

LITCHFIELD COUNCIL



Community effort is essential

Special Council Meeting BUSINESS PAPER TUESDAY 9/05/2017

Meeting to be held commencing 6:00pm
In Council Chambers at 7 Bees Creek Road, Freds Pass

Kaylene Conrick, Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



SPECIAL COUNCIL AGENDA

LITCHFIELD COUNCIL MEETING

Notice of Meeting

To be held in the Council Chambers, Litchfield
On Tuesday, 9 May 2017 at 7:00pm

Kaylene Conrick
Chief Executive Officer

Any member of Council who may have a conflict of interest, or a possible conflict of interest regarding any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.

Audio Disclaimer

An Audio recording of this meeting will be made for minute taking purposes as authorised by the Chief Executive Officer.

Acknowledgement of Traditional Ownership

It is acknowledged that the meeting is held on the land of the traditional owners and Council respect the Elders past and present for their continuing custodianship of the land and the children of this land across generations.

Number	Agenda Item	Page
1	Opening of Meeting	
2	Apologies and Leave of Absence	
3	Confirmation of Minutes	
4	Conflict of Interest	
5	Public Forum	
6	Officers Reports	
6.1	Updated Strategic Plan 2016-2000	1-28
6.2	Draft Long Term Financial Plan	29-46
	Draft 2017/18 Municipal Plan & Budget Including Annual	
6.3	Budget 2017/18 (attachment to be provided under separate cover)	47-49
7	Close of Meeting	

NOTE: Attachments too large to include in the agenda can be found on Council's website at www.litchfield.nt.gov.au



COUNCIL REPORT

Agenda Item Number:	6.1
Report Title:	Updated Strategic Plan 2016-2020
Meeting Date:	9/05/2017
Attachments:	Draft Strategic Plan 2016-2010

Purpose

The updated Strategic Plan 2016-2020 is presented to Council for endorsement.

Summary

A review of the Strategic Plan 2016-2020 has been completed resulting in a replacement page on Success Measures and an updated Long Term Financial Plan.

Recommendation

THAT Council adopt the updated Litchfield Council Strategic Plan 2016-2020.

Background

In early 2016 Council developed its Strategic Plan 2016-2020.

To inform activities over the next 12 months, including the development of Council's Budget 2017/2018 and Municipal Plan, a workshop to review the Strategic Plan was held with Councillors in November 2016.

At the workshop Councillors focussed on:

- Revisiting and updating the success measures
- Developing the key focus areas and an advocacy plan for the next 12 months.
- Developing a Partnership Map to accompany the Advocacy Plan.

The Litchfield Strategic Plan 2016-2020 contains the following:

- Councils' vision – The Best Place to Live in the Top End.
- What defines that vision from a values perspective – friendly and connected, natural and scenic and spacious but close to everything.
- An outline of each of the six different roles Council plays when taking action – service delivery, advocate, fund, regulate, work with the community and partner; and
- Measures for success including measures that indicates enhancing and improving the liveability of the Litchfield municipality to ensure that it is the best place to live in the Top End.

As a result, the Strategic Plan 2016-2020 has been updated to include:

- new measures of success on Liveability – *The Best Place to Live in the Top End*, including measures and targets on safety, animal management, roads, services, open space and waste
- Measures to ensure Council's financial sustainability.
- An updated Long Term Strategic Plan

Other material developed as part of the workshop is included in the Municipal Plan 2017/18. This includes Council's focus area over the next 12 months; Roads, Waste, Planning, Thorak Regional Cemetery and the financial condition of Council.

Links with Strategic Plan

This report concerns the Strategic Plan 2016-2020.

Legislative and Policy Implications

A strategic plan is not a prescribed statutory document in the NT Local Government Act 2008 and there is no specific requirement for councils to prepare these plans.

However, if a council has a strategic plan in place, then the strategic plan must be referenced in each year's Municipal Plan during the period to which the strategic plan relates (S23, Local Government Act 2008).

Risks

A strategic plan assists Council in being able to make strategic choices during its term that ensure good outcomes for the whole community, considering long and short term interests and current and future costs and benefits.

Financial Implications

The Strategic Plan includes the Long-Term Financial Plan which considers the financial implications of future commitments on the bottom line and enables Council to model and assess different scenarios and the implications when pulling together annual plans and budgets.

Community Engagement

The updated Strategic Plan expands the measures of success and includes an update Long Term Financial Plan. The Strategic Plan informs the Municipal Plan. The draft Municipal Plan 2017/18 will be placed on public exhibition for 21 days inviting comment.

**Recommending
Officer:**

Kaylene Conrick, Chief Executive Officer

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



Strategic Plan

2016-2020

Reviewed 2017

+ Table of Contents

Welcome to our Strategic Plan	2
About our Councillors.....	3
About Litchfield.....	4
Physical Characteristics.....	4
About our Community.....	5
Population Growth.....	5
Gender.....	6
Age.....	7
Our Children	7
About our Economy.....	8
Our Community Assets.....	9
The Top End's Infrastructure Hub.....	10
The Best Place to Live in the Top End	12
Our Vision.....	12
Council's 6 Major Roles.....	13
Our Success Measures	14
Overview of Council Planning.....	15
Our Strategy in Detail.....	17
Long Term Financial Plan.....	22

+ Welcome to our Strategic Plan

We, the Litchfield Council (elected in November 2015), are humbled by the opportunity to represent our local communities and have been guided in our deliberations in developing the Strategic Plan by the many conversations with those who live and work in this area about what they value and their aspirations for the future.

Those conversations told us you did not want to feel the heavy hand of government. Rather, you wanted us to support the friendly, adventurous, 'do it yourself your way' approach that is so prevalent in our community. We also heard that you wanted Council to be more consultative about what it plans to do, to communicate more about what is happening, to ensure future growth is planned and environmentally sustainable, and that our communities retain their sense of place. There was so much more and this has been captured in the plan.

Council's Vision is for the Litchfield Municipality to be the best place to live in the Top End.

There are four priority areas, where if we take action, we will be on our way to achieving our vision and over time we want to make a difference in relation to twenty outcomes across these priority areas.

These are exciting times for Litchfield Council and this Strategic Plan is testament to our commitment to serving you well in ensuring this is the best place to live in the Top End.

Maree Bredhauer
Mayor



Our Mayor and Councillors (L-R): Christine Osborn, Doug Barden, Maree Bredhauer, Letchimi Wright, Kirsty Hunt
Page 6 of 49

+ About our Councillors

Mayor, Maree Bredhauer

Maree moved into the Litchfield area in 1982 from Queensland, settling in Humpty Doo in 1986. She combined raising three children with teaching at Humpty Doo Primary School and several other education roles before taking on the role of Principal at Humpty Doo Primary School, several other Top End schools and Girraween Primary School. In June 2014, Maree left the Department of Education to work in the not-for-profit sector, and today holds an executive position at Early Childhood Australia.

Maree is passionate about ensuring the Litchfield municipality continues to be a great place to live for her grandchildren in the future as it was when she raised her own children. She is committed to ensuring the municipality grows in an orderly, planned and sustainable manner and that it continues supporting its proud tradition of a friendly, adventurous 'do it yourself your way' approach to living.

Cr Doug Barden – South Ward

Born in Darwin in 1959, Doug has continued to live in the area for most of his life, operating businesses from Berry Springs since 1982, and serving as a member of the Berry Springs Volunteer Bushfire Brigade.

Doug has been encouraged with the development and progress of the Litchfield Shire / Municipality since its creation in 1983. Doug sees the main challenge is to keep improving services in all areas including roads, waste management, reserves and planning, whilst being accountable and fiscally and socially responsible.

Cr Christine Osborn – Central Ward

Like so many others now living in the Northern Territory, Christine arrived in 1972 for a two year teaching appointment and never left. Her employment experience has covered teaching, retail, childcare and office administration in an accountancy firm, a project management company and as an Executive Assistant in a not-for-profit training organisation.

Interested in, and passionate about, local issues, Christine became a councillor in 2015. During this

Council term Christine would like to see a broader, safer and environmentally-conscious focus for Council services and a strong consultative approach when making decisions. She is keen to see the municipality become more aged-friendly, offering a broader range of options for its senior citizens. As a mentor for youth, Christine believes in tapping into young people's entrepreneurial ideas and broadening their focus beyond academia to life skills.

Cr Kirsty Hunt – East Ward

Kirsty was born and raised in Port Hedland in Western Australia. In 2002 she moved to the Northern Territory and lived in Palmerston until 2008 when she and her partner purchased five acres in Girraween.

Currently employed part-time in a marketing and administration role in her brother's solar installation business, Kirsty has previously worked as a Senior Contract Manager for the Federal Government's Department of Employment and Workplace Relations, as an Investigator with the Office of Workplace Services, and she has managed the Tourism Accreditation Program within Tourism NT.

These experiences in small business, government and as a local parent, enable Kirsty to bring a unique perspective to Council. Kirsty believes aspirational policies and strategies, and good long-term planning, provide strong foundations for Council to advocate for funding and support and take action on Council's priorities.

Cr Letchimi Wright

Letchimi moved to Howard Springs in 2008, with her now husband and is enjoying raising her two young children in the wonderful rural landscape.

Letchimi brings to Council her extensive experience in the private and local government sectors. Presently employed at a neighbouring Council as a Senior Projects Officer, she offers knowledge of current local government trends, activities and focus. Letchimi aims to use her skills and expertise to assist Council in demonstrating sound financial management, and with over 20 years' experience in Marketing, Management and Public Relations, she looks forward to seeing Council's plans and strategies come to fruition.

+ About Litchfield

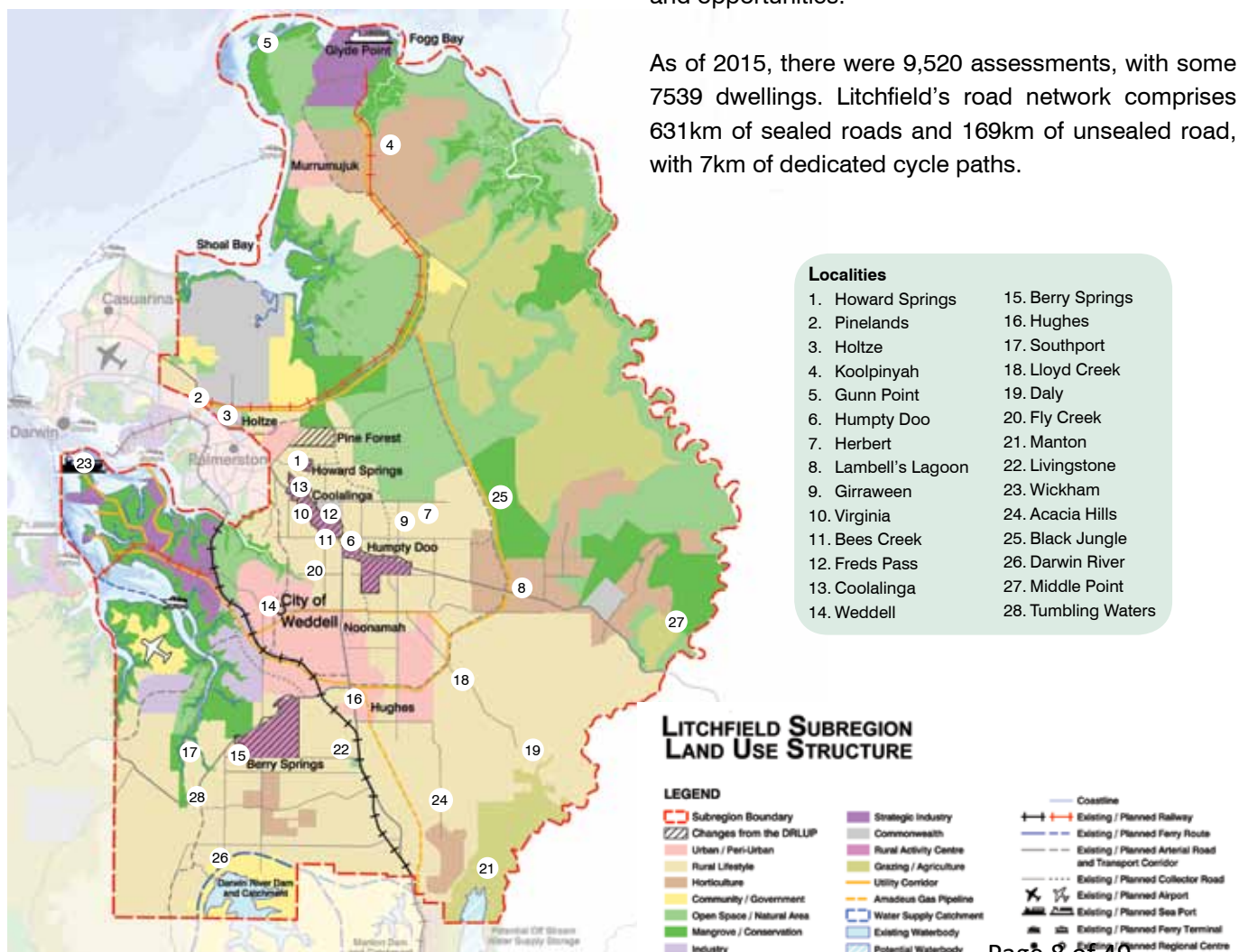
Physical Characteristics

Litchfield is named after Frederick Henry Litchfield, a member of an early survey and settlement party.

Located in the Top End of the Northern Territory, Litchfield covers an area of 3100 square kilometres and includes coastal and riverine areas, rainforests and lagoons. It surrounds the City of Darwin and Palmerston on three sides. Its other boundaries are Van Diemen Gulf to the north, the Adelaide River to the east, and the Coomalie Community Government Council to the south. Litchfield will play an important role in accommodating urban growth in the Darwin Region over the next 40 to 50 years.

Its major urban development zones are in the areas of Holtze, Weddell and Murrumujuk, while its rural activity centres are Berry Springs, Howard Springs, Humpty Doo and Coolalinga. Early development of the locality was shaped by 'broad acre' subdivision and ventures into agriculture. The formalisation of access roads and reticulation of electricity gave rise to re-subdivision into smaller rural parcels, especially eight and two hectare lots. Population began increasing and continues to do so. The initial interest in semi-commercial hobby farms gave way to growing demand for the rural lifestyle, predominantly on the two hectare lots. Developing as an alternative to suburban living, Litchfield has emerged with a distinct identity and its own constraints and opportunities.

As of 2015, there were 9,520 assessments, with some 7539 dwellings. Litchfield's road network comprises 631km of sealed roads and 169km of unsealed road, with 7km of dedicated cycle paths.



+ About our Community

Characteristics	Litchfield	Northern Territory
Population	23,249*	244,307
Population under 5	6.3%	8.1%
Population over 65	6.6%	5.7%
Median age	36	31
Speak another language	5.4%	26.8%
Indigenous	7.1%	26.8%
Changed address in last 5 years	35.1%	38.6%
Take public transport to work	2.2%	3.8%
Attending university	2.5%	3.2%
University qualified	9.9%	14.8%
Medium household income per week	\$1,767	\$1,674
Average household size	2.8	2.9
Household renting	16%	43.7%
Medium and high density housing	4.8%	27.8%
SEIFA	1030	925

Table Source: Profile id National demographic indicators for local government areas, 2011.

* ABS estimate in 3218.0 Regional Population Growth, Australia 2014-2015, Statistical Area 2 data set

SEIFA - Index of Relative Socio-Economic Advantage/Disadvantage - low numbers indicate a higher level of disadvantage, and high numbers indicate a low level of disadvantage

Population Growth

We're growing fast!

The population of Litchfield is estimated to be 23,249 in 2015, with some evidence of substantial under-reporting of population. This represents a 10 year growth of some 6,500, or 47%. Significantly, this is more than double the 10 year growth rate of the Northern Territory as a whole (19%), making it the fastest growing Local Government Area in the Territory, exceeding both Palmerston (43%) and Darwin (18%).

Accurate growth projections are not available, however, if subsequent 10 year growth matches prior 10 year growth, Litchfield may have a population of about 34,000 in 2025, an increase of more than 10,000. To accommodate population growth it is estimated that an additional 500 dwellings will be required within Litchfield in the near term of 5 to 10 years, and a total of 20 500 dwellings in the longer term of 40 to 50 years (Darwin Regional Land Use Plan).

	2005	2015	10 year growth
Howard Springs	4053	5727	41%
Humpty Doo	6369	8913	40%
Virginia	2685	3741	39%
Weddell	2675	4868	82%
Total Litchfield	15782	23249	47%
Palmerston	24156	34652	43%
Darwin	70538	82912	18%
Total NT	205905	244307	19%



For future growth, the key challenges and opportunities for Litchfield are:

- its multiple roles as Darwin's hinterland supporting the rural lifestyle, agricultural activity, cultural heritage and natural environment, while providing opportunities for urban growth in Weddell and Holtze;
- balancing population growth with protection of natural resources such as water, horticultural soils and construction materials; and
- land uses of strategic importance, such as defence, major industry, utilities and unique environmental significance.

Gender

We have a lot of men.

Common with many communities in the Northern Territory, Litchfield has a disproportionately male population, with 122 males for every 100 females. The gender disproportion is greatest in Howard Springs, with 165 males for every 100 females. It is particularly so within the 20 - 29 age group, in which the ratio rises to almost 200 males for every 100 females (2026 males

against 1050 females). This is owing to the numerous male-dominated employment areas in and around Litchfield, such as the Ichthys LNG Project / INPEX and various construction and infrastructure projects (see pages 11 - 12). By comparison, Darwin has only a slight imbalance of males and females (108 males for 100 females).

	Males	Females	Males per 100 females
Howard Springs	3091	1868	165
Humpty Doo	4622	4282	108
Virginia	1972	1728	114
Weddell	2213	1890	117
Total Litchfield	11898	9768	122
Palmerston			
Darwin (2011)	37826	35104	108
Total NT			

Source - ABS 2011 Census

Localities: ABS Statistical Area 2 Tables	Includes
Howard Spring	Pinelands, Holtze, Koolpinyah, Gunn Point
Humpty Doo	Herbert, Lambell's Lagoon, Girraween
Virginia	Bees Creek, Freds Pass, Coolalinga
Weddell	Berry Springs, Southport, Livingstone, Acacia Hills

+ Age

We're very young, but getting older.

Litchfield has an overwhelmingly young population, with 26% of its residents under the age of 20 in 2014. A mere 8% are over 65 years. However, Virginia has the highest median age of anywhere in the Top End (41.1 years), and the median age of Howard Springs increased by 5.0 years in five years alone (2009 - 2014).

	% 0-19 years	% 65 years+	
Howard Springs	20%	8%	4959
Humpty Doo	30%	7%	8904
Virginia	22%	10%	3700
Weddell	28%	9%	4103
Total Litchfield	26%	8%	
Palmerston			
Darwin			
Total NT			

Our Children

Young children aged 5 in 2015 were not doing as well as they ought, by Australian standards, and in some instances by Territory standards. Compared to other 5 year olds in the Territory, Litchfield 5 year olds were 22% more likely to be vulnerable to physical ill-health, and twice as likely as Australian children overall. Their language and cognitive skills, and communication skills and general knowledge, on the other hand were better than Territory averages, but still below Australian children overall.

Child Health, Education and Social Outcomes	Litchfield	Northern Territory	Australia
Physical Health & Wellbeing			
On Track	64.5	68.9	77.3
At Risk	16.1	15.2	13.0
Vulnerable	19.4	15.9	9.7
Social Competence			
On Track	63.8	63.9	75.2
At Risk	17.2	17.6	15.0
Vulnerable	19.0	18.5	9.9
Emotional Maturity			
On Track	65.6	65.9	76.4
At Risk	16.5	18.6	15.3
Vulnerable	17.9	15.5	8.4
Language & Cognitive Skills			
On Track	79.6	65.6	84.6
At Risk	10.0	13.0	8.9
Vulnerable	10.4	21.5	6.5
Communication Skills and General Knowledge			
On Track	74.6	66.7	76.3
At Risk	17.6	17.0	15.1
Vulnerable	7.9	16.2	8.5

Source: Australian Early Development Census 2015



About our Economy

Litchfield is a highly productive locality. With almost exactly 10% of the Territory's population, and very low unemployment, it houses 15% of its businesses and generates 12% of its Gross Regional Product, with 18% of the Territory's median work productivity.

Data	Litchfield Municipality	% of NT	Trending
Population	23,614	9.94%	Up
Unemployed	3.28	-	Up
Gross Regional Product (\$000)	2,294	12%	Up
Local Jobs	12,319	10%	Up
Worker Productivity (GRP/Worker)	\$186,214	18%	Up
Number of Businesses	2,024	14.92%	Up
Building Approvals	\$98,501m	7%	Down

Source: Profile id - Economic Indicators by local government area

+ Our Community Assets

Litchfield Council acts as a responsible steward for a large amount of community assets. These include land (both productive and drainage lands), buildings and various types of infrastructure, both fixed and moveable. All of this infrastructure, excepting land, depreciates, and these assets therefore require a consistent program of maintenance and renewal. See the Municipal Plan for each year's upgrade and renewal priorities.

	2015 At Fair Value
Land - Council owned	14,387,856
Land - Drainage	6,638,569
Buildings	36,017,440
Infrastructure	
- Sealed roads	229,892,027
- Unsealed roads	29,011,276
- Road culverts	33,122,065
- Kerbs and gutters	1,459,296
- Driveway vehicle crossings	15,716,238
- Footpaths	590,549
- Road signs	1,347,780
- Inverts	26,320
- Point generic	539,417
- Driveways	8,960,449
- Bicycle paths	780,841
Office equipment	587,995
Plant and equipment	3887,718
Other structures	21,229
Motor vehicles	1,929,353

The Top End's Infrastructure Hub



Litchfield will be home to a number of vital whole-of-Territory infrastructure projects, including a hospital, a prison and an airport, as well as a gas project. These not only generate significant employment opportunities during construction, but also once they are operational, their workers and users are likely to avail themselves of local services, whether they are residents or not. It is vital that Council monitors these effects and adjusts its plans and advocacy accordingly.



Hospital

Palmerston Regional Hospital will be the Top End's first new public hospital in almost 40 years, located centrally on a 45 hectare site on the corner of the Stuart Highway and Temple Terrace to ensure it has room to expand in years to come.

The \$150 million project has \$110 million funding from the Australian Government and \$40 million funding from the Territory Government. The 116 bed facility will open its doors to patients in 2018 and deliver primary and community health care services to Territorians for many years to come. It will be the most technologically advanced hospital building in the NT, treating thousands of residents each year and employing 340 staff.

Corrections

The Darwin Correctional Centre, costing \$1.8 billion over 30 years, is the main facility for adult prisoners in the Top End. The site is the size of a city suburb and it will contain 1048 beds for both males and females of all security ratings, and with mental health and behavioural needs. The centre includes the Complex Behaviour Unit, and a Pre-Release Work Village. The village provides real life experiences in the workforce.

The facility has been designed to give prisoners the best chance of rehabilitation and reintegration through education and employment programs. Prisoners work in full-time employment during the day, and participate in structured education and development programs in the evening. Prisoners can also develop skills in trade and employment through the Sentenced to a Job program.

Natural Gas

The Ichthys LNG Project / INPEX on a 361 hectare site at Bladin Point in the Litchfield Municipality will take gas and condensate that is transported from the Ichthys Field, off Western Australia, via an 890km pipeline, then cool it and transform it into liquid for transport.

When completed, the Project's onshore facilities will include: two LNG processing trains, LPG and condensate plants, product storage tanks, a combined cycle power plant, administration facilities, utilities and a product load out jetty. The total project cost, including off-shore facilities is expected to reach \$50 billion.

The LNG processing trains will have the capacity to produce 8.9 million tonnes of LNG per annum and have an operational life of forty years

and is planned to start production in September 2017. During construction a workers' village has been established at Howard Springs for fly-in –fly-out workers.

Airport

The Darwin Regional Land Use Plan 2015 has identified a site on the Blackmore Peninsula to the west of Middle Arm in the Litchfield Municipality for a second airport. This which would ease pressure on Darwin International Airport in the future and focus mostly on cargo and general aviation demands. At this stage the site has been identified to minimise the potential for incompatible land use in areas close to the site. (Not illustrated)

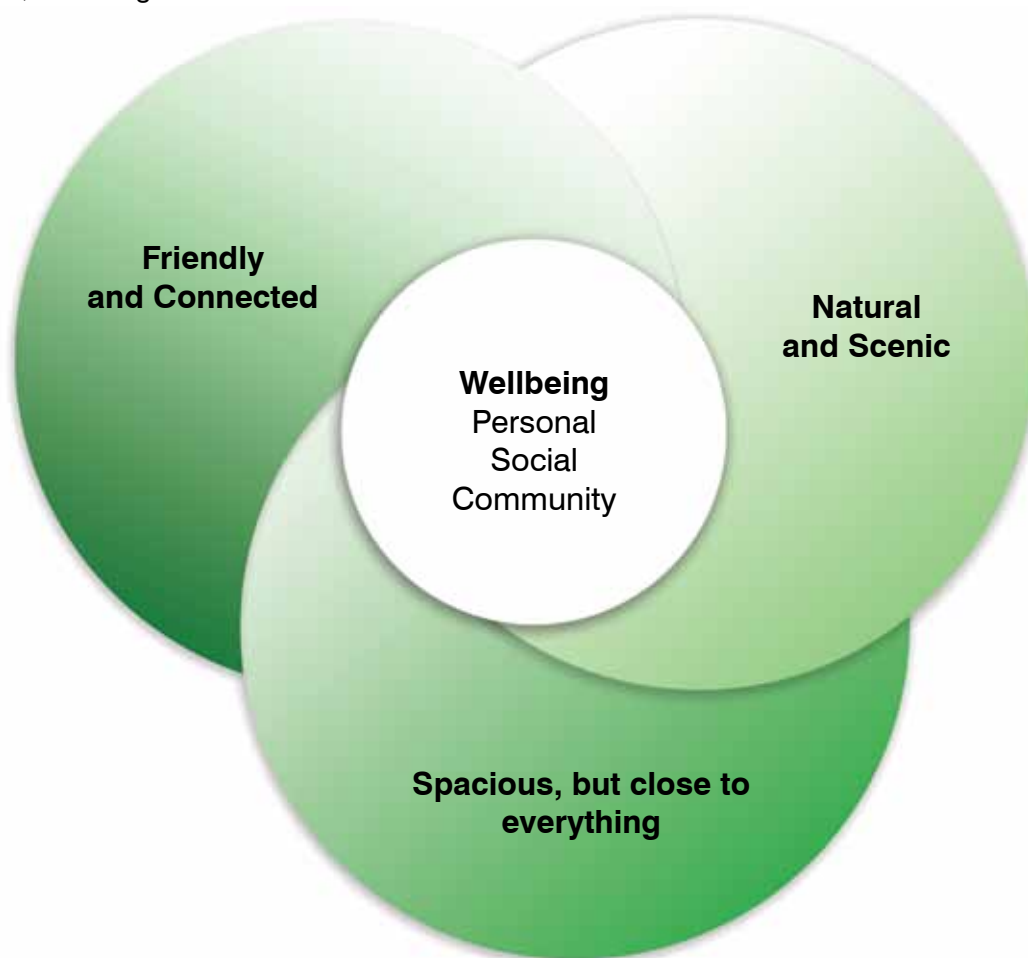
Waste Management Facility

The Top End Regional Organisation of Councils' (TOPROC) current Regional Development Plan includes a focus on waste and recycling and proposes TOPROC advocate for a suitable site for a regional waste management facility to be identified and the land rezoned to enable this use in the longer term.

+ The Best Place to Live in the Top End

Our Vision

Our vision is for a place of person, social and community wellbeing that stem from three unique attributes which are rarely, if ever, found together:



Friendly and connected:

We are a community where it is easy to get to know people and be around them, it is ideal for family living with plenty of activities, and it is safe.

Natural and scenic:

We have large blocks, with attractive scenic outlooks, and lots of native wildlife, and we take pride in being beautiful and clean.

Spacious, but close to everything:

While we have plenty of space to grow, you can get around easily, work locally and obtain everything you need within Litchfield.

The best place to live in the Top End.

+ Council's 6 Major Roles

Council carries out its important functions by doing six things:

01



Service Delivery

We employ and subcontract capable staff who directly maintain roads, drains, and recreation reserves, as well as carry out slashing and weed control for Council land, road reserves and easements. Other services include dog control, waste management, community development and operation of the Thorak Regional Cemetery. We review services regularly, to make sure they are delivering what the community wants, in a way that provides value for money.

Advocate

We advocate for the interests of our community, at Territory and Commonwealth level, and with various industry and sector groups. Our advocacy spans areas which affect our communities but for which we are not directly responsible, such as land use, transport, water management, economic development and health and education. We consult with our community on numerous issues, so we can build a strong advocacy platform with governments and other investors and influencers.



02

03



Fund

We fund a limited number of activities and events that we don't operate ourselves, through grants, programs and scholarships.

Regulate

Within our mandates, we are in a position to regulate, at a local level, many areas that contribute to high quality of life for Litchfield residents and visitors, such as permissible road use, dog controls, incentives to deposit and recycle waste, and the way our reserves are best used for maximum community benefit.



04

05



Work with community

Council can't make Litchfield the best place to live in the Top End without working with its communities, in large and small ways. We need communities to champion our waste and animal control objectives. Community is an essential glue for all social, recreation, sports and arts activities, and we work hard to educate on important matters, such as biodiversity and weed control.

Partner

Most of the amenity that makes up a great place to live is not provided by Council, but is provided by others. Some examples of providers with whom Council may partner include child care, healthcare and employment providers, tourism operators, environmental protection agencies, and road and water authorities.

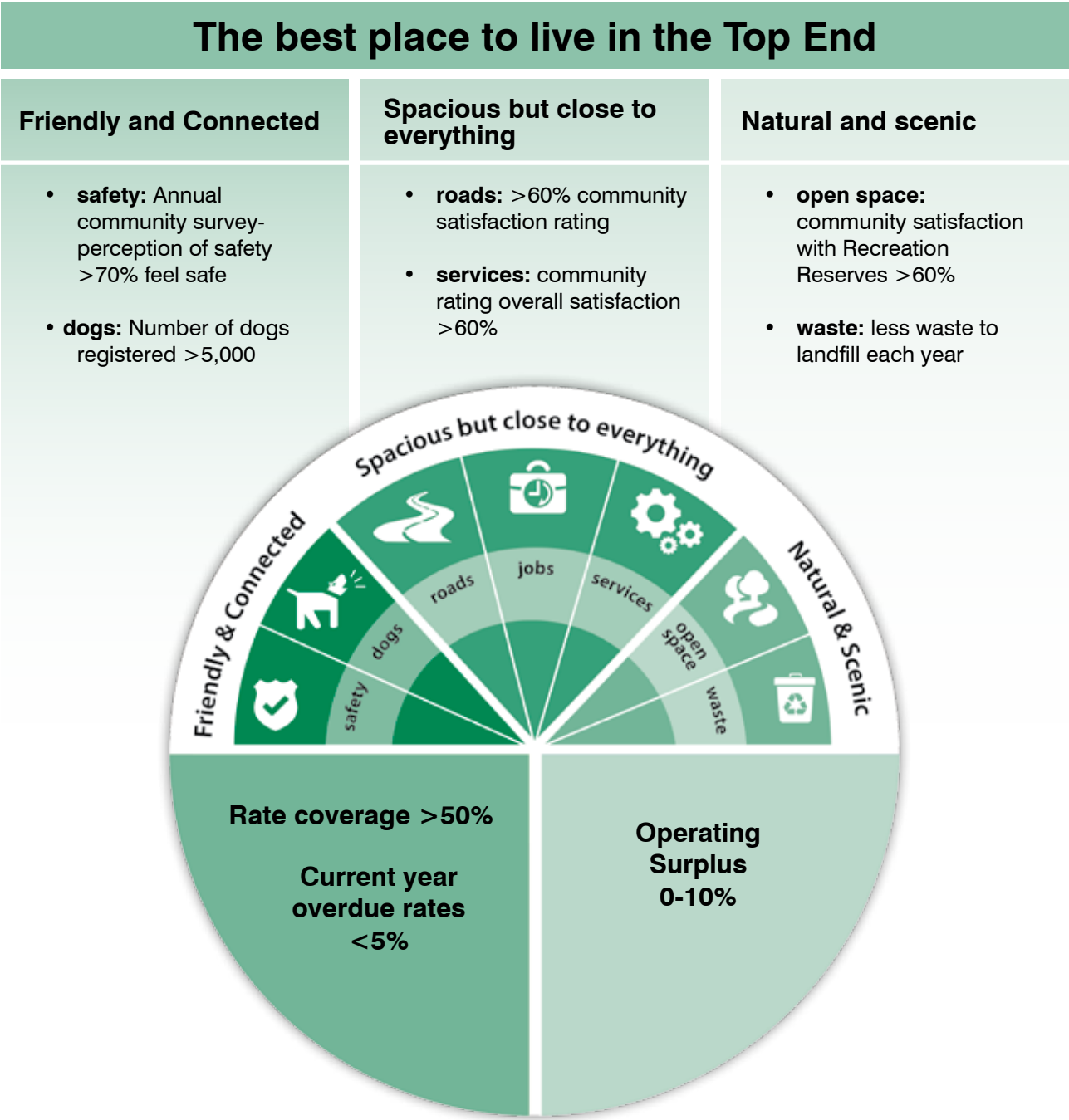


06

For more information about how we apply our financial resources to these functions, in detail, please see the detailed strategies in this document, and also the Litchfield Municipal Plan.

+ Our Success Measures

We measure success in many ways, and each of our services, funding endeavors, partnerships and advocacy efforts have associated success measures.

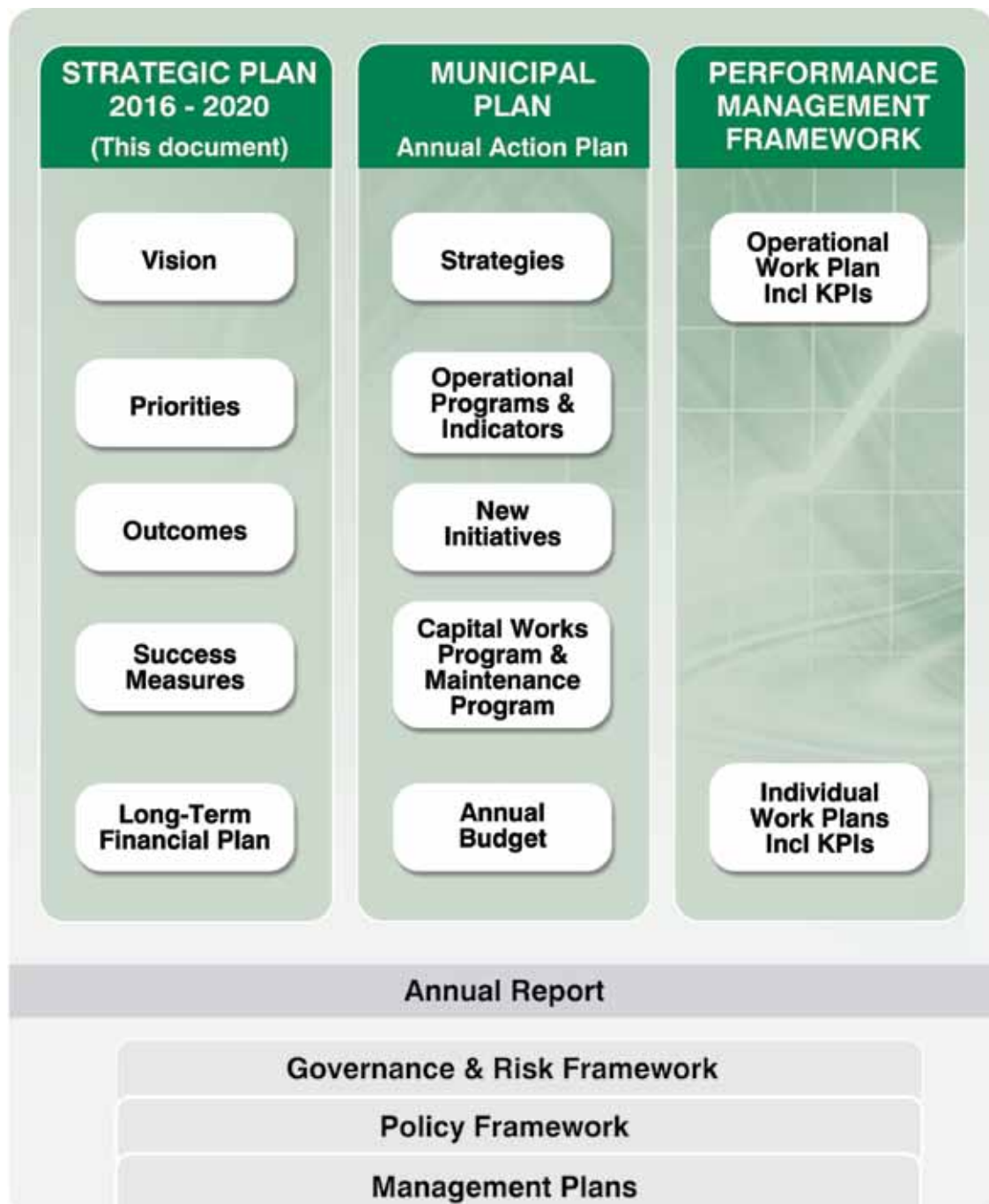


At Acceptable Cost

For more information about how we apply our financial resources to these functions, in detail, please see the detailed strategies in this document, and the Litchfield Council Municipal Plan 2017/18.

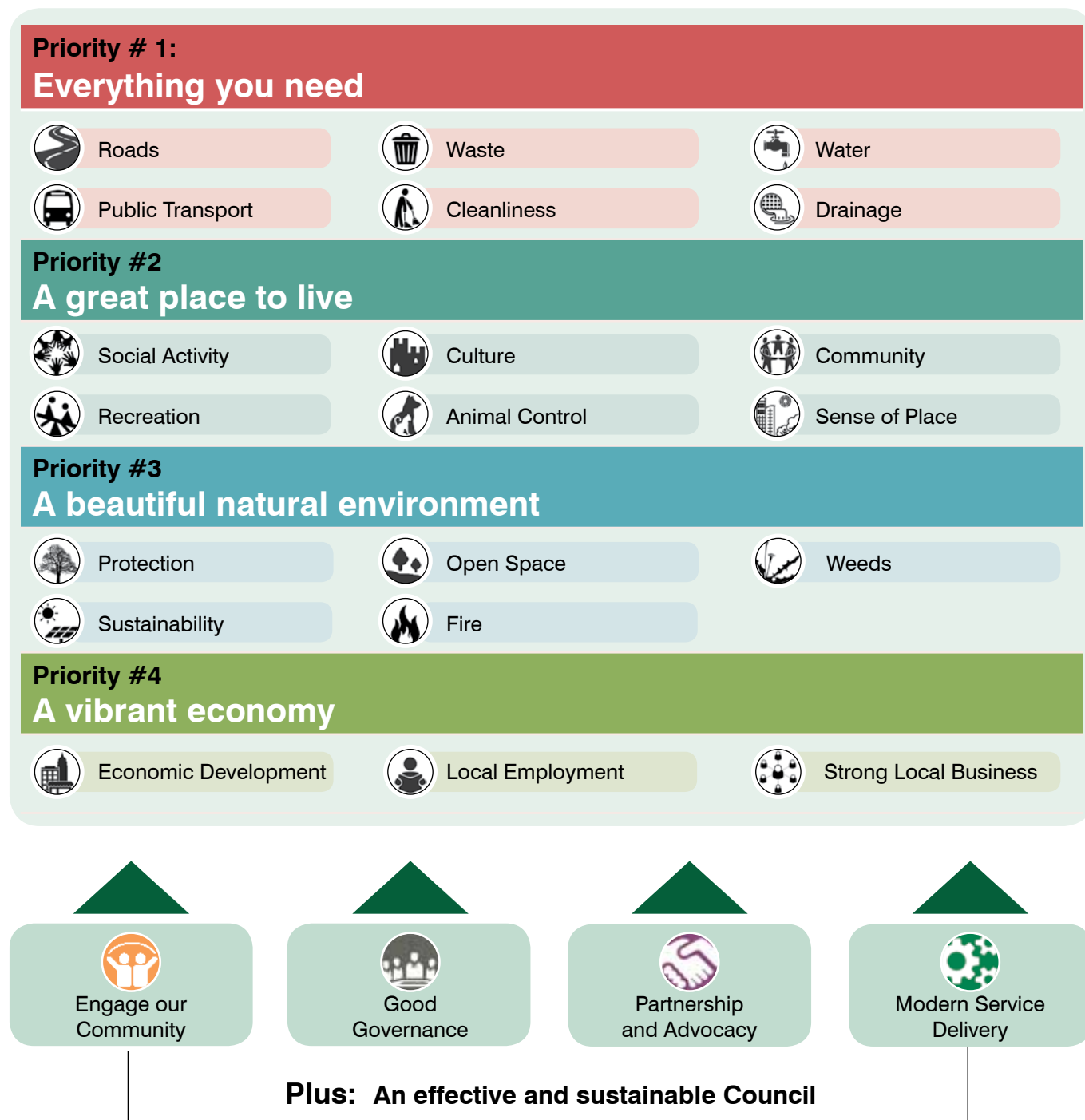
+ Overview of Council Planning

Council has many obligations and therefore carefully plans how it will use its valuable resources for maximum community benefit. Every four years, a strategic plan is developed, which confirms Council's promise to ratepayers, residents and visitors. From this strategic plan, a municipal plan is developed each year, with descriptions of how resources are allocated to capital works (new and maintenance) as well as services. Each area of activity is monitored and performance managed, and an annual report is prepared retrospectively. Underpinning all of this work are appropriate governance, policy and management structures.











Our strategy comprises 4 priorities for our community, and within those, we work on 20 outcomes that we know matter to our communities. This is underpinned by actions taken to ensure an effective and sustainable Council. The diagram below shows this in summary form, while the following pages describe in detail what we'll be doing towards each outcome.



+ Our Strategy in Detail

In this section, you will find a detailed description of Council's commitment to our communities. Each Priority contains a number of outcomes that are achieved by Council investing time, money or effort in one of its six roles. Many of the outcomes are achieved via more detailed strategies or plans; these are noted in the right hand column.







		Council Role						
Priority # 1:		Service Delivery	Advocacy	Community Engagement	Revenue/Fund	Regulations	Partnering	For more information
Everything you need								
	Roads							
	Programmed road upgrades and maintenance to safe standards, including school zones	●						10 Year Road Programme
	Accident black spots are policed and signed to reduce avoidable injuries		●					
	Bike-friendly roadways designed, with designated pathways, where possible	●					●	
	Roads are protected from undue wear due to heavy machinery					●		
	Traffic management on major arterial roads (e.g., Stuart Highway) enables peak traffic flow		●					
	Public Transport							
	Gaps in bus service and frequency are filled		●					
	People who are isolated are served with additional transport options		●					
	Waste							
	Landfill is minimised, along with disposal costs to residents, because of a combination of incentives, redesigned WTS processes, and community education	●		●		●		10 Year Waste Management Plan
	Revenue is maximised from waste products, such as glass, steel and green waste				●		●	
	Dumping enforcement methods are investigated					●		
	The location and function of the proposed Regional Waste Facility meets Litchfield's current and future needs		●					
	Cleanliness							
	The quality and efficiency of roadside management is reviewed and improved	●						
	Water							
	Planners and utilities provide quality water supply, drainage and sewage systems, for residential, recreation and commercial purposes		●					
	Drainage							
	Programmed drain upgrades and maintenance to prevent wet season flooding and enable routine drainage	●						10 Year Drainage Improvement Plan



Priority # 2:

A great place to live






Council Role

	Service Delivery	Advocacy	Community Engagement	Revenue/Fund	Regulations	Partnering	For more information
 Social Activity							
Local social, arts and cultural activities and sites are mapped and promoted		●	●			●	
Funding is sought for Fred's Pass Reserve Masterplan		●					Fred's Pass Reserve Masterplan
The community's desire for a dedicated Cultural Centre is determined, as a pre-feasibility study			●				
The provision of Library Services meets community needs		●					
 Culture							
The Litchfield Collection is supported and promoted			●	●			
Heritage sites are identified, protected and promoted		●	●				
 Community							
Community Events such as Australia Day, ANZAC Day and Seniors Fortnight are supported and promoted			●	●			
Community groups receive grants to stimulate and support their activities				●			
 Recreation							
Fullest use of Council controlled community facilities, halls and reserves for community group and sporting club activities			●	●	●		
The community's desire for a dedicated Aquatic Centre is determined			●			●	
Fishing infrastructure exists in Litchfield waterways (AFANT)		●					
Programmed recreation reserve upgrade and maintenance occurs	●	●					
Programmed playground upgrade and maintenance occurs	●						10 Year Playground Program
 Animal Control							
Animals are secured to ensure public safety and avoid nuisance, using full cost recovery methods	●		●	●	●		Animal Management Plan
 Sense of Place							
Land use planning is appropriate to Litchfield's long-term liveability		●	●				

Priority # 3:

A beautiful natural environment

Council Role

	Service Delivery	Advocacy	Community Engagement	Revenue/Fund	Regulations	Partnering	For more information
 Protection							
Local fauna is protected and injured wildlife is rescued through association with WildCare and Land for Wildlife and other organisations.			●			●	
Bio-diversity of our area is mapped and promoted			●				
 Open Space							
Residential and public open space is preserved and maximised		●					
 Weeds							
Weeds are strictly managed on all Council controlled land	●						
Litchfield residents are educated about appropriate weed control methods		●					
 Sustainability							
Council buildings that could benefit from renewable energy, environmentally and economically, are identified for potential conversion	●						
Litchfield residents are educated about the benefits of renewable energy		●	●				
Litchfield's residents use water responsibly.			●				
 Fire							
Council assets are protected against bushfire	●						10 Year Fire Management Plan



Council Role

20 Litchfield Strategic Plan 2016-2020 Reviewed 2017

+ An effective sustainable Council

Principle 1 Engage our Community



Capability	Employ or contract public relations / marketing capability
Plan	<p>Develop a comprehensive plan by which to engage the Litchfield community in the activities of Council, which may include:</p> <ul style="list-style-type: none"> - Establish local resident reference groups - Media access - Review of, and creation of, digital and print materials, including maps, new resid guide etc - Renewed branding - Profile Council staff, successes, priorities - Coordinated Councillor presence at external events

Principle 2 Good Governance



Openness	<p>Review employee roles against Strategic Plan requirements, and communicate to community our staffing numbers, structure, roles and value</p> <p>Form criteria by which funding allocation (e.g., to reserves, road upgrades) decisions are made, and communicate these to our community</p>
Good Practice	<p>Meet all requirements of the Local Government Act, including legal provisions, reporting and policy format and adoption</p> <p>Revise all Council policies, including developing an overall policy framework, and establishing a cycle of review</p> <p>Revise Council's risk management protocols, against Council's roles and strategic priorities</p>

Principle 3 Partnerships and Advocacy



Visibility	<p>Create and respond to opportunities for Mayor, Councillors and CEO to connect with people and organisations with the ability to further Council's strategic objectives</p> <p>Celebrate Council successes in conjunction with other community leaders, and ensure these are known within and outside Litchfield</p>
Strategic Partnerships	<p>Develop advocacy priorities that contribute to meeting Strategic Plan outcomes</p> <p>Develop a partnership strategy that contributes to meeting Strategy Plan outcomes</p>

Principle 4 Modern service delivery



Service Review	<p>Conduct ongoing review of all Council-delivered services to improve cost structures, timeliness, staff utilisation and customer satisfaction, including out-sourced services</p> <p>Review revenue generation potential of Council bylaws, properties, workforce and services</p>
Staff Capability and Satisfaction	<p>Provide development opportunities to all staff and ensure that these result in (i) improvements to Council practices and /or (ii) further internal education / training to Council staff</p> <p>Provide all staff with opportunities to contribute to and co-design change and improvement processes</p> <p>Provide excellent employment conditions that attract and retain the best staff, including family-friendly flexibility provisions</p>

+ Long Term Financial Plan

A long-term financial plan is important for ensuring Council remains sustainable into the future and reflects good practice in taking account of long life assets such as roads and drainage infrastructure. It enables Council to assess the impact of financial decisions in the longer term.

A long-term financial plan provides a framework to answer questions such as:

- Is sufficient revenue being generated to provide the services and level of services required by the community?
- Is the condition of existing assets providing an acceptable level of service?
- What level of funding is required to upgrade existing assets or construct new assets?
- What is an acceptable rate and charge increase?

In preparing the long-term plan there have been a number of assumptions made in relation to the following:

- Inflation rate projections
- Growth projections
- Interest rate projections
- Employment costs projections (given the Enterprise Agreement, banding movements, superannuation liabilities)
- Utilities costs
- Materials costs
- Developer contributions
- Territory Government economic projections

Long-term Financial Plan 2017 - 2022

	Budget 2017/2018 \$	Plan 2018/2019 \$	Plan 2019/2020 \$	Plan 2020/2021 \$	Plan 2021/2022 \$
INCOME					
Rates					
General Rates	6,953,357	7,323,025	7,714,176	8,124,885	8,556,129
Waste Charge	2,743,838	2,836,153	2,931,238	3,029,175	3,130,050
Waste Levy	0	0	0	0	0
Statutory Charges	33,500	33,500	33,500	33,500	33,500
User charges	1,217,955	1,278,853	1,342,795	1,409,935	1,480,432
Grants, subsidies and cont	5,294,974	4,168,498	4,171,881	4,215,976	4,260,071
Investment Income	725,000	703,883	683,382	663,478	644,153
Reimbursements	0	0	0	0	0
Other Income	43,000	70,000	70,000	70,000	70,000
Total Income	17,011,624	16,413,913	16,946,972	17,546,949	18,174,336
EXPENSES					
Total Employee Costs	5,973,624	6,136,102	6,294,948	6,426,178	6,582,370
Prescribed Expenses					
- Auditor Fees	41,000	41,410	41,824	42,242	42,665
- Bad and doubtful Debts	0	0	0	0	0
- Elected Member Expenses	242,787	247,643	252,596	257,648	262,800
- Election Expenses	136,710	0			150,381
Other Materials, Contracts and Expenses					
- Cemetery Operations	266,500	270,498	274,555	278,673	284,247
- Contractors	4,447,358	4,579,068	4,647,754	4,717,471	4,811,820
- Energy	231,600	236,232	240,957	245,776	251,920
- Insurance	223,599	228,071	232,632	237,285	243,217
- Maintenance	522,628	530,467	538,424	546,501	557,431
- Legal Expenses	173,000	130,000	70,000	70,000	70,000
- Donations and Community Support	116,250	117,994	119,764	121,560	123,991
- Computer / IT Costs	281,290	285,509	289,792	294,139	300,022
- Parts, accessories and consumables	188,000	190,820	193,682	196,588	200,519
- Professional Services	343,070	348,216	353,439	358,741	365,916
- Sundry	374,357	379,972	385,672	391,457	399,286
- New Initiatives	200,000	200,000	200,000	200,000	200,000
Depreciation	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411
Total Expenses	30,549,184	30,709,414	30,923,451	31,171,669	31,633,996
Underlying Operating Result	-13,537,560	-14,295,501	-13,976,479	-13,624,720	-13,459,661
One off Capital grants	0	600,000	600,000	600,000	600,000
Operating Deficit	-13,537,560	-13,695,501	-13,376,479	-13,024,720	-12,859,661
Operating Surplus / (Deficit)	3,249,851	3,091,910	3,410,932	3,762,691	3,927,750
less Depreciation					
Capital Spend					
Operating	3,249,851	2,491,910	2,810,932	3,162,691	3,327,750
Capital Grants	0	600,000	600,000	600,000	600,000
Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Funds available for renewal and replacement of assets	4,249,851	4,091,910	4,410,932	4,762,691	4,927,750
Financial Reserve Prediction	8,075,901	7,075,901	6,075,901	5,075,901	4,075,901



Contact Us

Phone: (08) 8983 0600
Fax: (08) 8983 1165
Email: council@litchfield.nt.gov.au

Address: 7 Bees Creek Road, Freds Pass, NT
Postal Address: PO Box 446, Humpty Doo, NT 0836

Website: www.litchfield.nt.gov.au



COUNCIL REPORT

Agenda Item Number:	6.2
Report Title:	Draft Long Term Financial Plan
Meeting Date:	9/05/2017
Attachments:	Draft Long Term Financial Plan 2017/18 to 2026/27

Purpose

This report presents the Draft Long Term Financial Plan including the 10 year operating statement for Council's adoption.

Summary

The Draft Long Term Financial Plan attached to this report provides a framework for Council's future funding of services to the community and Council's asset management.

The Long Term Financial Plan is designed to ensure that the financial sustainability of Litchfield Council continues to improve over the next 10 Years by supporting sound financial decision making. The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs
- Explore opportunities for increased income from sources other than property rates
- Advocate strongly for grants from other levels of Government
- Improve the approach to Asset Management
- Use discretionary Reserves to increase capital spend in the short term
- Increase rate income to fund an increase in capital spend

A ten-year Operating Statement has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and is a key input into the development of the Strategic Plan. The Plan is updated and included as part of Council's Municipal plan each year.

Recommendation

THAT the Draft Long Term Financial Plan 2016/17 to 2026/27 is released for public consultation for the statutory 21 day period, being 10 May to 31 May 2017.

Background

The NT Local Government Act requires Council to prepare and maintain a Long Term Financial Plan (LTFP). The Plan must cover a minimum period of four years however, many of the decisions that Council makes have impacts that go well beyond this time horizon. Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

Links with Strategic Plan

An effective and sustainable Council.

Legislative and Policy Implications

Section 23 Local Government Act requires Council to prepare and maintain a Long Term Financial Plan as part of the Municipal Plan. The plan must be reviewed annually and published in draft for a minimum period of 21 days for public comment. Furthermore, in line with Section 24 Local Government Act the plan must be adopted by Council between the 1 April and 31 July in each year.

Risks

Should Council not adopt the draft plan for public consultation at this stage, time constraints could risk meeting the legislative requirement for Council to endorse the final plan by latest 31 July.

Financial Implications

Not applicable.

Community Engagement

In line with Section 24 Local Government Act Council will publish the draft plan as part of the Municipal Plan for a 21 day consultation period.

Recommending Officer: Silke Reinhardt, Acting Director of Community and Corporate Services

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting of a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.



LITCHFIELD COUNCIL

Community effort is essential

Long Term Financial Plan

2017/18 to 2026/27

Executive Summary

This Long Term Financial Plan is designed to ensure that the financial sustainability of Litchfield Council continues to improve over the next 10 Years by supporting sound financial decision making.

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

Council currently has strong cash reserves and no debt which provides a good foundation in the short term. In the long term however, Council faces several challenges including:

- very large operating deficits
- inadequate funding for capital expenditure to maintain the existing asset base.

These challenges are not easily resolved and can only be addressed through a long term, disciplined approach to the allocation of financial resources.

The Long Term Financial Plan is based on the following strategies:

- Constrain growth in operating costs
- Explore opportunities for increased income from sources other than Property Rates
- Advocate strongly for grants from other levels of Government
- Improve the approach to Asset Management
- Use discretionary Reserves to increase capital spend in the short term
- Increase rate income to fund an increase in capital spend

The combination of these strategies will improve the sustainability of Litchfield gradually over time with the key objective of increasing the level of capital expenditure which is currently inadequate.

A ten year Operating Statement and Cash Flow Statement has been prepared based on a series of assumptions about the movement of each income and expenditure type. This ten-year view provides the context for the annual Municipal Plan and budget process and is a key input into the development of the 4-year Strategic Plan.

Introduction

The Local Government Act requires Council to prepare and maintain a Long Term Financial Plan (LTFP). The Plan must cover a minimum period of four years however, many of the decisions that Council makes have impacts that go well beyond this time horizon. Litchfield Council has therefore developed a ten-year plan to ensure that the decisions made today are truly sustainable in the long term.

A long-term financial plan provides a framework to consider:

- The level of funding required to deliver essential services required by the community
- Is the current condition of assets providing an acceptable level of service?
- Are new or upgraded assets required and how can they be funded?
- What income sources are available and how can these be maximised?
- What property rating strategy should be adopted?

The goal of the LTFP is to ensure financial sustainability which can be defined as:

‘...a government’s ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation.’ (Commonwealth Government, Intergenerational Report, May 2002)

Sustainability in the context of Litchfield means the community has well maintained facilities and infrastructure and receives good quality services at an affordable level of property rates both now and into the future.

The directions of the LTFP are informed by Council’s Strategic Plan and Asset Management Plan. The LTFP also provides the context and financial limits that need to be considered in the development of long term plans and the management of expectations about what can be achieved.

The LTFP is developed using a series of assumptions about future growth in income and expenses. These assumptions have been based on the best available information and will be reviewed on an annual basis in the lead up to the development of the Municipal Plan. The strategies contained in the Plan will help set the parameters for the development of the annual budget.

Current Financial Position

The following section of the Plan provides analysis of Council's current financial situation based on a set of criteria that are generally accepted measures of sustainability. These measures were used in a report by the accounting firm Deloitte in its Review of Councils Financial Sustainability in the Northern Territory (May 2012). Litchfield Council was not included in that review but the measures are highly relevant.

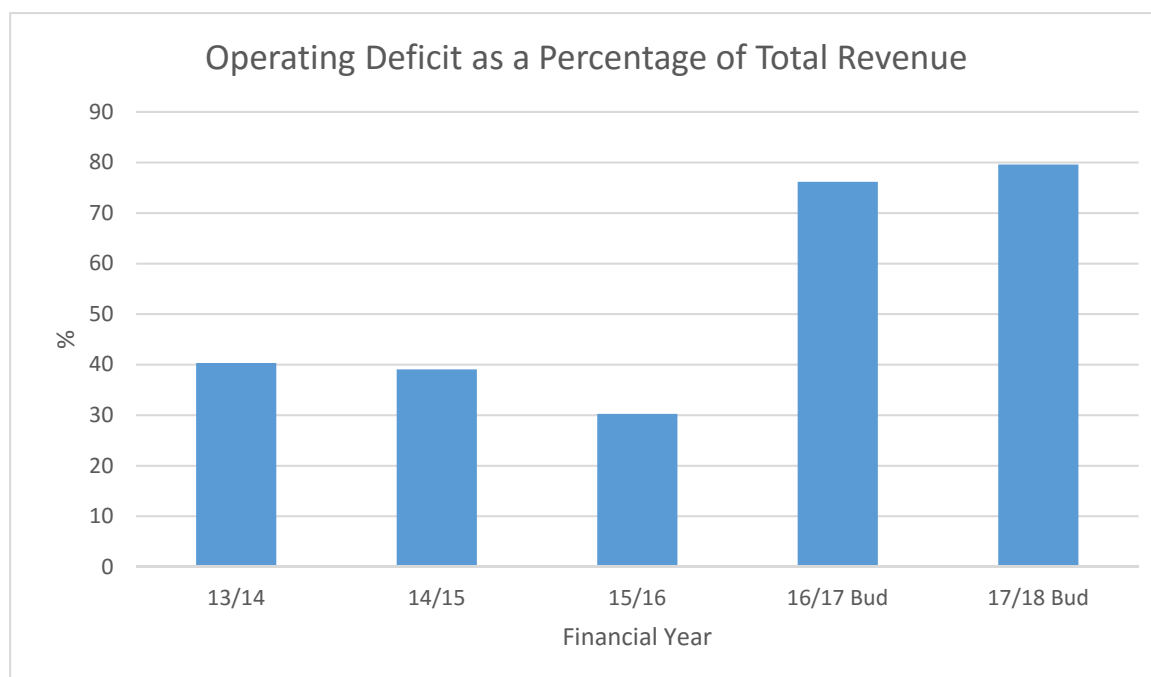
Operating Surplus/Deficit Ratio

This ratio expresses the Operating result as published in the annual financial statements as a percentage of total revenue. Ideally, Councils should run modest operating surpluses as this ensures that sufficient revenue is being generated to meet the costs of delivering services and to maintain the value of its assets over time. Large operating deficits indicate that long term sustainability is at risk as there is insufficient funds to maintain assets and infrastructure in an acceptable condition.

The graph below sets out the ratio for Litchfield Council in recent years. The result for 2015/16 is artificially low as total revenue for the year was substantially increased by large government grants. This masked the impact of the revaluation of assets and other changes to the calculation of depreciation that occurred in that year. The depreciation expense increased from \$8.9 million in 2014/15 to \$16.8 million in 2015/16.

Further work will be undertaken to ensure the depreciation calculation is as accurate and robust as possible.

The full impact of the increase in depreciation can be seen in the 2016/17 budgeted result.



Depreciation is a non cash item in the Operating statement but that does not mean it is irrelevant.

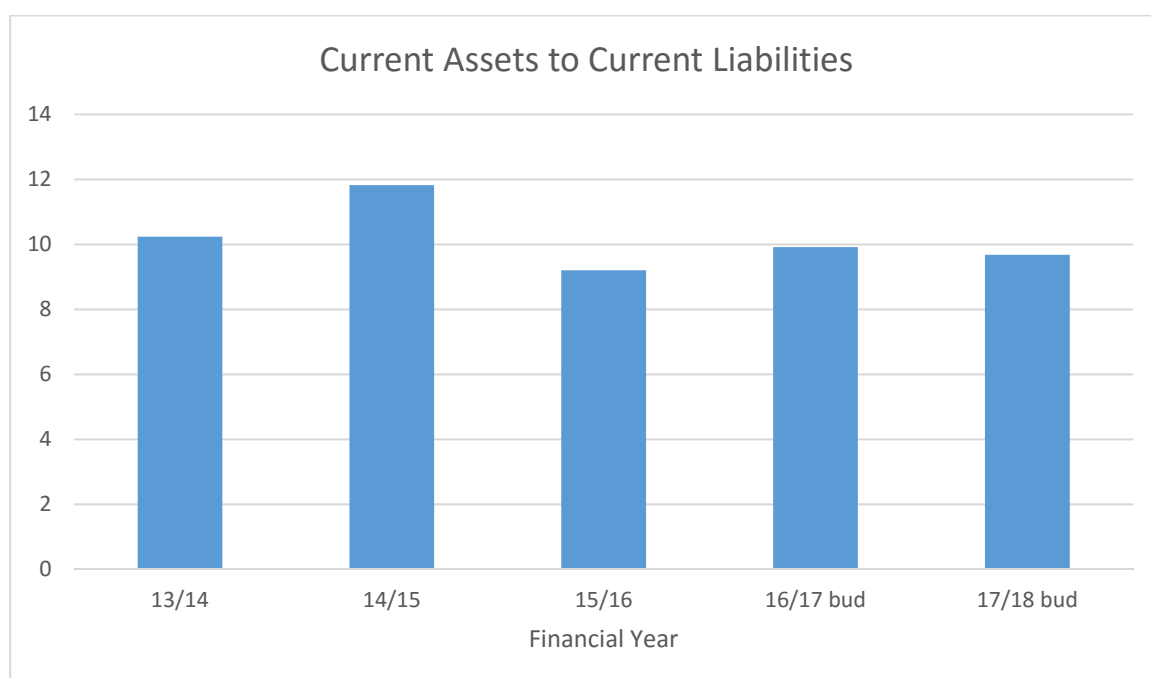
Depreciation is a measure of the deterioration of the Council's asset stock during the year. An Operating deficit implies that Council is not raising sufficient revenue to fund the renewal of existing assets.

Litchfield is consistently running large operating deficits and the recent change to the calculation of depreciation has worsened the situation substantially. The size of the operating deficit does raise concerns about long term sustainability and the ability of Council to adequately fund the renewal of its infrastructure in the future.

Current Ratio

The current ratio compares current assets to current liabilities and is an indicator of Council's capacity to meet its short term financial obligations. The ratio should be greater than 1 to provide assurance that Council has sufficient funds to meet short term debts.

Council has strong cash reserves and minimal short term liabilities. This is represented in the graph below which shows that Litchfield Council has current ratio in excess of 10.



Debt

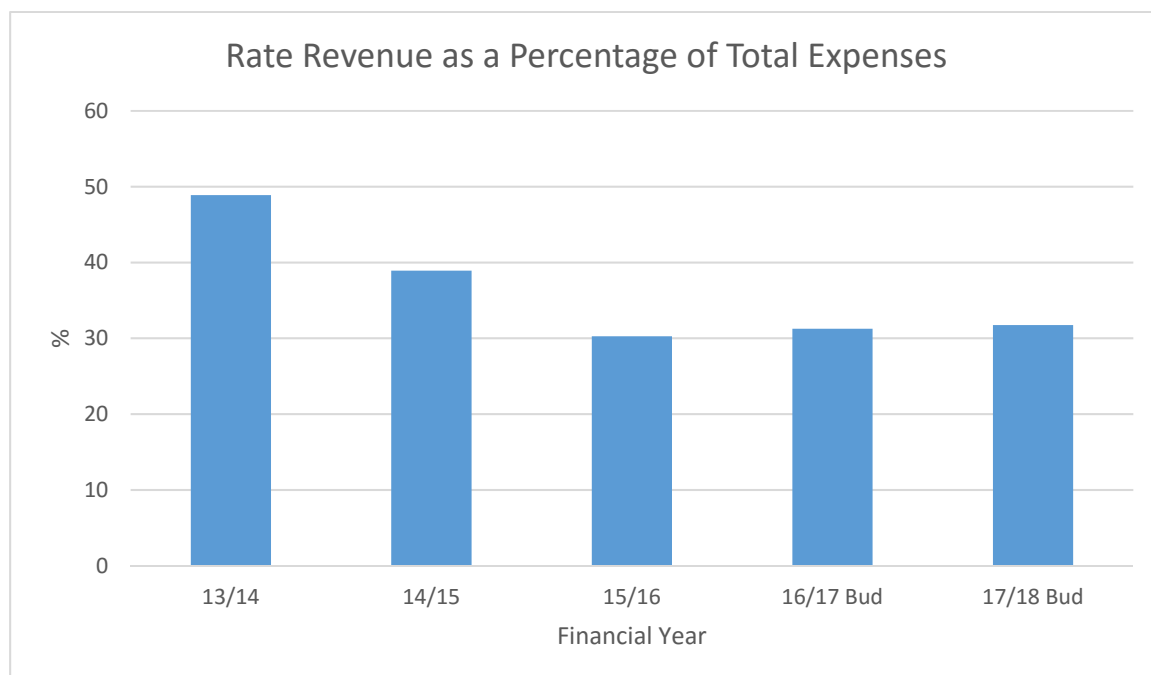
To assess an organisation's exposure to interest on debt the Interest Coverage Ratio would normally be used. Council currently has no debt and therefore no interest expense.

There is a role for debt in financing large, long lasting community assets as the repayments spread the cost to ratepayers both now and in the future who will enjoy the benefits of the asset created by the debt. However, loans need to be repaid with interest and this has an impact on Council's operating result which must be funded.

The debt free position of Litchfield does provide flexibility to allow for future borrowings for critical community infrastructure.

Rates Coverage Ratio

The Rates Coverage Ratio measures the percentage of total expenses that is met by rates revenue. The higher the percentage, the more self-reliant Council is and the lower the risk is of external impacts on revenue. A ratio of greater than 40% is considered low risk.

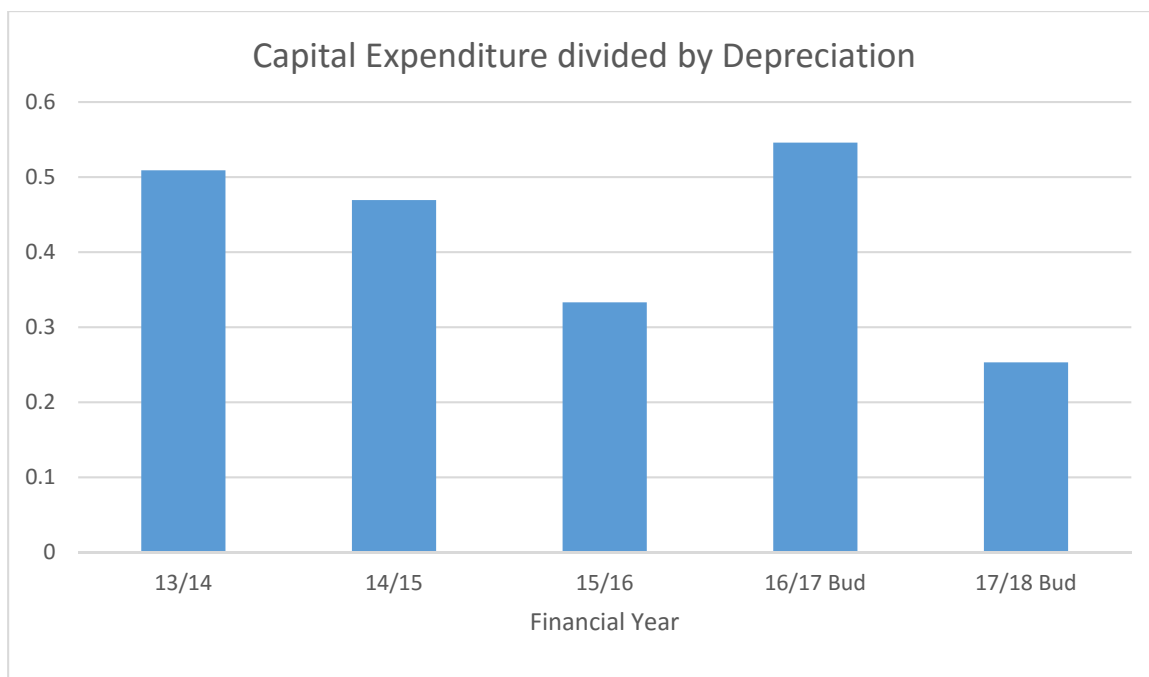


The reduction in this ratio in 15/16 and 16/17 relates to the large increase in the depreciation expense in these years. The ratio is currently sitting at around 30% which indicates that Council is quite dependent on external sources of revenue, mainly government grants. This does present some risks as Governments can reduce or freeze grants with little regard to the financial impact on councils.

Sustainability Ratio

The Sustainability ratio compares the level of capital works expenditure to depreciation. A ratio of greater than 1 means that Council is increasing the value of its asset base. A ratio of less than 1 means that Council's asset stock is losing value as it is deteriorating more quickly than it is being renewed.

Council is spending substantially less on capital works than the depreciation expense and the sustainability ratio is around 0.5. This is a concern as over time the quality and value of Council's assets will continue to decline.



Summary of Financial Position

Litchfield Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base.

Emerging Issues

The Impact of Growth

Litchfield municipality has experienced substantial growth in population over the last 10 years with the addition of 6,500 new residents which represents a 47% increase. Accurate population growth numbers are not available for the next 10 years although it is anticipated that Litchfield will continue to grow at a moderate pace.

The Greater Darwin Land Use Plan estimates that 500 dwellings will be required to meet likely growth in population in Litchfield over the next 5-10 years.

Population growth can impact on the financial position of Council in a number of ways. Additional properties provide more income to Council through property rates and waste management charges. Whilst there are also costs in providing services to an expanding population, there are economy of scale benefits for some services particularly if the new dwellings are in an urban area.

Another potential impact of growth is that community expectations for an expanded range and quality of services may emerge, for example library services or an aquatic facility. Managing these expectations can be challenging as funding new service standards may be beyond the financial capacity of Council despite the additional rate income generated.

The rate of growth in the number of new assessments created for rating purposes has only been around 30 per annum.

The Long Term Financial Plan has factored in growth in rateable properties of \$25,000 per annum with the additional revenue and expense implications included in the forward projections.

Maintaining and Renewing Assets

Council has an extensive network of infrastructure assets with a current value of approximately \$238.14 million. Sealed roads account for the vast bulk of this amount with road culverts and unsealed roads being the next largest categories. Maintaining these assets in good order and renewing them as they approach the end of their useful life requires substantial expenditure each year.

The 2017/18 Budget provides for \$2.2 million in expenditure on infrastructure maintenance and this is considered sufficient to maintain the road network in an acceptable condition. In addition, the Capital Expenditure program for 2016/17 is \$4.2 million of which \$3.05 million relates to roads and related infrastructure.

In the 2014/15 year a revaluation of Council's infrastructure assets was undertaken along with a review of the useful life of each asset type. The outcome of this revaluation was that the depreciation expense for 2015/16 increased by \$7.9 million to a total of \$16.79 million.

Depreciation is designed to be an estimate of the value of assets consumed during each financial year. It is calculated on a straight line basis linked to the useful life of the assets. Many assets do not deteriorate in a straight line way so the depreciation charge may not align to changes in the condition of assets on the ground on a year to year basis. However, provided the useful life and asset values used in the depreciation calculation are correct, over time the accumulated depreciation should give a reasonable approximation of the condition of the asset.

This is why depreciation is included in the financial statements as an expense and over time capital expenditure on asset renewal should match the annual rate of depreciation. This ensures that the asset base maintains its value and assets remain in an acceptable condition.

This issue creates long term sustainability challenges for Litchfield Council and many other councils in the Northern Territory.

Other Potential Pressures

The financial performance of **Thorak Regional Cemetery** has deteriorated over the last few years due to a reduction in income from cremations, burials etc. The forecast for the 2017/18 year is that the Cemetery will make an operating loss of \$66,530. The Cemetery financial reserve is expected to have a balance of \$12,241 at 30 June 2018.

On the current trajectory, the Cemetery reserve will be completely exhausted in 2018/19 and the Cemetery will become a financial drain on Litchfield Council. Given the other pressures on Council's budget, it does not have the capacity to support ongoing financial losses at the Cemetery.

Ongoing advocacy to the Northern Territory Government is being undertaken to ensure a more equitable funding model for the cemetery given the majority of burials and cremations are for people from outside the Litchfield municipal district.

The LTFP assumes that this issue will be resolved in the 2017/18 year and that from 2018 the Cemetery will not have an impact on Council's financial position.

An **Aquatic Facility Community Needs Analysis** is currently underway to determine community needs for an aquatic facility in the Litchfield municipality. This Needs Analysis is Step One in Planning a Community Facility process and although the report will include reference to the cost of running aquatic facilities, the detailed financial implications of building and operating the facility are part of a feasibility study (Stage 2), should Council determines it wishes to proceed to undertake a feasibility study. The capital cost of building even a relatively small scale aquatic complex will be substantial. In addition, the ongoing operating costs would need to be funded and the capacity to do that within the existing financial settings of Council is quite limited.

The Northern Territory Government has unilaterally determined to transfer responsibility for **street lighting infrastructure** to local councils, effective from 1 January 2018. The estimated cost to Litchfield of this decision is \$130,000 per annum. This type of cost shifting adds to the pressures being faced by all councils in the Territory and ultimately the costs will be borne by ratepayers.

The Way Ahead – Improving Long Term Sustainability

As indicated in the section of this Long Term Financial Plan relating to the current financial position, Council has strong cash reserves and no debt which means in the short term it will be able to continue to deliver services and a limited amount of capital works to its community.

In the long term however, Litchfield faces several challenges including very large operating deficits and inadequate funding for capital expenditure to maintain the existing asset base. These long term challenges will require a concerted and disciplined approach to the management of financial resources so that sustainability can be improved.

The aim of the Long Term Financial Plan is to improve sustainability by:

1. Decreasing the size of the operating deficit
2. Increasing the funding available for capital expenditure

The following strategies are designed to address both of these challenges.

Constrain Growth in Operating Costs

The major expenditure categories to which this strategy applies are Employee costs, Contractors and Materials. The Northern Territory is experiencing negative inflation and in fact there was -0.4% movement in the Consumer Price Index for the year to December 2016. The low levels of price movements are forecast to remain the case for some time.

The movements in the Wage Price index published by the Australian Bureau of Statistics also points to slow growth in wages in the broader Northern Territory economy. In the latest published data, wages in the Northern Territory have increased by 2.9% in the 2016 year.

The LTFP assumptions reflect these trends and growth in operating costs are expected to be much lower in the coming years than has historically been the case. The LTFP allows for 2.1 to 2.7%% growth in employee costs and 1.5% growth in contractors and materials.

The LTFP provides for a small pool of New Initiative funds to be allocated to high priority one-off projects and activities each year. Whilst the amount is modest, it does provide a small amount of flexibility in what will otherwise be a constrained budget. It is important that these funds not be allocated to recurrent programs as this will reduce the amount available in future years. Recurrent increases in operating expenditure must be funded from matching income sources or reductions in expenditure in another part of the budget.

Explore Opportunities to Increase Income from sources other than Rates

Council receives income from a range of user fees and charges. A comprehensive review of the adequacy of these charges will be undertaken to identify areas where users should be making a greater contribution to the cost of delivering some of these services.

Increases for all fees and charges set by Council will increase by a minimum of 5% for 2017/18, with increases in future years to be determined following the outcome of the review.

Advocate Strongly for Grants from other levels of Government

Council has received substantial grants for one-off capital projects in recent years and continuing to advocate strongly for grants relating to road works, in particular, will be an important part of bridging the gap between the amount that is currently spent on infrastructure renewal and what should be spent to maintain asset condition.

Given the uncertainty about the allocation of grant funding, the LTFP has taken a conservative approach to forecasting future grant income. However, advocacy efforts and grant applications will be stepped-up to ensure that any available funding that is consistent with meeting Council's strategic objectives is targeted.

Improve the Approach to Asset Management

Council has an extensive network of infrastructure assets and the ongoing maintenance and renewal of these assets is one of its biggest challenges. To ensure that decisions about the allocation of funding to infrastructure works is sustainable, further work is required to continue to improve the data and analysis of asset condition, valuation and useful life.

Based on the work done to date, it is clear that the current level of capital expenditure is inadequate to maintain the condition of roads, in particular and the Long Term Financial Plan seeks to allocate an increased level of funding for capital expenditure. This is very challenging to achieve in the current context and it will take many years of disciplined decision making to reach a point where the level of capital expenditure is adequate.

Use Discretionary Reserves to Increase Capital Spend in the Short Term

Council has very strong cash reserves made up of a number of specific purpose reserves and a significant amount of unallocated cash. The discretionary reserves and unallocated cash balance as at 30 June 2016 was approximately \$14.1 million. These reserves provide a short term opportunity to deliver a higher level of capital works but do not represent a long term solution as once they are spent, they are spent.

The current use of a large number of very specific purpose reserves is of little value and it is intended they be reviewed. Funds in the Infrastructure reserve will be used to reduce the pressure on the assets and will be drawn down at the rate of \$1million per annum for the next 5 years. This will support the capital works program until some of the longer term solutions start to take effect.

The Waste Management Reserve will remain separate as these funds were raised specifically for waste management purposes.

There will still be sufficient cash reserves remaining after this draw down to meet ongoing working capital requirements and provide a buffer for unforeseen events.

Increase Rate Income to fund Increased Levels of Capital Expenditure

Rates and the waste management charge provide approximately 50% of the total revenue for Council and is the most stable and predictable source of revenue for Council.

The growth in the number of properties will generate some additional revenue over the coming years and a review of the rating system is currently underway to ensure that the rating system is structured in a fair and equitable manner.

This Review presents potential opportunities to create a more sustainable rate base. The current level of rates is insufficient to fund the level of capital expenditure required to maintain the condition of existing assets and over time this will lead to noticeable deterioration of the asset stock, particularly roads.

All new dwellings created must be captured and rated separately to ensure the owners of these dwellings are contributing to Council services.

There is also a strong case to move to a valuation based rating system and to introduce a minimum rate to ensure low value properties continue to make a reasonable contribution and high value properties contribute more. Without a fundamental change to the rating system long term financial sustainability will be a very difficult outcome to achieve.

The LTFP has been based on annual increase in Rates of 5% on existing properties, with an allowance for growth in the number of rateable assessments. The waste charge has been indexed to reflect the full recovery of the costs of maintaining waste management services.

Attachments

- 1 Assumptions for 10 year Operating Statement
- 2 10 Year Operating Statement

Assumptions for 10 year Operating Statement

The Litchfield Council Long Term Financial Plan ("The Plan") is prepared in accordance with Section 126 of the Local Government Act. The Plan details the expected activities over the duration of the plan from the year ended 2017/18 to the year ended 2026/2027.

Long Term Financial Plan Assumptions

ITEM	INCREMENT 2017/18 to 2020/21	INCREMENT 2021/22 to 2026/27
INCOME		
General Rates	5.0% + \$25,000 growth	5.0% + \$25,000 growth
Waste Charge	3.0% + \$10,000 growth	3.0% + \$10,000 growth
Statutory Charges	0.0%	0.0%
User Charges	5.0%	5.0%
Grants, subsidies and contributions	1.5%	1.5%
Investment Income	-3.0%	-3.0%
Other Income	Thorak Cemetery Assistance	Thorak Cemetery Assistance
EXPENSES		
Total Employee Costs	2.1 – 2.7%	2.4%
Auditor Fees	1.0%	1.0%
Elected Member Expense	2.0%	2.0%
Election Expenses	10% growth every 3 years	10% growth every 3 years
Cemetery Operations	1.5%	2.0%
Contractors	1.5%	2.0%
Energy	2.0%	2.5%
Insurance	2.0%	2.5%
Maintenance	1.5%	2.0%
Legal Expenses	0.0%	0.0%
Donations and Community Services	1.5%	2.0%
Computer / IT Costs	1.5%	2.0%
Parts, accessories and consumables	1.5%	2.0%
Professional Services	1.5%	2.0%
Sundry Expenses	1.5%	2.0%
New Initiatives	0.0%	0.0%

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
Income	Budget	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Rates											
<i>General Rates</i>	6,442,326	6,953,357	7,323,025	7,714,176	8,124,885	8,556,129	9,008,936	9,484,382	9,983,601	10,507,782	11,058,171
<i>Waste Charge</i>	2,642,844	2,743,838	2,836,153	2,931,238	3,029,175	3,130,050	3,233,952	3,340,970	3,451,199	3,564,735	3,681,677
<i>Waste Levy</i>	407,200	-	-	-	-	-	-	-	-	-	-
Statutory Charges	41,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500
User charges	1,192,859	1,217,955	1,278,853	1,342,795	1,409,935	1,480,432	1,554,454	1,632,176	1,713,785	1,799,474	1,889,448
Grants, subsidies and cont	3,977,099	5,294,974	4,168,498	4,171,881	4,215,976	4,260,071	4,304,167	4,348,262	4,392,357	4,436,453	4,480,548
Investment Income	505,000	725,000	703,883	683,382	663,478	644,153	625,391	607,176	589,491	572,322	555,652
Reimbursements	-	-	-	-	-	-	-	-	-	-	-
Other Income	-	43,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00
Total Income	15,208,828	17,011,624	16,413,913	16,946,972	17,546,949	18,174,336	18,830,399	19,516,467	20,233,935	20,984,266	21,768,996
Expenses											
Total Employee Costs	5,650,888	5,973,624	6,136,102	6,294,948	6,426,178	6,582,370	6,742,467	6,906,566	7,074,768	7,247,174	7,423,891
- <i>Salaries</i>	4,880,142	5,174,390	5,320,308	5,462,892	5,580,344	5,719,853	5,862,849	6,009,420	6,159,656	6,313,647	6,471,488
- <i>Superannuation</i>	492,695	519,188	533,829	548,136	559,921	573,919	588,267	602,973	618,048	633,499	649,336
- <i>Workers Compensation Insurance</i>	121,551	101,546	103,465	105,421	107,413	110,098	112,851	115,672	118,564	121,528	124,566
- <i>Fringe Benefit Tax</i>	24,900	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300
- <i>Other</i>	131,600	154,200	154,200	154,200	154,200	154,200	154,200	154,200	154,200	154,200	154,200
Prescribed Expenses											
- <i>Auditor Fees</i>	39,000	41,000	41,410	41,824	42,242	42,665	43,091	43,522	43,958	44,397	44,841
- <i>Bad and doubtful Debts</i>	-	-	-	-	-	-	-	-	-	-	-
- <i>Elected Member Expenses</i>	250,691	242,787	247,643	252,596	257,648	262,800	268,056	273,418	278,886	284,464	290,153
- <i>Election Expenses</i>	-	136,710	-			150,381	-			165,419	-
Other Materials, Contracts and Expenses											
- <i>Cemetery Operations</i>	309,600	266,500	270,498	274,555	278,673	284,247	289,932	295,730	301,645	307,678	313,831
- <i>Contractors</i>	4,887,650	4,447,358	4,579,068	4,647,754	4,717,471	4,811,820	4,908,057	5,006,218	5,106,342	5,208,469	5,312,638

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027
- Energy	192,800	231,600	236,232	240,957	245,776	251,920	258,218	264,674	271,290	278,073	285,025
- Insurance	226,633	223,599	228,071	232,632	237,285	243,217	249,298	255,530	261,918	268,466	275,178
- Maintenance	486,950	522,628	530,467	538,424	546,501	557,431	568,579	579,951	591,550	603,381	615,449
- Legal Expenses	138,000	173,000	130,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
- Donations and Community Support	96,000	116,250	117,994	119,764	121,560	123,991	126,471	129,001	131,581	134,212	136,896
- Computer / IT Costs	272,500	281,290	285,509	289,792	294,139	300,022	306,022	312,143	318,385	324,753	331,248
- Parts, accessories and consumables	209,500	188,000	190,820	193,682	196,588	200,519	204,530	208,620	212,793	217,049	221,389
- Professional Services	228,700	343,070	348,216	353,439	358,741	365,916	373,234	380,699	388,313	396,079	404,000
- Sundry	367,330	374,357	379,972	385,672	391,457	399,286	407,272	415,417	423,726	432,200	440,844
- New Initiatives	503,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Depreciation	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411	16,787,411
Total Expenses	30,646,653	30,549,184	30,709,414	30,923,451	31,171,669	31,633,996	31,802,638	32,128,899	32,462,565	32,969,225	33,152,796
Underlying Operating Result	- 15,437,825	- 13,537,560	- 14,295,501	- 13,976,479	- 13,624,720	- 13,459,661	- 12,972,239	- 12,612,432	- 12,228,630	- 11,984,959	- 11,383,799
One off Capital grants	3,858,656	-	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Operating Deficit	- 11,579,169	- 13,537,560	- 13,695,501	- 13,376,479	- 13,024,720	- 12,859,661	- 12,372,239	- 12,012,432	- 11,628,630	- 11,384,959	- 10,783,799
Operating Surplus / (Deficit) less Depreciation	5,208,242	3,249,851	3,091,910	3,410,932	3,762,691	3,927,750	4,415,172	4,774,979	5,158,781	5,402,452	6,003,612
Capital Spend											
Operating	1,349,586	3,249,851	2,491,910	2,810,932	3,162,691	3,327,750	3,815,172	4,174,979	4,558,781	4,802,452	5,403,612
Capital Grants	3,858,656	-	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Reserve	3,954,386	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000					
Funds available for renewal and replacement of assets	9,162,628	4,249,851	4,091,910	4,410,932	4,762,691	4,927,750	4,415,172	4,774,979	5,158,781	5,402,452	6,003,612
Financial Reserve Prediction	8,997,281.00	8,075,901.00	7,075,901.00	6,075,901.00	5,075,901.00	4,075,901.00	4,075,901.00	4,075,901.00	4,075,901.00	4,075,901.00	4,075,901.00



COUNCIL REPORT

Agenda Item Number:	6.3
Report Title:	Draft Municipal Plan 2016/2017 including Annual Budget 2017/18
Meeting Date:	9/05/2017
Attachments:	A: Draft Municipal Plan 2017/2018

Purpose

This paper presents for Council adoption the Draft Litchfield Council 2017/2018 Municipal Plan.

Summary

The Draft Litchfield Municipal Plan 2017/2018 has been prepared in accordance with the requirements of the *Local Government Act 2008* and includes the following:

- Reference to the Litchfield Council Strategic Plan 2016-2020 and Long Term Financial Plan.
- Annual Service Delivery Plan with activities, initiatives and Key Performance Indicators.
- Details of the services, initiatives and projects to be funded in the Annual Budget.
- The Rates Declaration Statement 2017/2018.
- Elected Members Allowances.
- The staffing plan – the total number and total employee costs.
- The amount of total rate revenue to be raised in 2017/2018.

Recommendation

THAT Council:

1. Pursuant to Section 71 of the *Local Government Act 2008*, endorse the 2017/2018 Elected Members Allowances “Category 3” as provided in Attachment A
2. Pursuant to Section 103 of the *Local Government Act 2008*, the Staffing Plan approved by Council for the 2017/2018 financial year be based on a total budget for employee costs (Salaries, Superannuation, Workers Comp, FBT, Training and other on costs) of \$5,973,624 and an approved establishment full time equivalent (FTE) of 54.27 staff, noting that short-term projects may temporarily change the actual FTE.
3. Pursuant with Section 24 of the *Local Government Act 2008*, endorse the Draft Municipal Plan 2017 - 2018 as provided in Attachment B for the purposes of public exhibition and consultation.
4. Advertise the Draft Municipal Plan 2017/2018 as being available for public consideration from Council’s Office and on Council’s website, and invite public submissions during a period of 21 days from 10 May 2017 to close of business on 31 May 2017.
5. Set the date for a Special Council Meeting on 5 July 2017 to receive and consider a further report on public submissions made in relation to the Draft Municipal Plan 2017/2018 and to adopt the Municipal Plan 2017/2018 including Budget 2017/18.

Background

The Draft Municipal Plan includes Council's Annual Budget and Annual Service Delivery Plan to address areas as specified in the Litchfield Council Strategic Plan 2016-2020.

The Budget 2017/2018 includes

- A balanced budget
- An increase of 5% to rate income
- Removal of the \$50 Humpty Doo Waste Transfer Station Levy
- \$2.6 million for Road Reseals
- \$2.8 Million for infrastructure maintenance including stormwater drains, kerbing, culverts, road shoulders and safety barriers.
- \$10,000 for a program to reduce the impact of feral dogs on communities.
- \$95,000 for Community Grants and Donations including Freds Pass Show, Southport Mira Square.
- \$37,500 for the Litchfield Community Grants Scheme for annual grants up to \$5,000 and rapid response community initiatives up to \$500.
- \$15,000 to improve water management on council reserves.
- \$953,000 to support the ongoing operations and maintenance of Council Recreation Reserves.
- \$30,000 to address private road infrastructure in the Litchfield municipality.

In proposing the rate increase Council has considered the long-term financial plan, its strategic priorities for providing services and infrastructure, and the social and economic realities for the Litchfield community.

The proposed staffing plan has increased by 1 full time equivalent from the previous year to 54.27 to assist Council meeting its compliance obligations. This equates to 32.97 full time equivalent outdoor staff and 17.3 full time equivalent office staff.

The Draft Municipal Plan 2017/2018 will be accessible for public viewing for a period of 21 days. Written submissions will be accepted during the period commencing on 10 May 2017 and concluding on COB 31 May 2017.

The Draft Municipal Plan 2017/2018 is presented in pre-publication format. A special Meeting will be held on Wednesday 5 July 2017 to adopt the Municipal Plan.

Links with Strategic Plan

An effective and sustainable Council.

Legislative and Policy Implications

Under Part 3.2 of the *Local Government Act 2008* the Municipal Plan is to contain the following:

- A service delivery plan for the period to which the municipal plan relates;
- Council's Budget;
- Indicators for judging the standard of its performance.

The Municipal Plan must also contain, or incorporate by reference:

- Any long-term, community or strategic plan adopted by Council for the relevant period
- to which the municipal plan relates;
- The Council's long-term financial plan; and
- The Council's most recent assessments of:
 - Constitutional arrangements presently in force and whether they provide the
 - most effective representation for the area;
 - Opportunities and challenges for local government service delivery in the Council's
 - area;
 - Possible changes to the administrative and regulatory framework for delivering
 - services within Council's area; and
 - Whether possibilities exist for improving local government service delivery by
 - cooperation with other councils, government agencies or other organisations.

The Draft Municipal Plan 2017/2018 for Litchfield Council, Attachment B, complies with the above requirements.

Council must adopt a legally compliant budget. The draft 'balanced' budget is presented in accordance with Part 10.5, Section 127 (3) of the *Local Government Act 2008*.

Risks

The rates must be declared by Council to enable rates to be levied for the relevant financial year and the Elected Member Allowances must be set by Council.

Financial Implications

If approved, the rates and charges identified in the Plan will be levied and elected member allowances will be set at their maximum for the financial year 2017/18.

Community Engagement

The Draft Municipal Plan 2017/2018 is required by the *Local Government Act 2008* to be made available to the public for a 21-day consultation period.

Recommending Officer:

Silke Reinhardt, Acting Director of Community and Corporate Services

Any queries on this report may be directed to the Recommending Officer on telephone (08) 8983 0600.

Any member of Council who may have a conflict of interest, or a possible conflict of interest in regard to any item of business to be discussed at a Council meeting or a Committee meeting should declare that conflict of interest to enable Council to manage the conflict and resolve it in accordance with its obligations under the Local Government Act and its policies regarding the same.