



Proposed Budget

2018-2019

Sustainability

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

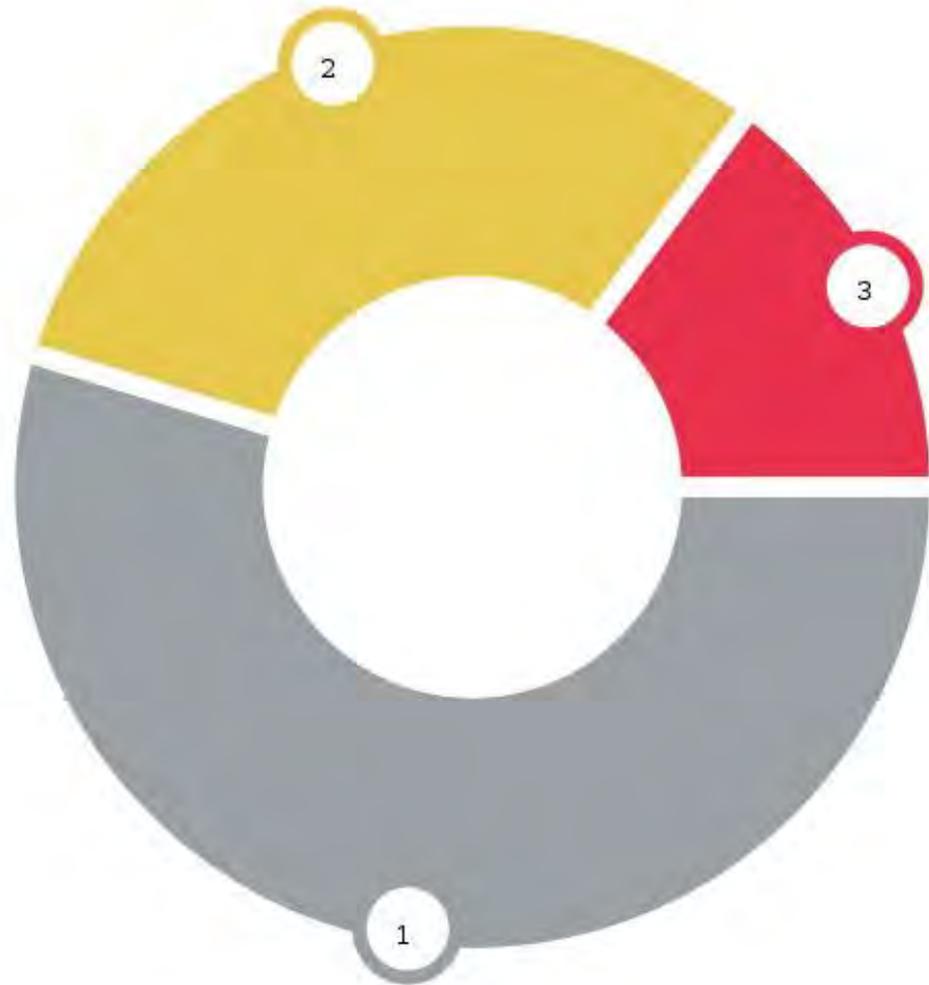
Past Year

- 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%

Service Delivery Changes

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

4.1.1(k) Fair Go Rates System Compliance

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

	2017-18	2018-19
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)	2.00%	2.25%
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

Capital

The background image shows an outdoor park area. In the foreground, there are several vertical wooden posts of varying heights, some with circular tops. 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 brightly lit, suggesting a sunny day.

- Pavilion Lords
- Public Toilet Renewal
- Pool Renewal
- Dual Court Basketball Stadium Feasibility Study

Questions

- Staff Numbers
- Restructure Savings
- Materials & Services Savings
- Assumptions - CPI, wages, materials
- Working Capital Ratio - liquidity
- General Managers
- Waste
- 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 \$'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 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 Actual 2017-18	Budget 2018-19	Change
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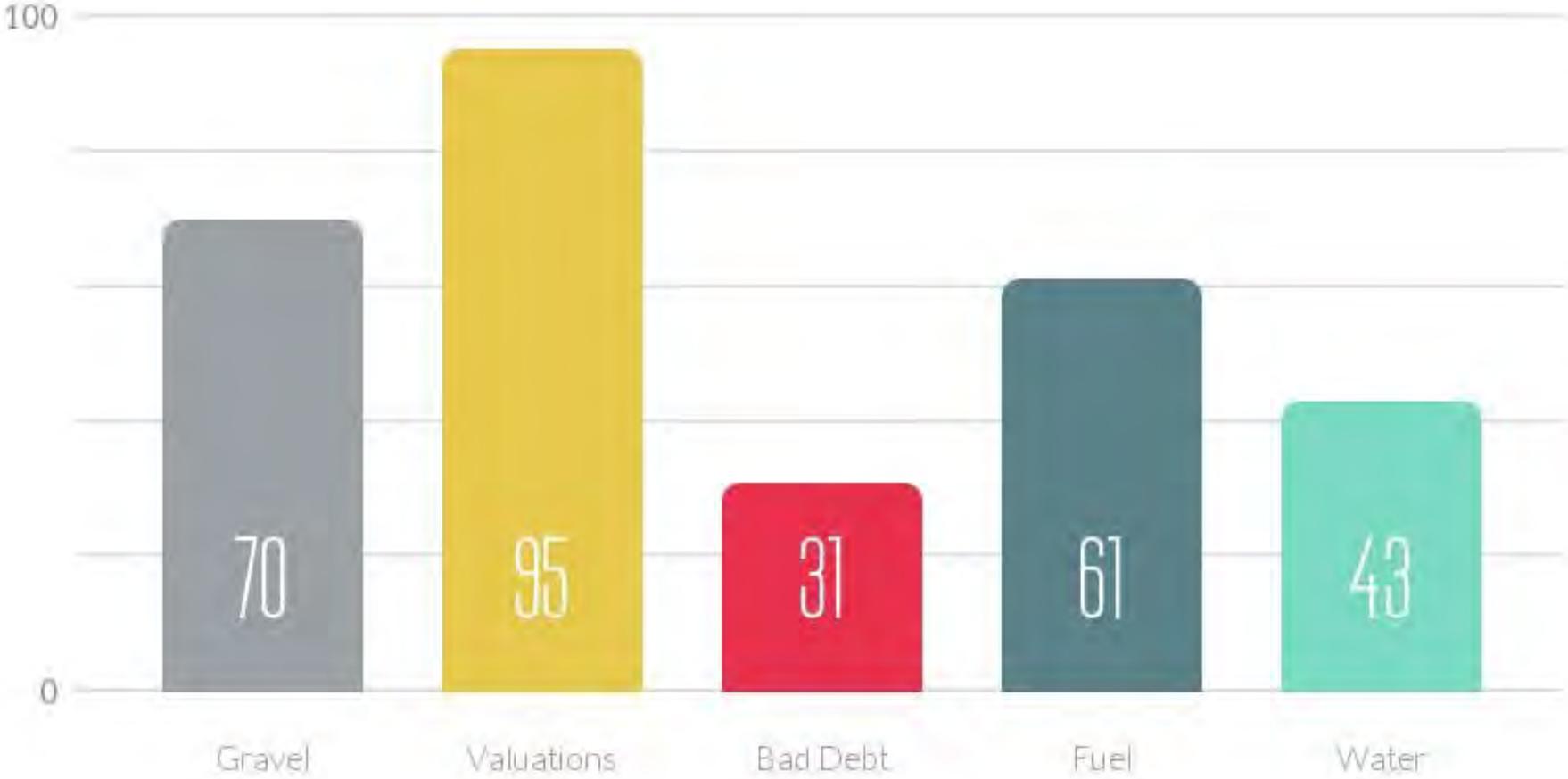
The Forecast Actual 2017-18 employee costs reflect the change to the new structure from 2 April 2018.

	Forecast Actual 2017-18 \$'000	Budget 2018-19 \$'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%
Total employee costs	8,660	8,321	(339)	-4%
	FTE	FTE	FTE	%
Fully funded externally	1.9	1.9	-	-
Council funded	92.3	92.3	-	-
Total staff numbers	94.2	94.2	-	-

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

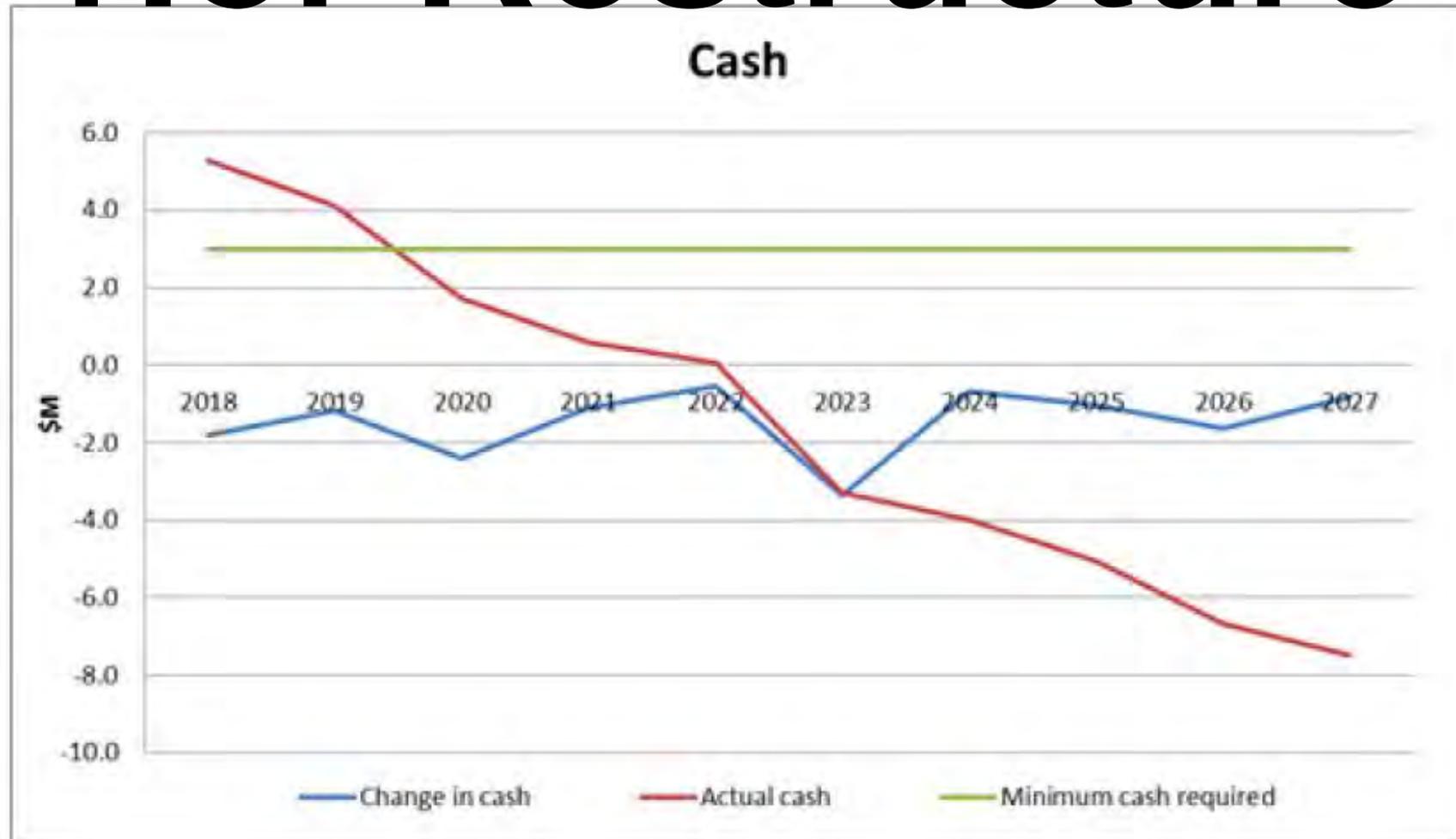
\$394K

Salaries Wages

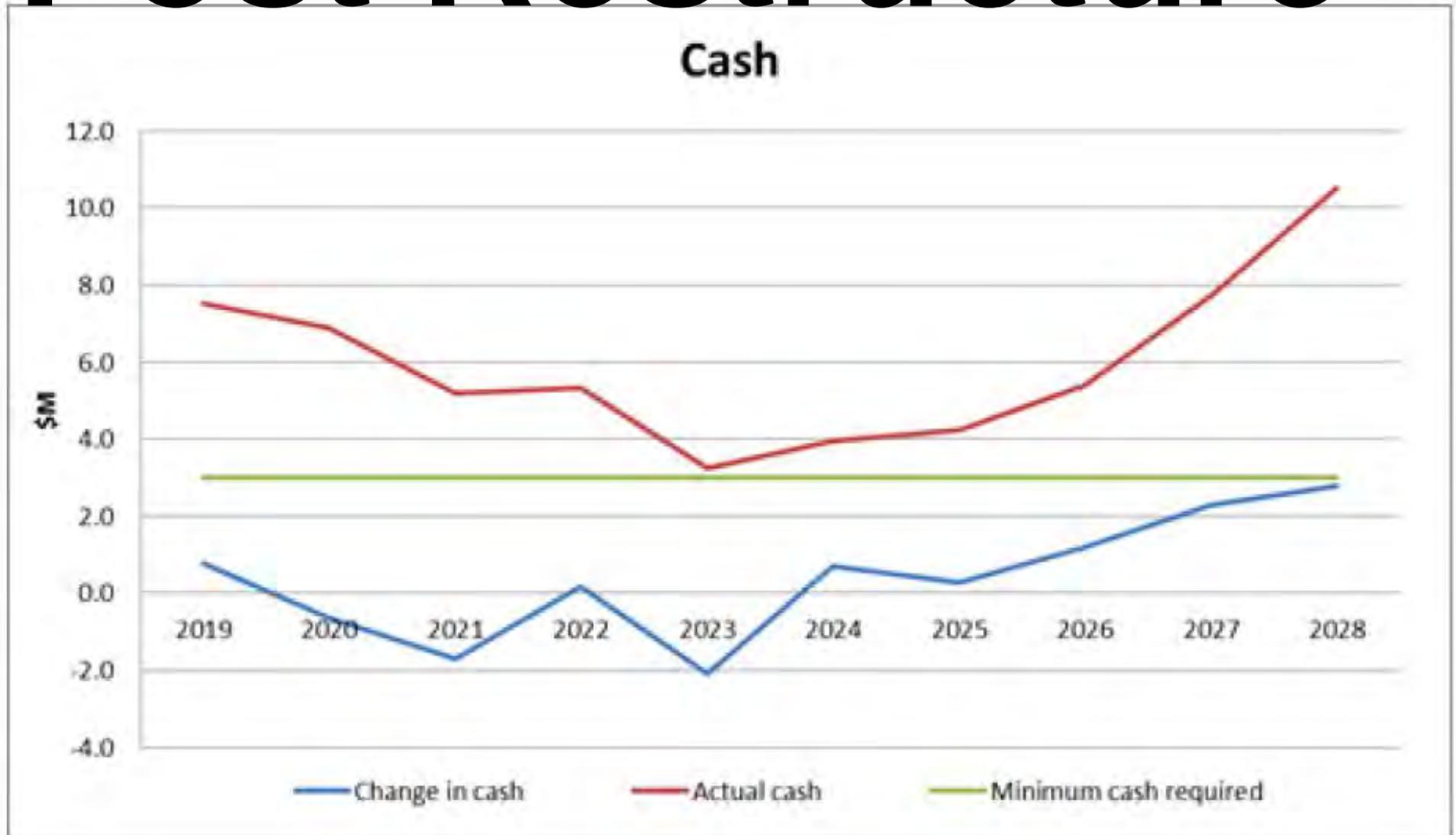
\$300K

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.

This current loan plan is in line with Council's strategy 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. No new loans have been projected for the four (4) years covered by this plan, 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.

Borrowing

	Budget 2018-19 \$000	Budget 2019-20 \$000	Budget 2020-21 \$000	Budget 2021-22 \$000
Future Borrowings				
<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, a plan must also take into account the possibility of such a shift and the potential financial impact.

Sensitivity

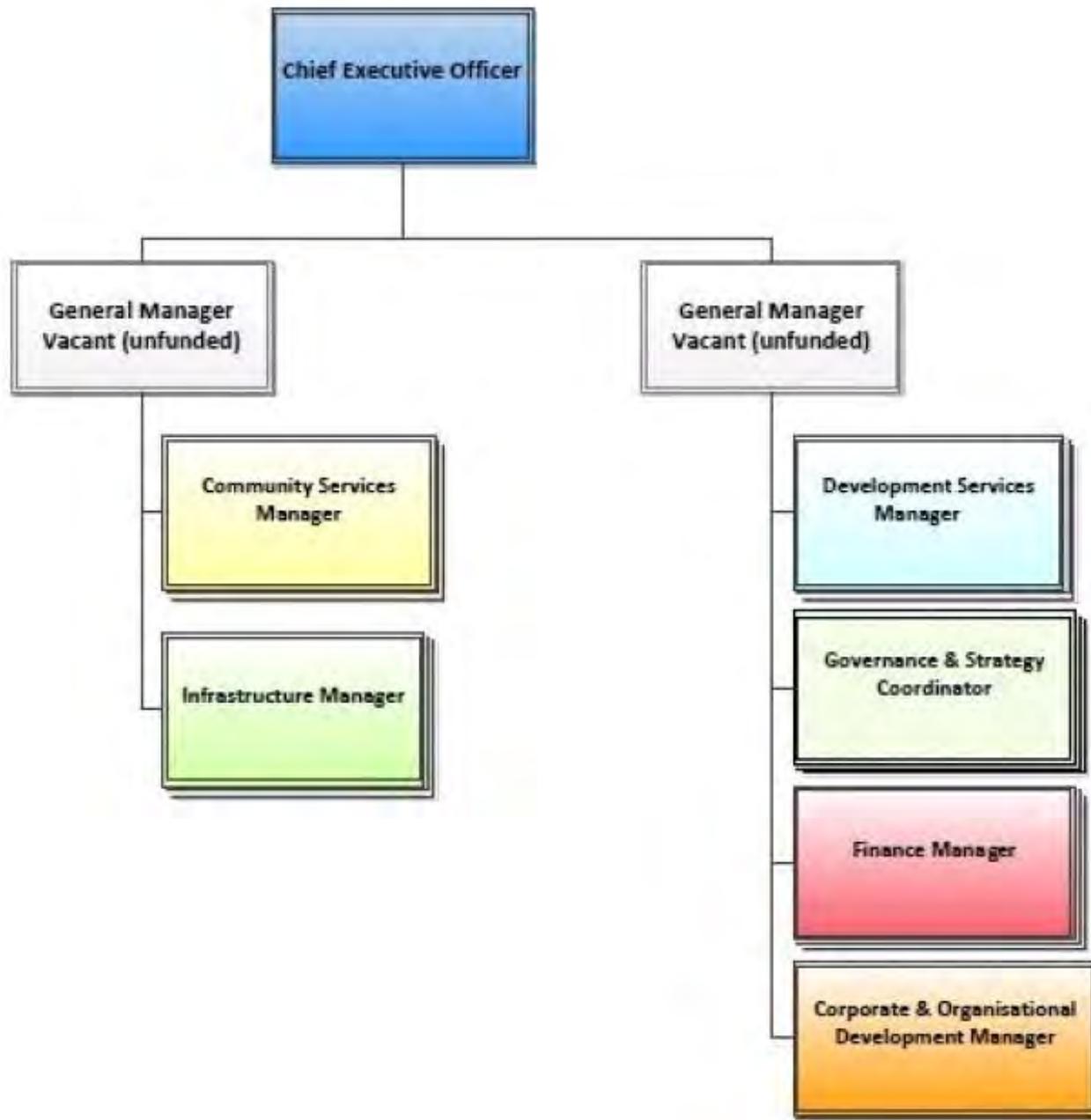
The impacts of some of the key sensitivities, as shown in the table below, must be considered when preparing a Long Term Financial Plan. Whilst the impacts over this current SRP have been positive, the results of financial plans must be considered keeping in mind the potential impact of a negative shift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

Indicator	Sensitivity	Impact 1 year \$'000	Impact 10 years \$'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

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	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend +/-
			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) - Adjusted underlying revenue	1	15%	6%	20%	42%	38%	19%	+
Liquidity									
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%	-
Obligations									
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%	-
Stability									
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