South Gippsland Shire Council
Annual Budget – 2004 / 2005

Council Meeting 25 August 2004

Contents

1. Executive Summary

Under the *Local Government Act 1989* as amended by the Local Government (Democratic Reform) Act 2003 ("the Act"), Council is required to prepare and adopt an annual budget. The budget is required to be adopted by 31 August each year.

A high level Long Term Financial Plan for the years 2004/2005 to 2012/2013 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The Strategic Resource Plan (SRP), which is a subset of the Long Term Financial Plan contains a five year 'forward budget'. The key objective of the Long Term Financial Plan and the Strategic Resource Plan is financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Council Plan.

The 2004/2005 budget presented in this report has been developed through a rigorous process of consultation and review with Council and Council officers. It is Council's opinion that the budget is financially responsible and contributes to the achievement of all of the Council Plan strategic objectives and strategies included in the 2005-2009 Council Plan It is also forward looking in that it fits within a longer term framework, which seeks to achieve financial sustainability in the long term.

The 2004/2005 Operating Budget forecasts an operating surplus of $0.98 million after raising rates and charges of $17.80 million including supplementary rates and special charges. Excluding capital funding, an operating deficit of $1.63 million is forecast for 2004/2005.

South Gippsland Council is aware that it needs to improve its financial position in terms of liquidity and debt liability. Council over a number of years has recorded a series of operating deficits and as a consequence has not generated sufficient cash from operating activities to adequately contribute to financing of the capital works program. In recent years Council has placed considerable reliance on three main sources of funds -

- Rates and charges increases
- Borrowing's, and
- Asset sales

The amounts obtainable from some of these sources are now limited.

To address this situation, Council in April 2003 considered and adopted a number of long term financial strategies, which focused on improving our finances over the forthcoming years, and this was reflected in the Long Term Financial Plan.

The long term financial strategies were again further refined in 2004, and incorporated into both the Long Term Financial Plan and the Strategic Resource Plan.

Council operations and working capital position in 2004/2005 are expected to be significantly impacted by reductions in Victoria Grants Commission funding ($0.5 million) and mandatory Environmental Protection Authority (EPA) landfill requirements. At the same time, in accordance with the financial strategies, it will be necessary to achieve future revenue growth whilst containing costs in order to achieve and maintain at minimum a breakeven operating position over the future financial years. Although the Long Term

Financial Plan now shows that consistent net surplus results are achievable over the future years, it should be noted that a surplus result before capital funding will not be achieved until 2007/2008.

In order to achieve a long term sustainable financial position whilst maintaining service levels and a robust capital expenditure program, general rates and charges will increase by 6% in 2004/2005. The budgets for 2005/2006 and 2006/2007 will be particularly challenging due to the fact that the Council will be receiving significantly less grant funding over those two years.

Ongoing operational savings also need to be achieved. Council and the Chief Executive will continue to review existing service levels with the objective of identifying savings in non core services. The Long Term Financial Plan will be updated with any identified and sustainable savings. This in turn may facilitate the Shire achieving surplus operating results before capital funding earlier than what is currently modelled in the Long Term Financial Plan.

The total capital expenditure program will be $9.72 million. Of this amount $2.04 million relates to projects, which will be carried forward from the 2003/2004 year. The carried forward component is fully funded from the 2003/2004 year. Of the $9.72 million of capital funding required, $.2.61 million is funded from Council operations. $4.74 million is funded from external grants & contributions and the balance (including the carried forward component) of $2.38 million from cash and working capital. The capital works program is intentionally large due to the expenditure related to projects carried forward from 2003/2004 and also because of the magnitude of the leisure centre project. A capital expenditure program of this size cannot be sustained beyond 2004/2005.

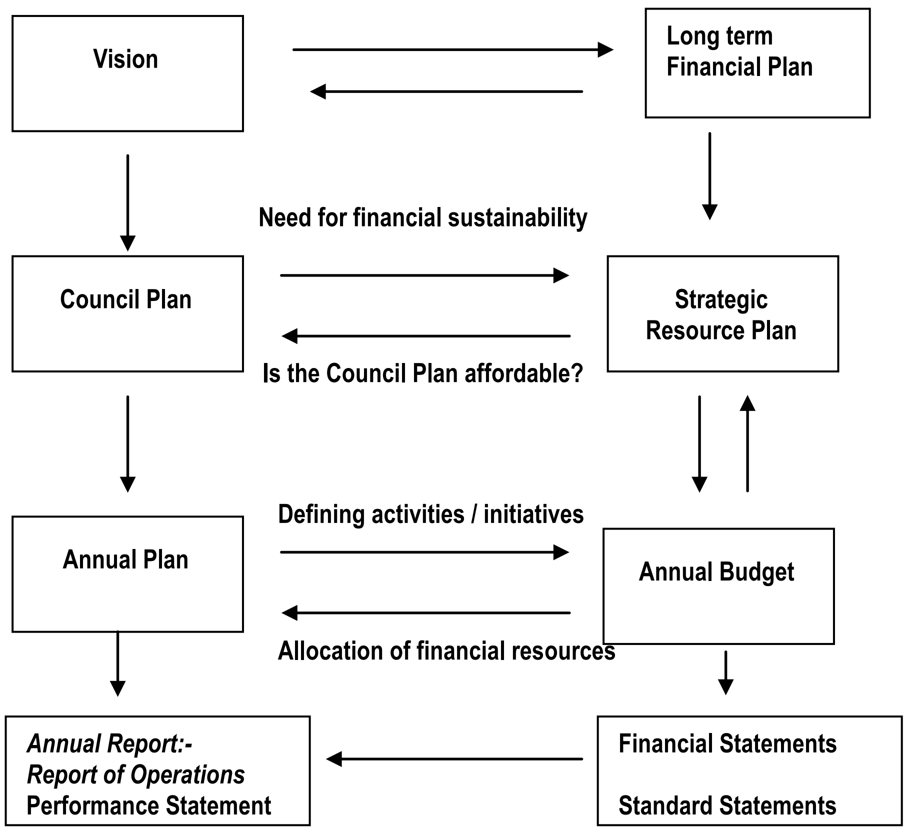
It is acknowledged that the Council still needs to fund new community and organisational initiatives if it is to remain innovative and cognisant of the community's needs. In this year's budget a number of new initiatives costing in excess of $3.9 million have been proposed.

2. Budget overview

2.1 Strategic planning framework

The Annual Budget has been developed within an overall planning framework, which guides the Council in identifying community needs and aspirations over the long term (Vision 2020) converting these into medium (Council Plan) and short term (Annual Plan) objectives, strategies, activities, initiatives and resource requirements and then holding itself accountable (Audited Statements).

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



Council's Vision is *to effectively plan and provide for the social, economic, built and natural environments that ensure the future wellbeing of the South Gippsland Community*.

The Long Term Financial Plan incorporates some very high level objectives / strategies as well as a 10 year long term financial plan. The plan is the over arching document to the Strategic Resource Plan and the Annual Budget, and sets the future financial direction of the Council.

The Council Plan specifies key strategic objectives and strategies, whereas the Strategic Resource Plan (SRP) is a detailed forward budget that effectively quantifies the resources required over five years to achieve the strategic objectives.

The Annual Plan details activities, initiatives and outcomes that are planned to be undertaken including the identification of Key Strategic Activities. The Annual budget details the resource requirements.

Finally, at year end the actual outcomes are reported upon in both the Annual report, Financial Statements and Standard Statements.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan and Long Term Financial Plan would usually be completed by February each year to ensure that there is sufficient time for officers to develop their Annual Plans (also referred to as 'Business Plans') in draft form prior to the commencement of the Annual Budget process in March.

Prior to the 2003/2004 financial year, Council's long term financial plan was derived at a very high level from the annual Rate Determination Statement. Rate determination budgets were satisfactory in facilitating the rate setting process but it did not adequately address or focus on financial position management for neither current or future years when setting budgets.

In 2003/2004 Council changed its budgeting methodology from a Rate determination basis to what is commonly referred to as 'Three Way Budgeting Methodology'. This technique produces forecast financial statements based on the assumptions about future movements in key revenues, expenses, assets and liabilities.

As a result, the 'stage one' long term financial plan developed in 2003/2004 focused on-

- Budget of financial performance (operating statement)
- Budget of cash position (cash flow statement)
- Budget of financial position (balance sheet) and
- Budget of capital works

Throughout the 2003/2004 financial year, the Long Term Financial plan was refined including the incorporation of specific capital works projects into the 10 year plan.

The 2004/2005 budget was very much developed within the framework of the 10 year forward financial plan.

Targets established during the long term financial planning process and the adherence to the key financial strategies, guided the preparation of this Annual Budget.

2.2 Council Plan outcomes

The Annual Budget includes the activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The Annual Budget converts these activities and initiatives into financial terms to ensure that there are sufficient resources for their achievement. The strategic objectives as set out in the Council Plan and the key strategies / indicators of success for achieving these objectives for the 2005-2008 years are set out below.

Council Plan Strategic Objective	Strategies / Indicators of Success
Social Environment ***'Facilitate, plan and provide services that increase the viability of our communities'***	• Facilitate partnerships that will strengthen communities • Support and / or provide a range of community services to meet the changing needs of our communities • Facilitate policies and programs that protect cultural, heritage and indigenous assets **Indicators of Success** ▪ Community satisfaction with Council Services Completion of service reviews to ensure Best Value for the community
Built Environment ***'Develop and guide sustainable urban design and infrastructure that will endeavour to meet the long term aspirations and needs of our communities'***	• Develop land use planning policies reflecting the aspirations of the community and provide for the appropriate use and development of land resources • Lobby for the provision of improved watewater, telecommunications, water, gas, transport and other utilities • Define, quantify, cost and prioritise capital works and maintenance programs for future years using appropriate asset management systems **Indicators of Success** ▪ Implementation of the Asset Management and Capital Works Program ▪ Community satisfaction with Council's planning policies ▪ Develop an Open Space Strategy
Economic Environment ***'Encourage investment, development and services that facilitate a planned and sustained growth for the Shire'***	• Nurture and support our existing industries • Lobby and facilitate for new or expanded business and investment opportunities within the Shire **Indicators of Success** ▪ Community satisfaction with Council's Economic Development initiatives ▪ Documented Economic growth
Natural Environment ***'Protect our unique environment by promoting and***	• Develop and implement responsible environmental policies, practices and initiatives • Support state and federal government environmental initiatives as appropriate **Indicators of Success**

engaging in responsible practices and initiatives'	▪ **Community satisfaction with Council's environmental initiatives** ▪ **Consideration of the Environment Strategy**

Appendix E "Activities and Initiatives by Team / Program" includes activities and initiatives to be funded in the Budget for the 2004/2005 year and how these will contribute to achieving the strategic objectives specified in the Council Plan.

Appendix F "Key Strategic Activities" isolates the Key Strategic Activities to be undertaken during the 2004/2005 year and performance targets and measures in relation to these. These are subject to audit at year end.

2.3 Basis of Budget preparation

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

The first step in the budget process is for the Officers to prepare the annual budget in accordance with the Act and submit 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 14 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 submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted and a copy submitted to the Minister by 31 August each year.

The 2004/2005 budget, which is included in this report, is for the year 1 July 2004 to 30 June 2005 and is prepared in accordance with the Act and Regulations. The budget includes standard statements being budgeted Statements of Financial Performance, Financial Position, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2005 in accordance with Australian Accounting Standards including AAS27, "Financial Reporting by Local Governments", and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It includes a description of the activities and initiatives to be funded and how they will contribute to achieving the strategic objectives specified in the Council Plan, as well as separately identified Key Strategic Activities and performance targets and measures in relation to each of these. 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 a Strategic Resource Plan for the years 2004/2005 to 2008/2009 (section 9), Rating Strategy (section 10), Borrowing Strategy (section 11) and Infrastructure Strategy (section 12).

2.4 Budget Process

The key dates for the annual plan and budget process are summarised below:

1.	Budget submitted to Council for Approval	July
2.	Public notice advising of intention to adopt budget	July
3.	Budget available for public inspection and comment	July / August
4.	Submissions period closes	August
5.	Budget and submissions referred to Council	August
6.	Budget and submissions presented to Council for Adoption	August
7.	Copy of adopted budget submitted to the Minister	August

2.5 Significant influences

External influences

In preparing the 2004/2005 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- The need to renegotiate a new Enterprise Bargaining Agreement ("EBA"). Wages growth is projected to be 3.5% per annum for 2003/2004 and beyond. (Victorian Budget Papers 2004/2005).
- Projected Consumer Price Index (CPI) increases on goods and services of around 2.5% per annum
- Reduction of $0.5 million in Victorian Grants Commission funding.
- Mandatory EPA Land fill rehabilitation requirements.
- Unavoidable cost increases in Workcover of and insurance premiums.
- Rate rebate concessions being given to electricity generating facilities
- Prevailing economic conditions which are expected to remain difficult during the budget period, impacting interest rates.

Internal influences

As well as external influences, there were also internal influences arising from the 2003/2004 year which have had a significant impact on the setting of the 2004/2005 Budget. These include :

- The cash available and significant amount of projects carried forward, both capital ($2.04 million) and operational expenditure that is tied to grant funds ($0.89 million).
- Ongoing savings of $0.8 million per annum on employee costs due to the organisation restructure process that occurred in 2003/2004

Section 8. "Impact of Current Year Results on 2003/2004 Budget" provides further analysis of these internal influences.

2.6 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:

- Existing fees and charges to be increased in line with CPI / market levels / cost recovery;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2003/2004 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- New staff proposals to be justified through a business case;
- Contract labor to be minimised;
- New initiatives or projects which are not cost neutral to be justified through a business case;
- Real savings in expenditure and increases in revenue identified in 2003/2004 to be preserved;
- Operating revenues and expenses arising from completed 2003/2004 capital projects to be included; and
- No new borrowings.

3. Highlights

This section of the annual budget report summarises the highlights of the budget which are expected to be of greatest interest to the community. The summary looks at the five key areas of:

- Operating budget
- Budgeted cash position
- Capital works budget
- Budgeted financial position
- Budget activities and initiatives

Each of these areas is addressed below.

3.1 Operating budget

	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Variance $'000
Operating			
Revenue	31,105	31,858	753
Expenditure	(35,371)	33,486	1,885
	(4,266)	**(1,628)**	**2,638**
Capital			
Revenue	1,950	2,608	658
Operating surplus (deficit)	**(2,316)**	**980**	**3,296**

The Budgeted Statement of Financial Performance forecasts a surplus of $0.98 million for the year ending 30 June 2005, after capital grants, which is an improvement of $3.30 million over 2003/2004. Before capital funding, an operating deficit of $1.63 million is forecast, a decrease of $2.64 million in net operating costs on the 2003/2004 year. Funding for capital works increases by $0.66 million to $2.61 million. Refer to Section 4. "Analysis of Operating Budget" for a more detailed analysis.

3.2 Budgeted cash position

Cash Inflows(Outflows)	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Variance $'000
Operating	3,999	5,217	1,218
Investing	(4,391)	(7,591)	(3,200)
Financing	1,150	(993)	(2,143)
Net increase(decrease) in cash held	**758**	**(3,367)**	**(4,125)**
Cash at beginning of year	4,713	5,471	758
Cash at end of year	**5,471**	**2,104**	**(3,367)**

The Budgeted Statement of Cash Flows shows a net decrease in cash resources of $3.37 million for the year ending 30 June 2005. This consists of a $1.22 million increase in cash generated from operating activities mainly resulting from increased revenue from rates & charges**.** This is offset by an increased usage of cash of $3.20 million in investing activities due to the increase in the 2004/2005 capital works budget. There is a net cash outflow of $2.14 million in financing activities relative to the previous financial year. This is bought about by not borrowing any monies in 2004/2005, whereas in 2003/2004 Council borrowed $2.0 million. Overall, total cash and investments are forecast to be $2.10 million as at 30 June 2005, which effectively leaves very little spare working capital capacity. Refer to Section 5. "Analysis of Budgeted Cash Position" for a more detailed analysis.

3.3 Capital Works Budget

Funding Sources	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Variance $'000
External	6,589	4,736	(1,853)
Internal	441	4,983	4,542
Total funding	**7,030**	**9,719**	**2,689**
Capital works	(7,030)	(9,719)	(2,689)
Capital surplus (deficit)	**0**	**0**	**0**

The 2004/2005 Budgeted Statement of Capital Works forecasts total capital works of $9.72 million, which is an increase of $2.69 million over 2003/2004. The funding sources for the capital works program include $4.74 million from external sources such as grants, contributions, and proceeds from sale of assets and $4.98 million from internal sources such as operations and working capital. The capital works program includes incomplete projects from the 2003/2004 year of $2.04 million. Refer to Section 6. "Analysis of Capital Budget" for a more detailed analysis.

3.4 Budgeted Financial Position

	Forecast Actual 30 Jun 04	Budget 30 Jun 05	Variance
	$'000	**$'000**	**$'000**
Assets & Liabilities			
Net current assets	4,161	1,133	(3,028)
Net non current assets	259,164	264,704	5,540
Net assets	**263,325**	**265,837**	**2,512**
Equity			
Accumulated surplus	119,478	120,008	500
Reserves	143,847	145,829	1,982
Total equity	**263,325**	**265,837**	**2,512**

The Budgeted Statement of Financial Position shows net assets of $265.84 million as at 30 June 2005, which is a increase of $2.51 million over 2003/04. This is comprised of a $3.03 million decrease in net current assets resulting mainly from the utilising of all available working capital to fund the capital works program, and a $5.54 million increase in net non-current assets also resulting from the proposed capital works program and asset revaluations. Refer to Section 7. "Analysis of Budgeted Financial Position" for a more detailed analysis.

3.5 Budget activities and initiatives

	Budget 2004/05 $'000
Activities and initiatives	
South Gippsland Aquatic Centre	2,960
Expansion of community grants program	250
Foster stockyard gallery	250
Tarwin Lower bike path	276
Waratah Bay Caravan Park toilet	180

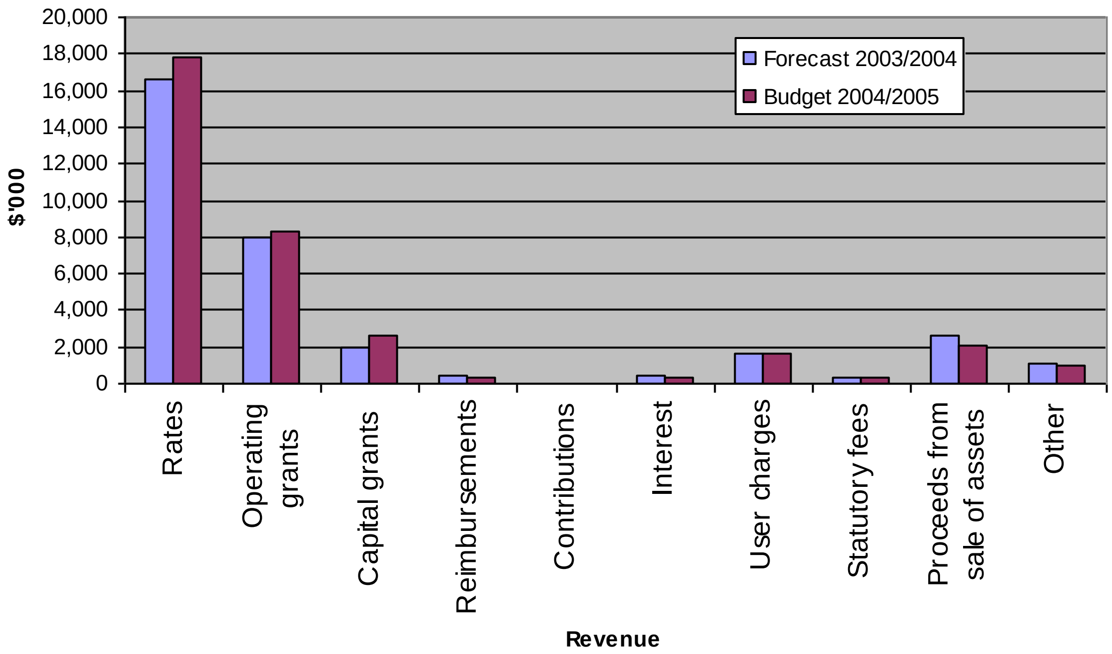
Whilst the 2004/2005 budget has been prepared on the basis of constraint, the Council still needs to fund new community and organisational initiatives if it is to remain innovative and cognisant of the community's needs. This year's budget includes a number of activities and initiatives which will contribute to the achievement of the strategic objectives specified in the Council Plan. Refer to Appendix E "Activities and Initiatives by Team / Program" for a more detailed analysis.

4. Analysis of Operating Budget

This section of the annual budget report analyses the expected revenues and expenses of the Council for the 2004/2005 year. It also includes analysis of Departmental Team's financial performance in a format which aligns with Council's organisational structure.

4.1 Operating Revenue

Revenue Types	Reference	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	(Unfav) Variance $'000
Rates & charges	4.1.1	16,593	17,800	1,207
Operating grants	4.1.2	7,973	8,291	318
Capital grants & contributions	4.1.3	1,950	2,608	658
Reimbursements	4.1.4	440	369	(71)
Contributions	4.1.5	7	12	5
Interest	4.1.6	420	290	(130)
User charges	4.1.7	1,601	1,657	56
Statutory Fees	4.1.8	373	306	(67)
Proceeds from sale of assets	4.1.9	2,639	2,128	(511)
Other	4.1.10	1,059	1,005	(54)
Total operating revenue		**33,055**	**34,466**	**1,411**



4.1.1 Rates and Charges ($1.21 million increase)

It is projected that general rates and charges income be increased to $17.80 million. This includes $0.2 million in supplementary rates and special charge rates. Section 10. "Rating Strategy" includes a more detailed analysis of the rates and charges to be levied for 2004/2005.

4.1.2 Operating Grants ($0.32 million increase)

Government grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of grants has increased by 4.0% or $0.32 million compared to 2003/2004. Significant movements in grant and contribution funding are summarised below:

Revenue Types	**Forecast Actual 2003/04 $'000**	**Budget 2004/05 $'000**	**(Unfav) Variance $'000**
Victoria Grants Commission	5,859	5,352	(507)
Community Projects	188	315	127
Non HACC services	206	101	(105)
Road to Recovery	0	821	821
Urban Traffic Management	105	0	(105)
General revaluation	8	190	182

The reduction in Victorian Grants Commission (VGC) funding results from changes to the funding formula following a review of the basis of funding by the VGC. Further, the corrections to the road lengths of local roads also had an adverse impact on funding.

Community project funding have increased for the Great Southern Rail Trail to $274,000 and for the Outtrim Pistol Club $41,000. The reduction in Non HACC services is due to discontinuing with community services private works.

Grants for Road to Recovery are now recognized for resheets as they are now classified as operational expenditure (previously resheets were classified as capital expenditure).

Grants are provided every two years by the State Revenue Office to offset some of the costs associated with the general revaluation of all the rateable properties within the shire.

4.1.3 Capital Grants and Contributions ($0.66 million increase)

Capital grants include all monies received from State and Federal governments and community sources for the purposes of funding the capital works program. Overall the level of grants has increased by 33% or $0.66 million compared to 2003/2004. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2004/2005 year.

4.1.4 Reimbursements   ($71,000 decrease)

Aside for the reduction of $36,000 for Community buildings and $43,000 for the GLGN network there are no significant movements for reimbursements for recreation facilities and insurances.

4.1.5 Contributions ($5,000 increase)

There are no significant movements for contributions.

4.1.6 Interest Revenue ($0.13 million decrease)

Interest revenue includes interest on investments and rate arrears. Although the Reserve Bank of Australia economic forecasts indicate that there is likely to be some upward pressure on interest rates in the budget period, interest on investments is forecast to decline by $140,000 compared to 2003/2004. This is mainly due to a forecast reduction in Council's available cash reserves during 2004/2005 to fund infrastructure projects. Interest on unpaid rates is forecast to increase by $4,000 compared to 2003/2004 following an analysis of the expected level of unpaid rates during 2004/2005.

4.1.7 User Charges ($56,000 increase)

User 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.

Council plans to increase user charges for the majority of areas in line with expected inflationary trends over the budget period to maintain parity of user charges with the costs of service delivery.

Appendix G, 'Fees and Charges' details all User Charges.

4.1.8 Statutory Fees ($67,000 decrease)

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

Council has also anticipated a reduction in fees from the Planning services ($40,000) resulting from the expected slowdown in the housing market.

Appendix G, 'Fees and Charges' details all Statutory fees.

4.1.9 Proceeds from Sale of Assets ($0.51 million decrease)

Proceeds from the sale of Council assets of $2.13 million for 2004/2005 relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet ($1.87 million) and sale of properties including surplus land throughout the municipality ($0.26 million).

In 2003/2004 the forecast income generated from land sales was $0.75 million.

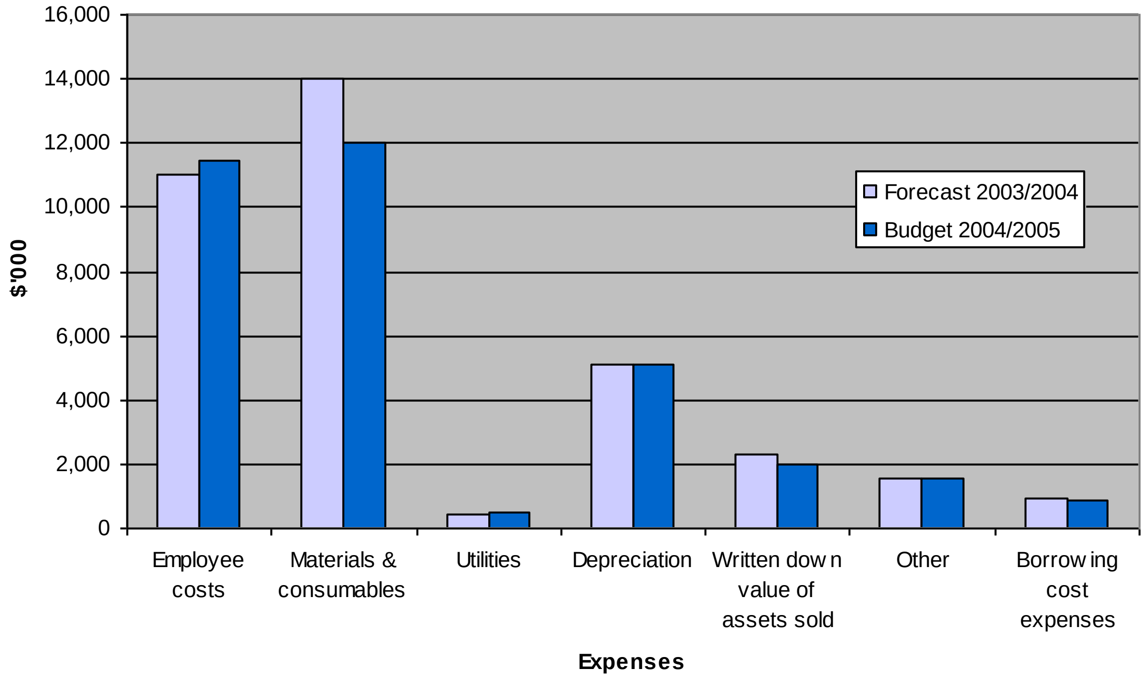
4.1.10 Other Revenue ($54,000 decrease)

Other revenue relates to a range of unclassified items such as cost recoupments and other miscellaneous income items including income from private works.

Other revenue is projected to decrease by 5.1% or $54,000 in 2004/2005. The main cause for the decrease is private works ($60,000) due to not continuing with community services private works.

4.2 Operating Expenditure

Expenditure Types	Reference	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	(Unfav) Variance $'000
Employee costs	4.2.1	11,036	11,425	(389)
Materials and consumables	4.2.2	14,036	12,010	2,026
Utilities	4.2.3	435	513	(78)
Depreciation	4.2.4	5,098	5,087	11
WDV assets sold	4.2.5	2,296	2,001	295
Other expenses	4.2.6	1,543	1,580	(37)
Borrowing cost expenses	4.2.7	927	870	57
Total operating expenditure		**35,371**	**33,486**	**1,885**



4.2.1 Employee Costs ($0.39 million increase)

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

Employee costs are forecast to increase by than 3.5% or $0.39 million compared to 2003/2004. This however is $0.8 million less than what was originally budgeted for in 2003/2004. The reduction of employee costs has been brought about by the organisation restructure that occurred in 2003/2004 as well as not replacing staff vacancies.

It should also be noted that the 2004/2005 budgeted employee costs takes into account :

- renegotiation of Council's Enterprise Bargaining Agreement (EBA) and banding and contract staff increments 2004/2005 as well as the flow on effect to superannuation expenses.
- Increase in Workcover premiums.
- Increases in staff resources in the planning, as a result of increased demand for services,

4.2.2 Materials & Consumables ($2.03 million decrease)

Materials and consumables are forecast to decrease by 14% or $2.03 million compared to 2003/2004. The variation is mainly to the 'one off' expense in 2003/2004 which recognized EPA Landfill rehabilitation costs of $3.3 million. The expense was bought to account in 2003/2004 and the liability is recognised in the Balance sheet.

4.2.3 Utilities ($78,000 increase)

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to increase by 17% or $78,000 compared to 2003/2004. Price increases in these areas are largely beyond the control of Council.

4.2.4 Depreciation ($11,000 decrease)

Depreciation relates to the usage of Council's property, plant and equipment including infrastructure assets such as roads and drains. The decrease of $11,000 for 2004/2005 is due mainly to no longer capitalizing resheets expenditure on roads and as a result of revaluing the classes of assets roads and properties. The completion of the 2004/2005 capital works program and the full year effect of depreciation on the 2003/2004 capital works program also impacts upon the depreciation charges. Refer to section 6. "Analysis of Capital Budget" for a more detailed analysis of Council's capital works program for the 2004/2005 year.

4.2.5 WDV of Assets Sold ($0.30 million decrease)

The written down value of assets sold is the cost of assets intended to be sold less any accumulated depreciation. The decrease of $0.30 million is predominantly due to less land budgeted to be sold this financial year.

4.2.6 Other Expenses ($37,000 increase)

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items. Other expenses are forecast to increase by 2.4% or $37,000 compared to 2003/2004.

4.2.7 Borrowing Cost Expenses (57,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. The costs are forecast to decrease in 2004/2005 due to the increasing portion of loan repayments being actually allocated to principal repayments.

4.3 Organisational analysis

The following is a summary of the Operating Budget by team in accordance with Council's organisational structure. It shows:

- where Council's rates and charges will be directed
- where significant changes in departmental net costs are expected

Team	Reference	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Net Cost Increase (Decrease) $'000
Community Services	4.3.1	177	244	67
Development	4.3.2	1,395	2,031	636
Engineering	4.3.3	5,151	2,927	(2,224)
Executive	4.3.4	839	1,293	454
Finance	4.3.5	1,567	1,347	(220)
Governance	4.3.6	284	337	53
Information	4.3.7	1,589	1,635	46
Operations	4.3.8	4,594	3,749	(845)
Planning	4.3.9	381	661	280
Shire Development	4.3.10	129	145	16
Shire Services	4.3.11	139	193	54
Other non-attributable[1]	4.3.12	4,614	4,866	252
Operating deficit before rates & capital revenue		**20,859**	**19,428**	**(1,431)**
Funded by:				
Rates & charges	Section 10	16,593	17,800	1,207
Capital grants & contributions	4.3.13	1,950	2,608	658
Total		18,543	20,408	1,865
Operating surplus (deficit)		**(2,316)**	**980**	**3,296**

1 Includes grants commission, depreciation, major maintenance, proceeds and WDV of assets sold and abnormal items.

4.3.1 Community Services ($67,000 increase)

This includes aged & disabled services, community programs, community services management and health & community safety. There was a significant net income reduction in aged and disabled program and a cost reduction in community services management The other programs, health and community safety had no significant movements.

4.3.2 Development($0.64 million increase)

Development includes the following programs; community building, customer service, development management, economic development and tourism, local laws, public relations and recreation. There is a net increase in funding of $0.3 million to the economic development & tourism relative to last year, as well as $0.3 million to recreation which includes the operational costs for the new leisure centre.

4.3.3 Engineering ($2.22 million decrease)

Engineering include community projects, engineering management, engineering services, property and waste. The net cost of the waste program is expected to be $2.22 million less than the previous year due to bringing to account in 2003/2004 the rehabilitation costs of landfill tips. Property is expected to receive far less land sales income relative to the previous year.

4.3.4 Executive ($0.45 million increase)

The net cost of Executive program is budgeted to increase by $0.45 million compared to 2003/2004. This is due mainly to increases in Council operations ($100,000), and increase in allocation of funding for projects and initiatives ($240,000).

4.3.5 Finance ($0.22 million decrease)

This includes accounts, financial management, rates & valuations and risk. Aside from recognition of the bi annual valuation grants, there are no significant variances between the 2003/2004 and 2004/2005 years for Finance.

4.3.6 Governance ($53,000 increase)

Aside form the additional costs of contracting out the Internal audit function, there are no significant variances between the 2003/2004 and 2004/2005 years for Governance.

4.3.7 Information ($46,000 increase)

There are no significant variances between the 2003/2004 and 2004/2005 years for Information.

4.3.8 Operations ($0.85 million decrease)

Operations include the local roads, Parks and gardens, plant and private works programs. There has been an decrease in net costs for local roads due to receiving additional grant funding ($0.7 million) and an increase in net funds allocated for parks and gardens ($0.2 million) relative to the previous year.

4.3.9 Planning ($0.29 million increase)

There has been an increase in net costs for Environmental operations ($80,000) and planning operations ($150,000) relative to the previous year.

4.3.10 Shire Development Management ($16,000 increase)

There are no significant variances between the 2003/2004 and 2004/2005 years for Shire development management.

4.3.11 Shire Services Management ($54,000 increase)

Aside from the reallocation of administrative resources, there are no significant variances between the 2003/2004 and 2004/2005 years for Shire services.

4.3.12 Other Non-Attributable ($0.25 million increase)

Other Non-Attributable relates to income and expenditure which cannot be attributed directly to Council departments and are overseen by the Corporate Services department. For the purposes of this analysis other non-attributable includes Victorian Grants Commission allocations, depreciation, net profit/loss on sale of assets, corporate overheads and abnormal items. Reductions in depreciation and the written down value of assets sold have been offset by a reduction in Victoria Grants Commission funding.

4.3.13 Capital grants & contributions ($0.66 million increase)

The reallocation of part of the road to recovery funding to operational expenses has been offset by capital funding for community projects and the Cape Lip trap road.

5 **Analysis of budgeted cash position**

This section of the budget report analyses the expected cash flows for the 2004/2005 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, equipment, etc.
- 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.

5.1 Analysis of Budgeted Statement of Cash Flows

	Reference	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Variance $'000
Operating Activities	5.1.1			
Receipts		30,207	32,338	2,131
Payments		(26,208)	(27,121)	(913)
Net cash inflow (outflow)		**3,999**	**5,217**	**1,218**
Investing Activities	5.1.2			
Receipts		2,639	2,128	(511)
Payments		(7,030)	(9,719)	(2,689
Net cash inflow (outflow)		**(4,391)**	**(7,591)**	**(3,200)**
Financing Activities	5.1.3			
Receipts		2,022	16	(2,006)
Payments		(872)	(1,009)	(137)
Net cash inflow (outflow)		**1,150**	**(993)**	**(2,143)**
Net increase (decrease) in cash held		**758**	**(3,367)**	**(4,125)**
Cash at beginning of year		4,713	5,471	758
Cash at end of year	5.1.4	**5,471**	**2,104**	**(3,367)**
Represented by:				
Reserve cash and investments				
- Statutory		0	0	0
- Discretionary		0	450	(450)
-Working capital		5,471	1,654	(3,817)
	5.2	**5,471**	**2,104**	**(3,367)**

5.1.1 Operating Activities ($1.22 million increase)

The increase in cash inflows from operating activities is due mainly to a $1.21 million increase in Rates and charges revenue and capital grants ($0.66 million), and is offset by increased payments to Suppliers ($0.60 million).

5.1.2 Investing Activities ($3.20 million decrease)

The $3.20 million increase in payments for investing activities represents the planned large increase in capital works expenditure including expenditure on the Leisure centre as well as the large number of projects carried forward from 2003/2004. The details are disclosed in Appendix D of this budget report. Proceeds from sale of assets is forecast to be $0.51 million less than the previous year.

5.1.3 Financing activities ($2.14 million decrease)

Financing activities includes the principal component of loan repayments for the year. For 2004/2005 the total of principal repayments increases to $1.01 million.

Last financial year $2.0 million was borrowed to fund capital works. There are no borrowing's proposed for 2004/2005.

5.1.4 Cash at end of the Year ($3.37 million decrease)

Overall, total cash and investments is forecast to decrease by $3.37 million to $2.10 million as at 30 June 2005, reflecting Council's strategy of using all available cash and investments. This is at the lower end of the parameters specified in Council's Long Term Financial strategy. The Long term financial plan (see Section 9.) takes this into account and forecasts a significant reduction in the capital works program from 2005/2006 onwards to balance future cash budgets.

5.2 Reserve Cash, Investments and Working Capital

The cash flow statement above indicates that Council is estimating that at 30 June, 2005 it will have cash and investments of $2.10 million which has been earmarked as follows:

- **Working capital ($1.65 million**) - these funds are free of all specific Council commitments 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. A higher level of working capital would be considered desirable because 60% of Council's rate revenue is not received until February each year. This again is reflected in the long-term financial plan.

- **Statutory purposes ($0)** - Currently there are no funds allocated to statutory reserves. 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 ($0.45 million.**) - An allocation of $0.45 million has been budgeted to be allocated to reserve funds in 2004/2005 for the repayment of long term debt. Additional annual allocations of funds will be put to a reserve up until 2007/2008 principally to build up a sinking fund to offset against a $4.5 million interest only loan that matures in that financial year.

  Allocations to discretionary reserves in future years will normally only occur when surplus operating results 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. The decisions about future use of these funds will be reflected in Council's Long Term Financial Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan. Any changes will be reflected in the plan.

6 Analysis of Capital Budget

This section of the budget report analyses the planned capital expenditure budget for the 2004/2005 year and the sources of funding for the budget.

6.1 Funding Sources

Sources of Funding	Reference	Forecast Actual 2003/04 $'000	Budget 2004/05 $'000	Variance $'000
External				
Grants and contributions	6.1.1	1,950	2,608	658
Borrowings	6.1.2	2,000	0	(2,000)
Proceeds on sale of assets	6.1.3	2,639	2,128	(511)
Sub total		6,589	4,736	(1,853)
Internal				
Operations	6.1.4	441	2,609	2,168
Working capital	6.1.5	0	2,374	2,374
Sub total		441	4,983	4,542
Total funding sources		**7,030**	**9,719**	**2,689**

6.1.1 Grants and contributions ($0.66 million increase)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for the Leisure Centre ($1.18 million), Roads to recovery ($0.46 million), Cape Liptrap road ($0.69 million), and the Korumburra Library ($0.09 million).

6.1.2 Borrowing ($2.0 million decrease)

There are no borrowing's budgeted for in the 2004/2005 financial year.

6.1.3 Proceeds from sale of assets ($0.51 million decrease)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of $1.87 million and sale of land of $0.26 million.

6.1.4 Operations (2.17 million 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 $2.17 million will be generated from operations to fund the 2004/2005 capital works program (after allowing for capital grants and contributions as discussed in Section 6.1.1). Refer section 5. "Budgeted Cash Position" for more information on funds from operations.

6.1.5 Working capital ($2.38 million increase)

Council also has cash and investments which represent working capital and funds preserved from the previous year mainly as a result of grants and contributions being received in advance. It is forecast that $2.38 million will be available from the 2003/2004 year to fund the 2004/2005 capital works program.

6.2 Capital works

Capital Works Areas	Reference	Forecast Actual 2003/2004 $'000	Budget 2004/2005 $'000	Variance $'000
Works for 2004/2005				
Roads	6.2.1	1,807	2,452	645
Footpaths	6.2.2	15	227	212
Kerb & Channel	6.2.3	14	47	33
Bridges	6.2.4	313	115	(198)
Drains & Culverts	6.2.5	13	73	60
Carparks	6.2.6	92	0	(92)
Other Structures	6.2.7	127	177	50
Buildings	6.2.8	1,894	3,607	1,713
Land	6.2.9	3	70	67
Plant & Equipment	6.2.10	2,700	2,729	29
Furniture & Equipment	6.2.11	52	222	170
Total capital works		**7,030**	**9,719**	**2,689**
Works for 2004/2005 represented by:				
Capital expenditure				
New assets		1,923	4,626	2,703
Existing asset improvements		5,107	5,093	(14)
Total capital works		**7,030**	**9,719**	**2,689**
Works carried forward*				
Works carried forward from previous year	6.2.12	198	2,040	1,842

6.2.1 Roads ($2.45 million)

A significant change as a result of the revaluing the class of assets 'Roads' has been the reclassification of expenditure on resheets from capital to operational expenses.

In previous years Council had been capitalising expenditure on resheets and reseals on the basis that they both involved a substantial amount of dollars. It has now been determined that on the basis that resheet expenditure patterns, although significant in dollar value, tend to be part of an ongoing and regular maintenance program, and that the cost incurred is not material to the total value of the asset category. It is therefore more appropriate to expense it to the Operating Statement.

For the 2004/2005 year, $2.45 million will be expended on road projects. The more significant projects include reseals ($1.08 million), Andersons Inlet road ($0.21 million), and the Cape Liptrap road ($0.69 million).

6.2.2 Footpaths ($0.28 million)

For the 2004/2005 year, $0.28million will be expended on footpaths, the significant project being the Tarwin Lower bike track ($0.28 million).

6.2.3 Kerb & Channel ($47,000)

For the 2004/2005 year, $47,000 will be expended on kerb & channel. The more significant projects include Wood & Landy Street ($30,000), and Court Street Foster ($10,000).

6.2.4 Bridges ($0.15 million)

For the 2004/2005 year, $0.15 million will be expended on bridges. The more significant projects include Helms road bridge ($70,000), and the bridge over Foster creek ($45,000).

6.2.5 Drains & Culverts ($73,000)

For the 2004/2005 year, $73,000 will be expended on drains & culverts. A significant project is the Henry road culvert ($73,000).

6.2.6 Carparks ($nil)

For the 2004/2005 year, no funds have been allocated to carparks.

6.2.7 Other structures ($0.18 million)

For the 2004/2005 year, $0.18 million will be expended on other structures. The more significant projects include the Foster showgrounds regional playground ($40,000), Foster streetscape ($44,000), and Baromi Park ($15,000).

6.2.8 Buildings ($3.61 million)

For the 2004/2005 year, $3.61 million will be expended on buildings. The more significant projects include the Leisure centre ($2.96 million), Warratah Bay caravan park toilet ($180,000), and Foster Stockyard Gallery upgrade ($250,000).

6.2.9 Land ($70,000)

For the 2004/2005 year $70,000 has been allowed for land purchases which includes Tarwin Lower bike track ($50,000) and sundry land purchases (20,000).

6.2.10 Plant & Equipment ($2.73 million)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet ($2.73 million).

6.2.11 Office Furniture & equipment ($0.22 million)

This predominantly relates to ongoing cyclical replacement of computer related equipment ($0.22 million).

6.2.12 Carried forward works ($2.04 million)

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. For the 2003/2004 year it is forecast that $2.04 million of capital works will be incomplete and be carried forward into the 2004/2005 year. The more significant projects include the Leisure center project ($1.4 million), and the Warratah Bay Caravan Park toilet ($0.11 million).

7 Analysis of budgeted financial position

This section of the budget report analyses the movements in assets, liabilities and equity between 2003/2004 and 2004/2005.

7.1 Budgeted Statement of Financial Position

	Reference	Forecast Actual 30 Jun 04	Budget 30 Jun 05	Variance
		$'000	**$'000**	**$'000**
Current				
Assets	7.1.1	9,201	5,888	(3,313)
Liabilities	7.1.2	(5,040)	(4,755)	285
Net current assets		**4,161**	**1,133**	**(3,028)**
Non Current				
Assets	7.1.3	275,572	279,719	4,147
Liabilities	7.1.4	(16,408)	(15,015)	1,393
Net non current assets		**259,164**	**264,704**	**5,540**
Net assets		**263,325**	**265,837**	**2,512**
Equity	7.1.5			
Accumulated surplus		119,478	120,008	530
Reserves		143,847	145,829	1,982
Total equity		**263,325**	**265,837**	**2,512**

7.1 1 Current Assets ($3.34 million decrease)

The decrease in current assets is mainly due to a $3.31 million decrease in cash and investments during 2004/2005 to fund the capital works program. A more detailed analysis of this change is included in section 5. "Analysis of budgeted cash position". Rate and other debtors are not expected to change significantly.

7.1 2 Current Liabilities ($0.29 million decrease)

There is a small decrease in current liabilities (that is, obligations that council must pay within the next 12 months). Other than recognising the decrease of $0.32 million for current liability commitments for provisions for landfill rehabilitation, there are no significant movements in current liabilities. Amounts owed to suppliers are expected to decrease marginally.

7.1 3 Non Current Assets ($4.15 million increase)

The increase in non-current assets is due to the net result of the capital works program ($9.72 million), the depreciation of all non-current assets with the exception of land ($5.09 million) and the written down value of property, plant and equipment sales ($2.00 million). Long term debtors relating to loans to community organisations will reduce by $16,000.

7.1.4 Non Current Liabilities ($1.39 million decrease)

The decrease in movements in non current liabilities is due primarily to reduction of the non current portion of borrowings by $1.09 million and decrease in provision for long service leave of $0.30 million.

7.1 5 Equity ($2.51 million increase)

The increase in the accumulated surplus is due to the forecast operating surplus of $2.51 million after allowing for a budgeted net increase in the asset revaluation reserve of $1.53 million.

In addition to this change, an amount of $0.45 million will be transferred from the accumulated surplus to a reserve. This reflects the allocation of funds to an investment reserve to apply against long term borrowing's in 2007/2008, in particular against a $4.5 million interest only loan that requires to be re-financed. As this transfer is a movement between balances within equity, it has no effect on the total balance of equity.

7.2 Key assumptions

In preparing the Budgeted Statement of Financial position for the year ended 30 June 2005 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 2004/2005 will be at similar levels to that of previous years.
- Trade creditors and other creditors and debtors to remain consistent with 2003/2004 levels.
- Proceeds from the sale of property in 2004/2005 will be received in full in 2004/2005.
- Employee entitlements to be marginally increased to allow for wage movements. No increase in the average rate of leave taken is expected.
- Repayment of loan principal (including hire purchase) to be $1.01 million
- Total capital expenditure to be $9.72 million.
- A total of $0.45 million to be transferred from accumulated surplus to reserves, specifically to fund the repayment of long term borrowings in 2007/2008.
- A net increase in the Asset revaluation reserve of $1.53 million as a result of forthcoming infrastructure asset revaluations.

8 Impact of current year on 2004/2005 budget

This section of the budget report analyses the impact of variances from budget in the current year on the budget year to assess whether there will be any significant impacts on the 2004/2005 budget.

8.1 Operating performance

	Budget 2003/04 $'000	Forecast Actual 2003/04 $'000	Variance $'000
Operating			
Revenue	30,574	31,105	531
Expenditure	(34,061)	(35,371)	(1,310)
	(3,487)	**(4,266)**	**(779)**
Capital			
Revenue	3,426	1,950	(1,476)
Operating surplus (deficit)	**(61)**	**(2,316)**	**(2,255)**

The forecast Operating Performance for the year ending 30 June 2004 is a deficit before revenue relating to capital of $4.27 million, which is $0.78 million unfavorable compared to the budgeted deficit of $3.49 million. After revenue related to capital expenditure, the operating deficit is $2.32 million, which is $2.26 million unfavorable compared to the budget.

The unfavorable variation is predominantly due to bringing to account in the 2003/2004 year rehabilitation costs of $3.31 million in relation to landfill tips which was not allowed for in the original budget. The costs were however previously factored into the long term financial plan. This in effect means that the cost and the liability have been recognized in 2003/2004, and the actual cash expenditure that is to be incurred has been factored into the 2004/2005 and forward budgets.

The favorable operating variances are depreciation ($0.9 million and employee costs ($0.5 million). These have been offset by unfavorable variances in not receiving grant funding for the Cape Lip trap road, delay in receiving Road to recovery funding and Leisure centre grants ($1.4 million).

These variances have been taken into account and reflected in the 2004/2005 budget.

8.2 Cash performance

	Budget 2003/04 $'000	Forecast Actual 2003/04 $'000	Variance (Outflow) $'000
Cash Inflows (Outflows)			
Operating	4,836	3,999	(837)
Investing	(8,515)	(4,391)	4,124
Financing	1,318	1,150	(168)
Net increase (decrease) in cash held	**(2,361)**	**758**	**3,119**
Cash at beginning of year	4,072	4,713	641
Cash at end of year	**1,711**	**5,471**	**3,760**

The forecast cash performance for the year ending 30 June 2004, is a net increase in cash of $0.76 million, which is $3.12 million favorable compared to the budgeted decrease of $2.36 million. This is mainly due to delays in the capital works program, which is not expected to be achieved for the 2003/2004 year.

Overall, total cash and investments is forecast to be $5.47 million as at 30 June 2004. The favorable variance of $3.76 million will be used to fund the incomplete capital works to be carried forward into the 2004/2005 year of $2.04 million. These variances have been reflected in the 2004/2005 budget.

8.3 Reconciliation of cash and operating results

	Budget 2003/04 $'000	Forecast Actual 2003/04 $'000	Variance $'000
Net surplus (deficit) from operations	**(61)**	**(2,316)**	**(2,255)**
Depreciation	6,003	5,098	(905)
Written down value of assets sold	1,779	2,296	517
Repayment of borrowings	(882)	(872)	10
Repayment of Local Vision	(450)	(1,156)	(706)
Capital expenditure	(10,599)	(7,030)	3,569
Committee Loans paid	23	22	(1)
Loan Income	2,200	2,000	(200)
AAS LSL & A/L	250	25	(225)
Net movement in current assets and liabilities	(624)	2,691	3,315
Net cash outflow	**(2,361)**	**758**	**3,119**

The reconciliation between the operating result and net cash flows for the budget and forecast actual shows that the operating results are expected to be impacted by the recognition of EPA Landfill site rehabilitation costs of $3.3 million, the forecast actual net cash outflows are expected to be $3.12 million less than budget.

The main item contributing to this difference is capital expenditure where $2.04 million less will be spent during the year than budgeted due to the capital works program being behind schedule (refer 8.4 below). The original expenditure budgeted for resheets ($0.9 million) has been reclassified as operational expenditure in 2003/2004.

Depreciation is forecast to be $0.9 million lower than budget and the written down value of assets is forecast to be $0.5 million higher due to the process of revaluing the roads and buildings that the Council owns and / or controls.

These variances have been reflected in the 2004/2005 budget.

8.4 Capital performance

	Budget 2003/04 $'000	Forecast Actual 2003/04 $'000	Variance $'000
Externally funded	7,687	6,589	(1,098)
Internally funded	2,912	441	(2,471)
Total capital works	**10,599**	**7,030**	(3,569)

The forecast capital performance for the year ending 30 June 2004 shows that the budgeted capital works program for the 2003/2004 year will not be achieved with a resultant variance of $3.57 million. Of this variation $0.9 million relates to expenditure on resheets that throughout the course of the year was reclassified as operational expenditure. As a result internal funding sources of $2.4 million have not been required. The variance is due to a number of projects being behind schedule, including Leisure Centre ($1.42 million), Wood & Landy Street Foster ($0.2 million), and Waratah Bay Caravan Park toilet ($0.11 million). Due to these projects running behind schedule, it is forecast that $2.04 million of capital works projects will need to be carried forward and completed in the 2004/2005 year. The funding for these projects will come from unspent internal sources.

These variances have been reflected in the 2004/2005 budget.

8.5 Matters significant to the 2004/2005 budget

As a result of the variances between the forecast actual and budgeted results for the 2003/2004 year, the following matters will significantly influence the preparation of the 2004/2005 budget:

- Expected closing cash position $5.47 million.
- The value of capital projects from the 2003/2004 year not yet completed and carried forward into 2004/2005 ($2.04 million)
- The value of operational projects that is tied to grant funds from the 2003/2004 year not yet completed and carried forward into 2004/2005 ($0.89 million)
- Savings on employee costs as a result of the organisation restructure that occurred in the 2003/2004 year.

9 Strategic Resource Plan

9.1 Plan development

Council is required by the Act 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 Long Term Financial Plan for the years 2004/2005 to 2012/2013 has been developed as part of Council's ongoing financial planning to assist Council in adopting a budget within a longer term framework. The Plan takes into consideration the long term financial strategies as adopted by Council on 17 March 2004.

The Strategic Recourse Plan (SRP), is effectively a subset of the Long Term Financial Plan and also takes the objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next five years. The key objective, which underlines the development of the SRP, is financial sustainability in the medium term, whilst still achieving Council's strategic objectives as specified in the Council Plan. The key financial strategies, which underpin the Long Term Financial Plan, and SRO are:

1 That South Gippsland Council target to achieve viable operational results in the Statement of Financial Performance within the next five financial years and consistent viable results thereafter, and that this be documented in the Strategic Resource Plan and Long Term Financial Plan.

2 That the Working Capital Ratio of South Gippsland Shire Council in proposed budgets and forward financial plans be targeted not to fall below 2 to 1.

3 That budgeted transfers to reserves for future capital expenses only be made if matched by an equivalent budgeted surplus in the Statement of Financial Performance so as to preserve the accumulated surplus position of the Council.

4 That the Budgeted 'cash at the end of year' position be targeted to be in the vicinity of $1.5 to $2.0 million in annual and forward financial plans and subject to ongoing financial analysis of budgeted cash inflows and outflows.

5 That capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades & extensions) until the sustainability index consistently exceeds 95%.

6 That Council only consider borrowing for new capital projects only after at minimum its debt levels are below 25% of Rate revenue as well as at minimum consistent breakeven or surplus operating results are being achieved in Statements of Financial performance.

7 That any new projects that require loan funding be considered only if the projects will have proven cash flows in future periods to 'repay' the cash outlays

required in the initial periods and / or that the capital evaluation guidelines be used to evaluate costing impacts on the forward budgets.

8 That wherever possible any material favourable budget variations realised in a given financial year be specifically quarantined and allocated to a loan reserve (unless required to finance projects deemed as 'unavoidable and referred to and approved by Council') so as to be allocated against the interest only loan that is due to be refinanced in 2007/2008.

9 That Council consider the most appropriate rating strategy to provide adequate funds to:

- ***Achieve a breakeven operating result in Statement of Financial performances***
- ***Achieve a sustainable cash flow***
- ***Fund capital renewal projects***

in both the annual budget and in the long term financial plan

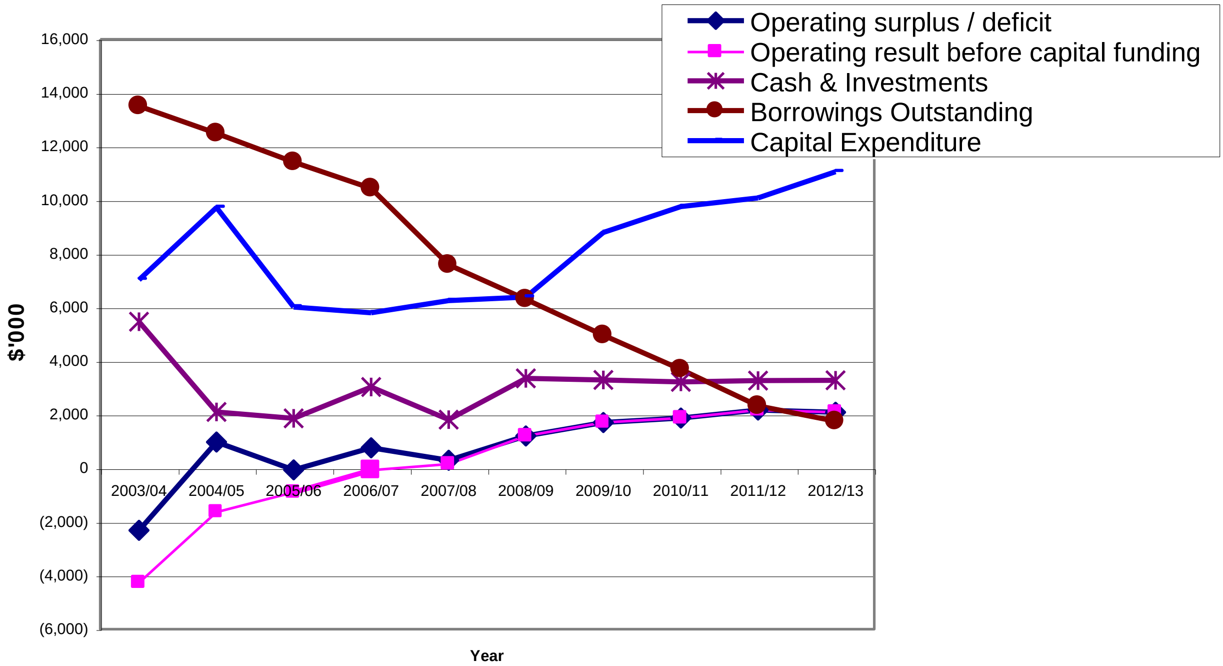
10 That Council consider the most appropriate fees and charges strategy so that adequate funds are recovered to offset operational expenses in annual and future budgets.

The Plan is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve these key financial objectives. The key components of the Plan are:

- Assessment of Council's current financial position
- Key objectives and assumptions
- Service delivery
- Rating strategy
- Borrowing strategy
- Infrastructure strategy
- Key recommendations.

The following table summaries the key financial indicators for the next five years (the graph is over a 10 year period) as set out in the Long Term Financial Plan.

Indicator	Budget 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
	$'000	$'000	$'000	$'000	$'000
Operating surplus/(deficit)	980	(60)	763	298	1,210
Operating result excluding capital funding	(1,628)	(890)	(67)	158	1,210
Cash from operations	2,609	4,078	4,921	5,827	7,117
Cash increase/(decrease)	(3,367)	(246)	1,173	(1,222)	1,544
Cash and investments	2,104	1,858	3,031	1,809	3,353
Borrowings outstanding	12,498	11,417	10,437	7,593	6,296
Depreciation	5,087	5,481	5,684	6,188	6,418
Capital expenditure	9,719	6,010	5,804	6,255	6,379
Working capital	1,133	929	(2,302)	863	2,470
Net worth	265,837	293,933	294,696	324,031	328,200



9.2 Key outcomes

The key outcomes of the Long Term Financial Plan are as follows:

- **Service Delivery** – Services levels established for 2004/2005 have been maintained throughout the forward budget. The Council is however committed over the 2004/2005 financial year to identify savings in non core services and overhead costs. Any quantifiable recurrent savings that are recognised will be modeled into the 2005/2006 financial plan and beyond.

  The longer term objective is to achieve surplus results before recognising capital grants and contributions. In order to achieve this the short term objective is to achieve consistent and increasing operating surplus results. Having said that, it should be noted that in 2005/2006 it is forecast that there will be deficit result even after capital funding.

- **Rating Strategy (section 10)** – For the 2005/2006 and 2006/2007 financial years rate increases have been modeled at 3.5% above projected CPI. Rate increases in 2007/2008 and beyond then are modelled to taper back gradually. The objective being, that the additional funds generated be directed to in the first instance to producing viable operating results as well as for reducing principal owing on borrowing's. In the longer term the increasing surplus results are primarily targeted to improve the liquidity and working capital position of Council and then to provide additional funding for capital renewal projects.
- **Borrowing Strategy (section 11) –** Borrowings (including Hire Purchase commitments) are forecast to reduce from $12.50 million to $6.3 million over a five year period. This includes re-financing a interest only loan that falls due in 2007/2008;
- **Infrastructure Strategy (section 12)** - Capital expenditure over the ten year period will have the primary objective of increasing expenditure on capital renewal projects. The target is to achieve a sustainability index of beyond 95%. The sustainability index is anticipated to 'flat line' up until 2008/2009 whilst a concerted effort is directed at producing sustainable and consistent surplus operating results as well as addressing long term debt. From 2009/2010 onwards it is modelled that significant additional funds can in fact be directed to capital renewal projects.
- **Financial Sustainability (section 5)** - Cash and investments is forecast to reduce to undesirable low levels in 2005/2006 and 2007/2008 before trending back up to what is deemed to be a satisfactory level by 2008/2009. Although the cash levels will not be at what is deemed as a desirable level for a number of years, it is considered to be a situation that is manageable in the short to medium term.

The objective of quantifying in a very pragmatic way the financial circumstances of the Shire is to reinforce the financial challenges that Council is confronted with. The 2004/2005 financial year is the first year in nearly a decade in which the Council looks like actually achieving a net operating surplus. The Long Term Financial Plan clearly documents the mid to long term plan of attack that is required to be undertaken to achieve longer term financial sustainability.

9.3 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. The following table summaries the non-financial resources for the next five years. Appendix C “Strategic Resource Plan” includes a more detailed analysis of the human resources to be used over the five year period.

Indicator	Budget 2004/05 $’000	Forecast 2005/06 $’000	2006/07 $’000	2007/08 $’000	2008/09 $’000
Employee costs	11,833	12,394	12,907	13,290	13,684
Employee numbers	209	207	207	207	207

10 Rating strategy

10.1 Strategy development

In developing the Long Term Financial Plan (referred to in Section 9), rates and charges were identified as an important source of revenue, accounting for 51% of the total revenue received by Council annually. Planning for future rate increases has therefore has 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 bi-annual general revaluations and recent significant increases in valuations and subsequently rates for some properties in the municipality.

10.2 Current year rate increase

The 2004/2005 operating position is predicted to be significantly impacted by unavoidable increases in insurances, coupled with reductions in government funding such as the Victoria Grants Commission grant. It will therefore be necessary to achieve future revenue growth whilst containing costs in order to achieve and maintain a breakeven operating results over the next five years as set out in the Long Term Financial Strategy. The contribution from operations towards capital investment for the 2004/2005 year is obviously still inadequate. Unless this can be substantially increased, it will be difficult to maintain robust capital works programs into the future. It should be noted that the current capital renewal expenditure on infrastructure assets is $1.9 million short of optimum renewal expenditure levels in the 2004/2005 budget.

Council is very aware of the substantial increases in rates and charges that was borne by ratepayers in 2002/2003. It is also most evident that there simply is not enough funds being generated to maintain sustainable operations now and into the immediate future. However Council is committed to minimise the rate rise in 2004/2005.

General rates and charges overall will in 2004/2005 raise a total rate of $17.6 million, excluding supplementary rates and Special Charge Scheme income. Ordinarily, rates and charges increases would be targeted to be 3% above CPI to generate additional funds to allocate to improve the operating result and capital renewal expenses.

During the 2003/2004 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2004 for the 2004/2005 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 60%. Of this increase, properties situated close to the coast have increase markedly compared to the rest of the district. For example, properties situated in the Coastal ward on average increased by 94%, whereas properties situated further inland increased between 45 and 66%.

Across the Shire, residential properties have increased by 72%, farmland by 46%, commercial by 28% and industrial properties by 23%.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2003/2004 year, Council has chosen not to make any changes to the existing rate differentials. .

The following table sets out future proposed rate increases and total rates to be raised, (excluding supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2004.

Year	Rate Increase %	Total Rates Raised $'000
2004/2005	**6.0%**	**17,595**
2005/2006	6.0%	18,650
2006/2007	6.0%	19,769
2007/2008	5.9%	20,935
2008/2009	5.5%	22,087

10.3 Rating structure

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

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

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 as well as the rating differentials and relativities as was being applied in 2003/2004 on the basis that it provides 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 garbage charge and a recycling charge as allowed under the Act.

The garbage charge has in fact being reduced in 2004/2005 so as to only recover for the direct costs associated with garbage collection.

The rating structure comprises several differential rates and 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 — 160% of Residential rate
- Farm land — 90% of Residential rate

The following table summarises the rates to be made for the 2004/2005 year. A more detailed analysis of the rates to be raised is contained in Appendix B "Statutory Disclosures".

Rate type	2003/2004	2004/2005
Residential rates – rate in the $ of CIV	0.00483169	0.003183061
Commercial rates – rate in the $ of CIV	0.00483169	0.003183061
Industrial rates– rate in the $ of CIV	0.00483169	0.003183061
Rural Living– rate in the $ of CIV	0.00483169	0.003183061
Vacant Land – rate in the $ of CIV	0.00773070	0.005092898
Farm land – rate in the $ of CIV	0.00434852	0.002864755
Cultural / Recreational rates – rate in the $ of CIV	0.00193268	0.001273224
Municipal charge - $ per property	$183.80	$200.05
Garbage charge Residential - $ per property	$159.00	$135.00
Garbage Charge Commercial - $ per property	$212.00	$200.00
Recycling charge - $ per property	$21.85	$20.00

11 Borrowing strategy

11.1 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 has borrowed strongly to finance infrastructure projects, fleet purchases as well as for financing unfunded superannuation liabilities. Council is now starting a phase of debt reduction. This will result in a reduction in debt servicing costs, but has meant that all cash and investment reserves have been used as an alternate funding source to maintain its capital works programs.

The Long Term Financial strategy analysed Council's debt position against the prudential ratios used by the Victorian State Government to assess the loan capacity of local governments. The following table shows a history of Council borrowings for the last six years and also the prudential ratios applicable, as well as the budgeted outcome for 2004/2005.

Year	Total Borrowings 30 June $'000	Liquidity CA/CL Ratio	Debt Mgt Debt/Rates %	Debt Mgt Serv Costs/ Revenue %
1998/1999	9,859	2.8	100%	3.03%
1999/2000	10,577	2.8	99%	2.71%
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%**
	Threshold	**<1.1**	**>80%**	**>5%**

The table shows that Council's borrowing level at 30 June 2005 will be $12.5 million. It also shows that Council has for a number of years 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 now show a positive trend for the 2004/2005 year and for the future years.

11.2 Current year borrowings

For the 2004/2005 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of $1.09 million, will decrease its total borrowings to $12.5 million as at 30 June 2005. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2004.

Year	New Borrowings $'000	Loan Principal Paid $'000	Loan Interest Paid $'000	Balance 30 June $'000
2003/2004	2,000	872	897	13,507
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	2,844	633	7,593
2008/2009	0	1,297	509	6,296
2009/2010	0	1,334	420	4,962
2010/1011	0	1,273	332	3,690
2011/2012	0	1,360	244	2,330
2012/2013	0	569	169	1,761
2013/2014	0	407	127	1,353
2014/2015	0	297	99	1,056
2015/2016	0	323	72	733
2016/2017	0	351	43	382
2017/2018	0	382	11	0

12 Infrastructure strategy

12.1 Strategy development

The Council is developing an Infrastructure Strategy which sets out the capital expenditure requirements of the Council for the next 10 years by class of asset and project, and is a key input to the long term financial plan.

Expenditure on infrastructure (both maintenance and renewal) presents as a most significant financial resource requirement. This is one area that local government significantly varies with the commercial sector. Most businesses own assets because they provide some future economic benefit to the business, that is, over a period of time they actually contribute to the wealth of the business. Most infrastructure assets owned / controlled by local government do not fulfil this criteria.

This presents several important issues that must be considered in forward budgets. Firstly, irrespective whether the assets produce some future economic benefit, they must be maintained and replaced periodically. Secondly, local government is different with the commercial sector, in that is not profit driven. Its core objective is not to make profit for profits sake, but rather its objective is to produce sufficient surpluses to fund asset replacement in the first instance, and then secondly, to fund any asset expansion works that it deems requires.

It is therefore highly desirable that the funding requirements (again, both maintenance and asset renewal) for these assets be identified and quantified. With this information in hand it is then possible to quantify the funding gaps for the infrastructure assets by comparing the 'required dollars' against the 'allocated dollars' as shown in the forward budgets.

This identified funding gap is important because even though the Council may in the next few years become financially viable it can only claim to have achieved long term business viability if and only when this infrastructure funding gap has been identified and funded. This would be documented in the Long Term Financial Plan as showing appropriate levels of 'recurrent capital renewal expenditure' being funded by operating surpluses in current and future years.

In the interim, the long term strategies aim to provide additional funding for infrastructure assets based on the Sustainability index. This does however, not necessarily mean that assets of greatest need are having funding directed to them. The index merely indicates whether capital renewal funding is trending in the right direction.

Increasing funding allocations to infrastructure renewal works is acceptable on the basis that it is generally accepted that currently allocated funding is well short of desired funding. Having said that, increasing funding unconditionally each year without substantiating or verifying overall needs or priorities is not at all desirable.

The completion and documentation of asset management plans should therefore be the highest of priorities. It is essential that systems be developed that accurately model the financial requirements to maintain and replace the assets into the future to allow for more informed decisions to be made in terms of allocating scarce financial resources.

Whilst South Gippsland has made some progress in this respect, there is still a significant amount of work to be completed.

An appropriately documented infrastructure portfolio would achieve the following outcomes.

- Identification of what assets we actually own / control
- The replacement value of the assets
- Identification of who uses / requires the assets
- Investigation of best use / mix of assets
- Identification of recurrent maintenance requirements
- Identification of asset renewal requirements
- Identification of backlog / highest priority work
- Accurate forward budgets for capital renewal projects

The Asset Management Policy and the Asset Management Strategy Plan are the principal documents relating to overall asset management of Council. The strategic direction arrived at has to be quantified and reflected in the SRP forward budgets. The status of the development of these plans is as follow: -

- The Asset Management Policy has been adopted by Council
- The Asset Management Strategy Plan is in its final draft
- The Asset Management Plan is 70% complete for roads, 70% complete for Parks & Gardens, 70% complete for Property and 50% complete for Waste Infrastructure
- The Engineering Department has been concentrating it's efforts on the Road Maintenance Plan in order to meet the requirements of the Road Management Bill and to minimise Council's exposure to risk.

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

Pavements	60 years
Seal	12 years
Footpaths	60 years
Kerb and Channel	60 years
Bridges	100 years
Culverts	60 years
Under Ground Drains	60 years
Play Grounds	10 years
Buildings	80 years

These life cycles are only achievable if routine maintenance is performed. These life cycles impact on the depreciation charges that are costed in the Statement of Financial Performance.

A core objective of the Asset Management Department is to develop a sophisticated asset management plan, which will facilitate long term asset management. The models produced should provide far more accurate data in relation to financial requirements of infrastructure and fixed assets. These detailed long term funding requirements would categorise appropriate expenditure mix profiles (periodic maintenance / reactive maintenance / asset renewal) and timing of expenditure. These would then be strategically considered and factored into future long term financial plans

The capital planning process is undertaken annually and used to ensure that Infrastructure Strategy represents the current capital expenditure requirements of the Council.

A key objective of the 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. A measure of Council's performance in respect to infrastructure management is the sustainability index. This is the proportion of the total asset value consumed (equivalent to the annual depreciation charge), compared to the amount spent in preserving the asset (expenditure aimed at ensuring the asset reaches its intended useful life) on an annual basis. A value of 100% or greater is the desired target and the Long Term Financial Strategy specifies achieving a sustainability index in excess of 95% in the medium to long term.

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 2004/2005 year.

	Replacem't Cost 30 Jun 04 $'000	**Average Annual Consump'n $'000**	**Average Annual Preserv'n $'000**	**Sustain Index %**
Roads	363,130	2,925	1,806	62
Bridges	24,890	245	115	47
Footpaths	8,799	124	0	0
Kerb & Channel	10,371	176	36	20
Drains & Culverts	24,186	301	63	21
Buildings	30,111	292	334	114
Carparks	4,541	60	0	0
Other structures	2,285	144	10	7
Total capital works	**468,313**	**4,267**	**2,364**	**55**

The table indicates that the 2004/2005 capital works program will achieve a sustainability index of 55%. This highlights the funding gap that Council faces in trying to maintain and replace its infrastructure assets. Capital renewal expenditure shortfall on an annual basis is in excess of $1.9 million.

12.2 Key influences for 2003/2004

The following influences had a significant impact on the Infrastructure Strategy for the 2004/2005 year:

- Reduction in the amount of cash and investment reserves to fund future capital expenditure programs;
- Availability of significant Federal funding for upgrade of roads;
- Projects such as the Leisure Centre committed to in previous years continuing in the 2004/2005 year
- Projects not started or completed that were funded in the 2003/2004 year being carried over to the 2004/2005 year

12.3 Funding sources for capital works

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next five years.

Year	Grants & Contributions $'000	Borrowings $'000	Investment Reserves $'000	Working Capital $'000	Council Operations $'000	Capital Program $'000
2005	2,216	0	0	2,041	5,262	9,519
2006	830	0	0	0	5,180	6,010
2007	830	0	0	0	4,973	5,803
2008	140	0	0	0	6,114	6,254

The forward capital works program is very much dependent upon the level of grants provided for capital works. Only projects with a reasonable likelihood of getting funding is included.

Due to Council's strategy of reducing overall debt, borrowings for projects in the foreseeable future is highly unlikely. Borrowings for projects will only be considered if the capital works proposal satisfies the requirements specified in the financial strategies.

Council has very little spare working capital capacity nor has it cash reserves that can be used to fund a variety of capital projects after the 2004/2005 year. These reserves are either "statutory" or "discretionary" reserves. Statutory reserves relate to Council held cash and investments that must be expended on a specific purpose as directed by legislation or other funding body and include contributions to car parking, drainage and public resort and recreation. Discretionary reserves relate to those funds that can be used at Council's discretion, even though they may be earmarked for a specific purpose. Allocations in future years to discretionary reserves will only be viable if the proposed transfer is funded by an equivalent operating surplus in the Statement of Financial Performance.

Overview to Appendices

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 12 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 summarized below:

Appendix	Nature of information
A	**Standard budgeted financial statements for 2004/2005**
B	**Statutory disclosures in the annual budget**
C	**Long term financial plan period ending 30 June 2013**
D	**Budgeted statement of capital works for 2004/2005**
E	**Activities and initiatives by Team / Program for 2004/2005**
F	**Key Strategic Activities**
G	**Fees & Charges schedule**

APPENDIX A

Standard budget statements

Standard Profit & Loss Statement
Standard Balance Sheet
Standard Statement of cash flows
Reconciliation of budgeted operating result and net cash flows
Standard statement of Capital works
Capital works program

This section sets out the budgeted financial statements (including the standard statements) for 2004/2005 in detail. This information is the basis of the disclosures and analysis of the annual budget in the report.

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.

Appendix C

Long Term financial plan

Statements of financial performance

Statements of financial position

Statements of cash flows

This section includes Council's forecast financial performance and financial and cash positions for the years 2004/2005 to 2012/2013.

Appendix D

Capital works program

This section provides some details of the forward capital works program

Appendix E

Activities and Initiatives by Team / program budget

This section sets out the activities and initiatives to be undertaken by Council in 2004/2005

Appendix F

Key Strategic Activities

This section sets out program initiatives to be undertaken by Council in 2004/2005

Appendix G

Fees and Charges

This section sets out all fees and Statutory charges of Council