

**CITY OF  
BALLARAT**



**2009 - 2013**

**Strategic Resource  
Plan**

**(Revised 22 June 2011)**

## **Strategic Resource Plan**

Council is required by the Local Government Act to prepare a Strategic Resource Plan covering both financial and non-financial resources, for at least the next four years to support the Council Plan. The Strategic Resource Plan (SRP) provides a high-level, medium-term view of the resources Council intends to use to support its service provision to the Ballarat community over the next four years. It serves as the link between the 2009 - 2013 Council Plan and the 2011/12 Budget, which will be available from Council from July 2011, after undergoing a process of community consultation.

### **Non Financial Resources**

#### **Human Resources**

The City of Ballarat currently employees 607.55 equivalent full time (EFT) staff.

With the development of a sound recruitment and selection policy and practices, Council now needs to change the focus to identifying its future recruitment and development needs to ensure it can effectively meet an unpredictable and unseen future.

As the labour shortages impact further on Council, an emphasis will be placed on more targeted recruitment programs including a graduate development program. Further, Council will be developing strategies to address the ageing workforce, succession planning and attraction and retention of skilled employees.

Council will focus on increasing its status of an employer of choice through implementing social responsibility and health and wellbeing programs as well as promoting flexible modes of employment and diversity in the workplace.

With the ageing population affecting the Australian workforce, Council needs to concentrate on labour force planning to minimise the potential impact of retiring staff creating further skill shortages. A greater emphasis needs to be placed on recruiting and developing future leaders through structured graduate recruitment programs and ensuring development of careers through succession planning.

As a regional location the City of Ballarat needs to raise the awareness of the diverse employment streams it offers through its multidiscipline career options. Council needs to be seen in the community marketing the benefits of working for local government through career fairs, on-campus information sessions, its website content for prospective employees, print and electronic branding and through promoting its flexible work practices.

The key to ensuring the successful recruitment, development and retention of resources in the future is workforce planning and ensuring Council's place in the market as an Employer of Choice is established now.

The following table summarises the number (EFT) and costs of employees over the next five years.

	Budget	Strategic Resource Plan Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
<b>Employee Costs</b>	<b>43,142</b>	<b>45,299</b>	<b>47,564</b>	<b>49,942</b>	<b>52,439</b>
<b>Employee Numbers (EFT)</b>					
Executive Unit	2.00	2.00	2.00	2.00	2.00
Strategic Communications	6.60	6.60	6.60	6.60	6.60
Governance	27.16	27.16	27.16	27.16	27.16
Finance	18.40	18.40	18.40	18.40	18.40
Growth and Development	231.30	231.30	231.30	231.30	231.30
Ballarat Regional Tourism	14.80	14.80	14.80	14.80	14.80
Organisation Services	24.08	24.08	24.08	24.08	24.08
People and Communities	242.21	242.21	242.21	242.21	242.21
Destination and Connections	41.00	41.00	41.00	41.00	41.00
<b>Total</b>	<b>607.55</b>	<b>607.55</b>	<b>607.55</b>	<b>607.55</b>	<b>607.55</b>

## Financial Resources

### Long Term Financial Strategy

A key component of the Strategic Resource Plan is the Long Term Financial Strategy (LTFS). The Local Government Act also requires Council to comply with the following *Principles of Sound Financial Management*:

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

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

Council models financial scenarios over a 10 year period and incorporates this information into a five year Long Term Financial Strategy, being for the period 2011/12 to 2015/16, as part of Council's ongoing financial planning to assist Council in adopting a budget within a longer term framework.

The key financial objectives which underpin the Long Term Financial Strategy, are:

- Maintain the existing service levels.
- Achieve Council's borrowing strategy.
- Maintain a positive operating result.
- Maintain a minimum gross capital works expenditure of \$35 million.
- Maintain a working capital ratio of at least 150%.
- Maintain a total debt to revenue ratio of less than 150%.
- Maintain debt servicing costs to total revenue of less than 10%.
- Maintain a minimum cash level that will service Council activities free from using overdraft facilities.

The Strategy is updated throughout the budget process by consulting business units and Council, followed by a detailed sensitivity analysis to achieve these key financial objectives. The key components of the LTFS are:

- Assessment of Council's current financial position
- Key objectives and assumptions
- Service delivery
- Rating strategy
- Borrowing strategy
- Infrastructure strategy
- Financial sustainability
- Key recommendations

The following table and graphs summarise the key financial indicators for the next five years as set out in the LTFS for the years 2011/12 to 2015/16.

Indicator	Budget	Strategic Resource Plan Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
Operating surplus/(deficit)	17,258	12,100	12,432	9,697	10,874
Rate Revenue/Total Revenue	46%	46%	46%	46%	46%
Fees & Charges/Total Revenue	21%	21%	21%	21%	21%
Working Capital Ratio	175%	175%	175%	175%	175%
Debt Servicing Cost/Total Revenue	1%	1%	1%	1%	1%
Cash from operations	31,732	27,006	28,575	28,564	29,746
Cash increase/(decrease)	(3,135)	(3,021)	(444)	6,661	(3,064)
Cash and investments	21,389	18,368	17,924	24,585	21,521
Borrowings outstanding	10,194	24,318	40,318	38,105	36,495
Depreciation	23,963	24,562	25,176	26,806	27,476
Capital expenditure	43,862	54,378	54,530	38,000	39,895
Working capital	11,472	8,931	8,964	16,227	13,240
<b>NET WORTH</b>	<b>1,170,907</b>	<b>1,183,008</b>	<b>1,195,439</b>	<b>1,205,136</b>	<b>1,216,011</b>

The key outcomes of the Long Term Financial Strategy are as follows:

**Service delivery** – Service levels have been maintained throughout the five year period. In addition to this Council will maintain an operating surplus over the 5 years.

**Rating strategy** – Council has structured the Long Term Financial Strategy for the City of Ballarat based on the following indicative rate increases:

2011/12	3.50%
2012/13	3.50% Indicative and subject to change
2013/14	4.00% Indicative and subject to change
2014/15	4.00% Indicative and subject to change
2015/16	4.00% Indicative and subject to change

**Borrowing strategy** – Council's borrowing strategy has been to reduce debt so that funding could be available for major projects. Council continues with this strategy, borrowing for the Civic Hall precinct then continuing with reducing debt after that time.

**Infrastructure strategy** – Council continues to increase funding over the next five years at a minimum 3% per year.

**Financial sustainability** – Cash and investments are forecast to be maintained at sufficient levels to meet all financial commitments and ensure the organisation is able to deliver the planned services and projects.

## Budgeted Standard Statements

### Budgeted Standard Income Statement

For the five years ending 30 June 2016	Budget	Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
<b>Revenue from Operating Activities</b>					
Rate Revenue	64,223	67,434	71,143	75,056	79,184
Statutory Fees, Charges and Fines	29,835	30,879	32,114	33,399	34,735
Grant Revenues	17,545	18,071	18,613	19,172	19,747
Capital Grant Revenues	6,606	1,370	2,270	1,070	1,070
Reimbursements	70	70	70	70	70
Interest Revenue	1,104	963	827	807	1,106
Other Revenue	10,571	10,888	11,215	11,551	11,898
<b>Total Revenues</b>	<b>129,954</b>	129,675	136,252	141,124	147,810
<b>Expenditure from Operating Activities</b>					
Employee Costs	43,142	45,299	47,564	49,942	52,439
Materials and Contracts	40,167	42,175	44,285	46,499	48,824
Depreciation	23,963	24,562	25,176	26,806	27,476
Interest	672	644	1,754	2,989	2,849
Other Expense	4,752	4,895	5,041	5,193	5,348
<b>Total Expenses</b>	<b>112,696</b>	117,575	123,820	131,427	136,936
<b>NET SURPLUS (DEFICIT)</b>	<b>17,258</b>	12,100	12,432	9,697	10,874

**Budgeted Standard Balance Sheet**

For the five years ending 30 June 2016	Budget	Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
<b>Current Assets</b>					
Cash	21,389	18,368	17,924	24,585	21,521
Receivables	6,816	6,817	6,995	6,995	7,193
Other	1,489	1,488	1,488	1,488	1,488
<b>Total Current Assets</b>	<b>29,694</b>	26,672	26,408	33,068	30,202
<b>Current Liabilities</b>					
Creditors	5,053	5,053	5,053	5,053	5,053
Other Creditors	1,868	1,868	1,868	1,868	1,868
Borrowings	2,991	2,512	2,213	1,611	1,732
Provisions	8,309	8,309	8,309	8,309	8,309
<b>Total Current Liabilities</b>	<b>18,221</b>	17,742	17,443	16,841	16,962
<b>Net Current Assets</b>	<b>11,472</b>	8,930	8,965	16,228	13,240
<b>Non-Current Assets</b>					
Capital Assets	1,166,829	1,196,075	1,224,773	1,225,596	1,237,726
Receivables	24	24	24	24	24
Investments	1,916	1,916	1,916	1,916	1,916
<b>Total Non-Current Assets</b>	<b>1,168,769</b>	1,198,015	1,226,713	1,227,536	1,239,666
<b>Non-Current Liabilities</b>					
Borrowings	7,203	21,806	38,105	36,495	34,763
Provisions	2,132	2,132	2,132	2,132	2,132
<b>Total Non-Current Liabilities</b>	<b>9,335</b>	23,938	40,237	38,627	36,895
<b>Net Assets</b>	<b>1,170,907</b>	1,183,007	1,195,444	1,205,137	1,216,011
Accumulated Surplus	666,373	678,473	690,906	700,603	711,477
Other Reserves	886	886	886	886	886
Asset Revaluation Reserve	503,648	503,648	503,648	503,648	503,648
<b>TOTAL EQUITY</b>	<b>1,170,907</b>	1,183,007	1,195,444	1,205,137	1,216,011

**Budgeted Statement of Cash Flows**

For the five years ending 30 June 2016	Budget	Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash Flows from Operating Activities</b>					
<b>Receipts</b>					
General Rates	64,062	67,434	70,965	75,056	78,986
Government Grants	24,151	19,441	20,883	20,242	20,817
User Charges	29,835	30,879	32,114	33,399	34,735
Net GST Refund	0	0	0	0	0
Interest	1,104	963	827	807	1,106
Reimbursements	70	70	70	70	70
Other revenue	571	588	606	624	643
<i>Total</i>	<b>119,793</b>	119,375	125,465	130,197	136,357
<b>Payments</b>					
Employee costs	(44,484)	(46,708)	(49,044)	(51,496)	(54,071)
Materials and contracts	(38,825)	(40,766)	(42,805)	(44,945)	(47,192)
Interest and other costs of finance	0	0	0	0	0
Other expenses	(4,752)	(4,895)	(5,041)	(5,193)	(5,348)
<i>Total</i>	<b>(88,061)</b>	(92,369)	(96,890)	(101,633)	(106,611)
<b>Net Cash Flows from Operating Activities</b>	<b>31,732</b>	27,006	28,575	28,564	29,746
<b>Cash Flow from Investing Activities</b>					
<i>Payments for:</i>					
Capital Payments	(33,862)	(44,078)	(43,921)	(27,073)	(28,640)
Loans and Advances	0	0	0	0	0
<i>Proceeds from:</i>					
Sale of Assets	667	571	656	10,371	290
Investments	0	0	0	0	0
Loans and Advances	0	0	0	0	0
<b>Net Cash Flow from Investing Activities</b>	<b>(33,195)</b>	(43,508)	(43,265)	(16,702)	(28,350)
<b>Cash Flow from Financing Activities</b>					
Proceeds from borrowings	2,386	17,115	18,512	0	0
Repayment of superannuation liability	0	0	0	0	0
Repayment of borrowings	(3,386)	(2,991)	(2,512)	(2,213)	(1,611)
Interest and other costs of finance	(672)	(644)	(1,754)	(2,989)	(2,849)
<b>Net Cash Flow from Financing Activities</b>	<b>(1,672)</b>	13,480	14,246	(5,201)	(4,460)
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(3,135)</b>	(3,021)	(444)	6,661	(3,064)
Cash at Beginning of Period	24,524	21,389	18,368	17,924	24,585
<b>CASH AT END OF PERIOD</b>	<b>21,389</b>	18,368	17,924	24,585	21,521

**Budgeted Statement of Capital Works**

For the five years ending 30 June 2016	Budget	Projections			
	2011/12 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)
<b>Capital Works Areas</b>					
Buildings	<b>3,231</b>	23,865	18,578	0	400
Facilities	<b>1,000</b>	1,480	1,519	2,043	1,126
Infrastructure	<b>30,564</b>	24,335	25,854	26,834	30,371
Plant and Equipment	<b>3,539</b>	3,621	4,172	4,194	3,389
Recreation	<b>5,528</b>	1,077	4,407	4,929	4,609
<b>Total Capital Works</b>	<b>43,862</b>	54,378	54,530	38,000	39,895
<b>Represented by:</b>					
Renewal	<b>17,522</b>	14,195	19,849	19,784	19,375
Upgrade	<b>12,512</b>	4,795	6,025	3,723	2,780
New Assets	<b>13,828</b>	35,388	28,656	14,493	17,740
<b>TOTAL CAPITAL WORKS</b>	<b>43,862</b>	54,378	54,530	38,000	39,895