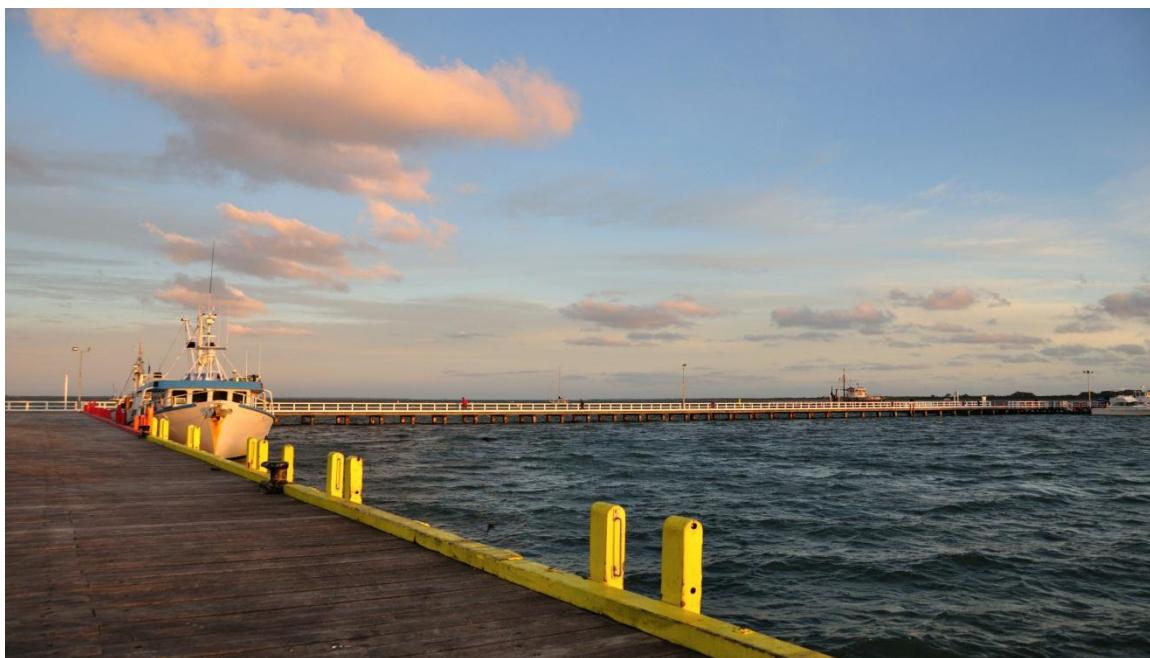


South Gippsland Shire Council

ANNUAL BUDGET

2012 - 2013

Incorporating the 15 year Long Term Financial Plan



Port Welshpool

Photo by Ken Fraser

9 Smith St., Leongatha 3953 (Private Bag 4) Ph: 5662 9200 Fax: 5662 3754
council@southgippsland.vic.gov.au www.southgippsland.vic.gov.au

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Mayor's Introduction

It gives me great pleasure to present this Budget to the community of South Gippsland Shire.

Council has a strategic challenge to maintain existing service levels and fund the renewal of its extensive infrastructure assets in a financially responsible manner. We also remain mindful of the community's capacity to pay.

The coming 2012/13 financial year will see the general rate increase by 5.00%, whilst waste service charges will increase by 2.50%. Overall, the general rates and charges increase will be 4.85% for the 2012/13 year.

The Budget will ensure existing service levels are maintained, a number of new initiatives are funded and continuing the allocation of additional funds to renew the Shire's infrastructure.

The Council is reviewing its governance and strategic direction, developing policies and plans that go beyond the election cycle and driving efficiencies in the future. This includes both services and associated infrastructure to ensure sustainable funding and effective delivery. This is closely linked to asset management planning; including provision, maintenance and renewal.

Strategic policy will be developed with integrated community planning, ensuring public involvement, collaboration and partnering as part of a solid working relationship in the planning process.

The Capital Works Program for 2012/13 will be \$15.56M, which is in line with the Long Term Financial Plan that was first developed in 2003 and has been reviewed and updated on an annual basis.

The Budget includes a number of new exciting initiatives with direct community benefits and important ongoing projects, some of which are highlighted below:

- Aquatic Master Plans for Mirboo North and Korumburra swimming pools;
- Municipal Health and Well Being Plan commenced;
- Diversity Plan for Aged and Disability Services implemented;
- Noxious and environmental weed control program in urban parks and reserves implemented;
- 145 to 150 kilometres of rural roadside table drains cleared;
- Workshops and programs conducted for the dairy industry supported;
- The Great Victorian Bike Ride 2012 supported;
- Economic and Tourism Development Strategy implemented;
- The Asset Management Strategy and Policy reviewed;

- The 2013-2017 Council Plan developed;
- Long-Term Financial Plan objectives achieved; and
- A South Gippsland Shire Council Corporate Service Charter developed.
- An extra \$1M in Road Maintenance from Country Roads and Bridges Grant.

Highlights of the Capital Works Program 2012/13 include:

- Roads (\$5.79M) – Reseals including preparation costs, Roads – safe intersection program, Stanley Street Toora, Gray Street Leongatha, Anderson Street Leongatha Entrance, Stony Creek Road Stony Creek, Kongwak Inverloch Road Kongwak, Princess Street Korumburra rehabilitation, Station Street Korumburra rehabilitation, John Street Korumburra rehabilitation, Dollar Road Dumbalk, Bridge Street Korumburra, as well as capital works design.
- Footpaths & Recreation (\$1.43M) - Toora Road Foster, footpath renewal program, Anderson Street Leongatha, Grandridge West Road Mirboo North, Great Southern Rail Trail, Ranceby Road Poowong, Stanley Street Toora, and the Venus Bay footpath.
- Drains & Culverts (\$0.20M) – Including culvert Mirboo Road Mirboo, Stanley Street Toora and drainage rehabilitation program.
- Other Structures (\$0.94M) – Including Coal Creek projects, Guard rails at Fullers Road Foster, Guard rails at Carmodys Road Leongatha, Guard rails at Lower Franklin Road Foster, Guard rails at Whitelaw's Track Leongatha South, Playgrounds replacement program, and Sports Recreation Victoria projects.
- Buildings including Aquatic Facilities (\$1.46M) – Including Office Accommodation, Korumburra Child Care Hub, refurbish toilets at Michael Place Leongatha, design Splash Hydrotherapy Pool, Pools design, Site shed at Foster, replace sand filter Foster Pool and replace chemical shed Toora Pool.

This budget was developed through an increased process of consultation and review, and Council endorses it as financially responsible.

Cr Warren Raabe

Mayor

Executive Summary

Council has prepared a Budget for the 2012/13 financial year, which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, cash position, capital expenditure, financial position, borrowings and financial sustainability of the Council.

Rates & Charges

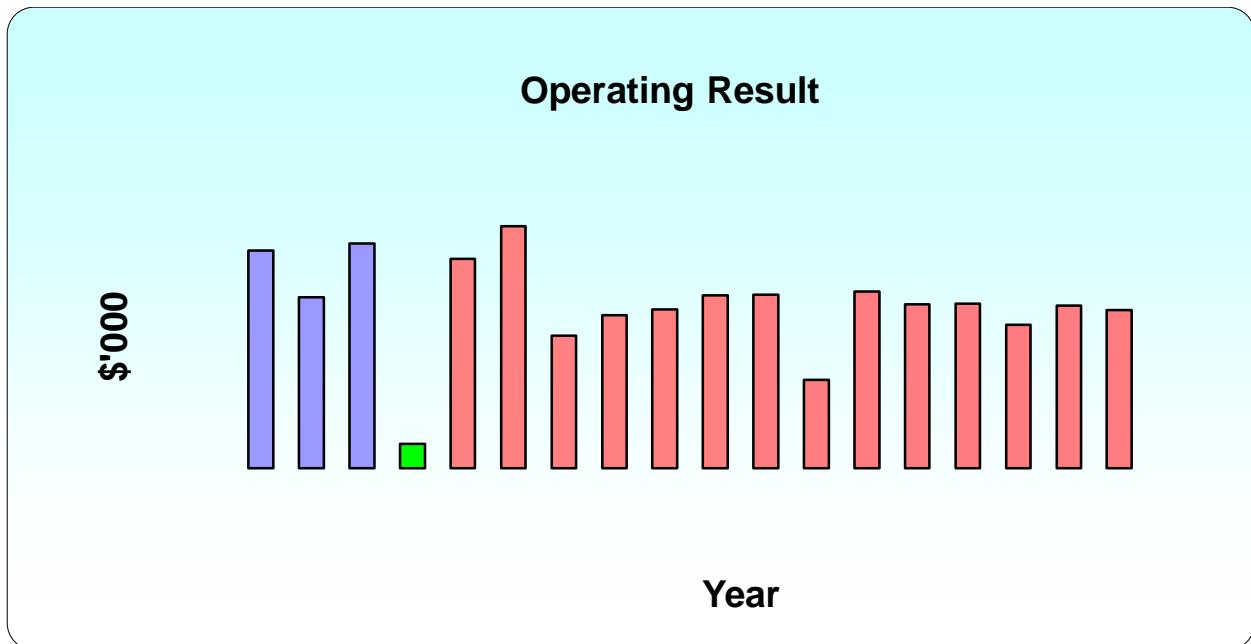


It is proposed that the general rate will increase by 5.00%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

Overall, the general rates and charges increase will be 4.85% for the 2012/13 year, raising total rates of \$31.60 M, including \$0.27 M generated from supplementary rates & charges as well as \$0.28 M from special rates and charges.

The general rates and charges increase for 2012/13 and future budget years are in line with Council's rating strategy and Long Term Financial Strategy. The rates and charges increase will go toward strengthening Council's overall financial position. The objective in past years had been to reduce long term debt and strengthen Council's working capital. The focus is now shifting to provide additional funding for capital works renewal programs over the coming years. The rates and charges increase for the 2011/12 year was 5.04%.

Operating result



The expected operating result for the 2012/13 year is a surplus of \$0.71M, which is less than 2011/12. The weaker result in 2012/13 relative to the previous financial year is predominantly due to timing differences of recognising income and expenditure.

There is an Australian Accounting Standard requirement to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. This mismatch of timing of receiving income and incurring expenditure distorts the operating result of the two financial years.

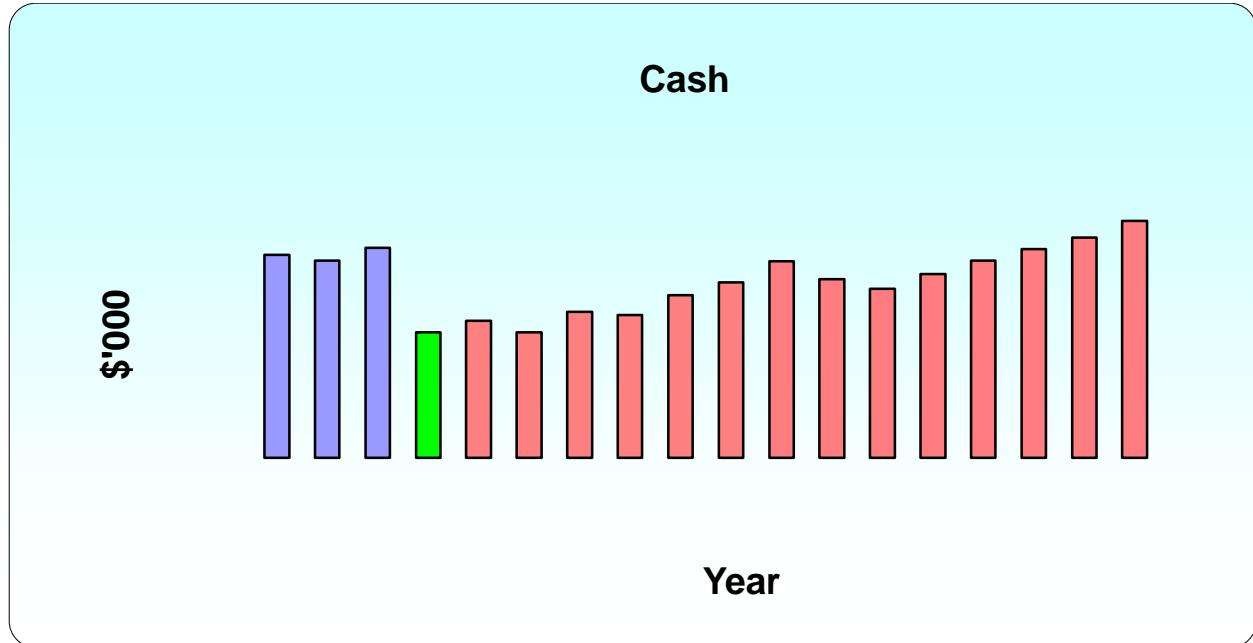
In 2011/12 Council had to recognise \$3.00M grants income that was received in advance that will fund expenditure programs in 2012/13. The projected operating result for the 2011/12 year is a surplus of \$6.55M.

The budgeted operating result in 2015/16 and onwards tapers down as a result of expecting less capital and one off operating grant funds.

The dip in 2020/21 is where it has been modelled that Council will only receive 3 quarters of Victoria Grants Commission allocations. Council received 5 quarters in 2008/09 and in the following years up until 2011/12 have been paid first quarter allocations in advance. In 2011/12 Council was paid an additional 2nd quarter allocation in advance. This means that Council again received 5 quarters of allocations in 2011/12. The 2012/13 and the 2020/21 budget has factored in that Council will only receive 3 quarters allocations.

There is a very real possibility that Council may only be provided two quarters Victoria Grants Commission allocations in 2012/13. If that occurs the 2012/13 projections and 2020/21 budget will be adjusted accordingly.

Cash position

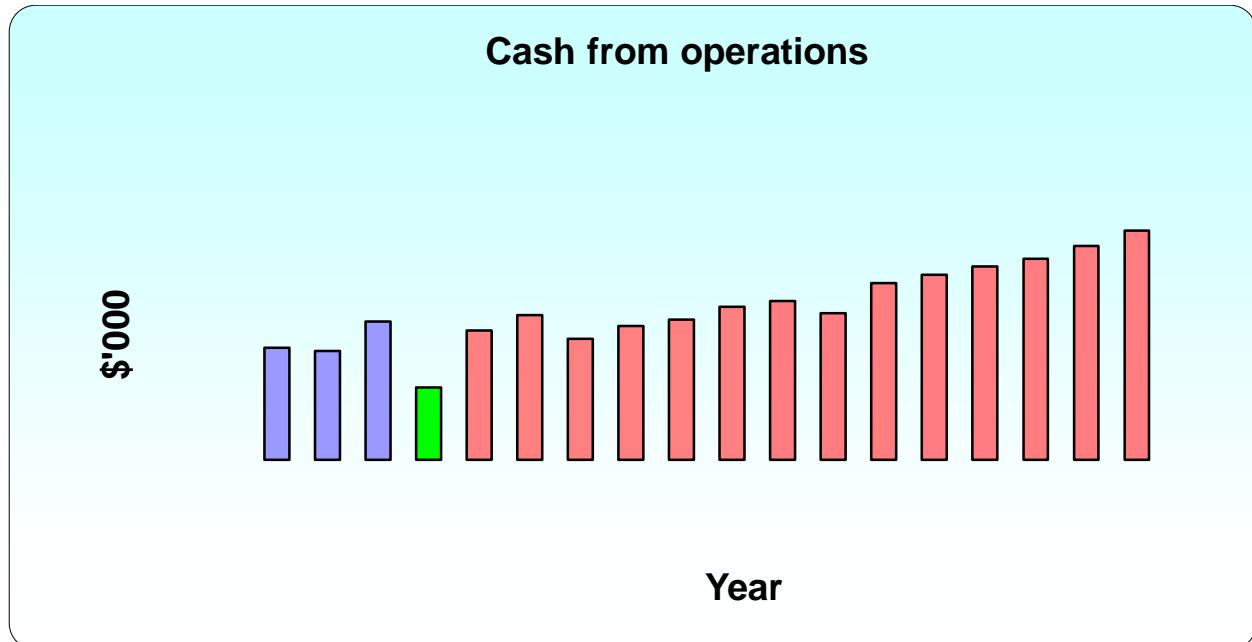


The cash position is expected to decrease by \$6.35M during the year to \$9.42M as at 30 June 2013. It is projected to be \$15.77M as at 30 June 2012.

The prior years' cash position in relative terms is high due to a combination of grants being received in advance and funds being retained for uncompleted projects that were carried forward from one financial year into the next.

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

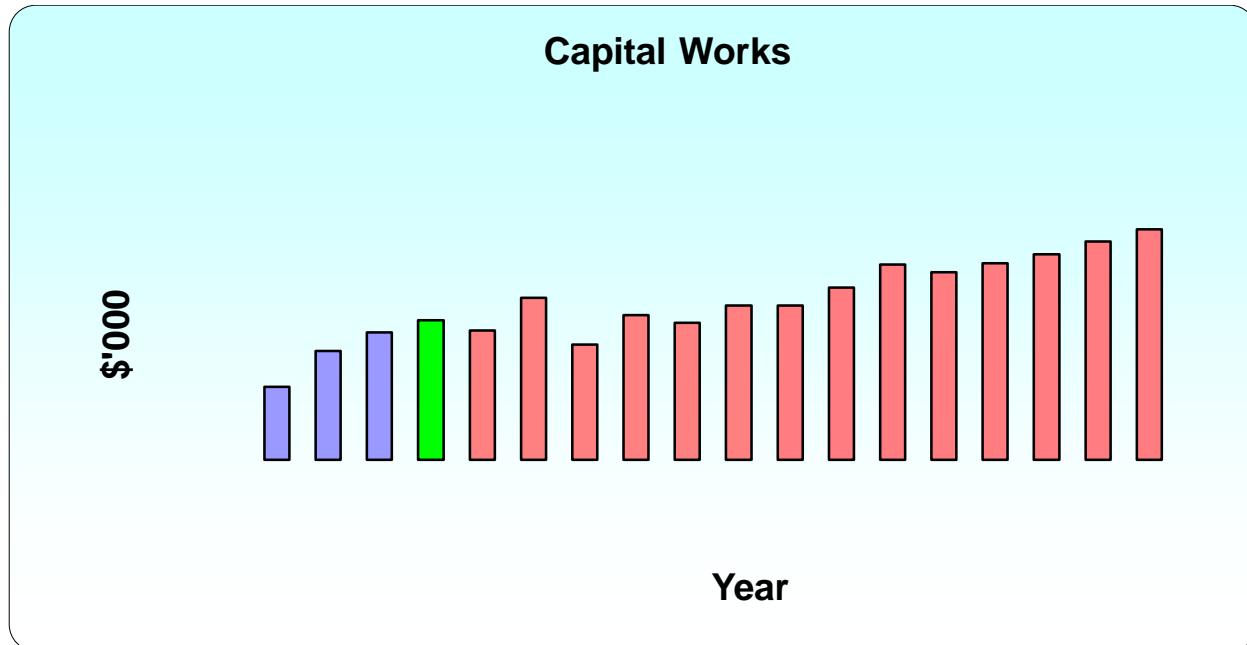
Cash from operations



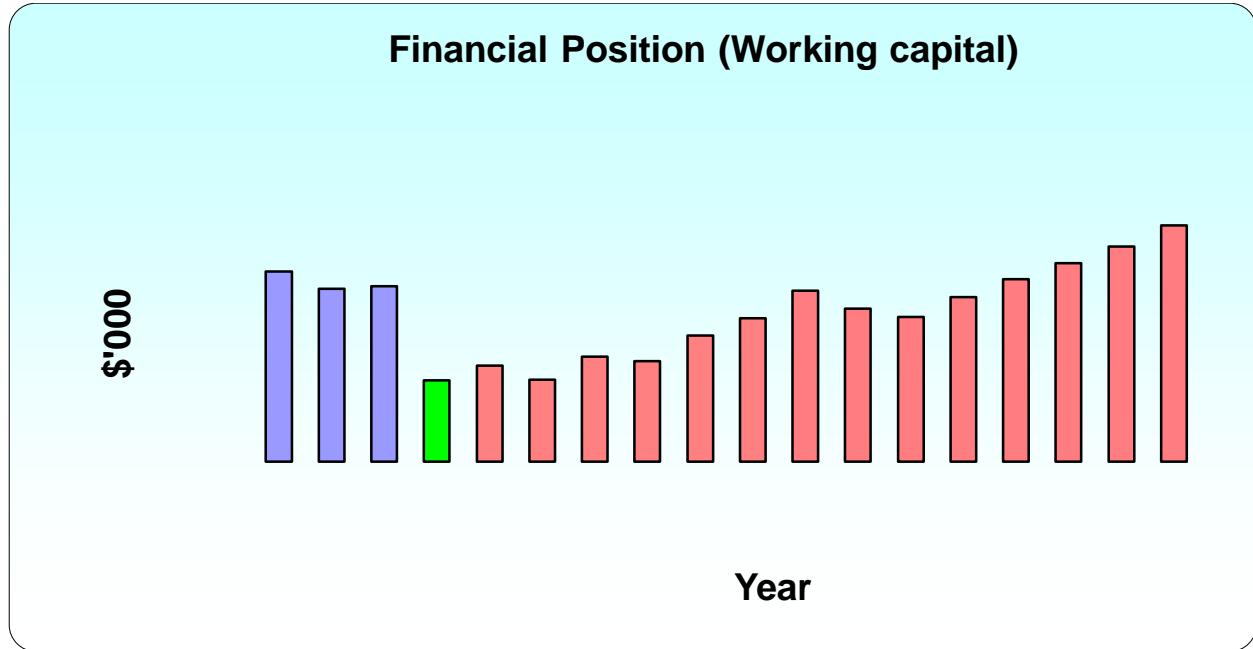
Net cash from operations for 2012/13 is forecast to be \$8.09M. It is less than the previous year (\$15.50M). The Australian Accounting Standards require Council's to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial years. Council therefore has had to recognise grant income in 2011/12 irrespective that the related expenditure will be incurred in the following financial year.

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

Capital expenditure



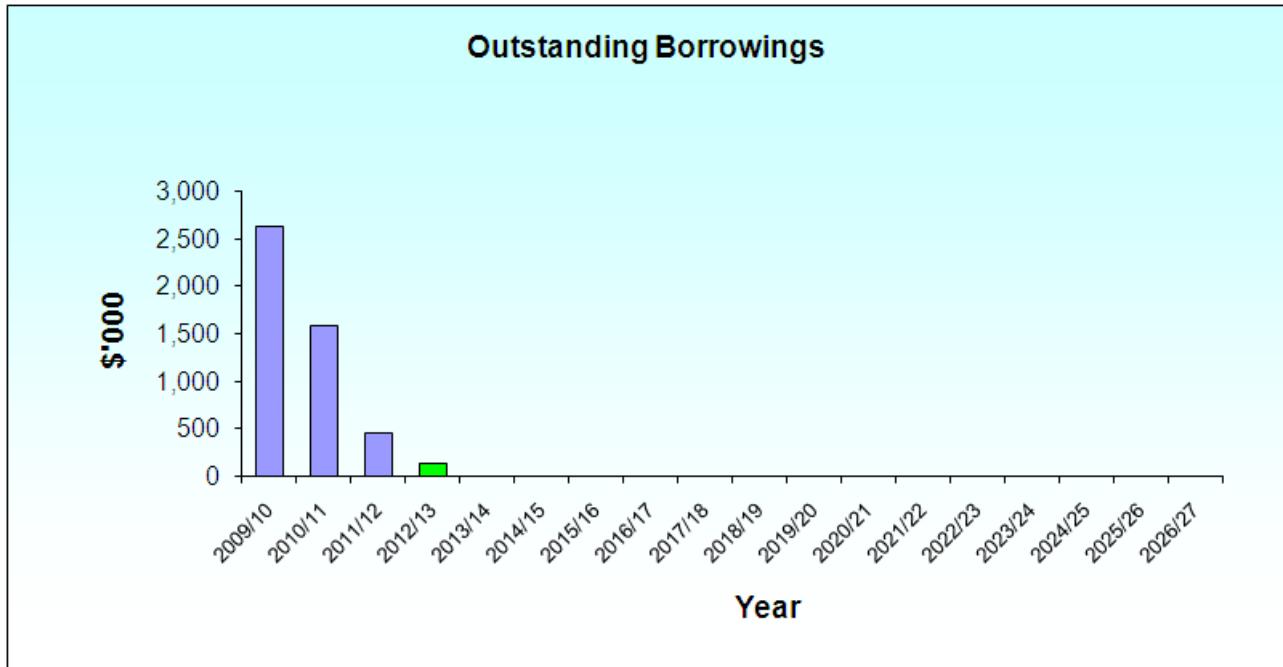
Financial position



Net current assets (working capital) will decrease substantially by \$6.17 to \$5.31M as at 30 June 2013. Working capital is projected to be \$11.48M as at 30 June 2012. The spike in previous years is due in part to funds being unexpended for projects that were carried forward to the following years, and because of grants being received in advance.

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

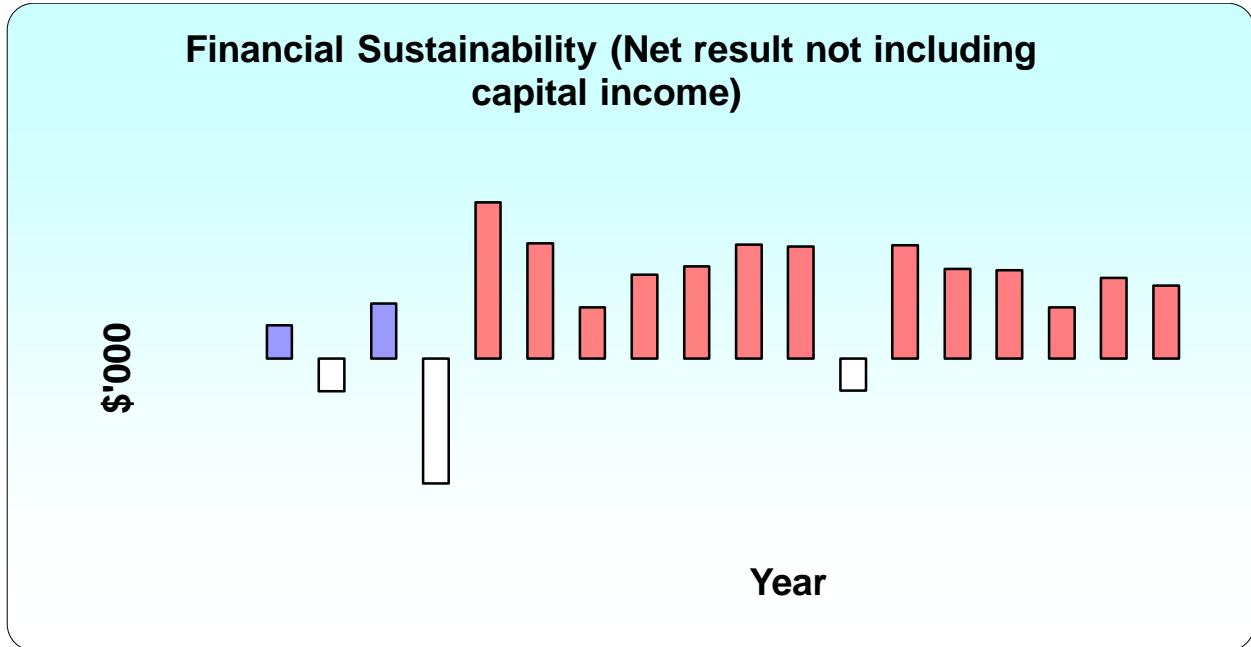
Borrowings



Outstanding borrowings will decrease by \$0.32M to \$0.13M as at 30 June 2013. It is projected to be \$0.45M as at 30 June 2012.

The strategic intent of reducing long term debt is obvious; Council in 2003/04 had outstanding borrowings of \$13.51M. Council will be debt free by 2013/14.

Financial sustainability



A detailed long term financial plan for the years 2012/13 to 2026/27 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is achieving financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Council Plan. When capital funding (\$1.64M) and donated / granted assets (\$1.24M) is backed out of the operating result (\$0.71M surplus) the underlying result (net result not including capital funding sources) for 2012/13 is projected to be a \$2.17M deficit.

The financial results for 2008/09 through to and including 2012/13 are distorted somewhat by the Australian Accounting Standards requirement to recognise grants as income in the year that notification has been provided that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. Substantial amounts of grants therefore had to be recognised in prior years whereas in fact it funded expenditure on projects in the following financial years.

In 2008/09 Council had to recognise as income the first quarter of Victoria Grants Commission allocation for 2009/10 in advance. In other words Council received five quarter payments in one year. In subsequent years the Victoria Grants Commission has continued to provide the first quarter allocations in advance. In 2011/12 Council received an additional quarter payment in advance. This means that Council has received half our annual allocations for 2012/13 in advance. The financial plan has modelled that in 2012/13 and 2020/21 that Council will only receive 3 quarters of Victoria Grant Commission allocations. This does not present as a strategic concern.

The Long Term Financial Plan projects consistent underlying surpluses to be generated in following years. This is a very important long term strategic objective.

Longer Term Key Performance Indicators

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

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Financial performance															
Underlying result	-4.34%	5.27%	3.80%	1.67%	2.59%	2.74%	3.22%	3.06%	-0.87%	2.83%	2.16%	2.03%	1.13%	1.72%	1.49%
Underlying Working Capital	1.52	1.64	1.46	1.59	1.48	1.62	1.68	1.82	1.58	1.42	1.48	1.51	1.52	1.52	1.57
Funding capacity															
Self-financing	15.65%	27.11%	28.87%	24.83%	25.95%	26.21%	27.23%	27.26%	25.59%	27.91%	28.13%	28.19%	28.17%	28.79%	29.64%
Sustainability Index	112%	118%	157%	107%	132%	111%	115%	106%	105%	127%	110%	110%	106%	108%	106%
Borrowing capacity															
Indebtedness	1.22%	1.33%	1.39%	1.46%	1.51%	2.03%	2.51%	2.96%	3.35%	3.74%	4.08%	4.38%	4.67%	4.92%	5.14%
Total Debt as a % of Rate revenue	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

The ‘Underlying Result’ compares recurrent income and recurrent expenditure. It is forecast to be in the yellow zone in both 2012/13 and 2020/21. This does not present as a strategic concern. The financial indicator has been distorted by having to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. This mismatch of timing of receiving income and incurring expenditure distorts the operating result of the two financial years.

The ‘Underlying Working Capital’ assesses Balance Sheet strength and in particular Council’s ability to pay existing liabilities. In the forward plan the ratio falls below the strategic target of 1.50 to 1 in four years. Although it does not present as an immediate financial concern, it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in the future.

The long term financial plan has modelled that Council will only receive three quarters of the annual Victoria Grants Commission allocation in both 2012/13 and 2020/21. (5 quarters was paid in 2008/09 and in 2011/12).

There is a real likelihood that Council will only receive two quarters (50%) Victoria Grants Commission allocation in 2012/13. This would have the effect of bringing back into line the advance payment of both the additional quarter payments made in 2008/09 and now in 2011/12. If that is the case the 2011/13 budget projections and 2020/21 budgets will have to be adjusted accordingly. The impact would be that the underlying working capital ratio will decrease below the strategic target of 1.50 to 1 for the next seven financial years including 2012/13. (It would range from 1.20 – 1.40 to 1).

This does not necessarily mean that Council has any immediate sustainability issues, but rather denotes that Council needs to be cautious. The real immediate flow on implication is that Council would have significantly less financial capacity to consider when Council is advised of our unfunded defined benefits in the coming months. Again unfortunately this unavoidable cost may be very significant.

The ‘Self financing’ indicator compares net operating cash flows to underlying revenue and capital grants. This indicator is also distorted by the mistiming of grant revenues being brought to account in different financial years.

The key financial performance indicators in the Long Term Financial Plan serve as very important lead indicators to identify future years’ financial ramifications of decisions that are made in the present period. Longer term, the trend is positive.

1. Budget process

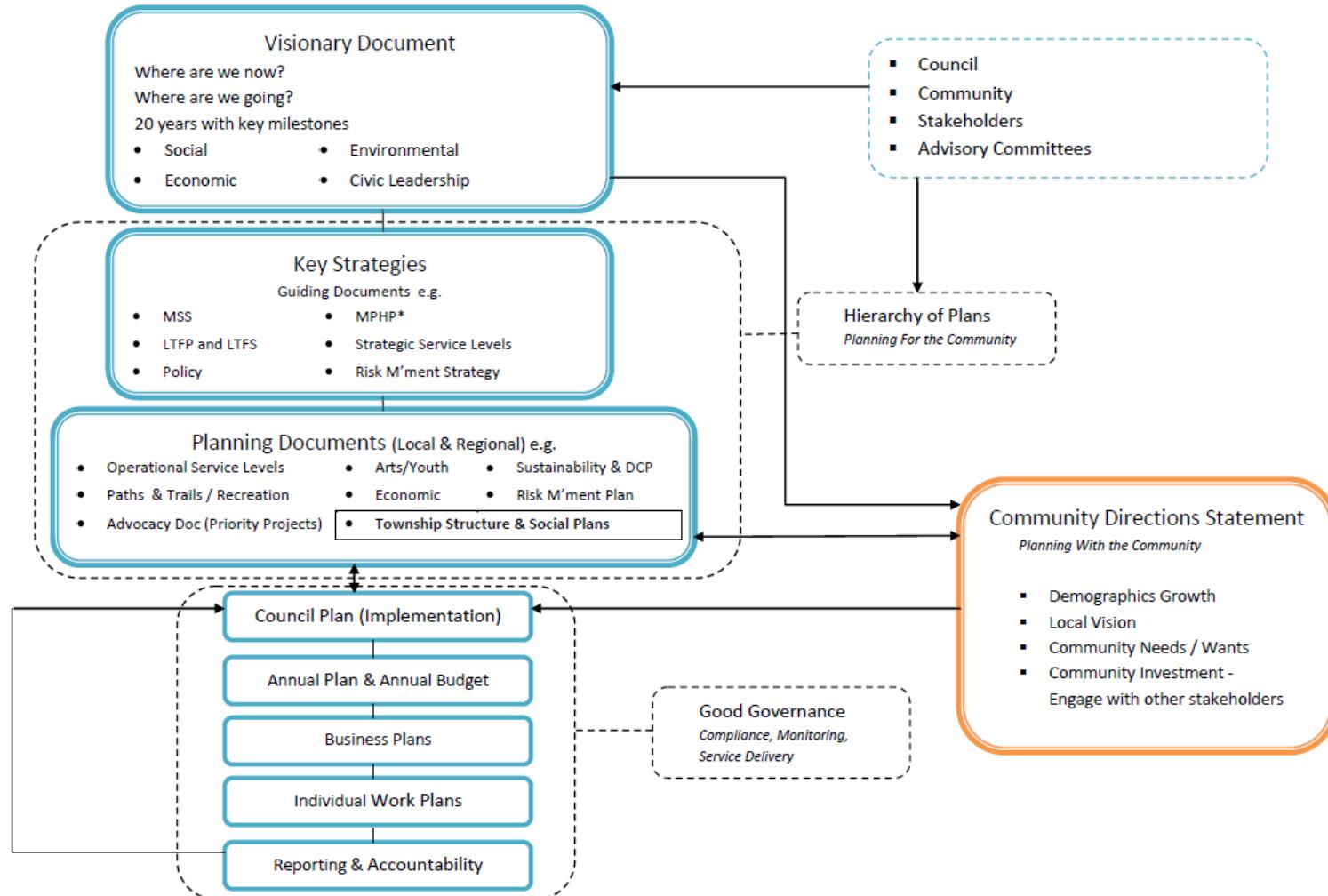
This section lists the processes to be undertaken in order to adopt the Budget in accordance with the Act and Regulations.

The preparation of the Budget begins with a ‘proposed’ Annual Budget developed in accordance with the Local Government Act 1989 (the Act) and submitting the ‘proposed’ Budget to Council for approval ‘in principle’. Council is then required to give ‘public notice’ that it intends to ‘adopt’ the Budget. It must give 28 days notice of its intention to adopt the proposed budget and make the Budget available for inspection at its offices. A person has a right to make a written submission on any proposal contained in the Budget and Council must consider any submission before adoption of the budget.

The final step is for Council to adopt the Budget after receiving and considering any submissions from interested parties. The Budget is required to be adopted and a copy submitted to the Minister by 31 August each year. The key dates for the budget process are summarised below:

Budget Process	Timing
• Proposed budget submitted to Council for approval	18 April
• Public notice advising intention to adopt budget	24 April
• Budget available for public inspection & comment	24 April
• Submissions period closes	23 May
• Submissions considered by Council	20 June
• Budget presented to Council for adoption	27 June
• Copy of adopted budget submitted to the Minister	29 June

1.1 Council and Community Planning Framework



In 2011 Council endorsed the development of a planning framework that embraces all Council strategies, plans and policies, directions established by other levels of government and the Community Directions Statements, providing logical linkages between them all.

The table on the previous page depicts this Council and Community Planning framework.

Councillors and the Executive Leadership Team have reviewed the Council Plan, following a community consultation program, with an emphasis on refining the actions and measures to achieve better outcomes that are aligned with the current Council and community direction.

A 2012-2013 Annual Plan has been developed and endorsed by Council. It contains actions to be achieved by the organisation within the next financial year. Key priorities identified for service delivery and strategy development / implementation have been included in the Annual Plan.

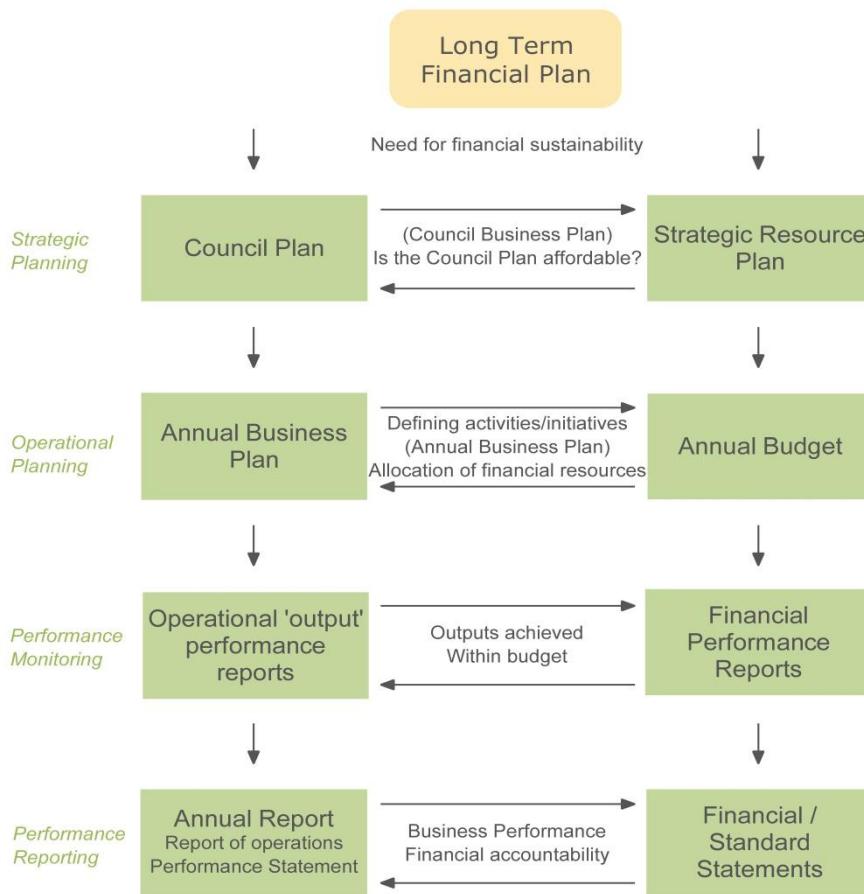
These Annual Plan activities, along with the new project initiatives for 2012/13 have been allocated to various Directorates and Departments within Council to implement. These activities are set out in the following section. It is important to note that each Department will provide a range of services beyond those outlined here. These are articulated in each Departments Business Unit Plan.

2. Linkage to Council Plan

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

2.1 Strategic planning framework

The Annual Budget has been developed within an overall planning framework. The diagram below sets out the strategic planning and reporting framework of Council.



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

2.2 Long Term Financial Plan

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

2.3 Council Plan and Strategic Resource Plan

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

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

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

2.4 Annual Business Plan / Annual Budget

The Annual Business Plan details activities and initiatives planned to be undertaken including the budget requirements, as well as the identification of Key Strategic Activities (KSA's). The Annual Budget collates the financial resource requirements.

The Annual Business Plan consolidates departments 'Annual Service Plans' and associated financial resource requirements. Managers develop business plans that describe in detail services, service levels and associated costs. They are sometimes described as operational plans.

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

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

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

2.5 Operational Performance Report / Financial Performance Report

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

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

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

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

2.6 Annual Report / Audited Financial Statements

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

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

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

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

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

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

- Statement of Financial Performance (Income Statement);
- Statement of Financial Position (Balance Sheet);
- Statement of Cash Flows; and
- Statement of Capital Works.

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

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

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

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

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

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

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

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

Key financial performance indicators and ratios established during the long term financial planning process guided the preparation of this 2012/13 annual budget and long term financial plan.

2.7 Strategic Objectives

The Council, through its four directorates (which includes 23 departments), delivers a range of activities and initiatives. Each contributes to the achievement of one of the five strategic objectives as set out in the Council Plan for the years 2010 to 2014. Each key result area has a number of specific strategic objectives.

The 2010-2014 Council Plan details five strategic objectives that will be the basis of Council's strategic and operational priorities. These are:

A Vibrant, Engaged Community

Council aims to have a community that is resilient, healthy, safe, connected and supported. It recognises the importance of continuing to improve the lifestyle options, care services and community support structures of all its residents. Through active engagement, advocacy and partnership building it will seek to provide a healthy and safe living environment and quality educational opportunities at all levels.

A Sustainable Environment

Council is committed to balancing the community's need to responsibly use and enjoy our natural resources with the need for their protection, enhancement and renewal.

A Strong Economy

Council believes that a healthy, strong local economy will enhance the prosperity of the community. Council will work with stakeholders to increase economic growth and employment prospects. It will develop policies and pursue projects to improve the capacity of local residents and businesses to be part of this growth.

Appropriate Infrastructure

Council will pro-actively plan for economic, social and environmental needs. It will continue to identify and address requirements that will enhance the area's infrastructure through strong advocacy, partnerships with government and private enterprise, and through the direct provision of appropriate assets

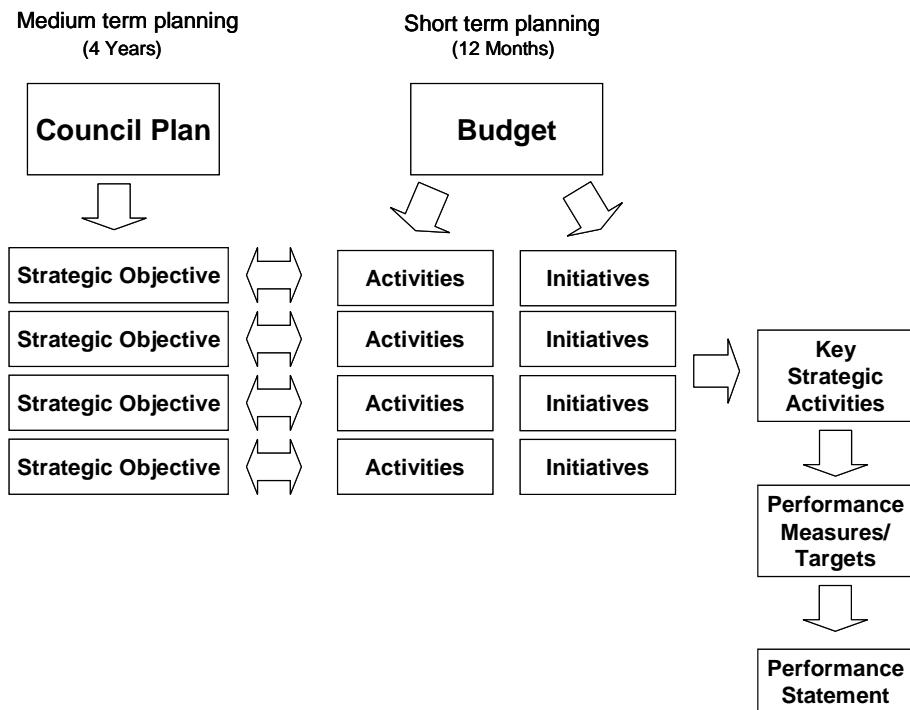
A Leading Council

Council sees itself as a professional organisation that is valued and respected by its citizens, visitors and other stakeholders. This will be reflected in how it represents and engages its community, and how it governs and performs its statutory roles. Council will measure and evaluate its performance and report the results to its community.

3. Operational Activities, and Key Strategic Initiatives

This section provides a description of the activities and initiatives to be funded in the budget for the 2012/13 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. Appendix E 'Key Strategic Activities' includes a number of Key Strategic Activities and performance targets and measures in relation to these.

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



1.1 Key Projects, Initiatives and Annual Plan Activities

The Council organisation structure consists of the CEO's Office and four Directorates. Significant activities to be undertaken in 2012/13 for each Directorate are included on the following pages.

CHIEF EXECUTIVE OFFICE

The Chief Executive Office key purposes are as follows:

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

COMMUNITY SERVICES DIRECTORATE ACTIVITIES

To achieve our objectives of a ‘Vibrant Engaged Community’ and a ‘Sustainable Environment’ we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Community Services Directorate has a leading role in ensuring that the organisation achieves the strategic objectives. Their activities and key project and initiatives focus for 2012/13 are described below.

The Community Services Directorate’s role is to identify community needs and facilitate, support, co-ordinate and provide services within the community. The Directorate consists of five main departments and also manages the strategic direction of libraries across the Shire. The Directorate focus for the 2012/2013 financial year will be to meet not only current but future service demands through strategic planning, raising the standards of our service and ensuring council-owned buildings and facilities meet the changing needs of the community. We will protect our environment through the implementation of two key strategies – ‘Sustainability’ and ‘Waste Management’ - and be prepared for any municipal emergency. We will work in partnership with the community to help them to achieve their aspirations and build resilience.

The Aged & Disability Services Department provides:

- Home and community based services including Personal Care, Home Care, Respite, Community Transport, Meals on Wheels and Home Maintenance to support the frail aged, people with a disability and their carers;
- Services that contribute to maintaining a safe, secure and independent environment for their clients and works towards building a more inclusive community across the South Gippsland Shire; and
- Strategic Planning for positive ageing including innovative projects that ‘Improve Liveability for Older People’ and services that respond to the diversity of the Shire.

The Children and Family Services Department provides:

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

The Community Safety Department aims to provide:

- A safe environment through administration and enforcement of Council's Local Laws raised awareness of animal ownership responsibilities, provision of parking controls, supervision of School Crossings and minimisation of fire risk;
- An Emergency Management Team that ensures Council has a current and relevant Municipal Emergency Management Plan detailing Council's preparedness to respond to and recover from any Municipal Emergency that should arise; and
- A focus on community awareness, fire management, preparedness and planning.

The Community Strengthening Department works:

- In partnership with South Gippsland's diverse communities to encourage and support participation;
- In community planning, project and activity development, recreation, youth engagement and arts and cultural pursuits. It aims to improve community involvement and resilience;
- Provides Community Planning and Engagement, Recreation, Rural Access, Youth Support, Transport Connections, L2P Program and Volunteer Coordination and support for arts and cultural organisations; and
- Coordinating the Victorian Government funded Advancing Country Towns Project which aims to revitalise the Lower Tarwin District through economic development opportunities including education & training and marketing.

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

- **The Sustainability team** will develop both community and Council efficiency projects contained within the Sustainability Strategy;
- **The Waste Management Team** will provide sustainable waste management services based on best practice principles and in accordance with relevant legislation; and
- **The Biodiversity Team** provides services to protect and enhance the Shire's natural environment through the ongoing management of Bush Reserves, roadside weed control and planting programmes and provision of expert environmental planning advice on statutory planning matters.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2012/13

The Community Services Directorate has identified the following initiatives and projects to work toward commencing and implementing in 2012/13:

Active Lifestyles

Master plans will be developed for the Korumburra and Mirboo North outdoor swimming pools in partnership with the local communities.

Community Health

The Municipal Public Health and Well Being Plan will be reviewed with input from community and health sector.

Education Opportunities

The Municipal Early Years Plan will be implemented.

Waste Management

Council's Waste Management Strategy implemented with 2012/13 Action Plan activities completed.

Health and Wellbeing

Improving Liveability For Older People project initiatives developed and implemented in partnership with community and service agencies.

Sustainability

'Green Street Lighting' project will be implemented.

CORPORATE SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of a ‘Leading Council’ we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Corporate Services Directorate has a leading role in ensuring that the organisation achieves this strategic objective. Their activities and key project and initiatives focus for 2012/13 are described below.

Corporate Services Directorate provides support to the Council’s internal Departments and the community by managing the Departments of Finance, Information Management Services, Customer Relations, Governance and Human Resources.

The Finance Department’s focus is to:

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

The Information Management Services Department is responsible for:

- The delivery of sustained operational availability, reliability and performance of Council’s business information systems and information technology infrastructure;
- Investigating new technology advances and evaluating new opportunities;
- Managing Council’s corporate records and developing, reviewing and implementing new policies and procedures to ensure the management and delivery of business information systems and IT infrastructure is efficient, effective and meets corporate objectives; and
- Managing information system strategies and programs to ensure works are completed on time, within budget and with the required quality.

The Customer Relations Department's purpose is to:

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

The Governance Services Department's role is to provide high level support and co-ordination services to Council that enables organisation wide good governance and compliance through the effective undertaking of the following functions:

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

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

- Payroll;
- Corporate Training and Development;
- Recruitment and Induction of Staff; and
- Human Resource Management Support.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2012/13

Corporate Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2012/13:

2013-2017 Council Plan

Preparation of the 2013-2017 Council Plan, incorporating community consultation.

Council Election

The Council elections will be held in October 2012 and the induction of new Councillors will be coordinated.

Information Technology

The IT Governance Framework will be implemented incorporating project planning and management of technology improvements to assist Departments provide improved services to their customers.

Policy Reviews

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

Customer Service Charter

Revise Council's Corporate Service Charter to establish meaningful guarantees to key service deliverables for customers.

Risk Management

The revised Risk Management Policy and Framework will be implemented.

DEVELOPMENT SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of a ‘Strong Economy’ we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Development Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Its activities and key project and initiatives focus for 2012/13 are described below.

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

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

The Directorate comprises four areas of responsibility:

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

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

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

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

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

Strategic Planning and Development department is responsible for setting a vision for the development needs of the community and defining and implementing policies that

achieve the Directorate's purpose on behalf of the community. This Department comprises three teams:

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

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

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

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

The Building and Enforcement Department is responsible for the administration of the building control and planning enforcement functions of the Building Act, Planning and Environment Act and other legislation. Functions include:

- Responding to complaints and prosecuting offences under Victoria's Building and Planning Legislation;
- Provide building information and advice to the community;
- 'Report and Consent' applications for siting variations, protection to public, construction over easement, and demolition works; and
- Undertaking building and planning audits, i.e. high risk buildings/new developments, swimming pools etc.

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

KEY PROJECTS AND INITIATIVES FOCUS FOR 2012/13

Development Services Directorate has identified the following initiatives and projects to work toward commencing and implementing in 2012/13:

Strategic Planning Projects

- Integrated 'Growth Areas' Community Plan developed.
- Housing and Settlement Strategy developed.
- Corner Inlet Tourism Project will be promoted as a project of regional significance.
- Korumburra Town Centre Framework Plan developed.
- Leongatha Parking Strategy developed.
- Leongatha Industrial Study developed.

Economic & Tourism

The Economic & Tourism Development Strategy will be implemented

Bush Tramway Operations and Maintenance Manual

To engage a contractor to work with the Coordinator of Coal Creek to develop a condensed operations and maintenance manual for the Bush Tramway within Coal Creek Community Park and Museum.

2012 RACV Great Victorian Bike Ride

9 day fully supported camping and cycling holiday. Council to support an overnight stay in Mirboo North.

Emergency Management Plan for Coal Creek Bush Tramway

To engage contractors to work with the Coordinator of Coal Creek to develop an Emergency Management Plan for Coal Creek Community Park and Museum.

ENGINEERING SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of 'Appropriate Infrastructure' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Engineering Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Their activities and key project and initiatives focus for 2012/13 are described below.

The Engineering Services Directorates key purposes are as follows:

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

The Directorate is made up of the following Departments:

The Operations Department delivers two main functions:

- Roads, Footpaths & Drainage maintenance and construction; and
- Parks & Gardens maintenance, construction and renewal.

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

The Engineering Department delivers two main functions:

- Engineering - coordination and delivery of Council's infrastructure to meet the current and future needs of the community whilst providing a sustainable cost/benefit; and
- Property - manage the acquittal, disposal and leasing of Council's property portfolio to support Council's services.

The Assets Department delivers four main functions:

- **Building Operations** - to manage and enhance Council's owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community.
- **Fleet Operations** - to ensure effective service delivery of South Gippsland Shire Council's Fleet, vehicles will be purchased with the highest safety rating and lowest green house emissions where available within Council's purchasing scope.
- **Civil Assets** - to proactively plan Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks through continuous improvements to Council's Asset Management Plan.
- **Assets System** - the collection, analysis and management of appropriate infrastructure data to effectively manage Council's civil infrastructure assets.

The Property Development department has one main delivery function:

- To coordinate the processes for major developers with internal and external stakeholders by ensuring a strong customer focus for major developments.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2012/13

Engineering Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2012/13:

Asset Management Policy and Strategy

Review and present the Asset Management Strategy to Council.

Bridges, Culverts and Drainage Asset Management Plan

Review and present to Council.

Road Management Plan

Review and present to Council.

Deliver the Capital Works Program

Refer to the Capital Works Program 2012/13.

Implementation of the Drainage Maintenance Program

145 to 150 kilometres of rural roadside table drains cleared.

3.2 Performance statement

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

The Annual Report for 2012/13 will include the audited Performance Statement, which is presented to the Minister for Local Government and the local community.

3.3 Reconciliation with budgeted operating result

Directorate	Net Cost (revenue) 2012/13 \$'000	Expenditure \$'000	Revenue \$'000
Executive Support	1,107	1,107	0
Community Services	5,951	10,173	4,222
Corporate Services	5,758	6,848	1,090
Development Services	3,298	4,858	1,560
Engineering Services	9,179	16,170	6,991
Total activities and initiatives	25,293	39,156	13,863
Other non-attributable ¹	8,478		
Operating deficit before rates & capital revenue	33,771		
Funded by:			
Rates & charges	31,600		
Capital grants & contributions	2,878		
Total	34,478		
Operating surplus (deficit)	707		

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

2. Budget Influences

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

2.1 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 just over 28,000. It has an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

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

Our Environment

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

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

4.1.1 Our Economic Base

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.6 billion. South Gippsland has one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$624 M;
- Agriculture, Forestry and Fishing \$470 M;
- Property services \$227 M;
- Construction \$203 M;
- Mining \$157 M;
- Retail trade \$98 M;
- Transport & warehousing \$96 M; and

- Health care and social assistance \$95 M.

Major Industries

Agriculture

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

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

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

Food Processing

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

Tourism

The tourism industry is also a major contributor to the South Gippsland economy with visitors contributing over \$230 M 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 a \$4 billion project to develop the new Kipper Tuna Turrum oil and gas field. A private port 'Port Anthony' is also being constructed next to the Esso facility. An important fishing industry operates from Port Welshpool and Port Franklin and a wind farm is located on the hills around Toora.

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

Major Infrastructure and Investment Projects

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

- \$54 M upgrade of Burra Foods Korumburra dairy facility;
- \$32 M redevelopment of Leongatha Hospital.
- \$21 M connection of sewerage to Nyora, Poowong, Loch and Meeniyian;
- \$8 M development of Port Anthony at Barry Point;
- Creation of the Leongatha Education Precinct which includes:
- \$5 M development of the Leongatha Specialist School completed in 2009;
- \$7.4 M development of the GippsTAFE campus in Leongatha completed in 2011;
- Development of Leongatha Primary School opened in 2011;
- Redevelopment of Leongatha Secondary College commencing in 2012.
- \$2.5 M Corner Inlet Integrated Children's Hub located in Foster;
- \$50 M connection of Natural Gas to Korumburra and Leongatha completed in 2009;
- \$16 M optic fibre backhaul telecommunications cable; and
- \$11 M planned Age Care facility at Foster.

Major Regional Projects

- The Pakenham Bypass and Eastlink have reduced the travelling time from metropolitan Melbourne to 1.5 hours; and
- The construction of the \$3.5 billion Desalination Plant near Wonthaggi.

Our Community

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

Residential Profile

The latest population estimate is 28,452 people as at June 2011. Council's recently prepared population forecasts project that the Shire's population will increase to 37,800 by 2031. This is an increase of almost 10,000 people at an average annual growth rate of 1.4%. The Shire has approximately 14,000 dwellings and about 18,755 rateable properties.

The number of households within South Gippsland increased by 522 between 2001 and 2006 to a total of 10,096.

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

The age structure of South Gippsland Shire in 2006 reflected a similar profile to Regional Victoria as a whole. The proportion of residents in the 20-29 age group (7.7%) was significantly lower than the average for Regional Victoria (10.2%) while the proportion in age groups above 50 years were higher. The proportion in the 60-69 age range was 11.9%, two 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	12.2%	12.9%
10-19	14.4%	14.6%
20-29	7.7%	10.2%
30-39	11.2%	12.4%
40-49	14.6%	14.6%
50-59	15.5%	13.8%
60-69	11.9%	9.9%
70-79	7.9%	7.1%
80-89	4.1%	3.7%
90+	0.7%	0.7%

(ABS, Census of Population and Housing, 2006)

There are high levels of home ownership in South Gippsland with over 44% of dwellings fully owned compared with 33% nationally. The proportion of rental dwellings at 16.8% is much lower than the national average of 27.2%.

69.2% of dwellings have family households, slightly higher than the national rate of 67.4% while 56.5% of South Gippsland residents are married compared with 49.6% average for Australia.

South Gippsland has very high levels of volunteerism with nearly 6,400 people or over 30% of the adult population identifying that they worked as a volunteer for an organisation. This compared with about 18% across Victoria.

2.1.1 Labour Force

South Gippsland Shire has:

- an estimated labour force of 16,760 people; and
- an unemployment rate of 3.3%, with 549 unemployed persons at September 2011.

This is the lowest unemployment rate in Gippsland and one of the lowest in the State. This is considerably below the average for Regional Victorian of 5.5%.

Key industry sectors by employment in the South Gippsland Shire in 2006 were Agriculture, forestry & fishing (20.2%), Retail Trade (13.4%), and Manufacturing (9.9%). The Shire's top eight employment sectors compared with that of Regional Victoria as shown in the table below:

Employment by Industry	South Gippsland	Regional Victoria
Agriculture, forestry & fishing	20.2%	9.3%
Retail trade	13.4%	15.4%
Manufacturing	9.9%	12.0%
Health and community services	9.1%	11.7%
Education	7.0%	7.7%
Construction	6.5%	8.1%
Wholesale trade	5.0%	3.9%
Property and business services	4.8%	6.4%

(ABS 2006 Census)

In 2006, key employment by occupation groups in South Gippsland was Managers and Administrators (20.7%), Tradespersons (12.9%) and Professionals (12.8%). The Shire's employment by occupation compared with that of Regional Victoria are as follows:

Occupation	South Gippsland	Regional Victoria
Managers & administrators	20.7%	11.8%
Tradespersons and related workers	12.9%	14.9%
Professionals	12.8%	15.5%
Intermediate clerical, sales, service	12.0%	14.8%
Associate professionals	10.5%	11.2%
Labourers and related	10.4%	10.6%
Intermediate, production & transport	8.5%	8.7%
Elementary clerical, sales, service	7.8%	9.7%
Advanced clerical and service	3.0%	2.6%
Inadequately described and not stated	1.6%	1.8%

(ABS 2006 Census)

2.1.2 Community Infrastructure

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

- Three public hospitals and five medical centres;
- Aged care residential services located in five towns;
- Home and Community Care services provided by Council, including Meals on Wheels, Personal Care, Respite Care, Home Maintenance and Community Transport;
- Childcare centres operate in Leongatha, Korumburra and Mirboo North and Foster. Kilmany Uniting Care Family Day Care is also available across the Shire;
- Five public libraries plus a mobile service;
- Increased daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- 29 galleries and museums, a cinema, theatres and clubs;
- Over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional Leisure Centre incorporating a heated indoor swimming pool, six public swimming pools of which two are heated and seven golf courses;
- The Great Southern Rail Trail, which includes 50km of bike/walking trails;
- The 13km Grand Ridge Rail Trail; and
- Over 50 parks, reserves and sanctuaries including coastal/beach assets, trails in the Strzelecki Ranges, Coal Creek Community Park and Museum and Mossvale Park at Berry's Creek.

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

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

2.1.3 Budget Implications

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

- The large area of South Gippsland Shire Council increases transport costs when compared to metropolitan and regional Councils. Also, services can be centralised as most citizens are able to reach Council facilities without extensive travel times;
- Over 13% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community; and
- The Shire is experiencing an increase in demand for higher density housing developments in serviced townships as well as lifestyle living opportunities in low density and rural living settings. The budget implications arise in Council having to provide new infrastructure as well as cope with replacement of aging infrastructure. These costs are generally not passed on to the developer and are paid for from rates. The rates received from new dwellings do not offset the significant infrastructure costs.

2.2 External Influences

In preparing the 2012/13 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- Wages growth is projected to be 3.9% for 2012/13 and increase to around 4.0% per annum in following years. (Commonwealth Bank economic forecast);
- Projected consumer price index (CPI) increases on goods and services being 2.6% for 2012/13 and to increase to around 2.7% in the following years;
- The Municipal Association of Victoria has estimated the cost impact of carbon pricing for councils to range from 0.7% to more than 3.0% of rates, and from 0.3% to 1.9% of expenses;
- Local government cost index which is based on a combination of the Wages Price Index and the Macromonitor's forecast movement in non residential construction costs. For the 2012/13 financial year the Economic Data and Policy Development Unit of Municipal Association of Victoria estimated the Local Government Cost Index to be 3.90%. The previous year it was 3.25%;
- Receipt of significant capital and major works funding of \$1.64 M for the completion of Commonwealth funded Roads to Recovery projects; and
- Prevailing world economic conditions, following the global financial crisis, are expected to remain uncertain during the budget period. Significant risks remain and are concentrated around the prospects of major advanced economies. The budget impact for South Gippsland is the likelihood of further calls being made upon Councils to fund defined benefits superannuation liabilities.

2.3 Internal Influences

As well as external influences, there were also internal influences arising from the 2011/12 year which have had a significant impact on the setting of the 2012/13 budget. These included:

- The cash available for projects carried forward, both capital and operational expenditure of which a significant portion of it is tied to grant funds; and
- Expected closing cash position as at 30 June 2012 of \$15.77 M.

2.4 Budget Principles

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

- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2011/12 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- New service level initiatives and associated staff resource proposals to be justified through a business case;
- New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis;
- Real savings in expenditure and increases in revenue identified in 2011/12 to be preserved; and
- No new borrowings.

2.5 Legislative Requirements

Under the Local Government Act 1989 (the Act), Council is required to prepare and adopt an Annual Budget for each financial year. The Budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Local Government (Finance and Reporting) Regulations 2004 (the Regulations) which support the Act.

The Budget 2012/13, which is included in this report, is for the year 1 July 2012 to 30 June 2013 and is prepared in accordance with the Act and Regulations. The Budget includes standard statements being the budgeted Statement of Financial Performance, Financial Position, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2013 in accordance with the Australian Accounting Standards and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

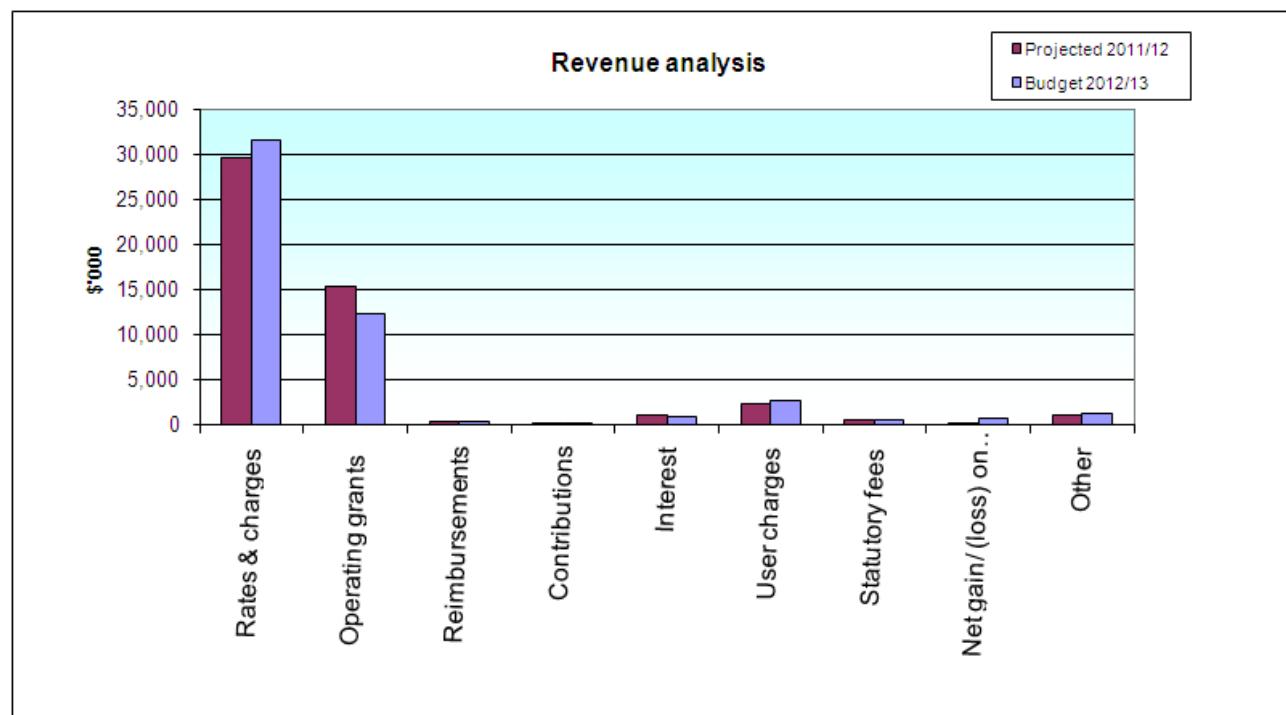
The Budget includes consideration of a number of long-term strategies to assist Council in considering the Budget in a proper financial management context. These include the Long Term Financial Strategies (section 9), Rating Strategy (section 12), Borrowing Strategy (section 13) and Infrastructure Strategy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

5. Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2012/13 year.

5.1 Income

Revenue Types	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	5.1.1	29,560	31,600	2,040
Operating grants	5.1.2	15,274	12,252	(3,022)
Reimbursements	5.1.3	282	302	20
Contributions	5.1.4	150	37	(113)
Interest	5.1.5	990	844	(146)
User charges	5.1.6	2,247	2,709	462
Statutory Fees	5.1.7	428	517	89
Net gain / (loss) on disposal of assets	5.1.8	47	627	(580)
Other	5.1.9	1,023	1,143	120
Total operating revenue		50,001	50,031	(1,130)



5.1.1 Rates and Charges (\$2.04 M increase)

General rates and charges have overall been increased by 4.85% for the 2012/13 year. This includes general rates, municipal charges and waste services charges.

The general rate will increase by 5.00%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.5%.

It is projected that general rates and charges income which includes estimated \$0.27 M in supplementary rates and \$0.28 M special rates & charges will increase by 6.9% over the base that was raised last year to \$31.60 M.

Section 12, 'Rating Strategy' includes a more detailed analysis of the rates and charges to be levied for 2012/13.

5.1.2 Operating Grants (\$3.02 M decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers as well as one-off funding for projects undertaken on behalf of community organisations. Overall, the level of grants has decreased by 19.8% or \$3.02 M compared to 2011/12.

Major recurrent grant funding will be received include the \$6.10 M Victoria Grants Commission allocation and \$1.21 M for Home and Community Care (HACC) programs, \$216,000 for Maternal & Child Health, \$68,000 for Pre School Inclusion program, \$30,000 for Children's Crossings, \$27,000 for Coal Creek, \$26,000 for Emergency Management, \$12,000 for Immunisation, \$88,000 for Rural Access and \$23,000 for Senior Citizens. Council will also receive a \$0.25 M biennial general revaluation grant.

The previous recurrent funding included \$9.94 M Victoria Grants Commission allocation.

One-off funding for 2012/13 includes \$341,000 for Engineering Services projects, \$3.18 M for Local Roads, \$260,000 for Community Strengthening program, \$188,000 for the Advancing Country Towns project, \$100,000 for Emergency management, \$82,000 for Sustainability services and \$20,000 for Aged and Disabled Services.

5.1.3 Reimbursements (\$20,000 increase)

There is a \$20,000 or 7.1% increase in the level of reimbursements expected to be received. The more notable items being legal fee reimbursements associated with rate recovery processes (\$119,000) Diesel Fuel rebates (\$84,000) and for Workcover (\$94,000).

5.1.4 Contributions (\$113,000 decrease)

There is a \$113,000 or 75.3% decrease in the level of contributions expected to be received in 2012/13. Contributions are expected for statutory open space contributions (\$23,000), public lighting (\$5,000) and building operations (\$8,000).

The reduction is predominantly due to receiving a \$115,000 biodiversity contribution in the previous financial year.

5.1.5 Interest Revenue (\$146,000 decrease)

There is a decrease of \$146,000 or 14.6% in interest revenue due to expected lower amounts of cash being available for investment than in previous years and decreasing interest rates.

The Reserve Bank of Australia economic forecasts indicates there is a possibility to be some further downward pressure on interest rates in the budget period.

5.1.6 User Charges (\$462,000 increase)

There is an increase of \$462,000 or 20.6% for user charges. The charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure, entertainment and other community facilities and the provision of human services such as aged and disabled services.

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

Landfill operations income of \$1.41 M is expected to increase substantially from the previous financial year (\$979,000)

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

5.1.7 Statutory Fees (\$89,000 increase)

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

Statutory planning fees are expected to increase by \$54,000 from \$235,000 to \$289,000. Most other charges are not expected to increase significantly.

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

5.1.8 Net Gain / (Loss) on asset disposals (\$580,000 increase)

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

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

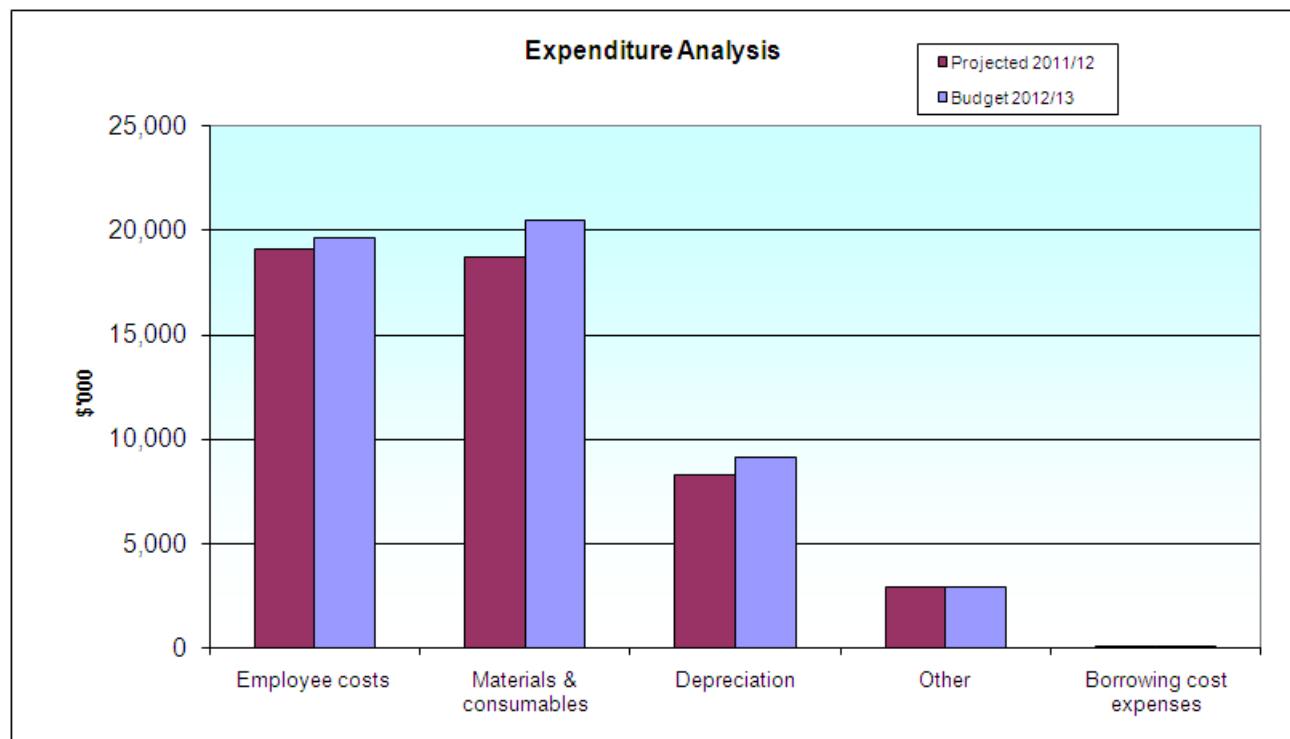
5.1.9 Other Revenue (\$120,000 increase)

Other revenue relates to a range of unclassified items such as cost recoupment's and other miscellaneous income items including income from private works (\$552,000), Coal Creek sales (\$195,000) and rental income (\$327,000).

Other revenue is projected to increase by \$120,000 or 11.7% in 2012/13. This is predominantly due to expecting additional income from private works sealing income (\$95,000).

5.2 Expenditure

Expenditure Types	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Fav (Unfav) Variance \$'000
Employee costs	5.2.1	19,102	19,666	(564)
Materials and consumables	5.2.2	18,713	20,462	(1,749)
Depreciation	5.2.3	8,248	9,139	(891)
Other expenses	5.2.4	2,911	2,912	(1)
Borrowing cost expenses	5.2.5	79	24	55
Total operating expenditure		49,053	52,203	(3,150)



5.2.1 Employee Costs (\$564,000 increase)

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

Employee costs are forecast to increase by 3.0% or \$564,000 compared to 2011/12.

The 2012/13 budgeted employee costs takes into account:

- An allowance for Council's Enterprise Agreement, banding and contract staff increments in 2012/13 and higher duties as well as the flow on effect to oncost expenses; and
- A 1.94 decrease in Effective Full Time (EFT) across all four directorates from 2011/12, however it is important to note that this budget has been modelled with an additional 1.8 EFT to bring the landfill operations in-house, which changes the EFT to a decrease of 0.14.

The range of services undertaken by Council involves the abilities, efforts and competencies of 253 Equivalent Full Time (EFT) staff. The skill base of Council's workforce is diverse, with staff holding qualifications in areas such as aged care, civil engineering, accounting, valuations, health care, planning, building, and other fields.

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

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

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

Indicator	Forecast Actual	Budget	Long Term Financial Plan Projections		
	2011/12	2012/13	2013/14	2014/15	2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	19,419	20,203	21,057	21,677	22,529
Employee numbers (EFT)	253	253	253	253	253

Council's staff based strategies include:

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

5.2.2 Materials and Consumables (\$1.75 M increase)

Materials and consumables are forecast to increase by 9.3% or \$1.75 M compared to 2011/12.

The significantly increased expenditure on materials and consumables in 2012/13 can be attributed to expenditure being carried forward to 2012/13 for grant funded projects and other strategic initiatives that were not completed in the previous 2011/12 financial year. Street lighting tariffs were also increased by \$60,000 for carbon tax implications.

Section 2.1 'Key Projects, Initiatives and Annual Plan Activities' provide a more detailed analysis of the activities and initiatives being undertaken by all Departments.

5.2.3 Depreciation (\$891,000 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 2011/12 Capital Works Program and the full year effect of depreciation on the 2010/11 Capital Works Program impacts upon the depreciation charges. Refer to Section 7. 'Analysis of Capital Budget' for a more detailed analysis of Council's Capital Works Program for the 2012/13 year.

5.2.4 Other Expenses (\$1,000 increase)

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

5.2.5 Borrowing Cost Expenses (\$55,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to decrease by 69.6% or \$55,000 compared to 2011/12.

The costs decrease in 2012/13 is as a result of increasing portion of loan repayments on borrowings being actually allocated to principal repayments.

5.3 Non recurrent Income

Non Recurrent Income	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Fav (Unfav) Variance \$'000
Capital Grants and Contributions	5.3.1	4,389	1,636	(2,753)
Granted Assets	5.3.2	1,212	1,242	30
Total Non Recurrent Income		5,601	2,878	(2,723)

5.3.1 Capital Grants and Contributions (\$2.75 M decrease)

Capital grants include all monies received from State and Federal governments and community sources for the purposes of funding the capital works program. Overall the level of grants has decreased by 62.7% or \$2.75 M compared to 2011/12.

Capital grants and contributions are expected in 2012/13 for Roads to Recovery projects (\$1.64 M).

In 2011/12 Council received grants for Roads to Recovery projects (\$1.64 M), Venus Bay Footpath (\$250,000), Sandy Point Hall Upgrades (\$150,000), Fish Creek Bowling Club Flood Damage (\$177,000), Fish Creek Courts redevelopment (\$80,000), Country Roads and Bridges initiative (\$2.0 M), Tactile Ground Surface Indicator Program (\$75,000) and Mossvale Park Flood Recovery project (\$71,000).

\$1 M of the \$2 M Country Roads and Bridges initiative is grant funds received in advance for capital projects that will be undertaken in 2012/13.

Section 7, ‘Analysis of Capital Budget’ includes a more detailed analysis of the grants and contributions that are expected to be received during the 2012/13 year.

5.3.2 Granted Assets (\$30,000 increase)

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

There is a marginal increase compared to the previous year.

6. Analysis of Budgeted Cash Position

This section of the budget report analyses the expected cash flows for the 2012/13 year. The analysis is based on three main categories of cash flow. In summary these are:

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

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

6.1 Analysis of budgeted statement of cash flows

	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Variance \$'000
Operating Activities	6.1.1			
Receipts		56,493	51,040	(5,453)
Payments		(40,998)	(42,954)	(1,956)
Net cash inflow (outflow)		15,495	8,086	(7,409)
Investing Activities	6.1.2			
Receipts		852	1,468	616
Payments		(14,165)	(15,564)	(1,399)
Net cash inflow (outflow)		(13,313)	(14,096)	(783)
Financing Activities	6.1.3			
Receipts		0	0	0
Payments		(1,207)	(341)	866
Net cash inflow (outflow)		(1,207)	(341)	866
Net increase (decrease) in cash held		975	(6,351)	(7,326)
Cash at beginning of year		14,793	15,768	975
Cash at end of year	6.1.4	15,768	9,417	(6,351)
Represented by:				
Reserve cash and investments				
- Statutory		284	325	41
- Discretionary		590	828	238
- Working capital		14,894	8,264	(6,630)
	6.2	15,768	9,417	(6,351)

6.1.1 Operating Activities (\$7.41 M decrease)

The decreases in net cash inflows from operating activities are due mainly to expending \$1.75 M more on materials and consumables and receiving \$2.75 M less in capital grants and \$3.02 M less in operating grants than in the previous financial year. Long Service Leave investment of \$2.15 M previously recognised as 'Other Financial Assets' was also reclassified as 'Cash assets'. This is partially offset by a \$2.04 M increase in rates and charges.

6.1.2 Investing Activities (\$783,000 increase)

The \$783,000 increase in net payments for investing activities is due mainly to actual gross expenditure on capital being \$1.40 M greater than as it was for 2011/12. The 2012/13 capital expenditure includes expenditure to the value of \$2.13 M uncompleted capital projects being carried forward from the previous 2011/12 financial year. This outflow is partially offset by receiving more income of \$616,000 in capital sales compared with the previous year.

6.1.3 Financing activities (\$866,000 decrease)

Financing activities includes the principal component of loan repayments for the year as well as the interest costs. For 2011/12 the total of principal and interest repayments was \$1.21 M. Total principal and interest payments budgeted for 2012/13 is \$341,000.

6.1.4 Cash at End of the Year (\$6.35 M decrease)

Overall, total cash and investments are forecast to be \$6.35 M less than 2011/12. The opening cash position of \$15.77 M and contribution of cash from operating activities (\$8.09 M) has provided significant funds for both the investing (\$14.10 M) and financing activities (\$341,000). The cash is expected to be \$9.42 M as at 30 June 2013 which is significantly less than the previous year (\$15.77 M).

6.2 Reserve Cash, Investments and Working Capital

The Cash Flow Statement above indicates that Council is estimating that at 30 June 2013 it will have cash and investments of \$9.42 M, which has been earmarked as follows:

- **Working Capital (\$8.26 M)** - these funds are free of all specific Council commitments (after allowing for unexpended capital and grant funding) and represent funds available to meet daily cash flow requirements and unexpected short term needs. Council regards these funds as the absolute minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds. This level of working capital is required because 60% of Council's rate revenue is not received until February each year.
- **Statutory Purposes (\$325,000)** - Currently there is \$325,000 budgeted to statutory reserves for open space contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary Purposes (\$828,000)** –The following discretionary allocations have been quarantined to internal reserves. \$486,000 for the General reserve, \$25,000 for Corner Inlet Seawall Drainage, \$274,000 for caravan parks, and \$44,000 for Henry's Road Nyora.

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

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

7. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2012/13 year and the sources of funding for the budget.

7.1 Capital works

Capital Works Areas	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Variance \$'000
Works for 2012/13 *				
Roads	7.1.1	2,093	5,788	3,695
Footpaths	7.1.2	614	1,428	814
Kerb & Channel	7.1.3	116	81	(35)
Bridges	7.1.4	925	223	(702)
Drains & Culverts	7.1.5	120	199	79
Car parks	7.1.6	220	43	(177)
Other Structures	7.1.7	1,658	941	(717)
Buildings (including aquatic facilities)	7.1.8	3,217	1,464	(1,753)
Land	7.1.9	495	0	(495)
Plant & Machinery	7.1.10	3,476	3,959	483
Furniture & Equipment	7.1.11	1,231	1,438	207
Total capital works		14,165	15,564	1,399
Works for 2012/13 represented by:				
<i>Capital expenditure</i>				
New assets		4,433	2,692	(1,741)
Asset renewals		9,732	12,872	3,140
Total capital works		14,165	15,564	1,399
<i>Works carried forward</i>				
* Includes works carried forward from previous year	6.1.12	3,310	2,142	(1,178)

7.1.1 Roads (\$5.79 M)

For 2012/13 this includes reseals including preparation costs (\$2.31 M), Roads – Safe intersection program (\$119,000), Stanley Street Toora (\$115,000), Gray Street Leongatha (\$557,000), Anderson Street Leongatha – Entrance (\$24,000), Stony Creek Road Stony Creek (\$530,000), Kongwak Inverloch Road Kongwak (\$614,000), Princess Street Korumburra rehabilitation (\$212,000), Station Street Korumburra rehabilitation (\$530,000), Loch Wonthaggi Road Jeetho rehabilitation (\$25,000), John Street Korumburra rehabilitation (\$42,000), Dollar Road Dumbalk (\$285,000), Nason Street Korumburra (\$21,000), Bridge Street Korumburra (\$194,000) as well as capital works design (\$212,000).

7.1.2 Footpaths (\$1.43 M)

For 2012/13 this includes Toora Road Foster (\$73,000), footpath renewal program (\$252,000), Anderson Street Leongatha (\$102,000), Grandridge West Road Mirboo North (118,000), Great Southern Rail Trail (\$440,000), Ranceby Road Poowong (\$30,000), Stanley St Toora (\$77,000), Foster Streetscape (\$5,000) and the Venus Bay footpath (\$331,000).

7.1.3 Kerb & Channel (\$81,000)

For 2012/13 this includes Foster Streetscape (\$5,000) and Stanley Street Toora (\$76,000).

7.1.4 Bridges (\$223,000)

For 2012/13 \$223,000 will be expended on major repairs bridges.

7.1.5 Drains & Culverts (\$199,000)

For 2012/13 this includes Culvert Mirboo Road Mirboo (\$76,000), Foster Streetscape drainage (\$2,000), Stanley Street Toora (\$77,000) and drainage rehabilitation program (\$45,000).

7.1.6 Car Parks (43,000)

For 2012/13 this includes Foster Streetscape (\$5,000) and Stanley Street Toora (\$38,000).

7.1.7 Other Structures (\$941,000)

For 2012/13 this includes Coal Creek projects (\$205,000), Transfer Station (\$179,000), Construction of Cell 3 Koonwarra (\$95,000), Guard rails at Fullers Road Foster (\$34,000), Guard rails at Carmodys Road Leongatha (\$34,000), Guard rails at Lower Franklin Road Foster (\$34,000), Guard rails at Whitelaw's Track Leongatha South (\$34,000), Playgrounds replacement program (\$151,000), and Sports Recreation Victoria projects (\$174,000).

7.1.8 Buildings (\$1.46 M)

For 2012/13 this includes Office Accommodation (\$444,000), Korumburra Child Care Hub (\$265,000), refurbish toilets at Michael Place Leongatha (\$200,000), Splash Hydrotherapy

/ Multi Purpose room (\$133,000), Pools design (\$21,000) Site shed at Foster (\$64,000), replace sand filter Foster Pool (\$55,000), replace pool deck Mirboo North (\$14,000) replace chemical shed Toora Pool (\$175,000) and Korumburra Kinder Extension (\$93,000).

7.1.9 Land (Nil)

For 2012/13 no funds have been allocated to sundry land purchases.

7.1.10 Plant & Equipment (\$3.96 M)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$3.96 M).

7.1.11 Office Furniture & Equipment (\$1.44 M)

For 2012/13 there is an allocation for computer related equipment and software (\$1.44 M).

7.1.12 Carried forward works (2.14 M)

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 etc. It is forecast that Online Induction software (\$30,000), Grants software (\$12,000), Compliance software (\$15,000), Governance software (\$42,000), Personal computer hardware (\$88,000), Network infrastructure (\$289,000), Coal Creek capital projects (\$99,000), Foster Streetscape (\$16,000), Great Southern Rail Trail (\$10,000), Stanley Street Toora (\$383,000), Asset management (\$88,000), Office accommodation (\$120,000), Korumburra Kinder extension (\$93,000), Plant and fleet purchases (\$187,000), Procurement project (\$80,000), Flood prevention drainage works Jay Rd (\$96,000), Korumburra Childcare Hub (\$111,000), Splash Hydrotherapy Pool / Multipurpose room (\$133,000), Venus Bay footpath (\$121,000), Mirboo North replace pool deck (\$14,000), Anderson Street Leongatha (\$24,000), Loch Wonthaggi Road Jeetho rehabilitation (\$25,000) and Mossvale flood recovery project (\$76,000). These costs are included in the above described capital works areas as appropriate.

7.2 Funding Sources

Sources of Funding	Reference	Forecast Actual 2011/12 \$'000	Budget 2012/13 \$'000	Variance \$'000
<i>External</i>				
Grants and contributions	7.2.1	4,389	1,636	(2,753)
Borrowings	7.2.2	0	0	0
Proceeds on sale of assets	7.2.3	852	1,468	616
Sub total		5,241	3,104	(2,137)
<i>Internal</i>				
Operations	7.2.4	5,614	6,110	496
Working Capital & Reserves	7.2.5	3,310	6,350	3,040
Sub total		8,924	12,460	3,536
Total funding sources		14,165	15,564	1,399

7.2.1 Grants and contributions (\$2.75 M decrease)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The decrease is due to receiving significantly less capital grants for capital works in 2012/13 than the previous financial year.

Capital grants and contributions are expected in 2012/13 for Roads to Recovery projects (\$1.64 M).

7.2.2 Borrowing (nil movement)

There are no borrowing's budgeted for in the 2012/13 financial year.

7.2.3 Proceeds from sale of assets (\$616,000 increase)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$335,000 for plant sales, \$713,000 for vehicle sales and general land sales of \$420,000.

7.2.4 Operations (\$496,000 increase)

During the year Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$6.11 M will be generated from operations to fund the 2012/13 capital works program (after allowing for capital grants and contributions as discussed in Section 7.2.1). Refer section 6. ‘Analysis of Budgeted Cash Position’ for more information on funds from operations.

1.2.5 Working Capital & Reserves (\$3.04 M increase)

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

It is forecast that \$6.35 M working capital will be available from the 2011/12 year to fund the 2012/13 capital works program.

8. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2011/12 and 2012/13.

1.1 Budgeted Balance sheet

	Reference	Forecast Actual 30 Jun 12	Budget 30 Jun 13	Variance
		\$'000	\$'000	\$'000
Current				
Assets	8.1.1	19,628	13,367	(6,361)
Liabilities	8.1.2	(8,147)	(7,954)	193
Net current assets		11,481	5,313	(6,168)
Non Current				
Assets	8.1.3	480,190	490,674	10,484
Liabilities	8.1.4	(516)	(468)	48
Net non current assets		479,674	490,206	10,532
Net assets		491,155	495,519	4,364
Equity				
Accumulated surplus		193,133	193,560	427
Reserves		298,022	301,959	3,937
Total equity	8.1.5	491,155	495,519	4,364

1.1.1 Current Assets (\$6.36 M decrease)

The current assets are projected to be less than 2011/12, the main contributor being a \$6.35 M reduction in the cash position. A more detailed analysis of this change is included in section 6, 'Analysis of Budgeted Cash Position'. Rate and other debtors are not expected to change significantly.

1.1.2 Current Liabilities (\$193,000 decrease)

There is a decrease of \$193,000 in current liabilities (that is, obligations that Council must pay within the next 12 months). This is predominantly due to reduced current liability loan obligations. A more detailed analysis of loan obligations is included in section 13, 'Borrowing Strategy'.

1.1.3 Non current assets (\$10.48 M increase)

The increase in non-current assets is due to the net result of the capital works program (\$15.56 M), revaluation of infrastructure assets (\$3.66 M), gifted and donated assets (\$1.24 M), the depreciation of all non-current assets with the exception of land (\$9.14 M) and the written down value of property, plant and equipment sales (\$841,000).

1.1.4 Non current liabilities (\$48,000 decrease)

The decrease in movements in non-current liabilities is due primarily to reclassifying a portion of interest bearing liabilities (\$134,000) from non current to current liability. The increased provisions made for employee entitlements (\$86,000) produces a partial offset.

1.1.5 Equity (\$4.36 M increase)

The increase in the accumulated surplus is impacted by the forecast operating surplus of \$4.36 M after allowing for capital grants of \$1.64 M, \$1.24 M donated and granted assets and \$3.66 M in infrastructure assets revaluation increments.

In addition to this overall change in Equity, \$247,000 will be transferred from the accumulated surplus to internal reserves. This reflects the allocation of funds from Open Space Contributions to the internal reserve (\$23,000), allocations to the General reserve (\$147,000) and to the Caravan Park reserve (\$77,000). Further inflation adjustment transfers are scheduled to be made for Open Space Contributions (\$17,000), Corner Inlet Drainage (\$1,000), Henry's Road Nyora (\$2,000), and Caravan Parks (\$11,000).

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

1.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2013 it was necessary to make a number of assumptions about key assets, liabilities and equity balances. The key assumptions are as follows:

- The collection level of rates and charges that will be collected in 2012/13 will be at similar levels to that of previous years;
- Trade creditors and other creditors and debtors to remain consistent with 2011/12 levels;
- Proceeds from the sale of property in 2012/13 will be received in full in 2012/13;
- 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 \$317,000;
- Total capital expenditure to be \$15.56 M;
- A total net \$279,000 to be transferred from accumulated surplus to internal reserves; and
- \$1.64 M in capital grants will in fact be received by 30 June 2013.

9. Long Term Financial Plan

9.1.1 Long Term Financial Plan and the concept of sound financial management

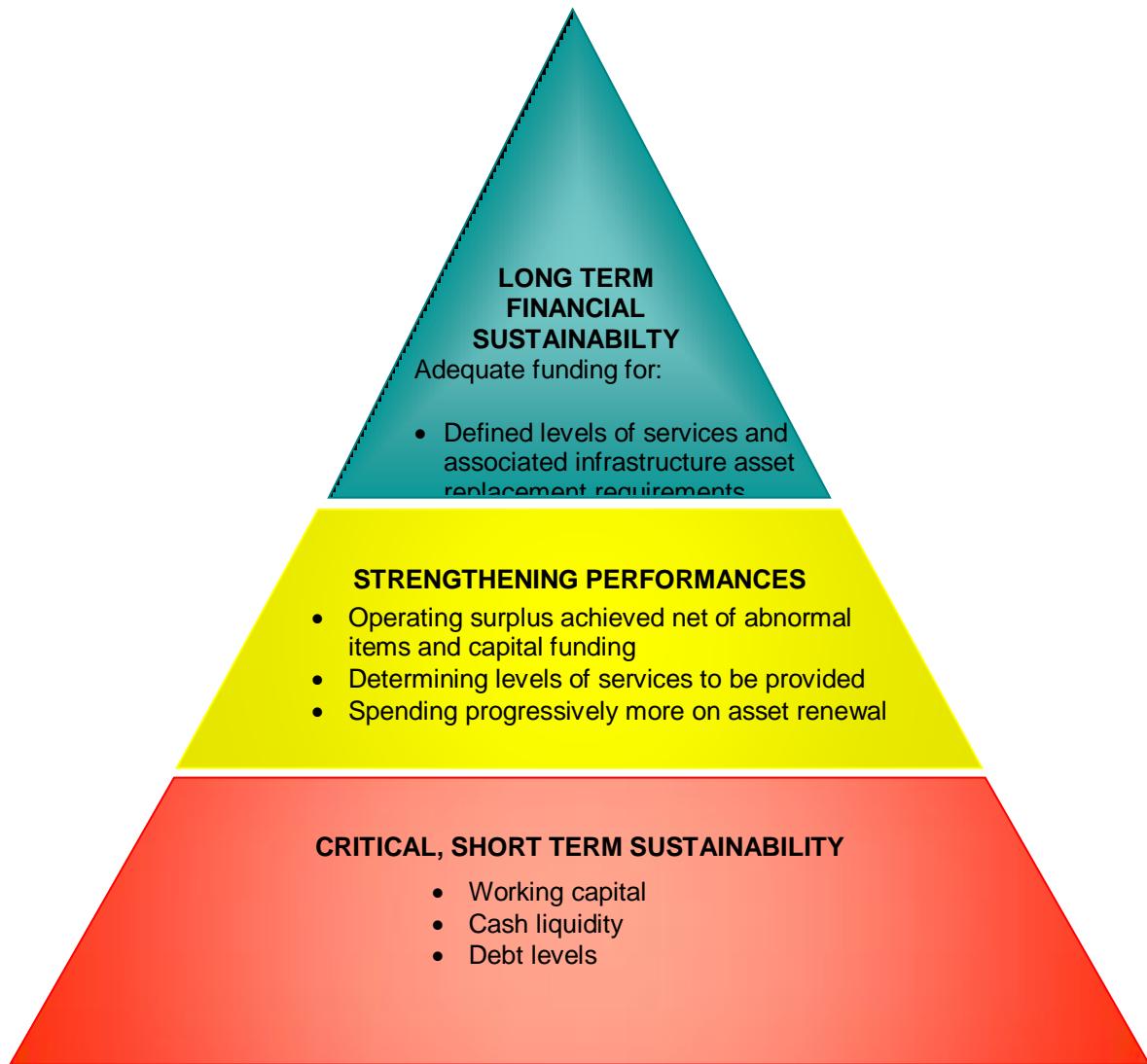
Council is required by the Local Government Act 1989 to prepare a Strategic Resource Plan covering both financial and non-financial resources, for at least the next four financial years to support the Council Plan. The Act also requires Council to comply with the following *Principles of Sound Financial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

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

A high level 10 year Long Term Financial Plan was first developed by Council in 2003. This Long Term Financial Plan for the years 2012/13 to 2026/27 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 that sits within a longer term framework.

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

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



The bottom tier's financial objective 'Critical Short Term Sustainability' relates to issues of liquidity, debt ratios and working capital, which are fundamental to good business planning. In order for Council to operate successfully, it is essential that these 'fundamentals' are both understood and adhered to. Council commenced strategic financial management practices in 2003/04. In that year, the Long Term Financial Strategy, the Long Term Financial Plan and the resulting 2003/04 Annual Budget focussed on and addressed these fundamental issues.

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

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

It is vitally important to define and then consistently achieve planned operational and financial outcomes, before seriously beginning to attempt to address the ultimate third tier goal of ‘Long Term Financial Sustainability’. This is achieved when adequate funding is being provided in current and forward budgets for a defined level of services, including associated infrastructure asset requirements, which the community is satisfied with and prepared to pay for.

9.2 Key Financial Strategies

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

- 1 Target consistent underlying surpluses that provide sufficient funds for both recurrent service level and asset renewal and upgrade requirements
- 2 Target the Balance Sheet having at least a 1.5 to 1 underlying working capital ratio in the Long Term Financial Plan.
- 3 Transfers to discretionary reserves for future capital expenses 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 quarantined and allocated to a general reserve (unless required to finance projects deemed as ‘unavoidable’) that can be used as a funding source for future one off, unexpected or unavoidable costs.
- 5 Annual transfers of equivalent to 0.5% of rate income be made to the general reserve and to target increasing the annual transfer to be equivalent to 1% of rate income to the general reserve in the later years of the Long Term Financial Plan.
- 6 Annual transfers equivalent to the average interest earned on investments earned during the financial year be made to the following reserves; - Public Open Space, Car Parking, Corner Inlet Seawall Drainage and Henry Road Nyora Reserve.
- 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 Services impacted by the carbon price must identify cost impacts and incorporate cost implications (both expenditure and revenue streams) into the Long Term Financial Plan.

- 10 A series of key financial performance indicators, with appropriate threshold targets, will be utilised to strategically analyse the financial integrity of the Plan. These include:
 - underlying working capital ratio – greater than 1.5;
 - underlying result – greater than 0.0;
 - financial sustainability indicator – greater than 95%;
 - self financing greater than 20%;
 - indebtedness – less than 40%;
 - total debt as a % of rate revenue – less than 60%; and
 - debt service costs as a % of total revenue – less than 5%.
- 11 Capital expenditure on asset renewal and upgrade projects be given priority over capital expenditure on new assets (extensions) until the sustainability index (Capital renewal and upgrade expenditure as a percentage of depreciation) consistently exceeds 95%.
- 12 Any new capital work (capital extension) proposals must include a lifecycle cost evaluation that identifies the asset's construction, maintenance and operating cash flow requirements as well as the depreciation impact.
- 13 Capital income must only be utilised as a funding source for capital expenditure requirements.
- 14 Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.
- 15 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.
- 16 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 consideration.

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.

9.3 Budgeting Methodology for the Long Term Financial Plan

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

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

Although it is broadly acknowledged that the world is now in a recovery phase. Australia did not fair too badly in relative terms but it needs to be noted that economically speaking, the world situation is still somewhat fragile. There are real sovereign debt concerns in Europe and growing concerns with the United States of America's credit rating.

Similarly from a Council perspective, there was great concern about the potential likelihood of all councils to contribute to unfunded defined superannuation contributions. In early 2011 there was a call for all Victorian councils to make contributions to the defined benefits unfunded liabilities. South Gippsland Shire Council's share was \$850,000. A further actuarial assessment was scheduled to occur in December 2011 and more likely than not, a call for unfunded contributions will again occur in the 2013/14 year.

Council's strategic response includes the following:

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

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

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

CommSec forecasts that inflation will be 2.6% for 2012/13, and marginally increasing in the following financial year to 2.7%.

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 2012/13. In the following years, the default inflation index in the Long Term Financial Plan has been modelled to remain at 2.5% per annum.

Aside from the obvious cost impact on electricity costs of the carbon tax that becomes effective 1 July 2013 no increased costs have been factored into the 2012/13 and forward budgets. This is due to the uncertainty of trying to identify the actual cost impact. As the carbon pricing actually crystallises in 2012/13 the forward budgets if required, will be adjusted accordingly.

Program service delivery areas that include construction type projects will have a tendency to have costs that increase more than CPI. For the 2012/13 financial year the Economic Data and Policy Development Unit of Municipal Association of Victoria estimated the Local Government Cost Index to be 3.90%.

The forward budgets, in some instances can be particularly challenging in that expenses have generally been adjusted at less than the Local Government Cost Index projections as well as Consumer Price Index forecasts. It is expected that productivity gains will be required over the coming years to offset the resulting cost pressures.

In previous years, there was a tendency for actual costs incurred to be significantly less than what had actually been budgeted. In more recent years the expenditure incurred has in fact tracked closer to budgeted costs.

CommSec Wages Prices Index project a 3.9% movement to occur in 2012/13 and then to increase to 4.0% in following years. Past wage movements granted to Council employees have had a very close parity with the Wages Prices Index.

The employee costs for 2012/13 and forward budgets have been adjusted to take into account Enterprise Agreement wage movements.

The overall rates and charges rises are projected to increase by 4.85% for 2012/13. The following years overall rates and charges rises are projected to be 4.81% in 2013/14 and 2014/15. It is then set to increase to around 5.30% in the following 3 years. From 2018/19 onwards, rate rises are projected to reduce to 4.84%. The objective is to smooth the rises over the future years in the Long Term Financial Plan.

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

The modelling has only allowed, in a very limited manner, a growth inflator for income and associated costs to cater for increased population growth. It is planned to build more sophisticated modelling into future Long Term Financial Plans when service level / expectations have been clearly defined and appropriate data bases are available that provide more reliable future growth projection information.

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

The 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 6% per annum, being the estimated increase applicable to infrastructure project costs by Council's Engineering Services Directorate. In the later years of the Long Term Financial Plan there are pools of funds allocated for various asset classes.

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

9.4 Key Financial Performance Indicators

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

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

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

Financial Performance

Underlying result

Adjusted net surplus / underlying revenue		
Adjusted net surplus is underlying revenue less expenses		
Underlying revenue does not include developer contributions and capital grants.		
Measures strength of financial result		
Indicator	Range	Comment
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

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

Funding Capacity

Self-financing

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

Sustainability Index

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

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

Borrowing capacity

Indebtedness

Non current liabilities / own sourced revenue		
Non current liabilities as per Balance Sheet		
Own sourced revenue does not include operational and capital grants and contributions		
Measures ability to cover long term liabilities from own revenue		
Indicator	Range	Comment
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.

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

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

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

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Financial performance															
Underlying result	-4.34%	5.27%	3.80%	1.67%	2.59%	2.74%	3.22%	3.06%	-0.87%	2.83%	2.16%	2.03%	1.13%	1.72%	1.49%
Underlying Working Capital	1.52	1.64	1.46	1.59	1.48	1.62	1.68	1.82	1.58	1.42	1.48	1.51	1.52	1.52	1.57
Funding capacity															
Self-financing	15.65%	27.11%	28.87%	24.83%	25.95%	26.21%	27.23%	27.26%	25.59%	27.91%	28.13%	28.19%	28.17%	28.79%	29.64%
Sustainability Index	112%	118%	157%	107%	132%	111%	115%	106%	105%	127%	110%	110%	106%	108%	106%
Borrowing capacity															
Indebtedness	1.22%	1.33%	1.39%	1.46%	1.51%	2.03%	2.51%	2.96%	3.35%	3.74%	4.08%	4.30%	4.67%	4.92%	5.14%
Total Debt as a % of Rate revenue	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

The 'Underlying Result' compares recurrent income and recurrent expenditure. It is forecast to be in the yellow zone in both 2012/13 and 2020/21. This does not present as a strategic concern. The financial indicator has been distorted by having to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. This mismatch of timing of receiving income and incurring expenditure distorts the operating result of the two financial years.

The ‘Underlying Working Capital’ assesses Balance Sheet strength and in particular Council’s ability to pay existing liabilities. In the forward plan the ratio falls below the strategic target of 1.50 to 1 in four years. Although it does not present as an immediate financial concern it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in the future.

The long term financial plan has modelled that Council will only receive three quarters of the annual Victoria Grants Commission allocation in both 2012/13 and 2020/21. (5 quarters was paid in 2008/09 and in 2011/12).

There is a very real likelihood that Council will only receive two quarters (50%) Victoria Grants Commission allocation in 2012/13. This would have the effect of bringing back into line the advance payment of both the additional quarter payments made in 2008/09 and just now in 2011/12. If that is the case the 2011/12 budget projections and 2020/21 budgets will have to be adjusted accordingly. The impact would be that the underlying working capital ratio will decrease below the strategic target of 1.50 to 1 for the next seven financial years including 2012/13. (It would range from 1.20 – 1.40 to 1).

This does not necessarily mean that Council have any immediate sustainability issues but rather, denotes that we need to be cautious. The real immediate flow on implication is that we would have significantly less financial capacity to consider when we are advised of our unfunded defined benefits in the coming months. Again unfortunately this unavoidable cost may be very significant.

The ‘Self financing’ indicator compares net operating cash flows to underlying revenue and capital grants. This indicator is also distorted by the mistiming of grant revenues being brought to account in different financial years.

The key financial performance indicators in the Long Term Financial Plan serve as very important lead indicators to identify future years’ financial ramifications of decisions that are made in the present period. Longer term, the trend is positive.

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

<u>2011/12 Original Budget</u>	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Financial performance															
Underlying result	-0.27%	-0.14%	0.01%	0.07%	0.49%	0.58%	0.56%	0.34%	-3.36%						
Underlying Working Capital	2.30	2.50	2.36	2.40	2.38	2.30	2.21	2.09	1.68						
Funding capacity															
Self-financing	24.19%	25.24%	28.57%	24.40%	25.37%	25.84%	26.63%	26.67%	25.03%						
Sustainability Index	98%	109%	150%	107%	112%	116%	114%	115%	110%						
Borrowing capacity															
Indebtedness	1.98%	2.39%	2.78%	3.09%	3.40%	3.67%	3.93%	4.16%	4.38%						
Total Debt as a % of Rate revenue	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
Debt servicing costs as a % of Total revenue	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						

The table below shows the variance between the two plans.

<u>Variation of Proposed to Original Budget</u>	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Financial performance															
Underlying result	-4.08%	5.42%	3.80%	1.61%	2.10%	2.17%	2.67%	2.73%	2.48%						
Underlying Working Capital	(0.78)	(0.86)	(0.90)	(0.81)	(0.90)	(0.69)	(0.53)	(0.28)	(0.10)						
Funding capacity															
Self-financing	-3.51%	1.92%	0.35%	0.48%	0.63%	0.42%	0.65%	0.64%	0.61%						
Sustainability Index	14.20%	9.87%	7.91%	-0.54%	19.53%	-4.98%	0.93%	-8.32%	-4.81%						
Borrowing capacity															
Indebtedness	-0.76%	-1.06%	-1.38%	-1.63%	-1.88%	-1.63%	-1.41%	-1.20%	-1.03%						
Total Debt as a % of Rate revenue	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
Debt servicing costs as a % of Total revenue	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						

Overall, the proposed plan for 2012/13 has parity with the previous year's plan. The underlying working capital is weaker than the previous year's financial plan. Contributing factors for this include an unfavourable financial outcome relative to what was projected for 2010/11, strategic purchase of Depot land and unavoidable costs incurred for landfill management. The marginal weakening of sustainability index in some forward years shows that some 'renewal' and 'upgrade' funds are now being redirected to 'new' capital works.

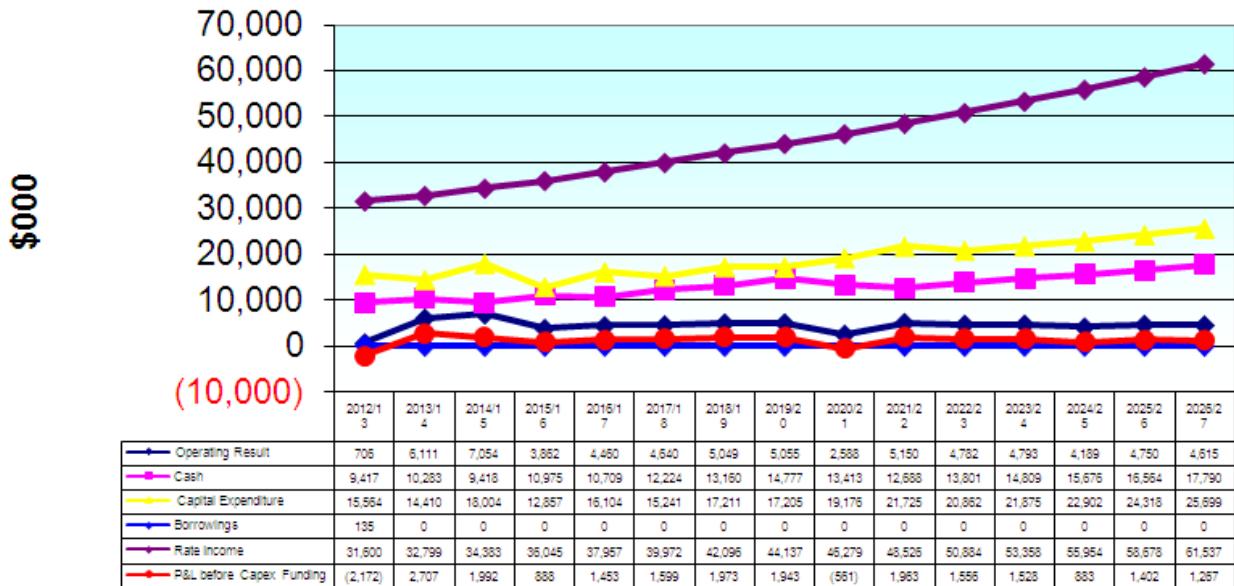
The following financial indicators are used as measures for the 2012/13 Financial Key Strategic Activity (KSA).

- Indebtedness 1.22%;
- Underlying working capital ratio 1.52;
- Self financing 15.65%;
- Investment gap 1.12; and
- Underlying result -4.34.

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

The following graph shows six trend line indicators over a period of 15 financial years as set out in the Long Term Financial Plan budgets.

Long Term Projections Model



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

10.1 Introduction

South Gippsland Shire Council has been producing strategic financial plans over the past eight years. The following graphs benchmark the current 2012/13 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

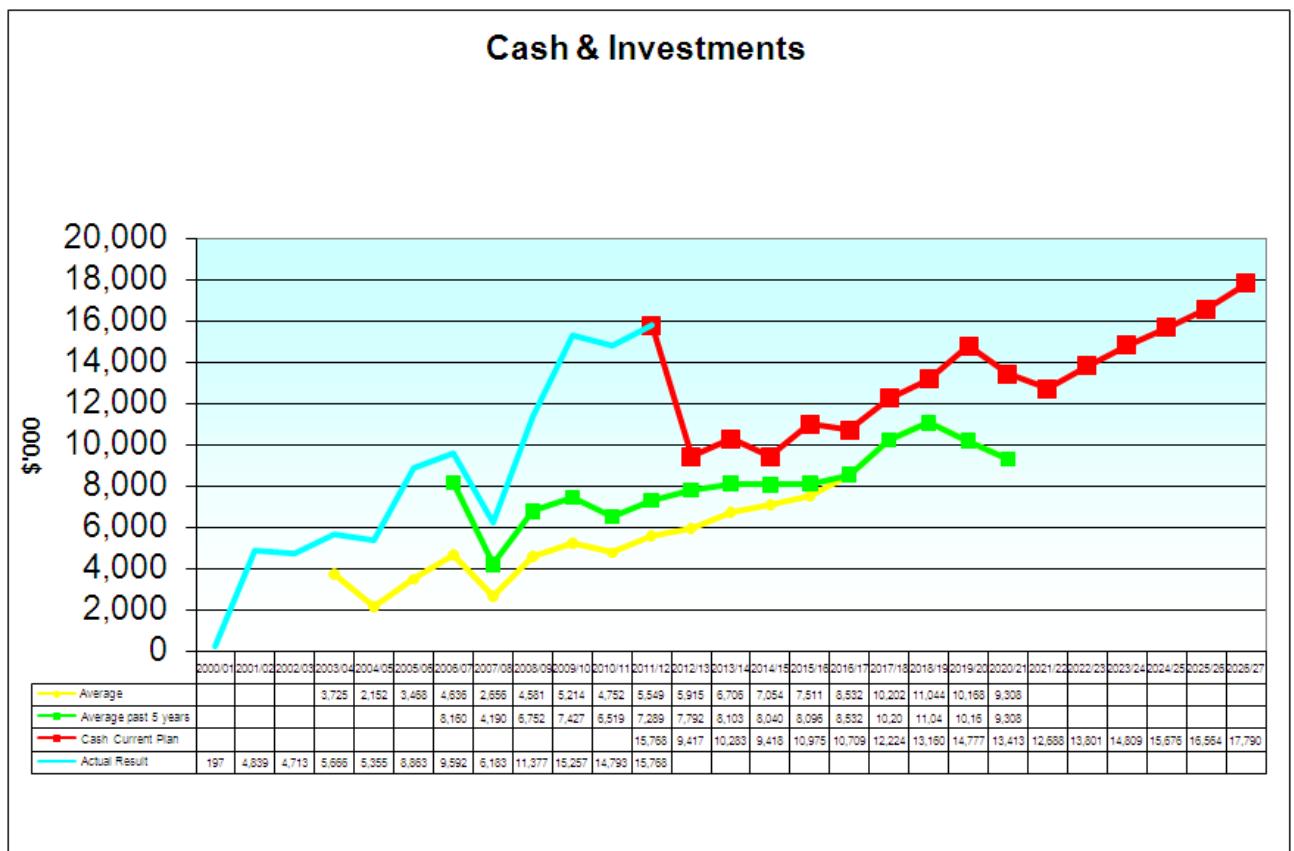
Average (yellow line) Average of previous 9 years Long Term Financial Plans.

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

Current Plan (red line) 2012/13 Long Term Financial Plan.

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

10.1.1 Liquidity



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

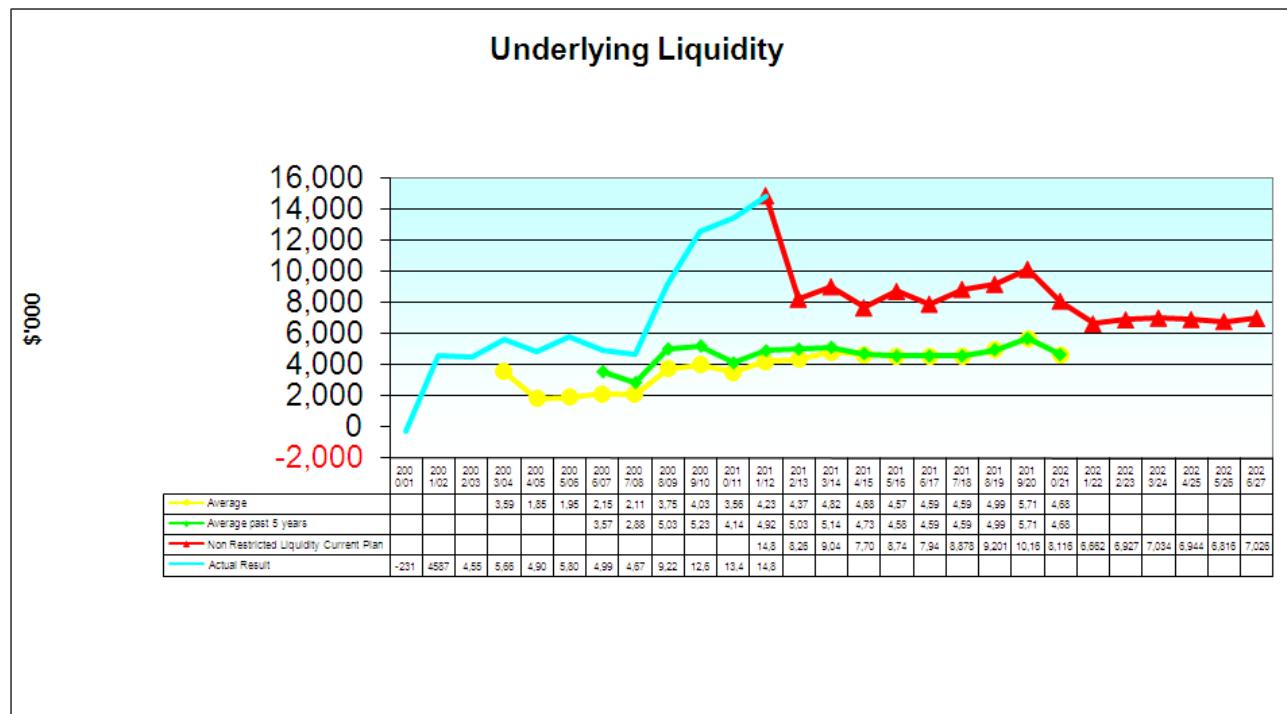
The spike in cash in the immediate following years was due to a combination of receiving 'new' grant funds at year end, advanced payment of first quarter Victoria Grants

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

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

The overall cash position in the forward years in the current plan is stronger than the average of previous plans because the internal reserves are now fully cash backed and long service leave funds are recorded as cash. In past years' financial plans the reserves were notionally expensed in the forward years capital works program. There was also a previous legislative requirement to separately account for long service leave funds (previously classified as a financial asset).

10.1.2 Underlying Liquidity



The underlying liquidity does not include funds that have been set aside in internal reserves. This gives a truer picture of Council's unencumbered financial capacity.

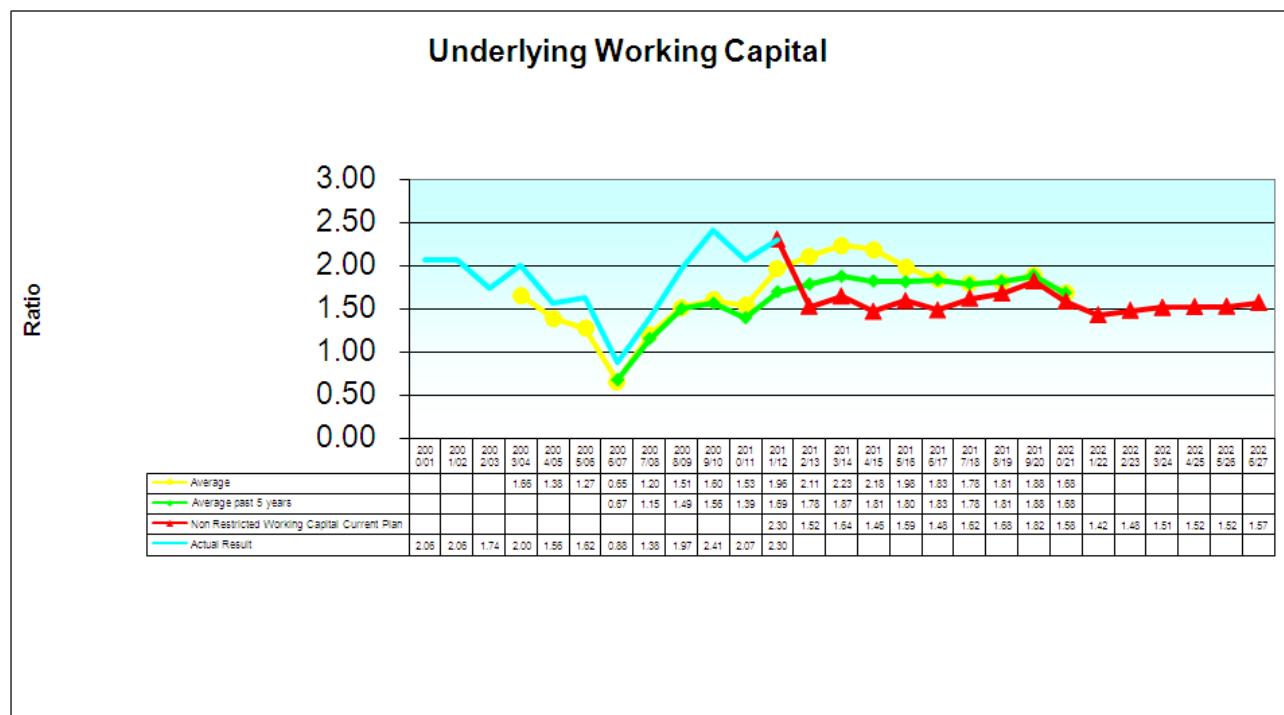
Actual financial outcomes have consistently been stronger than what had been originally planned. This is mainly due to actual costs incurred being less than what was originally budgeted as well as due to receiving 'new' grant funds at year end, advanced payment of first quarter Victoria Grants Commission allocations and not completing current work programs within the financial year..

The current plan also shows favourable cash projections relative to past plans. This is predominantly due to long service leave funds (\$2.0 M) being reclassified from a 'financial asset' to 'cash'. Another contributor is the inherent volatile fluctuating relationship between accounts receivable, accounts payable and cash. That is why it is so important to always

assess the underlying liquidity position in conjunction with the underlying working capital ratio.

The underlying liquidity position is referenced against the underlying working capital position of Council. In the longer term as the overall Balance Sheet strength increases, the cash can and will be released to fund service and infrastructure asset replacement requirements without compromising the integrity of the Long Term Financial Plan.

10.1.3 Underlying Working Capital



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

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

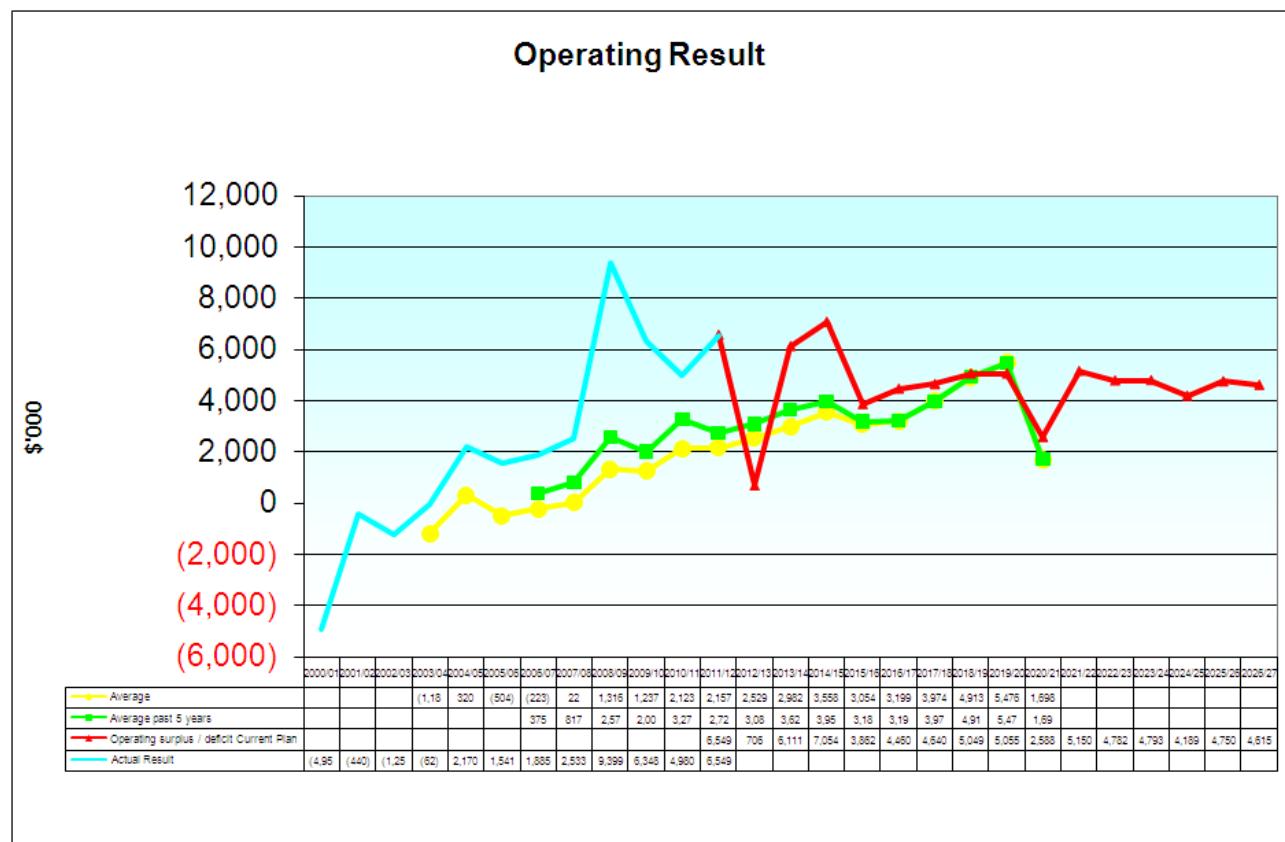
The current financial plan's underlying working capital is weaker than the previous plans. In the forward plan the ratio falls below the strategic target of 1.50 to 1 in four years. Contributing factors for this include an unfavourable financial outcome relative to what was projected for 2010/11, strategic purchase of Depot land and unavoidable costs incurred for landfill management.

Although it does not present as an immediate financial concern, it does indicate that Council has less financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise in the future

The dip in 2020/21 is where it has been modelled that Council will only receive 3 quarters of Victoria Grants Commission allocations (Council received 5 quarters in 2008/09 and

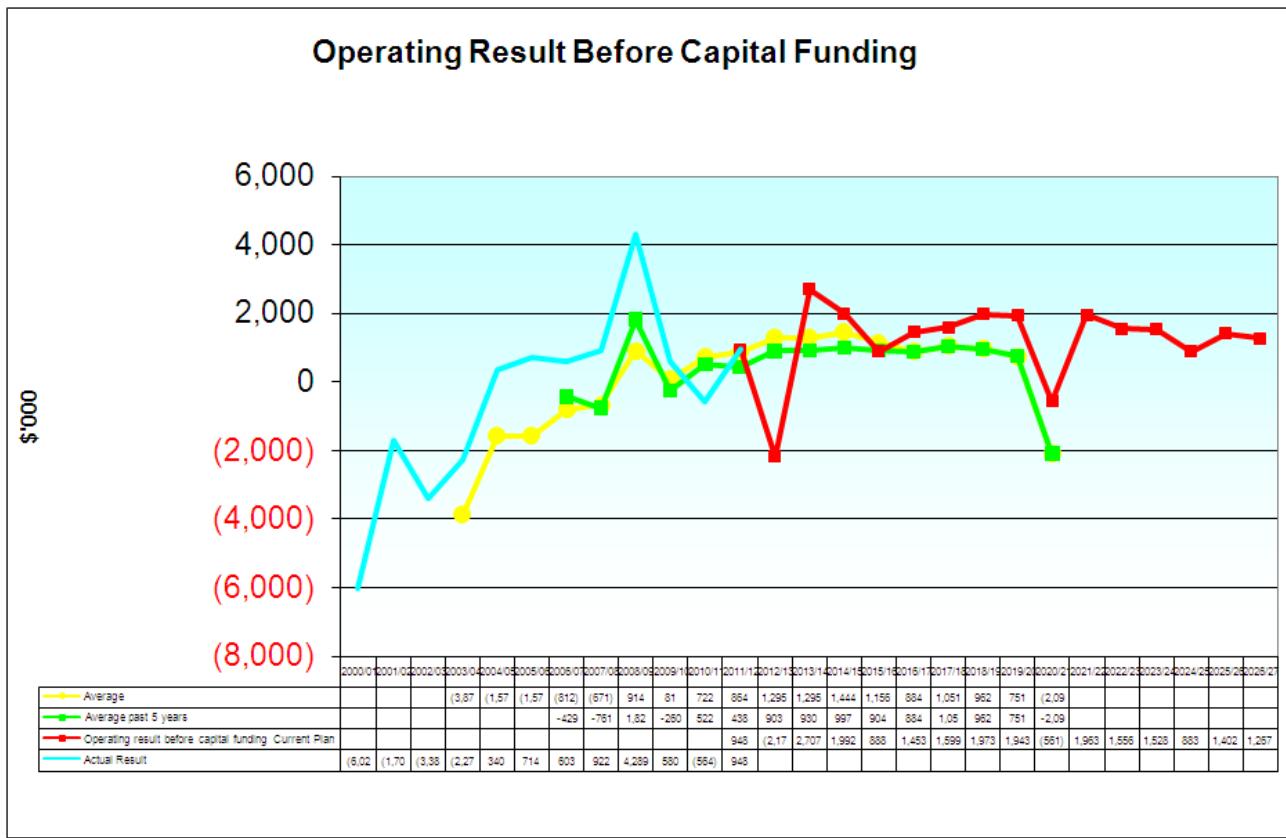
2011/12). The current plan shows it flattening out in line with strategic target ratio of 1.5 to 1.

10.1.4 Income Statement



The operating result (sometimes referred to as the bottom line or headline result) in the current plan maintains general parity with previous years plans. The actual results achieved relative to the previous plans are also overall favourable. The spike in the operating result for 2008/09 is due to accounting standard requirement to recognise revenue when it obtains 'control' rather than 'receipt' of grant funds. The spike in 2014/15 is as a result of expecting additional capital grant income in that year. The dip in both 2012/13 and 2020/21 are where it has been modelled that we will only receive 3 quarters of Victoria Grants Commission allocations (we received 5 quarters in 2008/09 and in 2011/12).

The strategic intent of moving from deficit results to surplus results is very evident. The current plan maintains parity with previous plans.



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.

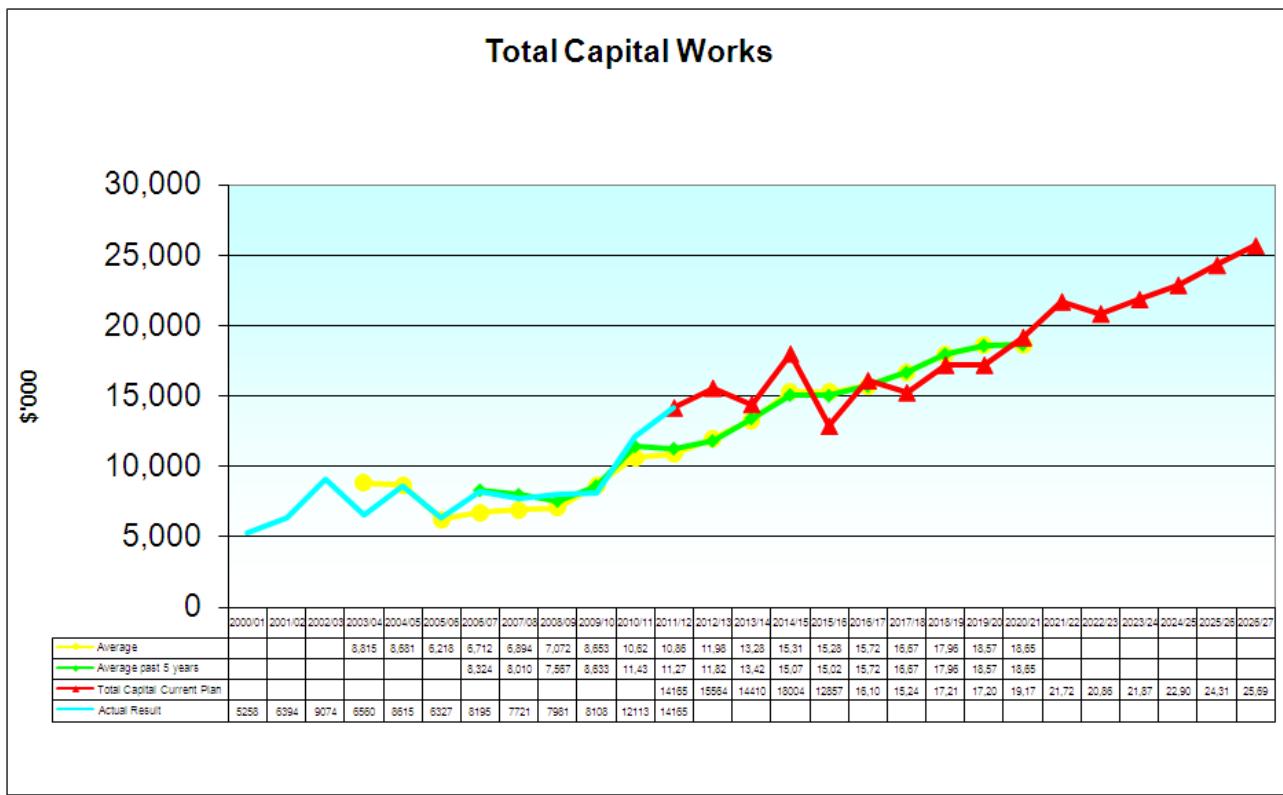
The spike in the actual underlying operating result for 2008/09 is due to accounting standard requirement to recognise revenue when it obtains ‘control’ rather than ‘receipt’ of grant funds.

The dip in the actual underlying operating result for 2010/11 is attributable to a combination of additional employee and depreciation costs, expenditure incurred for grants that were recognised as income a year earlier as well as funds carried forward for projects that will not be completed by the previous financial year end.

The dip in 2012/13 and 2020/21 forward budget projections is where it has been modelled that Council will only receive 3 quarters of Victoria Grants Commission allocations (Council received 5 quarters in 2008/09 and 2011/12). This does not present as a strategic concern.

Very importantly, longer term marginal but consistent underlying surplus projections are being projected to occur. It can also be noted that the underling result in later years of the current plan maintains parity past financial plans.

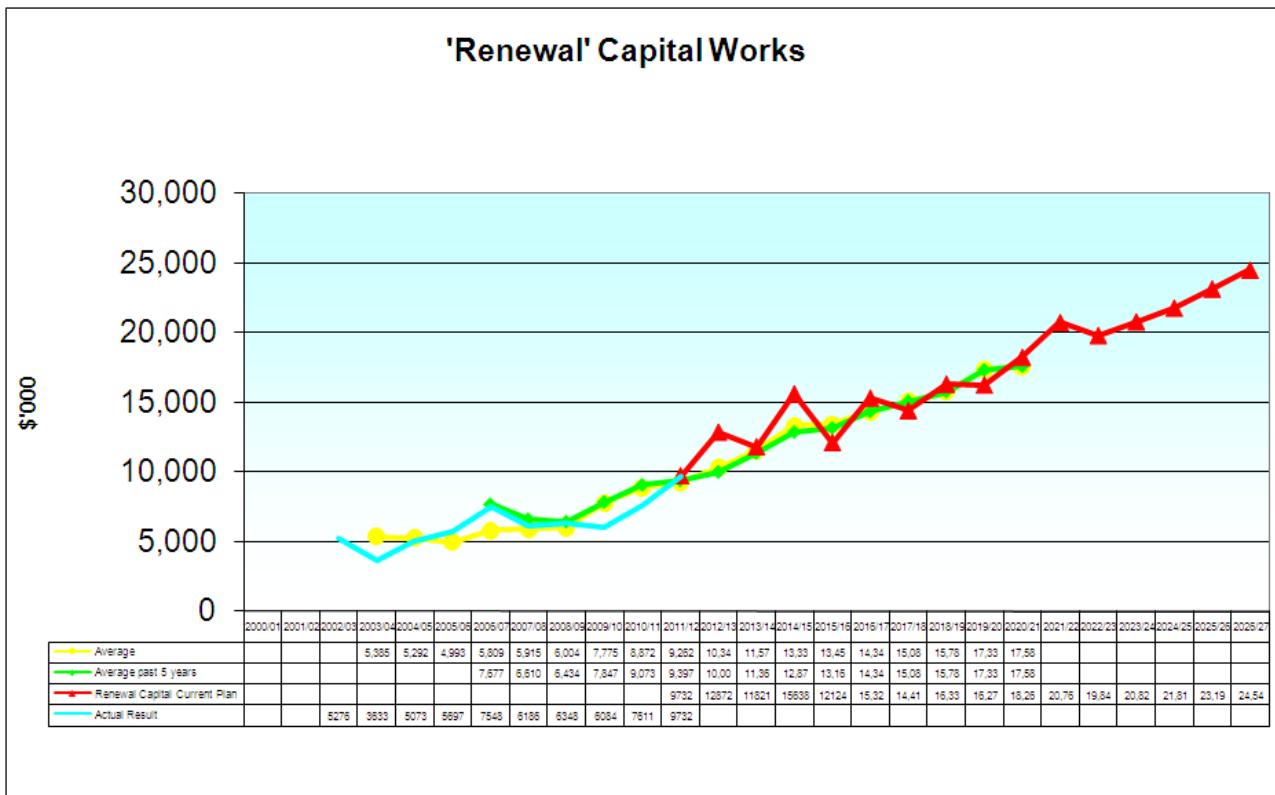
10.1.5 Capital Works program



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

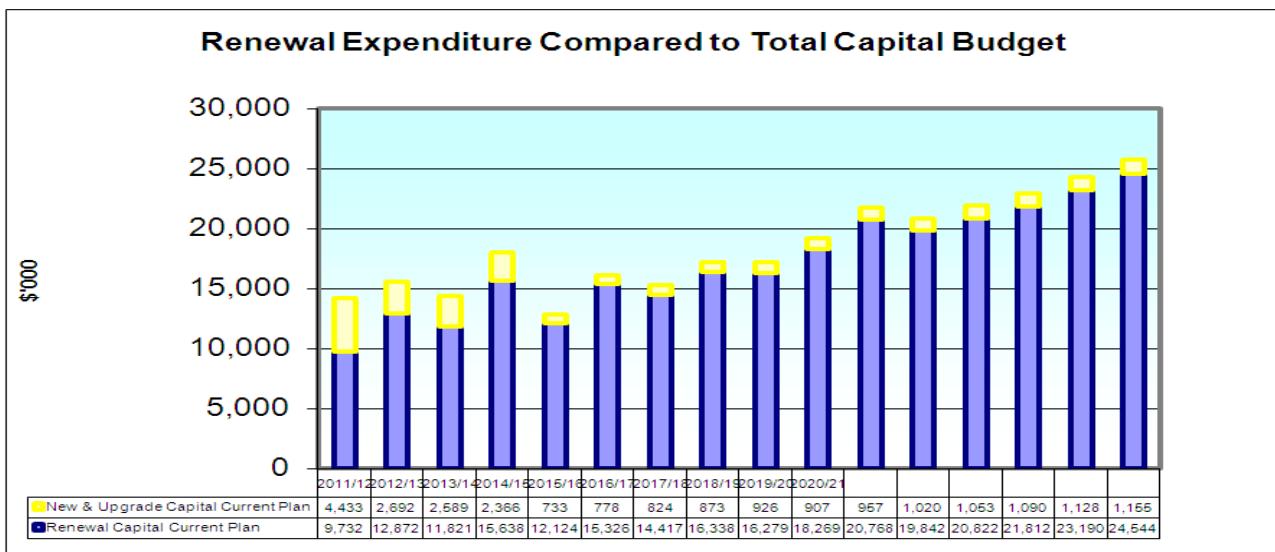
The spike in 2010/11 is as a result of receiving one-off capital grant funds for Corner Inlet Integrated Childcare Hub project as well as the Sandy Point Community Centre and funding being carried forward from 2009/10 for unfinished projects. The spike in 2014/15 is as a result of anticipating receipt of capital funding for the Korumburra Child Care Centre Hub. This funding is unconfirmed.

In the later years the reduced expenditure relative to the previous plans is as a result of backing out of the forward capital works programs ‘notionally’ expensed internal reserves funds.

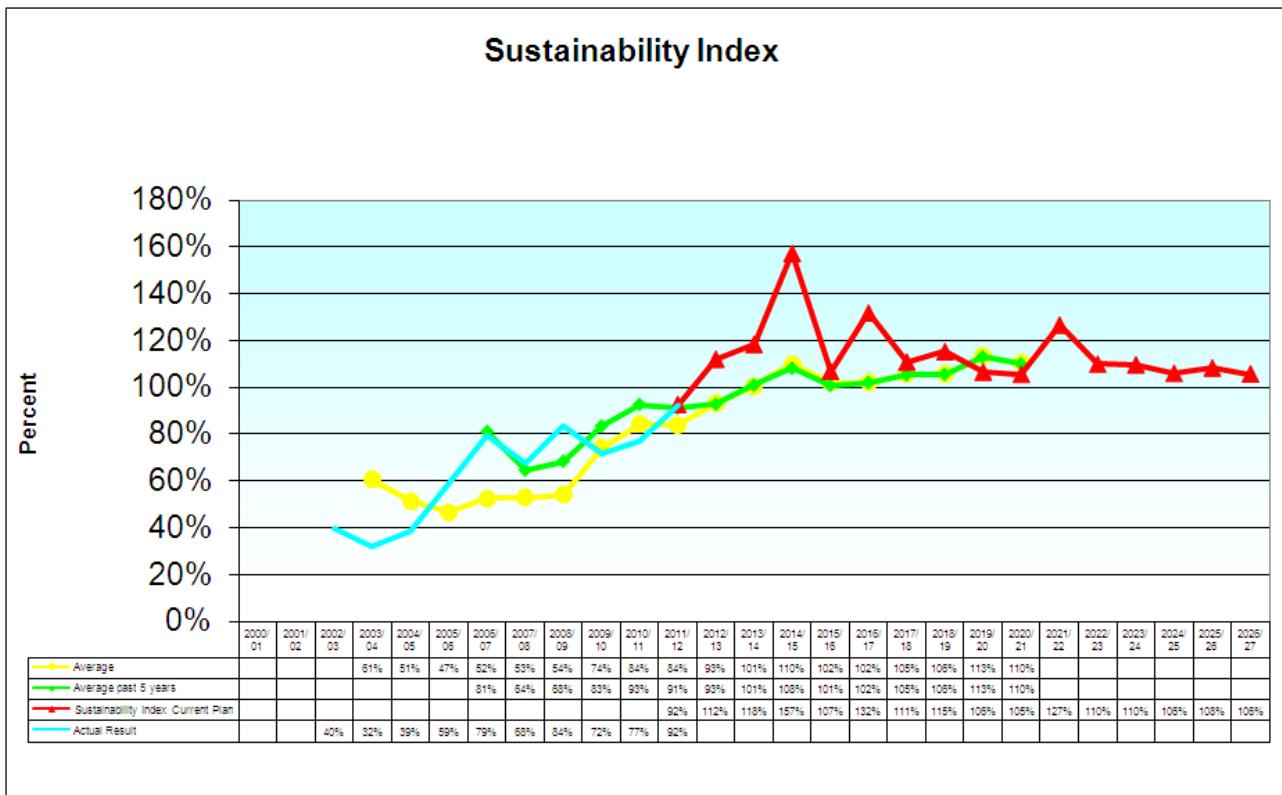


Renewal Capital Works is capital expenditure in renewing assets (rebuilding the road). Capital upgrades (making the road wider) and new and capital extension works (making the road longer) are not included.

The funding allocation for renewal capital works in forward budgets has maintains parity with previous financial plans.



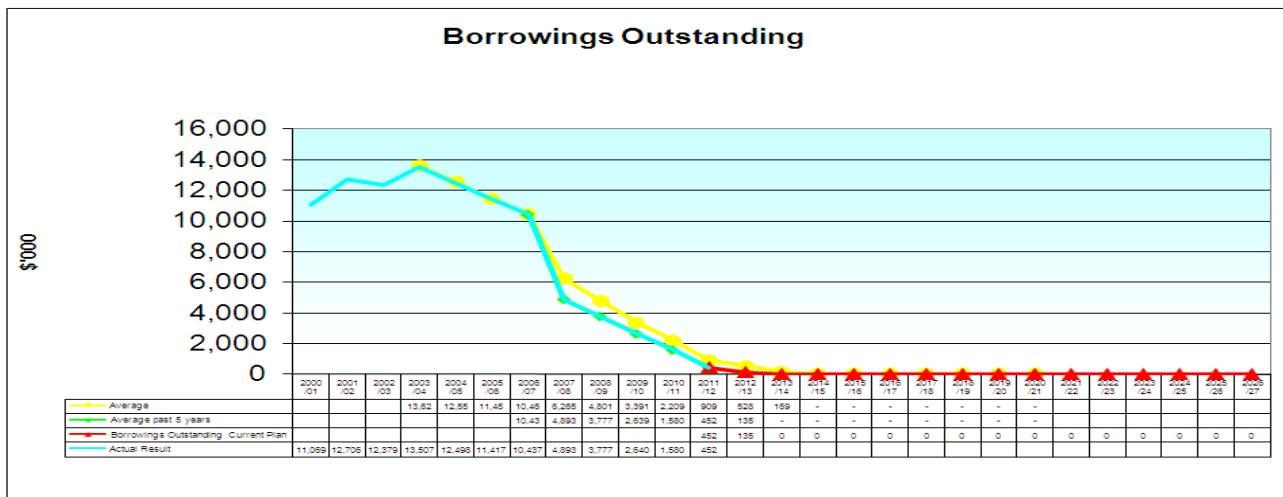
The bar chart above shows the level of 'expenditure effort' being allocated to asset renewal projects compared with new and upgrade capital projects.



The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index maintains parity with previous years plans.

When comparing the later years of the current plan to the average of the past five years, the sustainability index is significantly stronger. This is largely as a result of infrastructure asset lives being reviewed and extended by the Engineering Services Directorate, than additional funds being allocated to capital renewal and upgrade works. This significantly reduces the depreciation expense which is why the current sustainability index projections have increased.

10.1.6 Borrowings

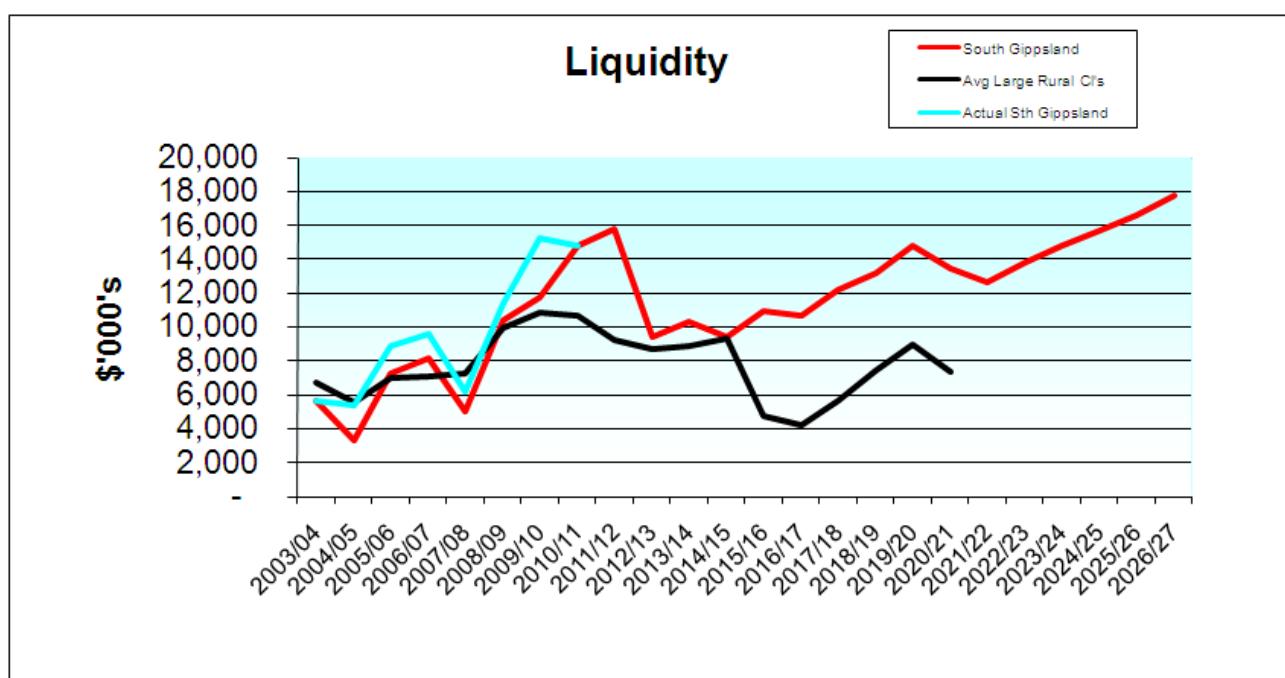


There was significant improvement in paying off borrowings relative to previous plans by applying 'capital income' from the sale of assets and material favourable financial outcomes achieved against long term debt in the preceding years.

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

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

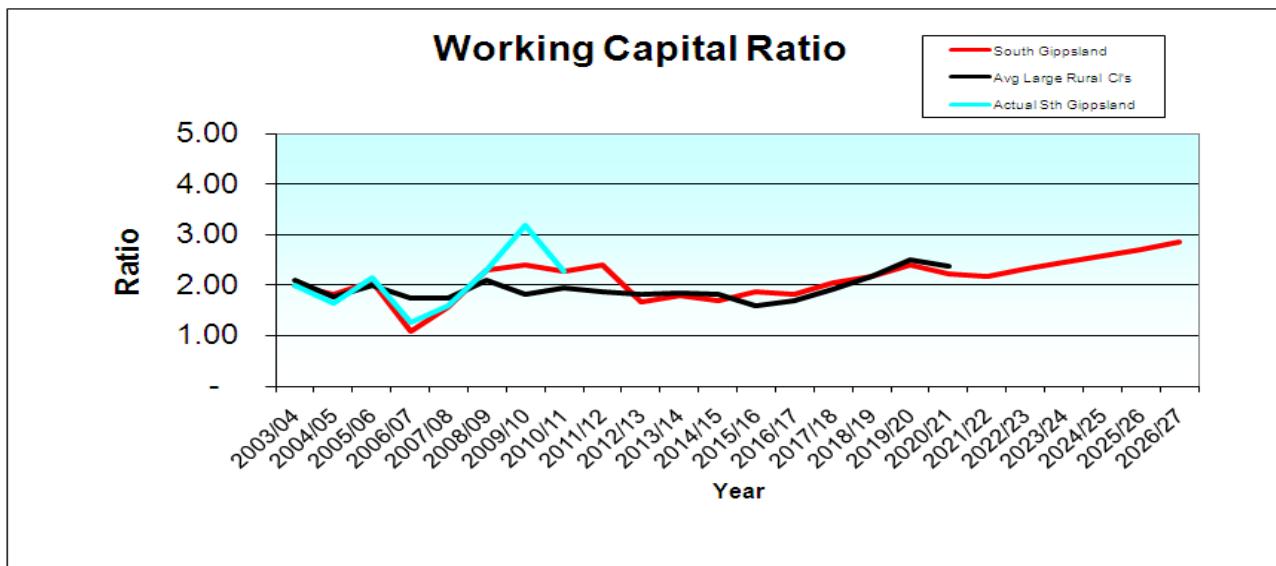
11.1 Liquidity



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

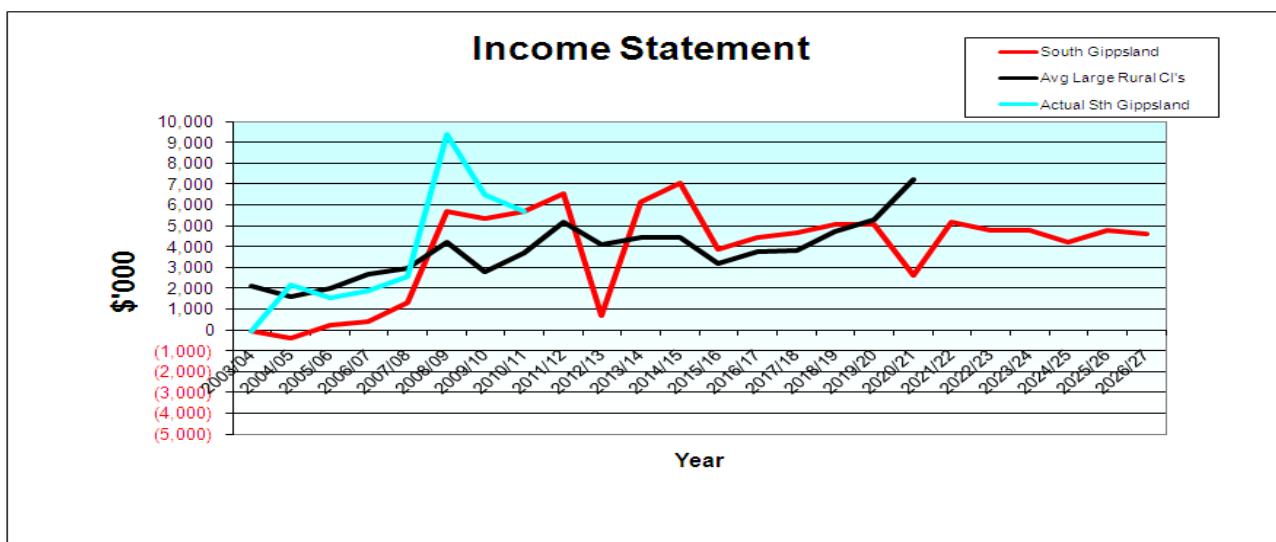
Our cash position is projected to have parity with large rural councils in the coming years. In the later years there is a significant strengthening of our planned liquidity relative to the average of other large rural councils. Caution is required to be exercised because cash backed reserves provide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

11.2 Working Capital Ratio



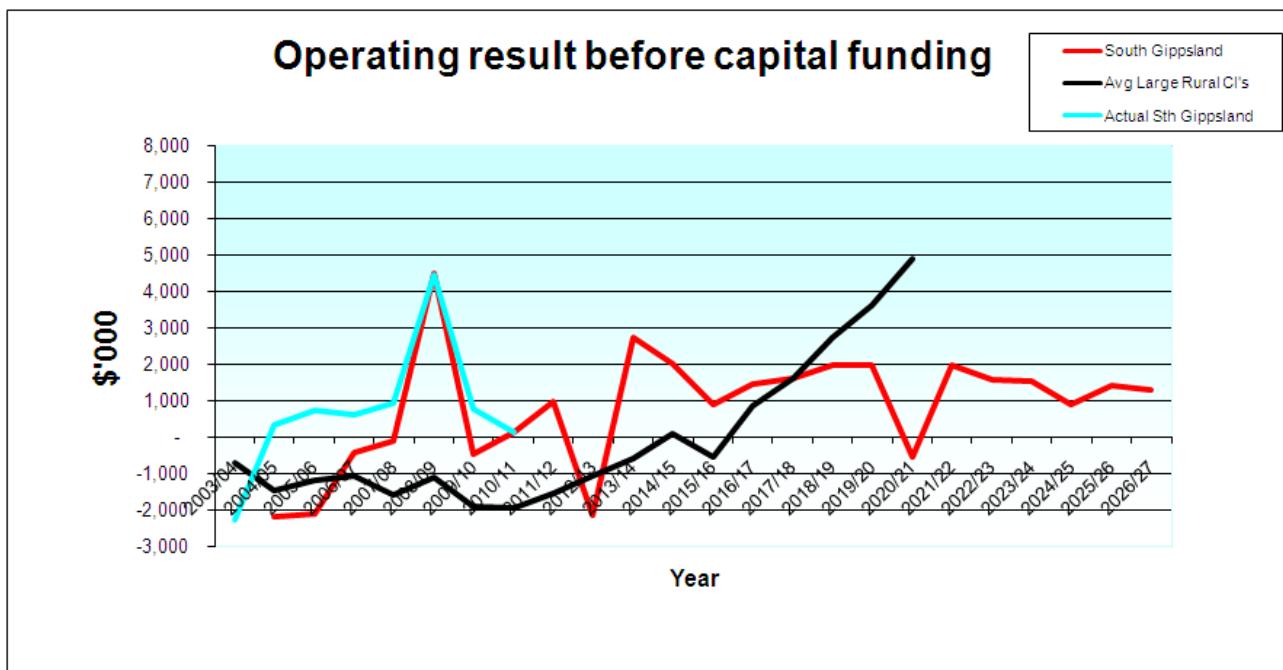
From a strategic financial management perspective, the working capital ratio is an important financial indicator. Aside from the technical dip in 2006/07 (recognising \$4.5 M loan liability), the current and longer term trend is comparable to large rural councils. Having low debt relative to the other councils helps take pressure off the working capital ratio. Again, caution is required to be exercised because cash backed reserves provide a favourable impact to the working capital ratio.

11.3 Income Statement



In preceding years, it was very evident that Council had poorer operating results than the other large rural councils. Longer term, it is very evident that our operating result progressively strengthens and then flattens out. Our strategic intent is to produce strengthening results. The dip in 2012/13 and 2020/21 are where it has been modelled that Council will only receive 3 quarters of Victoria Grants Commission allocations (Council

received 5 quarters in 2008/09 and 2011/12). This does not present as a strategic concern.

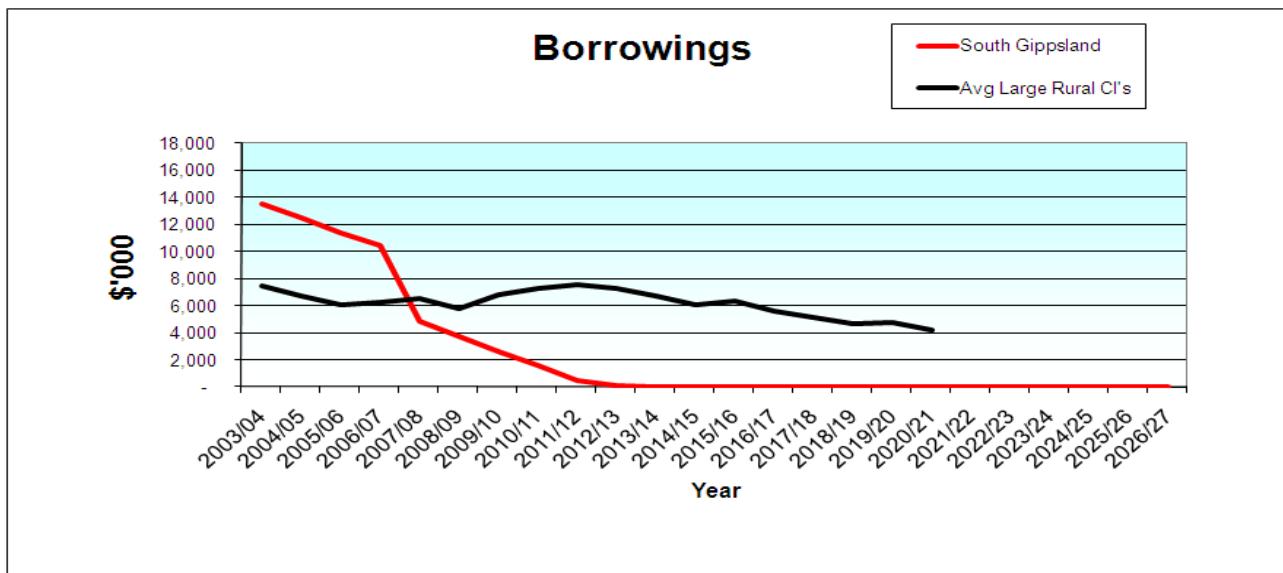


The underlying operating result is not unlike the operating result discussed above. The spike in 2008/09 and troughs in the underlying operating results for 2009/10 and 2012/13 is attributable to Australian Accounting Standard requirements to recognise grant revenue in the year that it is received irrespective of the fact that the expenditure will be incurred in the following financial year. 2011/12 also has significant levels of expenditure budgets carried forward for grant funded projects that not completed by 30 June 2011.

It is noted that the underlying results of large rural councils is forecast to be stronger than that of South Gippsland Shire Council in future years, despite being weaker in previous years. The critical strategic challenge will be to ensure that longer term, Council continues to produce consistent underlying operating surpluses.

The dip in 2020/21 is where it has been modelled that Council will only receive 3 quarters of Victoria Grants Commission allocations (Council received 5 quarters in 2008/09 and in 2011/12). This does not present as a strategic concern.

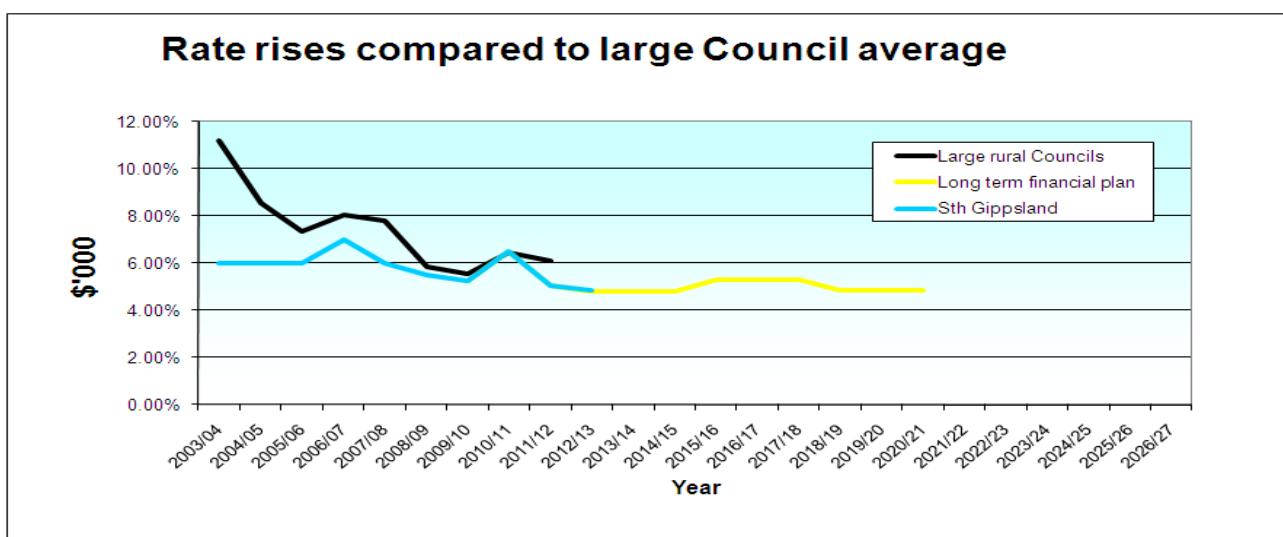
11.4 Borrowings



Although Council have had very high debt, our strategic intent is quite clear. Our debt levels are now significantly less than the average of other large rural councils.

11.5 Summary

Our overall key financial performance indicators show our position to be approaching the average of large rural councils in as far as financial performances are concerned. The pleasing aspect is that Council's performances are improving and that the gap is being bridged over the future years whilst our annual rate increases has been below the state average for large rural shires in most years. If this trend continues it can be expected that Council's performances in coming years will be above the average being produced by large rural councils.



12. Rating Strategy

12.1 Strategy development

In developing the Long Term Financial Plan, rates and charges were identified as an important source of revenue, accounting for over 60% of the total recurrent revenue received by Council annually. Planning for future rate increases has therefore been an important component of the long term financial planning process.

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

12.2 Current year rate increase

It is proposed that general rates and charges increase by 4.85% for the 2012/13 year. The general rate will increase by 5.00% on average. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

General rates and charges overall will in 2012/13 raise a total rate of \$31.60 M, including supplementary rates and special rates & charges.

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

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

Council considers it important that in the longer term adequate funding is made available for infrastructure asset replacement works. Council is however committed to minimise the rate rise in 2012/13.

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

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

The following table sets out future proposed rates and charges increases and total rates to be raised, (including supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2012.

Year	Increase %	Total Rates and Charges Raised \$'000
2011/12	5.04%	29,560
2012/13	4.85%	31,600
2013/14	4.81%	32,799
2014/15	4.82%	34,383
2015/16	5.28%	36,045

It should be noted that each financial year an allowance or contingency is factored in for rate abandonment's. Every second financial year when the biennial re-valuations are conducted, an even greater allowance is allowed for. This in effect, discounts slightly the proposed rate increases.

12.3 Rating structure

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

- Property values, which reflect capacity to pay;
- User pays component to reflect usage of garbage services provided by Council - includes garbage / recycling / street sweeping / litter bins; and
- Waste services charge - applicable to all rateable properties.

Striking a proper 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 uses should pay a fair and equitable contribution to rates taking into account the benefits derived from and to the local community.

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

In 2009/10 Council introduced a new differential classification 'Vacant land – Restricted use'. This applies to land located in the municipality that is vacant and where residential development has been disallowed due to planning restrictions. This enables any property in the farming zone that has had planning permits refused from either a planning permit application or VCAT decision to have a 100% 'Vacant land – Restricted use' differential of the residential rate base as opposed to the 150% 'Vacant land differential'.

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

The rating structure allows for a rate concession for recreational land. These rates are structured in accordance with the requirements of section 161 ‘differential rates’ of the Act. Under the Cultural and Recreation Lands Act 1963, provision is made for a Council to grant a rating concession to any ‘recreational lands’ which meet the test of being ‘rateable land’ under the Local Government Act 1989.

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

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

The following table summarises the rates to be made for the 2012/13 year. A more detailed analysis of the rates to be raised is contained in Appendix B 'statutory disclosures'. The Waste Services Charge F that funds the net shortfall of waste management services, a cost that is applicable to all rateable properties has now been incorporated into the general rate.

Rate type	2011/2012	2012/2013
Residential rates – rate in the \$ of CIV	0.00351451	0.00356124
Commercial rates – rate in the \$ of CIV	0.00351451	0.00356124
Industrial rates– rate in the \$ of CIV	0.00351451	0.00356124
Rural Living– rate in the \$ of CIV	0.00351451	0.00356124
Vacant Land – rate in the \$ of CIV	0.00527176	0.00534186
Vacant Land Restricted Use– rate in the \$ of CIV	0.00351451	0.00356124
Farm land – rate in the \$ of CIV	0.00316306	0.00320512
Cultural / Recreational rates – rate in the \$ of CIV	0.00140580	0.00142450
Municipal charge - \$ per property	\$300.40	\$320.50
Waste Services Charge A	\$202.95	\$208.00
Waste Services Charge B	\$202.95	\$208.00
Waste Services Charge C	\$294.20	\$301.55
Waste Services Charge D	\$210.55	\$215.80
Waste Services Charge E	\$244.35	\$250.45
Waste Services Charge F	\$20.50	\$0.00

13. Borrowing Strategy

13.1 Strategy Development

In developing the Long Term Financial Plan (see Section 9), borrowings was identified as an important funding source for capital works programs. In the past, Council had borrowed strongly to finance infrastructure projects, fleet purchases as well as for financing unfunded superannuation liabilities. Council since 2004/05 began a phase of debt reduction. This resulted in a reduction in debt servicing costs, but has meant that there was a heavy reliance on cash and investment reserves as an alternate funding source to maintain its capital works programs. Now that long term debt has been significantly reduced, this has enabled significant increases in levels of funding to be released in coming years for the capital works program.

The following table shows a history of Council borrowings for the last ten years and also the prudential ratios applicable, as well as the budgeted outcome for 2012/13.

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

The table shows that Council's borrowing level at 30 June 2013 will be \$135,000. It also shows that Council had for a number of years previously been trending the wrong way with the Victorian State Government's prudential ratio limits. By implementing the debt reduction strategy the Long Term Financial Plan has shown positive trends emerge for the 2005/06 year and this has continued up to and including the 2012/13 year.

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

13.2 Current year borrowings

For the 2012/13 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of \$317,000, will decrease its total borrowings to \$135,000 as at 30 June 2013. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2012.

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

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

14. Infrastructure Strategy

14.1 Strategy development

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

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

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

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

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

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

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

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

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

14.2 Identification and funding infrastructure funding gaps

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

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

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

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

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

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

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

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

By identifying primary funding gaps and then strategically going ahead and bridging that gap in the reasonably shortest timeframe possible, is an exercise in achieving financial efficiency gains. Conversely, by ignoring or unnecessarily delaying bridging primary funding gaps by definition would be promoting inefficient financial management practices.

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

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

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

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

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

14.3 Depreciation and Sustainability Index

Depreciation on the other hand is really 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, nor should it, imply that the depreciation cost incurred in a specific period, (typically a year) ought to be spent on asset replacement in that year.

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

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

If this in fact was the case, the implication would be that if a 100% sustainability index result is achieved, then the funding gap has been resolved. Nothing could be further from

the truth. It is worth repeating, the sustainability index is a ‘level of expenditure effort’ performance indicator and at best makes for a rough way of estimating how much funding is required in current and future years for specific capital works renewal requirements.

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

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

The equation largely ignores lifecycle cash flow timing requirements, and essentially totally ignores the ‘backlog’ of work that ought to be identified and costed into forward work plans.

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

- Pavements 100 years;
- Seal 17 years;
- Footpaths 60 years;
- Kerb and Channel 60 years;
- Bridges 100 years;
- Culverts 60 years;
- Under Ground Drains 60 years;
- Play Grounds 10 years; and
- Buildings 80 years.

The following table sets out the sustainability index percentage for Council’s fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2012/13 year.

	Replacement Cost 30 Jun 12 \$'000	Average Annual Consumption \$'000	Average Annual Perseveration \$'000	Sustainability Index %
Roads	330,303	3,850	5,788	150
Bridges	32,811	324	223	69
Footpaths	16,438	272	665	244
Kerb & Channel	14,197	239	81	34
Drains & Culverts	35,927	375	199	53
Buildings	107,114	2,095	794	38
Car parks	7,339	94	43	46
Other structures	9,771	551	941	171
Total capital works	553,900	7,800	8,734	112

The table indicates that the 2012/13 capital works program will achieve a sustainability index of 112%.

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

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

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

When this objective of generating sufficient funds for asset renewal has been satisfactorily identified and is being strategically addressed, Council can then consider funding asset expansion works in a financially responsible manner. The immediate challenge however, is in fact to try and quantify just how many funds are required now and into the future for asset management.

14.4 Capital Works 15 Year Program

The 15 year capital works program provides progressively increasing levels of funding for capital works programs. As per the financial strategies the expenditure allocated to renewals and upgrades is given priority to that allocated to extension works.

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

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

Financial strategies supporting increasing funding allocations for asset renewals clearly complement overall asset management strategies. The development of appropriate Asset Management Plans will add a level of sophistication to the forward financial plans.

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

14.5 Key influences for 2012/13

The following influences had a significant impact on the infrastructure strategy for the 2012/13 year:

- Progressively increasing level of net cash flows from operating activities being released in 2012/13 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 2011/12 year being carried over to the 2012/13 year;
- The capital projects listed in Appendix D, Capital Works Program, are subject to annual review and refinement.

15. Appendix Nature of Information

15.1 Overview to Appendices

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

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

The contents of the appendices are summarised below:

- A Budgeted Standard Financial Statements for 2012/13;
- B Statutory Disclosures in the Annual Budget;
- C Long Term Financial Plan 2012/13 – 2026/27;
- D Capital Works Program;
- E Key Strategic Activities; and
- F Fees & Charges Schedule.

APPENDIX A – Budgeted Standard Statements

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

This section sets out the Budgeted Standard Statements for 2012/13 and the following 3 years. This information is the basis of the disclosures and analysis of the Annual Budget in the report.

STANDARD STATEMENT OF FINANCIAL PERFORMANCE

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000
BUDGETED INCOME STATEMENT					
REVENUES FROM OPERATING ACTIVITIES					
Rates & charges	29,560	31,600	32,799	34,383	36,045
Operating grants	15,274	12,252	12,590	11,663	10,529
Reimbursements	282	302	316	325	334
Contributions	150	37	33	34	35
Interest	990	844	854	865	868
User charges	2,247	2,709	3,057	3,241	3,409
Statutory fees	428	517	536	557	579
Proceeds from sale of assets	0	0	0	0	0
Net gain/ (loss) on disposal of assets	47	627	25	98	60
Other	1,023	1,143	1,179	1,210	1,244
TOTAL REVENUES	50,001	50,031	51,389	52,376	53,103
EXPENSES FROM OPERATING ACTIVITIES					
Employee costs	19,102	19,666	20,511	21,108	21,933
Materials & consumables	18,713	20,462	15,492	15,678	16,045
Depreciation	8,248	9,139	9,603	10,461	11,033
Written down value of assets sold	0	0	0	0	0
Other	2,911	2,912	3,072	3,137	3,204
Borrowing cost expenses	79	24	4	0	0
TOTAL EXPENSES	49,053	52,203	48,682	50,384	52,215
UNDERLYING RESULT	948	(2,172)	2,707	1,992	888
Capital grants	4,389	1,636	2,131	3,757	1,636
Donated / Granted Assets	1,212	1,242	1,273	1,305	1,338
SURPLUS (DEFICIT) FOR THE YEAR	6,549	706	6,111	7,054	3,862
Net Asset revaluation increment	48,600	3,658	48,015	7,717	56,987
Previously unrecognised assets	0	0	0	0	0
TOTAL CHANGES IN EQUITY FOR THE YEAR	55,149	4,364	54,126	14,771	60,849

STANDARD STATEMENT OF FINANCIAL POSITION

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000
BUDGETED BALANCE SHEET					
Current Assets					
Cash assets	15,768	9,417	10,283	9,418	10,975
Receivables	3,247	3,237	3,226	3,216	3,216
Other financial assets	0	0	0	0	0
Assets held for resale	0	0	0	0	0
Inventories	252	252	252	252	252
Other	361	361	361	361	361
Total Current Assets	19,628	13,267	14,122	13,247	14,804
Non Current Assets					
Receivables	0	0	0	0	0
Investments	932	932	932	932	932
Fixed Assets	135,245	137,831	148,094	151,289	164,182
Roads Streets & Bridges	344,013	351,911	394,862	407,394	453,887
Total Non Current Assets	480,190	490,674	543,888	559,615	619,001
Total Assets	499,818	503,941	558,010	572,862	633,805
Current Liabilities					
Payables	3,636	3,626	3,616	3,606	3,606
Trust funds	141	141	141	141	141
Provisions	4,052	4,052	4,092	4,132	4,172
Interest bearing liabilities	318	135	0	0	0
Total Current Liabilities	8,147	7,954	7,849	7,879	7,919
Non Current Liabilities					
Provisions	382	468	516	567	621
Interest bearing liabilities	134	0	0	0	0
Total Non Current Liabilities	516	468	516	567	621
Total Liabilities	8,663	8,422	8,365	8,446	8,540
Net Assets	491,155	495,519	549,645	564,416	625,265
Equity					
Accumulated Surplus	193,133	193,560	199,589	206,161	209,513
Reserves	298,022	301,959	350,056	358,255	415,752
Total Equity	491,155	495,519	549,645	564,416	625,265

STANDARD STATEMENT OF CASH FLOWS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget	Budget	Budget	Budget
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000
BUDGETED CASH FLOW STATEMENT					
Rates	31,710	31,600	32,799	34,383	36,045
Statutory fees & fines	428	517	536	557	579
User charges	2,247	2,709	3,057	3,241	3,409
Grants	19,366	13,888	14,721	15,420	12,165
Reimbursements	282	302	316	325	334
Interest received	990	844	854	865	868
Rents	318	327	329	337	346
Other receipts	1,152	853	883	907	933
Payments to Suppliers	(19,111)	(20,463)	(15,494)	(15,680)	(16,047)
Payments to Employees	(18,978)	(19,580)	(20,423)	(21,017)	(21,839)
Other payments	(2,909)	(2,911)	(3,070)	(3,135)	(3,202)
Net cash from Operating	15,495	8,086	14,508	16,203	13,591
Investing					
Proceeds from sale of plant property & Equipment	852	1,468	906	936	823
Repayment of loans and advances	0	0	0	0	0
Payments for property, plant & equipment	(14,165)	(15,564)	(14,410)	(18,004)	(12,857)
Loan advances to community groups	0	0	0	0	0
Net cash from Investing	(13,313)	(14,096)	(13,504)	(17,068)	(12,034)
Financing					
Proceeds from borrowing	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
Repayment of borrowings	(1,128)	(317)	(134)	0	0
Finance costs	(79)	(24)	(4)	0	0
Trust Funds and deposits	0	0	0	0	0
Net cash from Financing	(1,207)	(341)	(138)	0	0
Net Cash increase (decrease)	975	(6,351)	866	(865)	1,557
Cash at beginning	14,793	15,768	9,417	10,283	9,418
Cash at end	15,768	9,417	10,283	9,418	10,975

STANDARD STATEMENT OF CAPITAL WORKS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected	Budget	Budget	Budget	Budget
	2011/12	2012/13	2013/14	2014/15	2015/16
	\$'000	\$'000	\$'000	\$'000	\$'000
BUDGETED CAPITAL WORKS					
Roads	2,093	5,788	5,530	5,820	4,797
Footpaths	614	1,428	1,825	599	590
Kerb & Channels	116	81	15	201	0
Bridges	925	223	1,148	1,500	413
Drains & Culverts	120	199	382	118	320
Car parks	220	43	394	201	0
Other Structures	1,658	941	878	1,670	1,124
Buildings	3,217	1,464	848	4,709	3,007
Land	495	0	0	0	0
Plant & equipment	3,476	3,959	2,154	2,659	2,063
Furniture & Equipment	1,231	1,438	1,236	527	543
Total Capital Works	14,165	15,564	14,410	18,004	12,857
Represented by					
Renewals	9,732	12,872	11,821	15,638	12,124
Upgrades	286	1,259	1,249	1,651	607
Extensions	4,147	1,433	1,340	715	126
Total Capital Works	14,165	15,564	14,410	18,004	12,857

APPENDIX B - Statutory Disclosures

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

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

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

1. Borrowings

The total amount proposed to be borrowed for the 2012/13 year is NIL.

The total amount of debt redemption for the 2012/13 year is \$0.32 M.

The projected debt servicing cost for the 2012/13 year is \$24,000.

2. Rates and charges

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

- a A general rate of 0. 356124 cents in the dollar of all rateable residential properties;
- b A general rate of 0. 356124 cents in the dollar of all rateable commercial properties;
- c A general rate of 0. 356124 cents in the dollar of all rateable industrial properties;
- d A general rate of 0. 320512 cents in the dollar of all rateable farm land properties;
- e A general rate of 0. 534186 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f A general rate of 0. 356124 cents in the dollar of all rateable vacant land, restricted use properties; and
- g A general rate of 0. 142450 cents in the dollar of all rateable Cultural and Recreational Lands act properties;

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

Type of Property	2011/12 \$	2012/13 \$
Residential	10,448,279	11,437,777
Commercial	1,022,050	1,072,303
Industrial	311,575	353,165
Farm Land	8,511,473	9,065,538
Vacant Land	1,262,158	1,298,858
Vacant land – Restricted use	39,034	40,887
Cultural & Recreational Lands	10,838	11,630

2.3 The estimated total amount to be raised by rates is \$23,280,158

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

Type of Property	Percentage Change	
	2011/12	2012/13
Residential	5.12%	1.33%
Commercial	5.12%	1.33%
Industrial	5.12%	1.33%
Farm Land	5.12%	1.33%
Vacant Land	5.12%	1.33%
Vacant Land – Restricted use	5.12%	1.33%
Cultural & Recreational Lands	5.12%	1.33%

General revaluation of properties

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

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

Type of Property	2011/12	2012/13
Residential	11,646	11,888
Commercial	787	788
Industrial	144	144
Farm Land	3,977	3,997
Vacant Land	2,003	1,938
Vacant Land – Restricted use	187	179
Cultural & Recreational Lands	21	22
Total number of assessments	18,765	18,956

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

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

TYPE OF PROPERTY	2011/12	2012/13
	\$	\$
Residential	2,972,901,000	3,211,740,000
Commercial	290,809,000	301,104,000
Industrial	88,654,000	99,169,000
Farm Land	2,690,902,300	2,828,458,500
Vacant Land	239,419,000	243,147,000
Vacant land – Restricted use	11,106,500	11,481,000
Cultural & Recreational Lands	7,710,000	8,164,000
Total	6,301,501,800	6,703,263,500

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

Type of Charge	Per Rateable Property 2011/12 \$	Per Rateable Property 2012/13 \$
Municipal Charge – To cover some of the administrative costs of the Council.	300.40	320.50
Waste Services Charge A - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling), street sweeping and litter bins.	202.95	208.00
Waste Services Charge B - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only), street sweeping and litter bins.	202.95	208.00
Waste Services Charge C - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling), street sweeping and litter bins.	294.20	301.55
Waste Services Charge D – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer), street sweeping and litter bins.	210.55	215.80
Waste Services Charge E – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer), street sweeping and litter bins.	244.35	250.45
Waste Services Charge F – Charge that funds the net shortfall of waste management service costs applicable to all rateable properties that is applied on the same basis as the municipal charge.	20.50	0.00

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

Type of Charge	2011/12 \$	2012/13 \$
Municipal Charge	5,401,131	5,819,821
Waste Services Charge A	1,640,039	1,726,773
Waste Services Charge B	6,089	6,865
Waste Services Charge C	55,600	60,915
Waste Services Charge D	135,798	141,140
Waste Services Charge E	24,925	25,547
Waste Services Charge F	368,549	0
Total	7,632,131	7,781,061

2.10 The estimated amount to be raised by rates and charges: \$31,061,219.

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

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

3. Differential Rates

Rates levied

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

- A general rate of 0.356124% (0.356124 cents in the dollar of CIV) for all rateable residential and rural living properties;
- A general rate of 0.320512% (0.320512 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.356124% (0.356124 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.356124% (0.356124 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.534186% (0.534186 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.356124% (0.356124 cents in the dollar of CIV) for all rateable vacant land – restricted use properties; and
- A general rate of 0.142450% (0.142450 cents in the dollar of CIV) for all rateable cultural and recreational lands act properties;

Each differential rate will be determined by multiplying the capital improved value of each rateable land (categorized by the characteristics described below) by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions. Details of the objectives of each differential rate, the types of classes of land which are subject to each differential rate and uses of each differential rate are set out below.

3.2 Residential land

Residential land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2012/13 financial year.

3.3 Commercial Land

Commercial land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2012/13 financial year.

3.4 Cultural and Recreational Land

Cultural and recreational land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2012/13 financial year.

3.5 Industrial Land

Industrial land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2012/13 financial year.

3.6 Vacant Land

Vacant land is any land, which is:

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

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

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

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

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

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

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

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

3.7 Vacant Land – Restricted use

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

Restricted use is any land, which is:

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

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

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

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

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

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

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

3.8 Farm Land

Farm Land is any land, which is:

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

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

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

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

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

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

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

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

APPENDIX C - Long Term Financial Plan (2012/13 – 2026/27)

- **Income Statement**
- **Balance Sheet**
- **Cash Flow Statement**

This section includes Council's forecast financial performance and financial and cash positions for the years 2012/13 to 2026/27.

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000
BUDGETED INCOME STATEMENT																
REVENUES FROM OPERATING ACTIVITIES																
Rates & charges																
Rates & charges	29,560	31,600	32,799	34,383	36,045	37,957	39,972	42,096	44,137	46,279	48,526	50,884	53,358	55,954	58,678	61,537
Operating grants	15,274	12,252	12,590	11,663	10,529	11,299	11,060	11,627	11,620	9,697	12,476	12,750	13,063	13,383	13,711	14,046
Reimbursements	282	302	316	325	334	344	354	365	375	387	398	410	422	435	448	461
Contributions	150	37	33	34	35	36	37	38	39	40	41	42	43	44	45	46
Interest	990	844	854	865	868	922	947	961	966	969	983	991	1,000	1,009	1,018	1,027
User charges	2,247	2,709	3,057	3,241	3,409	3,593	3,786	3,980	4,175	4,380	4,534	4,694	4,859	5,032	5,210	5,395
Statutory fees	428	517	536	557	579	603	629	656	682	709	738	768	799	831	865	900
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net gain/ (loss) on disposal of assets	47	627	25	98	60	89	157	142	141	265	162	144	158	132	103	72
Other	1,023	1,143	1,179	1,210	1,244	1,276	1,311	1,345	1,384	1,421	1,459	1,500	1,540	1,583	1,612	1,620
TOTAL REVENUES	50,001	50,031	51,389	52,376	53,103	56,119	58,253	61,210	63,519	64,147	69,317	72,183	75,242	78,403	81,690	85,104
EXPENSES FROM OPERATING ACTIVITIES																
Employee costs	19,102	19,666	20,511	21,108	21,933	22,909	23,930	24,996	26,110	27,274	28,488	29,757	31,084	32,470	33,903	35,326
Materials & consumables	18,713	20,462	15,492	15,678	16,045	16,593	16,863	17,280	17,759	18,372	18,996	19,570	20,303	21,140	21,497	21,713
Depreciation	8,248	9,139	9,603	10,461	11,033	11,892	12,519	13,547	14,219	15,499	16,252	17,603	18,545	20,041	20,930	22,753
Written down value of assets sold	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	2,911	2,912	3,072	3,137	3,204	3,272	3,342	3,414	3,488	3,563	3,618	3,697	3,782	3,869	3,958	4,045
Borrowing cost expenses	79	24	4	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	49,053	52,203	48,682	50,384	52,215	54,666	56,654	59,237	61,576	64,708	67,354	70,627	73,714	77,520	80,288	83,837
UNDERLYING RESULT	948	(2,172)	2,707	1,992	888	1,453	1,599	1,973	1,943	(561)	1,963	1,556	1,528	883	1,402	1,267
Capital grants	4,389	1,636	2,131	3,757	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636	1,636
Donated / Granted Assets	1,212	1,242	1,273	1,305	1,338	1,371	1,405	1,440	1,476	1,513	1,551	1,590	1,629	1,670	1,712	1,712
SURPLUS (DEFICIT) FOR THE YEAR	6,549	706	6,111	7,054	3,862	4,460	4,640	5,049	5,055	2,588	5,150	4,782	4,793	4,189	4,750	4,615
Net Asset revaluation increment	48,600	3,658	48,015	7,717	56,987	2,394	0	4,976	71,262	10,999	82,741	10,438	105,807	5,964	106,945	21,271
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CHANGES IN EQUITY FOR THE YEAR	55,149	4,364	54,126	14,771	60,849	6,854	4,640	10,025	76,317	13,587	87,891	15,220	110,600	10,153	111,695	25,886

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000
BUDGETED BALANCE SHEET																
Current Assets																
Cash assets	15,768	9,417	10,283	9,418	10,975	10,709	12,224	13,160	14,777	13,413	12,688	13,801	14,809	15,676	16,564	17,790
Receivables	3,247	3,237	3,226	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216
Other financial assets	0	0	0	0	0	0	225	450	675	900	1,125	1,350	1,575	1,800	2,025	2,250
Assets held for resale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventories	252	252	252	252	252	252	252	252	252	252	252	252	252	252	252	252
Other	361	361	361	361	361	361	361	361	361	361	361	361	361	361	361	361
Total Current Assets	19,628	13,267	14,122	13,247	14,804	14,538	16,278	17,439	19,281	18,142	17,642	18,980	20,213	21,305	22,418	23,869
Non Current Assets																
Receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investments	932	932	932	932	932	932	932	932	932	932	932	932	932	932	932	932
Fixed Assets	135,245	137,831	148,094	151,289	164,182	167,485	167,420	169,503	187,098	188,351	209,795	209,705	231,188	231,031	255,377	255,007
Roads Streets & Bridges	344,013	351,911	394,862	407,394	453,887	457,800	461,089	468,197	525,407	539,213	606,497	620,809	709,036	718,601	805,184	830,336
Total Non Current Assets	480,190	490,674	543,888	559,615	619,001	626,217	629,441	638,632	713,437	728,496	817,224	831,446	941,156	950,564	1,061,493	1,086,275
Total Assets	499,818	503,941	558,010	572,862	633,805	640,755	645,719	656,071	732,718	746,638	834,866	850,426	961,369	971,869	1,083,911	1,110,144
Current Liabilities																
Payables	3,636	3,626	3,616	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606	3,606
Trust funds	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141	141
Provisions	4,052	4,052	4,092	4,132	4,172	4,212	4,252	4,292	4,332	4,372	4,412	4,452	4,492	4,532	4,572	4,612
Interest bearing liabilities	318	135	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	8,147	7,954	7,849	7,879	7,919	7,959	7,999	8,039	8,079	8,119	8,159	8,199	8,239	8,279	8,319	8,359
Non Current Liabilities																
Provisions	382	468	516	567	621	677	961	1,248	1,538	1,831	2,128	2,428	2,731	3,038	3,345	3,652
Interest bearing liabilities	134	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non Current Liabilities	516	468	516	567	621	677	961	1,248	1,538	1,831	2,128	2,428	2,731	3,038	3,345	3,652
Total Liabilities	8,663	8,422	8,365	8,446	8,540	8,636	8,960	9,287	9,617	9,950	10,287	10,627	10,970	11,317	11,664	12,011
Net Assets	491,155	495,519	549,645	564,416	625,265	632,119	636,759	646,784	723,101	736,688	824,579	839,799	950,399	960,552	1,072,247	1,098,133
Equity																
Accumulated Surplus	193,133	193,560	199,589	206,161	209,513	213,430	217,493	221,929	226,334	228,234	232,655	236,589	240,481	243,713	247,447	251,046
Reserves	298,022	301,959	350,056	358,255	415,752	418,689	419,266	424,855	496,767	508,454	591,924	603,210	709,918	716,839	824,800	847,087
Total Equity	491,155	495,519	549,645	564,416	625,265	632,119	636,759	646,784	723,101	736,688	824,579	839,799	950,399	960,552	1,072,247	1,098,133

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000
BUDGETED CASH FLOW STATEMENT																
Rates	31,710	31,600	32,799	34,383	36,045	37,957	39,972	42,096	44,137	46,279	48,526	50,884	53,358	55,954	58,678	61,537
Statutory fees & fines	428	517	536	557	579	603	629	656	682	709	738	768	799	831	865	900
User charges	2,247	2,709	3,057	3,241	3,409	3,593	3,786	3,980	4,175	4,380	4,534	4,694	4,859	5,032	5,210	5,395
Grants	19,366	13,888	14,721	15,420	12,165	12,935	12,696	13,263	13,256	11,333	14,112	14,386	14,699	15,019	15,347	15,682
Reimbursements	282	302	316	325	334	344	354	365	375	387	398	410	422	435	448	461
Interest received	990	844	854	865	868	922	947	961	966	969	983	991	1,000	1,009	1,018	1,027
Rents	318	327	329	337	346	354	363	372	382	391	401	411	421	432	433	433
Other receipts	1,152	853	883	907	933	958	985	1,011	1,041	1,070	1,099	1,131	1,162	1,195	1,224	1,233
Payments to Suppliers	(19,111)	(20,463)	(15,494)	(15,680)	(16,047)	(16,595)	(16,865)	(17,282)	(17,761)	(18,374)	(18,998)	(19,572)	(20,305)	(21,142)	(21,499)	(21,715)
Payments to Employees	(18,978)	(19,580)	(20,423)	(21,017)	(21,839)	(22,813)	(23,831)	(24,894)	(26,005)	(27,166)	(28,376)	(29,642)	(30,966)	(32,348)	(33,781)	(35,204)
Other payments	(2,909)	(2,911)	(3,070)	(3,135)	(3,202)	(3,270)	(3,340)	(3,412)	(3,486)	(3,561)	(3,616)	(3,695)	(3,780)	(3,867)	(3,956)	(4,043)
Net cash from Operating	15,495	8,086	14,508	16,203	13,591	14,988	15,696	17,116	17,762	16,417	19,801	20,766	21,669	22,550	23,987	25,706
Investing																
Proceeds from sale of plant property & Equipment	852	1,468	906	936	823	850	1,060	1,031	1,060	1,395	1,199	1,209	1,214	1,219	1,219	1,219
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments for property, plant & equipment	(14,165)	(15,564)	(14,410)	(18,004)	(12,857)	(16,104)	(15,241)	(17,211)	(17,205)	(19,176)	(21,725)	(20,862)	(21,875)	(22,902)	(24,318)	(25,699)
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from Investing	(13,313)	(14,096)	(13,504)	(17,068)	(12,034)	(15,254)	(14,181)	(16,180)	(16,145)	(17,781)	(20,526)	(19,653)	(20,661)	(21,683)	(23,099)	(24,480)
Financing																
Proceeds from borrowing	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
Repayment of borrowings	(1,128)	(317)	(134)	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance costs	(79)	(24)	(4)	0	0	0	0	0	0	0	0	0	0	0	0	0
Trust Funds and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash from Financing	(1,207)	(341)	(138)	0												
Net Cash increase (decrease)	975	(6,351)	866	(865)	1,557	(266)	1,515	936	1,617	(1,364)	(725)	1,113	1,008	867	888	1,226
Cash at beginning	14,793	15,768	9,417	10,283	9,418	10,975	10,709	12,224	13,160	14,777	13,413	12,688	13,801	14,809	15,676	16,564
Cash at end	15,768	9,417	10,283	9,418	10,975	10,709	12,224	13,160	14,777	13,413	12,688	13,801	14,809	15,676	16,564	17,790

APPENDIX D – Capital Expenditure Program

15 Year Capital Works Program 2012-13																		
Cost Centre	Class	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets	2021-22 Budgets	2022-23 Budgets	2023-24 Budgets	2024-25 Budgets	2025-26 Budgets	2026-27 Budgets		
9575 - Bridge - Major Repairs Bridges	Bridge	222,600	148,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9657 - Bridge - Bridge / Culvert Rehabilitation - To Be Determined	Bridge	0	0	0	216,515	237,676	251,937	267,053	283,076	300,061	318,064	337,148	357,377	378,820	401,549	425,642		
9679 - Bridge - Summers Rd Bridge Replacement (CRandB)	Bridge	0	102,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9705 - Bridge - Allambee Estate Rd Culvert Rehab	Bridge	0	0	463,909	0	0	0	0	0	0	0	0	0	0	0	0	0	
9706 - Bridge - Goads Road - Replacement (CRandB)	Bridge	0	471,912	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9709 - Bridge - Agnes River Bridge - Replacement (CRandB)	Bridge	0	211,491	476,846	0	0	0	0	0	0	0	0	0	0	0	0	0	
9758 - Bridge - Wygots Bridge, Meenyan - Replacement (CRandB)	Bridge	0	0	523,154	0	0	0	0	0	0	0	0	0	0	0	0	0	
9759 - Bridge - Pear Orchard Pedestrian Bridge, Toora	Bridge	0	0	0	68,845	0	0	0	0	0	0	0	0	0	0	0	0	
9777 - Bridge - Sea View Court Pedestrian Bridge, Nyora	Bridge	0	0	35,730	0	0	0	0	0	0	0	0	0	0	0	0	0	
9779 - Bridge - Carmodys Road Floodway (CRandB)	Bridge	0	214,349	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9782 - Bridge - Stamp Road	Bridge	0	0	0	127,510	0	0	0	0	0	0	0	0	0	0	0	0	
Bridge Total	Bridge Total	222,600	1,148,400	1,499,639	412,870	237,676	251,937	267,053	283,076	300,061	318,064	337,148	357,377	378,820	401,549	425,642		
9425 - Buildings - Korumburra Child Care Hub	Buildings	265,614	0	3,573,048	0	0	0	0	0	0	0	0	0	0	0	0	0	
9470 - Buildings - To Be Determined	Buildings	0	0	0	223,458	3,954,456	2,378,856	4,465,782	3,313,610	3,133,983	3,000,000	3,180,000	3,370,800	3,573,048	3,787,431	4,014,677		
9487 - Buildings - Refurbish Michael Palace Public Toilets	Buildings	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9519 - Buildings - Leongatha Memorial Hall - Upgrade Kitchen Meeting Room	Buildings	0	39,326	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9520 - Buildings - Waratah Bay Caravan Park - Toilet Block	Buildings	0	359,552	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9521 - Buildings - Port Welshpool Caravan Park - Toilet Block	Buildings	0	359,552	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9523 - Buildings - Toora Public Toilets Reconstruction	Buildings	0	0	154,832	0	0	0	0	0	0	0	0	0	0	0	0	0	
9524 - Buildings - Fish Creek Public Toilets Reconstruction	Buildings	0	0	154,832	0	0	0	0	0	0	0	0	0	0	0	0	0	
9526 - Buildings - Site Shed at Foster	Buildings	63,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9527 - Buildings - Refurbish Memorial Hall Toilets	Buildings	0	0	142,922	0	0	0	0	0	0	0	0	0	0	0	0	0	
9529 - Buildings - Carinos External Paint	Buildings	0	0	53,596	0	0	0	0	0	0	0	0	0	0	0	0	0	
9531 - Buildings - Waratah Bay Rotunda and Camp Kitchen	Buildings	0	0	107,191	0	0	0	0	0	0	0	0	0	0	0	0	0	
9533 - Buildings - Main Office New Air Conditioner	Buildings	0	0	0	44,187	0	0	0	0	0	0	0	0	0	0	0	0	
9534 - Buildings - Replace Waratah Bay Public Toilet	Buildings	0	0	0	252,495	0	0	0	0	0	0	0	0	0	0	0	0	
9535 - Buildings - Fish Creek Pre School Upgrade Toilets/Kitchen/Office	Buildings	0	0	0	227,246	0	0	0	0	0	0	0	0	0	0	0	0	
9537 - Buildings - Leongatha Depot Office Refurbishment	Buildings	0	0	0	189,372	0	0	0	0	0	0	0	0	0	0	0	0	
9538 - Buildings - Carinos Roof Replacement	Buildings	0	0	0	113,623	0	0	0	0	0	0	0	0	0	0	0	0	
9539 - Buildings - Main Office Major Refurbishment	Buildings	0	0	0	1,641,220	0	0	0	0	0	0	0	0	0	0	0	0	
9802 - Building - Korumburra Kinder Extension	Buildings	93,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Buildings Total	Buildings Total	622,114	758,430	4,186,421	2,691,601	3,954,456	2,378,856	4,465,782	3,313,610	3,133,983	3,000,000	3,180,000	3,370,800	3,573,048	3,787,431	4,014,677		
8321 - Car Parks - Port Welshpool Boat Ramp Carpark	Car Park	0	378,743	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Car Park Total	Car Park Total	0	378,743	0	0													
8313 - Civil - Loch Streetscape (Stage-1)	Civil	0	0	669,113	0	0	0	0	0	0	0	0	0	0	0	0	0	
8314 - Civil - Foster Streetscape (Main and Station Street)	Civil	15,859	631,238	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8316 - Civil - Korumburra Commercial Streetscape	Civil	0	50,499	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8770 - Civil - Capital Works Design	Civil	212,180	218,545	225,102	231,855	238,810	245,975	253,354	260,955	268,783	276,847	286,711	296,976	307,659	321,576	326,708		
8891 - Civil - Stanley St, Toora	Civil	383,177	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Civil Total	Civil Total	611,216	900,282	894,215	231,855	238,810	245,975	253,354	260,955	268,783	276,847	286,711	296,976	307,659	321,576	326,708		
9685 - Culverts - To Be Determined	Culvert	0	0	0	92,204	97,736	103,600	109,816	116,405	123,389	130,793	138,640	146,959	155,776	165,123	175,030		
Culvert Total	Culvert Total	0	0	0	92,204	97,736	103,600	109,816	116,405	123,389	130,793	138,640	146,959	155,776	165,123	175,030		
8697 - Drainage - Flood Prevention Drainage Works: Hannah Rise Crescent, Korumburra	Drainage	0	307,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9721 - Drainage - Rehabilitation Program	Drainage	44,944	47,641	50,499	228,364	242,066	256,590	271,985	288,305	305,603	323,939	343,375	363,978	385,816	408,965	408,965		
Drainage Total	Drainage Total	44,944	355,041	50,499	228,364	242,066	256,590	271,985	288,305	305,603	323,939	343,375	363,978	385,816	408,965	408,965		

15 Year Capital Works Program 2012-13																			
Cost Centre	Class	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets	2021-22 Budgets	2022-23 Budgets	2023-24 Budgets	2024-25 Budgets	2025-26 Budgets	2026-27 Budgets			
8841 - Footpath - Renew al	Footpath	252,495	267,645	283,704	300,726	318,770	337,896	358,169	379,659	402,439	426,585	452,180	479,311	508,070	538,554	538,554			
8849 - Footpath - Footpath Extension Program	Footpath	0	0	0	0	133,823	141,852	150,364	159,385	168,948	179,085	189,830	201,220	213,293	226,090	226,090			
8854 - Footpaths - Shingler Street, Leongatha	Footpath	0	157,304	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8855 - Footpaths - Turner Street	Footpath	0	0	0	90,898	0	0	0	0	0	0	0	0	0	0	0	0	0	
8858 - Footpaths - Toora Road, Foster	Footpath	72,652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8859 - Footpaths - Anderson Street, Leongatha (State Funding)	Footpath	102,428	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8863 - Footpaths - Beach Parade, Sandy Point over crest	Footpath	0	73,034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8864 - Footpaths - Michael Place, Leongatha - Design and Construction	Footpath	0	0	35,349	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8866 - Footpaths - Grand Ridge West Road - Extension (State Funding)	Footpath	117,892	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8868 - Footpaths - Nerrina Road - Extension (State Funding)	Footpath	0	45,664	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8869 - Footpaths - Welshpool Road Toora - Extension	Footpath	0	0	38,217	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8870 - Footpaths - Steele Street - Extension	Footpath	0	0	59,459	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8871 - Footpaths - James Street Korumburra - Extension	Footpath	0	0	17,411	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8872 - Footpaths - Ranceby Road - Extension (State Funding)	Footpath	29,680	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8873 - Footpaths - Baths Road, Mirboo North - Extension (State Funding)	Footpath	0	77,259	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8874 - Footpaths - Couper Street, Mirboo North - Extension (State Funding)	Footpath	0	84,135	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8875 - Footpaths - George Street, Korumburra - Extension (State Funding)	Footpath	0	45,910	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Footpath Total	Footpath Total	575,147	750,951	398,791	426,973	452,593	479,748	508,533	539,044	571,387	605,670	642,010	680,531	721,363	764,644	764,644			
9400 - Guard Rails - Fullers Road , Foster	Guard Rails	33,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9401 - Guard Rails - Carmody's Road, Leongatha	Guard Rails	33,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9402 - Guard Rails - Lower Franklin Road, Foster	Guard Rails	33,944	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9415 - Guard Rails - Wild Dog Valley Road (Arniets Bridge), Wild Dog Valley	Guard Rails	0	63,600	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9678 - Guard Rails - To Be Determined	Guard Rails	0	0	0	156,037	165,399	175,323	185,843	196,993	208,813	221,342	234,622	248,700	263,622	279,439	279,439			
9803 - Guard Rails - Yannathan Rd , Nyora	Guard Rails	0	18,725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9804 - Guard Rails - Lower Toora Road, Bennison	Guard Rails	0	48,972	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9805 - Guard Rails - Mine Rd, Korumburra	Guard Rails	0	0	65,564	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9806 - Guard Rails - Ferriers Rd, Loch	Guard Rails	0	0	23,820	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9807 - Guard Rails - Leongatha Yarragon Rd, Leongatha Nth	Guard Rails	0	0	23,820	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9808 - Guard Rails - Toora-Wonypin Rd, Hazel Park	Guard Rails	0	0	23,820	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9809 - Guard Rails - Farmers Rd, Dumbalk North	Guard Rails	0	0	19,595	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9810 - Guard Rails - Whitelaw's Track, Leongatha South	Guard Rails	33,943	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Guard Rails Total	Total	135,775	131,297	156,619	156,037	165,399	175,323	185,843	196,993	208,813	221,342	234,622	248,700	263,622	279,439	279,439			
8003 - Implement of Procurement Projects	Others	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8004 - Office Accomodation	Others	444,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8030 - Information Services	Others	1,270,043	832,877	527,470	543,294	382,560	394,037	405,858	418,034	430,575	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	
8045 - InfoTech - Asset Management	Others	88,121	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Others Total	Others Total	1,882,164	832,877	527,470	543,294	382,560	394,037	405,858	418,034	430,575	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	
8040 - Plant / Fleet - Fleet Purchases	Plant/Fleet	1,387,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863	1,475,849	1,520,124	1,565,728	1,615,387	1,663,848	1,713,764	1,765,177	1,765,177			
8050 - Plant / Fleet - Plant Purchases	Plant/Fleet	2,571,610	1,321,622	1,385,566	751,559	631,804	1,232,859	1,542,979	1,897,362	2,713,466	1,526,623	1,572,422	1,619,594	1,668,182	1,718,228	1,718,228			
Plant/Fleet Total	Total	3,958,610	2,557,622	2,658,646	2,062,831	1,982,415	2,623,988	2,975,842	3,373,211	4,233,590	3,092,351	3,187,809	3,283,442	3,381,946	3,483,405	3,483,405			
9471 - Pools - To Be Determined	Pools	0	0	0	0	0	0	0	0	0	0	0	530,000	561,800	595,508	631,238	669,113		
9495 - Pools - Splash Hydrotherapy Pool / Multi Purpose Room	Pools	133,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9499 - Pools - Design	Pools	20,600	0	21,855	0	23,185	0	24,597	0	26,095	0	29,321	0	32,945	0	37,017			
9580 - Pools - Foster - Replace Sand Filter	Pools	55,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9581 - Pools - Mirboo North - Replace Pool Deck	Pools	14,051	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9582 - Pools - Toora - Replace Chemical Shed	Pools	175,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9585 - Pools - Foster - Replace Deck	Pools	0	89,888	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9586 - Pools - Mirboo North Refurbishment Design	Pools	0	0	178,652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9587 - Pools - Korumburra Refurbishment Design	Pools	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9588 - Pools - Mirboo North Refurbishment	Pools	0	0	0	0	2,007,338	0	0	0	0	0	0	0	0	0	0	0	0	
9589 - Pools - Toora - Concourse	Pools	0	0	89,326	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9590 - Pools - Poowong - Install Liner	Pools	0	0	232,248	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9591 - Pools - Korumburra Refurbishment	Pools	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9593 - Pools - Toora - Replace Sand Filters	Pools	0	0	0	0	0	53,529	0	0	0	0	0	0	0	0	0	0	0	
9594 - Pools - Foster - Refurbish Toilets	Pools	0	0	0	0	0	0	0	0	0	0	0	168,948	0	0	0	0	0	
9595 - Pools - Foster - Renew Foster Plant Room	Pools	0	0	0	315,619	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pools Total	Pools Total	397,651	89,888	522,081	315,619	2,084,052	0	24,597	239,077	195,043	3,223,526	559,321	561,800	628,453	631,238	706,130			

15 Year Capital Works Program 2012-13																		
Cost Centre	Class	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets	2021-22 Budgets	2022-23 Budgets	2023-24 Budgets	2024-25 Budgets	2025-26 Budgets	2026-27 Budgets		
1670 - Other - CCHV - Capital Projects	Recreation	205,558	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948	179,085	189,830	201,220	213,293	226,090	226,090		
8664 - Recreation - Paths and Trails Implementation	Recreation	0	0	0	163,130	172,917	183,293	194,290	205,947	218,304	231,402	245,286	260,000	275,604	292,140	292,140		
8867 - Corner Inlet Tourism - Great Southern Rail Trail	Recreation	440,000	450,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9563 - Playgrounds - Replacement Program	Recreation	151,497	160,587	170,222	180,436	191,262	202,737	214,902	227,796	241,464	255,952	271,308	287,587	304,842	323,133	342,521		
9570 - Recreation - Venus Bay Footpath - Existing to CBD	Recreation	331,010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9572 - Recreation - Parks and Gardens - Capital	Recreation	0	0	93,676	99,296	105,254	111,569	118,264	125,359	132,881	140,854	149,305	158,263	167,759	177,824	177,824		
9602 - Recreation - Future Unplanned Works (SRV Grants)	Recreation	174,158	184,607	195,684	207,425	219,870	233,063	247,047	261,870	277,581	294,235	311,890	330,603	350,440	371,466	371,466		
9781 - Corner Inlet Projects	Recreation	0	100,000	600,000	0	0	0	0	0	0	0	0	0	0	0	0	0	
Recreation Total		1,302,223	1,007,554	1,178,684	776,535	823,126	872,514	924,866	980,357	1,039,178	1,101,528	1,167,619	1,237,673	1,311,938	1,390,653	1,410,041		
8772 - Roads - Reseals	Roads	1,611,913	1,697,892	1,781,346	1,869,896	1,963,228	2,061,607	2,165,324	2,274,680	2,389,993	2,511,603	2,639,866	2,775,163	2,917,896	3,065,196	3,192,234		
8774 - Roads - Reseal Preparation	Roads	696,595	725,640	760,421	797,648	836,796	877,968	921,274	966,825	1,014,744	1,065,160	1,118,208	1,174,030	1,232,775	1,294,603	1,339,834		
8850 - Roads - Safe Intersections Program	Roads	119,102	126,248	238,203	252,495	267,645	283,704	300,726	318,770	337,896	358,169	379,659	402,439	426,585	452,180	479,311		
9096 - Roads - Henrys Road, Nyora	Roads	0	0	720,565	0	0	0	0	0	0	0	0	0	0	0	0	0	
9722 - Roads - Unallocated Future Capex	Roads	0	0	0	0	2,000,000	3,837,038	3,007,261	3,187,696	4,223,035	4,675,772	5,796,597	6,124,393	6,365,857	7,021,808	7,843,116		
9724 - Urban Renewal - To Be Determined	Roads	0	0	0	145,833	0	0	0	0	0	0	0	0	0	0	0	0	
9738 - Roads - Gray St , Leongatha (State Funding)	Roads	556,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9739 - Roads - Anderson St , Leongatha - Entrance (State Funding)	Roads	23,794	555,246	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9746 - Roads - Stony Creek Road, Stony Creek (R2R)	Roads	530,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9748 - Roads - Kongwak Inverloch Rd, Kongwak (R2R)	Roads	614,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9760 - Roads - Princess Street, Korumburra Rehabilitation (R2R)	Roads	212,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9761 - Roads - Wild Dog Valley - Mt Eccles	Roads	0	169,094	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9762 - Roads - Station Street, Korumburra Rehabilitation (State Funding)	Roads	530,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9763 - Roads - Loch Wonthaggi Road, Jethro Rehabilitation	Roads	25,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9764 - Roads - Lower Franklin Road, Foster Rehabilitation	Roads	0	519,004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9766 - Roads - John Street, Korumburra Rehabilitation (State Funding)	Roads	42,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9767 - Roads - Watts Road, Nyora Rehabilitation	Roads	0	146,068	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9768 - Roads - Main South Road, Poowong East (900m to Shire Boundary)	Roads	0	230,720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9769 - Roads - Bass Valley Road, Bena (State Funding)	Roads	0	241,574	714,610	0	0	0	0	0	0	0	0	0	0	0	0	0	
9770 - Roads - Main Street, Stony Creek	Roads	0	0	145,304	0	0	0	0	0	0	0	0	0	0	0	0	0	
9771 - Roads - Dollar Road, Dumbalk (R2R)	Roads	285,233	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9772 - Roads - Berry's Creek Road, Berry's Creek	Roads	0	0	47,641	0	0	0	0	0	0	0	0	0	0	0	0	0	
9773 - Roads - Nason Street, Korumburra (State Funding)	Roads	21,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9774 - Roads - Brown St, Leongatha	Roads	0	0	77,416	0	0	0	0	0	0	0	0	0	0	0	0	0	
9775 - Roads - Fullers Road, Foster (State Funding)	Roads	0	203,179	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9783 - Roads - 1740-Watson Road, Leongatha	Roads	0	108,332	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9784 - Roads - 1167-Mount Eccles Road, Mount Eccles	Roads	0	511,768	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9785 - Roads - 1013-Lower Toora Road, Toora	Roads	0	74,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9787 - Roads - 661-Grip Road, Toora	Roads	0	0	307,754	0	0	0	0	0	0	0	0	0	0	0	0	0	
9788 - Roads - Leongatha Yarragon Road, Leongatha North	Roads	0	0	392,698	0	0	0	0	0	0	0	0	0	0	0	0	0	
9789 - Roads - 456-Farmers Road, Dumbalk North	Roads	0	0	411,350	0	0	0	0	0	0	0	0	0	0	0	0	0	
9790 - Roads - 239-Bridge Street, Korumburra (State Funding)	Roads	194,400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9791 - Roads - 1080-Meeniyen Nerrena Road, Meeniyen	Roads	0	0	0	81,585	0	0	0	0	0	0	0	0	0	0	0	0	
9792 - Roads - 1078-Meeniyen Nerrena Road, Meeniyen	Roads	0	0	0	217,122	0	0	0	0	0	0	0	0	0	0	0	0	
9793 - Roads - 262-Bufalai Waratah Road, Buffalo	Roads	0	0	0	324,075	0	0	0	0	0	0	0	0	0	0	0	0	
9794 - Roads - 1661-Thorsens Road, Tarwin	Roads	0	0	0	127,320	0	0	0	0	0	0	0	0	0	0	0	0	
9795 - Roads - 1347-Restlee Drive, Nyora	Roads	0	0	0	284,057	0	0	0	0	0	0	0	0	0	0	0	0	
9796 - Roads - 145-Bates Avenue, Korumburra	Roads	0	0	0	49,546	0	0	0	0	0	0	0	0	0	0	0	0	
9797 - Roads - 361-Clarence Street, Loch	Roads	0	0	0	74,200	0	0	0	0	0	0	0	0	0	0	0	0	
9798 - Roads - 782-Hughes Street, Leongatha	Roads	0	0	0	124,699	0	0	0	0	0	0	0	0	0	0	0	0	
9799 - Roads - 1604-Tilson Court, Leongatha	Roads	0	0	0	42,162	0	0	0	0	0	0	0	0	0	0	0	0	
9800 - Roads - 1751-Whitelaw Street Service Road, Meeniyen	Roads	0	0	0	48,355	0	0	0	0	0	0	0	0	0	0	0	0	
9801 - Roads - 1867-Yanathan Road, Nyora	Roads	0	0	0	124,461	0	0	0	0	0	0	0	0	0	0	0	0	
9811 - Roads - Mossvale Park Flood Recovery Project	Roads	75,760	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Roads Total	Roads Total	5,537,897	5,308,965	5,597,308	4,563,454	5,067,669	7,060,317	6,394,585	6,747,971	7,965,668	8,610,704	9,934,330	10,476,025	10,943,113	11,833,787	12,854,495		
8555 - Waste - Transfer Station Capital	Waste	178,652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8567 - Waste - Additional Construction Cell 3 Koonwarrna	Waste	95,400	189,372	334,556	354,630	375,908	398,462	422,370	447,712	400,000	420,000	450,000	450,000	450,000	450,000	450,000	450,000	
Waste Total	Waste Total	274,052	189,372	334,556	354,630	375,908	398,462	422,370	447,712	400,000	420,000	450,000	450,000	450,000	450,000	450,000	450,000	
Grand Total	Grand Total	15,564,393	14,409,422	18,004,929	12,856,267	16,104,466	15,241,347	17,210,484	17,204,750	19,176,073	21,724,764	20,861,585	21,874,261	22,901,554	24,317,810	25,699,176		

APPENDIX E - Key Strategic Activities

This section sets out program initiatives to be undertaken by Council in 2012/13, including appropriate measures and targets that are subject to audit at year end.

Strategy	Action	Measure and Target	Responsible Unit
1.1.1 Community partnerships: Facilitate opportunities for communities to work with Council, and one another, to improve their local area	Housing and Settlement Strategy developed	Strategy presented to Council for adoption by 30 June 2013	Director Development Services
1.1.4 Community Events Provide a supportive environment for events and activities that promote and enhance South Gippsland Shire	Community events supported through the Community Grants Program	Two rounds of Community Grants presented to Council for adoption by 30 June 2013 and updates on event outcomes reported quarterly in Council's performance report	Director Corporate Services
1.2.1 Active Lifestyles: Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community	*Aquatic Strategy for pools within the Shire implemented: • Mirboo North • Korumburra	Master Plan(s) completed and presented to Council by 30 June 2013	Director Community Services
2.3.2 Environmental protection: Preserve, enhance and manage the Shire's natural environment, open space and scenic amenity including bushland, remnant vegetation, wildlife, waterways, water, air quality and soils	*Vegetation planting in the old Mirboo Shire implemented in partnership with Landcare (Bequest provided on behalf of the late James Harvey)	Number of trees planted and the locations reported to Council by 30 June 2013	Director Community Services

Strategy	Action	Measure and Target	Responsible Unit
3.2.1 Employment creation: Actively support employment creation through the facilitation and support of potential developments and provision of assistance with regulatory processes	Leongatha Industrial Land Use Study developed	Study presented to Council for adoption by 30 June 2013	Director Development Services
4.1.4 Infrastructure funding: Plan to provide for sustainable asset management	Council's Land Ownership Policy implemented	Investigate three land transactions by 30 June 2013. Reported to Council annually by 30 June 2013	Director Engineering Services
5.1.1 Direction Setting: Provide strategic direction for the Council's continued growth through the development of appropriate Strategy Plans and Action Plans	*A 2013-2017 Council Plan developed and presented to Council for adoption.	Council Plan adopted by 30 June 2013	Director Corporate Services
5.1.2 Leadership: Provide leadership at the local, regional and State levels to ensure South Gippsland Shire Council and its community are widely recognised as industry leaders	Council's General Local Law No 1 2005 to be reviewed, updated and adopted by Council	Completed and presented to Council for adoption by 30 June 2013	Director Development Services

Strategy	Action	Measure and Target	Responsible Unit
5.2.1 Customer relations: Provide friendly, timely, accurate and accessible services and information to all customers in a manner reflecting the organisations values	A Corporate Service Charter outlining key service guarantees to be provided by all staff completed and endorsed by the Chief Executive Officer	Corporate Service Charter endorsed by the Chief Executive Officer by 30 June 2013	Director Corporate Services
5.2.2 Asset management planning: Ensure a structured management approach is applied to all the Council's assets through a proper regime of investment, maintenance, renewal and disposal	Asset Management Policy and Strategy reviewed	Presented to Council for adoption by 30 June 2013	Director Engineering Services
5.2.3 Financial Management: Develop and implement a Long Term Financial Plan	The Long Term Financial Plan implemented to ensure financial sustainability	Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result for the 2012-2013 Budget is greater than or equal to 98%	Director Corporate Services

APPENDIX F - Fees and Charges

This section sets out all fees and statutory charges of Council

Description Fees highlighted in yellow are statutory fees	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Private Works - Aged and Disability Services	\$43.00	\$47.30	10.00	\$69,058
Private Works - Meals on Wheels	\$10.55	\$11.60	9.95	\$8,436
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	\$1.00	\$1.00	.00	\$6,364
Community Transport Cars Revenue - fees based on 32c per kilometre with a maximum cost of \$60 per trip.	\$.30	\$.32	6.67	\$44,800
HACC Bus Leongatha and Meeniany	\$4.40	\$4.40	.00	\$1,602
HACC Bus Port Welshpool to Leongatha	\$10.40	\$10.50	.96	\$630
HACC Bus Foster to Welshpool	\$4.40	\$4.40	.00	\$475
Meals on Wheels Low Fee	\$6.80	\$7.20	5.88	\$100,987
Meals on Wheels Medium Fee	\$7.15	\$7.20	.70	\$5,616
Meals on Wheels High Fee	\$10.55	\$10.55	.00	\$8,218
Homecare Low Fee	\$5.60	\$5.60	.00	\$97,569
Homecare Medium Fee	\$12.75	\$13.00	1.96	\$9,542
Homecare High Fee	\$28.40	\$29.00	2.11	\$5,307
Home Maintenance Low Fee	\$8.90	\$9.50	6.74	\$8,208
Home Maintenance Medium Fee	\$17.40	\$16.20	(6.90)	\$437
Home Maintenance High Fee	\$42.30	\$42.70	.95	\$384
Respite Care Low Fee	\$2.65	\$2.75	3.77	\$8,533
Respite Care Medium Fee	\$4.00	\$4.10	2.50	\$705
Respite Care High Fee	\$30.00	\$30.10	.33	\$5,177
Personal Care Low Fee	\$3.65	\$4.10	12.33	\$14,260
Personal Care Medium Fee	\$6.85	\$8.00	16.79	\$864
Personal Care High Fee	\$33.25	\$33.30	.15	\$2,398
HACC Bus Promontory Area to Foster	\$0.00	\$5.30	.00	\$689
HACC Bus Promontory Area to Leongatha	\$0.00	\$10.50	.00	\$1,365
HACC Bus Venus Bay to Wonthaggi	\$0.00	\$4.40	.00	\$572
HACC Bus Venus Bay to Leongatha	\$0.00	\$4.40	.00	\$572
Aged and Disabled Services Total				\$402,768

Description Fees highlighted in yellow are statutory fees	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Non Commercial - Whole Complex Hire	\$688.00	\$688.00	.00	\$0
Non Commercial - Whole Complex Hire 1/2 Day	\$359.00	\$359.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	\$488.00	\$488.00	.00	\$1,775
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	\$244.00	\$244.00	.00	\$444
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	\$370.00	\$370.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	\$41.00	\$41.00	.00	\$112
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	\$2,193.00	\$2,193.00	.00	\$1,994
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	\$683.00	\$683.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	\$154.00	\$154.00	.00	\$1,400
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	\$78.00	\$78.00	.00	\$2,127
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	\$547.00	\$547.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	\$121.00	\$121.00	.00	\$550
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	\$61.00	\$61.00	.00	\$1,109
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	\$22.00	\$22.00	.00	\$2,900
Non Commercial - Leongatha Memorial Hall Kitchen full day	\$121.00	\$121.00	.00	\$1,650
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	\$78.00	\$78.00	.00	\$1,064
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	\$3.20	\$3.20	.00	\$873

Description Fees highlighted in yellow are statutory fees	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Non Commercial - Balcony Seating full day	\$154.00	\$154.00	.00	\$0
Non Commercial - Balcony Seating 1/2 day	\$78.00	\$78.00	.00	\$0
Non Commercial - Behind Stage full day	\$78.00	\$78.00	.00	\$0
Non Commercial - Behind Stage 1/2 day	\$46.00	\$46.00	.00	\$84
Non Commercial - Hall Bond where liquor is served (refundable)	\$610.00	\$610.00	.00	\$0
Non Commercial - Hall Bond where liquor is not served (refundable)	\$154.00	\$154.00	.00	\$0
Non Commercial - Korumburra Office Meeting Room Full Day	\$81.00	\$81.00	.00	\$0
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	\$44.00	\$44.00	.00	\$0
Commercial - Whole Complex Hire	\$855.00	\$855.00	.00	\$0
Commercial - Whole Complex Hire 1/2 Day	\$447.00	\$447.00	.00	\$0
Commercial - Leongatha Memorial Hall Rental - full day or evening	\$610.00	\$610.00	.00	\$4,991
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	\$305.00	\$305.00	.00	\$0
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	\$459.00	\$459.00	.00	\$835
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	\$54.00	\$54.00	.00	\$491
Commercial - Leongatha Memorial Hall Full week hire 7 days	\$2,743.00	\$2,743.00	.00	\$2,494
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	\$855.00	\$855.00	.00	\$0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	\$188.00	\$188.00	.00	\$1,367
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	\$97.00	\$97.00	.00	\$705
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	\$683.00	\$683.00	.00	\$0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	\$154.00	\$154.00	.00	\$1,400

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	\$77.00	\$77.00	.00	\$700
Commercial - Leongatha Memorial contractor Set up Costs (if used)	\$29.50	\$29.50	.00	\$0
Commercial - Leongatha Memorial Hall Kitchen full day	\$154.00	\$154.00	.00	\$280
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	\$97.00	\$97.00	.00	\$353
Commercial - Leongatha Memorial Hall Crockery Hire per setting	\$4.20	\$4.20	.00	\$0
Commercial - Balcony Seating full day	\$191.00	\$191.00	.00	\$0
Commercial - Balcony Seating 1/2 day	\$97.00	\$97.00	.00	\$0
Commercial - Behind Stage full day	\$97.00	\$97.00	.00	\$0
Commercial - Behind Stage 1/2 day	\$59.00	\$59.00	.00	\$0
Commercial - Hall Bond where liquor is served (refundable)	\$765.00	\$765.00	.00	\$0
Commercial - Hall Bond where liquor is not served (refundable)	\$188.00	\$188.00	.00	\$0
Commercial - Korumburra Office Meeting Room Full Day	\$102.00	\$102.00	.00	\$0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	\$57.00	\$57.00	.00	\$155
Building Total				\$29,853
Varicella	\$73.00	\$73.00	.00	\$0
Hep B Paediatric	\$24.00	\$24.00	.00	\$0
Hep B Adult	\$24.00	\$24.00	.00	\$0
Hep A Adult	\$85.00	\$85.00	.00	\$85
Twinrix Paediatric	\$52.00	\$52.00	.00	\$0
Twinrix Adult	\$76.00	\$76.00	.00	\$76
Flu	\$23.00	\$23.00	.00	\$5,750
Pneumococcal	\$139.00	\$139.00	.00	\$0
Childrens Services Total				\$5,911
Road Reserve Activity Permit (Road RAP)	\$66.00	\$69.00	4.55	\$20,700
Unused Road Opening Application Fee	\$560.00	\$588.00	5.00	\$2,138
Civil Assets Total				\$22,838
Education Program - Guided Tour	\$2.70	\$2.80	3.70	\$6,122
Education Program - Coal Tour	\$2.70	\$2.80	3.70	\$3,426
Education Program - School Lesson	\$3.30	\$3.45	4.55	\$19,185

Description Fees highlighted in yellow are statutory fees	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Education Program - Pioneer Timber Skills	\$3.30	\$3.45	4.55	\$1,073
Education Program - Old Fashioned Craft	\$4.40	\$4.60	4.55	\$1,991
Education Program - Bush Tramway Ride	\$3.30	\$3.45	4.55	\$5,846
Education Program - Bush Tractor Ride	\$2.70	\$2.80	3.70	\$0
Education Program - Spinning Demonstration	\$3.30	\$3.45	4.55	\$420
Auditorium /Boardroom Hire-1/2 day	\$57.90	\$60.00	3.63	\$927
Auditorium/Boardroom Hire-full day	\$110.50	\$115.00	4.07	\$1,045
Activity for group tours-heritage craft	\$4.40	\$4.60	4.55	\$1,694
Demonstration for Tour groups-spinning Demo	\$3.00	\$3.15	5.00	\$1,678
Rides for group tours-Tramway	\$6.00	\$6.30	5.00	\$997
Guided tours for groups-Coal Tour	\$3.00	\$3.15	5.00	\$1,678
Group tours-Guided tours	\$3.00	\$3.15	5.00	\$1,678
Demonstration for group tours-Bush Skills	\$3.00	\$3.15	5.00	\$1,678
Activity for group Tours-Bush Cooking	\$4.40	\$4.60	4.55	\$1,694
Rides for Wedding Parties-Bush Tramway	\$4.60	\$4.80	4.35	\$956
Venue Hire-Wattle & Daub	\$315.00	\$330.00	4.76	\$300
Venue Hire-Jeetho School	\$315.00	\$330.00	4.76	\$300
Venue Hire-Boston's	\$315.00	\$330.00	4.76	\$300
Venue Hire-Courthouse	\$315.00	\$330.00	4.76	\$300
Venue Hire-Pig& Whistle	\$315.00	\$330.00	4.76	\$300
Venue Hire-Mechanics Inst	\$315.00	\$330.00	4.76	\$300
Venue Hire-Mine Mangers House	\$315.00	\$330.00	4.76	\$300
Venue Hire-Sport Oval	\$315.00	\$330.00	4.76	\$300
Venue Hire-Rotunda	\$315.00	\$330.00	4.76	\$300
Loads of Fire wood sold to volunteers	\$60.90	\$64.00	5.09	\$931
Plants sold to visitors	\$6.30	\$6.30	.00	\$0
Events-Venue Hire	\$315.00	\$330.00	4.76	\$1,800
Events-Electricity fee	\$26.20	\$30.00	14.50	\$545
Venue Hire- Krowera Church	\$315.00	\$330.00	4.76	\$300
Train Rides to normal visitation to village other than Education Tours Weddings.	\$6.00	\$6.50	8.33	\$35,455
Education Program - Bush Cooking	\$3.30	\$3.45	4.55	\$1,016

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Tractor Ride	\$4.60	\$4.80	4.35	\$0
Coal Creek Package - Coal Creek Experience 1	\$0.00	\$9.50	.00	\$864
Coal Creek Package - Coal Creek Experience 2	\$0.00	\$6.75	.00	\$614
Coal Creek Package - Coal Creek Experience 3	\$0.00	\$6.75	.00	\$614
Coal Creek Package - Coal at the Creek	\$0.00	\$6.50	.00	\$591
Coal Creek Package - It's a child's life! 1901 Style	\$0.00	\$10.00	.00	\$909
Coal Creek Package - A Pioneers Life	\$0.00	\$9.30	.00	\$845
Coal Creek Package - Lessons from the Past	\$0.00	\$6.00	.00	\$545
Coal Creek Total				\$99,817
Non Standing Street Lighting Contribution (10% per job)	N/A	N/A	N/A	\$5,000
Plan Checking (Up to 0.75% per Job)	N/A	N/A	N/A	\$13,595
Supervision Fees (Up to 2.50% per job)	N/A	N/A	N/A	\$28,428
Engineering Services Total				\$47,023
Class 1 (Non Standard FSP) Food Act Premises	\$535.50	\$562.30	5.00	\$6,748
Class 2 - Food Act Premises	\$535.50	\$562.30	5.00	\$84,907
Class 3 - Food Act Premises	\$342.00	\$359.10	5.00	\$19,751
Hair/Beauty- Health Act	\$151.50	\$159.10	5.02	\$4,137
Skin Penetration - Health Act	\$190.00	\$199.50	5.00	\$599
Comb Hair/Beauty & Skin - Health Act	\$190.00	\$199.50	5.00	\$1,796
PA8FC4	\$140.00	\$147.00	5.00	\$441
Transfer of Registrations (50% of rego fee)	N/A	N/A	N/A	\$0
Inspection on request (50% of registration fee)	N/A	N/A	N/A	\$0
Class 1 (Standard FSP) Food Act Premises	\$757.50	\$795.40	5.00	\$0
PAFC2	\$675.00	\$708.80	5.01	\$12,758
PAFC3	\$481.50	\$505.60	5.01	\$506
PAFC4	\$140.00	\$147.00	5.00	\$3,528
PA8FC2	\$338.00	\$354.90	5.00	\$2,129
PA8FC3	\$240.50	\$252.50	4.99	\$505

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
New Food Premises Plans Approval and Establishment	\$0.00	\$350.00	.00	\$1,591
Environmental Health Total				\$139,396
FOI Application Fee	\$23.90	\$25.10	5.02	\$176
FOI Council Search Fee	\$20.00	\$20.00	.00	\$140
FOI Supervision Search Fee	\$5.00	\$5.00	.00	\$20
Applicant B&W Photocopying (Amount per A3 page)	\$2.20	\$2.20	.00	\$20
Applicant B&W Photocopying (Amount per A1 page)	\$10.00	\$10.00	.00	\$91
Applicant B&W Photocopying (Amount per A4 page)	\$.20	\$.20	.00	\$100
Governance Total				\$547
Domestic Animal Business Registration	\$198.00	\$208.00	5.05	\$1,456
Dogs / Cats - First Offence	\$61.00	\$64.00	4.92	\$5,818
Dogs / Cats - Subsequent Offence	\$95.00	\$100.00	5.26	\$3,182
Cattle (First animal)	\$95.00	\$100.00	5.26	\$455
Cattle (Subsequent animals)	\$4.80	\$5.00	4.17	\$45
Infringement - No tag displayed - 0.5 penalty units	\$61.00	\$70.00	14.75	\$350
Infringement - Dog at large (daytime) - 1.5 penalty units	\$183.00	\$211.00	15.30	\$3,165
Infringement - Dog at large (nighttimes) - 2 penalty units	\$244.00	\$282.00	15.57	\$282
Infringement - Fail to register - 2 penalty units	\$244.00	\$282.00	15.57	\$14,100
Vic Roads (Stock Control on Declared Roads)	\$480.00	\$504.00	5.00	\$45,818
Infringement - No Standing / Disabled Parking - 1 penalty units	\$122.00	\$141.00	15.57	\$7,050
Infringement - Permit Zone / Loading Zone - 0.6 penalty units	\$73.00	\$85.00	16.44	\$2,125
Infringement - Overtime Parking - 0.5 penalty units	\$61.00	\$70.00	14.75	\$25,200
Roadside trading permit	\$719.00	\$755.00	5.01	\$0
Local Law 1 release fees	\$96.00	\$101.00	5.21	\$0
Impounded vehicle release	\$153.00	\$161.00	5.23	\$0
Camping permit	\$78.00	\$82.00	5.13	\$410
Block Clearing (Fire Prevention / Hazards)	\$78.00	\$82.00	5.13	\$2,982

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Fire Fines - 2 penalty units	\$244.00	\$282.00	15.57	\$9,870
Goats & Pigs (First animal)	\$39.00	\$41.00	5.13	\$0
Door to Door trading permit	\$324.00	\$340.00	4.94	\$0
Local Law Footpath Occupation Permit	\$41.00	\$43.00	4.88	\$9,890
Bulk rubbish container permit	\$95.00	\$100.00	5.26	\$0
Late Application for Cattle Crossing	\$284.00	\$298.00	4.93	\$0
Droving of Livestock - Application fee (no refund)	\$166.00	\$174.00	4.82	\$0
Droving of Livestock - Bond	\$1,484.00	\$1,558.00	4.99	\$0
Droving Cattle - daily fee per head	\$2.20	\$2.30	4.55	\$0
Droving Sheep - daily fee per head	\$1.05	\$1.10	4.76	\$0
Droving Other Livestock - daily fee per head	\$2.20	\$2.30	4.55	\$0
Grazing of Livestock - Application Fee (no refund)	\$83.00	\$87.00	4.82	\$0
Grazing Cattle - daily fee per head	\$1.05	\$1.10	4.76	\$0
Grazing Sheep - daily fee per head	\$.65	\$.70	7.69	\$0
Grazing Other Livestock - daily fee per head	\$1.05	\$1.10	4.76	\$0
Goats & Pigs (Subsequent animals)	\$4.80	\$5.00	4.17	\$0
Sheep (First animal)	\$19.50	\$20.50	5.13	\$0
Sheep (Subsequent animals)	\$2.20	\$2.30	4.55	\$0
Other (Per animal)	\$2.20	\$2.30	4.55	\$0
Exotic Animals (First animal)	\$39.00	\$41.00	5.13	\$0
Exotic Animals (Subsequent animals)	\$4.80	\$5.00	4.17	\$0
Sustenance Stock	\$10.50	\$11.00	4.76	\$100
Sustenance Cat & Dog	\$8.50	\$9.00	5.88	\$2,045
Storage of machinery or second hand goods - permit	\$78.00	\$82.00	5.13	\$0
Burning off offensive material permit	\$299.00	\$314.00	5.02	\$0
Advertising on Council properties permit	\$78.00	\$82.00	5.13	\$0
Animal permit - Excess animals	\$39.00	\$41.00	5.13	\$2,050
Recreation Vehicles	\$78.00	\$82.00	5.13	\$0
Scavenging at Tip	\$78.00	\$82.00	5.13	\$0
Drainage Tappings	\$78.00	\$82.00	5.13	\$0
Consume Liquor in Public Place	\$122.00	\$100.00	(18.03)	\$2,000
Access - Additional Records	\$6.00	\$6.30	5.00	\$0
Access - All Records	\$10.80	\$11.30	4.63	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Failure to display permit - Port Welshpool Boat Ramp - 0.6 penalty units	\$73.00	\$85.00	16.44	\$4,250
Consume Liquor in Public Place - Permit	\$78.00	\$82.00	5.13	\$0
Dog registration for dangerous, menacing and restricted breeds (C1)	\$195.00	\$205.00	5.13	\$1,845
Pensioner fee for dog registration for dangerous, menacing and restricted breeds (C1P)	\$97.50	\$102.50	5.13	\$0
Animal registration for micro-chipped only dogs and cats (C2)	\$65.00	\$68.00	4.62	\$50,456
Pensioner fee for microchipped only dogs and cats (C2P)	\$32.50	\$34.00	4.62	\$9,860
Animal registration for micro-chipped and desexed dogs and cats (C3)	\$30.00	\$32.00	6.67	\$110,944
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	\$15.00	\$16.00	6.67	\$22,624
Animal Registration Late Fee	\$10.00	\$10.00	.00	\$8,000
Pensioner fee for dog registration for working dogs, microchipped only (C2WP)	\$22.50	\$23.50	4.44	\$564
Dog registration for working dogs, microchipped only (C2W)	\$45.00	\$47.00	4.44	\$12,596
Local Laws Total				\$359,532
Port Welshpool boat ramp - Daily Car Park	\$6.00	\$6.00	.00	\$1,636
Port Welshpool boat ramp - Annual Car Park Fee	\$40.00	\$40.00	.00	\$10,909
Local Roads Total				\$12,545
Search / Certificate Fees	\$106.00	\$111.00	4.72	\$5,045
Form 2.10 Application/Property Information Requests	\$45.60	\$46.30	1.54	\$23,150
Building Approval Lodgement - Residential	\$34.20	\$34.70	1.46	\$27,760
Building Approval Lodgement - Commercial	\$34.20	\$34.70	1.46	\$1,041
Final Inspection	\$171.00	\$180.00	5.26	\$164
Report & Consent	\$228.40	\$227.25	(.50)	\$21,589
Stormwater information Request	\$57.05	\$57.90	1.49	\$2,895
Building permit and plan documentation search	\$101.00	\$106.00	4.95	\$3,662

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Municipal Building Total				\$85,306
Land Information Certificates	\$20.00	\$20.00	.00	\$28,000
Rates and Valuations Total				\$28,000
Outdoor Swimming Pool - Family Season Ticket	\$130.00	\$135.00	3.85	\$0
Outdoor Swimming Pool - Single Season Ticket	\$65.00	\$68.00	4.62	\$0
Outdoor Swimming Pool - Adult Entry	\$4.60	\$4.70	2.17	\$0
Outdoor Swimming Pool - Child Entry	\$3.50	\$3.60	2.86	\$0
Outdoor Swimming Pool - School Single Entry	\$2.60	\$2.70	3.85	\$0
Outdoor Swimming Pool - Spectator	\$1.00	\$1.00	.00	\$0
Outdoor Swimming Pool - Single Season Ticket Child - Toora	\$90.00	\$94.00	4.44	\$0
Outdoor Swimming Pool - Weekly Family Ticket - Toora	\$50.00	\$52.50	5.00	\$0
Outdoor Swimming Pool - Single Season Ticket Adult - Toora	\$120.00	\$125.00	4.17	\$0
Outdoor Swimming Pool - Spectator - Toora	\$1.00	\$1.00	.00	\$0
Outdoor Swimming Pool - School Single Entry - Toora	\$2.60	\$2.70	3.85	\$0
Outdoor Swimming Pool - Child Entry - Toora	\$4.20	\$4.30	2.38	\$0
Outdoor Swimming Pool - Adult Entry - Toora	\$5.20	\$5.40	3.85	\$0
Outdoor Swimming Pool - Family Season Ticket - Toora	\$240.00	\$245.00	2.08	\$0
SPLASH - Aquatics (Casual) Adult Rec Swim	\$5.20	\$5.40	3.85	\$0
SPLASH - Aquatics (Casual) Child Rec Swim	\$4.20	\$4.30	2.38	\$0
SPLASH - Aquatics (Casual) Concession Rec Swim	\$4.20	\$4.30	2.38	\$0
SPLASH - Aquatics (Casual) Family Rec Swim	\$15.00	\$15.50	3.33	\$0
SPLASH - Aquatics (Casual) Spectator	\$2.00	\$2.00	.00	\$0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	\$7.70	\$7.90	2.60	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	\$6.70	\$6.90	2.99	\$0
SPLASH - Group Fitness Aqua Aerobics	\$10.80	\$11.00	1.85	\$0
SPLASH - Group Fitness Aqua Aerobics (Concession)	\$8.60	\$8.80	2.33	\$0
SPLASH - Older Adults Programs Aqua Movers	\$6.20	\$6.40	3.23	\$0
SPLASH - Older Adults Programs Strength Training Session	\$6.20	\$6.40	3.23	\$0
SPLASH - Older Adults Programs Disability Access Program	\$6.20	\$6.40	3.23	\$0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	\$85.60	\$88.20	3.04	\$0
SPLASH - Full Centre Membership Fortnightly Fee	\$31.00	\$32.00	3.23	\$0
SPLASH - Full Centre Membership Concession Fee	\$24.80	\$25.50	2.82	\$0
SPLASH - Full Centre Membership Family Fortnightly Fee	\$24.80	\$25.50	2.82	\$0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	\$18.60	\$19.20	3.23	\$0
SPLASH - Aquatic Membership Fortnightly Fee	\$21.70	\$22.40	3.23	\$0
SPLASH - Aquatic Membership start up Fee	\$45.00	\$46.00	2.22	\$0
SPLASH - Aquatic Membership Concession Fee	\$17.40	\$18.00	3.45	\$0
SPLASH - Aquatic Membership concession start up Fee	\$40.00	\$41.00	2.50	\$0
SPLASH - Memberships Aquatic Membership Monthly Fee	\$42.50	\$43.50	2.35	\$0
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	\$34.00	\$35.00	2.94	\$0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	\$33.00	\$34.00	3.03	\$0
SPLASH - Memberships Y Kids Club Monthly Fee	\$33.00	\$34.00	3.03	\$0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	\$20.00	\$20.50	2.50	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	\$23.00	\$23.70	3.04	\$0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	\$18.40	\$19.00	3.26	\$0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	\$21.50	\$22.00	2.33	\$0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	\$17.20	\$17.70	2.91	\$0
SPLASH - Memberships Aquatic Education Start-up Pack (New enrolments only)	\$29.00	\$30.00	3.45	\$0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	\$52.00	\$54.00	3.85	\$0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	\$6.10	\$6.30	3.28	\$0
SPLASH - Schools - Aquatic Education (School Instructor)	\$3.20	\$3.30	3.13	\$0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	\$97.00	\$99.00	2.06	\$0
SPLASH - Schools - Aquatic Carnival Hire	\$665.00	\$685.00	3.01	\$0
SPLASH - Stadium Netta / Fun Net Clinic	\$5.20	\$5.40	3.85	\$0
SPLASH - Stadium Soccer Clinic	\$5.20	\$5.40	3.85	\$0
SPLASH - Stadium Basketball Clinic	\$5.20	\$5.40	3.85	\$0
SPLASH - Stadium Netball Team sheet Fee (Senior)	\$28.00	\$29.00	3.57	\$0
SPLASH - Stadium Netball Team Registration Fee (Senior)	\$40.00	\$42.00	5.00	\$0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	\$36.00	\$38.00	5.56	\$0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	\$70.00	\$70.00	.00	\$0
SPLASH - Stadium Basketball Rental (single court)	\$37.50	\$38.50	2.67	\$0
SPLASH - Stadium Schools Rental (single court)	\$37.50	\$38.50	2.67	\$0
SPLASH - Stadium Birthday Parties	\$15.50	\$16.20	4.52	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
SPLASH - Children's Programs Vacation Care	\$38.00	\$40.00	5.26	\$0
SPLASH - Children's Programs Facility Rental - Swim Club	\$11.50	\$14.40	25.22	\$0
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	\$28.00	\$28.80	2.86	\$0
SPLASH - Aquatic Adventure Day - Per participant	\$8.20	\$8.40	2.44	\$0
SPLASH - Stadium Entry fee - all persons	\$2.00	\$2.00	.00	\$0
SPLASH - Challenge Fitness Camp	\$255.00	\$267.00	4.71	\$0
SPLASH - Challenge Fitness Camp (member)	\$255.00	\$220.00	(13.73)	\$0
Recreation Total				\$0
Single Dwellings per lot and/or extensions < \$10000 - \$100000	\$239.00	\$239.00	.00	\$0
Single Dwellings per lot and/or extensions > \$100000	\$490.00	\$490.00	.00	\$0
Development of Land > \$10000	\$102.00	\$102.00	.00	\$0
Development of Land < \$10000 - \$250000	\$604.00	\$604.00	.00	\$0
Development of Land < \$250000 to \$500000	\$707.00	\$707.00	.00	\$0
Development of Land < \$500000 - \$1M	\$815.00	\$815.00	.00	\$0
Development of Land < \$1M - \$7M	\$1,153.00	\$1,153.00	.00	\$0
Development of Land < \$7M - \$10M	\$4,837.00	\$4,837.00	.00	\$0
Development of Land < \$10M - \$50M	\$8,064.00	\$8,064.00	.00	\$0
Development of Land < \$50M	\$16,130.00	\$16,130.00	.00	\$0
Subdivision of existing building / land into two lots	\$386.00	\$386.00	.00	\$0
To effect a realignment of a common boundary between lots or to consolidate two or more lots.	\$386.00	\$386.00	.00	\$0
Subdivision of Land	\$781.00	\$781.00	.00	\$0
Create vary remove easement right-of-way Crown Land or vary remove a condition in the nature of an easement other than a right of way in a Crown Grant.	\$404.00	\$404.00	.00	\$0
Use and Change of Use	\$502.00	\$502.00	.00	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way.	\$541.00	\$541.00	.00	\$0
Remove restriction (Subdiv Act 1988) over land if the land has been used or developed for more than 2 yrs before date of applications (Plan & Enviro Act 1987) but for the existence of the restriction	\$241.00	\$241.00	.00	\$0
Planning Certificates	\$18.20	\$18.20	.00	\$0
Certification of Plans - Charged per lot	\$20.00	\$20.00	.00	\$0
Certification of Plans - Charged per lot (Base Fee)	\$100.00	\$100.00	.00	\$0
Certificate of Compliance	\$147.00	\$147.00	.00	\$0
S.6 (1) - Considering a request to amend planning scheme	\$798.00	\$798.00	.00	\$0
S.6 (2) - Consideration of submissions and assisting the panel	\$798.00	\$798.00	.00	\$0
S.6 (3) - Adoption of an amendment	\$524.00	\$524.00	.00	\$0
Recertification of plans	\$100.00	\$100.00	.00	\$0
Infringement (per unit)	\$116.82	\$116.82	.00	\$0
Development of Land Revenue - Average	N/A	N/A	N/A	\$287,000
Title Searches	\$.00	\$25.00	.00	\$818
Request for copies of Planning Permit or Approved Plans	\$.00	\$60.00	.00	\$545
Request for copies of Planning Permit and Approved Plans	\$.00	\$108.00	.00	\$982
Request for copies of Planning Permit Applications on Advertising	\$.00	\$.20	.00	\$0
Statutory Planning Total				\$289,345
Sustainability Festival Small Stall	\$.00	\$35.00	.00	\$636
Sustainability Festival Medium Stall	\$.00	\$50.00	.00	\$227
Sustainability Festival Large Stall	\$.00	\$100.00	.00	\$0
Sustainability Services Total				\$863
Maps	\$6.95	\$6.95	.00	\$158
Postcards	\$1.50	\$1.50	.00	\$68
Travel Diaries	\$3.95	\$3.95	.00	\$54
Central Booking Service Revenue Average	N/A	N/A	N/A	\$102,500

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Brochure Fee - PORT Member sponsorship	\$73.70	\$73.70	.00	\$3,350
Brochure Fee - Non Member (non ratepayer)	\$105.25	\$105.25	.00	\$191
Brochure Fee - Non PCRT Member (ratepayer)	\$89.50	\$89.50	.00	\$407
Tourism Total				\$106,728
Garbage Bag up to 120L	\$3.50	\$3.50	.00	\$0
Car Boot	\$15.00	\$16.00	6.67	\$0
240L Bin	\$8.00	\$8.00	.00	\$0
120 L Bin	\$4.00	\$4.00	.00	\$0
Ute - up to one cubic meter	\$30.00	\$32.00	6.67	\$0
Other Domestic	\$30.00	\$32.00	6.67	\$0
Silage Wrap bundled	\$30.00	\$32.00	6.67	\$0
Concrete Bricks Fill up to one m3	\$30.00	\$32.00	6.67	\$0
Car Bodies	\$39.00	\$41.00	5.13	\$0
Car Tyres	\$6.50	\$7.00	7.69	\$0
Small Truck / Four Wheel Drive Tyres	\$16.00	\$17.00	6.25	\$0
Large Truck Tyre	\$32.00	\$34.00	6.25	\$0
Earthmoving Tyre	\$190.00	\$200.00	5.26	\$0
Extra Charge for Tyre on Rim	\$8.50	\$9.00	5.88	\$0
Asbestos	\$107.00	\$115.00	7.48	\$5,645
Concrete (over 300mm)	\$60.00	\$63.00	5.00	\$25,773
Prescribed Waste	\$160.00	\$168.00	5.00	\$0
Commercial Waste by weight	\$107.00	\$115.00	7.48	\$993,809
Tree Stumps	\$36.00	\$36.00	.00	\$425
Disposal of Clean Fill	\$107.00	\$115.00	7.48	\$36,591
Mattress - Single Bed	\$10.00	\$10.50	5.00	\$0
Mattress - Double Bed	\$15.00	\$16.00	6.67	\$0
Gas Bottles - up to 10kg	\$.00	\$5.00	.00	\$0
Transfer Station Waste to Landfill	\$.00	\$115.00	.00	\$351,586
Gas Bottles - 10 to 20kg	\$.00	\$10.00	.00	\$0
Gas Bottles - Larger than 20kg	\$.00	\$20.00	.00	\$0
E-Waste - Laptops, Computers, Printers, DVD & VCR Players etc	\$.00	\$5.00	.00	\$0
E-Waste - Small CRT TV/Computer Monitor (Smaller than 40cm)	\$.00	\$10.00	.00	\$0
E-Waste - Large CRT TV (Larger than 40cm)	\$.00	\$15.00	.00	\$0

Description	2011/12 Fee Incl. GST	2012/13 Fee Incl. GST	% Increase	2012/13 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
E-Waste - Small Plasma/LCD TV (Smaller than 100cm)	\$0.00	\$5.00	.00	\$0
E-Waste - Large Plasma/LCD TV (Larger than 100cm)	\$0.00	\$10.00	.00	\$0
Hard Waste Collection - Regular	\$0.00	\$75.00	.00	\$30,273
Hard Waste Collection - Pensioner	\$0.00	\$25.00	.00	\$10,091
Waste Management Total				\$1,454,193
Permit to Install a septic tank application made after a Planning Permit application. (Max 46.35 FUs)	\$553.80	\$566.00	2.20	\$107,540
Permit to install a septic tank application made prior to or at the same time as Planning Permit application.	\$543.10	\$543.10	.00	\$0
Permit to alter a septic tank system - Major Works	\$391.50	\$411.10	5.01	\$4,111
Permit to alter a septic tank - Minor Works	\$308.90	\$324.00	4.89	\$3,240
Request for copies of plans for septic.	\$102.10	\$60.00	(41.23)	\$545
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	\$151.50	\$159.10	5.02	\$289
Renewal of expired Septic Tank permit to current EPA requirements.	\$297.30	\$312.20	5.01	\$1,249
Assessment of Wastewater report	\$165.20	\$173.50	5.02	\$0
Minor permit amendment - no inspection	\$82.60	\$86.70	4.96	\$173
Major permit amendment - includes inspection	\$151.50	\$159.00	4.95	\$318
Fast Track pre building approval (Septic Report & Consent)	\$205.00	\$127.25	(37.91)	\$1,273
Request for Septic Plans and Permit	\$0.00	\$108.00	.00	\$491
Waste Water Total				\$119,229
Grand Total				\$3,203,894

GLOSSARY

Act	Local Government Act 1989
	Accounting Standards Accounting standards are issued from time to by the professional accounting bodies and are applicable to the preparation of general purpose financial reports.
	Standards issued by the Australian Accounting Standards Board (AASB) which are specifically relevant to local government include:
Accounting Standards	AASB 1051 – Land Under Roads, AASB 1052 – Disaggregate Disclosures AASB 2007 – 9 Amendments to Australian Accounting Standards arising from the revision of AASs 27, 29 and 31 are applicable to all general purpose financial reports prepared by councils.
Activities and initiatives	Section 127 of the Act requires a budget to contain a description of the activities and initiatives to be funded by the budget, along with a statement as to how they will contribute to the achievement of the Council's strategic objectives as specified in the Council Plan. The activities of Council are those services which it undertakes to meet the needs of the community as reflected in the Council Plan. They tend to be ongoing in nature and have internal and external customers. Initiatives are tasks or actions that are once-off in nature and lead to improvements in services or service levels
AIFRS	Australian equivalents to International Financial Reporting Standards.
Annual budget	This document is framed within the Council's strategic resource plan and sets out the short term goals and objectives as part of the overall strategic planning framework
Annual operating budget (<i>Budgeted income statement</i>)	The budgeted income statement shows the expected operating result in the forthcoming year with a distinction made between revenue received for operating purposes and revenue received for capital purposes.
Annual reporting requirements	Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements.
Annual budget	This document is framed within the Council's long term financial plan and sets out the short term goals and objectives as part of the overall strategic planning framework.
Annual report	The annual report prepared by a Council under section 131 of the Act.
Annual reporting Requirements	Annual reporting requirements include the financial reporting requirements of The Act, Accounting Standards and other mandatory professional reporting requirements

GLOSSARY

Asset renewal	Expenditure on an existing asset, which returns the service potential or the life of the asset, up to, that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time
Asset upgrade	Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the asset base.
Asset expansion	Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. Expansion expenditure is discretionary which increases future operating and maintenance costs because it increases council's in the asset base, but may be associated with additional revenue from the new user group.
Australian Accounting Standards	Accounting standards are issued from time to by the professional accounting bodies and are applicable to the preparation of general purpose financial reports.
Borrowing strategy	<i>A borrowing strategy is the process by which the Council's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored.</i>
Budgeted balance sheet	The budgeted balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year. The budgeted balance sheet should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements
Budgeted cash position (Budgeted cash flow statement)	The budgeted cash flow statement shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows.

GLOSSARY

	The budgeted cash flow statement should be prepared in accordance with the requirements of AASB 107 Cash Flow Statements.
Budget preparation requirement	Under the Act, a Council is required to prepare and adopt an annual budget by 31 August each year.
Capital expenditure	<p>Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.</p> <p>Capital expenditure is recorded in the balance sheet as additions to the value of the asset (that is, it is capitalised). This accounting treatment reflects the fact that this expenditure has resulted in the creation of additional value in an asset of discernable magnitude (materiality) which will benefit the community over several years and which has not been 'used up' in the year.</p> <p>The asset value is then progressively 'expensed' or written off to the income statement (operating statement), as its life (or service potential) is used up through the depreciation charge. In this way the total cost/value of the asset is spread over the periods, in which it is used, the operating result in each period reflecting the consumption of assets and service potential during that period.</p> <p>This best practice guide recommends that capital expenditure be distinguished between new assets (upgrade, expansion, new assets) and asset renewal.</p>
Capital works budget <i>(Budgeted capital works statement)</i>	The capital works budget shows the expected internal and external funding for capital works program and the total proposed capital works program for the forthcoming year with a comparison with forecast actual for the current year.
Capital works program	Capital works projects that will be undertaken during the 2012/13 year
Carry forward capital works	Carry forward capital works are those that are incomplete in the current budget year due to unavoidable delays and will be completed in the following budget year.
Carry forward surpluses	Inappropriately recognised by many Councils at the end of the current year as the critical starting point in the development of the budget for the following year. The recognition of carry forward surpluses is contrary to the interpretation of the Australian Accounting Standard AAS 27 Financial Reporting by Local Government.
Council Plan	This document sets out the medium term goals and objectives as part of the overall strategic planning framework and strategic resource plan and is prepared under section 125 of the Act.
Community satisfaction survey	A survey conducted on an annual basis by every Council.

GLOSSARY

Current year rate increase (<i>Rating strategy</i>)	A statement included in the budget quantifying the amount of the rate change for the forthcoming year and disclosing any significant factors influencing the rate change.
Differential rates	When a Council intends to declare a differential rate (eg business and residential), information prescribed by the Act under section 161 must be disclosed in the Council budget.
Discretionary reserves	Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.
Executive summary	Opening section of report designed to give the reader an overview and high level "snapshot" of the information provided in the report.
External funding sources (<i>Analysis of capital budget</i>)	External funding sources relate to capital grants or contributions, which will be received from parties external to the Council. It also includes the proceeds of assets sold to fund the capital works program.
External influences in the preparation of a budget	Matters arising from third party actions over which Council has little or no control eg change in legislation
Financial sustainability	A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term.
Financing activities	Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash.
Guidelines for Evaluation of Local Government Capital Projects (<i>Infrastructure strategy</i>)	A publication, released in 1998 by the then Department of Infrastructure that provides a framework for the development of a capital works program.
Infrastructure	Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services.
Infrastructure strategy	An infrastructure strategy is the process by which the Council's current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community

GLOSSARY

Internal funding sources <i>(Analysis of capital budget)</i>	Internal sources relate to cash and investments held in reserves or which are uncommitted and cash that will be generated from the operations of Council during the budget year. The latter should equate to the cash inflows from operating activities less capital revenue.
Internal influences in the preparation of a budget	Matters arising from Council actions over which there is some element of control (eg approval of unbudgeted capital expenditure).
International Financial Reporting Standards	Australian reporting entities are currently addressing the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005.
Investing activities	Investing activities means those activities, which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Key assumptions	When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.
Key budget outcomes	The key activities and initiatives that will be achieved in line with the Council Plan.
Key financial indicators	A range of ratios and comparisons of critical financial data over a period of years allowing a reader to gain a better understanding of key measures, such as indebtedness and liquidity which are often undisclosed when financial information is presented in standard statement format.
<p><i>Operating expenses / Assessment</i></p> <p>This ratio measures the average operational spending (as drawn from the income statement) on a per assessment basis. It should be noted that for this ratio to be meaningful, operational expenditure should be adjusted to remove non-operational items such as granted assets from developers any budgeted revaluation income.</p>	
<p><i>Rate revenue/ Total revenue</i></p> <p>This ratio measures Council's reliance on rate revenue as its principal source of funding. Increasing trends in this ratio will highlight that growth in rate revenue is frequently higher than what is able to be achieved in Fees and Grant revenue.</p>	
<p><i>Rate revenue / Assessment</i></p> <p>This ratio provides an illustration of the average rates paid on a per assessment basis across the municipality. It should be noted that this measure does not differentiate between residential and commercial ratepayers and does not represent either an average residential or commercial rate.</p>	

GLOSSARY

Debt servicing / Total revenue

This ratio contrasts the amount of interest expense that Council is incurring on its interest bearing liabilities as a percentage of the total revenue base. The Department of Victorian Communities (DVC) has established a prudential maximum of 5% in this indicator.

Grants/ Total revenue

This ratio provides an indication of the percentage of total revenue that is comprised of grant income. Falling percentages will indicate that grant revenue is not keeping pace with growth in total revenue and will most probably link to increasing reliance on rate revenue.

Fees & charges / Total revenue

This ratio provides an indication of the percentage of total revenue that is comprised of fees & charges income. Falling percentages will indicate that fees & charges revenue is not keeping pace with growth in total revenue and will most probably link to increasing reliance on rate revenue.

Key financial indicators (continued)

Indebtedness / Rate revenue

This ratio measures the total amount of interest bearing liabilities compared to the annual rates levy. This debt indicator is one of the three debt measures used by DVC when considering applications for loan borrowings. The prudential limit is 80%.

Underlying surplus / Total assets

This ratio indicates the contribution the underlying operational position makes to the net asset base of Council. Deficit ratios will highlight the percentage of total assets that is being eroded on annual basis by the operational activities of Council. Surplus ratios will highlight the additional contribution that is made to net asset base. Underlying surplus refers to the operational outcome as assessed in the income statement, adjusted for non-operational items such as; capital income, granted assets, revaluation income and expenses, asset write offs and the net gain/loss on sale of assets.

Total assets / Assessment

This ratio expresses the total assets that Council holds on a per assessment basis.

Current assets / Current liabilities

Otherwise known as the working capital ratio, this indicator expresses Council's short-term ability to meet its liquidity requirements within the current financial year. Ratio's below or nearing 100% indicate that Council may not be able to meet short-term liabilities.

Total liabilities / Assessment

This ratio expresses the sum total of current liabilities and non current liabilities expressed on a per assessment basis.

Capital outlays / Total cash outflows

This ratio draws the amount of projected cash outflows from the cash flow statement to be expended on the acquisition of property, plant and equipment (inclusive of infrastructure expenditure) as a percentage of all cash outflows. Declining trends may indicate that Council is not or will not in the future be able to adequately fund asset renewal as required or deliver required new facilities.

Capital outlays / Rate revenue

This ratio represents the capital outlays as a percentage of rate revenue and therefore Council's relative ability to convert rate revenue into capital works. The outcomes in this ratio will be influenced by capital grants.

Capital renewal expenditure / Total depreciation

As distinct from other capital ratios, this indicator looks solely at capital renewal expenditure and excludes capital spending on new assets. By contrasting this ratio against total depreciation, the outcome provides a broad level overview on whether Council is able to achieve a result in excess of 100%. This is a useful indicator but given depreciation may not always represent asset consumption on an annual basis; care should be used in its interpretation.

Key strategic activities

Section 127 of the Act requires the budget to separately identify the Key Strategic Activities (KSA's) to be undertaken during the financial year and performance targets and measures in relation to each KSA's. Section 132 of the Act states that the KSA's and performance targets and measures specified under Section 127 of the Act must be included in the Performance Statement in the Annual Report and be subject to audit.

KSA's are those significant activities and/or initiatives which will directly contribute to the achievement of the Council Plan during the current year. KSA's can be initiatives or a combination of activities and initiatives which have a major focus for the budget year and lead to significant outcomes for the organisation and community

Legislative framework

The Act, Regulations and other laws and statutes, which set a Council's governance and reporting requirements.

Local government asset investment guidelines

A publication, released in 2006 by the then Department for Victorian Communities that provides a framework for the development of a capital works programs.

Local Government (Finance and Reporting) Regulations 2004

The objective of these Regulations, made under section 243 of the local Government Act 1989 and which came into operation on 20 April 2004, is to prescribe for the purposes of the Local Government Act 1989:

- (a) the manner in which the standard statements and

financial statements of a Council are to be prepared

and their contents

(b) the information to be included in a Council Plan,

budget, revised budget and annual report

(c) other matters required to be prescribed under Parts 6

and 7 of the Act.

New assets

New assets or capital expenditure does not have any element of expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.

Non financial resources

Resources of a non financial nature (such as human resources, information systems and processes, asset management systems) which are consumed by a Council in the achievement of its strategic resource plan goals

Operating activities

Operating activities means those activities that relate to the provision of goods and services.

Operating budgeted income statement

The budgeted income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The budgeted statement income statement should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements in accordance in the new International Financial Reporting Standard

Operating expenditure

Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.

Operating performance
(Impact of current year on 2012/13 budget)

This statement shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure.

Operating revenue

Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.

Performance statement	Required by section 132 of the Act, a performance statement must be included in the annual report of a Council and include: a) the key strategic activities and performance measures specified in the budget under section 127 for that financial year b) the actual results achieved for that financial year having regard to those performance targets and measures
Prudential ratios and thresholds (<i>Borrowing strategy</i>)	Used by the Department for Victorian Communities in assessing a Council's borrowing capacity as part of the annual Australian Loan Council borrowing allocation.
Rate structure (<i>Rating strategy</i>)	Site value (SV), capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement.
Rating strategy	A rating strategy is the process by which the Council's rate structure is established and how the quantum of rate changes has been determined, taking into consideration longer term philosophy issues and framework.
Regulations	Local Government (Finance and Reporting) Regulations 2004.
Restricted funds and discretionary reserves	Monies set aside for statutory and discretionary purposes.
Revised budget	Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council.
Road Management Act	The purpose of this Act which came into operation from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the local Government Act 1989.
Service delivery (<i>in strategic resource plan</i>)	A key outcome of a strategic resource plan, service delivery must be linked with performance strategies in order to assess the adequacy of service delivery and the impact on long term budget preparation.
Standard statements	Prepared under section(s) 126(2)(a), 127(2)(a) and / or 131(1)(b) of the Act, standard statements are required in the: <ul style="list-style-type: none">▪ Strategic resource plan;▪ Budget; and▪ Annual report.

Whilst the same set of statements (detailed below) is required in each of these reports, they have different focuses due to the differing purposes of each report. The formats of these statements therefore need to reflect these different focuses being strategic, management and reporting, whilst remaining comparable.

The standard statements are the:

- Standard Income Statement;
- Standard Balance Sheet;
- Standard Cash Flow Statement; and
- Standard Capital Work Statement.

"Standard Statements, A Guide"	Publication by the Department for Victorian Communities in 2004, which provides guidance on the preparation of the four standard statements as required by the Act.
Statutory disclosures	Section 127 of the Act and the Regulations require certain information relating to projected results, borrowings, capital works and rates and taxes to be disclosed within the budget.
Statutory reserves	Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative and contractual requirements. These reserves are not available for other purposes.
Strategic planning framework	A "community owned" document or process which identifies the long term needs and aspirations of the Council, and the medium and short term goals and objectives which are framed within the long term plan.
Strategic resource plan (SRP)	<p>The Act requires that a Council Plan should include a strategic resource plan that includes financial and non-financial resources including human resources.</p> <p>The strategic resource plan outlines the resources required to achieve the Council Plan. As a minimum a strategic resource plan must include in respect of at least the next four years:</p> <ul style="list-style-type: none">• standard statements describing the required financial;• resources;• statements describing the required non-financial; and• resources – including human resources. <p>Such planning is essential in ensuring that an organisation remains financially sustainable in the long term. The annual budget should be consistent with the</p>

first projected year of a strategic resource plan.

Sustainability index <i>(Infrastructure strategy)</i>	The sustainability index is a means of measuring a Council's performance in the area of infrastructure preservation. This is the proportion of the total asset value consumed compared to the amount spent in preserving the asset on an annual basis.
Three way budgeting methodology (<i>Strategic resource plan</i>)	The linking of the income statement, balance sheet and cash flow statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.
Underlying operating result	The underlying operating result is a measure of financial sustainability of the Council which can be masked in the total operating result by nonrecurring or capital related items. It is equal to the underlying result adjusted for capital contributions, proceeds and written down value of non-operating assets sold and other once-off adjustments such as revaluation adjustments, unfunded superannuation liabilities etc.
	This definition differs from the underlying surplus as determined by the Victorian Auditor General in his report "Local Government: Results of the 2006-07 Audits" issued in February 2008 which includes capital contributions in the calculation. In this budget, capital contributions are excluded from the definition on the basis that the revenue is not tied, is received for capital expenditure and is fluctuating in nature meaning that the operating result can move from underlying deficit to surplus from year to year depending on the level of contributions received
Unrestricted cash and investments	Unrestricted cash and investments represents funds that are free of all specific Council commitments and are available to meet daily cash flow requirements and unexpected short term needs.
Valuations of Land Act 1960	The Valuations of Land Act 1960 requires a Council to revalue all rateable properties every two years.