



# Proposed Budget

2018-2019

# Sustainability

1. Operating Budget
2. General Managers
3. Waste Charges

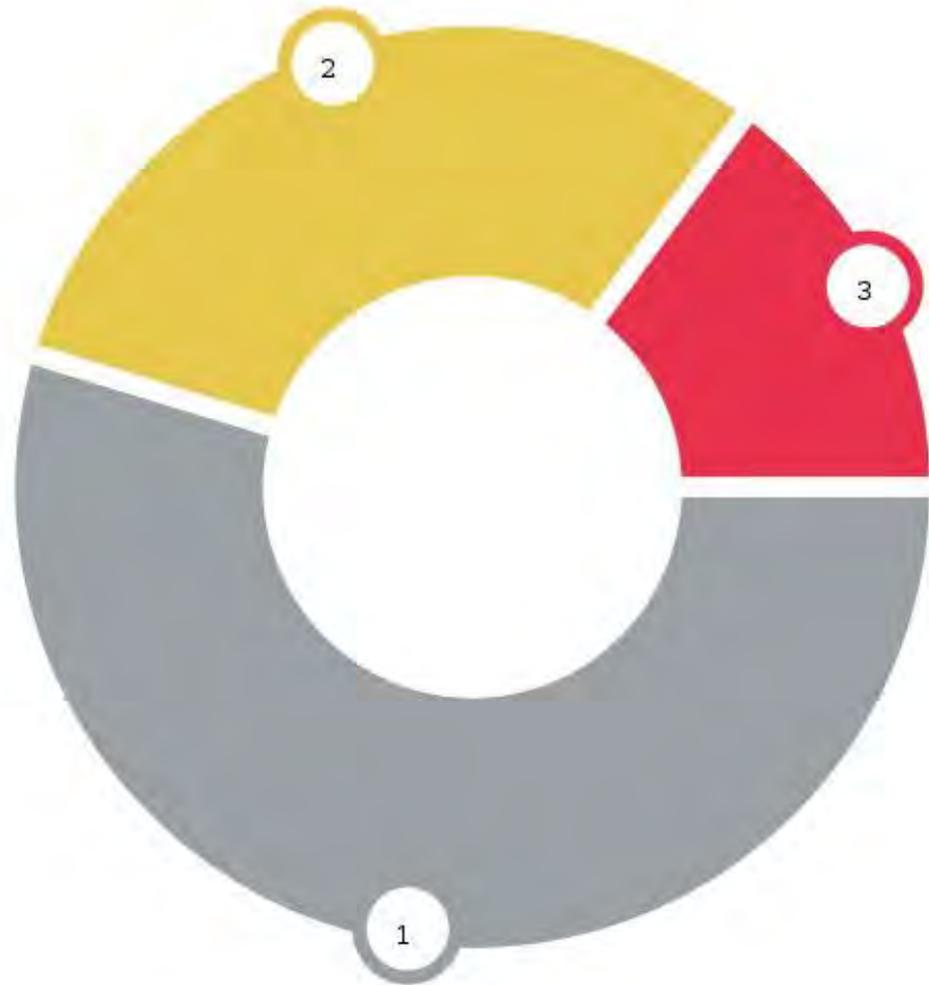
# Past Year

- Resolution \$500k Savings
- October Report
- Service Reviews
- 1 April 2018 Restructure
- Achieved \$694k Savings

# Snapshot

- \$18.7m Operating
- \$6.4m Capital
- No new borrowing
- \$0.9m Underlying Operating Surplus
- \$760k increase cash reserves

# Capital Spend



|   |         |     |
|---|---------|-----|
| ① | Renewal | 55% |
| ② | Upgrade | 30% |
| ③ | New     | 15% |

# Capital

A photograph of a public park area. In the foreground, there are several tall, vertical wooden posts of varying heights, some with decorative patterns. To the left, there is a building with a corrugated metal roof. In the background, there are trees and a clear sky. The overall scene is outdoors and appears to be a public space.

- Pavilion Lords
- Public Toilet Renewal
- Pool Renewal

# Service Delivery Changes

- Shared Services
- Outsourcing
- Asset Management
- Web site and Online Services

# Discretionary Operating

- Outlying Communities Economic Renewal
- Feasibility Study
- Dual Court Basketball Stadium Feasibility Study
- IT Renewal
- Waste and Environment Strategies
- Street Tree Audit and Replacement

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

Mansfield Shire Council is fully compliant with the State Government's Fair Go Rates System

|  | <b>2017-18</b> | <b>2018-19</b> |
|--|----------------|----------------|
| Total Rates (prior year annualised)                  | \$ 9,720,631   | \$10,098,247   |
| Number of rateable properties                        | 7,546          | 7,672          |
| Base Average Rates (prior year)                      | \$ 1,288       | \$ 1,316       |
| Maximum Rate Increase (set by the State Government)  | <b>2.00%</b>   | <b>2.25%</b>   |
| Capped Average Rate (this year)                      | \$ 1,314       | \$ 1,346       |
| Maximum General Rates and Municipal Charges Revenue  | \$ 9,915,044   | \$10,325,458   |
| Budgeted General Rates and Municipal Charges Revenue | \$ 9,913,882   | \$10,325,485   |

Mansfield Shire Council  
Budget Report 2018-19

# Rate Cap 2.25%

# Recycling

- No change in service
- Increase \$15.03 bin/yr
- 28 cents per bin/week

# Questions

- Staff Numbers
- Restructure Savings
- Materials & Services Savings
- Assumptions - CPI, wages, materials
- Working Capital Ratio - liquidity
- General Managers
- Waste Charges
- Asset Renewal - focus roads

# Staff Numbers

## 4.1.4 Employee costs

An organisational restructure was undertaken in 2017-18, effective 2 April 2018, resulting in a reduction in annualised employee costs of \$394,000 per annum and a net reduction of 5.1 full time equivalent staff (FTE).

|  | FTE   | Annualised<br>\$'000 |
|--|-------|----------------------|
| Actual staff prior to restructure                              | 98.1  | 8,624                |
| <i>Restructure changes</i>                                     |       |                      |
| Redundant positions  | (7.9) | (713)                |
| Vacant positions not filled                                    | (2.6) | (197)                |
| New positions  | 5.6   | 499                  |
| Increase/(decrease) to FTE or banding<br>of existing positions | 0.6   | 73                   |
| Removal of backfill  | (0.8) | (57)                 |
| Net change   | (5.1) | (394)                |
| Total post restructure   | 93.0  | 8,230                |

The Forecast Actual 2017-18 employee costs reflect the change to the new structure from 2 April 2018.

|  | Forecast<br>Actual<br>2017-18 | Budget<br>2018-19 | Change |
|--|-------------------------------|-------------------|--------|
|--|-------------------------------|-------------------|--------|

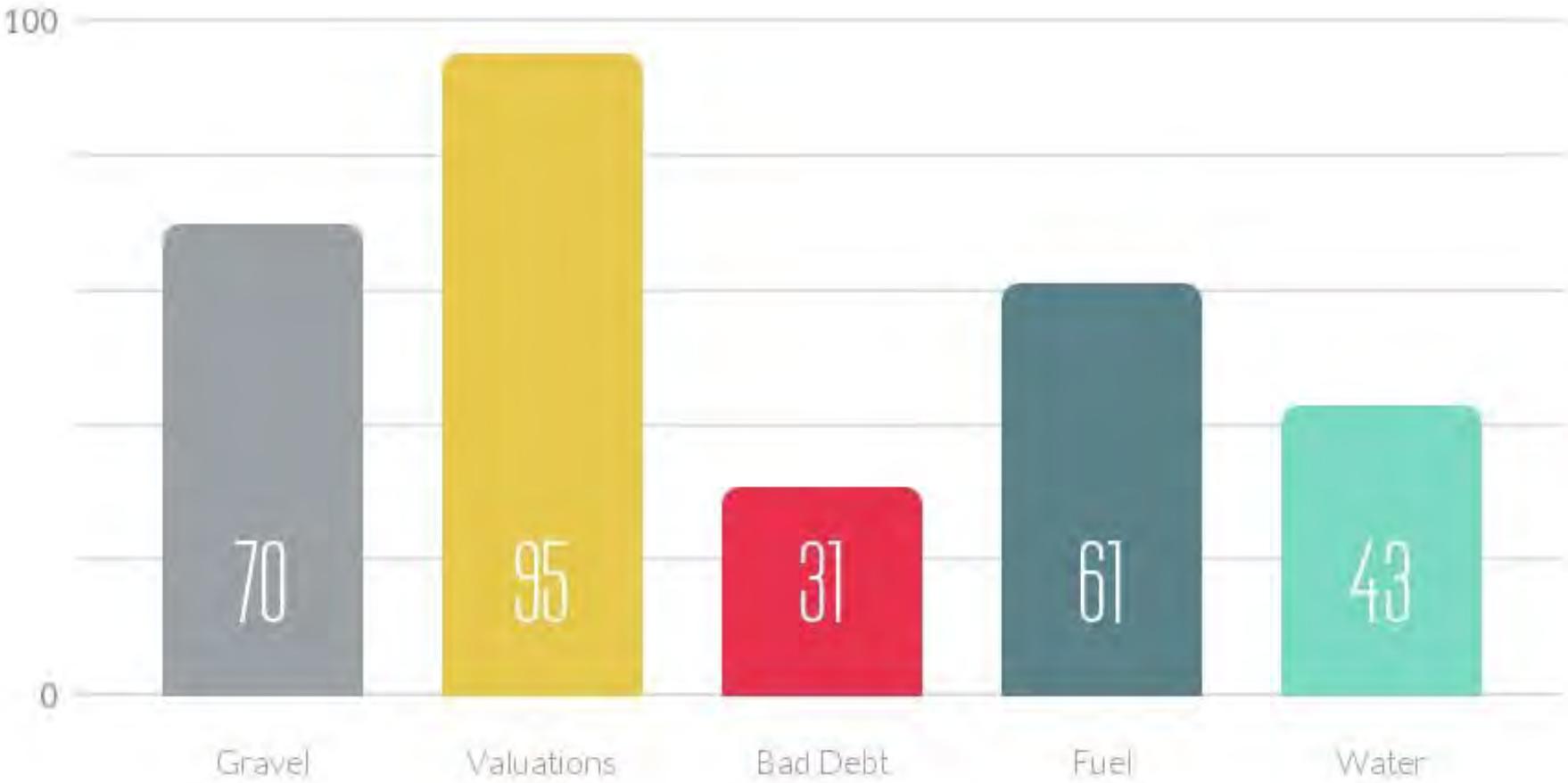
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|                             | Forecast<br>Actual<br>2017-18<br>\$'000 | Budget<br>2018-19<br>\$'000 | Change       |            |
|-----------------------------|---|-----------------------------|--------------|------------|
|                             |   |                             | \$'000       | %          |
| Salaries and wages          | 8,258                                   | 8,222                       | (36)         | -1%        |
| Redundancy costs            | 370                                     | -                           | (370)        | -100%      |
| Fringe benefits tax         | 30                                      | 31                          | 1            | 3%         |
| Contract staff              | 2                                       | 68                          | 66           | 3300%      |
| <b>Total employee costs</b> | <b>8,660</b>                            | <b>8,321</b>                | <b>(339)</b> | <b>-4%</b> |
|                             | FTE                                     | FTE                         | FTE          | %          |
| Fully funded externally     | 1.9                                     | 1.9                         | -            | -          |
| Council funded              | 92.3                                    | 92.3                        | -            | -          |
| <b>Total staff numbers</b>  | <b>94.2</b>                             | <b>94.2</b>                 | <b>-</b>     | <b>-</b>   |

The budget 2018-19 includes the following changes assumed post restructure, from 1 July 2018:

- staggered banding increases as staff progress through the levels within their positions banding.
- Enterprise Agreement (EA) annual wage increases of 1.5% on 7 November each year. Note this is an estimate only as the current EA expires in November 2018 and the revised annual increase is yet to be negotiated.
- new, fully funded positions (1.3 FTE) for new government funded programs in the fields on suicide prevention, supported playgroups and the youth *Engage!* program. These positions will be employed just prior to 30 June 2018.
- outsourcing of geographic information services (GIS) to a third party contractor.

# Materials Services Savings \$300k



# Restructure Savings \$694K

\$394K

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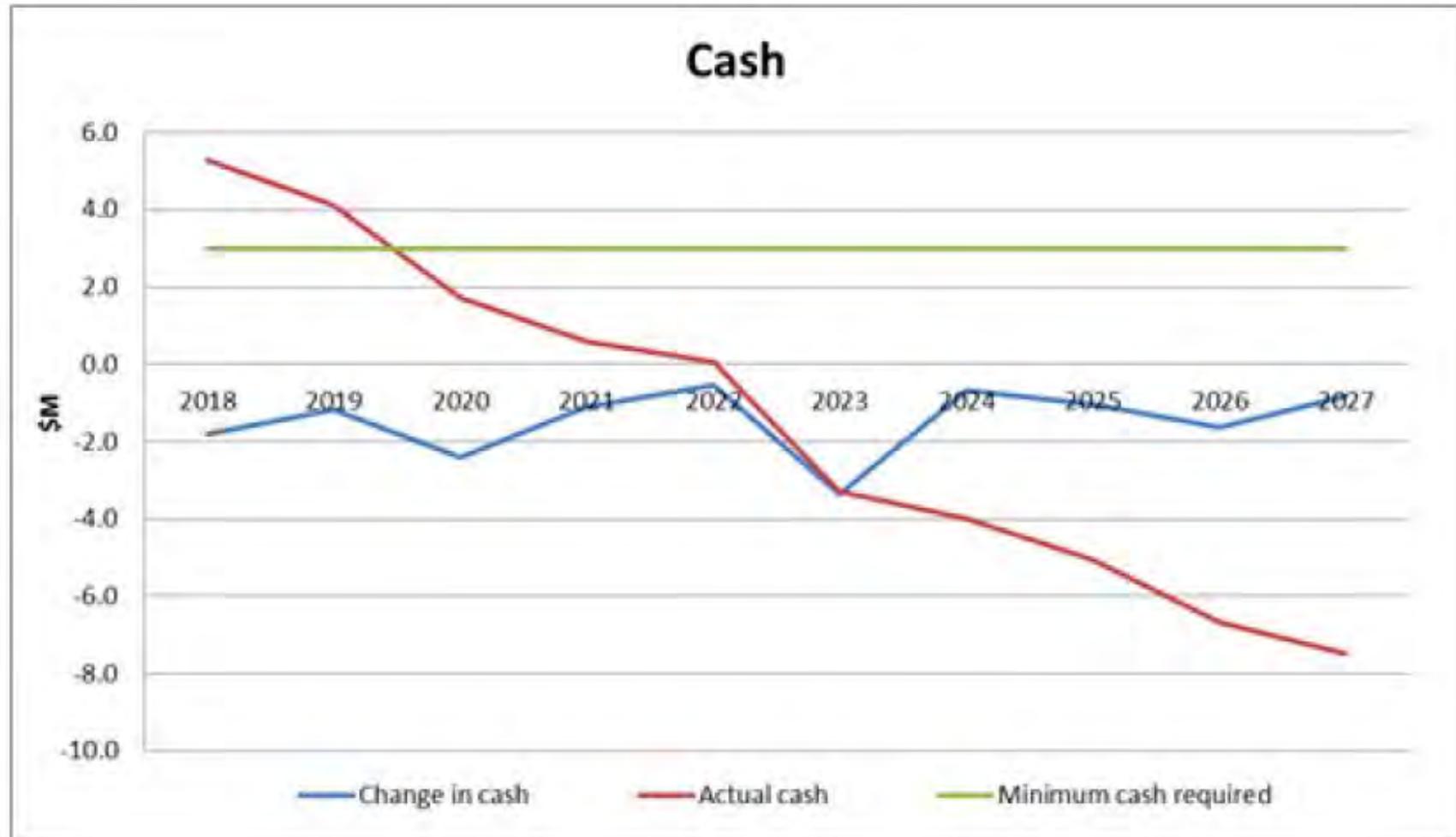
Salaries Wages

\$300K

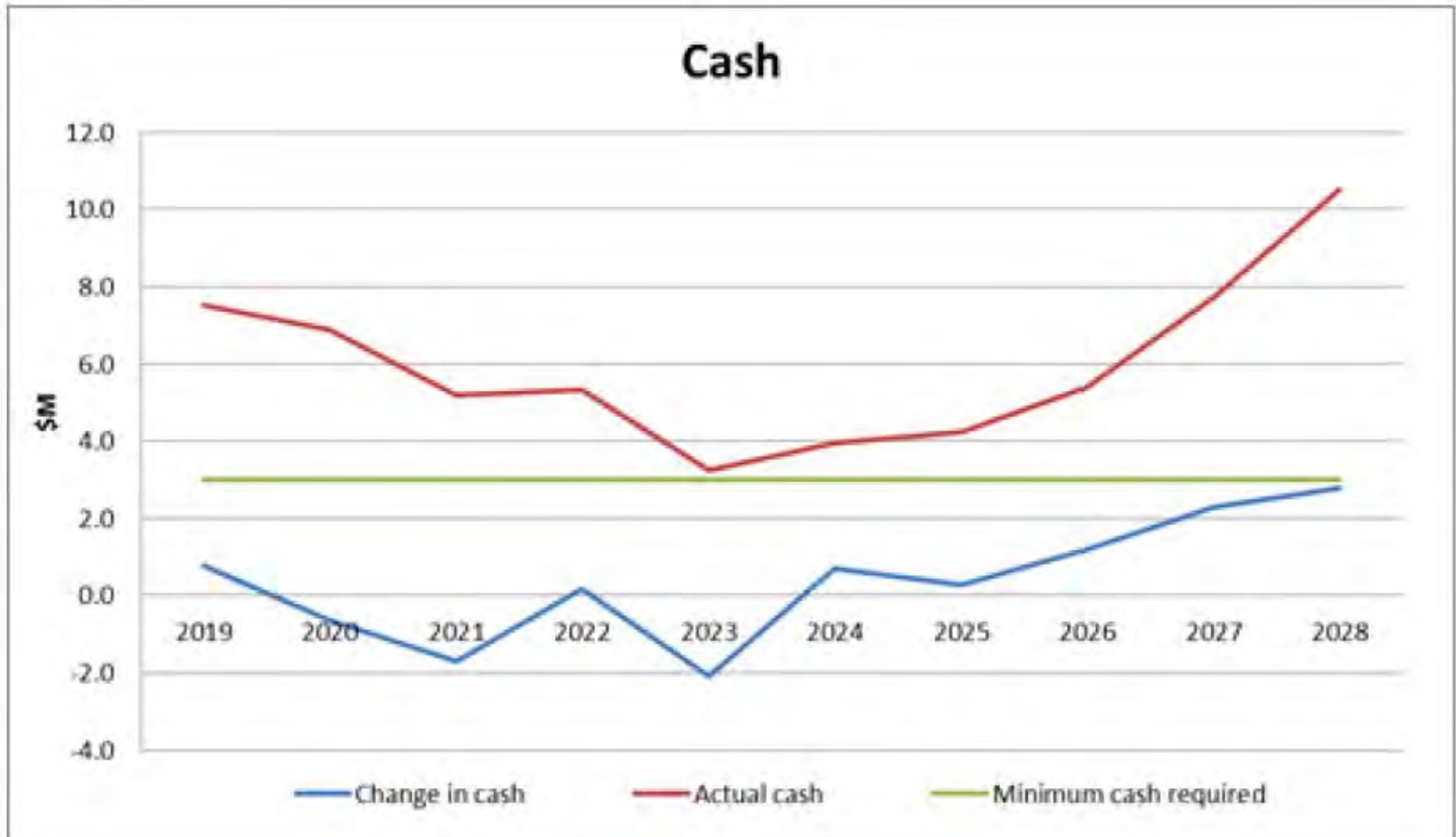
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Materials Services

# Prior Restructure



# Post Restructure



Council's borrowing strategy is to only incur debt to finance major new capital works projects and to use the operating cash flows and grants to finance renewal capital works. Council's focus continues to be debt minimisation and the use of grants and operating cash flows to finance capital renewal works.

# Borrowing

This current loan program will result in a decrease in debt servicing costs and a net decrease in debt. No new loans have been projected for the four (4) year period of this bid, nor have any significant new capital projects (that are not externally grant funded). This budget will see debt as a percentage of rate revenue reduce from 16.7% in 2018-19 to 11.6% by 2021-22.

|  | Budget<br>2018-19<br>\$000 | Budget<br>2019-20<br>\$000 | Budget<br>2020-21<br>\$000 | Budget<br>2021-22<br>\$000 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Future Borrowings</b>                 |                            |                            |                            |                            |
| <i>Borrowings at beginning of period</i> | 2,552                      | 2,287                      | 2,114                      | 1,931                      |
| <i>New Borrowings</i>                    | -                          | -                          | -                          | -                          |
| <i>Loan Redemption</i>                   | 265                        | 173                        | 183                        | 193                        |
| <i>Borrowings at end of period</i>       | 2,287                      | 2,114                      | 1,931                      | 1,738                      |

Council acknowledges that debt levels are low and borrowing is a potential lever to allow new and improved infrastructure development. As such Council has reserved some borrowing capacity should it decide to implement further major new projects.

The SRP also includes provision for proceeds from potential land sales. These proceeds will be quarantined for future use toward development of new capital projects.

year period.

Financial Plans are developed using estimates and assumptions about the future, based on known information at the time of preparing the plan. However, knowing the current sensitivity to a shift in any of these assumptions, plans must also take into account the possibility of such a shift and the potential financial impact.

# Sensitivity

The impacts of some of the key sensitivities, as shown in the table below, must be considered when preparing a Long Term Financial Plan. Whilst the impacts over this current SRP have been positive, the results of financial plans must be considered keeping in mind the potential impact of a negative shift in any of those assumptions where heightened sensitivity exists.

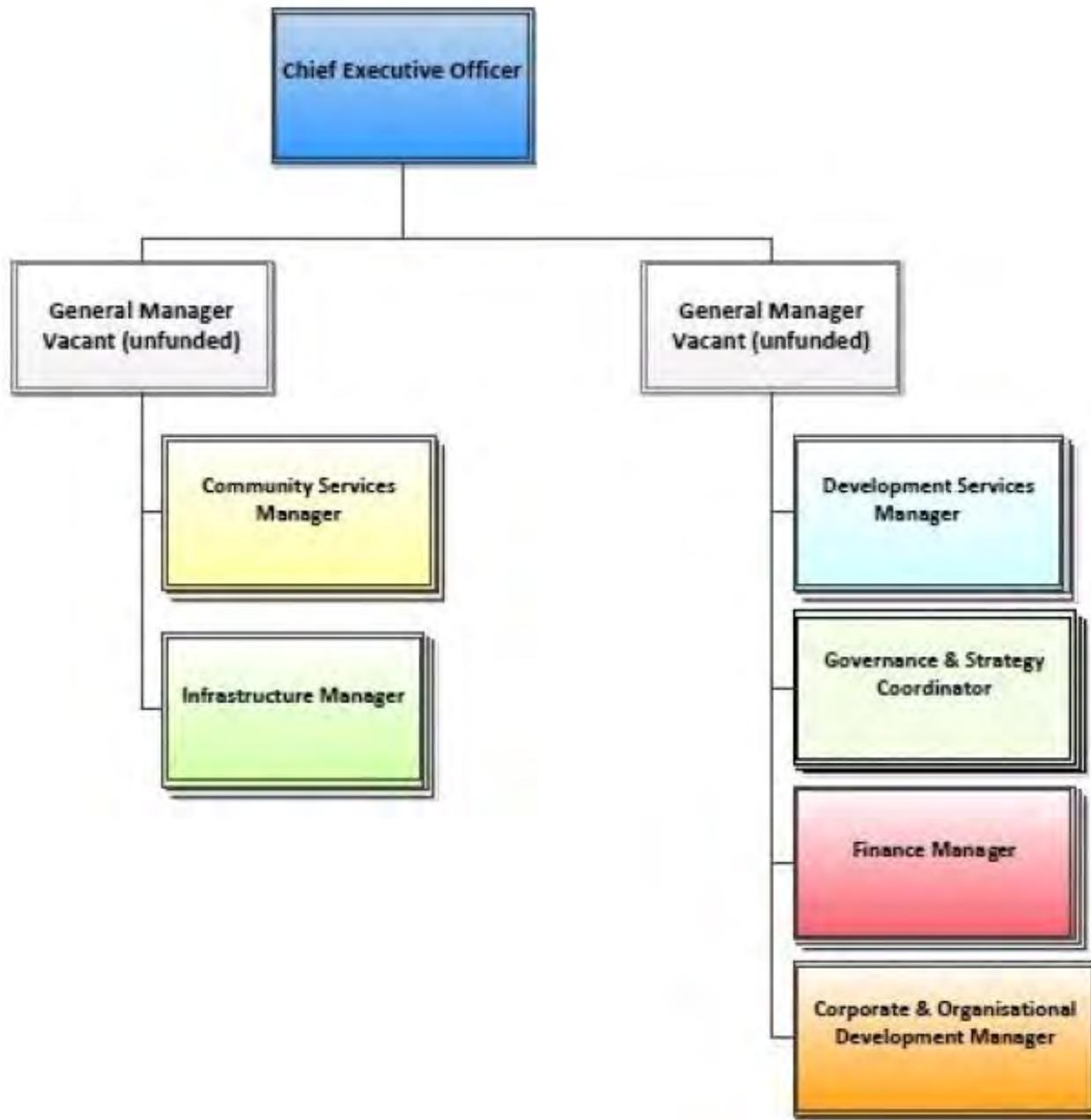
| Indicator                 | Sensitivity     | Impact 1 year<br>\$'000 | Impact 10 years<br>\$'000 |
|---------------------------|-----------------|-------------------------|---------------------------|
| Rate income               | +/- 0.5% pa     | 68                      | 3,503                     |
| Rate income               | +/- 0.05% pa    | 7                       | 355                       |
| Supplementary assessments | +/- \$50,000 pa | 50                      | 2,407                     |
| Salaries & Wages          | +/- 0.5% pa     | 42                      | 2,066                     |
| Materials & Services      | +/- 0.5%        | 28                      | 1,536                     |

# Working Capital Ratio

## 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 useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

| Indicator                  | Measure   | Notes | Actual  | Forecast | Budget  | Strategic Resource Plan Projections |         |         | Trend +/o/- |
|----------------------------|---|-------|---------|----------|---------|-------------------------------------|---------|---------|-------------|
|                            |   |       | 2016-17 | 2017-18  | 2018-19 | 2019-20                             | 2020-21 | 2021-22 |             |
| <b>Operating position</b>  |   |       |         |          |         |                                     |         |         |             |
| Adjusted underlying result | Adjusted underlying surplus (deficit) - Adjusted underlying revenue                       | 1     | 15%     | 6%       | 20%     | 42%                                 | 38%     | 19%     | +           |
| <b>Liquidity</b>           |   |       |         |          |         |                                     |         |         |             |
| Working Capital            | Current assets - current liabilities  | 2     | 215%    | 214%     | 237%    | 213%                                | 168%    | 170%    | -           |
| Unrestricted cash          | Unrestricted cash - current liabilities   | 3     | 147%    | 176%     | 198%    | 175%                                | 130%    | 132%    | -           |
| <b>Obligations</b>         |   |       |         |          |         |                                     |         |         |             |
| Loans and borrowings       | Interest bearing loans and borrowings - rate revenue                                      | 4     | 23%     | 25%      | 22%     | 20%                                 | 17%     | 15%     | -           |
| Loans and borrowings       | Interest and principal repayments on interest bearing loans and borrowings - rate revenue |       | 5%      | 4%       | 3%      | 2%                                  | 2%      | 2%      | -           |
| Indebtedness               | Non-current liabilities - own source revenue  |       | 20%     | 18%      | 16%     | 14%                                 | 13%     | 11%     | -           |
| Asset renewal              | Asset renewal expenses - Asset depreciation   | 5     | 61%     | 139%     | 111%    | 117%                                | 117%    | 101%    | -           |
| <b>Stability</b>           |   |       |         |          |         |                                     |         |         |             |
| Rates concentration        | Rate revenue - adjusted underlying revenue  | 6     | 60%     | 56%      | 54%     | 53%                                 | 55%     | 55%     | o           |
| Rates effort               | Rate revenue - CIV of rateable properties in the municipality                             |       | 0.4%    | 0.4%     | 0.4%    | 0.4%                                | 0.4%    | 0.4%    | o           |



# Sustainability

1. Operating Budget
2. General Managers
3. Waste Charges

A row of blue recycling trucks parked in a lot. The trucks are lined up, and the background shows trees and a clear sky. The text is overlaid on the image in white, bold font.

Waste Charges  
- Ombudsman Report  
- No Change Service  
- No Change Cost

# Waste Charges

Expenses per property assessment

Amount of council expenditure for each property



BENALLA RURAL CITY

**\$3,752.24**

INDIGO SHIRE

**\$3,222.91**

[Council says...](#)

MANSFIELD SHIRE

**\$2,369.34**

TOWONG SHIRE

**\$2,917.91**

[Council says...](#)



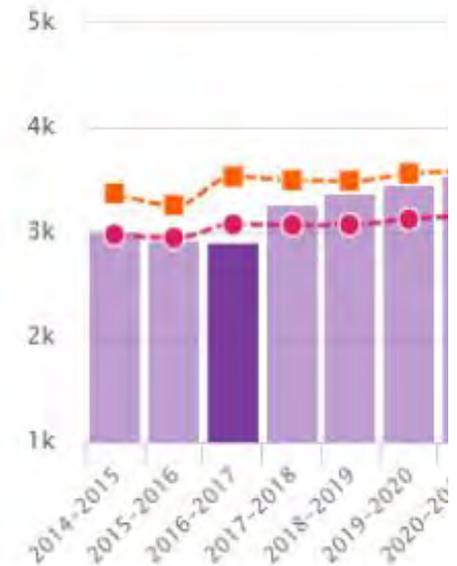
■ Similar Council Average  
● All Council Average



■ Similar Council Average  
● All Council Average



■ Similar Council Average  
● All Council Average



■ Similar Council Average  
● All Council Average

# Waste Charges

Rates as a percentage of property values in municipality

Rates raised for the year divided by the total capital improved value (i.e. market value) of all rateable properties



BENALLA RURAL CITY

0.66%

INDIGO SHIRE

0.53%

MANSFIELD SHIRE

0.41%

TOWONG SHIRE

0.56%



Similar Council Average  
All Council Average



Similar Council Average  
All Council Average

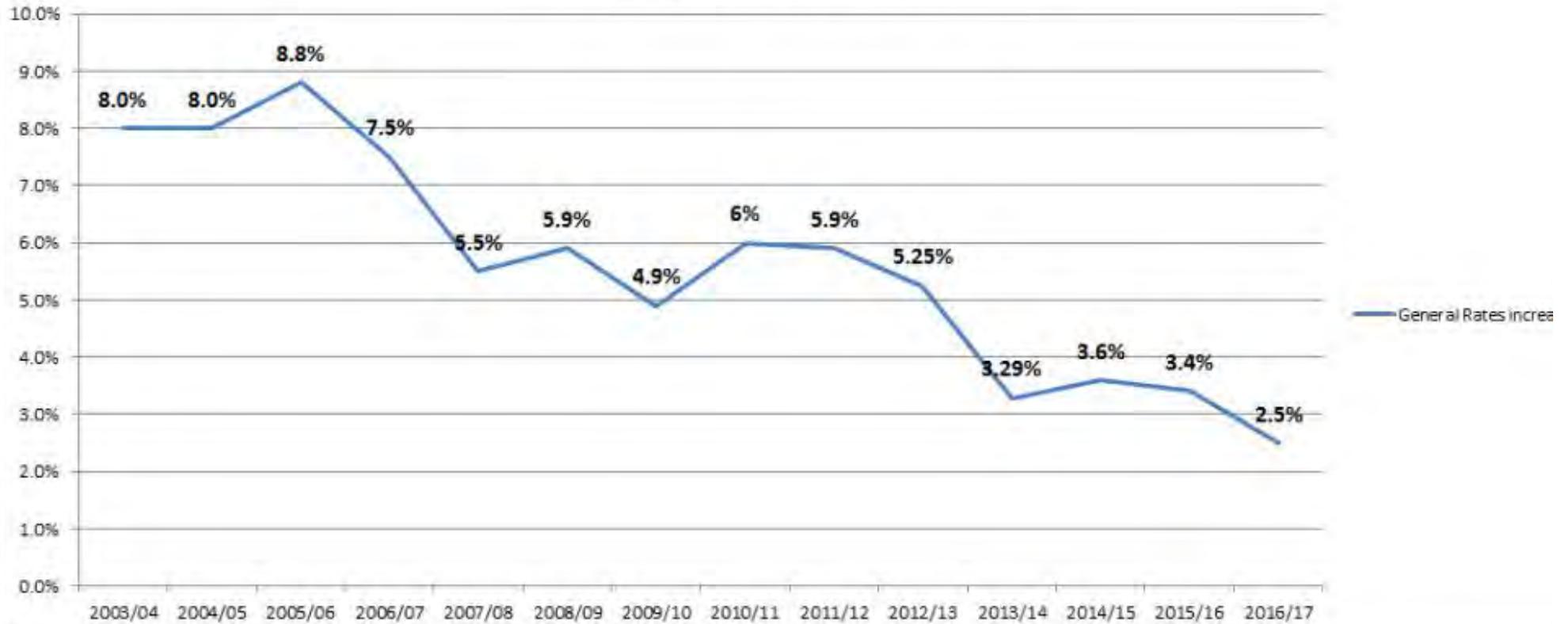


Similar Council Average  
All Council Average



Similar Council Average  
All Council Average

### General Rates % Increase



RAMPAGE

# Rampage Skate Park



A photograph of a bouldering wall. The wall is constructed from large, reddish-brown panels with a grid of small, dark holes. The panels are arranged in a way that creates a complex, angular structure. The background is a corrugated metal wall. The foreground is a dark, textured surface, possibly dirt or gravel. A semi-transparent dark brown horizontal band is overlaid across the middle of the image, containing the text "Bouldering Wall" in white.

# Bouldering Wall

# Tennis Courts



# Mobile Phone Blackspot

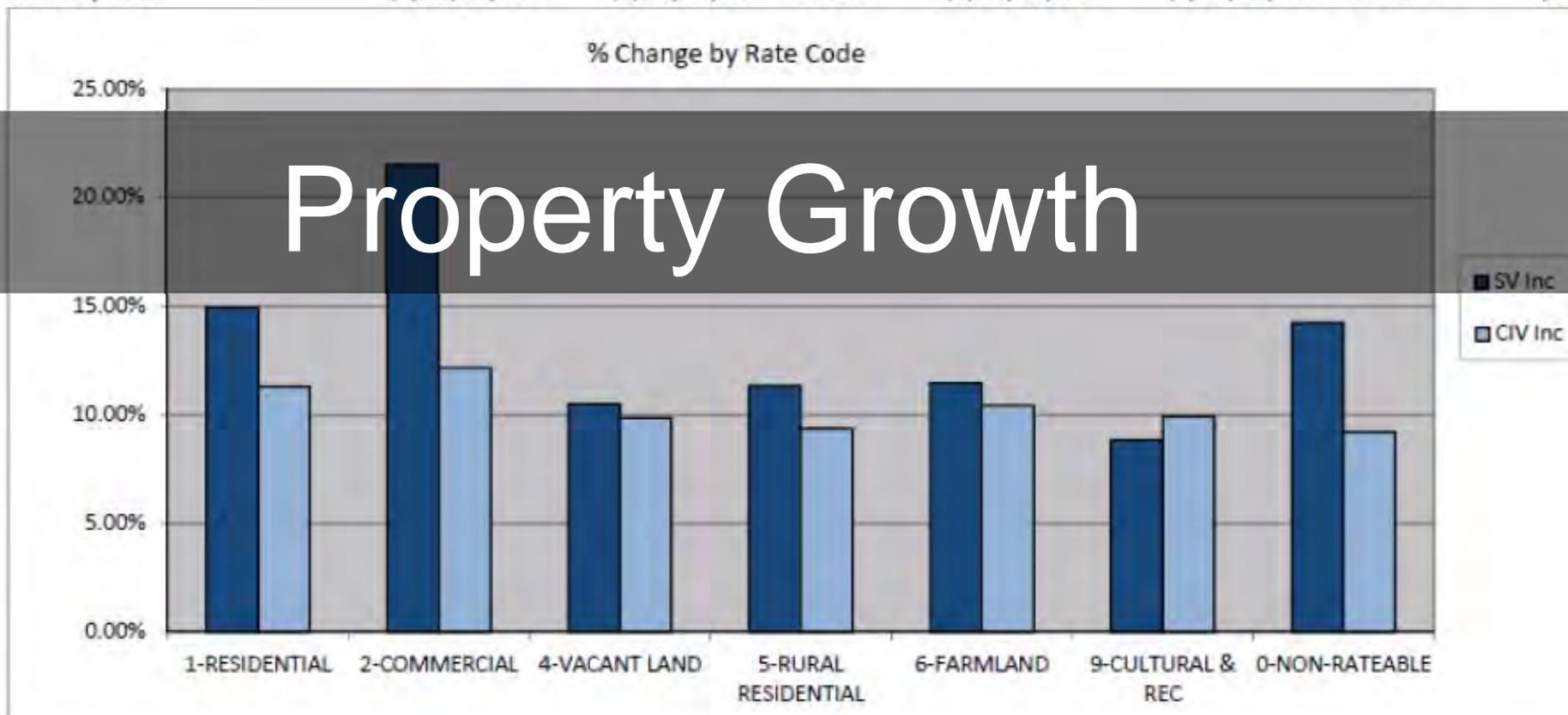


An aerial photograph of a town, likely in a mountainous region, showing a central street lined with buildings and trees. The background features rolling hills and mountains under a clear sky. The text "Business Growth" is overlaid in white on a dark horizontal band across the center of the image.

# Business Growth

### PROPERTIES BY RATE CODE

| Rate Code               | 2018 SV                | 2016 SV                | SV Inc        | 2018 CIV               | 2016 CIV               | CIV Inc       | No. of Assessments |
|-------------------------|------------------------|------------------------|---------------|------------------------|------------------------|---------------|--------------------|
| 1-RESIDENTIAL           | \$454,101,000          | \$394,968,200          | 14.97%        | \$1,161,093,000        | \$1,043,110,000        | 11.31%        | 3,518              |
| 2-COMMERCIAL            | \$80,606,000           | \$66,352,000           | 21.48%        | \$199,969,000          | \$178,267,000          | 12.17%        | 361                |
| 4-VACANT LAND           | \$72,656,400           | \$65,742,600           | 10.52%        | \$79,980,400           | \$72,790,600           | 9.88%         | 553                |
| 5-RURAL RESIDENTIAL     | \$645,552,000          | \$579,715,000          | 11.36%        | \$1,190,391,000        | \$1,088,401,000        | 9.37%         | 2,382              |
| 6-FARMLAND              | \$684,027,000          | \$613,654,000          | 11.47%        | \$871,345,000          | \$788,945,000          | 10.44%        | 825                |
| 9-CULTURAL & REC        | \$2,509,000            | \$2,305,000            | 8.85%         | \$3,749,000            | \$3,410,000            | 9.94%         | 5                  |
| 0-NON-RATEABLE          | \$45,960,600           | \$40,223,600           | 14.26%        | \$122,759,800          | \$112,384,800          | 9.23%         | 201                |
| <b>Total Properties</b> | <b>\$1,985,412,000</b> | <b>\$1,762,960,400</b> | <b>12.62%</b> | <b>\$3,629,287,200</b> | <b>\$3,287,308,400</b> | <b>10.40%</b> | <b>7,845</b>       |



# Property Growth

A large crowd of people is walking through a festival or market. The scene is filled with white tents on both sides, and the path is lined with trees. The crowd is dense, and the atmosphere appears to be lively. The text "Record Number Visitors" is overlaid in the center of the image.

Record Number Visitors



# School Growth