



**AGENDA APPENDIX**  
**Council Meeting**  
**Wednesday 24 April 2013**

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

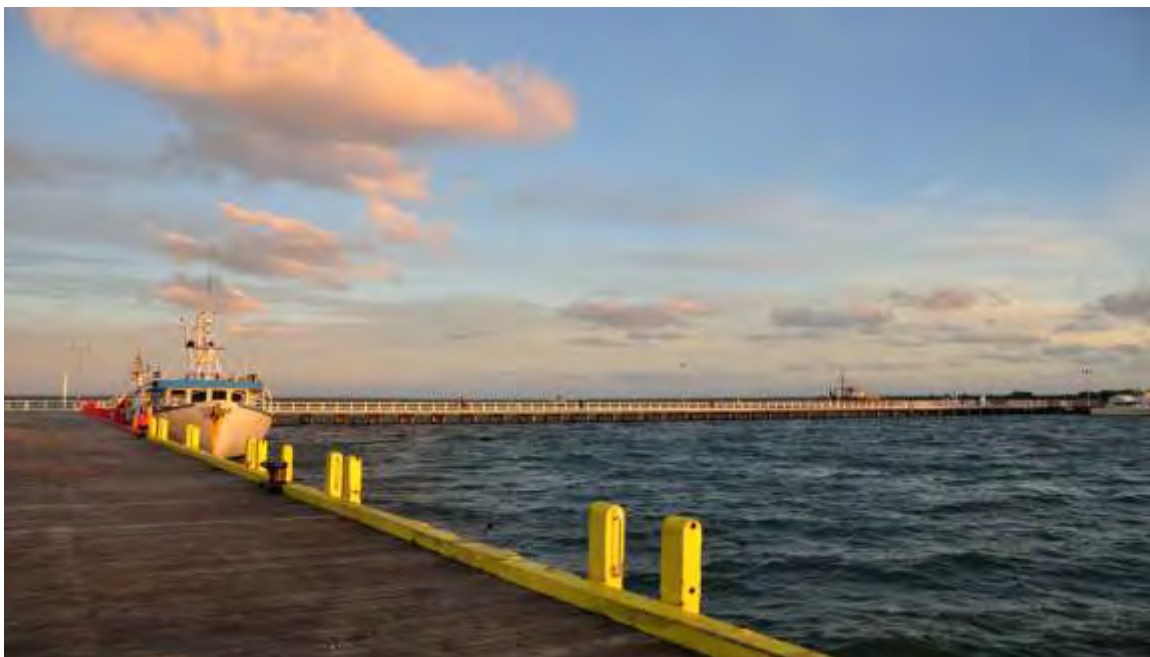
**THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY  
CONTACTING COUNCIL ON 03 5662 9200.**

**E.10 PROPOSED 2012-13 BUDGET INCORPORATING THE LONG TERM  
FINANCIAL PLAN**

*South Gippsland Shire Council*

**PROPOSED  
ANNUAL BUDGET  
2013 – 2014**

*Incorporating the 15 year Long Term Financial Plan*



Port Welshpool

Photo by Ken Fraser



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

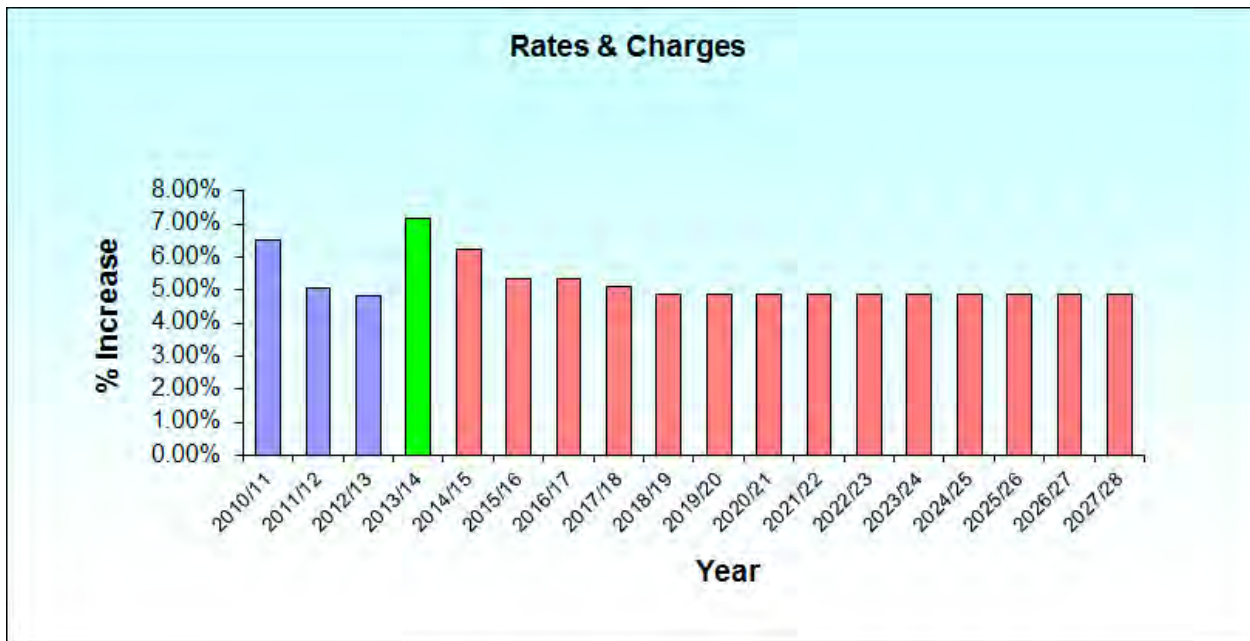
- Visiting the main office at 9 Smith Street, Leongatha Vic 3953
- Calling our customer service centre on (03) 5662 9200
- Sending an email to [council@southgippsland.vic.gov.au](mailto:council@southgippsland.vic.gov.au)
- Visiting Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)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



# Executive Summary

Council has prepared a Budget for the 2013/14 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, capital expenditure, financial position, borrowings and financial sustainability of the Council.

## Rates & Charges



It is proposed that the general rate will increase by 7.50%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

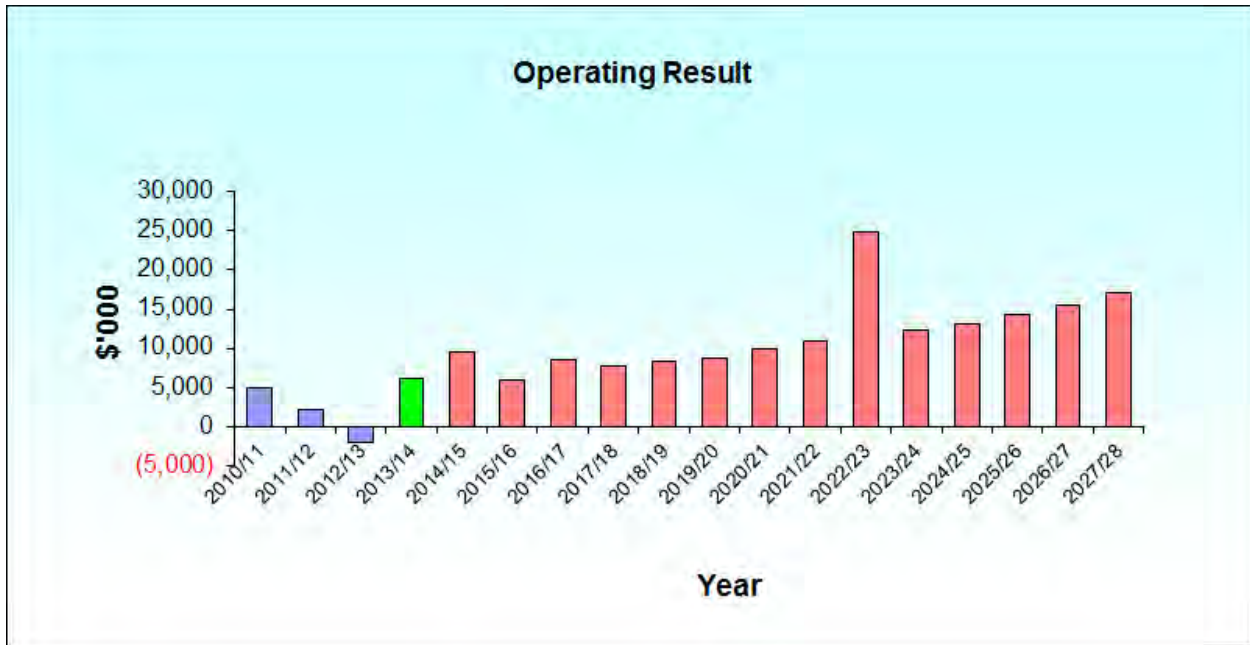
Overall, the general rates and charges increase will be 7.18% for the 2013/14 year, raising total rates of \$34.15M, including \$490,000 generated from supplementary rates & charges.

The general rates and charges increase for 2013/14 and future budget years are greater than what was in the previous year's Long Term Financial Plan. Council in 2012/13 has had to finance a \$4.61M defined benefit superannuation funding call. It also received reduced grant allocation from the Victoria Grants Commission which has a recurrent cost implication for forward budgets. This has necessitated Council to borrow funds and raise its rate revenue.

The following years overall rates and charges rises are projected to be 6.25% in 2014/15, 5.32% in 2015/16 and 2016/17 and 5.09% in 2017/18. From 2018/19 onwards, rate rises are projected to reduce to 4.87%

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 rates and charges increase for the 2012/13 year was 4.85%.

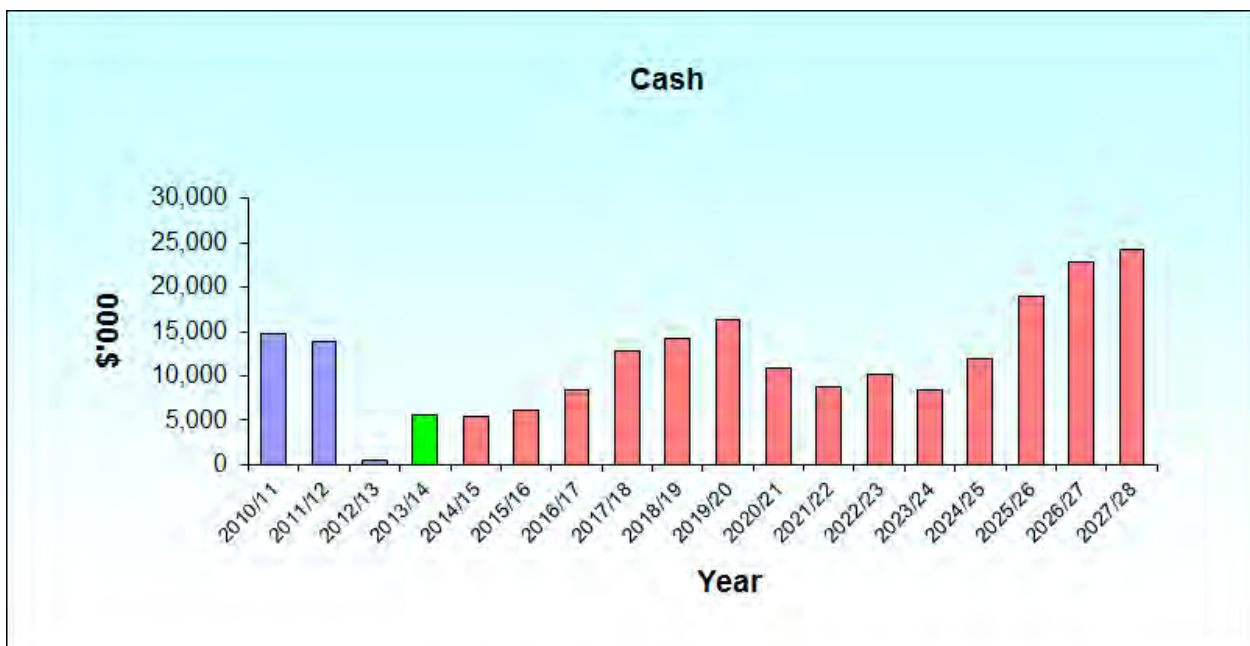
## Operating result



The expected operating result for the 2013/14 year is a surplus of \$6.20M, which is greater than the projected \$1.93M deficit result projected for 2012/13. The stronger result in 2013/14 relative to the previous financial year is predominantly due to incurring significant costs for storm recovery events in the previous financial year.

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 \$13.28M Special Charge Scheme income for a major roads and drainage project.

## Cash position

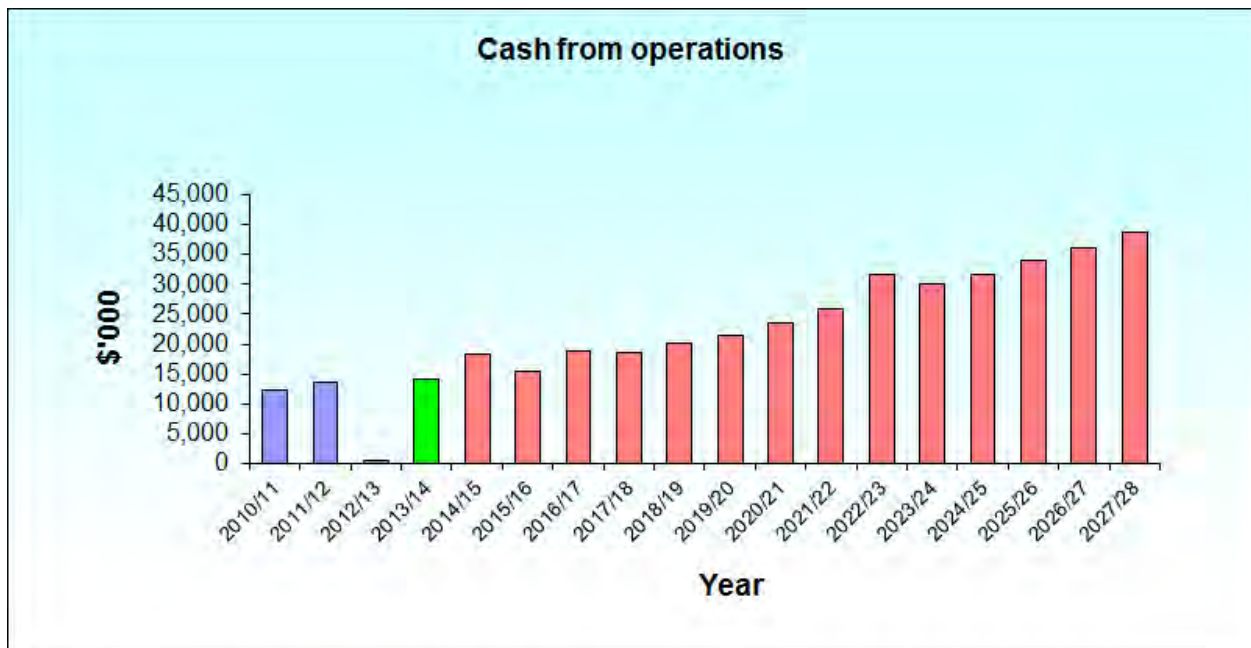


The cash position is expected to increase by \$5.18M during the year to \$5.68M as at 30 June 2014. It is projected to be \$493,000 as at 30 June 2013.

The 2012/13' cash position, in relative terms is low, due to Council paying its \$4.61M unfunded superannuation obligation prior to the due payment date of 1 July 2013, in order to receive a \$23,000 early payment discount. Council will be required to borrow funds in 2013/14 to help fund this one off cost.

The gradual strengthening of cash in future years is in line with Council's Financial Strategy. It provides funding capacity for unavoidable cost events and strategic opportunities.

### Cash from operations

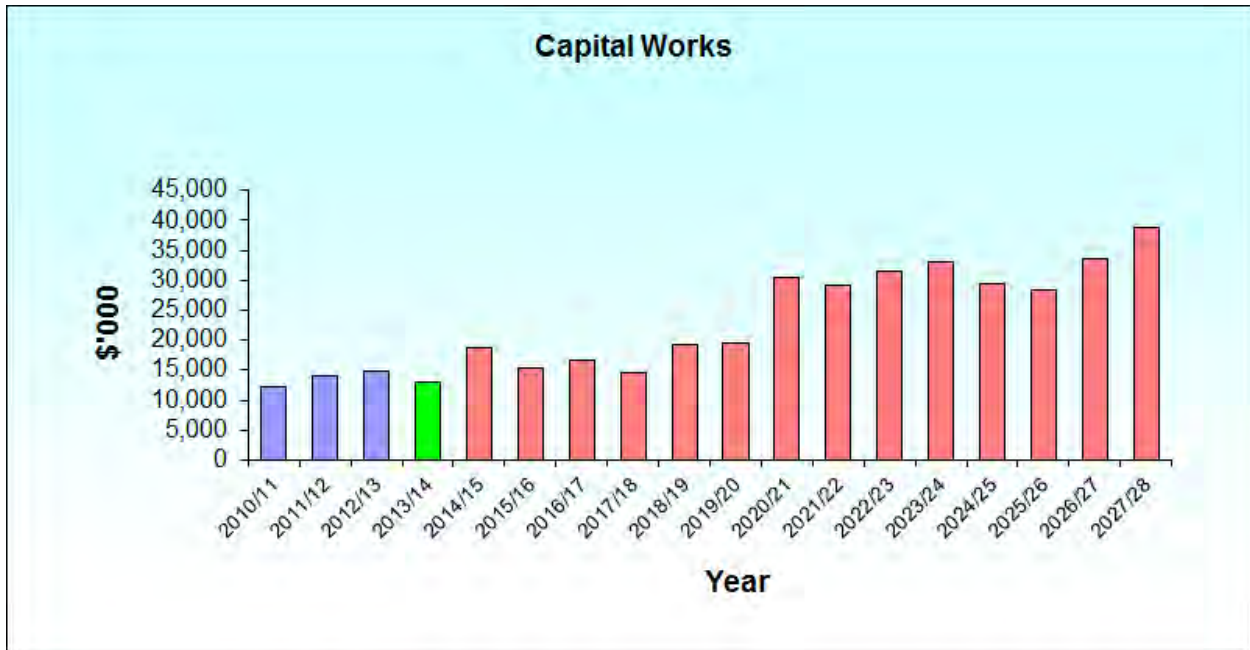


Net cash from operations for 2013/14 is forecast to be \$14.22M. It is significantly greater than the previous year's projected \$594,000. The cash flows from operations in the previous financial year was impacted by unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding.

The gradual and consistent strengthening of cash from operations in future years provides financial capacity for funding future years' Capital Works Programs.



## Capital expenditure



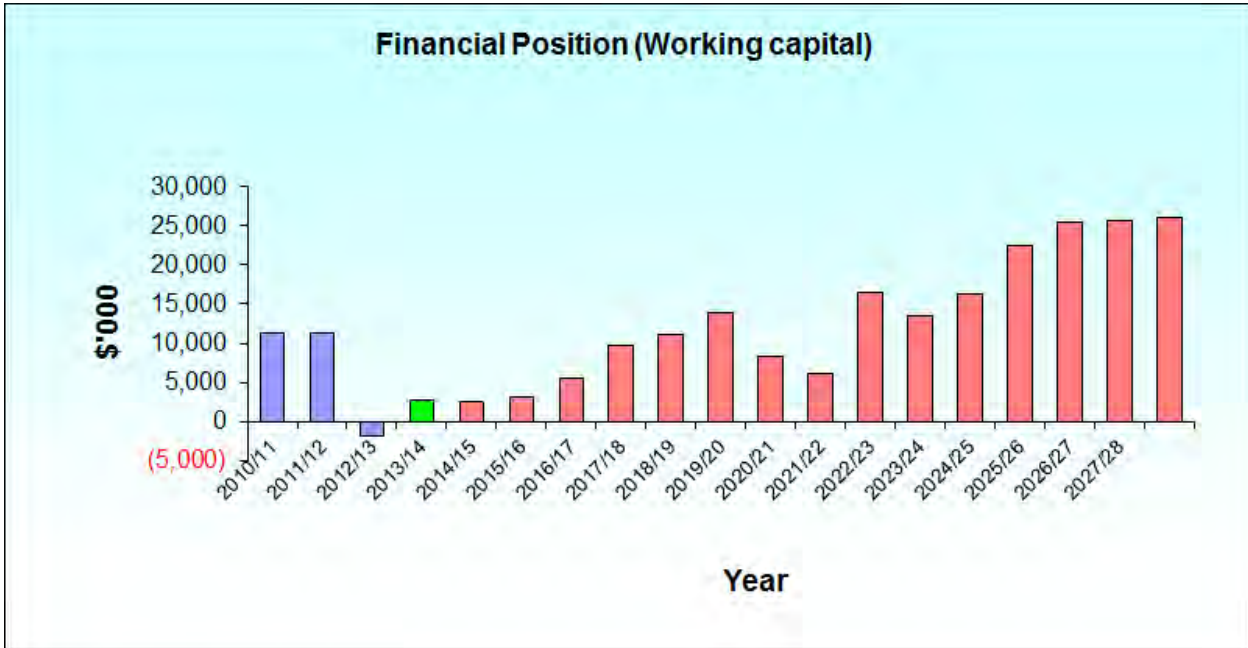
The capital expenditure program for the 2013/14 year is \$13.10M which is \$1.85M less than for 2012/13. The projected capital expenditure for the previous financial year is \$14.95M. The previous year's capital expenditure includes substantial amount of expenditure (\$2.64M) for projects that were budgeted for, but not actually completed. The carried forward component was fully funded from the 2011/12 budget.

The capital expenditure program for 2013/14 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. 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. These are detailed in Appendix D, Capital Expenditure Program. The capital works program in the later years is funded from increased amounts of cash expected to be generated from developer contributions.

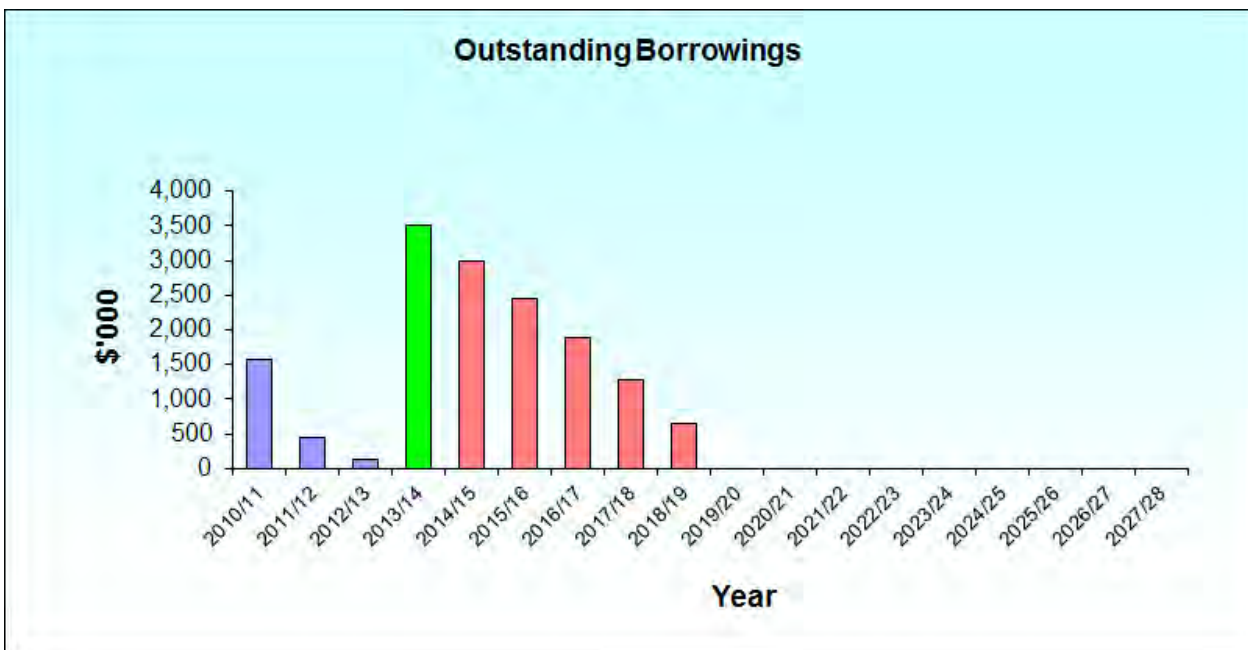
## Financial position



Net current assets (working capital) will increase by \$4.76M to \$2.85M as at 30 June 2014. Working capital is projected to be a negative \$1.91M as at 30 June 2013. The dip is as a result of paying unfunded superannuation liability costs in 2012/13 prior to borrowing funds in 2013/14. There is no concern about not being able to meet short term creditor payment obligations.

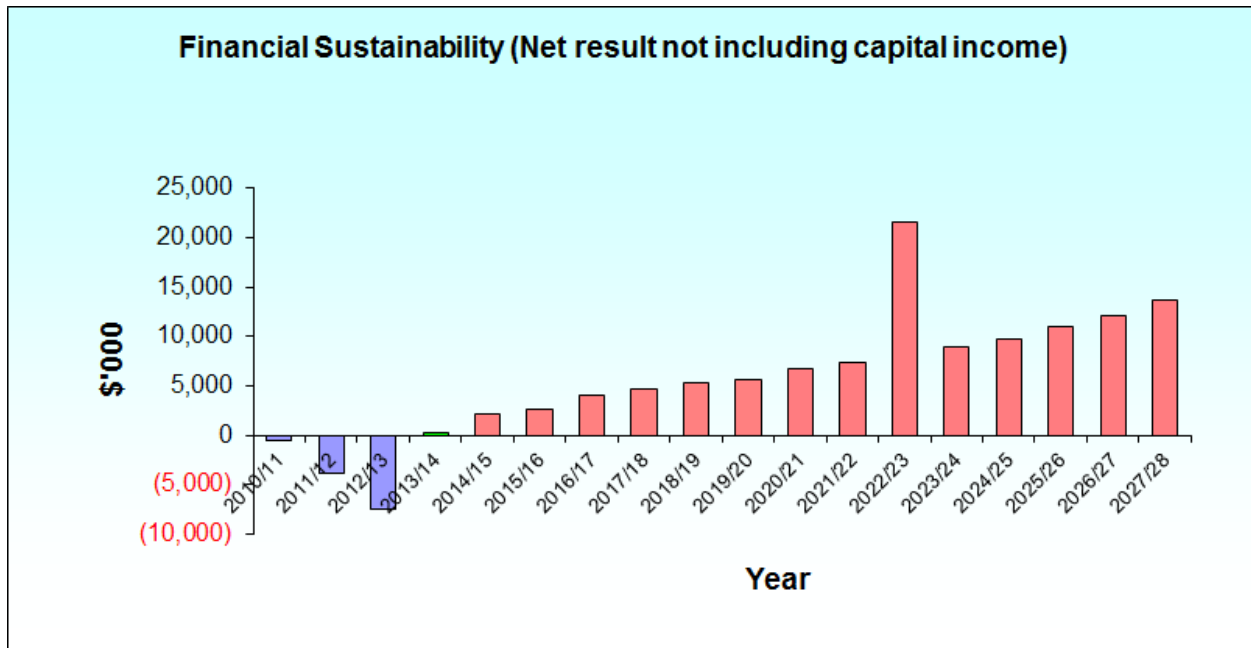
The gradual rebuilding of Council's working capital in forward budgets is most evident. This provides financial capacity for future strategic or unavoidable cost events.

## Borrowings



Council will have to borrow \$4.00M in 2013/14 to fund the \$4.59M unfunded superannuation obligation that it will pay in June 2013. Outstanding borrowings will increase by \$3.38M to \$3.51M as at 30 June 2014.

**Financial sustainability**



A detailed Long Term Financial Plan for the years 2013/14 to 2027/28 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is achieving 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 (\$4.66M) and donated / granted assets (\$1.30M) is backed out of the operating result (\$6.20M surplus) the underlying result (net result not including capital funding sources) for 2013/14 is projected to be a \$240,000 surplus.

The Long Term Financial Plan projects consistent 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 \$13.28M Special Charge Scheme income for a major roads and drainage project.

**Longer Term Key Performance Indicators**

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.

	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
<b>Financial performance</b>															
Underlying result	0.47%	4.15%	4.78%	6.94%	7.54%	8.10%	8.31%	9.14%	9.57%	23.07%	10.62%	11.02%	11.86%	12.36%	13.30%
Underlying Working Capital	1.26	1.21	1.23	1.35	1.65	1.67	2.00	1.61	1.40	2.09	1.73	1.88	2.33	2.49	2.39
<b>Funding capacity</b>															
Self-financing	25.45%	30.40%	26.69%	30.06%	28.98%	30.03%	30.39%	32.10%	32.01%	33.31%	34.80%	35.18%	35.95%	36.36%	37.14%
Sustainability Index	119%	159%	138%	116%	104%	100%	124%	162%	100%	178%	167%	96%	130%	151%	169%
<b>Borrowing capacity</b>															
Indebtedness	0.23%	6.54%	5.11%	3.72%	2.40%	1.18%	1.25%	1.32%	1.39%	1.22%	1.53%	1.59%	1.66%	1.71%	1.77%
Total Debt as a % of Rate revenue	10.28%	8.12%	6.31%	4.56%	2.94%	1.43%	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	0.35%	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%

Note: 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. It is forecast to be in the green zone for 2013/14 and all the forward budgets.

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 2013/14 through to 2016/17 and once again in 2021/22. Although it does not present as an immediate financial concern it does indicate that Council in those years has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in that period of time.

The 'Self financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone for 2013/14 and all the forward budgets.

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 all the forward budgets with the exception of 2024/25. 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.

# 1. Budget process

This section lists the processes to be undertaken in order to adopt the Budget in accordance with the Act and Regulations.

The preparation of the Budget begins with a 'proposed' Annual Budget developed in accordance with the Local Government Act 1989 (the Act) and submitting the 'proposed' Budget to Council 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. A person has a right to make a written submission on any proposal contained in the Budget and Council must consider any submission before adoption of the budget.

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 and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

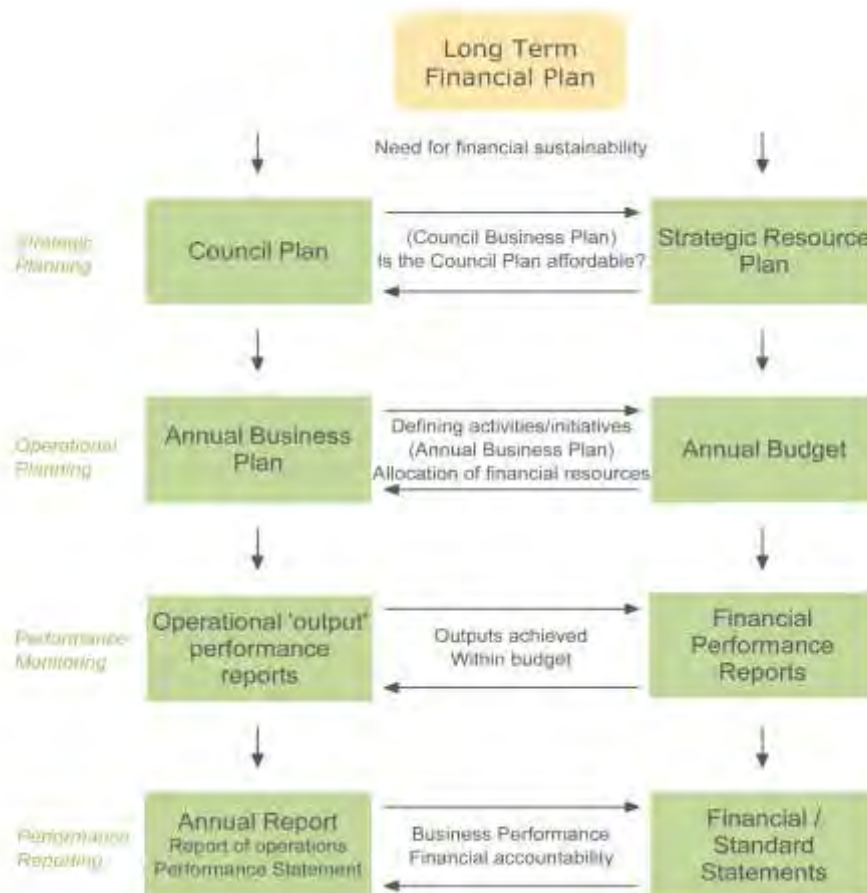
Budget Process	Timing
• Council Plan / Business plan requirements reviewed	Jul – Nov
• Previous years financial results updated into Financial Plan	Aug - Sep
• Capital Works requirements reviewed	Oct – Dec
• Financial strategies reviewed	Oct - Dec
• Operating budgets prepared	Dec - Feb
• Councillors consider draft budgets at briefing sessions	Feb - Apr
• Proposed budget submitted to Council for approval	24 April
• Public notice advising intention to adopt budget	30 April
• Budget available for public inspection & comment	30 April
• Submissions period closes	29 May
• Submissions considered by Council	19 June
• Budget presented to Council for adoption	26 June
• Copy of adopted budget submitted to the Minister	28 June

## 2. Linkage to Council Plan

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

### 2.1 Strategic planning framework

The Annual Budget has been developed within an overall 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 you can 'drill down' from the 15 year Long Term Financial Plan through to a four year Strategic Resource Plan (that complements the Council Plan) and then finally to the Annual Budget (that complements the Annual Business Plans).

## **2.2 Long Term Financial Plan**

The Long Term Financial Plan incorporates some very high level objectives / strategies as well as budgeted financial statements for 15 years. It is the overarching document to the Strategic Resource Plan and the Annual Budget, and documents the future financial direction of the Council.

## **2.3 Council Plan and Strategic Resource Plan**

The Council Plan specifies key strategic outcomes, objectives and strategies, whereas the Strategic Resource Plan is a detailed forward budget that quantifies the resources required over four years to achieve the Council Plan's strategic directions.

Both the Council Plan and the Strategic Resource Plan are a legislative requirement. The Strategic Resource Plan is part of the Council Plan.

There is a legislative requirement that the Council Plan be for a static 4 year period that 'winds down' over the four years. It is a legislative requirement that the Strategic Resource Plan be at least 4 financial years.

## **2.4 Annual Business Plan / Annual Budget**

The Annual Plan details strategic activities and initiatives planned to be undertaken, in the financial year, including the budget requirements. The Annual Plan includes the identification of Key Strategic Activities (KSA's). The Annual Budget collates the financial resource requirements for the Annual Plan and Annual Department Plans.

The Annual Department Plans consolidate department Service Plans and associated financial resource requirements. Managers develop Department Plans that describe in detail services, service levels and associated costs. They are sometimes described as operational plans.

The Budget (this document) that is prepared pursuant to Section 127 of the Local Government Act 1989 draws information from the Council Plan, Annual Plan and the detailed Department Plans. The Budget document describes how these activities and initiatives will contribute to achieving the strategic objectives specified in the Council Plan.

The Budget document also contains separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity.

Risk management obligations that are documented in the Corporate Risk Register, influence the prioritisation of projects that are included in the Annual Business Plan and budget.

## **2.5 Operational Performance Report / Financial Performance Report**

After the Budget has been adopted, the focus then shifts to actual business performance and the monitoring of it. The key objective is to produce the planned outputs and be within budget.

Achieving the activities and initiatives described in the Annual Budget in a financially responsible manner contributes to the achievement of strategic outcomes as documented in the Council Plan.

Operational performance monitoring occurs on a daily basis, and is formally reviewed by the Executive Leadership Team (Chief Executive Officer and Directors) on a monthly basis.

Council is provided with a monthly business performance update. A report presented to Council on a quarterly basis includes more detailed operational performance information. Council is also provided four times a year a detailed Financial Performance Report. It includes the key financial statements, a strategic assessment on both the year to date financial performance as well as the longer term financial projections.

## **2.6 Annual Report / Audited Financial Statements**

Finally, at year-end, the actual outcomes are reported in the Annual Report which includes financial, standard and performance statements. They are all subject to external audit.

The audited financial statements quantify the financial results for the given financial year. The financial statements include:

- Income Statement (Profit & Loss);
- Balance Sheet;
- Statement changes in Equity; and
- Cash Flow Statement.

The financial statements are in a very similar format to the budgeted financial statements contained in the:

- Long Term Financial Plan – 15 year budget;
- Strategic Resource Plan – 4 year budget; and
- Annual Budget.

It is now a legislative requirement to provide at financial year end, detailed analysis of actual results relative to the original budgets in the following Standard Statements:

- Statement of Financial Performance (Income Statement);
- Statement of Financial Position (Balance Sheet);



- Statement of Cash Flows; and
- Statement of Capital Works.

This analysis of actual results to budgets and explanations provided is subject to external audit.

There is also a separate audit process undertaken on Key Strategic Activities as identified in the original budget.

The Annual Report also reports on the achievement or otherwise of the strategic objectives and actions that were included in the Council Plan and Annual Plan.

This consistency of the reports between long term budgets, annual budgets and actual results facilitates assessing actual outcomes achieved against planned outcomes.

The Auditor General in his annual report to Parliament on the outcome of financial audits over the last few years has consistently recommended that all councils:

- Develop indicators of financial viability and sustainability;
- Establish targets as part of their strategic planning process; and
- Report and monitor actual performance against targets.

It is pleasing to note that since 2003, South Gippsland has implemented indicators targets and reporting mechanisms on its own volition, prior to the Auditor General making such recommendations.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The review of the Council Plan commences mid-way through the financial year to ensure that there is sufficient time to develop Annual Department Plans in draft form, prior to the commencement of the annual Budget process in January each year.

Key financial performance indicators and ratios established during the long term financial planning process guided the preparation of this 2013/14 Annual Budget and Long Term Financial Plan.

## 2.7 Strategic Objectives

The 2013/17 Council Plan details four Outcomes that contain a number of Objectives. These are:

### **OUTCOME 1. A Prosperous Shire**

Objective 1.1: Work with the business community to support existing businesses, diversify employment opportunities and to attract new businesses.

Objective 1.2: Raise the awareness of local and regional issues with State and Federal decision makers.

Objective 1.3: Improve the sustainability of the local and regional environment.

### **OUTCOME 2. Closely Connected Communities**

Objective 2.1: Engage and work collaboratively with our community.

### **OUTCOME 3. Integrated Services and Infrastructure**

Objective 3.1: Deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.

### **OUTCOME 4. A Leading Organisation**

Objective 4.1: Improve the financial sustainability of Council, including diversifying revenue streams.

Objective 4.2: Pursue best practice in organisational development and operations of the organisation

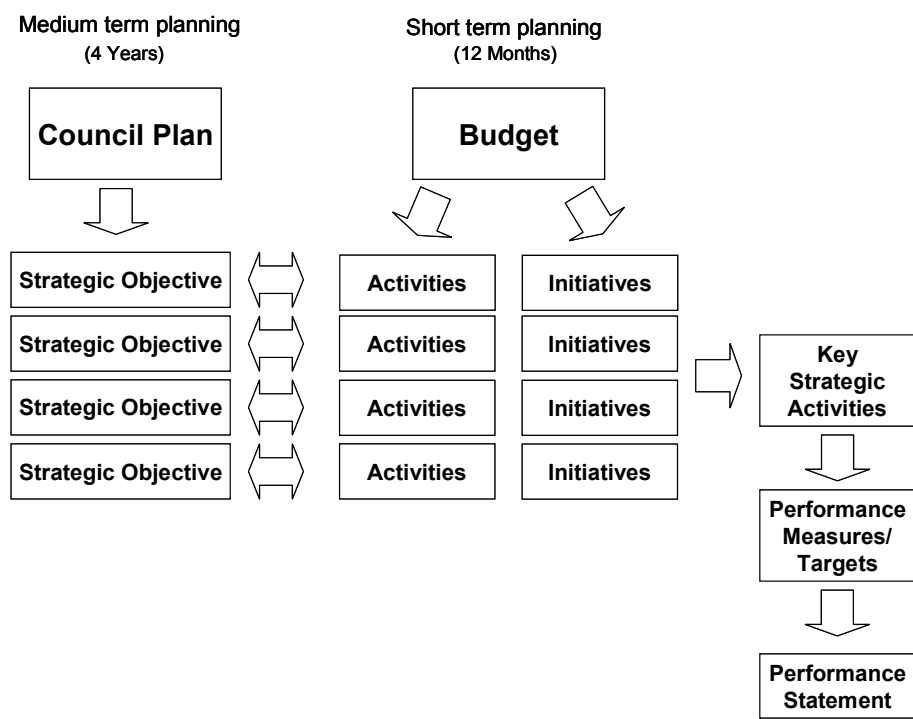
These Objectives are underpinned by Strategies that set out key priorities required to achieve the Objectives. Together the Outcomes, Objectives and Strategies are realised through specific activities determined in the Annual Plan and funded in the Annual Budget each year.

The Council, through its four directorates (which includes 23 Departments), delivers a range of activities and initiatives. Each contributes to the achievement of at least one of the objectives in the Council Plan.

### 3. Activities, Initiatives and Key Strategic Activities

This section provides a description of the activities and initiatives to be funded in the budget for the 2013/14 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 2.7. Appendix E 'Key Strategic Activities' includes a number of Key Strategic Activities and performance targets and measures in relation to these.

The relationship between these components of the Budget and the Council Plan is shown below.



#### 3.1 Key Projects, Initiatives and Annual Plan Activities

The Council organisation structure consists of the CEO's Office and four Directorates. Significant activities to be undertaken in 2013/14 for each Directorate are included on the following pages.

The Directorate activities and initiatives outlined below will contribute to achieving the outcomes, objectives, strategies and actions specified in the Council Plan and Annual Plan in accordance with Section 127 (2)(c) of the Local Government Act.

## EXECUTIVE OFFICE KEY PURPOSES

- Delivery of Council Vision, Council Plan and strategic directions;
- Provision of good governance through support to Council;
- Support the Council in the development and implementation of Council's key strategies with a focus on the achievement of sustainable services and development;
- Develop and support productive relationships with the community, local business, and all levels of government and key stakeholders to understand needs and priorities, manage expectations and deliver results;
- Effectively manage Council's operations, achieve key agreed outcomes and ongoing performance improvements; and
- Provision of support and leadership to ensure effective organisational performance and service delivery to the community.

## COMMUNITY SERVICES DIRECTORATE ACTIVITIES

To achieve Council's objectives of 'Closely Connected Communities', 'Integrated Service and Infrastructure' and 'A Prosperous Shire' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Community Services Directorate has a leading role in ensuring that the organisation achieves these strategic objectives. Their activities and key project and initiatives focus for 2013/14 are described below.

**The Community Services Directorate's** role is to identify current and future community needs, plan for the future and facilitate, support, co-ordinate and provide services in the community. The Directorate consists of five main Departments and manages the strategic direction of libraries across the Shire. The Directorate focus for the 2013/2014 financial year will be to work in partnership with the community to plan for the future, improve community health and wellbeing and build resilience. Investment in council-owned facilities and services will be future focussed, reflect an integrated approach and be strengthened through partnership with other service providers and our valued volunteers. Our services will support people of all ages and abilities, demonstrating the importance of children in their formative years, engagement of youth and assisting older people to live independently in their local community. We will protect our environment through best practice and increase community awareness on sustainability and emergency preparedness.

**The Director Community Services** provides:

- Coordination of the Victorian Government funded Advancing Country Towns Project which aims to revitalise the Lower Tarwin District through economic development opportunities;
- Strategic direction for the 5 library sites and mobile library provision in the Shire;

- Strategic direction for improved health and wellbeing of the community through the development and implementation of the Shires Municipal Public Health and Wellbeing Plan.

**The Aged & Disability Services Department** provides:

- Home and community based services including Personal Care, Home Care, Respite, Community Transport, Meals on Wheels and Home Maintenance to support older people, people with a disability and their carers;
- Services that contribute to maintaining a safe, secure and independent environment for their clients; and
- Strategic Planning for positive ageing including innovative projects that 'Improve Liveability for Older People' and services that respond to the diversity of the Shire.

**The Children and Family Services Department** provides:

- Strategic planning to ensure services and infrastructure across the Shire meets future demand, and supports key partners in the provision of children and family services in the Shire; and
- Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups which aim to maximise the health and wellbeing and development of children, ensure services are universally accessible and supports families.

**The Emergency Management Department** aims to provide:

- A team that ensures Council has a current and relevant Municipal Emergency Management Plan detailing Council's preparedness to respond to and recover from any Municipal Emergency that should arise; and
- A focus on community awareness, fire management, preparedness and planning.

**The Community Strengthening Department** works:

- In partnership with South Gippsland's diverse communities to encourage and support participation and resilience;
- In community planning, project and activity development, recreation, youth engagement and arts and cultural pursuits; and
- Provides Community Planning and Engagement, Recreation, Rural Access, Youth Support, Transport Connections, L2P Program, Volunteer Coordination and support for arts and cultural organisations.

**The Sustainability Services Department's** role is to protect the local environment and work towards a low carbon economy through collaborative partnerships. The Department will:

- Develop both community and Council energy and resource efficiency projects contained within the Sustainability Strategy;

- Provide sustainable waste management services based on best practice principles and in accordance with relevant legislation; and
- Provides services to protect and enhance the Shire's natural environment through the ongoing management of Bush Reserves, roadside weed control and planting programmes and provision of environmental planning advice on statutory planning matters.

## KEY PROJECTS AND INITIATIVES FOCUS FOR 2013/14

**The Community Services Directorate has identified the following initiatives and projects to work toward commencing and implementing in 2013/14:**

### **Active Lifestyles**

Master plans will be developed for the Toora, Poowong and Foster outdoor swimming pools in partnership with the local communities.

Support provided to the Recreation Reserve Committees will be reviewed.

### **Community Health**

The Municipal Public Health and Wellbeing Plan 2013-2017 will be implemented.

Improving Liveability For Older People project initiatives will be implemented.

### **Early Childhood Development**

Government funding and corporate sponsorship will be sought to build the Korumburra Integrated Children's Centre.

The Municipal Early Years Plan will be implemented.

### **Community Facilities**

A strategy for the development of community facilities including community hubs will be developed

### **Revenue Diversification**

A Community Sponsorship Fund or Community Trust Program will be investigated

### **Partnerships**

New partnerships with agencies or service providers to improve integrated service delivery will be developed

### **Waste Management**

Council's Waste Management Strategy will be implemented with 2013/14 Action Plan activities completed and modern waste management innovations considered.

### **Sustainability**

'Green Street Lighting' project will be implemented.

A Weed and Pest Management Plan for Council land and roadsides will be implemented in partnership with the South Gippsland Landcare Network.

## DEVELOPMENT SERVICES DIRECTORATE ACTIVITIES

To achieve Council's objective of 'A Prosperous Shire' and 'Integrated Services and Infrastructure' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Development Services Directorate has a leading role in ensuring that the organisation achieves these strategic objectives. Its activities and key projects and initiatives focus for 2013/14 are described below.

**The Development Services Directorate's** purpose is to enable South Gippsland to be a great place to live, work and visit by:

- Enabling the development and protection of our land and environment;
- Building and promoting prosperity for current and future generations; and
- Contributing to a safe and sustainable built environment.

The Directorate comprises four areas of responsibility:

**The Statutory Planning and Environmental Health Department** is responsible for development approvals, wastewater permits and food and health inspections. This Department comprises two teams:

**Statutory Planning** is responsible for managing the approvals and processes of planning applications for the use and development of land. Functions include:

- Administer and decide planning applications in accordance with service standards, the Planning Scheme and relevant legislation;
- Contributing to the development of plans and strategies to articulate Council's vision for the community; and
- Improving services and standards to meet the needs of the community.

**Environmental Health** protects public and environmental health through administration of statutory processes in accordance with relevant legislation. The team is also responsible for implementation of the Municipal Domestic Wastewater Management Plan and contributing to the development and implementation of the Municipal Public Health & Wellbeing Plan. Functions include:

- Registration and administration of safety requirements on food premises accommodation, public swimming pools and caravan park;
- Issuing and monitoring of domestic wastewater approvals; and
- Implementing the Community Sharps Disposal Program encouraging safe needle disposal.

**The Strategic Planning and Development Department** is responsible for setting a vision for the development needs of the community and defining and implementing policies that achieve the Directorate's purpose on behalf of the community. This Department comprises three teams:

**Strategic Planning** develops plans and strategies to articulate Council's vision for the community and implementing policy through amendments to the Planning Scheme.

Functions include:

- Developing plans and strategies that articulate a clear direction for the community;
- Working with the development industry to encourage appropriate growth and opportunity;
- Working closely with state government and other councils to develop regional and state-wide approaches to land use; and
- To understand and articulate the social and civil infrastructure of the Shire.

**Tourism** - facilitates economic growth in the Prom Country region through the development of a competitive tourism industry.

**Economic Development** - Encourage investment, development and services that facilitate a planned and sustained growth for the Shire.

**The Regulatory Services Department** is responsible for administering and enforcing various State Acts along with Council's Local Laws. The Department comprises two teams:

**Building and Enforcement** administer and enforce the Building Act 1993 along with enforcing Part 6 of the Planning and Environment Act 1987:

**Local Laws** administer and enforce the Domestic Animals Act 1994 and fire prevention requirements of the Country Fire Authority Act 1958; are responsible for parking control; provision of school crossing services along with developing and enforcing Council's Local Laws.

**Coal Creek Team** - The role of the Coal Creek team is to continue to make Coal Creek Community Park and Museum a high quality recreational and educational experience benefiting the South Gippsland community and visitors.



## KEY PROJECTS AND INITIATIVES FOCUS FOR 2012/13

**Development Services Directorate has identified the following initiatives and projects to work toward commencing and implementing in 2013/14:**

### **Strategic Planning Projects**

- Developer contributions will be established and implemented.
- Development of long term social infrastructure plans for the Shire
  - Mirboo North
  - Venus Bay/Tarwin Lower.
- Develop and implement a Korumburra Community Roundtable as a trial for modelling future partnership projects.

Advocate for bringing forward sewerage for Poowong, Loch, Nyora and for the solving development barriers in the Tarwin Potable Water Catchment.

### **Economic & Tourism**

Establish a committee to review the Visitor Information Centres service.

Development of a 2014-2017 Economic Development Strategy for the sustainable prosperity of the Shire in partnership with the Economic Development Committee

### **Coal Creek**

Implement adopted future direction for Coal Creek

## ENGINEERING SERVICES DIRECTORATE ACTIVITIES

To achieve Council's objective of 'Integrated Services and Infrastructure' we will continue to deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development. The Engineering Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Their activities and key projects and initiatives focus for 2013/14 are described below.

**The Engineering Services Directorates** key purposes are as follows:

- The planning, delivery and maintenance of Council owned or controlled public infrastructure; and
- To coordinate the delivery of Engineering projects and developments within the scope of the Capital Works Program and to ensure Council standards are complied with.

The Directorate is made up of the following Departments:

**The Operations Department** delivers two main functions:

- Roads, footpaths & drainage maintenance and construction; and
- Parks and gardens maintenance, construction and renewal.

Within the two main functions there are five main service delivery areas; Operations (roads), Parks and Gardens, Construction (roads), Workshop (plant), and Depot Administration.

**The Engineering and Projects Department** main function is to deliver the Capital Works Program for design and construction.

**The Assets Department** delivers three main functions:

- **Fleet Operations** - to ensure effective service delivery of South Gippsland Shire Council's fleet, vehicles will be purchased with the highest safety rating and lowest greenhouse emissions where available within Council's purchasing scope.
- **Civil 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.
- **Assets System** - the collection, analysis and management of appropriate infrastructure data to effectively manage Council's civil infrastructure assets.

**The Property Department** delivers two main functions:

- **Building Operations** - 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.
- **Property** – to manage the acquisition, disposal and leasing of Council's property portfolio to support Council's services.

## KEY PROJECTS AND INITIATIVES FOCUS FOR 2013/14

**Engineering Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2013/14:**

### **Deliver the Capital Works Program**

Refer to the Capital Works Program 2013/14.

### **Public Toilet Strategy**

Review the location and ownership of Public Toilets across the shire.

Integrated Services and Infrastructure

Undertake a service review of Public Toilets for appropriate tourism infrastructure in conjunction with Parks Victoria and Department of Sustainability and Environment

### **Road Maintenance**

Delivery of the Zone Maintenance Program.

### **Building Maintenance**

Delivery of the annual Maintenance Program.

### **Engineering Investigations**

Provide engineering investigations for infrastructure defects including rate payer requests

### **Engineering Planning Referrals**

Approval of planning referrals including condition assessments, certification, plan checking, statement of compliance.

### **Reseal and Re-sheet Program**

Delivery of the annual Reseal and Re-sheet Program.

## **CORPORATE SERVICES DIRECTORATE ACTIVITIES**

To achieve Council's objective of 'Closely Connected Communities ' and 'A Leading Organisation' the Corporate Services Directorate will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Directorate has a leading role in ensuring that the organisation achieves these strategic objectives. Their activities and key project and initiatives focus for 2013/14 are described below.

**Corporate Services Directorate** provides support to the Council's internal Departments and the community by managing the Departments of Finance, Information Management Services, Customer Relations, Governance and Human Resources. Note: The Information Management Services is temporarily reporting to the Director Development Services for a six month period.

**The Director Corporate Services** provides:

- Development and coordination of the Council Plan, Annual Plan and Department Business Plan program annually;
- Coordination of Council's quarterly performance reporting.

**The Finance Department's** focus is to:

- Provide strategic financial advice, planning, accounting services, management accounting support and financial reporting to Council in accordance with legislative and regulatory requirements;
- Maintain Council's accounting records in accordance with legislative and regulatory requirements and offer high quality accounting support to the organisation; and
- Administer all legislative requirements in relation to rates, charges and valuation services.

**The Information Management Services Department** is responsible for:

- The delivery of sustained operational availability, reliability and performance of Council's business information systems and information technology infrastructure;
- Supporting the organisation in investigating new technology advances, evaluating new opportunities and implementing improvements to systems that lead to improved efficiencies and/or enhanced provision of services;
- Managing Council's corporate records and developing, reviewing and implementing new policies and procedures to ensure the management and delivery of business information systems and IT infrastructure is efficient, effective and meets corporate objectives; and
- Managing information system strategies and programs to ensure works are completed on time, within budget and with the required quality.

**The Customer Relations Department's** purpose is to:

- Keep the community up to date and informed on current events within South Gippsland Shire.
- Receive and administer customer requests and payments for Council's products and services.
- Provide a limited After Hours Service for emergency requirements;
- Maintain a relevant website for public use.
- Issue press releases to the media on items of interest to the community; and
- Coordinate Australia Day celebrations.

**The Governance Services Department** provides high level support and co-ordination services to Council that enables organisation wide good governance and compliance through the following functions:

- Corporate Planning;
- Policy Development and Review;
- Council Elections;
- Internal Audit;
- Regulatory and Statutory Compliance;
- Advisory and Special Committees;
- Council Meeting Management;
- Freedom of Information and Information Privacy requests;
- Legal Services;
- Grants Management;
- Risk Management, Occupational Health and Safety, Return to Work Programs; and
- Procurement.

**The Human Resources Department's** purpose is to provide advice and support to departments in the management of staff through the effective undertaking of the following functions:

- Payroll;
- Corporate Training and Development;
- Industrial Relations;
- Enterprise Bargaining Agreements;
- Recruitment and Induction of Staff; and
- Human Resource Management Support.

## KEY PROJECTS AND INITIATIVES FOCUS FOR 2013/14

Corporate Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2013/14:

### **Community Vision 2050**

Development of the Community Vision 2050 and a Community Engagement Charter

### **Social Media Strategy**

Development of a Social Media Strategy for community engagement purposes

### **Information Technology**

Continue implementing priority information technology related projects through a refined IT Governance Framework.

### **Policy Reviews**

Revision and development of corporate and operational policies to provide guidance in the provision of quality services to the community.

### **Rating Strategy**

Review and revise Council's Rating Strategy to align with amended State Government requirements and ensure equity in rating differentials, as far as is practicable.

### **Corporate Training and Development**

Implement training and development programs for Councillors, management and staff to equip them in fulfilling their roles and responsibilities. The successful leadership program will be extended to supervisors and coordinators to empower these staff as future leaders within Local Government.

### **Risk Management and Occupational Health and Safety**

Place a priority on improving workplace health and safety and on the improved management of strategic and operational risks, to reduce injuries, insurance claims and other types of damage to people, facilities, equipment or Council's reputation.

## **3.2 Performance statement**

The Key Strategic Activities are documented in Appendix E. The Key Strategic Activities. These performance measures, targets and results are audited at the end of the year and are included in the Performance Statement as required by section 132 of the Local Government Act 1989.

The Annual Report for 2013/14 will include the audited Performance Statement, which is presented to the Minister for Local Government and the local community.

### 3.3 Reconciliation with budgeted operating result

Directorate	Net Cost (revenue) 2012/13 \$'000	Expenditure \$'000	Revenue \$'000
Executive Support	1,385	1,385	0
Community Services	5,235	9,787	4,552
Corporate Services	5,350	6,265	915
Development Services	4,376	6,026	1,650
Engineering Services	8,884	13,585	4,701
<b>Total activities and initiatives</b>	<b>25,230</b>	<b>37,048</b>	<b>11,818</b>
Other non-attributable <sup>1</sup>	8,675		
<b>Operating deficit before rates &amp; capital revenue</b>	<b>33,905</b>		
<b>Funded by:</b>			
Rates & charges	34,147		
Capital grants & contributions	5,963		
<b>Total</b>	<b>40,110</b>		
<b>Operating surplus (deficit)</b>	<b>6,205</b>		

1. Includes Victoria Grants Commission allocation, depreciation, 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 27,500. 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 \$2.6 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 being established 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 \$230 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. A private port, 'Port Anthony' is also being constructed next to the Esso facility. An important fishing industry operates

from Port Welshpool and Port Franklin and a wind farm is located on the hills around Toora.

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:

- Redevelopment of Leongatha Hospital.
- Connection of Meeniyan to sewerage;
- Construction of ViPlus Dairy facility at Toora;
- Development of Port Anthony at Barry Point;
- Creation of the Leongatha Education Precinct which includes:
- Development of the Leongatha Specialist School completed in 2009;
- Development of the GippsTAFE campus in Leongatha completed in 2011;
- Development of Leongatha Primary School opened in 2011;
- Redevelopment of Leongatha Secondary College, to be completed 2013;
- Aged care facility at Foster; and
- Rollout of the National Broadband Network.

### **Major Regional Projects**

- The Pakenham Bypass and Eastlink have reduced the travelling time from metropolitan Melbourne to 1.5 hours; and the funded Koo Wee Rup bypass which will further reduce these 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 adjusted population estimate is 27,500 people as at June 2011. 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 8,500 people at an average annual growth rate of 1.5%. The Shire has approximately 15,100 dwellings and about 19,068 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. It is also high with over

6,400 people or 32% of the adult population identifying that they worked as a volunteer for an organisation. This compared with about 19% across Victoria.

#### 4.1.2 Labour Force

South Gippsland Shire has:

- an estimated labour force of 12,969 people; and
- an unemployment rate of 3.7%, with 477 unemployed persons on Census night 2011.

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 5.2%.

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:

Employment by Industry	South Gippsland	Regional Victoria
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 five 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 and Mirboo North and Foster. Uniting Care Gippsland facilitate Family Day Care which is available across the Shire;
- Five public libraries plus a mobile service;
- Increased daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- 29 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;

Over 13% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community; and

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.

## 4.2 External Influences

In preparing the 2013/14 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:

- Wages growth is projected to be 3.8% for 2013/14 and increase to around 3.9% per annum in following years. (Commonwealth Bank economic forecast);
- Projected consumer price index (CPI) increases on goods and services being 2.6% for 2013/14 and to increase to around 2.8% in the following years;
- The 'Engineering Construction' and 'Non-Residential Building' Indices prepared by the Construction Forecasting Council are forecast at 2.4% and 3.8% respectively for 2013/14;
- Reduction of \$165,000 in Victoria Grants Commission funding;
- Legislative changes to the way councils have to calculate and charge interest on overdue rates and charges means that Council will receive substantially less revenue;
- 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 requirement to pay its \$4.61M unfunded superannuation call by 1 July 2013;
- A new fire levy will apply to all private property owners – including persons and organisations who do not currently pay council rates, such as churches, charities, private schools and RSL's – from 1 July 2013. A number of Council properties will also be subject to the fire levy. Under new legislation, the Fire Services Property Levy Act 2012 (FSPL), introduced as a result of recommendations by the Victorian Bushfires Royal Commission (VBRC) will be collected by Council on behalf of the State government, to fund the operations of the MFB and CFA;
- Receipt of significant capital and major works funding of \$1.64M for the completion of Commonwealth funded Roads to Recovery projects; and
- Prevailing world economic conditions, following the global financial crisis, are expected to remain uncertain during the budget period. Significant risks remain and are concentrated around the prospects of major advanced economies. The budget impact for South Gippsland is the likelihood of further calls being made upon Council to fund defined benefits superannuation liabilities.

## 4.3 Internal Influences

As well as external influences, there were also internal influences arising from the 2012/13 year which have had a significant impact on the setting of the 2013/14 budget. These included:

- 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 2013 of \$493,000.

#### **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 2012/13 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;
- Real savings in expenditure and increases in revenue identified in 2012/13 to be preserved; and
- Borrowing \$4.00M to fund the unfunded superannuation call that is payable by 1 July 2013.

#### **4.5 Legislative Requirements**

Under the Local Government Act 1989 (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 Local Government (Finance and Reporting) Regulations 2004 (the Regulations) which support the Act.

The Budget 2013/14, which is included in this report, is for the year 1 July 2013 to 30 June 2014 and is prepared in accordance with the Act and Regulations. The Budget includes Standard Statements being the budgeted Statement of Financial Performance, Financial Position, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2014 in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

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 and Long Term Financial 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 2013/14 year.

### 5.1 Budgeted Income Statement

	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Fav (Unfav) Variance \$'000
Total operating revenue	5.2	52,456	51,215	(1,241)
Total operating expenditure	5.3	59,868	50,975	8,893
<b>Underlying surplus (deficit)</b>		<b>(7,412)</b>	<b>240</b>	<b>7,652</b>
Total Non Recurrent income	5.4	5,479	5,963	484
Surplus (deficit) for the year		(1,933)	6,203	8,136

#### 5.1.1 Underlying surplus (\$7.65M increase)

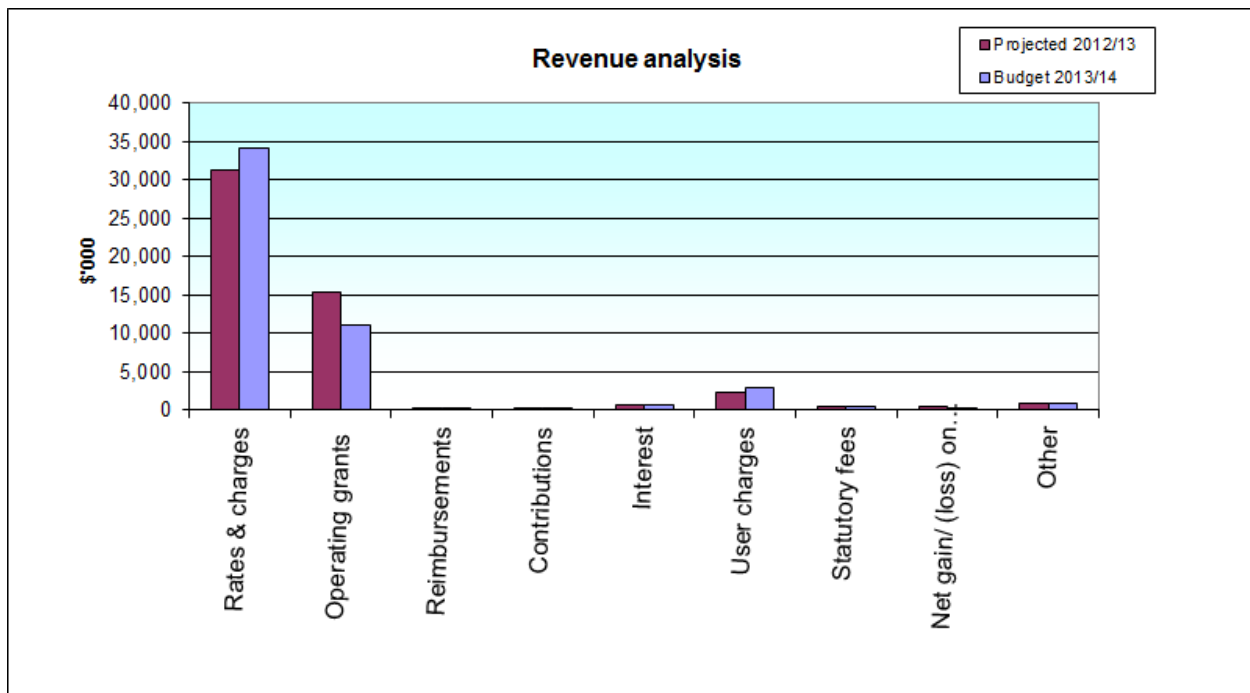
The underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and other once-off adjustments. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by non-recurring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

The underlying result for the 2013/14 year is a surplus of \$240,000 which is an increase of \$7.65M over the 2012/13 year. In calculating the underlying result, Council has excluded grants received for capital purposes, as funding for the capital works program is once-off and usually non-recurrent. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

Council projects a surplus of \$6.20M for 2013/14 which is an increase of \$8.14M over the 2012/13 year.

## 5.2 Income

Revenue Types	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	5.2.1	31,362	34,147	2,785
Operating grants	5.2.2	15,342	11,181	(4,161)
Reimbursements	5.2.3	341	373	32
Contributions	5.2.4	302	60	(242)
Interest	5.2.5	750	619	(131)
User charges	5.2.6	2,349	2,990	641
Statutory Fees	5.2.7	564	582	18
Net gain / (loss) on disposal of assets	5.2.8	479	332	(147)
Other	5.2.9	967	931	(36)
<b>Total operating revenue</b>		<b>52,456</b>	<b>51,215</b>	<b>(1,241)</b>



### 5.2.1 Rates and Charges (\$2.79M increase)

General rates and charges have overall been increased by 7.18% for the 2013/14 year. This includes general rates, municipal charges and waste services charges.

The general rate will increase by 7.50%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.5%.

It is projected that general rates and charges income which includes estimated \$490,000 in supplementary rates will increase by 8.9% over the base that was raised last year to \$34.12M.

Section 12, 'Rating Information' includes a more detailed analysis of the rates and charges to be levied for 2013/14.

### **5.2.2 Operating Grants (\$4.16M decrease)**

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 decreased by 27.1% or \$4.16M compared to 2012/13.

Major recurrent grant funding will be received include the \$8.08M Victoria Grants Commission allocation, \$1.30M for Home and Community Care (HACC) programs, \$24,000 for Community programs, \$14,000 for Immunisation, \$241,000 for Maternal & Child Health, \$69,000 for Pre School Inclusion program, \$45,000 for Supported Playgroups, \$21,000 for Coal Creek, \$25,000 for Community Safety, \$40,000 for Regulatory Services, \$90,000 for Rural Access, \$5,000 Immunisation grant, \$5,000 for Environmental Health and a \$6,600 State Revenue Office valuation grant.

The previous year's recurrent funding included \$3.63M Victoria Grants Commission allocation.

One-off funding for 2013/14 includes \$60,000 for emergency management, \$195,000 for the Advancing Country Towns, \$130,000 for Community Strengthening program, \$600,000 for Engineering Services projects, \$52,000 for Depot management, \$41,000 for Biodiversity and \$132,000 for Sustainability services.

### **5.2.3 Reimbursements (\$32,000 increase)**

There is a \$32,000 or 9.4% increase in the level of reimbursements expected to be received. The more notable items being increases in legal fee reimbursements associated with rate recovery processes (\$28,000) insurance reimbursements (\$22,000) and a reduction in swimming pool reimbursements (\$22,000).

### **5.2.4 Contributions (\$242,000 decrease)**

There is a \$242,000 or 80.1% decrease in the level of contributions expected to be received in 2013/14. Contributions are expected for statutory open space contributions (\$50,000) and from the RSL for garbage services (\$9,000).

The reduction is predominantly due to receiving a \$150,000 community project contributions and \$50,000 Biodiversity contributions in the previous financial year.

### **5.2.5 Interest Revenue (\$131,000 decrease)**

There is a decrease of \$131,000 or 17.5% in interest revenue due to expected lower amounts of cash being available for investment than in previous years and decreasing

interest rates. Reduced levels of interest are expected to be collected for outstanding rates and charges.

The Reserve Bank of Australia economic forecasts indicates there is a possibility to be some further downward pressure on interest rates in the budget period. Interest income on outstanding rates and charges is also expected to fall due to changed methods for calculating such charges coming in to effect in 2013/14.

#### **5.2.6 User Charges (\$641,000 increase)**

There is an increase of \$641,000 or 27.3% for user charges. The charges 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 disabled services.

Fees and charges 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 fees and charges are reviewed beyond just CPI movements in line with the annual rate rise.

Landfill operations and Transfer Station income of \$1.66M is expected to increase substantially from the previous financial year (\$1.15M) as a result of introducing green waste fees and increasing tonnage fees.

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

#### **5.2.7 Statutory Fees (\$18,000 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.

Statutory fees are expected to increase by \$18,000 or 3.2% compared to the previous year.

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

#### **5.2.8 Net Gain / (Loss) on asset disposals (\$147,000 decrease)**

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.

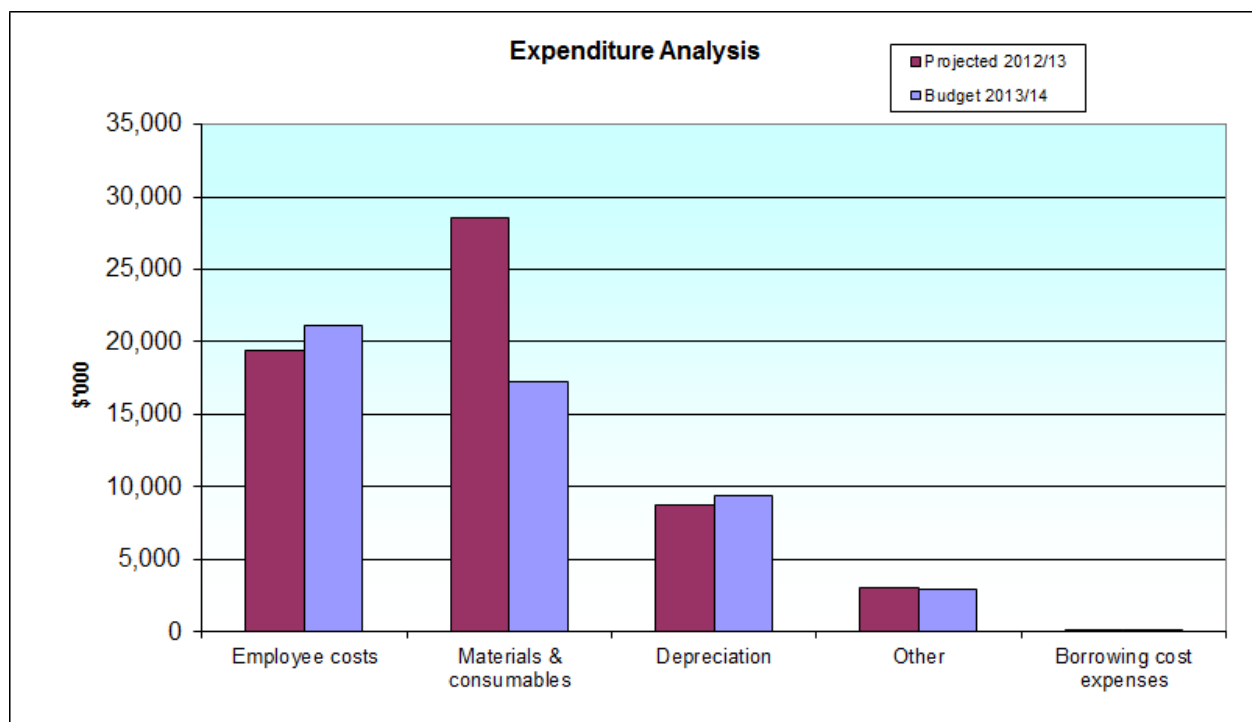
#### **5.2.9 Other Revenue (\$36,000 decrease)**

Other revenue relates to a range of unclassified items such as cost recoupment's and other miscellaneous income items including income from private works (\$329,000), Coal Creek sales (\$226,000) and rental income (\$346,000).

Other revenue is projected to decrease by \$36,000 or 3.7% in 2013/14. This is predominantly due to expecting less income from private works sealing income (\$28,000).

### 5.3 Expenditure

Expenditure Types	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Fav (Unfav) Variance \$'000
Employee costs	5.3.1	19,424	21,145	(1,721)
Materials and consumables	5.3.2	28,597	17,287	11,310
Depreciation	5.3.3	8,750	9,369	(619)
Other expenses	5.3.4	3,073	2,979	94
Borrowing cost expenses	5.3.5	24	195	(171)
<b>Total operating expenditure</b>		<b>59,868</b>	<b>50,975</b>	<b>8,893</b>



#### 5.3.1 Employee Costs (\$1.72M 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 8.9% or \$1.72M compared to 2012/13.

The 2013/14 budgeted employee costs takes into account:

- An allowance for Council's Enterprise Agreement, banding and contract staff increments in 2013/14 and higher duties as well as the flow on effect to oncost expenses;
- The increase in superannuation contributions from 9.00% to 9.25%; and
- A 4.01 increase in Effective Full Time (EFT) across all four directorates from 2012/13. The additional positions include an Occupational Health and Safety Coordinator, Governance Officer and two additional engineering staff.

The range of services undertaken by Council involves the abilities, efforts and competencies of 257 Equivalent Full Time (EFT) 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.

The following table summarises the non-financial resources for the next four years. It should be noted that the employee costs include the costs that are capitalised to the balance sheet. No additional staffing resources have been modelled into the Long Term Financial Plan.

Indicator	Forecast Actual	Budget	Long Term Financial Plan Projections		
	2012/13	2013/14	2014/15	2015/16	2016/17
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	19,962	21,711	22,391	23,581	24,698
Employee numbers (EFT)	253	257	257	257	257

Council's staff based strategies include:

- Attracting and retaining quality staff members;
- Building a healthy and safer workplace;
- Developing a comprehensive workforce plan;
- Developing a learning and development program; and
- Rewarding our successes.

### **5.3.2 Materials and Consumables (\$11.31M decrease)**

Materials and consumables are forecast to decrease by 39.5% or \$11.31M compared to 2012/13.

The significantly decreased expenditure on materials and consumables in 2013/14 can be attributed to having to incur \$7.26M expenditure on Storm Response and Recovery events in 2012/13, \$1.59M less on Civil Infrastructure works, \$890,000 less on Engineering projects and \$780,000 less on Strategic Planning and Development projects.

Section 3.1 'Key Projects, Initiatives and Annual Plan Activities' provide a more detailed analysis of the activities and initiatives being undertaken by Departments.

### **5.3.3 Depreciation (\$619,000 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 2012/13 Capital Works Program and the full year effect of depreciation on the 2011/12 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 2013/14 year.

### **5.3.4 Other Expenses (\$94,000 decrease)**

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.

There has been a \$78,000 cost decrease associated with the library services in 2013/14.

### **5.3.5 Borrowing Cost Expenses (\$171,000 increase)**

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to increase by \$171,000 compared to 2012/13 as a result of having to borrow \$4.00M to help finance Council's unfunded defined benefits superannuation obligations.

## 5.4 Non recurrent Income

Non Recurrent Income	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Fav (Unfav) Variance \$'000
Capital Grants and Contributions	5.4.1	4,237	4,659	422
Granted Assets	5.4.2	1,242	1,304	62
<b>Total Non Recurrent Income</b>		<b>5,479</b>	<b>5,963</b>	<b>484</b>

### 5.4.1 Capital Grants and Contributions (\$422,000 increase)

Capital grants include all monies received from State and Federal governments and community sources for the purposes of funding the capital works program. Overall the level of grants has increased by 10% or \$422,000 compared to 2012/13.

Capital grants and contributions are expected in 2013/14 for Local Government Infrastructure program (\$1.25M), Vic Road Bridge Maintenance (\$1.00M), Waratah Bay Caravan Park Rotunda and Camp Kitchen (\$110,000), Sandy Point Neighbourhood Safer Place (\$103,000), Roads to Recovery funding (\$1.64M) and Storm Response / Recovery Grant (\$560,000).

Section 7, 'Analysis of Capital Budget' includes a more detailed analysis of the grants and contributions that are expected to be received during the 2013/14 year.

### 5.4.2 Granted Assets (\$62,000 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.



## 6. Analysis of Budgeted Cash Position

This section of the budget report analyses the expected cash flows for the 2013/14 year. 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 2012/13 \$'000	Budget 2013/14 \$'000	Variance \$'000
<b>Operating Activities</b>	6.1.1			
Receipts		56,214	55,542	(672)
Payments		(55,620)	(41,321)	14,299
Net cash inflow (outflow)		<b>594</b>	<b>14,221</b>	<b>13,627</b>
<b>Investing Activities</b>	6.1.2			
Receipts		1,334	884	(450)
Payments		(14,946)	(13,102)	1,844
Net cash inflow (outflow)		<b>(13,612)</b>	<b>(12,218)</b>	<b>1,394</b>
<b>Financing Activities</b>	6.1.3			
Receipts		0	4,000	4,000
Payments		(341)	(818)	(477)
Net cash inflow (outflow)		<b>(341)</b>	<b>3,182</b>	<b>3,523</b>
Net increase (decrease) in cash held		<b>(13,359)</b>	<b>5,185</b>	<b>18,544</b>
Cash at beginning of year		13,852	493	(13,359)
<b>Cash at end of year</b>	6.1.4	<b>493</b>	<b>5,678</b>	<b>5,185</b>
<b>Represented by:</b>				
Reserve cash and investments				

	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance \$'000
- Statutory		0	0	0
- Discretionary		878	45	(833)
- Working capital		(385)	5,633	6,018
	6.2	<b>493</b>	<b>5,678</b>	<b>5,185</b>

### 6.1.1 Operating Activities (\$13.63M increase)

The increase in net cash inflows from operating activities are due mainly to expending \$11.31M less on materials and consumables, \$2.89M less on employee costs and receiving \$2.79M additional rate income and an additional \$640,000 in user charges. This is partially offset by receiving \$3.64M less in grants.

### 6.1.2 Investing Activities (\$1.39M decrease)

The \$1.39M decrease in net payments for investing activities is due mainly to actual gross expenditure on capital being \$1.84M less than as it was for 2012/13. This outflow is partially offset by receiving less income of \$450,000 in capital sales compared with the previous year.

### 6.1.3 Financing activities (\$3.52M increase)

Financing activities includes new borrowings, the principal component of loan repayments for the year as well as the interest costs. For 2012/13 the total of principal and interest repayments was \$341,000. Council will borrow \$4.00M in 2013/14. Total principal and interest payments budgeted for 2012/13 is \$818,000.

### 6.1.4 Cash at End of the Year (\$5.18M increase)

Overall, total cash and investments are forecast to be \$5.18M more than 2012/13. The opening cash position of \$493,000 and contribution of cash from operating activities (\$14.22M) as well as from financing activities (\$3.18M) has provided significant funds for the investing (\$12.22M) The cash is expected to be \$5.68M as at 30 June 2014, which is significantly greater than the previous year (\$493,000).

## 6.2 Reserve Cash, Investments and Working Capital

The Cash Flow Statement above indicates that Council is estimating that at 30 June 2014 it will have cash of \$5.66M, which has been earmarked as follows:

- **Working Capital (\$5.63M)** - these funds are free of all specific Council commitments (after allowing for unexpended capital and grant funding) and represent funds available to meet daily cash flow requirements and unexpected short term needs. Council regards these funds as the absolute minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds. This

level of working capital is required because 60% of Council's rate revenue is not received until February each year.

- **Statutory Purposes (\$Nil)** – 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.

Council estimates that it will receive \$50,000 public open space contributions in 2013/14. This will be transferred to the Open Space Contributions Reserve.

Council in 2013/14 will be utilising all of its Open Space Contributions reserve (\$50,000) to fund the Corner Inlet Tourism – Great Southern Rail Trail project (in 2012/13 it utilised \$347,000 reserve funds for the project).

- **Discretionary Purposes (\$45,000)** – It is projected that there will be \$45,000 funds in discretionary reserves allocated to Henry's Road Nyora.

\$661,000 will be transferred from the accumulated surplus to discretionary internal reserves. This reflects the allocation of funds to the General reserve (\$320,000) and to the Caravan Park reserve (\$321,000). Further inflation adjustment transfers are scheduled to be made for Corner Inlet Drainage (\$1,000), Henry's Road Nyora (\$2,000), and Caravan Parks (\$16,000).

\$1.49M will be transferred from discretionary internal reserves to accumulated surplus. Council in 2013/14 will be utilising \$26,000 Corner Inlet Seawall Drainage Reserve to offset the Section 86 Committee's costs, \$806,000 General reserve to fund defined benefit scheme unfunded superannuation call and \$661,000 Caravan Park reserve to help fund the Toilet Block, Rotunda and Camp Kitchen in Waratah Bay.

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.

## 7. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2013/14 year and the sources of funding for the budget.

### 7.1 Capital works

Capital Works Areas	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance \$'000
Works for 2013/14 *				
Roads	7.1.1	4,945	5,507	562
Footpaths	7.1.2	903	495	(408)
Kerb & Channel	7.1.3	22	0	(22)
Bridges	7.1.4	220	785	565
Drains & Culverts	7.1.5	329	554	225
Car parks	7.1.6	0	0	0
Other Structures	7.1.7	1,810	1,788	(22)
Buildings (including aquatic facilities)	7.1.8	2,119	888	(1,231)
Land	7.1.9	0	0	0
Plant & Machinery	7.1.10	3,626	2,252	(1,374)
Furniture & Equipment	7.1.11	972	833	(139)
Total capital works		14,946	13,102	1,844
Works for 2013/14 represented by:				
<i>Capital expenditure</i>				
New assets		3,341	3,261	(80)
Asset renewals		11,605	9,841	(1,764)
Total capital works		14,946	13,102	(1,844)
<i>Works carried forward</i>				
* Includes works carried forward from previous year	6.1.12	2,640	0	(2,640)

### **7.1.1 Roads (\$5.51M)**

For 2013/14 this includes reseals including Betterment Works (\$840,000), Rehabilitation program (\$1.14M), Reseals including reseat preparation works (\$2.42M), Station Street Rehabilitation – Korumburra (\$557,000), Lower Franklin Road Rehabilitation - Foster (\$508,000) and Lower Toora Road – Toora (\$42,000).

### **7.1.2 Footpaths (\$495,000)**

For 2013/14 this includes Footpaths Renewal program (\$266,000), Shingler Street-Leongatha (\$156,000) and Beach Parade – Sandy Point (\$72,000).

### **7.1.3 Kerb & Channel (Nil)**

For 2013/14 no funds have been allocated to kerb & channel works.

### **7.1.4 Bridges (\$785,000)**

For 2013/14 this includes Summers Road Bridge replacement – Fish Creek (\$102,000), Goads Road Bridge replacement (\$472,000) and Agnes River Bridge replacement (\$211,000).

### **7.1.5 Drains & Culverts (\$554,000)**

For 2013/14 this includes Flood Mitigation Hanna Rise Crescent, Jumbunna Road and Melville Avenue (\$507,000) and the Drainage Rehabilitation program (\$47,000).

### **7.1.6 Car Parks (Nil)**

For 2013/14 no funds have been allocated to car parks.

### **7.1.7 Other Structures (\$1.79M)**

For 2013/14 this includes Capital Works design costs (\$209,000), Guard rails Wild Dog Valley Road – Amiet’s Bridge (\$63,000), Guard rails Yannathan Road – Nyora (\$18,000), Coal Creek Heritage Village (\$112,000), General purchase (\$250,000), Playground replacement program (\$159,000), Future unplanned Sports Recreation Victoria works (\$150,000), Kindergartens Playground Replacement program (\$15,000) and Koonwarra Cell construction (\$811,000).

### **7.1.8 Buildings (\$888,000)**

For 2013/14 this includes Office Accommodation (\$99,000), Korumburra Child Care Hub (\$132,000), Memorial Hall – Upgrade Kitchen in Meeting Room (\$44,000), Caravan Park Toilet Block – Waratah Bay (\$397,000) and Caravan Park Rotunda and Camp Kitchen – Waratah Bay (\$216,000).

### **7.1.9 Land (Nil)**

For 2013/14 no funds have been allocated to sundry land purchases.

### 7.1.10 Plant & Equipment (\$2.25M)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$2.25M).

### 7.1.11 Office Furniture & Equipment (\$833,000)

For 2013/14 there is an allocation for computer related equipment and software (\$833,000).

### 7.1.12 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. It is anticipated that there will be a number of capital projects that will have budgets carried forward. In the last financial year \$2.64M of capital projects had budgets carried forward.

The budget carry forwards from 2012/13 will be identified and updated into the 2013/14 Annual Budget that Council will consider and adopt on 26 June 2013.

## 7.2 Funding Sources

Sources of Funding	Reference	Forecast Actual 2012/13 \$'000	Budget 2013/14 \$'000	Variance \$'000
<b>External</b>				
Grants and contributions	7.2.1	4,237	4,659	422
Borrowings	7.2.2	0	0	0
Proceeds on sale of assets	7.2.3	1,334	884	(450)
<b>Sub total</b>		<b>5,571</b>	<b>5,543</b>	<b>(28)</b>
<b>Internal</b>				
Operations	7.2.4	594	6,419	5,825
Working Capital & Reserves	7.2.5	8,781	1,140	(7,641)
<b>Sub total</b>		<b>9,375</b>	<b>7,559</b>	<b>(1,816)</b>
<b>Total funding sources</b>		<b>14,946</b>	<b>13,102</b>	<b>(1,844)</b>

### 7.2.1 Grants and contributions (\$422,000 increase)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of grants has increased by \$422,000 compared to 2012/13

### **7.2.2 Borrowing (nil movement)**

There are no borrowings budgeted for in the 2013/14 financial year for capital projects. (The \$4.00M borrowings are financing Council's unfunded defined benefits superannuation obligations).

### **7.2.3 Proceeds from sale of assets (\$450,000 decrease)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$243,000 for plant sales, \$390,000 for vehicle sales and general land sales of \$250,000.

### **7.2.4 Operations (\$5.83M increase)**

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 \$6.42M will be generated from operations to fund the 2013/14 capital works program (after allowing for capital grants and contributions as discussed in Section 7.2.1). Refer section 6. 'Analysis of Budgeted Cash Position' for more information on funds from operations.

### **1.2.5 Working Capital & Reserves (\$7.64M decrease)**

Council also has cash and investments, which represent internal reserves, working capital and funds preserved from the previous year mainly as a result of grants and contributions, being received in advance and funding for projects that were budgeted for but not completed in the previous financial year.

It is forecast that \$1.14M working capital will be available from the 2012/13 year to fund the 2013/14 Capital Works program.

## 8. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2012/13 and 2013/14.

### 1.1 Budgeted Balance sheet

	Reference	Forecast Actual 30 Jun 13	Budget 30 Jun 14	Variance
		\$'000	\$'000	\$'000
<b>Current</b>				
Assets	8.1.1	8,457	13,631	5,174
Liabilities	8.1.2	(10,371)	(10,780)	(409)
<b>Net current assets</b>		<b>(1,914)</b>	<b>2,851</b>	<b>4,765</b>
<b>Non Current</b>				
Assets	8.1.3	476,414	528,914	52,500
Liabilities	8.1.4	(271)	(3,318)	(3,047)
<b>Net non current assets</b>		<b>476,143</b>	<b>525,596</b>	<b>49,453</b>
<b>Net assets</b>		<b>474,229</b>	<b>528,447</b>	<b>54,218</b>
<b>Equity</b>				
Accumulated surplus		186,789	193,816	7,027
Reserves		287,440	334,631	47,191
<b>Total equity</b>	<b>8.1.5</b>	<b>474,229</b>	<b>528,447</b>	<b>54,218</b>

#### 8.1.1 Current Assets (\$5.17M increase)

The current assets are projected to be greater than 2012/13, the main contributor being a \$5.18M 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 (\$409,000 increase)

There is a increase of \$409,000 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to increased current liability loan obligations as a result of borrowing \$4.00M. A more detailed analysis of loan obligations is included in section 13, 'Borrowing Information'.

#### 8.1.3 Non current assets (\$52.50M increase)

The increase in non-current assets is due to the net result of the capital works program (\$13.10M), revaluation of infrastructure assets (\$48.02M), gifted and donated assets (\$1.30M), the depreciation of all non-current assets with the exception of land (\$9.37M) and the written down value of property, plant and equipment sales (\$552,000).



#### **8.1.4 Non current liabilities (\$3.05M increase)**

The increase in movements in non-current liabilities is due primarily to borrowing \$4.00M.

#### **8.1.5 Equity (\$54.22M increase)**

The increase in the accumulated surplus is impacted by the forecast operating surplus of \$54.22M after allowing for \$4.66M capital grants, \$1.30M donated and granted assets and \$48.02M in infrastructure assets revaluation increments.

In addition to this overall change in Equity, \$711,000 will be transferred from the accumulated surplus to internal reserves. This reflects the allocation of funds from Open Space Contributions to the internal reserve (\$50,000), allocations to the General reserve (\$320,000) and to the Caravan Park reserve (\$321,000). Further inflation adjustment transfers are scheduled to be made for Corner Inlet Drainage (\$1,000), Henry's Road Nyora (\$2,000), and Caravan Parks (\$16,000).

\$1.54M will be transferred out of the internal reserves to the accumulated surplus. This includes \$50,000 from the Open Space Contributions (fund Corner Inlet Tourism – Great Southern Rail Trail project), \$26,000 from the Corner Inlet Seawall Drainage (fund Section 86 Committee's costs), \$806,000 from the General reserve (fund defined benefit scheme unfunded superannuation call) and \$661,000 from the Caravan Park reserve (fund Toilet Block, Rotunda and Camp Kitchen in Waratah Bay).

As these transfers are movements between balances within equity, it has no effect on the total balance of equity.

## 8.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2014 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 2013/14 will be at similar levels to that of previous years;
- Trade creditors and other creditors and debtors to remain consistent with 2012/13 levels;
- Proceeds from the sale of property in 2013/14 will be received in full in 2013/14;
- 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 \$623,000;
- Total capital expenditure to be \$13.10M;
- A total net \$1.54M to be transferred from internal reserves to accumulated surplus; and
- \$4.66M in capital grants will be received by 30 June 2014.

## 9. Financial Strategy and Long Term Financial Plan

### 9.1.1 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*:

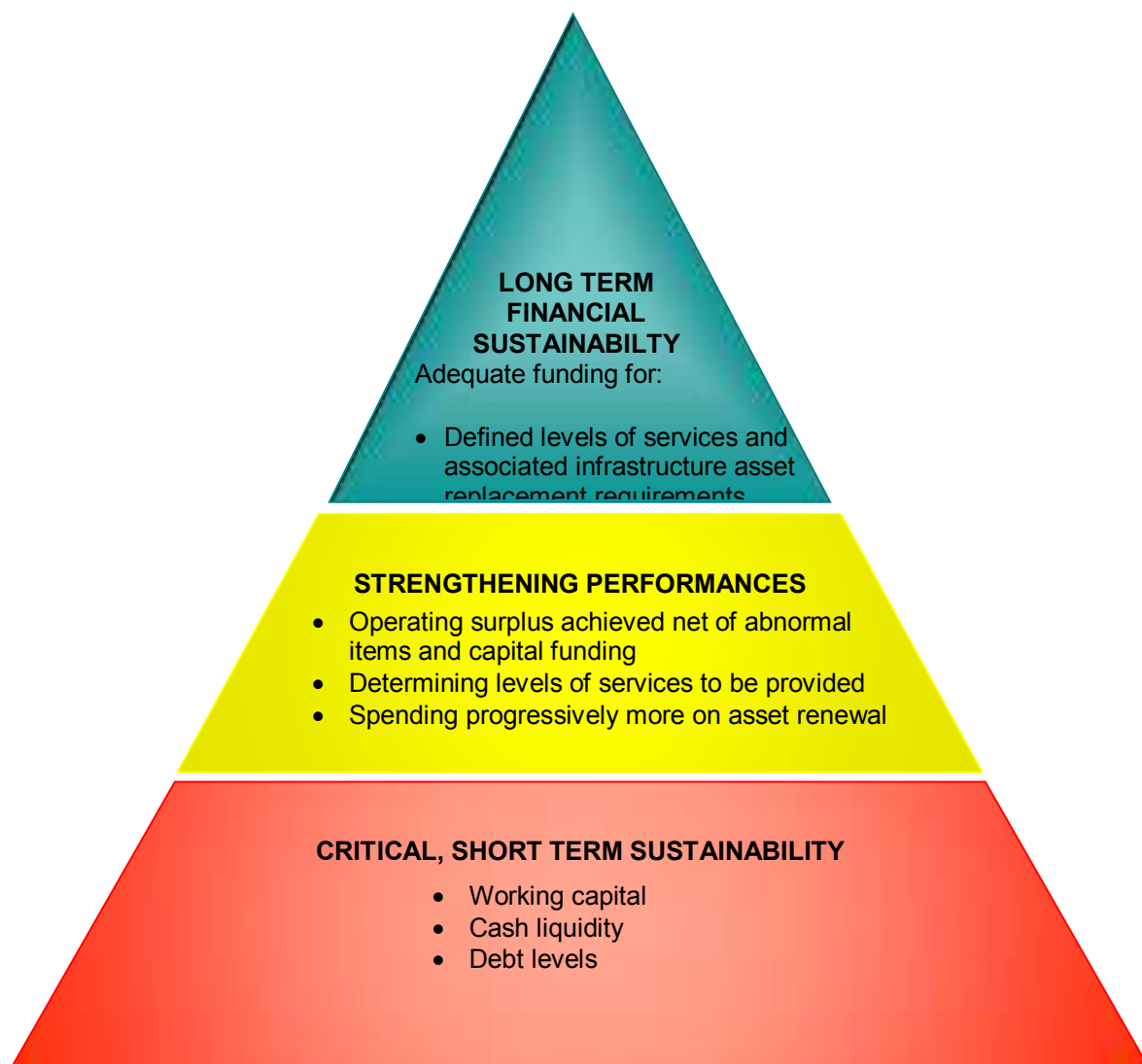
- 'Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information'.

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 2013/14 to 2027/28 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 C.

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. Council commenced strategic financial management practices in 2003/04. In that year, the Financial Strategy, the Long Term Financial Plan and the resulting 2003/04 Annual Budget focussed on and addressed these fundamental issues.

The Long Term Financial Plan from 2004/05 through to 2008/09 primarily focused on continuing to produce progressively improving financial outcomes to strengthen Council's financial position. The Long Term Financial Plan was to a large degree financial centric as opposed to being service level centric.

Commencing from 2009/10 and on an annual basis thereafter, substantial and progressively more funding is now available to fund desired service level requirements and in particular, asset renewal needs. The strategic focus since 2009/10 has centred on second tier 'Strengthening Performances', dealing more with operational issues, such as levels of service and asset renewal requirements.

Unfortunately in 2012/13 Council experienced a number of financial challenges as a result of the higher than anticipated unfunded superannuation call, reduced Victoria Grants Commission allocation and other cost pressures. This had a material financial impact on the first tier 'Critical Short Term Sustainability' working capital and cash liquidity levels. Council has in the 2013/14 Annual Budget process addressed these concerns. It is projected that Council's working capital will progressively improve and be fully restored to its strategic target level of 1.5 to 1 by 2017/18.

At the same time a concerted effort will be made to actually review current service level requirements and identify productivity savings equivalent to \$210,000 in the 2013/14 year.

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 Strategies**

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 0.5% of rate income be made to the general reserve and to target increasing the annual transfer to be equivalent to 1% of rate income to the general reserve in the later years of the Long Term Financial Plan.
6. Annual transfers equivalent to the average interest earned on investments during the financial year be made to the following reserves; Public Open Space, Car Parking, Corner Inlet Seawall Drainage and Henry Road Nyora Reserve and to the General Reserve in later years when it is financially viable to do so.
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;This will be included 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. There are real sovereign debt concerns in Europe and concerns with the United States of America's credit rating.

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. A further actuarial assessment was scheduled to occur in December 2014 and there is a reasonable probability that a further call for unfunded contributions will again occur in the 2014/15 year.

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 2.6% for 2013/14, increasing in the following financial year to 2.8%.

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 2013/14. 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 3.7% movement to occur in 2013/14 and then to increase to 3.9% in following years. Past wage movements granted to Council employees have had a very close parity with the Wages Prices Index.

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 2013/14 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 4.3% for the year on year period ending March 2013. The 'Engineering Construction' and 'Non-Residential Building' Indices prepared by the Construction Forecasting Council are forecast at 2.4% and 3.8% respectively for 2013/14.



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 5.25% per annum, being the estimated increase applicable to infrastructure project costs by Council's Engineering Services Directorate. The increase allows for regional cost impacts of the recently 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 the same general rates increase until full cost recovery is achieved for the direct costs of service provision.

The overall rates and charges rises are projected to increase by 7.18% for 2013/14. The following years overall rates and charges rises are projected to be 6.25% in 2014/15, 5.32% in 2015/16 and 2016/17 and 5.09% in 2017/18. From 2018/19 onwards, rate rises are projected to reduce to 4.87%. The objective is to smooth the rises over the future years in the Long Term Financial Plan.

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.

#### **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 use 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

Net operating cash flows / underlying revenue and capital grants		
Net operating cash flows as per Cash Flow Statement		
Underlying revenue does not include developer contributions.		
Measures ability to self-fund asset replacement		
Indicator	Range	Comment
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

Capital spend / depreciation		
Capital renewal and upgrade spend as per Cash Flow Statement		
Depreciation as per Income Statement.		
Measures level of spending on assets		
Indicator	Range	Comment
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>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
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.

Debt servicing costs as a % of total revenue		
Borrowing cost expenses as per Income Statement		
Total revenue in Income Statement not including donated assets and gain/loss on asset disposals		
Measures portion of revenue committed to fund debt finance costs		
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.

	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
<b>Financial performance</b>															
Underlying result	0.47%	4.15%	4.78%	6.94%	7.54%	8.10%	8.31%	9.14%	9.57%	23.07%	10.62%	11.02%	11.86%	12.36%	13.30%
Underlying Working Capital	1.26	1.21	1.23	1.35	1.65	1.67	2.08	1.61	1.40	2.09	1.73	1.88	2.33	2.49	2.39
<b>Funding capacity</b>															
Self-financing	25.45%	30.40%	26.69%	30.06%	28.98%	30.03%	30.39%	32.10%	32.61%	33.31%	34.80%	35.18%	35.95%	36.36%	37.14%
Sustainability Index	119%	159%	138%	116%	104%	108%	124%	162%	188%	178%	167%	96%	130%	151%	169%
<b>Borrowing capacity</b>															
Indebtedness	8.23%	6.54%	5.11%	3.72%	2.40%	1.18%	1.25%	1.32%	1.39%	1.22%	1.53%	1.59%	1.66%	1.71%	1.77%
Total Debt as a % of Rate revenue	10.28%	8.12%	6.31%	4.56%	2.94%	1.43%	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	0.35%	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%

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. It is forecast to be in the green zone for 2013/14 and all the forward budgets.

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 2013/14 through to 2016/17 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 arise in that period of time.

The 'Self financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone for 2013/14 and all the forward budgets.

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 all the forward budgets with the exception of 2024/25. 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.

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

<b>2012/13 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
<b>Financial performance</b>															
Underlying result	5.27%	3.80%	1.67%	2.59%	2.74%	3.22%	3.06%	-0.87%	2.83%	2.16%	2.03%	1.13%	1.72%	1.49%	
Underlying Working Capital	1.54	1.46	1.59	1.48	1.62	1.68	1.82	1.58	1.42	1.48	1.51	1.52	1.52	1.57	
<b>Funding capacity</b>															
Self-financing	27.11%	28.87%	24.83%	25.95%	26.21%	27.23%	27.26%	25.99%	27.91%	28.13%	28.19%	28.17%	28.79%	29.64%	
Sustainability Index	118%	157%	107%	122%	111%	115%	106%	105%	127%	110%	110%	106%	108%	106%	
<b>Borrowing capacity</b>															
Indebtedness	1.33%	1.39%	1.46%	1.51%	2.03%	2.51%	2.96%	3.35%	3.74%	4.00%	4.38%	4.57%	4.92%	5.14%	
Total Debt as a % of Rate revenue	0.00%	0.00%	0.00%	0.00%	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	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

The table on the following page shows the variance between the two plans.

Variation of Proposed to Original 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
<b>Financial performance</b>															
Underlying result	4.80%	0.35%	3.11%	4.35%	4.80%	4.88%	5.25%	10.01%	6.74%	20.91%	8.59%	9.90%	10.14%	10.87%	
Underlying Working Capital	0.38	0.25	(0.36)	(0.32)	0.04	0.00	0.26	0.03	(0.03)	0.61	0.22	0.36	0.81	0.92	
<b>Funding capacity</b>															
Self-financing	1.86%	1.53%	1.86%	4.11%	2.77%	2.80%	3.13%	6.50%	4.90%	5.16%	6.61%	7.00%	7.17%	6.72%	
Sustainability Index	0.91%	1.85%	31.45%	(15.02%)	6.97%	(7.32%)	17.00%	56.87%	19.09%	67.61%	57.75%	9.80%	22.07%	45.02%	
<b>Borrowing capacity</b>															
Indebtedness	6.20%	3.19%	3.65%	2.21%	0.17%	-1.33%	-1.70%	2.03%	-2.34%	-2.86%	-2.85%	-3.07%	-3.26%	-3.42%	
Total Debt as a % of Rate revenue	10.20%	8.92%	1.31%	4.90%	1.96%	1.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Debt servicing costs as a % of Total revenue	0.34%	0.20%	0.74%	0.10%	0.12%	0.00%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

Overall, the proposed plan for 2013/14 has parity with the previous year's plan. The underlying working capital is weaker than the previous year's financial plan in the immediate years. Contributing factors for this include reduced Victoria Grants Commission income and less interest income.

The marginal weakening of sustainability index in some forward years shows that some 'renewal' and 'upgrade' funds are now being redirected to 'new' capital works.

As expected, the borrowing capacity indicators movements are impacted by having to borrow \$4.00M in 2013/14 but do not present a strategic concern.

The following financial indicators are used as measures for the 2012/13 Financial Key Strategic Activity (KSA).

- Indebtedness 8.23%;
- Underlying working capital ratio 1.26;
- Self financing 25.45%;
- Investment gap 1.19; and
- Underlying result 0.47%.

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

# 10. Analysis of current Long Term Financial Plan to previous years plans

## 10.1 Introduction

South Gippsland Shire Council has been producing strategic financial plans over the past 10 years. The following graphs benchmark the current 2013/14 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

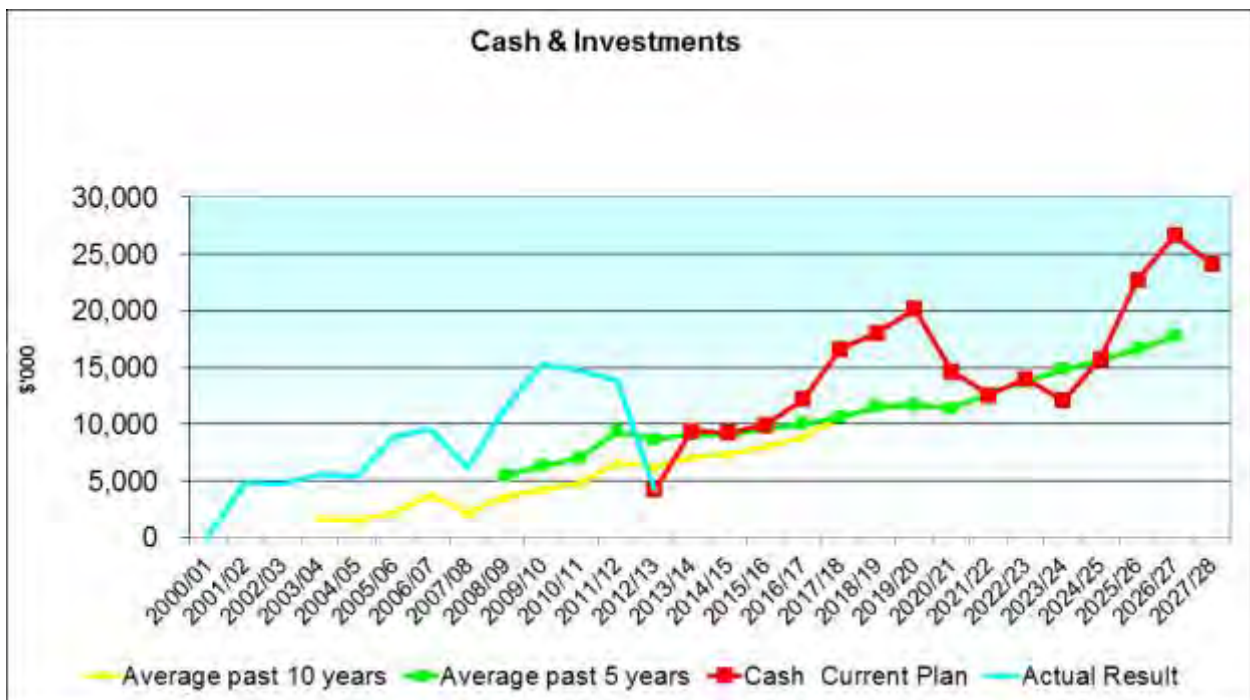
**Average (yellow line)** Average of previous 10 years Long Term Financial Plans.

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

**Current Plan (red line)** 2013/14 Long Term Financial Plan.

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

### 10.1.1 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 2011/12 was due to a combination of receiving 'new' grant funds at year end, advanced payment of first quarter Victoria Grants

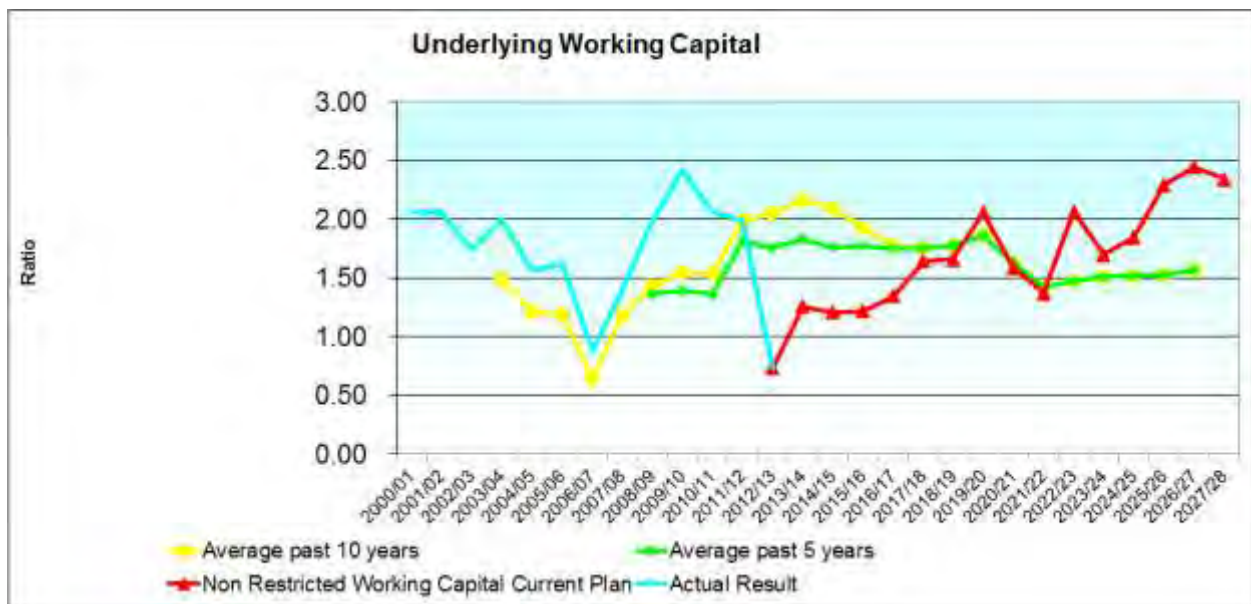


Commission allocations and not completing current work programs within the financial year.

The significant dip in 2012/13 was due to adverse cash flow implications of unfunded superannuation liability costs, net costs impact of storm events and reduced Victoria Grants Commission funding.

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.

### 10.1.2 Underlying Working Capital



The underlying working capital ratio looks at the relativities of unencumbered current assets (not including cash backed reserves funding) 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 strategically strengthened.

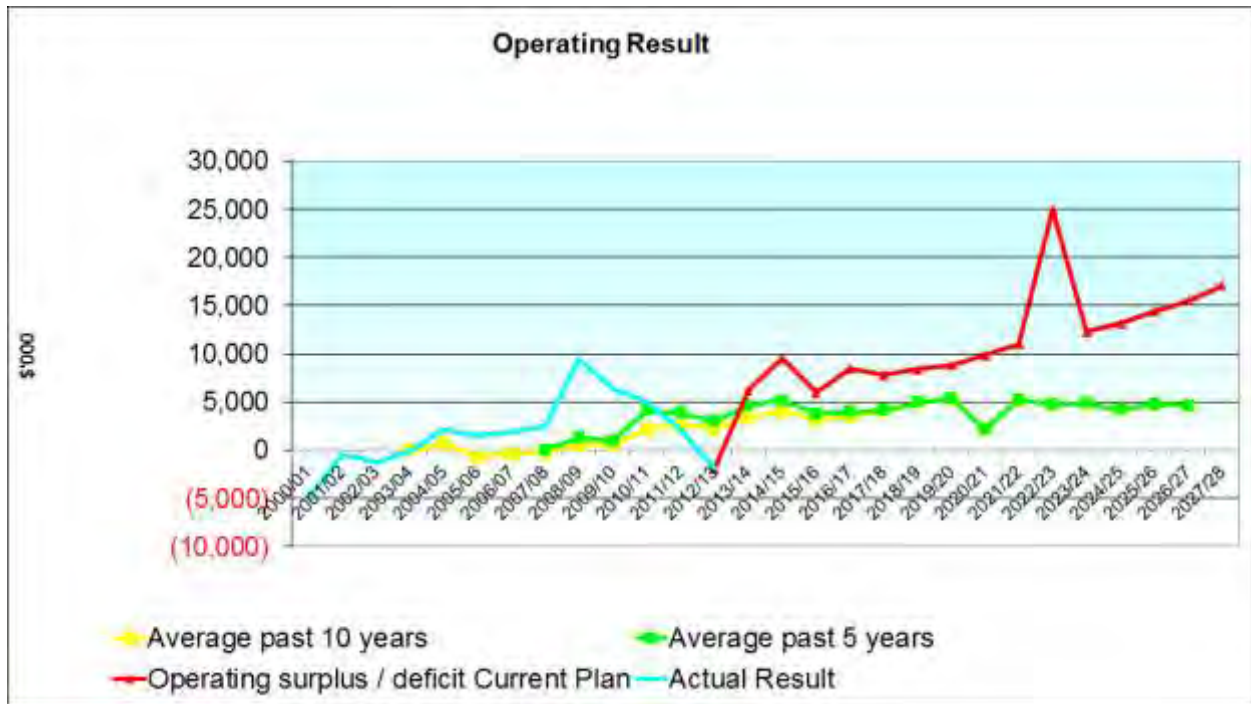
Again, the unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding had an adverse financial impact on the underlying working capital ratio in 2012/13. This has flow on implications.

The current financial plan's underlying working capital is weaker than the previous plans. The cash flow implications in the forward plan the ratio falls below the strategic target of 1.50 to 1 from 2013/14 through to 2016/17 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 2013/14 through to 2016/17.

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

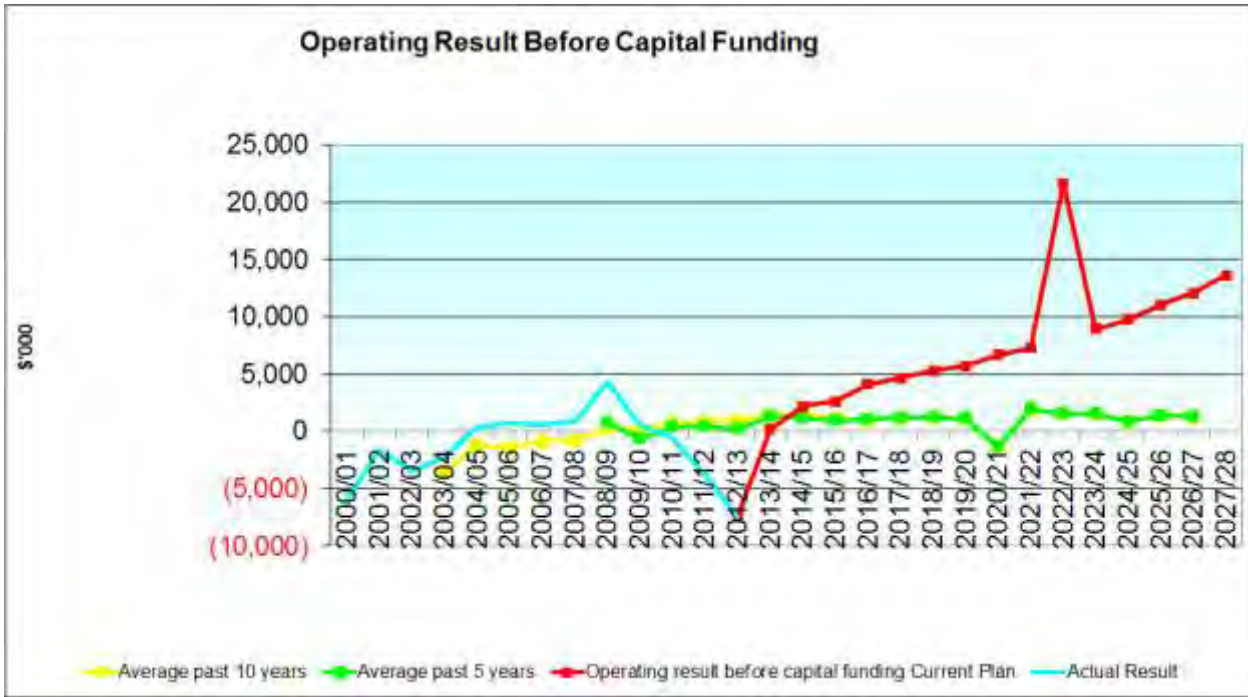
### 10.1.3 Income Statement



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. The spike in 2022/13 is where it has been modelled that Council will receive \$13.28M Special Charge Scheme income for a major roads and drainage project.

The actual results achieved relative to the previous plans are also overall favourable except for 2011/12 and 2012/13. The dip 2012/13 is because we only received two quarters of Victoria Grants Commission allocations (we received 5 quarters in 2008/09 and in 2011/12). In 2008/09 we also received grants in advance whereas the actual expenditure took place in the following years.

Longer term, Council projects strengthening operating results.

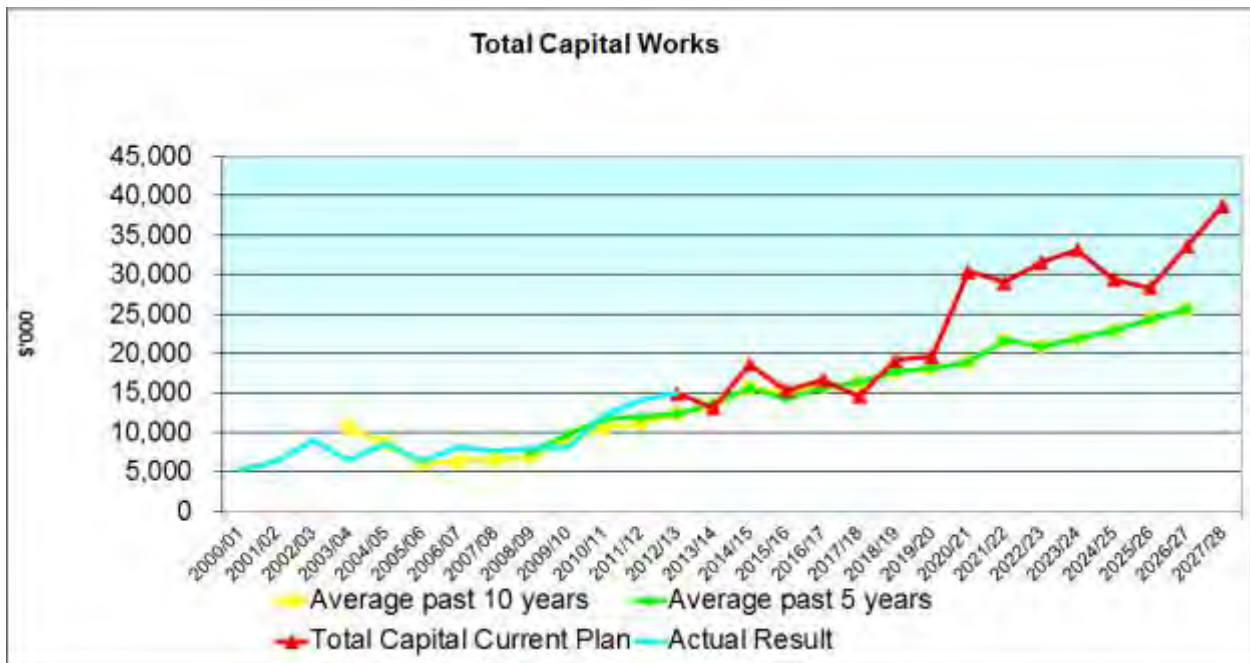


The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue to recurrent expenditure streams in the operating statement.

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

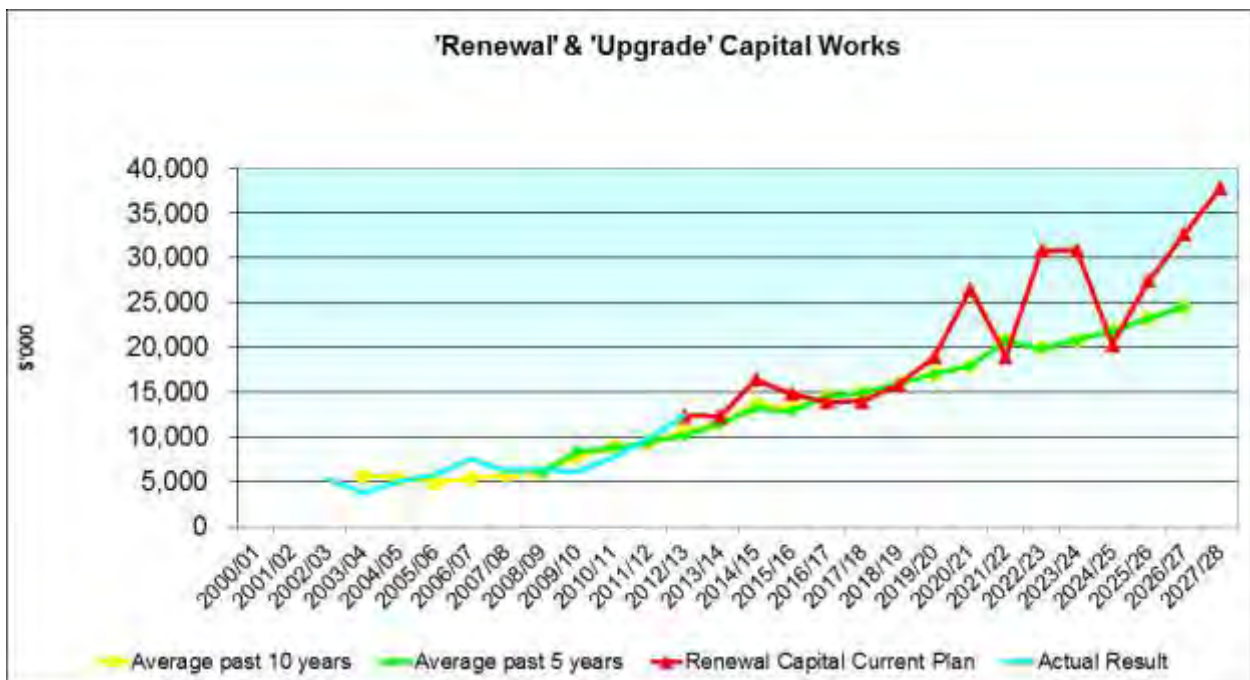
Very importantly, longer term consistent strengthening underlying surplus results are being projected to occur. In the immediate years this will help restore the underlying working capital ratio in the Balance Sheet, and in later years provide significant levels of funding for a substantially increasing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

### 10.1.4 Capital Works Program



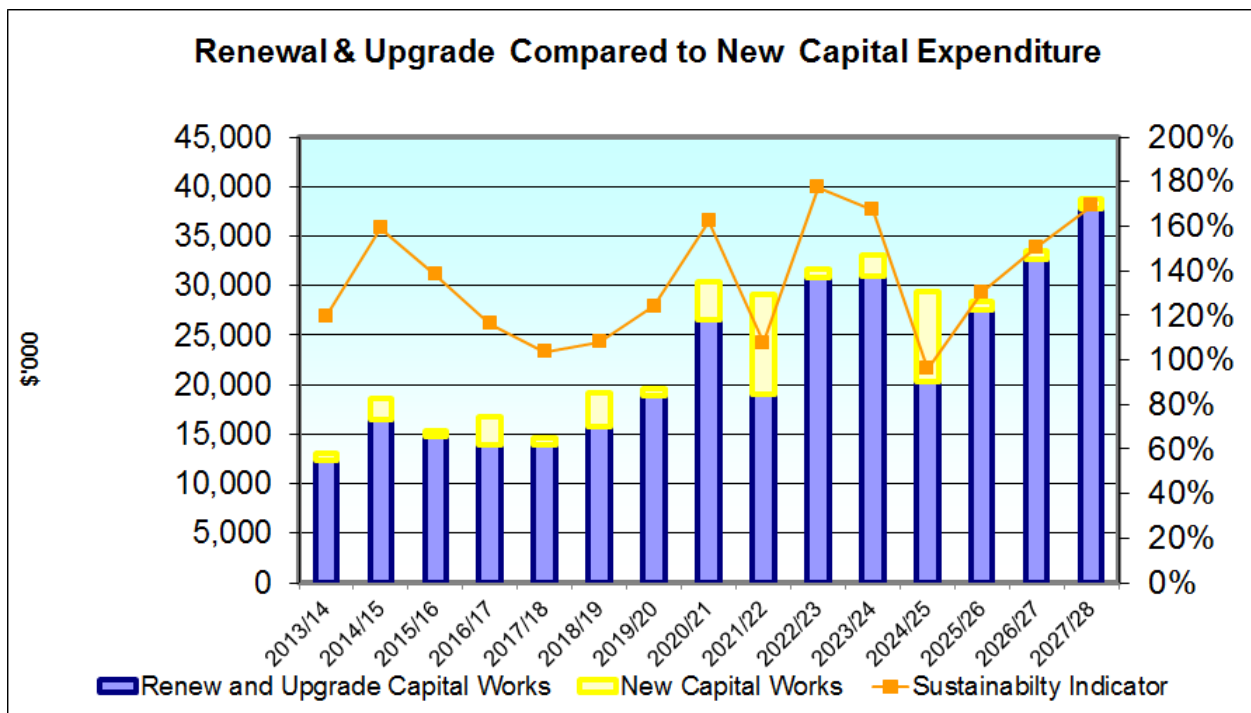
The capital works program has maintained parity with previous plans with the exception of the later years where there is a substantial increase. The profile was flat for a number of years while the strategic focus was paying off long term debt and restoring Balance Sheet strength. From 2009/10 and onwards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



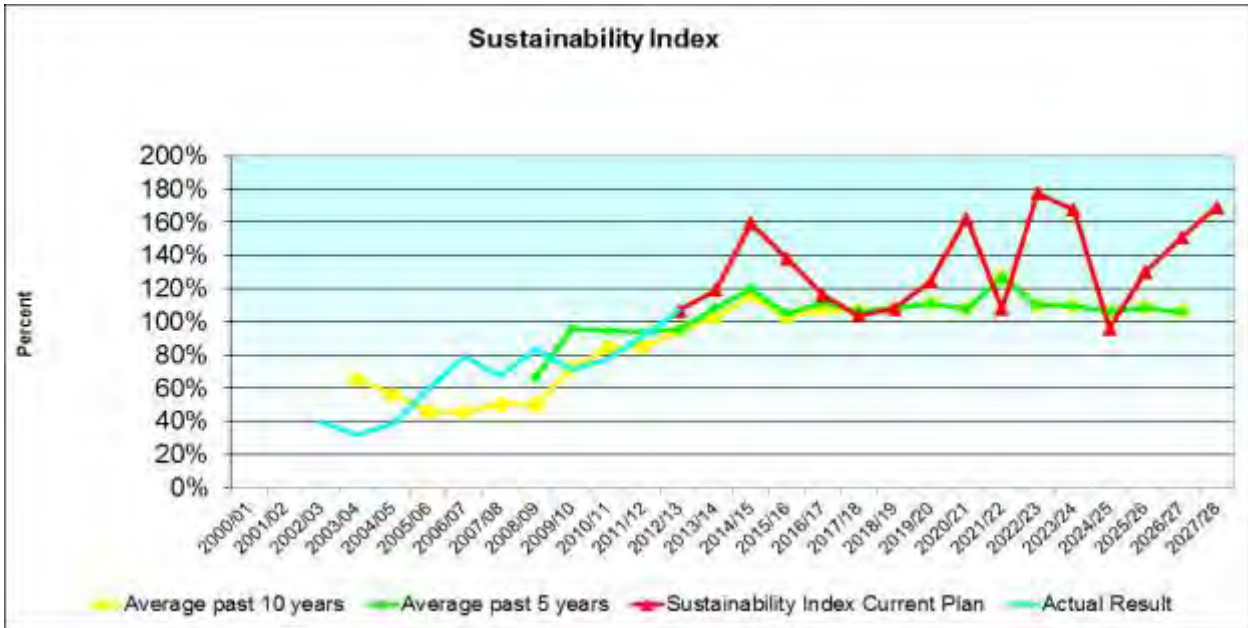
There are no asset renewal primary funding gaps for all major classes of assets. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

Renewal Capital Works is capital expenditure in renewing assets (rebuilding the road). Capital upgrades (making the road wider) and new and capital extension works (making the road longer) are not included.



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

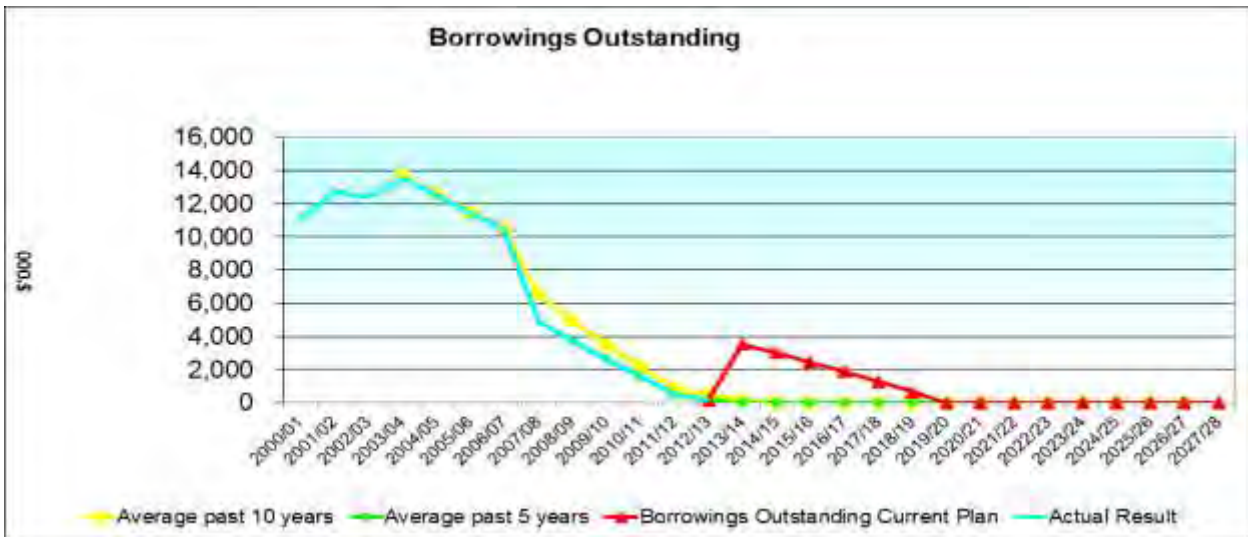
It is very evident that because asset renewal funding gaps have been bridged in the financial plan, funds in later years are being progressively diverted to new capital works.



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.

**10.1.5 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.

The spike in the current plan is attributable to borrowing funds to pay the unfunded superannuation obligations of Council.

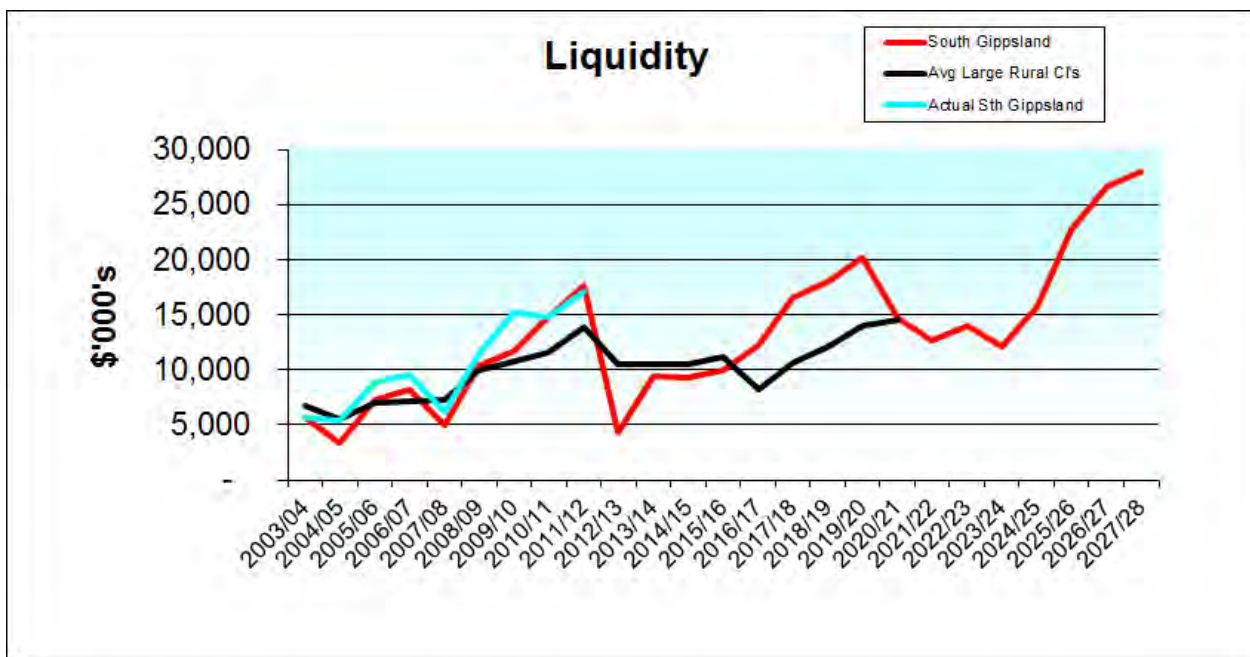
# 11. Analysis of Current Long Term Financial Plan to Other Large Rural Councils

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 2013/14 Long Term Financial Plan against the average of large councils current financial plans, the lines representing:

- **South Gippsland (red line) 2013/14 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**

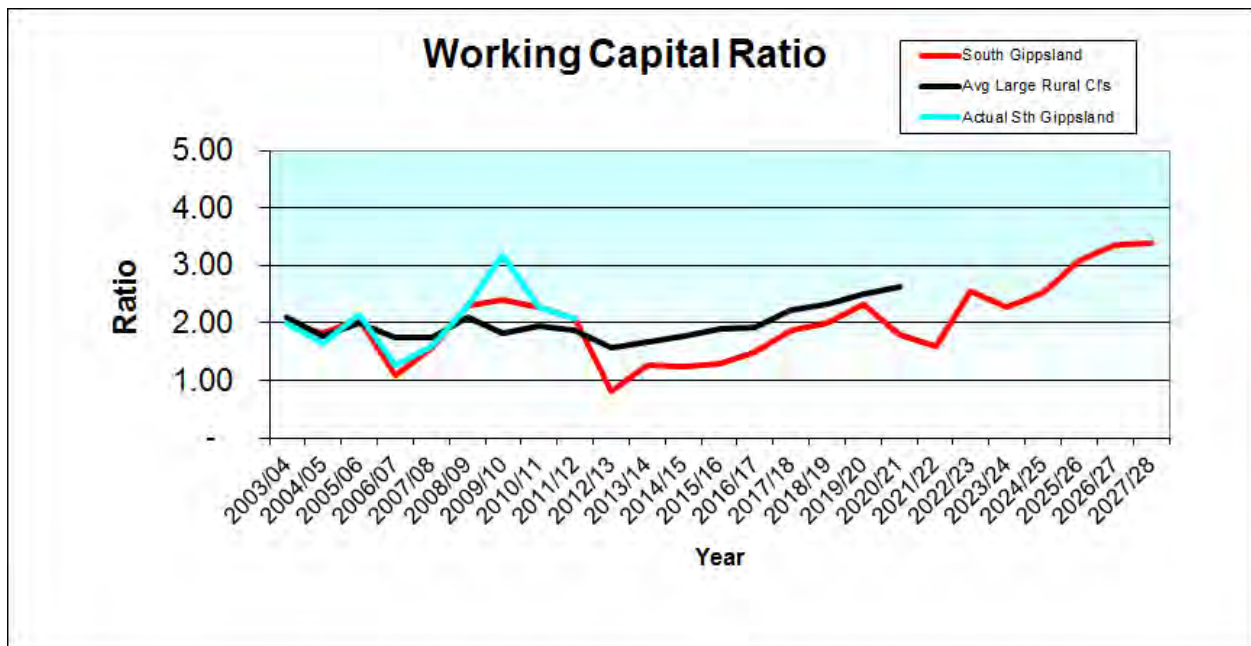
## 11.1 Liquidity



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.

## 11.2 Working Capital Ratio

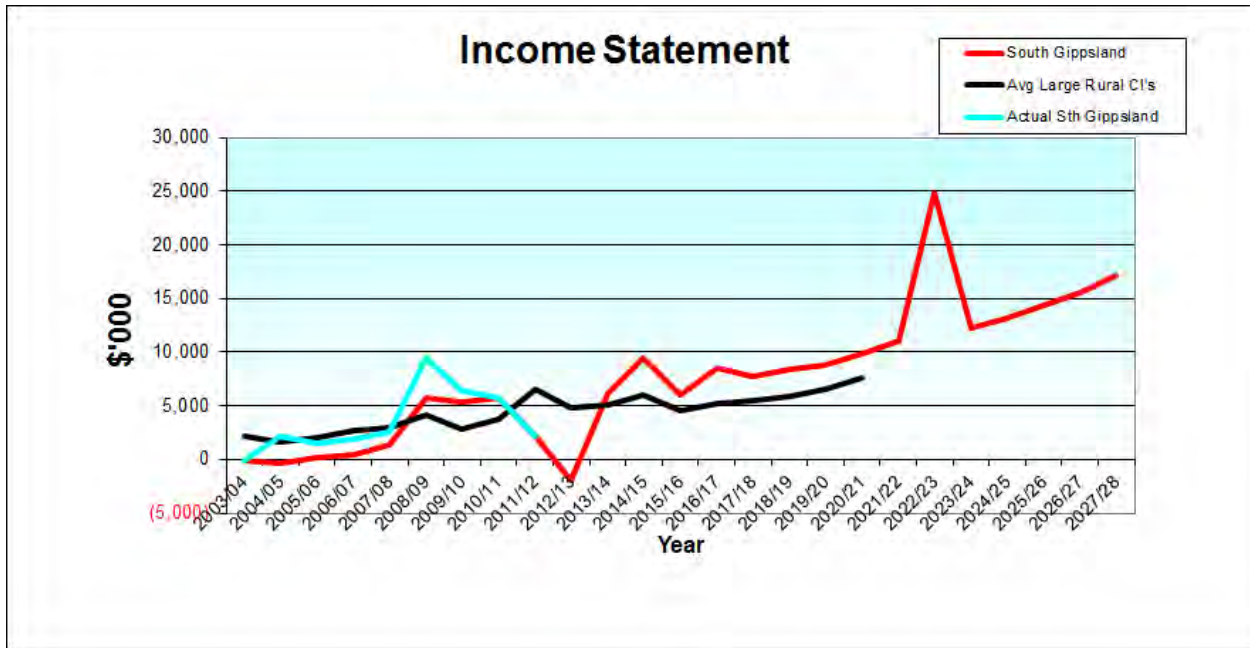


From a strategic financial management perspective, the working capital ratio is an important financial indicator. Aside from the technical dip in 2006/07 (recognising \$4.5M loan liability), the spike in 2009/10 (receiving grants in advance) and the second dip in 2012/13 (paying unfunded superannuation obligations) the working capital ratio was comparable to that of the other large rural councils.

The current and longer term trend is however somewhat weaker than 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.



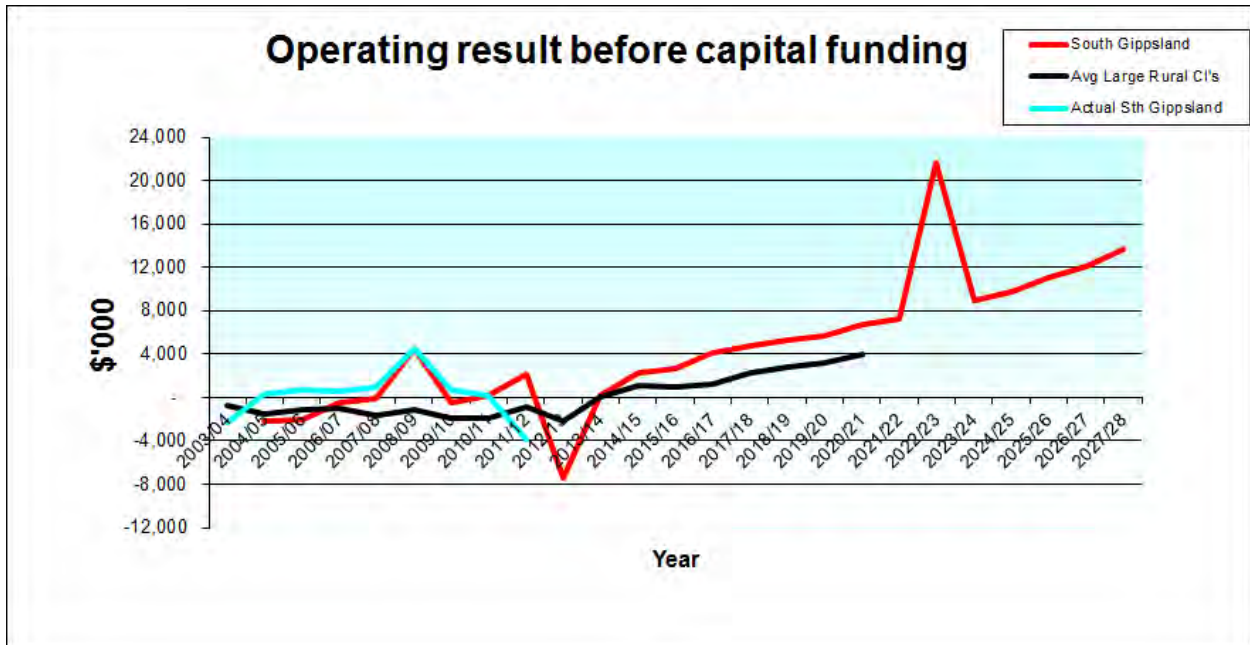
### 11.3 Income Statement



In preceding years, it was evident that Council had poorer operating results than other large rural councils. There is a very pronounced dip in 2012/13.

The dip in 2012/13 is because we only received two quarters of Victoria Grants Commission allocations (we received 5 quarters in 2008/09 and in 2011/12). It was also impacted by cost impacts of storm events, as well reduced interest income.

Our strategic intent is to produce strengthening results. The spike in 2022/23 is where it has been modelled that Council will receive \$13.28M Special Charge Scheme income for a major roads and drainage project.

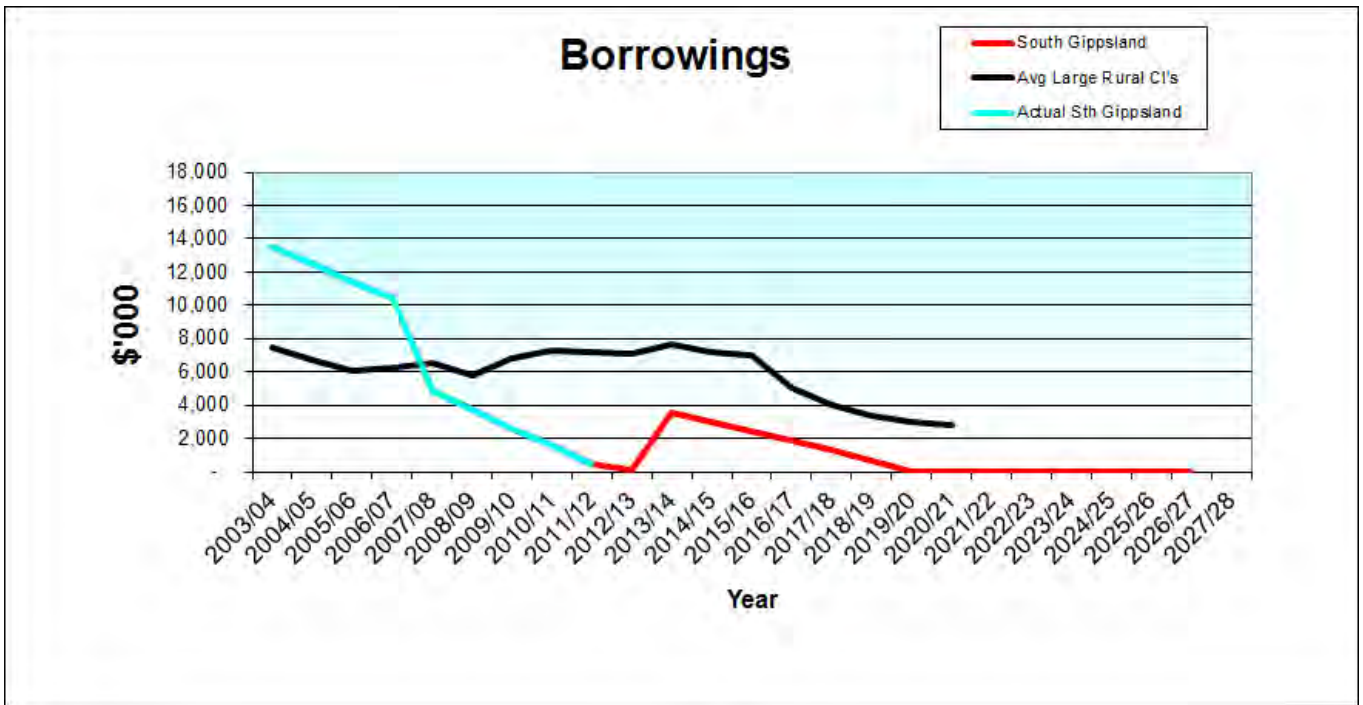


The underlying operating result is not unlike the operating result discussed above.

Aside from the dip in 2012/13 Council has in past years consistently produced marginal underlying surpluses. On the other hand large rural Councils are projecting to make underlying surpluses from 2014/15 onwards.

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

### 11.4 Borrowings

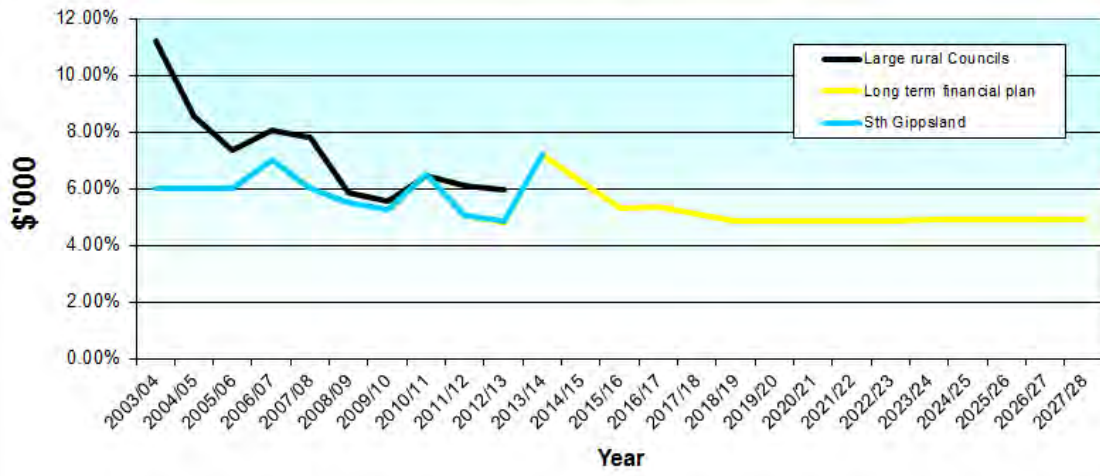


Although Council in prior years had very high debt, the strategic intent to reduce debt is clear. Council’s debt levels are now significantly less than the average of other large rural councils. The spike in 2013/14 is due to borrowings to fund the unfunded superannuation obligations of Council.

### 11.5 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



## **12. Rating Information**

### **12.1 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.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly given the change to biennial general revaluations and significant valuation increases that occurred last decade. In recent years there have also been fluctuations in valuations and subsequently rates for some properties in the municipality.

### **12.2 Current year rate increase**

It is proposed that general rates and charges increase on average by 7.18% for the 2013/14 year. The general rate will increase by 7.50%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

Council has had to raise the general rates higher than what was documented in the previous year's financial plan (5.00%). Council had to account for the adverse cash flow implications of unfunded superannuation liability costs, net cost impacts of storm events, reduced interest income and reduced Victoria Grants Commission funding.

General rates and charges overall will raise a total rate of \$34.15M, including supplementary rates in 2013-2014.

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.

The Victorian Auditor General's report 'Results of the 2010/11 Audits of Local Government' assessment of this Council is that it is not spending enough on asset renewals.

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 2013/14.

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.

During the 2011/12 year, a revaluation of all properties within the municipality was carried out and applied from 1 January 2012 for the 2012/13 and 2013/14 year. The outcome of the general revaluation has seen some significant changes in property valuations

throughout the municipality. Overall, property valuations across the municipal district have increased by 4.9%. Of this increase, residential properties have increased on average by 5.1%, commercial by 2.5%, industrial by 11.8%, vacant land by 7.6%, farm by 4.6% and cultural and recreational land by 2.5%. There are significant variations from the average for some individual properties.

The following table sets out future proposed rates and charges increases and total rates to be raised, (including supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2013.

Year	Increase (%)	Total Rates and Charges Raised \$'000
2012/13	4.85%	31,362
2013/14	7.18%	34,147
2014/15	6.25%	36,920
2015/16	5.32%	38,923
2016/17	5.33%	41,337

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. This in effect, discounts slightly the proposed rate increases.

### 12.3 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 / recycling / street sweeping / litter bins.

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, taking into account the benefits derived from and to the local community.

Council re-affirmed to apply a Capital Improved Value (CIV) basis of applying rates.

In 2009/10 Council introduced a new differential classification 'Vacant land – Restricted use'. This applies to land located in the municipality that is vacant and where residential development has been disallowed due to planning restrictions. This enables any property

in the farming zone that has had planning permits refused from either a planning permit application or Victorian Civil Appeals Tribunal (VCAT) decision to have a 100% 'Vacant land – Restricted use' differential of the residential rate base as opposed to the 150% 'Vacant land differential'.

Council believes the rating differentials provide the most equitable distribution of rates across the municipality. This included the municipal charge being set at 20% of total rates. Council also has a number of waste services charges as allowed under the Act.

The rating structure provides a concession for farm land (90% differential) and encourages vacant land owners to develop their land (150% differential).

The rating structure also allows for 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 Recreation Lands Act 1963, provision is made for a Council to grant a rating concession to any 'recreational lands' which meet the test of being 'rateable land' under the Local Government Act 1989.

The existing rating relativities between property types and municipal and service charges are:

- Residential Base rate;
- Commercial 100% of Residential rate;
- Cultural or Recreational land 40% of Residential rate;
- Industrial 100% of Residential rate;
- Vacant land 150% of Residential rate;
- Vacant land – Restricted use 100% of Residential rate; and
- Farm land 90% of Residential rate.

The following table summarises the rates to be made for the 2013/14 year. A more detailed analysis of the rates to be raised is contained in Appendix B 'statutory disclosures'.

<b>Rate type</b>	<b>2012/2013</b>	<b>2013/2014</b>
Residential rates – rate in the \$ of CIV	0.00356124	0.00382407
Commercial rates – rate in the \$ of CIV	0.00356124	0.00382407
Industrial rates– rate in the \$ of CIV	0.00356124	0.00382407
Rural Living– rate in the \$ of CIV	0.00356124	0.00382407
Vacant Land – rate in the \$ of CIV	0.00534186	0.00573611
Vacant Land Restricted Use– rate in the \$ of CIV	0.00356124	0.00382407
Farm land – rate in the \$ of CIV	0.00320512	0.00344166
Cultural / Recreational rates – rate in the \$ of CIV	0.00142450	0.00152963
<b>Municipal charge - \$ per property</b>	<b>\$320.50</b>	<b>\$346.05</b>
Waste Services Charge A	\$208.00	\$213.20
Waste Services Charge B	\$208.00	\$213.20
Waste Services Charge C	\$301.55	\$309.10
Waste Services Charge D	\$215.80	\$221.20
Waste Services Charge E	\$250.45	\$256.70
Waste Services Charge G	\$0.00	\$130.55
Waste Services Charge H	\$0.00	\$232.95
Waste Services Charge J	\$0.00	\$151.85
Waste Services Charge K	\$0.00	\$268.65

## 13. Borrowing Information

### 13.1 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.

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.

Council in 2013/14 will have to borrow \$4.0M to fund the unfunded superannuation obligations of Council.

The following table shows a history of Council borrowings for the last 13 years and also the prudential ratios applicable, as well as the budgeted outcome for 2013/14.

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%
<b>2013/2014</b>	<b>3,511</b>	<b>1.3</b>	<b>10%</b>	<b>0.35%</b>
	<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 2014 will be \$3.51M. 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 2013/14 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.

### 13.2 Current year borrowings

For the 2013/14 year, Council has decided to take out new borrowings of \$4M. Therefore after making loan repayments of \$623,000, Council will decrease its total borrowings to \$3.51M as at 30 June 2014. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2013.

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	623	195	3,511
2014/2015	0	514	166	2,997
2015/2016	0	541	139	2,456
2016/2017	0	569	111	1,887
2017/2018	0	598	82	1,289
2018/2019	0	629	51	660
2019/2020	0	660	19	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.

# 14. Infrastructure Information

## 14.1 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 is fortunate 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

## **14.2 Identification and funding infrastructure funding gaps**

Identification of 'funding gaps' should not be confused with the 'sustainability gap index', or with associated costings, such as depreciation.

Funding requirements for assets are very dependent upon the service level requirements of the community and where the assets are in their lifecycle. Assets nearing the end of their economic life will require a specific amount of funding at a certain point in time. This has a direct impact on longer term cash flow requirements for long term financial plans.

Funding gaps can also be broken down into two levels. A primary (or critical) funding gap is when there is not enough funds available to continue to provide a predetermined existing level of service in current and future years. This means that the infrastructure assets required for the service requirements will in fact deteriorate over a period of time and subsequently the service levels being provided will also reduce. Deferring rehabilitating assets to later years invariably can be a very costly exercise.

A simple example can be used to illustrate what constitutes as a primary funding gap. Council may have a predetermined level of transport service that would be expected to be provided based on 17 year cycle for reseal renewal program. If there is not enough funding allowed for in forward budgets for a 17 year cyclical reseal renewal program, the resealing program would have to lengthen to say 18 or 19 years cycle.

The condition of the sealed roads would deteriorate from their current levels, which would translate to lower levels of transport services being provided and higher annual maintenance costs being incurred. This would be classified as a primary funding gap, which would need to be addressed as a matter of priority.

A secondary funding gap exists when an existing service level currently being provided is deemed to be inadequate and a higher level of service is desired by Council and ratepayers. For example, wanting to have a 14 year cycle for reseal renewal programs (instead of 17 years) or to make roads wider than they currently are assuming traffic levels are constant. These would result in increased service standards. As such any funding shortfalls, between what is required and what has been allowed for in forward budgets, can be described as a secondary funding gap.

There is a possibility in some instances that bridging funding gaps may lead to reduced funding requirements for maintenance work, which can be used as an offset against the increased capital requirements. Realistically an increase in service level requirements will invariably require additional financial resources (capital funding requirements will exceed the maintenance cost reductions).

It is important not to confuse primary and secondary fund requirements. Primary funding gaps are a 'need' and as such should be a high priority consideration. Secondary funding gaps are a 'want' and are more a discretionary consideration. If Council wants to improve service standards Council and the community must also be prepared to fund it.

By identifying primary funding gaps and then strategically going ahead and bridging that gap in the reasonably shortest timeframe possible, is an exercise in achieving financial

efficiency gains. Conversely, by ignoring or unnecessarily delaying bridging primary funding gaps by definition would be promoting inefficient financial management practices.

From a 'lifecycle' asset management point of view, Council must also take into account funding requirements for both programmed and reactive maintenance works associated with infrastructure assets. The difference of what is required and what is currently being provided in current and future budgets is sometimes referred to as the 'maintenance gap'. Any shortfall between what is required and allowed for in forward budgets can also be considered as a funding gap. Together asset renewal gaps and maintenance gaps are commonly referred to as lifecycle funding gaps.

The funding gaps can be financially expressed as being the difference between what the asset lifecycle (both renewal and associated maintenance cost requirements) cash flows are and the actual amount that has been allowed / allocated for those in forward budgets.

It is important that service levels be clearly defined and documented. The challenge then is to actually quantify what the actual cost requirements for asset renewal programs (as well as the associated maintenance costs) are for infrastructure assets and allocate to future years budgets.

If not enough funds have been allowed for asset renewal in previous years, the resulting 'backlog' of works would be expected to have an impact on forward budgets. Also, if the longer term asset management funding shortfalls are ignored, deferred or not properly financed, the greater the costs will be in later years to rectify the current funding shortfall. It therefore pays to identify and address primary funding gap short falls sooner, rather than later.

A properly prepared and funded asset management plan is the most cost effective way to manage the assets and the overall service provision long term. This is sometimes referred to as optimised decision making process.

South Gippsland Shire Council joined the MAV STEP Asset Management Program in 2003. The core objective of the program is to be able to provide sustainable local government infrastructure.

The asset renewal modelling exercises conducted in the MAV STEP program confirmed that Victorian councils were not allocating sufficient resources to asset renewal works. Councils' were found to be inadvertently compounding the funding gap challenge by allocating much needed 'renewal funds' to expanding their asset base.

South Gippsland Shire Council fortunately has for some years now strategically acknowledged the importance of prioritising funds to renewal of its infrastructure asset portfolio.

In September 2012 the Council was advised by STEP consultants that they were well placed to achieve core maturity in asset management and were well ahead of all other Gippsland Shires and among the top 10 in Victoria.

### 14.3 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.

There is a perception that if after bringing to account the cost of depreciation in the Income Statement there is a surplus or 'profit', this could infer that the depreciation has been funded. This does not necessarily mean that the asset renewal funding gap has been bridged. Irrespective of whether depreciation costed to the Income Statement is substantially increased or decreased, this action alone would not generate any more or less funding for asset management.

If this in fact was the case, the implication would be that if a 100% sustainability index result is achieved, then the funding gap has been resolved. Nothing could be further from the truth. It is worth repeating, the sustainability index is a 'level of expenditure effort' performance indicator and at best makes for a rough way of estimating how much funding is required in current and future years for specific capital works renewal requirements.

In reality, depreciation costs tend to be very consistent and relatively stable over a period of time. Capital expenditure requirements tend to be more variable.

It is for this reason that the financial strategy for South Gippsland Shire Council originally stated that the sustainability target be to exceed 95% (as opposed to reaching 100%). The index indicates whether capital renewal funding is trending in the right direction over a period of time.

Now Council has prepared Asset Management Plans for all its asset classes it was considered appropriate to review this strategy in 2013. The revised strategy is significantly different in that it emphasises the importance of asset management funding needs driving the funding requirements in the Long Term Financial Plan.

The life cycles established for the different classes of assets are as follows:

- Pavements 100 years;
- Seal 17 years;
- Footpaths 60 years;
- Kerb and Channel 60 years;
- Bridges 100 years;
- Culverts 60 years;
- Under Ground Drains 60 years;

- Play Grounds 10 years; and
- Buildings 80 years.

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 2013/14 year.

	Replacement Cost 30 Jun 13 \$'000	Average Annual Consumption \$'000	Average Annual Preservation \$'000	Sustainability Index %
Roads	329,392	3,643	5,395	148
Bridges	26,592	300	785	262
Footpaths	16,403	258	266	103
Kerb & Channel	18,942	251	0	0
Drains & Culverts	41,194	474	554	117
Buildings	101,985	2,133	736	35
Car parks	5,886	78	0	0
Other structures	11,615	602	1,496	249
<b>Total capital works</b>	<b>552,009</b>	<b>7,739</b>	<b>9,232</b>	<b>119</b>

The table indicates that the 2013/14 capital works program will achieve a sustainability index of 119%.

As mentioned earlier, currently depreciation in the Long Term Financial Plan is expensed on a straight line to the Income Statement. The asset condition and engineering estimates on remaining useful life estimates have a direct impact on what the depreciation cost actually is.

There is consideration being given to changing the depreciation methodology from a straight line basis to consumption based depreciation in future years, subject to auditor approval. Australian Centre for Excellence in Asset Management's (ACEAM), who have provided support to Council in asset management practices, strongly support this methodology for calculating depreciation. This has several benefits. The costs expensed to the financial statements would reflect more accurately the consumption or the annual deterioration of the assets (as opposed to a uniform straight line depreciation cost methodology reflecting consumption of service potential). This means that the written down value of the assets in the Balance Sheet would also reflect more accurately the remaining value of the asset.

Council could then utilise the written down asset value in the Balance Sheet for strategic asset management planning purposes. In future years, Council could assess more accurately the financial performance and management practices associated with the assets. Strategic management of assets can only currently be done on a very limited basis using the sustainability gap methodology.

When this objective of generating sufficient funds for asset renewal has been satisfactorily identified and is being strategically addressed, Council can then consider funding asset

expansion works in a financially responsible manner. The immediate challenge however, is to quantify how many funds are required now and into the future for asset management.

#### **14.4 Capital Works 15 Year Program**

The 15 year capital works program 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.

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 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.

#### **14.5 Key influences for 2013/14**

The following influences had a significant impact on the infrastructure strategy for the 2013/14 year:

- Progressively increasing level of net cash flows from operating activities being released in 2013/14 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 2012/13 year being carried over to the 2013/14 year;
- The capital projects listed in Appendix D, Capital Works Program, are subject to annual review and refinement.

# 15. Appendix Nature of Information

## 15.1 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:

- A Budgeted Standard Financial Statements for 2013/14;
- B Statutory Disclosures in the Annual Budget;
- C Long Term Financial Plan 2013/14 – 2027/28;
- D Capital Works Program;
- E Key Strategic Activities; and
- F Fees & Charges Schedule.



## APPENDIX A – Budgeted Standard Statements

- **Budgeted ‘Standard Statement of Financial Performance’**
- **Budgeted ‘Standard Statement of Financial Position’**
- **Budgeted ‘Standard Statement of Cash Flows’**
- **Budgeted ‘Standard Statement of Capital Works’**

This section sets out the Budgeted Standard Statements for 2013/14 and the following three years. This information is the basis of the disclosures and analysis of the Annual Budget in the report.

## STANDARD STATEMENT OF FINANCIAL PERFORMANCE

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000
<b>BUDGETED INCOME STATEMENT</b>					
<b>REVENUES FROM OPERATING ACTIVITIES</b>					
Rates & charges	31,362	34,147	36,920	38,923	41,337
Operating grants	15,342	11,181	11,223	10,488	11,027
Reimbursements	341	373	356	366	376
Contributions	302	60	56	57	1,038
Interest	750	619	635	650	667
User charges	2,349	2,990	3,141	3,297	3,461
Statutory fees	564	582	589	604	639
Net gain/ (loss) on disposal of assets	479	332	344	316	265
Other	967	931	931	948	973
<b>TOTAL REVENUES</b>	<b>52,456</b>	<b>51,215</b>	<b>54,195</b>	<b>55,649</b>	<b>59,783</b>
<b>EXPENSES FROM OPERATING ACTIVITIES</b>					
Employee costs	19,424	21,145	21,799	22,942	24,028
Materials & consumables	28,597	17,287	16,734	15,948	16,445
Depreciation	8,750	9,369	10,202	10,817	11,803
Other	3,073	2,979	3,045	3,144	3,246
Borrowing cost expenses	24	195	166	139	111
<b>TOTAL EXPENSES</b>	<b>59,868</b>	<b>50,975</b>	<b>51,946</b>	<b>52,990</b>	<b>55,633</b>
<b>NET RESULT BEFORE CAPITAL GRANTS AND NON MONETARY CONTRIBUTIONS</b>	<b>(7,412)</b>	<b>240</b>	<b>2,249</b>	<b>2,659</b>	<b>4,150</b>
Capital grants	4,237	4,659	5,902	1,983	2,959
Donated / Granted Assets	1,242	1,304	1,337	1,370	1,404
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(1,933)</b>	<b>6,203</b>	<b>9,488</b>	<b>6,012</b>	<b>8,513</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Net Asset revaluation increment	3,658	48,015	7,717	56,987	2,394
Previously unrecognised assets	0	0	0	0	0
<b>COMPREHENSIVE RESULT</b>	<b>1,725</b>	<b>54,218</b>	<b>17,205</b>	<b>62,999</b>	<b>10,907</b>

## STANDARD STATEMENT OF FINANCIAL POSITION

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000
<b>BUDGETED BALANCE SHEET</b>					
<b>Current Assets</b>					
Cash assets	493	5,678	5,544	6,273	8,576
Receivables	3,577	3,566	3,556	3,556	3,556
Other financial assets	3,750	3,750	3,750	3,750	3,750
Assets held for resale	0	0	0	0	0
Inventories	317	317	317	317	317
Other	320	320	320	320	320
<b>Total Current Assets</b>	<b>8,457</b>	<b>13,631</b>	<b>13,487</b>	<b>14,216</b>	<b>16,519</b>
<b>Non Current Assets</b>					
Receivables	0	0	0	0	0
Investments	478	478	478	478	478
Fixed Assets	133,956	144,115	148,249	159,992	163,986
Roads Streets & Bridges	341,980	384,321	397,106	447,190	451,333
<b>Total Non Current Assets</b>	<b>476,414</b>	<b>528,914</b>	<b>545,833</b>	<b>607,660</b>	<b>615,797</b>
<b>Total Assets</b>	<b>484,871</b>	<b>542,545</b>	<b>559,320</b>	<b>621,876</b>	<b>632,316</b>
<b>Current Liabilities</b>					
Payables	4,955	4,944	4,934	4,934	4,934
Trust funds	369	369	369	369	369
Provisions	4,913	4,953	4,993	5,033	5,073
Interest bearing liabilities	134	514	541	569	598
<b>Total Current Liabilities</b>	<b>10,371</b>	<b>10,780</b>	<b>10,837</b>	<b>10,905</b>	<b>10,974</b>
<b>Non Current Liabilities</b>					
Payables	0	0	0	0	0
Provisions	271	321	375	433	495
Interest bearing liabilities	0	2,997	2,456	1,887	1,289
<b>Total Non Current Liabilities</b>	<b>271</b>	<b>3,318</b>	<b>2,831</b>	<b>2,320</b>	<b>1,784</b>
<b>Total Liabilities</b>	<b>10,642</b>	<b>14,098</b>	<b>13,668</b>	<b>13,225</b>	<b>12,758</b>
<b>Net Assets</b>	<b>474,229</b>	<b>528,447</b>	<b>545,652</b>	<b>608,651</b>	<b>619,558</b>
<b>Equity</b>					
Accumulated Surplus	186,789	193,816	203,005	208,534	216,231
Reserves	287,440	334,631	342,647	400,117	403,327
<b>Total Equity</b>	<b>474,229</b>	<b>528,447</b>	<b>545,652</b>	<b>608,651</b>	<b>619,558</b>

## STANDARD STATEMENT OF CASH FLOWS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>					
Rates	31,362	34,147	36,920	38,923	41,337
Statutory fees & fines	564	582	589	604	639
User charges	2,349	2,990	3,141	3,297	3,461
Grants	19,481	15,840	17,125	12,471	13,986
Reimbursements	341	373	356	366	376
Interest received	750	619	635	650	667
Rents	327	329	337	346	354
Other receipts	1,040	662	650	659	1,657
Payments to Suppliers	(28,598)	(17,288)	(16,735)	(15,949)	(16,446)
Payments to Employees	(23,950)	(21,055)	(21,705)	(22,844)	(23,926)
Other payments	(3,072)	(2,978)	(3,044)	(3,143)	(3,245)
<b>Net cash from Operating</b>	<b>594</b>	<b>14,221</b>	<b>18,269</b>	<b>15,380</b>	<b>18,860</b>
<b>Investing</b>					
Proceeds from sale of plant property & Equipment	1,334	884	913	1,388	828
Repayment of loans and advances	0	0	0	0	0
Payments for property, plant & equipment	(14,946)	(13,102)	(18,636)	(15,359)	(16,705)
Loan advances to community groups	0	0	0	0	0
<b>Net cash from Investing</b>	<b>(13,612)</b>	<b>(12,218)</b>	<b>(17,723)</b>	<b>(13,971)</b>	<b>(15,877)</b>
<b>Financing</b>					
Proceeds from borrowing	0	4,000	0	0	0
Repayment of loans and advances	0	0	0	0	0
Repayment of borrowings	(317)	(623)	(514)	(541)	(569)
Finance costs	(24)	(195)	(166)	(139)	(111)
Trust Funds and deposits	0	0	0	0	0
<b>Net cash from Financing</b>	<b>(341)</b>	<b>3,182</b>	<b>(680)</b>	<b>(680)</b>	<b>(680)</b>
<b>Net Cash increase (decrease)</b>	<b>(13,359)</b>	<b>5,185</b>	<b>(134)</b>	<b>729</b>	<b>2,303</b>
<b>Cash at beginning</b>	<b>13,852</b>	<b>493</b>	<b>5,678</b>	<b>5,544</b>	<b>6,273</b>
<b>Cash at end</b>	<b>493</b>	<b>5,678</b>	<b>5,544</b>	<b>6,273</b>	<b>8,576</b>

## STANDARD STATEMENT OF CAPITAL WORKS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000
<b>BUDGETED CAPITAL WORKS</b>					
Roads	4,945	5,507	6,354	4,669	4,760
Footpaths	903	495	355	591	439
Kerb & Channels	22	0	0	208	0
Bridges	220	785	1,576	214	225
Drains & Culverts	329	554	56	247	162
Car parks	0	0	0	208	0
Other Structures	1,810	1,788	1,554	4,253	1,991
Buildings	2,119	888	5,871	2,688	6,861
Land	0	0	0	0	0
Plant & equipment	3,626	2,252	2,343	1,738	1,648
Furniture & Equipment	972	833	527	543	619
<b>Total Capital Works</b>	<b>14,946</b>	<b>13,102</b>	<b>18,636</b>	<b>15,359</b>	<b>16,705</b>
<b>Represented by</b>					
Renewals	11,605	9,841	13,732	12,076	12,987
Upgrades	784	2,476	2,682	2,725	890
Extensions	2,557	785	2,222	558	2,828
<b>Total Capital Works</b>	<b>14,946</b>	<b>13,102</b>	<b>18,636</b>	<b>15,359</b>	<b>16,705</b>

## *APPENDIX B - Statutory Disclosures*

- **Section 127(2)(e) of the Local Government Act 1989**
- **Regulation 8 of the Local Government Regulations 2004**

This section sets out additional disclosures pursuant to the above legislation in respect to the Council's Annual Budget.

The information set out below is required under the Local Government Act (1989) to be disclosed in South Gippsland Shire Council's Annual Budget.

## 1. Borrowings

The total amount proposed to be borrowed for the 2013/14 year is \$4M.

The total amount of debt redemption for the 2013/14 year is \$623,000.

The projected debt servicing cost for the 2013/14 year is \$195,000.

## 2. Rates and charges

### 2.1 The proposed rate in the dollar for each type of rate to be levied:

- a) A general rate of 0.382407 cents in the dollar of all rateable residential properties;
- b) A general rate of 0.382407 cents in the dollar of all rateable commercial properties;
- c) A general rate of 0.382407 cents in the dollar of all rateable industrial properties;
- d) A general rate of 0.344166 cents in the dollar of all rateable farm land properties;
- e) A general rate of 0.573611 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f) A general rate of 0.382407 cents in the dollar of all rateable vacant land, restricted use properties; and
- g) A general rate of 0.152963 cents in the dollar of all rateable Cultural and Recreational Lands act properties;

### 2.2 The estimated amount to be raised by each type of rate to be levied:

Type of Property	2012/13 \$	2013/14 \$
Residential	11,437,777	12,557,977
Commercial	1,072,303	1,169,000
Industrial	353,165	403,505
Farm Land	9,065,538	9,764,280
Vacant Land	1,298,858	1,306,743
Vacant land – Restricted use	40,887	44,222
Cultural & Recreational Lands	11,630	12,627

### 2.3 The estimated total amount to be raised by rates is \$25,258,354

**2.4 The proposed percentage change in the rate in the dollar for each type of rate to be levied compared to that of the previous financial year.**

Type of Property	Percentage Change	
	2012/13	2013/14
Residential	1.33%	7.38%
Commercial	1.33%	7.38%
Industrial	1.33%	7.38%
Farm Land	1.33%	7.38%
Vacant Land	1.33%	7.38%
Vacant Land – Restricted use	1.33%	7.38%
Cultural & Recreational Lands	1.33%	7.38%

**General revaluation of properties**

During the 2011/12 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2012 for the 2012/13 and 2013/14 year. The outcome of the general revaluation has seen some significant changes in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 4.9%. Of this increase, residential properties have increased on average by 5.1%, commercial by 2.5%, industrial by 11.8%, vacant land by 7.6%, farm by 4.6% and cultural and recreational land by 2.5%.

**2.5 The number of assessments for each type of rate to be levied compared to the previous year:**

Type of Property	2012/13	2013/14
Residential	11,888	12,089
Commercial	788	791
Industrial	144	150
Farm Land	3,997	4,000
Vacant Land	1,938	1,821
Vacant Land – Restricted use	179	177
Cultural & Recreational Lands	22	22
<b>Total number of assessments</b>	<b>18,956</b>	<b>19,050</b>



2.6 The basis of valuation to be used is the Capital Improved Value (CIV).

2.7 The estimated total value of land in respect of which each type of rate is to be levied compared to the previous year:

TYPE OF PROPERTY	2012/13 \$	2013/14 \$
Residential	3,211,740,000	3,283,928,000
Commercial	301,104,000	305,695,000
Industrial	99,169,000	105,517,000
Farm Land	2,828,458,500	2,837,080,500
Vacant Land	243,147,000	227,810,000
Vacant land – Restricted use	11,481,000	11,564,000
Cultural & Recreational Lands	8,164,000	8,255,000
<b>Total</b>	<b>6,703,263,500</b>	<b>6,779,849,500</b>

2.8 The proposed unit amount to be levied for each type of charge under section 159 and 162 of the Act:

Type of Charge	Per Rateable Property 2012/13 \$	Per Rateable Property 2013/14 \$
<b>Municipal Charge</b> – To cover some of the administrative costs of the Council.	320.50	346.05
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling), street sweeping and litter bins.	208.00	213.20
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only), street sweeping and litter bins.	208.00	213.20
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling), street sweeping and litter bins.	301.55	309.10
	215.80	221.20

Type of Charge	Per Rateable Property 2012/13 \$	Per Rateable Property 2013/14 \$
<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), street sweeping and litter bins.	250.45	256.70
<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), street sweeping and litter bins.	0.00	130.55
<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.	0.00	232.95
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months.	0.00	151.85
<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.	0.00	268.65
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months.		

**2.9 The estimated amounts to be raised for each type of charge to be levied compared to the previous year are:**

Type of Charge	2012/13 \$	2013/14 \$
Municipal Charge	5,819,821	6,314,588
Waste Services Charge A	1,726,773	1,806,870

<b>Type of Charge</b>	<b>2012/13 \$</b>	<b>2013/14 \$</b>
Waste Services Charge B	6,865	8,102
Waste Services Charge C	60,915	64,909
Waste Services Charge D	141,140	146,652
Waste Services Charge E	25,547	26,184
Waste Services Charge G	0	2,350
Waste Services Charge H	0	21,897
Waste Services Charge J	0	0
Waste Services Charge K	0	806
<b>Total</b>	<b>7,781,061</b>	<b>8,392,358</b>

**2.10 The estimated amount to be raised by rates and charges: \$33,650,712.**

**2.11 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;
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that vacant land becomes residential, commercial or industrial; farmland becomes residential land or other changes in land use.

### **3. Differential Rates**

#### **3.1 Rates levied**

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

- A general rate of 0.382407% (0.382407 cents in the dollar of CIV) for all rateable residential properties;
- A general rate of 0.344166% (0.344166 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.382407% (0.382407 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.382407% (0.382407 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.573611% (0.573611 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.382407% (0.382407 cents in the dollar of CIV) for all rateable vacant land – restricted use properties; and
- A general rate of 0.152963% (0.152963 cents in the dollar of CIV) for all rateable cultural and recreational lands act properties;

Each differential rate will be determined by multiplying the capital improved value of each rateable land (categorized 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. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and uses of each differential rate are set out below.

#### **3.2 Residential land**

Residential land is any land, which is:

- Land located within the municipality that is residential, meaning rateable land upon which is erected a private dwelling which is used primarily for residential purposes.
- Land located within the municipality that is rural living, meaning land which is generally outside the established townships and which is primarily used and developed for residential purposes in a rural location.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and

- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2013/14 financial year.

### **3.3 Commercial Land**

Commercial land is any land, which is:

- Land located within the municipality that is commercial, meaning rateable land, which is used primarily for business or commercial purposes, including structures, which are used in conjunction with or for purposes ancillary to business or commercial purposes.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2013/14 financial year.

### **3.4 Cultural and Recreational Land**

Cultural and recreational land is any land, which is:

- Land located within the municipality that is cultural or recreational land, as defined in Section 2 of the Cultural and Recreational Land Act 1960.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2013/14 financial year.

### **3.5 Industrial Land**

Industrial land is any land, which is:

- Land located within the municipality that is industrial, meaning land upon which is erected a factory or workshop which is primarily used for industrial purposes and includes any land which is used in conjunction with or for purposes ancillary to industrial purposes for which the factory or workshop is being used for industry including but not being limited to the operations included in the definition of industry in the South Gippsland Shire Council Planning Scheme.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2013/14 financial year.

### **3.6 Vacant Land**

Vacant land is any land, which is:

- Land located within the municipality that is vacant, meaning land upon which no improvements have been made. Improvements being work actually done or material use on and for the benefit of the land, so far as the work done or material used increases the value of the land which is capable of being developed for residential, commercial, rural living or industrial purposes.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is un-improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

### **3.7 Vacant Land – Restricted use**

Restricted use is any land, which is:

- Land located within the municipality that is vacant, meaning land upon which no improvements have been made, and where residential development has been dis-allowed due to planning restrictions.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.



The geographic location of the land within this differential rate is wherever located within the municipal district.

The use of land within this differential rate is any use of land.

The classification of land which is un-improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

### **3.8 Farm Land**

Farm Land is any land, which is:

- Land located within the municipality that is farm land as defined in Section 2 of the Valuation of Land Act 1960.

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:

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential are those having the relevant characteristics described above.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of 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.

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

The use of land within this differential rate is any use of land.

The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

## *APPENDIX C - Long Term Financial Plan (2013/14 – 2027/28)*

### **1. Income Statement**

### **2. Balance Sheet**

### **3. Cash Flow Statement**

This section includes Council's forecast financial performance and financial and cash positions for the years 2013/14 to 2027/28.

## Income Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BUDGETED INCOME STATEMENT</b>																
<b>REVENUES FROM OPERATING ACTIVITIES</b>																
Rates & charges	31,362	34,147	36,920	38,923	41,337	43,778	46,257	48,874	51,638	54,555	70,918	60,887	64,320	67,943	71,769	75,806
Operating grants	15,342	11,181	11,223	10,488	11,027	11,018	11,582	11,574	12,102	12,159	12,702	13,042	13,332	13,658	13,993	14,333
Reimbursements	341	373	356	366	376	387	398	409	421	433	445	458	471	485	499	505
Contributions	302	60	56	57	1,038	1,091	1,146	1,204	1,865	1,960	2,060	2,165	2,276	2,392	2,514	2,643
Interest	750	619	635	650	667	683	700	718	736	754	773	793	812	833	853	875
User charges	2,349	2,990	3,141	3,297	3,461	3,633	3,814	4,004	4,224	4,455	4,699	4,957	5,229	5,515	5,790	6,079
Statutory fees	564	582	589	604	639	650	650	667	705	717	718	736	778	792	792	810
Net gain/ (loss) on disposal of assets	479	332	344	316	265	403	373	385	608	460	466	472	479	486	489	499
Other	967	931	931	948	973	999	1,026	1,054	1,081	1,110	1,140	1,170	1,202	1,224	1,246	1,261
<b>TOTAL REVENUES</b>	<b>52,456</b>	<b>51,215</b>	<b>54,195</b>	<b>55,649</b>	<b>59,783</b>	<b>62,642</b>	<b>65,946</b>	<b>68,889</b>	<b>73,380</b>	<b>76,603</b>	<b>93,921</b>	<b>84,650</b>	<b>88,899</b>	<b>93,328</b>	<b>97,945</b>	<b>102,811</b>
<b>EXPENSES FROM OPERATING ACTIVITIES</b>																
Employee costs	19,424	21,145	21,799	22,942	24,028	25,166	26,357	27,606	28,915	30,285	31,721	33,225	34,801	36,453	38,182	39,932
Materials & consumables	28,597	17,287	16,734	15,948	16,445	16,836	17,207	17,642	18,369	18,451	18,874	19,507	20,218	20,552	21,230	21,620
Depreciation	8,750	9,369	10,202	10,817	11,803	12,481	13,527	14,324	15,697	16,715	17,714	18,849	19,861	20,887	21,905	22,937
Other	3,073	2,979	3,045	3,144	3,246	3,352	3,461	3,575	3,694	3,818	3,947	4,081	4,221	4,367	4,520	4,652
Borrowing cost expenses	24	195	166	139	111	82	51	19	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>59,868</b>	<b>50,975</b>	<b>51,946</b>	<b>52,990</b>	<b>55,633</b>	<b>57,917</b>	<b>60,603</b>	<b>63,166</b>	<b>66,675</b>	<b>69,269</b>	<b>72,256</b>	<b>75,662</b>	<b>79,101</b>	<b>82,259</b>	<b>85,837</b>	<b>89,141</b>
<b>NET RESULT BEFORE CAPITAL GRANTS AND NON MONETARY CONTRIBUTIONS</b>	<b>(7,412)</b>	<b>240</b>	<b>2,249</b>	<b>2,659</b>	<b>4,150</b>	<b>4,725</b>	<b>5,343</b>	<b>5,723</b>	<b>6,705</b>	<b>7,334</b>	<b>21,665</b>	<b>8,988</b>	<b>9,798</b>	<b>11,069</b>	<b>12,108</b>	<b>13,670</b>
Capital grants	4,237	4,659	5,902	1,983	2,959	1,636	1,636	1,636	1,636	2,107	1,636	1,636	1,636	1,636	1,636	1,636
Donated / Granted Assets	1,242	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
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(1,933)</b>	<b>6,203</b>	<b>9,488</b>	<b>6,012</b>	<b>8,513</b>	<b>7,801</b>	<b>8,454</b>	<b>8,871</b>	<b>9,891</b>	<b>11,030</b>	<b>24,930</b>	<b>12,293</b>	<b>13,145</b>	<b>14,459</b>	<b>15,542</b>	<b>17,149</b>
<b>OTHER COMPREHENSIVE INCOME</b>																
Net Asset revaluation increment	3,658	48,015	7,717	56,987	2,394	0	4,976	71,262	10,999	82,741	10,438	105,807	5,964	106,945	21,271	0
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>COMPREHENSIVE RESULT</b>	<b>1,725</b>	<b>54,218</b>	<b>17,205</b>	<b>62,999</b>	<b>10,907</b>	<b>7,801</b>	<b>13,430</b>	<b>80,133</b>	<b>20,890</b>	<b>93,771</b>	<b>35,368</b>	<b>118,100</b>	<b>19,109</b>	<b>121,404</b>	<b>36,813</b>	<b>17,149</b>

## Balance Sheet

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2012/13 \$'000	Budget 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
<b>BUDGETED BALANCE SHEET</b>																
<b>Current Assets</b>																
Cash assets	493	5,678	5,544	6,273	8,576	12,984	14,445	16,598	11,157	9,092	10,529	8,666	12,361	19,399	23,347	24,690
Receivables	3,577	3,566	3,566	3,566	3,566	3,566	3,566	3,566	3,566	3,566	12,410	11,525	10,640	9,755	8,870	7,985
Other financial assets	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Assets held for resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	317	317	317	317	317	317	317	317	317	317	317	317	317	317	317	317
Other	320	320	320	320	320	320	320	320	320	320	320	320	320	320	320	320
<b>Total Current Assets</b>	<b>8,457</b>	<b>13,631</b>	<b>13,487</b>	<b>14,216</b>	<b>16,519</b>	<b>20,927</b>	<b>22,388</b>	<b>24,541</b>	<b>19,100</b>	<b>17,035</b>	<b>27,326</b>	<b>24,578</b>	<b>27,388</b>	<b>33,541</b>	<b>36,604</b>	<b>37,062</b>
<b>Non Current Assets</b>																
Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investments	478	478	478	478	478	478	478	478	478	478	478	478	478	478	478	478
Fixed Assets	133,956	144,115	148,249	169,992	163,986	163,809	163,407	179,900	190,487	217,031	216,022	237,598	244,574	268,438	267,688	267,029
Roads Streets & Bridges	341,960	384,321	397,106	447,190	451,333	454,412	466,265	527,208	543,074	612,493	639,712	738,123	747,591	839,130	873,788	891,304
<b>Total Non Current Assets</b>	<b>476,414</b>	<b>528,914</b>	<b>545,833</b>	<b>607,660</b>	<b>615,797</b>	<b>618,699</b>	<b>630,150</b>	<b>707,586</b>	<b>734,039</b>	<b>830,002</b>	<b>855,212</b>	<b>976,199</b>	<b>992,643</b>	<b>1,108,046</b>	<b>1,141,954</b>	<b>1,158,811</b>
<b>Total Assets</b>	<b>484,871</b>	<b>542,545</b>	<b>559,320</b>	<b>621,876</b>	<b>632,316</b>	<b>639,626</b>	<b>652,538</b>	<b>732,127</b>	<b>753,139</b>	<b>847,037</b>	<b>882,538</b>	<b>1,000,777</b>	<b>1,020,031</b>	<b>1,141,587</b>	<b>1,178,558</b>	<b>1,195,873</b>
<b>Current Liabilities</b>																
Payables	4,955	4,944	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934
Trust funds	369	369	369	369	369	369	369	369	369	369	369	369	369	369	369	369
Provisions	4,913	4,953	4,993	5,033	5,073	5,113	5,153	5,193	5,233	5,273	5,313	5,353	5,393	5,433	5,473	5,513
Interest bearing liabilities	134	514	541	569	598	629	660	0	0	0	0	0	0	0	0	0
<b>Total Current Liabilities</b>	<b>10,371</b>	<b>10,780</b>	<b>10,837</b>	<b>10,905</b>	<b>10,974</b>	<b>11,045</b>	<b>11,116</b>	<b>10,496</b>	<b>10,536</b>	<b>10,576</b>	<b>10,616</b>	<b>10,656</b>	<b>10,696</b>	<b>10,736</b>	<b>10,776</b>	<b>10,816</b>
<b>Non Current Liabilities</b>																
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	271	321	375	433	495	562	633	709	791	878	971	1,070	1,175	1,287	1,405	1,531
Interest bearing liabilities	0	2,997	2,456	1,887	1,289	660	0	0	0	0	0	0	0	0	0	0
<b>Total Non Current Liabilities</b>	<b>271</b>	<b>3,318</b>	<b>2,831</b>	<b>2,320</b>	<b>1,784</b>	<b>1,222</b>	<b>633</b>	<b>709</b>	<b>791</b>	<b>878</b>	<b>971</b>	<b>1,070</b>	<b>1,175</b>	<b>1,287</b>	<b>1,405</b>	<b>1,531</b>
<b>Total Liabilities</b>	<b>10,642</b>	<b>14,098</b>	<b>13,668</b>	<b>13,225</b>	<b>12,758</b>	<b>12,267</b>	<b>11,749</b>	<b>11,205</b>	<b>11,327</b>	<b>11,454</b>	<b>11,587</b>	<b>11,726</b>	<b>11,871</b>	<b>12,023</b>	<b>12,181</b>	<b>12,347</b>
<b>Net Assets</b>	<b>474,229</b>	<b>528,447</b>	<b>545,652</b>	<b>608,651</b>	<b>619,558</b>	<b>627,359</b>	<b>640,789</b>	<b>720,922</b>	<b>741,812</b>	<b>835,583</b>	<b>870,951</b>	<b>989,051</b>	<b>1,008,160</b>	<b>1,129,564</b>	<b>1,166,377</b>	<b>1,183,526</b>
<b>Equity</b>																
Accumulated Surplus	186,789	193,816	203,005	208,534	216,231	223,021	230,364	240,289	250,798	261,651	283,731	294,995	307,022	320,274	334,513	350,254
Reserves	287,440	334,631	342,647	400,117	403,327	404,338	410,425	480,633	491,014	573,932	587,220	694,056	701,138	809,290	831,864	833,272
<b>Total Equity</b>	<b>474,229</b>	<b>528,447</b>	<b>545,652</b>	<b>608,651</b>	<b>619,558</b>	<b>627,359</b>	<b>640,789</b>	<b>720,922</b>	<b>741,812</b>	<b>835,583</b>	<b>870,951</b>	<b>989,051</b>	<b>1,008,160</b>	<b>1,129,564</b>	<b>1,166,377</b>	<b>1,183,526</b>

## Cash Flow Statement

BUDGETED CASH FLOW STATEMENT																
Rates	31,362	34,147	36,920	38,923	41,337	43,778	46,257	48,875	51,638	54,555	62,064	61,772	65,205	68,828	72,654	76,691
Statutory fees & fines	564	582	589	604	639	650	650	667	705	717	718	736	778	792	792	810
User charges	2,349	2,990	3,141	3,297	3,461	3,633	3,814	4,004	4,224	4,455	4,699	4,957	5,229	5,515	5,790	6,079
Grants	19,481	15,840	17,125	12,471	13,986	12,654	13,218	13,210	13,738	14,266	14,338	14,648	14,968	15,294	15,629	15,969
Reimbursements	341	373	356	366	376	387	398	409	421	433	445	458	471	485	499	505
Interest received	750	619	635	650	667	683	700	718	736	754	773	793	812	833	853	875
Rents	327	329	337	346	354	363	372	382	391	401	411	421	432	433	433	433
Other receipts	1,040	662	650	659	1,657	1,727	1,800	1,876	2,555	2,669	2,789	2,914	3,046	3,183	3,327	3,471
Payments to Suppliers	(28,598)	(17,288)	(16,735)	(15,949)	(16,446)	(16,837)	(17,208)	(17,643)	(18,370)	(18,452)	(18,875)	(19,508)	(20,219)	(20,553)	(21,231)	(21,621)
Payments to Employees	(23,950)	(21,055)	(21,705)	(22,844)	(23,926)	(25,059)	(26,246)	(27,490)	(28,793)	(30,158)	(31,588)	(33,086)	(34,686)	(36,301)	(38,024)	(39,786)
Other payments	(3,072)	(2,978)	(3,044)	(3,143)	(3,245)	(3,351)	(3,460)	(3,574)	(3,693)	(3,817)	(3,946)	(4,080)	(4,220)	(4,366)	(4,519)	(4,651)
<b>Net cash from Operating</b>	<b>594</b>	<b>14,221</b>	<b>18,269</b>	<b>15,380</b>	<b>18,860</b>	<b>18,628</b>	<b>20,295</b>	<b>21,434</b>	<b>23,552</b>	<b>25,823</b>	<b>31,828</b>	<b>30,025</b>	<b>31,846</b>	<b>34,143</b>	<b>36,203</b>	<b>38,795</b>
<b>Investing</b>																
Proceeds from sale of plant property & Equipment	1,334	884	913	1,388	828	1,037	1,008	1,038	1,372	1,176	1,200	1,225	1,251	1,278	1,305	1,333
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for property, plant & equipment	(14,946)	(13,102)	(18,636)	(15,359)	(16,705)	(14,577)	(19,162)	(19,639)	(30,365)	(29,064)	(31,591)	(33,113)	(29,402)	(28,383)	(33,560)	(38,785)
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash from Investing</b>	<b>(13,612)</b>	<b>(12,218)</b>	<b>(17,723)</b>	<b>(13,971)</b>	<b>(15,877)</b>	<b>(13,540)</b>	<b>(18,154)</b>	<b>(18,601)</b>	<b>(28,993)</b>	<b>(27,888)</b>	<b>(30,391)</b>	<b>(31,888)</b>	<b>(28,151)</b>	<b>(27,105)</b>	<b>(32,255)</b>	<b>(37,452)</b>
<b>Financing</b>																
Proceeds from borrowing	0	4,000	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
Repayment of borrowings	(317)	(623)	(514)	(541)	(569)	(598)	(629)	(661)	0	0	0	0	0	0	0	0
Finance costs	(24)	(195)	(166)	(139)	(111)	(82)	(51)	(19)	0	0	0	0	0	0	0	0
Trust Funds and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash from Financing</b>	<b>(341)</b>	<b>3,182</b>	<b>(680)</b>	<b>(680)</b>	<b>(680)</b>	<b>(680)</b>	<b>(680)</b>	<b>(680)</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 Cash increase (decrease)</b>	<b>(13,359)</b>	<b>5,185</b>	<b>(134)</b>	<b>729</b>	<b>2,303</b>	<b>4,408</b>	<b>1,461</b>	<b>2,153</b>	<b>(5,441)</b>	<b>(2,065)</b>	<b>1,437</b>	<b>(1,863)</b>	<b>3,695</b>	<b>7,038</b>	<b>3,948</b>	<b>1,343</b>
<b>Cash at beginning</b>	<b>13,852</b>	<b>493</b>	<b>5,678</b>	<b>5,544</b>	<b>6,273</b>	<b>8,576</b>	<b>12,984</b>	<b>14,445</b>	<b>16,598</b>	<b>11,157</b>	<b>9,092</b>	<b>10,529</b>	<b>8,666</b>	<b>12,361</b>	<b>19,399</b>	<b>23,347</b>
<b>Cash at end</b>	<b>493</b>	<b>5,678</b>	<b>5,544</b>	<b>6,273</b>	<b>8,576</b>	<b>12,984</b>	<b>14,445</b>	<b>16,598</b>	<b>11,157</b>	<b>9,092</b>	<b>10,529</b>	<b>8,666</b>	<b>12,361</b>	<b>19,399</b>	<b>23,347</b>	<b>24,690</b>

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*APPENDIX D – Capital Expenditure Program*

15 Year Capital Works Program 2013-14

Cost Centre	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets
9575 - Bridge - Major Repairs Bridges	0	188,140	0	0	0	0	0	0	0	0	0	0	0	0	0
9657 - Bridge - Rehabilitation - Consolidated Future Program	0	0	214,222	225,362	237,081	249,409	262,378	276,022	290,375	305,475	321,359	338,070	355,650	374,143	393,599
9679 - Bridge - Summers Rd Bridge Replacement - Fish Creek (CRandB)	102,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9705 - Bridge - Alambree Estate Rd Bridge Rehab - Alambree Reserve	0	387,986	0	0	0	0	0	0	0	0	0	0	0	0	0
9706 - Bridge - Goads Road Bridge Replacement - Dumbalk North (CRandB)	471,912	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9709 - Bridge - Agnes River Bridge Replacement - Agnes (CRandB)	211,491	476,846	0	0	0	0	0	0	0	0	0	0	0	0	0
9758 - Bridge - Wughts Bridge Replacement - Meeniyan (CRandB)	0	523,154	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Bridges Total</b>	<b>785,651</b>	<b>1,576,126</b>	<b>214,222</b>	<b>225,362</b>	<b>237,081</b>	<b>249,409</b>	<b>262,378</b>	<b>276,022</b>	<b>290,375</b>	<b>305,475</b>	<b>321,359</b>	<b>338,070</b>	<b>355,650</b>	<b>374,143</b>	<b>393,599</b>
8120 - Buildings - Bowling Club Mens Toilet Refurbishment - Fish Creek	0	44,323	0	0	0	0	0	0	0	0	0	0	0	0	0
8121 - Buildings - Memorial Hall Roof Replacement - Leongatha	0	0	0	201,234	0	0	0	0	0	0	0	0	0	0	0
8122 - Buildings - Leongatha Memorial Hall - Paint Exterior and Interior	0	0	0	259,656	0	0	0	0	0	0	0	0	0	0	0
8123 - Buildings - Preschool Buildings Renewal - Toora	0	0	0	1,038,625	0	0	0	0	0	0	0	0	0	0	0
8124 - Buildings - Caravan Park - Toilet Refurbishment - Yanakie	0	0	0	415,450	0	0	0	0	0	0	0	0	0	0	0
8125 - Buildings - Meeting Room Toilet Refurbishment - Korumburra	0	0	0	128,603	0	0	0	0	0	0	0	0	0	0	0
8126 - Buildings - Historical Society Toilet Refurbishment - Korumburra	0	0	121,102	0	0	0	0	0	0	0	0	0	0	0	0
8127 - Buildings - Coal Creek V.I.C replace Atrium - Korumburra	0	0	0	73,488	0	0	0	0	0	0	0	0	0	0	0
8135 - Buildings - Community Hub - Korumburra	0	0	0	0	0	0	0	6,023,639	0	0	0	0	0	0	0
8138 - Buildings - Allora Pre School Extension - Leongatha	0	0	0	0	0	0	0	0	0	1,396,626	0	0	0	0	0
8144 - Buildings - Sports Pavillion - Leongatha South	0	0	0	0	0	0	0	1,620,128	0	0	0	0	0	0	0
8145 - Buildings - Community Centre and Library - Leongatha	0	0	0	0	0	0	0	0	0	0	7,349,349	0	0	0	0
8147 - Buildings - Community Hub - Nyora	0	0	0	0	0	0	0	0	9,340,903	0	0	0	0	0	0
9425 - Buildings - Child Care Hub - Korumburra	132,244	4,555,000	0	0	0	0	0	0	0	0	0	0	0	0	0
9470 - Buildings - Consolidated Future Program	0	0	0	0	1,832,893	2,083,379	2,289,964	3,577,786	2,154,417	1,487,031	3,493,037	3,742,840	3,865,758	4,066,777	4,573,021
9519 - Buildings - Memorial Hall Upgrade Kitchen Meeting Room - Leongatha	43,667	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9520 - Buildings - Caravan Park Toilet Block - Waratah Bay	397,477	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9521 - Buildings - Caravan Park Toilet Block - Port Welshpool	0	0	0	393,845	0	0	0	0	0	0	0	0	0	0	0
9523 - Buildings - Public Toilets Reconstruction - Toora	0	152,504	0	0	0	0	0	0	0	0	0	0	0	0	0
9524 - Buildings - Public Toilets Reconstruction - Fish Creek	0	152,504	0	0	0	0	0	0	0	0	0	0	0	0	0
9527 - Buildings - Memorial Hall Toilets Refurbishment - Leongatha	0	140,773	0	0	0	0	0	0	0	0	0	0	0	0	0
9531 - Buildings - Caravan Park Rotunda and Camp Kitchen - Waratah Bay	216,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9533 - Buildings - Main Office New Air Conditioner - Leongatha	0	0	43,194	0	0	0	0	0	0	0	0	0	0	0	0
9534 - Buildings - Replace Public Toilet - Waratah Bay	0	0	246,822	0	0	0	0	0	0	0	0	0	0	0	0
9535 - Buildings - Pre School Upgrade Toilets/Kitchen/Office - Fish Creek	0	0	222,139	0	0	0	0	0	0	0	0	0	0	0	0
9537 - Buildings - Depot Office Refurbishment - Leongatha	0	398,603	0	0	0	0	0	0	0	0	0	0	0	0	0
9539 - Buildings - Main Office Major Refurbishment - Leongatha	0	0	1,746,379	0	0	0	0	0	0	0	0	0	0	0	0
<b>Buildings Total</b>	<b>789,388</b>	<b>5,443,707</b>	<b>2,379,636</b>	<b>2,510,901</b>	<b>1,832,893</b>	<b>2,083,379</b>	<b>2,289,964</b>	<b>11,221,553</b>	<b>11,495,320</b>	<b>1,487,031</b>	<b>4,889,663</b>	<b>11,092,189</b>	<b>3,865,758</b>	<b>4,066,777</b>	<b>4,573,021</b>

15 Year Capital Works Program 2013-14

Cost Centre	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets
8313 - Civil - Loch Streetscape (Stage-1)	0	0	0	0	0	0	0	0	941,575	0	0	0	0	0	0
8314 - Civil - Foster Streetscape (Main and Station Street)	0	0	693,650	0	0	0	0	0	0	0	0	0	0	0	0
8316 - Civil - Korumburra Commercial Streetscape	0	0	55,466	0	0	0	0	0	0	0	0	0	0	0	0
8770 - Civil - Capital Works Design	208,545	215,102	221,855	228,810	235,975	243,354	250,955	258,783	266,847	276,711	286,976	297,659	311,576	316,708	326,509
9512 - Civil - Long Jetty Restoration Project - Port Welshpool	0	0	1,000,000	0	0	0	0	0	0	0	0	0	0	0	0
<b>Civil Total</b>	<b>208,545</b>	<b>215,102</b>	<b>1,970,971</b>	<b>228,810</b>	<b>235,975</b>	<b>243,354</b>	<b>250,955</b>	<b>258,783</b>	<b>1,208,422</b>	<b>276,711</b>	<b>286,976</b>	<b>297,659</b>	<b>311,576</b>	<b>316,708</b>	<b>326,509</b>
8128 - Culvert - Stewart and Dunlops Rd (C096) - Middle Tarwin	0	0	64,034	0	0	0	0	0	0	0	0	0	0	0	0
8129 - Culvert - Farmers Rd (C036) - Dumbalk North	0	0	0	42,868	0	0	0	0	0	0	0	0	0	0	0
8130 - Culvert - Farmers Rd (C038) - Dumbalk North	0	0	0	0	96,636	0	0	0	0	0	0	0	0	0	0
9685 - Culvert - Consolidated Future Program	0	0	0	0	0	104,936	110,393	116,133	122,172	128,525	135,208	142,239	149,636	157,417	165,602
<b>Culvert Total</b>	<b>0</b>	<b>0</b>	<b>64,034</b>	<b>42,868</b>	<b>96,636</b>	<b>104,936</b>	<b>110,393</b>	<b>116,133</b>	<b>122,172</b>	<b>128,525</b>	<b>135,208</b>	<b>142,239</b>	<b>149,636</b>	<b>157,417</b>	<b>165,602</b>
8697 - Drainage - Flood Mitigation Hanna Rise Cr, Jumbunna Rd and Melville Ave - Korumburra (LGIP)	506,725	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9721 - Drainage - Rehabilitation Program (LGIP)	47,281	55,887	113,397	119,294	125,497	132,023	138,888	146,110	153,708	161,701	170,109	178,955	188,260	198,050	208,349
<b>Drainage Total</b>	<b>554,006</b>	<b>55,887</b>	<b>113,397</b>	<b>119,294</b>	<b>125,497</b>	<b>132,023</b>	<b>138,888</b>	<b>146,110</b>	<b>153,708</b>	<b>161,701</b>	<b>170,109</b>	<b>178,955</b>	<b>188,260</b>	<b>198,050</b>	<b>208,349</b>
8131 - Footpaths - Pioneer Street (Ch 107 to 402) - Foster	0	0	0	62,318	0	0	0	0	0	0	0	0	0	0	0
8132 - Footpaths - McCartin Street (Begg to Worthy Sts) - Foster	0	0	0	67,511	0	0	0	0	0	0	0	0	0	0	0
8841 - Footpaths - Renewal	265,625	279,437	293,968	309,254	325,336	342,253	360,050	378,773	398,469	419,189	440,987	463,918	488,042	513,420	540,118
8849 - Footpaths - Footpath Extension Program	0	0	0	0	136,579	143,681	151,153	159,013	167,281	175,980	185,131	194,758	204,885	215,539	226,747
8854 - Footpaths - Shingler Street - Leongatha	156,117	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8855 - Footpaths - Turner Street - Leongatha	0	0	88,856	0	0	0	0	0	0	0	0	0	0	0	0
8863 - Footpaths - Beach Parade over crest - Sandy Point	72,483	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8870 - Footpaths - Steele Street Extension - Leongatha	0	58,565	0	0	0	0	0	0	0	0	0	0	0	0	0
8871 - Footpaths - James Street Extension - Korumburra	0	17,149	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Footpaths Total</b>	<b>494,225</b>	<b>355,151</b>	<b>382,824</b>	<b>439,083</b>	<b>461,915</b>	<b>485,934</b>	<b>511,203</b>	<b>537,786</b>	<b>565,750</b>	<b>595,169</b>	<b>626,118</b>	<b>658,676</b>	<b>692,927</b>	<b>728,959</b>	<b>766,865</b>
8133 - Guard Rails - Mardan Rd (C059) - Koorooman	0	0	76,266	0	0	0	0	0	0	0	0	0	0	0	0
8134 - Guard Rails - Old Koonwarra Meeniyen Rd (C078) - Koonwarra	0	0	76,266	0	0	0	0	0	0	0	0	0	0	0	0
9415 - Guard Rails - Wild Dog Valley Road (Amiets Bridge) - Wild Dog Valley	63,120	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9678 - Guard Rails - Consolidated Future Program	0	0	0	119,362	126,524	134,116	142,162	150,692	159,734	169,317	179,477	190,245	201,660	196,993	208,813
9803 - Guard Rails - Yannathan Rd - Nyora	18,584	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9804 - Guard Rails - Lower Toora Road - Bennisson	0	51,130	0	0	0	0	0	0	0	0	0	0	0	0	0
9805 - Guard Rails - Mine Rd - Korumburra	0	64,578	0	0	0	0	0	0	0	0	0	0	0	0	0
9806 - Guard Rails - Ferriers Rd - Loch	0	23,462	0	0	0	0	0	0	0	0	0	0	0	0	0
9807 - Guard Rails - Leongatha Yarragon Rd - Leongatha Nth	0	23,462	0	0	0	0	0	0	0	0	0	0	0	0	0
9808 - Guard Rails - Toora-Wonyip Rd - Hazle Park	0	23,462	0	0	0	0	0	0	0	0	0	0	0	0	0
9809 - Guard Rails - Farmers Rd - Dumbalk North	0	19,300	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Guard Rails Total</b>	<b>81,704</b>	<b>205,394</b>	<b>152,532</b>	<b>119,362</b>	<b>126,524</b>	<b>134,116</b>	<b>142,162</b>	<b>150,692</b>	<b>159,734</b>	<b>169,317</b>	<b>179,477</b>	<b>190,245</b>	<b>201,660</b>	<b>196,993</b>	<b>208,813</b>



15 Year Capital Works Program 2013-14

Cost Centre	2013 2014	2014 2015	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025	2025 2026	2026 2027	2027 2028
	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets
8004 - Office Accomodation	99,246	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8030 - Information Services	832,877	527,470	543,294	619,030	637,601	656,729	676,431	696,724	717,625	739,154	761,329	784,168	807,694	831,924	856,882
8060 - General Land Purchases / Sales	250,000	257,500	265,225	273,181	281,377	289,818	298,513	307,468	316,692	326,193	335,978	346,058	356,440	367,133	378,147
9781 - Corner Inlet Projects	0	110,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Other Total</b>	<b>1,182,123</b>	<b>894,970</b>	<b>808,519</b>	<b>892,211</b>	<b>918,978</b>	<b>946,547</b>	<b>974,944</b>	<b>1,004,192</b>	<b>1,034,317</b>	<b>1,065,347</b>	<b>1,097,307</b>	<b>1,130,226</b>	<b>1,164,134</b>	<b>1,199,057</b>	<b>1,235,029</b>
8040 - Plant / Fleet - Fleet Purchases	930,000	957,900	986,637	1,016,236	1,046,723	1,078,125	1,110,469	1,143,783	1,178,096	1,213,439	1,249,842	1,287,337	1,325,958	1,365,736	1,406,708
8050 - Plant / Fleet - Plant Purchases	1,321,622	1,385,566	751,559	631,804	1,232,859	1,542,979	1,897,362	2,713,466	1,526,623	1,572,422	1,619,594	1,668,182	1,718,228	1,718,228	1,718,228
<b>Plant/Fleet Total</b>	<b>2,251,622</b>	<b>2,343,466</b>	<b>1,738,196</b>	<b>1,648,040</b>	<b>2,279,582</b>	<b>2,621,104</b>	<b>3,007,831</b>	<b>3,857,249</b>	<b>2,704,719</b>	<b>2,785,861</b>	<b>2,869,436</b>	<b>2,955,519</b>	<b>3,044,186</b>	<b>3,083,964</b>	<b>3,124,936</b>
8143 - Pools - Splash Hydro Therapy Pool - Leongatha	0	0	0	2,204,629	0	0	0	0	0	0	0	0	0	0	0
8149 - Pools - Plant Room - Poowong	0	0	0	67,364	0	0	0	0	0	0	0	0	0	0	0
8150 - Pools - Replace Sand Filter - Korumburra	0	0	0	51,931	0	0	0	0	0	0	0	0	0	0	0
9471 - Pools - Consolidated Future Program	0	0	0	0	524,413	0	226,729	3,021,241	0	422,352	598,357	629,472	662,204	696,639	732,864
9499 - Pools - Design	0	0	0	25,966	0	28,736	0	31,803	0	35,196	0	38,952	0	43,108	0
9586 - Pools - Refurbishment Design - Mirboo North	0	198,100	0	0	0	0	0	0	0	0	0	0	0	0	0
9588 - Pools - Refurbishment - Mirboo North	0	0	0	1,947,422	0	0	0	0	0	0	0	0	0	0	0
9590 - Pools - Install Liner - Poowong	0	228,756	0	0	0	0	0	0	0	0	0	0	0	0	0
9593 - Pools - Replace Sand Filters - Toora	0	0	0	51,931	0	0	0	0	0	0	0	0	0	0	0
9595 - Pools - Renew Plant Room - Foster	0	0	308,527	0	0	0	0	0	0	0	0	0	0	0	0
<b>Pools Total</b>	<b>0</b>	<b>426,856</b>	<b>308,527</b>	<b>4,349,243</b>	<b>524,413</b>	<b>28,736</b>	<b>226,729</b>	<b>3,053,044</b>	<b>0</b>	<b>457,548</b>	<b>598,357</b>	<b>668,424</b>	<b>662,204</b>	<b>739,747</b>	<b>732,864</b>
1670 - Other - CCHV - Capital Projects	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948	179,085	189,830	201,220	213,293	226,090	226,090	226,090
8146 - Recreation - Soccer/Hockey fields (x3) - Leongatha South	0	0	0	0	0	2,710,968	0	0	0	0	0	0	0	0	0
8664 - Recreation - Paths and Trails Implementation	0	0	159,464	167,756	176,480	185,657	195,311	205,467	216,151	227,391	239,215	251,655	264,741	278,507	292,989
9511 - Recreation - Kindergartens Playground Replacement Program	15,000	15,750	16,538	17,364	18,233	19,144	20,101	21,107	22,162	23,270	24,433	25,655	26,938	28,285	29,699
9563 - Playgrounds - Replacement Program	159,375	167,662	176,381	185,553	195,201	205,352	216,030	227,264	239,081	251,514	264,592	278,351	292,825	308,052	324,071
9602 - Recreation - Future Unplanned Works (SRV Grants)	150,000	157,875	166,163	174,887	184,069	193,732	203,903	214,608	225,875	237,733	250,214	263,351	277,177	291,728	307,044
<b>Recreation Total</b>	<b>436,735</b>	<b>460,389</b>	<b>644,794</b>	<b>679,383</b>	<b>715,835</b>	<b>3,465,216</b>	<b>794,730</b>	<b>837,394</b>	<b>882,354</b>	<b>929,738</b>	<b>979,674</b>	<b>1,032,305</b>	<b>1,087,771</b>	<b>1,132,662</b>	<b>1,179,893</b>

Cost Centre	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets
2459 - Betterment Works - NDFA	840,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8136 - Roads - Jumbunna Rd, Bena Rd, Princess St and George St - Korumburra	0	0	0	0	0	0	4,277,908	0	0	0	0	0	0	0	0
8137 - Roads - Sth Gipps Hwy and Radowick St - Korumburra	0	0	0	0	0	0	0	1,505,910	0	0	0	0	0	0	0
8139 - Roads - Nerrena Rd connection b/t Parr St and Nerrena Rd - Leongatha	0	0	0	0	0	0	0	0	0	0	0	918,669	0	0	0
8140 - Roads - Parr Street - Leongatha	0	0	0	0	0	0	0	0	0	3,320,377	0	0	0	0	0
8141 - Roads - Simons Lane / South Gippsland Highway - Leongatha	0	0	0	0	0	2,710,968	0	0	0	0	0	0	0	0	0
8148 - Roads - Roads/Drainage (Special Charge Scheme 33.33%) - Nyora	0	0	0	0	0	0	0	0	0	9,961,131	10,479,110	0	0	0	0
8152 - Roads - Rehabilitation Program (CRandB - partial funding)	1,135,270	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8153 - Roads - Dale Drive turning area - Leongatha	0	20,891	0	0	0	0	0	0	0	0	0	0	0	0	0
8772 - Roads - Reseals	1,673,161	1,732,524	1,805,687	1,882,306	1,962,545	2,046,587	2,134,620	2,226,842	2,323,462	2,424,697	2,530,778	2,641,951	2,755,481	2,865,319	2,860,733
8774 - Roads - Reseal Preparation	751,008	743,818	775,148	807,886	842,098	877,859	915,237	954,309	995,155	1,037,860	1,082,511	1,129,200	1,178,024	1,229,084	1,239,852
8850 - Roads - Safe Intersections Program	0	117,864	123,993	130,441	137,223	144,359	151,866	159,763	168,070	176,810	187,282	196,646	206,479	216,803	227,643
9096 - Roads - Hennys Road - Nyora	0	709,729	0	0	0	0	0	0	0	0	0	0	0	0	0
9722 - Roads - Unallocated Future Capex	0	0	1,368,541	1,940,302	3,694,413	2,873,626	3,023,055	3,974,693	4,367,593	5,373,680	5,634,712	5,812,666	11,363,226	17,053,861	21,420,662
9738 - Roads - Gray St - Leongatha	0	617,563	0	0	0	0	0	0	0	0	0	0	0	0	0
9739 - Roads - Anderson St Town Entrance - Leongatha	0	332,011	0	0	0	0	0	0	0	0	0	0	0	0	0
9762 - Roads - Station Street Rehabilitation - Korumburra (R2R)	557,560	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9764 - Roads - Lower Franklin Road Rehabilitation - Foster (LGIP)	507,906	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9769 - Roads - Bass Valley Road - Bena	0	703,864	0	0	0	0	0	0	0	0	0	0	0	0	0
9785 - Roads - Lower Toora Road (ID 1013) - Toora	42,080	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9787 - Roads - Grip Road (ID 661) - Toora	0	583,233	0	0	0	0	0	0	0	0	0	0	0	0	0
9788 - Roads - Leongatha Yarragon Road - Leongatha North	0	386,793	0	0	0	0	0	0	0	0	0	0	0	0	0
9789 - Roads - Farmers Road (ID 456) - Dumbalk North	0	405,164	0	0	0	0	0	0	0	0	0	0	0	0	0
9793 - Roads - Buffalo Waratah Road (ID 262) - Buffalo	0	0	316,793	0	0	0	0	0	0	0	0	0	0	0	0
9795 - Roads - Restlee Drive (ID 1347) - Nyora	0	0	277,674	0	0	0	0	0	0	0	0	0	0	0	0
<b>Roads Total</b>	<b>5,506,985</b>	<b>6,353,454</b>	<b>4,667,836</b>	<b>4,760,935</b>	<b>6,636,279</b>	<b>8,653,399</b>	<b>10,502,686</b>	<b>8,821,517</b>	<b>7,854,280</b>	<b>22,294,555</b>	<b>19,914,393</b>	<b>10,699,132</b>	<b>15,503,210</b>	<b>21,365,067</b>	<b>25,748,890</b>
8555 - Waste - Transfer Station Capital	0	243,475	0	0	0	0	0	0	0	0	0	0	0	0	0
8567 - Waste - Koonwarra Cell Construction - (LGIP - Partial funding 13/14)	810,690	62,175	1,912,867	689,558	385,153	13,555	426,251	84,276	2,592,861	934,686	1,044,138	18,373	1,155,552	0	120,176
<b>Waste Total</b>	<b>810,690</b>	<b>305,650</b>	<b>1,912,867</b>	<b>689,558</b>	<b>385,153</b>	<b>13,555</b>	<b>426,251</b>	<b>84,276</b>	<b>2,592,861</b>	<b>934,686</b>	<b>1,044,138</b>	<b>18,373</b>	<b>1,155,552</b>	<b>0</b>	<b>120,176</b>
<b>Grand Total</b>	<b>13,101,674</b>	<b>18,636,152</b>	<b>15,358,355</b>	<b>16,705,050</b>	<b>14,576,761</b>	<b>19,161,708</b>	<b>19,639,114</b>	<b>30,364,751</b>	<b>29,064,012</b>	<b>31,591,664</b>	<b>33,112,215</b>	<b>29,402,012</b>	<b>28,382,524</b>	<b>33,559,544</b>	<b>38,784,546</b>

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## ***APPENDIX E - Key Strategic Activities***

This section sets out program initiatives to be undertaken by Council in 2013/14, including appropriate measures and targets that are subject to audit at year end.

<b>Strategy</b>	<b>Action</b>	<b>Measure and Target</b>	<b>Responsible Unit</b>
Outcome 1: A Prosperous Shire	*Number of representations made to State and Federal politicians.	At least one delegation annually	Chief Executive Officer
Strategy 1.1.4: We will promote and encourage tourism through development support and promotion	*Establish a committee to review the Visitor Information Centres service	Review completed and reported to Council by 30 June 2014	Development Services
Strategy 1.3.1: We will actively engage businesses, farmers, industries and individuals in creating a clean, green Shire, where environmental sustainability is embraced and practiced.	Commence implementation of Council land and roadside Weed and Pest Management Plan, in conjunction with South Gippsland Land-care Network with a focus on <ul style="list-style-type: none"> <li>the control of Regionally Prohibited Weeds noxious weeds</li> <li>protection of significant roadside vegetation under threat from weed invasion</li> </ul>	By 30 June 2014 <ul style="list-style-type: none"> <li>Consultation program developed, and</li> <li>4 meetings held with Landcare groups</li> </ul>	Community Services
Strategy 1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources.	Sustainability Strategy actions implemented: <ul style="list-style-type: none"> <li>Green street lighting project implemented</li> </ul>	Project implemented by 30 June 2014	Community Services
Strategy 2.1.1: We will develop a Community Vision 2050 and a Community Engagement Charter in partnership with our communities.	Develop a Community Vision 2050 and Engagement Charter	Draft Community Vision and Charter endorsed by 30 June 2014	Corporate Services
Strategy 3.1.3: We will develop an integrated planning approach for our townships and villages, so that facilities are located in areas where they are most appropriate	Undertake a service review of Public Toilets for appropriate tourism infrastructure in conjunction with Parks Victoria and Department of Sustainability and Environment	By 30 June 2014	Engineering Services

Strategy	Action	Measure and Target	Responsible Unit
Strategy 3.1.6: We will refine the provision of Council services through reviews focused on changing community needs, realistic and affordable service standards and efficient management of resources.	Establish a committee to review the swimming pools service	Review completed and reported to Council by 30 June 2014	Community Services
Strategy 4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure.	Review and revise Council's Rating Strategy to align with amended State Government requirements and ensure equity as far as practicable	Report presented to Council by 30 June 2014	Corporate Services

## APPENDIX F - Fees and Charges

This section sets out all fees and statutory charges of Council

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Cattle (First animal)	100.00	120.00	20.00	545
Cattle (Subsequent animals)	5.00	6.00	20.00	55
Goats & Pigs (Subsequent animals)	5.00	6.00	20.00	0
Exotic Animals (Subsequent animals)	5.00	6.00	20.00	0
Animal Registration Late Fee	10.00	12.00	20.00	9,600
Droving of Livestock - Bond	1,558.00	1,870.00	20.03	0
Vic Roads (Stock Control on Declared Roads)	504.00	605.00	20.04	55,000
Droving of Livestock - Application fee (no refund)	174.00	209.00	20.11	0
Late Application for Cattle Crossing	298.00	358.00	20.13	0
Domestic Animal Business Registration	208.00	250.00	20.19	1,750
NC1 – Dogs/Cats not included under NC2	108.00	130.00	20.37	32,500
NC1P - Dogs/Cats not included under NC2 Pension	54.00	65.00	20.37	7,800
Grazing of Livestock - Application Fee (no refund)	87.00	105.00	20.69	0
Droving Cattle - daily fee per head	2.30	2.80	21.74	0
Droving Other Livestock - daily fee per head	2.30	2.80	21.74	0
Sheep (Subsequent animals)	2.30	2.80	21.74	0
Other (Per animal)	2.30	2.80	21.74	0
Goats & Pigs (First animal)	41.00	50.00	21.95	0
Sheep (First animal)	20.50	25.00	21.95	0
Exotic Animals (First animal)	41.00	50.00	21.95	0
Dog registration for dangerous, menacing and restricted breeds (RDM)	205.00	250.00	21.95	2,000
Animal registration undesexed dogs and cats (C2)	36.00	44.00	22.22	35,200
Pensioner fee for undesexed dogs and cats (C2P)	18.00	22.00	22.22	7,700
Animal registration for micro-chipped and desexed dogs and cats (C3)	36.00	44.00	22.22	105,600

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	18.00	22.00	22.22	17,600
Pensioner fee for dog registration for working dogs, microchipped only (C4P)	18.00	22.00	22.22	880
Dog registration for working dogs, microchipped only (C4)	36.00	44.00	22.22	7,920
NC2 – Dogs/Cats that qualify for reduced fee	36.00	44.00	22.22	44,000
NC2P – Dogs/Cats that qualify for reduced fee Pension	18.00	22.00	22.22	13,200
Sustenance Stock	11.00	13.50	22.73	123
Access - All Records	11.30	14.00	23.89	0
Dogs / Cats - First Offence	64.00	80.00	25.00	7,273
Access - Additional Records	6.30	8.00	26.98	0
Droving Sheep - daily fee per head	1.10	1.40	27.27	0
Grazing Cattle - daily fee per head	1.10	1.40	27.27	0
Grazing Other Livestock - daily fee per head	1.10	1.40	27.27	0
Grazing Sheep - daily fee per head	0.70	0.90	28.57	0
Dogs / Cats - Subsequent Offence	100.00	130.00	30.00	4,136
Sustenance Cat & Dog	9.00	12.00	33.33	2,727
Infringement - Dog at large (night times) - 2 penalty units	282.00	288.00	2.13	288
Infringement - Fail to register - 2 penalty units	282.00	288.00	2.13	14,400
Infringement - Dog at large (daytime) - 1.5 penalty units	211.00	216.00	2.37	3,240
Infringement - No tag displayed - 0.5 penalty units	70.00	72.00	2.86	360
<b>Animal Control Total</b>				<b>373,897</b>
Road Reserve Activity Permit (Road RAP)	69.00	74.00	7.25	13,320
Unused Road Opening Application Fee	588.00	632.00	7.48	2,298
Plan Checking (Up to 0.75% per Job)	14,955.00	14,955.00	.00	13,595
Supervision Fees (Up to 2.50% per job)	31,271.00	31,271.00	.00	28,428
<b>Assets Total</b>				<b>57,641</b>
Non Commercial - Behind Stage 1/2 day	46.00	49.00	6.52	89
Commercial - Behind Stage 1/2 day	59.00	63.00	6.78	0

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	44.00	47.00	6.82	0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	57.00	61.00	7.02	166
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	154.00	165.00	7.14	1,500
Commercial - Leongatha Memorial Hall Kitchen full day	154.00	165.00	7.14	300
Commercial - Leongatha Memorial Hall Crockery Hire per setting	4.20	4.50	7.14	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	97.00	104.00	7.22	756
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	97.00	104.00	7.22	378
Commercial - Balcony Seating 1/2 day	97.00	104.00	7.22	0
Commercial - Behind Stage full day	97.00	104.00	7.22	0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	41.00	44.00	7.32	120
Commercial - Balcony Seating full day	191.00	205.00	7.33	0
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	244.00	262.00	7.38	476
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	61.00	65.50	7.38	1,191
Commercial - Whole Complex Hire 1/2 Day	447.00	480.00	7.38	0
Non Commercial - Whole Complex Hire	688.00	739.00	7.41	0
Non Commercial - Korumburra Office Meeting Room Full Day	81.00	87.00	7.41	0
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	459.00	493.00	7.41	896
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	54.00	58.00	7.41	527
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	121.00	130.00	7.44	591
Non Commercial - Leongatha Memorial Hall Kitchen full day	121.00	130.00	7.44	1,773
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	188.00	202.00	7.45	1,469
Commercial - Hall Bond where liquor is served (refundable)	765.00	822.00	7.45	0



<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Commercial - Hall Bond where liquor is not served (refundable)	188.00	202.00	7.45	0
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	683.00	734.00	7.47	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	683.00	734.00	7.47	0
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,193.00	2,357.00	7.48	2,143
Commercial - Whole Complex Hire	855.00	919.00	7.49	0
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	855.00	919.00	7.49	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	547.00	588.00	7.50	0
Commercial - Leongatha Memorial Hall Full week hire 7 days	2,743.00	2,949.00	7.51	2,681
Non Commercial - Whole Complex Hire 1/2 Day	359.00	386.00	7.52	0
Non Commercial - Hall Bond where liquor is served (refundable)	610.00	656.00	7.54	0
Commercial - Leongatha Memorial Hall Rental - full day or evening	610.00	656.00	7.54	5,367
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	305.00	328.00	7.54	0
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	370.00	398.00	7.57	0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	488.00	525.00	7.58	1,909
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	78.00	84.00	7.69	2,291
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	78.00	84.00	7.69	1,145
Non Commercial - Balcony Seating 1/2 day	78.00	84.00	7.69	0
Non Commercial - Behind Stage full day	78.00	84.00	7.69	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	154.00	166.00	7.79	1,509
Non Commercial - Balcony Seating full day	154.00	166.00	7.79	0
Non Commercial - Hall Bond where liquor is not served (refundable)	154.00	166.00	7.79	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	77.00	83.00	7.79	755

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Commercial - Korumburra Office Meeting Room Full Day	102.00	110.00	7.84	0
Commercial - Leongatha Memorial contractor Set up Costs (if used)	29.50	32.00	8.47	0
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	22.00	24.00	9.09	3,164
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	3.20	3.50	9.38	955
<b>Buildings - Operations Total</b>				<b>32,151</b>
Train Rides	6.50	6.50	.00	39,195
Education Program - Bush Tramway Ride	3.45	4.00	15.94	7,273
Education Program - Bush Tractor Ride	2.80	4.00	42.86	0
Loads of Fire wood sold to volunteers	64.00	70.00	9.38	636
Auditorium/Boardroom Hire-full day	115.00	115.00	.00	0
Activity for group tours-heritage craft	4.60	4.60	.00	0
Demonstration for Tour groups-spinning Demo	3.15	3.15	.00	0
Rides for group tours-Tramway	6.30	6.30	.00	0
Guided tours for groups-Coal Tour	3.15	3.15	.00	0
Group tours-Guided tours	3.15	3.15	.00	0
Demonstration for group tours-Bush Skills	3.15	3.15	.00	0
Activity for group Tours-Bush Cooking	4.60	4.60	.00	0
Rides for Wedding Parties-Bush Tramway	4.80	4.80	.00	0
Venue Hire-Wattle & Daub	330.00	355.00	7.58	0
Venue Hire-Jeetho School	330.00	355.00	7.58	0
Venue Hire- Krowera Church	330.00	355.00	7.58	0
Venue Hire-Boston's	330.00	355.00	7.58	0
Venue Hire-Courthouse	330.00	355.00	7.58	0
Venue Hire-Pig& Whistle	330.00	355.00	7.58	0
Venue Hire-Mechanics Inst	330.00	355.00	7.58	0
Venue Hire-Mine Mangers House	330.00	355.00	7.58	0
Venue Hire-Sport Oval	330.00	355.00	7.58	0
Venue Hire-Rotunda	330.00	355.00	7.58	0
Education Program - Old Fashioned Craft	4.60	4.95	7.61	2,250
Education Program - Spinning Demonstration	3.45	3.50	1.45	2,507

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Education Program - Coal Tour	2.80	4.00	42.86	364
Education Program - School Lesson	3.45	4.00	15.94	2,724
Education Program - Guided Tour	2.80	4.00	42.86	4,411
Education Program - Pioneer Timber Skills	3.45	4.00	15.94	1,775
Education Program - Bush Cooking	3.45	4.00	15.94	1,615
Coal Creek Package - Coal Creek Experience 1	9.50	10.00	5.26	9,545
Coal Creek Package - Coal Creek Experience 2	6.75	7.00	3.70	1,591
Coal Creek Package - Coal Creek Experience 3	6.75	7.25	7.41	6,261
Coal Creek Package - Coal at the Creek	6.50	6.50	.00	709
Coal Creek Package - It's a child's life! 1901 Style	10.00	11.00	10.00	9,850
Coal Creek Package - A Pioneers Life	9.30	10.00	7.53	2,000
Coal Creek Package - Lessons from the Past	6.00	6.50	8.33	709
Events-Venue Hire	330.00	355.00	7.58	0
Events-Electricity fee	30.00	35.00	16.67	636
Auditorium /Boardroom Hire-1/2 day	60.00	65.00	8.33	1,005
<b>Coal Creek Total</b>				<b>95,056</b>
Non Standing Street Lighting Contribution (10% per job)	5,500.00	-	(100.00)	0
<b>Design and Service Management Total</b>				<b>0</b>
New Premises Establishment Fee - Medium	-	185.00	.00	505
New Premises Establishment Fee - Small	-	90.00	.00	818
Registration of Temporary or Mobile Food Premises (attached to principal premises)	-	95.00	.00	1,295
PAFC3	505.60	606.00	19.86	606
PA8FC2	354.90	425.50	19.89	2,553
PAFC2	708.80	850.00	19.92	15,300
New Premises Establishment Fee - Large	350.00	420.00	20.00	764

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Class 3 - Food Act Premises	359.10	431.00	20.02	23,705
Class 1 (Non Standard FSP) Food Act Premises	562.30	675.00	20.04	8,100
Class 2 - Food Act Premises	562.30	675.00	20.04	101,925
Hair/Beauty- Health Act	159.10	191.00	20.05	4,966
PA8FC4	147.00	176.50	20.07	530
Class 1 (Standard FSP) Food Act Premises	795.40	955.00	20.07	0
Inspection on request (50% of registration fee)	2,786.70	3,350.00	20.21	0
Skin Penetration - Health Act	199.50	240.00	20.30	720
Comb Hair/Beauty & Skin - Health Act	199.50	240.00	20.30	2,160
Transfer of Registrations (50% of rego fee)	2,533.70	3,050.60	20.40	0
PAFC4	147.00	177.00	20.41	4,248
PA8FC3	252.50	305.00	20.79	610
Caravan Parks - Residential Tenancies Act	11.95	11.95	.00	0
Caravan Parks Transfer - Residential Tenancies Act	59.75	59.75	.00	0
Permit to Install a septic tank application made after a Planning Permit application. (Max 46.35 FUs)	566.00	566.00	.00	107,540
Permit to install a septic tank application made prior to or at the same time as Planning Permit application.	543.10	543.10	.00	0
Permit to alter a septic tank - Minor Works	324.00	340.00	4.94	3,400
Permit to alter a septic tank system - Major Works	411.10	432.00	5.08	4,320
Request for Septic Plans and Permit	108.00	116.00	7.41	527
Major permit amendment - includes inspection	159.00	171.00	7.55	342
Extension of time to existing Septic Tank PTI	312.20	336.00	7.62	1,344
Minor permit amendment - no inspection	86.70	93.50	7.84	187
Assessment of Land Capability Assessment	173.50	90.00	(48.13)	1,636
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	159.10	171.00	7.48	311

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Request for copies of plans for septic.	60.00	65.00	8.33	591
Report & Consent (Septic)	127.28	127.28	.00	1,273
<b>Environmental Health Total</b>				<b>290,276</b>
Block Clearing (Fire Prevention / Hazards)	82.00	99.00	20.73	2,700
Fire Fines - 10 penalty units	282.00	1,443.00	411.70	43,290
<b>Fire Prevention Total</b>				<b>45,990</b>
Applicant B&W Photocopying (Amount per A1 page)	10.00	10.75	7.50	98
Applicant B&W Photocopying (Amount per A3 page)	2.20	2.40	9.09	22
FOI Application Fee	25.10	25.10	.00	251
FOI Council Search Fee	20.00	20.00	.00	200
FOI Supervision Search Fee	5.00	5.00	.00	50
Applicant B&W Photocopying (Amount per A4 page)	0.20	0.20	.00	40
Non Voters - VEC Infringements (50% of one penalty unit)	70.42	72.18	2.50	9,239
<b>Governance Operations Total</b>				<b>9,900</b>
Home Maintenance Medium Fee	16.20	17.00	4.94	459
Home Maintenance High Fee	42.70	45.00	5.39	405
Home Maintenance Low Fee	9.50	11.00	15.79	9,504
Homecare Low Fee	5.60	5.80	3.57	100,589
Homecare High Fee	29.00	31.00	6.90	3,100
Homecare Medium Fee	13.00	14.00	7.69	8,400
HACC Bus Venus Bay to Wonthaggi	4.40	5.00	13.64	480
HACC Bus Venus Bay to Leongatha	4.40	5.00	13.64	360
HACC Bus Nyora Loch Bena Kongwak to Leongatha	-	5.00	.00	520
HACC Bus Leongatha and Meeniyen	4.40	5.00	13.64	200
HACC Bus Foster to Welshpool	4.40	5.00	13.64	1,100
HACC Bus Port Welshpool to Leongatha	10.50	12.00	14.29	576
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	1.00	1.20	20.00	2,727

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
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	0.32	0.34	6.25	39,875
Private Works - Meals on Wheels	11.60	12.60	8.62	11,455
Meals on Wheels High Fee	10.55	11.60	9.95	963
Meals on Wheels Low Fee	7.20	8.10	12.50	127,170
Meals on Wheels Medium Fee	7.20	8.10	12.50	2,430
Respite Services Travel Greater Than 30km	-	0.88	.00	0
Respite Care Medium Fee	4.10	4.30	4.88	860
Respite Care Low Fee	2.75	2.90	5.45	8,120
Respite Care High Fee	30.10	32.00	6.31	512
Personal Care Travel Greater Than 30km	-	0.88	.00	0
Personal Care Low Fee	4.10	4.30	4.88	18,490
Personal Care High Fee	33.30	35.30	6.01	1,377
Personal Care Medium Fee	8.00	8.50	6.25	850
<b>HACC Services Total</b>				<b>340,522</b>
Hard Waste Collection - Regular	75.00	81.00	8.00	1,105
Hard Waste Collection - Pensioner	25.00	27.00	8.00	2,209
<b>Hard Waste Collection Total</b>				<b>3,314</b>
Varicella	73.00	78.00	6.84	0
Hep B Paediatric	24.00	18.00	(25.00)	0
Hep A Adult	85.00	74.00	(12.94)	74
Boostrix	39.00	39.00	.00	0
Hep A Paediatric	46.10	48.00	4.12	0
Flu	23.00	24.00	4.35	7,200
Twinrix Adult	76.00	86.00	13.16	172
Hep B Adult	24.00	31.00	29.17	93

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
<b>Immunisation Total</b>				<b>7,539</b>
Transfer Station Waste to Landfill	115.00	127.00	10.43	302,029
Prescribed Waste	168.00	181.00	7.74	0
Concrete (over 300mm)	63.00	68.00	7.94	27,818
Tree Stumps	36.00	39.00	8.33	461
Asbestos	115.00	137.00	19.13	6,725
Commercial Waste by weight	115.00	137.00	19.13	1,145,818
Disposal of Clean Fill	115.00	137.00	19.13	12,455
<b>Landfills Total</b>				<b>1,495,306</b>
Door to Door trading permit	340.00	408.00	20.00	0
Bulk rubbish container permit	100.00	120.00	20.00	0
Burning off offensive material permit	314.00	377.00	20.06	0
Impounded vehicle release	161.00	194.00	20.50	0
Roadside trading permit	755.00	910.00	20.53	0
Camping permit	82.00	99.00	20.73	495
Storage of machinery or second hand goods - permit	82.00	99.00	20.73	0
Advertising on Council properties permit	82.00	99.00	20.73	0
Recreation Vehicles	82.00	99.00	20.73	0
Scavenging at Tip	82.00	99.00	20.73	0
Drainage Tappings	82.00	99.00	20.73	0
Consume Liquor in Public Place - Permit	82.00	99.00	20.73	0
Local Law 1 release fees	101.00	122.00	20.79	0
Local Law Footpath Occupation Permit	43.00	52.00	20.93	11,960
Animal permit - Excess animals	41.00	50.00	21.95	2,500
Consume Liquor in Public Place	100.00	100.00	.00	2,000
<b>Local Laws Total</b>				<b>16,955</b>
Final Inspection	180.00	216.00	20.00	196

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Search / Certificate Fees	111.00	134.00	20.72	6,091
Form 2.10 Application/Property Information Requests	46.30	47.61	2.83	23,805
Building Approval Lodgement - Residential	34.70	35.72	2.94	25,004
Building Approval Lodgement - Commercial	34.70	35.72	2.94	1,072
Stormwater information Request	57.90	59.62	2.97	2,981
Report & Consent	227.25	238.75	5.06	22,681
Building and Planning Infringements	106.00	700.00	560.38	39,900
<b>Municipal Building Total</b>				<b>121,730</b>
Private Works - Aged and Disability Services Travel Greater Than 30km	-	0.88	.00	0
Private Works - Aged and Disability Services	47.30	48.00	1.48	120,000
<b>Non HACC Services Total</b>				<b>120,000</b>
Land Information Certificates	20.00	20.00	.00	18,000
<b>Property and Revenue Total</b>				<b>18,000</b>
Outdoor Swimming Pool - Spectator	1.00	1.00	.00	0
Outdoor Swimming Pool - Spectator - Toora	1.00	1.00	.00	0
Outdoor Swimming Pool - Adult Entry	4.70	4.90	4.26	0
Outdoor Swimming Pool - Child Entry - Toora	4.30	4.50	4.65	0
Outdoor Swimming Pool - Weekly Family Ticket - Toora	52.50	55.00	4.76	0
Outdoor Swimming Pool - Family Season Ticket	135.00	142.00	5.19	0
Outdoor Swimming Pool - Family Season Ticket - Toora	245.00	258.00	5.31	0
Outdoor Swimming Pool - Single Season Ticket Child - Toora	94.00	99.00	5.32	0
Outdoor Swimming Pool - Child Entry	3.60	3.80	5.56	0
Outdoor Swimming Pool - School Single Entry	2.70	2.85	5.56	0
Outdoor Swimming Pool - School Single Entry - Toora	2.70	2.85	5.56	0
Outdoor Swimming Pool - Adult Entry - Toora	5.40	5.70	5.56	0



<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Outdoor Swimming Pool - Single Season Ticket Adult - Toora	125.00	132.00	5.60	0
Outdoor Swimming Pool - Single Season Ticket	68.00	72.00	5.88	0
Family Season Ticket	100.00	100.00	.00	0
Single Season Ticket	50.00	50.00	.00	0
Adult Entry	4.50	4.50	.00	0
Child Entry	3.60	3.60	.00	0
School Single Entry	2.00	2.00	.00	0
Spectator	1.00	1.00	.00	0
SPLASH - Aquatics (Casual) Spectator	2.00	2.00	.00	0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	7.90	7.90	.00	0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	6.90	6.90	.00	0
SPLASH - Memberships Y Kids Club Monthly Fee	34.00	34.00	.00	0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	20.50	20.50	.00	0
SPLASH - Stadium Netta / Fun Net Clinic	5.40	5.40	.00	0
SPLASH - Stadium Soccer Clinic	5.40	5.40	.00	0
SPLASH - Stadium Basketball Clinic	5.40	5.40	.00	0
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	28.80	28.80	.00	0
SPLASH - Stadium Entry fee - all persons	2.00	2.00	.00	0
SPLASH - Challenge Fitness Camp (member)	220.00	220.00	.00	0
SPLASH - Stadium Basketball Rental (single court)	38.50	39.00	1.30	0
SPLASH - Stadium Schools Rental (single court)	38.50	39.00	1.30	0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	54.00	55.00	1.85	0
SPLASH - Aquatic Membership start-up Fee	46.00	47.00	2.17	0
SPLASH - Aquatics (Casual) Child Rec Swim	4.30	4.40	2.33	0

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
SPLASH - Aquatics (Casual) Concession Rec Swim	4.30	4.40	2.33	0
SPLASH - Aquatic Membership concession start-up Fee	41.00	42.00	2.44	0
SPLASH - Aquatic Membership Fortnightly Fee	22.40	23.00	2.68	0
SPLASH - Group Fitness Aqua Aerobics	11.00	11.30	2.73	0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	34.00	35.00	2.94	0
SPLASH - Full Centre Membership Fortnightly Fee	32.00	33.00	3.13	0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	88.20	91.00	3.17	0
SPLASH - Aquatics (Casual) Family Rec Swim	15.50	16.00	3.23	0
SPLASH - Group Fitness Aqua Aerobics (Concession)	8.80	9.10	3.41	0
SPLASH - Schools - Aquatic Carnival Hire	685.00	710.00	3.65	0
SPLASH - Aquatics (Casual) Adult Rec Swim	5.40	5.60	3.70	0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	19.20	20.00	4.17	0
SPLASH - Children's Programs Facility Rental - Swim Club	14.40	15.00	4.17	0
SPLASH - Challenge Fitness Camp	267.00	279.00	4.49	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	17.70	18.50	4.52	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	22.00	23.00	4.55	0
SPLASH - Older Adults Programs Aqua Movers	6.40	6.70	4.69	0
SPLASH - Older Adults Programs Strength Training Session	6.40	6.70	4.69	0
SPLASH - Older Adults Programs Disability Access Program	6.40	6.70	4.69	0
SPLASH - Aquatic Adventure Day - Per participant	8.40	8.80	4.76	0
SPLASH - Stadium Birthday Parties	16.20	17.00	4.94	0

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	19.00	20.00	5.26	0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	38.00	40.00	5.26	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	23.70	25.00	5.49	0
SPLASH - Aquatic Membership Concession Fee	18.00	19.00	5.56	0
SPLASH - Full Centre Membership Concession Fee	25.50	27.00	5.88	0
SPLASH - Full Centre Membership Family Fortnightly Fee	25.50	27.00	5.88	0
SPLASH - Schools - Aquatic Education (School Instructor)	3.30	3.50	6.06	0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	99.00	105.00	6.06	0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	6.30	6.70	6.35	0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	70.00	75.00	7.14	0
SPLASH - Memberships Aquatic Membership Monthly Fee	43.50	47.50	9.20	0
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	35.00	42.50	21.43	0
SPLASH - Stadium Netball Team sheet Fee (Senior)	29.00	40.00	37.93	0
SPLASH - Stadium Netball Team Registration Fee (Senior)	42.00	75.00	78.57	0
<b>Recreation Total</b>				<b>0</b>
Port Welshpool boat ramp - Annual Car Park Fee	40.00	43.00	7.50	11,727
Port Welshpool boat ramp - Daily Car Park	6.00	6.50	8.33	1,773
<b>Routine Maintenance Total</b>				<b>13,500</b>
Application or Request for Secondary Consent	-	60.00	.00	1,909
Applications or Requests to respond to written Planning Enquiries	-	60.00	.00	1,091
Request for copies of Planning Permit and Approved Plans	108.00	116.00	7.41	1,055

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Request for copies of Planning Permit or Approved Plans	60.00	64.50	7.50	586
Title Searches	25.00	27.00	8.00	884
Request for copies of Planning Permit Applications on Advertising	0.20	0.25	25.00	23
Single Dwellings per lot and/or extensions < \$10000 - \$100000	239.00	239.00	.00	0
Single Dwellings per lot and/or extensions > \$100000	490.00	490.00	.00	0
Development of Land > \$10000	102.00	102.00	.00	0
Development of Land < \$10000 - \$250000	604.00	604.00	.00	0
Development of Land < \$250000 to \$500000	707.00	707.00	.00	0
Development of Land < \$500000 - \$1 M	815.00	815.00	.00	0
Development of Land < \$1M - \$7M	1,153.00	1,153.00	.00	0
Development of Land < \$7M - \$10M	4,837.00	4,837.00	.00	0
Development of Land < \$10M - \$50M	8,064.00	8,064.00	.00	0
Development of Land < \$50M	16,130.00	16,130.00	.00	0
Subdivision of existing building / land into two lots	386.00	386.00	.00	0
To effect a realignment of a common boundary between lots or to consolidate two or more lots.	386.00	386.00	.00	0
Subdivision of Land	781.00	781.00	.00	0
Create vary remove easement right-of-way Crown Land or vary remove a condition in the nature of an easement other than a right of way in a Crown Grant.	404.00	404.00	.00	0
Use and Change of Use	502.00	502.00	.00	0
Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way.	541.00	541.00	.00	0
Remove restriction (Subdiv Act 1988) over land if the land has been used or developed for more than 2 yrs before date of applications (Plan & Enviro Act 1987) but for the existence of the restriction	241.00	241.00	.00	0

Description Fees highlighted in yellow are statutory fees	2012/13 Fee Incl. GST	2013/14 Fee Incl. GST	% Increase	2013/14 Budget Excl. GST
Planning Certificates	18.20	18.20	.00	0
Certification of Plans - Charged per lot	20.00	20.00	.00	0
Certification of Plans - Charged per lot (Base Fee)	100.00	100.00	.00	0
Certificate of Compliance	147.00	147.00	.00	0
S.6 (1) - Considering a request to amend planning scheme	798.00	798.00	.00	0
S.6 (2) - Consideration of submissions and assisting the panel	798.00	798.00	.00	0
S.6 (3) - Adoption of an amendment	524.00	524.00	.00	0
Recertification of plans	100.00	100.00	.00	0
Development of Land Revenue - Average	287,000.00	287,000.00	.00	287,000
Infringement (per unit)	116.82	116.82	.00	0
<b>Statutory Planning Total</b>				<b>292,548</b>
Sustainability Festival Small Stall	35.00	35.00	.00	955
<b>Sustainability Services Total</b>				<b>955</b>
Brochure Fee - PORT Member sponsorship	73.70	76.95	4.41	3,498
Brochure Fee - Non Member (non ratepayer)	105.25	110.00	4.51	200
Brochure Fee - Non PCRT Member (ratepayer)	89.50	93.95	4.97	427
Central Booking Service Revenue Average	112,750.00	11,550.00	(89.76)	10,500
Maps	6.95	6.95	.00	158
Postcards	1.50	1.50	.00	68
Travel Diaries	3.95	3.95	.00	54
<b>Tourist Information Centres Total</b>				<b>14,905</b>
Infringement - Overtime Parking - 0.5 penalty units	70.00	71.00	1.43	25,560
Infringement - No Standing / Disabled Parking - 1 penalty units	141.00	144.00	2.13	7,920
Infringement - Permit Zone / Loading Zone - 0.6 penalty units	85.00	87.00	2.35	2,610

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Failure to display permit - Port Welshpool Boat Ramp - 0.6 penalty units	85.00	87.00	2.35	2,175
<b>Traffic Control Total</b>				<b>38,265</b>
Green Waste - 120L Bin	-	2.00	.00	0
Green Waste - 240L Bin	-	4.00	.00	0
Green Waste - Car Boot / Station Wagon	-	5.00	.00	0
Green Waste - Standard 6 x 4 Trailer (Level Load)	-	10.00	.00	159,091
Green Waste - Standard 6 x 4 Trailer (Heaped Load)	-	18.00	.00	0
Green Waste - 6 x 4 Trailer With Cage	-	36.00	.00	0
Green Waste - Large Single Axle Trailer (Level Load)	-	12.00	.00	0
Green Waste - Large Single Axle Trailer (Heaped Load)	-	24.00	.00	0
Green Waste - Large Single Axle Trailer With Cage	-	36.00	.00	0
Green Waste - Tandem Trailer (Level Load)	-	20.00	.00	0
Green Waste - Tandem Trailer (Heaped Load)	-	36.00	.00	0
Green Waste - Tandem Trailer With Cage	-	72.00	.00	0
Green Waste - Ute (Level Load)	-	10.00	.00	0
Green Waste - Ute (Heaped Load)	-	18.00	.00	0
Green Waste - Amnesty Period (No Fees Charged) 1st November to 31st December	-	-	.00	0
Gas Bottles - up to 10kg	5.00	5.50	10.00	0
Gas Bottles - 10 to 20kg	10.00	11.00	10.00	0
Gas Bottles - Larger than 20kg	20.00	22.00	10.00	0
E-Waste - Laptops, Computers, Printers, DVD & VCR Players etc	5.00	5.50	10.00	0
E-Waste - Small CRT TV/Computer Monitor (Smaller than 40cm)	10.00	11.00	10.00	0
E-Waste - Small Plasma/LCD TV (Smaller than 100cm)	5.00	5.50	10.00	0
E-Waste - Large Plasma/LCD TV (Larger than 100cm)	10.00	11.00	10.00	0

<b>Description</b> <b>Fees highlighted in yellow are statutory fees</b>	<b>2012/13</b> <b>Fee Incl.</b> <b>GST</b>	<b>2013/14</b> <b>Fee Incl.</b> <b>GST</b>	<b>% Increase</b>	<b>2013/14</b> <b>Budget</b> <b>Excl. GST</b>
Mattress - Double Bed	16.00	18.00	12.50	0
E-Waste - Large CRT TV (Larger than 40cm)	15.00	17.00	13.33	0
Mattress - Single Bed	10.50	12.00	14.29	0
Small Truck / Four Wheel Drive Tyres	17.00	18.00	5.88	0
Car Tyres	7.00	7.50	7.14	0
Car Bodies	41.00	44.00	7.32	0
Earthmoving Tyre	200.00	215.00	7.50	0
Large Truck Tyre	34.00	37.00	8.82	0
Extra Charge for Tyre on Rim	9.00	10.00	11.11	0
Car Boot	16.00	18.00	12.50	0
240L Bin	8.00	9.00	12.50	0
120 L Bin	4.00	4.50	12.50	0
Ute - up to one cubic meter	32.00	36.00	12.50	0
Other Domestic	32.00	36.00	12.50	0
Silage Wrap bundled	32.00	36.00	12.50	0
Concrete Bricks Fill up to one m3	32.00	36.00	12.50	0
Garbage Bag up to 120L	3.50	4.00	14.29	0
<b>Transfer Stations Total</b>				<b>159,091</b>
<b>Grand Total</b>				<b>3,547,541</b>