



South Gippsland  
Shire Council

*South Gippsland Shire Council*

# ADOPTED ANNUAL BUDGET 2016-2017

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

This Budget document has been prepared with reference to Chartered Accountants Australia and New Zealand 'Victorian Council Model Budget 2016/17' a best practice guide for reporting local government budgets in Victoria.

**Great Southern Rail Trail  
'Black Spur'**  
Photo by Ken Fraser



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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

It's an exciting year ahead as this Council serves its last year together. It's important to our role that we understand the variety and diversity of our business and activities in order to build sustainable communities. At Council, we actively work with our residents to ensure that decisions are made in line with community expectations while meeting Council's overall direction. A new Council will be elected in October 2016 and it will be the role of the Councillors to continue to provide leadership for the good governance of the Shire and our local communities. They will be set with the task of developing a new Council Plan for the next four years. Residents and ratepayers expect high standards of transparency in decision making and I would encourage the next Council to look over the horizon and plan for the future.

Sustainability over the long-term is more than building the infrastructure of today. It means having the capacity to maintain the appropriate level of service for the future. To achieve this, councillors and mayors must effectively plan for the long-term future sustainability of their communities.

As a collective, I believe we have paved the way for sustainable success with a number of key achievements over the past three years and successes in advocacy. The Karmai Community Children's Centre in Korumburra will bring together, child care, kindergarten and family and children's health services under the one roof, meaning better access for local families. Long-awaited extensions to the iconic Great Southern Rail Trail mean we now have a continuous trail from Leongatha to Port Welshpool. Our efforts in lobbying for both the Corner Inlet Tourism Development project and South Gippsland Highway Black Spur Alignment, has put these invaluable projects firmly on the agenda.

In my years in Local Government, never have I seen so much emphasis on community engagement, and rightly so. 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. Council facilitated 51 community meetings and engagement opportunities over the last 18 months to encourage the involvement of community members in discussions. In 2016/17 we will be working with the community on an exciting Community Budgeting process for the towns of Foster, Korumburra, Mirboo North and Venus Bay, with projects expected to be implemented the following year.

With the introduction of rate capping, Council's engagement with the community assisted in providing suggestions on the priorities for future budgets and we proudly resolved to work within the 2.5% rate cap without having to reduce levels of service.

The community were invited to provide feedback on the development of the 2016/17 Budget via the OurSay online community engagement process. The outcome is a financially sustainable Budget and Long Term Financial Plan which reflects the strategic long term financial planning that our Council has been committed to.

There is an ambitious capital works program planned across the Shire. We have identified our Key Priority Projects for the next 12 months, including the Long Jetty rehabilitation project and the Leongatha revitalisation project. Foster's streetscape will receive a facelift and water security in Korumburra, Nyora, Loch and Poowong is a focus as we advocate for State and Federal funding,

and develop a strategic advocacy campaign with South Gippsland Water. We will also continue to advocate for the realignment of the South Gippsland Highway at Black Spur near Koonwarra. Community feedback indicated a strong interest in a number of projects that we have earmarked as Major Initiatives, including planning for the future of our libraries, developing an Arts and Culture Strategy, developing a new Municipal Public Health and Wellbeing Plan, implementing a Tree Management Plan, and preparing for major government reform in Home and Community Care.

Council has committed to spending \$20.81m on major capital expenditure initiatives including \$5.5m Roads to Recovery funding from the Federal Government (an increase of \$3.9m), a Leachate Evaporation System at Koonwarra Landfill, road renewal and footpath program, design work for the refurbishment of the Mirboo North Pool, the Anderson Street town entrance, South Road construction in Poowong, Hudson's Road construction in Korumburra South, construction of toilets at Sandy Point and construction/rehabilitation of internal roads at the Leongatha Recreation Reserve and the Korumburra Showgrounds.

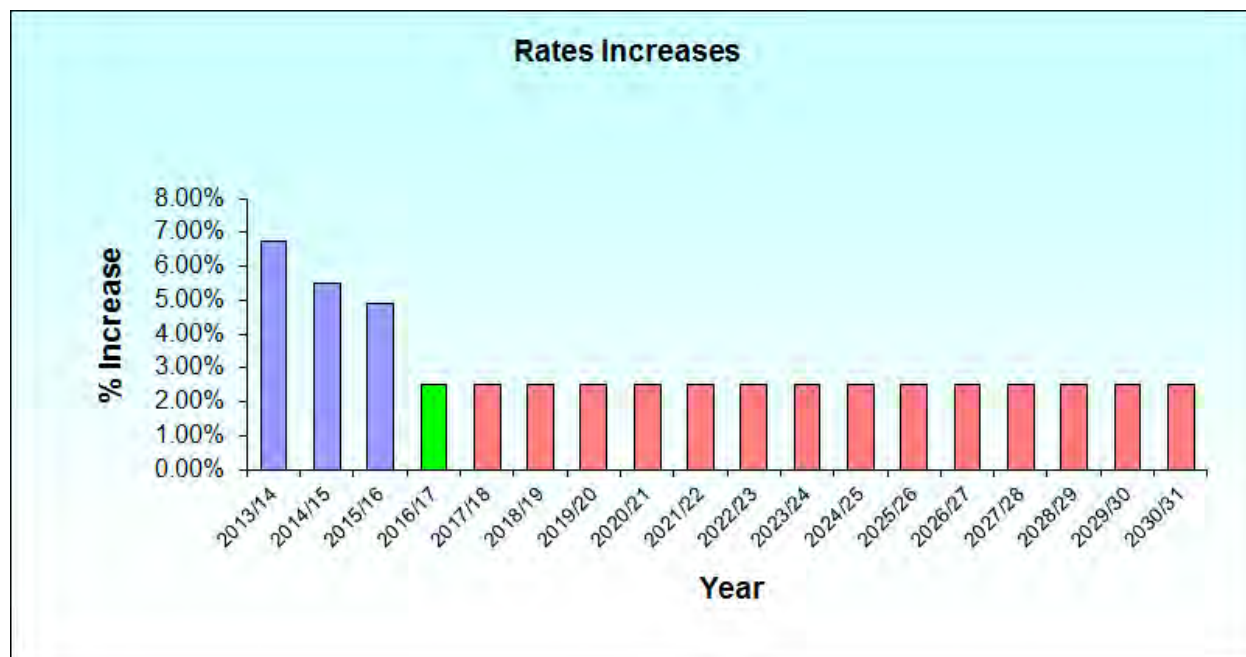
Council is committed to continue to look for efficiencies through collaboration with our neighbouring councils in Gippsland and through innovation in technology and service delivery. The main driver for collaboration between councils is the ability to do more with less. This includes an interest in avoiding duplication between councils in planning and preparing, and an interest in being effective where such partnerships can make the most of our often scarce resources to create meaningful improvements for our communities.

**Cr Bob Newton**  
**Mayor**

## Executive Summary

Council has prepared a Budget for the 2016/17 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 22 December 2015 that Victorian council rate increases will be capped to the rate of inflation, 2.5% for 2016/17. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

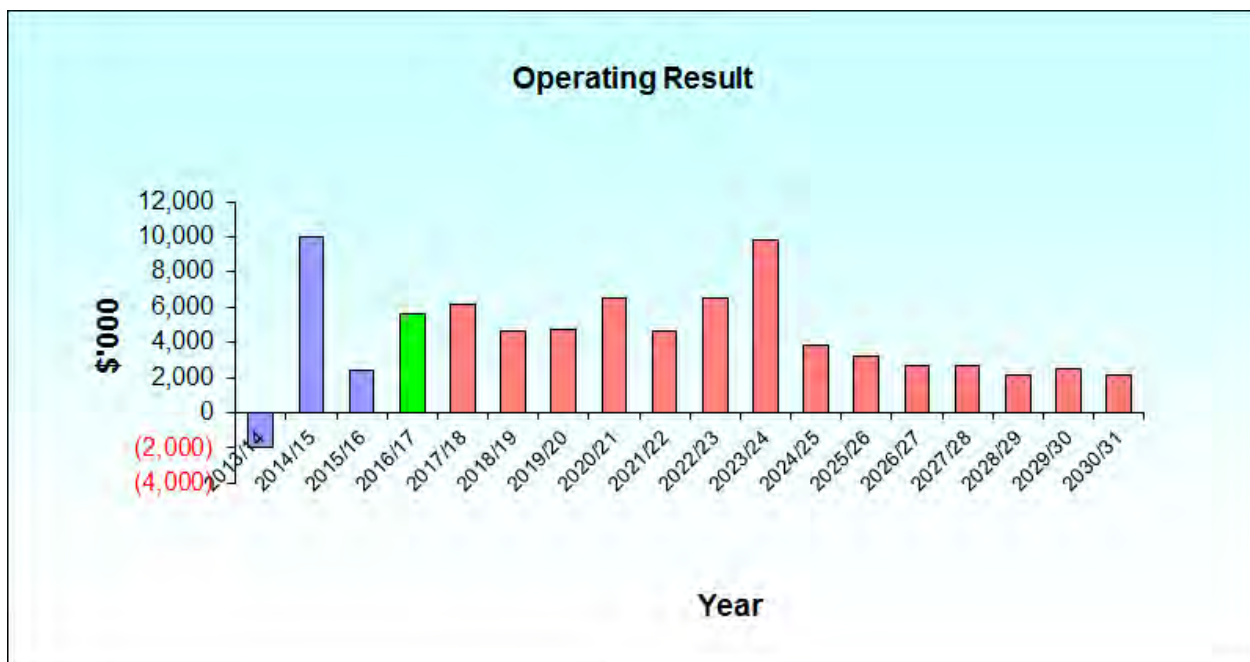
The general rate for 2016/17 will increase by 2.5%. On average the combined garbage and green waste charge will increase by 1.7% for 2016/17. The increase for garbage charges for Venus Bay properties are greater than 1.7% when compared to the previous year's charges. This is because the service level was changed in July after the original 2015/16 was adopted. The annualised increase is however 1.7%. It is projected that total rates and charges income which includes an estimated \$295,000 in supplementary rates will increase by 3.6% over the base that was raised last year to \$39.96m.

This is the first year of the Fair Go Rates System and while the rate increase is in line with the 2.5% cap, the actual rate increases experienced by individual ratepayers will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (2.5 %) and the property valuation increases of individual properties relative to the average across the municipality.

The rate increase for the previous 2015/16 year was 4.9% and the waste service charge was increased by 2.0%.

As a result of rate capping Council will receive \$37.8m less rates & charges revenue over a 14 year period when comparing the 2016/17 Budget / Long Term Financial Plan to the previously Adopted 2015/16 Budget / Long Term Financial Plan.

### Operating result



The expected operating result for the 2016/17 year is a surplus of \$5.66m, which is greater than the projected \$2.45m surplus result for 2015/16.

Council's operating results for the previous 2014/15 and 2015/16 years are 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 remain relatively stable for a number of years. The spike in 2023/24 is attributable to modelling that Council will receive \$6.76m Special Charge Scheme income for a major roads and drainage project in Nyora.

In the later years of the plan the projected operating result has 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 2016/17 and future years will:

- be reallocated as a funding source for the immediate future years project and initiative proposals; and
- in the mid to later years of the Long Term Financial Plan be allowed to flow through to the bottom line to strategically begin addressing the downward trend in the forecast underlying operating results.

## Cash position



The cash position is expected to decrease by \$2.23m during the year to \$9.12m as at 30 June 2017. It is projected to be \$11.35m as at 30 June 2016.

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

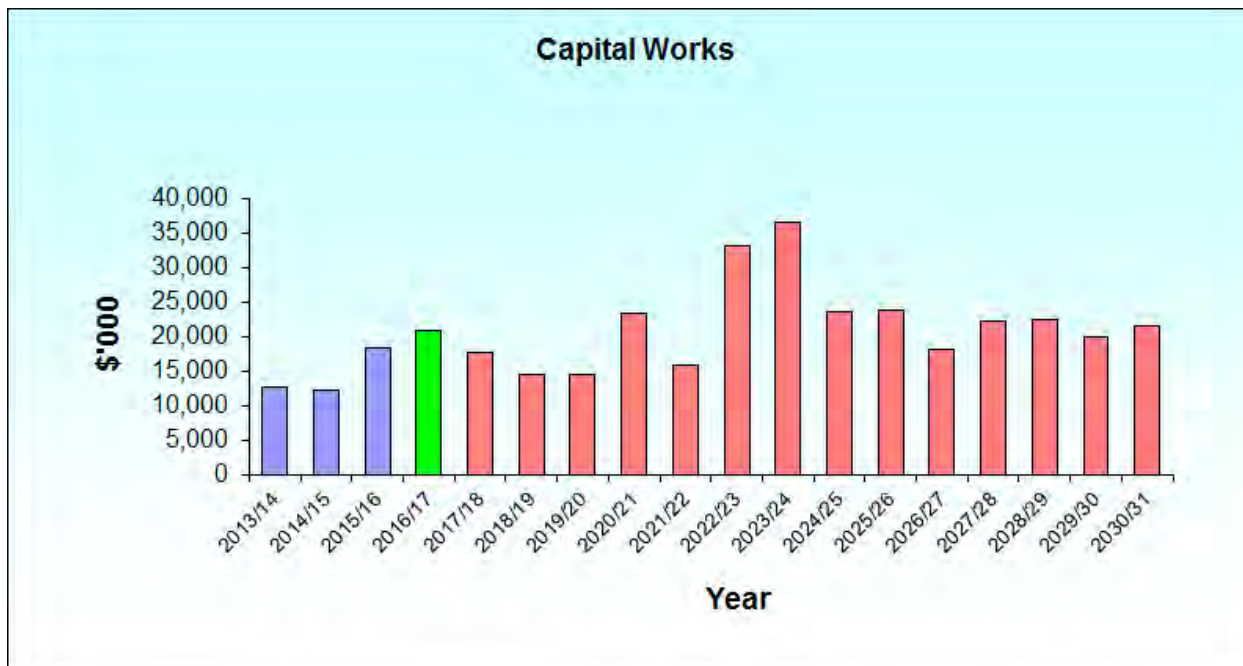
## Cash from operations



Net cash from operations for 2016/17 is forecast to be \$17.24m. It is greater than the previous year's projection of \$13.70m.

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

## Capital expenditure



The capital expenditure program for the 2016/17 year is \$20.81m which is \$2.65m more than for 2015/16. This includes \$1.43m expenditure for projects that were budgeted for, but not completed in 2015/16. The projected capital expenditure for the previous financial year is \$18.25m.

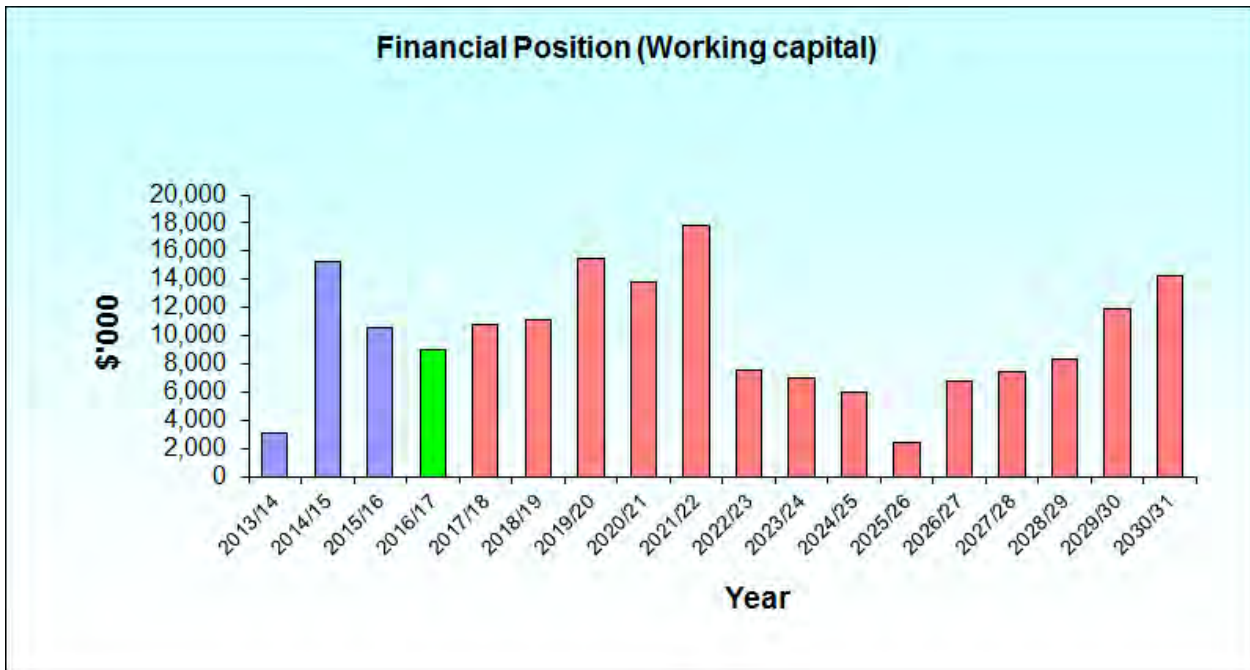
The previous 2015/16 year's capital expenditure includes \$1.85m expenditure for projects that were budgeted for, but not completed in 2014/15. The carried forward component was fully funded from the 2014/15 budget.

The capital expenditure program for 2016/17 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. 2022/23 and 2023/24 includes \$24.72m funding for a municipal precinct, library and community centre project proposal as well as \$10.14m for a Roads / Drainage Special Charge Scheme in Nyora.

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.



## Financial position

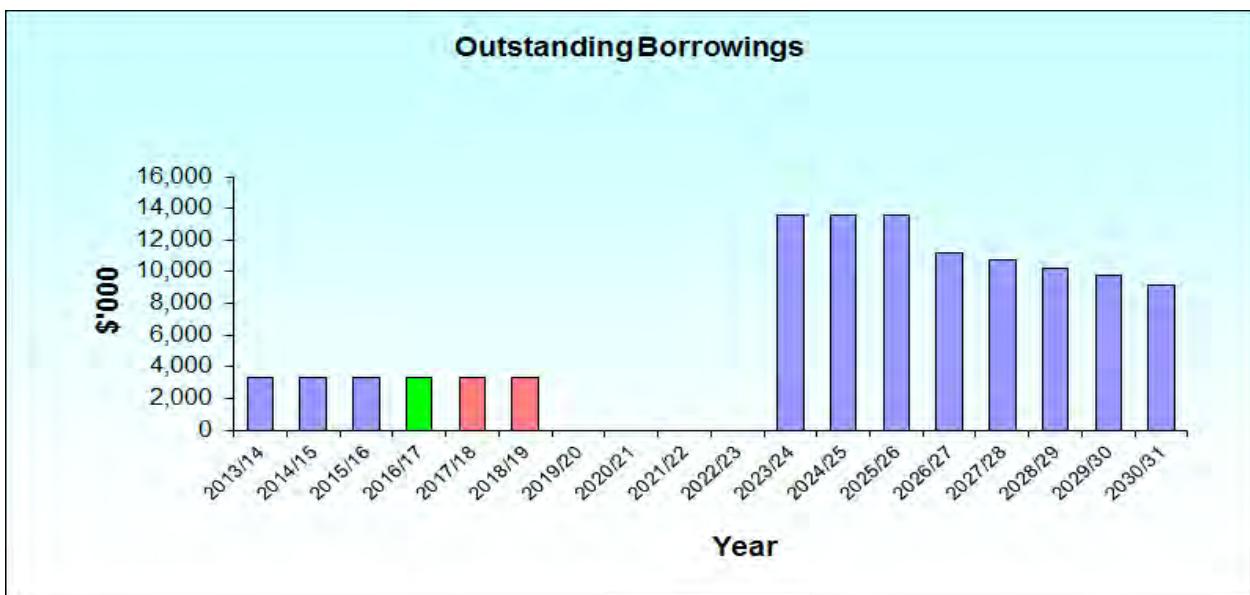


Net current assets (working capital) will decrease by \$1.60m to \$9.01m as at 30 June 2017. Working capital is projected to be \$10.61m as at 30 June 2016.

There is reasonable financial capacity up until 2021/22 and after that it declines for a number of years before progressively strengthening again. The two major capital projects (\$24.72m funding for a municipal precinct, library and community centre project proposal as well as \$10.14m for a Roads / Drainage Special Charge Scheme in Nyora) contribute to this decline.

The projected growth in cash backed internal reserves 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.

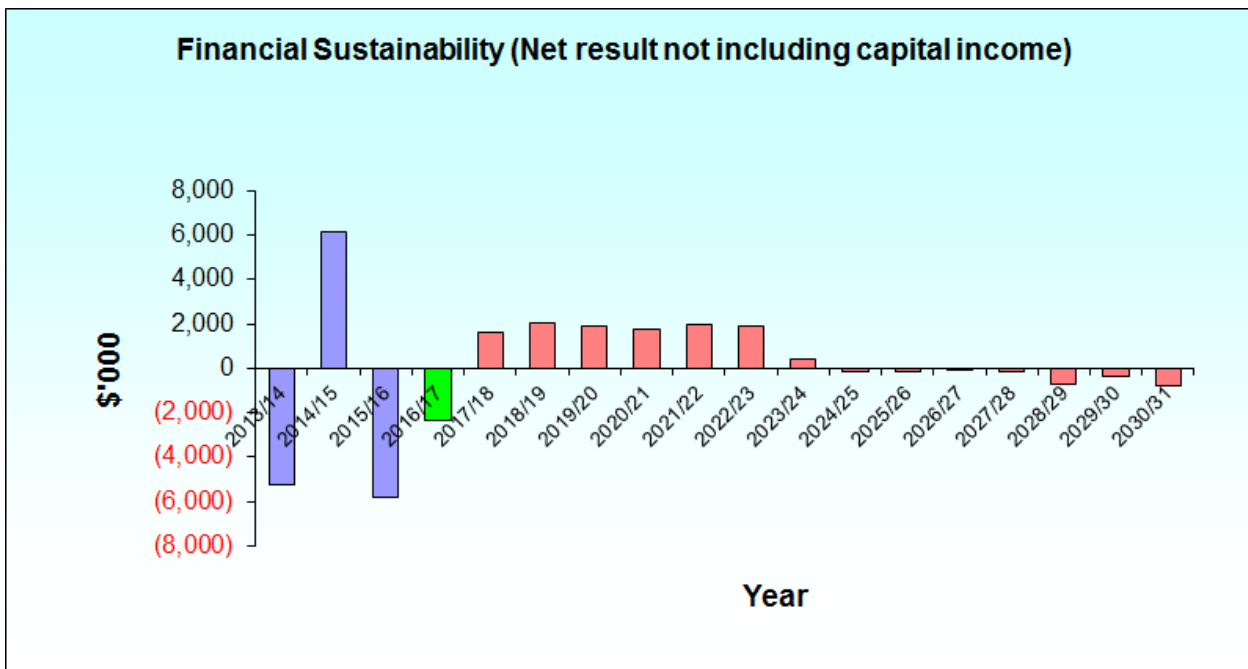
## Borrowings



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 2017 it will have \$3.35m in outstanding borrowings.

Council has modelled borrowing \$13.6m in 2023/24 to provide a funding source for the proposed municipal precinct, library and community centre project.

### Financial sustainability



A detailed Long Term Financial Plan for the years 2016/17 to 2030/31 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 (\$7.66m) and donated / granted assets (\$379,000) are backed out of the operating result (\$5.66m surplus) the underlying result (net result not including capital funding sources) for 2016/17 is projected to be an \$2.38 million underlying deficit.

The immediate forward years project a series of stable underlying surpluses. In the mid to later years of the plan the projected underlying operating result has 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 underlying operating results any net favourable productivity gains identified in 2016/17 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 so as to strategically begin addressing the downward trend in the forecast underlying operating results.

## 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.

2016/17 Budget	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Financial performance</b>																
Underlying result	-10.70%	-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	1.87	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	22.08%	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	123%	125%	67%	90%	91%	158%	98%	174%	218%	125%	97%	88%	111%	106%	87%	93%
<b>Borrowing capacity</b>																
Indebtedness	9.08%	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	8.68%	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	0.23%	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%

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 red zone in 2015/16 as a result of having to recognise \$4.34m Victoria Grants Commission allocation for 2015/16 in the prior financial year (2014/15).

For 2016/17 and immediate years in the forward plan the underlying result trends into and remains in the green zone. 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 2022/23, 2024/25 and 2025/26 before strengthening again in the later years. Council has financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

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 2016/17 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 2016/17. In the following years it generally fluctuates between the green and yellow zone and even dips into the red zone in 2017/18, 2026/27 and 2029/30. 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 2016/17 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.

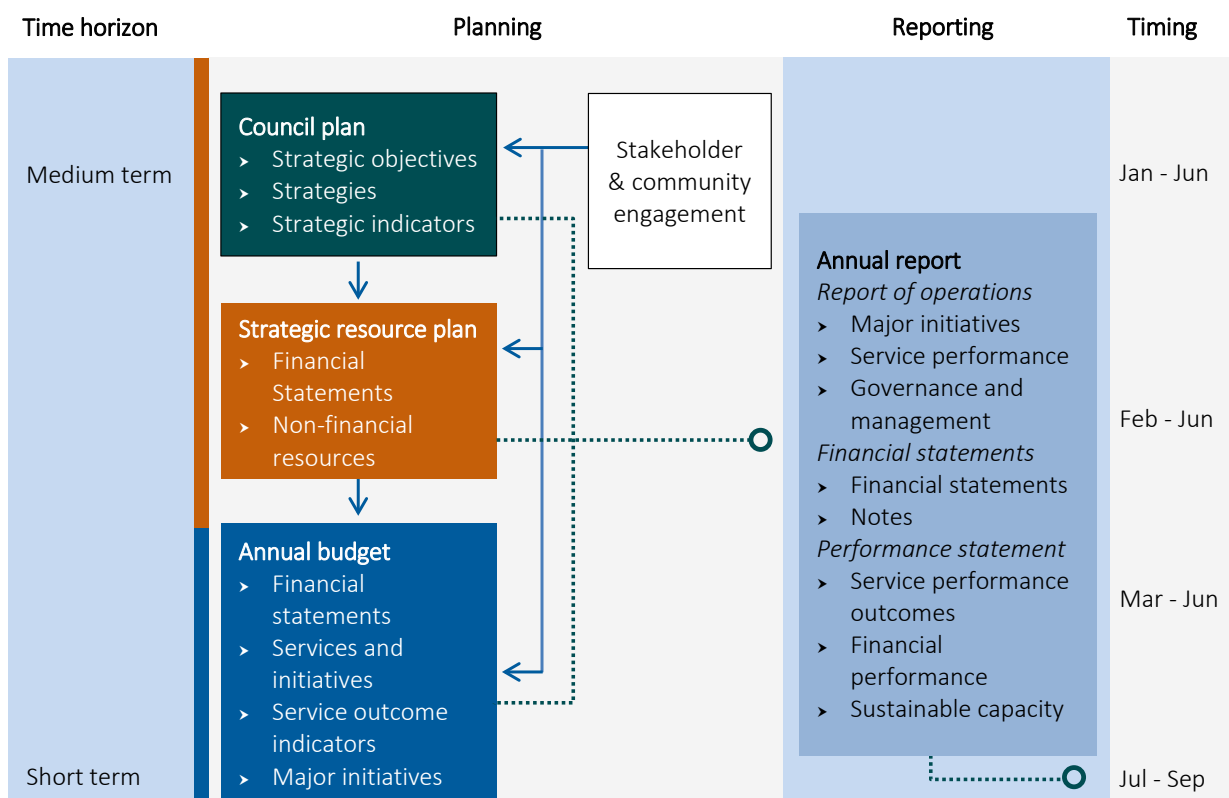
The 2016/17 Budget / Long Term Financial Plan is financially sustainable.

# 1 Linkage to Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term (Key Strategies and Planning Documents 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 2013-2017 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.

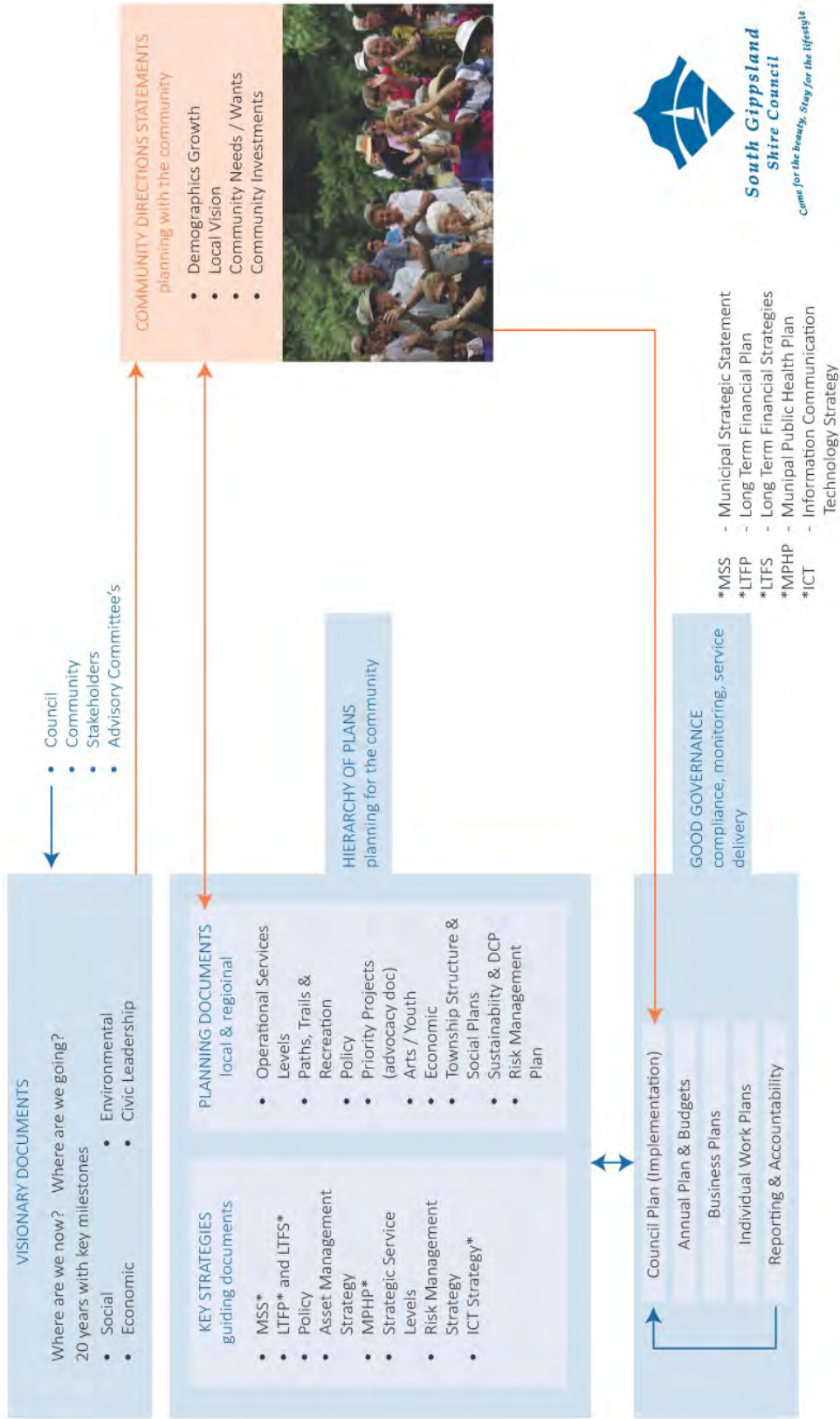


Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

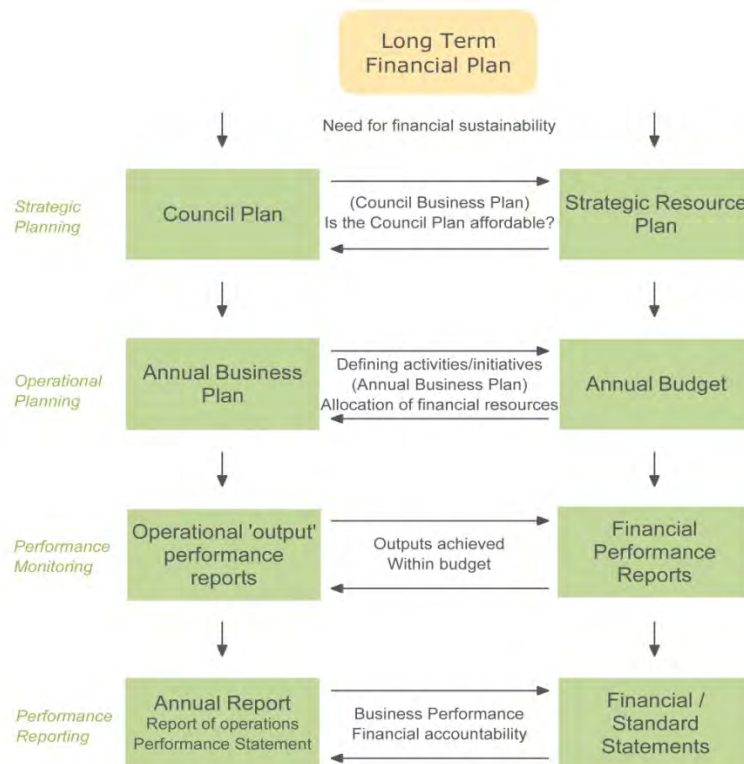
The timing of each component of the planning framework is critical to the successful achievement of the Council's planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the 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 Plans/Budgets to realise those directions in accordance with the priorities and resource availability of Council. This is shown diagrammatically on the following page:

# strategic integrated planning framework



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



## 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 current Council to reflect changing community needs and expectations. This vision still aspires to achieve a number of key outcomes with the aim of creating South Gippsland into a place which has:

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

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



Coastal Promontory Ward



Strzelecki Ward



Tarwin Valley Ward



## team

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

## integrity

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

## leadership

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

## open & honest

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

### VISION

Communities in charge of their destinies in partnership with Council

### MISSION

To achieve a resilient & sustainable community

### VALUES

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

## community focus

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

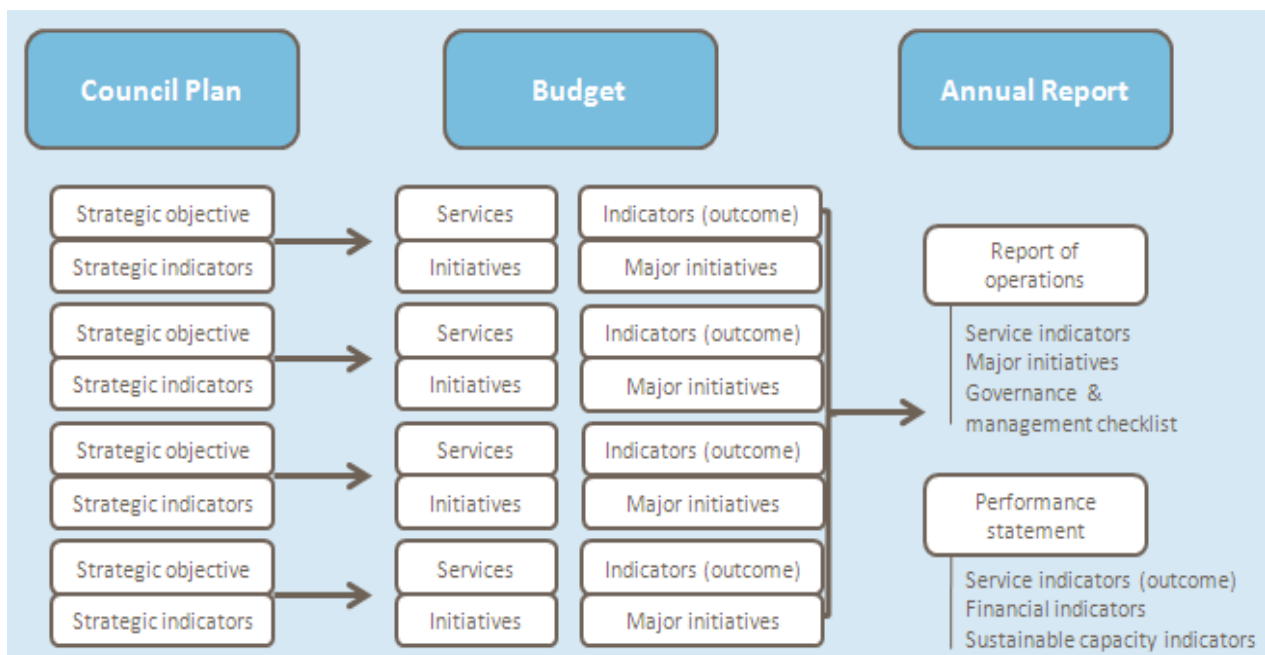
### 1.3 Strategic Outcomes (Objectives)

Council delivers services and initiatives under 22 major service categories. Each contributes to the achievement of one of the four Strategic Outcomes as set out in the Council Plan for the years 2013-17. The following table lists the four Strategic Outcomes as described in the Council Plan.

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

## 2 Services and Service Performance Indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2016-17 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 Outcome 1 – A Prosperous Shire

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

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

### Services

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>\$ 299 (\$ 0)</p> <hr/> <p>\$ 299</p>

Service Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
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>\$ 3,062 (\$ 950)</p> <hr/> <p>\$ 2,112</p>
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>	<p>\$ 1,843 (\$ 423)</p> <hr/> <p>\$ 1,420</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>\$ 1,897 (\$ 1,091)</p> <hr/> <p>\$ 806</p>
<b>TOTAL</b>		<p><b>\$ 7,101</b> <b>(\$ 2,464)</b></p> <hr/> <p><b>\$ 4,637</b></p>

### Major Initiatives

- 1.1 Develop and manage the implementation of an annual strategic advocacy campaign for Council's priority project and policy objectives - Advocacy program approved and all 2016-17 actions complete. Priority Projects for 2016-2017 are:
- Long Jetty Rehabilitation Project (a component of the Corner Inlet Tourism Project)
  - Leongatha Revitalisation Project (which includes Bair Street, Anderson Street and the former railway precinct development)
  - Foster Streetscape

Projects that require further development and planning during 2016-2017 include:

- Korumburra Centre Streetscape
- SPLASH Development stages 2 and 3

(Economic Development, Tourism and Customer Service and CEO Office)

*[Note: these initiatives respond to community requests, community forums and working groups over the past five years. Support is required from other levels of government for these projects to be implemented.]*

- 1.2 Develop and manage the implementation of a strategic advocacy campaign supporting government agencies projects that will have significant benefits for the South Gippsland Shire community - Advocacy program approved by Council and the importance of projects raised in relevant forums. Agency Supported Projects for 2016-2017 are:

- South Gippsland Highway Koonwarra Black Spur Bends Road Realignment project supporting VicRoads safety initiatives;
- Northern Towns Water Security project supporting South Gippsland Water's sustainable water for the northern end of the Shire

(Economic Development, Tourism and Customer Service and CEO Office)

*[Note: these initiatives respond to community requests, community forums and various agencies liaisons over the past five years. Support is required from other levels of government for these projects to be implemented.]*

- 1.3 Leongatha Rail Yards Landscape Masterplan commenced to improve the use and appearance of this strategic, yet underutilised piece of land – Masterplan to be progressed by 30 June 2017  
(Sustainable Communities)

*[This project is to progress subject to \$ for \$ grant funding; Council's contribution is \$50,000 which has been factored into the 2016-2017 budget initiatives for 2016-2017]*

### **Initiatives**

- 1.4 Visitor Information Centre Review to be completed by 30 June 2017  
(Economic Development, Tourism and Customer Service)

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

- 1.5 A full time temporary position is to be created to implement recommendations from Council's Domestic Wastewater Management Plan  
(Regulatory Services)

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



<b>Local Government Service Performance Reporting Indicators - Audited</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
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 notifications outcome 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

## 2.2 Strategic Outcome 2 – Closely Connected Communities

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

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

### Services

Service Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
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>\$ 1,665 (\$ 0)</p> <hr/> <p>\$ 1,665</p>
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>	<p>\$ 4,287 (\$ 2,612)</p> <hr/> <p>\$ 1,675</p>

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>	\$ 10,370 (\$ 3,244) <hr/> \$ 7,126
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>	\$ 433 (\$ 0) <hr/> \$ 433
<b>TOTAL</b>		<b>\$ 16,755</b> <b>(\$ 5,856)</b> <hr/> <b>\$ 10,899</b>

## **Major Initiatives**

- 2.1 Develop an Arts and Cultural Strategy that will implement the Arts & Culture Policy developed with the Arts Community and action Council's resolution to bring elements of the Arts and Tourism together - Arts & Culture Strategy presented to Council by 30 June 2017  
(Sustainable Communities).

*(Note: this initiative is a continued response to an OurSay community top five request that received 227 supporting votes in 2015-2016 for an Arts and Culture Policy and Strategy to be developed. The Policy has been developed by the 'Arts and Culture' community and Council. This initiative is an action arising from the Policy)*

*[Funding allocation for \$20,000 is currently factored into the Budget Initiatives in 2016-2017.]*

- 2.2 Development of a Municipal Public Health & Wellbeing Plan 2017 – 2021 will be substantially progressed in partnership with other health providers in the Shire – by 30 June 2017.  
(Community Services and Planning)

*(Note: The new plan will be completed by October 2017 in accordance with legislated requirements)*

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

## **Initiative**

- 2.3 Develop a Home and Community Care (HACC) options and transition plan that aims to provide options for quality service provision for clients and local employment in response to Aged Care Reforms being introduced by State and Federal Government – Options and transition plan papers will be developed and presented to Council by 30 June 2017. (Community Services and Planning)

*[Funding allocation for \$30,000 is currently factored into the Budget Initiatives in 2016-2017.]*

<b>Council Plan Performance Outcome Indicators</b>		
<b>Council Plan 2013/17 Indicator</b>	<b>2013/17 Target</b>	<b>Responsible Unit</b>
Council supported Community Direction Statement priority projects identified and reported to Council for consideration	Council supported priority projects from Community Directions Statements to be funded in the following financial year, identified and funded by 30	Sustainable Communities

<b>Council Plan Performance Outcome Indicators</b>		
<b>Council Plan 2013/17 Indicator</b>	<b>2013/17 Target</b>	<b>Responsible Unit</b>
	June annually	
Development activities for volunteers provided	A program of activities developed and implemented annually	Sustainable Communities

<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

<b>Local Government Service Performance Reporting Indicators - Audited</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
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 Outcome 3 – Integrated Services and Infrastructure

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

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

#### Services

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>	\$ 321 (\$ 0) <hr/> \$ 321
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</p>	\$ 5,999 (\$ 1,411) <hr/> \$ 4,588

Service Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
	<p>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>	
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>\$ 23,641 (\$ 4,701)</p> <hr/> <p>\$ 18,940</p>
<b>TOTAL</b>		<p><b>\$ 29,961</b> <b>(\$ 6,112)</b></p> <hr/> <p><b>\$ 23,849</b></p>



## **Major Initiatives**

- 3.1 Council's Priority Project to celebrate the opening of the Karmai Community Children's Centre using funds contributed by the community, State and Federal governments and Council. The new children's centre will be opened and operational by 30 June 2017. (Community Services and Engineering & Assets)

*(Note: this initiative is the culmination of community requests over many years from users of Council's children's centres in Korumburra for improved and integrated facilities.)*

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

## **Initiative**

- 3.2 Library Service Review, that includes the mobile library service, buildings and potential Council customer service at each static library, is to be completed so that the future facility and service requirements can be clarified, existing service provision can be evaluated and improvement opportunities recommended to Council – Service Review completed by March 2017 (Community Services)

*(Note: this initiative responds in part to requests raised in the Council's 2015 Community Consultation Program through the on-line OurSay forum and at the Community Workshop.)*

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

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

<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.

## 2.4 Strategic Outcome 4 – A Leading Organisation

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

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

### Services

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>\$ 777</p> <p>(\$ 0)</p> <hr/> <p>\$ 777</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, pro-actively managing risks, sustainably managing finances and gaining efficiencies through procurements.</p>	<p>\$ 2,972 (\$ 880)</p> <hr/> <p>\$ 2,092</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>	\$ 3,606 (\$ 8) <hr/> \$ 3,598
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>	\$ 1,264 (\$ 125) <hr/> \$ 1,139
TOTAL		\$ 8,619 (\$ 1,013) <hr/> \$ 7,606

## **Major Initiatives**

- 4.1 Continued participation in the procurement LEAP project that incorporates regional benchmarking in procurement with opportunities for collaborative procurement projects identified - Improvement opportunities identified and prioritised by 30 June 2017  
(Finance, Risk and Procurement)

*[Note: this initiative responds to community requests, community forums and ideas suggested in the OurSay on-line forum over successive years to pursue various ways to reduce Council expenditure thereby reducing the pressure on rates.]*

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

- 4.2 Continued participation in Gippsland Local Government Network Collaborative Service project – opportunities for collaborative service provision identified and prioritised by 30 June 2017  
(Corporate and Community Services Directorate)

*[Note: this initiative responds to community requests, community forums and ideas suggested in the OurSay on-line forum over successive years to pursue various ways to reduce Council expenditure thereby reducing the pressure on rates.]*

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

## **Initiative**

- 4.3 Council Vehicle Fleet Service Review to be completed by 30 June 2017.  
(Operations)

*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

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

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 how Council has performed 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 2016/17 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
Prosperous Shire	4,637	7,101	2,464
Closely Connected Communities	10,899	16,755	5,856
Integrated Services and Infrastructure	23,849	29,961	6,112
Leading Organisation	7,606	8,619	1,013
<b>Total Services and initiatives</b>	<b>46,991</b>	<b>62,436</b>	<b>15,445</b>
Other Non attributable <sup>1</sup>	(4,650)		
<b>Deficit before funding sources</b>	<b>42,341</b>		
<b>Funding sources:</b>			
Rates & charges	39,962		
Capital Grants & Contributions	8,040		
<b>Total funding sources</b>	<b>48,002</b>		
<b>Operating surplus (deficit)</b>	<b>5,661</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 2019/20 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 2020

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
<b>INCOME</b>					
Rates and charges	38,584	39,962	41,230	42,525	43,859
Statutory fees and fines	471	606	629	635	647
User fees	4,169	4,015	4,212	4,407	4,609
Grants - Operating	8,307	13,106	11,450	11,857	11,781
Grants - Capital	7,594	7,661	4,128	1,872	2,111
Contributions - monetary	491	218	66	386	398
Contributions - non monetary	370	379	389	399	409
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(272)	81	48	28	17
Other income	2,694	2,309	2,286	2,329	2,374
<b>TOTAL INCOME</b>	<b>62,408</b>	<b>68,337</b>	<b>64,438</b>	<b>64,438</b>	<b>66,205</b>
<b>EXPENSES</b>					
Employee costs	22,858	23,837	24,405	25,015	25,648
Materials and services	22,676	23,797	18,421	18,599	19,147
Bad and doubtful debts	1	1	1	1	1
Depreciation and amortisation	11,134	11,797	12,160	12,783	13,267
Borrowing costs	142	142	142	142	55
Other expenses	3,148	3,102	3,184	3,267	3,352
<b>TOTAL EXPENSES</b>	<b>59,959</b>	<b>62,676</b>	<b>58,313</b>	<b>59,807</b>	<b>61,470</b>
<b>SURPLUS (DEFICIT)</b>	<b>2,449</b>	<b>5,661</b>	<b>6,125</b>	<b>4,631</b>	<b>4,735</b>
<b>OTHER COMPREHENSIVE INCOME</b> Items that will not be reclassified to surplus or deficit					
Net Asset revaluation increment (decrement)	23,854	0	25,655	0	27,526
Previously unrecognised assets	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>26,303</b>	<b>5,661</b>	<b>31,780</b>	<b>4,631</b>	<b>32,261</b>

## 3.2 BUDGETED BALANCE SHEET

For the four years ending 30 June 2020

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
<b>BUDGETED BALANCE SHEET</b>					
<b>Current assets</b>					
Cash and cash equivalents	11,349	9,121	10,971	14,692	15,719
Trade and other receivables	3,815	3,815	3,815	3,815	3,815
Other financial assets	4,312	4,312	4,312	4,312	4,312
Inventories	292	292	292	292	292
Other assets	303	303	303	303	303
<b>Total current assets</b>	<b>20,071</b>	<b>17,843</b>	<b>19,693</b>	<b>23,414</b>	<b>24,441</b>
<b>Non current assets</b>					
Trade and other receivables	0	0	0	0	0
Investments in associates and joint ventures	752	752	752	752	752
Property, infrastructure, plant and equipment	517,761	525,751	554,965	555,982	583,975
Investment property	716	716	716	716	716
<b>Total non current assets</b>	<b>519,229</b>	<b>527,219</b>	<b>556,433</b>	<b>557,450</b>	<b>585,443</b>
<b>Total assets</b>	<b>539,300</b>	<b>545,062</b>	<b>576,126</b>	<b>580,864</b>	<b>609,884</b>
<b>Current liabilities</b>					
Trade and other payables	2,531	2,531	2,531	2,531	2,531
Trust funds and deposits	1,065	1,065	1,065	1,065	1,065
Provisions	5,869	5,238	5,278	5,318	5,358
Interest bearing loans and borrowings	0	0	0	3,350	0
<b>Total current liabilities</b>	<b>9,465</b>	<b>8,834</b>	<b>8,874</b>	<b>12,264</b>	<b>8,954</b>
<b>Non current liabilities</b>					
Provisions	795	1,527	771	838	907
Interest bearing loans and borrowings	3,350	3,350	3,350	0	0
<b>Total non current liabilities</b>	<b>4,145</b>	<b>4,877</b>	<b>4,121</b>	<b>838</b>	<b>907</b>
<b>Total liabilities</b>	<b>13,610</b>	<b>13,711</b>	<b>12,995</b>	<b>13,102</b>	<b>9,861</b>
<b>Net assets</b>	<b>525,690</b>	<b>531,351</b>	<b>563,131</b>	<b>567,762</b>	<b>600,023</b>
<b>Equity</b>					
Accumulated surplus	199,485	204,195	209,221	212,556	219,975
Reserves	326,205	327,156	353,910	355,206	380,048
<b>Total equity</b>	<b>525,690</b>	<b>531,351</b>	<b>563,131</b>	<b>567,762</b>	<b>600,023</b>

### 3.3 BUDGETED STATEMENT OF CHANGES IN EQUITY

For the four years ending 30 June 2020

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>2016/17</b>				
Balance at beginning of the financial year	525,690	199,485	323,839	2,366
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	5,661	5,661	-	-
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(1,893)		1,893
Transfer from reserves		942		(942)
<b>Balance at end of the financial year</b>	<b>531,351</b>	<b>204,195</b>	<b>323,839</b>	<b>3,317</b>
<b>2017/18</b>				
Balance at beginning of the financial year	531,351	204,195	323,839	3,317
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	31,780	6,125	25,655	-
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,025)		2,025
Transfer from reserves		926		(926)
<b>Balance at end of the financial year</b>	<b>563,131</b>	<b>209,221</b>	<b>349,494</b>	<b>4,416</b>
<b>2018/19</b>				
Balance at beginning of the financial year	563,131	209,221	349,494	4,416
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	4,631	4,631	-	-
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,490)		2,490
Transfer from reserves		1,194		(1,194)
<b>Balance at end of the financial year</b>	<b>567,762</b>	<b>212,556</b>	<b>349,494</b>	<b>5,712</b>
<b>2019/20</b>				
Balance at beginning of the financial year	567,762	212,556	349,494	5,712
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	32,261	4,735	27,526	-
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(1,984)		1,984
Transfer from reserves		4,668		(4,668)
<b>Balance at end of the financial year</b>	<b>600,023</b>	<b>219,975</b>	<b>377,020</b>	<b>3,028</b>

### 3.4 BUDGETED STATEMENT OF CASH FLOWS

For the four years ending 30 June 2020

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>					
<b>Cash flows from operating activities</b>					
Rates and charges	38,584	39,962	41,230	42,525	43,859
Statutory fees & fines	471	606	629	635	647
User fees	4,169	4,015	4,212	4,407	4,609
Grants - operating	8,307	13,106	11,450	11,857	11,781
Grants - capital	7,594	7,661	4,128	1,872	2,111
Contributions- monetary	491	218	66	386	398
Interest received	586	602	606	612	617
Other receipts	2,108	1,707	1,680	1,717	1,757
Employee costs	(22,790)	(23,736)	(24,301)	(24,908)	(25,539)
Materials and services	(22,677)	(23,798)	(18,422)	(18,600)	(19,148)
Other payments	(3,148)	(3,102)	(3,184)	(3,267)	(3,352)
<b>Net cash provided by (used in) operating activities</b>	<b>13,695</b>	<b>17,241</b>	<b>18,094</b>	<b>17,236</b>	<b>17,740</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant & equipment	(18,248)	(20,814)	(17,629)	(14,367)	(14,341)
Proceeds from sale of property, infrastructure, plant and equipment	625	1,487	1,527	994	1,033
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>(17,623)</b>	<b>(19,327)</b>	<b>(16,102)</b>	<b>(13,373)</b>	<b>(13,308)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(142)	(142)	(142)	(142)	(55)
Proceeds from borrowing	0	0	0	0	0
Repayment of borrowings	0	0	0	0	(3,350)
<b>Net cash provided by (used in) financing activities</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(3,405)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,070)</b>	<b>(2,228)</b>	<b>1,850</b>	<b>3,721</b>	<b>1,027</b>
Cash and cash equivalents at the beginning of the financial year	15,419	11,349	9,121	10,971	14,692
<b>Cash and cash equivalents at the end of the financial year</b>	<b>11,349</b>	<b>9,121</b>	<b>10,971</b>	<b>14,692</b>	<b>15,719</b>

### 3.5 BUDGETED STATEMENT OF CAPTIAL WORKS

For the four years ending 30 June 2020

Capital Works Areas	Forecast	Budget	Budget		
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Property</b>					
Land	265	572	279	286	293
Buildings	2,866	3,640	2,715	956	1,276
Heritage Building	170	-	124	-	131
<b>Total property</b>	<b>3,301</b>	<b>4,212</b>	<b>3,118</b>	<b>1,242</b>	<b>1,700</b>
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,642	2,304	2,258	2,583	2,988
Computers and telecommunications	1,104	826	1,190	650	667
<b>Total plant and equipment</b>	<b>2,746</b>	<b>3,130</b>	<b>3,448</b>	<b>3,233</b>	<b>3,655</b>
<b>Infrastructure</b>					
Roads	9,191	10,401	6,551	5,422	6,191
Kerb & Channel	-	-	-	-	-
Bridges	212	210	214	219	226
Major Culverts	64	42	92	72	95
Footpaths and cycleways	583	598	515	329	440
Drainage	135	111	134	116	119
Off street car parks	-	490	-	-	-
Waste management #	1,647	412	-	38	218
Other infrastructure	368	1,210	2,736	3,696	1,697
<b>Total infrastructure</b>	<b>12,200</b>	<b>13,474</b>	<b>10,242</b>	<b>9,892</b>	<b>8,986</b>
<b>Total capital works expenditure</b>	<b>18,247</b>	<b>20,816</b>	<b>16,808</b>	<b>14,367</b>	<b>14,341</b>
<b>Represented by:</b>					
New asset expenditure	25	15	-	-	-
Asset renewal expenditure	12,186	14,145	9,932	12,525	13,024
Asset upgrade expenditure	3,863	4,625	2,723	278	812
Asset expansion expenditure	2,173	2,031	4,153	1,564	505
<b>Total capital works expenditure</b>	<b>18,247</b>	<b>20,816</b>	<b>16,808</b>	<b>14,367</b>	<b>14,341</b>
# Excludes Landfill rehabilitation provision	-	-	820	-	-

### 3.6 BUDGETED STATEMENT OF HUMAN RESOURCES

For the four years ending 30 June 2020

#### STATEMENT OF HUMAN RESOURCES

For the four years ended 30 June 2020

	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
<b>Staff expenditure</b>					
Employee costs – operating	22,858	23,837	24,405	25,015	25,648
Employee costs – capital	1,139	1,321	1,345	1,381	1,419
<b>Total staff expenditure</b>	<b>23,997</b>	<b>25,158</b>	<b>25,750</b>	<b>26,396</b>	<b>27,067</b>
<b>Staff numbers</b>					
Employees	262.50	263.40	263.40	263.40	263.40
<b>Total staff numbers</b>	<b>262.50</b>	<b>263.40</b>	<b>263.40</b>	<b>263.40</b>	<b>263.40</b>

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

Directorate	Budget 2016/17 \$'000	Permanent Full time \$'000	Permanent Part Time \$'000
Corporate and Community Services	5,702	3,377	2,325
Development Services	4,370	3,844	526
Sustainable Communities and Infrastructure	10,365	9,572	793
Executive Services	918	620	298
Total permanent staff expenditure	21,355	17,413	3,942
Casuals and other expenditure	3,803		
Total expenditure	25,158		
Less Capitalised labour costs	1,321		
Total Employee costs	23,837		

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	59.77	32.00	27.77
Development Services	46.99	40.00	6.99
Sustainable Communities and Infrastructure	115.80	106.60	9.20
Executive Services	9.05	6.00	3.05
Total permanent staff	231.61	184.60	47.01
Casuals and other	31.79		
Total staff	263.40		

## 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	Budget	Strategic Resource Plan Projections			Trend
			2015/16	2016/17	2017/18	2018/19	2019/20	+/-
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	(1.73)%	4.77%	5.33%	5.85%	5.47%	o
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	212.05%	201.98%	221.92%	190.92%	272.96%	+
Unrestricted cash	Unrestricted cash / current liabilities		64.53%	37.46%	61.87%	64.54%	129.84%	+
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	8.68%	8.38%	8.13%	7.88%	0.00%	+
Loans and borrowings	Interest and principal repayments / rate revenue	3	0.37%	0.36%	0.34%	0.33%	7.76%	o
Indebtedness	Non-current liabilities / own source revenue		9.08%	10.38%	8.51%	1.68%	1.76%	+



Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2015/16	2016/17	2017/18	2018/19	2019/20	+ / o / -
Asset renewal	Asset renewal expenditure / depreciation	4	109.46%	119.89%	81.68%	97.98%	98.17%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	5	65.46%	60.72%	66.94%	66.95%	67.45%	o
Rates effort	Rate revenue / property values (CIV)		0.54%	0.53%	0.54%	0.55%	0.56%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of assessments		\$3,109	\$3,233	\$3,005	\$3,079	\$3,162	o
Revenue level	Residential rate revenue / No. of residential assessments		\$1,741	\$1,807	\$1,833	\$1,861	\$1,888	o
Workforce turnover	No. of resignations & terminations / average no of staff		15.3%	12.0%	12.0%	12.1%	12.1%	o

Key to Forecast Trend:

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

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

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

#### Notes to indicators

- 1** **Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Financial performance is expected to remain relatively stable over the period.
- 2** **Working Capital** – The proportion of current liabilities represented by current assets. Working capital is expected to remain relatively stable over the period.
- 3** **Loans and Borrowings** – Loans and borrowings are expected to remain relatively stable over the period. The spike in the last year is attributable to fully paying out debt.
- 4** **Asset renewal** - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets. 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
- 5** **Rates concentration** - Reflects the extent of reliance on rate revenues to fund all of Council's on-going services. The trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

## 5 Detailed List of Capital Works

This section presents a listing of the capital works projects that will be undertaken for the 2016/17 year. The capital works projects are grouped by asset class.

### Capital works program

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY</b>									
<b>LAND</b>									
General Land Purchases	572	-	-	-	572	-	572	-	-
<b>TOTAL LAND</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>572</b>	<b>-</b>	<b>572</b>	<b>-</b>	<b>-</b>
<b>BUILDINGS</b>									
Buildings - Caravan Park Toilet Block - Port Welshpool	376	-	376	-	-	-	-	376	-
Buildings - Child Care Hub - Korumburra	2,458	-	1,475	-	983	1,440	-	1,018	-
Buildings - Public Toilets - Sandy Point	180	-	180	-	-	-	-	180	-
Buildings - Renewal Program - Coal Creek V.I.C replace Atrium - Korumburra	67	-	67	-	-	-	-	67	-
Buildings - Renewal Program - Leongatha Memorial Hall - Paint Exterior and Interior	235	-	235	-	-	-	-	235	-
Buildings - Renewal Program - Memorial Hall Meeting Room Toilets Refurbishment - Leongatha	140	-	140	-	-	-	-	140	-
Buildings - Renewal Program - Replace Public Toilet - Waratah Bay	100	-	100	-	-	-	-	100	-
Long Jetty - Cabin Replacement	84	-	84	-	-	-	-	84	-
<b>TOTAL BUILDINGS</b>	<b>3,640</b>	<b>-</b>	<b>2,657</b>	<b>-</b>	<b>983</b>	<b>1,440</b>	<b>-</b>	<b>2,200</b>	<b>-</b>
<b>HERITAGE BUILDINGS</b>									
Coal Creek Community Park & Museum - Capital Projects	-	-	-	-	-	-	-	-	-
<b>TOTAL HERITAGE BUILDINGS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROPERTY</b>	<b>4,212</b>	<b>-</b>	<b>2,657</b>	<b>-</b>	<b>1,555</b>	<b>1,440</b>	<b>572</b>	<b>2,200</b>	<b>-</b>

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PLANT AND EQUIPMENT</b>									
<b>PLANT, MACHINERY AND EQUIPMENT</b>									
Motor Vehicles	1,439	-	1,439	-	-	-	580	859	-
Plant	865	-	865	-	-	1	144	720	-
<b>TOTAL PLANT, MACHINERY &amp; EQUIPMENT</b>	<b>2,304</b>	<b>-</b>	<b>2,304</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>724</b>	<b>1,579</b>	<b>-</b>
<b>COMPUTERS AND TELECOMMUNICATIONS</b>									
Information Services	826	-	826	-	-	-	-	826	-
<b>TOTAL COMPUTERS &amp; TELECOMM'S</b>	<b>826</b>	<b>-</b>	<b>826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>826</b>	<b>-</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,130</b>	<b>-</b>	<b>3,130</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>724</b>	<b>2,405</b>	<b>-</b>
<b>INFRASTRUCTURE</b>									
<b>ROADS</b>									
Civil - Capital Works Design	192	-	77	38	77	-	-	192	-
Civil - Foster Streetscape (Main and Station Street)	1,005	-	1,005	-	-	503	-	502	-
Guard Rails Replacement Program	138	-	138	-	-	-	-	138	-
Roads - Anderson St Town Entrance - Leongatha	1,408	-	704	704	-	1,407	-	1	-
Roads - Bair Street Streetscape - Leongatha	150	-	-	150	-	-	-	150	-
Roads - Deviation of Koonwarra-Pound Creek Road - Leongatha	18	-	-	18	-	-	-	18	-
Roads - Hudsons Road, Korumburra South	1,300	-	-	1,300	-	1,300	-	0	-
Roads - Reseal Preparation	827	-	827	-	-	-	-	827	-
Roads - Reseals	1,814	-	1,814	-	-	-	-	1,814	-
Roads - Sealed Rehabilitation Program - Ashenden Street, Leongatha	661	-	661	-	-	661	-	0	-
Roads - Sealed Rehabilitation Program - Berrys Creek Road - Berrys Creek	136	-	136	-	-	-	-	136	-
Roads - Sealed Rehabilitation Program - King Street & Scott Crt, Korumburra	230	-	230	-	-	-	-	230	-
Roads - Sealed Rehabilitation Program - Koonwarra-Pound Creek Road - Leongatha	225	-	225	-	-	225	-	0	-
Roads - Sealed Rehabilitation Program - Little Commercial Street Korumburra	58	-	58	-	-	-	-	58	-
Roads - Sealed Rehabilitation Program - Loch Wonthaggi Road - Loch	518	-	518	-	-	445	-	73	-
Roads - Sealed Rehabilitation Program - Main Street, Stony Creek	51	-	51	-	-	-	-	51	-
Roads - Sealed Rehabilitation Program - Old Waratah Road, Fish Creek	100	-	100	-	-	-	-	100	-
Roads - Sealed Rehabilitation Program - Stony Creek Dollar Rd - Stony Creek	91	-	91	-	-	-	-	91	-
Roads - South Road, Poowong	1,348	-	-	1,348	-	1,348	-	0	-
Walkerville North - Road & Retaining Wall protection	131	-	131	-	-	131	-	0	-
<b>TOTAL ROADS</b>	<b>10,401</b>	<b>-</b>	<b>6,766</b>	<b>3,558</b>	<b>77</b>	<b>6,020</b>	<b>-</b>	<b>4,381</b>	<b>-</b>

Capital Works Area	Project Cost \$'000	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BRIDGES</b>									
Bridge - Rehabilitation Program	210	-	210	-	-	-	-	210	-
<b>TOTAL BRIDGES</b>	<b>210</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>-</b>
<b>MAJOR CULVERTS</b>									
Major Culvert - Renewal Program - Stewart and Dunlops Rd (C096) - Middle Tarwin	42	-	42	-	-	-	-	42	-
<b>TOTAL BRIDGES</b>	<b>42</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>FOOTPATHS AND CYCLEWAYS</b>									
Footpath Extension - Alison Street	60	-	-	-	60	-	-	60	-
Footpath Extension - Drouin Road	85	-	-	-	85	-	-	85	-
Footpaths - Extension Program - Jones St (South Side from Existing to Varney Rd) - Foster	22	-	-	-	22	-	-	22	-
Footpaths - Extension Program - Nelson St (East side Landy Rd to Varney Rd) - Foster	44	-	-	-	44	-	-	44	-
Footpaths - Extension Program - Ranceby Road, north side, Poowong Hotel to Supermarket car park, Poowong	29	-	-	-	29	-	-	29	-
Footpaths - Pioneer Street (Ch 107 to 402) - Foster	70	-	-	-	70	-	-	70	-
Footpaths - Renewal - Hawkins St - Korumburra	129	-	129	-	-	-	-	129	-
Footpaths - Renewal - Jumbunna Rd - Korumburra	111	-	111	-	-	-	-	111	-
Footpaths - Renewal - Melville Ave - Korumburra	48	-	48	-	-	-	-	48	-
<b>TOTAL FOOTPATHS AND CYCLEWAYS</b>	<b>598</b>	<b>-</b>	<b>288</b>	<b>-</b>	<b>310</b>	<b>-</b>	<b>-</b>	<b>598</b>	<b>-</b>
<b>DRAINAGE</b>									
Flood Prevention Minor Drainage Works: Shellcotts Rd - Korumburra; Poplar Crt - Sandy Point	46	-	-	46	-	-	-	46	-
Drainage - Rehabilitation Program - General	65	-	-	65	-	-	-	65	-
<b>TOTAL DRAINAGE</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>WASTE MANAGEMENT</b>									
Leachate Evaporation System - Koonwarra	412	-	-	412	-	-	-	412	-
<b>TOTAL WASTE MANAGEMENT</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>412</b>	<b>-</b>
<b>OFF STREET CAR PARKS</b>									
Car Park - Cemetery Car Park	190	-	-	190	-	-	-	190	-
Car Park - Foster	300	-	-	300	-	-	-	300	-
<b>TOTAL OFF STREET CAR PARKS</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490</b>	<b>-</b>

Capital Works Area	Asset expenditure types					Funding sources			
	Project	New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
	Cost \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OTHER INFRASTRUCTURE</b>									
Playgrounds - Replacement Program - Beach Parade Reserve - Sandy Point	19	-	19	-	-	-	-	19	-
Playgrounds - Replacement Program - Korumburra Tourist Park - Korumburra	44	-	44	-	-	-	-	44	-
Playgrounds - Replacement Program - McGrath Park - Bena	10	-	10	-	-	-	-	10	-
Playgrounds - Replacement Program - Saturn Reserve - Venus Bay	5	-	5	-	-	-	-	5	-
Pools - Refurbishment Design - Mirboo North	204	-	204	-	-	-	-	204	-
Pools - Renewal Program - Poowong Pool Stage 1 Master Plan (Change Rooms & Plant Room)	452	-	452	-	-	200	-	252	-
Pools - Renewal Program - Replace Sand Filter - Korumburra	48	-	48	-	-	-	-	48	-
Pools - Renewal Program - Replace Sand Filters - Toora	48	-	48	-	-	-	-	48	-
Pools - Splash Hydro Therapy Pool and Gymnasium - Leongatha	70	-	-	-	70	-	-	70	-
Recreation - Community Infrastructure Projects	183	-	183	-	-	-	-	183	-
Recreation - Kindergartens Playground Replacement Program -Fish Creek Kindergarten, Ryan St-Fish Creek	17	-	17	-	-	-	-	17	-
Sun Shelter - Tarwin Lower to Venus Bay Walking Track	19	-	-	-	19	-	-	19	-
Yanakie - Electrical - New Power Heads	15	15	-	-	-	-	-	15	-
Yanakie - Power Head Replacement Program	22	-	22	-	-	-	-	22	-
Yanakie - Tree Removal	54	-	-	54	-	-	-	54	-
<b>TOTAL OTHER STRUCTURES</b>	<b>1,210</b>	<b>15</b>	<b>1,052</b>	<b>54</b>	<b>89</b>	<b>200</b>	<b>-</b>	<b>1,010</b>	<b>-</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>13,474</b>	<b>15</b>	<b>8,358</b>	<b>4,625</b>	<b>476</b>	<b>6,220</b>	<b>-</b>	<b>7,254</b>	<b>-</b>
<b>TOTAL CAPITAL WORKS 2016/17</b>	<b>20,816</b>	<b>15</b>	<b>14,145</b>	<b>4,625</b>	<b>2,031</b>	<b>7,661</b>	<b>1,296</b>	<b>11,859</b>	<b>-</b>
<b>Add : Grants / contributions to be received but not expended in 2016/17</b>									
General Land Sales	-	-	-	-	-	-	200	-	-
<b>TOTAL CAPITAL WORKS 2016/17</b>	<b>20,816</b>	<b>15</b>	<b>14,145</b>	<b>4,625</b>	<b>2,031</b>	<b>7,661</b>	<b>1,496</b>	<b>11,859</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.

Due to the newly introduced Rate Capping legislation (December 2015), Councils are able to set a base average rate for budgeting purposes which includes the annual impact of any supplementary rates raised in the base 2015/16 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, 2.5% for 2016/17.

The actual rate increases experienced by individual ratepayers will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (2.5%) and the property valuation increases of individual properties relative to the average across the municipality. If a property increased by more in value than 3.84%, the rates will increase by more than 2.5% while if a property value increased by less than the 3.84%, the rates will increase by less than 2.5% and may in fact reduce from the previous year.

### 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	2015/16 cents / \$CIV	2016/17 cents / \$CIV	Change
General rate	0.543021	0.536050	-1.28%
General rate for rateable industrial properties	0.570172	0.562853	-1.28%
General rate for rateable commercial properties	0.570172	0.562853	-1.28%
General rate for rateable farm properties	0.380115	0.375235	-1.28%
General rate for rateable rural residential properties	0.380115	0.375235	-1.28%
General rate for rateable vacant land properties	1.086043	1.072100	-1.28%
General rate for rateable cultural and recreational land properties	0.271511	0.268025	-1.28%

**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. This includes rates generated by a Windfarm for the first time in 2016/17 which are calculated using Electricity Industry Act 2000.**

Type or class of land	2015/16 \$	2016/17 \$	Change
General	20,785,628	21,676,310	4.29%
Industrial	1,196,917	1,378,920	15.21%
Commercial	1,380,872	1,471,494	6.56%
Farm	9,709,442	9,990,768	2.90%
Rural Residential	86,549	71,186	-17.75%
Vacant Land	2,365,531	2,320,604	-1.90%
Cultural and Recreational Land	22,753	21,934	-3.59%
<b>Total amount to be raised by general rates</b>	<b>35,547,692</b>	<b>36,931,216</b>	<b>3.89%</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. This includes the assessment for a Windfarm under the Industrial category for the first time in 2016/17.**

Type or class of land	2015/16	2016/17	Change
General	13,208	13,374	1.26%
Industrial	297	303	2.02%
Commercial	634	653	3.00%
Farm	3,351	3,305	-1.37%
Rural Residential	49	37	-24.49%
Vacant Land	1,726	1,691	-2.03%
Cultural and Recreational Land	22	22	0.00%
<b>Total number of assessments</b>	<b>19,287</b>	<b>19,385</b>	<b>0.51%</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. The Industrial class recognizes the incorporation of a Windfarm for the first time in 2016/17.

Type or class of land	2015/16 \$	2016/17 \$	Change
General	3,827,774,000	4,043,710,000	5.64%
Industrial	209,922,000	362,773,000	72.81%
Commercial	242,185,000	261,435,000	7.95%
Farm	2,554,320,000	2,662,536,000	4.24%
Rural Residential	22,793,000	18,971,000	-16.77%
Vacant Land	217,812,000	216,454,000	-0.62%
Cultural and Recreational Land	8,380,000	8,184,000	-2.34%
<b>Total value of land</b>	<b>7,083,186,000</b>	<b>7,574,063,000</b>	<b>6.93%</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 2015/16 \$	Per Rateable property 2016/17 \$	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	2015/16 \$	2016/17 \$	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 2015/16 \$	Per Rateable property 2016/17 \$	Change
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling).	182.70	185.80	1.70%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only),	182.70	185.80	1.70%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling).	264.80	269.30	1.70%
<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).	189.50	192.70	1.69%
<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).	219.90	223.65	1.71%
<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	111.90	145.25	29.80%

Type of Charge	Per Rateable property 2015/16 \$	Per Rateable property 2016/17 \$	Change
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	199.60	227.00	13.73%
<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	130.15	132.35	1.69%
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	230.20	234.10	1.69%
<b>Waste Services Charge L</b> – Kerbside green waste collection service (240 litre fortnightly) for 12 months	85.00	79.35	-6.65%

The increase for garbage charges for Venus Bay properties (Waste Service Charge G and H) are greater than 1.7% when compared to the previous year's charges. This is because the service level was changed in July after the original 2015/16 was adopted. The annualised increase is however 1.7%.

**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 2015/16 \$	Per Rateable property 2016/17 \$	Change
<b>Waste Services Charge A</b>	1,606,481	1,666,069	3.71%
<b>Waste Services Charge B</b>	10,049	10,962	9.09%
<b>Waste Services Charge C</b>	63,817	69,749	9.30%
<b>Waste Services Charge D</b>	128,102	132,192	3.19%
<b>Waste Services Charge E</b>	23,309	24,378	4.58%
<b>Waste Services Charge G</b>	3,021	205,965	6717.08%
<b>Waste Services Charge H</b>	35,529	61,063	71.87%
<b>Waste Services Charge J</b>	260	397	52.71%

Type of Charge	Per Rateable property 2015/16 \$	Per Rateable property 2016/17 \$	Change
Waste Services Charge K	1,151	1,405	22.03%
Waste Services Charge L	565,947	563,861	-0.37%
<b>Total</b>	<b>2,437,666</b>	<b>2,736,041</b>	<b>12.24%</b>

The increase for garbage charges for Venus Bay properties (Waste Service Charge G and H) have significantly increased when compared to the previous year's charges. This is because the service level was changed in July after the original 2015/16 was adopted. .

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

	2015/16 \$	2016/17 \$	Change
General rates	35,547,692	36,931,216	3.89%
Waste service charges	2,437,666	2,736,041	12.24%
Rates and Charges	37,985,358	39,667,257	4.43%

**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 (2016/17: estimated \$295,000, 2015/16: \$599,000)
- 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 0.536050% (0.536050 cents in the dollar of CIV) for all rateable General Land;

- a general rate of 0.562853% (0. 562853 cents in the dollar of CIV) for all rateable Commercial Land;
- a general rate of 0. 562853% (0. 562853 cents in the dollar of CIV) for all rateable Industrial Land;
- a general rate of 1.072100% (1.072100 cents in the dollar of CIV) for all rateable Vacant Land;
- a general rate of 0.375235% (0. 375235 cents in the dollar of CIV) for all rateable Farming Land;
- a general rate of 0.268025% (0. 268025 cents in the dollar of CIV) for all rateable Cultural and Recreational Lands; and
- a general rate of 0. 375235% (0. 375235 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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 2016/17 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 an expanding population of 27,940. 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, Meeniyah, 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 \$2.7 billion. South Gippsland has one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$625 million;
- Agriculture, Forestry and Fishing \$402 million;
- Property services \$267 million;
- Construction \$237 million;
- Wholesale Trade \$132 million;
- Health care and social assistance \$109 million; and
- Retail trade \$116 million;
- Utilities \$106 million

#### Major Industries

##### Agriculture

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

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

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

### **Food Processing**

- Murray Goulburn Leongatha dairy factory;
- Burra Foods, at Korumburra;
- ViPlus Dairy at Toora;
- Select Produce, operating 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. This includes supporting the \$4 billion 'Kipper Tuna Turrum' oil and gas field. 'Port Anthony', a newly established private port, is located next to the Esso facility. An important fishing industry operates from Port Welshpool and Port Franklin. A wind farm is located on the hills around Toora and the new 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:

- Construction of the Karmai Community Children's Centre in Korumburra has commenced;
- Construction of bridges at Black Spur Creek will complete the Great Southern Rail Trail by March 2016;
- Construction of the Leongatha Heavy Vehicle Alternate Route will commence during 2016;
- Rollout of the National Broadband Network to 15 towns with 11 more planned for construction. New satellite services will complete the coverage of the Shire;
- Completion of the Trade Skills Centre, including new facilities at Korumburra and Leongatha; and
- Commencement of sewerage connection for Nyora, Poowong and Loch;

## **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 3.8% as at September Quarter 2015.

This is the lowest unemployment rate in Gippsland and one of the lowest in the State. This is considerably below the average for Victoria of 6.0%.

Key industry sectors by employment in the South Gippsland Shire in 2011 were Agriculture, Forestry & Fishing (16.7%), Health Care and Social Assistance (10.6%), Retail Trade (10.2%), and

Construction (9.7%). The Shire's top eight employment sectors compared with that of Regional Victoria as shown in the table below:

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

(ABS 2011 Census)

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

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

<b>Occupation</b>	<b>South Gippsland</b>	<b>Regional Victoria</b>
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 which is 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 70km of bike/walking trails and has recently been extended from Foster to Welshpool (February 2015);
- 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 three Private Schools;
- 6 Secondary Colleges, including two Private Colleges;
- Leongatha Specialist School;
- Community College Gippsland;
- Federation Training TAFE;
- South Gippsland Bass Coast Local Learning and Employment Network;
- Apprenticeships Australia Group;
- 12 Kindergartens; and
- 4 Neighbourhood/Community Houses.

## 7.2 External Influences

In preparing the 2016/17 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 Minister for Local Government, the Honourable Natalie Hutchins announced in December 2015 that Victorian council rate increases will be capped to the rate of inflation, 2.5% for 2016/17. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury. Council will now receive \$37.8m less rates & charges revenue over a 14 year period when comparing the 2016/17 Budget / LTFP to the previously adopted 2015/16 Budget / Long Term Financial Plan.
- Consumer Price Index (CPI) increased on goods and services by 1.7% through the year to the March quarter 2016 (ABS release 27 April 2016). State-wide CPI is forecast to be 2.5% for the 2016/17 year (Victorian Budget Papers 2014/15). The rate rises in the forward years have been set at 2.5%.
- The Federal Government advised the Victoria Grants Commission in 2014 that it will freeze indexation on grants for 3 years to 2016/17. As a result Council will receive \$1.5m less over 5 years, \$3.9m less over 10 years and \$6.5m over 15 years.
- Cost Shifting may occur 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 may 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. In each of these services the level of payment received by Council from the State or Federal Government does not reflect the real cost of providing the service to the community.
- Councils across Australia raise approximately 3% 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.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2015 was 1.7% (ABS release 13 August 2015). The wages price index in Victoria is projected to be 3.25% per annum in 2016/17 and the subsequent two years (Victorian Budget Papers 2015/16). Council must renegotiate a new Collective Agreement during the 2015/16 year for commencement on 1 July 2016 and work within the rate cap of 2.5%.
- Commsec Wages Prices Index (WPI) project a 2.4% movement to occur in 2016/17.
- Commsec Underlying Consumer Price Index (CPI) projection is 1.9% for 2016/17.

- The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria was an average of 3.8% for the five year period ending September 2015. The annualised movement (as at March 2016) was a 0.37% increase.
- There will be a flow on negative impact from the Reserve Bank reducing official interest rates on February and May 2015 and again in May 2016. This will result in a reduction in income being generated on investments. There is a likelihood of a further rate cut in 2016/17.
- 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 2015/16 year which have had a significant impact on the setting of the 2016/17 budget. These included adjusting forward cost indices as described below:

- The Roads and Bridges Construction Index in the Proposed 2016/17 Budget / Long Term Financial Plan were adjusted as follows.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 onwards
Roads & bridges index	0.50%	2.00%	2.50%	3.00%	3.50%	3.80%

- The Non- Residential Building Construction Index in the Proposed 2016/17 Budget / Long Term Financial Plan was adjusted as follows.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 onwards
Non residential building index	0.50%	2.00%	2.50%	2.50%	2.50%	2.50%

- The 2016/17 Budget takes into account the employee cost index being realigned to the 2.50% rate cap for the next Enterprise Agreement (EA) period (2016/17 – 2019/20).
- Productivity savings identified during 2015/16 (average \$200,000 per annum) was allowed to flow through to the bottom line to partially offset the financial ramifications of rate capping being introduced in 2016/17.

## **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;
- Service levels to be maintained at 2015/16 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 2015/16 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 2016/17 year.

### 8.1 Budgeted Income Statement

	Reference	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
Total income	8.2	62,408	68,337	5,929
Total expenses	8.3	59,959	62,676	(2,717)
<b>Surplus (deficit) for the year</b>		<b>2,449</b>	<b>5,661</b>	<b>3,212</b>
		0		
Grants - capital	8.2.6	7,594	7,661	67
Contributions - non monetary assets	8.2.7	370	379	9
Capital contributions - other sources	8.2.4	279	0	(279)
<b>Adjusted underlying surplus (deficit)</b>	<b>8.1.1</b>	<b>(5,794)</b>	<b>(2,379)</b>	<b>3,415</b>

#### 8.1.1 Adjusted Underlying Surplus (deficit) (\$3.42m 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.

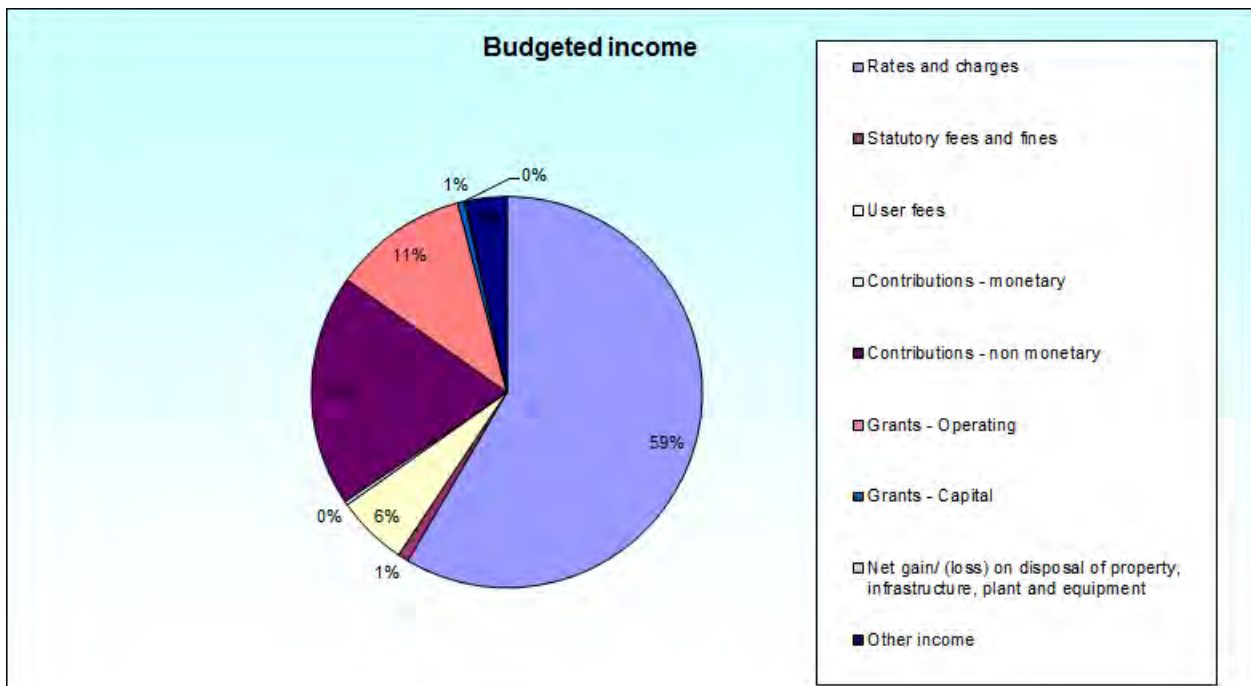
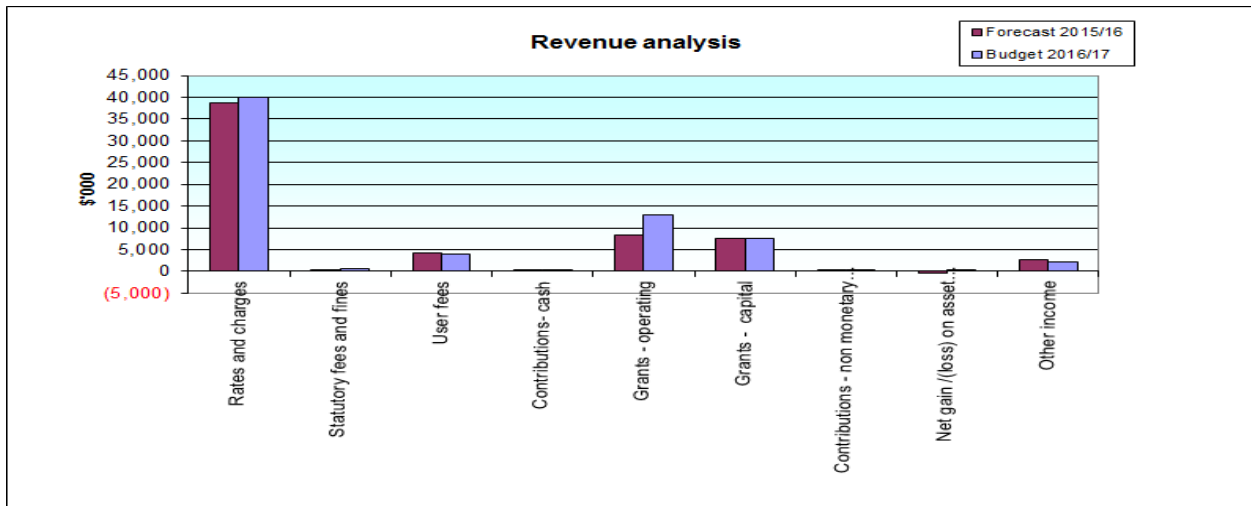
The adjusted underlying result for the 2016/17 year is a deficit of \$2.38m which is an improved position of \$3.42m over the 2015/16 year. In calculating the underlying result, Council has excluded capital grants and capital contributions received for capital purposes. Contributions of non-monetary 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 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	8.2.1	38,584	39,962	1,378
Statutory fees and fines	8.2.2	471	606	135
User fees	8.2.3	4,169	4,015	(154)
Contributions- cash	8.2.4	491	218	(273)
Grants - operating	8.2.5	8,307	13,106	4,799
Grants - capital	8.2.6	7,594	7,661	67
Contributions - non monetary assets	8.2.7	370	379	9
Net gain /(loss) on asset disposals	8.2.8	(272)	81	353
Other income	8.2.9	2,694	2,309	(385)
Fair value Income	8.2.10	0	0	0
<b>Total Operating Revenue</b>		<b>62,408</b>	<b>68,337</b>	<b>5,929</b>



### **8.2.1 Rates and Charges (\$1.38m increase)**

It is projected that general rates and charges income which, includes an estimated \$295,000 in supplementary rates, will increase by 3.6% over the base that was raised last year to \$39.96m.

The general rate will increase by 2.50%. The waste services charges for garbage collection and recycling will increase on average by 1.70%. (Refer Section 6 'Rates and Charges' for more details).

Section 15, 'Rating Information' includes a more detailed analysis of the rates and charges to be levied for 2016/17.

### **8.2.2 Statutory fees and fines (\$135,000 increase)**

There is an increase of \$135,000 or 28.7% 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 (\$154,000 decrease)**

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 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.

There is a decrease of \$154,000 or 3.7% for user fees. Revenue for caravan parks is expected to decrease by \$220,000.

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

### **8.2.4 Contributions - cash (\$273,000 decrease)**

Contributions relate to capital contributions paid by as well as contributions made for non-capital related activities and projects. There is a \$273,000 or 55.6% decrease in the level of contributions expected to be received in 2016/17. Contributions are expected for Leongatha Recreation Reserve (\$150,000), statutory open space contributions (\$60,000), property (\$4,000) and for sustainability services projects (\$4,000).

In the previous 2015/16 year contributions for engineering asset projects (\$403,000) were expected to be received.

### **8.2.5 Grants - operating (\$4.80m increase)**

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers, as well as one-off funding for projects undertaken on behalf of community organisations. Overall, the level of grants has increased by

\$4.80m or 57.8% compared to 2015/16. The increase in operating grants is as a result of having to recognise one half of the Victoria Grants Commission allocation for 2015/16 in the prior financial year (2014/15).

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 2015/16 \$'000</b>	<b>Budget 2016/17 \$'000</b>	<b>Fav (Unfav) \$'000</b>
Victorian Grants Commission	4,496	8,772	4,276
Aged and Disability Services	1,510	1,539	29
Children and Family Services	471	471	0
Coal Creek Community Park and Museum	18	22	4
Community Strengthening	102	104	2
Grants / Emergency Management	26	27	1
Local Laws	42	40	(2)
Rates and Valuations	9	281	272
Environmental health	5	5	0
<b>Total recurrent grants</b>	<b>6,679</b>	<b>11,261</b>	<b>4,582</b>
<i>Non recurrent - Commonwealth Government</i>			
Storm damage - rain event funding	108	70	(38)
<i>Non recurrent - State Government</i>			
Capital - Civil Infrastructure	355	329	(26)
Children and Family Services	24	-	(24)
Coal Creek Community Park and Museum	10	-	(10)
Community Strengthening	135	59	(76)
Engineering Services	751	1,165	414
Grants / Emergency Management	60	60	0
Maintenance - Civil Infrastructure	23	-	(23)
Planning Management	10	-	(10)
Rates and Valuations	46	47	1
Sustainability	70	63	(7)
Sustainable Communities	-	50	50
<i>Non recurrent - Other Bodies</i>			
Community Strengthening	35	2	(33)
Sustainability	1	-	(1)
<b>Total non recurrent grants</b>	<b>1,628</b>	<b>1,845</b>	<b>217</b>
<b>Total Operating Grants</b>	<b>8,307</b>	<b>13,106</b>	<b>4,799</b>

### 8.2.6 Grants - capital (\$67,000 increase)

Capital grants include all monies received from State and Federal governments for the purposes of funding the capital works program. Overall the level of grants has increased by \$67,000 or 0.9% compared to 2015/16. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Types and Source	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	4,777	5,517	740
<b>Total recurrent grants</b>	<b>4,777</b>	<b>5,517</b>	<b>740</b>
<i>Non recurrent - Commonwealth Government</i>			
Federal Blackspot Program	667	-	(667)
Buildings - Child Care Hub - Korumburra	960	640	(320)
Leongatha CBD Recycling Project	54		(54)
Bridge - Allambee Estate Rd Bridge Rehab -	177		(177)
<i>Non recurrent - State Government</i>			
Plant - Plant Purchases	21	1	(20)
Civil - Foster Streetscape (Main and Station Street)	-	503	503
Buildings - Child Care Hub - Korumburra	800	800	0
Pools - Renewal Program	-	200	200
Recreation - Public Jetty Upgrade - Port Welshpool	113		(113)
Recreation - Nyora Hall	25	-	(25)
<b>Total non recurrent grants</b>	<b>2,817</b>	<b>2,144</b>	<b>(673)</b>
<b>Total Capital Grants</b>	<b>7,594</b>	<b>7,661</b>	<b>67</b>

Section 10, 'Analysis of Capital Budget' includes a more detailed analysis of the grants and contributions that are expected to be received during the 2016/17 year.

### **8.2.7 Contributions – non monetary assets (\$9,000 increase)**

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

There is a marginal increase compared to the previous year.

### **8.2.8 Net Gain / (Loss) on Asset Disposals (\$353,000 increase)**

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

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

### **8.2.9 Other Income (\$385,000 decrease)**

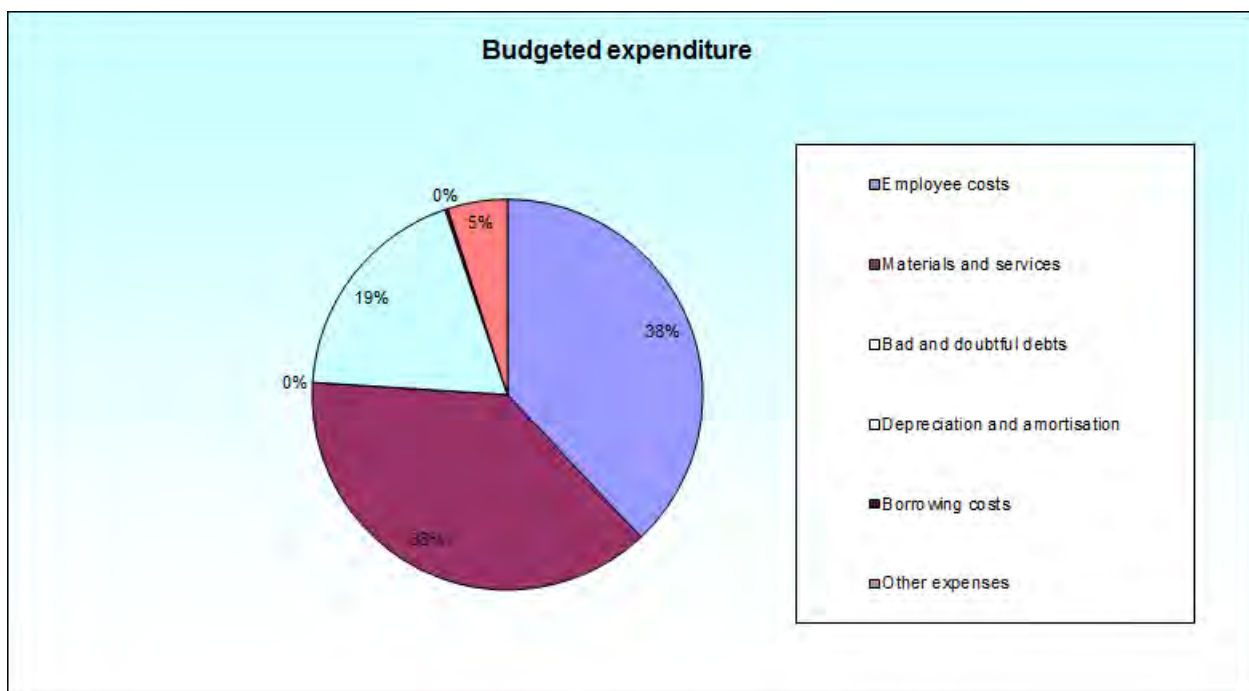
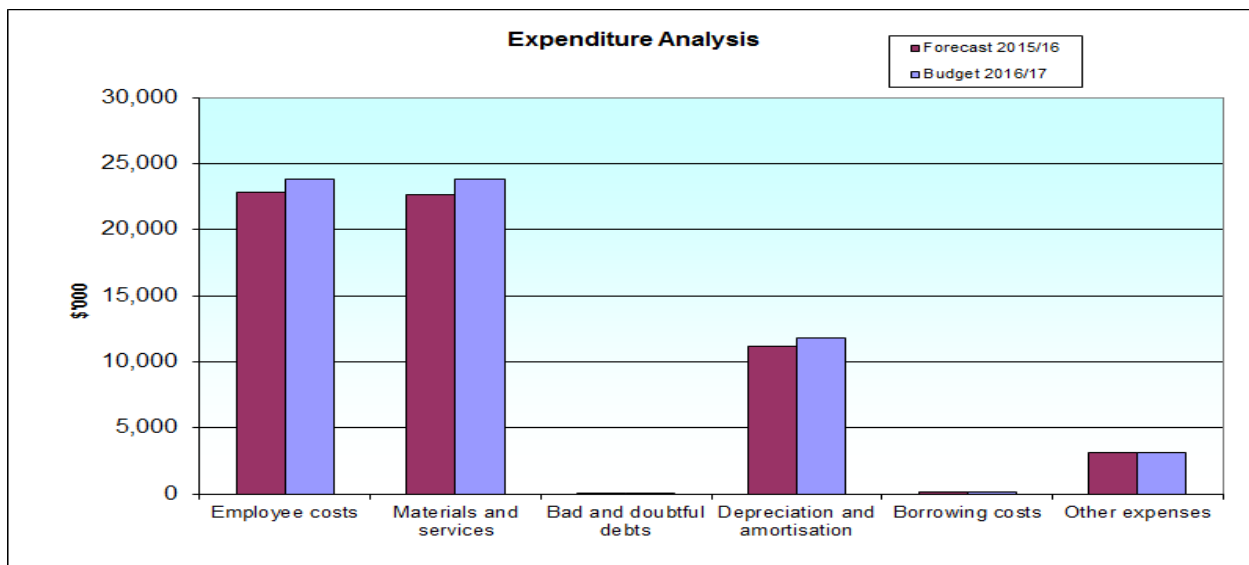
Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

Other revenue is projected to decrease by \$385,000 or 14.3% in 2016/17.

This is predominantly due to expecting \$350,000 less income from external works (private sealing works) and \$48,000 less income from Coal Creek. This decrease is partially offset by an additional \$16,000 income from interest on investment and \$51,000 from reimbursements.

### 8.3 Expenditure

Expenditure types	Reference	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
Employee costs	8.3.1	22,858	23,837	(979)
Materials and services	8.3.2	22,676	23,797	(1,121)
Bad and doubtful debts	8.3.3	1	1	0
Depreciation	8.3.4	11,134	11,797	(663)
Borrowing costs	8.3.5	142	142	0
Other expenses	8.3.6	3,148	3,102	46
<b>Total Operating Expenses</b>		<b>59,959</b>	<b>62,676</b>	<b>(2,717)</b>



### **8.3.1 Employee Costs (\$979,000 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 \$979,000 when compared to the 2015/16 forecast result. Compared to the original 2015/16 budget of \$23.09m employee costs are projected to increase by \$750,000 which includes the provision of an additional .9 EFT.

The 2016/17 budgeted employee costs takes into account:

- A 2.5% allowance for banding and contract staff increments in 2016/17 and 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 0.90 increase in Full Time Equivalent (FTE) across all four directorates from 2015/16 which includes a 1FTE new initiative of a Domestic Waste Water Plan Monitoring Officer.

The range of services undertaken by Council involves the abilities, efforts and competencies of 263.40 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 (\$1.21m increase)**

Materials and consumables are forecast to increase by \$1.21m or 4.9% compared to 2015/16.

The increased expenditure on materials and consumables in 2016/17 can mainly be attributed to carrying forward from 2015/16 \$1.54m funding predominantly for grant funded projects that are not expected to be completed by 30 June 2016.

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 2016/17.

### **8.3.4 Depreciation and amortisation (\$663,000 increase)**

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

Periodic revaluation of infrastructure asset classes, the completion of the 2015/16 Capital Works Program and the full year effect of depreciation on the 2015/16 Capital Works Program impacts upon the depreciation charges. Refer to Section 10. 'Analysis of Capital Budget' for a more detailed analysis of Council's Capital Works Program for the 2016/17 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 2015/16.

### **8.3.6 Other Expenses (\$46,000 decrease)**

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 are expected to decrease by \$146,000. The contribution to the libraries is expected to increase by \$45,000, building grants by \$15,000 audit fees by \$18,000 and bank charges by \$25,000.



## 9 Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2016/17 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 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
<b>Operating Activities</b>	<b>9.1.1</b>			
Receipts		62,310	67,877	5,567
Payments		(48,615)	(50,636)	(2,021)
Net cash inflow (outflow)		<b>13,695</b>	<b>17,241</b>	<b>3,546</b>
<b>Investing Activities</b>	<b>9.1.2</b>			
Receipts		625	1,487	862
Payments		(18,248)	(20,814)	(2,566)
Net cash inflow (outflow)		<b>(17,623)</b>	<b>(19,327)</b>	<b>(1,704)</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		(4,070)	(2,228)	1,842
Cash at beginning of year		15,419	11,349	(4,070)
<b>Cash at end of year</b>	<b>9.1.4</b>	<b>11,349</b>	<b>9,121</b>	<b>(2,228)</b>

### 9.1.1 Operating Activities (\$3.55m increase)

The increase in net cash inflows from operating activities is due mainly to receiving an additional \$4.80m operating grants and \$1.38m rate income. This is partially offset by receiving \$273,000 less cash contributions and incurring \$946,000 additional expenditure on employee costs and \$1.12m on materials and services.

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 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
<b>Surplus (deficit) for the year</b>	2,449	5,661	3,212
Depreciation	11,134	11,797	663
Contributions - non cash	(370)	(379)	(9)
Loss (gain) on sale of assets	272	(81)	(353)
Finance costs	142	142	0
Net movement in current assets and liabilities	68	101	33
<b>Cash flows available from operating activities</b>	<b>13,695</b>	<b>17,241</b>	<b>3,546</b>

### 9.1.2 Investing Activities (\$1.70m increase)

The \$1.70m increase in net payments for investing activities is due mainly to actual gross expenditure on capital being \$2.57m greater and receiving \$862,000 additional income in capital sales compared with the previous 2015/16 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 2016/17 is \$142,000.

### 9.1.4 Cash at End of the Year (\$2.23m decrease)

Overall, total cash and investments are forecast to be \$2.23m less than 2015/16. The opening cash position of \$11.35m and contribution of cash from operating activities (\$17.24m) has provided significant funds for financing activities (\$142,000) and for investing activities (\$19.33m). Cash is expected to be \$9.12m as at 30 June 2017, which is less than the previous year (\$11.35m).

## 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 2017 it will have cash and investments of \$9.12m, which has been restricted as shown in the following table.

	Reference	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
<b>Restricted cash and investments</b>		<b>11,349</b>	<b>9,121</b>	<b>(2,228)</b>
Statutory reserves	9.2.1	122	0	(122)
Cash held to fund carry forward capital works	9.2.2	2,655	0	(2,655)
Trust funds and deposits	9.2.3	1,065	1,065	0
<b>Unrestricted cash and investments</b>	<b>9.2.4</b>	<b>7,507</b>	<b>8,056</b>	549
Discretionary reserves	9.2.5	2,242	3,317	1,075
<b>Unrestricted cash adjusted for discretionary reserves</b>	<b>9.2.6</b>	<b>5,265</b>	<b>4,739</b>	<b>(526)</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 \$60,000 public open space contributions in 2016/17. This will be transferred to the Open Space Contributions Reserve. Council in 2016/17 will be utilising \$187,000 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 2017 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 2017, as it is planned that the capital works budget in the 2016/17 financial year will be completed.

The following capital projects have had budgets carried forward from 2015/16 to 2016/17. These include:- Plant and fleet purchases (\$566,000), Public Toilet – Waratah Bay (\$100,000), Child Care Hub – Korumburra (\$300,000), Port Welshpool -Caravan Park Toilet (\$376,000), Deviation of Koonwarra – Pound Creek Road (\$18,000) and Splash Hydrotherapy Pool (\$70,000).

Section 10.2 contains further details on capital works funding.

### 9.2.3 Trust funds and deposits (\$1.07m)

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 (\$8.06m)

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 (\$3.31m)

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 2016/17 year \$1.83m (includes \$31,551 interest allocations) is budgeted to be transferred to the Discretionary Reserves and \$755,000 from Discretionary Reserves.

Discretionary Reserve	Opening balance \$	Transfer to reserve \$	Interest allocation \$	Transfer from reserve \$	Closing balance \$
Corner Inlet Seawall Drainage	22,229		778		23,007
General	879,230	372,015	30,773		1,282,018
Caravan parks	Nil	754,959		754,959	Nil
LGFV Bond	1,340,000	670,000			2,010,000
<b>Total</b>	<b>2,241,459</b>	<b>1,796,974</b>	<b>31,551</b>	<b>754,959</b>	<b>3,315,025</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 General reserve's primary purpose is to accumulate funding for likely future funding calls made for defined benefits superannuation liabilities. In the forward years (2023/24 and 2025/26) it has been modelled to draw down on some of the capacity of the General Reserve (\$2.5m and \$3.0m respectively) to reduce the borrowing and finance costs associated with the municipal precinct, library and community centre project proposal.

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

The Local Government Finance Vehicle 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 (\$4.74m)***

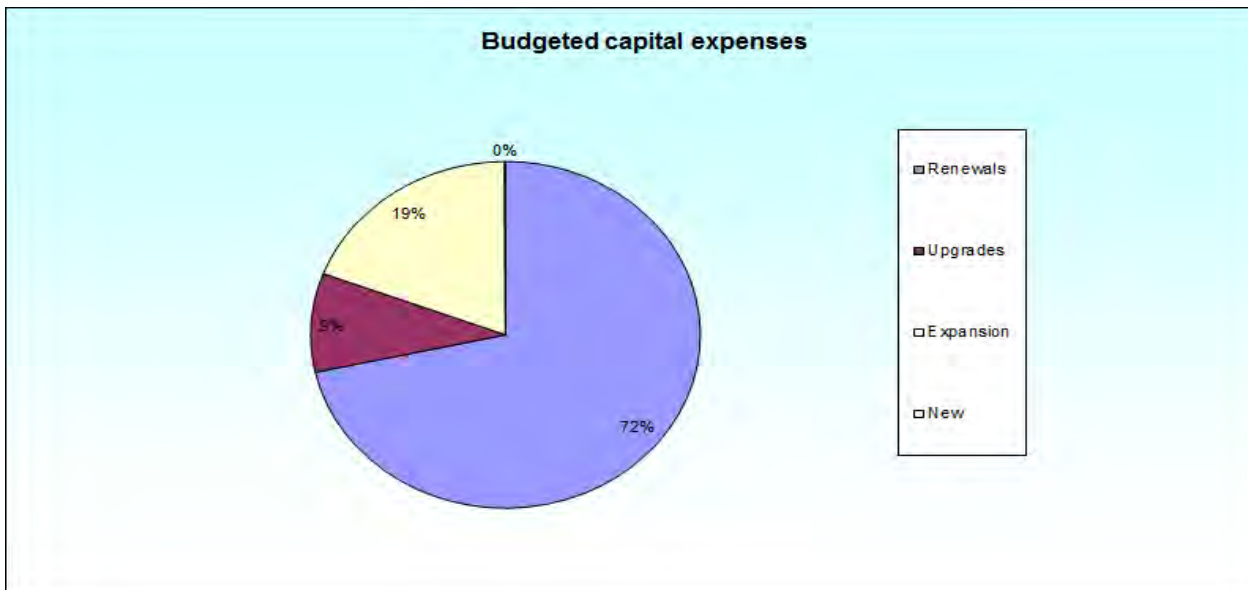
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the year following their receipt such as grants and contributions. Council regards these funds 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 2016/17 year and the sources of funding for the budget.

### 10.1 Capital Works

		Forecast	Budget	Variance
Capital Works Areas	Ref	2015/16	2016/17	
		\$'000	\$'000	\$'000
<b>Property</b>	10.1.1			
Land		265	572	307
Buildings		2,866	3,640	774
Heritage Building		170	-	(170)
<b>Total property</b>		<b>3,301</b>	<b>4,212</b>	<b>911</b>
<b>Plant, machinery and equipment</b>	10.1.2			
Plant and machinery		1,642	2,304	662
Computers and telecommunications		1,104	826	(278)
<b>Total plant, machinery and equipment</b>		<b>2,746</b>	<b>3,130</b>	<b>384</b>
<b>Infrastructure</b>	10.1.3			
Roads		9,191	10,401	1,210
Kerb & Channel		-	-	0
Bridges		212	210	(2)
Major Culverts		64	42	(22)
Footpaths		583	598	15
Drainage		135	111	(24)
Off street car parks		-	490	490
Waste management #		1,647	412	(1,235)
Other Infrastructure		368	1,210	842
<b>Total infrastructure</b>		<b>12,200</b>	<b>13,474</b>	<b>1,274</b>
<b>Total capital works expenditure</b>		<b>18,247</b>	<b>20,816</b>	<b>2,569</b>
Represented by:				
New asset expenditure		25	15	(10)
Asset renewal expenditure		12,186	14,145	1,959
Asset upgrade expenditure		3,863	4,625	762
Asset expansion expenditure		2,173	2,031	(142)
<b>Total capital works expenditure</b>		<b>18,247</b>	<b>20,816</b>	<b>2,569</b>



### **10.1.1 Property (\$4.21m)**

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

For the 2016/17 year, \$4.21m will be expended on land, building and building improvement projects. The projects include General Land Purchases (\$572,000), Port Welshpool Caravan Park Toilet Block (\$376,000), Child Care Hub, Korumburra (\$2.46m), Public Toilet – Sandy Point (\$180,000), Coal Creek Visitor Information Centre (\$67,000), Leongatha Memorial Hall (\$235,000), Memorial Hall Meeting Room (\$140,000), Waratah Bay – Public Toilet (\$100,000) and Long Jetty Cabin Replacement (\$84,000).

### **10.1.2 Plant and Equipment (\$3.13m)**

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

For the 2016/17 year, \$3.13m will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.30m) and upgrade and replacement of Information Technology (\$826,000).

### **10.1.3 Infrastructure (\$13.47m)**

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 2016/17 year, \$10.40m will be expended on road projects. The projects include Capital Works Civil Design (\$192,000), Foster Streetscape (\$1m), Guard Rail Projects (\$138,000), Town Entrance Leongatha (\$1.41m), Bair Street Landscape – Leongatha (\$150,000), Deviation of Koonwarra – Pound Creek Road (\$18,000), Hudson’s Road Korumburra South (\$1.3m), Roads Reseal Preparation (\$827,000), Roads – Reseals (\$1.81m), Sealed Rehabilitation Program- Ashenden Street (\$661,000), Sealed Rehabilitation Program- Berrys Creek Road (\$136,000),

Sealed Rehabilitation Program- King Street & Scott Court Korumburra (\$230,000), Sealed Rehabilitation Program- Koonwarra – Pound Creek Road Leongatha (\$225,000), Sealed Rehabilitation Program- Little Commercial Street Korumburra (\$58,000), Sealed Rehabilitation Program- Loch Wonthaggi Road Loch (\$518,000), Sealed Rehabilitation Program- Main Street Stony Creek (\$51,000), Sealed Rehabilitation Program- Old Waratah Road Fish Creek (\$100,000), Sealed Rehabilitation Program- Stony Creek Dollar Road – Stony Creek (\$91,000), South Road Poowong (\$1.35m) and Walkerville North – Road & Retaining Wall Protection (\$131,000).

\$210,000 will be expended on the Bridge Rehabilitation Program.

\$42,000 will be expended on Major Culvert projects. The project is Stewart and Dunlops Road.

\$598,000 will be expended on Footpaths and Cycle ways projects. The projects include Alison Street (\$60,000), Drouin Road (\$85,000), Jones Street Foster (\$22,000), Nelson Street Foster (\$44,000), Ranceby Road Poowong (\$29,000), Pioneer Street Foster (\$70,000), and Footpath Renewal Program (\$288,000).

\$111,000 will be expended on Drainage projects. The projects include drainage works at Shellcotts Road Korumburra and Poplar Court Sandy Point (\$46,000) as well as general rehabilitation program (\$65,000).

\$412,000 will be expended on Waste Management projects. The project is the Leachate Evaporation System Koonwarra (\$412,000).

\$490,000 will be expended on Off Street Car Parks. The projects 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 – Beach Parade reserve Sandy Point (\$19,000), Playground Replacement Program – Korumburra Tourist Park (\$44,000), Playground Replacement Program – McGrath Park Bena (\$10,000), Playground Replacement Program – Saturn Reserve Venus Bay (\$5,000), Pools Refurbishment Design Mirboo North (\$204,000), Poowong Pool Change Rooms & Plant Room (\$452,000), Replace Sand Filter Korumburra Pool (\$48,000), Replace Sand Filter Toora Pool (\$48,000), Splash Hydro Therapy Pool and Gymnasium (\$70,000), Community Infrastructure Projects (\$183,000), Fish Creek Playground replacement (\$17,000), Sun Shelter Tarwin Lower to Venus Bay Walking Track (\$19,000), Yanakie – Power Heads (\$15,000), Yanakie – Power Heads replacement program(\$22,000) and Yanakie Tree Removal Program (\$54,000).

#### **10.1.4 Asset renewal (\$14.15m), upgrade (\$4.63m), expansion (\$2.03m) and new (\$15,000).**

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: General Land Purchases (\$572,000), Child Care Hub, Korumburra (\$983,000),



Civil Capital Works design (\$77,000), Alison Street (\$60,000), Drouin Road (\$85,000), Jones Street Foster (\$22,000), Nelson Street Foster (\$44,000), Ranceby Road Poowong (\$29,000), Pioneer Street Foster (\$70,000), Splash Hydro Therapy Pool and Gymnasium (\$70,000), Sun Shelter Tarwin Lower to Venus bay Walking Track (\$19,000) and Yanakie – Power Heads (\$15,000). 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 2017, as it is planned that the capital works budget in the 2016/17 financial year will be completed.

The following capital projects have had budgets carried forward from 2015/16 to 2016/17. These include:-Plant and fleet purchases (\$566,000), Public Toilet – Waratah Bay (\$100,000), Child Care Hub – Korumburra (\$300,000), Port Welshpool -Caravan Park Toilet (\$376,000), Deviation of Koonwarra – Pound Creek Road (\$18,000) and Splash Hydrotherapy Pool (\$70,000).

## 10.2 Funding Sources

	Reference	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
Grants	10.2.1	7,594	7,661	67
Contributions	10.2.2	279	0	(279)
Borrowings	10.2.3	0	0	0
Council cash	-	0		0
-Operations	10.2.4	5,680	9,438	3,758
-Proceeds on sale of assets	10.2.5	125	1,487	1,362
-Reserve cash and investments	10.2.6	722	755	33
- Unrestricted cash and investments	10.2.7	3,848	1,473	(2,375)
<b>Total funding sources</b>		<b>18,248</b>	<b>20,814</b>	<b>2,566</b>

### 10.2.1 Grants (\$7.66m)

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 (\$5.52m), Korumburra Child Care Hub Grant (\$1.44m), Foster Streetscape (\$503,000) and for the Pools Renewal Program (\$200,000).

### 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 2016/17.

### **10.2.3 Borrowing (\$Nil)**

There are no borrowing's budgeted for in the 2016/17 financial year for capital projects.

### **10.2.4 Council Cash - Operations (\$9.44m)**

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 \$9.44m will be generated from operations to fund the 2016/17 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 (\$1.49m)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$127,000 for plant sales, \$588,000 for vehicle sales and general land sales of \$772,000.

### **10.2.6 Council Cash - Reserve Cash and Investments (\$755,000)**

Council has significant cash reserves, which it is currently using to fund its annual capital works program. For 2016/17 \$755,000 will be used to fund part of the caravan parks capital works program.

### **10.2.7 Council Cash - Unrestricted Cash and Investments (\$1.47m)**

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 \$1.47m will be available from the 2015/16 year to fund capital works in the 2016/17 year.

## 11 Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2015/16 and 2016/17.

### 11.1 Budgeted Balance Sheet

	Reference	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Fav (Unfav) Variance \$'000
<b>Current</b>				
Assets	11.1.1	20,071	17,843	(2,228)
Liabilities	11.1.2	(9,465)	(8,834)	631
<b>Net current assets</b>	<b>11.1.5</b>	<b>10,606</b>	<b>9,009</b>	<b>(1,597)</b>
<b>Non Current</b>				
Assets	11.1.3	519,229	527,219	7,990
Liabilities	11.1.4	(4,145)	(4,877)	(732)
<b>Net non current assets</b>		<b>515,084</b>	<b>522,342</b>	<b>7,258</b>
<b>Net assets</b>				
Accumulated surplus		199,485	204,195	4,710
Reserves		326,205	327,156	951
<b>Total Equity</b>	<b>11.1.6</b>	<b>525,690</b>	<b>531,351</b>	<b>5,661</b>

#### 11.1.1 Current Assets (\$2.23m decrease)

The current assets are projected to be less than 2015/16, the main contributor being a \$2.23m 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 (\$631,000 decrease)

There is an decrease of \$631,000 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to reclassifying the \$671,000 current provision for land fill rehabilitation cost obligations as a non current provision.

#### 11.1.3 Non Current Assets (\$7.99m increase)

The increase in non-current assets is due to the net result of the capital works program (\$20.81m), gifted and donated assets (\$379,000), the depreciation of all non-current assets with the exception of land (\$11.80m) and the written down value of property, plant and equipment sales (\$1.41m).

#### 11.1.4 Non Current Liabilities (\$732,000 increase)

The increase in movements in non-current liabilities predominantly due to reclassifying the \$631,000 current provision land fill rehabilitation cost obligations as a non current provision.

### 11.1.5 Working capital (\$1.60m 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.

	<b>Forecast 2015/16 \$'000</b>	<b>Budget 2016/17 \$'000</b>	<b>Fav (Unfav) Variance \$'000</b>
<b>Current assets</b>	20,071	17,843	(2,228)
<b>Current liabilities</b>	9,465	8,834	631
<b>Working capital</b>	10,606	9,009	(1,597)
Restricted cash and investments current assets			
- Statutory reserves	122	0	122
- Cash held to fund carry forward capital works	2,655	0	2,655
- Trust funds and deposits	1,065	1,065	0
<b>Unrestricted cash and investments</b>	6,764	7,944	1,180
- Discretionary reserves	2,242	3,317	1,075
<b>Underlying working capital</b>	4,522	4,627	105

In addition to the restricted cash shown above, Council is also projected to hold \$3.32m in discretionary reserves at 30 June 2017. 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 (\$5.66m increase)

The increase in the accumulated surplus is impacted by the budgeted Comprehensive surplus of \$5.66m.

In addition to this overall change in Equity, \$1.89m will be transferred from the accumulated surplus to internal reserves. \$942,000 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 9.2.5 Discretionary Reserves.

## 11.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2017 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 2016/17 will be at similar levels to that of previous years;
- Trade creditors and other creditors and debtors to remain consistent with 2015/16 levels;
- Proceeds from the sale of property in 2016/17 will be received in full in 2016/17;
- 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 \$20.81m;
- A total net \$951,000 to be transferred to internal reserves from accumulated surplus; and
- \$7.66m in capital grants will be received by 30 June 2017.

## 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 2016/17 to 2030/31 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 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.

The Federal Government is expecting to continue to experience a tight fiscal environment for a number of years. 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 22 December 2015 that Victorian council rate increases will be capped to the rate of inflation, 2.5% for 2016/17. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

The general rate for 2016/17 will increase by 2.5%. On average the combined garbage and green waste charge will increase by 1.7%. (The projected rate rise for 2016/17 in the previous years' Long Term Financial Plan was 3.0%). The rate rises in the forward years have been set at 2.5%. Council will now receive \$37.8m less rates & charges revenue over a 14 year period when comparing the proposed 2016/17 Budget / Long Term Financial Plan to the previously adopted 2015/16 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 1.9% for 2016/17 and increase to 2.3% in the following years.

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

Where an inflation movement has been used in material and consumable calculations, it has been modelled at being 2.5% in 2016/17. In the following years, the default inflation index in the Long Term Financial Plan has been modelled to remain at 2.5% per annum.

Commsec Wages Prices Index projects a 2.4% movement to occur in 2016/17 and 2.9% in 2017/18.

The employee costs increments have been set at 2.50% from 2016/17 to 2019/20 and at 2.85% from 2020/21 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 will have a tendency 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 3.8% for the five year period ending September 2015. The annualised movement (as at March 2016) was a 0.37% 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 in future years is based on an indexed increase of 0.50% for 2016/17. The following 2017/18 year the indexed increase is 2.00% 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%.

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

Fees and charges increases are generally modelled to increase by the same general rates increase until full cost recovery is achieved for 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 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	>100%	Low risk of insufficient spending on asset renewal and upgrades
Yellow	90%-100%	May indicate that spending on asset renewals is insufficient
Red	<90%	Spending on asset renewals and upgrades has not kept pace with consumption of assets

## Borrowing capacity

### Indebtedness

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

<b>Total Debt as a % of rate revenue</b>		
Includes current and non current liabilities in Balance Sheet		
Rate income as per Income Statement		
<b>Measures level of rate income relative to total debt</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	<60%	Reasonable reliance on rate revenue to fund debt
Yellow	40%-60%	Undesirable reliance on rate revenue to fund debt
Red	>60%	Unsustainable reliance on rate revenue to fund debt

Debt servicing costs as a % of total revenue		
Borrowing cost expenses as per Income Statement		
Total revenue in Income Statement not including donated assets and gain/loss on asset disposals		
Measures portion of revenue committed to fund debt finance costs		
Indicator	Range	Comment
Green	<5%	Reasonable proportion of total revenue to fund debt finance costs
Yellow	5%-10%	Undesirable reliance on proportion of total revenue to fund debt finance costs
Red	>10%	Unsustainable reliance on proportion of total revenue to fund debt finance costs

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

2016/17 Budget	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Financial performance</b>																
Underlying result	-10.70%	-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	1.87	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	22.08%	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	123%	125%	67%	90%	91%	158%	98%	174%	218%	125%	97%	88%	111%	106%	87%	93%
<b>Borrowing capacity</b>																
Indebtedness	9.08%	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	8.68%	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	0.23%	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%

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 red zone in 2015/16 as a result of having to recognise \$4.34m Victoria Grants Commission allocation for 2015/16 in the prior financial year (2014/15).

For 2016/17 and immediate years in the forward plan the underlying result trends into and remains in the green zone. In the later years it trends down into the yellow 'caution 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 2022/23, 2024/25 and 2025/26 before strengthening again in the later years. Council has financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

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 2016/17 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 2016/17. In the following years it generally fluctuates between the green and yellow zone and even dips into the red zone in 2017/18, 2026/27 and 2029/30. 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 2016/17 and all the forward budgets. Due to the inherent strength of the current 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 important lead indicators to identify future years' financial ramifications of decisions that are made in the present period.

The 2016/17 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>2015/16 Original Budget</b>	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Financial performance</b>																
Underlying result	-1.17%	1.39%	3.26%	4.04%	4.17%	3.86%	4.09%	2.66%	2.84%	3.30%	4.07%	4.86%	5.5%	6.1%	6.9%	
Underlying Working Capital	1.62	1.70	1.71	1.56	2.52	1.86	1.70	1.73	1.48	1.80	1.70	1.86	2.04	2.05	2.48	
<b>Funding capacity</b>																
Self-financing	24.58%	29.01%	26.22%	27.02%	27.74%	27.52%	21.51%	37.43%	30.03%	30.46%	31.09%	31.45%	30.93%	31.46%	32.18%	
Sustainability Index	148%	95%	109%	89%	89%	181%	107%	284%	124%	93%	108%	93%	113%	109%	96%	
<b>Borrowing capacity</b>																
Indebtedness	8.11%	7.90%	7.75%	1.00%	1.10%	1.20%	1.30%	25.69%	27.77%	26.73%	25.74%	14.71%	14.23%	9.75%	8.74%	
Total Debt as a % of Rate revenue	8.75%	8.44%	8.14%	7.85%	0.00%	0.00%	0.00%	28.31%	30.98%	29.61%	28.31%	15.22%	14.55%	10.07%	8.81%	
Debt servicing costs as a % of Total revenue	0.22%	0.22%	0.23%	0.22%	0.08%	0.00%	0.00%	1.15%	1.25%	1.19%	1.15%	0.62%	0.60%	0.40%	0.38%	

Overall, the Long Term Financial Plan for 2016/17 has parity with the previous year's plan. The forward underlying result indicator is generally weaker in the 2016/17 Long Term Financial Plan when benchmarked against the 2015/16 plan. This is due to the longer term impact of less rates



revenue being generated as a result of rate capping. It still remains within its strategic target threshold.

To address the longer term downward trend in projected operating results any net favourable productivity gains identified in 2016/17 and future years will be allowed 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 ratio is marginally weaker in the 2016/17 Long Term Financial Plan when benchmarked against the 2015/16 plan. It still remains within its strategic target threshold for most years.

The following financial indicators are used as measures for the 2016/17 Annual Budget.

- Indebtedness 10.38%;
- Underlying working capital ratio 1.64;
- Self-financing 25.37%;
- Sustainability Index 125%; and
- Underlying result (3.95)%.

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 increase over the four year period from \$9.12 million to \$15.72 million, brought about by successive years of producing operating surpluses.
- **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 2.50%.
- **Service Levels (section 2)** –Aside from Council’s contribution to HACC being reduced by 10% per annum, all other 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 2016/17 is also projecting to produce underlying surpluses in the following three years.
- **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 \$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 13 years. The following graphs benchmark the current 2016/17 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

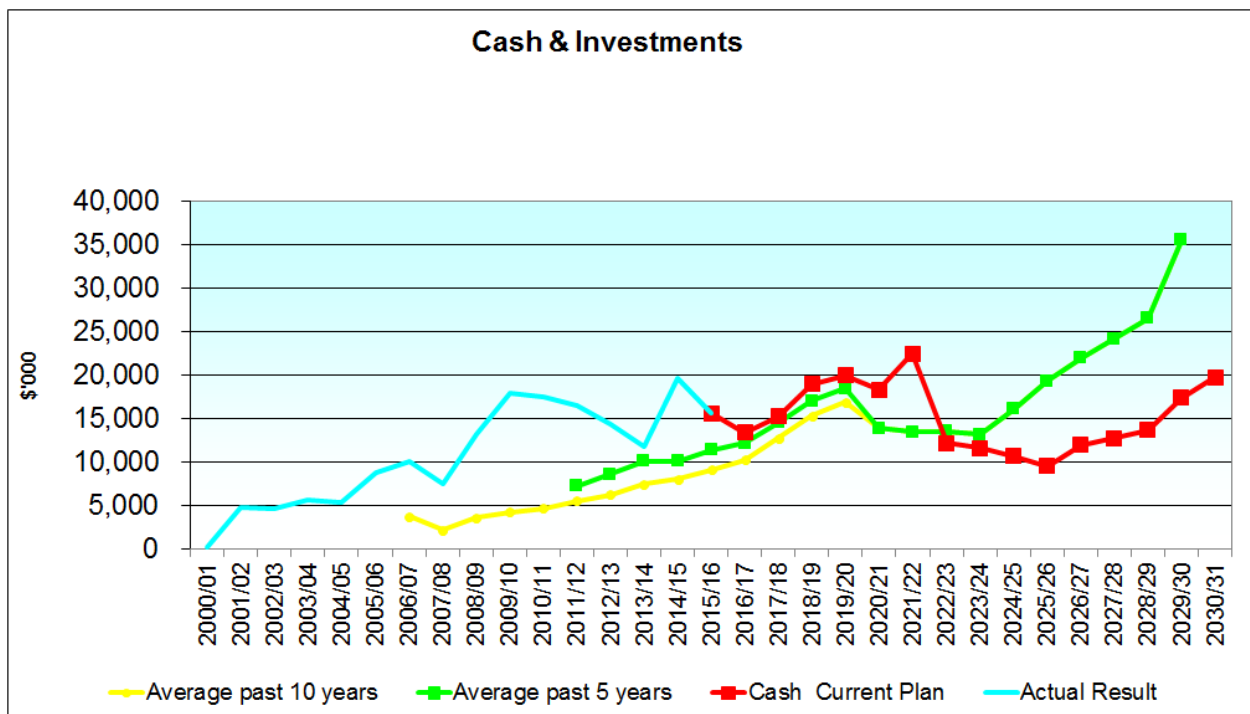
**Average (yellow line)** Average of previous 10 years Long Term Financial Plans.

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

**Current plan (red line)** 2016/17 Long Term Financial Plan.

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

### 13.1. Liquidity



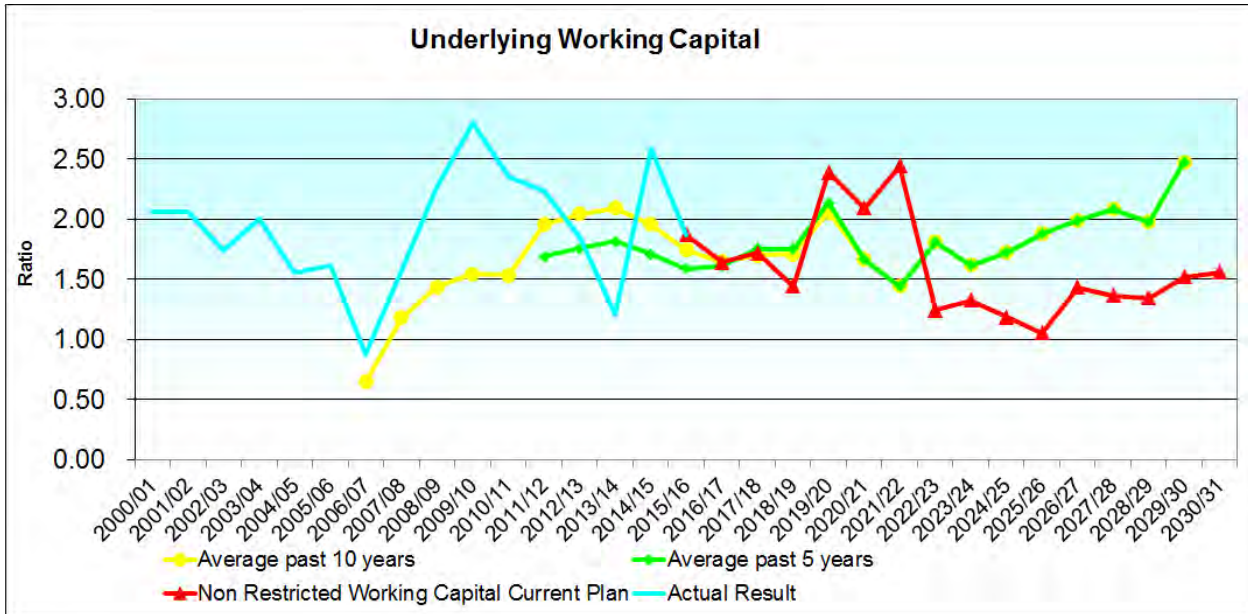
The objective after reducing debt in 2007/08 was to gradually and purposefully build up cash and then in the later years when the working capital position of Council was sufficiently strong, release funds for capital works.

The spikes and dips in cash from 2008/09 through to 2015/16 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.

The later years of the plan is impacted by a combination of capital funding requirements for significant capital works funding requirements and the introducing of rate capping in 2016/17.

The projected cash position in later years does however trend up. This is because the internal reserves are now fully cash backed. In past years' financial plans the reserves were notionally expensed in the forward years capital works program.

### 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.

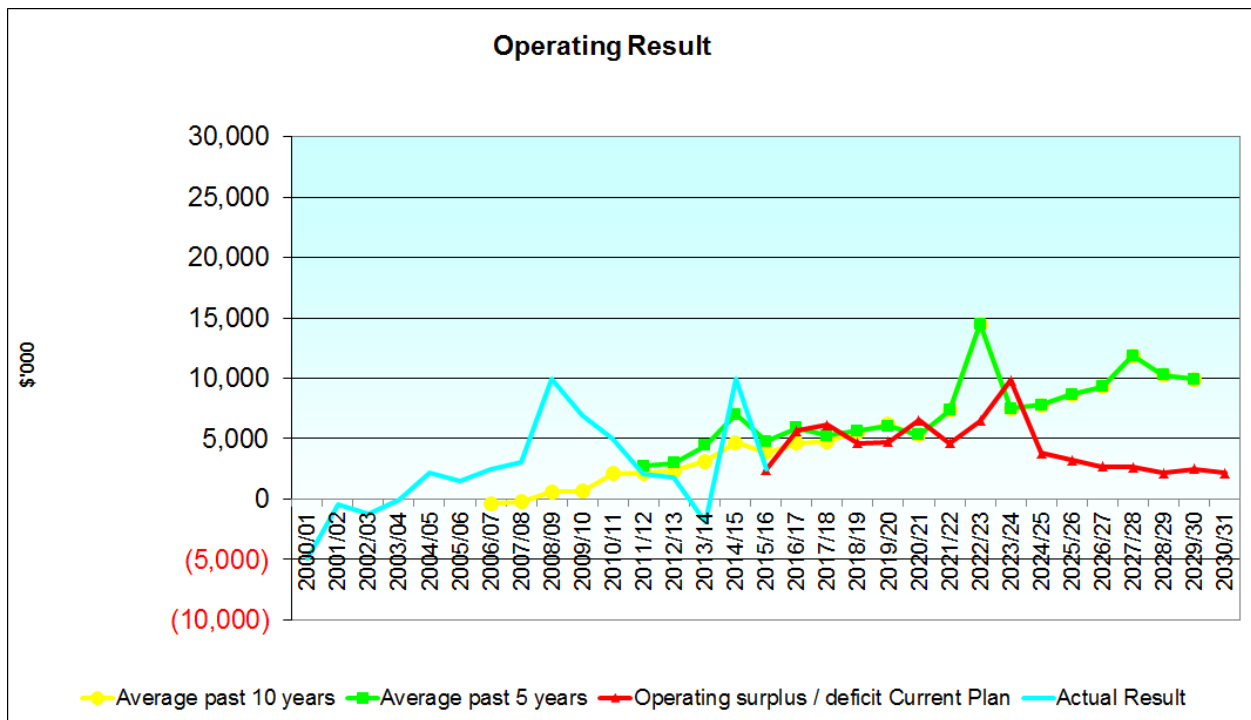
The unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding had an adverse financial impact on the underlying working capital ratio in the immediate years prior to 2013/14.

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.

The later years of the plan is impacted by a combination of capital funding requirements for significant capital works funding requirements and the introducing of rate capping in 2016/17.

The ratio marginally falls below the strategic target of 1.25 to 1 in 2022/23 and then again in 2024/25 and 2025/26 before gradually strengthening.

### 13.3 Income Statement

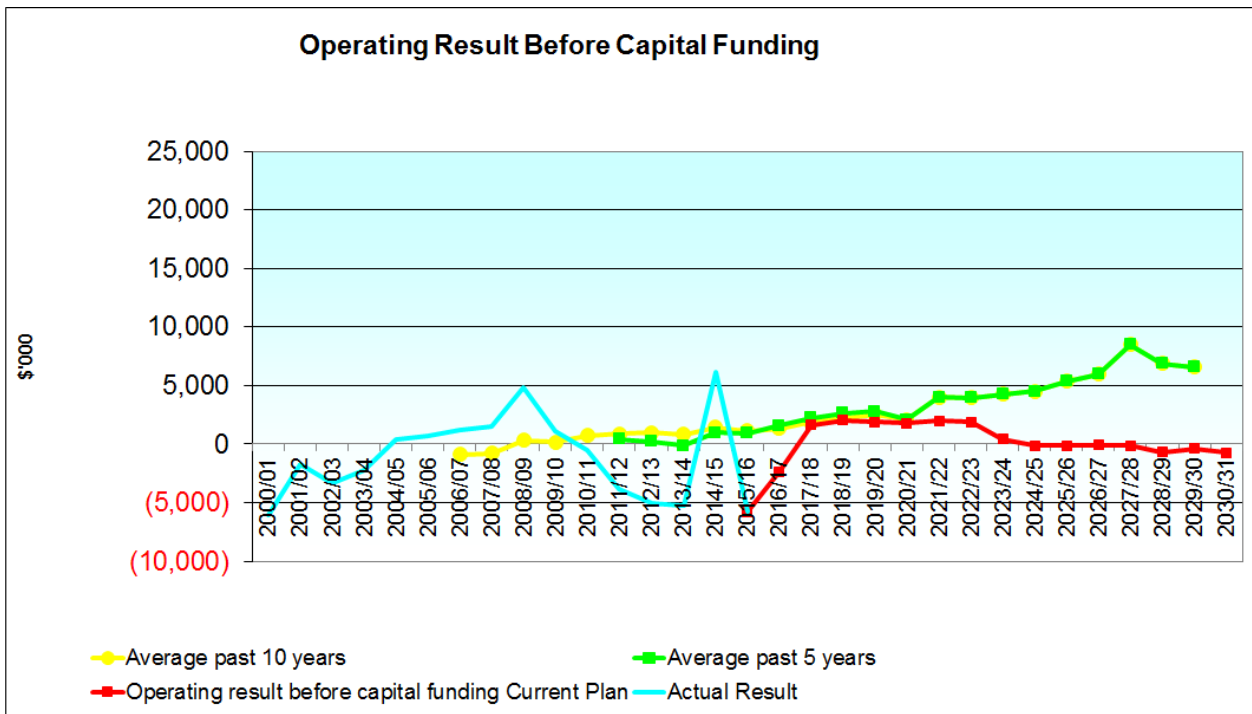


The operating result is sometimes referred to as the bottom line or headline result. Council's operating result was distorted in 2014/15 and 2015/16 by having to receive \$4.34m of the Victoria Grants Commission allocation a year earlier than when it was due.

The operating results in the immediate forward budgets of the current plan are marginally weaker when compared with previous years' plans. Longer term there is significant and consistent downward trend as a result of introducing rate capping in 2016/17.

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 operating results.

The spike in 2023/24 is where it has been modelled that Council will receive \$6.76m Special Charge Scheme income for a major roads and drainage project.

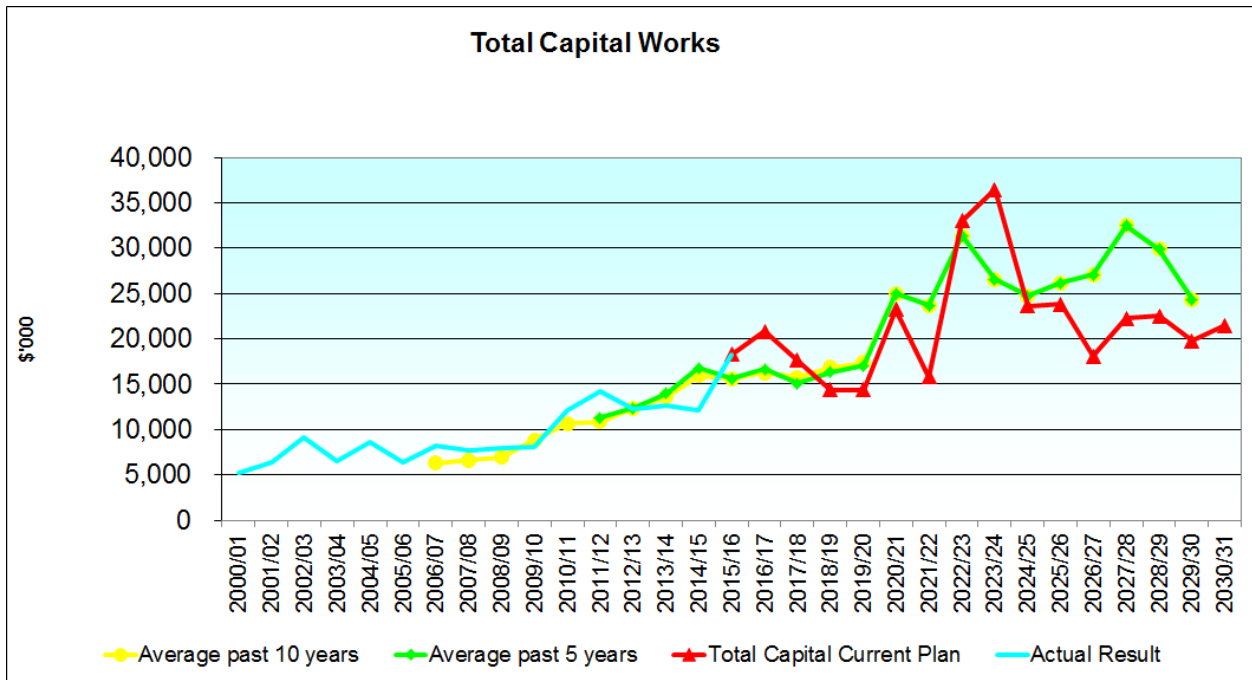


The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue to recurrent expenditure streams in the operating statement.

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

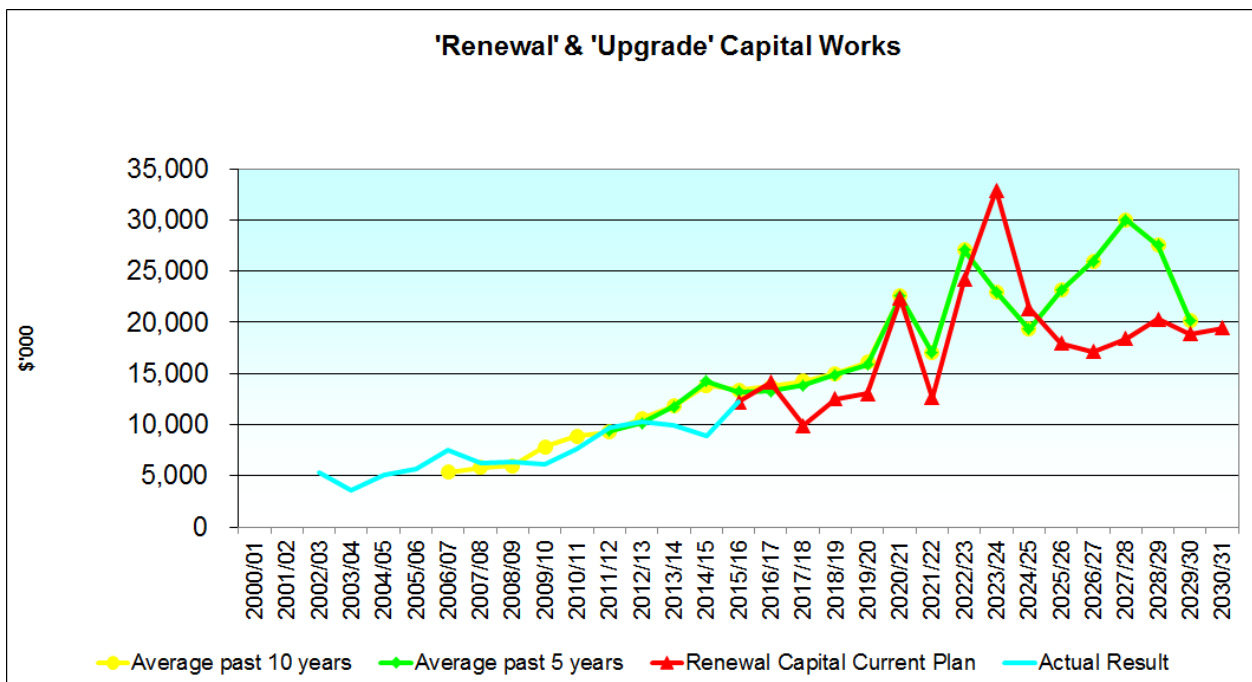
Similarly, Council is managing the longer term downward trend in the underlying result by allowing any future years' productivity gains to flow through to the bottom line in the later years.

### 13.4 Capital Works Program



The profile was flat for a number of the earlier years while the strategic focus was paying off long term debt and restoring Balance Sheet strength.

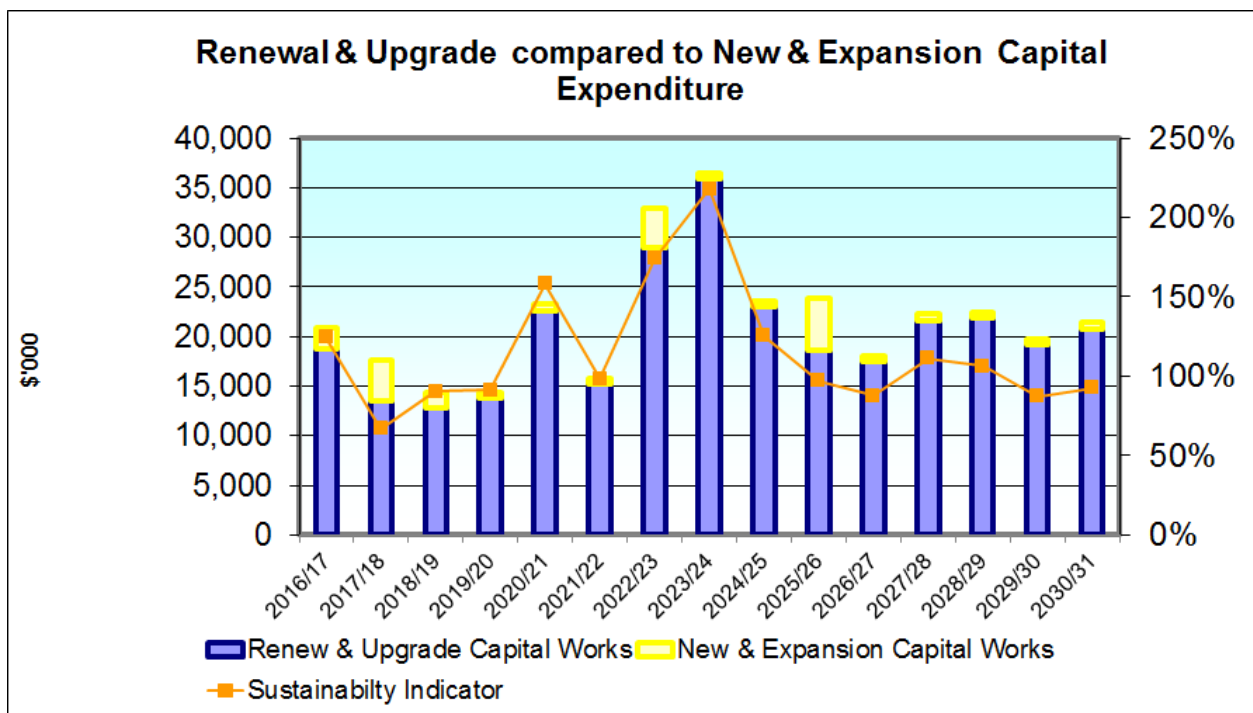
The capital works program aside from the spike in 2022/23 and 2023/24 (includes \$24.72m funding for a municipal precinct, library and community centre project proposal as well as \$10.14m for a Roads / Drainage Special Charge Scheme in Nyora) generally correlates with previous plans. In the later years the expenditure plan flattens.



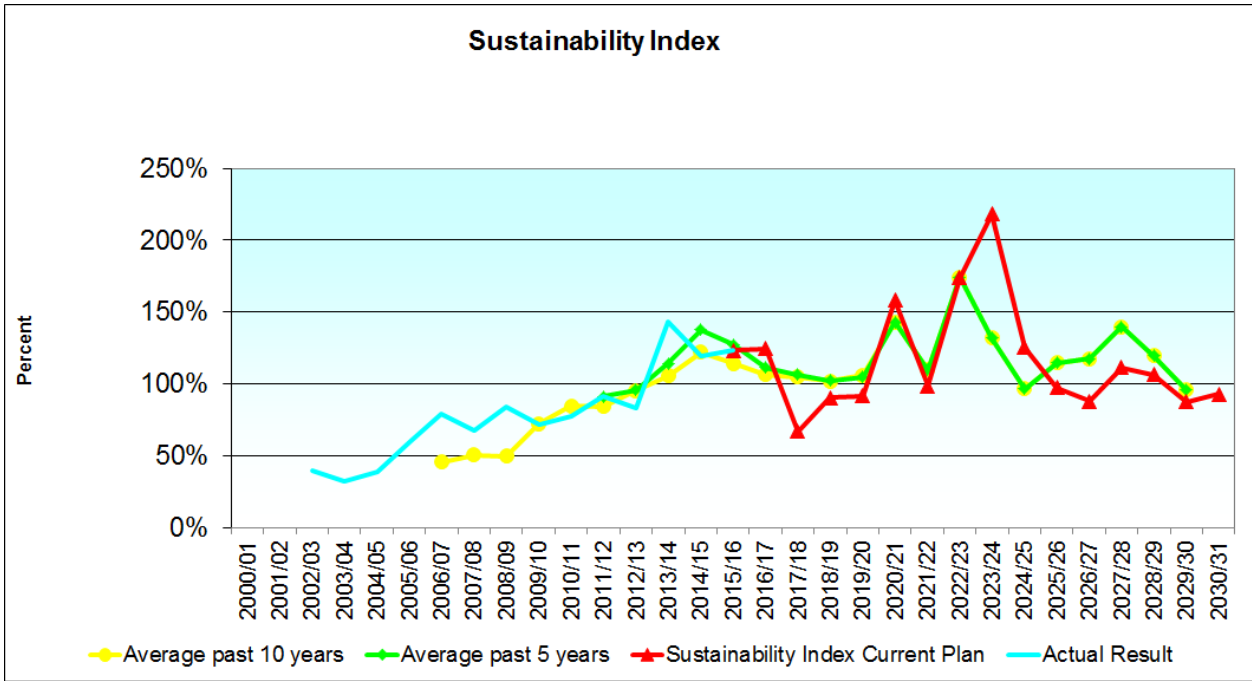
The general weakening of the capital renewal and upgrade spend in later years when compared to previous plans is due to less funding being available when rate capping is introduced in 2016/17. The reduction in costs is due to the revising down of forward cost indices. The actual capital works projects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



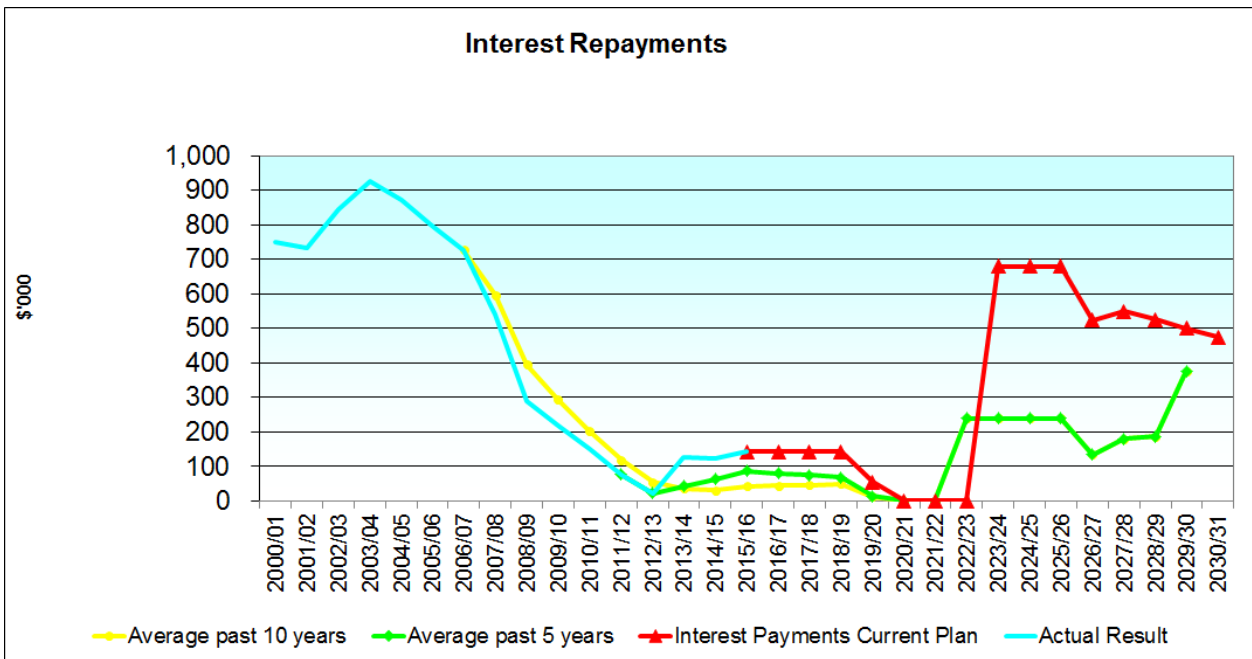




The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index shows a flat lining of expenditure effort (with the exception of the spike in 2023/24 and 2024/25 for a special charge scheme project and municipal precinct, library and community centre project) 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 will convert its borrowing into a five year bond which will make the liability non-current for a number of years.

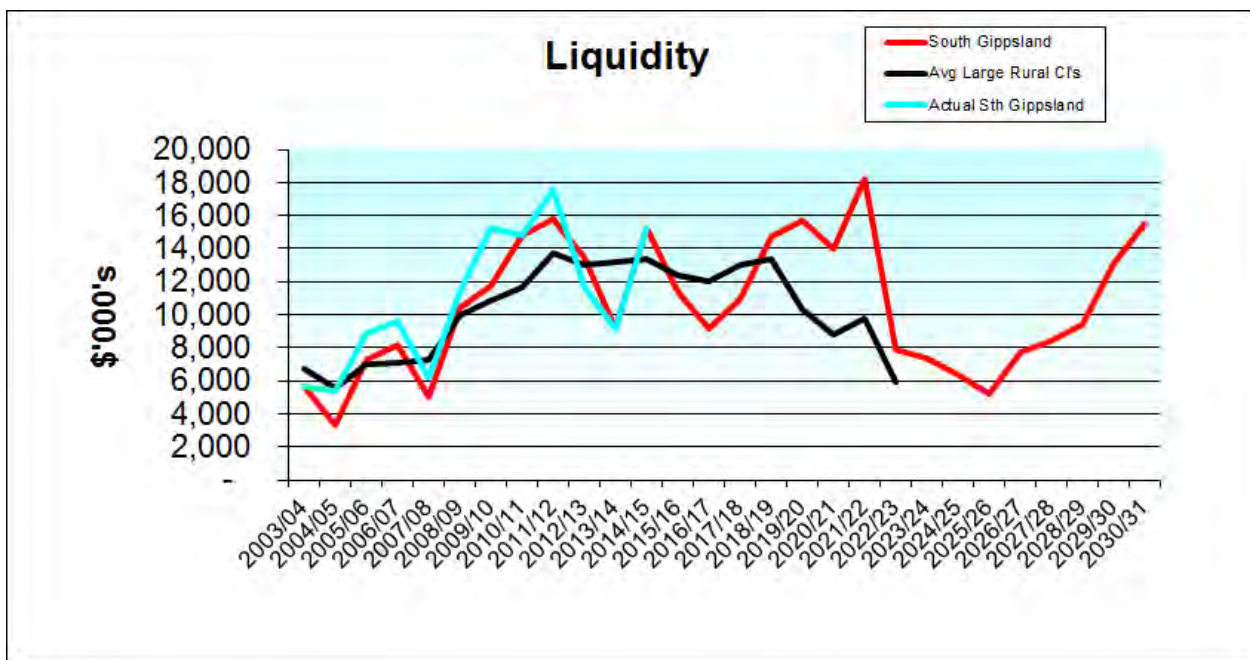
Council will also borrow \$13.6m in 2023/24 to provide a funding source for the \$24.72m municipal precinct, library and community centre project.

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

The following graphs benchmark the current 2016-2017 Long Term Financial Plan against the average of large councils 2015/16 financial plans, the lines representing:

- **South Gippsland (red line) 2016/17 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**

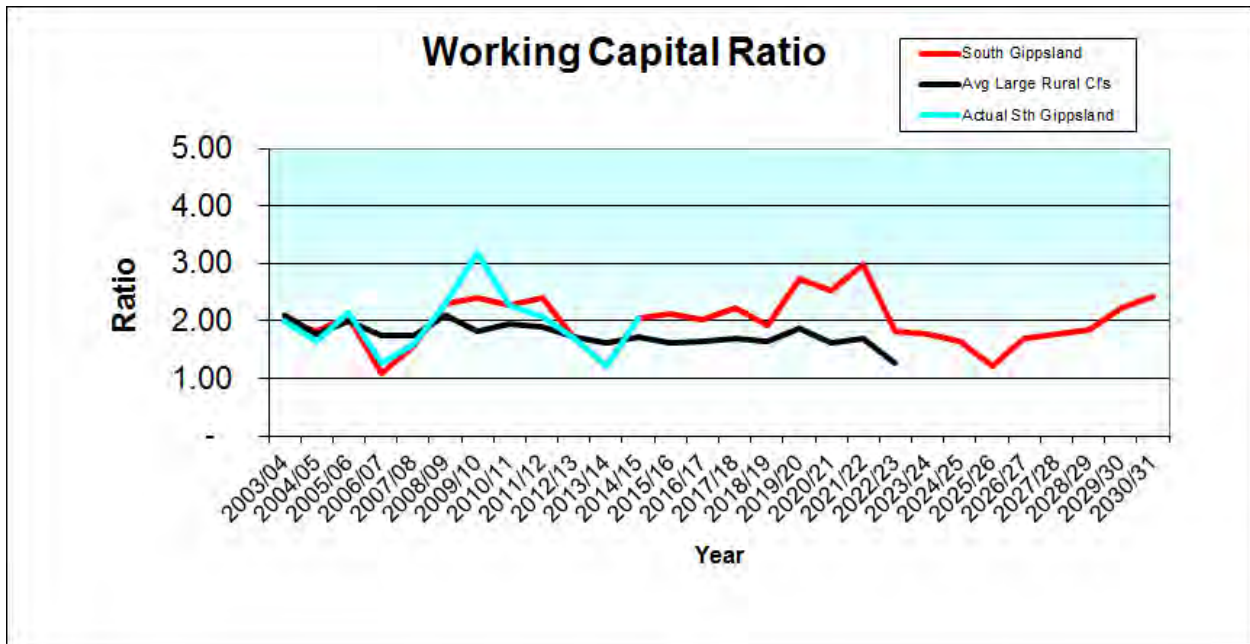
## 14.1 Liquidity



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

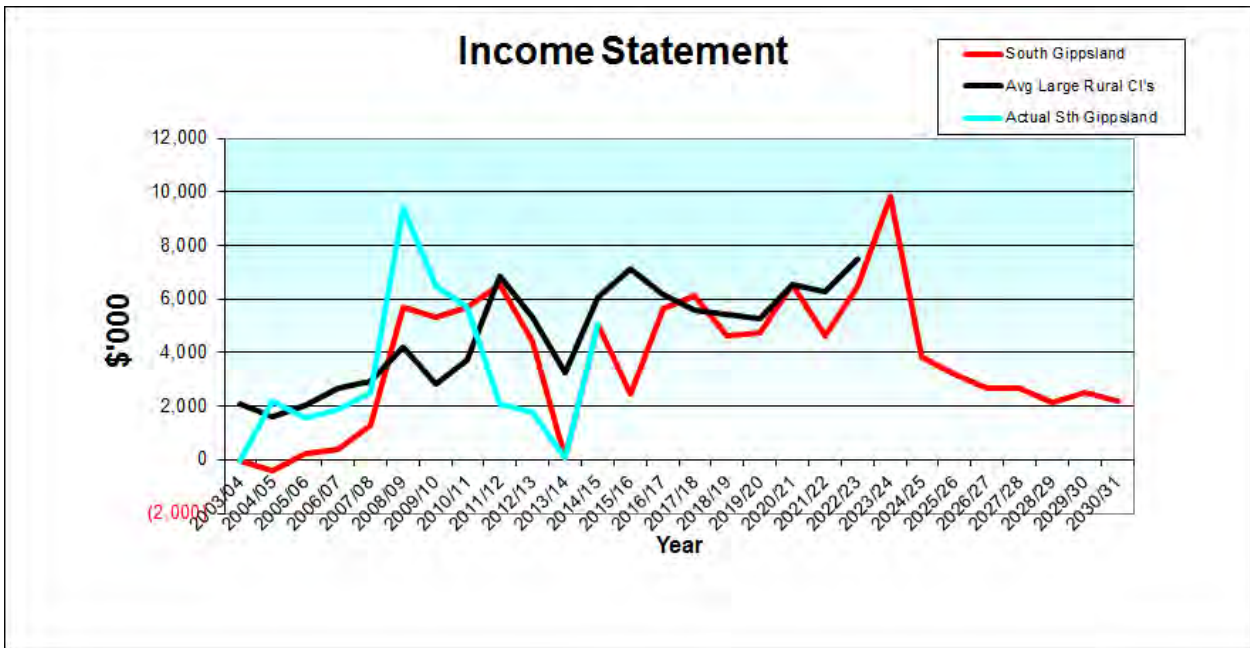
## 14.2 Working Capital Ratio



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.

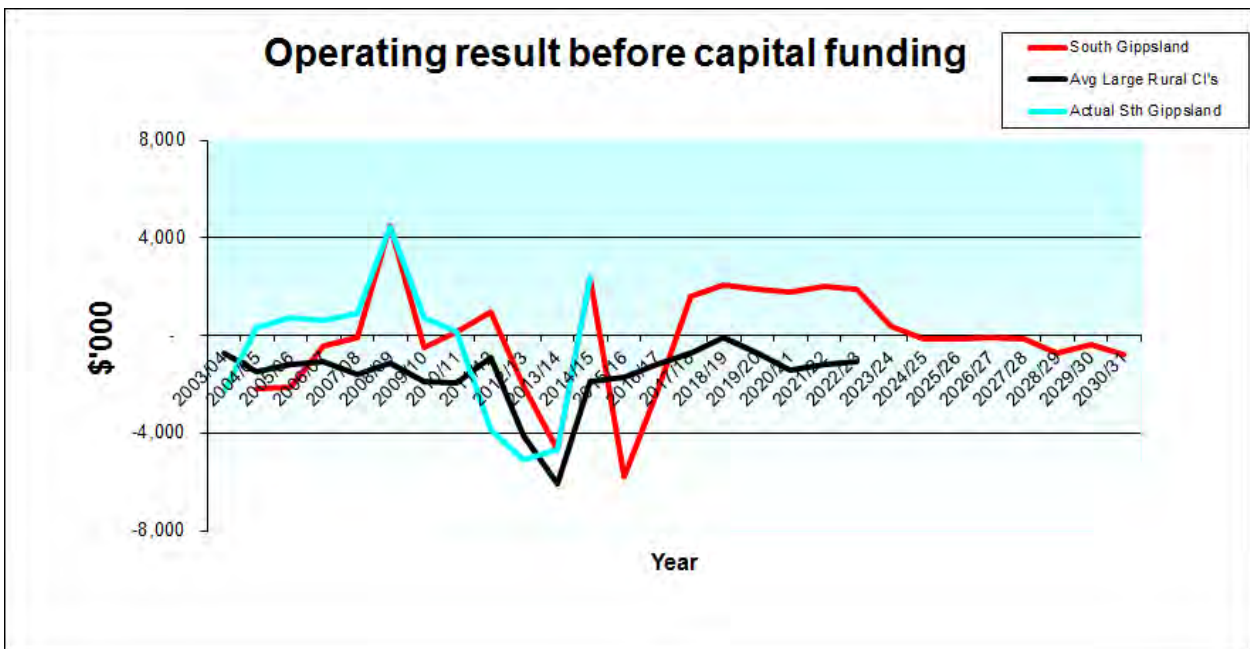
The current and immediate term trend is above the average of large rural councils. Having low debt relative to the other councils helps take pressure off the working capital ratio. Again, caution is required to be exercised because cash backed reserves provide a favourable impact to the working capital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

### 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.

Council's strategic intent is to produce strengthening results. The spike in 2022/23 is where it has been modelled that Council will receive \$6.76m Special Charge Scheme income for a major roads and drainage project.



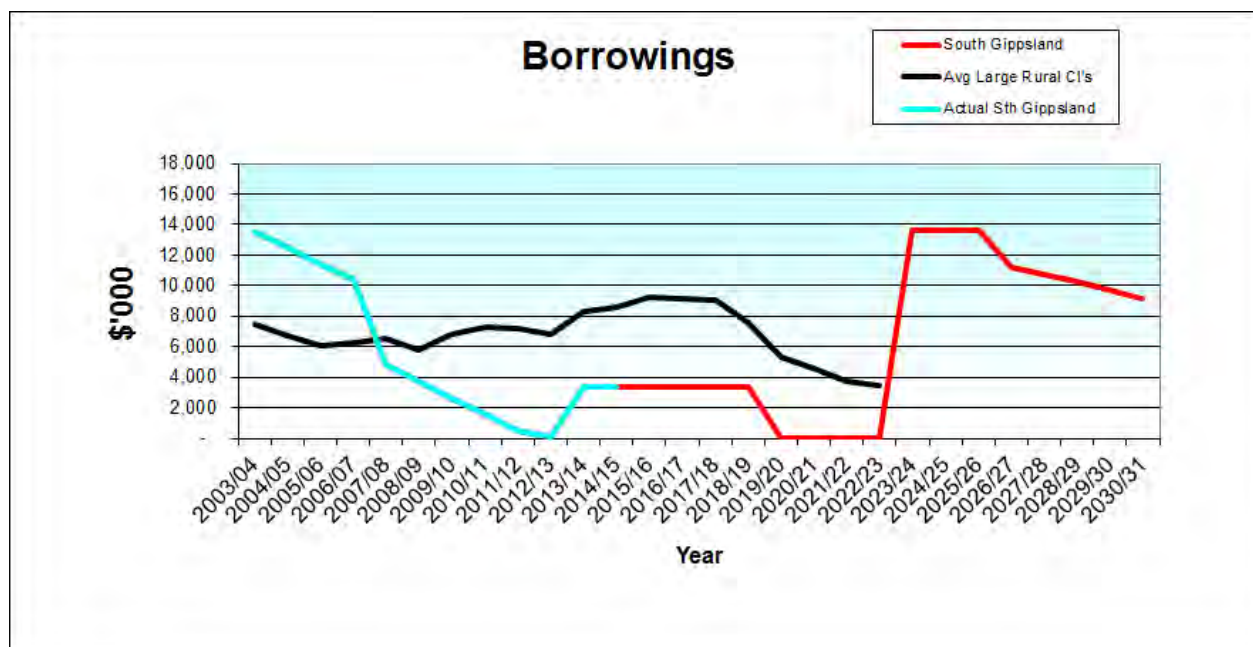
The underlying operating result is not unlike the operating result discussed above.

Aside from the underlying deficit results in 2003/04 and from 2011/12 through to 2013/14 and again the projected deficits for 2015/16 and 2016/17 Council has in past years consistently produced marginal underlying surpluses. South Gippsland projects to resume producing underlying operating surpluses from 2017/18.

Large rural councils on average have consistently produced underlying deficit results and are not projecting to make underlying surpluses in the future.

The critical strategic challenge will be to ensure that longer term Council begins again to produce consistent underlying operating surpluses. Council is managing 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 to reduce debt is clear. Council's debt levels are now significantly less than the average of other large rural councils. The spike in 2013/14 is due to borrowing \$4.00m to fund the unfunded superannuation obligations of Council.

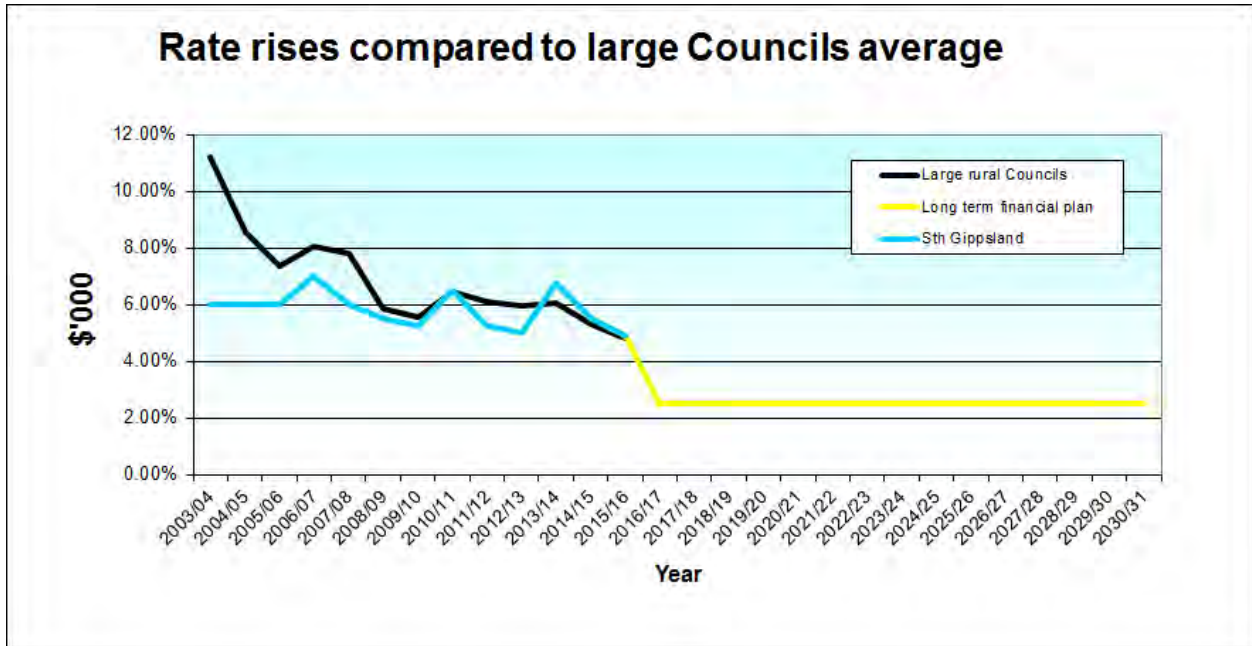
Council will borrow \$13.6m in 2023/24 to provide a funding source for the \$24.72m municipal precinct, library and community centre project.

#### 14.5 Summary

Council's overall key financial performance indicators show its position to be approaching 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.



## 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 60% of the total recurrent revenue received by Council annually. Prior to 2016/17 planning for future rate increases has 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 22 December 2015 that Victorian council rate increases will be capped to the rate of inflation, 2.5% for 2016/17. The cap is based on Melbourne CPI for the next financial year as forecast by the Victorian Treasury.

Council will now receive \$37.8m less rates & charges revenue over a 14 year period when comparing the proposed 2016/17 Budget / LTFP to the previously adopted 2015/16 Budget / LTFP.

### 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 has changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes include phasing out the Municipal Charge over two years, removing the costs associated with street sweeping and public litter bin collection from the waste charge, excluding lifestyle properties from the farming differential rate, increasing the 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 has 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%.

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 newly introduced Rate Capping legislation that comes into effect for 2016/17, Councils are able to set a base average rate for budgeting purposes which includes the annual impact of any supplementary rates raised in the base 2015/16 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, 2.5% for 2016/17.

The general rate for 2016/17 will increase by 2.5%. On average the combined garbage and green waste charge will increase by 1.7% for 2016/17. It is projected that total rates and charges income which includes estimated \$295,000 in supplementary rates will increase by 3.6% over the base that was raised last year to \$39.96m.

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 2016.

Year	Rate Increase (%)	Waste Service Charge Increase (%)	Total Rates and Charges Raised \$'000
2015/16	4.90%	2.00%	38,584
2016/17	2.50%	1.70%	39,962
2017/18	2.50%	1.30%	41,230
2018/19	2.50%	0.90%	42,525
2019/20	2.50%	0.90%	43,589

### 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 2016/17 relative to what was applied in 2015/16. 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 2016/17 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.

The General Revaluation for rateable properties has seen some changes in property values throughout the municipality.

When comparing property valuations from one budget year to the next, property valuations across the municipal district have 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.

With the introduction of rate capping, councils' are entitled to incorporate supplementary valuations into the base value for the purposes of applying the capped rate (2.5% for 16/17). Consequently, the valuation base described above is artificially lower than that used for the purposes of raising rates and comparing valuations from one year to the next. If we use the valuation base as used for calculating the 2016/17 capped rates, the actual valuation increase is 3.95% (excluding the windfarm) as opposed to 6.93%. Under this model, Residential properties have increased on average by 4.18%, Commercial increased by 1.61%, Industrial increased by 0.97%, Vacant Land increased by 1.70%, Farm increased by 4.28% and Cultural and Recreational land decreased by 2.34%. There are significant variations from the average for some individual properties.

The actual rate increases experienced by individual ratepayers will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (2.5%) and the property valuation increases of individual properties relative to the average across the municipality. As 3.95% is the average valuation increase across the shire in order to achieve a rate increase of 2.5%, it therefore follows that some ratepayers will experience a valuation change which is more or less than the average.

For 2016/17, if the valuation from the base year increases greater than 3.84%, the rate component of the rate bill will increase by greater than 2.5%. Alternatively, if the valuation increases by less than 3.84%, the rates component of your tax bill to increase by less than 2.5%.

## 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.

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

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

Council's borrowing level at 30 June 2017 will be \$3.35m. 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 rely on prudential ratios the strategies provide more commercially acceptable business guidance in relation to borrowing for capital projects.

### 16.2 Current year borrowings

At 30 June 2017 Council will have \$3.35m in outstanding borrowings. 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.

For the 2016/17 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.

Council has earmarked to undertake a major capital project in 2022/23 and 2023/24. The municipal precinct, library and community centre project is estimated to cost \$24.72m which in part will be financed from \$13.6m borrowings.

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

	2015/16	2016/17
	\$	\$
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 or 'profits' to fund asset replacement, rather than to increase company or shareholder wealth.

Service provision, and in particular the service levels, ultimately determine the infrastructure asset requirements of Council. Legislation 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 2016/17 year:

<b>Unrealisable Assets</b>	<b>Replacement Cost 2015/16</b>	<b>Average Annual Consumption</b>	<b>Average Annual Preservation</b>	<b>Sustainability Index %</b>
Buildings- specialised	119,525	2,488	2,658	107%
Heritage Buildings	5,956	59	-	0%
Roads	339,566	4,258	6,764	159%
Footpaths and cycleways	17,412	290	288	99%
Kerb & Channel	21,110	350	-	0%
Bridges	32,999	356	210	59%
Major Culverts	12,840	127	42	33%
Drainage	40,133	398	111	28%
Off street carparks	6,507	83	490	590%
Waste management	6,166	686	412	60%
Other Structures	9,042	605	1,106	183%
<b>Total unrealisable assets</b>	<b>611,256</b>	<b>9,700</b>	<b>12,081</b>	<b>125%</b>

The table indicates that the 2016/17 capital works program will achieve a sustainability index of 125%.

## 17.3 Capital Works 15 Year Program

The 15 year capital works program in the Long Term Financial Plan provides progressively increasing levels of funding for capital works programs. As per the financial strategies the expenditure allocated to renewals and upgrades is given priority over extension and new works. The 15 year Capital Works program is summarised in Appendix A, Long Term Financial Plan (2016/17-2030/31).

It should be noted that capital projects, particularly in future years are budgeted with a contingency or safety margin. When future capital works programs stabilise and can be scheduled over a number of years this would enable appropriate design work and more accurate estimates to be made.

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

The Long Term Financial Plan puts the focus onto sustainable long term infrastructure asset management as being one of the highest priorities, because there is significant expenditure involved coupled with the ever increasing risk management obligations 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 2016/17**

The following influences had a significant impact on the infrastructure strategy for the 2016/17 year:

- Maintaining the level of net cash flows from operating activities being released in 2016/17 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 2015/16 year being carried over to the 2016/17 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 (2016/17 – 2030/31)

Appendix B      Fees & Charges Schedule

Appendix C      Budget Process



## **APPENDIX A - Long Term Financial Plan (2016/17 – 2030/31)**

This section includes Council's forecast financial performance and financial and cash positions for the years 2016/17 to 2030/31.

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

## Income Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000
<b>INCOME</b>																
Rates and charges	38,584	39,962	41,230	42,525	43,859	45,232	46,647	48,105	56,366	51,152	52,744	54,384	56,073	57,812	59,603	61,447
Statutory fees and fines	471	606	629	635	647	669	694	701	714	739	766	774	789	816	846	855
User fees	4,169	4,015	4,212	4,407	4,609	4,858	5,075	5,255	5,400	5,547	5,701	5,857	6,020	6,186	6,359	6,536
Grants - Operating	8,307	13,106	11,450	11,857	11,781	12,298	12,342	12,873	12,931	13,476	13,548	14,108	14,196	14,771	15,114	15,163
Grants - Capital	7,594	7,661	4,128	1,872	2,111	3,855	1,672	3,623	1,672	2,921	2,296	1,672	1,672	1,672	1,672	1,672
Contributions - monetary	491	218	66	386	398	572	593	614	636	659	683	708	734	761	790	818
Contributions - non monetary	370	379	389	399	409	419	429	440	451	462	474	486	498	510	523	536
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(272)	81	48	28	17	(97)	47	103	37	32	15	22	18	14	42	65
Other income	2,694	2,309	2,286	2,329	2,374	2,415	2,461	2,506	2,568	2,615	2,671	2,732	2,801	2,867	2,923	2,978
<b>TOTAL INCOME</b>	<b>62,408</b>	<b>68,337</b>	<b>64,438</b>	<b>64,438</b>	<b>66,205</b>	<b>70,221</b>	<b>69,960</b>	<b>74,220</b>	<b>80,775</b>	<b>77,603</b>	<b>78,898</b>	<b>80,743</b>	<b>82,801</b>	<b>85,409</b>	<b>87,872</b>	<b>90,070</b>
<b>EXPENSES</b>																
Employee costs	22,858	23,837	24,405	25,015	25,648	26,389	27,294	28,263	29,266	30,350	31,427	32,386	33,375	34,393	35,495	36,573
Materials and services	22,676	23,797	18,421	18,599	19,147	19,895	19,949	20,486	21,114	21,875	22,042	22,688	23,120	24,156	24,500	25,101
Bad and doubtful debts	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Depreciation and amortisation	11,134	11,797	12,160	12,783	13,267	13,953	14,567	15,384	16,159	17,070	17,635	18,480	19,003	19,988	20,577	21,352
Borrowing costs	142	142	142	142	55	0	0	0	680	680	680	523	549	525	500	474
Other expenses	3,148	3,102	3,184	3,267	3,352	3,439	3,527	3,616	3,707	3,800	3,894	3,991	4,091	4,193	4,297	4,404
<b>TOTAL EXPENSES</b>	<b>59,959</b>	<b>62,676</b>	<b>58,313</b>	<b>59,807</b>	<b>61,470</b>	<b>63,677</b>	<b>65,338</b>	<b>67,750</b>	<b>70,927</b>	<b>73,776</b>	<b>75,679</b>	<b>78,069</b>	<b>80,139</b>	<b>83,256</b>	<b>85,370</b>	<b>87,905</b>
<b>SURPLUS (DEFICIT)</b>	<b>2,449</b>	<b>5,661</b>	<b>6,125</b>	<b>4,631</b>	<b>4,735</b>	<b>6,544</b>	<b>4,622</b>	<b>6,470</b>	<b>9,848</b>	<b>3,827</b>	<b>3,219</b>	<b>2,674</b>	<b>2,662</b>	<b>2,153</b>	<b>2,502</b>	<b>2,165</b>
<b>OTHER COMPREHENSIVE INCOME</b> Items that will not be reclassified to surplus or deficit																
Net Asset revaluation increment (decrement)	23,854	0	25,655	0	27,526	0	30,014	0	32,786	0	36,063	0	39,569	0	43,950	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>26,303</b>	<b>5,661</b>	<b>31,780</b>	<b>4,631</b>	<b>32,261</b>	<b>6,544</b>	<b>34,636</b>	<b>6,470</b>	<b>42,634</b>	<b>3,827</b>	<b>39,282</b>	<b>2,674</b>	<b>42,231</b>	<b>2,153</b>	<b>46,452</b>	<b>2,165</b>

## Balance Sheet

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000
<b>BUDGETED BALANCE SHEET</b>																
<b>Current assets</b>																
Cash and cash equivalents	11,349	9,121	10,971	14,692	15,719	14,032	18,178	7,878	7,369	6,399	5,240	7,703	8,451	9,438	13,101	15,505
Trade and other receivables	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815	3,815
Other financial assets	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312
Inventories	292	292	292	292	292	292	292	292	292	292	292	292	292	292	292	292
Other assets	303	303	303	303	303	303	303	303	303	303	303	303	303	303	303	303
<b>Total current assets</b>	<b>20,071</b>	<b>17,843</b>	<b>19,693</b>	<b>23,414</b>	<b>24,441</b>	<b>22,754</b>	<b>26,900</b>	<b>16,600</b>	<b>16,091</b>	<b>15,121</b>	<b>13,962</b>	<b>16,425</b>	<b>17,173</b>	<b>18,160</b>	<b>21,823</b>	<b>24,227</b>
<b>Non current assets</b>																
Trade and other receivables	0	0	0	0	0	0	0	0	4,506	3,605	2,704	1,803	902	0	0	0
Investments in associates and joint ventures	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752
Property, infrastructure, plant and equipment	517,761	525,751	554,965	555,982	583,975	592,319	622,926	639,817	692,179	698,007	739,483	738,327	780,389	782,115	824,541	823,918
Investment property	716	716	716	716	716	716	716	716	716	716	716	716	716	716	716	716
<b>Total non current assets</b>	<b>519,229</b>	<b>527,219</b>	<b>556,433</b>	<b>557,450</b>	<b>585,443</b>	<b>593,787</b>	<b>624,394</b>	<b>641,285</b>	<b>698,153</b>	<b>703,080</b>	<b>743,655</b>	<b>741,598</b>	<b>782,759</b>	<b>783,583</b>	<b>826,009</b>	<b>825,386</b>
<b>Total assets</b>	<b>539,300</b>	<b>545,062</b>	<b>576,126</b>	<b>580,864</b>	<b>609,884</b>	<b>616,541</b>	<b>651,294</b>	<b>657,885</b>	<b>714,244</b>	<b>718,201</b>	<b>757,617</b>	<b>758,023</b>	<b>799,932</b>	<b>801,743</b>	<b>847,832</b>	<b>849,613</b>
<b>Current liabilities</b>																
Trade and other payables	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531	2,531
Trust funds and deposits	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065
Provisions	5,869	5,238	5,278	5,318	5,358	5,398	5,438	5,478	5,518	5,558	5,598	5,638	5,678	5,718	5,758	5,798
Interest bearing loans and borrowings	0	0	0	3,350	0	0	0	0	0	0	2,406	465	488	513	540	567
<b>Total current liabilities</b>	<b>9,465</b>	<b>8,834</b>	<b>8,874</b>	<b>12,264</b>	<b>8,954</b>	<b>8,994</b>	<b>9,034</b>	<b>9,074</b>	<b>9,114</b>	<b>9,154</b>	<b>11,600</b>	<b>9,699</b>	<b>9,762</b>	<b>9,827</b>	<b>9,894</b>	<b>9,961</b>
<b>Non current liabilities</b>																
Provisions	795	1,527	771	838	907	980	1,057	1,138	1,223	1,313	1,407	1,505	1,608	1,715	1,826	1,942
Interest bearing loans and borrowings	3,350	3,350	3,350	0	0	0	0	0	13,600	13,600	11,194	10,729	10,241	9,727	9,186	8,619
<b>Total non current liabilities</b>	<b>4,145</b>	<b>4,877</b>	<b>4,121</b>	<b>838</b>	<b>907</b>	<b>980</b>	<b>1,057</b>	<b>1,138</b>	<b>14,823</b>	<b>14,913</b>	<b>12,601</b>	<b>12,234</b>	<b>11,849</b>	<b>11,442</b>	<b>11,012</b>	<b>10,561</b>
<b>Total liabilities</b>	<b>13,610</b>	<b>13,711</b>	<b>12,995</b>	<b>13,102</b>	<b>9,861</b>	<b>9,974</b>	<b>10,091</b>	<b>10,212</b>	<b>23,937</b>	<b>24,067</b>	<b>24,201</b>	<b>21,933</b>	<b>21,611</b>	<b>21,269</b>	<b>20,906</b>	<b>20,522</b>
<b>Net assets</b>	<b>525,690</b>	<b>531,351</b>	<b>563,131</b>	<b>567,762</b>	<b>600,023</b>	<b>606,567</b>	<b>641,203</b>	<b>647,673</b>	<b>690,307</b>	<b>694,134</b>	<b>733,416</b>	<b>736,090</b>	<b>778,321</b>	<b>780,474</b>	<b>826,926</b>	<b>829,091</b>
<b>Equity</b>																
Accumulated surplus	199,485	204,195	209,221	212,556	219,975	225,650	229,345	235,353	246,491	250,042	255,812	257,690	259,052	260,095	260,734	260,996
Reserves	326,205	327,156	353,910	355,206	380,048	380,917	411,858	412,320	443,816	444,092	477,604	478,400	519,269	520,379	566,192	568,095
<b>Total equity</b>	<b>525,690</b>	<b>531,351</b>	<b>563,131</b>	<b>567,762</b>	<b>600,023</b>	<b>606,567</b>	<b>641,203</b>	<b>647,673</b>	<b>690,307</b>	<b>694,134</b>	<b>733,416</b>	<b>736,090</b>	<b>778,321</b>	<b>780,474</b>	<b>826,926</b>	<b>829,091</b>

## Cash Flow Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000	Budget 2030/31 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>																
<b>Cash flows from operating activities</b>																
Rates and charges	38,584	39,962	41,230	42,525	43,859	45,232	46,647	48,105	51,860	52,053	53,645	55,285	56,974	58,714	59,603	61,447
Statutory fees & fines	471	606	629	635	647	669	694	701	714	739	766	774	789	816	846	855
User fees	4,169	4,015	4,212	4,407	4,609	4,858	5,075	5,255	5,400	5,547	5,701	5,857	6,020	6,186	6,359	6,536
Grants - operating	8,307	13,106	11,450	11,857	11,781	12,298	12,342	12,873	12,931	13,476	13,548	14,108	14,196	14,771	15,114	15,163
Grants - capital	7,594	7,661	4,128	1,872	2,111	3,855	1,672	3,623	1,672	2,921	2,296	1,672	1,672	1,672	1,672	1,672
Contributions- monetary	491	218	66	386	398	572	593	614	636	659	683	708	734	761	790	818
Interest received	586	602	606	612	617	623	629	638	658	667	679	701	724	744	754	765
Other receipts	2,108	1,707	1,680	1,717	1,757	1,792	1,832	1,868	1,910	1,948	1,992	2,031	2,077	2,123	2,169	2,213
Employee costs	(22,790)	(23,736)	(24,301)	(24,908)	(25,539)	(26,276)	(27,177)	(28,142)	(29,141)	(30,220)	(31,293)	(32,248)	(33,232)	(34,246)	(35,344)	(36,417)
Materials and services	(22,677)	(23,798)	(18,422)	(18,600)	(19,148)	(19,896)	(19,950)	(20,487)	(21,115)	(21,876)	(22,043)	(22,689)	(23,121)	(24,157)	(24,501)	(25,102)
Other payments	(3,148)	(3,102)	(3,184)	(3,267)	(3,352)	(3,439)	(3,527)	(3,616)	(3,707)	(3,800)	(3,894)	(3,991)	(4,091)	(4,193)	(4,297)	(4,404)
<b>Net cash provided by (used in) operating activities</b>	<b>13,695</b>	<b>17,241</b>	<b>18,094</b>	<b>17,236</b>	<b>17,740</b>	<b>20,288</b>	<b>18,830</b>	<b>21,432</b>	<b>21,818</b>	<b>22,114</b>	<b>22,080</b>	<b>22,208</b>	<b>22,742</b>	<b>23,191</b>	<b>23,165</b>	<b>23,546</b>
<b>Cash flows from investing activities</b>																
Payments for property, infrastructure, plant & equipment	(18,248)	(20,814)	(17,629)	(14,367)	(14,341)	(23,253)	(15,826)	(32,981)	(36,425)	(23,601)	(23,794)	(18,053)	(22,238)	(22,488)	(19,778)	(21,450)
Proceeds from sale of property, infrastructure, plant and equipment	625	1,487	1,527	994	1,033	1,278	1,142	1,249	1,178	1,197	1,235	1,237	1,258	1,298	1,290	1,322
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>(17,623)</b>	<b>(19,327)</b>	<b>(16,102)</b>	<b>(13,373)</b>	<b>(13,308)</b>	<b>(21,975)</b>	<b>(14,684)</b>	<b>(31,732)</b>	<b>(35,247)</b>	<b>(22,404)</b>	<b>(22,559)</b>	<b>(16,816)</b>	<b>(20,980)</b>	<b>(21,190)</b>	<b>(18,488)</b>	<b>(20,128)</b>
<b>Cash flows from financing activities</b>																
Finance costs	(142)	(142)	(142)	(142)	(55)	0	0	0	(680)	(680)	(680)	(523)	(549)	(525)	(500)	(474)
Proceeds from borrowing	0	0	0	0	0	0	0	0	13,600	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	(3,350)	0	0	0	0	0	0	(2,406)	(465)	(489)	(514)	(540)
<b>Net cash provided by (used in) financing activities</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(3,405)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,920</b>	<b>(680)</b>	<b>(680)</b>	<b>(2,929)</b>	<b>(1,014)</b>	<b>(1,014)</b>	<b>(1,014)</b>	<b>(1,014)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,070)</b>	<b>(2,228)</b>	<b>1,850</b>	<b>3,721</b>	<b>1,027</b>	<b>(1,687)</b>	<b>4,146</b>	<b>(10,300)</b>	<b>(509)</b>	<b>(970)</b>	<b>(1,159)</b>	<b>2,463</b>	<b>748</b>	<b>987</b>	<b>3,663</b>	<b>2,404</b>
Cash and cash equivalents at the beginning of the financial year	15,419	11,349	9,121	10,971	14,692	15,719	14,032	18,178	7,878	7,369	6,399	5,240	7,703	8,451	9,438	13,101
Cash and cash equivalents at the end of the financial year	11,349	9,121	10,971	14,692	15,719	14,032	18,178	7,878	7,369	6,399	5,240	7,703	8,451	9,438	13,101	15,505

## Capital Works Statement

Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
1670 - Coal Creek - Capital Projects	0	124,101	0	131,019	0	140,757	0	151,658	0	163,403	0	176,058	0	189,693	0
3451 - Yanakie Caravan Park Capital	90,669	107,699	168,116	594,107	512,577	137,671	261,942	0	41,305	0	44,504	0	47,951	0	51,664
3461 - Long Jetty Caravan Park Capital	84,470	86,710	0	109,881	66,235	108,876	39,010	44,159	0	45,239	0	51,264	478,030	0	57,332
8030 - IT Capital Works	826,000	1,190,194	650,368	666,628	683,293	700,376	467,337	985,164	754,227	773,084	792,411	812,221	832,527	853,340	874,673
8040 - Fleet - Fleet Purchases	1,439,284	1,036,585	1,062,500	1,127,696	1,116,289	1,144,196	1,214,405	1,202,121	1,232,174	1,307,782	1,294,553	1,326,917	1,408,338	1,394,091	1,428,943
8050 - Plant - Plant Purchases	864,820	1,220,919	1,520,617	1,860,788	2,595,624	1,482,695	1,519,763	1,557,755	1,596,700	1,636,618	1,628,672	1,620,767	1,612,899	1,605,069	1,645,196
8060 - General Land Purchases / (Sales)	571,856	278,652	285,619	292,759	300,078	307,580	315,269	323,151	331,230	339,510	347,998	356,698	365,616	363,842	372,938
8098 - Municipal Precinct Investigation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8131 - Footpaths - Pioneer Street (Ch 107 to 402) - Foster	70,384	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8132 - Footpaths - McCartin Street (Begg to Worthy Sts) - Leongatha	0	0	0	67,617	0	0	0	0	0	0	0	0	0	0	0
8135 - Buildings - Community Hub - Korumburra	0	0	0	0	0	0	0	0	5,407,914	0	0	0	0	0	0
8136 - Roads - Jumbunna Rd, Bena Rd, Princess St and George St - Korumburra	0	0	0	0	0	0	0	0	0	872,571	0	0	0	0	0
8137 - Roads - Sth Gipps Hwy and Radovick St - Korumburra	0	0	0	0	0	0	0	0	1,479,587	0	0	0	0	0	0

Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
8143 - Pools - Splash Hydro Therapy Pool and Gymnasium - Leongatha	70,000	1,975,144	1,170,245	0	0	0	0	0	0	0	0	0	0	0	0
8144 - Buildings - Sports Pavilion - Leongatha South	0	0	0	0	0	0	0	0	0	1,490,884	0	0	0	0	0
8146 - Recreation - Soccer/Hockey fields (x3) - Leongatha South	0	0	0	0	0	0	0	0	0	3,059,813	0	0	0	0	0
8147 - Buildings - Kindergarten - Nyora	0	0	0	0	0	0	1,096,670	0	0	0	0	0	0	0	0
8148 - Roads - Roads/Drainage (Special Charge Scheme 33.33%) - Nyora	0	0	0	0	0	0	5,628,329	4,511,807	0	0	0	0	0	0	0
8152 - Roads - Rehabilitation Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8168 - Roads - Timms Road Blackspot, Poowong North	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8190 - Playground Replacement - Mirboo North Bay Care Centre - Mirboo North	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8276 - Roads - Bair Street Streetscape - Leongatha	150,000	1,667,182	0	0	0	0	0	0	0	0	0	0	0	0	0
8277 - Roads - Bass Highway/Simons Lane Intersection and Simons Lane relocation - Leongatha	0	835,390	0	0	0	0	0	0	0	0	0	0	0	0	0
8278 - Roads - Station Street - Korumburra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8279 - Roads - Princes Street - Korumburra	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8281 - Roads - Relocated Simons Lane Sealing - Leongatha	0	0	0	0	724,126	0	0	0	0	0	0	0	0	0	0
8284 - Roads - Loch Poowong Road - Loch	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8287 - Roads - A'Beckett Street - Leongatha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8289 - Grand Ridge Road, Leongatha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8292 - Roads - Victory Avenue - Foster	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
8313 - Civil - Loch Streetscape (Stage-1)	0	0	0	731,899	0	0	0	0	0	0	0	0	0	0	0
8314 - Civil - Foster Streetscape (Main and Station Street)	1,005,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8316 - Civil - Korumburra Commercial Streetscape	0	179,393	0	0	3,387,267	0	0	0	0	0	0	0	0	0	0
8559 - Waste - Koonwarra Landfill Cells 1, 2 and 3 Cap - (PROVISION)	0	820,080	0	0	0	0	0	0	0	0	0	0	0	0	0
8567 - Waste - Landfills	0	0	0	0	71,947	2,401,204	965,500	0	0	0	98,973	3,001,977	1,207,637	0	1,110,099
8610 - Waste - Leachate Evaporation System	411,805	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8612 - Waste - Landfill Cover	0	0	37,695	0	0	0	0	85,297	0	0	0	0	96,505	0	0
8615 - Waste - Transfer Stations	0	0	0	217,776	0	0	0	0	0	0	0	0	0	0	0
8770 - Civil - Capital Works Design	191,289	195,414	200,514	206,198	212,903	220,700	228,783	237,162	245,850	254,856	263,494	272,428	281,669	291,227	301,115
8772 - Roads - Reseals (Partially funded R2R)	1,814,112	1,850,036	1,897,077	1,954,463	2,022,809	2,099,175	2,177,606	2,258,982	2,343,426	2,431,048	2,520,072	2,612,286	2,707,829	2,806,804	2,909,992
8774 - Roads - Reseal Preparation	826,688	842,762	864,809	891,273	922,328	956,732	991,439	1,027,422	1,064,741	1,103,439	1,141,196	1,180,152	1,220,370	1,261,877	1,305,496
8841 - Footpaths - Renewal	287,629	293,382	300,715	309,736	320,577	332,761	345,403	358,529	372,154	386,294	400,975	416,213	432,028	448,444	465,486
8849 - Footpaths - Extension Program	94,519	221,450	28,361	62,413	134,580	106,624	145,004	150,514	156,233	162,172	168,333	174,729	181,369	188,261	195,415
8850 - Roads - Safe Intersections Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8876 - Footpaths - Extension - Walkerville Road - Tarwin Lower	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9000 - Federal Blackspot Program	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9050 - Community Budgeting	0	1,600,000	0	0	0	0	0	0	0	0	0	0	0	0	0

Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
9081 - Roads - North Poowong Road, Poowong	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9096 - Roads - Henrys Road - Nyora	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9099 - Roads - Gardner Lane Duplication - Poowong	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9401 - Carmodys Road, Leongatha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9425 - Buildings - Child Care Hub - Korumburra	2,458,450	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9470 - Buildings - Renewal Program	442,359	800,048	608,044	587,474	2,764,449	1,700,836	993,747	2,615,407	2,729,224	2,745,201	2,846,120	3,079,970	2,999,494	2,961,928	3,035,976
9471 - Pools - Renewal Program	548,850	379,119	25,249	1,065,148	2,546,569	0	610,053	0	0	0	0	0	0	0	0
9472 - Buildings - Early Years Renewal Program	0	0	55,197	217,958	2,009,273	0	0	0	0	1,163,812	0	0	1,261,231	0	0
9511 - Recreation - Kindergartens Playground Replacement Program	16,812	17,347	17,986	18,739	19,620	18,791	19,506	20,245	21,016	21,815	22,644	23,503	24,396	25,324	26,287
9520 - Buildings - Caravan Park Toilet Block - Waratah Bay	0	142,694	292,522	0	0	0	0	0	0	0	0	0	0	0	0
9521 - Buildings - Caravan Park Toilet Block - Port Welshpool	376,419	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9523 - Buildings - Public Toilets Reconstruction - Toora	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9524 - Buildings - Public Toilets Reconstruction - Fish Creek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9540 - Buildings - Municipal Precinct	0	0	0	0	0	0	10,452,757	14,265,621	0	0	0	0	0	0	0
9550 - Buildings - Public Toilet Renewal	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9554 - Footpath Extension - Drouin Road	85,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9555 - Buildings - Public Toilets - Sandy Point	180,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0



Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
9556 - Car Park - Foster	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9557 - Footpath Extension - Alison Street - Leongatha	60,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9558 - Car Park - Cemetery Car Park - Korumburra	190,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9563 - Playgrounds - Replacement Program	77,825	158,126	230,178	183,655	272,394	199,654	207,240	215,117	223,292	231,778	240,584	249,727	259,215	269,067	279,291
9586 - Pools - Refurbishment Design - Mirboo North	203,905	0	1,893,641	0	0	0	0	0	0	0	0	0	0	0	0
9602 - Recreation - Community Infrastructure Projects	182,768	186,424	191,084	196,817	203,705	211,446	219,481	227,821	236,479	245,465	254,792	264,475	274,525	284,957	295,785
9613 - Waste - Leongatha CBD Recycling Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9620 - Recreation - Nyora Hall	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9657 - Bridge - Rehabilitation Program	209,603	213,793	219,138	225,713	233,613	242,490	251,705	1,189,021	271,198	281,503	1,119,035	707,566	663,592	688,809	714,983
9659 - Bena Kongwak Bridge	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9685 - Major Culvert - Renewal Program	41,505	91,941	72,250	94,966	98,292	102,025	105,902	109,926	114,104	118,440	122,940	127,612	151,074	151,074	156,814
9705 - Bridge - Allambee Estate Rd Bridge Rehab - Allambee Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9711 - Roads - Hudsons Road, Korumburra South	1,300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9721 - Drainage - Rehabilitation Program	110,950	133,644	115,999	119,479	123,661	128,360	133,238	138,301	143,556	149,011	154,674	160,551	166,652	172,985	179,559
9722 - Roads - Sealed Rehabilitation Program	2,070,057	869,929	2,346,182	2,290,110	1,790,267	2,957,585	4,460,886	4,614,183	4,695,972	4,664,429	4,439,352	5,465,048	5,652,850	5,652,851	5,867,659
9738 - Roads - Gray St - Leongatha	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9739 - Roads - Anderson St Town Entrance - Leongatha	1,407,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9749 - Roads - South Road, Poowong	1,348,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9814 - Roads - Deviation of Koonwarra-Pound Creek Road - Leongatha	17,761	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Cost Centre	Next Year Budget	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	2020 2021 Budgets	2021 2022 Budgets	2022 2023 Budgets	2023 2024 Budgets	2024 2025 Budgets	2025 2026 Budgets	2026 2027 Budgets	2027 2028 Budgets	2028 2029 Budgets	2029 2030 Budgets	2030 2031 Budgets
9825 - Guard Rails - Replacement Program	137,692	110,692	113,458	116,861	120,953	125,547	130,320	135,270	140,412	145,747	151,288	157,034	163,001	169,195	175,624
9826 - Sun Shelter - Tarwin Lower to Venus Bay Walking Track	19,364	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9966 - Walkerville North - Road and Retaining Wall Protection	130,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Expenditure Total</b>	<b>20,813,495</b>	<b>17,628,850</b>	<b>14,367,564</b>	<b>14,341,173</b>	<b>23,253,429</b>	<b>15,826,081</b>	<b>32,981,295</b>	<b>36,424,633</b>	<b>23,600,794</b>	<b>23,793,914</b>	<b>18,052,610</b>	<b>22,237,196</b>	<b>22,488,798</b>	<b>19,778,838</b>	<b>21,450,327</b>

## APPENDIX B - Fees and Charges

This section sets out non statutory charges of Council.

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Music For the People At Mossvale Park - Adult (Over 15 years of age)	15.00	15.00	0.00	5,005
<b>Arts and Culture Total</b>				<b>5,005</b>
Road Reserve Activity Permit (Road RAP)	85.00	85.00	0.00	15,300
Unused Road Opening Application Fee	664.00	664.00	0.00	2,415
<b>Assets Total</b>				<b>17,715</b>
Commercial - Behind Stage full day	115.00	115.00	0.00	0
Commercial - Behind Stage 1/2 day	70.00	70.00	0.00	0
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	1,030.00	1,030.00	0.00	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	225.00	225.00	0.00	1,636
Non Commercial - Whole Complex Hire	825.00	825.00	0.00	0
Non Commercial - Whole Complex Hire 1/2 Day	430.00	430.00	0.00	0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	590.00	590.00	0.00	2,145
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	295.00	295.00	0.00	536
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	0.00	0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	50.00	50.00	0.00	136
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,625.00	2,625.00	0.00	2,386
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	820.00	820.00	0.00	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	185.00	185.00	0.00	1,682
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	95.00	95.00	0.00	2,591
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	655.00	655.00	0.00	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	150.00	150.00	0.00	682
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	75.00	75.00	0.00	1,364

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	26.00	26.00	0.00	3,427
Non Commercial - Leongatha Memorial Hall Kitchen full day	150.00	150.00	0.00	2,045
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	95.00	95.00	0.00	1,295
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	4.00	4.00	0.00	1,091
Non Commercial - Balcony Seating full day	190.00	190.00	0.00	0
Non Commercial - Balcony Seating 1/2 day	95.00	95.00	0.00	0
Non Commercial - Behind Stage full day	95.00	95.00	0.00	0
Non Commercial - Behind Stage 1/2 day	55.00	55.00	0.00	100
Non Commercial - Hall Bond where liquor is served (refundable)	735.00	735.00	0.00	0
Non Commercial - Hall Bond where liquor is not served (refundable)	190.00	190.00	0.00	0
Commercial - Whole Complex Hire	1,030.00	1,030.00	0.00	0
Commercial - Whole Complex Hire 1/2 Day	535.00	535.00	0.00	0
Commercial - Leongatha Memorial Hall Rental - full day or evening	735.00	735.00	0.00	6,014
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	370.00	370.00	0.00	0
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	550.00	550.00	0.00	1,000
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	65.00	65.00	0.00	591
Commercial - Leongatha Memorial Hall Full week hire 7 days	3,255.00	3,255.00	0.00	2,959
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	115.00	115.00	0.00	836
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	820.00	820.00	0.00	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	185.00	185.00	0.00	1,682
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	95.00	95.00	0.00	864
Commercial - Leongatha Memorial contractor Set up Costs (if used)	35.00	35.00	0.00	0

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Commercial - Leongatha Memorial Hall Kitchen full day	185.00	185.00	0.00	336
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	115.00	115.00	0.00	418
Commercial - Leongatha Memorial Hall Crockery Hire per setting	5.00	5.00	0.00	0
Commercial - Balcony Seating full day	225.00	225.00	0.00	0
Commercial - Balcony Seating 1/2 day	115.00	115.00	0.00	0
Commercial - Hall Bond where liquor is served (refundable)	920.00	920.00	0.00	0
Commercial - Hall Bond where liquor is not served (refundable)	225.00	225.00	0.00	0
<b>Buildings - Operations Total</b>				<b>35,816</b>
Train Rides	7.00	7.00	0.00	42,210
Loads of Fire wood sold to volunteers	75.00	75.00	0.00	682
Education Program - Bush Tramway Ride	4.26	4.26	0.00	8,249
Education Program - Guided Tour	5.00	5.00	0.00	6,305
Coal Creek Package - Coal at the Creek	7.00	7.00	0.00	0
Auditorium /Boardroom Hire-1/2 day	80.00	82.00	2.50	1,118
Coal Creek Package - It's a child's life! 1901 Style	12.00	12.50	4.17	11,398
Coal Creek Package - A Pioneers Life	11.00	11.75	6.82	3,568
Coal Creek Package - Coal Creek Experience 1	11.00	12.00	9.09	17,062
Education Program - Spinning Demonstration	2.75	3.00	9.09	273
Coal Creek Package - Coal Creek Experience 2	8.00	9.50	18.75	3,498
Coal Creek Package - Coal Creek Experience 3	8.00	9.50	18.75	8,861
Coal Creek Package - Lessons from the Past	7.00	9.00	28.57	2,684
<b>Coal Creek Total</b>				<b>105,908</b>
Transfer of Registrations (50% of registration fee)				0
Inspection on Request (50% of registration fee)				0
Request for Septic Plans and Permit	130.00	133.00	2.31	1,209
New Premises Establishment Fee - Medium	207.00	212.00	2.42	964
PAFC2	852.00	873.00	2.46	14,841
PAFC3	607.00	622.00	2.47	622
Permit to alter a septic tank system - Major Works	483.00	495.00	2.48	4,950
Permit to Install a septic tank	685.00	702.00	2.48	98,280
Comb Hair/Beauty & Skin - Health Act	241.00	247.00	2.49	2,470
Skin Penetration - Health Act	241.00	247.00	2.49	988
Class 1 (Standard FSP) Food Act Premises	957.00	981.00	2.51	0
Class 2 - Food Act Premises	677.00	694.00	2.51	162,396

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Class 1 (Non Standard FSP) Food Act Premises	677.00	694.00	2.51	6,940
PAFC4	177.00	181.50	2.54	4,538
PA8FC4	177.00	181.50	2.54	1,089
Class 3 - Food Act Premises	431.00	442.00	2.55	33,150
PA8FC2	425.00	436.00	2.59	3,924
Major permit amendment - includes inspection	192.00	197.00	2.60	788
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	192.00	197.00	2.60	358
Permit to alter a septic tank - Minor Works	382.00	392.00	2.62	3,920
Hair/Beauty- Health Act	191.00	196.00	2.62	5,292
New Premises Establishment Fee - Large	419.00	430.00	2.63	1,955
Extension of time to existing Septic Tank PTI	378.00	388.00	2.65	1,552
PA8FC3	302.00	310.00	2.65	0
Request for copies of plans for septic.	74.00	76.00	2.70	691
Registration of Temporary or Mobile Food Premises (attached to principal premises)	106.00	109.00	2.83	5,351
Minor permit amendment - no inspection	105.00	108.00	2.86	432
Assessment of Land Capability Assessment	101.00	104.00	2.97	945
New Premises Establishment Fee - Small	101.00	104.00	2.97	945
<b>Environmental Health Total</b>				<b>358,590</b>
Homecare Low Fee	6.40	6.30	(1.56)	97,020
Homecare High Fee	34.00	34.00	0.00	3,400
HACC Bus Leongatha and Meeniyan	5.80	5.90	1.72	236
HACC Bus Foster to Welshpool	5.80	5.90	1.72	1,298
HACC Bus Venus Bay to Wonthaggi	5.80	5.90	1.72	566
Personal Care Travel Greater Than 30km	0.96	0.98	2.08	98
Respite Care Medium Fee	4.70	4.80	2.13	960
Respite Services Travel Greater Than 30km	0.94	0.96	2.13	192
Personal Care Low Fee	4.70	4.80	2.13	22,560
Personal Care Medium Fee	9.30	9.50	2.15	950
Meals on Wheels Medium Fee	8.90	9.10	2.25	3,640
Meals on Wheels Low Fee	8.90	9.10	2.25	136,500
HACC Bus Port Welshpool to Leongatha	13.10	13.40	2.29	643
Meals on Wheels High Fee	12.60	12.90	2.38	0
Home Maintenance High Fee	49.40	50.60	2.43	506
Home Maintenance Low Fee	12.10	12.40	2.48	13,268
Private Works - Meals on Wheels	13.85	14.20	2.53	15,620
Respite Care High Fee	35.10	36.00	2.56	576

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Personal Care High Fee	38.40	39.40	2.60	1,537
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	0.38	0.39	2.63	46,800
Homecare Medium Fee	15.10	15.50	2.65	7,750
Home Maintenance Medium Fee	18.60	19.10	2.69	382
Respite Care Low Fee	3.20	3.30	3.13	11,015
Bus Self Drive Hire-Only hired to NFP organisations-managed under A&D fee structure as a community service	1.20	1.25	4.17	455
<b>HACC Services Total</b>				<b>365,972</b>
Hard Waste Collection - Pensioner	31.00	32.00	3.23	3,200
Hard Waste Collection - Regular	91.00	94.00	3.30	1,282
<b>Hard Waste Collection Total</b>				<b>4,482</b>
Hep A Paediatric	48.00	49.20	2.50	49
Boostrix	40.00	41.00	2.50	1,640
Flu	24.00	24.60	2.50	13,530
Twinrix	86.00	88.20	2.56	529
Varicella	78.00	80.00	2.56	0
Hep A Adult	74.00	75.90	2.57	304
Hep B Adult	31.00	31.80	2.58	95
Hep B Paediatric	18.00	18.50	2.78	0
<b>Immunisation Total</b>				<b>16,147</b>
Tree Stumps	44.00	45.00	2.27	532
Transfer Station Waste to Landfill	148.00	151.50	2.36	261,682
Commercial Waste by weight	165.00	169.00	2.42	1,523,305
Disposal of Clean Fill	165.00	169.00	2.42	3,841
Asbestos	165.00	169.00	2.42	3,226
Prescribed Waste	204.00	209.00	2.45	0
Concrete	76.00	78.00	2.63	12,764
<b>Landfills Total</b>				<b>1,805,350</b>
Sustenance Cat & Dog	13.40	13.70	2.24	3,114
FOI Supervision Search Fee	13.40	13.70	2.24	0
Access - Additional Records	8.90	9.10	2.25	0
Pensioner fee for undesexed dogs and cats (C2P)	24.60	25.20	2.44	4,788
Animal registration undesexed dogs and cats (C2)	49.20	50.40	2.44	23,537
Dog registration for working dogs, microchipped only (C4)	49.20	50.40	2.44	88,200

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Pensioner fee for dog registration for working dogs, microchipped only (C4P)	24.60	25.20	2.44	18,220
Animal registration for micro-chipped and desexed dogs and cats (C3)	49.20	50.40	2.44	34,524
NC2 – Dogs/Cats that qualify for reduced fee	49.20	50.40	2.44	70,913
NC2P – Dogs/Cats that qualify for reduced fee Pension	24.60	25.20	2.44	17,111
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	24.60	25.20	2.44	7,006
NC1P - Dogs/Cats not included under NC2 Pension	72.70	74.50	2.48	5,588
Block Clearing (Fire Prevention / Hazards)	110.70	113.45	2.48	3,094
All other Local Law 1 permits-that are not specifically excluded	110.70	113.45	2.48	227
Animal permit - Excess animals	52.50	53.80	2.48	2,690
Impounded vehicle release	216.90	222.30	2.49	0
Local Law 1 release fees	136.50	139.90	2.49	0
Droving of Livestock - Bond	2,091.10	2,143.40	2.50	0
Domestic Animal Business Registration	279.60	286.60	2.50	2,006
Droving of Livestock - Application fee (no refund)	233.60	239.45	2.50	0
Local Law Footpath Occupation Permit	58.10	59.55	2.50	13,697
Bulk rubbish container permit	126.00	129.15	2.50	0
Late Application for Cattle Crossing	400.30	410.30	2.50	0
Door to Door trading permit	456.20	467.60	2.50	0
Cattle (First animal) - Release fee	134.20	137.55	2.50	625
Vic Roads (Stock Control on Declared Roads)	675.70	692.60	2.50	53,519
Goats & Pigs (First animal)	55.90	57.30	2.50	0
Roadside trading permit	1,017.50	1,042.95	2.50	0
Exotic Animals (First animal)	55.90	57.30	2.50	0
Dog registration for dangerous, menacing and restricted breeds (RDM)	279.60	286.60	2.50	1,146
Open Air Burning Local Law Permit	57.80	59.25	2.51	1,077
NC1 – Dogs/Cats not included under NC2	145.40	149.05	2.51	22,507
Sheep (First animal) - Release fee	27.90	28.60	2.51	0
Dogs / Cats - Subsequent Offence - Pound release fee	145.40	149.05	2.51	4,743
Grazing of Livestock - Application Fee (no refund)	117.40	120.35	2.51	0
Dogs / Cats - First Offence - Pound release fee	89.50	91.75	2.51	8,341
Access - All Records	15.60	16.00	2.56	0
Droving Other Livestock - daily fee per head	3.10	3.18	2.58	0



Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Other (Per animal)	3.10	3.18	2.58	0
Droving Cattle - daily fee per head	3.10	3.18	2.58	0
Sheep (Subsequent animals) - Release fee	3.10	3.18	2.58	0
Sustenance Stock	15.10	15.50	2.65	141
Goats & Pigs (Subsequent animals)	6.70	6.90	2.99	0
Exotic Animals (Subsequent animals)	6.70	6.90	2.99	0
Cattle (Subsequent animals) - Release fee	6.70	6.90	2.99	63
Grazing Sheep - daily fee per head	1.00	1.03	3.00	0
Grazing Cattle - daily fee per head	1.60	1.65	3.13	0
Droving Sheep - daily fee per head	1.60	1.65	3.13	0
Grazing Other Livestock - daily fee per head	1.60	1.65	3.13	0
Burning off offensive material permit	395.90	497.97	25.78	0
<b>Local Laws Total</b>				<b>386,877</b>
Electricity Usage Charge - quarterly estimates - Annuals and Permanents	6,000.00	440.00	(92.67)	6,000
Extra Adult (Off Peak)	10.50	10.50	0.00	955
20 powered sites Peak - Concession	40.00	40.00	0.00	3,636
Extra Adult Peak	13.20	13.20	0.00	3,600
Extra Child (Off Peak)	4.00	4.00	0.00	0
Cleaning Charge	30.00	30.00	0.00	0
Boom Gate Pass / Security Deposit (Refundable)	20.00	20.00	0.00	0
Laundry / Linen Hire Extra	2.00	2.00	0.00	909
Laundry / Linen Hire	15.00	15.00	0.00	6,818
Extra Child Peak	5.00	5.00	0.00	1,364
Laundry / Washing Machines	3.00	3.00	0.00	1,364
2 Cabins (Jaycos) (Off Peak)	114.50	117.00	2.18	3,404
20 Powered Sites (Peak)	45.00	46.00	2.22	64,818
4 Cabins (Old) (Peak)	132.00	135.00	2.27	36,818
1 Large Jayco Cabin (Off Peak)	132.00	135.00	2.27	1,964
4 Cabins (Old) (Off Peak)	105.50	108.00	2.37	6,284
1 Large Jayco Cabin (Peak)	165.00	169.00	2.42	11,984
Annual Site Holders	3,297.94	3,380.00	2.49	46,091
Seasonal Site Holders	1,930.50	1,980.00	2.56	0
1 Large Jayco Cabin (Bonus Night / Negotiable Rate)	115.00	118.00	2.61	1,609
4 Cabins (Old) (Bonus Night / Negotiable Rate)	75.00	77.00	2.67	2,800
20 Powered Sites (Off Peak)	36.00	37.00	2.78	10,764
2 Cabins (Jaycos) (Peak)	143.00	147.00	2.80	20,847
2 Cabins (Jaycos) (Bonus Night / Negotiable Rate)	100.00	103.00	3.00	5,618
Site Holders (Weekly Fee)	82.50	85.00	3.03	28,127

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Electricity quarterly Reading Charge to each Annual and Permanent Sites	82.50	85.00	3.03	4,636
20 powered sites (Bonus Night / Negotiable Rate)	30.00	31.00	3.33	1,832
<b>Long Jetty Caravan Park Total</b>				<b>272,242</b>
Place of public entertainment occupancy permit	614.30	629.65	2.50	1,145
Building Permit Document Search / Certificate Fees	150.20	154.00	2.53	2,100
<b>Municipal Building Total</b>				<b>3,245</b>
Private Works - Aged and Disability Services	52.00	53.30	2.50	106,600
Private Works - Aged and Disability Services Travel Greater Than 30km	1.20	1.25	4.17	188
<b>Non HACC Services Total</b>				<b>106,788</b>
SPLASH - Aquatic Adventure Day - Per participant	9.50	9.50	0.00	0
SPLASH - Schools - Aquatic Carnival Hire	750.00	750.00	0.00	0
Outdoor Swimming Pool - Daily Family Entry	16.50	16.50	0.00	0
SPLASH - Challenge Fitness Camp (member)	235.00	235.00	0.00	0
Toora - Outdoor Swimming Pool - Spectator	1.00	1.00	0.00	0
SPLASH - Stadium Schools Rental (single court)	42.00	42.00	0.00	0
SPLASH - Aquatics (Casual) Spectator	2.00	2.00	0.00	0
Toora - Outdoor Swimming Pool - Weekly Family Ticket	65.00	65.00	0.00	0
Outdoor Swimming Pool - Spectator	1.00	1.00	0.00	0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	22.00	22.00	0.00	0
SPLASH - Stadium Entry fee - all persons	2.00	2.00	0.00	0
SPLASH - Stadium Birthday Parties	18.00	18.00	0.00	0
SPLASH - Full Centre Membership Concession Fee	30.00	30.00	0.00	0
SPLASH - Stadium Basketball Rental (single court)	42.00	42.00	0.00	0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	80.00	80.00	0.00	0
SPLASH - Stadium Netball Team Registration Fee (Senior)	80.00	80.00	0.00	0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	58.50	58.50	0.00	0
SPLASH - Aquatic Membership Concession Fee	21.00	21.00	0.00	0
SPLASH - Full Centre Membership Family Fortnightly Fee	30.00	30.00	0.00	0
SPLASH - Challenge Fitness Camp	295.00	296.00	0.34	0
SPLASH - Group Fitness Aqua Aerobics (Concession)	9.70	9.80	1.03	0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	7.10	7.20	1.41	0

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
SPLASH - Group Fitness Aqua Aerobics	12.00	12.20	1.67	0
SPLASH - Aquatics (Casual) Adult Rec Swim	6.00	6.10	1.67	0
Toora - Outdoor Swimming Pool - Child Entry	4.70	4.80	2.13	0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	22.00	22.50	2.27	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	19.70	20.20	2.54	0
SPLASH - Schools - Aquatic Education (School Instructor)	3.80	3.90	2.63	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	21.80	22.40	2.75	0
SPLASH - Older Adults Programs Strength Training Session	7.10	7.30	2.82	0
SPLASH - Older Adults Programs Disability Access Program	7.10	7.30	2.82	0
SPLASH - Older Adults Programs Aqua Movers	7.10	7.30	2.82	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	24.50	25.20	2.86	0
SPLASH - Memberships Aquatic Membership Monthly Fee	52.00	53.50	2.88	0
SPLASH - Aquatics (Casual) Family Rec Swim	17.00	17.50	2.94	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	27.20	28.00	2.94	0
SPLASH - Children`s Programs Facility Rental - Casual Lane Hire	31.00	32.00	3.23	0
Outdoor Swimming Pool - Season Ticket Child	60.00	62.00	3.33	0
Toora - Outdoor Swimming Pool - Adult Entry	6.00	6.20	3.33	0
Outdoor Swimming Pool - Family Season Ticket	145.00	150.00	3.45	0
Toora - Outdoor Swimming Pool - Single Season Ticket Adult	145.00	150.00	3.45	0
Toora - Outdoor Swimming Pool - Family Season Ticket	280.00	290.00	3.57	0
Outdoor Swimming Pool - Adult Entry	5.00	5.20	4.00	0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	7.50	7.80	4.00	0
SPLASH - Full Centre Membership Fortnightly Fee	36.00	37.50	4.17	0
SPLASH - Aquatics (Casual) Child Rec Swim	4.70	4.90	4.26	0
SPLASH - Aquatics (Casual) Concession Rec Swim	4.70	4.90	4.26	0

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	46.00	48.00	4.35	0
Toora - Outdoor Swimming Pool - Single Season Ticket Child	110.00	115.00	4.55	0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	43.00	45.00	4.65	0
SPLASH - Stadium Netball Team sheet Fee (Senior)	43.00	45.00	4.65	0
Outdoor Swimming Pool - Single Season Ticket	74.00	78.00	5.41	0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	8.50	9.00	5.88	0
SPLASH - Aquatic Membership Fortnightly Fee	24.50	26.00	6.12	0
Outdoor Swimming Pool - School Single Entry	3.00	3.20	6.67	0
Toora - Outdoor Swimming Pool - School Single Entry	3.00	3.20	6.67	0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	37.50	40.00	6.67	0
SPLASH - Stadium Netta / Fun Net Clinic	5.80	6.20	6.90	0
SPLASH - Stadium Soccer Clinic	5.80	6.20	6.90	0
SPLASH - Stadium Basketball Clinic	5.80	6.20	6.90	0
Outdoor Swimming Pool - Child Entry	3.90	4.20	7.69	0
SPLASH - Memberships Y Kids Club Monthly Fee	36.00	39.00	8.33	0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	110.00	120.00	9.09	0
SPLASH - Children`s Programs Facility Rental - Swim Club	16.00	18.00	12.50	0
<b>Recreation Total</b>				<b>0</b>
Port Welshpool boat ramp - Daily Car Park	10.00	10.00	0.00	2,727
Port Welshpool boat ramp - Annual Car Park Fee	50.00	50.00	0.00	27,273
<b>Routine Maintenance Total</b>				<b>30,000</b>
Application to Amend or Remove a S173 Agreement	502.00	502.00	0.00	2,282
Applications or Requests to respond to written Planning Enquiries	67.50	70.00	3.70	2,736
Request for copies of Planning Permit and Approved Plans	129.50	135.00	4.25	1,227
Request for copies of Planning Permit Applications on Advertising	0.35	0.40	14.29	36
Request for copies of Planning Permit or Approved Plans	73.00	75.00	2.78	682

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
Request for extension of time (first request)	0.00	239.00	0.00	5,432
Request for extension of time (second or subsequent request)	0.00	350.00	0.00	6,364
Secondary Consent (anything other than single dwelling or ancillary to single dwelling) where cost of development increases by less than 10,000	0.00	102.00	0.00	927
Secondary Consent (anything other than single dwelling or ancillary to single dwelling) where cost of development increases by more than 10,000	0.00	604.00	0.00	2,745
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development does not increase by more than 10,000	108.00	0.00	0.00	0.00
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development increases by 10,000 - 100,000	0.00	239.00	0.00	4,345
Secondary Consent (single dwelling or ancillary to single dwelling) where cost of development increases by more than 100,000	0.00	490.00	0.00	4,455
Secondary Consent (subdivision)	0.00	386.00	0.00	1,755
Title Searches	30.60	32.00	4.58	1,047
To register a new Section 173 Agreement with titles office or to remove or amend Section 173 Agreement from title	0.00	502.00	0.00	11,409
<b>Statutory Planning Total</b>				<b>45,442</b>
Sustainability Festival Small Stall	37.00	37.00	0.00	0
<b>Sustainability Services Total</b>				<b>0</b>
Postcards	1.20	1.00	(16.67)	68
Central Booking Service Revenue Average	25.70	25.70	0.00	11,448
Brochure Fee - PORT Member sponsorship	76.95	76.95	0.00	3,498
Brochure Fee - Non Member (non ratepayer)	110.00	110.00	0.00	200
Brochure Fee - Non PCRT Member (ratepayer)	93.95	93.95	0.00	427
Maps	10.00	11.00	10.00	250
<b>Tourist Information Centres Total</b>				<b>15,891</b>
Garbage Bag up to 120L	4.50	4.50	0.00	0
120 L Bin	5.50	5.50	0.00	0
Car Bodies (Tyres and Gas Bottles removed and drained of fluids)	0.00	0.00	0.00	0

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
E-Waste - Laptops, Computers, Printers, DVD & VCR Players etc.	7.00	7.00	0.00	0
E-Waste - Small Plasma/LCD TV (Smaller than 100cm)	6.00	6.00	0.00	0
Green Waste - Amnesty Period (No Fees Charged) 1st November to 31st December	0.00	0.00	0.00	0
Green Waste - Car Boot / Station Wagon	6.00	6.00	0.00	0
Green Waste - 240L Bin	4.50	4.50	0.00	0
Green Waste - 120L Bin	2.50	2.50	0.00	0
Gas Bottles - up to 10kg	6.50	6.50	0.00	0
Green Waste - Large Single Axle Trailer (Heaped Load)	27.50	28.00	1.82	0
Gas Bottles - Larger than 20kg	25.00	25.50	2.00	0
Green Waste - Tandem Trailer (Level Load)	22.00	22.50	2.27	0
Ute - up to one cubic meter	42.00	43.00	2.38	0
Other Domestic	42.00	43.00	2.38	0
Silage Wrap bundled	42.00	43.00	2.38	0
Car Boot	21.00	21.50	2.38	0
Concrete Bricks Fill up to one m3	42.00	43.00	2.38	0
Large Truck Tyre	41.00	42.00	2.44	0
Green Waste - Tandem Trailer With Cage	81.00	83.00	2.47	0
Earthmoving Tyre	242.00	248.00	2.48	0
Mattress - Double Bed	20.00	20.50	2.50	0
Small Truck / Four Wheel Drive Tyres	20.00	20.50	2.50	0
Green Waste - 6 x 4 Trailer With Cage	40.00	41.00	2.50	0
Green Waste - Tandem Trailer (Heaped Load)	40.00	41.00	2.50	0
Green Waste - Standard 6 x 4 Trailer (Heaped Load)	20.00	20.50	2.50	0
Green Waste - Ute (Heaped Load)	20.00	20.50	2.50	0
E-Waste - Large CRT TV (Larger than 40cm)	19.00	19.50	2.63	0
Green Waste - Large Single Axle Trailer With Cage	55.00	56.50	2.73	0
Green Waste - Large Single Axle Trailer (Level Load)	14.00	14.50	3.57	0
Mattress - Single Bed	14.00	14.50	3.57	0
Gas Bottles - 10 to 20kg	13.00	13.50	3.85	0
E-Waste - Small CRT TV/Computer Monitor (Smaller than 40cm)	12.50	13.00	4.00	0
E-Waste - Large Plasma/LCD TV (Larger than 100cm)	12.50	13.00	4.00	0
Green Waste - Ute (Level Load)	11.00	11.50	4.55	0
Green Waste - Standard 6 x 4 Trailer (Level Load)	11.00	11.50	4.55	83,636
Extra Charge for Tyre on Rim	11.00	11.50	4.55	0

Description	15/16 Year Fee (Incl. GST)	16/17 Year Fee (Incl. GST)	% Increase	16/17 Revenue Budget (Excl. GST)
240L Bin	10.50	11.00	4.76	0
Car Tyres	8.50	9.00	5.88	0
<b>Transfer Stations Total</b>				<b>83,636</b>
Extra Child (Off Peak)	4.00	4.00	0.00	0
Extra Child (Off Peak)	4.00	4.00	0.00	0
Extra Adult (Off Peak)	10.50	10.50	0.00	0
Cleaning Charge	30.00	30.00	0.00	0
Boom Gate Pass / Security Deposit (Refundable)	20.00	20.00	0.00	0
Laundry / Linen Hire Extra	2.00	2.00	0.00	909
Laundry / Linen Hire	15.00	15.00	0.00	6,818
10 Premium Powered Site	0.00	55.00	0.00	39,000
Extra Child Peak	5.00	5.00	0.00	227
Extra Adult Peak	10.00	10.00	0.00	455
2 Bedroom Cottage (Peak)	0.00	275.00	0.00	17,500
2 Bedroom Cottage (Off Peak)	0.00	220.00	0.00	4,000
Laundry Usage / Washing Machines	3.00	3.00	0.00	6,545
16 powered sites (Peak)	45.00	46.00	2.22	50,182
2 Seaview Cabins (Off Peak)	132.00	135.00	2.27	3,927
6 Standard cabins (Off Peak)	88.00	90.00	2.27	7,855
2 Seaview Cabins (Peak)	165.00	169.00	2.42	23,045
Annual Site Holders	3,977.82	4,080.00	2.57	55,636
6 Standard Cabins - (Bonus Night / Negotiable Rate)	77.00	79.00	2.60	3,591
2 Seaview Cabins - (Bonus Night / Negotiable Rate)	115.00	118.00	2.61	5,364
Seasonal Site Holders	2,328.00	2,390.00	2.66	0
2 Couples Cabin - (Bonus Night / Negotiable Rate)	112.00	115.00	2.68	5,227
2 Family Park Cabins - (Bonus Night / Negotiable Rate)	112.00	115.00	2.68	5,227
6 Standard Cabins (Peak)	110.00	113.00	2.73	41,091
2 Couples Cabin (Off Peak)	127.50	131.00	2.75	3,811
2 Family Park Cabins (Off Peak)	127.50	131.00	2.75	3,811
16 Powered Sites (Off Peak)	36.00	37.00	2.78	8,409
2 Family Park Cabins (Peak)	159.50	164.00	2.82	14,909
2 Couples Cabin (Peak)	159.50	164.00	2.82	22,364
8 Unpowered Sites (Peak)	35.00	36.00	2.86	20,291
16 Powered Sites - (Bonus Night / Negotiable Rate)	30.00	31.00	3.33	1,409
8 Unpowered Site (Off Peak)	28.00	29.00	3.57	3,164
8 Unpowered Site - (Bonus Night / Negotiable Rate)	25.00	26.00	4.00	1,182
<b>Yanakie Caravan Park Total</b>				<b>355,949</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 2016-2017 Budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 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 2017 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, February and March. 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 2016 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 2015– Jan 2016
• Previous years financial results updated into Financial Plan	Aug – Sep 2015
• Capital Works requirements reviewed	Sep – Dec 2015
• Financial strategies reviewed	Oct – Dec 2015
• Operating budgets prepared	Dec 2015 – Feb 2016
• Councillors consider draft budgets at briefing sessions	Dec 2015 – Feb 2016
• Proposed budget submitted to Council for approval	23 Mar 2016
• Public notice advising intention to endorse proposed budget	29 Mar 2016
• Budget available for public inspection & comment	29 Mar 2016
• Submissions period closes	27 Apr 2016
• Submission hearing meeting	18 May 2016
• Special Council meeting - Submissions considered by Council	1 Jun 2016
• Budget presented to Council for adoption	22 June 2016
• Copy of adopted budget submitted to the Minister	23 June 2016

