



*South Gippsland Shire Council*

# PROPOSED ANNUAL BUDGET 2017/2018

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

Venus Bay  
Photo by Ken Fraser

This Budget document has been prepared with reference to Chartered Accountants Australia and New Zealand 'Victorian Council Model Budget 2017/18' a best practice guide for reporting local government budgets in Victoria.

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

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

## Mayor's Introduction

This feels like a moment of great potential. Two-thirds of us are around the Council table for the first time and with that comes a wave of new ideas. We've been busy working to understand the variety and diversity of Council's services and activities in order to make well-informed decisions about the budget and long-term plans. We are committed to actively working with our residents to ensure that decisions are made in line with community expectations while meeting Council's overall direction. As a new Council we are determined to provide good governance of the Shire and of the community's assets and resources.

Over the long-term we need to be sustainable, to have the capacity to maintain service levels and assets into the future. I believe that this budget provides a clear blueprint for a sustainable future that will build on recent successes in advocating for our community. The Karmai Community Children's Centre in Korumburra has opened this year and is already proving to be a remarkable community asset as it brings together child care, kindergarten and family and children's health services under the one roof. With the Foster Streetscape and Northern Towns Connection works underway, the Long Jetty redevelopment out to tender and commitments from both the State and Federal Governments for the re-alignment of the Black Spur bends our advocacy activities have been remarkably successful.

We need to couple our good work on the advocacy front with an increased emphasis on economic development. In a changing global economy we must support our existing industries to be adaptive and attract new industries to the region. While agriculture underpins our local economy, it is augmented by the food production, value-adding and manufacturing sectors. There is also great potential for arts, culture and tourism in South Gippsland. We believe that there is a bright future in South Gippsland, we just need to have everything in place to harness it.

During the election last year and in the few months since it has been quite conspicuous that working with our community will need to be an integral part of what we do throughout the next four years. It is our responsibility to recognise the importance of involving the community in our work to ensure the best approach is taken for all decisions and actions.

With the introduction of rate capping in 2016, Council's engagement with the community assisted in providing suggestions on the priorities for future budgets. We resolved to work within the 2.5% rate cap without having to reduce levels of service last year and will do the same again under the 2.0% cap this year.

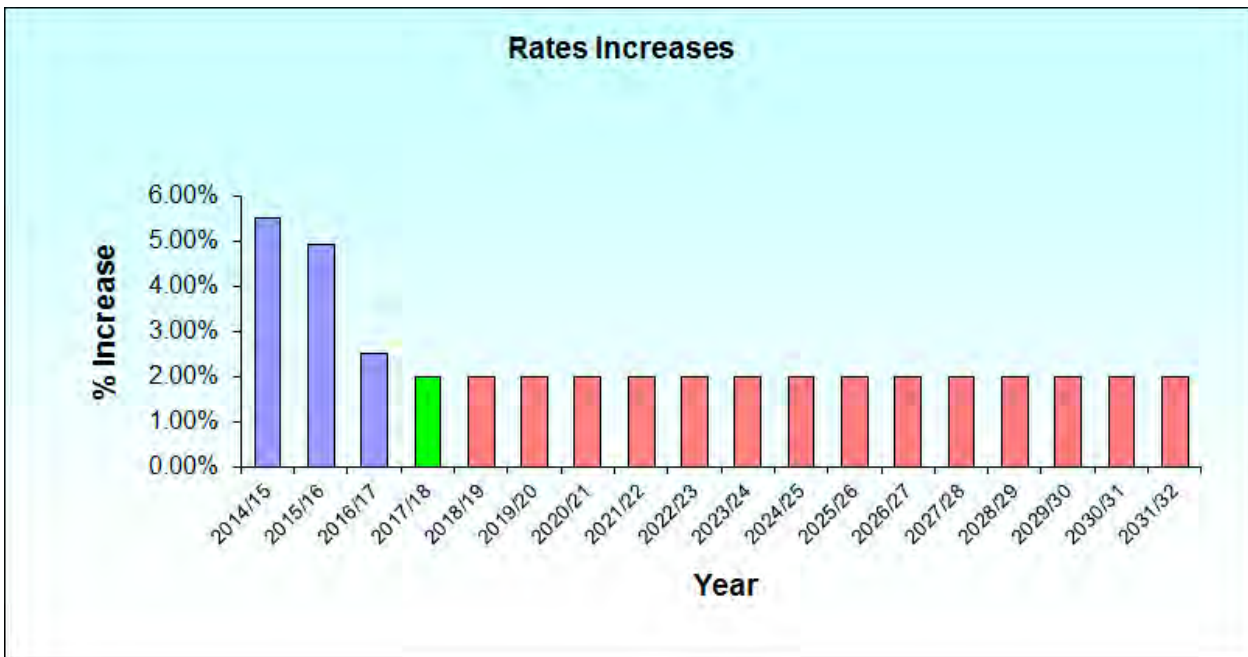
Council is committed to finding the most efficient and effective way to manage our assets and provide services to the community. We know that we've been entrusted with an enormous responsibility. This budget is our best effort to match the wishes of you, our community, with our need for financial prudence.

**Cr Ray Argento**  
**Mayor**

# Executive Summary

Council has prepared a Budget for the 2017/18 financial year, which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, cash position, cash from operations, capital expenditure, financial position, borrowings and financial sustainability of the Council.

## Rates



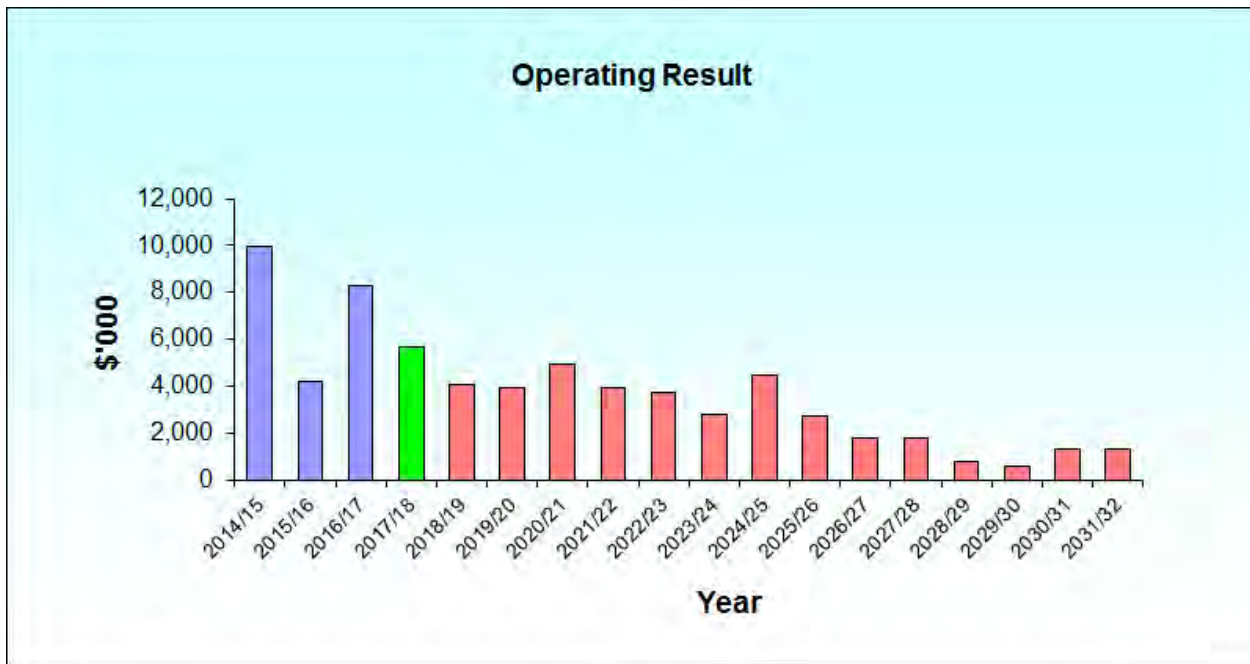
The Minister for Local Government the Honourable Natalie Hutchins announced on 19 December 2016 that Victorian council rate increases will be capped to the rate of inflation, 2.0% for 2017/18. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

The general rate for 2017/18 will increase by 2.0%. The garbage and green waste charges will increase by 1.3% for 2017/18. It is projected that total rates and charges income which includes an estimated \$302,000 in supplementary rates will increase by 2.4% over the base that was raised last year to \$40.94m.

The rate increase for the previous 2016/17 year was 2.5% and the waste service charge was increased by 1.7%.

As a result of rate capping Council will receive \$27m less rates & charges revenue over a 14 year period when comparing the 2017/18 Budget / Long Term Financial Plan to the previously Adopted 2016/17 Budget / Long Term Financial Plan.

## Operating result



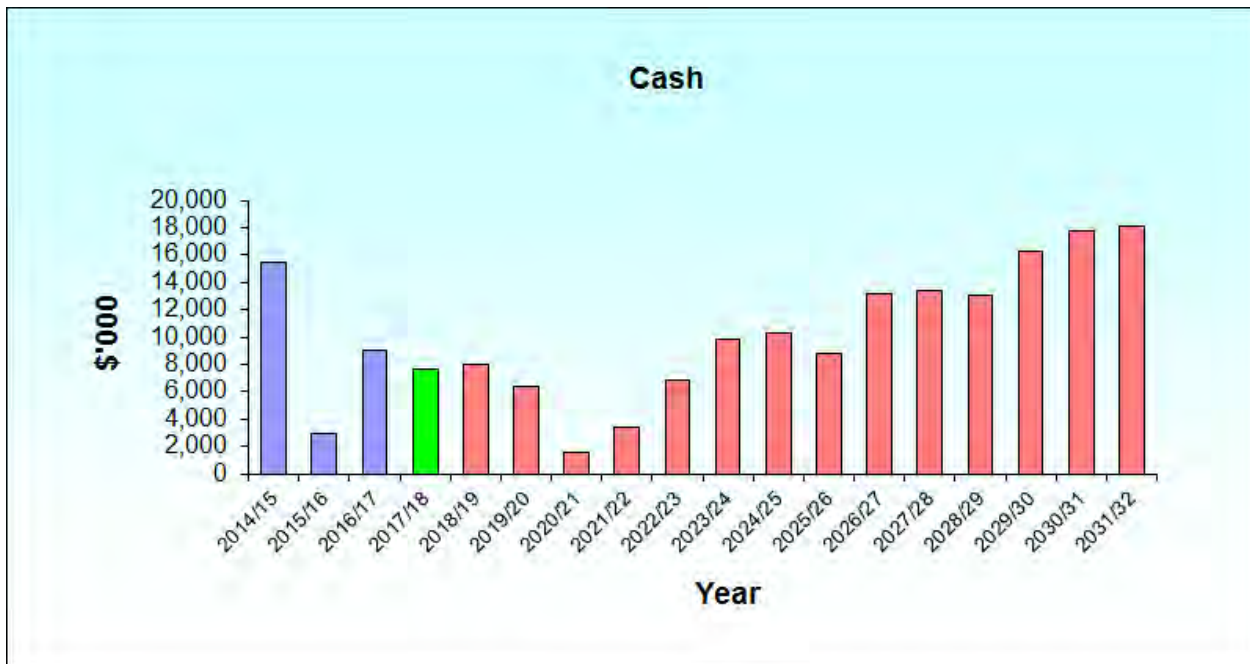
The expected operating result for the 2017/18 year is a surplus of \$5.71m, which is less than the projected \$8.31m surplus result for 2016/17. A major contributor to the variation is that Council forecasts to receive \$3.52m less capital grants in 2017/18 compared to the previous financial year.

Council's operating results for the prior 2014/15 and 2015/16 years were distorted by having to bring to account \$4.34m Victoria Grants Commission allocation for 2015/16 in the prior financial year (2014/15) because it was actually received in June 2015.

The projected operating results in the forward budget have a gradual downward trend. This is due to the longer term impact of less rates revenue being generated as a result of rate capping.

To address the longer term downward trend in projected operating results, any net favourable productivity gains identified in 2017/18 and future years will be allowed to flow through to the bottom line.

## Cash position

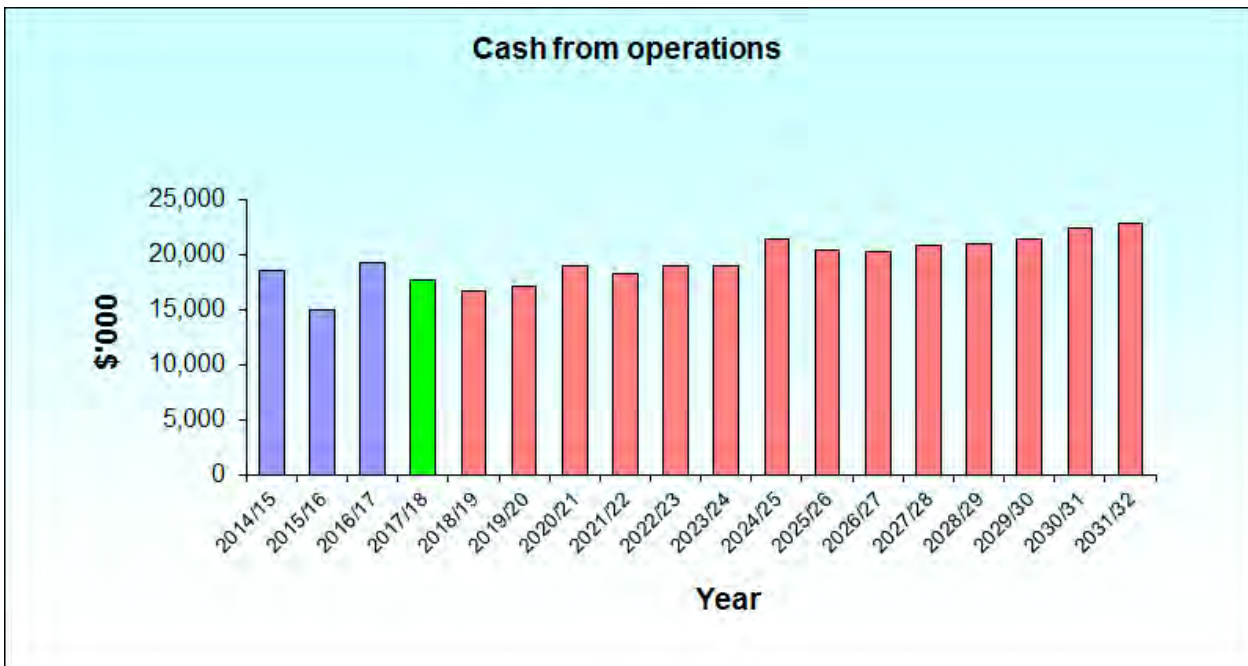


The cash position is expected to decrease by \$1.45m during the year to \$7.59m as at 30 June 2018. It is projected to be \$9.04m as at 30 June 2017.

The flat lining of the capital expenditure budgets requirements in the later years of the Long Term Financial Plan contribute to the gradual strengthening of the cash position. It would not be unreasonable to assume that in coming years there may be some upward rather than downward pressure on capex funding requirements.

The gradual strengthening of cash in the middle to later years is in line with Council's Long Term Financial Strategies. It provides funding capacity that can be released for capital works requirements in later years. It also provides some financial capacity for unavoidable cost events and strategic opportunities that may occur in the later years of the plan.

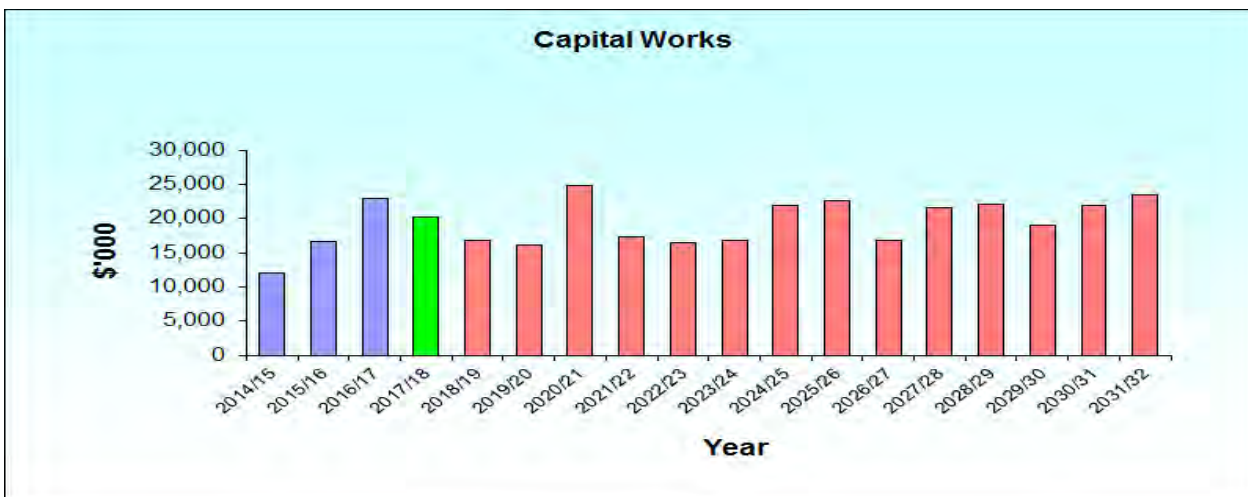
### Cash from operations



Net cash from operations for 2017/18 is forecast to be \$17.68m. It is less than the previous year's projection of \$19.28m.

The cash from operations provides funding for future years' capital works renewal programs.

### Capital expenditure



The capital expenditure program for the 2017/18 year is \$20.14m which is \$2.83m less than for 2016/17. This includes \$1.73m expenditure for projects that were budgeted for, but not completed in 2016/17. The projected capital expenditure for the previous financial year is \$22.97m.

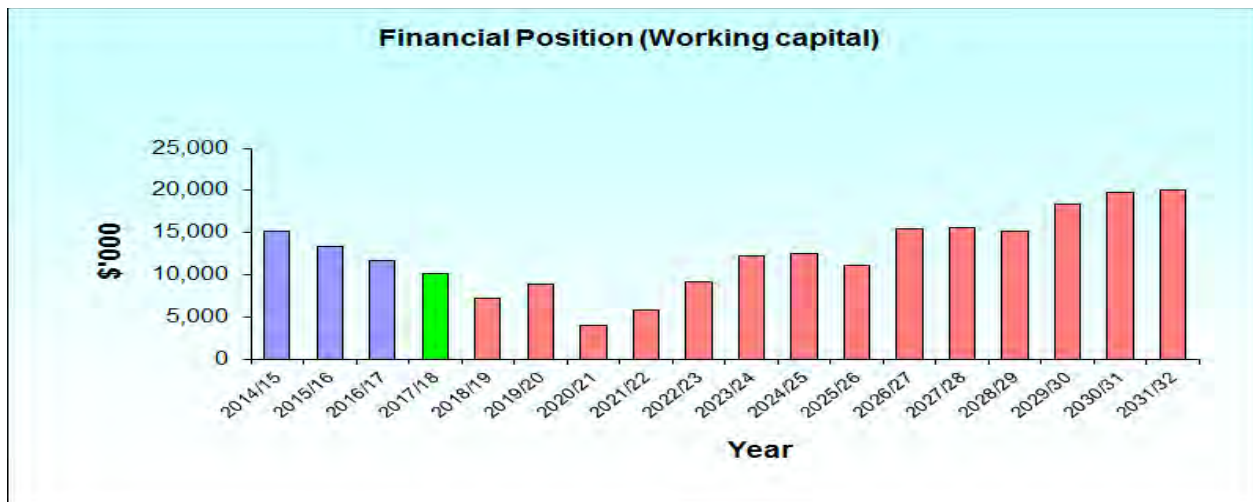
The previous 2016/17 year's capital expenditure includes \$2.54m expenditure for projects that were budgeted for, but not completed in 2015/16. The carried forward component was fully funded from the 2015/16 budget.

The capital expenditure program for 2017/18 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 over the 15 year Long Term Financial Plan. 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.

As previously mentioned, it would not be unreasonable to assume that in coming years there may be some upward rather than downward pressure on capex funding requirements in the later years of the Long Term Financial Plan.

**Financial position**



Net current assets (working capital) will decrease by \$1.24m to \$10.42m as at 30 June 2018. Working capital is projected to be \$11.66m as at 30 June 2017.

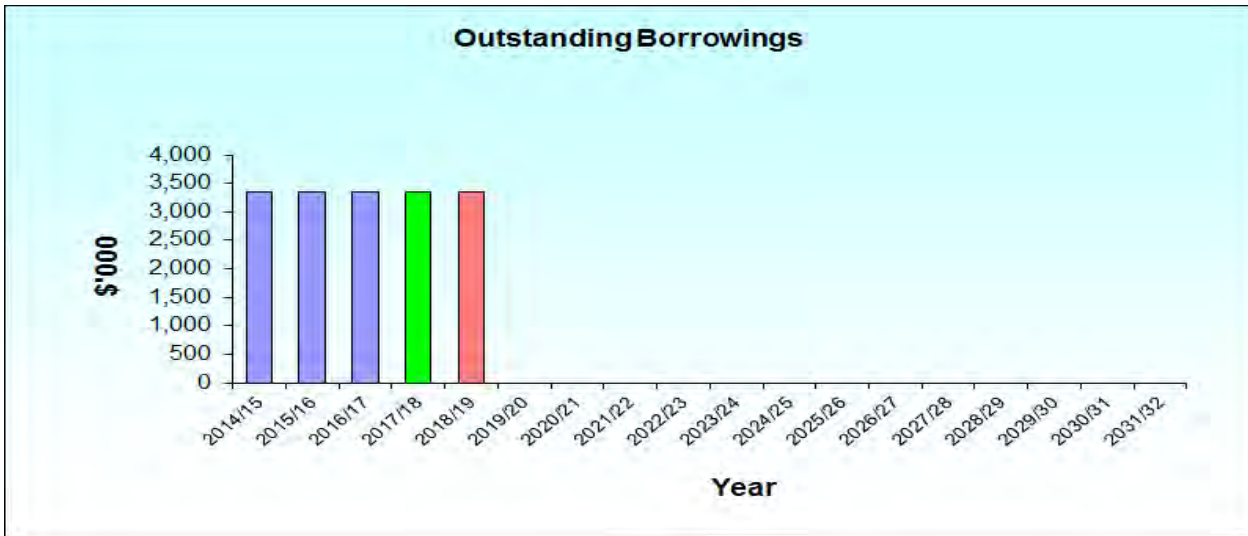
The financial position tightens somewhat in the immediate years before it gradually and progressively strengthens in the later years. The capital works funding requirements in the immediate years contribute to the working capital decline.

Likewise, the flat lining of the capital works program funding requirements in the mid to later years of the Long Term Financial Plan contributes to the strengthening of the working capital. The projected growth in cash backed internal reserves also contributes to the growth in the later years.

This provides financial capacity for future capital works program requirements as well as for strategic or unavoidable cost events.

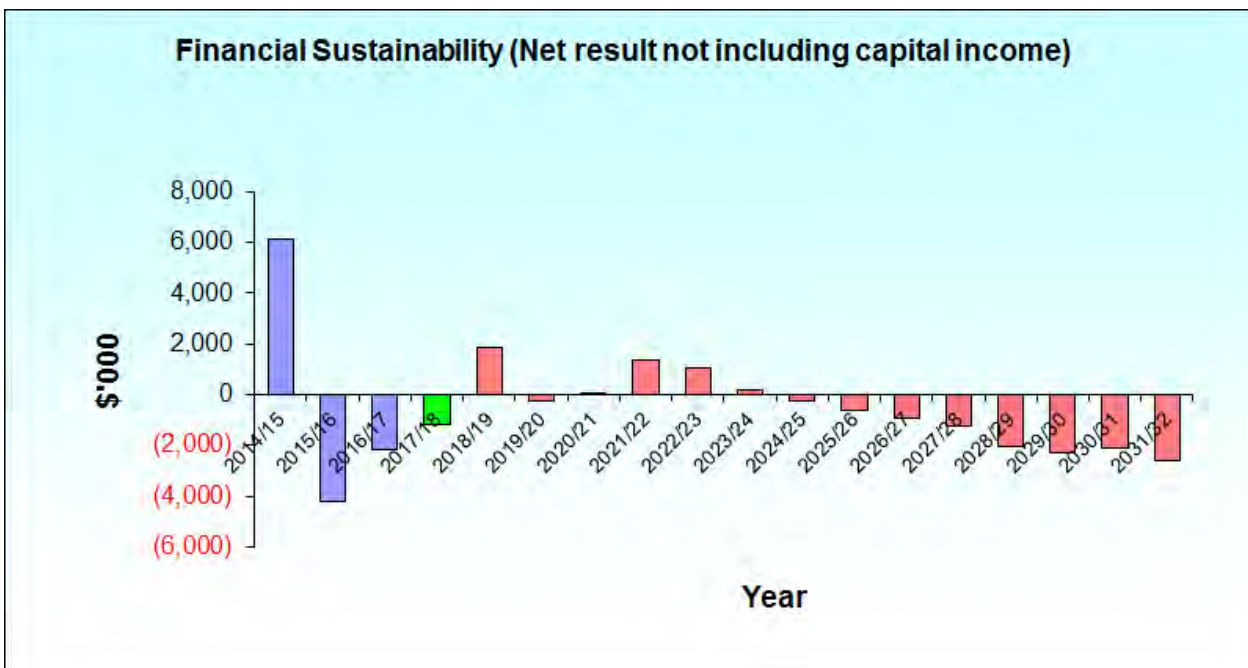


## Borrowings



Council borrowed \$4.00m in 2013/14 to fund the \$4.59m unfunded superannuation obligation which was paid in June 2013. In 2014/15 Council converted its borrowing into a 5 year bond which made the liability non-current for a number of years. The bond will be repayable in 2019/20. At 30 June 2018 it will have \$3.35m in outstanding borrowings.

## Financial sustainability



A detailed Long Term Financial Plan for the years 2017/18 to 2031/32 has been developed to assist Council in adopting an annual budget within a longer term prudent financial framework. The key objective of the Plan is to achieve financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Council Plan. When capital funding (\$6.40m) and donated / granted assets (\$479,000) are backed out of the operating result (\$5.71m

surplus) the underlying result (net result not including capital funding sources) for 2017/18 is projected to be a \$1.17m underlying deficit.

Council then is projecting to making an underlying surplus in 2018/19 and then another underlying deficit result in 2019/20 before making underlying surpluses for the following four years. In the mid to later years of the plan, the projected underlying operating result has a gradual downward trend into underlying deficits. This is due to the longer term impact of less rates revenue being generated as a result of rate capping.

To address the longer term downward trend in projected underlying operating results any net favourable productivity gains identified in 2017/18 and future years will in the mid to later years of the Long Term Financial Plan be allowed to flow through to the bottom line.

### Longer Term Key Performance Indicators

The table below shows a series of key performance indicators that are used to assess the financial integrity of the budgeted financial statements in the Long Term Financial Plan.

2017/18 Proposed Budget	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Financial performance</b>																
Underlying result	-3.58%	-1.95%	3.01%	-0.33%	0.13%	2.03%	1.59%	0.23%	-0.33%	-0.84%	-1.27%	-1.59%	-2.64%	-2.84%	-2.58%	-3.10%
Underlying Working Capital	1.94	1.63	1.13	1.68	1.04	1.13	1.46	1.67	1.70	1.44	1.81	1.71	1.56	1.73	1.69	1.56
<b>Funding capacity</b>																
Self-financing	27.41%	26.64%	26.52%	24.67%	26.81%	26.90%	27.17%	26.55%	28.43%	26.93%	26.30%	26.35%	25.78%	25.72%	26.18%	25.96%
Sustainability Index	165%	73%	124%	92%	157%	115%	93%	95%	127%	93%	83%	110%	96%	86%	88%	90%
<b>Borrowing capacity</b>																
Indebtedness	12.01%	11.85%	3.25%	3.29%	3.34%	3.37%	3.41%	3.46%	3.51%	3.56%	3.61%	3.66%	3.71%	3.75%	3.77%	3.80%
Total Debt as a % of Rate revenue	8.38%	8.18%	7.97%	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	0.20%	0.21%	0.22%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

The 'Underlying Result' compares recurrent income and recurrent expenditure. The underlying result is forecast to be in the yellow zone in 2016/17 predominately because there was \$1.08m budgets carried forward from 2015/16 for grant funded operational expenditure that had not been completed by 30 June 2016. The underlying result is forecast to be in the yellow zone in 2017/18 as a result of a number of one off project initiatives being funded in that year as well as grant funded expenditure originally budgeted to be undertaken in 2016/17 being carried forward into 2017/18.

For the following six financial years in the forward plan the underlying result trends into and remains in the green zone (2019/20 excepted). In the later years it trends down into the yellow cautionary zone. Council is managing this issue by allowing any future years' productivity gains to flow through to the bottom line in the later years, so as to strategically begin addressing the downward trend in the forecast underlying operating results.

The 'Underlying Working Capital' assesses Balance Sheet strength and in particular Council's ability to pay existing liabilities. In the forward plan the ratio marginally falls below the strategic target of 1.25 to 1 in 2018/19, 2020/21 and 2021/22 before strengthening again in the later years. Council has somewhat limited financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in the immediate years.

The flat lining of the capital expenditure budgets in the later years of the Long Term Financial Plan contribute to the gradual strengthening of the underlying working capital ratio. However as previously mentioned, it would not be unreasonable to assume that in coming years there may be

some upward rather than downward pressure on capital expenditure funding requirements in those later years, that in turn will impact on the ratio.

The 'Self Financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone in 2017/18 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 red zone for 2017/18. In the following years it generally fluctuates between the green and yellow zone and even dips into the red zone in, 2026/27, 2029/30 and 2030/31. This does not present as a strategic concern. This is expected because the nature of capital renewal expenditure requirements tends to have a profile that varies over the years. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets over the 15 year Long Term Financial Plan. 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 2017/18 and all the forward budgets. Due to the inherent strength of the Balance Sheet, Council has borrowing capacity in the forward years if it wishes to consider funding additional capital upgrade or extension projects.

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.

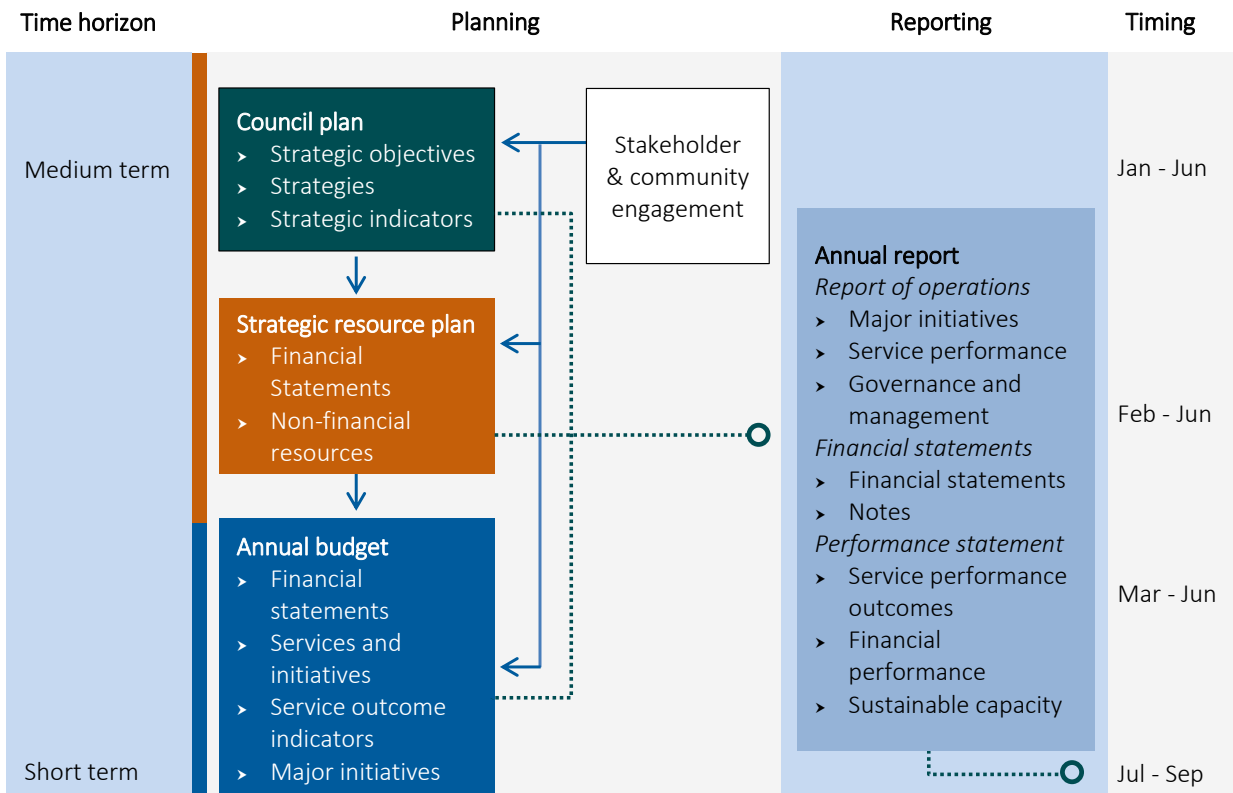
The 2017/18 Budget / Long Term Financial Plan is financially sustainable. It is however important to note that the Proposed 2017/18 Budget / Long Term Financial Plan from a recurrent operational perspective, trends marginally weaker than the previous year's adopted 2016/17 Budget / Long Term Financial Plan as a result of the tightening of the rate capping.

# 1 Link to Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term (Key Strategies and Planning Documents and the Long Term Financial Plan), medium term (four year Council Plan and Strategic Resource Plan) and short term (Annual Budget) and then holding itself accountable (Quarterly Performance Reports, Annual Report and Local Government Performance Reporting Framework).

## 1.1 Strategic planning framework

The Strategic Resource Plan, included in the 2017-2021 Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the Strategic Outcomes, Objectives and Strategies described in the Council Plan. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the services and initiatives included in the Annual Budget, which contribute to achieving the strategic objectives outlined in the Council Plan. The diagram below depicts the planning and accounting framework that applies to local government in Victoria.

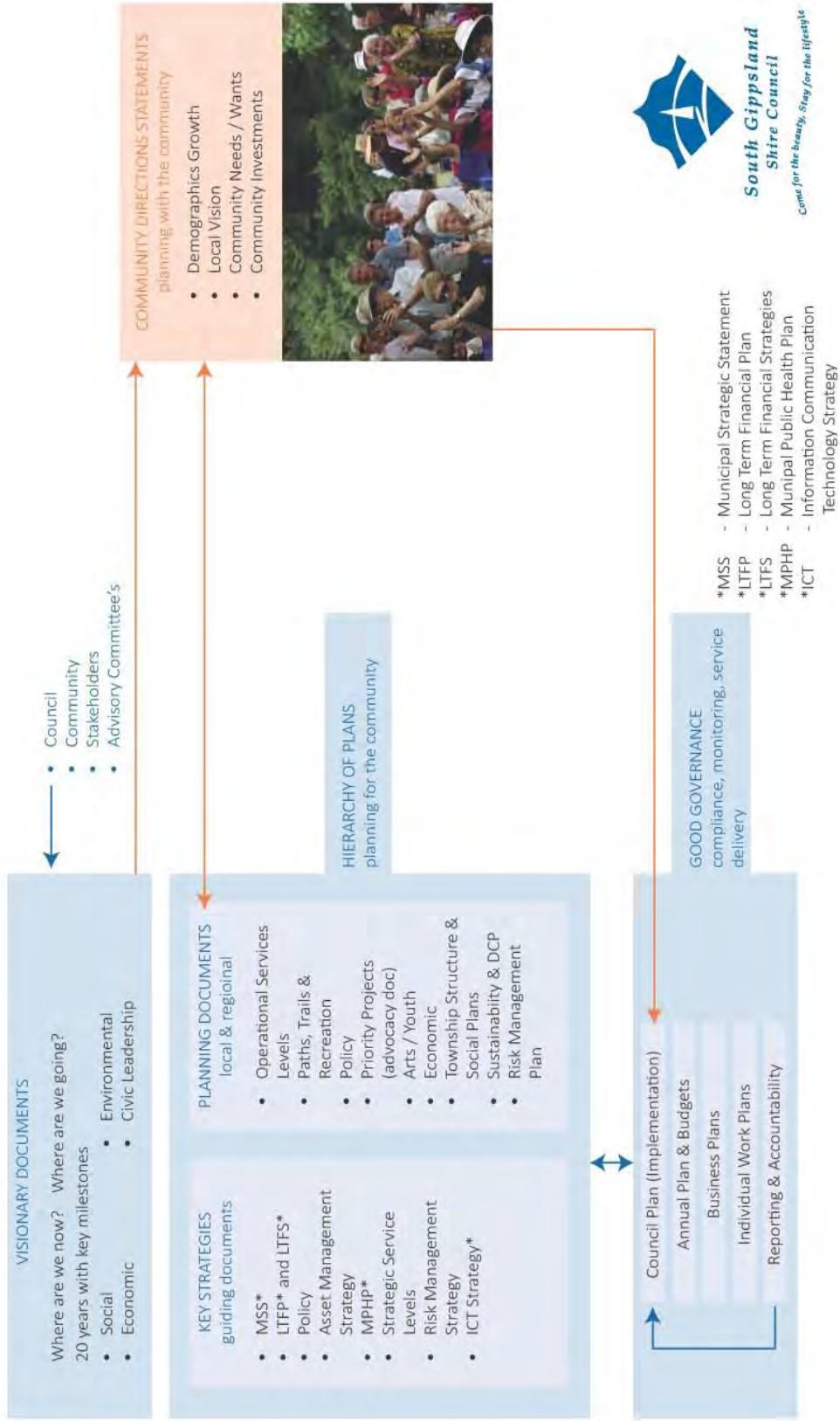


Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

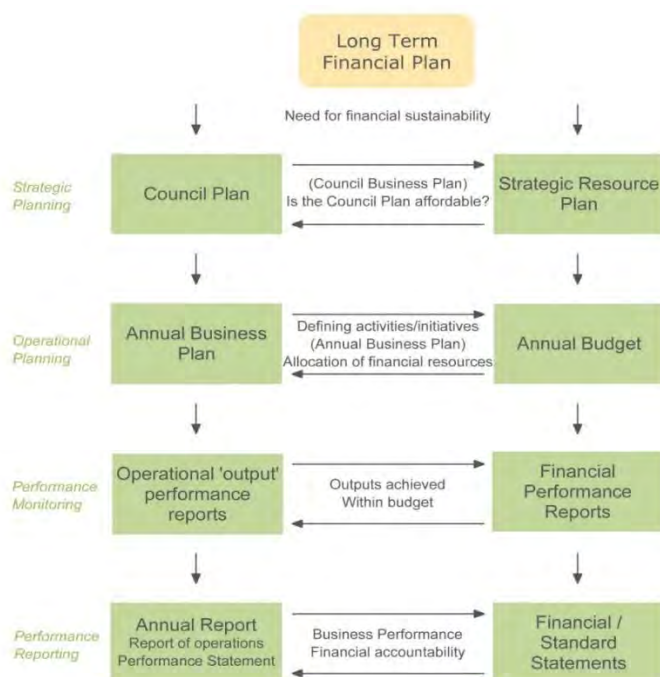
The timing of each component of the planning framework is critical to the successful achievement of the Council's planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the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

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

# strategic integrated planning framework



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



## 1.2 Our Purpose

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

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

- a caring community where people feel safe and secure;
- a wide range of recreation and leisure amenities;
- high grade transport links;
- appropriate infrastructure to meet community needs;
- respect for the environment by being clean and green;
- sustainable economic growth;
- coordinated health services;
- youth who are valued and participate in the community;
- a sustainable agricultural industry, including direct and indirect support for businesses;
- a sustainable thriving tourism industry;
- arts and culture that are encouraged and promoted; and
- quality early childhood and education facilities.

### **1.3 Council's Vision for Success**

South Gippsland Shire will be a place where our quality of life and sense of community is balanced by sustainable and sensitive development, population and economic growth.

### **1.4 Council's Commitment to the Community**

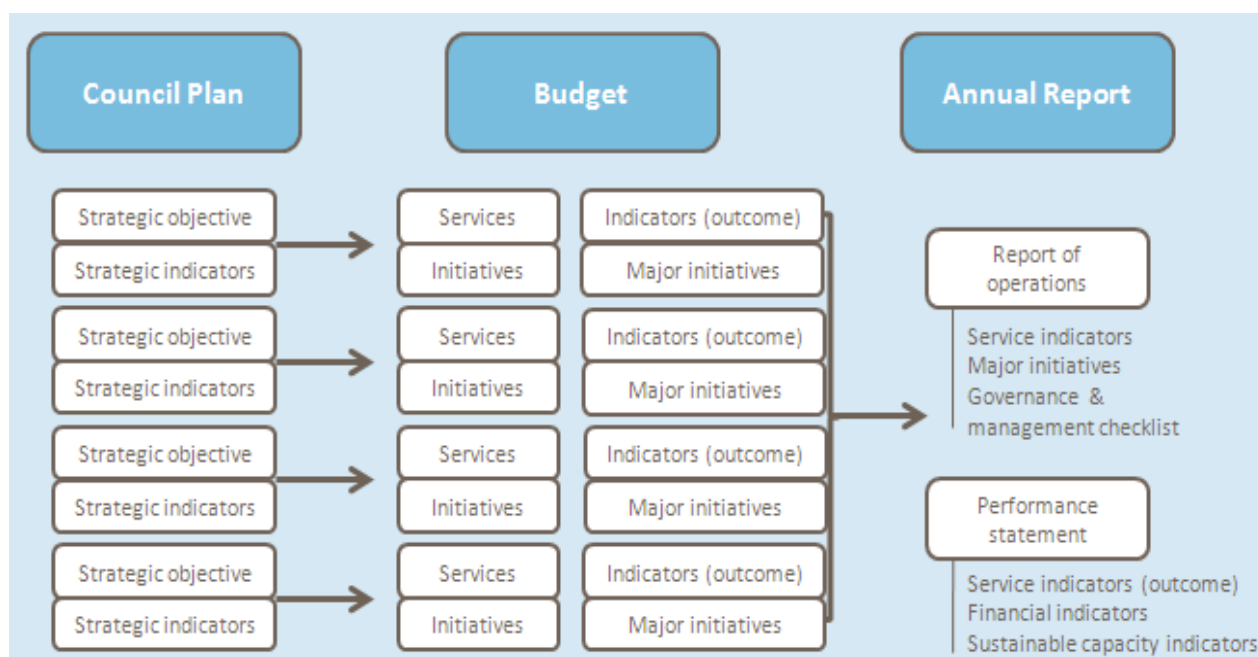
As Councillors, we are committed to demonstrating leadership by working constructively together and with the organisation to achieve success. Throughout the next four years we commit to:

- Value the contribution made by everyone; to listen to you and each other.
- Value individual diversity, act with respect and professionalism in our interactions with you and each other, and never seek to undermine, mislead or undervalue anyone.
- Value opportunities that come from change, keeping our focus on the future and our responses flexible for a constantly evolving world.
- Value the community spirit, vibrancy and unique character of each of our towns and rural areas.
- Encourage our communities and support our community leaders.
- Value the depth and breadth of creative thinking and the outcomes that can be achieved from working closely with our communities, businesses, supporting agencies, government agencies and other councils.
- Embrace and encourage community engagement, work collaboratively with others and establish partnerships that benefit our communities and the wider region.
- Value our reputation in the community and the region, and acknowledge that we are the guardians of community information.
- Respect the trust placed in us by seeking to be as open and transparent in our decisions as the law allows, to help the community understand the decisions Council makes.
- Value constructive criticism that helps us understand how and where we need to improve.
- Proactively reflect on our own behaviour, that of each other and of the organisation as a whole, to continually build the capacity, passion and success of this Council.



## 2 Services and Service Performance Indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2017-18 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below:



Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

## 2.1 Strategic Objective 1 – Strengthen Economic Growth and Prosperity

The strategies to assist Council achieving this objective are to:

Strategies
<p>Strategy 1:</p> <p>Develop a 'vision' for the future growth and development of the Shire in partnership with the community.</p>
<p>Strategy 2:</p> <p>Develop a strategy to grow the Shire, attract investment and promote tourism consistent with the 'vision'.</p>
<p>Strategy 3:</p> <p>Undertake a review of residential, commercial and industrial land supply to ensure that it is adequate to support growth.</p>
<p>Strategy 4:</p> <p>Identify Priority Projects and advocate to the State and Federal governments for funding and support.</p>
<p>Strategy 5:</p> <p>Review and implement the Economic Development and Tourism Strategy to provide direction to support our businesses to grow, generate employment, pursue economic development and the attraction of visitors.</p>
<p>Strategy 6:</p> <p>Support our diversified agricultural sector.</p>
<p>Strategy 7:</p> <p>Investigate feasibility of further extensions and upgrades to the Rail Trails, particularly between Leongatha and Korumburra and explore opportunities to develop nationally significant trails.</p>
<p>Strategy 8:</p> <p>Finalise South Gippsland's Branding Strategy that supports the regional 'Destination Gippsland' branding and use them both to promote the Shire.</p>
<p>Strategy 9:</p> <p>Progress the development of a business case to support the establishment of a multipurpose undercover 'Equestrian / Expo Centre' at Stony Creek.</p>

The services, major initiatives, initiatives and service performance indicators for each Service Area are described on the following pages:

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Development Services Management	<p>The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> <li>• Planning;</li> <li>• Regulatory Services; and</li> <li>• Economic Development, Tourism and Customer Service.</li> </ul> <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire and implement the strategic directions set by Council relevant to the Directorate.</p>	<p>\$ 587</p> <p>(\$ 0)</p> <hr/> <p>\$ 587</p>
Economic Development, Tourism & Customer Service	<p>The Economic Development, Tourism and Customer Services Department plans for and facilitates economic growth and prosperity within the Shire. This is achieved by actively promoting and supporting sustainable agriculture and industry development, commercial business opportunities and by providing excellent customer and visitor information services.</p> <p>The Department manages Council's Caravan Parks and Coal Creek Community Park &amp; Museum.</p> <p>The Department plays a key role in working with the business community to support existing businesses, diversify employment opportunities and attract new businesses.</p>	<p>\$ 2,385</p> <p>(\$1,021)</p> <hr/> <p>\$ 1,364</p>

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Planning Department	<p>The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy.</p> <p>The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will prosper the Shire.</p>	\$ 1,525 (\$ 428) <hr/> \$ 1,097
<b>TOTAL</b>		\$ 4,497 (\$1,450) <hr/> \$ 3,047

### **Major Initiatives**

1. Commence the development of a Vision 2040 for the Shire.  
(Chief Executive Office)  
*[Additional funding of \$120K was required for this initiative. It is reflected within the budget allocations]*
2. Review the Economic Development and Tourism Study.  
(Economic Development, Tourism and Customer Service )  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
3. Advocate for funding of Council's Priority Project for Bair Street Leongatha development.  
(Economic Development, Tourism and Customer Service)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

### **Initiatives**

4. Identify and target 'Priority Projects' that are to be advocated to State and Federal Governments for funding support.  
(Economic Development, Tourism and Customer Service)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

5. Investigate feasibility of further extensions and upgrades to the Rail Trails, particularly between Leongatha and Korumburra and explore opportunities to develop nationally significant trails.  
(Engineering & Assets)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
  
6. Complete a review of the Municipal Strategic Statement.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
  
7. Undertake a Population Growth Study.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
  
8. Investigate protection of the Nyora sand resources.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
  
9. Progress the development of a business case to support the establishment of a multipurpose undercover Equestrian / Expo Centre at Stony Creek.  
(Sustainable Communities)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
  
10. Commence the review of residential, commercial and industrial land supply in the Shire.  
(Planning)  
*[Additional funding of \$50K was required for this initiative. It is reflected within the budget allocations]*

<b>Council Plan Strategic Indicators</b>	
<b>Council Plan 2017/21 Indicator</b>	<b>Responsible Unit</b>
At least one delegation per year will be made to State and Federal politicians to advocate for the Shire's requirements	Chief Executive Office

<b>Local Government Service Performance Reporting Indicators - Audited</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Statutory Planning  (Planning)	Decision making	Council planning decisions upheld at VCAT  (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100

## 2.2 Strategic Objective 2 – Build Strong Partnerships, Strengthen Arts & Culture and Equitable Community Outcomes

The strategies to assist Council achieving this objective are to:

Strategies
<p>Strategy 1: Where appropriate, support community groups to achieve projects they have ownership of and want to progress.</p>
<p>Strategy 2: Update and continue to implement the Blueprint for Social Community Infrastructure – with consideration of a policy position on Community Hubs – so that services and the infrastructure to support them are planned, ready for business and population growth.</p>
<p>Strategy 3: Develop and implement a Community Strengthening and Engagement Strategy.</p>
<p>Strategy 4: Implement the Arts and Culture Strategy and support growth of the sector.</p>
<p>Strategy 5: Review the Recreation Strategy.</p>
<p>Strategy 6: Review and update the Paths and Trails Strategy to determine where regional and local connections are required.</p>
<p>Strategy 7: Renew and maintain aquatic facilities in accordance with the Asset Management Plan and the Aquatic Strategy.</p>
<p>Strategy 8: Investigate opportunities to consider a model for community self-determination to facilitate working in partnership with the community.</p>
<p>Strategy 9: Determine and implement the arrangements for the future Home and Community Care Service provision.</p>
<p>Strategy 10: Implement the Active Ageing Strategy.</p>

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

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Sustainable Communities and Infrastructure Management	<p>The Sustainable Communities and Infrastructure Directorate is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> <li>• Engineering and Assets;</li> <li>• Sustainable Communities; and</li> <li>• Operations.</li> </ul> <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, prepare and deliver the Capital Works Program and Asset Management Plan and work with the community to integrate community needs into Council's plans.</p>	\$ 264 (\$ 0) <hr/> \$ 264
Community Services	<p>The Community Services Department provide policy advice and program delivery for the following services:</p> <ul style="list-style-type: none"> <li>• Aged &amp; Disability Services, including Home and Community Care and Disability Service support;</li> <li>• Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support;</li> <li>• Community Grants and Emergency Management;</li> <li>• Libraries; and</li> <li>• Create the Municipal Public Health and Wellbeing Plan.</li> </ul> <p>Together these teams work towards creating a collaborative, self-supporting community.</p>	\$ 3,618 (\$2,605) <hr/> \$ 1,013



Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Sustainable Communities	<p>The Sustainable Communities Department plans for and delivers a diverse range of integrated community strengthening, facility, land and building management services that include:</p> <ul style="list-style-type: none"> <li>• Sustainability services including Waste Management and Biodiversity;</li> <li>• Property services including leases, land sales/purchases and property oversight;</li> <li>• Community Strengthening services including Recreation/Aquatic Facilities, Arts and Culture, Youth, Volunteers, Event Management, Section 86 Committees and Access and Inclusion planning and support; and</li> <li>• Building Management services including building maintenance.</li> </ul> <p>Together these teams connect and support community groups, volunteers, committees and other Council Departments to provide services beyond those that Council, by itself, can provide.</p> <p>The team also supports practices by Council and the community to live and operate in a sustainable manner thereby protecting our environment for current and future generations. <i>(Refer Outcome 3 - Integrated Services &amp; Infrastructure)</i></p>	<p>\$ 9,757</p> <hr/> <p>(\$2,880)</p> <hr/> <p>\$ 6,877</p>
<b>TOTAL</b>		<p><b>\$ 13,639</b></p> <hr/> <p><b>(\$ 5,485)</b></p> <hr/> <p><b>\$ 8,154</b></p>

## **Major Initiatives**

1. Further investigate the proposed land swap with the Returned Services League Sub Branch – Leongatha.  
(Sustainable Communities)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
2. Commence implementation of the Arts and Culture Strategy.  
(Sustainable Communities)  
*[Additional funding of \$100K was required for this initiative. It is reflected within the budget allocations]*

## **Initiatives**

3. Municipal Public Health and Well-Being Plan will be implemented with the community and other government funded agencies, and reflect community requirements and shared ownership of responsibilities.  
(Community Services)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
4. Update the 'Blueprint for Social Community Infrastructure – Community Facility Actions' and report to Council on the progress.  
(Sustainable Communities and Engineering & Assets)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
5. Review and update the Paths and Trails Strategy.  
(Engineering & Assets)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
6. Implement the Active Ageing Strategy.  
(Community Services)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
7. Develop the Community Strengthening and Engagement Strategy.  
(Sustainable Communities)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
8. Work with the MAV on initiatives for 'Community empowering decision making process.'  
(Chief Executive Office)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

## **Council Plan Strategic Indicators**

<b>Council Plan 2017/21 Indicator</b>	<b>Responsible Unit</b>
The effectiveness of efforts to gain State and Federal government funding for community projects will be measured by the number of grants submitted for funding and the number of grants announced, with the aim of 30% of applications submitted to be funded.	Community Services

<b>Local Government Service Performance Reporting Indicators - Audited</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Libraries  (Community Services)	Participation	Active library members  (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities  (Sustainable Communities)	Utilisation	Utilisation of aquatic facilities  (Number of visits to aquatic facilities per head of municipal population)	[Number of visits to aquatic facilities / Municipal population] x100
Home and Community Care  (Community Services)	Participation	Participation in HACC service  (Percentage of the municipal target population that receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
	Participation	Participation in HACC service by Culturally and Diverse (CALD) people  (Percentage of the municipal target population in relation to CALD people who receive a HACC service)  (Note: CALD – refers to persons born outside of Australia in a country whose national language is not English)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Maternal and Child Health  (Community Services)	Participation	Participation in the MCH service  (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
	Participation	Participation in MCH service by Aboriginal children  (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

### 2.3 Strategic Objective 3 – Improve South Gippsland’s Built Assets and Value our Natural Environment

The strategies to assist Council achieving this objective are to:

Strategies
<p>Strategy 1:</p> <p>Improve management of roads and roadsides through enhanced operational practices, increased funding and continued advocacy to VicRoads</p>
<p>Strategy 2:</p> <p>Waste Management and Sustainability strategies implemented.</p>
<p>Strategy 3:</p> <p>Promote a safe and healthy community through our municipal public health programs, emergency management plans and regulatory activities that meet our statutory obligations.</p>
<p>Strategy 4:</p> <p>Facilitate community and business renewable energy programs and sustainable practices to reduce the Shire’s carbon footprint.</p>
<p>Strategy 5</p> <p>Undertake a review of the Council’s Building Portfolio to ensure it meets community needs.</p>
<p>Strategy 6:</p> <p>Advocate Parks Victoria, DEWLP and relevant stakeholders to improve access, parking, safety and user-friendliness of beaches.</p>
<p>Strategy 8:</p> <p>Review the Land Realisation Project in regard to public open spaces in Venus Bay.</p>
<p>Strategy 9:</p> <p>Implement the Footpath Extension Program.</p>

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

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Engineering and Assets	<p>The Engineering and Assets Department prepare and deliver asset plans and project delivery services:</p> <ul style="list-style-type: none"> <li>• Project Coordination includes capital works planning, administration, project management and delivery of Council's long term and annual Capital Works Program;</li> <li>• Asset Management includes planning Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks; and</li> <li>• Assets Management Systems includes collection, analysis and management of infrastructure related data to effectively manage Council's infrastructure assets.</li> </ul> <p>The team works together to clearly define Council requirements for the design and development of infrastructure that is, or will become, a civil Council asset.</p> <p>The Team also standardises development submissions thereby expediting Council's engineering approvals for civil assets and ensuring specified design criteria are met for the design and construction of civil infrastructure.</p>	<p>\$ 3,573</p> <p>(\$ 768)</p> <hr/> <p>\$ 2,805</p>

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Operations	<p>The Operations Department implement Council's asset management plans and improve the appearance and amenity of townships, rural areas, streetscapes and parkland through the following services:</p> <ul style="list-style-type: none"> <li>• Sealed Roads Planning including drainage operations, maintenance and construction of internal capital works;</li> <li>• Unsealed Roads Planning including drainage operations, maintenance and construction of internal capital works;</li> <li>• Parks &amp; Gardens including planning operations, maintenance and construction; and</li> <li>• Fleet &amp; Plant including proactive purchasing to minimise Council's vehicle emissions.</li> </ul> <p>Together these teams work towards providing a healthy &amp; safe community at realistic and affordable service standards and efficient management of assets and resources.</p>	<p>\$ 19,546</p> <p>(\$ 4,371)</p> <hr/> <p>\$ 15,175</p>

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Regulatory Services	<p>The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Law. Services include</p> <ul style="list-style-type: none"> <li>• animal management;</li> <li>• building/planning enforcement;</li> <li>• building/property information;</li> <li>• fire prevention;</li> <li>• registration and inspection of food and accommodation premises;</li> <li>• local laws development and enforcement;</li> <li>• occupancy permits for places of public entertainment;</li> <li>• parking control;</li> <li>• report and consent applications for new building work;</li> <li>• school crossings; and</li> <li>• wastewater.</li> </ul> <p>The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations. Together these services work towards providing a safer Shire for businesses and the community.</p>	<p>\$ 1,651</p> <p>(\$1,124)</p> <hr/> <p>\$ 527</p>
<b>TOTAL</b>		<p><b>\$ 24,770</b></p> <p><b>(\$ 6,263)</b></p> <hr/> <p><b>\$ 18,507</b></p>

### **Major Initiative**

1. Scope a Korumburra Revitalisation Project that considers the Town Centre Framework Plan, Streetscape Master Plan, future Community Hub/Library, railway land and station uses.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*



## **Initiatives**

2. Progress the planning for the development of the Korumburra Railway Station.  
(Sustainable Communities)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
3. Leongatha Railway Station Precinct Master Plan finalised and presented to Council.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
4. Successful implementation of the waste water compliance program, which protects public health and amenity and supports sustainable development in the Tarwin Potable Water Supply Catchment.  
(Regulatory Services)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
5. Review the Significant Tree Register and investigate the introduction of a Vegetation Protection Overlay.  
(Sustainable Communities and Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
6. Review and update the Open Space Strategy and present to Council.  
(Planning)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

<b>Council Plan Strategic Indicators</b>	
<b>Council Plan 2017/21 Indicator</b>	<b>Responsible Unit</b>
The readiness to make the most of government funding opportunities will be measured by the number of investment-ready projects prepared, with the aim of at least two ready at any time.	Engineering & Assets

<b>Local Government Service Performance Reporting Indicators - Audited</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Roads (Operations)	Satisfaction	Satisfaction with sealed local roads  (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.
Waste Collection (Sustainable Communities)	Waste diversion	Kerbside collection waste diverted from landfill  (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Animal Management (Regulatory Services)	Health and safety	Animal management prosecutions  (Number of successful animal management prosecutions)	[Number of successful animal management prosecutions]
Food Safety (Regulatory Services)	Health and safety	Critical and major non-compliance outcome notifications  (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises] x100

## 2.4 Strategic Objective 4 – Enhance Organisational Development and Implement Governance Best Practice

The strategies to assist Council achieving this objective are to:

Strategies
<p>Strategy 1:</p> <p>Increase transparency through more items being held in open Council Meetings and communicating more clearly the reasons behind decisions.</p>
<p>Strategy 2:</p> <p>Actively pursue continuous improvement and innovation, consider best practice and encourage the creation of higher valued services.</p>
<p>Strategy 3:</p> <p>Develop a Digital Strategy.</p>
<p>Strategy 4.</p> <p>Enhance customer service experiences through the development of a continuous feedback and improved customer service system.</p>
<p>Strategy 5.</p> <p>Develop educative tools and processes to assist community members understand the Planning and Enforcement processes.</p>

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

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Executive Office/ Management	<p>The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.</p> <p>The Executive Office is accountable for ensuring that Council's objectives for the Council Plan are achieved through the allocation of appropriate resources, the provision of strategic policy and legal advice to Council and the establishment of good governance practices to guide the management of the organisation.</p>	<p>\$ 704</p> <p>(\$ 0)</p> <hr/> <p>\$ 704</p>
Corporate and Community Services Management	<p>The Corporate and Community Services Directorate Management is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> <li>• Community Services;</li> <li>• Finance, Risk &amp; Procurement; and</li> <li>• Innovation &amp; Council Business.</li> </ul> <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, coordinate the preparation of the Vision and four year Council Plan for the Shire, plan for long term financial sustainability and implement strategic directions relevant to the Directorate once set by Council.</p>	<p>\$ 2,092</p> <p>(\$ 0)</p> <hr/> <p>\$ 2,092</p>

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Finance, Risk and Procurement	<p>The Finance, Risk and Procurement Department deliver financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:</p> <ul style="list-style-type: none"> <li>• Accounting includes strategic financial advice, accounting systems and services, management accounting support and financial reporting;</li> <li>• Rates and Valuations includes property valuations for rating purposes and administration of rate collection; and</li> <li>• Risk and Procurement including contract and quotation management, shared risk management services delivery with Baw Baw Shire, risk and insurance management, internal audit and regulatory compliance.</li> </ul> <p>Together the teams improve the financial sustainability of Council by pursuing continuous improvement in processes and procedures, proactively managing risks, sustainably managing finances and gaining efficiencies through procurements.</p>	<p>\$ 2,604</p> <p>(\$ 877)</p> <hr/> <p>\$ 1,727</p>

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
Innovation and Council Business	<p>The Innovation and Council Business Department leads organisation wide planning and implementation of good governance, innovation, technology and corporate information management practices. The Department comprises:</p> <ul style="list-style-type: none"> <li>• Corporate Planning and Council Business including policy development and review, Council elections, Council meeting, briefings and public presentation coordination, corporate planning and reporting and community engagement to inform the Council Plan and annual initiatives for the Budget;</li> <li>• Innovation including Information Technology strategy, policy and planning, project development and delivery, systems management and on-going management of hardware and software; and</li> <li>• Corporate Information Management including strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records; Freedom of Information and Privacy.</li> </ul>	\$ 3,255 (\$ 15) <hr/> \$ 3,240
People and Culture	<p>The People and Culture Unit ensure our people are developed and supported so they have the opportunity to deliver services to the best of their ability for the benefit of the community.</p> <p>The team's contribution to employee and organisation success is achieved through business partnership with Directorates using people and culture processes and systems; developing employee work environment, mindset and culture; providing people and culture expertise in role, work design, staffing, professional development, performance, remuneration, recognition, OHS, return to work, and wellbeing.</p>	\$ 989 (\$ 210) <hr/> \$ 779
Media & Communications	<p>The Media and Communications Unit plays a pivotal role in raising community awareness of Council services and strategic directions. It creates a working interface between Council, Council Departments and the community through media management, publishing material, social media, website management and internal liaison.</p>	\$ 382 (\$ 0) <hr/> \$ 382

Service Area	Description of Services provided	Expenditure \$000
		(Revenue \$000)
		Net Cost \$000
<b>TOTAL</b>		<b>\$ 10,026</b> <b>(\$ 1,102)</b> <hr/> <b>\$ 8,924</b>

### **Major Initiative**

1. Continue involvement in the Gippsland Local Government Network Shared Services Project.  
*(Corporate and Community Services Directorate)*  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

### **Initiative**

2. Continue to pursue the internal Business Integration Systems Architecture Project to streamline organisational efficiencies, get teams working more effectively together and achieve better outcomes for our customers.  
*(Innovation & Council Business)*  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

<b>Council Plan Strategic Indicators</b>	
<b>Council Plan 2017/21 Indicator</b>	<b>Responsible Unit</b>
Council will encourage community members to provide information to Council on matters affecting them at public presentation sessions, in line with our Public Presentation Policy and report on participation rates.	Innovation & Council Business
Council decisions made at meetings closed to the public will be monitored in accordance with the Local Government Performance Reporting Framework.	Innovation & Council Business
Councillor attendance at Council meetings will be monitored in accordance with the Local Government Performance Reporting Framework.	Innovation & Council Business
Productivity savings identified and reported annually.	Chief Executive Office

Local Government Service Performance Reporting Indicators - Audited			
Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions  (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interests of the community

## 2.5 Performance Statement-

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2017/18 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 4) and sustainable capacity, which are not included in this Budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

## 2.6 Reconciliation with Budgeted Operating Result-

	Net cost (revenue) 2016/17 \$'000	Expenditure \$'000	Revenue \$'000
Strengthen economic growth and prosperity	3,047	4,497	1,450
Build strong partnerships, strengthen arts & culture and deliver equitable outcomes	8,153	13,638	5,485
Improve South Gippsland's built assets and value our natural environment	18,507	24,770	6,263
Enhance organisational development and implement governance best practice	8,924	10,026	1,102
<b>Total Services and initiatives</b>	<b>38,631</b>	<b>52,931</b>	<b>14,300</b>
Other Non attributable <sup>1</sup>	<b>3,471</b>		
<b>Deficit before funding sources</b>	<b>42,102</b>		
<b>Funding sources:</b>			
Rates & charges	40,935		
Capital Grants & Contributions	6,874		
<b>Total funding sources</b>	<b>47,809</b>		
<b>Operating surplus (deficit)</b>	<b>5,707</b>		

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



## 3 Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2017/18 to 2020/21 has been extracted from the Long Term Financial Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report:

- 3.1 Budgeted Comprehensive Income Statement
- 3.2 Budgeted Balance Sheet
- 3.3 Budgeted Statement of Changes in Equity
- 3.4 Budgeted Statement of Cash Flows
- 3.5 Budgeted Statement of Capital Works
- 3.6 Budgeted Statement of Human Resources

### 3.1 BUDGETED COMPREHENSIVE INCOME STATEMENT

For the four years ending 30 June 2021

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000
<b>INCOME</b>					
Rates and charges	39,962	40,935	42,031	43,153	44,304
Statutory fees and fines	607	618	622	630	650
User fees	4,042	4,163	4,444	4,612	4,838
Grants - Operating	12,826	12,149	11,851	14,925	14,239
Grants - Capital	9,915	6,395	1,872	3,763	3,980
Contributions - monetary	462	66	67	68	571
Contributions - non monetary	379	479	387	395	404
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	104	(329)	(257)	(276)	(397)
Fair value adjustment for investment property	0	0	0	0	0
Other income	2,437	2,388	2,374	2,414	2,456
<b>TOTAL INCOME</b>	<b>70,734</b>	<b>66,864</b>	<b>63,391</b>	<b>69,684</b>	<b>71,045</b>
<b>EXPENSES</b>					
Employee costs	23,897	24,428	24,893	25,498	26,127
Materials and services	23,958	21,130	18,532	23,780	22,707
Bad and doubtful debts	1	1	1	1	1
Depreciation and amortisation	11,209	11,884	12,491	13,113	13,873
Borrowing costs	142	142	142	59	0
Other expenses	3,213	3,573	3,230	3,294	3,368
<b>TOTAL EXPENSES</b>	<b>62,420</b>	<b>61,158</b>	<b>59,289</b>	<b>65,745</b>	<b>66,076</b>
<b>SURPLUS (DEFICIT)</b>	<b>8,314</b>	<b>5,706</b>	<b>4,102</b>	<b>3,939</b>	<b>4,969</b>
<b>OTHER COMPREHENSIVE INCOME Items that will not be reclassified to surplus or deficit</b>					
Net Asset revaluation increment (decrement)	0	25,655	0	27,526	0
Previously unrecognised assets	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>8,314</b>	<b>31,361</b>	<b>4,102</b>	<b>31,465</b>	<b>4,969</b>

## 3.2 BUDGETED BALANCE SHEET

For the four years ending 30 June 2021

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000
<b>BUDGETED BALANCE SHEET</b>					
<b>Current assets</b>					
Cash and cash equivalents	9,037	7,588	8,027	6,403	1,559
Trade and other receivables	4,203	4,203	4,203	4,203	4,203
Other financial assets	6,896	6,896	6,896	6,896	6,896
Inventories	195	195	195	195	195
Other assets	227	227	227	227	227
<b>Total current assets</b>	<b>20,558</b>	<b>19,109</b>	<b>19,548</b>	<b>17,924</b>	<b>13,080</b>
<b>Non current assets</b>					
Trade and other receivables	0	0	0	0	0
Investments in associates and joint ventures	991	991	991	991	991
Property, infrastructure, plant and equipment	533,771	566,621	569,609	599,453	609,373
Investment property	729	729	729	729	729
<b>Total non current assets</b>	<b>535,491</b>	<b>568,341</b>	<b>571,329</b>	<b>601,173</b>	<b>611,093</b>
<b>Total assets</b>	<b>556,049</b>	<b>587,450</b>	<b>590,877</b>	<b>619,097</b>	<b>624,173</b>
<b>Current liabilities</b>					
Trade and other payables	2,978	2,978	2,978	2,978	2,978
Trust funds and deposits	873	873	873	873	873
Provisions	5,045	5,085	5,125	5,165	5,205
Interest bearing loans and borrowings	0	0	3,350	0	0
<b>Total current liabilities</b>	<b>8,896</b>	<b>8,936</b>	<b>12,326</b>	<b>9,016</b>	<b>9,056</b>
<b>Non current liabilities</b>					
Provisions	2,313	2,313	1,598	1,663	1,730
Interest bearing loans and borrowings	3,350	3,350	0	0	0
<b>Total non current liabilities</b>	<b>5,663</b>	<b>5,663</b>	<b>1,598</b>	<b>1,663</b>	<b>1,730</b>
<b>Total liabilities</b>	<b>14,559</b>	<b>14,599</b>	<b>13,924</b>	<b>10,679</b>	<b>10,786</b>
<b>Net assets</b>	<b>541,490</b>	<b>572,851</b>	<b>576,953</b>	<b>608,418</b>	<b>613,387</b>
<b>Equity</b>					
Accumulated surplus	208,639	213,099	216,079	222,889	227,011
Reserves	332,851	359,752	360,874	385,529	386,376
<b>Total equity</b>	<b>541,490</b>	<b>572,851</b>	<b>576,953</b>	<b>608,418</b>	<b>613,387</b>

### 3.3 BUDGETED STATEMENT OF CHANGES IN EQUITY

For the four years ending 30 June 2021

STATEMENT OF CHANGES IN EQUITY				
For the four years ending 30 June				
	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	reserves
	\$'000	\$'000	\$'000	\$'000
<b>2017/18</b>				
Balance at beginning of the financial year	541,490	208,639	329,540	3,311
Adjustment on change in accounting policy	-	-		
Comprehensive result	31,361	5,706	25,655	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,137)		2,137
Transfer from reserves		891		(891)
<b>Balance at end of the financial year</b>	<b>572,851</b>	<b>213,099</b>	<b>355,195</b>	<b>4,557</b>
<b>2018/19</b>				
Balance at beginning of the financial year	572,851	213,099	355,195	4,557
Adjustment on change in accounting policy	-	-		
Comprehensive result	4,102	4,102	-	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,220)		2,220
Transfer from reserves		1,098		(1,098)
<b>Balance at end of the financial year</b>	<b>576,953</b>	<b>216,079</b>	<b>355,195</b>	<b>5,679</b>
<b>2019/20</b>				
Balance at beginning of the financial year	576,953	216,079	355,195	5,679
Adjustment on change in accounting policy	-	-		
Comprehensive result	31,465	3,939	27,526	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(1,679)		1,679
Transfer from reserves		4,550		(4,550)
<b>Balance at end of the financial year</b>	<b>608,418</b>	<b>222,889</b>	<b>382,721</b>	<b>2,808</b>
<b>2020/21</b>				
Balance at beginning of the financial year	608,418	222,889	382,721	2,808
Adjustment on change in accounting policy	-	-		
Comprehensive result	4,969	4,969	-	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,356)		2,356
Transfer from reserves		1,509		(1,509)
<b>Balance at end of the financial year</b>	<b>613,387</b>	<b>227,011</b>	<b>382,721</b>	<b>3,655</b>

### 3.4 BUDGETED STATEMENT OF CASH FLOWS

For the four years ending 30 June 2021

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>					
<b>Cash flows from operating activities</b>					
Rates and charges	39,962	40,935	42,031	43,153	44,304
Statutory fees & fines	607	618	622	630	650
User fees	4,042	4,163	4,444	4,612	4,838
Grants - operating	12,826	12,149	11,851	14,925	14,239
Grants - capital	9,915	6,395	1,872	3,763	3,980
Contributions- monetary	462	66	67	68	571
Interest received	602	602	614	626	640
Other receipts	1,835	1,786	1,760	1,788	1,816
Employee costs	(23,796)	(24,327)	(24,790)	(25,393)	(26,020)
Materials and services	(23,959)	(21,131)	(18,533)	(23,781)	(22,708)
Other payments	(3,213)	(3,573)	(3,230)	(3,294)	(3,368)
<b>Net cash provided by (used in) operating activities</b>	<b>19,283</b>	<b>17,683</b>	<b>16,708</b>	<b>17,097</b>	<b>18,942</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant & equipment	(22,965)	(20,140)	(16,835)	(16,052)	(24,764)
Proceeds from sale of property, infrastructure, plant and equipment	1,510	1,150	708	740	978
Payments for / from investments	8,420	0	0	0	0
Trust Funds and deposits	0	0	0	0	0
Loan advances made	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(13,035)</b>	<b>(18,990)</b>	<b>(16,127)</b>	<b>(15,312)</b>	<b>(23,786)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(142)	(142)	(142)	(59)	0
Proceeds from borrowing	0	0	0	0	0
Repayment of borrowings	0	0	0	(3,350)	0
<b>Net cash provided by (used in) financing activities</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(3,409)</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,106</b>	<b>(1,449)</b>	<b>439</b>	<b>(1,624)</b>	<b>(4,844)</b>
Cash and cash equivalents at the beginning of the financial year	2,931	9,037	7,588	8,027	6,403
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,037</b>	<b>7,588</b>	<b>8,027</b>	<b>6,403</b>	<b>1,559</b>

### 3.5 BUDGETED STATEMENT OF CAPITAL WORKS

For the four years ending 30 June 2021

Capital Works Areas	Forecast	Budget	Budget		
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
<b>Property</b>					
Land	300	25	400	100	5,100
Buildings	3,488	1,831	1,592	1,354	2,062
<b>Total property</b>	<b>3,788</b>	<b>1,856</b>	1,992	1,454	7,162
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,293	2,258	2,583	2,988	3,712
Computers and telecommunications	1,391	1,595	672	667	683
<b>Total plant and equipment</b>	<b>3,684</b>	<b>3,853</b>	3,255	3,655	4,395
<b>Infrastructure</b>					
Roads	12,421	9,927	5,432	6,171	10,084
Kerb & Channel	-	-	-	-	-
Bridges	233	2,524	399	226	358
Major Culverts	42	92	72	95	98
Footpaths and cycleways	649	540	329	440	456
Drainage	161	134	116	119	124
Off street car parks	504	-	-	-	-
Waste management #	350	432	38	218	72
Other infrastructure	1,133	720	4,425	3,673	2,015
<b>Total infrastructure</b>	<b>15,493</b>	<b>14,369</b>	10,811	10,942	13,207
<b>Total capital works expenditure</b>	<b>22,965</b>	<b>20,078</b>	16,058	16,051	24,764
<b>Represented by:</b>					
New asset expenditure	178	-	-	-	116
Asset renewal expenditure	17,917	10,311	15,272	12,857	16,895
Asset upgrade expenditure	3,161	6,417	678	909	6,308
Asset expansion expenditure	1,709	3,350	108	2,285	1,445
<b>Total capital works expenditure</b>	<b>22,965</b>	<b>20,078</b>	16,058	16,051	24,764
# Excludes Landfill rehabilitation provision	-	61	778	-	-

### 3.6 BUDGETED STATEMENT OF HUMAN RESOURCES

For the four years ending 30 June 2021

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000
<b>Staff expenditure</b>					
Employee costs – operating	23,897	24,428	24,893	25,498	26,127
Employee costs – capital	1,321	1,338	1,284	1,294	1,326
<b>Total staff expenditure</b>	<b>25,218</b>	<b>25,766</b>	<b>26,177</b>	<b>26,792</b>	<b>27,453</b>
<b>Staff numbers</b>					
Employees	263.40	264.53	263.23	263.03	263.03
<b>Total staff numbers</b>	<b>263.40</b>	<b>264.53</b>	<b>263.23</b>	<b>263.03</b>	<b>263.03</b>

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

Directorate	Budget 2017/18 \$'000	Permanent Full time \$'000	Permanent Part Time \$'000
Corporate and Community Services	6,009	3,642	2,366
Development Services	4,371	3,800	571
Sustainable Communities and Infrastructure	10,447	9,624	823
Executive Services	629	448	181
Total permanent staff expenditure	21,456	17,514	3,941
Casuals and other expenditure	4,310		
Total expenditure	25,766		
Less Capitalised labour costs	1,338		
Total Employee costs	24,428		

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

Directorate	Budget FTE	Permanent Full time	Permanent Part Time
Corporate and Community Services	62.49	35.00	27.49
Development Services	45.79	38.40	7.39
Sustainable Communities and Infrastructure	114.95	105.60	9.35
Executive Services	5.85	4.00	1.85
Total permanent staff	229.08	183.00	46.08
Casuals and other	35.45		
Total staff	264.53		

## 4 Financial Performance Indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be interpreted in the context of the organisation's objectives.

Indicator	Measure	Notes	Forecast 2016/17	Budget 2017/18	Strategic Resource Plan Projections			Trend +/-
					2018/19	2019/20	2020/21	
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	5.11%	0.82%	5.60%	2.16%	2.59%	-
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	231.09%	213.84%	158.59%	198.80%	144.43%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	35.30%	24.15%	11.97%	30.19%	-32.78%	-
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	8.38%	8.18%	7.97%	0.00%	0.00%	+
Loans and borrowings	Interest and principal repayments / rate revenue	4	0.36%	0.35%	0.34%	7.90%	0.00%	+



Indicator	Measure	Notes	Forecast 2016/17	Budget 2017/18	Strategic Resource Plan Projections			Trend +/-
					2018/19	2019/20	2020/21	
Indebtedness	Non-current liabilities / own source revenue		12.01%	11.85%	3.25%	3.29%	3.34%	o
Asset renewal	Asset renewal expenditure / depreciation	5	159.84%	86.77%	122.26%	98.02%	121.78%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	6	60.75%	66.39%	66.92%	64.22%	65.31%	o
Rates effort	Rate revenue / property values (CIV)		0.53%	0.54%	0.54%	0.55%	0.55%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of assessments		\$3,220	\$3,143	\$3,044	\$3,372	\$3,386	o
Revenue level	Residential rate revenue / No. of residential assessments		\$1,807	\$1,844	\$1,863	\$1,881	\$1,899	o
Workforce turnover	No. of resignations & terminations / average no of staff		13.1%	9.9%	9.9%	9.9%	9.9%	o

Key to Forecast Trend:

+ Forecasts improvement in Council's financial performance/financial position indicator

o Forecasts that Council's financial performance/financial position indicator will be steady

- Forecasts deterioration in Council's financial performance/financial position indicator

## Notes to indicators

- 1** **Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Financial performance is expected to gradually taper down over the period as a result of rate capping.
- 2** **Working Capital** – The proportion of current liabilities represented by current assets. Working capital is expected to gradually taper down over the period.
- 3** **Unrestricted Cash** - Although the indicator trends into the negative, Council has other financial assets that can be converted to cash and cash equivalents if required.
- 4** **Loans and Borrowings** – Loans and borrowings are expected to remain relatively stable over the period. Council will be debt free in 2020/21.
- 5** **Asset renewal** - This percentage indicates the extent of Council's expenditure on asset renewals against its depreciation charge (cost of consumption of the assets service potential). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. The fluctuations over the years do not present as a strategic concern. This is expected because the nature of capital renewal expenditure requirements tends to have a profile that varies over the years. There are no asset renewal primary funding gaps for all major classes of assets
- 6** **Rates concentration** - Reflects the extent of reliance on rate revenues to fund all of Council's on-going services.

## 5 Detailed List of Capital Works

This section presents a listing of the capital works projects that will be undertaken for the 2017/18 year. The capital works projects are grouped by asset class.

### Capital works program

For the year ending 30 June 2018

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
<b>PROPERTY</b>									
<b>LAND</b>									
General Land Purchases	25	-	-	25	-	-	-	25	-
<b>TOTAL LAND</b>	<b>25</b>	-	-	<b>25</b>	-	-	-	<b>25</b>	-
<b>BUILDINGS</b>									
Yanakie - Camp Kitchen & Communal Area	108	-	108	-	-	-	-	108	-
Long Jetty - Kiosk / Front Office / Residence	39	-	39	-	-	-	-	39	-
Long Jetty - Kiosk / Front Office / Residence	26	-	-	26	-	-	-	26	-
Community Capital Works Allocation Project	950	-	-	-	950	-	-	950	-
Buildings - Renewal Program - Franklin River Toilet Renewal	184	-	184	-	-	-	-	184	-
Buildings - Renewal Program - Main Office Air Conditioner	42	-	42	-	-	-	-	42	-
Buildings - Renewal Program - Mirboo North Hall Toilets renew	278	-	278	-	-	-	-	278	-
Buildings - Renewal Program - Foster Basketball Stadium Upgrade Design	62	-	62	-	-	-	-	62	-
Buildings - Caravan Park Toilet Block - Waratah Bay	142	-	142	-	-	-	-	142	-
<b>TOTAL BUILDINGS</b>	<b>1,831</b>	-	<b>855</b>	<b>26</b>	<b>950</b>	-	-	<b>1,831</b>	-
<b>TOTAL PROPERTY</b>	<b>1,856</b>	-	<b>855</b>	<b>51</b>	<b>950</b>	-	-	<b>1,856</b>	-
<b>PLANT AND EQUIPMENT</b>									
<b>PLANT, MACHINERY AND EQUIPMENT</b>									
Fleet - Fleet Purchases	1,037	-	1,037	-	-	-	436	601	-
Plant - Plant Purchases	1,221	-	1,221	-	-	-	313	908	-
<b>TOTAL PLANT, MACHINERY &amp; EQUIPMENT</b>	<b>2,258</b>	-	<b>2,258</b>	-	-	-	<b>749</b>	<b>1,509</b>	-

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council	Borrowings
<b>COMPUTERS AND TELECOMMUNICATIONS</b>									
Information Services	1,595	-	1,595	-	-	-	-	1,595	-
<b>TOTAL COMPUTERS &amp; TELECOMM'S</b>	<b>1,595</b>	-	<b>1,595</b>	-	-	-	-	<b>1,595</b>	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,853</b>	-	<b>3,853</b>	-	-	-	749	<b>3,104</b>	-
<b>INFRASTRUCTURE</b>									
<b>ROADS</b>									
Roads - Bair Street Streetscape - Leongatha	4,590	-	-	4,590	-	3,060	-	1,530	-
Korumburra Streetscape	179	-	179	-	-	-	-	179	-
Civil - Capital Works Design	195	-	78	39	78	-	-	195	-
Roads - Reseals (Partially funded R2R)	1,872	-	1,872	-	-	1,672	-	200	-
Roads - Reseal Preparation	828	-	828	-	-	-	-	828	-
Roads - Hudsons Road, Korumburra South	1,150	-	-	1,150	-	-	-	1,150	-
Roads - Sealed Rehabilitation Program - Grip Road - Toora	108	-	108	-	-	-	-	108	-
Roads - Sealed Rehabilitation Program - Hawkins Street - Korumburra - ID 2449	62	-	62	-	-	-	-	62	-
Roads - Sealed Rehabilitation Program - Main South Road - Poowong (Schmidts Rd to No 2670) (Ch 2095 to 3236) - ID 965	368	-	368	-	-	-	-	368	-
Roads - Sealed Rehabilitation Program - Mt Eccles Rd - M Eccles	250	-	250	-	-	-	-	250	-
Roads - Sealed Rehabilitation Program - Projects to be Finalised	18	-	18	-	-	-	-	18	-
Roads - Sealed Rehabilitation Program - Stewarts Rd - Outtrim	22	-	22	-	-	-	-	22	-
Roads - Sealed Rehabilitation Program - Turtons Creek Rd - Turtons Creek	12	-	12	-	-	-	-	12	-
Roads - Access Area Long Vehicle Parking off Bridge St, rear of BP, Korumburra	31	-	31	-	-	-	-	31	-
Guard Rails - Replacement Program - Mardan Rd (WB220) - Mardan	37	-	37	-	-	-	-	37	-
Guard Rails - Replacement Program - Mardan Rd (WB230) - Mardan	37	-	37	-	-	-	-	37	-
Guard Rails - Replacement Program - Canavans Rd (MB060) - Leongatha North	37	-	37	-	-	-	-	37	-
Walkerville North - Road & Retaining Wall protection	131	-	131	-	-	-	-	131	-
<b>TOTAL ROADS</b>	<b>9,927</b>	-	<b>4,070</b>	<b>5,779</b>	<b>78</b>	<b>4,732</b>	-	<b>5,195</b>	-
<b>BRIDGES</b>									
Bridge - Rehabilitation Program	104	-	104	-	-	-	-	104	-
Bridge - Powneys Road WB370	320	-	320	-	-	213	-	107	-
Bena Kongwak Bridge - Replacement	2,100	-	-	-	2,100	1,450	-	650	-
<b>TOTAL BRIDGES</b>	<b>2,524</b>	-	<b>424</b>	-	<b>2,100</b>	<b>1,663</b>	-	<b>861</b>	-

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
<b>MAJOR CULVERTS</b>									
Major Culvert - Renewal Program - Bechers Road (C006) - Welshpool	92	-	92	-	-	-	-	92	-
<b>TOTAL BRIDGES</b>	<b>92</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>-</b>
<b>FOOTPATHS AND CYCLEWAYS</b>									
Footpaths - Renewal - Jumbunna Rd - Korumburra	54	-	54	-	-	-	-	54	-
Footpaths - Renewal - Ferrier St - Korumburra	20	-	20	-	-	-	-	20	-
Footpaths - Renewal - Howard St - Leongatha	7	-	7	-	-	-	-	7	-
Footpaths - Renewal - Ogilvy Street - Leongatha	108	-	108	-	-	-	-	108	-
Roads - Kerb & Channel - Renewal - Reserve Street - Port Franklin	130	-	130	-	-	-	-	130	-
Footpaths - Extension Program - Hassett St - Leongatha, Ogilvy St to Turner St on the East Side.	221	-	-	-	221	-	-	221	-
<b>TOTAL FOOTPATHS AND CYCLEWAYS</b>	<b>540</b>	<b>-</b>	<b>319</b>	<b>-</b>	<b>221</b>	<b>-</b>	<b>-</b>	<b>540</b>	<b>-</b>
<b>DRAINAGE</b>									
Drainage - Rehabilitation Program - Noel Court Leongatha	134	-	-	134	-	-	-	134	-
<b>TOTAL DRAINAGE</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>
<b>WASTE MANAGEMENT</b>									
Waste - Leachate Evaporation System	432	-	-	432	-	-	-	432	-
<b>TOTAL WASTE MANAGEMENT</b>	<b>432</b>	<b>-</b>	<b>-</b>	<b>432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>432</b>	<b>-</b>
<b>OTHER INFRASTRUCTURE</b>									
Long Jetty - New Power Heads	22	-	-	22	-	-	-	22	-
Pools - Renewal Program - SG Splash Replace Solar - Leongatha	62	-	62	-	-	-	-	62	-
Pools - Renewal Program - Toora Design and Stage One (Toilet & Kiosk Refurbishment).	317	-	317	-	-	-	-	317	-
Recreation - Kindergartens Playground Replacement Program - Welshpool Kindergarten, South Gippsland	19	-	19	-	-	-	-	19	-
Playgrounds - Replacement Program - Fishermans Jetty Reserve, Venus Bay	41	-	41	-	-	-	-	41	-
Playgrounds - Replacement Program - Recreation Reserve - Foster	36	-	36	-	-	-	-	36	-
Playgrounds - Replacement Program - Recreation Reserve - Korumburra	37	-	37	-	-	-	-	37	-
Recreation - Community Infrastructure Projects	186	-	186	-	-	-	-	186	-
<b>TOTAL OTHER STRUCTURES</b>	<b>720</b>	<b>-</b>	<b>698</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>720</b>	<b>-</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>14,369</b>	<b>0</b>	<b>5,603</b>	<b>6,367</b>	<b>2,399</b>	<b>6,395</b>	<b>0</b>	<b>7,974</b>	<b>-</b>
<b>TOTAL CAPITAL WORKS 2017/18</b>	<b>20,078</b>	<b>-</b>	<b>10,311</b>	<b>6,418</b>	<b>3,349</b>	<b>6,395</b>	<b>749</b>	<b>12,934</b>	<b>-</b>

## 6 Rates and Charges

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

In developing the Long Term Financial Plan (referred to in Section 12), rates and charges were identified as an important source of revenue, accounting for 61.2% of the total revenue received by Council in 2017/18. Planning for future rate increases has therefore been an important component of the financial planning process. The State Government in 2016/17 introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. The cap applies to general rates and is calculated on the basis of council's average rates and charges.

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.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate will increase by 2.0% in line with the rate cap and the waste collection charge by 1.3%. This will raise total rates and charges for 2017/18 of \$40.94m, including \$302,000 generated from supplementary rates.

### 6.1 Rates and charges

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

Type or class of land	2016/17 cents / \$CIV	2017/18 cents / \$CIV	Change
General rate	0.536050	0.546771	2.00%
General rate for rateable industrial properties	0.562853	0.574110	2.00%
General rate for rateable commercial properties	0.562853	0.574110	2.00%
General rate for rateable farm properties	0.375235	0.382740	2.00%
General rate for rateable rural residential properties	0.375235	0.382740	2.00%
General rate for rateable vacant land properties	1.072100	1.093542	2.00%
General rate for rateable cultural and recreational land properties	0.268025	0.273386	2.00%

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

Type or class of land	2016/17 \$	2017/18 \$	Change
General	21,676,310	22,339,041	3.06%
Industrial	1,378,920	1,464,924	6.24%
Commercial	1,471,494	1,498,219	1.82%
Farm	9,990,768	10,188,176	1.98%
Rural Residential	71,186	71,063	-0.17%
Vacant Land	2,320,604	2,242,603	-3.36%
Cultural and Recreational Land	21,935	22,374	2.00%
<b>Total amount to be raised by general rates</b>	<b>36,931,216</b>	<b>37,826,400</b>	<b>2.42%</b>

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

Type or class of land	2016/17	2017/18	Change
General	13,374	13,488	0.85%
Industrial	303	342	12.87%
Commercial	653	648	-0.77%
Farm	3,305	3,284	-0.64%
Rural Residential	37	37	0.00%
Vacant Land	1,691	1,637	-3.19%
Cultural and Recreational Land	22	22	0.00%
<b>Total number of assessments</b>	<b>19,385</b>	<b>19,458</b>	<b>0.38%</b>

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

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

Type or class of land	2016/17 \$	2017/18 \$	Change
General	4,043,710,000	4,085,630,000	1.04%
Industrial	362,773,000	373,082,000	2.84%
Commercial	261,435,000	260,964,000	-0.18%
Farm	2,662,536,000	2,661,907,000	-0.02%
Rural Residential	18,971,000	18,567,000	-2.13%
Vacant Land	216,454,000	205,077,000	-5.26%
Cultural and Recreational Land	8,184,000	8,184,000	0.00%
<b>Total value of land</b>	<b>7,574,063,000</b>	<b>7,613,411,000</b>	<b>0.52%</b>

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

Type of Charge	Per Rateable property 2016/17 \$	Per Rateable property 2017/18 \$	Change
Municipal	Nil	Nil	Nil%

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

Type of Charge	2016/17 \$	2017/18 \$	Change
Municipal	Nil	Nil	Nil%



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

Type of Charge	Per Rateable property 2016/17 \$	Per Rateable property 2017/18 \$	Change
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling).	185.80	188.20	1.29%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only),	185.80	188.20	1.29%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling).	269.30	272.80	1.30%
<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).	192.70	195.20	1.30%
<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).	223.65	226.55	1.30%
<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	145.25	147.15	1.31%
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	227.00	229.95	1.30%
<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	132.35	134.05	1.28%

Type of Charge	Per Rateable property 2016/17 \$	Per Rateable property 2017/18 \$	Change
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	234.10	237.15	1.30%
<b>Garb Green Waste Bin</b> – Kerbside greenwaste collection service (240 litre fortnightly) for 12 months	79.35	80.40	1.32%

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

Type of Charge	Per Rateable property 2016/17 \$	Per Rateable property 2017/18 \$	Change
<b>Waste Services Charge A</b>	1,666,069	1,701,516	2.13%
<b>Waste Services Charge B</b>	10,962	11,480	4.73%
<b>Waste Services Charge C</b>	69,749	72,565	4.04%
<b>Waste Services Charge D</b>	132,192	134,493	1.74%
<b>Waste Services Charge E</b>	24,378	25,147	3.15%
<b>Waste Services Charge G</b>	205,965	193,797	-5.91%
<b>Waste Services Charge H</b>	61,063	88,071	44.23%
<b>Waste Services Charge J</b>	397	670	68.83%
<b>Waste Services Charge K</b>	1,405	1,897	35.03%
<b>Garb Green Waste Bin</b>	563,861	577,996	2.51%
<b>Total</b>	<b>2,736,041</b>	<b>2,807,632</b>	<b>2.62%</b>

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

	<b>2016/17 \$</b>	<b>2017/18 \$</b>	<b>Change</b>
General rates	36,931,216	37,826,400	2.42%
Waste service charges	2,736,041	2,807,632	2.62%
Rates and Charges	39,667,257	40,634,032	2.44%

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

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

- The making of supplementary valuations (2017/18: estimated \$302,000, 2016/17: \$295,000)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes business land and vice versa.

**6.2 Differential Rates**

**6.2.1 Rates to be Levied**

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

- a general rate of 0.546771% (0.546771 cents in the dollar of CIV) for all rateable General Land;
- a general rate of 0.574110% (0.574110 cents in the dollar of CIV) for all rateable Commercial Land;
- a general rate of 0.574110% (0.574110 cents in the dollar of CIV) for all rateable Industrial Land;
- a general rate of 1.093542% (1.093542 cents in the dollar of CIV) for all rateable Vacant Land;
- a general rate of 0.382740% (0.382740 cents in the dollar of CIV) for all rateable Farming Land;
- a general rate of 0.273386% (0.273386 cents in the dollar of CIV) for all rateable Cultural and Recreational Lands; and
- a general rate of 0.382740% (0.382740 cents in the dollar of CIV) for all rateable Rural Residential Land; and

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

The objective of the differential rates is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council. Council has chosen to define the categories of land to which each differential rate applies by reference to the Australian Valuation Property Classification Code (**AVPCC**) that is allocated to it in accordance with the *Valuation of Land Act 1960*.

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

## 6.2.2 General Land

6.2.2.1 General Land is any land which is not:

- 6.2.2.1.1 Commercial Land, as described in subparagraph 6.2.3.1;
- 6.2.2.1.2 Industrial Land, as described in subparagraph 6.2.4.1;
- 6.2.2.1.3 Vacant Land, as described in subparagraph 6.2.5.1;
- 6.2.2.1.4 Farming Land, as described in subparagraph 6.2.6.1;
- 6.2.2.1.5 Cultural and Recreational Land, as described in subparagraph 6.2.7.1;
- or
- 6.2.2.1.6 Rural Residential Land as described in subparagraph 6.2.8.1.

6.2.2.2 The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- 6.2.2.2.1 construction and maintenance of infrastructure assets;
- 6.2.2.2.2 development and provision of health and community services; and
- 6.2.2.2.3 provision of general support services.

6.2.2.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.2.1 above.

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

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

6.2.2.6 The use of the land within this differential rate is, in the case of improved land, any use of land creating the relevant characteristics described in paragraph 6.2.2.1 above.

6.2.2.7 The land affected by this rate is that which displays the characteristics described in subparagraph 6.2.2.1 above, and may be located in any zone created by the South Gippsland Planning Scheme.

6.2.2.8 The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.

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

### **6.2.3 Commercial Land**

- 6.2.3.1 Commercial Land is any land which is used predominantly for commercial purposes and to which any of the following AVPCC codes, or AVPCC codes in the following ranges, have been allocated:
- AVPCC 202–299, 656, 657, 669–672, 674, 675, 684, 687, 688, 690, 696, 711, 715, 803–816, 818–820, 822, 823, 825, 827 and 828.**
- 6.2.3.2 The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- 6.2.3.2.1 construction and maintenance of infrastructure assets;
  - 6.2.3.2.2 development and provision of health and community services; and
  - 6.2.3.2.3 provision of general support services.
- 6.2.3.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.3.1 above.
- 6.2.3.4 The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 6.2.3.5 The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 6.2.3.6 The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 6.2.3.1 above.
- 6.2.3.7 The land affected by this rate is that which is in any zone where commercial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 6.2.3.1 above.
- 6.2.3.8 The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.

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

#### **6.2.4 Industrial Land**

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

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

- 6.2.4.2 The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- 6.2.4.2.1 construction and maintenance of infrastructure assets;
- 6.2.4.2.2 development and provision of health and community services; and
- 6.2.4.2.3 provision of economic development and general support services.

- 6.2.4.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.4.1 above.

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

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

- 6.2.4.6 The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 6.2.4.1 above.

- 6.2.4.7 The land affected by this rate is that which is in any zone where industrial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 6.2.4.1 above.

- 6.2.4.8 The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.

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

## 6.2.5 Vacant Land

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

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

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

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

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

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

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

- 6.2.5.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.5.1 above.

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

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

- 6.2.5.6 The vacant land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described under subparagraph 6.2.5.1 above.

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



## 6.2.6 Farm Land

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

**6.2.6.1.1 has a total area of less than 2 hectares and is –**

(a) used predominantly for farming purposes;

AND

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

OR

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

**AVPCC 540–543 or 564;**

OR

(d) used predominantly for farming purposes;

AND

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

**AVPCC 570–572;**

OR

**6.2.6.1.2 has a total area of between 2 and 20 hectares and –**

(a) is used predominantly for farming purposes;

AND

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

**AVPCC 540–583;**

OR

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

**AVPCC 500–583;**

OR

**6.2.6.1.3 has a total area exceeding 20 hectares and –**

(a) is used predominantly for farming purposes;

AND

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

**AVPCC 500–583.**

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

has a significant and substantial commercial purpose or character; and

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

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

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

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

(a) construction and maintenance of public infrastructure assets;

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

(c) provision of general support services;

encourage and support the business of primary production; and

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

6.2.6.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.6.1 above.

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

- 6.2.6.5 The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 6.2.6.6 The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 6.2.6.1 above.
- 6.2.6.7 The land affected by this rate is that which is in any zone where farming is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 6.2.6.1 above.
- 6.2.6.8 The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.
- 6.2.6.9 Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **6.2.7 Cultural and Recreational Land**

- 6.2.7.1 Cultural and Recreational Land is any land that has the characteristics of 'recreational lands' as defined by section 2 of the Cultural and Recreational Lands Act 1963.
- 6.2.7.2 The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:
- 6.2.7.2.1 ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- (a) construction and maintenance of public infrastructure assets;
  - (b) development and provision of health, environmental and community services; and
  - (c) provision of general support services; and
- 6.2.7.2.2 encourage the provision of land and facilities for the enjoyment of residents of and visitors to the municipal district.
- 6.2.7.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.7.1 above.
- 6.2.7.4 The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 6.2.7.5 The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.

- 6.2.7.6 The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 6.2.7.1 above.
- 6.2.7.7 The land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 6.2.7.1 above.
- 6.2.7.8 The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.
- 6.2.7.9 Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **6.2.8 Rural Residential Land**

- 6.2.8.1 Rural residential land is any land which:-
- (a) has a total area equal to or greater than 18.30 hectares; and
  - (b) where primary production uses and associated improvements are secondary to the residential uses; and
  - (c) has applied to it an AVPCC code 117
- 6.2.8.2 The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- 6.2.8.2.1 construction and maintenance of infrastructure assets;
  - 6.2.8.2.2 development and provision of health and community services; and
  - 6.2.8.2.3 provision of general support services.
- 6.2.8.3 The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 6.2.8.1 above.
- 6.2.8.4 The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 6.2.8.5 The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.

- 6.2.8.6 The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 6.2.8.1 above.
- 6.2.8.7 The land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 6.2.8.1 above.
- 6.2.8.8 The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2017/18 financial year.
- 6.2.8.9 Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## 7 Budget Influences

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

### 7.1 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 population of 27,706. 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 Economic Base

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.9 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 \$470 million;
- Property services \$290 million;
- Construction \$257 million;
- Wholesale Trade \$144 million;
- Health care and social assistance \$119 million;
- Retail trade \$118 million; and
- Utilities \$116 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 an increasing range of specialty food production including cheese, meat, eggs, wine production and brewing.

##### Food Processing

- Murray Goulburn, Leongatha dairy production;
- Burra Foods, Dairy Production Korumburra;

- ViPlus Dairy production at Toora;
- Select Produce, a significant snow pea packing and distribution centre at Korumburra;
- GBP Australia, operating a major export abattoir at Poowong; and
- Fresh Zest, operating a herb packing facility at Pound Creek.

### **Tourism**

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

### **Other Industries**

Esso has a major marine terminal located at Barry Point near Toora that is used to provide services to their Bass Strait oil and gas platforms. ‘Port Anthony’, a private port, is located next to the Esso facility. An important fishing industry operates from Port Welshpool and Port Franklin. A wind farm is located on the hills around Toora and the Bald Hills Wind Farm is located near Tarwin Lower.

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:

- Port Welshpool Long Jetty funded and currently out to tender via Gippsland Ports;
- Northern Towns Connection, a South Gippsland Water project to connect water supply to the towns of Korumburra, Loch Nyora and Poowong;
- South Gippsland Highway Black Spur Re-alignment, a VicRoads project with funding announced by the Federal and State Governments
- Completion of Karmai Community Children’s Centre in Korumburra open for business January 2017;
- Completion of bridges at Black Spur Creek on the Great Southern Rail Trail opened March 2016 provides a trail open from Leongatha to Port Welshpool;
- Completion of the Leongatha Heavy Vehicle Alternate Route completed October officially opened November 2016;
- Rollout of the National Broadband Network has been completed to most areas with roll out to occur to Foster, Leongatha and Korumburra in 2017.

### **Major Regional Projects**

- The Pakenham Bypass and Eastlink have reduced the travelling time from metropolitan Melbourne to 1.5 hours. The Koo Wee Rup bypass, completed in 2015 has further reduced travelling times to the area.

## 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.

## Resident Profile

The latest population estimate is 27,706 people as at June 2015. Council's recently prepared population forecasts project that the Shire's population will increase to 36,000 by 2036. This is an increase of almost 7,700 people at an average annual growth rate of 1.3%. The Shire has approximately 15,000 dwellings and about 19,000 rateable properties.

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

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

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

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

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

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



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

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

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

### Labour Force

South Gippsland Shire has:

- an unemployment rate of 5.2% as at September Quarter 2016.

This remains the lowest unemployment rate in Gippsland and one of the lowest in the State. This is below the average for Victoria of 5.8%.

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)

### 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;
- Residential aged care facilities in four towns;
- Home and Community Care services provided by Council, including Meals on Wheels, Personal Care, Respite Care, Home Maintenance and Community Transport;
- Childcare centres operate in Leongatha, Korumburra, Mirboo North and Foster. Uniting Care Gippsland facilitate Family Day Care available across the Shire;
- Five public libraries plus mobile services to 7 towns;
- Daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- Numerous galleries and museums, a cinema, theatres and clubs;
- Over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional leisure centre incorporating a heated indoor swimming pool, six public swimming pools of which two are heated, and seven golf courses;
- The Great Southern Rail Trail, is approximately 72km of bike/walking trails and has recently been completed from Leongatha to Port Welshpool;
- The Grand Ridge Rail Trail runs between Mirboo North and Boolarra over 13km;

- 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 four independent primary schools;
- 6 Secondary Colleges, including two independent colleges;
- Leongatha Specialist School;
- Community College Gippsland;
- Federation Training TAFE;
- South Gippsland Bass Coast Local Learning and Employment Network;
- Apprenticeships Group Australia;
- 12 Kindergartens;
- 4 Neighbourhood/Community Houses; and
- South Gippsland Trade Training Skills Alliance.

## **7.2 External Influences**

In preparing the 2017/18 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The Minister for Local Government, the Honourable Natalie Hutchins announced in December 2016 that Victorian council rate increases will be capped to the rate of inflation, 2.0% for 2017/18. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury. Council will now receive \$27.0m less rates & charges revenue over a 14 year period when comparing the 2017/18 Budget / LTFP to the previously adopted 2016/17 Budget / Long Term Financial Plan.
- Consumer Price Index (CPI) for Victoria is forecast to be 2.0% for the 2017/18 year (Victorian Department of Treasury & Finance, 2016-17 Budget Update).
- The Victorian Wage Price Index is projected to be 2.5% in 2017/18 (Victorian Department of Treasury & Finance, 2016-17 Budget Update)
- The Federal Government advised the Victoria Grants Commission in 2014 that it will freeze indexation on grants for 3 years to 2016/17. Although the freeze has now been removed this is a permanent loss of revenue. Council estimated in 2014 that it will receive \$1.5m less over 5 years, \$3.9m less over 10 years and \$6.5m over 15 years.

- Ongoing cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervision, Library services and Home and Community Care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Australian Prudential Regulation Authority introduced a Prudential Standard in 2014 to assess the market value of assets in defined benefit superannuation funds. The budget impact for South Gippsland is the likelihood of further more frequent calls being made upon Council to fund defined benefits superannuation liabilities.

### 7.3 Internal Influences

As well as external influences, there were also internal influences arising from the 2016/17 year which have had a significant impact on the setting of the 2017/18 budget. These includes making the following allocations from the \$1.6m Community Capital Works allocation that was established in 2016/17 to following projects in 2017/18:

- |   |  |
|---|--|
| • Couper Street Mirboo North footpath       | \$100,000                                    |
| • Foster recycled water project             | \$400,000                                    |
| • Venus Bay Surf Life Saving Club Reserve)  | \$150,000 (allocated to an Internal Reserve) |
| • Baromi Park Masterplan & associated works | \$300,000                                    |
| • Venus Bay Skate Park                      | \$125,000                                    |
| • Venus Bay Environment Projects            | \$125,000                                    |
| • Korumburra Recreation Centre              | \$175,000                                    |
| • Korumburra Recreation Reserve             | \$175,000                                    |
| • Korumburra Skate Park                     | \$50,000                                     |

Council also removed the municipal precinct, library and community project scheduled to be undertaken in 2022/23 and 2023/24 and associated funding sources from the Long Term Financial Plan. The resulting financial capacity was redirected to a number of projects including:

RSL/Carinos Land investigation Hub and library investigation:

- 2017/18 \$25,000 for preliminary investigation
- 2018/19 \$400,000 relocation costs for 40 staff if project proceeds
- 2019/20 \$100,000 rent office space
- 2020/21 \$100,000 rent office space
- 2020/21 \$5,000,000 Capital expenditure

Great Southern Rail Trail project covering both east and west connections:

- 2017/18 \$120,000 for design investigation and feasibility
- 2019/20 \$3m expenditure and \$2m income
- 2020/21 \$3m expenditure and \$2m income

Korumburra Revitalisation project which includes review of Town Centre Framework Plan, selecting location for Community Hub, and landscape design for the Railway Land:

- 2017/18 \$100,000 expenditure

Equestrian & Expo Centre Business Case and Detailed Design

- 2017/18 \$90,000 expenditure
- 2019/20 \$1.8m expenditure and \$1.2m income

Mirboo North Pool

- Budget increased from \$1.9m to \$3.8m to cover renewal.

#### **7.4 Budget Principles**

In response to these 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;
- Aside from the recurrent cost requirements to implement Arts and Culture Strategy, the Service levels are to be maintained at 2016/17 with an emphasis on innovation and efficiency;
- New service level initiatives and associated staff resource proposals to be justified through a business case;
- New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis; and
- Real savings in expenditure and increases in revenue identified in 2016/17 to be preserved.

## **7.5 Long Term Strategies**

The Budget includes consideration of a number of long-term strategies, plans and other information to assist Council in considering the Budget in a proper financial management context. These include the Long Term Financial Strategies and Long Term Financial Plan (section 12), Rating Information (section 15), Borrowing Information (section 16) and Infrastructure Information (section 17).

## 8 Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2017/18 year.

### 8.1 Budgeted Income Statement

	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
Total income	8.2	70,734	66,864	(3,870)
Total expenses	8.3	62,420	61,158	1,262
<b>Surplus (deficit) for the year</b>		<b>8,314</b>	<b>5,706</b>	<b>(2,608)</b>
		0		
Grants - capital	8.2.6	9,915	6,395	(3,520)
Contributions - non monetary assets	8.2.7	379	479	100
Capital contributions - other sources	8.2.4	176	0	(176)
<b>Adjusted underlying surplus (deficit)</b>	<b>8.1.1</b>	<b>(2,156)</b>	<b>(1,168)</b>	<b>988</b>

#### 8.1.1 Adjusted Underlying Surplus (deficit) (\$988,000 decrease)

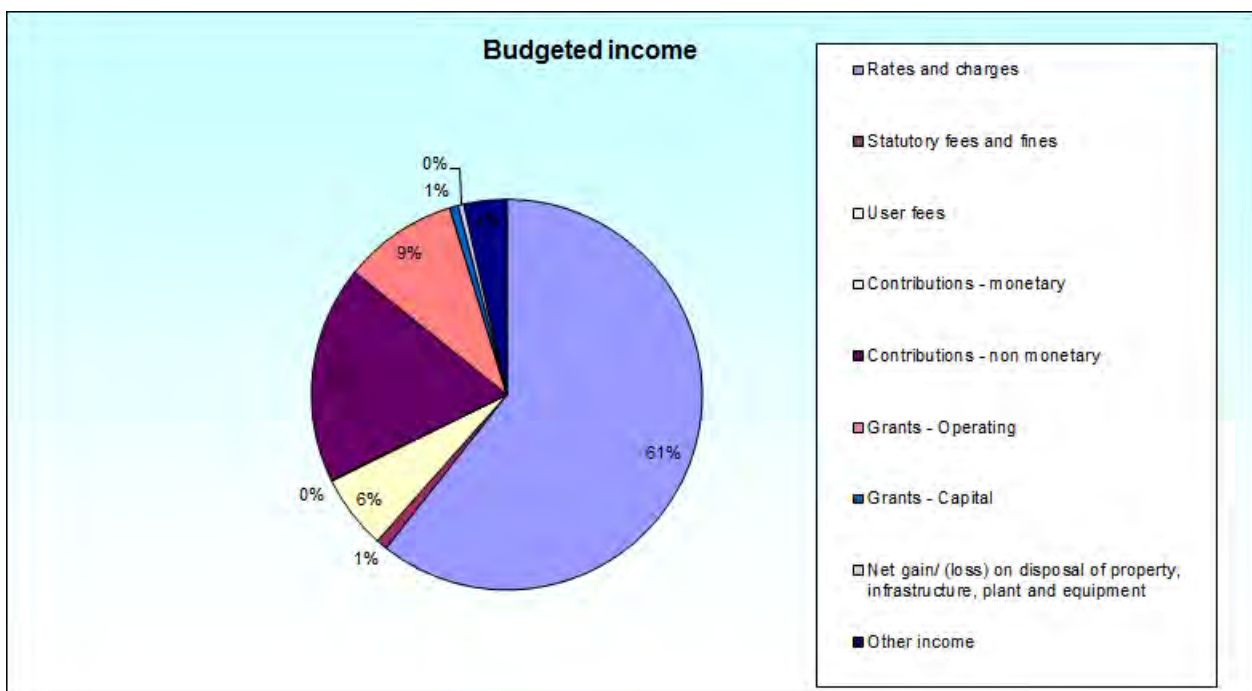
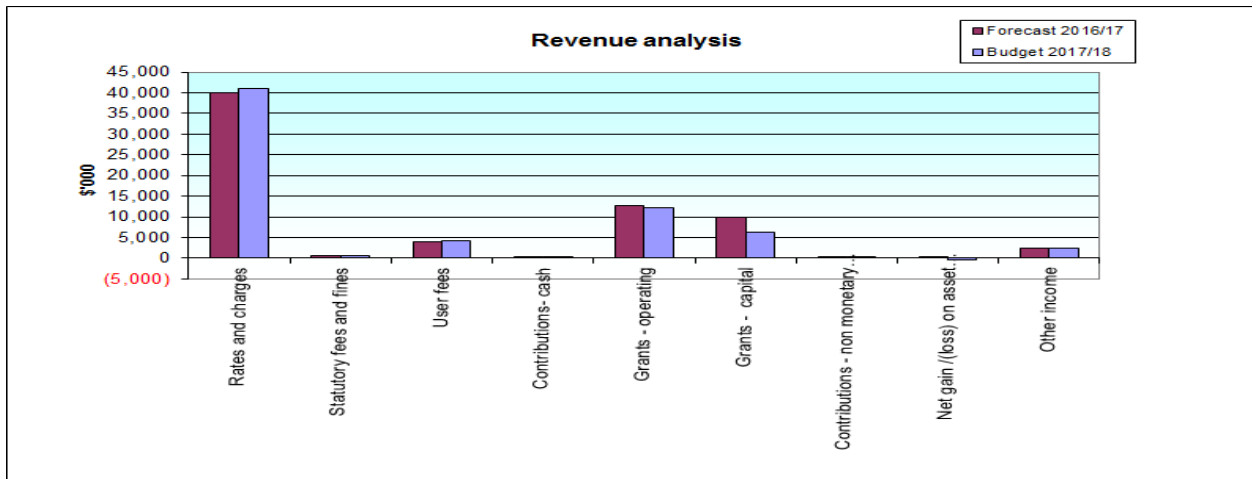
The adjusted underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives.

The adjusted underlying result for the 2017/18 year is a deficit of \$1.17m which is an improved position of \$988,000 over the 2016/17 year. In calculating the underlying result, Council has excluded capital grants and capital contributions received for capital purposes. Contributions of non-monetary assets are also excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

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

## 8.2 Income

Income types	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	8.2.1	39,962	40,935	973
Statutory fees and fines	8.2.2	607	618	11
User fees	8.2.3	4,042	4,163	121
Contributions- cash	8.2.4	462	66	(396)
Grants - operating	8.2.5	12,826	12,149	(677)
Grants - capital	8.2.6	9,915	6,395	(3,520)
Contributions - non monetary assets	8.2.7	379	479	100
Net gain /(loss) on asset disposals	8.2.8	104	(329)	(433)
Other income	8.2.9	2,437	2,388	(49)
<b>Total Operating Revenue</b>		<b>70,734</b>	<b>66,864</b>	<b>(3,870)</b>





### **8.2.1 Rates and Charges (\$973,000m increase)**

It is projected that general rates and charges income which, includes an estimated \$302,000 in supplementary rates, will increase by 2.4% over the base that was raised last year to \$40.94m.

The general rate will increase by 2.00%. The waste services charges for garbage collection and recycling will increase by 1.30%. (Refer Section 6 'Rates and Charges' for more details).

Section 15, 'Rating Information' includes further analysis of the rates and charges to be levied for 2017/18.

### **8.2.2 Statutory fees and fines (\$11,000 increase)**

There is an increase of \$11,000 or 1.8% for Statutory fees. Statutory fees relate to fees and fines levied in accordance with legislation and include Planning, Health Act Registrations and Parking Fines. The biggest contributor to the increase is statutory planning fees.

### **8.2.3 User Fees (\$121,000 increase)**

There is an increase of \$121,000 or 3.0% for user fees. The fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include animal registrations, use of leisure, entertainment and other community facilities and the provision of human services such as aged and disability services.

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

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

### **8.2.4 Contributions - cash (\$396,000 decrease)**

Contributions relate to capital contributions as well as contributions made for non-capital related activities and projects. There is a \$396,000 or 85.7% decrease in the level of contributions expected to be received in 2017/18. Contributions are expected for statutory open space contributions (\$62,000) and for property (\$4,000).

In the previous 2016/17 year contributions were expected for Leongatha Recreation Reserve (\$150,000), South Gippsland Rural Cricket Facility (\$68,000), Open Space Contributions (\$60,000), Property (\$4,000), Sustainability Services projects (\$4,000), Foster Streetscape (\$25,000), Child Care Hub Korumburra (\$100,000) and Sealed Road Rehabilitation Program (\$51,000).

### **8.2.5 Grants - operating (\$677,000 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 \$677,000 or 5.3% compared to 2016/17.

A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

<b>Operating Grant Funding Types and Source</b>	<b>Forecast 2016/17 \$'000</b>	<b>Budget 2017/18 \$'000</b>	<b>Fav (Unfav) \$'000</b>
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission	8,762	8,979	217
Immunisation	2	3	1
Home And Community Care	923	1,189	266
Senior Citizens	24	24	0
<i>Recurrent - State Government</i>			0
PreSchool Inclusion Program	76	78	2
Supported Playgroups	90	90	0
Immunisation	20	13	(7)
Maternal and Child Health	283	283	0
Home And Community Care	589	326	(263)
Senior Citizens	16	2	(14)
Local Laws	8	8	0
Grants / Emergency Management	-	27	27
Valuations	268	7	(261)
Childrens Crossings	32	32	0
Building Inclusive Communities	104	107	3
Education Programs	18	22	4
<i>Recurrent - Other Bodies</i>			0
Environmental health	5	5	0
<b>Total recurrent grants</b>	<b>11,220</b>	<b>11,195</b>	<b>(25)</b>
<i>Non recurrent - Commonwealth Government</i>			
Storm damage - rain event funding	70	35	(35)
<i>Non recurrent - State Government</i>			
Litter Bins	14	-	(14)
Recreation Facilities	2	-	(2)
Sustainability Services	51	-	(51)
Youth Development	84	56	(28)
Grants / Emergency Management	60	84	24
Property and Revenue	47	60	13
Planning Management	10	47	37
Biodiversity	46	-	(46)
Foster Flood Study	-	-	0
Community Building	14	20	6
Dredging Toora Channel New Proposal	13	-	(13)
Recreation - Leongatha Skate Park	60	300	240
Storm Event - 1 - 3 May 2016	329	-	(329)
Recreation - Leongatha Golf Club Irrigation	80	-	(80)
			82

<b>Operating Grant Funding Types and Source</b>	<b>Forecast 2016/17 \$'000</b>	<b>Budget 2017/18 \$'000</b>	<b>Fav (Unfav) \$'000</b>
Project			
Recreation - South Gippsland Rural Cricket Facilities	10	-	(10)
Bridge - Black Spur Bridge Investigation - Koonwarra	103	-	(103)
Corner Inlet Tourism - Great Southern Rail Trail	500	-	(500)
Agnes Falls Contribution	-	350	350
<b>Non recurrent - Other Bodies</b>			
Litter Bins	20	-	(20)
Access and Inclusion Program	1	-	(1)
Sustainability Services	2	2	0
Recreation - Leongatha Golf Club Irrigation Project	90	-	(90)
<b>Total non recurrent grants</b>	<b>1,606</b>	<b>954</b>	<b>(562)</b>
<b>Total Operating Grants</b>	<b>12,826</b>	<b>12,149</b>	<b>(677)</b>

### 8.2.6 Grants - capital (\$3.52m decrease)

Capital grants include all monies received from State and Federal governments for the purposes of funding the capital works program. Overall the level of grants has decreased by \$3.52m or 35.5% compared to 2016/17. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

<b>Capital Grant Funding Types and Source</b>	<b>Forecast 2016/17 \$'000</b>	<b>Budget 2017/18 \$'000</b>	<b>Fav (Unfav) \$'000</b>
<b>Recurrent - Commonwealth Government</b>			
Roads to Recovery	5,517	1,672	(3,845)
<b>Total recurrent grants</b>	<b>5,517</b>	<b>1,672</b>	<b>(3,845)</b>
<b>Non recurrent - Commonwealth Government</b>			
Federal Blackspot Program	2,317	-	(2,317)
Buildings - Child Care Hub - Korumburra	640	-	(640)
<b>Non recurrent - State Government</b>			
Plant - Plant Purchases	1	-	(1)
Bena Kongwak Bridge	-	1,450	1,450
Pools - Renewal Program	80	-	(80)
Roads - Bair Street Streetscape - Leongatha	-	3,060	3,060
Civil - Foster Streetscape (Main and Station Street)	500	-	(500)

<b>Capital Grant Funding Types and Source</b>	<b>Forecast 2016/17 \$'000</b>	<b>Budget 2017/18 \$'000</b>	<b>Fav (Unfav ) \$'000</b>
Buildings - Child Care Hub - Korumburra	800	-	(800)
Fish Creek School Crossing Construction	60	-	(60)
Bridge - Powneys Road Bridge (WB370)	-	213	213
<b>Total non recurrent grants</b>	<b>4,398</b>	<b>4,723</b>	<b>325</b>
<b>Total Capital Grants</b>	<b>9,915</b>	<b>6,395</b>	<b>(3,520)</b>

Section 10, 'Analysis of Capital Budget' includes further analysis of the grants and contributions that are expected to be received during the 2017/18 year.

#### **8.2.7 Contributions – non monetary assets (\$100,000 increase)**

This includes gifted assets to Council such as roads, footpath and kerb and channels from developers who create new subdivisions.

It is projected that Council in 2017/18 will receive \$100,000 additional contributions from developers.

#### **8.2.8 Net Gain / (Loss) on Asset Disposals (\$433,000 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.

#### **8.2.9 Other Income (\$49,000 decrease)**

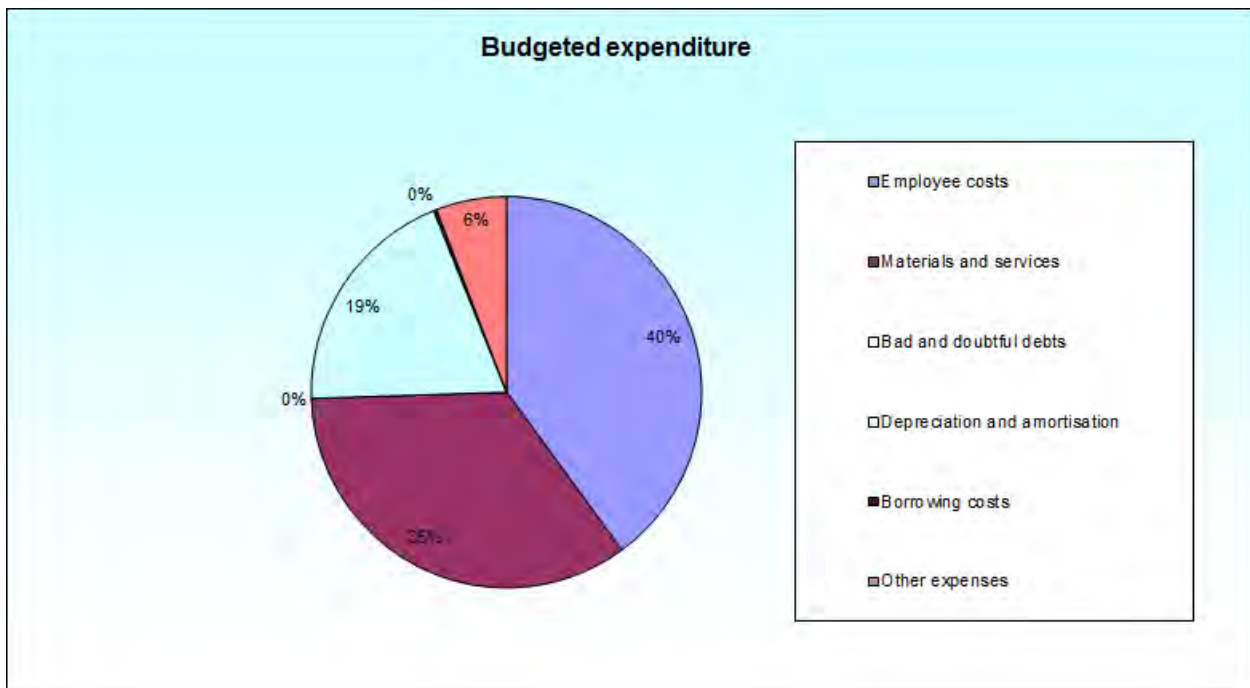
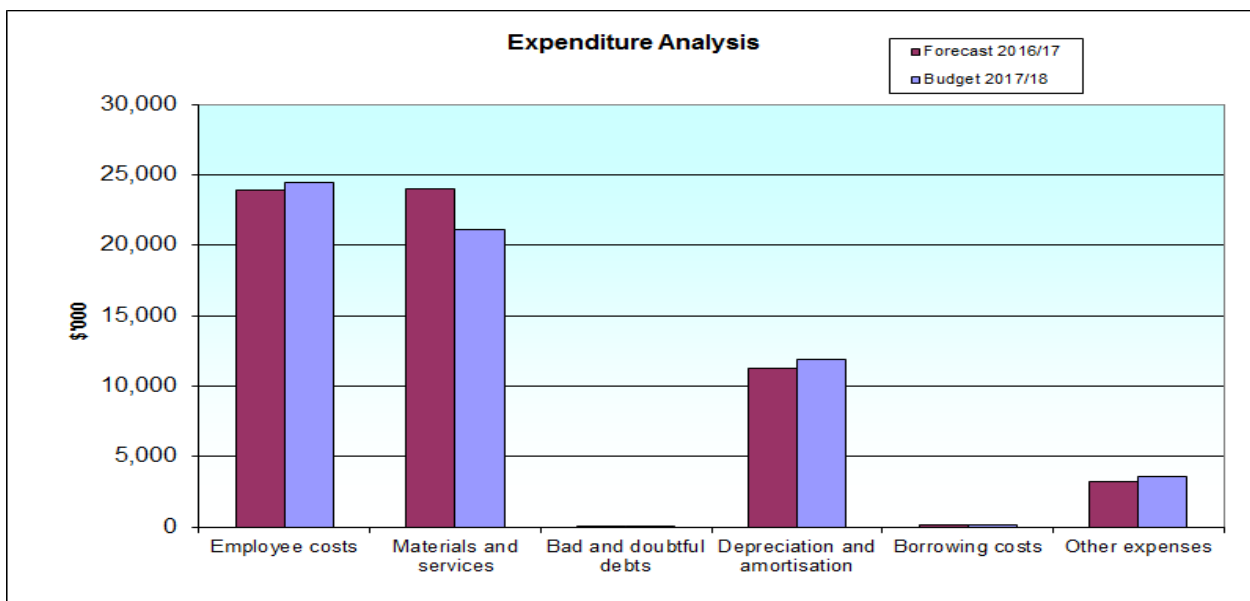
Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

Other revenue is projected to decrease by \$49,000 or 2.0% in 2017/18.

This is predominantly due to expecting \$50,000 less income from WorkCover reimbursements.

### 8.3 Expenditure

Expenditure types	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
Employee costs	8.3.1	23,897	24,428	(531)
Materials and services	8.3.2	23,958	21,130	2,828
Bad and doubtful debts	8.3.3	1	1	0
Depreciation	8.3.4	11,209	11,884	(675)
Borrowing costs	8.3.5	142	142	0
Other expenses	8.3.6	3,213	3,573	(360)
<b>Total Operating Expenses</b>		<b>62,420</b>	<b>61,158</b>	<b>1,262</b>



### **8.3.1 Employee Costs (\$531,000 increase)**

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

Employee costs are forecast to increase by \$531,000 or 2.2% when compared to the 2016/17 forecast result.

The 2017/18 budgeted employee costs takes into account:

- A 2.0% allowance for banding and contract staff increments in 2017/18, higher duties as well as the flow on effect to oncost expenses;
- The mandatory superannuation contributions remain at 9.5% until 2021/22; and
- A 1.13 increase in Full Time Equivalent (FTE) across all four directorates from 2016/17.

The range of services undertaken by Council involves the abilities, efforts and competencies of 264.53 Full Time Equivalent staff.

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.

### **8.3.2 Materials and services (\$2.83m decrease)**

Materials and consumables are forecast to decrease by \$2.83m or 11.8% compared to 2016/17.

In 2017/18 there were a significant number of one off grant funded projects carried forward from 2015/16 that were not completed by 30 June 2016. This contributed to an increase in the 2017/18 materials and services projected budget.

Section 2. 'Services and Service Performance Indicators' provide a more detailed analysis of the activities and initiatives being undertaken by Departments.

### **8.3.3 Bad and doubtful debts (\$0 movement)**

Bad and doubtful debts are projected to remain relatively stable in 2017/18.

### **8.3.4 Depreciation and amortisation (\$675,000 decrease)**

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, revision of estimated useful lives of asset classes, the completion of the 2016/17 Capital Works Program and the full year effect of depreciation on the 2016/17 Capital Works Program impacts upon the depreciation charges. Refer to Section 10. 'Analysis of Capital Budget' for a more analysis of Council's Capital Works Program for the 2017/18 year.

### **8.3.5 Borrowing Cost Expenses (\$0 movement)**

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to remain unchanged from 2016/17.

### **8.3.6 Other Expenses (\$360,000 increase)**

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

Grants contributions and discretionary fund expenditure are expected to decrease by \$144,000. The contribution to the libraries is expected to increase by \$479,000 (predominantly share of cost of replacing semi-trailer) and building grants by \$16,000.

## 9 Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 year. Budgeting cash flows for Council is a key factor in setting financially sustainable budgets and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves. The analysis is based on three main categories of cash flow. In summary these are:

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

Budgeting cash flows is a key factor in setting financially sustainable budgets each year.

### 9.1 Analysis of Budgeted Statement of Cash Flows

	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
<b>Operating Activities</b>	<b>9.1.1</b>			
Receipts		70,251	66,714	(3,537)
Payments		(50,968)	(49,031)	1,937
Net cash inflow (outflow)		<b>19,283</b>	<b>17,683</b>	<b>(1,600)</b>
<b>Investing Activities</b>	<b>9.1.2</b>			
Receipts		9,930	1,150	(8,780)
Payments		(22,965)	(20,140)	2,825
Net cash inflow (outflow)		<b>(13,035)</b>	<b>(18,990)</b>	<b>(5,955)</b>
<b>Financing Activities</b>	<b>9.1.3</b>			
Receipts		0	0	0
Payments		(142)	(142)	0
Net cash inflow (outflow)		<b>(142)</b>	<b>(142)</b>	<b>0</b>
Net increase (decrease) in cash held		6,106	(1,449)	(7,555)
Cash at beginning of year		2,931	9,037	6,106
<b>Cash at end of year</b>	<b>9.1.4</b>	<b>9,037</b>	<b>7,588</b>	<b>(1,449)</b>



### 9.1.1 Operating Activities (\$1.60m decrease)

The decrease in net cash inflows from operating activities is due mainly to receiving \$4.20m less grants and less cash contributions (\$396,000) as well as incurring additional expenses for employee costs (\$531,000) and other expenses (\$360,000). This is partially offset by incurring \$2.83m less expenditure on materials and services and receiving \$973,000 additional rates & charges income.

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

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
<b>Surplus (deficit) for the year</b>	8,314	<b>5,706</b>	<b>(2,608)</b>
Depreciation	11,209	11,884	675
Contributions - non cash	<b>(379)</b>	<b>(479)</b>	<b>(100)</b>
Loss (gain) on sale of assets	<b>(104)</b>	329	433
Finance costs	142	142	0
Net movement in current assets and liabilities	101	101	0
<b>Cash flows available from operating activities</b>	<b>19,283</b>	<b>17,683</b>	<b>(1,600)</b>

### 9.1.2 Investing Activities (\$5.96m increase)

The \$5.96m increase in net payments for investing activities is due mainly to receiving a \$8.42m transfer 'payment' from other financial assets in 2016/17 as well as \$360,000 less in proceeds from asset sales that is partially offset by actual gross expenditure on capital in 2017/18 being \$2.85m less compared with the previous 2016/17 year.

### 9.1.3 Financing activities (\$0 movement)

Financing activities includes new borrowings, the principal component of loan repayments for the year as well as the interest costs. Total interest payment budgeted for 2017/18 is \$142,000.

### 9.1.4 Cash at End of the Year (\$1.45m decrease)

Overall, total cash and investments are forecast to be \$1.45m less than 2016/17. The opening cash position of \$9.04m and contribution of cash from operating activities (\$17.68m) has provided significant funds for financing activities (\$142,000) and for investing activities (\$18.99m). Cash is expected to be \$7.59m as at 30 June 2018, which is less than the previous year (\$9.04m).

## 9.2 Restricted and Unrestricted Cash and Investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2018 it will have cash and investments of \$7.84m, which has been restricted as shown in the table on the following page.

	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
<b>Total cash and investments</b>		<b>9,037</b>	<b>7,588</b>	<b>(1,199)</b>
<b>Restricted cash and investments</b>				
Statutory reserves	9.2.1	0	0	0
Cash held to fund carry forward capital works	9.2.2	1,713	0	(2,365)
Trust funds and deposits	9.2.3	873	873	0
<b>Unrestricted cash and investments</b>	<b>9.2.4</b>	<b>6,451</b>	<b>6,715</b>	264
Discretionary reserves	9.2.5	3,311	4,557	1,246
<b>Unrestricted cash adjusted for discretionary reserves</b>	<b>9.2.6</b>	<b>3,140</b>	<b>2,158</b>	<b>(982)</b>

### 9.2.1 Statutory Reserves (\$Nil)

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

Council estimates that it will receive \$62,000 public open space contributions in 2017/18. This will be transferred to the Open Space Contributions Reserve. Council in 2016/17 will be utilising \$62,000 of its Open Space Contributions reserve to fund costs for the Corner Inlet Tourism – Great Southern Rail Trail project. It is projected that as at 30 June 2018 there will be nil funds in Statutory Reserves from open space contributions.

### 9.2.2 Cash held to fund carry forward capital 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.

There is no amount shown as cash held to fund carry forward works at 30 June 2018, as it is planned that the capital works budget in the 2017/18 financial year will be completed.

The following capital projects have had budgets carried forward from 2016/17 to 2017/18. These include:- Hudson's road Korumburra South (\$1.15m), Walkerville North – Road and Retaining Wall (\$131,000) and Leachate Evaporative System (\$432,000).

Section 10.2 contains further details on capital works funding.

### 9.2.3 Trust funds and deposits (\$873,000)

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

### 9.2.4 Unrestricted cash and investments (\$6.72m)

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

### 9.2.5 Discretionary Reserves (\$4.56m)

These funds are shown as Discretionary Reserves as, although not restricted by a statutory purpose, Council has made decisions regarding their future use. Unless there is a Council resolution these funds should be used for those earmarked purposes. During the 2017/18 year \$2.08m (includes \$45,548 interest allocations) is budgeted to be transferred to the Discretionary Reserves and \$829,054 from Discretionary Reserves.

Discretionary Reserve	Opening balance \$	Transfer to reserve \$	Interest allocation \$	Transfer from reserve \$	Closing balance \$
Corner Inlet Seawall Drainage	19,385		678		20,063
Venus Bay Surf Life Saving Club	Nil	150,000			150,000
General	1,282,011	381,023	44,870		1,707,904
Caravan parks	Nil	829,054		829,054	Nil
LGFV Bond	2,010,000	670,000			2,680,000
<b>Total</b>	<b>3,311,396</b>	<b>2,030,077</b>	<b>45,548</b>	<b>829,054</b>	<b>4,557,967</b>

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

The Corner Inlet Seawall Drainage reserve allocates funds that are specific to associated works obligations.

The Venus Bay Surf Life Saving Club reserve has quarantined funds from a community capital works allocation to allow the club time to attract further funding from other agencies.

The General reserve's primary purpose is to accumulate funding for likely future funding calls made for defined benefits superannuation liabilities.

The Caravan Parks reserves quarantines overall net surpluses from caravan park operations.

The Local Government Finance Vehicle (LGFV) Bond reserve is accumulating funds to enable repayment a \$3.35m loan when it falls due in 2019/20.

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.

### **9.2.6 Unrestricted cash adjusted for discretionary reserves (\$2.16m)**

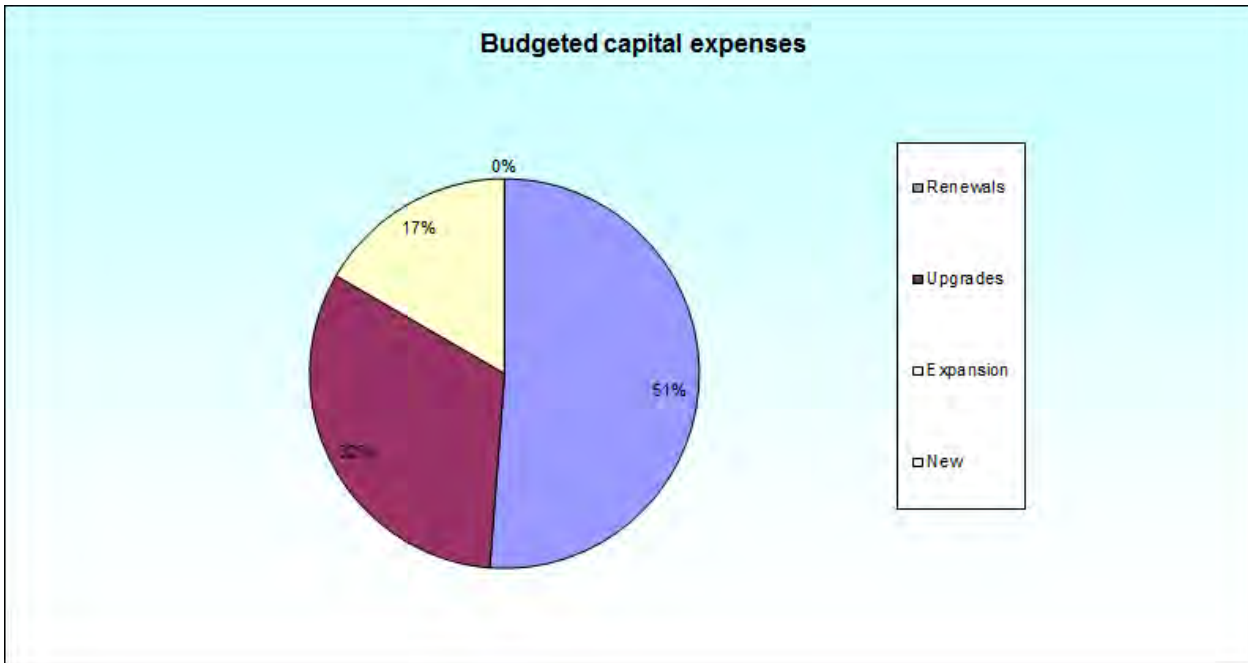
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the year following their receipt such as grants and contributions. Council regards these funds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

## 10 Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2017/18 year and the sources of funding for the budget.

### 10.1 Capital Works

Capital Works Areas	Ref	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
<b>Property</b>	10.1.1			
Land		300	25	(275)
Buildings		3,488	1,831	(1,657)
<b>Total property</b>		<b>3,788</b>	<b>1,856</b>	<b>(1,932)</b>
<b>Plant, machinery and equipment</b>	10.1.2			
Plant and machinery		2,293	2,258	(35)
Computers and telecommunications		1,391	1,595	204
<b>Total plant, machinery and equipment</b>		<b>3,684</b>	<b>3,853</b>	<b>169</b>
<b>Infrastructure</b>	10.1.3			
Roads		12,421	9,927	(2,494)
Kerb & Channel		-	-	0
Bridges		233	2,524	2,291
Major Culverts		42	92	50
Footpaths		649	540	(109)
Drainage		161	134	(27)
Off street car parks		504	-	(504)
Waste management #		350	432	82
Other Infrastructure		1,133	720	(413)
<b>Total infrastructure</b>		<b>15,493</b>	<b>14,369</b>	<b>(1,124)</b>
<b>Total capital works expenditure</b>		<b>22,965</b>	<b>20,078</b>	<b>(2,887)</b>
Represented by:				
New asset expenditure		178	-	(178)
Asset renewal expenditure		17,917	10,311	(7,606)
Asset upgrade expenditure		3,161	6,417	3,256
Asset expansion expenditure		1,709	3,350	1,641
<b>Total capital works expenditure</b>		<b>22,965</b>	<b>20,078</b>	<b>(2,887)</b>



**10.1.1 Property (\$1.86m)**

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

For the 2017/18 year, \$1.86m will be expended on land, building and building improvement projects. The projects include General Land Purchases (\$25,000), Yanakie – Camp Kitchen & Communal Area (\$108,000), Long Jetty – Kiosk / Front office / Residence (\$65,000), Community Capital Works allocation (\$950,000), Buildings renewal program (\$566,000) and Waratah Bay Caravan Park Toilet Block (\$142,000).

**10.1.2 Plant and Equipment (\$3.85m)**

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

For the 2017/18 year, \$3.75m will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.26m) and upgrade and replacement of Information Technology (\$1.60m).

**10.1.3 Infrastructure (\$14.37m)**

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

For the 2017/18 year, \$14.37m will be expended on road projects. The projects include Capital Works Civil Design (\$195,000), Guard Rail Projects (\$111,000), Bair Street Streetscape – Leongatha (\$4.59m), Korumburra Streetscape (\$179,000), Hudson’s Road Korumburra South (\$1.15m), Roads Reseal Preparation (\$828,000), Roads – Reseals (\$1.87m), Sealed Rehabilitation program (\$840,000) and Walkerville North – Road & Retaining Wall Protection (\$131,000).

\$104,000 will be expended on the Bridge Rehabilitation Program, \$320,000 on Powneys Road Bridge and \$2.1m on Bena Kongwak Bridge replacement.

\$92,000 will be expended on Major Culvert projects. The project for 2017/08 is Becher's Road.

\$189,000 will be expended on Footpaths renewal program, \$221,000 on the footpath extension program and \$130,000 on the kerb & channel renewal program.

\$134,000 will be expended on Noel Court Leongatha drainage rehabilitation program.

\$432,000 will be expended on Waste Management projects. The project for 2017/18 is the Leachate Evaporation System Koonwarra.

\$490,000 will be expended on Off Street Car Parks. The projects for 2017/18 include Cemetery Car Park (\$190,000) and Foster Car Park (\$300,000).

\$1.21m will be expended on Other Infrastructure projects. The projects include Playground Replacement Program (\$114,000), Long Jetty – new Power Heads (\$22,000), Pools renewal program (\$379,000) and Community Infrastructure projects (\$186,000).

#### **10.1.4 Asset renewal (\$10.31m), upgrade (\$6.42m), expansion (\$3.35m) and new (\$nil).**

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

The major projects included in the above categories which constitute expenditure on expansion and new assets are: capital Works design (\$78,000), Bena Kongwak Bridge replacement (\$2.1m), Community Capital Works allocation (\$950,000) and Footpaths Extension program (\$221,000). The rest of the expenditure relates to renewal and upgrade of existing assets.

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

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

There is no amount shown as cash held to fund carry forward works at 30 June 2018, as it is planned that the capital works budget in the 2017/18 financial year will be completed.

The following capital projects have had budgets carried forward from 2016/17 to 2017/18. These include:- Hudson's road Korumburra South (\$1.15m), Walkerville North – Road and retaining Wall (\$131,000 and Leachate Evaporative System (\$432,000).

There may be additional projects in the 2016/17 financial year that will not be completed by 30 June 2017. If this occurs, they will be identified prior to the Annual Budget being adopted on 28 June 2017.

## 10.2 Funding Sources

	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
Grants	10.2.1	9,915	6,395	(3,520)
Contributions	10.2.2	176	0	(176)
Borrowings	10.2.3	0	0	0
Council cash	-	0		0
-Operations	10.2.4	17,470	11,396	(6,074)
-Proceeds on sale of assets	10.2.5	1,510	749	(761)
-Reserve cash and investments	10.2.6	755	829	74
- Unrestricted cash and investments	10.2.7	(6,861)	771	7,632
<b>Total funding sources</b>		<b>22,965</b>	<b>20,140</b>	<b>(2,825)</b>

### 10.2.1 Grants (\$6.40m)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for the Roads to Recovery funding (\$1.67m), Bair Street Leongatha Landscape (\$3.06m), Powneys Road Bridge (\$213,000) and Bena Kongwak Bridge (\$1.45m).

### 10.2.2 Contributions (\$Nil)

Capital contributions include all monies received from community sources for the purposes of funding the capital works program. There are no contributions budgeted to be received in 2017/18.

### 10.2.3 Borrowing (\$Nil)

There are no borrowing's budgeted for in the 2017/18 financial year for capital projects.

### 10.2.4 Council Cash - Operations (\$11.40m)

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 \$11.40m will be generated from operations to fund the 2017/18 capital works program (after allowing for capital grants and contributions as discussed in Section 10.2.1 and 10.2.2). Refer section 9. 'Analysis of Budgeted Cash Position' for more information on funds from operations.

### 10.2.5 Council Cash - Proceeds from Sale of Assets (\$749,000)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$314,000 for plant sales and \$435,000 for vehicle sales.

### 10.2.6 Council Cash - Reserve Cash and Investments (\$829,000)

Council has significant cash reserves, which it is currently using to fund its annual capital works program. For 2017/18 \$829,000 will be used to fund part of the caravan parks capital works program.



### **10.2.7 Council Cash - Unrestricted Cash and Investments (\$771,000)**

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments funds preserved from the previous year mainly as a result of grants and contributions being received in advance and the strategic building up and periodic releasing of financial capacity. It is forecast that \$771,000 will be available from the 2016/17 year to fund capital works in the 2017/18 year.

## 11 Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2016/17 and 2017/18.

### 11.1 Budgeted Balance Sheet

	Reference	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
<b>Current</b>				
Assets	11.1.1	20,558	19,109	(1,449)
Liabilities	11.1.2	(8,896)	(8,936)	(40)
<b>Net current assets</b>	<b>11.1.5</b>	<b>11,662</b>	<b>10,173</b>	<b>(1,489)</b>
<b>Non Current</b>				
Assets	11.1.3	535,491	568,341	32,850
Liabilities	11.1.4	(5,663)	(5,663)	0
<b>Net non current assets</b>		<b>529,828</b>	<b>562,678</b>	<b>32,850</b>
<b>Net assets</b>				
Accumulated surplus		208,639	213,099	4,460
Reserves		332,851	359,752	26,901
<b>Total Equity</b>	<b>11.1.6</b>	<b>541,490</b>	<b>572,851</b>	<b>31,361</b>

#### 11.1.1 Current Assets (\$1.45m decrease)

The current assets are projected to be less than 2016/17, the main contributor being a \$1.45m decrease in the cash position. A more detailed analysis of this change is included in section 9. 'Analysis of Budgeted Cash Position'. Rate and other debtors are not expected to change significantly.

#### 11.1.2 Current Liabilities (\$40,000 increase)

There is an increase of \$40,000 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to reclassifying \$40,000 for long service leave as a current provision.

#### 11.1.3 Non Current Assets (\$32.85m increase)

The increase in non-current assets is due to the net result of the capital works program (\$20.14m), net asset revaluation increment (\$25.66m), gifted and donated assets (\$479,000), the depreciation of all non-current assets with the exception of land (\$11.88m), landfill remediation provision costs (\$61,000) and the written down value of property, plant and equipment sales (\$1.48m).

#### 11.1.4 Non Current Liabilities (\$nil)

There has been no movements in non-current liabilities.

### 11.1.5 Working capital (\$1.49m decrease)

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

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

	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Fav (Unfav) Variance \$'000
<b>Current assets</b>	20,558	19,109	(1,449)
<b>Current liabilities</b>	8,896	8,936	(40)
<b>Working capital</b>	11,662	10,173	(1,489)
Restricted cash and investments current assets			
- Statutory reserves	-	0	0
- Cash held to fund carry forward capital works	1,713	0	1,713
- Trust funds and deposits	873	873	0
<b>Unrestricted cash and investments</b>	9,076	9,300	224
- Discretionary reserves	3,311	4,557	(1,246)
<b>Underlying working capital</b>	5,765	4,743	(1,022)

In addition to the restricted cash shown above, Council is also projected to hold \$4.56m in discretionary reserves at 30 June 2018. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

### 11.1.6 Equity (\$31.36m increase)

The increase in the accumulated surplus is impacted by the budgeted Comprehensive surplus of \$31.36m.

In addition to this overall change in Equity, \$2.14m will be transferred from the accumulated surplus to internal reserves. \$891,000 will be transferred out of the internal reserves to the accumulated surplus.

As these transfers are movements between balances within equity, it has no effect on the total balance of equity. A more detailed analysis of reserve transfers is included in Section 9.2.1 Statutory Reserves and Section 9.2.5 Discretionary Reserves.

## 11.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2018 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 in 2017/18 will be at similar levels to that of previous years;

- Trade creditors and other creditors and debtors to remain consistent with 2016/17 levels;
- Proceeds from the sale of property in 2017/18 will be received in full in 2017/18;
- Employee entitlements to be increased to allow for wage movements. No increase in the average rate of leave taken is expected;
- Repayment of loan principal is to be \$nil;
- Total capital expenditure to be \$20.14m;
- A total net \$1.25m to be transferred to internal reserves from accumulated surplus; and
- \$6.40m in capital grants will be received by 30 June 2018.

## 12 Long Term Financial Strategies, Strategic Resource Plan and Long Term Financial Plan

### 12.1 Principles 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*:

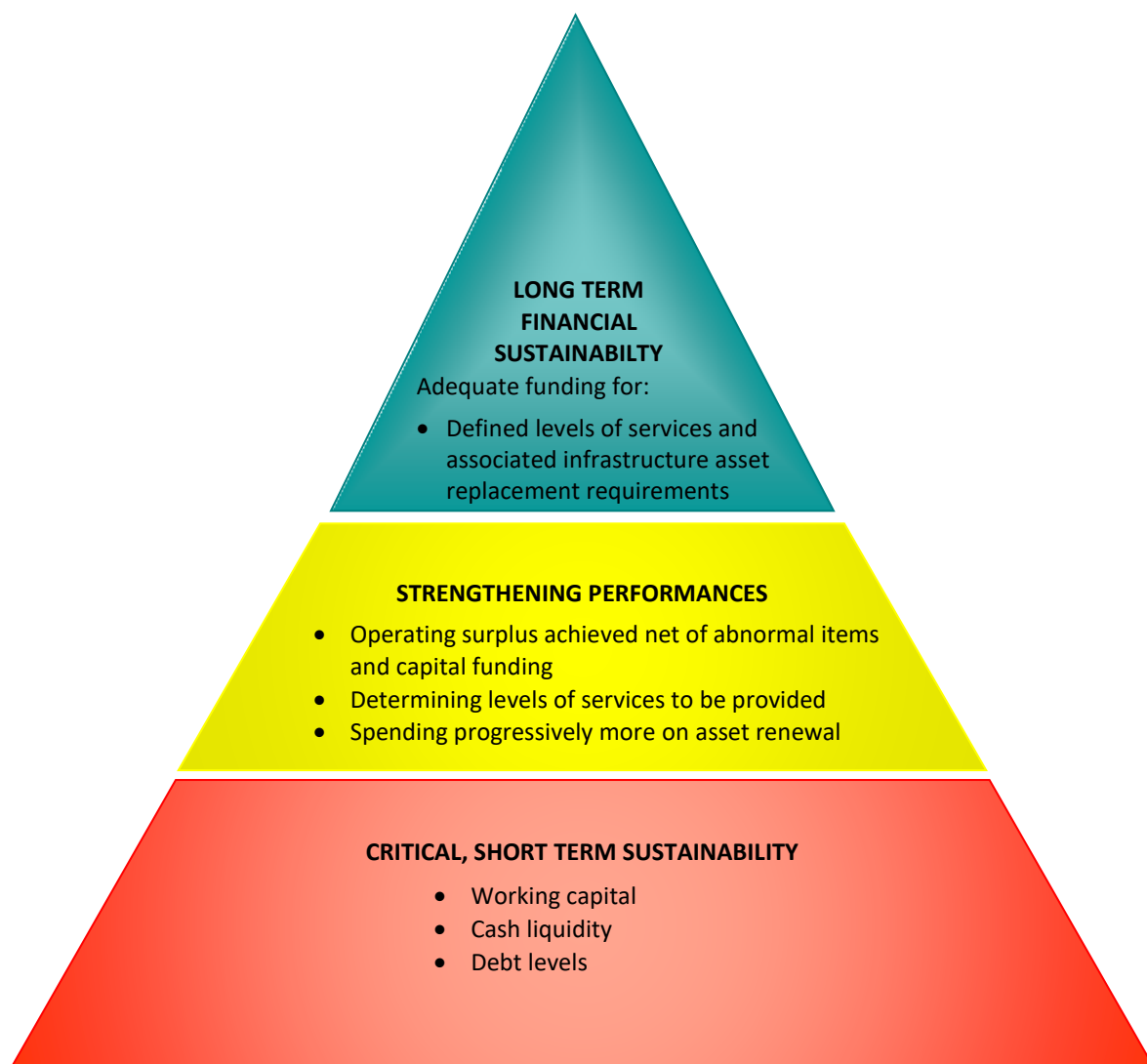
- 'Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information'.

This 15 year Long Term Financial Plan for the years 2017/18 to 2031/32 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 A.

The Budgeted Statements in the Strategic Resource Plan are a four year subset of the 15 year Long Term Financial Plan. These are in Section 3, Financial statements.

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



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

Second tier financial objectives focus on continuing to produce progressively improving financial outcomes to strengthen Council's financial position. It is vitally important to define and then consistently achieve planned operational and financial outcomes, before 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 meets community needs and which they are 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 the 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.

## **12.2 Long Term Financial Strategies**

The Long Term Financial Strategies developed and adopted by Council align with the financial objectives in the 'financial pyramid'. 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 1.25 to 1 underlying working capital ratio in the Long Term Financial Plan.
- 3 Transfers to discretionary reserves will only be included in the Annual Budget if matched by an equivalent budgeted underlying surplus in the Income Statement to preserve the accumulated surplus position of Council.
- 4 Material favourable budget variations realised at year's end in a given financial year will be allocated to a general reserve (unless required to finance projects deemed as 'unavoidable') that can be used as a funding source for future one off, unexpected or unavoidable costs.
- 5 Annual transfers of equivalent to 1.0% of rate income are made to the general reserve.
- 6 Annual transfers equivalent to the average interest earned on investments during the financial year are made to all reserves, Loan Reserve excepted.
- 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 1.25
  - 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, upgrade and expansion capital work proposals in the first four years of the Long Term Financial Plan 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 Any services that undergo service level review process which have non statutory fees and charges will have those fees and charges identified to reflect their level of community benefit which clearly articulates the basis for the fee or charge relative to the service being provided.
- 17 Council consider the most appropriate rating strategy to provide adequate funds to:
  - achieve sustainable underlying surpluses;
  - achieve sustainable cash flows; and
  - fund capital renewal projects;in both the Annual Budget and Long Term Financial Plan to support defined service and infrastructure asset requirements.



### 12.3 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.

The Long Term Financial Plan takes past, current and future economic forecasts into consideration.

For the most part of the last decade, Australia experienced relatively prosperous economic circumstances compared to the rest of the world. This translated into both Federal and State governments producing surplus outcomes and grants flowing through to local government. Even with the advent of the global financial crisis in 2008, councils 'financially benefited' by receiving stimulus funding.

The Australian economic landscape has in the last three years significantly changed. This is primarily due to the end of the mining investment boom. Forward taxation revenue estimates from the mining industry have been materially revised down. The manufacturing industry in Australia has been impacted from the decision of major car manufacturers to cease manufacturing in Australia. This has significant mid to long term structural reform implications for the Australian economy.

The Federal Government is expecting to continue to experience a tight fiscal environment for a number of years. It does not forecast producing an operating surplus until at least the 2020/21 financial year. This is a significant contrast to what had occurred for the most part of the last decade. This has and will have a flow on impact for the local government sector. This is evidenced by the Federal Government's decision to freeze indexation on financial assistance grants to local government for three years to 2016/17.

The Minister for Local Government, the Honourable Natalie Hutchins announced on 19 December 2016 that Victorian council rate increases will be capped to the rate of inflation, 2.0% for 2017/18. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

The general rate for 2017/18 will increase by 2.0%. The garbage and green waste charge will increase by 1.3%. (The projected rate rise for 2017/18 in the previous years' Long Term Financial Plan was 2.5%). The rate rises in the forward years have been set at 2.0%. Council will now receive \$27.0m less rates & charges revenue over a 14 year period when comparing the proposed 2017/18 Budget / Long Term Financial Plan to the previously adopted 2016/17 Budget / Long Term Financial Plan.

The financial modelling used for other income and expenditure items 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 underlying inflation will be 1.8% for 2016/17 and 2.1% for 2017/18.

Where an inflation movement has been used in material and consumable calculations, it has been modelled at being set at 0% for 2017/18.

This recalibration can be justified a number of ways including:-

- The actual CPI for 2014/15 was 1.10% and for 2015/16 was 1.40%;

- Council's inflation index over that period of time was set at 2.50% which has created embedded financial capacity in the recurrent budgets; which in turn has
- contributed to consistent overall actual operational expenditure outcomes being favourable relative to forecasted results;

In the following two years (2018/19-2019/20), the default inflation index in the Long Term Financial Plan has been set at 2.00% per annum. In the following four years it is set at 2.25% and then increases to 2.50% from 2024/25 onwards.

Commsec Wages Prices Index project a 2.1% movement to occur in 2016/17 and 2.6% on 2017/18.

The employee costs increments have been set at 2.00% from 2017/18 to 2018/19 and at 2.50% from 2020/21 to 2023/24 and then at 2.75% from 2024/25 onwards. It also has factored in the increase in superannuation contributions from 9.5% to 10.0% to occur in 2021/22 and then to increase by 0.5% each year thereafter until it reaches 12.0% in 2025/26.

Program service delivery areas that include construction type projects tend to have costs that increase above CPI. The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria was an average of 2.34% for the five year period ending December 2016. The annualised movement (as at December 2017) was a 0.82% increase.

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 for 2017/18 is based on an indexed increase of 2.00%. The following 2018/19 year the indexed increase is 2.50% and then trends up by 0.50% each year up until 2020/21. From 2021/22 onwards the index increase is set at 3.80%.

Fees and charges increases are generally modelled to increase by the same general rates increases until full cost recovery is achieved for direct service provision, where appropriate.

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 175 additional supplementary valuations each year. This has a compounding impact on rate income in the forward budgets. If the projected property activity does not eventuate, the forward income projections will have to be adjusted accordingly.

#### **12.4 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.

Listed below and 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, special rate income 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	> 1.25	Low risk of financial sustainability concerns
Yellow	1.0 - 1.25	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	>95%	Low risk of insufficient spending on asset renewal and upgrades
Yellow	90%-95%	May indicate that spending on asset renewals is insufficient
Red	<95%	Spending on asset renewals and upgrades has not kept pace with consumption of assets

**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	60%-100%	Undesirable reliance on rate revenue to fund debt
Red	>100%	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 on the following page shows a series of key performance indicators that are used to assess the financial integrity of the budgeted financial statements in the Long Term Financial Plan.

2017/18 Proposed Budget	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Financial performance</b>																
Underlying result	-3.58%	-1.95%	3.01%	-0.33%	0.13%	2.03%	1.59%	0.23%	-0.33%	-0.84%	-1.27%	-1.59%	-2.64%	-2.84%	-2.58%	-3.10%
Underlying Working Capital	1.94	1.63	1.13	1.68	1.04	1.13	1.46	1.67	1.70	1.44	1.81	1.71	1.56	1.73	1.69	1.56
<b>Funding capacity</b>																
Self-financing	27.41%	26.64%	26.52%	24.67%	26.81%	26.90%	27.17%	26.55%	28.43%	26.93%	26.30%	26.35%	25.78%	25.72%	26.18%	25.96%
Sustainability Index	165%	73%	124%	92%	157%	115%	93%	95%	127%	93%	83%	110%	96%	86%	88%	90%
<b>Borrowing capacity</b>																
Indebtedness	12.01%	11.85%	3.25%	3.29%	3.34%	3.37%	3.41%	3.46%	3.51%	3.56%	3.61%	3.66%	3.71%	3.75%	3.77%	3.80%
Total Debt as a % of Rate revenue	8.38%	8.18%	7.97%	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	0.20%	0.21%	0.22%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

The 'Underlying Result' compares recurrent income and recurrent expenditure. The underlying result is forecast to be in the yellow zone in 2016/17 predominately because there was \$1.08m budgets carried forward from 2015/16 for grant funded operational expenditure that had not been completed by 30 June 2016. The underlying result is forecast to be in the yellow zone in 2017/18 as a result of a number of one off project initiatives being funded in that year as well as grant funded expenditure originally budgeted to be undertaken in 2016/17 being carried forward into 2017/18.

For the following six financial years in the forward plan the underlying result trends into and remains in the green zone (2019/20 excepted). In the later years it trends down into the yellow cautionary zone. Council is managing this issue by allowing any future years' productivity gains to flow through to the bottom line in the later years, so as to strategically begin addressing the downward trend in the forecast underlying operating results.

The 'Underlying Working Capital' assesses Balance Sheet strength and in particular Council's ability to pay existing liabilities. In the forward plan the ratio marginally falls below the strategic target of 1.25 to 1 in 2018/19, 2020/21 and 2021/22 before strengthening again in the later years. Council

has somewhat limited financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in the immediate years.

The flat lining of the capital expenditure budgets in the later years of the Long Term Financial Plan contribute to the gradual strengthening of the underlying working capital ratio. However as previously mentioned, it would not be unreasonable to assume that in coming years there may be some upward rather than downward pressure on capital expenditure funding requirements that in turn will impact on the ratio.

The 'Self Financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone in 2017/18 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 2017/18. In the following years it generally fluctuates between the green and yellow zone and even dips into the red zone in, 2026/27, 2029/30 and 2030/31. This does not present as a strategic concern. This is expected because the nature of capital renewal expenditure requirements tends to have a profile that varies over the years. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets over the 15 year Long Term Financial Plan. 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 2017/18 and all the forward budgets. Due to the inherent strength of the Balance Sheet, Council has borrowing capacity in the forward years if it wishes to consider funding additional capital upgrade or extension projects.

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.

The 2017/18 Budget / Long Term Financial Plan is financially sustainable.

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

<b>2016/17 Original Budget</b>	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Financial performance</b>																
Underlying result	-3.95%	2.68%	3.30%	2.98%	2.70%	2.97%	2.68%	0.57%	-0.19%	-0.20%	-0.14%	-0.20%	-0.85%	-0.46%	-0.88%	
Underlying Working Capital	1.64	1.72	1.44	2.39	2.10	2.44	1.25	1.33	1.19	1.06	1.43	1.37	1.35	1.52	1.56	
<b>Funding capacity</b>																
Self-financing	25.37%	28.25%	26.91%	26.96%	29.07%	27.08%	29.05%	27.16%	28.67%	28.15%	27.67%	27.63%	27.32%	26.52%	26.30%	
Sustainability Index	125%	67%	90%	91%	158%	98%	174%	218%	125%	97%	88%	111%	106%	87%	93%	
<b>Borrowing capacity</b>																
Indebtedness	10.38%	8.51%	1.68%	1.76%	1.85%	1.92%	2.01%	22.77%	24.82%	20.36%	19.18%	18.03%	16.90%	15.78%	14.69%	
Total Debt as a % of Rate revenue	8.38%	8.13%	7.88%	0.00%	0.00%	0.00%	0.00%	24.13%	26.59%	25.78%	20.58%	19.13%	17.71%	16.32%	14.95%	
Debt servicing costs as a % of Total revenue	0.21%	0.22%	0.22%	0.08%	0.00%	0.00%	0.00%	0.84%	0.88%	0.86%	0.65%	0.66%	0.61%	0.57%	0.53%	

Overall, the Long Term Financial Plan for 2017/18 although marginally weaker, has parity with the previous year's plan.

The forward underlying result indicator is generally weaker in the 2017/18 Long Term Financial Plan when benchmarked against the 2016/17 plan. This is due to the longer term impact of less rates revenue being generated as a result of rate capping.

The underlying working capital ratio is marginally weaker in the immediate years and then stronger in the mid to later years in the 2017/18 Long Term Financial Plan when benchmarked against the 2016/17 plan. The improving ratio in the later years can largely be attributed to the removing of the \$24.72m municipal precinct, library and community centre project from the 2022/23 and 2023/24 forward budget.

Some of this financial capacity created by removing the municipal precinct, library and community centre project was reallocated to other project initiatives that have been included in the earlier years of the Long Term Financial Plan. When comparing capital expenditure outlays for the first four years of this current Long Term Financial Plan to the previous 2016/17 plan, Council has increased the capital expenditure budget by \$10.6m. This pushes the ratio into caution territory for some of those years indicating that Council will have somewhat restricted financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

The following financial indicators are used as measures for the 2017/18 Annual Budget.

- Indebtedness 11.85%;
- Underlying working capital ratio 1.63%
- Self-financing 26.64%;
- Sustainability Index 73%; and
- Underlying result (1.95)%.

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



## 12.5 Financial Resources – Four Year Strategic Resource Plan

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

- **Financial sustainability (section 9)** - Cash and investments is forecast to decrease over the four year period from \$7.58 million to \$1.56 million, brought about by successive years of producing operating surpluses that are used to fund substantial capital works requirements.
- **Rating levels (section 15)** Rate increases will be determined by the Minister for Local Government in December of each year. The rate increase for the forward years in the Strategic Resource Plan has been set at 2.00%.
- **Service Levels (section 2)** Aside from the recurrent cost requirements to implement Arts and Culture Strategy, all service levels have been maintained throughout the four year period. Operating surpluses are projected to remain relatively stable over the four year period. Council aside from 2017/18 and 2019/20 is projecting to produce underlying surpluses in 2018/19 and 2022/21.
- **Borrowing strategy (section 16)** – Borrowings are forecast to remain at \$3.35m over the first three years and by 2019/20 Council will be debt free.
- **Infrastructure strategy (section 17)** - The funding requirements for the future capital works have been prioritised for renewal works and remain relatively stable. Capital expenditure over the four year period will total \$77.79m at an average of \$19.45m per annum. (Previous year Long Term Financial Plan: \$67.15m at an average of \$16.78m per annum).

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

South Gippsland Shire Council has been producing strategic financial plans over the past 14 years. The following graphs benchmark the current 2017/18 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

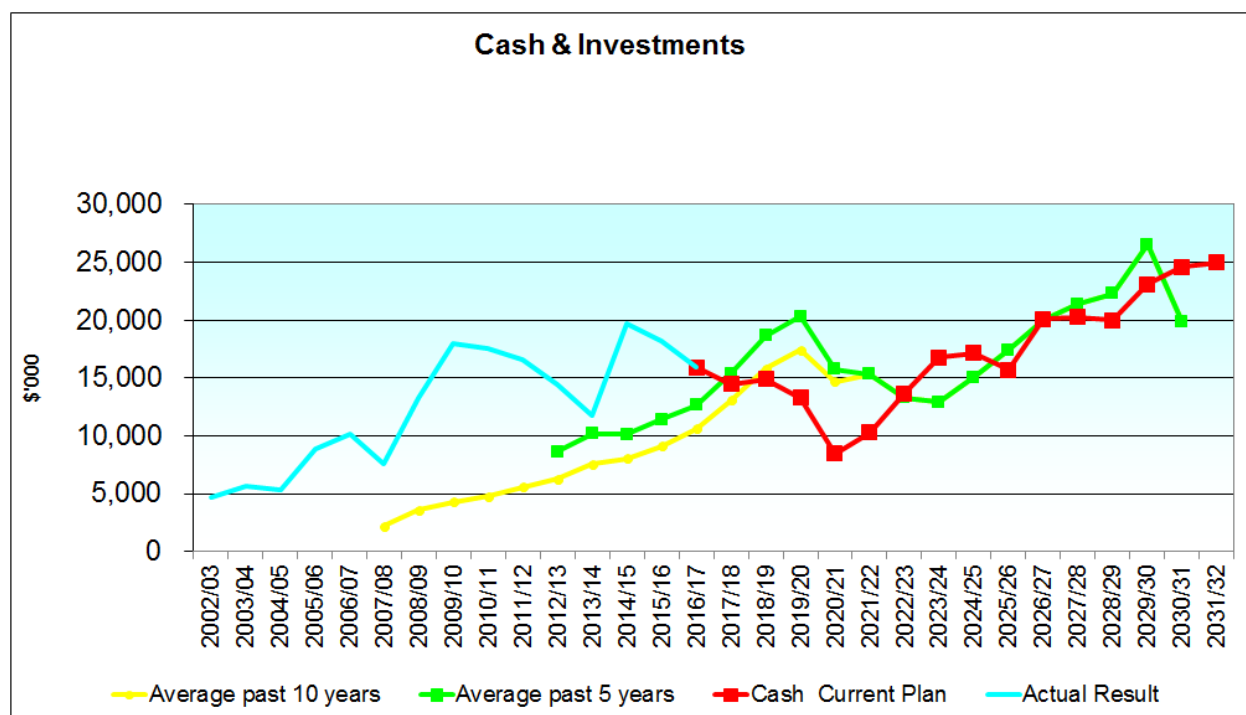
**Average (yellow line)** Average of previous 10 years Long Term Financial Plans.

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

**Current plan (red line)** 2017/18 Long Term Financial Plan.

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

### 13.1. Liquidity



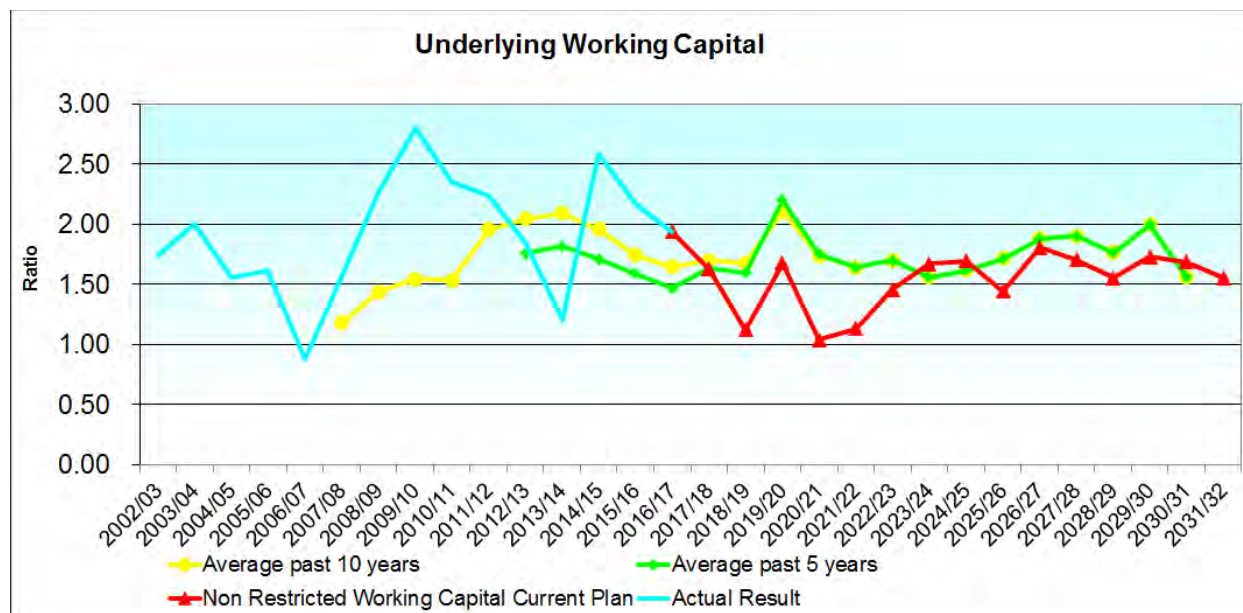
The objective after reducing debt in 2007/08 was to gradually and purposefully build up cash and then in the later years when the working capital position of Council was sufficiently strong, release funds for capital works.

The spikes and dips in cash from 2008/09 through to 2016/17 was due to a combination of receiving 'new' grant funds at year end, advanced payment of portion of annual Victoria Grants Commission allocations and not completing current work programs within the financial year.

From 2017/18 and the immediate years following, the cash is impacted by a combination of the introduction of rate capping in 2016/17 and the increased funding requirements for significant capital works funding that have been factored into the plan.

The projected cash position in later years does however trend up. This is due to a combination of the flat lining of capital works expenditure requirements in those later years of the financial plan and because the increasing levels of cash backed internal reserves.

### 13.2 Underlying Working Capital



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

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

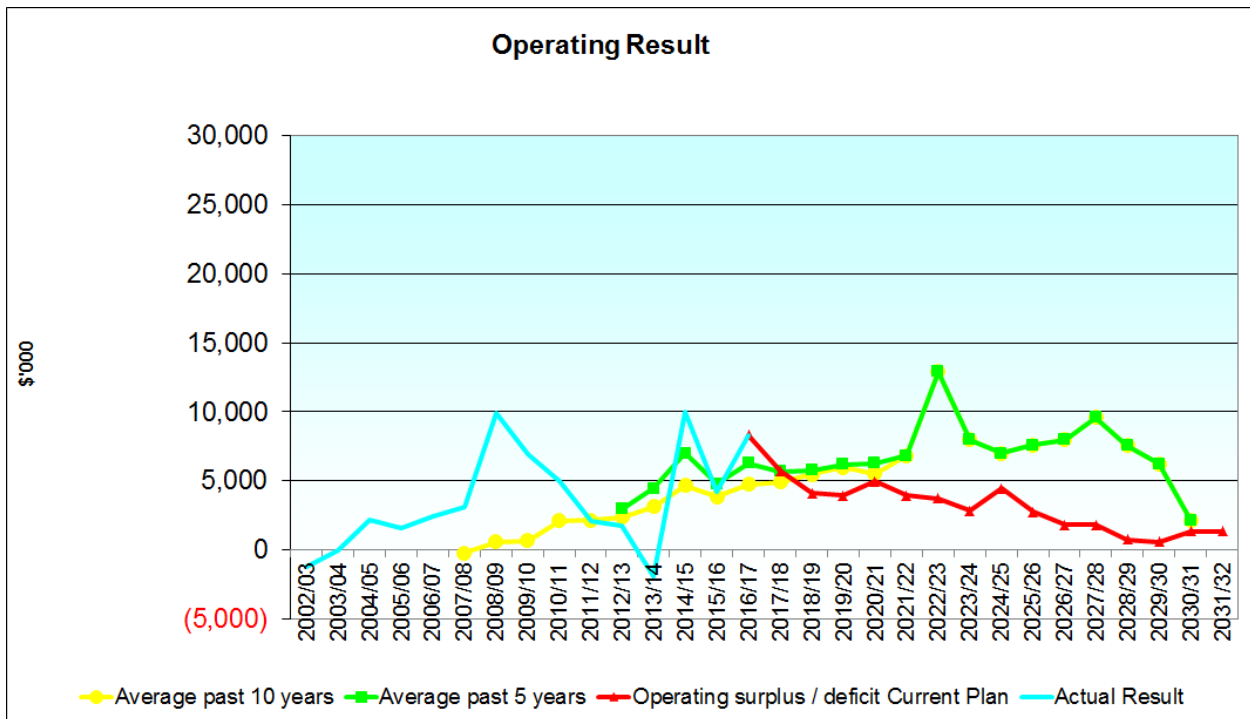
The unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding had an adverse financial impact on the underlying working capital ratio in the immediate years prior to 2013/14.

Council's working capital ratio was distorted in 2014/15 and 2015/16 by having to receive \$4.34m of the Victoria Grants Commission allocation a year earlier than when it was due.

In the 'Current Plan' the ratio marginally falls below the strategic target of 1.25 to 1 in a few of the immediate years going forward as a result of planning to undertake a number of additional project initiatives in those years.

In the later years the ratio trends back up. This is due to a combination of removing the municipal, library and community centre project from the 2022/23 and 2023/24 budgets and the flat lining of capital works expenditure requirements in the later years.

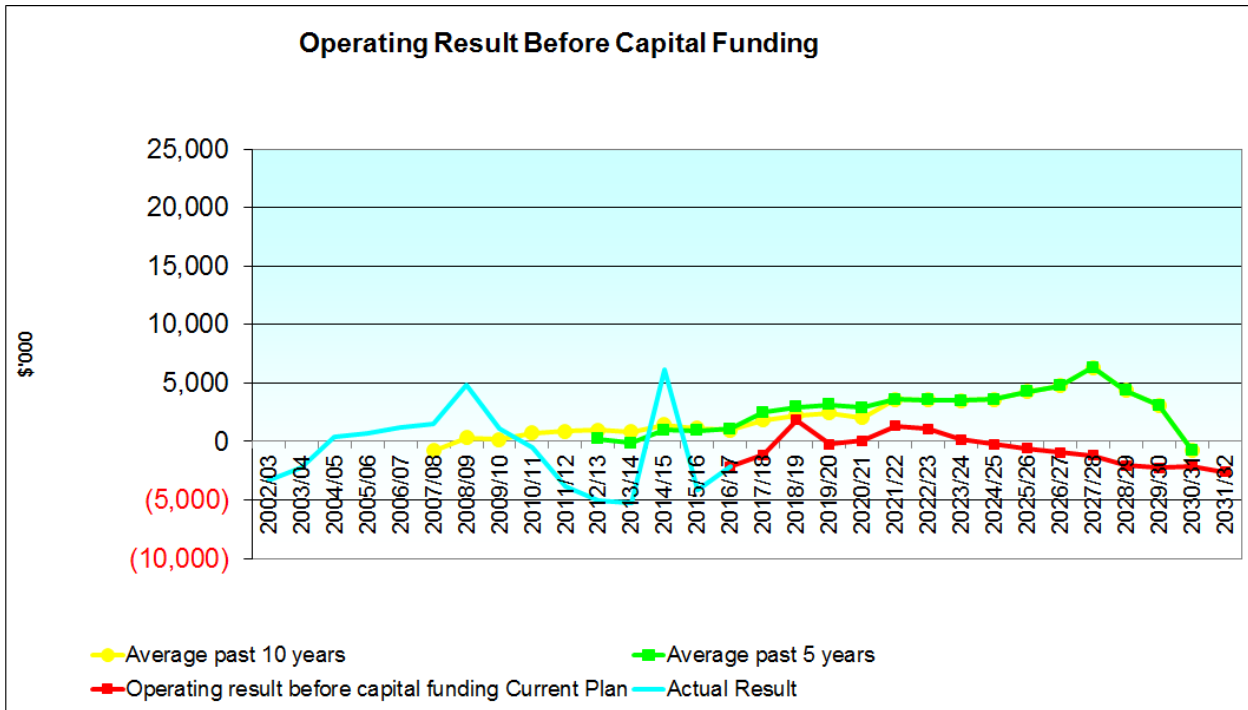
### 13.3 Income Statement



The operating result is sometimes referred to as the bottom line or headline result. Council’s operating result was distorted in 2014/15 and 2015/16 by having to receive \$4.34m of the Victoria Grants Commission allocation a year earlier than when it was due.

The operating results in the immediate forward budgets of the current plan are weaker when compared with previous years’ plans. This is due to less rates being generated as a result of rate capping. Longer term, there is significant and consistent downward trend as a result of introducing rate capping in 2016/17.

Council plans to manage this strategic concern by allowing any future years’ productivity gains that are identified to flow through to the bottom line in the later years.

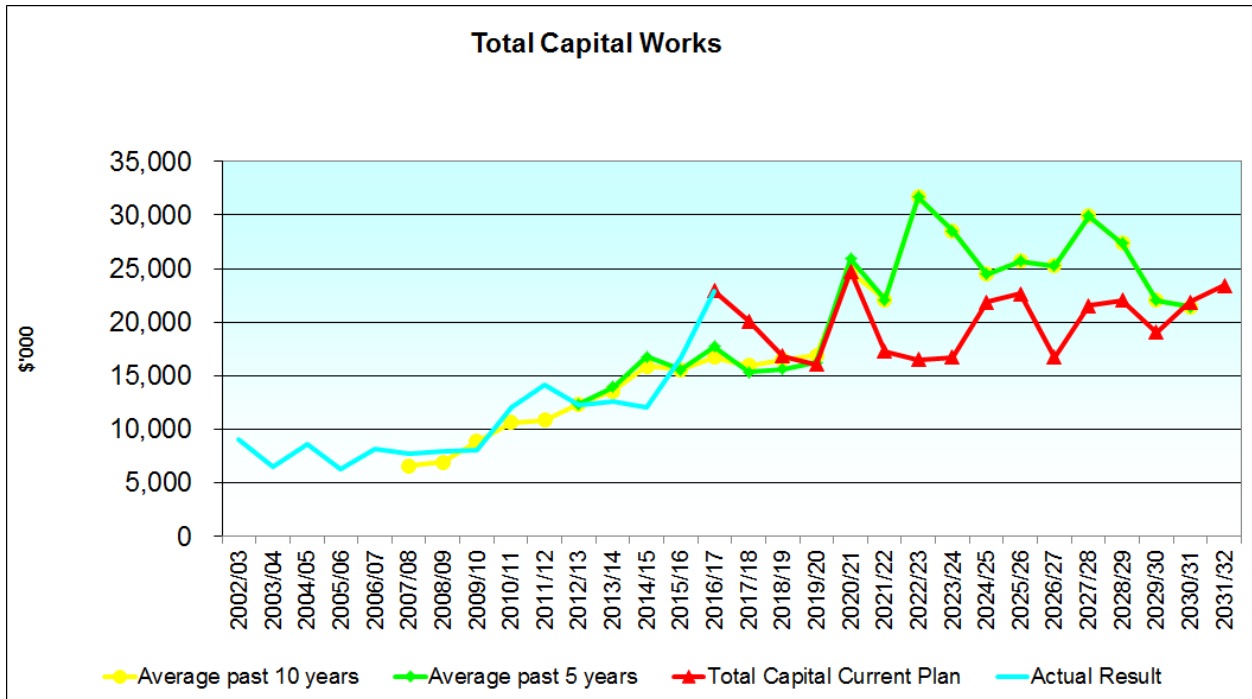


The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue to recurrent expenditure streams in the operating statement.

The graph and explanations of the underlying operating result mirrors that of the operating result discussed above. Council is projecting to produce consistent underlying deficit results in the later years of the plan.

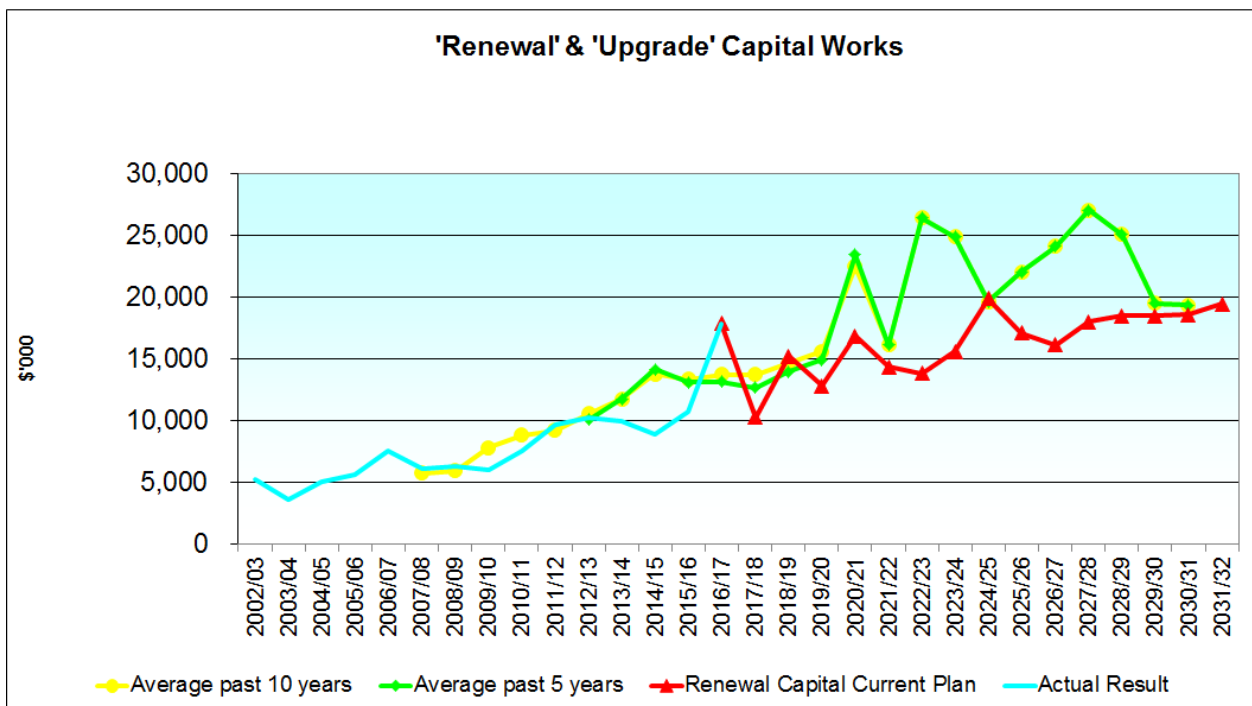
Council intends to manage the longer term downward trend in the underlying result by allowing any future years' productivity gains to flow through to the bottom line in the later years.

### 13.4 Capital Works Program



The profile was flat for a number of the earlier years up until 2008/09 while the strategic focus was paying off long term debt and restoring Balance Sheet strength. This then enabled increasing levels of self funded capital works allocations to be incurred in the following years.

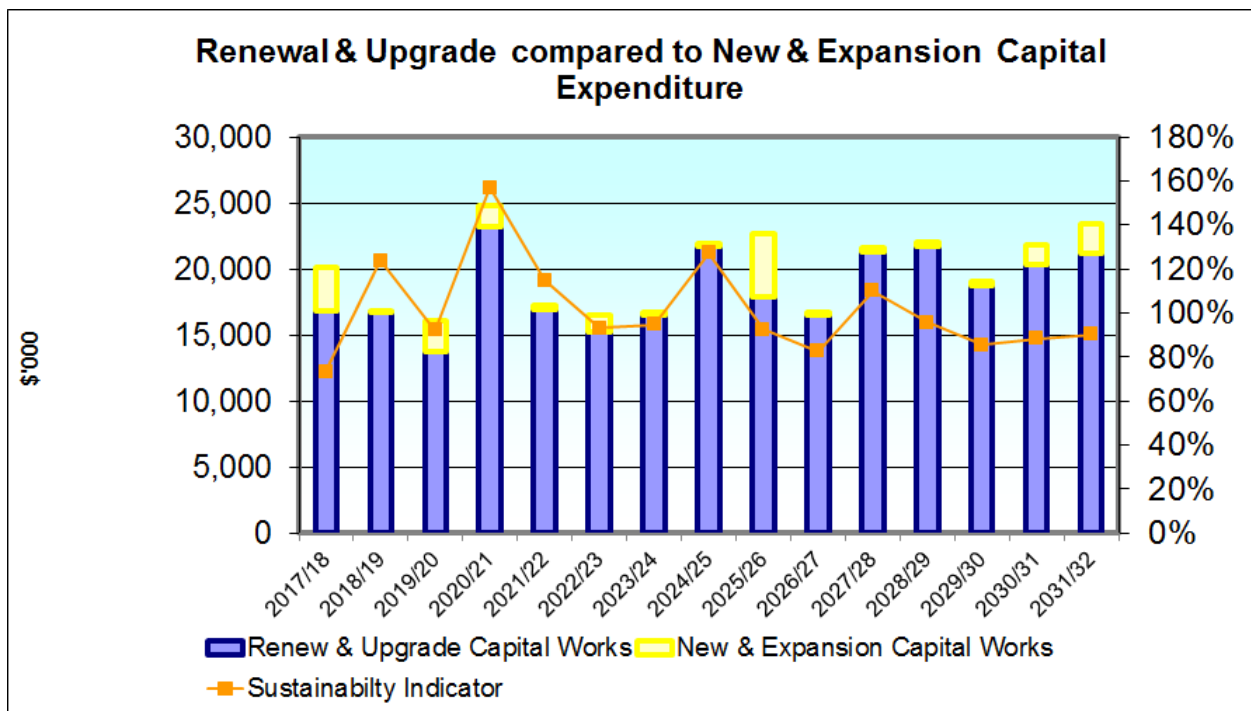
In the later years the expenditure plan flattens. It would not be unreasonable to assume that in coming years that there may be some upward rather than downward pressure on capital works funding requirements.

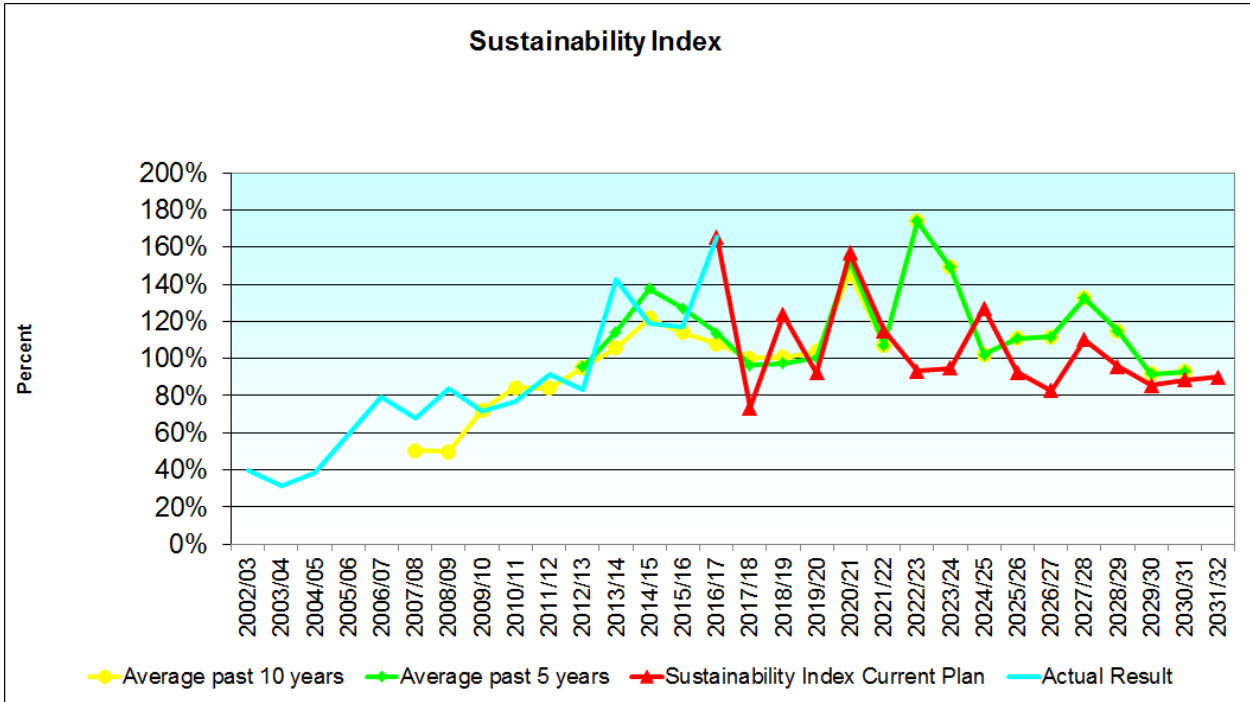


The general flattening of the capital renewal and upgrade budgeted expenditure in later years when compared to previous plans is due to less funding being available when rate capping was introduced in 2016/17. The reduction in costs is largely due to the revising down of forward cost indices. The actual capital works projects remain largely unchanged.

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

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

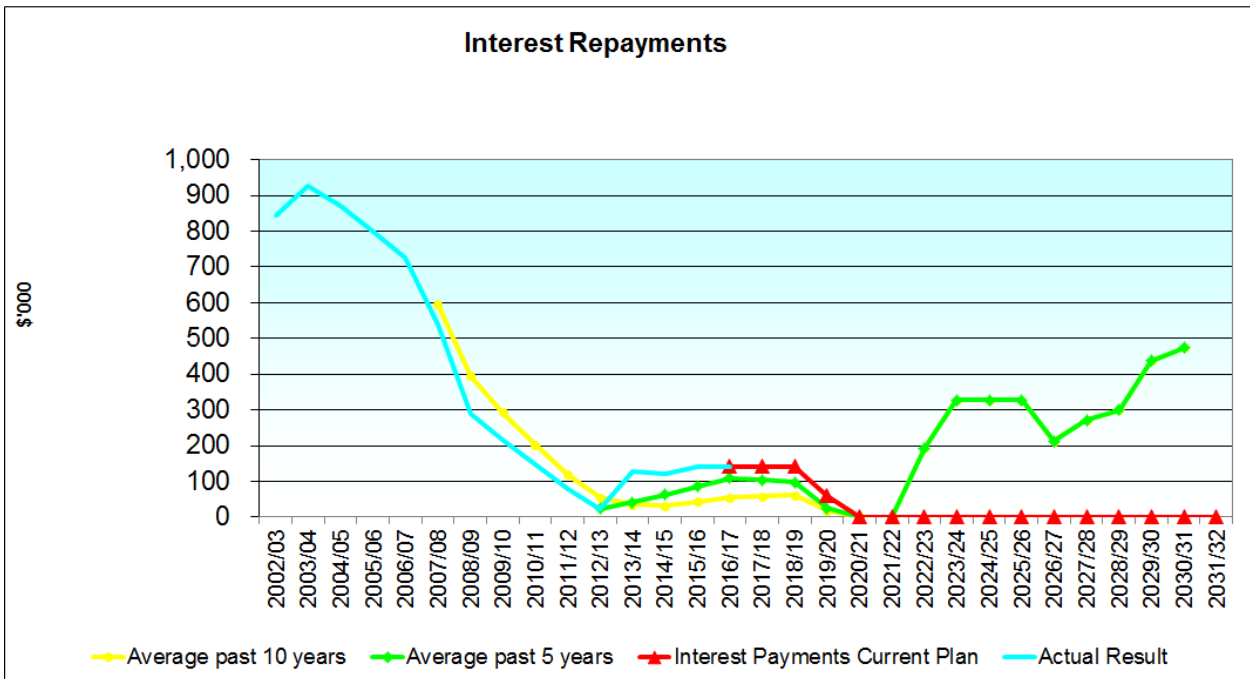




The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index shows a flat lining of expenditure effort in forward budgets on renewing and upgrading assets when compared with previous year's plans.

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

### 13.5 Borrowings





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

Council borrowed funds in 2013/14 to pay the unfunded superannuation obligations of Council. In 2014/15 Council converted its borrowing into a five year bond which made the liability non-current for a number of years.

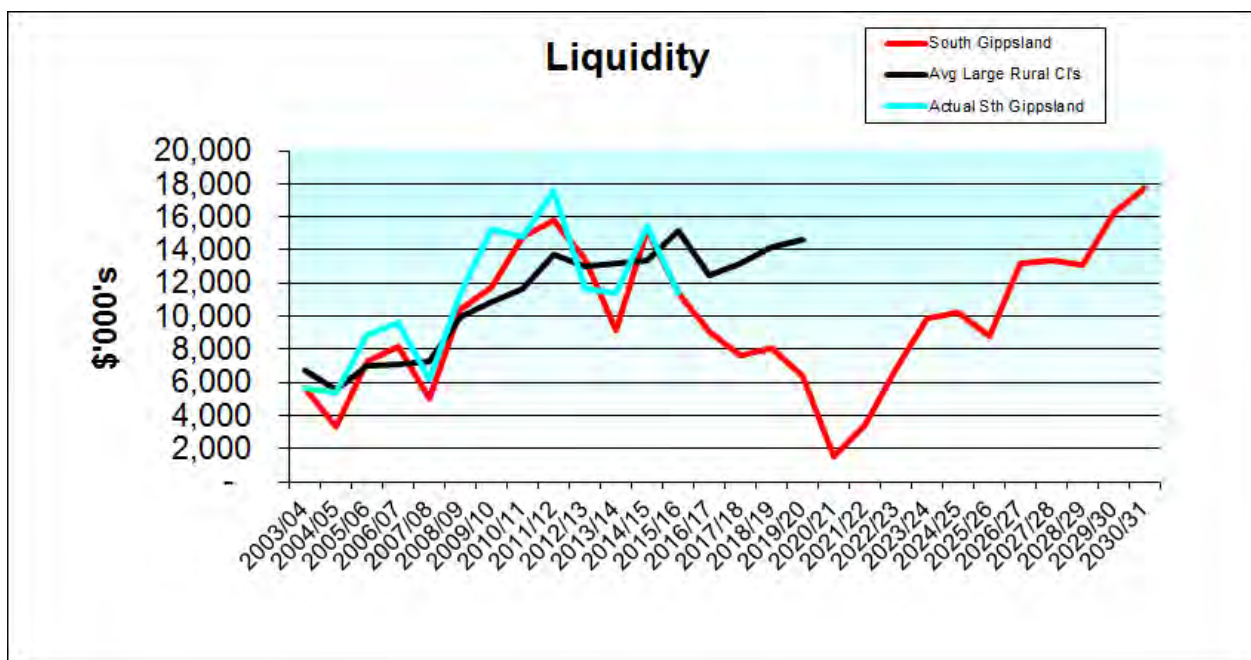
By focusing to pay off debt in the early years has significantly reduced the finance costs in the forward budgets.

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

The following graphs benchmark the current 2017/18 Long Term Financial Plan against the average of large councils 2016/17 financial plans, the lines representing:

- **South Gippsland (red line) 2017/18 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**

## 14.1 Liquidity

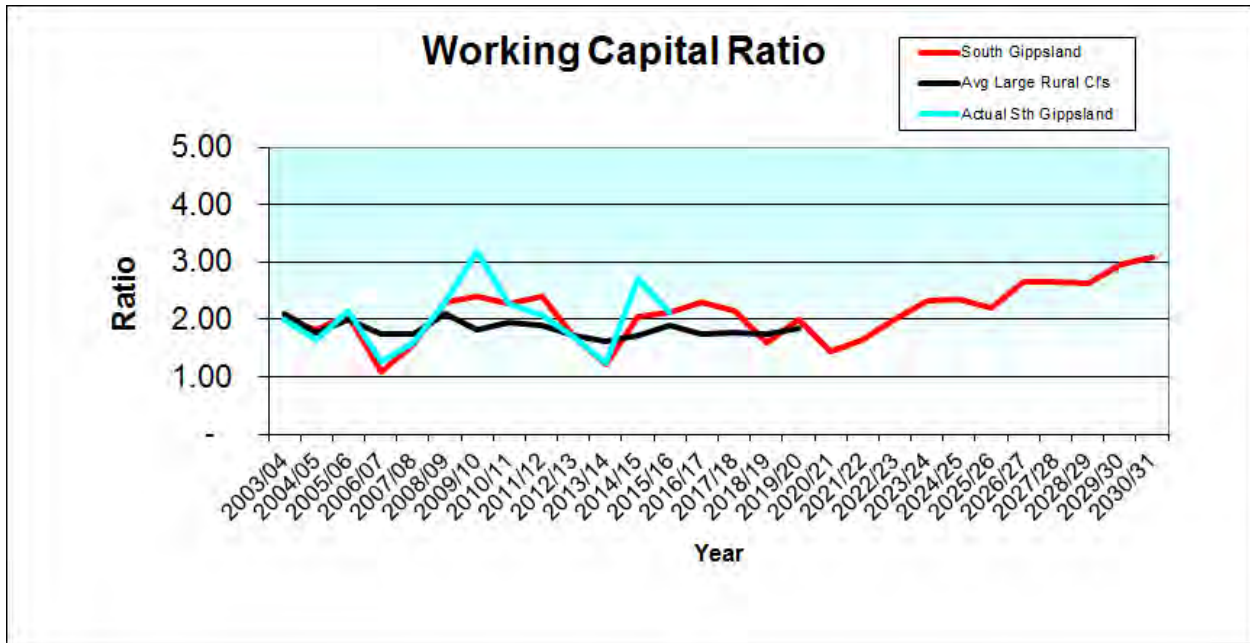


The gradual strengthening of the liquidity position in the early years is evident. The objective was to build up cash for loan redemption that was paid out in 2007/08.

Our cash position is projected to reduce in the immediate forward years when compared to large rural councils as a result of planning to undertake a number of additional project initiatives in those 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.

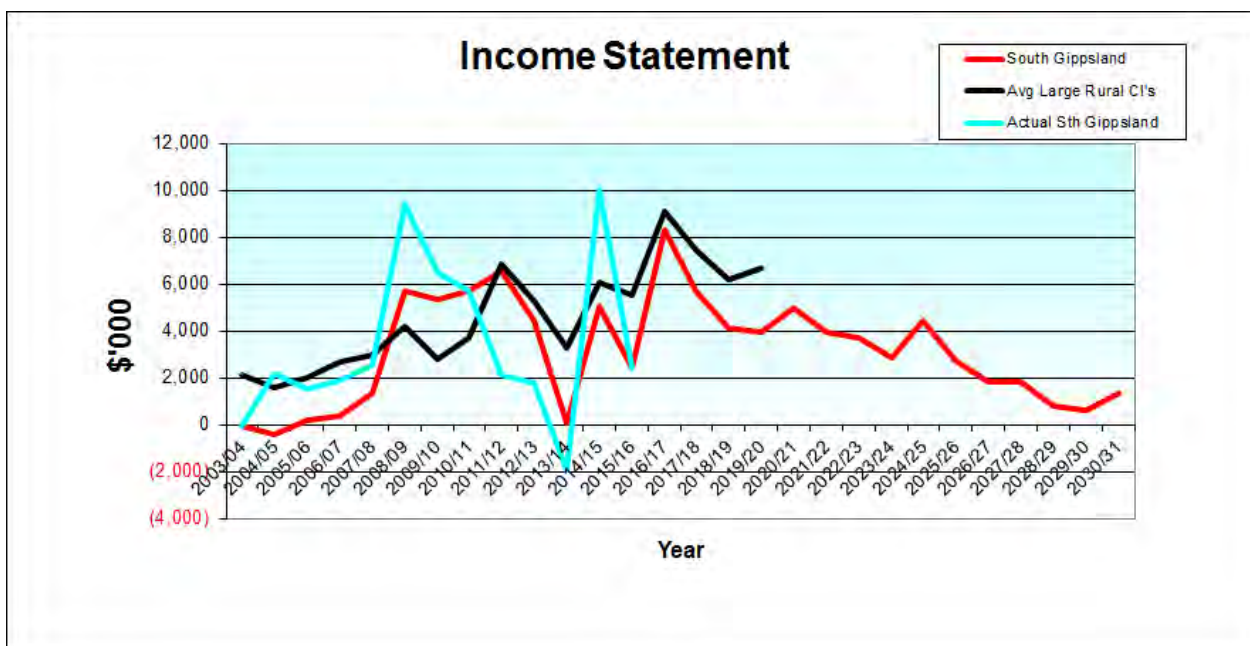
## 14.2 Working Capital Ratio



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

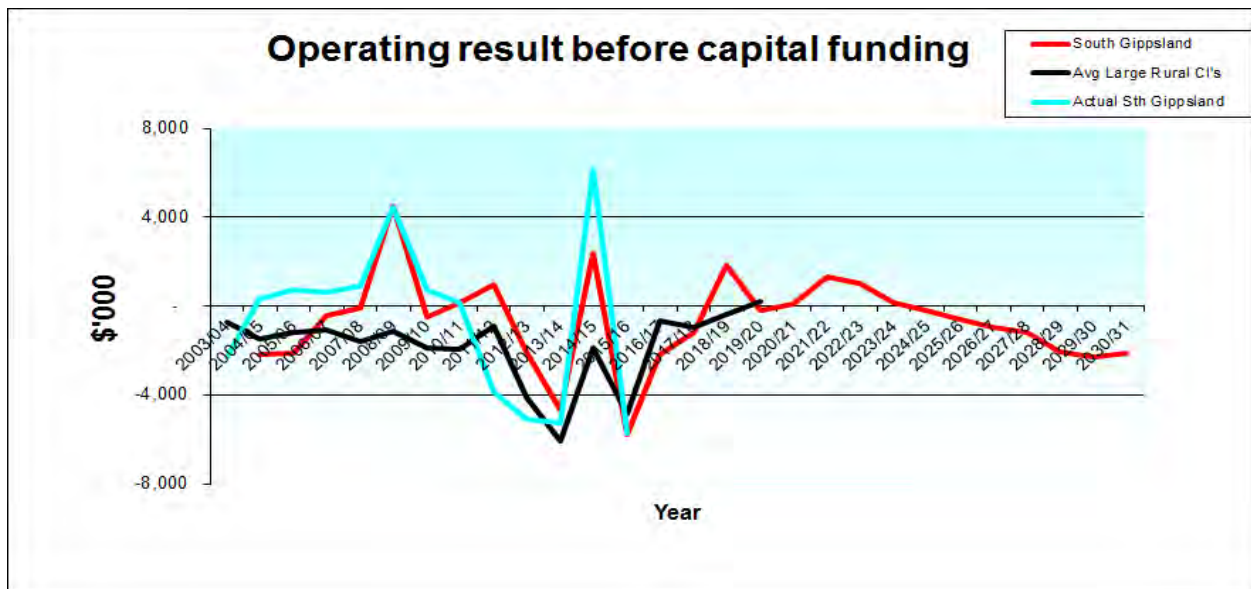
The current and immediate term trend is above the average of large rural councils for most years. Having low debt relative to the other councils helps take pressure off the working capital ratio. Again, caution is required to be exercised because cash backed reserves provide a favourable impact to the working capital ratio in the later years of the plan.

## 14.3 Income Statement



In preceding years, it was evident that Council had lower operating results than other large rural councils. There is a very pronounced dip in 2013/14. This is because Council expected to only receive two quarters of Victoria Grants Commission allocations (Council received 5 quarters in 2008/09 and in 2011/12). A similar situation occurred again in 2014/15 when Council received advanced payments of Victoria Grants Commission allocations.

The operating result trends down in the forward years. This is due to the longer term impact of less rates revenue being generated as a result of rate capping.



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

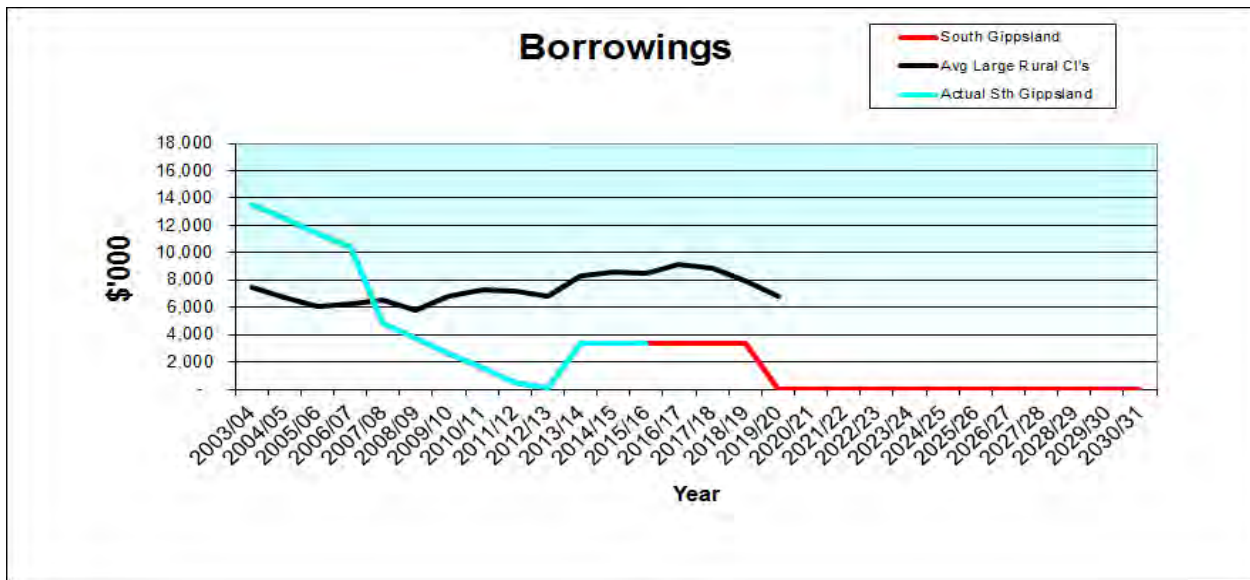
Aside from 2011/12 through to 2013/14 and again from 2015/16 to 2017/18 Council has in past years consistently produced marginal underlying surpluses.

In contrast, large rural councils on average have consistently produced underlying deficit results and are not projecting to make underlying surpluses until 2019/20.

Unfortunately, Council is projecting to produce underlying deficit results from 2024/25 and onwards. This is due to the longer term impact of less rates revenue being generated as a result of rate capping

The critical strategic challenge will be to ensure that longer term Council begins again to produce consistent underlying operating surpluses. Council intends to manage the longer term downward trend in the underlying result by allowing any future years' productivity gains to flow through to the bottom line in the later years.

## 14.4 Borrowings



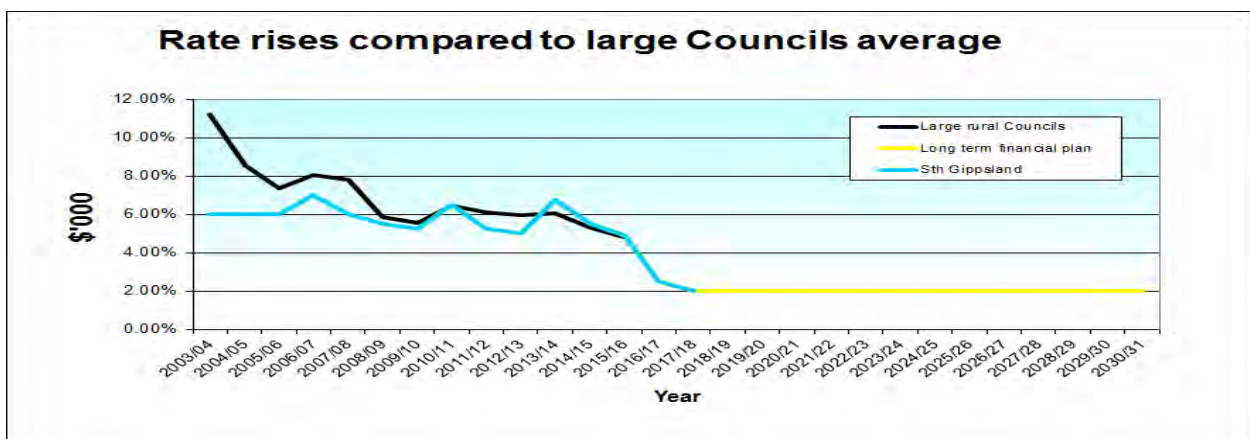
Although Council in prior years had very high debt, the strategic intent in the earlier years to reduce debt is very evident. Council's debt levels are now significantly less than the average of other large rural councils. In 2013/14 Council borrowed funds to accommodate its unfunded superannuation obligations.

## 14.5 Summary

Council's overall key financial performance indicators show its position to have equalled and in some instances exceeding the average of large rural councils as far as financial performance is concerned.

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

The significant reduction in rate rises in 2016/17 and onwards is as a result of Council modelling in potential ramifications of rate capping that was introduced in 2016/17. Longer term, Council will have to manage the longer term undesirable flow on impact this has on its underlying results.



## 15 Rating Information

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

### 15.1 Rating context

In developing the Long Term Financial Plan, rates and charges were identified as an important source of revenue, accounting for around 61% of the total recurrent revenue received by Council annually. Prior to the introduction of rate capping in 2016/17, planning for future rate increases had been an important component of the long term financial planning process. The level of required rates and charges was 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.

The Minister for Local Government, the Honourable Natalie Hutchins announced on 19 December 2016 that Victorian council rate increases will be capped to the rate of inflation, 2.0% for 2017/18. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

Council will now receive \$27.0m less rates & charges revenue over a 14 year period when comparing the proposed 2017/18 Budget / Long Term Financial Plan to the previously adopted 2016/17 Budget / Long Term Financial Plan.

### 15.2 Rating Strategy 2014-2018

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven Community members and three Councillors.

Council sought public submissions on the Proposed Rating Strategy 2014-2018 and following consideration of those submissions the final Rating Strategy 2014-2018 was adopted in June 2014.

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

In 2015 the Rating Strategy was refined to include Residential Rural / Rural Lifestyle properties equal to or greater than 18.3 hectares where primary production and uses and associated improvements are secondary to the residential uses to be classified as 'rural residential properties' for differential rating purposes. The rating differential is 70% for these properties.

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

### 15.3 Current Year Rate Increase

Due to the Rate Capping legislation that came into effect in 2016/17, Councils are able to set for the forthcoming 2017/18 year a base average rate for budgeting purposes which includes the annual impact of any supplementary rates raised in the 2016/17 year. The Minister for Local Government, the Honourable Natalie Hutchins announced on 22 December 2015 that Victorian council rate increases will be capped to the rate of inflation, 2.0% for 2017/18.

The general rate for 2017/18 will increase by 2.0%. The garbage and green waste charge will increase by 1.3% for 2017/18. It is projected that total rates and charges income which includes estimated \$302,000 in supplementary rates will increase by 2.4% over the base that was raised last year to \$40.94m.

The following table sets out future proposed rates and charges increases for rateable properties. It also shows total rates to be raised, (including waste charges and supplementary rate income) based on the forecast financial position of Council as at 30 June 2017.

Year	Rate Increase (%)	Waste Service Charge Increase (%)	Total Rates and Charges Raised \$'000
2016/17	2.50%	1.700%	39,962
2017/18	2.00%	1.30%	40,935
2018/19	2.00%	0.90%	42,031
2019/20	2.00%	0.90%	43,153
2020/21	2.00%	0.90%	44,304

### 15.4 Rating Structure

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

- Property values, which reflect capacity to pay; and
- User pays component to reflect usage of garbage services provided by Council - includes garbage and recycling.

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

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

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

The rating structure comprises seven differential rates which includes a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made

for a Council to levy the rate for recreational lands at 'such amount as the Council thinks reasonable having regard to the services provided by the Council in relation to such lands and having regard to the benefit to the community derived from such recreational lands'.

The definition of Farm Land was also revised in 2014/15 so that it aligns with the Australian Valuation Property Classification codes. The objective of the revision was to only capture rateable properties which have primary production as its substantive use and exclude properties where primary production is secondary or incidental to the property uses (commonly referred to as lifestyle properties).

In 2015 the Rating Strategy was refined to include Residential Rural / Rural Lifestyle properties equal to or greater than 18.3 hectares where primary production and uses and associated improvements are secondary to the residential uses to be classified as 'rural residential' properties for differential rating purposes. The rating differential is 70%.

There are no changes in the differential rates and charges for 2017/18 relative to what was applied in 2016/17. The following table summarises the differential land categories:

Differential rate	2015/16 Differential to the General Rate	2016/17 Differential to the General Rate
General rate	100.00%	100.00%
Industrial rate	105.00%	105.00%
Commercial rate	105.00%	105.00%
Farm rate	70.00%	70.00%
Rural residential rate	70.00%	70.00%
Vacant land rate	200.00%	200.00%
Cultural and recreational rate	50.00%	50.00%

Council can raise a municipal charge to cover some of its administrative costs. The municipal charge was phased out over two financial years. For 2017/18 it will remain at nil%.

### 15.5 General revaluation of properties

All properties within the Shire are revalued every two years for the purpose of raising rates.

During the 2015/16 year, a revaluation of all properties within the Municipality was carried out using levels of value as at 1 January 2016 for use in the 2016/17 and 2017/18 rating years.

Overall, property valuations across the municipal district increased by 6.93%. (It should be understood that this figure on the face of it is artificially high due to the incorporation of a Windfarm for the first time in 2016/17. If the Windfarm is excluded, the overall increase is 4.82%). Under this model, Residential properties have increased on average by 5.64%, Commercial increased by 7.95%, Industrial increased by 72.81% (includes Windfarm, 1.71% not including the Windfarm), Vacant Land decreased by 0.62%, Farm increased by 4.24% and Cultural and Recreational land decreased by 2.34%. There are significant variations from the average for some individual properties.



## 16 Borrowing Information

### 16.1 Borrowing context

In developing the Long Term Financial Strategies and Long Term Financial Plan (see Section 12), borrowings were 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 increases in levels of funding to be released in coming years for the capital works program.

Council in 2013/14 borrowed \$4.0m to fund the unfunded superannuation obligations of Council. In 2014/15 Council converted its borrowing into a five year bond which will make the liability non-current for a number of years. The bond will be repayable in 2019/20. Council's will have \$3.35m outstanding borrowings at 30 June 2018.

The introduction of rate capping from 2016/17 has increased the likelihood of Council in future years having to consider borrowing to finance 'new' and 'extension' capital works projects.

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

### 16.2 Current year borrowings

For the 2017/18 year, Council has decided not to take out new borrowings.

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

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

	2016/17	2017/18
	\$	\$
Total amount borrowed as at 30 June of the prior year	3,350,000	3,350,000
Total amount to be borrowed	0	0
Total amount projected to be redeemed	0	0
Total amount proposed to be borrowed as at 30 June	3,350,000	3,350,000

## 17 Infrastructure Information

### 17.1 Infrastructure context

Businesses generally acquire assets because they provide future economic benefit to the business. That is, over a period of time, the assets 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' at a specified level, not for profit making. Council's core business objective is not to make profits for profit sake. Local government's financial planning objective therefore, is to produce sufficient and consistent levels of operating surpluses 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 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 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 Local Government faces now and into the future is to adequately maintain and systematically renew assets in order to maintain a particular desired service level. The shortfall of what is being spent and what should be spent is essentially the 'funding gap'.

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

## 17.2 Depreciation and Sustainability Index

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

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

The following table sets out the sustainability index percentage for Council's fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2017/18 year:

<b>Unrealisable Assets</b>	<b>Replacement Cost 2016/17</b>	<b>Average Annual Consumption</b>	<b>Average Annual Preservation</b>	<b>Sustainability Index %</b>
Buildings- specialised	119,420	2,518	906	36%
Heritage Buildings	5,750	58	-	0%
Roads	336,090	4,505	4,072	90%
Footpaths and cycleways	19,983	225	319	142%
Kerb & Channel	21,489	180	-	0%
Bridges	53,068	363	424	117%
Major Culverts	13,305	112	91	81%
Drainage	38,821	324	134	41%
Off street carparks	6,968	59	-	0%
Waste management	11,287	658	432	66%
Other Structures	8,856	681	720	106%
<b>Total unrealisable assets</b>	<b>635,037</b>	<b>9,683</b>	<b>7,098</b>	<b>73%</b>

The table indicates that the 2017/18 capital works program will achieve a sustainability index of 73%. This does not present as a strategic concern. This is expected because the nature of capital renewal expenditure requirements tends to have a profile that varies over the years.

## 17.3 Capital Works 15 Year Program

The 15 year capital works program in the Long Term Financial Plan details the levels of funding for capital works programs. As per the financial strategies the expenditure allocated to renewals and upgrades is given priority over extension and new works. The 15 year Capital Works program is summarised in Appendix A, Long Term Financial Plan (2017/18-2031/32).

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 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.

#### **17.4 Key influences for 2017/18**

The following influences had a significant impact on the infrastructure strategy for the 2017/18 year:

- Maintaining the level of net cash flows from operating activities being released in 2017/18 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 2016/17 year being carried over to the 2017/18 year; and
- The four years capital projects listed in Section 3.5, Budgeted Statement of Capital Works and the 15 year plan in Appendix A, Long Term Financial Plan are subject to annual review and refinement.

# 18 Appendix Nature of Information

## 18.1 Overview to Appendices

The following appendices include additional disclosures of information, which provide support for the analysis contained in sections 1 to 17 of this report.

Whilst the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent government.

The contents of the appendices are summarised below:

Appendix A	Long Term Financial Plan (2017/18 – 2031/32)
Appendix B	Fees & Charges Schedule
Appendix C	Budget Process

## **APPENDIX A - Long Term Financial Plan (2017/18 – 2031/32)**

This section includes Council's forecast financial performance and financial and cash positions for the years 2017/18 to 2031/32.

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

## Income Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000	Budget 2031/32 \$'000
<b>INCOME</b>																
Rates and charges	39,962	40,935	42,031	43,153	44,304	45,483	46,692	47,930	49,199	50,500	51,833	53,198	54,597	56,031	58,051	60,008
Statutory fees and fines	607	618	622	630	650	673	678	689	712	729	739	760	786	816	824	844
User fees	4,042	4,163	4,444	4,612	4,838	5,028	5,182	5,296	5,425	5,556	5,691	5,829	5,970	6,116	6,265	6,401
Grants - Operating	12,826	12,149	11,851	14,925	14,239	12,236	12,761	12,769	13,334	13,383	13,963	14,027	14,622	14,703	15,315	15,390
Grants - Capital	9,915	6,395	1,872	3,763	3,980	1,672	1,672	1,672	3,406	2,296	1,672	1,882	1,672	1,672	1,672	1,672
Contributions - monetary	462	66	67	68	571	591	613	635	901	682	706	732	760	788	816	846
Contributions - non monetary	379	479	387	395	404	413	422	431	442	453	465	476	488	500	513	526
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	104	(329)	(257)	(276)	(397)	(261)	(214)	(286)	(280)	(325)	(326)	(339)	(351)	(322)	(308)	(284)
Fair value adjustment for investment property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other income	2,437	2,388	2,374	2,414	2,456	2,504	2,549	2,598	2,648	2,702	2,755	2,813	2,869	2,948	2,988	3,042
<b>TOTAL INCOME</b>	<b>70,734</b>	<b>66,864</b>	<b>63,391</b>	<b>69,684</b>	<b>71,045</b>	<b>68,339</b>	<b>70,355</b>	<b>71,734</b>	<b>75,787</b>	<b>75,976</b>	<b>77,498</b>	<b>79,378</b>	<b>81,413</b>	<b>83,252</b>	<b>86,136</b>	<b>88,445</b>
<b>EXPENSES</b>																
Employee costs	23,897	24,428	24,893	25,498	26,127	26,888	27,670	28,475	29,252	30,291	31,114	31,960	32,830	33,723	34,641	35,584
Materials and services	23,958	21,130	18,532	23,780	22,707	19,691	20,070	20,694	21,383	21,556	22,235	22,640	23,643	24,023	24,366	24,955
Bad and doubtful debts	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Depreciation and amortisation	11,209	11,884	12,491	13,113	13,873	14,375	15,383	16,142	17,022	17,604	18,460	19,014	20,105	20,741	21,517	22,182
Borrowing costs	142	142	142	59	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses	3,213	3,573	3,230	3,294	3,368	3,443	3,520	3,600	3,689	3,782	3,876	3,973	4,072	4,173	4,278	4,384
<b>TOTAL EXPENSES</b>	<b>62,420</b>	<b>61,158</b>	<b>59,289</b>	<b>65,745</b>	<b>66,076</b>	<b>64,398</b>	<b>66,644</b>	<b>68,912</b>	<b>71,347</b>	<b>73,234</b>	<b>75,686</b>	<b>77,588</b>	<b>80,651</b>	<b>82,661</b>	<b>84,803</b>	<b>87,106</b>
<b>SURPLUS (DEFICIT)</b>	<b>8,314</b>	<b>5,706</b>	<b>4,102</b>	<b>3,939</b>	<b>4,969</b>	<b>3,941</b>	<b>3,711</b>	<b>2,822</b>	<b>4,440</b>	<b>2,742</b>	<b>1,812</b>	<b>1,790</b>	<b>762</b>	<b>591</b>	<b>1,333</b>	<b>1,339</b>
<b>OTHER COMPREHENSIVE INCOME</b> Items that will not be reclassified to surplus or deficit																
Net Asset revaluation increment (decrement)	0	25,655	0	27,526	0	30,014	0	32,786	0	36,063	0	39,569	0	43,950	0	0
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>8,314</b>	<b>31,361</b>	<b>4,102</b>	<b>31,465</b>	<b>4,969</b>	<b>33,955</b>	<b>3,711</b>	<b>35,608</b>	<b>4,440</b>	<b>38,805</b>	<b>1,812</b>	<b>41,359</b>	<b>762</b>	<b>44,541</b>	<b>1,333</b>	<b>1,339</b>

## Balance Sheet

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000	Budget 2031/32 \$'000
<b>BUDGETED BALANCE SHEET</b>																
<b>Current assets</b>																
Cash and cash equivalents	9,037	7,588	8,027	6,403	1,559	3,395	6,796	9,855	10,243	8,815	13,209	13,349	13,074	16,220	17,720	18,068
Trade and other receivables	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203	4,203
Other financial assets	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896	6,896
Inventories	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195	195
Other assets	227	227	227	227	227	227	227	227	227	227	227	227	227	227	227	227
<b>Total current assets</b>	<b>20,558</b>	<b>19,109</b>	<b>19,548</b>	<b>17,924</b>	<b>13,080</b>	<b>14,916</b>	<b>18,317</b>	<b>21,376</b>	<b>21,764</b>	<b>20,336</b>	<b>24,730</b>	<b>24,870</b>	<b>24,595</b>	<b>27,741</b>	<b>29,241</b>	<b>29,589</b>
<b>Non current assets</b>																
Trade and other receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	367	962
Investments in associates and joint ventures	991	991	991	991	991	991	991	991	991	991	991	991	991	991	991	991
Property, infrastructure, plant and equipment	533,771	566,621	569,609	599,453	609,373	641,602	642,024	674,688	678,858	719,212	716,754	758,100	759,267	800,795	800,398	800,934
Investment property	729	729	729	729	729	729	729	729	729	729	729	729	729	729	729	729
<b>Total non current assets</b>	<b>535,491</b>	<b>568,341</b>	<b>571,329</b>	<b>601,173</b>	<b>611,093</b>	<b>643,322</b>	<b>643,744</b>	<b>676,408</b>	<b>680,578</b>	<b>720,932</b>	<b>718,474</b>	<b>759,820</b>	<b>760,987</b>	<b>802,515</b>	<b>802,485</b>	<b>803,616</b>
<b>Total assets</b>	<b>556,049</b>	<b>587,450</b>	<b>590,877</b>	<b>619,097</b>	<b>624,173</b>	<b>658,238</b>	<b>662,061</b>	<b>697,784</b>	<b>702,342</b>	<b>741,268</b>	<b>743,204</b>	<b>784,690</b>	<b>785,582</b>	<b>830,256</b>	<b>831,726</b>	<b>833,205</b>
<b>Current liabilities</b>																
Trade and other payables	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978	2,978
Trust funds and deposits	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873	873
Provisions	5,045	5,085	5,125	5,165	5,205	5,245	5,285	5,325	5,365	5,405	5,445	5,485	5,525	5,565	5,605	5,645
Interest bearing loans and borrowings	0	0	3,350	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total current liabilities</b>	<b>8,896</b>	<b>8,936</b>	<b>12,326</b>	<b>9,016</b>	<b>9,056</b>	<b>9,096</b>	<b>9,136</b>	<b>9,176</b>	<b>9,216</b>	<b>9,256</b>	<b>9,296</b>	<b>9,336</b>	<b>9,376</b>	<b>9,416</b>	<b>9,456</b>	<b>9,496</b>
<b>Non current liabilities</b>																
Provisions	2,313	2,313	1,598	1,663	1,730	1,800	1,872	1,947	2,025	2,106	2,190	2,277	2,367	2,460	2,557	2,657
Interest bearing loans and borrowings	3,350	3,350	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total non current liabilities</b>	<b>5,663</b>	<b>5,663</b>	<b>1,598</b>	<b>1,663</b>	<b>1,730</b>	<b>1,800</b>	<b>1,872</b>	<b>1,947</b>	<b>2,025</b>	<b>2,106</b>	<b>2,190</b>	<b>2,277</b>	<b>2,367</b>	<b>2,460</b>	<b>2,557</b>	<b>2,657</b>
<b>Total liabilities</b>	<b>14,559</b>	<b>14,599</b>	<b>13,924</b>	<b>10,679</b>	<b>10,786</b>	<b>10,896</b>	<b>11,008</b>	<b>11,123</b>	<b>11,241</b>	<b>11,362</b>	<b>11,486</b>	<b>11,613</b>	<b>11,743</b>	<b>11,876</b>	<b>12,013</b>	<b>12,153</b>
<b>Net assets</b>	<b>541,490</b>	<b>572,851</b>	<b>576,953</b>	<b>608,418</b>	<b>613,387</b>	<b>647,342</b>	<b>651,053</b>	<b>686,661</b>	<b>691,101</b>	<b>729,906</b>	<b>731,718</b>	<b>773,077</b>	<b>773,839</b>	<b>818,380</b>	<b>819,713</b>	<b>821,052</b>
<b>Equity</b>																
Accumulated surplus	208,639	213,099	216,079	222,889	227,011	230,013	233,318	235,117	239,439	241,330	242,191	242,976	242,676	241,827	241,335	241,137
Reserves	332,851	359,752	360,874	385,529	386,376	417,329	417,735	451,544	451,662	488,576	489,527	530,101	531,163	576,553	578,378	579,915
<b>Total equity</b>	<b>541,490</b>	<b>572,851</b>	<b>576,953</b>	<b>608,418</b>	<b>613,387</b>	<b>647,342</b>	<b>651,053</b>	<b>686,661</b>	<b>691,101</b>	<b>729,906</b>	<b>731,718</b>	<b>773,077</b>	<b>773,839</b>	<b>818,380</b>	<b>819,713</b>	<b>821,052</b>



## Cash Flow Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000	Budget 2031/32 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>																
<b>Cash flows from operating activities</b>																
Rates and charges	39,962	40,935	42,031	43,153	44,304	45,483	46,692	47,930	49,199	50,500	51,833	53,198	54,597	56,031	57,684	59,413
Statutory fees & fines	607	618	622	630	650	673	678	689	712	729	739	760	786	816	824	844
User fees	4,042	4,163	4,444	4,612	4,838	5,028	5,182	5,296	5,425	5,556	5,691	5,829	5,970	6,116	6,265	6,401
Grants - operating	12,826	12,149	11,851	14,925	14,239	12,236	12,761	12,769	13,334	13,383	13,963	14,027	14,622	14,703	15,315	15,390
Grants - capital	9,915	6,395	1,872	3,763	3,980	1,672	1,672	1,672	3,406	2,296	1,672	1,882	1,672	1,672	1,672	1,672
Contributions- monetary	462	66	67	68	571	591	613	635	901	682	706	732	760	788	816	846
Interest received	602	602	614	626	640	655	670	685	702	719	737	756	775	794	814	834
Other receipts	1,835	1,786	1,760	1,788	1,816	1,849	1,879	1,913	1,946	1,983	2,018	2,057	2,094	2,154	2,174	2,208
Employee costs	(23,796)	(24,327)	(24,790)	(25,393)	(26,020)	(26,778)	(27,558)	(28,360)	(29,134)	(30,170)	(30,990)	(31,833)	(32,700)	(33,590)	(34,504)	(35,444)
Materials and services	(23,959)	(21,131)	(18,533)	(23,781)	(22,708)	(19,692)	(20,071)	(20,695)	(21,384)	(21,557)	(22,236)	(22,641)	(23,644)	(24,024)	(24,367)	(24,956)
Other payments	(3,213)	(3,573)	(3,230)	(3,294)	(3,368)	(3,443)	(3,520)	(3,600)	(3,689)	(3,782)	(3,876)	(3,973)	(4,072)	(4,173)	(4,278)	(4,384)
<b>Net cash provided by (used in) operating activities</b>	<b>19,283</b>	<b>17,683</b>	<b>16,708</b>	<b>17,097</b>	<b>18,942</b>	<b>18,274</b>	<b>18,998</b>	<b>18,934</b>	<b>21,418</b>	<b>20,339</b>	<b>20,257</b>	<b>20,794</b>	<b>20,860</b>	<b>21,287</b>	<b>22,415</b>	<b>22,824</b>
<b>Cash flows from investing activities</b>																
Payments for property, infrastructure, plant & equipment	(22,965)	(20,140)	(16,835)	(16,052)	(24,764)	(17,272)	(16,529)	(16,730)	(21,915)	(22,662)	(16,752)	(21,555)	(22,068)	(19,067)	(21,864)	(23,449)
Proceeds from sale of property, infrastructure, plant and equipment	1,510	1,150	708	740	978	834	932	855	885	895	889	901	933	926	949	973
Payments for / from investments	8,420	0	0	0	0	0	0	0	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
Loan advances made	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(13,035)</b>	<b>(18,990)</b>	<b>(16,127)</b>	<b>(15,312)</b>	<b>(23,786)</b>	<b>(16,438)</b>	<b>(15,597)</b>	<b>(15,875)</b>	<b>(21,030)</b>	<b>(21,767)</b>	<b>(15,863)</b>	<b>(20,654)</b>	<b>(21,135)</b>	<b>(18,141)</b>	<b>(20,915)</b>	<b>(22,476)</b>
<b>Cash flows from financing activities</b>																
Finance costs	(142)	(142)	(142)	(59)	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	(3,350)	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(3,409)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>6,106</b>	<b>(1,449)</b>	<b>439</b>	<b>(1,624)</b>	<b>(4,844)</b>	<b>1,836</b>	<b>3,401</b>	<b>3,059</b>	<b>388</b>	<b>(1,428)</b>	<b>4,394</b>	<b>140</b>	<b>(275)</b>	<b>3,146</b>	<b>1,500</b>	<b>348</b>
Cash and cash equivalents at the beginning of the financial year	2,931	9,037	7,588	8,027	6,403	1,559	3,395	6,796	9,855	10,243	8,815	13,209	13,349	13,074	16,220	17,720
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,037</b>	<b>7,588</b>	<b>8,027</b>	<b>6,403</b>	<b>1,559</b>	<b>3,395</b>	<b>6,796</b>	<b>9,855</b>	<b>10,243</b>	<b>8,815</b>	<b>13,209</b>	<b>13,349</b>	<b>13,074</b>	<b>16,220</b>	<b>17,720</b>	<b>18,068</b>

## Capital Works Statement

Cost Centre	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
80110 IT Capital Works	1,595,073	671,599	666,628	683,293	700,376	467,337	985,164	754,227	773,084	792,411	812,221	832,527	853,340	874,673	896,540
98010 Long Jetty Caravan Park Capital	86,710	-	109,881	66,236	107,778	37,672	41,905	-	41,861	-	46,256	478,030	-	49,812	-
98020 Yanakie Caravan Park Capital	107,699	168,116	592,975	511,413	137,167	260,482	-	38,706	-	40,666	-	42,725	-	44,888	-
73620 Coal Creek - Capital Projects	-	-	130,382	-	136,983	-	143,918	-	151,204	-	158,859	-	166,901	-	175,351
82250 Civil - Capital Works Design	195,135	199,871	200,480	201,369	202,629	203,415	209,567	216,779	224,057	231,140	238,469	246,031	253,838	261,904	270,230
93080 Pools - Splash Hydro Therapy Pool and Gymnasium- L	-	-	2,075,136	1,504,096	-	-	-	-	-	-	-	-	-	-	-
82040 Roads - Bair Street Streetscape - Leongatha	4,590,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82270 Civil - Korumburra Commercial Streetscape	179,393	-	-	3,387,267	-	-	-	-	-	-	-	-	-	-	-
95010 Waste - Koonwarra Landfill Cells 1, 2 and 3 Cap	61,200	777,852	-	-	-	-	-	-	-	-	-	-	-	-	-
95020 Waste - Landfills	-	-	-	71,947	2,401,205	965,500	-	-	-	98,973	3,001,979	1,207,636	-	1,110,101	1,152,285
95030 Waste - Leachate Evaporation System	431,805	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88050 Footpaths - Renewal	319,130	300,714	309,735	320,576	332,759	345,402	358,529	372,154	386,294	400,981	416,213	432,027	448,444	465,486	483,174
91010 Drainage - Rehabilitation Program	133,644	115,999	119,479	123,661	128,360	133,238	138,301	143,556	149,011	154,673	160,551	166,652	172,985	179,558	186,381
82240 Guard Rails - Replacement Program	110,691	113,454	97,016	120,953	127,882	130,323	92,079	185,244	145,745	157,654	130,989	131,035	143,624	175,623	182,297
73630 Buildings - Community Hub - Korumburra	-	-	-	-	-	-	-	5,407,914	-	-	-	-	-	-	-
82300 Roads - Jumbunna Rd, Bena Rd, Princess St and Geor	-	-	-	-	-	-	-	-	872,571	-	-	-	-	-	-
73640 Buildings - Sports Pavillion - Leongatha South	-	-	-	-	-	-	-	-	1,490,885	-	-	-	-	-	-
93090 Recreation - Soccer/Hockey fields (x3) - Leongatha	-	-	-	-	-	-	-	-	3,059,814	-	-	-	-	-	-
73650 Buildings - Kindergarten - Nyora	-	-	-	-	-	1,096,670	-	-	-	-	-	-	-	-	-

Cost Centre	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
82320 Roads - Roads/Drainage (Special Charge Scheme 33.3)	-	-	-	-	-	-	-	-	-	-	-	-	-	1,605,289	2,245,702
82350 Civil - Loch Streetscape (Stage-1)	-	-	731,899	-	-	-	-	-	-	-	-	-	-	-	-
95070 Waste - Transfer Stations	-	-	217,781	-	-	-	-	-	-	-	-	-	-	-	-
82310 Roads - Sth Gipps Hwy and Radovick St - Korumburra	-	-	-	-	-	-	-	-	-	-	-	1,717,632	-	-	-
85060 Bridge - Ruby Arawata Road (WB330)	-	399,450	-	-	-	-	-	-	-	-	-	-	-	-	-
85070 Bridge - Bass Valley Road (KB080)	-	-	132,917	-	-	-	-	-	-	-	-	-	-	-	-
85080 Bridge - Bass Valley Road (KB090)	-	-	-	249,661	-	-	-	-	-	-	-	-	-	-	-
85090 Bridge - Powneys Road Bridge (WB370)	320,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85100 Bridge - Bass Valley Road (KB120)	-	-	-	-	298,482	-	-	-	-	-	-	-	-	-	-
85120 Bridge - Huttons Road (KB200)	-	-	-	-	-	-	-	-	-	-	418,692	-	-	-	-
85130 Bridge - Berrys Road (KB140)	-	-	-	-	-	-	-	-	-	-	-	205,254	-	-	-
85150 Bridge - Wynnes Road (KB390)	-	-	-	-	-	-	-	-	-	-	-	-	450,248	-	-
85170 Bridge - Standfields Road (SB670)	-	-	-	-	-	-	-	-	-	-	-	-	-	168,495	-
93010 Recreation - Community Infrastructure Projects	186,423	191,084	196,817	203,706	211,447	219,482	227,822	236,479	245,465	254,793	264,475	274,525	284,957	295,785	307,025
82110 Roads - Reseals (Partially funded R2R)	1,872,944	1,921,573	1,977,839	2,044,848	2,119,876	2,196,857	2,276,665	2,360,114	2,446,927	2,534,932	2,626,053	2,720,425	2,818,149	2,920,002	3,025,559
82120 Roads - Reseal Preparation	829,348	850,512	874,260	901,954	932,969	963,321	993,881	1,026,101	1,059,350	1,094,233	1,130,396	1,167,697	1,206,157	1,246,597	1,288,407
82210 Roads - Sealed Rehabilitation Program	869,927	2,346,182	2,290,108	1,790,266	2,957,585	4,460,888	4,614,183	4,695,971	4,664,431	4,439,352	5,465,049	5,652,849	5,652,849	5,867,657	6,090,628
82330 Roads - Bass Highway / Simons Lane Intersection an	-	-	-	912,832	-	-	-	-	-	-	-	-	-	-	-
82340 Roads - Relocated Simons Lane Sealing - Leongatha	-	-	-	724,125	-	-	-	-	-	-	-	-	-	-	-
82370 Walkerville North - Road and Retaining Wall Protec	130,650	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Cost Centre	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32
88070 Footpaths - McCartin Street (Begg to Worthy Sts) -	-	-	67,616	-	-	-	-	-	-	-	-	-	-	-	-
85040 Bridge - Rehabilitation Program	104,040	-	92,795	108,783	-	251,705	261,270	271,198	281,504	292,201	93,481	109,578	-	57,433	352,103
85010 Bena Kongwak Bridge	2,100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85050 Major Culvert - Renewal Program	91,941	72,250	94,967	98,290	102,026	67,071	150,234	114,104	118,440	53,800	199,383	151,075	151,074	156,815	162,774
93020 Recreation - Kindergartens Playground Replacement	18,598	20,015	16,152	23,525	25,639	27,944	30,331	-	-	-	39,794	-	65,622	-	-
93060 Playgrounds - Replacement Program	113,425	178,780	131,377	191,702	150,398	156,114	227,862	324,435	214,884	178,443	138,918	300,407	249,458	78,288	92,391
79120 Plant - Plant Purchases	1,220,919	1,520,617	1,860,788	2,595,625	1,482,694	1,519,762	1,557,756	1,596,700	1,636,617	1,628,673	1,620,767	1,612,900	1,605,069	1,645,196	1,686,326
79110 Fleet - Fleet Purchases	1,036,586	1,062,501	1,127,697	1,116,291	1,144,198	1,214,407	1,202,123	1,232,176	1,307,783	1,294,555	1,326,919	1,408,340	1,394,094	1,428,946	1,464,670
88040 Footpaths - Extension Program	221,450	28,362	62,413	134,579	106,623	145,003	150,514	156,235	162,174	168,331	174,728	181,368	188,260	195,414	202,840
82200 Roads - Hudsons Road, Korumburra South	1,150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73700 RSL / Carinos Land and Library Hub Investigation	25,000	400,000	100,000	5,100,000	-	-	-	-	-	-	-	-	-	-	-
73580 Buildings - Renewal Program	565,899	1,138,874	698,625	349,390	1,024,429	54,377	2,981,270	2,722,266	2,121,731	2,936,349	3,025,194	1,738,265	2,962,514	3,035,975	3,183,937
93070 Pools - Renewal Program	379,118	67,278	1,022,069	247,311	2,383,760	582,356	-	-	-	-	-	-	-	-	-
73670 Buildings - Caravan Park Toilet Block - Waratah Ba	142,694	292,522	-	-	-	-	-	-	-	-	-	-	-	-	-
99020 Pools - Refurbishment Design - Mirboo North	-	3,800,000	-	-	-	-	-	-	-	-	-	-	-	-	-
73530 Buildings - Early Years Renewal Program	-	160,106	53,849	980,281	56,575	1,029,908	-	60,925	1,109,098	-	65,609	1,194,377	-	-	-
95060 Waste - Landfill Cover	-	37,879	-	-	-	-	85,716	-	-	-	-	96,979	-	-	-
73610 Community Capital Works Allocation Project	950,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20,139,442</b>	<b>16,835,589</b>	<b>16,051,679</b>	<b>24,763,977</b>	<b>17,271,837</b>	<b>16,529,229</b>	<b>16,729,084</b>	<b>21,915,276</b>	<b>22,662,922</b>	<b>16,752,149</b>	<b>21,554,984</b>	<b>22,068,321</b>	<b>19,067,569</b>	<b>21,863,921</b>	<b>23,448,603</b>

## APPENDIX B - Fees and Charges

This section sets out non statutory charges of Council.

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Home Maintenance Low Fee	12.40	12.40	-	13,268
Home Maintenance Medium Fee	19.10	19.10	-	382
Home Maintenance High Fee	50.60	50.60	-	506
Homecare Medium Fee	15.50	15.50	-	7,750
Homecare High Fee	34.00	34.00	-	3,400
Homecare Low Fee	6.30	6.30	-	97,020
HACC Bus Port Welshpool to Leongatha	13.40	13.40	-	643
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	1.25	1.25	-	455
HACC Bus Venus Bay to Wonthaggi	5.90	5.90	-	566
HACC Bus Foster to Welshpool	5.90	5.90	-	1,298
HACC Bus Leongatha and Meeniyan	5.90	5.90	-	236
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	0.39	0.39	-	46,800
Meals on Wheels High Fee	12.90	12.90	-	-
Meals on Wheels Medium Fee	9.10	9.10	-	3,640
Meals on Wheels Low Fee	9.10	9.10	-	136,500
Private Works - Meals on Wheels	14.20	14.20	-	15,620
Respite Services Travel Greater Than 30km	0.96	0.96	-	192
Respite Care Low Fee	3.30	3.30	-	11,015
Respite Care Medium Fee	4.80	4.80	-	960
Respite Care High Fee	36.00	36.00	-	576
Personal Care Travel Greater Than 30km	0.98	0.98	-	98
Personal Care Low Fee	4.80	4.80	-	22,560
Personal Care Medium Fee	9.50	9.50	-	950

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Personal Care High Fee	39.40	39.40	-	1,537
Private Works - Aged and Disability Services	53.30	53.30	-	106,600
Private Works - Aged and Disability Services Travel Greater Than 30km	1.25	1.25	-	188
<b>Aged and Disability Services Total</b>				<b>472,760</b>
Flu	24.60	25.00	1.63%	10,000
Hep A Paediatric	49.20	49.00	-0.41%	-
Hep A Adult	75.90	76.00	0.13%	152
Hep B Paediatric	18.50	19.00	2.70%	-
Hep B Adult	31.80	32.00	0.63%	64
Boostrix	41.00	40.00	-2.44%	800
Twinrix	88.20	88.00	-0.23%	352
Varicella	80.00	80.00	-	-
<b>Children and Family Services Total</b>				<b>11,368</b>
Large Deluxe Jayco Cabin (Off Peak)	135.00	136.00	0.74%	1,978
Deluxe Cabins (Jaycos) (Peak)	147.00	148.00	0.68%	20,989
powered sites (Bonus Night / Negotiable Rate)	31.00	31.00	-	1,832
Powered Sites (Peak)	46.00	47.00	2.17%	66,227
Powered sites Peak - Concession	40.00	41.00	2.50%	-
Standard Cabins (Bonus Night / Negotiable Rate)	77.00	77.00	-	2,800
Standard Cabins(Peak)	135.00	136.00	0.74%	37,091
Extra Adult (Off Peak)	10.50	11.00	4.76%	1,000
Extra Adult Peak	13.20	10.00	-24.24%	2,727
Extra Child Peak	5.00	5.00	-	1,364
Extra Child (Off Peak)	4.00	4.00	-	-
Large Deluxe Jayco Cabin (Bonus Night / Negotiable Rate)	118.00	119.00	0.85%	1,623
Large Deluxe Jayco Cabin (Peak)	169.00	170.00	0.59%	12,055
Deluxe Cabins (Jaycos) (Bonus Night / Negotiable Rate)	103.00	103.00	-	5,618

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Deluxe Cabins (Jaycos) (Off Peak)	117.00	118.00	0.85%	3,433
Powered Sites (Off Peak)	37.00	37.00	-	10,764
Standard Cabins (Off Peak)	108.00	109.00	0.93%	6,342
Weekly hardship rental Cabins (Standard)	-	381.00		-
Weekly hardship rental Deluxe Jayco	-	413.00		-
Weekly hardship rental Large Deluxe	-	476.00		-
Weekly powered site hardship rental	-	133.00		-
Weekly unpowered hardship site rental	-	105.00		-
Standard Cabins off peak stay 7 pay 6	-	654.00		-
Deluxe Cabin off peak stay 7 pay 6	-	708.00		-
Large Deluxe Jayco off peak stay 7 pay 6	-	816.00		-
Powered site off peak stay 7 pay 6	-	228.00		-
Unpowered off peak stay 7 pay 6	-	180.00		-
Standard Cabins peak stay 7 pay 6	-	816.00		-
Deluxe Cabin peak stay 7 pay 6	-	888.00		-
Large Deluxe Jayco peak	-	1,038.00		-
Powered site peak stay 7 pay 6	-	282.00		-
Unpowered site peak stay 7 pay 6	-	222.00		-
Standard Cabins off peak stay 10 pay 8	-	872.00		-
Deluxe Cabin off peak stay 10 pay 8	-	944.00		-
Large Deluxe off peak stay 10 pay 8	-	1,088.00		-
Powered site off peak stay 10 pay 8	-	304.00		-
Unpowered site off peak stay 10 pay 8	-	240.00		-
Standard Cabins peak stay 10 pay 8	-	1,088.00		-
Deluxe cabin peak stay 10 pay 8	-	1,184.00		-
Large Deluxe peak stay 10 pay 8	-	1,384.00		-
Powered site peak stay 10 pay 8	-	376.00		-
Unpowered site peak stay 10 pay 8	-	296.00		-
Seasonal Site Holder 6 month	1,980.00	2,252.00	13.74%	10,236
Annual Site Holders	3,380.00	3,465.00	2.51%	78,750
Permanent Site Holders (Weekly Fee)	85.00	86.00	1.18%	20,327
Electricity quarterly Reading Charge to each Annual and Permanent Sites	85.00	87.00	2.35%	2,373
Electricity Usage Charge - quarterly estimates - Annuals and Permanents	440.00	400.00	-9.09%	10,909
Seasonal Site holder 3 month	-	1,560.00		-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Annual Site holder large/premium	-	4,158.00		-
Laundry / Linen Hire Extra	2.00	2.00	-	91
Boom Gate Pass / Security Deposit (Refundable)	20.00	20.00	-	-
Cleaning Charge	30.00	30.00	-	-
Laundry / Washing Machines	3.00	3.00	-	1,364
Laundry / Linen Hire	15.00	15.00	-	3,409
6 Standard cabins (Off Peak)	90.00	91.00	1.11%	7,942
6 Standard Cabins (Peak)	113.00	114.00	0.88%	41,455
2 Seaview Cabins (Peak)	169.00	170.00	0.59%	23,182
Seaview Cottage (Off Peak)	220.00	225.00	2.27%	4,091
Seaview Cottage (Peak)	275.00	280.00	1.82%	17,818
Powered sites (Peak)	46.00	47.00	2.17%	51,273
Unpowered Site (Off Peak)	29.00	30.00	3.45%	3,273
Unpowered Sites (Peak)	36.00	37.00	2.78%	20,855
Extra Adult Peak	10.00	10.00	-	455
Extra Child Peak	5.00	5.00	-	227
2 Couples Cabin (Peak)	164.00	165.00	0.61%	22,500
2 Seaview Cabins (Off Peak)	135.00	136.00	0.74%	3,956
2 Family Park Cabins (Off Peak)	131.00	134.00	2.29%	-
2 Family Park Cabins (Peak)	164.00	168.00	2.44%	-
Powered Sites (Off Peak)	37.00	38.00	2.70%	8,636
6 Standard Cabins - (Bonus Night / Negotiable Rate)	79.00	80.00	1.27%	3,636
2 Couples Cabin - (Bonus Night / Negotiable Rate)	115.00	116.00	0.87%	5,273
2 Family Park Cabins - (Bonus Night / Negotiable Rate)	115.00	118.00	2.61%	-
Powered Sites - (Bonus Night / Negotiable Rate)	31.00	32.00	3.23%	1,455
Unpowered Site - (Bonus Night / Negotiable Rate)	26.00	27.00	3.85%	1,227
Premium Powered Site (beach front / larger sites) Peak	55.00	56.00	1.82%	39,709



Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
2 Seaview Cabins - (Bonus Night / Negotiable Rate)	118.00	119.00	0.85%	5,409
2 Couples Cabin (Off Peak)	131.00	132.00	0.76%	3,840
Extra Adult (Off Peak)	10.50	10.00	-4.76%	-
Extra Child (Off Peak)	4.00	5.00	25.00%	-
Premium Powered Site (Beach front / larger sites) Off peak	-	45.00		10,800
Weekly Standard cabin hardship rental	-	315.00		-
Weekly Couples cabin hardship rental	-	462.00		-
Weekly Seaview cabins Hardship rental	-	476.00		-
Weekly Seaview Cottage Hardship rental	-	787.00		-
Weekly Powered site Hardship rental	-	190.00		-
Weekly Unpowered Hardship rental	-	150.00		-
7 Night Special Standard Cabins Off Peak Stay 7 pay 6	-	540.00		-
7 Night Special Seaview Cabins Off Peak Stay 7 pay 6	-	816.00		-
7 Night Special Couples Cabins Off Peak Stay 7 pay 6	-	792.00		-
7 Night Special Seaview Cottage Off Peak Stay 7 pay 6	-	1,350.00		-
7 Night Special Powered Off Peak Stay 7 pay 6	-	228.00		-
7 Night Special Unpowered Off Peak Stay 7 pay 6	-	180.00		-
7 Night Special Standard Cabins Peak Stay 7 pay 6	-	798.00		-
7 Night Special Seaview Cabins Peak Stay 7 pay 6	-	1,050.00		-
7 Night Special Couples Cabins Peak Stay 7 pay 6	-	990.00		-
7 Night Special Seaview Cottage Peak Stay 7 pay 6	-	1,680.00		-
7 Night Special Premium Powered Peak Stay 7 pay 6	-	392.00		-
7 Night Special Powered Peak Stay 7 pay 6	-	282.00		-
7 Night Special Unpowered Peak Stay 7 pay 6	-	228.00		-
10 Night Special Standard Cabins Off Peak Stay 10 pay 8	-	720.00		-
10 Night Special Seaview Cabins Off Peak Stay 10 pay 8	-	1,088.00		-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
10 Night Special Couples Cabins Off Peak Stay 10 pay 8	-	1,056.00		-
10 Night Special Seaview Cottage Off Peak Stay 10 pay 8	-	1,800.00		-
10 Night Special Powered Off Peak Stay 10 pay 8	-	304.00		-
10 Night Special Unpowered Cabins Off Peak Stay 10 pay 8	-	240.00		-
10 Night Special Standard Cabins Peak Stay 10 pay 8	-	912.00		-
10 Night Special Seaview Cabins Peak Stay 10 pay 8	-	1,400.00		-
10 Night Special Couples Cabins Peak Stay 10 pay 8	-	1,320.00		-
10 Night Special Seaview Cottage Peak Stay 10 pay 8	-	2,240.00		-
10 Night Special Premium Powered Peak Stay 10 pay 8	-	448.00		-
10 Night Special Powered Peak Stay 10 pay 8	-	376.00		-
10 Night Special Unpowered Peak Stay 10 pay 8	-	304.00		-
10 Night Special Premium Powered site Off Peak Stay 10 pay 8	-	360.00		-
Annual Site Holders	4,080.00	4,182.00	2.50%	95,045
Seasonal Site Holders 6 Month	2,390.00	2,718.00	13.72%	12,355
Seasonal Site Holders 3 months	-	1,882.00		9,410
Annual Site Holders Large site / Premium	-	5,018.00		-
Laundry / Linen Hire	15.00	15.00	-	6,818
Boom Gate Pass / Security Deposit (Refundable)	20.00	20.00	-	-
Cleaning Charge	30.00	30.00	-	-
Laundry / Linen Hire Extra	2.00	2.00	-	909
Laundry Usage / Washing Machines	3.00	3.00	-	6,545
<b>Caravan Parks Total</b>				<b>711,396</b>
Train Rides	7.00	7.00	-	42,210
Education Program - Bush Tramway Ride	4.26	4.30	0.94%	8,326
Loads of Fire wood sold to volunteers	75.00	76.50	2.00%	695
Auditorium/Boardroom Hire-full day	115.00	118.00	2.61%	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Venue Hire-Pig& Whistle	355.00	365.00	2.82%	-
Coal Creek Package - A Pioneers Life	11.75	12.00	2.13%	3,644
Coal Creek Package - Coal at the Creek	7.00	7.10	1.43%	-
Coal Creek Package - Coal Creek Experience 1	12.00	12.20	1.67%	17,346
Coal Creek Package - Coal Creek Experience 2	9.50	9.70	2.11%	3,571
Coal Creek Package - Coal Creek Experience 3	9.50	9.70	2.11%	9,047
Education Program - Guided Tour	5.00	5.10	2.00%	6,431
Coal Creek Package - It's a child's life! 1901 Style	12.50	12.80	2.40%	11,671
Coal Creek Package - Lessons from the Past	9.00	9.20	2.22%	2,743
Education Program - Spinning Demonstration	3.00	3.10	3.33%	282
Auditorium /Boardroom Hire-1/2 day	82.00	84.00	2.44%	1,145
<b>Coal Creek Community Park and Museum Total</b>				<b>107,111</b>
Brochure Fee - PORT Member sponsorship	76.95	78.50	2.01%	3,568
Brochure Fee - Non Member (non ratepayer)	110.00	112.50	2.27%	205
Brochure Fee - Non PCRT Member (ratepayer)	93.95	95.95	2.13%	436
Central Booking Service Revenue Average	25.70	26.20	1.95%	11,671
Postcards	1.00	1.00	-	68
Maps	11.00	11.00	-	250
<b>Visitor Services Total</b>				<b>16,198</b>
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development increases by 10,000 - 100,000	239.00	296.25	23.95%	5,386
Secondary Consent (anything other than single dwelling or ancillary to single dwelling) where cost of development increases by less than 100,000	102.00	540.20	429.61%	4,911
Request for extension of time (first request)	239.00	250.00	4.60%	5,682
Request for extension of time (second or subsequent request)	350.00	400.00	14.29%	7,273
To register a new Section 173 Agreement with titles office or to remove or amend Section 173 Agreement from title	502.00	620.30	23.57%	5,639

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Secondary Consent (anything other than single dwelling or ancillary to single dwelling) where cost of development increases by more than 1,000,000	604.00	1,606.60	165.99%	1,461
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development increases by more than 100,000	490.00	606.40	23.76%	2,756
Secondary Consent (subdivision)	386.00	620.35	60.71%	2,820
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development does not increase by more than 10,000	-	94.10	-	3,422
Title Searches	32.00	32.00	-	1,047
Request for copies of Planning Permit or Approved Plans	75.00	75.00	-	682
Request for copies of Planning Permit and Approved Plans	135.00	135.00	-	1,227
Request for copies of Planning Permit Applications on Advertising	0.40	1.00	150.00%	91
Applications or Requests to respond to written Planning Enquiries	70.00	70.00	-	2,736
This item is no longer required because the State Govt has no introduced a regulated fee - Application to Amend or Remove a S173 Agreement	502.00	502.00	-	-
Secondary Consent (anything other than single dwelling or ancillary to single dwelling) where cost of development increases by more than 100,000 but less than 1,000,000	-	728.35	-	3,642
<b>Statutory Planning Total</b>				<b>48,775</b>
Transfer of Registrations (50% of rego fee)	-	-	-	-
Skin Penetration - Health Act	247.00	253.00	2.43%	2,277
Comb Hair/Beauty & Skin - Health Act	247.00	253.00	2.43%	3,289
PA8FC4	181.50	186.00	2.48%	1,116
New Premises Establishment Fee - Large	430.00	440.00	2.33%	2,000
Hair/Beauty- Health Act	196.00	196.00	-	-
Class 1 (Non Standard FSP) Food Act Premises	694.00	711.00	2.45%	6,399
Class 2 - Food Act Premises	694.00	711.00	2.45%	169,218
Class 3 - Food Act Premises	442.00	453.00	2.49%	37,599
PA8FC2	436.00	446.50	2.41%	4,465

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
PA8FC3	310.00	317.50	2.42%	318
Inspection on request (50% of registration fee)	-	-	-	-
Class 1 (Standard FSP) Food Act Premises	981.00	1,005.00	2.45%	-
PAFC3	622.00	637.00	2.41%	637
PAFC4	181.50	186.00	2.48%	4,650
PAFC2	873.00	894.00	2.41%	14,304
New Premises Establishment Fee - Medium	212.00	217.00	2.36%	986
New Premises Establishment Fee - Small	104.00	106.50	2.40%	968
Registration of Temporary or Mobile Food Premises (attached to principal premises)	109.00	111.50	2.29%	5,474
Request for Septic Plans and Permit	133.00	136.00	2.26%	1,236
Permit to Install a septic tank	702.00	719.00	2.42%	86,280
Permit to alter a septic tank system - Major Works	495.00	507.00	2.42%	5,070
Permit to alter a septic tank - Minor Works	392.00	401.50	2.42%	4,015
Request for copies of plans for septic.	76.00	78.00	2.63%	709
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	197.00	202.00	2.54%	367
Extension of time to existing Septic Tank PTI	388.00	397.50	2.45%	1,590
Assessment of Land Capability Assessment	104.00	106.50	2.40%	968
Minor permit amendment - no inspection	108.00	110.50	2.31%	442
Major permit amendment - includes inspection	197.00	202.00	2.54%	808
<b>Environmental Health Total</b>				<b>355,185</b>
Impounded vehicle release	222.30	226.70	1.98%	-
Roadside trading permit	1,042.95	1,063.80	2.00%	-
Local Law 1 release fees	139.90	142.70	2.00%	-
Sheep (Subsequent animals) - Release fee	3.18	3.20	0.63%	-
Block Clearing (Fire Prevention / Hazards)	113.45	115.70	1.98%	3,155
Pensioner fee for dog registration for working dogs, microchipped only (C4P)	25.20	25.70	1.98%	19,275
Dog registration for working dogs, microchipped only (C4)	50.40	51.40	1.98%	97,660

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Exotic Animals (Subsequent animals)	6.90	7.00	1.45%	-
Access - Additional Records	9.10	9.30	2.20%	-
Goats & Pigs (Subsequent animals)	6.90	7.00	1.45%	-
Sheep (First animal) - Release fee	28.60	29.20	2.10%	-
Dogs / Cats - First Offence - Pound release fee	91.75	93.60	2.02%	8,509
Goats & Pigs (First animal)	57.30	58.40	1.92%	-
NC2P - Dogs/Cats that qualify for reduced fee Pension	25.20	25.70	1.98%	19,275
Dogs / Cats - Subsequent Offence - Pound release fee	149.05	152.00	1.98%	4,836
FOI Supervision Search Fee	13.70	14.00	2.19%	-
Cattle (First animal) - Release fee	137.55	140.30	2.00%	638
Cattle (Subsequent animals) - Release fee	6.90	7.00	1.45%	64
NC1 - Dogs/Cats not included under NC2	149.05	152.00	1.98%	22,952
NC1P - Dogs/Cats not included under NC2 Pension	74.50	76.00	2.01%	5,700
NC2 - Dogs/Cats that qualify for reduced fee	50.40	51.40	1.98%	92,520
Access - All Records	16.00	16.30	1.88%	-
Sustenance Stock	15.50	15.80	1.94%	144
Sustenance Cat & Dog	13.70	14.00	2.19%	3,182
Other (Per animal)	3.18	3.20	0.63%	-
Burning off offensive material permit	497.97	507.90	1.99%	-
Animal permit - Excess animals	53.80	54.90	2.04%	2,745
Droving of Livestock - Application fee (no refund)	239.45	244.20	1.98%	-
Vic Roads (Stock Control on Declared Roads)	692.60	706.50	2.01%	54,593
Door to Door trading permit	467.60	477.00	2.01%	-
Local Law Footpath Occupation Permit	59.55	60.70	1.93%	13,961
Bulk rubbish container permit	129.15	131.70	1.97%	-
Domestic Animal Business Registration	286.60	292.30	1.99%	2,923
Grazing Sheep - daily fee per head	1.03	1.10	6.80%	-
Grazing Other Livestock - daily fee per head	1.65	1.70	3.03%	-
Droving Other Livestock - daily fee per head	3.18	3.20	0.63%	-
Grazing of Livestock - Application Fee (no refund)	120.35	122.80	2.04%	-
Grazing Cattle - daily fee per head	1.65	1.70	3.03%	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Dog registration for dangerous, menacing and restricted breeds (RDM)	286.60	292.30	1.99%	1,169
Animal registration undesexed dogs and cats (C2)	50.40	54.40	7.94%	27,200
Pensioner fee for undesexed dogs and cats (C2P)	25.20	25.70	1.98%	5,140
Animal registration for micro-chipped and desexed dogs and cats (C3)	50.40	51.40	1.98%	35,466
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	25.20	25.70	1.98%	7,453
Droving of Livestock - Bond	2,143.40	2,186.30	2.00%	-
Droving Cattle - daily fee per head	3.18	3.20	0.63%	-
Droving Sheep - daily fee per head	1.65	1.70	3.03%	-
Late Application for Cattle Crossing	410.30	418.50	2.00%	-
Exotic Animals (First animal)	57.30	58.40	1.92%	-
All other Local Law 1 permits-that are not specifically excluded	113.45	115.70	1.98%	231
Open Air Burning Local Law Permit	59.25	60.40	1.94%	549
<b>Local Laws Total</b>				<b>429,340</b>
Building Permit Document Search / Certificate Fees	154.00	157.77	2.45%	2,151
Place of public entertainment occupancy permit	629.65	645.08	2.45%	1,173
<b>Municipal Building Total</b>				<b>3,324</b>
Unused Road Opening Application Fee	664.00	680.00	2.41%	2,473
Road Reserve Activity Permit (Road RAP)	85.00	87.00	2.35%	15,660
<b>Assets Total</b>				<b>18,133</b>
Non Commercial - Korumburra Office Meeting Room Full Day	100.00	100.00	-	-
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	55.00	55.00	-	-
Commercial - Korumburra Office Meeting Room Full Day	120.00	120.00	-	-
Commercial - Korumburra Office Meeting Room 1/2 Day / night	70.00	70.00	-	-
Non Commercial - Whole Complex Hire	825.00	825.00	-	-
Non Commercial - Whole Complex Hire 1/2 Day	430.00	430.00	-	-
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	50.00	50.00	-	139
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	185.00	185.00	-	1,800

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Non Commercial - Hall Bond where liquor is served (refundable)	735.00	735.00	-	-
Non Commercial - Hall Bond where liquor is not served (refundable)	190.00	190.00	-	-
Commercial - Whole Complex Hire	1,030.00	1,030.00	-	-
Commercial - Whole Complex Hire 1/2 Day	535.00	535.00	-	-
Commercial - Leongatha Memorial Hall Rental - full day or evening	735.00	735.00	-	6,136
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	370.00	370.00	-	-
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	550.00	550.00	-	1,027
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	65.00	65.00	-	609
Commercial - Leongatha Memorial Hall Full week hire 7 days	3,255.00	3,255.00	-	3,018
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	1,030.00	1,030.00	-	-
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	225.00	225.00	-	1,673
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	115.00	115.00	-	851
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	820.00	820.00	-	-
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	185.00	185.00	-	1,727
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	95.00	95.00	-	882
Commercial - Leongatha Memorial contractor Set up Costs (if used)	35.00	35.00	-	-
Commercial - Leongatha Memorial Hall Kitchen full day	185.00	185.00	-	344
Commercial - Balcony Seating 1/2 day	115.00	115.00	-	-
Commercial - Behind Stage full day	115.00	115.00	-	-
Commercial - Behind Stage 1/2 day	70.00	70.00	-	-
Commercial - Hall Bond where liquor is served (refundable)	920.00	920.00	-	-
Commercial - Hall Bond where liquor is not served (refundable)	225.00	225.00	-	-
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	590.00	590.00	-	2,182
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	295.00	295.00	-	545



Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	95.00	95.00	-	2,645
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	150.00	150.00	-	695
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	75.00	75.00	-	1,391
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	26.00	26.00	-	3,493
Non Commercial - Leongatha Memorial Hall Kitchen full day	150.00	150.00	-	2,086
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	95.00	95.00	-	1,321
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	4.00	4.00	-	1,118
Non Commercial - Balcony Seating full day	190.00	190.00	-	-
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	440.00	440.00	-	-
Non Commercial - Balcony Seating 1/2 day	95.00	95.00	-	-
Non Commercial - Behind Stage full day	95.00	95.00	-	-
Non Commercial - Behind Stage 1/2 day	55.00	55.00	-	102
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	115.00	115.00	-	429
Commercial - Leongatha Memorial Hall Crockery Hire per setting	5.00	5.00	-	-
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,625.00	2,625.00	-	2,435
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	820.00	820.00	-	-
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	655.00	655.00	-	-
Commercial - Balcony Seating full day	225.00	225.00	-	-
Private Functions - Korumburra Office Meeting Room full day	-	150.00	-	136
Private Functions - Korumburra Office Meeting Room 1/2 day	-	75.00	-	68
Commercial - Korumburra Office Meeting Room full day	-	185.00	-	168
Commercial - Korumburra Office Meeting Room 1/2 day	-	95.00	-	86

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Private Functions - Leongatha Memorial Hall Whole Complex Hire	825.00	825.00	-	750
Private Functions - Leongatha Memorial Hall Whole Complex Hire 1/2 Day	430.00	430.00	-	391
Private Functions - Leongatha Memorial Hall Rental - full day or evening	590.00	590.00	-	1,073
Private Functions - Leongatha Memorial Hall 1/2 day use set up rehearsals	295.00	295.00	-	536
Private Functions - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	440.00	440.00	-	800
Private Functions - Leongatha Memorial Hall Rehearsals 1-4 hours	50.00	50.00	-	182
Private Functions - Leongatha Memorial Hall Full week hire 7 days	2,625.00	2,625.00	-	-
Private Functions - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	820.00	820.00	-	-
Private Functions - Leongatha Memorial Hall Meeting Rm 1 - full day	185.00	185.00	-	336
Private Functions - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	95.00	95.00	-	173
Private Functions - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	655.00	655.00	-	-
Private Functions - Leongatha Memorial Hall Meeting Rm 2 - full day	150.00	150.00	-	273
Private Functions - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	75.00	75.00	-	136
Private Functions - Leongatha Memorial contractor Set up Costs (if used)	26.00	26.00	-	71
Private Functions - Leongatha Memorial Hall Kitchen full day	150.00	150.00	-	136
Private Functions - Leongatha Memorial Hall Kitchen 1/2 day	95.00	95.00	-	86
Private Functions - Leongatha Memorial Hall Crockery Hire per setting	4.00	4.00	-	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Private Functions - Leongatha Memorial Balcony Lounge Meeting Room - full day	115.00	115.00	-	105
Private Functions - Leongatha Balcony Lounge Meeting Room - 1/2 day	75.00	75.00	-	68
Private Functions - Leongatha Balcony Seating full day	190.00	190.00	-	-
Private Functions - Leongatha Balcony Seating 1/2 day	95.00	95.00	-	-
Private Functions - Leongatha Behind Stage full day	95.00	95.00	-	86
Private Functions - Leongatha Behind Stage 1/2 day	55.00	55.00	-	50
Private Functions - Leongatha Hall Bond where liquor is served (refundable)	735.00	735.00	-	668
Private Functions -Leongatha Hall Bond where liquor is not served (refundable)	190.00	190.00	-	173
Leongatha Memorial Hall Kitchen per hour	-	30.00	-	136
<b>Engineering and Projects Management Total</b>				<b>43,337</b>
Port Welshpool boat ramp - Daily Car Park	10.00	10.00	-	2,727
Port Welshpool boat ramp - Annual Car Park Fee	50.00	51.00	2.00%	27,818
<b>Maintenance - Civil Infrastructure Total</b>				<b>30,545</b>
Music For the People At Mossvale Park - Adult (Over 15 years of age)	15.00	15.00	-	5,005
Family Season Ticket	100.00	100.00	-	-
Single Season Ticket	50.00	50.00	-	-
Adult Entry	4.50	4.50	-	-
Child Entry	3.60	3.60	-	-
School Single Entry	2.00	2.00	-	-
Spectator	1.00	1.00	-	-
Child Entry	3.60	3.60	-	-
School Single Entry	2.00	2.00	-	-
Spectator	1.00	1.00	-	-
Family Season Ticket	100.00	100.00	-	-
Single Season Ticket	50.00	50.00	-	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Adult Entry	4.50	4.50	-	-
Single Season Ticket Child	65.00	65.00	-	-
Family Season Ticket	190.00	190.00	-	-
Single Season Ticket Adult	90.00	90.00	-	-
Adult Entry	4.50	4.50	-	-
Child Entry	3.60	3.60	-	-
School Single Entry	2.00	2.00	-	-
Spectator	1.00	1.00	-	-
Weekly Family Ticket	38.00	38.00	-	-
SPLASH - Stadium Netball Team Registration Fee (Senior)	80.00	80.00	-	-
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	45.00	45.00	-	-
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	80.00	80.00	-	-
SPLASH - Stadium Basketball Rental (single court)	42.00	42.00	-	-
SPLASH - Stadium Birthday Parties	18.00	18.50	2.78%	-
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	32.00	32.00	-	-
Toora - Outdoor Swimming Pool - Family Season Ticket	290.00	300.00	3.45%	-
Toora - Outdoor Swimming Pool - Adult Entry	6.20	6.30	1.61%	-
Toora - Outdoor Swimming Pool - Child Entry	4.80	4.90	2.08%	-
Toora - Outdoor Swimming Pool - School Single Entry	3.20	3.30	3.12%	-
Toora - Outdoor Swimming Pool - Spectator	1.00	1.00	-	-
Toora - Outdoor Swimming Pool - Single Season Ticket Adult	150.00	160.00	6.67%	-
Toora - Outdoor Swimming Pool - Weekly Family Ticket	65.00	70.00	7.69%	-
Toora - Outdoor Swimming Pool - Single Season Ticket Child	115.00	120.00	4.35%	-
Outdoor Swimming Pool - Spectator	1.00	1.00	-	-
SPLASH - Aquatic Adventure Day - Per participant	9.50	9.40	-1.05%	-
SPLASH - Older Adults Programs Strength Training Session	7.30	7.50	2.74%	-
SPLASH - Aquatic Membership Fortnightly Fee	26.00	26.80	3.08%	-
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	48.00	49.50	3.13%	-
SPLASH - Memberships Pryme Movers Membership Monthly Fee	40.00	41.20	3.00%	-
SPLASH - Memberships Y Kids Club Monthly Fee	39.00	40.20	3.08%	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	28.00	28.80	2.86%	-
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	25.20	26.00	3.17%	-
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	20.20	20.80	2.97%	-
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	58.50	60.00	2.56%	-
SPLASH - Schools - Aquatic Education (YMCA Teacher)	7.20	7.30	1.39%	-
SPLASH - Schools - Aquatic Education (School Instructor)	3.90	4.00	2.56%	-
SPLASH - Schools - Aquatic Carnival Hire	750.00	750.00	-	-
SPLASH - Stadium Netta / Fun Net Clinic	6.20	6.50	4.84%	-
SPLASH - Full Centre Membership Fortnightly Fee	37.50	38.60	2.93%	-
SPLASH - Full Centre Membership Concession Fee	30.00	30.90	3.00%	-
SPLASH - Aquatic Membership Concession Fee	21.00	21.50	2.38%	-
SPLASH - Challenge Fitness Camp	296.00	305.00	3.04%	-
SPLASH - Children's Programs Facility Rental - Swim Club	18.00	18.50	2.78%	-
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	22.50	23.20	3.11%	-
SPLASH - Aquatics (Casual) Adult Rec Swim	6.10	6.30	3.28%	-
SPLASH - Aquatics (Casual) Concession Rec Swim	4.90	5.00	2.04%	-
SPLASH - Aquatics (Casual) Family Rec Swim	17.50	18.00	2.86%	-
SPLASH - Aquatics (Casual) Spectator	2.00	2.00	-	-
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	9.00	9.00	-	-
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	7.80	7.80	-	-
SPLASH - Group Fitness Aqua Aerobics	12.20	12.40	1.64%	-
SPLASH - Group Fitness Aqua Aerobics (Concession)	9.80	10.00	2.04%	-
SPLASH - Older Adults Programs Aqua Movers	7.30	7.50	2.74%	-
SPLASH - Stadium Basketball Clinic	6.20	6.50	4.84%	-
SPLASH - Stadium Schools Rental (single court)	42.00	42.00	-	-
SPLASH - Stadium Entry fee - all persons	2.00	2.00	-	-
SPLASH - Memberships Aquatic Membership Monthly Fee	53.50	55.10	2.99%	-
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	22.40	23.00	2.68%	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	120.00	125.00	4.17%	-
SPLASH - Full Centre Membership Family Fortnightly Fee	30.00	30.90	3.00%	-
SPLASH - Challenge Fitness Camp (member)	235.00	240.00	2.13%	-
SPLASH - Aquatics (Casual) Child Rec Swim	4.90	5.00	2.04%	-
SPLASH - Older Adults Programs Disability Access Program	7.30	7.50	2.74%	-
SPLASH - Stadium Soccer Clinic	6.20	6.50	4.84%	-
Outdoor Swimming Pool - School Single Entry	3.20	3.30	3.12%	-
Outdoor Swimming Pool - Child Entry	4.20	4.40	4.76%	-
Outdoor Swimming Pool - Adult Entry	5.20	5.50	5.77%	-
Outdoor Swimming Pool - Single Season Ticket	78.00	80.00	2.56%	-
Outdoor Swimming Pool - Family Season Ticket	150.00	55.00	-63.33%	-
Outdoor Swimming Pool - Daily Family Entry	16.50	16.50	-	-
Outdoor Swimming Pool - Season Ticket Child	62.00	65.00	4.84%	-
<b>Community Strengthening Total</b>				<b>5,005</b>
Hard Waste Collection - Regular	94.00	96.00	2.13%	873
Hard Waste Collection - Pensioner	32.00	33.00	3.13%	2,610
Asbestos	169.00	173.00	2.37%	3,303
Concrete	78.00	80.00	2.56%	13,091
Prescribed Waste	209.00	214.00	2.39%	-
Commercial Waste by weight	169.00	173.00	2.37%	1,575,086
Transfer Station Waste to Landfill	151.50	155.00	2.31%	253,636
Tree Stumps	45.00	46.00	2.22%	544
Disposal of Clean Fill	169.00	173.00	2.37%	3,932
Sustainability Festival Small Stall	37.00	37.00	-	1,345
General Waste - Garbage Bag up to 120L	4.50	4.50	-	-
General Waste - Car Boot	21.50	22.00	2.33%	-
General Waste - 240L Bin	11.00	11.50	4.55%	-
General Waste - 120 L Bin	5.50	5.50	-	-
General Waste - Ute - up to one cubic meter	43.00	44.00	2.33%	-
General Waste - Other Domestic	43.00	44.00	2.33%	-
Silage Wrap bundled	43.00	44.00	2.33%	-
Concrete Bricks Fill up to one m3	43.00	44.00	2.33%	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
Car Bodies (Tyres and Gas Bottles removed and drained of fluids)	-	-	-	-
Car Tyres	9.00	9.50	5.56%	-
Small Truck / Four Wheel Drive Tyres	20.50	21.00	2.44%	-
Large Truck Tyre	42.00	43.00	2.38%	-
Earthmoving Tyre	248.00	254.00	2.42%	-
Extra Charge for Tyre on Rim	11.50	12.00	4.35%	-
Green Waste - 120L Bin	2.50	2.50	-	-
Green Waste - Car Boot / Station Wagon	6.00	6.00	-	-
Green Waste - Standard 6 x 4 Trailer (Level Load)	11.50	12.00	4.35%	62,727
Green Waste - 240L Bin	4.50	4.50	-	-
Green Waste - 6 x 4 Trailer With Cage	41.00	42.00	2.44%	-
Green Waste - Large Single Axle Trailer (Level Load)	14.50	15.00	3.45%	-
Green Waste - Large Single Axle Trailer (Heaped Load)	28.00	28.50	1.79%	-
Green Waste - Large Single Axle Trailer With Cage	56.50	58.00	2.65%	-
Green Waste - Tandem Trailer (Level Load)	22.50	23.00	2.22%	-
Gas Bottles - up to 10kg	6.50	6.50	-	-
Mattress - Single Bed	14.50	15.00	3.45%	-
Gas Bottles - Larger than 20kg	25.50	26.00	1.96%	-
Green Waste - Tandem Trailer (Heaped Load)	41.00	42.00	2.44%	-
Green Waste - Tandem Trailer With Cage	83.00	85.00	2.41%	-
Green Waste - Ute (Level Load)	11.50	12.00	4.35%	-
Green Waste - Ute (Heaped Load)	20.50	21.00	2.44%	-
Green Waste - Amnesty Period (No Fees Charged) 1st November to 31st December	-	-	-	-
Green Waste - Standard 6 x 4 Trailer (Heaped Load)	20.50	21.00	2.44%	-
Mattress - Double Bed	20.50	21.00	2.44%	-
Gas Bottles - 10 to 20kg	13.50	14.00	3.70%	-
E-Waste - Laptops, Computers, Printers, DVD & VCR Players etc	7.00	7.00	-	-
E-Waste - Small CRT TV/Computer Monitor (Smaller than 40cm)	13.00	13.50	3.85%	-
E-Waste - Large CRT TV (Larger than 40cm)	19.50	20.00	2.56%	-
E-Waste - Small Plasma/LCD TV (Smaller than 100cm)	6.00	6.00	-	-
E-Waste - Large Plasma/LCD TV (Larger than 100cm)	13.00	13.50	3.85%	-
General Waste - Standard single axle trailer up to 6 x 4 (Heaped Load)	-	78.50	-	-

Description	16/17 Unit Price (incl GST)	17/18 Unit Price (incl GST)	% Fee Increase	17/18 Revenue Budget (excl GST)
General Waste - Standard single axle trailer up to 6 x 4 (With a Cage)	-	119.00	-	-
General Waste - Standard single axle trailer up to 6 x 4 (Level Load)	-	44.00	-	-
General Waste - Single axle trailer over 6 x 4 (Level Load)	-	57.50	-	-
General Waste - Single axle trailer over 6 x 4 (With a Cage)	-	173.00	-	-
General Waste - Small tandem trailer up to 8 X 5 (Level Load)	-	65.50	-	-
General Waste - Small tandem trailer up to 8 X 5 (With a Cage)	-	197.00	-	-
General Waste - Large tandem trailer over 8 X 5 (Level Load)	-	98.50	-	-
General Waste - Large tandem trailer over 8 X 5 (Heaped Load)	-	197.00	-	-
General Waste - Large tandem trailer over 8 X 5 (With a Cage)	-	295.00	-	-
General Waste - Single axle trailer over 6 x 4 (Heaped Load)	-	115.00	-	-
General Waste - Small tandem trailer up to 8 X 5 (Heaped Load) - NEW	-	132.00	-	-
<b>Sustainability Total</b>				<b>1,917,147</b>



## **APPENDIX C – Budget Process**

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

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

The 2017/18 Budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2018 in accordance with the Act and Regulations, and are consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

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

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

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June 2017 and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget Process	Timing
• Council Plan / Business plan requirements reviewed	Jul 2016– Jan 2017
• Previous years financial results updated into Financial Plan	Aug – Sep 2016
• Capital Works requirements reviewed	Sep – Dec 2016
• Financial strategies reviewed	Oct – Dec 2016
• Operating budgets prepared	Dec 2016 – Feb 2017
• Councillors consider draft budgets at briefing sessions	Dec 2016 – Feb 2017
• Proposed budget submitted to Council for approval	22 Mar 2017
• Public notice advising intention to endorse proposed budget	28 Mar 2017
• Budget available for public inspection & comment	28 Mar 2017
• Submissions period closes	26 Apr 2017
• Submissions hearing meeting	17 May 2017
• Submission hearing meeting	24 May 2017
• Special Council meeting - Submissions considered by Council	28 June 2017
• Budget presented to Council for adoption	29 June 2017
• Copy of adopted budget submitted to the Minister	

