



South Gippsland Shire Council

ANNUAL BUDGET

2009 – 2010

COUNCIL MEETING 17 June 2009

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Finance Manager

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Mayor's Introduction

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

We will increase rates by 5.25 percent in the 2009/10 financial year. Council has a strategic challenge to maintain existing service levels and fund the renewal of its extensive infrastructure assets in a financially responsible manner. It is also mindful of the community's capacity to pay.

This level 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. The capital works program for 2009/10 will be \$9.96 million. That is \$2.14 million or over 25% more than what was spent in the previous financial year.

The rate increase has been kept in line with the Long Term Financial Strategies and Plan that were first developed in 2003 and is subject to an annual review process.

The proposed budget includes a number of new initiatives:

- Review and update Vision 2020.
- Review Strategic Corporate Planning framework and build greater integration with all Council decision making processes.
- Develop a Workforce Plan including ageing workforce issues, succession planning, staff retention and skill development.
- Develop and implement a long term Information Services Strategy.
- Develop and implement positive Ageing Strategy.
- Complete the Asset Management Plan.
- Develop and implement a rolling 10 year capital works program which is consistent with the Asset management Plan and the Long Term Financial Plan.
- Develop and implement fire prevention plans for all bush reserves controlled by Council.
- Review the Economic Development Strategy.
- Adoption of a Rural Strategy and commence implementation into Planning Scheme.
- Review and implement key actions from Public Health Plan.
- Develop and implement a Sustainable Environment Strategy.

The total Capital Works program will be \$9.75 million

Highlights of the Capital Works program include:

- Roads (\$4.59 million) – Including reconstructions, reseals and Roads to Recovery projects.
- Buildings (\$1.17 million) – Including replacing Mossvale Park Sound Shell roof.
- Footpaths (\$0.39 million) – Including Welshpool Rail Trail and footpath renewals.
- Other Structures (\$0.49 million) – Including playground replacement programs.
- Plant and equipment (\$2.17 million) – Including information technology, asset management and scheduled replacement of Council's plant and fleet.

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

Residents and other interested members of the community are welcome to view and make comments and submissions on the budget.

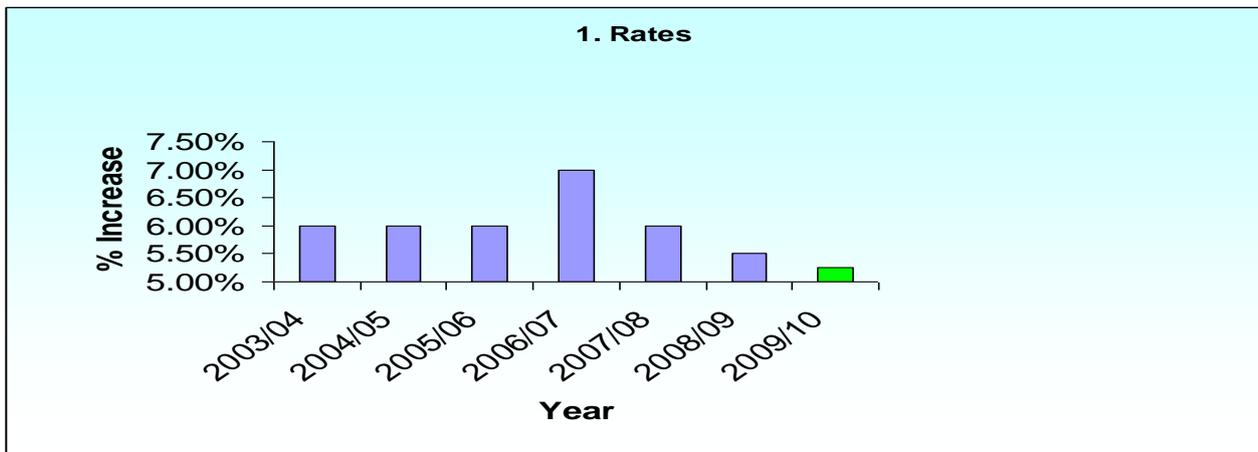
Cr James Fawcett

Mayor

Executive Summary

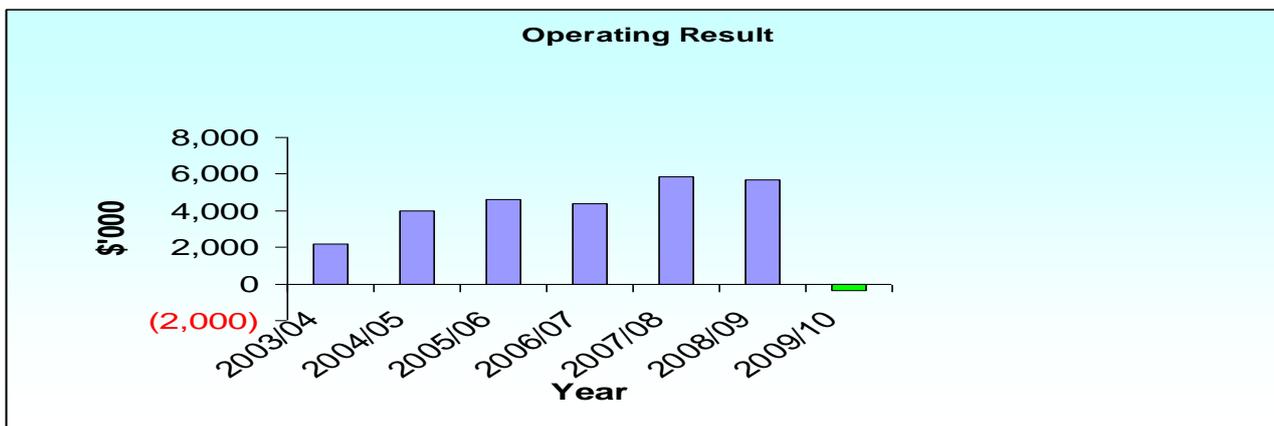
Council has prepared a Budget for the 2009/10 financial year, which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, cash and investments, capital expenditure, financial position and financial sustainability of the Council.

Rates



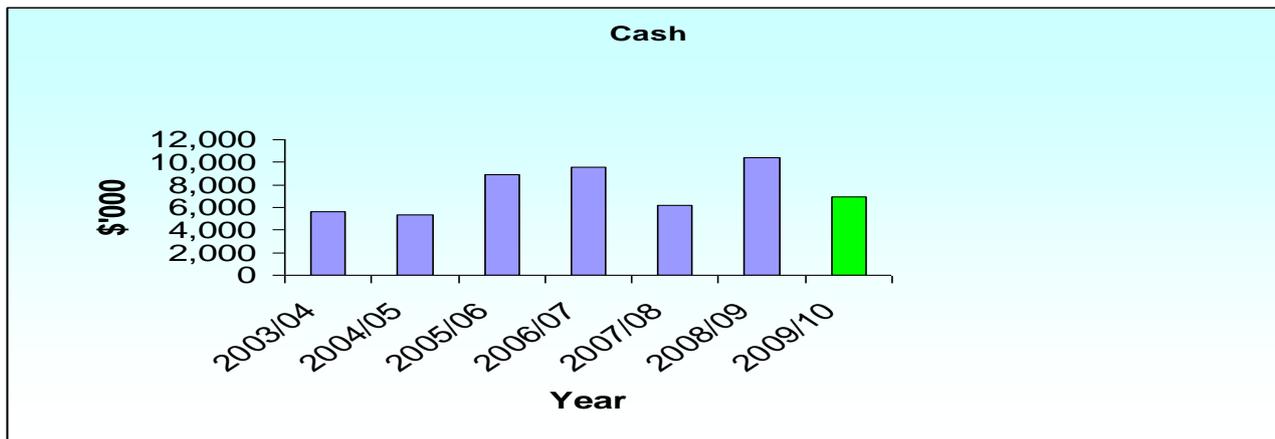
It is proposed that general rates increase by 5.25% for the 2009/10 year, raising total rates of \$25.56 million, including \$0.15 million generated from supplementary rates and charges. This rate increase is in line with Council's rating strategy and Long Term Financial Strategies and Plan. The rate increase will go toward strengthening Council's overall financial position. The objective in past years had been to reduce long term debt and strengthen Council's working capital. The focus is now shifting to provide additional funding for capital works renewal programs over the coming years. The rate increase for the 2008/09 year was 5.5%.

Operating result



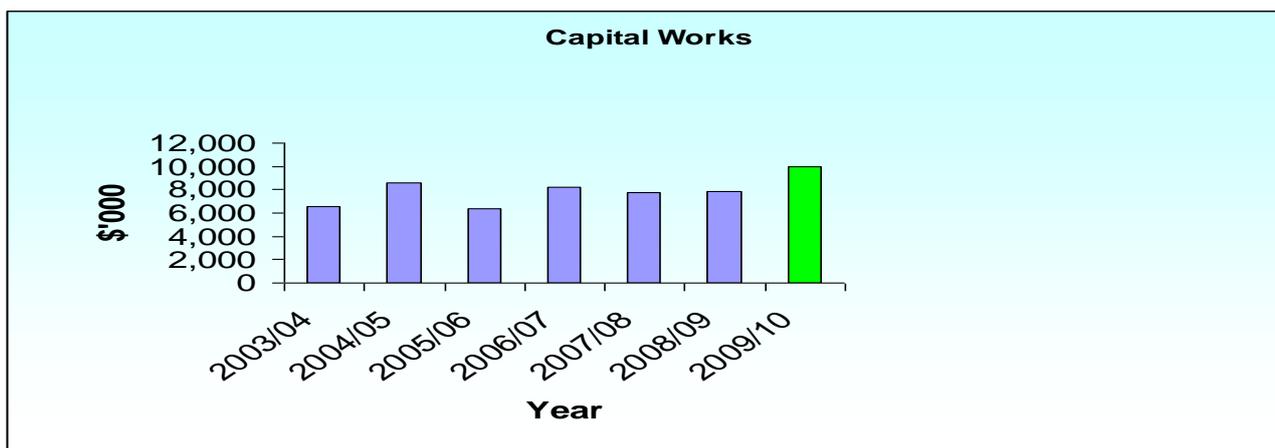
The expected operating result for the 2009/10 year is a deficit of \$0.37 million, which is less than 2008/09. Council is required to recognise grants as income in the year that it has been secured, irrespective whether the actual expenditure will be incurred in the following financial year. The operating result is in line with Council's Long Term Financial Strategies and Plan. The projected operating result for the 2008/09 year is a surplus of \$5.69 million.

Cash position



The cash position is expected to decrease by \$3.50 million during the year to \$6.89 million as at 30 June 2010. The level of cash is in line with Council's Long Term Financial Plan and is projected to be \$10.39 million as at 30 June 2009.

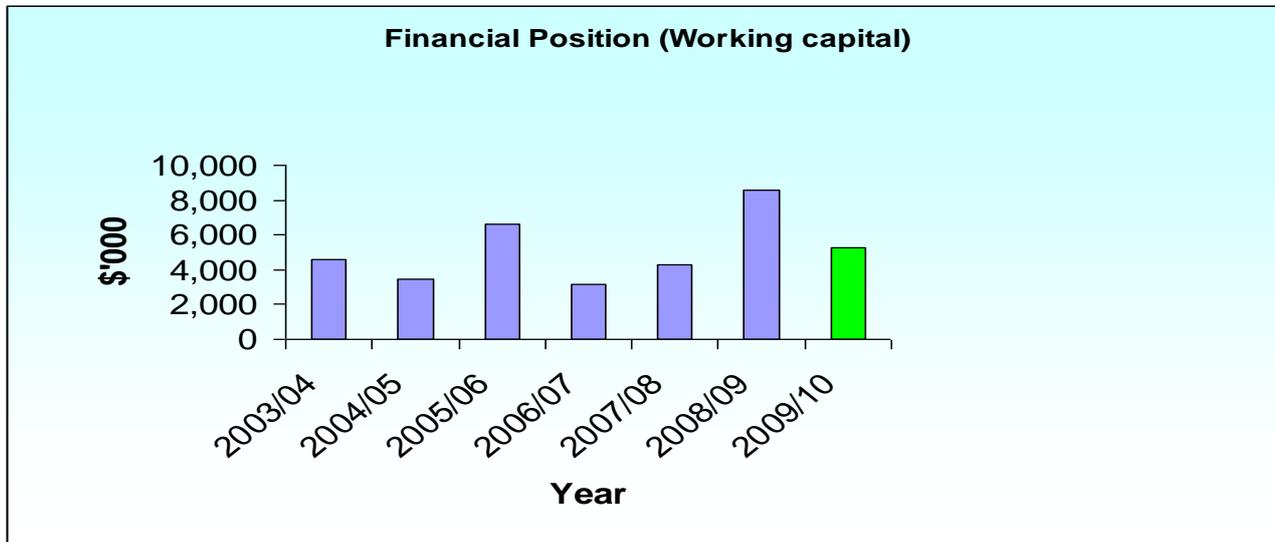
Capital expenditure



The capital expenditure program for the 2009/10 year is expected to be \$9.96 million of which \$0.35 million relates to projects, which will be carried forward from the 2008/09 year. The carried forward component is fully funded from the 2008/09 budget. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business

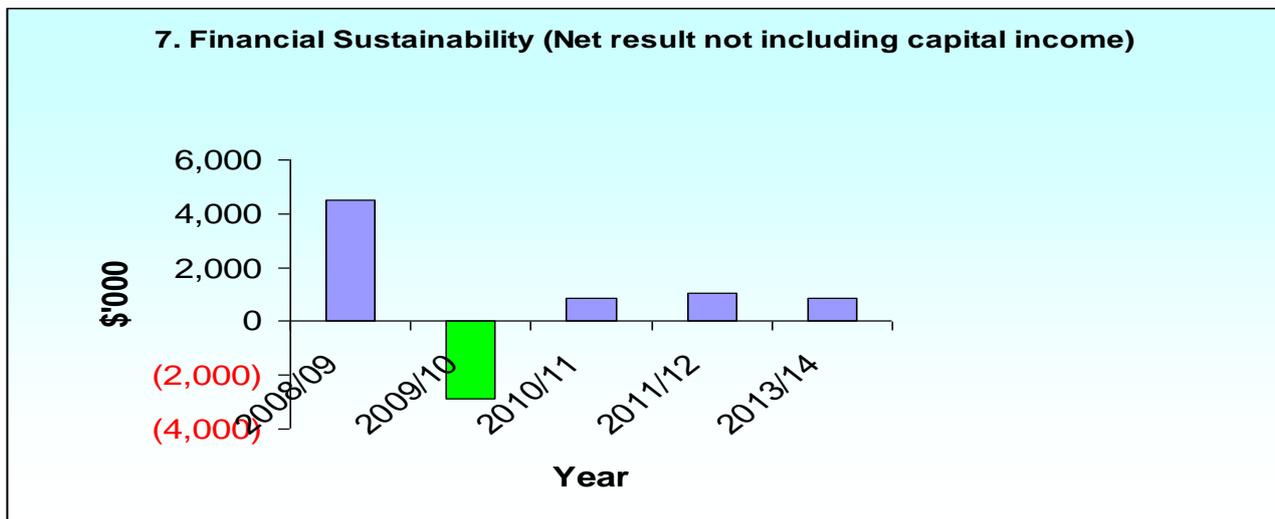
cases for each project. Capital works is projected to be \$7.82 million for the 2008/09 year.

Financial position



Net current assets (working capital) will decrease by \$3.32 million to .5.25 million as at 30 June 2010. The strategic focus is to maintain the overall financial position of Council. In previous years, the focus was to reduce long term debt. Working capital is projected to be \$8.57 million as at 30 June 2009.

Financial sustainability



A detailed Long Term Financial Plan for the years 2009/10 to 2018/19 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is achieving financial sustainability in the medium to long term, whilst still achieving the Council's strategic objectives as specified in the Council Plan. When capital funding (\$2.58 million) and net gain / loss on asset disposals (\$55,000) is backed out of the operating result (\$0.37 million deficit) the

underlying result (net result not including capital funding sources) for 2008/09 is projected to be a \$2.89 million deficit.

The budgeted financial result for 2009/10 is distorted somewhat by the Accounting Standards requirement to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. Substantial amounts of grants therefore had to be brought to account in 2008/09 whereas in fact it will be funding projects in the 2009/10 financial year.

The Long Term Financial Plan projects consistent underlying surpluses to be generated in following years.

Budget Processes

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

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

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

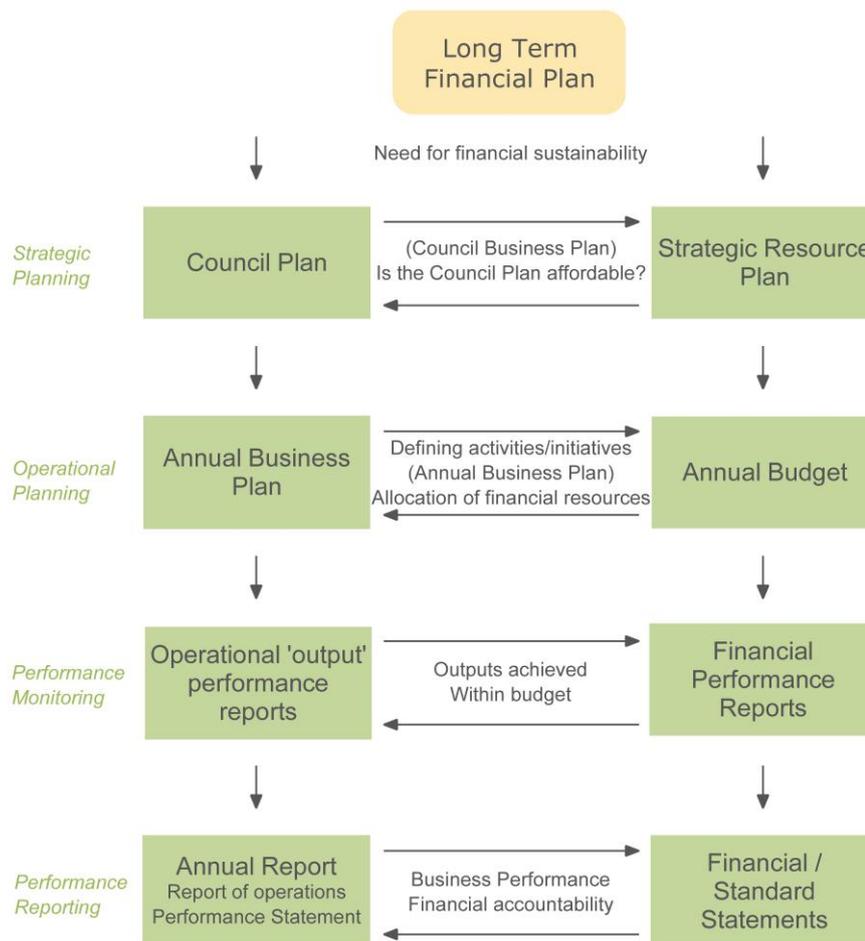
| Budget Process | Timing |
|--|---------------|
| 1. Proposed budget submitted to Council for approval | 22 April |
| 2. Public notice advising intention to adopt budget | 28 April |
| 3. Budget available for public inspection & comment | 28 April |
| 4. Submissions period closes | 26 May |
| 5. Submissions considered by Council | 3 June |
| 6. Budget presented to Council for adoption | 17 June |
| 7. Copy of adopted budget submitted to the Minister | 26 June |

1. Linkage to Council Plan

This section describes how the annual budget links to the achievement of the Council Plan within an overall strategic planning framework. This framework guides the Council in identifying community needs and aspirations over the longer and medium term (10 year Long Term Financial Plan and 4 year Council Plan) and short term (Annual Budget) and then holding itself accountable (audited statements).

1.1 Strategic planning framework

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



The various financial components of the plans are structured that you can 'drill down' from the 10 year Long Term Financial Plan through to a 4 year Strategic Resource Plan, (that complements the Council Plan), and then finally to the Annual Budget (that complements the Annual Service Plan).

The Long Term Financial Plan (LTFP) incorporates some very high level objectives / strategies as well as a 10 year budget. The LTFP is the over arching

document to the Strategic Resource Plan and the Annual Budget, and sets the future financial direction of the Council.

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

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

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

Finally, at year-end, the actual outcomes are reported upon in the Annual Report which includes financial, standard and performance statements. The financial statements and the KSA's are subject to external audit.

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The review of the Council Plan and Long Term Financial Plan commences mid way through the financial year to ensure that there is sufficient time for officers to develop their Annual Business Plans in draft form, prior to the commencement of the annual budget process in February.

Prior to the 2003/04 financial year, Council's Long Term Financial Plan was derived at a very high level from the annual rate determination statement. Rate determination budgets were satisfactory in facilitating the rate setting process but it did not adequately address or focus on financial position management for current or future years when setting budgets.

In 2003/04 Council changed its budgeting methodology from a rate determination basis to what is commonly referred to as 'three way budgeting methodology'. This technique produces forecast financial statements based on the assumptions about future movements in key revenues, expenses, assets and liabilities.

As a result a Long Term Financial Plan developed in 2003/04 focused on:

- Budget of financial performance (income statement).
- Budget of cash position (cash flow statement).
- Budget of financial position (balance sheet), and
- Budget of capital works (capex program).

In the following years the Long Term Financial Plan was further refined, including the incorporation of specific capital works projects into the 10-year plan.

All Annual Budgets since 2003/04 have been developed within the framework of the 10 year Forward Financial Plan.

Targets established during the long term financial planning process and the adherence to the key financial strategies, again guided the preparation of this 2009/10 annual budget.

1.2 Key Result Areas and Strategic Objectives

The Council via 3 directorates (that includes 11 departments) delivers activities and initiatives under 44 major program (which includes 87 sub programs) categories. Each contributes to the achievement of one of the five key result areas as set out in the Council Plan for the years 2009 to 2013. Each key result area has a number of specific strategic objectives.

The 2009-2013 Council Plan details five key goals that will be the basis of Council's strategic and operational priorities. These are:

- **A Vibrant, Engaged Community**

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

- **A Sustainable Environment**

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

- **A Strong Economy**

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

- **Appropriate Infrastructure**

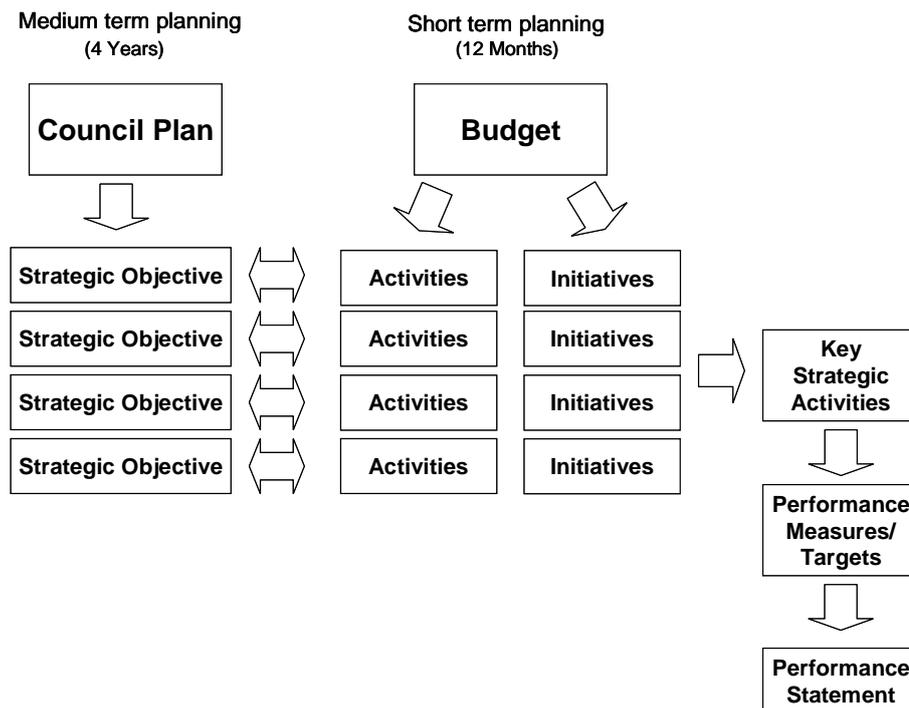
Council will be pro-actively plan for economic, social and environmental needs. It will continue to identify and address requirements that will enhance the area's infrastructure through strong advocacy, partnerships with government and private enterprise, and through the direct provision of appropriate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

- **A Leading Council**

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

2. *Operational activities, and key strategic initiatives*

This section provides a description of the activities and initiatives to be funded in the budget for the 2009/10 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 key strategic activities and performance targets and measures in relation to these. The relationship between these components of the Budget and the Council Plan is shown below.



2.1 **Activities, initiatives and Key Strategic Activities by department.**

The Annual Business Plan documents the activities and initiatives into specific program areas that are managed by different teams. It also details key activities / processes, key initiatives and capital works (with measures & targets) for each department.

These activities / processes and initiatives, including Key Strategic Activities (KSA's) are shown below in directorate / department order.

2.1.1 CEO Activities

The Directorate's key purposes are as follows:

- Delivery of Council Plan and strategic directions for Council
- Ensure effective organisation performance to deliver community outcomes
- Provision of good governance through support to Council

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|------------------------------|
| 4.2.1.4 | Develop Framework for addressing Council's Long Term Office Accommodation for Council | Framework completed | | Dec 2010 |
| 1.2.6.2 | Develop strategic image building program, both within Council area and externally | Develop program | | Sept 09 |
| 3.1.1.1 | Advocate and partner with Government to provide services and assistance for farmers, processors and support industries to support the diversity and prosperity of agriculture | Quarterly report prepared and presented for Council highlighting actions taken and success rate achieved. | | July, Oct, January and April |
| 3.3.3 | Advocate for and support the investment in water, sewerage, and natural gas infrastructure, particularly in areas not currently serviced | - Success rate for advocacy and facilitation - Report presented to Council quarterly | | July, Oct, January and April |
| 3.3.4.3 | Participate in development of a Gippsland Regional Plan in conjunction with GLGN & RDV | Plan completed | July 09 | June 10 |
| 5.1.1.4 | Review and update 'Vision 2020' | Vision adopted | | June 2010 |
| 5.1.3 | Review community engagement / involvement / participation in Council processes and decision making | Review completed and report presented to Council for adoption | | Sept 2009 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|-------------------------------|----------------|----------------|
| KSA 5.1 | 5.1.1.4 | Review and update Vision 2020 | Vision adopted | June 2010 |

2.1.2 Executive Directorate Activities

The Executive Directorate manage the strategic direction of Council operations.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|--|
| 1.2.6.3 | Implement Image Building program | <ul style="list-style-type: none"> - Program priorities undertaken in accordance with timeframes - Improvement of relevant Community Survey outcomes annually - Number of positive media stories/articles published quarterly and reported to Council in Oct, Jan, April and July annually | | <p>Ongoing</p> <p>Ongoing</p> <p>Oct, Jan, April & July 2110</p> |
| 5.1.1.1 | Review strategic corporate planning framework and build greater integration with all Council decision making processes | Review completed and report presented to Council for adoption | | December 2009 |
| 5.1.1.3 | Develop a reporting framework for measuring progress of implementation of Plans | Framework developed and report presented to Council for adoption | | March 2010 |
| 5.1.1.6 | Report progress of implementation of Plans | Reporting included in Annual Reports | | |
| 5.1.1.7 | Review service levels and standards for all Council services on a planned rolling basis to drive continuous improvement | <ul style="list-style-type: none"> - Methodology and timetable adopted - Reviews conducted according to timetable | | July 2009 |
| 5.2.2.2 | Implement Asset Management Plan and ensure that Council activity is consistent with the Plan | Plan implementation consistency reported as part of the Budget Adoption Report annually | | |
| 5.2.5 | Ensure a risk management culture is maintained at all times | <ul style="list-style-type: none"> - Continuous reduction in reported incidents/accidents - Result of annual Audit satisfactory | | ongoing |
| 5.3.2 | Ensure workplace health and safety and instil in | Continuous reduction in reported incidents/accidents | | |

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|--------------------------|--------------------|------------|----------|
| | organisational culture | | | |

2.1.3 Organisational Development Department Activities

Organisational Development support and manage the services of Human Resources, Risk Management, WorkCover, Occupational Health & Safety, Payroll, Volunteer Coordination, Governance, Grants, Council planning, business planning and continuous improvement throughout the organisation.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|-----------|
| 5.2.6 | Instil a Business Excellence culture throughout the organisation through training and development, coaching and empowering staff | Annual program developed as part of the Training and Development Plan | | Ongoing |
| 5.3.1 | Review People, Culture and Lifestyle Strategy to bring into alignment with the Council Plan. | Review undertaken | | Sept 2009 |
| 5.3.3 | Develop a Workforce Plan including ageing workforce issues, succession planning, staff retention, skill development etc (including consideration of replacing staff vacancies occurring by attrition with trainees and apprentices to encourage youth employment) | Plan developed | July 09 | June 10 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|---|-----------------|----------------|
| KSA 5.3 | 5.3.3 | Develop a Workforce Plan including ageing workforce issues, succession planning, staff retention, skill development etc (including consideration of replacing staff vacancies occurring by attrition with trainees and apprentices to encourage youth employment) | Plan Developed. | June 2010 |

2.1.4 Corporate & Community Services Directorate Management Activities

The Corporate and Community Directorate consists of three main departments, Finance, Information Services and Family Services whilst also managing the strategic direction of libraries across the Shire.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|--|--|------------|----------|
| 1.2.5.2 | Maintain active involvement and participation in Regional Library Service. Work in partnership with West Gippsland Regional Library (WGRL) and Council to develop budget and direction for 09/10. Attend WGRL Board meetings and Finance Committee meetings. Management and review of library services and facilities. | <ul style="list-style-type: none"> - All meetings attended. - SGSC views represented and progress reported to Council. - Facilities, staffing, hours maintained in accordance with agreed plans. Membership of WGRL maintained - Active membership of libraries maintained at 08/09 levels | July 09 | June 10 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|----------------------------------|--|----------------|
| KSA 1.2 | 1.2.3.3 | Review Outreach Services Library | Review completed and reported to Council | December 2009 |

2.1.5 Finance Department Activities

Provides strategic financial advice, planning, accounting services, management accounting support and financial reporting to Council in accordance with legislative and regulatory requirements.

To maintain Council's accounting records in accordance with legislative and regulatory requirements and offer high quality accounting support to the organisation.

To administer all legislative requirements in relation to rates, charges and valuation services

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|--|---|------------|----------|
| 5.2.3 | Review long term financial plan | Long term financial plan adopted by Council | July 09 | Jun 2010 |
| 5.2.3 | Develop overheads cost allocation process | EMG and Management Team agreement | July 09 | Oct 09 |
| 5.2.3 | Review budgeting philosophy to implement "zero base" and "capacity base" budgeting | EMG and Management Team agreement | July 09 | Oct 09 |
| 5.2.3 | Lead Cost Reduction Project | Project meets no less than monthly Estimate of savings generated per quarter reported to Council | Jul 2009 | Sep 2009 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|--|--|----------------|
| KSA 5.2 | 5.2.3.1 | Achieving strategic financial outcomes | Weighted average of five key financial ratios being underlying result, working capital ratio, indebtedness, self financing and investment gap. | > 98% |

2.1.6 Information Services Department Activities

The Information Services Department is focused on delivering appropriate and cost effective information technology, records management and customer service to Council.

The Information Services Manager is responsible for:

- The delivery of sustained operational availability, reliability and performance of Councils' business information systems and IT infrastructure
- Investigating new technology advances and evaluating new opportunities
- Managing the Council's IT, Records, Communications and Customer Service teams, developing and implementing new policies and procedures and reviewing existing policies and procedures to ensure the management and delivery of customer service, business information systems and IT infrastructure is efficient, effective and meets corporate objectives.
- Managing IS strategies and programs to ensure works are completed on time, within budget and with the required quality.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|------------|
| 5.2.4.2 | Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency and effectiveness | <ul style="list-style-type: none"> - Develop an IT/Telephony Strategy by March 2010 - Hardware and software replacements/enhancements undertaken as detailed in the Strategy - Continuous monitoring and evaluation undertaken to assess technological change, utilisation of enhancements and cost benefit analysis - Report to be provided as part of the Annual Budget process to highlight current status and present business case for change/upgrades | | March 2010 |
| 5.2.4 | Investigate conversion of all Council documents, plans, maps etc to electronic formats and inclusion in the EDMS | Report prepared for EMG | | |
| 5.1.1 | Develop long term Information Services Strategy Plan | Plan adopted by EMG | July 2009 | Dec 2009 |
| 5.2.4 | Review technology contribution to improved business practice and cost control | Issues Paper presented to EMG | July 2009 | Dec 2009 |

2.1.7 Family Services Department Activities

The services provided by the Family Services department are delivered through three main program areas; Aged and Disability, Maternal and Child Health and Immunisation as well as a range of supporting sub-programs.

The Aged and Disability team provides home and community based services to support the frail aged, people with a disability and their carers. The Aged and Disability team contributes to maintaining a safe, secure and independent environment for their clients and works towards building a more inclusive community across the South Gippsland Shire.

The Maternal & Child Health team aims to maximise the health and wellbeing of children through the early identification, intervention and prevention of physical, emotional and social issues affecting young children and their families.

The Immunisation team aim to promote the health and well being of the community by providing the “Bench mark” delivery of immunisation services throughout South Gippsland Shire.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|---|
| 1.2.3 | Annually review and align the community services programs delivered in partnership with the Government to ensure community needs are met and equitable access is available to all citizens | Assessment of changing community needs undertaken annually and considered by Council prior to budget cycle commencing | | Sept 2010 |
| 1.2.3.1 | Develop and implement a Positive Ageing Strategy | Strategy completed and reported to Council | | March 2010 |
| 1.2.3.2 | Review Municipal Early Years Plan | Review completed and reported to Council | | Dec 2010 |
| 1.2.3.3 | Review Outreach Services, including <ul style="list-style-type: none"> - Library - Meals on Wheels - Respite Services - Maternal & Child Health - Immunisation | Review completed and reported to Council | | <ul style="list-style-type: none"> - Dec 2009 - March 2010 - Dec 2009 - Dec 2010 - July 2010 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|------------|--|---|---|
| KSA 1.1 | 1.2.3.1 | Planning for: <ul style="list-style-type: none"> • Positive Ageing Strategy | <ul style="list-style-type: none"> • Strategy completed and reported to Council • Review and Development of plan • Key actions of plan implemented | March 2010 November 2009 In accordance with plan timeframes |
| KSA 1.2 | 1.2.3.3 | Review Outreach Services <ul style="list-style-type: none"> • Meals on Wheels • Respite Services | Review completed and reported to Council | March 2010 December 2009 |

2.1.8 Infrastructure Directorate Management Activities

The Directorate's key purposes are as follows:

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

The Directorate's Departments / Units are as follows:

- Engineering Department
- Infrastructure Maintenance Department
- Asset Management Unit

| Alignment to Council Plan | Key / activity / processes | Measures / targets | Start date | End Date |
|---------------------------|---|--|------------|----------------------|
| 3.3.2.2 | Advocate for bypasses for Leongatha and Korumburra | <ul style="list-style-type: none"> • Success rate for advocacy • Report presented to Council annually in June | July 09 | June 13 |
| 4.1.2 | Develop and implement a rolling 10 year capital works program which is consistent with the Asset Management Plan and Long Term Financial Plan | <ul style="list-style-type: none"> • Capital works program compiled and considered by Council prior to budget process commencing annually (no later than December) • 90% of program completed annually | July 09 | June 10 |
| 4.1.4 4.2.2 | Develop an asset funding strategy for inclusion in the Asset Management Plan and Long Term Financial Plan | Draft Strategy completed by June 2010 | July 09 | June 10 |
| 4.2.3 | Undertake a review of the cost/benefits of each Council asset group on a rolling cycle | <ul style="list-style-type: none"> • Review timetable agreed by Council in August 2009 • Review completed and reported to Council in November annually | July 09 | Aug 09 Nov 09 |
| 5.2.2.1 | Complete Management Plan Asset | <ul style="list-style-type: none"> • Plan completed by June 2010 | | June 10 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|--|---|--|---|
| KSA 4.2 | 4.1.2 5.2.4.1 | Develop and implement a rolling 10 year capital works program which is consistent with the Asset Management Plan and Long Term Financial Plan | <ul style="list-style-type: none"> • Capital works program compiled and considered by Council. • Civil Works and Building Infrastructure: percentage of annual program (as amended by Council) complete. • Plan developed for information technology / telephony. | <ul style="list-style-type: none"> • December 2009 • At least 90% • March 2010 |
| KSA 4.1 | 5.2.2.1 | Complete Asset Management Plan | Plan completed and reported to Council. | June 2010 |
| | | | • | • |

2.1.9 Engineering Department Activities

To coordinate and deliver Council infrastructure to meet the current and future needs of the community whilst providing a sustainable cost/benefit.

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 Councils purchasing scope.

To manage and enhance Councils owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community.

To manage the acquittal, disposal and leasing of Councils property portfolio to support Councils services.

| Alignment to Council Plan | Key / activity / processes | Measures / targets | Start date | End Date |
|---------------------------|---|--|-------------------|------------------|
| 4.1.1.4 | Develop stormwater management plan for Meeniyan and Poowong | Stormwater Management Plan | Jul 09 | March 10 |
| 4.1.1.2 | Review Council controlled Caravan Parks sustainability and Master Plan | <ul style="list-style-type: none"> - Gain funding from DSE - Review complete Dec 2009 - Completed Master plan for each park | Jul 09 July 09 | Dec 09 Jun 10 |
| 5.2.2.3 | Develop and implement a Council Land Ownership Policy | Policy prepared for Council | July 09 | Dec 10 |
| 4.1 and 4.2 | Implement the Council's capital works program including community projects subject to grant funding | At least 90% of the annual capital works program (as amended by Council) completed on time and within budget (reported in Monthly Business Performance Report) | Jul 09 | Jun 10 |
| 1.2.6.1 | Build community pride through aesthetic enhancement of townships and villages | Completion of Anderson's Rd design | Jul 09 | May 10 |

2.1.10 Infrastructure Maintenance Department Activities

The Infrastructure Maintenance Department delivers two main functions. They are Roads, Streets, & Drainage maintenance and construction, and Parks & Gardens maintenance and construction. Within the two main functions there are five main service delivery areas, Operations (roads), Parks and Gardens, Construction (roads), Workshop, and Depot Administration.

To maintain and renew Parks and Roads infrastructure in a condition that is safe, and meets community needs and expectations.

| Alignment to Council Plan | Key / activity / processes | Measures / targets | Start date | End Date |
|---------------------------|---|--|------------|----------|
| 4.1.3 | Develop and implement a 10 year rolling Maintenance Plan which is consistent with the Asset Management Plan and Long Term Financial Plan | <ul style="list-style-type: none"> - Maintenance program compiled and service levels considered by Council prior to budget process commencing annually (no later than December 2009) - Program delivered according to Plans - Annual Review of zone maintenance program | Jul 09 | Dec 09 |
| 4.1.1.3 | Review asset management for plant | Review completed by February 2010 | Jun 09 | Feb 10 |
| 5.2.3.5 | Undertake continuous improvement in cost reduction/containment Project through Benchmarking of: <ul style="list-style-type: none"> - Construction works against external providers - Sealing Construction works against external providers incorporating a review of private works benefit to Council | Report to Director Infrastructure | Jun 09 | May 10 |

2.1.11 Sustainability Directorate Management Activities

The Sustainability Department consists of three main departments, Planning & Building, Social & Economic Development and Environment & Community Safety whilst also overseeing Council's Emergency Management Plan.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|--|------------|----------------|
| 1.1.3.3 | Develop and implement fire prevention plans for all bush reserves controlled by the Shire | <ul style="list-style-type: none"> ▪ Plans endorsed by Council by December 2009 ▪ Implementation completed in accordance with priorities and timeframes in Plans | | December 2009 |
| 1.1.3.4 | Maintain emergency preparedness | <ul style="list-style-type: none"> ▪ Complete simulation exercise annually by December ▪ Review Municipal Emergency Management Plan annually in October | | October 2010 |
| 2.1.3 | Collaborate with Government and other regional stakeholders to develop a regional sustainability strategy and projects. | <ul style="list-style-type: none"> ▪ Regional Sustainability Strategy developed by September 2010 ▪ Prepare a climate change discussion paper by June 2010 | | September 2010 |
| 2.3.1.1 | Develop and implement sustainability educational materials, programs and Guidelines | <ul style="list-style-type: none"> ▪ Updated web based information implemented by December 2009 ▪ Sustainability information sheets developed and integrated into existing dissemination avenues ▪ Implementation of a South Gippsland Sustainability Youth Challenge | | December 2009 |

2.1.12 Social and Economic Development Department Activities

The services of the Social and Economic Development Department are delivered through three main program areas, Economic Development and Tourism, Community Strengthening and Recreation and Coal Creek Operations.

Economic Development and Tourism

- Encourage investment, development and services that facilitate a planned and sustained growth for the Shire.
- Facilitate economic growth in the South Gippsland region through the development of a competitive tourism industry.

Community Strengthening and Recreation

- Improve community resilience and capability by encouraging and supporting participation in community activity, recreation, sports, arts and cultural pursuits by individuals and organisations across South Gippsland Shire.

Coal Creek Operations

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

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|--|---|------------|----------|
| 1.2.1 | Implement the Community Strengthening Strategy | <ul style="list-style-type: none"> ▪ Implement Community Strengthening Projects according to the targets and measures detailed in their individual project guidelines | | |
| 1.2.4 | Support community events and festivals through in-kind assistance with publicity, advice and co-ordination | <ul style="list-style-type: none"> ▪ No less than three events supported / encouraged and outcomes reported to Council in June annually (including attendee numbers, budgetary outcomes etc) | | Ongoing |
| 1.2.5.1 | Encourage development of, and participation in, the arts and cultural activity through provision of collaborative marketing and skills development projects and activities | <ul style="list-style-type: none"> ▪ Facilitate 4 meetings of the Arts Network annually ▪ Produce the annual Arts Network brochure | | Ongoing |

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|--|------------|---------------|
| 1.4.4.2 | Implement Coal Creek Marketing and Development Plan to continue its promotion and development as a community park and accredited museum | <ul style="list-style-type: none"> Key actions from Plans implemented in accordance with timeframes | | Ongoing |
| 1.4.4.4 | Review Council's triennial funding support for Coal Creek | <ul style="list-style-type: none"> Analyse Coal Creek's performance outcomes over the previous triennium funding period and recommend future support by December 2010 | | December 2010 |
| 2.4.1 | Review implementation effectiveness of the Open Spaces Strategy | <ul style="list-style-type: none"> Barriers to implementation identified and reported to Council by December 2009 | | December 2009 |
| 3.1.2.2 | Review Economic Development Strategy | <ul style="list-style-type: none"> Completed by April 2010 | | April 2010 |
| 3.1.3.1 | Develop and implement targeted marketing materials and programs | <ul style="list-style-type: none"> Materials reviewed and updated annually | | Ongoing |
| 3.1.3.2 | Assist existing businesses to promote business growth | <ul style="list-style-type: none"> Number of businesses assisted quarterly Report presented to Council quarterly in July, Oct, January and April Number of additional jobs attributed | | April 2010 |
| 3.1.3.3 | Advocate for and support the commercial development of the railway land at Leongatha | <ul style="list-style-type: none"> Success rate for advocacy and facilitation Report presented to Council quarterly in July, Oct, January and April | | April 2010 |
| 3.1.4.1 | Support local tourism initiatives in partnership with Government and the industry | <ul style="list-style-type: none"> Number of initiatives quarterly Report presented to Council quarterly in July, Oct, January and April | | April 2010 |
| 3.1.4.3 | Review Tourism Strategic Plan | <ul style="list-style-type: none"> Completed by April 2011 | | April 2011 |
| 3.2.1 | Develop an interdisciplinary, inter-agency mechanism to | <ul style="list-style-type: none"> Mechanism formed by September 2009 Number of developers | | April 2010 |

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|--|------------|------------|
| | assist potential developers, businesses and individuals | <ul style="list-style-type: none"> assisted Report presented to Council quarterly in July, Oct, January and April | | |
| 3.3.1.1 | Develop a knowledge data base of needs and gaps | <ul style="list-style-type: none"> Database developed and posted on Council web-site by June 2010 | | June 2010 |
| 3.3.1.2 | Facilitate and advocate for projects/programs aimed at filling identified gaps and providing integrated and accessible systems and networks (including Broadband business case study) | <ul style="list-style-type: none"> Success rate for advocacy and facilitation Report presented to Council quarterly in July, Oct, January and April Broadband study completed by March 2010 | | April 2010 |
| 3.3.2.1 | Facilitate and advocate for projects/programs and funding aimed at filling identified gaps and providing integrated and accessible transport systems and networks for freight and people movement | <ul style="list-style-type: none"> Success rate for advocacy Report presented to Council quarterly in July, Oct, January and April | | April 2010 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|--------------------------------------|--|----------------|
| KSA 3.3 | 3.1.2 | Review Economic Development Strategy | Review completed and reported to Council | April 2010 |

2.1.13 Planning & Building Department Activities

The primary purposes of this department are as follows:

Provide land use strategic direction for the Shire.

To ensure that strategic and statutory obligations in relation to Planning and Building legislation are met.

To implement the South Gippsland Planning Scheme and strategic work program which addresses the present and long term interests of the community.

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End Date |
|---------------------------|---|---|------------|----------|
| 3.1.1 | Adoption of Rural Strategy and commence implementation into the Planning Scheme | Progress Rural Strategy implementation to the exhibition stage. | July 2009 | Jun 2010 |
| 3.3.4 | Western Towns Strategic Review (Loch and Nyora) | Adoption of Strategic review documents | Jul 2009 | Mar 2010 |
| 3.3.4 | Development of Meeniyan an Poowong Structure Plan | Adoption of Meeniyan and Poowong Structure Plans | Jul 2009 | Jun 2010 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|----------------|------------|---|---|--|
| KSA 3.1 | 3.1.1.2 | Ensure the Planning Scheme contains appropriate policies to offer protection for sustainable agricultural activities. | Complete development of the South Gippsland Rural Strategy | June 2010 |
| KSA 3.2 | 3.3.4.2 | Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State requirements. | <ul style="list-style-type: none"> Increase the number of decisions made within 60 statutory days by 2% yearly (within the power of the Planning Dept to influence) Undertake a compliance audit annually through the Audit Committee | <ul style="list-style-type: none"> >90% >95% |
| KSA 3.4 | 3.3.4.1 | Implement the Four Year Strategic Work Program, including Township Structure Plans, Housing and Settlement Strategy and Planning Scheme review. | <ul style="list-style-type: none"> Meeniyan and Poowong Plans developed. Nyora and Loch Urban Design Framework review developed. | <ul style="list-style-type: none"> June 2010 June 2010 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|-------|------------|------------------------------|---------|----------------|
| | | | | |

2.1.14 Environment & Community Safety Department Activities

The Environment and Community Safety Department is responsible for the Management of Councils environmental and community safety programs to ensure all elements of the service including key projects are completed on time and within budget.

Local Laws and Children's Crossings

The Local Laws Team strives to provide a safe, healthy and clean environment for our community through administration and enforcement of Council's Local Law # 1, raised awareness of animal ownership responsibilities, provision of parking controls, supervision of School Crossings and minimisation of fire risk.

Environmental Health

Utilising the relevant legislation to promote health and well being, in partnership with our community to deliver public health services and education.

Environmental Services

To protect and enhance the Shire's Biodiversity through the ongoing management of Shire Bush Reserves, implementation of the Code of Forest Practice, implementation and management of roadside weed control and planting programmes and provision of expert environmental planning advice on statutory planning matters.

Waste

Provide sustainable waste management services based on best practice principles and in accordance with relevant legislation.

Waste Water Services

To protect public and environmental health through administration of statutory processes in accordance with relevant wastewater legislation and implementation of the Municipal Domestic Wastewater Management Plan

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|--|--|------------|---------------|
| 1.1.2.1 | Promote community health and wellbeing through the review and development and implementation of a Municipal Public Health Plan | <ul style="list-style-type: none"> Municipal Public Health Plan completed by November 2009 Key actions from Plan implemented in accordance with timeframes | | November 2009 |
| 1.1.3.2 | Develop and implement an Integrated Fire Management Plan in | <ul style="list-style-type: none"> Council's component of the plan endorsed by Council by Nov 2011. | | November 2011 |

| Alignment to Council Plan | Key activity / processes | Measures / targets | Start date | End date |
|---------------------------|---|---|------------|---------------|
| | conjunction with the CFA | | | |
| 2.1.1.1 | Develop and implement a Sustainable Environment Strategy | <ul style="list-style-type: none"> ▪ Strategy developed by June 2010 ▪ Actions completed in accordance with priorities and timeframes | | June 2010 |
| 2.1.4 | Engage community in dialogue on climate change risks and adaptations | <ul style="list-style-type: none"> ▪ >4 engagements undertaken annually and reported to Council quarterly in July, October, January and April annually | | April 2010 |
| 2.4.2 | Implement Management Plans for all Shire Bush Reserves, taking into account biodiversity, weed issues and fire management | <ul style="list-style-type: none"> ▪ Implementation undertaken according to priorities and timelines contained in Plans | | Ongoing |
| 2.5.1.2 | Develop and implement programs to increase awareness, education and action to promote waste reduction, sustainable resource use and increased uptake of recycling | <ul style="list-style-type: none"> ▪ Continuous improvement annually in customer satisfaction survey | | Ongoing |
| 2.5.3 | Undertake water use audits for all Council assets and activities and develop a reduction plan | <ul style="list-style-type: none"> ▪ Audit completed by June 2010 ▪ Long term use reduction goals set by June 2012 ▪ Sustainable Water Use Action Plan developed by June 2012 ▪ Action Plan implementation undertaken in accordance with priorities and time frames | | June 2012 |
| 2.5.4.2 | Investigate Hard Waste collection service for disadvantaged groups | Investigation complete by December 2009 and service delivered if funding is provided in the budget | | December 2009 |

| KSA # | Strategy # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|------------|---|---|--|
| KSA 1.1 | 1.1.2.1 | <u>Planning for:</u> <ul style="list-style-type: none"> Municipal Public Health Plan | <ul style="list-style-type: none"> Strategy completed and reported to Council Review and Development of plan Key actions of plan implemented | <ul style="list-style-type: none"> March 2010 November 2009 In accordance with plan timeframes December 2009 |
| | 1.1.3.4 | <ul style="list-style-type: none"> Maintain Emergency Preparedness | <ul style="list-style-type: none"> Complete simulation exercise Review Municipal Emergency Management Plan | <ul style="list-style-type: none"> October 2009 |
| KSA 2.1 | 2.1.1.1 | Develop and implement a Sustainable Environment Strategy | Strategy Developed and reported to Council. | June 2010 |

2.2 Performance statement

The key strategic activities (KSA) detailed in the preceding pages, are summarised again in Appendix E. The KSA's their performance measures, targets and results are audited at the end of the year and are included in the performance statement as required by the section 132 of the Act.

The annual report for 2009/10 will include the audited performance statement, which is presented to the Minister for Local Government and the local community.

2.3 Reconciliation with budgeted operating result

| Department | Net Cost (revenue) 2009/10 \$'000 | Expenditur e \$'000 | Revenue \$'000 |
|---|--|---------------------------|-------------------|
| Chief Executive Officer | 569 | 569 | 0 |
| Organisational Development | 2,253 | 2,355 | 101 |
| Corporate and Community management | 995 | 995 | 0 |
| Finance | (240) | 1,219 | 1,458 |
| Information Services | 1,852 | 1,853 | 1 |
| Family Services | 493 | 2,253 | 1,860 |
| Infrastructure Management | 656 | 677 | 22 |
| Engineering | 3,848 | 4,701 | 853 |
| Infrastructure Maintenance | 4,229 | 7,376 | 3,147 |
| Sustainability Management | 217 | 217 | 0 |
| Social and Economic Development | 2,291 | 2,667 | 376 |
| Planning | 859 | 1,169 | 310 |
| Environment and Community Safety | 2,237 | 3,752 | 1,516 |
| Other non-attributable ¹ | 7,241 | 11,191 | 3,950 |
| Operating deficit before rates & capital revenue | 27,500 | 41,094 | 13,594 |
| Funded by: | | | |
| Rates & charges | 24,559 | | |
| Capital grants & contributions | 2,575 | | |
| Total | 27,134 | | |
| Operating surplus (deficit) | (366) | | |

1. Includes grants commission, depreciation, major maintenance, proceeds and written down value of assets sold, loan management, de-recognition of assets and abnormal items.

3. *Budget influences*

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

3.1 Snapshot of South Gippsland Shire Council

South Gippsland Shire was created in 1994 from four previous coastal and inland municipalities. It has an area of 3,300 square kilometres with a substantial coastal frontage between Anderson Inlet and Port Welshpool. Located just over an hour to the south east of Melbourne, South Gippsland Shire is a spectacular region with some twenty-eight small communities nestled among the rolling green hills that link 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 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 aboriginal people from the *Gunnai, Bun Wurrung and Wurundjeri* clans through to the post contact era. The cultural heritage places of South Gippsland make a significant contribution to its environmental character, amenity and identity.

3.1.1 Our Economic Base

South Gippsland Shire is recognised as one of the nation's most productive dairy regions and is home to Murray Goulburn and Burra Foods processing facilities. Dairy, beef and snow pea farming are key industries in South Gippsland and with current projects underway to introduce natural gas to its principal towns and with dedicated saline wastewater treatment, significant additional food processing activity is anticipated.

The region, which is marketed as Prom Country, has a strong tourism focus and includes Wilson's Promontory National Park, one of the State's most popular destinations. It has substantial coastal reserves include marine parks of national significance and is proving very popular for holiday homeowners and retirees.

South Gippsland's manufacturing is dominated by the dairy industry, with Murray-Goulburn's Leongatha factory, the largest in Australia. A \$200 million upgrade of this plant is underway. Other food processors include Burra Foods at Korumburra and GBP Exports in Poowong. Dairy farming is estimated to be worth \$288 million per annum and the dairy sector supports a substantial service industry including transport, engineering and agricultural supplies.

South Gippsland also has a \$117 million beef industry, produces most of Australia's snow peas, a growing wine industry and has been identified as a centre of organic and native food production. 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. A new private port 'Port Anthony' is being constructed next to the Esso facility, which is generating significant investment interest. An important fishing industry operates from Port Welshpool and Port Franklin and a wind farm is located on the hills around Toora.

The tourism industry is a major component of the South Gippsland economy with visitors contributing over \$213 million to the economy. Tourist attractions include the world-renowned Wilsons Promontory National Park, Agnes Falls, a number of historic towns (including the iconic 'Coal Creek') and beach areas such as Venus Bay, Sandy Point and Waratah Bay. The scenic countryside and proximity to Melbourne mean that many of the towns and surrounding areas are popular holiday destinations and for seachange-treechange migrants from the city.

South Gippsland's economy has an annual output (turnover) of over \$2.5 billion. Key industry sectors contributing to this output are: manufacturing \$642 million; agriculture, forestry and fishing \$480, property and business services \$155 million and retail trade \$150 million.

There are almost 4,000 businesses located in South Gippsland with almost half of these businesses in the agriculture, forestry and fishing industry. Other businesses with significant numbers of establishments are construction, property and business services and retail trade.

3.1.2 Major Infrastructure and Investment Projects

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

- the \$50 million Natural Gas Extension Program, which is bringing natural gas to Korumburra and Leongatha;
- the \$200 million upgrade of Murray Goulburn's Leongatha dairy processing facility;
- the \$8 million development of Port Anthony at Barry Point;
- the \$10 million Woorayl Lodge Aged Care Facility at Leongatha Hospital;
- the \$5 million development of the Leongatha Specialist School.

- the \$7.2 million development of the GippsTAFE campus in Leongatha.

The recently opened Pakenham Bypass has improved access to South Gippsland Shire from metropolitan Melbourne and the opening of EastLink. The State Government's proposed desalination plant near Powlett River, although located just outside the Shire, is expected to have significant impact on the local economy if construction proceeds.

3.1.3 Land use development

South Gippsland offers a diverse range of land use opportunities. It is more specifically characterised by dairy and beef pastures and small towns and villages all of which is reflected in the housing, employment, service, retail and recreational aspirations of residents and visitors alike. It is a Shire with very high liveability qualities.

Our Community

The current population is 26,834. This is 516 more people since 2001 and represents an average annual growth rate of 0.4%. It is projected that the population of South Gippsland will rise to 32,000 by 2031. The Shire has approximately 13,000 dwellings and over 17,000 rateable properties.

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

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

The age structure of South Gippsland Shire in 2006 reflected a similar profile to Regional Victoria as a whole. The proportion of residents in the 20-29 age group (7.7%) was significantly lower than the average for Regional Victoria (10.2%) while the proportion in age groups above 50 years were higher.

The proportion in the 60-69 age range was 11.9%, two percentage points higher than the average for Regional Victoria.

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

| Age Group | South Gippsland | Regional Victoria |
|-----------|-----------------|-------------------|
| 0-9 | 12.2% | 12.9% |
| 10-19 | 14.4% | 14.6% |
| 20-29 | 7.7% | 10.2% |
| 30-39 | 11.2% | 12.4% |

| | | |
|-------|-------|-------|
| 40-49 | 14.6% | 14.6% |
| 50-59 | 15.5% | 13.8% |
| 60-69 | 11.9% | 9.9% |
| 70-79 | 7.9% | 7.1% |
| 80-89 | 4.1% | 3.7% |
| 90+ | 0.7% | 0.7% |

(ABS, Census of Population and Housing, 2006)

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

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

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

3.1.4 Labour Force

South Gippsland Shire has:

- an estimated labour force of 14,700 people;
- an unemployment rate of 2.8%, with 407 unemployed persons at September 2008.

This is one of the lowest unemployment rates in the State and was significantly lower than the Regional Victorian average of 4.8% and State average of 4.5%.

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

| Employment by Industry | South Gippsland | Regional Victoria |
|---------------------------------|-----------------|-------------------|
| Agriculture, forestry & fishing | 20.2% | 9.3% |
| Retail trade | 13.4% | 15.4% |
| Manufacturing | 9.9% | 12.0% |
| Health and community services | 9.1% | 11.7% |
| Education | 7.0% | 7.7% |
| Construction | 6.5% | 8.1% |

| | | |
|--------------------------------|------|------|
| Wholesale trade | 5.0% | 3.9% |
| Property and business services | 4.8% | 6.4% |

(ABS 2006 Census)

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

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

(ABS 2006 Census)

3.1.5 Community Infrastructure

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

- 16 primary schools, 6 secondary colleges and a range of further education facilities;
- 3 public hospitals plus community health centres;
- 5 public libraries plus a mobile service;
- 29 galleries and museums, a cinema, theatres and clubs;
- over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional Leisure Centre incorporating a heated indoor swimming pool, 7 public swimming pools of which 2 are heated and 7 golf courses;
- the Great Southern Rail Trail, which includes 50km of bike/walking trails;

- the 13km Mirboo North – Boolarra rail trail;
- over 50 parks, reserves and sanctuaries including coastal/beach assets, trails in the Strzelecki Ranges, Coal Creek Heritage Village and Mossvale Park at Mirboo North

3.1.6 Budget implications

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

- The large area of South Gippsland Shire Council increases transport costs when compared to metropolitan and regional Councils. Also, services can be centralised as most citizens are able to reach Council facilities without extensive travel times.
- Over 13% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community.
- The Shire is experiencing an increase in demand for higher density housing developments in serviced townships as well as lifestyle living opportunities in low density and rural living settings. The budget implications arise in Council having to provide new infrastructure as well as cope with replacement of aging infrastructure. These costs cannot be passed on to the developer and are paid for from rates. The rates received from new dwellings do not offset the significant infrastructure costs.
- A series of new challenges have occurred in 2009 including the Global Economic Crisis and bushfires at Mirboo North / Darlimurla and Wilsons Promontory National Park. These have placed economic and social pressures on our communities and increased demands on Council services.

3.2 External influences

In preparing the 2009/10 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- Wages growth is projected to be 3.7% for 2009/10 and to increase to around 4.0% per annum in following years. (Commonwealth Bank economic forecast).
- Projected consumer price index (CPI) increases on goods and services being 2.7% for 2009/10.

- Local government cost index which is based on a combination of the Wages price Index and the Macromonitor's forecast movement in non residential construction costs being around 3.0% for 2009/10.
- Receipt of significant capital and major works funding of \$2.58 million, the vast majority being for the completion of Commonwealth funded Roads to Recovery projects.
- Prevailing world economic conditions as a result of the global financial crisis are expected to remain difficult during the budget period, impacting interest rates.

3.3 Internal influences

As well as external influences, there were also internal influences arising from the 2008/09 year which have had a significant impact on the setting of the 2009/10 budget. These included:

- The cash available for projects carried forward, both capital (\$0.35 million) and operational expenditure of which a significant portion of it is tied to grant funds (\$0.75 million).
- Expected closing cash position as at 30 June 2009 of \$10.39 million.

3.4 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:

- Wherever it is reasonably possible to do so, a 'users pays' approach to reviewing fees and charges was required to be applied. The approach was to ensure that applicable fees and charges were reviewed beyond just CPI movements. Any fees that were not to be increased in line with the planned rate rise had to be reviewed and approved by Council on an exception basis;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2008/09 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- New staff proposals to be justified through a business case;
- New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis;
- Real savings in expenditure and increases in revenue identified in 2008/09 to be preserved; and
- No new borrowings.

3.5 Legislative requirements

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

The 2009/10 budget, which is included in this report, is for the year 1 July 2009 to 30 June 2010 and is prepared in accordance with the Act and Regulations. The budget includes standard statements being a budgeted income statement, balance sheet, cash flows and capital works. These statements have been prepared for the year ended 30 June 2010 in accordance with the international financial reporting standards (IFRS), and other mandatory professional reporting requirements and in accordance with the Act and Regulations. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

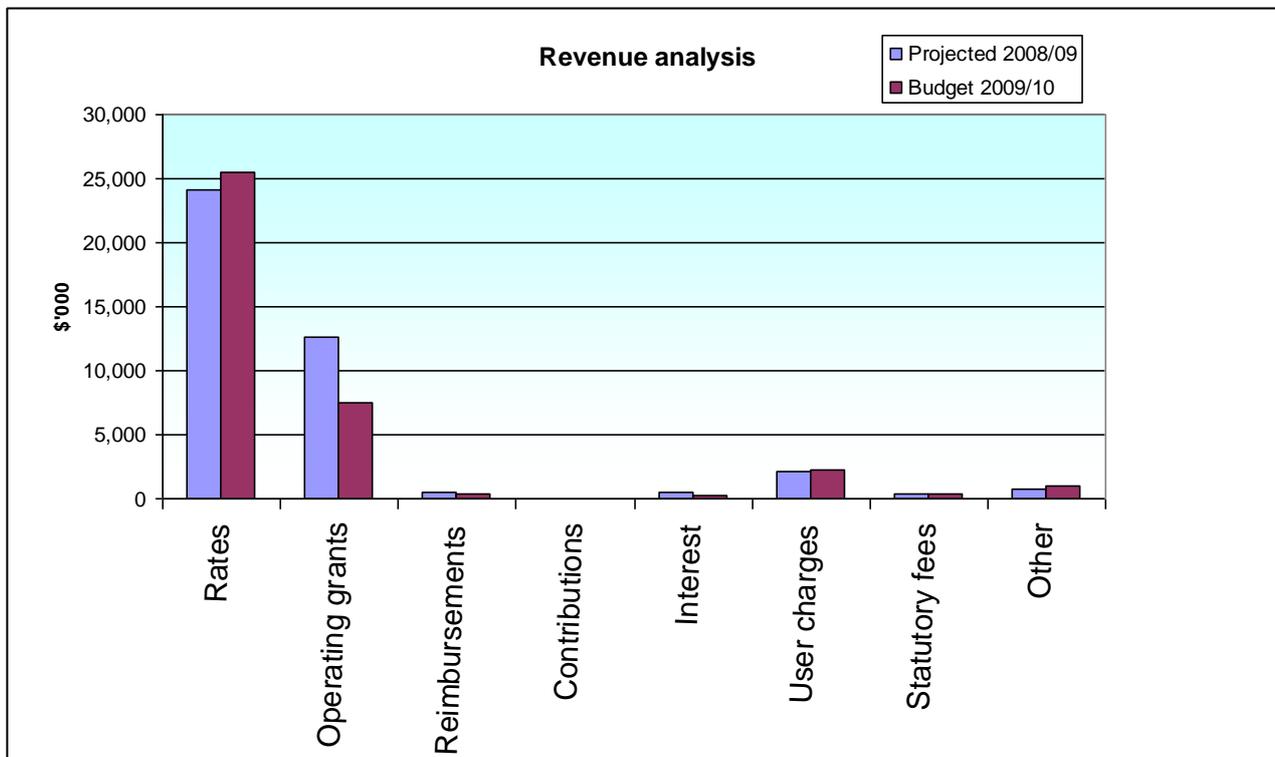
The budget includes consideration of a number of long-term strategies to assist Council in considering the Budget in a proper financial management context. These include a long term financial strategy (section 8), rating strategy (section 9), borrowing strategy (section 10) and infrastructure strategy (section 11).

4. Analysis of operating budget

This section of the annual budget report analyses the expected revenues and expenses of the Council for the 2009/10 year.

4.1 Operating revenue

| Revenue Types | Reference | Forecast Actual 2008/09 \$'000 | Budget 2009/10 \$'000 | (Unfav) Variance \$'000 |
|--------------------------------|-----------|---|-----------------------------|-------------------------------|
| Rates & charges | 4.1.1 | 24,138 | 25,559 | 1,421 |
| Operating grants | 4.1.2 | 12,574 | 9,460 | (5,114) |
| Capital grants & contributions | 4.1.3 | 1,313 | 2,575 | 1,262 |
| Reimbursements | 4.1.4 | 480 | 330 | (150) |
| Contributions | 4.1.5 | 26 | 30 | 4 |
| Interest | 4.1.6 | 516 | 293 | (223) |
| User charges | 4.1.7 | 2,173 | 2,198 | 25 |
| Statutory Fees | 4.1.8 | 326 | 409 | 83 |
| Other | 4.1.10 | 793 | 992 | 199 |
| | | | | |
| Total operating revenue | | 42,339 | 39,846 | 2,493 |



4.1.1 Rates and charges (\$1.42 million increase)

It is projected that general rates and charges income be increased by 5.25% over the base that was raised last year to \$25.56 million. This includes \$0.15 million in supplementary rates. Section 9, "rating strategy" includes a more detailed analysis of the rates and charges to be levied for 2009/10.

4.1.2 Operating grants (\$5.11 million 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 40.7% or \$5.11 million compared to 2008/09.

It should be noted that Road to Recovery funding in previous years (\$1.01 million in 2008/09) was classified as 'operating grants', has been redirected from operational projects (re-sheets) which are expensed in the income statement to capital projects (reseals).

The Australian Accounting Standards requires Councils to recognise grant income when received. The Commonwealth Government has advised the Victoria Grants Commission (VGC) that 25% of the aggregate payments (\$1.7 million) will be brought forward to June 2009. This means that South Gippsland is required to bring to account in the 2008/09 financial statements 5 quarters of VGC grants and will only be recognising 3 quarters VGC grants in 2009/10. This accounting treatment is also required for any other grants that council receives in advance, irrespective that the actual expenditure will be incurred in the following 2009/10 year. This has the effect of distorting the Income Statements between the two years. However, the net budget impact is zero between the two financial years

Similar accounting treatment is required for other grants received in advance from the State Government for community services projects.

Decreases in a number of one off community project funding from \$0.50 million in 2008/09 to \$0.21 million in 2009/10. The previous year community projects included funding for the Great Southern Rail Trail, (\$18,000) the dredging of the Toora channel (\$128,000), Nyora and Toora Recreations reserves (\$284,000) and Fish Creek hall (\$72,000).

Major recurrent grant funding will be received include the \$6.82 million Victoria Grants Commission allocation and \$1.4 million for Home and Community Care (HACC) programs.

4.1.3 Capital grants and contributions (\$1.26 million increase)

Capital grants include all monies received from State and Federal governments and community sources for the purposes of funding the capital works program. Overall the level of grants has increased by 96% or \$1.26 million compared to 2008/09. This large increase is due to the recognising all Road to Recovery grant

funds as capital funding (\$1.64 million) In previous years, a significant portion of the fund was classified as an operating grant and utilised for resheets, a recurrent operating expense,

There are other capital funds expected in 2009/10 for the Coal Creek Heritage Village (\$240,000), Buildings (\$127,000), Welshpool Rail Trail (\$70,000), Mossvale Park (\$75,000), Leongatha Michael Place toilets (\$52,000) and Auslink projects (\$500,000).

Section 6, "analysis of capital budget" includes a more detailed analysis of the grants and contributions that are expected to be received during the 2009/10 year.

4.1.4 Reimbursements (\$150,000 decrease)

There is a reduction in the level of reimbursements expected to be received, the more notable items being Work Cover and Diesel fuel rebates.

4.1.5 Contributions (\$4,000 decrease)

There are no significant movements for operational contributions.

4.1.6 Interest revenue (\$223,000 decrease)

There is a decrease of \$223,000 in interest revenue due to expected lower interest rates in 2009/10.

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

4.1.7 User charges (\$25,000 increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include rental income, use of leisure, entertainment and other community facilities and the provision of human services such as aged and disabled services.

In accordance with the financial strategies, wherever it is reasonably possible to do so, a 'user pays' approach to reviewing fees and charges is applied. The approach is to ensure that applicable fees and charges are reviewed beyond just CPI movements in line with the annual rate rise. Any fees that are not increased in line with the planned rate rise was reviewed and approved by Council on an exception basis.

Appendix F, 'fees and charges' details all user charges.

4.1.8 Statutory fees (\$83,000 increase)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Planning, Health Act registrations and parking fines. There more notable increases are expected for Engineering Design fees (\$40,000), Local laws (\$10,000) and Planning fees (\$20,000). Due to forecast tightening of economic circumstances most other charges are not expected to increase significantly.

Appendix F, 'fees and charges' details all statutory fees.

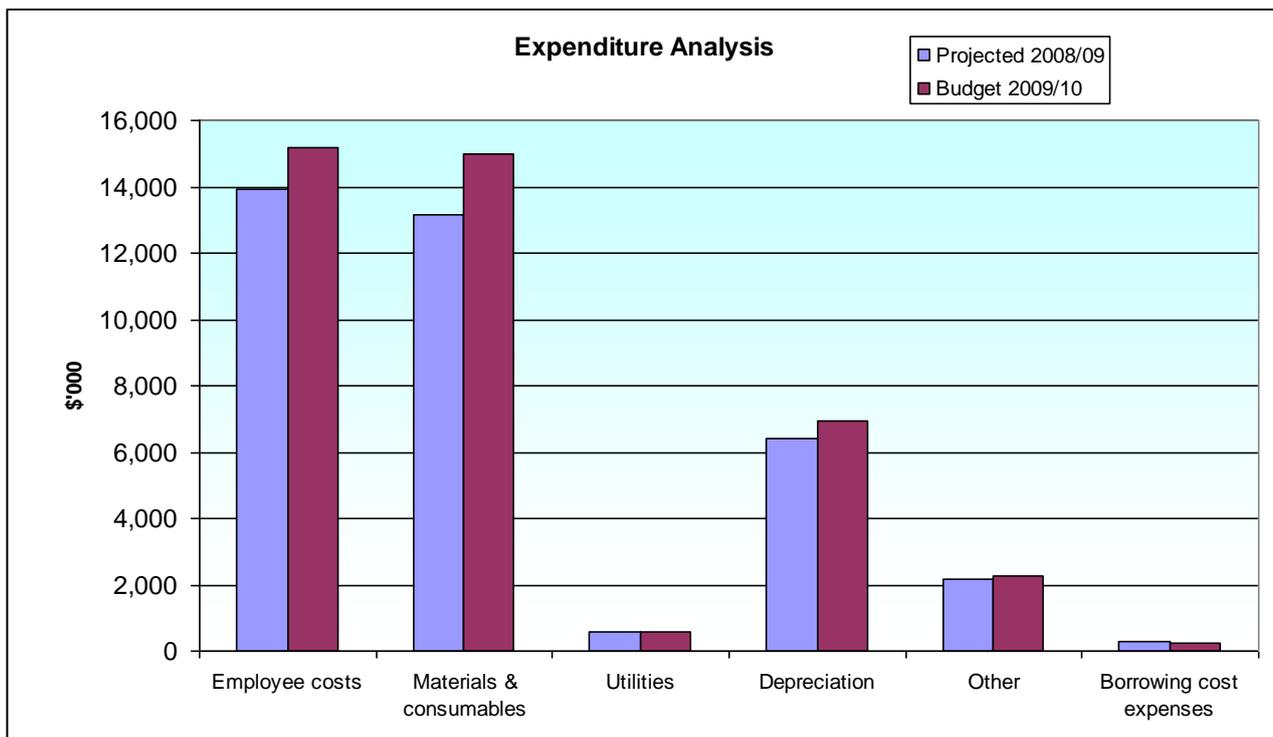
4.1.9 Other revenue (\$199,000 increase)

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

Other revenue is projected to increase by 25.1% or \$199,000 in 2009/10. This is predominantly due to expecting more income from private works sealing projects.

4.2 Operating expenditure

| Expenditure Types | Reference | Forecast Actual 2008/09 \$'000 | Budget 2009/10 \$'000 | (Unfav) Variance \$'000 |
|------------------------------------|-----------|---|-----------------------------|-------------------------------|
| Employee costs | 4.2.1 | 13,928 | 15,185 | (1,257) |
| Materials and consumables | 4.2.2 | 13,142 | 14,969 | (1,827) |
| Utilities | 4.2.3 | 562 | 574 | (12) |
| Depreciation | 4.2.4 | 6,421 | 6,943 | (522) |
| Other expenses | 4.2.5 | 2,192 | 2,269 | (77) |
| Borrowing cost expenses | 4.2.6 | 290 | 217 | 73 |
| | | | | |
| Total operating expenditure | | 36,535 | 40,157 | (3,622) |



4.2.1 Employee costs (\$1.26 million increase)

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

Employee costs are forecast to increase by 9.0% or \$1.26 million compared to 2008/09.

It should also be noted that the 2009/10 budgeted employee costs takes into account:

- An allowance for Council's enterprise bargaining agreement (EBA), banding and contract staff increments in 2009/10 and higher duties as well as the flow on effect to oncost expenses.
- 2.8 EFT Increases in grant funded positions, 0.4 EFT for a planning enforcement officer and 0.23 EFT in immunisation to deliver the Gardasil program.
- 2.9 EFT increase of casual staff to support the Infrastructure department in delivering their work programs

It should be noted that some staff costs are actually costed to the Balance Sheet as opposed to being expensed in the Income Statement. On a program budget basis (combining employee costs employee costs incurred in the income statement and capital works program) the total employee costs budgeted for 2009/10 is \$15.8 million (\$14.5 million forecast for 2008/09)

In summary, average staff numbers (EFT) during the budget period are as follows:

| Type of employment | Number of EFT's | |
|--------------------|-----------------|------------|
| | 2008/09 | 2009/10 |
| Full time | 166 | 167 |
| Part time | 47 | 49 |
| Casual | 6 | 10 |
| Total | 219 | 226 |

4.2.2 Materials & consumables (\$1.83 million increase)

Materials and consumables are forecast to increase by 13.9% or \$1.83 million compared to 2008/09.

Significant increases when compared with the previous financial year include operational project expenses being carried forward from 2008/09 to 2009/10 (\$750,000) building program costs (\$271,000), property program (\$100,000), Private works (\$130,000) and community program (\$335,000). These community project costs are to a degree offset to a degree by one off grants and contributions.

Reductions in expenses in 2009/10 compared to the previous year include \$131,000 less for recruitment and \$200,000 less for strategic planning contractors and consultancies.

4.2.3 Utilities (\$12,000 increase)

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to increase by 2.1% or \$12,000 compared to 2008/09.

4.2.4 Depreciation (\$0.52 million increase)

Depreciation relates to the usage of Council's property, plant and equipment including infrastructure assets such as roads and drains.

The completion of the 2009/10 capital works program and the full year effect of depreciation on the 2008/09 capital works program impacts upon the depreciation charges. Refer to Section 6. "analysis of capital budget" for a more detailed analysis of Council's capital works program for the 2009/10 year.

4.2.5 Other expenses (\$77,000 increase)

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

Other expenses are forecast to increase by 3.5% or \$77,000 compared to 2008/09. The majority of the increase is in relation to library services (\$26,000), Councillors allowances (\$25,000) and for swimming pool grants (\$35,000).

4.2.6 Borrowing cost expenses (\$73,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to decrease by 25% or \$73,000 compared to 2008/09.

The costs decrease in 2009/10 is as a result of increasing portion of loan repayments on other borrowings being actually allocated to principal repayments.

5. *Analysis of budgeted cash position*

This section of the budget report analyses the expected cash flows for the 2009/10 year. The analysis is based on three main categories of cash flow. In summary these are:

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

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

5.1 Analysis of budgeted statement of cash flows

| | Reference | Forecast Actual 2008/09 \$'000 | Budget 2009/10 \$'000 | Variance \$'000 |
|--------------------------------------|-----------|---|-----------------------------|--------------------|
| Operating Activities | 5.1.1 | | | |
| Receipts | | 42,313 | 39,846 | (2,467) |
| Payments | | (30,094) | (32,919) | (2,825) |
| Net cash inflow (outflow) | | 12,219 | 6,927 | (5,292) |
| Investing Activities | 5.1.2 | | | |
| Receipts | | 862 | 883 | 21 |
| Payments | | (7,817) | (9,958) | (2,141) |
| Net cash inflow (outflow) | | (6,955) | (9,075) | (2,120) |
| Financing Activities | 5.1.3 | | | |
| Receipts | | 33 | 0 | (33) |
| Payments | | (1,116) | (1,355) | (22) |
| Net cash inflow (outflow) | | (1,083) | (1,355) | (272) |
| Net increase (decrease) in cash held | | 4,181 | (3,503) | (7,684) |
| Cash at beginning of year | | 6,216 | 10,397 | 4,181 |

| | | | | |
|------------------------------|-------|---------------|--------------|----------------|
| Cash at end of year | 5.1.4 | 10,397 | 6,894 | (3,503) |
| | | | | |
| Represented by: | | | | |
| Reserve cash and investments | | | | |
| - Statutory | | 166 | 188 | 22 |
| - Discretionary | | 1,982 | 2,411 | 429 |
| -Working capital | | 8,249 | 4,295 | (3,954) |
| | 5.2 | 10,397 | 6,894 | (3,503) |

5.1.1 Operating activities (\$1.29 million decrease)

The increases in cash inflows from operating activities are due mainly to receiving a \$1.42 million increase in Rates and charges revenue, an increase in fees & charges and other revenue of \$0.15 million. The increases are offset by increased payments to employee costs (\$1.26 million), increases in materials and consumables (1.55 million), less income from capital and operating grants (\$3.85 million), and less interest income from investments (\$0.22 million).

5.1.2 Investing activities (\$2.12 million increase)

The \$2.12 million increase in net payments for investing activities is due in part to receiving more income of \$54,000 in capital sales compared with the previous year. The actual gross expenditure on capital is \$2.14 million more than as it was for 2008/09 which includes \$0.35 million of uncompleted capital projects from 2008/09 being carried forward into 2009/10.

5.1.3 Financing activities (\$0.27 million decrease)

Financing activities includes the principal component of loan repayments for the year. For 2008/09 the total of principal repayments was \$1.12 million. Total principal payments budgeted for 2009/10 will be \$1.14 million.

5.1.4 Cash at end of the Year (\$3.50 million decrease)

Overall, total cash and investments are forecast to be \$3.50 million less to that of 2008/09. The contribution of cash from operating activities has provided significant funds for both the investing and financing activities, as well as the grant funding received in advance the previous year. The balance is expected to be \$6.89 million as at 30 June 2010 which is less than the previous year (\$10.39 million). This reflects the strategic intent of systematically releasing increasing levels of funds to investing activities, whilst not compromising the underlying working capital position.

5.2 Reserve cash, investments and working capital

The cash flow statement above indicates that Council is estimating that at 30 June, 2010 it will have cash and investments of \$6.89 million, which has been earmarked as follows:

- **Working capital (\$4.29 million)** - these funds are free of all specific Council commitments (after allowing for unexpended capital funding) and represent funds available to meet daily cash flow requirements and unexpected short term needs. Council regards these funds as the absolute minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds. A higher level of working capital would be considered desirable because 60% of Council's rate revenue is not received until February each year. This again is reflected in the Long Term Financial Plan.
- **Statutory purposes (\$0.19 million)** - Currently there is \$0.19 million budgeted to statutory reserves for open space contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary purposes (\$2.41 million.)** –An allocation of \$1.63 million has been quarantined to an 'internal' reserve funds for the general reserve, \$0.70 million for garbage services, \$36,000 for Corner Inlet seawall drainage, \$16,000 for caravan parks and \$33,000 for Henry's Road Nyora.

Allocations to discretionary reserves in future years will normally only occur when surplus operating results equivalent to the reserve transfer is achieved. These funds will be available for whatever purpose Council decides is their best use.

There are no restrictions on the use of these funds other than as Council may itself impose. The decisions about future use of these funds will be reflected in Council's Long Term Financial Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

6. Analysis of capital budget

This section of the budget report analyses the planned capital expenditure budget for the 2008/09 year and the sources of funding for the budget.

6.1 Capital works

| Capital Works Areas | Reference | Forecast Actual 2008/09 \$'000 | Budget 2009/10 \$'000 | Variance \$'000 |
|--|-----------|---|-----------------------------|--------------------|
| Works for 2008/2009 | | | | |
| Roads | 6.1.1 | 3,460 | 4,585 | 1,125 |
| Footpaths | 6.1.2 | 8 | 387 | 379 |
| Kerb & Channel | 6.1.3 | 496 | 35 | (461) |
| Bridges | 6.1.4 | 64 | 376 | 312 |
| Drains & Culverts | 6.1.5 | 93 | 186 | 93 |
| Car parks | 6.1.6 | 44 | 0 | (44) |
| Other Structures | 6.1.7 | 503 | 490 | (13) |
| Buildings | 6.1.8 | 912 | 1,172 | 260 |
| Land | 6.1.9 | 2 | 21 | 19 |
| Plant & Equipment | 6.1.10 | 1,764 | 2,167 | 403 |
| Furniture & Equipment | 6.1.11 | 471 | 539 | 68 |
| | | | | |
| Total capital works | | 7,817 | 9,958 | 2,141 |
| | | | | |
| Works for 2008/2009 represented by: | | | | |
| <i>Capital expenditure</i> | | | | |
| New assets | | 1,608 | 1,614 | 6 |
| Asset renewals | | 6,209 | 8,344 | 2,135 |
| | | | | |
| Total capital works | | 7,817 | 9,958 | 2,141 |
| | | | | |
| <i>Works carried forward*</i> | | | | |
| Works carried forward from previous year | 6.1.12 | 170 | 346 | 176 |

6.1.1 Roads (\$4.59 million)

For the 2009/10 year, \$4.59 million will be expended on road projects. The more significant projects include reseals including preparation costs (\$2.28 million), Main South Road (\$0.75 million), Leongatha South Outtrim (\$0.18 million), Koonwarra Inverloch Road (\$0.70 million) Bena Kongwak Road (\$25,000), Grey Street (\$14,000), Anderson Street (\$28,000), Lees Road (\$44,000), Creamery Valley Road (\$18,000), Loch Poowong Road (\$58,000), Bass Valley Road (\$27,000) and Yannathan road (\$52,000).

6.1.2 Footpaths (\$0.39 million)

For the 2009/10 year, \$0.39 million will be expended on footpaths. This includes the Welshpool rail trail (\$75,000), and footpath renewal program (\$0.21 million).

6.1.3 Kerb & channel (\$35,000)

For the 2009/10 year, \$35,000 will be expended on Devlin / Nelson Road kerb & channel.

6.1.4 Bridges (\$0.38 million)

For the 2009/10 year, \$0.38 million will be expended on the Dryings Road bridge.

6.1.5 Drains & culverts (\$0.19 million)

For the 2009/10 year, \$1.35 million will be expended on the construction of the wild Dog Valley Road culvert and \$55,000 on other culverts

6.1.6 Car parks (\$Nil)

For the 2009/10 year, there are no allocations for car parks.

6.1.7 Other structures (\$0.49 million)

For the 2009/10 year, \$0.49 million will be expended on other structures. This includes the playground replacement program (\$0.92 million), boardwalk at Fisherman's Jetty (\$45,000), climate change initiatives (\$35,000) allocation for Sports Recreation Victoria projects (\$50,000) and Auslink projects (\$0.3 million).

6.1.8 Buildings (\$1.17 million)

For the 2009/10 year, \$1.17 million will be expended on buildings. The more significant projects include replacing the Mossvale park Sound Shell roof (\$0.96 million), Coal Creek Heritage Village projects (\$0.32 million) Korumburra Senior citizen's kitchen (\$41,000), Meeniyah kindergarden upgrade (\$75,000),

contribution to Splash Stage 2 (\$250,000) and Mirboo North Swimming pool (\$139,000).

6.1.9 Land (\$21,000)

For the 2009/10 year, \$21,000 have been allocated to sundry land purchases.

6.1.10 Plant & equipment (\$2.17 million)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$2.17 million).

6.1.11 Office furniture & equipment (\$0.54 million)

This relates ongoing cyclical replacement of computer related equipment (\$327,000) and for purchase of an asset management system (\$210,000).

6.1.12 Carried forward works (\$0.35 million)

At the end of each financial year there are projects, which are either incomplete or not commenced due to planning issues, weather delays, extended consultation etc. It is forecast that \$0.17 million for an asset management system, \$39,000 for Mossvale park, \$1,800 for Leongatha Michael Place toilets, \$38,000 for Baromi park walking track, \$2,000 for Korumburra senior citizens kitchen, 16,000 for Dryings Road, 2,000 for boardwalk at Fisherman's jetty and \$80,000 for Coal Creek projects from the 2008/09 capital works will be incomplete and will be carried forward into the 2009/10 year (previous year \$0.17 million).

6.2 Funding Sources

| Sources of Funding | Reference | Forecast Actual 2008/09 \$'000 | Budget 2009/10 \$'000 | Variance \$'000 |
|------------------------------|-----------|---|-----------------------------|--------------------|
| External | | | | |
| Grants and contributions | 6.2.1 | 1,313 | 2,575 | 1,262 |
| Borrowings | 6.2.2 | 0 | 0 | 0 |
| Proceeds on sale of assets | 6.2.3 | 862 | 883 | 21 |
| Sub total | | 2,175 | 3,458 | 1,283 |
| Internal | | | | |
| Operations | 6.2.4 | 5,522 | 4,987 | (535) |
| Working capital & Reserves | 6.2.5 | 120 | 1,513 | 1,393 |
| Sub total | | 5,642 | 6,500 | 858 |
| Total funding sources | | 7,817 | 9,958 | 2,141 |

6.2.1 Grants and contributions (\$1.26 million increase)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The increase due to recognising Road to Recovery grant funds as capital income, whereas in previous years the funding was utilised for operating expenses (recurrent resheets program).

Grants and contributions expected for local roads include Roads to Recovery \$1.64 million and \$0.24 million for Coal Creek, \$0.13 for building program as well as \$0.50 for engineering services program projects.

6.2.2 Borrowing (nil movement)

There are no borrowings budgeted for in the 2009/10 financial year.

6.2.3 Proceeds from sale of assets (\$21,000 increase)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$0.58 million and plant sales of \$0.30 million.

6.2.4 Operations (0.53 million decrease)

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 \$4.99 million will be generated from operations to fund the 2009/10 capital works program (after allowing for capital grants and contributions as discussed in Section 6.2.1). Refer section 5. "budgeted cash position" for more information on funds from operations.

6.2.5 Working capital & Reserves (\$1.39 million increase)

Council also has cash and investments, which represent internal reserves, working capital and funds preserved from the previous year mainly as a result of grants and contributions being received in advance. It is forecast that \$1.51 million will be available from the 2008/09 year to fund the 2009/10 capital works program.

7. *Analysis of budgeted balance sheet*

This section of the budget report analyses the movements in assets, liabilities and equity between 2008/09 and 2009/10.

7.1 Budgeted balance sheet

| | Reference | Forecast Actual 30 Jun 09 | Budget 30 Jun 10 | Variance |
|-------------------------------|-----------|---------------------------------|---------------------|----------------|
| | | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Assets | 7.1.1 | 15,209 | 11,796 | (3,413) |
| Liabilities | 7.1.2 | (6,638) | (6,549) | 89 |
| Net current assets | | 8,571 | 5,247 | (3,324) |
| | | | | |
| Non Current | | | | |
| Assets | 7.1.3 | 384,362 | 386,041 | 37,679 |
| Liabilities | 7.1.4 | (3,402) | (2,521) | 881 |
| Net non current assets | | 344,960 | 383,520 | 38,560 |
| | | | | |
| Net assets | | 353,531 | 388,767 | 35,236 |
| | | | | |
| Equity | 7.1.5 | | | |
| Accumulated surplus | | 141,522 | 140,705 | (817) |
| Reserves | | 212,009 | 248,062 | 36,053 |
| Total equity | | 353,531 | 388,767 | 35,236 |

7.1.1 Current Assets (\$3.41 million decrease)

The current assets are projected to be less than 2008/09, the main contributor being a \$3.50 million reduction in the cash position. A more detailed analysis of this change is included in section 5. "analysis of budgeted cash position". Rate and other debtors are not expected to change significantly.

7.1.2 Current liabilities (\$89,000 decrease)

There is a marginal decrease of \$89,000 current liabilities (that is, obligations that Council must pay within the next 12 months). This is due to progressively reducing current liability loan obligations. A more detailed analysis of this change is included in section 10. "borrowing strategy".

7.1.3 Non current assets (\$37.68 million increase)

The increase in non-current assets is due to revaluation increment for infrastructure assets (\$35.6 million), the net result of the capital works program

(\$9.96 million), the depreciation of all non-current assets with the exception of land (\$6.94 million) and the written down value of property, plant and equipment sales (\$0.94 million).

7.1.4 Non current liabilities (\$0.88 million decrease)

The decrease in movements in non-current liabilities is due primarily to reclassifying a portion of interest bearing liabilities from non current to current liability.

7.1.5 Equity (\$35.24 million increase)

The increase in the accumulated surplus is impacted by the forecast operating deficit of \$0.37 million after allowing for net loss on disposal of assets of \$55,000 and the \$35.60 million revaluation increment.

In addition to this change, an amount of \$0.45 million will be transferred from the accumulated surplus to a reserve. This reflects the allocation of funds from garbage services (\$0.41 million), caravan park net income (16,000) and open space contributions (\$22,000).

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

7.2 Key assumptions

In preparing the budgeted balance sheet for the year ended 30 June 2010 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 2009/10 will be at similar levels to that of previous years.
- Trade creditors and other creditors and debtors to remain consistent with 2008/09 levels.
- Proceeds from the sale of property in 2009/10 will be received in full in 2009/10.
- 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 \$1.14 million.
- Total capital expenditure to be \$9.96 million.
- A total net \$0.45 million to be transferred from accumulated surplus to internal reserves.
- \$2.58 million in capital grants will in fact be received by 30 June 2010.

8. *Long Term Financial Plan*

8.1 Plan development

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

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

A high level 10 year Long Term Financial Plan (LTFP) was first developed by Council in 2003. This Long Term Financial Plan for the years 2009/10 to 2018/19 has been further refined as part of Council's strategic financial planning framework. It ensures that Council adopts a financially responsible and accountable annual budget that sits within a longer term framework. The LTFP is developed taking into consideration the long term financial strategies that were also first developed in 2003, which have been revised and adopted by Council on 18 March 2009.

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

1 South Gippsland Shire Council target consistent, strengthening underlying surplus results as documented in the long term financial plan.

2 The budgeted income statement in the annual budget, strategic resource plan and long term financial plan be presented in a manner that clearly discloses the underlying result.

3 The underlying working capital ratio in the long term financial plan to show a strengthening trend targeting at least a 1.5 to 1 ratio in the later years of the plan.

4 Budgeted transfers to discretionary reserves for future capital expenses only be made if matched by an equivalent budgeted underlying surplus in the income statement in order to preserve the accumulated surplus position of Council.

5 Where possible, any material favourable budget variations realised in a given financial year be quarantined and allocated to a 'future funds' reserve (unless required to finance projects deemed as 'unavoidable') that can be used as a funding source for future one off unexpected and unavoidable costs.

6 Budgeted underlying cash at the end of each year be sufficient to fund daily cash requirements in annual and forward financial plans. This strategy is subject to ongoing financial analysis taking into consideration budgeted cash inflows and outflows requirements, the underlying working capital and quick asset ratio.

7 Capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades and extensions) until the sustainability index (Capital renewal expenditure as a percentage of depreciation) consistently exceeds 95%.

8 Any new capital work (capital extension) proposals must include a lifecycle cost evaluation that identifies the asset's construction, maintenance, operating and depreciation costs.

9 Infrastructure funding gaps be identified as primary or secondary in nature to clearly distinguish the cost requirements of maintaining existing service levels (primary gap) and for service level enhancements (secondary gap).

10 Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.

11 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. This would demonstrate the community's acceptance that the benefits gained would be equal to or greater than the associated cost of the project and its preparedness to fund the project.

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

- achieve gradually strengthening underlying surpluses**
- achieve sustainable cash flows and**
- fund capital renewal projects**

in both the annual budget and long term financial plan

13 Where reasonably possible, fees and charges be increased by the same general rates and charges 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 councillor consideration.

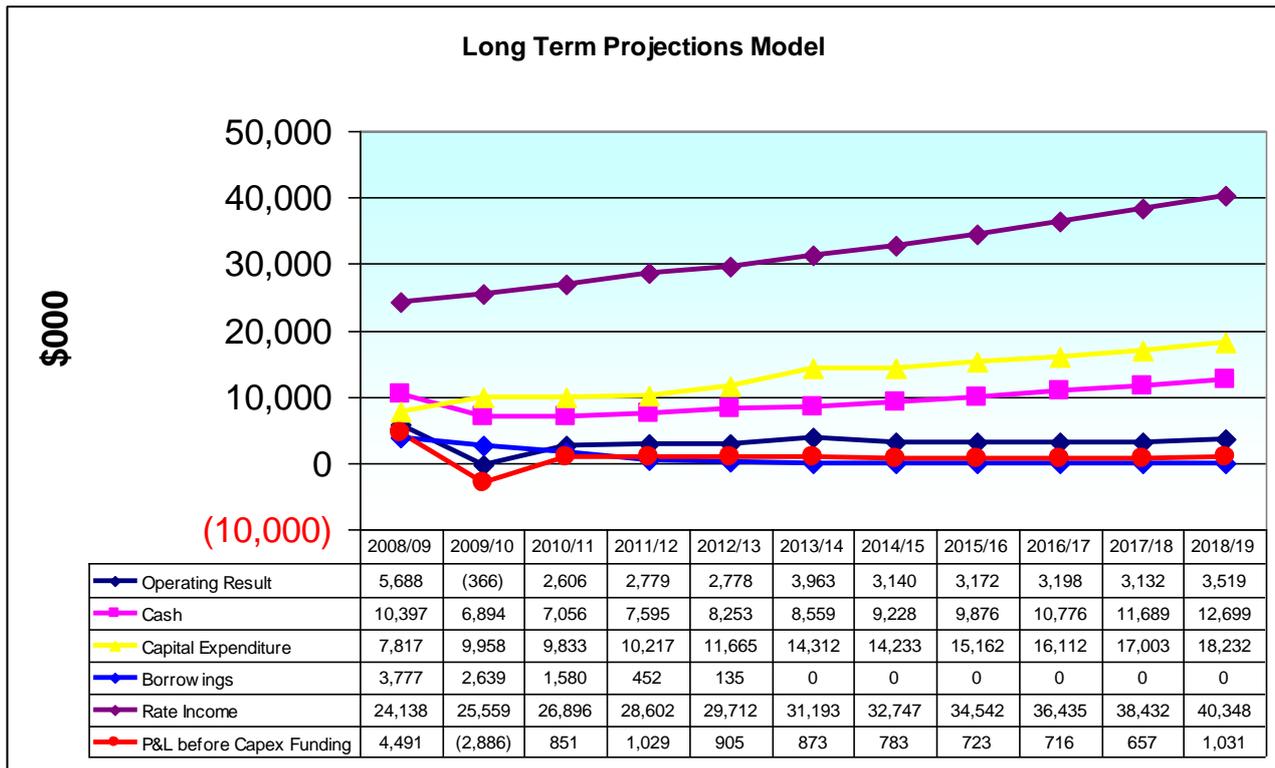
The resulting Long Term Financial Plans reviewed and updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve these key financial objectives. The key components of the Plan are:

- Assessment of Council’s current financial position.
- Key objectives and assumptions.
- Analysing key financial statements.
- Service delivery.
- Rating strategy.
- Borrowing strategy.
- Infrastructure strategy.
- Benchmarking current plan to previous plans.

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

| Indicator | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Forecast 2010/11 \$'000 | Forecast 2011/12 \$'000 | Forecast 2012/13 \$'000 |
|--|--------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating surplus/(deficit) | 5,688 | (366) | 2,606 | 2,779 | 2,778 |
| Operating result excluding capital funding | 4,491 | (2,886) | 851 | 1,029 | 905 |
| Cash from operations | 12,219 | 6,927 | 10,303 | 10,964 | 11,605 |
| Cash increase/(decrease) | 4,181 | (3,503) | 162 | 539 | 658 |
| Cash and investments | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 |
| Borrowings outstanding | 3,777 | 2,639 | 1,580 | 452 | 135 |
| Depreciation | 6,421 | 6,943 | 7,609 | 8,175 | 9,021 |
| Capital expenditure | 7,817 | 9,958 | 9,833 | 10,217 | 11,665 |
| Working capital | 8,571 | 5,247 | 5,440 | 6,890 | 7,830 |
| Net worth | 353,531 | 388,767 | 391,373 | 433,491 | 436,269 |

The following graph shows six key financial indicators over a period of 10 financial years as set out in the Long Term Financial Plan budgets.



8.2 Key outcomes

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

- Service delivery** – Services levels established for 2009/10 have been maintained throughout the forward budget. The Council is however committed over the 2009/10 financial year to identify savings in non core services and overhead costs. Any quantifiable recurrent savings that are recognised will be modelled into the long term financial plan.

The longer term objective is to achieve surplus results before recognising capital grants and contributions (underlying surplus). In order to achieve this, the short term objective is to achieve consistent and increasing operating surplus results. It should be noted, that in 2009/10 it is forecast that there will be underlying deficit result. From 2010/11 onwards consistent and ongoing underlying surpluses are expected.

- Rating strategy (section 9)** – Rate increases have been modelled in the forward budgets at 5.25% for 2009/10 and for the next two years to 2011/12 and then at 5.0% per annum up until and including 2014/15. They are then modelled to increase by 5.5% for the following three years from 2015/16 to 2017/18 and then at 5.0% in 2018/19.

The first strategic objective of allocating additional funds generated to reduce long term debt has now been achieved. The strategic focus now is to generate underlying surplus results that are strengthening over the forward years that are primarily targeted to improve the liquidity and working capital position of Council. This in turn will provide additional funding for capital renewal projects that can be released in coming years.

- **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from \$2.64 million (as at 30 June 2010) to be debt free by 2013/2014.
- **Infrastructure strategy (section 11)** – Capital expenditure over the ten year period will have the primary objective of increasing expenditure on capital renewal projects. The target is to achieve a sustainability index of beyond 95%. From 2009/10 and onwards, it is modelled that significant additional funds can in fact be released for capital renewal projects.
- **Financial sustainability (section 5)** – Cash and investments position should always be referenced against the working capital ratio and in particular the ‘underlying working capital ratio’ (working capital ratio after backing out cash that has been quarantined in internal reserves). The underlying working capital ratio is forecast to show an improving trend heading towards a desirable ratio of 1.5 to 1 by 2011/12. Although the cash levels will not be at what is deemed as a desirable level for a number of years, it is considered to be a situation that is manageable in the short to medium term.

The objective of quantifying in a very pragmatic way the financial circumstances of the Shire is to reinforce the financial challenges that Council is confronted with. The Long Term Financial Plan clearly documents a strategic plan of attack that is required to be undertaken to achieve longer term financial sustainability.

8.3 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources.

The range of services undertaken by Council involves the abilities, efforts and competencies of 310 staff of which 167 work full time, 94 work part time and 49 are casual staff. The Equivalent Full Time (EFT) is 226 staff. The skill base of Council’s workforce is diverse, with staff holding qualifications in areas such as aged care, civil engineering, accounting, health care, planning, building, and other fields.

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

The following table summaries the non-financial resources for the next four years. It should be noted that the employee costs include the costs that are capitalised to the balance sheet.

| Indicator | Forecast | Budget | Long Term Financial Plan | | |
|------------------------|----------|---------|--------------------------|---------|---------|
| | Actual | | Projections | | |
| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Employee costs | 14,526 | 15,781 | 16,174 | 16,984 | 17,525 |
| Employee numbers (EFT) | 220 | 226 | 226 | 227 | 227 |

South Gippsland Shire Council is party to an enterprising bargaining agreement 2007 (EBA) that expires on June 30 2009. This document encourages multi skilling, flexibility and effective application of staff capability.

Council's staff based strategies include:

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

8.4 Analysis of 'current' Long Term Financial Plan previous years plans.

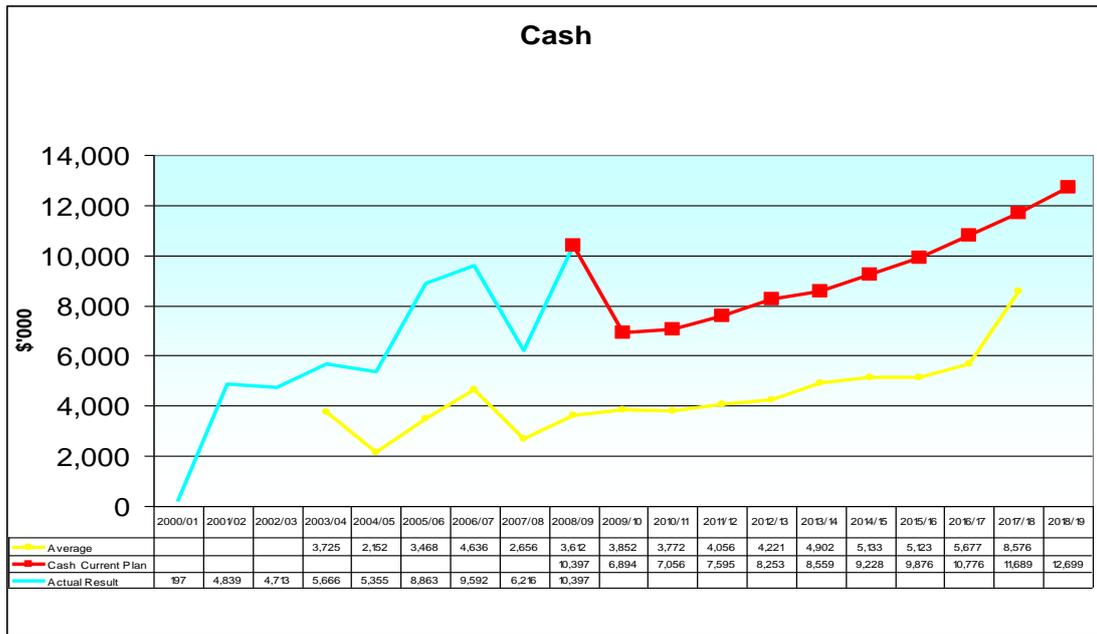
South Gippsland Shire Council has been producing strategic financial plans over the past seven years. The following graphs benchmark the current 2009/10 LTFP against the average of the previous five years financial plans, the lines representing:-

Average (yellow line) Average of previous 5 years long term financial plans (LTFP)

Current Plan (red line) 2009/10 Long Term Financial Plan(LTFP)

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

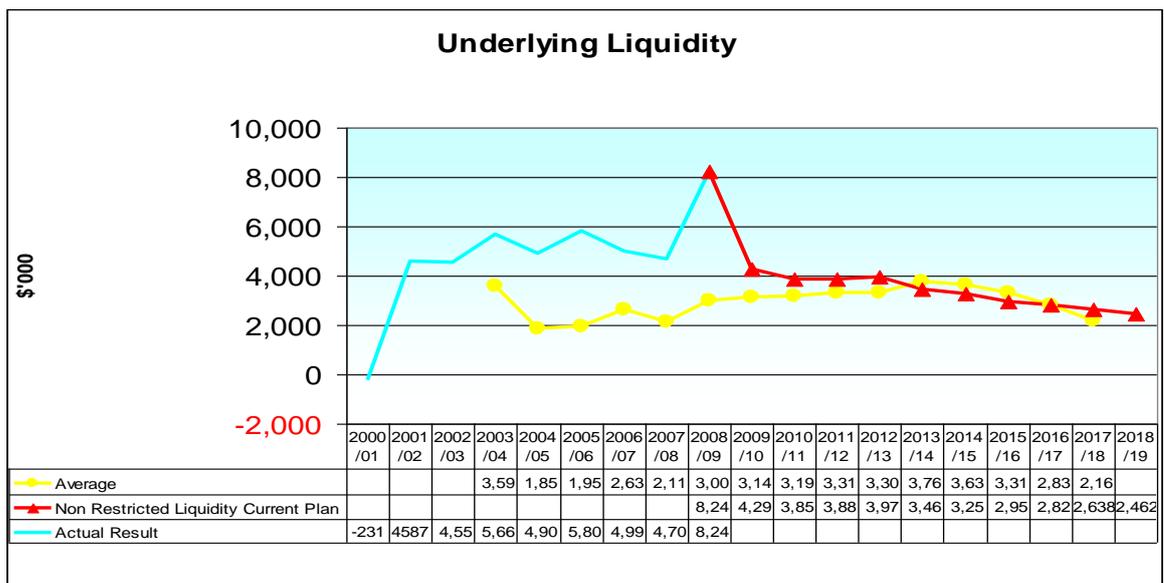
8.4.1 Liquidity



The strategic intent of building up and then utilising cash to pay off long term debt was quite evident leading up to and including 2007/08. The overall cash position in the forward years is stronger than the average because the internal reserves are now fully cash backed. In past financial plans, they were notionally expensed in the capital works program.

In the following years it is strategically planned to gradually and purposefully build up cash and then in the later years when the working capital position of Council is sufficiently strong, release funds for capital works.

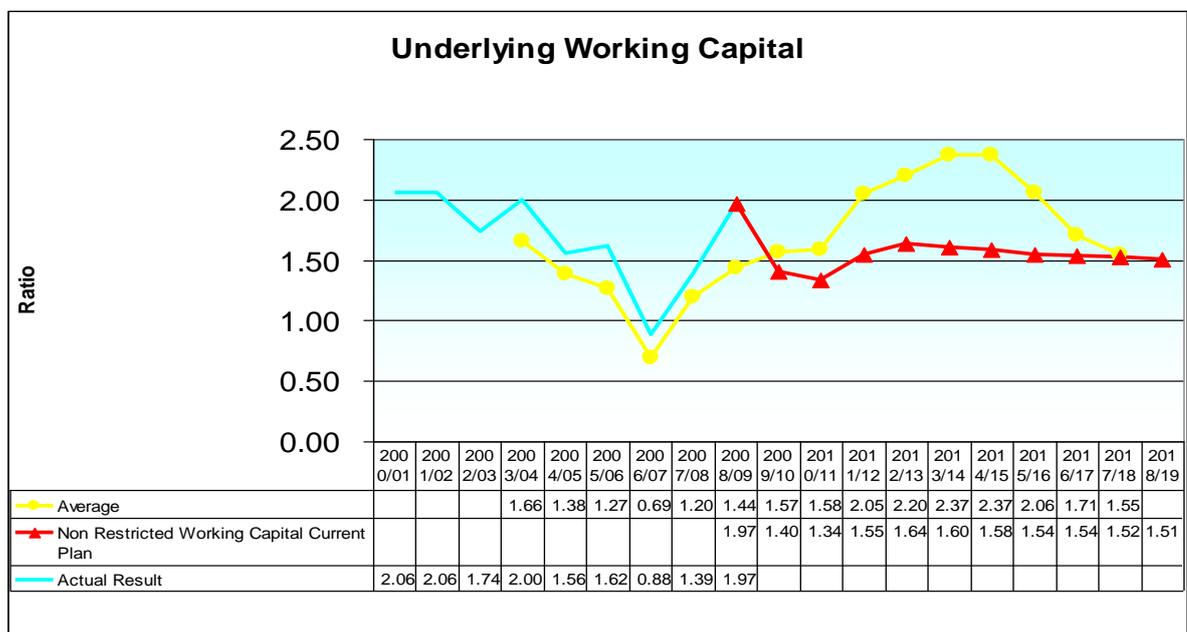
8.4.2 Underlying Liquidity



The underlying liquidity does not include funds that have been set aside in internal reserves. This gives a truer picture of Council's unencumbered financial capacity. Actual financial outcomes have been favourable relative to the previous plans

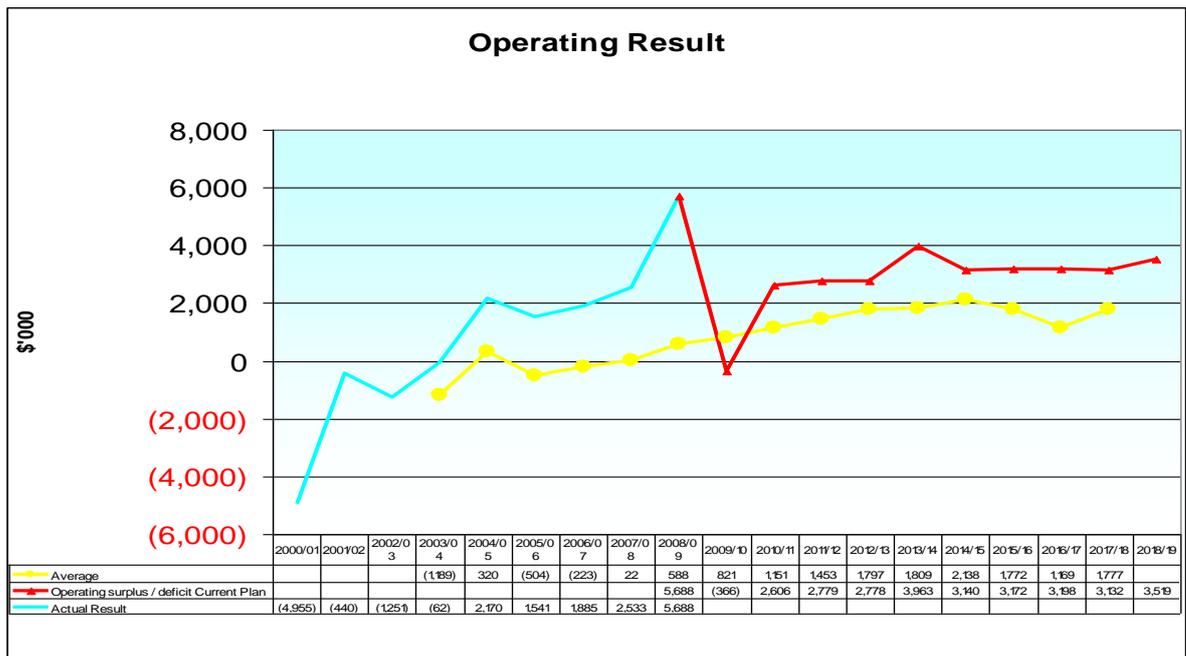
The underlying liquidity position is referenced against the underlying working capital position of Council. In the longer term as the overall balance sheet strength increases the cash can will be released to fund service and infrastructure asset replacement requirements without compromising the integrity of the long term financial strategies and financial plan.

8.4.3 Underlying Working Capital

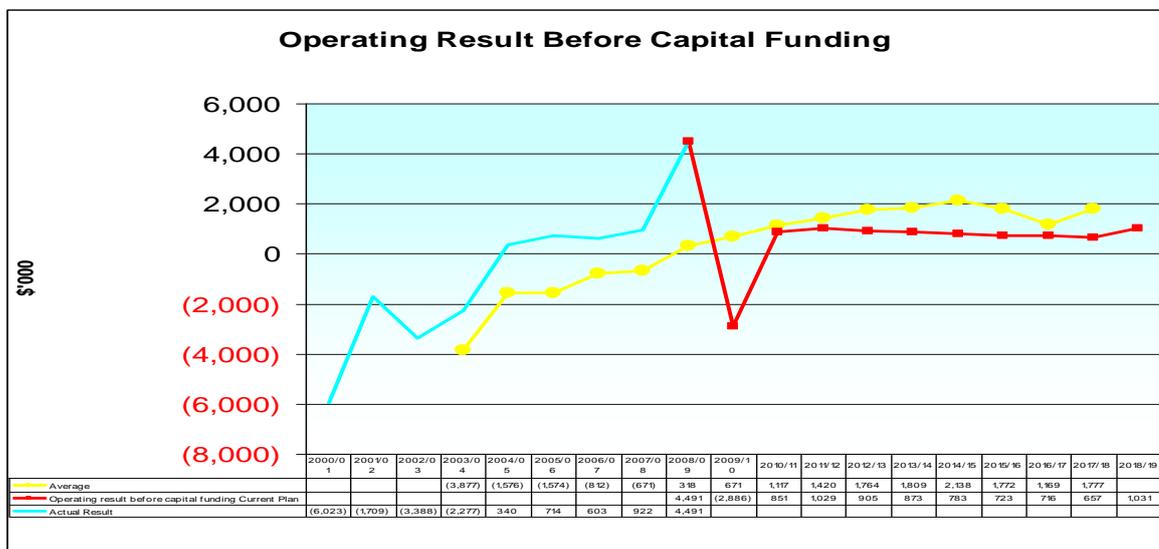


The strategic intent of allocating as much possible cash to retire debt in the early years of the LTFP was evident in the declining working capital ratio up until 2006/07. From 2007/08 and onwards, the underlying working capital ratio is strategically strengthened and flattens out when the strategic target ratio of 1.5 to 1 is achieved. Again, the working capital ratio in previous financial plans was inflated by the internal reserves that were not at that stage quarantined into fully cash backed reserves.

8.4.4 Income Statement



The operating result in the current plan maintains general parity with previous years plans. The actual results achieved relative to the previous plans are also overall favourable.



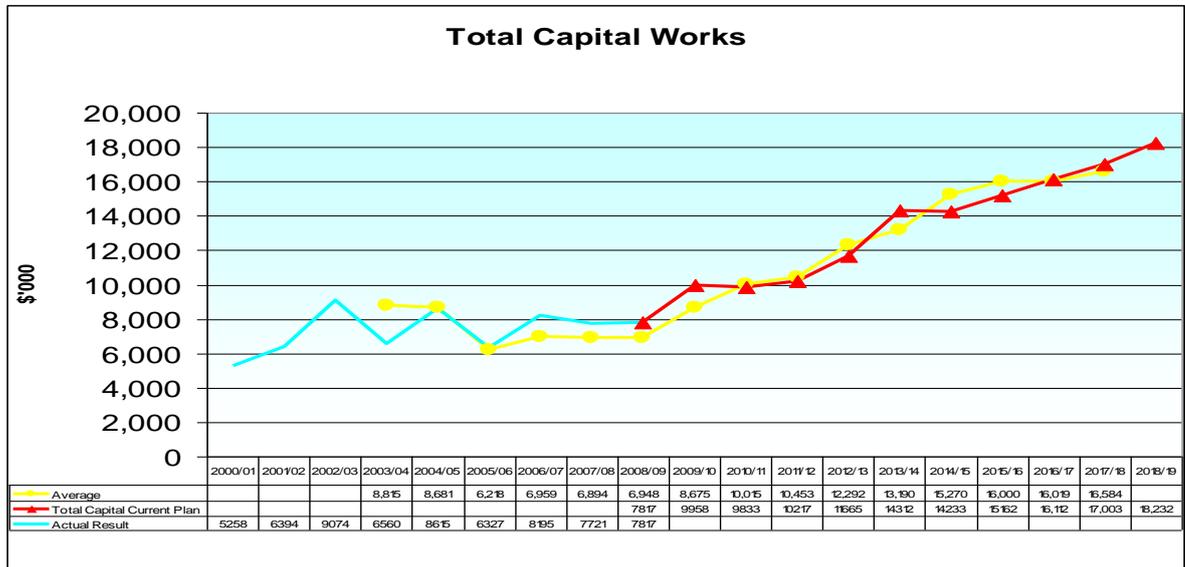
The underlying operating result is the operating result less any capital funding received. This gives a more meaningful comparison of recurrent revenue and expenditure streams in the operating statement.

The underlying result has a very similar outcome to that of the operating result.

The spike and dip in the underlying operating result for 2008/09 and 2009/10 is due to accounting standard requirement to recognise revenue when it obtains 'control' rather than 'receipt' of grant funds. It can also be noted that the underlying result in later years is significantly less than the average of past five years. This

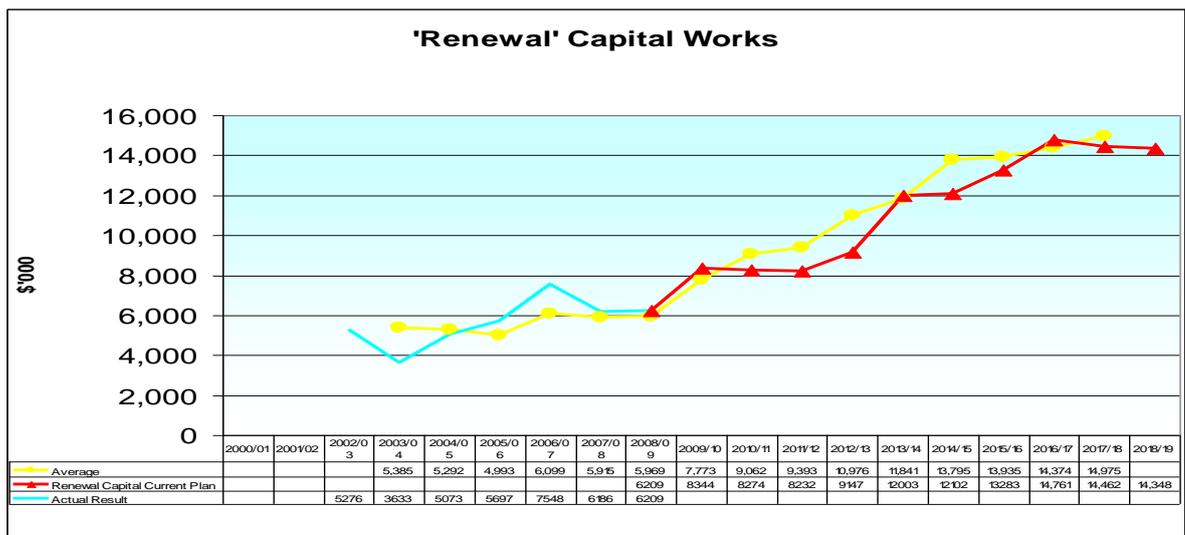
is as a result of no longer recognising Road to Recovery funding as a recurrent operational grant, but rather a capital funding source.

8.4.5 Capital Works program



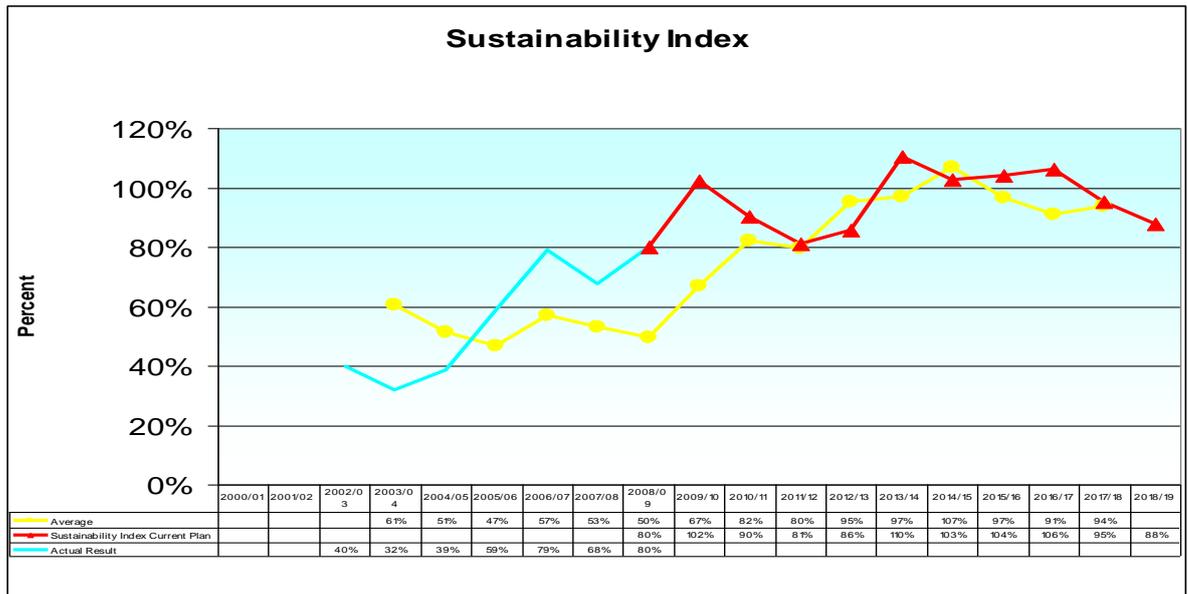
The capital works program has maintained parity with previous plans. The profile was flat for a number of years while the strategic focus was paying of long term debt and restoring balance sheet strength. From 2009/10 and onwards there is a substantial increase increasing funding available for capital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

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



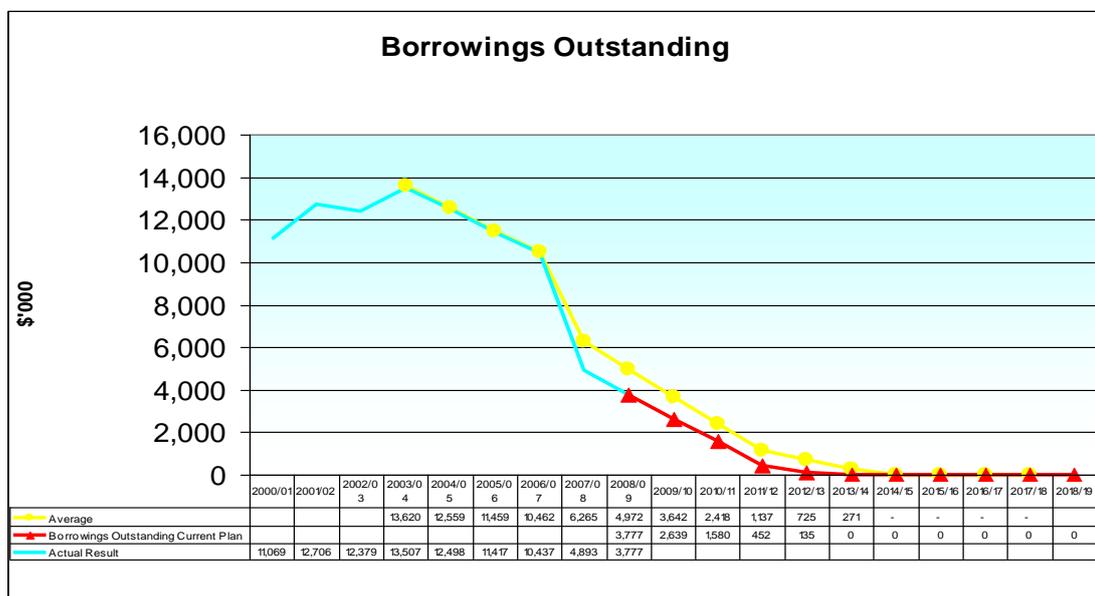
Renewal capital works is capital expenditure in renewing assets (re building the road). Capital upgrades (making the road wider) and new and capital extension works (making the road longer) are not included. The funding allocation for renewal capital works has eased previous plans on the basis that the

Infrastructure Directorate determination that there is no immediate primary funding gap concerns for road infrastructure in the following years.



The sustainability index assesses the relationship between capital renewal expenditure and depreciation costs for infrastructure assets. Overall the sustainability index is significantly stronger than previous plans due largely to a review of infrastructure asset lives which have been extended. This has the impact of significantly reducing the depreciation expense which is why the current projections have increased. The strategic target of exceeding 95% will be achieved from 2013/14. In later years the index tapers below the target that reflects Infrastructure Directorates assessment that there are no material primary funding gaps for infrastructure assets.

8.4.6 Borrowings



Significant improvement relative to previous plans by applying 'capital income' from the sale of assets and material favourable financial outcomes achieved against long term debt.

9. *Rating strategy*

9.1 Strategy development

In developing the Long Term Financial Plan (referred to in Section 8), rates and charges were identified as an important source of revenue, accounting for over 60% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the long term financial planning process.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly given the change to bi-annual general revaluations and recent significant increases, and in particular fluctuations in valuations, and subsequently rates for some properties in the municipality.

9.2 Current year rate increase

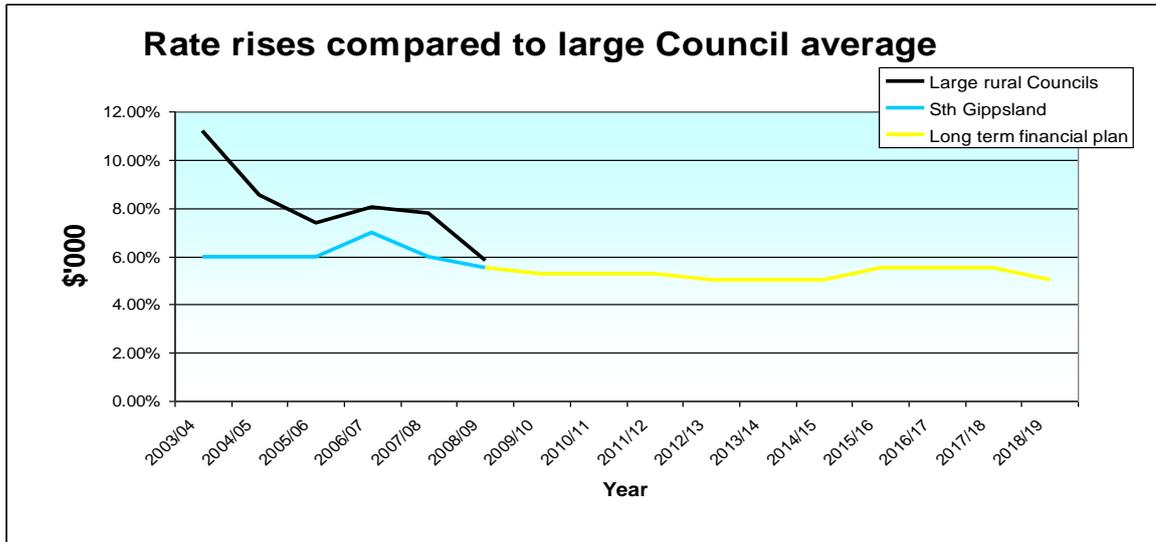
It is still necessary to achieve future revenue growth whilst containing costs in order to achieve surplus operating results and then progressively strengthening operating results over the next few years as set out in the Long Term Financial Plan.

The Victorian Auditor General's report on the Results of the 2007/08 Audits of Local Government confirm that this Council is not generating sufficient cash from operations to fund new assets and is not spending enough on asset renewals.

The contribution from operations towards capital investment for the 2009/10 year has substantially been increased relative to the previous year but is obviously still inadequate. Unless this can continued to be substantially increased each year, it will be difficult to maintain robust capital works programs into the future. It should be noted that the current capital renewal expenditure on infrastructure assets is \$0.19 million short of optimum renewal expenditure levels in the 2009/10 budget (using the sustainability index as a basis for the calculation).

There simply is not enough funds being generated to maintain sustainable operations now and into the immediate future. Council is however committed to minimise the rate rise in 2009/10.

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 average rate increase each year has been below the state average for large rural shires. This is shown in the following graph.



General rates and charges overall will in 2009/10 raise a total rate of \$25.56 million, including supplementary rates and special charge scheme income. Ordinarily, rates and charges increases are targeted to be above CPI to generate additional funds to allocate to increase the net cash flow available from operating activities to provide much needed funding for capital renewal works. Because of the unavoidable cost considerations discussed above, rate rises have to be above CPI.

During the 2007/08 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2008 for the 2008/09 year and for this 2009/10 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 9.8%. Of this increase, residential properties have increased by 5.5%, commercial by 9.6%, industrial by 14.7%, farm by 15.23%, vacant land by 5.5% and cultural and recreational land by 10.2%

The following table sets out future proposed rate increases and total rates to be raised, (including supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2008.

| Year | Rate Increase % | Total Rates Raised \$'000 |
|---------|-----------------|---------------------------|
| 2008/09 | 5.50% | 24,113 |
| 2009/10 | 5.25% | 25,559 |
| 2010/11 | 5.25% | 26,896 |
| 2011/12 | 5.25% | 28,602 |
| 2012/13 | 5.00% | 29,712 |

It should be noted that each financial year an allowance or contingency is factored in for rate abandonment's. Every second financial year when the bi

annual re-valuations are conducted, an even greater allowance is allowed for. This in effect, discounts slightly the proposed rate increases.

9.3 Rating structure

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

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

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used. The distinction is based on the concept that different property type uses should pay a fair and equitable contribution to rates taking into account the benefits derived from and to the local community.

Council re-affirmed to apply a capital improved value (CIV) basis of applying rates.

Council for 2009/10 introduced a new differential classification 'Vacant land – Restricted use' that would be applied to land located in the municipality that is vacant and where residential development has been disallowed due to planning restrictions.

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

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

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

- Residential Base rate
- Commercial 100% of Residential rate
- Cultural or Recreational land 40% of Residential rate
- Industrial 100% of Residential rate

- Rural living 100% of Residential rate
- Vacant land 150% of Residential rate
- Vacant land – Restricted use 100% of Residential rate
- Farm land 90% of Residential rate

The following table summarises the rates to be made for the 2009/10 year. A more detailed analysis of the rates to be raised is contained in Appendix B “statutory disclosures”.

| Rate type | 2008/2009 | 2009/2010 |
|--|------------|------------|
| Residential rates – rate in the \$ of CIV | 0.00323205 | 0.00339043 |
| Commercial rates – rate in the \$ of CIV | 0.00323205 | 0.00339043 |
| Industrial rates– rate in the \$ of CIV | 0.00323205 | 0.00339043 |
| Rural Living– rate in the \$ of CIV | 0.00323205 | 0.00339043 |
| Vacant Land – rate in the \$ of CIV | 0.00484807 | 0.00508565 |
| Vacant Land Restricted Use– rate in the \$ of CIV | Nil | 0.00339043 |
| Farm land – rate in the \$ of CIV | 0.00290884 | 0.00305139 |
| Cultural / Recreational rates – rate in the \$ of CIV | 0.00129282 | 0.00135617 |
| | | |
| Municipal charge - \$ per property | \$256.00 | \$273.10 |
| Garbage & Recycling charge Residential - \$ per property | \$171.25 | \$180.25 |
| Garbage & Recycling Charge Commercial - \$ per property | \$255.05 | \$267.00 |
| Recycling only charge - \$ per property | \$171.25 | \$180.25 |

10. Borrowing Strategy

10.1 Strategy Development

In developing the Long Term Financial Plan (see Section 8), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed strongly to finance infrastructure projects, fleet purchases as well as for financing unfunded superannuation liabilities. Council since 2004/05 began a phase of debt reduction. This resulted in a reduction in debt servicing costs, but has meant that there was a heavy reliance on cash and investment reserves as an alternate funding source to maintain its capital works programs. Now that long term debt has been significantly reduced, this has enabled significant increases in levels of funding to be released in coming years for the capital works program.

The following table shows a history of Council borrowings for the last ten years and also the prudential ratios applicable, as well as the budgeted outcome for 2009/10.

| Year | Total Borrowings 30 June \$'000 | Liquidity CA/CL Ratio | Debt Mgt Debt/Rates % | Debt Mgt Serve Costs/ Revenue % |
|------------------|---------------------------------------|-----------------------------|-----------------------------|--|
| 1998/1999 | 9,859 | 2.8 | 100% | 3.03% |
| 1999/2000 | 10,577 | 2.8 | 99% | 2.71% |
| 2000/2001 | 10,893 | 2.2 | 87% | 3.18% |
| 2001/2002 | 12,588 | 2.1 | 95% | 2.61% |
| 2002/2003 | 12,380 | 2.0 | 83% | 2.63% |
| 2003/2004 | 13,698 | 1.5 | 85% | 2.64% |
| 2004/2005 | 12,498 | 1.2 | 71% | 2.52% |
| 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% |
| | | | | |
| | Threshold | <1.1 | >80% | >5% |

The table shows that Council's borrowing level at 30 June 2010 will be \$2.64 million. It also shows that Council had for a number of years been trending the wrong way with the Victorian State Government's prudential ratio limits. By implementing the debt reduction strategy the Long Term Financial Plan has shown positive trends emerge for the 2005/06 year and this has continued up to and including the 2009/10 year.

Council's long term financial strategies give 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.

10.2 Current year borrowings

For the 2009/10 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of \$1.12 million, will decrease its total borrowings to \$2.64 million as at 30 June 2010. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2009.

| 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 | 77 | 452 |
| 2012/2013 | 0 | 317 | 23 | 135 |
| 2013/2014 | 0 | 135 | 4 | 0 |

Council in future years will be have the financial capacity to consider borrowing for a major capital project if it deems will benefit the community. The key long term financial strategies give specific guidance in relation to borrowings. This will ensure that any decision made will be financially responsible and viable.

11. *Infrastructure strategy*

11.1 **Strategy development**

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

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

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

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

Council has an important stewardship function in relation to the large portfolio of assets that are provided for the community's benefit. The Councillors' 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 has the responsibility to provide appropriate technical and professional advice, so that Councillors 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'.

11.2 Identification and funding infrastructure funding gaps

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

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

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

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

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

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

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

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

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

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

Together asset renewal gaps and maintenance gaps are commonly referred to as lifecycle funding gaps.

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

It is critical that service levels be clearly defined and agreed to. The challenge then is to actually define what the actual cost requirements for asset renewal programs (as well as the associated maintenance costs) are for infrastructure assets to specific future years to enable a given service level to be provided and then actually fund it.

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

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

Depreciation on the other hand is really a financial costing mechanism that allocates the cost of the 'consumption of the assets service potential', over the useful life of the asset to the income statement. This does not nor should 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 financial performance indicator, and should not be considered a key driver of asset management plans. Generating surpluses and subsequently being able to spend more on asset renewal projects would result in improving sustainability index. It does not necessarily mean that an adequate amount is being spent at that particular point in time.

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

If this in fact was the case, the implication would be that if a 100% sustainability index result is achieved, then the funding gap has been resolved. Nothing could be further from the truth. It is worth repeating, the sustainability index is a financial performance measure, and at best makes for a rough way of estimating how much funding is required in current and future years specific capital works renewal requirements.

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

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

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

The following table sets out the sustainability index percentage for Council's fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2009/10 year.

| | Replacem't Cost 30 Jun 09 \$'000 | Average Annual Consump'n \$'000 | Average Annual Preserv'n \$'000 | Sustain Index % |
|----------------------------|---|--|--|--------------------------------|
| Roads | 269,977 | 2,605 | 4,084 | 157 |
| Bridges | 23,788 | 280 | 301 | 108 |
| Footpaths | 13,204 | 230 | 230 | 100 |
| Kerb & Channel | 12,360 | 212 | 28 | 13 |
| Drains & Culverts | 27,189 | 370 | 132 | 36 |
| Buildings | 81,961 | 1,742 | 1,070 | 61 |
| Car parks | 5,237 | 81 | 0 | 0 |
| Other structures | 8,789 | 510 | 332 | 65 |
| Total capital works | 442,505 | 6,030 | 6,177 | 102 |

The table indicates that the 2009/10 capital works program will achieve a sustainability index of 102%.

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

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

As mentioned earlier, currently depreciation in the LTFP is expensed on a straight line to the income statement. The asset condition and engineering estimates on remaining useful life estimates have a direct impact on what the depreciation cost actually is.

There is very serious consideration being given to changing the depreciation methodology from a straight line basis to consumption based depreciation in future years, subject to auditor approval. This has several benefits. The costs expensed to the financial statement would reflect more accurately the consumption or the annual deterioration of the assets (as opposed to a uniform straight line depreciation cost methodology reflecting consumption of service potential). This means that the written down value of the assets in the Balance Sheet would also reflect more accurately the remaining value of the asset.

Both engineers and finance staff could then utilise the written down asset value in the Balance sheet for strategic asset management planning purposes as well as

in future years, actually assess more accurately the financial performance and management practices associated with the assets. Strategic management of assets can only currently be done on a very limited basis using the sustainability gap methodology.

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

11.3 Key asset management objectives to be undertaken in following years

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

South Gippsland Shire Council is party with a vast majority of Victorian councils to a MAV STEP asset management improvement program, whose core objective is to assist Councils to manage our community assets in a long term sustainable manner. This Council has and will continue to contribute to a 'MAV knowledge database', in order to improve its asset management best practice principles.

Asset management best practice revolves around several key asset management pillars being identified and documented. These management pillars being, policy, strategy, plans and operations.

The status of the development of these asset management pillars is as follows:

- The Asset Management Policy has been adopted by Council.
- The Asset Management Strategy has been adopted by Council but requires some further review.
- The Asset Management Plans for several classes of assets have been documented, several more are planned to be done.

There have also been other useful outputs from the MAV STEP program, these being benchmarking on:

- Asset renewal modelling
- Asset Lives
- Intervention condition levels
- Funding levels
- Average unit rehabilitation costs for each asset category
- Unit maintenance costs for each asset category

In the following years the intention is for the MAV STEP program to move from the 'basic asset management' phase to the 'advanced asset management' phase in regard to overall asset management. This transition to 'advanced asset management' will involve the following processes being undertaken

- Revised renewal gap modelling based on more comprehensive and up to date asset condition data.
- Completion of asset management plans for all major asset groups.
- Rationalisation of assets following the identification of multi purpose asset uses.
- Electronic linking of asset databases and registers using Council's GIS system.
- Electronic capturing and storage of maintenance activities.

In the coming years, it is both anticipated and expected that that the LTFP will in fact be supporting more advanced asset management plans that not only document resource requirements for future years, but also demonstrate that both cost efficient and effective business plan outcomes are in fact being achieved.

11.4 Key influences for 2009/10

The following influences had a significant impact on the infrastructure strategy for the 2009/10 year:

- Progressively increasing level of net cash flows from operating activities being released in 2009/10 and later years budgets for capital works in a financially responsible manner;
- Availability of significant federal funding for upgrade of roads and bushfire relief projects;
- Projects not started or completed that were funded in the 2008/09 year being carried over to the 2009/10 year
- The capital projects listed in Appendix D, Capital Works Program, are subject to annual review and refinement.

12. *Appendix Nature of information*

12.1 Overview to Appendices

The following appendices include voluntary and statutory disclosures of information, which provide support for the analysis contained in sections 1 to 12 of this report.

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

The contents of the appendices are summarised below:

- A Budgeted standard budgeted financial statements for 2009/10

- B Statutory disclosures in the annual budget

- C Long Term Financial Plan 2009/10 – 2018/19

- D Capital works program

- E Key strategic activities

- F Fees & charges schedule

APPENDIX A - Standard budget statements

- **Budgeted standard income statement**
- **Budgeted standard balance sheet**
- **Budgeted standard cash flow statement**
- **Budgeted standard capital works statement**
- **Capital works program**

This section sets out the budgeted financial statements (including the standard statements) for 2009/10 and the following 3 years in detail. This information is the basis of the disclosures and analysis of the annual budget in the report.

STANDARD BUDGETED INCOME STATEMENT

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 |
|---|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED INCOME STATEMENT | | | | | |
| REVENUES FROM OPERATING ACTIVITIES | | | | | |
| Rates | 24,138 | 25,559 | 26,896 | 28,602 | 29,712 |
| Operating grants | 12,574 | 7,460 | 8,966 | 8,902 | 9,363 |
| Reimbursements | 480 | 330 | 300 | 306 | 316 |
| Contributions | 26 | 30 | 31 | 31 | 32 |
| Interest | 516 | 293 | 300 | 328 | 365 |
| User charges | 2,173 | 2,198 | 2,309 | 2,426 | 2,545 |
| Statutory fees | 326 | 409 | 420 | 431 | 442 |
| Proceeds from sale of assets | 0 | 0 | 0 | 0 | 0 |
| Other | 793 | 992 | 937 | 937 | 960 |
| TOTAL REVENUES | 41,026 | 37,271 | 40,159 | 41,963 | 43,735 |
| EXPENSES FROM OPERATING ACTIVITIES | | | | | |
| Employee costs | 13,928 | 15,185 | 15,615 | 16,301 | 16,909 |
| Materials & consumables | 13,142 | 14,969 | 13,081 | 13,461 | 13,892 |
| Utilities | 562 | 574 | 591 | 606 | 621 |
| Depreciation | 6,421 | 6,943 | 7,609 | 8,175 | 9,021 |
| Written down value of assets sold | 0 | 0 | 0 | 0 | 0 |
| Other | 2,192 | 2,269 | 2,266 | 2,314 | 2,364 |
| Borrowing cost expenses | 290 | 217 | 146 | 77 | 23 |
| TOTAL EXPENSES | 36,535 | 40,157 | 39,308 | 40,934 | 42,830 |
| UNDERLYING RESULT | 4,491 | (2,886) | 851 | 1,029 | 905 |
| Net gain/ (loss) on disposal of assets | (116) | (55) | 0 | (5) | 118 |
| Capital grants | 1,313 | 2,575 | 1,755 | 1,755 | 1,755 |
| Donated / Granted Assets | 0 | 0 | 0 | 0 | 0 |
| SURPLUS (DEFICIT) FOR THE YEAR | 5,688 | (366) | 2,606 | 2,779 | 2,778 |

STANDARD BUDGETED BALANCE SHEET

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 |
|--------------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED BALANCE SHEET | | | | | |
| Current Assets | | | | | |
| Cash assets | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 |
| Receivables | 2,769 | 2,759 | 2,749 | 2,739 | 2,729 |
| Other financial assets | 1,850 | 1,950 | 2,050 | 2,150 | 2,250 |
| Assets held for resale | 0 | 0 | 0 | 0 | 0 |
| Other | 193 | 193 | 193 | 193 | 193 |
| Total Current Assets | 15,209 | 11,796 | 12,048 | 12,677 | 13,425 |
| Non Current Assets | | | | | |
| Receivables | 0 | 0 | 0 | 0 | 0 |
| Investments | 783 | 783 | 783 | 783 | 783 |
| Fixed Assets | 81,732 | 91,415 | 91,033 | 100,331 | 99,413 |
| Roads Streets & Bridges | 265,847 | 293,843 | 295,552 | 326,633 | 329,255 |
| Total Non Current Assets | 348,362 | 386,041 | 387,368 | 427,747 | 429,451 |
| Total Assets | 363,571 | 397,837 | 399,416 | 440,424 | 442,876 |
| Current Liabilities | | | | | |
| Payables | 2,325 | 2,315 | 2,305 | 2,295 | 2,285 |
| Trust funds | 162 | 162 | 162 | 162 | 162 |
| Provisions | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 |
| Interest bearing liabilities | 1,138 | 1,059 | 1,128 | 317 | 135 |
| Total Current Liabilities | 6,638 | 6,549 | 6,608 | 5,787 | 5,595 |
| Non Current Liabilities | | | | | |
| Provisions | 763 | 941 | 983 | 1,011 | 1,012 |
| Interest bearing liabilities | 2,639 | 1,580 | 452 | 135 | 0 |
| Total Non Current Liabilities | 3,402 | 2,521 | 1,435 | 1,146 | 1,012 |
| Total Liabilities | 10,040 | 9,070 | 8,043 | 6,933 | 6,607 |
| Net Assets | 353,531 | 388,767 | 391,373 | 433,491 | 436,269 |
| Equity | | | | | |
| Accumulated Surplus | 141,522 | 140,705 | 142,706 | 144,975 | 147,191 |
| Reserves | 212,009 | 248,062 | 248,667 | 288,516 | 289,078 |
| Total Equity | 353,531 | 388,767 | 391,373 | 433,491 | 436,269 |

STANDARD BUDGETED CASH FLOW STATEMENT

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 |
|--|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED CASH FLOW STATEMENT | | | | | |
| Receipts from Customers | 27,990 | 29,518 | 30,893 | 32,733 | 34,007 |
| Interest Received | 516 | 293 | 300 | 328 | 365 |
| Government Receipts | 13,807 | 10,035 | 10,721 | 10,657 | 11,118 |
| Payments to Suppliers | (16,266) | (17,812) | (16,077) | (16,536) | (17,062) |
| Payments to Employees | (13,828) | (15,107) | (15,534) | (16,218) | (16,823) |
| Net cash from Operating | 12,219 | 6,927 | 10,303 | 10,964 | 11,605 |
| Investing | | | | | |
| Proceeds from sale of plant property & Equipment | 862 | 883 | 897 | 997 | 1,058 |
| Repayment of loans and advances | | 0 | 0 | 0 | 0 |
| Payments for property, plant & equipment | (7,817) | (9,958) | (9,833) | (10,217) | (11,665) |
| Loan advances to community groups | | 0 | 0 | 0 | 0 |
| Net cash from Investing | (6,955) | (9,075) | (8,936) | (9,220) | (10,607) |
| Financing | | | | | |
| Proceeds from borrowing | 0 | 0 | 0 | 0 | 0 |
| Repayment of loans and advances | 33 | 0 | 0 | 0 | 0 |
| Repayment of borrowings | (1,116) | (1,138) | (1,059) | (1,128) | (317) |
| Finance costs | | (217) | (146) | (77) | (23) |
| Loan advances to community groups | 0 | 0 | 0 | 0 | 0 |
| Net cash from Financing | (1,083) | (1,355) | (1,205) | (1,205) | (340) |
| Net Cash increase (decrease) | 4,181 | (3,503) | 162 | 539 | 658 |
| Cash at beginning | 6,216 | 10,397 | 6,894 | 7,056 | 7,595 |
| Cash at end | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 |

STANDARD BUDGETED CAPTIAL WORKS

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 |
|-------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED CAPITAL WORKS | | | | | |
| Roads | 3,460 | 4,585 | 4,540 | 5,129 | 6,583 |
| Footpaths | 8 | 387 | 443 | 163 | 333 |
| Kerb & Channels | 496 | 35 | 417 | 680 | 555 |
| Bridges | 64 | 376 | 347 | 270 | 443 |
| Drains & Culverts | 93 | 186 | 418 | 536 | 300 |
| Car parks | 44 | 0 | 4 | 0 | 0 |
| Other Structures | 503 | 490 | 361 | 492 | 361 |
| Buildings | 912 | 1,172 | 926 | 452 | 455 |
| Land | 2 | 21 | 21 | 22 | 22 |
| Plant & equipment | 1,764 | 2,167 | 2,247 | 2,396 | 2,304 |
| Furniture & Equipment | 471 | 539 | 109 | 77 | 309 |
| Total Capital Works | 7,817 | 9,958 | 9,833 | 10,217 | 11,665 |
| Represented by | | | | | |
| Renewals | 6,209 | 8,344 | 8,274 | 8,232 | 9,147 |
| Upgrades | 887 | 907 | 1,091 | 1,399 | 1,797 |
| Extensions | 721 | 707 | 468 | 586 | 721 |
| Total Capital Works | 7,817 | 9,958 | 9,833 | 10,217 | 11,665 |

APPENDIX B - Statutory disclosures

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

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

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

1. Borrowings

The total amount proposed to be borrowed for the 2009/10 year is NIL

The total amount of debt redemption for the 2009/10 year is \$1.14 million

The projected debt servicing cost for the 2009/10 year is \$0.22 million

2. Rates and charges

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

- a A general rate of 0. 339043 cents in the dollar of all rateable residential properties;
- b A general rate of 0. 339043 cents in the dollar of all rateable commercial properties;
- c A general rate of 0. 339043 cents in the dollar of all rateable industrial properties;
- d A general rate of 0. 305139 cents in the dollar of all rateable farm land properties;
- e A general rate of 0. 508565 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f A general rate of 0. 339043 cents in the dollar of all rateable vacant land, restricted use properties;
- g A general rate of 0. 135617 cents in the dollar of all rateable Cultural and Recreational Lands act properties;

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

| Type of Property | 2008/09 \$ | 2009/10 \$ |
|-------------------------------|---------------|---------------|
| Residential | 8,635,042 | 9,058,190 |
| Commercial | 870,504 | 913,162 |
| Industrial | 254,569 | 267,044 |
| Farm Land | 7,202,793 | 7,555,769 |
| Vacant Land | 1,240,313 | 1,301,094 |
| Vacant land – Restricted use | | |
| Cultural & Recreational Lands | 9,725 | 10,201 |

2.3 The estimated total amount to be raised by rates is \$19,105,460.

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

| Type of Property | Percentage Change | |
|-------------------------------|-------------------|---------|
| | 2008/09 | 2009/10 |
| Residential | (3.74)% | 4.90% |
| Commercial | (3.74)% | 4.90% |
| Industrial | (3.74)% | 4.90% |
| Farm Land | (3.74)% | 4.90% |
| Vacant Land | (3.74)% | 4.90% |
| Vacant Land – Restricted use | (3.74)% | 4.90% |
| Cultural & Recreational Lands | (3.74)% | 4.90% |

The increase in the rate in the dollar for all rate types compared to the previous year results from the increase in valuations which took effect from 1st January 2008. As there is no proposal to change the rate differentials, all changes are constant across the rate types to maintain their rating differential.

General revaluation of properties

During the 2007/08 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2008 for the 2008/09 and 2009/10 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 9.8%. Of this increase, residential properties have increased by 5.5%, commercial by 9.6%, industrial by 14.7%, farm by 15.23%, vacant land by 5.5% and cultural and recreational land by 10.2%.

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

| Type of Property | 2008/09 | 2009/10 |
|------------------------------------|---------------|---------------|
| Residential | 11,041 | 11,204 |
| Commercial | 791 | 791 |
| Industrial | 138 | 139 |
| Farm Land | 3,913 | 3,941 |
| Vacant Land | 2,295 | 2,250 |
| Vacant Land – Restricted use | | |
| Cultural & Recreational Lands | 22 | 22 |
| Total number of assessments | 18,200 | 18,347 |

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

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

| TYPE OF PROPERTY | 2008/09 | 2009/10 |
|-------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Residential | 2,583,455,000 | 2,671,692,000 |
| Commercial | 263,337,000 | 269,335,000 |
| Industrial | 69,764,000 | 78,764,000 |
| Farm Land | 2,435,615,800 | 2,476,173,800 |
| Vacant Land | 255,505,500 | 255,836,500 |
| Vacant land – Restricted use | | |
| Cultural & Recreational Lands | 7,499,000 | 7,522,000 |
| Total | 5,615,176,300 | 5,759,323,300 |

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

| Type of Charge | Per Rateable Property 2008/09 | Per Rateable Property 2009/10 |
|---|--------------------------------------|--------------------------------------|
| | \$ | \$ |
| Municipal | 256.00 | 273.10 |
| Kerbside Garbage Collection (Residential) | 171.25 | 180.25 |
| Kerbside Garbage Collection (Commercial) | 253.70 | 267.00 |
| 2 nd Kerbside Garbage Collection (Residential) | 171.25 | 180.25 |
| Recycling charge | 171.25 | 180.25 |

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

| Type of Charge | 2008/09 \$ | 2009/10 \$ |
|---|-----------------------|-----------------------|
| Municipal | 4,439,899 | 4,776,168 |
| Kerbside Garbage Collection (Residential) | 1,393,983 | 1,491,306 |
| Kerbside Garbage Collection (Commercial) | 42,338 | 45,393 |
| 2 nd Kerbside Garbage Collection (Residential) | 23,630 | 25,414 |
| Recycling charge | 3,253 | 4,686 |
| Total | 5,903,103 | 6,342,967 |

2.10 The estimated amount to be raised by rates and charges: \$25,448,427.

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

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

3. Differential Rates

Rates levied

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

- A general rate of 0.339043% (0.339043 cents in the dollar of CIV) for all rateable residential and rural living properties;
- A general rate of 0.305139% (0.305139 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.339043% (0.339043 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.339043% (0.339043 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.508565% (0.508565 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.339043% (0.339043 cents in the dollar of CIV) for all rateable vacant land – restricted use properties
- A general rate of 0.135617% (0.135617 cents in the dollar of CIV) for all rateable cultural and recreational lands act properties;

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

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

3.2 Residential land

Residential land is any land, which is:

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

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

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

- Provision of general support services.

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2009/10 financial year.

3.3 Commercial Land

Commercial land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2009/10 financial year.

3.4 Cultural and Recreational Land

Cultural and recreational land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2009/10 financial year.

3.5 Industrial Land

Industrial land is any land, which is:

- Land located within the municipality that is industrial, meaning land upon which is erected a factory or workshop which is primarily used for industrial purposes

and includes any land which is used in conjunction with or for purposes ancillary to industrial purposes for which the factory or workshop is being used, industry including but not being limited to the operations included in the definition of industry in the South Gippsland Shire Council Planning Scheme.

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2009/10 financial year.

3.6 Vacant Land

Vacant land is any land, which is:

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

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

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services; and

- Provision of general support services.

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

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

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

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

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

3.7 Vacant Land – Restricted use

Vacant land - Restricted use is any land, which is:

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

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

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

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

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

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

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

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

3.8 Farm Land

Farm land is any land, which is:

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

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

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

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

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

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

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

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

APPENDIX C - Long Term Financial Plan (2009/10 – 2018/19)

- **Income statement**
- **Balance sheet**
- **Cash flow statement**
- **Capital works**

This section includes Council's forecast financial performance and financial and cash positions for the years 2009/10 to 2018/19.

BUDGETED INCOME STATEMENT

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 | Budget 2013/14 \$'000 | Budget 2014/15 \$'000 | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Budget 2017/18 \$'000 | Budget 2018/19 \$'000 |
|---|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED INCOME STATEMENT | | | | | | | | | | | |
| REVENUES FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Rates | 24,138 | 25,569 | 26,896 | 28,602 | 29,712 | 31,193 | 32,747 | 34,542 | 36,436 | 38,432 | 40,348 |
| Operating grants | 12,574 | 7,460 | 8,966 | 8,902 | 9,363 | 9,350 | 9,822 | 9,820 | 10,304 | 10,314 | 10,810 |
| Reimbursements | 480 | 330 | 300 | 306 | 316 | 322 | 329 | 336 | 343 | 350 | 358 |
| Contributions | 26 | 30 | 31 | 31 | 32 | 33 | 33 | 34 | 35 | 36 | 36 |
| Interest | 516 | 293 | 300 | 328 | 365 | 377 | 387 | 389 | 390 | 390 | 410 |
| User charges | 2,173 | 2,198 | 2,309 | 2,426 | 2,545 | 2,664 | 2,788 | 2,919 | 3,055 | 3,198 | 3,349 |
| Statutory fees | 326 | 409 | 420 | 431 | 442 | 453 | 464 | 476 | 488 | 501 | 514 |
| Proceeds from sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 793 | 992 | 937 | 937 | 960 | 1,007 | 1,007 | 1,032 | 1,084 | 1,084 | 1,110 |
| TOTAL REVENUES | 41,026 | 37,271 | 40,159 | 41,963 | 43,735 | 45,399 | 47,577 | 49,548 | 52,134 | 54,305 | 56,935 |
| EXPENSES FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Employee costs | 13,928 | 15,185 | 15,615 | 16,301 | 16,909 | 17,585 | 18,426 | 19,118 | 19,882 | 20,832 | 21,614 |
| Materials & consumables | 13,142 | 14,969 | 13,081 | 13,461 | 13,892 | 14,193 | 14,541 | 15,001 | 15,601 | 15,884 | 16,371 |
| Utilities | 562 | 574 | 591 | 606 | 621 | 637 | 653 | 669 | 686 | 703 | 720 |
| Depreciation | 6,421 | 6,943 | 7,609 | 8,175 | 9,021 | 9,693 | 10,708 | 11,516 | 12,673 | 13,597 | 14,510 |
| Written down value of assets sold | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 2,192 | 2,269 | 2,266 | 2,314 | 2,364 | 2,414 | 2,466 | 2,521 | 2,576 | 2,632 | 2,689 |
| Borrowing cost expenses | 290 | 217 | 146 | 77 | 23 | 4 | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENSES | 36,535 | 40,157 | 39,308 | 40,934 | 42,830 | 44,526 | 46,794 | 48,825 | 51,418 | 53,648 | 55,904 |
| UNDERLYING RESULT | 4,491 | (2,886) | 851 | 1,029 | 905 | 873 | 783 | 723 | 716 | 657 | 1,031 |
| Net gain/ (loss) on disposal of assets | (116) | (56) | 0 | (5) | 118 | 635 | 602 | 694 | 727 | 720 | 733 |
| Capital grants | 1,313 | 2,575 | 1,755 | 1,755 | 1,755 | 2,456 | 1,755 | 1,755 | 1,755 | 1,755 | 1,755 |
| Donated / Granted Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SURPLUS (DEFICIT) FOR THE YEAR | 5,688 | (366) | 2,606 | 2,779 | 2,778 | 3,963 | 3,140 | 3,172 | 3,198 | 3,132 | 3,519 |

BUDGETED BALANCE SHEET

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 \$'000 | Budget 2009/10 \$'000 | Budget 2010/11 \$'000 | Budget 2011/12 \$'000 | Budget 2012/13 \$'000 | Budget 2013/14 \$'000 | Budget 2014/15 \$'000 | Budget 2015/16 \$'000 | Budget 2016/17 \$'000 | Budget 2017/18 \$'000 | Budget 2018/19 \$'000 |
|--------------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| BUDGETED BALANCE SHEET | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Cash assets | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 | 8,559 | 9,228 | 9,876 | 10,776 | 11,689 | 12,699 |
| Receivables | 2,769 | 2,759 | 2,749 | 2,739 | 2,729 | 2,718 | 2,708 | 2,708 | 2,708 | 2,708 | 2,708 |
| Other financial assets | 1,850 | 1,950 | 2,050 | 2,150 | 2,250 | 2,350 | 2,450 | 2,550 | 2,650 | 2,750 | 2,850 |
| Assets held for resale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 | 193 |
| Total Current Assets | 15,209 | 11,796 | 12,048 | 12,677 | 13,425 | 13,820 | 14,579 | 15,327 | 16,327 | 17,340 | 18,450 |
| Non Current Assets | | | | | | | | | | | |
| Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 783 | 783 | 783 | 783 | 783 | 783 | 783 | 783 | 783 | 783 | 783 |
| Fixed Assets | 81,732 | 91,415 | 91,033 | 100,331 | 99,413 | 110,002 | 108,596 | 120,114 | 118,755 | 117,371 | 115,981 |
| Roads Streets & Bridges | 265,847 | 293,843 | 295,552 | 326,633 | 329,255 | 366,152 | 370,118 | 410,567 | 414,320 | 418,022 | 422,023 |
| Total Non Current Assets | 348,362 | 386,041 | 387,368 | 427,747 | 429,451 | 476,937 | 479,499 | 531,464 | 533,858 | 536,176 | 538,787 |
| Total Assets | 363,571 | 397,837 | 399,416 | 440,424 | 442,876 | 490,757 | 494,078 | 546,791 | 550,185 | 553,516 | 557,237 |
| Current Liabilities | | | | | | | | | | | |
| Payables | 2,325 | 2,315 | 2,305 | 2,295 | 2,285 | 2,275 | 2,265 | 2,265 | 2,265 | 2,265 | 2,265 |
| Trust funds | 162 | 162 | 162 | 162 | 162 | 162 | 162 | 162 | 162 | 162 | 162 |
| Provisions | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 | 3,013 |
| Interest bearing liabilities | 1,138 | 1,059 | 1,128 | 317 | 135 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 6,638 | 6,549 | 6,608 | 5,787 | 5,595 | 5,450 | 5,440 | 5,440 | 5,440 | 5,440 | 5,440 |
| Non Current Liabilities | | | | | | | | | | | |
| Provisions | 763 | 941 | 983 | 1,011 | 1,012 | 1,200 | 1,391 | 1,585 | 1,781 | 1,980 | 2,182 |
| Interest bearing liabilities | 2,639 | 1,580 | 452 | 135 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non Current Liabilities | 3,402 | 2,521 | 1,435 | 1,146 | 1,012 | 1,200 | 1,391 | 1,585 | 1,781 | 1,980 | 2,182 |
| Total Liabilities | 10,040 | 9,070 | 8,043 | 6,933 | 6,607 | 6,650 | 6,831 | 7,025 | 7,221 | 7,420 | 7,622 |
| Net Assets | 353,531 | 388,767 | 391,373 | 433,491 | 436,269 | 484,107 | 487,247 | 539,766 | 542,964 | 546,096 | 549,615 |
| Equity | | | | | | | | | | | |
| Accumulated Surplus | 141,522 | 140,705 | 142,706 | 144,975 | 147,191 | 150,339 | 152,598 | 154,819 | 156,992 | 159,021 | 161,354 |
| Reserves | 212,009 | 248,062 | 248,667 | 288,516 | 289,078 | 333,768 | 334,649 | 384,947 | 385,972 | 387,075 | 388,261 |
| Total Equity | 353,531 | 388,767 | 391,373 | 433,491 | 436,269 | 484,107 | 487,247 | 539,766 | 542,964 | 546,096 | 549,615 |

BUDEGETED CASH FLOW STATEMENT

| SOUTH GIPPSLAND SHIRE COUNCIL | Projected 2008/09 | Budget 2009/10 | Budget 2010/11 | Budget 2011/12 | Budget 2012/13 | Budget 2013/14 | Budget 2014/15 | Budget 2015/16 | Budget 2016/17 | Budget 2017/18 | Budget 2018/19 |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| BUDGETED CASH FLOW STATEMENT | | | | | | | | | | | |
| Receipts from Customers | 27,990 | 29,518 | 30,893 | 32,733 | 34,007 | 35,672 | 37,368 | 39,339 | 41,440 | 43,601 | 45,715 |
| Interest Received | 516 | 293 | 300 | 328 | 365 | 377 | 387 | 389 | 390 | 390 | 410 |
| Government Receipts | 13,807 | 10,035 | 10,721 | 10,657 | 11,118 | 11,805 | 11,577 | 11,575 | 12,059 | 12,069 | 12,565 |
| Payments to Suppliers | (16,266) | (17,812) | (16,077) | (16,536) | (17,062) | (17,244) | (17,660) | (18,191) | (18,863) | (19,219) | (19,780) |
| Payments to Employees | (13,828) | (15,107) | (15,534) | (16,218) | (16,823) | (17,497) | (18,335) | (19,024) | (19,786) | (20,733) | (21,512) |
| Net cash from Operating | 12,219 | 6,927 | 10,303 | 10,964 | 11,605 | 13,113 | 13,337 | 14,088 | 15,240 | 16,108 | 17,398 |
| Investing | | | | | | | | | | | |
| Proceeds from sale of plant property & Equipment | 662 | 683 | 897 | 997 | 1,058 | 1,643 | 1,565 | 1,722 | 1,772 | 1,808 | 1,844 |
| Repayment of loans and advances | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments for property, plant & equipment | (7,817) | (9,958) | (9,833) | (10,217) | (11,665) | (14,312) | (14,233) | (15,162) | (16,112) | (17,003) | (18,232) |
| Loan advances to community groups | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash from Investing | (6,955) | (9,075) | (8,936) | (9,220) | (10,607) | (12,669) | (12,668) | (13,440) | (14,340) | (15,195) | (16,388) |
| Financing | | | | | | | | | | | |
| Proceeds from borrowing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of loans and advances | 33 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of borrowings | (1,116) | (1,138) | (1,059) | (1,128) | (317) | (134) | 0 | 0 | 0 | 0 | 0 |
| Finance costs | | (217) | (146) | (77) | (23) | (4) | 0 | 0 | 0 | 0 | 0 |
| Loan advances to community groups | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash from Financing | (1,083) | (1,355) | (1,205) | (1,205) | (340) | (138) | 0 | 0 | 0 | 0 | 0 |
| Net Cash increase (decrease) | 4,181 | (3,503) | 162 | 539 | 658 | 306 | 669 | 648 | 900 | 913 | 1,010 |
| Cash at beginning | 6,216 | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 | 8,559 | 9,228 | 9,876 | 10,776 | 11,689 |
| Cash at end | 10,397 | 6,894 | 7,056 | 7,595 | 8,253 | 8,559 | 9,228 | 9,876 | 10,776 | 11,689 | 12,699 |



APPENDIX D - Capital works program

This section provides some details of the forward capital works program. This also includes expenditure on landfill rehabilitation works that have in prior years being expensed to the financial statements and the outstanding work recognised as a liability in the balance sheet.



10 Year Capital Works Program

| COST CENTRE | 08/09 | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Projected | 09/10 Budget | 10/11 Budget | 11/12 Budget | 12/13 Budget | 13/14 Budget | 14/15 Budget | 15/16 Budget | 16/17 Budget | 17/18 Budget | 18/19 Budget |
| Unallocated Future Capital | | | | | | | | | | | |
| 1210 - Unallocated | - | 35,000 | 410,000 | - | - | - | 740,278 | 676,268 | 698,390 | 717,756 | 761,990 |
| 3105 - Strategic Projects | - | 250,000 | 250,000 | - | - | - | - | - | - | - | - |
| Total Future Unallocated | - | 285,000 | 660,000 | - | - | - | 740,278 | 676,268 | 698,390 | 717,756 | 761,990 |
| Capital Expenditure for Buildings and Assets Maintenance | | | | | | | | | | | |
| 8040 - Fleet Purchases | 1,080,000 | 1,120,000 | 1,175,500 | 1,293,060 | 1,331,842 | 1,371,797 | 1,412,951 | 1,455,339 | 1,496,999 | 1,543,969 | 1,590,288 |
| 8086 - Sandy Point Hall Upgrade | - | - | 150,000 | - | - | - | - | - | - | - | - |
| 8668 - Climate Change Initiatives | - | 35,000 | 35,000 | 35,000 | - | - | - | - | - | - | - |
| 9457 - Leongatha Memorial Hall Kitchen Upgrade | 60,000 | - | - | - | - | - | - | - | - | - | - |
| 9458 - Mossvale Park Sound Shell Replace Roof | 15,750 | 134,250 | - | - | - | - | - | - | - | - | - |
| 9467 - Leongatha Michael Place Toilets Refurbishment | 8,227 | 96,773 | - | - | - | - | - | - | - | - | - |
| 9469 - Mirboo North Swimming Pool Replace Expansion Joints and Repair | 107,893 | - | - | - | - | - | - | - | - | - | - |
| 9470 - Buildings - To Be Determined | - | - | - | - | - | 575,528 | 518,037 | 578,228 | 648,708 | 611,362 | 600,000 |
| 9471 - Pools - To Be Determined | - | - | - | - | - | 200,000 | 159,000 | 435,190 | 178,652 | 189,372 | 190,000 |
| 9474 - Refurbish New Office Accommodation | 132,000 | - | - | - | - | - | - | - | - | - | - |
| 9477 - Citizens Advice Bureau Accommodation | 17,000 | - | - | - | - | - | - | - | - | - | - |
| 9478 - Refurbish Korumbura Senior Citizens Kitchen | 2,800 | 43,200 | - | - | - | - | - | - | - | - | - |
| 9479 - Meenyan Kinder Upgrade | 75,000 | - | - | - | - | - | - | - | - | - | - |
| 9480 - Korumbura library Refurbish Toilets | - | - | - | - | - | 200,000 | - | - | - | - | - |
| 9482 - Caravan Master Plan Implementation | - | - | - | 150,000 | 150,000 | - | - | - | - | - | - |
| 9490 - UV Filtration system | - | 28,000 | - | - | - | - | - | - | - | - | - |
| 9491 - Mirboo North Swimming Pool Pipe, Filter and Pump refurbishment | - | 139,519 | - | - | - | - | - | - | - | - | - |
| 9492 - Pool Project 1 | - | - | 352,007 | - | - | - | - | - | - | - | - |
| 9493 - Pool Project 2 | - | - | - | 302,229 | - | - | - | - | - | - | - |
| 9494 - Pool Project 3 | - | - | - | - | 305,000 | - | - | - | - | - | - |
| Total for Buildings and Assets Maintenance | 1,423,670 | 1,671,742 | 1,712,507 | 1,780,279 | 1,786,842 | 2,347,325 | 2,089,988 | 2,468,757 | 2,326,359 | 2,344,703 | 2,380,288 |
| Capital Expenditure for Community Projects | | | | | | | | | | | |
| 8586 - Walter Tuck Netball Umpire Rooms and Shelter | 194,969 | - | - | - | - | - | - | - | - | - | - |
| 8599 - SRV - Baromi Park Walking Path | 58,157 | - | - | - | - | - | - | - | - | - | - |
| 8604 - SRV - Baromi Park Walking Path 2 | - | 35,000 | - | - | - | - | - | - | - | - | - |
| 8664 - Paths and Trails Implementation | - | - | 60,000 | 63,600 | 67,416 | 71,461 | 75,749 | 80,294 | 86,111 | 90,218 | 90,000 |
| 8665 - Welshpool Rail Trail | 720 | 139,280 | - | - | - | - | - | - | - | - | - |
| 8667 - Other trails | - | - | - | 66,150 | 66,150 | 66,150 | 66,150 | 66,150 | 66,150 | 66,150 | 66,150 |
| 9562 - Korumbura Drill Hall | 259,663 | - | - | - | - | - | - | - | - | - | - |
| 9565 - Boardwalk at Fisherman's Jetty | 2,680 | 47,320 | - | - | - | - | - | - | - | - | - |
| 9602 - Future Unplanned Works (SRV Grants) | - | 15,000 | 155,000 | 164,300 | 174,158 | 184,607 | 195,684 | 207,425 | 219,870 | 233,063 | 200,000 |
| 9729 - Bus Shelters (NEW) | 510 | - | - | - | - | - | - | - | - | - | - |
| Total for Community Projects | 516,639 | 236,600 | 215,000 | 294,950 | 307,724 | 322,218 | 337,583 | 353,869 | 371,131 | 389,431 | 356,150 |



10 Year Capital Works Program

| COST CENTRE | 08/09 | | | | | | | | | | 18/19 Budget | |
|--|----------------|------------------|------------------|------------------|----------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| | Projected | 09/10 Budget | 10/11 Budget | 11/12 Budget | 12/13 Budget | 13/14 Budget | 14/15 Budget | 15/16 Budget | 16/17 Budget | 17/18 Budget | | |
| Capital Expenditure for Engineering and Assets Management | | | | | | | | | | | | |
| 8045 - Asset Management | - | 211,300 | 31,982 | 40,000 | 44,000 | - | - | - | - | - | - | 130,000 |
| Total for Engineering and Assets Management | - | 211,300 | 31,982 | 40,000 | 44,000 | - | - | - | - | - | - | 130,000 |
| Capital Expenditure for Engineering Services | | | | | | | | | | | | |
| 8300 - Dewar Lane | 88,869 | - | - | - | - | - | - | - | - | - | - | - |
| 8301 - Car park Sealing - CBA | 9,843 | - | - | - | - | - | - | - | - | - | - | - |
| 8302 - Town Signage | 42,000 | - | - | - | - | - | - | - | - | - | - | - |
| 8307 - Loch Streetscape | 25,000 | - | - | - | - | - | - | - | - | - | - | - |
| 8308 - Mobile Library | 30,000 | - | - | - | - | - | - | - | - | - | - | - |
| 8311 - Other Streetscape | - | - | 150,000 | 150,000 | 35,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| 8312 - Tarwin Lower Streetscape | - | - | 35,000 | - | - | - | - | - | - | - | - | - |
| 8686 - Upgrade of Tarwin Meadows Rd | 18,815 | - | - | - | - | - | - | - | - | - | - | - |
| 8770 - Capital Works Design | 123,862 | 112,092 | 119,700 | 117,589 | 120,236 | 123,172 | 126,424 | 129,402 | 132,706 | 136,365 | 139,717 | - |
| 9730 - Koonwarra Pound Creek Road | 150,000 | - | - | - | - | - | - | - | - | - | - | - |
| 9731 - Loch Wonthaggi Road | 70,555 | - | - | - | - | - | - | - | - | - | - | - |
| 9732 - McDonalds Track | 67,798 | - | - | - | - | - | - | - | - | - | - | - |
| 9733 - Soldiers Road | 70,000 | - | - | - | - | - | - | - | - | - | - | - |
| 9734 - Wild Dog Valley Road | 78,964 | - | - | - | - | - | - | - | - | - | - | - |
| 9735 - DDA Works - Korumburra | 47,799 | - | - | - | - | - | - | - | - | - | - | - |
| 9736 - DDA Works - Foster | 53,895 | - | - | - | - | - | - | - | - | - | - | - |
| 9737 - DDA Works - Mirboo North | 53,866 | - | - | - | - | - | - | - | - | - | - | - |
| 9740 - Auslink-Lees Road Venus Bay | - | 110,930 | - | - | - | - | - | - | - | - | - | - |
| 9741 - Auslink-Creamery Valley Road, Toora | - | 45,530 | - | - | - | - | - | - | - | - | - | - |
| 9742 - Auslink-Loch Poowong Road, Loch | - | 145,500 | - | - | - | - | - | - | - | - | - | - |
| 9743 - Auslink-Bass Valley Road, Bena | - | 69,330 | - | - | - | - | - | - | - | - | - | - |
| 9744 - Auslink-Yannathan Road, Nyora | - | 129,750 | - | - | - | - | - | - | - | - | - | - |
| Total for Engineering Services | 931,266 | 613,132 | 154,700 | 267,589 | 155,236 | 273,172 | 276,424 | 279,402 | 282,706 | 286,365 | 289,717 | 286,365 |
| Capital Expenditure for Information Services | | | | | | | | | | | | |
| 8030 - Information Services | 471,129 | 327,250 | 77,250 | 37,200 | 265,000 | 37,200 | - | 285,000 | - | - | - | 310,000 |
| Total for Information Services | 471,129 | 327,250 | 77,250 | 37,200 | 265,000 | 37,200 | - | 285,000 | - | - | - | 310,000 |
| Capital Expenditure for Plant | | | | | | | | | | | | |
| 8050 - Plant Purchases | 684,409 | 1,046,834 | 1,071,744 | 1,103,337 | 972,254 | 1,106,564 | 849,004 | 1,066,876 | 1,106,919 | 1,176,099 | 1,180,000 | 1,180,000 |
| Total for Plant | 684,409 | 1,046,834 | 1,071,744 | 1,103,337 | 972,254 | 1,106,564 | 849,004 | 1,066,876 | 1,106,919 | 1,176,099 | 1,180,000 | 1,180,000 |
| Capital Expenditure for Parks and Gardens | | | | | | | | | | | | |
| 9414 - Venus Bay Playground Replacement | 49,200 | - | - | - | - | - | - | - | - | - | - | - |
| 9563 - Playground Replacement Program | 120,000 | 92,200 | 134,832 | 142,922 | 151,497 | 160,587 | 170,222 | 180,436 | 191,262 | 202,737 | 200,000 | 200,000 |
| Total for Parks & Gardens | 169,200 | 92,200 | 134,832 | 142,922 | 151,497 | 160,587 | 170,222 | 180,436 | 191,262 | 202,737 | 200,000 | 200,000 |



10 Year Capital Works Program

| COST CENTRE | 08/09 | | | | | | | | | | | |
|---|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | Projected | 09/10 Budget | 10/11 Budget | 11/12 Budget | 12/13 Budget | 13/14 Budget | 14/15 Budget | 15/16 Budget | 16/17 Budget | 17/18 Budget | 18/19 Budget | |
| Capital Expenditure for Local Roads | | | | | | | | | | | | |
| 8320 - Korumburra Swimming Pool Car Park-Stage 2 | - | - | - | - | - | 150,000 | - | - | - | - | - | - |
| 8684 - Young St Drainage Works | - | - | 95,000 | - | - | - | - | - | - | - | - | - |
| 8685 - Hattam Ct Drainage Works | - | - | 23,840 | - | - | - | - | - | - | - | - | - |
| 8689 - Hancock Lane Drainage | - | 50,000 | - | - | - | - | - | - | - | - | - | - |
| 8690 - Bourke St Korumburra | - | - | 60,000 | - | - | - | - | - | - | - | - | - |
| 8691 - Gilfield Terrace Drainage Works | - | - | - | 100,000 | - | - | - | - | - | - | - | - |
| 8692 - Bridge St drainage Works | - | - | - | 91,739 | - | - | - | - | - | - | - | - |
| 8693 - Stockyard Creek Drainage | - | - | 85,000 | - | - | - | - | - | - | - | - | - |
| 8772 - Rural Reseals | 1,545,000 | 1,618,672 | 1,948,879 | 2,062,596 | 2,174,906 | 2,293,669 | 2,419,265 | 2,552,095 | 2,692,586 | 2,841,192 | 1,864,410 | |
| 8774 - Reseal Preparation | 644,669 | 663,741 | 765,769 | 811,716 | 860,419 | 912,044 | 966,766 | 1,024,772 | 1,086,259 | 1,151,434 | 1,152,574 | |
| 8832 - Cape Liptrap | - | - | - | - | - | - | - | - | - | - | 352,289 | 3,522,888 |
| 8841 - Footpath Renewal | 201,351 | 212,000 | 224,720 | 238,203 | 252,495 | 267,645 | 283,704 | 300,726 | 318,770 | 337,896 | 345,492 | |
| 8845 - Garbage Truck Vehicle Turning Provision | 120,000 | - | - | - | - | 26,765 | 28,370 | 30,073 | 31,877 | 33,790 | 34,000 | |
| 8846 - Korumburra Swimming Pool Car Park | 3,146 | - | - | - | - | - | - | - | - | - | - | |
| 8847 - Jeffery Street Footpath Link | 642 | - | - | - | - | - | - | - | - | - | - | |
| 8849 - Footpath Extension Program | 80,000 | - | - | 70,000 | 78,920 | 112,360 | 119,102 | 126,248 | 133,823 | 141,852 | 142,000 | |
| 8850 - Safe Intersections Program | - | - | - | 140,000 | 212,000 | 224,720 | 238,203 | 252,495 | 267,645 | 283,704 | 285,000 | |
| 8851 - South Railway Crescent (Drainage) | 84,215 | - | - | 65,000 | - | - | - | - | - | - | - | |
| 8852 - Parr Street Leongatha | - | - | 125,000 | - | - | - | - | - | - | - | - | |
| 8853 - Footpath Extension - Station Rd Foster | - | - | - | 70,000 | - | - | - | - | - | - | - | |
| 8854 - Shlenger Street, Leongatha | - | - | - | 140,000 | - | - | - | - | - | - | - | |
| 8855 - Turner Street | - | - | - | 65,000 | - | - | - | - | - | - | - | |
| 8856 - Long Street, Leongatha | - | - | - | - | 90,000 | - | - | - | - | - | - | |
| 8857 - Footpath Extension | - | - | - | - | - | - | - | - | - | - | - | |
| 8890 - Delkin/Nelson Foster | - | 36,000 | 402,000 | - | - | - | - | - | - | - | - | |
| 8891 - Stanley St Toora | - | - | 30,000 | 370,070 | - | - | - | - | - | - | - | |
| 9081 - North Poowong Road | - | - | - | 50,000 | 700,000 | 395,000 | - | - | - | - | - | |
| 9084 - Simons Lane | - | - | - | 650,000 | - | - | - | - | - | - | - | |
| 9090 - Fish Creek Walkerville | - | - | - | - | - | - | 114,977 | 515,691 | 1,878,008 | - | - | |
| 9096 - Henrys Road | - | - | - | - | 85,000 | 856,134 | 776,134 | - | - | - | - | |
| 9652 - Dyrings Road | 15,500 | 416,500 | - | - | - | - | - | - | - | - | - | |
| 9654 - Clear Creek Bridge Replacement | 49,650 | - | - | - | - | - | - | - | - | - | - | |
| 9657 - Bridge / Culvert Rehabilitation - To Be Determined | - | - | - | - | - | 257,064 | 326,588 | 412,870 | 475,352 | 450,000 | 450,000 | |
| 9659 - Bena Kongwak Bridge | - | - | - | - | - | 1,000,000 | - | - | - | - | - | |
| 9661 - Misery Bridge, Mirboo | - | - | 150,000 | - | - | - | - | - | - | - | - | |
| 9662 - Cooks De Sommerville Bridge, Dollar | - | - | - | 194,000 | - | - | - | - | - | - | - | |
| 9664 - Wychits Bridge, Meeniyan | - | - | - | - | 380,000 | - | - | - | - | - | - | |
| 9665 - Stockyard Creek Foster | - | - | - | 100,000 | - | - | - | - | - | - | - | |
| 9678 - Guard Rails - To Be Determined | - | - | 91,260 | 95,261 | 100,998 | 107,058 | 113,482 | 120,290 | 127,508 | 135,158 | 135,125 | |
| 9685 - Culverts - To Be Determined | - | - | - | - | - | - | 126,248 | 133,823 | 141,852 | 150,363 | 150,000 | |
| 9688 - Andersons Inlet | 758,000 | 8,000 | - | - | - | - | - | - | - | - | - | |
| 9691 - Rendells Rd Culvert, Welshpool | - | - | - | 115,000 | - | - | - | - | - | - | - | |
| 9692 - Turtons Creek Rd Culvert, Dollar | - | - | - | 180,000 | - | - | - | - | - | - | - | |
| 9693 - Wild Dog Valley Rd Culvert | - | 150,000 | - | - | - | - | - | - | - | - | - | |
| 9694 - Fish Creek Waratah Road Culvert | - | - | - | - | - | - | 78,000 | - | - | - | - | |
| 9695 - Harding Lawson Road, Fish Creek | - | - | - | - | - | 159,500 | - | - | - | - | - | |



10 Year Capital Works Program

| COST CENTRE | 06/09 | | | | | | | | | | | |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| | Projected | 09/10 Budget | 10/11 Budget | 11/12 Budget | 12/13 Budget | 13/14 Budget | 14/15 Budget | 15/16 Budget | 16/17 Budget | 17/18 Budget | 18/19 Budget | |
| Capital Expenditure for Local Roads Cont'd | | | | | | | | | | | | |
| 9696 - Lowrys Road, Fish Creek | - | - | - | 91,574 | - | - | - | - | - | - | - | - |
| 9711 - Hudsons Road Upgrade | - | - | - | 988,360 | - | - | - | - | - | - | - | - |
| 9713 - Walkerville South Upgrade | - | - | 45,000 | 495,607 | - | - | - | - | - | - | - | - |
| 9716 - Main South Road | - | 752,699 | - | - | - | - | - | - | - | - | - | - |
| 9718 - Leongatha South Outtrim | - | 181,000 | - | - | - | - | - | - | - | - | - | - |
| 9720 - Koorwarra Inverloch Road Upgrade | - | 873,734 | - | - | - | - | - | - | - | - | - | - |
| 9721 - Drainage Rehabilitation Program | - | - | - | 192,243 | - | 215,438 | 228,364 | 242,066 | 266,590 | 271,985 | 250,000 | |
| 9722 - Unallocated Future Capex for Roads | - | - | - | - | - | 556,582 | - | - | - | - | - | |
| 9723 - Pavement Rehabilitation Program | - | - | - | 539,429 | - | 600,000 | 2,312,772 | 2,534,218 | 2,686,272 | 2,847,448 | 2,500,000 | |
| 9724 - Keib and Channel Program | - | - | - | 323,794 | - | 300,726 | 318,770 | 337,896 | 366,170 | 379,660 | 360,000 | |
| 9725 - Asphalt Program | - | - | - | 406,760 | - | 451,089 | 478,155 | 506,844 | 537,255 | 569,490 | 570,000 | |
| 9726 - Bena Kongwak Road Reconstruction | - | 25,000 | 708,256 | - | - | - | - | - | - | - | - | |
| 9727 - Fish Creek Bus Turning Loop | 377 | - | - | - | - | - | - | - | - | - | - | |
| 9738 - Gray Street, Leongatha | - | 20,000 | 20,000 | 625,000 | - | - | - | - | - | - | - | |
| 9739 - Anderson Street, Leongatha | - | 40,000 | 705,043 | - | - | - | - | - | - | - | - | |
| 9746 - Stoney Creek Road | - | - | - | 75,000 | - | 649,193 | 817,924 | 737,924 | - | - | - | |
| 9747 - Lester Road | - | - | - | 45,043 | - | 428,696 | - | - | - | - | - | |
| 9748 - Konwack Inverloch | - | - | - | - | - | - | - | - | 73,000 | 1,084,742 | - | |
| 9749 - South Road | - | - | - | - | - | - | - | - | 45,000 | 599,328 | - | |
| 9750 - Cornish Road | - | - | - | - | - | - | - | - | - | 100,000 | 946,356 | |
| 9751 - Foster Mirboo Road | - | - | - | - | - | - | - | - | - | - | - | |
| Total for Local Roads | 3,502,550 | 5,049,346 | 5,579,767 | 6,530,786 | 7,961,357 | 10,042,683 | 9,746,824 | 9,828,031 | 11,109,967 | 11,730,331 | 12,727,845 | |
| Capital Expenditure for Coal Creek | | | | | | | | | | | | |
| 1670 - CCHV - Capital Projects | 15,000 | 94,300 | 174,158 | - | - | - | - | - | - | - | - | |
| 1680 - CCHV RDV Projects | - | 310,000 | - | - | - | - | - | - | - | - | - | |
| Total for Social and Economic Development | 15,000 | 404,300 | 174,158 | - | |
| Capital Expenditure for Property | | | | | | | | | | | | |
| 8064 - Sundry Land Purchases | 2,000 | 20,650 | 21,270 | 21,802 | 22,347 | 22,906 | 23,479 | 24,066 | 24,668 | 25,285 | 25,917 | |
| Total for Property | 2,000 | 20,650 | 21,270 | 21,802 | 22,347 | 22,906 | 23,479 | 24,066 | 24,668 | 25,285 | 25,917 | |
| Capital Expenditure for Economic Development and Tourism | | | | | | | | | | | | |
| 8687 - Foster V.I.C. | 25,000 | - | - | - | - | - | - | - | - | - | - | |
| 8688 - Korumburra V.I.C. | 75,000 | - | - | - | - | - | - | - | - | - | - | |
| Total for Social and Economic Development | 100,000 | - | - | - | - | - | - | - | - | - | - | |
| Capital Expenditure for Waste | | | | | | | | | | | | |
| 8665 - Koorwarra Landfill (Rehabilitation) | 80,000 | - | - | - | - | - | - | - | - | - | - | |
| 8666 - Koorwarra Landfill (Rehabilitation) - 2 | - | - | 139,160 | 155,000 | 184,520 | - | - | - | - | - | - | |
| Total for Waste | 80,000 | - | 139,160 | 155,000 | 184,520 | - | - | - | - | - | - | |
| GRAND TOTALS | 7,895,923 | 9,958,354 | 9,972,370 | 10,372,965 | 11,850,777 | 14,312,655 | 14,233,802 | 15,162,705 | 16,111,402 | 17,002,707 | 18,231,907 | |



APPENDIX E - Key strategic activities

This section sets out program initiatives to be undertaken by Council in 2009/10, including appropriate measures and targets that are subject to audit at year end.



Strategic Goal 1: A Vibrant, Engaged Community

| KSA # | Strategy No. | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|--------------|--|---|--|
| KSA 1.1 | 1.2.3.1 | <ul style="list-style-type: none"> Positive Ageing Strategy (FS) | <ul style="list-style-type: none"> Strategy completed and reported to Council Review and Development of plan Key actions of plan implemented Complete simulation exercise Review Municipal Emergency Management Plan | <ul style="list-style-type: none"> March 2010 |
| | 1.1.2.1 | <ul style="list-style-type: none"> Municipal Public Health Plan (ECS) | | <ul style="list-style-type: none"> November 2009 In accordance with plan timeframes December 2009 |
| | 1.1.3.4 | <ul style="list-style-type: none"> Maintain Emergency Preparedness (ECS) | | <ul style="list-style-type: none"> October 2009 |
| KSA 1.2 | 1.2.3.3 | <u>Review Outreach Services</u> <ul style="list-style-type: none"> Library (CCS) Meals on Wheels (FS) Respite Services (FS) | Review completed and reported to Council | <ul style="list-style-type: none"> December 2009 March 2010 December 2009 |



Strategic Goal 2: A Sustainable Environment

| KSA # | | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|---------|--|---|----------------|
| KSA 2.1 | 2.1.1.1 | Develop and implement a Sustainable Environment Strategy (ECS) | Strategy Developed and reported to Council. | June 2010 |



Strategic Goal 3: A Strong Economy

| KSA # | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|------------------------------|--|---|
| KSA 3.1 | 3.1.1.2 | Ensure the Planning Scheme contains appropriate policies to offer protection for sustainable agricultural activities. (PB) | Complete development of the South Gippsland Rural Strategy June 2010 |
| KSA 3.2 | 3.3.4.2 | Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State requirements. (PB) | <ul style="list-style-type: none"> • Increase the number of decisions made within 60 statutory days by 2% yearly (within the power of the Planning Dept to influence) • Undertake a compliance audit annually through the Audit Committee <ul style="list-style-type: none"> • >90% • >95% |
| KSA 3.3 | 3.1.2 | Review Economic Development Strategy (SED) | Review completed and reported to Council April 2010 |
| KSA 3.4 | 3.3.4.1 | Implement the Four Year Strategic Work Program, including Township Structure Plans, Housing and Settlement Strategy and Planning Scheme review. (PB) | <ul style="list-style-type: none"> • Meeniyan and Poowong Plans developed. • Nyora and Loch Urban Design Framework review developed. <ul style="list-style-type: none"> • June 2010 • June 2010 |



Strategic Goal 4: Appropriate Infrastructure

| KSA # | | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|---------|--|--|--|
| KSA 4.1 | 5.2.2.1 | Complete Asset Management Plan (EA) | Plan completed and reported to Council. | June 2010 |
| KSA 4.2 | 4.1.2 | Develop and implement a rolling 10 year capital works program which is consistent with the Asset Management Plan and Long Term Financial Plan (EA) | <ul style="list-style-type: none"> • Capital works program compiled and considered by Council. • Civil Works and Building Infrastructure: percentage of annual program (as amended by Council) complete. • Plan developed for information technology / telephony. | <ul style="list-style-type: none"> • December 2009 |
| | 5.2.4.1 | | | <ul style="list-style-type: none"> • At least 90% • March 2010 |



Strategic Goal 5: A Leading Council

| KSA # | | Key Strategic Activity (KSA) | Measure | 2009/10 Target |
|---------|---------|--|--|----------------|
| KSA 5.1 | 5.1.1.4 | Review and update Vision 2020 (CEO) | Vision adopted | June 2010 |
| KSA 5.2 | 5.2.3.1 | Achieving strategic financial outcomes (Fin) | Weighted average of five key financial ratios being underlying result, working capital ratio, indebtedness, self financing and investment gap. | > 98% |
| KSA 5.3 | 5.3.3 | Develop a Workforce Plan including ageing workforce issues, succession planning, staff retention, skill development etc (including consideration of replacing staff vacancies occurring by attrition with trainees and apprentices to encourage youth employment) (OD) | Plan Developed. | June 2010 |

APPENDIX F - Fees and charges

This section sets out all fees and statutory charges of Council

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Non Standard Street Lighting Contribution | 10% Contribution | 10% Contribution | N/A | 5,000 |
| Plan Checking | Up to 0.75% | Up to 0.75% | N/A | 10,000 |
| Supervision Fees | Up to 2.50% | Up to 2.50% | N/A | 30,000 |
| Design Total | | | | 45,000 |
| Unused Road Opening Application Fee | 528.00 | 556.00 | 5.30% | 2,022 |
| Road Reserve Activity Permit (Road RAP) | 62.00 | 65.00 | 4.84% | 19,500 |
| Asset Management Total | | | | 21,522 |
| Port Welshpool boat ramp - Daily Car Park | 6.00 | 6.30 | 5.00% | 1,145 |
| Port Welshpool boat ramp - Annual Car Park Fee | 37.00 | 39.00 | 5.41% | 7,091 |
| Routine Maintenance Total | | | | 8,236 |
| Commercial - Korumburra Office Meeting Room Full Day | 97.00 | 102.00 | 5.15% | 0 |
| Commercial - Korumburra Office Meeting Room 1/2 Day / night | 54.00 | 57.00 | 5.56% | 155 |
| Commercial - Behind Stage 1/2 day | 56.00 | 59.00 | 5.36% | 0 |
| Commercial - Hall Bond where liquor is served (refundable) | 727.00 | 765.00 | 5.23% | 0 |
| Commercial - Hall Bond where liquor is not served (refundable) | 179.00 | 188.00 | 5.03% | 0 |
| Commercial - Balcony Seating full day | 181.00 | 191.00 | 5.52% | 0 |
| Commercial - Balcony Seating 1/2 day | 92.00 | 97.00 | 5.43% | 0 |
| Commercial - Behind Stage full day | 92.00 | 97.00 | 5.43% | 0 |
| Commercial - Leongatha Memorial Hall Kitchen full day | 146.00 | 154.00 | 5.48% | 280 |
| Commercial - Leongatha Memorial Hall Kitchen 1/2 day | 92.00 | 97.00 | 5.43% | 353 |
| Commercial - Leongatha Memorial Hall Crockery Hire per setting | 4.00 | 4.20 | 5.00% | 0 |

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|--|--|--|-----------------------------|--|
| Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day | 146.00 | 154.00 | 5.48% | 1,400 |
| Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day | 73.00 | 77.00 | 5.48% | 700 |
| Commercial - Leongatha Memorial contractor Set up Costs (if used) | 28.00 | 29.50 | 5.36% | 0 |
| Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day | 179.00 | 188.00 | 5.03% | 1,367 |
| Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day | 92.00 | 97.00 | 5.43% | 705 |
| Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days | 649.00 | 683.00 | 5.24% | 0 |
| Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours | 51.00 | 54.00 | 5.88% | 491 |
| Commercial - Leongatha Memorial Hall Full week hire 7 days | 2,606.00 | 2,743.00 | 5.26% | 2,494 |
| Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days | 812.00 | 855.00 | 5.30% | 0 |
| Commercial - Leongatha Memorial Hall Rental - full day or evening | 580.00 | 610.00 | 5.17% | 4,991 |
| Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals | 290.00 | 305.00 | 5.17% | 0 |
| Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day | 436.00 | 459.00 | 5.28% | 835 |
| Non Commercial - Korumburra Office Meeting Room 1/2 Day / night | 42.00 | 44.00 | 4.76% | 0 |
| Commercial - Whole Complex Hire | 812.00 | 855.00 | 5.30% | 0 |
| Commercial - Whole Complex Hire 1/2 Day | 425.00 | 447.00 | 5.18% | 0 |
| Non Commercial - Hall Bond where liquor is served (refundable) | 580.00 | 610.00 | 5.17% | 0 |
| Non Commercial - Hall Bond where liquor is not served (refundable) | 146.00 | 154.00 | 5.48% | 0 |
| Non Commercial - Korumburra Office Meeting Room Full Day | 77.00 | 81.00 | 5.19% | 0 |
| Non Commercial - Balcony Seating 1/2 day | 74.00 | 78.00 | 5.41% | 0 |

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|--|--|--|-----------------------------|--|
| Non Commercial - Behind Stage full day | 74.00 | 78.00 | 5.41% | 0 |
| Non Commercial - Behind Stage 1/2 day | 44.00 | 46.00 | 4.55% | 84 |
| Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day | 74.00 | 78.00 | 5.41% | 1,064 |
| Non Commercial - Leongatha Memorial Hall Crockery Hire per setting | 3.00 | 3.20 | 6.67% | 873 |
| Non Commercial - Balcony Seating full day | 146.00 | 154.00 | 5.48% | 0 |
| Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day | 58.00 | 61.00 | 5.17% | 1,109 |
| Non Commercial - Leongatha Memorial contractor Set up Costs (if used) | 21.00 | 22.00 | 4.76% | 2,900 |
| Non Commercial - Leongatha Memorial Hall Kitchen full day | 115.00 | 121.00 | 5.22% | 1,650 |
| Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day | 74.00 | 78.00 | 5.41% | 2,127 |
| Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days | 520.00 | 547.00 | 5.19% | 0 |
| Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day | 115.00 | 121.00 | 5.22% | 550 |
| Non Commercial - Leongatha Memorial Hall Full week hire 7 days | 2,084.00 | 2,193.00 | 5.23% | 1,994 |
| Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days | 649.00 | 683.00 | 5.24% | 0 |
| Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day | 146.00 | 154.00 | 5.48% | 1,400 |
| Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals | 232.00 | 244.00 | 5.17% | 444 |
| Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day | 352.00 | 370.00 | 5.11% | 0 |
| Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours | 39.00 | 41.00 | 5.13% | 112 |
| Non Commercial - Whole Complex Hire | 654.00 | 688.00 | 5.20% | 0 |

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Non Commercial - Whole Complex Hire 1/2 Day | 341.00 | 359.00 | 5.28% | 0 |
| Non Commercial - Leongatha Memorial Hall Rental - full day or evening | 464.00 | 488.00 | 5.17% | 1,775 |
| Buildings - Operations Total | | | | 29,851 |
| Tree Stumps | 30.00 | 31.00 | 3.33% | 705 |
| Concrete (over 300mm) | 53.00 | 55.00 | 3.77% | 61,650 |
| Prescribed Waste | 121.00 | 127.00 | 4.96% | 0 |
| Commercial Waste by weight | 74.00 | 78.00 | 5.41% | 514,445 |
| Disposal of Clean Fill | 13.00 | 78.00 | 500.00% | 14,182 |
| Asbestos | 74.00 | 78.00 | 5.41% | 4,396 |
| Landfills Total | | | | 595,378 |
| Earthmoving Tyre | 169.00 | 178.00 | 5.33% | 324 |
| Extra Charge for Tyre on Rim | 7.00 | 7.50 | 7.14% | 505 |
| Car Tyres | 5.00 | 5.50 | 10.00% | 2,550 |
| Small Truck / Four Wheel Drive Tyres | 14.00 | 15.00 | 7.14% | 368 |
| Large Truck Tyre | 28.00 | 29.00 | 3.57% | 659 |
| Silage Wrap bundled | 11.00 | 12.00 | 9.09% | 3,218 |
| Concrete Bricks Fill up to one m3 | 22.00 | 23.00 | 4.55% | 1,464 |
| Car Bodies | 34.00 | 36.00 | 5.88% | 262 |
| 120 L Bin | 3.00 | 3.50 | 16.67% | 16,969 |
| Ute - up to one cubic meter | 22.00 | 23.00 | 4.55% | 53,862 |
| Other Domestic | 22.00 | 23.00 | 4.55% | 97,269 |
| Garbage Bag up to 120L | 2.50 | 3.00 | 20.00% | 48,150 |
| Car Boot | 11.00 | 12.00 | 9.09% | 29,858 |
| 240L Bin | 6.00 | 6.50 | 8.33% | 28,695 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Transfer Stations Total | | | | 284,151 |
| Land Information Certificates | 20.00 | 20.00 | 0.00% | 21,200 |
| Data Sales | 55.00 | 165.00 | N/A | 750 |
| Property and Revenue Total | | | | 21,950 |
| Flu | 21.00 | 22.00 | 4.76% | 2,200 |
| Pneumococcal | 132.00 | 139.00 | 5.30% | 0 |
| Hep A Adult | 77.00 | 81.00 | 5.19% | 81 |
| Twinrix Paediatric | 47.00 | 49.00 | 4.26% | 0 |
| Twinrix Adult | 68.00 | 72.00 | 5.88% | 72 |
| Varicella | 69.00 | 73.00 | 5.80% | 365 |
| Hep B Paediatric | 22.00 | 23.00 | 4.55% | 0 |
| Hep B Adult | 22.00 | 23.00 | 4.55% | 46 |
| Immunisation Total | | | | 2,764 |
| Conveyance Inquiry (50% rego fee plus GST) | 50% of registration fee + GST | 50% of registration fee + GST | N/A | 2,365 |
| Caravan Parks - Residential Tenancies Act | 2.50 | 2.50 | 0.00% | 1,688 |
| Caravan Parks Transfer - Residential Tenancies Act | 50.00 | 50.00 | 0.00% | 50 |
| Transfer of Registrations (50% of rego fee) | 50% of registration fee | 50% of registration fee | N/A | 2,365 |
| Skin Penetration - Health Act | 168.00 | 177.00 | 5.36% | 354 |
| Combined Hairdresser/Skin Penetration - Health Act | 168.00 | 177.00 | 5.36% | 2,301 |
| Prescribed Accommodation - Health Act | 118.00 | 124.00 | 5.08% | 6,448 |
| Class 2 Low Risk - Food Act Premises | 287.00 | 302.00 | 5.23% | 16,308 |
| Other Food Businesses - Food Act Premises | 45.00 | 47.00 | 4.44% | 2,773 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Health Act Premises - Hairdresser - Health Act | 134.00 | 141.00 | 5.22% | 3,384 |
| Class 1 Food Act Premises | 449.00 | 473.00 | 5.35% | 5,203 |
| Class 2 High Risk - Food Act Premises | 449.00 | 473.00 | 5.35% | 4,257 |
| Class 2 Medium Risk - Food Act Premises | 449.00 | 473.00 | 5.35% | 105,952 |
| Environmental Health Total | | | | 153,448 |
| HACC Bus Venus Bay | 3.70 | 4.00 | 8.11% | 1,328 |
| HACC Bus Loch / Nyora | 5.80 | 6.00 | 3.45% | 0 |
| HACC Bus Port Welshpool | 9.00 | 9.50 | 5.56% | 475 |
| HACC Bus Foster | 5.80 | 6.00 | 3.45% | 60 |
| HACC Bus Revenue - Average | 3.70 to 9.00 | N/A | N/A | 0 |
| Bus Self Drive Hire | 0.65 | 0.70 | 7.69% | 10,245 |
| Meals on Wheels Revenue - Average | 5.50 to 9.80 | N/A | N/A | 0 |
| Meals on Wheels Low Fee | 5.50 | 6.50 | 18.18% | 74,640 |
| Meals on Wheels Medium Fee | 5.50 | 6.80 | 23.64% | 10,084 |
| Meals on Wheels High Fee | 9.80 | 10.00 | 2.04% | 18,700 |
| Homecare Revenue - Average | 5.45 to 26.80 | N/A | N/A | 0 |
| Homecare Low Fee | 5.45 | 5.45 | 0.00% | 94,955 |
| Homecare Medium Fee | 12.15 | 12.40 | 2.06% | 9,102 |
| Homecare High Fee | 26.80 | 27.58 | 2.91% | 5,047 |
| Personal Care | 3.10 to 30.80 | N/A | N/A | 0 |
| Personal Care Low Fee | 3.10 | 3.50 | 12.90% | 11,617 |
| Personal Care Medium Fee | 5.80 | 6.50 | 12.07% | 676 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Personal Care High Fee | 30.80 | 31.52 | 2.34% | 2,175 |
| Private Works Meals | 9.80 | 10.00 | 2.04% | 25,364 |
| Respite Care Revenue - Average | 2.00 to 28.20 | N/A | N/A | 0 |
| Respite Care Low Fee | 2.00 | 2.50 | 25.00% | 4,725 |
| Respite Care Medium Fee | 3.80 | 3.80 | 0.00% | 399 |
| Respite Care High Fee | 28.20 | 28.49 | 1.03% | 2,991 |
| Home Maintenance Revenue - Average | 7.40 to 36.00 | N/A | N/A | 0 |
| Home Maintenance Low Fee | 7.40 | 8.50 | 14.86% | 7,344 |
| Home Maintenance Medium Fee | 16.50 | 16.50 | 0.00% | 446 |
| Home Maintenance High Fee | 36.00 | 40.11 | 11.42% | 361 |
| Community Transport Car - Type 1 | 6.40 | 7.00 | 9.37% | 0 |
| Community Transport Car - Type 9 | 29.40 | 31.00 | 5.44% | 0 |
| Community Transport Car - Type 5 | 17.70 | 18.00 | 1.69% | 0 |
| Community Transport Car - Type 6 | 19.50 | 20.00 | 2.56% | 0 |
| Community Transport Car - Type 14 | 43.60 | 46.00 | 5.50% | 0 |
| Community Transport Car - Type 15 | 48.15 | 50.00 | 3.84% | 0 |
| Community Transport Car - Type 8 | 24.10 | 25.00 | 3.73% | 0 |
| Community Transport Car - Type 2 | 9.40 | 10.00 | 6.38% | 0 |
| Community Transport Car - Type 3 | 11.75 | 12.00 | 2.13% | 0 |
| Community Transport Car - Type 11 | 32.90 | 34.00 | 3.34% | 0 |
| Community Transport Car - Type 10 | 30.60 | 32.00 | 4.58% | 0 |
| Community Transport Car - Type 13 | 37.15 | 39.00 | 4.98% | 0 |
| Community Transport Car - Type 7 | 23.50 | 25.00 | 6.38% | 0 |

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| Community Transport Car - Type 12 | 35.30 | 37.00 | 4.82% | 0 |
| Community Transport Car - Type 4 | 14.10 | 15.00 | 6.38% | 0 |
| Community Transport Car Revenue - Average | 6.40 to 48.15 | 7.00 to 50.00 | N/A | 29,591 |
| HACC Services Total | | | | 310,324 |
| Private Works PAC | 39.00 | 41.00 | 5.13% | 30,750 |
| Non HACC Services Total | | | | 30,750 |
| FOI Applicant B&W Photocopying (Amount per A4 page) | 0.20 | 0.20 | 0.00% | 20 |
| FOI Application Fee | 22.70 | 22.70 | 0.00% | 159 |
| FOI Council Search Fee | 20.00 | 20.00 | 0.00% | 140 |
| FOI Supervision Search Fee | 5.00 | 5.00 | 0.00% | 20 |
| Applicant B&W Photocopying (Amount per A3 page) | 2.00 | 2.10 | 5.00% | 63 |
| Applicant B&W Photocopying (Amount per A1 page) | 9.00 | 9.50 | 5.56% | 437 |
| Records Total | | | | 839 |
| Mulch | 90.00 | 95.00 | 5.56% | 10,364 |
| Depot Management Total | | | | 10,364 |
| Building Approval Lodgement - Commercial | 31.75 | 31.75 | 0.00% | 953 |
| Form 2.10 Application/Property Information Requests | 41.00 | 42.20 | 2.93% | 21,100 |
| Search / Certificate Fees | 96.00 | 101.00 | 5.21% | 4,591 |
| Building Approval Lodgement - Residential | 31.75 | 31.65 | -0.31% | 25,320 |
| Report & Consent | 205.00 | 211.15 | 3.00% | 20,059 |
| Stormwater information Request | 51.25 | 52.75 | 2.93% | 2,638 |
| Final Inspection | 154.00 | 162.00 | 5.19% | 147 |
| Building Services Total | | | | 74,807 |
| S.6 (2) - Consideration of submissions and assisting the panel | 752.00 | 775.00 | 3.06% | 2,818 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| S.6 (3) - Adoption of an amendment | 494.00 | 509.00 | 3.04% | 1,851 |
| Certification of Plans - Charged per lot (Base Fee) | 100.00 | 100.00 | 0.00% | 0 |
| Certificate of Compliance | 139.00 | 139.00 | 0.00% | 0 |
| S.6 (1) - Considering a request to amend planning scheme | 752.00 | 775.00 | 3.06% | 2,818 |
| Amendments of planning permits and endorsed plans, see ANSTAT. | 96.00 to 768.00 | 99.00 to 791.00 | N/A | 0 |
| Certification of Plans - Charged per lot | 20.00 | 20.00 | 0.00% | 0 |
| Requests for information | 52.00 | 55.00 | 5.77% | 275 |
| Planning Certificates | 17.20 | 17.70 | 2.91% | 12,178 |
| Use and Change of Use | 473.00 | 487.00 | 2.96% | 0 |
| Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way. | 510.00 | 525.00 | 2.94% | 0 |
| Remove restriction (Subdiv Act 1988) over land if the land has been used or developed for more than 2 yrs before date of applications (Plan & Enviro Act 1987) but for the existence of the restriction | 235.00 | 242.00 | 2.98% | 0 |
| Subdivision of existing building / land into two lots | 364.00 | 375.00 | 3.02% | 0 |
| To effect a realignment of a common boundary between lots or to consolidate two or more lots. | 364.00 | 375.00 | 3.02% | 0 |
| Create vary remove easement right-of-way Crown Land or vary remove a condition in the nature of an easement other than a right of way in a Crown Grant. | 381.00 | 392.00 | 2.89% | 0 |
| Development of Land < \$250000 to \$500000 | 666.00 | 686.00 | 3.00% | 0 |
| Development of Land < \$500000 - \$1 M | 768.00 | 791.00 | 2.99% | 0 |
| Development of Land < \$10M - \$50M | 7,601.00 | 7,829.00 | 3.00% | 0 |
| Subdivision of Land | 736.00 | 758.00 | 2.99% | 0 |
| Development of Land > \$10000 | 96.00 | 99.00 | 3.13% | 0 |
| Development of Land < \$1M - \$7M | 1,086.00 | 1,119.00 | 3.04% | 0 |

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|--|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Development of Land < \$7M - \$10M | 4,559.00 | 4,696.00 | 3.01% | 0 |
| Development of Land < \$50M | 15,204.00 | 15,660.00 | 3.00% | 0 |
| Development of Land Revenue - Average | 96.00 to 15,204.00 | 99.00 to 15,660.00 | N/A | 190,000 |
| Single Dwellings per lot and/or extensions \$10000 - \$100000 | 225.00 | 232.00 | 3.11% | 0 |
| Single Dwellings per lot and/or extensions > \$100000 | 462.00 | 476.00 | 3.03% | 0 |
| Development of Land < \$10000 - \$250000 | 569.00 | 586.00 | 2.99% | 0 |
| Recertification of plans | 100.00 | 100.00 | 0.00% | 0 |
| Infringement (per unit) | 110.12 | 113.42 | 3.00% | 3,403 |
| Statutory Planning Total | | | | 213,342 |
| Fast Track pre building approval (Septic Report & Consent) | 205.00 | 205.00 | 0.00% | 2,050 |
| Assessment of wastewater report | 146.00 | 154.00 | 5.48% | 0 |
| Minor permit amendment - no inspection | 73.00 | 77.00 | 5.48% | 0 |
| Major permit amendment - includes inspection | 134.00 | 141.00 | 5.22% | 0 |
| Request for copies of plans for septic. | 90.00 | 95.00 | 5.56% | 518 |
| Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial construction or Final Inspection | 134.00 | 141.00 | 5.22% | 0 |
| Renewal of expired Septic Tank permit to current EPA requirements. | 263.00 | 277.00 | 5.32% | 1,007 |
| Permit to alter a septic tank - Minor Works | 274.00 | 288.00 | 5.11% | 3,456 |
| Permit to Install a septic tank application made after a Planning Permit application. | 526.00 | 554.00 | 5.32% | 81,992 |
| Permit to install a septic tank application made prior to or at the same time as Planning Permit application. | 481.00 | 506.00 | 5.20% | 32,890 |
| Permit to alter a septic tank system - Major Works | 347.00 | 365.00 | 5.19% | 3,650 |
| Waste Water Total | | | | 125,563 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Infringement - Dog at large (night-time) | 227.00 | 235.00 | 3.52% | 235 |
| Infringement - Dog at large (daytime) | 170.00 | 176.00 | 3.53% | 2,640 |
| Infringement - Fail to register | 227.00 | 235.00 | 3.52% | 8,225 |
| Infringement - No tag displayed | 57.00 | 59.00 | 3.51% | 0 |
| Dog / Cat Registration New Applications - Unsterilised - Pension | 48.00 | N/A | M/A | 0 |
| Dog / Cat Registration New Applications - Sterilised inc. Working Dogs | 32.00 | N/A | N/A | 0 |
| Dog / Cat Registration New Applications - Sterilised inc. Working Dogs - Pension | 16.00 | N/A | N/A | 0 |
| Domestic Animal Business Registration | 174.00 | 183.00 | 5.17% | 1,830 |
| Access - Additional Records | 5.30 | 5.60 | 5.66% | 0 |
| Access - All Records | 9.50 | 10.00 | 5.26% | 0 |
| Vic Roads (Stock Control on Declared Roads) | 422.00 | 444.00 | 5.21% | 40,364 |
| Grazing Sheep - daily fee per head | 0.50 | 0.60 | 20.00% | 0 |
| Grazing Other Livestock - daily fee per head | 1.00 | 1.00 | 0.00% | 0 |
| Droving Other Livestock - daily fee per head | 2.00 | 2.10 | 5.00% | 0 |
| Grazing of Livestock - Application Fee (no refund) | 73.00 | 77.00 | 5.48% | 0 |
| Grazing Cattle - daily fee per head | 1.00 | 1.00 | 0.00% | 0 |
| Droving of Livestock - Bond | 1,308.00 | 1,377.00 | 5.28% | 0 |
| Droving Cattle - daily fee per head | 2.00 | 2.10 | 5.00% | 0 |
| Droving Sheep - daily fee per head | 1.00 | 1.00 | 0.00% | 0 |
| Late Application for Cattle Crossing | 251.00 | 264.00 | 5.18% | 0 |
| Droving of Livestock - Application fee (no refund) | 146.00 | 154.00 | 5.48% | 0 |
| Dog / Cat Registration Renewals - Unsterilised | 96.00 | N/A | N/A | 0 |
| Column 1 Fee | N/A | 180.00 | N/A | 720 |

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| Column 1 Fee Pension | N/A | 90.00 | N/A | 0 |
| Dog / Cat Registration Renewals - Unsterilised - Pension | 48.00 | N/A | N/A | 0 |
| Dog / Cat Registration Renewals - Sterilised inc. Working Dogs | 32.00 | N/A | N/A | 0 |
| Column 2 Fee | N/A | 60.00 | N/A | 102,000 |
| Column 2 Fee Pension | N/A | 30.00 | N/A | 18,000 |
| Dog / Cat Registration Renewals - Sterilised inc. Working Dogs - Pension | 16.00 | N/A | N/A | 0 |
| Column 3 Fee | N/A | 21.00 | N/A | 65,100 |
| Column 3 Fee Pension | N/A | 10.50 | N/A | 10,500 |
| Sustenance Stock | 9.50 | 10.00 | 5.26% | 91 |
| Sustenance Cat & Dog | 7.40 | 7.80 | 5.41% | 1,773 |
| Other (Per animal) | 2.00 | 2.10 | 5.00% | 0 |
| Exotic Animals (First animal) | 34.00 | 36.00 | 5.88% | 0 |
| Exotic Animals (Subsequent animals) | 4.00 | 4.20 | 5.00% | 0 |
| Goats & Pigs (Subsequent animals) | 4.00 | 4.20 | 5.00% | 0 |
| Sheep (First animal) | 17.00 | 18.00 | 5.88% | 0 |
| Sheep (Subsequent animals) | 2.00 | 2.10 | 5.00% | 0 |
| Dogs / Cats - First Offence | 54.00 | 56.00 | 3.70% | 5,091 |
| Goats & Pigs (First animal) | 34.00 | 36.00 | 5.88% | 0 |
| Dogs / Cats - Subsequent Offence | 84.00 | 88.00 | 4.76% | 2,800 |
| Cattle (First animal) | 84.00 | 88.00 | 4.76% | 320 |
| Cattle (Subsequent animals) | 4.20 | 4.40 | 4.76% | 40 |
| Animal Control Total | | | | 259,728 |
| Fire Fines | 227.00 | 235.00 | 3.52% | 4,700 |
| Block Clearing (Fire Prevention / Hazards) | 68.00 | 72.00 | 5.88% | 1,636 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Fire Prevention Total | | | | 6,336 |
| Advertising on Council properties permit | 68.00 | 72.00 | 5.88% | 0 |
| Advertising sign permit | 36.00 | 38.00 | 5.56% | 0 |
| Animal permit - Excess animals | 34.00 | 36.00 | 5.88% | 1,800 |
| Bulk rubbish container permit | 84.00 | 88.00 | 4.76% | 0 |
| Burning off offensive material permit | 263.00 | 277.00 | 5.32% | 0 |
| Camping permit | 68.00 | 72.00 | 5.88% | 216 |
| Consume Liquor in Public Place | 113.00 | 117.00 | 3.54% | 4,095 |
| Consume Liquor in Public Place - Permit | 68.00 | 72.00 | 5.88% | 0 |
| Door to Door trading permit | 285.00 | 300.00 | 5.26% | 0 |
| Drainage Tappings | 68.00 | 72.00 | 5.88% | 0 |
| Impounded vehicle release | 134.00 | 141.00 | 5.22% | 0 |
| Local Law 1 Footpath permits | 36.00 | 38.00 | 5.56% | 7,828 |
| Local Law 1 release fees | 85.00 | 89.00 | 4.71% | 0 |
| Recreation Vehicles | 68.00 | 72.00 | 5.88% | 0 |
| Roadside trading permit | 633.00 | 666.00 | 5.21% | 0 |
| Scavenging at Tip | 68.00 | 72.00 | 5.88% | 0 |
| Storage of machinery or second hand goods - permit | 68.00 | 72.00 | 5.88% | 0 |
| Local Laws Total | | | | 13,939 |
| Travel Diaries | 3.95 | 3.95 | 0.00% | 54 |
| Maps | 6.95 | 6.95 | 0.00% | 158 |
| Bags | 4.00 | 4.00 | 0.00% | 91 |
| Postcards | 1.50 | 1.50 | 0.00% | 68 |
| Central Booking Service | 0.01 | 0.01 | 0.00% | 12,000 |

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|---|---|---|---------------|--------------------------------------|
| Brochure Fee - Non Member (non ratepayer) | 65.00 | 68.00 | 4.62% | 618 |
| Brochure Fee - Non PCRT Member (ratepayer) | 75.00 | 79.00 | 5.33% | 215 |
| Brochure Fee - PCRT Member sponsorship | 55.00 | 58.00 | 5.45% | 2,636 |
| Tourist Information Centres Total | | | | 15,841 |
| Education Program - Guided Tour | 2.20 | 2.30 | 4.55% | 2,300 |
| Education Program - Coal Tour | 2.20 | 2.30 | 4.55% | 1,673 |
| Education Program - School Lesson | 2.75 | 2.90 | 5.45% | 3,955 |
| Education Program - Pioneer Timber Skills | 2.75 | 2.90 | 5.45% | 2,373 |
| Education Program - Old Fashioned Craft | 3.85 | 4.00 | 3.90% | 1,818 |
| Education Program - Bush Cooking | 2.75 | 2.90 | 5.45% | 1,595 |
| Education Program - Bush Tramway Ride | 2.75 | 2.90 | 5.45% | 3,955 |
| Education Program - Bush Tractor Ride | 2.20 | 2.30 | 4.55% | 418 |
| Education Program - Spinning Demonstration | 2.75 | 2.90 | 5.45% | 1,445 |
| Education Program - Day Experience | Depends on Activities Selected | Depends on Activities Selected | N/A | 0 |
| Auditorium /Boardroom Hire-1/2 day | 47.00 | 49.00 | 4.26% | 846 |
| Auditorium/Boardroom Hire-full day | 90.00 | 95.00 | 5.56% | 865 |
| Activity for group tours-heritage craft | 3.75 | 4.00 | 6.67% | 800 |
| Demonstration for Tour groups-spinning Demo | 2.50 | 2.70 | 8.00% | 711 |
| Rides for group tours-Tramway | 5.00 | 5.30 | 6.00% | 816 |
| Guided tours for groups-Coal Tour | 2.50 | 2.70 | 8.00% | 711 |
| Group tours-Guided tours | 2.50 | 2.70 | 8.00% | 711 |
| Demonstration for group tours-Bush Skills | 2.50 | 2.70 | 8.00% | 444 |
| Activity for group Tours-Bush Cooking | 3.75 | 4.00 | 6.67% | 800 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Rides for Wedding Parties-Bush Tramway | 4.00 | 4.20 | 5.00% | 802 |
| Venue Hire-Wattle & Daub | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Jeetho School | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire- Krowera Church | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Boston's | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Courthouse | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Pig& Whistle | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Mechanics Inst | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Mine Mangers House | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Slab Cottage | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Masonic Lodge | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Sport Oval | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Rotunda | 250.00 | 263.00 | 5.20% | 239 |
| Venue Hire-Joinery | 250.00 | 263.00 | 5.20% | 239 |
| Tractor Ride | 4.00 | 4.20 | 5.00% | 0 |
| Loads of Fire wood sold to volunteers | 50.00 | 53.00 | 6.00% | 1,496 |
| Plants sold to visitors | 5.00 | 5.30 | 6.00% | 1,159 |
| Events-Venue Hire | 250.00 | 263.00 | 5.20% | 0 |
| Events-Electricity fee | 20.00 | 21.00 | 5.00% | 0 |
| Train Rides to normal visitation to village other than Education, Tours, and Weddings. | 5.00 | 5.30 | 6.00% | 11,750 |
| Coal Creek Total | | | | 44,552 |
| Failure to display permit - Port Welshpool Boat Ramp | 68.00 | 71.00 | 4.41% | 1,420 |
| Infringement - No Standing / Disabled Parking | 113.00 | 117.00 | 3.54% | 5,850 |
| Infringement - Permit Zone / Loading Zone | 68.00 | 71.00 | 4.41% | 3,905 |

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|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Infringement - Overtime Parking | 57.00 | 59.00 | 3.51% | 21,240 |
| Disabled Parking Permits | 0.00 | 0.00 | N/A | 0 |
| Traffic Control Total | | | | 32,415 |
| Aquatics (Casual) Adult Rec Swim | 4.80 | 5.00 | 4.17% | 0 |
| Aquatics (Casual) Child Rec Swim | 3.90 | 4.10 | 5.13% | 0 |
| Aquatics (Casual) Concession Rec Swim | 3.90 | 4.10 | 5.13% | 0 |
| Aquatics (Casual) Family Rec Swim | 13.40 | 14.00 | 4.48% | 0 |
| Aquatics (Casual) Spectator | 2.00 | 2.10 | 5.00% | 0 |
| Aquatics (Casual) Underwater Hockey (Adult) | 7.00 | 7.40 | 5.71% | 0 |
| Aquatics (Casual) Underwater Hockey (Child / Concession) | 6.00 | 6.30 | 5.00% | 0 |
| Group Fitness Aqua Aerobics | 10.00 | 10.50 | 5.00% | 0 |
| Group Fitness Aqua Aerobics (Concession) | 8.00 | 8.40 | 5.00% | 0 |
| Older Adults Programs Aqua Movers | 5.60 | 5.90 | 5.36% | 0 |
| Older Adults Programs Strength Training Session | 5.60 | 5.90 | 5.36% | 0 |
| Older Adults Programs Disability Access Program | 5.60 | 5.90 | 5.36% | 0 |
| Memberships Family Aquatic Membership Monthly Fee | 76.00 | 80.00 | 5.26% | 0 |
| Memberships Family Aquatic Membership Start-up Fee | 84.00 | 88.00 | 4.76% | 0 |
| Memberships Aquatic Membership Monthly Fee | 39.00 | 41.00 | 5.13% | 0 |
| Memberships Aquatic Membership Start-up Fee | 42.00 | 44.00 | 4.76% | 0 |
| Memberships Aquatic Membership Monthly Fee (Concession) | 31.00 | 33.00 | 6.45% | 0 |
| Memberships Aquatic Membership Start-up Fee (Concession) | 37.00 | 39.00 | 5.41% | 0 |
| Memberships Pryme Movers Membership Monthly Fee | 29.00 | 31.00 | 6.90% | 0 |
| Memberships Pryme Movers Membership Start-up Fee | 31.00 | 33.00 | 6.45% | 0 |
| Memberships Y Kids Club Monthly Fee | 29.00 | 31.00 | 6.90% | 0 |

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Memberships Y Kids Club Start-up Pack Fee | 31.00 | 33.00 | 6.45% | 0 |
| Memberships Aquatic Education Aquasafe Plus Membership Monthly Fee | 44.00 | 46.00 | 4.55% | 0 |
| Memberships Aquatic Education Aquasafe Plus Membership Monthly Fee (Concession) | 39.00 | 41.00 | 5.13% | 0 |
| Memberships Aquatic Education Aquasafe Membership Monthly Fee | 41.00 | 43.00 | 4.88% | 0 |
| Memberships Aquatic Education Aquasafe Membership Monthly Fee (Concession) | 37.00 | 39.00 | 5.41% | 0 |
| Memberships Aquatic Education Start-up Pack (New enrolments only) | 26.20 | 28.00 | 6.87% | 0 |
| Memberships Aquasafe School Holiday Program Participant Fee | 48.00 | 51.00 | 6.25% | 0 |
| Memberships Aquasafe School Holiday Program Participant Fee (2nd Child / Concession) | 43.00 | 45.00 | 4.65% | 0 |
| Schools - Aquatic Education (YMCA Teacher) | 5.50 | 5.80 | 5.45% | 0 |
| Schools - Aquatic Education (School Instructor) | 2.80 | 3.00 | 7.14% | 0 |
| Schools - Aquatic Full Pool Hire (Sole Use) | 90.00 | 95.00 | 5.56% | 0 |
| Schools - Aquatic Carnival Hire | 620.00 | 653.00 | 5.32% | 0 |
| Stadium Netta / Fun Net Clinic | 2.00 | 2.10 | 5.00% | 0 |
| Stadium Soccer Clinic | 4.80 | 5.00 | 4.17% | 0 |
| Stadium Basketball Clinic | 4.80 | 5.00 | 4.17% | 0 |
| Stadium Netball Team sheet Fee (Senior) | 4.80 | 5.00 | 4.17% | 0 |
| Stadium Netball Team Registration Fee (Senior) | 21.00 | 22.00 | 4.76% | 0 |
| Stadium Indoor Soccer Team sheet (Senior) | 40.00 | 42.00 | 5.00% | 0 |
| Stadium Indoor Soccer Team Registration (Senior) | 36.00 | 38.00 | 5.56% | 0 |
| Stadium Basketball Rental | 70.00 | 74.00 | 5.71% | 0 |
| Stadium Schools Rental | 35.00 | 37.00 | 5.71% | 0 |

| Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre | 2008/09 Fee Inc. GST \$ | 2009/10 Fee Inc. GST \$ | Increase % | 2009/10 Budget Excl. GST \$ |
|---|----------------------------------|----------------------------------|---------------|--------------------------------------|
| Stadium Birthday Parties | 35.00 | 37.00 | 5.71% | 0 |
| Children's Programs Birthday Parties | 14.50 | 15.00 | 3.45% | 0 |
| Children's Programs Vacation Care | 31.00 | 33.00 | 6.45% | 0 |
| Children's Programs Facility Rental - Swim Club | 10.00 | 10.50 | 5.00% | 0 |
| Children's Programs Facility Rental - Casual Lane Hire | 26.50 | 28.00 | 5.66% | 0 |
| Leisure Centre Operations Total | | | | 0 |
| Family Season Ticket | 120.00 | 126.00 | 5.00% | 0 |
| Single Season Ticket | 60.00 | 63.00 | 5.00% | 0 |
| Adult Entry | 4.40 | 4.60 | 4.55% | 0 |
| Child Entry | 3.30 | 3.50 | 6.06% | 0 |
| School Single Entry | 2.50 | 2.60 | 4.00% | 0 |
| Spectator | 1.00 | 1.10 | 10.00% | 0 |
| Single Season Ticket Child - Toora | 80.00 | 84.00 | 5.00% | 0 |
| Weekly Family Ticket - Toora | 45.00 | 47.00 | 4.44% | 0 |
| Single Season Ticket Adult - Toora | 110.00 | 116.00 | 5.45% | 0 |
| Spectator - Toora | 1.00 | 1.10 | 10.00% | 0 |
| School Single Entry - Toora | 2.50 | 2.60 | 4.00% | 0 |
| Child Entry - Toora | 3.90 | 4.10 | 5.13% | 0 |
| Adult Entry - Toora | 4.80 | 5.00 | 4.17% | 0 |
| Family Season Ticket - Toora | 220.00 | 232.00 | 5.45% | 0 |
| Recreation Facilities Total | | | | 0 |
| Grand Total | | | | 2,301,102 |

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

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| Annual reporting requirements | Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements. |
| Annual budget | This document is framed within the Council's strategic resource plan and sets out the short term goals and objectives as part of the overall strategic planning framework. |
| Annual operating budget (<i>Budgeted income statement</i>) | The budgeted income statement shows the expected operating result in the forthcoming year with a distinction made between revenue received for operating purposes and revenue received for capital purposes. |
| Annual report | The annual report prepared by a Council under section 131 of the Act. |
| Annual reporting Requirements | Annual reporting requirements include the financial reporting requirements of the Act, Accounting Standards and other mandatory professional reporting requirements |
| Asset renewal | Expenditure on an existing asset, which returns the service potential or the life of the asset, up to, that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time |
| Asset upgrade | Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the asset base. |
| Asset expansion | Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. Expansion expenditure is discretionary which increases future operating and maintenance costs because it increases council's in the asset base, but may be associated with additional revenue from the new user group. |
| Australian Accounting | Accounting standards are issued from time to time by the professional accounting bodies and are applicable to the preparation of general purpose financial |

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| Standards | reports. |
| Borrowing strategy | A borrowing strategy is the process by which the Council 's current external funding requirements can be identified, existing funding arrangements managed and future requirements monitored. |
| Budgeted balance sheet | The budgeted balance sheet shows the expected net current asset, net non-current asset and net asset positions in the forthcoming year compared to the forecast actual in the current year. The budgeted balance sheet should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements |
| Budgeted cash position (Budgeted cash flow statement) | <p>The budgeted cash flow statement shows the expected net cash inflows and outflows in the forthcoming year in the form of reconciliation between opening and closing balances of total cash and investments for the year. Comparison is made to the current year's expected inflows and outflows.</p> <p>The budgeted cash flow statement should be prepared in accordance with the requirements of AASB 107 Cash Flow Statements.</p> |
| Budget preparation requirement | Under the Act, a Council is required to prepare and adopt an annual budget by 31 August each year. |
| Capital expenditure | <p>Capital expenditure is relatively large (material) expenditure that produces economic benefits expected to last for more than 12 months. A pre determined 'threshold' may be used which indicates the level of expenditure deemed to be material in accordance with Council 's policy. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and upgrade expenditures, the total project cost needs to be allocated accordingly.</p> <p>Capital expenditure is recorded in the balance sheet as additions to the value of the asset (that is, it is capitalised). This accounting treatment reflects the fact that this expenditure has resulted in the creation of additional value in an asset of discernable magnitude (materiality) which will benefit the community over several years and which has not been 'used up' in the year.</p> |

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The asset value is then progressively 'expensed' or written off to the income statement (operating statement), as its life (or service potential) is used up through the depreciation charge. In this way the total cost/value of the asset is spread over the periods in which it is used, the operating result in each period reflecting the consumption of assets and service potential during that period.

This best practice guide recommends that capital expenditure be distinguished between new assets (upgrade, expansion, new assets) and asset renewal.

Capital works budget
(Budgeted capital works statement) The capital works budget shows the expected internal and external funding for capital works program and the total proposed capital works program for the forthcoming year with a comparison with forecast actual for the current year.

Capital works program Capital works projects that will be undertaken during the 2009/10 year

Carry forward capital works Carry forward capital works are those that that are incomplete in the current budget year due to unavoidable delays and will be completed in the following budget year.

Carry forward surpluses Inappropriately recognised by many Councils at the end of the current year as the critical starting point in the development of the budget for the following year. The recognition of carry forward surpluses is contrary to the interpretation of the Australian Accounting Standard AAS 27 Financial Reporting by Local Government.

Council Plan This document sets out the medium term goals and objectives as part of the overall strategic planning framework and strategic resource plan and is prepared under section 125 of the Act.

Community satisfaction survey A survey conducted on an annual basis by every Council.

Current year rate increase strategy
(Rating) A statement included in the budget quantifying the amount of the rate change for the forthcoming year and disclosing any significant factors influencing the rate change.

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| Differential rates | When a Council intends to declare a differential rate (eg business and residential), information prescribed by the Act under section 161 must be disclosed in the Council budget. |
| Discretionary reserves | Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves. |
| Executive summary | Opening section of report designed to give the reader an overview and high level "snapshot" of the information provided in the report. |
| External funding sources (<i>Analysis of capital budget</i>) | External funding sources relate to capital grants or contributions, which will be received from parties external to the Council . It also includes the proceeds of assets sold to fund the capital works program. |
| External influences in the preparation of a budget | Matters arising from third party actions over which Council has little or no control eg change in legislation |
| Financial sustainability | A key outcome of the strategic resource plan. Longer term planning is essential in ensuring that a Council remains financially sustainable in the long term. |
| Financing activities | Financing activities means those activities which relate to changing the size and composition of the financial structure of the entity, including equity, and borrowings not falling within the definition of cash. |
| Guidelines for Evaluation of Local Government Capital Projects (Infrastructure strategy) | A publication, released in 1998 by the then Department of Infrastructure that provides a framework for the development of a capital works program. |

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| Infrastructure | Physical assets of the entity or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services. |
| Infrastructure strategy | An infrastructure strategy is the process by which the Council's current infrastructure and ongoing maintenance requirements can be identified, budgeted capital works implemented and future developments monitored. The key objective of an infrastructure strategy is to maintain or preserve Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset preservation then Council's investment in those assets will reduce, along with the capacity to deliver services to the community |
| Internal funding sources <i>(Analysis of capital budget)</i> | Internal sources relate to cash and investments held in reserves or which are uncommitted and cash that will be generated from the operations of Council during the budget year. The latter should equate to the cash inflows from operating activities less capital revenue. |
| Internal influences in the preparation of a budget | Matters arising from Council actions over which there is some element of control (eg approval of unbudgeted capital expenditure). |
| International Financial Reporting Standards | Australian reporting entities are currently addressing the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing on or after 1 January 2005. |
| Investing activities | Investing activities means those activities, which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash. |
| Key assumptions | When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years. |

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Key budget outcomes The key activities and initiatives that will be achieved in line with the Council Plan.

Key financial indicators A range of ratios and comparisons of critical financial data over a period of years allowing a reader to gain a better understanding of key measures, such as indebtedness and liquidity which are often undisclosed when financial information is presented in standard statement format.

Operating expenses / Assessment

This ratio measures the average operational spending (as drawn from the income statement) on a per assessment basis. It should be noted that for this ratio to be meaningful, operational expenditure should be adjusted to remove non-operational items such as granted assets from developers any budgeted revaluation income.

Rate revenue/ Total revenue

This ratio measures Council 's reliance on rate revenue as its principal source of funding. Increasing trends in this ratio will highlight that growth in rate revenue is frequently higher than what is able to be achieved in Fees and Grant revenue.

Rate revenue / Assessment

This ratio provides an illustration of the average rates paid on a per assessment basis across the municipality. It should be noted that this measure does not differentiate between residential and commercial ratepayers and does not represent either an average residential or commercial rate.

Debt servicing / Total revenue

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

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Grants/ Total revenue

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

Fees & charges / Total revenue

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

Key financial indicators (continued) *Indebtedness / Rate revenue*

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

Underlying surplus / Total assets

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

Total assets / Assessment

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

Current assets / Current liabilities

Otherwise known as the working capital ratio, this indicator expresses Council 's short-term ability to meet its liquidity requirements within the current

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financial year. Ratio's below or nearing 100% indicate that Council may not be able to meet short-term liabilities.

Total liabilities / Assessment

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

Capital outlays / Total cash outflows

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

Capital outlays / Rate revenue

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

Capital renewal expenditure / Total depreciation

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

Key strategic activities

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

KSA's are those significant activities and/or initiatives which will directly

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

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

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

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

- (a) the manner in which the standard statements and financial statements of a Council are to be prepared and their contents
- (b) the information to be included in a Council Plan, budget, revised budget and annual report
- (c) other matters required to be prescribed under Parts 6 and 7 of the Act.

Local Government (Long Service Leave) Regulations 2002 These Regulations require sufficient cash and investments to be maintained to meet the total liability for long service leave calculated in accordance with these Regulations.

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

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| Non financial resources | Resources of a non financial nature (such as human resources, information systems and processes, asset management systems) which are consumed by a Council in the achievement of its strategic resource plan goals |
| Operating activities | Operating activities means those activities that relate to the provision of goods and services. |
| Operating budgeted income statement | The budgeted income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The budgeted statement income statement should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements in accordance in the new International Financial Reporting Standard |
| Operating expenditure | Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period. |
| Operating performance <i>(Impact of current year on 2009/10 budget)</i> | This statement shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure. |
| Operating revenue | Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period. |
| Performance statement | Required by section 132 of the Act, a performance statement must be included in the annual report of a Council and include: a) the key strategic activities and performance measures specified in the budget under section 127 for that financial year b) the actual results achieved for that financial year having regard to those performance targets and measures |

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| Prudential ratios and thresholds (<i>Borrowing strategy</i>) | Used by the Department for Victorian Communities in assessing a Council 's borrowing capacity as part of the annual Australian Loan Council borrowing allocation. |
| Rate structure (<i>Rating strategy</i>) | Site value (SV), capital improved value (CIV) or net annual value (NAV) are the main bases upon which rates will be levied. These should be detailed in the budget statement. |
| Rating strategy | A rating strategy is the process by which the Council 's rate structure is established and how the quantum of rate change has been determined, taking into consideration longer term philosophy issues and framework. |
| Regulations | Local Government (Finance and Reporting) Regulations 2004. |
| Restricted funds and discretionary reserves | Monies set aside for statutory and discretionary purposes. |
| Revised budget | Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council . |
| Road Management Act | The purpose of this Act which came into operation from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the local Government Act 1989. |
| Service delivery (<i>in strategic resource plan</i>) | A key outcome of a strategic resource plan, service delivery must be linked with performance strategies in order to assess the adequacy of service delivery and the impact on long term budget preparation. |

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Standard statements

Prepared under section(s) 126(2)(a), 127(2)(a) and / or 131(1)(b) of the Act, standard statements are required in the:

- Strategic resource plan
- Budget
- Annual report

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

The standard statements are the

- Standard Income Statement
- Standard Balance Sheet
- Standard Cash Flow Statement
- Standard Capital Work Statement

“Standard Statements, A Guide”

Publication by the Department for Victorian Communities in 2004, which provides guidance on the preparation of the four standard statements as required by the Act.

Statutory disclosures

Section 127 of the Act and the Regulations require certain information relating to projected results, borrowings, capital works and rates and taxes to be disclosed within the budget.

Statutory reserves

Statutory reserves are funds set aside for specified statutory purposes in accordance with various legislative and contractual requirements. These reserves are not available for other purposes.

Strategic planning framework

A “community owned” document or process which identifies the long term needs and aspirations of the Council , and the medium and short term goals and objectives which are framed within the long term plan.

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Strategic resource plan (SRP) The Act requires that a Council Plan should include a strategic resource plan that includes financial and non-financial resources including human resources.

The strategic resource plan outlines the resources required to achieve the Council Plan. As a minimum a strategic resource plan must include in respect of at least the next four years:

- standard statements describing the required financial resources
- statements describing the required non-financial resources – including human resources.

Such planning is essential in ensuring that an organisation remains financially sustainable in the long term. The annual budget should be consistent with the first projected year of a strategic resource plan.

Sustainability index (Infrastructure strategy) The sustainability index is a means of measuring a Council 's performance in the area of infrastructure preservation. This is the proportion of the total asset value consumed compared to the amount spent in preserving the asset on an annual basis.

Three way budgeting methodology (Strategic resource plan) The linking of the income statement, balance sheet and cash flow statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.

Underlying operating result The underlying operating result is a measure of financial sustainability of the Council which can be masked in the total operating result by nonrecurring or capital related items. It is equal to the underlying result adjusted for capital contributions, proceeds and written down value of non-operating assets sold and other once-off adjustments such as revaluation adjustments, unfunded superannuation liabilities etc.

This definition differs from the underlying surplus as determined by the Victorian Auditor General in his report "Local Government: Results of the 2006-07 Audits" issued in February 2008 which includes capital contributions in the calculation. In this budget, capital contributions are excluded from the definition on the basis that the revenue is not tied, is received for capital expenditure and is fluctuating in nature meaning that the operating result can move from underlying deficit to surplus from year to year depending on the

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level of contributions received

Unrestricted cash and investments Unrestricted cash and investments represents funds that are free of all specific Council commitments and are available to meet daily cash flow requirements and unexpected short term needs.

Valuations of Land Act 1960 The Valuations of Land Act 1960 requires a Council to revalue all rateable properties every two years.