



*South Gippsland Shire Council*

# ***ANNUAL BUDGET***

## ***2007 – 2008***

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**COUNCIL MEETING 20 June 2007**

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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 6.0 percent in the 2007/08 financial year. 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 rate increase has been kept in line with the long-term financial strategies and plan that was first developed in 2003 and is subject to an annual review process.

The proposed budget includes a number of new initiatives:

- A capital works program which includes renewal, upgrade and extensions that exceed \$5m. These works include:
  - Approximately \$1.8m for re-sealing.
  - \$400,000 for the reconstruction of Peterson Street, Korumburra.
  - \$450,000 for the replacement of Smith's Bridge, Mirboo North.
  - \$200,000 for the completion of stage two construction of Grand Ridge Road.
- Adoption of local level plans for Korumburra, Foster and Leongatha.
- Adoption of a Rural Strategy.
- The development of a Recreation Strategy.
- The implementation of the Open Space Strategy.
- Adoption of a model for Visitor Information Centres across the Shire.
- The development of a Communications and Consultation Strategy aimed at improving our communication with the community and our delivery of services.
- Develop an implementation plan for Council's Waste Management Strategy.
- Reinvigorate the Business Excellence framework to improve service delivery across the Shire.



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The total Capital Works program will be \$7.83 million, of which \$0.90 million relates to projects carried over from the 2006/07 year.

Highlights of the Capital Works program include:

- Roads (\$2.93 million) – Including reconstructions, reseals and roads to recovery projects.
- Bridges (\$0.31 million) – For major renewal works for Clear Creek Bridge.
- Footpaths (\$0.46 million) – Including Tarwin Lower bike track and \$0.2 million for footpath renewals.
- Other Structures (\$0.42 million) Including Small Town skate park project, playgrounds and Sport Recreation projects.
- Buildings (\$0.62 million) – Including toilet block upgrades, pool upgrade and main office upgrade.
- Plant and equipment (\$2.75 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 Jennie Deane**

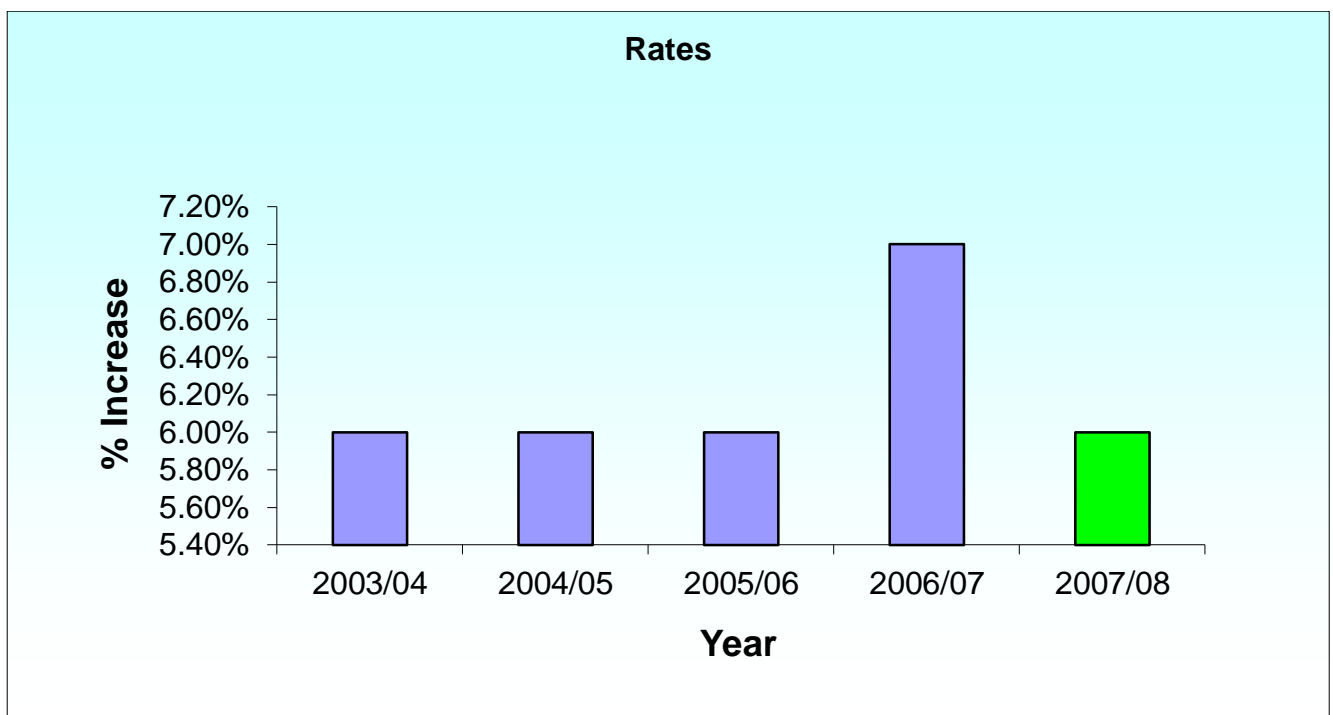
**Mayor**



## Executive Summary

Council has prepared a Budget for the 2007/08 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 of the Council.

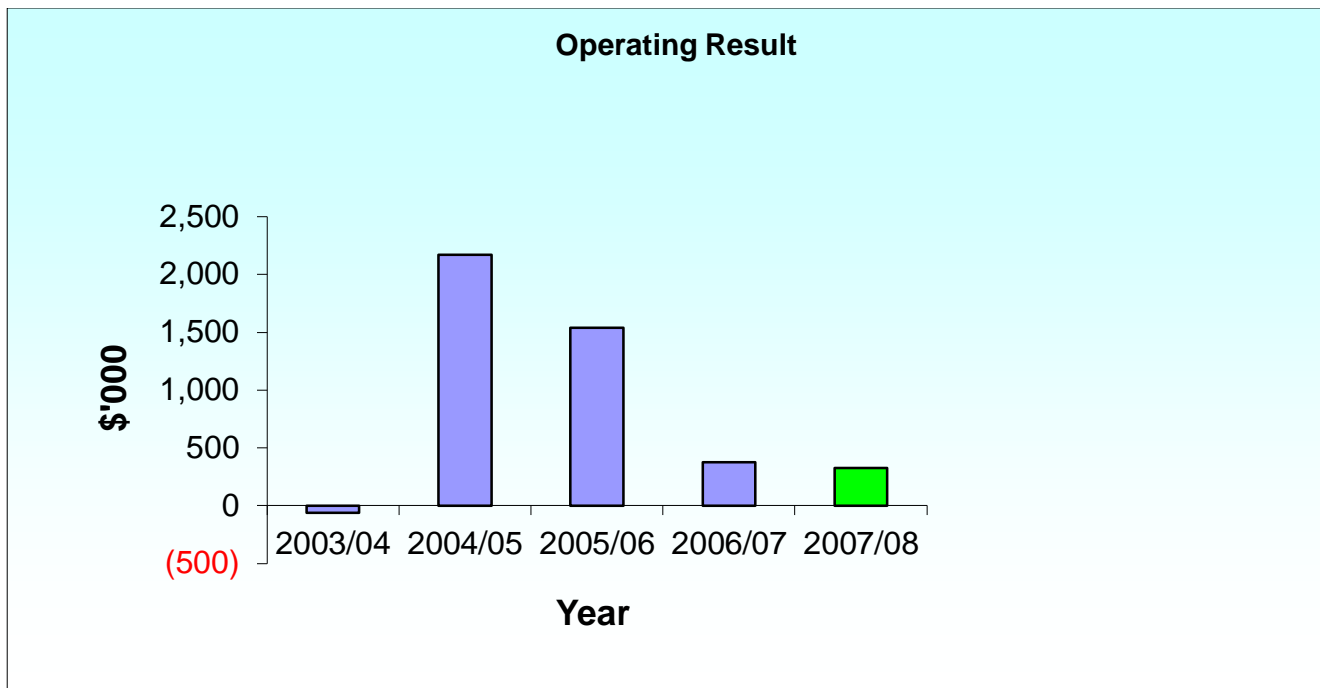
## Rates



It is proposed that general rates increase by 6.0% for the 2007/08 year, raising total rates of \$22.22 million, including \$0.13 million generated from supplementary rates. This rate increase is in line with Council’s rating strategy and long-term financial plan. The rate increase will go to toward strengthening Council’s overall financial position. The objective being, to reduce long term debt and then to provide additional funding for capital works renewal programs. The rate increase for the 2006/07 year was 7.0%.

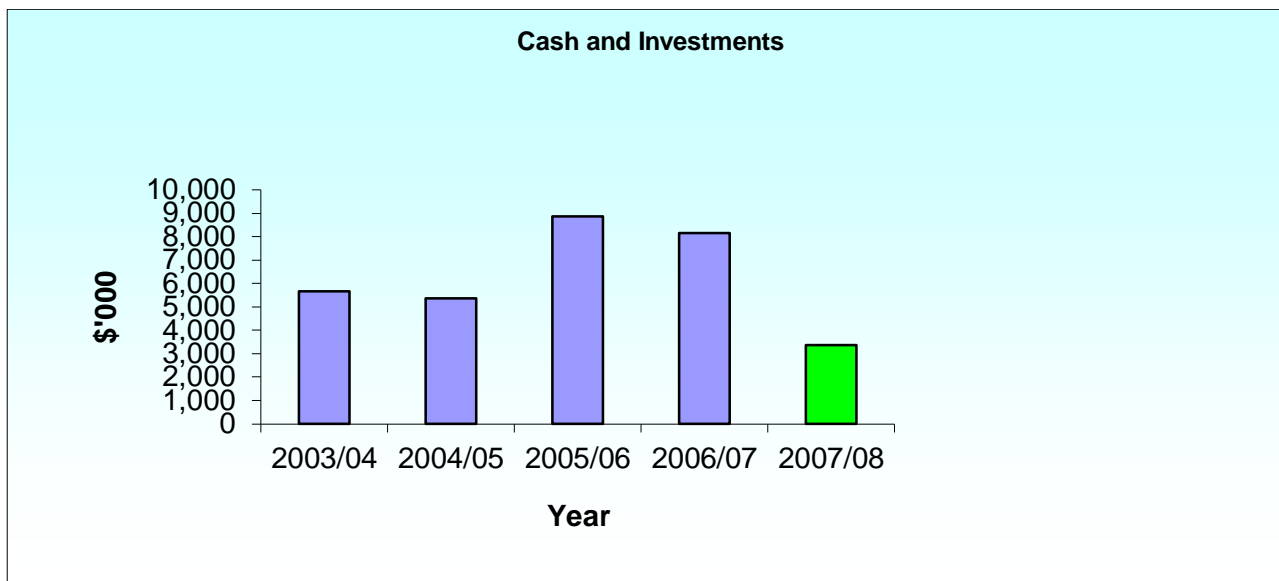


### Operating result



The expected operating result for the 2007/08 year is a surplus of \$0.33 million, which is \$47,000 unfavourable when compared to 2006/07. The materially better results in the two preceding financial years (2004/05 and 2005/06) were largely as a result of recognising 'one off' grants. The projected operating result for the 2006/07 year is a surplus of \$0.38 million.

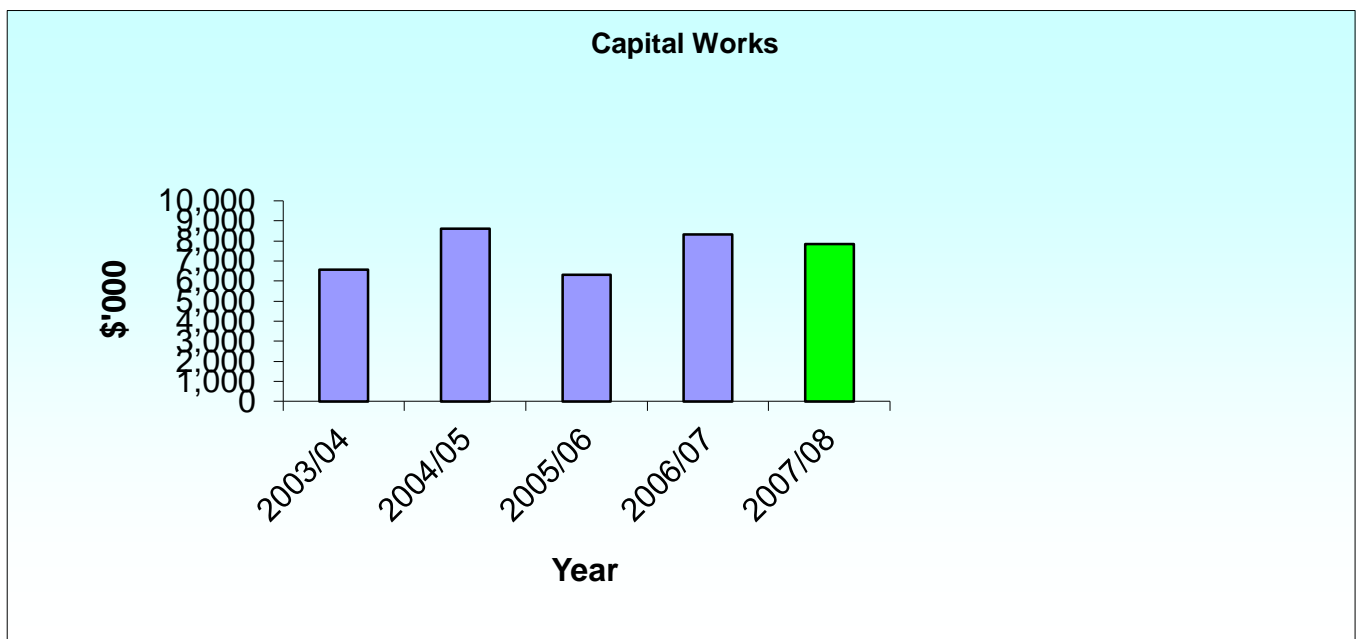
### Cash and investments





Cash and investments are expected to decrease by \$4.80 million during the year to \$3.368 million as at 30 June 2008. This is due mainly to paying of a significant amount of long term debt (\$5.54 million) which includes utilising cash reserves set aside to fully extinguish a \$4.5 million interest only loan in 2007/08. The level of cash and investments is in line with Council's strategic resource plan. Cash and investments are projected to be \$8.16 million as at 30 June 2007.

### Capital expenditure

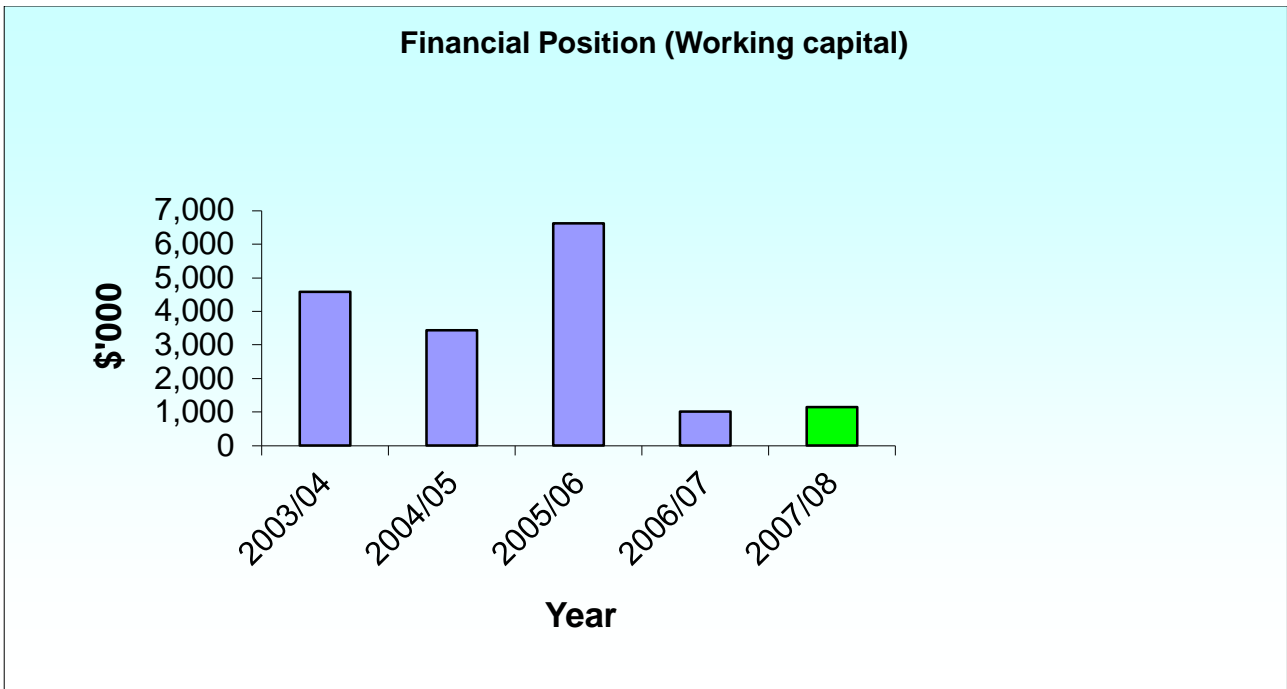


The capital expenditure program for the 2007/08 year is expected to be \$7.83 million of which \$0.90 million relates to projects, which will be carried forward from the 2006/07 year. The carried forward component is fully funded from the 2006/07 budget. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program and indeed for the following year is relatively flat, whilst the strategic focus has been to repay long term debt. Capital works is projected to be \$8.32 million for the 2006/07 year.





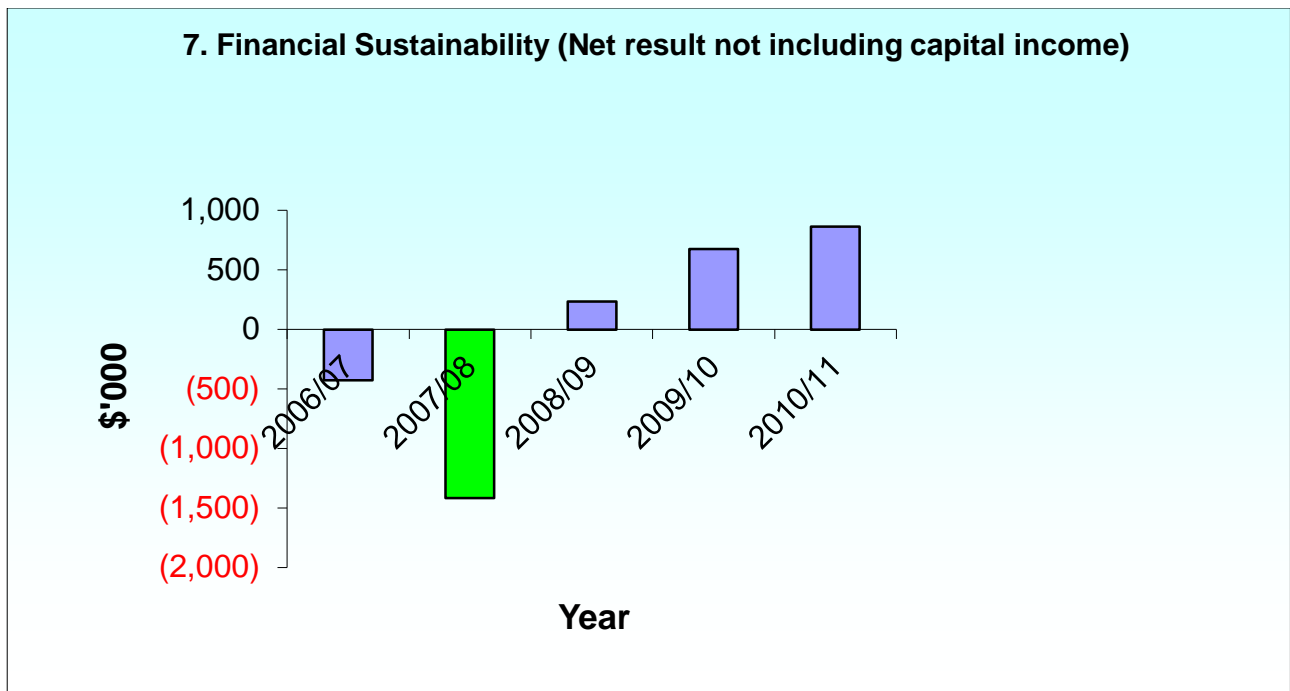
**Financial position**



Net current assets (working capital) will increase by \$0.13 million to 1.14 million as at 30 June 2008. This is mainly due to having a strategically aggressive approach being taken in relation to overall debt management. Working capital is projected to be \$1.02 million as at 30 June 2007.



**Financial sustainability**



A detailed Long Term Financial Plan for the years 2007/08 to 2016/17 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is achieving financial sustainability in the medium to long term, whilst still achieving the Council’s strategic objectives as specified in the Council Plan. When capital funding (\$1.75 million) is backed out of the operating result (\$0.33 million surplus) the underlying result (net result not including capital income) for 2007/08 is projected to be a \$1.42 million deficit. The Long Term Financial Plan projects that Council's underlying operating result (not including capital funding) will be achieved by 2008/09 year. Consistent and increasing underlying surpluses are expected to occur each year thereafter.



## *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 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 14 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices. A person has a right to make a submission on any proposal contained in the budget and 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:

<b>Budget Process</b>	<b>Month</b>
1. Proposed budget submitted to Council for approval	16 May
2. Public notice advising intention to adopt budget	22 May
3. Budget available for public inspection & comment	22 May
4. Submissions period closes & consideration by Panel/Committee	8 June
5. Submissions presented to Council for consideration	13 June
6. Budget presented to Council for adoption	20 June
7. Copy of adopted budget submitted to the Minister	25 June

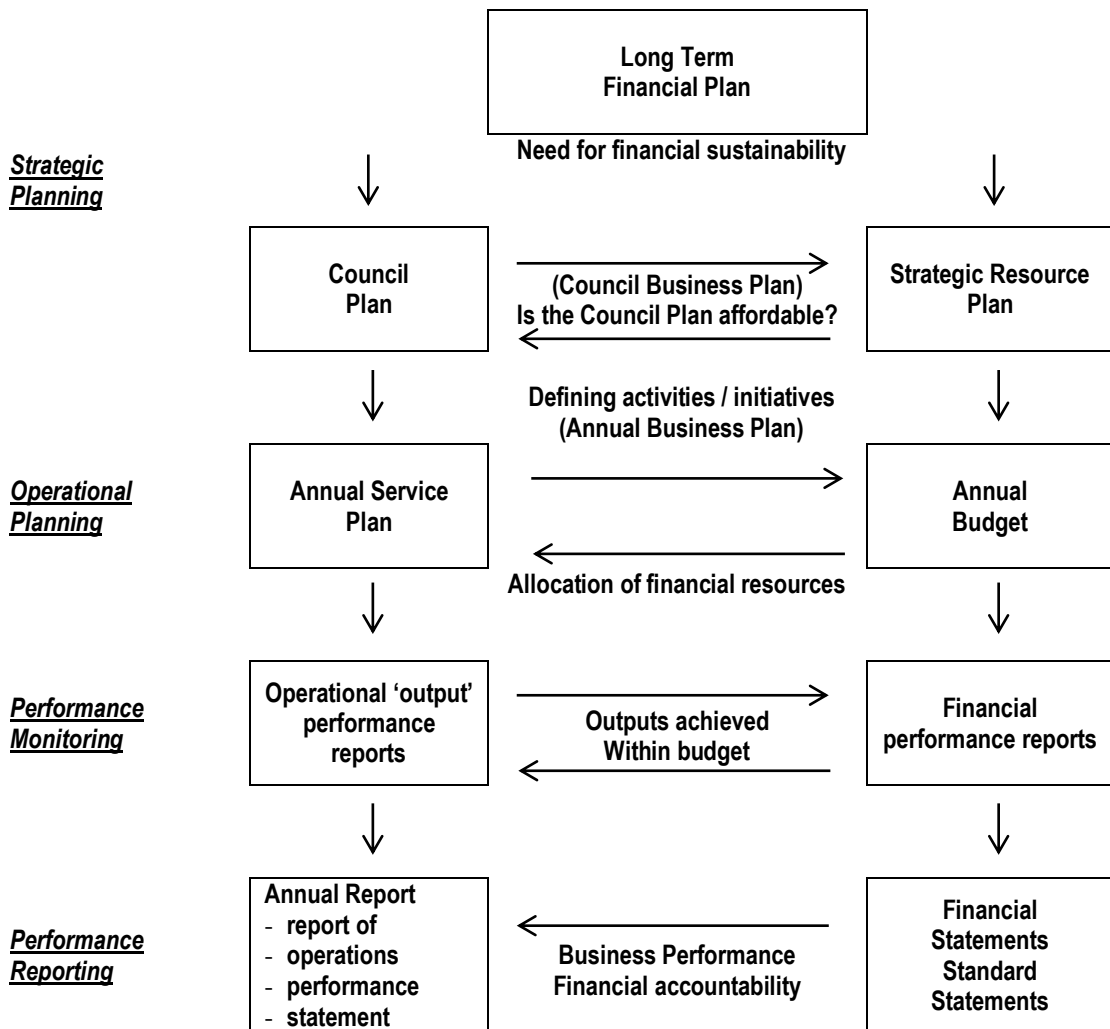


# 1. Linkage to Council Plan

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 long term (Vision 2020), medium term (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 Long Term Financial Plan (that complements the Vision), through to a 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 incorporates some very high level objectives / strategies as well as a 10 year long-term financial plan. The plan is the over arching document to the Strategic Resource Plan and the Annual Budget, and sets the future financial direction of the Council.

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

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

Throughout the financial year, the focus then shifts to actual business performance and the monitoring of it. The key objective being, to produce the planned outputs and be within budget.

Finally, at year-end, the actual outcomes are reported upon in both the Annual report, Financial Statements and Standard 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 Council Plan and Long Term Financial Plan would usually be completed by February each year, to ensure that there is sufficient time for officers to develop their Annual Business Plans (also referred to as 'Department 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 very much developed within the framework of the 10 year forward financial plan.

Targets established during the long term financial planning process and the adherence to the key financial strategies, again guided the preparation of this 2007/08 Annual Budget.

## **1.2 Key Result Areas and Strategic Objectives**

The Council via 2 Directorates (that includes 11 Departments) delivers activities and initiatives under 35 major program (which includes 83 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 2007 to 2011. Each Key Result Area has a number of specific Strategic Objectives.



‘Key result Areas’ define what outcomes we want to achieve over a period of time, and ‘Strategic Objectives’ describe how in fact it will be done to achieve the desired outcome

The table below lists the five Key Result Areas and associated Strategic Objectives as described in the Council Plan.

Key Result Areas	Strategic Objectives
<p><b>1. Facilitate, plan and provide programs, services and opportunities that increase the viability of our communities</b></p>	<p>1.1 Provide a strategic framework for the achievement of the social and community objectives.</p> <p>1.2 Facilitate, support and/or provide a range of community services to meet the changing needs of our communities.</p> <p>1.3 Facilitate community partnerships with the aim of strengthening the social wellbeing of individuals, families and communities within our Shire.</p> <p>1.4 Enhance the quality of life, heritage and culture for the residents of South Gippsland by supporting and facilitating a range of services and other initiatives.</p>
<p><b>2. Ensure sustainable development and infrastructure to meet the current and long term needs of our communities</b></p>	<p>2.1 Facilitate land use planning and development that reflects the aspirations of the community, and provides for sustainable outcomes including those in agriculture and rural living.</p> <p>2.2 Design and deliver capital works and maintenance programs based on sustainable asset management plans.</p>
<p><b>3. Encourage investment, development and services that facilitate a planned and sustained growth for the Shire</b></p>	<p>3.1 Foster, support and engage our existing businesses.</p> <p>3.2 Facilitate new or expanded business and investment opportunities.</p> <p>3.3 Develop partnerships with government agencies to support the Shire’s businesses and services.</p>



Key Result Areas	Strategic Objectives
<p><b>4. Protect our unique environment by promoting and engaging in sustainable practices and initiatives</b></p>	<p>4.1 Develop and implement responsible policies, practices and initiatives to manage community impacts on the environment.</p> <p>4.2 Enhance the natural environment through the protection of existing habitat and revegetation.</p> <p>4.3 Promote sustainable environmental practises through corporate leadership, community education and support to conservation groups.</p> <p>4.4 Adopt policies and procedures that respond to the impact of climate change.</p>
<p><b>5. Provide our community with responsive, accessible, efficient leadership, advocacy and service delivery</b></p>	<p>5.1 Ensure good governance and strong leadership through the provision of open, transparent and consistent decision making, representing the interests of the community and conducting our affairs with integrity.</p> <p>5.2 Plan and manage our finances to maximize community benefits.</p> <p>5.3 Establishing South Gippsland Shire Council as an employer of choice so that we are able to effectively recruit and retain our workforce in an increasingly competitive market.</p> <p>5.4 Effectively provide for the efficient capture and use of knowledge across the organisation and to the community.</p>

## *2. Activities, Initiatives and Key Strategic Activities*

This section provides a description of the activities and initiatives to be funded in the Budget for the 2007/08 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.

### **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 particular outputs and associated budget costs associated with each activity. It is a detailed business plan.





These activities and initiatives as well as relevant Key Strategic Activities (and associated measures and targets) are shown below in Directorate / Team / Program budget order.

*Chief Executive Officer Directorate*

**Team: CHIEF EXECUTIVE OFFICER**

**Program: Chief Executive Officer**

The Chief Executive Officer is responsible for ensuring the program areas detailed below for all directorates teams and program areas of Council are provided in an efficient, professional and timely manner.

This program combines all the direct costs associated with the running of the Chief Executive's office and the number of costs for individual initiatives. The program includes the provision of leadership to the organisation.

The program includes special organisational projects and funds for professional development, consultants, subscriptions and professional memberships for the office of the Chief Executive, special projects, corporate legal fees, staff recognition and service awards and the administration of the office.

Following a number of structural changes in the organisation, work on key corporate documents and short term accommodation significant further work is planned in 2007/08.

This is to include:

- A. Reinvigorating a business improvement model.
- B. Progressing Best value initiatives.
- C. Developing an improved corporate planning cycle.
- D. Promoting customer service culture.
- E. Improving internal workings.

**Program: Councillors**



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This program combines all the direct costs associated with the operations of the Councillors and grants made to community groups, including the administration of Councillor programs such as Councillor Discretionary Fund, administration of all direct costs associated with the operation of Councillor services such as Council briefings and meetings, Councillor education and professional development and the allocation of grants made to community groups.

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**Team: GOVERNANCE & CORPORATE PLANNING**

**PROGRAM: Corporate Planning**

- F. Support Council and Business Planning development and Business Excellence throughout the organisation.
- G. Super 11 Benchmarking.
- H. Business Excellence Plan.
- I. Strategy and Plan Management.
- J. Develop Council Plan in accordance with Local Government Act.
- K. Best Value program.



**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Reinvigorate the Business Excellence framework to improve service delivery across the Shire	Adopt and commence implementing a new program for Business Excellence	December 2007	EMG minutes

**Council Plan Key Initiatives**

- L. Design and develop a comprehensive and integrated strategic planning system.
- M. Reinvigorate approaches of Business Excellence and Best Value.

**PROGRAM: Governance**

Governance Operations

Governance enables good governance by meeting statutory requirements and through the provision of support systems, contributes to the effective running of Council.

Governance provides support to Councillors by ensuring that Council meetings and Briefing Sessions are properly timetabled, agendas and other appropriate documents are distributed well before the meeting, meeting locations are properly set up, the meeting itself is run in accordance with the Meeting Procedures Local Law, accurate minutes are prepared and circulated on a timely basis, that Council decisions are advised to relevant officers in a clear and prompt manner and that such decisions are monitored for compliance.

Governance provides officers with governance advice and agenda preparation assistance. Responsibilities also include monitoring of Council Advisory and Section 86 Committees, maintenance of Council policies, undertaking of special projects, contract management of Council elections and the facilitation of the Internal Audit function.



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### Council Plan Key Initiatives

- N. Review, and progressively develop a new governance system, including governance policies, procedures, indicators, resources and tools.

### Legal and Contracts

Legal service provides internal legal advice on a range of matters and undertakes key projects as required.

- O. Provide an internal legal referral service for Management and guidance on corporate risk management issues. Undertake special projects of a legal nature and as they arise.
- P. Review all contracts, agreements and other legal documents.
- Q. Officer delegations and authorisations are managed from this area.

Contracts administration service ensures contract processes meet minimum standards and relevant statutory requirements, including compilation of tender and quotation documentation, advertising, updating of the contract management system, evaluation process, assist responsible officers with Council reporting, notify in writing the successful and unsuccessful contractors, compilation of contract documents for signing, issue certificates upon progress payments and issue practical completion and final completion certificates.

### Media & Public Relations

To provide high quality internal and external communication that promotes Council in a positive way.

- R. Planning and implementation of Council's communication to the community.
- S. Production of Council's publications.
- T. Activity promotions.
- U. Monitoring and reinforcement of corporate identity.



**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Develop a communication and consultation strategy	Communication and consultation strategy adopted	March 2008	Council minutes

**Council Plan Key Initiatives**

- V. Develop a communication and consultation strategy.

**Program: Grants**

Identify, attract and facilitate grant funding consistent with the Council Plan for South Gippsland.

- W. Develop funding programs consistent with Council budget.
- X. Access funding opportunities that enhance program delivery.
- Y. Administer and deliver Councils Community Grants program.

**Program: Property**

Property Management

- Z. Administration and delivery of Property (internal & external) program & services.
- AA. Administrative / legal management of property contracts and review (leases & licences) over council owned or Crown land and adherence to contractual & statutory requirements for each site.
- BB. Manage the Caravan Parks (on Crown land): lease, maintenance and risk matters – this has it’s own sub-program page.
- CC. Build and maintain relationships with DSE with respect to managing crown land or other matters as arise from time to time.
- DD. Build and maintain community relationships.
- EE. Identify and assess SGSC property operations from a risk and legal perspective and provide appropriate advice accordingly.



- FF. Instruct Council’s solicitors or experts as required.
- GG. Respond to ad hoc and miscellaneous property matters from residents / DSE / EPA / Internal SGSC Departments on (but not limited to):
  - A. road openings / closures,
  - B. lease renewals,
  - C. community facilities (security / property management / legal relationship / general public relations / complaints),
  - D. general inquiries,
  - E. internal requests for information and / or advice,
  - F. risk management.
- HH. Manage s86 Committees where there is cross over with property.
- II. Manage major projects: lease or sale of significant assets from a property, statutory and governance perspective eg the proposed lease of the Port Welshpool Facility and the sale of Industrial Land.
- JJ. Manage and respond to many internal and external requests for information.
- KK. Liaise with community / committee members and build proactive / positive community / SGSC relationships on property matters.
- LL. Prepare leases or licences and other legal documents: caveats, easements, s173 agreements as required.
- MM. Perform site inspections.

Property Business / Corporate Matters

- NN. Development of internal policies for Property related services as required.
- OO. Undertake projects, internal review of processes and strategies as required by, Council and / or the Executive.
- PP. Prepare Property corporate plan.
- QQ. Manage the leases and licences register and payment of all invoices & charges.
- RR. Manage the renewal of leases & licences: draft documents and complete statutory processes.



- SS. Interpret lease / licence agreements to discern scope of lessee / lessor legal relationship and consequent obligations.

Land Acquisition / Disposition and Development

Manage the acquisition, disposition and / or development of Council owned or controlled land, taking into consideration all the following land management factors such as Legal, Statutory, Risk, Commercial, Governance and Community benefit.

- TT. Where gifted, receive land for SGSC / Community and build into appropriate property programs.
- UU. Identify and offer for sale SGSC property: executed by observing internal, governance and statutory requirements.
- VV. Manage major projects: lease or sale of significant assets taking into consideration all land management factors.
- WW. Liaise with internal departments from a property perspective such as the current strategic planning for Leongatha, Foster & Korumburra.
- XX. Complete the disposal of identified Council property.

**Council Plan Key Initiatives**

- YY. Develop an acquisition and disposal plan for Council properties.



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*Development and Asset Services (D&AS) Directorate*

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**Team: D&AS MANAGEMENT**

**Program: D&AS Management**

The General Manager of D&AS is responsible for the program areas detailed below for all teams in the D&AS directorate are provided in an efficient, professional and timely manner. Delivery of these services across South Gippsland to be consistent with the Council Plan in a progressive and sustainable manner.

- ZZ. Develop and maintain networks between South Gippsland Shire Council and all levels of government, government agencies and utilities.
- AAA. Liaise with business organisations, developers and private companies in the best interest of South Gippsland.
- BBB. Manage Social & Economic Development resources and strategic plans.
- CCC. Manage Engineering and Assets resources and strategic plans.
- DDD. Manage Infrastructure Maintenance resources and strategic plans.
- EEE. Manage Planning resources and strategic plans.

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**Team: SOCIAL AND ECONOMIC DEVELOPMENT (S&ED)**

**Program: S&ED Management**

S&ED Management

The Manager of Social and Economic Development is responsible for ensuring the following services are provided in an efficient, professional and timely manner:

- FFF. Social and Economic Development Management,
- GGG. Coal Creek,
- HHH. Community Building,
- III. Arts and Culture,
- JJJ. Youth Development,
- KKK. Recreation,
- LLL. Economic Development,





- MMM. Tourist Information Centres,
- NNN. Tourism Development and Promotion,
- OOO. Local Laws,
- PPP. Animal Control,
- QQQ. Children's Crossings,
- RRR. Fire Prevention, and
- SSS. Traffic Control.

The Manager of Social and Economic Development also provides strategic support to South Gippsland's diverse communities by management of Council's resource allocation to the Manager Social and Economic Development Department and by project management of key cross department activities and projects.

- TTT. Leadership to team and staff.
- UUU. Management of team activities.
- VVV. Participation in management of the organisational.
- WWW. Proactive involvement in cross functional activities to increase integration of organisation wide functions.

### **Council Plan Key Initiatives**

- XXX. Community Planning Initiative (Toora).
- YYY. Initiate new techniques to engage the views of the community on services and projects.
- ZZZ. Facilitate and support major community events.
- AAAA. Facilitating and supporting drought recovery for businesses.
- BBBB. Lobby for improved telecommunications in the Shire.

### **Coal Creek**

Coal Creek Historical Village was created in 1972 with the objectives to create employment and, from the generation of profits from tourism, enable an economic flow on to the local community. Since a peak in visitation in 1979, there has been a trend of reducing numbers since that time. A major review has been undertaken during 06/07 to identify a future for the Village.



Council expectations include:

- CCCC. operate the Village in a fiscally responsible manner.
- DDDD. undertake all steps necessary to ensure a safe work area for staff, volunteers and the public.
- EEEE. promote the facility.

Expectations on Council will include the following:

- FFFF. implement future direction for the Village.
- GGGG. allocate responsibilities for the various aspects of the site.
- HHHH. ensure that adequate operational support is provided by Council officers.

### Key Strategic Activities

Description	Measures	Target	How the data is reported
Implementation of new direction for Coal Creek	Coal Creek reopened and operating in its new direction	April 2008	Council minutes

### Council Plan Key Initiatives

- IIII. Implementation of new direction for Coal Creek.
- JJJJ. Actively advocate for the designation of additional employment land including the redevelopment of surplus railway land in Leongatha.

### Program: Community Building

#### Community Building

To assist individual communities, both geographic and communities of interest, to improve resilience and capability through community planning, volunteerism and community focused activity.

- KKKK. Facilitate Community Development Advisory Committee (CDAC).



- LLLL. Facilitate South Gippsland Towns and Districts Associations Network (SGTADA).
- MMMM. Support community planning activities.
- NNNN. Support community volunteers.
- OOOO. Manage preparation / review of community plans.
- PPPP. Identify opportunities within existing assets and lobby for improved public transport resource.

### Council Plan Key Initiatives

- QQQQ. Develop a strategy to guide community strengthening activities.

### Arts and Culture

To encourage participation in arts and cultural activity by citizens, to encourage collaboration across the shire by arts and cultural focused groups to build inclusive and resilient communities.

- RRRR. Facilitate South Gippsland Arts Network.
- SSSS. Support South Gippsland Community Art Shows Network.
- TTTT. Support ongoing development of Creative Gippsland project.
- UUUU. Support Mossvale Park concert series.
- VVVV. Assist individual arts and cultural groups to establish new projects.
- WWWW. Support development of arts and cultural projects across South Gippsland.
- XXXX. Establish coordinated promotional and support system for key festivals and community events.
- YYYY. Provide skills workshops for volunteers and artists.
- ZZZZ. Encourage increase involvement in arts and cultural activities across South Gippsland.
- AAAAA. Manage Council's arts and culture collection and provide a curatorial resource to the community.

### Council Plan Key Initiatives

- BBBBB. Encourage increased participation in the Arts.



### Youth Development

To provide leadership, engagement in civic life and role modelling opportunities for the young people of South Gippsland. To enable Council to effectively incorporate the needs of its young citizens in policy and service provision and to enable Council to collaborate with other agencies to extend the range of services available for young people of this shire.

- CCCCC. Facilitate South Gippsland Youth Council.
- DDDDD. Deliver Youth led projects across the community.
- EEEEE. Ongoing management of Youth community Connections program.
- FFFFF. Maintain a youth information website.
- GGGGG. Support collaboration between youth volunteers and adult volunteers.
- HHHHH. Assist other youth agencies to extend services.

### **Council Plan Key Initiatives**

- IIIII. Active support of the South Gippsland Youth Council.

### **Program: Recreation**

Strategic recreation planning, recreation development and promotion. The major services include:

- JJJJJ. development of strategic documents/plans, studies, policies.
- KKKKK. provision and or support of recreation services and or facilities such as pools, skate-bowls and recreation reserves.
- LLLLL. support and advice in club and group development linking with Gippsport to provide programs to assist recreation and sporting organisations.
- MMMMM. planning for the future provision of services and facilities eg. leisure centre, bike paths, skate facilities.
- NNNNN. seeking funding support for recreation infrastructure development.
- OOOOO. Implementation of the Open Space Strategy.
- PPPPP. Independent safety audit for Mirboo North, Poowong and SG SPLASH (with improved or maintained score) Pools and an internal audit of Toora, Foster and Korumburra.



- QQQQQ. Undertake independent and two internal safety audits of Council owned recreation reserves.
- RRRRR. Contract supervision of Pools.
- SSSSS. Submission of Minor Facility Grant applications and Major Facility or Better Pools grant applications.
- TTTTT. Submission of Country Football/Netball Grant applications.

### Key Strategic Activities

Description	Measures	Target	How the data is reported
Develop a Recreation Strategy	Completion and adoption of a Recreation Strategy	October 2007	Council minutes

### Council Plan Key Initiatives

- UUUUU. Develop a Recreation Strategy.

### Program: Economic Development and Tourism

#### Economic Development

To support and encourage enterprises that enhance the prosperity and vibrancy of the South Gippsland community through the creation of sustainable local wealth and employment.

- VVVVV. Encourage the attraction of new business investment.
- WWWWW. Assist the expansion of existing businesses.
- XXXXX. Promote business and lifestyle competitive strengths.
- YYYYY. Lobby government and peak bodies with respect to business issues.
- ZZZZZ. Foster local, self-supporting business networks.
- AAAAA. Facilitate business skill development.
- BBBBB. Initiate infrastructure improvements to support business activity.
- CCCCC. Obtain government grants to support these activities.

### Council Plan Key Initiatives

- DDDDDD. Facilitate the establishment of new businesses in the Shire and fostering the expansion and development of existing businesses.



Tourist Information Centres

To facilitate economic growth in the Prom Country (South Gippsland) region through the development and provision of high quality visitor services.

- EEEEEE. Provision of tourist information (local and regional and interstate).
- FFFFFF. Provision of an accommodation booking service.
- GGGGGG. Maintenance of the Prom Country Tourism website ([www.promcountrytourism.com.au](http://www.promcountrytourism.com.au)).
- HHHHHH. Maintenance of website bookings and availability.
- IIIIII. Support of the local tourism industry through ongoing liaison.
- JJJJJJ. Promotion of tourism assets both locally and regionally.
- KKKKKK. Collection and correlation of statistics (walk in visitor, phone call, email).
- LLLLLL. Tourism operators participation in brochure display participation.
- MMMMMM. Introduction of an online accommodation booking service.

**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Review the operation of visitor information facilities across the Shire	Adoption and implementation of a model for the network of Visitor Information Centres	December 2007	Council minutes

**Council Plan Key Initiatives**

- NNNNNN. Review the operation of visitor information facilities across the Shire.
- OOOOOO. Support for Prom Regional Tourism Incorporated.
- PPPPPP. Support for Destination Gippsland Incorporated.

Tourism Development and Promotion

To facilitate economic growth in the Prom Country region through the development of a competitive tourism industry.

- QQQQQQ. Development
  - G. Provision of management and development of tourism in the region.
  - H. Provision of industry training and development.



- I. Work with local, regional, state bodies to market and promote the region.
- J. Encourage infrastructure investment in tourism within the Shire.
- K. Attract additional funding opportunities.
- L. Lobbying to State Government for investment in infrastructure.
- RRRRRR. Promotion (Prom Country Regional Tourism)
  - M. External promotion of tourism assets and attractions in partnership with the industry.
  - N. Production and distribution of marketing collateral eg Visitor guide and touring map.
  - O. Communication and liaison with the industry.
  - P. Attend Melbourne and interstate consumer shows.
  - Q. Facilitate industry co-operation.

**Program: Local Laws**

Local Laws

To prepare, administer and enforce Council's Local Laws and to enforce the Litter provisions of the Environment Protection Act and the Local Government Act relating to derelict vehicles. To enforce the provisions of the Road Management Act in relation to signage.

The Unit undertakes these duties with an intention to educate foremost resorting to enforcement only where other initiatives have not been successful.

- SSSSSS. Improve community safety.
- TTTTTT. Issue permits for A-Boards, outdoor eating facilities, goods for sale on footpaths, extra dogs on premises, roadside trading, stock crossings, roadside grazing, camping of private property and street-stalls and raffles.
- UUUUUU. Investigate complaints and breaches.
- VVVVVV. Enforce nominated Acts and Local Laws.
- WWWWWW. Monitor complaints.



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### Council Plan Key Initiatives

XXXXXX. Provide support and protect the amenity of the community through the management of local laws.

#### Animal Control

To administer and enforce relevant provisions of the Domestic (feral & nuisance) Animals Act 1994, Impounding of Livestock Act 1994 and associated regulations.

YYYYYY. Animal registration and database maintenance in accordance with Statutory requirements of the Domestic (feral & nuisance) Animals Act 1994.

ZZZZZZ. Impounding of animals (cats & dogs).

AAAAAAA. Stock control on Council roads.

BBBBBBB. Stock control on VicRoads controlled roads (fee for service).

CCCCCCC. Facilitate annual pet microchipping initiative.

DDDDDDD. Investigate and resolve complaints from the Community.

#### Children's Crossings

Operation, supervision and maintenance of the recognised Children's Crossings within the Shire.

#### Fire Prevention

To ensure Council complies with the statutory requirements of the Country Fire Authority Act 1958 and associated regulations.

EEEEEEE. Inspect all townships prior to the fire season.

FFFFFFF. Issue fire prevention notices where required.

GGGGGGG. Ensure compliance with fire prevention notices.

HHHHHHH. Facilitate projects under Fire Access Road Subsidy Scheme (FARSS).

IIIIII. Carry out statutory functions of the Municipal Fire Prevention Committee.





Traffic Control

To administer and enforce the provisions of the Road Safety Act 1986 in relation to parking, Magistrates Court Act 1989, associated regulations, Infringements Act 2006 and also provide an administrative role in relation to the Code of Practice for the Disabled Persons Parking Scheme.

- JJJJJJ. Conduct general parking inspections throughout the municipality.
- KKKKKKK. Issue disabled parking permits.
- LLLLLLL. Facilitate the administration process of parking infringements.

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**Team: ENGINEERING AND ASSETS**

**Program: Engineering and Assets Management**

The Manager of Engineering and Assets is responsible for the development and implementation of Engineering and Asset Management policies, strategy, plans, programs and services.

- MMMMMMM. Prepare and implement asset management plans.
- NNNNNNN. Review programs and budgets monthly.
- OOOOOOO. Implement Annual Business Plans and Capital Works plans.

**Program: Engineering Services**

Asset Management

- PPPPPPP. Engineering administration correspondence / permits / approvals.
- QQQQQQQ. Infrastructure asset management plans for all asset classes eg roads, drains, open space and buildings.
- RRRRRRR. Bridge & Road pavement testing.
- SSSSSSS. ‘Dial Before You Dig’ referral responses.
- TTTTTTT. Road Safety initiatives supporting Councils’ Road Safety Strategy.
- UUUUUUU. Boat ramp capital works.
- VVVVVVV. Urban street rehab. Remedy of minor pavement failures beyond normal maintenance works.



WWWWWWW.Traffic management addressing concerns raised throughout the year from ratepayers and officers.

XXXXXXX. Service management – minor works.

YYYYYYY. Asset ancillary works.

ZZZZZZZ. Review Asset Management and Road Management plans annually.

AAAAAAA. Implement the Asset management improvement plan.

BBBBBBB. Provision of a maintenance program and inspection system.

CCCCCCC.Capital Works

R. Plan and implement the annual Capital Works program.

S. Prioritise new projects into the 10 year Capital Works Plan.

T. Cost benefit analysis principles to be developed for all extension projects.

DDDDDDD.Engineering Administration

U. Stormwater drainage complaint investigation/resolution.

V. Investigation and resolution of road complaints/requests not related to maintenance.

W. Processing of requests for minor works permits under the Road Management Act 2004.

X. Traffic management issue solutions.

Y. Heavy vehicle permit application processing.

Z. Processing requests for opening/closing of unused roads.

EEEEEEE. Infrastructure Asset Management

AA. Revise and update Asset Management Plans.

BB. Review and implement Asset Management Strategy.

CC. Recording of asset condition, asset life, and whole of life costing.

DD. Asset valuations.

EE. Preparation of asset renewal programs.

FF. Traffic surveys.

GG. Road Management Plans.

FFFFFFF. Bridge & Road pavement testing

HH. Preliminary designs.

II. Load capacity and integrity testing bridges.

JJ. Inspection testing and performance analysis.



GGGGGGGG.Dial Before You Dig

KK. This referral service allows council to be better informed of activities being conducted on our road network. This allows us to follow up where individuals or companies have not contacted council regarding proposed activities (compliance with the Road Management Act 2004).

HHHHHHHH.Road Safety

LL. Partnering activity with 'South Gippsland Roadsafe' Council and council initiatives where road safety issues are identified.

IIIIIIII. Boat Ramp Capital Works

MM. Seek available grants for replacement of, or provision of new, boating facilities.

JJJJJJJJ. Urban Street Rehab

NN. Keeping the road network in a safe trafficable condition.

OO. Asset preservation.

KKKKKKKK. Traffic Management

PP. Traffic studies for Korumburra and Leongatha CBD's (including parking).

QQ. Addressing pedestrian/vehicle conflicts such as separation fencing, bollarding, pavement message stencilling at roundabouts, altering/installing pram crossings.

LLLLLLLL. Service Management – Minor Works

RR. Unplanned works requiring attention normally raised by ratepayers for works outside the normal maintenance budget. Minor road improvements and drainage remedial works.

MMMMMMMM.Asset Ancillary Works

SS. Bus Shelters, new installations of road & street signage, street lighting operations costs, minor light installations, minor equipment maintenance and purchase, eradication, cattle underpass contributions.

NNNNNNNN.Maintenance Program and Inspection System

TT. Traceability of all infrastructure maintenance works.

UU. Documented works orders.

VV. Compliance with Road Management Plan.

**Key Strategic Activities**



Description	Measures	Target	How the data is reported
Reinvigorate and implement the Asset Management strategy	Council adopts and commences implementation of an updated Asset Management Strategy	December 2007	Council minutes

**Council Plan Key Initiatives**

OOOOOOOO.Reinvigorate and implement the Asset Management strategy.

PPPPPPPP. Develop Leisure and Recreation Asset Management Plan.

QQQQQQQQ.Develop management plans for alternate traffic routes around the centres of Korumburra and Leongatha particularly for commercial vehicles.

Design

RRRRRRRR.Engineering survey and design.

SSSSSSSS. Co-ordination of external design consultants.

TTTTTTTT. Survey and engineering equipment replacement/maintenance.

UUUUUUUU.Road name change processes.

VVVVVVVV. Mapping and plan preparation/updates/management.

WWWWWWW.Provision of internal survey and design capability to respond to design requirements.

XXXXXXXX. Project manage external design program

WW. Peterson Street,

XX. Smiths Bridge,

YY. Grand Ridge Road,

ZZ. Bena Kongwak,

AAA. Dyrings Road,

BBB. Koonwarra-Inverloch Road.

YYYYYYYY. Keeping accurate and up to date traffic data for traffic management, road hierarchy and capital works planning.

ZZZZZZZZ. Response to requests for road naming and name changes.

Special Charge Schemes



Council levies a special charge on all the landowners in the Corner Inlet drainage area. This enables the continuous maintenance requirements of the seawalls to be carried out. The committee (Sec. 86) determines the funding to be raised and organises the works. Council levies the charge and manages the finances.

AAAAAAAAA.Special Charge Schemes levied under the provision of Section 163 of the Local Government Act 1989.

BBBBBBBBB.Corner Inlet Drainage Area Seawalls Maintenance.

### Waste Management

Provision of waste management services and associated infrastructure.

CCCCCCCCC.Manage contracts for the provision of:

CCC. Kerbside garbage collection services,

DDD. Kerbside recycling collection and sorting services,

EEE. Transfer station management,

FFF. Landfill construction and operation,

GGG. Street litterbin collection,

DDDDDDDDD.Develop and review waste management policies and strategies.

EEEEEEEEEE.Report to EPA on landfill operations annually and as required.

FFFFFFFFFF. Collect and provide waste data to Sustainability Victoria.

GGGGGGGGG.Develop and Implement waste education programs.

HHHHHHHHH.Source funding opportunities and apply for grants where available.

IIIIIIII. Rehabilitate landfill sites upon completion of landfill operations.

JJJJJJJJJ. Maintain and upgrade transfer station, landfill and litterbin infrastructure.

### Key Strategic Activities

Description	Measures	Target	How the data is reported
Develop an implementation plan for Council's Waste Management Strategy	Adoption of an implementation plan for the Waste Management Strategy	April 2008	Council minutes

### Council Plan Key Initiatives



KKKKKKKKK.Support the development of an implementation plan for improved water supply and improved sewerage infrastructure within the Shire.

LLLLLLLLL. Develop an implementation plan for Council’s Waste Management Strategy.

**Program: Community Projects**

The delivery of capital projects where funding is provided jointly by community groups, State &/or Federal Government and Council.

MMMMMMMMM.Engineering advice & expertise to community groups.

NNNNNNNNN.Manage allocated funds.

OOOOOOOOO.Grant acquittals.

PPPPPPPPP.Prepare and administer works contracts for Council owned facilities.

**Program: Building and Assets Maintenance**

Buildings – Operations

QQQQQQQQQ.Administration and delivery of annual building maintenance program to:

HHH. maintain and enhance Council’s buildings,

III. meet all statutory regulations and standards, and

JJJ. maintain suitability for use and accessibility.

RRRRRRRRR.Administration and delivery of maintenance service for Council buildings (Council administration buildings and Council owned and managed buildings throughout the Shire).

SSSSSSSSS.Complete annual building inspection program.

The scope of the services includes:

TTTTTTTTT. cleaning of public amenities

UUUUUUUUU.respond to pathway’s maintenance requests daily

VVVVVVVVV.facility management

WWWWWWWWW.assessment (risk, accessibility, public purpose, suitability) of Council buildings

XXXXXXXXX.annual, budgeted & programmed maintenance



YYYYYYYYYY.breakdown maintenance

ZZZZZZZZZZ. essential safety maintenance

AAAAAAAAAAA.develop, maintain and update the Building Asset Management Plan

BBBBBBBBBBB.assist with grant funding and assist user groups

CCCCCCCCCCC.contractor engagement and supervision

DDDDDDDDDDD.payment of utilities

EEEEEEEEEEE.building security

The Building Portfolio consists of the following 4 Caravan Parks (Crown Land), 50 Public amenities/ rotundas, 53 Buildings of various use, 9 Public Halls, 2 Depots, 7 Maternal & Child Health Centres, 14 Pre Schools, 5 Libraries, 7 Neighbourhood Centres, 5 Indoor Sports Centres, 7 Swimming Pools, 4 Senior Citizens, 6 Council Offices and Coal Creek Historical Village.

FFFFFFFFFFF.Completion of approximately (annually) 350 scheduled programmed maintenance items to selected facilities within the building portfolio.

GGGGGGGGGGG.Maintenance requests (approximately 700 annually) to selected facilities within the building portfolio.

HHHHHHHHHHH.Complete the maintenance of essential safety measures to selected facilities within the building portfolio.

IIIIIIIII. Complete the cleaning and maintenance program to 36 public amenities sites and 16 BBQ sites.

JJJJJJJJJJ. Manage the contracts for the provision of:

KKK. building maintenance for Council premises

LLL. cleaning of Council offices and depots

MMM. management and operation of the Memorial Hall Complex

NNN. manage the agreements for services to select Council buildings:

KKKKKKKKKKK.Complete annual condition / site inspection of the building portfolio.

LLLLLLLLLLL.Maintain and update Building Asset Management Plans, building condition rating data, building valuations and building data.

MMMMMMMMMMM.Complete annual building satisfaction surveys and collate data.



Building Capital Works

NNNNNNNNNN.Asset strategy and planning for community buildings.

OOOOOOOOOO.Administration and delivery of property capital works program and budget.

PPPPPPPPPP.Administration and delivery of annual capital works – external contracts.

Identify, plan, design, cost, contract, manage and implement capital works.

Prepare:

QQQQQQQQQQ.budgets for capital projects, and

RRRRRRRRRR.contract / tender specifications and documentation for building projects.

Project manage and supervise

SSSSSSSSSS.Contractors,

TTTTTTTTTTT.Committees / community / other interested parties,

UUUUUUUUUU.Completion of the capital works projects.

Projects proposed for 2007/2008 are:

VVVVVVVVVV.Walther J Tuck Reserve: replace the existing Public Toilet block.

WWWWWWWWWW.Leongatha Memorial Hall Complex: re-paint the exterior of the building.

XXXXXXXXXX.Toora Swimming Pool: complete capital renewal work to the pool concourse and main swimming pool tiles.

YYYYYYYYYY.Complete office accommodation works.

ZZZZZZZZZZ.Develop specification for long term accommodation needs.

Vehicle Fleet

Administration and delivery of the fleet program, service and budget to ensure the ongoing value and function of Council’s fleet.

AAAAAAAAAAA.Purchase, dispose, manage and maintain Council’s light vehicle fleet for the delivery of Council services, including but not limited to:





OOO. Registration & insurance

PPP. Service and maintenance of 74 vehicles (including Light Commercial vehicles) according to budget and fleet plan

QQQ. FBT fuel and odometer monitoring

RRR. Purchase and monitor vehicle performance

SSS. Review policies and processes associated with fleet

BBBBBBBBBBB.Develop an implementation plan for the fleet review as recommended by auditor.

**Team: INFRASTRUCTURE MAINTENANCE**

**Program: Infrastructure Maintenance Management**

The provision of a safe and trafficable local road network including parks and reserves to meet the need of the community.

CCCCCCCCCCC.Management of Councils Infrastructure maintenance programs including roads, parks and gardens, reseals, resheets, bridge/culvert maintenance, drainage and footpaths.

DDDDDDDDDDD.Provision of a safe working environment.

EEEEEEEEEEEE.Delivery of Council internal capital works program.

FFFFFFFFFFFF.Management of depot facilities.

GGGGGGGGGGG.Review programs and budgets monthly.

HHHHHHHHHHH.Monthly reporting to Council on Infrastructure Maintenance performance.

**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Implementation and delivery of the Capital Works Program	Implementation of the annual capital works program	90% of the annual capital works projects completed on time and within budget (excluding variations due to factors beyond	Monthly Council performance report



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		management control).	
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**Council Plan Key Initiatives**

IIIIIIIIII. Implement the Council’s capital works program including community projects subject to grant funding.

JJJJJJJJJJ. Identify the infrastructure outcomes sought by Council.



**Program: Local Roads**

Bridge / Culvert Rehabilitation and Renewal

This program allows for the replacement or major repair to bridges and culverts and is part of the Capital Works Program. Maintaining the road system in a safe and usable condition by ensuring the integrity of water crossing structures.

Footpath Kerb and Channel

Replacement of sections of existing footpath, and kerb and channel that is based on condition inspections.

KKKKKKKKKKKK.Upgrade footpaths that have been identified as being at the end of their life.

LLLLLLLLLLLLL.Footpath replacement program.

MMMMMMMMMMMMM.Minor drainage improvement works.

Pavement Rehabilitation and Construction

Rehabilitation / construction of major pavement failures, road upgrade & extensions. Plan and implement road projects that form part of the 10 year Capital Expenditure program.

Periodic Maintenance

The renewal of roads by implementing the annual Resheet and reseal program. These programs include;

NNNNNNNNNNN.Pavement Resheeting.

OOOOOOOOOOO.Guide post replacement.

PPPPPPPPPPP.Sign cleaning / replacement / removal.

QQQQQQQQQQQ.Drain reshaping and removal.

RRRRRRRRRRR.Vegetation trimming.

SSSSSSSSSSS.Culvert and outfall drain works.

TTTTTTTTTTTTT.Pavement repairs and reshaping.



The resheet program is formulated by the process set out in the ‘periodic maintenance unsealed roads’ procedure, applying a reshape priority calculation to ensure the roads in greatest need are resheeted.

Reseals are performed to renew the spray seal or asphalt-wearing course. The target life cycle for resealing spray seal road is generally about 12 years as set out in our Asset Management plan.

The process set out in the “Sealed Road Periodic Maintenance Program” procedure formulates the resheet program, based on information from the “Sealed Roads Condition Survey”.

At Reseal the following activities are performed:

UUUUUUUUUUU.Vegetation trimming.

VVVVVVVVVVV.Drain reshaping and cleaning and Culvert/outfall drain works.

WWWWWWWWWWW.Pavement repaired and regulated.

XXXXXXXXXXXXX.Sign cleaning/replacement/removal and Guidepost replacement.

YYYYYYYYYYYYY.Pavement resealing.

ZZZZZZZZZZZ.Linemarking/RPM replacement.

Program of Resheets - Propose to resheet 77.7 kilometres. The shire has 1230 kilometres of unsealed roads. Resheeting at the present rate would take 14.9 years to cover entire network of unsealed roads.

Program of Reseals - This year’s program allows for approx 48.3 kilometres of spray seal and 1.15 kilometres in asphalt.

The Shire has a sealed road network of approx. 800 kilometres. Resealing at the present rate would take 16 years to cover entire network of sealed roads. The life cycles as documented in Councils Asset Management Plans are generally as follows;

AAAAAAAAAAAAA.7mm seals – 10 year life.

BBBBBBBBBBBBB.10mm seals – 13 year life.

CCCCCCCCCCCCC.14mm seals – 15 year life.



Roads to Recovery

Implement projects funded by the Federal Government Roads to Recovery program.

DDDDDDDDDDDDDD.Unsealed road resheets.

EEEEEEEEEEEEEE.Bituminous roads re-sealing program.

FFFFFFFFFFFFFF.Rural road reconstruction.

GGGGGGGGGGGGG.Quarterly reports to Federal Government.

HHHHHHHHHHHHH.Quarterly reports to Council.

Routine Maintenance

**Programmed Road Maintenance** is performed to provide a safe and trafficable local road network for all road users. Council’s road maintenance plans are derived from seasonal requirements, legal obligations under the Road Management Act, (Council’s Road Management Plan) and results of inspections performed on local roads, bridges, major culverts and guard rails. Customer maintenance requests of a non urgent nature also form part of this program.

IIIIIIIIII. Bridges

TTT. Ensures bridges are capable of carrying the specified load limits for vehicular traffic.

UUU. Provide a clear waterway to avoid flooding.

VVV. Program derived from inspection results as part of Road Management Plan and customer requests.

JJJJJJJJJJJJ.Car parks

WWW.Ensures car parks are safe and trafficable to both vehicular and pedestrian requests.

XXX. Program derived from inspections results and customer maintenance requests.

KKKKKKKKKKKKK.Fire Plugs

YYY. Rectify faults documented by fire brigade inspections.

ZZZ. Works undertaken to clearly identify location and serviceability of fire plugs.





LLLLLLLLLLLLL.Grading

AAAA.Undertaken to ensure traffic can drive a given line without being forced from that line to avoid potholes or jolted off that line by corrugations.

BBBB.Pavement shaped to allow drainage and aid traffic to negotiate corners.

CCCC.Reshaping works are reliant on moisture content of the pavement so most reshaping is performed in spring and autumn. Summer and winter grading limited to spot treatments or minimalist treatment approaches.

DDDD.Program derived from inspection results, customer maintenance requests and need for shape for drainage.

MMMMMMMMMMMMM.Grass and Shrubs

EEEE.As for trees program.

FFFF. Uses Boom Arm slasher for works.

NNNNNNNNNNNNN.Guard Rails

GGGG.Ensures all guard rail installations are able to perform to installed standard.

HHHH.Program derived from inspections results and customer maintenance requests.

OOOOOOOOOOOOO.Guide posts

IIII. Ensures limits of useable pavement are defined in all road conditions.

JJJJ. Program derived from inspections results and customer maintenance requests.

PPPPPPPPPPPP.Lines

KKKK.Ensures time lines for remarking identified in the pavement marking and guidepost policy are met.

LLLL. Meet inspection results and customer requests.

QQQQQQQQQQQQQ.Major Culverts

MMMM.Ensures major culverts are capable to carrying vehicular traffic.

NNNN.Provide a clear waterway to avoid flooding.



OOOO.Program derived from inspection results as part of Road Management Plan and customer requests.

RRRRRRRRRRRR.Minor Sheeting

PPPP.Ensure sufficient pavement material to allow grading without exposing sub-grade.

QQQQ.Program to coincide with grading program.

SSSSSSSSSSSS.Patching

RRRR.Undertaken to treat sealed road potholes, edge breaks, depressions and cracks.

SSSS.Program derived from road inspections results and customer maintenance requests.

TTTTTTTTTTTTT.Rural Drains

TTTT. Ensures that water is drained from the pavement to outfall.

UUUU.Program to coincide with resheet and reseal programs.

VVVV.Inspection requests, customer requests and distressed pavement have input to program.

UUUUUUUUUUUUU.Signs

WWWW.Ensures all regulatory, warning and advisory signs are legible and visible.

XXXX.Program derived from inspection results as part of Road Management Plan and customer requests.

VVVVVVVVVVVV.Shoulders

YYYY.Undertaken to aid the flow of water from the pavement to the table drain, to aid sight distance and minimise risk in fire danger period.

ZZZZ. Biannual spraying program coincides with spring and autumn growth.

AAAAA.Slashing program to meet timeframe specified in Road Management Plan.

BBBBB.Low and high shoulders program developed from road inspections.

WWWWWWWWWWWWW.Stabilising





CCCCC.Treats isolated areas of sealed pavement that are beyond pothole treatment, that are surrounded by sound pavement.

DDDDD.Program derived from inspections results and customer maintenance requests.

XXXXXXXXXXXXX.Sweeping

EEEE.Eundertaken to ensure kerb and channel is free of debris to allow free flow of storm water to outfall.

FFFFF.Program of work is used with frequencies for CBD, industrial estates, urban streets and autumn sweeps specified.

YYYYYYYYYYYYY.Supervision

GGGGG.Undertaken to ensure programme timelines and quality standards are met.

ZZZZZZZZZZZZZ.Trees

HHHHH.Ensures a clear unimpeded path for the full width of the pavement for all traffic of legal dimensions and sight distance to ensure safe road use.

IIII. Program allocated to coincide with resheet and reseal programs.

JJJJJ. School Bus routes are given priority.

KKKKK.Road inspection results and customer requests form part of the program.

AAAAAAAAAAAAA.Urban Drains

LLLLL.Ensures urban barrel drains are free flowing and have adequate outfall.

MMMMM.Program generated by asset condition survey and customer requests.

**Reactive Road Maintenance** is performed to provide immediate action to maintenance requests (customer request system) or inspection results requiring immediate action to negate safety issues. Most reactive road maintenance is required as a result of unseasonal weather, acts of god or trauma as a result of road accidents or vehicle breakdowns.

BBBBBBBBBBBBBBB.Blocked Drains



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NNNNN.Undertaken to clear blocked drains, caused by restricted outfalls, collapsed pipes, foreign objects, tree roots and silt build up, usually highlighted as a result of a deluge.



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CCCCCCCCCCCCC.Damaged Furniture

OOOOO.Undertaken to repair damaged furniture, usually as a result of wind, storms or traffic accidents.

DDDDDDDDDDDDDD.Erosion, Slips

PPPPP.Undertaken to repair erosion or slips that are damaged or threaten to damage Council assets, usually as a result of exceptional weather conditions or poor drainage.

EEEEEEEEEEEEEE.Fallen trees

QQQQQ.Undertaken to remove trees impeding traffic flow on roads, usually caused by trees falling or shedding limbs or becoming unsafe due to splits, lightning strike, rot, insect infestation, high winds or acts of god.

FFFFFFFFFFFFFFF.General Emergency Works

RRRRR.This is for a protracted event resulting in costs that may be designated as a natural disaster and subject to a treasury claim.

GGGGGGGGGGGGG.Potholing

SSSSS.Undertaken to unsealed road potholes to improve road quality, potholes usually occur due to poor pavement shape or lack of pavement material.

HHHHHHHHHHHHH.Rubbish Removal

TTTTT.Undertaken to remove rubbish dumped illegally or animals killed on the road or street.

IIIIIIIIII. Slippery Roads

UUUUU.Undertaken when roads are slippery, usually due to exposed sub-grade.

JJJJJJJJJJJJ.Spills

VVVVV.Undertaken when liquid spills cause lack of traction, usually due to accident damage or mechanical failure.



KKKKKKKKKKKKKKK.Unsafe Pit Lids

WWWWW.Undertaken to replace broken, damaged or missing pit lids, unsafe pits, usually result from.

XXXXX.overload (vehicles driving on lid), vandalism or theft.

LLLLLLLLLLLLLLL.Vandalism

YYYYY.Undertaken to repair assets or remove visually offensive or aesthetically displeasing graffiti.

The success of both programmed road maintenance and reactive road maintenance works can be measured by the audit of the Road Management Plan (this tests items overdue and closing the loop from inspection, issuing request, completion of work and closure of the request).

**Program: Parks and Gardens**

Parks and Gardens Management

MMMMMMMMMMMMMM.Manages delivery of Parks and Gardens program.

NNNNNNNNNNNNNNN.Management includes Co-ordinator training, Performance reviews Minor Equipment, and Uniforms/PPE, Community consultation, Budget management, project development.

OOOOOOOOOOOOOOO.Training provided to Parks staff.

PPPPPPPPPPPPP.Performance Management system completed.

QQQQQQQQQQQQQQQ.Plans completed and reported on for all works.

RRRRRRRRRRRRRRR.Budgets and business plans adhered to.

Parks and Gardens Operations

SSSSSSSSSSSSSSS.Grass Mowing - Parks, Reserves, Nature strips.

TTTTTTTTTTTTTTT.Garden Maintenance - Maintenance & preparation of native, perennial and floral displays, functions include planting, watering, fertilizing, pruning, weed control, litter, vandalism & mulching.



UUUUUUUUUUUUUUU.Tree Maintenance - Works include pruning, removal, dead wooding, powerlines clearance, and risk assessments.

VVVVVVVVVVVVVVV.Landscape Structure Maintenance - Measurable when Asset Management System is implemented currently re active program.

WWWWWWWWWWWWWWW.Playground Maintenance - Currently re active program - maintenance reports.

XXXXXXXXXXXXXXXXX.Coastal Vegetation Trimming - Annual pruning of roadside vegetation in Sandy Point, Venus Bay, Prom View Estate by contractor.

YYYYYYYYYYYYYYY.Urban Fire Hazard Slashing - 69 sites (45,949 m2) once per year when Fire restrictions are declared.

### Council Plan Key Initiatives

ZZZZZZZZZZZZZZZ.Actively advocate for the revegetation of environmentally sensitive areas within the Shire.

AAAAAAAAAAAAAAAAA.Support the community in the control of weeds on private land  
Support the community in the control of weeds on private land.

### Projects - Playgrounds

Program of playground replacement is developed from input from community and key stakeholders.

Prioritise Council's playground network to ensure public safety and improve usage. The following sites have been identified as key projects for 2007/08;

BBBBBBBBBBBBBBBBB.Horticultural Park Leongatha.

CCCCCCCCCCCCCCC.Jupiter Boulevard Venus Bay.

DDDDDDDDDDDDDDD.Saggassar Park Toora.

EEEEEEEEEEEEEEEE.E Memorial Park Dumbalk.

FFFFFFFFFFFFFFFFF.Baromi Park Mirboo North.

**GGGGGGGGGGGGGGG**.Aurther Bentleigh Leongatha.



**Program: Plant**

Plant Maintenance

Maintain plant and equipment in a safe and efficient manner for Councils Infrastructure Maintenance functions. Routine maintenance and repair of plant and equipment as needed.

Plant Replacement

Replace plant as per 10 year program, to ensure efficient delivery of the Public Works programs.

**Program: Private Works**

Sealing

To provide a high standard and professional sealing service to external clients throughout the South Gippsland region.

These activities complement our Council sealing and resealing works, which allows us to assemble an efficient and experienced outfit that can concentrate on producing industry standard sealing work, and which adds to the viability of carrying out these sealing operations. These activities have a cost positive benefit to Council, returning a profit each year.

Market forces drive these activities and the availability and timing of these works is dependant on the activities of the clients that we service.

The resources to carry out this program are within our overall operations capabilities.

This program provides for 3 months of work, which will be predominately through spring, summer and autumn and compliments the reseal program.

Most of this is primer-sealing work, which allows a greater window to carry out works due to the ability to work during cooler times in the year, thus extending the usefulness of the sealing outfit.



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**Team: PLANNING AND ENVIRONMENT**

**Program: Planning and Environment Management**

The program provides a budget for management and supervision of the following council services:

HHHHHHHHHHHHHHH. Building Unit.

IIIIIIIIIIII. Statutory and Strategic Planning Unit.

JJJJJJJJJJJJJ. Environmental Planning Unit.

KKKKKKKKKKKKKKK. Waste Water services.

Manage the services listed above to ensure that they occur in a timely, responsive manner with a focus on customer service.

**Program: Planning and Environment Operations**

Building Services

This service facilitates the operations, activities and enforcement of building activity within the municipality. The Building Services Unit provides Report and Consents and ensures all buildings within the municipality comply with building regulations.

Environmental Planning

This service facilitates the development, protection and management of the municipality's natural values through the planning process and environmental legislation.

The Environmental Planner undertakes the following for council:

LLLLLLLLLLLLLLLLL. Responds to planning application referrals.

MMMMMMMMMMMMMMMM. Audits vegetation removal applications.

NNNNNNNNNNNNNNN. Conduct coupe audits within timber forestry coupes for compliance with the Forestry Code of Practice.

OOOOOOOOOOOOOOO. Managers council roadside weed spraying.

PPPPPPPPPPPPPP. Manages the rural road tree planting program.

QQQQQQQQQQQQQQQ. Undertakes environmental education activities with the community.



**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Document a procedure for weed control for council managed land	Adoption of a procedure for weed control for council managed land	January 2008	EMG minutes

**Council Plan Key Initiative**

RRRRRRRRRRRRRRR.Document a procedure for weed control and native vegetation planting programs for Council owned and council managed land.

SSSSSSSSSSSSSSSS.Working with key partnerships to minimise the impact of wild fire while respecting the natural environment.

TTTTTTTTTTTTTTTTT.Support conservation reserves in the Strzelecki Ranges and coastal areas.

UUUUUUUUUUUUUUUU.Ungoing support of key environmental groups, eg. Landcare.

VVVVVVVVVVVVVVVV.Provide a range of educational and other promotional material to the community on environmental issues.

WWWWWWWWWWWWWWW.Investigate the impacts of climate change on the Shire.

XXXXXXXXXXXXXXXXX.Promote and educate the community on the implications of climate change and necessary actions.

Statutory and Strategic Planning

This programme facilitates the assessment of town planning activities within the municipality and preparation of the strategy.

The Statutory and Strategic Planning Team is responsible for:

YYYYYYYYYYYYYYY.Completion of strategic work program.

ZZZZZZZZZZZZZZZZZ.Incorporation of completed strategic work into council’s planning scheme.

AAAAAAAAAAAAAAAAA.The assessment of planning permit applications including requests for amendments and requests for information.

BBBBBBBBBBBBBBBBB.Community education and auditing outcomes and enforcements.







**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Complete Local Level Plans for Korumburra, Leongatha and Foster	Adopt Local Level Plans for Korumburra, Foster & Leongatha	January 2008	Council minutes
Develop a Rural Strategy	Completion of a draft Rural Strategy for public exhibition	May 2008	Council minutes

**Council Plan Key Initiatives**

CCCCCCCCCCCCCCCC.Implementation of a Heritage Strategy.

DDDDDDDDDDDDDDDDDD.Complete Local Level Plans for Korumburra, Leongatha and Foster.

EEEEEEEEEEEEEEEEEE.Develop a Rural Strategy.

FFFFFFFFFFFFFFFFFFFF.Develop Urban Design Framework Implementation Plans for Venus Bay, Waratah Bay, Tarwin Lower and Sandy Point.

Waste Water

The service facilitates the protection of public health through the regulation of wastewater disposal in the municipality. The Waste Water unit issues and enforces environmental legislation related to septic tanks.

**Council Plan Key Initiatives**

GGGGGGGGGGGGGGGGG.Undertake Land Capability assessments in accordance with the Waste Water Management Plan.

HHHHHHHHHHHHHHHHH.Actively lobby EPA for standards for waste water disposal in existing small lot subdivisions where current standards cannot be met.

IIIIIIIIIIIIIIII. Lobby with key stakeholders for the provision of improved sewerage for townships within the municipality.

JJJJJJJJJJJJJJJJJ.Advocate for active conservation, protection and efficient use of the Shire’s water assets.



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*Corporate and Community Services (C&CS) Directorate*

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**Team: C&CS MANAGEMENT**

**Program: Corporate and Community Services Management**

Corporate and Community Services Management

Each business unit within Corporate and Community Services will be continually looking to improve the service it provides to council and the community and other key stakeholders and to contribute to council’s efforts to effectively plan and provide for the social, built, economic and natural environments that ensure the future well being of South Gippsland communities.

We are focussed on facilitating the improvement of council’s strategies, performance, people and processes.

KKKKKKKKKKKKKKKKKKK. Provide executive management and support to the Corporate and Community Services team which includes Finance, Human Resources, Information Services and Community Services.

LLLLLLLLLLLLLLLLLLL. Provide high-level advice to Council, Chief Executive and Executive management group to ensure council’s strategic capability and intent are effectively developed, implemented, monitored and reviewed in consultation with key stakeholders.

MMMMMMMMMMMMMMMMM. Establish and manage the development and implementation of the organisations strategic direction for service delivery.

NNNNNNNNNNNNNNNNN. Drive the strategic planning, budget and performance measurement of the team.

OOOOOOOOOOOOOOOOO. Facilitate council’s continuous improvement of internal systems and processes using business excellence framework to improve customer service and decision making.

PPPPPPPPPPPPPPPP. Ensure technical advice provided by the departments to other council areas and the public is accurate, timely and appropriate.

QQQQQQQQQQQQQQQQQ. Responsible for managing the strategic direction of libraries across the Shire and representing the broader focus across the West Gippsland Region.



Library Operations

Responsible for managing the strategic direction of libraries across the Shire and representing the broader focus across the West Gippsland Region. Establish and oversee the management of a library budget representing South Gippsland Shire Council’s (SGSC) contribution and represent SGSC as their Officer on the Board of Management for the West Gippsland Regional Library Corporation.

RRRRRRRRRRRRRRRRR.Ensure the provision of an accessible contemporary library service.

SSSSSSSSSSSSSSSSSS.Represent SGSC as a Board Member of the West Gippsland Regional Library Corporation.

TTTTTTTTTTTTTTTTT.Ensure the adequate provision of infrastructure for Library service including ongoing maintenance of services.

UUUUUUUUUUUUUUUUU.Ensure adequate staffing levels.

VVVVVVVVVVVVVVVVVV.Review operational hours of service.

WWWWWWWWWWWWWWWWW.Establish the long-term direction in relation to services and operational levels.

XXXXXXXXXXXXXXXXXX.Manage the Mobile library service – Tarwin Lower, Sandy Point, Toora, Welshpool, Port Welshpool.



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**Team: INFORMATION SERVICES**

**Program: Information Services**

Information Management

The Information Services Manager is responsible for:

YYYYYYYYYYYYYYYYY.The delivery of sustained operational availability, reliability and performance of Councils’ business information systems including Records and Information Technology (IT) infrastructure.

ZZZZZZZZZZZZZZZZZZZ.Investigating new technology advances and evaluating new opportunities.

AAAAAAAAAAAAAAAAAAA.Managing Council’s Customer Service, records and Information Services teams.

BBBBBBBBBBBBBBBBBBB.Developing and implement new policies/procedures and review existing policies/procedures to ensure the management and delivery of customer service, business information systems and IT infrastructure is efficient, effective and meets corporate objectives.

CCCCCCCCCCCCCCCCCC.Manage IS strategies and programs to ensure works are completed on time and within budget.

DDDDDDDDDDDDDDDDDDDD.Work with individual business units, groups of business units and across the organisation to implement new infrastructure and business capability as required.

EEEEEEEEEEEEEEEEEEE.Provide advice and contribute to the integrated planning of Council programs and services that meets required operational performance, reliability and security levels.

FFFFFFFFFFFFFFFFFFFFF.Provide specialist advice to Council’s business units in the potential use of Information Technology.

GGGGGGGGGGGGGGGGGGG.Ensure that a service culture is established and that agreed targets are met.

HHHHHHHHHHHHHHHHHHH.Review and manage Information Technology Strategic Projects.

IIIIIIIIIIIIIIIIIIII. Prepare the Annual Business Plan and I Budget for information Services.

JJJJJJJJJJJJJJJJJJJ.Report on monthly business performance against targets.



KKKKKKKKKKKKKKKKKKKK.Deliver services within approved budget allocations.

Customer Service

The Customer Service team is responsible for the below:

LLLLLLLLLLLLLLLLLLLLL.Provide frontline customer services, includes answering phones and front desk to residents and visitors of South Gippsland.

MMMMMMMMMMMMMMMMMMM.Assist with general enquiries, process payments and often provide administrative support to various teams within Council.

NNNNNNNNNNNNNNNNNNN.Provide timely and accurate information.

OOOOOOOOOOOOOOOOOOO.Implement over the phone payment options.

PPPPPPPPPPPPPPPPP.Provide operational support and annual grant to CAB.

**Council Plan Key Initiatives**

QQQQQQQQQQQQQQQQQQQ.Provide frontline reception services and telephone service to residents and visitors to the Shire, assisting with general enquiries, processing payments and providing administrative support to the organisation.

RRRRRRRRRRRRRRRRRRR.An information technology audit is completed annually that ascertains the level of knowledge capture and its management.

Records

Records are responsible for the effective and efficient management of Council’s records as an asset and information resource to ensure Council meets its statutory obligation to ‘keep full and accurate records’.

The key objectives of records management are to ensure the preservation and security of public records and the logical and orderly classification of such records. In particular, the objectives include:

SSSSSSSSSSSSSSSSSSS.Provide consistent and accurate advice regarding the management of Council’s records and information.

TTTTTTTTTTTTTTTTTTT.Effectively managing associated risks through the provision of a disciplined document/records management process and system.

UUUUUUUUUUUUUUUUUUU.Promote a culture of open access information, other than what is personal, or commercially or legally sensitive.





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IIIIIIIIIIIIIIIIII. Implement remote computing pilot project.

JJJJJJJJJJJJJJJJJJ. Review and upgrade contract management system.

KKKKKKKKKKKKKKKKKKK. Implement other funded Information technology projects.





**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Investigate the specifications of a sustainable document management system	Specification completed and packaged ready for the calling of tenders	March 2008	EMG minutes

**Council Plan Key Initiatives**

LLLLLLLLLLLLLLLLLLLL.Scope, tender and commence planning for the implementation of an Electronic Document Management System.

**Team: HEALTH AND FAMILY SERVICES**

**Program: Health and Family Services Management**

Health and Family Services provides a range of responsive and flexible services and programs to the community that aim to improve, manage and increase community services to support changing needs and to optimise health and wellbeing.

MMMMMMMMMMMMMMMMMM.Negotiate Funding and Service Agreements with State and Commonwealth Governments.

NNNNNNNNNNNNNNNNNNNN.Facilitate and implement partnerships that will strengthen communities:

ZZZZZ.Municipal Association of Victoria,

AAAAAA.South Coast Health Consortium,

BBBBBB.Department of Human Services,

CCCCCC.Department of Victorian Communities.

OOOOOOOOOOOOOOOOOOOO.Develop and implement Community Plans

DDDDDD.Positive Ageing Strategy.

EEEEEE.Public Health and Wellbeing Plan (MPHP) – Four year plan across all Council Departments with quarterly reporting to Community Development Advisory group & six monthly reporting to Council.



FFFFFF.Municipal Early Years Plan - Four year plan across all Council Departments with quarterly reporting to Community Development Advisory group 7 six monthly reporting to Council. \*\*Community Safety Program – Quarterly meetings across South Gippsland & Bass Coast Shires to implement the regional Community Safety Plan.

GGGGGG.Neighbourhood Watch – Update changes to premises addresses under the Health Act as advised by Rates Department.

HHHHHH.Volunteer Programs –Recruit, induct, train and support volunteers through Health & Family Services Programs. Coordinate Shire Volunteer celebrations in line with state recognition.

PPPPPPPPPPPPPPPPPPPP.Overview services provided by teams in areas of

- IIIIII. Environmental Health,
- JJJJJJ.Immunisation,
- KKKKKK.School Crossing Supervisors,
- LLLLLL.Maternal & Child Health,
- MMMMMM.Pre School Field inclusion,
- NNNNNN.Aged & Disability,
- OOOOOO.Rural Access,
- PPPPPP.Access & Inclusion Committee,
- QQQQQQ.Senior Citizens.

**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Review standards for the delivery of Council’s Health and Family Services	Adopt revised standards for the delivery of Council’s Health and Family Services	December 2007	Council minutes

**Council Plan Key Initiatives**

QQQQQQQQQQQQQQQQQQQQQ.Review standards for the delivery of Council’s Health and Family Services.

RRRRRRRRRRRRRRRRRRRRR.Improving the support provided to encourage volunteerism in the Shire.





Senior Citizens

Equity & access to improve service delivery to the Home and Community Care (HACC) target group. Equity & access funding to promote and include older members of the community, including:

- VVVVVVVVVVVVVVVVVV.advertising,
- WWWWWWWWWWWWWWWWWWWW.utility costs,
- XXXXXXXXXXXXXXXXXXXXX.materials,
- YYYYYYYYYYYYYYYYYYYYY.equipment repairs,
- ZZZZZZZZZZZZZZZZZZZZ.transport costs.

**Program: Health and Community Safety**

Environmental Health and Immunisation

Promote a high standard of public health through prevention, education and enforcement of Food & Health Acts, food safety, sharps collection and disposal, tourist facilities, nuisance investigations and infectious disease notifications.

Funding through Municipal Association of Victoria for Local Government to provide education about and enforcement of the Tobacco Act 1987 including the 1 March 2006 amendment and the recent amendments that will come into effect on 1 July 2007.

Immunisation, Education & information on all inoculation programs & sessions provided to babies, children and youth through out the shire.

Maternal and Child Health

The Maternal & Child Health Universal Service is a primary care service for families with children aged 0 to 6 years. The service aims to maximise the health potential of all children through the early identification, intervention and prevention of physical, emotional and social issues affecting young children and their families. Centres are located at



Leongatha, Korumburra, Foster, Mirboo North, Poowong & Outreach service in Tarwin Lower.

The Maternal & Child Health Enhanced Service provides a more intensive level of in home support. The enhanced program is available to families who may be experiencing significant early parenting difficulties, particularly within the first year following the birth of a child/children.

Pre School Inclusion Program

The Preschool inclusion Program is delivered across both South Gippsland and Bass Coast Shire Council areas. The Pre School Inclusion program is specifically funded to support the inclusion of children within state funded 4 year old kindergarten programs.

**Team: FINANCE**

**Program: Finance Management**

AAAAAAAAAAAAAAAAAAAAA.Provision of strategic financial advice and preparation of annual and long term financial plans.

BBBBBBBBBBBBBBBBBBBBB.Designed as ‘Principal Accounting Officer’, responsible for the financial management of the Council.

CCCCCCCCCCCCCCCCCCC.Provision of strategic financial advice to Council.

DDDDDDDDDDDDDDDDDDDDDD.Manage the Accounting and Rates & Valuation teams.

**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Achieving the budgeted operating result	The difference between the budgeted operating result and the actual operating result for the financial year, not including; <ul style="list-style-type: none"> <li>• Net gain/ (loss) on disposal of assets</li> <li>• Net increase in Asset Revaluation Reserve</li> <li>• Donated / Granted Assets</li> <li>• Previously unrecognised assets</li> </ul>	Equal to or better than budget	Audited Financial statements





**Council Plan Key Initiatives**

EEEEEEEEEEEEEEEEEEEE.Review financial strategies and Long Term Financial plan.

FFFFFFFFFFFFFFFFFFFF.Prepare Council’s annual budget that fits within the long term financial plan framework.

GGGGGGGGGGGGGGGGGGGGG.Monitor and report on financial resource management to ensure that resources are utilised effectively to meet the community needs.

**Program: Accounting**

Provision of financial and management accounting support to Council.

HHHHHHHHHHHHHHHHHHHHH.Systems management.

IIIIIIIIIIIIIIIIII. Business Planning.

JJJJJJJJJJJJJJJJJJJJ.Business performance management.

KKKKKKKKKKKKKKKKKKKKK.Accounting / bookkeeping.

LLLLLLLLLLLLLLLLLLLLL.Financial reporting.

MMMMMMMMMMMMMMMMMMMMM.Internal Initiatives.

**Program: Rates and Valuations**

Property and Revenue

Administer all legislative requirements in relation to rates & charges on all rateable land to Council.

NNNNNNNNNNNNNNNNNNNNN.Issue annual/quarterly and supplementary rate notices.

OOOOOOOOOOOOOOOOOOOOO.Manage the debt collection process of outstanding rates and charges.

PPPPPPPPPPPPPPPPPPPPP.Produce and issue Land information Certificates (LIC’s).

QQQQQQQQQQQQQQQQQQQQQ.Maintain rateable property database.

RRRRRRRRRRRRRRRRRRRRR.Attend to internal and external enquiries in relation to rating matters.









The Manager Human Resources also develops strategic polices and plans, provides industrial relations advice and leads the negotiation and implementation of the Enterprise Bargaining Agreement.

IIIIIIIIIIIIIIIIIIII. Development and revision of human resources policies and plans.

JJJJJJJJJJJJJJJJJJJ. Provide industrial relations advice and Award interpretation.

KKKKKKKKKKKKKKKKKKKKKK. Review and implementation of Enterprise Bargaining Agreement.

LLLLLLLLLLLLLLLLLLLLLL. To ensure Council’s culture and values are embedded within the organisation.

MMMMMMMMMMMMMMMMMMMMMM. Oversee employee training and development.

**Key Strategic Activities**

Description	Measures	Target	How the data is reported
Develop an employment framework to ensure the organisation is positioned to meet the current and future requirements relating to structure, capability, succession and talent management	Adopt an employment framework to ensure the implementation of best practice human resource policies, procedures and management practices	March 2008	EMG minutes

**Council Plan Key Initiatives**

NNNNNNNNNNNNNNNNNNNNNN. Develop and implement a Staff Leadership Program.

OOOOOOOOOOOOOOOOOOOOOO. Research and develop an employment framework to ensure the implementation of best practice human resource policies, procedures and management practices.

PPPPPPPPPPPPPPPPPPPPPP. Develop and implement a program of health and wellbeing initiatives.

QQQQQQQQQQQQQQQQQQQQQQ. Ensure corporate values are filtering through the organisation and are adopted by all staff.



Human Resources, Payroll and WorkCover

RRRRRRRRRRRRRRRRRRRRRRRRRRR.Employment of staff.

SSSSSSSSSSSSSSSSSSSSSSSSSSSS.Recruitment and selection documentation.

TTTTTTTTTTTTTTTTTTTTTTTTT.Assessment of staff satisfaction.

UUUUUUUUUUUUUUUUUUUUUUUUU.Management of employee performance.

VVVVVVVVVVVVVVVVVVVVVV.Facilitate the learning and development of all staff, for instance tertiary assistance program.

WWWWWWWWWWWWWWWWWWWWWWWWWWWW.Management of Human Resource information systems.

XXXXXXXXXXXXXXXXXXXXX.Processing of fortnightly pays, including superannuation and taxation payments.

YYYYYYYYYYYYYYYYYYYYYY.Provide accurate salary advice and administration.

ZZZZZZZZZZZZZZZZZZZZZ.Administration of claims.

AAAAAAAAAAAAAAAAAAAAA.Coordination and management of return to work program.

BBBBBBBBBBBBBBBBBBBBBBB.Rehabilitation of employees.

**Program: Risk Management**

CCCCCCCCCCCCCCCCCCCCC.Provision of risk management support services to Council to identify and manage exposure to risk that is associated with business activities.

DDDDDDDDDDDDDDDDDDDDDD.Provision of support service to Council staff in relation to Occupational Health and Safety obligations.

EEEEEEEEEEEEEEEEEEEEEE.Provision of assets, public liability and professional indemnity insurances.

FFFFFFFFFFFFFFFFFFFFFFF.Administering corporate risk register.

GGGGGGGGGGGGGGGGGGGGG.Review of Risk Strategy (Umbrella plan / strategy).

HHHHHHHHHHHHHHHHHHHHH.Assist teams with risk management practices.

IIIIIIIIIIIIIIIIIIII.Administration of Safety map.

JJJJJJJJJJJJJJJJJJJJ.Conducting training programs.



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KKKKKKKKKKKKKKKKKKKKKKKKK.Facilitating SafetyMap audits.

LLLLLLLLLLLLLLLLLLLLLLLLL.Staff awareness of OHS matters / issue identification.

MMMMMMMMMMMMMMMMMMMMMM.Provision of insurance coverage.

NNNNNNNNNNNNNNNNNNNNNNNNN.Processing of all insurance claims submitted.

OOOOOOOOOOOOOOOOOOOOOOOOO.Provision of building / contents insurance to  
community groups.



## 2.3 Key strategic activities

The Key Result Areas for a number of Environments as set out in the Council Plan and the Key Strategic Activities for achieving these key results for the 2007/08 financial year are listed below.

ENVIRONMENT	KEY RESULT AREA	KEY STRATEGIC ACTIVITIES
Social	Facilitate, plan and provide programs, services and opportunities that increase the viability of our communities	<ul style="list-style-type: none"> <li>Review standards for the delivery of Council's Health and Family Services</li> <li>Develop a Recreation Strategy</li> <li>Implementation of new direction for Coal Creek</li> </ul>
Built	Ensure sustainable development and infrastructure to meet the current and long term needs of our communities	<ul style="list-style-type: none"> <li>Implementation and delivery of the Capital Works Program</li> <li>Reinvigorate and implement the Asset Management Strategy</li> <li>Complete Local Level Plans for Korumburra, Leongatha and Foster</li> <li>Develop a Rural Strategy</li> </ul>
Economic	Encourage investment, development and services that facilitate a planned and sustained growth for the Shire	<ul style="list-style-type: none"> <li>Review the operation of visitor information facilities across the Shire</li> </ul>
Natural	Protect our unique environment by promoting and engaging in sustainable practices and initiatives	<ul style="list-style-type: none"> <li>Develop an implementation plan for Council's Waste Management Strategy</li> <li>Document a procedure for weed control for council managed land</li> </ul>
Leadership	Provide our community with responsive, accessible, efficient leadership, advocacy and service delivery	<ul style="list-style-type: none"> <li>Achieving the budgeted operating result</li> <li>Develop a communication and consultation strategy</li> <li>Reinvigorate the Business Excellence framework to improve service delivery across the Shire</li> <li>Develop an employment framework to ensure the organisation is positioned to</li> </ul>



		<p>meet the current and future requirements relating to structure, capability, succession and talent management</p> <ul style="list-style-type: none"> <li>• Investigate the specifications of a sustainable document management system</li> </ul>
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The Annual Budget includes the activities and initiatives (the outputs) to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The Annual Budget converts these activities and initiatives into financial budgets, to ensure that there are sufficient resources for their achievement.

Appendix E “Key Strategic Activities” identifies the Key Strategic Activities to be undertaken during the 2007/08 year, including relevant performance targets and measures. These are subject to audit at year-end.

## 2.4 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 2007/08 will include the audited Performance Statement, which is presented to the Minister for Local Government and the local community.

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

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



Department	Forecast Actual 2006/07 \$'000	Budget 2007/08 \$'000	Net Cost Increase (Decrease) \$'000
Chief Executive Officer	1,215	1,093	(122)
Corporate & Community Services Mgt	825	873	48
Health and Family Services	156	263	107
Social and Economic Development	1,977	2,117	140
Engineering and Assets	5,033	5,716	683
Governance	601	742	141
Finance	(48)	418	466
Human Resources	1,184	1,047	(137)
Information Services	1,336	1,421	85
Development & Asset Services Mgt	181	180	(1)
Planning	749	834	85
Infrastructure maintenance	1,866	1,985	119
Other non-attributable <sup>1</sup>	6,150	6,955	804
<b>Operating deficit before rates &amp; capital revenue</b>	<b>21,225</b>	<b>23,646</b>	<b>2,421</b>
<b>Funded by:</b>			
Rates & charges	20,795	22,227	1,432
Capital grants & contributions	804	1,747	943
<b>Total</b>	<b>21,599</b>	<b>23,974</b>	<b>2,375</b>
<b>Operating surplus (deficit)</b>	<b>374</b>	<b>328</b>	<b>(46)</b>

1. Includes grants commission, depreciation, major maintenance, proceeds and WDV 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. (Please refer to locality map in section 4.5).

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, Meenian, 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.





### **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 and dedicated saline wastewater treatment infrastructure to its principal towns, 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 \$150 million upgrade of this plant was announced in November 2005. Other food processors include Burra Foods at Korumburra and Poowong Meats in Poowong. Dairy farming is estimated to be worth \$250 million per annum and the dairy sector supports a substantial service industry including transport, engineering and agricultural supplies.

South Gippsland also has a \$90 million beef industry, produces most of Australia's snow peas, a growing wine industry and has been identified as a centre of organic 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. 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 Wilson's Promontory National Park, Agnes Falls, a number of historic towns 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.



According to the Economic Research Unit of Latrobe University Bendigo, the South Gippsland economy has an annual output (turnover) of over \$2.1 billion. Key industry sectors contributing to this output are: manufacturing \$575 million; agriculture, forestry and fishing \$455 million and retail trade \$137 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.

### **Major Infrastructure and Investment Projects**

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

- (a) the \$50 million Natural Gas Extension Program, which will bring natural gas to Korumburra and Leongatha;
- (b) the \$21 million saline wastewater outfall near Venus Bay, which will allow for the treatment of industrial saline wastewater;
- (c) the \$33 million upgrade of South Gippsland Highway, which includes the Bena bypass;
- (d) the \$150 million upgrade of Murray Goulburn's Leongatha dairy processing facility.

Future access to the South Gippsland Shire region from metropolitan Melbourne will be significantly improved with the development of the Pakenham By Pass and the Eastern Link.

### **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.



**Our Community**

The current population is just over 27,000. This is 1,700 more people since 1996 and represents an average annual growth rate of 0.7%. 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 total number of households within South Gippsland is estimated to have increased by 910 between 2001 and 2006 to a total of 11,240. This trend is expected to continue over the next 20 year period as population growth increases (estimated 0.6% per annum) and the average household size decreases. The estimated total number of households (based on moderate growth projections) is expected to be 16,660 in 2026. 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 2006 was represented by an even dispersion across all age ranges. The largest concentration being in the 45 to 59 age bracket where 22.55% of the population was represented. The table does identify that 24.17% of the population of the Shire was aged 60 years and over in 2006. This has significant impact for future years where projections indicate that by the year 2011, 28.72% of the population within the Shire will be aged 60 years and over, in 2021 36.98% and in 2031, 42.12% will be aged 60 years and over.

Projected changes in age structure is shown in the table below:

Age Range	Year				
	2001	2006	2011	2021	2031
0-14	5427	5141	4782	4669	4681
15-29	3922	4381	4445	3591	3460
30-44	4992	5005	4692	4829	4641
45-59	5157	6129	6155	5771	5704
60-74	3321	4293	5457	7230	7510
75+	1705	2294	2631	3835	5937
<b>Total</b>	<b>24524</b>	<b>27243</b>	<b>28162</b>	<b>29925</b>	<b>31934</b>

(ABS, Census of Population and Housing, 2001)



**Labour Force**

South Gippsland Shire has:

- an estimated labour force of 13,473 people;
- an unemployment rate of 3.1%, with 424 unemployed persons at 2001.

This is one of the lowest unemployment rates in the State and was significantly lower than the Regional Victorian average of 6.0% and State average of 5.1%.

Key industry sectors by employment in the South Gippsland Shire in 2001 were Agriculture, Forestry & Fishing (24.6%), Retail Trade (13.3%), and Manufacturing (9.9%). The Shire’s top eight employment sectors compared with that of Regional Victoria as shown in the following table:

<b>Employment by Industry</b>	<b>South Gippsland</b>	<b>Regional Victoria</b>
Agriculture, forestry & fishing	24.6%	11.2%
Retail trade	13.3%	15.3%
Manufacturing	9.9%	13.4%
Health and community services	9.1%	10.8%
Education	7.0%	7.5%
Construction	6.5%	6.7%
Wholesale trade	5.0%	4.4%
Property and business services	4.8%	6.6%

(ABS 2001 Census)

In 2001, key employment by occupation groups in South Gippsland was Managers and Administrators (24.2%), Professionals (12.2%), and Tradespersons (11.9%). The Shire’s employment by occupation groups compared with that of Regional Victoria are as follows:



Occupation	South Gippsland	Regional Victoria
Managers & administrators	24.2%	12.9%
Professionals	12.2%	14.9%
Tradespersons and related	11.9%	13.5%
Intermediate clerical, sales, service	10.8%	13.9%
Associate professionals	10.3%	11.2%
Labourers and related	10.3%	10.8%
Intermediate, production & transport	8.4%	8.6%
Elementary clerical, sales, service	6.8%	9.4%
Advanced clerical and service	2.9%	2.9%
Inadequately described and not stated	2.3%	2.1%

(ABS 2001 Census)

### **Community Infrastructure**

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

- (e) 17 primary schools, 6 secondary colleges and a range of further education facilities;
- (f) 3 public hospitals plus community health centres;
- (g) 5 public libraries plus a mobile service;
- (h) 29 galleries and museums, a cinema, theatres and clubs;
- (i) 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;
- (j) the Great Southern Rail Trail, which includes 50km of bike/walking trails;
- (k) the 13km Mirboo North – Boolarra trail;
- (l) 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.



### **Budget implications**

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

- (m) 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.
- (n) 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.
- (o) 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.

### **3.2 External influences**

In preparing the 2007/08 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:

- (p) The need to renegotiate a new Enterprise bargaining Agreement (EBA). Wages growth is projected to be 4.0% per annum for 2007/08 and beyond. (Commonwealth Bank Economic forecast).
- (q) Projected Consumer Price Index (CPI) increases on goods and services of around 2.6% per annum.
- (r) Receipt of significant capital and major works funding of \$1.45 million for the completion of Roads to recovery projects.
- (s) Prevailing economic conditions which 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 2006/07 year which have had a significant impact on the setting of the 2007/08 Budget. These included:

- (t) Reinstating two management positions that have been vacant of which only one of them had funding allocated in forward budgets.
- (u) Council's decision to change the operational activities of Coal Creek to what had previously been provided. The total expenditure budget allocation for 2007/08 is \$696,000 (includes \$155,000 capital works) and \$249,000 income. The net rate impact is \$447,000. The previous version of the LTFP had factored in a notional \$220,000 pa annum budget allocation in 2007/08, indexed up by 2.5% per annum in forward years.
- (v) The cash available and significant amount of projects carried forward, both capital (\$0.90 million) and operational expenditure of which a significant portion of it is tied to grant funds (\$1.20 million).

Section 8. "Impact of Current Year Results on 2007/08 Budget" provides further analysis of these internal influences.

### 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:

- (w) Existing fees and charges to be increased in line with CPI / market levels / cost recovery;
- (x) Grants to be based on confirmed funding levels;
- (y) New revenue sources to be identified where possible;
- (z) Service levels to be maintained at 2006/07 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- (aa) New staff proposals to be justified through a business case;
- (bb) New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis;



(cc)Real savings in expenditure and increases in revenue identified in 2006/07 to be preserved; and

(dd)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 2007/08 budget, which is included in this report, is for the year 1 July 2007 to 30 June 2008 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 2008 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 9), Rating Strategy (section 10), Borrowing Strategy (section 11) and Infrastructure Strategy (section 12).



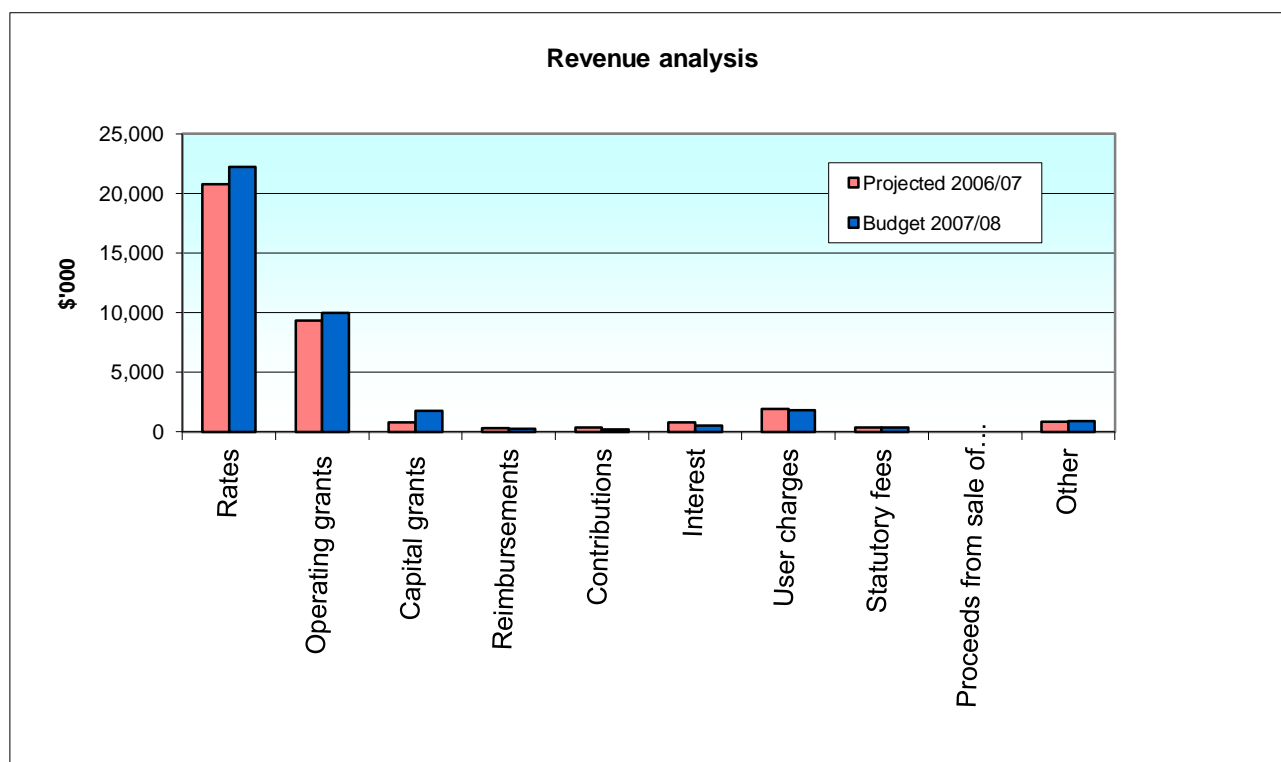


## 4. Analysis of Operating Budget

This section of the annual budget report analyses the expected revenues and expenses of the Council for the 2007/08 year.

### 4.1 Operating Revenue

Revenue Types	Reference	Forecast Actual 2006/07 \$'000	Budget 2007/08 \$'000	(Unfav) Variance \$'000
Rates & charges	4.1.1	20,795	22,227	1,432
Operating grants	4.1.2	9,329	9,984	655
Capital grants & contributions	4.1.3	804	1,747	943
Reimbursements	4.1.4	322	268	(54)
Contributions	4.1.5	353	181	(172)
Interest	4.1.6	772	544	(228)
User charges	4.1.7	1,914	1,824	(90)
Statutory Fees	4.1.8	382	379	(3)
Other	4.1.10	870	884	14
<b>Total operating revenue</b>		<b>35,541</b>	<b>38,038</b>	<b>2,497</b>





#### **4.1.1 Rates and Charges (\$1.43 million increase)**

It is projected that general rates and charges income be increased by 6.0% over the base that was raised last year to \$22.22 million. This includes \$0.13 million in supplementary rates and special charge rates. Section 10. “Rating Strategy” includes a more detailed analysis of the rates and charges to be levied for 2007/08.

#### **4.1.2 Operating Grants (\$0.66 million increase)**

Government grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council’s services to ratepayers. Overall, the level of grants has increased by 7.0% or \$0.66 million compared to 2006/07. Significant movements in grant and contribution funding are summarised below.

Increases in a number of one off Community project funding which include the Great Southern Rail Trail, (\$274,000) the dredging of the Toora channel (\$146,000) and Sports Recreation Victoria (SRV) funding (\$240,000).

The payment from the State Revenue Office is for the bi-annual general revaluation.

It should be noted that Road to Recovery funding has been redirected from capital projects (reseals) to operational projects (re-sheets), which are expensed in the Income Statement.

#### **4.1.3 Capital Grants and Contributions (\$0.94 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 117% or \$0.94 million compared to 2006/07. This largely due to the receiving of a one off capital grant for local roads from the federal government.

There are capital funds expected in 2007/08 for pavement rehabilitation and construction projects Grandridge Road sealing (\$450,000) and Loch Poowong motorcycle safety (\$160,000), Tarwin Lower bike path (\$122,000), SRV projects (\$104,000), Road to recovery projects (\$403,000), Clear Creek (\$200,000), Walter Tuck Netball court (\$25,000), Drought Relief Program (\$300,000) and Small towns skate projects (\$20,000).



Section 6. “Analysis of Capital Budget” includes a more detailed analysis of the grants and contributions that are expected to be received during the 2007/08 year.

#### **4.1.4 Reimbursements (\$54,000 decrease)**

There are no significant movements for reimbursements.

#### **4.1.5 Contributions (\$0.17 million decrease)**

The main variability is due to a net decrease of contributions for community projects between the two financial years. Otherwise, there are no significant movements for contributions.

#### **4.1.6 Interest Revenue (\$0.23 million decrease)**

There is a decrease of \$0.28 million or 29% in interest revenue mainly as a result of applying \$5.54 million against long term debt including paying a \$4.5 million interest only loan out in full.

Although the Reserve Bank of Australia economic forecasts indicate that there is likely to be some upward pressure on interest rates in the budget period, interest on investments is forecast to not to be materially impacted. This is mainly due to the expectation that Departments will continue to increase their adherence to planned work programs.

#### **4.1.7 User Charges (\$90,000 decrease)**

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.



There is expected to be \$90,000 less income from Coal creek gate takings in 2007/08 than was received the previous year due to the introduction of changed operational arrangements.

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

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

#### **4.1.8 Statutory Fees (\$3,000 decrease)**

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

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

#### **4.1.9 Other Revenue (\$14,000 increase)**

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

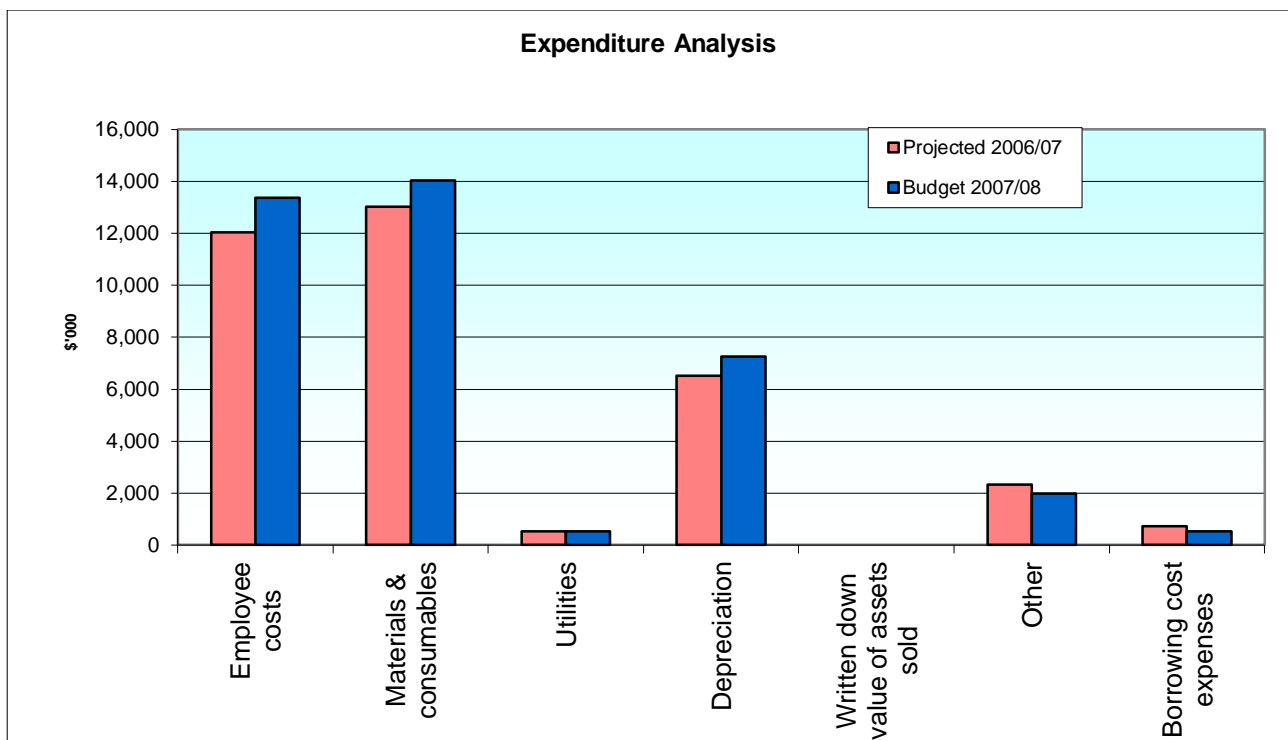
Other revenue is projected to decrease by 1.6% or \$14,000 in 2007/08. This is predominantly due to expecting less income from Coal creek merchandise sales, again, due to changed operational arrangements being introduced.



## 4.2 Operating Expenditure

Expenditure Types	Reference	Forecast Actual 2006/07 \$'000	Budget 2007/08 \$'000	(Unfav) Variance \$'000
Employee costs	4.2.1	12,036	13,383	(1,347)
Materials and consumables	4.2.2	13,033	14,034	(1,001)
Utilities	4.2.3	528	527	1
Depreciation	4.2.4	6,515	7,253	(738)
Other expenses	4.2.5	2,328	1,974	354
Borrowing cost expenses	4.2.6	726	539	187
<b>Total operating expenditure</b>		<b>35,166</b>	<b>37,710</b>	<b>(2,544)</b>

Total operating expenses are forecast to increase by 7.2% or \$2.54 million compared to 2006/07.





#### 4.2.1 Employee Costs (\$1.35 million increase)

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

Employee costs are forecast to increase by than 11.2% or \$1.35 million compared to 2006/07.

It should also be noted that the 2007/08 budgeted employee costs takes into account :

- (i) An allowance for Council’s Enterprise Bargaining Agreement (EBA) and banding and contract staff increments in 2007/08 as well as the flow on effect to oncost expenses.
- (ii) Increases as a result of filling two previously unfilled management positions.
- (iii) A new Community Asset Liaison Officer position.

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 2007/08 is \$13.9 million (\$12.6 million forecast for 2006/07)

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

Type of employment	Number of EFT’s	
	2006/07	2007/08
Full time	162	166
Part time	47	44
Casual	6	7
<b>Total</b>	<b>215</b>	<b>217</b>



#### **4.2.2 Materials & Consumables (\$1.00 million increase)**

Materials and consumables are forecast to increase by 7.7% or \$1.00 million compared to 2006/07. The variation is mainly to the 'one off' expenses that is either going to be incurred in 2007/08 or not incurred after 2006/07.

Significant one off expenses expected to be incurred in 2007/08 is \$1.13 million in relation to one off community projects. These project costs are to a degree offset to a degree by one off grants and contributions.

Reductions in expenses in 2007/08 compared to the previous year include \$86,000 less for senior staff recruitment and advertising expenses, \$70,000 less for Information consultancies, and \$120,000 less for waste water and statutory and strategic planning consultancies.

#### **4.2.3 Utilities (\$1,000 decrease)**

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to decrease by 0.2% or \$1,000 compared to 2006/07.

#### **4.2.4 Depreciation (\$0.74 million increase)**

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

The increase of \$0.74 million for 2007/08 is predominantly due to the periodic revaluation process of non current assets to current replacement costs. Fair value recognizes in the Balance Sheet the true replacement cost of the asset.

This in turn significantly increases the depreciation expense that is expensed to the Income Statement. The assets at some future point in time have to be refurbished or replaced, so it is important that the depreciations' cost is both bought to account and funded.



The completion of the 2007/08 capital works program and the full year effect of depreciation on the 2006/07 capital works program also impacts upon the depreciation charges. Refer to Section 6. “Analysis of Capital Budget” for a more detailed analysis of Council’s capital works program for the 2007/08 year.

#### **4.2.5 Other Expenses (\$0.35 million decrease)**

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 decrease by 15.2% or \$0.35 million compared to 2006/07. The majority of the decrease (\$0.41 million) is due to the Australian Accounting Standards requirement to bring to account future known expense commitments in relation to landfill rehabilitation works for both the Koonwarra and Foster landfills. The costs are being brought to account in the Income Statement in 2006/07. The actual ‘cash expenditure’ will in fact be incurred over the next three financial years and will be expensed against the provision account in the Balance Sheet.

There has been a material increase for library services (\$66,000) in 2007/08 relative to the previous year.

#### **4.2.6 Borrowing Cost Expenses (\$0.19 million decrease)**

Borrowing cost expenses represent the interest cost associated with borrowed funds. The costs are forecast to decrease in 2007/08 due to paying of fully a \$4.5 million interest only loan in 2007/08 as well as the 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 2007/08 year.

The analysis is based on three main categories of cash flow. In summary these are:

- (iv) Operating activities - these activities refer to the cash generated or used in carrying out the normal service delivery functions of Council
- (v) 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.
- (vi) 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 2006/07 \$'000	Budget 2007/08 \$'000	Variance \$'000
<b>Operating Activities</b>	5.1.1			
Receipts		35,950	37,638	1,688
Payments		(28,820)	(30,896)	(2,076)
<b>Net cash inflow (outflow)</b>		<b>7,130</b>	<b>6,742</b>	<b>(388)</b>
<b>Investing Activities</b>	5.1.2			
Receipts		1,465	1,823	358
Payments		(8,324)	(7,831)	493
<b>Net cash inflow (outflow)</b>		<b>(6,859)</b>	<b>(6,008)</b>	<b>851</b>
<b>Financing Activities</b>	5.1.3			
Receipts		6	7	1
Payments		(980)	(5,544)	(4,564)
<b>Net cash inflow (outflow)</b>		<b>(974)</b>	<b>(5,537)</b>	<b>(4,563)</b>
<b>Net increase (decrease) in cash held</b>		<b>(703)</b>	<b>(4,803)</b>	<b>(4,100)</b>
Cash at beginning of year		8,863	8,160	(703)
<b>Cash at end of year</b>	5.1.4	<b>8,160</b>	<b>3,357</b>	<b>(4,803)</b>
<b>Represented by:</b>				
Reserve cash and investments				
- Statutory		81	101	20
- Discretionary		4,503	972	(3,531)
-Working capital		3,576	2,284	(1,292)
	5.2	<b>8,160</b>	<b>3,357</b>	<b>(4,803)</b>



### **5.1.1 Operating Activities (\$0.39 million decrease)**

The increases in cash inflows from operating activities are due mainly to receiving a \$1.43 million increase in Rates and charges revenue, increases in grants of \$1.60 million and a reduction in loan financing costs of \$0.19 million. The increases are offset by increased payments to employee costs (\$1.35 million), Suppliers (\$1.00 million), less income from user charges statutory fees and other income (\$93,000) and less interest income from investments (\$0.23 million).

### **5.1.2 Investing Activities (\$0.85 million decrease)**

The \$0.85 million decrease in net payments for investing activities is due in part to receiving more income of \$0.36 million in capital sales compared with the previous year. The actual gross expenditure on capital is \$0.49 million less than as it was for 2006/07. This is due in part to bringing forward into 2006/07 some capital projects works to the value of \$0.90 million from the forward budgets.

### **5.1.3 Financing activities (\$4.56 million increase)**

Financing activities includes the principal component of loan repayments for the year. For 2007/08 the total of principal repayments will be \$5.54 million, which includes paying of in full a \$4.50 million interest only loan that requires to be refinanced in 2007/08.

### **5.1.4 Cash at end of the Year (\$4.80 million decrease)**

Overall, total cash and investments are forecast to be less to that of 2006/07. The contribution of cash from operating activities has provided funds for both the investing and financing activities. The balance is expected to be \$3.36 million as at 30 June 2008 which is below the previous year (\$8.16 million) The reason for the significant reduction is due to applying funds set aside in a reserve for long term debt against a \$4.5 million interest only loan in 2007/08.

## **5.2 Reserve Cash, Investments and Working Capital**

The cash flow statement above indicates that Council is estimating that at 30 June, 2008 it will have cash and investments of \$3.36 million, which has been earmarked as follows:



- **Working capital (\$2.28 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 (\$101,000)** - Currently there is \$101,000 budgeted to statutory reserves for Open Space Contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary purposes (\$0.97 million.)** –An allocation of \$0.80 million has been budgeted to an 'internal' reserve funds for the development of industrial land and \$0.17 waste services.

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

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



## 6. Analysis of Capital Budget

This section of the budget report analyses the planned capital expenditure budget for the 2007/08 year and the sources of funding for the budget.

### 6.1 Funding Sources

Sources of Funding	Reference	Forecast Actual 2006/07 \$'000	Budget 2007/08 \$'000	Variance \$'000
<b>External</b>				
Grants and contributions	6.1.1	804	1,747	943
Borrowings	6.1.2	0	0	0
Proceeds on sale of assets	6.1.3	1,465	1,823	358
Sub total		2,269	3,570	1,301
<b>Internal</b>				
Operations	6.1.4	5,352	3,364	(1,988)
Working capital & Reserves	6.1.5	703	897	194
Sub total		6,055	4,261	(1,794)
<b>Total funding sources</b>		<b>8,324</b>	<b>7,831</b>	<b>(493)</b>

#### 6.1.1 Grants and contributions (\$0.94 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. Increase due to 'one off' \$0.61 million capital grant local roads, \$0.24 million for Drought Relief program and \$0.20 million increase in funds for community projects.

Grants for local roads include Grandridge Road sealing \$0.45 million, Loch Poowong TAC Motorcycle safety \$0.16 million, Roads to Recovery \$0.40 million and \$0.20 million for Clear Creek.

Grants for community projects include Tarwin Lower bike track \$0.12 million, Small Towns Skate Park \$20,000, Walter Tuck Netball umpire rooms \$25,000 and Sports Recreation Victoria grants for Foster Football / Netball club \$35,000 and Korumburra Cricket club \$69,000.



### **6.1.2 Borrowing (nil movement)**

There are no borrowings budgeted for in the 2007/08 financial year.

### **6.1.3 Proceeds from sale of assets (\$0.36 million increase)**

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$1.31 million and sale of property of \$0.52 million.

### **6.1.4 Operations (1.99 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 \$3.37 million will be generated from operations to fund the 2007/08 capital works program (after allowing for capital grants and contributions as discussed in Section 6.1.1). Refer section 5. "Budgeted Cash Position" for more information on funds from operations.

### **6.1.5 Working capital (\$0.19 million increase)**

Council also has cash and investments, which represent working capital and funds preserved from the previous year mainly as a result of grants and contributions being received in advance. It is forecast that \$0.90 million will be available from the 2006/07 year to fund the 2007/08 capital works program. For the 2007/08 and 2008/09 financial years in particular, there is very little spare working capital capacity.



## 6.2 Capital works

Capital Works Areas	Reference	Forecast Actual 2006/07 \$'000	Budget 2007/08 \$'000	Variance \$'000
<b>Works for 2006/2007</b>				
Roads	6.2.1	3,532	2,933	(599)
Footpaths	6.2.2	200	458	258
Kerb & Channel	6.2.3	71	0	(71)
Bridges	6.2.4	480	314	(166)
Drains & Culverts	6.2.5	316	100	(216)
Car parks	6.2.6	0	240	240
Other Structures	6.2.7	366	417	51
Buildings	6.2.8	284	621	377
Land	6.2.9	0	0	0
Plant & Equipment	6.2.10	2,836	2,518	(318)
Furniture & Equipment	6.2.11	239	230	(9)
<b>Total capital works</b>		<b>8,324</b>	<b>7,831</b>	<b>(493)</b>
<b>Works for 2006/2007 represented by:</b>				
<b>Capital expenditure</b>				
New assets		647	1,068	421
Asset renewals		7,677	6,763	(914)
<b>Total capital works</b>		<b>8,324</b>	<b>7,831</b>	<b>(493)</b>
<b>Works carried forward*</b>				
Works carried forward from previous year	6.2.12	423	898	475

### 6.2.1 Roads (\$2.93 million)

For the 2007/08 year, \$2.93 million will be expended on road projects. The more significant projects include reseals including preparation costs (\$1.78 million), Grandridge Road (\$0.25 million), Petersen Street (\$0.43 million), Clear Creek Road (\$0.13 million), Loach Poowong TAC (\$0.16 million), Garbage truck turning circle (\$20,000) and Bena Kongwak, Farmers and Bena roads totalling (\$49,000).



### **6.2.2 Footpaths (\$0.46 million)**

For the 2007/08 year, \$0.40 million will be expended on footpaths. This includes the Tarwin Lower bike track project (\$0.15 million), Port Welshpool footpath (\$60,000) and Jeffery Street footpath link (\$52,000). The balance (\$0.20 million) is allocated specifically for footpath renewal work.

### **6.2.3 Kerb & Channel (\$nil)**

For the 2007/08 year, no specific funds have been allocated to kerb & channel works.

### **6.2.4 Bridges (\$0.31 million)**

For the 2007/08 year, \$0.31 million will be expended on the Clear Creek bridge.

### **6.2.5 Drains & Culverts (\$0.1 million)**

For the 2007/08 year, \$0.1 million will be expended on the construction of the Lock Poowong culvert.

### **6.2.6 Car parks (\$0.24 million)**

For the 2007/08 year, \$0.24 million will be expended on car parks. This includes Korumburra Drill Hall (\$0.18 million) and the Korumburra swimming pool car park (\$60,000).

### **6.2.7 Other structures (\$0.42million)**

For the 2007/08 year, \$0.46 million will be expended on other structures. This includes the Small Towns Skate Park (\$20,000), Foster showgrounds playground (\$0.12 million), playground replacement program (\$0.12 million) and the Baromi Park shade sail (\$20,000).

### **6.2.8 Buildings (\$0.62 million)**

For the 2007/08 year, \$0.72 million will be expended on buildings. The more significant projects include Fisherman's Jetty public toilet block upgrade (\$60,000), Coal creek capital projects (\$0.015 million), Main office upgrade (\$0.10 million), Walter J Tuck reserve toilets (\$0.21 million), Dumbalk Hall flooring (\$15,000), Bena multi purpose centre (\$15,000) and the Toora swimming pool (\$66,000).





### **6.2.9 Land (\$nil)**

For the 2007/08 year, no funds have been allocated to land purchases.

### **6.2.10 Plant & Equipment (\$2.52 million)**

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$2.52 million) and to ongoing cyclical replacement of computer related equipment (\$60,000) and for purchase of an asset management system (\$0.17 million).

### **6.2.11 Office Furniture & equipment (\$0.23 million)**

This relates ongoing cyclical replacement of computer related equipment (\$60,000) and for purchase of an asset management system (\$0.17 million).

### **6.2.12 Carried forward works (\$0.90 million)**

At the end of each financial year there are projects, which are either incomplete or not commenced due to planning issues, weather delays, extended consultation etc. For the 2006/07 year it is forecast that \$0.90 million of capital works will be incomplete and be carried forward into the 2007/08 year. The more significant projects include the Tarwin Lower Bike Track (\$0.15 million), Small towns skate project (\$20,000), Walter Tuck netball umpire room and shelter (\$32,000), Foster showgrounds regional playground (90,000), Korumburra drill hall (\$0.18 million), Petersons Street (\$0.18 million) Farmers Road (\$16,000), Bena Road (\$25,000), Loch Poowong culvert construction (\$0.1 million) and Recreation facilities (\$25,000).



## 7. Analysis of Budgeted Financial Position

This section of the budget report analyses the movements in assets, liabilities and equity between 2006/07 and 2007/08.

### 7.1 Budgeted Statement of Financial Position

	Reference	Forecast Actual 30 Jun 07 \$'000	Budget 30 Jun 08 \$'000	Variance \$'000
<b>Current</b>				
Assets	7.1.1	11,782	7,069	(4,713)
Liabilities	7.1.2	(10,763)	(5,925)	4,838
<b>Net current assets</b>		<b>1,019</b>	<b>1,144</b>	<b>125</b>
<b>Non Current</b>				
Assets	7.1.3	321,906	353,231	21,325
Liabilities	7.1.4	(6,421)	(4,966)	1,455
<b>Net non current assets</b>		<b>315,485</b>	<b>348,265</b>	<b>32,780</b>
<b>Net assets</b>		<b>316,504</b>	<b>349,409</b>	<b>32,905</b>
<b>Equity</b>	7.1.5			
Accumulated surplus		124,742	128,491	4,019
Reserves		192,032	220,918	28,886
<b>Total equity</b>		<b>316,504</b>	<b>349,409</b>	<b>32,905</b>

#### 7.1.1 Current Assets (\$4.71 million decrease)

The current assets are projected to be less to that of 2006/07, the main contributor being a \$4.45 million reduction in cash and investments. 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 (\$4.84 million decrease)**

There is a material decrease of \$4.84 million current liabilities (that is, obligations that council must pay within the next 12 months). This is due to actually paying out in full a \$4.5 million interest only loan that was recognised as a current liability the previous financial year. A more detailed analysis of this change is included in section 11. “Borrowing strategy”.

### **7.1.3 Non Current Assets (\$31.33 million increase)**

The increase in non-current assets is due to the net result of the capital works program (\$7.83 million), the depreciation of all non-current assets with the exception of land (\$7.25 million), asset revaluation increment (\$32.40 million) and the written down value of property, plant and equipment sales, (\$1.80 million). Long term debtors relating to loans to community organisations are expected to reduce marginally by \$7,000.

### **7.1.4 Non Current Liabilities (\$1.46 million decrease)**

The decrease in movements in non-current liabilities is due primarily to reclassifying a portion of interest bearing liabilities (\$1.1 million) and a reallocation of non current provisions of \$0.50 million as a current liability for landfill rehabilitation works.

### **7.1.5 Equity (\$32.91 million increase)**

The increase in the accumulated surplus is due mainly to bringing to account a \$32.40 million asset valuation increment. It is also impacted by the forecast operating surplus of \$0.51 million after allowing for net gain on disposal of assets of \$0.18 million. The net result prior to recognizing revaluation increments and gain on sale of assets is budgeted to be a \$0.33 million surplus.

In addition to this change, an amount of \$0.54 million will be transferred from the accumulated surplus to a reserve. This reflects the allocation of funds from industrial land sales (\$0.35 million), waste services (\$0.17 million) and open space contributions (\$20,500). There is also budgeted to be a transfer of \$4.05 million from out of the investment reserve that will be utilised to pay of long term debt, in particular a \$4.5 million interest only loan that requires to be refinanced in 2007/08.



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 Statement of Financial position for the year ended 30 June 2008 it was necessary to make a number of assumptions about key assets, liabilities and equity balances. The key assumptions are as follows:

- (vii) The collection level of rates and charges that will be collected in 2007/08 will be at similar levels to that of previous years.
- (viii) Trade creditors and other creditors and debtors to remain consistent with 2006/07 levels.
- (ix) Proceeds from the sale of property in 2007/08 will be received in full in 2007/08.
- (x) Employee entitlements to be increased to allow for wage movements. No increase in the average rate of leave taken is expected.
- (xi) Repayment of loan principal is to be \$5.54 million.
- (xii) Total capital expenditure to be \$7.83 million.
- (xiii) A total net 3.51 million to be transferred from internal reserves to accumulated surplus.
- (xiv) \$1.75 million in capital grants will in fact be received by 30 June 2008.



## 8. Impact of Current Year On 2007/08 Budget

### 8.1 Operating performance

	Budget 2006/07 \$'000	Forecast Actual 2006/07 \$'000	Variance \$'000
<b>Operating</b>			
Revenue	34,029	34,737	708
Expenditure	(35,751)	(35,166)	585
<b>Underlying result</b>	<b>(1,722)</b>	<b>(429)</b>	<b>1,293</b>
<b>Non- operating revenue</b>			
Capital Income	832	804	(28)
<b>Operating surplus (deficit)</b>	<b>(890)</b>	<b>375</b>	<b>1,265</b>

The forecast Operating Performance for the year ending 30 June 2007 is a deficit before revenue relating to capital of \$0.43 million, which is \$1.29 million favourable compared to the budgeted deficit of \$1.72 million. After recognising revenue related to capital expenditure, the operating surplus is \$0.38 million, which is \$1.27 million favourable compared to the budget.

These variances have been taken into account and reflected in the 2007/08 budget.

### 8.2 Cash performance

	Budget 2006/07 \$'000	Forecast Actual 2006/07 \$'000	Variance (Outflow) \$'000
<b>Cash Inflows (Outflows)</b>			
Operating	5,493	7,130	1,637
Investing	(5,783)	(6,859)	(1,076)
Financing	(974)	(974)	0
<b>Net increase (decrease) in cash held</b>	<b>(1,264)</b>	<b>(703)</b>	<b>561</b>
Cash at beginning of year	7,262	8,863	1,601
<b>Cash at end of year</b>	<b>5,998</b>	<b>8,160</b>	<b>2,162</b>



The forecast cash performance for the year ending 30 June 2007 is a net decrease in cash of \$0.70 million which is \$0.56 million favourable compared to the budgeted decrease of \$1.26 million. This is largely due to the deferment of provision expenditure to the following financial year as well as recognition of grants for various works that will also occur next financial year. This favourable outcome has been offset by bringing capital projects back to 2006/07 from forward years because of funding being made available by the favourable operating cash position.

Overall, total cash and investments are forecast to be \$8.16 million as at 30 June 2007. The favourable variance of \$2.16 million will be used to pay of long term debt, fund the incomplete capital works to be carried forward into the 2007/08 year and operational expenditure tied to grant funds which have a total net cost impact of \$1.16 million. These variances have been reflected in the 2007/08 budget.

### 8.3 Capital performance

	<b>Budget 2006/07 \$'000</b>	<b>Forecast Actual 2006/07 \$'000</b>	<b>Variance \$'000</b>
Externally funded	2,812	2,269	(543)
Internally funded	4,951	6,055	1,104
<b>Total capital works</b>	<b>7,763</b>	<b>8,324</b>	561

Although showing expenditure \$0.56 million greater than originally budgeted the reality is that the budgeted capital works program for the 2006/07 year will not be achieved. A number of projects to the value of \$0.90 million will not be completed and this are described in section 6 'Analysis of capital budget'. As a result external funding sources of \$0.54 million have not been provided at this stage.

Due to these projects running behind schedule, it is forecast that \$0.90 million of capital works projects will need to be carried forward and completed in the 2007/08 year. The funding for these projects will come from unspent internal sources.

This has enabled several projects (local roads reseal works and portion of Grand Ridge Road works) to be brought back from the forward capital works program to be completed in the 2006/07 financial year.



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These variances have been reflected in the 2007/08 budget.

#### **8.4 Matters significant to the 2006/2007 budget**

As a result of the variances between the forecast actual and budgeted results for the 2006/07 year, the following matters will significantly influence the preparation of the 2007/08 budget:

- (xv) Expected closing cash position \$8.16 million.
- (xvi) The value of capital projects from the 2006/07 year not yet completed and carried forward into 2007/08 (\$0.90 million)
- (xvii) The value of operational projects that is tied to grant funds from the 2006/07 year not yet completed and carried forward into 2007/08 (\$1.20 million)



## 9. Long Term Financial Plan

### 9.1 Plan development

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

- (xviii) *Prudently manage financial risks relating to debt, assets and liabilities*
- (xix) *Provide reasonable stability in the level of rate burden*
- (xx) *Consider the financial effects of Council decisions on future generations:  
and*
- (xxi) *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 2007/08 to 2016/17 has been further refined as part of Council's ongoing financial planning to assist Council in adopting a budget 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 7 March 2007.

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, and SRP are:

1. **That South Gippsland Shire Council target as a high priority to achieve surplus operational results in the Income Statement and consistent surplus results thereafter, and that this be documented in the Long Term Financial Plan.**





2. That the Working Capital Ratio of South Gippsland Shire Council in proposed budgets and forward financial plans be targeted not to fall below 2 to 1.
3. That budgeted transfers to discretionary reserves for future capital expenses only be made if matched by an equivalent budgeted surplus in the Income Statement so as to preserve the accumulated surplus position of the Council.
4. That the Budgeted 'cash at the end of year' position be sufficient to fund daily cash requirements in annual and forward financial plans and be subject to ongoing financial analysis taking into consideration budgeted cash inflows and outflows requirements, the working capital and quick asset ratio.
5. That capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades and extensions) until the sustainability index consistently exceed 95%.
6. Any new capital works (capital extension) proposals must include a lifecycle cost evaluation exercise that identifies and costs the asset construction, maintenance, operating and depreciation costs.
7. That Council consider borrowing for new capital projects only when consistent surplus operating results are being achieved in the Income Statement.
8. That any new projects that require borrowings be considered only if the projects have had a full lifecycle cost analysis undertaken, and will have proven cash flows in future periods to 'repay' the cash outlays required in the initial periods and / or that the capital evaluation guidelines be used to evaluate costing impacts on the forward budgets.



9. That wherever possible any material favourable budget variations realised in a given financial year be specifically quarantined and allocated to a loan reserve (unless required to finance projects deemed as ‘unavoidable’) so as to be allocated against the interest only loan that is due to be refinanced in 2007/08.
10. That Council consider the most appropriate rating strategy to provide adequate funds to:
- (xxii) Achieve a breakeven operating result in the Income Statement
  - (xxiii) Achieve a sustainable cash flow
  - (xxiv) Fund capital renewal projects
  - (xxv) in both the annual budget and in the Long Term Financial Plan.
11. Wherever reasonably possible, fees and charges be increased by the same percentage that general rates and charges are set to increase by until full cost recovery is achieved for direct service provision. Any fees that are not to be increased in line with a planned rate rise be clearly identified and documented for Council consideration.

The resulting Long Term Financial Plan is 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:

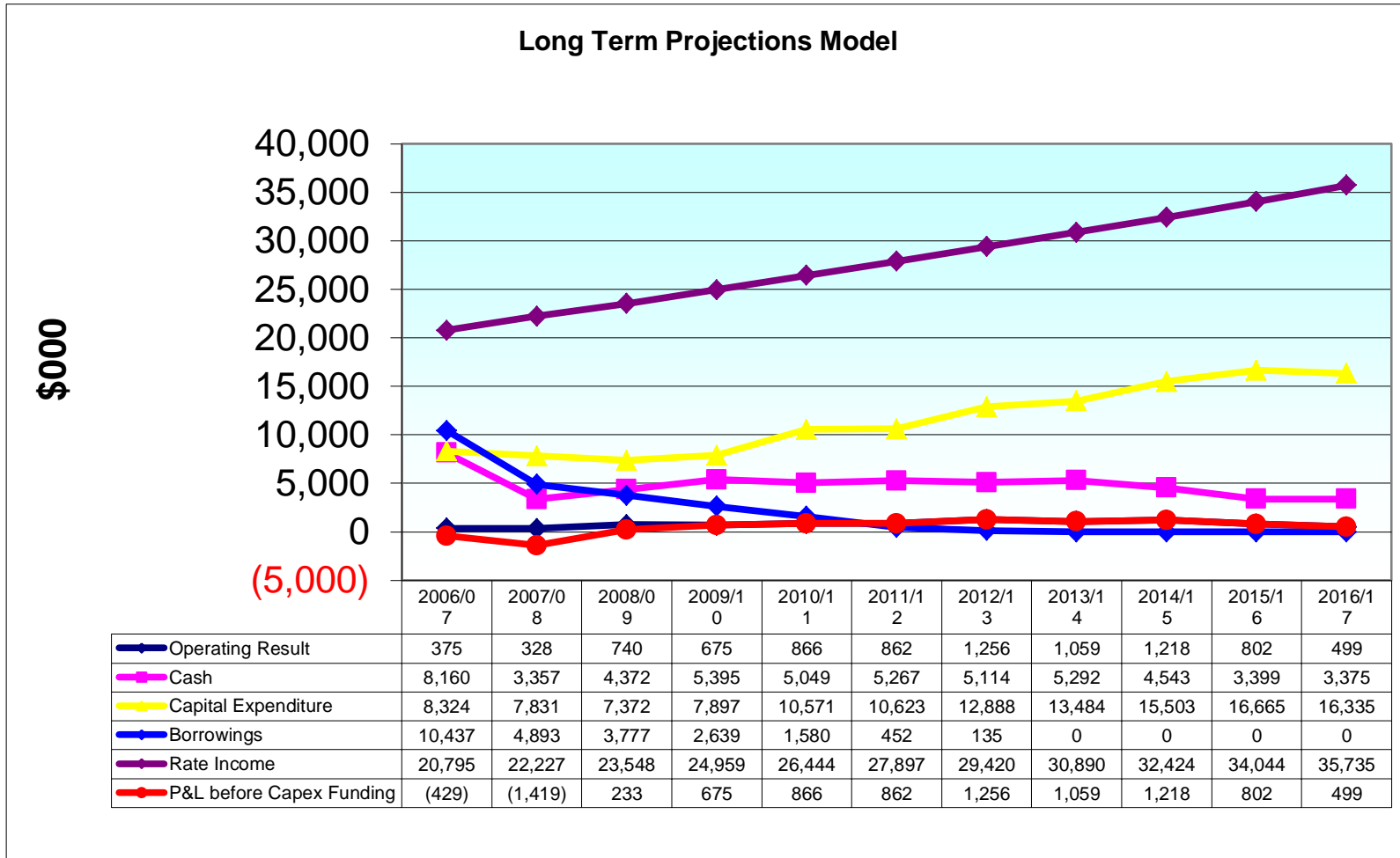
- (xxvi) Assessment of Council’s current financial position.
- (xxvii) Key objectives and assumptions.
- (xxviii) Analysing key financial statements.
- (xxix) Service delivery.
- (xxx) Rating strategy.
- (xxxi) Borrowing strategy.
- (xxxii) Infrastructure strategy.
- (xxxiii) Benchmarking current plan 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 2006/07 \$'000	Budget 2007/08 \$'000	Forecast 2008/09 \$'000	Forecast 2009/10 \$'000	Forecast 2010/11 \$'000
Operating surplus/(deficit)	375	328	740	675	866
Operating result excluding capital funding	(429)	(1,419)	233	675	866
Cash from operations	7,130	6,742	7,838	8,211	9,488
Cash increase/(decrease)	(703)	(4,803)	1,015	1,023	(346)
Cash and investments	8,160	3,357	4,372	5,395	5,049
Borrowings outstanding	10,437	4,893	3,777	2,639	1,580
Depreciation	6,515	7,253	7,519	7,988	8,541
Capital expenditure	8,324	7,831	7,372	7,897	10,571
Working capital	1,019	1,144	2,207	3,939	3,624
Net worth	316,504	349,409	250,149	386,426	387,292

The graph below shows six key financial indicators over a period of 10 financial years as set out in the Long term Financial plan budgets.





## 9.2 Key outcomes

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

- **Service Delivery** – Services levels established for 2007/08 have been maintained throughout the forward budget. This includes additional resources for replacing two vacant manager positions and the new Community Asset Officer. The Council is however committed over the 2007/08 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 2007/08 it is forecast that there will be underlying deficit result. From 2008/09 onwards consistent and ongoing underlying surpluses are expected.

- **Rating Strategy (section 10)** – Rate increases have been modelled at 3.5% above projected CPI in the forward budgets till 2010/11. In 2011/12 and 2012/13 it reduces to 5.5% Thereafter from 2013/14 and the following years annual rate rises are set to further reduce to 5.0%). The objective being, that the additional funds generated be directed to in the first instance to producing viable operating results as well as for reducing long term debt. In the longer term the increasing surplus results are primarily targeted to improve the liquidity and working capital position of Council and then to provide additional funding for capital renewal projects.
- **Borrowing Strategy (section 11)** – Borrowings (including Hire Purchase commitments) are forecast to reduce from \$4.89 million to \$0.45 million over a five year period and be debt free by 2013/2014.



- **Infrastructure Strategy (section 12)** – Capital expenditure over the ten year period will have the primary objective of increasing expenditure on capital renewal projects. The target is to achieve a sustainability index of beyond 95%. The sustainability index is anticipated to 'flat line' up until 2009/10 whilst a concerted effort is directed at producing sustainable and consistent surplus operating results as well as addressing long term debt. From 2010/2011 onwards it is modelled that significant additional funds can in fact be directed to capital renewal projects.
  
- **Financial Sustainability (section 5)** – Cash and investments is forecast to be particularly low in 2007/08 before trending back up to what is deemed to be a satisfactory level in 2009/10 and to be in a strong position by 2011/2012. 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 2008/09 financial year is the first year in over a decade in which the Council looks like actually achieving a net operating surplus as well as an underlying surplus (operating result not including capital funding), not only for that year, but consistent surpluses in each year thereafter. The Long Term Financial Plan clearly documents a strategic plan of attack that is required to be undertaken to achieve longer term financial sustainability.

### **9.3 Non-financial resources**

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

The range of services undertaken by Council involves the abilities, efforts and competencies of 284 staff of which 84, work part time (and 34 casual staff). The Equivalent Full Time (EFT) is 217 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		
	2006/07	2007/08	2008/09	2009/10	2010/11
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	12,595	13,903	14,328	14,968	15,409
Employee numbers (EFT)	215	217	217	217	218

South Gippsland Shire Council is party to an Enterprising Bargaining Agreement 2003 (EBA). This document encourages multi skilling, flexibility and effective application of staff capability. Negotiations have been completed for a new EBA taking into consideration the recently introduced Work Choices legislation. The current EBA continues until such time as a new instrument is in place.

Council’s staff based strategies include:

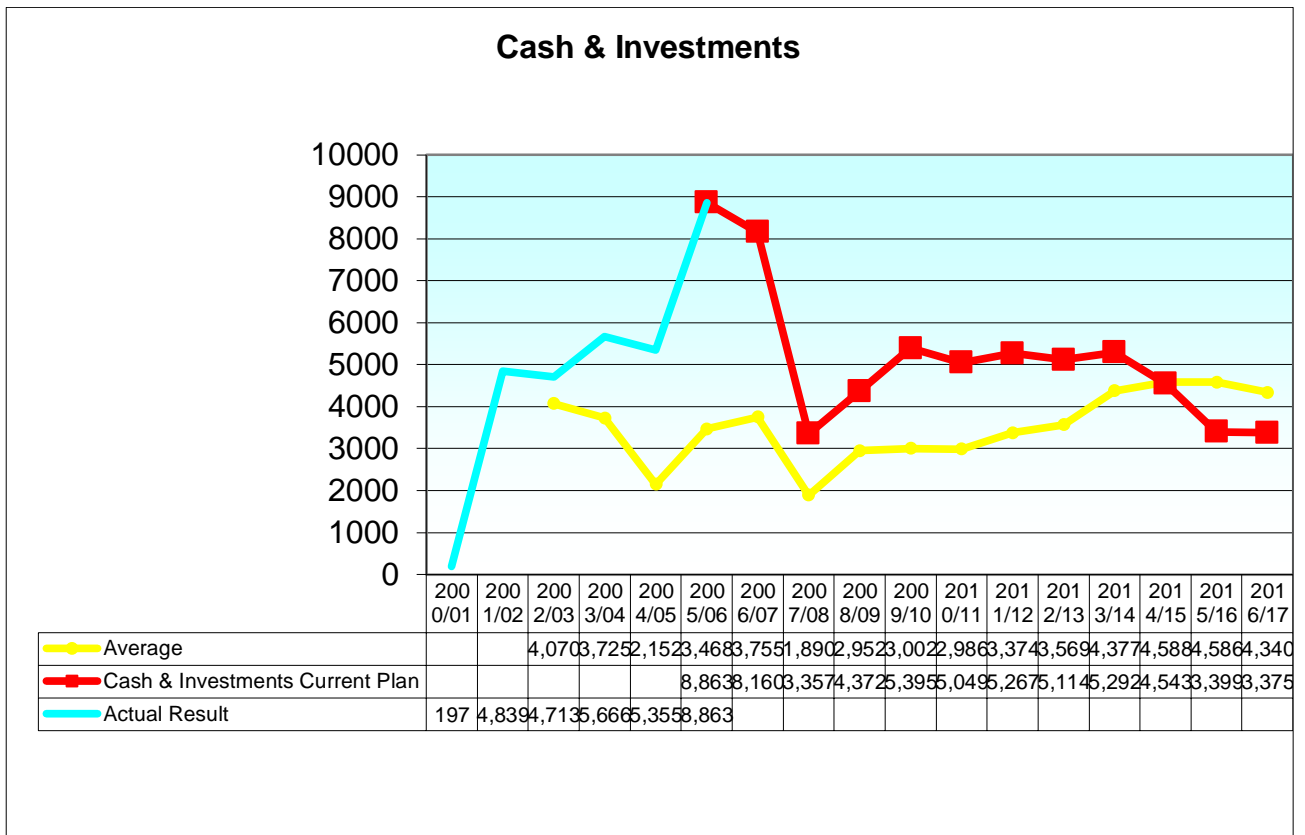
- (xxxiv) Focus on extending the skills of existing staff to seize the opportunities of advances in technology and to be more effective and efficient.
- (xxxv) Continuous improvement philosophy linked to Business Excellence and Best Value.
- (xxxvi) Succession planning to address future needs.
- (xxxvii) Pursuing opportunities to network and benchmark ideas and experiences through such groups as Gippsland Local Government Network (GLGN) and the Municipal Association of Victoria (MAV).
- (xxxviii) No significant change in staff numbers. This does not preclude internal restructures as part of the continual improvement.



### 9.4 Analysis of ‘current’ Long Term Financial Plan to previous years plans.

South Gippsland Shire Council has been producing strategic financial plans over the past five years. The following graphs benchmark the current 2007/08 LTFP against the average of the previous four years financial plans.

#### 9.4.1 Liquidity

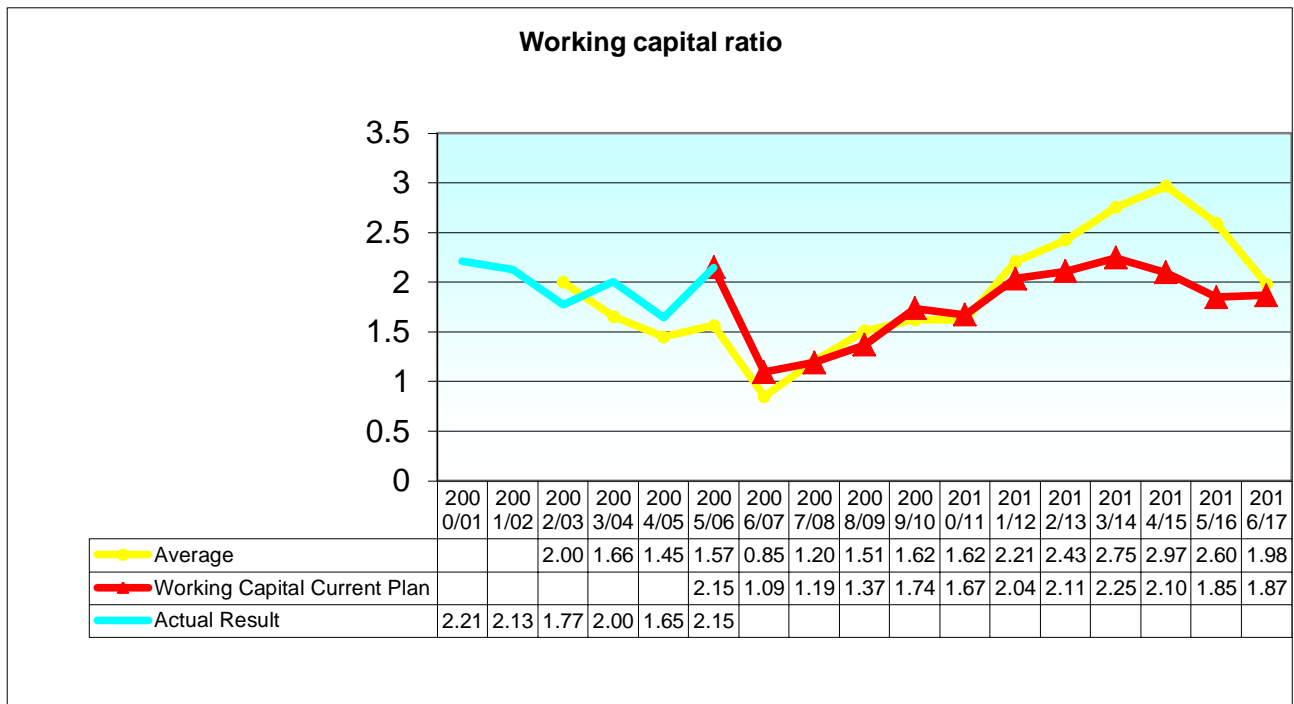


Cash position in earlier years of current LTFP propped up by better than expected ending cash position. The utilisation of cash to pay off long-term debt is quite evident in 2007/08. In the following years it is strategically planned to build up cash and then in the later years it is utilised for increased recurrent activities. The liquidity position is referenced against the working capital position of Council in the longer term.



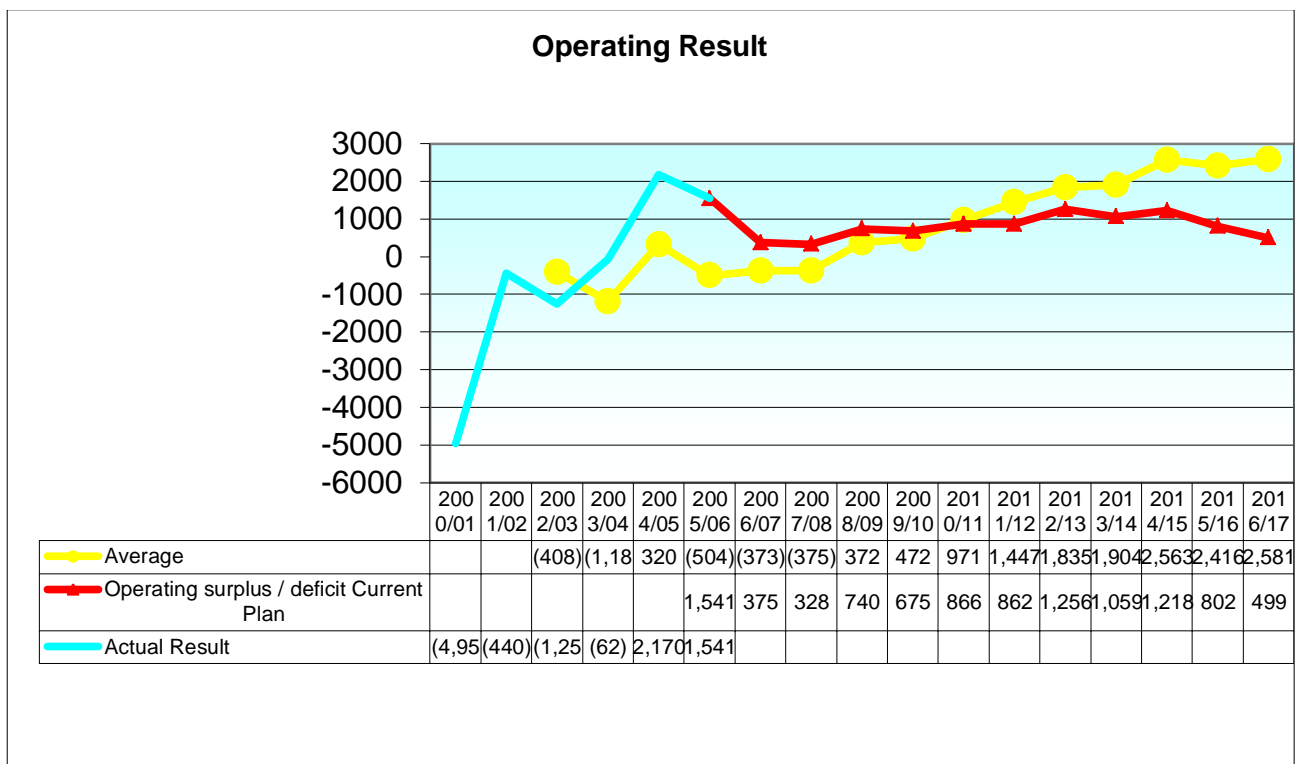


9.4.2 Working Capital



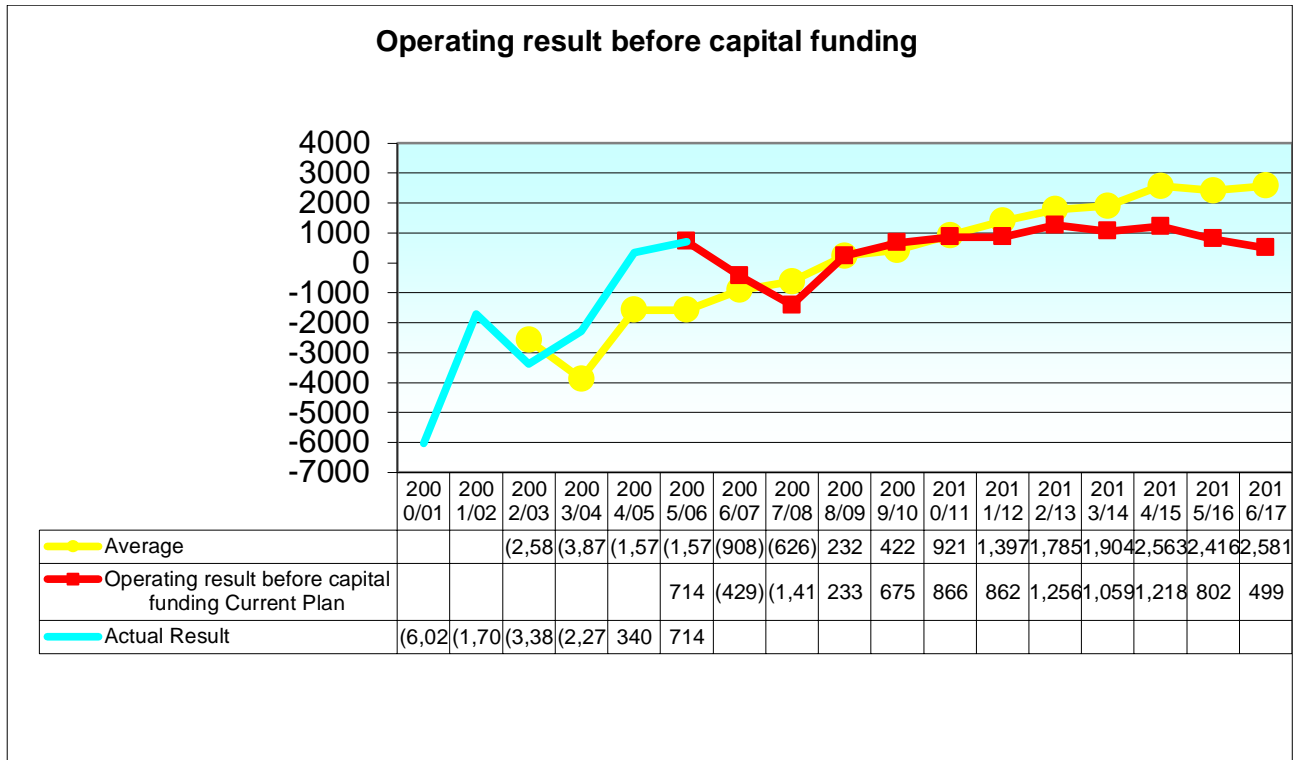
Working capital ratio is strategically strengthened in earlier years and spare capacity in later years flattens as it is utilised for increased recurrent service provision.

9.4.3 Income Statement





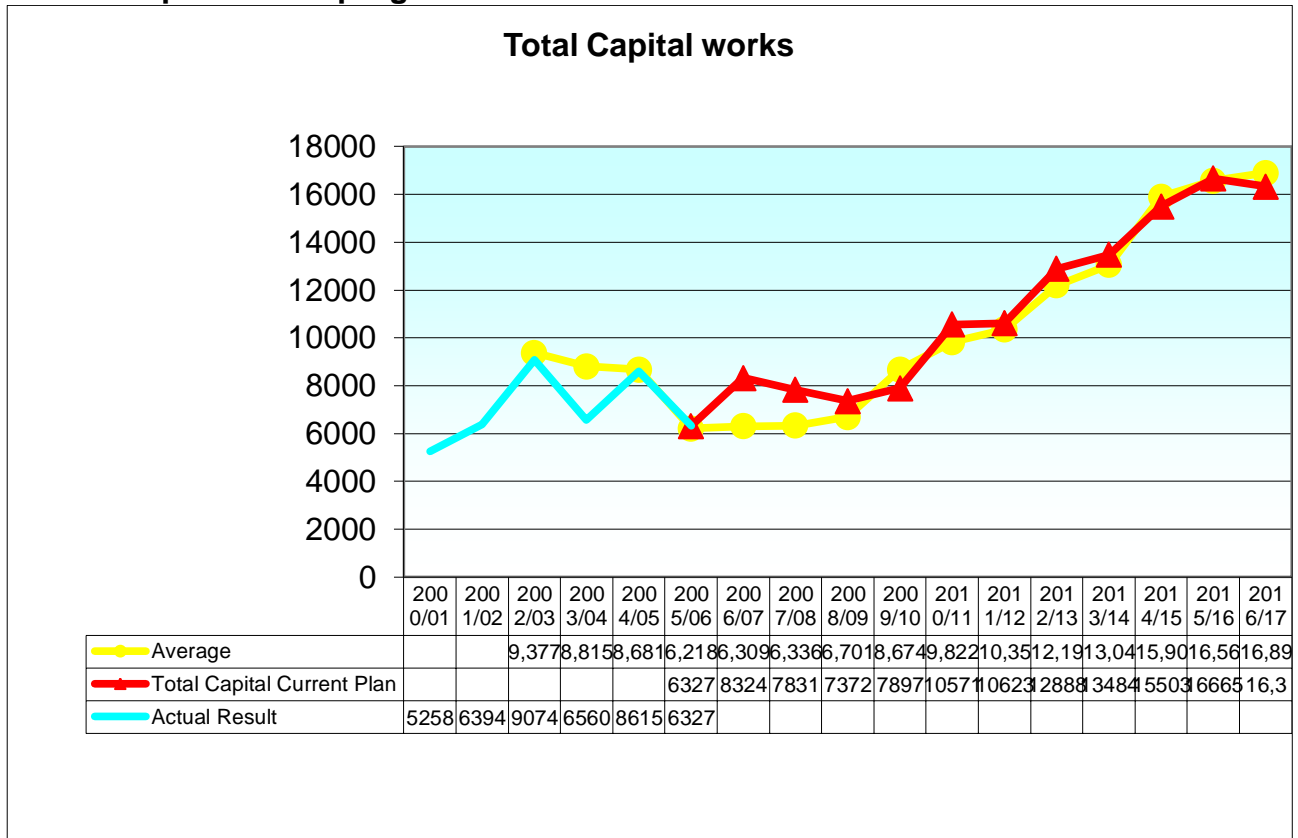
Very evident that increased recurrent costs flatten the longer term operating outcomes relative to the previous plans.



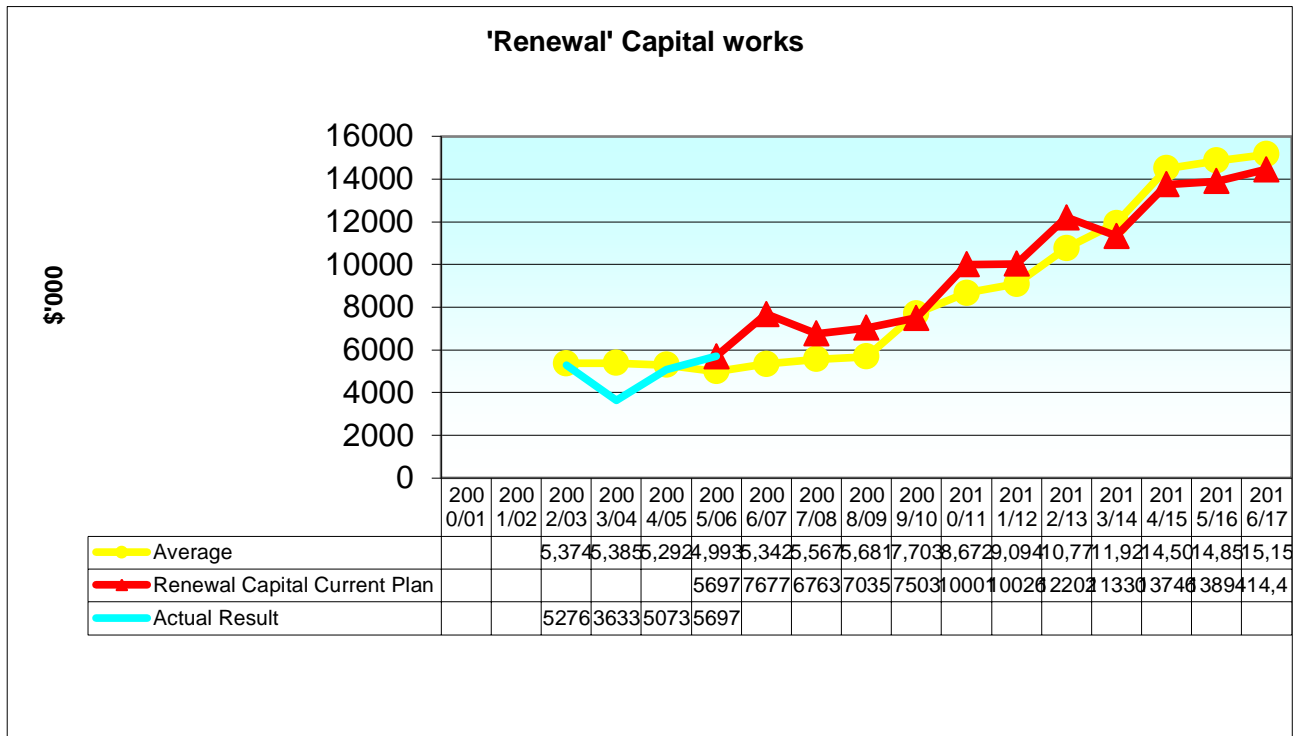
The underlying result has a very similar outcome to that of the operating result.



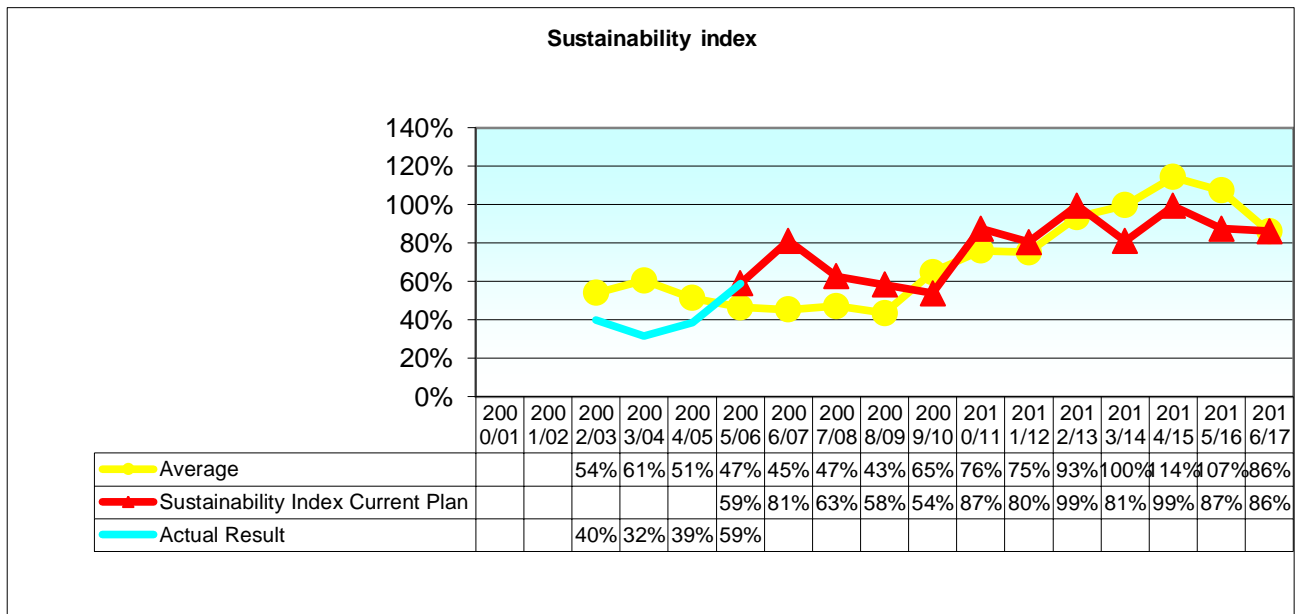
9.4.4 Capital works program



Aside from the increases in 2006/07 and 2007/08 the funding for capital works in the longer term maintain parity with previous plans.



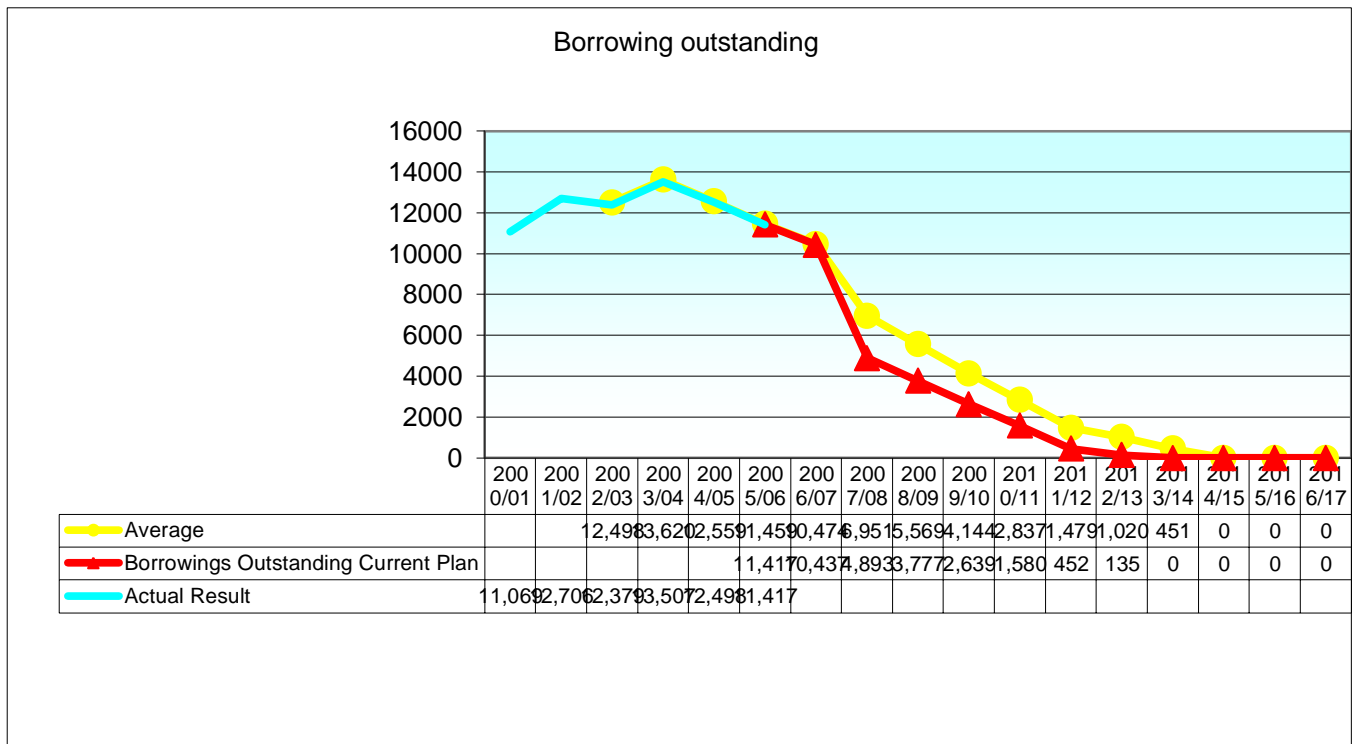
The renewal capital works has a very similar outcome to that of the total capital works program.



The sustainability indicator maintains overall parity with the average of previous plans.



9.4.5 Borrowings



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



## *10. Rating Strategy*

### **10.1 Strategy development**

In developing the Long Term Financial Plan (referred to in Section 9), rates and charges were identified as an important source of revenue, accounting for nearly 60% of the total revenue received by Council annually. Planning for future rate increases has therefore has been an important component of the long term financial planning process.

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

### **10.2 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 contribution from operations towards capital investment for the 2007/08 year is obviously still inadequate. Unless this can be substantially increased, it will be difficult to maintain robust capital works programs into the future. It should be noted that the current capital renewal expenditure on infrastructure assets is \$2.39 million short of optimum renewal expenditure levels in the 2007/08 budget.

Council is very aware of the substantial increases in rates and charges that were borne by ratepayers in 2002/03. It is also most evident that 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 2007/08.



General rates and charges overall will in 2007/08 raise a total rate of \$22.22 million, including supplementary rates and Special Charge Scheme income. Ordinarily, rates and charges increases would be targeted to be 3.5% above CPI to generate additional funds to allocate to improve the operating result so as to provide much needed funding for capital renewal works. Because of the unavoidable cost considerations discussed above, rate rises for several more years has to be above CPI, but will then taper down in later years.

During the 2005/06 year, a revaluation of all properties within the municipality was carried out which apply from 1 January 2006 for the 2006/07 and 2007/08 financial years. The outcome of the general revaluation was a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 14% (previous revaluation 1 January 2004 the overall increase was 60%). There have been however significant variations across the shire. For example, some properties actually reduced in value in some districts on average by 1%, whereas properties situated elsewhere increased on average by 26%.

Across the Shire, residential properties have increased by 13%, farmland by 15%, commercial by 11% and industrial properties by 17%.

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 2007.

Year	Rate Increase %	Total Rates Raised \$'000
<b>2007/08</b>	<b>6.0%</b>	<b>22,227</b>
2008/09	6.0%	23,548
2009/10	6.0%	24,959
2010/11	6.0%	26,444
2011/12	5.5%	27,897

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.



### 10.3 Rating structure

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

- (xxxix) Property values, which reflect capacity to pay, and a
- (xl) 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 has chosen to reduce the differential rates for vacant land to 150% from 160% after taking into consideration that over the past few years the escalation in property values has been to a large degree influenced by the rise in the value of undeveloped land.

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

The 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:

(xli)	Residential	Base rate
(xlii)	Commercial	100% of Residential rate
(xlili)	Cultural or Recreational land	40% of Residential rate
(xliv)	Industrial	100% of Residential rate
(xlv)	Rural living	100% of Residential rate
(xlvi)	Vacant land	150% of Residential rate
(xlvii)	Farm land	90% of Residential rate

The following table summarises the rates to be made for the 2007/08 year. A more detailed analysis of the rates to be raised is contained in Appendix B “Statutory Disclosures”.

Rate type	2006/2007	2007/2008
Residential rates – rate in the \$ of CIV	0.00315258	0.00335767
Commercial rates – rate in the \$ of CIV	0.00315258	0.00335767
Industrial rates– rate in the \$ of CIV	0.00315258	0.00335767
Rural Living– rate in the \$ of CIV	0.00315258	0.00335767
Vacant Land – rate in the \$ of CIV	0.00504413	0.00503651
Farm land – rate in the \$ of CIV	0.00283732	0.00302190
Cultural / Recreational rates – rate in the \$ of CIV	0.00126103	0.00134307
Municipal charge - \$ per property	\$227.81	\$241.74
Garbage & Recycling charge Residential - \$ per property	\$153.12	\$162.30
Garbage & Recycling Charge Commercial - \$ per property	\$226.84	\$240.45
Recycling only charge - \$ per property	\$153.12	\$162.30



## 11. Borrowing Strategy

### 11.1 Strategy Development

In developing the Long Term Financial Plan (see Section 10), 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, has started a phase of debt reduction. This will result in a reduction in debt servicing costs, but has meant that all cash and investment reserves have been used as an alternate funding source to maintain its capital works programs.

The Long Term Financial strategy analysed Council’s debt position against the prudential ratios used by the Victorian State Government to assess the loan capacity of local governments. The following table shows a history of Council borrowings for the last eight years and also the prudential ratios applicable, as well as the budgeted outcome for 2006/07.

Year	Total Borrowings 30 June \$'000	Liquidity CA/CL Ratio	Debt Mgt Debt/Rates %	Debt Mgt Serv Costs/ Revenue %
1998/1999	9,859	2.8	100%	3.03%
1999/2000	10,577	2.8	99%	2.71%
2000/2001	10,893	2.2	87%	3.18%
2001/2002	12,588	2.1	95%	2.61%
2002/2003	12,380	2.0	83%	2.63%
2003/2004	13,698	1.5	85%	2.64%
2004/2005	12,498	1.2	71%	2.52%
2005/2006	11,418	1.7	61%	2.22%
2006/2007	10,438	1.0	50%	2.08%
<b>2007/2008</b>	<b>4,893</b>	<b>1.2</b>	<b>22%</b>	<b>1.44%</b>
	<b>Threshold</b>	<b>&lt;1.1</b>	<b>&gt;80%</b>	<b>&gt;5%</b>

The table shows that Council’s borrowing level at 30 June 2008 will be \$4.89 million. It also shows that Council has for a number of years been trending the wrong way with the Victorian State Government’s prudential ratio limits. By implementing the debt reduction strategy the long-term financial plan has shown a positive trend emerge for the 2005/06 year and this has continued up to and including the 2007/08 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.

## 11.2 Current year borrowings

For the 2007/08 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of \$5.54 million, will decrease its total borrowings to \$4.89 million as at 30 June 2008. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2007.

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
<b>2007/2008</b>	<b>0</b>	<b>5,544</b>	<b>539</b>	<b>4,893</b>
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
2014/2015	0	0	0	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.



## 12. Infrastructure Strategy

### 12.1 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 this 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 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:

- (xlviii) Ensuring that Council's legal obligations in regard to risk management are met.
- (xlix) To represent the community as the asset owners / stakeholders.
- (l) To ensure that the community's service needs are being met, and



- 
- (li) To ensure the asset / service is maintained for future generations at equitable cost.



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

Expenditure on infrastructure (both maintenance and 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'.

## **12.2 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.

The asset renewal funding gap is the gap between what is currently spent on capital renewals to what the forecast renewal expenditure ought be based on condition assessments that determine where an asset is in its asset life.

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 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.

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. This does not nor should imply that the depreciation cost incurred in a specific period, (typically a year) ought 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:

(lii)	Pavements	60 years
(liii)	Seal	12 years
(liv)	Footpaths	60 years
(lv)	Kerb and Channel	60 years
(lvi)	Bridges	100 years
(lvii)	Culverts	60 years
(lviii)	Under Ground Drains	60 years
(lix)	Play Grounds	10 years
(lx)	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 2007/08 year.





	<b>Replacem't Cost 30 Jun 07 \$'000</b>	<b>Average Annual Consump'n \$'000</b>	<b>Average Annual Preserv'n \$'000</b>	<b>Sustain Index %</b>
Roads	246,593	3,562	2,620	74
Bridges	23,667	255	251	98
Footpaths	11,476	204	200	98
Kerb & Channel	10,825	192	0	0
Drains & Culverts	23,435	302	80	26
Buildings	72,493	1,606	509	32
Car parks	4,561	67	144	215
Other structures	3,365	216	211	98
<b>Total capital works</b>	<b>396,415</b>	<b>6,404</b>	<b>4,015</b>	<b>63</b>

The table on the previous page indicates that the 2007/08 capital works program will achieve a sustainability index of 63%. This highlights the funding gap that Council faces in trying to maintain and replace its infrastructure assets. Capital renewal expenditure shortfall on an annual basis is in excess of \$2.30 million.

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

The equation largely ignores lifecycle cash flow timing requirements, and essentially totally ignores the 'backlog' of work that ought 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 a condition based depreciation in future years, subject to auditor approval. This would mean that the costs expensed to the financial statement would reflect more accurately the consumption or the annual deterioration of the assets, which also 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. This can only currently be done on a very limited basis using the sustainability gap methodology. However the Engineering and Asset Services Department are planning to use ‘Maloney software’ modelling to provide a more reasonable estimate of asset condition and remaining useful lives.

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.

### **12.3 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 follow:

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

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

- (lxiv) Asset renewal modelling.
- (lxv) Asset Lives.
- (lxvi) Intervention condition levels.
- (lxvii) Funding levels.
- (lxviii) Average unit rehabilitation costs for each asset category.
- (lxix) 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:

- (lxx) Revised renewal gap modelling based on more comprehensive and up to date asset condition data.
- (lxxi) Completion of asset management plans for all major asset groups.
- (lxxii) Rationalisation of assets following the identification of multi purpose asset uses.
- (lxxiii) Electronic linking of asset databases and registers using Council's GIS system.
- (lxxiv) 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 very sophisticated 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.

#### **12.4 Key influences for 2007/08**

The following influences had a significant impact on the Infrastructure Strategy for the 2007/08 year:

- (lxxv) Reduction in the amount of cash and investment reserves to fund future capital expenditure programs;
- (lxxvi) Availability of significant Federal funding for upgrade of roads;
- (lxxvii)** Projects not started or completed that were funded in the 2006/07 year being carried over to the 2007/08 year



## 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:

### Appendix Nature of information

- A Budgeted Standard budgeted financial statements for 2007/08**
- B Statutory disclosures in the annual budget**
- C Long term financial plan 2007/08 – 2016/17**
- D Capital works program**
- E Key Strategic Activities**
- F Fees & Charges schedule**



## **APPENDIX A**

### **Standard budget statements**

- (lxxviii) Budgeted Standard Income Statement**
- (lxxix) Budgeted Standard Balance Sheet**
- (lxxx) Budgeted Standard Cash Flow Statement**
- (lxxxi) Budgeted Standard Capital works Statement**
- (lxxxii) Capital works program**

This section sets out the budgeted financial statements (including the standard statements) for 2007/08 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**

	Projected 2006/07 \$'000	Budget 2007/08 \$'000	Budget 2008/09 \$'000	Budget 2009/10 \$'000	Budget 2010/11 \$'000
<b>INCOME STATEMENT</b>					
<b>REVENUES FROM ORDINARY ACTIVITIES</b>					
Rates	20,795	22,227	23,548	24,959	26,444
Operating grants	9,329	9,984	9,144	9,435	9,885
Capital grants	804	1,747	507	0	0
Reimbursements	322	268	288	297	305
Contributions	353	181	24	25	25
Interest	772	544	346	348	350
User charges	1,914	1,824	1,915	2,014	2,119
Statutory fees	382	379	390	404	419
Proceeds from sale of assets	0	0	0	0	0
Other	870	884	904	928	928
<b>TOTAL REVENUE</b>	<b>35,541</b>	<b>38,038</b>	<b>37,066</b>	<b>38,410</b>	<b>40,475</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>					
Employee costs	12,036	13,383	13,839	14,360	14,991
Materials & consumables	13,033	14,034	12,170	12,610	13,321
Utilities	528	527	540	554	568
Depreciation	6,515	7,253	7,519	7,988	8,541
Written down value of assets sold	0	0	0	0	0
Other	2,328	1,974	1,968	2,006	2,042
Borrowing cost expenses	726	539	290	217	146
<b>TOTAL EXPENSES</b>	<b>35,166</b>	<b>37,710</b>	<b>36,326</b>	<b>37,735</b>	<b>39,609</b>
<b>NET RESULT FOR REPORTING PERIOD</b>	<b>375</b>	<b>328</b>	<b>740</b>	<b>675</b>	<b>866</b>
<b>MOVEMENTS IN EQUITY</b>					
Net gain/ (loss) on disposal of assets	12	180	0	0	0
Net increase in Asset Revaluation Reserve	0	32,397	0	35,602	0
Donated / Granted Assets	0	0	0	0	0
Previously unrecognised assets	0	0	0	0	0
<b>Total Changes in Equity for the year</b>	<b>387</b>	<b>32,905</b>	<b>740</b>	<b>36,277</b>	<b>866</b>



**Standard Budgeted Balance Sheet**

	Projected 2006/07 \$'000	Budget 2007/08 \$'000	Budget 2008/09 \$'000	Budget 2009/10 \$'000	Budget 2010/11 \$'000
<b>Current Assets</b>					
Cash assets	8,160	3,357	4,372	5,395	5,049
Receivables	1,605	1,595	1,585	1,575	1,565
Other financial assets	1,600	1,700	1,800	1,900	2,000
Land held for resale	0	0	0	0	0
Other	417	417	417	417	417
<b>Total Current Assets</b>	<b>11,782</b>	<b>7,069</b>	<b>8,174</b>	<b>9,287</b>	<b>9,031</b>
<b>Non Current Assets</b>					
Receivables	38	31	26	20	14
Investments	834	834	834	834	834
Fixed Assets	76,060	83,961	83,829	93,275	92,820
Roads Streets & Bridges	244,974	268,405	266,720	290,944	291,639
<b>Total Non Current Assets</b>	<b>321,906</b>	<b>353,231</b>	<b>351,409</b>	<b>385,073</b>	<b>385,307</b>
<b>Total Assets</b>	<b>333,688</b>	<b>360,300</b>	<b>359,583</b>	<b>394,360</b>	<b>394,338</b>
<b>Current Liabilities</b>					
Payables	1,965	1,555	1,545	1,535	1,525
Trust funds	196	196	196	196	196
Provisions	3,058	3,058	3,088	2,558	2,558
Interest bearing liabilities	5,544	1,116	1,138	1,059	1,128
<b>Total Current Liabilities</b>	<b>10,763</b>	<b>5,925</b>	<b>5,967</b>	<b>5,348</b>	<b>5,407</b>
<b>Non Current Liabilities</b>					
Provisions	1,528	1,189	828	1,006	1,187
Interest bearing liabilities	4,893	3,777	2,639	1,580	452
<b>Total Non Current Liabilities</b>	<b>6,421</b>	<b>4,966</b>	<b>3,467</b>	<b>2,586</b>	<b>1,639</b>
<b>Total Liabilities</b>	<b>17,184</b>	<b>10,891</b>	<b>9,434</b>	<b>7,934</b>	<b>7,046</b>
<b>Net Assets</b>	<b>316,504</b>	<b>349,409</b>	<b>350,149</b>	<b>386,426</b>	<b>387,292</b>
<b>Equity</b>					





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Accumulated Surplus	124,472	128,491	128,992	129,383	130,734
Reserves	192,032	220,918	221,157	257,043	256,558
<b>Total Equity</b>	<b>316,504</b>	<b>349,409</b>	<b>350,149</b>	<b>386,426</b>	<b>387,292</b>



**Standard Budgeted Cash Flow Statement**

	Budget 2006/07 \$'000	Budget 2007/08 \$'000	Budget 2008/09 \$'000	Budget 2009/10 \$'000	Budget 2010/11 \$'000
<b>CASH FLOW STATEMENT</b>					
Receipts from Customers	25,125	25,459	27,069	28,633	30,240
Interest Received	772	544	346	348	350
Government Receipts	10,053	11,635	9,651	9,435	9,885
Payments to Suppliers	(16,794)	(17,574)	(15,468)	(15,923)	(16,077)
Payments to Employees	(12,026)	(13,322)	(13,770)	(14,282)	(14,910)
<b>Net cash from Operating</b>	<b>7,130</b>	<b>6,742</b>	<b>7,828</b>	<b>8,211</b>	<b>9,488</b>
<b>Investing</b>					
Proceeds from sale of plant property & Equipment	1,465	1,823	1,670	1,841	1,790
Payments for property, plant & equipment	(8,324)	(7,831)	(7,372)	(7,897)	(10,571)
<b>Net cash from Investing</b>	<b>(6,859)</b>	<b>(6,008)</b>	<b>(5,702)</b>	<b>(6,056)</b>	<b>(8,781)</b>
<b>Financing</b>					
Proceeds from borrowing	0	0	0	0	0
Repayment of loans and advances	6	7	5	6	6
Repayment of borrowings	(980)	(5,544)	(1,116)	(1,138)	(1,059)
Loan advances to community groups	0	0	0	0	0
<b>Net cash from Financing</b>	<b>(974)</b>	<b>(5,537)</b>	<b>(1,111)</b>	<b>(1,132)</b>	<b>(1,053)</b>
Net Cash increase (decrease)	<b>(703)</b>	<b>(4,803)</b>	<b>1,015</b>	<b>1,023</b>	<b>(346)</b>
<b>Cash at beginning</b>	<b>8,863</b>	<b>8,160</b>	<b>3,357</b>	<b>4,372</b>	<b>5,395</b>
<b>Cash at end</b>	<b>8,160</b>	<b>3,357</b>	<b>4,372</b>	<b>5,395</b>	<b>5,049</b>



**Standard Budgeted Capital Works Statement**

	Projected 2006/07 \$'000	Budget 2007/08 \$'000	Budget 2008/09 \$'000	Budget 2009/10 \$'000	Budget 2010/11 \$'000
<b>CAPITAL WORKS</b>					
Roads	3,532	2,933	2,679	2,673	4,687
Footpaths	200	458	201	202	392
Kerb & Channels	71	0	0	0	94
Bridges	480	314	106	50	688
Drains & Culverts	316	100	0	133	323
Car parks	0	240	0	0	0
Other Structures	366	417	346	350	356
Buildings	284	621	877	819	719
Land	0	0	0	0	0
Plant & equipment	2,836	2,518	2,883	3,433	3,312
Furniture & Equipment	239	230	280	237	0
<b>Total Capital Works</b>	<b>8,324</b>	<b>7,831</b>	<b>7,372</b>	<b>7,897</b>	<b>10,571</b>
<b>Represented by</b>					
Renewals	7,677	6,763	7,035	7,503	10,001
Upgrades	567	554	259	314	487
Extensions	80	514	78	80	83
<b>Total Capital Works</b>	<b>8,324</b>	<b>7,831</b>	<b>7,372</b>	<b>7,897</b>	<b>10,571</b>



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## APPENDIX B

### Statutory disclosures

(lxxxiii) Section 127(2)(e) of the Local Government Act 1989

(lxxxiv) 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 2007/08 year is	NIL
The total amount of debt redemption for the 2007/08 year is	\$5,544,242
The projected debt servicing cost for the 2007/08 year is	\$725,503

## 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. 335767 cents in the dollar of all rateable residential properties;
- b A general rate of 0. 335767 cents in the dollar of all rateable commercial properties;
- c A general rate of 0. 335767 cents in the dollar of all rateable industrial properties;
- d A general rate of 0. 302190 cents in the dollar of all rateable farm land properties;
- e A general rate of 0. 503651 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f A general rate of 0. 134307 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:**

<b>Type of Property</b>	<b>2006/07</b>	<b>2007/08</b>
	<b>\$</b>	<b>\$</b>
Residential	7,323,182	8,002,874
Commercial	727,630	794,870
Industrial	179,896	196,931
Farm Land	5,897,227	6,328,673
Vacant Land	1,292,079	1,257,308
Cultural & Recreational Lands	8,543	9,099

**2.3 The estimated total amount to be raised by rates is \$16,589,755.**

**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.**

<b>Type of Property</b>	<b>Percentage Change</b>	
	<b>2006/07</b>	<b>2007/08</b>
Residential	(6.52)%	6.51%
Commercial	(6.52)%	6.51%
Industrial	(6.52)%	6.51%
Farm Land	(6.52)%	6.51%
Vacant Land	(6.52)%	(0.15)%
Cultural & Recreational Lands	(6.52)%	6.51%

The Increase in the rate in the dollar for all rate types (except Vacant Land) has proportionally increased above the standard rate of increase of 6% to cater for the reduction in the vacant land differential from 160% of the base rate in the dollar to 150%.



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

<b>Type of Property</b>	<b>2006/07</b>	<b>2007/08</b>
Residential	10,640	10,837
Commercial	775	790
Industrial	124	129
Farm Land	3,830	3870
Vacant Land	2,400	2,354
Cultural & Recreational Lands	22	22
<b>Total number of assessments</b>	<b>17,791</b>	<b>18,002</b>

**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:**

<b>Type of Property</b>	<b>2006/07</b> \$	<b>2007/08</b> \$
Residential	2,322,917,000	2,383,541,000
Commercial	230,804,500	236,738,500
Industrial	57,063,000	58,652,000
Farm Land	2,078,448,300	2,094,301,300
Vacant Land	256,155,000	249,651,000
Cultural & Recreational Lands	6,775,000	6,775,000
<b>Total</b>	<b>4,952,162,800</b>	<b>5,029,658,800</b>

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

<b>Type of Charge</b>	<b>Per Rateable Property</b> <b>2006/07</b> \$	<b>Per Rateable Property</b> <b>2007/08</b> \$
Municipal	227.80	241.75
Kerbside Garbage Collection (Residential)	153.10	162.30
Kerbside Garbage Collection (Commercial)	226.85	240.45
2 <sup>nd</sup> Kerbside Garbage Collection (Residential)	153.10	162.30
Recycling charge	153.10	162.30



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

<b>Type of Charge</b>	<b>2006/07 \$</b>	<b>2007/08 \$</b>
Municipal	3,857,051	4,146,980
Kerbside Garbage Collection (Residential)	1,207,045	1,304,243
Kerbside Garbage Collection (Commercial)	31,758	36,789
2 <sup>nd</sup> Kerbside Garbage Collection (Residential)	20,518	21,911
Recycling charge	1,531	1,785
<b>Total</b>	<b>5,117,903</b>	<b>5,511,708</b>

**2.10 The estimated amount to be raised by rates and charges: \$22,101,463.**

**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

#### 3.1 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 0.335767% (0.335767 cents in the dollar of CIV) for all rateable residential and rural living properties;
- A general rate of 0.302190% (0.302190 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.335767% (0.335767 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.335767% (0.335767 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.503651% (0.503651 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.134307% (0.134307 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:

- (lxxxv) 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.
- (lxxxvi) 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:

- (lxxxvii) Construction and maintenance of infrastructure assets.
- (lxxxviii) Development and provision of health and community services; and
- (lxxxix) 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 2007/08 financial year.

### **3.3 Commercial Land**

Commercial land is any land, which is:

- (xc) 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:

- (xci) Construction and maintenance of infrastructure assets
- (xcii) Development and provision of health and community services; and
- (xciii) 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 2007/087 financial year.

### **3.4 Cultural and Recreational Land**

Cultural and Recreational land is any land, which is:

- (xciv) 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:

- (xcv) Construction and maintenance of infrastructure assets
- (xcvi) Development and provision of health and community services; and
- (xcvii) 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 2007/08 financial year.

### **3.5 Industrial Land**

Industrial land is any land, which is:

- (xcviii) 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:

- (xcix) Construction and maintenance of infrastructure assets
- (c) Development and provision of health and community services; and
- (ci) 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 2007/08 financial year.

### **3.6 Vacant Land**

Vacant land is any land, which is:

- (cii) 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:

- (ciii) Construction and maintenance of infrastructure assets
- (civ) Development and provision of health and community services; and
- (cv) 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 Farm Land**

Farmland is any land, which is:

- (cvi) 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:

- (cvii) Construction and maintenance of infrastructure assets
- (cviii) Development and provision of health and community services; and
- (cix) 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.



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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.





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## APPENDIX C

### Long Term Financial Plan

- (cx) Income Statement**
- (cxi) Balance Sheet**
- (cxii) Cash flow Statement**
- (cxiii) Capital works**

This section includes Council's forecast financial performance and financial and cash positions for the years 2007/08 to 2016/07.



	Projected 2006/07 \$'000	Budget 2007/08 \$'000	Budget 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
<b>INCOME STATEMENT</b>											
<b>REVENUES FROM ORDINARY ACTIVITIES</b>											
Rates	20,795	22,227	23,548	24,959	26,444	27,897	29,420	30,890	32,424	34,044	35,735
Operating grants	9,329	9,984	9,144	9,435	9,885	9,836	10,308	10,257	10,754	10,699	10,967
Capital grants	804	1,747	507	0	0	0	0	0	0	0	0
Reimbursements	322	268	288	297	305	314	323	333	343	353	364
Contributions	353	181	24	25	25	26	27	27	28	29	29
Interest	772	544	346	348	350	353	355	358	361	364	368
User charges	1,914	1,824	1,915	2,014	2,119	2,229	2,346	2,471	2,601	2,738	2,883
Statutory fees	382	379	390	404	419	435	451	468	486	505	525
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Other	870	884	904	928	928	951	998	998	1,023	1,075	1,061
<b>TOTAL REVENUE</b>	<b>35,541</b>	<b>38,038</b>	<b>37,066</b>	<b>38,410</b>	<b>40,475</b>	<b>42,041</b>	<b>44,228</b>	<b>45,802</b>	<b>48,020</b>	<b>49,807</b>	<b>51,932</b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>											
Employee costs	12,036	13,383	13,839	14,360	14,991	15,653	16,300	16,979	17,767	18,462	19,270
Materials & consumables	13,033	14,034	12,170	12,610	13,321	13,607	14,097	14,363	14,713	15,160	15,693
External contracts	0	0	0	0	0	0	0	0	0	0	0
Utilities	528	527	540	554	568	582	597	611	627	642	658
Depreciation	6,515	7,253	7,519	7,988	8,541	9,156	9,815	10,608	11,478	12,484	13,515
Written down value of assets sold	0	0	0	0	0	0	0	0	0	0	0
Other	2,328	1,974	1,968	2,006	2,042	2,104	2,140	2,178	2,217	2,257	2,297
Borrowing cost expenses	726	539	290	217	146	77	23	4	0	0	0
<b>TOTAL EXPENSES</b>	<b>35,166</b>	<b>37,710</b>	<b>36,326</b>	<b>37,735</b>	<b>39,609</b>	<b>41,179</b>	<b>42,972</b>	<b>44,743</b>	<b>46,802</b>	<b>49,005</b>	<b>51,433</b>
<b>NET RESULT FOR REPORTING PERIOD</b>	<b>375</b>	<b>328</b>	<b>740</b>	<b>675</b>	<b>866</b>	<b>862</b>	<b>1,256</b>	<b>1,059</b>	<b>1,218</b>	<b>802</b>	<b>499</b>
<b>MOVEMENTS IN EQUITY</b>											
Net gain/ (loss) on disposal of assets	12	180	0	0	0	0	0	0	0	0	0
Net increase in Asset Revaluation Reserve	0	32,397	0	35,602	0	39,339	0	43,875	0	49,347	0
Donated / Granted Assets	0	0	0	0	0	0	0	0	0	0	0
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0
<b>Total Changes in Equity for the year</b>	<b>387</b>	<b>32,905</b>	<b>740</b>	<b>36,277</b>	<b>866</b>	<b>40,201</b>	<b>1,256</b>	<b>44,934</b>	<b>1,218</b>	<b>50,149</b>	<b>499</b>



	Projected 2006/07 \$'000	Budget 2007/08 \$'000	Budget 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
<b>Current Assets</b>											
Cash assets	8,160	3,357	4,372	5,395	5,049	5,267	5,114	5,292	4,543	3,399	3,375
Receivables	1,605	1,595	1,585	1,575	1,565	1,555	1,545	1,534	1,524	1,524	1,524
Other financial assets	1,600	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600
Land held for resale	0	0	0	0	0	0	0	0	0	0	0
Other	417	417	417	417	417	417	417	417	417	417	417
<b>Total Current Assets</b>	<b>11,782</b>	<b>7,069</b>	<b>8,174</b>	<b>9,287</b>	<b>9,031</b>	<b>9,339</b>	<b>9,276</b>	<b>9,543</b>	<b>8,884</b>	<b>7,840</b>	<b>7,916</b>
<b>Non Current Assets</b>											
Receivables	38	31	26	20	14	7	(1)	(9)	(11)	(20)	(29)
Investments	834	834	834	834	834	834	834	834	834	834	834
Fixed Assets	76,060	83,961	83,829	93,275	92,820	103,452	102,564	112,649	111,189	121,994	120,752
Roads Streets & Bridges	244,974	268,405	266,720	290,944	291,639	319,952	322,026	356,659	360,179	400,770	402,640
<b>Total Non Current Assets</b>	<b>321,906</b>	<b>353,231</b>	<b>351,409</b>	<b>385,073</b>	<b>385,307</b>	<b>424,245</b>	<b>425,423</b>	<b>470,133</b>	<b>472,191</b>	<b>523,578</b>	<b>524,197</b>
<b>Total Assets</b>	<b>333,688</b>	<b>360,300</b>	<b>359,583</b>	<b>394,360</b>	<b>394,338</b>	<b>433,584</b>	<b>434,699</b>	<b>479,676</b>	<b>481,075</b>	<b>531,418</b>	<b>532,113</b>
<b>Current Liabilities</b>											
Payables	1,965	1,555	1,545	1,535	1,525	1,515	1,505	1,495	1,485	1,485	1,485
Trust funds	196	196	196	196	196	196	196	196	196	196	196
Provisions	3,058	3,058	3,088	2,558	2,558	2,558	2,558	2,558	2,558	2,558	2,558
Interest bearing liabilities	5,544	1,116	1,138	1,059	1,128	317	135	0	0	0	0
<b>Total Current Liabilities</b>	<b>10,763</b>	<b>5,925</b>	<b>5,967</b>	<b>5,348</b>	<b>5,407</b>	<b>4,586</b>	<b>4,394</b>	<b>4,249</b>	<b>4,239</b>	<b>4,239</b>	<b>4,239</b>
<b>Non Current Liabilities</b>											
Provisions	1,528	1,189	828	1,006	1,187	1,370	1,556	1,744	1,935	2,129	2,325
Interest bearing liabilities	4,893	3,777	2,639	1,580	452	135	0	0	0	0	0
<b>Total Non Current Liabilities</b>	<b>6,421</b>	<b>4,966</b>	<b>3,467</b>	<b>2,586</b>	<b>1,639</b>	<b>1,505</b>	<b>1,556</b>	<b>1,744</b>	<b>1,935</b>	<b>2,129</b>	<b>2,325</b>
<b>Total Liabilities</b>	<b>17,184</b>	<b>10,891</b>	<b>9,434</b>	<b>7,934</b>	<b>7,046</b>	<b>6,091</b>	<b>5,950</b>	<b>5,993</b>	<b>6,174</b>	<b>6,368</b>	<b>6,564</b>
<b>Net Assets</b>	<b>316,504</b>	<b>349,409</b>	<b>350,149</b>	<b>386,426</b>	<b>387,292</b>	<b>427,493</b>	<b>428,749</b>	<b>473,683</b>	<b>474,901</b>	<b>525,050</b>	<b>525,549</b>
<b>Equity</b>											
Accumulated Surplus	124,472	128,491	128,992	129,383	130,734	131,084	131,770	133,274	134,609	136,630	137,514
Reserves	192,032	220,918	221,157	257,043	256,558	296,409	296,979	340,409	340,292	388,420	388,035
<b>Total Equity</b>	<b>316,504</b>	<b>349,409</b>	<b>350,149</b>	<b>386,426</b>	<b>387,292</b>	<b>427,493</b>	<b>428,749</b>	<b>473,683</b>	<b>474,901</b>	<b>525,050</b>	<b>525,549</b>



	Budget 2006/07 \$'000	Budget 2007/08 \$'000	Budget 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
<b>CASH FLOW STATEMENT</b>											
Receipts from Customers	25,125	25,459	27,069	28,633	30,240	31,852	33,565	35,187	36,905	38,744	40,597
Interest Received	772	544	346	348	350	353	355	358	361	364	368
Government Receipts	10,053	11,635	9,651	9,435	9,885	9,836	10,308	10,257	10,754	10,699	10,967
Payments to Suppliers	(16,794)	(17,574)	(15,468)	(15,923)	(16,077)	(16,370)	(16,857)	(17,156)	(17,557)	(18,059)	(18,648)
Payments to Employees	(12,026)	(13,322)	(13,770)	(14,282)	(14,910)	(15,570)	(16,214)	(16,891)	(17,676)	(18,368)	(19,174)
<b>Net cash from Operating</b>	<b>7,130</b>	<b>6,742</b>	<b>7,828</b>	<b>8,211</b>	<b>9,488</b>	<b>10,101</b>	<b>11,157</b>	<b>11,755</b>	<b>12,787</b>	<b>13,380</b>	<b>14,110</b>
<b>Investing</b>											
Proceeds from sale of plant property & Equipment	1,465	1,823	1,670	1,841	1,790	1,861	1,887	2,033	1,965	2,132	2,192
Payments for property, plant & equipment	(8,324)	(7,831)	(7,372)	(7,897)	(10,571)	(10,623)	(12,888)	(13,484)	(15,503)	(16,665)	(16,335)
<b>Net cash from Investing</b>	<b>(6,859)</b>	<b>(6,008)</b>	<b>(5,702)</b>	<b>(6,056)</b>	<b>(8,781)</b>	<b>(8,762)</b>	<b>(11,001)</b>	<b>(11,451)</b>	<b>(13,538)</b>	<b>(14,533)</b>	<b>(14,143)</b>
<b>Financing</b>											
Proceeds from borrowing	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	6	7	5	6	6	7	8	8	2	9	9
Repayment of borrowings	(980)	(5,544)	(1,116)	(1,138)	(1,059)	(1,128)	(317)	(134)	0	0	0
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0
<b>Net cash from Financing</b>	<b>(974)</b>	<b>(5,537)</b>	<b>(1,111)</b>	<b>(1,132)</b>	<b>(1,053)</b>	<b>(1,121)</b>	<b>(309)</b>	<b>(126)</b>	<b>2</b>	<b>9</b>	<b>9</b>
Net Cash increase (decrease)	<b>(703)</b>	<b>(4,803)</b>	<b>1,015</b>	<b>1,023</b>	<b>(346)</b>	<b>218</b>	<b>(153)</b>	<b>178</b>	<b>(749)</b>	<b>(1,144)</b>	<b>(24)</b>
<b>Cash at beginning</b>	<b>8,863</b>	<b>8,160</b>	<b>3,357</b>	<b>4,372</b>	<b>5,395</b>	<b>5,049</b>	<b>5,267</b>	<b>5,114</b>	<b>5,292</b>	<b>4,543</b>	<b>3,399</b>
<b>Cash at end</b>	<b>8,160</b>	<b>3,357</b>	<b>4,372</b>	<b>5,395</b>	<b>5,049</b>	<b>5,267</b>	<b>5,114</b>	<b>5,292</b>	<b>4,543</b>	<b>3,399</b>	<b>3,375</b>



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## **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.



<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
<b>Unallocated Future Capital</b>											
1210 - Unallocated	-	-	-	-	943,699	-	1,608,104	426,107	2,472,429	1,766,667	1,959,124
<b>Total Future Unallocated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>943,699</b>	<b>-</b>	<b>1,608,104</b>	<b>426,107</b>	<b>2,472,429</b>	<b>1,766,667</b>	<b>1,959,124</b>
<b>Capital Expenditure for Buildings and Assets Maintenance</b>											
8040 - Fleet Purchases	1,791,216	1,818,500	2,113,437	2,166,273	2,220,430	2,275,941	2,332,840	2,391,161	2,450,940	2,512,214	2,575,019
8086 - Sandy Point Hall Upgrade	-	-	-	150,000	-	-	-	-	-	-	-
8273 - Fishermans Jetty Public Toilet Block Upgrade	-	-	-	-	-	-	-	-	-	-	-
8653 - Bena Multi-Purpose Centre Refurbishments	-	15,000	-	-	-	-	-	-	-	-	-
8656 - Dumbalk Community Hall Floor Replacement	-	15,000	-	-	-	-	-	-	-	-	-
9405 - Korumburra Caravan Park Tennis Court	-	-	-	-	-	-	-	61,387	-	-	-
9408 - Yanakie Caravan Park Toilet Block	-	-	-	260,153	-	-	-	-	-	-	-
9410 - Port Welshpool Caravan Park Toilet Block	-	-	246,591	-	-	-	-	-	-	-	-
9412 - Foster Showgrounds Toilet Block Upgrade	120,000	60,000	-	-	-	-	-	-	-	-	-
9413 - Venus Bay Fisherman Jetty Toilet Block Replacement	-	-	211,363	-	-	-	-	-	-	-	-
9420 - Mirboo North Public Hall Replace Windows	36,563	-	-	-	-	-	-	-	-	-	-
9424 - Foster Public Hall Flooring	-	-	-	-	31,072	-	-	-	-	-	-
9425 - Dumbalk Public Hall Air Conditioning	-	-	-	-	-	-	-	46,041	-	-	-
9428 - Allambee South Neighbourhood Amenities	-	-	-	-	-	-	-	-	108,479	-	-
9429 - Korumburra Senior Citizens Flooring	-	-	-	-	-	-	26,184	-	-	-	-
9437 - Port Welshpool Museum Storage Unit	-	-	-	-	-	-	-	-	41,449	-	-
9440 - Korumburra Sports Centre Roof Replacement	20,000	-	-	-	-	-	-	-	-	-	-
9441 - Meeniyah Sports Centre Repair Floor	-	-	-	30,971	-	-	-	-	-	-	-



<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
9443 - Korumburra Swimming Pool Alternative Wet Deck	-	-	-	-	156,835	-	-	-	-	-	-
9446 - Mirboo North Swimming Pool Changerooms	-	-	-	-	-	344,711	-	-	-	-	-
9447 - Mirboo North Swimming Pool Capital Renewal	-	-	-	-	-	115,823	-	-	-	-	-
9448 - Mirboo North Swimming Pool New Shell	-	-	-	-	-	1,034,132	-	-	-	-	-
9449 - Poowong Swimming Pool Retile	-	-	117,424	-	-	-	-	-	-	-	-
9452 - Toora Swimming Pool Capital Renewal	-	66,000	-	-	-	-	-	-	-	-	-
9453 - Foster Depot Office Accommodation	-	-	-	-	-	-	-	116,636	-	-	-
9456 - Walter J Tuck Public Replace Toilets	-	178,000	-	-	-	-	-	-	-	-	-
9457 - Leongatha Memorial Hall Kitchen Upgrade	-	-	46,970	-	-	-	-	-	-	-	-
9458 - Mossvale Park Sound Shell Replace Roof	-	-	-	99,106	-	-	-	-	-	-	-
9459 - Toora Swimming Pool Replace Tiles	-	-	-	123,882	-	-	-	-	-	-	-
9460 - Toora Pre School Kitchen Upgrade	-	-	-	-	88,873	-	-	-	-	-	-
9461 - Waratah Bay Caravan Park New Toilet Block	-	-	-	-	287,531	-	-	-	-	-	-
9462 - Disabled Access To Foster Football Clubrooms	-	-	-	-	-	-	174,561	-	-	-	-
9463 - Mirboo North Hall Upgrade Male Toilets	-	-	-	-	-	-	232,749	-	-	-	-
9464 - Foster Showgrounds Install New Sheds	-	-	-	-	-	-	-	61,387	-	-	-
9465 - Mechanics Institute Extension	-	-	-	-	-	-	-	-	110,098	-	-
9466 - Main Office Accommodation Upgrade	44,000	100,000	-	-	-	-	-	-	-	-	-
<b>Total for Buildings and Assets Maintenance</b>	<b>2,011,779</b>	<b>2,252,500</b>	<b>2,735,785</b>	<b>2,830,385</b>	<b>2,784,741</b>	<b>3,770,607</b>	<b>2,766,334</b>	<b>2,676,612</b>	<b>2,710,966</b>	<b>2,512,214</b>	<b>2,575,019</b>



<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
<b>Capital Expenditure for Community Projects</b>											
8581 - Tarwin Lower Bike Track	-	145,730	-	-	-	-	-	-	-	-	-
8582 - Better Pools - Toora Upgrade and Refurbish	62,751	-	-	-	-	-	-	-	-	-	-
8584 - Small Towns Skate Park Project	23,786	20,500	-	-	-	-	-	-	-	-	-
8586 - Walter Tuck Netball Umpire Rooms and Shelter	-	32,300	-	-	-	-	-	-	-	-	-
8592 - SRV - Foster Football / Netball Club (Netball Court Upgrade)	-	40,950	-	-	-	-	-	-	-	-	-
8593 - SRV - Korumburra Cricket Club - Turf Wicket Installation	-	89,655	-	-	-	-	-	-	-	-	-
9602 - Future Unplanned Works (SRV Grants)	-	-	155,000	160,000	165,000	170,000	175,000	180,000	185,000	190,000	195,000
<b>Total for Community Projects</b>	<b>86,537</b>	<b>329,135</b>	<b>155,000</b>	<b>160,000</b>	<b>165,000</b>	<b>170,000</b>	<b>175,000</b>	<b>180,000</b>	<b>185,000</b>	<b>190,000</b>	<b>195,000</b>
<b>Capital Expenditure for Engineering and Assets Management</b>											
8045 - Asset Management	-	170,000	-	-	-	-	-	-	-	-	-
<b>Total for Engineering and Assets Management</b>	<b>-</b>	<b>170,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Expenditure for Engineering Services</b>											
8770 - Capital Works Design	91,324	102,719	109,638	116,689	124,213	132,357	140,603	149,524	159,170	164,179	169,573
<b>Total for Engineering Services</b>	<b>91,324</b>	<b>102,719</b>	<b>109,638</b>	<b>116,689</b>	<b>124,213</b>	<b>132,357</b>	<b>140,603</b>	<b>149,524</b>	<b>159,170</b>	<b>164,179</b>	<b>169,573</b>
<b>Capital Expenditure for Information Services</b>											
8030 - Information Services	239,740	60,000	280,000	236,534	-	-	248,954	-	-	262,329	-
<b>Total for Information Services</b>	<b>239,740</b>	<b>60,000</b>	<b>280,000</b>	<b>236,534</b>	<b>-</b>	<b>-</b>	<b>248,954</b>	<b>-</b>	<b>-</b>	<b>262,329</b>	<b>-</b>
<b>Capital Expenditure for Plant</b>											
8050 - Plant Purchases	1,044,982	699,690	769,153	1,266,834	1,091,744	1,123,337	792,254	1,126,564	869,004	1,086,876	1,130,351
<b>Total for Plant</b>	<b>1,044,982</b>	<b>699,690</b>	<b>769,153</b>	<b>1,266,834</b>	<b>1,091,744</b>	<b>1,123,337</b>	<b>792,254</b>	<b>1,126,564</b>	<b>869,004</b>	<b>1,086,876</b>	<b>1,130,351</b>





<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
<b>Capital Expenditure for Parks and Gardens</b>											
9225 - Leongatha Recreation Reserve Playground	20,000	-	-	-	-	-	-	-	-	-	-
9226 - Korumburra Coleman Park	46,250	5,000	-	-	-	-	-	-	-	-	-
9230 - Tarwin Lower RV Fisher Park	25,625	-	-	-	-	-	-	-	-	-	-
9232 - Korumburra Apex Park	25,625	-	-	-	-	-	-	-	-	-	-
9233 - Leongatha Mary Checkley Res	30,750	-	-	-	-	-	-	-	-	-	-
9234 - Leongatha Ellen Lyndon Park	25,625	-	-	-	-	-	-	-	-	-	-
9235 - Waratah Bay Gale St Res	31,125	-	-	-	-	-	-	-	-	-	-
9545 - Foster Showgrounds Regional Playground	-	120,468	-	-	-	-	-	-	-	-	-
9563 - Playground Replacement Program	-	120,380	190,000	190,000	190,000	190,000	201,400	213,484	226,293	239,871	254,263
9564 - Baromi Park Shade Sale	-	20,000	-	-	-	-	-	-	-	-	-
<b>Total for Parks &amp; Gardens</b>	<b>205,000</b>	<b>265,848</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>	<b>190,000</b>	<b>201,400</b>	<b>213,484</b>	<b>226,293</b>	<b>239,871</b>	<b>254,263</b>
<b>Capital Expenditure for Local Roads</b>											
8684 - Young St Drainage Works	-	-	-	65,000	-	-	-	-	-	-	-
8685 - Hattam Ct Drainage Works	-	-	-	43,000	-	-	-	-	-	-	-
8686 - Upgrade of Tarwin Meadows Rd	-	-	-	30,000	-	-	-	-	-	-	-
8772 - Rural Reseals	1,368,746	1,173,706	1,234,061	1,329,108	1,512,930	1,340,301	1,877,005	1,989,627	2,109,004	2,235,545	2,369,677
8774 - Reseal Preparation	808,230	609,335	644,669	663,741	683,600	704,667	725,221	747,027	770,180	792,740	816,697
8841 - Footpath Renewal	200,000	200,000	201,351	202,355	203,525	205,067	206,108	207,529	209,371	210,652	212,364
8845 - Garbage Truck Vehicle Turning Provision	-	20,000	-	-	-	-	-	-	-	-	-
8846 - Korumburra Swimming Pool Car Park	-	60,000	-	-	-	-	-	-	-	-	-
8847 - Jeffery Street Footpath Link	-	52,000	-	-	-	-	-	-	-	-	-
9076 - Yannathan Road	-	-	-	-	-	-	-	-	-	-	-
9093 - Outtrim Bridge	22,255	-	-	-	-	-	-	-	-	-	-
9128 - Loch / Poowong Ferriers	4,666	-	-	-	-	-	-	-	-	-	-
9130 - Princes Street Korumburra	-	-	-	-	-	-	-	-	-	-	-
9131 - Petersons Street Korumburra	2,800	435,500	-	-	-	-	-	-	-	-	-
9132 - McQueen Street Korumburra	235,496	-	-	-	-	-	-	-	-	-	-
9562 - Korumburra Drill Hall	-	180,000	-	-	-	-	-	-	-	-	-
9651 - Waterfall Road	-	-	-	-	-	-	-	-	-	-	-
9652 - Dyrings Road	-	-	106,742	-	-	-	-	-	-	-	-



<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
9653 - Foster Mt Best	340,000	-	-	-	-	-	-	-	-	-	-
9654 - Clear Creek	-	448,030	-	-	-	-	-	-	-	-	-
9657 - Bridge / Culvert Rehabilitation - To Be Determined	-	-	-	-	631,238	669,112	709,259	751,815	796,924	844,739	895,423
9658 - O'loughlin Bridge	200,000	-	-	-	-	-	-	-	-	-	-
9671 - Devils Pinch Road Bridge	42,000	-	-	-	-	-	-	-	-	-	-
9678 - Guard Rails - To Be Determined	-	-	-	50,023	53,024	56,205	59,578	63,152	66,942	70,958	75,126
9681 - Timms Road Near Treadwells Road	7,857	-	-	-	-	-	-	-	-	-	-
9684 - Olsons Road Culvert Replacement	7,004	-	-	-	-	-	-	-	-	-	-
9685 - Culverts - To Be Determined	-	-	-	24,583	228,631	26,898	29,690	31,194	-	-	-
9686 - Loch Poowong Culvert Construction	302,000	100,000	-	-	-	-	-	-	-	-	-
9688 - Andersons Inlet	-	-	-	-	861,513	-	-	-	-	-	-
9689 - Scott and Faheys Road	-	-	-	-	-	-	-	-	-	-	-
9690 - Port Welshpool Boat Ramp - Lighting	19,739	-	-	-	-	-	-	-	-	-	-
9711 - Hudsons Road - Leongatha South	-	-	-	-	-	-	49,648	1,188,719	60,996	-	-
9712 - Simons Lane - Leongatha	-	-	-	-	-	1,130,379	-	-	-	-	-
9713 - Walkerville South Road	-	-	-	-	-	-	42,556	1,123,447	-	-	-
9714 - Farmers Road	259,000	16,000	-	-	-	-	-	-	-	-	-
9715 - Bena Road	306,614	13,000	-	-	-	-	-	-	-	-	-
9716 - Main South Road	-	-	-	-	40,147	716,352	61,649	-	-	-	-
9717 - Grandridge Road Sealing	400,000	250,000	-	-	-	-	-	-	-	-	-
9718 - Leongatha South Outtrim	-	-	-	239,266	18,937	-	-	-	-	-	-
9719 - Loch Poowong TAC Motorcycle Safety Project	1,080	158,920	-	-	-	-	-	-	-	-	-
9720 - Koonwarra Inverloch Road Upgrade	-	-	22,472	-	883,734	40,147	-	-	-	-	-
9721 - Drainage Rehabilitation Program	-	-	-	-	-	191,739	203,243	215,438	228,364	242,066	256,590
9722 - Unallocated Future Capex for Roads	-	-	-	294,369	-	-	-	487,361	499,545	512,034	524,834
9723 - Pavement Rehabilitation Program	-	-	-	-	-	-	2,127,779	-	2,390,772	2,534,218	2,686,272
9724 - Kerb and Channel Program	-	-	-	-	-	-	283,704	300,726	318,770	337,896	358,170
9725 - Asphalt Program	-	-	-	-	-	-	425,556	451,089	478,154	506,844	537,254
9726 - Bena Kongwak Road Reconstruction	-	20,000	668,166	-	-	-	-	-	-	-	-
<b>Total for Local Roads</b>	<b>4,527,487</b>	<b>3,736,491</b>	<b>2,877,461</b>	<b>2,941,445</b>	<b>5,117,279</b>	<b>5,080,867</b>	<b>6,800,996</b>	<b>7,557,124</b>	<b>7,929,022</b>	<b>8,287,692</b>	<b>8,732,407</b>



<b>10 Year Capital Works Program</b>											
<b>COST CENTRE</b>	<b>06/07 Projected</b>	<b>07/08 Budget</b>	<b>08/09 Budget</b>	<b>09/10 Budget</b>	<b>10/11 Budget</b>	<b>11/12 Budget</b>	<b>12/13 Budget</b>	<b>13/14 Budget</b>	<b>14/15 Budget</b>	<b>15/16 Budget</b>	<b>16/17 Budget</b>
<b>Capital Expenditure for Social and Economic Development</b>											
1670 - CCHV - Capital Projects	-	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
<b>Total for Social and Economic Development</b>	-	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
<b>Capital Expenditure for Recreation</b>											
8650 - Shared Pedestrian / Bicycle Trail - Welshpool	-	60,000	-	-	-	-	-	-	-	-	-
8651 - Improvements to the Toora Reserve	-	-	-	-	-	-	-	-	-	-	-
<b>Total for recreation</b>	-	60,000	-	-	-	-	-	-	-	-	-
<b>Capital Expenditure for Economic Development and Tourism</b>											
8687 - Relocation of V.I.C. from Korumburra to Foster	-	-	100,000	-	-	-	-	-	-	-	-
<b>Total for Social and Economic Development</b>	-	-	100,000	-	-	-	-	-	-	-	-
<b>Capital Expenditure for Waste</b>											
8563 - Koonwarra Construction	117,832	-	-	-	-	-	-	-	-	-	-
8564 - Foster Landfill (Rehabilitation)	158,272	-	-	-	-	-	-	-	-	-	-
8565 - Koonwarra Landfill (Rehabilitation)	20,000	500,000	500,000	536,218	-	-	-	-	-	-	-
9610 - Transfer Station - Nyora	-	-	-	-	-	-	-	1,000,000	-	-	-
9611 - Future Waste Expense	-	-	-	-	-	-	-	-	797,100	2,000,000	1,163,992
<b>Total for Waste</b>	296,104	500,000	500,000	536,218	-	-	-	1,000,000	797,100	2,000,000	1,163,992
<b>GRAND TOTALS</b>	<b>8,502,953</b>	<b>8,331,383</b>	<b>7,872,037</b>	<b>8,433,105</b>	<b>10,571,676</b>	<b>10,622,168</b>	<b>12,888,645</b>	<b>13,484,415</b>	<b>15,503,984</b>	<b>16,664,828</b>	<b>16,334,729</b>



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## APPENDIX E

### Key Strategic Activities

This section sets out program initiatives to be undertaken by Council in 2007/08, including appropriate measures and targets that are subject to audit at year end.



## Key Strategic Activities 2007/08

Team	KSA Description	KSA Measures	KSA Target	How the data is reported
Engineering & Assets	Develop an implementation plan for Council's Waste Management Strategy	Adoption of an implementation plan for the Waste Management Strategy	April 2008	Council minutes
Engineering & Assets	Implementation and delivery of the Capital Works Program	Implementation of the annual capital works program	90% of the annual capital works projects completed on time and within budget (excluding variations due to factors beyond management control).	Monthly Council performance report
Engineering & Assets	Reinvigorate and implement the Asset Management strategy	Council adopts and commences implementation of an updated Asset Management Strategy	December 2007	Council minutes



Team	KSA Description	KSA Measures	KSA Target	How the data is reported
Finance	Achieving the budgeted operating result	The difference between the budgeted operating result and the actual operating result for the financial year, not including; <ul style="list-style-type: none"> <li>• Net gain/ (loss) on disposal of assets</li> <li>• Net increase in Asset Revaluation Reserve</li> <li>• Donated / Granted Assets</li> </ul> Previously unrecognised assets	Equal to or better than budget	Audited Financial statements
Governance	Develop a communication and consultation strategy	Communication and consultation strategy adopted	March 2008	Council minutes
Governance and Corporate Planning	Reinvigorate the Business Excellence framework to improve service delivery across the Shire	Adopt and commence implementing a new program for Business Excellence	December 2007	EMG minutes
Health and Family Services	Review standards for the delivery of Council's Health and Family Services	Adopt revised standards for the delivery of Council's Health and Family Services	December 2007	Council minutes



Team	KSA Description	KSA Measures	KSA Target	How the data is reported
Human Resources	Develop an employment framework to ensure the organisation is positioned to meet the current and future requirements relating to structure, capability, succession and talent management	Adopt an employment framework to ensure the implementation of best practice human resource policies, procedures and management practices	March 2008	EMG minutes
Information Services	Investigate the specifications of a sustainable document management system	Specification completed and packaged ready for the calling of tenders	March 2008	EMG minutes
Planning and Environment	Complete Local Level Plans for Korumburra, Leongatha and Foster	Adopt Local Level Plans for Korumburra, Foster & Leongatha	January 2008	Council minutes
Planning and Environment	Develop a Rural Strategy	Completion of a draft Rural Strategy for public exhibition	May 2008	Council minutes
Planning and Environment	Document a procedure for weed control for council managed land	Adoption of a procedure for weed control for council managed land	January 2008	EMG minutes
Social and Economic Development	Develop a Recreation Strategy	Completion and adoption of a Recreation Strategy	October 2007	Council minutes



Team	KSA Description	KSA Measures	KSA Target	How the data is reported
Social and Economic Development	Implementation of new direction for Coal Creek	Coal Creek reopened and operating in its new direction	April 2008	Council minutes
Social and Economic Development	Review the operation of visitor information facilities across the Shire	Adoption and implementation of a model for the network of Visitor Information Centres	December 2007	Council minutes





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## **APPENDIX F**

### **Fees and Charges**

This section sets out all fees and Statutory charges of Council



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
<b>Animal Control</b>				
Access - All Records	8.50	9.00	5.88%	0
Access - Additional Records	4.50	5.00	11.11%	0
Sustenance Cat & Dog	6.50	7.00	7.69%	1,591
Sustenance Stock	8.50	9.00	5.88%	245
Exotic Animals (Subsequent animals)	3.20	3.50	9.37%	0
Exotic Animals (First animal)	30.00	32.00	6.67%	0
Other (Per animal)	1.60	1.70	6.25%	0
Sheep (Subsequent animals)	1.60	1.70	6.25%	0
Sheep (First animal)	15.50	16.50	6.45%	0
Goats & Pigs (Subsequent animals)	3.20	3.50	9.37%	0
Grazing Other Livestock - daily fee per head	0.50	0.55	10.00%	0
Grazing Sheep - daily fee per head	0.30	0.35	16.67%	0
Grazing Cattle - daily fee per head	0.50	0.55	10.00%	0
Grazing of Livestock - Application Fee (no refund)	65.00	69.00	6.15%	0
Droving Other Livestock - daily fee per head	1.50	1.60	6.67%	0
Droving Sheep - daily fee per head	0.70	0.75	7.14%	0
Droving Cattle - daily fee per head	1.50	1.60	6.67%	0
Droving of Livestock - Bond	1,170.00	1,240.00	5.98%	0
Droving of Livestock - Application fee (no refund)	130.00	138.00	6.15%	0
Late Application for Cattle Crossing	225.00	238.00	5.78%	0
Goats & Pigs (First animal)	30.00	32.00	6.67%	0
Vic Roads (Stock Control on Declared Roads)	375.00	400.00	6.67%	25,455
Cattle (Subsequent animals)	3.50	4.00	14.29%	36
Cattle (First animal)	75.00	80.00	6.67%	436
Dogs / Cats - Subsequent Offence	75.00	80.00	6.67%	2,182
Dogs / Cats - First Offence	48.00	51.00	6.25%	4,173
Domestic Animal Business Registration	155.00	165.00	6.45%	1,650
Dog / Cat Registration New Applications - Sterilised inc. Working Dogs - Pension	14.00	15.00	7.14%	2,250
Dog / Cat Registration New Applications - Sterilised inc. Working Dogs	28.00	30.00	7.14%	12,000
Dog / Cat Registration New Applications - Unsterilised - Pension	42.00	45.00	7.14%	900
Dog / Cat Registration Renewals - Sterilised inc. Working Dogs - Pension	14.00	15.00	7.14%	21,000
Dog / Cat Registration Renewals - Sterilised inc. Working Dogs	28.00	30.00	7.14%	126,000
Dog / Cat Registration Renewals - Unsterilised - Pension	42.00	45.00	7.14%	2,700
Dog / Cat Registration Renewals - Unsterilised	84.00	90.00	7.14%	9,900
Infringement - Fail to register	214.00	221.00	3.27%	1,105
Infringement - Dog at large (night-time)	214.00	221.00	3.27%	663
Infringement - Dog at large (daytime)	159.00	166.00	4.40%	2,490
Infringement - No tag displayed	53.00	55.00	3.77%	0



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
<b>Animal control Total</b>				<b>214,776</b>
<b>Asset Management</b>				
ROAD RESERVE ACTIVITY PERMIT (Road RAP)	55.00	59.00	7.27%	17,700
Unused road opening application fee		500.00		1,818
Port Welshpool boat ramp - Daily Car Park		5.00		909
Port Welshpool boat ramp - Annual Car Park Fee		35.00		6,064
<b>Asset Management Total</b>				<b>26,491</b>
<b>Building Services</b>				
Report & Consent	200.00	200.00	0.00%	19,000
Permit Fees	Various	Various	0.00%	0
Final Inspection	138.00	146.00	5.80%	133
Search / Certificate Fees	86.00	91.00	5.81%	4,136
Stormwater information Request	50.00	50.00	0.00%	2,000
BCC Levy	% of total works	0.00	0.00%	0
Demolition Fees	50.00	0.00	-100.00%	0
Building Approval Lodgement - Commercial	30.00	30.00	0.00%	900
Building Approval Lodgement - Residential	30.00	30.00	0.00%	12,000
Form 2.10 Application/Property Information Requests	40.00	40.00	0.00%	12,000
<b>Building Services Total</b>				<b>50,169</b>
<b>Community Services Private Works</b>				
Private Works PAC	35.00	37.00	5.71%	27,750
<b>Community Services Private Works Total</b>				<b>27,750</b>
<b>Community Transport</b>				
Community Transport Cars	6.00	6.20	3.33%	12,964
HACC Bus Run	5.00	5.15	3.00%	5,384
Bus Self Drive Hire	0.55	0.60	9.09%	8,782
<b>Community Transport Total</b>				<b>27,130</b>
<b>Depot</b>				
Mulch	85.00	85.00	0.00%	9,273
<b>Depot Total</b>				<b>9,273</b>
<b>Environmental Health and Immunisation</b>				
Pneumococcal	125.00	125.00	0.00%	0
Flu	20.00	20.00	0.00%	2,000
Twinrix Adult	60.00	64.00	6.67%	64
Twinrix Paediatric	42.00	45.00	7.14%	0
Hep A Adult	73.00	73.00	0.00%	73
Hep B Adult	21.00	21.00	0.00%	420
Hep B Paediatric	21.00	21.00	0.00%	0
Varicella	65.00	65.00	0.00%	325
Conveyancing Inquiry (50%rego fee plus GST)				0



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Excess Food Handlers (\$10.00 per EFT over 5)				0
Registration fee for premises opening post 30 June (50% of rego fee)				0
Transfer of Registrations (50% of rego fee)				1,000
Prescribed Accommodation - Health Act	106.00	112.00	5.66%	5,264
Combined Hairdresser/Skin Penetration - Health Act	150.00	159.00	6.00%	1,272
Skin Penetration - Health Act	150.00	159.00	6.00%	159
Health Act Premises - Hairdresser - Health Act	120.00	127.00	5.83%	3,048
Other Food Businesses - Food Act Premises	41.00	43.00	4.88%	2,322
Class 2 Low Risk - Food Act Premises	257.00	272.00	5.84%	14,960
Class 2 Medium Risk - Food Act Premises	402.00	426.00	5.97%	82,218
Class 2 High Risk - Food Act Premises	402.00	426.00	5.97%	2,982
Class 1 Food Act Premises	402.00	426.00	5.97%	3,834
Caravan Parks Transfer - Residential Tenancies Act	50.00	50.00	0.00%	50
Caravan Parks - Residential Tenancies Act	2.50	2.50	0.00%	1,688
<b>Environmental Health and Immunisation Total</b>				<b>121,679</b>
<b>Fire Prevention</b>				
Block Clearing (Fire Prevention / Hazards)	60.00	64.00	6.67%	2,036
Interest on Fire Notices	0.00	0.00		0
Fire Fines	214.00	221.00	3.27%	4,420
<b>Fire Prevention Total</b>				<b>6,456</b>
<b>Home Care</b>				
Homecare	5.30	5.30	0.00%	106,249
<b>Home Care Total</b>				<b>106,249</b>
<b>Home Maintenance</b>				
Home Maintenance	6.90	7.15	3.62%	6,435
<b>Home Maintenance Total</b>				<b>6,435</b>
<b>Information Centres</b>				
Brochure Fee - Non PCRT Member (Prom Country)	60.00	70.00	16.67%	191
Brochure Fee - Non Member	70.00	60.00	-14.29%	545
Brochure Fee - Member	50.00	50.00	0.00%	2,273
Central Booking Service	\$0.00			12,000
Travel Diaries	3.95	3.95	0.00%	54
Postcards	1.50	1.50	0.00%	68
Bags	5.00	4.00	-20.00%	91
Maps	6.95	6.95	0.00%	158
<b>Information Centres Total</b>				<b>15,380</b>
<b>Landfills Operations</b>				
Tree Stumps	26.00	28.00	7.69%	229
Commercial Waste by weight	66.00	70.00	6.06%	391,682
Prescribed Waste	110.00	115.00	4.55%	0
Concrete (over 300mm)	47.00	50.00	6.38%	9,909



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Asbestos	66.00	70.00	6.06%	3,373
<b>Landfills Operations Total</b>				<b>405,193</b>
<b>Leisure Centre Operations</b>				
Casual Off Peak Training (By Negotiation)	2.00	2.00	0.00%	0
Casual Lane Hire	25.00	25.00	0.00%	0
Regular User Group Lane Hire	10.00	10.00	0.00%	0
School Holiday Program	26.00	29.00	11.54%	0
Indoor Soccer Team Registration (Senior)	65.00	70.00	7.69%	0
Indoor Soccer Team Registration (Junior)	40.00	45.00	12.50%	0
Indoor Soccer Team sheet (Junior)	25.00	26.00	4.00%	0
Indoor Soccer Team sheet (Senior)	35.00	36.00	2.86%	0
Schools Rental Per Hour	34.00	34.00	0.00%	0
Netball Rental Per Hour	34.00	34.00	0.00%	0
Basketball Rental Per Hour	34.00	34.00	0.00%	0
Volleyball Team sheet Fee	16.00	0.00	-100.00%	0
Movement to Music - Term Fee	55.00	0.00	-100.00%	0
Healthy Kids - Term Fee	80.00	0.00	-100.00%	0
Children's Birthday Parties (per participant)	14.00	14.00	0.00%	0
Ed Gym - Term Fee	80.00	0.00	-100.00%	0
Soccer Clinic	4.60	4.70	2.17%	0
Netta / Fun Net	4.60	4.70	2.17%	0
Basketball Clinic	4.60	4.70	2.17%	0
Stadium Entry Fee - Player	2.00	2.00	0.00%	0
Carnival Hire	550.00	600.00	9.09%	0
Fun Days - Per Participant	10.00	0.00	-100.00%	0
Swim Lesson (School Instructor) - Per Participant	2.60	2.70	3.85%	0
Swim Lesson (YMCA Instructor) - Per Participant	4.80	5.00	4.17%	0
Aquatic Education Membership Monthly Fee (Concession)	37.00	37.00	0.00%	0
Aquatic Education Membership Monthly Fee	41.00	41.00	0.00%	0
Aquatic Membership Start-Up Fee (Concession)	36.00	36.00	0.00%	0
Aquatic Membership Monthly Fee (Concession)	29.00	30.00	3.45%	0
Aquatic Membership Start-Up Fee	41.00	41.00	0.00%	0
Aquatic Membership Monthly Fee	36.00	37.00	2.78%	0
Aquatic Family Membership Start-Up Fee	82.00	82.00	0.00%	0
Aquatic Family Membership Monthly Fee	72.00	74.00	2.78%	0
Gentle Exercise	5.50	0.00	-100.00%	0
Aqua Movers	5.50	5.50	0.00%	0
Group Fitness (Concession)	7.80	8.00	2.56%	0
Group Fitness	9.80	10.00	2.04%	0
Aqua Aerobics (Concession)	7.80	8.00	2.56%	0
Aqua Aerobics	9.80	10.00	2.04%	0
Spectator	2.00	2.00	0.00%	0



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Family Rec Swim	13.00	13.20	1.54%	0
Concession Rec Swim	3.70	3.80	2.70%	0
Child Rec Swim	3.70	3.80	2.70%	0
Adult Rec Swim	4.60	4.70	2.17%	0
Single Season Ticket	150.00	0.00	-100.00%	0
Pryme Movers Membership Monthly Fee	28.00	28.00	0.00%	0
Pryme Movers Membership Start-Up Fee	30.00	30.00	0.00%	0
Y Kids Club Membership Fee	28.00	28.00	0.00%	0
Y Kids Club Membership Start-Up Pack Fee	30.00	30.00	0.00%	0
Aquatic Education Aquasafe Plus Membership Monthly Fee	44.00	44.00	0.00%	0
Aquatic Education Aquasafe Plus Membership Monthly Fee (Conc.)	39.00	39.00	0.00%	0
Y Splash Participant Fee	45.00	45.00	0.00%	0
<b>Leisure Centre Operations Total</b>				<b>0</b>

### Local Laws

Consume Liquor in Public Place	107.00	111.00	3.74%	3,885
Consume Liquor in Public Place		64.00		128
Drainage Tapings	60.00	64.00	6.67%	0
Scavenging at Tip	60.00	64.00	6.67%	0
Recreation Vehicles	60.00	64.00	6.67%	64
Animal permit - Excess animals	30.00	32.00	6.67%	320
Advertising on Council properties permit	60.00	64.00	6.67%	0
Burning off offensive material permit	235.00	249.00	5.96%	0
Storage of machinery or second hand goods - permit	60.00	64.00	6.67%	0
Bulk rubbish container release	75.00	80.00	6.67%	0
Bulk rubbish container permit	75.00	80.00	6.67%	0
Outdoor eating facility permit	75.00	80.00	6.67%	0
Display of goods for sale permit	32.00	34.00	6.25%	3,225
Roadside trading release	75.00	80.00	6.67%	0
Door to Door trading permit	255.00	270.00	5.88%	0
Advertising sign release	75.00	80.00	6.67%	0
Camping permit	60.00	64.00	6.67%	320
Impounded vehicle release	120.00	127.00	5.83%	115
Outdoor eating facility release	32.00	34.00	6.25%	618
Goods for sale release	75.00	80.00	6.67%	0
Roadside trading permit	375.00	600.00	60.00%	600
Advertising sign permit	32.00	34.00	6.25%	7,480
<b>Local Laws Total</b>				<b>16,756</b>

### Meals on Wheels

Private Works Meals	9.10	9.50	4.40%	26,505
Meals on Wheels	5.20	5.35	2.88%	128,400
<b>Meals on Wheels Total</b>				<b>154,905</b>



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
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### Personal Care

Personal Care	2.90	3.00	3.45%	10,476
<b>Personal Care Total</b>				<b>10,476</b>

### Property and Revenue

Data Sales	45.00	50.00	11.11%	364
Land Information Certificates	20.00	20.00	0.00%	20,000
<b>Property and Revenue Total</b>				<b>20,364</b>

### Public Halls

Commercial - Korumburra Office Meeting Room 1/2 Day / night	48.00	51.00	6.25%	139
Commercial - Korumburra Office Meeting Room Full Day	87.00	92.00	5.75%	0
Commercial - Hall Bond where liquor is not served (refundable)	161.00	170.00	5.59%	0
Commercial - Hall Bond where liquor is served (refundable)	650.00	689.00	6.00%	0
Commercial - Behind Stage 1/2 day	50.00	53.00	6.00%	0
Commercial - Behind Stage full day	82.00	87.00	6.10%	0
Commercial - Balcony Seating 1/2 day	82.00	87.00	6.10%	0
Commercial - Balcony Seating full day	162.00	172.00	6.17%	0
Commercial - Leongatha Memorial Hall Crockery Hire per setting	3.20	3.50	9.37%	0
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	82.00	87.00	6.10%	316
Commercial - Leongatha Memorial Hall Kitchen full day	130.00	138.00	6.15%	251
Commercial - Leongatha Memorial contractor Set up Costs (if used)	25.00	27.00	8.00%	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	65.00	69.00	6.15%	1,255
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	130.00	138.00	6.15%	1,255
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	580.00	615.00	6.03%	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	82.00	87.00	6.10%	1,582
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	161.00	170.00	5.59%	1,545
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	727.00	770.00	5.91%	0
Commercial - Leongatha Memorial Hall Full week hire 7 days	2,330.00	2,470.00	6.01%	2,245
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	45.00	48.00	6.67%	524
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	390.00	413.00	5.90%	751



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	260.00	275.00	5.77%	0
Commercial - Leongatha Memorial Hall Rental - full day or evening	520.00	550.00	5.77%	5,000
Commercial - Whole Complex Hire 1/2 Day	380.00	403.00	6.05%	0
Commercial - Whole Complex Hire	727.00	770.00	5.91%	0
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	38.00	40.00	5.26%	0
Non Commercial - Korumburra Office Meeting Room Full Day	69.00	73.00	5.80%	0
Non Commercial - Hall Bond where liquor is not served (refundable)	130.00	138.00	6.15%	0
Non Commercial - Hall Bond where liquor is served (refundable)	520.00	550.00	5.77%	0
Non Commercial - Behind Stage 1/2 day	40.00	42.00	5.00%	76
Non Commercial - Behind Stage full day	66.00	70.00	6.06%	0
Non Commercial - Balcony Seating 1/2 day	66.00	70.00	6.06%	0
Non Commercial - Balcony Seating full day	130.00	138.00	6.15%	0
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	2.60	3.00	15.38%	3,273
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	66.00	70.00	6.06%	955
Non Commercial - Leongatha Memorial Hall Kitchen full day	103.00	109.00	5.83%	1,982
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	18.50	20.00	8.11%	2,636
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	52.00	55.00	5.77%	1,000
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	103.00	109.00	5.83%	495
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	465.00	493.00	6.02%	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	66.00	70.00	6.06%	1,909
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	130.00	138.00	6.15%	1,255
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	580.00	615.00	6.03%	0
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	1,865.00	1,975.00	5.90%	1,795
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	35.00	37.00	5.71%	202
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	315.00	334.00	6.03%	0
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	208.00	220.00	5.77%	400





## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	415.00	440.00	6.02%	2,000
Non Commercial - Whole Complex Hire 1/2 Day	305.00	323.00	5.90%	0
Non Commercial - Whole Complex Hire	585.00	620.00	5.98%	0
<b>Public Halls Total</b>				<b>32,841</b>

### Records

Applicant B&W Photocopying (Amount per A1 page)	8.00	8.50	6.25%	391
Applicant B&W Photocopying (Amount per A3 page)	1.70	1.80	5.88%	54
FOI Applicant B&W Photocopying (Amount per A4 page)	0.20	0.20	0.00%	20
FOI Supervision Search Fee	5.00	5.00	0.00%	20
FOI Council Search Fee	21.00	20.00	-4.76%	140
FOI Application Fee	20.00	22.00	10.00%	154
<b>Records Total</b>				<b>779</b>

### Recreation Facilities

Family Season Ticket	100.00	150.00	50.00%	0
Single Season Ticket	50.00	60.00	20.00%	0
Adult Entry	4.00	4.00	0.00%	0
Child Entry	3.00	3.00	0.00%	0
School Single Entry	2.00	2.00	0.00%	0
Spectator	1.00	1.00	0.00%	0
Single Season Ticket Child - Toora	65.00	80.00	23.08%	0
Weekly Family Ticket - Toora	38.00	45.00	18.42%	0
Single Season Ticket Adult - Toora	90.00	140.00	55.56%	0
Spectator - Toora	1.00	1.00	0.00%	0
School Single Entry - Toora	8.00	2.00	-75.00%	0
Child Entry - Toora	3.50	3.50	0.00%	0
Adult Entry - Toora	4.50	4.50	0.00%	0
Family Season Ticket - Toora	190.00	220.00	15.79%	0
<b>Recreation Facilities Total</b>				<b>0</b>

### Respite HACC

Respite Care	1.80	1.90	5.56%	3,990
<b>Respite HACC Total</b>				<b>3,990</b>

### Statutory and Strategic Planning

Extensions of time for planning permits	66.00	70.00	6.06%	0
Amendments of planning permits and endorsed plans	66.00	70.00	6.06%	0
Requests for documents greater than 10 pages	54.00	57.20	5.93%	5,000
S.6 (3) - Adoption of an amendment	471.00	499.00	5.94%	0
S.6 (2) - Consideration of submissions and assisting the panel	717.00	760.00	6.00%	0
S.6 (1) - Considering a request to amend planning scheme	717.00	760.00	6.00%	0
Certificate of Compliance	133.00	133.00	0.00%	0
Certification of Plans - Charged per lot (Base Fee)	100.00	100.00	0.00%	0



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Certification of Plans - Charged per lot	20.00	20.00	0.00%	0
Planning Certificates (1 day)	52.00	52.00	0.00%	0
Planning Certificates (3 days)	31.00	31.00	0.00%	20,615
Planning Certificates (7 - 14 days)	16.40	16.40	0.00%	0
Remove restriction (Subdiv Act 1988) over land if the land has been used or developed for more than 2 yrs before date of applications (Plan & Enviro Act 1987) but for the existence of the restriction	225.00	225.00	0.00%	0
Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way.	486.00	486.00	0.00%	0
Use and Change of Use	451.00	451.00	0.00%	0
Create vary remove easement right-of-way Crown Land or vary remove a condition in the nature of an easement other than a right of way in a Crown Grant.	363.00	363.00	0.00%	0
Subdivision of Land	702.00	702.00	0.00%	0
To effect a realignment of a common boundary between lots or to consolidate two or more lots.	348.00	348.00	0.00%	0
Subdivision of existing building / land into two lots	348.00	348.00	0.00%	0
Development of Land < \$50M	14,473.00	14,473.00	0.00%	242,500
Development of Land < \$10M - \$50M	7,236.00	7,236.00	0.00%	0
Development of Land < \$7M - \$10M	4,340.00	4,340.00	0.00%	0
Development of Land < \$1M - \$7M	1,035.00	1,035.00	0.00%	0
Development of Land < \$500000 - \$1 M	732.00	732.00	0.00%	0
Development of Land < \$250000 to \$500000	635.00	635.00	0.00%	0
Development of Land < \$10000 - \$250000	543.00	543.00	0.00%	0
Development of Land > \$10000	92.00	92.00	0.00%	0
Single Dwellings per lot and/or extensions > \$100000	440.00	440.00	0.00%	0
Single Dwellings per lot and/or extensions < \$10000 - \$100000	215.00	215.00	0.00%	0
<b>Statutory and Strategic Planning Total</b>				<b>268,115</b>

### Traffic Control

Disabled Parking Permits	25.00	25.00	0.00%	6,250
Failure to display permit - Port Welshpool Boat Ramp	108.10	66.00	-38.95%	660
Infringement - Overtime Parking	50.00	55.00	10.00%	13,750
Infringement - Permit Zone / Loading Zone	64.00	66.00	3.13%	2,970
Infringement - No Standing / Disabled Parking	107.00	111.00	3.74%	9,435
<b>Traffic Control Total</b>				<b>33,065</b>

### Transfer Stations

Extra Charge for Tyre on Rim	6.00	6.50	8.33%	780
Earthmoving Tyre	150.00	160.00	6.67%	0
Large Truck Tyre	25.00	27.00	8.00%	98
Small Truck / Four Wheel Drive Tyres	12.00	13.00	8.33%	284



## 2007 - 2008 Fees and Charges Summary Report

Description <i>(fees highlighted in yellow are Statutory Fees)</i> <i>(fees highlighted in blue are pool &amp; leisure centre fees)</i> <i>(fees highlighted in green are full cost recovery)</i>	2006/07 Fee (incl GST) \$	2007/08 Fee (incl GST) \$	Increase %	2007/08 Revenue Budget (Excluding GST) \$
Car Tyres	4.00	4.50	12.50%	2,070
Car Bodies	30.00	32.00	6.67%	495
Concrete Bricks Fill up to one m3	20.00	21.00	5.00%	2,520
Silage Wrap bundled	10.00	10.50	5.00%	554
Other Domestic	20.00	21.00	5.00%	86,806
Ute - up to one cubic meter	20.00	21.00	5.00%	51,412
120 L Bin	2.50	2.50	0.00%	782
240L Bin	5.00	5.50	10.00%	12,810
Car Boot	10.00	10.50	5.00%	16,122
Garbage Bag up to 120L	2.50	2.50	0.00%	70,177
<b>Transfer Stations Total</b>				<b>244,910</b>
<b>Waste Water Management</b>				
Permit amendment requiring inspection	120.00	127.00	5.83%	0
Minor permit amendment	65.00	69.00	6.15%	0
Assessment of Plumbers report	130.00	138.00	6.15%	0
Renewal of expired Septic Tank permit to current EPA requirements.	235.00	249.00	5.96%	0
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial construction or Final Inspection	120.00	127.00	5.83%	0
Request for copies of plans for septic.	80.00	85.00	6.25%	0
Permit to alter a septic tank - Minor Works	245.00	260.00	6.12%	0
Permit to alter a septic tank system - Major Works	310.00	329.00	6.13%	0
Permit to install a septic tank application made prior to or at the same time as Planning Permit application.	430.00	456.00	6.05%	92,568
Permit to Install a septic tank application made after a Planning Permit application.	485.00	514.00	5.98%	0
Fast Track pre building approval (Septic Report & Consent)	200.00	200.00	0.00%	0
<b>Waste Water Management Total</b>				<b>92,568</b>
<b>Grand Total</b>				<b>1,895,748</b>



## GLOSSARY

Act	Local Government Act 1989
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.
AIFRS	Australian equivalents to International Financial Reporting Standards.
Annual budget	This document is framed within the Council's strategic resource plan and sets out the short term goals and objectives as part of the overall strategic planning framework
Annual operating budget ( <i>Budgeted income statement</i> )	The budgeted income statement shows the expected operating result in the forthcoming year with a distinction made between revenue received for operating purposes and revenue received for capital purposes.
Annual 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.
Australian 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.  Australian Accounting Standard AAS 27 - Financial Reporting by Local Governments, is applicable to all general purpose financial reports prepared by Councils.  AAS27 is currently the subject of review by the AASB with the release of Exposure Draft ED 125 - Financial Reporting by Local Governments.
Borrowing strategy	A borrowing strategy is the process by which the Council's current external



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## GLOSSARY

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.  
*(Budgeted balance sheet)*

The budgeted balance sheet should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements.

**Budgeted cash position**      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.  
*(Budgeted cash flow statement)*

The budgeted cash flow statement should be prepared in accordance with the requirements of AASB 107 Cash Flow Statements.

**Budget preparation requirement**      Under the Act, a Council is required to prepare and adopt an annual budget by 31 August each year.

**Capital expenditure**      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.

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.



## GLOSSARY

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 performance statement** (*Impact of current year on 2007/08 budget*) This statement shows the internal and external funds for the budget year and forecast which will be used to fund capital works projects and the total capital works expected to be completed in comparison to the budget.

**Capital renewal** Capital renewal expenditure is 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 capital renewal expenditure reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

**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 2006/2007 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.



## GLOSSARY

Cash performance statement (*Impact of current year on 2007/08 budget*)

This statement shows the expected net cash inflows and outflows as compared to the budget for the current year.

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.

The resources required to achieve the Council plan are detailed in the strategic resource plan. As a minimum, a Council plan must include:

- the strategic objectives of the Council
- strategies for achieving those objectives for at least the next four years
- strategic indicators for monitoring the achievement of those objectives
- strategic resource plan

Community satisfaction survey

A survey conducted on an annual basis by every Council.

Current year rate increase (*Rating strategy*)

A statement included in the budget quantifying the amount of the rate change for the forthcoming year and disclosing any significant factors influencing the rate change.

Differential rates

When a Council intends to declare a differential rate (eg business and residential), information prescribed by the Act under section 161 must be disclosed in the Council budget.

Discretionary reserves

Discretionary reserves are funds earmarked by Council for various purposes. Councils can by resolution change the purpose of these reserves.

Executive summary

Opening section of report designed to give the reader an overview and high level "snapshot" of the information provided in the report.



## GLOSSARY

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.
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	<p>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.</p> <p>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.</p>
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





## GLOSSARY

<i>budget</i> )	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. A Council must prepare accounting data for comparative purposes for the 30 June 2006 financial reports. Refer also AIFRS.
Investing activities	Investing activities means those activities, which relate to acquisition and disposal of non-current assets, including property, plant and equipment and other productive assets, and investments not falling within the definition of cash.
Key assumptions	When preparing a budgeted balance sheet of financial position, key assumptions upon which the statement has been based should be disclosed in the budget to assist the reader when comparing movements in assets, liabilities and equity between budget years.
Key budget outcomes	The key activities and initiatives that will be achieved in line with the Council plan.
Key financial indicators	A range of ratios and comparisons of critical financial data over a period of years allowing a reader to gain a better understanding of key measures, such as indebtedness and liquidity which are often undisclosed when financial information is presented in standard statement format.

### *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.



## GLOSSARY

### *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.

### *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



## GLOSSARY

used by DVC when considering applications for loan borrowings. The prudential limit is 80%.

### *Underlying surplus / Total assets*

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

### *Total assets / Assessment*

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

### *Current assets / Current liabilities*

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

### *Total liabilities / Assessment*

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

### *Capital outlays / Total cash outflows*

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

### *Capital outlays / Rate revenue*

This ratio represents the capital outlays as a percentage of rate revenue and



## GLOSSARY

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** The key strategic activities of a Council are those, which will directly contribute to the achievement of the Council Plan during the current year.

A statement (or schedule) for the budget year is required by section 127 of the Act to be included in the budget, identifying the key strategic activities to be undertaken during the financial year and performance targets and measures in relation to each key strategic activity.

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

**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)** These Regulations require sufficient cash and investments to be maintained to meet the total liability for long service leave calculated in accordance with



## GLOSSARY

Regulations 2002	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.
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	<p>The budgeted income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year.</p> <p>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.</p>
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 2007/08 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	<p>Required by section 132 of the Act, a performance statement must be included in the annual report of a Council and include:</p> <ul style="list-style-type: none"> <li>- the key strategic activities and performance measures specified in the budget under section 127 for that financial year</li> </ul>



## GLOSSARY

- the actual results achieved for that financial year having regard to those performance targets and measures.

Prudential ratios and thresholds (*Borrowing strategy*) 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 (*Rating strategy*) 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 (*in strategic resource plan*) A key outcome of a strategic resource plan, service delivery must be linked with performance strategies in order to assess the adequacy of service delivery and the impact on long term budget preparation.

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

- Strategic resource plan
- Budget
- Annual report



## GLOSSARY

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.

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



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## GLOSSARY

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 by non-recurring or capital related items.

Valuations of Land Act  
1960

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

Working capital

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

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**South Gippsland**  
Shire Council

*Come for the beauty, Stay for the lifestyle*

*South Gippsland Shire Council*

# **ANNUAL BUDGET**

## **2007 – 2008**

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**COUNCIL MEETING 20 JUNE 2007**

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