

## MORNINGTON PENINSULA

### MEASURES AND MONITORS ITS FINANCIAL SUSTAINABILITY

Mornington Peninsula Shire Council use CT Management Group's Long-Term Financial Plan (LTFP) and Service Cost Evaluation Model (SCEM) as its key analytical financial planning tools.

#### Mornington Peninsula Council CFO Bulent Oz indicated

*"The LTFP assists Council with:*

- *Financial forecasting strategic scenarios;*
- *Implementing mitigation actions to prevent forecast financial sustainability challenges;*
- *Showing the impact of decisions, we make or don't make;*
- *Aligning our financial capacity with long term service objectives."*

He further advised, *"The LTFP is excel based and Council can modify the model to address its own challenges with scenario analysis. With the help of CT Management's LTFP, Council can also easily present the financial impact of major projects."*



For example, Council used LTFP for Rosebud Aquatic Centre's financial impact importantly including the impact of whole of life costs on Council's operating costs (depreciation, maintenance and operations) in the short and long term.

Sonia Giofches, CT Management Group Financial Management Consultant said, "CT Management Group currently provides an LTFP solution to councils in Victoria, New South Wales and Queensland."

#### Council also conducted Service Planning using CT Management's Service Cost Evaluation Model (SCEM).

Council's initial reason for undertaking Service Planning was to better define and in turn analyse their services. *"Councils in general define services differently and can be limited by using activity as a service. However, the activities cannot be isolated on their own and assessed properly."* Bulent said.

The Service Cost Evaluation Model (SCEM) is also excel based and enables service managers to nominate demand rates per service (at natural account level) and to prioritise their service relative to other services in the organisation.

*“Combined with defined levels of service Council was positioned to model the financial sustainability of their current range of services at their current level of service.”*

Bulent said.

Council identified 72 services, modelled them in the SCEM, nominating future service demand and assessing the priority of each service against predefined weighted criteria. Council's 72 services were then integrated into the LTFP and the impact of the sustainability of the services was evaluated.

Bulent indicated *“Executive and Council can see the financial impact of various scenario analysis for each service for example we can see the financial impact if:*

- *Council stop a service;*
- *Add a service;*
- *Reduce the level of service say by 20%; or*
- *Increase the level of service by say 30%.”*

Bulent recommends the process and tools to Councils who wish to pinpoint their long term financial position and manage a sustainable Council utilising a framework that is inclusive, evidence based and informative.

Sonia Giofches, CT Management Group's Financial Management Consultant indicated that CT Management Group had assisted up to 17 councils in Victoria, Queensland and New South Wales with Service Planning and projections around their financial sustainability.

*“Most Councils are needing to reassess their levels of service to ensure they are affordable in the future.”*

She further added *“the service planning and financial sustainability assessments we have undertaken have established the foundation for meaningful, informed community consultation to assist Council in its decision to remain financially sustainable, and live within its means”.*

For further information, please contact Sonia Giofches on 1300 500 932.

**CT MANAGEMENT GROUP**

[www.ctman.com.au](http://www.ctman.com.au)

1300 500 932 | [info@ctman.com.au](mailto:info@ctman.com.au)

10-12 Church Street, North Geelong VIC 3215 | PO Box 1374, Geelong VIC 3220

Suite 16 Capalaba Business Centre, 39 Old Cleveland Road, Capalaba QLD 4157 | PO Box 1057, Capalaba QLD 4157