



**AGENDA APPENDIX**  
**Council Meeting**  
**Wednesday 25 June 2014**

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY CONTACTING COUNCIL ON 03 5662 9200.

**E.2 ADOPTION OF ANNUAL BUDGET 2014-2015 AND DECLARATION OF RATES AND CHARGES**

Appendix 1 – Annual Budget 2014-2015, incorporating the 15 year Long Term Financial Plan and 4 year Strategic Resource Plan

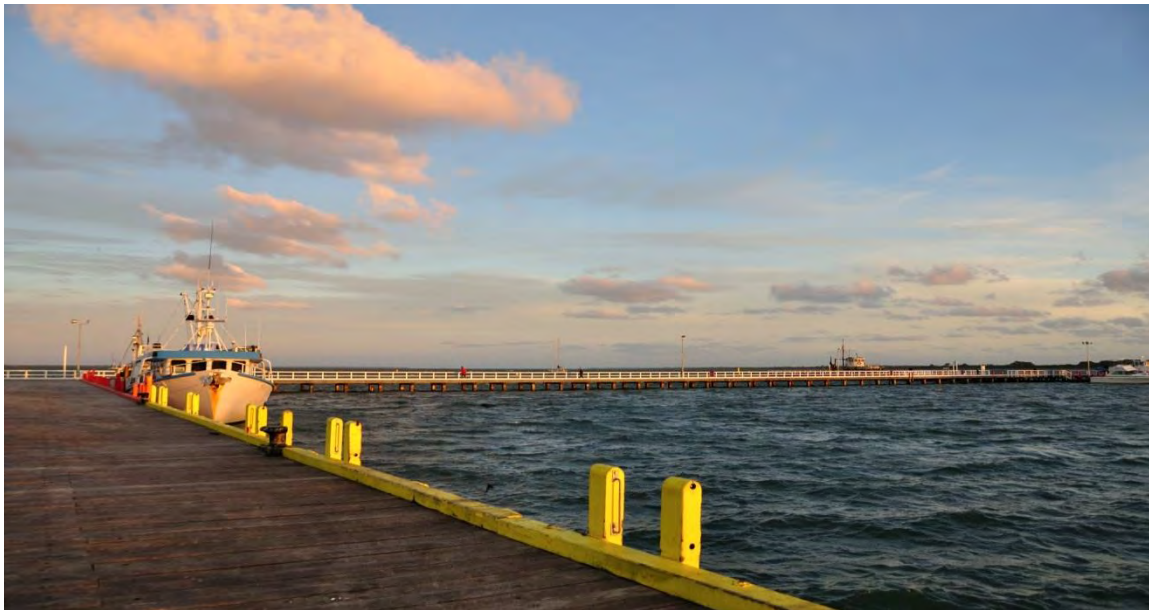


# *South Gippsland Shire Council*

## **ANNUAL BUDGET**

### **2014-2015**

*Incorporating the 15 year Long Term Financial Plan and 4 year Strategic Resource Plan*



Port Welshpool

Photo by Ken Fraser

This Budget document has been prepared with reference to The Institute of Chartered Accountants 'Victorian Council Model Budget 2014/15' a best practice guide for reporting local government budgets in Victoria. TRIM D2315614.

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You can contact Council to request a copy of the Annual Budget by:

- Visiting the main office at 9 Smith Street, Leongatha Vic 3953
- Calling our customer service centre on (03) 5662 9200
- Sending an email to [council@southgippsland.vic.gov.au](mailto:council@southgippsland.vic.gov.au)
- Visiting Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)

## Mayor's Introduction

I am pleased to present this Budget for 2014/15. Council has listened closely to the concerns raised by the community and responded by reviewing services, improving efficiencies in various areas and reducing waste charges.

We will increase rates by 5.5% in this financial year and reduce waste services charges by 16%, which amounts to an overall increase in rates and charges of 4.13%.

It should be noted that Council has this year considered and adopted a Rating Strategy 2014-2018 that will achieve a more equitable distribution of the rate burden among our ratepayers.

The key changes include:

- The municipal charge being phased out over two years, reducing from 20% to 10% in 2014/15 and 0% in 2015/16.
- The Industrial category having a 105% differential rate and being phased in over two years, 102.5% in 2014/15 and 105% in 2015/16.
- The Commercial category having a 105% differential rate and being phased in over two years, 102.5% in 2014/15 and 105% in 2015/16.
- The Farm category having a 70% differential rate and being phased in over two years, 80% in 2014/15 and 70% in 2015/16.
- Properties where primary production and associated improvements are secondary to the value of the residential home site, not being classified as Farm land for differential rating purposes.
- The Vacant Land category having a 200% differential rate and being phased in over two years, 175% in 2014/15 and 200% in 2015/16.
- The Restricted Vacant Land Category no longer being required as a separate differential rating category.
- The Cultural and Recreational category having a 50% differential rate and being phased in over two years, 43.75% in 2014/15 and 50% in 2015/16.
- That Waste Charges are only recovered for waste and recycling services across all Waste Service Charges

This means that the amount paid by some property owners will increase and other property owners will experience a decrease. By phasing out the Municipal Charge, all lower valued properties will generally benefit from the reduction in the Municipal Charge and the higher valued properties will receive a dis-benefit.

This Budget allows us to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the Shire's infrastructure.

The Budget includes a number of new initiatives:

- Increased investment of \$500,000 into Council's Road Re-sheet program to improve the gravel road network. This increased investment is provided in response to community concerns and customer requests for improvements to the gravel road network
- A pilot program to determine if a public Wi-Fi hot spot can be established in Leongatha. This would strengthen our digital presence and business opportunities and improve connectivity for visitors to the town.
- The Nyora Development Plan will be advanced by undertaking required traffic, drainage, flora and fauna and other studies to inform a development plan and

developer contributions for Nyora that is in accordance with the Development Plan Overlay.

- Continued development of the Great Southern Rail Trail will see funding grants implemented and further funding sought to join the existing sections of the Trail to form one connected corridor. Branding and marketing of the Trail will increase tourism opportunities and on-flow to the local economy.
- Planning for the 'Deadly in Gippsland' event in 2015. This is a celebration of aboriginal people and culture, and the rewards of working in partnership. The cyclical program to review all Council services over a series of years will continue, looking at the standards/levels of services and the costs and opportunities to make them more efficient and effective.

The total Capital Works program will be \$15.5 million.

Highlights of the Capital Works program include:

- Construction of the new Allambee Estate Road bridge at Allambee
- Construction of the remaining urban sections Henrys Road in Nyora
- Reconstruction of Gray Street Leongatha between Sapphire Court and Allison Street
- Reconstruction of Victory Avenue Foster between McDonald Street and Winchester Street
- Reconstruction of Station Street Korumburra between Korumburra-Warragul Road and Flinders Street
- Construction of the new Integrated Children's Centre in Korumburra subject to grant funding.

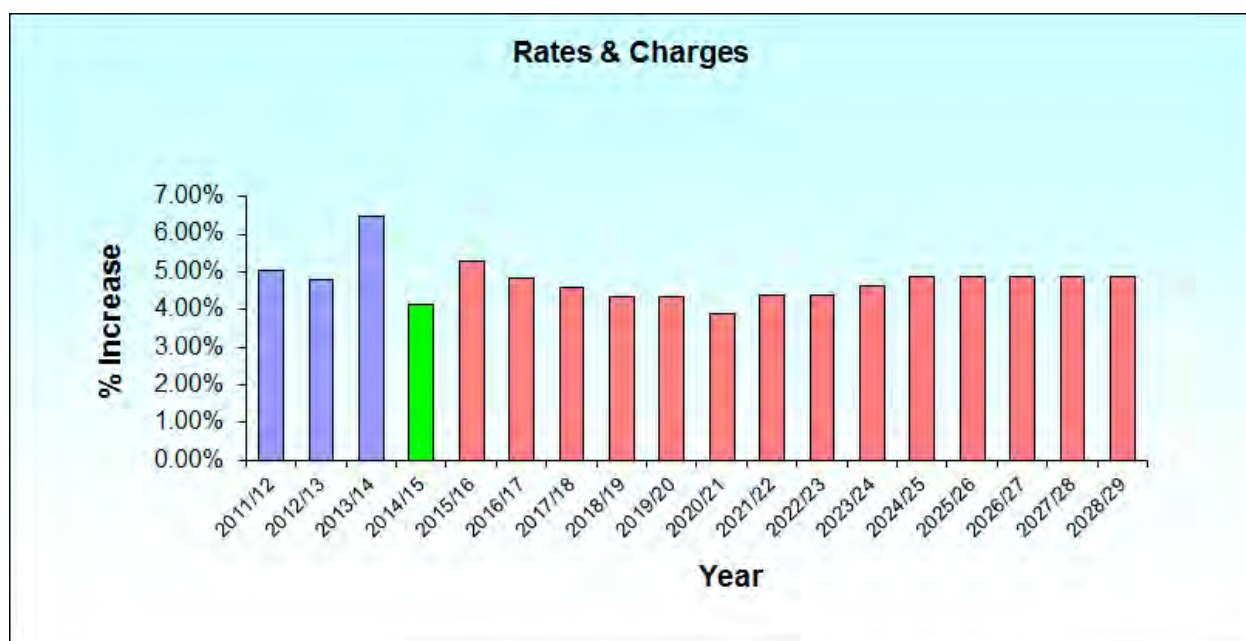
This Budget was developed through a rigorous process of consultation and review and Council endorses it as fair and financially responsible.

**Cr James Fawcett Mayor**

## Executive Summary

Council has prepared a Budget for the 2014/15 financial year, which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, cash position, cash from operations, capital expenditure, financial position, borrowings and financial sustainability of the Council.

### Rates & Charges



It is proposed that the general rate will increase by 5.50%. The waste services charges for garbage collection and recycling will decrease by 16.00%.

Overall, the general rates and charges increase will be 4.13% for the 2014/15 year, raising total rates of \$35.67m, including \$280,000 generated from supplementary rates & charges and \$145,000 from special rates and charges.

The following years overall rates and charges rises are projected to be 5.29% in 2015/16, and 4.83% in 2016/17 and trend down over the following four years to 3.89%.

Council has prepared a Rating Strategy 2014-2018 that changes the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the Farm differential rate, increasing the Commercial, Industrial and Cultural & Recreational differential rates and reducing the Farm differential rate over two years. As a result the amount of rates and charges paid by some property owners will increase whilst other property owners will experience a decrease.

The Rating Strategy 2014-2018 document is available on Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au).

The rates and charges increase will go toward strengthening Council’s overall financial position. The objective in past years had been to reduce long term debt and strengthen Council’s working capital. The focus is now shifting to provide additional funding for capital works renewal programs over the coming years.

The overall rates and charges rises for 2014/15 and the following 9 years are shown in the table below:

2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
4.13%	5.29%	4.83%	4.59%	4.36%	4.36%	3.89%	4.37%	4.37%	4.62%

### Operating result

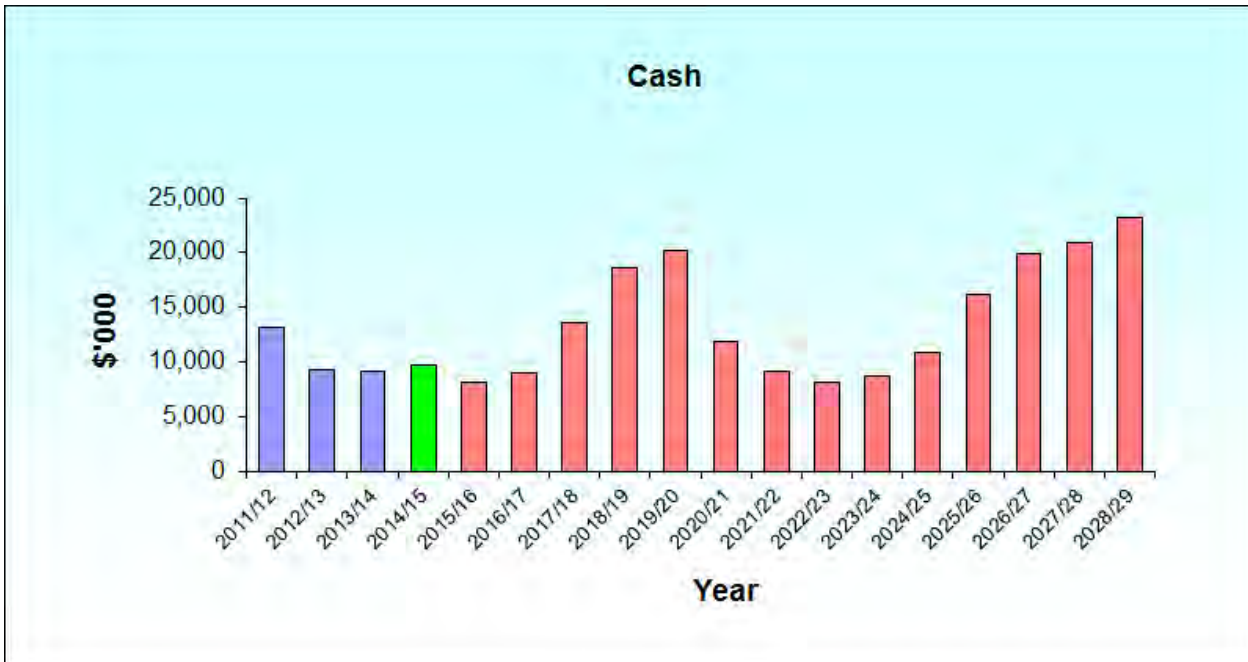


The expected operating result for the 2014/15 year is a surplus of \$6.09m, which is greater than the projected \$68,000 surplus result for 2013/14. The improved result in 2014/15 relative to the previous financial year is predominantly due to not having to incur significant costs (\$3.46m) associated with storm recovery events in the previous 2013/14 financial year. A \$2.46m storm recovery grant originally expected to be received in 2013/14 will now be received in 2014/15.

There is a gradual strengthening of projected operating results in the forward budget. The exception being the spike in 2022/23 where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project.



## Cash position



The cash position is expected to increase by \$488,000 during the year to \$9.66m as at 30 June 2015. It is projected to be \$9.17m as at 30 June 2014.

The gradual strengthening of cash in future years is in line with Council's Financial Strategy. It provides funding capacity that is periodically released for capital works requirements in future years, as well as for unavoidable cost events and strategic opportunities.

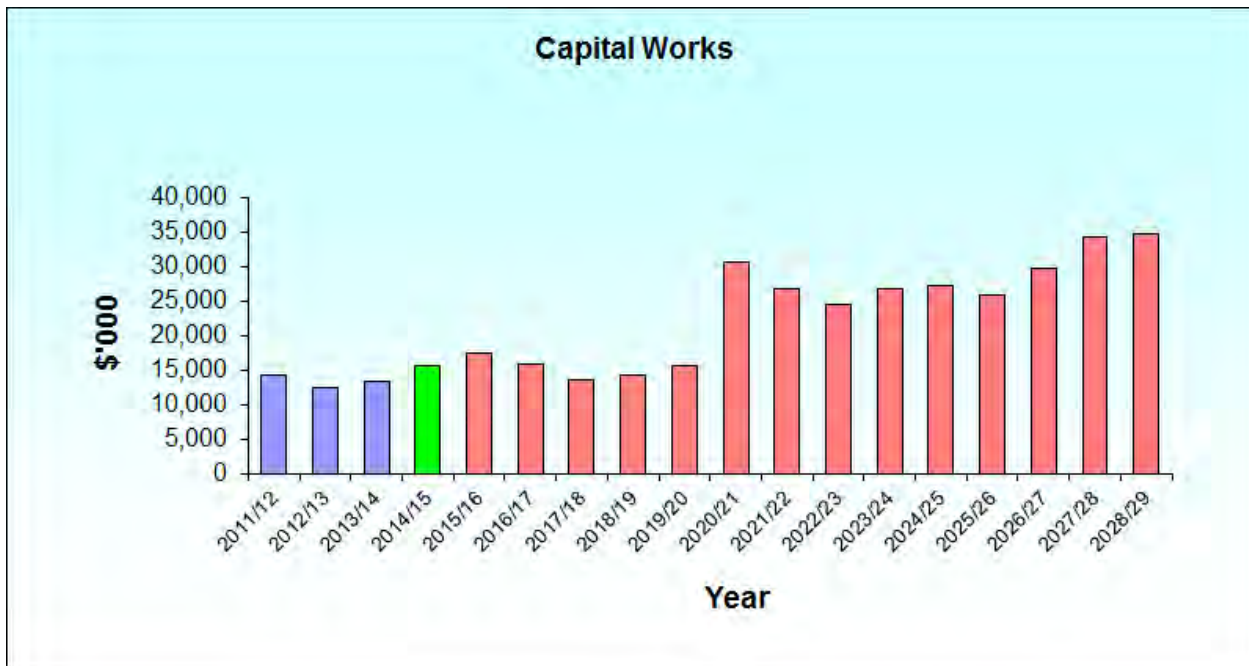
## Cash from operations



Net cash from operations for 2014/15 is forecast to be \$15.20m. It is greater than the previous year's projected \$8.73m. The cash flows from operations in the previous financial year were impacted by unfunded superannuation liability costs and net cost impacts of storm events.

The gradual and consistent strengthening of cash from operations in future years provides financial capacity for funding future years' capital works programs.

### Capital expenditure



The capital expenditure program for the 2014/15 year is \$15.48m which is \$2.11m more than for 2013/14. The projected capital expenditure for the previous financial year is \$13.36m.

The previous 2013/14 year's capital expenditure includes expenditure \$2.69m for projects that were budgeted for, but not actually completed in 2012/13. The carried forward component was fully funded from the 2012/13 budget.

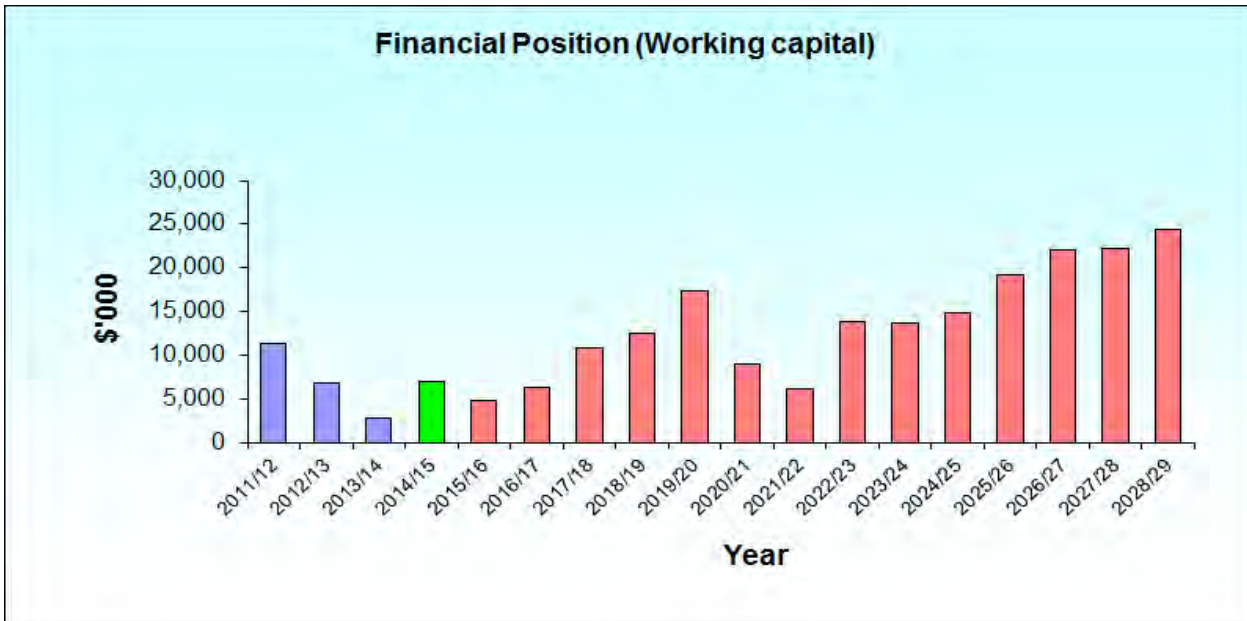
The capital expenditure program for 2014/15 has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project.

This includes \$2.00m expenditure for projects that were budgeted for but not completed in 2013/14. The carried forward component was fully funded from the 2013/14 budget.

There are no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

The capital expenditure program increases significantly in 2020/21 and following years funding a number of major infrastructure projects. The capital works program in the later years is funded from increased amounts of cash expected to be generated from developer contributions.

## Financial position

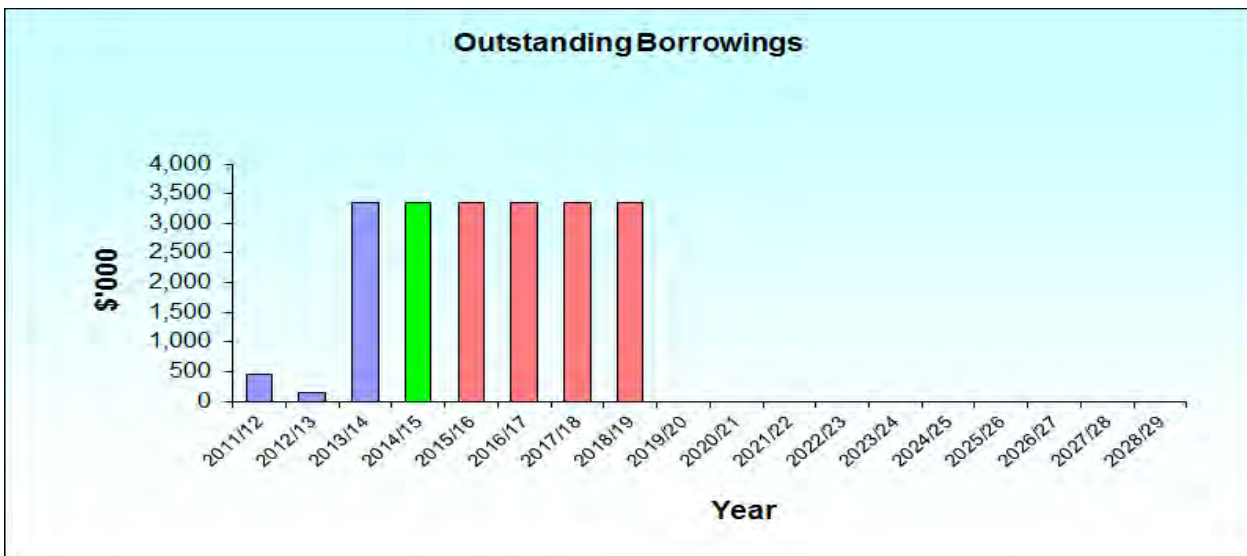


Net current assets (working capital) will increase by \$4.16m to \$6.96m as at 30 June 2015. Working capital is projected to be \$2.81m as at 30 June 2014. The dip in 2013/14 is as a result of having to recognise an interim short term \$3.35m borrowings as at 30 June 2014 as a current liability. In 2014/15 Council will convert its borrowing into a 5 year bond which will make the liability non current for a number of years. The bond will be repayable in 2019/20.

There is limited financial capacity in forward budgets up until 2017/18.

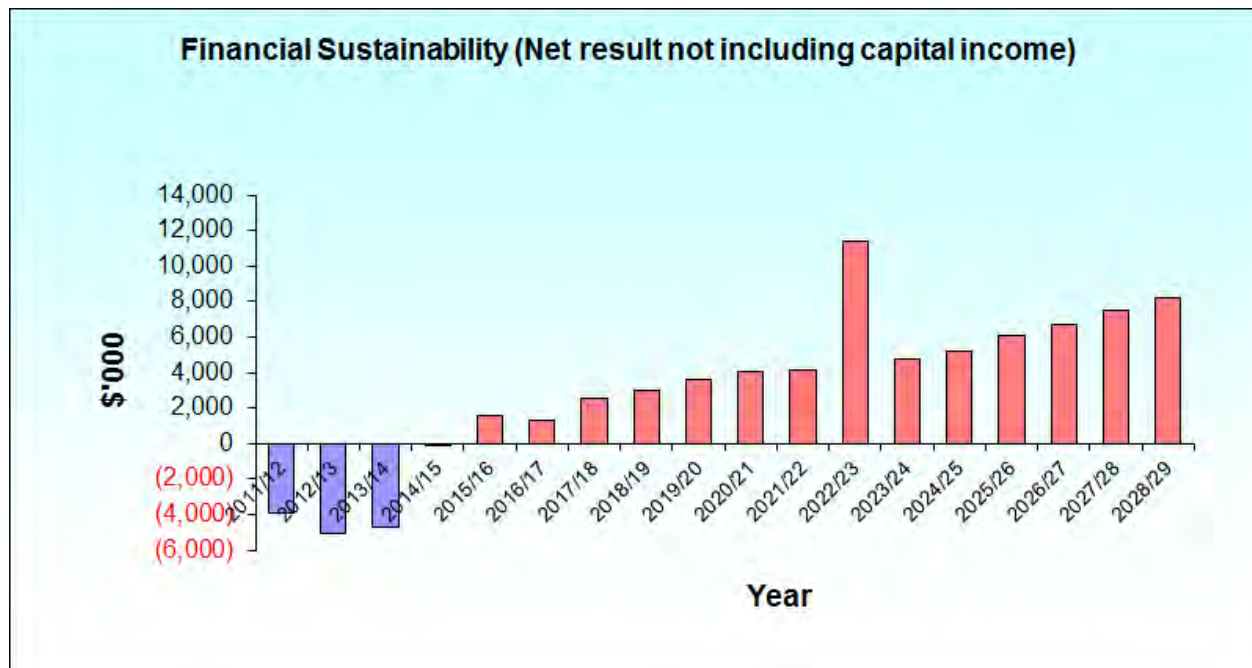
The gradual rebuilding of Council's working capital in forward budgets from 2017/18 is most evident. The projected growth in cash backed internal reserves contributes to this growth. This provides financial capacity for future capital works program requirements as well as for strategic or unavoidable cost events.

## Borrowings



Council borrowed \$4.00m in 2013/14 to fund the \$4.59m unfunded superannuation obligation that Council paid in June 2013. At 30 June 2014 it will have \$3.35m in outstanding borrowings. In 2014/15 Council will convert its borrowing into a 5 year bond which will make the liability non current for a number of years. The bond will be repayable in 2019/20.

### Financial sustainability



A detailed Long Term Financial Plan for the years 2014/15 to 2028/29 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is to achieve financial sustainability in the medium to long term, whilst still achieving the Council’s strategic objectives as specified in the Council Plan. When capital funding (\$4.81m) and donated / granted assets (\$1.34m) is backed out of the operating result (\$6.09m surplus) the underlying result (net result not including capital funding sources) for 2014/15 is projected to be a \$63,000 deficit.

The Long Term Financial Plan projects consistent and gradually strengthening underlying surpluses to be generated in following years. This is a very important long term strategic objective. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project.

### Longer Term Key Performance Indicators

The table on the following page shows a series of key performance indicators to assess the financial integrity of the budgeted financial statements in the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General’s Office uses to assess the financial sustainability of all Victorian Councils.

2014/15 Budget	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Financial performance																
Underlying result	-9.02%	-0.11%	2.81%	2.19%	4.13%	4.55%	5.27%	5.67%	5.55%	13.41%	5.83%	6.07%	6.75%	7.10%	7.59%	7.87%
Underlying Working Capital	1.17	1.56	1.01	1.06	1.38	1.54	2.09	1.52	1.17	1.89	1.70	1.66	1.94	2.04	1.84	1.90
Funding capacity																
Self-financing	15.76%	24.16%	25.00%	26.08%	26.85%	27.79%	28.04%	28.87%	29.78%	25.56%	31.39%	32.19%	32.59%	33.35%	33.84%	33.74%
Sustainability Index	108%	132%	136%	102%	92%	85%	90%	158%	98%	127%	128%	91%	113%	124%	138%	130%
Borrowing capacity																
Indebtedness	2.51%	10.28%	8.21%	8.11%	7.80%	1.23%	1.31%	1.40%	1.48%	1.40%	1.64%	1.71%	1.77%	1.84%	1.91%	1.97%
Total Debt as a % of Rate revenue	9.94%	9.39%	8.88%	8.41%	7.98%	7.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.25%	0.23%	0.25%	0.24%	0.23%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Ratios coloured red indicate either short term / immediate sustainability concerns, yellow denotes medium risk and green low risk.

The 'Underlying Result' compares recurrent income and recurrent expenditure. The underlying result is forecast to be in the yellow zone in 2013/14 and 2014/15. From 2015/16 and all the forward budgets it is projected to be in the green zone.

The 'Underlying Working Capital' assesses Balance Sheet strength and in particular Council's ability to pay existing liabilities. In the forward plan the ratio falls below the strategic target of 1.50 to 1 from 2015/16 through to 2017/18. Although it does not present as an immediate financial concern it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in that period of time. The ratio again falls below the strategic target in 2021/22.

The 'Self Financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the yellow zone for 2013/14. The ratio is impacted by the prepayment of half of its Victoria Grants Commission allocation in the preceding 2012/13 financial year. This does not present as a strategic concern. From 2014/15 and beyond, the ratio is projected to be in the green zone.

The 'Sustainability Indicator' assesses asset renewal and upgrade expenditure spend effort over a period of time. It is forecast to be in the green zone for 2013/14 and forward budgets up until and including 2016/17. In the following years it fluctuates between the green and yellow zone and even dips into the red zone in 2018/19 before stabilising again in the green zone. This does not present as a strategic concern. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

The three borrowing capacity indicators, 'Indebtedness', 'Total Debt as a percentage of Rate Revenue' and 'Debt Servicing Costs as a percentage of Total Revenue' are forecast to be in the green zone for 2013/14 and all the forward budgets.

The key financial performance indicators in the Long Term Financial Plan serve as very important lead indicators to identify future years' financial ramifications of decisions that are made in the present period. Longer term, the trend is positive. Depending on Council's future service level and asset funding requirements there is a potential to further moderate rate rises from around 2018/19. However it needs to be noted that the capital income

streams in the later years may be a little ambitious and in future years may need to be revised down.

# 1. Budget Process

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2014-2015 Budget, which is included in this report, is for the year 1 July 2014 to 30 June 2015 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2015 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. Financial projections for 15 years are included in Council's Long Term Financial Plan which is produced by Council on a rolling basis. From this, financial projections for four years are ultimately included in Council's Strategic Resource Plan.

The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during December, January and February. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its internet web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 31 August 2014 and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget Process	Timing
• Council Plan / Business plan requirements reviewed	Jul – Nov 2013
• Previous years financial results updated into Financial Plan	Aug – Sep 2013
• Capital Works requirements reviewed	Oct – Dec 2013
• Financial strategies reviewed	Oct – Dec 2013
• Operating budgets prepared	Dec 2013 – Feb 2014
• Councillors consider draft budgets at briefing sessions	Mar – Apr 2014
• Proposed budget submitted to Council for approval	16 April 2014
• Public notice advising intention to adopt budget	29 April 2014
• Budget available for public inspection & comment	29 April 2014
• Submissions period closes	28 May 2014
• Submissions considered by Council	11 June 2014
• Budget presented to Council for adoption	25 June 2014
• Copy of adopted budget submitted to the Minister	27 June 2014

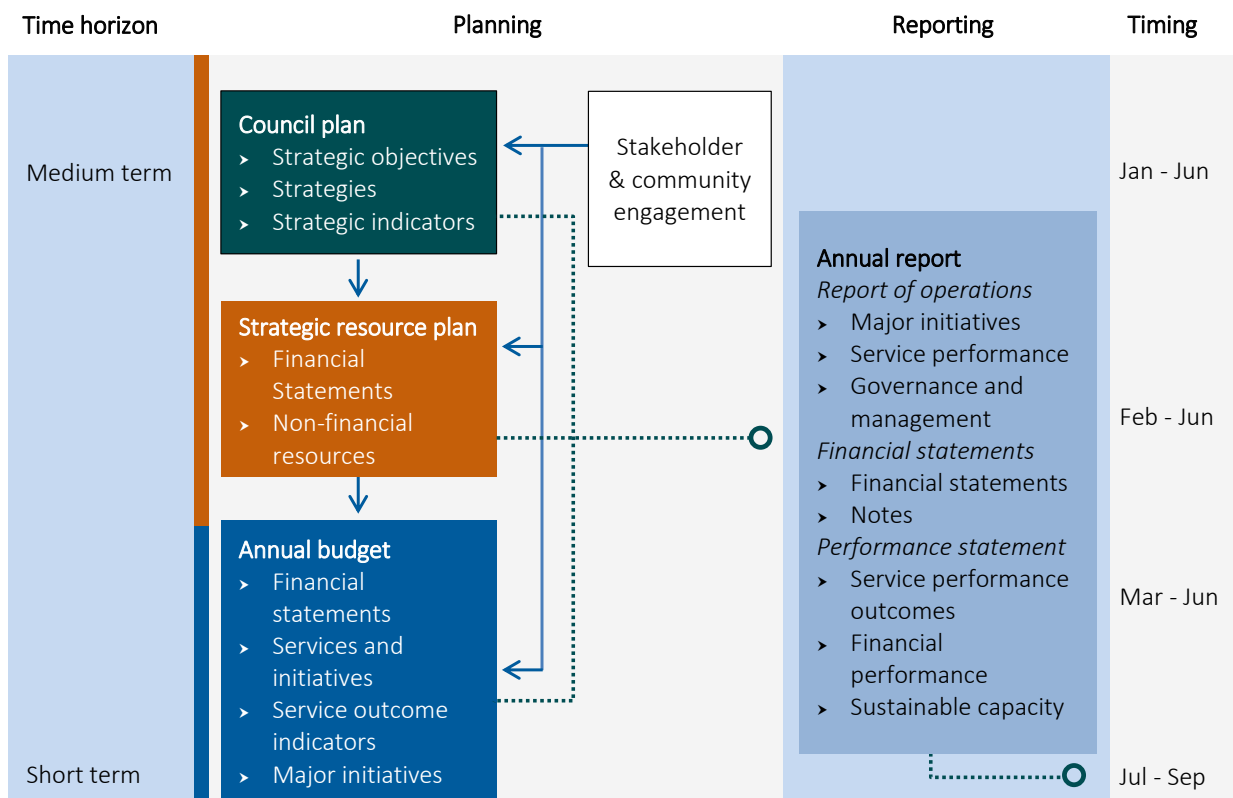


## 2. Linkage to Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term (Key Strategies and Planning Documents), medium and term (four year Council Plan and 15 year Long Term Financial Plan) and short term (Annual Budget) and then holding itself accountable (audited statements).

### 2.1 Strategic planning framework

The Strategic Resource Plan, included in the 2013-2017 Council Plan, is a rolling plan that outlines the financial and non-financial resources that Council requires to achieve the Strategic Outcomes, Objectives and Strategies described in the Council Plan. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the services and initiatives included in the Annual Budget, which contribute to achieving the strategic objectives outlined in the Council Plan. The diagram below depicts the planning and accounting framework that applies to local government in Victoria.

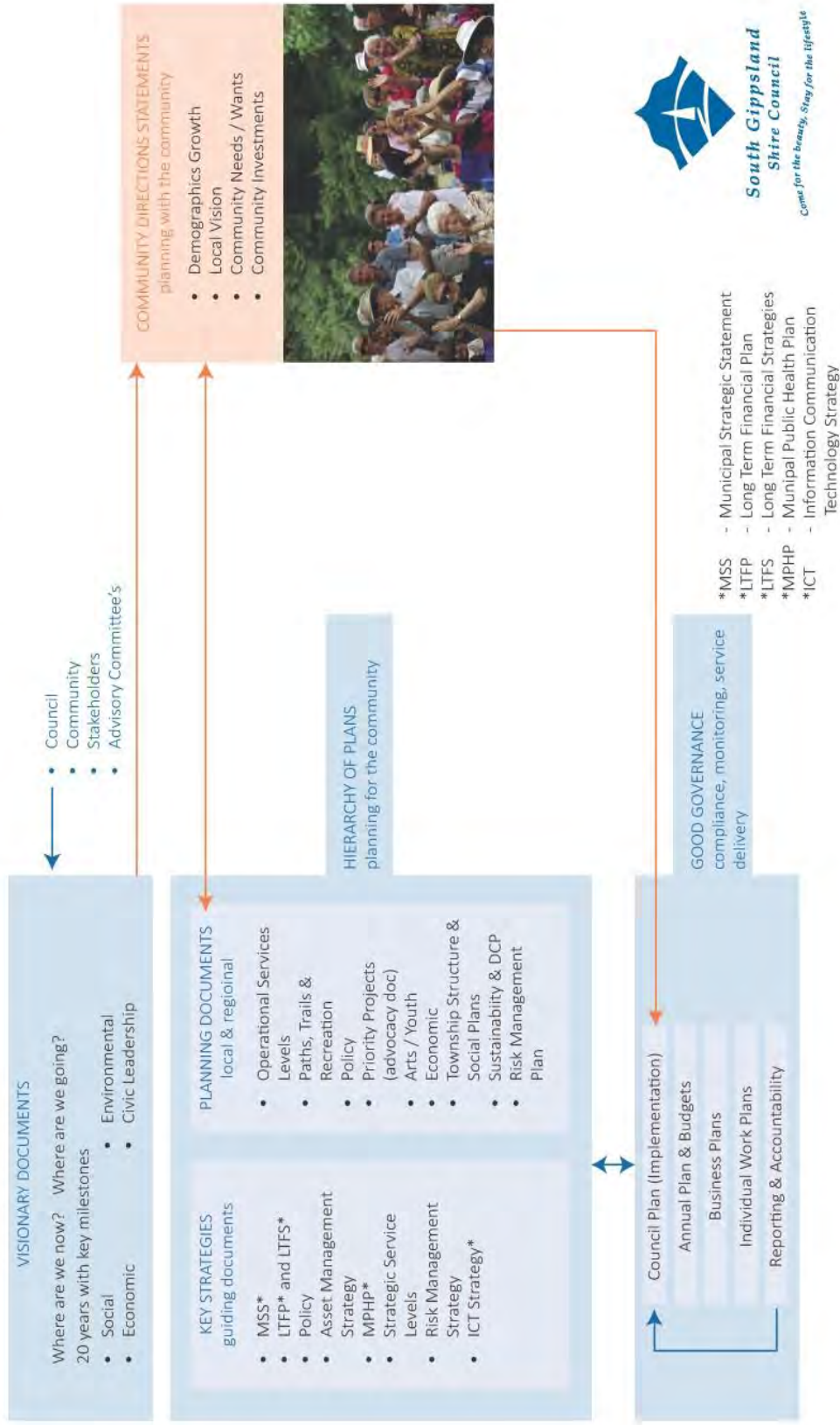


Source: Department of Transport, Planning and Local Infrastructure

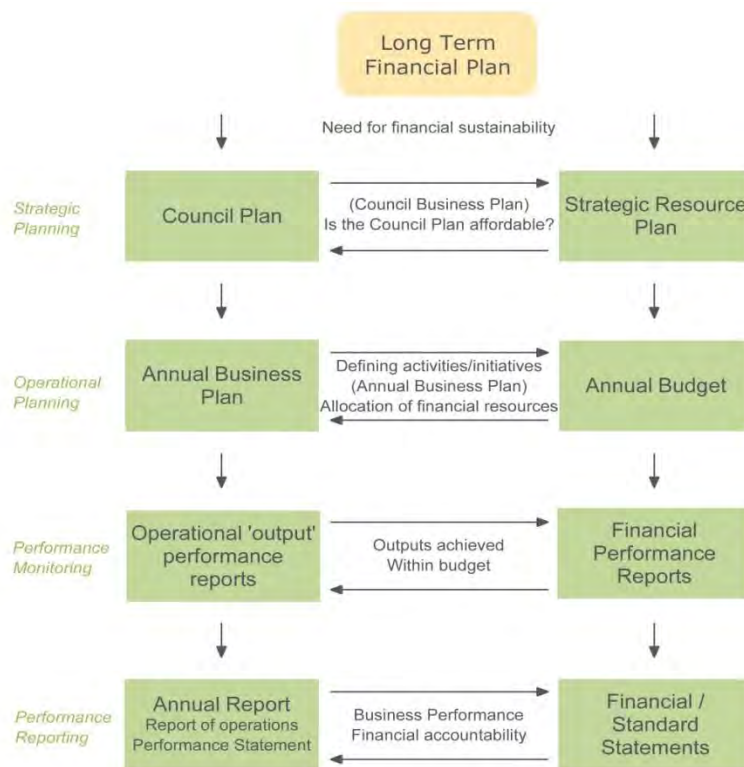
The timing of each component of the planning framework is critical to the successful achievement of the Council's planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Annual Budget process.

Council has established a Strategic Integrated Planning Framework that sets out the hierarchy of plans Council utilises in framing its broader strategic directions. The overarching strategic plans are channelled through the Council Plan and Annual Plans/Budgets to realise those directions in accordance with the priorities and resource availability of Council. This is shown diagrammatically on the following page:

# strategic integrated planning framework



The diagram below sets out the strategic planning and reporting framework of Council:



The various financial components of the plans are structured so that the readers can ‘drill down’ from the 15 year Long Term Financial Plan through to a four year Strategic Resource Plan (incorporated in the Council Plan) and then finally to the Annual Budget (that complements the Annual Department Business Plans).

## 2.2 Our Purpose

Council’s role is to provide leadership for the good governance of the Shire and its local communities. Council undertakes its responsibilities in accordance with the Local Government Act 1989 and other Acts for the peace, order and good government of the Shire.

Council’s Vision 2020 developed in 2006/2007 represents the aspirations of our diverse communities and articulates a vision of what South Gippsland should be like in the year 2020. The vision has been refined slightly by the current Council to reflect changing community needs and expectations. This vision still aspires to achieve a number of key outcomes with the aim of creating South Gippsland into a place which has:

- a caring community where people feel safe and secure;
- a wide range of recreation and leisure amenities;
- high grade transport links;
- appropriate infrastructure to meet community needs;
- respect for the environment by being clean and green;

- sustainable economic growth;
- coordinated health services;
- youth who are valued and participate in the community;
- a sustainable agricultural industry, including direct and indirect support for businesses;
- a sustainable thriving tourism industry;
- arts and culture that are encouraged and promoted; and
- quality early childhood and education facilities.

Council's Vision, Mission and Values are outlined on the following page:

Coastal Promontory Ward



Strzelecki Ward



Tarwin Valley Ward



## team

- WE:
- stand behind our decisions
  - learn and work together for continuous improvement with a 'no blame' approach
  - have a disciplined approach
  - creatively solve problems
  - are supportive and tolerant and embrace our diversity
  - support a 'no surprises' environment
  - are outcomes and solutions focused
  - appreciate all team members contributions
  - respectfully share views and analyse options
  - collaborate, cooperate and communicate

## integrity

- WE:
- act honestly and authentically
  - treat others respectfully
  - honour the decisions of Council
  - demonstrate open and transparent democracy
  - build trustworthy relationships
  - have the courage to stand up and be counted

## leadership

- WE:
- do not avoid making difficult decisions
  - promote equity & fairness in decision making
  - make leadership an inclusive process
  - show a united voice in the community
  - encourage informed, transparent and responsible debate
  - listen with open minds and value contribution
  - facilitate personal growth
  - encourage innovation and celebrate successes
  - aspire to work in partnership with the community
  - promote a harmonious and healthy environment

## open & honest

- WE:
- respectfully speak our minds
  - are courageous and true to our convictions
  - listen and give fair consideration
  - own our decisions
  - respect the diversity of opinions and skills

### VISION

Communities in charge of their destinies in partnership with Council

### MISSION

To achieve a resilient & sustainable community

### VALUES

Integrity • Community Engagement  
Collaboration • Innovation & Achievement  
Openness & Honesty • Equity  
Diversity & Inclusion

### community focus

- WE:
- aspire to work in partnership with the community
  - support a community budgeting process
  - enable the community to plan and decide their own priorities
  - promote community resilience

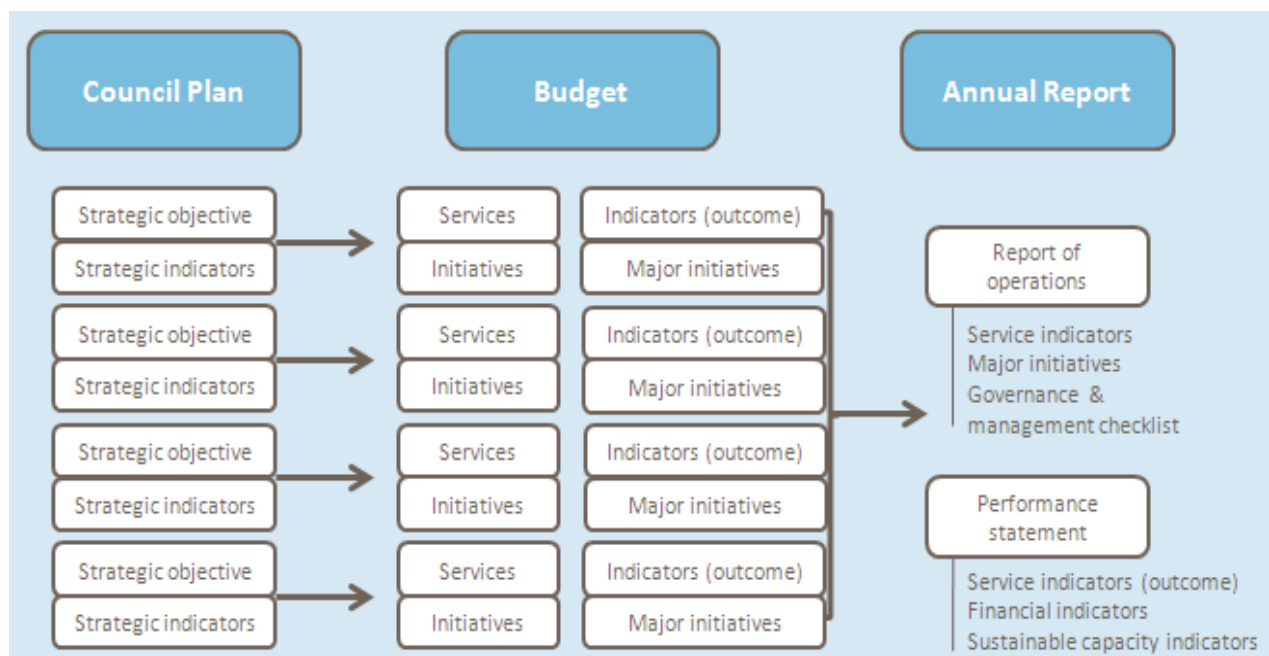
## 2.3 Strategic Outcomes (Objectives)

Council delivers services and initiatives under 23 major service categories. Each contributes to the achievement of one of the four Strategic Outcomes as set out in the Council Plan for the years 2013-17. The following table lists the four Strategic Outcomes as described in the Council Plan.

Strategic Objective	Description
1. A Prosperous Shire	<p>Objective 1.1: Work with the business community to support existing businesses, diversify employment opportunities and to attract new businesses.</p> <p>Objective 1.2: Raise the awareness of local and regional issues with State and Federal decision makers.</p> <p>Objective 1.3: Improve the sustainability of the local and regional environment.</p>
2. Closely Connected Communities	<p>Objective 2.1: Engage and work collaboratively with our community.</p>
3. Integrated Services and Infrastructure	<p>Objective 3.1: Deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.</p>
4. A Leading Organisation	<p>Objective 4.1: Improve the financial sustainability of Council, including diversifying revenue streams.</p> <p>Objective 4.2: Pursue best practice in organisational development and operations of the organisation.</p>

### 3. Services, Initiatives and Service Performance Indicators

This section provides a description of the services and initiatives to be funded in the Budget for 2014-2015 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of initiatives, major initiatives and service performance outcome indicators. The Strategic Resource Plan (SRP) is part of, and prepared in conjunction with, the Council Plan. The relationship between these components of the Budget and the Council Plan, along with the link to reporting in the Annual Report, is shown below:



Source: Department of Transport, Planning and Local Infrastructure



### 3.1 Strategic Outcome 1 – A Prosperous Shire

To achieve our objective of a Prosperous Shire, we will work with the business community to support existing businesses, diversify employment opportunities and attract new businesses, we will raise the awareness of local and regional issues with State and Federal decision makers and we will improve the sustainability of the local and regional environment.

The services, initiatives, major initiatives and service performance indicators for each Business Area are described below:

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Strategic Planning and Development	The Strategic Planning and Development Department promotes and facilitates business, tourism, community and residential development of the shire. Key functions include development of appropriate long term plans and planning scheme amendments, working with existing and potential new businesses.	\$ 1,829 (\$ 71) <hr/> \$ 1,758
Planning & Environmental Health	The Planning and Environmental Health Department is responsible for the education regulation and enforcement of a variety of Victoria's legislation in the areas of land use planning, the environment, health and waste water. Key functions include assessment of planning permit applications and the registration and inspection of food, health and accommodation premises including caravan parks. The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations.	\$ 1,323 (\$ 671) <hr/> \$ 652

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Development Services Management	The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved. The Development Services Directorate is responsible for the coordinated delivery of Strategic Planning and Development Services, Planning and Environmental Health Services, Regulatory Services and Coal Creek. The Directorate also delivers local and regional advocacy for facilitated and planned growth in the shire.	\$ 307 (\$ 0) <hr/> \$ 307
Regulatory Services	The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Law. Services include <ul style="list-style-type: none"> <li>• animal management,</li> <li>• building/planning enforcement,</li> <li>• building/property information,</li> <li>• building records,</li> <li>• fire prevention,</li> <li>• local laws development and enforcement,</li> <li>• occupancy permits for places of public entertainment,</li> <li>• parking control,</li> <li>• report and consent applications for new building work; and</li> <li>• school crossings.</li> </ul>	\$ 1,140 (\$ 590) <hr/> \$ 550
Sustainability Services	The Sustainability Department delivers Waste Management, Biodiversity and Sustainability Services through the implementation of key strategies and management plans.	\$ 4,645 (\$ 1,784) <hr/> \$ 2,861
<b>TOTAL</b>		<b>\$ 9,245</b> <b>(\$ 3,117)</b> <hr/> <b>\$ 6,128</b>

## Initiatives

1. Implement the Economic Development and Tourism Strategy 2014, and support representative groups to develop a collaborative approach to tourism and economic development (Strategic Planning and Development).
2. The Korumburra Town Centre Framework Plan directions will be prioritised for the 2015/16 Budget, in partnership with the Korumburra Roundtable Committee. Projects will be reviewed, prioritised and presented to Council for inclusion in the 15 year Capital Works Budget for funding consideration. The Korumburra Town Centre Framework Plan aims to provide the environment for investment into the town centre of Korumburra and encourage the reinvigoration of the township (Strategic Planning and Development).
3. A 'Coastal Townships Seasonal Population Change Study' will be developed to determine the impact of fluctuating seasonal populations on our coastal towns. This study will seek to enable efficient, flexible planning for coastal towns; responsive to both large summer and small winter populations (Strategic Planning and Development).
4. A Domestic Wastewater Management Plan to identify and manage public health and environmental risks associated with the disposal of domestic waste water (septic tanks) will be developed. This strategy will establish Council's approach to enact, educate and enforce its legislative responsibilities (Planning and Environmental Health).
5. A joint project with South Gippsland Water to develop a 'Tarwin River Water Supply Catchment Policy' will provide clarity for the assessment of planning permits for new dwellings and other developments within the declared Tarwin River Water Supply Catchment (Planning and Environmental Health).
6. The 'Agricultural Resilience and Climate Change Opportunities' grant will be actioned and utilised to progress sustainability activities that will assist the Shire's agricultural businesses ( Sustainability Services).
7. The 'Integrating Climatic Impacts Into Government Processes' grant will be actioned and utilised to progress organisational sustainability processes (Sustainability Services).
8. A Roadside Weed Management Plan will be prepared with service levels and budget implications articulated. This initiative is required in response to the State Government re-allocating this responsibility to Local Government and Council's

2000 kilometres of sealed and unsealed roads that will need to be managed (Sustainability Services) (additional \$15,000).

9. Planning for a kerbside green waste collection service will be undertaken. This initiative is aimed at reducing waste to landfill in accordance with Council's Sustainability Strategy and will be presented to Council for their consideration (Sustainability Services).

## **Major Initiatives**

1. The Nyora Development Plan will be advanced by undertaking required traffic, drainage, flora and fauna and other studies to inform a development plan and developer contributions for the Nyora Township that is in accordance with the Development Plan Overlay. A key component will be the Developer Contributions apportionment calculations, which will enable Council to retrieve adequate funding from developers to provide necessary infrastructure for expected population growth (Strategic Planning and Development) (Additional \$200,000).
2. 'Priority Projects' for the Shire will be determined by Council and used in advocacy activities with State and Federal politicians and other relevant stakeholders or potential funding partners. These projects, when supported, will provide a range of economic benefits to the Shire (Executive Office).
3. Continued development of the Great Southern Rail Trail will be pursued by implementing funding grants received, seeking further funding and marketing of the Rail Trail. Joining the existing sections of the Great Southern Rail Trail to form one connected corridor, will increase tourism opportunities and in turn improve the economic benefits this community asset brings to the Shire (Community Strengthening, Governance Services, Engineering and Projects and Strategic Planning and Development).

## Council Plan Performance Outcome Indicators

Council Plan 2013/17 Indicator	2013/17 Target	Responsible Unit
The value of total investments in the Shire measured through Building Permits, by investment sector	Comparison with baseline - an increase in investments annually is a positive trend	Regulatory Services
Shovel ready projects prepared	Aim for at least two ready at any time	Engineering
Number of representations made to State and Federal politicians	At least one delegation annually	Executive Office

## Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory Planning  (Planning and Environmental Health)	Decision making	Council planning decisions upheld at VCAT  (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Economic Development  (Strategic Planning and Development)	Economic activity	Change in number of businesses  (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year / less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100

<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Waste collection  (Sustainability Services)	Waste diversion	Kerbside collection waste diverted from landfill  (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Animal Management  (Regulatory Services)	Health and safety	Animal management prosecutions  (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety  (Planning and Environmental Health)	Health and safety	Critical and major non-compliance notifications  (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

### 3.2 Strategic Outcome 2 – Closely Connected Communities

To achieve our objective of Closely Connected Communities we will engage and work collaboratively with our community.

The services, initiatives, major initiatives and service performance indicators for each Business Area are described below:

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Aged and Disability Services	<p>The Aged &amp; Disability Services Department provides Home and Community Care services (HACC) including:</p> <ul style="list-style-type: none"> <li>• Personal Care,</li> <li>• Home Care,</li> <li>• Respite,</li> <li>• Community Transport,</li> <li>• Meals on Wheels and Home Maintenance to support the frail aged, people with a disability and their carers.</li> </ul> <p>The Aged &amp; Disability team contributes to maintaining a safe, secure and independent environment for clients and works towards building a more inclusive community across the South Gippsland Shire.</p> <p>The Department also manages Senior Citizens grant funding and the Community Register in partnership with Victorian Police and Citizens Advice Bureau.</p>	<p>\$ 2,538 (\$ 1,958)</p> <hr/> <p>\$ 580</p>
Children and Family Services	<p>The Children and Family Services Department provides strategic planning to ensure services and infrastructure across the Shire meet future demand, and supports key partners in the provision of children and family services in the Shire.</p> <p>The Department provides Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups and aims to maximise the health and wellbeing and development of children, ensure services are universally accessible and supports families.</p>	<p>\$ 975 (\$ 425)</p> <hr/> <p>\$ 550</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Coal Creek Community Park and Museum	Coal Creek Community Park and Museum exists to enhance the liveability of South Gippsland Shire as a key community and cultural asset, operating to minimise the rate payers subsidy, while maximising long term community, cultural and economic benefits for all Shire residents. Its aim is to become a community icon in South Gippsland through an integrated marketing strategy across key areas of community, culture, education and commerce.	\$ 689 (\$ 361) <hr/> \$ 328
Community Safety	The Community Safety Department ensures Council has a current, relevant and implementable Municipal Emergency Management Plan detailing Council's preparedness to respond to, and recover from, any Municipal Emergency that may arise.	\$ 242 (\$ 86) <hr/> \$ 156
Community Services Management	The Community Services Directorate is responsible for the coordinated delivery of Sustainability Services, Children and Family Services, Aged and Disability Services, Community Strengthening, Community Safety and for Library Services.	\$ 1,718 (\$ 125) <hr/> \$ 1,593
Community Strengthening	The Community Strengthening Department's role is to promote and support participation by the community in: <ul style="list-style-type: none"> <li>• civic activities,</li> <li>• recreation,</li> <li>• arts and cultural pursuits,</li> <li>• community service and planning for their own communities' future.</li> </ul> The Department works with other Council teams to implement joint activities and to encourage Council's involvement with the community to be inclusive of all people and be integrated with the work of other levels of government and service agencies where possible.	\$ 1,886 (\$ 184) <hr/> \$ 1,702



Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Customer Relations	The Customer Relations Department provides a primary role in receiving and administering customer requests for Council's products and services and provides the community with up to date information on current events within South Gippsland Shire. The provision of information communicated with our customers includes print and electronic publications, public relations, media enquiries, advertising, marketing and website management.	\$ 707 (\$0) <hr/> \$ 707
<b>TOTAL</b>		<b>\$ 8,754</b> <b>(\$ 3,139)</b> <hr/> <b>\$ 5,615</b>

## Initiatives

1. Planning for the Deadly in Gippsland event, to be held in late 2015. This event is a significant cultural event that is a celebration of aboriginal people and culture, and what can be achieved in partnership (Community Strengthening).
2. The Community Grants Program funding will continue to be provided to support Community initiatives and to capitalise on grant funding opportunities in partnership with our local communities. The program provides funding assistance to community groups to implement projects that will benefit their local communities (Governance Services).
3. A Business Plan for Coal Creek will be developed that supports the 'Strategic Direction of Council for Coal Creek'. This plan will explore the integration of Coal Creek with other visitor services functions, develop new governance options, develop new retail opportunities for buildings in Coal Creek and develop options for the management of museum and arts collections across the Shire (Strategic Planning and Development).
4. Preparation for the three year external audit of the Municipal Emergency Management Plan will be completed, in readiness for the July 2015 audit (Community Safety).

5. Educating and engaging our young people in understanding local democracy will be advanced by holding a Council Meeting Day in one of the Shire's Secondary Colleges. Activities held on the day will encourage students to share their thoughts and ideas on local community issues with Council (Governance Services).

### Major Initiatives

1. A review of the Home and Community Care Services will be undertaken to identify options for the future directions of the service, to align with the Commonwealth Government Aged Care reforms (Aged and Disability Services).

### Council Plan Performance Outcome Indicators

Council Plan 2013/17 Indicator	2013/17 Target	Responsible Unit
Council supported Community Direction Statement priority projects identified and reported to Council for consideration	Council supported priority projects from Community Directions Statements to be funded in the following financial year, identified and funded by 30 June annually	Community Strengthening
Development activities for volunteers provided	A program of activities developed and implemented annually	Community Strengthening

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Libraries (Community Services Management)	Participation	Active library members  (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities (Community Strengthening)	Utilisation	Utilisation of aquatic facilities  (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population

Service	Indicator	Performance Measure	Computation
Home and Community Care  (Aged and Disability Services)	Participation	Participation in HACC service  (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people  (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Maternal and Child Health  (Children and Family Services)	Participation	Participation in the MCH service  (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children  (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

### 3.3 Strategic Outcome 3 – Integrated Services and Infrastructure

To achieve our objective of Integrated Services and Infrastructure we will deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.

The services, initiatives, major initiatives and service performance indicators for each Business Area are described below:

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Assets	<p>The Assets Department delivers four main functions:</p> <ul style="list-style-type: none"> <li>• Fleet &amp; Plant - to ensure effective service delivery of South Gippsland Shire Councils Fleet, vehicles will be purchased with the highest safety rating and lowest Green House emissions where available within Council's purchasing scope.</li> <li>• Infrastructure Assets - to proactively plan Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks through continuous improvements to Council's Asset Management Plans.</li> <li>• Assets System - the collection, analysis and management of appropriate infrastructure related data to effectively manage Council's infrastructure assets.</li> <li>• Development - To clearly define Council requirements for the design and development of infrastructure that is, or will become, a civil Council asset. To standardise development submissions and thus to expedite Council's Engineering approvals for civil assets; and to ensure that minimum design criteria are met in regards to the design and construction of civil infrastructure within the Shire.</li> </ul> <p>These functions underpin our services to assist in providing a healthy and safe community.</p>	<p>\$ 1,507 (\$ 58)</p> <hr/> <p>\$ 1,449</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Engineering and Projects	<p>The Engineering &amp; Projects Department is responsible for:</p> <ul style="list-style-type: none"> <li>• The co-ordination and delivery of Council's Capital Works Program.</li> <li>• To project manage and deliver contract administration for the Capital Works Program.</li> <li>• To project manage and deliver community and capital works projects in accordance with project timelines and budget.</li> <li>• To procure design and associated documentation for Council's forward Capital Works Program.</li> </ul> <p>These functions underpin our services to assist in providing a healthy and safe community.</p>	<p>\$ 4,357 (\$ 1,500)</p> <hr/> <p>\$ 2,857</p>
Engineering Services Management	<p>The Engineering Services Directorate is responsible for the coordinated delivery of Operations (Depot), Engineering &amp; Projects, Property and Assets.</p>	<p>\$ 300 (\$0)</p> <hr/> <p>\$ 300</p>
Operations	<p>The Operations Department delivers two main functions:</p> <ul style="list-style-type: none"> <li>• Roads, streets &amp; drainage operations, maintenance and construction (including the delivery of Council's internal capital works program).</li> <li>• Parks &amp; Gardens operations, maintenance and construction.</li> </ul>	<p>\$ 24,298 (\$ 8,671)</p> <hr/> <p>\$ 15,627</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Property	<p>The Property Department provides the following services:</p> <ul style="list-style-type: none"> <li>To support Council services by managing Council's property portfolio including the acquisition, disposal, leasing/licensing and responsibilities as a Committee of Management of Crown Land.</li> <li>To provide assistance to developers within the Shire with internal and external stakeholders by ensuring a strong customer focus.</li> <li>To work collaboratively across Council's departments with dealings on Council land.</li> <li>To manage and enhance Council's owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community.</li> <li>To manage the Yanakie and Long Jetty Foreshore Caravan Parks.</li> </ul> <p>These functions underpin our services to assist in providing a healthy &amp; safe community.</p>	<p>\$ 3,479 (\$ 1,565)</p> <hr/> <p>\$ 1,914</p>
<b>TOTAL</b>		<p><b>\$ 33,941</b> <b>(\$ 11,793)</b></p> <hr/> <p><b>\$ 22,148</b></p>

## Initiatives

- Investigation into the most appropriate land use/location for a Municipal Precinct is to be undertaken that includes a Municipal Office, Library, Council Chambers, Community meeting spaces and other integrated community facilities, with site selection and a concept drawing plan developed (Property).
- Shorter term requirements for placement of the Library in Leongatha will be reviewed and investigated in time for a decision to be made prior to the expiry of the current lease (Property).
- Increasing public awareness and involvement in finding solutions to the financial sustainability of Council's swimming pools will be a focus of community discussions this year. The financial implications of managing six swimming pools in a Shire of 27,500 people, places an increased burden on all ratepayers (Community Strengthening).

4. Stage 2 of the Social Community Infrastructure project will be completed with capital works allocated and potential funding sources identified. This project will assist Council in planning future social infrastructure requirements for various sized towns, villages and hamlets within the Shire (Community Services Management and Engineering Services Management).

### Major Initiatives

1. An increased investment of \$500,000 into Council's Road Re-sheet program is aimed at improving the gravel road network. This increased investment is provided in response to community concerns and customer requests for improvements to the gravel road network (Operations) (Additional \$500,000).

### Council Plan Performance Outcome Indicators

Council Plan 2013/17 Indicator	2013/17 Target	Responsible Unit
Number of grants submitted to State and Federal programs for funding and number of grants announced for South Gippsland Shire projects	Aim for 30% of applications submitted to be funded	Governance Services
Sustainability activities for various sectors provided, in partnership with others where possible	A program of activities developed and implemented annually	Sustainability Services

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Roads (Operations)	Satisfaction	Satisfaction with sealed local roads  (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

### 3.4 Strategic Outcome 4 – A Leading Organisation

To achieve our objective of a Leading Organisation we will improve the financial sustainability of Council, including diversifying revenue streams and pursue best practice in organisational development and operations of the organisation.

The services, initiatives, major initiatives and service performance indicators for each Business Area are described below:

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Executive Office/ Management	Build strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$ 1,226 (\$ 0) <hr/> \$ 1,226
Corporate Services Management	The Corporate Services Directorate is responsible for the coordinated delivery of Finance, Governance, Information Technology and Customer Relations services. Development of the Council Plan and Annual Plans, along with coordination of Department Business Plans and the Organisation's Performance Reporting, are key responsibilities of this team.	\$ 398 (\$ 0) <hr/> \$ 398
Finance	The Finance Department's focus is to provide: <ul style="list-style-type: none"> <li>• strategic financial advice,</li> <li>• planning,</li> <li>• accounting services,</li> <li>• management accounting support</li> <li>• financial reporting to Council in accordance with legislative and regulatory requirements,</li> <li>• maintain Council's accounting records in accordance with legislative and regulatory requirements,</li> <li>• offer high quality accounting support to the organisation; and</li> <li>• administer all legislative requirements in relation to rates, charges and valuation services.</li> </ul>	\$ 1,942 (\$ 702) <hr/> \$ 1,240



Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Governance Services	<p>The Governance Services Department co-ordinate services that enables organisation wide good governance and compliance through the following functions:</p> <ul style="list-style-type: none"> <li>• Governance support: including policy development and review, Council elections, Internal Audit, regulatory and statutory compliance, Advisory and Special Committees, Council Meeting management, Freedom of Information, Privacy, Legal services and Procurement;</li> <li>• Grants: including Community Grants and Councillor Discretionary Funds administration and external grant applications; and</li> <li>• Risk Management, Occupational Health and Safety and Return to Work programs.</li> </ul>	\$ 2,078 (\$ 111) <hr/> \$ 1,967
Information Services	<p>The Information Systems &amp; Support Department is responsible for:</p> <ul style="list-style-type: none"> <li>• Delivering information systems, services and technology infrastructure to enable the organisation to effectively and efficiently deliver the Council Plan and all Council services;</li> <li>• Investigating new technology advances and evaluating new opportunities;</li> <li>• Managing Council's Corporate Records;</li> <li>• Developing, reviewing and implementing new policies and procedures to ensure the management and delivery of business information systems, services and IT infrastructure is efficient, effective and meets corporate objectives; and</li> <li>• Managing Information System strategies and programs to ensure works are completed on time, within budget and with the required quality.</li> </ul>	\$ 2,040 (\$ 0) <hr/> \$ 2,040

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
People and Culture	The People and Culture Department provides advice and support to Departments in the management of staff through the effective undertaking of the following functions: <ul style="list-style-type: none"> <li>• Organisational Development</li> <li>• Industrial Relations</li> <li>• Payroll</li> <li>• Corporate training and development</li> <li>• Recruitment and induction of staff</li> <li>• Human Resource management support</li> </ul>	\$ 1,101 (\$ 0) \$ 1,101
<b>TOTAL</b>		<b>\$ 8,785</b> <b>(\$ 813)</b> <b>\$ 7,972</b>

### Initiatives

1. Improvements to Council's website will be implemented to improve the ability of community members to find information and interact with Council 24/7 (Community Relations and Information Systems and Support).
2. Advocacy activities will be pursued seeking grant funding for a range of community projects including Tarwin Lower Recreation Reserve, Agnes Falls development and the Korumburra Bowls Club. These funds are being sought to assist local community groups develop facilities that they value in their local areas (Governance Services).
3. The establishment of Public Wi-Fi in the Leongatha Township will be investigated as a pilot to determine if a public hot spot can be established and to determine the range (distance) that it may cover. This enabling technology would provide an enhanced means of connecting visitors and local businesses in one of our main rural townships to the wider world (Information Technology).

### Major Initiatives

1. A cyclical program to review all Council services over a series of years will be continued, with an annual timetable prepared and implemented for 2014-2015. These reviews will look at the services provided, the standards/levels of service provided and the costs and opportunities to make the services more efficient and effective (Corporate Services Management).

The following seven principles will be considered for each review:

- User Pays Principle – are there components that could be user pays or cost recovery?
- Efficiency Principle – are there efficiency gains to be made? If so how are these to be made?
- Compliance Principle – is Council obligated to undertake this service? Can we give it to someone else and if so to what level? If we have to do it, where does the funding come from and how much is covered?
- Cost Shifting Principle - If it is cost shifting, does Council want to keep doing it?
- Community Good / Social Justice Principle – is it something that Council has to do for the benefit of the community?
- Change to the service levels – are changes to the levels required?
- Effective use of time investment relative to potential savings - consider the workload to do this work for the savings likely to be achieved.

### Council Plan Performance Outcome Indicators

Council Plan 2013/17 Indicator	2013/17 Target	Responsible Unit
Policy portfolios and/or specific project groups developed and implemented	Portfolio or project scope and committee structure endorsed by Council prior to establishment	Executive Office and Corporate Services Management
An Annual Plan and Annual Budget developed	Adopted by Council by 30 June annually	Corporate Services Management and Financial Services
Council will encourage community members to provide information to Council on matters affecting them	Public presentations sessions will be available for community members to participate	Governance Services
Department Service Summaries, Business Plans and corresponding Budgets will be developed annually	By 30 June annually	Corporate Services Management
Community Satisfaction Survey results published annually	By 30 June annually	Corporate Services Management

## Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions  (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

### 3.5 Reconciliation with Budgeted Operating Result

	Net Cost (revenue) 2014/15 \$'000	Expenditure \$'000	Revenue \$'000
Prosperous Shire	6,128	9,245	3,117
Closely Connected Communities	5,615	8,754	3,139
Integrated Services and Infrastructure	22,148	33,941	11,793
Leading Organisation	7,972	8,785	813
<b>Total services and initiatives</b>	<b>41,863</b>	<b>60,725</b>	<b>18,862</b>
Other non-attributable <sup>1</sup>	(6,125)		
<b>Deficit before funding sources</b>	<b>35,738</b>		
<b>Funding sources:</b>			
Rates & charges	35,677		
Capital grants & contributions	6,149		
<b>Total funding sources</b>	<b>41,826</b>		
<b>Operating surplus (deficit)</b>	<b>6,088</b>		

- Includes Victoria Grants Commission allocation, corporate overheads, proceeds and written down value of assets sold, loan management, donated & gifted assets, de-recognition of assets and abnormal items.

## 4. Budget Influences

This section sets out the key budget influences arising from the internal and external environment within which the Council operates.

### 4.1 Snapshot of South Gippsland Shire Council

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of about 27,800. It has an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

Its major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, Meeniyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

### Our Environment

South Gippsland is characterised by a diverse topography of ranges, plains, low lying land and coastal areas. This has created some of Victoria's most picturesque landscapes including the natural ruggedness and beauty of the coastline and beaches, the rolling hills of the agricultural districts, the tall tree forests of the Strzelecki Ranges and the beautiful Wilsons Promontory National Park. South Gippsland also contains a large number of parks and reserves containing flora and fauna of State and National significance, which contribute to the municipality being renowned for its natural beauty.

The environment of South Gippsland has a rich and diverse cultural heritage which demonstrates the history of the area from the occupation of the land by indigenous people from the Gunnai and Bun Wurrung clans, through to the post contact era.

#### 4.1.1 Our Economic Base

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.7 billion. South Gippsland has one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$688 million;
- Agriculture, Forestry and Fishing \$416 million;
- Property services \$218 million;
- Construction \$215 million;
- Mining \$136 million;
- Wholesale Trade \$129 million;
- Health care and social assistance \$116 million; and
- Retail trade \$101 million.

## **Major Industries**

### **Agriculture**

South Gippsland's economy centres around agricultural production. It is one of the key dairy farming locations in Australia, is a major beef farming area and also has significant sheep farming. The Victorian Livestock Exchange operates a modern regional saleyards at Koonwarra.

Horticultural food production, such as snow pea and potato farming, are also key industries in South Gippsland. For part of the year most of Australia's snow peas are produced here.

South Gippsland has a growing wine industry and has been identified as a centre of organic and native food production.

### **Food Processing**

- Murray-Goulburn's Leongatha dairy factory, the largest in Australia;
- Burra Foods, at Korumburra;
- United Dairy Power at Poowong;
- ViPlus Dairy at Toora;
- Select Produce, operating a significant snow pea packing and distribution centre at Korumburra;
- GBP Exports, operating a major export abattoir at Poowong; and
- Fresh Zest, operating a herb packing facility at Pound Creek.

### **Tourism**

The tourism industry is also a major contributor to the South Gippsland economy with visitors contributing over \$100 million annually to the economy. Marketed as "Prom Country" - the region attracts over 1 million visitors each year. The region is rich in nature based activities, with the world renowned Wilsons Promontory National Park, spectacular scenery, unspoilt beaches and quaint villages.

### **Other Industries**

Esso has a major marine terminal located at Barry Point near Toora that is used to provide services to their Bass Strait oil and gas platforms. This includes supporting the \$4 billion project to develop the 'Kipper Tuna Turrum' oil and gas field. 'Port Anthony', a newly established private port, is located next to the Esso facility. An important fishing industry operates from Port Welshpool and Port Franklin. A wind farm is located on the hills around Toora and construction of the new Bald Hills Wind Farm near Tarwin Lower has now commenced.

The agricultural and manufacturing sectors also support a substantial service industry including: transport, engineering, construction and agricultural supplies.

## **Major Infrastructure and Investment Projects**

There are a number of key infrastructure and investment projects currently underway or recently completed in South Gippsland Shire. These include:

- Opening of the redeveloped Leongatha Hospital;
- Major upgrades of dairy facilities at Murray Goulburn and Burra Foods;
- Construction of ViPlus Dairy facility at Toora;
- Development of Port Anthony at Barry Point;
- Construction of Aldi Supermarket in Leongatha;
- Creation of the Leongatha Education Precinct including: Leongatha Specialist School, GippsTAFE, Leongatha Primary School, and Leongatha Secondary College;
- Construction of the Salvation Army offices and worship centre in Leongatha;
- Connection of Meeniyah to sewerage with planned connections for Nyora, Poowong and Loch;
- Prom Country Aged Care facility at Foster; and
- Rollout of the National Broadband Network to 11 towns with more planned.

## **Major Regional Projects**

- The Pakenham Bypass and Eastlink have reduced the travelling time from metropolitan Melbourne to 1.5 hours. The construction of the Koo Wee Rup bypass has now commenced and will further reduce travelling times once completed.

## **Our Community**

South Gippsland features many vibrant communities where people can enjoy a healthy and rewarding lifestyle. Our affordable housing options and excellent education and medical facilities offer the chance to have both a family life and career in a safe and relaxed environment.

## Residential Profile

The latest population estimate is 27,800 people as at June 2012. Council's recently prepared population forecasts project that the Shire's population will increase to 36,500 by 2031. This is an increase of almost 8,700 people at an average annual growth rate of 1.5%. The Shire has approximately 15,000 dwellings and about 19,000 rateable properties.

The number of households within South Gippsland increased by 790 between 2006 and 2011 to a total of 10,884.

This trend is expected to continue over the next 20 year period as population growth increases. The increase in the total number of households will require a diverse range of housing opportunities including higher density dwelling development in serviced townships and lifestyle living opportunities in a low density residential or rural living context.

The age structure of South Gippsland Shire in 2011 reflected a similar profile to Regional Victoria as a whole. The proportion of residents in the 20-29 age group (8.8%) continues to be lower than the average for Regional Victoria (10.7%) whereas the proportions in age groups above 50 years were higher. The proportion in the 60-69 age range was 11.8%, almost three percentage points higher than the average for Regional Victoria.

South Gippsland's age profile compared with Regional Victoria is shown in the following table:

Age Group	South Gippsland	Regional Victoria
0-9	12.1%	12.5%
10-19	13.0%	13.5%
20-29	8.7%	10.7%
30-39	10.1%	11.3%
40-49	13.1%	13.7%
50-59	15.0%	14.0%
60-69	14.4%	11.8%
70-79	8.1%	7.3%
80-89	5.2%	4.9%

(ID consulting for South Gippsland Shire Council, Community Profile 2011)

There are high levels of home ownership in South Gippsland with 44% of dwellings fully owned compared with 32% nationally. The proportion of rental dwellings at 18.5% is much lower than the national average of 29.6%.

South Gippsland has 27% of lone person households, higher than the national rate of 24% while 56% of South Gippsland residents are married compared with 50% average for Australia.



South Gippsland has very high levels of citizen engagement with 71.4% of the population participating in the last year in comparison with 50.5% for Victoria. Volunteering is also high with 54.8% of the adult population identifying that they worked as a volunteer for an organisation. This compared with about 34.3% across Victoria.

#### 4.1.2 Labour Force

South Gippsland Shire has:

- an estimated labour force of 14,892 people; and
- an unemployment rate of 3.3%, with 485 unemployed persons as at December Quarter 2013.

This is the lowest unemployment rate in Gippsland and one of the lowest in the State. This is considerably below the average for Regional Victoria of 5.4%.

Key industry sectors by employment in the South Gippsland Shire in 2011 were Agriculture, Forestry & Fishing (16.7%), Health Care and Social Assistance (10.6%), Retail Trade (10.2%), and Construction (9.7%). The Shire's top eight employment sectors compared with that of Regional Victoria as shown in the table below:

<b>Employment by Industry</b>	<b>South Gippsland</b>	<b>Regional Victoria</b>
Agriculture, Forestry & Fishing	16.7%	7.8%
Health Care and Social Assistance	10.6%	13.1%
Retail Trade	10.2%	11.6%
Construction	9.7%	8.9%
Manufacturing	9.6%	10.4%
Education and Training	6.6%	8.2%
Accommodation and Food Services	5.9%	6.8%
Transport, Postal and Warehousing	4.2%	4.1%

(ABS 2011 Census)

Since 2006 the greatest rise has been in the Manufacturing sector and in Transport, Postal and Warehousing. There has been a drop in those working in Agriculture, Forestry and Fishing.

In 2011, key employment by occupation groups in South Gippsland were managers (22.0%), technicians and trades workers (15.1%) and professionals (13.7%). The Shire's employment by occupation compared with that of Regional Victoria are as follows:

Occupation	South Gippsland	Regional Victoria
Managers	22.0%	15.2%
Technicians and trades workers	15.1%	15.4%
Professionals	13.7%	16.7%
Labourers	12.4%	12.3%
Clerical and administrative services	10.2%	11.7%
Sales workers	8.9%	9.7%
Community and personal service workers	8.4%	10.3%
Machinery operators and drivers	7.4%	6.9%
Inadequately described and not stated	1.9%	2.0%

(ABS 2011 Census)

### 4.1.3 Community Infrastructure

South Gippsland boasts a wide range of community assets that are appreciated and enjoyed by our residents and visitors. These include:

- Three public hospitals and five medical centres;
- Aged care residential services located in four towns;
- Home and Community Care services provided by Council, including Meals on Wheels, Personal Care, Respite Care, Home Maintenance and Community Transport;
- Childcare centres operate in Leongatha, Korumburra, Mirboo North and Foster. Uniting Care Gippsland facilitate Family Day Care which is available across the Shire;
- Five public libraries plus mobile services to 7 towns;
- Increased daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- Numerous galleries and museums, a cinema, theatres and clubs;
- Over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional leisure centre incorporating a heated indoor swimming pool, six public swimming pools of which two are heated, and seven golf courses;
- The Great Southern Rail Trail, which includes 50km of bike/walking trails and is being extended from Foster to Welshpool;
- The 13km Grand Ridge Rail Trail; and

- Over 50 parks, reserves and sanctuaries including coastal/beach assets, trails in the Strzelecki Ranges, Coal Creek Community Park and Museum and Mossvale Park at Berry's Creek.

South Gippsland is well serviced by modern education facilities. These include:

- 16 Primary Schools, including three Private Schools;
- 6 Secondary Colleges, including two Private Colleges;
- Leongatha Specialist School;
- Community College Gippsland;
- Central Gippsland TAFE (GippsTAFE);
- South Gippsland Bass Coast Local Learning and Employment Network;
- Apprenticeships Australia Group;
- 12 Kindergartens; and
- 4 Neighbourhood/Community Houses.

#### **4.1.4 Budget Implications**

As a result of the Shire's demographic profile and new challenges there are a number of budget implications in the short and long term as follows:

- The large area of South Gippsland Shire Council increases transport costs when compared to metropolitan and regional Councils. Also, services can be centralised as most citizens are able to reach Council facilities without extensive travel times.
- As South Gippsland has an ageing population and is attractive to retirees, a growing number of ratepayers are entitled to the pensioner rebate. This impacts on Council's revenue base and services and facility expenditure.
- The Shire is experiencing steady population and business growth. The budget implications arise with Council having to provide new infrastructure and services as well as cope with replacement of ageing infrastructure to support this growth. As the rates received from new dwellings do not offset the significant infrastructure costs, how they are funded represents a significant challenge.
- Expenditure on Council roads has been impacted considerably in the last three years by a combination of climatic events and increased usage. The requirement to respond to these issues and additional costs involved has consequences on planned Council priorities.

## 4.2 External Influences

In preparing the 2014/15 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- The Federal Government advised the Victoria Grants Commission that it will freeze indexation on grants for 3 years to 2016/17. As a result, Council will receive \$12,000 less funds than what it expected in 2014/15, \$1.5 million less over 5 years, \$3.9 million less over 10 years and \$6.5 million over 15 years.
- Commsec Wages Prices Index project a 3.4% movement to occur in 2014/15 and then to increase to 3.8% in following years;
- Projected consumer price index (CPI) increases on goods and services being 2.7% for 2014/15 and to increase to around 2.9% in the following years;
- The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria increased by 3.2% for the year on year period ending December 2013;
- Flow on negative impacts from Reserve Bank reducing official interest rates on several occasions last year. This results in a reduction in income being generated on investments;
- The Australian Prudential Regulation Authority has introduced a new Prudential Standard to assess the market value of assets in defined benefit superannuation funds. The budget impact for South Gippsland is the likelihood of further more frequent calls being made upon Council to fund defined benefits superannuation liabilities;
- The Abbott Government introduced the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills to the House of Representatives on the 13th of November 2013, with the intention to abolish the carbon price from 1 July 2014; and
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

## 4.3 Internal Influences

As well as external influences, there were also internal influences arising from the 2013/14 year which have had a significant impact on the setting of the 2014/15 budget. These included:

- Council decision that street sweeping/ litter bins costs (\$390,000 per annum) are now funded by the differential rates (previously part of waste charge). The waste services charges have been reduced by 16%;
- The cash available for projects carried forward, both capital and operational expenditure of which a significant portion of it is tied to grant funds; and

- Expected closing cash position as at 30 June 2014 of \$9.66m.

#### **4.4 Budget Principles**

In response to these significant influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2013/14 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- New service level initiatives and associated staff resource proposals to be justified through a business case;
- New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis; and
- Real savings in expenditure and increases in revenue identified in 2013/14 to be preserved.

#### **4.5 Long Term Strategies**

The Budget includes consideration of a number of long-term strategies, plans and other information to assist Council in considering the Budget in a proper financial management context. These include the Financial Strategy, Long Term Financial Plan and Strategic Resource Plan (section 9), Rating Information (section 12), Borrowing Information (section 13) and Infrastructure Information (section 14).

## 5. Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2014/15 year.

### 5.1 Budgeted Income Statement

	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Fav (Unfav) Variance \$'000
Total income	5.2	56,726	64,271	7,545
Total expenses	5.3	56,658	58,185	(1,527)
<b>Surplus (deficit) for the year</b>		<b>68</b>	<b>6,086</b>	<b>6,018</b>
Capital grants	5.2.6	3,453	4,812	1,359
Contributions – non monetary assets	5.2.7	1,304	1,337	33
Capital contributions – other sources	5.2.4	60		(60)
<b>Adjusted underlying surplus (deficit)</b>	<b>5.1.1</b>	<b>(4,749)</b>	<b>(63)</b>	<b>4,686</b>

#### 5.1.1 Adjusted Underlying Surplus (deficit) (\$4.69m decrease)

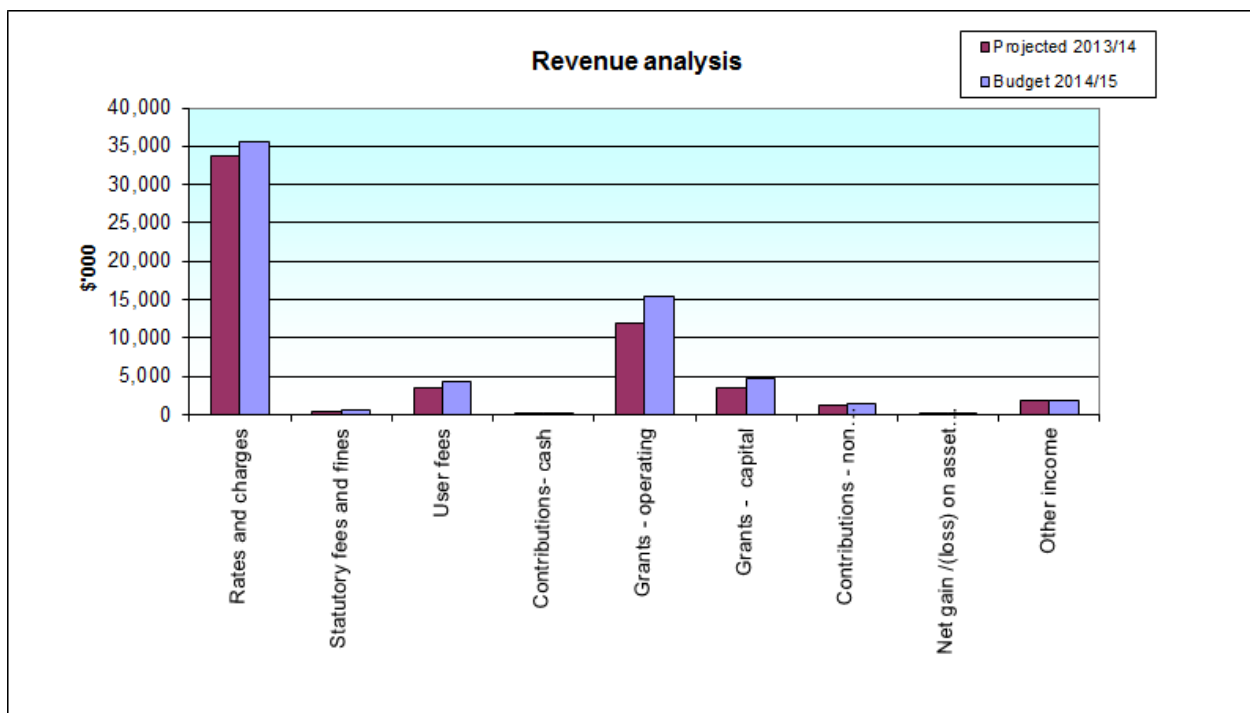
The adjusted underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted capital income items which can often mask the operating result.

The adjusted underlying result for the 2014/15 year is a deficit of \$63,000 which is a decrease of \$4.69m over the 2013/14 year. In calculating the underlying result, Council has excluded capital grants and capital contributions received for capital purposes. Contributions of non-monetary assets are also excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

A key strategic objective is to achieve underlying surpluses in the medium to long term.

## 5.2 Income

Income Types	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	5.2.1	33,710	35,677	1,967
Statutory fees and fines	5.2.2	476	588	112
User fees	5.2.3	3,565	4,267	702
Contributions - cash	5.2.4	296	66	(230)
Grants - operating	5.2.5	11,834	15,464	3,630
Grants - capital	5.2.6	3,453	4,812	1,359
Contributions – non monetary assets	5.2.7	1,304	1,337	33
Net gain / (loss) on disposal of assets	5.2.8	179	290	111
Other	5.2.9	1,909	1,770	(139)
<b>Total operating revenue</b>		<b>56,726</b>	<b>64,271</b>	<b>7,545</b>



### 5.2.1 Rates and Charges (\$1.97m increase)

It is projected that general rates and charges income which includes estimated \$280,000 in supplementary rates and \$145,000 in special rates and charges will increase by 5.8% over the base that was raised last year to \$35.68m.

General rates and charges have overall been increased by 4.13% for the 2014/15 year. This includes general rates, municipal charges and waste services charges. The general

rate will increase by 5.50%. The costs associated with street sweeping and public litter bin collection has been removed from the waste services charge. The waste services charges for garbage collection and recycling will decrease by 16.00%.

Section 12, 'Rating Information' includes a more detailed analysis of the rates and charges to be levied for 2014/15.

### **5.2.2 Statutory fees and fines (\$112,000 increase)**

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Planning, Health Act registrations and parking fines.

### **5.2.3 User Fees (\$702,000 increase)**

There is an increase of \$702,000 or 19.7% for user fees. The fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure, entertainment and other Community facilities and the provision of human services such as Aged and Disability Services.

User fees increases are generally modelled to increase by the same general rates increase until full cost recovery is achieved for the direct costs of service provision. The approach is to ensure that applicable user fees are reviewed beyond just CPI movements in line with the annual rate rise.

Caravan parks income of \$1.23m is expected to increase substantially from the previous financial year (\$658,000) as a result of taking over the operational control of caravan parks mid-way through the previous financial year.

Appendix E, 'Fees and Charges' details all user charges and statutory fees.

### **5.2.4 Contributions – cash (\$230,000 decrease)**

There is a \$230,000 or 77.7% decrease in the level of contributions expected to be received in 2014/15. Contributions are expected for statutory open space contributions (\$51,000), sustainability services (\$3,000) and from the RSL for garbage services (\$10,000).

The reduction is predominantly due to receiving \$89,000 community project contributions and \$150,000 open space contributions in the previous financial year.

### **5.2.5 Grants - operating (\$3.36 increase)**

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers, as well as one-off funding for projects undertaken on behalf of community organisations. Overall, the level of grants has increased by 30.7% or \$3.63m compared to 2013/14. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included on the following page. In 2013/14 half of the 2013/14 Victoria Grants Commission Allocation was actually received in 2012/13.



Operating Grant Funding Types and Source	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Fav (Unfav) \$'000 \$'000
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission	4,212	8,534	4,322
Childrens services	2	2	0
<i>Recurrent - State Government</i>			0
Aged and Disability Services	1,398	1,440	42
Children and Family Services	392	390	(2)
Coal Creek	35	22	(13)
Community Safety	26	26	0
Community Strengthening	97	93	(4)
Sustainability Services	-	42	42
Valuations	16	272	256
Regulatory Services	40	40	0
<i>Recurrent - Other Bodies</i>			0
Environmental health	6	6	0
<b>Total recurrent grants</b>	<b>6,224</b>	<b>10,867</b>	<b>4,643</b>
<i>Non recurrent - Commonwealth Government</i>			
Environmental Services	83	-	(83)
Corporate training	8	-	(8)
<i>Non recurrent - State Government</i>			0
Advancing Country Towns	195	125	(70)
Biodiversity	42		(42)
Civil Infrastructure	3,712	2,736	(976)
Children and Family Services	20	-	(20)
Childrens Services	-	6	6
Community Strengthening	115	72	(43)
Corporate Services	3	-	(3)
Economic Development	40	8	(32)
Emergency Management	60	60	0
Engineering Services	1,019	1,500	481
Infrastructure Maintenance	52	-	(52)
Fires Services	69	44	(25)
Risk Management	10	-	(10)
Strategic Planning	33	-	(33)
Sustainability Services	82	27	(55)
Waste Management	35	19	(16)
<i>Non recurrent - Other Bodies</i>			
Community Strengthening	32	-	(32)
<b>Total non recurrent grants</b>	<b>5,610</b>	<b>4,597</b>	<b>(1,013)</b>
<b>Total Operating Grants</b>	<b>11,834</b>	<b>15,464</b>	<b>3,630</b>

### 5.2.6 Grants - capital(\$1.36m increase)

Capital grants include all monies received from State and Federal governments for the purposes of funding the capital works program. Overall the level of grants has increased by 39.4% or \$1.36m compared to 2013/14. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Types and Source	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Fav (Unfav) \$'000 \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	1,636	1,636	0
<b>Total recurrent grants</b>	<b>1,636</b>	<b>1,636</b>	<b>0</b>
<i>Non recurrent - Commonwealth Government</i>			
Office Accomodation	20	21	1
<i>Non recurrent - State Government</i>			
Community Projects	150	-	(150)
Recreation facilities	647	-	(647)
Child Care Hub	-	3,155	3,155
Vicroads Bridge Maintenance	1,000	-	(1,000)
<b>Total non recurrent grants</b>	<b>1,817</b>	<b>3,176</b>	<b>1,359</b>
<b>Total Capital Grants</b>	<b>3,453</b>	<b>4,812</b>	<b>1,359</b>

Section 7, 'Analysis of Capital Budget' includes a more detailed analysis of the grants and contributions that are expected to be received during the 2014/15 year.

### 5.2.7 Contributions – non monetary assets (\$33,000 increase)

Granted Assets include gifted assets to Council such as roads, footpath and kerb and channels from developers who create new subdivisions.

There is a marginal increase compared to the previous year.

### 5.2.8 Net Gain / (Loss) on Asset Disposals (\$111,000 increase)

This line item records the net difference between the sale prices received for disposing of assets and the written down value of the asset as recorded in the Balance Sheet.

A degree of volatility is expected in Net Gain / (Loss) on asset disposals. This is due to the differing nature of items being disposed of each year.

### 5.2.9 Other Income (\$139,000 decrease)

Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

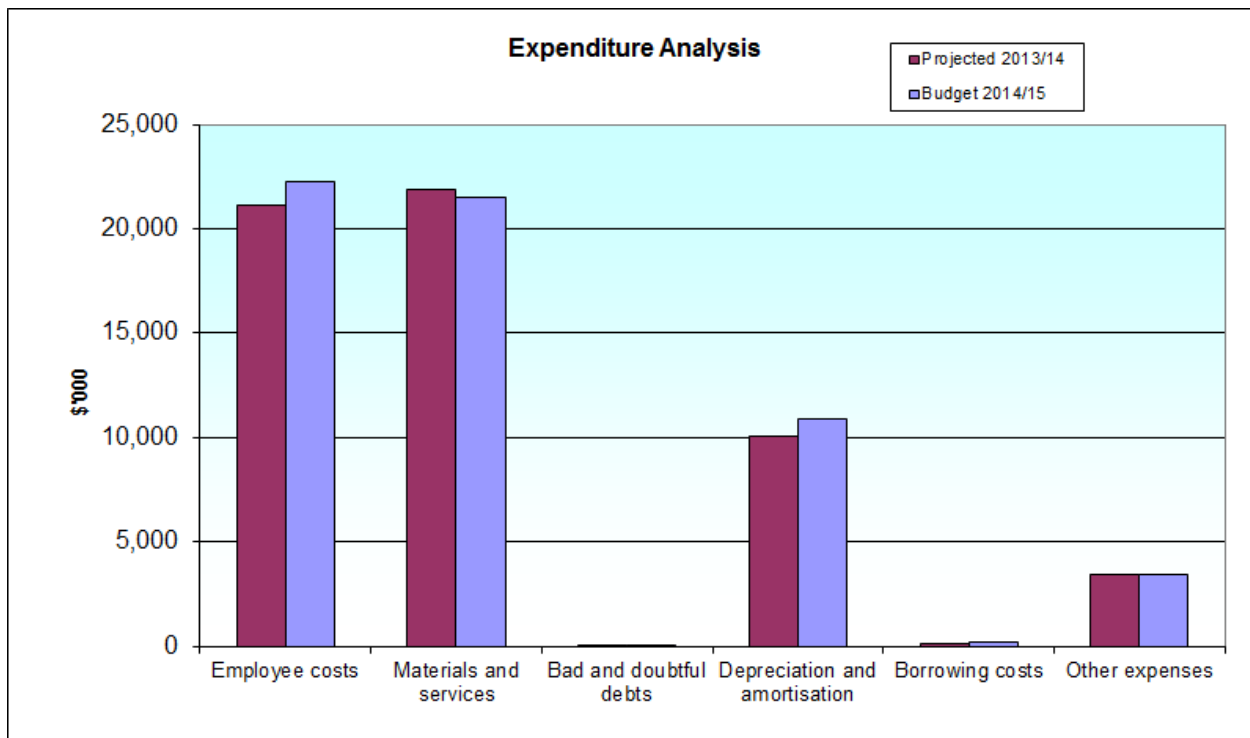
Other revenue is projected to decrease by \$139,000 or 7.3% in 2013/14.

This is predominantly due to expecting less income from private works sealing income (\$49,000). There is a \$52,000 decrease in the level of reimbursements expected to be received. The more notable item being the decreases in Prom Coast Child Care Project reimbursements (\$44,000).

There is a decrease of \$8,000 in interest revenue due to decreasing interest rates. Reduced levels of interest are expected to be collected for outstanding rates and charges.

### 5.3 Expenditure

Expenditure Types	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Fav (Unfav) Variance \$'000
Employee costs	5.3.1	21,158	22,241	(1,083)
Materials and services	5.3.2	21,896	21,483	413
Bad and doubtful debts	5.3.3	1	1	0
Depreciation and amortisation	5.3.4	10,061	10,855	(794)
Borrowing costs	5.3.5	140	151	(11)
Other expenses	5.3.6	3,402	3,454	(52)
<b>Total operating expenditure</b>		<b>56,658</b>	<b>58,185</b>	<b>(1,527)</b>



### 5.3.1 Employee Costs (\$1.08m increase)

Employee costs include all labour related expenditure includes wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation and fringe benefits tax.

Employee costs are forecast to increase by 5.10% or \$1.08m compared to 2013/14.

The 2014/15 budgeted employee costs takes into account:

- An allowance for Council's Enterprise Agreement, banding and contract staff increments in 2014/15 and higher duties as well as the flow on effect to oncost expenses;
- The mandatory increase in superannuation contributions from 9.25% to 9.50%; and
- A 4.67 increase in Full Time Equivalent across all four directorates from 2013/14. The additional positions include Caravan Parks (6.6 FTE). There were also a number of reductions representing staff that undertake temporary roles and those positions ceasing.

The range of services undertaken by Council involves the abilities, efforts and competencies of 261.49 Full Time Equivalent staff. The skill base of Council's workforce is diverse, with staff holding qualifications in areas such as Aged Care, Civil Engineering, Accounting, Valuations, Health Care, Planning, Building, and other fields.

In delivering services to the community, Council may choose to use in-house or outsourced resources. The efficiency of Council's service delivery relies on a combination of both to achieve best value for the community.

There are also a vast number of volunteers that provide unpaid assistance across many services of Council.

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Department	Budget 2014/15 \$'000	Permanent Full time \$'000	Permanent Part Time \$'000
Community Services	4,559	2,130	2,429
Corporate Services	3,972	3,452	520
Development Services	3,971	3,373	598
Engineering Services	7,950	7,517	433
Executive Services	1,211	923	288
Total permanent staff expenditure	21,663	17,395	4,268
Casuals and other expenditure	578		
Total expenditure	22,241		

A summary of the number of Full Time Equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget FTE	Permanent Full time	Permanent Part Time
Community Services	52.47	21.00	31.47
Corporate Services	40.08	34.00	6.08
Development Services	43.57	35.00	8.57
Engineering Services	108.40	102.00	6.40
Executive Services	10.27	7.00	3.27
Total permanent staff	254.79	199.00	55.79
Casuals and other	6.70		
Total staff	261.49		

### 5.3.2 Materials and services (\$413,000 decrease)

Materials and consumables are forecast to decrease by 1.9% or \$413,000 compared to 2013/14.

The decreased expenditure on materials and consumables in 2014/15 can mainly be attributed to having to incur \$3.46m less on Storm Response and Recovery work. There was a \$1.61m expenditure budget carried forward into 2014/15 for grant funded works and other projects that were not completed by 30 June 2014.

Section 3. 'Services, Initiatives and Service Performance Indicators' provide a more detailed analysis of the activities and initiatives being undertaken by Departments.

### 5.3.3 Bad and doubtful debts (\$0 movement)

Bad and doubtful debts are projected to remain relatively stable in 2014/15.

### 5.3.4 Depreciation and amortisation(\$794,000 increase)

Depreciation relates to the usage of Council's property, plant and equipment including infrastructure assets such as roads and drains. Depreciation systematically allocates the cost of the 'consumption of the service potential' over the useful life of the asset to the Income Statement.

Periodic revaluation of infrastructure asset classes, the completion of the 2013/14 Capital Works Program and the full year effect of depreciation on the 2013/14 Capital Works Program impacts upon the depreciation charges. Refer to Section 7. 'Analysis of Capital Budget' for a more detailed analysis of Council's Capital Works Program for the 2014/15 year.

### 5.3.5 Borrowing Cost Expenses (\$11,000 increase)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to increase by \$11,000 compared to 2013/14.

### **5.3.6 Other Expenses (\$52,000 increase)**

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations, Library service, future known cost commitments associated with landfill rehabilitation and other miscellaneous expenditure items.

## 6. Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2014/15 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves. The analysis is based on three main categories of cash flow. In summary these are:

- Operating activities - these activities refer to the cash generated or used in carrying out the normal service delivery functions of Council;
- Investing activities - these activities refer to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment; and
- Financing activities - these activities refer to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of borrowings.

The significance of budgeting cash flows for Council is that it is a key factor in setting the level of rates each year.

### 6.1 Analysis of Budgeted Statement of Cash Flows

	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
<b>Operating Activities</b>	6.1.1			
Receipts		55,243	62,644	7,401
Payments		(46,510)	(47,442)	(932)
Net cash inflow (outflow)		<b>8,733</b>	<b>15,202</b>	<b>6,469</b>
<b>Investing Activities</b>	6.1.2			
Receipts		731	913	182
Payments		(13,363)	(15,476)	(2,113)
Net cash inflow (outflow)		<b>(12,632)</b>	<b>(14,563)</b>	<b>(1,931)</b>
<b>Financing Activities</b>	6.1.3			
Receipts		4,000	0	(4,000)
Payments		(924)	(151)	773
Net cash inflow (outflow)		<b>3,076</b>	<b>(151)</b>	<b>(3,227)</b>
Net increase (decrease) in cash held		<b>(823)</b>	<b>488</b>	<b>1,311</b>
Cash at beginning of year		9,992	9,169	(823)
<b>Cash at end of year</b>	6.1.4	<b>9,169</b>	<b>9,657</b>	<b>488</b>

### 6.1.1 Operating Activities (\$6.65m increase)

The increase in net cash inflows from operating activities are due mainly to receiving an additional \$4.99m grants, \$1.97m additional rate income and \$702,000 in user fees. This is partially offset by \$1.08m increased employee expenses.

The net cash flows from operating activities does not equal the surplus (deficit) for the year as the expected revenues and expenses of the Council include non-cash items which have been excluded from the Cash Flow Statement. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table.

	<b>Forecast Actual 2013/14 \$'000</b>	<b>Budget 2014/15 \$'000</b>	<b>Variance \$'000</b>
<b>Surplus (deficit) for the year</b>	<b>68</b>	<b>6,086</b>	<b>6,018</b>
Depreciation	10,061	10,855	794
Contributions – Non cash	(1,304)	(1,337)	(33)
Loss (gain) on sale of assets	(179)	(290)	(111)
Finance costs	140	151	11
Net movement in current assets and liabilities	(53)	(263)	(210)
<b>Cash flows available from operating activities</b>	<b>8,733</b>	<b>15,202</b>	<b>6,469</b>

### 6.1.2 Investing Activities (\$1.93m increase)

The \$1.93m increase in net payments for investing activities is due mainly to actual gross expenditure on capital being \$2.11m more than as it was for 2013/14 and receiving \$182,000 more income in capital sales compared with the previous year.

### 6.1.3 Financing activities (\$3.23m decrease)

Financing activities includes new borrowings, the principal component of loan repayments for the year as well as the interest costs. For 2013/14 Council borrowed \$4.00m and the total of principal and interest repayments was \$924,000. Total interest payment budgeted for 2014/15 is \$151,000.

### 6.1.4 Cash at End of the Year (\$488,000 increase)

Overall, total cash and investments are forecast to be \$488,000 more than 2013/14. The opening cash position of \$9.17m and contribution of cash from operating activities (\$15.20m) has provided significant funds for financing activities (\$151,000) and for the investing activities (\$14.56m). The cash is expected to be \$9.66m as at 30 June 2015, which is more than the previous year (\$9.17m).



## 6.2 Restricted and Unrestricted Cash and Investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2015 it will have cash and investments of \$9.66million, which has been restricted as shown in the following table

	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
<b>Total cash and investments</b>		<b>9,169</b>	<b>9,657</b>	<b>488</b>
Restricted cash and investments				
- Statutory reserves	6.2.1	581	0	(581)
- Cash held to fund carry forward capital works	6.2.2	1,999	0	(1,999)
- Trust funds and deposits	6.2.3	529	529	0
<b>Unrestricted cash and investments</b>	<b>6.2.4</b>	<b>6,060</b>	<b>9,128</b>	<b>3,068</b>
- Discretionary reserves	6.2.5	65	1,846	1,781
<b>Unrestricted cash adjusted for discretionary reserves</b>	6.2.6	<b>5,995</b>	<b>7,282</b>	<b>1,287</b>

### 6.2.1 Statutory Reserves (\$Nil)

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes.

Council estimates that it will receive \$51,000 public open space contributions in 2014/15 and \$500,000 contribution for the Great Southern Rail Trail. This will be transferred to the Open Space Contributions Reserve.

Council in 2014/15 will be utilising \$1.15m of its Open Space Contributions reserve to fund the Corner Inlet Tourism – Great Southern Rail Trail project. In 2013/14 it utilised \$585,000 reserve funds for this project.

It is projected that there will be nil funds in statutory reserves for open space contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.

### 6.2.2 Cash held to fund carry forward capital works (\$2.0m)

At the end of each financial year there are projects which are either incomplete or not commenced due to planning issues, weather delays, extended consultation or other delays.

The following capital projects have had budgets carried forward from 2013/14 to 2014/15. These include:- Coal Creek (\$108,000), Betterment works (\$280,000), Information Services (\$132,000), Roads rehabilitation program (\$567,000), Koonwarra landfill (\$357,000), Meeniyan Dumbalk Football / Netball club (\$20,000), Station Road Foster footpath (\$23,000), Child Care Hub Korumburra (\$200,000), Kindergarten playground replacement program (\$15,000), Waratah Caravan Park Rotunda and camp kitchen (\$50,000), playgrounds a program (\$50,000), TP Taylor reserve (\$112,000), Anderson St Town entrance Leongatha (\$11,000), Station Street Korumburra (\$58,000) and Deviation of Koonwarra Pound Creek Road (21,000).

Section 7.2 contains further details on capital works funding. There is no amount shown as cash held to fund carry forward works at 30 June 2015, as it is expected that the capital works budget in the 2014/15 financial year will be fully completed.

### 6.2.3 Trust funds and deposits (\$529,000)

The level of trust funds and deposits is expected to remain at similar levels to the previous financial year

### 6.2.4 Unrestricted cash and investments (\$9.13m)

The amount shown is in accordance with the definition of unrestricted cash included in the Regulations. These funds are free of statutory reserve funds and cash to be used to fund capital works expenditure from the previous financial year

### 6.2.5 Discretionary Reserves (\$1.85m)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. During the 2014/15 year \$3.27 million is budgeted to be transferred to, and \$1.49 million from discretionary reserves. The decisions about future use of these funds has been reflected in Council's Long Term Financial Plan and Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

Discretionary Reserve	Opening balance \$	Transfer to reserve \$	Interest allocation \$	Transfer from reserve \$	Closing balance \$
Corner Inlet Seawall Drainage	20,751		726		21,477
Henry's Road Nyora	44,604		1,561	46,165	Nil
General	Nil	337,000			337,000
Caravan parks	Nil	1,356,522		1,323,446	33,106

<b>Discretionary Reserve</b>	<b>Opening balance \$</b>	<b>Transfer to reserve \$</b>	<b>Interest allocation \$</b>	<b>Transfer from reserve \$</b>	<b>Closing balance \$</b>
Accommodation	Nil	903,699		118,916	784,753
LGFV Bond	Nil	670,000			670,000
<b>Total</b>	<b>65,355</b>	<b>3,267,221</b>	<b>2,287</b>	<b>1,488,527</b>	<b>1,846,336</b>

Allocations to discretionary reserves normally only occur when underlying surplus operating results that are at least equivalent to the reserve transfer is achieved. These funds will be available for whatever purpose Council decides is their best use.

There are no restrictions on the use of these funds other than as Council may itself impose. Any changes in future use of the funds will be made in the context of the future strategic funding requirements. The decisions about future use of these funds can then be updated into Council's Long Term Financial Plan.

#### **6.2.6 Unrestricted cash adjusted for discretionary reserves (\$7.28m)**

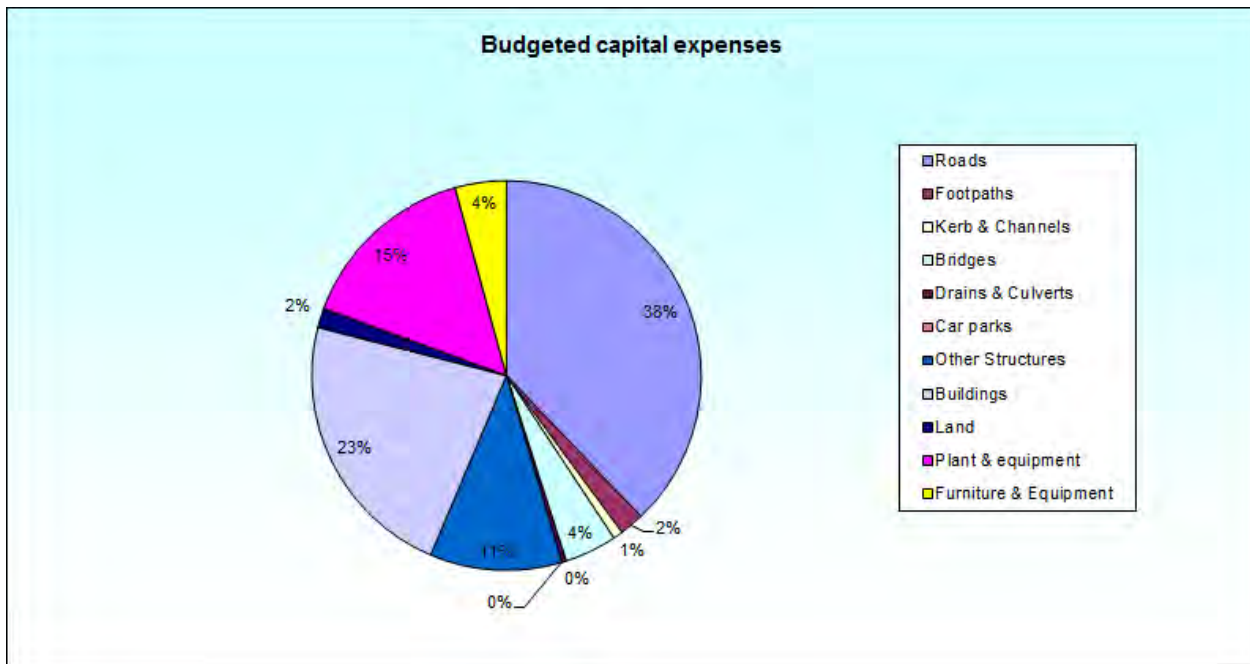
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

## 7. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2014/15 year and the sources of funding for the budget.

### 7.1 Capital Works

Capital Works Areas	Ref	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
<b>Property</b>	7.1.1			
Land		-	250	250
Buildings		967	3,498	2,531
Total property		967	3,748	2,781
<b>Plant, machinery and equipment</b>	7.1.2			
Plant and machinery		2,922	2,344	(578)
Computers and telecommunications		747	659	(88)
Total plant, machinery and equipment		3,669	3,003	(666)
<b>Infrastructure</b>	7.1.3			
Roads		4,961	5,863	902
Bridges		693	673	(20)
Footpaths		450	313	(137)
Drainage		1,001	55	(946)
Off street car parks		222	-	(222)
Recreation		577	556	(21)
Pools		-	-	-
Waste management #		529	262	(267)
Other Infrastructure		294	1,003	709
Total infrastructure		8,727	8,725	(2)
<b>Total capital works expenditure</b>		13,363	15,476	2,113
Represented by:				
New asset expenditure		-	-	-
Asset renewal expenditure		10,445	12,994	2,549
Asset upgrade expenditure		2,175	1,820	(355)
Asset expansion expenditure		743	662	(81)
<b>Total capital works expenditure</b>		13,363	15,476	2,113
# Excludes Landfill rehabilitation provision		143	357	



### 7.1.1 Property (\$3.75m)

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions.

For the 2014/15 year, \$3.75 million will be expended on building and building improvement projects. The more significant projects include General Land Purchases (\$250,000), Child Care Hub Korumburra (\$2.91 million), Public Toilet Reconstruction Toora (\$110,000), Public Toilet Reconstruction Fish Creek (\$130,000) and Municipal Precinct Investigation (\$119,000).

### 7.1.2 Plant and Equipment (\$3.00m)

Plant and equipment includes plant, machinery and equipment, computers and telecommunications, and library books.

For the 2014/15 year, \$3 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.34 million) and upgrade and replacement of Information Technology (\$659,000).

### 7.1.3 Infrastructure (\$8.73m)

Infrastructure includes roads, bridges, footpaths and cycle ways, drainage, recreation, leisure and community facilities, parks, open space and streetscapes, off street car parks and other structures.

For the 2014/15 year, \$5.86 million will be expended on road projects. The more significant projects include Gray Street, Leongatha (\$594,000), Station Street, Korumburra (\$294,000), Loch Poowong Road, Loch (\$220,000), Victory Avenue, Foster (\$730,000), Reseals (\$1.74 million), Reseal preparation (\$780,000), Roads Rehabilitation Program (\$567,000), and Henry's Road, Nyora (\$524,000).

For the 2014/15 year, \$673,000 will be expended on Bridge projects. The more significant projects include Allambee Estate Road Bridge rehabilitation (\$569,000) and Wyghts Bridge Replacement (\$104,000).

For the 2014/15 year, \$313,000 will be expended on Footpaths and Cycle ways projects. The more significant projects include Footpath renewals (\$153,000), Walkerville Road Tarwin Lower (\$94,000) and Drouin Road Poowong (\$43,000).

For the 2014/15 year, \$55,000 will be expended on Drainage projects. The more significant project includes Tramway Street (Flood Mitigation) Port Franklin (\$55,000).

For the 2014/15 year, \$556,000 will be expended on Recreation projects. The more significant projects include Playground replacement at McIndoe Park Leongatha (\$39,000), Lance Moon Park Yanakie (\$42,000), Stanley Street Playground Toora (\$21,000), Saggassar Park Nyora (\$26,000), Foreshore Reserve Port Welshpool (\$39,000), Mirboo North Day Care Centre (\$16,000), Playground replacement program (\$50,000), T P Taylor Reserve Open Space Enhancement Project (\$112,000) and Future Unplanned Works – Sports Recreation Victoria grants (\$176,000).

For the 2014/15 year, \$262,000 will be expended on Waste Management projects. The more significant project includes Koonwarra Landfill Cells 1 and 2 Cap (\$200,000) and Koonwarra Cell Construction (\$62,000).

For the 2014/15 year, \$1.00m will be expended on Other Infrastructure projects. The more significant projects include Coal Creek Heritage Village (\$228,000), Kerb and Channel Dutton Street Toora (\$83,000), Kerb and Channel Collis Street Foster (\$41,000), Guard Rails Mine Road Korumburra (\$64,000), Yanakie Caravan Park (\$128,000) and Long Jetty Caravan Park (\$121,000).

#### **7.1.4 Asset renewal (\$12.99m), new assets(Nil), upgrade (\$1.82m), and expansion (\$0.66m)**

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

The major projects included in the above categories are: Child Care Hub, Korumburra (\$2.9 million); renewal of plant and equipment (\$2.3 million); renewal of Information technology (\$659,000); Road Reseals (\$2.5 million); road renewal – Victoria Avenue, Foster (\$730,000); road renewal – Henrys Road, Nyora (\$524,000); road renewal – Gray Street, Leongatha (\$594,000); and bridge renewal – Allambee Estate Road Bridge (\$569,000). The rest of the expenditure relate to upgrade and expansion of property & infrastructure.

### **7.1.5 Carried Forward Works (\$Nil)**

At the end of each financial year there are projects which are either incomplete or not commenced due to planning issues, weather delays, extended consultation or other delays.

In the last financial year \$2.69m of capital projects had budgets carried forward.

At the end of each financial year there are projects which are either incomplete or not commenced due to planning issues, weather delays, extended consultation or other delays.

The following capital projects have had budgets carried forward from 2013/14 to 2014/15. These include:- Coal Creek (\$108,000), Betterment works (\$280,000), Information Services (\$132,000), Roads rehabilitation program (\$567,000), Koonwarra landfill (\$357,000), Meeniyan Dumbalk Football / Netball club (\$20,000), Station Road Foster footpath (\$23,000), Child Care Hub Korumburra (\$200,000), Kindergarten playground replacement program (\$15,000), Waratah Caravan Park Rotunda and camp kitchen (\$50,000), playgrounds a program (\$50,000), TP Taylor reserve (\$112,000), Anderson St Town entrance Leongatha (\$11,000), Station Street Korumburra (\$58,000) and Deviation of Koonwarra Pound Creek Road (21,000).

Section 7.2 contains further details on capital works funding. There is no amount shown as cash held to fund carry forward works at 30 June 2015, as it is expected that the capital works budget in the 2014/15 financial year will be fully completed.

## 7.2 Funding Sources

Sources of Funding	Reference	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
Grants	7.2.1	3,453	4,812	1,359
Contributions	7.2.2	60	-	(60)
Borrowings	7.2.3	-	-	-
Council cash				
-operations	7.2.4	7,003	8,262	1,259
-proceeds on sale of assets	7.2.5	731	913	182
-reserve cash and investments	7.2.6	2,116	1,489	(627)
<b>Total funding sources</b>		<b>13,363</b>	<b>15,476</b>	<b>2,113</b>

### 7.2.1 Grants (\$4.81m)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for the Roads to Recovery funding (\$1.64m) and Child Care Hub Korumburra (\$3.16m).

### 7.2.2 Contributions (\$Nil)

Capital contributions include all monies received from community sources for the purposes of funding the capital works program. There are no contributions budgeted to be received for capital works in 2014/15.

### 7.2.3 Borrowing (nil movement)

There are no borrowings budgeted for in the 2014/15 financial year for capital projects.

### 7.2.4 Council Cash - Operations (\$8.26m)

During the year Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$8.26m will be generated from operations to fund the 2014/15 capital works program (after allowing for capital grants and contributions as discussed in Section 7.2.1 and 7.2.2). Refer section 6. 'Analysis of Budgeted Cash Position' for more information on funds from operations.

### 7.2.5 Council Cash - Proceeds from Sale of Assets (\$913,000)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$254,000 for plant sales, \$402,000 for vehicle sales and general land sales of \$257,000.



### **7.2.6 Council Cash - Reserve Cash and Investments (\$1.49m)**

Council has significant cash reserves, which it is currently using to fund its annual capital works program. For 2014/15 \$1.49m will be used to fund part of the capital works program including the Henry's Road Nyora (\$46,000), Caravan Parks (\$1.32m), and the Municipal Precinct Investigation (\$119,000).

## 8. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2013/14 and 2014/15.

### 8.1 Budgeted Balance Sheet

	Reference	Forecast Actual 30 Jun 14	Budget 30 Jun 15	Variance
		\$'000	\$'000	\$'000
<b>Current</b>				
Assets	8.1.1	15,546	16,024	478
Liabilities	8.1.2	(12,741)	(9,064)	3,677
<b>Net current assets</b>		<b>2,805</b>	<b>6,960</b>	<b>4,155</b>
<b>Non Current</b>				
Assets	8.1.3	520,543	533,595	13,052
Liabilities	8.1.4	(1,003)	(4,407)	(3,404)
<b>Net non current assets</b>		<b>519,540</b>	<b>529,188</b>	<b>9,648</b>
<b>Net assets</b>		<b>522,345</b>	<b>536,148</b>	<b>13,803</b>
<b>Equity</b>				
Accumulated surplus		190,780	195,666	4,886
Reserves		331,565	340,482	8,917
<b>Total equity</b>	<b>8.1.6</b>	<b>522,345</b>	<b>536,148</b>	<b>13,803</b>

#### 8.1.1 Current Assets (\$478,000 increase)

The current assets are projected to be greater than 2013/14, the main contributor being a \$488,000 increase in the cash position. A more detailed analysis of this change is included in section 6. 'Analysis of Budgeted Cash Position'. Rate and other debtors are not expected to change significantly.

#### 8.1.2 Current Liabilities (\$3.68m decrease)

There is a decrease of \$3.68 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to reclassifying \$3.35m current liability loan obligations to a non current liability as a result of converting its borrowing into a 5 year bond. A more detailed analysis of loan obligations is included in Section 13.

#### 8.1.3 Non Current Assets (\$13.05m increase)

The increase in non-current assets is due to the net result of the capital works program (\$15.48m), revaluation of infrastructure assets (\$7.72m), gifted and donated assets (\$1.34m), the depreciation of all non-current assets with the exception of land (\$10.86m) and the written down value of property, plant and equipment sales (\$623,000).

#### 8.1.4 Non Current Liabilities (\$3.40m increase)

The increase in movements in non-current liabilities is due to converting its borrowing into a 5 year bond. This turns the current liability into a non current liability.

#### 8.1.5 Working capital (\$487,000 decrease)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

	Forecast Actual 2014 \$'000	Budget 2015 \$'000	Variance \$'000
<b>Current assets</b>	15,546	16,024	478
<b>Current liabilities</b>	12,741	9,064	3,677
<b>Working capital</b>	2,805	6,960	4,155
Restricted cash and investment current assets			
- Statutory reserves	581	-	581
- Cash held to fund carry forward capital works	1,999	-	1,999
- Trust funds and deposits	529	529	0
<b>Unrestricted working capital</b>	<b>(304)</b>	<b>6,431</b>	<b>6,735</b>
- Discretionary reserves	65	1,846	(1,781)
<b>Underlying working capital</b>	<b>(369)</b>	<b>4,585</b>	<b>4,954</b>

It should be noted that the technical classification of the \$3.35m borrowings all as a current liability as at 30 June 2014 distorts the underlying working capital ratio. If that is excluded, the underlying working capital ratio for 2014 would be \$2.98m.

In addition to the restricted cash shown above, Council is also projected to hold \$1.85 million in discretionary reserves at 30 June 2015. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

#### 8.1.6 Equity (\$13.80m increase)

The increase in the accumulated surplus is impacted by the budgeted Comprehensive surplus of \$13.80m.

In addition to this overall change in Equity, \$3.84m will be transferred from the accumulated surplus to internal reserves. \$2.64m will be transferred out of the internal reserves to the accumulated surplus.

As these transfers are movements between balances within equity, it has no effect on the total balance of equity. A more detailed analysis of reserve transfers is included in section 6.2.2 Discretionary Reserves.

## **8.2 Key assumptions**

In preparing the budgeted Balance Sheet for the year ended 30 June 2015 it was necessary to make a number of assumptions about key assets, liabilities and equity balances. The key assumptions are as follows:

- The collection level of rates and charges that will be collected in 2014/15 will be at similar levels to that of previous years;
- Trade creditors and other creditors and debtors to remain consistent with 2013/14 levels;
- Proceeds from the sale of property in 2014/15 will be received in full in 2014/15;
- Employee entitlements to be increased to allow for wage movements. No increase in the average rate of leave taken is expected;
- Repayment of loan principal is to be \$nil;
- Total capital expenditure to be \$15.48m;
- A total net \$1.20m to be transferred to internal reserves to accumulated surplus; and
- \$4.81m in capital grants will be received by 30 June 2015.

## 9. Financial Strategy, Long Term Financial Plan and Strategic Resource Plan

### 9.1 Long Term Financial Plan and the Concept of Sound Financial Management

Council is required by the *Local Government Act 1989* to prepare a Strategic Resource Plan covering both financial and non-financial resources for at least the next four financial years to support the Council Plan. The Act also requires Council to comply with the following *Principles of Sound Financial Management*:

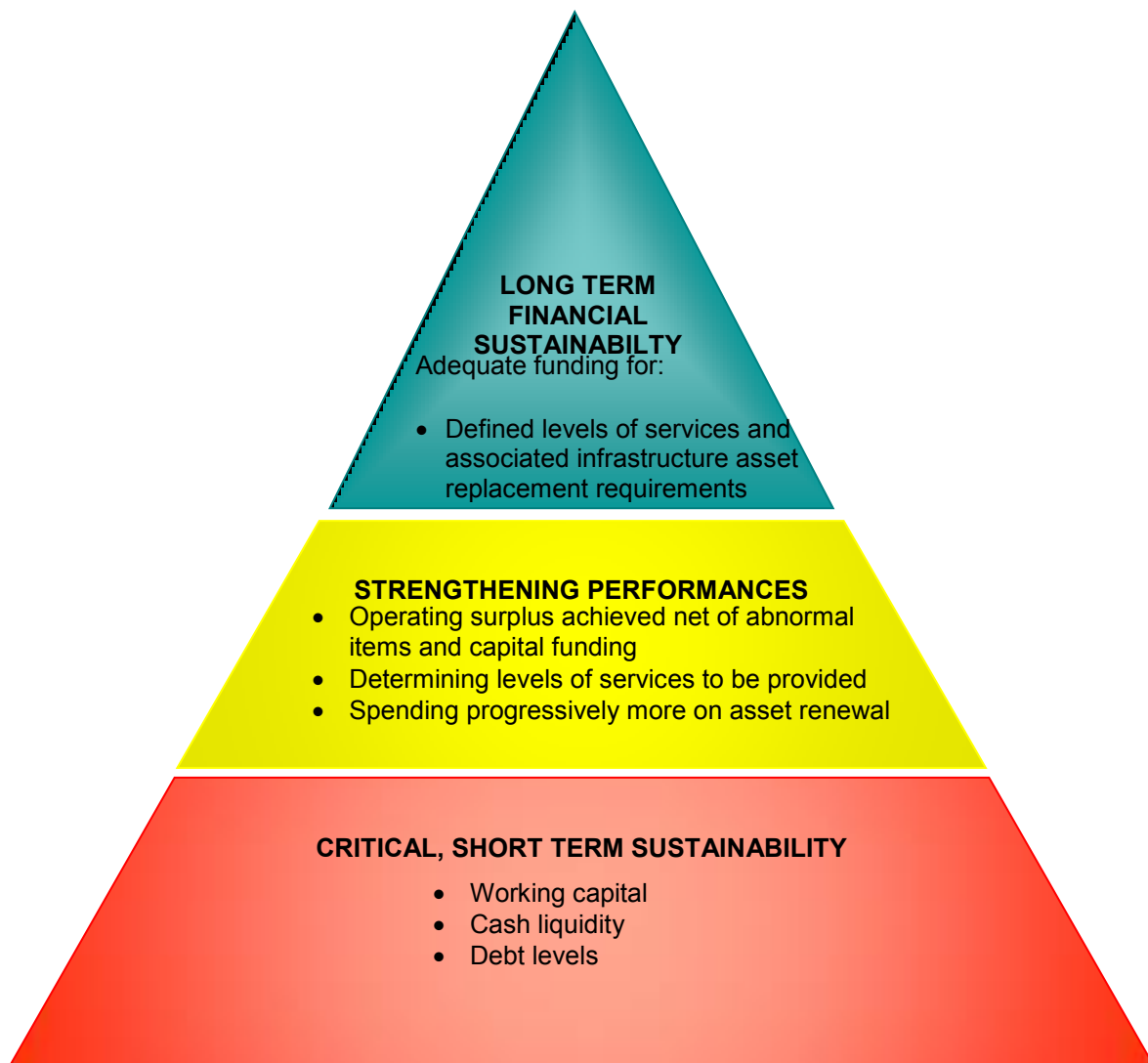
- 'Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information'.

The Standard Statements in the Strategic Resource Plan are a subset of the 15 year Long Term Financial Plan.

A high level 10 year Long Term Financial Plan was first developed by Council in 2003. It has been reviewed and refined every year since. This 15 year Long Term Financial Plan for the years 2014/15 to 2028/29 has been further refined as part of Council's strategic financial planning framework. It ensures that Council adopts a financially responsible and accountable Annual Budget and Strategic Resource Plan that sits within a longer term framework.

The budgeted financial statements of the Long Term Financial Plan are in Appendix D.

Sound financial management can best be described as a series of financial objectives classified on a hierarchical needs basis, as shown in the pyramid diagram on the following page:



The bottom tier's financial objective 'Critical Short Term Sustainability' relates to issues of liquidity, debt ratios and working capital, which are fundamental to good business planning. In order for Council to operate successfully, it is essential that these 'fundamentals' are both understood and adhered to.

Second tier financial objectives focus on continuing to produce progressively improving financial outcomes to strengthen Council's financial position. It is vitally important to define and then consistently achieve planned operational and financial outcomes, before seriously beginning to attempt to address the ultimate third tier goal of 'Long Term Financial Sustainability'.

This is achieved when adequate funding is being provided in current and forward budgets for a defined level of services, including associated infrastructure asset requirements, which the community is satisfied with and prepared to pay for.

A financially sustainable council would be capable of:

- Providing and funding the service needs of its community;

- Meet contingencies without needing to make radical changes to spending and / or revenue policies;
- Maintain stability and equity in rating levels; and
- Preserve intergenerational equity.

When developing long term financial plans it is important that an assessment is made of the community's capacity and preparedness to pay for current and desired service expectations.

There needs to be an informed understanding of what is the sustainable financial capacity of Council's community. It is important to consider the inherent structural characteristics of the community, namely the community income and population, on Council's ability to raise revenue and contain costs.

Similarly, it is important that Council's corporate performance to plan and provide services and assets to its community is both transparent and measurable.

The assessment of the community's capacity to pay for service level requirements and the effectiveness and efficiency of Council planning and delivering planned outcomes are fundamental precursors to developing and then performance managing long term financial plans.

## **9.2 Key Financial Strategy**

The Financial Strategy developed and adopted by Council aligns with the financial objectives in the 'financial pyramid'. They are in effect business rules. Logic being, keep to the rules and over a period of time the financial objectives will be achieved. The financial strategies that underpin the development of the Long Term Financial Plan, Strategic Resource Plan and Annual Budget include:

1. Target consistent underlying surpluses that provide sufficient funds for both recurrent service level and asset renewal and upgrade requirements.
2. Target the Balance Sheet having at least a 1.5 to 1 underlying working capital ratio in the Long Term Financial Plan.
3. Transfers to discretionary reserves will only be included in the Annual Budget if matched by an equivalent budgeted underlying surplus in the Income Statement to preserve the accumulated surplus position of Council.
4. Material favourable budget variations realised at year's end in a given financial year will be allocated to a general reserve (unless required to finance projects deemed as 'unavoidable') that can be used as a funding source for future one off, unexpected or unavoidable costs.
5. Annual transfers of equivalent to 1.0% of rate income are made to the general reserve.

6. Annual transfers equivalent to the average interest earned on investments during the financial year are made to all reserves (General Reserve excepted) and to the General Reserve in later years when it is financially viable to do.
7. Budgeted underlying cash at the end of each year shall be measured by referencing it against the underlying working capital ratio in the Long Term Financial Plan.
8. Service level funding gaps will be identified and classified as primary or secondary in nature to clearly distinguish the cash flow requirements of maintaining existing service levels (primary gaps) and for service level enhancements (secondary gaps).
9. A series of key financial performance indicators, with appropriate threshold targets, will be utilised to strategically analyse the financial integrity of the Plan. These include:
  - underlying working capital ratio – greater than 1.5
  - underlying result – greater than 0.0
  - financial sustainability indicator – greater than 95%
  - self-financing greater than 20%
  - indebtedness – less than 40%
  - total debt as a % of rate revenue – less than 60%
  - debt service costs as a % of total revenue – less 5%
10. The amount of asset renewal funding required to maintain specified service levels as documented in asset management plans will be updated into the Long Term Financial Plan, subject to the available resource requirements, to ensure that the financial integrity of the plan is not compromised.
11. Any new capital work (capital extension) proposals must include a lifecycle cost evaluation that identifies the asset's construction, maintenance and operating cash flow requirements as well as the depreciation impact.
12. Capital income must only be utilised as a funding source for capital or 'one off' expenditure requirements.
13. Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.
14. For borrowings to be considered, projects must have had a full lifecycle cost analysis undertaken, proving that future cash inflows will exceed the cash outlays, or alternatively that the additional costs are quantified in the Long Term Financial Plan and the integrity of the financial strategies are not compromised.
15. Where reasonably possible, fees and charges are increased by the same general rates increase until full cost recovery is achieved for direct service provision. Any fees that are not increased in line with the planned rate rise be clearly identified and documented for Council's consideration.



16. Council consider the most appropriate rating strategy to provide adequate funds to:
- achieve sustainable underlying surpluses;
  - achieve sustainable cash flows; and
  - fund capital renewal projects;

in both the Annual Budget and Long Term Financial Plan to support defined service and infrastructure asset requirements.

### **9.3 Budgeting Methodology for the Long Term Financial Plan**

The Long Term Financial Plan has been prepared at the lowest accounting level within the Council's general ledger system. At this level, certain accounts were coded for manual adjustment rather than broad percentage increases. For example, election expenses occur only once every four years. It is therefore not possible to simply multiply the previous year's base by a percentage and achieve the same outcomes as presented.

The Long Term Financial Plan also takes past, current and future economic forecasts into consideration. For instance, Australia and South Gippsland were not immune from the impact of the global financial crisis that occurred in mid 2008. From a Shire wide perspective there was a significant impact on global demand for milk products and the flow on impact of milk prices paid to dairy farmers.

Although it is broadly acknowledged that the world is now in a recovery phase, Australia did not fair too badly in relative terms but it needs to be noted that economically speaking, the world situation is still somewhat fragile.

Similarly from a Council perspective, there was great concern about the potential likelihood of all councils to contribute to unfunded defined superannuation contributions. In August 2012 there was a call for all Victorian councils to make contributions to the defined benefits unfunded liabilities. South Gippsland Shire Council's share was \$4.61m.

The Australian Prudential Regulation Authority has introduced a new Prudential Standard to assess the market value of assets in defined benefit superannuation funds. The budget impact for South Gippsland is the likelihood of further more frequent calls being made upon Council to fund defined benefits superannuation liabilities.

Council's strategic response includes the following:

- Actively plan to financially accommodate any calls for funds by allocating funds on an annual basis to a General Reserve; and
- Minimise the rate rise as much as practically possible and not compromise the financial integrity of the financial strategies and plan.

The financial modelling used in the Long Term Financial Plan utilises both Commsec and the Reserve Bank's economic forecasts.

The Reserve Bank of Australia target rate for inflation (as measured in the CPI), is that it remains between 2% and 3%.

CommSec forecasts that inflation will be 2.7% for 2014/15, increasing in the following financial year to 2.9%.

The base point used for modelling forward budgets has been the last financial year's Long Term Financial Plan.

Where an inflation movement has been used in material and consumable calculations, it has been modelled at being 2.5% in 2014/15. In the following years, the default inflation index in the Long Term Financial Plan has been modelled to remain at 2.5% per annum.

Commsec Wages Prices Index project a 3.4% movement to occur in 2014/15 and then to increase to 3.8% in following years. Council is party to Enterprise Agreement that remains in force until June 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year

The employee costs for 2014/15 and forward budgets have also been adjusted to take into account Enterprise Agreement wage movements and banding movements. It also has factored in the increase in superannuation contributions from 9% to 12% by July 2019.

Program service delivery areas that include construction type projects will have a tendency to have costs that increase more than CPI. The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria increased by 3.3% for the year on year period ending December 2013.

The budgeting methodology used in the capital works program depends on the nature and timing of the projects. For the majority of infrastructure projects that occur yearly, such as roads, bridges culverts and drains, the costing in future years is based on an indexed increase of 3.80% per annum. The increase over and above the Road Bridge Construction Index allows for regional cost impacts of the closed quarry and creates a conservative buffer for the forward capital works program.

In the later years of the Long Term Financial Plan there are pools of funds allocated for various asset classes.

As the 15 year capital works program stabilises, one would anticipate that this would allow the Engineering Services Directorate to schedule and prioritise design work and as a result, further refine the required budgets for individual projects. This would be reflected in subsequent versions of the Long Term Financial Plan produced in future years.

Fees and charges increases are generally modelled to increase by greater than CPI until full cost recovery is achieved for the direct costs of service provision.

The rationale for rate rises being above CPI and inflation indexes is to generate progressively increasing revenue streams to fund a steadily increasing capital works program and increasing service level requirements.

In past budgets, the modelling had only allowed, in a very limited manner, a growth inflator for income and associated costs to cater for increased population growth. This current Annual Budget and Long Term Financial Plan has allowed for a growth factor of 200 additional supplementary valuations each year. This has a significant compounding impact on rate income in the forward budgets. If the projected property activity does not eventuate, the forward income projections will have to be adjusted accordingly.

#### 9.4 Key Financial Performance Indicators

Council uses a series of key performance indicators to assess the financial integrity of the budgeted financial statements in the Long Term Financial Plan.

They are not dissimilar to the indicators that the Victoria Auditor General’s Office uses to assess the financial sustainability of all Victorian councils. In fact Council can and does have the ability to set some additional and in some instances more sophisticated performance measures. The underlying operating and working capital Key Performance Indicators are examples of technically more sound and therefore more appropriate indicators.

Listed on the following pages are the financial performance indicators including a brief description of what is measured, why and the relevant thresholds.

#### Financial Performance

##### Underlying result

<b>Adjusted net surplus / underlying revenue</b>		
Adjusted net surplus is underlying revenue less expenses		
Underlying revenue does not include developer contributions and capital grants		
<b>Measures strength of financial result</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	>0	Low risk of financial sustainability concerns
Yellow	0 - (-10)%	Risk of long term run down of cash reserves and inability to fund asset renewals
Red	>(-10%)	Insufficient revenue to fund operations and asset renewal

## Underlying Working Capital

<b>Current assets / current liabilities</b>		
Current assets as per Balance Sheet not including cash backed reserves		
Current liabilities as per Balance Sheet		
<b>Measures ability to pay existing liabilities</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	> 1.5	Low risk of financial sustainability concerns
Yellow	1.0 - 1.5	Caution with cash flow as issues could arise with meeting obligations as they fall due
Red	<1	Immediate sustainability issues with insufficient current assets to cover liabilities

## Funding Capacity

### Self-financing

<b>Net operating cash flows / underlying revenue and capital grants</b>		
Net operating cash flows as per Cash Flow Statement		
Underlying revenue does not include developer contributions		
<b>Measures ability to self-fund asset replacement</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	>20%	Generating enough cash from operations to fund assets
Yellow	10% - 20%	May not be generating sufficient cash from operations to fund new assets
Red	<10%	Insufficient funds from operations to fund new assets and renewals

## Sustainability Index

<b>Capital spend / depreciation</b>		
Capital renewal and upgrade spend as per Cash Flow Statement		
Depreciation as per Income Statement		
<b>Measures level of spending on assets</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	>100%	Low risk of insufficient spending on asset renewal and upgrades
Yellow	90%-100%	May indicate that spending on asset renewals is insufficient
Red	<90%	Spending on asset renewals and upgrades has not kept pace with consumption of assets

At best this is a poor ad hoc asset spend indicator. It is useful in that it assesses financial 'spend effort' over a period of time. Ideally this should in time be replaced by ratio analysis of 'Written Down Value' to 'Replacement Value' when credible consumption based depreciation is introduced.

## Borrowing capacity

### Indebtedness

<b>Non current liabilities / own sourced revenue</b>		
Non current liabilities as per Balance Sheet		
Own sourced revenue does not include operational and capital grants and contributions		
<b>Measures ability to cover long term liabilities from own revenue</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	<40%	No concern over the ability to repay debt from own source revenue
Yellow	40%-60%	Some concern over the ability to repay debt from own source revenue

Red	>60%	Potential long term concern over the ability to repay debt levels from own source revenues
-----	------	--

<b>Total Debt as a % of rate revenue</b>
--

Includes current and non current liabilities in Balance Sheet
---

Rate income as per Income Statement
-------------------------------------

<b>Measures level of rate income relative to total debt</b>
---

Indicator	Range	Comment
Green	<60%	Reasonable reliance on rate revenue to fund debt
Yellow	40%-60%	Undesirable reliance on rate revenue to fund debt
Red	>60%	Unsustainable reliance on rate revenue to fund debt

<b>Debt servicing costs as a % of total revenue</b>
---

Borrowing cost expenses as per Income Statement
---

Total revenue in Income Statement not including donated assets and gain/loss on asset disposals
---

<b>Measures portion of revenue committed to fund debt finance costs</b>
---

Indicator	Range	Comment
Green	<5%	Reasonable proportion of total revenue to fund debt finance costs
Yellow	5%-10%	Undesirable reliance on proportion of total revenue to fund debt finance costs
Red	>10%	Unsustainable reliance on proportion of total revenue to fund debt finance costs

The table below shows a series of key performance indicators to assess the financial integrity of the budgeted financial statements in the Long Term Financial Plan. They are not dissimilar to the indicators that the Victoria Auditor General’s Office uses to assess the financial sustainability of all Victorian Councils.

2014/15 Budget	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Financial performance</b>																
Underlying result	-9.02%	-0.11%	2.81%	2.19%	4.13%	4.55%	5.27%	5.67%	5.55%	13.41%	5.83%	6.07%	6.75%	7.10%	7.59%	7.87%
Underlying Working Capital	1.17	1.56	1.01	1.06	1.38	1.54	2.09	1.52	1.17	1.89	1.70	1.66	1.94	2.04	1.84	1.90
<b>Funding capacity</b>																
Self-financing	15.76%	24.16%	25.00%	26.08%	26.85%	27.79%	28.04%	28.87%	29.78%	25.56%	31.39%	32.19%	32.59%	33.35%	33.84%	33.74%
Sustainability Index	108%	132%	136%	102%	92%	85%	90%	158%	98%	127%	128%	91%	113%	124%	138%	130%
<b>Borrowing capacity</b>																
Indebtedness	2.51%	10.28%	8.21%	8.11%	7.80%	1.23%	1.31%	1.40%	1.48%	1.40%	1.64%	1.71%	1.77%	1.84%	1.91%	1.97%
Total Debt as a % of Rate revenue	9.94%	9.39%	8.88%	8.41%	7.98%	7.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.25%	0.23%	0.25%	0.24%	0.23%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Ratios coloured red indicate either short term / immediate sustainability concerns, yellow denotes medium risk and green low risk.

The ‘Underlying Result’ compares recurrent income and recurrent expenditure. The underlying result is forecast to be in the yellow zone in 2013/14 and 2014/15. From 2015/16 and all the forward budgets it is projected to be in the green zone.

The ‘Underlying Working Capital’ assesses Balance Sheet strength and in particular Council’s ability to pay existing liabilities. In the forward plan the ratio falls below the strategic target of 1.50 to 1 from 2015/16 through to 2017/18. Although it does not present as an immediate financial concern it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in that period of time. The ratio again falls below the strategic target in 2021/22.

The ‘Self Financing’ indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the yellow zone for 2013/14. The ratio is impacted by the prepayment of half of its Victoria Grants Commission allocation in the preceding 2012/13 financial year. This does not present as a strategic concern. From 2014/15 and beyond, the ratio is projected to be in the green zone.

The ‘Sustainability Indicator’ assesses asset renewal and upgrade expenditure spend effort over a period of time. It is forecast to be in the green zone for 2013/14 and forward budgets up until and including 2016/17. In the following years it fluctuates between the green and yellow zone and even dips into the red zone in 2018/19 before stabilising again in the green zone. This does not present as a strategic concern. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

The three borrowing capacity indicators, 'Indebtedness', 'Total Debt as a percentage of Rate Revenue' and 'Debt Servicing Costs as a percentage of Total Revenue' are forecast to be in the green zone for 2013/14 and all the forward budgets.

The key financial performance indicators in the Long Term Financial Plan serve as very important lead indicators to identify future years' financial ramifications of decisions that are made in the present period. Longer term, the trend is positive. Depending on Council's future service level and asset funding requirements there is a potential to further moderate rate rises from around 2018/19. However it needs to be noted that the capital income streams in the later years may be a little ambitious and in future years may need to be revised down.

The financial performance indicators for the preceding year's Long Term Financial Plan are shown below:

<b>2013/14 Original Budget</b>	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Financial performance</b>																
Underlying result	-9.70%	4.37%	4.95%	6.93%	7.47%	8.01%	8.16%	8.94%	9.34%	22.87%	10.30%	10.67%	11.46%	12.10%	12.9%	
Underlying Working Capital	1.44	1.31	1.33	1.46	1.76	1.78	2.18	1.70	1.48	2.16	1.78	1.92	2.35	2.50	2.38	
<b>Funding capacity</b>																
Self-financing	16.99%	29.49%	26.94%	30.19%	29.08%	30.12%	30.47%	32.16%	32.86%	33.32%	34.81%	35.17%	35.91%	36.45%	37.10%	
Sustainability Index	133%	159%	138%	115%	103%	107%	123%	161%	106%	175%	165%	95%	129%	149%	167%	
<b>Borrowing capacity</b>																
Indebtedness	8.27%	6.58%	5.14%	3.74%	2.41%	1.19%	1.26%	1.33%	1.40%	1.23%	1.54%	1.60%	1.67%	1.73%	1.78%	
Total Debt as a % of Rate revenue	10.35%	8.17%	6.35%	4.60%	2.96%	1.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Debt servicing costs as a % of Total revenue	0.37%	0.28%	0.24%	0.18%	0.13%	0.08%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

The table below shows the variance between the two plans:

<b>Variation of 2014/15 to 2013/14 Budget</b>	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>Financial performance</b>																
Underlying result	0.67%	-4.48%	-2.14%	-4.74%	-3.34%	-3.46%	-2.89%	-3.28%	-3.79%	-9.46%	-4.47%	-4.60%	-4.72%	-5.00%	(0.05)	0.09
Underlying Working Capital	(0.27)	0.25	(0.32)	(0.40)	(0.38)	(0.23)	(0.09)	(0.19)	(0.31)	(0.27)	(0.08)	(0.26)	(0.41)	(0.46)	(0.54)	0.56
<b>Funding capacity</b>																
Self-financing	-1.24%	-5.34%	-1.94%	-4.12%	-2.24%	-2.34%	-2.43%	-3.30%	-3.08%	-7.76%	-3.42%	-2.98%	-3.32%	-3.10%	(0.03)	0.05
Sustainability Index	-25.25%	-27.37%	-1.42%	-13.64%	-11.21%	-22.14%	-32.70%	-2.94%	-8.18%	-48.57%	-36.97%	-3.40%	-15.92%	-25.09%	(0.29)	0.54
<b>Borrowing capacity</b>																
Indebtedness	-5.77%	3.69%	3.07%	4.37%	5.39%	0.04%	0.05%	0.07%	0.07%	0.17%	0.10%	0.10%	0.11%	0.12%	0.00	(0.06)
Total Debt as a % of Rate revenue	-0.41%	1.22%	2.53%	3.81%	5.01%	6.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
Debt servicing costs as a % of Total revenue	-0.12%	-0.05%	0.01%	0.06%	0.10%	0.15%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-

Overall, the proposed plan for 2014/15 has parity with the previous year's plan. The forward financial performance indicators are generally weaker in the 2014/15 Long Term Financial Plan when benchmarked against the 2013/14 plan.



Council made a deliberate decision to trend down current and future rates and charges rises. This was achieved by a combination of reducing the funding requirements for the future capital works programs as well as taking into account some productivity savings identified in 2013/14. The capital works program reduced funding requirements lessened its reliance on having to generate cash flows from its operating activities. This enabled the current and future projected rates and charges rises to be tapered down.

As expected this has a weakening impact on financial indicators. This does not present as a strategic concern. The resulting key financial performance indicators for the 2014/15 Long Term Financial Plan are within tolerable limits

The following financial indicators are used as measures for the 2014/15 Annual Budget.

- Indebtedness 10.28%;
- Underlying working capital ratio 1.56;
- Self-financing 24.16%;
- Investment gap 1.32; and
- Underlying result (-0.11)%.

Target: Weighted average of key financial ratios is greater than or equal to 98%.

## 9.5 Financial Resources – Four Year Strategic Resource Plan

The key outcomes of the four year Strategic Resource Plan are as follows:

- **Financial sustainability (section 6)** - Cash and investments is forecast to increase over the four year period from \$9.66 million to \$13.55 million, Brought about by successive years of producing operating surpluses.
- **Rating levels (section 12)** – Modest rate increases are forecast over the four years 4.13% in 2014/15, 5.29% in 2015/16, 4.83% in 2016/17 and 4.59% in 2017/18 which is below that expected of comparable councils.
- **Service Levels (section 3)** – An additional \$500,000 per annum has been allocated to the re-sheet program. This enables the re-sheet cycle to be changed from 19 years to 14 years. All other service levels have been maintained throughout the four year period. Operating surpluses are projected to gradually increase over the four year period. Aside from 2014/15 Council is also projecting to produce underlying surpluses in the following three years.
- **Borrowing strategy (section 13)** – Borrowings are forecast to remain at \$3.35m over the four year period.
- **Infrastructure strategy (section 14)** - Capital expenditure over the four year period will total \$62.08m at an average of \$15.52m.

## 9.6 Financial Performance Indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. The financial indicators are the prescribed financial indicators contained in Part 3 of Schedule 3 of the Local Government (Planning and reporting Regulations 2014).

These indicators will be included in Council's Performance Statement included in the Annual Report that is prepared at the end of the 2014/15 financial year.

These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend
			Actual		Projections			
			2013/14	2014/15	2015/16	2016/17	2017/18	+/-
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	(5.8%)	2.6%	5.6%	4.9%	6.6%	+
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	122.0%	176.8%	148.3%	168.0%	216.8%	+
Unrestricted cash	Unrestricted cash / current liabilities		62.7%	58.3%	30.7%	30.5%	62.5%	o
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	9.9%	9.4%	8.9%	8.4%	8.0%	+
Loans and borrowings	Interest and principal repayments / rate revenue		2.7%	0.4%	0.4%	0.4%	0.4%	o
Indebtedness	Non-current liabilities / own source revenue		2.5%	10.3%	8.3%	8.1%	7.7%	+
Asset renewal	Asset renewal expenditure / depreciation	4	103.8%	119.7%	100.8%	94.2%	93.9%	-
<b>Stability</b>								

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend
			Actual		Projections			
			2013/14	2014/15	2015/16	2016/17	2017/18	+o/-
Rates concentration	Rate revenue / adjusted underlying revenue	5	63.0%	59.5%	65.1%	66.3%	66.0%	-
Rates effort	Rate revenue / property values (CIV)		0.50%	0.51%	0.54%	0.56%	0.59%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of assessments		\$2,974	\$3,035	\$2,849	\$2,975	\$3,090	+
Revenue level	Residential rate revenue / No. of residential assessments		\$1,547.0	\$1,610.8	\$1,679.3	\$1,742.9	\$1,804.9	-
Workforce turnover	No. of resignations & terminations / average no. of staff		12.5%	4.2%	4.1%	4.1%	4.1%	o

#### Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

#### Notes to indicators

**1 Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

**2 Working Capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease significantly in 2014/15 year due to a run down in cash reserves to fund the capital program. The trend in later years is to remain steady at an acceptable level.

**3 Debt compared to rates** - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

**4 Asset renewal** - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

**5 Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

## 9.7 Non-Financial Resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. A summary of Council's anticipated human resources requirements for the 2014/15 year is shown below and further detail is included in section 5.3.1 of this budget. A statement of Human Resources is included in Appendix A.

<b>Budgeted Statement of Human Resources</b>					
For the four years ending 30 June 2018					
	Forecast Actual	Budget	Budget	Budget	Budget
	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	21,158	22,241	23,169	24,065	25,173
Employee costs - capital	914	927	970	1,016	1,065
<b>Total staff expenditure</b>	<b>22,072</b>	<b>23,168</b>	<b>24,139</b>	<b>25,081</b>	<b>26,238</b>
<b>Staff numbers</b>					
Employees	256.82	261.49	261.49	261.49	261.49
<b>Total staff numbers</b>	<b>256.82</b>	<b>261.49</b>	<b>261.49</b>	<b>261.49</b>	<b>261.49</b>

## Analysis of Current Long Term Financial Plan to Previous Years Plans

### 9.8 Introduction

South Gippsland Shire Council has been producing strategic financial plans over the past 11 years. The following graphs benchmark the current 2014/15 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

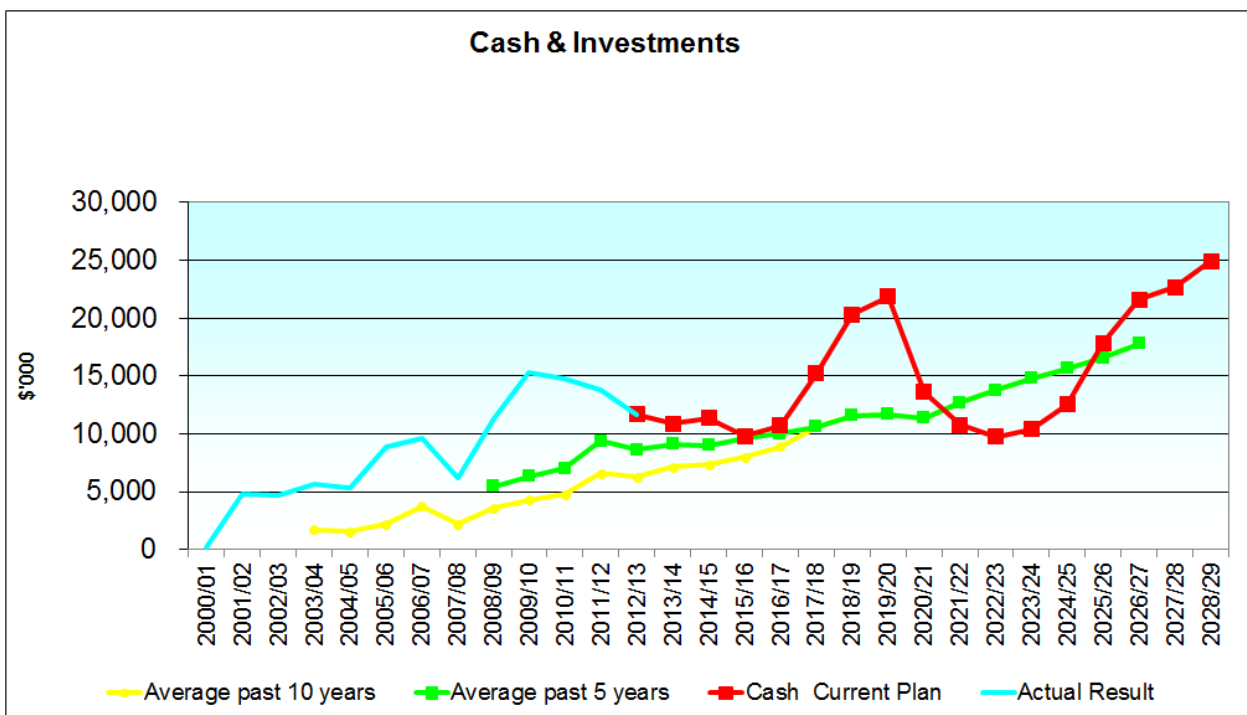
**Average (yellow line)** Average of previous 10 years Long Term Financial Plans.

**Average past 5 years (green line)** Average of previous 5 years Long Term Financial Plans.

**Current plan (red line)** 2014/15 Long Term Financial Plan.

**Actual result (blue line)** Actual past years financial results achieved.

#### 9.8.1 Liquidity



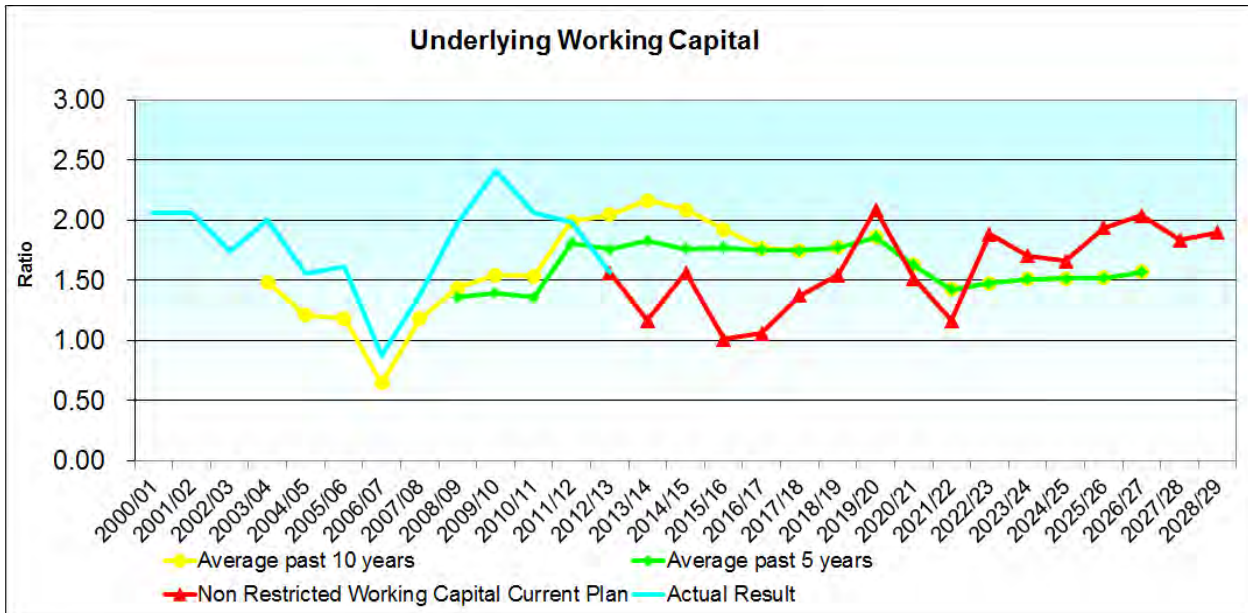
The strategic intent of building up and then utilising cash to pay off long term debt was quite evident leading up to 2007/08.

The objective after reducing debt was to gradually and purposefully build up cash and then in the later years when the working capital position of Council was sufficiently strong, release funds for capital works.

The spike in cash from 2008/09 through to 2012/13 was due to a combination of receiving 'new' grant funds at year end, advanced payment of first quarter Victoria Grants Commission allocations and not completing current work programs within the financial year.

The overall cash position in the forward years in the current plan is stronger than the average of previous plans because the internal reserves are now fully cash backed and long service leave funds are recorded as cash. In past years' financial plans the reserves were notionally expensed in the forward years capital works program. The build up and release of cash in the forward years for capital works requirements is very evident.

### 9.8.2 Underlying Working Capital



The underlying working capital ratio looks at the relativities of unencumbered current assets (not including funds for cash backed reserves) and current liabilities.

The strategic intent of allocating as much possible cash to retire debt in the early years of the Long Term Financial Plan was evident in the declining working capital ratio up until 2006/07. From 2007/08 and onwards, the underlying working capital ratio was purposefully strategically strengthened.

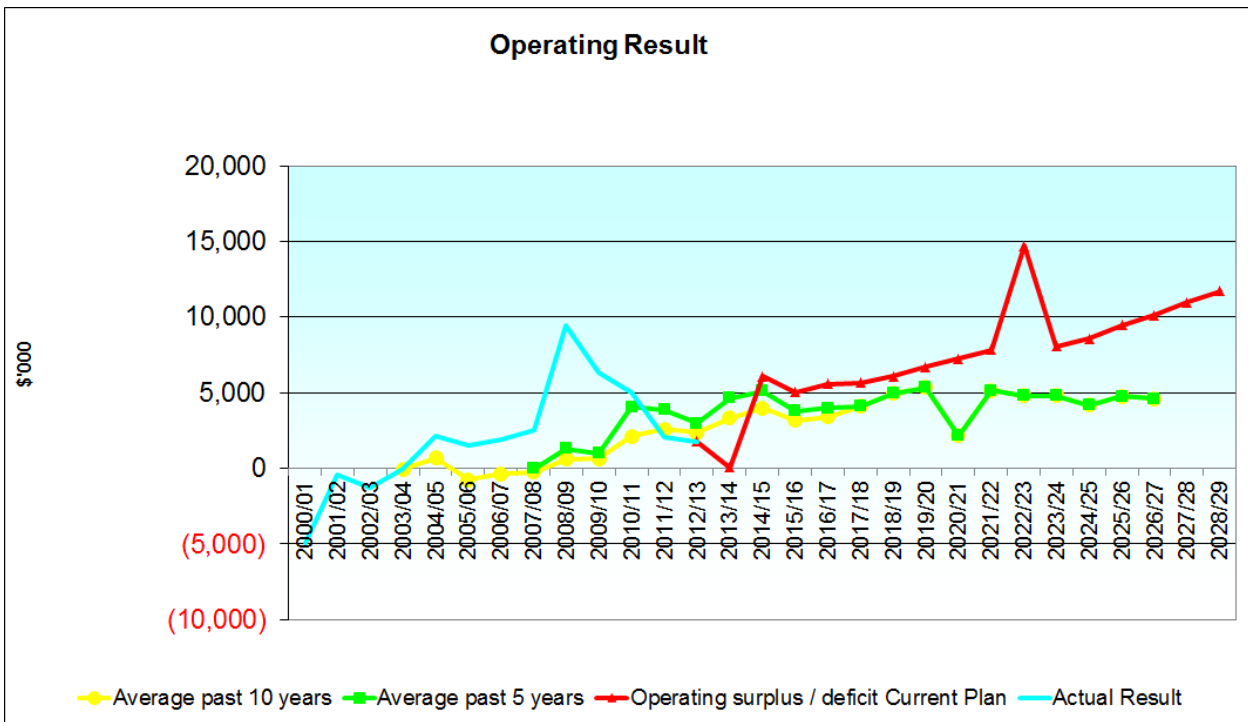
The unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding had an adverse financial impact on the underlying working capital ratio in the immediate years prior to 2013/14.

The current financial plan's underlying working capital is somewhat weaker for 2014/15 and the immediate years following than the average of previous plans. Longer term it achieves parity with the previous plans.

The ratio falls below the strategic target of 1.50 to 1 from 2015/16 through to 2017/178 and once again in 2021/22. Although it does not present as an immediate financial concern, it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may occur from 2014/15 through to 2017/18.

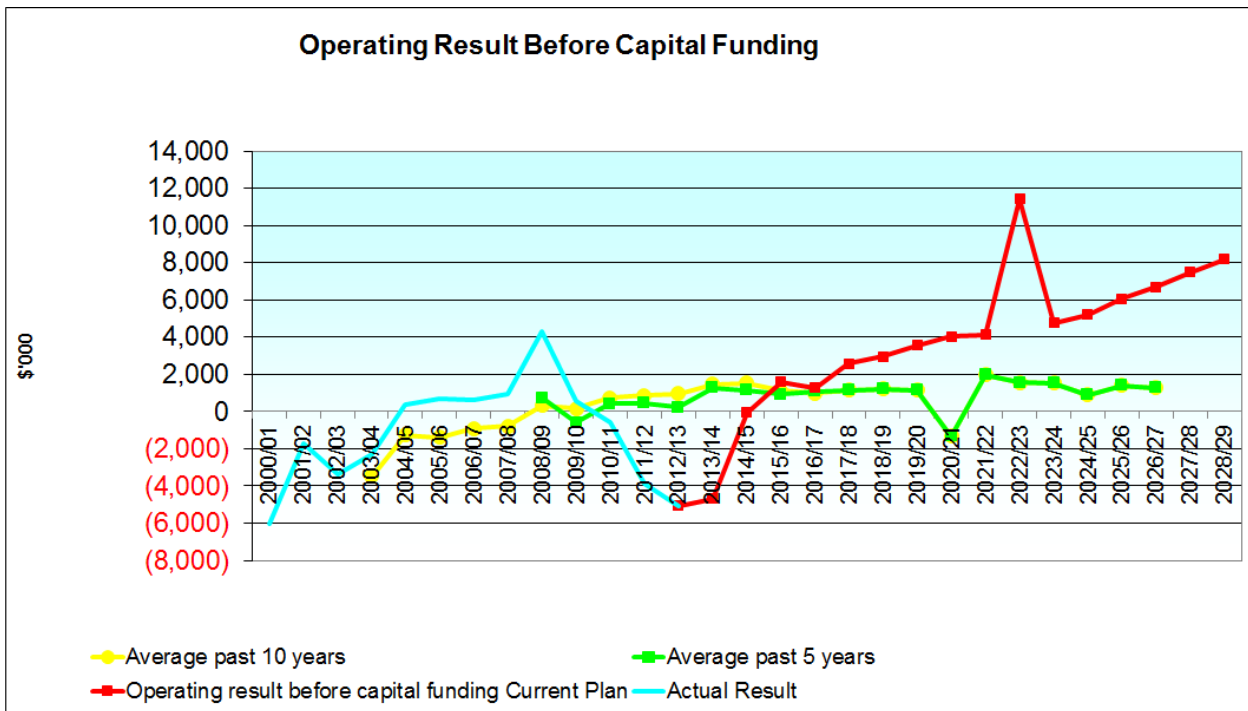
The dips in the later years are attributable to releasing funds to finance substantial capital works projects.

### 9.8.3 Income Statement



The operating result (sometimes referred to as the bottom line or headline result) in the forward budgets in the current plan are generally stronger when compared with previous years plans. It needs to be noted that in the immediate years prior to 2014/15 it was materially lower than the average of the previous plans. Parity with previous years projections is achieved in 2014/15.

Longer term, Council projects strengthening operating results. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project.



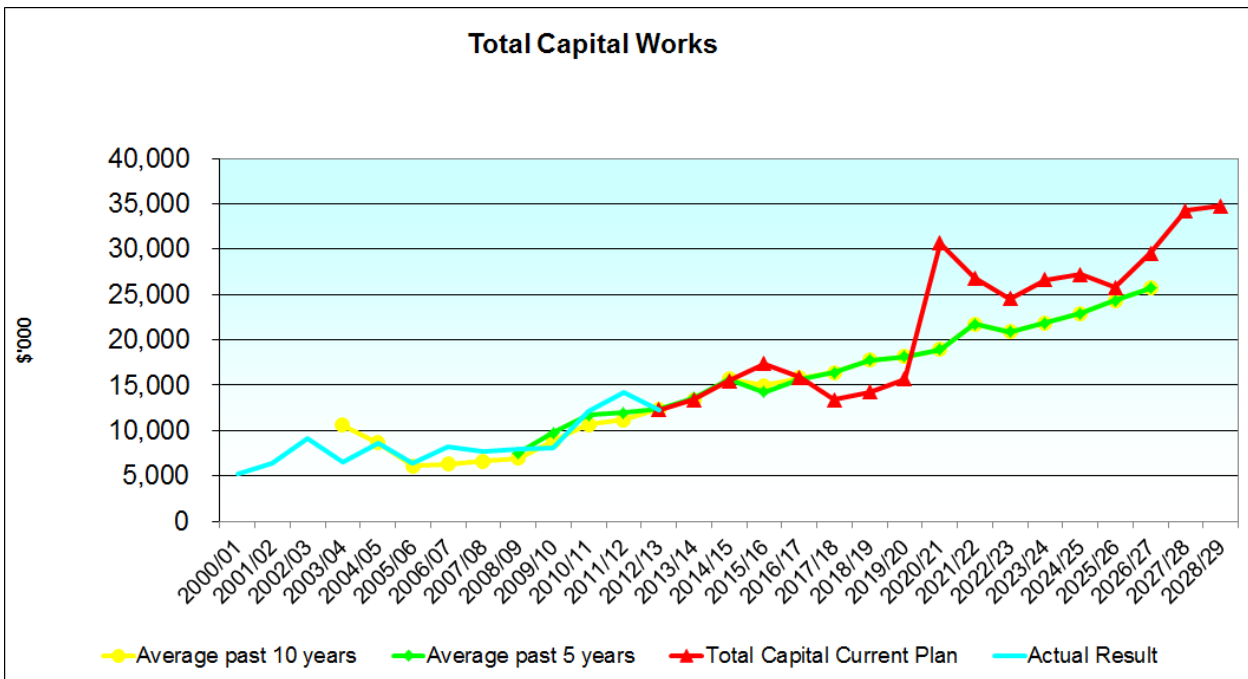
The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue to recurrent expenditure streams in the operating statement.

The graph and explanations for the spikes and dips of the underlying operating result mirrors that of the operating result discussed above.

Very importantly, longer term consistent strengthening underlying surplus results are being projected to occur from 2015/16. In the immediate years this will help restore the underlying working capital ratio in the Balance Sheet, and in later years provide significant levels of funding for a substantially increasing capital works program.

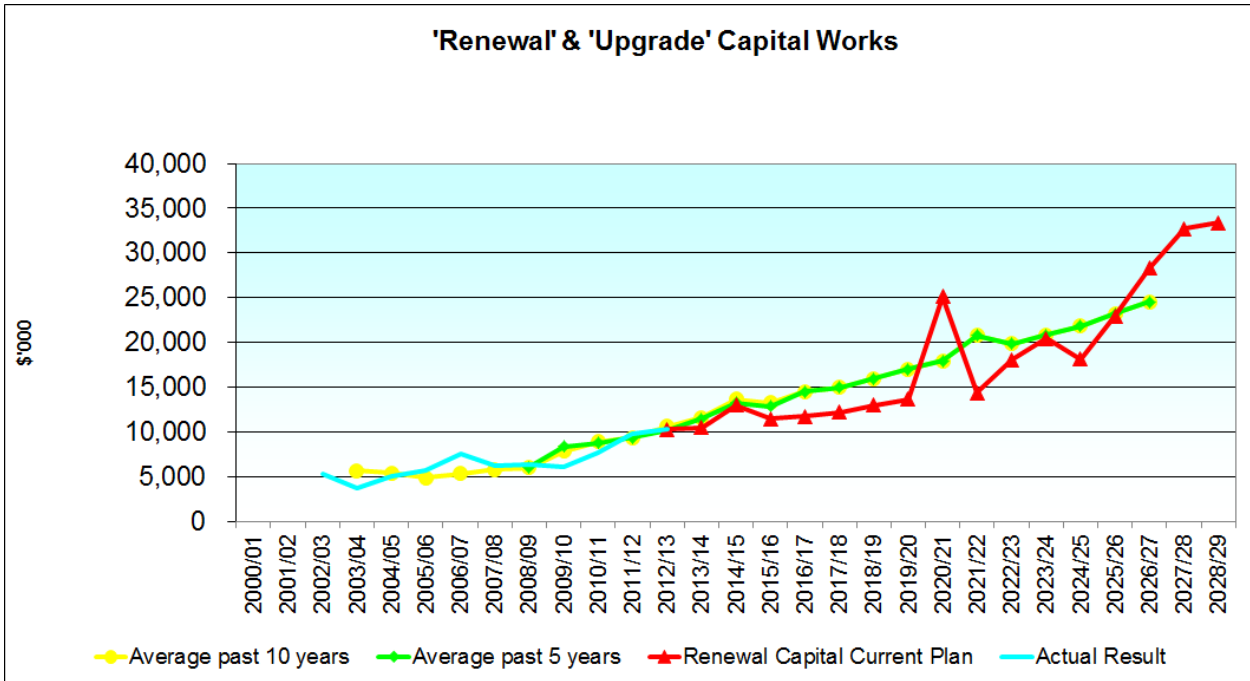


### 9.8.4 Capital Works Program

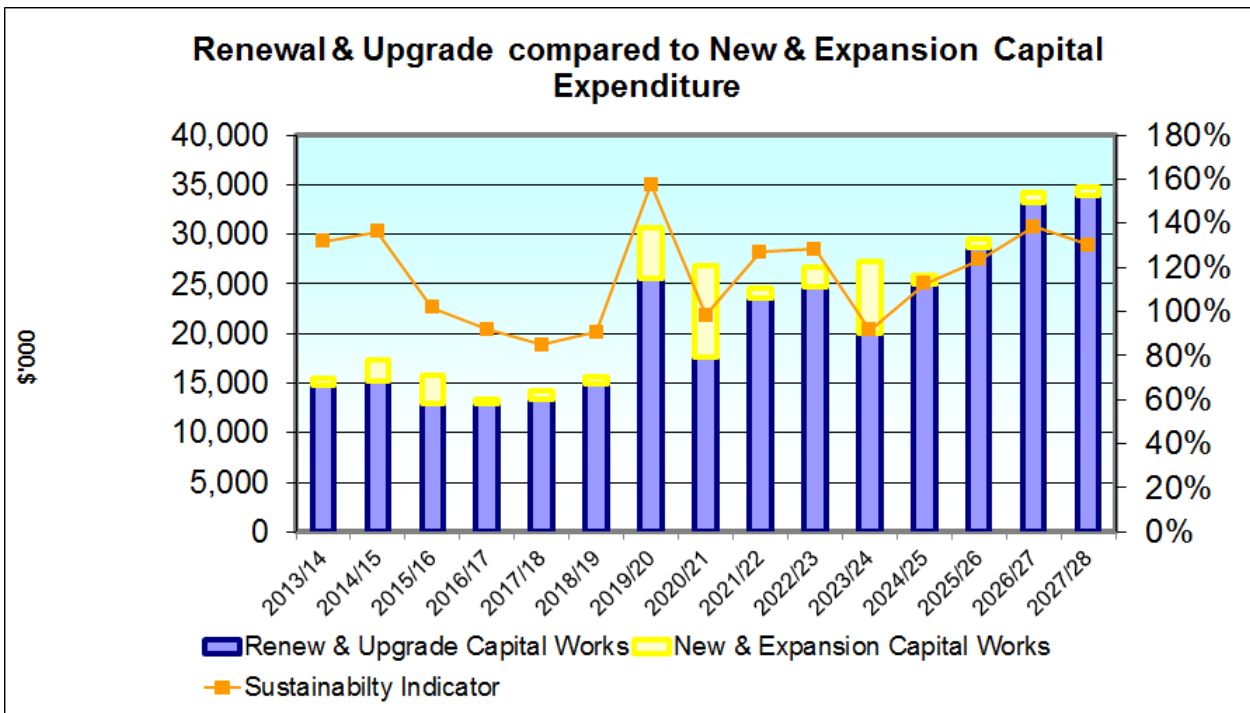


The capital works program has maintained parity with previous plans with the exception of the later years where there is a substantial increase. The profile was flat for a number of years while the strategic focus was paying off long term debt and restoring Balance Sheet strength. From 2009/10 and onwards there has been increased funding available for capital works.

In the later years there is a substantial increase in capital works expenditure projected. A substantial portion of these works are reliant on Developer Contributor funds.

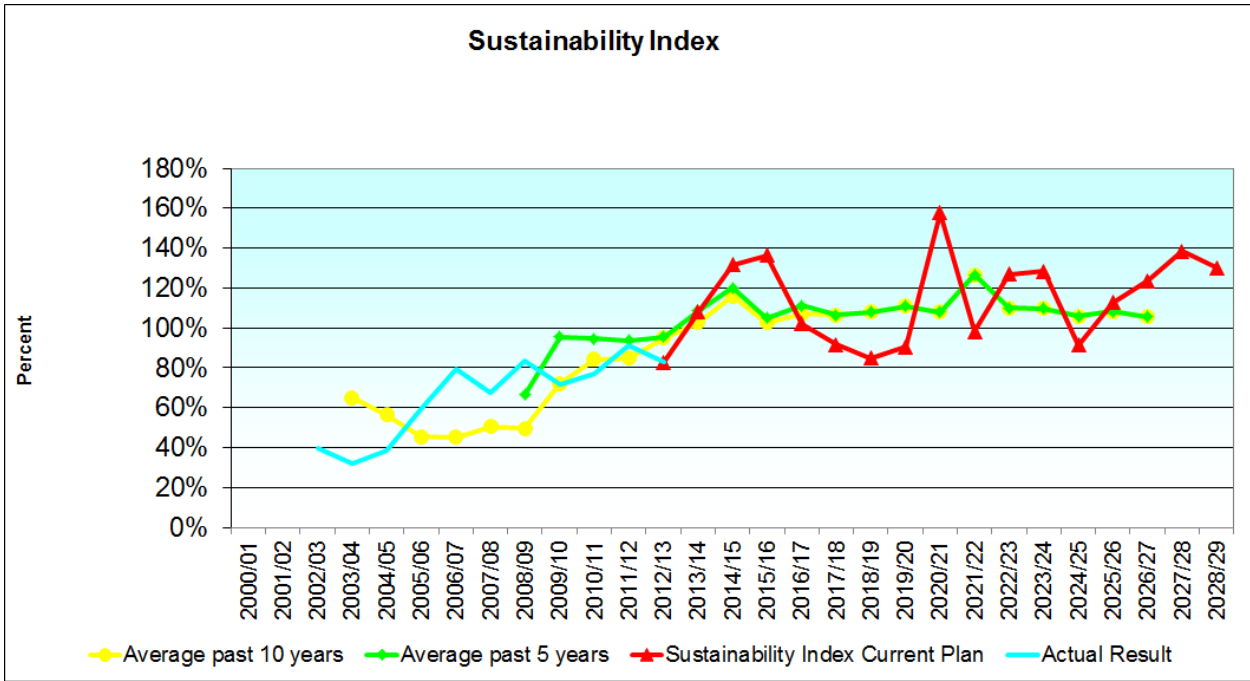


There are no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.



The bar chart above shows the level of 'expenditure effort' being allocated to asset renewal and upgrade projects compared with new and expansion capital projects. It also shows the asset sustainability index.

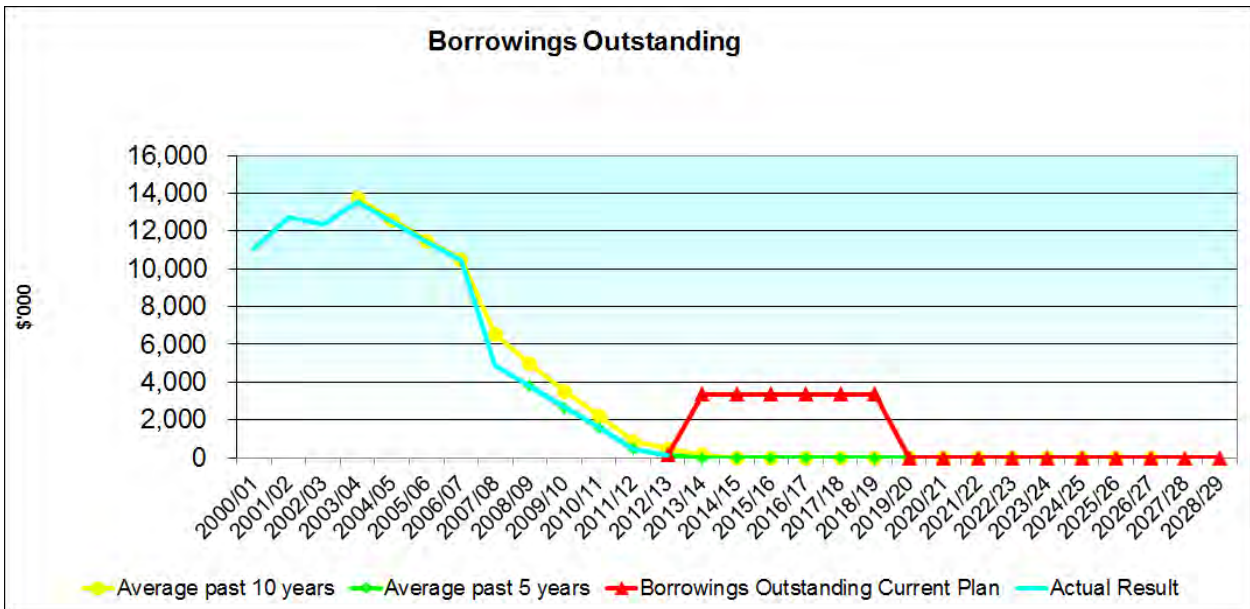
It is very evident that because asset renewal funding gaps have been bridged in the financial plan, funds in later years are being progressively diverted to new capital works.



The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index shows increasing expenditure effort on renewing and upgrading assets when compared with previous year's plans.

There are no asset renewal primary funding gaps for all major classes of assets.

### 9.8.5 Borrowings



There was significant improvement in paying off borrowings relative to previous plans. This was achieved by applying 'capital income' from the sale of assets and material favourable financial outcomes achieved against long term debt.

Council borrowed funds in 2013/14 to pay the unfunded superannuation obligations of Council. In 2014/15 Council will convert its borrowing into a 5 year bond which will make the liability non current for a number of years.

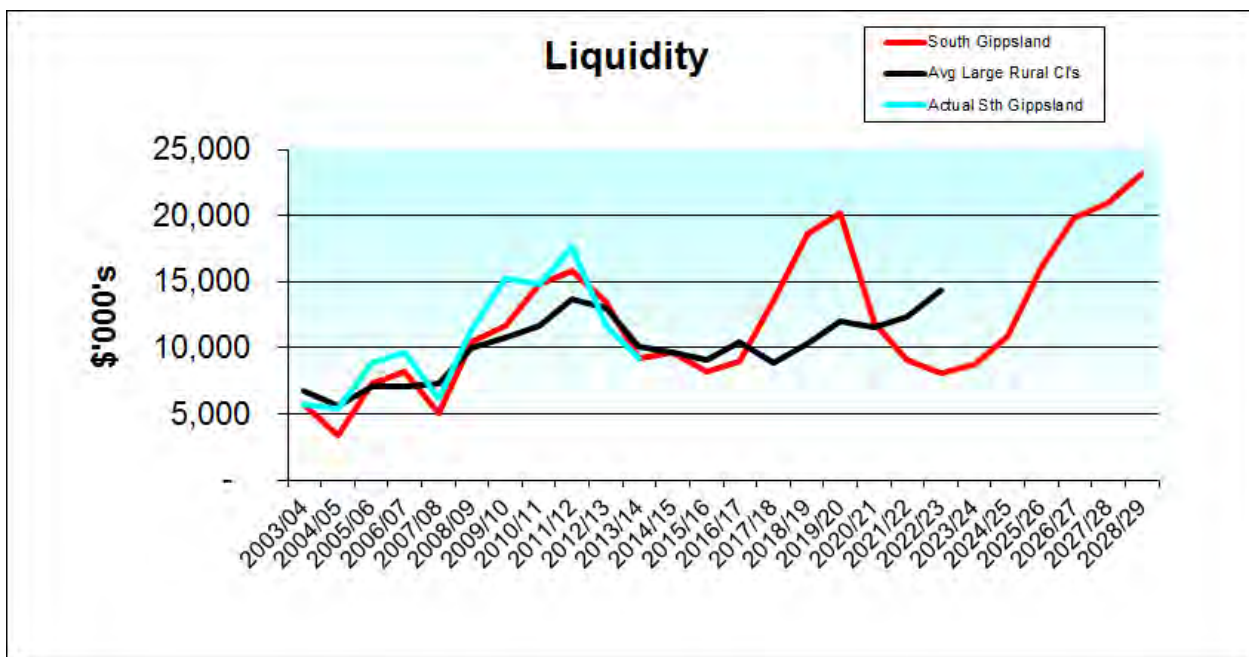
## 10. Analysis of Current Long Term Financial Plan to Other Large Rural Councils

Long Term Financial Plans on face value always model improving positions over time. This is to be expected, but it can also give a false sense of comfort. To bring some perspective to the plan it is worth benchmarking against other large rural councils past and current plans.

The following graphs benchmark the current 2014-2015 Long Term Financial Plan against the average of large councils current financial plans, the lines representing:

- **South Gippsland (red line) 2014/15 Long Term Financial Plan**
- **Large councils (black line) Average of large councils financial plans**
- **Actual result (blue line) Actual past years financial results for South Gippsland**

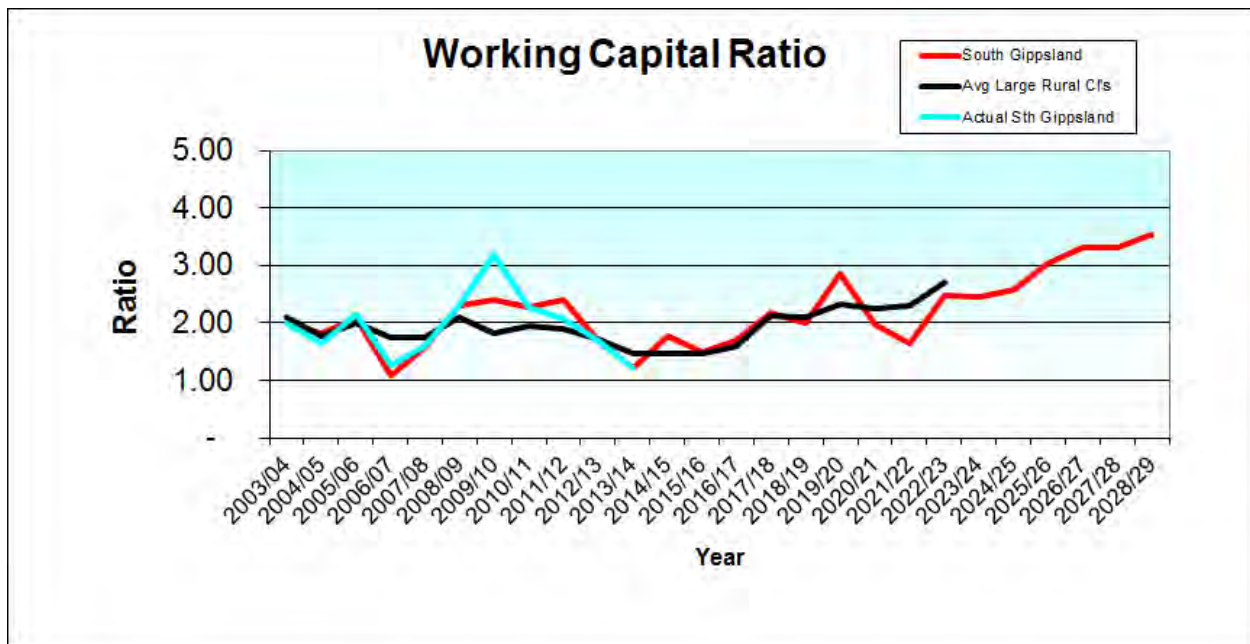
### 10.1 Liquidity



The gradual strengthening of the liquidity position in the early years is very evident. The objective was to build up cash for loan redemption that was paid out in 2007/08.

Our cash position is projected to have parity with large rural councils in the coming years. In later years there is a significant strengthening of our planned liquidity relative to the average of other large rural councils. Caution is required to be exercised because cash backed reserves provide a favourable impact to the liquidity position.

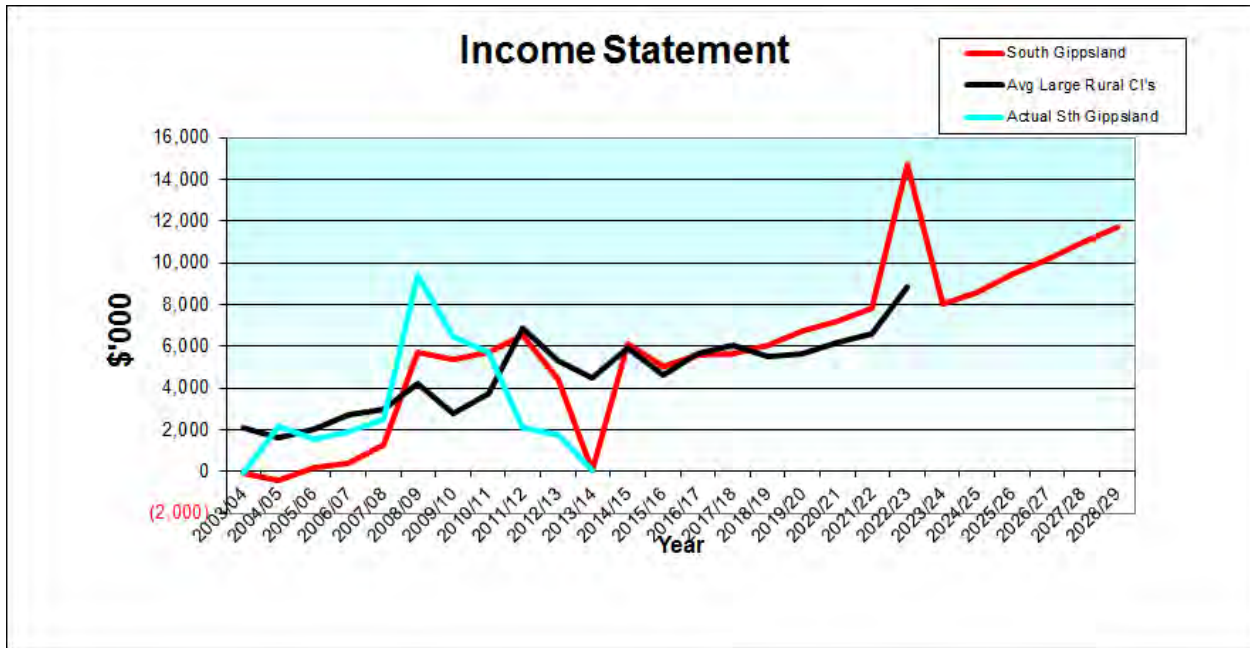
## 10.2 Working Capital Ratio



From a strategic financial management perspective, the working capital ratio is an important financial indicator. Aside from the technical dip in 2006/07 (recognising \$4.5M loan liability as a current liability) and the spike in 2009/10 (receiving grants in advance) the working capital ratio was comparable to that of the other large rural councils.

The current and immediate term trend is maintaining parity with the large rural councils. Having low debt relative to the other councils helps take pressure off the working capital ratio. Again, caution is required to be exercised because cash backed reserves provide a favourable impact to the working capital ratio.

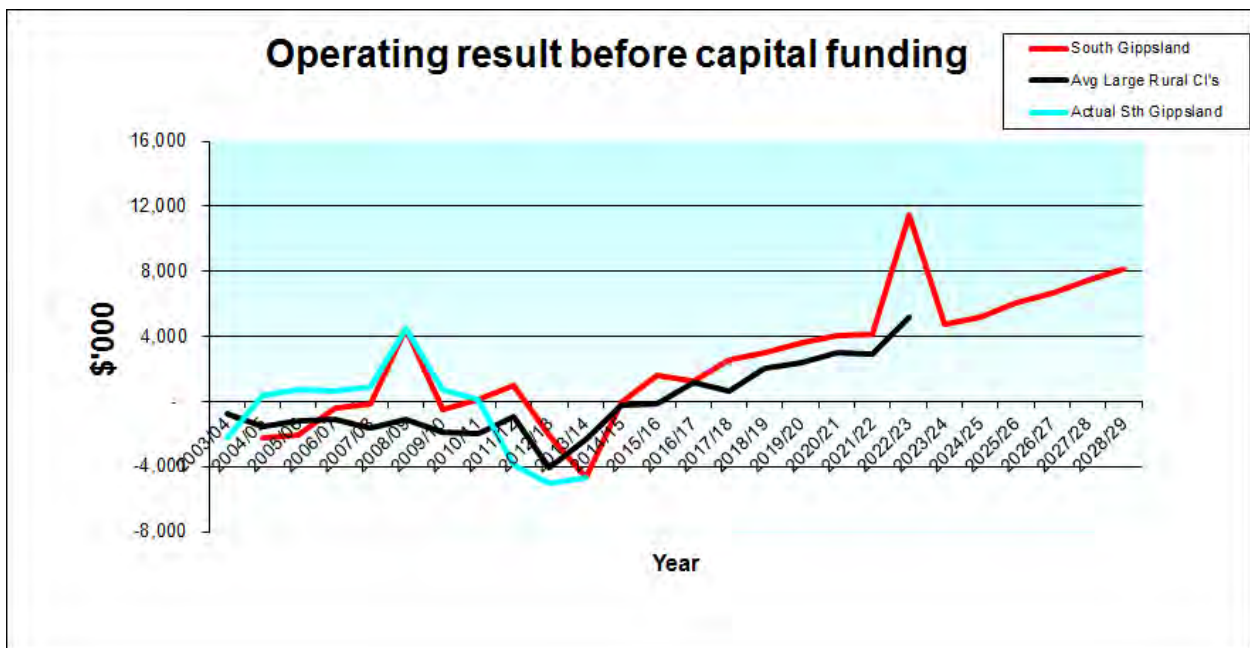
### 10.3 Income Statement



In preceding years, it was evident that Council had lower operating results than other large rural councils. There is a very pronounced dip in 2013/14.

This is because Council expected to only receive two quarters of Victoria Grants Commission allocations (Council received 5 quarters in 2008/09 and in 2011/12).

Council's strategic intent is to produce strengthening results. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project.

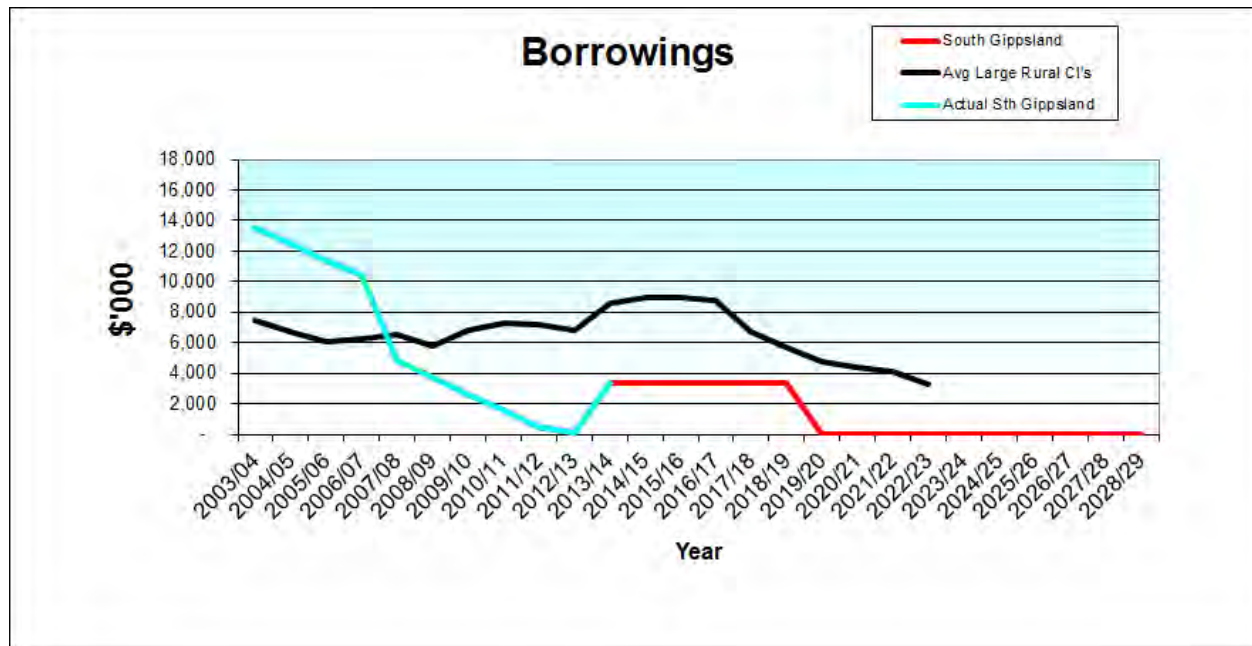


The underlying operating result is not unlike the operating result discussed above.

Aside from the dip in 2011/12 projected deficits in 2012/13 through to 2014/15 Council has in past years consistently produced marginal underlying surpluses. South Gippsland projects to resume producing underlying operating surpluses from 2015/16. Large rural councils are projecting to make underlying surpluses from 2016/17 onwards.

The critical strategic challenge will be to ensure that longer term Council begins again to produce consistent underlying operating surpluses.

### 10.4 Borrowings



Although Council in prior years had very high debt, the strategic intent to reduce debt is clear. Council's debt levels are now significantly less than the average of other large rural councils. The spike in 2013/14 is due to borrowing \$4.00m to fund the unfunded superannuation obligations of Council.

### 10.5 Summary

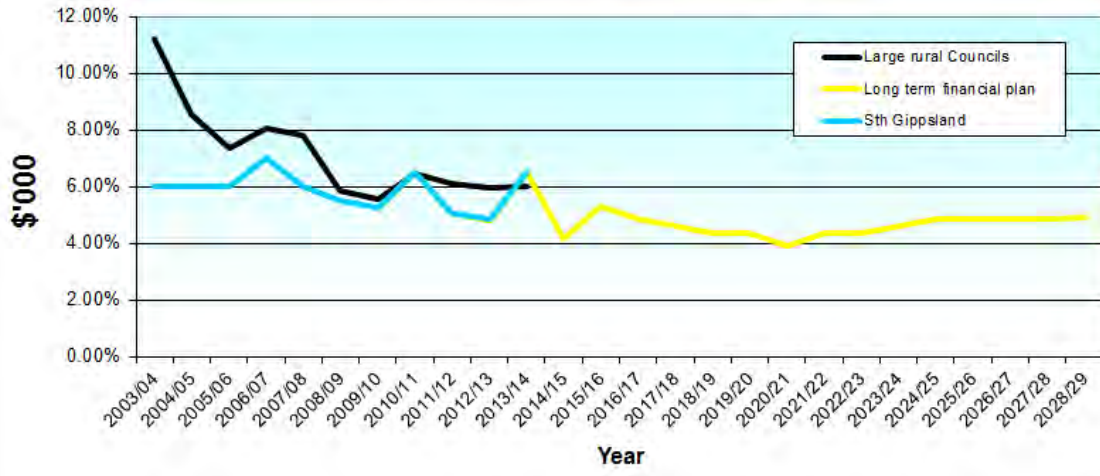
Council's overall key financial performance indicators show its position to be approaching the average of large rural councils as far as financial performances are concerned. Council's performances are improving and the gap is being bridged over future years.

Concurrently the annual rate increases have been below the state average for large rural shires in most years.

If this trend continues it can be expected that Council's performances in coming years will be above the average being produced by large rural councils.



### Rate rises compared to large Council average



# 11. Rating Information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy 2014-2018 which is available on Council's website.

## 11.1 Rating context

In developing the Long Term Financial Plan, rates and charges were identified as an important source of revenue, accounting for over 60% of the total recurrent revenue received by Council annually. Planning for future rate increases has therefore been an important component of the long term financial planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the South Gippsland community.

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven Community members and three Councillors. The committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the paper be released for public comment and considered feedback received.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. The submissions were considered by Council on 11 June 2014. Council requires that the final Rating Strategy 2014-2018 be presented to Council for adoption at a Council meeting on 25 June 2014 and that it be used to inform the Annual Budget 2014-2015.

The Rating Strategy 2014-2018 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the commercial, industrial and cultural & recreational differential rates and reducing the Farm differential rate over two years. As a result the amount of rates and charges paid by some property owners will increase whilst other property owners will experience a decrease.

The Rating Strategy 2014-2018 document is available on Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)

The Proposed Rating Strategy 2014-2018 informs the preparation of the 2014/15 Annual Budget and Long Term Financial Plan. The recommended rating structure is described in Section 12.3 Rating Structure.

## 11.2 Current Year Rate Increase

It is proposed that general rates and charges increase on average by 4.13% for the 2014/15 year. The general rate will increase by 5.50%. The waste services charges for garbage collection and recycling will decrease by 16.00%.

General rates and charges overall will raise \$35.68m, including supplementary rates and special rates and charges in 2014/15.

It is still necessary to achieve future revenue growth whilst containing costs, in order to achieve surplus operating results and then progressively strengthening underlying operating results over the next few years, as set out in the Long Term Financial Plan.

Council considers it important that in the longer term adequate funding is made available for infrastructure asset replacement works. Council is however committed to minimise the rate rise in 2014/15.

It should be noted that ever since Council commenced preparing annual budgets with a strategic long term financial planning framework in 2003/04 that it has not only produced strengthening financial results over the years but the rate increases have been below the state average for large rural shires in most years.

The following table sets out future proposed rates and charges increases for rateable properties. It also shows total rates to be raised, (including municipal changes, waste charges, supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2014.

Year	Rate Increase (%)	Waste Service Charge Increase (%)	Average Rates and Charges Increase (%)	Total Rates and Charges Raised \$'000
2013/14	6.75%	2.50%	6.48%	33,710
2014/15	5.50%	(16.00%)	4.13%	35,677
2015/16	5.50%	1.50%	5.29%	37,708
2016/17	5.00%	1.50%	4.83%	39,836
2017/18	4.75%	1.50%	4.59%	41,988

It should be noted that each financial year an allowance or contingency is factored in for rate abandonments. Every second financial year when the biennial re-valuations are conducted, an even greater allowance is allowed for.

### 11.3 Rating Structure

Council has established a rating structure that is comprised of several key elements. These are:

- Property values, which reflect capacity to pay;
- A fixed municipal charge per property to cover some of the administrative costs of the Council; and
- User pays component to reflect usage of garbage services provided by Council - includes garbage and recycling.

Striking a reasonable balance between these elements provides equity in the distribution of the rate burden across residents.

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used. The distinction is based on the concept that different property type users should pay a fair and equitable contribution to rates.

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality.

The proposed rating structure comprises six differential rates which includes a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at 'such amount as the Council thinks reasonable having regard to the services provided by the Council in relation to such lands and having regard to the benefit to the community derived from such recreational lands'.

There are significant changes in the differential rates and charges for 2014/15 relative to what was applied in 2013/14. The following table summarises the major changes for the differential land categories:

<b>Differential rate</b>	<b>2013/14 Differential to the General Rate</b>	<b>2014/15 Differential to the General Rate</b>
General rate	100%	100%
Industrial rate	100%	102.5%
Commercial rate	100%	102.5%
Farm rate	90%	80%
Vacant land rate	150%	175%
Cultural and recreational rate	40%	43.75%

The definition of Farm Land has also been revised so that it aligns with the Australian Valuation Property Classification codes. The objective of the revision was to only capture rateable properties which have primary production as its substantive use and exclude properties where primary production is secondary or incidental to the property uses (commonly referred to as lifestyle properties).

Council can raise a municipal charge to cover some of its administrative costs. The total revenue from the municipal charge must not exceed 20% of the sum total of the Council's total rate revenue from a municipal charge and total revenue from general rates. The municipal charge will be phased out over the next two financial years. For 2014/15 it will be reduced to 10%.

The waste charges in past years included street sweeping and litter bin costs as well as the garbage and recycling services costs. In 2014/15 waste charges will only be recovered for waste and recycling services across the Shire.

The Proposed Rating Strategy 2014-2018 document which is available on Council's website contains detailed discussion on this matter.

The following table summarises the differential rates for the 2014/15 year:

Type or class of land	2013/14 cents / \$CIV	2014/15 cents / \$CIV	Change
General rate	0.379739	0.452857	19.25%
General rate for rateable industrial properties	0.379739	0.464179	22.24%
General rate for rateable commercial properties	0.379739	0.464179	22.24%
General rate for rateable farm properties	0.341765	0.362286	6.00%
General rate for rateable vacant land properties	0.569609	0.792500	39.13%
General rate for rateable cultural and recreational land properties	0.151896	0.198125	30.43%
General rate for rateable vacant restricted land properties	0.379739	0.000000	-100.00%

The following table summarises the municipal charge for the 2014/15 year:

Type of Charge	Per Rateable property 2013/14 \$	Per Rateable property 2014/15 \$	Change
Municipal	343.65	181.70	-47.13%

The following table summarises the waste charges for the 2014/15 year.

Type of Charge	Per Rateable Property 2013/14 \$	Per Rateable property 2014/15 \$	Change
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling)	213.20	179.10	-16.0%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only)	213.20	179.10	-16.0%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling)	309.10	259.60	-16.0%
<b>Waste Services Charge D</b> – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer)	221.20	185.80	-16.0%
<b>Waste Services Charge E</b> – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer)	256.70	215.60	-16.0%
<b>Waste Services Charge G</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November 2014 to April 2015	130.55	109.70	-16.0%
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	232.95	195.70	-16.0%

Type of Charge	Per Rateable Property 2013/14 \$	Per Rateable property 2014/15 \$	Change
<b>Waste Services Charge J</b> – Kerbside garbage & recycling collection service – Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November 2014 to April 2015	151.85	127.60	-16.0%
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	268.65	225.70	-16.0%

A more detailed analysis of the rates and charges to be raised is contained in Appendix B 'Statutory Disclosures'

#### 11.4 General revaluation of properties

During the 2013/14 year, a reevaluation of all properties within the Municipality was carried out using levels of value as at 1 January 2014 for use in the 2014/15 and 2015/16 rating years. The General Revaluation for rateable properties has seen some changes in property values throughout the municipality.

Overall, property valuations across the municipal district have increased by 1.79%. Residential properties have increased on average by 2.56%, Commercial by 3.94%, Industrial by 2.78%, Vacant Land by 4.88%, Farm by 0.33% and Cultural and Recreational land by 1.49%. There are significant variations from the average for some individual properties.

## 12. Borrowing Information

### 12.1 Borrowing context

In developing the Financial Strategy and Long Term Financial Plan (see Section 9), borrowings was identified as an important funding source for capital works programs. In the past, Council had borrowed strongly to finance infrastructure projects, fleet purchases and for financing unfunded superannuation liabilities. Council since 2004/05 began a phase of debt reduction. This resulted in a reduction in debt servicing costs, but has meant that there was a heavy reliance on cash and investment reserves as an alternate funding source to maintain its capital works programs.

Council in 2013/14 borrowed \$4.0m to fund the unfunded superannuation obligations of Council.

Now that long term debt has been significantly reduced, this has enabled significant increases in levels of funding to be released in coming years for the capital works program.

The following table shows a history of Council borrowings for the last 14 years and also the prudential ratios applicable, as well as the budgeted outcome for 2014/15:

Year	Total Borrowings 30 June \$'000	Liquidity CA/CL Ratio	Debt Mgt Debt/Rates %	Debt Mgt Serve Costs/ Revenue %
2000/2001	10,893	2.2	87%	3.18%
2001/2002	12,588	2.1	95%	2.61%
2002/2003	12,380	2.0	83%	2.63%
2003/2004	13,698	1.5	85%	2.64%
2004/2005	12,498	1.2	71%	2.52%
2005/2006	11,418	1.7	61%	2.22%
2006/2007	10,438	1.0	50%	2.08%
2007/2008	4,893	1.2	22%	1.44%
2008/2009	3,777	2.0	16%	0.72%
2009/2010	2,639	1.8	10%	0.54%
2010/2011	1,580	2.1	6%	0.32%
2011/2012	452	1.7	2%	0.15%
2012/2013	135	1.7	1%	0.05%
2013/2014	3,350	1.2	10%	0.25%
<b>2014/2015</b>	3,350	1.2	9%	0.23%
	<b>Threshold</b>	<b>&lt;1.1</b>	<b>&gt;80%</b>	<b>&gt;5%</b>

The table above shows that Council's borrowing level at 30 June 2015 will be \$3.35m. It also shows that Council had for a number of years previously been trending the wrong way with the Victorian State Government's prudential ratio limits. By implementing the debt



reduction strategy, the Long Term Financial Plan has shown positive trends emerge for the 2005/06 year and this has continued up to and including the 2014/15 year.

Council's Financial Strategy gives very definitive guidance in relation to borrowing for capital works projects. Rather than rely on prudential ratios the strategies provide more commercially acceptable business guidance in relation to borrowing for capital projects.

## 12.2 Current year borrowings

At 30 June 2014 Council will have \$3.35m in outstanding borrowings. In 2014/15 Council will convert its borrowing into a 5 year bond which will make the liability non current for a number of years. The bond will be repayable in 2019/20.

For the 2014/15 year, Council has decided not to take out new borrowings.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2014:

Year	New Borrowings \$'000	Loan Principal Paid \$'000	Loan Interest Paid \$'000	Balance 30 June \$'000
2004/2005	0	1,009	870	12,498
2005/2006	0	1,081	797	11,417
2006/2007	0	980	726	10,437
2007/2008	0	5,544	539	4,893
2008/2009	0	1,116	290	3,777
2009/2010	0	1,138	217	2,639
2010/1011	0	1,059	146	1,580
2011/2012	0	1,128	79	452
2012/2013	0	317	23	135
2013/2014	4,000	785	140	3,350
2014/2015	0	0	151	3.350
2015/2016	0	0	151	3.350
2016/2017	0	0	151	3.350
2017/2018	0	0	151	3.350
2018/2019	0	0	151	3.350
2019/2020	0	3,350	0	0

In future years Council still has the financial capacity to consider borrowing for a major capital project if it deems it will benefit the community. The Financial Strategy gives specific guidance in relation to borrowings. This will ensure that any decision made will be financially responsible and viable.

The table below shows information on borrowings specifically required by the Regulations.

	<b>2013/14</b>	<b>2014/15</b>
	<b>\$</b>	<b>\$</b>
Total amount borrowed as at 30 June of the prior year	135,000	<b>3,350,000</b>
Total amount to be borrowed	4,000,000	<b>0</b>
Total amount projected to be redeemed	(785,000)	<b>0</b>
Total amount proposed to be borrowed as at 30 June	<b>3,350,000</b>	<b>3,350,000</b>

# 13. Infrastructure Information

## 13.1 Infrastructure context

Businesses generally acquire assets because they provide some future economic benefit to the business. That is, over a period of time, the assets actually contribute to the wealth of the business. Local Government by definition is a 'not for profit' business. Most infrastructure assets owned or controlled by Local Government do not fulfil these criteria.

The infrastructure assets owned or controlled by Local Government are required as part of 'service delivery', not for profit making. Council's core business objective is not to make profits for profit sake, but rather, it is to provide services at a specified level. Local government's financial planning objective therefore, is to produce sufficient and consistent level of operating surpluses or 'profits' to fund asset replacement, rather than to increase company or shareholder wealth.

Service provision, and in particular the service levels, ultimately determine the infrastructure asset requirements of Council. Legislation actually requires some service levels to be quantified (Road Management Act). Good business practice suggests that service levels should be quantified for all services.

All assets that are required for a particular service have to be properly managed. They have to be adequately maintained and replaced over a period of time to ensure that the specified service levels are actually achieved now and in the future. This of course, needs to be done in a cost efficient and effective manner.

Council has an important stewardship function in relation to the large portfolio of assets that are provided for the community's benefit. The Council's role as stewards of community assets include:

- ensuring that Council's legal obligations in regard to risk management are met;
- to represent the community as the asset owners / stakeholders;
- to ensure that the community's service needs are being met; and
- to ensure the asset / service is maintained for future generations at equitable cost.

Council staff have the responsibility to provide appropriate technical and professional advice so that Council can make the best decisions in relation to infrastructure assets.

Expenditure on infrastructure (both maintenance and capital renewal programs) is a significant financial resource requirement now and into the future.

The challenge that the Local Government industry faces now and into the future is adequately maintaining and systematically renewing assets in order to maintain a particular desired service level. The shortfall of what is being spent and what should be spent is essentially the 'funding gap'.

South Gippsland currently has no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

## 13.2 Depreciation and Sustainability Index

Depreciation is a financial costing mechanism that systematically allocates the cost of the 'consumption of the assets service potential', over the useful life of the asset to the Income Statement. This does not imply that the depreciation cost incurred in a specific period, typically a year, ought to be spent on asset replacement in that year.

The benchmarking of depreciation to capital expenditure incurred in renewing assets (the sustainability index) is purely a 'level of expenditure effort' performance indicator, and should not be considered a key driver of asset management plans. Generating surpluses and subsequently being able to spend more on asset renewal projects would result in improving sustainability index. It does not necessarily mean that an adequate amount is being spent at that particular point in time.

The following table sets out the sustainability index percentage for Council's fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2014/15 year:

	Replacement Cost 30 Jun 14 \$'000	Average Annual Consumption \$'000	Average Annual Preservation \$'000	Sustainability Index %
Buildings	109,557	2,229	3,349	150
Heritage buildings	5,417	60	-	0
Roads	346,291	4,030	5,862	145
Footpaths	17,403	285	176	62
Kerb & channel	16,619	273	124	45
Bridges	30,657	348	673	193
Major culverts	11,953	123	-	0
Drains	33,019	340	55	16
Off street carpark	6,796	82	-	0
Other structures	15,917	1,208	1,572	130
Investment property	674	-	-	-
<b>Total fixed assets</b>	<b>594,303</b>	<b>8,978</b>	<b>11,811</b>	<b>132</b>

The table indicates that the 2014/15 capital works program will achieve a sustainability index of 132%.

## 13.3 Capital Works 15 Year Program

The 15 year capital works program in the Long Term Financial Plan provides progressively increasing levels of funding for capital works programs. As per the financial strategies the expenditure allocated to renewals and upgrades is given priority to that allocated to extension works. The 15 year Capital Works program is listed in Appendix D, Long Term Financial Plan 2014/15-2028/29.

It should be noted that capital projects, particularly in future years are budgeted with a contingency or safety margin. When future capital works programs stabilise and can be

scheduled over a number of years this would enable appropriate design work and more accurate estimates to be made.

The current and forward capital expenditure budgets classified as 'General Land Purchases / Sales' in the 15 year capital works program is dependent upon equivalent funding being realised from general land sales.

The Long Term Financial Plan puts the focus onto sustainable long term infrastructure asset management as being one of the highest priorities, because there is significant expenditure involved coupled with the ever increasing risk management obligations being imposed on Councils in respect to overall asset management.

Financial strategies supporting increasing funding allocations for asset renewals clearly complement overall asset management strategies. The development of appropriate Asset Management Plans add a level of sophistication by driving the funding requirements in the Long Term Financial Plan.

The ultimate goal is to have a viable business outcome that clearly documents services and service levels, including the required assets being fully funded, as well as being managed efficiently and effectively.

#### **13.4 Key influences for 2014/15**

The following influences had a significant impact on the infrastructure strategy for the 2014/15 year:

- Progressively increasing level of net cash flows from operating activities being released in 2014/15 and later years budgets for capital works in a financially responsible manner;
- Availability of significant federal funding for upgrade of roads;
- Projects not started or completed that were funded in the 2013/14 year being carried over to the 2014/15 year; and
- The four years capital projects listed in Appendix C, Budgeted Statement of Capital Works are subject to annual review and refinement.

## **14. Appendix Nature of Information**

### **14.1 Overview to Appendices**

The following appendices include voluntary and statutory disclosures of information, which provide support for the analysis contained in sections 1 to 14 of this report.

This information has not been included in the main body of the budget report in the interests of clarity and conciseness. Whilst the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent government.

The contents of the appendices are summarised below:

- Appendix A Budgeted Statements
- Appendix B Rates and Charges;
- Appendix C Capital Expenditure Program;
- Appendix D Long Term Financial Plan (2014/15 – 2028/29); and
- Appendix E Fees & Charges Schedule.

## **APPENDIX A – Budgeted Statements**

This appendix presents information in regard to the Budgeted Financial Statements and Statement of Human Resources. The budget information for the years 2014/15 to 2017/18 has been extracted from the Strategic Resource Plan.

At the end of each financial year Council is required to include in the Financial Statements in its Annual Report a comparison of actual income and expenditure compared with the income and expenditure in the financial statements in the Budget,

The appendix includes the following budgeted information:

- Budgeted Comprehensive Income Statement
- Budgeted Balance Sheet
- Budgeted Statement of Changes in Equity
- Budgeted Statement of Cash Flows
- Budgeted Statement of Capital Works
- Budgeted Statement of Human Resources

## BUDGETED COMPREHENSIVE INCOME STATEMENT

For the four years ending 30 June 2018

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000
<b>INCOME</b>					
Rates and charges	33,710	35,677	37,708	39,836	41,988
Statutory fees and fines	476	588	603	618	633
User fees	3,565	4,267	4,525	4,743	4,972
Contributions - cash	296	66	60	61	1,037
Contributions - non monetary assets	1,304	1,337	1,370	1,404	1,440
Grants - Operating (recurrent)	6,224	10,867	10,654	10,985	10,975
Grants - Operating (non recurrent)	5,610	4,597	84	22	0
Grants - Capital (recurrent)	1,636	1,636	1,636	1,636	1,636
Grants - Capital (non recurrent)	1,817	3,176	466	1,256	0
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	179	290	722	190	330
Other income	1,909	1,770	1,908	1,977	2,049
<b>TOTAL INCOME</b>	<b>56,726</b>	<b>64,271</b>	<b>59,736</b>	<b>62,728</b>	<b>65,060</b>
<b>EXPENSES</b>					
Employee costs	21,158	22,241	23,169	24,065	25,173
Materials and services	21,896	21,483	16,610	17,056	17,610
Bad and doubtful debts	1	1	1	1	1
Depreciation and amortisation	10,061	10,855	11,385	12,427	12,956
Borrowing costs	140	151	151	151	151
Other expenses	3,402	3,454	3,369	3,453	3,534
<b>TOTAL EXPENSES</b>	<b>56,658</b>	<b>58,185</b>	<b>54,685</b>	<b>57,153</b>	<b>59,425</b>
<b>SURPLUS (DEFICIT)</b>	<b>68</b>	<b>6,086</b>	<b>5,051</b>	<b>5,575</b>	<b>5,635</b>
<b>OTHER COMPREHENSIVE INCOME Items that will not be reclassified to surplus or deficit</b>					
Net Asset revaluation increment (decrement)	48,015	7,717	56,987	2,394	69,328
Previously unrecognised assets	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>48,083</b>	<b>13,803</b>	<b>62,038</b>	<b>7,969</b>	<b>74,963</b>



## BUDGETED BALANCE SHEET

For the four years ending 30 June 2018

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000
<b>BUDGETED BALANCE SHEET</b>					
<b>Current assets</b>					
Cash and cash equivalents	9,169	9,657	8,134	8,995	13,546
Trade and other receivables	4,345	4,335	4,335	4,335	4,335
Financial assets	1,700	1,700	1,700	1,700	1,700
Inventories	219	219	219	219	219
Other assets	113	113	113	113	113
<b>Total current assets</b>	<b>15,546</b>	<b>16,024</b>	<b>14,501</b>	<b>15,362</b>	<b>19,913</b>
<b>Non current assets</b>					
Investments in regional library corporation	603	603	603	603	603
Property, infrastructure, plant and equipment	519,266	532,318	595,977	602,517	673,037
Investment property	674	674	674	674	674
<b>Total non current assets</b>	<b>520,543</b>	<b>533,595</b>	<b>597,254</b>	<b>603,794</b>	<b>674,314</b>
<b>Total assets</b>	<b>536,089</b>	<b>549,619</b>	<b>611,755</b>	<b>619,156</b>	<b>694,227</b>
<b>Current liabilities</b>					
Trade and other payables	3,399	3,389	3,389	3,389	3,389
Trust funds and deposits	529	529	529	529	529
Provisions	5,463	5,146	5,857	5,226	5,266
Interest bearing loans and borrowings	3,350	0	0	0	0
<b>Total current liabilities</b>	<b>12,741</b>	<b>9,064</b>	<b>9,775</b>	<b>9,144</b>	<b>9,184</b>
<b>Non current liabilities</b>					
Provisions	1,003	1,057	444	507	575
Interest bearing loans and borrowings	0	3,350	3,350	3,350	3,350
<b>Total non current liabilities</b>	<b>1,003</b>	<b>4,407</b>	<b>3,794</b>	<b>3,857</b>	<b>3,925</b>
<b>Total liabilities</b>	<b>13,744</b>	<b>13,471</b>	<b>13,569</b>	<b>13,001</b>	<b>13,109</b>
<b>Net assets</b>	<b>522,345</b>	<b>536,148</b>	<b>598,186</b>	<b>606,155</b>	<b>681,118</b>
<b>Equity</b>					
Accumulated surplus	190,780	195,666	197,963	202,463	206,500
Reserves	331,565	340,482	400,223	403,692	474,618
<b>Total equity</b>	<b>522,345</b>	<b>536,148</b>	<b>598,186</b>	<b>606,155</b>	<b>681,118</b>

## BUDGETED STATEMENT OF CHANGES IN EQUITY

For the four years ending 30 June 2018

<b>Budgeted Statement of Changes in Equity</b>				
For the four years ending 30 June				
	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	reserves
	\$'000	\$'000	\$'000	\$'000
<b>2014/15</b>				
Balance at beginning of the financial year	522,345	190,780	330,919	646
Adjustment on change in accounting policy	-	-		
Comprehensive result	13,803	6,086	7,717	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(3,841)		3,841
Transfer from reserves		2,641		(2,641)
<b>Balance at end of the financial year</b>	<b>536,148</b>	<b>195,666</b>	<b>338,636</b>	<b>1,846</b>
<b>2015/16</b>				
Balance at beginning of the financial year	536,148	195,666	338,636	1,846
Adjustment on change in accounting policy	-	-		
Comprehensive result	62,038	5,051	56,987	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(4,262)		4,262
Transfer from reserves		1,508		(1,508)
<b>Balance at end of the financial year</b>	<b>598,186</b>	<b>197,963</b>	<b>395,623</b>	<b>4,600</b>
<b>2016/17</b>				
Balance at beginning of the financial year	598,186	197,963	395,623	4,600
Adjustment on change in accounting policy	-	-		
Comprehensive result	7,969	5,575	2,394	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(3,677)		3,677
Transfer from reserves		2,602		(2,602)
<b>Balance at end of the financial year</b>	<b>606,155</b>	<b>202,463</b>	<b>398,017</b>	<b>5,675</b>
<b>2017/18</b>				
Balance at beginning of the financial year	606,155	202,463	398,017	5,675
Adjustment on change in accounting policy	-	-		
Comprehensive result	74,963	5,635	69,328	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(3,702)		3,702
Transfer from reserves		2,104		(2,104)
<b>Balance at end of the financial year</b>	<b>681,118</b>	<b>206,500</b>	<b>467,345</b>	<b>7,273</b>

## BUDGETED STATEMENT OF CASH FLOWS

For the four years ending 30 June 2018

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>					
<b>Cash flows from operating activities</b>					
Rates and charges	33,710	35,677	37,708	39,836	41,988
Statutory fees & fines	476	588	603	618	633
User fees	3,565	4,267	4,525	4,743	4,972
Contributions	296	66	60	61	1,037
Grants - operating	11,834	15,464	10,738	11,007	10,975
Grants - capital	3,453	4,812	2,102	2,892	1,636
Interest	537	529	574	609	645
Other receipts	1,372	1,241	1,334	1,368	1,404
Employee costs	(21,068)	(22,147)	(23,071)	(23,962)	(25,065)
Materials and consumables	(21,062)	(20,812)	(15,557)	(16,647)	(16,503)
Utilities	(978)	(1,029)	(1,054)	(1,081)	(1,108)
Other payments	(3,402)	(3,454)	(3,369)	(3,453)	(3,534)
<b>Net cash provided by (used in) operating activities</b>	<b>8,733</b>	<b>15,202</b>	<b>14,593</b>	<b>15,991</b>	<b>17,080</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant & equipment	(13,363)	(15,476)	(17,353)	(15,833)	(13,415)
Proceeds from sale of property, infrastructure, plant and equipment	731	913	1,388	854	1,037
Trust Funds and deposits	0	0	0	0	0
Loan advances made	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(12,632)</b>	<b>(14,563)</b>	<b>(15,965)</b>	<b>(14,979)</b>	<b>(12,378)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(140)	(151)	(151)	(151)	(151)
Proceeds from borrowing	4,000	0	0	0	0
Repayment of borrowings	(784)	0	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>3,076</b>	<b>(151)</b>	<b>(151)</b>	<b>(151)</b>	<b>(151)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(823)</b>	<b>488</b>	<b>(1,523)</b>	<b>861</b>	<b>4,551</b>
Cash and cash equivalents at the beginning of the financial year	9,992	9,169	9,657	8,134	8,995
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,169</b>	<b>9,657</b>	<b>8,134</b>	<b>8,995</b>	<b>13,546</b>

## BUDGETED STATEMENT OF CAPITAL WORKS

For the four years ending 30 June 2018

Capital Works Areas	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000
<b>Property</b>					
Land	-	250	265	273	281
Buildings	967	3,498	3,016	2,069	2,338
<b>Total property</b>	967	3,748	3,281	2,342	2,619
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,922	2,344	1,738	1,715	2,280
Computers and telecommunications	747	659	543	619	638
<b>Total plant and equipment</b>	3,669	3,003	2,281	2,334	2,918
<b>Infrastructure</b>					
Roads	4,961	5,863	5,834	5,010	5,146
Bridges	693	673	209	216	225
Footpaths and cycleways	450	313	350	389	427
Drainage	1,001	55	110	115	140
Off street car parks	222	-	-	-	-
Recreation	577	556	439	690	398
Pools	-	-	503	4,130	497
Waste management #	529	262	1,878	-	371
Other infrastructure	294	1,003	2,467	606	674
<b>Total infrastructure</b>	8,727	8,725	11,790	11,156	7,878
<b>Total capital works expenditure</b>	13,363	15,476	17,352	15,832	13,415
<b>Represented by:</b>					
New asset expenditure	-	-	-	-	-
Asset renewal expenditure	10,445	12,994	11,478	11,711	12,168
Asset upgrade expenditure	2,175	1,820	3,680	1,250	754
Asset expansion expenditure	743	662	2,194	2,871	493
<b>Total capital works expenditure</b>	13,363	15,476	17,352	15,832	13,415
# Excludes Landfill rehabilitation provision	143	357	-	671	-

## Budgeted Statement of Human Resources

For the four years ending 30 June 2018

<b>Budgeted Statement of Human Resources</b>					
For the four years ending 30 June 2018					
	Forecast Actual	Budget	Budget	Budget	Budget
	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	21,158	22,241	23,169	24,065	25,173
Employee costs - capital	914	927	970	1,016	1,065
<b>Total staff expenditure</b>	<b>22,072</b>	<b>23,168</b>	<b>24,139</b>	<b>25,081</b>	<b>26,238</b>
<b>Staff numbers</b>					
Employees	256.82	261.49	261.49	261.49	261.49
<b>Total staff numbers</b>	<b>256.82</b>	<b>261.49</b>	<b>261.49</b>	<b>261.49</b>	<b>261.49</b>

# **APPENDIX B – Rates and Charges**

This appendix presents information about rates and charges which the Act and the Regulations require to be disclosed in the Council’s annual budget.

## 1. Rates and Charges

### 1.1 The rate in the dollar to be levied as general rates under Section 158 of the *Local Government Act 1989* for each type or class of land compare with the previous financial year

Type or class of land	2013/14 cents / \$CIV	2014/15 cents / \$CIV	Change
General rate	0.379739	0.452857	19.25%
General rate for rateable industrial properties	0.379739	0.464179	22.24%
General rate for rateable commercial properties	0.379739	0.464179	22.24%
General rate for rateable farm properties	0.341765	0.362286	6.00%
General rate for rateable vacant land properties	0.569609	0.792500	39.13%
General rate for rateable cultural and recreational land properties	0.151896	0.198125	30.43%
General rate for rateable vacant restricted land properties	0.379739	0.000000	-100.00%

### 1.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2013/14 \$	2014/15 \$	Change
General	12,470,363	17,022,510	36.50%
Industrial	400,689	821,258	104.96%
Commercial	1,160,844	1,132,764	-2.42%
Farm	9,696,157	9,239,528	-4.71%
Vacant Land	1,297,626	1,882,695	45.09%
Cultural and Recreational Land	12,539	16,603	32.41%
Vacant Restricted Land	43,913	0	-100.00%
<b>Total amount to be raised by general rates</b>	<b>25,082,131</b>	<b>30,115,358</b>	<b>20.07%</b>

**1.3 The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year**

Type or class of land	2013/14	2014/15	Change
General	12,089	13,006	7.59%
Industrial	150	289	92.67%
Commercial	791	651	-17.70%
Farm	4,000	3,365	-15.88%
Vacant Land	1,821	1,839	0.99%
Cultural and Recreational Land	22	22	0.00%
Vacant Restricted Land	177	0	-100.00%
<b>Total number of assessments</b>	<b>19,050</b>	<b>19,172</b>	<b>0.64%</b>

**1.4 The basis of valuation to be used is the Capital Improved Value (CIV)**

**1.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year**

Type or class of land	2013/14 \$	2014/15 \$	Change
General	3,283,928,000	3,758,915,000	14.46%
Industrial	105,517,000	176,927,000	67.68%
Commercial	305,695,000	244,036,000	-20.17%
Farm	2,837,080,500	2,550,341,000	-10.11%
Vacant Land	227,810,000	237,564,000	4.28%
Cultural and Recreational Land	8,255,000	8,380,000	1.51%
Vacant Restricted Land	11,564,000	0	-100.00%
<b>Total value of land</b>	<b>6,779,849,500</b>	<b>6,976,163,000</b>	<b>2.90%</b>



**1.6 The municipal charge under Section 159 of *The Act* compared with the previous financial year**

Type of Charge	Per Rateable property 2013/14 \$	Per Rateable property 2014/15 \$	Change
Municipal	343.65	181.70	-47.13%

**1.7 The estimated total amount to be raised by municipal charges compared with the previous financial year**

Type of Charge	2013/14 \$	2014/15 \$	Change
Municipal	6,270,533	3,326,200	-46.96%

**1.8 The rate or unit amount to be levied for each type of service rate or charge under section 162 of the Act compared with the previous financial year**

Type of Charge	Per Rateable Property 2013/14 \$	Per Rateable property 2014/15 \$	Change
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling).	213.20	179.10	-16.0%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only),	213.20	179.10	-16.0%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling).	309.10	259.60	-16.0%

Type of Charge	Per Rateable Property 2013/14  \$	Per Rateable property 2014/15  \$	Change
<b>Waste Services Charge D</b> – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	221.20	185.80	-16.0%
<b>Waste Services Charge E</b> – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	256.70	215.60	-16.0%
<b>Waste Services Charge G</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	130.55	109.70	-16.0%
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	232.95	195.70	-16.0%
<b>Waste Services Charge J</b> – Kerbside garbage & recycling collection service – Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	151.85	127.60	-16.0%
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	268.65	225.70	-16.0%

**1.9 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year**

Type of Charge	Per Rateable Property 2013/14 \$	Per Rateable property 2014/15 \$	Change
Waste Services Charge A	1,806,870	1,557,991	-13.77%
Waste Services Charge B	8,102	9,134	12.74%
Waste Services Charge C	64,909	60,746	-6.41%
Waste Services Charge D	146,652	124,486	-15.11%
Waste Services Charge E	26,184	22,854	-12.72%
Waste Services Charge G	2,350	2,743	16.70%
Waste Services Charge H	21,897	30,725	40.32%
Waste Services Charge J	0	127	
Waste Services Charge K	806	1,129	40.01%
<b>Total</b>	<b>2,077,770</b>	<b>1,809,935</b>	<b>-12.89%</b>

**1.10 The estimated total amount to be raised by all rates and charges compared with the previous financial year**

	2013/14 \$	2014/15 \$	Change
Rates and Charges	33,430,434	35,251,493	5.45%

**1.11 Any significant changes that may affect the estimated amounts to be raised by rates and charges**

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- The making of supplementary valuations (2014/15: estimated \$280,000, 2013/14: \$279,000)
- The variation of returned levels of value (e.g. valuation appeals)

- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes business land and vice versa.

## 2 Differential Rates

### 2.1. Rates to be Levied

The rate and amount of rates payable in relation to land in each category of differential are:

- a general rate of 0.452857% (0.452857 cents in the dollar of CIV) for all rateable General Land;
- a general rate of 0.464179% (0.464179 cents in the dollar of CIV) for all rateable Commercial Land;
- a general rate of 0.464179% (0.464179 cents in the dollar of CIV) for all rateable Industrial Land;
- a general rate of 0.792500% (0.792500 cents in the dollar of CIV) for all rateable Vacant Land;
- a general rate of 0.362286% (0.362286 cents in the dollar of CIV) for all rateable Farming Land; and
- a general rate of 0.198125% (0.198125 cents in the dollar of CIV) for all rateable Cultural and Recreational Lands.

Each differential rate will be determined by multiplying the Capital Improved Value of each piece of rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions. Council has chosen to define the categories of land to which each differential rate applies by reference to the Australian Valuation Property Classification Code (**AVPCC**) that is allocated to it in accordance with the *Valuation of Land Act 1960*.

Details of the objectives of each differential rate, the types and classes of land, which are subject to each differential rate and the uses of each differential rate, are set out below.

### 2.2. General Land

2.2.1. General Land is any land which is not:

2.2.1.1. Commercial Land, as described in subparagraph 2.3.1;

2.2.1.2. Industrial Land, as described in subparagraph 2.4.1;

2.2.1.3. Vacant Land, as described in subparagraph 2.5.1;

2.2.1.4. Farming Land, as described in subparagraph 2.6.1; or

- 2.2.1.5. Cultural and Recreational Land, as described in subparagraph 2.7.1.
- 2.2.2. The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- 2.2.2.1. construction and maintenance of infrastructure assets;
  - 2.2.2.2. development and provision of health and community services; and
  - 2.2.2.3. provision of general support services.
- 2.2.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.2.1 above.
- 2.2.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.2.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.2.6. The use of the land within this differential rate is, in the case of improved land, any use of land creating the relevant characteristics described in paragraph 2.2.1 above.
- 2.2.7. The land affected by this rate is that which displays the characteristics described in subparagraph 2.2.1 above, and may be located in any zone created by the South Gippsland Planning Scheme.
- 2.2.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2014/15 financial year.
- 2.2.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

### **2.3. Commercial Land**

- 2.3.1. Commercial Land is any land which is used predominantly for commercial purposes and to which any of the following AVPCC codes, or AVPCC codes in the following ranges, have been allocated:

**AVPCC 202–208, 210–299, 656, 657, 669–672, 674, 675, 684, 687, 688, 690, 696, 711, 715, 803–816, 818–820, 822, 823, 825, 827 and 828.**

- 2.3.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
  - 2.3.2.1. construction and maintenance of infrastructure assets;
  - 2.3.2.2. development and provision of health and community services; and
  - 2.3.2.3. provision of general support services.
- 2.3.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.3.1 above.
- 2.3.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.3.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.3.6. The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 2.3.1 above.
- 2.3.7. The land affected by this rate is that which is in any zone where commercial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.3.1 above.
- 2.3.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2014/15 financial year.
- 2.3.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **2.4. Industrial Land**

- 2.4.1. Industrial Land is any land which is used predominantly for industrial purposes and to which any of the following AVPCC codes, or AVPCC codes in the following ranges, have been allocated:

**AVPCC 303–399, 400–481, 483–499, 602–612, 615–623, 626–637, 639–644, 647–649, 659, 661–664, 666, 667, 673, 676–679, 681–683, 685, 689, 691, 693, 694 and 697–699.**

- 2.4.2. The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- 2.4.2.1. construction and maintenance of infrastructure assets;
  - 2.4.2.2. development and provision of health and community services; and
  - 2.4.2.3. provision of economic development and general support services.
- 2.4.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.4.1 above.
- 2.4.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.4.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.4.6. The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 2.4.1 above.
- 2.4.7. The land affected by this rate is that which is in any zone where industrial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.4.1 above.
- 2.4.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2014/15 financial year.
- 2.4.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## 2.5. Vacant Land

2.5.1. Vacant Land is any land which is vacant, to the extent that no buildings are erected on it, and to which any of the following AVPCC codes, or AVPCC codes in the following ranges, have been allocated:

**AVPCC 100–108, 150, 151, 200, 201, 300, 301, 482, 600, 601, 700–706, 782 or 800–802.**

2.5.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:

2.5.2.1. promote responsible land management through appropriate maintenance and development of the land;

2.5.2.2. ensure that foregone community and economic development resulting from underutilisation of land is minimised; and

2.5.2.3. ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited) to the:

(a) construction and maintenance of infrastructure assets;

(b) development and provision of health and community services; and

(c) provision of economic development and general support services.

2.5.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.5.1 above.

2.5.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

2.5.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.

2.5.6. The vacant land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described under subparagraph 2.5.1 above.

2.5.7. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.



## 2.6. Farm Land

2.6.1. Farm Land is any land on which the business of farming is being carried out, and which:

### 2.6.1.1. has a total area of less than 2 hectares and is –

(a) used predominantly for farming purposes;

AND

(b) forms part of a farm business which straddles the boundary with an adjoining municipality;

OR

(c) (where the farm business is entirely within the municipality) to which any of the following AVPCC codes, or AVPCC codes in the following range, have been allocated:

**AVPCC 540–543 or 564;**

OR

(d) used predominantly for farming purposes;

AND

(e) is operated in combination with other property within Council's municipal district which, when combined, have a total area exceeding 20 hectares, to which AVPCC codes in the following range apply:

**AVPCC 570–572;**

OR

### 2.6.1.2. has a total area of between 2 and 20 hectares and –

(a) is used predominantly for farming purposes;

AND

(b) if there is a dwelling situated on the land, or a current planning permit for construction of a dwelling on the land, has applied to it an AVPCC code within the following range:

**AVPCC 540–583;**

OR

- (c) if there is no dwelling situated on the land, and no current planning permit for construction of a dwelling on the land, has applied to it an AVPCC code within the following range:

**AVPCC 500–583;**

OR

**2.6.1.3. has a total area exceeding 20 hectares and –**

- (a) is used predominantly for farming purposes;

AND

- (b) has applied to it an AVPCC code within the following range:

**AVPCC 500–583.**

To avoid doubt, 'business' for the purposes of identifying Farm Land, has the same meaning as that given to it by section 2(1) of the *Valuation of Land Act* 1960 for the same purpose, being a business that:

has a significant and substantial commercial purpose or character; and

seeks to make a profit on a continuous or repetitive basis from its activities on the land; and

is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

2.6.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:

2.6.2.1. ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- (a) construction and maintenance of public infrastructure assets;
- (b) development and provision of health, environmental and community services; and
- (c) provision of general support services;

2.6.2.2. encourage and support the business of primary production; and

2.6.2.3. retain and, where appropriate, expand the business of primary production.

2.6.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.6.1 above.

- 2.6.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.6.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.6.6. The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 2.6.1 above.
- 2.6.7. The land affected by this rate is that which is in any zone where farming is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.6.1 above.
- 2.6.8. The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2014/15 financial year.
- 2.6.9. Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **2.7. Cultural and Recreational Land**

- 2.7.1. Cultural and Recreational Land is any land that has the characteristics of 'recreational lands' as defined by section 2 of the *Cultural and Recreational Lands Act 1963*.
- 2.7.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:
  - 2.7.2.1. ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
    - (a) construction and maintenance of public infrastructure assets;
    - (b) development and provision of health, environmental and community services; and
    - (c) provision of general support services; and
  - 2.7.2.2. encourage the provision of land and facilities for the enjoyment of residents of and visitors to the municipal district.
- 2.7.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.7.1 above.

- 2.7.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.7.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.7.6. The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 2.7.1 above.
- 2.7.7. The land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.7.1 above.
- 2.7.8. The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2014/15 financial year.
- 2.7.9. Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## APPENDIX C – Capital Expenditure Program

This appendix presents a listing of the capital works projects that will be undertaken for the 2014/15 year. The capital works projects are grouped by asset class.

### Capital works program

For the year ending 30 June 2015

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
<b>PROPERTY</b>									
<b>LAND</b>									
General Land Purchases	250	-	-	-	250	-	250	-	-
<b>TOTAL LAND</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>-</b>
<b>BUILDINGS</b>									
Yanakie Caravan Park	50	-	-	-	50	-	-	50	-
Long Jetty Caravan Park	61	-	61	-	-	-	-	61	-
Office Accomodation	20	-	-	-	20	20	-	-	-
Municipal Precinct Investigation	119	-	-	119	-	-	-	119	-
Leongatha Memorial Hall Replace Gas Heating System	50	-	50	-	-	-	-	50	-
Child Care Hub - Korumburra	2,908	-	2,828	-	80	2,908	-	-	-
Public Toilets Reconstruction - Toora	110	-	110	-	-	-	-	110	-
Public Toilets Reconstruction - Fish Creek	130	-	130	-	-	-	-	130	-
Caravan Park Rotunda and Camp Kitchen - Waratah Bay	50	-	50	-	-	-	-	50	-
<b>TOTAL BUILDINGS</b>	<b>3,498</b>	<b>-</b>	<b>3,229</b>	<b>119</b>	<b>150</b>	<b>2,928</b>	<b>-</b>	<b>570</b>	<b>-</b>
<b>TOTAL PROPERTY</b>	<b>3,748</b>	<b>-</b>	<b>3,229</b>	<b>119</b>	<b>400</b>	<b>2,928</b>	<b>250</b>	<b>570</b>	<b>-</b>
<b>PLANT AND EQUIPMENT</b>									
<b>PLANT, MACHINERY AND EQUIPMENT</b>									
Motor Vehicles	958	-	958	-	-	-	402	556	-
Plant	1,386	-	1,386	-	-	-	254	1,132	-
<b>TOTAL PLANT, MACHINERY &amp; EQUIPMENT</b>	<b>2,344</b>	<b>-</b>	<b>2,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>656</b>	<b>1,688</b>	<b>-</b>
<b>COMPUTERS AND TELECOMMUNICATIONS</b>									
Information technology - Network infrastructure	659	-	659	-	-	-	-	659	-
<b>TOTAL COMPUTERS &amp; TELECOMM'S</b>	<b>659</b>	<b>-</b>	<b>659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>659</b>	<b>-</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,003</b>	<b>-</b>	<b>3,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>656</b>	<b>2,347</b>	<b>-</b>

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
<b>INFRASTRUCTURE</b>									
<b>ROADS</b>									
Betterment Works	180	-	54	126	-	-	-	180	-
Roads Rehabilitation program	567	-	567	-	-	-	-	567	-
Dale Drive turning area - Leongatha	21	-	-	21	-	-	-	21	-
Station Street - Korumburra	294	-	294	-	-	-	-	294	-
Loch Poowong Road - Loch	220	-	220	-	-	-	-	220	-
Victory Avenue - Foster	730	-	730	-	-	-	-	730	-
Reseals (Partially funded R2R)	1,745	-	1,745	-	-	1,113	-	632	-
Reseal Preparation	780	-	780	-	-	-	-	780	-
Safe Intersections Program	117	-	35	82	-	-	-	117	-
Henrys Road - Nyora (R2R funding)	524	-	157	367	-	524	-	-	-
Gray St - Leongatha	594	-	178	416	-	-	145	449	-
Anderson St Town Entrance - Leongatha	11	-	3	8	-	-	-	11	-
Station Street Rehabilitation - Korumburra	59	-	47	12	-	-	-	59	-
Deviation of Koonwarra - Pound Creek Road - Leongatha	21	-	-	21	-	-	-	21	-
<b>TOTAL ROADS</b>	<b>5,863</b>	-	<b>4,810</b>	<b>1,053</b>	-	<b>1,637</b>	<b>145</b>	<b>4,081</b>	-
<b>BRIDGES</b>									
Allambee Estate Rd Bridge Rehab - Allambee Reserve	569	-	569	-	-	-	-	569	-
Wygths Bridge Replacement - Meeniyana (CRandB)	104	-	94	10	-	-	-	104	-
<b>TOTAL BRIDGES</b>	<b>673</b>	-	<b>663</b>	<b>10</b>	-	-	-	<b>673</b>	-
<b>FOOTPATHS AND CYCLEWAYS</b>									
Footpaths - Renewal	153	-	153	-	-	-	-	153	-
Walkerville Road - Tarwin Lower	94	-	-	-	94	-	-	94	-
Drouin Road - Poowong	43	-	-	-	43	-	-	43	-
Station Road, Foster	23	-	23	-	-	-	-	23	-
<b>TOTAL FOOTPATHS AND CYCLEWAYS</b>	<b>313</b>	-	<b>176</b>	-	<b>137</b>	-	-	<b>313</b>	-
<b>DRAINAGE</b>									
Tramway St (Flood Mitigation) - Port Franklin	55	-	-	55	-	-	-	55	-
<b>TOTAL DRAINAGE</b>	<b>55</b>	-	-	<b>55</b>	-	-	-	<b>55</b>	-

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
<b>RECREATION</b>									
Playground Replacement - McIndoe Park, Turner St - Leongatha	39	-	39	-	-	-	-	39	-
Playground Replacement - Lance Moon Park - Yanakie	42	-	42	-	-	-	-	42	-
Playground Replacement - Stanley St Playground - Toora	21	-	21	-	-	-	-	21	-
Playground Replacement -Saggassar Park, Victoria St - Nyora	26	-	26	-	-	-	-	26	-
Playground Replacement -Foreshore Reserve, Lewis St - Port Welshpool	39	-	39	-	-	-	-	39	-
Playground Replacement - Mirboo North Bay Care Centre - Mirboo North	16	-	16	-	-	-	-	16	-
Meeniyana Dumbalk United (MDU) Football Netball Club - Netball Court Redevelopment Project	20	-	-	20	-	-	-	20	-
Kindergartens Playground Replacement Program	15	-	15	-	-	-	-	15	-
Playgrounds - Replacement Program	50	-	50	-	-	-	-	50	-
TP Taylor Reserve Open Space Enhancement Project	112	-	112	-	-	78	-	34	-
Future Unplanned Works (SRV Grants)	176	-	176	-	-	-	-	176	-
<b>TOTAL RECREATION</b>	<b>556</b>	-	<b>536</b>	<b>20</b>	-	<b>78</b>	-	<b>478</b>	-
<b>WASTE MANAGEMENT</b>									
Koonwarra Landfill Cells 1 and 2 Cap #	200	-	-	200	-	-	-	200	-
Koonwarra Cell Construction	62	-	-	62	-	-	-	62	-
<b>TOTAL WASTE MANAGEMENT</b>	<b>262</b>	-	-	<b>262</b>	-	-	-	<b>262</b>	-
<b>OTHER INFRASTRUCTURE</b>									
<b>Asset renewal expenditure</b>									
Coal Creek Heritage Village Capital Projects	228	-	228	-	-	-	-	228	-
Yanakie Caravan Park	128	-	64	64	-	-	-	128	-
Long Jetty Caravan Park	121	-	-	62	59	-	-	121	-
Civil - Capital Works Design	215	-	86	86	43	-	-	215	-
Kerb and Channel - Dutton Street - Toora	83	-	83	-	-	-	-	83	-
Kerb and Channel - Collis Street - Foster	41	-	41	-	-	-	-	41	-
Guard Rails - Lower Toora Road - Bennison	35	-	7	28	-	-	-	35	-
Guard Rails - Mine Rd - Korumburra	64	-	64	-	-	-	-	64	-
Guard Rails - Ferriers Rd - Loch	23	-	-	-	23	-	-	23	-
Guard Rails - Leongatha Yarragon Rd - Leongatha Nth	23	-	-	23	-	-	-	23	-
Guard Rails - Toora-Wonyip Rd - Hazle Park	23	-	4	19	-	-	-	23	-
Guard Rails - Farmers Rd - Dumbalk North	19	-	-	19	-	-	-	19	-
<b>TOTAL OTHER STRUCTURES</b>	<b>1,003</b>	-	<b>577</b>	<b>301</b>	<b>125</b>	-	-	<b>1,003</b>	-
<b>TOTAL INFRASTRUCTURE</b>	<b>8,725</b>	-	<b>6,762</b>	<b>1,701</b>	<b>262</b>	<b>1,715</b>	<b>145</b>	<b>6,865</b>	-
<b>TOTAL CAPITAL WORKS 2014/15</b>	<b>15,476</b>	-	<b>12,994</b>	<b>1,820</b>	<b>662</b>	<b>4,643</b>	<b>1,051</b>	<b>9,782</b>	-
<b>Add : Income to be received but not expended in 2014/15</b>									
General Land Purchases	-	-	-	-	-	-	8	-	-
Child Care Hub - Korumburra	-	-	-	-	-	247	-	-	-
<b>Less : Income received in 2013/14 but to be expended in 2014/15</b>									
TP Taylor Reserve Open Space Enhancement Project	-	-	-	-	-	(78)	-	-	-
<b>TOTAL CAPITAL WORKS 2014/15</b>	<b>15,476</b>	-	<b>12,994</b>	<b>1,820</b>	<b>662</b>	<b>4,812</b>	<b>1,059</b>	<b>9,782</b>	<b>0</b>
# Excludes Landfill provisions	357								

## **APPENDIX D - Long Term Financial Plan (2014/15 – 2028/29)**

This section includes Council's forecast financial performance and financial and cash positions for the years 2014/15 to 2028/29.

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Works Statement



## Income Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000
<b>INCOME</b>																
Rates and charges	33,710	35,677	37,708	39,836	41,988	44,154	46,430	48,599	51,101	60,884	56,622	59,805	63,166	66,714	70,460	74,415
Statutory fees and fines	476	588	603	618	633	649	666	682	699	717	735	753	772	791	811	831
User fees	3,565	4,267	4,525	4,743	4,972	5,212	5,463	5,728	6,031	6,352	6,689	7,045	7,420	7,814	8,194	8,587
Contributions - cash	296	66	60	61	1,037	1,075	1,115	1,703	1,767	1,833	1,902	1,973	2,047	2,124	2,204	2,286
Contributions - non monetary assets	1,304	1,337	1,370	1,404	1,440	1,475	1,512	1,550	1,589	1,629	1,669	1,711	1,754	1,798	1,843	1,889
Grants - Operating (recurrent)	6,224	10,867	10,654	10,985	10,975	11,539	11,530	12,059	12,114	12,657	12,727	13,285	13,372	13,946	14,049	14,640
Grants - Operating (non recurrent)	5,610	4,597	84	22	0	0	0	0	0	0	0	0	0	0	0	0
Grants - Capital (recurrent)	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636
Grants - Capital (non recurrent)	1,817	3,176	466	1,256	0	0	0	0	471	0	0	0	0	0	0	0
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	179	290	722	190	330	320	417	441	465	473	390	398	461	415	424	496
Other income	1,909	1,770	1,908	1,977	2,049	2,004	2,082	2,130	2,186	2,243	2,304	2,365	2,428	2,493	2,559	2,604
<b>TOTAL INCOME</b>	<b>56,726</b>	<b>64,271</b>	<b>59,736</b>	<b>62,728</b>	<b>65,060</b>	<b>68,064</b>	<b>70,851</b>	<b>74,528</b>	<b>78,059</b>	<b>88,424</b>	<b>84,674</b>	<b>88,971</b>	<b>93,056</b>	<b>97,731</b>	<b>102,180</b>	<b>107,384</b>
<b>EXPENSES</b>																
Employee costs	21,158	22,241	23,169	24,065	25,173	26,363	27,611	28,924	30,300	31,742	33,253	34,837	36,497	38,234	40,049	41,951
Materials and services	21,896	21,483	16,610	17,056	17,610	17,893	18,272	18,864	19,162	19,675	20,237	20,772	21,325	21,921	22,442	23,000
Bad and doubtful debts	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Depreciation and amortisation	10,061	10,855	11,385	12,427	12,956	13,967	14,536	15,704	16,870	18,319	19,034	20,614	21,487	23,028	24,198	26,103
Borrowing costs	140	151	151	151	151	151	0	0	0	0	0	0	0	0	0	0
Other expenses	3,402	3,454	3,369	3,453	3,534	3,623	3,713	3,806	3,901	3,999	4,099	4,201	4,306	4,414	4,524	4,628
<b>TOTAL EXPENSES</b>	<b>56,658</b>	<b>58,185</b>	<b>54,685</b>	<b>57,153</b>	<b>59,425</b>	<b>61,998</b>	<b>64,133</b>	<b>67,299</b>	<b>70,234</b>	<b>73,736</b>	<b>76,624</b>	<b>80,425</b>	<b>83,616</b>	<b>87,598</b>	<b>91,214</b>	<b>95,683</b>
<b>SURPLUS (DEFICIT)</b>	<b>68</b>	<b>6,086</b>	<b>5,051</b>	<b>5,575</b>	<b>5,635</b>	<b>6,066</b>	<b>6,718</b>	<b>7,229</b>	<b>7,825</b>	<b>14,688</b>	<b>8,050</b>	<b>8,546</b>	<b>9,440</b>	<b>10,133</b>	<b>10,966</b>	<b>11,701</b>
<b>OTHER COMPREHENSIVE INCOME Items that will not be reclassified to surplus or deficit</b>																
Net Asset revaluation increment (decrement)	48,015	7,717	56,987	2,394	69,328	4,976	71,262	10,999	82,741	10,438	105,807	5,964	106,945	21,271	117,640	23,398
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>48,083</b>	<b>13,803</b>	<b>62,038</b>	<b>7,969</b>	<b>74,963</b>	<b>11,042</b>	<b>77,980</b>	<b>18,228</b>	<b>90,566</b>	<b>25,126</b>	<b>113,857</b>	<b>14,510</b>	<b>116,385</b>	<b>31,404</b>	<b>128,606</b>	<b>35,099</b>

## Balance Sheet

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000
<b>BUDGETED BALANCE SHEET</b>																
<b>Current assets</b>																
Cash and cash equivalents	9,169	9,657	8,134	8,995	13,546	18,640	20,164	11,924	9,095	8,060	8,709	10,846	16,151	19,891	20,964	23,218
Trade and other receivables	4,345	4,335	4,335	4,335	4,335	4,335	4,335	4,335	4,335	13,189	12,304	11,419	10,534	9,649	8,764	8,764
Financial assets	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Inventories	219	219	219	219	219	219	219	219	219	219	219	219	219	219	219	219
Other assets	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113	113
<b>Total current assets</b>	<b>15,546</b>	<b>16,024</b>	<b>14,501</b>	<b>15,362</b>	<b>19,913</b>	<b>25,007</b>	<b>26,531</b>	<b>18,291</b>	<b>15,462</b>	<b>23,281</b>	<b>23,045</b>	<b>24,297</b>	<b>28,717</b>	<b>31,572</b>	<b>31,760</b>	<b>34,014</b>
<b>Non current assets</b>																
Investments in regional library corporation	603	603	603	603	603	603	603	603	603	603	603	603	603	603	603	603
Property, infrastructure, plant and equipment	519,266	532,318	595,977	602,517	673,037	679,098	752,322	778,914	872,439	889,882	1,004,117	1,017,524	1,129,646	1,158,359	1,286,949	1,319,974
Investment property	674	674	674	674	674	674	674	674	674	674	674	674	674	674	674	674
<b>Total non current assets</b>	<b>520,543</b>	<b>533,595</b>	<b>597,254</b>	<b>603,794</b>	<b>674,314</b>	<b>680,375</b>	<b>753,599</b>	<b>780,191</b>	<b>873,716</b>	<b>891,159</b>	<b>1,005,394</b>	<b>1,018,801</b>	<b>1,130,923</b>	<b>1,159,636</b>	<b>1,288,226</b>	<b>1,321,251</b>
<b>Total assets</b>	<b>536,089</b>	<b>549,619</b>	<b>611,755</b>	<b>619,156</b>	<b>694,227</b>	<b>705,382</b>	<b>780,130</b>	<b>798,482</b>	<b>889,178</b>	<b>914,440</b>	<b>1,028,439</b>	<b>1,043,098</b>	<b>1,159,640</b>	<b>1,191,208</b>	<b>1,319,986</b>	<b>1,355,265</b>
<b>Current liabilities</b>																
Trade and other payables	3,399	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389	3,389
Trust funds and deposits	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529	529
Provisions	5,463	5,146	5,857	5,226	5,266	5,306	5,346	5,386	5,426	5,466	5,506	5,546	5,586	5,626	5,666	5,706
Interest bearing loans and borrowings	3,350	0	0	0	0	3,350	0	0	0	0	0	0	0	0	0	0
<b>Total current liabilities</b>	<b>12,741</b>	<b>9,064</b>	<b>9,775</b>	<b>9,144</b>	<b>9,184</b>	<b>12,574</b>	<b>9,264</b>	<b>9,304</b>	<b>9,344</b>	<b>9,384</b>	<b>9,424</b>	<b>9,464</b>	<b>9,504</b>	<b>9,544</b>	<b>9,584</b>	<b>9,624</b>
<b>Non current liabilities</b>																
Provisions	1,003	1,057	444	507	575	648	726	810	900	996	1,098	1,207	1,324	1,448	1,580	1,720
Interest bearing loans and borrowings	0	3,350	3,350	3,350	3,350	0	0	0	0	0	0	0	0	0	0	0
<b>Total non current liabilities</b>	<b>1,003</b>	<b>4,407</b>	<b>3,794</b>	<b>3,857</b>	<b>3,925</b>	<b>648</b>	<b>726</b>	<b>810</b>	<b>900</b>	<b>996</b>	<b>1,098</b>	<b>1,207</b>	<b>1,324</b>	<b>1,448</b>	<b>1,580</b>	<b>1,720</b>
<b>Total liabilities</b>	<b>13,744</b>	<b>13,471</b>	<b>13,569</b>	<b>13,001</b>	<b>13,109</b>	<b>13,222</b>	<b>9,990</b>	<b>10,114</b>	<b>10,244</b>	<b>10,380</b>	<b>10,522</b>	<b>10,671</b>	<b>10,828</b>	<b>10,992</b>	<b>11,164</b>	<b>11,344</b>
<b>Net assets</b>	<b>522,345</b>	<b>536,148</b>	<b>598,186</b>	<b>606,155</b>	<b>681,118</b>	<b>692,160</b>	<b>770,140</b>	<b>788,368</b>	<b>878,934</b>	<b>904,060</b>	<b>1,017,917</b>	<b>1,032,427</b>	<b>1,148,812</b>	<b>1,180,216</b>	<b>1,308,822</b>	<b>1,343,921</b>
<b>Equity</b>																
Accumulated surplus	190,780	195,666	197,963	202,463	206,500	214,246	219,403	229,591	237,038	250,710	257,362	264,310	272,058	280,376	289,266	299,426
Reserves	331,565	340,482	400,223	403,692	474,618	477,914	550,737	558,777	641,896	653,350	760,555	768,117	876,754	899,840	1,019,556	1,044,495
<b>Total equity</b>	<b>522,345</b>	<b>536,148</b>	<b>598,186</b>	<b>606,155</b>	<b>681,118</b>	<b>692,160</b>	<b>770,140</b>	<b>788,368</b>	<b>878,934</b>	<b>904,060</b>	<b>1,017,917</b>	<b>1,032,427</b>	<b>1,148,812</b>	<b>1,180,216</b>	<b>1,308,822</b>	<b>1,343,921</b>

## Cash Flow Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>																
<b>Cash flows from operating activities</b>																
Rates and charges	33,710	35,677	37,708	39,836	41,988	44,154	46,430	48,599	51,101	52,030	57,507	60,690	64,051	67,599	71,345	74,415
Statutory fees & fines	476	588	603	618	633	649	666	682	699	717	735	753	772	791	811	831
User fees	3,565	4,267	4,525	4,743	4,972	5,212	5,463	5,728	6,031	6,352	6,689	7,045	7,420	7,814	8,194	8,587
Contributions	296	66	60	61	1,037	1,075	1,115	1,703	1,767	1,833	1,902	1,973	2,047	2,124	2,204	2,286
Grants - operating	11,834	15,464	10,738	11,007	10,975	11,539	11,530	12,059	12,114	12,657	12,727	13,285	13,372	13,946	14,049	14,640
Grants - capital	3,453	4,812	2,102	2,892	1,636	1,636	1,636	1,636	2,107	1,636	1,636	1,636	1,636	1,636	1,636	1,636
Interest	537	529	574	609	645	565	604	615	631	648	666	684	702	721	740	752
Other receipts	1,372	1,241	1,334	1,368	1,404	1,439	1,478	1,515	1,555	1,595	1,638	1,681	1,726	1,772	1,819	1,852
Employee costs	(21,068)	(22,147)	(23,071)	(23,962)	(25,065)	(26,250)	(27,493)	(28,800)	(30,170)	(31,606)	(33,111)	(34,688)	(36,340)	(38,070)	(39,877)	(41,771)
Materials and consumables	(21,062)	(20,812)	(15,557)	(16,647)	(16,503)	(16,758)	(17,109)	(17,672)	(17,940)	(18,423)	(18,953)	(19,456)	(19,976)	(20,538)	(21,025)	(21,547)
Utilities	(978)	(1,029)	(1,054)	(1,081)	(1,108)	(1,136)	(1,164)	(1,193)	(1,223)	(1,253)	(1,285)	(1,317)	(1,350)	(1,384)	(1,418)	(1,454)
Other payments	(3,402)	(3,454)	(3,369)	(3,453)	(3,534)	(3,623)	(3,713)	(3,806)	(3,901)	(3,999)	(4,099)	(4,201)	(4,306)	(4,414)	(4,524)	(4,628)
<b>Net cash provided by (used in) operating activities</b>	<b>8,733</b>	<b>15,202</b>	<b>14,593</b>	<b>15,991</b>	<b>17,080</b>	<b>18,502</b>	<b>19,443</b>	<b>21,066</b>	<b>22,771</b>	<b>22,187</b>	<b>26,052</b>	<b>28,085</b>	<b>29,754</b>	<b>31,997</b>	<b>33,954</b>	<b>35,599</b>
<b>Cash flows from investing activities</b>																
Payments for property, infrastructure, plant & equipment	(13,363)	(15,476)	(17,353)	(15,833)	(13,415)	(14,265)	(15,681)	(30,678)	(26,776)	(24,498)	(26,628)	(27,199)	(25,764)	(29,562)	(34,214)	(34,732)
Proceeds from sale of property, infrastructure, plant and equipment	731	913	1,388	854	1,037	1,008	1,112	1,372	1,176	1,276	1,225	1,251	1,315	1,305	1,333	1,387
Trust Funds and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan advances made	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(12,632)</b>	<b>(14,563)</b>	<b>(15,965)</b>	<b>(14,979)</b>	<b>(12,378)</b>	<b>(13,257)</b>	<b>(14,569)</b>	<b>(29,306)</b>	<b>(25,600)</b>	<b>(23,222)</b>	<b>(25,403)</b>	<b>(25,948)</b>	<b>(24,449)</b>	<b>(28,257)</b>	<b>(32,881)</b>	<b>(33,345)</b>
<b>Cash flows from financing activities</b>																
Finance costs	(140)	(151)	(151)	(151)	(151)	(151)	0	0	0	0	0	0	0	0	0	0
Proceeds from borrowing	4,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	(784)	0	0	0	0	0	(3,350)	0	0	0	0	0	0	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>3,076</b>	<b>(151)</b>	<b>(151)</b>	<b>(151)</b>	<b>(151)</b>	<b>(151)</b>	<b>(3,350)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(823)</b>	<b>488</b>	<b>(1,523)</b>	<b>861</b>	<b>4,551</b>	<b>5,094</b>	<b>1,524</b>	<b>(8,240)</b>	<b>(2,829)</b>	<b>(1,035)</b>	<b>649</b>	<b>2,137</b>	<b>5,305</b>	<b>3,740</b>	<b>1,073</b>	<b>2,254</b>
Cash and cash equivalents at the beginning of the financial year	9,992	9,169	9,657	8,134	8,995	13,546	18,640	20,164	11,924	9,095	8,060	8,709	10,846	16,151	19,891	20,964
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,169</b>	<b>9,657</b>	<b>8,134</b>	<b>8,995</b>	<b>13,546</b>	<b>18,640</b>	<b>20,164</b>	<b>11,924</b>	<b>9,095</b>	<b>8,060</b>	<b>8,709</b>	<b>10,846</b>	<b>16,151</b>	<b>19,891</b>	<b>20,964</b>	<b>23,218</b>

## Capital Works Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000
<b>BUDGETED CAPITAL WORKS</b>																
Roads	4,960	5,862	5,835	5,012	5,147	5,499	5,571	7,562	6,532	15,031	13,429	10,394	9,851	8,817	10,073	10,470
Footpaths	450	313	350	389	426	454	471	490	508	526	548	568	590	612	635	660
Kerb & Channels	0	124	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridges	694	673	209	216	225	233	242	251	261	271	1,279	292	302	1,204	761	714
Drains & Culverts	1,001	55	172	156	232	221	230	290	248	257	267	277	287	298	310	342
Car parks	222	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Structures	1,401	1,698	4,721	1,253	1,352	1,495	1,868	4,037	4,430	2,258	2,227	1,380	2,466	1,459	1,709	1,545
Buildings	966	3,499	3,520	6,200	2,834	2,795	3,241	13,187	11,057	2,220	4,912	10,202	7,966	12,889	16,366	16,525
Land	0	250	265	273	281	290	299	307	317	326	336	346	356	367	378	389
Plant & equipment	2,922	2,343	1,738	1,715	2,280	2,621	3,083	3,857	2,705	2,870	2,869	2,956	3,138	3,084	3,125	3,230
Furniture & Equipment	747	659	543	619	638	657	676	697	718	739	761	784	808	832	857	857
Investment property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Capital Works</b>	<b>13,363</b>	<b>15,476</b>	<b>17,353</b>	<b>15,833</b>	<b>13,415</b>	<b>14,265</b>	<b>15,681</b>	<b>30,678</b>	<b>26,776</b>	<b>24,498</b>	<b>26,628</b>	<b>27,199</b>	<b>25,764</b>	<b>29,562</b>	<b>34,214</b>	<b>34,732</b>
<b>Represented by</b>																
Renewals	10,444	12,996	11,479	11,712	12,171	12,964	13,603	25,104	14,343	18,046	20,404	18,089	22,948	28,315	32,726	33,345
Upgrades	2,176	1,817	3,680	1,251	753	374	1,286	466	3,206	5,545	4,236	1,991	1,995	409	529	594
Expansion	743	663	2,194	2,870	491	927	792	5,108	9,227	907	1,988	7,119	821	838	959	793
New	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Capital Works</b>	<b>13,363</b>	<b>15,476</b>	<b>17,353</b>	<b>15,833</b>	<b>13,415</b>	<b>14,265</b>	<b>15,681</b>	<b>30,678</b>	<b>26,776</b>	<b>24,498</b>	<b>26,628</b>	<b>27,199</b>	<b>25,764</b>	<b>29,562</b>	<b>34,214</b>	<b>34,732</b>

## APPENDIX E - Fees and Charges

This section sets out non statutory charges of Council

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
Music For the People At Mossvale Park - Adult (Over 15years of age)	15.00	15.00	0.00	5,005
<b>Arts and Culture Total</b>				<b>5,005</b>
Road Reserve Activity Permit (Road RAP)	74.00	74.00	0.00	13,320
Unused Road Opening Application Fee	632.00	632.00	0.00	2,298
<b>Assets Total</b>				<b>15,618</b>
Non Commercial - Whole Complex Hire	739.00	785.00	6.22	0
Non Commercial - Whole Complex Hire 1/2 Day	386.00	410.00	6.22	0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	525.00	560.00	6.67	2,036
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	262.00	280.00	6.87	509
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	398.00	420.00	5.53	0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	44.00	47.00	6.82	128
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,357.00	2,500.00	6.07	2,273
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	734.00	780.00	6.27	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	166.00	175.00	5.42	1,591
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	84.00	90.00	7.14	2,455

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	588.00	625.00	6.29	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	130.00	140.00	7.69	636
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	65.50	70.00	6.87	1,273
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	24.00	25.00	4.17	3,295
Non Commercial - Leongatha Memorial Hall Kitchen full day	130.00	140.00	7.69	1,909
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	84.00	90.00	7.14	1,227
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	3.50	3.75	7.14	1,023
Non Commercial - Balcony Seating full day	166.00	180.00	8.43	0
Non Commercial - Balcony Seating 1/2 day	84.00	90.00	7.14	0
Non Commercial - Behind Stage full day	84.00	90.00	7.14	0
Non Commercial - Behind Stage 1/2 day	49.00	50.00	2.04	91
Non Commercial - Hall Bond where liquor is served (refundable)	656.00	700.00	6.71	0
Non Commercial - Hall Bond where liquor is not served (refundable)	166.00	180.00	8.43	0
Non Commercial - Korumburra Office Meeting Room Full Day	87.00	95.00	9.20	0
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	47.00	50.00	6.38	0
Commercial - Whole Complex Hire	919.00	980.00	6.64	0
Commercial - Whole Complex Hire 1/2 Day	480.00	510.00	6.25	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Commercial - Leongatha Memorial Hall Rental - full day or evening	656.00	700.00	6.71	5,727
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	328.00	350.00	6.71	0
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	493.00	525.00	6.49	955
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	58.00	60.00	3.45	545
Commercial - Leongatha Memorial Hall Full week hire 7 days	2,949.00	3,100.00	5.12	2,818
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	919.00	980.00	6.64	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	202.00	215.00	6.44	1,564
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	104.00	110.00	5.77	800
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	734.00	780.00	6.27	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	165.00	175.00	6.06	1,591
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	83.00	90.00	8.43	818
Commercial - Leongatha Memorial contractor Set up Costs (if used)	32.00	34.00	6.25	0
Commercial - Leongatha Memorial Hall Kitchen full day	165.00	175.00	6.06	318
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	104.00	110.00	5.77	400

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
Commercial - Leongatha Memorial Hall Crockery Hire per setting	4.50	5.00	11.11	0
Commercial - Balcony Seating full day	205.00	215.00	4.88	0
Commercial - Balcony Seating 1/2 day	104.00	110.00	5.77	0
Commercial - Behind Stage full day	104.00	110.00	5.77	0
Commercial - Behind Stage 1/2 day	63.00	65.00	3.17	0
Commercial - Hall Bond where liquor is served (refundable)	822.00	875.00	6.45	0
Commercial - Hall Bond where liquor is not served (refundable)	202.00	215.00	6.44	0
Commercial - Korumburra Office Meeting Room Full Day	110.00	115.00	4.55	0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	61.00	65.00	6.56	177
<b>Buildings - Operations Total</b>				<b>34,159</b>
Laundry Usage		4.00		8,727
6 Standard cabins off peak	75.00	93.50	24.67	34,000
6 Standard Cabins Peak	90.00	110.00	22.22	20,000
2 Couples Cabin off peak	120.00	143.00	19.17	26,000
2 Couples Cabin peak	135.00	159.50	18.15	14,500
2 Seaview Cabins off peak	140.00	154.00	10.00	28,000
2 Seaview Cabins peak	150.00	165.00	10.00	15,000
2 Family Park Cabins off peak	130.00	143.00	10.00	22,100
2 Family Park Cabins peak	145.00	159.50	10.00	14,500
3 Bedroom Cottage	250.00	330.00	32.00	12,000
3 Bedroom Cottage peak	280.00	380.00	35.71	13,818
Annual Site Holders	3,080.00	3,880.80	26.00	493,920
16 Powered Sites off peak	30.00	35.00	16.67	19,091
16 powered sites peak	40.00	45.00	12.50	20,455
Linen Hire	15.00	15.00	0.00	2,727
8 Unpowered Site off peak	25.00	30.00	20.00	6,818
8 Unpowered Sites peak	30.00	35.00	16.67	4,773
Extra Adult Peak	10.00	16.50	65.00	1,500
Extra Child Peak	6.00	11.00	83.33	1,500
<b>Yanakie Caravan Park</b>				<b>759,429</b>
Laundry Usage		4.00		9,091



<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Annual Site Holders	2,475.00	3,217.50	30.00	222,300
4 Cabins (Old) Off Peak	99.00	110.00	11.11	6,000
4 Cabins (Old) Peak	110.00	132.00	20.00	28,800
2 Cabins (Jaycos) Off Peak	121.00	132.00	9.09	3,600
2 Cabins (Jaycos) Peak	132.00	143.00	8.33	15,600
1 Large Jayco Cabin Off Peak	132.00	143.00	8.33	1,950
1 Large Jayco Cabin Peak	154.00	165.00	7.14	9,000
20 powered sites (Off Peak)	33.00	44.00	33.33	12,000
20 powered sites Peak	44.00	55.00	25.00	70,000
Permanent Site Holders (annual fee)	70.00	75.00	7.14	27,300
Electricity Usage Charge Annual and Permanent Sites	308.00	330.00	7.14	24,900
Electricity Usage Charge - Annuals and Permanents	0.00	250.00	0.00	18,864
Extra Adult Off Peak	11.00	13.20	20.00	3,600
Extra Adult Peak	11.00	13.20	20.00	7,200
Extra Child Peak	6.00	11.00	83.33	6,000
<b>Long Jetty Caravan Park</b>				<b>466,205</b>
Train Rides	6.50	7.00	7.69	42,210
Education Program - Bush Tramway Ride	4.00	4.26	6.50	8,249
Education Program - Bush Tractor Ride	4.00	4.00	0.00	0
Loads of Fire wood sold to volunteers	70.00	75.00	7.14	682
Education Program - Guided Tour	4.00	4.50	12.50	5,674
Coal Creek Package - Coal Creek Experience 1	10.00	11.00	10.00	15,640
Coal Creek Package - Coal Creek Experience 2	7.00	8.00	14.29	2,945
Coal Creek Package - Coal Creek Experience 3	7.25	8.00	10.34	7,462
Coal Creek Package - Coal at the Creek	6.50	7.00	7.69	2,087
Coal Creek Package - It's a child's life! 1901 Style	11.00	12.00	9.09	10,942
Coal Creek Package - A Pioneers Life	10.00	11.00	10.00	3,340

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
Coal Creek Package - Lessons from the Past	6.50	7.00	7.69	2,087
Events-Venue Hire	355.00	355.00	0.00	0
Events-Electricity fee	35.00	38.00	8.57	691
Auditorium /Boardroom Hire-1/2 day	65.00	70.00	7.69	955
<b>Coal Creek Total</b>				<b>102,964</b>
Class 1 (Non Standard FSP) Food Act Premises	605.00	645.00	6.61	7,740
Class 2 - Food Act Premises	605.00	645.00	6.61	114,165
Class 3 - Food Act Premises	386.00	411.00	6.48	27,537
Hair/Beauty- Health Act	171.00	182.00	6.43	6,006
Skin Penetration - Health Act	215.00	229.00	6.51	916
Comb Hair/Beauty & Skin - Health Act	215.00	229.00	6.51	1,603
PA8FC4	158.00	168.00	6.33	1,008
Transfer of Registrations (50% of rego fee)	0.00	0.00	0.00	0
Inspection on request (50% of registration fee)	0.00	0.00	0.00	0
Class 1 (Standard FSP) Food Act Premises	855.00	911.00	6.55	0
PAFC2	762.00	811.00	6.43	16,220
PAFC3	543.00	578.00	6.45	0
PAFC4	158.00	168.00	6.33	4,032
PA8FC2	380.00	405.00	6.58	3,240
PA8FC3	271.00	288.00	6.27	288
New Premises Establishment Fee - Large	375.00	399.00	6.40	725
New Premises Establishment Fee - Medium	185.00	197.00	6.49	537
New Premises Establishment Fee - Small	90.00	96.00	6.67	436
Registration of Temporary or Mobile Food Premises (attached to principal premises)	95.00	101.00	6.32	1,377
Permit to Install a septic tank	610.00	650.00	6.56	104,000
Permit to alter a septic tank system - Major Works	432.00	460.00	6.48	4,600
Permit to alter a septic tank - Minor Works	340.00	362.00	6.47	3,620

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
Request for copies of plans for septic.	65.00	70.00	7.69	636
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	171.00	182.00	6.43	331
Extension of time to existing Septic Tank PTI	336.00	358.00	6.55	1,432
Assessment of Land Capability Assessment	90.00	96.00	6.67	1,745
Minor permit amendment - no inspection	93.50	100.00	6.95	200
Major permit amendment - includes inspection	171.00	182.00	6.43	364
Request for Septic Plans and Permit	116.00	123.50	6.47	561
<b>Environmental Health Total</b>				<b>303,319</b>
Applicant B&W Photocopying (Amount per A3 page)	2.40	2.40	0.00	22
Applicant B&W Photocopying (Amount per A1 page)	10.75	10.75	0.00	98
<b>Governance Operations Total</b>				<b>120</b>
Home Maintenance Low Fee	11.00	11.70	6.36	12,519
Home Maintenance Medium Fee	17.00	18.10	6.47	362
Home Maintenance High Fee	45.00	47.90	6.44	479
Homecare Low Fee	5.80	6.20	6.90	107,632
Homecare Medium Fee	14.00	14.70	5.00	8,820
Homecare High Fee	31.00	33.00	6.45	3,300
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	1.20	1.20	0.00	2,727
HACC Bus Nyora Loch Bena Kongwak to Leongatha	5.00	5.50	10.00	572
HACC Bus Leongatha and Meeniyan	5.00	5.50	10.00	220
HACC Bus Port Welshpool to Leongatha	12.00	12.50	4.17	600
HACC Bus Foster to Welshpool	5.00	5.50	10.00	1,210
HACC Bus Venus Bay to	5.00	5.50	10.00	528

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
Wonthaggi				
HACC Bus Venus Bay to Leongatha	5.00	5.50	10.00	396
Community Transport Cars Revenue - fees based on 34 per kilometre, minimum fee \$6.00, over 100 kms charge both ways (as can receive refund through VPTAS), any trip under 100km charge one way	0.34	0.36	5.88	43,200
Private Works - Meals on Wheels	12.60	13.40	6.35	14,740
Meals on Wheels Low Fee	8.10	8.60	6.17	131,580
Meals on Wheels Medium Fee	8.10	8.60	6.17	3,440
Meals on Wheels High Fee	11.60	12.20	5.17	1,037
Respite Care Low Fee	2.90	3.10	6.90	10,348
Respite Care Medium Fee	4.30	4.60	6.98	920
Respite Care High Fee	32.00	34.10	6.56	546
Respite Services Travel Greater Than 30km	0.88	0.92	4.55	184
Personal Care Low Fee	4.30	4.60	6.98	21,620
Personal Care Medium Fee	8.50	9.10	7.06	910
Personal Care High Fee	35.30	37.30	5.67	1,455
Personal Care Travel Greater Than 30km	0.88	0.93	5.68	93
<b>HACC Services Total</b>				<b>369,438</b>
Hard Waste Collection - Regular	81.00	86.00	6.17	1,173
Hard Waste Collection - Pensioner	27.00	29.00	7.41	2,900
<b>Hard Waste Collection Total</b>				<b>4,073</b>
Varicella	78.00	78.00	0.00	0
Hep B Paediatric	18.00	18.00	0.00	0
Hep B Adult	31.00	31.00	0.00	93
Hep A Adult	74.00	74.00	0.00	296
Twinrix	86.00	86.00	0.00	516
Flu	24.00	24.00	0.00	10,320
Hep A Paediatric	48.00	48.00	0.00	0
Boostrix	39.00	40.00	2.56	400
<b>Immunisation Total</b>				<b>11,625</b>
Asbestos	137.00	150.00	9.49	7,227
Concrete	68.00	72.00	5.88	11,389
Prescribed Waste	181.00	193.00	6.63	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Commercial Waste by weight	137.00	150.00	9.49	1,269,000
Tree Stumps	39.00	42.00	7.69	496
Disposal of Clean Fill	137.00	150.00	9.49	3,409
Transfer Station Waste to Landfill	127.00	139.00	9.45	288,488
<b>Landfills Total</b>				<b>1,580,009</b>
Domestic Animal Business Registration	250.00	266.25	6.50	1,864
Dogs / Cats - First Offence	80.00	85.20	6.50	7,745
Dogs / Cats - Subsequent Offence	130.00	138.45	6.50	4,405
Cattle (First animal)	120.00	127.80	6.50	581
Cattle (Subsequent animals)	6.00	6.40	6.67	58
Vic Roads (Stock Control on Declared Roads)	605.00	643.50	6.36	46,800
Roadside trading permit	910.00	969.00	6.48	0
Local Law 1 release fees	122.00	130.00	6.56	0
Impounded vehicle release	194.00	206.60	6.49	0
Block Clearing (Fire Prevention / Hazards)	99.00	105.40	6.46	2,875
Goats & Pigs (First animal)	50.00	53.25	6.50	0
Door to Door trading permit	408.00	434.50	6.50	0
Local Law Footpath Occupation Permit	52.00	55.30	6.35	12,719
Bulk rubbish container permit	120.00	120.00	0.00	0
Late Application for Cattle Crossing	358.00	381.25	6.49	0
Droving of Livestock - Application fee (no refund)	209.00	222.50	6.46	0
Droving of Livestock - Bond	1,870.00	1,991.55	6.50	0
Droving Cattle - daily fee per head	2.80	2.95	5.36	0
Droving Sheep - daily fee per head	1.40	1.50	7.14	0
Droving Other Livestock - daily fee per head	2.80	2.95	5.36	0
Grazing of Livestock - Application Fee (no refund)	105.00	111.80	6.48	0
Grazing Cattle - daily fee per head	1.40	1.50	7.14	0
Grazing Sheep - daily fee per head	0.90	0.95	5.56	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Grazing Other Livestock - daily fee per head	1.40	1.50	7.14	0
Goats & Pigs (Subsequent animals)	6.00	6.40	6.67	0
Sheep (First animal)	25.00	26.60	6.40	0
Sheep (Subsequent animals)	2.80	2.95	5.36	0
Other (Per animal)	2.80	2.95	5.36	0
Exotic Animals (First animal)	50.00	53.25	6.50	0
Exotic Animals (Subsequent animals)	6.00	6.40	6.67	0
Sustenance Stock	13.50	14.35	6.30	130
Sustenance Cat & Dog	12.00	12.75	6.25	2,898
Burning off offensive material permit	377.00	377.00	0.00	0
Animal permit - Excess animals	50.00	50.00	0.00	2,500
Access - Additional Records	8.00	8.50	6.25	0
Access - All Records	14.00	14.90	6.43	0
Dog registration for dangerous, menacing and restricted breeds (RDM)	250.00	266.25	6.50	1,065
Animal registration undesexed dogs and cats (C2)	44.00	46.85	6.48	29,797
Pensioner fee for undesexed dogs and cats (C2P)	22.00	23.40	6.36	6,224
Animal registration for micro-chipped and desexed dogs and cats (C3)	44.00	46.85	6.48	112,581
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	22.00	23.40	6.36	8,845
Animal Registration Late Fee	12.00	12.75	6.25	3,825
Pensioner fee for dog registration for working dogs, microchipped only (C4P)	22.00	23.40	6.36	23,002
Dog registration for working dogs, microchipped only (C4)	44.00	46.85	6.48	44,367
NC1 – Dogs/Cats not included under NC2	130.00	138.45	6.50	5,538
NC1P - Dogs/Cats not included under NC2 Pension	65.00	69.20	6.46	1,038

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
NC2 – Dogs/Cats that qualify for reduced fee	44.00	46.85	6.48	14,477
NC2P – Dogs/Cats that qualify for reduced fee Pension	22.00	23.40	6.36	2,785
All other Local Law 1 permits-that are not specifically excluded	99.00	105.40	6.46	527
Open Air Burning Local Law Permit	0.00	55.00	0.00	1,000
<b>Local Laws Total</b>				<b>337,646</b>
Building Permit Document Search / Certificate Fees	134.00	143.00	6.72	1,950
Place of public entertainment occupancy permit	550.00	585.00	6.36	1,064
<b>Municipal Building Total</b>				<b>3,014</b>
Private Works - Aged and Disability Services	48.00	51.00	6.25	137,700
Private Works - Aged and Disability Services Travel Greater Than 30km	0.88	1.20	36.36	240
<b>Non HACC Services Total</b>				<b>137,940</b>
Outdoor Swimming Pool - Family Season Ticket	142.00	142.00	0.00	0
Outdoor Swimming Pool - Single Season Ticket	72.00	72.00	0.00	0
Outdoor Swimming Pool - Adult Entry	4.90	4.90	0.00	0
Outdoor Swimming Pool - Child Entry	3.80	3.80	0.00	0
Outdoor Swimming Pool - School Single Entry	2.85	2.85	0.00	0
Outdoor Swimming Pool - Spectator	1.00	1.00	0.00	0
Outdoor Swimming Pool - Single Season Ticket Child - Toora	99.00	105.00	6.06	0
Outdoor Swimming Pool - Weekly Family Ticket - Toora	55.00	60.00	9.09	0
Outdoor Swimming Pool - Single Season Ticket Adult - Toora	132.00	140.00	6.06	0
Outdoor Swimming Pool - Spectator - Toora	1.00	1.00	0.00	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Outdoor Swimming Pool - School Single Entry - Toora	2.85	3.00	5.26	0
Outdoor Swimming Pool - Child Entry - Toora	4.50	4.60	2.22	0
Outdoor Swimming Pool - Adult Entry - Toora	5.70	5.80	1.75	0
Outdoor Swimming Pool - Family Season Ticket - Toora	258.00	270.00	4.65	0
Outdoor Swimming Pool - Family entry	15.00	16.00	6.67	0
Outdoor Swimming Pool - Season Ticket Child	58.00	58.00	0.00	0
Family Season Ticket	100.00	100.00	0.00	0
Single Season Ticket	50.00	50.00	0.00	0
Adult Entry	4.50	4.50	0.00	0
Child Entry	3.60	3.60	0.00	0
School Single Entry	2.00	2.00	0.00	0
Spectator	1.00	1.00	0.00	0
SPLASH - Aquatics (Casual) Adult Rec Swim	5.60	5.80	3.57	0
SPLASH - Aquatics (Casual) Child Rec Swim	4.40	4.60	4.55	0
SPLASH - Aquatics (Casual) Concession Rec Swim	4.40	4.60	4.55	0
SPLASH - Aquatics (Casual) Family Rec Swim	16.00	16.50	3.13	0
SPLASH - Aquatics (Casual) Spectator	2.00	2.00	0.00	0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	7.90	8.30	5.06	0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	6.90	7.30	5.80	0
SPLASH - Group Fitness Aqua Aerobics	11.30	12.00	6.19	0
SPLASH - Group Fitness Aqua Aerobics (Concession)	9.10	9.50	4.40	0
SPLASH - Older Adults Programs Aqua Movers	6.70	7.00	4.48	0
SPLASH - Older Adults Programs Strength Training	6.70	7.00	4.48	0



<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Session				
SPLASH - Older Adults Programs Disability Access Program	6.70	7.00	4.48	0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	91.00	95.00	4.40	0
SPLASH - Full Centre Membership Fortnightly Fee	33.00	35.00	6.06	0
SPLASH - Full Centre Membership Concession Fee	27.00	29.00	7.41	0
SPLASH - Full Centre Membership Family Fortnightly Fee	27.00	29.00	7.41	0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	20.00	21.00	5.00	0
SPLASH - Aquatic Membership Fortnightly Fee	23.00	24.00	4.35	0
SPLASH - Aquatic Membership Concession Fee	19.00	20.00	5.26	0
SPLASH - Memberships Aquatic Membership Monthly Fee	47.50	50.00	5.26	0
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	42.50	45.00	5.88	0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	35.00	37.00	5.71	0
SPLASH - Memberships Y Kids Club Monthly Fee	34.00	35.00	2.94	0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	20.50	21.00	2.44	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	25.00	26.50	6.00	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	20.00	21.00	5.00	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	23.00	24.00	4.35	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	18.50	19.00	2.70	0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	55.00	58.00	5.45	0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	6.70	7.00	4.48	0
SPLASH - Schools - Aquatic Education (School Instructor)	3.50	3.75	7.14	0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	105.00	110.00	4.76	0
SPLASH - Schools - Aquatic Carnival Hire	710.00	750.00	5.63	0
SPLASH - Stadium Netta / Fun Net Clinic	5.40	5.50	1.85	0
SPLASH - Stadium Soccer Clinic	5.40	5.50	1.85	0
SPLASH - Stadium Basketball Clinic	5.40	5.50	1.85	0
SPLASH - Stadium Netball Team sheet Fee (Senior)	40.00	42.00	5.00	0
SPLASH - Stadium Netball Team Registration Fee (Senior)	75.00	80.00	6.67	0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	40.00	42.00	5.00	0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	75.00	80.00	6.67	0
SPLASH - Stadium Basketball Rental (single court)	39.00	40.00	2.56	0
SPLASH - Stadium Schools Rental (single court)	39.00	40.00	2.56	0
SPLASH - Stadium Birthday Parties	17.00	18.00	5.88	0
SPLASH - Children's Programs Facility Rental - Swim Club	15.00	16.00	6.67	0
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	28.80	30.00	4.17	0
SPLASH - Aquatic Adventure Day - Per participant	8.80	9.00	2.27	0

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
SPLASH - Stadium Entry fee - all persons	2.00	2.00	0.00	0
SPLASH - Challenge Fitness Camp	279.00	290.00	3.94	0
SPLASH - Challenge Fitness Camp (member)	220.00	230.00	4.55	0
<b>Recreation Total</b>				<b>0</b>
Port Welshpool boat ramp - Daily Car Park	6.50	6.50	0.00	1,773
Port Welshpool boat ramp - Annual Car Park Fee	43.00	43.00	0.00	11,727
<b>Routine Maintenance Total</b>				<b>13,500</b>
Title Searches	27.00	29.00	7.41	949
Request for copies of Planning Permit or Approved Plans	64.50	69.00	6.98	627
Request for copies of Planning Permit and Approved Plans	116.00	123.00	6.03	1,118
Request for copies of Planning Permit Applications on Advertising	0.25	0.30	20.00	27
Application or Request for Secondary Consent	60.00	102.00	70.00	1,855
Applications or Requests to respond to written Planning Enquiries	60.00	64.00	6.67	2,327
Application to Amend or Remove a S173 Agreement	0.00	502.00	0.00	4,564
<b>Statutory Planning Total</b>				<b>11,467</b>
Sustainability Festival Small Stall	35.00	35.00	0.00	636
<b>Sustainability Services Total</b>				<b>636</b>
Brochure Fee - PORT Member sponsorship	76.95	76.95	0.00	3,498
Brochure Fee - Non Member (non ratepayer)	110.00	110.00	0.00	200
Brochure Fee - Non PCRT Member (ratepayer)	93.95	93.95	0.00	427
Central Booking Service Revenue Average	11,550.00	10,909.00	(5.55)	10,909
Maps	6.95	6.95	0.00	208
Postcards	1.50	1.50	0.00	86
<b>Tourist Information Centres</b>				<b>15,328</b>

Description	Current Year Fee	Next Year Fee / Rate	% Increase	Next Year Revenue Budget
<b>Total</b>				
Garbage Bag up to 120L	4.00	4.00	0.00	0
Car Boot	18.00	20.00	11.11	0
240L Bin	9.00	10.00	11.11	0
120 L Bin	4.50	5.00	11.11	0
Ute - up to one cubic meter	36.00	39.50	9.72	0
Other Domestic	36.00	39.50	9.72	0
Silage Wrap bundled	36.00	39.50	9.72	0
Concrete Bricks Fill up to one m3	36.00	39.50	9.72	0
Car Bodies	44.00	47.00	6.82	0
Car Tyres	7.50	8.00	6.67	0
Small Truck / Four Wheel Drive Tyres	18.00	19.00	5.56	0
Large Truck Tyre	37.00	39.00	5.41	0
Earthmoving Tyre	215.00	229.00	6.51	0
Extra Charge for Tyre on Rim	10.00	10.50	5.00	0
Mattress - Single Bed	12.00	13.00	8.33	0
Mattress - Double Bed	18.00	19.00	5.56	0
Gas Bottles - up to 10kg	5.50	6.00	9.09	0
Gas Bottles - 10 to 20kg	11.00	12.00	9.09	0
Gas Bottles - Larger than 20kg	22.00	23.50	6.82	0
Green Waste - 120L Bin	2.00	2.00	0.00	0
Green Waste - 240L Bin	4.00	4.00	0.00	0
Green Waste - Car Boot / Station Wagon	5.00	5.50	10.00	0
Green Waste - Standard 6 x 4 Trailer (Level Load)	10.00	10.50	5.00	95,455
Green Waste - Standard 6 x 4 Trailer (Heaped Load)	18.00	19.00	5.56	0
Green Waste - 6 x 4 Trailer With Cage	36.00	38.00	5.56	0
Green Waste - Large Single Axle Trailer (Level Load)	12.00	13.00	8.33	0
Green Waste - Large Single Axle Trailer (Heaped Load)	24.00	26.00	8.33	0
Green Waste - Large Single Axle Trailer With Cage	36.00	38.00	5.56	0
Green Waste - Tandem Trailer (Level Load)	20.00	21.00	5.00	0
Green Waste - Tandem Trailer (Heaped Load)	36.00	38.00	5.56	0

<b>Description</b>	<b>Current Year Fee</b>	<b>Next Year Fee / Rate</b>	<b>% Increase</b>	<b>Next Year Revenue Budget</b>
Green Waste - Tandem Trailer With Cage	72.00	77.00	6.94	0
Green Waste - Ute (Level Load)	10.00	10.50	5.00	0
Green Waste - Ute (Heaped Load)	18.00	19.00	5.56	0
Green Waste - Amnesty Period (No Fees Charged) 1st November to 31st December	0.00	0.00	0.00	0
<b>Transfer Stations Total</b>				<b>95,455</b>
<b>Grand Total</b>				<b>4,266,950</b>