



South Gippsland
Shire Council



Come for the beauty... Stay for the lifestyle

South Gippsland Shire Council

ANNUAL BUDGET

2010 – 2011

COUNCIL MEETING 28 June 2010

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Mayor's Introduction

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

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

The coming 2010/11 financial year will see a general revenue increase of 6.5% from rates, fees and charges. The individual impact of this will vary for ratepayers across the shire due to a revaluation of properties being undertaken. Of this increase, the general rate will increase by 4.8%, whilst fees and charges, particularly for Waste Management, will increase by a greater amount, predominantly because the State Government doubled the EPA Landfill Levy charged on each tonne of waste deposited to landfill in our tip from July 2010, with further increases to come into force in subsequent years. Had this not occurred, the overall revenue increase would have remained at 5.25%, which is the amount we had planned for in our Long Term Financial Plan. The budget provides for the transparent inclusion of the Levy on the rate notice as a separate item to identify the amount budgeted to be passed directly on to the State Government.

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

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

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

The capital works program for 2010/11 will be \$15.11 million. This represents a rise of over 70% (\$6.2 million) over what was spent in the previous financial year.

This increase is in line with the Long Term Financial Plan that was first developed in 2003 and has been reviewed and updated on an annual basis.

The proposed budget includes a number of new initiatives and important ongoing projects:

- Adopting and implementing the Rural Strategy into the Planning Scheme to protect agricultural values
- Strategic planning for smaller towns to guide future directions
- Developing a Coastal Planning approach to guard against rising sea-levels

- Developing and implementing Fire Prevention Plans for all bush reserves controlled by Council
- Resourcing Emergency Management readiness
- Completing the Asset Management Plan
- Developing and implementing a 10 year capital works program which is consistent with the Asset Management Plan and Long Term Financial Plan
- Undertaking a Tree Management Plan to ensure public safety
- Updating Council's Information Technology platform
- Continuing the comprehensive review of service levels to ensure efficient and effective delivery
- Providing additional staffing resources across a number of areas particularly in governance and strategic policy setting
- Increased transparency on the rates notice by separating the State charges for the EPA Landfill Levy

Highlights of the Capital Works program include:

- Roads (\$4.48 million) – Including reconstructions, reseals and Roads to Recovery projects
- Buildings (\$5.49 million) – Including building the Corner Inlet Integrated Childrens Hub and Sandy Point Community Centre.
- Footpaths (\$0.37 million) – Including footpath extension at Station Road, Foster and footpath renewals
- Other Structures (\$0.61 million) – Including playground replacement programs
- Plant and equipment (\$2.84 million) – Including information technology, asset management and scheduled upgrade of Council's plant and fleet

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

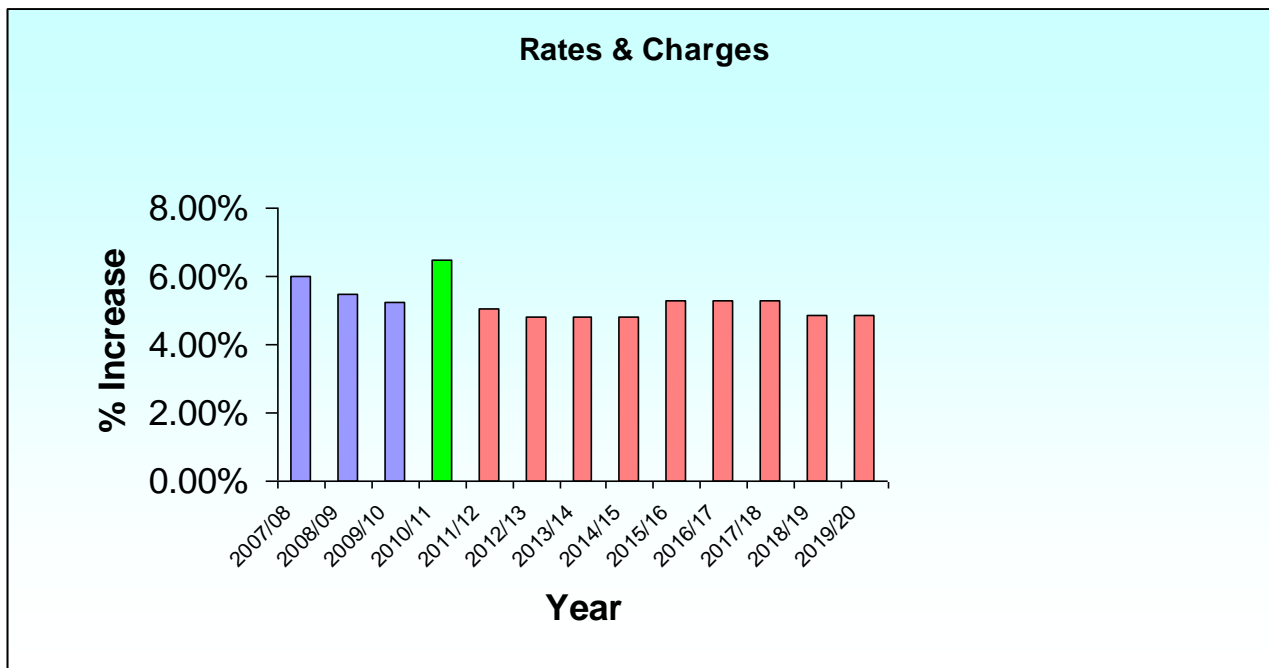
Cr James Fawcett

Mayor

Executive Summary

Council has prepared a Budget for the 2010/11 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, borrowings and financial sustainability of the Council.

Rates & Charges

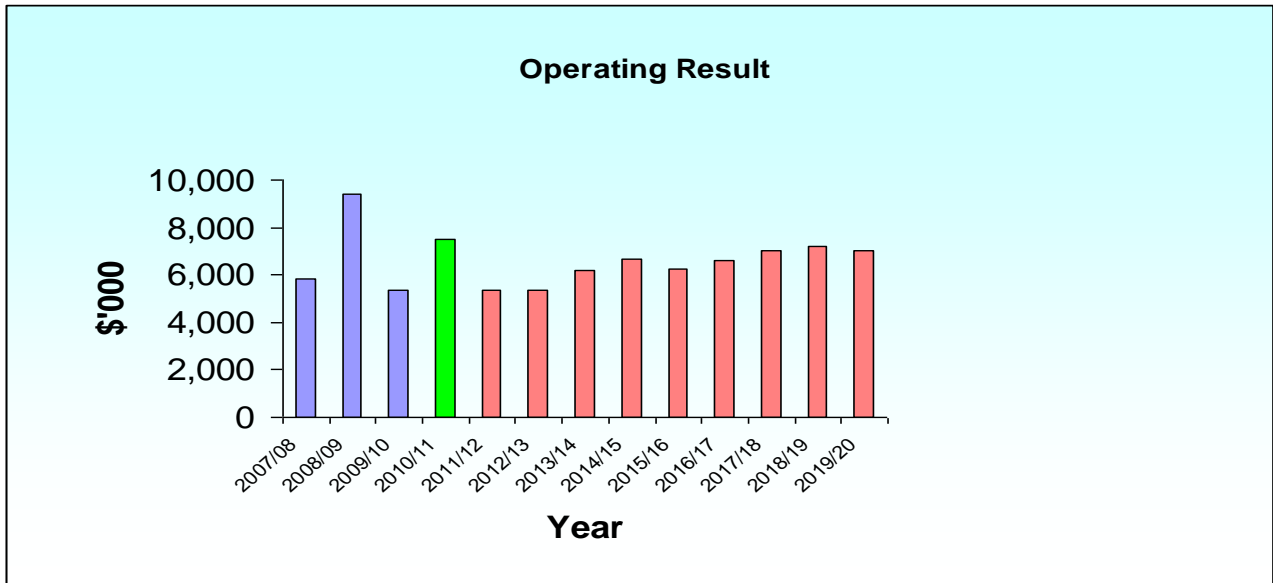


It is proposed that general rates and charges increase by 6.50% for the 2010/11 year, raising total rates of \$27.48 million, including \$0.21 million generated from supplementary rates and charges.

The general rate will increase by 4.8% on average. The waste services charge for garbage collection / recycling / street sweeping / litter bins will increase by 9.78%. There will also be an additional waste services charge for all rateable properties of \$20. This will be levied on the same basis as the municipal charge. The increase and additional waste services charges is required to accommodate the State Government doubling the EPA Waste Management Levy, with further increases to occur in subsequent years.

The general rates and charges increase for 2010/11 and future budget years are in line with Council's rating strategy and Long Term Financial Plan. The rates and charges increase will go to toward strengthening Council's overall financial position. The objective in past years had been to reduce long term debt and strengthen Council's working capital. The focus is now shifting to provide additional funding for capital works renewal programs over the coming years. The rates and charges increase for the 2009/10 year was 5.25%.

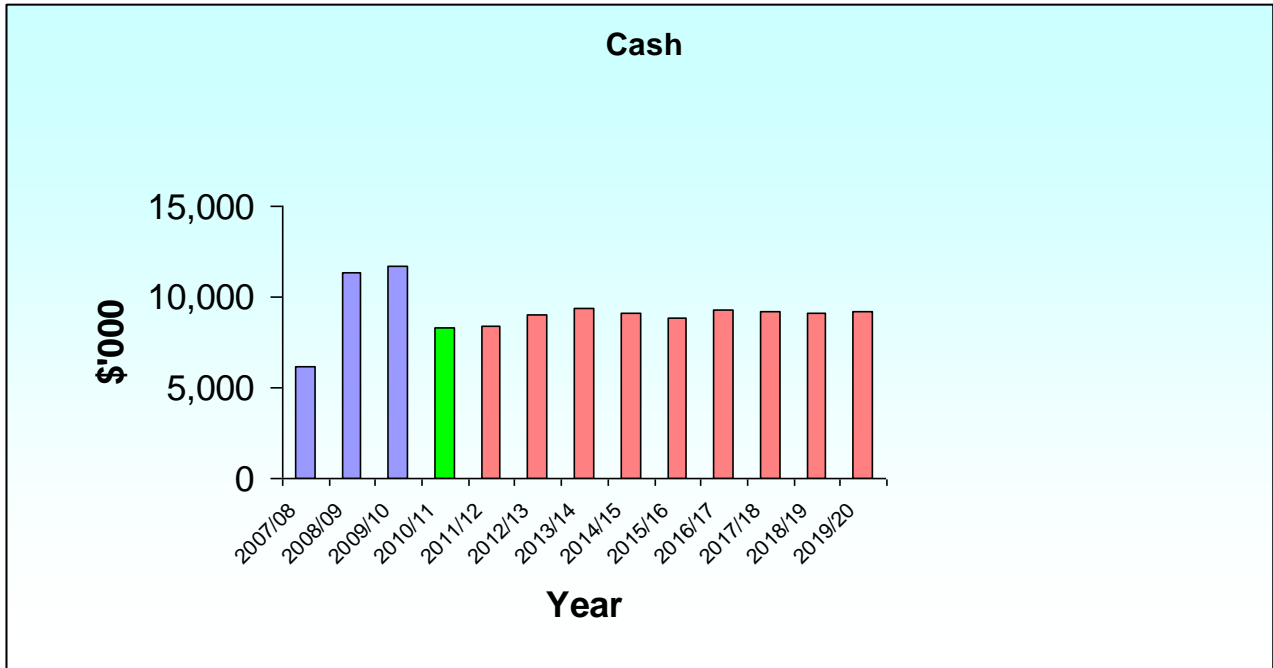
Operating result



The expected operating result for the 2010/11 year is a surplus of \$7.48 million, which is greater than 2009/10. The stronger result in 2010/11 is as a result of receiving additional capital grants in that year relative to the previous financial year (\$6.2 million in 2010/11, \$2.9 million in 2009/10) and some grants in advance.

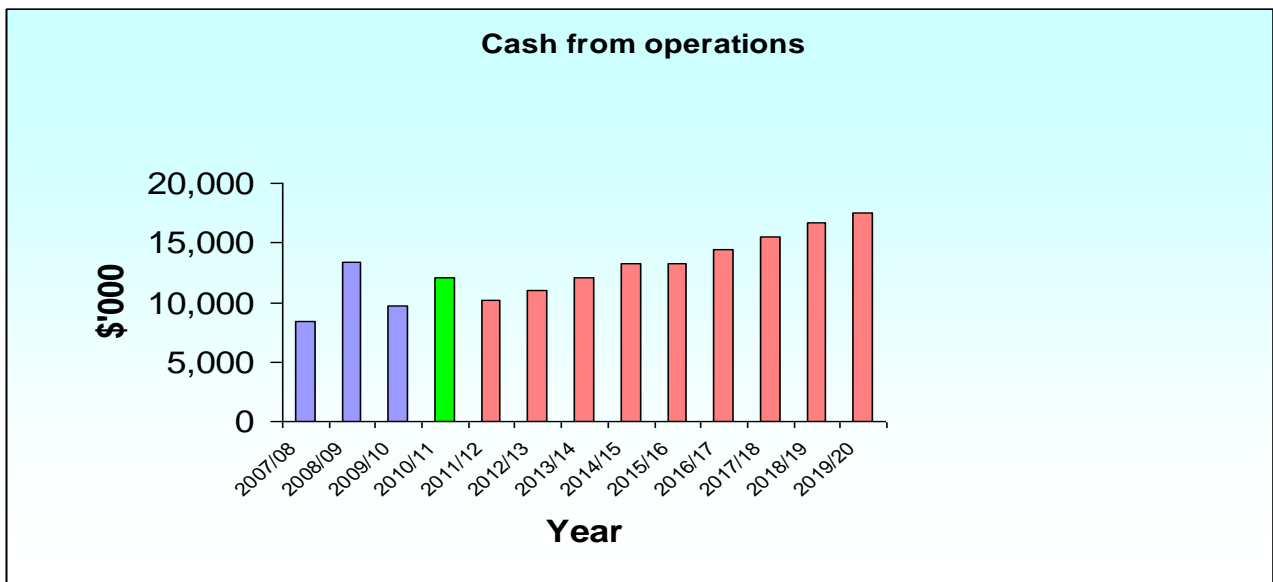
Council is required to recognise grants as income in the year that it has been secured, irrespective whether the actual expenditure will be incurred in the following financial year. The Commonwealth Government has advised the Victoria Grants Commission that 25% of the aggregate payment will again be brought forward to June 2010. This first occurred in 2008/09, hence the spike and has continued each year thereafter. The operating result is in line with Council's Long Term Financial Plan. The projected operating result for the 2009/10 year is a surplus of \$5.34 million.

Cash position



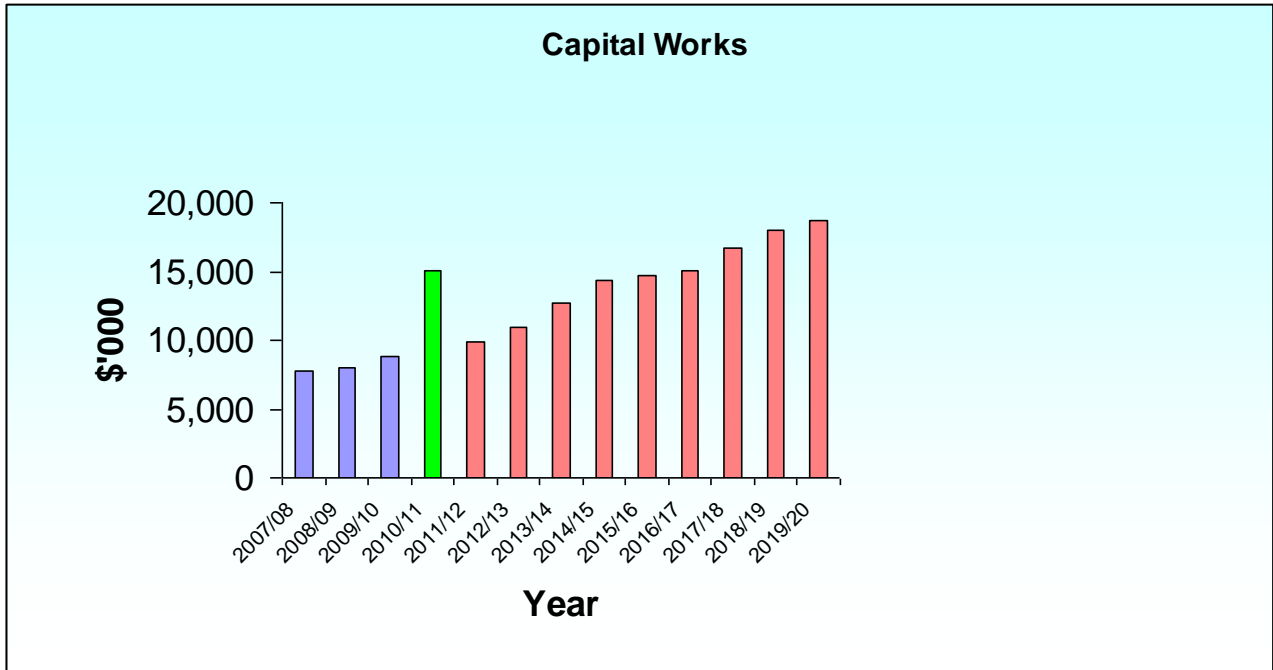
The cash position is expected to decrease by \$3.38 million during the year to \$8.33 million as at 30 June 2011. It is projected to be \$11.71 million as at 30 June 2010. The projected result for 2010/11 in relative terms is high due to receiving grants in advance and funds being retained for uncompleted projects that are being carried forward into 2010/11. The overall level of cash is in line with Council's Long Term Financial Plan

Cash from operations



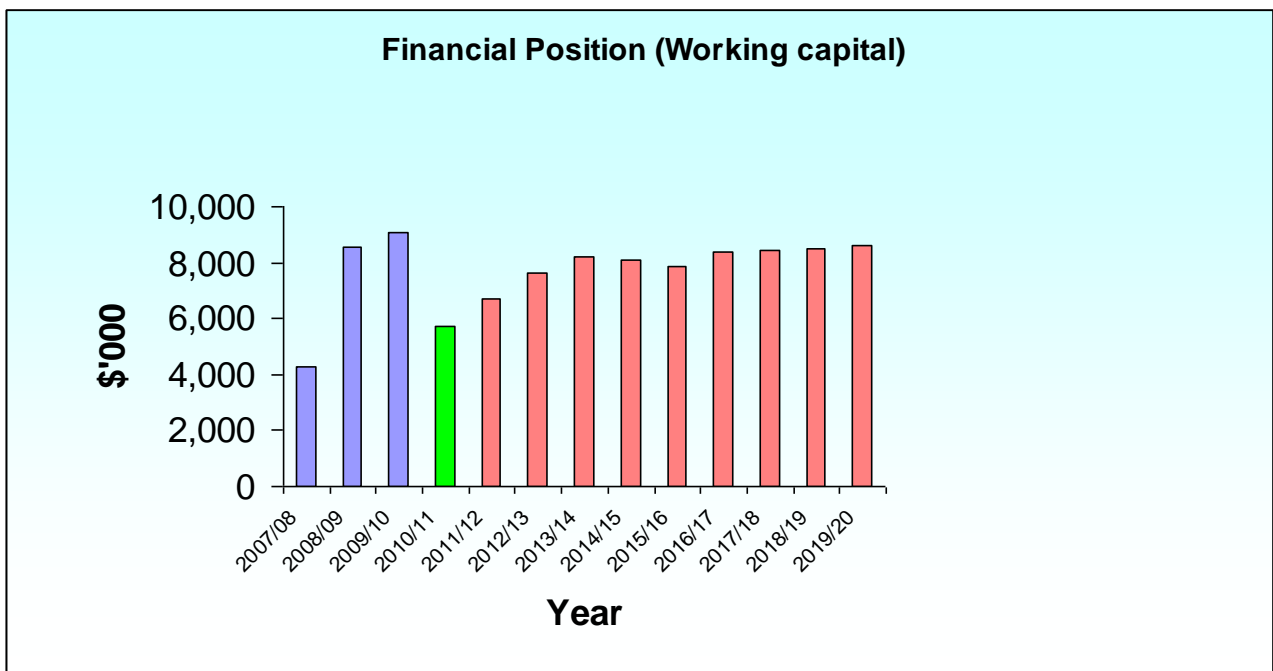
Net cash from operations is forecast to be \$12.10 million. The additional capital grant funding expected in 2010/11 contributes to the spike. Similarly, the spike and dip in the two previous financial years are attributable to the timing of when capital funds were actually received. The gradual and consistent strengthening of cash from operations in future years provides financial capacity for funding future years' capital works programs.

Capital expenditure



The capital expenditure program for the 2010/11 year is \$15.11 million of which \$0.88 million relates to projects, which will be carried forward from the 2009/10 year. The carried forward component is fully funded from the 2009/10 budget. The spike in 2010/11 is due to receiving significant levels of grant funding for capital works projects. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. Capital works is projected to be \$8.83 million for the 2009/10 year.

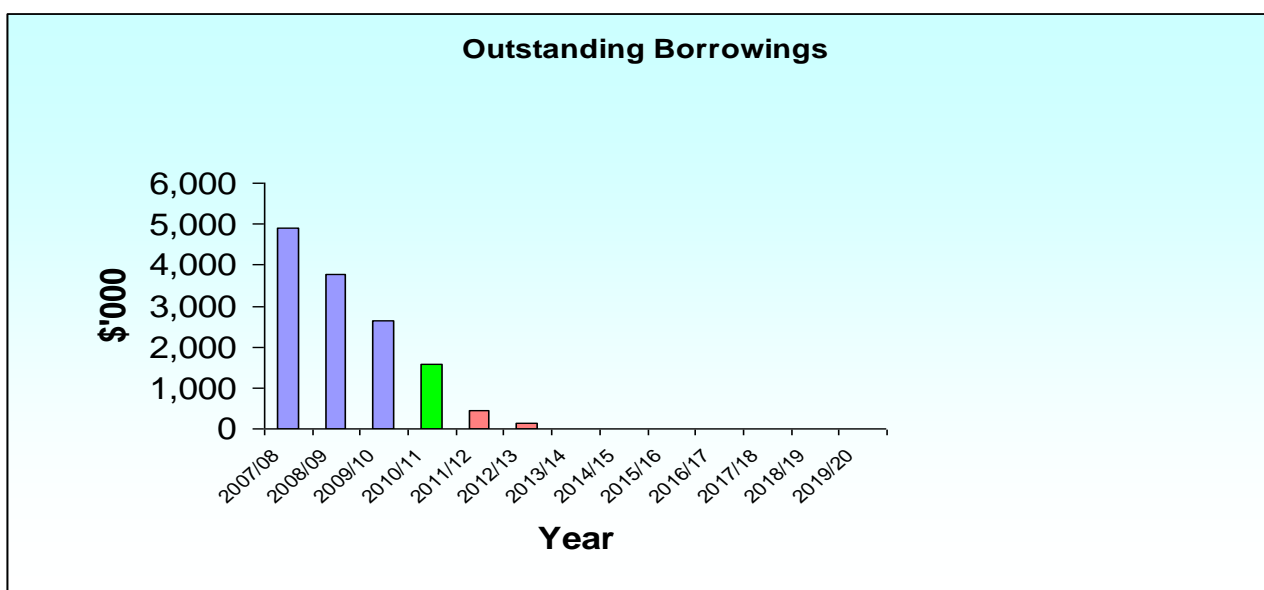
Financial position



Net current assets (working capital) will decrease by \$3.35 million to \$5.74 million as at 30 June 2011. Working capital is projected to be \$9.08 million as at 30 June 2010. The spike in 2009/10 is due to recognising 25% of 2010/11 Victoria Grants Commission allocation in June 2010 and funds unexpended for uncompleted projects that are to be expended in 2010/11. The same situation occurred for the 2008/09 year. In previous years, the focus was to build up capacity and reduce long term debt.

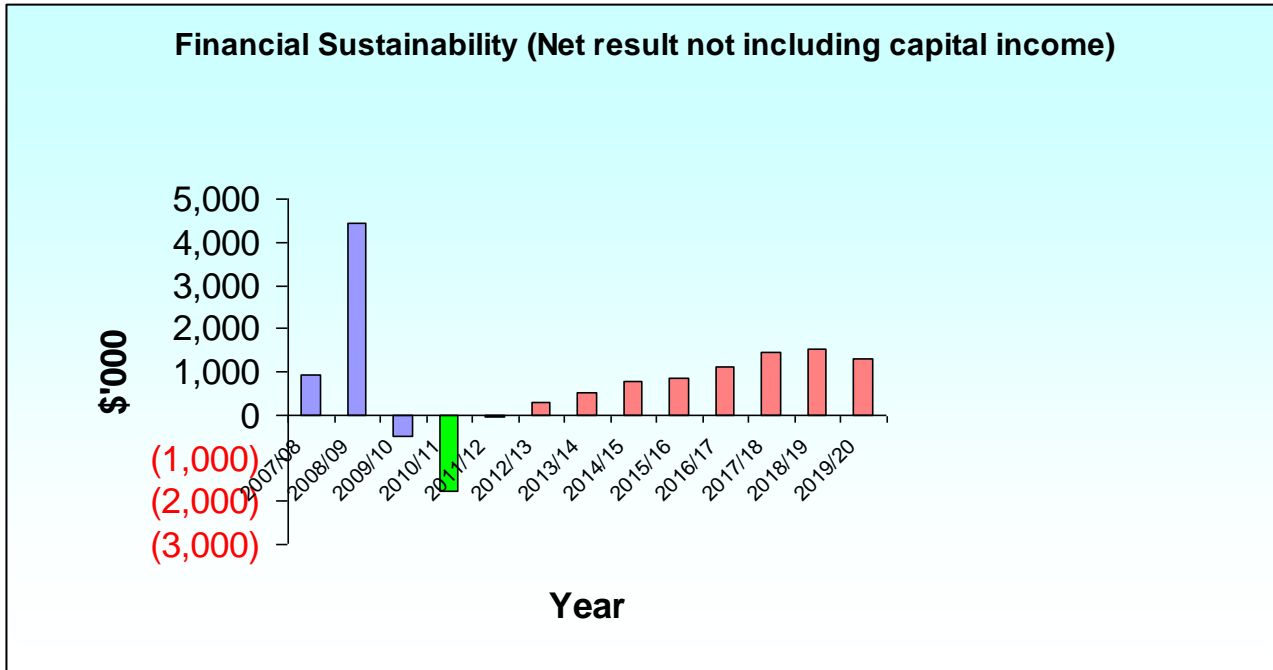
As a result of grant allocations being recognised a year earlier and increased funding being released to bridge primary funding gaps in existing service level provisions and several service initiatives, the working capital in 2010/11 is set to decline marginally. Importantly in future years the strategic objective to maintain the overall financial position of Council is not compromised.

Borrowings



Outstanding borrowings will decrease by \$1.06 million to \$1.58 million as at 30 June 2011. The strategic intent of reducing long term debt is obvious. Council in 2003/04 had outstanding borrowings of \$13.51 million. It is projected to be \$2.64 million as at 30 June 2010.

Financial sustainability



A detailed Long Term Financial Plan for the years 2010/11 to 2019/20 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 (\$6.24 million), donated / granted assets (\$3.08 million) and net gain / loss on asset disposals (\$56,000) is backed out of the operating result (\$7.48 million surplus) the underlying result (net result not including capital funding sources) for 2010/11 is projected to be a \$1.78 million deficit.

The financial result for 2008/09 through to and including 2010/11 are distorted somewhat by the Accounting Standards requirement to recognise grants as income in the year that notification that the grant has been secured, irrespective whether the expenditure will be incurred in the following financial year. Substantial amounts of grants therefore had to be recognised in prior years whereas in fact it funded expenditure on projects in the following financial years.

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

Budget Processes

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

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

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

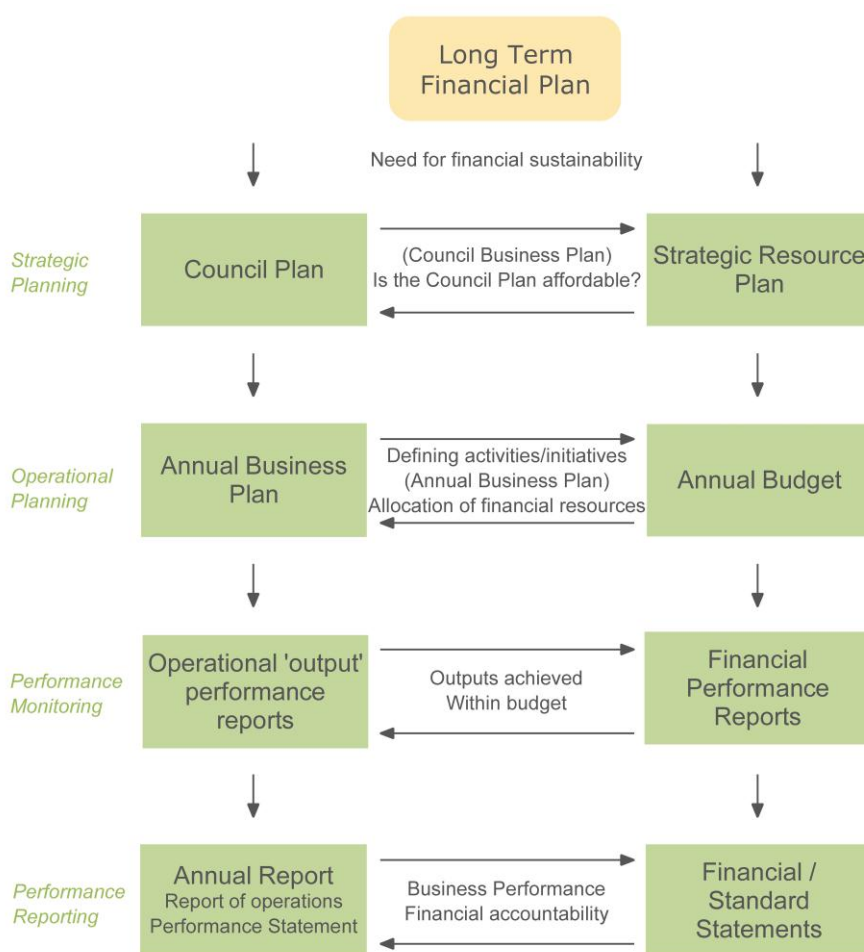
Budget Process	Timing
1. Proposed budget submitted to Council for approval	5 May
2. Public notice advising intention to adopt budget	11 May
3. Budget available for public inspection & comment	11 May
4. Submissions period closes	9 June
5. Submissions considered by Council	23 June
6. Budget presented to Council for adoption	28 June
7. Copy of adopted budget submitted to the Minister	30 June

1. Linkage to Council Plan

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

1.1 Strategic planning framework

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



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

The Long Term Financial Plan incorporates some very high level objectives / strategies as well as a 10 year budget. The Long Term Financial 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 goals outcomes and strategies, whereas the Strategic Resource Plan is a detailed forward budget that quantifies the resources required over four years to achieve the Council Plan's strategic objectives.

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

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

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

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

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

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); and
- Budget of financial position (Balance Sheet).

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

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

Key financial performance indicators and ratios established during the long term financial planning process guided the preparation of this 2010/11 annual budget.

1.2 Key Result Areas and Strategic Objectives

The Council, through its three directorates (which includes 13 departments), delivers a range of activities and initiatives. Each contributes to the achievement of one of the five key result areas as set out in the Council Plan for the years 2010 to 2014. Each key result area has a number of specific strategic objectives.

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

A Vibrant, Engaged Community

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

A Sustainable Environment

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

A Strong Economy

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

Appropriate Infrastructure

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

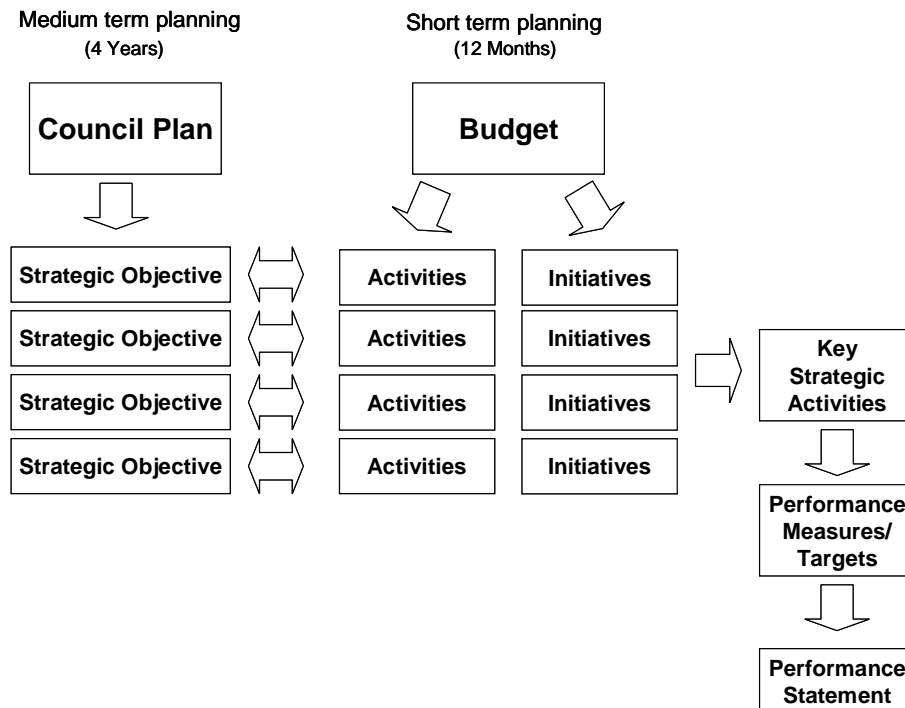
A Leading Council

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

2. *Operational activities, and key strategic initiatives*

This section provides a description of the activities and initiatives to be funded in the budget for the 2010/11 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of Key Strategic Activities and performance targets and measures in relation to these.

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



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

The Annual Business Plan documents the activities, initiatives and capital works (with measures & targets) for each department.

These activities / processes and initiatives are included on the following pages in directorate / department order.

The Key Strategic Activities are tabled in Appendix E.

2.1.1 CEO Activities

The Office of the CEO key purposes are as follows:

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.1.2	Develop a policy addressing community engagement and planning to ensure effective consultation and communication	CEO	Draft Policy developed by December 2010 Policy adopted by Council by April 2011
1.1.6	Implement Image Building Program both within Council area and externally	CEO	Program priorities undertaken in accordance with timeframes within the Council Image Building Program Plan Improving trend of relevant Community Survey outcomes annually Increasing trends in the number of positive media stories / articles published quarterly and reported to Council
1.2.3	Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	CEO Executive Managers	90% of Customer Request response times met Continuous improvement trend annually in customer satisfaction survey Carry out regular inspection regimes to minimize risk exposure in accordance with identified priorities set out in the Corporate Risk Register, including fire inspections
1.3.1	Build and maintain positive relationships with all key stakeholders and advocate for the interests of the community	CEO	Report to Council on advocacy undertaken annually and included in Annual Report
5.1.1	Review strategic plans and policies to ensure relevance and relationship within the strategic direction of Council and that all actions are clear, costed and prioritised	CEO Executive Managers	Develop a timetable and priorities to conduct reviews by August 2010 Reviews completed in accordance with timetable
5.1.1	Review Vision 2020	CEO	Vision reviewed by June 2012
5.1.1	Undertake a planned rolling review of service levels and standards to establish a true cost of services	CEO	Develop a timetable to prioritise reviews Reviews conducted according to timetable
5.1.2	Promote a positive Council image through: - issuing positive press releases for all appropriate activities	CEO	Greater than 75% of press releases issued printed in papers Munch with the media conducted monthly 'New Residents Kits' mailed to all known

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
	<ul style="list-style-type: none"> - entering industry initiative awards - conducting media liaison activities monthly - issuing 'New Residents Kits' to all new residents 		new residents
5.1.2	Active participation in relevant Regional, Statewide and National forums	CEO	<p>Summary of representation / participation reported to Council at least quarterly</p> <p>Annual review of ongoing participation undertaken and presented to the Statutory Meeting of Council held in December annually</p>
5.1.3	Integrated Community Planning and engagement approach developed and implemented	CEO	Report presented to Council for endorsement of approach by November 2010
5.1.4	Build and maintain positive relationships with all key stakeholders and advocate for the interests of the community	CEO	<p>Priority projects identified and advocacy undertaken reported to Council annually</p> <p>Annual review of ongoing relevance of representation undertaken by November</p>
5.2.5	Ensure a risk management culture is maintained at all times	CEO Executive Managers	<p>Result of annual JLT/JMAPP audit to remain in the top 50% ranking against the other 75 Councils in the State</p> <p>100% compliance to conduct risk assessments, controls and implementation</p>

2.1.2 Organisational Development Department Activities

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.1.2	Review of Community Project Management Policy	Manager Organisational Development	Review completed that includes community consultation by March 2011
5.1.2	Provide opportunities for Councillor development	Manager Organisational Development	Councillor development opportunities communicated to Councillors in InfoSum
5.2.1	Respond to FOI Requests	Governance Coordinator	100% of FOI requests processed within statutory timelines

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
5.3.4	Corporate training program	Manager Organisational Development	Annual program developed as part of the Training and Development Plan by December 2010
5.3.4	Leadership development program	Manager Organisational Development	Annual program developed as part of the Training and Development Plan by December 2010
5.3.4	Development of Orientation/Induction program	Manager Organisational Development	Annual program developed as part of the Training and Development Plan by December 2010
5.3.4	Review of position descriptions	Manager Organisational Development	Review all organisation position descriptions to adjust and align with objectives and clarification of roles, responsibilities, accountabilities and boundaries by December 2010
5.2.1	Ensure Customer Service principles are instilled in the organisational culture	Manager Organisational Development	Customer Service Strategy, including KPIs , developed by December 2010 and implemented
5.2.6	Review of Advisory Committees (and S86 Committees)	Governance Coordinator	Review completed that includes community consultation by November 2010
5.2.6	Council agenda process review	Governance Coordinator	Opportunities for improvement agreed and plans made for implementation and/or implemented by January 2011
5.2.6	Transfer of FOI responsibility from C&CS to OD	Governance Coordinator	OD staff have acquired capacity to deal with FOI requests by July 2010
5.2.6	Procurement Policy reviewed and changes progressively implemented	Governance Coordinator	Changes successfully implemented
5.2.5	SafetyMAP project – Alignment to Advance Level of current SafetyMAP System	Risk Management Coordinator	Finalise project by August 2010 and perform internal audits and 100% compliance and certification
5.3.2	Health and Wellbeing Staff Program	Risk Management Coordinator	High participation in program activities by staff, increase satisfaction in employee survey.
5.3.4	Develop and Learning Needs Analysis and an annual Learning and Development Program to address identified gaps	Manager Organisational Development	Training & Development Plan completed annually by June Annual Report to be prepared to detail level of learning and development to be delivered by August 2011
5.3.5	Provide Employee Recognition Programs	Governance Coordinator	Continuous process of recognition for high performing employees
5.2.6	Instil a high performance culture throughout the organisation through training and development, coaching and empowering	Manager Organisational	Annual program developed as part of the Training and Development Plan by

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
	staff	Development	December 2010
5.2.6	Conduct an independent Employee Opinion Survey for all employees		External independent provider engaged to conduct survey, collate data, present report and recommendations by December annually Implementation of measures to address issues arising from the Employee Opinion Survey prioritised and delivered on an ongoing basis

2.1.3 Corporate & Community Services Directorate Activities

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.1.5	Work in partnership with West Gippsland Regional Library (WGRL) and Council to develop budget and direction for 10/11.	Director – Corporate & Community Services	Attend WGRL Board meetings and Finance Committee meetings
5.1.1	Undertake a planned rolling review of service levels and standards to feed into Asset Management and Financial Planning, and to drive continuous improvement, including full cost attribution to establish the true cost of services	Director – Corporate & Community Services	Library long-term capital needs by December 2010

2.1.4 Finance Department Activities

The Finance Departments focus is to provide strategic financial advice, planning, accounting services, management accounting support and financial reporting to Council in accordance with legislative and regulatory requirements.

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

Administer all legislative requirements in relation to rates, charges and valuation services.

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
5.2.3	BIS Budget Enhancement for Worksheets	Management & Systems	Integrated budget worksheets for 2011/2012 budget process by December

		Accountant	2010
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2.1.5 Information Services Department Activities

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

The Information Services Manager is responsible for:

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
5.2.4	Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency and effectiveness	Manager Information Services	<p>Implement the IT/Telephony Strategy in accordance with the timeframes set out in the Strategy</p> <p>IT Steering Committee to meet at least quarterly</p> <p>Continuous monitoring and evaluation undertaken to assess technological change, utilisation of enhancements and cost benefit analysis</p> <p>Replace existing PABX telephone system with a Voice Over (VOIP) Service by June 2012</p>
5.2.4	Conduct an Integrated System Review Project		<p>Evaluation of all existing systems and associated business processes completed by January 2011 to determine technical and resource requirements for inclusion in future budgets</p> <p>Develop and implement a systems and processes upgrade program in accordance with the findings and timeframes of the evaluation</p>

2.1.6 Family Services Department Activities

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

- The Aged & Disability team provides home and community based services to support the frail aged, people with a disability and their carers. The Aged & Disability team contributes to maintaining a safe, secure and independent environment for their clients and works towards building a more inclusive community across the South Gippsland Shire.
- The Maternal & Child Health team aims to maximise the health and wellbeing of children through the early identification, intervention and prevention of physical, emotional and social issues affecting young children and their families.
- The Immunisation team aim to promote the health and well being of the community by providing the “Benchmark” delivery of immunisation services throughout South Gippsland Shire.

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES/ PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.1.3	Review current service provision regarding Meals on Wheels, exploration of alternate options for continued service provision into the future	Coordinator, Aged and Disability	Targeted community consultation by March 2011 Draft proposal regarding future directions of service by April 2011 Consultation with DHS regarding future directions of service by April 2011 Revise proposal and re-draft by May 2011 Updated proposal to Council for adoption by June 2011
1.1.3	As part of the Service Level Review process, regularly review and align the community services programs, delivered in partnership with the Government, to ensure community needs are met and equitable access is available to all citizens	Manager Family Services	Assessment of changing community needs undertaken by September annually and considered by Council prior to budget cycle commencing
1.1.3	Plan Family Services program delivery in conjunction with other government, community and not-for-profit providers	Manager Family Services	Early Years services including Universal Access, integration into other Council and Community projects and capital requirements planned and negotiated with community providers and considered by Council annually as part of the budget process

2.1.7 Infrastructure Directorate

The Directorates key purposes are as follows:

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
4.1.2	Develop and implement a rolling 10 year Capital Works Program, which is consistent with the Asset Management Plan and Long	Director Infrastructure	Draft Capital Works Program compiled and considered by Council prior to budget process commencing annually (no later

	Term Financial Plan		than December) 90% of Capital Works Program expended by year end
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2.1.8 Engineering Department Activities

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

To ensure effective service delivery of South Gippsland Shire Councils Fleet, vehicles will be purchased with the highest safety rating and lowest Green House emissions where available within Councils purchasing scope.

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
3.3.2	Continued advocacy for heavy vehicle alternate routes	Manager Engineering	Standing agenda item on the SGSC/VicRoads liaison meetings
4.1.1	Maintain infrastructure best practice planning and design knowledge to ensure changing technology, climate and community expectations are Incorporated	Manager Engineering	Budget for 90% of Design Programs expended by year end 100% compliance with Infrastructure Design Manual requirements
5.3.1	Appoint Manager Assets	Manager Engineering	Employ Manager Assets by July 2010

2.1.9 Assets Department Activities

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

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
4.1.4	Develop and maintain Asset Management Plans based on agreed service levels for inclusion in the Asset Management Plan and Long Term Financial Plan	Manager Assets	Report to MAV on Condition – based renewal gap - \$s spent on renewing / what \$ ere required to be spent and percentage of Council assets at intervention level for period on; <ul style="list-style-type: none"> - roads - bridges - footpaths Length of local sealed road renewed as a percentage of total sealed road network on; <ul style="list-style-type: none"> - resurfaced - reconstructed Length of local gravel road resheeted as a percentage of total gravel road network

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
			<p>Annual reporting of proactive inspections and reactive requests for roads and Compliance with Road Management Plan to CMP</p> <p>Continuous improvement trend of condition and maintenance of municipal roads, streets and footpaths annually in customer satisfaction survey</p> <p>Reported to Council annually</p>
4.2.1	Develop and implement a rolling Maintenance Plan, which is consistent with the Asset Management Plan and Long Term Financial Plan		Draft Maintenance Program compiled and service levels considered by Council prior to budget process commencing annually (no later than December)
4.2.3	Develop an Asset Management Plan approach based on agreed service levels for inclusion in the Asset Management Plan and Long Term Financial Plan	Manager Assets	<p>Report to MAV on Condition – based renewal gap - \$s spent on renewing / what \$ were required to be spent and percentage of Council assets at intervention level for period on buildings</p> <p>Reported to Council annually</p>
5.2.2	Complete Asset Management Plan and implement the Asset Management Plan and ensure that Council activity is consistent with the Plan	Manager Assets	<p>Plan completed by June 2011 for all major asset classes</p> <p>Plan used to determine sustainable service levels at all times</p>

2.1.10 Infrastructure Maintenance Department Activities

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

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
4.1.1	Implement the recommendations of the plant management review	Manager Infrastructure Maintenance	Ongoing Annual plant replacement program developed by December each year
4.1.3	Develop and implement a 10 year rolling Maintenance Plan, which is consistent with the Asset Management Plan and Long Term Financial Plan	Manager Infrastructure Maintenance	<p>Maintenance program compiled and service levels considered by Council prior to budget process commencing annually (no later than December)</p> <p>Periodic maintenance delivered according to Plans</p> <p>Mobile computing applications investigated</p>

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
			by December 2010 and reported to IT Steering Committee
4.1.2	Develop and implement a rolling 10 year Capital Works Program, which is consistent with the Asset Management Plan and Long Term Financial Plan	Manager Infrastructure Maintenance	Draft Capital Works Program compiled and considered by Council prior to budget process commencing annually (no later than December) 90% of Capital Works Program expended by year end
4.1.2	Grass Maintenance of gifted assets	Manager Infrastructure Maintenance	5 additional sites maintained
4.1.2	Introduce Elm Leaf Beetle control across Council parks, reserves, avenues and treescapes	Manager Infrastructure Maintenance	Programme conducted annually and effectiveness reported to Council in December each year
5.2.5	Develop and implement a Tree Management Plan (including Avenues of Honour) to address public risk issues	Manager Infrastructure Maintenance	Plan developed by March 2011 Inspection regimes implemented as recommended by the Plans

2.1.11 Sustainability Directorate Activities

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
2.1.1	Implement the Sustainability Strategy	Director Sustainability	Develop a Draft Sustainability Strategy by September 2010 Adoption of Strategy by December 2010 Actions completed in accordance with priorities and timeframes set out in the Plan
2.1.1	Partner the Gippsland Climate Change Network		Develop a Sustainable Gippsland Wiki by June 2011
2.1.1	Develop a partnership with the South Gippsland LandCare Network to plant trees to provide carbon offsets for Fleet, Plant and Waste Emissions		Develop and sign a Memorandum of Understanding with the South Gippsland LandCare Network by August 2010
2.1.2	Investigate opportunities for funding in sustainability and environmental programs to support the actions contained in the	Director	Successful funding applications reported in

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
	Sustainability Strategy	Sustainability	the quarterly Grants Report to Council
2.1.3	Collaborate with Government and other regional stakeholders to develop a regional Sustainability Strategy and projects	Director Sustainability	Active participation in regional Sustainability Strategy development
2.2.1	Conduct strategic planning and decision making to ensure sustainable outcomes	Director Sustainability	Develop a project plan to conduct an audit of relevant strategic documents to ensure compliance with sustainable principles and consistency with the Sustainability Strategy by June 2011
2.2.3	Develop partnerships with government and regional stakeholders	Director Sustainability	Activities included in Council Annual Report
2.3.1	Stage the 'Living for the Future' Sustainability Festival	Director Sustainability	Festival staged in March annually Increasing trend in number of participants and exhibitors Reducing trend in net cost of Festival to achieve cost neutrality in 12/13

2.1.12 Emergency Management Activities

To ensure that Council has a current, relevant and implementable Municipal Emergency Management Plan detailing Council's preparedness to respond to and recover from any Municipal Emergency that should arise.

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.2.3	Develop and implement an integrated Fire Management Plan in conjunction with CFA	Municipal Emergency Manager	Plan endorsed by Council by March 2011 Key actions from Plan implemented in accordance with timeframes
1.2.3	Prepare and present reports and briefings on Emergency Management activities and plans	Municipal Emergency Manager	Ongoing
1.2.3	Ensure that sufficient staff are trained and available to operate the MECC and ERC	Municipal Emergency Manager	Ongoing
1.2.3	Two Training Exercises Conducted per annum to test the MEMP and maintain emergency preparedness	Municipal Emergency Manager	Conducted annually in March and July
1.2.3	Prepare and present reports and briefings on Emergency Management activities and plans	Municipal Emergency	Ongoing

2.1.13 Social and Economic Development Department Activities

Social and Economic Development provides strategic support to South Gippsland’s diverse communities by fostering community endeavour, encouraging economic activity, supporting recreational participation and maintaining an environment conducive to a quality lifestyle.

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

Economic Development and Tourism

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

Community Strengthening and Recreation

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

Coal Creek Operations

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.4.3	Implement Coal Creek Marketing and Development Plan to continue its promotion and development as a community park and accredited museum	Manager Social and Economic Development	Key actions from Plans implemented in accordance with timeframes in the Coal Creek Business & Marketing Plan 2008-2012
1.4.3	Review Council’s triennial funding support for Coal Creek	Manager Social and Economic Development	Analyse Coal Creek’s performance outcomes over the previous triennium-funding period and recommend future involvement by December 2010
1.4.3	Consider provision of support to community-based research into compiling histories of the Shire	Manager Social and Economic Development	Discussion paper for supporting community based activity into identifying, protecting and compiling historical records and collections of the Shire compiled by June 2013, including integration with the WGRLC written history collection based at Leongatha Library
3.1.3	Lead creation of a Branding Strategy (on behalf of GLGN) that can be used by all Gippsland Councils to promote the benefits of living and operation businesses in Gippsland	Manager Social and Economic Development	Strategy development / completion by May 2012
3.1.1	Economic Future of Agriculture Project	Economic	Undertake economic modelling based on

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
		Development Coordinator	population growth and agricultural trends, to identify alternative future policy directions by May 2012
3.1.1	Population Projections	Economic Development Coordinator	Subscription for Local Population Forecasts. Report presented to Council in February 2011
3.1.3	Prepare Business Marketing Plans for Korumburra and Mirboo North to promote townships to potential business investors and new residents	Economic Development Coordinator	Prepare business marketing material for Korumburra by October 2010 and Mirboo North by November 2012
1.2.1	Development of options for a South Gippsland Equestrian Park	Recreation Officer	Options presented to Council by July 2010 Concept Plan developed by June 2011
1.1.1	Integrated Community Planning	Community Strengthening Coordinator	Project implementation Plan presented to Council 8 towns / communities developing Community Directions plans per annum
3.1.2	Implement Economic Development Strategy	Economic Development Coordinator	Economic activity analysis to be reported to Council in quarterly report, including (where available) new business start ups, relocations and employment creation
3.1.3	Assist existing businesses to promote business growth	Economic Development Coordinator	Number of businesses assisted and reported to Council quarterly
3.1.4	Review Tourism Strategic Plan	Tourism Coordinator	Review completed and adopted by Council in June 2012 Quarterly reports presented to Council on activities undertaken and trends in visitations
3.1.4	Update of image library	Tourism Coordinator	New images collected for Council promotion
3.1.4	Support local tourism initiatives	Tourism Coordinator	Number of initiatives and quarterly report to Council
3.1.4	Strengthen Collaborative Marketing	Tourism Coordinator	Number of initiatives and quarterly report to Council
3.1.4	Governance Workshops for local businesses	Tourism Coordinator	2 Workshops held throughout the year
3.2.3	Facilitate and advocate for training and development programs aimed at filling identified gaps and maintaining key skills required	Manager Social and Economic Development	Representation at all appropriate meetings and reports provided to Council on key activities / initiatives undertaken

2.1.14 Planning & Building Department Activities

The primary purposes of this department are as follows:

- Provide strategic land use direction for the Shire.
- To ensure that strategic and statutory obligations in relation to Planning and Building legislation are met.
- To implement the South Gippsland Planning Scheme and strategic work program which addresses the present and long term interests of the community.
- To ensure effective compliance of development with the South Gippsland Planning Scheme, Building Regulations and related legislation.

The teams within the department consists of;

- Statutory and Strategic Planning
- Planning Compliance and Enforcement
- Building Services

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
2.3.3	Maintain appropriate planning overlay controls	Manager Planning	Review of overlay controls undertaken by June 2013
3.3.4	Implement the Strategic Work Program	Manager Planning	Implementation according to the Strategic Work Program timetable
3.3.4	Development of a Housing and Settlement Strategy	Manager Planning and Building and Planning Coordinators	Development of Strategy to consultation stage by June 2012
3.3.4	Completion and implementation of the South Gippsland Rural Strategy	Principal Planner	Adoption of the Rural Strategy by November 2010 Implementation into the Planning Scheme (timelines subject to DPCD)
3.3.4	Loch, Nyora, Poowong, Meeniyah and Korumburra Structure Plan completion and implementation	Planning Coordinators	Implementation into the Planning Scheme by June 2011
3.3.4	Implementation of Streamlined Planning through Electronic Applications and Referrals (SPEAR)	Administration Coordinator	Go live for on line assessment and review of planning applications (subdivision) by February 2011
3.3.4	Policy neutral review of Local Planning Policy Framework (LPPF) restructure	Planning Coordinators	Amendment of LPPF and gazettal into planning scheme by June 2011
3.3.4	Coastal Planning Issues	Planning Coordinators	Monitoring, advocacy and policy development for the emerging issues in vulnerable coastal locations

2.1.15 Environment & Community Safety Department Activities

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

Local Laws and Children's Crossings

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

Environmental Health

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

Environmental Services

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

Waste

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

Waste Water Services

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

ALIGNMENT TO COUNCIL PLAN	KEY ACTIVITIES / PROCESSES	RESPONSIBLE OFFICER	MEASURES / TARGETS
1.2.3	Bush Reserves Fire Management Planning	Biodiversity Officer	Ongoing
1.2.2	Implement actions prescribed by the Domestic Wastewater Management Plan	Waste Management Coordinator	Actions are set out in the Domestic Waste Water Management plan
2.2.2	Implement roadside weed control program, on roads which Council has responsibility for, in accordance with the Roadside Management Plan	Biodiversity Officer	Lengths of roadsides treated Annual Report provided to Council in December indicating extent and spread of weed infestations on roadsides compiled from Infrastructure Road Inspection regimes Weed Management Plan to be developed by June 2012
2.3.2	Protect and enhance biodiversity through management of Shire bush reserves; implementation of the Code of Forest Practice; and implementation and provision of expert environmental planning advice on statutory planning matters	Biodiversity Officer	Planning advice provided within the required timeframes Reserves managed in accordance with the Natural Reserves Strategy and legislative / regulatory obligations and reported to Council annually
2.5.1	Develop and implement a Capacity Building Program to support the Waste Management Strategy including educational materials, programs, information and resources	Waste Management Coordinator	Materials reviewed / updated annually Base line established by June 2011 and effectiveness assessment undertaken annually thereafter, and reported to Council in November Capacity Building Program developed by December 2010 and implemented in accordance with the Waste Management Strategy timeframes
2.5.4	Install new litterbin enclosures into commercial areas	Waste Management Coordinator	Install enclosures in areas that provide the best value following consultation with stakeholders. Enclosures installed by March 2011
2.5.4	Provide additional recycling collection services to Sandy Point and Waratah Bay during the summer period	Waste Management Coordinator	Provide 3 additional collections through the summer period of December / January
2.5.4	Undertake an investigation into the viability and potential to introduce a kerbside waste and recycling collection service in Venus Bay	Waste Management Coordinator	Survey the community and investigate associated implications / investigation completed and report provided by December 2010

2.2 Performance statement

The Key Strategic Activities are documented in Appendix E. The Key Strategic Activities 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 2010/11 will include the audited Performance Statement, which is presented to the Minister for Local Government and the local community.

2.3 Reconciliation with budgeted operating result

Department	Net Cost (revenue) 2010/11 \$'000	Expenditure \$'000	Revenue \$'000
Chief Executive Officer	564	564	0
Organisational Development	2,978	3,070	91
Corporate and Community management	1,109	1,109	0
Finance	369	1,281	912
Information Services	1,943	1,943	0
Family Services	285	2,197	1,911
Infrastructure Management	736	758	22
Engineering	3,127	3,635	509
Infrastructure Maintenance	4,393	7,585	3,193
Sustainability Management	486	509	24
Social and Economic Development	2,416	2,758	342
Planning	1,062	1,438	375
Environment and Community Safety	2,301	4,023	1,722
Other non-attributable ¹	4,472	11,914	7,441
Operating deficit before rates & capital revenue	26,241	42,783	16,542
Funded by:			
Rates & charges	27,478		
Capital grants & contributions	6,240		
Total	33,718		
Operating surplus (deficit)	7,477		

1. Includes Victoria Grants Commission allocation, depreciation, major maintenance, proceeds and written down value of assets sold, loan management, donated & gifted assets, 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 formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of over 27,000. It has an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

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

Our Environment

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

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

3.1.1 **Our Economic Base**

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.8 billion. South Gippsland is recognised as having one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$694 million;
- Agriculture \$313 million;
- Construction \$250 million;
- Forestry and fishing \$212 million;

- Property and business services \$177 million;
- Retail trade \$160 million; and
- Oil and gas \$109 million.

Major Industries

Agriculture

South Gippsland's economy centres around agricultural production. It is one of the key dairy farming locations in Australia with an industry worth \$313 million. Beef farming is expanding and now worth \$130 million whilst sheep farming is worth an estimated \$16 million. The Victorian Livestock Exchange operates a modern regional saleyards at Koonwarra.

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

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

Manufacturing

South Gippsland's manufacturing is closely linked to agricultural production.

Food processors include:

- Murray-Goulburn's Leongatha factory, the largest in Australia, who is undertaking a \$200 million expansion of its plant;
- Burra Foods, located in Korumburra, who is undertaking a multi million dollar expansion of their dairy facilities;
- United Dairy Power, who recently completed a major upgrade of their Poowong plant;
- GBP Exports, operating a major export abattoir at Poowong; and
- Select Produce, operating a significant snow pea packing and distribution centre at Korumburra.

Tourism

The tourism industry is also a major contributor to the South Gippsland economy with visitors contributing over \$223 million annually to the economy. Marketed as "Prom Country" - the region attracts over 1 million visitors each year. The region

is rich in nature based activities, with the world renowned Wilsons Promontory National Park, spectacular scenery, unspoilt beaches and quaint villages.

Other industries

Esso has a major marine terminal located at Barry Point near Toora that is used to provide services to their Bass Strait oil and gas platforms. A new private port 'Port Anthony' is being constructed next to the Esso facility, which is generating significant investment interest. An important fishing industry operates from Port Welshpool and Port Franklin and a wind farm is located on the hills around Toora.

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

With the recent introduction of natural gas to South Gippsland's principal towns, and with dedicated saline wastewater treatment, significant economic growth is anticipated.

Major Infrastructure and Investment Projects

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

- \$50 million connection of Natural Gas to Korumburra and Leongatha completed in 2009;
- \$200 million expansion of Murray Goulburn's Leongatha dairy processing facility;
- Multi million upgrade of Burra Foods Korumburra dairy facility;
- \$21 million connection of sewerage to Nyora, Poowong, Loch and Meeniyan;
- \$8 million development of Port Anthony at Barry Point;
- \$9.5 million Koorooman House Aged Care Facility upgrade at Leongatha Hospital completed in 2008;
- \$75 million Leongatha Education Precinct which includes:
 - \$5 million development of the Leongatha Specialist School completed in 2009;
 - \$7.4 million development of the GippsTAFE campus in Leongatha to be opened in 2010;
 - Redevelopment of Leongatha Primary School;

- \$2.5 million Corner Inlet Integrated Children's Hub located in Foster to be completed by December 2010;
- Victorian Livestock Exchange Saleyards at Koonwarra upgrade completed in 2008;
- \$16 million construction of an optic fibre link to be constructed along the South Gippsland Highway by the Federal Government under the Regional Backbone Blackspots Program; and
- \$2.1 million electricity supply upgrade for industry in Korumburra.

Major Regional Projects

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

Our Community

South Gippsland features many vibrant communities where you can enjoy a healthy and rewarding lifestyle and offers the chance to have both a family life and career in a safe and relaxed environment. Its strong, friendly and inclusive communities will welcome you, yet allow you the freedom and space to tailor your lifestyle to your own pace and interests. Affordable housing options, excellent education and medical facilities and a variety of business and job opportunities await your exploration. Just minutes away from work and you could be home or on the beach.

Residential Profile

The latest population estimate is 27,776 people as at June 2009. This is 1483 more people in the five years from 2003 and represents an average annual growth rate of 0.7%. It is projected by the State Government that the population of South Gippsland will rise to 32,000 by 2031. The Shire has approximately 14,000 dwellings and about 18,500 rateable properties.

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

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

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

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

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

Age Group	South Gippsland	Regional Victoria
0-9	12.2%	12.9%
10-19	14.4%	14.6%
20-29	7.7%	10.2%
30-39	11.2%	12.4%
40-49	14.6%	14.6%
50-59	15.5%	13.8%
60-69	11.9%	9.9%
70-79	7.9%	7.1%
80-89	4.1%	3.7%
90+	0.7%	0.7%

(ABS, Census of Population and Housing, 2006)

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

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

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

3.1.2 Labour Force

South Gippsland Shire has:

- an estimated labour force of 14,065 people;
- an unemployment rate of 2.6%, with 372 unemployed persons at June 2009.

This is the lowest unemployment rate in Gippsland and one of the lowest in the State. This is half the rate of the average for Regional Victorian of 5.2%.

Key industry sectors by employment in the South Gippsland Shire in 2006 were Agriculture, forestry & fishing (20.2%), Retail Trade (13.4%), and Manufacturing

(9.9%). The Shire's top eight employment sectors compared with that of Regional Victoria as shown in the table on the following page:

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

(ABS 2006 Census)

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

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

(ABS 2006 Census)

3.1.3 Community Infrastructure

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

- 3 public hospitals and 5 medical centres;
- Aged care residential services located in five towns;
- Home and Community Care services provided by Council, including Meals on Wheels, Personal Care, Respite Care, Home Maintenance and Community Transport;
- Childcare centres operate in Leongatha, Korumburra and Mirboo North and will soon open in Foster. Kilmany Family Day Care is also available across the Shire;
- 5 public libraries plus a mobile service;
- Increased daily V/Line Coach services to and from Melbourne and the Latrobe Valley, Yarram and Wonthaggi;
- 29 galleries and museums, a cinema, theatres and clubs;
- over 200 sporting clubs with facilities such as a cycling velodrome and indoor basketball stadiums, a regional Leisure Centre incorporating a heated indoor swimming pool, 7 public swimming pools of which 2 are heated and 7 golf courses;
- the Great Southern Rail Trail, which includes 50km of bike/walking trails;
- the 13km Grand Ridge Rail Trail;
- over 50 parks, reserves and sanctuaries including coastal/beach assets, trails in the Strzelecki Ranges, Coal Creek Community Park and Museum and Mossvale Park at Berry's Creek.

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

- 16 Primary Schools, including 3 Private Schools;
- 6 Secondary Colleges, including 2 Private Colleges;
- Leongatha Specialist School;
- Education Centre Gippsland;
- Central Gippsland TAFE (GippsTafe);
- South Gippsland Bass Coast Local Learning and Employment Network;;
- Apprenticeships Australia Group;
- 12 Kindergartens.
- Neighbourhood/Community Houses;

3.1.6 Budget implications

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

- The large area of South Gippsland Shire Council increases transport costs when compared to metropolitan and regional Councils. Also, services can be

centralised as most citizens are able to reach Council facilities without extensive travel times;

- Over 13% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community;
- The Shire is experiencing an increase in demand for higher density housing developments in serviced townships as well as lifestyle living opportunities in low density and rural living settings. The budget implications arise in Council having to provide new infrastructure as well as cope with replacement of aging infrastructure. These costs are generally not passed on to the developer and are paid for from rates. The rates received from new dwellings do not offset the significant infrastructure costs.

3.2 External influences

In preparing the 2010/11 budget there were a number of external influences, which were taken into consideration, because they were likely to impact significantly on the services delivered by Council in the ensuing twelve months. These include:

- Wages growth is projected to be 3.8% for 2010/11 and to increase to around 3.9% per annum in following years. (Commonwealth Bank economic forecast);
- Projected consumer price index (CPI) increases on goods and services being 2.7% for 2010/11 and to increase to around 3.1% in the following years;
- Local government cost index which is based on a combination of the Wages price Index and the Macromonitor's forecast movement in non residential construction costs was 3.0% for 2009/10. It is anticipated that this will increase slightly for 2010/11;
- Receipt of significant capital and major works funding of \$6.24 million, predominantly for the completion of Commonwealth funded Roads to Recovery projects (\$1.6 million), Sandy Point Community Centre (\$1.45 million) and Corner Inlet Integrated Children's Hub (\$2.1 million);
- Prevailing world economic conditions, following the global financial crisis, are expected to remain uncertain during the budget period. Significant risks remain and are concentrated around the prospects of major advanced economies. The budget impact for South Gippsland is rising interest rates which will increase revenue from investments.

3.3 Internal influences

As well as external influences, there were also internal influences arising from the 2009/10 year which have had a significant impact on the setting of the 2010/11 budget. These included:

- The cash available for projects carried forward, both capital (\$0.88 million) and operational expenditure of which a significant portion of it is tied to grant funds (\$0.42 million);
- Expected closing cash position as at 30 June 2010 of \$11.71 million.

3.4 Budget principles

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

- The type of service being provided determined the basis for what sort of increase was to be applied to Council fees and charges. The approach was to ensure that applicable fees and charges were reviewed beyond just CPI movements. Fees and charges had to take into consideration their level of community benefit and increases had to be justified accordingly;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2009/10 levels with an aim to use less resources with an emphasis on innovation and efficiency;
- New service level initiatives and associated staff resource proposals to be justified through a business case;
- New initiatives or projects which are not cost neutral to be justified through a business case, and lifecycle costing analysis;
- Real savings in expenditure and increases in revenue identified in 2009/10 to be preserved; and
- No new borrowings.

3.5 Legislative requirements

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

The 2010/11 budget, which is included in this report, is for the year 1 July 2010 to 30 June 2011 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 2011 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.

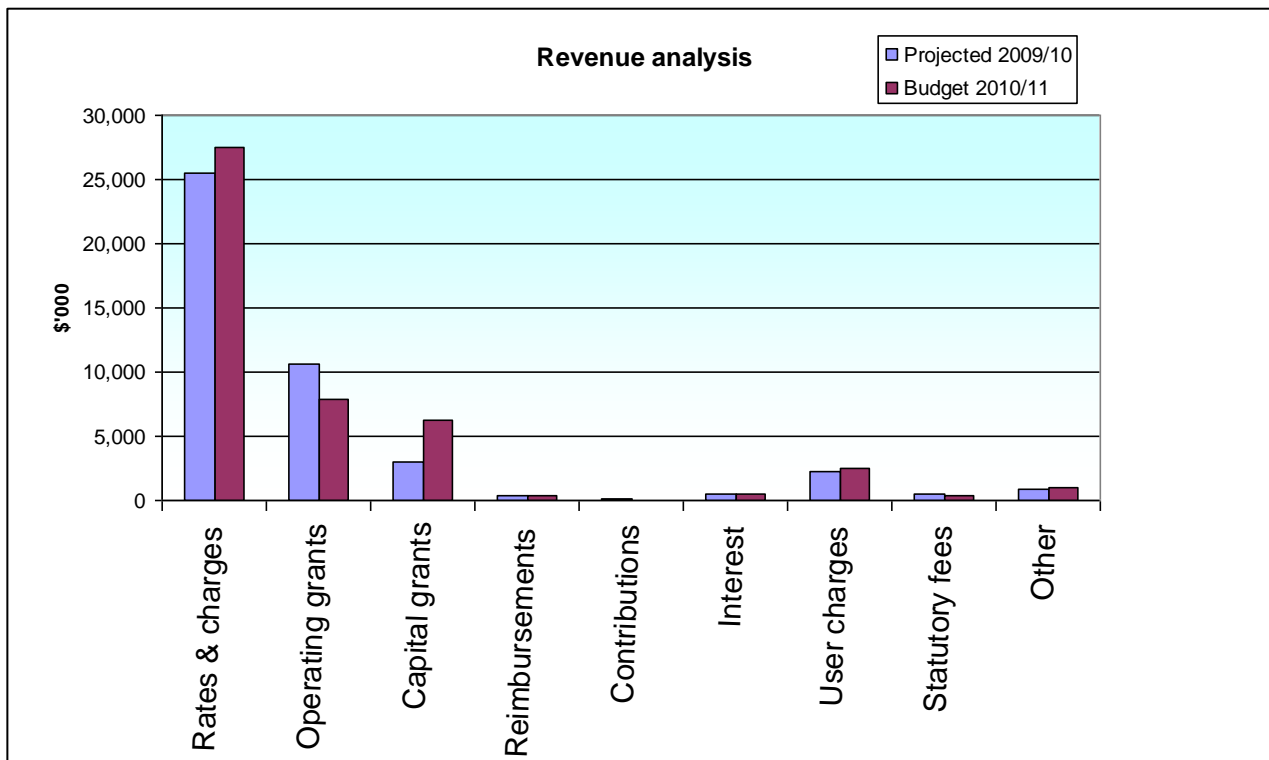
The budget includes consideration of a number of long-term strategies to assist Council in considering the Budget in a proper financial management context. These include a rating strategy (section 9), borrowing strategy (section 10) and infrastructure strategy (section 11).

4. Analysis of operating budget

This section of the annual budget report analyses the expected revenues and expenses of the Council for the 2010/11 year.

4.1 Operating revenue

Revenue Types	Reference	Forecast Actual 2009/10 \$'000	Budget 2010/11 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	4.1.1	25,510	27,478	1,968
Operating grants	4.1.2	10,619	7,934	(2,685)
Capital grants & contributions	4.1.3	2,949	6,240	3,291
Reimbursements	4.1.4	381	328	(53)
Contributions	4.1.5	142	4	(138)
Interest	4.1.6	549	521	(28)
User charges	4.1.7	2,259	2,444	185
Statutory Fees	4.1.8	449	429	(20)
Other	4.1.10	834	966	132
Total operating revenue		43,692	46,344	2,652



4.1.1 Rates and charges (\$1.97 million increase)

General rates and charges have overall increased by 6.50% for the 2010/11 year. This includes general rates, municipal charges and waste services charges.

The general rate will increase on average by 4.8%. The waste services charge for garbage collection / recycling / street sweeping / litter bins will increase by 9.78%. There will also be an additional waste services charge for all rateable properties of \$20. The spike in waste services charges is required to accommodate the State Government doubling the waste management levy, with further increases to occur in subsequent years.

It is projected that general rates and charges income which includes estimated \$0.21 million in supplementary rates will increase by 7.7% over the base that was raised last year to \$27.48 million.

Section 9, "rating strategy" includes a more detailed analysis of the rates and charges to be levied for 2010/11.

4.1.2 Operating grants (\$2.69 million decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers as well as one off funding for projects undertaken on behalf of community organisations. Overall, the level of grants has decreased by 25.3% or \$2.69 million compared to 2009/10.

The Australian Accounting Standards requires Councils to recognise grant income when receipted. In 2010, the Commonwealth Government advised the Victoria Grants Commission (VGC) that 25% of the aggregate payments (\$1.8 million) would be brought forward to June 2010. This meant that South Gippsland was required to bring to account in the 2009/10 financial statements 5 quarters of VGC grants and only recognise 3 quarters VGC grants in 2010/11.

In 2011/12 it is expected that Council will receive the usual 4 quarters payment. This has the effect of distorting the Income Statements between financial years.

Major recurrent grant funding will be received include the \$5.80 million Victoria Grants Commission allocation, \$1.55 million for Home and Community Care (HACC) programs and \$0.25 State Revenue Office general revaluation grant (received on a biennial basis).

Decreases occurred in a number of one off non recurrent funding from \$1.85 million in 2009/10 to \$0.31 million in 2010/11. One off funding for 2010/11 includes \$127,000 for Dredging Toora Channel, \$50,000 for Statutory Planning, \$41,000 for Supported Playgroups, \$67,000 for Community Building Projects and \$20,000 for Economic Tourism and development.

The previous one off non recurrent funding included funding for Bushfire Recovery (\$600,000) Sports Recreation Victoria Grants (\$340,000), and Community Building (\$179,000).

4.1.3 Capital grants and contributions (\$3.29 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 55% or \$1.63 million compared to 2009/10. This large increase is due to grants for the Corner Inlet Integrated Children's Hub (\$2.10 million), Sandy Point Community Centre (\$1.45 million) and Leongatha Child Care Centre Extension (\$0.25 million).

There are other capital funds expected in 2010/11 for the Urban Streets Rehabilitation (\$0.33 million), Recreation (\$50,000), Playgrounds (\$63,000) and, Community projects (\$13,000).

Section 6, "Analysis of capital budget" includes a more detailed analysis of the grants and contributions that are expected to be received during the 2010/11 year.

4.1.4 Reimbursements (\$53,000 decrease)

There is a reduction in the level of reimbursements expected to be received, the more notable item being legal fee reimbursements associated with rate recovery processes.

4.1.5 Contributions (\$0.14 million decrease)

The reduction is predominantly due to not receiving operational contributions from community groups for Sports Recreation Victoria projects in 2010/11.

4.1.6 Interest revenue (\$28,000 decrease)

There is a decrease of \$28,000 in interest revenue due to expected lower amounts of cash being available for investment than in previous years.

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

4.1.7 User charges (\$0.18 million increase)

There is an increase of \$0.18 million or 8.2% for user charges. The charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include rental income, use of leisure, entertainment and other community facilities and the provision of human services such as aged and disabled services.

The type of service being provided determined the basis for what sort of increase was to be applied to Council fees and charges. The approach was to ensure that applicable fees and charges were reviewed beyond just CPI movements. Fees and charges had to take into consideration their level of community benefit and

increases had to be justified accordingly. Appendix F, 'Fees and charges' details all user charges.

4.1.8 Statutory fees (\$20,000 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. Most charges are not expected to increase significantly. There is expected to be a decrease in relation to planning and building services activities in 2010/11.

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

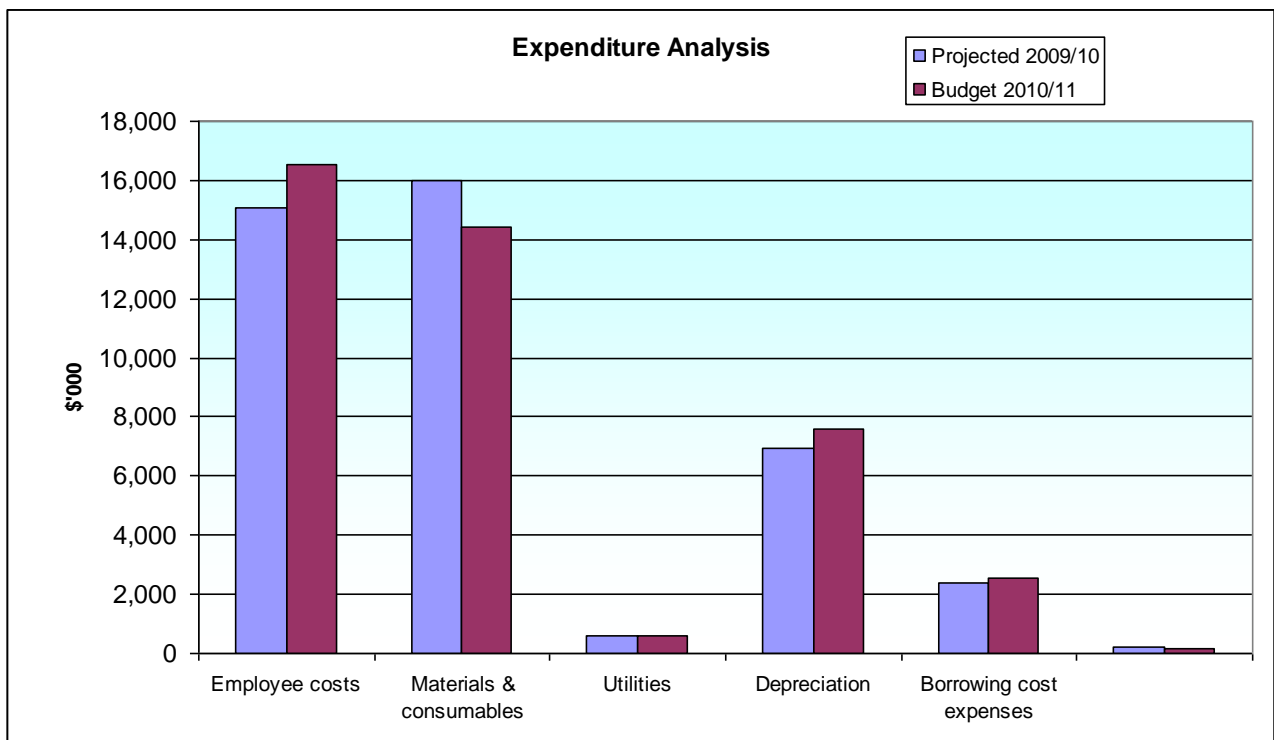
4.1.9 Other revenue (\$0.13 million increase)

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

Other revenue is projected to increase by 15.8% or \$0.13 million in 2010/11. This is predominantly due to expecting more income from Coal Creek and private works sealing projects.

4.2 Operating expenditure

Expenditure Types	Reference	Forecast Actual 2009/10 \$'000	Budget 2010/11 \$'000	Fav (Unfav) Variance \$'000
Employee costs	4.2.1	15,095	16,543	(1,448)
Materials and consumables	4.2.2	15,996	14,471	1,525
Utilities	4.2.3	587	615	(28)
Depreciation	4.2.4	6,951	7,564	(613)
Other expenses	4.2.5	2,390	2,547	(157)
Borrowing cost expenses	4.2.6	217	146	71
Total operating expenditure		41,236	41,886	(650)



4.2.1 Employee costs (\$1.45 million increase)

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

Employee costs are forecast to increase by 9.6% or \$1.45 million compared to 2009/10.

The 2010/11 budgeted employee costs takes into account:

- An allowance for Council’s Enterprise Agreement, banding and contract staff increments in 2010/11 and higher duties as well as the flow on effect to oncost expenses.
- 12.83 increase in EFT which includes the following new fulltime positions, Administration Support officer, Volunteers Coordinator, Intake Assessment Officer, Network Content Administrator, Asset Manager, Design Project Officer, Emergency Management Manager (new position established in 2009/10), Development Contribution Planner, Sustainability Officer, Service Planner, Integrated Community Planner and Administration officer for Coal Creek.
- Existing positions that have had their EFT increased as well as a number of existing positions that have had their EFT reduced.
- Some new staff positions have been budgeted on the basis that they will commence with Council after the first quarter
- The 3 proposed Traffic Controllers funding has been offset by reduced casual and contract staff that performed the same function in 2009/10.

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 2010/11 is \$17.0 million (\$15.6 million forecast for 2009/10).

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

Type of employment	Number of EFT	
	2009/10	2010/11
Full time	167	186
Part time	49	48
Casual	10	4
Total	226	238

4.2.2 Materials and Consumables (\$1.53 million decrease)

Materials and consumables are forecast to decrease by 9.5% or \$1.53 million compared to 2009/10.

Reductions in expenses in 2010/11 compared to the previous year for a variety of projects and initiatives include \$1.03 million less for Social and Economic Development projects \$101,000 for Sustainability management, \$183,000 for

Planning, \$214,000 for Family Services and \$120,000 for the Chief Executive Officer department.

Increases when compared with the previous financial year include operational project expenses being carried forward from 2009/10 to 2010/11 (\$422,000) Environment & Community Safety (\$183,000) and Information Services (\$231,000) for various projects and initiatives.

Section 2.1 "Activities, initiatives and Key Strategic Activities by department" provides a more detailed analysis of the activities and initiatives being undertaken by all departments.

4.2.3 Utilities (\$28,000 increase)

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to increase by 4.8% or \$28,000 compared to 2009/10.

4.2.4 Depreciation (\$0.61 million increase)

Depreciation relates to the usage of Council's property, plant and equipment including infrastructure assets such as roads and drains. Depreciation systematically allocates the cost of the 'consumption of the service potential' over the useful life of the asset to the Income Statement.

Periodic revaluation of infrastructure asset classes, the completion of the 2009/10 capital works program and the full year effect of depreciation on the 2008/09 capital works program impacts upon the depreciation charges. Refer to Section 6. "Analysis of capital budget" for a more detailed analysis of Council's capital works program for the 2010/11 year.

4.2.5 Other expenses (\$0.16 million increase)

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

Other expenses are forecast to increase by 6.6% or \$0.16 million compared to 2009/10. The majority of the increase is in relation to library services (\$114,000).

4.2.6 Borrowing cost expenses (\$71,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to decrease by 32.7% or \$71,000 compared to 2009/10.

The costs decrease in 2010/11 is as a result of increasing portion of loan repayments on other borrowings being actually allocated to principal repayments.

5. *Analysis of budgeted cash position*

This section of the budget report analyses the expected cash flows for the 2010/11 year. The analysis is based on three main categories of cash flow. In summary these are:

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

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

5.1 Analysis of budgeted statement of cash flows

	Reference	Forecast Actual 2009/10 \$'000	Budget 2010/11 \$'000	Variance \$'000
Operating Activities	5.1.1			
Receipts		43,692	46,344	2,652
Payments		(33,990)	(34,245)	(255)
Net cash inflow (outflow)		9,702	12,099	2,397
Investing Activities	5.1.2			
Receipts		818	841	23
Payments		(8,830)	(15,113)	(6,283)
Net cash inflow (outflow)		(8,012)	(14,272)	(6,260)
Financing Activities	5.1.3			
Receipts		0	0	0
Payments		(1,355)	(1,205)	150
Net cash inflow (outflow)		(1,355)	(1,205)	150
Net increase (decrease) in cash held		335	(3,378)	(3,713)
Cash at beginning of year		11,371	11,706	335
Cash at end of year	5.1.4	11,706	8,328	(3,378)

Represented by:				
Reserve cash and investments				
- Statutory		188	215	27
- Discretionary		2,411	2,624	213
-Working capital		9,107	5,489	(3,618)
	5.2	11,706	8,328	(3,378)

5.1.1 Operating activities (\$2.40 million increase)

The increases in cash inflows from operating activities are due mainly to receiving a \$1.97 million increase in rates and charges revenue, a \$3.29 million increase in capital grants, an increase in user charges of \$0.19 million and a decrease in materials and consumables expenses of \$1.53 million. The increases are offset by increased payments to employee costs of \$1.45 million, \$2.68 million less in operational grants and \$0.14 million less income from contributions.

5.1.2 Investing activities (\$6.26 million increase)

The \$6.26 million increase in net payments for investing activities is due in part to receiving more income of \$23,000 in capital sales compared with the previous year. The actual gross expenditure on capital is \$6.28 million more than as it was for 2009/10 which includes \$0.88 million of uncompleted capital projects from 2009/10 being carried forward into 2010/11.

5.1.3 Financing activities (\$0.15 million decrease)

Financing activities includes the principal component of loan repayments for the year as well as the interest costs. For 2009/10 the total of principal and interest repayments was \$1.36 million. Total principal and interest payments budgeted for 2010/11 will be \$1.21 million.

5.1.4 Cash at end of the Year (\$3.38 million decrease)

Overall, total cash and investments are forecast to be \$3.38 million less to that of 2009/10. The contribution of cash from operating activities has provided significant funds for both the investing and financing activities. The balance is expected to be \$8.33 million as at 30 June 2011 which is less than the previous year (\$11.71 million). The closing balance for 30 June 2010 is inflated by receiving significant amount of grant funds in advance. The reduction of the cash balance over the two years reflects the strategic intent of systematically releasing increasing levels of funds to investing activities, whilst not compromising the underlying working capital position.

5.2 Reserve cash, investments and working capital

The Cash Flow Statement above indicates that Council is estimating that at 30 June, 2011 it will have cash and investments of \$8.33 million, which has been earmarked as follows:

- **Working capital (\$5.49 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. This level of working capital is required because 60% of Council's rate revenue is not received until February each year.
- **Statutory purposes (\$0.22 million)** - Currently there is \$0.22 million budgeted to statutory reserves for open space contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary purposes (\$2.62 million.)** –The following discretionary allocations have been quarantined to internal reserves. \$1.66 million for the general reserve, \$0.72 million for garbage services, \$37,000 for Corner Inlet seawall drainage, \$0.15 million for caravan parks, \$20,000 for Land and Property and \$34,000 for Henry's Road Nyora.

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

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

6. Analysis of capital budget

This section of the budget report analyses the planned capital expenditure budget for the 2010/11 year and the sources of funding for the budget.

6.1 Capital works

Capital Works Areas	Reference	Forecast Actual 2009/10 \$'000	Budget 2010/11 \$'000	Variance \$'000
Works for 2008/2009				
Roads	6.1.1	3,774	4,482	(708)
Footpaths	6.1.2	520	369	(151)
Kerb & Channel	6.1.3	38	436	398
Bridges	6.1.4	586	276	(310)
Drains & Culverts	6.1.5	350	454	104
Car parks	6.1.6	0	141	141
Other Structures	6.1.7	174	609	435
Buildings	6.1.8	921	5,486	4,565
Land	6.1.9	58	21	(37)
Plant & Machinery	6.1.10	2,409	2,409	0
Furniture & Equipment	6.1.11	0	430	430
Total capital works		8,830	15,113	6,283
Works for 2008/2009 represented by:				
<i>Capital expenditure</i>				
New assets		1,319	6,308	4,989
Asset renewals		7,511	8,805	1,294
Total capital works		8,830	15,113	6,283
<i>Works carried forward</i>				
Works carried forward from previous year	6.1.12	170	881	711

6.1.1 Roads (\$4.48 million)

For the 2010/11 year, \$4.48 million will be expended on road projects. The more significant projects include reseals including preparation costs (\$2.42 million), Ruby Road Ruby (\$0.25 million), Bena Kongwak Road reconstruction (\$0.35 million), Anderson Street Leongatha (\$0.71 million) and landslips (\$0.15 million).

6.1.2 Footpaths (\$0.37 million)

For the 2010/11 year, \$0.37 million will be expended on footpaths. This includes the footpath extension at Station Road Foster (\$66,000), and footpath renewal program (\$0.22 million).

6.1.3 Kerb & channel (\$0.44 million)

For the 2010/11 year, this includes Devlin / Nelson Road Foster (\$0.25 million) and Stanley Street Toora (\$30,000).

6.1.4 Bridges (\$0.28 million)

For the 2010/11 year, \$0.18 million will be expended on the Woorarra Road (Shady Creek bridge), at Welshpool and \$96,000 on the Stockyard Creek Bridge at Foster.

6.1.5 Drains & culverts (\$0.45 million)

For the 2010/11 year, this includes \$0.13 million on the Lowry Road culvert at Fish Creek, \$91,000 on Young Street drainage at Leongatha, \$30,000 on Hattam Court drainage at Leongatha, \$25,000 on Gilfielder Terrace, \$30,000 on Elmore Road drainage at Korumburra and \$40,000 on the drainage rehabilitation program.

6.1.6 Car parks (\$0.14 million)

For the 2010/11 year, there is a \$0.12 million allocation Korumburra Swimming pool laneway / car park, \$10,000 for Tarwin Lower Streetscape and \$12,000 for Foster Streetscape.

6.1.7 Other structures (\$0.1million)

For the 2010/11 year, \$0.56 million will be expended on other structures. This includes the playground replacement program (\$130,000), Transfer Station (\$150,000), climate change initiatives (\$36,000) Nyora Path and Trail (\$113,000), Toora Pool shade cloths (\$48,000) and Toora path to Recreation reserve (\$106,000).

6.1.8 Buildings (\$5.49 million)

For the 2010/11 year, \$5.49 million will be expended on buildings. The more significant projects include Sandy Point Community centre (\$1,575,000), Coal Creek Heritage Village projects (\$174,000) Corner Inlet Integrated Children's Hub (\$2.3 million), Leongatha Child Care Centre Extension (\$800,000), Foster War Memorial Hall heating (\$40,000) Main Office Essential Safety upgrade (\$72,000), Korumburra Library / Meeting room heating / air-conditioning (\$65,000), and various pools asset replacements (\$195,000).

6.1.9 Land (\$21,000)

For the 2010/11 year, \$21,000 has been allocated to sundry land purchases.

6.1.10 Plant & equipment (\$2.41 million)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$2.41 million).

6.1.11 Office furniture & equipment (\$0.43 million)

For 2010/11 there are is a \$0.43 million allocation for Information services computer related equipment.

6.1.12 Carried forward works (\$0.88 million)

At the end of each financial year there are projects, which are either incomplete or not commenced due to planning issues, weather delays, extended consultation etc. It is forecast that \$91,000 for Young Street drainage works, \$97,000 for Stockyard Creek bridge, \$30,000 for Sandy Point hall upgrade, \$80,000 for Asset management software, 206,000 for Plant / fleet purchases, \$81,000 Stockyard Creek drainage, \$20,000 for Gray Street, \$40,000 for Anderson Street, \$60,000 for Bridge at Kings Flat, \$278,000 for buildings at Korumburra Recreation, \$35,000 Centre , \$35,000 for buildings at Mirboo North Community Centre, \$14,000 for Information Services and \$10,000 for Bena Kongwak Road reconstruction from the 2009/10 capital works will be incomplete and will be carried forward into the 2010/11 year (previous year \$0.17 million).

6.2 Funding Sources

Sources of Funding	Reference	Forecast Actual 2009/10 \$'000	Budget 2010/11 \$'000	Variance \$'000
External				
Grants and contributions	6.2.1	2,949	6,240	3,291
Borrowings	6.2.2	0	0	0
Proceeds on sale of assets	6.2.3	818	841	23
Sub total		3,767	7,081	3,314
Internal				
Operations	6.2.4	3,963	4,654	691
Working capital & Reserves	6.2.5	1,100	3,378	2,278
Sub total		5,063	8,032	2,969
Total funding sources		8,830	15,113	6,283

6.2.1 Grants and contributions (\$3.29 million increase)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The increase due to receiving significant funds (\$6.24 million) for capital works.

Grants and contributions expected for capital building works include Sandy Point Community Centre (\$1.45 million) Corner Inlet Integrated Children's Hub (\$2.1 million), and the Leongatha Child Care Centre Extension (\$0.25 million). \$1.96 million capital grants are also expected for Local roads as well as \$63,000 for Parks & Gardens and \$50,000 for Recreation.

6.2.2 Borrowing (nil movement)

There are no borrowings budgeted for in the 2010/11 financial year.

6.2.3 Proceeds from sale of assets (\$23,000 increase)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$0.58 million, plant sales of \$0.25 million and general land sales of \$20,000.

6.2.4 Operations (0.69 million increase)

During the year Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$4.65 million will be generated from operations to fund the 2010/11 capital works program (after allowing for capital grants and contributions as discussed in Section 6.2.1). Refer section 5. "Budgeted cash position" for more information on funds from operations.

6.2.5 Working capital & Reserves (\$2.28 million increase)

Council also has cash and investments, which represent internal reserves, working capital and funds preserved from the previous year mainly as a result of grants and contributions being received in advance and funding for projects that were budgeted for but not completed in 2009/10. It is forecast that \$3.38 million working capital will be available from the 2009/10 year to fund the 2010/11 capital works program.

7. *Analysis of budgeted balance sheet*

This section of the budget report analyses the movements in assets, liabilities and equity between 2009/10 and 2010/11.

7.1 Budgeted balance sheet

	Reference	Forecast Actual 30 Jun 10	Budget 30 Jun 11	Variance
		\$'000	\$'000	\$'000
Current				
Assets	7.1.1	15,597	12,309	(3,288)
Liabilities	7.1.2	(6,510)	(6,569)	(59)
Net current assets		9,087	5,740	(3,347)
Non Current				
Assets	7.1.3	427,818	437,545	9,727
Liabilities	7.1.4	(2,784)	(1,687)	1,097
Net non current assets		425,034	435,858	10,824
Net assets		434,121	441,598	7,477
Equity	7.1.5			
Accumulated surplus		178,593	185,830	7,237
Reserves		255,528	255,768	240
Total equity		434,121	441,598	7,477

7.1.1 Current Assets (\$3.29 million decrease)

The current assets are projected to be less than 2009/10, the main contributor being a \$3.38 million reduction in the cash position. A more detailed analysis of this change is included in section 5. 'Analysis of budgeted cash position'. Rate and other debtors are not expected to change significantly.

7.1.2 Current liabilities (\$59,000 increase)

There is a marginal increase of \$59,000 current liabilities (that is, obligations that Council must pay within the next 12 months). This is due to progressively reducing current liability loan obligations. A more detailed analysis of this change is included in section 10, "Borrowing strategy".

7.1.3 Non current assets (\$9.73 million increase)

The increase in non-current assets is due to the net result of the capital works program (\$15.11 million), gifted and donated assets (\$3.08 million), the

depreciation of all non-current assets with the exception of land (\$7.56 million) and the written down value of property, plant and equipment sales (\$0.90 million).

7.1.4 Non current liabilities (\$1.10 million decrease)

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

7.1.5 Equity (\$7.24 million increase)

The increase in the accumulated surplus is impacted by the forecast operating surplus of \$7.48 million after allowing for net loss on disposal of assets of \$56,000, capital grants of \$6.24 million and the \$3.08 million donated and granted assets.

In addition to this change, an overall amount of \$0.24 million will be transferred from the accumulated surplus to internal reserves. This reflects the allocation of funds from Open Space Contributions (\$22,000), Land and Property (\$20,000) and caravan park net income (132,000). Further inflation adjustment transfers are scheduled to be made for open space contributions (\$5,000), Corner Inlet Drainage (\$1,000), Henry's Road Nyora (\$1,000), General Reserve (\$41,000), Caravan Parks (\$400) and Garbage Reserve (\$17,000).

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

7.2 Key assumptions

In preparing the budgeted Balance Sheet for the year ended 30 June 2011 it was necessary to make a number of assumptions about key assets, liabilities and equity balances. The key assumptions are as follows:

- The collection level of rates and charges that will be collected in 2010/11 will be at similar levels to that of previous years.
- Trade creditors and other creditors and debtors to remain consistent with 2009/10 levels.
- Proceeds from the sale of property in 2010/11 will be received in full in 2010/11.
- Employee entitlements to be increased to allow for wage movements. No increase in the average rate of leave taken is expected.
- Repayment of loan principal is to be \$1.06 million.
- Total capital expenditure to be \$15.11 million.
- A total net \$0.24 million to be transferred from accumulated surplus to internal reserves.

- \$6.24 million in capital grants will in fact be received by 30 June 2011.

8. *Long Term Financial Plan*

8.1 **Plan development**

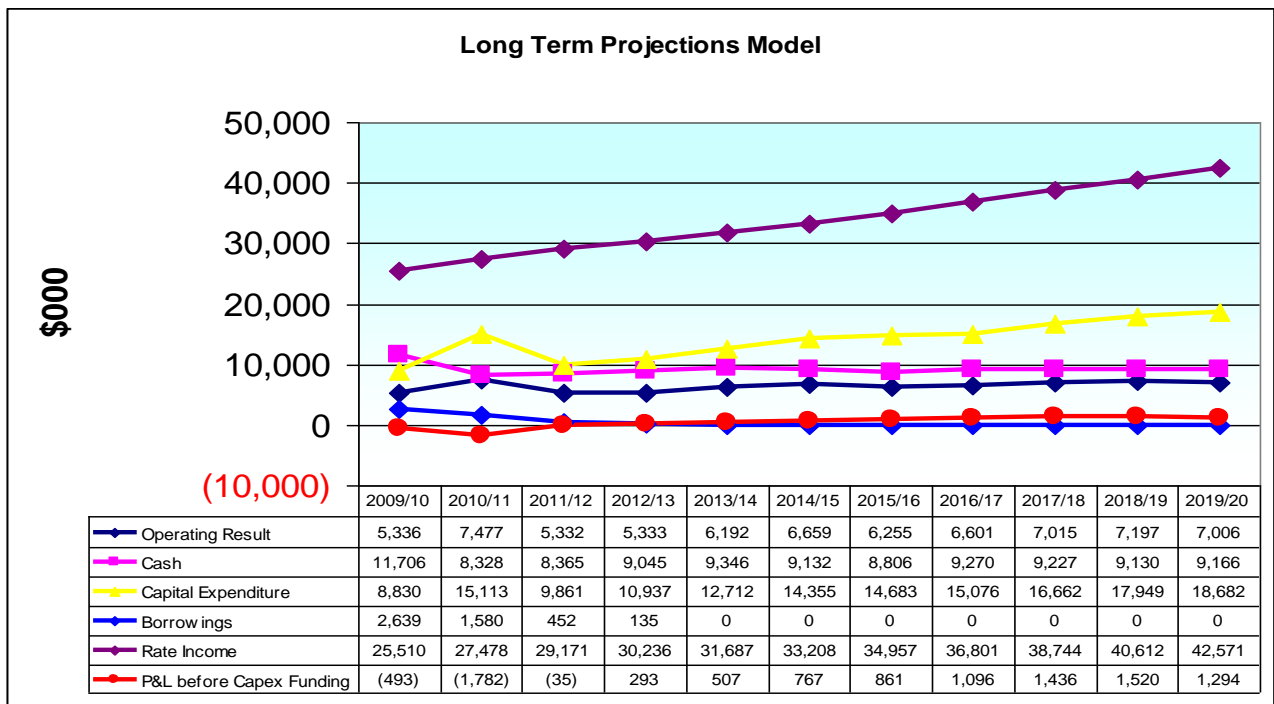
Council is required by the Act to prepare a Strategic Resource Plan covering both financial and non-financial resources, for at least the next four financial years to support the Council Plan. The Act also requires Council to comply with the following *Principles of Sound Financial Management*:

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

A high level 10 year Long Term Financial Plan was first developed by Council in 2003. This Long Term Financial Plan for the years 2010/11 to 2019/20 has been further refined as part of Council's strategic financial planning framework. It ensures that Council adopts a financially responsible and accountable annual budget that sits within a longer term framework.

The Strategic Resource Plan 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 Strategic Resource Plan, is financial sustainability in the medium term, whilst still achieving Council's strategic objectives as specified in the Council Plan.

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



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

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Financial performance											
Underlying Working Capital	2.00	1.44	1.66	1.84	1.91	1.86	1.76	1.81	1.77	1.71	1.67
Underlying result	-1.21%	-4.44%	-0.08%	0.65%	1.08%	1.56%	1.69%	2.05%	2.59%	2.62%	2.15%
Funding capacity											
Self-financing	21.80%	25.64%	21.81%	23.01%	24.11%	25.14%	24.66%	25.57%	26.47%	27.32%	27.74%
Sustainability Index	85%	92%	78%	83%	101%	91%	111%	110%	117%	115%	112%
Borrowing capacity											
Indebtedness	9.32%	5.25%	3.75%	3.75%	3.58%	3.06%	2.51%	1.97%	1.43%	0.90%	0.36%
Total Debt as a % of Rate revenue	10.34%	5.75%	1.55%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.50%	0.32%	0.17%	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

The sustainability index shows the level of spending effort on asset renewal works. Despite the sustainability index indicating short term funding concerns for infrastructure renewal requirements, the Infrastructure Directorate is confident that there currently are sufficient funding allocations in the 2010/11 capital works budget to maintain its current infrastructure. As a result, increasing levels of capital funds have reallocated to asset upgrade and asset extension works in the following years than had been previously been allocated.

8.2 Key outcomes

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

- **Service delivery** – Services levels established for 2010/11 have been maintained throughout the forward budget. The Council is however committed over the 2010/11 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 on a rolling budget basis.

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 2010/11 it is forecast that there will be underlying deficit result. From 2011/12 onwards consistent and ongoing underlying surpluses are expected.

- **Rating strategy (section 9)** – Rate increases have been modelled in the forward budgets to provide adequate funds for current and future service level requirements in a financially sustainable and accountable manner.

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

- **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from \$1.59 million (as at 30 June 2011) to be debt free by 2013/2014.
- **Infrastructure strategy (section 11)** – Capital expenditure over the ten year period will have the primary objective of increasing expenditure on capital renewal projects. The target is to achieve a sustainability index of beyond 95%. From 2009/10 and onwards, it was modelled that significant additional funds can in fact be released for capital projects.
- **Financial sustainability (section 5)** – Cash and investments position should always be referenced against the working capital ratio and in particular the 'underlying working capital ratio' (working capital ratio after backing out cash that has been quarantined in internal reserves). The targeted ratio is 1.5 to 1. Aside from the ratio dipping below the target ratio in 2010/11 (1.44 to 1), in the following years it is projected to remain on target.

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

8.3 Human 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 331 staff. The Equivalent Full Time (EFT) is 238 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		
	2009/10	2010/11	2011/12	2012/13	2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	15,562	17,011	17,808	18,258	18,921
Employee numbers (EFT)	226	238	238	238	238

Council's staff based strategies include:

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

Staff Compliment	EFT
Full time	186
Part time	48
Casual	4
Total number of staff	238

No additional staffing resources have been modelled into the Long Term Financial Plan.

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

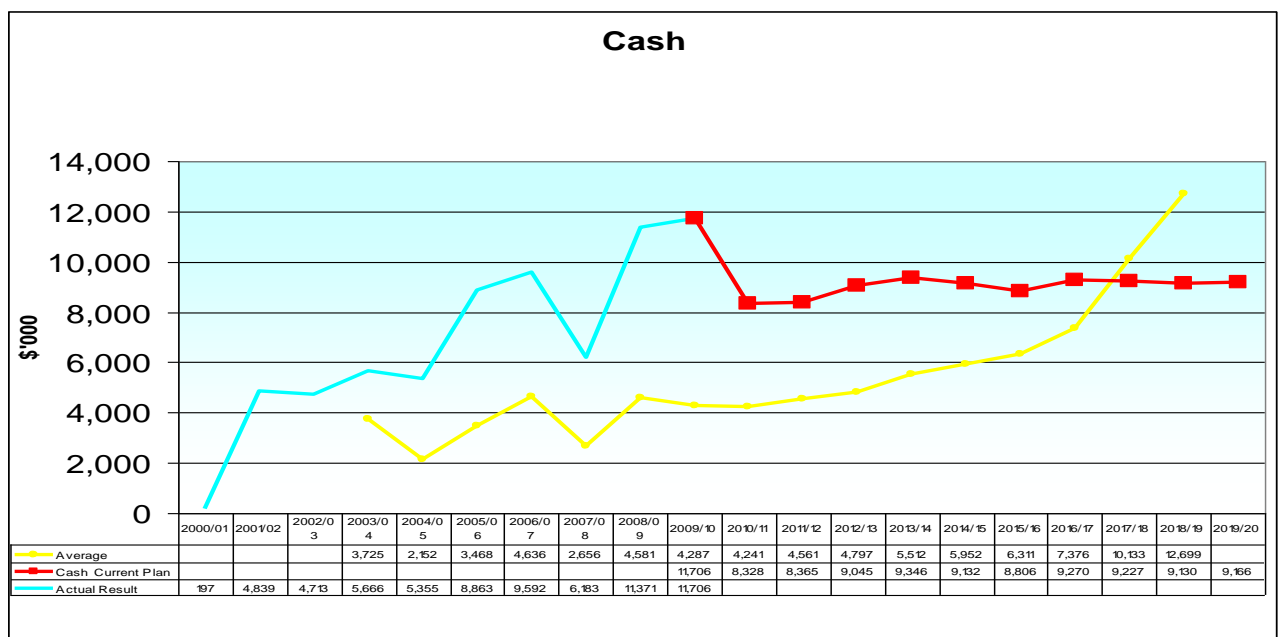
South Gippsland Shire Council has been producing strategic financial plans over the past eight years. The following graphs benchmark the current 2010/11 Long Term Financial Plan against the average of the previous five years financial plans, the lines representing:-

Average (yellow line) Average of previous 5 years Long Term Financial Plans (LTFP)

Current Plan (red line) 2010/11 Long Term Financial Plan

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

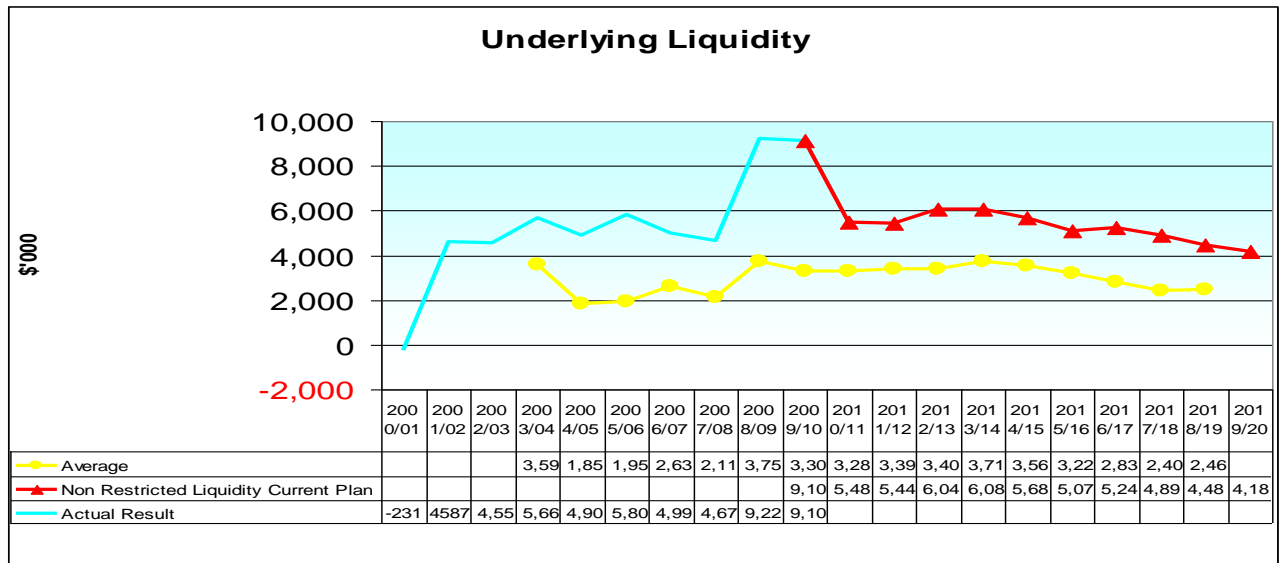
8.4.1 Liquidity



The strategic intent of building up and then utilising cash to pay off long term debt was quite evident leading up to 2007/08. The objective then was to gradually and purposefully build up cash and then in the later years when the working capital position of Council was sufficiently strong, release funds for capital works. This objective has now also been achieved and is evidenced by the cash position flat lining in the current plan.

The overall cash position in the forward years in the current plan is stronger than the average of previous plans because the internal reserves are now fully cash backed. In past financial plans, they were notionally expensed in the forward years capital works program.

8.4.2 Underlying Liquidity



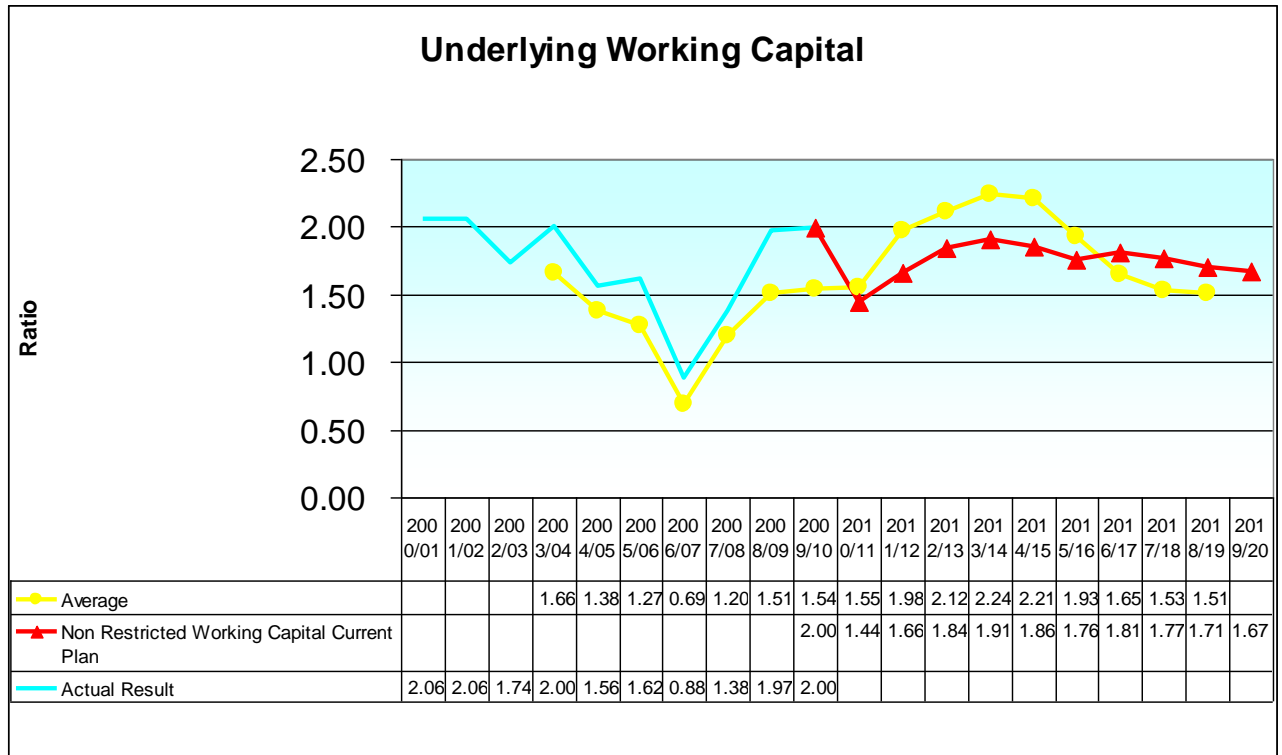
The underlying liquidity does not include funds that have been set aside in internal reserves. This gives a truer picture of Council's unencumbered financial capacity.

Actual financial outcomes have consistently been stronger than what had been originally planned. This is mainly due to actual costs incurred being less than what was originally budgeted.

The current plan also shows favourable cash projections relative to past plans. This is predominantly due to the volatility of the relationship between accounts receivable, accounts payable and cash. That is why it is so important to always assess the underlying liquidity position in conjunction with the underlying working capital ratio.

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

8.4.3 Underlying Working Capital

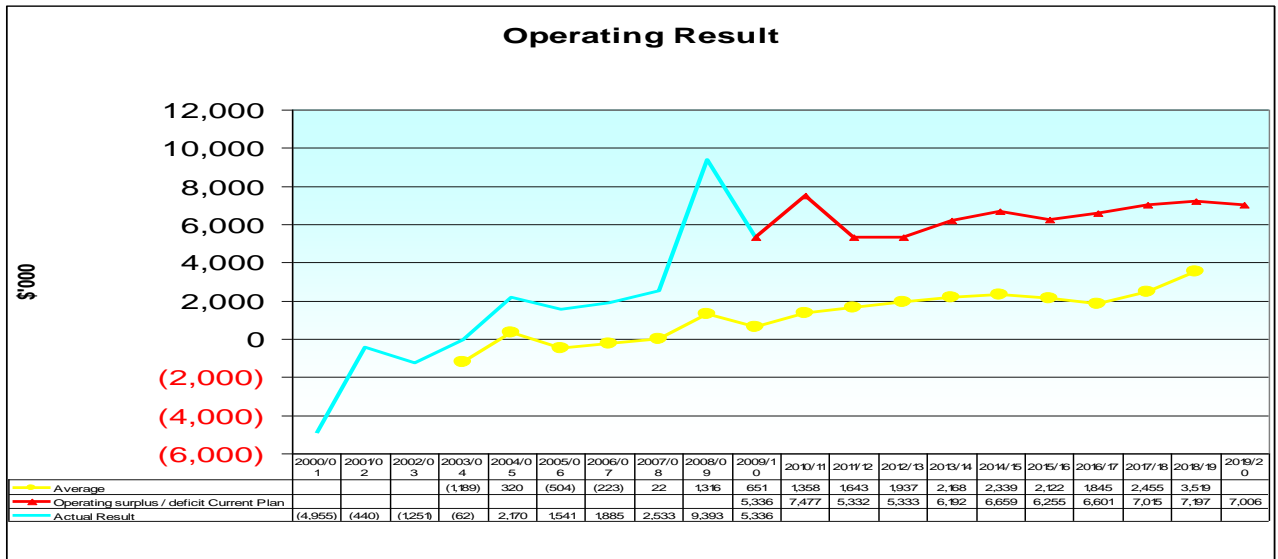


The underlying working capital ratio looks at the relativities of unencumbered current assets (not including cash backed reserves funding) and current liabilities.

The strategic intent of allocating as much possible cash to retire debt in the early years of the Long Term Financial Plan was evident in the declining working capital ratio up until 2006/07. From 2007/08 and onwards, the underlying working capital ratio was strategically strengthened. The current plan shows it flattening out in line with strategic target ratio of 1.5 to 1.

Again, the working capital ratio in the later years of previous financial plans was inflated by the internal reserves that were not at that stage quarantined into fully cash backed reserves.

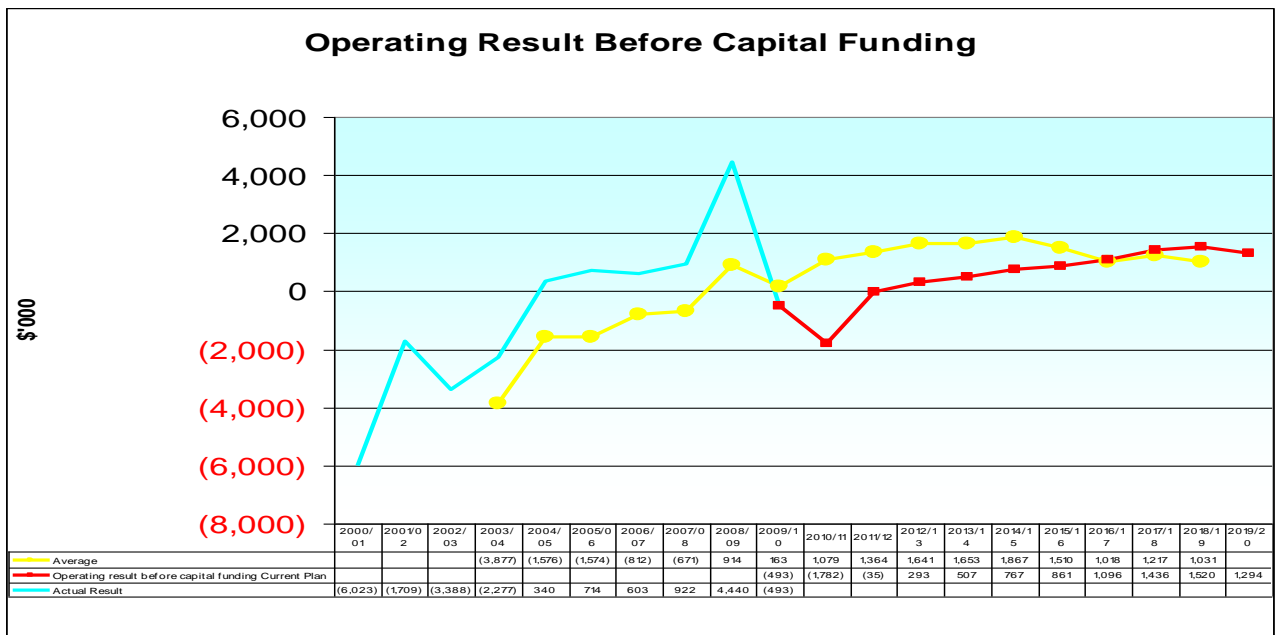
8.4.4 Income Statement



The operating result (sometimes referred to as the bottom line or headline result) in the current plan maintains general parity with previous years plans. The actual results achieved relative to the previous plans are also overall favourable. The spike in the operating result for 2008/09 is due to accounting standard requirement to recognise revenue when it obtains 'control' rather than 'receipt' of grant funds.

The strategic intent of moving from deficit results to surplus results is very evident.

The current plan is also stronger than the previous plans. This is due to donated / gifted assets now being modelled into the current plan.



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

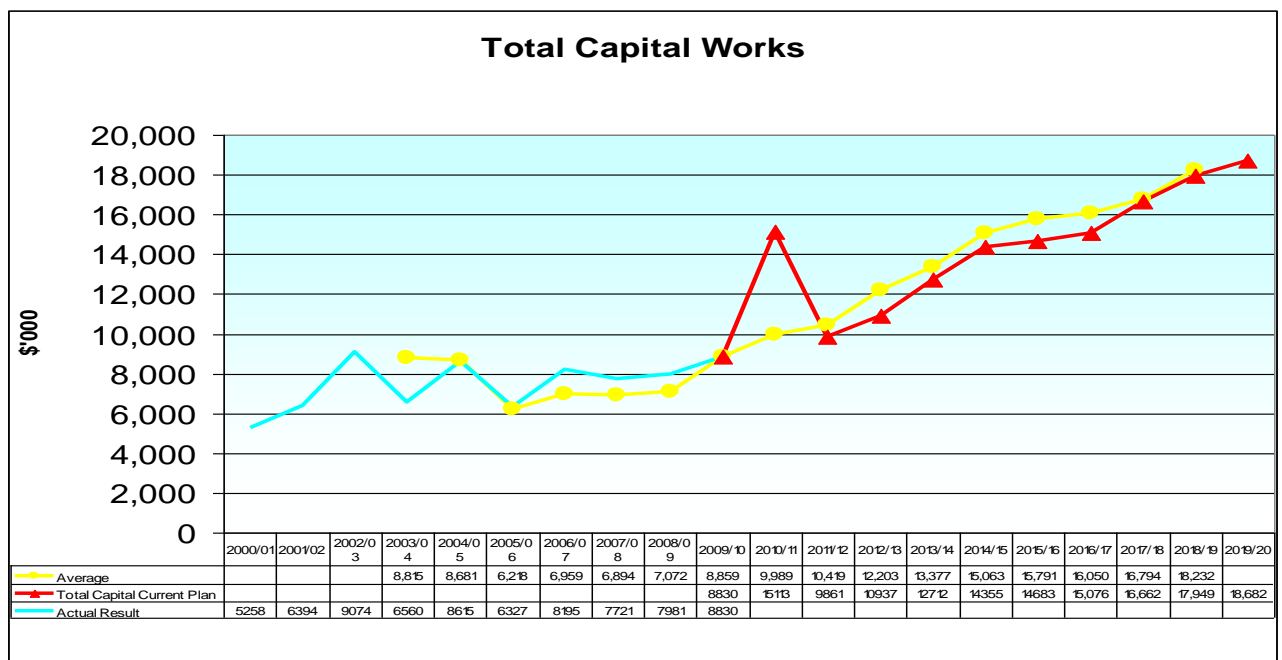
The spike in the underlying operating result for 2008/09 is due to accounting standard requirement to recognise revenue when it obtains 'control' rather than 'receipt' of grant funds.

It can also be noted that the underlying result in later years of the current plan is significantly less than the average of past five years financial plans. This is because some primary funding gaps for existing service level requirements have in fact been identified and financially bridged. The recurrent cost implications have been incorporated into the 2010/11 annual budget as well as the forward budgets.

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

Very importantly, longer term consistent and gradually increasing underlying surplus results are being projected to occur.

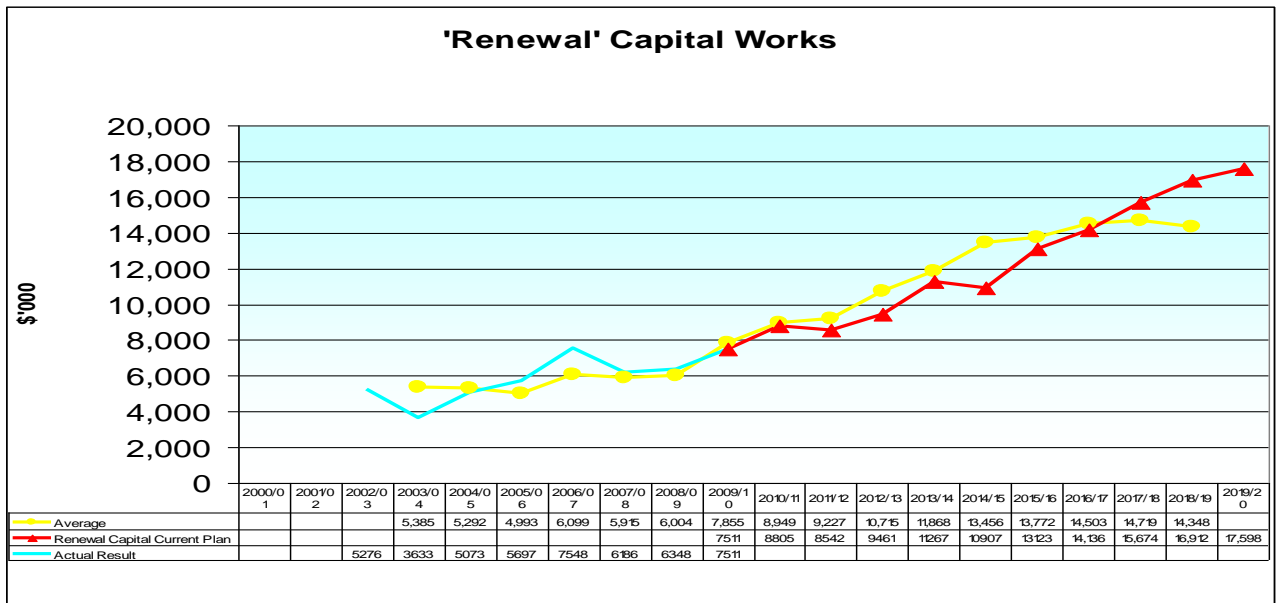
8.4.5 Capital Works program



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

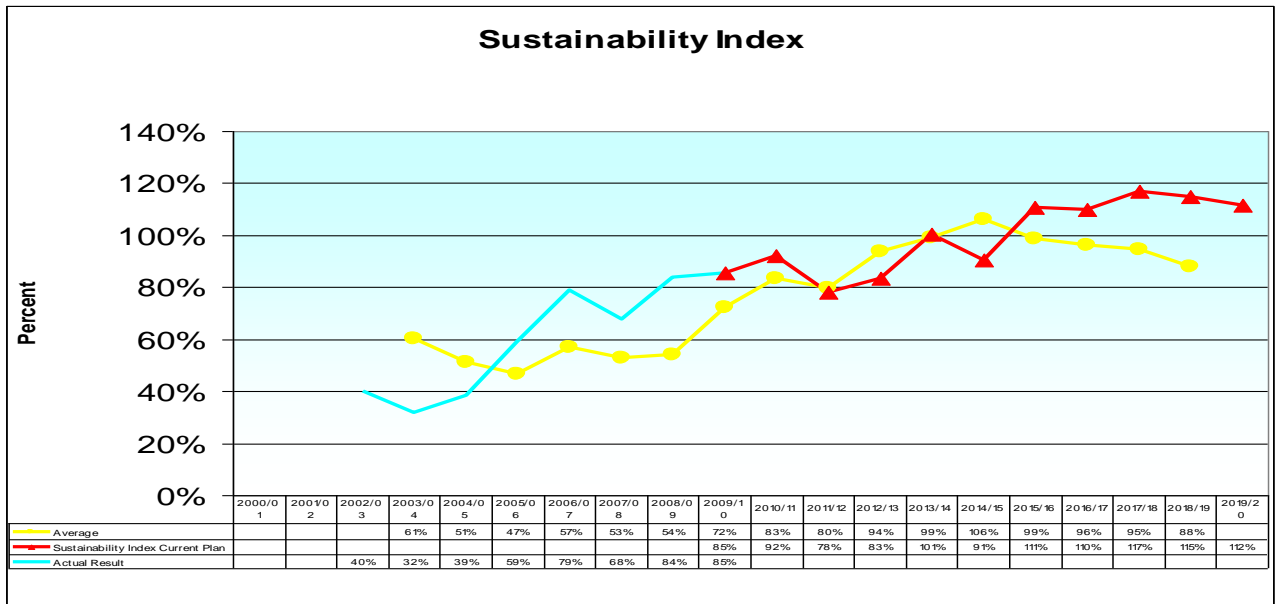
The spike in 2010/11 is as a result of receiving one off capital grant funds for Corner Inlet Integrated Childcare Hub project as well as the Sandy Point Community Centre and funding being carried forward from 2009/10 for unfinished projects. In the later years the reduced expenditure relative to the previous plans

is as a result of backing out of the forward capital works programs 'notionally' expensed internal reserves funds.



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

The funding allocation for renewal capital works in forward budgets has eased relative to previous plans on the basis that the Infrastructure Directorate assessment that there is no immediate primary funding gap concerns for road infrastructure in the immediate following years.

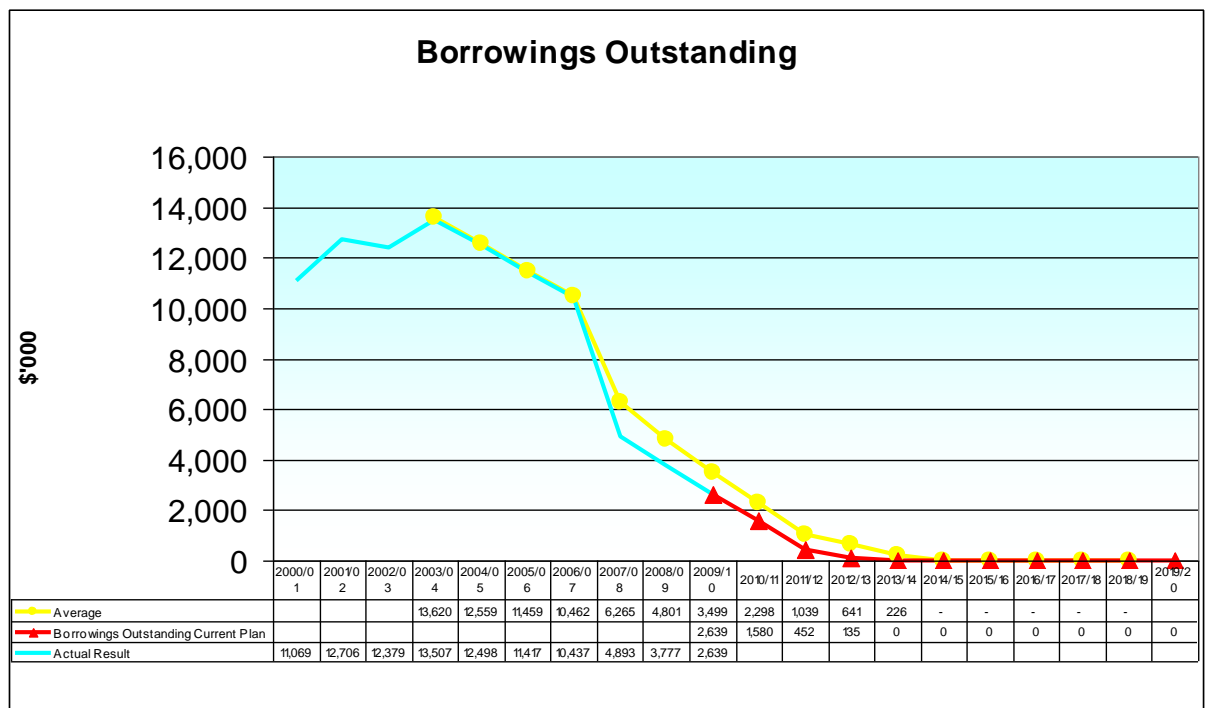


The sustainability index assesses the relationship between capital renewal expenditure and depreciation costs for infrastructure assets.

In the immediate forward budgets the index trends downwards. This reflects Infrastructure Directorates assessment that there are no material primary funding gap issues for infrastructure assets.

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

8.4.6 Borrowings



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

9. *Rating strategy*

9.1 Strategy development

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

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

9.2 Current year rate increase

It is proposed that general rates and charges increase by 6.50% for the 2010/11 year. General rates and charges overall will in 2010/11 raise a total rate of \$27.48 million, including supplementary rates.

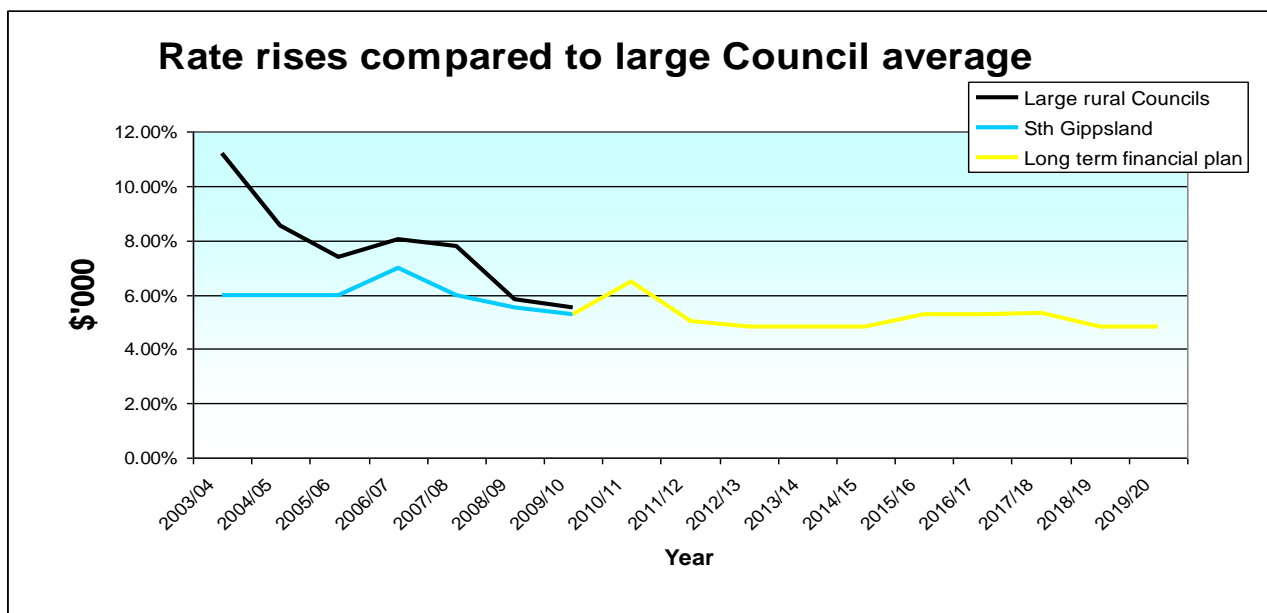
The general rate will increase by 4.8% on average. The waste services charge for garbage collection / recycling / street sweeping / litter bins will increase by 9.78%. There will also be an additional waste services charge for all rateable properties of \$20. The increase in waste services charges is required to accommodate the State Government doubling the waste management levy, with further increases to occur in subsequent years.

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

The Victorian Auditor General's report on the Results of the 2008/09 Audits of Local Government assessment of this Council is that is not spending enough on asset renewals.

Council considers it important that in the longer term adequate funding is made available for infrastructure asset replacement works. Council is however committed to minimise the rate rise in 2010/11.

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



Ordinarily, rates and charges increases are targeted to be above CPI to generate additional funds to allocate to increase the net cash flow available from operating activities to provide much needed funding for capital renewal works. Because of the unavoidable cost considerations discussed above, rate rises have to spike in 2010/11.

During the 2009/10 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2010 for the 2010/11 year and the following 2011/12 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 6.7%. Of this increase, residential properties have increased on average by 4.6%, commercial by 4.76%, industrial by 9.2%, vacant land by 4.1%, farm by 9.2% and cultural and recreational land by 6.6%. There are of course significant variations from the average for some individual properties.

The following table sets out future proposed rates and charges increases and total rates to be raised, (including supplementary and special charge rate income) based on the forecast financial position of Council as at 30 June 2009.

Year	Increase %	Total Rates and Charges Raised \$'000
2009/10	5.50%	25,510
2010/11	6.50%	27,478
2011/12	5.04%	29,171
2012/13	4.81%	30,236
2013/14	4.81%	31,687

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

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

9.3 Rating structure

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

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

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

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

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

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

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

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

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

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

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

Rate type	2009/2010	2010/2011
Residential rates – rate in the \$ of CIV	0.00339043	0.00334333
Commercial rates – rate in the \$ of CIV	0.00339043	0.00334333
Industrial rates– rate in the \$ of CIV	0.00339043	0.00334333
Rural Living– rate in the \$ of CIV	0.00339043	0.00334333
Vacant Land – rate in the \$ of CIV	0.00508565	0.00501500
Vacant Land Restricted Use– rate in the \$ of CIV	0.00339043	0.00334333
Farm land – rate in the \$ of CIV	0.00305139	0.00300900
Cultural / Recreational rates – rate in the \$ of CIV	0.00135617	0.00133733
Municipal charge - \$ per property	\$273.10	\$284.00
Waste Services Charge A	\$180.25	\$198.00
Waste Services Charge B	\$180.25	\$198.00
Waste Services Charge C	\$267.00	\$287.00
Waste Services Charge D		\$205.40
Waste Services Charge E		\$238.40
Waste Services Charge F		\$20.00

10. Borrowing Strategy

10.1 Strategy Development

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

The following table shows a history of Council borrowings for the last ten years and also the prudential ratios applicable, as well as the budgeted outcome for 2010/11.

Year	Total Borrowings 30 June \$'000	Liquidity CA/CL Ratio	Debt Mgt Debt/Rates %	Debt Mgt Serve Costs/ Revenue %
1999/2000	10,577	2.8	99%	2.71%
2000/2001	10,893	2.2	87%	3.18%
2001/2002	12,588	2.1	95%	2.61%
2002/2003	12,380	2.0	83%	2.63%
2003/2004	13,698	1.5	85%	2.64%
2004/2005	12,498	1.2	71%	2.52%
2005/2006	11,418	1.7	61%	2.22%
2006/2007	10,438	1.0	50%	2.08%
2007/2008	4,893	1.2	22%	1.44%
2008/2009	3,777	2.0	16%	0.72%
2009/2010	2,639	1.8	10%	0.54%
2010/2011	1,580	1.9	6%	0.33%
	Threshold	<1.1	>80%	>5%

The table shows that Council's borrowing level at 30 June 2011 will be \$1.58 million. It also shows that Council had for a number of years previously been trending the wrong way with the Victorian State Government's prudential ratio limits. By implementing the debt reduction strategy the Long Term Financial Plan has shown positive trends emerge for the 2005/06 year and this has continued up to and including the 2010/11 year.

Council's Long Term Financial Strategies give very definitive guidance in relation to borrowing for capital works projects. Rather than rely on prudential ratios the

strategies provide more commercially acceptable business guidance in relation to borrowing for capital projects.

10.2 Current year borrowings

For the 2010/11 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of \$1.06 million, will decrease its total borrowings to \$1.58 million as at 30 June 2011. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2010.

Year	New Borrowings \$'000	Loan Principal Paid \$'000	Loan Interest Paid \$'000	Balance 30 June \$'000
2004/2005	0	1,009	870	12,498
2005/2006	0	1,081	797	11,417
2006/2007	0	980	726	10,437
2007/2008	0	5,544	539	4,893
2008/2009	0	1,116	290	3,777
2009/2010	0	1,138	217	2,639
2010/1011	0	1,059	146	1,580
2011/2012	0	1,128	77	452
2012/2013	0	317	23	135
2013/2014	0	135	4	0

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

11. *Infrastructure strategy*

11.1 **Strategy development**

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

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

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

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

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

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

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

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

The challenge that the local government industry faces now and into the future is adequately maintaining and systematically renewing assets in order to maintain a

particular desired service level. The shortfall of what is being spent and what should be spent is essentially the 'funding gap'.

11.2 Identification and funding infrastructure funding gaps

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

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

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

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

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

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

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

It is important not to confuse primary and secondary fund requirements. Primary funding gap are a 'need' and as such should be a high priority consideration.

Secondary funding gaps are a 'want' and are more a discretionary consideration. If you want to improve service standards you must also be prepared to fund it.

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

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

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

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

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

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

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

Depreciation on the other hand is really a financial costing mechanism that systematically allocates the cost of the 'consumption of the assets service potential', over the useful life of the asset to the Income Statement. This does not nor should imply that the depreciation cost incurred in a specific period, (typically a year) ought to be spent on asset replacement in that year.

The benchmarking of depreciation to capital expenditure incurred in renewing assets (the sustainability index) is purely a financial performance indicator, and should not be considered a key driver of asset management plans. Generating surpluses and subsequently being able to spend more on asset renewal projects

would result in improving sustainability index. It does not necessarily mean that an adequate amount is being spent at that particular point in time.

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

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

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

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

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

The following table sets out the sustainability index percentage for Council's fixed assets, class by class, based on the forecast capital expenditure on existing assets for the 2010/11 year.

	Replacem't Cost 30 Jun 10 \$'000	Average Annual Consump'n \$'000	Average Annual Preserv'n \$'000	Sustain Index %
Roads	298,345	2,825	4,044	143
Bridges	28,689	274	276	101
Footpaths	15,903	277	294	106
Kerb & Channel	13,237	233	233	100
Drains & Culverts	35,100	333	238	71
Buildings	88,533	1,896	475	25
Car parks	5,567	71	73	103
Other structures	9,251	579	333	58
Total capital works	494,625	6,488	5,966	92

The table indicates that the 2010/11 capital works program will achieve a sustainability index of 92%.

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

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

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

There is very serious consideration being given to changing the depreciation methodology from a straight line basis to consumption based depreciation in future years, subject to auditor approval. Australian Centre for Excellence in Asset Management's (ACEAM), who are providing support to Council in asset management practices, strongly support this methodology for calculating depreciation. This has several benefits. The costs expensed to the financial statements would reflect more accurately the consumption or the annual deterioration of the assets (as opposed to a uniform straight line depreciation cost

methodology reflecting consumption of service potential). This means that the written down value of the assets in the Balance Sheet would also reflect more accurately the remaining value of the asset.

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

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

11.3 Key asset management objectives to be undertaken in following years

The past year has seen South Gippsland's transition from asset centric Asset Management planning processes toward a service centred approach as mandated in recently legislated National Asset Management frameworks. This approach ties in with the service level review project currently underway.

Council's active membership in the Municipal Association of Victoria's (MAV) STEP program since 2003 has resulted in the continuous development of Councils Asset Management Policy, Strategy and several Asset Management Plans for the major asset classes. Through the program, ongoing review of Council's infrastructure renewal requirements and expenditure patterns have also provided valuable benchmarking for both Council and the state and federal governments.

In mid 2009, an external audit of Council's Asset Management maturity highlighted the need to increase Council's efforts in several areas including strategic Asset Management planning. Consequently Council enrolled in Australian Centre for Excellence in Asset Management's (ACEAM) STEP Watch Asset Management improvement program for the Roads and Buildings Asset Groups. Progress to date has seen positive outcomes in these areas including;

- A review of current maintenance service levels;
- The development of operational service plans;
- Adoption of treatment option decision matrices for improved asset outcomes; and
- Review of significant asset accounting policies and methodologies.

It is planned to integrate these outcomes with service level modelling and produce improved Roads and Buildings Infrastructure Service Plans for community adoption by late 2010. This will coincide with Council's commitment to the

National Asset Management Framework by June 2010 and development of a Core Asset Management improvement plan by October 2010.

As a result, Council's improved Infrastructure Service Plans will feed into the Long Term Financial Plan with more robust financial forecasts.

11.4 Key influences for 2010/11

The following influences had a significant impact on the infrastructure strategy for the 2010/11 year:

- Progressively increasing level of net cash flows from operating activities being released in 2010/11 and later years budgets for capital works in a financially responsible manner;
- Availability of significant federal funding for upgrade of roads;
- Projects not started or completed that were funded in the 2009/10 year being carried over to the 2010/11 year;
- The capital projects listed in Appendix D, Capital Works Program, are subject to annual review and refinement.

12. *Appendix Nature of information*

12.1 Overview to Appendices

The following appendices include voluntary and statutory disclosures of information, which provide support for the analysis contained in sections 1 to 11 of this report.

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

The contents of the appendices are summarised below:

- A Budgeted Standard Financial Statements for 2010/11
- B Statutory disclosures in the Annual Budget
- C Long Term Financial Plan 2010/11 – 2019/20
- D Capital Works Program
- E Key Strategic Activities
- F Fees & Charges schedule

APPENDIX A – Budgeted Standard Financial Statements

- **Budgeted Standard Income Statement**
- **Budgeted Standard Balance Sheet**
- **Budgeted Standard Cash Flow Statement**
- **Budgeted Standard Capital Works Statement**

This section sets out the Budgeted Standard Financial Statements for 2010/11 and the following 3 years in detail. This information is the basis of the disclosures and analysis of the Annual Budget in the report.

STANDARD BUDGETED INCOME STATEMENT

SOUTH GIPPSLAND SHIRE COUNCIL	Projecte d 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000
BUDGETED INCOME STATEMENT					
REVENUES FROM OPERATING ACTIVITIES					
Rates & charges	25,510	27,478	29,171	30,236	31,687
Operating grants	10,619	7,934	9,468	9,959	9,947
Reimbursements	381	328	301	308	314
Contributions	142	4	31	32	33
Interest	549	521	508	527	535
User charges	2,259	2,444	2,723	2,833	2,952
Statutory fees	449	429	439	450	461
Other	834	966	922	945	968
TOTAL REVENUES	40,743	40,104	43,563	45,290	46,897
EXPENSES FROM OPERATING ACTIVITIES					
Employee costs	15,095	16,543	17,314	17,746	18,389
Materials & consumables	15,996	14,471	14,921	15,105	15,347
Utilities	587	615	684	701	718
Depreciation	6,951	7,564	8,057	8,822	9,375
Other	2,390	2,547	2,545	2,600	2,557
Borrowing cost expenses	217	146	77	23	4
TOTAL EXPENSES	41,236	41,886	43,598	44,997	46,390
UNDERLYING RESULT	(493)	(1,782)	(35)	293	507
Net gain/ (loss) on disposal of assets	(120)	(56)	(100)	(33)	23
Capital grants	2,949	6,240	2,300	1,826	2,335
Donated / Granted Assets	3,000	3,075	3,167	3,247	3,327
SURPLUS (DEFICIT) FOR THE YEAR	5,336	7,477	5,332	5,333	6,192

STANDARD BUDGETED BALANCE SHEET

SOUTH GIPPSLAND SHIRE COUNCIL	Projecte d 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000
BUDGETED BALANCE SHEET					
Current Assets					
Cash assets	11,706	8,328	8,365	9,045	9,346
Receivables	1,662	1,652	1,642	1,632	1,621
Other financial assets	1,950	2,050	2,150	2,250	2,350
Assets held for resale	0	0	0	0	0
Other	279	279	279	279	279
Total Current Assets	15,597	12,309	12,436	13,206	13,596
Non Current Assets					
Receivables	0	0	0	0	0
Investments	827	827	827	827	827
Fixed Assets	118,756	123,233	133,010	132,699	143,587
Roads Streets & Bridges	308,235	313,485	347,016	351,749	390,392
Total Non Current Assets	427,818	437,545	480,853	485,275	534,806
Total Assets	443,415	449,854	493,289	498,481	548,402
Current Liabilities					
Payables	2,289	2,279	2,269	2,259	2,249
Trust funds	210	210	210	210	210
Provisions	2,952	2,952	2,952	2,952	2,952
Interest bearing liabilities	1,059	1,128	317	135	0
Total Current Liabilities	6,510	6,569	5,748	5,556	5,411
Non Current Liabilities					
Provisions	1,204	1,235	1,137	1,323	1,322
Interest bearing liabilities	1,580	452	135	0	0
Total Non Current Liabilities	2,784	1,687	1,272	1,323	1,322
Total Liabilities	9,294	8,256	7,020	6,879	6,733
Net Assets	434,121	441,598	486,269	491,602	541,669
Equity					
Accumulated Surplus	178,593	185,830	191,080	196,336	202,266
Reserves	255,528	255,768	295,189	295,266	339,403
Total Equity	434,121	441,598	486,269	491,602	541,669

STANDARD BUDGETED CASH FLOW STATEMENT

SOUTH GIPPSLAND SHIRE COUNCIL	Projecte d 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000
BUDGETED CASH FLOW STATEMENT					
Receipts from Customers	29,596	31,901	33,587	34,804	36,415
Interest Received	549	521	508	527	535
Government Receipts	13,547	13,922	11,768	11,785	12,282
Payments to Suppliers	(18,973)	(17,783)	(18,431)	(18,406)	(18,811)
Payments to Employees	(15,017)	(16,462)	(17,231)	(17,660)	(18,301)
Net cash from Operating	9,702	12,099	10,201	11,050	12,120
Investing					
Proceeds from sale of plant property & Equipment	818	841	902	907	1,031
Repayment of loans and advances	0	0	0	0	0
Payments for property, plant & equipment	(8,830)	(15,113)	(9,861)	(10,937)	(12,712)
Loan advances to community groups	0	0	0	0	0
Net cash from Investing	(8,012)	(14,272)	(8,959)	(10,030)	(11,681)
Financing					
Proceeds from borrowing	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
Repayment of borrowings	(1,138)	(1,059)	(1,128)	(317)	(134)
Finance costs	(217)	(146)	(77)	(23)	(4)
Loan advances to community groups	0	0	0	0	0
Net cash from Financing	(1,355)	(1,205)	(1,205)	(340)	(138)
Net Cash increase (decrease)	335	(3,378)	37	680	301
Cash at beginning	11,371	11,706	8,328	8,365	9,045
Cash at end	11,706	8,328	8,365	9,045	9,346

STANDARD BUDGETED CAPITAL WORKS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000
BUDGETED CAPITAL WORKS					
Roads	3,774	4,482	3,490	4,896	5,639
Footpaths	520	369	781	340	675
Kerb & Channels	38	436	621	85	190
Bridges	586	276	208	380	454
Drains & Culverts	350	454	345	210	528
Car parks	0	141	172	251	568
Other Structures	174	609	563	737	434
Buildings	921	5,486	478	830	940
Land	58	21	21	22	23
Plant & equipment	2,409	2,839	3,182	3,186	3,261
Furniture & Equipment	0	0	0	0	0
Total Capital Works	8,830	15,113	9,861	10,937	12,712
Represented by					
Renewals	7,511	8,805	8,542	9,461	11,267
Upgrades	720	2,831	697	665	1,019
Extensions	599	3,477	622	811	426
Total Capital Works	8,830	15,113	9,861	10,937	12,712

APPENDIX B - Statutory disclosures

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

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

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

1. Borrowings

The total amount proposed to be borrowed for the 2010/11 year is NIL.

The total amount of debt redemption for the 2010/11 year is \$1.06 million.

The projected debt servicing cost for the 2010/11 year is \$0.15 million.

2. Rates and charges

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

- a A general rate of 0. 334333 cents in the dollar of all rateable residential properties;
- b A general rate of 0. 334333 cents in the dollar of all rateable commercial properties;
- c A general rate of 0. 334333 cents in the dollar of all rateable industrial properties;
- d A general rate of 0. 300900 cents in the dollar of all rateable farm land properties;
- e A general rate of 0. 501500 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f A general rate of 0. 334333 cents in the dollar of all rateable vacant land, restricted use properties;
- g A general rate of 0. 133733 cents in the dollar of all rateable Cultural and Recreational Lands act properties;

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

Type of Property	2009/10 \$	2010/11 \$
Residential	9,058,190	9,604,664
Commercial	913,162	945,320
Industrial	267,044	290,599
Farm Land	7,555,769	8,036,248
Vacant Land	1,301,094	1,173,375
Vacant land – Restricted use		53,239
Cultural & Recreational Lands	10,201	10,721

2.3 The estimated total amount to be raised by rates is \$20,114,166.

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

Type of Property	Percentage Change	
	2009/10	2010/11
Residential	4.90%	-1.39%
Commercial	4.90%	-1.39%
Industrial	4.90%	-1.39%
Farm Land	4.90%	-1.39%
Vacant Land	4.90%	-1.39%
Vacant Land – Restricted use	4.90%	-1.39%
Cultural & Recreational Lands	4.90%	-1.39%

The decrease in the rate in the dollar for all rate types compared to the previous year results from the increase in valuations which take effect from 1st January 2010. As there is no proposal to change the rate differentials, all changes are constant across the rate types to maintain their rating differential.

General revaluation of properties

During the 2009/10 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2008 for the 2008/09 and 2009/10 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 6.7%. Of this increase, residential properties have increased on average by 4.6%, commercial by 4.76%, industrial by 9.2%, vacant land by 4.1%, farm by 9.2% and cultural and recreational land by 6.6%.

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

Type of Property	2009/10	2010/11
Residential	11,204	11,434
Commercial	791	794
Industrial	139	140
Farm Land	3,941	3,964
Vacant Land	2,250	1,954
Vacant Land – Restricted use		268
Cultural & Recreational Lands	22	22
Total number of assessments	18,347	18,576

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

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

TYPE OF PROPERTY	2009/10	2010/11
	\$	\$
Residential	2,746,154,000	2,872,782,000
Commercial	269,981,000	282,748,000
Industrial	79,594,000	86,919,000
Farm Land	2,444,621,800	2,673,028,300
Vacant Land	224,142,500	233,973,000
Vacant land – Restricted use	14,622,000	15,924,000
Cultural & Recreational Lands	7,522,000	8,017,000
Total	5,786,637,300	6,171,391,300

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

Type of Charge	Per Rateable Property 2009/10	Per Rateable Property 2010/11
	\$	\$
Municipal Charge – To cover some of the administrative costs of the Council.	273.10	284.00
Waste Services Charge A - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling), street sweeping and litter bins.	180.25	198.00
Waste Services Charge B - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only) , street sweeping and litter bins.	180.25	198.00
Waste Services Charge C - Kerbside garbage & recycling collection service – Commercial premises only (240 litre weekly garbage / 240 litre fortnightly recycling) , street sweeping and litter bins.	267.00	287.00
Waste Services Charge D – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly		205.40

recycling, plus 3 additional recycling collections during Summer) , street sweeping and litter bins.		
Waste Services Charge E – Kerbside garbage & recycling collection service - Waratah Bay (120 litre weekly garbage/240 litre fortnightly recycling, plus 3 additional recycling collections during Summer) , street sweeping and litter bins.		238.40
Waste Services Charge F – Charge that funds the net shortfall of waste management service costs applicable to all rateable properties that is applied on the same basis as the municipal charge.		20.00

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

Type of Charge	2009/10 \$	2010/11 \$
Municipal Charge	4,835,509	5,028,504
Waste Services Charge A	1,577,128	1,563,408
Waste Services Charge B	5,227	5,742
Waste Services Charge C	47,526	51,086
Waste Services Charge D		131,661
Waste Services Charge E		24,078
Waste Services Charge F		354,120
Total	6,445,262	7,158,599

2.10 The estimated amount to be raised by rates and charges: \$27,272,765.

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

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

3. Differential Rates

Rates levied

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

- A general rate of 0.334333% (0.334333 cents in the dollar of CIV) for all rateable residential and rural living properties;
- A general rate of 0.300900% (0.300900 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.334333% (0.334333 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.334333% (0.334333 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.501500% (0.501500 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.334333% (0.334333 cents in the dollar of CIV) for all rateable vacant land – restricted use properties
- A general rate of 0.133733% (0.133733 cents in the dollar of CIV) for all rateable cultural and recreational lands act properties;

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

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

3.2 Residential land

Residential land is any land, which is:

- Land located within the municipality that is residential, meaning rateable land upon which is erected a private dwelling which is used primarily for residential purposes.

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2010/11 financial year.

3.3 Commercial Land

Commercial land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2010/11 financial year.

3.4 Cultural and Recreational Land

Cultural and recreational land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2010/11 financial year.

3.5 Industrial Land

Industrial land is any land, which is:

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

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

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

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

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

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

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

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

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2010/11 financial year.

3.6 Vacant Land

Vacant land is any land, which is:

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

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

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

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

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

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

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

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

3.7 Vacant Land – Restricted use

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

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

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

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

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

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

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

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

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

3.8 Farm Land

Farm Land is any land, which is:

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

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

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

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

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

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

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

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

APPENDIX C - Long Term Financial Plan (2010/11 – 2019/20)

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

This section includes Council's forecast financial performance and financial and cash positions for the years 2010/11 to 2019/20.

BUDGETED INCOME STATEMENT

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
BUDGETED INCOME STATEMENT											
REVENUES FROM OPERATING ACTIVITIES											
Rates & charges	25,510	27,478	29,171	30,236	31,687	33,208	34,957	36,801	38,744	40,612	42,571
Operating grants	10,619	7,934	9,468	9,959	9,947	10,460	10,449	10,987	10,976	11,540	11,531
Reimbursements	381	328	301	308	314	321	328	335	342	350	357
Contributions	142	4	31	32	33	34	35	36	36	37	38
Interest	549	521	508	527	535	513	497	501	505	508	512
User charges	2,259	2,444	2,723	2,833	2,952	3,063	3,135	3,214	3,292	3,384	3,467
Statutory fees	449	429	439	450	461	473	485	497	510	523	536
Other	834	966	922	945	968	992	1,016	1,041	1,067	1,093	1,120
TOTAL REVENUES	40,743	40,104	43,563	45,290	46,897	49,064	50,902	53,412	55,472	58,047	60,132
EXPENSES FROM OPERATING ACTIVITIES											
Employee costs	15,095	16,543	17,314	17,746	18,389	19,065	19,767	20,494	21,248	22,030	22,840
Materials & consumables	15,996	14,471	14,921	15,105	15,347	15,710	16,020	16,588	16,724	17,212	17,546
Utilities	587	615	684	701	718	736	755	773	793	813	833
Depreciation	6,951	7,564	8,057	8,822	9,375	10,174	10,832	11,757	12,488	13,629	14,714
Other	2,390	2,547	2,545	2,600	2,557	2,612	2,667	2,724	2,783	2,843	2,905
Borrowing cost expenses	217	146	77	23	4	0	0	0	0	0	0
TOTAL EXPENSES	41,236	41,886	43,598	44,997	46,390	48,297	50,041	52,316	54,036	56,527	58,838
UNDERLYING RESULT	(493)	(1,782)	(35)	293	507	767	861	1,096	1,436	1,520	1,294
Net gain/ (loss) on disposal of assets	(120)	(56)	(100)	(33)	23	(23)	57	77	56	56	(9)
Capital grants	2,949	6,240	2,300	1,826	2,335	2,504	1,840	1,845	1,850	1,856	1,862
Donated / Granted Assets	3,000	3,075	3,167	3,247	3,327	3,411	3,497	3,583	3,673	3,765	3,859
SURPLUS (DEFICIT) FOR THE YEAR	5,336	7,477	5,332	5,333	6,192	6,659	6,255	6,601	7,015	7,197	7,006

BUDGETED BALANCE SHEET

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
BUDGETED BALANCE SHEET											
Current Assets											
Cash assets	11,706	8,328	8,365	9,045	9,346	9,132	8,806	9,270	9,227	9,130	9,166
Receivables	1,662	1,652	1,642	1,632	1,621	1,611	1,611	1,611	1,611	1,611	1,611
Other financial assets	1,950	2,050	2,150	2,250	2,350	2,450	2,550	2,650	2,750	2,850	2,950
Assets held for resale	0	0	0	0	0	0	0	0	0	0	0
Other	279	279	279	279	279	279	279	279	279	279	279
Total Current Assets	15,597	12,309	12,436	13,206	13,596	13,472	13,246	13,810	13,867	13,870	14,006
Non Current Assets											
Receivables	0	0	0	0	0	0	0	0	0	0	0
Investments	827	827	827	827	827	827	827	827	827	827	827
Fixed Assets	118,756	123,233	133,010	132,699	143,587	143,719	155,254	153,771	152,048	150,344	148,272
Roads / Streets & Bridges	308,235	313,485	347,016	351,749	390,392	396,689	441,021	448,361	456,843	465,521	474,220
Total Non Current Assets	427,818	437,545	480,853	485,275	534,806	541,435	597,102	602,959	609,718	616,692	623,319
Total Assets	443,415	449,854	493,289	498,481	548,402	554,907	610,348	616,769	623,585	630,562	637,325
Current Liabilities											
Payables	2,289	2,279	2,269	2,259	2,249	2,239	2,239	2,239	2,239	2,239	2,239
Trust funds	210	210	210	210	210	210	210	210	210	210	210
Provisions	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952	2,952
Interest bearing liabilities	1,059	1,128	317	135	0	0	0	0	0	0	0
Total Current Liabilities	6,510	6,569	5,748	5,556	5,411	5,401	5,401	5,401	5,401	5,401	5,401
Non Current Liabilities											
Provisions	1,204	1,235	1,137	1,323	1,322	1,178	1,017	837	638	418	175
Interest bearing liabilities	1,580	452	135	0	0	0	0	0	0	0	0
Total Non Current Liabilities	2,784	1,687	1,272	1,323	1,322	1,178	1,017	837	638	418	175
Total Liabilities	9,294	8,256	7,020	6,879	6,733	6,579	6,418	6,238	6,039	5,819	5,576
Net Assets	434,121	441,598	486,269	491,602	541,669	548,328	603,930	610,531	617,546	624,743	631,749
Equity											
Accumulated Surplus	178,593	185,830	191,080	196,336	202,266	208,733	214,706	221,014	227,724	234,604	241,280
Reserves	255,528	255,768	295,189	295,266	339,403	339,595	389,224	389,517	389,822	390,139	390,469
Total Equity	434,121	441,598	486,269	491,602	541,669	548,328	603,930	610,531	617,546	624,743	631,749

BUDEGETED CASH FLOW STATEMENT

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2009/10 \$'000	Budget 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2016/17 \$'000	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000
BUDGETED CASH FLOW STATEMENT											
Receipts from Customers	29,596	31,901	33,587	34,804	36,415	38,091	39,956	41,924	43,991	45,999	48,089
Interest Received	549	521	508	527	535	513	497	501	505	508	512
Government Receipts	13,547	13,922	11,768	11,765	12,262	12,964	12,269	12,832	12,826	13,396	13,393
Payments to Suppliers	(18,973)	(17,783)	(18,431)	(18,406)	(18,811)	(19,393)	(19,797)	(20,441)	(20,696)	(21,290)	(21,732)
Payments to Employees	(15,017)	(16,462)	(17,231)	(17,660)	(18,301)	(18,974)	(19,673)	(20,398)	(21,149)	(21,928)	(22,735)
Net cash from Operating	9,702	12,099	10,201	11,050	12,120	13,201	13,272	14,418	15,475	16,685	17,527
Investing											
Proceeds from sale of plant property & Equipment	818	841	902	907	1,031	940	1,085	1,122	1,144	1,167	1,191
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0
Payments for property, plant & equipment	(8,830)	(15,113)	(9,861)	(10,937)	(12,712)	(14,355)	(14,683)	(15,076)	(16,662)	(17,949)	(18,682)
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0
Net cash from Investing	(8,012)	(14,272)	(8,959)	(10,030)	(11,681)	(13,415)	(13,598)	(13,954)	(15,518)	(16,782)	(17,491)
Financing											
Proceeds from borrowing	0	0	0	0	0	0	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	(1,138)	(1,059)	(1,128)	(317)	(134)	0	0	0	0	0	0
Finance costs	(217)	(146)	(77)	(23)	(4)	0	0	0	0	0	0
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0
Net cash from Financing	(1,355)	(1,205)	(1,205)	(340)	(138)	0	0	0	0	0	0
Net Cash increase (decrease)	335	(3,378)	37	680	301	(214)	(326)	464	(43)	(97)	36
Cash at beginning	11,371	11,706	8,328	8,365	9,045	9,346	9,132	8,806	9,270	9,227	9,130
Cash at end	11,706	8,328	8,365	9,045	9,346	9,132	8,806	9,270	9,227	9,130	9,166



APPENDIX D - Capital Works Program

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



10 Year Capital Works Program

Cost Centre Project Name	2009-10 Revised Budget	2010 Budgets	2011 Budgets	2012 Budgets	2013 Budgets	2014 Budgets	2015 Budgets	2016 Budgets	2017 Budgets	2018 Budgets	2019 Budgets	2020 Budgets
9753 - Loch Poowong Bridge, Poowong	101,000	0	0	0	0	0	0	0	0	0	0	0
9652 - Dyrings Road Bridge, Foster	416,500	0	0	0	0	0	0	0	0	0	0	0
9667 - Pearl Park Bridge, Foster	0	0	112,360	0	0	0	0	0	0	0	0	0
9668 - Woorarra Road (Shady Creek) Bridge, Welshpool	0	180,000	0	0	0	0	0	0	0	0	0	0
9669 - Scotts Bridge, Wild Dog Valley	0	0	0	0	0	454,492	0	0	0	0	0	0
9662 - Cooks De Somerville Bridge Replace with ford	0	0	95,506	0	0	0	0	0	0	0	0	0
9664 - Wights Bridge Meenyan	0	0	0	380,000	0	0	0	0	0	0	0	0
9665 - Stockyard Creek Foster	3,610	96,390	0	0	0	0	0	0	0	0	0	0
BRIDGES	521,110	276,390	207,666	380,000	454,492	326,569	412,870	475,352	450,001	449,999	450,001	450,001
9470 - Buildings - To Be Determined (including child care facilities)	0	0	0	0	323,033	0	0	0	0	0	0	0
1670 - CCHV - Capital Projects	94,300	174,158	0	0	0	0	0	0	0	0	0	0
1680 - CCHV - RDV Capital	310,000	0	0	0	0	0	0	0	0	0	0	0
9478 - Refurbish Korumburra Senior Citizens Kitchen	43,200	0	0	0	0	0	0	0	0	0	0	0
9463 - Main Office Essential Safety Upgrade	0	72,000	0	0	0	0	0	0	0	0	0	0
9466 - Mossvale Park Sound Shell Replace Roof	137,667	35,000	0	0	0	0	0	0	0	0	0	0
9464 - Leongatha Council Chamber Heating / Air	0	0	44,944	0	0	0	0	0	0	0	0	0
9465 - Korumburra Library / Meeting Room Heating / Air	0	65,000	0	0	0	0	0	0	0	0	0	0
9460 - Korumburra Library -Refurbish Toilets	0	0	0	0	200,000	0	0	0	0	0	0	0
9467 - Refurbish Michael Place Public Toilets	0	0	151,686	0	0	0	0	0	0	0	0	0
9466 - Dumbalk Public Toilets	0	0	0	238,203	0	0	0	0	0	0	0	0
9410 - Long Jetty Caravan Park	22,432	0	0	0	0	0	0	0	0	0	0	0



10 Year Capital Works Program												
Cost Centre Project Name	2009-10 Revised Budget	2010 2011 Budgets	2011 2012 Budgets	2012 2013 Budgets	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	
9467 - Leongatha Hall Foyer Refurbishment	117,023	0	0	0	0	0	0	0	0	0	0	
9424 - Foster Integrated Childcare Hub	0	2,300,000	0	0	0	0	0	0	0	0	0	
9426 - Leongatha Child Care Centre Extension	0	800,000	0	0	0	0	0	0	0	0	0	
9479 - Meenyan Kinder Upgrade	29,192	0	0	0	0	0	0	0	0	0	0	
9427 - Foster War Memorial Hall Heating / Air	0	40,000	0	0	0	0	0	0	0	0	0	
9428 - Foster War Memorial Hall Internal Painting	0	0	119,102	0	0	0	0	0	0	0	0	
9430 - Buildings - Mirboo North Upgrade to Community Centre	1,500	35,500	0	0	0	0	0	0	0	0	0	
9500 - Buildings - Korumburra Recreation Centre	6,085	190,185	0	0	0	0	0	0	0	0	0	
8086 - Sandy Point Hall Upgrade	20,000	1,575,000	0	0	0	0	0	0	0	0	0	
BUILDINGS	781,399	5,286,843	196,630	357,305	523,033	1,720,883	1,040,595	648,708	611,362	600,000	635,817	
8320 - Korumburra Swimming Pool Car Park - Stage 2	0	0	0	141,509	0	0	0	0	0	0	0	
8308 - Mobile Library	1,473	0	0	0	0	0	0	0	0	0	0	
8321 - Port Welshpool Boat Ramp Carpark	0	0	0	0	378,743	0	0	0	0	0	0	
8324 - Leongatha Child Care Centre Carpark	0	0	0	238,203	0	0	0	0	0	0	0	
CAR PARKS	1,473	0	0	379,712	378,743	26,765	283,704	0	278,923	0	0	
8312 - Tarwin Lower Streetscape	0	35,000	0	0	0	0	0	0	0	0	0	
8770 - Capital Works Design	118,262	250,000	206,000	212,180	218,545	0	0	0	0	0	0	
8313 - Loch Streetscape (Stage 1)	0	0	561,800	0	0	0	0	0	0	0	0	
8314 - Foster Streetscape (Main & Station Street)	0	40,000	0	0	631,238	0	0	0	0	0	0	
8315 - Welshpool (Avenue of Honour) Streetscape Investigation	0	0	11,236	0	0	0	0	0	0	0	0	
8316 - Korumburra Commercial Street Streetscape	0	0	0	47,641	0	0	0	0	0	0	0	
CIVIL	118,262	325,000	779,036	259,821	849,783	375,102	381,855	388,810	395,975	403,354	410,955	



10 Year Capital Works Program

Cost Centre Project Name	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revised Budget	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets
9754 - Kings Flat Bridge / Culvert	15,035	59,965	0	0	0	0	0	0	0	0	0
9691 - Rendells Rd Culvert Reconstruction	0	0	0	0	252,495	0	0	0	0	0	0
9692 - Turtons Creek Rd Culvert	0	0	146,068	0	0	0	0	0	0	0	0
9693 - Wild Dog Valley Rd Culvert	51,600	0	0	0	0	0	0	0	0	0	0
9695 - Harding Lawson Road Culvert - Fish Creek	0	0	0	0	164,122	0	0	0	0	0	0
9696 - Lowrys Road Culvert - Fish Creek	0	130,000	0	0	0	0	0	0	0	0	0
9698 - Millars Road Leongatha South	0	0	0	159,596	0	0	0	0	0	0	0
CULVERTS	66,635	189,965	146,068	159,596	416,617	0	164,407	195,472	207,200	219,632	232,810
9721 - Drainage Rehabilitation Program	0	40,000	42,400	44,944	47,641	0	0	0	0	0	0
8684 - Young St, Leongatha Drainage	4,025	90,975	0	0	0	0	0	0	0	0	0
8685 - Hattam Ct, Leongatha Drainage	0	30,000	0	0	0	0	0	0	0	0	0
8689 - Hancock Lane Drainage	59,534	0	0	0	0	0	0	0	0	0	0
8691 - Giffordier Terrace, Darlimurla Estate Drainage	0	25,000	0	0	0	0	0	0	0	0	0
8693 - Stockyard Creek, Foster Drainage	3,720	81,280	0	0	0	0	0	0	0	0	0
8694 - VIC Track Drainage - Leongatha	130,000	0	0	0	0	0	0	0	0	0	0
8695 - Elmores Road, Korumburra Drainage	0	30,000	0	0	0	0	0	0	0	0	0
8696 - Mair Street Drainage Korumburra	0	140,000	0	0	0	0	0	0	0	0	0
DRAINAGE	197,279	437,255	42,400	44,944	47,641	50,499	228,364	242,066	256,590	271,985	289,305
8841 - Footpath Renewal	195,000	217,785	238,203	252,495	267,645	0	0	0	0	0	0
8852 - Footpath Parr Street Leongatha	80,000	0	0	0	0	0	0	0	0	0	0
8853 - Footpath Extension Station Rd Foster	0	66,038	0	0	0	0	0	0	0	0	0
8859 - Anderson Street Leongatha	0	0	96,630	0	0	0	0	0	0	0	0



10 Year Capital Works Program

Cost Centre Project Name	2009-10	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Revised Budget	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets
8858 - Toora Road - Foster	0	0	0	72,652	0	0	0	0	0	0	0	0
8854 - Shingler Street	0	0	140,000	0	0	0	0	0	0	0	0	0
8855 - Turner Street	0	0	0	0	73,034	0	0	0	0	0	0	0
8856 - Long Street - Leongatha	0	6,935	60,674	0	0	0	0	0	0	0	0	0
FOOTPATHS	275,000	290,758	535,507	325,147	340,679	402,806	426,974	452,593	479,748	495,856	516,511	
9400 - Fullers Road Foster	0	0	0	0	65,649	0	0	0	0	0	0	0
9401 - Carmodys Road Leongatha	0	0	0	0	65,649	0	0	0	0	0	0	0
9402 - Lower Franklin Road Foster	0	0	0	55,978	0	0	0	0	0	0	0	0
9403 - Stewarts and Dunlops Fish Creek Drain	0	0	0	79,798	0	0	0	0	0	0	0	0
9404 - O'Loughlins Bridge - Berrys Creek	0	0	75,281	0	0	0	0	0	0	0	0	0
9405 - Charlie Calder Bridge - Wild Dog Valley Road	0	54,000	0	0	0	0	0	0	0	0	0	0
9406 - Bridge Street, Korumburra	0	10,000	0	0	0	0	0	0	0	0	0	0
GUARD RAILS	0	64,000	75,281	135,776	131,298	147,205	156,037	165,399	175,323	185,843	196,993	
8890 - Kerb and Channel - Devlin/Nelson Foster	10,166	250,000	0	0	0	0	0	0	0	0	0	0
8891 - Kerb and Channel - Stanley St Toora	0	30,000	370,070	0	0	0	0	0	0	0	0	0
URBAN RENEWAL	10,166	280,000	370,070	0	0	318,770	337,896	358,170	379,660	380,000	380,000	
8030 - Information Services	336,766	399,585	742,630	794,413	832,877	0	0	0	0	0	0	0
8045 - Asset Management	120,000	80,000	83,000	0	0	0	0	0	0	0	0	0
8064 - Sundry Land Purchases	20,000	20,600	21,218	21,855	22,510	0	0	0	0	0	0	0
8089 - Regional and Local Community Infrastructure Program	0	263,000	0	0	0	0	0	0	0	0	0	0
8211 - Venus Bay / Tarwin Lower Land Acquisition - Capital	0	0	0	0	0	0	0	0	0	0	0	0
8668 - Climate Change Initiatives	35,000	36,020	37,069	0	0	0	0	0	0	0	0	0
OTHERS	511,766	799,205	883,917	816,268	855,387	550,655	352,245	325,916	335,694	549,309	383,016	
8040 - Fleet Purchases	1,071,500	1,140,000	1,220,894	1,221,931	1,222,969	0	0	0	0	0	0	0
8050 - Plant Purchases	864,743	1,308,865	1,135,951	1,170,030	1,205,131	0	0	0	0	0	0	0
PLANT & FLEET	1,936,243	2,448,865	2,356,845	2,391,961	2,428,100	2,465,292	2,503,569	2,669,740	2,749,832	2,832,328	2,917,297	



10 Year Capital Works Program

Cost Centre Project Name	2009-10	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	Revised Budget	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets	Budgets
9471 - Pools - To Be Determined	0	0	280,300	297,754	417,247	0	0	0	0	0	0
9495 - SPLASH Hydrotherapy Pool - Design	0	0	0	154,832	0	0	0	0	0	0	0
9490 - UV Filtration System for Swimming Pool	28,380	0	0	0	0	0	0	0	0	0	0
9491 - Miboo North Swimming Pool Refurbishment	119,433	0	0	0	0	0	0	0	0	0	0
9496 - Toora Swimming Pool Design Construct Boiler Room	0	66,000	0	0	0	0	0	0	0	0	0
9497 - Miboo North Swimming Pool - Solar Heating Replacement	0	35,000	0	0	0	0	0	0	0	0	0
9498 - Toora Swimming Pool Solar Heating Replacement	0	35,000	0	0	0	0	0	0	0	0	0
9499 - Swimming Pool Design	0	60,000	0	20,000	0	0	0	0	0	0	0
POOLS	147,813	195,000	280,300	472,586	417,247	179,000	435,190	198,652	189,371	210,000	190,000
8604 - Baromi Park Walking Path 2	32,518	0	0	0	0	0	0	0	0	0	0
8664 - Paths and Trails Implementation	0	0	0	0	145,185	0	0	0	0	0	0
9572 - Parks & Gardens	0	0	78,652	83,371	88,373	0	0	0	0	0	0
8665 - Welshpool Rail Trail	139,280	0	0	0	0	0	0	0	0	0	0
9568 - Nyora Paths and Trails Option 1	0	113,420	0	0	0	0	0	0	0	0	0
9569 - Toora Path to Recreation reserve	0	106,000	0	0	0	0	0	0	0	0	0
9570 - Venus Bay Footpath- existing to CBD	0	0	140,450	148,877	0	0	0	0	0	0	0
9563 - Playground Replacement Program	92,200	134,932	142,922	151,497	160,587	0	0	0	0	0	0
9565 - Boardwalk at Fisherman's Jetty	47,320	0	0	0	0	0	0	0	0	0	0
9602 - Future Unplanned Works (SRV Grants)	0	21,200	164,300	174,158	184,607	0	0	0	0	0	0
RECREATION	311,348	375,452	526,324	557,903	578,752	613,477	770,860	689,303	730,663	774,503	820,972
9081 - North Poowong Rd	0	0	0	23,820	0	0	0	0	0	0	0
9064 - Simons Lane Leongatha	0	0	0	833,711	0	0	0	0	0	0	0
9066 - Henrys Road - Nyora	0	0	0	71,461	666,134	0	0	0	0	0	0





10 Year Capital Works Program												
Cost Centre Project Name	2009-10 Revised Budget	2010 2011 Budgets	2011 2012 Budgets	2012 2013 Budgets	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets	
9738 - Gray Street Leongatha	0	40,000	625,000	0	0	0	0	0	0	0	0	
ROADS - GRAVEL TO SEAL	0	40,000	625,000	928,992	856,134	2,248,181	1,551,111	2,301,815	3,496,924	4,311,849	4,638,560	
9688 - Andersons Inlet	38,400	0	0	0	0	0	0	0	0	0	0	
9716 - Main South Road	250,000	0	0	0	0	0	0	0	0	0	0	
9718 - Leongatha South Outtrim	181,000	0	0	0	0	0	0	0	0	0	0	
9720 - Koonwarra Inverloch Road Upgrade	660,000	0	0	0	0	0	0	0	0	0	0	
8776 - Ruby Road Ruby	5,241	264,759	0	0	0	0	0	0	0	0	0	
9746 - Stony Creek Road Stony Creek	0	0	0	11,910	649,193	0	0	0	0	0	0	
9748 - Kongwak Inverloch Road Kongwak	0	0	28,090	702,184	0	0	0	0	0	0	0	
9726 - Bena Kongwak Road Reconstruction / Rehabilitation	10,000	360,000	0	0	0	0	0	0	0	0	0	
9723 - Pavement Rehabilitation Program	0	0	0	0	631,238	0	0	0	0	0	0	
ROADS - RECON / REHAB	1,134,641	614,759	28,090	714,094	1,280,431	1,453,204	1,934,210	1,878,009	1,593,848	1,689,479	1,790,848	
9739 - Anderson Street Leongatha	0	745,043	0	0	0	0	0	0	0	0	0	
9740 - Auslink - Lees Road Venus Bay	112,800	0	0	0	0	0	0	0	0	0	0	
9741 - Auslink - Creamery Valley Road Toora	49,400	0	0	0	0	0	0	0	0	0	0	
9742 - Auslink - Loch Poowong Road Loch	148,000	0	0	0	0	0	0	0	0	0	0	
9743 - Auslink - Bass Valley Road Bena	70,500	0	0	0	0	0	0	0	0	0	0	
9744 - Auslink - Yannathan Road Nyora	132,000	0	0	0	0	0	0	0	0	0	0	
9752 - Auslink - Koonwarra Inverloch Road Leongatha South	72,500	0	0	0	0	0	0	0	0	0	0	
8860 - Safe Intersections Program	0	0	112,360	119,102	126,248	0	0	0	0	0	0	
9755 - Land Slips	0	125,000	0	0	0	0	0	0	0	0	0	
ROADS - MISC	585,200	870,043	112,360	119,102	126,248	238,203	252,495	267,645	283,704	285,000	285,000	



10 Year Capital Works Program											
Cost Centre Project Name	2009-10 Revised Budget	2010 2011 Budgets	2011 2012 Budgets	2012 2013 Budgets	2013 2014 Budgets	2014 2015 Budgets	2015 2016 Budgets	2016 2017 Budgets	2017 2018 Budgets	2018 2019 Budgets	2019 2020 Budgets
8772 - Reseals	1,542,672	1,738,565	1,948,879	2,065,812	2,189,760	0	0	0	0	0	0
8774 - Reseal Preparation	688,741	703,565	745,779	790,526	837,958	0	0	0	0	0	0
ROADS PERIODIC MAINTENANCE	2,231,413	2,442,130	2,694,658	2,856,338	3,027,718	3,209,381	3,401,944	3,706,497	4,013,686	4,254,506	4,509,778
TOTAL ROADS	4,001,013	3,892,173	3,460,108	4,618,526	5,290,531	7,148,969	7,139,760	8,233,966	9,388,162	10,540,834	11,224,186
8555 - Transfer Stations	0	150,000	0	178,652	0	0	0	0	0	0	0
8566 - New Koonwarra Landfill (Rehabilitation)	0	150,000	280,900	0	189,372	0	0	0	0	0	0
WASTE	0	300,000	280,900	178,652	189,372	362,926	304,703	407,705	432,252	456,370	482,797
TOTAL CAPITAL WORKS	8,829,718	15,235,665	10,141,852	11,078,197	12,901,675	14,688,938	15,039,019	15,451,932	17,060,756	18,370,013	19,129,660



APPENDIX E - Key Strategic Activities

This section sets out program initiatives to be undertaken by Council in 2010/11, including appropriate measures and targets that are subject to audit at year end.



Strategic Goal 1: A Vibrant, Engaged Community

KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
1	1.1.2.A	<p>Community Engagement</p> <p>Develop a policy addressing community engagement and planning to ensure effective consultation and communication</p>	<ul style="list-style-type: none"> ▪ Draft Policy developed ▪ Policy adopted by Council 	<ul style="list-style-type: none"> ▪ December 2010 ▪ April 2011
2	1.2.3.A	<p>Public Safety</p> <p>Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings</p>	<ul style="list-style-type: none"> ▪ Documenting complaints in Customer Request System ▪ Continuous improvement trend ▪ Carry out regular inspection regimes to minimize risk exposure in accordance with identified priorities 	<ul style="list-style-type: none"> ▪ Reducing trend of justified complaints registered in Customer Request system ▪ Reported annually in customer satisfaction survey ▪ As set out in the Corporate Risk Register
	1.2.3.B	Develop and implement an integrated Fire Management Plan in conjunction with CFA	<ul style="list-style-type: none"> ▪ Plan endorsed by Council 	<ul style="list-style-type: none"> ▪ November 2011 ▪ Key actions from Plan implemented in accordance with timeframes contained in the plan
	1.2.3.C	Develop and implement Fire Management Plan for all bush reserves controlled by the Shire	<ul style="list-style-type: none"> ▪ Plans endorsed by Council for : <ul style="list-style-type: none"> - Baths Road Reserve, Mirboo North - Koonwarra Bush Reserve - Wuchatsch Reserve, Nyora - Van Cleef Reserve, Venus Bay ▪ New plans to be completed and endorsed by Council <ul style="list-style-type: none"> - Pioneer Reserve, Kongwak - Tom Kindellan Reserve, Nerrena 	<ul style="list-style-type: none"> ▪ Reported by August 2010 ▪ Reported by June 2011



KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
			<ul style="list-style-type: none"> - Kings Park Reserve, Leongatha - Tarwin Lower Flora Reserve - Hudson Park, Korumburra - Hamanns Reserve, Leongatha North - Koonwarra Gravel Pits Reserve and; - Dickies Hill Reserve, Mirboo North <ul style="list-style-type: none"> ▪ Works scheduled in Capital Works Program annually 	<ul style="list-style-type: none"> ▪ December 2010
	1.2.3.D	Maintain emergency preparedness	<ul style="list-style-type: none"> ▪ Complete simulation exercise twice yearly ▪ Review Municipal Emergency Management Plan annually ▪ Required staff are appointed and trained to operate the MECC and ERC's at all times ▪ Review and assess Neighbourhood Safer Places for the high risk towns of Venus Bay, Waratah Bay, Sandy Point and Walkerville and report to Council 	<ul style="list-style-type: none"> ▪ July 2010 & March 2011 ▪ December 2010 ▪ Ongoing ▪ November 2010

Strategic Goal 2: A Sustainable Environment

KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
3	2.1.3.A	<p>Sustainability</p> <p>Collaborate with Government and other regional stakeholders to develop</p>	<ul style="list-style-type: none"> ▪ Active participation on regional Sustainability Strategy development 	<ul style="list-style-type: none"> ▪ Reported by September 2010



		a Sustainability Strategy and projects		
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Strategic Goal 3: A Strong Economy

KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
4	3.1.3.A	<p>Economic Development & Tourism</p> <p>Develop and implement targeted marketing materials and programs for Economic Development & Tourism</p>	<ul style="list-style-type: none"> ▪ Materials reviewed / updated annually ▪ Effectiveness assessment undertaken annually and reported to Council 	<ul style="list-style-type: none"> ▪ Reported by November 2010 ▪ Reported by November 2010
5	3.3.4.A	<p>Land Use Planning</p> <p>Implement the Land Use Planning Strategic Work Program, including:</p> <ul style="list-style-type: none"> - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral) 	<ul style="list-style-type: none"> ▪ Implementation according to the Land Use Planning Strategic Work Program timetable - Meeniyen and Poowong Plans developed - Nyora and Loch Urban Design Framework review developed - Housing and Settlement Strategy developed - Adoption of Eastern Districts Structure Plan by Council - Commence restructure of the Local Planning Policy Framework (LPPF) 	<ul style="list-style-type: none"> ▪ Key actions from Plan implemented in accordance with timeframes as contained in the plan - March 2011 - March 2011 - Consultant appointed and project commenced by June 2011 - Consultant appointed and project substantially progressed by June 2011 - October 2010



KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
			<ul style="list-style-type: none"> - Gazettal of Planning Scheme Amendment - Develop a methodology, funding options and timetable for Development Contribution Plans 	<ul style="list-style-type: none"> - June 2011 - by September 2010
	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	<ul style="list-style-type: none"> ▪ Proportion of applications decided within statutory timeframe (60 days) per annum ▪ Number of planning applications decided compared to those received ▪ Number of appeals against Council's approvals or refusals to the Victorian Civil and Administrative Tribunal (as a percentage of total decisions): <ul style="list-style-type: none"> - by Council - by applicant or objectors ▪ Percentage of decisions upheld by VCAT for: <ul style="list-style-type: none"> - approvals - refusals - notices of decision ▪ Proportion of planning applications decided during the year: <ul style="list-style-type: none"> - under delegation by officers ▪ Average and median approval times of all Development Assessments decided (days) 	<ul style="list-style-type: none"> ▪ 80% of applications decided within statutory timeframe (60 days) per annum ▪ 90% of planning applications decided compared to those received ▪ Number of appeals against Council's approvals or refusals to the Victorian Civil and Administrative Tribunal (as a percentage of total decisions): <ul style="list-style-type: none"> - by Council to be less than 20% of decisions - by applicant or objectors to be less than 20% of decisions ▪ Overall percentage of decisions upheld by VCAT 70% ▪ Overall percentage proportion of planning applications decided during the year: <ul style="list-style-type: none"> - under delegation by officers 80%
	3.3.4.C	Rural Strategy – completion and implementation of the final Rural Strategy into the Planning Scheme	<ul style="list-style-type: none"> ▪ Adoption of the Rural Strategy ▪ Implementation into the Planning Scheme 	<ul style="list-style-type: none"> ▪ November 2010 ▪ Key actions from the Planning Scheme implemented in accordance with timeframes (timelines subject to DPCD) as contained in the



KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
				strategy
	3.3.4.D	Monitor and advocate emerging issues regarding coastal planning	<ul style="list-style-type: none"> ▪ Success rate for advocacy reported to Council ▪ Report to Council on numbers of applications requiring Coastal Climate Change Management Plans or Coastal Hazard Vulnerability Assessments annually 	<ul style="list-style-type: none"> ▪ Reported quarterly ▪ Reported annually

Strategic Goal 4: Appropriate Infrastructure

KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
6	4.1.2.A	Capital Works Develop and implement a rolling 10 year Capital Works Program, which is consistent with the Asset Management Plan and Long Term Financial Plan	<ul style="list-style-type: none"> ▪ Draft Capital Works Program compiled and considered by Council prior to budget process commencing annually ▪ Capital Works Program expended by year end 	<ul style="list-style-type: none"> ▪ December 2010 ▪ 90%
7	4.2.3.D	Service Levels Undertake a planned rolling review of service levels and standards to feed into Asset Management and Financial Planning, and to drive continuous improvement, including full cost attribution to establish the true cost of services	<ul style="list-style-type: none"> ▪ Develop a timetable to prioritise reviews 	<ul style="list-style-type: none"> ▪ Reviews completed as part of the Service Level Review project timetable and reported to Council





Strategic Goal 5: A Leading Council

KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
8	5.1.2.A	<p>Council Image</p> <p>Promote a positive Council image</p>	<ul style="list-style-type: none"> ▪ Issuing positive press releases for all appropriate activities ▪ Munch with the media ▪ Entering industry initiative awards ▪ Conducting media liaison activities ▪ Issuing 'New Residents Kits' to all new residents 	<ul style="list-style-type: none"> ▪ Greater than 75% of press releases issued printed in papers ▪ Conducted monthly ▪ Ongoing ▪ Conducted monthly ▪ New Residents Kits' mailed to all known new residents
9	5.1.3.A	<p>Integrated Community Planning</p> <p>Integrated Community Planning and engagement approach developed and implemented</p>	<ul style="list-style-type: none"> ▪ Report presented to Council for endorsement of approach 	<ul style="list-style-type: none"> ▪ November 2010
10	5.2.3.A	<p>Financial Sustainability</p> <p>Implement the Long Term Financial Plan and ensure financial sustainability is maintained</p>	<ul style="list-style-type: none"> ▪ Weighted average of 5 key financial ratios being underlying result, working capital ratio, indebtedness, self financing and investment gap for the term of the Annual Plan 	<ul style="list-style-type: none"> ▪ Greater than or equal to 98%
11	5.2.4.A	<p>Technology</p> <p>Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency</p>	<ul style="list-style-type: none"> ▪ Implement the IT/Telephony Strategy ▪ Continuous monitoring and evaluation undertaken to assess technological change, utilisation of enhancements and cost benefit 	<ul style="list-style-type: none"> ▪ In accordance with the timeframes set out in the Strategy ▪ Ongoing



KSA#	Strategy #	Key Strategic Activity (KSA)	MEASURE	2010/11 Target
		and effectiveness	analysis <ul style="list-style-type: none">▪ Replace existing PABX telephone system with a Voice Over (VOIP) Service	<ul style="list-style-type: none">▪ Investigation completed by June 2011

APPENDIX F - Fees and Charges

This section sets out all fees and statutory charges of Council

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Domestic Animal Business Registration	183.00	188.00	2.73%	1,880
Access - Additional Records	5.60	5.75	2.68%	0
Access - All Records	10.00	10.25	2.50%	0
Vic Roads (Stock Control on Declared Roads)	444.00	455.00	2.48%	41,364
Grazing Sheep - daily fee per head	0.60	0.60	0.00%	0
Grazing Other Livestock - daily fee per head	1.00	1.00	0.00%	0
Droving Other Livestock - daily fee per head	2.10	2.10	0.00%	0
Grazing of Livestock - Application Fee (no refund)	77.00	79.00	2.60%	0
Grazing Cattle - daily fee per head	1.00	1.00	0.00%	0
Droving of Livestock - Bond	1,377.00	1,410.00	2.40%	0
Droving Cattle - daily fee per head	2.10	2.10	0.00%	0
Droving Sheep - daily fee per head	1.00	1.00	0.00%	0
Late Application for Cattle Crossing	264.00	270.00	2.27%	0
Droving of Livestock - Application fee (no refund)	154.00	158.00	2.60%	0
Column 1 Fee	180.00	186.00	3.33%	558
Column 1 Fee Pension	90.00	93.00	3.33%	0
Column 2 Fee	60.00	62.00	3.33%	55,614
Column 2 Fee Pension	30.00	31.00	3.33%	9,641
Column 2 Fee Working Dog	0.00	42.00	100.00%	10,500
Column 2 Fee Working Dog Pension	0.00	21.00	100.00%	1,050
Column 3 Fee	21.00	28.00	33.33%	84,448
Column 3 Fee Pension	10.50	14.00	33.33%	17,514

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Sustenance Stock	10.00	10.00	0.00%	91
Sustenance Cat & Dog	7.80	8.00	2.56%	1,818
Other (Per animal)	2.10	2.10	0.00%	0
Exotic Animals (First animal)	36.00	37.00	2.78%	0
Exotic Animals (Subsequent animals)	4.20	4.50	7.14%	0
Goats & Pigs (Subsequent animals)	4.20	4.50	7.14%	0
Sheep (First animal)	18.00	18.50	2.78%	0
Sheep (Subsequent animals)	2.10	2.10	0.00%	0
Dogs / Cats - First Offence	56.00	58.00	3.57%	5,273
Goats & Pigs (First animal)	36.00	37.00	2.78%	0
Dogs / Cats - Subsequent Offence	88.00	90.00	2.27%	2,864
Cattle (First animal)	88.00	90.00	2.27%	409
Cattle (Subsequent animals)	4.40	4.50	2.27%	41
Infringement - Dog at large (night-time)	235.00	236.00	0.43%	236
Infringement - Dog at large (daytime)	176.00	177.00	0.57%	2,655
Infringement - Fail to register	235.00	236.00	0.43%	9,440
Infringement - No tag displayed	59.00	59.00	0.00%	0
Animal Control Total				245,395
Unused Road Opening Application Fee	556.00	560.00	0.72%	2,036
Road Reserve Activity Permit (Road RAP)	65.00	66.00	1.54%	19,800
Asset Management Total				21,836
Search / Certificate Fees	101.00	101.00	0.00%	4,591
Final Inspection	162.00	162.00	0.00%	147
Building Approval Lodgement - Commercial	31.75	32.60	2.68%	978

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Form 2.10 Application/Property Information Requests	42.20	43.45	2.96%	21,725
Building Approval Lodgement - Residential	31.65	32.60	3.00%	26,080
Report & Consent	211.15	217.50	3.01%	20,663
Stormwater information Request	52.75	54.35	3.03%	2,718
Building Services Total				76,901
Commercial - Korumburra Office Meeting Room Full Day	102.00	102.00	0.00%	0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	57.00	57.00	0.00%	155
Commercial - Behind Stage 1/2 day	59.00	59.00	0.00%	0
Commercial - Hall Bond where liquor is served (refundable)	765.00	765.00	0.00%	0
Commercial - Hall Bond where liquor is not served (refundable)	188.00	188.00	0.00%	0
Commercial - Balcony Seating full day	191.00	191.00	0.00%	0
Commercial - Balcony Seating 1/2 day	97.00	97.00	0.00%	0
Commercial - Behind Stage full day	97.00	97.00	0.00%	0
Commercial - Leongatha Memorial Hall Kitchen full day	154.00	154.00	0.00%	280
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	97.00	97.00	0.00%	353
Commercial - Leongatha Memorial Hall Crockery Hire per setting	4.20	4.20	0.00%	0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	154.00	154.00	0.00%	1,400
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	77.00	77.00	0.00%	700

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Commercial - Leongatha Memorial contractor Set up Costs (if used)	29.50	29.50	0.00%	0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	188.00	188.00	0.00%	1,367
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	97.00	97.00	0.00%	705
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	683.00	683.00	0.00%	0
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	54.00	54.00	0.00%	491
Commercial - Leongatha Memorial Hall Full week hire 7 days	2,743.00	2,743.00	0.00%	2,494
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	855.00	855.00	0.00%	0
Commercial - Leongatha Memorial Hall Rental - full day or evening	610.00	610.00	0.00%	4,991
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	305.00	305.00	0.00%	0
Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	459.00	459.00	0.00%	835
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	44.00	44.00	0.00%	0
Commercial - Whole Complex Hire	855.00	855.00	0.00%	0
Commercial - Whole Complex Hire 1/2 Day	447.00	447.00	0.00%	0
Non Commercial - Hall Bond where liquor is served (refundable)	610.00	610.00	0.00%	0
Non Commercial - Hall Bond where liquor is not served (refundable)	154.00	154.00	0.00%	0
Non Commercial - Korumburra Office Meeting Room Full Day	81.00	81.00	0.00%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Non Commercial - Balcony Seating 1/2 day	78.00	78.00	0.00%	0
Non Commercial - Behind Stage full day	78.00	78.00	0.00%	0
Non Commercial - Behind Stage 1/2 day	46.00	46.00	0.00%	84
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	78.00	78.00	0.00%	1,064
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	3.20	3.20	0.00%	873
Non Commercial - Balcony Seating full day	154.00	154.00	0.00%	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	61.00	61.00	0.00%	1,109
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	22.00	22.00	0.00%	2,900
Non Commercial - Leongatha Memorial Hall Kitchen full day	121.00	121.00	0.00%	1,650
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	78.00	78.00	0.00%	2,127
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	547.00	547.00	0.00%	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	121.00	121.00	0.00%	550
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	2,193.00	2,193.00	0.00%	1,994
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	683.00	683.00	0.00%	0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	154.00	154.00	0.00%	1,400
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	244.00	244.00	0.00%	444

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Non Commercial - Leongatha Memorial Hall set up where hall deemed unusable by other parties (Weddings Expos Lyric Theatre Catwalks) full day	370.00	370.00	0.00%	0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	41.00	41.00	0.00%	112
Non Commercial - Whole Complex Hire	688.00	688.00	0.00%	0
Non Commercial - Whole Complex Hire 1/2 Day	359.00	359.00	0.00%	0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	488.00	488.00	0.00%	1,775
Buildings - Operations Total				29,851
Education Program - Guided Tour	2.30	2.50	8.70%	2,425
Education Program - Coal Tour	2.30	2.50	8.70%	1,764
Education Program - School Lesson	2.90	3.20	10.34%	4,175
Education Program - Pioneer Timber Skills	2.90	3.20	10.34%	2,505
Education Program - Old Fashioned Craft	4.00	3.20	-20.00%	1,917
Education Program - Bush Cooking	2.90	3.20	10.34%	1,684
Education Program - Bush Tramway Ride	2.90	3.20	10.34%	0
Education Program - Bush Tractor Ride	2.30	2.50	8.70%	0
Education Program - Spinning Demonstration	2.90	3.20	10.34%	1,524
Education Program - Day Experience	Depends on Activities Selected	Depends on Activities Selected	N/A	0
Auditorium /Boardroom Hire-1/2 day	49.00	55.00	12.24%	0
Auditorium/Boardroom Hire-full day	95.00	105.00	10.53%	0
Activity for group tours-heritage craft	4.00	4.50	12.50%	2,569
Demonstration for Tour groups-spinning Demo	2.70	2.95	9.26%	2,727

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Rides for group tours-Tramway	5.30	5.80	9.43%	0
Guided tours for groups-Coal Tour	2.70	2.95	9.26%	0
Group tours-Guided tours	2.70	2.95	9.26%	0
Demonstration for group tours-Bush Skills	2.70	2.95	9.26%	0
Activity for group Tours-Bush Cooking	4.00	4.30	7.50%	0
Rides for Wedding Parties-Bush Tramway	4.20	4.50	7.14%	0
Venue Hire-Wattle & Daub	263.00	275.00	4.56%	0
Venue Hire-Jeetho School	263.00	275.00	4.56%	0
Venue Hire- Krowera Church	263.00	275.00	4.56%	0
Venue Hire-Boston's	263.00	275.00	4.56%	0
Venue Hire-Courthouse	263.00	275.00	4.56%	0
Venue Hire-Pig& Whistle	263.00	275.00	4.56%	0
Venue Hire-Mechanics Inst	263.00	275.00	4.56%	0
Venue Hire-Mine Mangers House	263.00	275.00	4.56%	0
Venue Hire-Slab Cottage	263.00	275.00	4.56%	0
Venue Hire-Masonic Lodge	263.00	275.00	4.56%	0
Venue Hire-Sport Oval	263.00	275.00	4.56%	0
Venue Hire-Rotunda	263.00	275.00	4.56%	0
Venue Hire-Jionery	263.00	275.00	4.56%	0
Tractor Ride	4.20	4.50	7.14%	0
Loads of Fire wood sold to volunteers	53.00	58.00	9.43%	1,845
Plants sold to visitors	5.30	5.80	9.43%	654
Events-Venue Hire	263.00	275.00	4.56%	1,750
Events-Electricity fee	21.00	24.00	14.29%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Train Rides to normal visitation to village other than Education, Tours, Weddings.	5.30	5.80	9.43%	26,548
Weddings	0.00	281.00	100.00%	1,124
Coal Creek Total				53,212
Mulch	95.00	95.00	0.00%	864
Depot Management Total				864
Plan Checking	Up to 0.75%	Up to 0.75%	N/A	10,000
Supervision Fees	Up to 2.50%	Up to 2.50%	N/A	30,000
Non Standard Street Lighting Contribution	10% Contribution	10% Contribution	N/A	5,000
Design and Service Management Total				45,000
Conveyance Inquiry (50% rego fee plus GST)	50% of registration fee + GST	50% of registration fee + GST	N/A	2,413
Transfer of Registrations (50% of rego fee)	50% of registration fee	50% of registration fee	N/A	2,413
Skin Penetration - Health Act	177.00	180.50	1.98%	722
Combined Hairdresser/Skin Penetration - Health Act	177.00	180.50	1.98%	2,347
Prescribed Accommodation - Health Act	124.00	126.50	2.02%	6,958
Class 3 - Food Act Premises	302.00	308.00	1.99%	18,172
Other Food Businesses - Food Act Premises	47.00	48.00	2.13%	3,120
Health Act Premises - Hairdresser - Health Act	141.00	144.00	2.13%	3,600
Class 1 Food Act Premises	473.00	482.50	2.01%	5,308
Class 2 Food Act Premises	473.00	482.50	2.01%	4,343
Class 2 - Food Act Premises	473.00	482.50	2.01%	112,423

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Caravan Parks - Residential Tenancies Act	2.50	2.50	0.00%	2,213
Caravan Parks Transfer - Residential Tenancies Act	50.00	58.45	16.90%	0
Environmental Health Total				164,029
Block Clearing (Fire Prevention / Hazards)	72.00	74.00	2.78%	2,355
Fire Fines	235.00	236.00	0.43%	7,080
Fire Prevention Total				9,435
Applicant B&W Photocopying (Amount per A3 page)	2.10	2.10	0.00%	63
Applicant B&W Photocopying (Amount per A1 page)	9.50	9.50	0.00%	437
FOI Applicant B&W Photocopying (Amount per A4 page)	0.20	0.20	0.00%	20
FOI Application Fee	23.40	23.40	0.00%	164
FOI Council Search Fee	20.00	20.00	0.00%	140
FOI Supervision Search Fee	5.00	5.00	0.00%	20
Governance Operations Total				844
Home Maintenance Low Fee	8.50	8.75	2.90%	7,557
Home Maintenance Medium Fee	16.50	17.00	3.03%	459
Home Maintenance High Fee	40.11	41.30	2.97%	372
Homecare Low Fee	5.45	5.60	2.75%	97,569
Homecare Medium Fee	12.40	12.75	2.82%	9,359
Homecare High Fee	27.58	28.40	2.97%	5,197
HACC Bus Leongatha and Meeniyan	4.00	4.20	5.00%	1,529
HACC Bus Nyora/Loch/Bena/Kongwak to Korumburra	6.00	4.20	-30.00%	764

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
HACC Bus Port Welshpool to Leongatha	9.50	10.00	5.26%	600
HACC Bus Foster to Welshpool	6.00	4.20	-30.00%	454
Bus Self Drive Hire	0.70	1.00	42.86%	14,636
Community Transport Car - Type 1	7.00	7.20	2.86%	0
Community Transport Car - Type 9	31.00	31.90	2.90%	0
Community Transport Car - Type 5	18.00	18.50	2.78%	0
Community Transport Car - Type 6	20.00	20.60	3.00%	0
Community Transport Car - Type 14	46.00	47.35	2.93%	0
Community Transport Car - Type 15	50.00	51.45	2.90%	0
Community Transport Car - Type 8	25.00	25.75	3.00%	0
Community Transport Car - Type 2	10.00	10.30	3.00%	0
Community Transport Car - Type 3	12.00	12.35	2.90%	0
Community Transport Car - Type 11	34.00	35.00	2.94%	0
Community Transport Car - Type 10	32.00	32.95	2.97%	0
Community Transport Car - Type 13	39.00	40.15	2.95%	0
Community Transport Car - Type 7	25.00	25.75	3.00%	0
Community Transport Car - Type 12	37.00	38.05	2.84%	0
Community Transport Car - Type 4	15.00	15.45	3.00%	0
Community Transport Car Revenue - Average	7.00 to 50.00	7.20 to 51.45	N/A	25,500
Private Works Meals	10.00	10.30	3.00%	17,847
Meals on Wheels Low Fee	6.50	6.70	3.08%	121,531
Meals on Wheels Medium Fee	6.80	7.00	2.90%	4,009

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Meals on Wheels High Fee	10.00	10.30	3.00%	3,935
Respite Care Low Fee	2.50	2.60	4.00%	4,914
Respite Care Medium Fee	3.80	3.90	2.63%	410
Respite Care High Fee	28.49	29.30	2.84%	3,077
Personal Care Low Fee	3.50	3.60	2.90%	11,953
Personal Care Medium Fee	6.50	6.70	3.08%	697
Personal Care High Fee	31.52	32.45	2.95%	2,239
HACC Services Total				334,607
Flu	22.00	22.00	0.00%	2,200
Pneumococcal	139.00	139.00	0.00%	0
Hep A Adult	81.00	81.00	0.00%	81
Twinrix Paediatric	49.00	49.00	0.00%	49
Twinrix Adult	72.00	72.00	0.00%	72
Varicella	73.00	73.00	0.00%	0
Hep B Paediatric	23.00	23.00	0.00%	23
Hep B Adult	23.00	23.00	0.00%	46
Immunisation Total				2,471
Tree Stumps	31.00	32.00	3.23%	669
Concrete (over 300mm)	55.00	57.00	3.64%	35,495
Prescribed Waste	127.00	130.00	2.36%	0
Commercial Waste by weight	78.00	92.00	17.95%	720,695
Disposal of Clean Fill	78.00	92.00	17.95%	7,527
Asbestos (domestic only)	78.00	92.00	17.95%	4,684

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Landfills Total				769,070
Advertising on Council properties permit	72.00	74.00	2.78%	0
Animal permit - Excess animals	36.00	37.00	2.78%	1,480
Bulk rubbish container permit	88.00	90.00	2.27%	0
Burning off offensive material permit	277.00	284.00	2.53%	0
Camping permit	72.00	74.00	2.78%	222
Consume Liquor in Public Place - Permit	72.00	74.00	2.78%	0
Door to Door trading permit	300.00	308.00	2.67%	0
Drainage Tappings	72.00	74.00	2.78%	0
Impounded vehicle release	141.00	145.00	2.84%	0
Local Law Footpath Occupation Permit	38.00	39.00	2.63%	8,190
Local Law 1 release fees	89.00	91.00	2.25%	0
Recreation Vehicles	72.00	74.00	2.78%	0
Roadside trading permit	666.00	683.00	2.55%	0
Scavenging at Tip	72.00	74.00	2.78%	0
Storage of machinery or second hand goods - permit	72.00	74.00	2.78%	0
Consume Liquor in Public Place	117.00	118.00	0.85%	2,360
Local Laws Total				12,252
Private Works PAC	41.00	42.00	2.44%	49,560
Non HACC Services Total				49,560
Data Sales	165.00	Discontinued	N/A	N/A
Land Information Certificates	20.00	20.00	0.00%	24,000
Property and Revenue Total				24,000

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
SPLASH - Aquatics (Casual) Adult Rec Swim	5.00	5.00	0.00%	0
SPLASH - Aquatics (Casual) Child Rec Swim	4.10	4.10	0.00%	0
SPLASH - Aquatics (Casual) Concession Rec Swim	4.10	4.10	0.00%	0
SPLASH - Aquatics (Casual) Family Rec Swim	14.00	14.50	3.57%	0
SPLASH - Aquatics (Casual) Spectator	2.10	2.00	-4.76%	0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	7.40	7.50	1.35%	0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	6.30	6.50	3.17%	0
SPLASH - Group Fitness Aqua Aerobics	10.50	10.50	0.00%	0
SPLASH - Group Fitness Aqua Aerobics (Concession)	8.40	8.40	0.00%	0
SPLASH - Older Adults Programs Aqua Movers	5.90	6.00	1.69%	0
SPLASH - Older Adults Programs Strength Training Session	5.90	6.00	1.69%	0
SPLASH - Older Adults Programs Disability Access Program	5.90	6.00	1.69%	0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	80.00	83.00	3.75%	0
SPLASH - Memberships Family Aquatic Membership Start-up Fee	88.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Membership Monthly Fee	41.00	41.50	1.22%	0
SPLASH - Memberships Aquatic Membership Start-up Fee	44.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	33.00	33.50	1.52%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
SPLASH - Memberships Aquatic Membership Start-up Fee (Concession)	39.00	Discontinued	N/A	N/A
SPLASH - Memberships Pryme Movers Membership Monthly Fee	31.00	32.00	3.23%	0
SPLASH - Memberships Pryme Movers Membership Start-up Fee	33.00	Discontinued	N/A	N/A
SPLASH - Memberships Y Kids Club Monthly Fee	31.00	29.09	-6.16%	0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	33.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Education Aquasafe Plus Membership Monthly Fee	46.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Education Aquasafe Plus Membership Fortnightly Fee	0.00	21.50	100.00%	0
SPLASH - Memberships Aquatic Education Aquasafe Plus Membership Monthly Fee (Concession)	41.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Concession)	0.00	17.20	100.00%	0
SPLASH - Memberships Aquatic Education Aquasafe Membership Monthly Fee	43.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Education Aquasafe Membership Fortnightly Fee	0.00	20.00	100.00%	0
SPLASH - Memberships Aquatic Education Aquasafe Membership Monthly Fee (Concession)	39.00	Discontinued	N/A	N/A
SPLASH - Memberships Aquatic Education Aquasafe Membership Fortnightly Fee (Concession)	0.00	16.00	100.00%	0
SPLASH - Memberships Aquatic Education Start-up Pack (New enrolments only)	28.00	27.00	-3.57%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	51.00	48.00	-5.88%	0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee (2nd Child / Concession)	45.00	Discontinued	N/A	N/A
SPLASH - Schools - Aquatic Aquatic Education (YMCA Teacher)	5.80	5.90	1.72%	0
SPLASH - Schools - Aquatic Aquatic Education (School Instructor)	3.00	3.10	3.33%	0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	95.00	97.00	2.11%	0
SPLASH - Schools - Aquatic Carnival Hire	653.00	665.00	1.84%	0
SPLASH - Stadium Netta / Fun Net Clinic	2.10	5.00	138.10%	0
SPLASH - Stadium Soccer Clinic	5.00	5.00	0.00%	0
SPLASH - Stadium Basketball Clinic	5.00	5.00	0.00%	0
SPLASH - Stadium Netball Team sheet Fee (Senior)	5.00	28.00	460.00%	0
SPLASH - Stadium Netball Team Registration Fee (Senior)	22.00	40.00	81.82%	0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	42.00	36.00	-14.29%	0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	38.00	70.00	84.21%	0
SPLASH - Stadium Basketball Rental (both courts)	74.00	Discontinued	N/A	N/A
SPLASH - Stadium Basketball Rental (single court)	0.00	37.50	100.00%	0
SPLASH - Stadium Schools Rental (single court)	37.00	37.50	1.35%	0
SPLASH - Stadium Birthday Parties	37.00	15.00	-59.46%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
SPLASH - Children's Programs Birthday Parties	15.00	Discontinued	N/A	N/A
SPLASH - Children's Programs Vacation Care	33.00	33.00	0.00%	0
SPLASH - Children's Programs Facility Rental - Swim Club	10.50	11.00	4.76%	0
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	28.00	28.00	0.00%	0
Outdoor Swimming Pool - Family Season Ticket	126.00	126.00	0.00%	0
Outdoor Swimming Pool - Single Season Ticket	63.00	63.00	0.00%	0
Outdoor Swimming Pool - Adult Entry	4.60	4.60	0.00%	0
Outdoor Swimming Pool - Child Entry	3.50	3.50	0.00%	0
Outdoor Swimming Pool - School Single Entry	2.60	2.60	0.00%	0
Outdoor Swimming Pool - Spectator	1.10	1.10	0.00%	0
Outdoor Swimming Pool - Single Season Ticket Child - Toora	84.00	84.00	0.00%	0
Outdoor Swimming Pool - Weekly Family Ticket - Toora	47.00	47.00	0.00%	0
Outdoor Swimming Pool - Single Season Ticket Adult - Toora	116.00	116.00	0.00%	0
Outdoor Swimming Pool - Spectator - Toora	1.10	1.10	0.00%	0
Outdoor Swimming Pool - School Single Entry - Toora	2.60	2.60	0.00%	0
Outdoor Swimming Pool - Child Entry - Toora	4.10	4.10	0.00%	0
Outdoor Swimming Pool - Adult Entry - Toora	5.00	5.00	0.00%	0
Outdoor Swimming Pool - Family Season Ticket - Toora	232.00	232.00	0.00%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
SPLASH - Aquatic Adventure Day - Per participant	7.00	8.00	14.29%	0
SPLASH - Stadium Entry fee - all persons	2.00	2.00	0.00%	0
SPLASH - Challenge Fitness Camp	249.00	249.00	0.00%	0
SPLASH - Challenge Fitness Camp (member)	225.00	225.00	0.00%	0
Recreation Total				0
Port Welshpool boat ramp - Daily Car Park	6.30	7.00	11.11%	1,909
Port Welshpool boat ramp - Annual Car Park Fee	39.00	40.00	2.56%	10,909
Routine Maintenance Total				12,818
Requests for information	55.00	55.00	0.00%	550
S.6 (2) - Consideration of submissions and assisting the panel	775.00	798.00	2.97%	3,627
S.6 (3) - Adoption of an amendment	509.00	524.00	2.95%	2,382
Certification of Plans - Charged per lot (Base Fee)	100.00	100.00	0.00%	0
Certificate of Compliance	139.00	147.00	5.76%	0
S.6 (1) - Considering a request to amend planning scheme	775.00	798.00	2.97%	3,627
Certification of Plans - Charged per lot	20.00	20.00	0.00%	0
Planning Certificates	17.70	18.20	2.82%	12,522
Use and Change of Use	487.00	502.00	3.08%	0
Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way.	525.00	541.00	3.05%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
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	242.00	241.00	-0.41%	0
Subdivision of existing building / land into two lots	375.00	386.00	2.93%	0
To effect a realignment of a common boundary between lots or to consolidate two or more lots.	375.00	386.00	2.93%	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.	392.00	404.00	3.06%	0
Development of Land < \$250000 to \$500000	686.00	707.00	3.06%	0
Development of Land < \$500000 - \$1 M	791.00	815.00	3.03%	0
Development of Land < \$10M - \$50M	7,829.00	8,064.00	3.00%	0
Subdivision of Land	758.00	781.00	3.03%	0
Development of Land > \$10000	99.00	102.00	3.03%	0
Development of Land < \$1M - \$7M	1,119.00	1,153.00	3.04%	0
Development of Land < \$7M - \$10M	4,696.00	4,837.00	3.00%	0
Development of Land < \$50M	15,660.00	16,130.00	3.00%	0
Development of Land Revenue - Average	99.00 to 15,660.00	102.00 to 16,130.00	N/A	200,000
Single Dwellings per lot and/or extensions \$10000 - \$100000	232.00	239.00	3.02%	0
Single Dwellings per lot and/or extensions > \$100000	476.00	490.00	2.94%	0
Development of Land < \$10000 - \$250000	586.00	604.00	3.07%	0
Recertification of plans	100.00	100.00	0.00%	0

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Infringement (per unit)	113.42	116.82	3.00%	3,505
Statutory Planning Total				226,213
Brochure Fee - Non Member (non ratepayer)	68.00	100.00	47.06%	182
Brochure Fee - Non PCRT Member (ratepayer)	79.00	85.00	7.59%	386
Brochure Fee - PCRT Member sponsorship	58.00	70.00	20.69%	3,182
Central Booking Service	0.01	5% to 10%	N/A	65,000
Travel Diaries	3.95	3.95	0.00%	54
Maps	6.95	6.95	0.00%	158
Bags	4.00	4.00	0.00%	91
Postcards	1.50	1.50	0.00%	68
Tourist Information Centres Total				69,121
Disabled Parking Permits	0.00	0.00	N/A	0
Failure to display permit - Port Welshpool Boat Ramp	71.00	71.00	0.00%	3,550
Infringement - No Standing / Disabled Parking	117.00	118.00	0.85%	5,900
Infringement - Permit Zone / Loading Zone	71.00	71.00	0.00%	1,775
Infringement - Overtime Parking	59.00	59.00	0.00%	21,240
Traffic Control Total				32,465
Earthmoving Tyre	178.00	182.00	2.25%	0
Extra Charge for Tyre on Rim	7.50	8.00	6.67%	705
Car Tyres	5.50	6.00	9.09%	2,760
Small Truck / Four Wheel Drive Tyres	15.00	15.00	0.00%	314
Large Truck Tyre	29.00	30.00	3.45%	27
Silage Wrap bundled	12.00	13.00	8.33%	2,115

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Concrete Bricks Fill up to one m3	23.00	25.00	8.70%	886
Car Bodies	36.00	37.00	2.78%	235
120 L Bin	3.50	3.50	0.00%	21,013
Ute - up to one cubic meter	23.00	25.00	8.70%	60,773
Other Domestic	23.00	25.00	8.70%	125,455
Garbage Bag up to 120L	3.00	3.00	0.00%	40,715
Car Boot	12.00	13.00	8.33%	31,779
240L Bin	6.50	7.00	7.69%	38,945
Transfer Stations Total				325,724
Assessment of wastewater report	154.00	157.00	1.95%	0
Minor permit amendment - no inspection	77.00	78.50	1.95%	157
Major permit amendment - includes inspection	141.00	144.00	2.13%	288
Request for copies of plans for septic.	95.00	97.00	2.11%	882
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial construction or Final Inspection	141.00	144.00	2.13%	262
Renewal of expired Septic Tank permit to current EPA requirements.	277.00	282.50	1.99%	1,027
Permit to alter a septic tank - Minor Works	288.00	293.50	1.91%	2,935
Permit to Install a septic tank application made after a Planning Permit application.	554.00	541.80	-2.20%	65,016
Permit to install a septic tank application made prior to or at the same time as Planning Permit application.	506.00	516.00	1.98%	41,280
Permit to alter a septic tank system - Major Works	365.00	372.00	1.92%	3,720
Fast Track pre building approval (Septic Report & Consent)	205.00	205.00	0.00%	2,050

Description Fees highlighted in yellow are statutory fees Fees highlighted in green are pool & leisure centre fees	2009/10 Fee Inc. GST	2010/11 Fee Inc. GST	Increase	2010/11 Budget Excl. GST
Waste Water Total				117,617

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

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

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

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

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

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

Capital works program Capital works projects that will be undertaken during the 2010/11 year

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

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

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

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

Current year rate increase
(*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.

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

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

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

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

Operating expenses / Assessment

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

Rate revenue/ Total revenue

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

Rate revenue / Assessment

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

Debt servicing / Total revenue

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

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Grants/ Total revenue

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

Fees & charges / Total revenue

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

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

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

Underlying surplus / Total assets

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

Total assets / Assessment

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

Current assets / Current liabilities

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

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

Total liabilities / Assessment

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

Capital outlays / Total cash outflows

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

Capital outlays / Rate revenue

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

Capital renewal expenditure / Total depreciation

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

Key strategic activities

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

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

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

Legislative framework	The Act, Regulations and other laws and statutes, which set a Council's governance and reporting requirements.
Local government asset investment guidelines	A publication, released in 2006 by the then Department for Victorian Communities that provides a framework for the development of a capital works programs.
Local Government (Finance and Reporting) Regulations 2004	<p>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:</p> <p>(a) the manner in which the standard statements and</p> <p>financial statements of a Council are to be prepared</p> <p>and their contents</p> <p>(b) the information to be included in a Council Plan,</p> <p>budget, revised budget and annual report</p> <p>(c) other matters required to be prescribed under Parts 6</p> <p>and 7 of the Act.</p>
Local Government (Long Service Leave) Regulations 2002	These Regulations require sufficient cash and investments to be maintained to meet the total liability for long service leave calculated in accordance with these Regulations.
New assets	New assets or capital expenditure does not have any element of expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.

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Non financial resources	Resources of a non financial nature (such as human resources, information systems and processes, asset management systems) which are consumed by a Council in the achievement of its strategic resource plan goals
Operating activities	Operating activities means those activities that relate to the provision of goods and services.
Operating budgeted income statement	The budgeted income statement shows the expected operating result in the forthcoming year compared to the forecast actual result in the current year. The budgeted statement income statement should be prepared in accordance with the requirements of AASB 101 - Presentation of Financial Statements in accordance in the new International Financial Reporting Standard
Operating expenditure	Operating expenditure is defined as consumptions or losses of future economic benefits, in the form of reductions in assets or increases in liabilities; and that result in a decrease in equity during the reporting period.
Operating performance <i>(Impact of current year on 2010/11 budget)</i>	This statement shows the expected operating result as compared to the budget result in the current year separating operating and capital components of revenue and expenditure.
Operating revenue	Operating revenue is defined as inflows or other enhancements, or savings in outflows of future economic benefits, in the form of increases in assets or reductions in liabilities; and that result in an increase in equity during the reporting period.
Performance statement	Required by section 132 of the Act, a performance statement must be included in the annual report of a Council and include: a) the key strategic activities and performance measures specified in the budget under section 127 for that financial year b) the actual results achieved for that financial year having regard to those performance targets and measures

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

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Standard statements	<p>Prepared under section(s) 126(2)(a), 127(2)(a) and / or 131(1)(b) of the Act, standard statements are required in the:</p> <ul style="list-style-type: none">- Strategic resource plan- Budget- Annual report <p>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.</p> <p>The standard statements are the</p> <ul style="list-style-type: none">- Standard Income Statement- Standard Balance Sheet- Standard Cash Flow Statement- Standard Capital Work Statement
“Standard Statements, A Guide”	<p>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.</p>
Statutory disclosures	<p>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.</p>
Statutory reserves	<p>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.</p>
Strategic framework	<p>planning 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.</p>

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

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

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

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

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

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

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

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

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level of contributions received

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

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