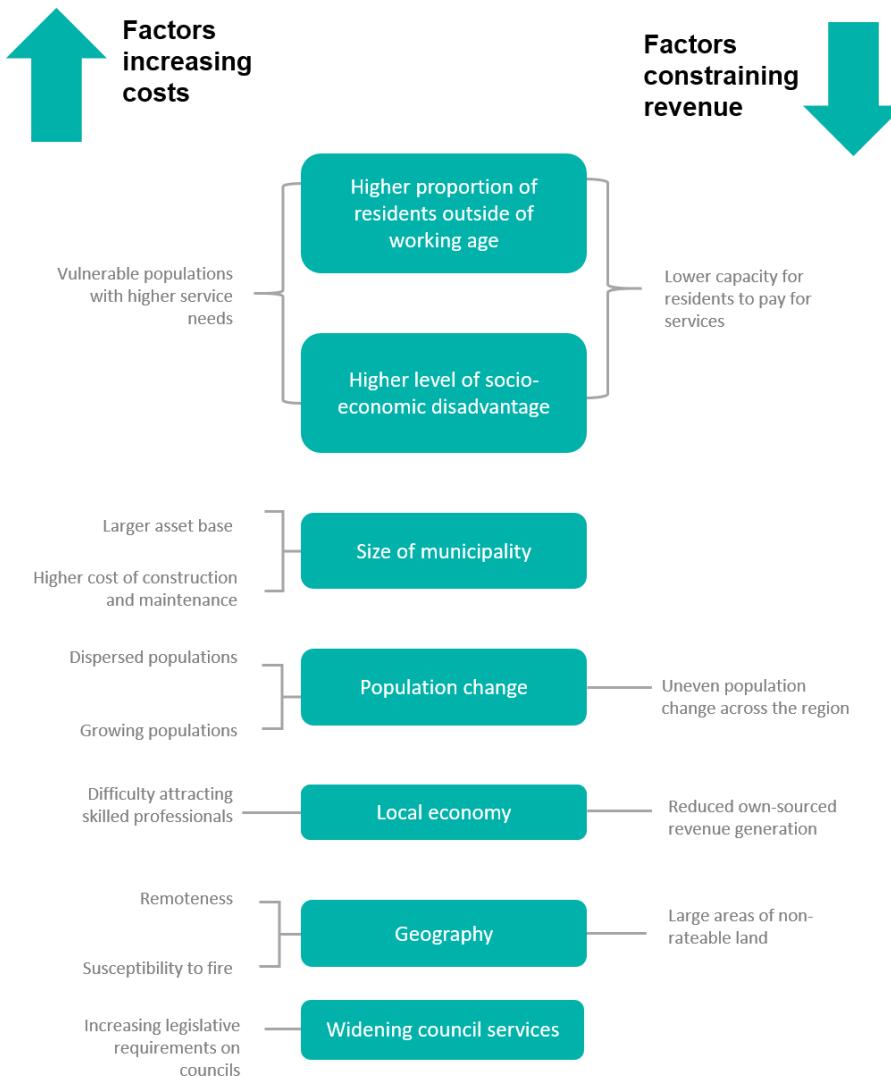
- Increased service costs; and
- Pressure on revenue sources.

The Hume Region is experiencing an interplay of opposing forces: increasing costs and declining available revenue. The factors leading to increasing costs include large asset bases, dispersed populations, government grants falling short of real cost increases and increasingly vulnerable populations with higher service demands. Council revenue in real terms is at risk of declining due to diminishing and ageing populations, the unpredictability of grant funding and disadvantaged residents with lower capacity to pay.

<sup>1</sup> Department of Environment, Land, Water and Planning 2012, Local Government Performance Reporting Framework

<sup>2</sup> Department of Environment, Land, Water and Planning 2018, Know Your Council information

Figure 4: Factors increasing costs and constraining revenue for the Hume Region



Source: EY Analysis of Parliament of Victoria Environmental, Natural Resources and Regional Development Committee graphic, 2018

Over the past decade, national and state public inquiries have investigated the operational and financial pressures experienced by local government municipalities in Australia. These inquiries reported that local councils across the country are experiencing difficulties meeting the service needs of their communities into the future, with financial pressures and operational difficulties most acute in small regional, rural and remote local authorities.<sup>3</sup>

Current population trends show that asset/liability ratios are likely to decline across Victoria, with the expectation of increased service levels and a constrained capacity to draw increased revenues from local communities. This constraint will test the limits of councils' ability to deliver against their service obligations.

### 2.1.1 Victorian Government policies and initiatives

Regional council sustainability has been acknowledged as a growing issue by the Victorian Government, with policies and initiatives in place to increase support and improve outcomes for local councils, businesses and communities in rural and regional areas. Examples of recent initiatives are outlined in Table 2 below.

<sup>3</sup> S Valle de Souza and B Dollery 2011, Shared Services in Australian Local Government: The Brighton Common Service Model

Table 2: State Government policies and initiatives with a focus on Regional Victoria

State Government initiative	Description
<b>The Victorian Government's Regional Statements</b>	<p>The Regional Statement (2016) shows a clear commitment to work with regional communities to overcome challenges and realise growth.</p> <p>The previous year's statement, Victoria's Regional Statement (2015) outlines the State's plan for greater engagement in regional areas leading to the establishment of nine Regional Partnerships (2016) to better understand the challenges and opportunities faced by their region</p>
<b>Victoria's 30-year Infrastructure Strategy (2016)</b>	<p>Victoria's 30-year Infrastructure Strategy, released in 2016 by Infrastructure Victoria, makes recommendations to improve the supply, operation, maintenance and access to infrastructure in regional and rural Victoria</p>
<b>Regional Jobs and Infrastructure Fund</b>	<p>A \$500m Victorian Government grant package that feeds into the following programs:</p> <ul style="list-style-type: none"><li>○ The Regional Infrastructure Fund (\$250 million)</li><li>○ The Regional Jobs Fund (\$200 million)</li><li>○ Stronger Regional Communities Plan (\$50 million)</li></ul>
<b>Connecting Regional Communities Program (2017)</b>	<p>After all nine Regional Partnerships identified digital inclusion and improvements as crucial for social and economic development, the \$45 million Connecting Regional Communities Program was launched (2017) with the aim to bring regional Victoria improved broadband, mobile coverage and Wi-Fi hubs.</p>
<b>FAST program (2016)</b>	<p>LGV established the FAST program to improve the financial sustainability of councils. The \$3.2 million program over four years is targeted at three streams:</p> <ol style="list-style-type: none"><li>1. Expert financial support to individual rural councils</li><li>2. Grants to groups of rural and regional councils to support the development of shared services, procurement and service improvements</li><li>3. Sector-wide better practice guidance on planning and financial management, including guides and templates for preparing council plans, strategic recourse plans, and revenue and rating strategies.</li></ol>
<b>Rural and Regional Councils Sustainability Reform Program (2017)</b>	<p>A \$1 million commitment from the 2017-2018 Victorian State Budget provided for the establishment of the Rural and Regional Councils Sustainability Reform Program. The program highlighted the difficulties and barriers faced by rural and regional to the achievement of ongoing sustainability, including:</p> <ul style="list-style-type: none"><li>• Financial pressures and revenue constraints,</li><li>• Higher infrastructure and service delivery costs per unit than metropolitan municipalities,</li><li>• Capability and operational capacity issues,</li><li>• Ageing populations, and</li><li>• Lower level and quality of digital connectivity in regional and rural areas.</li></ul> <p>The report noted that rural and regional councils are likely to face the following issues:</p> <ol style="list-style-type: none"><li>1. Reduced ability to invest for the long term</li><li>2. Increased dependency of shire councils on the government for financial support</li></ol> <p>Continued difficulty attracting and retaining skilled, professional staff equipped for specialist roles.</p>

State Government initiative	Description
Fair Go Rates System (2016)	The State Government introduced the Fair Go Rates System on the 1 July 2016 which caps the amount councils can raise the general rate by in any given year. For the 2019-20 financial year, council rate rises have been capped at 2.50%, with councils having the ability to apply for a higher cap if they can demonstrate critical need.

## 2.1.2 Rural Councils Transformation Program

As part of the broader reforms, the 2018-2019 Victorian State Budget committed \$20 million to the Rural Councils Transformation Program (RCTP) for the 2018-19 financial year to explore and implement options to improve the long-term financial and operational sustainability for rural and regional councils. The program aims to:

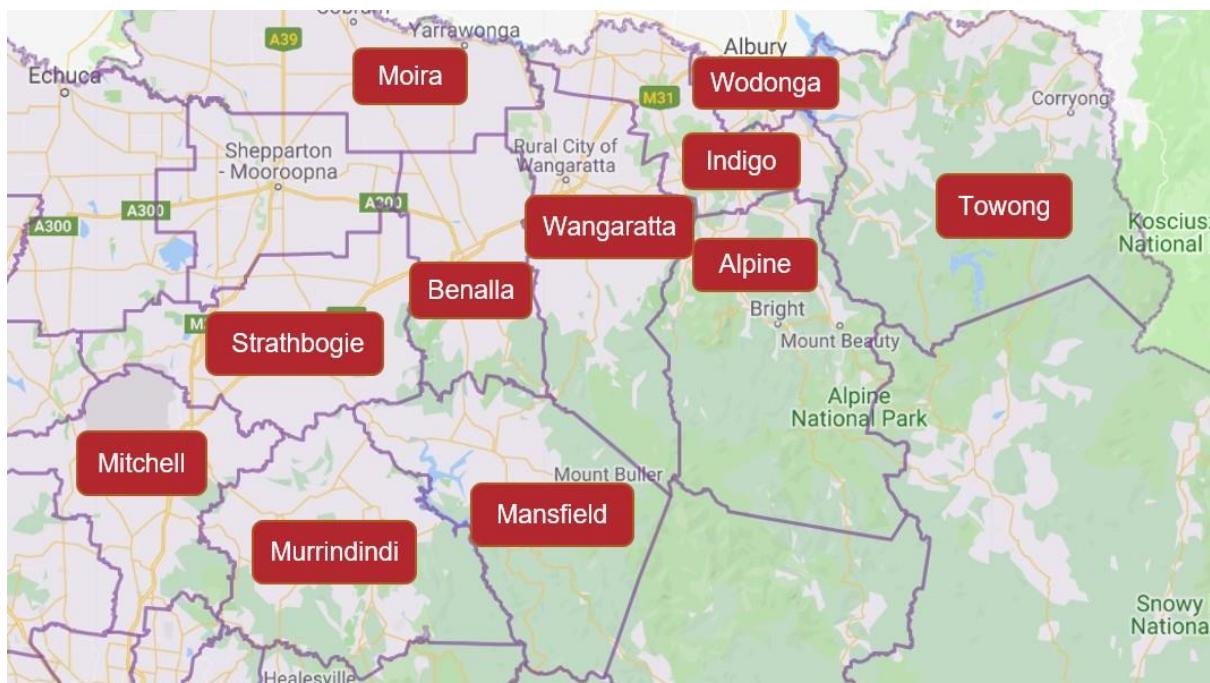
1. Improve the financial sustainability of rural and regional councils by achieving economies of scale including through regional service delivery or collaborative procurement;
2. Promote more efficient and improved service delivery through collaboration and innovation;
3. Facilitate benefits for rural and regional communities, with priority given to those for rural communities; and
4. Demonstrate potential efficiencies to be gained through regional service delivery.

The program is designed to fund projects that target the provision of shared services between three or more rural or regional councils. Final project funding allocation decisions are to be made in May of 2019.

## 2.1.3 The Hume Region Expression of Interest

The Hume Region, comprising 11 municipalities, submitted an *Expression of Interest* highlighting the evidence of need and expected benefits to be gained through the program (RCTP). The region consists of predominately small shires, with some large shires and regional centres (as categorised by the Victorian Auditor General's Office), as outlined below in Figure 5 below.

**Figure 5: Hume Region Municipalities**



Small Shires	Large Shires	Regional Centres
<ul style="list-style-type: none"><li>• Alpine Shire</li><li>• Towong Shire</li><li>• Mansfield Shire</li><li>• Indigo Shire</li><li>• Benalla Rural City</li><li>• Murrindindi Shire</li><li>• Strathbogie Shire</li></ul>	<ul style="list-style-type: none"><li>• Mitchell Shire</li><li>• Moira Shire</li></ul>	<ul style="list-style-type: none"><li>• Wodonga City</li><li>• Wangaratta Rural City</li></ul>

Source: EY analysis, Vic Councils map

Throughout the Hume Region, local governments are often the main employer, and council policies and strategies help to attract businesses to the area to keep people living and working locally. Over the past decade, the region's councils have been under pressure to drive efficiencies and economies, often with constrained income levels and with higher expectations from the community about the services and levels of service they deliver, enable or advocate for.

By way of an integrated service response through strengthened working partnerships, the participating Hume Region councils are committed to fundamental strategic and operational transformation to support the ongoing viability and sustainability of the region's councils and the provision of responsive, quality services to meet the changing needs of the community.

## 2.2 Definition and evidence of the problem

Three core problems have been identified as part of the Business Case:

1. *Inefficiency and inconsistency* – Siloed council operating systems are causing inefficient service delivery and inconsistent service quality across councils
2. *Increasing operational costs* – Increasing cost pressure on councils is leading to unsustainable council operations
3. *Effectiveness/capability issues* – Increasing community expectations of council services is causing demand beyond current council capabilities

These problems are limiting the ability of the Hume Region councils to effectively meet the service needs of their communities now, and into the future.

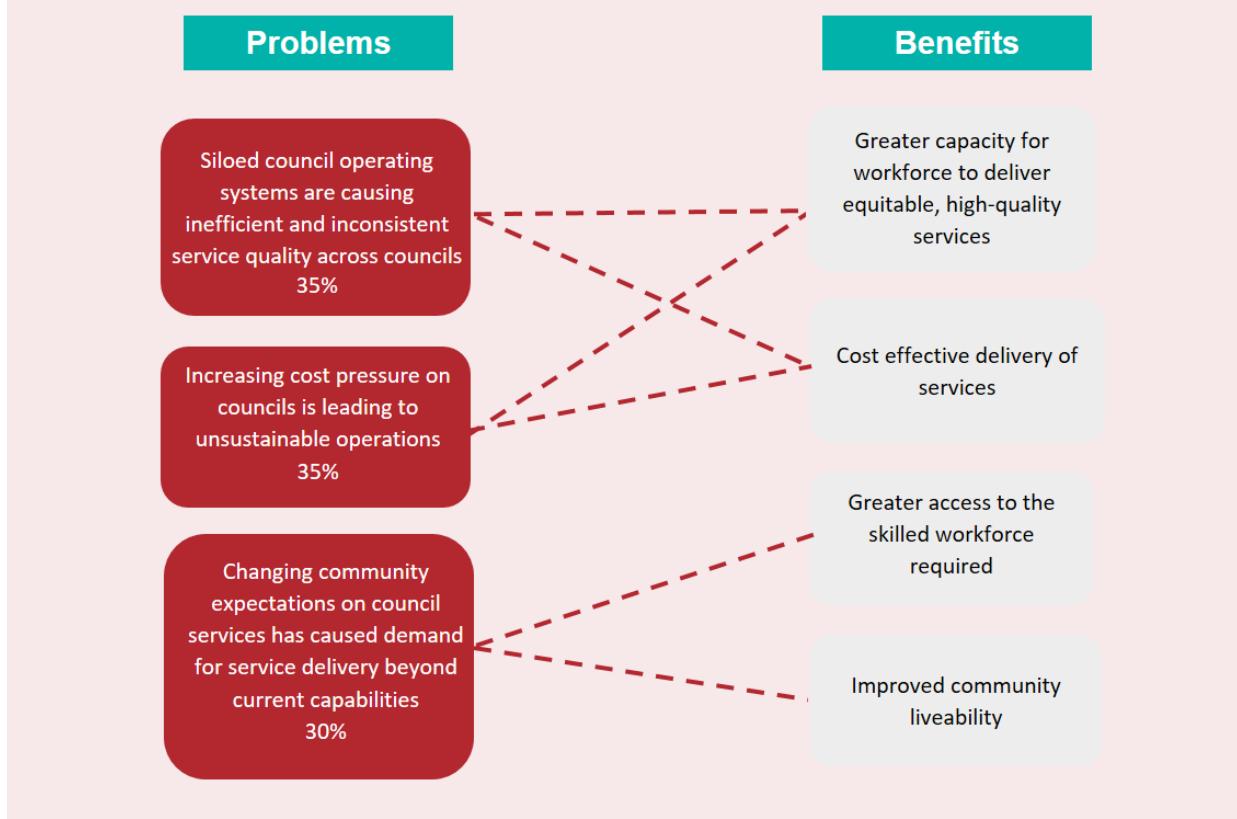
This Section of the Business Case describes these problems, their causes and effects.

### Identifying and examining the problems

To improve decision-making in relation to complex major projects, Victoria's Department of Treasury and Finance (DTF) developed the Investment Management Standard. Central to the Standard is the Investment Logic Map (ILM) which provides the basis for exploring in detail the reasons behind an investment. The ILM for the Hume Regional Transformation Project was co-developed by council participants from the Hume Region, with support from EY.

The ILM identifies three existing problems that this business case seeks to address, and weights these according to the level of importance. The ILM also outlines potential strategic solutions and associated benefits that would result from addressing the reported problems. The potential strategic solutions are discussed in Section 3.

Figure 6: Investment Logic Map for Rural Council Transformation Program 2019-20



#### 2.2.1 Problem 1: Siloed council operating systems are causing inefficient service delivery and inconsistent service quality across councils

Councils in the Hume Region are using different processes, systems and functions to try and meet the needs of residents spread over a large distance. This is preventing council collaboration in service delivery resulting in an inconsistent level of services provided to residents across the region.

Table 3: Summary of key causes and impacts for Problem

Cause	What does this mean?
Siloed council operating systems are causing inefficient service delivery and inconsistent service quality across councils, specifically: <ul style="list-style-type: none"><li>• Use of different business systems and processes across councils</li><li>• Difficulties delivering services over a large region</li></ul>	<ul style="list-style-type: none"><li>• Duplication of business systems and associated costs</li><li>• Variation in reporting and forecasting of information across the region and lack of information sharing</li><li>• Inconsistent experiences from council services across the region</li></ul>

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>Diluted negotiating power in procurement processes</li></ul> | <ul style="list-style-type: none"><li>Competition for skilled staff</li><li>Unsustainable spending on procurement</li></ul> |
|--|---|

### 2.2.1.1 Causes

#### Use of different business systems and processes across councils

Councils in the Hume Region are currently using different business systems and processes. In many cases, the same (or similar) tasks are being completed in varying digital systems. For example, there are 12 different software programs used for building services across seven of the councils in the region (see Table 4).

Table 4: Building Services Systems

System	Alpine	Benalla	Indigo	Moira	Towong	Wangaratta	Wodonga
Microsoft Office		x				x	x
Open Office	x	x	x	x	x	x	x
Trim		x	x		x		x
Map Info		x					x
Synergy Soft		x					
RM8			x				
Tech 1						x	x
Authority	x		x	x	x		x
Intramaps	x		x		x	x	x
Spark	x				x		
Trapeze	x				x		
Shadow Draw	x				x		x

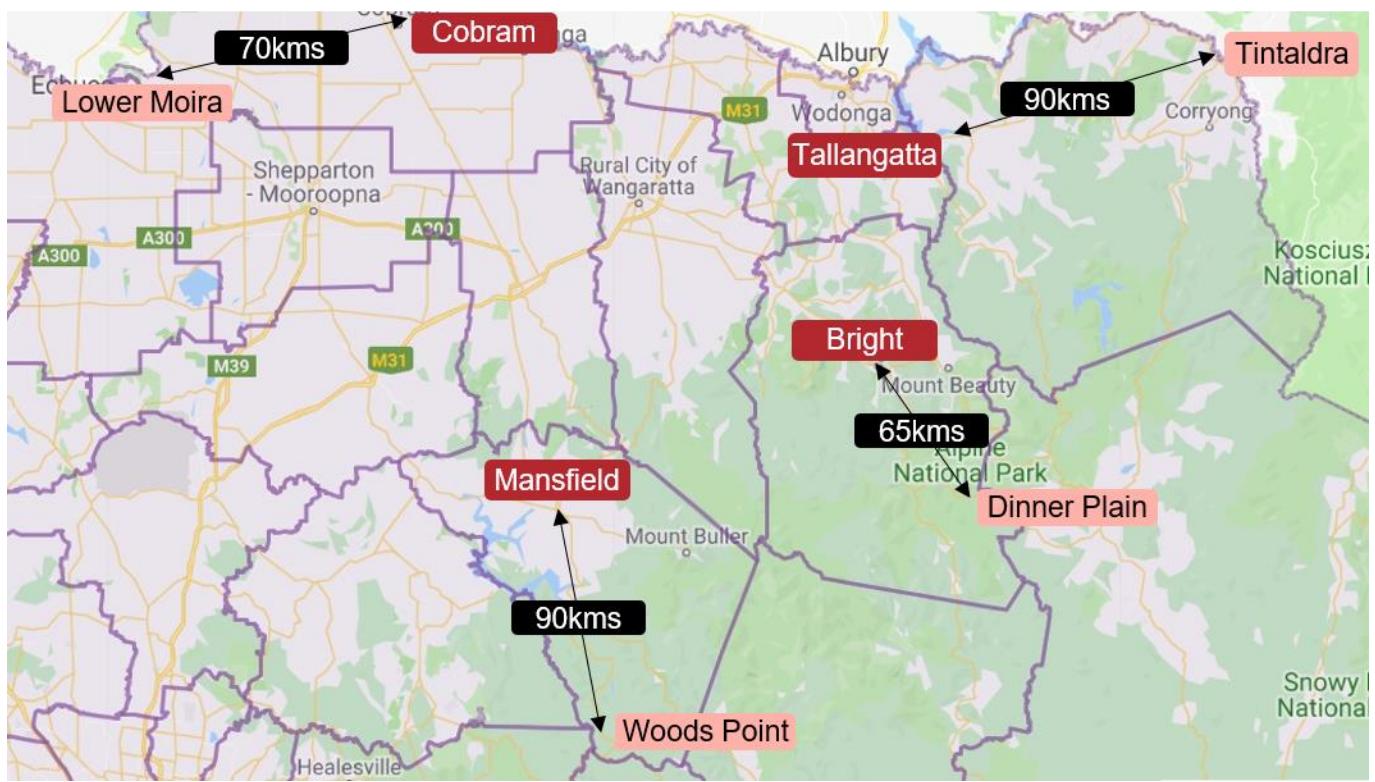
Source: Information provided by Hume Region councils

#### Difficulties delivering services over a large region

The 11 councils in the Hume Region cover a combined area of over 34,000km<sup>2</sup> covering different landscapes including urban, peri-urban and rural. Much of the eastern part of the region is covered by mountainous terrain, which is an attractive asset for tourism but a barrier for service delivery.

With the region covering such a vast area, the distance between major towns is much larger than metropolitan councils. This provides difficulties for both councils and residents. Not only is the area for service delivery far greater (a problem for councils), but residents may have to travel greater distances to access a service. For example, Indigo Shire has 5 (small) outdoor pools for a population of 16,000, while Wodonga has one (larger) outdoor pool (and one indoor) for 40,000 residents. In Towong Shire, residents living in Tintaldra are approximately 90 kilometres from Tallangatta, which is considered the major township in the municipality as council headquarters are located here. This scenario is not uncommon for residents living in the Hume Region, as highlighted in Figure 7.

Figure 7: Distance between towns in municipalities



#### Diluted negotiating power and lack of expertise in procurement processes

Traditionally, local government has had a low level of procurement capability compared to Commonwealth or State governments or even private businesses. This is even more pertinent in rural and regional councils, who have less expertise and negotiating power in the procurement of goods and services.<sup>4</sup>

In many cases, councils undertake procurement processes on an individual basis. When councils act on their own, they have less leverage in procurement agreements. Findings from local government procurement processes include:

- Local government has acknowledged that their level of procurement capability is low
- The capability is even lower for regional councils compared to those in metropolitan councils
- Regional councils have difficulty attracting experienced procurement staff
- There is limited sharing of procurement strategies between councils
- Coordinated management of a cluster of councils could lead to lower prices and superior service levels for those councils.<sup>5</sup>

#### 2.2.1.2 Effects

##### Duplication of business systems and associated costs

<sup>4</sup> Local Government Victoria 2008, Local Government Procurement Strategy

<sup>5</sup> Ibid.

Councils across the Hume Region use different business systems, templates and processes for various service areas. Not only does this make comparisons of information across the region difficult, but it means that councils are all dependent on different external providers (meaning increased service costs for installation or service assistance). Software licensing costs account for approximately 50% of overall IT expenditure for councils in the region.<sup>6</sup> Approximately 80% of this cost is charged on a per-user basis<sup>7</sup>, resulting in multiple accounts and duplication of unnecessary expenses. If common systems were used across the region, it is likely that licensing and user costs could be shared across councils to achieve some savings. However, the majority of the savings would derive from the resource and information sharing that common specifications facilitate.

#### **Variation in reporting and forecasting of information across the region and lack of information sharing**

While local councils need to duplicate certain services and facilities across numerous towns in order to ensure that they are accessible to residents, multiple strategies, compliance frameworks, back-office functions and processes create unnecessary inefficiencies. Without a common platform to develop initiatives, forming a collaborative arrangement to allow pooling of resourcing is largely not possible.

The Hume Region's current reliance on siloed operations and technology makes interactions between the Region's councils complex, even though councils routinely deliver similar services. The current environment leads to:

- Processes that are not accessible by other Hume Region councils
- A culture of 'isolation' and 'protecting turf'
- Closed technology infrastructure that fails to enable common service delivery between councils.

In addition, the use of varying reporting tools, systems and processes make analysis and benchmarking across the region's municipalities very difficult. LGV data such as 'Know Your Council' information provides common metrics for a set of common indicators, but further analysis that interrogates business performance and facilitates information sharing is stymied.

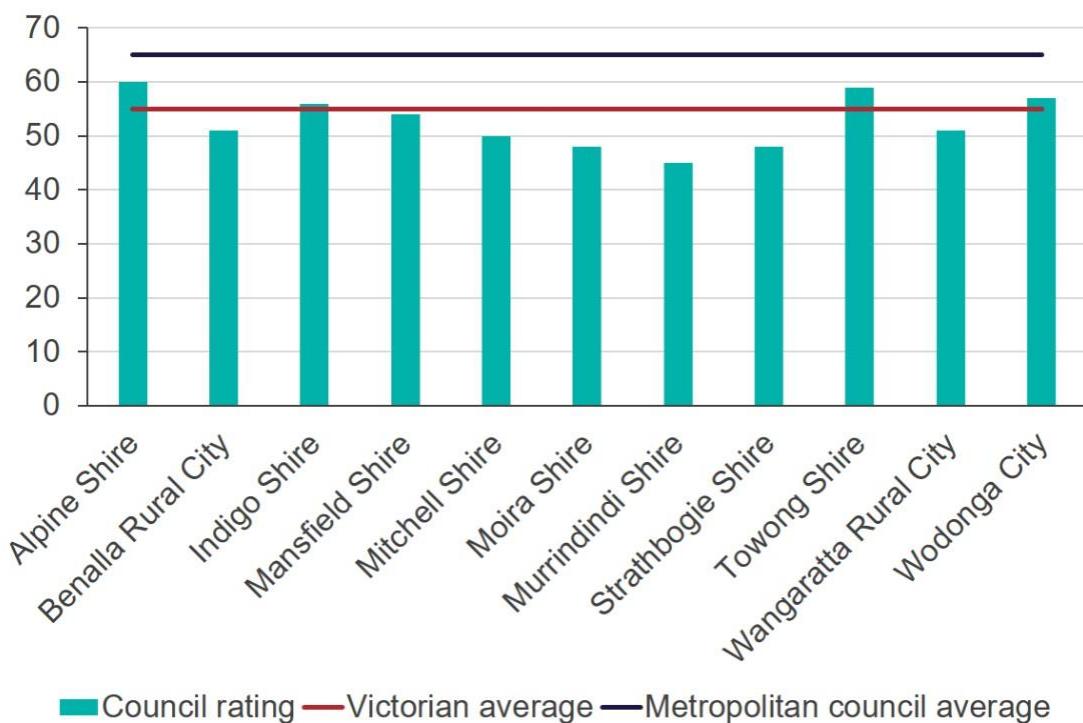
#### **Inconsistent Community experience**

There is a discrepancy across the Hume Region in overall community satisfaction with councils, which partly reflects the differing nature of each council's operations, processes and functions. As outlined in Figure 8, community satisfaction with council decision making varied from 45 (in Murrindindi Shire) to 60 (in Alpine Shire) in 2017-18. The majority of councils in the region have a rating below the Victorian average (55), and no council is achieving the average rating of Metropolitan residents (65).

<sup>6</sup> Based on financial information provided by councils

<sup>7</sup> Ibid.

Figure 8: Community Satisfaction with councils (out of 100)



Source: *Know your Council* data, 2017-18

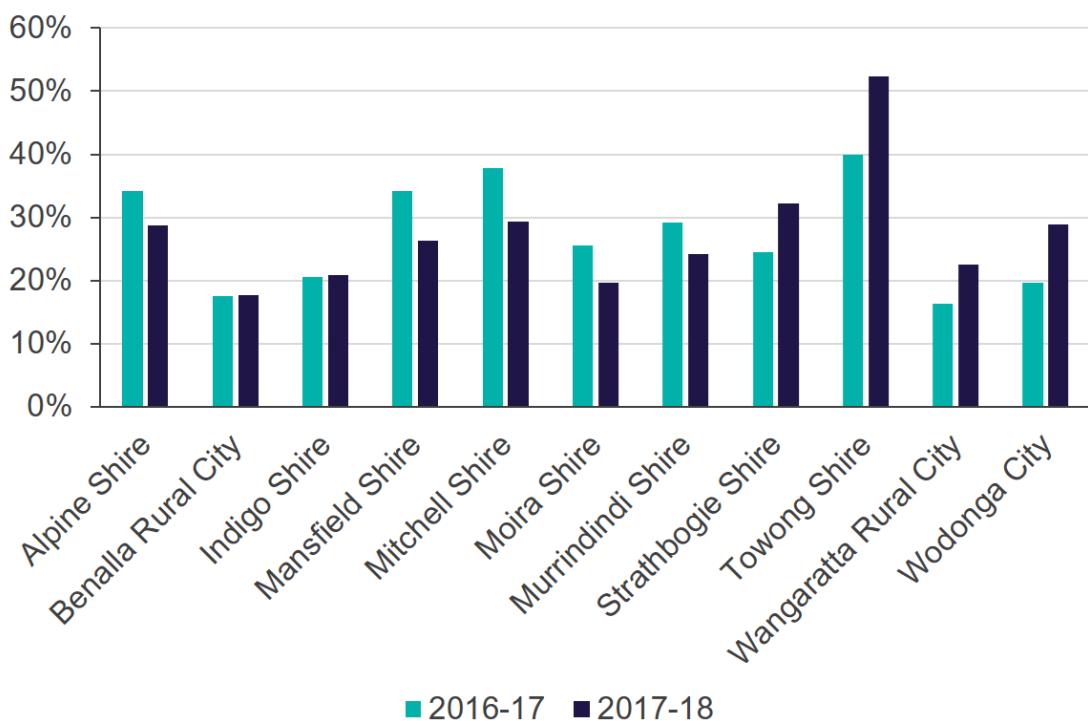
## Competition for skilled staff

Rural councils have generally experienced greater difficulty in attracting skilled staff than metropolitan councils.<sup>8</sup> With councils in the Hume Region generally working alone to deliver services, and a smaller pool of specialist staff available, they are competing against one another for resources. This can drive up the market price of service providers. This is particularly evident for building surveyors, with limited supply in the area causing councils to pay higher fees for the required expertise.<sup>9</sup> When councils cannot access the skilled staff required for delivery, the overall standard of service in that municipality can be affected.

## Unsustainable spending on procurement

Reduced negotiating power for individual councils could be leading to unsustainable expenditure on procurement. As illustrated in Figure 9, the ratio of procurement expenditure as a total of council expenditure increased in six municipalities in the Hume Region in 2017-18. This may suggest that councils in the region are required to pay a higher price for procurement than other councils.

Figure 9: Procurement expenditure as a percentage of total council expenditure



Source: Council financial information and annual reports

## Problem 2: Increasing cost pressure on councils is leading to unsustainable council operations

Increasing service delivery costs and relatively high asset maintenance costs are placing financial pressure on Hume Region's councils. This financial pressure is amplified by the increasing scope and complexity of council services and their reduced capacity to generate additional revenue.

<sup>8</sup> Parliament of Victoria: Environment, Natural Resources and Regional Development Committee 2018, Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils

<sup>9</sup> Based on financial information provided by councils

### 2.2.1.3 Causes

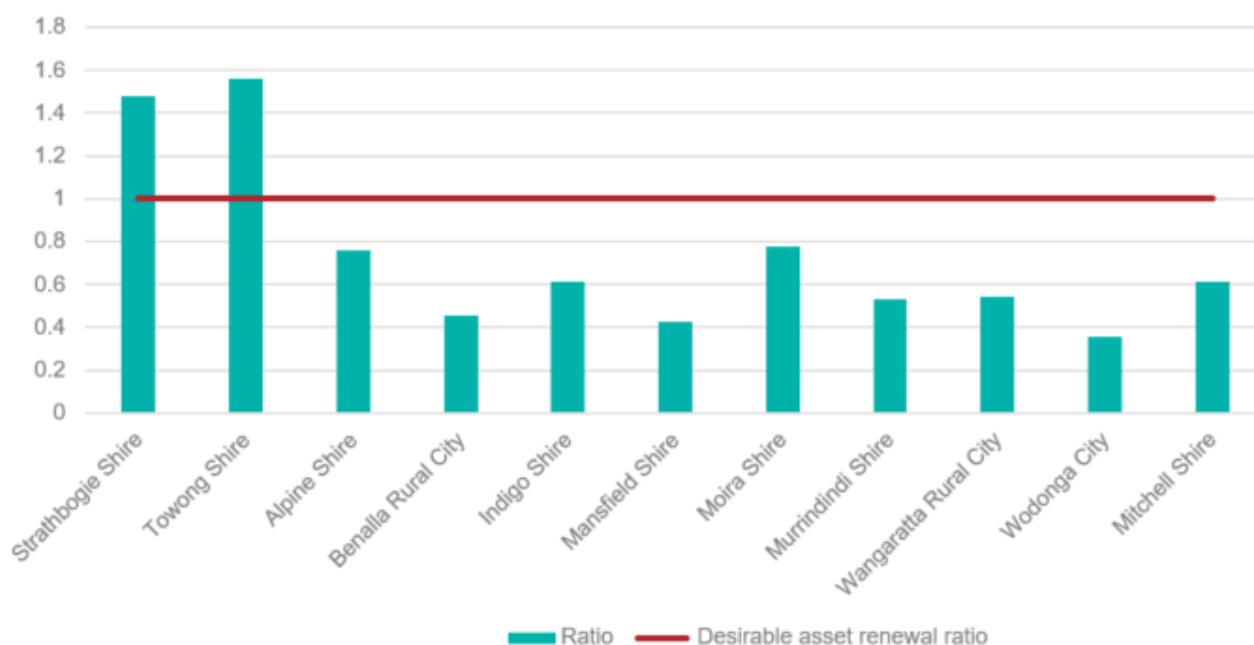
#### Hume Region's expenditure is focused on relatively high asset maintenance and renewal costs

Hume Region council's expenditure is not able to cover all asset renewal required, leaving very limited funds for the development of new assets and services. The fact the region is spending less than what is required to cover asset renewal requirements is illustrated in the 'asset renewal gap' – which refers to the difference between expenditure and the amount required to maintain infrastructure to an acceptable standard. The 'asset renewal gap' was a council sustainability challenge acknowledged in the Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils.<sup>10</sup>

In Wangaratta Rural City's submission into the Inquiry, the municipality noted that renewal expenditure in their 2016/17 budget was curtailed below that required by their modelling. By 2020, the renewal gap would have been \$1.8m and growing had these trends and processes continued.<sup>11</sup>

Figure 10 below outlines the actual and forecast asset renewal ratio for the Hume Region. This ratio is the potential renewal gap between planned expenditure on asset renewal compared to the forecast cost of depreciation. It is an indicator of whether council spending on asset renewal is keeping pace with the rate of consumption of those assets, and a ratio of 100% or greater is desirable. This data shows nine of the 11 councils have lower levels of expenditure on renewing existing assets or replacing existing assets to their original capability than the amount spent of depreciation on all assets. This sees their asset renewal ratio fall below the desired level of 1:1 renewal spend against depreciation.

Figure 10: Actual and forecast asset renewal ratio



Source: *Know your Council Data*, 2018

Having large asset bases relative to population size results in numerous challenges for Hume Region councils, with the primary issue being that the burden of asset renewal that does not leave capacity or capital for development of new assets which reflect contemporary needs. For many councils, this challenge is becoming greater, with asset portfolios growing to meet modern community needs. Substantial costs are associated with monitoring, assessing and maintaining council-owned infrastructure. A larger, and often ageing, asset base places a disproportionate asset management burden on regional councils in comparison to metropolitan councils. This results in larger service delivery cost per capita.

<sup>10</sup> Parliament of Victoria, Environment, Natural Resources and Regional Development Committee 2018, Inquiry into the sustainability and operational challenges of Victoria's rural and regional councils

<sup>11</sup> Wangaratta Rural City Council, Submission 7, p.5

## Increasing service delivery costs

Increasing expenditure in response to a number of factors has resulted in an overall increase in service delivery costs relative to other parts of Victoria.

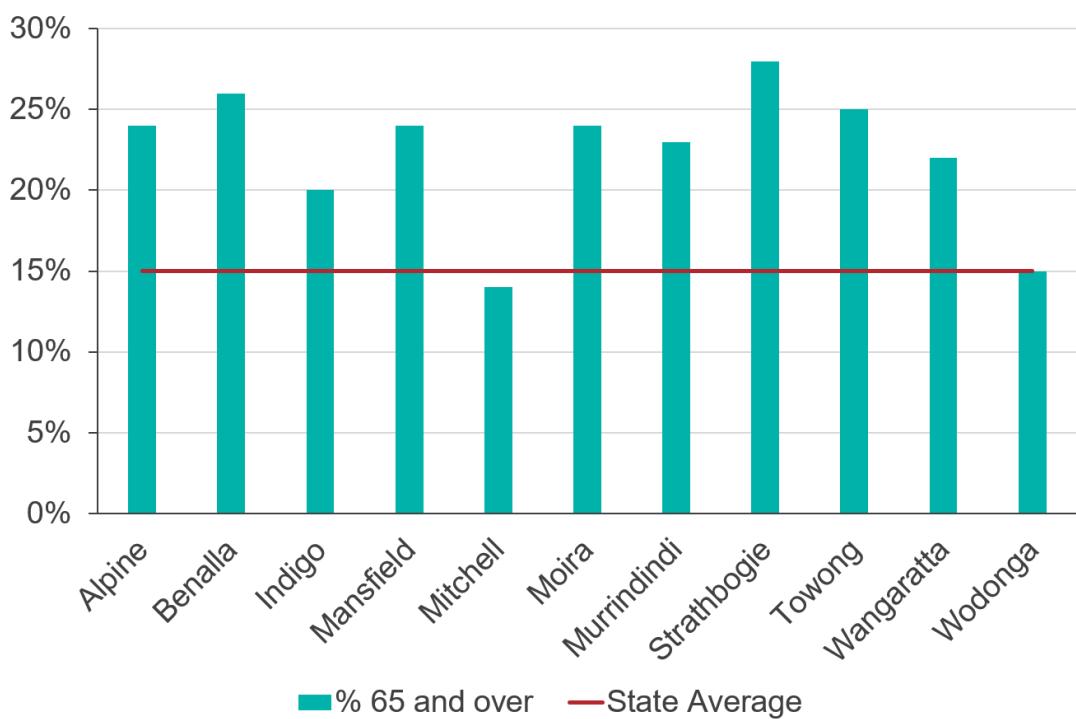
### Widening of council services on offer

Historically, local government municipalities were solely responsible for roads, utilities and other property-related services. However, over recent decades these services have expanded to include a range of human services. The Commonwealth Grants Commission noted that the composition of services provided by local government has changed markedly over the last 30-35 years.<sup>12</sup>

### Ageing population

While the State's average proportion of residents over 65 is 15%, Figure 10 below illustrates that the majority of councils have aged populations that are in excess of 20% of their total population.

Figure 11: Percentage of Council Residents over 65 years old



Source: *Victoria in Future, 2016*

An ageing population will have a direct effect on the scope and complexity of services expected of the Hume Region.

### Vulnerable populations with higher service needs

The region is experiencing a growing and ageing population. By 2031, the proportion of residents over 65 is expected to exceed 30% in the region<sup>13</sup>, signalling that the service expectations will only continue to impact councils. This will result in an increase in the range and complexity of services required by the region to meet community needs.

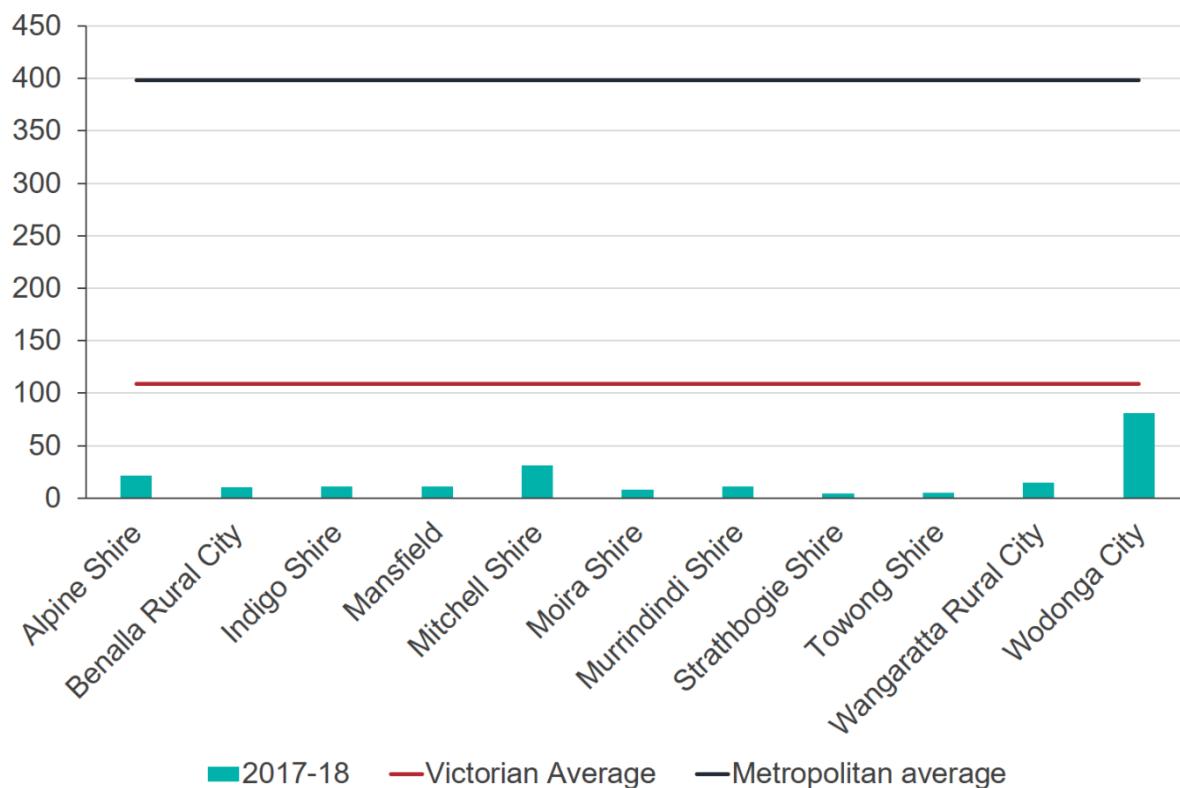
### Dispersed populations

<sup>12</sup> Commonwealth Grants Commission 2008, *The Commonwealth Grants Commission: The Last 25 Years*

<sup>13</sup> *Victoria in Future 2016 Data tables*

Hume Region's municipalities are highly dispersed with very low population density per length of road, as illustrated in Figure 12. This vast geographical footprint compounds the difficulties that the Hume Region faces in their efforts to deliver the same level of service to their communities as metropolitan counterparts.

Figure 12: Population density per length of Road



Source: *Know your council data, 2017-18*

#### Increasing staff costs

Hume Region Councils have reported that location makes it difficult for them to fill advertised positions with appropriately qualified staff and that high salaries are used to 'lure' people away to other councils. These staff shortages have led some councils to rely on more expensive contractors. This trend is reflective of a wider trend in local governments across Australia, with the Local Government Workforce and Future Skills report finding that 69% of local governments were experiencing a skill shortage and skill gaps. Engineers, Urban and Town Planners, Building Surveyors, Environmental Health Offices and Project Managers top the list of occupations and expertise in demand.<sup>14</sup>

#### **Revenue constraints**

Grant allocation to local councils has fallen from 1% of the federal budget to less than 0.5% in the last 20 years, placing increased pressure on councils to source revenue from alternative sources. Own-source revenue is the revenue councils generate directly from rates, user fees and a range of charges and from other sources such as developer contributions and government grants.<sup>15</sup> The Region's ability to raise own-source revenue capacity is

<sup>14</sup> Australian Local Government Association 2018, Local Government Workforce and Future Skills Report Australia

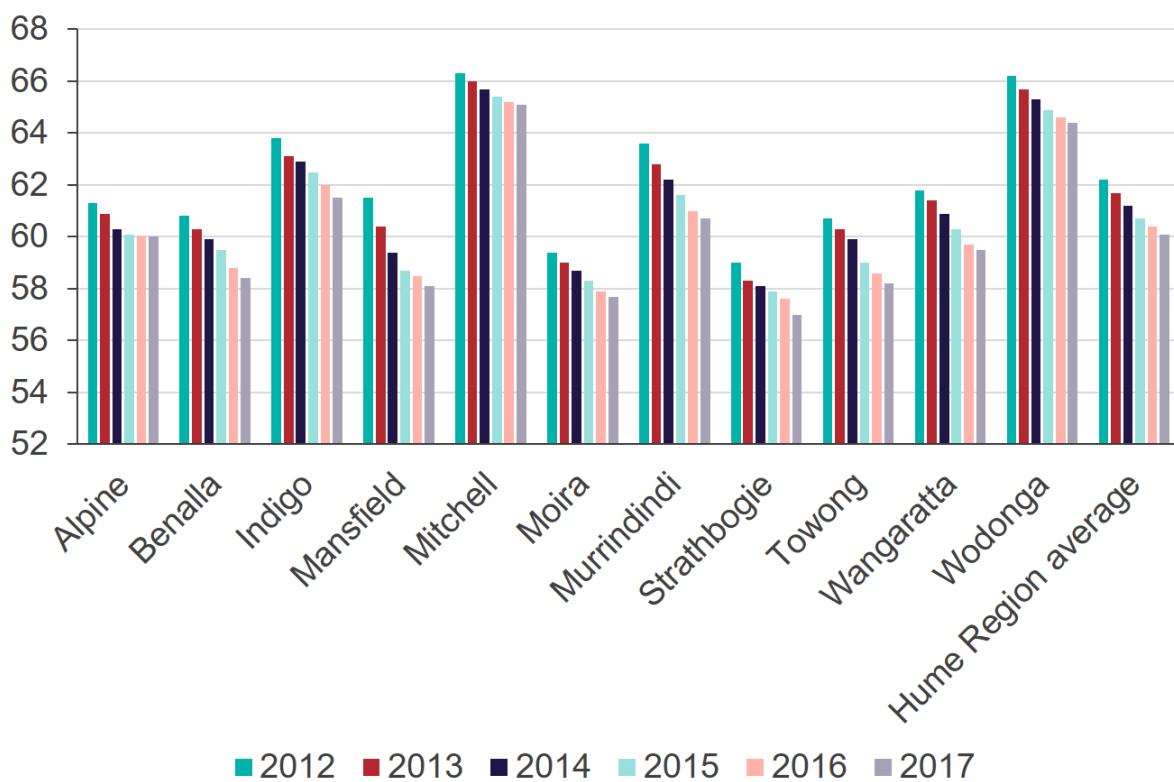
<sup>15</sup> Victorian Auditor-General's Office 2013, Organisational Sustainability of Small Councils

constrained due to reduced capacity for the community to pay for services, remoteness and inability to increase rates outside the Fair Go Rates System framework.

Reduced capacity for the community to pay

Figure 13 demonstrates that the proportion of residents who are of a ‘working age’ (between 15 and 65 years of age) has been steadily decreasing since 2012 in all Hume Region municipalities. Accordingly, the region now has a higher proportion of infant and aged populations, reducing the number of residents who have the capacity to pay for council services. Retirees and pensioners can apply for a 50% discount on council rates<sup>16</sup>, further reducing the revenue for councils with ageing populations.

Figure 13: Percentage of council population that is of ‘Working Age’ (15-64)

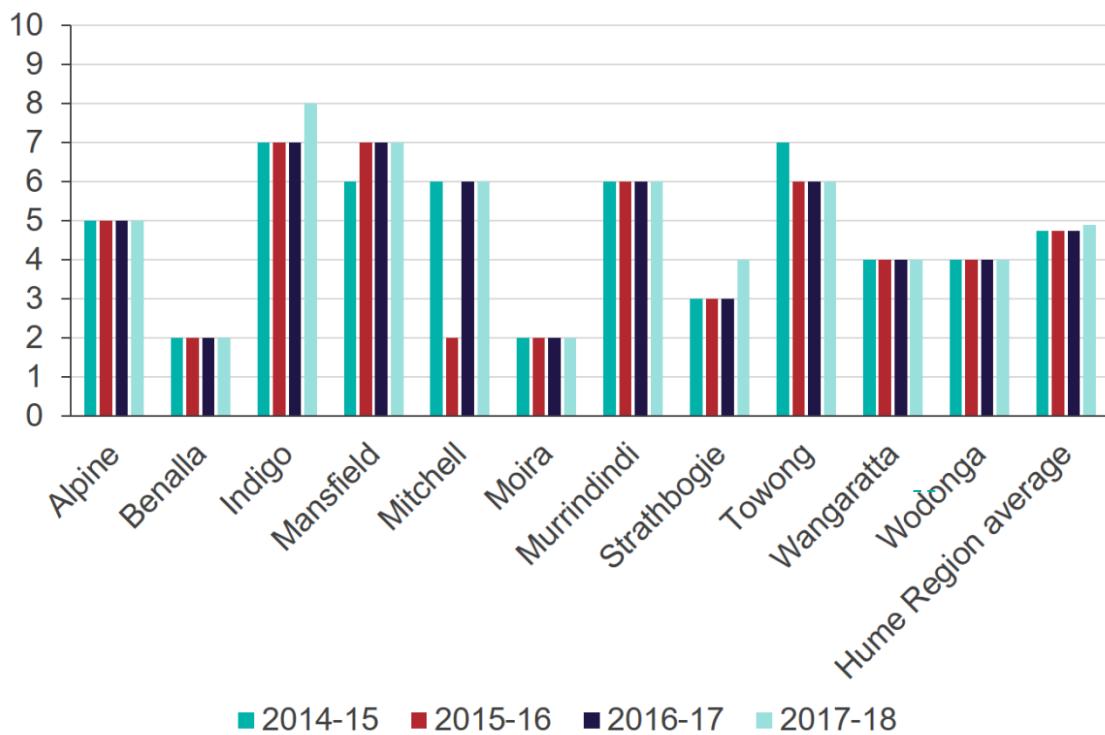


Source: *Victoria in Future*, 2016

Residents’ capacity to pay for services is further constrained in some Hume Region municipalities, who have high levels of socioeconomic disadvantage. Figure 14 illustrates the score out of ten measuring the relative socio-economic disadvantage of the area in which the municipality is located as reported by the Australian Bureau of Statistics.

<sup>16</sup> Department of Health and Human Services 2019, municipal council rates

Figure 14: Socio-economic disadvantage of the region



Source: *Know your council data*

As demonstrated above, the socioeconomic demographics across the region are varied, meaning community ability to pay for services also mixed. Benalla, Moira, Strathbogie, Alpine, Wangaratta, Wodonga all have socioeconomic disadvantage scores below the Victorian council average (5.5) meaning that constraints are around own-source revenue are particularly pronounced in these municipalities.

Due to the region's lower capacity to raise own-source revenue, the Fair Go rates system has had a more severe impact on council finances. Metropolitan councils in Victoria, particularly the City of Melbourne and those directly surrounding it, have a greater ability to raise revenue from sources other than rates compared to the Hume Region. This is primarily due to an increased ability to raise revenue from communities, such as parking fees and fines. As Metropolitan councils have these additional revenue streams as part of their 'income mix', the Fair Go rates system is anticipated to have less of an impact on these councils compared to regional and rural communities who generate a far higher proportion of their income from rates.<sup>17</sup>

#### Reliance on Financial Assistance Grants

Revenue constraints are further compounded by a higher regional reliance on Financial Assistance Grants. Commonwealth Financial Assistance Grants (FAGs) are comprised of General Revenue (73%) and Local Roads Funding (27%) components and are untied with respect to spending purpose. While FAGs are a significant revenue source for most councils, they account for a higher proportion of the recurrent revenues in rural councils and regional councils than in metropolitan councils, as outlined the table below. Consequently, regional councils were disproportionately affected by the 3-year freeze in indexation of the FAGS grants in 2014. Overall, approximately \$600 million of funding was lost to communities, predominantly in regional areas. This lower grant base means that the impact will continue to be felt in regional councils, unless a 'catch-up' funding adjustment is made.

<sup>17</sup> Parliament of Victoria, Environment and Planning Committee 2015, First report into rate capping policy

Table 5: Financial Assistance Grants as a % of Recurrent Revenue

	FAGs as % Recurrent Revenue	Max %	Min %
All Councils	6.8%	27.2%	0.80%
Inner Metro	2.3%	4.90%	0.80%
Large Shires	13.7%	18.10%	6.00%
Outer Metro	6.1%	9.80%	3.10%
Regional Cities	8.9%	13.50%	5.40%
Small Shires	17.1%	27.20%	2.70%
Rural & Regional	12.2%	27.20%	2.70%

Source: MAV Annual Report, 2018

#### 2.2.1.4 Effects

##### Lack of expenditure on new assets and services

An increase in the range and complexity of services delivered by local government bodies has resulted in the region's councils spending a higher proportion of their budgets on 'core functions' – primarily local roads and bridges, waste management and governance. This relatively high spending on core functions results in less money available for the delivery of other functions needed to improve liveability and economic sustainability, such as business and economic services, community services and aged and disabled services.

Figure 15: Expenditure on major assets and service areas



Source: Local Government Victoria - Victorian Grants Commission Council Data (2016/17)

Hume region's large asset bases relative to population size results in numerous challenges for councils, with the primary issue being that the burden of asset renewal that does not leave capacity or capital for development of new assets reflecting contemporary needs. Across the region, only 16% of capital works expenditure was allocated to

'new assets' in FY18 – a 10% decrease from the FY17 ratio of 26%. The vast majority of expenditure was allocated to asset renewal (53%), with 31% assigned to upgrade existing assets. The consequence of this is underinvesting in infrastructure is asset deterioration, which can compromise the safety of roads and bridges, reduce agriculture productivity and make travel difficult. It is important to take steps to avoid these outcomes so that regional Victoria's liveability and productivity can continue. While the region could theoretically use existing revenue to renew community assets, doing so will take all the money away from other services, and doing this is not in the interests of the community. Accordingly, the 'asset renewal gap' is a symptom of constrained council funds. Wodonga is an exception, as the council's assets are relatively young meaning that renewal is not an issue at this stage.

### Lower standards of services

The negative effect of the organisational cuts to date and inability to plan for the long term is lower standards of service relative to regional cities and metropolitan areas. There is anecdotal evidence from councils that services can no longer be delivered or have been dramatically reduced, placing remaining staff under additional stress and resulting in a lower standard of service.<sup>18</sup>

#### 2.2.2 Problem 3: Increasing community expectations of council services is causing demand beyond current council capabilities

The Hume Region has experienced difficulty attracting required skill staff to the region, reducing councils' ability to keep up with increasing community expectations of council services and engagement platforms.

The key causes and impacts for this problem are summarised in Table 6 with more detailed provided below.

Table 6: Problem 3 - Causes and effects

Cause	What does this mean?
<p><b>Community expectations of the scope and mode of council services have changed in the last decade, leading to a demand for service delivery beyond current capabilities. Specifically:</b></p> <ul style="list-style-type: none"><li>Community demographics are changing, with some regions forecast to experience growing populations and others reducing</li><li>Community expectations regarding the quality and level of services provided in rural and regional areas are increasing</li></ul>	<ul style="list-style-type: none"><li>Councils struggle to respond to changing demographics in communities with a shortage of skilled staff</li><li>High levels of disadvantage and reduced liveability</li><li>Hume Region residents are less satisfied with the level of service than their metropolitan counterparts.</li></ul>

##### 2.2.2.1 Causes

###### Community expectation for local municipalities to delivery same quality as private sector

Residents now expect the same level of high-quality service when interacting with public sector bodies, such as local authorities, as when dealing with organisations in any other sector, such as banking or retail services. This is largely fuelled by the technological developments in corporate transactions, with seamless communication and payment service and digitally enabled operations the 'status quo'. While the financial pressures of the Hume Region's councils have been aggravated by reduced government funding, the community expects council services and improvements to infrastructure to continue.<sup>19</sup>

There is a growing perception that residents are becoming 'customers', rather than simply ratepayers, who expect the same levels of service from government as from commercial transactions. Online contact with councils is particularly important in rural areas, where residents are separated from council offices by significant distances.

<sup>18</sup> Consultation with Mansfield council

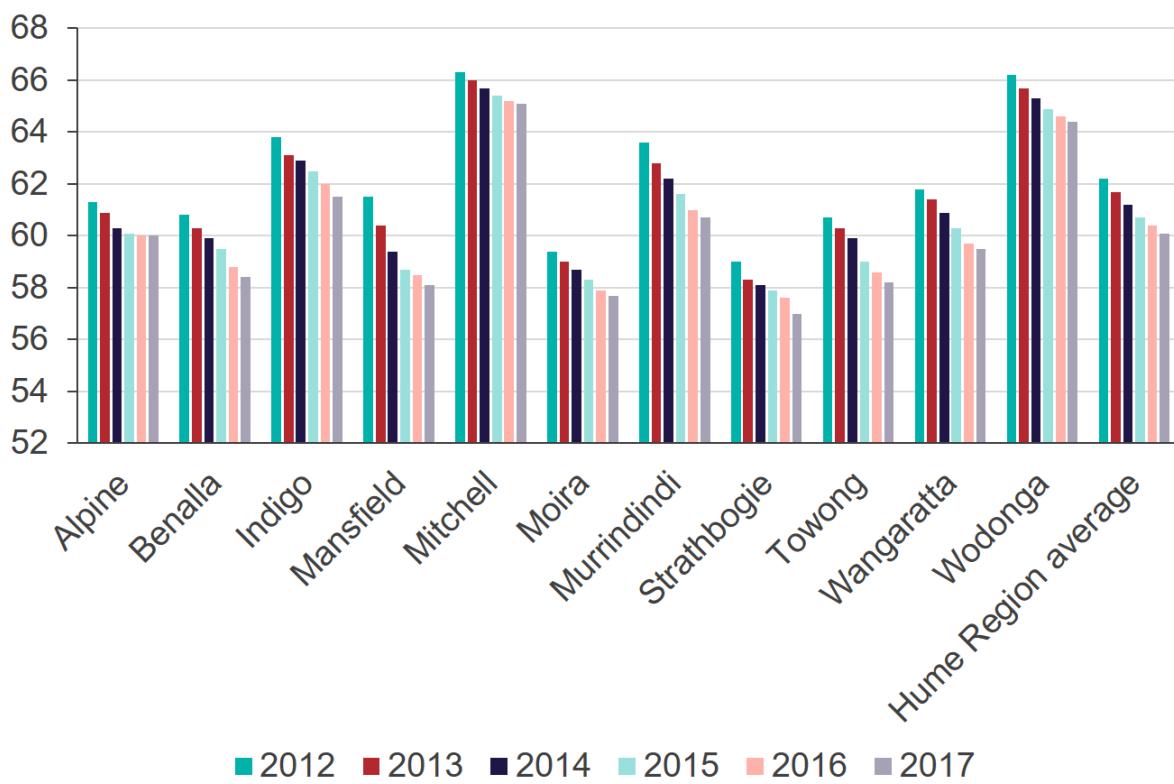
<sup>19</sup> Indigo Shire 2017, 2017/18 Council Plan

Customer experience is the priority for many industries, with consumers now used to high quality, easy-to-use user interfaces when they interact with services. Residents no longer differentiate between their expectations of service delivery for public and private and, as they are more ‘tech-savvy’ than ever, expect to be able to engage with councils online at a time that suits them. This change in resident attitudes and expectations places increased pressure on councils to amend and adapt their services and capability to meet these expectations.

### Changing demographics in Hume Region communities

The demographics of the Victorian population is changing, with an ageing population a concern. At the local community level, services reflect the specific community’s needs, which may change in the Hume Region as demographic profiles or economic conditions change (for example, ageing populations, ‘tree changers’, and commodity-related boosts or declines in rural and regional communities).<sup>20</sup> An ageing population has seen an increase in social need, placing greater demand on council resources. As highlighted in Figure 16, the percentage of municipal populations that are of working age is decreasing in every council in the Hume Region.

Figure 16: Percentage of council population that is of ‘Working Age’ (15-64)



Source: EY Analysis of Victoria in Future (2016)

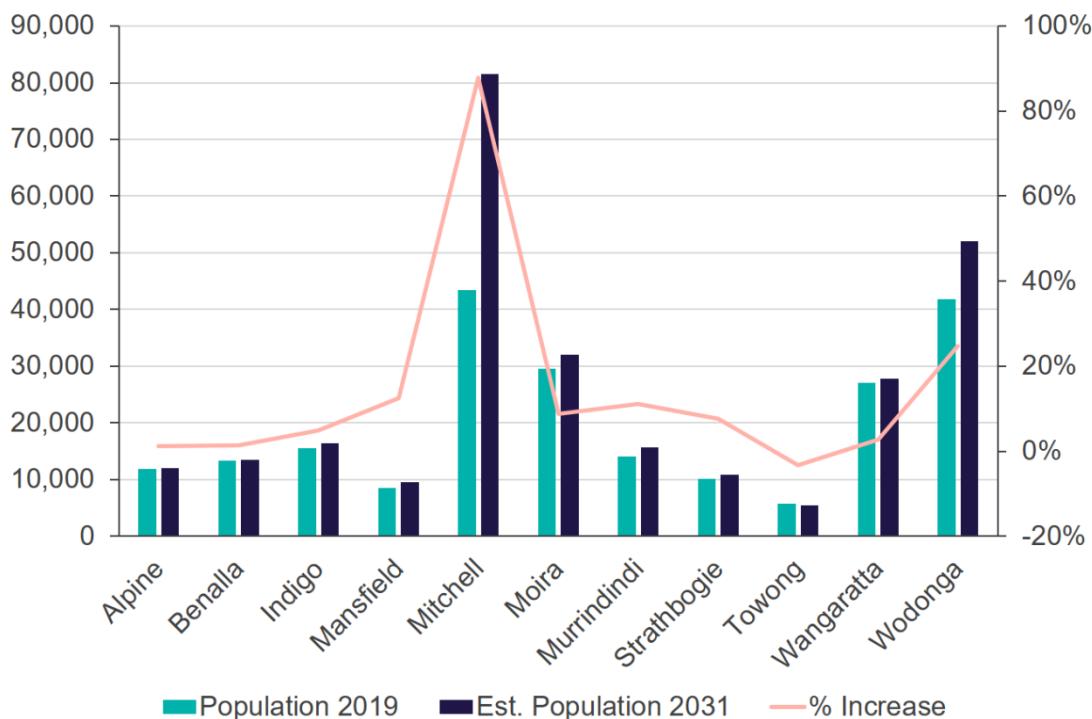
The region is expected to experience significant population growth over the next decade, with a forecasted 28% cumulative growth from 2019-2031, surpassing the predicted state average rate of 26%. Based on pronounced trend for net out-migration of young people and net in-migration of people 40 years and above<sup>21</sup>, this population growth will result in an increasingly high percentage of residents over 40 and a lower percentage of ‘working age’ residents. Figure 17 below outlines the estimated population growth across the region, illustrating that Mitchell and the regional centres, Wodonga and Wangaratta, are expected to drive this growth.<sup>22</sup>

<sup>20</sup> Australian Government Productivity Commission 2017, Supporting Paper No.16

<sup>21</sup> Rural Councils Victoria 2013, Rural Migration: Trends and Drivers

<sup>22</sup> Department of Environment, Land, Water and Planning 2016, Victoria in Future 2016

Figure 17: Estimated Population Change 2019-2031



Source: Department of Environment, Land, Water and Planning 2016, Victoria in Future 2016

### The Region has had difficulty attracting and retaining the required staff

The Rural and Regional Councils Sustainability Reform Report noted that rural and regional councils are likely to face continued difficulty attracting and retaining skilled, professional staff equipped for specialist roles.<sup>23</sup> This problem is evident in the Hume Region with staff shortages causing some councils to rely on more expensive contractors. Alpine Shire has experienced difficulty in hiring and retaining key staff members in recent years. This is evidenced not only through a 42% increase in recruitment costs, vacant strategic planner and environmental health office roles in FY18 but also an additional \$32,000 in other HR related expenditure. This is reflective of other councils in the Hume region, with Indigo, Wangaratta and Wodonga all noting recruitment difficulties following the departure of qualified staff.

#### 2.2.2.2 Effects

##### Communities are unsatisfied with councils' engagement

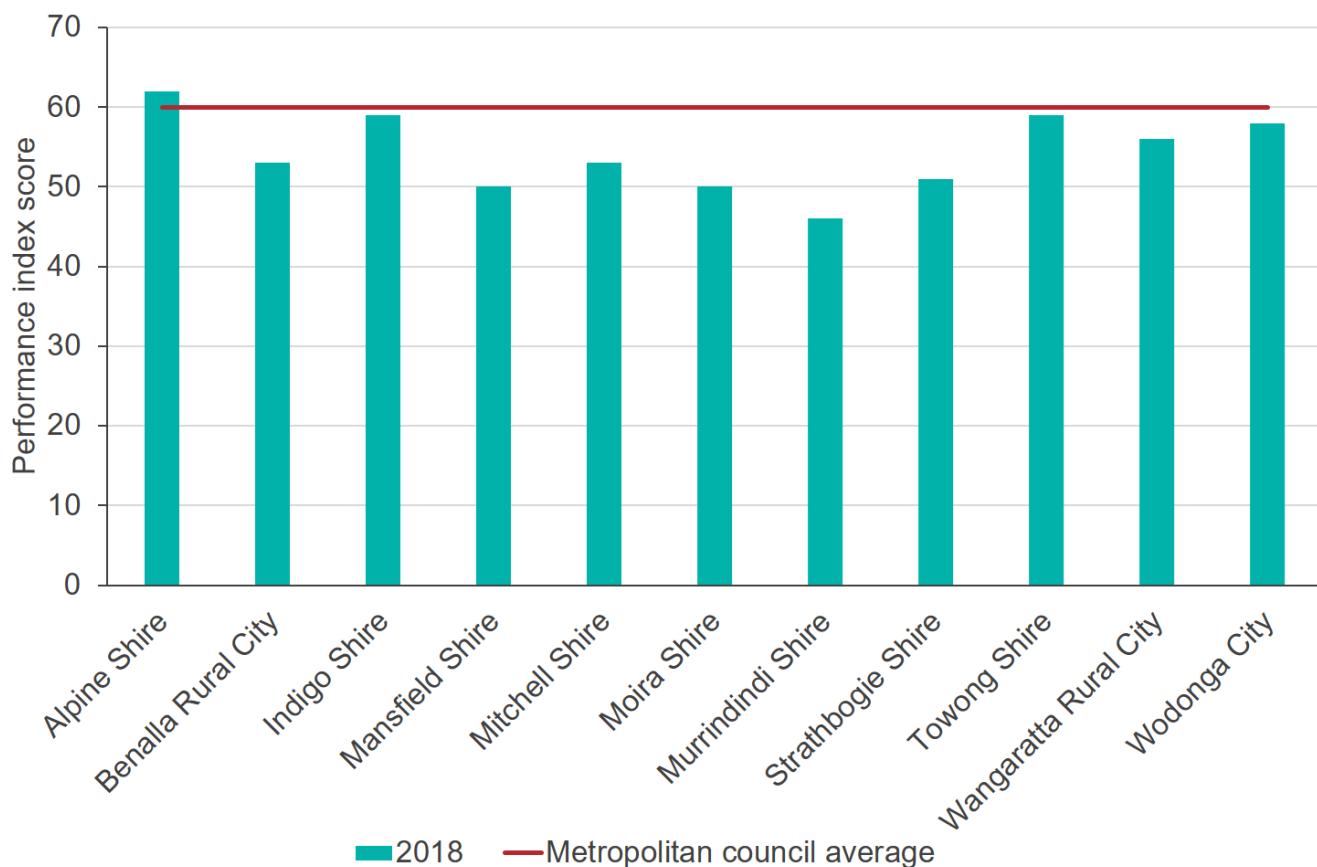
As residents' expectations on communication modes and responsiveness of service providers increase, local government services have fallen short. Residents' satisfaction with council engagement is measured each year across Victoria through the Community Satisfaction Survey, and results suggest that almost 50% of residents in the Hume Region are dissatisfied. Figure 18 below illustrates the relatively low satisfaction with council consultation and engagement in comparison to the average metropolitan score. Only one council, Alpine Shire, exceeded the metropolitan average score.

The relationship between councils and community members needs to include a constructive dialogue, and evidence suggests that there is a rising demand in the community for increased involvement in decision making and accountability by governments.<sup>24</sup> As councils don't have the technological sophistication of their metropolitan or private sector counterparts, they are unable to meet the same level of engagement expected.

<sup>23</sup> KPMG 2018, The Rural and Regional Councils Sustainability Reform

<sup>24</sup> A Bradford 2016, Community engagement and local government

Figure 18: Community satisfaction with council engagement: Hume Region vs. Metropolitan Councils



Source: *Know your Council*, 2019

#### Varied levels of community engagement

While in line with State average engagement scores with an average 2017-18 rating of 57/100, Hume Region councils have reported mixed levels of satisfactions with the level of consultation and engagement efforts. Notably, the region centres Wodonga and Wangaratta have more favourable scores, 67 and 64 respectively, which is in line with previous reports stating that rural, more isolated communities are less likely to engage with local councils due to lack of transport, time, services, trust and potentially inadequate resources to run the process.<sup>25</sup>

#### Varied levels of socioeconomic disadvantage

The Socio-Economic Indexes for Areas (SEIFA) is a measurement published by the Australian Bureau of Statistics (ABS) that ranks areas according to relative advantage and disadvantage. The Index of Relative Socio-Economic Disadvantage (IRSD) ranks areas from most disadvantaged to least disadvantaged based on variables including income, education, employment, occupation, housing and other miscellaneous indicators.

As part of the 'Know your Council' data collection, a score out of ten is calculated for each municipality, measuring the relative socio-economic disadvantage of the area in which the municipality is located as reported by the Australian Bureau of Statistics. The relative Socio-Economic disadvantage of the Hume Region is outlined below. There is a significant disparity in residents suffering from disadvantage in the Hume Region. This ranges from a disadvantage score of 2 in Benalla, which is rated as the most disadvantaged municipality in the region, to a score of 8 in Indigo. Benalla, Moira, Strathbogie, Alpine, Wangaratta, Wodonga all have socioeconomic disadvantage

<sup>25</sup> Tasmanian Department of Premier and Cabinet 2013, *Rural and isolated communities: A guide to engagement*

scores below the Victorian council average (5.5) meaning that constraints are around own-source revenue are particularly pronounced in these municipalities.

As demonstrated below, the socioeconomic demographics across the region are varied, meaning community liveability is likely varied to the same extent.

Hume Region SE range	Hume Region Average	All Victorian Councils Average
<i>From 2-8 (median of 6)</i>	4.89	5.56

### **Smaller work forces face difficulty meeting service expectations and creating career development pipelines**

Labour shortages in rural and remote areas are likely to become even further exacerbated by the Region's ageing population, reflecting insufficiently attractive wages and conditions to entice professionals to relocate.<sup>26</sup> Unless the Hume Region continues to rely on expensive contractors, this trend will result in higher wages demanded by professionals which are beyond the means of council budgets.

A declining proportion of residents who are considered 'working age' accentuates labour shortages in rural in the Hume Region, and creates issues in the following areas:

- Succession planning
- Professional development
- Peer support/collegiate advice
- Lack of expertise due to positions being 'rolled together' to create whole FTE positions
- Coverage risk during staff leave of absences or between recruitment episodes.

### **2.3 Timing considerations**

Without targeted response, the strength of Hume Region councils' financial performance and its sustainable capacity to meet future demand will be compromised.

It is critical that the Hume Region Transformation Program receives funding over the next three years, as many councils in the region are in vulnerable financial position. Under forecasts estimated in Strategic Resource Plans, seven of the 11 councils in the Hume Region are predicted to have a greater increase in operational expenditure than revenue between 2017-18 and 2023-24. This puts councils at risk of not being able to meet current (or increased) service levels in line with demand from communities. Councils that are anticipated to have a greater rise in expenditure than revenue are:

- Alpine
- Indigo
- Mitchell
- Strathbogie
- Towong
- Wangaratta
- Wodonga

If a response to the problem is delayed, the financial sustainability of certain councils will likely continue to decline. In the past, when councils in the region have been unable to meet the required levels of expenditure, they have stopped delivering certain services. There is a real risk of this occurring in the future if there is no action taken.

<sup>26</sup> Productivity Commission 2005, Economic Implications of Ageing Australia

There is the possibility that councils may fail to meet legislative requirements in the future if a response is delayed. The Local Government Act 1989 outlines the objectives of a council, which include:

- Councils endeavouring to achieve the best outcomes for the local community have regard for the long-term and cumulative effects of decisions
- Promote the social, economic and environmental viability and sustainability of the municipal district
- Ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community
- To improve the overall quality of life of people in the local community
- To ensure that services and facilities provided by the council are accessible and equitable.<sup>27</sup>

Any future failures to deliver services will jeopardise councils' ability to meet these objectives, particularly achieving the best outcomes for the local community, improving the quality of life of people and ensuring that services are accessible. There are also objectives in council plans that will not be met, as further outlined in Section 3.7.

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<sup>27</sup> Local Government Act 1989

## 3. Recommended (preferred) solution

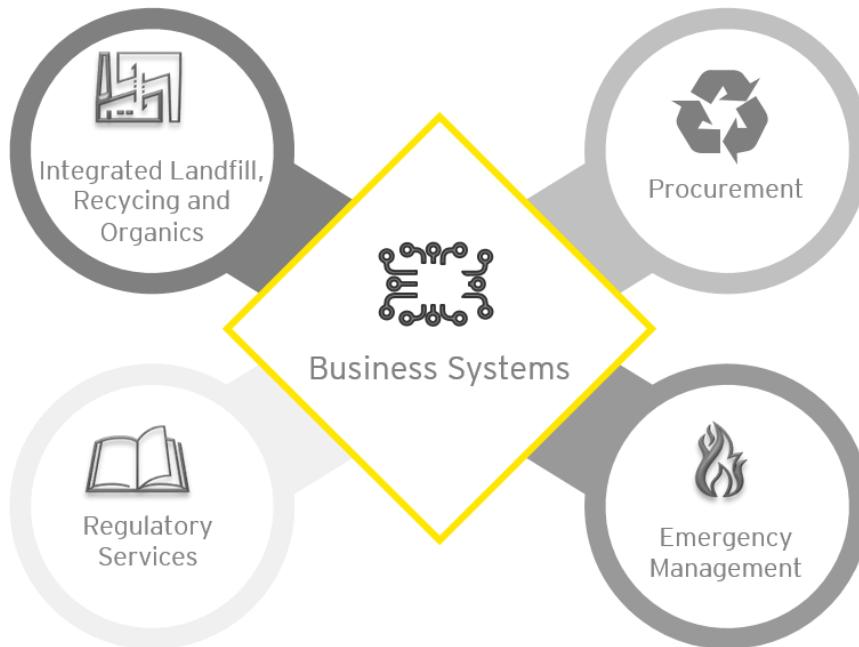
### 3.1 Details of recommended solution

In order to address the Hume Region's identified problems and improve **financial performance** and **capacity** of councils, the following strategic responses have been identified:

- Align business systems and processes across councils
- Enable resourcing sharing and flexible working to attract and retain highly skilled staff
- Coordinate service delivery across appropriate functions

The alignment of business systems and processes creates the required environment to facilitate resource sharing and coordination of service delivery across the region. These responses will be applied to service functions deemed the most suitable to shared service arrangements, which include procurement, emergency management, regulatory services, integrated landfill, recycling and organics and business systems. As illustrated Figure 19 business system transformation underpins the shared service delivery across the other functions, creating an enabling environment for seamless collaboration.

Figure 19: Service functions of transformation



Through the application of the strategic responses, the Hume Region will benefit from common specifications, strategic resource sharing and clear governance around multi-council activities and collaboration.

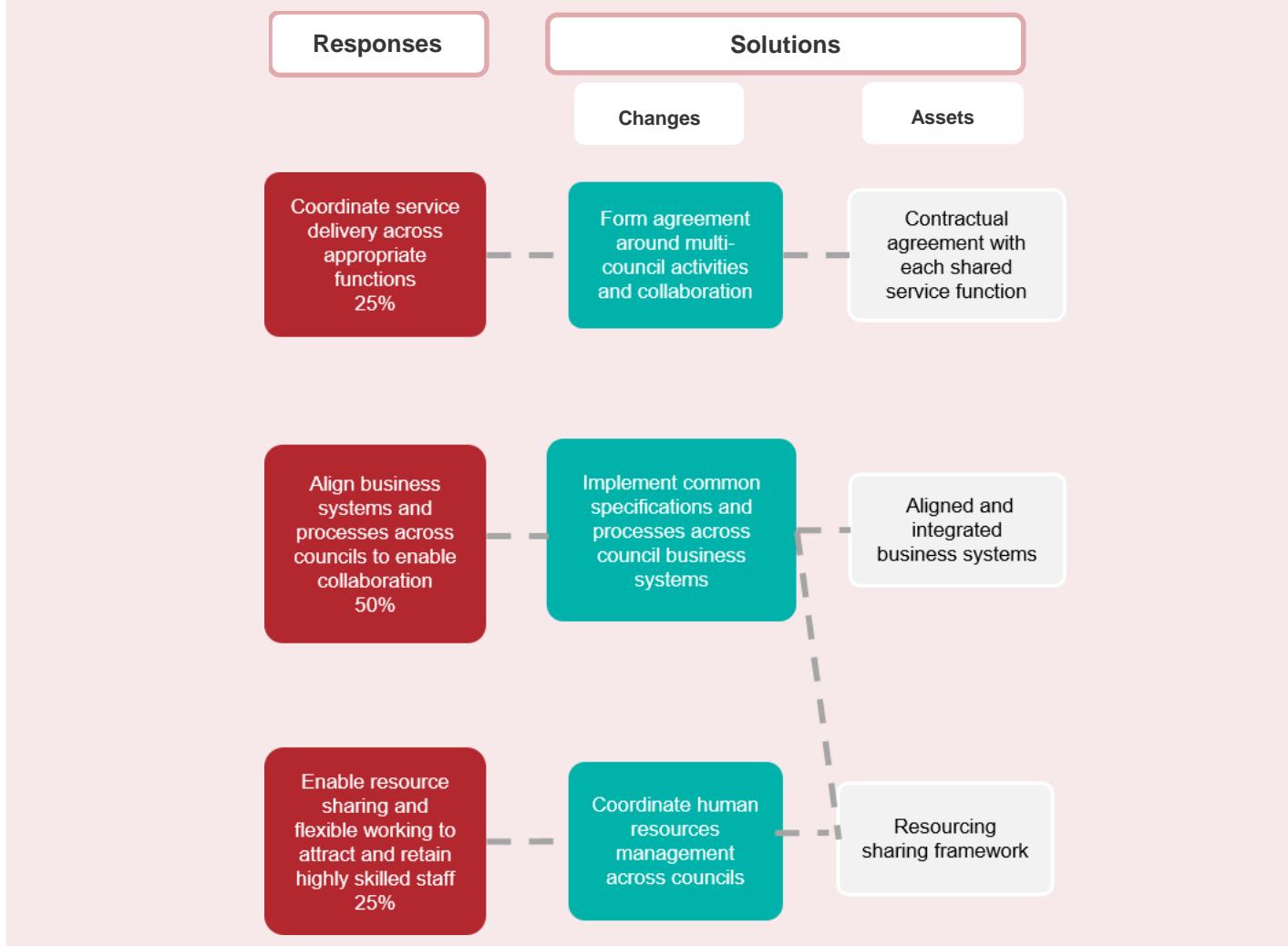
#### 3.1.1 Identified transformation solutions: changes and assets

To identify the preferred solution, a process was undertaken with councils to outline the principal problems the region is facing, as well as strategic responses to address these problems. The box below describes the strategic responses and solutions identified as part of the Investment Logic Map process with participating councils.

### Identifying responses to problems and appropriate solutions

The ILM identifies three responses that this business case seeks to address, and weights these according to the level of importance. The ILM also outlines potential strategic solutions and associated benefits that would result from addressing the reported problems.

Figure 20: Investment Logic Map for Rural Council Transformation Program 2019-20



Source: Co-developed with EY and Hume Region council participants at Benalla workshop (January 2019)

Through the development of the ILM, transformational changes were identified that would be required to implement shared services across the region and meet the objective of increasing councils' sustainability. These are:

1. Clear governance - Agreement on multi-council activities and collaboration
2. Common specifications - Implement common specifications and processes across council business systems
3. Strategic resource sharing - Coordinate human resources management across councils.

Existing shared service case studies in local government municipalities across Australia have demonstrated that the three elements of clear governance, common information and business systems and effective resource sharing are fundamental to the success of shared service arrangements.<sup>28</sup> This is evident in the shared service activity currently occurring in the Hume region.

<sup>28</sup> UTS Centre for Local Government 2016, Review of Resource Sharing arrangements between Kentish and Latrobe Councils

### 3.1.2 Service functions under transformation

In order to select which of the 100+ council service functions were most suitable for shared service arrangements, functions were analysed against the characteristics below:

- **Homogenous activities** – services are common and uniform. These services typically occur across councils and achieve the same outcome.
- **Process standardisation** – services can be automated or delivered in a standardised manner. These are easier to share as the process can be standardised for each council.
- **Economies of scale** – services are repetitive and duplicated. These services can be consolidated to realise financial benefits or improvements to performance and quality.
- **Strategic content** – services are of non-strategic importance to local council activities. These services are not fundamental to council core management and strategic direction.<sup>29</sup>

Service functions that satisfied the above criteria were considered to be ‘high-potential’ to realise shared service efficiencies. Based on this analysis, the five service functions were selected to be in the shared services transformation project. These are:

1. Business Systems
2. Procurement
3. Regulatory Services
4. Emergency Management
5. Waste management - Integrated Regional Landfill, Recycling and Organics.

The efficiencies and benefits each function can deliver through shared services were evaluated and prioritised accordingly. This priority level has informed the phasing of the transformation implementation, as detailed in chapter 7.

**Table 7: Prioritised functions for transformation**

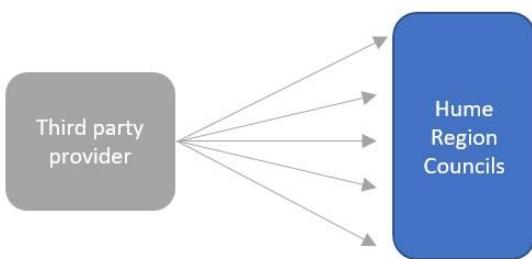
Priority Level	Function
High	<ul style="list-style-type: none"><li>• Business Systems</li><li>• Procurement (Capital works and other)</li><li>• Waste Management</li></ul>
Medium	<ul style="list-style-type: none"><li>• Regulatory Services</li></ul>
Low-Medium	<ul style="list-style-type: none"><li>• Emergency management</li></ul>

### 3.1.3 Shared Service Models

It is recommended that the solutions are delivered in the form of three shared service models:

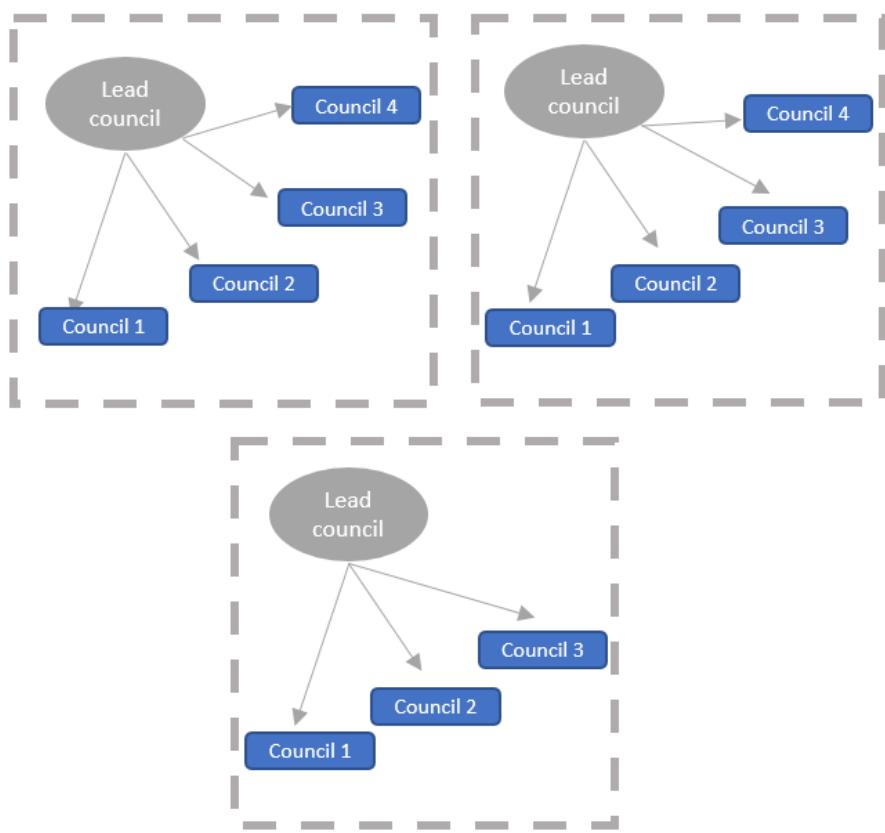
#### 1. Third-party provider

A third-party entity provides a service to all Hume Region councils for a fee. Outsourcing to the one provider ensures service levels, specifications and associated processes are aligned within the region.



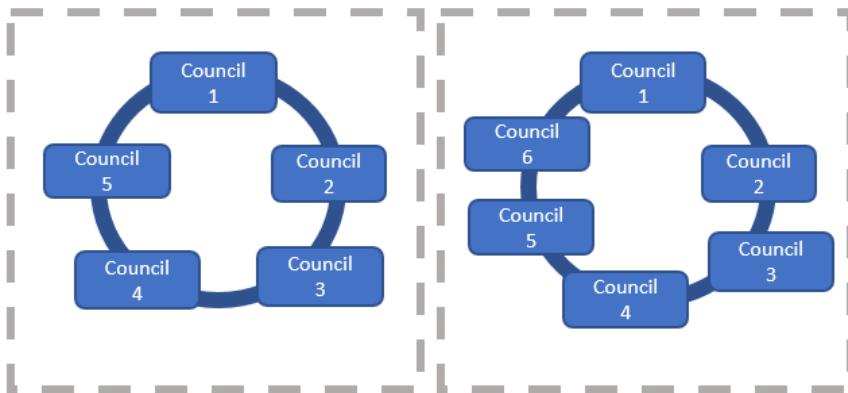
## 2. Service provision in 'clusters'

Councils form regional and sub-regional partnerships under contractual agreements where a 'lead council' provides suitable functions on behalf of other councils with a 'fee for service' cost structure under contractual agreement. The clusters are based on aligned culture, residential needs and geography.



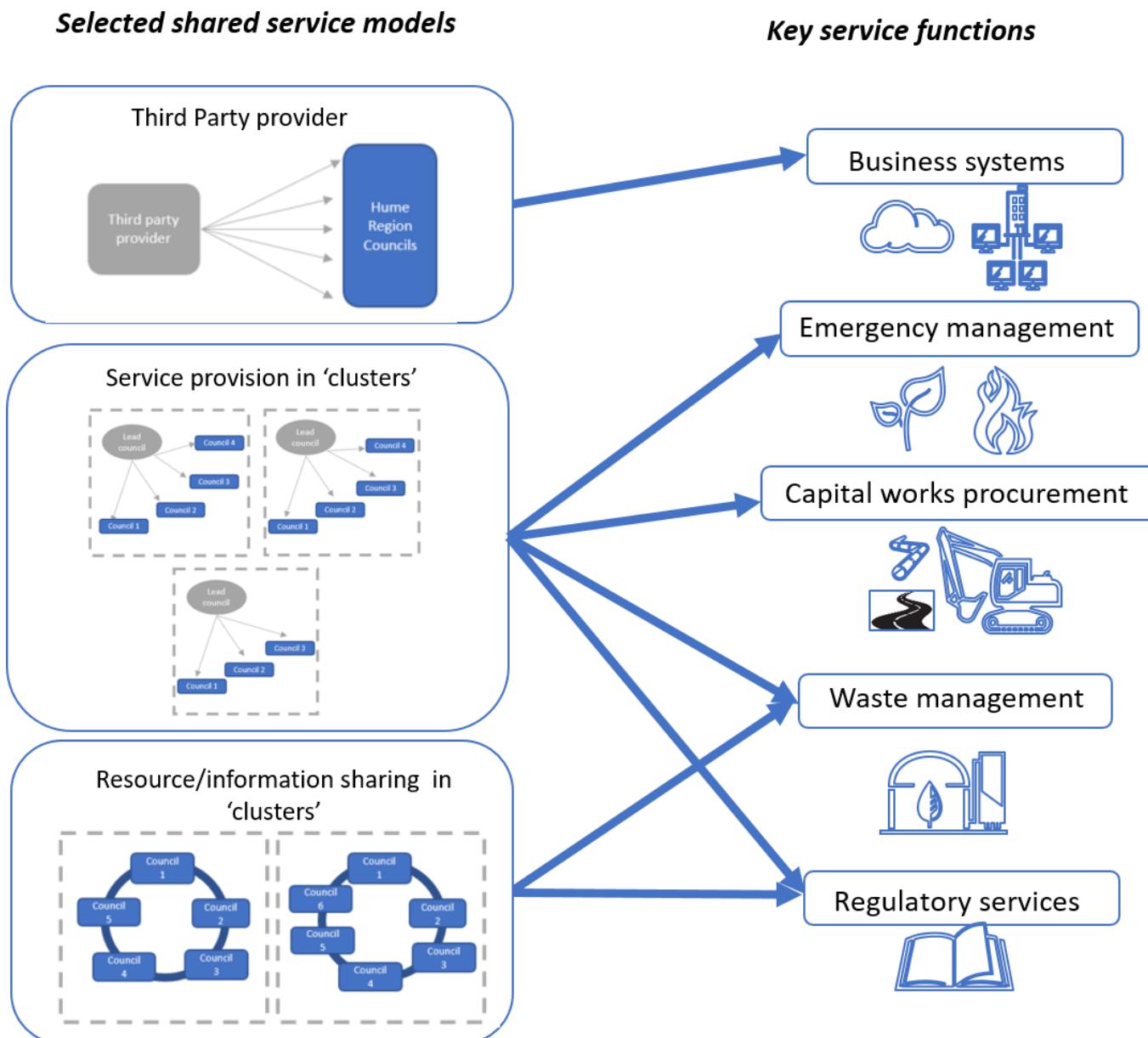
## 3. Resource/information sharing in 'clusters'

Councils coordinate human resources and information management to share resources such as staff, consulting advice, equipment and plant resources. In most occurrences, common specifications are required to enable resource sharing.



The shared service models will be applied to the key service functions as outlined

Figure 21: Application of shared service models



### 3.1.4 Council participation

All 11 Hume Region councils are participating in shared services across many of the function areas, with a few exclusions. Drawing on the assumptions for participating councils outlined in the Expression of Interest, and two further workshops held in January and February 2019, participating councils were confirmed across each functional area, as outlined in Table 8 below.

**Table 8: Participating Councils**

Key Functional Areas	Participating councils	Exceptions?
Business Systems	All Councils	
Procurement	All Councils	<ul style="list-style-type: none"><li>• <b>Alpine</b> is only participating in general procurement, not capital works. This is due to prior issues with capital works collaboration.</li><li>• <b>Mitchell</b> and <b>Wangaratta</b> are only participating in capital works procurement</li></ul>
Regulatory Services	All Councils	
Emergency Management	All Councils	
Integrated Regional Landfill, Recycling and Organics.	Alpine, Benalla, Murrindindi, Mansfield and Wangaratta	<ul style="list-style-type: none"><li>• <b>Indigo, Mitchell, Moira, Strathbogie, Towong and Wodonga</b> are not participating due to recently signed long waste management contracts</li><li>• <b>Alpine</b> is only participating for the organics shared services.</li></ul>

### 3.1.5 What will shared services look like for each function?

#### Key service area 1: Business Systems

*Proposed shared service model: Third-party provider*

Business system standardisation is the priority shared service opportunity because a common IT, business process and systems environment is critical to realising the efficiency gains in technology or process supported functions. Despite servicing different geographies, councils have a similar operating environment that can be subject to process standardisation and operational efficiency. Integration and alignment of business systems across the region could deliver potential savings in IT licensing and IT capital expenditure compared to individual council investment. Additionally, standardisation of systems acts as an enabler for resource and information sharing as well as further collaboration.

Business Systems encompasses all information technology, finance, risk management and OH&S systems.

Key features of the Business Systems solution include:

1. Cloud-based information storage and file management
2. Common Payroll / HR system
3. Common Chart of Accounts
4. Alignment of IT infrastructure/hardware
5. Coordinated IT support services
6. Development of a common platform for citizen access

Currently, the region's business operating and technological environment systems are siloed, meaning interactions between councils are complex. As councils routinely deliver similar services to residents, common business systems will help to facilitate resource and information sharing across these service areas, as well as business intelligence, reporting and analytics. Furthermore, an integrated and easy to use system will facilitate collaboration around management of financials, procurement, project job costing, customer requests, payroll and property and rating. The ability to report in real-time improves the visibility of the council activities, with better KPI management and reporting for compliance.

Examples of a third-party provider of business systems used by many councils across Victoria, including in the Hume region, are Microsoft Dynamics 365 and CouncilWise, a cloud-based platform built on the Microsoft Azure cloud and presented via Office 365. Figure 22 outlines an example of the cloud-based operating platform, supporting various council functions across.

Figure 22: Example business systems constructs

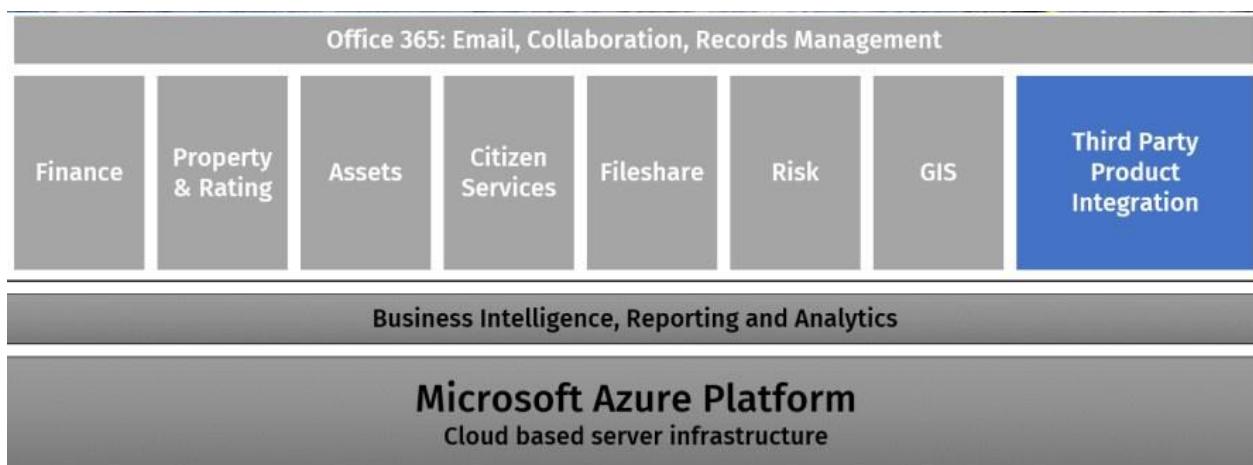


Figure 23: Example council data, analysed using Microsoft Power BI



Source: Microsoft 2019

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***Challenges include “Keeping up-to-date technological improvements within budget constraints”***

– Wodonga Annual report 2017-2018

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The key benefit of aligned business systems is reducing the financial burden of technology on individual councils. Engaging a third-party provider to install a ‘server-free’ system dramatically reduces ongoing costs of hardware management and lessen the risk of servers crashing and backups failing. Using a third-party integration system such as Microsoft 365 Dynamics, CouncilFirst or CouncilWise allows councils to seamlessly share information and resources through a common platform.

The expected cost savings from the application of shared services to business systems is \$3.02 million, as detailed below.

Table 9: Medium efficiency – expected cost savings from Business Systems

COST SAVING FROM TRANSFORMATION (A\$'000)	FY20	FY21	FY22	FY23	FY24	5YF
BUSINESS SYSTEMS	-	-	653	1,158	1,213	3,023

In addition to cost savings, a key benefit of aligned business systems is providing the authorising environment to be able to share information and staff efficiency.

### Key service area 2: Procurement

*Proposed shared service model: Service provision in ‘clusters’*

The following initiatives are considered in scope for the transformation of procurement services:

1. **Capital works procurement:** Multi-year and multi-council approach to capital works procurement and delivery.
2. **Other:** Identification and capture of regional procurement opportunities to deliver economies of scale and efficiencies.

As the procurement activity undertaken by Hume Region councils is principally identical, the potential to engage in joint procurement around common materials and consumables is incredibly **compelling**. Estimated savings from the procurement function are substantial, with 58% of all project efficiencies originating from joint procurement.

**These savings are not expected to be derived from reducing staff.** In a similar manner to the Lincolnshire procurement case study outlined below, savings are expected to be attributed to **improvements and efficiencies secured in procurement practice and processes.**

Based on consultation with councils, the recommended shared service model is service provision in ‘clusters’. Councils who have the capacity to employ a procurement officer, such as Wodonga and Wangaratta, can form regional and sub-regional partnerships under contractual agreements where a ‘lead council’ provides procurement on behalf of other councils with a ‘fee for service’ cost structure under contractual agreement. The clusters are based on aligned culture, residential needs and geography.

Given the nature of council procurement activities, it is expected that 50% of procurement activity will be eligible for collaboration. This is a conservative estimate to allow for procurement activity undertaken by individual staff for small value items which will not be initially included in the joint procurement model.

## CASE STUDIES

### 1. Procurement Lincolnshire (UK)

Procurement Lincolnshire is a joint procurement strategy between North East Lincolnshire and North Lincolnshire Councils in the UK. The team work together to procure (buy, rent and lease) products and services for both councils, making substantial levels of savings for the local authorities in the county between 2008 and 2011 – comprising £9 million in procurement savings and nearly £1.5 million in process savings. The return on investment for the local authorities ranged from 91% to 341% for the period. The savings from the shared service have not come from reducing staff. The staffing costs increased by just over 20% at the start of the shared service from £600,000 to £740,000. The savings have come from improvements and efficiencies secured in procurement practice and processes. The set-up cost for Procurement Lincolnshire was £148,000. This was spent mainly on new information technology (IT) – both equipment and systems – and training and development. The awareness of local businesses in Lincolnshire was raised and the opportunities and tendering has been made more accessible, by simplifying the process and providing them with training in it.

The expected cost savings resulting from the application of shared services to all procurement is \$7.745 million, as detailed in the table below.

**Table 10: Medium efficiency – expected cost savings from Procurement**

COST SAVING FROM TRANSFORMATION (A\$'000)	2018-19	2019-20	2020-21	2021-22	2022-23	FIVE YEAR TOTAL	
PROCUREMENT		-	-	1,672	2,967	3,106	7,745

Source: EY analysis 2019

Ancillary to cost savings, a key benefit of the transformation of procurement services is better and more accessible infrastructure for communities across the Hume Region.

### Key service area 3: Regulatory Services

*Proposed shared service model: Resource/information sharing in ‘clusters’ & Service provision in clusters*

The following initiatives are considered in scope for transformation of regulatory services:

1. Planning: Strategic Planning and Statutory Land Use Planning
2. Building Services: response to recruitment and retention challenges in Statutory Building functions
3. Environmental Health: Regional collaboration to ensure sustainable delivery of statutory functions
4. Local laws and Enforcement: Coordination of policy and local laws and a regional approach to ensuring sustainability of enforcement and ranger functions

EY advises that councils who have the capacity to and employ the required professionals form regional and sub-regional partnerships under contractual agreements, where a ‘lead council’ provides regulatory services on behalf of other councils with a ‘fee for service’ cost structure under a contractual agreement. The clusters are based on aligned culture, residential needs and geography.

Resource and information sharing in clusters is an additional shared service that can be applied to the regulatory services functions as, given common specifications across all business systems, councils will be able to realise efficiencies by sharing information and resources. Ultimately, once shared services have matured, councils will be able to coordinate human resource management and hire required professionals to live in any of the participating municipalities, helping to reduce issues surrounding hiring and retaining skilled staff. This flexibility will allow councils to fulfil service requirements while still employing residents from within the participating councils’ local area, as opposed to temporary contractors.

The expected cost savings resulting from the application of shared services to all regulatory services is \$1.841 million, as detailed in the table below.

**Table 11: Medium efficiency - expected cost savings from Regulatory Services**

COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL	
REGULATORY SERVICES	-	-	-	397	705	738	1,841

Ancillary to cost savings, a key benefit of shared services across the Hume Region is ensuring that councils have the capacity to complete required regulatory services to residents.

## CASE STUDIES:

### 2. Eastern Health Authority (SA)

The Eastern Health Authority is made up of five constituent councils with the Authority providing specific environmental health services on behalf of its member councils, and has played a significant role in the promotion and enforcement of public health standards. The Authority has been able to demonstrate the cost and quality advantages that can be gained by providing specific health service activities, such as an immunisation program, across a group of councils. Bulk supplies of drugs can reduce costs. The provision of a network of clinics can standardise and maintain a high level of service, as well as allow residents of a constituent council to access such services in another council area within the group. This provides good customer service by giving residents choices of locations and opening times which can suit their personal circumstances.

### 3. Rates office – Indigo and Towong

When the Rates Officer at Indigo Shire Council resigned, the Council faced a problem that is not uncommon to other small rural Councils. In rural areas, the recruitment of suitably experienced and qualified staff can be very difficult and time consuming and result in significant interruption to service delivery. The lack of suitable candidates that is often experienced can possibly be linked to the inability of smaller councils to remunerate people at the same level as larger councils as well as the more remote location of rural councils. The area of property and rates services is no exception. Indigo Shire Council sought an alternative solution – a shared service arrangement with neighbouring Towong Shire Council. This partnership has reduced the costs of administering rates by 25%.

### 4. Wodonga City Council – Immunisation

Wodonga Council has led effective collaborative action through the provision of immunisation services to multiple councils including Benalla Rural City Council since 2005 under a contract.

This delivery of all immunisation services for vaccinations funded by the State and Commonwealth governments on the Australian National Immunisation Program Schedule.

Specifically, the current services deliver by Wodonga City Council are:

- Immunisation services to all children aged 0-4 years and secondary school age children according to the recommended Australian Standard Vaccination Schedule National Immunisation Program.
- Immunisation services to all community members of the Benalla Rural City according to the recommended Australian Standard Vaccination Schedule National Immunisation Program and relevant state based catch up vaccination programs.
- BRCC staff vaccinations at cost e.g. Hepatitis NB, Pertussis and annual Influenza vaccinations.
- Reporting the vaccinations given to the relevant register and or authority — AIR, HPV Register or DHHS.
- Responding to all immunisation related enquiries.
- Implement the quarterly childhood overdue and home visit program for children aged 1,2 and 5 years.
- By variation additional programs/services can be provided e.g. influenza pandemic vaccination.

This contract provides cost effective immunisation to Benalla's residents and has freed capacity for the Council's Public Health Officer to focus on food premises (registration/inspections and renewals) and its compliance with the Food Act and the Public Health and Wellbeing Act. Baseline data is not available for Benalla's immunisation costs before the collaborative partnership, however benefits are evident such as increased capacity to meet service demands and deliver immunisation at a cheaper price per vaccine.

## Key service area 4: Emergency Management

*Proposed shared service model: Resource/information sharing in ‘clusters’*

Transformation of emergency management services will encompass a shared model for resources and information pertaining councils’ emergency management functions. These include:

- Emergency management plans for the municipality, in partnership with other emergency services agencies
- Undertaking fire prevention activities including issuing fire prevention notices and working with fire agencies to reduce fire risks
- Planning overlay controls to address risks to properties such as fire and flood
- Operating relief and recovery centres during/after an emergency
- Coordinating emergency shelter for displaced people and animals
- Coordinating clean-up activities
- Assessing occupancy of damaged buildings, safety of sites after an emergency, and overseeing rebuilding (permits/inspections).<sup>30</sup>

Hume Region will engage in resource and information sharing to develop and implement of a sustainable model of regional collaboration to support interoperability and sustainability in response to major emergencies involving formal shared services arrangement. This will be supported by common business systems and processes, enabling collaboration around planning and monitoring responding to emergencies within the region. The clusters are based on aligned culture, residential needs and geography.

We may not have time, but there is a good case study of the Northern Vic Integrated Municipal EM Plan, involving 5 LGAs in the Loddon Campaspe region. See:

[http://www.mountalexander.vic.gov.au/Files/Emergency\\_management/Northern\\_Victorian\\_Integrated\\_MEMP\\_Version\\_2 - Mount\\_Alexander\\_Shire\\_Public\\_Version - 2018.pdf](http://www.mountalexander.vic.gov.au/Files/Emergency_management/Northern_Victorian_Integrated_MEMP_Version_2 - Mount_Alexander_Shire_Public_Version - 2018.pdf)

We should only reference this if:

- It looks like a good case study;
- We have time to write it up; and
- There is not a similar one in NE Vic (in which case we should refer to that one). A quick Google search didn't show anything up that I could see as directly equivalent in Hume region other than a fire-focused Hume regional plan, rather than a broader EM plan.

The expected cost savings resulting from the application of shared services to emergency management is \$81,000, as detailed in the table below.

Table 12: Medium efficiency - expected cost savings from Emergency Management

COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL
EMERGENCY MANAGEMENT	-	-	-	17	31	32

Source: EY analysis 2019

## Key service area 5: Waste management

Transformation of waste management services will encompass service provision in ‘clusters’ and resource and information sharing in ‘clusters’, applied appropriately to councils’ waste management requirements. These include:

- Waste transfer stations and landfills
- Organics processing
- Kerbside waste and recycling bin collection

<sup>30</sup> Vic Councils, ‘What councils do’

- Removal of dumped rubbish and hard rubbish pickups
- Litter traps and blocked drains
- Green waste collection service
- Worm farms and compost bins
- Collection of State Government landfill levy.<sup>31</sup>

Two initiatives are considered in scope for the transformation of waste management services in the Hume Region:

- 5a) Integrated Landfill and Recycling
- 5b) Organics processing facility

### **5a) Integrated Landfill and Recycling**

*Shared service model: ‘Resource/information sharing in ‘clusters’’*

Common specifications, systems and process will be standardised across participating councils, which will facilitate coordination of human resources and information management to share resources such as staff, equipment and plant resources to permit rationalisation of landfill and recycling activities and ease of information sharing between councils. Further savings will be generated from resource and asset sharing and joint procurement for works.

Waste management is as an area in which regulatory changes have driven up costs, with the cost of design, construction, operation and rehabilitation of landfills having increased as a result of the Environment Protection Authority's requirements.<sup>32</sup> Rationalising the system and sharing landfills logically as clusters will help to reduce costs for council involved.

### **5b) Organics processing facility**

*Shared service model: Service provision in ‘clusters’’*

Due to existing capacity in the region, it is recommended that councils form regional and sub-regional partnerships under contractual agreements where a ‘lead council’ provides suitable functions on behalf of other councils with a ‘fee for service’ cost structure under a contractual agreement. The clusters are based on aligned culture, residential needs and geography.

It is recommended that Wangaratta, among others, acts as a lead council. Wangaratta has gained EPA works approval to construct a food and garden organics processing facility. The plant will comprise of seven bunkers with the capacity of 435 cubic metres per cell. The construction of the facility has been funded by the Rural City of Wangaratta and will have the capacity to process up to 12,000 tonnes of material a year, of which Wangaratta will require 5,200. For the organics processing facility to be able to service other Hume Region councils and utilise the 7,000 tonnes capacity, a weigh bridge (cost of \$140,000) and sifter (cost of \$120,000) must be constructed to enable additional councils to utilise the facility. Currently Alpine have firmly committed to utilising the organics processing facility, with scope for further use by nearby shires to utilise 12,000 tonnes capacity.

Wangaratta will be able to service surrounding councils for a reasonable price/tonne, varying with council distance.<sup>33</sup> This demonstrates their commitment to the shared service offering. For organics, there will most likely be significant 'cost avoidance' rather than 'cost savings' for councils who then do not have to build their own facility. There will also be an initial increase in cost in order to truck the waste outside of their shires. For organics, there may be an introduction of a service which will include some ongoing operating (transportation) costs.

While the expansion to 12,000 tonnes would allow Wangaratta to service neighbouring councils over the next 5 years, If the organics facility was to service the full Hume Region, it would require expansion to 20,000 tonnes at an estimated cost of \$1.2 million dollars. While this grant application will not include this further expansion, being aware of this information will allow Hume Region councils to make an informed decision in the future as to whether they build their own organics processing facility or collectively expand and use Wangaratta’s facility. Any arrangements made in this service area are not expected to impact the relationship that some councils in the Hume

<sup>31</sup> Vic Councils, ‘What councils do’

<sup>32</sup> Parliament of Victoria: Environment, Natural Resources and Regional Development Committee 2018, Inquiry into the sustainability and operational challenges of Victoria’s rural and regional councils

<sup>33</sup> Consultation with Wangaratta February 2019 – they were able to reduce their price per tonne from \$134/tonne to \$56/tonne for organics collected from Stanhope

Region have with the North East Waste and Resource Recovery Group, although councils may have to inform them of any developments in this space.

The expected cost savings resulting from the application of shared services to waste management is \$626,000, as detailed in the table below.

**Table 13: Medium efficiency - expected cost savings from Waste Management**

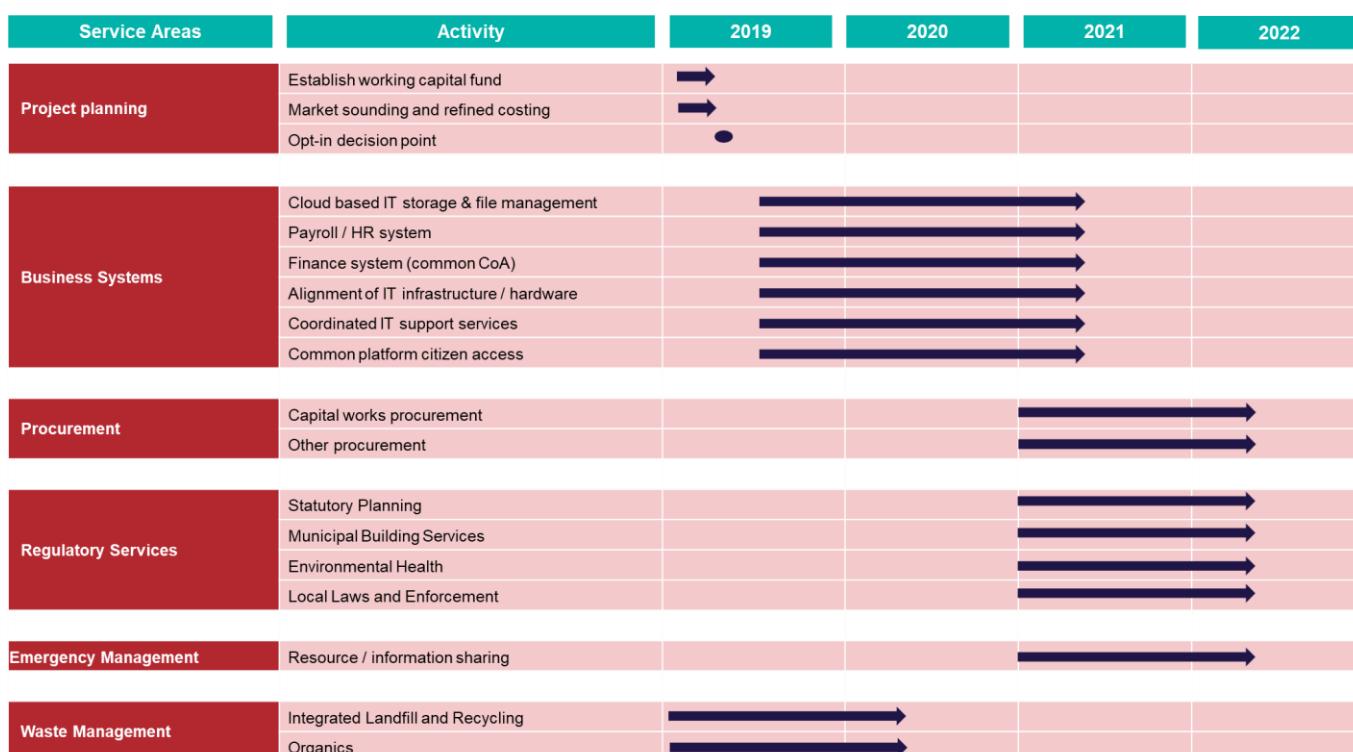
COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL
WASTE MANAGEMENT	-	-	135	240	251	626

Source: EY analysis 2019

### 3.1.6 Recommended phasing of transformation

It is recommended that business systems be addressed in the early phases of the transformation project (2019-20), as common business system specifications and processes will act as an enabler to shared services across all functions. The sequencing of shared services implementation is outlined in Figure 24.

**Figure 24: Implementation of shared services by function**



### 3.2 Partnering – legal / governance arrangements

#### 3.2.1 Proposed governance arrangements for Hume Region Shared Services

The Hume Region Transformation Project will drive collaboration between the involved councils based on the following key assumptions:

- There will be no new entity or layer of bureaucracy introduced to drive the collaboration - councils will operate as a ‘strategic alliance’ supported by contractual agreements under an overarching “heads of agreement”
- The councils will use funds requested under the RCTP fund for the delivery of transformation areas

- The strategic alliance will only focus on opportunities for shared services and resource sharing which may develop and grow over time
- The shared service transformations will be implemented using the model most appropriate to the function area and will be governed by contractual agreements.

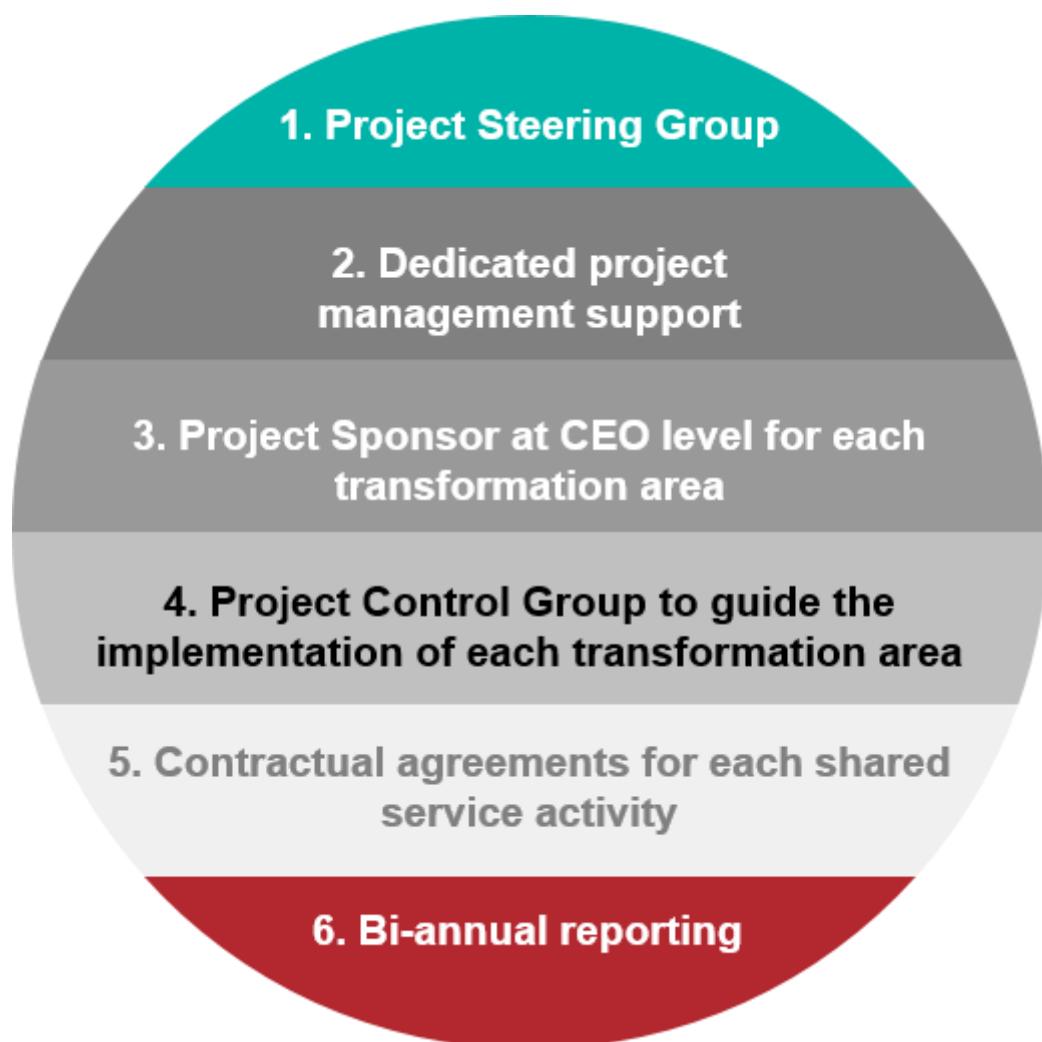
Contractual agreement for each function's shared service will allow councils to 'opt out' of shared service areas prior to signing each specific contractual agreement.

This integrated transformation project will demand the following levels of governance and accountability:

1. A Project Steering Group will be established comprising participating council CEOs (or nominated delegates) to oversee the five transformation areas
2. Dedicated project management support to ensure accountability and guide implementation
3. Project Sponsor at CEO level for each of the Strategic Activities
4. A Project Control Group (PCG) comprising at least 3 CEOs and 3 nominated executive-level Directors to guide implementation activities
5. Contractual agreements for each shared service activity, to be finalised before implementation with legal advice
6. Bi-annual reporting to participating councils and stakeholders.

The hierarchy of this governance structure is outlined in Figure 25.

**Figure 25: Layers of Transformation Project Governance**



Different governance arrangements will be established for each function, to allow for flexibility in the shared service arrangements based on the mode of shared service delivery and specific service requirements. This governance structure will ensure Hume Region councils have the ability to seamlessly share information and resources while still maintaining access to and control of their data.

**Figure 26: Governance models by functional area**

Service Area	Proposed Governance Models
<b>1. Business systems</b>	A contractual agreement with an external provider
<b>2a. Capital works procurement</b>	Resourcing sharing and joint contracting under a contractual agreement
<b>2b. Other procurement</b>	Resourcing sharing and joint contracting under a contractual agreement
<b>3a. Regulatory Services</b> <b>Planning, Building Services, Environmental Health, local laws and enforcement</b>	Resourcing and information sharing under a contractual agreement.
<b>3b. Building Services</b>	Service provision under contractual agreement
<b>3c. Environmental Health</b>	Service provision under a contractual agreement. Resource and information sharing, coordinated and integrated collaboration arrangement,
<b>3d. Local Laws and enforcement</b>	Sharing of resources (staff, consulting advice, equipment, plant etc) under a contractual agreement
<b>4. Emergency Management</b>	Strategy and resource collaboration under contractual agreement
<b>5a. Integrated Regional Landfill and Recycling</b>	Resourcing sharing under contractual agreement
<b>5.b Organics Processing Facility</b>	Service provision under contractual agreement

When assessing appropriate governance arrangements, EY evaluated the extent to which shared services have worked for similar sized councils in the past. In the case of Circular Head and Waratah-Wynyard Council (in Tasmania), the resource sharing arrangements for staff, procurement and projects have been supported by a formal agreement and enabled by the now two General Managers. This leadership support is crucial to the ongoing success of the project, no matter how strong the agreement. This case study identified the following as being essential for the success of the shared service arrangement as:

- Transparency, equity and flexibility to create trust
- Agreed rationale/approach for resource sharing
- Technology and management systems were a vital key enabler for resource sharing as they support physical movement between locations and ensure efficiency of use.<sup>34</sup>

The proposed governance arrangements will seek to meet all the ‘success factors’ in the following manner:

<sup>34</sup> UTS Centre for Local Government 2016, Review of Resource Sharing Arrangements between Circular Head and Waratah-Wynyard Councils

- The contractual agreement for each function will facilitate the flexibility required for councils to adapt the agreements to each service, while simultaneous ensuring the arrangement is transparent and equitable
- Agreement around rationale and approach to for resource sharing will be agreed by councils before entering into each shared service contractual agreement
- Common specifications across all business systems will support information sharing, physical movement of resources between locations and ensure efficiency of use.

### 3.3 Evidence of the proposed solution's effectiveness

To assess the proposed solution's effectiveness, EY undertook a review of literature, business cases and analysis into local council reforms which also featured shared services (outlined in Attachment A).

While shared services are in operation in the majority of Victorian councils, the extent to which cost savings were achieved in previous local council reforms is difficult to measure as shared services are relatively immature and any cost savings generated are most likely to have been re-directed towards meeting increased service demands.<sup>35</sup> This sentiment was reflected in the Victorian Auditor-General's report into shared services which outlined that the majority of councils find it "challenging to quantify the impact of shared services due to a lack of baseline data and other information."<sup>36</sup> Accordingly, efficiency outcomes from empirical evidence were not readily available and thus, the experience of other jurisdictions and merger councils were used as proxies, before being adjusted appropriately.

The paucity of data is a significant weakness of current shared service activity in the State and makes it difficult to measure the full extent of both financial and non-financial benefits from shared services being realised by Victorian councils. The Regional Transformation Project will provide the state with the opportunity to remedy this weakness, by measuring the effectiveness of shared service activity with baseline data from inception through to maturity of the sharing arrangement.

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*"I don't see resource sharing as a way of fighting off amalgamation. We've taken resource sharing on board to provide a better service to the community and be able to run our business at a better capacity. The key focus is that we are unlocking capacity of both councils to maximise usage of skills and people"* – Resource sharing participant in Tasmanian councils

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#### 3.3.1 Methodology of calculating the proposed solution's effectiveness

In order to assess the effectiveness of the proposed shared services solutions, EY undertook a number of complementary approaches:

- A bottom-up approach
  - Participating councils populated a financial template outlining their expenditure for each of the five key transformation areas specifically
  - EY overlayed this information with an analysis of Councils' budgets and strategic resource plans
- A top-down approach
  - Cost savings (efficiencies) estimates from Victorian, Interstate and International case studies were used to inform the estimated efficiencies and financial implications generated from shared service activity
- All assumptions were confirmed with Council CEOs to assess their 'reasonableness'

Based on these approaches, the effectiveness of the proposed solution has been estimated through the cost savings for councils of delivering shared services in the nominated service areas. EY has undertaken a simple methodology to calculate these efficiencies:

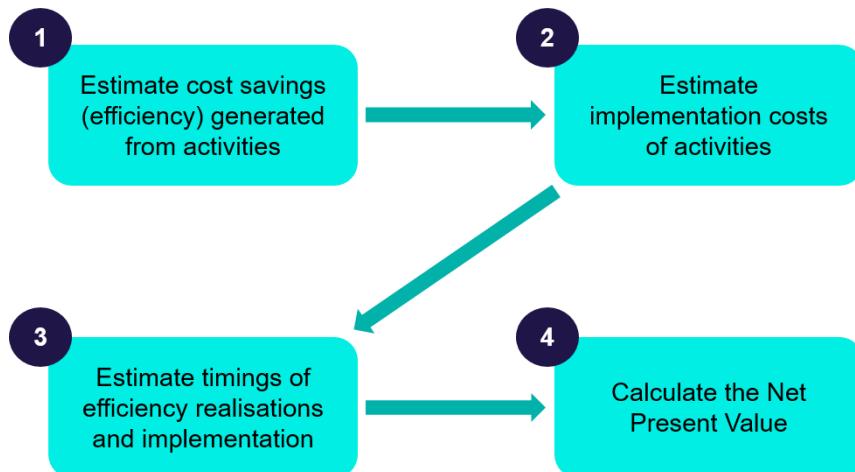
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<sup>35</sup> Victorian Auditor General's Office 2014, Shared Services in Local Government

<sup>36</sup> Ibid.

1. **Estimate the cost savings generated from shared service activities:** given that there was no evidence of shared services in the Hume Region to use as guidance, case studies of similar arrangements between councils in other states and countries have been utilised
2. **Estimate the implementation costs of shared service activities:** this information has been gathered from market quotes received by Hume Region councils on the costs required to introduce various systems or hire skilled personnel
3. **Estimate the timings of efficiency realisations and implementation:** EY has worked closely with councils to develop realistic assumptions about the timing of implementing the new systems in each of the service areas, and how long it will take councils to achieve the full realisation of cost savings
4. **Calculate the Net Present Value:** EY calculated the 5-year Net Present Value (NPV) rates of the project under three cost savings scenarios: low, medium (expected) and high. A discount rate of 4% was used with sensitivity analysis undertaken using alternate discount rates of 2.5% and 7%.

Figure 27: Methodology of calculating the proposed solution's effectiveness



### 3.3.2 Methodology Limitations

The following limitations informed the methodology chosen:

- Expenditure for the transformation areas is not specifically outlined in councils' financial reports, therefore EY relied upon council data provided specifically categorised under the transformation functions. This data has not been audited.
- While providers have been discussed for business systems, the provider has not been confirmed meaning implementation costs are estimated on quotes provided by councils.
- No council is currently undertaking significant shared service activity, meaning the exact implication on finances and the time taken for staff to complete tasks (cost savings/efficiency) from inter-council activities were not available. Instead, case studies from ad hoc shared services activity in the region and buttressed by Victorian, Interstate and International Case studies. While a detailed review of how each FTE in the region spent their time would have assisted these assumptions, this information was not able to be collected in the time provided.

### 3.3.3 Efficiency Assumptions

To assess the efficiency of the proposed shared services in the Hume Region in comparison to current state operations, our model requires the use of a number of assumptions outlined in Table 14. These efficiency assumptions have been informed by:

- Analysis of shared services and council collaboration case studies in Victoria, Interstate and in other jurisdictions,
- Information provided to EY from council executives, and
- EY's experience with synergies in corporate shared services and transactions, and our consideration of the extent to which those savings are achievable for local government organisations.

**Table 14: Hume Region Project Efficiency Assumptions**

EFFICIENCY	ESTIMATED COST SAVINGS – RANGE			RATIONALE
	Low	Middle	High	
JOINT PROCUREMENT EFFICIENCY	1%	2%	3%	<p>Joint procurement is expected to achieve the following outcomes:</p> <ul style="list-style-type: none"> <li>• improved savings through economies of scale and joint procurement</li> <li>• streamlined and joint processes and systems.</li> <li>• streamlined and joint policy and governance frameworks.</li> <li>• improved resilience and council continuity capabilities.</li> </ul> <p>The estimated efficiency assumption is conservatively based on Australian and International case studies, such as:</p> <ul style="list-style-type: none"> <li>• Third Horizon's evaluation of Cradle Coast Authority Shared Services (Tasmania) estimated \$2.5m of potential benefits from joint procurement and standardised processes of materials and services, equating to 5-10% of external contract rates.<sup>[1]</sup></li> <li>• North Lincolnshire Council and North-East Lincolnshire Council (UK) has achieved 2% savings on procurement since introducing the joint procurement strategy in 2006.<sup>[2]</sup></li> <li>• Auckland Regional Council's consolidation of procurement activities (2009) resulted in efficiency saving of 3% on materials and contracts and other expenses.<sup>[3]</sup></li> <li>• EY's experience with corporate transactions indicates that supplier rationalisation could potentially generate savings of 15-25% in procurement costs. We would expect shared services in the public sector to achieve a more conservative level of synergies in joint procurement costs.</li> </ul> <p>This efficiency was capped at 3% due to the geographical dispersion of municipalities inhibiting some 'place based' procurement and consolidation of contracts.</p>
PROJECT STAFF EFFICIENCY	1.5%	2.5%	3%	<p>Reduction in salaries and wages allocated to project transformation areas due to:</p> <ul style="list-style-type: none"> <li>• More efficient operations due to common specifications</li> <li>• Access to staff without the need to employ expensive contractors</li> <li>• Shared skills, expertise and learning</li> <li>• Making existing staff more efficient and able to undertake an increased workload</li> <li>• redeployment duplicated back office positions to frontline service positions were possible.</li> </ul> <p>The efficiency assumption is based on the above rationale as well as case studies, such as:</p> <p>Efficiencies equivalent to 3.7 to 5 per cent of a council's employee salary and wage costs were assumed in regional</p>

<sup>[1]</sup> Cradle Coast Authority 2017, Shared Services Report

<sup>[2]</sup> Local Government Association 2012, Services shared: costs spared? An analysis of the financial and non-financial benefits of local authority shared services

<sup>[3]</sup> Auckland City Council 2010, Annual Report 2009/2010

				councils as part of NSW Local Government Merger Proposals. As this assumption related to the consolidation of councils. The analysis undertaken for this report assumes a 60% achievement of the efficiencies of consolidation of councils. <sup>37</sup>
<b>INFORMATION TECHNOLOGY</b>	2.5%	5.0%	7.5%	<ul style="list-style-type: none"> <li>Previous EY experience with corporate merger transactions indicates that consolidation of IT functions and applications can potentially generate savings of 20-30%.</li> <li>Queensland Treasury Corporation (2009) claimed efficiency savings for IT were 31%.<sup>38</sup> Given there is no plan to significantly change IT FTE number, savings are expected to be more moderate for the Hume Region.</li> </ul>
<b>GENERAL OPERATING EXPENDITURE EFFICIENCY</b>	0%	5%	10%	<ul style="list-style-type: none"> <li>The estimation of savings that would result from the consolidation of Waratah Wynyard Council and Burnie City Council, both in Tasmania, was 5% general op ex savings, based on consultation with councils.<sup>39</sup></li> </ul> <p>15-25% is the benchmark for expenditure cost savings in corporate transactions. This analysis assumes that shared services in the public sector to achieve a more conservative level of synergies in costs towards the lower end of this scale.</p>

### Application of efficiency assumptions

Within the five key services functions, the efficiency assumptions will be applied to the relevant line items.

Table 15: Efficiency assumptions

SERVICE AREA	EFFICIENCIES APPLIED
Business Systems	<ul style="list-style-type: none"> <li>The project staff efficiency has been applied to business systems employees</li> <li>The joint procurement efficiency has been applied to 75% of the contract payments, material and consumables line items</li> <li>The information technology efficiency has been applied to IT line items</li> <li>General operating expenditure efficiency has been applied to general expenses associated with business systems.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>The project staff efficiency has been applied to business systems employees</li> <li>The joint procurement efficiency has been applied to 100% of capital works procurement activity</li> <li>The joint procurement efficiency has been applied to 75% of the contract payments, material and consumables line items</li> </ul>
Regulatory Services	<ul style="list-style-type: none"> <li>The project staff efficiency has been applied to business systems employees</li> <li>The joint procurement efficiency has been applied to 75% of the contract payments, material and consumables line items</li> <li>General operating expenditure efficiency has been applied to general expenses associated with regulatory services.</li> </ul>
Emergency Management	<ul style="list-style-type: none"> <li>The project staff efficiency has been applied to emergency management employees</li> <li>The joint procurement efficiency has been applied to 75% of the contract payments, material and consumables line items.</li> </ul>
Integrated Regional Landfill Recycling and organics	<ul style="list-style-type: none"> <li>The project staff efficiency has been applied to business systems employees</li> <li>The joint procurement efficiency has been applied to 75% of the contract payments, material and consumables line items.</li> </ul>

<sup>37</sup> KPMG 2016, Outline of Financial Modelling Assumptions for Local Government Merger Proposals

<sup>38</sup> Queensland Treasury Corporation 2009, Review of Local Government Amalgamation Costs Funding Submissions – Final Summary Report

<sup>39</sup> KPMG 2002, Waratah Wynyard Council and Burnie City Council: Financial modelling – Stand alone vs amalgamation

## Realisation of Savings

The realisation of savings in each functional area depends on the time allocated to scope, tender, develop, build, pilot and fully implement each shared services area, as outlined in Chapter 7. As business systems are an enabler for further council collaboration, this function will be piloted and implemented first and will therefore realise efficiencies earlier than other functional areas of the transformation. Successful realisation of savings is dependent on thorough implementation planning and delivery, including a detailed change management program to mitigate the risk relating to ineffective change management, as highlighted on page 82.

**Table 16: Application of efficiency assumptions by service area**

SERVICE AREA	REALISATION OF SAVINGS				
	2019-20	2020-21	2021-22	2022-23	2023-24
Business Systems	0%	9%	100%	100%	100%
Procurement	0%	0%	59%	100%	100%
Regulatory Services	0%	0%	59%	100%	100%
Emergency Management	0%	0%	59%	100%	100%
Integrated Regional Landfill Recycling and organics	0%	0%	59%	100%	100%

## Net Present Value

Table 17 below presents the 5-year Net Present Value (NPV) of the project, which has been estimated at \$6.2 million, based on the 'Medium' efficiency scenario and using a discount rate of 4 per cent.

**Table 17: Net present value cash flow analysis: Medium efficiency savings, discounted @ 4%**

Indicative project savings	Present value	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Indicative project savings</b>							
Medium efficiency savings	\$10.87m	-	-	-	\$2.87m	\$5.10m	\$5.34m
<b>Estimated Implementation cost</b>							
Business systems	\$2.9m	\$0.70m	\$2.00m	\$0.50m	-	-	-
Waste management	\$0.2m	\$0.26m					
Project Management costs	\$0.5m	\$0.22m	\$0.22m	\$0.21m			
Legal advisors	\$0.19m	\$0.20m					
Consultants	\$0.58m	\$0.60m					
Working Capital Fund	\$0.10m	\$0.10m					
<b>Total implementation costs</b>	<b>\$4.67m</b>	<b>\$2.08m</b>	<b>\$2.22m</b>	<b>\$0.71m</b>			
<b>Indicative net financial impact (savings fewer costs)</b>							
Net Value		-\$2.08m	-\$2.22m	-\$0.71m	\$2.87m	\$5.10m	\$5.34m
<b>Net present value (NPV)</b>	<b>\$6.2m</b>						

Source: EY analysis, 2019

Sensitivity analysis has also been undertaken using a high and low range of efficiency saving scenarios and with alternate discount rates of 2.5% and 7%. The sensitivity analysis returns a positive return on investment after five years under all scenarios, meaning that the project is viable under all discount rates and efficiency scenarios.

**Table 18: NPV sensitivity results**

NPV	Discount rate		
	2.5%	4%	7%
<i>Low level of efficiency</i>	\$1.0m	\$0.7m	\$0.2m
<i>Medium level of efficiency - expected</i>	\$6.9m	<b>\$6.2m</b>	\$4.9m
<i>High level of efficiency</i>	\$12.3m	\$11.2m	\$9.3m

Source: EY analysis, 2019

### 3.4 Scalability of the recommended solution

The design of the solution could be scaled to suit individual or multiple councils. Business Systems will be the first service area implemented, with other service areas to begin in the following year. This will provide a guide on the success of this system, and decisions can then be made as to how other service areas and activities are rolled out to other councils.

Councils currently deliver services in around 100 different service areas. These services comprise council programs that respond to local community needs, and Commonwealth and State Government programs. They are delivered in partnership with the local community, other tiers of government and other agencies.

Each municipality is distinct, providing 'core' services in common with other councils as well as services that respond to local circumstances. There is potential for more service areas to be incorporated into the shared service arrangements in the future if the program in the Hume Region is successful.

### 3.5 Alternatives considered

EY has considered the potential efficiencies and resulting project value if the transformation is only applied to certain service functions. This analysis was applied to the following options:

*Option 1: Business Systems*

*Option 2: Business Systems and Procurement*

*Option 3: All 5 service areas are transformed (preferred)*

In order to assess the viability of each option, the 5-year Net Present Value (NPV) has been calculated based on the associated implementation costs and expected efficiencies generated under the 'Medium' efficiency scenario and using a discount rate of 4 per cent. As outlined in Table 19 below, Option 3 delivers the highest 5-year NPV and has therefore been selected as the recommended solution. Extending shared services to all 5 service areas also generates non-financial benefits such as greater capacity for workforce to deliver consistently high-quality services over core functions, greater access to skilled workforce required, improved community liveability and cost-effective delivery of services.

**Table 19: Analysis of Alternative Options**

Option	Description	NPV
1. Business Systems	This option encompasses the implementation of common specifications for business systems including the following features:  1. Cloud-based information storage and file management 2. Common Payroll / HR system	-\$2.2m

- 
3. Common Chart of Accounts
  4. Alignment of IT infrastructure/hardware
  5. Coordinated IT support services
  6. Development of a common platform for citizen access

For this option, it is assumed that implementation costs will include costs associated with business systems, project management, legal advisors and consultants.

However, the working capital fund and waste management costs are not required for business systems as a standalone project. While business systems are fundamental to the transformation project, they do not deliver a positive NPV in their own right after 5 years. A key benefit of aligned business systems is providing the authorising environment to be able to share information and staff efficiency in other functions, which is not captured in this option.

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2. Business Systems and Procurement	This Option is an extension of Option 1, including the implementation of common specifications for business systems and extending extends shared services to procurement. For this option, it is assumed that implementation costs relating to business systems, project management, legal advisors, consultants and the working capital fund will be required. However, due to the nature of this option, waste management costs will not be included.	\$4.8m
3. Shared services in all 5 service functions - <i>Business Systems, Procurement, Regulatory Services, Emergency Management, and Waste management.</i>	This option includes the common specifications implemented in business systems and extends shared services such as resource and information sharing to procurement, regulatory services, emergency management, and waste management.	\$6.2m

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### 3.6 Evaluation strategy

Evaluation of the transformation program will occur through a variety of formal and informal measures. On a formal basis, there is data already collected from councils that can contribute to the development of Key Performance Indicators (KPIs) for the program. Informally, regular meetings between councils and change management personnel will ensure that the planning and implementation of shared services is completed in an efficient and effective manner.

The Know Your Council data that is collected from councils on an annual basis provides meaningful information that will provide indications of changes in various measurements. Specifically, some of the indicators that may be tracked include:

- Community satisfaction ratings
- Cost of kerbside garbage bin collection service per kerbside garbage collection bin
- Percentage of planning application decisions made within the agreed timeline.

There is also other information that could be collected by councils (if it is not already being collected) that could provide insight into some of the focus areas of the transformation program. These include:

- Staff satisfaction results
- Number of staff working across multiple councils

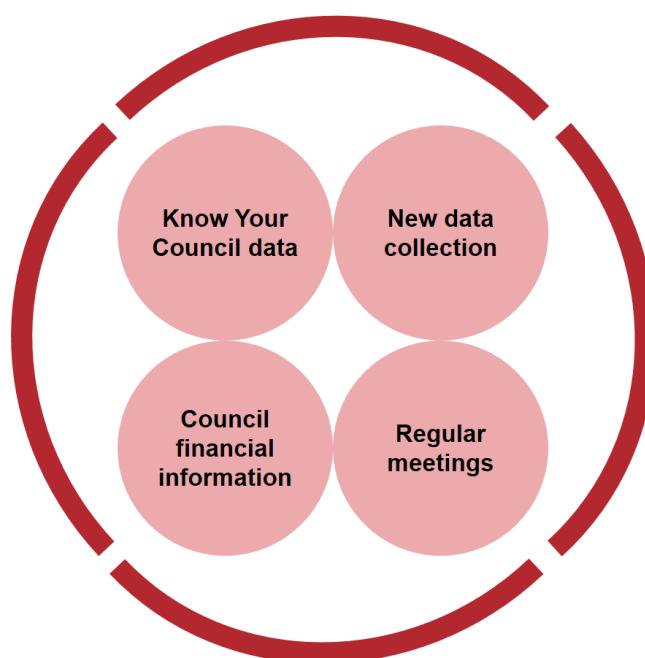
At a broader level, the financial information of the councils will be an important measurement of the success of the program. In particular, council expenditure on the focused service areas will be an important area of evaluation. If

councils can reduce expenditure in these areas, this would provide a good indication that they are in a better financial position. This can easily be compared with previous council financial information.

Another important indicator that will measure the effectiveness of the transformation program is the use of Government funding on the program. Councils will complete further in-depth planning to estimate the costs of implementation for each service area and hence, how the funding is being spent. Through doing this, councils can continuously track the spending in each area and – if required – adapt the planning to ensure that all Government investment is utilised effectively. The funding in each service area can be a useful indicator on an ongoing basis, as it can be compared to the cost savings for councils to provide the Government with a sense of how effective the investment has been.

Regular meetings between councils and change management personnel will provide a more informal evaluation of the program. Key staff members will be able to share insights about how implementation and delivery are tracking, and in turn, develop any strategies for change that may be necessary. This is just as important as formal review processes such as program evaluation reports, as it allows councils to make changes on a more flexible basis.

Figure 28: Components of evaluation strategy



Source: EY analysis

### 3.7 What are the implications of a ‘business as usual’ approach?

If a ‘business as usual’ scenario continues and Hume Region councils deliver services independently, some may be at risk of failing to meet current service delivery levels. Strategic Resource Plans from each council outline total operational revenue and expenditure forecasts, and these suggest that expenditure will rise at a greater rate than revenue. Between 2017-18 and 2023-24, operating expenditure for Hume Region councils is estimated to increase by 15%, while revenue is projected to rise by 12.7%. Of the 11 participating councils in the Hume Region, seven are predicted to have a greater increase in operational expenditure than revenue between 2017-18 and 2023-24. There are seven councils in the Hume Region that are projected to have a greater increase in operating expenditure than revenue in the short to medium term:

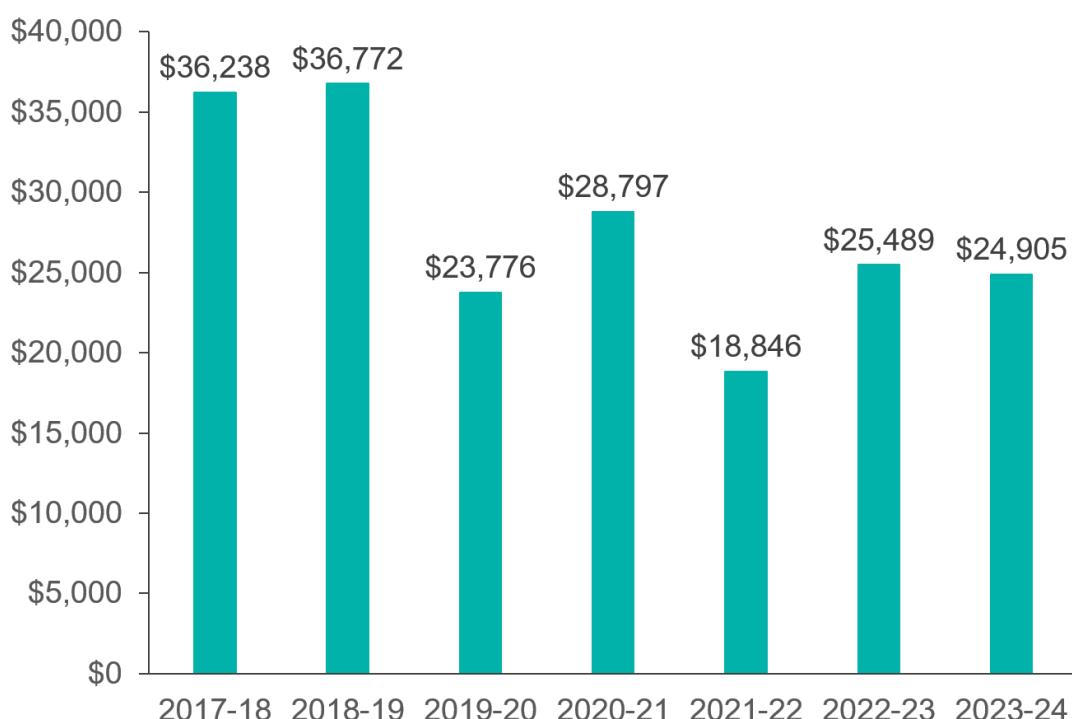
- Alpine
- Indigo
- Mitchell
- Strathbogie
- Towong

- Wangaratta
- Wodonga.

These councils vary in population size and levels of revenue and expenditure, indicating that this financial stress is not a problem isolated to smaller shires in the Hume Region.

Figure 29 below outlines the budgeted and forecasted operating revenue and expenditure for these seven councils. By 2025-26, the gap between revenue and expenditure is projected to drop from \$36.2 million in 2017-18 to \$18.8 million in 2021-22. The gap is then expected to increase up to \$24.9 million in 2023-24, but this is still 31.2% lower than the gap in 2017-18.

Figure 29: Gap between operating revenue and expenditure in Alpine, Indigo, Mitchell, Strathbogie, Towong, Wangaratta and Wodonga



Source: EY Analysis of Council Strategic Resource Plans, 2019

If councils experience operating deficits (expenditure exceeds revenue), they may be forced to utilise cash reserves to remain in a positive financial position. This will be an issue for the smaller councils, as councils across Victoria that are categorised as Small Shires have the smallest cash reserves.<sup>40</sup> Seven of the councils in the Hume Region are Small Shires.

While the Auditor-General has advised that, in the short to medium term, rural and regional councils may need to consider adding debt as a funding measure<sup>41</sup>, councils in the Hume Region have expressed that this is not a long term or desirable solution for financial and operational sustainability. Mansfield Shire Council emphasised this point, stating in their submission to the Inquiry that "Increasing debt is a band-aid solution, which is not only unfair on our ratepayers and community but also ignores the root cause of the issue – lack of income to provide core services". As most councils' reliance on borrowings as a source of funds is low, the likely outcome when expenditure requirements exceed revenue is that councils are simply unable to deliver services to the community.

If councils do not deliver shared services, they will not meet important targets and objectives outlined in council plans. These specific details are outlined below.

<sup>40</sup> Local Government Victoria 2017, Report on 2017-18 Council Budgets

<sup>41</sup> Parliament of Victoria 2018, Inquiry into the sustainability and operational challenges of Victoria's rural and regional council

**Table 20: Alignment between council plans and shared services**

Council document	Alignment with shared services priorities
Alpine Shire Council Plan	<ul style="list-style-type: none"><li>• Actively seek savings to help minimise future rate rises</li><li>• Advocate for the community on key issues</li><li>• Align services with community expectations</li></ul>
Benalla Shire Council Plan	<ul style="list-style-type: none"><li>• Pursue innovation and efficiency in systems and processes</li><li>• Ensure services are efficient, well planned, accessible and meet community needs</li><li>• Work in partnership with community, groups, local agencies and all levels of government to advocate for improved services, infrastructure and social outcomes for our community</li><li>• Manage the procurement of goods and services to provide transparency and best value for money</li></ul>
Indigo Shire Council Plan	<ul style="list-style-type: none"><li>• Identify and improve opportunities to deliver more responsive and efficient services</li><li>• Conduct a review of all Council services to recommend opportunities for efficiencies</li><li>• Pursue opportunities for shared services with other councils within the region</li></ul>
Mansfield Shire Council Plan	<ul style="list-style-type: none"><li>• Explore opportunities for integrated and shared service delivery with other local service providers</li><li>• Engage with regional partners to deliver regional infrastructure planning and works that will benefit the municipality</li><li>• Identify opportunities for streamlining processes, data collection and in the field connectivity using mobile technology to maximise service efficiency</li><li>• Actively seek shared service opportunities with other councils of a similar profile to reduce recurrent expenditure</li></ul>
Mitchell Shire Council Plan	<ul style="list-style-type: none"><li>• Seek opportunities to participate at a local and regional level in collaborative procurement for shared services and service reviews to maximise public value and efficiencies</li><li>• Investigate and initiate innovative practices in key aspects of environmental management</li></ul>
Moira Shire Council Plan	<ul style="list-style-type: none"><li>• Continue to maintain and provide facilities and services that the community values and needs</li><li>• Develop technology to enhance business efficiency and service delivery</li><li>• Identify and pursue relevant opportunities for efficiencies and shared services with other councils including cross border councils</li><li>• Form and sustain partnerships with other councils, department, industry and organisations</li></ul>
Murrindindi Shire Council Plan	<ul style="list-style-type: none"><li>• Work with partner agencies to ensure people of all ages can access the health and community services they need</li><li>• Ensure culture, systems and technologies encourage and enable innovation in business practices and service delivery</li><li>• Ensure the range of services provided and the way they are provided are best aligned with community priorities and Council's resources</li></ul>
Strathbogie Shire Council Plan	<ul style="list-style-type: none"><li>• Monitor, investigate, implement improvements and/or the extension of the waste service</li><li>• Implement models of service delivery that result in increased efficiencies and better community outcomes</li></ul>
Towong Shire Council Plan	<ul style="list-style-type: none"><li>• Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small councils)</li><li>• Improve service delivery and reduce costs through process improvement and shared services</li></ul>

	<ul style="list-style-type: none"><li>• Deploy software that leveraged improved IT infrastructure</li></ul>
Rural City of Wangaratta Council Plan	<ul style="list-style-type: none"><li>• Make sure services are responsive and adaptable to the changing needs and profile of the community</li><li>• Consider the needs of the region by actively participating in the Hume Regional Partnerships initiative</li><li>• Advocate for a regional approach to waste management that has economic and environmental benefits</li></ul>
City of Wodonga Council Plan	<ul style="list-style-type: none"><li>• Foster a positive culture of skilled employees which allows for the continuous improvement of service delivery providing the best outcome for the community in an open, transparent and fair manner</li></ul>
Alpine Shire Council Plan	<ul style="list-style-type: none"><li>• Actively seek savings to help minimise future rate rises</li><li>• Advocate for the community on key issues</li><li>• Align services with community expectations</li></ul>

## 4. Benefits

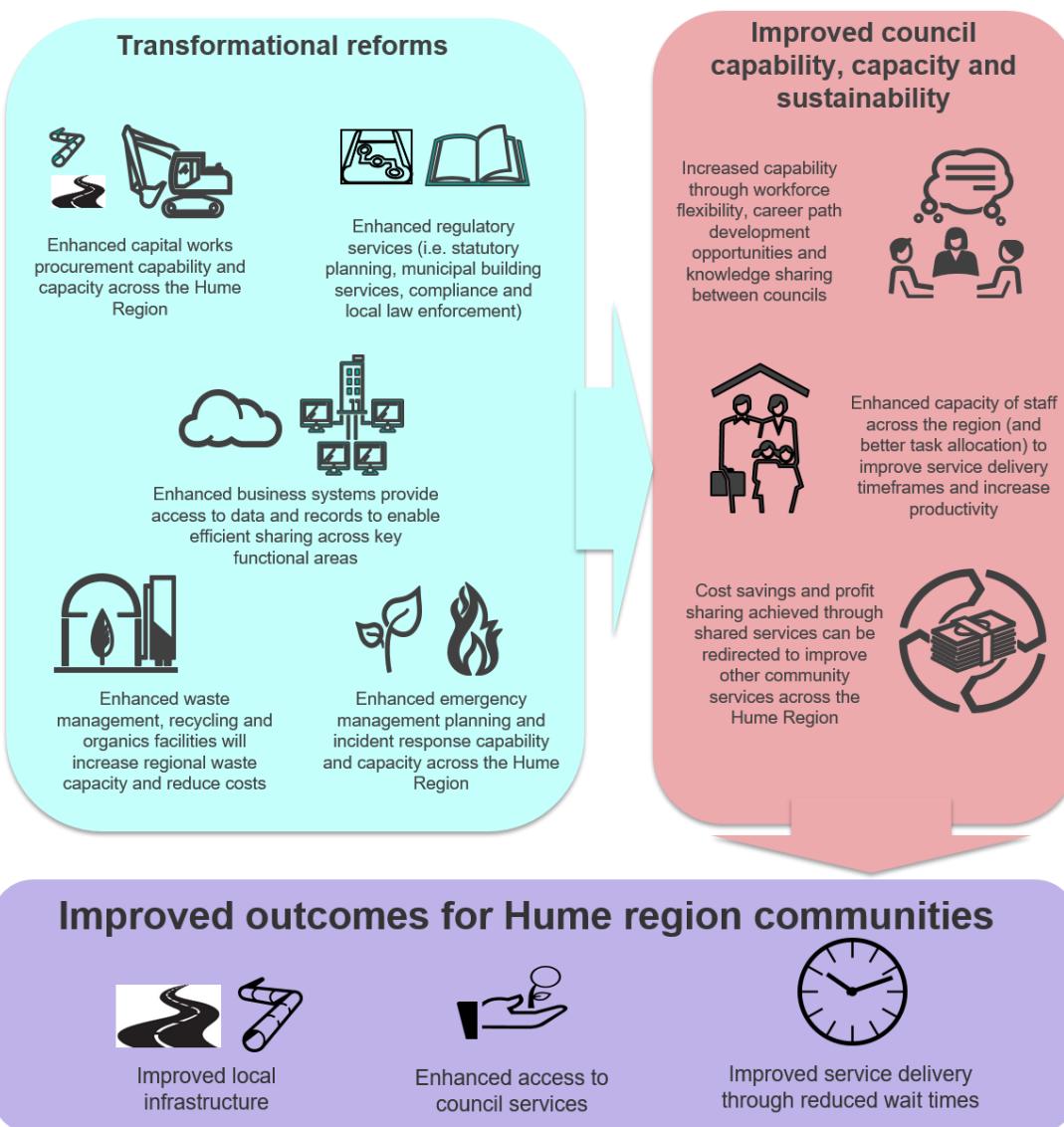
### 4.1 Benefits of recommended solution

The preferred solution will deliver benefits to the community through transformational reforms to council functions and services. Four major benefit categories have been identified as being critical to the success of the project, including:

- Creating greater capacity for workforce to deliver consistently high-quality services
- Providing greater access to skilled workforce required
- Improving local community liveability
- Increasing the cost effectiveness of delivery of services

The diagram below outlines the key benefit streams for the preferred solution.

Figure 30: Key benefit streams for the Hume Regional Transformation program



Source: EY, 2019

Details of the transformational benefits are further described in the below sections.

#### 4.1.1 Benefits of common business systems

The table below describes the benefits of proposed improvements to business systems.

Benefit category	Benefits of common business systems
Greater capacity for workforce to deliver consistently high-quality services	<ul style="list-style-type: none"><li>Common business systems (i.e. payroll and cloud based information storage and file management) will enable flexibility of access to information and records used to carry out council functions (both internal and externally facing)</li><li>Alignment of business systems creates consistency of functional processes which will enable cross-council sharing of workload across multiple functional areas</li><li>This means where one council is stretched, others can assist in delivery of services within quicker timeframes.</li></ul>
Greater access to skilled workforce required	<ul style="list-style-type: none"><li>Common Payroll / HR system and resource sharing arrangements will encourage a better matching of resources to service need across council borders</li><li>This will benefit small councils in particular in cases where specialised services (e.g. municipal building surveyors) are not held in-house full time, or where capacity is constrained</li><li>Resource sharing will better support career development across the region, broadening the scope of career development and progression opportunities for staff</li><li>This would likely reduce attrition rates across councils and reduce the need for outsourcing to external providers.</li></ul>
Improved community liveability	<ul style="list-style-type: none"><li>Development of a common platform for citizen access will provide greater access to services across councils</li><li>This 'portal' creates a common method of community engagement and a more consistent and broad ranging set of service offerings for residents across the regions.</li></ul>
Cost effective delivery of services	<ul style="list-style-type: none"><li>Common Chart of Accounts (CoA) will save costs in delivery of finance functions across councils</li><li>Common IT infrastructure and systems will allow for leveraged procurement resulting in lower costs in the long terms in comparison to a fractured platform across different councils.</li></ul>

#### 4.1.2 Benefits of shared procurement strategy / process

The table below describes the benefits of proposed improvements to capital works procurement strategy / process.

Benefit category	Benefits of shared capital works procurement strategy / process
Greater capacity for workforce to deliver consistently high-quality services	<ul style="list-style-type: none"><li>Combining procurement processes, creating integrated (cross border) contracts and pooling market knowledge (with respect to value generated from comparative suppliers) will improve the leverage of the councils to extract further value from suppliers, thus improving service delivery outcomes associated with capital works delivery</li></ul>
Greater access to skilled workforce required	<ul style="list-style-type: none"><li>Specialist procurement expertise and market knowledge can be shared among councils to better leverage regional knowledge and procurement processes.</li><li>This will particularly help smaller councils such as Mansfield and Towong where procurement expertise is non-existent.</li><li>This approach enables development opportunities for staff to gain experience on larger and potentially more complex capital works delivery contracts</li></ul>
Improved community liveability	<ul style="list-style-type: none"><li>Cost savings generated by more efficient expenditure (achieved through greater economies of scale) will allow for a greater scope of items to be purchased each year.</li></ul>

	<ul style="list-style-type: none"><li>• This could mean increases in renewed road surfaces and/or provision of other capital works such as community / sports facilities.</li><li>• Cost savings from more efficient procurement may be redirected to additional service areas to improve quality of services to Hume residents</li></ul>
Cost effective delivery of services	<ul style="list-style-type: none"><li>• Greater economies of scale will be achievable through a joint approach to procurement across key expenditure areas, particularly capital works procurement</li><li>• Economies of scale will give rise directly to bottom line cost savings, achieving greater value for money for rate payers</li></ul>

#### 4.1.3 Benefits of shared regulatory services

The table below describes the benefits of the proposed improvements to regulatory services

Benefit category	Benefits of shared regulatory services
Greater capacity for workforce to deliver consistently high-quality services	<ul style="list-style-type: none"><li>• Sharing staff across planning and building services will enable flexibility for staff to deliver high quality service across councils</li><li>• Cross border sharing of regional workload improves work allocation to improve work-life balance of staff</li><li>• This means where one council is stretched, others can assist in delivery of regulatory obligations within quicker timeframes.</li></ul>
Greater access to skilled workforce required	<ul style="list-style-type: none"><li>• Improvement to recruitment and retention of staff, particularly in roles where significant challenges exist to attract staff (i.e. Statutory Building functions).</li></ul>
Improved community liveability	<ul style="list-style-type: none"><li>• Enhanced statutory planning and building services could have a medium to large benefit for the economy across the Hume Region, as a more efficient application and approval system would be viewed favourably by investors and could attract more land development to the region.</li><li>• Regional collaboration ensures sustainable delivery of environmental health functions (e.g. vaccinations)</li><li>• Coordination of policy and local laws and a regional approach to ensuring sustainability of these statutory functions for the community.</li></ul>
Cost effective delivery of services	<ul style="list-style-type: none"><li>• Cost savings associated with shared use of equipment, processes, and skilled staff across regulatory services including building inspection/approval, statutory and strategic planning, local law enforcement, and environmental health services.</li><li>• Reduced requirement for external contractors to deliver services.</li></ul>

#### 4.1.4 Benefits of shared emergency management

The table below describes the benefits of the proposed shared emergency management enhancements.

Benefit category	Benefits of shared emergency management
Greater capacity for workforce to deliver consistently high-quality services	<ul style="list-style-type: none"><li>• Development and implementation of a sustainable model of regional collaboration to support interoperability and sustainability in response to major emergencies.</li></ul>
Greater access to skilled workforce required	<ul style="list-style-type: none"><li>• A shared network of incident responders across councils will encourage knowledge sharing and increase capability of council representatives attending emergency response incidents</li></ul>

	<ul style="list-style-type: none"><li>• Clustering the number of Municipal Emergency Response Officers across the region.</li></ul>
Improved community liveability	<ul style="list-style-type: none"><li>• Improved capacity to respond more efficiently and effectively to emergency incidents across the region offers significant and potentially life-saving benefits to Hume Region residents</li><li>• This is especially relevant given the localised incidence of bushfires in recent years across the Hume region.</li></ul>
Cost effective delivery of services	<ul style="list-style-type: none"><li>• Reduced duplication of process and strategic planning.</li></ul>

#### 4.1.5 Benefits of proposed regional landfill, recycling & organics

The table below describes the benefits of the proposed regional landfill, recycling & organics

Benefit category	Benefits of proposed regional landfill, recycling & organics
Greater capacity for workforce to deliver consistently high-quality services	<ul style="list-style-type: none"><li>• This project component does not necessarily deliver workforce capacity, but does deliver greater landfill / recycling capacity (in terms of additional metric tonnes, additional years capacity for delivery of waste services).</li></ul>
Greater access to skilled workforce required	<ul style="list-style-type: none"><li>• Knowledge sharing and increased workforce capability across regional landfill, recycling and organics processing facilities.</li></ul>
Improved community liveability	<ul style="list-style-type: none"><li>• Improved community service delivery through additional long-term capacity of regional landfill and recycling facility (particularly for Benalla residents)</li><li>• Community access to regional organics processing facility (particularly Wangaratta).</li><li>• Cost reduction in unit costs for residents to use waste facilities.</li></ul>
Cost effective delivery of services	<ul style="list-style-type: none"><li>• Potential for operational cost savings due to upgraded machinery and design of new waste facilities.</li><li>• Potential savings from optimisation of collection service routes no longer being confined within council boundaries. Feasibility of re-contracting collection services to be further assessed during implementation phase</li></ul>

## 4.2 Historical (and forecast baseline) service performance

A number of council performance metrics have been identified as having potential to be impacted by the Hume Regional Transformation Project. To understand the possible impacts, we need to understand the historical and baseline forecast of service performance for these performance metrics over time.

This section provides detail of the baseline performance measures (current and forecast), under a business as usual scenario (i.e. without the project). Key metrics identified include the following 'Know Your Council' metrics which provide indication of the efficiency of council operations:

- Direct cost to council of sealed local road resealing per square metre resealed
- Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads
- Percentage of VicSmart planning application decisions made within 10 days and regular planning application decisions made within 60 days
- Direct cost to council of the statutory planning service per planning application received
- Direct cost to council of the kerbside garbage bin collection service per kerbside garbage collection bin

- Expenses divided by the population of the municipality
- Community satisfaction rating out 100 with how council has performed in making decisions in the interests of the community.

Based on Hume Region's population and service need growth trends, the level of service for Hume Region's residents is likely to be reduced over the next 5 years under a business as usual scenario. The table below outlines the service level performance metrics over a 5-year period, combining historical and forecast baseline performance estimates. The estimates assume a marginally degraded (2.5% p.a.) service level (from current) across a number of relevant functional service areas.

This assumption factors in increased persistence of the current day problems identified in the ILM (i.e. continued difficulties in attracting key skilled staff, uncoordinated capital works procurement, misaligned business systems limiting collaboration, inconsistent work allocation across councils in the region, inconsistent service levels for responding to community inquiries and dealing with minimal sharing of knowledge across functional areas).

**Table 21: Baseline performance metrics – Hume regional averages**

Performance metrics	Historical					Forecast				
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Hume regional averages										
<b>Capital works procurement metrics</b>										
Number of sealed local road requests received by council per 100 kilometres of sealed local road	17.8	19.1	27.9	22.5	22.4	22.9	23.5	24.1	24.7	25.3
Percentage of sealed local roads that are below the renewal intervention level set by council and therefore do not require renewal			96%	95%	96%	96%	96%	96%	96%	96%
Direct cost to council of sealed local road resealing per square metre resealed			\$6.40	\$6.45	\$6.58	\$6.75	\$6.92	\$7.09	\$7.27	\$7.45
Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	48	53	46	51	48	47	46	45	44	43
<b>Regulatory services (Planning) metrics</b>										
Percentage of VicSmart planning application decisions made within 10 days and regular planning application decisions made within 60 days			80%	75%	75%	74%	72%	70%	68%	66%
Direct cost to council of the statutory planning service per planning application received	\$2,046	\$2,312	\$2,096	\$2,111	\$2,195	\$2,250	\$2,306	\$2,364	\$2,423	\$2,483
<b>Waste management metrics</b>										
Direct cost to council of the kerbside garbage bin collection service per kerbside garbage collection bin	\$120	\$104	\$101	\$98	\$108	\$111	\$114	\$116	\$119	\$122
<b>General efficiency and performance metrics</b>										
Amount of council expenditure for each property	\$3,241	\$3,170	\$3,160	\$3,230	\$3,120	\$3,042	\$2,966	\$2,892	\$2,820	\$2,749
Expenses divided by the population of the municipality	\$2,028	\$2,057	\$1,999	\$2,024	\$1,976	\$1,927	\$1,879	\$1,832	\$1,786	\$1,741
Community satisfaction rating out 100 with how council has performed in making decisions in the interests of the community	48	50	46	53	48	47	46	44	43	42

Source: EY analysis of Know Your Council data, 2019

### 4.3 Estimated impact on service performance measures and sustainability

The project is expected to have a positive impact on service delivery for all council participants in the Hume Region. A series of council service performance metrics were identified (above in section 4.2) as being pertinent to the success of the project.

This section provides an estimation of the impact to key performance measures (indicative forecast only) resulting from the project, over a period of 5 years.

Table 22 below shows the potential impact of the project across the relevant service areas. This indicative forecast outcome provides a positive contrast to the baseline case outlined in section 4.2. The indicative impacts represent a successful implementation across the 5 key transformational areas in the Hume Rural Council Transformation Project. Based on efficiency assumptions, a 1% improvement in service outcomes and a 1% decrease in cost items is expected for all metrics. This is with the exception of '*Percentage of sealed local roads that are below the renewal intervention level set by council and therefore do not require renewal*', which is estimated to experience a 0.3% annual improvement. While this expected efficiency is relatively modest, it is a net 3.5% improvement on the baseline forecast which sees a 2.5% reduction in service outcomes and a 2.5% increase in cost items is expected. Thus, while the project will realise efficiencies for the participating councils, its primary benefit is to 'future proof' the councils to ensure they are able to meet expected service delivery levels.

**Table 22: Project performance metrics – Hume regional averages**

Performance metrics	Historical					Forecast				
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Hume regional averages										
<b>Capital works procurement metrics</b>										
Number of sealed local road requests received by council per 100 kilometres of sealed local road	17.8	19.1	27.9	22.5	24.9	23.5	24.0	23.5	23.5	23.3
Percentage of sealed local roads that are below the renewal intervention level set by council and therefore do not require renewal			96%	95%	96%	96%	96%	96%	97%	97%
Direct cost to council of sealed local road resealing per square metre resealed			\$6.40	\$6.45	\$6.36	\$6.34	\$6.29	\$6.25	\$6.21	\$6.16
Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads	48	53	46	51	49	50	50	51	51	51
<b>Regulatory services (Planning) metrics</b>										
Percentage of VicSmart planning application decisions made within 10 days and regular planning application decisions made within 60 days			80%	75%	78%	77%	79%	79%	79%	80%
Direct cost to council of the statutory planning service per planning application received	\$2,046	\$2,312	\$2,096	\$2,111	\$2,083	\$2,076	\$2,058	\$2,046	\$2,032	\$2,019
<b>Waste management metrics</b>										
Direct cost to council of the kerbside garbage bin collection service per kerbside garbage collection bin	\$120	\$104	\$101	\$98	\$98	\$97	\$97	\$96	\$95	\$95
<b>General efficiency and performance metrics</b>										
Amount of council expenditure for each property	\$3,241	\$3,170	\$3,160	\$3,230	\$3,195	\$3,213	\$3,204	\$3,208	\$3,206	\$3,207
Expenses divided by the population of the municipality	\$2,028	\$2,057	\$1,999	\$2,024	\$2,011	\$2,018	\$2,015	\$2,016	\$2,015	\$2,016

Performance metrics	Historical						Forecast			
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2022-23
Hume regional averages										
Community satisfaction rating out 100 with how council has performed in making decisions in the interests of the community	48	50	46	53	50	52	51	52	52	53

Source: EY analysis of Know Your Council performance metrics, 2019

## 5. Current Council Service(s) Delivery

### 5.1 Revenue history and forecasts ('business as usual')

#### 5.1.1 Hume region council revenue summary

Table 23 below outlines the total revenue for each participating council member of the Hume Region Transformation Project. The information is in line with the existing Strategic Resource Plan Forecasts, collated in February 2019.

Of the participating councils in the Hume Region Transformation Project, the average council revenue for 2017-18 was \$39.7 million. Revenue variation among councils was significant, with Mitchell having the largest income average of approximately \$73 million, while Towong's revenue was just over \$15 million.

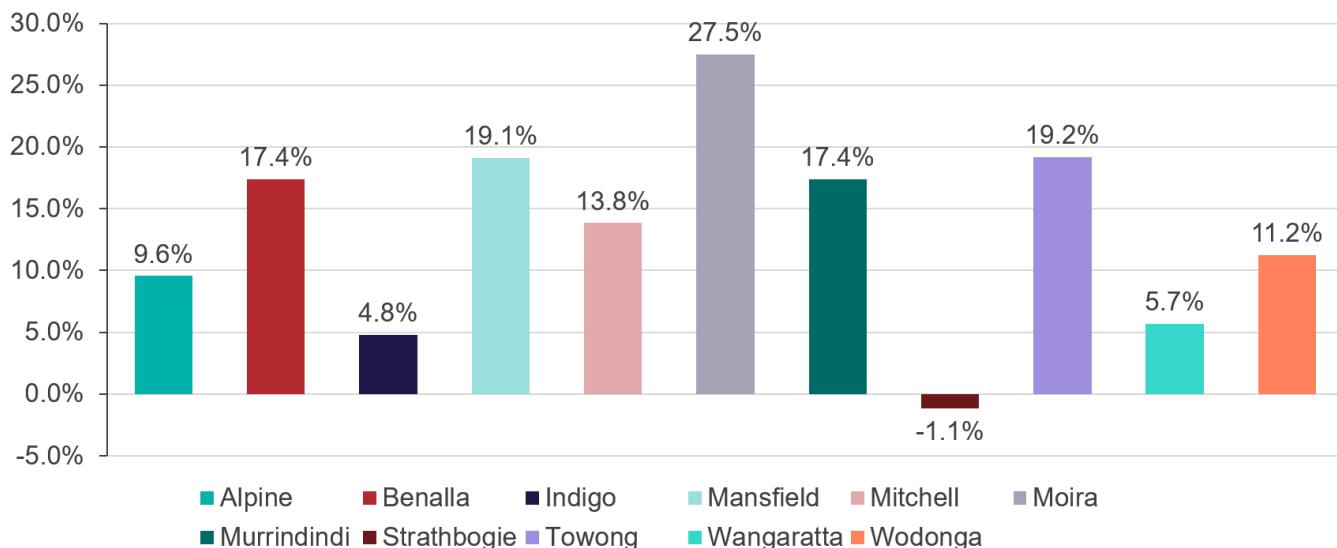
Going forward, revenues are expected to grow at various rates depending on the location, but at an average rate of approximately 2.2% per annum across the region, slightly above the regional growth rate of population forecasts (estimated at 1.9% per annum).

Going forward to 2023-24, most councils are projected to have healthy increases in revenue (see Figure 31), without considering operating expenditure. Strathbogie is the council estimated to have a fall in revenue between 2017-18 and 2023-24, with a decrease of just over 1%.

Table 23: Hume regional Income totals by council

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Budget)	2020-21 (Budget)	2021-22 (Budget)	2022-23 (Budget)	2023-24 (Budget)
Alpine	27,875	29,188	27,461	28,247	29,066	30,073	30,539
Benalla	27,869	29,210	29,812	30,865	31,724	32,088	32,710
Indigo	30,916	28,859	31,415	33,725	30,246	32,115	32,399
Mansfield	20,173	21,071	24,125	23,985	22,690	23,672	24,028
Mitchell	73,187	79,331	74,660	81,760	79,753	81,512	83,316
Moira	50,340	57,320	58,234	62,205	66,084	62,968	64,169
Murrindindi	32,248	34,571	35,476	36,359	37,266	37,331	37,861
Strathbogie	32,077	27,483	28,814	29,563	30,292	31,278	31,712
Towong	15,352	17,106	17,098	17,015	17,442	17,967	18,295
Wangaratta	62,389	59,364	62,388	64,956	64,097	65,209	65,932
Wodonga	64,670	67,589	64,042	65,954	67,908	70,664	71,938
<b>Total Income</b>	<b>437,096</b>	<b>451,092</b>	<b>453,525</b>	<b>474,634</b>	<b>476,568</b>	<b>484,876</b>	<b>492,899</b>

**Figure 31: Change in estimated council revenue (2017-18 – 2023-24)**



Source: Strategic Resource Plan Forecasts from participating councils.

### 5.1.2 Individual council revenue by income category

The following tables provide detail of individual council revenues (actuals and forecasts) between 2017-18 and 2023-24, provided by income category for each participating council in the Hume Region. The information is in line with the existing Strategic Resource Plan Forecasts provided by councils.

To estimate the council revenues out to 2023-24, the revenue trend (compound annual growth rate (CAGR)) was calculated for the three-year forecasting period (2018-19 to 2021-22) and then applied through to 2024.

**Table 24: Alpine revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Budget)	2020-21 (Budget)	2021-22 (Budget)	2022-23 (Budget)	2023-24 (Budget)
Rates and Charges	17,656	18,010	18,635	19,189	19,754	20,142	20,537
Statutory fees and fines	572	577	591	605	620	630	640
User Fees and Fines	1,040	1,092	1,119	1,147	1,175	1,194	1,214
Grants – operating	3,341	4,549	4,249	4,356	4,465	4,192	4,192
Grants – capital	3,410	3,181	1,023	1,037	1,051	1,940	1,940
Contributions - monetary	612	722	740	759	778	722	722
Contributions - non monetary	200	205	210	215	220	210	210
Other income	1,044	852	894	939	1,003	1,042	1,083
<b>Total Income</b>	<b>27,875</b>	<b>29,188</b>	<b>27,461</b>	<b>28,247</b>	<b>29,066</b>	<b>30,073</b>	<b>30,539</b>

**Table 25: Benalla revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	16,744	17,511	18,351	19,228	19,899	20,443	21,003
Statutory fees and fines	465	344	344	344	344	344	344
User Fees and Fines	3,894	3,902	3,990	4,080	4,171	4,233	4,296
Grants - operating	4,295	6,042	6,131	6,222	6,314	5,801	5,801
Grants - capital	1,730	721	686	681	686	901	901
Contributions - monetary	212	153	153	153	153	165	165
Contributions - non monetary	218	-	-	-	-	44	44
Net gain/loss on disposal of property, infrastructure, plant and equipment	305	405	25	25	25	25	25
Share of net profit/loss of associates and joint ventures	-218	-	-	-	-	-	-
Other income	224	132	132	132	132	132	132
<b>Total Income</b>	<b>27,869</b>	<b>29,210</b>	<b>29,812</b>	<b>30,865</b>	<b>31,724</b>	<b>32,088</b>	<b>32,710</b>

**Table 26: Indigo revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	15,678	16,250	16,575	16,907	17,245	17,474	17,707
Statutory fees and fines	859	1,021	1,036	1,052	1,067	1,078	1,088
User Fees and Fines	3,716	3,326	3,392	3,460	3,530	3,577	3,625
Grants - operating	6,331	3,607	5,114	5,512	5,210	5,155	5,155
Grants - capital	2,889	3,194	4,113	5,563	2,003	3,552	3,552
Contributions - monetary	302	235	49	89	49	145	145
Net gain/loss on disposal of property, infrastructure, plant and equipment	22	165	149	121	122	114	107
Other income	1,119	1,061	987	1,021	1,020	1,031	1,043
<b>Total Income</b>	<b>30,916</b>	<b>28,859</b>	<b>31,415</b>	<b>33,725</b>	<b>30,246</b>	<b>32,126</b>	<b>32,421</b>

**Table 27: Mansfield revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	13,105	13,671	14,106	14,559	15,023	15,342	15,667
Statutory fees and fines	279	282	288	293	298	301	305
User Fees and Fines	683	703	717	732	746	756	766
Grants - operating	4,219	4,286	4,186	4,226	4,267	4,237	4,237
Grants - capital	1,369	1,010	3,943	3,808	1,987	2,423	2,423
Contributions - monetary	24	863	563	108	93	330	330
Contributions - non monetary	114	-	-	-	-	23	23
Net gain/loss on disposal of property, infrastructure, plant and equipment	144	5	-7	-54	8	-8	9
Other income	236	251	329	313	268	250	234
<b>Total Income</b>	<b>20,173</b>	<b>21,071</b>	<b>24,125</b>	<b>23,985</b>	<b>22,690</b>	<b>23,654</b>	<b>23,994</b>

**Table 28: Mitchell revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	40,673	43,152	45,561	47,384	49,356	50,690	52,060
Statutory fees and fines	897	1,086	1,059	1,150	1,153	1,186	1,220
User Fees and Fines	5,793	6,332	6,383	6,591	6,807	6,955	7,105
Grants - operating	11,596	7,369	11,202	11,469	11,790	10,685	10,685
Grants - capital	1,477	10,871	823	5,473	923	3,913	3,913
Contributions - monetary	4,354	2,274	1,133	1,153	1,149	2,013	2,013
Contributions - non monetary	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Net gain/loss on disposal of property, infrastructure, plant and equipment	47	-	-	-	-	-	-
Other income	850	747	999	1,040	1,075	1,102	1,129
<b>Total Income</b>	<b>73,187</b>	<b>79,331</b>	<b>74,660</b>	<b>81,760</b>	<b>79,753</b>	<b>84,043</b>	<b>85,626</b>

**Table 29: Moira revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	34,926	36,391	37,361	38,963	40,644	41,801	42,991
Statutory fees and fines	1,104	1,245	1,257	1,282	1,308	1,325	1,343
User Fees and Fines	2,905	2,390	2,462	2,535	2,611	2,663	2,715
Grants - operating	5,912	6,094	11,895	11,979	12,219	9,620	9,620
Grants - capital	4,383	6,611	3,346	5,806	7,301	5,489	5,489
Contributions - monetary	116	3,403	131	564	739	991	991
Contributions - non monetary	200	200	800	200	500	380	380
Net gain/loss on disposal of property, infrastructure, plant and equipment	-170	-135	-225	-225	-225	-225	-225
Share of net profit/loss of associates and joint ventures	-10	-10	36	37	38	39	39
Other income	974	1,131	1,171	1,064	949	885	825
<b>Total Income</b>	<b>50,340</b>	<b>57,320</b>	<b>58,234</b>	<b>62,205</b>	<b>66,084</b>	<b>62,968</b>	<b>64,169</b>

**Table 30: Murrindindi revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	19,793	20,526	21,142	21,776	22,429	22,875	23,330
Statutory fees and fines	856	889	909	929	950	964	978
User Fees and Fines	2,238	2,345	2,398	2,452	2,507	2,544	2,582
Grants - operating	5,076	7,347	7,477	7,620	7,765	7,057	7,057
Grants - capital	2,397	1,415	1,415	1,415	1,415	1,611	1,611
Contributions - monetary	620	141	141	141	141	237	237
Contributions - non monetary	204	400	400	400	400	361	361
Net gain/loss on disposal of property, infrastructure, plant and equipment	-341	-55	-	-	-	-	-
Other income	1,405	1,563	1,594	1,626	1,659	1,681	1,704
<b>Total Income</b>	<b>32,248</b>	<b>34,571</b>	<b>35,476</b>	<b>36,359</b>	<b>37,266</b>	<b>37,331</b>	<b>37,861</b>

**Table 31: Strathbogie revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	18,541	19,093	19,615	20,093	20,738	21,126	21,522
Statutory fees and fines	459	429	442	455	469	478	488
User Fees and Fines	670	818	805	830	855	872	890
Grants - operating	5,656	3,255	5,779	5,895	5,923	5,302	5,302
Grants - capital	5,604	2,773	1,200	1,250	1,250	2,415	2,415
Contributions - monetary	359	270	199	250	250	266	266
Other income	788	845	774	790	807	818	830
<b>Total Income</b>	<b>32,077</b>	<b>27,483</b>	<b>28,814</b>	<b>29,563</b>	<b>30,292</b>	<b>31,278</b>	<b>31,712</b>

**Table 32: Towong revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	8,344	8,788	9,132	9,534	9,949	10,237	10,534
Statutory fees and fines	199	194	198	201	204	206	208
User Fees and Fines	576	582	590	598	606	611	617
Grants - operating	3,346	5,480	5,184	5,169	5,154	4,867	4,867
Grants - capital	1,987	1,289	1,203	671	671	1,164	1,164
Other income	900	773	791	842	858	882	906
<b>Total Income</b>	<b>15,352</b>	<b>17,106</b>	<b>17,098</b>	<b>17,015</b>	<b>17,442</b>	<b>17,967</b>	<b>18,295</b>

**Table 33: Wangaratta revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	30,838	32,266	34,583	35,414	36,348	36,956	37,574
Statutory fees and fines	1,175	1,213	1,237	1,262	1,287	1,304	1,321
User Fees and Fines	7,480	7,750	7,905	8,063	8,224	8,333	8,444
Grants - operating	13,996	9,808	13,589	13,861	14,138	13,078	13,078
Grants - capital	5,828	5,224	4,296	3,537	1,396	4,056	4,056
Contributions - monetary	346	343	350	2,428	2,364	1,166	1,166
Net gain/loss on disposal of property, infrastructure, plant and equipment	999	2,314	-	-	-	-	-
Other income	1,727	446	428	391	340	315	292
<b>Total Income</b>	<b>62,389</b>	<b>59,364</b>	<b>62,388</b>	<b>64,956</b>	<b>64,097</b>	<b>65,209</b>	<b>65,932</b>

**Table 34: Wodonga revenue by category – historical and forecast**

Revenue (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Rates and Charges	44,953	45,982	47,605	49,264	50,960	52,130	53,327
Statutory fees and fines	1,508	1,467	1,467	1,467	1,467	1,467	1,467
User Fees and Fines	4,036	4,208	4,298	4,391	4,486	4,550	4,616
Grants - operating	9,749	6,743	9,566	9,709	9,855	9,124	9,124
Grants - capital	2,737	7,754	-	-	-	2,098	2,098
Contributions - monetary	486	225	-	-	-	142	142
Net gain/loss on disposal of property, infrastructure, plant and equipment	108	120	-	-	-	-	-
Other income	1,093	1,090	1,106	1,123	1,140	1,152	1,163
<b>Total Income</b>	<b>64,670</b>	<b>67,589</b>	<b>64,042</b>	<b>65,954</b>	<b>67,908</b>	<b>70,664</b>	<b>71,938</b>

## 5.2 Expenditure history and forecasts ('business as usual')

This section provides detail of the expenditure (both operational and capital works) history and forecasts across the Hume region. Table 35 and

Table 36 provide the initial summary level, and further tables provide detailed expenditure across each functional area.

The information is in line with the existing Strategic Resource Plan forecasts for each participating council. Expenditure has been forecast by councils until the end of 2021-21, and the trend in annual growth rate has then been utilised to forecast council expenditure until the end of 2023-24.

Council expenditure is variable, and some of the key drivers for these changes include:

- Employee costs
- Materials and services
- Total capital works expenditure.

**Table 35: Hume operational expenditure totals by council**

<i>Operational expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Alpine	23,973	24,353	25,212	25,807	26,545	27,010	27,486
Benalla	29,363	29,135	30,064	31,157	31,926	32,582	33,256
Indigo	29,717	29,847	29,112	30,148	30,481	30,964	31,459
Mansfield	18,373	18,691	19,188	19,641	20,056	20,357	20,664
Mitchell	60,018	61,162	65,223	68,275	70,594	72,066	73,153
Moira	53,638	56,500	58,036	59,357	60,893	61,892	62,914
Murrindindi	34,347	34,569	35,393	36,238	37,104	37,693	38,291
Strathbogie	28,921	27,744	27,907	28,687	29,099	29,510	29,928
Towong	14,205	15,145	15,587	16,011	16,576	16,922	17,276
Wangaratta	55,587	56,827	60,229	62,373	64,038	65,433	66,907
Wodonga	57,807	57,070	58,832	61,122	62,625	63,967	65,349
<b>Total Income</b>	<b>405,949</b>	<b>411,043</b>	<b>424,783</b>	<b>438,816</b>	<b>449,937</b>	<b>458,396</b>	<b>466,684</b>

**Table 36: Hume capital works expenditure totals by council**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Budget)</i>	<i>2020-21 (Budget)</i>	<i>2021-22 (Budget)</i>	<i>2022-23 (Budget)</i>	<i>2023-24 (Budget)</i>
Alpine	8,666	11,235	4,500	4,500	4,613	4,651	4,690
Benalla	6,004	4,195	3,511	4,229	3,220	3,146	3,059
Indigo	7,565	8,167	7,771	9,263	6,005	5,751	5,570
Mansfield	4,276	6,410	9,032	9,669	6,193	5,891	5,681
Mitchell	19,971	29,126	13,984	20,500	15,725	16,863	17,468
Moira	9,662	21,107	12,763	17,466	19,908	25,215	33,218
Murrindindi	10,291	7,820	9,834	10,054	8,136	7,694	7,306
Strathbogie	9,228	15,439	6,912	6,848	7,339	7,716	8,142
Towong	7,285	8,625	5,614	5,027	4,359	4,089	3,866
Wangaratta	13,477	38,760	31,607	25,410	17,821	15,041	12,893
Wodonga	24,288	24,384	13,200	12,200	12,500	12,829	13,337
<b>Total Income</b>	<b>120,713</b>	<b>175,268</b>	<b>118,728</b>	<b>125,166</b>	<b>105,819</b>	<b>108,886</b>	<b>115,230</b>

**Table 37: Alpine operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	7,574	8,151	8,396	8,647	8,952	9,145	9,343
Materials and services	10,875	10,401	10,752	11,031	11,320	11,516	11,715
Depreciation	4,535	4,826	5,080	5,172	5,300	5,375	5,452
Landfill rehabilitation expense	197	173	162	115	111	98	86
Net loss on disposal of property, infrastructure, plant and equipment	41	100	100	100	100	100	100
Other expenses	751	702	722	742	762	776	790
<b>Total Income</b>	<b>23,973</b>	<b>24,353</b>	<b>25,212</b>	<b>25,807</b>	<b>26,545</b>	<b>27,010</b>	<b>27,486</b>

**Table 38: Alpine capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Buildings	3,384	4,566	1,070	1,070	1,097	1,106	1,115
Plant and equipment	996	712	625	625	641	646	652
Infrastructure	4,286	5,957	2,805	2,805	2,875	2,899	2,923
<b>Total capital works expenditure</b>	<b>8,666</b>	<b>11,235</b>	<b>4,500</b>	<b>4,500</b>	<b>4,613</b>	<b>4,651</b>	<b>4,690</b>

**Table 39: Benalla operational expenditure by category – historical and forecast**

Operating expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Employee costs	11,730	11,714	12,300	12,915	13,560	14,008	14,471
Materials and services	12,004	11,772	11,925	12,080	12,237	12,343	12,450
Depreciation	5,053	5,075	5,281	5,437	5,598	5,708	5,820
Bad and doubtful debts	11	10	10	11	12	13	14
Borrowing costs	196	179	163	149	134	126	118
Other expenses	369	385	385	565	385	385	385
<b>Total Income</b>	<b>29,363</b>	<b>29,135</b>	<b>30,064</b>	<b>31,157</b>	<b>31,926</b>	<b>32,582</b>	<b>33,256</b>

**Table 40: Benalla capital works expenditure by category – historical and forecast**

Capital works expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Buildings	152	170	-	50	-	16	16
Plant and equipment	757	792	715	844	711	710	708
Infrastructure	5,095	3,233	2,796	3,335	2,509	2,420	2,334
<b>Total capital works expenditure</b>	<b>6,004</b>	<b>4,195</b>	<b>3,511</b>	<b>4,229</b>	<b>3,220</b>	<b>3,146</b>	<b>3,059</b>

**Table 41: Indigo operational expenditure by category – historical and forecast**

Operating expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Employee costs	11,854	10,882	11,098	11,319	11,545	11,698	11,853
Materials and services	9,940	10,948	9,718	10,228	10,039	10,148	10,259
Depreciation	5,633	5,805	6,079	6,379	6,664	6,871	7,085
Bad and doubtful debts	5	5	5	5	5	5	5
Borrowing costs	162	134	105	75	50	39	30
Other expenses	2,123	2,073	2,107	2,142	2,178	2,202	2,227
<b>Total Income</b>	<b>29,717</b>	<b>29,847</b>	<b>29,112</b>	<b>30,148</b>	<b>30,481</b>	<b>30,964</b>	<b>31,459</b>

**Table 42: Indigo capital works expenditure by category – historical and forecast**

Capital works expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Buildings	829	1,126	2,050	2,050	500	312	195
Plant and equipment	721	1,084	906	886	760	717	676
Infrastructure	6,015	5,957	4,815	6,327	4,745	4,722	4,699
<b>Total capital works expenditure</b>	<b>7,565</b>	<b>8,167</b>	<b>7,771</b>	<b>9,263</b>	<b>6,005</b>	<b>5,751</b>	<b>5,570</b>

**Table 43: Mansfield operational expenditure by category – historical and forecast**

Operating expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Employee costs	8,660	8,321	8,902	9,036	9,171	9,262	9,355
Materials and services	6,196	6,777	6,394	6,557	6,716	6,827	6,940
Depreciation	3,055	3,171	3,531	3,698	3,831	3,937	4,045
Borrowing costs	186	169	119	110	99	93	88
Other expenses	276	253	242	240	239	238	237
<b>Total Income</b>	<b>18,373</b>	<b>18,691</b>	<b>19,188</b>	<b>19,641</b>	<b>20,056</b>	<b>20,357</b>	<b>20,664</b>

**Table 44: Mansfield capital works expenditure by category – historical and forecast**

Capital works expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Land	25	-	-	58	-	19	19
Buildings	80	509	3,195	2,565	579	328	185
Plant and equipment	815	742	574	335	473	443	416
Infrastructure	3,356	5,159	5,263	6,711	5,141	5,101	5,061
<b>Total capital works expenditure</b>	<b>4,276</b>	<b>6,410</b>	<b>9,032</b>	<b>9,669</b>	<b>6,193</b>	<b>5,891</b>	<b>5,681</b>

**Table 45: Mitchell operational expenditure by category – historical and forecast**

Operating expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Employee costs	23,132	25,968	28,186	30,060	31,584	32,805	34,074
Materials and services	19,294	19,626	21,282	22,273	22,579	23,029	23,487
Bad and doubtful debts	17	13	13	13	13	13	13
Depreciation	15,313	13,320	13,856	14,583	15,631	16,272	16,939
Borrowing costs	854	816	861	858	866	868	869
Other expenses	1,408	1,419	1,448	1,466	1,485	1,498	1,510
Net operating reduction target	-	-	-423	-978	-1,564	-2,418	-3,740
<b>Total Income</b>	<b>60,018</b>	<b>61,162</b>	<b>65,223</b>	<b>68,275</b>	<b>70,594</b>	<b>72,066</b>	<b>73,153</b>

**Table 46: Mitchell capital works expenditure by category – historical and forecast**

Capital works expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Land	297	2,163	-	2,221	258	826	826
Buildings	6,247	2,928	420	500	200	156	122
Plant and equipment	2,487	5,126	2,456	3,518	2,787	2,907	3,032
Infrastructure	10,940	18,909	11,108	14,261	12,480	12,974	13,488
<b>Total capital works expenditure</b>	<b>19,971</b>	<b>29,126</b>	<b>13,984</b>	<b>20,500</b>	<b>15,725</b>	<b>16,863</b>	<b>17,468</b>

**Table 47: Moira operational expenditure by category – historical and forecast**

Operating expenditure (\$'000)	2017-18 (Actual)	2018-19 (Budget)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)
Employee costs	21,514	22,035	22,520	23,015	23,522	23,866	24,215
Materials and services	21,502	22,706	23,451	24,201	24,940	25,457	25,985
Bad and doubtful debts	3	10	5	3	3	3	2
Depreciation	9,502	10,632	10,964	11,013	11,221	11,308	11,396
Borrowing costs	300	234	110	81	50	38	30
Other expenses	817	883	986	1,044	1,157	1,220	1,287
<b>Total Income</b>	<b>53,638</b>	<b>56,500</b>	<b>58,036</b>	<b>59,357</b>	<b>60,893</b>	<b>61,892</b>	<b>62,914</b>

**Table 48: Moira capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Land	325	6,820	1,500	4,750	5,600	8,687	13,477
Buildings	1,435	2,272	2,493	5,240	6,618	9,164	12,688
Plant and equipment	922	1,308	525	535	546	553	560
Infrastructure	6,980	10,707	8,245	6,941	7,144	6,811	6,493
<b>Total capital works expenditure</b>	<b>9,662</b>	<b>21,107</b>	<b>12,763</b>	<b>17,466</b>	<b>19,908</b>	<b>25,215</b>	<b>33,218</b>

**Table 49: Murrindindi operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	14,261	14,800	15,133	15,473	15,822	16,059	16,299
Materials and services	10,304	9,798	10,043	10,294	10,551	10,726	10,904
Depreciation	9,401	9,603	9,843	10,089	10,341	10,513	10,687
Borrowing costs	79	55	53	53	53	53	53
Other expenses	302	313	321	329	337	343	348
<b>Total Income</b>	<b>34,347</b>	<b>34,569</b>	<b>35,393</b>	<b>36,238</b>	<b>37,104</b>	<b>37,693</b>	<b>38,291</b>

**Table 50: Murrindindi capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Land	30	-	-	-	-	-	-
Buildings	2,675	1,769	834	848	925	957	991
Plant and equipment	2,272	1,681	1,291	1,173	1,458	1,518	1,581
Infrastructure	5,314	4,370	7,709	8,033	5,753	5,218	4,733
<b>Total capital works expenditure</b>	<b>10,291</b>	<b>7,820</b>	<b>9,834</b>	<b>10,054</b>	<b>8,136</b>	<b>7,694</b>	<b>7,306</b>

**Table 51: Strathbogie operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	9,124	9,455	9,678	9,920	10,073	10,208	10,345
Materials and services	13,437	12,158	11,793	12,105	12,220	12,366	12,513
Bad and doubtful debts	1	-	-	-	-	-	-
Depreciation	5,263	5,301	5,617	5,842	5,985	6,113	6,244
Net gain/loss on disposal of property, infrastructure, plant and equipment	733	500	500	500	500	500	500
Borrowing costs	54	35	18	13	8	6	5
Other expenses	309	295	301	307	313	317	321
<b>Total Income</b>	<b>28,921</b>	<b>27,744</b>	<b>27,907</b>	<b>28,687</b>	<b>29,099</b>	<b>29,510</b>	<b>29,928</b>

**Table 52: Strathbogie capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Buildings	742	2,227	534	335	20	7	2
Plant and equipment	641	1,611	1,170	1,330	890	812	742
Infrastructure	7,845	11,601	5,208	5,183	6,429	6,897	7,398
<b>Total capital works expenditure</b>	<b>9,228</b>	<b>15,439</b>	<b>6,912</b>	<b>6,848</b>	<b>7,339</b>	<b>7,716</b>	<b>8,142</b>

**Table 53: Towong operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	5,105	6,343	6,502	6,665	7,039	7,228	7,421
Materials and services	5,036	4,069	4,511	4,656	4,759	4,845	4,932
Depreciation	3,793	3,930	3,976	4,078	4,131	4,184	4,238
Borrowing costs	19	35	147	156	186	201	218
Other expenses	252	768	451	456	461	464	468
<b>Total Income</b>	<b>14,205</b>	<b>15,145</b>	<b>15,587</b>	<b>16,011</b>	<b>16,576</b>	<b>16,922</b>	<b>17,276</b>

**Table 54: Towong capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Buildings	75	1,075	1,617	669	689	518	390
Plant and equipment	1,105	1,463	797	820	834	847	860
Infrastructure	6,105	6,087	3,200	3,538	2,836	2,724	2,617
<b>Total capital works expenditure</b>	<b>7,285</b>	<b>8,625</b>	<b>5,614</b>	<b>5,027</b>	<b>4,359</b>	<b>4,089</b>	<b>3,866</b>

**Table 55: Wangaratta operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	22,399	23,090	23,552	24,023	24,515	24,845	25,179
Materials and services	17,816	17,433	17,038	17,559	18,020	18,360	18,706
Depreciation	14,832	15,832	18,822	19,529	20,122	20,575	21,038
Borrowing costs	419	370	713	1,156	1,273	1,544	1,874
Other expenses	121	102	104	106	108	109	111
<b>Total Income</b>	<b>55,587</b>	<b>56,827</b>	<b>60,229</b>	<b>62,373</b>	<b>64,038</b>	<b>65,433</b>	<b>66,907</b>

**Table 56: Wangaratta capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Land	251	143	2,650	3,150	1,250	973	757
Buildings	481	1,666	810	520	531	461	401
Plant and equipment	2,886	3,086	1,683	1,890	2,327	2,592	2,888
Infrastructure	9,859	33,865	26,464	19,850	13,713	11,014	8,847
<b>Total capital works expenditure</b>	<b>13,477</b>	<b>38,760</b>	<b>31,607</b>	<b>25,410</b>	<b>17,821</b>	<b>15,041</b>	<b>12,893</b>

**Table 57: Wodonga operational expenditure by category – historical and forecast**

<i>Operating expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Employee costs	24,994	25,211	25,967	26,746	27,445	27,956	28,477
Materials and services	20,872	19,829	20,777	21,885	22,979	23,764	24,575
Depreciation	9,198	9,395	9,489	9,584	9,680	9,745	9,809
Borrowing costs	1,414	1,459	1,374	1,286	1,191	1,136	1,083
Other expenses	1,329	1,176	1,225	1,621	1,330	1,367	1,405
<b>Total Income</b>	<b>57,807</b>	<b>57,070</b>	<b>58,832</b>	<b>61,122</b>	<b>62,625</b>	<b>63,967</b>	<b>65,349</b>

**Table 58: Wodonga capital works expenditure by category – historical and forecast**

<i>Capital works expenditure (\$'000)</i>	<i>2017-18 (Actual)</i>	<i>2018-19 (Budget)</i>	<i>2019-20 (Forecast)</i>	<i>2020-21 (Forecast)</i>	<i>2021-22 (Forecast)</i>	<i>2022-23 (Forecast)</i>	<i>2023-24 (Forecast)</i>
Buildings	3,311	2,132	4,200	4,401	1,493	1,058	749
Plant and equipment	1,212	1,183	772	802	926	984	1,045
Infrastructure	19,765	21,069	8,228	6,997	10,081	10,787	11,543
<b>Total capital works expenditure</b>	<b>24,288</b>	<b>24,384</b>	<b>13,200</b>	<b>12,200</b>	<b>12,500</b>	<b>12,829</b>	<b>13,337</b>

### 5.3 Return on investment (BAU)

There is no investment return under the Business as Usual scenario.

## 6. Revenue sought for the recommended solution

This section provides a comprehensive NPV analysis of expenditure, revenues and contributions to enable LGV to undertake detailed assessment of the recommended solution (i.e.. RCTP grant).

### 6.1 Expenditure forecasts

This section provides details of all expenditure for the new service(s) arrangements including expected establishment costs.

A detailed costings spreadsheet, including all cost assumptions for each service component of the initiative, will be attached to this submission.

**Table 59: Hume region expenditure for Project case – forecast only**

Project case expenditure (A\$'000)	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	5YF
	(Budget)	(Budget)	(Budget)	(Budget)	(Budget)	(Budget)	TOTAL
Regulatory services	26,860	28,070	29,323	30,511	31,812	33,167	152,883
Business systems	33,282	34,759	36,284	37,674	39,225	40,839	188,781
Procurement	135,841	141,377	147,885	154,692	161,813	169,340	775,108
Waste management	26,226	27,459	28,749	30,066	31,443	32,808	150,525
Emergency management	1,589	1,656	1,731	1,810	1,892	1,978	9,068
<b>Total Expenditure</b>	<b>223,798</b>	<b>233,321</b>	<b>243,972</b>	<b>254,753</b>	<b>266,185</b>	<b>278,132</b>	<b>1,276,363</b>

### 6.2 Proposed revenue sources and alternatives

It is expected that there will be internal reprioritisation in the form of the Working Capital Fund. There may be a need for councils to receive external, legal or operational support on an ongoing basis, which is where money from the Working Capital Fund can be utilised. While a small portion of the initial Government funding has been dedicated to this fund (\$100,000), there may be a need for further money to be added to this pool as unexpected scenarios may arise. After the first three years (when all Government funding has been received), councils can add the money saved from the delivery of shared services to the Working Capital Fund.

### 6.3 RCTP grant sought

The RCTP grant sought for the Hume Region Transformation Program is \$5 million. Funding will be received over three years, beginning in 2019-20.

The funding received from Government will be split over six areas:

- Business Systems – implementation and adoption of new systems
- Waste Management – acquisition of a weigh bridge and sifter to enable Wangaratta's food and garden organics processing facility to service other Hume Region councils
- Project Management – hiring of a project manager and assistant
- Legal advisers – hiring of advisers to assist with contractual agreements
- Consultants – hiring of experts in areas such as IT, procurement and waste management
- Working Capital Fund – pool of money which can be used for ongoing administrative, legal or operational support.

Further detail on this is outlined in Section 7.3.

Any council expenditure that is currently allocated to these areas (or is already being allocated in the future) will be assumed to remain in the areas.

Table 60: RCTP grant budget allocation

RCTP Grant (A\$'000)	2019-20 (Forecast)	2020-21 (Forecast)	2021-22 (Forecast)	2022-23 (Forecast)	2023-24 (Forecast)	5-year total	Ongoing
<b>RCTP grant budget allocation</b>							
Business Systems	1,000	1,700	500	-	-	3,200	-
Waste Management	260	-	-	-	-	260	-
Project Management	215	215	210	-	-	640	-
Legal advisors	100	100	-	-	-	200	-
Consultants	200	200	200	-	-	300	-
Working Capital Fund	100	-	-	-	-	100	-
<b>Total</b>	<b>1,875</b>	<b>2,215</b>	<b>910</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>

## 6.4 Return on investment

This section provides a net present value (NPV) assessment of the Hume Region's recommended solution' to be used by decision makers to assess the solutions merit. Underlying assumptions are provided below and aligned to the costings spreadsheet attached to this submission.

### 6.4.1 Project Value

Based on the NPV assessment, savings and costs have been identified over a 5-year period, applying a real discount rate of 4%, consistent with the requirements of the Victorian Government guidelines for economic appraisal. We have also undertaken sensitivity analysis of the NPV outcomes low, middle (expected), and high efficiency assumptions and higher discount rates.

### Savings Realised Under the project

Indicative efficiency expenditure savings have been identified over a 5-year timeframe, considering the efficiency assumptions, ramp up rates and council participation for each functional transformation area, estimated savings were identified for three efficiency scenarios: Low, Medium and High.

Table 61: Low efficiency – expected cost savings

COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL
REGULATORY SERVICES	-	-	224	397	416	1,037
BUSINESS SYSTEMS	-	-	281	498	522	1,301
PROCUREMENT	-	-	837	1,486	1,556	3,879
WASTE MANAGEMENT	-	-	71	126	132	329
EMERGENCY MANAGEMENT	-	-	10	18	19	46
<b>TOTAL SAVING (A\$'000)</b>	<b>-</b>	<b>-</b>	<b>1,423</b>	<b>2,525</b>	<b>2,644</b>	<b>6,593</b>

Source: EY analysis, 2019

**Table 62: Medium efficiency - expected cost savings**

COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL
REGULATORY SERVICES	-	-	397	705	738	1,841
BUSINESS SYSTEMS	-	-	653	1,158	1,213	3,023
PROCUREMENT	-	-	1,672	2,967	3,106	7,745
WASTE MANAGEMENT	-	-	135	240	251	626
EMERGENCY MANAGEMENT	-	-	17	31	32	81
<b>TOTAL SAVING</b>	<b>-</b>	<b>-</b>	<b>2,874</b>	<b>5,101</b>	<b>5,340</b>	<b>13,315</b>

Source: EY analysis, 2019

**Table 63: High efficiency - expected cost savings**

COST SAVING FROM TRANSFORMATION (A\$'000)	2019-20	2020-21	2021-22	2022-23	2023-24	FIVE YEAR TOTAL
REGULATORY SERVICES	-	-	509	904	946	2,360
BUSINESS SYSTEMS	-	-	977	1,733	1,815	4,524
PROCUREMENT	-	-	2,503	4,442	4,651	11,596
WASTE MANAGEMENT	-	-	192	341	357	890
EMERGENCY MANAGEMENT	-	-	22	40	41	103
<b>TOTAL SAVING</b>	<b>-</b>	<b>-</b>	<b>4,204</b>	<b>7,460</b>	<b>7,810</b>	<b>19,473</b>

Source: EY analysis, 2019

### Net Present Value

Table 64 below presents the 5-year Net Present Value (NPV) of the project, which has been estimated at \$6.2 million, based on the 'Medium' efficiency scenario and using a discount rate of 4 percent.

**Table 64: Net present value cash flow analysis: Medium efficiency savings, discounted @ 4%**

Indicative project savings	Present value	2019-20	2020-21	2021-22	2022-23	2023-24	2019-20
<b>Indicative project savings</b>							
Medium efficiency savings	\$10.87m	-	-	-	\$2.87m	\$5.10m	\$5.34m
<b>Estimated Implementation cost</b>							
Business systems	\$2.9m	\$0.70m	\$2.00m	\$0.50m	-	-	-
Waste management	\$0.2m	\$0.26m					
Project Management costs	\$0.5m	\$0.22m	\$0.22m	\$0.21m			
Legal advisors	\$0.19m	\$0.20m					
Consultants	\$0.58m	\$0.60m					
Working Capital Fund	\$0.10m	\$0.10m					

<b>Indicative project savings</b>	<b>Present value</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2019-20</b>
Total implementation costs	\$4.67m	\$2.08m	\$2.22m	\$0.71m	-	-	-
<b>Indicative net financial impact (savings less costs)</b>							
Net Value		-\$2.08m	-\$2.22m	-\$0.71m	\$2.87m	\$5.10m	\$5.34m
Net present value (NPV)		<b>\$6.2m</b>					

Source: EY analysis, 2019

Sensitivity analysis has also been undertaken using a high and low range of efficiency saving scenarios, and with alternate discount rates of 2.5% and 7%. The sensitivity analysis returns a positive return on investment after five years under all scenarios, meaning that the project is viable under all discount rates and efficiency scenarios.

**Table 65: NPV sensitivity results**

<b>NPV</b>	<b>Discount rate</b>		
	<b>2.5%</b>	<b>4%</b>	<b>7%</b>
Low level of efficiency	\$1.0m	\$0.7m	\$0.2m
Medium level of efficiency - expected	\$6.9m	<b>\$6.2m</b>	\$4.9m
High level of efficiency	\$12.3m	\$11.2m	\$9.3m

Source: EY analysis, 2019

#### Assumptions for NPV assessment

The table below outlines the assumptions behind the efficiency scenarios assessed within the NPV assessment.

**Table 66:NPV assessment efficiency assumptions**

<b>EFFICIENCY</b>	<b>ESTIMATED COST SAVINGS – RANGE</b>			<b>RATIONALE</b>
	<b>LOW</b>	<b>MED</b>	<b>HIGH</b>	
<b>JOINT PROCUREMENT EFFICIENCY</b>	1%	2%	3%	<p>Joint procurement is expected to achieve the following outcomes:</p> <ul style="list-style-type: none"> <li>• improved savings through economies of scale and joint procurement* streamlined and joint processes and systems.</li> <li>• streamlined and joint policy and governance frameworks.</li> <li>• improved resilience and council continuity capabilities.</li> </ul> <p>The estimated efficiency assumption is conservatively based on Australian and International case studies, such as:</p> <ul style="list-style-type: none"> <li>• Third Horizon's evaluation of Cradle Coast Authority Shared Services (TAS) estimated \$2.5m of potential benefits from joint procurement and standardised processes of materials and services, equating to 5-10% of external contract rates.<sup>[1]</sup></li> <li>• North Lincolnshire Council and North-East Lincolnshire Council (UK) has achieved 2% savings on procurement since introducing the joint procurement strategy in 2006.<sup>[2]</sup></li> </ul>

<sup>[1]</sup> Cradle Coast Authority - Shared Services Report (2017) < [http://www.dpac.tas.gov.au/\\_data/assets/pdf\\_file/0005/353237/CCA\\_Shared\\_Services\\_Project\\_Report\\_-\\_Final.pdf](http://www.dpac.tas.gov.au/_data/assets/pdf_file/0005/353237/CCA_Shared_Services_Project_Report_-_Final.pdf)>

<sup>[2]</sup> Local Government Association (2012) Services shared: costs spared? An analysis of the financial and non-financial benefits of local authority shared services <<https://www.local.gov.uk/sites/default/files/documents/procurement-lincolnshire--782.pdf>>

				<ul style="list-style-type: none"> <li>Auckland Regional Council's consolidation of procurement activities (2009) resulted in efficiency saving of 3% on materials and contracts and other expenses.<sup>[3]</sup></li> <li>EY's experience with corporate transactions indicates that supplier rationalisation could potentially generate savings of 15-25% in procurement costs. We would expect shared services in the public sector to achieve a more conservative level of synergies in joint procurement costs.</li> </ul> <p>This efficiency was capped at 3% due to the geographical dispersion of municipalities inhibiting some 'place based' procurement and consolidation of contracts.</p>
<b>PROJECT STAFF EFFICIENCY</b>	1.5%	2.5%	3%	<p>Reduction in salaries and wages allocated to project transformation areas due to:</p> <ul style="list-style-type: none"> <li>More efficient operations due to common specifications</li> <li>Access to staff without the need to employ expensive contractors</li> <li>Shared skills, expertise and learning</li> <li>Making existing staff more efficient to be able to undertake increasing workload</li> <li>redeployment duplicated back office positions to frontline service positions were possible.</li> </ul> <p>The efficiency assumption is based on the above rationale as well as case studies, such as: KPMG assumed staffing efficiencies equivalent to 3.7 to 5 per cent of a council's employee salary and wage costs in regional councils. As this assumption related to consolidation of councils. The analysis undertaken for this report assumes a 60% achievement of the efficiencies of a consolidation of councils.<sup>[4]</sup></p>
<b>INFORMATION TECHNOLOGY</b>	2.5%	5.0%	7.5%	<ul style="list-style-type: none"> <li>Previous EY experience with corporate merger transactions indicates that consolidation of IT functions and applications can potentially generate savings of 20-30%.</li> <li>Queensland Treasury Corporation (2009) claimed efficiency savings for IT were 31%.<sup>[5]</sup></li> </ul> <p>Given there is no plan to significantly change IT FTE number, savings are expected to be more moderate for the Hume Region.</p>
<b>GENERAL OPERATING EXPENDITURE EFFICIENCY</b>	0%	5%	10%	<ul style="list-style-type: none"> <li>The estimation of savings that would result from the consolidation of Waratah Wynyard Council and Burnie City Council, both in Tasmania, was 5% general op ex savings, based on consultation with councils (KPMG, 2002).<sup>[42]</sup></li> <li>15-25% is the benchmark for expenditure cost savings in corporate transactions. This analysis assumes that shared services in the public sector to achieve a more conservative level of synergies in costs towards the lower end of this scale.</li> </ul>

#### 6.4.2 Project Value – Scenarios based on council participation

After business case submission, Hume Region councils will encounter two key decision points that will affect the NPV of the Transformation program, as outlined below in Figure 32.

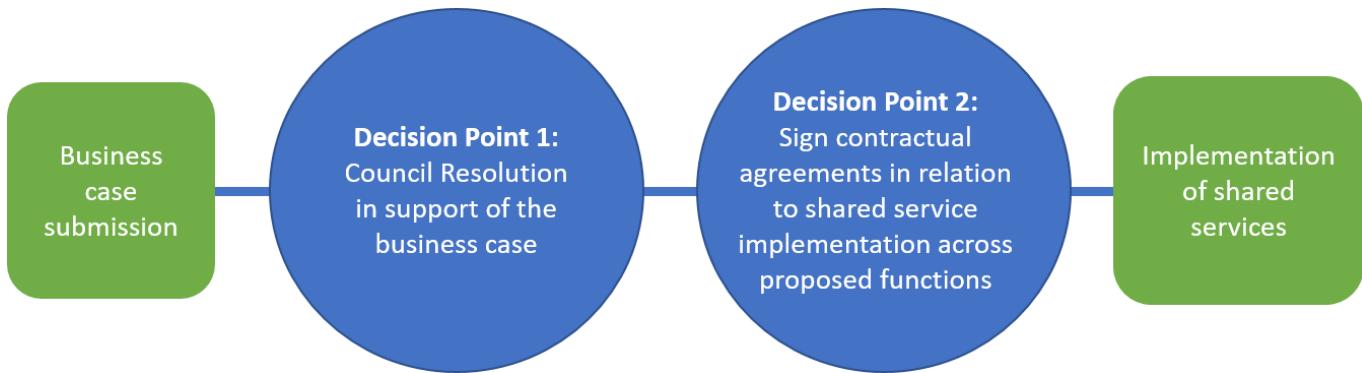
<sup>[3]</sup> Auckland City Council Annual Report 2009/2010 <<https://www.aucklandcouncil.govt.nz/plans-projects-policies-reports-bylaws/our-annual-reports/docsaucklandcityannualreports20092010/auckland-city-council-summary-annual-report-2009-2010.pdf>>

<sup>[4]</sup> KPMG 2016, Outline of Financial Modelling Assumptions for Local Government Merger Proposals

<sup>[5]</sup> Queensland Treasury Corporation 2009, Review of Local Government Amalgamation Costs Funding Submissions – Final Summary Report

<sup>[42]</sup> KPMG 2002, Waratah Wynyard Council and Burnie City Council: Financial modelling – Stand alone vs amalgamation

Figure 32: Decision Points prior to project implementation



In order to increase the accuracy of the estimated NPV, the Project value has been calculated based on a number of potential outcomes at each of these two decision points. that have the potential to eventuate at these decision points. These are outlined in Table 67 below. The analysis indicates that the project would be viable under scenarios 1,2,3,4 and 6, given middle efficiency (expected) assumptions and a 4% discount rate. However, scenarios 5 and 7 return a negative NPV after 5 years meaning that if this scenario were to occur, the project would no longer be viable.

Table 67: Decision Point – NPV implications

Scenario	Decision Point 1	Decision Point 2	NPV <i>Middle level efficiency, 4% discount rate</i>
1	9 of the 11 councils sign council resolutions in support of the business case	7 of these 9 councils commit to shared service implementation	\$2.24 million
2	7 of the 11 councils sign council resolutions in support of the business case	6 of these 7 councils commit to shared service implementation	\$1.25 million
3	7 of the 11 councils sign council resolutions in support of the business case	5 of these 7 councils commit to shared service implementation	\$0.27 million
4	6 of the 11 councils sign council resolutions in support of the business case	5 of these 6 councils commit to shared service implementation	\$0.41 million
5	6 of the 11 councils sign council resolutions in support of the business case	4 of these 6 councils commit to shared service implementation	-\$0.72 million
6	5 of the 11 councils sign council resolutions in support of the business case	5 of these 5 councils commit to shared service implementation	\$0.27 million
7	5 of the 11 councils sign council resolutions in support of the business case	4 of these 5 councils commit to shared service implementation	-\$0.72 million

## 7. Deliverability

### 7.1 Assessment and management of risks and sensitivities

This section describes the key risks and issues relating to the implementation of the Hume Regional Transformation program, as identified by the business case project team in consultation with council participants.

Table 68 below outlines the key risks and issues and the proposed mitigation strategies that could be employed to minimise any potential negative impacts. Overall, the risks and issues identified highlight the need for a flexible approach to the investment and re-iterate the need for a staggered implementation for the project.

**Table 68: Risk assessment and mitigation strategies**

Risk	Description	Mitigation strategy
Implementation costs may exceed cost savings	If the administrative and establishment costs of setting up the shared service models exceed the cost savings associated with implementing shared services, councils will be in a worse financial position.	Further detailed costing of the proposed solution will be undertaken during market engagement phase with IT suppliers. This will allow a go or no-go decision point for the business systems implementation to ensure costs are in line with the funding envelope provided by the RCTP grant and that the potential savings for councils will be greater than the cost.
Ineffective governance processes	Under a shared services model, there is a need for formal agreement to be made to assign roles and responsibilities across councils to enable effective provision of the service.	Project implementation costs include legal advice to facilitate and assist in development of appropriate governance arrangements. A number of different shared service models have been outlined, with possible suggestions as to how these can be used for different service areas.
Councils decide not to adopt shared service arrangements	Although Hume region council CEOs have agreed to the shared service arrangements in principle, key personnel may decide to no longer pursue the processes because it is not in the best interests of their council.	All councils have been open with their concerns around the provision of shared services, including the potential loss of governance at an individual council level. Council CEOs have been informed throughout the business case development process to ensure that this will not occur. The flexibility for councils to 'opt-in' by function has been built into the recommended shared services solution to allay this risk, as councils are more likely to commit to shared service arrangements for functions that they have a strong intention on delivering.
Lack of trust and cooperation between councils	Successful provision of shared services requires all councils to be transparent and for all to work together in a positive manner, but issues may arise if councils feel that a potential loss of autonomy is a possibility.	All councils have been working together in a positive manner, with a number of meetings and workshops being held so that key personnel can address potential issues. This, along with the existing collaboration occurring in the region, demonstrates that all councils are serious about undertaking the provision of shared services.
Cost saving assumptions in the solution modelling are greater than what is achieved during the actual delivery of shared services.	Given that the provision of shared services across local governments (as opposed to council amalgamations) is a relatively new concept, the assumptions made in the solutions modelling may not turn out to be perfectly accurate.	Extensive research has been undertaken to ensure that all assumptions have been cross-checked with past examples of shared services provision (or similar practices), and councils have been engaged to provide feedback on estimates of potential cost saving proportions. The modelling has also taken a conservative approach to the cost saving estimates, where the assumed savings are at the lower end of the savings bands identified in literature.

Risk	Description	Mitigation strategy
Councils are still unable to attract skilled workers	Increasing the number of skilled workers in the region is an important element of improving service delivery, however implementing shared services may not attract skilled workers in the short term.	By providing shared services, residents in the Hume Region will be able to access more, and better, services. In the longer term, this will help to increase the amenity of the region, which may in turn attract more skilled workers to the region.
Ineffective change management	If councils do not receive the correct guidance throughout the implementation process, both councils and residents may lose trust in the program. If council staff are not closely engaged in the program, they may lose trust in the change process.	Hiring highly skilled management personnel will ensure that experts guide councils through the implementation and early delivery of the process, and this will also help to train council staff on how to deal with potential risks and problems. Council staff will be closely engaged and supported through the change management process.
Inadequate resources are dedicated to transition activities	While strategy and design of the program is integral, guiding councils and staff through the transition process is just as important.	Subject Matter Experts will be hired in addition to the management personnel to help councils and staff transition to new systems and processes.
Lack of flexibility in governance of shared service activities	If concrete decisions are made too early on governance arrangements for service areas, ineffective and inefficient service delivery may arise.	Contractual agreements facilitate the flexibility required for councils to adapt the governance structure for each service area, which is important as council situations often change.
Compliance with relevant regulations under shared services provision	Even though the nature of delivery of shared services may change, compliance with all relevant regulations will still be required.	Extensive planning at the beginning of the program will take into consideration all potential regulatory impacts of providing shared services, and external management personnel will be able to assist with this.

## 7.2 Impacts

There are a number of potential impacts – both positive and negative – of delivering shared services in Hume Region. These are outlined below.

Table 69: Impacts of delivery of shared services

Impact	Description
Cost savings	If councils can deliver shared services, it is likely that there will be cost savings for the councils. Councils can then use this money elsewhere, resulting in financial benefits.
Private sector investment	By banding together to deliver services across the Hume Region, councils may be able to increase their negotiating power for areas such as procurement. This could in turn lead to additional commercial opportunities for councils, with greater interest from the private sector.
Greater access to services for residents	In the current environment, not all regional councils can deliver the services demanded by residents. By providing services as a group rather than as individual governments, the councils will be able to share resources (such as staff and knowledge) and deliver services to more people in the Hume Region community.
Increased efficiency of service delivery	If efficiencies can be gained in back office functions, council staff can be redeployed from the back office to the delivery of external services. <sup>43</sup> This is beneficial for the community, as there will be more people to deliver the services. In the case of the Hume Region, this is crucial as one of the

<sup>43</sup> Victorian Auditor-General's Office 2014, Shared Services in Local Government

through the redeployment of staff	objectives of all councils is to ensure that employment opportunities with local government are not lost.
Increased cooperation between councils	While all councils have a responsibility to act in the best interests of their communities, local governments can build relationships amongst one another through the provision of shared services. This is crucial in moving forward, particularly as some councils in the Hume Region are struggling to meet the demands of residents. Implementing a 'region-wide' strategy and approach, with common objectives shared between councils, will benefit both councils and residents.
Costs of implementation	The expenditure associated with implementation includes the cost of adopting new systems, retraining staff and hiring appropriate resources to deliver the project. Ultimately, the RCTP grant is sought to fund this transformative implementation, but the detailed impacts of the change to operating expenditure / budgets post implementation is yet to be fully determined for each council. Further scoping work has been included as part of the early phase of implementation will be conducted to help firm up cost impacts for councils and inform 'go' or 'no go' decisions for implementation.
Cancelling contracts with current service providers	It is possible that some councils may already have contracts in place with service providers. By implementing shared service arrangements, councils may have to cancel contracts with providers, which could have legal and financial repercussions, or delay implementation until contract expiry date.
Use of innovative technologies	One of the benefits of implementing the shared services arrangement will be the adoption of innovative technologies across the region. This will include new online business systems that are easily accessible and transferable across councils, and greater utilisation of research and data analytics to identify forthcoming challenges.
Reduced use of paper	If information management can become more efficient and move towards online systems, there is opportunity to save large amounts of paper.

### 7.3 Readiness and implementation process

The following investment areas are viewed as critical to the transformation project's success, as aligned business systems and effective change management will provide the construct for councils to effectively work together across the transformation areas.

The implementation of the proposed solutions will be subject to any material change in the market or political conditions for councils.

#### 7.3.1 Implementation costs

Cost estimates for the implementation of the program are provided indicatively in Table 70. The RCTP grant amount sought is \$5 million for the three-year project involving the 11 participating Hume Region councils.

Estimates are high level only based on modelling included in the EOI and limited market information (e.g. from CouncilWise). Further information will need to be gathered post business case to firm up estimates of costs, particularly for business systems transformation.

Table 70: Implementation costs of the Hume Region Transformation Program

SERVICE AREA	IMPLEMENTATION DETAILS	ESTIMATED COST
BUSINESS SYSTEMS	<p>Implementation cost based on Council wise indicative quote outlining</p> <ul style="list-style-type: none"> <li>• \$146,978 implementation cost 8,500 assessments and 130 staff equating to approximately <b>\$1.5m</b> million for all councils</li> <li>• \$500,000 to build in IP into Microsoft template for each service. To implement this functionality for finance, building services and procurement it would cost the region approximately <b>\$1.5m</b>.</li> <li>• This cost assumes training to be provided by the selected third party vendor</li> </ul>	<b>\$3.2m</b>

<b>WASTE MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Sharing arrangements within Hume region coupled with joint contracting will create the conditions to develop an optimal waste management layout, with landfill and transfer stations adopted to needs of multiple councils. Legal advisors and waste management SMEs will be appointed to establish the structure of the CEO's project steering group, with council CEOs monitoring the project from there on after. Funds for governance are allocated under 'legal advisers' and 'consultants'.</li> <li>Wangaratta's food and garden organics processing facility will have capacity to process up to 12,000 tonnes of material a year, of which Wangaratta will require 5,200. In order for the organics processing facility to be able to service other Hume Region councils and utilise the approximate 7,000 tonne capacity, a weigh bridge @ <b>\$140,000</b> and sifter are required @ <b>\$120,000</b></li> </ul>	<b>\$0.26m</b>
<b>PROJECT MANAGEMENT COSTS</b>	EY propose employing an independent project management team for years 1-3 of the project, encompassing: <ul style="list-style-type: none"> <li>Program director @ \$140,000 a year and assistant @ \$75,000 a year</li> <li>This would total approximately <b>\$0.64m</b></li> </ul> Note: A detailed project management plan and change management plan would be expected to be delivered under the remit of the program director.	<b>\$0.64m</b>
<b>LEGAL ADVISORS</b>	Approximately <b>\$0.2m</b> has been allocated to legal advice required at the inception of the project implementation to form contractual agreements for all shared service activity.	<b>\$0.2m</b>
<b>CONSULTANTS</b>	Approximately <b>\$0.3m</b> has been allocated to subject matter experts to assist with governance and execution. These include advisors specialising in the following areas: <ul style="list-style-type: none"> <li>IT consulting to undertake a requirements assessment and market sounding</li> <li>Joint procurement governance and execution</li> <li>Waste Management governance and execution</li> </ul>	<b>\$0.6m</b>
<b>WORKING CAPITAL FUND</b>	Approximately <b>\$0.1m</b> has been allocated to a Working Capital Fund, which can be used for ongoing administrative, legal or operational support. After the first three years (when all Government funding has been received), the achieved cost savings can be transferred into this fund as required.	<b>\$0.1m</b>
<b>TOTAL IMPLEMENTATION COST</b>		<b>\$5.00 million</b>

Source: EY indicative estimates based on Microsoft 365 Dynamics market quotes and industry benchmarks

## 7.4 Timelines and milestones

**The implementation plan has flexibility to allow councils to opt in once further scoping and market engagement has been undertaken to better assess the costs to individual councils**

The shared services program is to be rolled out over a three-year period, beginning in 2019-20, with efficiencies analysed over a five-year period. The scheduled delivery timeline of the different service categories is outlined in Figure 33.

The implementation will begin with further due diligence and market assessment to better determine the cost impacts to individual councils. This initial work allows a further decision point (to proceed or not to proceed) to be considered by each council to ensure that the solutions being implemented will be of mutual benefit and not place an undue cost on short or long-term budgets of councils.

The Business Systems category is scheduled to be rolled out across councils from 2020-21 (pending the success of the pilot program of the lead Council), with other service areas commencing shared services as soon as possible. As business systems will enable ease of information sharing, common specifications and resourcing sharing, the full realisation of efficiencies in other areas hinge on successful business system implementation.

Waste management solutions can be implemented without delay, and the remaining categories (Procurement, Regulatory Services and Emergency Management) will all be implemented from 2021-22. All service categories are expected to be operating in full efficiency (achieving maximum cost savings) by mid-2022.

**Figure 33: Timeline of service area implementation**

Service Areas	Activity	2019	2020	2021	2022
Project planning	Establish working capital fund	→			
	Market sounding and refined costing	→			
	Opt-in decision point	•			
Business Systems	Cloud based IT storage & file management		→		
	Payroll / HR system		→		
	Finance system (common CoA)		→		
	Alignment of IT infrastructure / hardware		→		
	Coordinated IT support services		→		
	Common platform citizen access		→		
Procurement	Capital works procurement		→		
	Other procurement		→		
Regulatory Services	Statutory Planning		→		
	Municipal Building Services		→		
	Environmental Health		→		
	Local Laws and Enforcement		→		
Emergency Management	Resource / information sharing		→		
Waste Management	Integrated Landfill and Recycling		→		
	Organics		→		

Source: EY estimates 2019, based on council CEO discussions

#### 6.4.1 Ramp up of savings

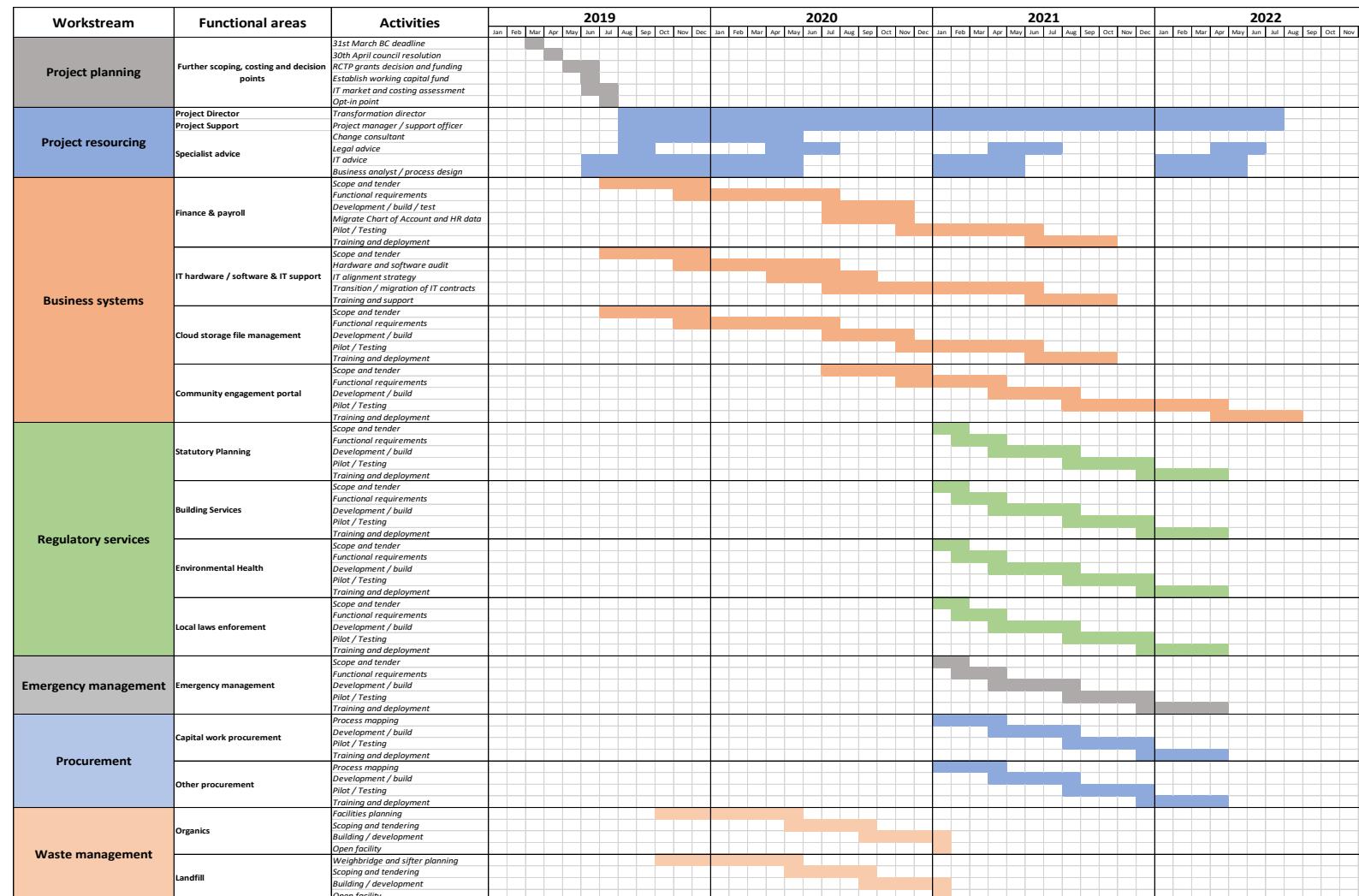
The 'ramp up' rate, or realisation of savings timeline, will look different for each of the service functions. Table 71 outlines EY's understanding of the timeframe for efficiency realisations for each of the functions under transformation. It is expected that by 2024 (five years into the program), Procurement and Waste Management service areas will be achieving the full realisation of cost savings.

**Table 71: Timeline of savings realisation**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Business systems	0%	9%	100%	100%	100%
Procurement	0%	0%	59%	100%	100%
Regulatory Services	0%	0%	59%	100%	100%
Emergency Management	0%	0%	59%	100%	100%
Integrated Regional Landfill Recycling and organics	0%	0%	59%	100%	100%

Further breakdown of implementation plans is provided in Figure 34.

**Figure 34: Detailed timeline of transformation project implementation**



Source: EY assumptions and discussions with CEOs, 2019

## 8. Staffing requirements

### 8.1 Staff/Contractors

**The Hume Region Transformation Program will manage the need for growth in staff numbers across the 11 councils, whilst enhancing capability of existing staff to deliver community services**

The total number of staff that work within the five functional areas to be transformed by the project (i.e. IT, procurement, waste management, regulatory services and emergency management staff) is estimated to be 375 FTE spread across the 11 Hume Region councils. This includes approximately 130 frontline staff and 245 supporting in back office positions.

In the context of this project, back office functions that are part of the transformation include human resources, IT, governance, records management, finance and payroll functions. Front line services include waste, infrastructure, planning and emergency management.

It is estimated that this proportion of back office to front office staff (65% and 35% respectively) would remain unchanged under a '*business as usual*' (BAU) scenario, with total staff expected to grow by approximately 1% per annum, slower than the regional growth in demand for services.

It is expected that the project would result in dampened future growth in staff numbers, particularly across back office roles, as a result of enhancing capability of existing staff through enhanced business systems and functional processes.

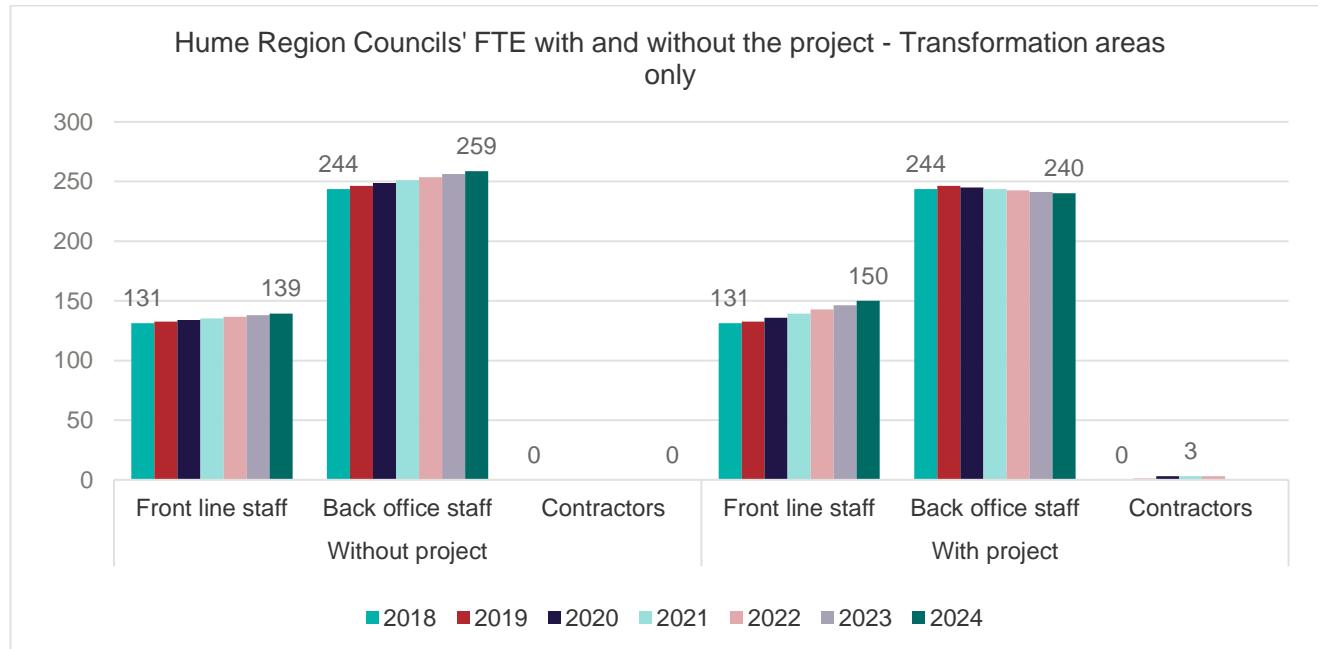
The efficiencies achieved in the provision of shared services will be reflected in a proportional increase of front office staff, and will coincide with a reduction in the proportion of back office staff required to support council functions. This transition will be necessary to keep up with future increased service requirements. As part of this transition, some back-office staff may be re-allocated to frontline positions over time.

As highlighted in the table below, the total staff employed across the five transformation areas within councils across the region will increase by eight FTEs in the first five years of the program. Once the implementation is complete, the region's councils will employ 390 FTEs across the transformation areas.

**Table 72: Staffing requirements under transformation project**

		2019-20	2020-21	2021-22	2022-23	2023-24
Staff numbers without project (within transformation areas)	Frontline	133.9	135.3	136.6	138.0	139.3
	Back office	248.7	251.2	253.7	256.2	258.8
	Contractor	0.0	1.0	2.0	3.0	4.0
<b>Subtotal</b>		<b>382.6</b>	<b>386.4</b>	<b>390.3</b>	<b>394.2</b>	<b>398.1</b>
Staff numbers with project (within transformation areas)	Frontline	135.9	139.3	142.8	146.4	150.0
	Back office	245.0	243.8	242.6	241.3	240.1
	Contractor	3.0	3.0	3.0	0.0	0.0
<b>Subtotal</b>		<b>383.9</b>	<b>386.1</b>	<b>388.3</b>	<b>387.7</b>	<b>390.1</b>
Change in staff number (within transformation areas)	Frontline	2.0	4.0	6.2	8.4	10.7
	Back office	-3.7	-7.4	-11.1	-14.9	-18.7
	Contractor	3.0	3.0	3.0	0.0	0.0
<b>Subtotal</b>		<b>1.3</b>	<b>-0.4</b>	<b>-2.0</b>	<b>-6.5</b>	<b>-8.0</b>
<b>Total staff</b>		<b>383.9</b>	<b>386.1</b>	<b>388.3</b>	<b>387.7</b>	<b>390.1</b>

Figure 35: Front line and Back office staff: with and without the project



Source: EY analysis

The following assumptions for staffing levels both with and without the project.

Table 73: Key assumptions with regards staff requirements under transformation project

Staff assumption category	Business as usual assumptions	Project assumptions
Frontline / back office staff ratios	<ul style="list-style-type: none"> <li>35% : 65% remaining constant through to 2024</li> </ul>	<ul style="list-style-type: none"> <li>Front line 35% moving to 38% by 2024</li> <li>Back office 65% moving to 62% by 2024</li> </ul>
Growth rate of staff total FTE	<ul style="list-style-type: none"> <li>Back office FTE growth 1%p.a.</li> <li>Front office growth 1% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>Back office FTE growth 0.5%p.a.</li> <li>Front office growth 2.5% p.a.</li> </ul>
Total Staff	<ul style="list-style-type: none"> <li>Total FTE is expected to grow at 1%, slightly lower than growth in demand for services (@2.2%).</li> <li>FTE @382 in 2020</li> <li>FTE @398 in 2024</li> </ul>	<ul style="list-style-type: none"> <li>Total FTE is expected to grow at a lower rate (0.7%p.a.) whilst delivering efficiencies across the five functional areas, and meeting demand for services.</li> <li>FTE @384 in 2020</li> <li>FTE @390 in 2024</li> </ul>
Attrition rates	<ul style="list-style-type: none"> <li>Between 7-10% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>Lower attrition rates assumed between 5-8%, due to improved career development opportunities</li> </ul>

Source: EY Assumptions

## 9. Attachments

The following attachments are provided in support of the business case

- Appendix A – Checklist
- Appendix B – Benefits Summary
- Appendix C - Investment Concept Brief
- Appendix D - Investment Logic Map
- Appendix E - Summary spreadsheet (costing, revenue, expenditure, performance metrics, NPV)

Note: Evidence of Council resolutions will be provided by 30<sup>th</sup> April as per the extended timeline offered by LGV.

## Appendix A – Checklist

<i>Initiative title:</i>	Rural Councils Transformation Program business case template	
<i>Department:</i>	[Company]	Yes
1.	Is the problem clearly defined?	<input checked="" type="checkbox"/>
2.	Is it clear what the RCTP is purchasing?	<input checked="" type="checkbox"/>
3.	Are the links to policy(ies) and contributions explicit?	<input checked="" type="checkbox"/>
4.	Are impacts on performance measures specified?	<input checked="" type="checkbox"/>
5.	If the submission has multiple components, have these been described separately and is the impact of each component clearly articulated in the costings, staffing and performance measures sections?	<input checked="" type="checkbox"/>
6.	Has Local Government Victoria (LGV) been engaged on the development of the draft business case?	<input checked="" type="checkbox"/>
7.	Has the <i>Business case</i> been completed in the form of the business case template?	<input checked="" type="checkbox"/>
8.	Have costings been agreed with LGV?	<input checked="" type="checkbox"/>
9.	Have detailed costings been provided in Excel?	<input checked="" type="checkbox"/>

## Appendix C – Benefits Summary

The benefits summary presents the change from the Business as Usual scenario only.

	Preferred option only						
	2019-20	2020-21	2021-22	2022-23	2023-24	Present value (\$2019)	
Analysis period (years)	5 years						
Capital costs (\$m)	\$0.96m	\$2.00m	\$0.50m	-	-	\$3.22m	
Operational costs (\$m)	\$1.12m	\$0.22m	\$0.21m	-	-	\$1.46m	
<b>Cost-Benefit Analysis (of monetised costs and benefits)</b>							
Discount factor						4.0%	
Value of benefits (\$m)	-	-	\$2.87m	\$5.10m	\$5.34m	\$10.87m	
Value of costs (\$m)	\$2.08m	\$2.22m	\$0.71m	-	-	\$4.67m	
Net Present Value (\$m)	(Benefits less costs)					\$6.20m	
<b>Other important considerations</b>							
Scenario analysis (in NPV)	\$6.20m					N/A	
Pessimistic scenario (\$m)	\$0.71m						
Optimistic scenario (\$m)	\$11.22m						
Non-monetisable disbenefits/benefits	Additional positive benefits associated with statutory planning and municipal building services, relating to investment efficiencies associated with land development in the Hume region.					N/A	
(e.g. small, med., large)	Med to Large impact - Potentially greater than \$10m, considering the scale of private and overseas development projects currently proposed in the Hume Region.						
Impacts	Positive impact to environment, specifically for waste management component (reduced emissions, increased recycling, and re-use of organics)						
(e.g. small, med., large)	Small impact - due to waste management benefits not applying consistently across the whole Hume region						
<b>Preferred option</b>							
Provide a summary to justify the preferred option.	The <b>Benefit Cost Ratio (BCR) of the project is 2.3, and Net Present Value (NPV) of \$6.2 million</b> , calculated within a five-year period. The preferred option provided the greatest NPV of those options tested in the analysis.						

## Hume Region Rural Transformation Project

### Appendix C - Investment Concept Brief

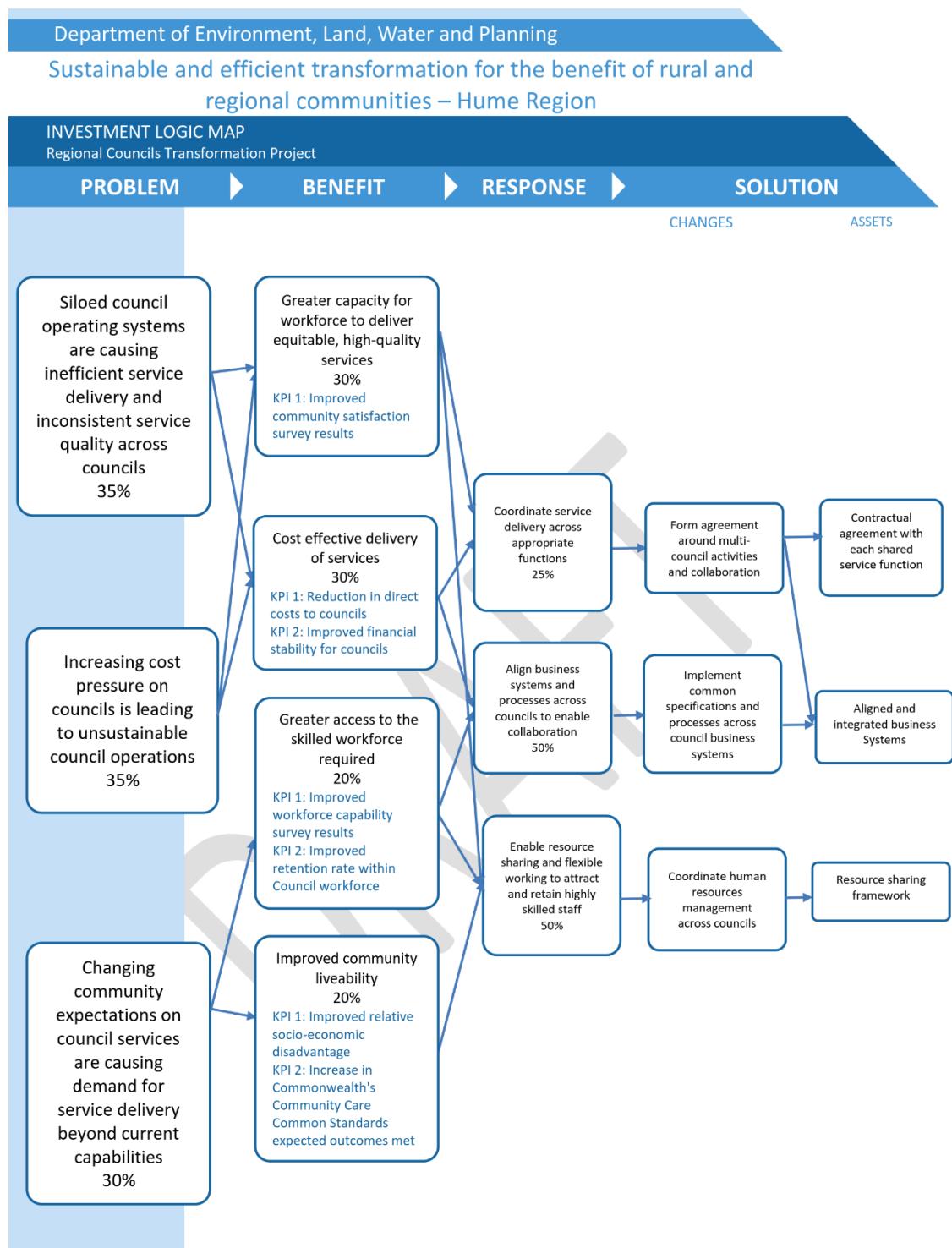
Context	What is the compelling reason this investment should be considered further?
	<p>Hume Region councils are seeking <b>\$5.0 million</b> in funding over 3 years to implement the Hume Regional Councils Transformation Program.</p> <p>The Hume Region is experiencing an interplay of opposing forces: increasing costs and declining available revenue. The factors leading to increasing costs include large asset bases, dispersed populations, government grants falling short of real cost increases and increasingly vulnerable populations with higher service demands. Council revenue in real terms is at risk of declining due to diminishing and ageing populations, the unpredictability of grant funding and disadvantaged residents with lower capacity to pay.</p> <p>Over the past decade, the region's councils have been under pressure to drive efficiencies and economies, often with constrained income levels and with higher expectations from the community about the services and levels of service they deliver, enable or advocate for.</p> <p>By way of an integrated service response through strengthened working partnerships, the participating Hume Region councils are committed to fundamental strategic and operational transformation to support the ongoing viability and sustainability of the region's councils and the provision of responsive, quality services to meet the changing needs of the community.</p> <p>In order to address the Hume Region's identified problems and improve financial performance and capacity of councils, the following strategic responses have been identified:</p> <ul style="list-style-type: none"><li>• Align business systems and processes across councils</li><li>• Enable resourcing sharing and flexible working to attract and retain highly skilled staff</li><li>• Coordinate service delivery across appropriate functions.</li></ul> <p>The alignment of systems and resource and information sharing will be applied to key service areas which have been identified through workshops with councils to outline the principle problems that the region is facing as well as strategic responses to address the problems.</p> <p>The recommendation solution is the preferred outcome as it will ensure that councils provide the greatest level of service efficiencies, while also providing communities with improved benefits.</p>

Cost	What are the likely costs of this investment?	Cost (range)
	Business Systems	\$3.2 mil
	Waste Management	\$0.26 mil
	Project Management	\$0.64 mil
	Legal advisors	\$0.2 mil
	Consultants	\$0.3 mil
	Working Capital Fund	\$0.1 mil
	<b>Investment Total</b>	<b>\$5 mil</b>

Time	What are the expected timeframes for the key deliverables?	Time from funding
	Project resourcing (including Project Director and specialist advice)	0m-36m
	Business Systems (including Finance and Payroll, IT hardware and support and cloud storage file management)	0m-26m
	Business Systems (including community engagement portal)	12m-36m
	Regulatory Service	18m-34m
	Emergency Management	18m-34m
	Procurement	18m-34m
	Waste Management	3m-21m

Risks	What are the primary risks to the success of this investment delivering the benefits?	Risk
H: High	Implementation costs exceed cost savings	M
M: Medium	Ineffective governance processes	M
L: Low	Lack of trust and cooperation between councils Ineffective change management Inadequate resources dedicated to transition activities	M L M
Dis-benefits	What negative impacts are likely to occur by successfully implementing this solution?	Impact
H: High	High costs of implementation	M
M: Medium	Cancelling contracts with current service providers	L
L: Low		
Inter	What external conditions are critical to the success of this investment?	Criticality
Dependencies	Provision of full funding ask Continued Government and private investment in the Hume Region	H M
Policy	What is the primary policy to which this investment will contribute?	
Alignment	The Victorian Government's Regional Statement (2015) outlines a clear strategy not only to help Regional Victoria to survive, but to thrive in the future. Points of focus include regional jobs, transport and infrastructure growth, education, healthcare, safer community regions and quality of life.  The centrepiece of the statement was the establishment of nine new Regional Partnerships, including the Ovens Murray Partnership which includes seven of the 11 participating councils in the transformation project.	
Managing Uncertainty	What are the main uncertainties in the external operating environment which may affect the investment's future benefit delivery?	
	Continued Government and private investment in the Hume Region is critical for the long-term success of the transformation project. Implementing the shared service functions will ensure that a solid base is put in place for councils to deliver on community demands, but ongoing investment in key areas such as healthcare and infrastructure is crucial to support the project. This will ensure that council can continue to meet the needs of communities with changing demographics, and will also ensure that councils can attract skilled staff in the future.  Is a real options workshop required during business case development? No	
Investor	Who is the senior person who will ultimately be responsible for delivering the identified benefits?	
	Trevor Ierino Chief Executive Officer, Indigo Shire Council	<b>Signature</b> 29/03/19

## Appendix D - Investment Logic Map

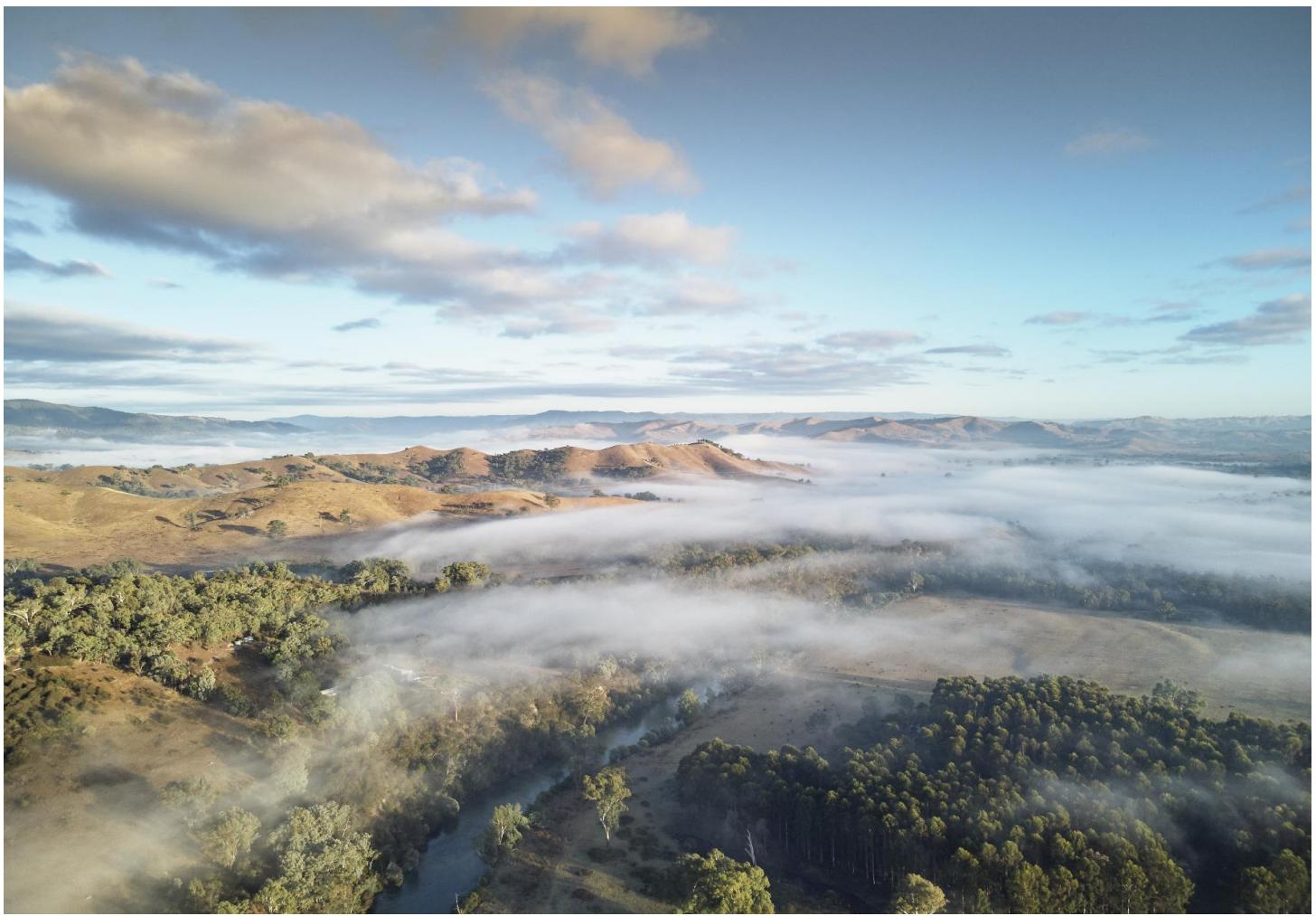


## Appendix E - Summary spreadsheet

Spreadsheet supplied separately, including detailed costing, revenue and expenditure summary tables, key performance metrics, and NPV summary.

# MURRINDINDI SHIRE COUNCIL

## 2019/20 DRAFT ANNUAL BUDGET



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Mayor's Introduction

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## Mayor Introduction

I am very pleased to introduce Murrindindi Shire Council's 2019/20 Budget. This Budget is the culmination of our efforts over the past three years to re-shape our priorities to respond to the needs of our community, while also ensuring we maintain a strong financial position for our organisation. .

I am confident that this Budget will help us to deliver our short-term goals for our communities and to make our long-term vision for our Shire a reality.

This Budget will continue to advance the priorities laid out in the Council Plan 2017-2021, which reflects feedback from community through the comprehensive 'Have Your Say' engagement process.

For this year's budget, we made it easier for our community to provide ideas about what we should prioritise. The Budget has been created with input from our community budget survey in late 2018 – we were thrilled to receive over 50 submissions from community members.

The ideas we heard ranged from the creation of new community facilities to road-related infrastructure, improvements to delivery of specific services, increased business and tourism opportunity initiatives and much more. While we aren't able to advance every idea we received this year, we have done our best to ensure this budget reflects the sorts of items which are prioritised by our community.

We know the community is keen to see Council services maintained at current levels – enhanced and expanded in some cases – while ensuring rates stay as low as possible. With this in mind, we have worked hard to create organisational efficiencies to free up resources which can be redirected to delivering services to meet the needs and expectations of our communities. We're very pleased to be able to deliver this Budget while still keeping our rate rise consistent with the State Government Fair Go Rate cap set at 2.5% and further reducing our reliance on borrowed funds.

We have achieved a lot in the past year, and our plans for 2019/20 are just as promising. We have had some significant wins with our advocacy efforts with State and Federal governments. Grant funding has been secured to support a number of projects and initiatives, including improved access to mental health services for our communities, renewal of the Kinglake Streetscape and investment in the Eildon houseboat industry. This funding will be incorporated into our budget once funding agreements are signed.

The 2017-2021 Council Plan established four themes which reflect our community's priorities:

**OUR PEOPLE** - *Together we will celebrate and encourage diverse, caring and connected communities.*

**OUR PLACE** - *We will maintain and enhance places to be attractive and liveable, in balance with our natural environment*

**OUR PROSPERITY** - *In partnership with the community we will promote an environment in which business and community can thrive.*

**OUR PROMISE** - *We will work in collaboration with our communities to deliver the best possible outcomes in all that we do.*

Our budget is designed to advance these themes through a range of initiatives. Buoyed by the success of the Murrindindi Shire Council Grants and Contributions Program last year, Council has again committed \$230,000 to that Program. This Program brings together six streams of grant funding to support those activities which contribute to broader community wellbeing, visitation and economic development. We are very excited to again support this important initiative.

We have allocated \$247,000 of external grant funding to advance local community planning trials across the Shire which will help communities to plan and deliver priority projects for the future of their towns. Initial areas of focus for this work are Yea, Toolangi and Marysville.

We have also been developing a range of strategies to better plan for our future service delivery and to improve outcomes for our community. We have allocated \$250,000 for their implementation in this budget. These include:

Finalisation of our **Tourism and Events Strategy** which will see implementation of a range of activities to enhance the tourism experience, product and marketing capacity for Murrindindi Shire. This will allow Council to explore opportunities to work with regional tourism bodies and to continue to support our successful Discover Dindi promotions.

Finalisation and implementation of a **Communications Strategy** which will help us to continue improving the way information is shared between Council and the community. This will make Council information more accessible and help keep our communities better informed.

Implementation of our recently adopted **Recreation and Open Space Strategy** which will allow us to improve the standard of infrastructure at our active recreation reserves and playgrounds. We will also review the condition of our aquatic facilities to support their future renewal. Additionally, \$25,000 has been allocated to work with community members who use the Kinglake Memorial Reserve to develop a reserve Master Plan.

Building on our priority to improve customer services, we have allocated \$95,000 to our 'Customer First' Project to continue to modernise our internal systems and make them more responsive to our customers' needs and expectations.

We will also commission a review of our infrastructure operations and maintenance standards to ensure greater certainty for our community around our service standards and to improve equity of delivery across the Shire.

Looking after our environment remains a priority of Council and we have allocated \$105,000 to a range of environmental initiatives including continuing our roadside weed and pest control program, significant revegetation works, and an environmental forum to further engage our community in finding solutions to the environmental issues which impact us all.

Further, we are maintaining a strategic focus on managing our waste into the future with \$2.6 million allocated under the capital program for works to further develop our landfill sites, to develop our management of e-waste and to allow minor upgrades to our Resource Recovery Centres (RRCs). We are very pleased to be continuing to fund free green waste disposal at all of our RRCs.

Looking after our infrastructure remains a priority and our projected capital expenditure will focus on infrastructure renewal and upgrades including:

- \$2.68 million allocated to sealed and unsealed roads, traffic treatments and kerb and channel works
- \$200,000 allocated to bridge and culvert renewal
- \$105,000 on drainage works
- \$328,000 on pathway improvements, including \$57,500 towards improvements to disability access in urban areas of Yea
- \$358,000 allocated for recreational facilities, including \$216,000 allocated for female friendly change facilities at the Yea Recreation Reserve and \$22,000 for perimeter fencing at the Kinglake Memorial Reserve
- \$323,000 for works on council owned buildings and facilities including \$70,000 to upgrade the kitchen and restore external columns at the Alexandra Shire Hall, \$128,000 for works at the Yea Saleyards and \$50,000 for improved floor covering for a range of public toilets
- \$30,000 to develop a concept design for the Kinglake West-Pheasant Creek streetscape
- \$30,000 for RV Friendly Town preliminary works (including signage and line marking for long vehicles).

In April 2019 Council made the decision to transition out of being a direct provider of State and Federal government-funded aged and disability services. We will instead be supporting other community-based local providers of these services who will be better placed to take advantage of forthcoming Federal Government reforms to aged and disability service funding. It is anticipated that this transition to other provider/s will occur during 2019/20 financial year, however the precise timing is subject to State and Federal Government considerations. We have therefore maintained an annual funding allocation for these services in the budget, recognising that any savings realised during the year will support transition arrangements.

I would like to take this opportunity to offer a big 'thank you' to everyone who shared their thoughts about budget priorities with us. We take the community's feedback very seriously and we are doing our best to make sure we are listening to our community.

Our aim is to always deliver a budget which is financially responsible, delivers our services equitably across the Shire and responds to the needs of our community. We believe this Budget achieves that objective.

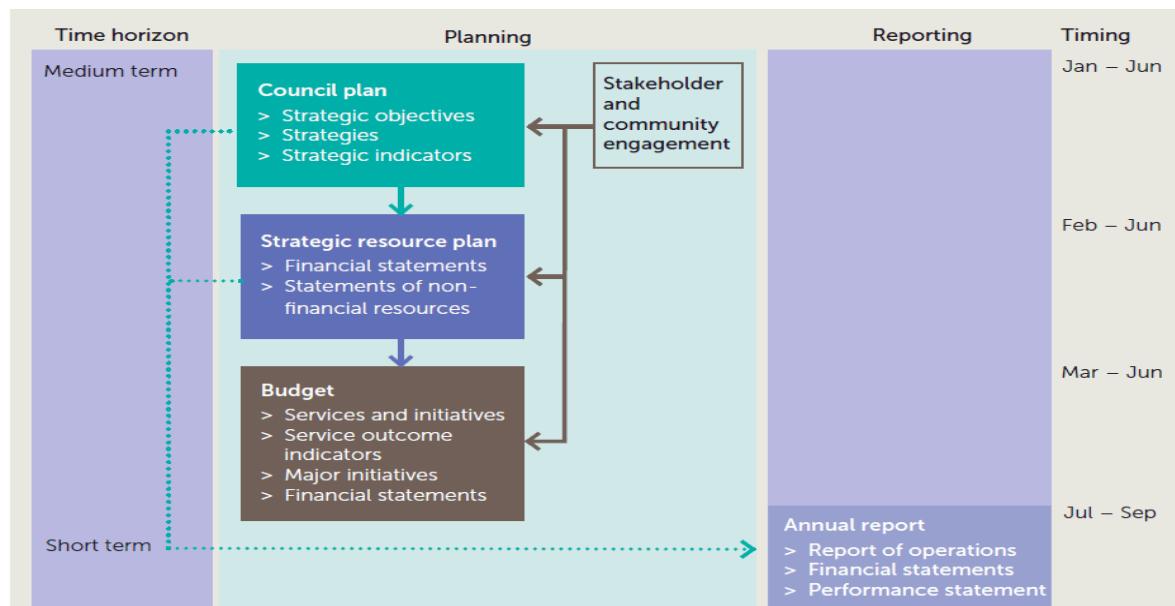
**Cr Sandice McAulay**  
**Mayor**

## 1. Link to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Murrindindi 2030 Vision), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

### 1.1 Planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four-year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Budget is framed within the Strategic Resource Plan, considering the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning

In addition to the above, Council has a long term plan which articulates a community vision, mission and values. The Council Plan is prepared with reference to Council's long term Community Plan.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

## 1.2 Our purpose

### Our vision

*In 2030 Murrindindi Shire is sustainable, vibrant and resilient. We focus on growing our business opportunities. Our communities are safe and connected, enjoying a healthy and productive lifestyle within our wonderful natural environment.*

### Our values

**Collaboration:** *We will operate as a cohesive team, we will work together with the community through accessible and inclusive engagement, and we will strive to build effective working relationships.*

**Stewardship:** *We will endeavour to make careful and responsible decisions, and we will strive to make decisions that do not limit the opportunities or aspirations of those who follow in the future.*

**Equity & Fairness:** *We will be fair, even-handed and impartial in our decision making and our dealings with others, we will consider the merits of each case while upholding legislated requirements and ensuring consistency and justice in our decision making, and we will strive to ensure all have access to similar opportunities and experiences.*

**Respect:** *We will respect the views, contributions, feelings, wishes and rights of others, we will actively seek to understand others experiences, ideas and perspectives, we will embrace and appreciate diversity or origin, viewpoint, experience and lifestyle, and we will recognise the achievements of others.*

**Accountability & Honesty:** *We will make our decisions openly and publicly whenever possible, we will take responsibility for our actions and decisions, we will honour our commitments, we will act with integrity and honesty in all our dealings, and we will openly report our performance and acknowledge our mistakes.*

## 1.3 Strategic objectives

We have committed to delivering on four key strategic objectives which will drive the work we do, and the services we deliver over the next four years, in partnership with our community.

We believe these objectives reflect the values, priorities and aspirations of the Murrindindi community as expressed in our 'Have Your Say' community engagement.

They address the things about the Murrindindi Shire that our community says are important to support opportunity, quality of life, wellbeing and the liveability of our towns and places.

Strategic Objective	Description
1. Our People	Together we will celebrate and encourage diverse, caring and connected communities.
2. Our Place	We will maintain and enhance places to be attractive and liveable, in balance with our natural environment.
3. Our Prosperity	In partnership with the community we will promote an environment in which business and community can thrive.
4. Our Promise	We will all work in collaboration with our communities to deliver the best possible outcomes in all that we do.

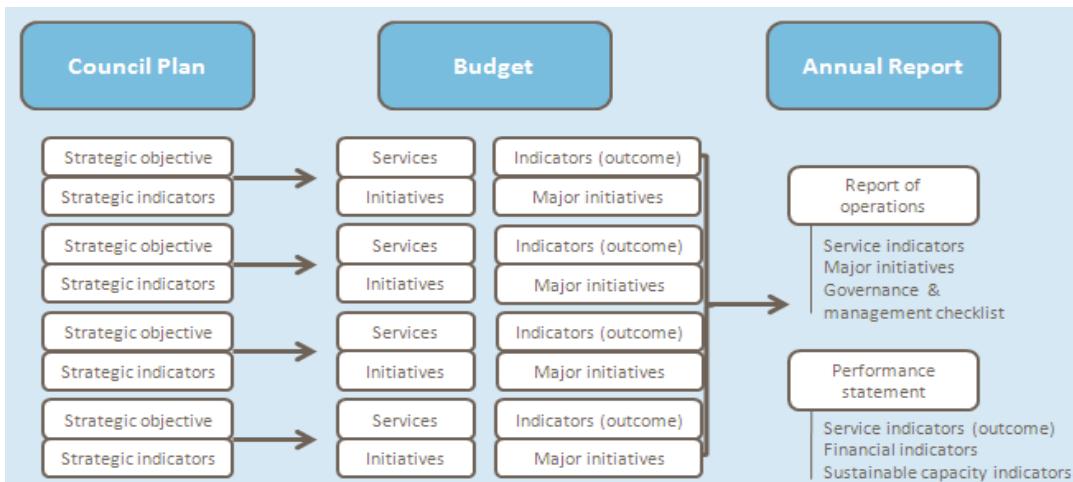
Council delivers activities and initiatives under 24 major service categories. Each contributes to the achievement of one of these strategic objectives as set out in our Council Plan for the 2017-2021 years.

## 2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2019/20 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations.

Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. These indicators correlate to the annually audited indicators that are declared on the "Know Your Council" website that provides a comparison to all municipalities in Victoria, as well as to averages across the State and to averages for small rural Shire.

The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below:



Source: Department of Environment, Land, Water and Planning

## 2.1 Strategic Objective 1: OUR PEOPLE

*Together we will celebrate and encourage diverse, caring and connected communities.*

### Services

Service area	Description of services provided	2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000	
Aged & Disability Services	This service area provides a range of services for the aged and people with disabilities including delivered and group meals, domestic support, personal care, social activities and outings, home maintenance and senior citizens clubs.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	2,320  2,067  253	2,434  2,090  344	2,374  2,147  227
Children & Family Services	This service area provides family orientated support services including maternal and child health and home based childcare.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	1,431  1,191  240	1,735  1,421  314	1,793  1,456  337
Library Services	This service area provides libraries in Alexandra, Yea and Kinglake and the mobile library to the Shire's more remote communities. The service caters for cultural, recreational and educational needs of residents and provides a focal point for the community to meet, relax and enjoy the facilities and services offered.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	512  178  334	508  165  343	512  167  345
Community Service Administration	This includes the cost of management and general administration across all of Council's community services. <i>Note: 2018/19 Forecast includes Community Planning Initiative grant which will be carried forward (in part) to 2019/20 Budget</i>	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	290  0  290	390  200  190	530  0  530
Emergency Services	This is funding of Council's statutory emergency services obligations, including the provisions of the annual roadside slashing program.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	293  60  233	331  66  265	315  68  247
Recreation, Aquatic and Youth Services	This service area provides strategic planning to inform the development of recreation and youth services and infrastructure and coordinates council services including recreation facilities, swimming pools and all recreation and youth responsibilities within the municipality.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	678  123  555	654  125  529	872  276  596

**Major Initiatives**

- 1) Encourage activities and events that celebrate our vibrant, diverse and creative people and communities.
- 2) Work with our community and groups to connect, collaborate and plan for our future.

**Other Initiatives**

- 3) Work with our partner agencies to ensure people can access the health and community services.
- 4) Create a positive environment that supports our young people to grow, participate and be happy.
- 5) Promote opportunities for people of all ages to connect with and be involved in their community.

**Service Performance Outcome Indicators**

Service	Indicator	Performance Measure	Computation
Libraries	Participation	Active library members. (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities. (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Maternal and Child Health	Participation	Participation in the MCH service. (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
Maternal and Child Health	Participation by Aboriginal children	Participation in MCH service by Aboriginal children. (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

## 2.2 Strategic Objective 2: OUR PLACE

**We will maintain and enhance places to be attractive and liveable, in balance with our natural environment.**

### Services

Service area	Description of services provided	2017/18	2018/19	2019/20	
		Actual \$'000	Forecast \$'000	Budget \$'000	
Environmental Management	This service includes management of Council's environmental impacts including sustainable resource use, energy consumption, roadside biodiversity management and pest plant and animal control.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	270  52  218	355  40  315	320  0  320
Waste Management Services	This service provides kerbside rubbish and recycling collection, management of Resource Recovery Centres at Alexandra, Yea, Eildon, Kinglake and Marysville and landfill operations in Alexandra. These operations generate funds above the annual cost requirements to ensure that Council's waste reserve is able to provide for future waste management works (ie. future cell construction, rehabilitation requirements and management of landfills).	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	2,558  4,119  (1,561)	3,067  4,610  (1,543)	3,232  4,422  (1,190)
Building Control	This service provides statutory building services to the council and community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.  Revenue and costs for this service include the shared service arrangement with Mansfield Shire Council for the provision of municipal building surveying services.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	346  367  (21)	398  385  13	407  411  (4)
Community Safety	This service facilitates a safer community through the provision of school crossing supervision, traffic management, domestic animal management, regulation and enforcement of local laws and community fire prevention as well as community education regarding these public safety programs.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	352  150  202	347  163  184	393  181  212

Service area	Description of services provided		2017/18	2018/19	2019/20
			Actual \$'000	Forecast \$'000	Budget \$'000
Development Approvals	This service involves processing all planning applications, provides advice and makes decisions about development proposals that require a planning permit in accordance with the Victorian Planning Provisions (VPP), as well as representing Council at the Victorian Civil and Administrative Tribunal (VCAT) where necessary. The service also monitors the Murrindindi Planning Scheme as well as preparing major policy documents shaping the future of the shire. It also prepares and processes amendments to the Murrindindi Planning Scheme.		Exp  Rev  NET	949 436 513	1,275 481 794
Environmental Health	This service involves protecting the community's health and well being by coordinating food safety support programs, septic tank permit administration and immunisation programs.		Exp  Rev  NET	242 147 95	305 145 160
Infrastructure Maintenance	Council has a vast network of infrastructure assets including buildings, roads, bridges, drains, and footpaths. This expenditure provides for ongoing maintenance of Council's infrastructure assets.		Exp  Rev  NET	5,045 1,892 3,153	5,214 1,382 3,832
Parks, Gardens & Open Space Management	This service provides planning, development and maintenance to our public open space, road reserves and parks.		Exp  Rev  NET	1,381 0 1,381	1,324 0 1,324
<hr/>					

### Major Initiatives

- 1) Support recreation opportunities for our residents and visitors that encourage participation and community connections.
- 2) Improve links and make Murrindindi Shire easier to navigate and its services and destinations easy to find
- 3) Through good land use planning enhance the liveability, prosperity and the rural character of our Shire.

### Other Initiatives

- 4) Strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption.
- 5) Recognise and embrace the history, culture and identity of our towns and communities.
- 6) Enhance community safety, resilience and liveability through improved planning, community engagement, and a fair and transparent approach to compliance.

**Service Performance Outcome Indicators**

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill. (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Roads	Satisfaction	Satisfaction with sealed local roads. (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.
Animal Management	Health and safety	Animal management prosecutions. (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety	Health and safety	Critical and major non-compliance notifications. (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

## 2.3 Strategic Objective 3: OUR PROSPERITY

*In partnership with the community we will promote an environment in which business and community can thrive.*

### Services

Service area	Description of services provided	2017/18	2018/19	2019/20
		Actual	Forecast	Budget
		\$'000	\$'000	\$'000
Tourism	Provides support to local visitor information centres, events and regional tourism marketing. Council is also the responsible authority for overseeing the management of the leases for the Yea and Marysville Caravan Parks.	<i>Exp</i>	432	554
		<i>Rev</i>	101	122
		<i>NET</i>	331	432
Business Development	This service assists business investment and growth and facilitates access to local employment. Note: 2018/19 Forecast includes carry forwards for the Business Grant Program and Doing Business Better Program.	<i>Exp</i>	317	1,000
		<i>Rev</i>	15	189
		<i>NET</i>	302	811
Saleyards	This area covers the management and operations of the Yea Saleyards.	<i>Exp</i>	236	293
		<i>Rev</i>	376	478
		<i>NET</i>	(140)	(185)

### Major Initiatives

- 1) Use a fresh approach to attract new and existing business investment.
- 2) Work with our businesses, regional partners and communities to support a diverse visitor experience that promotes our natural assets, and a vibrant range of events.
- 3) Support and encourage local businesses to work together, thrive and grow, through networking, start-up assistance, mentoring, and access to skills.

### Other Initiatives

- 4) Advocate for high quality opportunities for education and training to meet community and business needs.
- 5) Advocate for improved infrastructure and access to public land for social and economic opportunities.

## 2.4 Strategic Objective 4: OUR PROMISE

**We will all work in collaboration with our communities to deliver the best possible outcomes in all that we do.**

### Services

Service area	Description of services provided	2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000
Councillors	This includes the cost of Council elections, Council chambers, Mayor and Councillors' expenses, Councillor development and civic events.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	355 12 343	344 0 340
Chief Executive and Executive Team	This area includes Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	922 0 922	1,078 0 1,078
Communications and Publications	This includes facilitation of communications, publications, regular radio spots and media releases issued as well as annual reports, strategic documents, the provision of Council's website, Facebook page and community engagement activities.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	525 5 520	757 5 752
Financial Services	These services include the management of Council's finances, payroll, accounts payable and receivable, raising and collection of rates and charges and valuation of properties throughout the municipality.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	1,048 983 65	1,232 1,087 145
Corporate Services	These services include statutory and corporate support services to Council, including the coordination of business papers for meetings of Council and its committees and the coordination of Council's procurement. It is also responsible for enterprise risk management and the provision of document and information management support services to Council, including compliance with statutory obligations under Freedom of Information, Public Records, Information Privacy and Local Government Acts.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	852 53 799	860 210 650

Service area	Description of services provided	2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Budget \$'000	
Human Resources	This has a focus on management of OH&S risk and organisational well being and improving performance through the continuous development, improvement and implementation of our strategies, policies, procedures and employee training opportunities in relation to human resources.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	371 1 370	381 0 381	368 0 368
Information Technology	This area provides support, and maintains communications and computing systems, facilities and infrastructure to enable staff to deliver services in a smart, productive and efficient way.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	623 0 623	634 0 634	639 0 639
Customer Services	This unit provides front counter services at Alexandra, Yea and Kinglake offices including reception, telephone, receipting of payments, connecting customers with relevant departments, customer request coordination, hall bookings, as well as the provision of a number of other civic services.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	555 1 554	642 5 637	729 4 725
Asset Planning and Management	This unit strategically manages the capital works planning and renewal requirements of all of Council's \$300m worth of public assets.	<i>Exp</i>  <i>Rev</i>  <i>NET</i>	1,183 791 392	1,197 931 266	1,324 400 924

#### Major Initiatives

- 1) Represent and advocate for our community in a transparent and equitable way.
- 2) Ensure our culture, systems and technologies encourage and enable innovation in our business practices and service delivery.
- 3) Ensure the range of services we provide and the way we provide them are best aligned with community priorities and Council's resources.
- 4) Commit to developing a stronger customer-focused culture that makes us easier to deal with.

#### Other Initiatives

- 5) Expand our communication and two-way engagement with the community.
- 6) Maintain Council's financial sustainability through sound financial and assets management.
- 7) Support a skilled, engaged and flexible workforce that can respond to changing needs.

#### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions. (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

## 2.5 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Our People	2,282	6,396	4,114
Our Place	4,286	11,722	7,436
Our Prosperity	690	1,286	596
Our Promise	6,133	7,562	1,429
<b>Total</b>	<b>13,391</b>	<b>26,966</b>	<b>13,575</b>

### ***Expenses added in:***

Depreciation (ex.plant)	8,653
Finance costs	37
Net (gain)/loss on disposal of property, infrastructure, plant & equip.	33
<b>Deficit before funding sources</b>	<b>22,114</b>

### **Funding sources added in:**

Rates and charges revenue	18,047
Grants commission - operating grant (ex. local roads)	3,045
Grants - capital	1,027
<b>Total funding sources</b>	<b>22,119</b>
<b>Operating (surplus)/deficit for the year</b>	<b>(5)</b>

### **3. Financial Statements**

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019/20 has been supplemented with projection to 2022/23 extracted from the Strategic Resource Plan.

This section includes the following financial statements prepared in accordance with the Local Government Act 1989 and the Local Government Planning and Reporting regulations 2014.

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 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Income</b>						
Rates and charges	4.1.1	20,700	21,382	22,023	22,684	23,364
Statutory fees and fines	4.1.2	1,050	1,083	1,107	1,132	1,157
User fees	4.1.3	2,792	2,393	2,447	2,502	2,559
Grants - Operating	4.1.4	5,791	7,841	7,998	8,158	8,321
Grants - Capital	4.1.4	2,305	1,027	1,027	1,027	1,027
Contributions - monetary	4.1.5	352	49	49	49	49
Contributions - non-monetary	4.1.5	805	400	400	400	400
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		224	(33)	-	-	-
Other income	4.1.6	1,713	1,520	1,550	1,581	1,612
<b>Total income</b>		<b>35,732</b>	<b>35,662</b>	<b>36,601</b>	<b>37,533</b>	<b>38,489</b>
<b>Expenses</b>						
Employee costs	4.1.7	14,785	15,474	15,822	16,178	16,542
Materials and services	4.1.8	11,546	10,550	10,814	11,084	11,361
Depreciation and amortisation	4.1.9	9,184	9,282	9,514	9,751	9,995
Finance costs		55	37	36	36	36
Other expenses	4.1.10	395	314	322	330	338
<b>Total expenses</b>		<b>35,965</b>	<b>35,657</b>	<b>36,508</b>	<b>37,379</b>	<b>38,272</b>
<b>Surplus/(deficit) for the year</b>		<b>(233)</b>	<b>5</b>	<b>93</b>	<b>154</b>	<b>217</b>
<b>Total comprehensive result</b>		<b>(233)</b>	<b>5</b>	<b>93</b>	<b>154</b>	<b>217</b>

## Balance Sheet

For the four years ending 30 June 2023

	NOTES	Forecast	Budget	Strategic Resource Plan			
		Actual 2018/19	2019/20 \$'000	2020/21 \$'000	Projections 2021/22 \$'000	2022/23 \$'000	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents		28,914	30,922	32,239	30,517	31,536	
Trade and other receivables		3,698	3,682	3,718	3,756	3,793	
Inventories		45	30	30	30	30	
Other assets		417	377	377	377	377	
<b>Total current assets</b>	4.2.1	<u>33,074</u>	<u>35,011</u>	<u>36,364</u>	<u>34,680</u>	<u>35,736</u>	
<b>Non-current assets</b>							
Trade and other receivables		39	13	13	13	13	
Property, infrastructure, plant & equipment		344,684	344,182	342,117	340,063	338,023	
Intangible assets		2,896	2,283	2,204	2,126	2,052	
<b>Total non-current assets</b>	4.2.1	<u>347,619</u>	<u>346,478</u>	<u>344,334</u>	<u>342,202</u>	<u>340,088</u>	
<b>Total assets</b>		<u>380,693</u>	<u>381,489</u>	<u>380,698</u>	<u>376,882</u>	<u>375,824</u>	
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade and other payables		2,108	3,020	3,111	3,204	3,300	
Trust funds and deposits		1,030	1,088	1,088	1,088	1,088	
Provisions		3,496	3,475	3,510	3,545	3,580	
Interest-bearing liabilities	4.2.3	188	179	134	89	45	
<b>Total current liabilities</b>	4.2.2	<u>6,822</u>	<u>7,762</u>	<u>7,843</u>	<u>7,926</u>	<u>8,013</u>	
<b>Non-current liabilities</b>							
Provisions		6,140	6,170	6,047	5,926	5,808	
Interest-bearing liabilities	4.2.3	479	300	225	151	75	
<b>Total non-current liabilities</b>	4.2.2	<u>6,619</u>	<u>6,470</u>	<u>6,272</u>	<u>6,077</u>	<u>5,883</u>	
<b>Total liabilities</b>		<u>13,441</u>	<u>14,232</u>	<u>14,115</u>	<u>14,003</u>	<u>13,896</u>	
<b>Net assets</b>		<u>367,252</u>	<u>367,257</u>	<u>366,583</u>	<u>362,879</u>	<u>361,928</u>	
<b>Equity</b>							
Accumulated surplus		130,381	131,287	131,381	131,535	131,753	
Reserves		236,871	235,970	235,202	231,344	230,175	
<b>Total equity</b>		<u>367,252</u>	<u>367,257</u>	<u>366,583</u>	<u>362,879</u>	<u>361,928</u>	

**Statement of Changes in Equity**  
For the four years ending 30 June 2023

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2019 Forecast Actual</b>				
Balance at beginning of the financial year	367,485	130,198	219,167	18,120
Surplus/(deficit) for the year	(233)	(233)	-	-
Transfers from other reserves	-	416	-	(416)
<b>Balance at end of the financial year</b>	<b>367,252</b>	<b>130,381</b>	<b>219,167</b>	<b>17,704</b>
<b>2020 Budget</b>				
Balance at beginning of the financial year	367,252	130,381	219,167	17,704
Surplus/(deficit) for the year	5	5	-	-
Transfers from other reserves	-	901	-	(901)
<b>Balance at end of the financial year</b>	<b>367,257</b>	<b>131,287</b>	<b>219,167</b>	<b>16,803</b>
<b>2021</b>				
Balance at beginning of the financial year	367,257	131,287	219,167	16,803
Surplus/(deficit) for the year	93	93	-	-
Transfers from other reserves	(767)	1	-	(768)
<b>Balance at end of the financial year</b>	<b>366,583</b>	<b>131,381</b>	<b>219,167</b>	<b>16,035</b>
<b>2022</b>				
Balance at beginning of the financial year	366,583	131,381	219,167	16,035
Surplus/(deficit) for the year	154	154	-	-
Transfers from other reserves	(3,858)	-	-	(3,858)
<b>Balance at end of the financial year</b>	<b>362,879</b>	<b>131,535</b>	<b>219,167</b>	<b>12,177</b>
<b>2023</b>				
Balance at beginning of the financial year	362,879	131,535	219,167	12,177
Surplus/(deficit) for the year	216	216	-	-
Transfers from other reserves	(1,167)	2	-	(1,169)
<b>Balance at end of the financial year</b>	<b>361,928</b>	<b>131,753</b>	<b>219,167</b>	<b>11,008</b>

**Statement of Cash Flows**  
For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan		
	Actual 2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	Projections 2021/22 \$'000	2022/23 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	20,920	21,455	21,693	22,344	23,014
Statutory fees and fines & user fees	5,307	4,200	4,221	4,242	4,263
Grants - operating & capital	8,508	8,819	8,598	8,383	8,174
Interest received	872	812	828	844	861
Trust funds and deposits	(98)	58	-	-	-
Employee costs	(14,788)	(15,357)	(15,664)	(16,017)	(16,377)
Materials and services	(12,747)	(9,952)	(10,706)	(10,971)	(11,249)
<b>Net cash provided by/(used in) operating activities</b>	<b>7,974</b>	<b>10,035</b>	<b>8,970</b>	<b>8,825</b>	<b>8,686</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(11,048)	(8,199)	(7,772)	(10,710)	(7,877)
Proceeds from sale of property, infrastructure, plant and equipment	689	399	300	300	300
<b>Net cash provided by/ (used in) investing activities</b>	<b>(10,359)</b>	<b>(7,800)</b>	<b>(7,472)</b>	<b>(10,410)</b>	<b>(7,577)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(59)	(39)	(40)	(42)	(43)
Repayment of borrowings	(320)	(188)	(141)	(95)	(47)
<b>Net cash provided by/(used in) financing activities</b>	<b>(379)</b>	<b>(227)</b>	<b>(181)</b>	<b>(137)</b>	<b>(90)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(2,764)</b>	<b>2,008</b>	<b>1,317</b>	<b>(1,722)</b>	<b>1,019</b>
Cash and cash equivalents at the beginning of the financial year	31,678	28,914	30,922	32,239	30,517
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28,914</b>	<b>30,922</b>	<b>32,239</b>	<b>30,517</b>	<b>31,536</b>

**Statement of Capital Works**  
For the four years ending 30 June 2023

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2018/19	2019/20	2020/21	Projections	
		\$'000	\$'000	\$'000	2021/22	2022/23
<b>Property</b>						
Buildings		2,005	323	298	309	312
<b>Total buildings</b>		<b>2,005</b>	<b>323</b>	<b>298</b>	<b>309</b>	<b>312</b>
<b>Total property</b>		<b>2,005</b>	<b>323</b>	<b>298</b>	<b>309</b>	<b>312</b>
<b>Plant and equipment</b>						
Heritage plant and equipment		268	-	-	-	-
Plant, machinery and equipment		1,856	876	807	838	847
Computers and telecommunications		257	225	207	215	217
Library books		100	102	94	98	99
<b>Total plant and equipment</b>		<b>2,481</b>	<b>1,203</b>	<b>1,108</b>	<b>1,151</b>	<b>1,163</b>
<b>Infrastructure</b>						
Roads		3,827	2,683	2,472	2,565	2,593
Bridges		706	200	184	191	193
Footpaths and cycleways		224	328	302	314	317
Drainage		405	105	97	100	101
Recreational, leisure and community facilities		30	358	275	285	288
Waste management		970	2,678	2,740	5,488	2,600
Parks, open space and streetscapes		334	-	-	-	-
Off street car parks		66	321	296	307	310
<b>Total infrastructure</b>		<b>6,562</b>	<b>6,673</b>	<b>6,366</b>	<b>9,250</b>	<b>6,402</b>
<b>Total capital works expenditure</b>	4.3.1	<b>11,048</b>	<b>8,199</b>	<b>7,772</b>	<b>10,710</b>	<b>7,877</b>
<b>Represented by:</b>						
New asset expenditure		-	2,489	-	-	-
Asset renewal expenditure		7,150	4,473	7,017	9,927	7,085
Asset expansion expenditure		1,349	255	252	261	264
Asset upgrade expenditure		2,549	982	503	522	528
<b>Total capital works expenditure</b>	4.3.1	<b>11,048</b>	<b>8,199</b>	<b>7,772</b>	<b>10,710</b>	<b>7,877</b>
<b>Funding sources represented by:</b>						
Grants		2,305	<b>1,117</b>	1,027	1,027	1,027
Contributions		41	<b>429</b>	-	-	-
Council cash		8,702	<b>6,653</b>	6,745	9,683	6,850
<b>Total capital works expenditure</b>	4.3.1	<b>11,048</b>	<b>8,199</b>	<b>7,772</b>	<b>10,710</b>	<b>7,877</b>

**Statement of Human Resources**  
For the four years ending 30 June 2023

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	14,785	15,474	15,822	16,178	16,542
Employee costs - capital	101	122	125	128	130
<b>Total staff expenditure</b>	<b>14,886</b>	<b>15,596</b>	<b>15,947</b>	<b>16,306</b>	<b>16,672</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	152.7	159.1	159.0	159.0	159.0
<b>Total staff numbers</b>	<b>152.7</b>	<b>159.1</b>	<b>159.0</b>	<b>159.0</b>	<b>159.0</b>

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

Department	Budget 2019/20 \$'000	Comprises			
		Permanent		Casual	Temporary
		Full Time \$'000	Part time \$'000	\$'000	\$'000
Business development tourism and events	459	357	102		
Business services	1,460	776	649		35
Community assets	4,072	3,558	514		
Community wellbeing	3,657	420	2,784	305	148
Customer experience	1,497	685	690	27	95
Development services	1,825	1,400	246		179
Environmental programs	197	114	83		
Executive team and support	1,005	952	53		
Governance and risk	723	584	139		
Project delivery	579	424	52		103
<b>Total permanent staff expenditure</b>	<b>14,582</b>	<b>9,270</b>	<b>5,312</b>	<b>332</b>	<b>560</b>
Casuals, temporary and other expenditure	892				
<b>Total employee costs - operating</b>	<b>15,474</b>				
<b>Total employee costs - capital</b>	<b>122</b>				
<b>Total staff expenditure</b>	<b>15,596</b>				

A summary of the number of full time equivalent (FTE) positions in relation to the above expenditure is included below.

Department	Budget 2019/20 FTE	Comprises			
		Permanent		Casual	Temporary
		Full Time FTE	Part time FTE	FTE	
Business development tourism and events	4.10	3.00	1.10		
Business services	13.70	6.00	7.70	.	0.40
Community assets	45.70	40.00	5.70		
Community wellbeing	34.70	3.00	31.70	4.00	1.80
Customer experience	14.70	7.00	7.70	0.30	1.00
Development services	15.30	13.00	2.30		2.10
Environmental programs	1.80	1.00	0.80		
Executive team and support	5.60	5.00	0.60		
Governance and risk	6.30	5.00	1.30		
Project delivery	4.60	4.00	0.60		1.00
<b>Total permanent staff expenditure</b>	<b>146.50</b>	<b>87.00</b>	<b>59.50</b>	<b>4.30</b>	<b>6.30</b>
Casuals, temporary and other expenditure	10.60				
Capitalised labour costs	2.00				
<b>Total staff</b>	<b>159.10</b>				

## 4. Notes to the financial statements

This section presents detailed information on material components of the financial statements. Council needs to assess which components are material, considering the dollar amounts and nature of these components.

### 4.1 Comprehensive Income Statement

#### 4.1.1 Rates and charges

Rates and charges are required by the Act and the Regulations to be disclosed in Council's annual budget.

In developing the Strategic Resource Plan, rates and charges are identified as Council's most important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The Fair Go Rates System ("FGRS") sets out the maximum amount councils may increase rates in a year. For 2019/20 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges. It should be noted that the waste & recycling charges are not included in the FGRS cap calculation.

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 community.

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 2.5%, in-line with the rate cap set by the State Government.

This will raise total rates and charges for 2019/20 to \$21.3M.

4.1.1(a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

	Forecast Actual \$'000	Budget \$'000	Change \$'000	%
General rates*	14,081	14,626	545	3.87%
Municipal charge*	3,123	3,272	149	4.78%
Waste management charge	3,178	3,337	159	5.00%
Special rates and charges	87	-	87	-100.00%
Supplementary rates and rate adjustments	167	82	85	-51.00%
Revenue in lieu of rates	64	65	1	1.56%
<b>Total rates and charges</b>	<b>20,700</b>	<b>21,382</b>	<b>682</b>	<b>3.30%</b>

\*These items are subject to the rate cap established under the FGRS

4.1.1(b) The rate in the dollar to be levied as general rates under section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2018/19 cents/\$CIV*	2019/20 cents/\$CIV*	Change
General rate for rateable residential properties	0.3273	0.3060	-6.49%
General rate for rateable commercial/industrial properties	0.4091	0.3826	-6.49%
General rate for rateable vacant land properties	0.4909	0.4591	-6.48%
General rate for rateable rural 1 properties	0.2291	0.2142	-6.49%
General rate for rateable rural 2 properties	0.3240	0.3030	-6.49%

4.1.1(c) The estimated total amount to be raised by general rates in relation to each type or class of rateable land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2018/19 \$'000	2019/20 \$'000	Change	
			\$'000	%
Residential	6,253	6,689	436	6.97%
Commercial / Industrial	839	904	65	7.75%
Vacant Land	641	644	3	0.47%
Rural 1	3,254	3,251	-	-0.09%
Rural 2	3,094	3,138	44	1.42%
<b>Total amount to be raised by general rates</b>	<b>14,081</b>	<b>14,626</b>	<b>545</b>	<b>3.87%</b>

4.1.1(d) The number of assessments in relation to each type or class of rateable land, and the total number of assessments, compared with the previous financial year

Type or class of land	2018/19 Number	2019/20 Number	Change	
			Number	%
Residential	5,589	5,694	105	1.88%
Commercial / Industrial	439	447	8	1.82%
Vacant Land	725	712	-13	-1.79%
Rural 1	1,275	1,293	18	1.41%
Rural 2	1,780	1,804	24	1.35%
<b>Total number of assessments</b>	<b>9,808</b>	<b>9,950</b>	<b>142</b>	<b>1.45%</b>

4.1.1(e) The basis of valuation to be used is the Capital Improved Value (CIV).

4.1.1(f) The estimated total value of each type or class of rateable land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2018/19 \$'000	2019/20 \$'000	Change	
			\$'000	%
Residential	1,910,493	2,185,840	275,347	14.41%
Commercial / Industrial	204,977	236,378	31,401	15.32%
Vacant Land	130,638	140,217	9,579	7.33%
Rural 1	1,420,191	1,517,379	97,188	6.84%
Rural 2	954,831	1,035,623	80,792	8.46%
<b>Total value of land</b>	<b>4,621,130</b>	<b>5,115,437</b>	<b>494,307</b>	<b>10.70%</b>

4.1.1(g) The municipal charge under Section 159 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2018/19	Per Rateable Property 2019/20	Change	
	\$	\$	\$	%
Municipal	333.00	341.00	8	2.40%

4.1.1(h) The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of Charge	2018/19 \$'000	2019/20 \$'000	Change	
			\$'000	%
Municipal	3,123	3,272	149	4.78%

4.1.1(i) The rate or unit amount to be levied for each type of service rate or charge under Section 162 of the Act compared with the previous financial year

Type of Charge	Per Rateable	Per Rateable	Change	
	Property 2018/19	Property 2019/20	\$	%
Kerbside Collection	363.00	381.20	18.20	5.01%
Recycling	111.00	116.50	5.50	4.95%
<b>Total</b>	<b>474.00</b>	<b>497.70</b>	<b>23.70</b>	<b>5.00%</b>

For the purposes of clarification of "defined properties" for garbage and recycling charges, defined properties for compulsory garbage and recycling charges are described as follows;

- all townships (residential)
- all townships and low density residential zones;
- all other residential properties within the area as defined previously by Council. (no change).

For industrial or commercial properties, 75% of the garbage charge & recycling charge will be waived upon production of satisfactory evidence to Council that an alternative commercial waste disposal arrangement is in operation.

4.1.1(j) The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of Charge	2018/19	2019/20	Change	
	\$'000	\$'000	\$'000	%
Kerbside Collection	2,423	2,544	121	5.01%
Recycling	755	793	38	4.97%
<b>Total</b>	<b>3,178</b>	<b>3,337</b>	<b>159</b>	<b>5.00%</b>

4.1.1(k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2018/19	2019/20	Change	
	\$'000	\$'000	\$'000	%
General Rates	14,081	14,626	545	3.87%
Municipal Charge	3,123	3,272	149	4.78%
Kerbside Collection and Recycling	3,178	3,337	159	5.00%
Special rates and charges	87	-	87	-100.00%
Agreement in lieu of rates (Power Station)	64	65	1	1.56%
Supplementary rates and charges	167	82	-	85
<b>Total Rates and charges</b>	<b>20,700</b>	<b>21,382</b>	<b>682</b>	<b>3.29%</b>

#### 4.1.1(l) Fair Go Rates System Compliance

Murrindindi Shire Council is fully compliant with the State Government's Fair Go Rates System, as demonstrated in the following table.

	2018/19 \$'000	2019/20 \$'000
Total Rates	\$ 16,843	\$ 17,479
Number of rateable properties	9,808	9,950
Base Average Rates	\$ 1,717	\$ 1,757
Maximum Rate Increase (set by the State Government)	2.25%	2.50%
Capped Average Rate (as applied by Council)	\$ 1,756	\$ 1,801
Maximum General Rates and Municipal Charges Revenue	\$ 17,220	\$ 17,916
Budgeted General Rates and Municipal Charges Revenue	\$ 17,204	\$ 17,898

#### 4.1.1(m) Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa
- Changes of use of land such that residential land becomes business land and vice versa.

#### 4.1.1(n) Differential rates categories

##### Rates to be levied

The rate and amount of rates payable in relation to land in each category are:

- A general rate of 0.00306047 (0.3060 cents in the dollar of CIV) for all rateable residential properties; and
- A differential rate of 0.00382558 (0.3826 cents in the dollar of CIV) for all rateable Commercial and Industrial properties (125% of general rate); and
- A differential rate of 0.00214233 (0.2142 cents in the dollar of CIV) for all rateable Rural 1 properties (70% of general rate); and
- A differential rate of 0.00302986 (0.3030 cents in the dollar of CIV) for all rateable Rural 2 properties (99% of general rate); and
- A differential rate of 0.0045907 (0.4591 cents in the dollar of CIV) for all rateable Vacant Land properties (150% of general rate).

Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate, are set out below.

## Rural 1 Land

Rural 1 land is any rateable land, which is:

- Not less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital required for farming within the Shire and limited access to some services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

## Rural 2 Land

Rural 2 land is any rateable land, which is:

- greater than 4 hectares and less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital required for farming within the Shire and limited access to some services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

## Vacant Land

Vacant land is defined as:

- Any land which is located in Council's defined residential, commercial, rural living or industrial zones for planning purposes that is currently undeveloped.
- Undeveloped land is broadly classified as land not containing an approved, habitable structure, or land that has not been developed for the purpose of commercial or industrial use.

The objective of this differential rate is to encourage property owners to develop vacant land identified by Council as suitable for development, rather than simply acquire or hold land for the purpose of future investment without developing it. Encouraging the development of land ensures that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

Land covered by this classification is not affected by ward boundaries.

## Commercial / Industrial Land

Commercial and industrial properties are defined as:

- Any property which is used primarily for commercial and/or industrial purposes and/or,
- Any property zoned as commercial and industrial land under the planning scheme in force in the municipal district which is not deemed vacant as per above.

The objective of this differential rate is to ensure that the owners of the property having the characteristics of Commercial and Industrial Land make an equitable financial contribution to the cost of carrying out Council's functions, including those functions supporting economic development and tourism, and the renewal and maintenance of public infrastructure that is of critical importance and benefit to business owners.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

#### 4.1.2 Statutory fees and fines

	Forecast	Budget	Change	
	Actual	2019/20		
	2018/19	\$'000	\$'000	%
Building	296	322	26	8.78%
Community Safety	160	180	20	12.50%
Environmental Health	127	144	17	13.39%
Development Services	72	58	-	-19.44%
Planning and Subdivisions	370	354	-	-4.32%
Other	25	25	-	0.00%
<b>Total statutory fees and fines</b>	<b>1,050</b>	<b>1,083</b>	<b>33</b>	<b>3.14%</b>

Statutory fees and fines relate mainly to fees and fines levied in accordance with legislation and include planning permits, subdivision fees, building permits, Health Act registrations, animal registrations and parking infringements,

#### 4.1.3 User fees

	Forecast	Budget	Change	
	Actual	2019/20		
	2018/19	\$'000	\$'000	%
Halls & Community Centres	39	37	(2)	-5.13%
Aged Care	771	821	50	6.49%
Valuation data	99	0	(99)	-100.00%
Saleyards fees	458	436	(22)	-4.80%
Recreation Pools & leisure centres	84	91	7	8.33%
Waste - transfer stations & landfill fees	1,312	985	(327)	-24.92%
Other	29	23	(6)	-20.69%
<b>Total user fees</b>	<b>2,792</b>	<b>2,393</b>	<b>(399)</b>	<b>-14.29%</b>

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include charges for use of community facilities and the provision of human services such as home help services, saleyards fees and waste management fees. In setting the budget, the key principle for determining the level of user charges has been to ensure that where possible, individual fee levels increases do not exceed the rate cap level of 2.5%.

#### 4.1.4 Grants

Grants are required by the Act and the Regulations to be disclosed in Council's annual budget. A list of operating grants and capital grants by type and source, classified into recurrent and non-recurrent, is included below.

	<b>Forecast Actual 2017/18 \$'000</b>	<b>Budget 2018/19 \$'000</b>	<b>Change \$'000</b>	<b>%</b>
<b>Grants received in respect of the following:</b>				
Summary of grants				
Commonwealth funded grants	5,295	7,514	2,219	42%
State funded grants	2,801	1,354	(1,447)	-52%
<b>Total grants received</b>	<b>8,096</b>	<b>8,868</b>	<b>772</b>	<b>10%</b>
<b>(a) Operating Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Aged and disability	894	895	1	0%
Financial assistance grants	2,283	4,736	2,453	107%
Children services	1,003	1,003	-	0%
Environmental health	4	4	-	0%
<b>Recurrent - State Government</b>				
Aged and disability	356	362	6	2%
Children services	226	252	26	12%
Environmental health	9	9	-	0%
Community Safety	30	30	-	0%
Libraries	152	154	2	1%
<b>Total recurrent grants</b>	<b>4,957</b>	<b>7,445</b>	<b>2,488</b>	<b>50%</b>
<b>Non-recurrent - Commonwealth Government</b>				
Children services	10	10	-	0%
<b>Non-recurrent - State Government</b>				
Children services	51	65	14	28%
Community Development	344	-	(344)	-100%
Economic development	171	-	(171)	-100%
Emergency management	60	60	-	0%
Environmental health	5	5	-	0%
Environmental programs	79	-	(79)	-100%
Recreational services	10	166	156	1647%
Recycling	14	-	(14)	-100%
Youth services	90	90	-	0%
<b>Total non-recurrent grants</b>	<b>834</b>	<b>396</b>	<b>(439)</b>	<b>-53%</b>
<b>Total operating grants</b>	<b>5,791</b>	<b>7,841</b>	<b>2,050</b>	<b>35%</b>

	Forecast Actual 2017/18	Budget 2018/19	Change	
	\$'000	\$'000	\$'000	%
<b>(b) Capital Grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Roads to recovery	1,083	866	(217)	-20%
<b>Recurrent - State Government</b>				
Library Book stock	6	6	-	-
<b>Total recurrent grants</b>	<b>1,089</b>	<b>872</b>	<b>(217)</b>	<b>-20%</b>
<b>Non-recurrent - Commonwealth Government</b>				
Buildings	18	-	(18)	-100%
<b>Non-recurrent - State Government</b>				
Buildings	567	155	(412)	-73%
Heritage	63	-	(63)	-100%
Roads and Bridges	568	-	(568)	-100%
<b>Total non-recurrent grants</b>	<b>1,216</b>	<b>155</b>	<b>(1,061)</b>	<b>-87%</b>
<b>Total capital grants</b>	<b>2,305</b>	<b>1,027</b>	<b>(1,278)</b>	<b>-55%</b>
<b>Total Grants</b>	<b>8,096</b>	<b>8,868</b>	<b>773</b>	<b>10%</b>

#### 4.1.5 Contributions

	Forecast Actual 2017/18	Budget 2018/19	Change	
	\$'000	\$'000	\$'000	%
Monetary - operating	241	24	(217)	-90.04%
Monetary - capital	111	25	(86)	-77.48%
Non-monetary - Capital	805	400	(405)	-50.31%
<b>Total contributions</b>	<b>1,157</b>	<b>449</b>	<b>(708)</b>	<b>-61.18%</b>

Monetary contributions are funds paid by developers that relate to public recreation, drainage and car parking in accordance with planning permits issued for property development.

Non-monetary contributions relate to gifted assets that are received from developers for public recreation, drainage and car parking in accordance with planning permits issued for property development in lieu of making a monetary payment to Council.

#### 4.1.6 Other income

	Forecast	Budget	Change	
	Actual			
	2018/19	2019/20	\$'000	%
Interest	749	677	-	72 -9.61%
Interest on rates	135	135	-	- 0.00%
Rental	258	252	-	6 -2.33%
Reimbursements	475	385	-	90 -18.95%
Other	96	71	-	25 -26.04%
<b>Total other income</b>	<b>1,713</b>	<b>1,520</b>	<b>-</b>	<b>193 -11.27%</b>

Other income relates to a range of items such as cost recovery and other miscellaneous income items. It consists primarily of interest revenue on investments and rate arrears and rent revenue that Council receives from various lease or licence agreements.

#### 4.1.7 Employee costs

	Forecast	Budget	Change	
	Actual			
	2018/19	2019/20	\$'000	%
Wages and salaries	13,369	13,893	524	3.92%
WorkCover	205	282	77	37.56%
Superannuation	1,211	1,299	88	7.27%
<b>Total employee costs</b>	<b>14,785</b>	<b>15,474</b>	<b>689</b>	<b>4.66%</b>

Employee costs include all labour related expenditure such as wages, salaries, allowances and on-costs such as leave entitlements, superannuation and WorkCover. Employee costs are estimated to increase due to salary movements through banding adjustments and the Enterprise Agreement. This includes positions which have been funded from specific grants. The increase in employee costs is partially offset by a reduction in contractor expenditure (see table 4.1.8 Materials and services below).

#### 4.1.8 Materials and services

	Forecast	Budget	Change	
	Actual			
	2018/19	2019/20	\$'000	%
Consultants	328	277	-	51 -15.55%
Contractors	7,430	7,277	-	153 -2.06%
Contributions	1,596	855	-	741 -46.43%
Insurance	447	461	-	14 3.13%
Legal expenses	320	308	-	12 -3.75%
Materials	898	847	-	51 -5.68%
Utilities	527	525	-	2 -0.38%
<b>Total materials and services</b>	<b>11,546</b>	<b>10,550</b>	<b>-</b>	<b>996 -8.63%</b>

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs.

#### 4.1.9 Depreciation and amortisation

	Forecast	Budget	Change
	Actual		
	2018/19	2019/20	
Property	2,676	2,730	54 <b>2.02%</b>
Plant & equipment	869	902	33 <b>3.80%</b>
Infrastructure	4,939	5,037	98 <b>1.98%</b>
Intangible Assets	700	613	- 87 <b>-12.43%</b>
<b>Total depreciation and amortisation</b>	<b>9,184</b>	<b>9,282</b>	<b>98 <b>1.07%</b></b>

Depreciation is an accounting measure which allocates the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains.

#### 4.1.10 Other expenses

	Forecast	Budget	Change
	Actual		
	2018/19	2019/20	
Auditor remuneration	87	87	- <b>0.00%</b>
Councillor Allowances	202	205	3 <b>1.49%</b>
Other	106	22	- 84 <b>-79.25%</b>
<b>Total other expenses</b>	<b>395</b>	<b>314</b>	<b>- 81 <b>-20.51%</b></b>

Other expenses relate to rates and charges waived for charitable and not-for-profit organisations, Councillors' allowances and remuneration for auditors and audit committee members.

## 4.2 Balance Sheet

### 4.2.1 Assets

Council's asset position is primarily driven by the value of its physical infrastructure (property, plant and equipment) and its projected cash levels. Cash and cash equivalents include cash and investments held in the bank in deposits or other highly liquid investments with short term maturities of three months or less.

### 4.2.2 Liabilities

Council's liabilities, exclusive of bank debt which is detailed further in section 4.2.3 below is primarily made up of entitlements owed to employees and funds held as sureties against a variety of contracts.

Council's working capital ratio remains extremely strong, as more than four times the level of Council's current liabilities are covered by its current asset position. This ensures Council's ability to meet its employee and supplier payments, as well as immediately commence on its capital works program in 2019/20, rather than waiting for the receipt of rate funds which do not commence until October each year.

### 4.2.3 Borrowings

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

	2018/19 \$	2019/20 \$
Amount borrowed as at 30 June of the prior year	987	667
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	<u>(320)</u>	<u>(188)</u>
Amount of borrowings as at 30 June	<u>667</u>	<b>479</b>

### 4.2.4 Borrowing Costs

	Forecast Actual	Budget		Change	
	2018/19	2019/20			
	\$'000	\$'000	\$'000	%	
Interest - borrowings	55	37	-	18	-32.73%
<b>Total borrowing costs</b>	<b>55</b>	<b>37</b>	<b>-</b>	<b>18</b>	<b>-32.73%</b>

Council is forecasting no new borrowings. As a result, Council's total debt holdings will decrease to \$479k by 30 June 2020, with costs associated with borrowings reducing by more than 32% in the 2019/20 financial year.

## 4.3 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2019/20 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

### 4.3.1 Summary

	Forecast	Budget	Change	%
	Actual	2018/19		
	\$'000	\$'000		
Property	2,005	323	(1,682)	-83.91%
Plant and equipment	2,481	1,203	(1,278)	-51.50%
Infrastructure	6,562	6,673	111	1.69%
<b>Total</b>	<b>11,048</b>	<b>8,199</b>	<b>(2,849)</b>	<b>-25.79%</b>

	Project Cost	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	323	73	163	87	-	-	-	323	-
Plant and equipment	1,203	120	973	110	-	6	219	978	-
Infrastructure	6,673	2,296	3,337	785	255	1,111	210	5,352	-
<b>Total</b>	<b>8,199</b>	<b>2,489</b>	<b>4,473</b>	<b>982</b>	<b>255</b>	<b>1,117</b>	<b>429</b>	<b>6,653</b>	<b>-</b>

#### 4.3.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources				
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000	
<b>PROPERTY</b>										
<b>Buildings</b>										
Alexandra depot works - toilet renewal	20	-	18	2	-	-	-	20	-	
Alexandra Shire Hall - external column restoration	10	-	10	-	-	-	-	10	-	
Alexandra Shire Hall - kitchen	60	-	48	12	-	-	-	60	-	
Asbestos management works	50	-	50	-	-	-	-	50	-	
Australia Day honour boards	5	5	-	-	-	-	-	5	-	
Public conveniences - epoxy floors	50	-	25	25	-	-	-	50	-	
Yea Saleyards - Auctioneers Walkway - New Holding Pens	68	68	-	-	-	-	-	68	-	
Yea Saleyards - Water supply & Spinkler Upgrade	60	-	12	48	-	-	-	60	-	
<b>Total Buildings</b>	<b>323</b>	<b>73</b>	<b>163</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>-</b>	
<b>TOTAL PROPERTY</b>	<b>323</b>	<b>73</b>	<b>163</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>-</b>	

Capital Works Area	Project Cost	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PLANT AND EQUIPMENT</b>									
<b>Plant, Machinery and Equipment</b>									
Moveable pound yards and ramp	20	20	-	-	-	-	-	20	-
Plant replacement	856	-	771	85	-	-	219	637	-
<b>Total Plant, Machinery &amp; Equip.</b>	<b>876</b>	<b>20</b>	<b>771</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>657</b>	<b>-</b>
<b>Computers and Telecommunications</b>									
IT System Development	125	-	100	25	-	-	-	125	-
Software	100	100	-	-	-	-	-	100	-
<b>Total Computers &amp; Telecomm.</b>	<b>225</b>	<b>100</b>	<b>100</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>-</b>
<b>Library books</b>									
Library Bookstock	102	-	102	-	-	6	-	96	-
<b>Total Library Books</b>	<b>102</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>96</b>	<b>-</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>1,203</b>	<b>120</b>	<b>973</b>	<b>110</b>	<b>-</b>	<b>6</b>	<b>219</b>	<b>978</b>	<b>-</b>
<b>INFRASTRUCTURE</b>									
<b>Roads</b>									
Gravel Roads - major maintenance	341	-	341	-	-	-	-	341	-
Gravel Roads - Resheeting	866	-	866	-	-	866	-	-	-
Kerb & Channel Renewal	145	-	133	12	-	-	-	145	-
Sealed Roads - Renewal	490	-	490	-	-	-	-	490	-
Sealed Roads - Reseals	564	-	564	-	-	-	-	564	-
Sealed Roads - Shoulder resheeting	68	-	68	-	-	-	-	68	-
Sealed Roads - Upgrade	50	-	10	40	-	-	-	50	-
Traffic treatments	99	-	-	99	-	-	-	99	-
Works - Murchison Street, Marysville	60	-	54	6	-	-	-	60	-
<b>Total Roads</b>	<b>2,683</b>	<b>-</b>	<b>2,526</b>	<b>157</b>	<b>-</b>	<b>866</b>	<b>-</b>	<b>1,817</b>	<b>-</b>
<b>Bridges</b>									
Bridges and culverts - renewal	200	-	200	-	-	-	-	200	-
<b>Total Bridges</b>	<b>200</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>

Capital Works Area	Project Cost	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Footpaths and Cycleways</b>									
Footpath - renewal	270	-	270	-	-	-	-	270	-
Paths - Urbans Access Improvements	58	-	25	33	-	-	-	58	-
<b>Total Footpaths &amp; Cycleways</b>	<b>328</b>	<b>-</b>	<b>295</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328</b>	<b>-</b>
<b>Drainage</b>									
Drainage - renewal	35	-	35	-	-	-	-	35	-
Drainage - trouble spots	70	-	35	35	-	-	-	70	-
<b>Total Drainage</b>	<b>105</b>	<b>-</b>	<b>70</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>-</b>
<b>Recreational, Leisure &amp; Community Facilities</b>									
Kinglake Memorial Reserve - Perimeter fencing	22	-	22	-	-	-	-	22	-
Regional Mountain Bike (MTB) Trail Signage	15	15	-	-	-	-	-	15	-
Swimming Pool Renewal Program	55	17	38	-	-	-	-	55	-
Yea Rec Reserve - Female Change Rooms	156	-	78	78	-	156	-	-	-
Yea Rec Reserve - ground water pipe renewal	50	-	50	-	-	-	-	50	-
<b>Total Recreational Facilities</b>	<b>298</b>	<b>32</b>	<b>188</b>	<b>78</b>	<b>-</b>	<b>156</b>	<b>-</b>	<b>142</b>	<b>-</b>
<b>Waste Management</b>									
Landfill - cell development and design	75	-	-	-	75	-	-	75	-
Landfill - Construction of Cap	1,754	1,754	-	-	-	-	-	1,754	-
Landfill - expansion of monitoring network	180	-	-	-	180	-	-	180	-
Landfill - projects	215	160	28	27	-	-	-	215	-
Landfill - closed landfill rehabilitation	380	-	-	380	-	-	-	380	-
Resource Recovery Centres - e-waste	29	29	-	-	-	29	-	-	-
Resource Recovery Centres - upgrade	45	-	-	45	-	-	-	45	-
<b>Total Waste Management</b>	<b>2,678</b>	<b>1,943</b>	<b>28</b>	<b>452</b>	<b>255</b>	<b>29</b>	<b>-</b>	<b>2,649</b>	<b>-</b>

Capital Works Area	Project Cost	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Off Street Car Parks</b> <i>Murchison St Carpark Development, Marysville</i>	321	321	-	-	-	-	210	111	-
<b>TOTAL INFRASTRUCTURE</b>	<b>6,613</b>	<b>2,296</b>	<b>3,307</b>	<b>755</b>	<b>255</b>	<b>1,051</b>	<b>210</b>	<b>5,352</b>	-
<b>TOTAL CAPITAL WORKS</b>	<b>8,139</b>	<b>2,489</b>	<b>4,443</b>	<b>952</b>	<b>255</b>	<b>1,057</b>	<b>429</b>	<b>6,653</b>	-

#### 4.3.3 Works carried forward from the 2018/19 year

Capital Works Area	Project Cost	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFRASTRUCTURE</b> <b>Recreational, Leisure &amp; Community Facilities</b> <i>Yea Rec Reserve - Female Change Rooms</i>	60	-	30	30	-	60	-	-	-
<b>TOTAL INFRASTRUCTURE</b>	<b>60</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CARRIED FORWARD CAPITAL WORKS 2018/19</b>	<b>60</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5. 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			Trend
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	+/-
<b><i>Operating position</i></b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	3.1%	5.7%	-1.6%	-3.9%	-3.7%	-3.4%	-
<b><i>Liquidity</i></b>								
Working Capital	Current assets / current liabilities	471.1%	484.8%	451.1%	463.6%	437.5%	446.0%	o
Unrestricted cash	Unrestricted cash / current liabilities	73.1%	333.8%	318.9%	334.0%	310.3%	321.1%	o
<b><i>Obligations</i></b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	5.0%	3.2%	2.2%	1.6%	1.1%	0.5%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue	2.3%	1.8%	1.1%	0.8%	0.6%	0.4%	+
Indebtedness	Non-current liabilities / own source revenue	27.7%	19.7%	18.4%	17.9%	16.9%	15.9%	+
Asset renewal	Asset renewal expenses / Asset depreciation	53.2%	84.3%	51.6%	78.8%	108.6%	75.5%	o
<b><i>Stability</i></b>								
Rates concentration	Rate revenue / adjusted underlying revenue	58.7%	61.6%	60.9%	62.7%	62.9%	63.1%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	o
<b><i>Efficiency</i></b>								
Expenditure level	Total expenses/ no. of property assessments	\$3,359	\$3,667	\$3,584	\$3,669	\$3,757	\$3,846	o
Revenue level	Residential rate revenue / no. of residential property assessments	\$1,102	\$1,119	\$1,175	\$1,201	\$1,228	\$1,256	o
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	9.1%	9%	8%	8%	8%	8%	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

## **Appendix A**

### **Fees and charges schedule**

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2019-20 year. A number of fees and charges are set by other levels of government (statutory fees) and are not subject to discretionary change by Council. Statutory fees will be changed by Council when advised of a change by the relevant authorities (\*). All other fees and charges may be reviewed and altered by Council during the year should circumstances warrant a change.

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
<b>Administration Charges</b>			
Photocopy / Incoming Fax Charges - A4 Black & White	Per side printed	0.30	0.30
Photocopy / Incoming Fax Charges - A4 Colour	Per side printed	1.00	1.00
Photocopy / Incoming Fax - A3 Black & White	Per side printed	0.60	0.60
Photocopy / Incoming Fax - A3 Colour	Per side printed	2.00	2.00
Photocopy / Incoming Fax - AO B&W Photocopies	Per copy	8.00	8.00
Photocopy / Incoming Fax - A1 B&W Photocopies	Per copy	6.80	6.80
Photocopy / Incoming Fax - A2 B&W Photocopies	Per copy	5.50	5.50
Photocopy / Incoming Fax Charges - Planning Photo A3	Per side printed	1.00	1.00
Freedom of Information Request - Statutory (Photocopy / Incoming Faxing additional)	Per application	28.90	28.90
<b>FAXING</b>		2.00	2.00
Freedom of Information - Search Charges	1.5 fee units per hour	1.5 fee units per hour	1.5 fee units per hour
Freedom of Information requests - Supervision Charges	1.5 fee units per hour	1.5 fee units	1.5 fee units
Freedom of Information requests - B & W Photocopy / Incoming Fax (A4)	Per copy	0.20	0.20
Freedom of Information - health explanation provided by a suitably qualified practitioner	Per qtr hour or part thereof	1.9 fee units to a maximum of 6 fee units	1.9 fee units to a maximum of 6 fee units
Freedom of Information - provision of a health information summary	Per qtr hour or part thereof	1.9 fee units to a maximum of 6 fee units	1.9 fee units to a maximum of 6 fee units
<b>General - Rates etc.</b>			
Land Information Certificate Receipt	Per certificate	26.30	26.30
Reprint of lost/misplaced Rates Notice	Per certificate	5.00	5.00
<b>Streets &amp; Open Space</b>			
Road Closure Permit - Advertising costs	Per application	100.00	100.00
<b>Development Services</b>			
Drainage Point of Discharge information (BCA Scheduled fee)	Per information certificate	66.50	66.50
Works Maintenance Bonds (Refundable)		5% of Cost of works	5% of Cost of works
Checking Engineering Plans	Per application	0.75% of value of works	0.75% of value of works
Supervision Fees of Works	Per application	2.5% of value of works	2.5% of value of works
<b>Municipal Roads &lt;50kph</b>			
Major Works (A)	Per application	339.60	339.60

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Major Works (B)	Per application	86.70	86.70
Minor Works (A)	Per application	134.40	134.40
Minor Works (B)	Per application	86.70	86.70
<b>Municipal Roads &gt;50kph</b>			*
Major Works (A)	Per application	622.80	622.80
Major Works (B)	Per application	339.60	339.60
Minor Works (A)	Per application	134.40	134.40
Minor Works (B)	Per application	86.70	86.70
(A) On Roadway, shoulder or pathway			*
(B) Not on Roadway, shoulder or pathway			*
Driveway crossings and service connections are generally considered as minor works			*
<b>Building</b>			
<b>Domestic Building Applications:</b>			
<b>Dwellings additions / alterations</b>			
Up to \$40,000	Per permit	498.00	505.00
Up to \$170,000 in value (4 inspections)	Per permit	888.00	905.00
Over \$170,000 in value (4 inspections)	Per permit	\$cost/200 + gst	\$cost/200 + gst
New Dwellings			
Up to \$275,000	Per permit	1488.00	1,500.00
Over \$275,000	Per permit	\$cost/200 + gst	\$cost/200 + gst
e.g. cost of works new dwelling \$272,000 / 200 = \$1,360 + gst + \$30 Lodgement fee + government levy			
Shed / Carport / Verandas	Per permit	505.00	515.00
Sheds over 50m2	Per permit	683.00	695.00
Swimming Pools	Per permit	683.00	695.00
Re-stumping	Per permit	340.00	345.00
Underpinning	Per permit	340.00	345.00
<b>Demolition Permits</b>			
- Dwellings	Per permit	355.00	360.00
- Commercial / Industrial up to 200m2	Per permit	690.00	700.00
Fences	Per permit	275.00	280.00
<b>Commercial Building Applications:</b>			
as per AIBS Guidelines 4 (\$cost / 2000 + V cost)			
e.g. cost of works \$250,000 / 2000 = \$125, V\$250,000 = \$500, \$125 + \$500 = \$625 x 4 = \$2,500 + GST + \$118.90 Lodgement fee + govt. levy		as per AIBS Guidelines 4(\$cost/2000+Sqr\$cost)	as per AIBS Guidelines 4(\$cost/2000+Sqr\$cost)
Construction value \$100,000	Per application	1611.39	1,611.40
Construction value \$250,000	Per application	2750.00	2,750.00
<b>Building Commission's Operations Levy</b>			
Domestic Building Permits - where value of works is greater than \$10,000	Levy per permit	0.128% of \$	0.128% of \$
Commercial Building Permits - where value of works is greater than \$10,000	Levy per permit	0.128% of \$	0.128% of \$
Extension of Time	Per application	210.00	214.00
Amendment to Permit / Variation to Plan	Per application	Min. \$135.00	Min.135.00
Inspection of dwelling - relocation (plus deposit \$50.00 )	Per application	445.00	450.00
Inspection Fees - expired permits - final certificate required	Per application	214.00	215.00
Copy of Plans- (Dwellings)	Per set	56.00	57.00
Copy of Plans- (Commercial/Industrial)	Per set	86.00	87.00
Building Permit Search Fee	Per search	76.00	77.00
Modification to siting requirements	Per application	283.40	283.40
Application to build over easement	Per application	283.40	283.40
Building Information Certificate	Per certificate	46.10	46.10
Complex Property Inquiry - Commercial/Industrial	Per inquiry	76.50	76.50
Building Control Lodgement Fees (Domestic & Commercial)	Per lodgement	118.90	118.90
Fee for Building in a flood prone area	Per lodgement	283.40	283.40
<b>Health</b>			

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Septic Tank Fees domestic	Per permit	540.00	550.00
Septic Tank Alteration	Per permit	300.00	306.00
Septic Tank Fees commercial	Per permit	540.00	550.00
Septic Tank Permit extension	Per permit	150.00	153.00
<b>Food Premises Registration (New categories)</b>			
Category 3	Per registration	180.00	183.00
Category 2	Per registration	320.00	325.00
Category 1	Per registration	400.00	408.00
<b>Prescribed Accommodation Registration</b>			
Level 1 - up to 25 beds	Per registration	145.00	147.90
Level 2 - 26 to 50 beds	Per registration	200.00	204.00
Level 3 - 51 to 74 beds	Per registration	265.00	270.30
Level 4 - 75 to 100 beds	Per registration	330.00	336.60
Level 5 - 101 to 125 beds	Per registration	395.00	402.90
Hair Dressers Registration	Per registration	175.00	178.00
Skin Penetration Registration	Per registration	175.00	178.00
Caravan Parks Registration - per site	Per site registration	NA	NA
Business Registration Transfers - Health	Per transfer	143.00	145.00
Inspections - Health	Per inspection	143.00	145.00
Flu shots to external organisations	Per shot	20.00	20.40
<b>Local Laws</b>			
<b>Animal Impoundment Fees</b>			
Dog	Per head	84.00	85.50
Dog (Concession owner)	Per head	44.00	45.00
Cattle	Per head	92.00	93.50
Goats & Pigs	Per head	49.00	50.00
Horses	Per head	92.00	93.50
Sheep Pound	Per head	24.50	25.00
Each additional animal	Per head	3.60	3.70
Sustenance (per day)	Per head	25.00	25.50
All other animals (birds & poultry)	Per head	2.15	2.20
- sustenance (per day)	Per head	1.30	2.00
Livestock transport	Flat rate	255.00	259.00
<b>Animal Registrations</b>			
Dog Tag Replacement Fee	Per tag	4.30	4.40
Cat Tag Replacement Fee	Per tag	4.30	4.40
Dog/cat registration - not desexed	Per dog/cat	130.00	132.00
Dog cat registration - not desexed (Concession)	Per dog/cat	65.00	66.00
Dog/cat Registration - <b>Desexed</b>	Per dog/cat	44.00	45.00
Dog/cat Registration - <b>Desexed</b> (Concession)	Per dog/cat	22.00	22.50
Guide dog registration & re-registration	Per dog	0.00	0.00
Restricted breeds/Declared Animals	Per animal	250.00	255.00
Dog/cat discounted registration	Per dog/cat	44.00	45.00
Dog/cat discounted registration - concession	Per dog/cat	22.00	22.50
New dog/cat registration (after 1 January - pro rata)	Per dog/cat	65.00	66.00
New dog cat registration (after 1 January - pro rata)- Concession	Per dog/cat	33.00	33.50
New Dog/cat Registration (after 1 January) - pro rata- <b>Desexed</b>	Per dog/cat	22.00	22.50
New Dog/cat Registration (after 1 January) - pro rata- <b>Desexed</b> - Concession	Per dog/cat	11.00	11.50
Domestic Animal Business Registration / Renewal	Per Premises	122.00	124.00
<b>Fire Prevention</b>			
Fire Prevention Slashing of Private Blocks - Administration Charges	Per infringement	51.00	52.00
<b>Other</b>			
Eildon Alliance Boat Ramp - parking fee	Daily Fee	5.00	5.50
Temporary Shipping Container Permit Application Fee	Per application	100.00	101.50

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
A Frame Sign Application Fee	Per sign for 2 years	66.00	67.00
Disabled Parking Permits	Per permit	6.80	Free
<b>Planning Charges</b>			
<b>Advertising fee</b>			
Public notice in paper (to be inserted by Council)	Per notice	170.00	170.00
Public notice on site (when erected for applicant)	Per notice	79.00	79.00
Admin. Charge	Per notice	39.00	40.00
<b>Satisfaction Matters</b>			
<b>Satisfaction matters - As prescribed in regulation</b>			
Assessing a Plantation Development Notice	Per assessment	135.00	135.00
Assessing a Timber Harvesting Plan	Per assessment	150.00	150.00
<b>Subdivision Certification Fees</b>			
Public Open Space Contributions		5% of land value	5% of land value
Preparation of Engineering Plans By Council	Per set	3.5% of works value	3.5% of works value
<b>Planning Fees</b>			
Tree removal	Per application	1286.10	1286.10
Shed <\$10,000	Per application	195.10	195.10
House \$10,000 - \$100,000	Per application	614.10	614.10
House > \$100,000	Per application	1257.20	1257.20
Building works <100,000	Per application	1119.90	1119.90
Building works >\$100,001 - \$1,000,000	Per application	1510.00	1510.00
Building works >\$1,000,001 - \$5,000,000	Per application	3330.70	3330.70
2 lot subdivision	Per application	1286.10	1286.10
Change in use	Per application	1286.10	1286.10
Creation of easement	Per application	1286.10	1286.10
<b>Section 173 Agreements</b>			
Administrative fee	Per agreement	130.00	130.00
Applicant must also pay the full cost of assessment of a Section 173 agreement by council's solicitors			
<b>Planning Permit / Consent Fees</b>			
Extension of time for Planning Permit & Consents - first extension	Per application	130.00	260.00
Extension of time for Planning Permit & Consents - second or more		130.00	457.00
Approval of Endorsed Plan/s	Per approval	130.00	130.00
Amendment of Endorsed Plan/s	Per amendment	130.00	130.00
Planning Permit / Consent archive search fee	Per item	76.00	77.00
Planning - Archive Search Fee	Per item	76.00	77.00
<b>Planning Scheme Amendments</b>			
Amendments - As prescribed in regulations			
When an independent panel report is required, the proponent must pay full panel charges for the hearing and panel report			
<b>Administrative Fees</b>			
Fee for providing formal advice aerial photography		39.00	46.00
<b>Planning Enforcement</b>			
Planning infringement notice - As prescribed in regulation		805.95	805.95
<b>Community Services</b>			
<b>Community Bus rental per day</b>			
- Not for Profit	Half day	74.00	75.50
- Not for Profit	Full day	121.00	123.00
- Disability Rate 1/2 Day Hire	Half day	37.00	37.50
Refundable Bond		106.00	100.00
<b>HACC / CHSP charges</b>			
<b>Social Support Planned Activity Group</b>			

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
- Low Income & - Medium Income	Per service	7.85 venue based program or 13.30 venue based program if transport is required. 13.30 for activity and transport based programs plus cost of meal/venue entry if applicable Movie +additional \$5	\$8.00 per day for venue based program or \$13.60 if transport is required, plus \$5.20 for movie group. Plus cost of meal/venue entry if applicable. Movie plus additional \$5.10
- High Income (Core)	Per service	14.25 venue based program 19.90 for activity and transport based programs plus cost of meal/venue entry if applicable	14.55 venue based program 20.30 for activity and transport based programs plus cost of meal/venue entry if applicable
- High Income (High Care)	Per service	19.50 venue based program 24.80 for activity and transport based programs plus cost of meal/venue entry if applicable	\$19.90 venue based program 25.30 for activity and transport based programs plus cost of meal/venue entry if applicable
<b>Food Services (Meals)</b>			
- Low Income	Per meal	9.45	9.65
- Medium Income	Per meal	9.45	9.65
- High Income	Per meal	16.45	16.80
<b>Home Care</b>			
- Low Income	Per hour	6.30	6.45
- Medium Income	Per hour	16.25	16.60
- High Income	Per hour	47.80	48.75
<b>Property Maintenance</b>			
- Low Income	Per hour	12.55	12.80
- Medium Income	Per hour	18.80	19.20
- High Income	Per hour	50.00	51.00
<b>Personal Care</b>			
- Low Income	Per hour	4.70	4.80
- Medium Income	Per hour	9.40	9.60
- High Income	Per hour	47.80	48.75
<b>Respite Care</b>			
- Low Income	Per hour	3.15	3.20
- Medium Income	Per hour	4.60	4.70
- High Income	Per hour	47.80	48.75
<b>Respite Care in home overnight</b>			
- Low Income	Per 10 hour block	17.35	17.70
- Medium Income	Per 10 hour block	22.35	22.80
- High Income	Per 10 hour block	150.70	153.70
<b>PRIVATE CLIENTS - AGED AND DISABILITY SERVICES</b>			
<b>Home Care</b>			
Mon - Fri - 7am - 7pm	Per hour	50.90	51.90
Mon - Fri - outside hours - and Saturday (first 2 hours)	Per hour	60.70	61.90
Mon - Fri - outside hours - and Saturday (hours thereafter)	Per hour	69.40	70.80
Sunday all day	Per hour	79.55	81.15
Public Holidays	Per hour	83.40	85.05
Travel rate	Per hour	49.40	50.40
Travel cost	Per kilometre	1.55	1.60
<b>Personal Care and Respite Care</b>			
Mon - Fri - 7am - 7pm		53.80	54.90
Mon - Fri - outside above hours - and Saturday (first 2 hours)		63.55	64.80
Mon - Fri - outside above hours - and Saturday (hours thereafter)		72.75	74.20

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Sunday all day		83.40	85.05
Public Holidays		87.35	89.00
Travel rate		49.40	50.40
Travel cost		1.55	1.60
<b>Home Maintenance</b>			
Mon - Fri 7am - 7pm	Per hour	68.00	69.35
Mon - Fri (outside above hours)	Per hour	73.50	75.00
Travel rate	Per hour	49.40	50.40
Travel cost	Per kilometre	1.70	1.75
<b>Food Services (Meals)</b>	Per meal	17.45	17.80
<b>Social Support</b>			
- High	Per hour plus cost of meal and venue entry if applicable. Transport outside of town centre additional and will be charged at a km rate of \$1.55	50.60	51.60
- Core Meal	Per meal	17.45	17.80
<b>Swimming Pools</b>			
<b>Admissions</b>			
Adults	Per adult	6.00	6.10
Children	Per child	5.00	5.10
Family	2 Adults + 1 or more children	17.50	17.75
<b>Seasons Tickets *</b>			
Senior	Per person	76.90	78.00
Junior / Concession	Per person	53.30	54.00
1 Adult and 1 Dependent Child		83.00	84.00
1 Adult and 2 or more Dependent Children		133.25	135.00
2 Adults with 1 or more Dependent Children		159.90	162.00
* Season Tickets for Public Hours Only			
Multi Pass- Adult	Per adult - 10 visits	43.00	43.50
Multi Pass- Child	Per child - 10 visits	35.85	36.25
Seasons Tickets Card replacement			5.00
<b>School Fees</b>			
Schools/all private hirers	Per hour	41.00	41.80
Hirers who require Lifeguard	Per hour	\$80/hr \$240 min with one guard \$120/hr - \$360min with two guards	\$84/hr for 240min booking with one guard \$126/hr for 360min booking with two guards
<b>Public Hire Facilities</b>			
Public Liability Insurance - all facilities	Per hire	\$35.00	\$35.00
Fee for hire for funeral (excludes wakes) - all facilities	Per hire	\$100.00	\$100.00
<b>Alexandra - Council Chambers</b>			
Bond	Per rental period	120.00	\$120.00
Commercial	Per 1/2 day	70.00	\$70.00
Commercial	Per Full day	140.00	\$140.00
Bond	Per rental period	60.00	\$60.00
Non commercial	Per 1/2 day	35.00	\$35.00
Non commercial	Per Full day	70.00	\$70.00
<b>Alexandra Town Hall Charges</b>			
Bond	Per rental period	\$235.00	\$235.00
Commercial	1/2 day	\$125.00	\$125.00
Commercial	Full day	\$250.00	\$250.00

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Bond	Per rental period	\$120.00	\$120.00
Non commercial	1/2 day	\$60.00	\$60.00
Non commercial	Full day	\$120.00	\$120.00
Bond - Piano hire	Per hire	\$150.00	\$150.00
Piano Hire Fee	Per hire	\$120.00	\$120.00
<b>Kinglake Community Centre</b>			
Bond	Per rental period	\$250.00	\$250.00
Stadium Hire	Hourly rate	\$31.00	\$31.00
Stadium Hire	Daily rate	\$250.00	\$250.00
Stadium Hire	Weekend rate	\$420.00	\$420.00
Lounge, Hall and Craft Room - Casual Hire	Hourly rate	\$31.00	\$31.00
Lounge, Hall and Craft Room - User Group with Agreement Hire	Hourly rate	\$16.00	\$16.00
Lounge, Hall and Craft Room	Daily rate	\$126.00	\$126.00
Lounge, Hall and Craft Room	Weekend rate	\$250.00	\$250.00
Foyer	Flat rate per function	\$105.00	\$105.00
Servery	Flat rate per function	\$52.00	\$52.00
Kitchen and Servery	Flat rate per function	\$105.00	\$105.00
<b>Kinglake - Council meeting room &amp; kitchen</b>			
Bond	Per rental period	100.00	\$100.00
Commercial	Per 1/2 day	50.00	\$50.00
Commercial	Per Full day	100.00	\$100.00
Bond	Per rental period	50.00	\$50.00
Non commercial	Per 1/2 day	25.00	\$25.00
Non commercial	Per Full day	50.00	\$50.00
<b>Thornton Hall</b>			
Bond	Per rental period	\$245.00	\$245.00
Commercial (profit) casual hire	Hourly rate	\$21.00	\$21.00
Community group (non-profit) casual hire	Hourly rate	\$16.00	\$16.00
Commercial (profit) casual hire	Daily rate	\$130.00	\$130.00
Community group (non-profit) casual hire	Daily rate	\$105.00	\$105.00
Commercial (profit) casual hire	Weekend rate	\$210.00	\$210.00
Community group (non-profit) casual hire	Weekend rate	\$155.00	\$155.00
<b>Yea - council chambers &amp; supper room</b>			
Chambers & kitchen			
Bond	Per rental period	120.00	\$120.00
Commercial	Per 1/2 day	70.00	\$70.00
Commercial	Per Full day	140.00	\$140.00
Bond	Per rental period	60.00	\$60.00
Non commercial	Per 1/2 day	35.00	\$35.00
Non commercial	Per Full day	70.00	\$70.00
Supper room & kitchen			
Bond	Per rental period	100.00	\$100.00
Commercial	Per 1/2 day	50.00	\$50.00
Commercial	Per Full day	100.00	\$100.00
Bond	Per rental period	50.00	\$50.00
Non commercial	Per 1/2 day	25.00	\$25.00
Non commercial	Per Full day	50.00	\$50.00
<b>Yea Town Hall Hire (YTH)</b>			
<b>New Charging system set 16/17</b>			
Bond	Per rental period	\$235.00	\$235.00
Commercial	per hour	90.00	\$90.00
Commercial	Per 1/2 day	\$270.00	\$270.00
Commercial	Per Full day	\$540.00	\$540.00

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Bond	Per rental period	\$120.00	\$120.00
Non commercial	per hour	45.00	\$45.00
Non commercial	1/2 day	\$135.00	\$135.00
Non commercial	Full day	\$270.00	\$270.00
Hire of sound system			
Bond	Per hire	\$1,000.00	\$1,000.00
Commercial	Per hire	\$200.00	\$200.00
Bond	Per hire	\$500.00	\$500.00
Non-commercial	Per hire	\$100.00	\$100.00
<b>YTH - Supper room and kitchen hire only</b>			
Bond	Per rental period	\$120.00	\$120.00
Commercial	Per 1/2 day	\$60.00	\$60.00
Commercial	Per Full day	\$120.00	\$120.00
Bond	Per rental period	\$60.00	\$60.00
Non commercial	Per 1/2 day	\$30.00	\$30.00
Non commercial	Per Full day	\$60.00	\$60.00
<b>Yea Railway Station - Good Shed .. including kitchen</b>	Per day	\$100.00	\$100.00
<b>Library Services</b>			
Murrindindi Library - Photocopy / Incoming Fax Charges - A4 Black & White	Per copy	0.30	0.30
Murrindindi Library - Photocopy / Incoming Fax Charges - A4 Black & White - double sided	Per double sided copy	0.60	0.60
Murrindindi Library - Photocopy / Incoming Fax Charges - A4 Colour	Per copy	1.00	1.00
Murrindindi Library - Photocopy / Incoming Fax Charges - A4 Colour - double sided	Per double sided copy	2.00	2.00
Murrindindi Library - Photocopy / Incoming Fax - A3 Black & White	Per copy	0.60	0.60
Murrindindi Library - Photocopy / Incoming Fax - A3 Black & White - double sided	Per double sided copy	1.20	1.20
Murrindindi Library - Photocopy / Incoming Fax - A3 Colour	Per copy	2.00	2.00
Murrindindi Library - Photocopy / Incoming Fax - A3 Colour - double sided	Per double sided copy	4.00	4.00
Murrindindi Library - Inter Library Loan Fees (Non Academic Library)	Per item	3.00	3.00
Murrindindi Library - Academic Library Loan Fees	(\$10 + \$16.50) Per item	(\$3 + 16.50) Per item	(\$3 + 16.50) Per item
Murrindindi Library Overdue Fees (adult)		0.30	0.30
Murrindindi Library Overdue Fees (junior and teen)	Per day per item	0.30	0.00
Murrindindi Library Reimbursement Lost Item	Per Item	book cost	book cost
Murrindindi Library Internet Printing - A4 Black & white	Per page	0.30	0.30
Murrindindi Library Internet Printing - A4 colour	Per page	1.00	1.00
Murrindindi Library Internet Printing - A3 Black & white	Per page	0.60	0.60
Murrindindi Library Internet Printing - A3 Colour	Per page	2.00	2.00
Replacement Membership Cards	per Card	2.50	2.50
<b>Saleyards</b>			
Yea Saleyard Agent Fees	Per head	0.50	0.50
Yea Saleyard Fees - Cow & Calf ( inc. \$2 weigh fee)	Per head	13.00	13.00
Yea Saleyard Fees - Cattle (incl. \$2 weigh fee)	Per head	12.00	12.00
Yea Saleyard Fees - Bulls (incl. \$2 weigh fee)	Per head	17.00	17.00
Yea Saleyard Fees - Scanning	Per head	2.55	2.55
Yea Post Breeder Tags - No Tag	Per head	35.00	35.00
Yea Post Breeder Tags - Dead Tag	Per head	11.00	11.00
Yea Non-Sale Day Fee (Private)	Per head	1.20	1.20
Yea Non-Sale Day Fee (Agent)	Per annum	400.00	400.00
Yea Saleyard Fees - Hay	Per Bale	Cost plus \$1.00	Cost plus \$1.00
Yea Saleyards - Non-Sale Day Weigh Fee	Per head	Min \$250 /or \$5 per head	Min \$250 /or \$5 per head

**Attachment - Waste Fees and Charges 2019-20**

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
<b>WASTE</b>			
<b>Waste direct to landfill (over weighbridge)</b>			
Compacted Commercial / Business (Industrial) Waste (Direct to Landfill)	per tonne	185.00	193.00
Construction/Demolition material (Industrial) (direct to landfill)	per tonne	185.00	193.00
Commercial/Business (Industrial) Waste - general	per tonne	185.00	193.00
Residential/Municipal General Waste (direct to landfill)	per tonne	155.00	162.00
Clean fill	per tonne	55.00	55.00
Asbestos cement sheet (direct to landfill) - wrapped - max 10m2 per day, no commercial disposal	per tonne	185.00	193.00
Minimum gate fee	per tonne	55.00	58.00
Public Weighbridge fee	per item	20.00	21.00
Account card replacement fee		30.00	32.00
<b>Transfer Station &amp; Tipping Fees</b>			
<b>Shire Residents and Ratepayers</b>			
Commercial/Business (Industrial) Waste	metre	100.00	100.00
Residential (Municipal) Waste – all kinds	metre	40.00	40.00
Loose Garbage Bags	per bag		
Car Tyre	metre	9.00	9.00
Motor Cycle Tyre	each	4.00	4.00
4wd / Light truck tyre	each	12.00	12.00
Truck Tyre	each	27.00	20.00
Super single truck tyre	each	45.00	45.00
Tractor Tyre < / > 1m diameter	each	80.00	85.00 / 145.00
Earthmover	each	165.00	200.00
Tyre on rim	each	add 3.00	add 6.00
Greenwaste Cuttings (domestic)	metre	0.00	0.00
Greenwaste Cuttings (commercial)	metre	14.00	14.00
Natural timber >25cm diameter	per metre	2.00	2.00
Comingled Recyclables (Commercial)	metre	7.00	12.00
Comingled Recyclables (Residential)	metre	0.00	0.00
Waste Motor Oil	per litre	0.10c + \$1 per container	0.10c + \$1 per container
Domestic Gas Bottle - small	per bottle	6.00	6.00
Domestic Gas Bottle - medium	per bottle	8.00	8.00
Domestic Gas Bottle - large /acetylene	per bottle	13.00	13.00
Plastic Chemical Containers - not eligible for "DrumMuster" collection (must still be clean) - less than 20 litres.	Per container	2.00	2.00
Plastic Chemical Containers - not eligible for "DrumMuster" collection (must still be clean) - more than 20 litres.	Per container	8.00	8.00
Mattress - single		25.00	25.00
Mattress -double	per item	25.00	25.00

<b>Fees &amp; Charges</b>		<b>2018/19 Budget</b>	<b>2019/20 Budget</b>
Couch	per item	25.00	25.00
Couch - 2/3 seat	per item		
White Goods, except fridges	per item	10.00	10.00
Fridges	per item	10.00	10.00
Car Batteries	per item	0.00	0.00
Scrap Steel	per m3	0.00	0.00
TV's, computers, peripherals	item/screen	0.00	0.00
Other electronic waste	per item		2.00
<b>Commercial collection charges</b>			
Commercial garbage bin hire	year	12.00	12.00
Commercial garbage bin per lift	per item	12.00	12.00
Commercial recycle bin hire	year	12.00	12.00
Commercial recycle bin per lift	per item	7.00	7.00
<b>Event bin charges</b>			
Event bin delivery	per item	4.00	4.00
Event bin top hire	per item	0.00	0.00
Garbage bin - supply and clear - 1st five bins (public event only) if	per item	17.00	0.00
Recycle bin - clear and remove - 1st five bins (public event only)	per item	17.00	0.00
Garbage bin - supply and clear - bins in excess of 5 bins (all for	per item	17.00	17.00
Recycle bin - clear and remove - bins in excess of 5 bins (all for	per item	17.00	17.00
Special event - clearance only during event	per item	14.00	14.00

# Strategic Resource Plan (2019/20 Review)

The Strategic Resource Plan (SRP) identifies the financial and non-financial resources required over the four-year period of the Council Plan 2017-21. The purpose of the strategic resource plan is to ensure adequate resources are available to maintain services at levels established by the Council and to implement the strategic objectives identified in the Council Plan.

The SRP is prepared in accordance with the requirements of the Local Government Act 1989 (the Act) and requires a minimum four-year financial estimate based on financial and economic data available at the time of its preparation. Council has elected to extend this plan to a ten-year horizon to facilitate better long term planning for community priorities and to better manage its longer term infrastructure renewal requirements.

The SRP will be reviewed annually as part of the Council Plan review and Budget process, to both confirm that the underlying assumptions remain valid and to ensure that its outcomes meet the strategic objectives identified in the new Council Plan 2017-21.

As well as establishing this financial framework, sound financial management as required by the Act is dependent on non-financial strategies such as risk management, organisational development and good governance. The SRP seeks to blend both financial and non-financial strategies in the pursuit of achieving Council's strategic objectives.

A number of assumptions are required to be made regarding forecasts for income, expenditure, capital works, borrowings, cash, assets, liabilities and human resources. These assumptions are sourced from historical audited performance of Council's financial position, external economic indicators, forecast changes in population and demographics, advice from officers responsible for service delivery and capital works planning and the strategic objectives proposed to be delivered by Council in the new Council Plan.

Key strategic assumptions and strategies that underpin the SRP are detailed further as follows:

## Rates Strategy

Rates and charges are the most significant source of Council revenue, accounting for nearly 60% of total operating revenue that Council is forecasting for 2019/20.

The State Government of Victoria now requires that local government rates adhere to a rate cap, which is announced in December each year for the forthcoming financial year. For 2019/20 this has been determined at 2.5%. Increases from 2019/20 and beyond are assumed at 2.25%, in line with longer term inflation for the life of the SRP.

Council adopted its Rating Strategy in March 2015 that defines differential rating categories as they apply to different classes of land. It was adopted to provide a fair and considered approach to the way rates are dealt with across different classes of land. It is reflected across the ten years of the SRP.

## Borrowing Strategy

Council is forecasting no new borrowings. As a result, Council's total debt holdings will decrease to \$479k by 30 June 2020, with costs associated with borrowings reducing by more than 32% in the 2018/19 financial year.

### **Goods and Services Costs**

Goods and services costs are expected to increase by 2.5%, which is above the current Consumer Price Inflation (CPI) rate of 1.8%. This is due to Council procuring a wider range of goods and services than those reflected in the CPI levels, such as building materials, heavy machinery and professional services.

### **Fees and charges**

Revenue from fees and charges is assumed to increase at 2.25% per annum, in line with CPI expectations and based on historical increases.

### **Wages**

Council's Enterprise Agreement considers the impact of rate cap that is imposed on Council. The wage assumption in the SRP takes into account annual pay increases, as well as incremental movements in salary banded positions.

### **Grants (capital and operating)**

Council receives both non-recurrent and recurrent government grants for funding capital works. Where the source of funds is certain, or reasonably assumed to continue over the life of the plan (eg. Roads to Recovery), a funding allowance is made in the SRP. Where capital works are predicated on unconfirmed capital grants, such projects are not included at this stage, but remain available to be reconsidered each year as a part of the annual budget process.

### **Asset Management**

Council maintains a strong focus on balancing its asset renewal gap over the life of the SRP. Renewal expenditure will not fully meet renewal requirements over the next ten years, which will see the asset renewal gap increase, though improved strategic asset management systems and planning, combined with enhanced strategic procurement will continue the gains made in this area in recent years.

### **Interest**

Interest on investments is assumed at 2.5% per annum during the life of the plan.

### **Depreciation**

All depreciation expenses are based on current accounting standards rates and current asset valuations.

### **Staffing Levels**

Council's budget and SRP must incorporate all current funded positions, which is not an indication of Council's permanent establishment listing, as a number of positions remain funded via operating grants, are determined by service demand (eg. Home Carers and Family Day Carers), or are fixed term positions to facilitate specific projects. Council's establishment listing is currently forecast to remain constant over the life of the SRP.

# Strategic Resource Plan (2019/20 Review)

## Standard Statements

The standard income statement for the SRP shows what is expected to occur during the next ten years in terms of revenue, expenses and other adjustments. The Operating Result (Surplus or Deficit) shows the total difference between the financial position at the beginning and the end of each year.

## BUDGETED COMPREHENSIVE INCOME STATEMENT

	Forecast Actual	Budget	SRP							
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
<b>Income</b>										
Rates and charges	20,700	<b>21,382</b>	22,023	22,684	23,364	24,065	24,787	25,531	26,297	27,086
Statutory fees and fines	1,050	<b>1,083</b>	1,107	1,132	1,157	1,183	1,210	1,237	1,265	1,293
User fees	2,792	<b>2,393</b>	2,447	2,502	2,559	2,616	2,675	2,735	2,797	2,860
Contributions - cash	352	<b>49</b>	49	49	49	49	49	49	49	49
Contributions - non-monetary assets	805	<b>400</b>	400	400	400	400	400	400	400	400
Grants - Operating	5,791	<b>7,841</b>	7,998	8,158	8,321	8,488	8,658	8,831	9,008	9,188
Grants - Capital	2,305	<b>1,027</b>	1,027	1,027	1,027	1,027	1,027	1,027	1,027	1,027
Net gain on disposal of property, infrastructure, plant and equipment	224	(33)	0	0	0	0	0	0	0	0
Other income	1,713	<b>1,520</b>	1,550	1,581	1,612	1,645	1,678	1,712	1,746	1,781
<b>Total income</b>	<b>35,732</b>	<b>35,662</b>	<b>36,601</b>	<b>37,533</b>	<b>38,489</b>	<b>39,473</b>	<b>40,484</b>	<b>41,522</b>	<b>42,589</b>	<b>43,684</b>
<b>Expenses</b>										
Employee costs	14,785	<b>15,474</b>	15,822	16,178	16,542	16,915	17,296	17,685	18,083	18,490
Materials and services	11,546	<b>10,550</b>	10,814	11,084	11,361	11,645	11,936	12,234	12,540	12,854
Depreciation and amortisation	9,184	<b>9,282</b>	9,514	9,751	9,995	10,245	10,501	10,764	11,033	11,309
Finance costs	55	<b>37</b>	36	36	36	0	0	0	0	0
Other expenses	395	<b>314</b>	322	330	338	346	355	364	373	382
<b>Total expenses</b>	<b>35,965</b>	<b>35,657</b>	<b>36,508</b>	<b>37,379</b>	<b>38,272</b>	<b>39,151</b>	<b>40,088</b>	<b>41,047</b>	<b>42,029</b>	<b>43,035</b>
<b>Surplus (deficit) for the year</b>	<b>(233)</b>	<b>5</b>	<b>93</b>	<b>154</b>	<b>217</b>	<b>322</b>	<b>396</b>	<b>475</b>	<b>560</b>	<b>649</b>

## BUDGETED BALANCE SHEET

The standard balance sheet for the SRP shows a snap shot of the expected financial situation of Council at the end of each of the next ten years. It shows the total of what is owned by Council (ie. assets) against what is owed (ie. liabilities). The difference between these two figures is the net assets, or equity of Council.

	Forecast Actual	Budget	SRP							
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	28,914	<b>30,922</b>	32,239	30,517	31,536	32,261	35,018	33,886	34,339	36,755
Trade and other receivables	3,698	<b>3,682</b>	3,718	3,756	3,793	3,831	3,869	3,908	3,947	3,986
Inventories	45	<b>30</b>	30	30	30	30	30	30	30	30
Other assets	417	<b>377</b>	377	377	377	377	377	377	377	377
<b>Total current assets</b>	<b>33,074</b>	<b>35,011</b>	<b>36,364</b>	<b>34,680</b>	<b>35,736</b>	<b>36,499</b>	<b>39,294</b>	<b>38,201</b>	<b>38,693</b>	<b>41,148</b>
<b>Non-current assets</b>										
Trade and other receivables	39	<b>13</b>	13	13	13	13	13	13	13	13
Property, infrastructure, plant & equipment	344,684	<b>344,182</b>	342,117	340,063	338,023	335,995	333,979	331,975	329,983	328,003
Intangible assets	2,896	<b>2,283</b>	2,204	2,126	2,052	1,980	1,911	1,844	1,779	1,717
<b>Total non-current assets</b>	<b>347,619</b>	<b>346,478</b>	<b>344,334</b>	<b>342,202</b>	<b>340,088</b>	<b>337,988</b>	<b>335,903</b>	<b>333,832</b>	<b>331,775</b>	<b>329,733</b>
<b>Total assets</b>	<b>380,693</b>	<b>381,489</b>	<b>380,698</b>	<b>376,882</b>	<b>375,824</b>	<b>374,487</b>	<b>375,197</b>	<b>372,033</b>	<b>370,468</b>	<b>370,881</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
Trade and other payables	2,108	<b>3,020</b>	3,111	3,204	3,300	3,399	3,501	3,606	3,714	3,825
Trust funds and deposits	1,030	<b>1,088</b>	1,088	1,088	1,088	1,088	1,088	1,088	1,088	1,088
Provisions	3,496	<b>3,475</b>	3,510	3,545	3,580	3,616	3,652	3,689	3,726	3,763
Interest-bearing loans and borrowings	188	<b>179</b>	134	89	45	0	0	0	0	0
<b>Total current liabilities</b>	<b>6,822</b>	<b>7,762</b>	<b>7,843</b>	<b>7,926</b>	<b>8,013</b>	<b>8,103</b>	<b>8,241</b>	<b>8,383</b>	<b>8,528</b>	<b>8,676</b>
<b>Non-current liabilities</b>										
Provisions	6,140	<b>6,170</b>	6,047	5,926	5,808	5,691	5,577	5,465	5,356	5,249
Interest-bearing loans and borrowings	479	<b>300</b>	225	151	75	0	0	0	0	0
<b>Total non-current liabilities</b>	<b>6,619</b>	<b>6,470</b>	<b>6,272</b>	<b>6,077</b>	<b>5,883</b>	<b>5,691</b>	<b>5,577</b>	<b>5,465</b>	<b>5,356</b>	<b>5,249</b>
<b>Total liabilities</b>	<b>13,441</b>	<b>14,232</b>	<b>14,115</b>	<b>14,003</b>	<b>13,896</b>	<b>13,794</b>	<b>13,818</b>	<b>13,848</b>	<b>13,884</b>	<b>13,925</b>
<b>Net assets</b>	<b>367,252</b>	<b>367,257</b>	<b>366,583</b>	<b>362,879</b>	<b>361,928</b>	<b>360,693</b>	<b>361,379</b>	<b>358,185</b>	<b>356,584</b>	<b>356,956</b>
<b>Equity</b>										
Accumulated surplus	130,381	<b>131,287</b>	131,381	131,535	131,753	132,075	132,471	132,946	133,506	134,155
Reserves	236,871	<b>235,970</b>	235,202	231,344	230,175	228,618	228,908	225,239	223,078	222,801
<b>Total equity</b>	<b>367,252</b>	<b>367,257</b>	<b>366,583</b>	<b>362,879</b>	<b>361,928</b>	<b>360,693</b>	<b>361,379</b>	<b>358,185</b>	<b>356,584</b>	<b>356,956</b>

## BUDGETED STATEMENT OF CHANGES IN EQUITY

The budgeted statement for changes in equity for the SRP shows what is included across Council's various reserves throughout the life of the ten-year long term financial plan.

	Forecast Actual	Budget	SRP							
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
Accumulated Surplus	130,381	<b>131,287</b>	131,381	131,535	131,753	132,075	132,471	132,946	133,506	134,155
Waste Reserve	8,706	<b>7,765</b>	7,876	3,626	2,325	1,879	3,389	1,368	1,072	2,954
Yea Saleyards Reserve	111	<b>32</b>	135	160	195	220	245	270	300	325
Marysville Caravan Park Reserve	145	<b>205</b>	140	140	140	140	140	140	140	140
Yea Caravan Park Reserve	28	<b>62</b>	50	50	50	50	50	50	50	50
Public Open Space Reserve	550	<b>575</b>	400	400	380	380	380	380	380	380
Unfunded Superannuation Reserve	1,200	<b>1,200</b>	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Future Capital Works Reserves	6,964	<b>6,964</b>	6,234	6,601	6,718	6,617	6,734	6,853	6,974	7,097
Asset Revaluation Reserve	219,167	<b>219,167</b>	219,167	219,167	218,132	216,770	214,978	212,962	210,655	
<b>Total Equity</b>	<b>367,252</b>	<b>367,257</b>	<b>366,583</b>	<b>362,879</b>	<b>361,928</b>	<b>360,693</b>	<b>361,379</b>	<b>358,185</b>	<b>356,584</b>	<b>356,956</b>

## BUDGETED STATEMENT OF CASH FLOWS

The standard cash flow statement for the SRP shows what is expected to happen over the next ten years in terms of the cash held, received and paid by Council. It details the expectations of cash movements each year, and the ways in which it is anticipated that cash will be generated through operating activities, what is invested in capital works, what financial commitments need to be met, and ultimately what is left to fund future operating and capital requirements.

	Forecast Actual	Budget	SRP	SRP	SRP	SRP	SRP	SRP	SRP	SRP
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>										
Rates and charges	20,920	<b>21,455</b>	21,693	22,344	23,014	23,704	24,415	25,148	25,903	26,680
Statutory & User fees and fines	5,307	<b>4,200</b>	4,221	4,242	4,263	4,284	4,305	4,327	4,349	4,371
Grants - operating & capital	8,508	<b>8,819</b>	8,598	8,383	8,174	7,969	7,770	7,576	7,387	7,202
Interest	872	<b>812</b>	828	844	861	879	897	915	933	952
Trust funds and deposits	(98)	<b>58</b>	0	0	0	0	0	0	0	0
Employee costs	(14,788)	<b>(15,357)</b>	(15,664)	(16,017)	(16,377)	(16,746)	(17,123)	(17,508)	(17,902)	(18,305)
Materials and consumables	(12,747)	<b>(9,952)</b>	(10,706)	(10,971)	(11,249)	(11,529)	(11,817)	(12,112)	(12,415)	(12,725)
Net cash provided by operating activities	<b>7,974</b>	<b>10,035</b>	<b>8,970</b>	<b>8,825</b>	<b>8,686</b>	<b>8,561</b>	<b>8,447</b>	<b>8,346</b>	<b>8,255</b>	<b>8,175</b>
<b>Cash flows from investing activities</b>										
Payments for property, plant and equipment	(11,048)	<b>(8,199)</b>	(7,772)	(10,710)	(7,877)	(8,135)	(5,990)	(9,778)	(8,102)	(6,059)
Proceeds from sale of property, plant and equipment	689	<b>399</b>	300	300	300	300	300	300	300	300
Net cash used in investing activities	<b>(10,359)</b>	<b>(7,800)</b>	<b>(7,472)</b>	<b>(10,410)</b>	<b>(7,577)</b>	<b>(7,835)</b>	<b>(5,690)</b>	<b>(9,478)</b>	<b>(7,802)</b>	<b>(5,759)</b>
<b>Cash flows from financing activities</b>										
Finance costs	(59)	<b>(39)</b>	(40)	(42)	(43)	0	0	0	0	0
Repayment of borrowings	(320)	<b>(188)</b>	(141)	(95)	(47)	0	0	0	0	0
Net cash provided by (used in) financing activities	<b>(379)</b>	<b>(227)</b>	<b>(181)</b>	<b>(137)</b>	<b>(90)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (decrease) increase in cash &amp; cash equivalents</b>	(2,764)	<b>2,008</b>	1,317	(1,722)	1,019	726	2,757	(1,132)	453	2,416
Cash and cash equivalents at beginning of the financial year	<b>31,678</b>	<b>28,914</b>	<b>30,922</b>	<b>32,239</b>	<b>30,517</b>	<b>31,536</b>	<b>32,261</b>	<b>35,018</b>	<b>33,886</b>	<b>34,339</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>28,914</b>	<b>30,922</b>	<b>32,239</b>	<b>30,517</b>	<b>31,536</b>	<b>32,261</b>	<b>35,018</b>	<b>33,886</b>	<b>34,339</b>	<b>36,755</b>

## BUDGETED STATEMENT OF CAPITAL WORKS

The budgeted capital works statement is provided to indicate the level of capital works that are anticipated to be funded over the next ten years, and in what asset categories the works are to occur in. The level of capital works expenditure is consistent with Council's long term strategic asset management plans and determined by the expected level of funding that will be available.

	Forecast Actual	Budget	SRP							
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000
<b>Property</b>										
Buildings	2,005	323	298	309	312	322	329	344	347	355
<b>Total buildings</b>	<b>2,005</b>	<b>323</b>	<b>298</b>	<b>309</b>	<b>312</b>	<b>322</b>	<b>329</b>	<b>344</b>	<b>347</b>	<b>355</b>
<b>Total property</b>	<b>2,005</b>	<b>323</b>	<b>298</b>	<b>309</b>	<b>312</b>	<b>322</b>	<b>329</b>	<b>344</b>	<b>347</b>	<b>355</b>
<b>Plant and equipment</b>										
Heritage plant and equipment	268	-	-	-	-	-	-	-	-	-
Plant, machinery and equipment	1,856	876	807	838	847	875	893	934	942	963
Computers and telecommunications	257	225	207	215	217	225	229	240	242	247
Library books	100	102	94	98	99	102	104	109	110	112
<b>Total plant and equipment</b>	<b>2,481</b>	<b>1,203</b>	<b>1,108</b>	<b>1,151</b>	<b>1,163</b>	<b>1,202</b>	<b>1,226</b>	<b>1,283</b>	<b>1,294</b>	<b>1,322</b>
<b>Infrastructure</b>										
Roads	3,827	2,683	2,472	2,565	2,593	2,678	2,734	2,861	2,885	2,950
Bridges	706	200	184	191	193	200	204	213	215	220
Footpaths and cycleways	224	328	302	314	317	327	334	350	353	361
Drainage	405	105	97	100	101	105	107	112	113	115
Recreational, leisure and community facilities	30	358	275	285	288	297	304	318	320	328
Waste management	970	2,678	2,740	5,488	2,600	2,684	425	3,955	2,230	55
Parks, open space and streetscapes	334	-	-	-	-	-	-	-	-	-
Off street car parks	66	321	296	307	310	320	327	342	345	353
<b>Total infrastructure</b>	<b>6,562</b>	<b>6,673</b>	<b>6,366</b>	<b>9,250</b>	<b>6,402</b>	<b>6,611</b>	<b>4,435</b>	<b>8,151</b>	<b>6,461</b>	<b>4,382</b>
<b>Total capital works expenditure</b>	<b>11,048</b>	<b>8,199</b>	<b>7,772</b>	<b>10,710</b>	<b>7,877</b>	<b>8,135</b>	<b>5,990</b>	<b>9,778</b>	<b>8,102</b>	<b>6,059</b>
<b>Represented by:</b>										
New asset expenditure	-	2,489	-	-	-	-	-	-	-	-
Asset renewal expenditure	7,150	4,473	7,017	9,927	7,085	7,317	5,155	8,904	7,222	5,158
Asset expansion expenditure	1,349	255	252	261	264	273	278	291	294	300
Asset upgrade expenditure	2,549	982	503	522	528	545	557	582	587	600
<b>Total capital works expenditure</b>	<b>11,048</b>	<b>8,199</b>	<b>7,772</b>	<b>10,710</b>	<b>7,877</b>	<b>8,135</b>	<b>5,990</b>	<b>9,778</b>	<b>8,102</b>	<b>6,059</b>

## BUDGETED STATEMENT OF HUMAN RESOURCES

The budgeted human resources statement is provided to indicate the level of staffing that is required to deliver the services and capital works detailed by Council in its operating statement and capital works program. The EFT included for budgetary purposes is a financial measure, and includes all funded positions for the upcoming financial year, and is not an indication of Council's permanent establishment listing. The total forecast costs and staff numbers are further broken down by each division in the following statements.

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	14,785	15,474	15,822	16,178	16,542
Employee costs - capital	101	122	125	128	130
<b>Total staff expenditure</b>	<b>14,886</b>	<b>15,596</b>	<b>15,947</b>	<b>16,306</b>	<b>16,672</b>
<b>Staff numbers</b>					
Employees	152.7	159.1	159.0	159.0	159.0
<b>Total staff numbers</b>	<b>152.7</b>	<b>159.1</b>	<b>159.0</b>	<b>159.0</b>	<b>159.0</b>

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

Department	Budget 2019/20 \$'000	Comprises			
		Permanent		Casual	Temporary
		Full Time \$'000	Part time \$'000	\$'000	\$'000
Business development tourism and events	459	357	102		
Business services	1,460	776	649		35
Community assets	4,072	3,558	514		
Community wellbeing	3,657	420	2,784	305	148
Customer experience	1,497	685	690	27	95
Development services	1,825	1,400	246		179
Environmental programs	197	114	83		
Executive team and support	1,005	952	53		
Governance and risk	723	584	139		
Project delivery	579	424	52		103
Total permanent staff expenditure	14,582	9,270	5,312	332	560
Casuals, temporary and other expenditure	892				
Total employee costs - operating	15,474				
Total employee costs - capital	122				
<b>Total staff expenditure</b>	<b>15,596</b>				

A summary of the number of full time equivalent (FTE) positions in relation to the above expenditure is included below.

Department	Budget 2019/20	Comprises		
		Permanent		Casual
		Full Time FTE	Part time FTE	Temporary
Business development tourism and events	<b>4.10</b>	3.00	1.10	
Business services	<b>13.70</b>	6.00	7.70	. 0.40
Community assets	<b>45.70</b>	40.00	5.70	
Community wellbeing	<b>34.70</b>	3.00	31.70	4.00 1.80
Customer experience	<b>14.70</b>	7.00	7.70	0.30 1.00
Development services	<b>15.30</b>	13.00	2.30	2.10
Environmental programs	<b>1.80</b>	1.00	0.80	
Executive team and support	<b>5.60</b>	5.00	0.60	
Governance and risk	<b>6.30</b>	5.00	1.30	
Project delivery	<b>4.60</b>	4.00	0.60	1.00
Total permanent staff expenditure	<b>146.50</b>	87.00	59.50	4.30 6.30
Casuals, temporary and other expenditure	<b>10.60</b>			
Capitalised labour costs	<b>2.00</b>			
<b>Total staff</b>	<b>159.10</b>			

March 2018

## Independent Audit Advisory Committee Annual Report

This report (as required by Section 2 (o) of the Audit Advisory Committee Charter) provides details summarising the activities of the Committee during the previous financial year, that being July 2017 to June 2018.

Our meetings take place four times a year, which complies with the Charter. Committee meeting member attendances for 1 July 2017 to 30 June 2018:

Member	Eligible to Attend	Attended
Michele Sheward	4	4
Ian McKaskill	4	4
Richard Rogerson	3	2
Cr Charlotte Bisset	4	4
Cr Sandice McAulay	4	2
Cr Leigh Dunscombe	4	4

The Committee follows the Audit Advisory Committee Annual Plan, which was last updated in December 2017. Since taking over the office of Chairperson of the Committee, this Plan is followed and checked by myself at each meeting.

During the financial year from July 2017 to June 2018 the Audit Advisory Committee was involved in the following:

### Quarterly Activities:

- Review of financial statements
- Review of changes to the Risk Register and Council's risk profile
- Review of Internal Audit Reports and responses from management
- Review of any significant accounting and reporting issues (there were none reported)
- Review of Local Government Performance Reporting Framework
- Follow up of significant issues raised by Internal Audit (there were none reported)
- Review scope of Audits by Crowe Horwath (Internal Auditor)
- Note CEO's Report into Legal & Policy Compliance
- Review the implementation of previous audit actions by management
- Submit Minutes of Audit Advisory Committee Meetings to Council

### Annual Activities:

- Review of Financial Statements for End of Financial Year 2016-2017 and recommendation for adoption
- Review and recommend Internal Audit Plan and resourcing
- Review of Long Service Leave and Annual Leave accumulations
- Review Risk Register
- Review Risk Management Framework & Policy
- Review Protected Disclosure Arrangements & Reports
- Review of Internal Audit function performance
- Review of draft Annual Budget for 2018-19
- Review of draft Council Plan 2017-2021
- Review investment & borrowing policies
- Review compliance with policies and procedures
- Review External Auditor's scope and approach
- Consider External Auditor's comments on Control Environment and Management Letters
- Assessment of Audit Advisory Committee's performance
- Review/Assess Audit Advisory Committee Charter
- Review Audit Advisory Committee Annual Plan

- Confirm Terms & Appointment of Committee Members
- Meet with External Auditor without Officers Present
- Elect Chair of Audit Committee
- Schedule Meetings for Forthcoming Year

**Internal Audits Reviewed:**

- Accounts Payable & Payroll
- Contributed Assets
- Local Law Enforcement Review
- Follow-up of High and Medium Risk Matters in Prior Internal Audit Reports Review

**Other Activities:**

- Review level of effectiveness of appropriate Business Continuity and Disaster Recovery Planning
- Review Local Government Act – Audit & Risk Committee
- Recommend Internal Audit Appointments to Council (this was not required during this period)
- Review of rates debtor management

The external independent members of the Committee had the following changes during the period January 2017 to July 2018 as follows:

- Richard Rogerson left the Committee in March 2018
- No replacement for the vacancy of an independent member of the committee had been found to June 2018

All obligations under the Charter of the Audit Advisory Committee have been met during the January 2017 to July 2018 period. Through these obligations it has been clear that the level of governance was high and there were no significant concerns identified. The Committee has seen that Council is continuously striving to improve and this has been supported by outcomes of the internal and external audit reports we have reviewed.

The Committee has appreciated the work done by Council's internal auditors (Crowe Horwath), who have shared their wealth of knowledge in this sector.

Both the CEO, Margaret Abbey (July to December 2017) and Interim CEO, Craig Lloyd (January to June 2018) and their leadership team have consistently been supportive of the committee and demonstrated that they are keen to be completely open and honest and endeavour to assist us to perform our roles, and for this I would like to thank them.

I would also like to thank my fellow committee members for their support and the wonderful job they do to ensure we perform our tasks effectively. During this financial year, I feel that the committee is evolving to be more effective in reviewing and assessing reports, audits and policies, and defining who we are and what is required of us.

Michele Sheward  
Chair  
Audit Advisory Committee

# MURRINDINDI SHIRE COUNCIL PLAN 2017-2021

**QUARTERLY REPORT  
JANUARY - MARCH 2019**



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## INTRODUCTION

This report provides a quarterly summary of progress towards delivering the strategies in the Murrindindi Shire Council Plan 2017-2021. The report focuses on action undertaken during the January - March 2019 Quarter. A full report on annual progress and achievements, including an assessment against the Strategic Indicators in the Council Plan is provided each financial year as part of Council's Annual Report.

# OUR PEOPLE

**TOGETHER WE WILL CELEBRATE AND ENCOURAGE DIVERSE, CARING AND CONNECTED COMMUNITIES.**

## **WHAT WE AIM TO ACHIEVE: (STRATEGIES)**

### **1. Encourage activities and events that celebrate our vibrant, diverse and creative people and communities**

## **WHAT WE DID IN QUARTER THREE 2018/2019:**

- We continued to recognise the contribution and success of our community members and groups at Council meetings.
- We supported many community groups and schools across the Shire with 51 projects to mark the 10th Anniversary of the 2009 Bushfires. We received funding for and supported projects including:
  - \* township commemorative events
  - \* community art projects (focus on community gathering)
  - \* the creation of commemorative booklets
  - \* community art exhibitions (focus on telling the community story).
- We launched the Grants and Contributions program, combining a broader range of grant and sponsorship opportunities under one umbrella and introducing a new streamlined application process.
- We actively promoted community events taking place in our Shire via social and print media and local radio
- We supported the Australia Day celebrations including the attendance of ambassadors.
- We held a Citizenship ceremony on Australia Day in Alexandra.
- We continued to support young people to develop stage performance and event management experience through a range of youth activities, including the Platform Youth Theatre Group.
- We collaborated with Ellimatta Youth Inc. to deliver two resilience workshops at Whittlesea Secondary College to 100 young people.

### **2. Work with our community and groups to connect, collaborate and plan for our future**

- We used grant funds to engage two community planning officers and began community conversations in the three trial towns of Toolangi/Castella, Yea and Marysville.
- We placed the Recreation and Open Space Strategy on public exhibition for comment and we held four information sessions where delivered to support conversation and to formalise feedback.
- We have been supporting the Alexandra Tennis Club hard court resurfacing project and during this quarter the project was finalised with an official opening.
- We provided infrastructure, operational, governance and asset planning support to groups including:
  - \* Kinglake Memorial Reserve
  - \* Yea Recreation Reserve
  - \* Alexandra Tennis Club
  - \* Murrindindi Little Athletics
  - \* Alexandra Soccer and Cricket Clubs
  - \* Spring Valley Recreation Reserve.
- The Alexandra Rotary Park and Skate/BMX concept design project progressed to draft stage with further community engagement supporting concept finalisation.
- We worked with 16 community groups and 3 schools to assist the community in developing their grant applications and finalising the arrangements for the 10th Anniversary of the 2009 Bushfires.

	<ul style="list-style-type: none"><li>• We assisted the community in managing media interest through the 2009 Bushfire Anniversary period through supported communications training in Marysville and Kinglake.</li><li>• We worked with Family Care to secure resources to continue the Parenting Education Partnership group in Kinglake for parents and children.</li></ul>
<b>3. Work with our partner agencies to ensure people of all ages can access the health and community services they need</b>	<ul style="list-style-type: none"><li>• We completed the review of Aged and disability services and made the decision to transition direct service delivery of services to other providers by the end of 2019.</li><li>• We advocated for better health services across the Shire.</li><li>• We secured access for residents of the Kinglake Ranges to access mental health services in the northern suburbs of Melbourne until 30 June 2019.</li><li>• We received funding for the Moving Murrindindi – Community Transport project and developed key relationships with Community AccessAbility to negotiate ongoing delivery of the transport service.</li><li>• We participated in the Lower Hume Primary Care Partnership Mental health project – Strengthening Supports for Mental Health across Lower Hume.</li><li>• We worked with our partner agencies to plan a forum to identify the mental health needs of young people and identify strategies to address these.</li><li>• We received a small grant from VicHealth to support resourcing local opportunities and promotion of the “This Girl Can” project.</li><li>• We partnered with the Australian Primary Mental Health Alliance to develop a stakeholder workshop to plan for youth mental health service provision.</li><li>• We partnered with the Lower Hume Primary Care Partnership to plan for community workshops to support the ‘RESPOND Systems Thinking Project’ aimed at tackling childhood obesity.</li></ul>
<b>4. Create a positive environment that supports our young people to grow, participate and be happy</b>	<ul style="list-style-type: none"><li>• We engaged young people in school holiday programs and event development in Alexandra, Yea and Kinglake.</li><li>• We supported the Steer Leadership Group in Kinglake to deliver the music stage at the Kinglake Country Fair.</li><li>• We continued to deliver after school drop-in programs in Alexandra, Yea and Kinglake.</li><li>• There were over 600 attendees to our youth and community events.</li><li>• The Murrindindi Youth Social Media Page has 210 likes, with 710 engagements and a total reach of 7,331.</li></ul>
<b>5. Promote opportunities for people of all ages to connect with and be involved in their community</b>	<ul style="list-style-type: none"><li>• Our libraries ran 196 programs across all four branches with participation of 1664, and loaned 18,147 items for the quarter.</li><li>• We hosted Bushfire 10th anniversary lunches and provided reflection spaces at each of our libraries.</li><li>• School visits for the term amounted to 71 Children to Kinglake Library and 144 children to Alexandra library.</li><li>• Our libraries supported programs including:<ul style="list-style-type: none"><li>* Dave O’Neil program event (Yea Library) – 37 attendees</li><li>* Arnold Zable event (Kinglake Library) - 21 attendees</li><li>* Lou Harvey Zahra Author event (Kinglake Library) - 18 attendees</li><li>* after-school activities in Alexandra and Kinglake and holiday activities with “Game Boy” attending Kinglake, Yea and Eildon with the Mobile</li><li>* NDIS information sessions at Kinglake.</li></ul></li></ul>

# OUR PLACE

**WE WILL MAINTAIN AND ENHANCE PLACES TO BE ATTRACTIVE AND LIVEABLE, IN BALANCE WITH OUR NATURAL ENVIRONMENT.**

## **WHAT WE AIM TO ACHIEVE: (STRATEGIES)**

## **WHAT WE DID IN QUARTER TWO 2018/2019:**

### **1. Support recreation opportunities for our residents and visitors that encourage participation and community connections**

- We appointed contractors to progress the Yea Railway Reserve Play Space redevelopment project and works began.
- We supported the Spring Valley Recreation Reserve pavilion project through governance and project planning.
- We facilitated discussion with sporting clubs and community regarding infrastructure planning as part of the public exhibition of the draft Recreation and Open Space strategy.
- The 2018-19 pool season drew to a close with 22,000 visits during the public hours.
- We launched a community survey seeking feedback on our pools, attracting strong engagement from the community.

### **2. Improving links and making Murrindindi Shire easier to navigate and its services and destinations easy to find**

- We submitted an application under Regional Roads Victoria's Fixing Country Roads program (round 2). The focus is road upgrade and safety projects.
- We awarded the infrastructure contract for the Ghin Ghin Road safety upgrades.
- We installed additional signage along Great Victoria Rail Trail.
- We commenced development of a concept plan aimed at achieving safety improvements to Yea Main Street.

### **3. Through good land use planning enhance the liveability, prosperity and the rural character of our Shire**

- We commenced the community consultation for the Kinglake streetscape project.
- We continued to work with State Government agencies to assist households living in temporary accommodation in bushfire affected areas to transition to permanent accommodation or formalise their current accommodation arrangements.
- We commenced our review of our strategic land use planning documents to determine priorities for implementation.

### **4. Strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption**

- We continued to implement the Dindi Solar Bulk Buy Scheme including a free solar seminar for community to learn more about the recently announced Victorian Government 'Solar Homes Package' and to understand how it complements the Dindi Bulk Buy.
- We supported community based Clean Up Australia day events across two schools, five Landcare groups, Yea Wetlands Committee and Friends of Marysville Walks.
- We conducted a survey of resident's perceptions of waste education including 'listening posts' in key public places across the shire.
- We continued our engagement with neighbouring Councils and the regional waste group to plan for ongoing processing of kerbside recyclables in a changing market.

**5. Recognise and embrace the history, culture and identity of our towns and communities**

- We distributed a media pack containing information regarding the 2009 Bushfire Anniversary and memorials to all media outlets across the state.

**6. Enhance community safety, resilience and liveability through improved planning, community engagement, and a fair and transparent approach to compliance**

- We issued 500 fire prevention notices with follow up to ensure compliance.
- We completed additional Fire Prevention Slashing of our roadsides where necessary during the quarter.
- We commenced planning our Domestic Waste Water Management Plan.
- We continued to promote responsible pet ownership through new avenues including the animal registration renewals mail out and social media channels.

# OUR PROSPERITY

**IN PARTNERSHIP WITH THE COMMUNITY WE WILL PROMOTE AN ENVIRONMENT IN WHICH BUSINESS AND COMMUNITY CAN THRIVE.**

## **WHAT WE AIM TO ACHIEVE: (STRATEGIES)**

## **WHAT WE DID IN QUARTER TWO 2018/2019:**

### **1. Use a fresh approach to attract new and existing business investment**

- We launched a new grants and contributions program that continued to provide funding opportunities for business and tourism innovation.
- We continued to provide services through the Development Assessment Team to assist investors and developers to navigate and comply with planning, building and other regulatory expectations – encouraging development and ensuring outcomes that contribute to the Shire.

### **2. Work with our businesses, regional partners and communities to support a diverse visitor experience that promotes our natural assets, and a vibrant range of events**

- We continued to advocate to State Government for appropriate tourism board coverage following Council's decision to withdraw from Goulburn River Valley Tourism.
- We began a project to capture video footage in promotion of our natural assets to assist event and regional promotion.
- We produced 12 issues of the 'What's On Murrindindi' e-newsletter.
- We supported 12 tourism events that were held in the Murrindindi Shire during the quarter.
- We created a range of new promotional Council banners for use at events.
- We worked with Holmesglen @ Eildon to secure the 2019 Vic Tourism Industry Council Visitor Information Services Summit.
- We produced and delivered the 2019 Ride Dindi brochure.
- We worked with community groups across the Shire to help deliver 2019 Australia Day events.

### **3. Support and encourage local businesses to work together, thrive and grow, through networking, start-up assistance, mentoring and access to skills**

- We supported 3 events through the Doing Business Better Program.
- We delivered three Murrindindi Business Monthly newsletters communicating relevant business information to over two hundred local businesses.
- We supported Murrindindi Inc. to launch the Murrindindi Business Awards program 2019.

**4. Advocate for and support high quality opportunities for education and training to meet community and business needs**

- We advocated for the provision of post-secondary education within the Shire to candidates for the federal election.
- We also advocated with our local state member and shadow education minister for improved and expanded education opportunities.

**5. Advocate for improved infrastructure and access to public land to realise social and economic opportunities**

- We secured \$750,000 of Federal Government funding for the Kinglake streetscape improvement.
- We appointed an officer representative to the Department of Environment, Land, Water and Planning Committee of Management for the Toolangi Forest Discovery Centre with a focus on looking at the future community use for the facility.
- We engaged with the Department of Environment, Land, Water and Planning in relation to the future of regional forest agreements.

# OUR PROMISE

**WE WILL ALL WORK IN COLLABORATION WITH OUR COMMUNITIES TO DELIVER THE BEST POSSIBLE OUTCOMES IN ALL THAT WE DO.**

## **WHAT WE AIM TO ACHIEVE: (STRATEGIES)**

## **WHAT WE DID IN QUARTER TWO 2018/2019:**

### **1. Represent and advocate for our community in a transparent and equitable way**

We continued to advocate to relevant levels of government and other agencies for high priority issues including:

- better health services across the Shire, with a particular focus on mental health services across the Kinglake Ranges and removal of the administrative boundaries
- improved management of the Black Spur and other road related improvements
- provision of post-secondary education services
- the timing of Federal Assistance Grants payments to Council.

### **2. Ensure our culture, systems and technologies encourage and enable innovation in our business practices and service delivery**

- We went live with an integrated organisation wide Customer Request Management system.
- We launched a new way in which we record phone messages to improve tracking and response time to requests.
- We fine-tuned the integration between the Customer Request Management System and Council's Asset works program management system.
- We implemented improvements to the customer dial in (Interactive Voice Response) options to add choices and speed in connecting customers to the service they need.
- We refined our online forms to improve the customer experience in submitting requests.

### **3. Ensure the range of services we provide and the way we provide them are best aligned with community priorities and Council's resources**

- We completed our review of Aged and Disability Service delivery and Council resolved on the matter at their 27 March 2019 Meeting.
- We continued to deliver the capital works program with key asset renewal programs including the gravel roads resheeting program and the sealed roads program largely completed during the quarter.
- We completed several infrastructure upgrades for the quarter including the Yea Station Street Playground, Campbell's Creek Bridge load upgrade and Eildon boat ramp widening.
- We worked with all councils in the Hume Region to develop a funding application and business case for collaborative service delivery arrangements across councils.

<b>4. Commit to developing a stronger customer-focused culture that makes us easier to deal with</b>	<ul style="list-style-type: none"><li>• We introduced uniforms for our customer service staff across all library and customer service centres to provide a more professional and identifiable appearance.</li><li>• We launched our new Customer Contact Centre within Council to enable a more responsive and efficient response to customer phone enquiries and requests.</li><li>• We continued to support staff through training and awareness raising initiatives to maintain the momentum of culture change in delivering customer service.</li></ul>
<b>5. Expand our communication and two-way engagement with the community</b>	<ul style="list-style-type: none"><li>• We began Audio recordings of our Council meetings from February and making them publically available on Council's website.</li><li>• We undertook community consultation on several topics including:<ul style="list-style-type: none"><li>* Kinglake Ranges Streetscape project</li><li>* Grants and Contributions Programs</li><li>* Recreation and Open Space Strategy</li><li>* Alexandra Rotary Park Playground &amp; Skate/BMX Park</li><li>* Community Planning</li><li>* Swimming Pools.</li></ul></li><li>• We distributed 27 media releases and placed 160 advertisements.</li><li>• Our Facebook page 'Likes' increased from 1,866 to 2,117 and we had 117 Facebook posts, with a total reach of 343,315 and 29,640 engagements.</li></ul>
<b>6. Maintain Council's financial sustainability through sound financial and asset management</b>	<ul style="list-style-type: none"><li>• We continued to develop the draft 2019/20 Budget which will be tabled at the April Council meeting.</li><li>• We commenced a review of Council's discretionary cash reserves in order to ensure alignment with Council's long term financial planning needs.</li></ul>
<b>7. Support a skilled, engaged and flexible workforce that can respond to changing needs</b>	<ul style="list-style-type: none"><li>• We continued to support our staff to participate in leadership programs and opportunities including:<ul style="list-style-type: none"><li>* 2019 LGPro Executive Leadership Program</li><li>* 2019 LGMA Australasian Management Challenge</li><li>* We supported secondment programs including hosting staff from other councils and placing our staff at other councils.</li></ul></li><li>• We continued to upskill Council officers in customer request management systems, processes and responses.</li><li>• We recruited and trained new customer service staff in the operation of the Customer Contact Centre.</li></ul>

Statement A

Murrindindi Shire Council

Income Statement  
For the period ended 31 March 2019

	Original Budget 2018/19	December Revised Budget 2018/19	Annual Revised Budget 2018/19	Forecast Adjustment 2018/19	YTD Budgets 31/03/2019	YTD Actual 31/03/2019	Budget/ Actual Variance (unfav) \$	%
<b>Revenue</b>								
Rates & Charges	20,525,445	20,612,589	20,612,589	-	20,600,761	20,544,769	(55,992)	0%
Special Charge	87,000	87,000	87,000	-	-	-	-	-
Statutory fees and fines	888,678	1,049,980	1,049,980	-	836,914	776,720	(60,194)	-7%
User fees	2,345,277	2,791,655	2,791,655	-	2,270,118	2,222,347	(47,771)	-2%
Grants - Operating	7,346,704	5,790,501	8,341,851	2,551,350	4,576,374	4,562,050	(14,324)	0%
Grants - Capital	1,414,759	2,304,960	2,304,960	-	1,373,959	1,868,701	494,742	36%
Contributions - Cash	54,275	352,416	352,416	-	342,118	315,140	(26,978)	-8%
Contributions - Non Cash	400,000	805,000	805,000	-	-	-	-	-
Reimbursements	382,114	475,425	488,425	13,000	262,735	250,200	(12,535)	-5%
Other revenue	1,181,015	1,238,489	1,238,489	-	759,297	724,231	(35,066)	-5%
<b>Total Revenue</b>	<b>34,625,267</b>	<b>35,508,015</b>	<b>38,072,365</b>	<b>2,564,350</b>	<b>31,022,276</b>	<b>31,264,157</b>	<b>241,881</b>	<b>1%</b>
<b>Expenses</b>								
Employee Benefits	14,799,536	14,785,437	14,812,255	26,818	11,237,431	10,804,242	433,189	4%
Materials and Services	9,798,106	11,545,557	11,609,839	64,282	8,552,652	7,906,761	645,891	8%
Depreciation and amortisation	9,602,649	9,183,849	9,183,849	-	1,000	922	78	8%
Bad and Doubtful Debts	-	65,278	65,278	-	65,278	-	65,278	-
Other Expense	313,338	330,065	330,065	-	237,632	253,461	(15,829)	-7%
Finance Costs (Interest)	55,050	55,050	55,050	-	20,520	20,546	(26)	0%
<b>Total Expenses</b>	<b>34,568,679</b>	<b>35,965,236</b>	<b>36,056,336</b>	<b>91,100</b>	<b>20,114,513</b>	<b>18,985,932</b>	<b>1,128,581</b>	<b>6%</b>
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(55,054)	223,845	223,845	-	245,892	213,976	(31,916)	-13%
<b>Surplus (deficit) for the period</b>	<b>1,534</b>	<b>(233,376)</b>	<b>2,239,874</b>	<b>2,473,250</b>	<b>11,153,655</b>	<b>12,492,201</b>	<b>1,338,546</b>	<b>12%</b>
Net gain (loss) on disposal of property, infrastructure, plant & equipment								
Proceeds from Sale of Fixed Assets	623,267	689,159	689,159	-	494,159	231,283	(262,876)	-53%
Carrying value of assets sold	678,321	465,314	465,314	-	248,267	17,308	230,959	93%
<b>Total</b>	<b>(55,054)</b>	<b>223,845</b>	<b>223,845</b>	<b>-</b>	<b>245,892</b>	<b>213,976</b>	<b>(31,916)</b>	<b>-13%</b>
Total Materials and Contractors								
Utilities	527,267	526,561	527,361	800	382,462	336,167	46,295	12%
Contractors	6,640,245	7,428,961	7,394,443	(34,518)	5,451,082	5,326,426	124,656	2%
Legal Expenses	255,450	320,252	320,252	-	248,463	147,442	101,021	41%
Insurance	426,209	446,991	446,991	-	437,948	432,671	5,278	1%
Materials	842,840	898,391	898,391	-	678,833	610,915	67,918	10%
Contributions	848,218	1,595,947	1,608,947	13,000	1,056,413	862,113	194,300	18%
Consultants	257,877	328,454	413,454	85,000	297,451	191,027	106,424	36%
	<b>9,798,106</b>	<b>11,545,557</b>	<b>11,609,839</b>	<b>64,282</b>	<b>8,552,652</b>	<b>7,906,761</b>	<b>645,891</b>	<b>8%</b>

Statement B

Murrindindi Shire Council

Balance Sheet  
as at 31 March 2019

	Original Budget 2018/19	December Revised Budget 2018/19	Annual Revised Budget 2018/19	Forecast Adjustment 2018/19	YTD Budget 31/03/2019	Actual 31/03/2019	Variance (unfav)	%
	\$	\$	\$	\$	\$	\$	\$	
<b>Assets</b>								
Current assets								
Cash and cash equivalents	28,133,754	28,913,890	31,297,140	2,383,250	35,162,703	36,253,936	1,091,233	3%
Trade and other receivables	2,705,897	3,698,182	3,698,182	-	7,296,762	7,499,917	203,155	3%
Accrued Income	202,000	202,000	202,000	-	-	-	-	-
Prepayments	215,000	215,000	215,000	-	20,000	21,421	1,421	
Non Current Assets Held for sale	-	-	-	-	217,047	217,047	-	
Inventories	45,000	45,000	45,000	-	45,000	67,826	22,826	51%
<b>Total current assets</b>	<b>31,301,651</b>	<b>33,074,072</b>	<b>35,457,322</b>	<b>2,383,250</b>	<b>42,741,512</b>	<b>44,060,148</b>	<b>1,318,636</b>	<b>3%</b>
Non current assets								
Intangible Assets	2,886,566	2,896,201	2,896,201	-	3,595,973	3,595,973	-	
Property & Plant & Equipment	305,720,438	344,683,718	344,773,718	90,000	344,593,467	344,640,041	46,574	0%
Receivables	39,000	39,000	39,000	-	16,000	6,000	(10,000)	-62%
<b>Total non-current assets</b>	<b>308,646,004</b>	<b>347,618,919</b>	<b>347,708,919</b>	<b>90,000</b>	<b>348,205,440</b>	<b>348,242,015</b>	<b>36,575</b>	<b>0%</b>
<b>Total assets</b>	<b>339,947,655</b>	<b>380,692,991</b>	<b>383,166,241</b>	<b>2,473,250</b>	<b>390,946,952</b>	<b>392,302,162</b>	<b>1,355,210</b>	<b>0%</b>
<b>Liabilities</b>								
Current liabilities								
Trade and other payables	2,107,764	2,107,764	2,107,764	-	800,000	622,046	177,954	22%
Trust funds and deposits	1,030,222	1,030,222	1,030,222	-	1,043,053	1,340,777	(297,724)	-29%
Provisions - Employee Entitlements	3,601,508	3,495,913	3,495,913	-	3,495,913	3,374,266	121,647	3%
Interest-bearing loans and borrowings	188,469	188,469	188,469	-	-	-	-	
<b>Total Current Liabilities</b>	<b>6,927,963</b>	<b>6,822,368</b>	<b>6,822,368</b>	<b>-</b>	<b>5,338,966</b>	<b>5,337,089</b>	<b>1,877</b>	<b>0%</b>
Non-Current Liabilities								
Provisions - Employee Entitlements	188,161	196,707	196,707	-	196,707	215,246	(18,539)	-9%
Provisions - Other	5,800,000	5,943,417	5,943,417	-	5,943,417	5,943,417	0	0%
Interest-bearing loans and borrowings	478,556	478,556	478,556	-	828,888	828,887	1	0%
<b>Total Non Current Liabilities</b>	<b>6,466,717</b>	<b>6,618,680</b>	<b>6,618,680</b>	<b>-</b>	<b>6,969,012</b>	<b>6,987,550</b>	<b>(18,538)</b>	<b>0%</b>
<b>TOTAL LIABILITIES</b>	<b>13,394,680</b>	<b>13,441,048</b>	<b>13,441,048</b>	<b>-</b>	<b>12,307,978</b>	<b>12,324,640</b>	<b>(16,662)</b>	<b>0%</b>
<b>NET ASSETS</b>	<b>326,552,975</b>	<b>367,251,943</b>	<b>369,725,193</b>	<b>2,473,250</b>	<b>378,638,974</b>	<b>379,977,523</b>	<b>1,338,549</b>	<b>0%</b>
<b>Equity</b>								
Accumulated Surplus	126,320,719	130,613,972	130,613,972	-	131,242,478	131,242,479	1	0%
Surplus for the Year	1,534	(233,376)	2,239,874	2,473,250	11,153,655	12,492,201	1,338,546	12%
Asset Revaluation Reserve	182,944,361	219,166,552	219,166,552	-	219,166,552	219,166,553	1	0%
Other Reserves	17,286,361	17,704,795	17,704,795	-	17,076,289	17,076,289	0	0%
<b>TOTAL EQUITY</b>	<b>326,552,975</b>	<b>367,251,943</b>	<b>369,725,193</b>	<b>2,473,250</b>	<b>378,638,974</b>	<b>379,977,523</b>	<b>1,338,549</b>	<b>0%</b>

Statement C

Murrindindi Shire Council

Cash Flow Statement  
For the period ended 31 March 2019

	Original Budget 2018/19	December Revised Budget 2018/19	Annual Revised Budget 2018/19	Forecast Adjustment 2018/19	YTD Budget 31/03/2019	Actual 31/03/2019	Variance (unfav) \$	% %
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)		
<b>Cash Flow From Operating Activities</b>								
Rates & Charges	20,485,666	20,920,380	20,920,380	-	17,609,972	17,407,231	(202,741)	-1%
User charges, fines and contributions	4,234,731	5,306,542	5,319,542	13,000	4,125,384	4,025,119	(100,264)	-2%
Grants	8,911,463	8,507,836	11,059,186	2,551,350	6,127,986	6,584,307	456,322	7%
Interest	725,646	871,741	871,741	-	688,838	649,521	(39,318)	-6%
Payments to suppliers	(10,554,681)	(12,746,375)	(12,810,657)	(64,282)	(10,216,037)	(9,788,175)	427,861	-4%
Payments to employees	(14,752,141)	(14,788,353)	(14,815,171)	(26,818)	(11,790,347)	(11,460,265)	330,082	-3%
<b>Net cash flow provided by operating activities</b>	<b>9,050,684</b>	<b>8,071,770</b>	<b>10,545,020</b>	<b>2,473,250</b>	<b>6,545,795</b>	<b>7,417,738</b>	<b>871,942</b>	<b>13%</b>
<b>Cash flow from investing activities</b>								
Payment for property, plant and equipment, infrastructure & Intangible assets	(7,820,038)	(11,048,206)	(11,138,206)	(90,000)	(3,279,878)	(3,095,416)	184,462	-6%
Proceeds from sale of property, plant and equipment, infrastructure	623,267	689,159	689,159	-	494,159	231,283	(262,876)	-53%
<b>Net cash used in investing activities</b>	<b>(7,196,771)</b>	<b>(10,359,047)</b>	<b>(10,449,047)</b>	<b>(90,000)</b>	<b>(2,785,719)</b>	<b>(2,864,132)</b>	<b>(78,413)</b>	<b>3%</b>
<b>Cash flows from financing activities</b>								
Trust funds and deposits	97,452	(98,389)	(98,389)	-	(85,558)	212,173	297,730	-348%
Finance costs	(58,885)	(58,885)	(58,885)	-	(32,118)	(32,145)	(26)	0%
Repayment of interest bearing loans and borrowings	(319,840)	(319,840)	(319,840)	-	(157,977)	(157,977)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(281,273)</b>	<b>(477,113)</b>	<b>(477,113)</b>	<b>-</b>	<b>(275,653)</b>	<b>22,051</b>	<b>297,704</b>	<b>-108%</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,572,640</b>	<b>(2,764,390)</b>	<b>(381,140)</b>	<b>2,383,250</b>	<b>3,484,423</b>	<b>4,575,656</b>	<b>1,091,233</b>	<b>31%</b>
Cash and cash equivalents at the beginning of the financial year	26,561,114	31,678,280	31,678,280	-	31,678,280	31,678,280	-	0%
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28,133,754</b>	<b>28,913,890</b>	<b>31,297,140</b>	<b>2,383,250</b>	<b>35,162,703</b>	<b>36,253,936</b>	<b>1,091,233</b>	<b>3%</b>

Statement D

Murrindindi Shire Council  
Statement of Capital Works  
For the period ended 31 March 2019

	December						Budget/Actual Variance (unfav)
	Original Budget	Revised Budget	Revised Budget	Forecast Adjustment	YTD Budget	Actuals	
	2018/19	2018/19	2018/19	2018/19	31/03/2019	31/03/2019	
	\$	\$	\$	\$	\$	\$	\$
Buildings	2,043,987	3,295,013	3,295,013	-	1,028,584	1,092,250	(63,666)
Plant , Machinery & Equipment	1,367,317	1,887,359	1,977,359	(90,000)	616,039	493,658	122,381
Roads	3,140,624	3,866,288	3,866,288	-	846,293	821,635	24,658
Bridges	590,000	706,141	706,141	-	122,114	122,483	(369)
Footpaths and Cycleways	190,260	223,959	223,959	-	53,394	48,123	5,271
Stormwater Network	174,000	404,852	404,852	-	40,000	37,779	2,221
Heritage	-	267,874	267,874	-	267,874	280,412	(12,538)
Furniture, Office Equipment and Software	214,000	296,870	296,870	-	222,370	132,754	89,616
Library Materials	99,850	99,850	99,850	-	83,210	66,322	16,888
Total Capital Works	7,820,038	11,048,206	11,138,206	(90,000)	3,279,878	3,095,416	184,462

Property, Infrastructure, Plant and Equipment

Movement Reconciliation Worksheet	Original	Revised	Revised	Forecast	YTD Budget	YTD Actual	Variance
	Budget	Budget	Budget	Adjustment			
	2018/19	2018/19	2018/19	2018/19			
	\$	\$	\$	\$	\$	\$	\$
Total Capital Works	7,820,038	11,048,206	11,138,206	(90,000)	3,279,878	3,095,416	184,462
Impaired assets							-
Asset revaluation movement				0			(0)
Depreciation	(9,182,956)	(8,484,077)	(8,484,077)	-	(1,000)	(922)	(78)
Written down value of non current assets sold	(461,274)	(248,267)	(248,267)	-	(248,267)	(17,308)	(230,959)
Contributed Assets	400,000	805,000	805,000	-	0	-	-
Intangible software							
Net movement in property, infrastructure, plant and equipment	(1,424,192)	3,120,862	3,210,862	(90,000)	3,030,611	3,077,186	(46,575)

Statement D

Murrindindi Shire Council  
Statement of Capital Works  
For the period ended 31 March 2019

	Original Budget 2018/19	December Revised Budget 2018/19	Revised Budget 2018/19	Forecast Adjustment 2018/19	YTD Budget 31/03/2019	Actuals 31/03/2019	Budget/Actual Variance (unfav)
Buildings	2,043,987	3,295,013	3,295,013	-	1,028,584	1,092,250	(63,666)
Plant , Machinery & Equipment	1,367,317	1,887,359	1,977,359	(90,000)	616,039	493,658	122,381
Roads	3,140,624	3,866,288	3,866,288	-	846,293	821,635	24,658
Bridges	590,000	706,141	706,141	-	122,114	122,483	(369)
Footpaths and Cycleways	190,260	223,959	223,959	-	53,394	48,123	5,271
Stormwater Network	174,000	404,852	404,852	-	40,000	37,779	2,221
Heritage	-	267,874	267,874	-	267,874	280,412	(12,538)
Furniture, Office Equipment and Software	214,000	296,870	296,870	-	222,370	132,754	89,616
Library Materials	99,850	99,850	99,850	-	83,210	66,322	16,888
Total Capital Works	7,820,038	11,048,206	11,138,206	(90,000)	3,279,878	3,095,416	184,462

Property, Infrastructure, Plant and Equipment

Movement Reconciliation Worksheet	Original Budget 2018/19	Revised Budget 2018/19	Revised Budget 2018/19	Forecast Adjustment 2018/19	YTD Budget 31/03/2019	YTD Actual 31/03/2019	Variance
Total Capital Works	7,820,038	11,048,206	11,138,206	(90,000)	3,279,878	3,095,416	184,462
Depreciation	(9,182,956)	(8,484,077)	(8,484,077)	-	(1,000)	(922)	(78)
Written down value of non current assets sold	(461,274)	(248,267)	(248,267)	-	(248,267)	(17,308)	(230,959)
Contributed Assets	400,000	805,000	805,000	-	0	-	-
Net movement in property, infrastructure, plant and equipment	(1,424,192)	3,120,862	3,210,862	(90,000)	3,030,611	3,077,186	(46,575)

Statement E

Murrindindi Shire Council

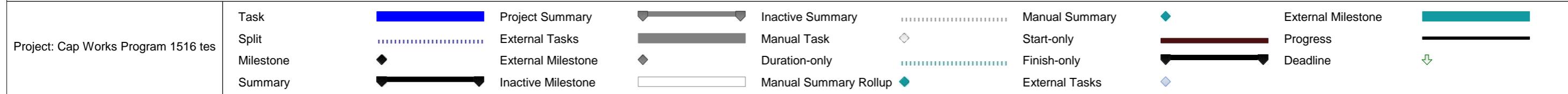
Reconciliation of Non Discretionary Cash & Reserves  
as at 31 March 2019

Cash Flow Statement Reconciliation - Non discretionary Cash Requirements

Required Cash at year End	Original Budget	Annual Revised Budget	Annual Revised Budget	Forecast Adjustment	YTD Budget	Actual	Budget/ Actual Variance
	2018/19	2018/19	2018/19	2018/19	31/03/2019	31/03/2019	
<b>Non discretionary Cash Requirements to be held:</b>							
<b>Reserves</b>							
<b>Account</b>		\$	\$	\$	\$	\$	
070300 Public Open Space Reserve	(476,754)	(550,004)	(550,004)	(38,000)	(487,004)	(487,004)	(0)
070305 Infrastructure Contributions - Parking	(41,080)	(41,080)	(41,080)	-	(41,080)	(41,080)	-
070312 - Infrastructure Maintenance Reserve 2% Rates	(571,130)	(571,130)	(571,130)	-	(1,040,130)	(1,040,130)	-
070313 - Infra. Maint. New & Expanded Assets (bal. \$1.2m)	(4,052,881)	(4,040,532)	(4,040,532)	-	(4,040,532)	(4,040,532)	-
070314 - Infra. Maint. Gifted & Novated Assets - \$920K	(920,000)	(920,000)	(920,000)	-	(920,000)	(920,000)	-
070315 - Defined Benefits Superannuation	(1,050,000)	(1,200,000)	(1,200,000)	-	(1,200,000)	(1,200,000)	-
070316 - Infra. Balance MAP's Funding	(478,378)	(478,378)	(478,378)	-	(498,428)	(498,428)	-
070318 - Infra. Unexpended Capital Works	(789,979)	(789,979)	(789,979)	-	(789,979)	(789,979)	-
070325 Garbage Reserve	(8,579,195)	(8,705,948)	(8,705,948)	(20,867)	(7,784,511)	(7,784,511)	-
070336 - Marysville Community Fund	(63,531)	(63,531)	(63,531)	-	(63,531)	(63,531)	-
070345 Shaw Avenue Redevelopment Reserve	(43,752)	(43,752)	(43,752)	-	(43,752)	(43,752)	-
070355 Alexandra Community Leisure Centr	-	-	-	-	-	-	-
070370 Road Maintenance Reserve	(16,044)	(16,044)	(16,044)	-	(16,044)	(16,044)	-
070420 Yea Saleyards Reserve	(30,352)	(111,295)	(111,295)	(84,203)	(62,176)	(62,176)	-
070430 Alexandra Saleyards Reserve	-	-	-	-	-	-	-
070440 Yea Caravan Park Reserve	(28,000)	(28,000)	(28,000)	-	-	-	-
070445 Marysville Caravan Park Reserve	(145,285)	(145,122)	(145,122)	-	(89,122)	(89,122)	-
<b>Total Cash backed reserves</b>	<b>(17,286,361)</b>	<b>(17,704,795)</b>	<b>(17,704,795)</b>	<b>(143,070)</b>	<b>(17,076,289)</b>	<b>(17,076,289)</b>	<b>(0)</b>
Other Cash Requirements							
070000 Deposits	(700,000)	(700,000)	(700,000)	-	(700,000)	(833,127)	(133,127)
70041 Provision for Employee Entitlement - A/L 25%	(318,764)	(318,764)	(318,764)	-	(295,555)	(295,555)	-
070040 Provision for Employee Entitlement LSL (progression to 25% over 4 year	(581,614)	(555,215)	(555,215)	-	(555,215)	(548,011)	7,204
070060 General Trust Accounts	(11,915)	(11,915)	(11,915)	-	(11,915)	(10,836)	1,079
Quarry Security ANZ	(19,500)	(19,500)	(19,500)	-	(19,500)	(19,500)	-
Fire Service Property Levy	(143,307)	(143,307)	(143,307)	-	(143,307)	(98,762)	44,545
<b>Total Required Cash</b>	<b>(19,061,460)</b>	<b>(19,453,495)</b>	<b>(19,453,495)</b>	<b>(143,070)</b>	<b>(18,801,781)</b>	<b>(18,882,080)</b>	<b>(80,299)</b>
<b>Total Available Cash</b>	<b>28,133,754</b>	<b>28,913,890</b>	<b>31,297,140</b>	<b>2,295,226</b>	<b>35,162,703</b>	<b>36,253,937</b>	<b>1,091,233</b>
<b>Surplus/(Deficit)</b>	<b>9,072,294</b>	<b>9,460,395</b>	<b>11,843,645</b>	<b>2,152,156</b>	<b>16,360,922</b>	<b>17,371,856</b>	<b>1,010,934</b>

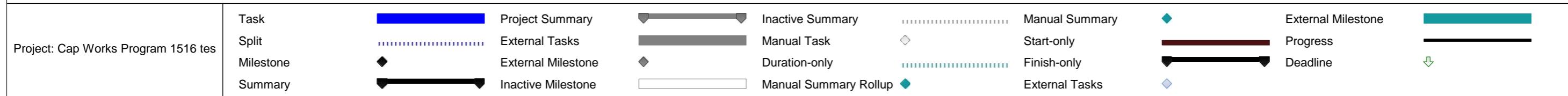
## ATTACHMENT 1 - CAPITAL WORKS - MONTHLY REPORT - MARCH

ID	Health	Name	% Complete	Estimated Construction Start	Estimated Construction Finish	Comment
1		<b>Sealed Road Program/ Bituminous Sealing Program</b>	97%	Tue 6/02/18	Fri 5/04/19	<b>Works completed - March</b>
9		<b>Renewal and Major Patching</b>	88%	Mon 10/12/18	Fri 29/03/19	<b>Completed</b>
10	✓	High Street Road, Eildon	100%	Mon 10/12/18	Fri 29/03/19	Complete
11	✓	Carpark (foodworks), Eildon	100%	Mon 10/12/18	Fri 29/03/19	Complete
12	✓	Wattle Street, Alexandra	50%	Mon 10/12/18	Fri 29/03/19	Complete
13	✓	Murrindindi Road, Murrindindi	100%	Mon 10/12/18	Fri 29/03/19	Complete
14		<b>Sealed Roads - Reseals</b>	100%	Mon 10/12/18	Fri 5/04/19	<b>Complete</b>
15	✓	Craigie Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
16	✓	Duke Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
17	✓	High Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
18	✓	Highlands Road, Highlands	100%	Mon 10/12/18	Fri 29/03/19	Complete
19	✓	Kanumbra-Gobur Road, Gobur	100%	Mon 10/12/18	Fri 29/03/19	Complete
20	✓	Lyons Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
21	✓	Miller Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
22	✓	Moyle Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
23	✓	Nolan Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
24	✓	Oliver Street, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
25	✓	The Parade South Bound, Yea	100%	Mon 10/12/18	Fri 29/03/19	Complete
26	✓	Yarck Road, Gobur	100%	Mon 10/12/18	Fri 29/03/19	Complete
27	✓	Ghin Ghin Road, Highlands	100%	Mon 10/12/18	Fri 29/03/19	Complete
28		<b>Other Road Projects</b>	31%	Mon 8/10/18	Fri 31/05/19	
29		<b>Sealing Unsealed Roads</b>	14%	Mon 8/10/18	Fri 31/05/19	
30	●	Aitken Crescent, Kinglake	0%	Mon 8/10/18	Fri 25/01/19	Design completed. On hold due to Kinglake Streetscape Project. - Works to be coordinated
31	■	Wilhelmina Falls Road - Stage 2	20%	Mon 8/10/18	Fri 31/05/19	Quotation underway (Final seal to be carried forward to 2019/20)
32		<b>Sealing Unsealed Road Entrances</b>	50%	Mon 4/02/19	Fri 24/05/19	
33	■	Mt Pleasant Road - Stage 1 - Design	0%	Mon 4/02/19	Fri 24/05/19	In procurement phase.
34	✓	Bower Street, Kinglake - Realignment - Design	100%	Mon 4/02/19	Fri 24/05/19	Complete
35		<b>Sealed Road - Upgrades</b>	40%	Mon 4/02/19	Fri 24/05/19	<b>Provisional Construction Dates</b>
36	■	Rubicon Road Route - Improvements - Stage 1 - Design	20%	Mon 4/02/19	Fri 24/05/19	Procurement for design consultant.
37	■	Yarck Road - Route Improvements - Stage 1 - Design	60%	Mon 4/02/19	Fri 24/05/19	Design begun. Scope reduced to focus on bridge.
38		<b>Shoulder Resheeting</b>	0%	Mon 5/11/18	Fri 28/06/19	<b>Provisional Construction Dates</b>
39	■	Construction	0%	Mon 5/11/18	Fri 28/06/19	Works commenced.
40		<b>Gravel Road Resheeting Program</b>	100%	Mon 16/07/18	Fri 31/05/19	<b>Awarded by Council</b>
41		<b>Construction</b>	100%	Mon 14/01/19	Fri 31/05/19	<b>Awarded. Provisional Construction Dates</b>
42	✓	Abes Lane (South) Killingworth	100%	Mon 14/01/19	Fri 31/05/19	Complete.
43	✓	Clarks Road, Yea	100%	Mon 14/01/19	Fri 31/05/19	Complete.
44	✓	Killingworth Road, Killingworth	100%	Mon 14/01/19	Fri 31/05/19	Complete
45	✓	Langs Road, Limestone	100%	Mon 14/01/19	Fri 31/05/19	Complete.
46		<b>Unsealed Roads - Major Maintenance</b>	0%	Mon 9/07/18	Fri 28/06/19	<b>Provisional Construction Dates</b>
47	●	Construction	0%	Mon 9/07/18	Fri 28/06/19	Works on hold. Awaiting planning permits.
48		<b>Bridge Program</b>	28%	Mon 27/08/18	Fri 28/06/19	<b>Provisional Construction Dates</b>
49		<b>Construction</b>	12%	Mon 21/01/19	Fri 28/06/19	<b>Provisional Construction Dates</b>
50	●	Dropmore Bridge - Renewal	0%	Mon 21/01/19	Fri 28/06/19	Removed from 2018/19 program due to budget constraints. Consider in 2019/20 program.
51	■	Dyes Lane Bridge - Renewal	20%	Mon 21/01/19	Fri 28/06/19	In procurement.
52	■	Brooks Cutting Bridge - Renewal and Upgrade	20%	Mon 21/01/19	Fri 28/06/19	In procurement.
53		UT Creek Bridge - Renewal	20%	Mon 21/01/19	Fri 28/06/19	In procurement.
54	●	Fannings Bridge - Load Upgrade	0%	Mon 21/01/19	Fri 28/06/19	Removed from 2018/19 program due to budget constraints. Consider in 2019/20 program.
55		<b>Other Bridge Projects</b>	85%	Mon 27/08/18	Fri 28/06/19	
56	✓	Campbells Creek Bridge - Load Upgrade	85%	Mon 27/08/18	Fri 30/11/18	Complete
57	■	Cheviot Tunnel - Repairs	85%	Mon 21/01/19	Fri 28/06/19	Report reviewed. Minimal further action required.
58		<b>Path Program</b>	48%	Mon 13/08/18	Fri 28/06/19	<b>Awarded by Council</b>
59		<b>Construction - Renewal</b>	45%	Mon 21/01/19	Fri 28/06/19	<b>Awarded. Provisional Construction Dates.</b>
60		<b>Renewal</b>	45%	Mon 21/01/19	Fri 28/06/19	



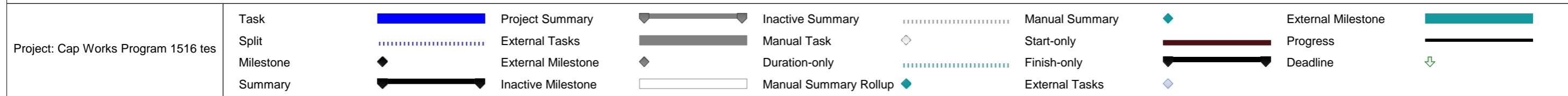
## ATTACHMENT 1 - CAPITAL WORKS - MONTHLY REPORT - MARCH

ID	Health	Name	% Complete	Estimated Construction Start	Estimated Construction Finish	Comment
80	✓	Murchison Street South Side, Marysville (Seg 319)	100%	Mon 21/01/19	Fri 28/06/19	Complete
81	✓	Lyell Street West Side, Marysville (Seg 320)	100%	Mon 21/01/19	Fri 28/06/19	Complete
82	✓	Lyell Street East Side, Marysville (Seg 334)	100%	Mon 21/01/19	Fri 28/06/19	Complete
83	✓	Lyell Street East Side, Marysville (Seg 335)	100%	Mon 21/01/19	Fri 28/06/19	Complete
84	■	Whittlesea-Kinglake Road East Side, Kinglake (Seg 719)	100%	Mon 21/01/19	Fri 28/06/19	Works to be considered in the Kinglake Streetscape project.
85	■	Healesville-Kinglake Road South Side, Toolangi (Seg 876)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
86	■	Healesville-Kinglake Road South Side, Toolangi (Seg 877)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
87	■	Monarch Close, Kinglake West (Seg 947)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
88	■	Bolygum Path, Kinglake (Seg 1649)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
89	■	Toolangi Tall Trees Trail, Toolangi (Seg 1693)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
90	■	Racecourse Road South Side, Yea (Seg 673)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
91	<b>Missing Links</b>		<b>0%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	
92	●	Aitken Cres, Whittlesea-Kinglake & Kinglake Glenburn - Stage 2	0%	Mon 21/01/19	Fri 28/06/19	On hold due to Kinglake Streetscape Project. - Works to be coordinated
93	<b>Urban Access Improvements</b>		<b>100%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
94	✓	Bayley Street East Side, Alexandra (Seg 110)	100%	Mon 21/01/19	Fri 28/06/19	Complete
95	✓	Bayley Street West Side, Alexandra (Seg 111)	100%	Mon 21/01/19	Fri 28/06/19	Complete
96	✓	Bayley Street West Side, Alexandra (Seg 117)	100%	Mon 21/01/19	Fri 28/06/19	Complete
97	✓	Downey Street (Maroondah Highway) South Side, Alexandra (New)	100%	Mon 21/01/19	Fri 28/06/19	Complete
98	<b>Kerb &amp; Channel Program</b>		<b>67%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
99	✓	Albert Street West Side, Alexandra (Seg 5)	100%	Mon 21/01/19	Fri 28/06/19	Complete
100	✓	Albert Street East Side, Alexandra (Seg 450)	100%	Mon 21/01/19	Fri 28/06/19	Complete
101	■	High Street, Yea (Seg 387)	0%	Mon 21/01/19	Fri 28/06/19	Works to begin in April.
102	●	Station Street, Yea (Seg 673)	0%	Mon 21/01/19	Fri 28/06/19	Works on hold. To be completed in conjunction with Yea Library and Childrens Centre planned accessibility works.
103	✓	Thom Street, Alexandra (Seg 693)	100%	Mon 21/01/19	Fri 28/06/19	Complete
104	✓	Villeneuve Street South, Alexandra (Seg 707)	100%	Mon 21/01/19	Fri 28/06/19	Complete
105	<b>Road Safety</b>		<b>25%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
106	■	Street Lighting	30%	Mon 21/01/19	Fri 28/06/19	Bus Stop Light at Marysville completed. Kinglake/Glenburn Rd, Kinglake, in progress.
107	■	Cycling Road Signage	20%	Mon 21/01/19	Fri 28/06/19	Scoping and site inspections underway.
108	<b>Stormwater Network</b>		<b>13%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
109	■	Marshbank Street, Yea	10%	Mon 21/01/19	Fri 28/06/19	Quotation, design and environmental assessment currently underway.
110	■	High Street Yea	10%	Mon 21/01/19	Fri 28/06/19	Contract awarded works to begin
111	■	William Street to UT Creek - Staged Works	20%	Mon 21/01/19	Fri 28/06/19	Contract awarded works to begin
112	<b>Community Facility</b>		<b>60%</b>	<b>Mon 21/01/19</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
113	✓	Park/Reserves Access Roads/Shared Path Renewal	100%	Mon 21/01/19	Fri 28/06/19	Complete
114	■	Emergency Services Access to HeliPad, Alexandra	0%	Mon 21/01/19	Fri 28/06/19	In procurement.
115	■	Yea Office Carpark Traffic Management	80%	Mon 21/01/19	Fri 28/06/19	Evaluated and awarded in March.
116	<b>Community Land - Annual Program</b>		<b>45%</b>	<b>Mon 6/08/18</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
117	■	Irrigation upgrade High Street, Yea	40%	Mon 4/03/19	Fri 28/06/19	Changed design to match safety and path upgrades in Yea
118	■	Leckie Park - Little Aths Long and Triple Jump Renewal	30%	Mon 6/08/18	Fri 28/06/19	Contractor awarded
119	■	Pioneer Reserve Parking Area - Sealing	30%	Mon 6/08/18	Fri 28/06/19	Quotes received and evaluated
120	■	Yea Visitor Info/Events Board - Upgrade	40%	Mon 6/08/18	Fri 28/06/19	Awarded. Works to commence end of March.
121	■	Tourist Signage	80%	Mon 6/08/18	Fri 28/06/19	Great Victorian Railtrail signage completed. Indigenous recognition signage to be added.
122	<b>Community Buildings - Renewal and Upgrade</b>		<b>82%</b>	<b>Mon 6/08/18</b>	<b>Fri 28/06/19</b>	
123	✓	CJ Dennis Memorial Hall - External Refurbishment	100%	Mon 28/01/19	Fri 26/04/19	Complete
124	✓	Switchboard compliance works - Stage 1	95%	Mon 6/08/18	Fri 22/02/19	Complete
125	■	Kinglake Ranges Neighbourhood House - Kitchen	25%	Mon 1/10/18	Fri 28/06/19	In procurement.
126	✓	Kinglake Community Centre - Roof and lighting	100%	Mon 6/08/18	Fri 28/06/19	Lighting completed. Roof works to be carried forward.
127	■	Yea Rec Reserve - Change rooms - Renewal and upgrade	100%	Mon 6/08/18	Fri 28/06/19	Carried forward to next year. Works programmed with relevant stakeholders.
128	<b>Community Buildings - Expansion</b>		<b>48%</b>	<b>Mon 27/08/18</b>	<b>Wed 13/03/19</b>	<b>Provisional Construction Dates</b>
129	■	Leckie Park Storage Shed Extension	9%	Mon 27/08/18	Wed 13/03/19	Quotes received. Planning permit application submitted..
130	■	Strath Creek Playground Shade Structure	90%	Mon 27/08/18	Fri 22/02/19	Completed. Consultation on location change. Awaiting endorsed plan
131	<b>Community Buildings - Public Conveniences</b>		<b>100%</b>	<b>Mon 1/10/18</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>
132	✓	Yarck Public Toilet - Renewal	100%	Mon 1/10/18	Fri 28/06/19	Complete



## ATTACHMENT 1 - CAPITAL WORKS - MONTHLY REPORT - MARCH

ID	Health	Name	% Complete	Estimated Construction Start	Estimated Construction Finish	Comment
133		<b>Play Equipment</b>	<b>90% Mon 6/08/18</b>	<b>Fri 22/02/19</b>		
134	✓	Yea Playground - Station Reserve	90% Mon 6/08/18	Fri 22/02/19	Nearing completion	
135		<b>Swimming Pools - Annual Program</b>	<b>10% Mon 6/08/18</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>	
136	█	Plant renewal	20% Mon 6/08/18	Fri 28/06/19	Works to be undertaken after the completion of the pool season	
137	█	Shell renewal	0% Mon 6/08/18	Fri 28/06/19	Works to be undertaken after the completion of the pool season	
138		<b>Resource Recovery Centres</b>	<b>7% Mon 6/08/18</b>	<b>Fri 28/06/19</b>	<b>Provisional Construction Dates</b>	
139	█	Electromagnetic for 13T Excavator - Alexandra Landfill	10% Mon 6/08/18	Fri 28/06/19	In procurement.	
140	●	GPS attachment to compactor - Alexandra Landfill	5% Mon 6/08/18	Fri 28/06/19	On hold due to cost. Carry over to 2019/2020.	
141	█	Closed Landfills - Flowerdale - Stage 2	0% Mon 6/08/18	Fri 28/06/19	Review of closed landfill report underway.	
142	█	Landfill Capping Cell 1A - Alexandra - Stage 1	0% Mon 6/08/18	Fri 28/06/19	Reviewing landfill filling rates to determine timing for capping works.	
143	█	Projects related to resource recovery centres - Stage 1	20% Mon 6/08/18	Fri 28/06/19	Separation curbs for Alexandra and Kinglake RRC completed. Alteration to bin flaps completed. Weigh bridge upgrade on hold.	
144	█	Minor Projects - Alexandra Landfill	5% Mon 6/08/18	Fri 28/06/19	In Progress.	
145	█	Alexandra Resource Recovery Centres - E Waste Collection	10% Mon 6/08/18	Fri 28/06/19	Works commenced.	
146		<b>Corporate Buildings</b>	<b>100% Mon 6/08/18</b>	<b>Fri 28/06/19</b>		
147	✓	Depot Development Works	100% Mon 6/08/18	Fri 28/06/19	Completed.	
149		<b>NEW PROJECTS</b>	<b>25% Thu 23/07/15</b>	<b>Thu 31/12/20</b>		
150	█	Ghin Ghin Road - Upgrade	80% Mon 3/12/18	Fri 28/06/19	Works commenced.	
151	█	Jorgensen Parade - Upgrade	10% Mon 3/12/18	Fri 28/06/19	Procurement complete.	
152	█	Yea - High Street Traffic Management Review	60% Mon 3/12/18	Fri 28/06/19	Draft concept design complete, detailed survey in progress.	
153	✓	Eildon Boat Ramp	100% Mon 3/12/18	Fri 28/06/19	Works complete	
154	●	Eildon Houseboat - Infrastructure - Releasing the Floating City.	10% Mon 3/12/18	Thu 31/12/20	Part funding approved. Pending additional funding. On hold.	
155	●	Kinglake Streetscape Upgrade	0% Mon 3/12/18	Thu 31/12/20	Community consultation underway.	
156	█	Kinglake West carpark resealing. (Memorial)	80% Tue 1/01/19	Thu 28/02/19	Kerbing around landscape area's to be completed and wheel stops to be installed.	
157	█	Lake mountain - bike path extension	25% Fri 12/04/19	Fri 31/05/19	Scoping and site inspections underway.	
158	█	Leckie Park - Disused tennis court slab removal.	0% Fri 12/04/19	Fri 31/05/19	Consultation required.	
159	█	Kinglake Memorial Reserve - Netball courts drainage upgrade.	10% Mon 4/03/19	Fri 28/06/19	Procurement for temporary works underway.	
162		<b>CARRY FORWARDS FROM 2017/2018</b>				
163		<b>Other Road Projects</b>				
164	█	Pendlebury Street, Alexandra	0% Thu 23/07/15	Thu 23/07/15		
165	█	Snodgrass Street Stage 1 & 2 - Sealing Design (Special Charge Scheme)	42% Mon 13/07/15	<b>Fri 28/06/19</b>		
166	✓	Wattle Pendlebury - Guard Rail	28% Mon 6/08/18	Fri 28/06/19	Works being reviewed	
167		<b>Drainage</b>	22% Mon 6/08/18	Fri 28/06/19	Survey completed. Currently obtaining prices for design.	
168		<b>Construction</b>	100% Mon 13/07/15	Fri 11/12/15	completed.	
169		<b>Construction 2017/2018</b>	25% Mon 6/08/18	<b>Fri 28/06/19</b>		
170	█	William Street to UT Creek St, Alexandra	25% Mon 6/08/18	Fri 28/06/19	Works packaged with stage 2 - Works awarded and about to commence	
171		<b>Bridge Program (Carry Forward)</b>	80% Mon 10/04/17	<b>Fri 28/09/18</b>		
172		<b>Investigation</b>	80% Mon 10/04/17	<b>Fri 28/09/18</b>		
173	█	Cheviot Tunnel - Report	80% Mon 10/04/17	Fri 28/09/18	Report reviewed. Minimal further action required.	
175		<b>Community Land</b>	0% Mon 6/08/18	<b>Fri 28/06/19</b>		
176	█	Pioneer Reserve Traffic Management	0% Mon 6/08/18	Fri 28/06/19	Currently finalising scope of works. Combined with carpark sealing works.	
177		<b>Toilets</b>	100% Mon 6/08/18	Fri 28/12/18		
178	✓	Leckie Park - Removal of old toilet block	100% Mon 6/08/18	Fri 28/12/18	Completed	
179		<b>Waste Management Facilities Program</b>	21% Tue 28/03/17	<b>Fri 28/06/19</b>		
180	█	Landfill	24% Fri 28/04/17	Fri 28/06/19	Design completed.	
181	█	Projects relating to Resource Recovery Centre	30% Tue 28/03/17	Fri 28/06/19	Fencing works completed at Alexandra, Kinglake and Yea.	
182	█	Closed landfills	10% Mon 7/08/17	Fri 28/06/19	Currently reviewing report.	
183		<b>Corporate Buildings</b>	30% Mon 6/08/18	<b>Fri 28/06/19</b>		
184	█	Alexandra Office - Office renovation	50% Mon 6/08/18	Fri 28/06/19	Customer service centre completed. Remaining internal works on hold. External works on hold. (Further consultation required)	
185	█	Yea Shire Hall - Restoration works	10% Mon 6/08/18	Fri 28/06/19	Awarded. Awaiting advice from SP Ausnet	
186	●	Marysville Carpark	100% Mon 4/07/16	Fri 22/02/19	Design completed. Construction to be completed in the 2019/2020 capital works program	
187		<b>Timber Tramway Museum</b>	0% Mon 6/08/18	<b>Fri 28/06/19</b>		
188	█	Works	0% Mon 6/08/18	Fri 28/06/19	Works still under consideration	
189		<b>Vegetation Projects</b>	0% Mon 6/08/18	<b>Fri 28/06/19</b>		



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ID	Health	Name	% Complete	Estimated Construction Start	Estimated Construction Finish	Comment
190	■	Planting	0%	Mon 6/08/18	Fri 28/06/19	Funds to be spent over next 3 yrs in further planting and project management
191		Grant Funded Carry Forwards	99%	Mon 6/06/16	Mon 6/06/16	
192		Yea Childrens Centre - Stage One Extention	93%	Mon 24/07/17	Fri 30/11/18	
193	✓	Detailed Design	100%	Mon 24/07/17	Fri 29/12/17	Completed
194	✓	Tender	100%	Mon 22/01/18	Fri 25/05/18	Completed
195	✓	Award	100%	Tue 24/04/18	Tue 24/04/18	Completed
196	✓	Construction	80%	Wed 13/06/18	Fri 30/11/18	Works completed.
197		Bushfire Memorials	96%	Mon 1/05/17	Fri 30/11/18	
198	✓	Detailed Design	100%	Mon 1/05/17	Fri 28/07/17	Completed
199	✓	Tender	100%	Mon 7/08/17	Fri 1/09/17	Completed
200	✓	Award	100%	Wed 22/11/17	Wed 22/11/17	Completed
201	■	Construction	95%	Mon 9/10/17	Fri 30/11/18	Completed and under defect rectification
203		<b>COMPLETED WORKS</b>	99%	Mon 7/08/17	Fri 23/11/18	
204		Marysville Triangle Arts & Culture - Construction	99%	Mon 7/08/17	Fri 23/11/18	Completed
205	✓	Tender	100%	Mon 7/08/17	Fri 1/09/17	Completed
206	✓	Award	100%	Wed 22/11/17	Wed 22/11/17	Completed
207	✓	Construction	100%	Mon 22/01/18	Fri 27/07/18	Completed and under defect period
208		<b>Community Facilities</b>	99%	Mon 22/01/18	Fri 23/11/18	
209	✓	Yea Saleyards Floor Renewal Works	100%	Mon 6/08/18	Fri 28/09/18	Works completed
210	✓	Bollygum Park - Septic Upgrade	100%	Mon 10/09/18	Fri 21/09/18	Works completed
211	✓	Marysville Settlers Park Power Heads - Renewal	100%	Mon 5/11/18	Fri 23/11/18	Works completed
212	✓	Flagpoles at Council Offices	100%	Mon 6/08/18	Tue 4/09/18	Works completed
213		<b>Path Program 17/18</b>	99%	Mon 22/01/18	Fri 28/09/18	
214		<b>Construction</b>	99%	Mon 22/01/18	Fri 28/09/18	
215	✓	Mareeba Avenue, Buxton	100%	Mon 22/01/18	Fri 28/09/18	Works completed
216	✓	Grant Street, Alexandra	100%	Mon 22/01/18	Fri 31/08/18	Works completed
217		<b>Drainage</b>	60%	Mon 5/03/18	Thu 31/12/20	
218	✓	Thom Street, Alexandra	100%	Mon 10/09/18	Fri 26/10/18	Works completed.
219		<b>Community Buildings</b>	59%	Mon 5/03/18	Thu 31/12/20	
220	✓	Thornton Recreation Reserve - Football Pavilion Renewal Works	100%	Mon 5/03/18	Fri 28/09/18	Works completed
221		<b>Traffic Treatments</b>	100%	Mon 10/09/18	Thu 28/02/19	
222	✓	Westbridge Road	100%	Mon 10/09/18	Fri 30/11/18	Works completed
223	✓	Break O'day Road	100%	Mon 10/09/18	Thu 28/02/19	Works completed.
224		<b>Gravel Road Resheeting Program</b>	0%	Mon 16/07/18	Fri 31/05/19	Awarded by Council
225		<b>Construction</b>	1%	Mon 14/01/19	Fri 31/05/19	<b>Awarded. Provisional Construction Dates</b>
226	✓	Coonans Road, Homewood	100%	Mon 14/01/19	Fri 31/05/19	Works completed.
227	✓	Dairy Creek Road, Homewood	100%	Mon 14/01/19	Fri 31/05/19	Works completed.
228	✓	Homewood Road, Homewood	100%	Mon 14/01/19	Fri 31/05/19	Works completed.
229	✓	Slaven Road, Homewood	100%	Mon 14/01/19	Fri 31/05/19	Works completed.
230	✓	Wentworths Road, Kerrisdale	100%	Mon 14/01/19	Fri 31/05/19	Works completed.
231		<b>Urban Access Improvements</b>	15%	Mon 21/01/19	Fri 28/06/19	
232	✓	High Street North Side, Yea (New #1)	100%	Mon 21/01/19	Fri 28/06/19	Works completed by developer
233	✓	High Street North Side, Yea (New #2)	100%	Mon 21/01/19	Fri 28/06/19	Works completed by developer
234		<b>Road Safety</b>	30%	Mon 21/01/19	Fri 28/06/19	
235	✓	Kinglake-Glenburn Road - Curve Safety Upgrade at Westbridge Road	100%	Mon 21/01/19	Fri 28/06/19	Works completed
236		<b>Community Buildings - Renewal and Upgrade</b>	15%	Mon 6/08/18	Fri 28/06/19	
237	✓	Alexandra Lawn Tennis Club - Hard Courts resurfacing	100%	Mon 6/08/18	Fri 29/03/19	Works completed.
238		<b>NEW PROJECTS</b>	10%	Mon 3/12/18	Thu 31/12/20	
239	✓	Ut Creek Gravel Removal and Restoration - GRANT	100%	Thu 6/12/18	Wed 19/12/18	Works completed.
240	✓	Spring Creek Bridge (GVRT)	100%	Mon 6/08/18	Fri 23/11/18	Works completed
241	✓	Myles road culvert replacement.	100%	Mon 3/12/18	Fri 18/01/19	Works completed.

