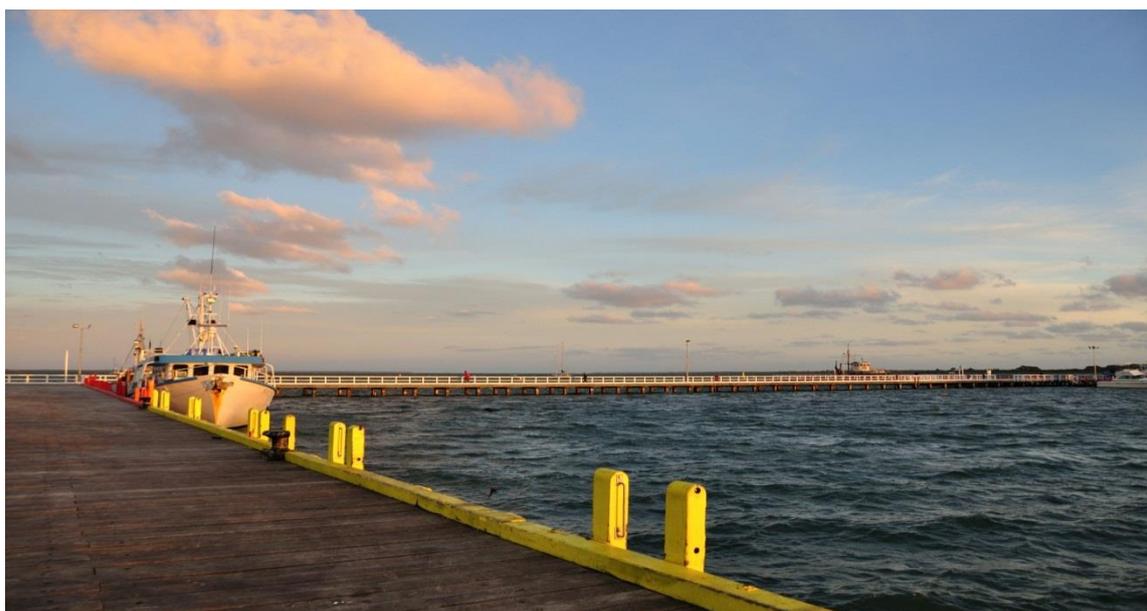


*South Gippsland Shire Council*

**ADOPTED**  
**ANNUAL BUDGET**  
**2015-2016**

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



Port Welshpool

Photo by Ken Fraser

This Budget document has been prepared with reference to Chartered Accountants Australia and New Zealand 'Victorian Council Model Budget 2015/16' a best practice guide for reporting local government budgets in Victoria.

TRIM D4646415

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

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

## Mayor's Introduction

I am pleased to present a financially sustainable and responsible Budget for 2015/16 that captures many of the requests raised by the community.

Council listened to your suggestions and requests last year to improve the process, to enable the community to have more meaningfully influence in the development of the 2015-2016 Budget. To this end Council began its budget process five months early and overhauled its process to include greater community involvement from the outset.

A new and innovative consultation program was launched using an on-line engagement tool called OurSay. While we acknowledge it wasn't a perfect system, it's had amazing results that exceeded our previous approaches. In total there have been 128 ideas submitted for Council's consideration throughout the Budget deliberations, three on-line forums, two workshops and meetings with a number of the highest priority idea champions.

Council was interested to get a sense of the functions that are most important to the community. The second on-line engagement held in February 2015 provided initial insight into this question and the on-line survey generated 165 responses. 400 survey responses were also provided in the South Gippsland Community Satisfaction Survey conducted by the State Government. The results showed a common theme, with physical infrastructure and community services being the top two most important functions to the community in both surveys. Here is a summary of the two survey results rating 'the Most Important function':

<b><i>Most Important Function</i></b>	<b><i>OurSay</i></b>	<b><i>State Govt.</i></b>
<i>Provision of physical infrastructure, such as roads, footpaths, drainage and bridges as examples</i>	30.82%	43%
<i>Provision of a range of community services, such as recreation, youth, family, aged and environmental services as examples;</i>	26.28%	22%
<i>Providing for the good planning and orderly development of the Shire;</i>	15.33%	14%
<i>Provision of a smaller number of basic services and a greater reduction of rates</i>	18.18%	9%
<i>Promoting tourism and economic and employment development of the Shire</i>	13.82%	8%

Council has been actively pursuing productivity improvements for many years. The community have encouraged Council to continually look for more productivity improvements. To this end, we've captured \$5.8 million in savings across the Long Term Financial Plan and more productivity improvements are planned this year.

The feedback and suggestions from each of these activities has informed the development of this proposed 2015-2016 Budget. Responses to many of the community requests are shown within the 'Annual Initiatives' in Section 3 of the Budget.

The table below compares the 2015-2016 Budget and Long Term Financial Plan's rate rises (lower line) to the Budget that was adopted in 2014-2015 (Upper line):

	2015-2016	2016-2017	2017-2018	2018-2019
2014 - 2015 Financial Plan - Rates	5.50%	5.00%	4.75%	5.00%
2015 - 2016 Financial Plan - Rates	4.90%	3.00%	3.00%	3.00%

The Budget accommodates a number of the OurSay community requests for new or expanded services, it funds a further \$500,000 ongoing to improve our local road re-sealing program, it implements a new Green Waste service and it also accommodates lower rate rises for 2015-2016 onward.

The final components of the 2014-2018 Rating Strategy will be implemented this year. This strategy will achieve a more equitable distribution of the rate burden among our ratepayers. It is important that people are aware that higher valued properties will experience another larger increase this year than the average 4.9% as the final changes are made. Lower valued properties will find their increase is lower than the average 4.9% rate rise.

The key changes include:

- The municipal charge is being phased out completely this year, reducing from 10% to 0% in 2015/16;
- The Industrial category will be increased from 102.5% to its full 105% differential rate;
- The Commercial category will be increased from 102.5% to its full 105% differential rate;
- The Farm category will be decreased from 80% to its final 70% differential rate;
- The Vacant Land category will be increased from 175% to its full 200% differential rate; and
- The Cultural and Recreational category will be increased from 43.75% to its full 50% differential rate.

There is a 1.02 increase in Full Time Equivalent (FTE) across all three directorates from 2014/15. The main adjustments include a reduction of 1 FTE Strategic Planning Officer and 1 FTE Manager Assets position. There were 3 FTE positions created for apprentices. Employee costs are forecast to be \$23.09 million, which is an increase of 4.9% or \$1.075 million compared to 2014/15.

The Budget includes a number of new initiatives:

- Increased investment of \$500,000 ongoing into Council's Road Re-sheet program to improve the gravel road network. This increased investment is provided in response to community concerns and customer requests for improvements to the local road network;
- The Arts Policy will be reviewed with our Arts and Culture networks;
- The Coastal Infrastructure Strategy will respond to issues in the coastal towns;

- Marketing and signage of the Great Southern Rail Trail will be funded by a grant to increase tourism opportunities and on-flow to the local economy, and the volunteers maintaining this extensive Trail will receive additional funds to cover recent extensions.
- The Equestrian Centre Business Case will be funded to determine if this is going to be a viable venture;
- The Aquatic Strategy review will include community ownership, so that new options can be explored with the community for these much loved community assets;
- Footpath extension works in Venus Bay along Jupiter Boulevard and maintenance works for the Venus Bay, Tarwin Lower bike path will be undertaken;
- Economic development will be encouraged through a series of projects;
- Agricultural resilience through climate change seminars will be provided through grant funding; and
- The 'Deadly in Gippsland' event will be hosted by the Shire in 2015. This is a celebration of aboriginal people and culture, and the rewards of working in partnership.

The total Capital Works program will be \$18.48 million. Due to the rate capping to be introduced next year all extension and upgrade programs have been cut back, excluding projects in the Annual Initiatives and the Footpath extension program.

Highlights of the Capital Works program include:

- Asset Management Renewals for all the assets classes;
- Korumburra Integrated Child Care;
- Streetscape designs for Bair Street Leongatha and Korumburra Town Centre;
- SPLASH stages 2 and 3 will be designed.

Council's advocacy efforts through the Priority Projects will focus on:

- Korumburra Integrated Children's Centre;
- Corner Inlet Tourism Development Project; and
- Road realignment South Gippsland Highway Koonwarra Black Spur Bends.

Other projects that will be progressed for future prioritisations include:

- Streetscape Main Street Foster; and
- Grand Ridge Road Sealing.

Council is committed to continuing its focus on undertaking detailed reviews of services in 2015-2016 to seek out improved efficiencies, while responding to the needs of the community and addressing other cost pressures that arise throughout the year.

This Budget allows us to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the Shire's infrastructure.

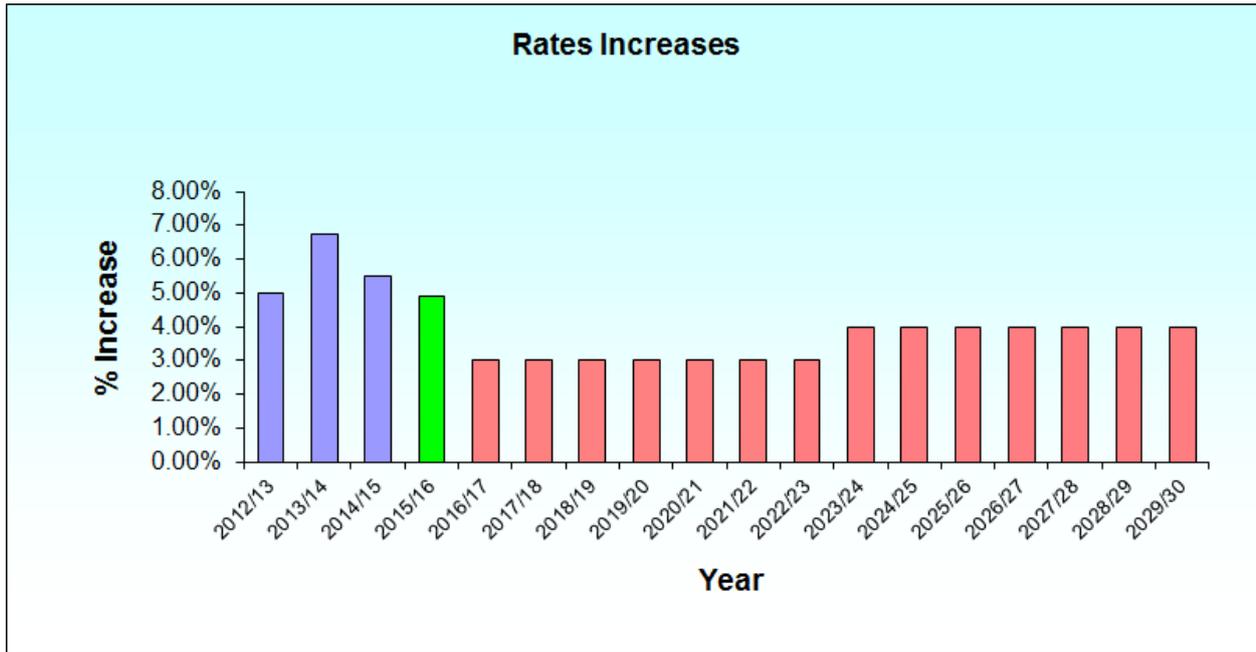
This Budget was developed through a rigorous process of consultation and review and Council endorses it as fair and financially responsible.

**Cr Jeanette Harding Mayor**

# Executive Summary

Council has prepared a Budget for the 2015/16 financial year, which seeks to balance the demand for services and infrastructure with the community’s capacity to pay. Key budget information is provided below about the rate increase, operating result, cash position, cash from operations, capital expenditure, financial position, borrowings and financial sustainability of the Council.

## Rates



The general rate for 2015/16 will increase by 4.9%. The waste services charges for garbage collection and recycling will increase by 2.0% plus an additional \$78 charge for those receiving the new green waste service. (Refer Appendix B for more details). It is projected that total rates and charges income which includes estimated \$290,000 in supplementary rates will increase by 6.9% over the base that was raised last year to \$38.28m.

The rate increase for the previous 2014/15 year was 5.5% and the waste service charge was decreased by 16%.

Council in 2014 adopted a Rating Strategy 2014-2018 that changed the rating structure to achieve a more equitable distribution of the rate burden. The more significant changes that will be implemented in 2015/16 include removing the Municipal Charge, increasing the Vacant, Commercial, Industrial and Cultural & Recreational differential rates and reducing the Farm differential rate. As a result the amount of rates and charges paid by some property owners will increase whilst other property owners will experience a decrease.

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

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

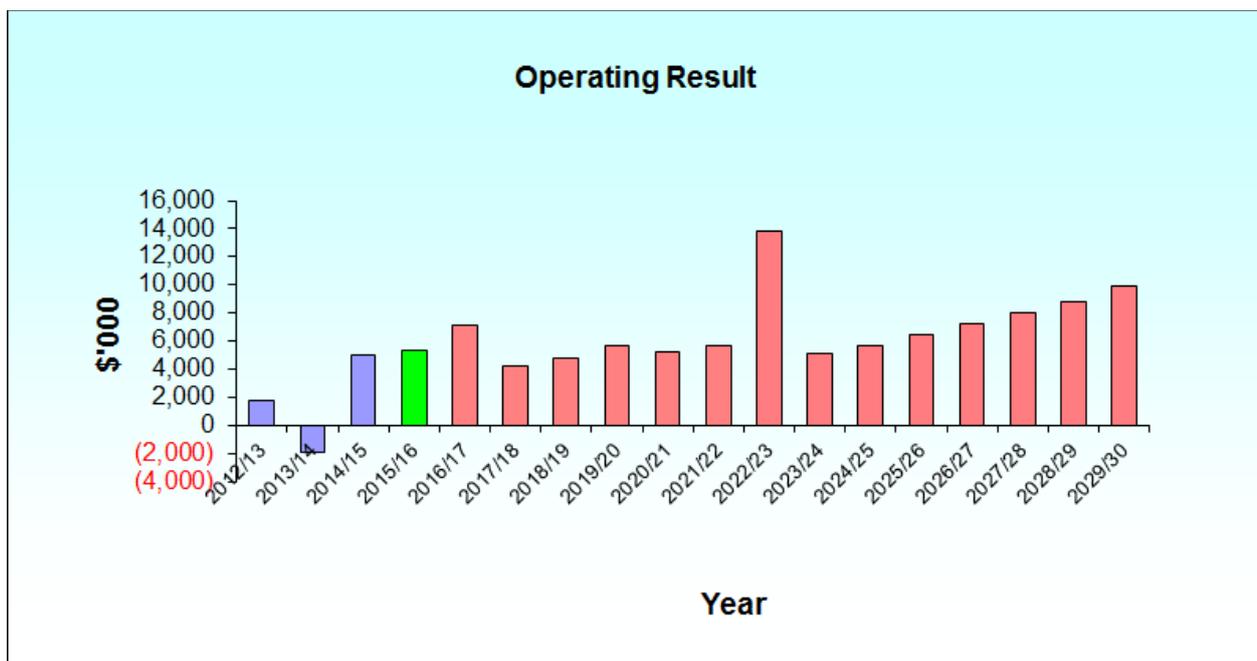
The Victorian State Government has announced that local government rates will be capped from 2016/17. The rate rises in the forward years have been set at 3.0% from 2016/17 to 2022/23 and thereafter at 4.0%. When compared to the previous year's Long Term Financial Plan, Council over a 14 year period (2015/16-2028/29) will collect \$57.8m less rates and charges.

Victorian councils will be provided definite direction by January 2016 on how rate capping will be required to be implemented for the following year's 2016/17 budget.

Council has taken a proactive approach to responding to the community's concerns to keep rates as low as practicable and has also considered the potential constraints the State Government is looking to implement in 2016-2017. Council will deliberate on the State Government's requirements once they are known, in the preparation of the 2016-2017 Budget.

The rates and charges increase will go toward strengthening Council's overall financial position.

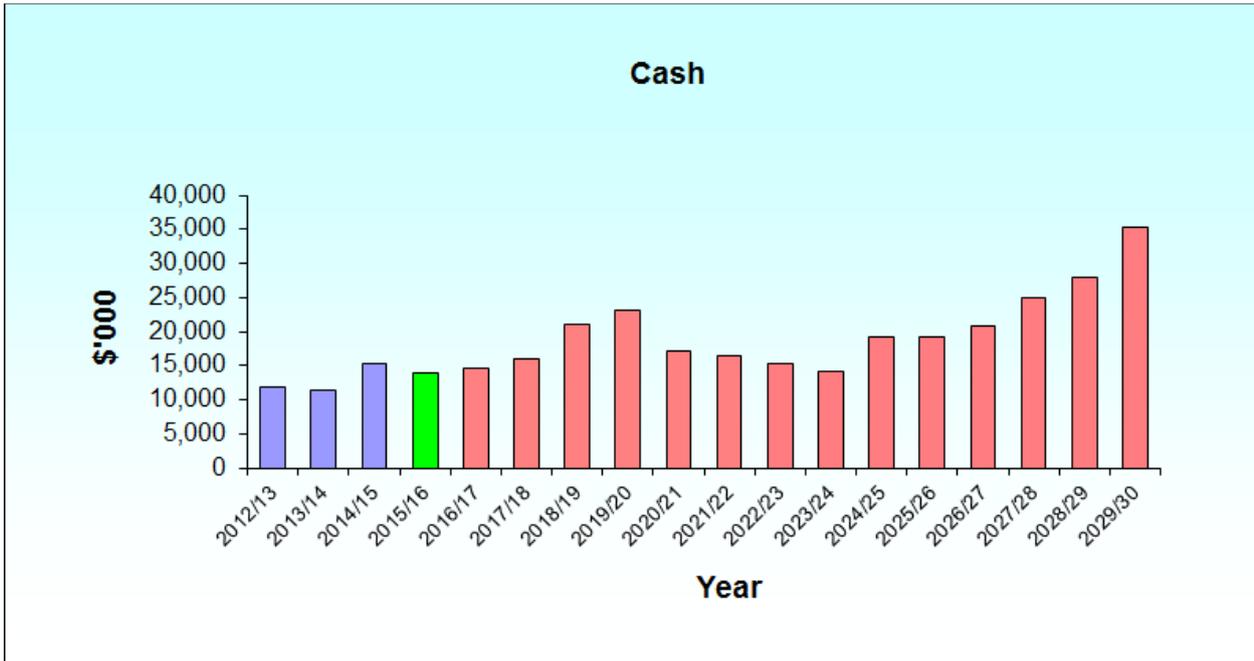
### Operating result



The expected operating result for the 2015/16 year is a surplus of \$5.29m, which is greater than the projected \$5.05m surplus result for 2014/15.

There is a gradual strengthening of projected operating results in the forward budget. The exception being the spike in 2022/23 where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project, as well as a \$2m capital grant for a municipal precinct, library and community centre project.

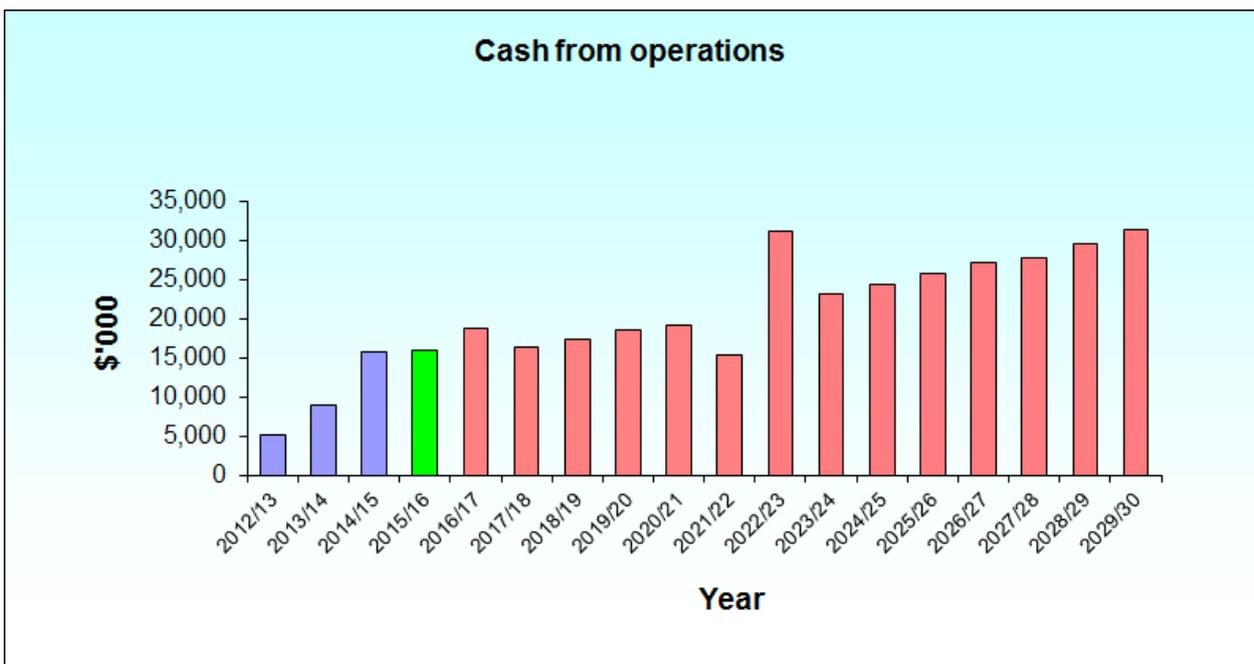
## Cash position



The cash position is expected to decrease by \$1.37m during the year to \$13.85m as at 30 June 2016. It is projected to be \$15.22m as at 30 June 2015.

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

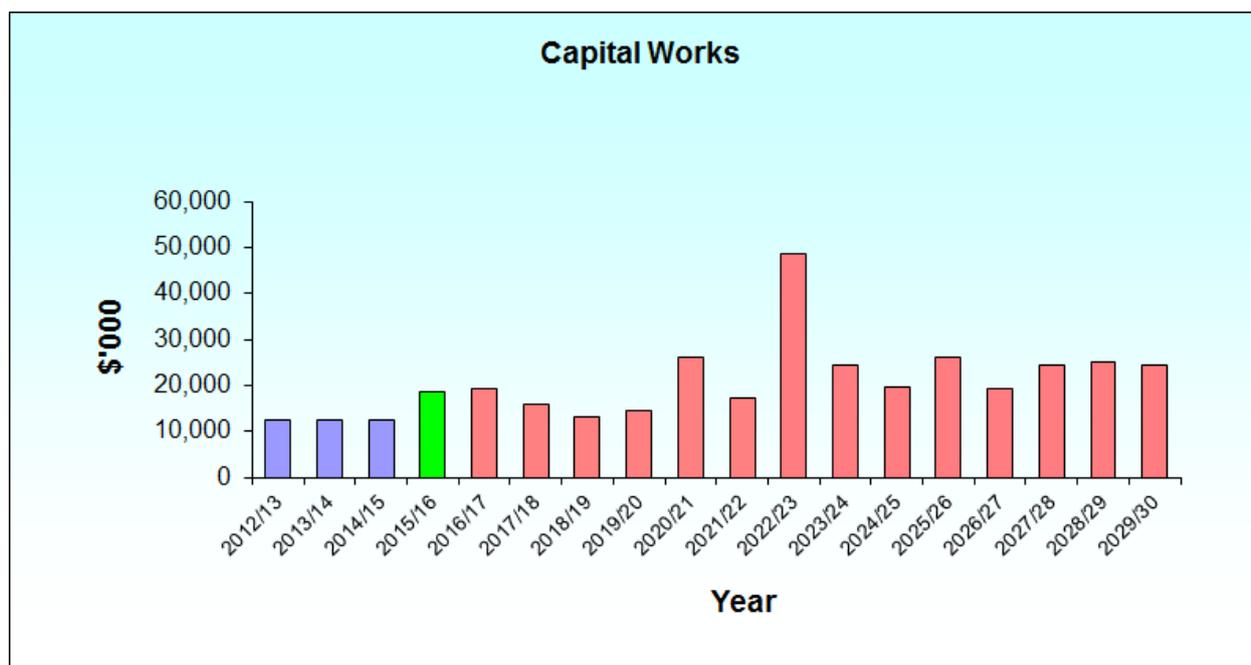
## Cash from operations



Net cash from operations for 2015/16 is forecast to be \$15.91m. It is greater than the previous year's projected \$15.73m.

The gradual and consistent strengthening of cash from operations in future years provides financial capacity for funding future years' capital works programs. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project, as well as a \$2m capital grant for a municipal precinct, library and community centre project.

## Capital expenditure



The capital expenditure program for the 2015/16 year is \$18.48m which is \$6.07m more than for 2014/15. The 2015/16 capital expenditure program also includes \$1.61m expenditure for projects that were budgeted for but not completed in 2014/15. The carried forward component is fully funded from the 2014/15 budget.

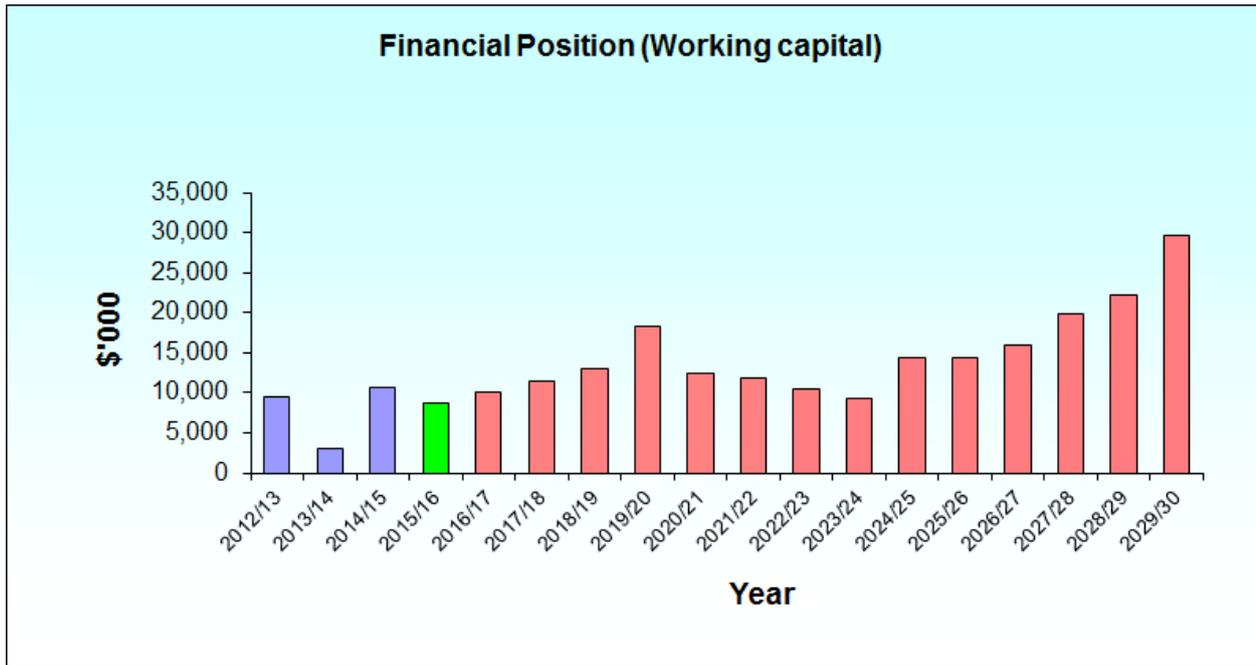
The projected capital expenditure for the previous financial year is \$12.41m.

The previous 2014/15 year's capital expenditure includes \$3.05m expenditure for projects that were budgeted for, but not actually completed in 2013/14. The carried forward component was fully funded from the 2013/14 budget.

The capital expenditure program for 2015/16 has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. 2022/23 includes \$24.98m funding for a municipal precinct, library and community centre project proposal.

There are no asset renewal primary funding gaps for all major classes of assets over the 15 year Long Term Financial Plan. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

## Financial position

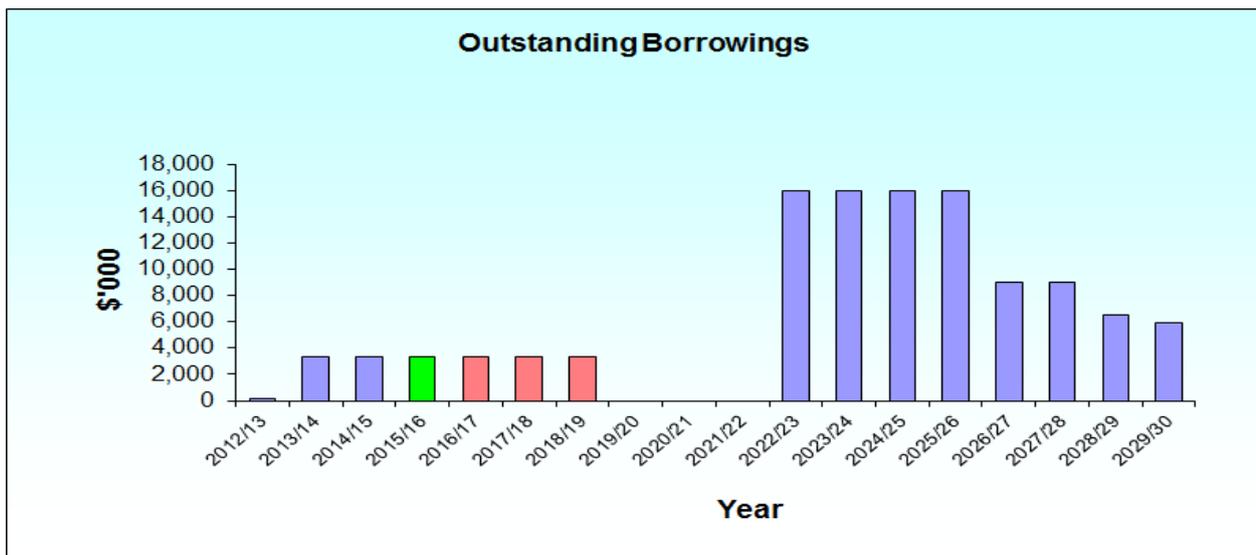


Net current assets (working capital) will decrease by \$1.91m to \$8.66m as at 30 June 2016. Working capital is projected to be \$10.57m as at 30 June 2014.

There is reasonable financial capacity up until 2023/24 and after that it progressively strengthens.

The projected growth in cash backed internal reserves contributes to this growth. This provides financial capacity for future capital works program requirements as well as for strategic or unavoidable cost events.

## Borrowings

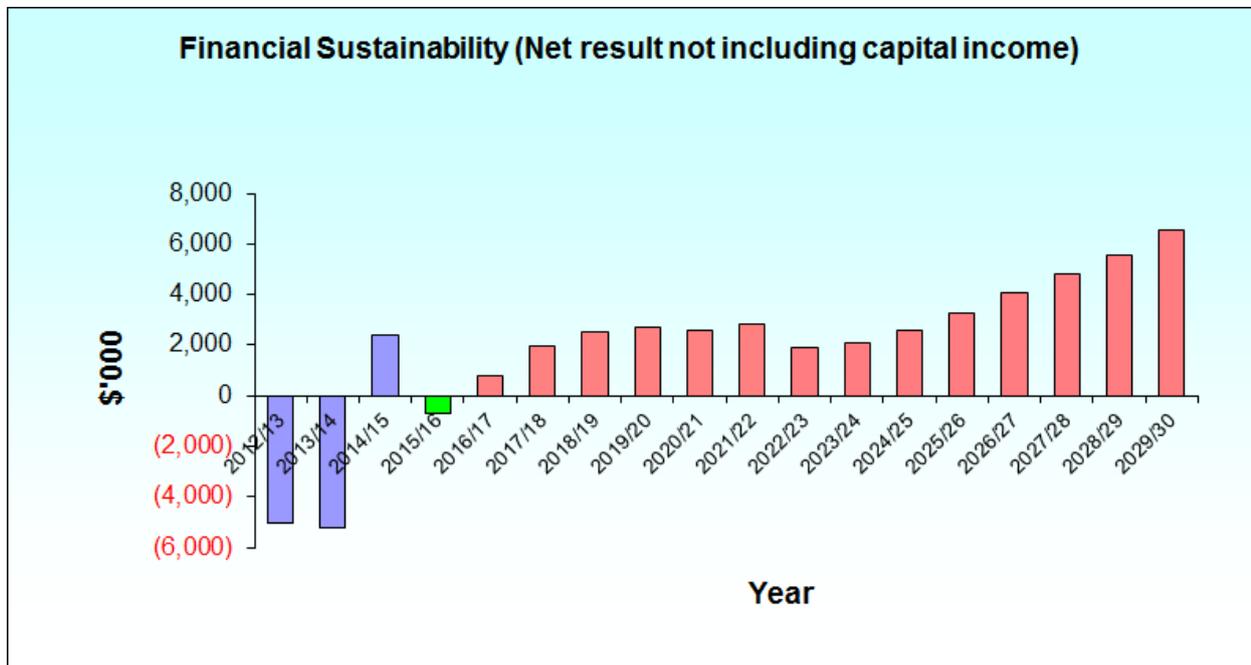


Council borrowed \$4.00m in 2013/14 to fund the \$4.59m unfunded superannuation obligation that Council paid in June 2013. In 2014/15 Council converted its borrowing into

a 5 year bond which made the liability non current for a number of years. The bond will be repayable in 2019/20. At 30 June 2015 it will have \$3.35m in outstanding borrowings.

Council has modelled borrowing \$16m in 2022/23 to provide a funding source for the proposed municipal precinct, library and community centre project.

**Financial sustainability**



A detailed Long Term Financial Plan for the years 2015/16 to 2029/30 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is to achieve financial sustainability in the medium to long term, whilst still achieving the Council’s strategic objectives as specified in the Council Plan. When capital funding (\$5.52m), contributions to capital (\$100,000) and donated / granted assets (\$370,000) is backed out of the operating result (\$5.29m surplus) the underlying result (net result not including capital funding sources) for 2014/15 is projected to be a \$694,000 underlying deficit.

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

**Longer Term Key Performance Indicators**

The table on the following page 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.

2015/16 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Financial performance</b>																
Underlying result	4.08%	-1.17%	1.39%	3.26%	4.04%	4.17%	3.86%	4.09%	2.66%	2.84%	3.30%	4.07%	4.86%	5.50%	6.10%	6.95%
Underlying Working Capital	1.95	1.62	1.70	1.71	1.56	2.52	1.86	1.70	1.73	1.48	1.80	1.70	1.86	2.04	2.05	2.48
<b>Funding capacity</b>																
Self-financing	26.06%	24.58%	29.01%	26.22%	27.02%	27.74%	27.52%	21.51%	37.43%	30.03%	30.46%	31.09%	31.45%	30.93%	31.46%	32.18%
Sustainability Index	99%	148%	95%	109%	89%	89%	181%	107%	284%	124%	93%	108%	93%	113%	109%	96%
<b>Borrowing capacity</b>																
Indebtedness	9.61%	8.11%	7.90%	7.75%	1.00%	1.10%	1.20%	1.30%	25.69%	27.77%	26.73%	25.74%	14.71%	14.23%	9.75%	8.74%
Total Debt as a % of Rate revenue	9.35%	8.75%	8.44%	8.14%	7.85%	0.00%	0.00%	0.00%	28.31%	30.98%	29.61%	28.31%	15.22%	14.55%	10.07%	8.81%
Debt servicing costs as a % of Total revenue	0.20%	0.22%	0.22%	0.23%	0.22%	0.08%	0.00%	0.00%	1.15%	1.25%	1.19%	1.15%	0.62%	0.60%	0.40%	0.38%

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. The underlying result is forecast to be in the yellow zone in 2015/16 and then after in the green zone for all the forward budgets.

The 'Underlying Working Capital' assesses Balance Sheet strength and in particular Council's ability to pay existing liabilities. In the forward plan the ratio marginally falls below the strategic target of 1.50 to 1 in 2023/24. Council has financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

The 'Self Financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone in 2015/16 and all the forward budgets.

The 'Sustainability Indicator' assesses asset renewal and upgrade expenditure spend effort over a period of time. It is forecast to be in the green zone for 2015/16. In the following years it fluctuates between the green and yellow zone and even dips into the red zone in 2018/19 and 2019/20 before fluctuating again in the green and yellow zones. This does not present as a strategic concern. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets over the 15 year Long Term Financial Plan. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

The three borrowing capacity indicators, 'Indebtedness', 'Total Debt as a percentage of Rate Revenue' and 'Debt Servicing Costs as a percentage of Total Revenue' are forecast to be in the green zone for 2015/16 and all the forward budgets.

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

# 1. Budget Process

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

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

The 2015-2016 Budget, which is included in this report, is for the year 1 July 2015 to 30 June 2016 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2016 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

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

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

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June 2015 and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

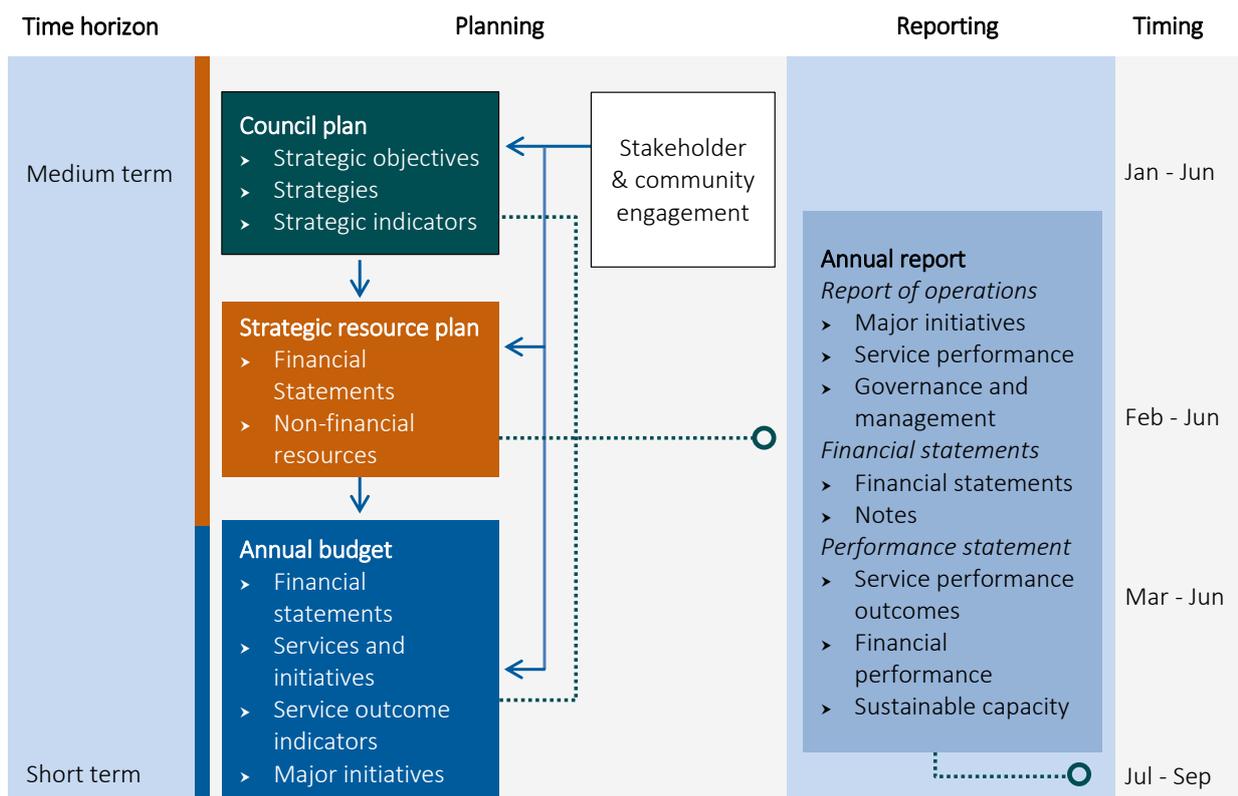
Budget Process	Timing
• Council Plan / Business plan requirements reviewed	Jul 2014– Jan 2015
• Previous years financial results updated into Financial Plan	Aug – Sep 2014
• Capital Works requirements reviewed	Oct – Dec 2014
• Financial strategies reviewed	Oct – Dec 2014
• Operating budgets prepared	Dec 2014 – Mar 2015
• Councillors consider draft budgets at briefing sessions	Dec 2014 – Mar 2015
• Proposed budget submitted to Council for approval	25 Mar 2015
• Public notice advising intention to adopt budget	31 Mar 2015
• Budget available for public inspection & comment	31 Mar 2015
• Submissions period closes	29 Apr 2015
• Submission hearing meeting	20 May 2015
• Special Council meeting - Submissions considered by Council	10 Jun 2015
• Budget presented to Council for adoption	24 June 2015
• Copy of adopted budget submitted to the Minister	26 June 2015

## 2. Linkage to Council Plan

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

### 2.1 Strategic planning framework

The Strategic Resource Plan, included in the 2013-2017 Council Plan, is a rolling plan that outlines the financial and non-financial resources that Council requires to achieve the Strategic Outcomes, Objectives and Strategies described in the Council Plan. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the services and initiatives included in the Annual Budget, which contribute to achieving the strategic objectives outlined in the Council Plan. The diagram below depicts the planning and accounting framework that applies to local government in Victoria.

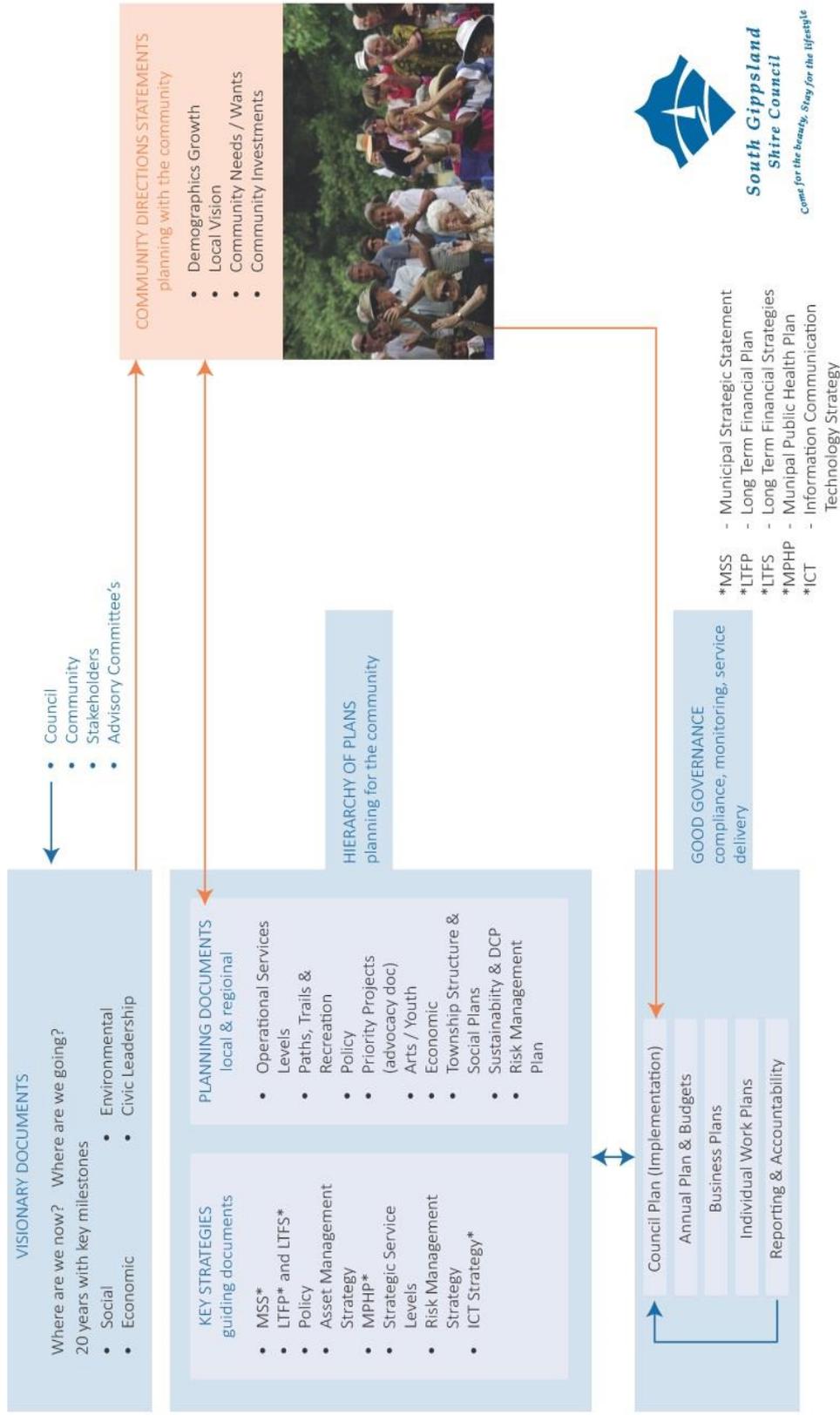


Source: Department of Environment, Land, Water and Planning (formerly Department of Transport, Planning and Local Infrastructure)

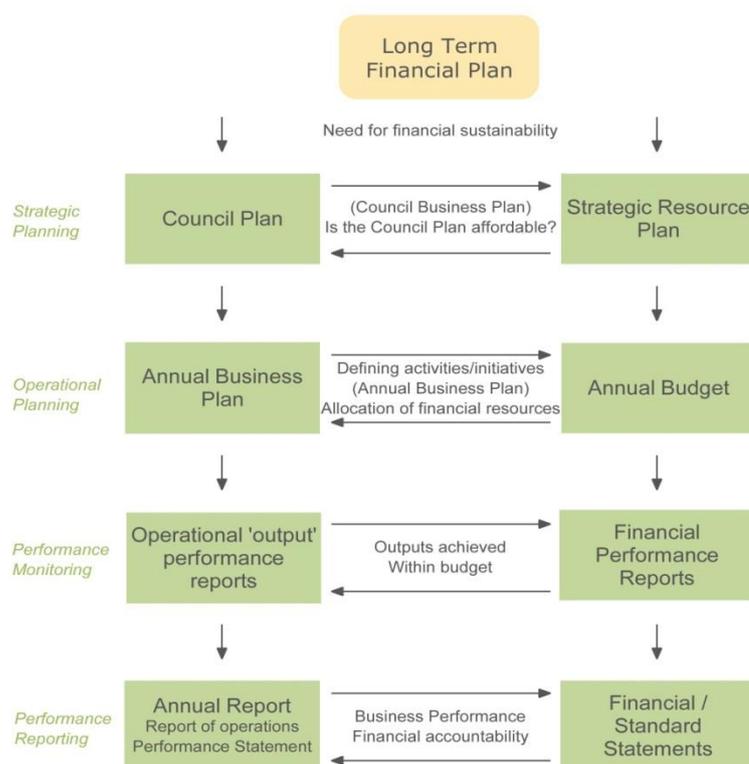
The timing of each component of the planning framework is critical to the successful achievement of the Council's planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the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

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

# strategic integrated planning framework



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



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

## 2.2 Our Purpose

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

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

- a caring community where people feel safe and secure;
- a wide range of recreation and leisure amenities;
- high grade transport links;
- appropriate infrastructure to meet community needs;
- respect for the environment by being clean and green;

- sustainable economic growth;
- coordinated health services;
- youth who are valued and participate in the community;
- a sustainable agricultural industry, including direct and indirect support for businesses;
- a sustainable thriving tourism industry;
- arts and culture that are encouraged and promoted; and
- quality early childhood and education facilities.

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

Coastal Promontory Ward



Strzelecki Ward



Tarwin Valley Ward



## team

WE:

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

## integrity

WE:

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

## leadership

WE:

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

## open & honest

WE:

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

### VISION

Communities in charge of their destinies in partnership with Council

### MISSION

To achieve a resilient & sustainable community

### VALUES

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

### community focus

WE:

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

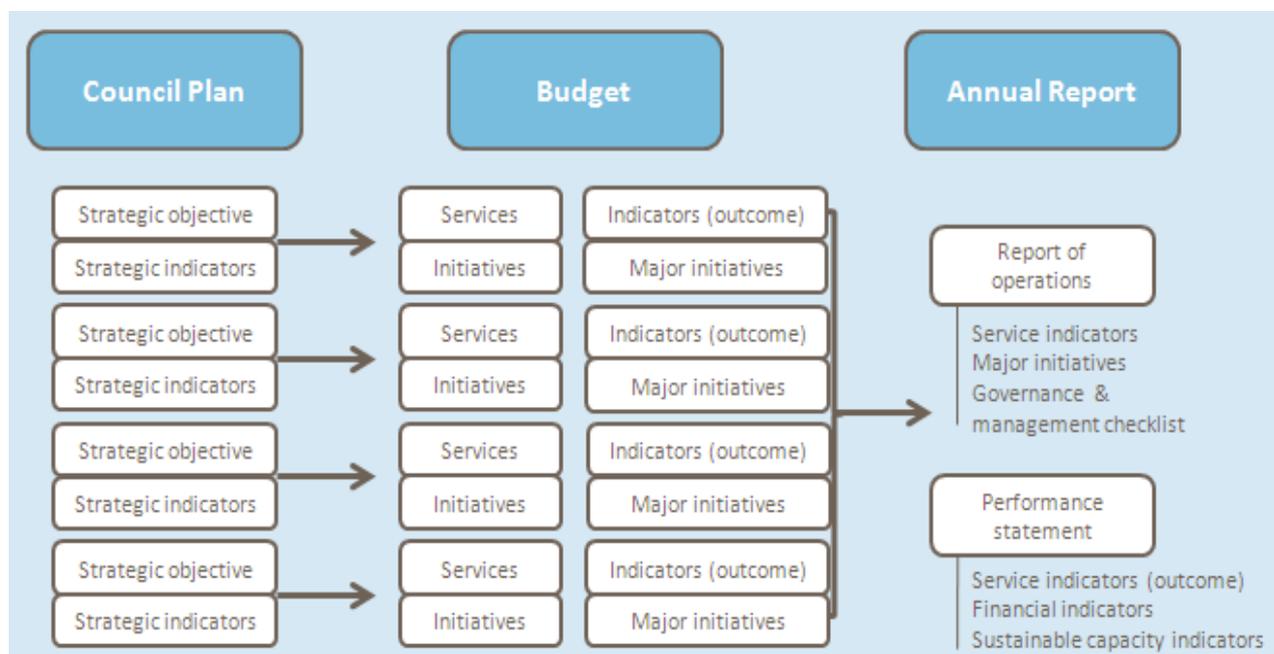
## 2.3 Strategic Outcomes (Objectives)

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

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

### 3. Services, Initiatives and Service Performance Indicators

This section provides a description of the services and initiatives to be funded in the Budget for 2015-2016 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of initiatives, major initiatives and service performance outcome indicators. The Strategic Resource Plan (SRP) is part of, and prepared in conjunction with, the Council Plan. The relationship between these components of the Budget and the Council Plan, along with the link to reporting in the Annual Report, is shown below:



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

### 3.1 Strategic Outcome 1 – A Prosperous Shire

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

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

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Strategic Planning and Development	The Strategic Planning and Development Department promotes and facilitates business, tourism, community and residential development of the shire. Key functions include development of appropriate long term plans and planning scheme amendments, working with existing and potential new businesses.	\$ 1,993 (\$ 83) <hr/> \$ 1,910
Planning & Environmental Health	The Planning and Environmental Health Department is responsible for the education, regulation and enforcement of a variety of Victoria's legislation in the areas of land use planning, the environment, health and waste water.  Key functions include assessment of planning permit applications and the registration and inspection of food, health and accommodation premises including caravan parks.  The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations.	\$ 1,415 (\$ 689) <hr/> \$ 726

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Development Services Management	The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved. The Development Services Directorate is responsible for the coordinated delivery of Strategic Planning and Development Services, Planning and Environmental Health Services, Regulatory Services and Coal Creek. The Directorate also delivers local and regional advocacy for facilitated and planned growth in the shire.	\$ 317 (\$ 0) <hr/> \$ 317
Regulatory Services	The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Law. Services include <ul style="list-style-type: none"> <li>• animal management,</li> <li>• building/planning enforcement,</li> <li>• building/property information,</li> <li>• building records,</li> <li>• fire prevention,</li> <li>• local laws development and enforcement,</li> <li>• occupancy permits for places of public entertainment,</li> <li>• parking control,</li> <li>• report and consent applications for new building work; and</li> <li>• school crossings.</li> </ul>	\$ 1,182 (\$ 629) <hr/> \$ 553
Sustainability Services	The Sustainability Department delivers Waste Management, Biodiversity and Sustainability Services through the implementation of key strategies and management plans.  The majority of the expenditure and income for this area covers the management of waste.	\$ 5,349 (\$ 1,941) <hr/> \$ 3,408
<b>TOTAL</b>		<b>\$ 10,256</b> <b>(\$ 3,342)</b> <hr/> <b>\$ 6,914</b>

## **Major Initiatives**

1. In July 2014 Council adopted a new green waste kerbside collection to commence in July 2015, in response to growing community requests. The service will be provided to residential properties in towns where Council based waste collections exist. (Sustainability Services)  
Target: Establish a baseline for the collection of green waste volumes by weight.  
Target: Cost of the kerbside green waste bin collection service recorded based on the direct cost of green waste collected divided by the number of kerbside green waste collection bins.  
*[This service will be a fully funded user-pays system with costs incorporated into the waste management charge on rate notices.]*  
  
*(Note: this initiative responds to an OurSay community request with fewer than 10 supporting votes to consider climate change and the cost of mulch. It also responds to over 506 votes for free green waste. In reality green waste management comes at a significant cost to Council, which must in one way or another be borne by ratepayers in either the form of an increased rate rise for every ratepayer, or a user pays system whereby those who generate the waste are required to pay for its disposal. An amnesty period in November and December provides all residents with an opportunity to clear their properties of green waste and this cost is currently borne by all ratepayers)*
2. Building on Steep Slopes planning control guidelines will be established to ensure appropriate subdivision and development on steep slopes. (Strategic Planning and Development)  
Target: The planning control guidelines will be presented to Council for adoption by 30 June 2016.  
*[Funding allocation for \$15,000 is currently factored into the Budget Initiatives in 2015-2016.]*
3. The Environmental Significance Overlay (ESO 5) for areas subject to erosion will be reviewed and accurate area mapping established to reduce the number of planning permits that are triggered by the current controls. (Strategic Planning and Development)  
Target: The revised Environmental Significance Overlay will be developed and presented to Council for adoption by 30 June 2016.  
*[Funding allocation for \$40,000 is currently factored into the Budget Initiatives in 2015-2016.]*

## **Initiatives**

4. Implementation of the Economic Development & Tourism Strategy will commence with project targeted at increasing the prosperity and growth of the Shire through greater support to the economic sector, with particular emphasis for Agriculture, Industry, Commercial, Land Development, Tourism and Retail sectors. (Strategic Planning and Development)  
Target: Main Street development project for the townships of Foster,

Leongatha, Korumburra and Toora will be completed by 30 June 2016  
Target: The Manufacturing Network project will create a network for local manufacturing businesses developing links with the South Eastern Melbourne Manufacturing Association by 30 June 2016

Target: Southern Gippsland Food Cluster project (joint project with Bass Coast Council) will create linkages between farms, manufacturing and retail to provide viable markets for boutique and new produce enterprises through the enhancement of the Food Map website by 30 December 2015 and investigation of infrastructure barriers and transport challenges of produce grown in a non-peri urban area by 30 June 2016.

*[Funding allocation of \$20,000 for Target 1, \$10,000 for Target 2 and \$20,000 for Target 3 with \$4,000 on-going for the website is included into the Budget Initiatives in 2015-2016 and then ongoing]*

*(Note: this initiative responds to an OurSay community request with 25 supporting votes for a strategic investment plan to position the region for the future)*

5. 'Priority Projects' for the Shire are determined by Council and will be actively pursued in advocacy activities with State and Federal politicians and other relevant stakeholders or potential funding partners. These projects, when supported, will provide a range of economic benefits to improve the prosperity of the Shire.

Target: Priority Projects identified and a report presented to Council for adoption by 30 June 2016. (CEO)

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

*(Note: this initiative responds in part to several OurSay community requests with 17 votes supporting Corner Inlet Tourism for Toora Channel Dredging and boat ramp facilities at Port Welshpool, fewer than 10 votes for improved accessibility in towns and fewer than ten votes for support of Agnes Falls)*

6. Development of the Port Welshpool Marina Precinct Plan will be commenced to progress the Corner Inlet Tourism Priority Project. (Strategic Planning and Development)

Target: Project commenced after the funding decision has been made on the Long Jetty Project by the Federal Government.

*[No additional funding is required for this initiative for the Marina Precinct Plan to be developed. It is contained within existing budget allocations]*

7. A report in response to the Coastal Townships Seasonal Population Study will be presented to Council for consideration. (Strategic Planning and Development)

Target: Recommendations arising from the Coastal Townships Seasonal Population Study will be presented to Council for consideration by 30 June 2016.

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

*(Note: this initiative responds to an OurSay community request with 132 supporting votes to address coastal townships with inadequate infrastructure to cope with increasing seasonal populations.)*

8. Legislative change in 2014 has made Council the responsible authority for roadside weed management. Council has determined that the service level of roadside weed management works will be undertaken in accordance with Council's Roadside Weed and Pest Animal Management Plan and reflect an agreed level of Council funding. (Sustainability Services)  
Target: A minimum of 200 kilometres of roadside maintained per annum.  
*[Funding allocation of \$45,000 is included into the Budget Initiatives in 2015-2016 and then ongoing]*

*(Note: this initiative responds to an OurSay community request with 63 supporting votes for improved roadside maintenance)*

9. The 'Agricultural Resilience and Climate Change Opportunities' grant and the 'Integrating Climatic Impacts Into Government Processes' grant will be actioned to respond to climate change. The 'Agricultural Resilience and Climate Change Opportunities' grant will be utilised to assist the Shire's agricultural businesses sustainability activities, and the 'Integrating Climatic Impacts Into Government Processes' grant will be actioned and utilised to progress organisational sustainability processes. (Sustainability Services)  
Target: 5 seminars held by 30 June 2016.  
Target: 1 specific climate change adaptation project initiated as a direct result of the seminars held.  
*[No additional funding is required for this initiative. Grant funding has been received to fund these initiatives and this is contained within the existing budget allocation.]*

*(Note: this initiative responds to an OurSay community request with 17 supporting votes to address climate change.)*

10. The Mirboo North Structure Plan will be reviewed to revitalise the outdated plan, ensure compliance with DPTLI requirements and address Bushfire Management Overlay provisions. (Strategic Planning and Development)  
Target: The Structure Plan review will be completed and presented to Council for adoption by 30 June 2016.  
*[Funding allocation of \$35,000 has been factored into the 2015-2016 Budget initiatives]*
11. Branding of the Shire to be reviewed and a coordinated direction forward determined to enhance positive experiences of visitors to the Shire that in turn lead to increased economic development and support to the Tourism, Arts and Business sectors. (Strategic Planning and Development)  
Target: Branding review completed by 30 June 2016 with recommendations to the Economic Development and Tourism Committee

*[Funding allocation of \$30,000 has been factored into the 2015-2016 Budget initiatives.]*

12. Great Southern Rail Trail Integrated Marketing and Signage Strategy implemented to promote the trail for the community's use and capitalise on the economic benefits arising from the investment made in this community asset. (Community Strengthening)  
 Target: A website will be developed and operationalised for the Great Southern Rail Trail by 30 June 2016.  
 Target: Key informational signage will be installed in 3 main towns along the trail.  
*[No additional funding is required for this initiative. Grant funding has been received to fund these activities and this is contained within the existing budget allocation.]*

13. Maintenance of the Great Southern Rail Trail will be increased to protect this valuable community and economic asset that extends between Leongatha and Welshpool and to support the volunteers that manage this facility on the community's behalf. (Community Strengthening)  
 Target: An additional funding allocation of \$21,285 provided to the Great Southern Rail Trail Committee to maintain the recent extensions to the trail.  
*[An additional funding allocation of \$21,285 has been factored into the 2015-2016 Budget initiatives and then ongoing.]*

*(Note: this initiative responds to an OurSay community request with fewer than 10 supporting votes to continue to expand the Great Southern Rail Trail and is provided in response to a request by the voluntary GSRT Advisory Committee for increased funds to maintain recent extensions.)*

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

<b>Local Government Service Performance Reporting Indicators</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Statutory Planning  (Planning and Environmental Health)	Decision making	Council planning decisions upheld at VCAT  (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Economic Development  (Strategic Planning and Development)	Economic activity	Change in number of businesses  (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year /less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100
Waste collection  (Sustainability Services)	Waste diversion	Kerbside collection waste diverted from landfill  (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Animal Management  (Regulatory Services)	Health and safety	Animal management prosecutions  (Number of successful animal management prosecutions)	Number of successful animal management prosecutions

<b>Local Government Service Performance Reporting Indicators</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Food safety (Planning and Environmental Health)	Health and safety	Critical and major non-compliance notifications  (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

### 3.2 Strategic Outcome 2 – Closely Connected Communities

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

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

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Aged and Disability Services	<p>The Aged &amp; Disability Services Department provides Home and Community Care services (HACC) including:</p> <ul style="list-style-type: none"> <li>• Personal Care,</li> <li>• Home Care,</li> <li>• Respite,</li> <li>• Community Transport,</li> <li>• Meals on Wheels and Home Maintenance to support the frail aged, people with a disability and their carers.</li> </ul> <p>The Aged &amp; Disability team contributes to maintaining a safe, secure and independent environment for clients and works towards building a more inclusive community across the South Gippsland Shire.</p> <p>The Department also manages Senior Citizens grant funding and the Community Register in partnership with Victorian Police and the Citizens Advice Bureau.</p>	<p>\$ 2,584 (\$ 2,013)</p> <hr/> <p>\$ 571</p>
Children and Family Services	<p>The Children and Family Services Department provides strategic planning to ensure services and infrastructure across the Shire meet future demand, and supports key partners in the provision of children and family services in the Shire.</p> <p>The Department provides Maternal and Child Health,</p>	<p>\$ 1,017 (\$ 461)</p> <hr/> <p>\$ 556</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
	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.	
Coal Creek Community Park and Museum	Coal Creek Community Park and Museum exists to enhance the liveability of South Gippsland Shire as a key community and cultural asset, operating to minimise the rate payers subsidy, while maximising long term community, cultural and economic benefits for all Shire residents. Its aim is to become a community icon in South Gippsland through an integrated marketing strategy across key areas of community, culture, education and commerce.	\$ 754 (\$ 389) <hr/> \$ 365
Community Safety	The Community Safety Department ensures Council has a current, relevant and implementable Municipal Emergency Management Plan detailing Council's preparedness to respond to, and recover from, any municipal emergency that may arise.	\$ 252 (\$ 86) <hr/> \$ 165
Community Services Management	The Community Services Directorate is responsible for the coordinated delivery of Sustainability Services, Children and Family Services, Aged and Disability Services, Community Strengthening, Community Safety and for Library Services.  The majority of the expenditure for this Unit covers Council's funding for the Library services.	\$ 1,628 (\$ 0) <hr/> \$ 1,628

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Community Strengthening	<p>The Community Strengthening Department's role is to manage, promote and support participation by the community in:</p> <ul style="list-style-type: none"> <li>• Arts and Culture,</li> <li>• Youth,</li> <li>• Volunteers,</li> <li>• Access and Inclusion</li> <li>• Community Planning</li> <li>• Recreation Facilities</li> <li>• Recreation Management Grants to Committees</li> <li>• Aquatic Facilities</li> <li>• Recreation Planning</li> <li>• Lifesaver support</li> </ul> <p>A large proportion of this budget is provided to Community Groups in the management of recreation facilities and for the management of swimming pools and recreation planning.</p> <p>The Department works with other Council teams to implement joint activities and to encourage Council's involvement with the community to be inclusive of all people and be integrated with the work of other levels of government and service agencies where possible.</p>	<p>\$ 2,012 (\$ 187)</p> <hr/> <p>\$ 1,825</p>
Customer Relations	<p>The Customer Relations Department provides a primary role in receiving and administering customer requests for Council's products and services and provides the community with up to date information on current events within South Gippsland Shire. The provision of information communicated with our customers</p>	<p>\$ 764 (\$ 0)</p> <hr/> <p>\$ 764</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
	includes print and electronic publications, public relations, media enquiries, advertising, marketing and website management.	
<b>TOTAL</b>		<b>\$ 9,011</b> <b>(\$ 3,136)</b> <hr/> <b>\$ 5,875</b>

### Major Initiatives

1. Implement the revised Aquatic Strategy 2015-2020, incorporating community engagement, participation and consideration of community ownership models/options. (Community Strengthening)  
Target: The net cost of Indoor Aquatic facilities as measured through the Local Government Performance Reporting Framework.  
Target: The net cost of Outdoor Aquatic Facilities as measured through the Local Government Performance Reporting Framework.  
Target: Outcomes of the Strategy implementation reported in the Quarterly Performance Report.  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

*(Note: this initiative responds to several OurSay community requests with over 1570 supporting votes to find solutions, including community ownership, that will retain the swimming pools in Foster and Mirboo North)*

### Initiatives

2. The Shire has been given the honour of hosting the Deadly in Gippsland cultural event that will be held in late 2015. This significant major indigenous gathering aims to strengthen a shared appreciation and understanding of the indigenous culture. (Community Strengthening)  
Target: 150 participants involved in the event;  
Target: 15 organisations contributing to the presentation of the conference.  
*[Funding allocation has been factored into the Budget Initiatives for \$25,000 in 2015-2016]*
3. Review of the Arts and Culture Policy in consultation with the Arts and Culture Network. (Community Strengthening)

Target: Revised Policy presented to Council for adoption by 28 February 2016.

*(Note: this initiative responds to an OurSay community request with 259 supporting votes to continue to create a network of people that can develop an overarching Arts and Culture Strategy.)*

4. Support the local Equestrian community to develop a business case and undertake economic modelling to determine the feasibility of the establishment and ongoing operation of a regional indoor equestrian centre. This project may incorporate assisting the Equestrian community to establish a governing incorporated body to develop, own and manage a facility, if such a facility is deemed economically viable. (Community Strengthening)

Target: The Equestrian Committee supported to develop the business case by 30 June 2016.

*[Funding allocation of \$35,000, and requiring a \$5,000 to be contributed by the Equestrian community, has been factored into the Budget Initiatives in 2015-2016.*

*(Note: this initiative responds to an OurSay community request with 443 supporting votes to complete a business case to determine the viability of a regional Equestrian Centre.)*

5. The Skate Park working group consisting of interested young people, Council and interested members will be actively supported to raise funds to assist the grant submission requirements for development of the Leongatha Skate Park. (Community Strengthening)

Target: A minimum of 15 young people directly involved in fund raising activities for the Skate Park.

Target: Outcomes of fund raising activities reported in the Quarterly Performance Report.

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

*(Note: this initiative is provided in response to a request from numerous young people seeking Council support to develop a Skate Park in Leongatha to improve youth infrastructure in the Shire.)*

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

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

<b>Local Government Service Performance Reporting Indicators</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Libraries  (Community Services Management)	Participation	Active library members  (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities  (Community Strengthening)	Utilisation	Utilisation of aquatic facilities  (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Home and Community Care  (Aged and Disability Services)	Participation	Participation in HACC service  (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
	Participation	Participation in HACC service by CALD people  (Percentage of the municipal target population in relation to CALD people who receive a HACC service)  (Note: CALD – Culturally and Linguistically Diverse)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100

<b>Local Government Service Performance Reporting Indicators</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Maternal and Child Health  (Children and Family Services)	Participation	Participation in the MCH service  (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
	Participation	Participation in MCH service by Aboriginal children  (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

### 3.3 Strategic Outcome 3 – Integrated Services and Infrastructure

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

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

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Engineering and Assets	<p>The Engineering and Assets Department deliver four main functions:</p> <ul style="list-style-type: none"> <li>• Capital Works - The planning, administration, project management and delivery of Council's long term and annual Capital Works Program.</li> <li>• Fleet &amp; Plant - to ensure effective service delivery of South Gippsland Shire Councils Fleet, vehicles will be purchased with the highest safety rating and lowest Green House emissions where available within Council's purchasing scope.</li> <li>• Infrastructure Assets - to proactively plan Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks through continuous improvements to Council's Asset Management Plans.</li> <li>• Assets System - the collection, analysis and management of appropriate infrastructure related data to effectively manage Council's infrastructure assets.</li> <li>• Development - To clearly define Council requirements for the design and development of infrastructure that is, or will become, a civil Council asset. To standardise development submissions and thus to expedite Council's engineering approvals for civil assets; and to ensure that minimum design criteria are met in regards to the design and construction of civil infrastructure.</li> </ul>	<p>\$ 5,516 (\$ 2,160)</p> <hr/> <p>\$ 3,356</p>

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Engineering Services Management	The Engineering Services Directorate is responsible for the coordinated delivery of Operations (Depot), Engineering & Projects, Property and Assets.	\$ 314 (\$ 0) <hr/> \$ 314
Operations	The Operations Department delivers two main functions: <ul style="list-style-type: none"> <li>Roads, streets &amp; drainage operations, maintenance and construction (including the delivery of Council's internal capital works program).</li> <li>Parks &amp; Gardens operations, maintenance and construction.</li> </ul>	\$ 21,995 (\$ 4,397) <hr/> \$ 17,598
Property Development	The Property Department provides the following services: <ul style="list-style-type: none"> <li>To support Council services by managing Council's property portfolio including the acquisition, disposal, leasing/licensing and responsibilities as a Committee of Management of Crown Land.</li> <li>To provide assistance to developers within the Shire with internal and external stakeholders by ensuring a strong customer focus.</li> <li>To work collaboratively across Council's departments with dealings on Council land.</li> <li>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.</li> <li>To manage the Yanakie and Long Jetty Foreshore Caravan Parks.</li> </ul> <p>These functions underpin our services to assist in providing a healthy &amp; safe community.</p>	\$ 3,571 (\$ 1,261) <hr/> \$ 2,310
<b>TOTAL</b>		<b>\$ 31,396</b> <b>(\$ 7,819)</b> <hr/> <b>\$ 23,577</b>

## **Major Initiatives**

1. The Federal Government has doubled the allocation for the Roads to Recovery Program for the 2015-2016 year. This funding will predominantly be directed toward two major projects including the sealing of North Poowong Road in Poowong and the reconstruction of Station Street in front of Burra Foods in Korumburra. (Engineers and Assets)  
Target: The total grant of \$3,344,816 will be expended by 30 June 2016.  
*[No additional funding is required for this initiative. The grant funding is contained within existing budget allocations]*

*(Note: this initiative responds to an OurSay community request with fewer than 10 supporting votes to improve the safety of roads.*

2. The Korumburra Integrated Children's Centre will commence construction subject to securing the required funding (Engineering and Assets)  
Target: Construction commenced this financial year.

*[\$100,000 has been committed by the amalgamated Karmai Children's Centre Board, \$2,045,000 plus donated land by Council, \$1.6m in grant funding from the State Government and \$1.6m in grant funding from the Commonwealth Government.]*

## **Initiatives**

3. The Land Realisation Project will be further progressed with a focus on rationalising surplus assets. (Property Management)  
Target: Surplus land assets that may be rationalised are to be identified and presented to Council for adoption by 30 June 2016.  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
4. The Annual Capital Works program will be delivered. (Engineering & Assets)  
Target: 80% of the Capital Works Civil Program expended in accordance with approved Council decisions by 30 June 2016.  
Target: Progress updates to be provided in the Quarterly Performance Report.  
*[Additional funding of \$65,000 has been included in the Budget initiatives for Jupiter Boulevard Venus Bay in 2015-2016.]*
5. A definitive plan for Coal Creek is to be finalised and implementation commenced. The plan outcomes will focus on reducing the net cost to Council and establish a business model to achieve this outcome.  
Target: Progress and outcomes arising from the implementation of the Business Plan will be reported in the Quarterly Performance Report. (Coal Creek Community Park and Museum)  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*

*(Responds to a number of OurSay requests that cover concerns for both its retention and also for its financial burden on Council. Around 150 votes were in support of Coal Creek and around 30 opposed to its retention)*

6. Master plans for the Long Jetty Foreshore Caravan Park and Yanakie Caravan Park completed and a program of works prepared. (Property Management)  
Target: Master plans completed and adopted by Council by 30 June 2016.  
Target: Implementation works to be referred to the 2016-2017 Budget for funding consideration.  
*[No additional funding is required for this initiative. It is contained within existing budget allocations]*
7. A strategic plan for transition of direct management of Waratah Bay Caravan Park is to be developed. (Property Development)  
Target: Plan developed and adopted by Council by 30 June 2016.  
*[Funding of \$20,000 has been included in the Budget initiatives for 2015-2016]*
8. Installation of a new shelter at Mossvale Park with information boards and seating to accommodate increased usage of the reserve. (Operations)  
Target: Infrastructure constructed by 30 June 2016.  
*[Funding of \$9,000 has been included in the Budget initiatives for 2015-2016]*
9. Arboriculture works at Mossvale Park and Korumburra Botanic Park will protect the significant trees within these two parks. (Operations)  
Target: Completion of Management Plan detailing recommendations and works programmed by 30 June 2016  
*[Funding of \$30,000 has been included in the Budget initiatives for 2015-2016 with further funds allocated at intervals across the next 15 years]*
10. The Leongatha Tree Replacement Program will commence in 2015-2016 to remove and replace inappropriate tree species that are causing damage to infrastructure and require regular pruning from power lines. (Operations)  
Target: Inappropriate trees removed from Turner Street and Peart Street Leongatha and replaced with appropriate species by 30 June 2016.  
*[Funding of \$35,000 has been included in the Budget initiatives for 2015-2016 and then continuing in future years]*
11. Maintenance works for the Venus Bay /Tarwin Lower bike path are aimed at improving the access to various facilities through the use of this pathway. (Operations)  
Target: 3.2 kilometres of bike path maintained  
*[Funding of \$6,000 has been included in the Budget initiatives in 2015-2016 and then in an ongoing capacity for this asset.]*
12. Municipal Early Years Plan reviewed, revised and presented to Council for adoption to guide the future delivery of children's services within the Shire. (Children's Services)  
Target: The plan will be prepared and adopted by Council by 30 June 2016.

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

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

<b>Local Government Service Performance Reporting Indicators</b>			
<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
Roads (Operations)	Satisfaction	Satisfaction with sealed local roads  (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

### 3.4 Strategic Outcome 4 – A Leading Organisation

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

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

#### Services

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Executive Office/ Management	The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$ 806 (\$ 0) <hr/> \$ 806
Corporate Services Management	The Corporate Services Directorate is responsible for the coordinated delivery of Finance, Governance, Information Technology and Customer Relations services. Development of the Council Plan and Annual Plans, Community Engagement to inform the plans, along with coordination of Department Business Plans and the Organisation's Performance Reporting, are key responsibilities of this team.	\$ 450 (\$ 0) <hr/> \$ 450
Finance	The Finance Department's focus is to provide: <ul style="list-style-type: none"> <li>• strategic financial advice,</li> <li>• planning,</li> <li>• accounting services,</li> <li>• management accounting support</li> <li>• financial reporting to Council in accordance with legislative and regulatory requirements,</li> <li>• maintain Council's accounting records in accordance with legislative and regulatory requirements,</li> <li>• offer high quality accounting support to the organisation; and</li> <li>• administer all legislative requirements in relation to rates, charges and valuation services.</li> </ul>	\$ 1,787 (\$ 665) <hr/> \$ 1,122

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
Governance Services	<p>The Governance Services Department coordinate services that enables organisation wide good governance and compliance through the following functions:</p> <ul style="list-style-type: none"> <li>• Governance support: including policy development and review, Council elections, Internal Audit, regulatory and statutory compliance, Advisory and Special Committees, Council Meeting management, Freedom of Information, Privacy, Legal services and Procurement;</li> <li>• Grants: including Community Grants and Councillor Discretionary Funds administration and external grant applications; and</li> <li>• Risk Management and Return to Work programs.</li> </ul>	\$ 2,386 (\$ 114) <hr/> \$ 2,272
Information Services	<p>The Information Systems &amp; Support Department is responsible for:</p> <ul style="list-style-type: none"> <li>• Delivering information systems, services and technology infrastructure to enable the organisation to effectively and efficiently deliver the Council Plan and all Council services;</li> <li>• Investigating new technology advances and evaluating new opportunities;</li> <li>• Managing Council's Corporate Records;</li> <li>• Developing, reviewing and implementing new policies and procedures to ensure the management and delivery of business information systems, services and IT infrastructure is efficient, effective and meets corporate objectives; and</li> <li>• Managing Information System strategies and programs to ensure works are completed on time, within budget and with the required quality.</li> </ul>	\$ 2,287 (\$ 0) <hr/> \$ 2,287

Business Area	Description of Services provided	Expenditure \$000 (Revenue \$000)
		Net Cost \$000
People and Culture	The People and Culture Department provides advice and support to Departments in the management of staff through the effective undertaking of the following functions: <ul style="list-style-type: none"> <li>• Organisational Development</li> <li>• Industrial Relations</li> <li>• Payroll</li> <li>• Corporate training and development</li> <li>• Recruitment and induction of staff</li> <li>• Human Resource management support</li> <li>• Occupational Health and Safety</li> </ul>	\$ 1,127 (\$ 0) <hr/> \$ 1,127
<b>TOTAL</b>		<b>\$ 8,843</b> <b>(\$ 779)</b> <hr/> <b>\$ 8,064</b>

### **Major Initiatives**

1. The State Government is introducing Rate Capping in 2016-2017. A framework for maintaining a sustainable rate management strategy that brings the General Rate in line with the new government policy is to be established and implemented to prepare for this impact on future budgets. The framework will pursue ongoing productivity savings, reviews and reductions of service levels, investigation of shared Council or community based service models and diversification of income. It will utilise an understanding of the State Government's Rate Capping Policy as a guide. (CEO and Corporate Services)  
Target: Respond proactively to establish the 2016-2017 Budget in line with the State Government Rate Capping Policy.  
*[No additional funding is required for this initiative. It is contained within existing budget allocations.]*

*(Responds to a number of OurSay requests that cover requests for Council to reduce the cost of rates. Around 270 votes supported the need for Council to reduced rates, review staff structures and other approaches as a general means to keep rates as close to CPI as possible. )*

### **Initiatives**

2. Improve the ease of access for customers for making payments through the introduction of a 9 monthly instalments option for rates payments for 2015/16; (Financial Services)  
Target: New payment option introduced for the 2015-2016 rates collection.  
*[No additional funding is required for this initiative. It is contained within existing budget allocations.]*

3. Investigate and implement technology improvements that increase mobile computing (GPS Tracking), improve information exchange through electronic based services and/or increase productivity savings.(Information Systems and Support)  
Target: 80% of the Information Technology Capital Program expended by 30 June 2016  
*[No additional funding is required for this initiative. It is contained within existing budget allocations.]*
  
4. Community engagement activities planned and implemented that will inform the 2016-2017 Annual Budget and commence to inform the 2018-2022 Council Plan, including further development of online engagement to increase community participation. (Corporate Services Management)  
Target: Community on-line and workshop engagement activities held to inform Council's draft budget considerations.  
*[Funding allocation has been provided in Budget Initiatives for both 2015-2016 and 2016-2017 (\$24,000 in both years).]*

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

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

### 3.5 Reconciliation with Budgeted Operating Result

	Net cost (revenue) 2015/16 \$'000	Expenditure \$'000	Revenue \$'000
Prosperous Shire	6,914	10,256	3,342
Closely Connected Communities	5,875	9,011	3,136
Integrated Services and Infrastructure	23,577	31,396	7,819
Leading Organisation	8,064	8,843	779
<b>Total Services and initiatives</b>	<b>44,430</b>	<b>59,505</b>	<b>15,075</b>
Other Non attributable <sup>1</sup>	(5,461)		
<b>Deficit before funding sources</b>	<b>38,969</b>		
<b>Funding sources:</b>			
Rates & charges	38,275		
Capital Grants & Contributions	5,986		
<b>Total funding sources</b>	<b>44,261</b>		
<b>Operating surplus (deficit)</b>	<b>5,292</b>		

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

## 4. Budget Influences

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

### 4.1 Snapshot of South Gippsland Shire Council

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 27,940. It has an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

Its major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, 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.

### Our Economic Base

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.7 billion. South Gippsland has one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$688 million;
- Agriculture, Forestry and Fishing \$361 million;
- Property services \$232 million;
- Construction \$216 million;
- Mining \$126 million;
- Wholesale Trade \$125 million;
- Health care and social assistance \$113 million; and
- Retail trade \$108 million.

## **Major Industries**

### **Agriculture**

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

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

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

### **Food Processing**

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

### **Tourism**

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

### **Other Industries**

Esso has a major marine terminal located at Barry Point near Toora that is used to provide services to their Bass Strait oil and gas platforms. This includes supporting the \$4 billion 'Kipper Tuna Turrum' oil and gas field. 'Port Anthony', a newly established private port, is located next to the Esso facility. An important fishing industry operates from Port Welshpool and Port Franklin. A wind farm is located on the hills around Toora and construction of the new Bald Hills Wind Farm near Tarwin Lower is under construction.

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:

- Completion and opening of Aldi Supermarket in Leongatha;
- Completion and opening of Salvation Army offices and worship centre in Leongatha;
- Opening of the redeveloped Leongatha Hospital;
- Commencement of sewerage connection for Nyora, Poowong and Loch;
- Major upgrades of dairy facilities at Murray Goulburn and Burra Foods;
- Construction of ViPlus Dairy facility at Toora;
- Development of Port Anthony at Barry Point;
- Opening of Leongatha Secondary College within the Leongatha Education Precinct that also includes: Leongatha Specialist School, GippsTAFE, and Leongatha Primary School;
- Prom Country Aged Care facility at Foster; and
- Rollout of the National Broadband Network to 11 towns with more planned.

## **Major Regional Projects**

- The Pakenham Bypass and Eastlink have reduced the travelling time from metropolitan Melbourne to 1.5 hours. The construction of the Koo Wee Rup bypass is due to be completed during 2015 and will further reduce travelling times.

## **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 27,900 people as at June 2013. Council's recently prepared population forecasts project that the Shire's population will increase to 36,500 by 2031. This is an increase of almost 8,700 people at an average annual growth rate of 1.5%. The Shire has approximately 15,000 dwellings and about 19,000 rateable properties.

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

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

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

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

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

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

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

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

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

## Labour Force

South Gippsland Shire has:

- an unemployment rate of 3.8% as at September Quarter 2014.

This is the lowest unemployment rate in Gippsland and one of the lowest in the State. This is considerably below the average for Victoria of 6.5%.

Key industry sectors by employment in the South Gippsland Shire in 2011 were Agriculture, Forestry & Fishing (16.7%), Health Care and Social Assistance (10.6%), Retail Trade (10.2%), and Construction (9.7%). The Shire's top eight employment sectors compared with that of Regional Victoria as shown in the table below:

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

(ABS 2011 Census)

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

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

Occupation	South Gippsland	Regional Victoria
Managers	22.0%	15.2%
Technicians and trades workers	15.1%	15.4%
Professionals	13.7%	16.7%
Labourers	12.4%	12.3%
Clerical and administrative services	10.2%	11.7%
Sales workers	8.9%	9.7%
Community and personal service workers	8.4%	10.3%
Machinery operators and drivers	7.4%	6.9%
Inadequately described and not stated	1.9%	2.0%

(ABS 2011 Census)

## Community Infrastructure

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

- Three public hospitals and five medical centres;
- Aged care residential services located in four towns;
- Home and Community Care services provided by Council, including Meals on Wheels, Personal Care, Respite Care, Home Maintenance and Community Transport;
- Childcare centres operate in Leongatha, Korumburra, Mirboo North and Foster. Uniting Care Gippsland facilitate Family Day Care which is available across the Shire;
- Five public libraries plus mobile services to 7 towns;
- Daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- Numerous galleries and museums, a cinema, theatres and clubs;
- Over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional leisure centre incorporating a heated indoor swimming pool, six public swimming pools of which two are heated, and seven golf courses;
- The Great Southern Rail Trail, is approximately 70km of bike/walking trails and has recently been extended from Foster to Welshpool (February 2015);

- The Grand Ridge Rail Trail runs between Mirboo North and Boolarra over 13km;
- Over 50 parks, reserves and sanctuaries including coastal/beach assets, trails in the Strzelecki Ranges, Coal Creek Community Park and Museum and Mossvale Park at Berry's Creek.

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

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

### **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.
- As South Gippsland has an ageing population and is attractive to retirees, a growing number of ratepayers are entitled to the pensioner rebate. This impacts on Council's revenue base and services and facility expenditure.
- The Shire is experiencing steady population and business growth. The budget implications arise with Council having to provide new infrastructure and services as well as cope with replacement of ageing infrastructure to support this growth. As the rates received from new dwellings do not offset the significant infrastructure costs, how they are funded represents a significant challenge.

- Expenditure on Council roads has been impacted considerably in recent years by a combination of climatic events and increased usage. The requirement to respond to these issues and additional costs involved has consequences on planned Council priorities.

## 4.2 External Influences

In preparing the 2015/16 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- The Victorian State Government has announced that local government rates will be capped from 2016/17.
- Consumer Price Index (CPI) increases on goods and services of 1.7% through the year to December quarter 2014 (ABS release 28 January 2015). State-wide CPI is forecast to be 2.5% for the 2015/16 year (Victorian Budget Papers 2014/15). The rate rise for 2015/16 in the previous years' Long Term Financial Plan was 5.5%. The rate rises in the forward years have been set at 3.0% from 2016/17 to 2022/23 and thereafter at 4.0%. When compared to the previous year's Long Term Financial Plan, Council over a 14 year period (2015/16-2026/27) will collect \$57.8m less rates and charges.
- The Federal Government advised the Victoria Grants Commission last financial year that it will freeze indexation on grants for 3 years to 2016/17. As a result Council will receive \$1.5m less over 5 years, \$3.9m less over 10 years and \$6.5m over 15 years.
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include School Crossing Supervision, Library Services and Home and Community Care for Aged Residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community.
- Councils across Australia raise approximately 3% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2014 was 3.1% (ABS release 14 August 2014). The wages price index in Victoria is projected to be 3.50% per annum in 2015/16 and the subsequent two years (Victorian Budget Papers 2014/15). Council must renegotiate a new Collective Agreement during the 2016/17 year for commencement on 1 July 2017.
- Commsec Wages Prices Index (WPI) project a 2.7% movement to occur in 2015/16 and then to increase to 3.0% in following years;

- Commsec Consumer Price Index (CPI) projection is 2.8% for 2015/16 and following years;
- The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria was an average of 3.9% for the five year period ending March 2015;
- Flow on negative impacts from Reserve Bank reducing official interest rates on February and May 2015. This results in a reduction in income being generated on investments;
- The Australian Prudential Regulation Authority introduced a new Prudential Standard in 2014 to assess the market value of assets in defined benefit superannuation funds. The budget impact for South Gippsland is the likelihood of further more frequent calls being made upon Council to fund defined benefits superannuation liabilities; and
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

### **4.3 Internal Influences**

As well as external influences, there were also internal influences arising from the 2015/16 year which have had a significant impact on the setting of the 2015/16 budget. These included:

- Substantial \$26m reduction of capital expenditure predominantly on extension and new assets in the 15 year capital works program due to introduction of rate capping from 2016/17.
- The 2015/16 Budget takes into account a 4.0% Enterprise Agreement increment.
- Productivity savings identified during 2014/15 (\$300,000 per annum) have been utilised to marginally reduce the rate rise for 2015/16. The proposed 2015/16 budget factors in an additional \$280,000 recurrent productivity savings that Council expects to identify during the year.
- \$5.8m project and initiative funding, derived from previous productivity savings, has been removed from forward budgets.
- \$496,000 funding allocated to a range of new project and initiative proposals for 2015/16 which has a \$3.18m cost impact over 15 years.

### **4.4 Budget Principles**

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

- Grants to be based on confirmed funding levels;

- New revenue sources to be identified where possible;
- Service levels to be maintained at 2014/15 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; and
- Real savings in expenditure and increases in revenue identified in 2014/15 to be preserved.

#### **4.5 Long Term Strategies**

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

## 5. Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2015/16 year.

### 5.1 Budgeted Income Statement

	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
Total income	5.2	60,688	65,078	4,390
Total expenses	5.3	55,643	59,786	(4,143)
<b>Surplus (deficit) for the year</b>		<b>5,045</b>	<b>5,292</b>	<b>247</b>
		0		
Grants - capital	5.2.6	2,149	5,516	3,367
Contributions - non monetary assets	5.2.7	337	370	33
Capital contributions - other sources	5.2.4	195	100	(95)
<b>Adjusted underlying surplus (deficit)</b>	<b>5.1.1</b>	<b>2,364</b>	<b>(694)</b>	<b>(3,058)</b>

#### 5.1.1 Adjusted Underlying Surplus (deficit) (\$3.06m decrease)

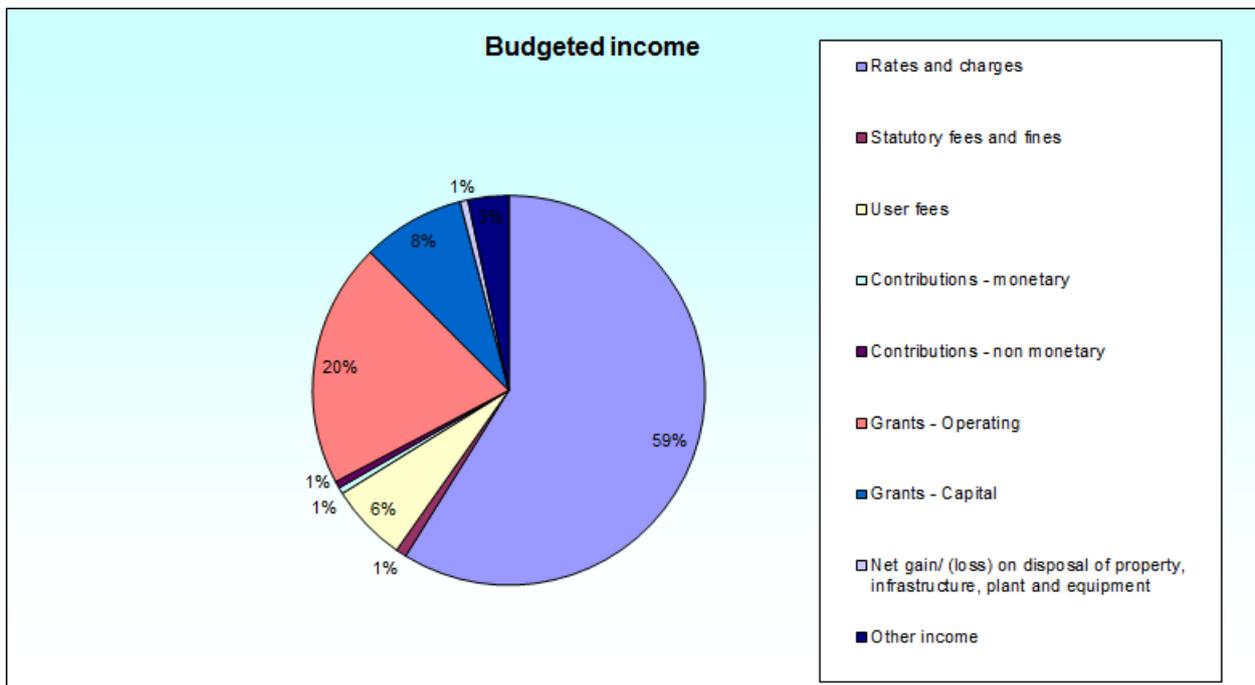
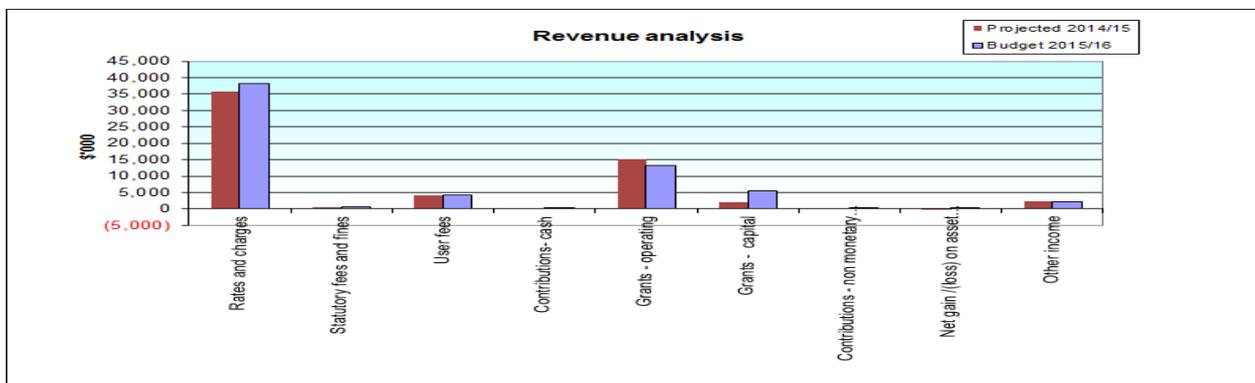
The adjusted underlying result is the net surplus or deficit for the year adjusted for capital grants, contributions of non-monetary assets and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it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

The adjusted underlying result for the 2015/16 year is a deficit of \$694,000 which is a decrease of \$3.06m over the 2014/15 year. In calculating the underlying result, Council has excluded capital grants and capital contributions received for capital purposes. Contributions of non-monetary assets are also excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

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

## 5.2 Income

Income types	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	5.2.1	35,810	38,275	2,465
Statutory fees and fines	5.2.2	537	576	39
User fees	5.2.3	4,010	4,179	169
Contributions- cash	5.2.4	247	344	97
Grants - operating	5.2.5	15,297	13,216	(2,081)
Grants - capital	5.2.6	2,149	5,516	3,367
Contributions - non monetary assets	5.2.7	337	370	33
Net gain /(loss) on asset disposals	5.2.8	(35)	423	458
Other	5.2.9	2,336	2,179	(157)
<b>Total Operating Revenue</b>		<b>60,688</b>	<b>65,078</b>	<b>4,390</b>



### **5.2.1 Rates and Charges (\$2.47m increase)**

It is projected that general rates and charges income which, includes estimated \$290,000 in supplementary rates, will increase by 6.9% over the base that was raised last year to \$38.28m.

The general rate will increase by 4.90%. The waste services charges for garbage collection and recycling will increase by 2.00%, plus an additional \$78 for those receiving the new green waste service/charge. (Refer Appendix B for more details).

Section 12, 'Rating Information' includes a more detailed analysis of the rates and charges to be levied for 2015/16.

### **5.2.2 Statutory fees and fines (\$39,000 increase)**

There is an increase of \$39,000 or 7.3% for Statutory fees. Statutory fees relate to fees and fines levied in accordance with legislation and include Planning, Health Act Registrations and Parking Fines. The biggest contributor to the increase is statutory planning fees.

### **5.2.3 User Fees (\$169,000 increase)**

There is an increase of \$169,000 or 4.2% for user fees. The fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include animal registrations, use of leisure, entertainment and other community facilities and the provision of human services such as aged and disability services.

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

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

### **5.2.4 Contributions - cash (\$97,000 increase)**

Contributions relate to capital contributions paid by as well as contributions made for non-capital related activities and projects. There is a \$97,000 or 39.3% increase in the level of contributions expected to be received in 2015/16. Contributions are expected for statutory open space contributions (\$60,000), engineering and assets projects (\$275,000) property (\$4,000) and for sustainability services projects (\$4,000).

### **5.2.5 Grants - operating (\$2.08m 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 13.6% or \$2.08m compared to 2014/15. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included on the following page.

Operating Grant Funding Types and Source	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) \$'000
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission	8,583	8,772	189
Childrens services	2	2	0
<i>Recurrent - State Government</i>			
Aged and Disabled Services	1,457	1,484	27
Childrens Services	415	426	11
Rates and Valuations	274	7	(267)
Rural Access	93	95	2
Biodiversity	42	-	(42)
Emergency Management	26	26	0
Local Laws	33	40	7
Community Programs	25	26	1
Coal Creek	33	22	(11)
<i>Recurrent - Other Bodies</i>			
Environmental health	6	5	(1)
<b>Total recurrent grants</b>	<b>10,989</b>	<b>10,905</b>	<b>(84)</b>
<i>Non recurrent - Commonwealth Government</i>			
Storm damage - rain event funding	-	108	108
<i>Non recurrent - State Government</i>			
Advancing Country Towns	125	-	(125)
Capital - Civil Infrastructure	2,532	293	(2,239)
Caravan Parks	12	-	(12)
Childrens Services	6	6	0
Coal Creek	5	-	(5)
Community Strengthening	92	72	(20)
Early Years Service	5	-	(5)
Economic Development	44	-	(44)
Emergency Management	60	60	0
Engineering Services	1,265	1,696	431
Rates and Valuations	44	46	2
Recreation	15	-	(15)
Strategic Planning and Development	-	10	10
Sustainability Services	58	20	(38)
Waste Management	38	-	(38)
<i>Non recurrent - Other Bodies</i>			
Community Strengthening	5	-	(5)
Rural Access	2	-	(2)
<b>Total non recurrent grants</b>	<b>4,308</b>	<b>2,311</b>	<b>(1,997)</b>
<b>Total Operating Grants</b>	<b>15,297</b>	<b>13,216</b>	<b>(2,081)</b>

## 5.2.6 Grants - capital(\$3.37m increase)

Capital grants include all monies received from State and Federal governments for the purposes of funding the capital works program. Overall the level of grants has increased by 156% or \$3.37m compared to 2014/15. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Types and Source	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav ) \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	1,672	3,344	1,672
<b>Total recurrent grants</b>	<b>1,672</b>	<b>3,344</b>	<b>1,672</b>
<i>Non recurrent - Commonwealth Government</i>			
Office Accomodation	21	-	(21)
Allambee Estate Rd Bridge Rehabilitation	-	200	200
<i>Non recurrent - State Government</i>			
Roads - McDonalds Track Blackspot, Nyora	35	-	(35)
Roads - Timms Road Blackspot, Poowong North	51	-	(51)
Foster Streetscape (Main and Station Street)	-	347	347
Buildings - Child Care Hub - Korumburra	-	1,600	1,600
Buildings - Caravan Park Rotunda and Camp Kitchen - Waratah Bay	20	-	(20)
Recreation - TP Taylor Reserve Open Space Enhancement Project	80	-	(80)
Recreation - Nyora Hall	230	25	(205)
Roads - Mossvale Park Flood Recovery Project	40	-	(40)
<b>Total non recurrent grants</b>	<b>477</b>	<b>2,172</b>	<b>1,695</b>
<b>Total Capital Grants</b>	<b>2,149</b>	<b>5,516</b>	<b>3,367</b>

Section 7, 'Analysis of Capital Budget' includes a more detailed analysis of the grants and contributions that are expected to be received during the 2015/16 year.

### 5.2.7 Contributions – non monetary assets (\$33,000 increase)

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

There is a marginal increase compared to the previous year.

### 5.2.8 Net Gain / (Loss) on Asset Disposals (\$458,000 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.

### 5.2.9 Other Income (\$157,000 decrease)

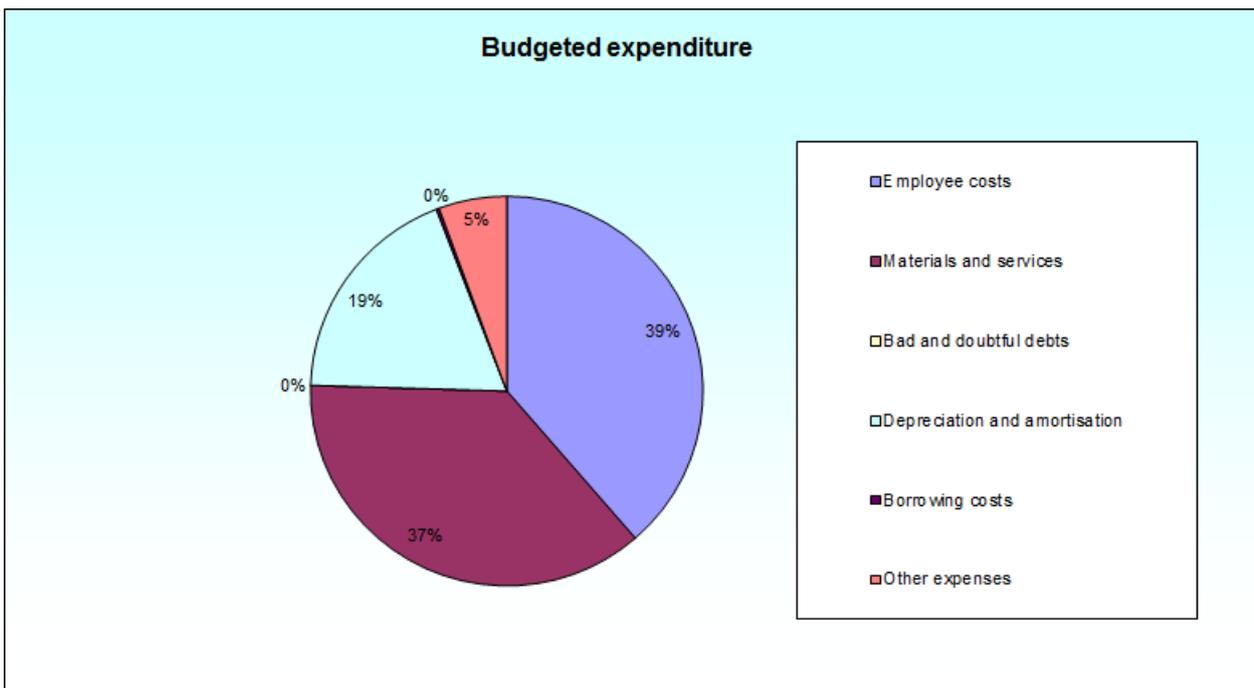
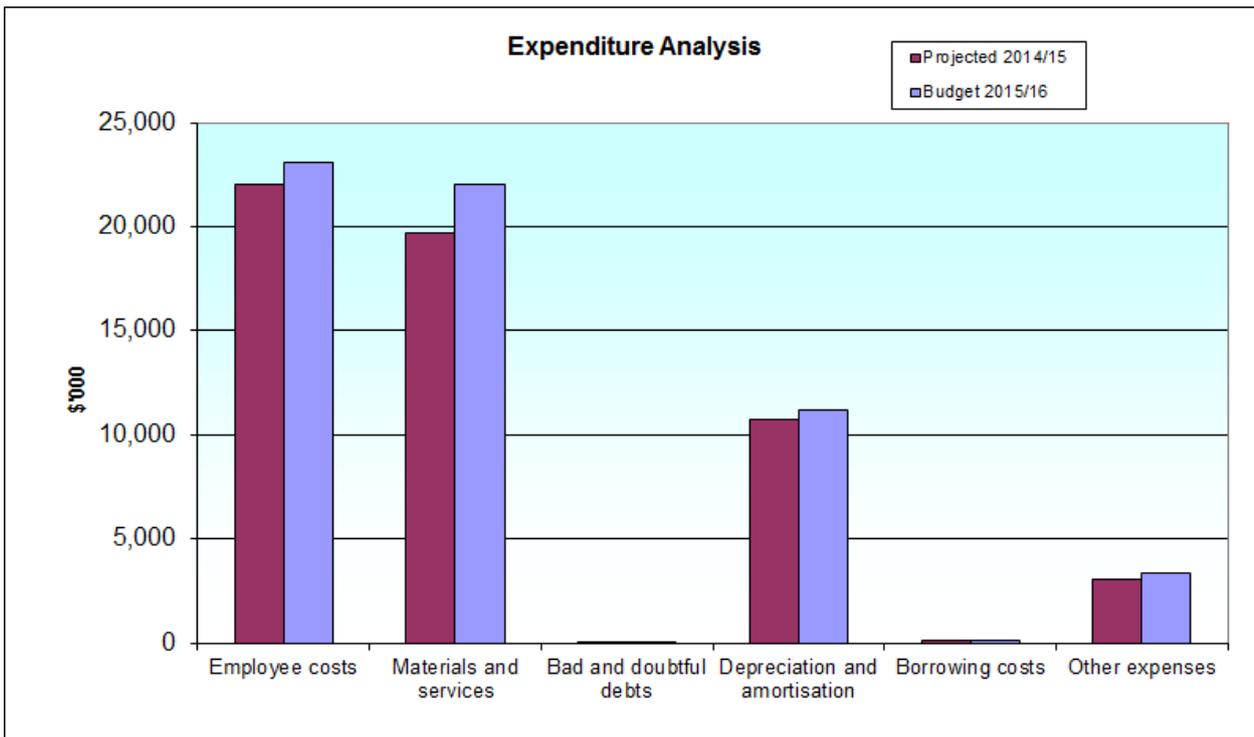
Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears.

Other revenue is projected to decrease by \$157,000 or 6.7% in 2015/16.

This is predominantly due to expecting \$260,000 less income from external works (private sealing works) which is offset by additional \$49,000 income from interest on investment, \$26,000 for reimbursements and \$13,000 additional rental income.

## 5.3 Expenditure

Expenditure types	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
Employee costs	5.3.1	22,014	23,089	(1,075)
Materials and services	5.3.2	19,666	22,036	(2,370)
Bad and doubtful debts	5.3.3	1	1	0
Depreciation	5.3.5	10,766	11,166	(400)
Borrowing costs	5.3.6	123	142	(19)
Other expenses	5.3.7	3,073	3,352	(279)
<b>Total Operating Expenses</b>		<b>55,643</b>	<b>59,786</b>	<b>(4,143)</b>



#### 5.3.1 Employee Costs (\$1.08m increase)

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

Employee costs are forecast to increase by 4.9% or \$1.08 million compared to 2014/15.

The 2015/16 budgeted employee costs takes into account:

- An 4% allowance for Council's Enterprise Agreement, banding and contract staff increments in 2015/16 and higher duties as well as the flow on effect to oncost expenses;
- The mandatory superannuation contributions remain at 9.5% until 2021/22; and
- A 1.02 increase in Full Time Equivalent (FTE) across all four directorates from 2014/15. The main adjustments include a reduction of 1 FTE Strategic Planning Officer and 1 FTE Manager Assets position. There were 3 FTE positions created for apprentices.

The range of services undertaken by Council involves the abilities, efforts and competencies of 262.50 Full Time Equivalent 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.

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

Department	Budget 2015/16 \$'000	Permanent Full time \$'000	Permanent Part Time \$'000
Community Services	4,228	1,986	2,242
Corporate Services	4,280	3,942	338
Development Services	4,030	3,511	519
Engineering Services	8,848	8,510	338
Executive Services	1,181	846	335
Total permanent staff expenditure	22,567	18,795	3,772
Casuals and other expenditure	1,560		
Total expenditure	24,127		
Less Capitalised labour costs	1,038		
Total Employee costs	23,089		

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

Department	Budget FTE	Permanent Full time	Permanent Part Time
Community Services	46.60	18.00	28.60
Corporate Services	39.28	35.00	4.28
Development Services	42.04	35.00	7.04
Engineering Services	104.80	100.00	4.80
Executive Services	9.47	6.00	3.47
Total permanent staff	242.19	194.00	48.19
Casuals and other	20.31		
Total staff	262.50		

### **5.3.2 Materials and services (\$2.37m increase)**

Materials and consumables are forecast to increase by 12.1% or \$2.37m compared to 2014/15.

The increased expenditure on materials and consumables in 2015/16 can mainly be attributed to carrying forward from 2014/15 \$2.24m funding predominantly for grant funded projects that are not expected to be completed by 30 June 2015.

Section 3. 'Services, Initiatives and Service Performance Indicators' provide a more detailed analysis of the activities and initiatives being undertaken by Departments.

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

Bad and doubtful debts are projected to remain relatively stable in 2015/16.

### **5.3.4 Depreciation and amortisation(\$400,000 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 2014/15 Capital Works Program and the full year effect of depreciation on the 2014/15 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 2015/16 year.

### **5.3.5 Borrowing Cost Expenses (\$19,000 increase)**

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to increase by \$19,000 compared to 2014/15.

### **5.3.6 Other Expenses (\$279,000 increase)**

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

Grants contributions to recreation programs are expected to increase by \$370,000 and contribution to the library operation's by \$44,000. The grants program expenditure is expected to decrease by \$163,000.

## 6. Analysis of Budgeted Cash Position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2015/16 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves. The analysis is based on three main categories of cash flow. In summary these are:

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

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 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
<b>Operating Activities</b>	<b>6.1.1</b>			
Receipts		60,386	64,285	3,899
Payments		(44,660)	(48,380)	(3,720)
Net cash inflow (outflow)		<b>15,726</b>	<b>15,905</b>	<b>179</b>
<b>Investing Activities</b>	<b>6.1.2</b>			
Receipts		601	1,344	743
Payments		(12,411)	(18,475)	(6,064)
Net cash inflow (outflow)		<b>(11,810)</b>	<b>(17,131)</b>	<b>(5,321)</b>
<b>Financing Activities</b>	<b>6.1.3</b>			
Receipts		0	0	0
Payments		(123)	(142)	(19)
Net cash inflow (outflow)		<b>(123)</b>	<b>(142)</b>	<b>(19)</b>
Net increase (decrease) in cash held		3,793	(1,368)	(5,161)
Cash at beginning of year		11,425	15,218	3,793
<b>Cash at end of year</b>	<b>6.1.4</b>	<b>15,218</b>	<b>13,850</b>	<b>(1,368)</b>

### 6.1.1 Operating Activities (\$179,000 increase)

The increase in net cash inflows from operating activities are due mainly to receiving additional \$2.47m increased rate income and \$3.37m capital grants. This is partially offset by receiving \$2.08m less operating grants, incurring \$2.37m additional expenditure on materials and services and increases in employee costs of \$1.07m.

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

	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
<b>Surplus (deficit) for the year</b>	5,045	5,292	247
Depreciation	10,766	11,166	400
Contributions - non cash	(337)	(370)	(33)
Loss (gain) on sale of assets	35	(423)	(458)
Finance costs	123	142	19
Net movement in current assets and liabilities	94	98	4
<b>Cash flows available from operating activities</b>	<b>15,726</b>	<b>15,905</b>	<b>179</b>

### 6.1.2 Investing Activities (\$5.32m increase)

The \$5.32m increase in net payments for investing activities is due mainly to actual gross expenditure on capital being \$6.06m greater and receiving \$743,000 additional income in capital sales compared with the previous 2014/15 year.

### 6.1.3 Financing activities (\$19,000 increase)

Financing activities includes new borrowings, the principal component of loan repayments for the year as well as the interest costs. Total interest payment budgeted for 2014/15 is \$142,000.

### 6.1.4 Cash at End of the Year (\$1.37m decrease)

Overall, total cash and investments are forecast to be \$1.37m less than 2014/15. The opening cash position of \$15.22m and contribution of cash from operating activities (\$15.91m) has provided significant funds for financing activities (\$142,000) and for the investing activities (\$17.13m). The cash is expected to be \$13.85m as at 30 June 2016, which is less than the previous year (\$15.22m).

## 6.2 Restricted and Unrestricted Cash and Investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2016 it will have cash and investments of \$13.85m, which has been restricted as shown in the following table.

	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
<b>Restricted cash and investments</b>		<b>15,218</b>	<b>13,850</b>	<b>(1,368)</b>
Statutory reserves	6.2.1	0	0	0
Cash held to fund carry forward capital works	6.2.2	1,612	0	(1,612)
Trust funds and deposits	6.2.3	526	526	0
<b>Unrestricted cash and investments</b>	<b>6.2.4</b>	<b>13,080</b>	<b>13,324</b>	<b>244</b>
Discretionary reserves	6.2.5	1,028	2,069	1,041
<b>Unrestricted cash adjusted for discretionary reserves</b>	<b>6.2.6</b>	<b>12,052</b>	<b>11,255</b>	<b>(797)</b>

### **6.2.1 Statutory Reserves (\$Nil)**

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

Council estimates that it will receive \$560,000 public open space contributions in 2015/16. This will be transferred to the Open Space Contributions Reserve. Council in 2015/16 will be utilising \$560,000 of its Open Space Contributions reserve to fund costs incurred in the previous 2013/14 and 2014/15 financial years for the Corner Inlet Tourism – Great Southern Rail Trail project. It is projected that as at 30 June 2016 there will be nil funds in statutory reserves from open space contributions.

### **6.2.2 Cash held to fund carry forward capital works (\$1.61m)**

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

The following capital projects have had budgets carried forward from 2014/15 to 2015/16. These include:- Footpaths Extension- Walkerville Road Tarwin Lower (\$94,000), Playground Replacement – Mirboo North Day Care Centre (\$16,000), GIS System Replacement (\$80,000), Aerial Photography (\$55,000), Technology Projects (\$34,000), Plant Purchases (\$307,000), Fleet Purchases (\$39,000), Compliance Software (\$15,000), Online Induction Software (\$30,000), VOIP (\$250,000), Public Wi-Fi (\$50,000), Governance Software (\$42,000), Deviation of Koonwarra – Pound Creek Road (\$21,000), Allambee Estate Road Bridge Rehabilitation (\$70,000), Victory Avenue Foster (\$30,000), Child Care Hub Korumburra (\$250,000), Public Toilet Reconstruction – Toora (\$40,000), Public Toilet Reconstruction – Fish Creek (\$50,000), Yanakie Caravan Park (\$10,000) and Long Jetty Caravan Park (\$17,500).

There is no amount shown as cash held to fund carry forward works at 30 June 2016, as it is expected that the capital works budget in the 2015/16 financial year will be fully completed.

### 6.2.3 Trust funds and deposits (\$526,000)

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

### 6.2.4 Unrestricted cash and investments (\$13.32m)

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

### 6.2.5 Discretionary Reserves (\$2.07m)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. During the 2015/16 year \$2.64m (includes \$12,546 interest allocations) is budgeted to be transferred to, and \$1.60m from discretionary reserves. The decisions about future use of these funds has been reflected in Council's Long Term Financial Plan and Strategic Resource 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.

Discretionary Reserve	Opening balance \$	Transfer to reserve \$	Interest allocation \$	Transfer from reserve \$	Closing balance \$
Corner Inlet Seawall Drainage	21,477		752		22,229
General	336,982	356,186	11,794		704,962
Caravan parks	Nil	1,040,929		1,040,929	Nil
LGFV Bond	670,000	670,000			1,340,000
<b>Total</b>	<b>1,028,459</b>	<b>2,067,115</b>	<b>12,546</b>	<b>1,040,929</b>	<b>2,067,191</b>

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.

The Corner Inlet Seawall Drainage reserve allocates funds that are specific to associated work obligations that Council has.

The General reserve primary purpose is to accumulate funding for likely future funding calls being made for defined benefits superannuation liabilities. In the forward years (2022/23 and 2026/27) it has been modelled to draw down on the General Reserve (\$2m

each year) to reduce the borrowing and finance costs associated with the municipal precinct, library and community centre project proposal.

The Caravan Parks reserves quarantines overall net surpluses from its caravan park operations because use of what it can subsequently be applied to is restricted.

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

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

#### **6.2.6 Unrestricted cash adjusted for discretionary reserves (\$11.26m)**

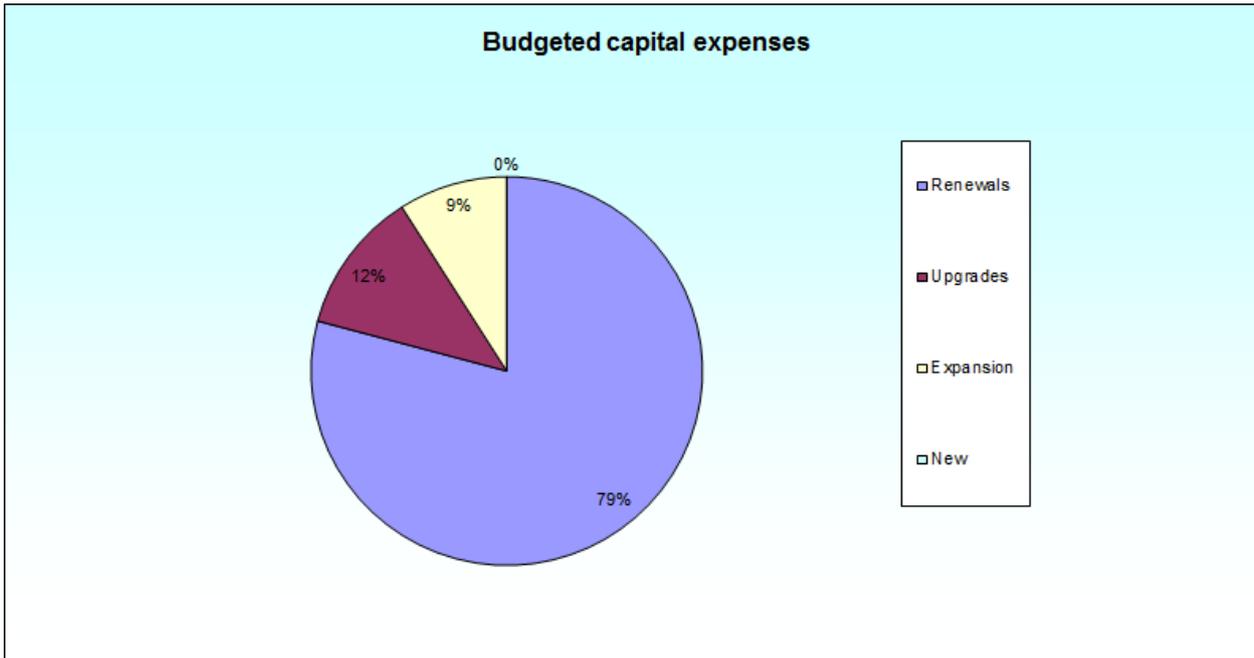
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum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

## 7. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2015/16 year and the sources of funding for the budget.

### 7.1 Capital Works

		Forecast	Budget	Variance
Capital Works Areas	Ref	Actual 2014/15 \$'000	2015/16 \$'000	\$'000
<b>Property</b>	7.1.1			
Land		-	265	265
Buildings		591	3,600	3,009
Heritage Building		110	237	127
Total property		701	4,102	3,401
<b>Plant, machinery and equipment</b>	7.1.2			
Plant and machinery		1,822	2,020	198
Computers and telecommunications		610	1,101	491
Total plant, machinery and equipment		2,432	3,121	689
<b>Infrastructure</b>	7.1.3			
Roads		6,372	7,831	1,459
Kerb & Channel		247	-	(247)
Bridges		445	279	(166)
Major Culverts		-	64	64
Footpaths		257	549	292
Drainage		83	110	27
Off street car parks		-	-	0
Waste management #		271	1,898	1,627
Other Infrastructure		703	521	(182)
Total infrastructure		8,378	11,252	2,874
<b>Total capital works expenditure</b>		11,511	18,475	6,964
Represented by:				
New asset expenditure		-	-	-
Asset renewal expenditure		9,487	14,623	5,136
Asset upgrade expenditure		1,659	2,187	528
Asset expansion expenditure		365	1,665	1,300
<b>Total capital works expenditure</b>		11,511	18,475	6,964
# Excludes Landfill rehabilitation provision		898	-	-



### **7.1.1 Property (\$4.10m)**

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

For the 2015/16 year, \$4.10m will be expended on land, building and building improvement projects. The projects include General Land Purchases (\$265,000), Caravan Park Toilet Block – Long Jetty (376,000), Child Care Hub, Korumburra (\$2.45m), Leongatha Senior Citizens Access construction (\$52,000), Leongatha Splash – Sand reline & resurface basketball courts (\$52,000), Long Jetty – Cabin replacement (\$84,000), Long Jetty – Storage shed (\$63,000), Memorial Hall upgrade meeting room kitchen (\$44,000), Public Toilets reconstruction – Fish Creek (\$50,000), Public Toilets reconstruction – Toora (\$40,000), Riverside Toilets renewal, Tarwin Lower (\$137,000), Public Toilet replacement, Waratah Bay (\$200,000), Yanakie – General (\$10,000), Yanakie – Workshop / Shed / Chemical shed (\$42,000) and Coal Creek Capital Projects (\$237,000).

### **7.1.2 Plant and Equipment (\$3.12m)**

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

For the 2015/16 year, \$3.12m will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$2.02m) and upgrade and replacement of Information Technology (\$1.10m).

### **7.1.3 Infrastructure (\$11.25m)**

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

For the 2015/16 year, \$7.83m will be expended on road projects. The projects include A'Beckett Street, Leongatha (\$308,000), Bass Valley Road, Bena (\$721,000), Buffalo Waratah Road, Buffalo (\$308,000), Capital Works Design costs (\$225,000), Deviation of Koonwarra – Pound Creek Road- Leongatha (\$21,000), Foster Streetscape (\$862,000), Leongatha Yarragon Road, Leongatha North (\$396,000), Loch Wonthaggi Road, Loch (\$582,000), Mardan Road, Koorooman (\$37,000), North Poowong Road (\$1.30m), Old Koonwarra Meeniyan Road, Koonwarra (\$37,000), Reseal preparation (\$807,000), Reseals (\$1.79m), Station Street (Burra Foods) – Korumburra (\$408,000) and Victory Avenue Foster (\$30,000).

For the 2015/16 year, \$279,000 will be expended on Bridge projects. The projects include Allambee Estate Road Bridge Rehabilitation (\$70,000) and Major Repairs to Bridges program (\$209,000)

For the 2015/16 year, \$64,000 will be expended on Major Culvert projects. The projects include Trembaths Road, Mirboo North program (\$64,000)

For the 2015/16 year, \$549,000 will be expended on Footpaths and Cycle ways projects. The projects include Balook Street, Mirboo North (\$31,000) , Jupiter Boulevard, Venus Bay (\$65,000), McCartin Street, Leongatha (\$158,000), Shellcot Road, Korumburra (\$105,000), Turner Street, Leongatha (\$96,000) and Walkerville Road, Tarwin Lower (\$94,000).

For the 2015/16 year, \$110,000 will be expended on Drainage projects. The projects include Gibbs Street, Foster (\$70,000) and Parr Street, Leongatha (\$40,000).

For the 2015/16 year, \$1.90m will be expended on Waste Management projects. The projects include Construction of Cell 4 –Stage 1 Koonwarra Landfill (\$1.81m), Drainage Rehabilitation Cell 3 Koonwarra Landfill (\$65,000) and Leachate Evaporation System Koonwarra (\$20,000).

For the 2015/16 year, \$521,000 will be expended on Other Infrastructure projects. The projects include Apex Park, Korumburra (\$35,000), Baromi Park, Mirboo North (\$21,000), Community Infrastructure projects (\$50,000), Jupiter Boulevard Park, Venus Bay (\$43,000), Korumburra Swimming Pool Solar Heating Replacement (\$43,000), Long Jetty – General (\$18,000), Long Jetty – playground replacement (\$54,000), Mirboo North Day Care Centre (\$16,000), R N Scott Reserve, Kongwak (\$35,000), Recreation- Nyora Hall (\$7,000), Splash Hydro Therapy Pool & Gymnasium, Leongatha (\$70,000), Tarwin valley Kindergarten, Meeniyan (\$16,000), Walter Tuck Recreation Reserve, Mirboo North (\$37,000), Yanakie – playground replacement (\$54,000) and Yanakie – Power Head Replacement Program (\$22,000).

#### **7.1.4 Asset renewal (\$14.62m), upgrade (\$2.19m), expansion (\$1.67m) and new (Nil).**

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

The major projects included in the above categories are which constitute expenditure on expansion assets are: General Land Purchases (\$265,000), Child Care Hub, Korumburra (\$980,000), Yanakie workshop / Shed / Chemical Shed (\$42,000), Capital Works Design (\$45,000), Jupiter Boulevard, Venus Bay (\$65,000), Shellcot Road, Korumburra (\$8,000), Turner Street, Leongatha (\$96,000) and Walkerville Road, Tarwin Lower (\$94,000). The rest of the expenditure relate to renewal and upgrade of existing assets.

### 7.1.5 Carried Forward Works (\$1.61m)

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

The following capital projects have had budgets carried forward from 2014/15 to 2015/16. These include:- Footpaths Extension- Walkerville Road Tarwin Lower (\$94,000), Playground Replacement – Mirboo North Day Care Centre (\$16,000), GIS System Replacement (\$80,000), Aerial Photography (\$55,000), Technology Projects (\$34,000), Plant Purchases (\$307,000), Fleet Purchases (\$39,000), Compliance Software (\$15,000), Online Induction Software (\$30,000), VOIP (\$250,000), Public Wi-Fi (\$50,000), Governance Software (\$42,000), Deviation of Koonwarra – Pound Creek Road (\$21,000), Allambee Estate Road Bridge Rehabilitation (\$70,000), Victory Avenue Foster (\$30,000), Child Care Hub Korumburra (\$250,000), Public Toilet Reconstruction – Toora (\$40,000), Public Toilet Reconstruction – Fish Creek (\$50,000), Yanakie Caravan Park (\$10,000) and Long Jetty Caravan Park (\$17,500).

In the last financial year \$3.05m of capital projects had budgets carried forward.

Section 7.2 contains further details on capital works funding. There is no amount shown as cash held to fund carry forward works at 30 June 2016, as it is expected that the capital works budget in the 2015/16 financial year will be fully completed.

## 7.2 Funding Sources

	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
Grants	7.2.1	2,149	5,516	3,367
Contributions	7.2.2	50	100	50
Borrowings	7.2.3	0	0	0
Council cash	-	0		0
-Operations	7.2.4	9,387	10,167	780
-Proceeds on sale of assets	7.2.5	601	844	243
-Reserve cash and investments	7.2.6	224	722	498
- Unrestricted cash and investments	7.2.7	0	1,126	1,126
<b>Total funding sources</b>		<b>12,411</b>	<b>18,475</b>	<b>6,064</b>

### **7.2.1 Grants (\$5.52m)**

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for the Roads to Recovery funding (\$3.34m), Korumburra Child Care Hub Grant (\$1.60m), Allambee Estate Road Bridge Rehabilitation Grant (\$200,000) and Foster Streetscape (\$347,000).

### **7.2.2 Contributions (\$100,000)**

Capital contributions include all monies received from community sources for the purposes of funding the capital works program. There is a \$100,000 contributions budgeted to be received for Korumburra Child Care Hub in 2015/16.

### **7.2.3 Borrowing (nil movement)**

There are no borrowing's budgeted for in the 2015/16 financial year for capital projects.

### **7.2.4 Council Cash - Operations (\$10.17m)**

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 \$10.17m will be generated from operations to fund the 2015/16 capital works program (after allowing for capital grants and contributions as discussed in Section 7.2.1 and 7.2.2). Refer section 6. 'Analysis of Budgeted Cash Position' for more information on funds from operations.

### **7.2.5 Council Cash - Proceeds from Sale of Assets (\$844,000)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$149,000 for plant sales, \$420,000 for vehicle sales and general land sales of \$275,000.

### **7.2.6 Council Cash - Reserve Cash and Investments (\$722,000)**

Council has significant cash reserves, which it is currently using to fund its annual capital works program. For 2015/16 \$722,000 will be used to fund part of the caravan parks capital works program.

### **7.2.7 Council Cash - Unrestricted Cash and Investments (\$1.13m)**

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments and funds preserved from the previous year mainly as a result of grants and contributions being received in advance and the strategic building up and periodic releasing of financial capacity. It is forecast that \$1.13m will be available from the 2014/15 year to fund capital works in the 2015/16 year.

## 8. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2014/15 and 2015/16.

### 8.1 Budgeted Balance Sheet

	Reference	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
<b>Current</b>				
Assets	8.1.1	20,653	19,285	(1,368)
Liabilities	8.1.2	(10,084)	(10,621)	(537)
<b>Net current assets</b>		<b>10,569</b>	<b>8,664</b>	<b>(1,905)</b>
<b>Non Current</b>				
Assets	8.1.3	487,984	518,596	30,612
Liabilities	8.1.4	(4,104)	(3,665)	439
<b>Net non current assets</b>		<b>483,880</b>	<b>514,931</b>	<b>31,051</b>
<b>Net assets</b>				
Accumulated surplus		193,434	197,687	4,253
Reserves		301,015	325,908	24,893
<b>Total Equity</b>	<b>8.1.6</b>	<b>494,449</b>	<b>523,595</b>	<b>29,146</b>

#### 8.1.1 Current Assets (\$1.37m decrease)

The current assets are projected to be less than 2014/15, the main contributor being a \$1.37m decrease in the cash position. A more detailed analysis of this change is included in section 6. 'Analysis of Budgeted Cash Position'. Rate and other debtors are not expected to change significantly.

#### 8.1.2 Current Liabilities (\$537,000 increase)

There is an increase of \$537,000 in current liabilities (obligations that Council must pay within the next 12 months). This is predominantly due to reclassifying the \$497,000 non current provision for land fill rehabilitation cost obligations as a current provision.

#### 8.1.3 Non Current Assets (\$30.61m increase)

The increase in non-current assets is due to the net result of the capital works program (\$18.48m), revaluation of infrastructure assets (\$23.85m), gifted and donated assets (\$370,000), the depreciation of all non-current assets with the exception of land (\$11.17m) and the written down value of property, plant and equipment sales (\$921,000).

#### 8.1.4 Non Current Liabilities (\$439,000 decrease)

The decrease in movements in non-current liabilities predominantly due to reclassifying the \$497,000 non current provision land fill rehabilitation cost obligations as current provisions.

#### 8.1.5 Working capital (\$1.91m decrease)

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

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

	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Fav (Unfav) Variance \$'000
<b>Current assets</b>	20,653	19,285	(1,368)
<b>Current liabilities</b>	10,084	10,621	(537)
<b>Working capital</b>	10,569	8,664	(1,905)
Restricted cash and investments current assets			
- Statutory reserves	-	0	0
- Cash held to fund carry forward capital works	1,612	0	1,612
- Trust funds and deposits	526	526	0
<b>Unrestricted cash and investments</b>	8,431	8,138	(293)
- Discretionary reserves	1,028	2,069	(1,041)
<b>Underlying working capital</b>	7,403	6,069	(1,334)

In addition to the restricted cash shown above, Council is also projected to hold \$2.07m in discretionary reserves at 30 June 2016. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

#### 8.1.6 Equity (\$29.15m increase)

The increase in the accumulated surplus is impacted by the budgeted Comprehensive surplus of \$29.15m.

In addition to this overall change in Equity, \$2.64m will be transferred from the accumulated surplus to internal reserves. \$1.60m will be transferred out of the internal reserves to the accumulated surplus.

As these transfers are movements between balances within equity, it has no effect on the total balance of equity. A more detailed analysis of reserve transfers is included in Section 6.2.5 Discretionary Reserves.

## 8.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2016 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 2015/16 will be at similar levels to that of previous years;
- Trade creditors and other creditors and debtors to remain consistent with 2014/15 levels;
- Proceeds from the sale of property in 2015/16 will be received in full in 2015/16;
- Employee entitlements to be increased to allow for wage movements. No increase in the average rate of leave taken is expected;
- Repayment of loan principal is to be \$nil;
- Total capital expenditure to be \$18.48m;
- A total net \$1.04m to be transferred to internal reserves from accumulated surplus; and
- \$5.52m in capital grants will be received by 30 June 2016.

## 9. Long Term Financial Strategies, Long Term Financial Plan and Strategic Resource Plan

### 9.1 Long Term Financial Plan and the Concept of Sound Financial Management

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

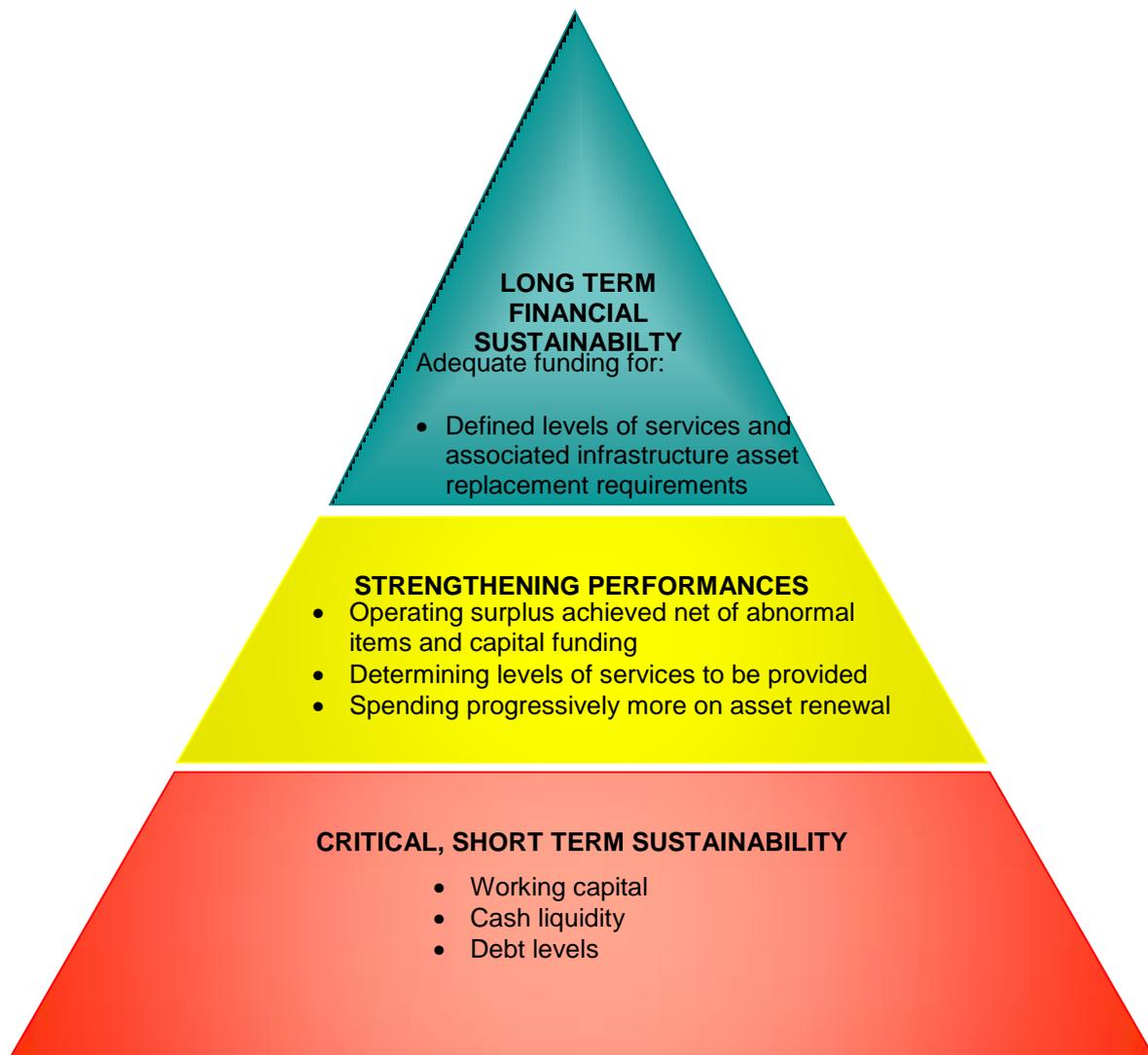
- 'Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations; and
- Provide full, accurate and timely disclosure of financial information'.

The Budgeted Statements in the Strategic Resource Plan are a subset of the 15 year Long Term Financial Plan.

A high level 10 year Long Term Financial Plan was first developed by Council in 2003. It has been reviewed and refined every year since. This 15 year Long Term Financial Plan for the years 2015/16 to 2029/30 has been further refined as part of Council's strategic financial planning framework. It ensures that Council adopts a financially responsible and accountable Annual Budget and Strategic Resource Plan that sits within a longer term framework.

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

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



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

Second tier financial objectives focus on continuing to produce progressively improving financial outcomes to strengthen Council's financial position. It is vitally important to define and then consistently achieve planned operational and financial outcomes, before seriously beginning to attempt to address the ultimate third tier goal of 'Long Term Financial Sustainability'.

This is achieved when adequate funding is being provided in current and forward budgets for a defined level of services, including associated infrastructure asset requirements, which the community is satisfied with and prepared to pay for.

A financially sustainable council would be capable of:

- Providing and funding the service needs of its community;

- Meet contingencies without needing to make radical changes to spending and / or revenue policies;
- Maintain stability and equity in rating levels; and
- Preserve intergenerational equity.

When developing long term financial plans it is important that an assessment is made of the community's capacity and preparedness to pay for current and desired service expectations.

There needs to be an informed understanding of what is the sustainable financial capacity of Council's community. It is important to consider the inherent structural characteristics of the community, namely the community income and population on Council's ability to raise revenue and contain costs.

Similarly, it is important that Council's corporate performance to plan and provide services and assets to its community is both transparent and measurable.

The assessment of the community's capacity to pay for service level requirements and the effectiveness and efficiency of Council planning and delivering planned outcomes are fundamental precursors to developing and then performance managing long term financial plans.

## **9.2 Long Term Financial Strategies**

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

- 1 Target consistent underlying surpluses that provide sufficient funds for both recurrent service level and asset renewal and upgrade requirements.
- 2 Target the Balance Sheet having at least a 1.5 to 1 underlying working capital ratio in the Long Term Financial Plan.
- 3 Transfers to discretionary reserves will only be included in the Annual Budget if matched by an equivalent budgeted underlying surplus in the Income Statement to preserve the accumulated surplus position of Council.
- 4 Material favourable budget variations realised at year's end in a given financial year will be allocated to a general reserve (unless required to finance projects deemed as 'unavoidable') that can be used as a funding source for future one off, unexpected or unavoidable costs.
- 5 Annual transfers of equivalent to 1.0% of rate income are made to the general reserve.

- 6 Annual transfers equivalent to the average interest earned on investments during the financial year are made to all reserves, Loan Reserve excepted.
- 7 Budgeted underlying cash at the end of each year shall be measured by referencing it against the underlying working capital ratio in the Long Term Financial Plan.
- 8 Service level funding gaps will be identified and classified as primary or secondary in nature to clearly distinguish the cash flow requirements of maintaining existing service levels (primary gaps) and for service level enhancements (secondary gaps)
- 9 A series of key financial performance indicators, with appropriate threshold targets, will be utilised to strategically analyse the financial integrity of the Plan. These include:
  - underlying working capital ratio – greater than 1.5
  - underlying result – greater than 0.0
  - financial sustainability indicator – greater than 95%
  - self-financing greater than 20%
  - indebtedness – less than 40%
  - total debt as a % of rate revenue – less than 60%
  - debt service costs as a % of total revenue – less 5%
- 10 The amount of asset renewal funding required to maintain specified service levels as documented in asset management plans will be updated into the Long Term Financial Plan, subject to the available resource requirements, to ensure that the financial integrity of the plan is not compromised.
- 11 Any new, upgrade and expansion capital work proposals in the first four years of the Long Term Financial Plan must include a lifecycle cost evaluation that identifies the asset's construction, maintenance and operating cash flow requirements as well as the depreciation impact.
- 12 Capital income must only be utilised as a funding source for capital or 'one off' expenditure requirements.
- 13 Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.
- 14 For borrowings to be considered, projects must have had a full lifecycle cost analysis undertaken, proving that future cash inflows will exceed the cash outlays, or alternatively that the additional costs are quantified in the Long Term Financial Plan and the integrity of the financial strategies are not compromised.
- 15 Where reasonably possible, fees and charges are increased by the same general rates increase until full cost recovery is achieved for direct service provision. Any fees that are not increased in line with the planned rate rise be clearly identified and documented for Council's consideration.
- 16 Council consider the most appropriate rating strategy to provide adequate funds to:
  - achieve sustainable underlying surpluses;

- achieve sustainable cash flows; and
  - fund capital renewal projects;
- in both the Annual Budget and Long Term Financial Plan to support defined service and infrastructure asset requirements.

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

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

The Federal Government is expecting to experience a tight fiscal environment for a number of years. This is a significant contrast to what had occurred for the most part of the last decade. This has and will have a flow on impact for the local government sector. This is evidenced by the Federal Government's decision to freeze indexation on financial assistance grants to local government for three years to 2016/17.

The Victorian State Government has announced that local government rates will be capped from 2016/17. In past years prior to the introduction of rate capping the rationale for rate rises being above CPI and other inflation indexes was to generate progressively increasing revenue streams to fund a steadily increasing capital works program and increasing service level requirements.

The general rate for 2015/16 will increase by 4.9%. The waste services charges for garbage collection and recycling will increase by 2.0%. (The projected rate rise for 2015/16 in the previous years' Long Term Financial Plan was 5.5%). The rate rises in the forward years have been set at 3.0% from 2016/17 to 2022/23 and thereafter at 4.0%. When compared to the previous year's Long Term Financial Plan, Council over a 14 year period (2015/16-2026/27) will collect \$57.8m less rates and charges.

Victorian councils will be provided definite direction by January 2016 on how rate capping will be required to be implemented for the following year's 2016/17 budget. Council will deliberate on the State Government's requirements once they are known, in the preparation of the draft 2016-2017 Budget.

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

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

CommSec forecasts that inflation will be 2.8% for 2015/16 and following years.

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

Where an inflation movement has been used in material and consumable calculations, it has been modelled at being 2.5% in 2015/16. In the following years, the default inflation index in the Long Term Financial Plan has been modelled to remain at 2.5% per annum.

Commsec Wages Prices Index project a 2.7% movement to occur in 2015/16 and then to increase to 3.0% in following years. Council is party to Enterprise Agreement that remains in force until June 2016. The quantum and timing of salary increases under the agreement is an increase of 4% or \$40 per week, whichever is the greater payable September each year.

The employee costs for 2015/16 has been adjusted to take into account the 4.0% Enterprise Agreement wage movement and banding movements. Employee Enterprise Agreement cost increments have been set at 2.85% from 2016/17 to 2019/20 and 3.00% from 2020/21 onwards. It also has factored in the increase in superannuation contributions from 9.5% to 10.0% to occur in 2021/22 and then to increase by 0.5% each year thereafter until it reaches 12.0% in 2025/26.

Program service delivery areas that include construction type projects will have a tendency to have costs that increase more than CPI. The Australian Bureau of Statistics showed that the Road Bridge Construction Index for Victoria was an average of 3.9% for the five year period ending March 2015

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 3.80% per annum. The increase over and above the Road Bridge Construction Index allows for regional cost impacts of the closed quarry and creates a conservative buffer for the forward capital works program.

In the last 3 years of the Long Term Financial Plan there is \$4m unallocated funding capacity.

As the 15 year capital works program stabilises, one would anticipate that this would allow the Engineering Services Directorate to schedule and prioritise design work and as a

result, further refine the required budgets for individual projects. This would be reflected in subsequent versions of the Long Term Financial Plan produced in future years.

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

In past budgets, the modelling had only allowed, in a very limited manner, a growth inflator for income and associated costs to cater for increased population growth. This current Annual Budget and Long Term Financial Plan has allowed for a growth factor of 175 additional supplementary valuations each year. This has a significant compounding impact on rate income in the forward budgets. If the projected property activity does not eventuate, the forward income projections will have to be adjusted accordingly.

#### **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

<b>Adjusted net surplus / underlying revenue</b>		
Adjusted net surplus is underlying revenue less expenses		
Underlying revenue does not include developer contributions, special rate income and capital grants		
<b>Measures strength of financial result</b>		
<b>Indicator</b>	<b>Range</b>	<b>Comment</b>
Green	>0	Low risk of financial sustainability concerns
Yellow	0 - (-10)%	Risk of long term run down of cash reserves and inability to fund asset renewals
Red	>(-10%)	Insufficient revenue to fund operations and asset renewal

### Underlying Working Capital

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

## Funding Capacity

### Self-financing

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

### Sustainability Index

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

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

## Borrowing capacity

### Indebtedness

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

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

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

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

2015/16 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Financial performance</b>																
Underlying result	4.08%	-1.17%	1.39%	3.26%	4.04%	4.17%	3.86%	4.09%	2.66%	2.84%	3.30%	4.07%	4.86%	5.50%	6.10%	6.95%
Underlying Working Capital	1.95	1.62	1.70	1.71	1.56	2.52	1.86	1.70	1.73	1.48	1.80	1.70	1.86	2.04	2.05	2.48
<b>Funding capacity</b>																
Self-financing	26.06%	24.58%	29.01%	26.22%	27.02%	27.74%	27.52%	21.51%	37.43%	30.03%	30.46%	31.09%	31.45%	30.93%	31.46%	32.18%
Sustainability Index	99%	148%	95%	109%	89%	89%	181%	107%	284%	124%	93%	108%	93%	113%	109%	96%
<b>Borrowing capacity</b>																
Indebtedness	9.61%	8.11%	7.90%	7.75%	1.00%	1.10%	1.20%	1.30%	25.69%	27.77%	26.73%	25.74%	14.71%	14.23%	9.75%	8.74%
Total Debt as a % of Rate revenue	9.35%	8.75%	8.44%	8.14%	7.85%	0.00%	0.00%	0.00%	28.31%	30.98%	29.61%	28.31%	15.22%	14.55%	10.07%	8.81%
Debt servicing costs as a % of Total revenue	0.20%	0.22%	0.22%	0.23%	0.22%	0.08%	0.00%	0.00%	1.15%	1.25%	1.19%	1.15%	0.62%	0.60%	0.40%	0.38%

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. The underlying result is forecast to be in the yellow zone in 2015/16 and then after in the green zone for all the forward budgets.

The 'Underlying Working Capital' assesses Balance Sheet strength and in particular Council's ability to pay existing liabilities. In the forward plan the ratio marginally falls below the strategic target of 1.50 to 1 in 2023/24. Council has financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

The 'Self Financing' indicator compares net operating cash flows to underlying revenue and capital grants. It is forecast to be in the green zone in 2015/16 and all the forward budgets.

The 'Sustainability Indicator' assesses asset renewal and upgrade expenditure spend effort over a period of time. It is forecast to be in the green zone for 2015/16. In the following years it fluctuates between the green and yellow zone and even dips into the red zone in 2018/19 and 2019/20 before fluctuating again in the green and yellow zones. This does not present as a strategic concern. It is worth noting that there are no asset renewal primary funding gaps for all major classes of assets over the 15 year Long Term Financial Plan. There are adequate funds for recurrent cost requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

The three borrowing capacity indicators, 'Indebtedness', 'Total Debt as a percentage of Rate Revenue' and 'Debt Servicing Costs as a percentage of Total Revenue' are forecast to be in the green zone for 2015/16 and all the forward budgets.

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

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

<b>2014/15 Original Budget</b>	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Financial performance</b>																
Underlying result	-0.11%	2.81%	2.19%	4.13%	4.55%	5.27%	5.67%	5.55%	13.41%	5.83%	6.07%	6.75%	7.10%	7.6%	7.9%	
Underlying Working Capital	1.56	1.01	1.06	1.38	1.54	2.09	1.52	1.17	1.89	1.70	1.66	1.94	2.04	1.84	1.90	
<b>Funding capacity</b>																
Self-financing	24.16%	25.00%	26.00%	26.85%	27.79%	28.04%	28.87%	29.78%	25.56%	31.39%	32.19%	32.59%	33.35%	33.84%	33.74%	
Sustainability Index	132%	136%	102%	92%	85%	90%	158%	98%	127%	128%	91%	113%	124%	138%	130%	
<b>Borrowing capacity</b>																
Indebtedness	10.28%	8.21%	8.11%	7.80%	1.23%	1.31%	1.40%	1.48%	1.40%	1.64%	1.71%	1.77%	1.84%	1.91%	1.97%	
Total Debt as a % of Rate revenue	9.39%	8.88%	8.41%	7.98%	7.59%	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	0.23%	0.25%	0.24%	0.23%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

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

Variation of 2015/16 to 2014/15 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Financial performance</b>																
Underlying result	4.18%	-3.98%	-0.80%	-0.87%	-0.51%	-1.11%	-1.81%	-1.46%	-10.75%	-2.99%	-2.77%	-2.68%	-2.24%	-2.08%	-1.77%	6.95%
Underlying Working Capital	0.38	0.61	0.64	0.33	0.01	0.43	0.35	0.54	(0.15)	(0.22)	0.14	(0.24)	(0.18)	0.20	0.15	2.48
<b>Funding capacity</b>																
Self-financing	1.90%	-0.42%	2.94%	-0.62%	-0.77%	-0.30%	-1.34%	-8.27%	11.87%	-1.35%	-1.72%	-1.49%	-1.90%	-2.91%	-2.29%	32.18%
Sustainability Index	-32.66%	11.47%	-6.78%	17.67%	4.00%	-1.04%	23.35%	8.78%	157.07%	-3.93%	1.51%	-4.70%	-31.03%	-25.05%	-21.44%	95.68%
<b>Borrowing capacity</b>																
Indebtedness	-0.66%	-0.11%	-0.22%	-0.05%	-0.23%	-0.21%	-0.19%	-0.18%	24.29%	26.13%	25.02%	23.97%	12.87%	12.33%	7.79%	8.74%
Total Debt as a % of Rate revenue	-0.03%	-0.13%	0.03%	0.16%	0.26%	0.00%	0.00%	0.00%	28.31%	30.98%	29.61%	28.31%	15.22%	14.55%	10.07%	8.81%
Debt servicing costs as a % of Total revenue	-0.03%	-0.03%	-0.02%	-0.01%	0.00%	0.08%	0.00%	0.00%	1.15%	1.25%	1.19%	1.15%	0.62%	0.60%	0.40%	0.38%

Overall, the proposed plan for 2015/16 has parity with the previous year's plan. The forward underlying result indicator is generally weaker in the 2015/16 Long Term Financial Plan when benchmarked against the 2014/15 plan. It still remains within its strategic target threshold. The underlying working capital ratio is generally stronger.

Council made a deliberate decision to trend down current and future rates and charges rises in preparedness for rate capping that the Victorian State Government is set to introduce in 2016/17. The rate rises in the forward years have been set at 3.0% from 2016/17 to 2022/23 and thereafter at 4.0%. When compared to the previous year's Long Term Financial Plan, Council over a 14 year period (2015/16-2026/27) will collect \$57.8m less rates and charges.

A corresponding reduction in net expenditure requirements was achieved by a combination of reducing the funding requirements for the future capital expansion and new works programs as well as taking into account some productivity savings identified in 2014/15.

Council will deliberate on the State Government's rate capping requirements once they are known, in the preparation of the draft 2016-2017 Budget. Adjustments may be required if income levels are further reduced.

This has a weakening impact on financial indicators but does not present as a strategic concern. The resulting key financial performance indicators for the 2015/16 Long Term Financial Plan are within tolerable limits

The following financial indicators are used as measures for the 2015/16 Annual Budget.

- Indebtedness 8.11%;
- Underlying working capital ratio 1.62;
- Self-financing 24.58%;
- Investment gap 148%; and
- Underlying result (1.17)%.

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

## 9.5 Financial Resources – Four Year Strategic Resource Plan

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

- **Financial sustainability (section 6)** - Cash and investments is forecast to increase over the four year period from \$13.85 million to \$21.03 million, brought about by successive years of producing operating surpluses.
- **Rating levels (section 12)** Rate decreases are forecast over the four years as a result of introducing rate capping in 2016/17. The rate increase for 2015/16 will be 4.9% and then will be 3.0% from 2016/17 to 2018/19.
- **Service Levels (section 3)** – The funding requirements for the future capital expansion and new works programs have been significantly reduced. All other service levels have been maintained throughout the four year period. Operating surpluses are projected to remain relatively stable over the four year period. Council aside from 2015/16 is also projecting to produce underlying surpluses in the following three years.
- **Borrowing strategy (section 13)** – Borrowings are forecast to remain at \$3.35m over the four year period.
- **Infrastructure strategy (section 14)** - Capital expenditure over the four year period will total \$66.77m at an average of \$16.69m.

## 9.6 Financial Performance Indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. The financial indicators are the prescribed financial indicators contained in Part 3 of Schedule 3 of the Local Government (Planning and reporting Regulations 2014).

These indicators will be included in Council's Performance Statement included in the Annual Report that is prepared at the end of the 2015/16 financial year.

These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend
			Actual		Projections			
			2014/15	2015/16	2016/17	2017/18	2018/19	+/-
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	7.0%	4.2%	4.1%	5.9%	6.5%	+

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan Projections			Trend
			Actual					
			2014/15	2015/16	2016/17	2017/18	2018/19	+/-
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	204.8%	181.6%	201.1%	213.4%	197.2%	o
Unrestricted cash	Unrestricted cash / current liabilities		115.7%	90.8%	110.0%	111.6%	111.2%	o
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue		9.4%	8.8%	8.4%	8.1%	7.8%	o
Loans and borrowings	Interest and principal repayments / rate revenue		0.3%	0.4%	0.4%	0.3%	0.3%	o
Indebtedness	Non-current liabilities / own source revenue		9.6%	8.0%	7.9%	7.7%	1.0%	+
Asset renewal	Asset renewal expenditure / depreciation	3	88.1%	131.0%	92.4%	106.4%	98.0%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	4	59.6%	61.3%	65.8%	66.4%	66.5%	o
Rates effort	Rate revenue / property values (CIV)		0.51%	0.54%	0.55%	0.57%	0.57%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of assessments		\$2,902	\$3,100	\$2,997	\$3,019	\$3,102	+
Revenue level	Residential rate revenue / No. of residential assessments		\$1,610.8	\$1,740.8	\$1,755.3	\$1,810.4	\$1,846.3	-
Workforce turnover	No. of resignations & terminations / average no of staff		11.5%	12.0%	12.0%	12.0%	12.0%	o

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

### Notes to indicators

- 1 **Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance is expected over the period.
- 2 **Working Capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in 2015/16 and then to trend back up and remain steady and at an acceptable level in the following years.
- 3 **Asset renewal** - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.
- 4 **Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

### 9.7 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. A summary of Council's anticipated human resources requirements for the 2015/16 year is shown on the following page and further detail is included in section 5.3.1 of this budget. A statement of Human Resources is included in Appendix A.

	<b>Forecast Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>2014/15 \$'000</b>	<b>2015/16 \$'000</b>	<b>2016/17 \$'000</b>	<b>2017/18 \$'000</b>	<b>2018/19 \$'000</b>
<b>Staff expenditure</b>					
Employee costs - operating	<b>22,277</b>	23,089	23,626	24,359	25,138
Employee costs - capital	<b>999</b>	1,038	1,071	1,105	1,140
<b>Total staff expenditure</b>	<b>23,276</b>	24,127	24,697	25,464	26,278
<b>Staff numbers</b>					
Employees	<b>261.48</b>	262.50	262.50	262.50	262.50
<b>Total staff numbers</b>	<b>261.48</b>	262.50	262.50	262.50	262.50

# 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 12 years. The following graphs benchmark the current 2015/16 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

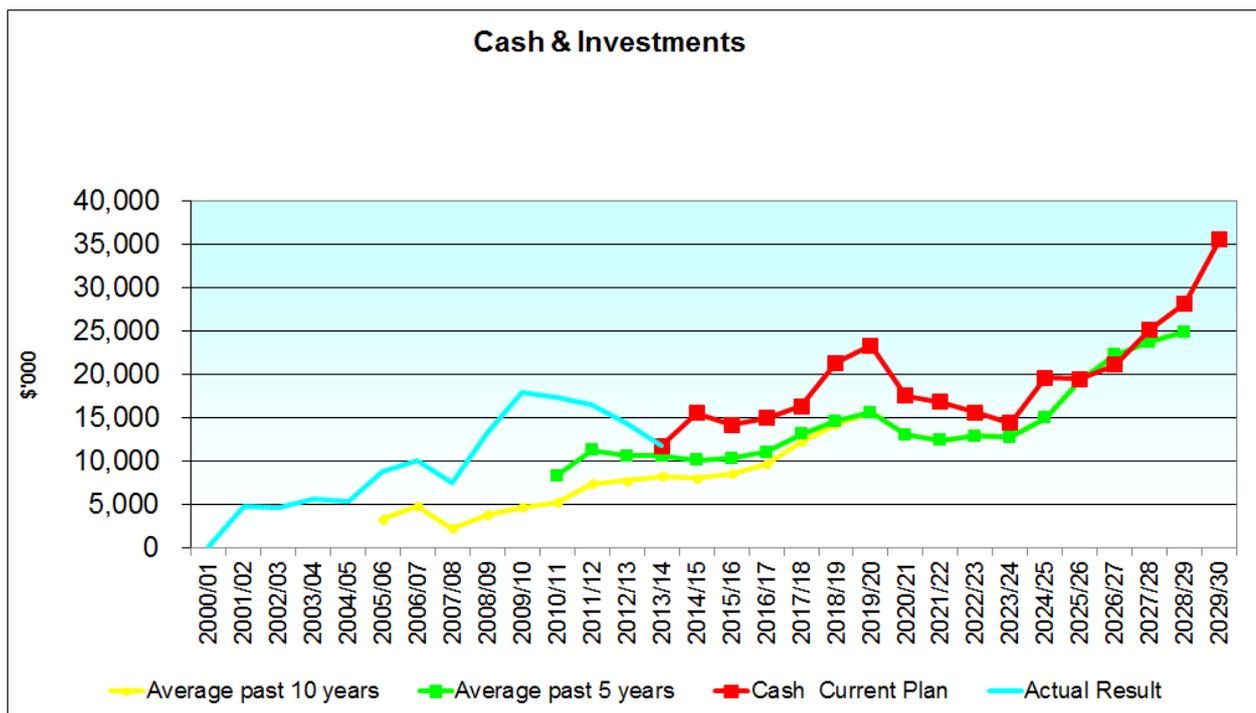
**Average (yellow line)** Average of previous 10 years Long Term Financial Plans.

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

**Current plan (red line)** 2015/16 Long Term Financial Plan.

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

### 10.1.1 Liquidity



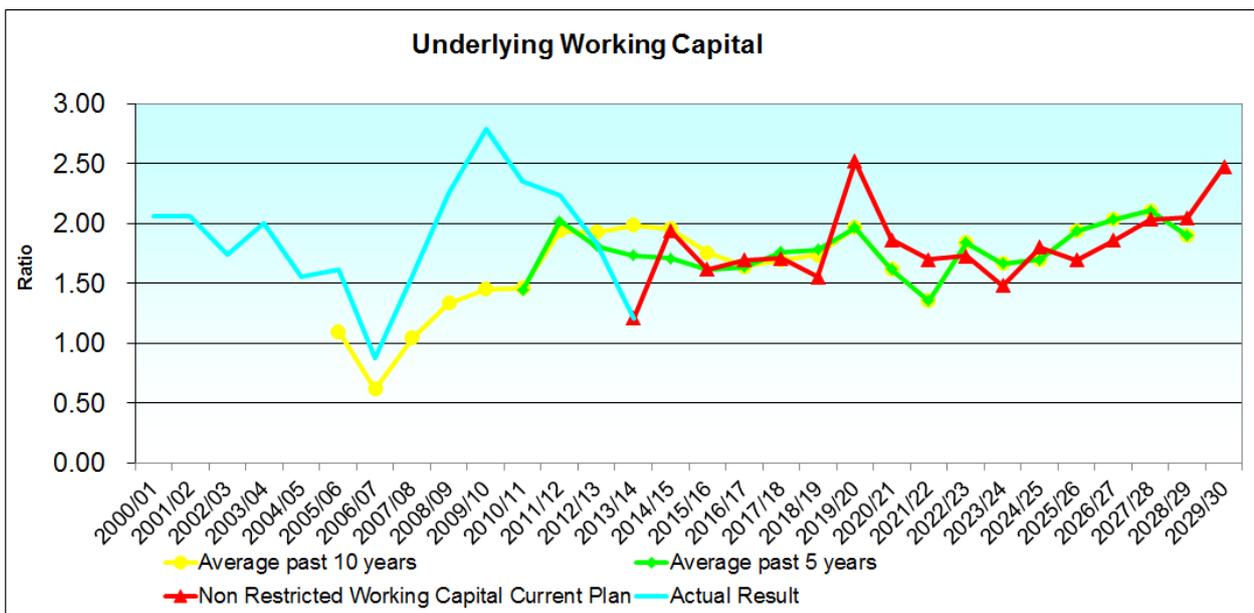
The strategic intent of building up and then utilising cash to pay off long term debt was quite evident leading up to 2007/08.

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

The spike in cash from 2008/09 through to 2012/13 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 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. The build-up and release of cash in the forward years for capital works requirements is very evident.

### 10.1.2 Underlying Working Capital



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

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

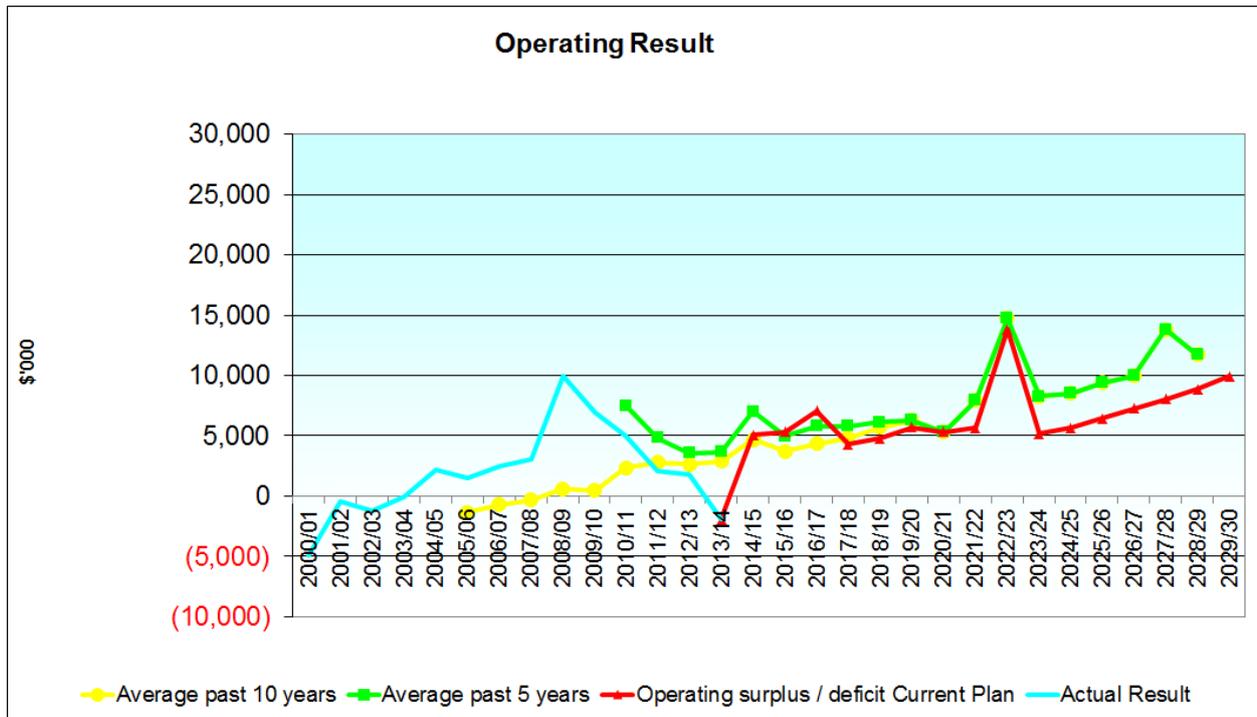
The unfunded superannuation liability costs, net cost impacts of storm events and reduced Victoria Grants Commission funding had an adverse financial impact on the underlying working capital ratio in the immediate years prior to 2013/14.

The current financial plan's underlying working capital is somewhat weaker for 2015/16 and the immediate years following than the average of previous plans. Longer term it gradually strengthens when compared with the previous plans. The rate capping that is to be introduced in 2016/17 puts financial pressure on the forward budgeted financial statements.

The ratio marginally falls below the strategic target of 1.50 to 1 in 2023/24. Although it Council has financial capacity to accommodate unforeseen strategic opportunities or unavoidable cost events that may arise.

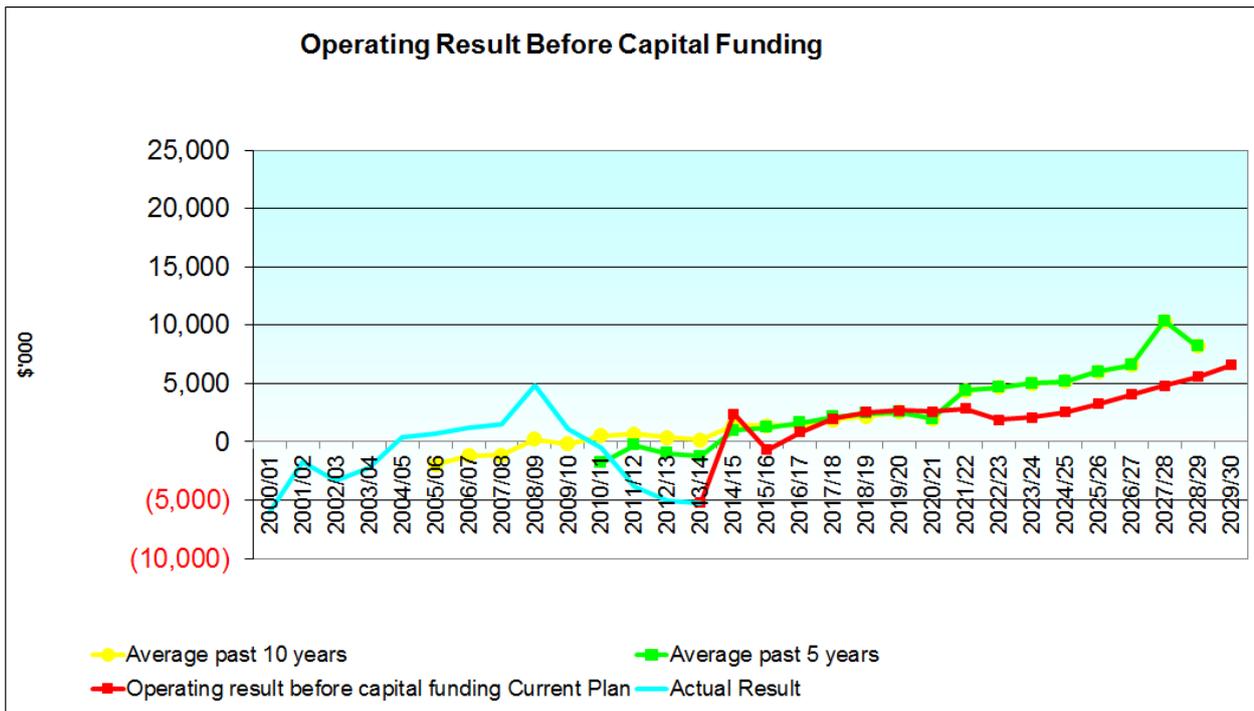
The trend down in the mid years are attributable to releasing funds to finance substantial capital works projects.

### 10.1.3 Income Statement



The operating result (sometimes referred to as the bottom line or headline result) in the forward budgets of the current plan are marginally weaker when compared with previous years plans. It needs to be noted that in the immediate years prior to 2014/15 it was materially lower than the average of the previous plans. Parity with previous years' projections is achieved in 2015/16.

Longer term, Council projects strengthening operating results. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project, as well as a \$2m capital grant for a municipal precinct, library and community centre project.

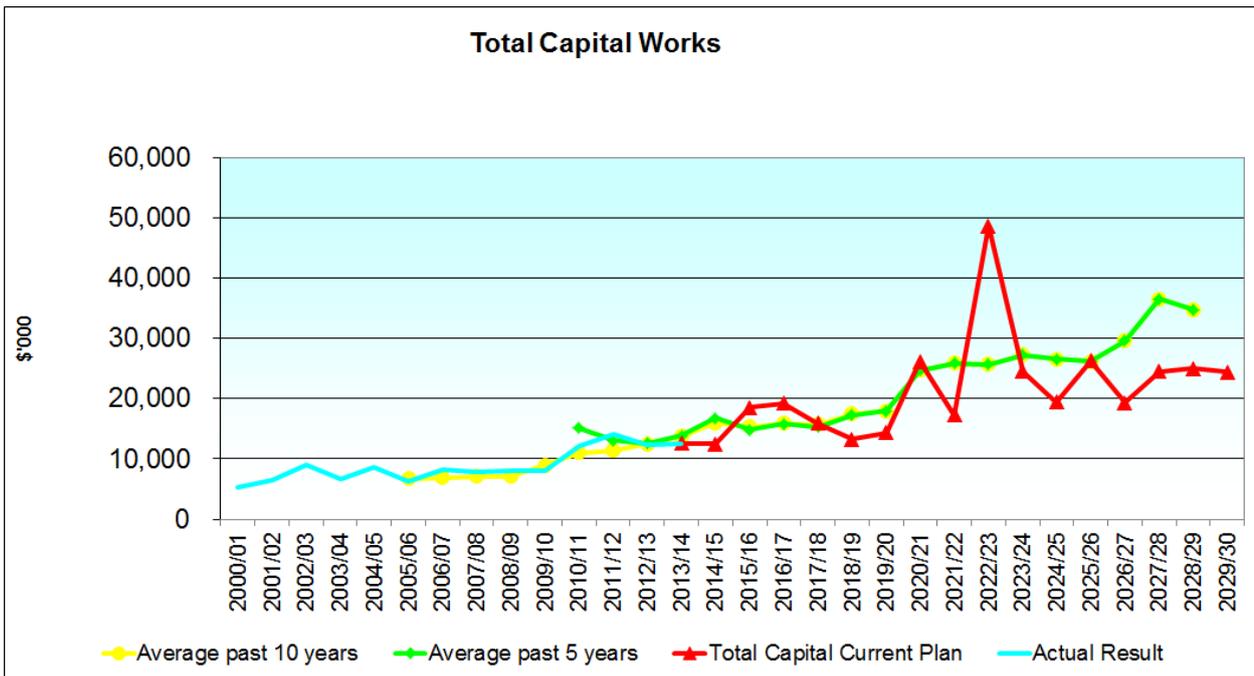


The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue to recurrent expenditure streams in the operating statement.

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

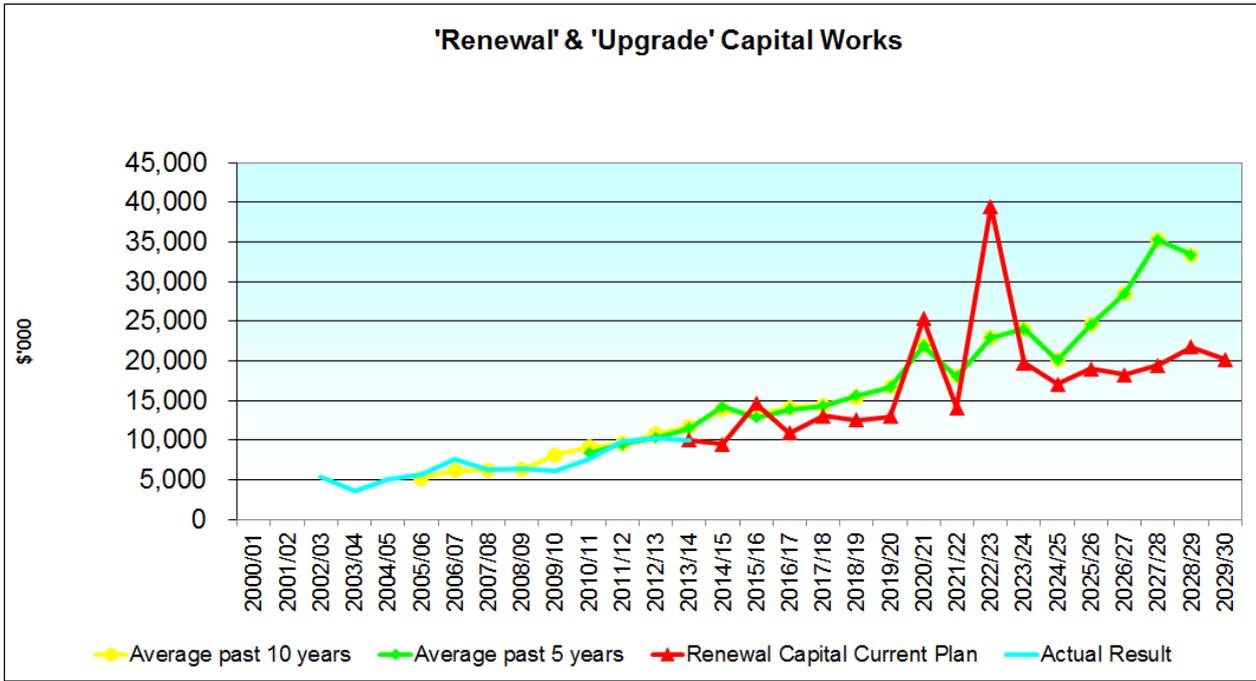
Very importantly, longer term consistent strengthening underlying surplus results are being projected to occur from 2016/17. This provides significant level of ongoing funding for the capital works program.

### 10.1.4 Capital Works Program



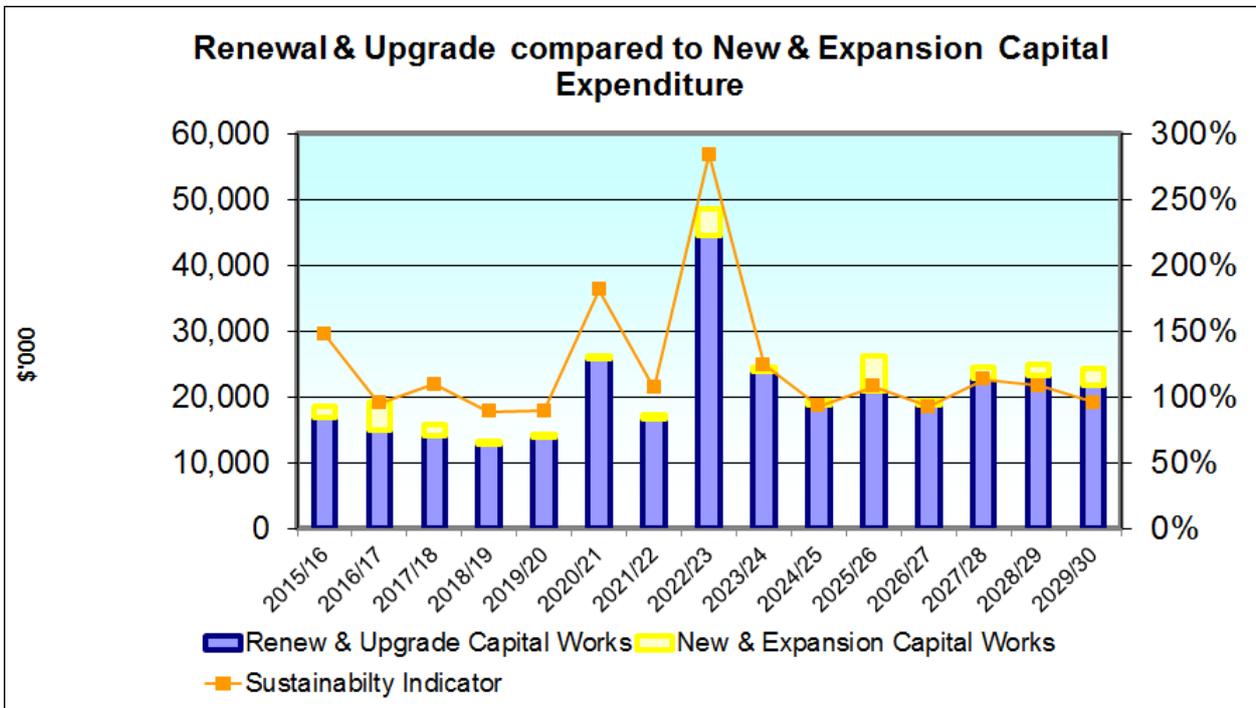
The capital works program aside from the spike in 2022/23 (special charge scheme project and municipal precinct, library and community centre project) generally correlates with previous plans. In the later years there is a substantial decrease.

The profile was flat for a number of the earlier years while the strategic focus was paying off long term debt and restoring Balance Sheet strength. The general weakening of the capital spend in later years when compared to previous plans is due to less funding being available when rate capping is introduced in 2016/17.

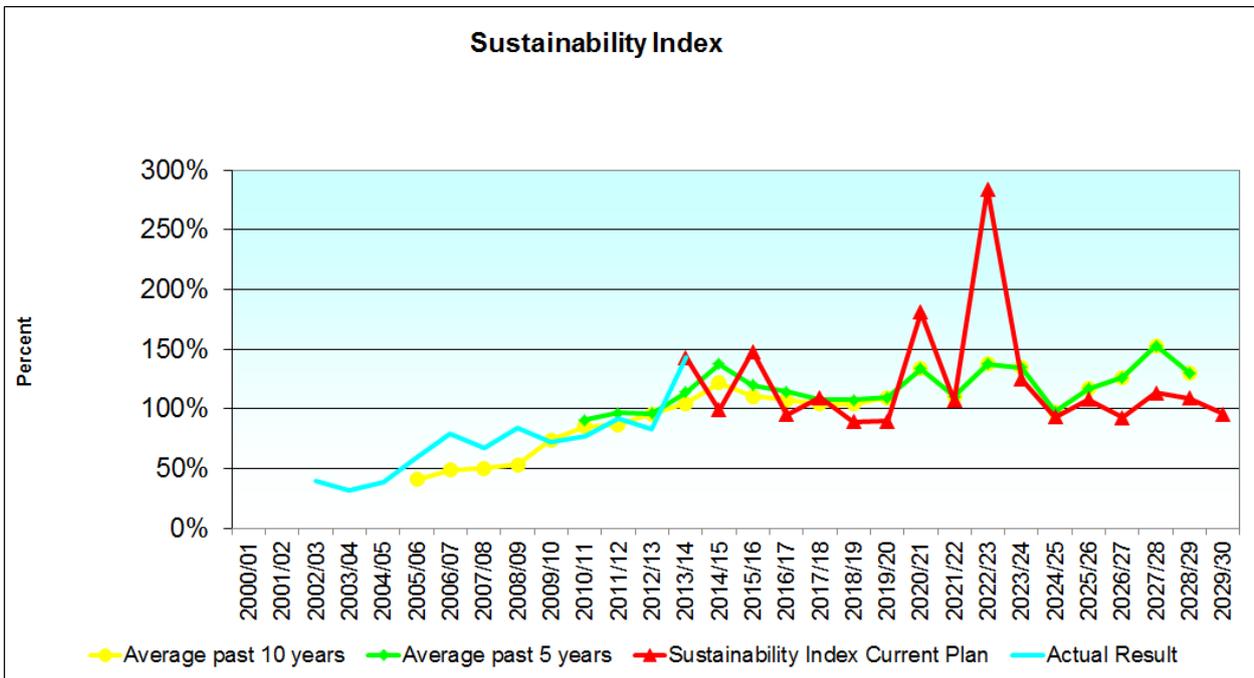


The general weakening of the capital renewal and upgrade spend in later years when compared to previous plans is due to less funding being available when rate capping is introduced in 2016/17.

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



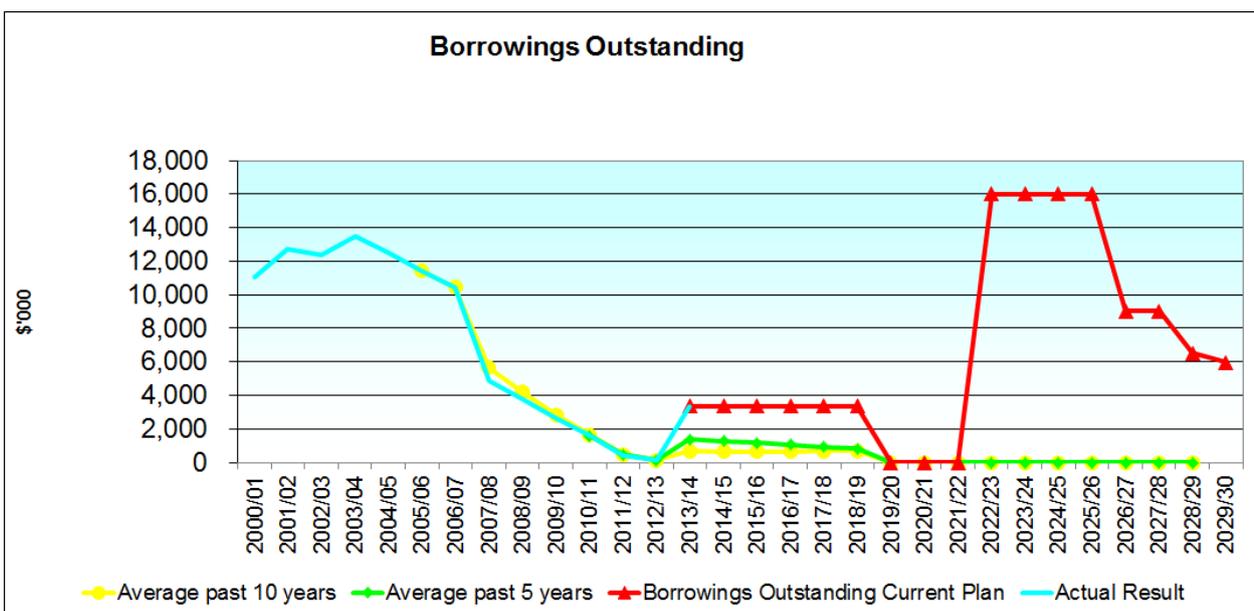
The bar chart on the previous page shows the level of 'expenditure effort' being allocated to asset renewal and upgrade projects compared with new and expansion capital projects. It also shows the asset sustainability index.



The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index shows a flat lining of expenditure effort (with the exception of the spike in 2022/23 for a special charge scheme project and municipal precinct, library and community centre project) on renewing and upgrading assets when compared with previous year's plans.

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

### 10.1.5 Borrowings



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

Council borrowed funds in 2013/14 to pay the unfunded superannuation obligations of Council. In 2014/15 Council will convert its borrowing into a 5 year bond which will make the liability non-current for a number of years.

Council will also borrow \$16m in 2022/23 to provide a funding source for the \$24.98m municipal precinct, library and community centre project.

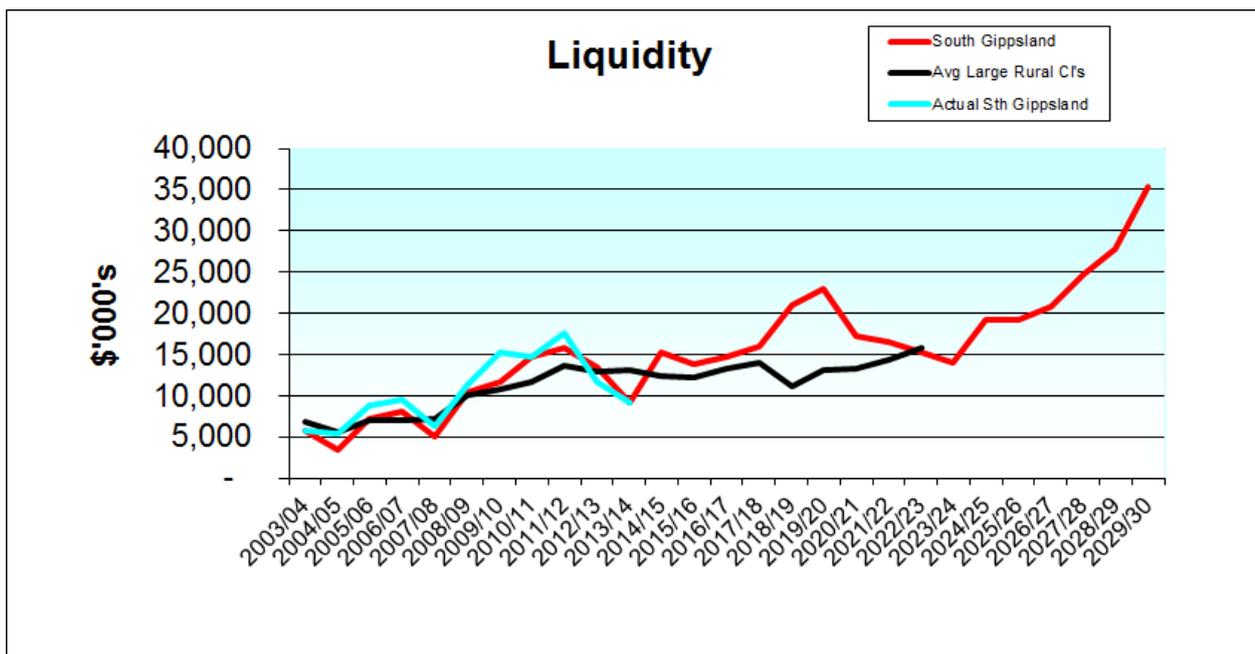
# 11. Analysis of Current Long Term Financial Plan to Other Large Rural Councils

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

The following graphs benchmark the current 2015-2016 Long Term Financial Plan against the average of large councils 2014/15 financial plans, the lines representing:

- **South Gippsland (red line) 2015/16 Long Term Financial Plan**
- **Large councils (black line) Average of large councils financial plans**
- **Actual result (blue line) Actual past years financial results for South Gippsland**

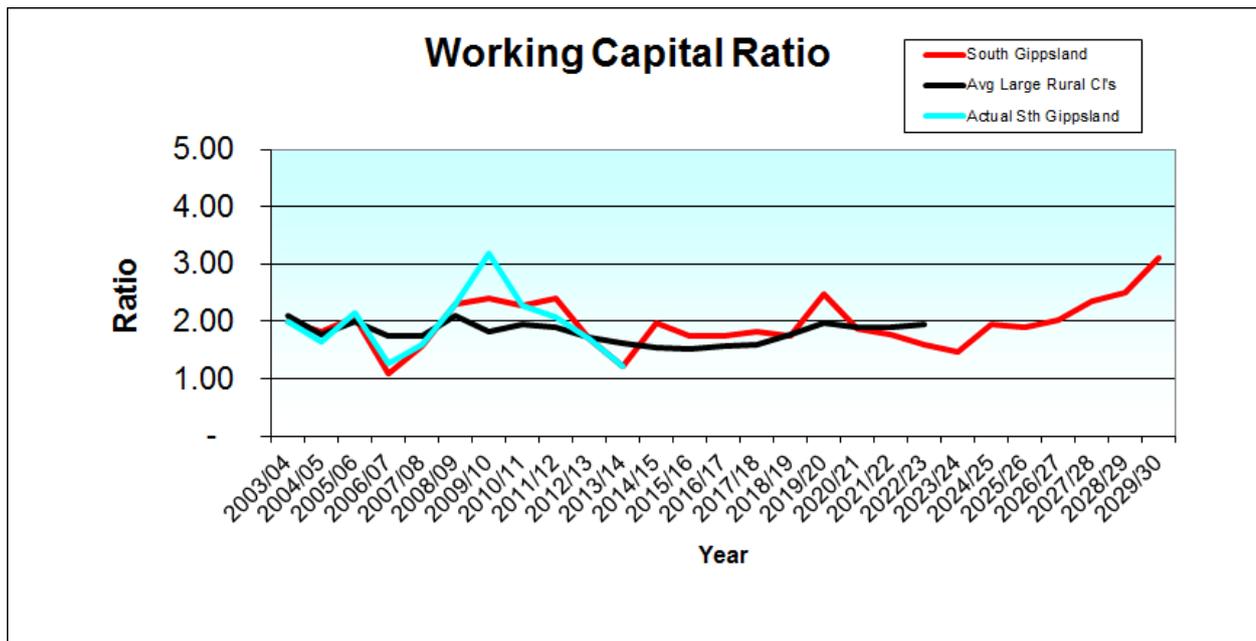
## 11.1 Liquidity



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

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

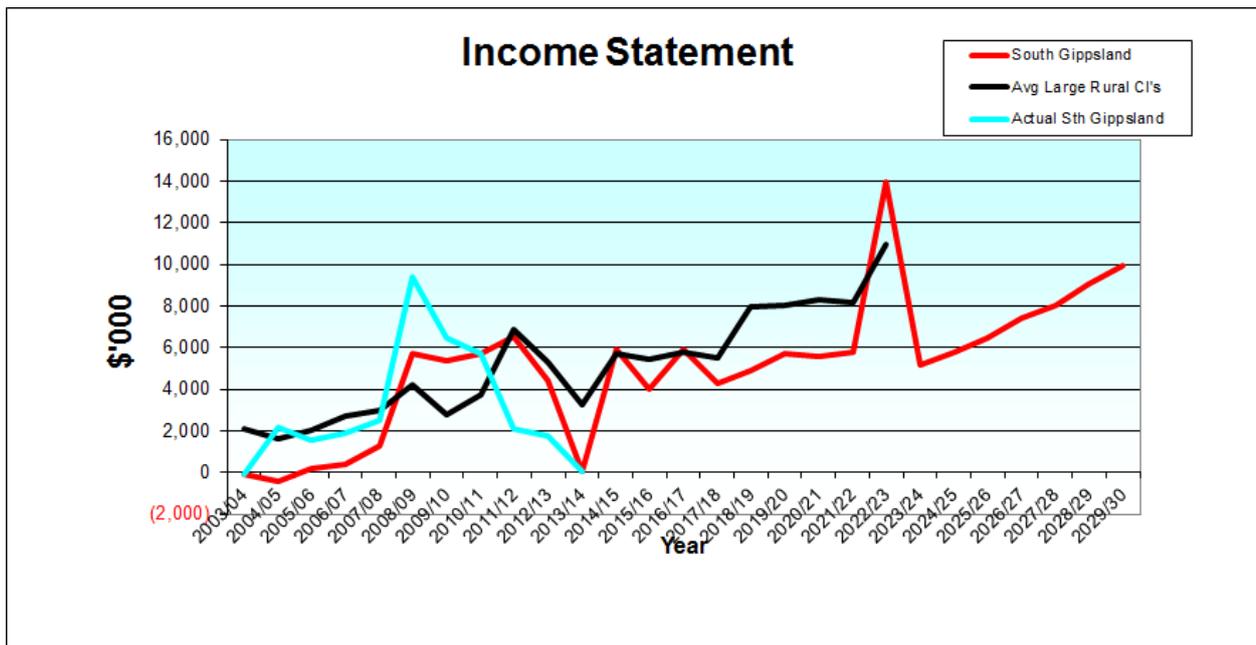
## 11.2 Working Capital Ratio



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

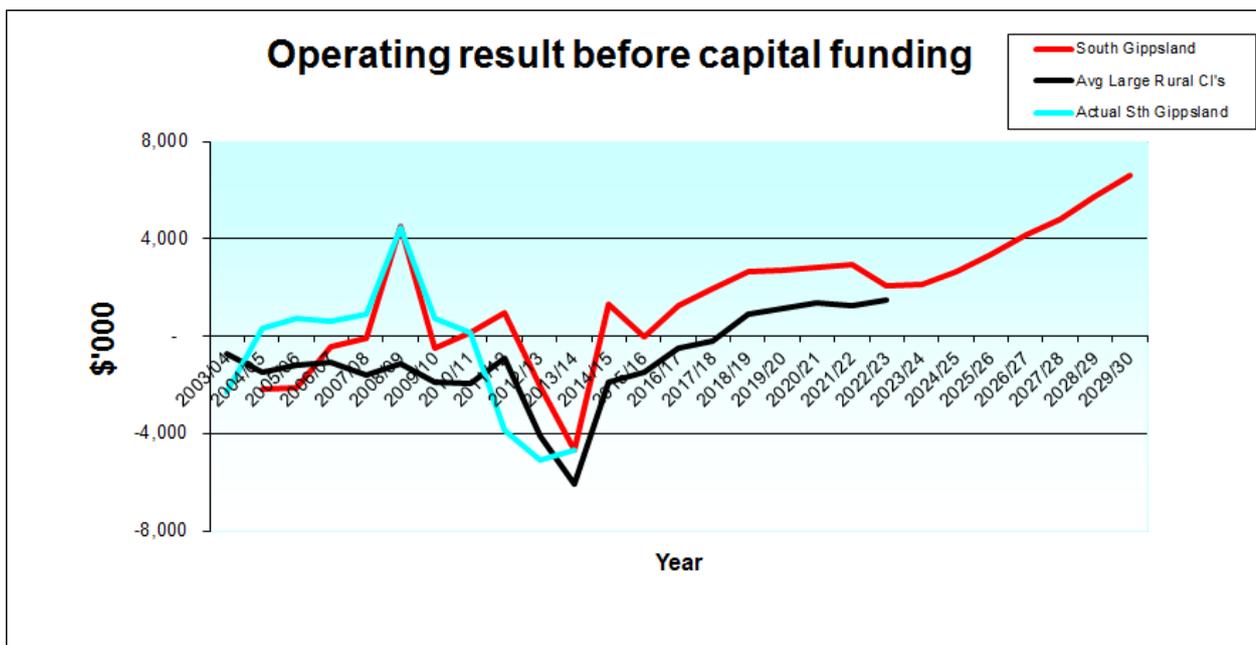
The current and immediate term trend is maintaining parity with the large rural councils. Having low debt relative to the other councils helps take pressure off the working capital ratio. Again, caution is required to be exercised because cash backed reserves provide a favourable impact to the working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

### 11.3 Income Statement



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

Council's strategic intent is to produce strengthening results. The spike in 2022/23 is where it has been modelled that Council will receive \$7.15m Special Charge Scheme income for a major roads and drainage project.

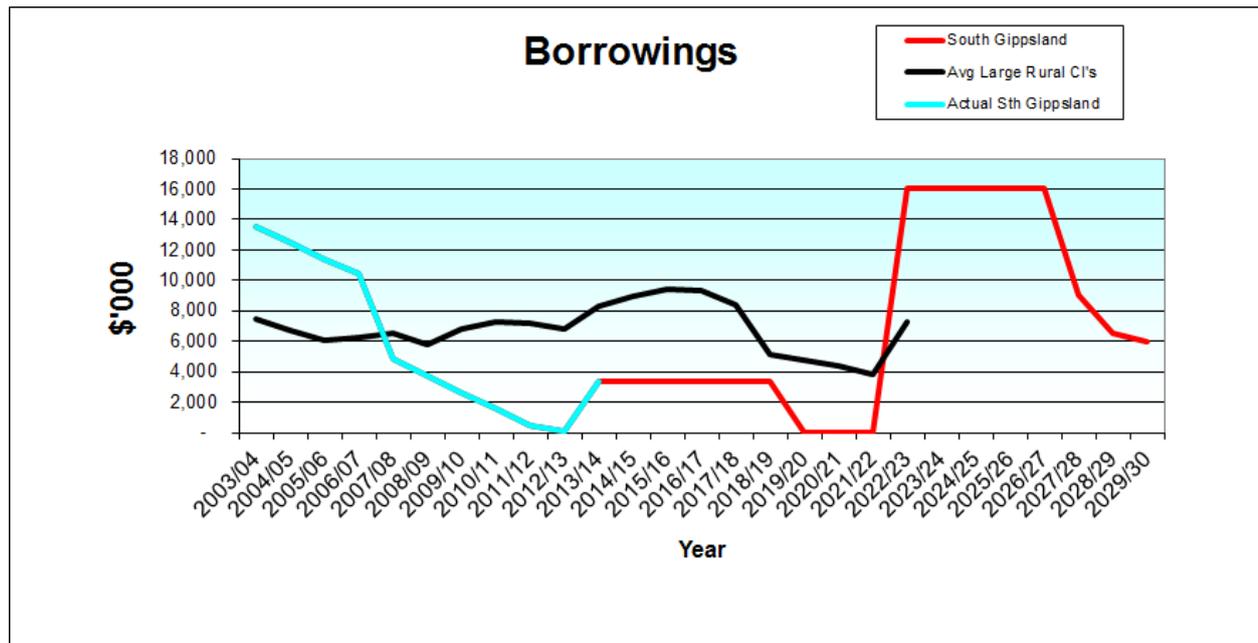


The underlying operating result is not unlike the operating result discussed above.

Aside from the dip in 2011/12 projected deficits in 2012/13 through to 2014/15 Council has in past years consistently produced marginal underlying surpluses. South Gippsland projects to resume producing underlying operating surpluses from 2016/17. Large rural councils are projecting to make underlying surpluses from 2018/19 onwards.

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

### 11.4 Borrowings



Although Council in prior years had very high debt, the strategic intent to reduce debt is clear. Council's debt levels are now significantly less than the average of other large rural councils. The spike in 2013/14 is due to borrowing \$4.00m to fund the unfunded superannuation obligations of Council.

Council will borrow \$16m in 2022/23 to provide a funding source for the \$24.98m municipal precinct, library and community centre project.

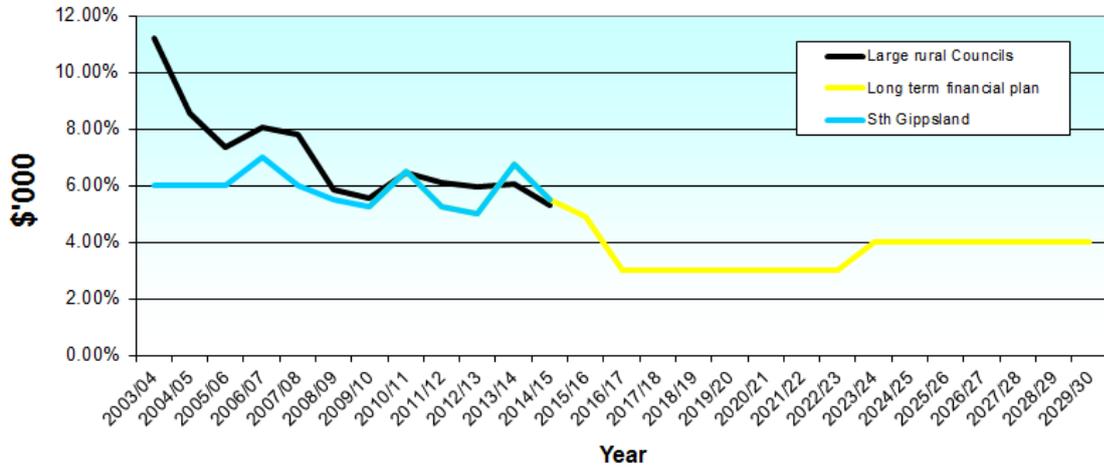
### 11.5 Summary

Council's overall key financial performance indicators show its position to be approaching the average of large rural councils as far as financial performances are concerned. Council's performances are improving and the gap is being bridged over future years.

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

The significant reduction in rate rises in 2016/17 and onwards is as a result of Council modelling in potential ramifications of rate capping that will be introduced in that year.

### Rate rises compared to large Council average



## **12. Rating Information**

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

### **12.1 Rating context**

In developing the Long Term Financial Plan, rates and charges were identified as an important source of revenue, accounting for around 60% of the total recurrent revenue received by Council annually. Planning for future rate increases has therefore been an important component of the long term financial planning process. The level of required rates and charges was considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the South Gippsland community.

The Victorian State Government has announced that local government rates will be capped from 2016/17.

Council has begun modelling into the Long Term Financial Plan the financial implications of rate capping being introduced in 2016/17. When compared to the previous year's Long Term Financial Plan, Council over a 14 year period (2015/16-2026/27) will collect \$57.8m less rates and charges.

Victorian councils will be provided definite direction by January 2016 on how rate capping will be required to be implemented for the following year's 2016/17 budget. Council will deliberate on the State Government's requirements once they are known, in the preparation of the draft 2016-2017 Budget.

### **12.2 Rating Strategy 2014-2018**

Council in 2013 established a Rating Strategy Review Steering Committee consisting of seven Community members and three Councillors. The committee prepared a Proposed Rating Strategy Discussion Paper 2014-2018 that was presented to Council. Council authorised that the paper be released for public comment and considered feedback received.

Council subsequently prepared a Proposed Rating Strategy 2014-2018 and sought public submissions. The submissions were considered by Council on 11 June 2014. The final Rating Strategy 2014-2018 was adopted on 25 June 2014.

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

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

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

### 12.3 Current Year Rate Increase

The general rate for 2015/16 will increase by 4.9%. The waste services charges for garbage collection and recycling will increase by 2.0%.

General rates and charges overall will raise \$38.28m, including supplementary rates in 2015/16.

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

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 2015/16.

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.

The following table sets out future proposed rates and charges increases for rateable properties. It also shows total rates to be raised, (including waste charges and supplementary rate income) based on the forecast financial position of Council as at 30 June 2015.

Year	Rate Increase (%)	Waste Service Charge Increase (%)	Total Rates and Charges Raised \$'000
2014/15	5.50%	(16.00%)	35,810
2015/16	4.90%	2.00%	38,275
2016/17	3.00%	2.00%	39,698
2017/18	3.00%	2.00%	41,171
2018/19	3.00%	2.00%	42,696

### 12.4 Rating Structure

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

- Property values, which reflect capacity to pay;
- A fixed municipal charge per property to cover some of the administrative costs of the Council (this is being totally removed in 2015/16); and
- User pays component to reflect usage of garbage services provided by Council - includes garbage and recycling.

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

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

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

The rating structure comprises six differential rates which includes a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at 'such amount as the Council thinks reasonable having regard to the services provided by the Council in relation to such lands and having regard to the benefit to the community derived from such recreational lands'.

There are significant changes in the differential rates and charges for 2015/16 relative to what was applied in 2014/15. The following table summarises the major changes for the differential land categories:

<b>Differential rate</b>	<b>2014/15 Differential to the General Rate</b>	<b>2015/16 Differential to the General Rate</b>
General rate	100.00%	100.00%
Industrial rate	102.50%	105.00%
Commercial rate	102.50%	105.00%
Farm rate	80.00%	70.00%
Rural residential rate		70.00%
Vacant land rate	175.00%	200.00%
Cultural and recreational rate	43.75%	50.00%

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

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

Council can raise a municipal charge to cover some of its administrative costs. The total revenue from the municipal charge must not exceed 20% of the sum total of the Council's total rate revenue from a municipal charge and total revenue from general rates. The municipal charge will be phased out over the next two financial years. For 2015/16 it will be reduced to nil% (previous 2014/15 year 10%).

The following table summarises the differential rates for the 2015/16 year:

Type or class of land	2014/15 cents / \$CIV	2015/16 cents / \$CIV	Change
General rate	0.452857	0.543021	19.91%
General rate for rateable industrial properties	0.464179	0.570172	22.83%
General rate for rateable commercial properties	0.464179	0.570172	22.83%
General rate for rateable farm properties	0.362286	0.380115	4.92%
General rate for rateable rural residential properties	0.000000	0.380115	New Category
General rate for rateable vacant land properties	0.792500	1.086043	37.04%
General rate for rateable cultural and recreational land properties	0.198125	0.271511	37.04%

The following table summarises the municipal charge for the 2015/16 year:

Type of Charge	Per Rateable property 2014/15 \$	Per Rateable property 2015/16 \$	Change
Municipal	181.70	nil	-100%

The following table summarises the waste charges for the 2014/15 year.

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable property 2015/16 \$	Change
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling).	179.10	182.70	2.01%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only),	179.10	182.70	2.01%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling).	259.60	264.80	2.00%
<b>Waste Services Charge D</b> – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	185.80	189.50	1.99%
<b>Waste Services Charge E</b> – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	215.60	219.90	1.99%
<b>Waste Services Charge G</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	109.70	111.90	2.01%
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	195.70	199.60	1.99%

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable property 2015/16 \$	Change
<b>Waste Services Charge J</b> – Kerbside garbage & recycling collection service – Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	127.60	130.15	2.00%
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	225.70	230.20	1.99%
<b>Waste Services Charge L</b> – Kerbside Green-waste collection service (240 litre fortnightly) for 12 months	0	78.00	

A more detailed analysis of the rates and charges to be raised is contained in Appendix B 'Statutory Disclosures'

### 12.5 General revaluation of properties

During the 2013/14 year, a revaluation of all properties within the Municipality was carried out using levels of value as at 1 January 2014 for use in the 2014/15 and 2015/16 rating years. The General Revaluation for rateable properties has seen some changes in property values throughout the municipality.

Overall, property valuations across the municipal district have increased by 1.79%. Residential properties have increased on average by 2.56%, Commercial by 3.94%, Industrial by 2.78%, Vacant Land by 4.88%, Farm by 0.33% and Cultural and Recreational land by 1.49%. There are significant variations from the average for some individual properties.

## 13. Borrowing Information

### 13.1 Borrowing context

In developing the Long Term Financial Strategies and Long Term Financial Plan (see Section 9), borrowings was identified as an important funding source for capital works programs. In the past, Council had borrowed strongly to finance infrastructure projects, fleet purchases and for financing unfunded superannuation liabilities. Council since 2004/05 began a phase of debt reduction. This resulted in a reduction in debt servicing costs, but has meant that there was a heavy reliance on cash and investment reserves as an alternate funding source to maintain its capital works programs.

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

Now that long term debt has been significantly reduced, this has enabled 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 15 years and also the prudential ratios applicable, as well as the budgeted outcome for 2015/16:

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%
2013/2014	3,350	1.2	10%	0.25%
2014/2015	3,350	1.2	9%	0.23%
<b>2015/2016</b>	3,350	1.8	9%	0.22%
	<b>Threshold</b>	<b>&lt;1.1</b>	<b>&gt;80%</b>	<b>&gt;5%</b>

The table above shows that Council's borrowing level at 30 June 2016 will be \$3.35m. 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 2015/16 year.

Council's Long Term Financial Strategies 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

At 30 June 2016 Council will have \$3.35m in outstanding borrowings. In 2014/15 Council converted its borrowing into a 5 year bond which will make the liability non-current for a number of years. The bond will be repayable in 2019/20.

For the 2015/16 year, Council has decided not to take out new borrowings.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2014:

Year	New Borrowings \$'000	Loan Principal Paid \$'000	Loan Interest Paid \$'000	Balance 30 June \$'000
2004/2005	0	1,009	870	12,498
2005/2006	0	1,081	797	11,417
2006/2007	0	980	726	10,437
2007/2008	0	5,544	539	4,893
2008/2009	0	1,116	290	3,777
2009/2010	0	1,138	217	2,639
2010/1011	0	1,059	146	1,580
2011/2012	0	1,128	79	452
2012/2013	0	317	23	135
2013/2014	4,000	785	140	3,350
2014/2015	0	0	151	3.350
2015/2016	0	0	151	3.350
2016/2017	0	0	151	3.350
2017/2018	0	0	151	3.350
2018/2019	0	0	151	3.350
2019/2020	0	3,350	0	0

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

Council has earmarked to undertake a major capital project in 2022/23. The municipal precinct, library and community centre project is estimated to cost \$24.98m which in part will be financed from \$16m borrowings.

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

	2014/15	2015/16
	\$	\$
Total amount borrowed as at 30 June of the prior year	<b>3,350,000</b>	<b>3,350,000</b>
Total amount to be borrowed	<b>0</b>	<b>0</b>
Total amount projected to be redeemed	<b>0</b>	<b>0</b>
Total amount proposed to be borrowed as at 30 June	<b>3,350,000</b>	<b>3,350,000</b>

# 14. Infrastructure Information

## 14.1 Infrastructure context

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

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

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

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

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

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

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

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

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

South Gippsland currently has no asset renewal primary funding gaps for all major classes of assets. There are adequate funds in the Long Term Financial Plan for recurrent cost

requirements for all major asset classes for the current defined service levels as documented in Asset Management Plans.

## 14.2 Depreciation and Sustainability Index

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

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

The following table sets out the sustainability index percentage for Council's fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2015/16 year:

<b>Unrealisable Assets</b>	<b>Replacement Cost 2014/15</b>	<b>Average Annual Consumption</b>	<b>Average Annual Preservation</b>	<b>Sustainability Index %</b>
Buildings- specialised	110,899	2,428	2,578	106%
Heritage Buildings	5,620	56	237	423%
Roads	317,813	3,885	7,661	197%
Footpaths and cycleways	16,015	269	286	106%
Kerb & Channel	20,345	338	-	0%
Bridges	31,234	344	279	81%
Major Culverts	12,168	123	64	52%
Drainage	37,433	367	110	30%
Off street carpark	6,197	80	-	0%
Waste management	271	380	1,898	499%
Other Structures	13,356	908	451	50%
<b>Total unrealisable assets</b>	<b>571,351</b>	<b>9,178</b>	<b>13,564</b>	<b>148%</b>

The table indicates that the 2015/16 capital works program will achieve a sustainability index of 148%.

## 14.3 Capital Works 15 Year Program

The 15 year capital works program in the Long Term Financial Plan provides progressively increasing levels of funding for capital works programs. As per the financial strategies the expenditure allocated to renewals and upgrades is given priority to that allocated to extension and new works. The 15 year Capital Works program is summarised in Appendix D, Long Term Financial Plan (2015/16-2029/30).

It should be noted that capital projects, particularly in future years are budgeted with a contingency or safety margin. When future capital works programs stabilise and can be

scheduled over a number of years this would enable appropriate design work and more accurate estimates to be made.

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

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

Financial strategies supporting increasing funding allocations for asset renewals clearly complement overall asset management strategies. The development of appropriate Asset Management Plans add a level of sophistication by driving the funding requirements in the Long Term Financial Plan.

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

#### **14.4 Key influences for 2015/16**

The following influences had a significant impact on the infrastructure strategy for the 2015/16 year:

- Progressively increasing level of net cash flows from operating activities being released in 2015/16 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 2014/15 year being carried over to the 2015/16 year; and
- The four years capital projects listed in Appendix C, Budgeted Statement of Capital Works 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:

Appendix A Budgeted Statements

Appendix B Rates and Charges;

Appendix C Capital Expenditure Program;

Appendix D Long Term Financial Plan (2015/16 – 2029/30); and

Appendix E Fees & Charges Schedule.

## **APPENDIX A – Budgeted Statements**

This appendix presents information in regard to the Budgeted Financial Statements and Statement of Human Resources. The budget information for the years 2015/16 to 2018/19 has been extracted from the Strategic Resource Plan which is a subset of the Long Term Financial Plan.

At the end of each financial year Council is required to include in the Financial Statements in its Annual Report a comparison of actual income and expenditure compared with the income and expenditure in the financial statements in the Budget,

The appendix includes the following budgeted information:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources

## BUDGETED COMPREHENSIVE INCOME STATEMENT

For the four years ending 30 June 2019

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000
<b>INCOME</b>					
Rates and charges	35,810	38,275	39,698	41,171	42,696
Statutory fees and fines	537	576	614	640	623
User fees	4,010	4,179	4,641	4,805	4,970
Grants - Operating	15,297	13,216	11,406	11,286	11,803
Grants - Capital	2,149	5,516	5,890	1,917	1,672
Contributions - monetary	247	344	69	67	262
Contributions - non monetary	337	370	379	389	399
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(35)	423	3	55	38
Other income	2,336	2,179	2,239	2,280	2,332
<b>TOTAL INCOME</b>	<b>60,688</b>	<b>65,078</b>	<b>64,939</b>	<b>62,610</b>	<b>64,795</b>
<b>EXPENSES</b>					
Employee costs	22,014	23,089	23,626	24,358	25,138
Materials and services	19,666	22,036	18,856	18,061	18,303
Bad and doubtful debts	1	1	1	1	1
Depreciation and amortisation	10,766	11,166	11,787	12,242	12,794
Borrowing costs	123	142	142	142	142
Other expenses	3,073	3,352	3,445	3,533	3,624
<b>TOTAL EXPENSES</b>	<b>55,643</b>	<b>59,786</b>	<b>57,857</b>	<b>58,337</b>	<b>60,002</b>
<b>SURPLUS (DEFICIT)</b>	<b>5,045</b>	<b>5,292</b>	<b>7,082</b>	<b>4,273</b>	<b>4,793</b>
<b>OTHER COMPREHENSIVE INCOME</b> Items that will not be reclassified to surplus or deficit					
Net Asset revaluation increment (decrement)	0	23,854	0	25,655	0
Previously unrecognised assets	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>5,045</b>	<b>29,146</b>	<b>7,082</b>	<b>29,928</b>	<b>4,793</b>

## BUDGETED BALANCE SHEET

For the four years ending 30 June 2019

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000
<b>BUDGETED BALANCE SHEET</b>					
<b>Current assets</b>					
Cash and cash equivalents	15,218	13,850	14,652	15,972	21,032
Trade and other receivables	4,624	4,624	4,624	4,624	4,624
Other financial assets	351	351	351	351	351
Inventories	248	248	248	248	248
Other assets	212	212	212	212	212
<b>Total current assets</b>	<b>20,653</b>	<b>19,285</b>	<b>20,087</b>	<b>21,407</b>	<b>26,467</b>
<b>Non current assets</b>					
Trade and other receivables	0	0	0	0	0
Investments in associates and joint ventures	776	776	776	776	776
Property, infrastructure, plant and equipment	486,492	517,104	522,814	551,526	551,366
Investment property	716	716	716	716	716
<b>Total non current assets</b>	<b>487,984</b>	<b>518,596</b>	<b>524,306</b>	<b>553,018</b>	<b>552,858</b>
<b>Total assets</b>	<b>508,637</b>	<b>537,881</b>	<b>544,393</b>	<b>574,425</b>	<b>579,325</b>
<b>Current liabilities</b>					
Trade and other payables	4,202	4,202	4,202	4,202	4,202
Trust funds and deposits	526	526	526	526	526
Provisions	5,356	5,893	5,262	5,302	5,342
Interest bearing loans and borrowings	0	0	0	0	3,350
<b>Total current liabilities</b>	<b>10,084</b>	<b>10,621</b>	<b>9,990</b>	<b>10,030</b>	<b>13,420</b>
<b>Non current liabilities</b>					
Provisions	754	315	376	440	507
Interest bearing loans and borrowings	3,350	3,350	3,350	3,350	0
<b>Total non current liabilities</b>	<b>4,104</b>	<b>3,665</b>	<b>3,726</b>	<b>3,790</b>	<b>507</b>
<b>Total liabilities</b>	<b>14,188</b>	<b>14,286</b>	<b>13,716</b>	<b>13,820</b>	<b>13,927</b>
<b>Net assets</b>	<b>494,449</b>	<b>523,595</b>	<b>530,677</b>	<b>560,605</b>	<b>565,398</b>
<b>Equity</b>					
Accumulated surplus	193,434	197,687	203,697	206,863	210,321
Reserves	301,015	325,908	326,980	353,742	355,077

## BUDGETED STATEMENT OF CHANGES IN EQUITY

For the four years ending 30 June 2019

STATEMENT OF CHANGES IN EQUITY				
For the four years ending 30 June				
	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	reserves
		\$'000	\$'000	\$'000
<b>2015/16</b>				
Balance at beginning of the financial year	494,449	193,434	299,985	1,030
Adjustment on change in accounting policy	-	-		
Comprehensive result	29,146	5,292	23,854	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,640)		2,640
Transfer from reserves		1,601		(1,601)
<b>Balance at end of the financial year</b>	<b>523,595</b>	<b>197,687</b>	<b>323,839</b>	<b>2,069</b>
<b>2016/17</b>				
Balance at beginning of the financial year	523,595	197,687	323,839	2,069
Adjustment on change in accounting policy	-	-		
Comprehensive result	7,082	7,082	-	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,524)		2,524
Transfer from reserves		1,452		(1,452)
<b>Balance at end of the financial year</b>	<b>530,677</b>	<b>203,697</b>	<b>323,839</b>	<b>3,141</b>
<b>2017/18</b>				
Balance at beginning of the financial year	530,677	203,697	323,839	3,141
Adjustment on change in accounting policy	-	-		
Comprehensive result	29,928	4,273	25,655	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,568)		2,568
Transfer from reserves		1,461		(1,461)
<b>Balance at end of the financial year</b>	<b>560,605</b>	<b>206,863</b>	<b>349,494</b>	<b>4,248</b>
<b>2018/19</b>				
Balance at beginning of the financial year	560,605	206,863	349,494	4,248
Adjustment on change in accounting policy	-	-		
Comprehensive result	4,793	4,793	-	
Impairment losses on revalued assets				
Reversal of impairment losses on revalued assets				
Transfer to reserves		(2,833)		2,833
Transfer from reserves		1,498		(1,498)
<b>Balance at end of the financial year</b>	<b>565,398</b>	<b>210,321</b>	<b>349,494</b>	<b>5,583</b>

## BUDGETED STATEMENT OF CASH FLOWS

For the four years ending 30 June 2019

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000
<b>BUDGETED CASH FLOW STATEMENT</b>					
<b>Cash flows from operating activities</b>					
Rates and charges	35,810	38,275	39,698	41,171	42,696
Statutory fees & fines	537	576	614	640	623
User fees	4,010	4,179	4,641	4,805	4,970
Grants - operating	15,297	13,216	11,406	11,286	11,803
Grants - capital	2,149	5,516	5,890	1,917	1,672
Contributions- monetary	247	344	69	67	262
Interest received	442	491	519	526	542
Other receipts	1,894	1,688	1,720	1,754	1,790
Employee costs	(21,920)	(22,991)	(23,525)	(24,254)	(25,031)
Materials and services	(19,667)	(22,037)	(18,857)	(18,062)	(18,304)
Other payments	(3,073)	(3,352)	(3,445)	(3,533)	(3,624)
<b>Net cash provided by (used in) operating activities</b>	<b>15,726</b>	<b>15,905</b>	<b>18,730</b>	<b>16,317</b>	<b>17,399</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant & equipment	(12,411)	(18,475)	(19,197)	(15,892)	(13,205)
Proceeds from sale of property, infrastructure, plant and equipment	601	1,344	1,411	1,037	1,008
Trust Funds and deposits	0	0	0	0	0
Loan advances made	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(11,810)</b>	<b>(17,131)</b>	<b>(17,786)</b>	<b>(14,855)</b>	<b>(12,197)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(123)	(142)	(142)	(142)	(142)
Proceeds from borrowing	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0
<b>Net cash provided by (used in) financing activities</b>	<b>(123)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,793</b>	<b>(1,368)</b>	<b>802</b>	<b>1,320</b>	<b>5,060</b>
Cash and cash equivalents at the beginning of the financial year	11,425	15,218	13,850	14,652	15,972
<b>Cash and cash equivalents at the end of the financial year</b>	<b>15,218</b>	<b>13,850</b>	<b>14,652</b>	<b>15,972</b>	<b>21,032</b>

## BUDGETED STATEMENT OF CAPITAL WORKS

For the four years ending 30 June 2019

Capital Works Areas	Forecast	Budget	Strategic Resouce Plan		
			Projections		
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Property</b>					
Land	-	265	1,173	281	290
Buildings	591	3,600	3,258	1,768	1,918
Heritage Building	110	237	126	130	135
<b>Total property</b>	701	4,102	4,557	2,179	2,343
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,822	2,020	1,802	2,280	2,621
Computers and telecommunications	610	1,101	619	638	657
<b>Total plant and equipment</b>	2,432	3,121	2,421	2,918	3,278
<b>Infrastructure</b>					
Roads	6,372	7,831	7,016	5,400	5,754
Kerb & Channel	247	-	-	-	-
Bridges	445	279	216	225	233
Major Culverts	-	64	43	97	77
Footpaths and cycleways	257	549	467	541	350
Drainage	83	110	115	140	123
Off street car parks	-	-	-	-	-
Waste management #	271	1,898	420	371	39
Other infrastructure	703	521	3,272	4,020	1,008
<b>Total infrastructure</b>	8,378	11,252	11,549	10,794	7,584
<b>Total capital works expenditure</b>	11,511	18,475	18,527	15,891	13,205
<b>Represented by:</b>					
New asset expenditure	-	-	-	-	-
Asset renewal expenditure	9,487	14,623	10,888	13,027	12,536
Asset upgrade expenditure	1,659	2,187	3,340	1,104	302
Asset expansion expenditure	365	1,665	4,299	1,760	367
<b>Total capital works expenditure</b>	11,511	18,475	18,527	15,891	13,205
# Excludes Landfill rehabilitation provision	898	-	671	-	-

## Budgeted Statement of Human Resources

### STATEMENT OF HUMAN RESOURCES

For the four years ended 30 June 2019

	Forecast Actual	Budget	Budget	Budget	Budget
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	22,014	23,089	23,626	24,359	25,138
Employee costs - capital	999	1,038	1,071	1,105	1,140
<b>Total staff expenditure</b>	<b>23,013</b>	<b>24,127</b>	<b>24,697</b>	<b>25,464</b>	<b>26,278</b>
<b>Staff numbers</b>					
Employees	261.48	262.50	262.50	262.50	262.50
<b>Total staff numbers</b>	<b>261.48</b>	<b>262.50</b>	<b>262.50</b>	<b>262.50</b>	<b>262.50</b>

## APPENDIX B – Rates and Charges

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

### 1. Rates and Charges

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

Type or class of land	2014/15 cents / \$CIV	2015/16 cents / \$CIV	Change
General rate	0.452857	0.543021	19.91%
General rate for rateable industrial properties	0.464179	0.570172	22.83%
General rate for rateable commercial properties	0.464179	0.570172	22.83%
General rate for rateable farm properties	0.362286	0.380115	4.92%
General rate for rateable rural residential properties	0.000000	0.380115	New Category
General rate for rateable vacant land properties	0.792500	1.086043	37.04%
General rate for rateable cultural and recreational land properties	0.198125	0.271511	37.04%

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

Type or class of land	2014/15 \$	2015/16 \$	Change
General	17,022,510	20,785,628	22.11%
Industrial	821,258	1,196,917	45.74%
Commercial	1,132,764	1,380,872	21.90%
Farm	9,239,528	9,709,442	5.09%
Rural Residential	0	86,549	New Category

Type or class of land	2014/15 \$	2015/16 \$	Change
Vacant Land	1,882,695	2,365,531	25.65%
Cultural and Recreational Land	16,603	22,753	37.04%
<b>Total amount to be raised by general rates</b>	<b>30,115,358</b>	<b>35,547,692</b>	<b>18.04%</b>

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

Type or class of land	2014/15	2015/16	Change
General	13,006	13,208	1.55%
Industrial	289	297	2.77%
Commercial	651	634	-2.61%
Farm	3,365	3,351	-0.42%
Rural Residential	0	49	New Category
Vacant Land	1,839	1,726	-6.14%
Cultural and Recreational Land	22	22	0.00%
<b>Total number of assessments</b>	<b>19,172</b>	<b>19,287</b>	<b>0.60%</b>

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

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

Type or class of land	2014/15 \$	2015/16 \$	Change
General	3,758,915,000	3,827,774,000	1.83%
Industrial	176,927,000	209,922,000	18.65%
Commercial	244,036,000	242,185,000	-0.76%
Farm	2,550,341,000	2,554,320,000	0.16%

Type or class of land	2014/15 \$	2015/16 \$	Change
Rural Residential	0	22,793,000	New Category
Vacant Land	237,564,000	217,812,000	-8.31%
Cultural and Recreational Land	8,380,000	8,380,000	0.00%
<b>Total value of land</b>	<b>6,976,163,000</b>	<b>7,083,186,000</b>	<b>1.53%</b>

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

Type of Charge	Per Rateable property 2014/15 \$	Per Rateable property 2015/16 \$	Change
Municipal	181.70	Nil	-100%

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

Type of Charge	2014/15 \$	2015/16 \$	Change
Municipal	3,326,200	Nil	-100%

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

<b>Type of Charge</b>	<b>Per Rateable Property 2014/15</b> <b>\$</b>	<b>Per Rateable property 2015/16</b> <b>\$</b>	<b>Change</b>
<b>Waste Services Charge A</b> - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling).	179.10	182.70	2.01%
<b>Waste Services Charge B</b> - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only),	179.10	182.70	2.01%
<b>Waste Services Charge C</b> - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling).	259.60	264.80	2.00%
<b>Waste Services Charge D</b> – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	185.80	189.50	1.99%
<b>Waste Services Charge E</b> – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer).	215.60	219.90	1.99%
<b>Waste Services Charge G</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	109.70	111.90	2.01%

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable property 2015/16 \$	Change
<b>Waste Services Charge H</b> – Kerbside garbage & recycling collection service – Venus Bay (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	195.70	199.60	1.99%
<b>Waste Services Charge J</b> – Kerbside garbage & recycling collection service – Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 6 months from November to April	127.60	130.15	2.00%
<b>Waste Services Charge K</b> – Kerbside garbage & recycling collection service Walkerville (120 litre weekly garbage / 240 litre fortnightly recycling) for 12 months	225.70	230.20	1.99%
<b>Waste Services Charge L</b> – Kerbside Green-waste collection service (240 litre fortnightly) for 12 months	0	78.00	

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

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable property 2015/16 \$	Change
Waste Services Charge A	1,557,991	1,606,481	3.11%
Waste Services Charge B	9,134	10,049	10.01%
Waste Services Charge C	60,746	63,817	5.06%
Waste Services Charge D	124,486	128,102	2.90%
Waste Services Charge E	22,854	23,309	1.99%
Waste Services Charge G	2,743	3,021	10.15%
Waste Services Charge H	30,725	35,529	15.63%

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable property 2015/16 \$	Change
Waste Services Charge J	127	260	104.72%
Waste Services Charge K	1,129	1,151	1.95%
Waste Services Charge L		565,946	
<b>Total</b>	<b>1,809,935</b>	<b>2,437,665</b>	<b>34.68%</b>

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

	2014/15 \$	2015/16 \$	Change
General rates	30,115,358	35,547,692	18.04%
Municipal charge	3,326,200	0	-100.00%
Waste service charges	1,809,935	2,437,665	34.68%
Rates and Charges	35,251,493	37,985,357	7.76%

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

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

- The making of supplementary valuations (2015/16: estimated \$290,000, 2014/15: \$280,000)
- The variation of returned levels of value (e.g. valuation appeals)
- Changes in use of land such that rateable land becomes non-rateable land and vice versa
- Changes in use of land such that residential land becomes business land and vice versa.

- 

## 2 Differential Rates

### 2.1. Rates to be Levied

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

- a general rate of 0.543021% (0.543021 cents in the dollar of CIV) for all rateable General Land;
- a general rate of 0.570172% (0.570172 cents in the dollar of CIV) for all rateable Commercial Land;
- a general rate of 0.570172% (0.570172 cents in the dollar of CIV) for all rateable Industrial Land;
- a general rate of 1.086043% (1.086043 cents in the dollar of CIV) for all rateable Vacant Land;
- a general rate of 0.380115% (0.380115 cents in the dollar of CIV) for all rateable Farming Land;
- a general rate of 0.271511% (0.271511 cents in the dollar of CIV) for all rateable Cultural and Recreational Lands; and
- a general rate of 0.380115% (0.380115 cents in the dollar of CIV) for all rateable Rural Residential Land; and

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

Council considers that each differential rate will contribute to the equitable and efficient carrying out of Council functions. Council has chosen to define the categories of land to which each differential rate applies by reference to the Australian Valuation Property Classification Code (**AVPCC**) that is allocated to it in accordance with the *Valuation of Land Act 1960*.

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

### 2.2. General Land

2.2.1. General Land is any land which is not:

2.2.1.1. Commercial Land, as described in subparagraph 2.3.1;

2.2.1.2. Industrial Land, as described in subparagraph 2.4.1;

2.2.1.3. Vacant Land, as described in subparagraph 2.5.1;

2.2.1.4. Farming Land, as described in subparagraph 2.6.1;

- 2.2.1.5. Cultural and Recreational Land, as described in subparagraph 2.7.1; or
- 2.2.1.6. Rural Residential Land as described in subparagraph 2.8.1.
- 2.2.2. The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
  - 2.2.2.1. construction and maintenance of infrastructure assets;
  - 2.2.2.2. development and provision of health and community services; and
  - 2.2.2.3. provision of general support services.
- 2.2.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.2.1 above.
- 2.2.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.2.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.2.6. The use of the land within this differential rate is, in the case of improved land, any use of land creating the relevant characteristics described in paragraph 2.2.1 above.
- 2.2.7. The land affected by this rate is that which displays the characteristics described in subparagraph 2.2.1 above, and may be located in any zone created by the South Gippsland Planning Scheme.
- 2.2.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.2.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

### **2.3. Commercial Land**

- 2.3.1. Commercial Land is any land which is used predominantly for commercial purposes and to which any of the following AVPCC codes, or AVPCC codes in the following ranges, have been allocated:

**AVPCC 202–208, 210–299, 656, 657, 669–672, 674, 675, 684, 687, 688, 690, 696, 711, 715, 803–816, 818–820, 822, 823, 825, 827 and 828.**

- 2.3.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
  - 2.3.2.1. construction and maintenance of infrastructure assets;
  - 2.3.2.2. development and provision of health and community services; and
  - 2.3.2.3. provision of general support services.
- 2.3.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.3.1 above.
- 2.3.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.3.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.3.6. The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 2.3.1 above.
- 2.3.7. The land affected by this rate is that which is in any zone where commercial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.3.1 above.
- 2.3.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.3.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **2.4. Industrial Land**

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

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

- 2.4.2. The objective of this differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
- 2.4.2.1. construction and maintenance of infrastructure assets;
  - 2.4.2.2. development and provision of health and community services; and
  - 2.4.2.3. provision of economic development and general support services.
- 2.4.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.4.1 above.
- 2.4.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.4.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.4.6. The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 2.4.1 above.
- 2.4.7. The land affected by this rate is that which is in any zone where industrial development is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.4.1 above.
- 2.4.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.4.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

2.4.10.

## 2.5. Vacant Land

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

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

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

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

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

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

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

2.5.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.5.1 above.

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

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

2.5.6. The vacant land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described under subparagraph 2.5.1 above.

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

## **2.6. Farm Land**

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

### **2.6.1.1. has a total area of less than 2 hectares and is –**

(a) used predominantly for farming purposes;

AND

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

OR

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

**AVPCC 540–543 or 564;**

OR

(d) used predominantly for farming purposes;

AND

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

**AVPCC 570–572;**

OR

### **2.6.1.2. has a total area of between 2 and 20 hectares and –**

(a) is used predominantly for farming purposes;

AND

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

**AVPCC 540–583;**

OR

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

**AVPCC 500–583;**

OR

**2.6.1.3. has a total area exceeding 20 hectares and –**

- (a) is used predominantly for farming purposes;

AND

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

**AVPCC 500–583.**

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

has a significant and substantial commercial purpose or character; and

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

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

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

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

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

2.6.2.2. encourage and support the business of primary production; and

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

- 2.6.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.6.1 above.
- 2.6.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.6.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.6.6. The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 2.6.1 above.
- 2.6.7. The land affected by this rate is that which is in any zone where farming is permitted by the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.6.1 above.
- 2.6.8. The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.6.9. Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **2.7. Cultural and Recreational Land**

- 2.7.1. Cultural and Recreational Land is any land that has the characteristics of 'recreational lands' as defined by section 2 of the *Cultural and Recreational Lands Act 1963*.
- 2.7.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, are to:
  - 2.7.2.1. ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
    - (a) construction and maintenance of public infrastructure assets;
    - (b) development and provision of health, environmental and community services; and
    - (c) provision of general support services; and
  - 2.7.2.2. encourage the provision of land and facilities for the enjoyment of residents of and visitors to the municipal district.

- 2.7.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.7.1 above.
- 2.7.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.7.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.7.6. The use of the land within this differential rate is any use of land creating the relevant characteristics described in subparagraph 2.7.1 above.
- 2.7.7. The land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.7.1 above.
- 2.7.8. The types of buildings on the land within this differential rate (if any) are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.7.9. Council has considered this differential rate in the context of the range of revenue instruments and options available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## **2.8. Rural Residential Land**

- 2.8.1. Rural residential land is any land which:-
  - (a) has a total area equal to or greater than 18.30 hectares; and
  - (b) where primary production uses and associated improvements are secondary to the residential uses; and
  - (c) has applied to it an AVPCC code 117
- 2.8.2. The objectives of this differential rate, having regard to principles of equity including the capacity to pay of those levied the rate, is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:
  - 2.8.2.1. construction and maintenance of infrastructure assets;
  - 2.8.2.2. development and provision of health and community services; and
  - 2.8.2.3. provision of general support services.

- 2.8.3. The types and classes of rateable land within this differential rate are those having the relevant characteristics described in subparagraph 2.3.1 above.
- 2.8.4. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.
- 2.8.5. The geographic location of the land within this differential rate is land wherever located within the municipal district, without reference to ward boundaries.
- 2.8.6. The use of the land within this differential rate is, in the case of improved land, any use of land giving rise to the allocation of a relevant AVPCC code specified in subparagraph 2.8.1 above.
- 2.8.7. The land affected by this rate is that which is located in any zone under the South Gippsland Planning Scheme and which displays the characteristics described in subparagraph 2.8.1 above.
- 2.8.8. The types of buildings on the land within this differential rate are all buildings which are present on the land at the date of declaration of rates for the 2015/16 financial year.
- 2.8.9. Council has considered this differential rate in the context of the range of revenue instruments available to it and has determined that this differential rate is the most appropriate means of meeting Council's stated objectives.

## APPENDIX C – Capital Expenditure Program

This appendix presents a listing of the capital works projects that will be undertaken for the 2015/16 year. The capital works projects are grouped by asset class.

### Capital works program

For the year ending 30 June 2016

Capital Works Area	Project Cost \$'000	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PROPERTY</b>									
<b>LAND</b>									
General Land Purchases	265	-	-	-	265	-	265	-	-
<b>TOTAL LAND</b>	<b>265</b>	-	-	-	<b>265</b>	-	<b>265</b>	-	-
<b>BUILDINGS</b>									
Caravan Park Toilet Block - Port Welshpool (Long Jetty)	376	-	376	-	-	-	-	376	-
Child Care Hub (KICC) - Korumburra	2,450	-	1,470	-	980	1,600	100	750	-
Leongatha Senior Citizens Construct an Access for all facilities	52	-	52	-	-	-	-	52	-
Leongatha Splash - Sand, reline & resurface Basketball Courts	52	-	52	-	-	-	-	52	-
Long Jetty - Cabin Replacement	84	-	84	-	-	-	-	84	-
Long Jetty - Storage Shed	63	-	63	-	-	-	10	53	-
Memorial Hall Upgrade Kitchen Meeting Room - Leongatha	44	-	44	-	-	-	-	44	-
Public Toilets Reconstruction - Fish Creek	50	-	50	-	-	-	-	50	-
Public Toilets Reconstruction - Toora	40	-	40	-	-	-	-	40	-
Renew Riverside Toilets Tarwin Lower	137	-	137	-	-	-	-	137	-
Replace Public Toilet - Waratah Bay	200	-	200	-	-	-	-	200	-
Yanakie - General	10	-	10	-	-	-	-	10	-
Yanakie - Workshop / Shed / Chemical shed	42	-	-	-	42	-	-	42	-
<b>TOTAL BUILDINGS</b>	<b>3,600</b>	-	<b>2,578</b>	-	<b>1,022</b>	<b>1,600</b>	<b>110</b>	<b>1,890</b>	-
<b>HERITAGE BUILDINGS</b>									
Coal Creek Community Park & Museum - Capital Projects	237	-	237	-	-	-	-	237	-
<b>TOTAL HERITAGE BUILDINGS</b>	<b>237</b>	-	<b>237</b>	-	-	-	-	<b>237</b>	-
<b>TOTAL PROPERTY</b>	<b>4,102</b>	-	<b>2,815</b>	-	<b>1,287</b>	<b>1,600</b>	<b>375</b>	<b>2,127</b>	-

Capital Works Area	Project Cost \$'000	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PLANT AND EQUIPMENT</b>									
<b>PLANT, MACHINERY AND EQUIPMENT</b>									
Motor Vehicles	1,026	-	1,026	-	-	-	420	606	-
Plant	994	-	994	-	-	-	148	846	-
<b>TOTAL PLANT, MACHINERY &amp; EQUIPMENT</b>	<b>2,020</b>	-	<b>2,020</b>	-	-	-	<b>568</b>	<b>1,452</b>	-
<b>COMPUTERS AND TELECOMMUNICATIONS</b>									
Information technology - Network infrastructure	1,101	-	1,101	-	-	-	-	1,101	-
<b>TOTAL COMPUTERS &amp; TELECOMM'S</b>	<b>1,101</b>	-	<b>1,101</b>	-	-	-	-	<b>1,101</b>	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,121</b>	-	<b>3,121</b>	-	-	-	<b>568</b>	<b>2,553</b>	-
<b>INFRASTRUCTURE</b>									
<b>ROADS</b>									
A'Beckett Street, Leongatha (Ch 00 to 211) - ID 1875	308	-	308	-	-	308	-	-	-
Bass Valley Road - Bena	721	-	721	-	-	721	-	-	-
Buffalo Waratah Road (ID 262) - Buffalo	308	-	308	-	-	308	-	-	-
Capital Works Design	225	-	90	90	45	-	-	225	-
Deviation of Koonwarra - Pound Creek Road - Leongatha	21	-	-	21	-	-	-	21	-
Foster Streetscape (Main and Station Street)	862	-	862	-	-	347	-	515	-
Leongatha Yarragon Road - Leongatha North	396	-	396	-	-	396	-	-	-
Loch Wonthaggi Road - Loch	582	-	582	-	-	-	-	582	-
Mardan Rd (C059) - Koorooman	37	-	30	7	-	-	-	37	-
North Poowong Road	1,300	-	1,300	-	-	-	-	1,300	-
Old Koonwarra Meeniyan Rd (C078) - Koonwarra	37	-	30	7	-	-	-	37	-
Reseal Preparation	807	-	807	-	-	-	-	807	-
Reseals	1,789	-	1,789	-	-	1,610	-	179	-
Station Street (Burra Foods) - Korumburra	408	-	408	-	-	-	-	408	-
Victory Avenue - Foster - ID 3159 & 3160	30	-	30	-	-	-	-	30	-
<b>TOTAL ROADS</b>	<b>7,831</b>	-	<b>7,661</b>	<b>125</b>	<b>45</b>	<b>3,690</b>	-	<b>4,141</b>	-
<b>BRIDGES</b>									
Allambee Estate Rd Bridge Rehab - Allambee Reserve	70	-	70	-	-	70	-	-	-
Bridge Program - Major Repairs	209	-	209	-	-	-	-	209	-
<b>TOTAL BRIDGES</b>	<b>279</b>	-	<b>279</b>	-	-	<b>70</b>	-	<b>209</b>	-
<b>MAJOR CULVERTS</b>									
Culverts - Trembaths Road (Chn 200) - Mirboo North	64	-	64	-	-	-	-	64	-
<b>TOTAL MAJOR CULVERTS</b>	<b>64</b>	-	<b>64</b>	-	-	-	-	<b>64</b>	-

Capital Works Area	Project Cost \$'000	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions /Sales	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>FOOTPATHS AND CYCLEWAYS</b>									
Balook St - Mirboo North	31	-	31	-	-	-	-	31	-
Jupiter Buld, Venus Bay	65	-	-	-	65	-	-	65	-
McCartin St - Leongatha	158	-	158	-	-	-	-	158	-
Shellcot Rd - Korumburra	105	-	97	-	8	-	-	105	-
Turner Street - Leongatha	96	-	-	-	96	-	-	96	-
Walkerville Road, Tarwin Lower (West Side, River Dr to Rec Reserve)	94	-	-	-	94	-	-	94	-
<b>TOTAL FOOTPATHS AND CYCLEWAYS</b>	<b>549</b>	<b>-</b>	<b>286</b>	<b>-</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>549</b>	<b>-</b>
<b>DRAINAGE</b>									
Gibbs Street, Foster	70	-	-	70	-	-	-	70	-
Parr Street, Leongatha	40	-	-	40	-	-	-	40	-
<b>TOTAL DRAINAGE</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>-</b>
<b>WASTE MANAGEMENT</b>									
Construct cell 4 stage 1 Koonwarra Landfill	1,813	-	-	1,813	-	-	-	1,813	-
Design rehabilitation cap cell 3 Koonwarra Landfill	65	-	-	65	-	-	-	65	-
Leachate Evaporation System - Koonwarra	20	-	-	20	-	-	-	20	-
<b>TOTAL WASTE MANAGEMENT</b>	<b>1,898</b>	<b>-</b>	<b>-</b>	<b>1,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,898</b>	<b>-</b>
<b>OTHER INFRASTRUCTURE</b>									
Apex Park, Mine Road - Korumburra	35	-	35	-	-	-	-	35	-
Baromi Park, Cooper St - Mirboo North	21	-	21	-	-	-	-	21	-
Community Infrastructure Projects	50	-	50	-	-	-	-	50	-
Jupiter Boulevard Park - Venus Bay	43	-	43	-	-	-	-	43	-
Korumburra Swimming Pool Solar Heating Replacement	43	-	43	-	-	-	-	43	-
Long Jetty - General	18	-	18	-	-	-	-	18	-
Long Jetty - Playground Replacement	54	-	54	-	-	-	-	54	-
Mirboo North Day Care Centre-Mirboo North	16	-	16	-	-	-	-	16	-
R N Scott Reserve - Kongwak	35	-	35	-	-	-	-	35	-
Recreation - Nyora Hall	7	-	7	-	-	7	-	-	-
Splash Hydro Therapy Pool & Gymnasium - Leongatha	70	-	-	-	70	-	-	70	-
Tarwin Valley Kindergarten, Whitelaw St-Meenyan	16	-	16	-	-	-	-	16	-
Walter Tuck Recreation Reserve - Mirboo North	37	-	37	-	-	-	-	37	-
Yanakie - Playground Replacement	54	-	-	54	-	-	-	54	-
Yanakie - Power Head Replacement Program	22	-	22	-	-	-	-	22	-
<b>TOTAL OTHER STRUCTURES</b>	<b>521</b>	<b>-</b>	<b>397</b>	<b>54</b>	<b>70</b>	<b>7</b>	<b>-</b>	<b>514</b>	<b>-</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>11,252</b>	<b>-</b>	<b>8,687</b>	<b>2,187</b>	<b>378</b>	<b>3,767</b>	<b>-</b>	<b>7,485</b>	<b>-</b>
<b>TOTAL NEW CAPITAL WORKS 2015/16 *</b>	<b>18,475</b>	<b>-</b>	<b>14,623</b>	<b>2,187</b>	<b>1,665</b>	<b>5,367</b>	<b>943</b>	<b>12,165</b>	<b>-</b>
* Excludes Grants / contributions not expended in 2015/16						148	500		

## **APPENDIX D - Long Term Financial Plan (2015/16 – 2029/30)**

This section includes Council's forecast financial performance and financial and cash positions for the years 2015/16 to 2029/30.

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

## Income Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000
<b>INCOME</b>																
Rates and charges	35,810	38,275	39,698	41,171	42,696	44,276	45,912	47,606	56,514	51,643	54,031	56,526	59,136	61,864	64,715	67,697
Statutory fees and fines	537	576	614	640	623	635	678	706	687	701	748	780	759	774	825	861
User fees	4,010	4,179	4,641	4,805	4,970	5,142	5,308	5,492	5,683	5,886	6,104	6,331	6,567	6,813	7,069	7,336
Grants - Operating	15,297	13,216	11,406	11,286	11,803	11,806	12,341	12,404	12,954	13,032	13,598	13,692	14,274	14,385	14,984	15,353
Grants - Capital	2,149	5,516	5,890	1,917	1,672	2,191	1,672	1,757	3,672	1,786	1,672	1,672	1,672	1,672	1,672	1,672
Contributions - monetary	247	344	69	67	262	471	696	721	747	891	1,045	1,083	1,123	1,165	1,209	1,253
Contributions - non monetary	337	370	379	389	399	409	419	429	440	451	462	474	486	498	510	523
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(35)	423	3	55	38	90	(10)	72	119	71	71	78	71	71	96	108
Other income	2,336	2,179	2,239	2,280	2,332	2,387	2,447	2,506	2,574	2,637	2,688	2,753	2,819	2,897	2,955	3,013
<b>TOTAL INCOME</b>	<b>60,688</b>	<b>65,078</b>	<b>64,939</b>	<b>62,610</b>	<b>64,795</b>	<b>67,407</b>	<b>69,463</b>	<b>71,693</b>	<b>83,390</b>	<b>77,098</b>	<b>80,419</b>	<b>83,389</b>	<b>86,907</b>	<b>90,139</b>	<b>94,035</b>	<b>97,816</b>
<b>EXPENSES</b>																
Employee costs	22,014	23,089	23,626	24,358	25,138	25,981	26,850	27,748	28,677	29,774	30,957	32,141	33,370	34,646	35,809	36,989
Materials and services	19,666	22,036	18,856	18,061	18,303	18,727	19,492	19,540	20,150	20,721	21,403	21,637	22,415	22,739	23,621	24,191
Bad and doubtful debts	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Depreciation and amortisation	10,766	11,166	11,787	12,242	12,794	13,237	14,009	14,830	15,734	16,349	17,192	17,875	18,830	19,577	20,660	21,488
Borrowing costs	123	142	142	142	142	55	0	0	960	960	960	960	540	540	373	376
Other expenses	3,073	3,352	3,445	3,533	3,624	3,722	3,822	3,925	4,031	4,140	4,252	4,366	4,484	4,605	4,730	4,851
<b>TOTAL EXPENSES</b>	<b>55,643</b>	<b>59,786</b>	<b>57,857</b>	<b>58,337</b>	<b>60,002</b>	<b>61,723</b>	<b>64,174</b>	<b>66,044</b>	<b>69,553</b>	<b>71,945</b>	<b>74,765</b>	<b>76,980</b>	<b>79,640</b>	<b>82,108</b>	<b>85,194</b>	<b>87,896</b>
<b>SURPLUS (DEFICIT)</b>	<b>5,045</b>	<b>5,292</b>	<b>7,082</b>	<b>4,273</b>	<b>4,793</b>	<b>5,684</b>	<b>5,289</b>	<b>5,649</b>	<b>13,837</b>	<b>5,153</b>	<b>5,654</b>	<b>6,409</b>	<b>7,267</b>	<b>8,031</b>	<b>8,841</b>	<b>9,920</b>
<b>OTHER COMPREHENSIVE INCOME Items that will not be reclassified to surplus or deficit</b>																
Net Asset revaluation increment (decrement)	0	23,854	0	25,655	0	27,526	0	30,014	0	32,786	0	36,063	0	39,569	0	43,950
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL COMPREHENSIVE RESULT</b>	<b>5,045</b>	<b>29,146</b>	<b>7,082</b>	<b>29,928</b>	<b>4,793</b>	<b>33,210</b>	<b>5,289</b>	<b>35,663</b>	<b>13,837</b>	<b>37,939</b>	<b>5,654</b>	<b>42,472</b>	<b>7,267</b>	<b>47,600</b>	<b>8,841</b>	<b>53,870</b>

## Balance Sheet

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000	Budget 2021/22 \$'000	Budget 2022/23 \$'000	Budget 2023/24 \$'000	Budget 2024/25 \$'000	Budget 2025/26 \$'000	Budget 2026/27 \$'000	Budget 2027/28 \$'000	Budget 2028/29 \$'000	Budget 2029/30 \$'000
<b>BUDGETED BALANCE SHEET</b>																
<b>Current assets</b>																
Cash and cash equivalents	15,218	13,850	14,652	15,972	21,032	23,008	17,202	16,500	15,264	14,067	19,282	19,169	20,782	24,836	27,861	35,261
Trade and other receivables	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624
Other financial assets	351	351	351	351	351	351	351	351	351	351	351	351	351	351	351	351
Inventories	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248	248
Other assets	212	212	212	212	212	212	212	212	212	212	212	212	212	212	212	212
<b>Total current assets</b>	<b>20,653</b>	<b>19,285</b>	<b>20,087</b>	<b>21,407</b>	<b>26,467</b>	<b>28,443</b>	<b>22,637</b>	<b>21,935</b>	<b>20,699</b>	<b>19,502</b>	<b>24,717</b>	<b>24,604</b>	<b>26,217</b>	<b>30,271</b>	<b>33,296</b>	<b>40,696</b>
<b>Non current assets</b>																
Trade and other receivables	0	0	0	0	0	0	0	4,770	3,817	2,864	1,911	958	0	0	0	0
Investments in associates and joint ventures	776	776	776	776	776	776	776	776	776	776	776	776	776	776	776	776
Property, infrastructure, plant and equipment	486,492	517,104	522,814	551,526	551,366	579,361	590,571	622,284	654,432	694,648	696,172	739,847	739,601	783,294	786,780	832,850
Investment property	716	716	716	716	716	716	716	716	716	716	716	716	716	716	716	716
<b>Total non current assets</b>	<b>487,984</b>	<b>518,596</b>	<b>524,306</b>	<b>553,018</b>	<b>552,858</b>	<b>580,853</b>	<b>592,063</b>	<b>628,546</b>	<b>659,741</b>	<b>699,004</b>	<b>699,575</b>	<b>742,297</b>	<b>741,093</b>	<b>784,786</b>	<b>788,272</b>	<b>834,342</b>
<b>Total assets</b>	<b>508,637</b>	<b>537,881</b>	<b>544,393</b>	<b>574,425</b>	<b>579,325</b>	<b>609,296</b>	<b>614,700</b>	<b>650,481</b>	<b>680,440</b>	<b>718,506</b>	<b>724,292</b>	<b>766,901</b>	<b>767,310</b>	<b>815,057</b>	<b>821,568</b>	<b>875,038</b>
<b>Current liabilities</b>																
Trade and other payables	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202	4,202
Trust funds and deposits	526	526	526	526	526	526	526	526	526	526	526	526	526	526	526	526
Provisions	5,356	5,893	5,262	5,302	5,342	5,382	5,422	5,462	5,502	5,542	5,582	5,622	5,662	5,702	5,742	5,782
Interest bearing loans and borrowings	0	0	0	0	3,350	0	0	0	0	0	0	0	0	0	557	591
<b>Total current liabilities</b>	<b>10,084</b>	<b>10,621</b>	<b>9,990</b>	<b>10,030</b>	<b>13,420</b>	<b>10,110</b>	<b>10,150</b>	<b>10,190</b>	<b>10,230</b>	<b>10,270</b>	<b>10,310</b>	<b>10,350</b>	<b>10,390</b>	<b>10,430</b>	<b>11,027</b>	<b>11,101</b>
<b>Non current liabilities</b>																
Provisions	754	315	376	440	507	578	653	731	813	900	992	1,089	1,191	1,298	1,410	1,527
Interest bearing loans and borrowings	3,350	3,350	3,350	3,350	0	0	0	0	16,000	16,000	16,000	16,000	9,000	9,000	5,961	5,370
<b>Total non current liabilities</b>	<b>4,104</b>	<b>3,665</b>	<b>3,726</b>	<b>3,790</b>	<b>507</b>	<b>578</b>	<b>653</b>	<b>731</b>	<b>16,813</b>	<b>16,900</b>	<b>16,992</b>	<b>17,089</b>	<b>10,191</b>	<b>10,298</b>	<b>7,371</b>	<b>6,897</b>
<b>Total liabilities</b>	<b>14,188</b>	<b>14,286</b>	<b>13,716</b>	<b>13,820</b>	<b>13,927</b>	<b>10,688</b>	<b>10,803</b>	<b>10,921</b>	<b>27,043</b>	<b>27,170</b>	<b>27,302</b>	<b>27,439</b>	<b>20,581</b>	<b>20,728</b>	<b>18,398</b>	<b>17,998</b>
<b>Net assets</b>	<b>494,449</b>	<b>523,595</b>	<b>530,677</b>	<b>560,605</b>	<b>565,398</b>	<b>598,608</b>	<b>603,897</b>	<b>639,560</b>	<b>653,397</b>	<b>691,336</b>	<b>696,990</b>	<b>739,462</b>	<b>746,729</b>	<b>794,329</b>	<b>803,170</b>	<b>857,040</b>
<b>Equity</b>																
Accumulated surplus	193,434	197,687	203,697	206,863	210,321	218,642	223,168	227,946	243,367	247,243	251,033	256,548	263,966	269,853	277,019	284,426
Reserves	301,015	325,908	326,980	353,742	355,077	379,966	380,729	411,614	410,030	444,093	445,957	482,914	482,763	524,476	526,151	572,614
<b>Total equity</b>	<b>494,449</b>	<b>523,595</b>	<b>530,677</b>	<b>560,605</b>	<b>565,398</b>	<b>598,608</b>	<b>603,897</b>	<b>639,560</b>	<b>653,397</b>	<b>691,336</b>	<b>696,990</b>	<b>739,462</b>	<b>746,729</b>	<b>794,329</b>	<b>803,170</b>	<b>857,040</b>

## Cash Flow Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected	Budget														
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BUDGETED CASH FLOW STATEMENT</b>																
<b>Cash flows from operating activities</b>																
Rates and charges	35,810	38,275	39,698	41,171	42,696	44,276	45,912	42,836	57,467	52,596	54,984	57,479	60,094	61,864	64,715	67,697
Statutory fees & fines	537	576	614	640	623	635	678	706	687	701	748	780	759	774	825	861
User fees	4,010	4,179	4,641	4,805	4,970	5,142	5,308	5,492	5,683	5,886	6,104	6,331	6,567	6,813	7,069	7,336
Grants - operating	15,297	13,216	11,406	11,286	11,803	11,806	12,341	12,404	12,954	13,032	13,598	13,692	14,274	14,385	14,984	15,353
Grants - capital	2,149	5,516	5,890	1,917	1,672	2,191	1,672	1,757	3,672	1,786	1,672	1,672	1,672	1,672	1,672	1,672
Contributions- monetary	247	344	69	67	262	471	696	721	747	891	1,045	1,083	1,123	1,165	1,209	1,253
Interest received	442	491	519	526	542	559	581	600	629	649	658	679	700	732	742	752
Other receipts	1,894	1,688	1,720	1,754	1,790	1,828	1,866	1,906	1,945	1,988	2,030	2,074	2,119	2,165	2,213	2,261
Employee costs	(21,920)	(22,991)	(23,525)	(24,254)	(25,031)	(25,870)	(26,735)	(27,630)	(28,555)	(29,647)	(30,825)	(32,004)	(33,228)	(34,499)	(35,657)	(36,832)
Materials and services	(19,667)	(22,037)	(18,857)	(18,062)	(18,304)	(18,728)	(19,493)	(19,541)	(20,151)	(20,722)	(21,404)	(21,638)	(22,416)	(22,740)	(23,622)	(24,192)
Other payments	(3,073)	(3,352)	(3,445)	(3,533)	(3,624)	(3,722)	(3,822)	(3,925)	(4,031)	(4,140)	(4,252)	(4,366)	(4,484)	(4,605)	(4,730)	(4,851)
<b>Net cash provided by (used in) operating activities</b>	<b>15,726</b>	<b>15,905</b>	<b>18,730</b>	<b>16,317</b>	<b>17,399</b>	<b>18,588</b>	<b>19,004</b>	<b>15,326</b>	<b>31,047</b>	<b>23,020</b>	<b>24,358</b>	<b>25,782</b>	<b>27,180</b>	<b>27,726</b>	<b>29,420</b>	<b>31,310</b>
<b>Cash flows from investing activities</b>																
Payments for property, infrastructure, plant & equipment	(12,411)	(18,475)	(19,197)	(15,892)	(13,205)	(14,319)	(26,182)	(17,204)	(48,599)	(24,482)	(19,434)	(26,250)	(19,332)	(24,465)	(24,944)	(24,358)
Proceeds from sale of property, infrastructure, plant and equipment	601	1,344	1,411	1,037	1,008	1,112	1,372	1,176	1,276	1,225	1,251	1,315	1,305	1,333	1,404	1,381
Trust Funds and deposits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan advances made	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by (used in) investing activities</b>	<b>(11,810)</b>	<b>(17,131)</b>	<b>(17,786)</b>	<b>(14,855)</b>	<b>(12,197)</b>	<b>(13,207)</b>	<b>(24,810)</b>	<b>(16,028)</b>	<b>(47,323)</b>	<b>(23,257)</b>	<b>(18,183)</b>	<b>(24,935)</b>	<b>(18,027)</b>	<b>(23,132)</b>	<b>(23,540)</b>	<b>(22,977)</b>
<b>Cash flows from financing activities</b>																
Finance costs	(123)	(142)	(142)	(142)	(142)	(55)	0	0	(960)	(960)	(960)	(960)	(540)	(540)	(373)	(376)
Proceeds from borrowing	0	0	0	0	0	0	0	0	16,000	0	0	0	0	0	0	0
Repayment of borrowings	0	0	0	0	0	(3,350)	0	0	0	0	0	0	(7,000)	0	(2,482)	(557)
<b>Net cash provided by (used in) financing activities</b>	<b>(123)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(142)</b>	<b>(3,405)</b>	<b>0</b>	<b>0</b>	<b>15,040</b>	<b>(960)</b>	<b>(960)</b>	<b>(960)</b>	<b>(7,540)</b>	<b>(540)</b>	<b>(2,855)</b>	<b>(933)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,793</b>	<b>(1,368)</b>	<b>802</b>	<b>1,320</b>	<b>5,060</b>	<b>1,976</b>	<b>(5,806)</b>	<b>(702)</b>	<b>(1,236)</b>	<b>(1,197)</b>	<b>5,215</b>	<b>(113)</b>	<b>1,613</b>	<b>4,054</b>	<b>3,025</b>	<b>7,400</b>
Cash and cash equivalents at the beginning of the financial year	11,425	15,218	13,850	14,652	15,972	21,032	23,008	17,202	16,500	15,264	14,067	19,282	19,169	20,782	24,836	27,861
<b>Cash and cash equivalents at the end of the financial year</b>	<b>15,218</b>	<b>13,850</b>	<b>14,652</b>	<b>15,972</b>	<b>21,032</b>	<b>23,008</b>	<b>17,202</b>	<b>16,500</b>	<b>15,264</b>	<b>14,067</b>	<b>19,282</b>	<b>19,169</b>	<b>20,782</b>	<b>24,836</b>	<b>27,861</b>	<b>35,261</b>

## Capital Works Statement

SOUTH GIPPSLAND SHIRE COUNCIL	Projected	Budget														
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>BUDGETED CAPITAL WORKS</b>																
Land - Specialised	0	265	1,173	281	290	299	307	317	326	336	346	356	367	378	389	389
Land under roads		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings - Specialised	701	3,600	3,258	1,769	1,918	946	9,008	1,914	27,395	2,732	2,797	5,534	2,966	4,157	5,900	5,065
Heritage buildings		237	126	130	135	141	146	151	157	163	169	176	182	189	197	204
Plant machinery & equipment	1,822	2,020	1,802	2,280	2,621	3,083	3,857	2,705	2,870	2,869	2,956	3,138	3,084	3,125	3,272	3,211
Fixtures, fittings & furniture		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Computers and telecommunications	610	1,101	619	638	657	676	697	718	481	1,019	784	808	832	857	883	909
Waste management		1,898	420	371	40	715	79	2,411	861	1,041	0	1,054	112	3,094	1,205	1,224
Roads	6,375	7,831	7,016	5,399	5,754	6,617	7,831	6,809	14,615	13,718	10,686	10,147	9,121	10,384	10,788	10,962
Footpaths and cycleways	257	549	467	542	349	471	491	472	526	548	566	590	612	636	660	685
Kerb & Channels	247	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridges	444	279	216	225	233	242	251	261	271	1,279	292	303	1,204	761	714	741
Major culverts	83	64	43	97	77	102	106	110	114	118	123	127	132	137	163	163
Drainage		110	115	140	123	128	185	138	143	149	154	160	166	173	179	186
Off street car parks		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other structures	703	521	3,271	4,020	1,008	899	3,224	1,198	840	510	561	3,857	554	574	594	619
Investment property	271	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provision account (liability) EPA.	898	0	671	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Capital Works</b>	<b>12,411</b>	<b>18,475</b>	<b>19,197</b>	<b>15,892</b>	<b>13,205</b>	<b>14,319</b>	<b>26,182</b>	<b>17,204</b>	<b>48,599</b>	<b>24,482</b>	<b>19,434</b>	<b>26,250</b>	<b>19,332</b>	<b>24,465</b>	<b>24,944</b>	<b>24,358</b>
<b>Represented by</b>																
Renewals	9,490	14,623	10,888	13,028	12,536	12,973	25,315	14,071	39,478	19,720	17,011	18,954	18,249	19,454	21,750	20,169
Upgrades	2,556	2,188	4,011	1,104	303	859	364	2,651	4,967	4,210	1,856	1,890	477	3,386	1,549	1,535
Expansion	365	1,664	4,298	1,760	366	487	503	482	1,656	552	567	5,406	606	1,625	1,645	2,654
New	0	0	0	0	0	0	0	0	2,498	0	0	0	0	0	0	0
<b>Total Capital Works</b>	<b>12,411</b>	<b>18,475</b>	<b>19,197</b>	<b>15,892</b>	<b>13,205</b>	<b>14,319</b>	<b>26,182</b>	<b>17,204</b>	<b>48,599</b>	<b>24,482</b>	<b>19,434</b>	<b>26,250</b>	<b>19,332</b>	<b>24,465</b>	<b>24,944</b>	<b>24,358</b>

## APPENDIX E - Fees and Charges

This section sets out non statutory charges of Council.

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Music For the People At Mossvale Park - Adult (Over 15 years of age)	15.00	15.00	0.00	5,005
<b>Arts and Culture Total</b>				<b>5,005</b>
Road Reserve Activity Permit (Road RAP)	74.00	85.00	14.86	15,300
Unused Road Opening Application Fee	632.00	664.00	5.06	2,415
<b>Assets Total</b>				<b>17,715</b>
Non Commercial - Whole Complex Hire	785.00	825.00	5.10	0
Non Commercial - Whole Complex Hire 1/2 Day	410.00	430.00	4.88	0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	560.00	590.00	5.36	2,145
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	280.00	295.00	5.36	536
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	420.00	440.00	4.76	0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	47.00	50.00	6.38	136
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,500.00	2,625.00	5.00	2,386
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	780.00	820.00	5.13	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	175.00	185.00	5.71	1,682
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	90.00	95.00	5.56	2,591
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	625.00	655.00	4.80	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	140.00	150.00	7.14	682
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	70.00	75.00	7.14	1,364
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	25.00	26.00	4.00	3,427
Non Commercial - Leongatha Memorial Hall Kitchen full day	140.00	150.00	7.14	2,045
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	90.00	95.00	5.56	1,295
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	3.75	4.00	6.67	1,091
Non Commercial - Balcony Seating full day	180.00	190.00	5.56	0
Non Commercial - Balcony Seating 1/2 day	90.00	95.00	5.56	0
Non Commercial - Behind Stage full day	90.00	95.00	5.56	0
Non Commercial - Behind Stage 1/2 day	50.00	55.00	10.00	100
Non Commercial - Hall Bond where liquor is served (refundable)	700.00	735.00	5.00	0
Non Commercial - Hall Bond where liquor is not served (refundable)	180.00	190.00	5.56	0
Non Commercial - Korumburra Office Meeting Room Full Day	95.00	100.00	5.26	0
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	50.00	55.00	10.00	0
Commercial - Whole Complex Hire	980.00	1,030.00	5.10	0
Commercial - Whole Complex Hire 1/2 Day	510.00	535.00	4.90	0
Commercial - Leongatha Memorial Hall Rental - full day or evening	700.00	735.00	5.00	6,014
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	350.00	370.00	5.71	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	525.00	550.00	4.76	1,000
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	60.00	65.00	8.33	591
Commercial - Leongatha Memorial Hall Full week hire 7 days	3,100.00	3,255.00	5.00	2,959
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	980.00	1,030.00	5.10	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	215.00	225.00	4.65	1,636
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	110.00	115.00	4.55	836
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	780.00	820.00	5.13	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	175.00	185.00	5.71	1,682
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	90.00	95.00	5.56	864
Commercial - Leongatha Memorial contractor Set up Costs (if used)	34.00	35.00	2.94	0
Commercial - Leongatha Memorial Hall Kitchen full day	175.00	185.00	5.71	336
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	110.00	115.00	4.55	418
Commercial - Leongatha Memorial Hall Crockery Hire per setting	5.00	5.00	0.00	0
Commercial - Balcony Seating full day	215.00	225.00	4.65	0
Commercial - Balcony Seating 1/2 day	110.00	115.00	4.55	0
Commercial - Behind Stage full day	110.00	115.00	4.55	0
Commercial - Behind Stage 1/2 day	65.00	70.00	7.69	0
Commercial - Hall Bond where liquor is served (refundable)	875.00	920.00	5.14	0
Commercial - Hall Bond where liquor is not served (refundable)	215.00	225.00	4.65	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Commercial - Korumburra Office Meeting Room Full Day	115.00	120.00	4.35	0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	65.00	70.00	7.69	0
<b>Buildings - Operations Total</b>				<b>35,816</b>
Education Program - Guided Tour	4.50	5.00	11.11	6,305
Education Program - Bush Tramway Ride	4.26	4.26	0.00	8,249
Education Program - Bush Tractor Ride	4.00	4.00	0.00	0
Education Program - Spinning Demonstration	.00	2.75	0.00	2,750
Auditorium /Boardroom Hire-1/2 day	70.00	80.00	14.29	1,091
Loads of Fire wood sold to volunteers	75.00	75.00	0.00	682
Events-Venue Hire	355.00	360.00	1.41	655
Events-Electricity fee	38.00	38.00	0.00	691
Train Rides	7.00	7.00	0.00	42,210
Coal Creek Package - Coal Creek Experience 1	11.00	11.00	0.00	15,640
Coal Creek Package - Coal Creek Experience 2	8.00	8.00	0.00	2,945
Coal Creek Package - Coal Creek Experience 3	8.00	8.00	0.00	7,462
Coal Creek Package - Coal at the Creek	7.00	7.00	0.00	2,087
Coal Creek Package - It's a child's life! 1901 Style	12.00	12.00	0.00	10,942
Coal Creek Package - A Pioneers Life	11.00	11.00	0.00	3,340
Coal Creek Package - Lessons from the Past	7.00	7.00	0.00	2,087
<b>Coal Creek Total</b>				<b>107,136</b>
Permit to Install a septic tank	650.00	685.00	5.38	95,900
Permit to alter a septic tank system - Major Works	460.00	483.00	5.00	4,830
Permit to alter a septic tank - Minor Works	362.00	382.00	5.52	3,820
Request for copies of plans for septic.	70.00	74.00	5.71	673

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	182.00	192.00	5.49	349
Extension of time to existing Septic Tank PTI	358.00	378.00	5.59	1,512
Assessment of Land Capability Assessment	96.00	101.00	5.21	1,836
Class 1 (Non Standard FSP) Food Act Premises	645.00	677.00	4.96	8,124
Class 2 - Food Act Premises	645.00	677.00	4.96	119,829
Class 3 - Food Act Premises	411.00	431.00	4.87	28,877
Hair/Beauty- Health Act	182.00	191.00	4.95	6,303
Skin Penetration - Health Act	229.00	241.00	5.24	964
Comb Hair/Beauty & Skin - Health Act	229.00	241.00	5.24	1,687
PA8FC4	168.00	177.00	5.36	1,062
Transfer of Registrations (50% of rego fee)	.00	.00	0.00	0
Inspection on request (50% of registration fee)	.00	.00	0.00	0
Minor permit amendment - no inspection	100.00	105.00	5.00	210
Major permit amendment - includes inspection	182.00	192.00	5.49	384
Class 1 (Standard FSP) Food Act Premises	911.00	957.00	5.05	0
PAFC2	811.00	852.00	5.06	17,040
PAFC3	578.00	607.00	5.02	0
PAFC4	168.00	177.00	5.36	4,248
PA8FC2	405.00	425.00	4.94	3,400
PA8FC3	288.00	302.00	4.86	302
New Premises Establishment Fee - Large	399.00	419.00	5.01	762
Request for Septic Plans and Permit	123.50	130.00	5.26	591
New Premises Establishment Fee - Medium	197.00	207.00	5.08	565
New Premises Establishment Fee - Small	96.00	101.00	5.21	459

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Registration of Temporary or Mobile Food Premises (attached to principal premises)	101.00	106.00	4.95	1,445
<b>Environmental Health Total</b>				<b>305,172</b>
Private Works - Meals on Wheels	13.40	13.85	3.36	13,850
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	1.20	1.20	0.00	436
Community Transport Cars Revenue - fees based on 34 per kilometre, minimum fee \$6.00, over 100 kms charge both ways (as can receive refund through VPTAS), any trip under 100km charge one way	.36	.38	5.56	45,600
HACC Bus Leongatha and Meeniyah	5.50	5.80	5.45	232
HACC Bus Port Welshpool to Leongatha	12.50	13.10	4.80	629
HACC Bus Foster to Welshpool	5.50	5.80	5.45	1,276
Meals on Wheels Low Fee	8.60	8.90	3.49	146,405
Meals on Wheels Medium Fee	8.60	8.90	3.49	3,560
Meals on Wheels High Fee	12.20	12.60	3.28	1,071
Homecare Low Fee	6.20	6.40	3.23	111,104
Homecare Medium Fee	14.70	15.10	2.72	9,060
Homecare High Fee	33.00	34.00	3.03	3,400
Home Maintenance Low Fee	11.70	12.10	3.42	12,947
Home Maintenance Medium Fee	18.10	18.60	2.76	372
Home Maintenance High Fee	47.90	49.40	3.13	494
Respite Care Low Fee	3.10	3.20	3.23	10,682
Respite Care Medium Fee	4.60	4.70	2.17	940
Respite Care High Fee	34.10	35.10	2.93	562
Personal Care Low Fee	4.60	4.70	2.17	22,090
Personal Care Medium Fee	9.10	9.30	2.20	930
Personal Care High Fee	37.30	38.40	2.95	1,498
HACC Bus Venus Bay to Wonthaggi	5.50	5.80	5.45	557
Respite Services Travel Greater Than 30km	.92	.94	2.17	188
Personal Care Travel Greater Than 30km	.93	.96	3.23	96
<b>HACC Services Total</b>				<b>387,979</b>
Hard Waste Collection - Regular	86.00	91.00	5.81	1,241

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Hard Waste Collection - Pensioner	29.00	31.00	6.90	3,100
<b>Hard Waste Collection Total</b>				<b>4,341</b>
Varicella	78.00	78.00	0.00	0
Hep B Paediatric	18.00	18.00	0.00	0
Hep B Adult	31.00	31.00	0.00	93
Hep A Adult	74.00	74.00	0.00	296
Twinrix	86.00	86.00	0.00	516
Flu	24.00	24.00	0.00	10,320
Hep A Paediatric	48.00	48.00	0.00	0
Boostrix	40.00	40.00	0.00	400
<b>Immunisation Total</b>				<b>11,625</b>
Asbestos	150.00	165.00	10.00	6,000
Concrete	72.00	76.00	5.56	12,436
Prescribed Waste	193.00	204.00	5.70	0
Commercial Waste by weight	150.00	165.00	10.00	1,494,300
Tree Stumps	42.00	44.00	4.76	520
Disposal of Clean Fill	150.00	165.00	10.00	3,750
Transfer Station Waste to Landfill	139.00	148.00	6.47	282,545
<b>Landfills Total</b>				<b>1,799,551</b>
Domestic Animal Business Registration	266.25	279.60	5.01	1,957
Dogs / Cats - First Offence	85.20	89.50	5.05	8,136
Dogs / Cats - Subsequent Offence	138.45	145.40	5.02	4,626
Cattle (First animal)	127.80	134.20	5.01	610
Cattle (Subsequent animals)	6.40	6.70	4.69	61
Vic Roads (Stock Control on Declared Roads)	643.50	675.70	5.00	49,142
Roadside trading permit	969.00	1,017.50	5.01	0
Local Law 1 release fees	130.00	136.50	5.00	0
Impounded vehicle release	206.60	216.90	4.99	0
Block Clearing (Fire Prevention / Hazards)	105.40	110.70	5.03	3,019
Goats & Pigs (First animal)	53.25	55.90	4.98	0
Door to Door trading permit	434.50	456.20	4.99	0
Local Law Footpath Occupation Permit	55.30	58.10	5.06	13,363
Bulk rubbish container permit	120.00	126.00	5.00	0
Late Application for Cattle Crossing	381.25	400.30	5.00	0
Droving of Livestock - Application fee (no refund)	222.50	233.60	4.99	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Droving of Livestock - Bond	1,991.55	2,091.10	5.00	0
Droving Cattle - daily fee per head	2.95	3.10	5.08	0
Droving Sheep - daily fee per head	1.50	1.60	6.67	0
Droving Other Livestock - daily fee per head	2.95	3.10	5.08	0
Grazing of Livestock - Application Fee (no refund)	111.80	117.40	5.01	0
Grazing Cattle - daily fee per head	1.50	1.60	6.67	0
Grazing Sheep - daily fee per head	.95	1.00	5.26	0
Grazing Other Livestock - daily fee per head	1.50	1.60	6.67	0
Goats & Pigs (Subsequent animals)	6.40	6.70	4.69	0
Sheep (First animal)	26.60	27.90	4.89	0
Sheep (Subsequent animals)	2.95	3.10	5.08	0
Other (Per animal)	2.95	3.10	5.08	0
Exotic Animals (First animal)	53.25	55.90	4.98	0
Exotic Animals (Subsequent animals)	6.40	6.70	4.69	0
Sustenance Stock	14.35	15.10	5.23	137
Sustenance Cat & Dog	12.75	13.40	5.10	3,045
Burning off offensive material permit	377.00	395.90	5.01	0
Animal permit - Excess animals	50.00	52.50	5.00	2,625
Access - Additional Records	8.50	8.90	4.71	0
Access - All Records	14.90	15.60	4.70	0
Dog registration for dangerous, menacing and restricted breeds (RDM)	266.25	279.60	5.01	1,118
Animal registration undesexed dogs and cats (C2)	46.85	49.20	5.02	0
Pensioner fee for undesexed dogs and cats (C2P)	23.40	24.60	5.13	0
Animal registration for micro-chipped and desexed dogs and cats (C3)	46.85	49.20	5.02	209,297
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	23.40	24.60	5.13	45,092
FOI Supervision Search Fee	12.75	13.40	5.10	0
Pensioner fee for dog registration for working dogs, microchipped only (C4P)	23.40	24.60	5.13	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Dog registration for working dogs, microchipped only (C4)	46.85	49.20	5.02	0
NC1 – Dogs/Cats not included under NC2	138.45	145.40	5.02	14,831
NC1P - Dogs/Cats not included under NC2 Pension	69.20	72.70	5.06	2,981
NC2 – Dogs/Cats that qualify for reduced fee	46.85	49.20	5.02	0
NC2P – Dogs/Cats that qualify for reduced fee Pension	23.40	24.60	5.13	0
All other Local Law 1 permits-that are not specifically excluded	105.40	110.70	5.03	221
Open Air Burning Local Law Permit	55.00	57.80	5.09	1,051
<b>Local Laws Total</b>				<b>361,312</b>
Laundry / Washing Machines	4.00	3.00	-25.00	1,364
Annual Site Holders	3,217.50	3,297.94	2.50	149,906
4 Cabins (Old) (Off Peak)	110.00	105.50	-4.09	5,755
4 Cabins (Old) (Peak)	132.00	132.00	0.00	28,800
2 Cabins (Jaycos) (Off Peak)	132.00	114.50	-13.26	4,684
2 Cabins (Jaycos) (Peak)	143.00	143.00	0.00	15,600
1 Large Jayco Cabin (Off Peak)	143.00	132.00	-7.69	1,200
1 Large Jayco Cabin (Peak)	165.00	165.00	0.00	9,000
20 Powered Sites (Off Peak)	44.00	36.00	-18.18	1,964
20 Powered Sites (Peak)	55.00	45.00	-18.18	40,909
Site Holders (Weekly Fee)	75.00	82.50	10.00	30,030
Electricity quarterly Reading Charge to each Annual and Permanent Sites	330.00	82.50	-75.00	24,900
Electricity Usage Charge - quarterly estimates - Annuals and Permanents	250.00	6,000.00	2,300.00	21,818
Extra Adult (Off Peak)	13.20	10.50	-20.45	2,864
Extra Adult Peak	13.20	13.20	0.00	7,200
Extra Child Peak	11.00	5.00	-54.55	2,727
Laundry / Linen Hire	.00	15.00	0.00	6,818
Laundry / Linen Hire Extra	.00	2.00	0.00	909
Boom Gate Pass / Security Deposit (Refundable)	.00	20.00	0.00	0
Cleaning Charge	.00	30.00	0.00	0
Seasonal Site Holders	.00	1,930.50	0.00	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
20 powered sites Peak - Concession	.00	40.00	0.00	14,545
Package Deal 1 - Off Peak Package Deal - Pay Two Nights and get Third Night Free	.00	.00	0.00	0
Package Deal 2 - Loyalty Discount - Book 12 Months in Advance Receive Current Year Charge	.00	.00	0.00	0
4 Cabins (Old) (Bonus Night / Negotiable Rate)	.00	75.00	0.00	4,091
2 Cabins (Jaycos) (Bonus Night / Negotiable Rate)	.00	100.00	0.00	4,091
1 Large Jayco Cabin (Bonus Night / Negotiable Rate)	.00	115.00	0.00	1,568
20 powered sites (Bonus Night / Negotiable Rate)	.00	30.00	0.00	1,773
Extra Child (Off Peak)	.00	4.00	0.00	0
<b>Long Jetty Caravan Park Total</b>				<b>382,516</b>
Building Permit Document Search / Certificate Fees	143.00	150.20	5.03	2,048
Place of public entertainment occupancy permit	585.00	614.30	5.01	1,117
<b>Municipal Building Total</b>				<b>3,165</b>
Private Works - Aged and Disability Services	51.00	52.00	1.96	104,000
Private Works - Aged and Disability Services Travel Greater Than 30km	1.20	1.20	0.00	180
<b>Non HACC Services Total</b>				<b>104,180</b>
Outdoor Swimming Pool - Family Season Ticket	142.00	145.00	2.11	0
Outdoor Swimming Pool - Single Season Ticket	72.00	74.00	2.78	0
Outdoor Swimming Pool - Adult Entry	4.90	5.00	2.04	0
Outdoor Swimming Pool - Child Entry	3.80	3.90	2.63	0
Outdoor Swimming Pool - School Single Entry	2.85	3.00	5.26	0
Outdoor Swimming Pool - Spectator	1.00	1.00	0.00	0
Toora - Outdoor Swimming Pool - Single Season Ticket Child	105.00	110.00	4.76	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Toora - Outdoor Swimming Pool - Weekly Family Ticket	60.00	65.00	8.33	0
Toora - Outdoor Swimming Pool - Single Season Ticket Adult	140.00	145.00	3.57	0
Toora - Outdoor Swimming Pool - Spectator	1.00	1.00	0.00	0
Toora - Outdoor Swimming Pool - School Single Entry	3.00	3.00	0.00	0
Toora - Outdoor Swimming Pool - Child Entry	4.60	4.70	2.17	0
Toora - Outdoor Swimming Pool - Adult Entry	5.80	6.00	3.45	0
Toora - Outdoor Swimming Pool - Family Season Ticket	270.00	280.00	3.70	0
SPLASH - Aquatics (Casual) Adult Rec Swim	5.80	6.00	3.45	0
SPLASH - Aquatics (Casual) Child Rec Swim	4.60	4.70	2.17	0
SPLASH - Aquatics (Casual) Concession Rec Swim	4.60	4.70	2.17	0
SPLASH - Aquatics (Casual) Family Rec Swim	16.50	17.00	3.03	0
SPLASH - Aquatics (Casual) Spectator	2.00	2.00	0.00	0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	8.30	8.50	2.41	0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	7.30	7.50	2.74	0
SPLASH - Group Fitness Aqua Aerobics	12.00	12.00	0.00	0
SPLASH - Group Fitness Aqua Aerobics (Concession)	9.50	9.70	2.11	0
SPLASH - Older Adults Programs Aqua Movers	7.00	7.10	1.43	0
SPLASH - Older Adults Programs Strength Training Session	7.00	7.10	1.43	0
SPLASH - Older Adults Programs Disability Access Program	7.00	7.10	1.43	0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	95.00	96.50	1.58	0

<b>Description</b>	<b>14/15 Year Fee</b>	<b>15/16 Year Fee</b>	<b>% Increase</b>	<b>15/16 Revenue Budget</b>
SPLASH - Full Centre Membership Fortnightly Fee	35.00	36.00	2.86	0
SPLASH - Full Centre Membership Concession Fee	29.00	30.00	3.45	0
SPLASH - Full Centre Membership Family Fortnightly Fee	29.00	30.00	3.45	0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	21.00	22.00	4.76	0
SPLASH - Aquatic Membership Fortnightly Fee	24.00	24.50	2.08	0
SPLASH - Aquatic Membership Concession Fee	20.00	21.00	5.00	0
SPLASH - Memberships Aquatic Membership Monthly Fee	50.00	52.00	4.00	0
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	45.00	46.00	2.22	0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	37.00	37.50	1.35	0
SPLASH - Memberships Y Kids Club Monthly Fee	35.00	36.00	2.86	0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	21.00	22.00	4.76	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	26.50	27.20	2.64	0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	21.00	21.80	3.81	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	24.00	24.50	2.08	0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee (Family)	19.00	19.70	3.68	0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	58.00	58.50	0.86	0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	7.00	7.10	1.43	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
SPLASH - Schools - Aquatic Education (School Instructor)	3.75	3.80	1.33	0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	110.00	110.00	0.00	0
SPLASH - Schools - Aquatic Carnival Hire	750.00	750.00	0.00	0
SPLASH - Stadium Netta / Fun Net Clinic	5.50	5.80	5.45	0
SPLASH - Stadium Soccer Clinic	5.50	5.80	5.45	0
SPLASH - Stadium Basketball Clinic	5.50	5.80	5.45	0
SPLASH - Stadium Netball Team sheet Fee (Senior)	42.00	43.00	2.38	0
SPLASH - Stadium Netball Team Registration Fee (Senior)	80.00	80.00	0.00	0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	42.00	43.00	2.38	0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	80.00	80.00	0.00	0
SPLASH - Stadium Basketball Rental (single court)	40.00	42.00	5.00	0
SPLASH - Stadium Schools Rental (single court)	40.00	42.00	5.00	0
SPLASH - Stadium Birthday Parties	18.00	18.00	0.00	0
SPLASH - Children`s Programs Facility Rental - Swim Club	16.00	16.00	0.00	0
SPLASH - Children`s Programs Facility Rental - Casual Lane Hire	30.00	31.00	3.33	0
SPLASH - Aquatic Adventure Day - Per participant	9.00	9.50	5.56	0
SPLASH - Stadium Entry fee - all persons	2.00	2.00	0.00	0
SPLASH - Challenge Fitness Camp	290.00	295.00	1.72	0
SPLASH - Challenge Fitness Camp (member)	230.00	235.00	2.17	0
Outdoor Swimming Pool - Daily Family Entry	16.00	16.50	3.13	0
Outdoor Swimming Pool - Season Ticket Child	58.00	60.00	3.45	0
<b>Recreation Total</b>				<b>0</b>
Port Welshpool boat ramp - Daily Car Park	6.50	10.00	53.85	2,727

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Port Welshpool boat ramp - Annual Car Park Fee	43.00	50.00	16.28	13,636
<b>Routine Maintenance Total</b>				<b>16,363</b>
Title Searches	29.00	30.60	5.52	1,001
Request for copies of Planning Permit or Approved Plans	69.00	73.00	5.80	664
Request for copies of Planning Permit and Approved Plans	123.00	129.50	5.28	1,177
Request for copies of Planning Permit Applications on Advertising	.30	.35	16.67	32
Application or Request for Secondary Consent	102.00	108.00	5.88	1,964
Applications or Requests to respond to written Planning Enquiries	64.00	67.50	5.47	2,455
Application to Amend or Remove a S173 Agreement	502.00	502.00	0.00	2,282
<b>Statutory Planning Total</b>				<b>9,575</b>
Sustainability Festival Small Stall	35.00	37.00	5.71	673
<b>Sustainability Services Total</b>				<b>673</b>
Maps	6.95	10.00	43.88	227
Postcards	1.50	1.20	-20.00	82
Central Booking Service Revenue Average	25.00	25.70	2.80	11,448
Brochure Fee - PORT Member sponsorship	76.95	76.95	0.00	3,498
Brochure Fee - Non Member (non ratepayer)	110.00	110.00	0.00	200
Brochure Fee - Non PCRT Member (ratepayer)	93.95	93.95	0.00	427
<b>Tourist Information Centres Total</b>				<b>15,882</b>
Garbage Bag up to 120L	4.00	4.50	12.50	0
Car Boot	20.00	21.00	5.00	0
240L Bin	10.00	10.50	5.00	0
120 L Bin	5.00	5.50	10.00	0
Ute - up to one cubic meter	39.50	42.00	6.33	0
Other Domestic	39.50	42.00	6.33	0
Silage Wrap bundled	39.50	42.00	6.33	0
Concrete Bricks Fill up to one m3	39.50	42.00	6.33	0
Car Bodies (Tyres and Gas Bottles removed and drained of fluids)	47.00	.00	-100.00	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Car Tyres	8.00	8.50	6.25	0
Small Truck / Four Wheel Drive Tyres	19.00	20.00	5.26	0
Large Truck Tyre	39.00	41.00	5.13	0
Earthmoving Tyre	229.00	242.00	5.68	0
Extra Charge for Tyre on Rim	10.50	11.00	4.76	0
Mattress - Single Bed	13.00	14.00	7.69	0
Mattress - Double Bed	19.00	20.00	5.26	0
Gas Bottles - up to 10kg	6.00	6.50	8.33	0
Gas Bottles - 10 to 20kg	12.00	13.00	8.33	0
Gas Bottles - Larger than 20kg	23.50	25.00	6.38	0
E-Waste - Laptops, Computers, Printers, DVD & VCR Players etc	.00	7.00	0.00	0
E-Waste - Small CRT TV/Computer Monitor (Smaller than 40cm)	.00	12.50	0.00	0
E-Waste - Large CRT TV (Larger than 40cm)	.00	19.00	0.00	0
E-Waste - Small Plasma/LCD TV (Smaller than 100cm)	.00	6.00	0.00	0
E-Waste - Large Plasma/LCD TV (Larger than 100cm)	.00	12.50	0.00	0
Green Waste - 120L Bin	2.00	2.50	25.00	0
Green Waste - 240L Bin	4.00	4.50	12.50	0
Green Waste - Car Boot / Station Wagon	5.50	6.00	9.09	0
Green Waste - Standard 6 x 4 Trailer (Level Load)	10.50	11.00	4.76	100,000
Green Waste - Standard 6 x 4 Trailer (Heaped Load)	19.00	20.00	5.26	0
Green Waste - 6 x 4 Trailer With Cage	38.00	40.00	5.26	0
Green Waste - Large Single Axle Trailer (Level Load)	13.00	14.00	7.69	0
Green Waste - Large Single Axle Trailer (Heaped Load)	26.00	27.50	5.77	0
Green Waste - Large Single Axle Trailer With Cage	38.00	55.00	44.74	0
Green Waste - Tandem Trailer (Level Load)	21.00	22.00	4.76	0
Green Waste - Tandem Trailer (Heaped Load)	38.00	40.00	5.26	0

Description	14/15 Year Fee	15/16 Year Fee	% Increase	15/16 Revenue Budget
Green Waste - Tandem Trailer With Cage	77.00	81.00	5.19	0
Green Waste - Ute (Level Load)	10.50	11.00	4.76	0
Green Waste - Ute (Heaped Load)	19.00	20.00	5.26	0
Green Waste - Amnesty Period (No Fees Charged) 1st November to 31st December	.00	.00	0.00	0
<b>Transfer Stations Total</b>				<b>100,000</b>
Laundry Usage / Washing Machines	4.00	3.00	-25.00	6,545
6 Standard cabins (Off Peak)	93.50	88.00	-5.88	16,000
6 Standard Cabins (Peak)	110.00	110.00	0.00	20,000
2 Couples Cabin (Off Peak)	143.00	127.50	-10.84	11,591
2 Couples Cabin (Peak)	159.50	159.50	0.00	14,500
2 Seaview Cabins (Off Peak)	154.00	132.00	-14.29	12,000
2 Seaview Cabins (Peak)	165.00	165.00	0.00	15,000
2 Family Park Cabins (Off Peak)	143.00	127.50	-10.84	9,852
2 Family Park Cabins (Peak)	159.50	159.50	0.00	14,500
Annual Site Holders	3,880.80	3,977.82	2.50	289,296
16 Powered Sites (Off Peak)	35.00	36.00	2.86	9,818
16 powered sites (Peak)	45.00	45.00	0.00	20,455
8 Unpowered Site (Off Peak)	30.00	28.00	-6.67	3,182
8 Unpowered Sites (Peak)	35.00	35.00	0.00	4,773
Extra Adult Peak	16.50	10.00	-39.39	909
Extra Child Peak	11.00	5.00	-54.55	682
Package Deal 1 - Off Peak Package Deal - Pay Two Nights and get Third Night Free	.00	.00	0.00	0
Package Deal 2 - Loyalty Discount - Book 12 Months in Advance Receive Current Year Charge	.00	.00	0.00	0
Laundry / Linen Hire	.00	15.00	0.00	6,818
Laundry / Linen Hire Extra	.00	2.00	0.00	909
Boom Gate Pass / Security Deposit (Refundable)	.00	20.00	0.00	0
Cleaning Charge	.00	30.00	0.00	0
6 Standard Cabins - (Bonus Night / Negotiable Rate)	.00	77.00	0.00	14,000
2 Couples Cabin - (Bonus Night / Negotiable Rate)	.00	112.00	0.00	10,182

<b>Description</b>	<b>14/15 Year Fee</b>	<b>15/16 Year Fee</b>	<b>% Increase</b>	<b>15/16 Revenue Budget</b>
2 Seaview Cabins - (Bonus Night / Negotiable Rate)	.00	115.00	0.00	10,455
2 Family Park Cabins - (Bonus Night / Negotiable Rate)	.00	112.00	0.00	8,655
16 Powered Sites - (Bonus Night / Negotiable Rate)	.00	30.00	0.00	8,182
8 Unpowered Site - (Bonus Night / Negotiable Rate)	.00	25.00	0.00	2,841
Seasonal Site Holders	.00	2,328.00	0.00	0
Extra Adult (Off Peak)	.00	10.50	0.00	0
Extra Child (Off Peak)	.00	4.00	0.00	0
<b>Yanakie Caravan Park Total</b>				<b>511,145</b>
<b>Grand Total</b>				<b>4,179,151</b>