



South Gippsland
Shire Council



Come for the beauty... Stay for the lifestyle

South Gippsland Shire Council

ANNUAL BUDGET

2011 – 2012

COUNCIL MEETING 27 JULY 2011

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Mayor's Introduction

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

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 2011/12 financial year will see the general rate will increase by 5.25%, whilst waste service charges will increase by 2.50%.

The Budget will ensure existing service levels are maintained, a number of new initiatives are funded and continuing the 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 2011/12 will be \$14.99 million which 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, some of which are highlighted below:

- Long-Term Financial Plan objectives achieved.
- Commencement of the development and implementation of service charters for all Business Units with current service levels maintained and/or enhanced.
- New exciting projects and initiatives with direct community benefit including:
 - Housing Settlement Strategy
 - Korumburra Town Centre Framework Plan
 - Leongatha Industrial Land Study
 - Port Welshpool Master Plan
 - Nyora Mobile Library Service
 - Korumburra Children's Hub Site Feasibility and Concept Designs
 - Increased Street Sweeping Services for Coastal Towns during tourist season
 - Leongatha Parking Strategy And Contribution Plan
 - Design stage for the Great Southern Rail Trail from Foster to Yarram
 - Regional Equestrian Facility Feasibility and Concept Designs
- The continued improvement of information management systems support and integration.

Highlights of the Capital Works Program 2011/12 include:

- Roads (\$3.85 million) – Including reconstructions, reseals and ‘Roads to Recovery’ projects
- Bridges (\$1.43 million) – Including Cooks De Sommerville Bridge – Turtons Creek, Scott’s Wild Dog Valley Bridge and \$1.00 million for yet to be determined projects funded from the State Government Country Roads and Bridges Funding Allocation.
- Buildings (\$3.32 million) – Including extension works to Leongatha Child Care Centre and the Sandy Point Hall upgrade.
- Footpaths (\$0.55 million) – Including Venus Bay footpath and footpath renewals
- Other structures (\$1.25 million) – Including Koonwarra cell construction and playground replacement programs
- Plant and equipment (\$2.74 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.

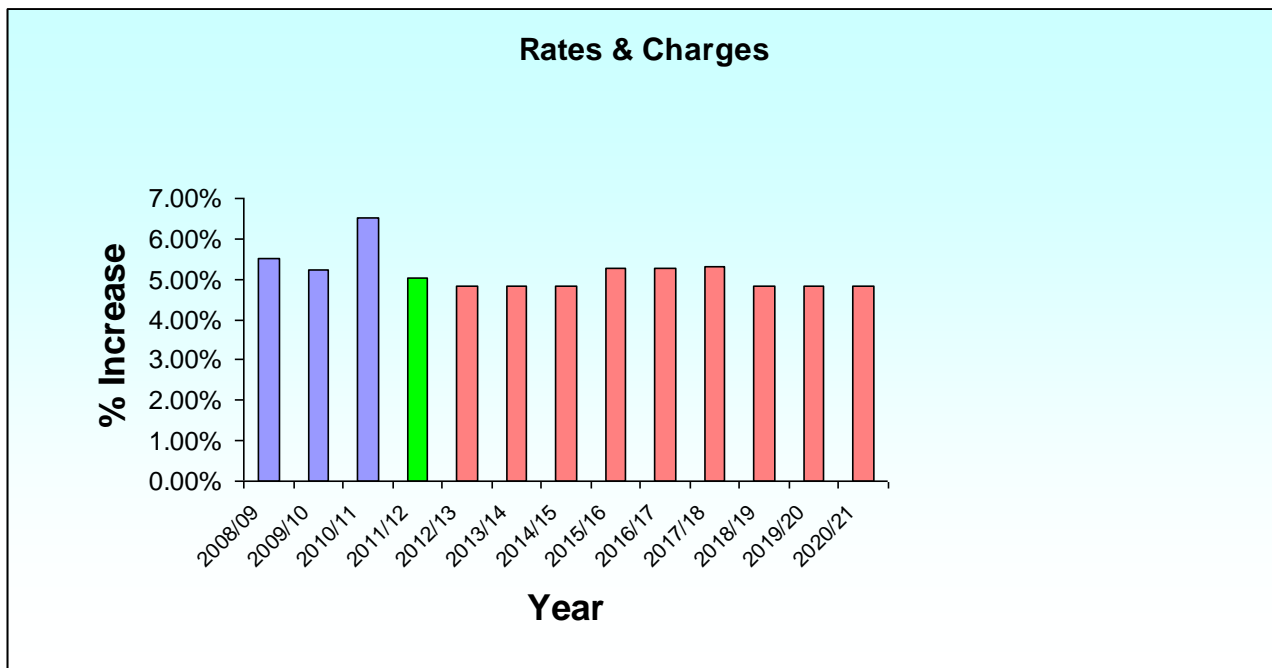
Cr Warren Raabe

Mayor

Executive Summary

Council has prepared a Budget for the 2011/12 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

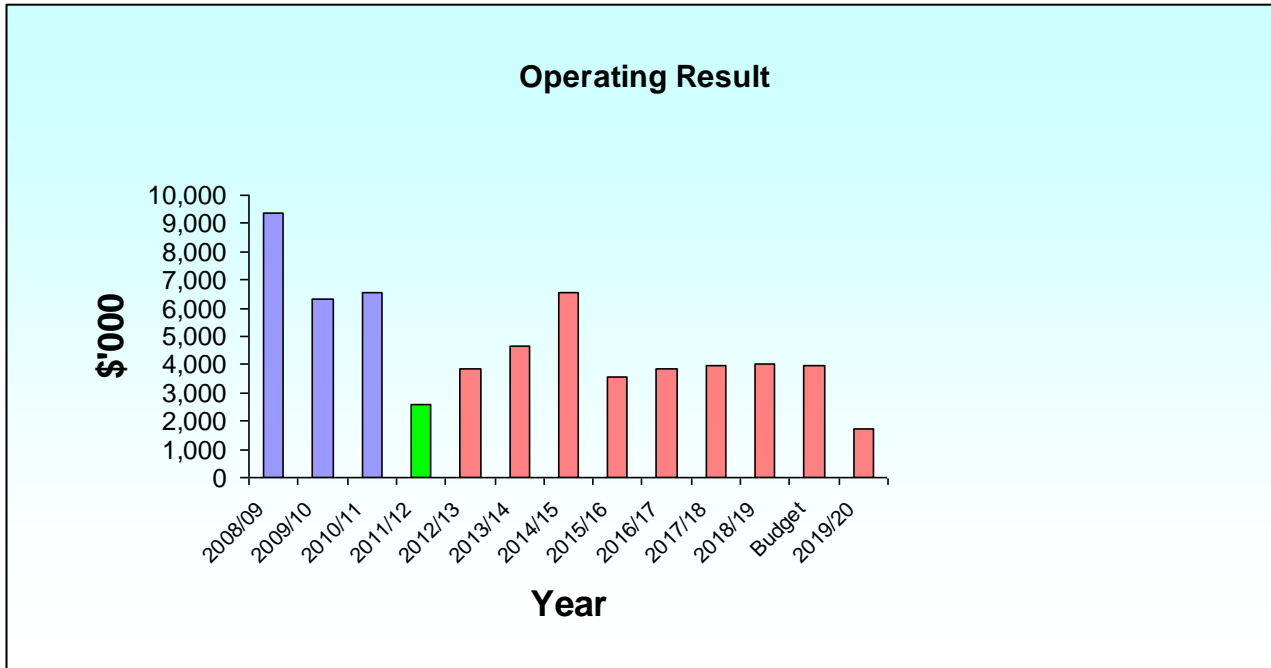


It is proposed that the general rate will increase by 5.25% on average. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

Overall, the general rates and charges increase will be 5.04% for the 2011/12 year, raising total rates of \$29.46 million, including \$0.21 million generated from supplementary rates and charges

The general rates and charges increase for 2011/12 and future budget years are in line with Council's rating strategy and Long Term Financial Plan. The rates and charges increase will go toward strengthening Council's overall financial position. The objective in past years had been to reduce long term debt and strengthen Council's working capital. The focus is now shifting to provide additional funding for capital works renewal programs over the coming years. The rates and charges increase for the 2010/11 year was 6.50%.

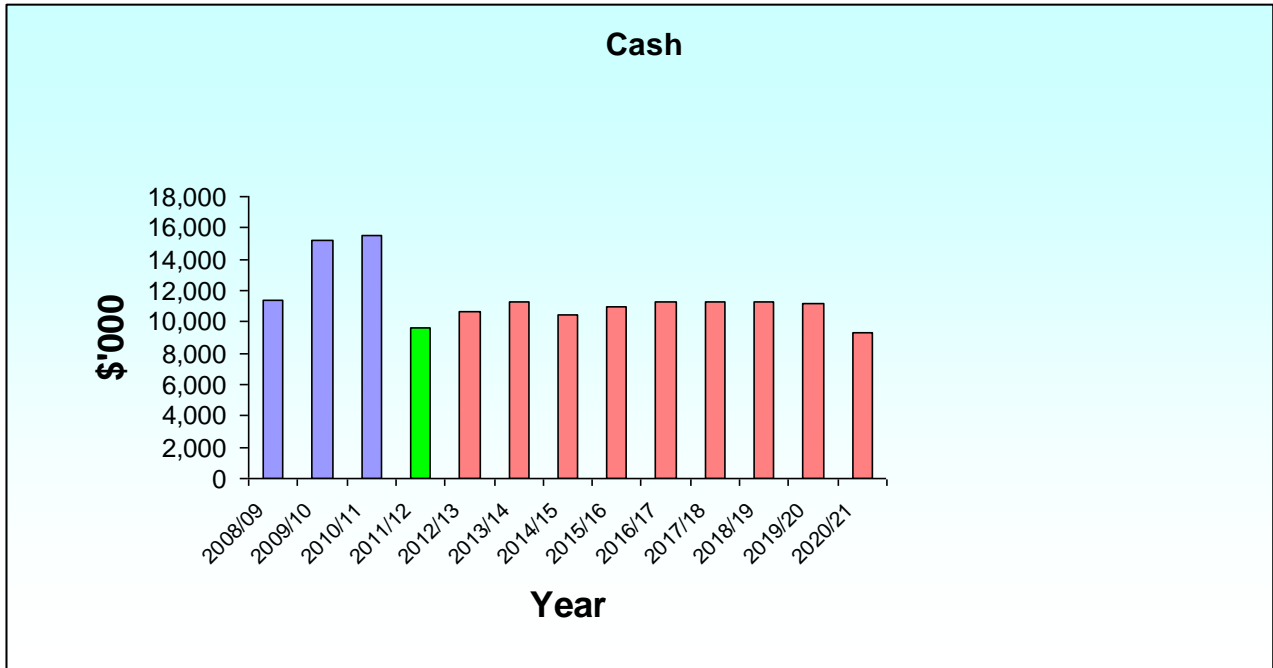
Operating result



The expected operating result for the 2011/12 year is a surplus of \$2.58 million, which is less than 2010/11. The weaker result in 2011/12 is partially due to expecting to receive less capital grants in that year relative to the previous 2010/11 financial year (\$3.10 million in 2011/12, \$4.38 million in 2010/11). It is also due in part to Australian Accounting Standard 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 years.

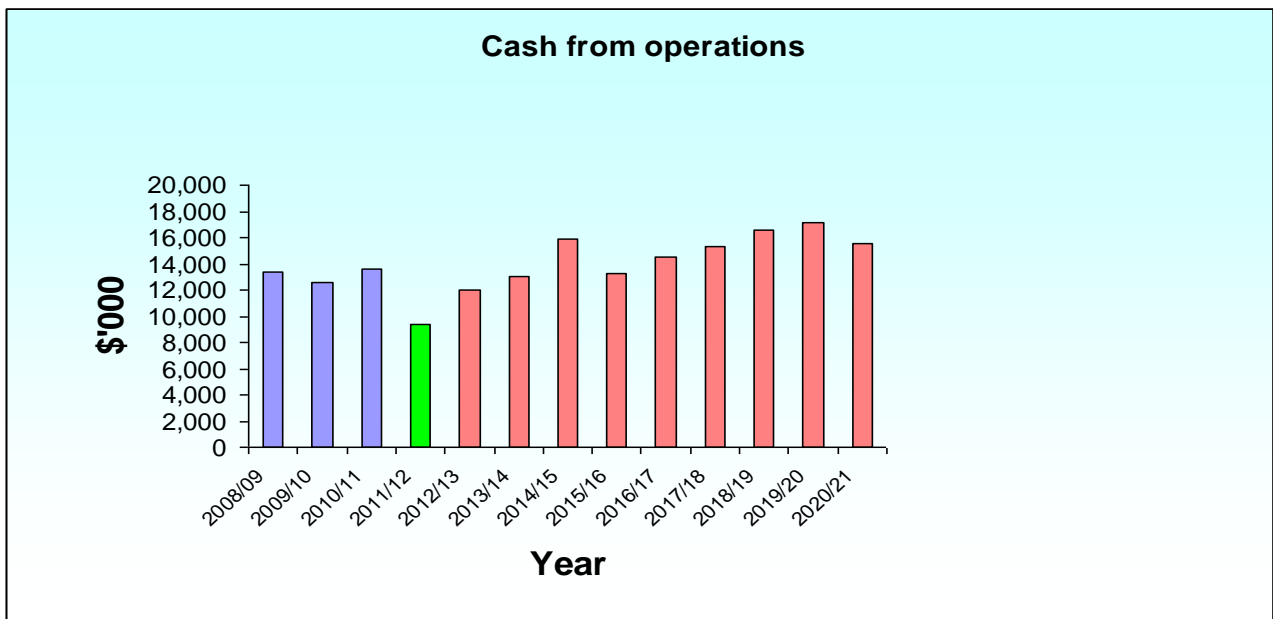
The operating result is in line with Council's Long Term Financial Plan. The projected operating result for the 2010/11 year is a surplus of \$6.56 million.

Cash position



The cash position is expected to decrease by \$5.88 million during the year to \$9.64 million as at 30 June 2012. It is projected to be \$15.52 million as at 30 June 2011. The projected result for 2010/11 in relative terms is high due to receiving first quarter of Victoria Grants Commission allocation for 2011/12 in advance in 2010/11, other grants being received in advance and funds being retained for uncompleted projects that are being carried forward into 2011/12. The overall level of cash is in line with Council's Long Term Financial Plan.

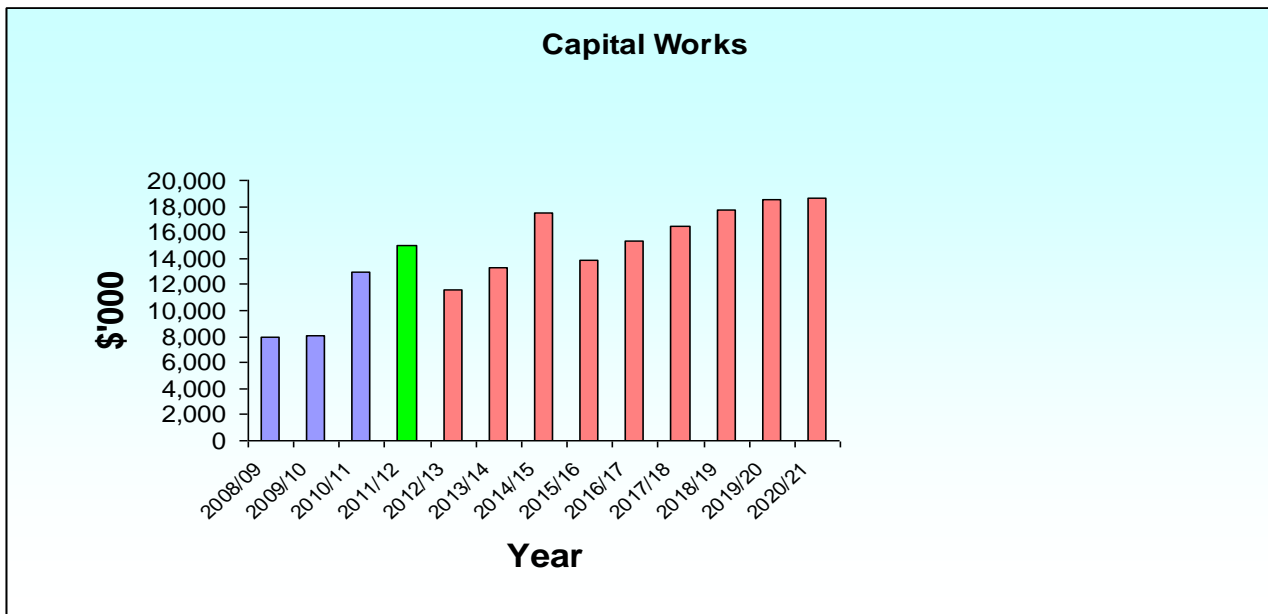
Cash from operations



Net cash from operations is forecast to be \$9.42 million. It is less than previous years due to a combination of receiving significantly less capital grants in 2011/12 than the previous

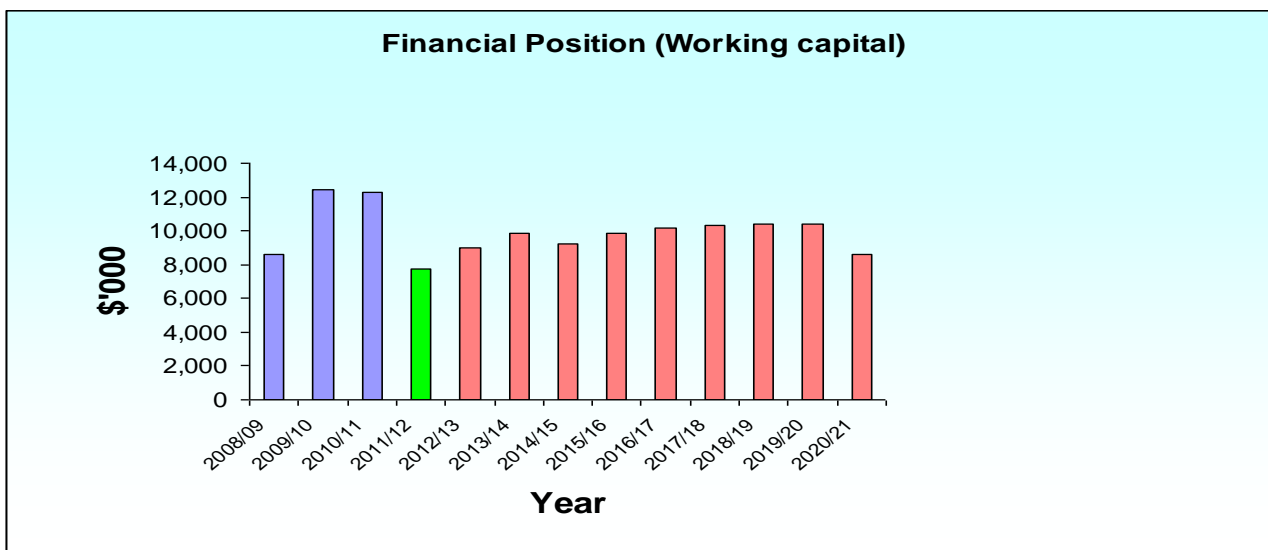
year and funds being expended for uncompleted projects carried forward from 2010/11. The gradual and consistent strengthening of cash from operations in future years provides financial capacity for funding future years' Capital Works Programs.

Capital expenditure



The capital expenditure program for the 2011/12 year is \$14.99 million of which \$2.21 million relates to projects, which will be carried forward from the 2010/11 year. The carried forward component is fully funded from the 2010/11 budget. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. Capital works is projected to be \$12.91 million for the 2010/11 year.

Financial position

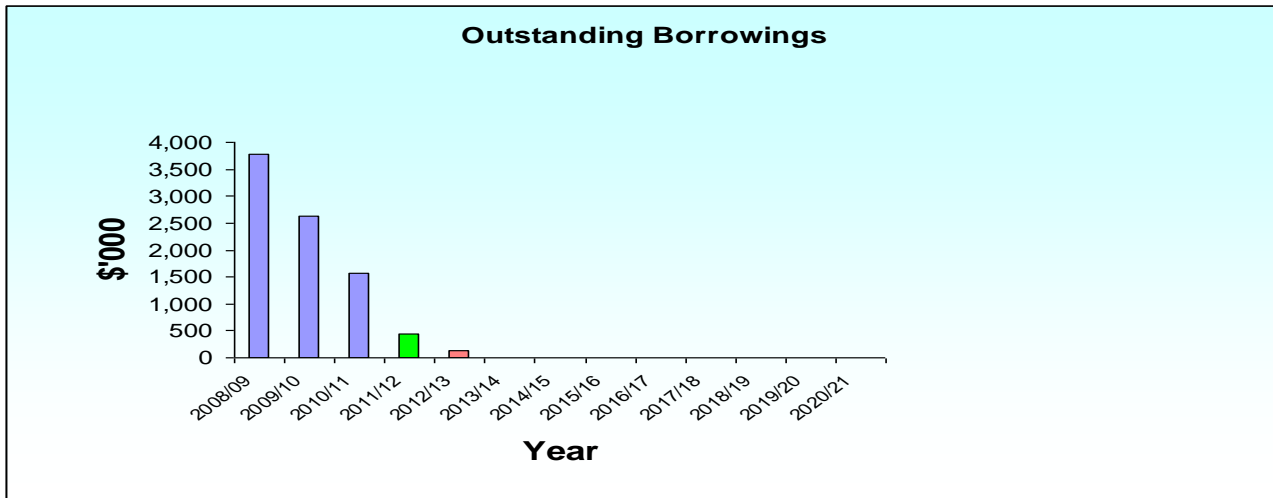


Net current assets (working capital) will decrease by \$4.54 million to \$7.76 million as at 30 June 2012. Working capital is projected to be \$12.30 million as at 30 June 2011. The

spike in previous years is due to funds being unexpended for projects that were carried forward to the following years, and because of grants being received in advance.

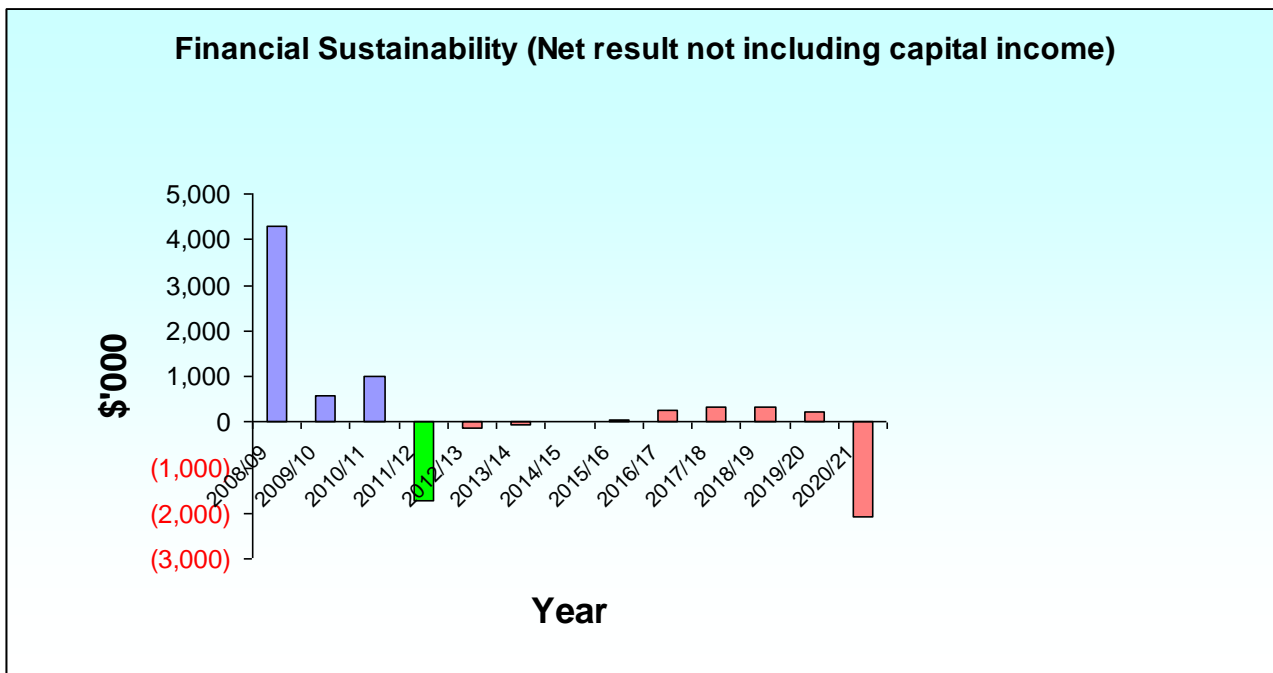
As a result of funds being retained for uncompleted projects that are being carried forward into 2011/12 the working capital in 2011/12 is set to decline. Importantly, in future years the strategic objective to maintain the overall financial position of Council is not compromised.

Borrowings



Outstanding borrowings will decrease by \$1.13 million to \$0.45 million as at 30 June 2012. 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 \$1.58 million as at 30 June 2011.

Financial sustainability



A detailed Long Term Financial Plan for the years 2011/12 to 2020/21 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 (\$3.10 million) and donated / granted assets (\$1.21 million) is backed out of the operating result (\$2.58 million surplus) the underlying result (net result not including capital funding sources) for 2011/12 is projected to be a \$1.73 million deficit.

The financial results for 2008/09 through to and including 2010/11 are distorted somewhat by the Australian Accounting Standards requirement to recognise grants as income in the year that notification has been provided 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. In 2008/09 Council had to recognise as income the first quarter of Victoria Grants Commission allocation for 2009/10 in advance. In other words we received five quarter payments in one year. In subsequent years they have continued to provide the first quarter allocations in advance. The financial plan has modelled that in 2020/21 that we will only receive 3 quarters of Victoria Grant Commission allocations. This does not present as a strategic concern.

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

Longer Term Key Performance Indicators

The table 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.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Financial performance											
Underlying result	2.22%	-3.89%	-0.27%	-0.14%	0.01%	0.07%	0.49%	0.56%	0.56%	0.34%	-3.36%
Underlying Working Capital	2.48	2.11	2.30	2.50	2.36	2.40	2.38	2.30	2.21	2.09	1.68
Funding capacity											
Self-financing	27.57%	19.77%	24.19%	25.24%	28.57%	24.40%	25.37%	25.84%	26.63%	26.67%	25.03%
Sustainability Index	90%	119%	98%	109%	150%	107%	112%	116%	114%	115%	110%
Borrowing capacity											
Indebtedness	2.34%	1.93%	1.96%	2.39%	2.78%	3.09%	3.40%	3.67%	3.93%	4.16%	4.38%
Total Debt as a % of Rate revenue	5.68%	1.53%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.30%	0.17%	0.05%	0.01%	0.00%	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 in the Long Term Financial Plan serve as very important lead indicators to identify future years' financial ramifications of decisions that are made in the present period. Longer term, the trend is positive.

The 'Underlying Result' compares recurrent income and recurrent expenditure. It is forecast to be in the yellow zone for 2011/12 through to 2013/14 and in 2020/21 but this does not present as a long term strategic concern. 2011/12 is impacted by a combination

of additional employee and depreciation costs as well as funds being carried forward for projects that will not be completed by 2010/11 financial year end. The following 2 financial years are in the yellow zone largely as a result of having to recognise grant income in 2010/11 whilst the expenditure is scheduled to be undertaken in the following 3 financial years. 2010/21 has modelled that Council will only receive three quarters of the annual VGC allocation (5 quarters was paid in 2008/09). The forecast underlying deficits for the next few financial years are not material and do not impact adversely on the underlying working capital position of Council. Nor does the forecast self financing indicator going into the yellow zone in 2011/12 present as a strategic concern.

The 'Sustainability Index' shows the level of spending effort on asset renewal and upgrade works. Despite the sustainability index indicating short term funding concerns for infrastructure renewal requirements in 2012/13, the Engineering Services Directorate is confident that there currently are sufficient funding allocations to maintain its infrastructure assets. Council has therefore redirected a portion of capital funds to asset extension works in the earlier years of the Long Term Financial Plan.

Budget Processes

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

The preparation of the Budget begins with a 'proposed' Annual Budget developed 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 written 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:

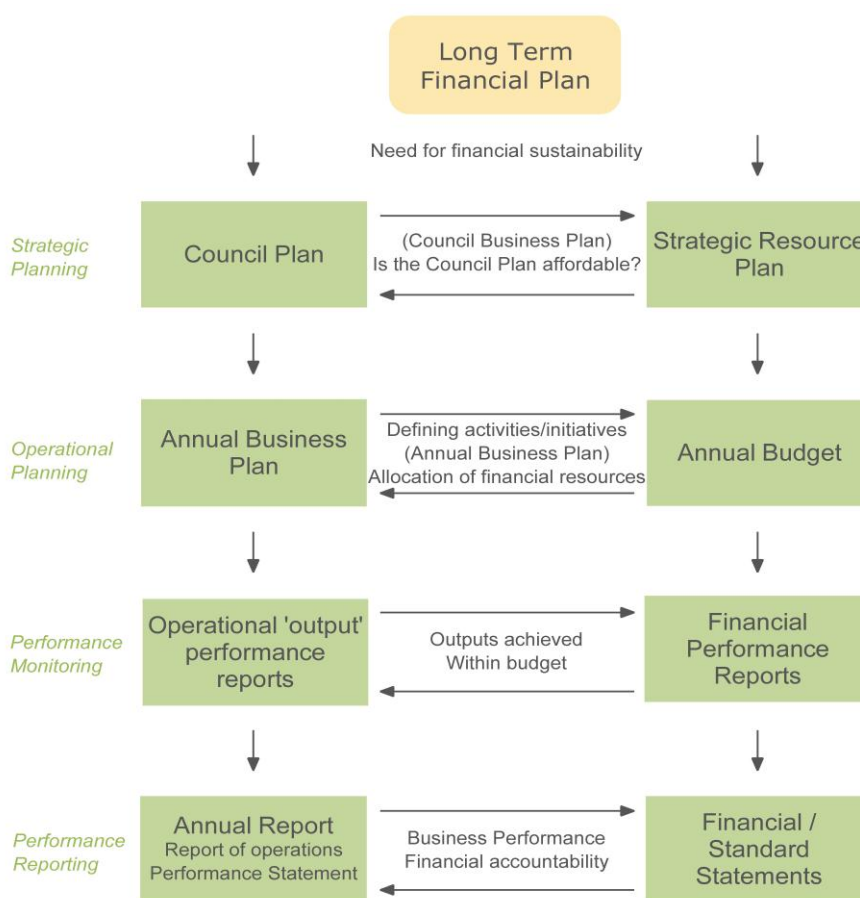
Budget Process	Timing
1. Proposed budget submitted to Council for approval	25 May
2. Public notice advising intention to adopt budget	31 May
3. Budget available for public inspection & comment	31 May
4. Submissions period closes	29 June
5. Submissions considered by Council	13 July
6. Budget presented to Council for adoption	27 July
7. Copy of adopted budget submitted to the Minister	29 July

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 so 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 Plan).

The Long Term Financial Plan incorporates some very high level objectives / strategies as well as budgeted financial statements for 10 years. The Long Term Financial Plan is the over arching document to the Strategic Resource Plan and the Annual Budget, and documents 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 Plan details activities and initiatives planned to be undertaken including the budget requirements, as well as the identification of Key Strategic Activities (KSA's). The Annual Budget collates the financial resource requirements.

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

Finally, at year-end, the actual outcomes are reported 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 to develop 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:

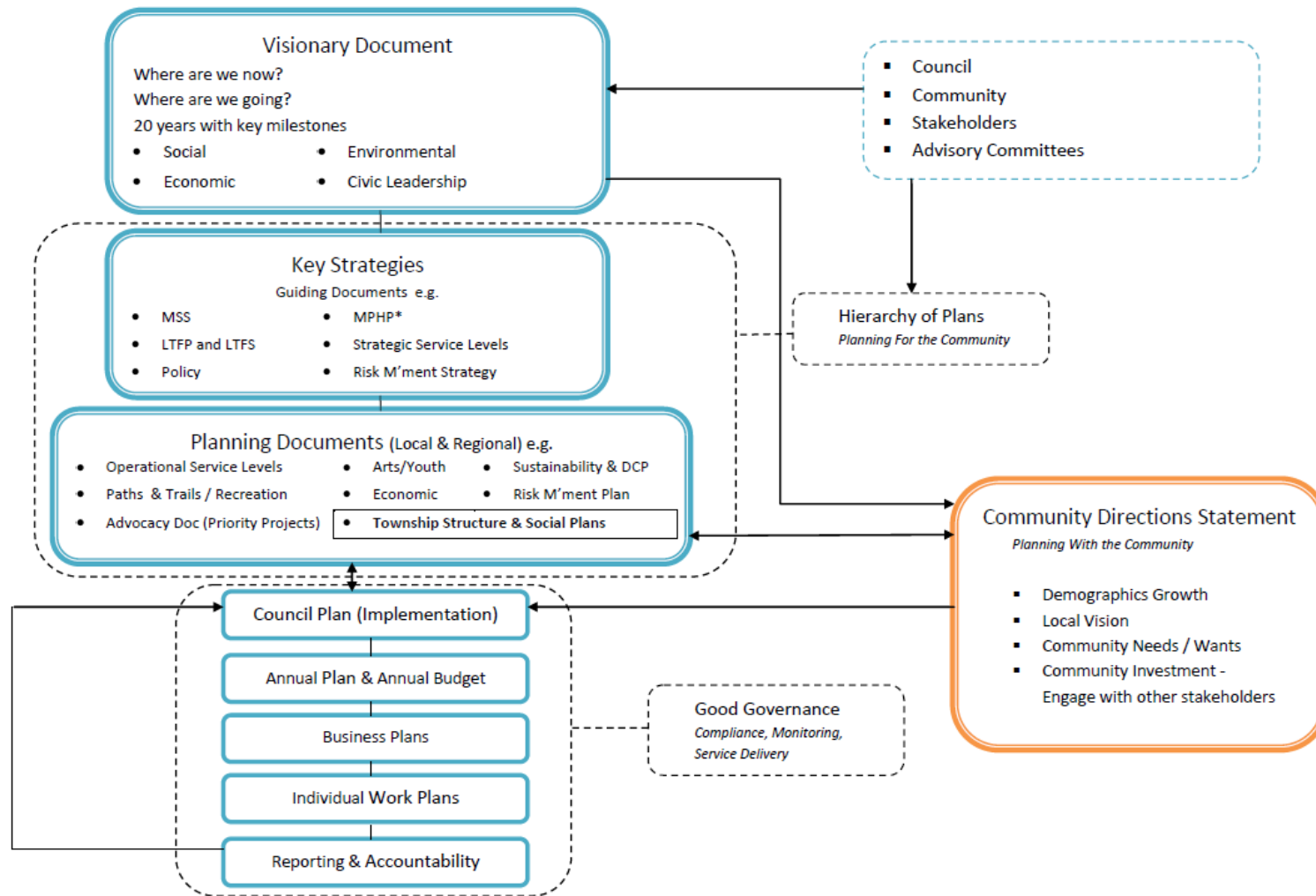
- Budget of financial performance (Income Statement);
- Budget of cash position (Cash Flow Statement); and.
- Budget of financial position (Balance Sheet).

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 2011/12 annual budget.

1.2 Council and Community Planning Framework



In the first half of 2011 Council endorsed the development of a planning framework that embraces all Council strategies, plans and policies, directions established by other levels of government and the Community Directions Statements, providing logical linkages between them all.

The table on the previous page depicts this Council and Community Planning framework.

Councillors and the Executive Leadership Team have reviewed the Council Plan, following a community consultation program, with an emphasis on refining the actions and measures to achieve better outcomes that are aligned with the current Council and community direction

An Annual Plan 2011-2012 has been developed and endorsed by Council. It contains actions to be achieved by the organisation within the next financial year. Key priorities identified for service delivery and strategy development / implementation have been incorporated.

These Annual Plan activities, along with the new project initiatives for 2011/12 have been allocated to various Directorates and Departments within Council to implement. These activities are set out in the following section. It is important to note that each Department will provide a range of services beyond those outlines here. These will be articulated more fully in each Departments Business Unit Plan.

1.3 Strategic Objectives

The Council, through its four directorates (which includes 24 departments), delivers a range of activities and initiatives. Each contributes to the achievement of one of the five strategic objectives 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 strategic objectives 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

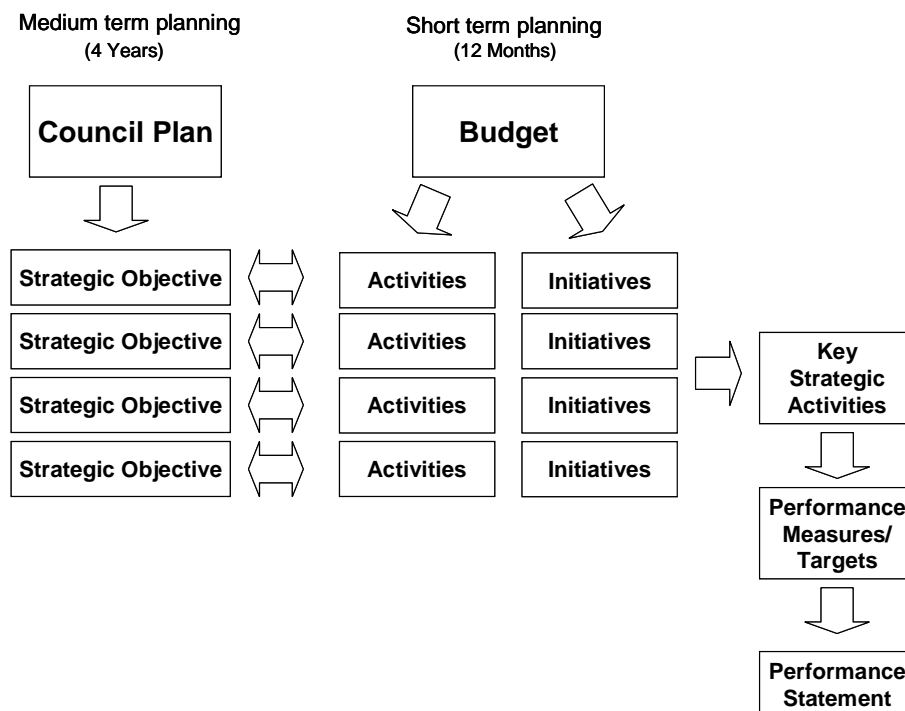
A Leading Council

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 2011/12 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. Appendix E 'Key Strategic Activities' 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 Key Projects, Initiatives and Annual Plan Activities

The Council organisation structure consists of the CEO's Office and Four Directorates. Significant activities to be undertaken in 2011/12 for each Directorate are included on the following pages.

The Key Strategic Activities are tabled in Appendix E.

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	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
1, 2, 3 and 4	Participate in the development and implementation of the Gippsland regional plan ensuring SGSC is well represented.	CEO	Membership and participation in steering committee and Council representation in working groups.
1, 2, 3 and 4	Develop a list of priority projects for Council and advocate to State and Federal politicians	CEO	Meetings held with all State and Federal politicians
5.2.5	Risk management framework developed and presented to Council	CEO and Governance Services	By December 2011
5.1.3	Council Plan community consultation sessions held	CEO and Governance Services	By February 2012
5.3.3	Conduct an Independent Employee Opinion Survey for all employees and provide staff with a summary of results	CEO and Human Resources	Improvement in retention index between 2011 and 2012 survey

COMMUNITY SERVICES DIRECTORATE ACTIVITIES

To achieve our objectives of a 'Vibrant Engaged Community' and a 'Sustainable Environment' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Community Services Directorate has a leading role in ensuring that the organisation achieves the strategic objectives. Their activities and key project and initiatives focus for 2011/12 is described below.

The Community Services Directorate's role is to identify community needs and facilitate, support, co-ordinate and provide services within the community. The Directorate consists of five main departments and also manages the strategic direction of libraries across the Shire. The Directorate focus for the 2011/2012 financial year will be to meet not only current but future service demands through strategic planning, raising the standards of our service and ensuring council-owned buildings and facilities meet the changing needs of the community. We will protect our environment through the implementation of two key strategies – 'Sustainability' and 'Waste Management' - and be prepared for any municipal emergency. We will work in partnership with the community to help them to achieve their aspirations and build resilience.

The Aged & Disability Services Department provides:

- Home and community based services including Personal Care, Home Care, Respite, Community Transport, Meals on Wheels and Home Maintenance to support the frail aged, people with a disability and their carers.
- Services that contribute 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 Children and Family Services Department provides:

- Strategic planning to ensure services and infrastructure across the Shire meets future demand, and supports key partners in the provision of children and family services in the Shire.
- Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups and aims to maximise the health and wellbeing and development of children, ensure services are universally accessible and supports families.

The Community Safety Department aims to provide:

- A safe environment through administration and enforcement of Council's Local Laws raised awareness of animal ownership responsibilities, provision of parking controls, supervision of School Crossings and minimisation of fire risk.
- An Emergency Management Team that ensures Council has a current and relevant Municipal Emergency Management Plan detailing Council's preparedness to respond to and recover from any Municipal Emergency that should arise.

The Community Strengthening Department works:

- In partnership with South Gippsland's diverse communities to encourage and support participation in community planning, project and activity development,

recreation, youth engagement and arts and cultural pursuits. It aims to improve community involvement and resilience.

- Provides Community Planning and Engagement, Recreation, Rural Access, Youth Support, Transport Connections, L2P Program and Volunteer Coordination and support for arts and cultural organisations.

The Sustainability Department's role is to protect the local environment and work towards a low carbon economy through collaborative partnerships.

- The Sustainability team will develop both community and Council efficiency projects contained within the Sustainability Strategy.
- The Waste Management Team will provide sustainable waste management services based on best practice principles and in accordance with relevant legislation.
- The Biodiversity Team provides services to protect and enhance the Shire's natural environment through the ongoing management of Bush Reserves, roadside weed control and planting programmes and provision of expert environmental planning advice on statutory planning matters.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

The Community Services Directorate has identified the following initiatives and projects to work toward commencing and implementing in 2011/12

KORUMBURRA CHILDREN'S HUB SITE FEASIBILITY AND CONCEPT DESIGNS

It is proposed that a Children's Services Hub be developed in Korumburra which will include a child care centre, 3 year old and 4 year old kindergarten, maternal and child health, other visiting specialist service providers and a community meeting room. A site feasibility study and concept design will form the basis for advocacy to the State and Federal government for capital funding towards the Hub.

IMPLEMENTATION OF SUSTAINABILITY STRATEGY ACTION PLAN

An Implementation Plan has been developed to guide the delivery of the Strategy. Included in the first year of implementation is an energy and water use audit of Council buildings, development of a local Food Network and Sustainable Living Guide website, projects in partnership with the Sustainable Development Alliance and educational forums.

NYORA MOBILE LIBRARY SERVICE

Following a trial mobile library service in Nyora a regular fortnightly mobile library service is to be provided to Nyora residents. The service will be available to the public for 2 ½ hours on a Saturday morning on a fortnightly basis. Appropriate parking, with power facilities will be provided.

HARD WASTE COLLECTION SUBSIDY

An annual booked hard waste collection service will be available to residents across the Shire. Consideration will be given to a discounted service for pensioners.

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
1.1.2 Community Engagement and Planning:	Communities supported to develop Community Directions Statements as required. Outcomes presented to Council at the completion of each project. <ul style="list-style-type: none"> • Welshpool & District • Venus Bay/Tarwin Lower • Dumbalk • Fish Creek & District 	Community Strengthening	First year of the Gardiner Foundation Strengthening Small Dairy Communities Program implemented and reported by 30 June 2012
1.1.3 Social Equity:	Children's Services Centre expansion in Leongatha and the service capacity and concept design for the Korumburra Children's Services Hub completed.	Children & Family Services	Leongatha Centre expansion completed and Korumburra Hub design and site selection completed and presented to Council by 30 June 2012
1.2.1 Active Lifestyles:	Aquatic Strategy for pools within the Shire completed and presented to Council	Community Strengthening	Strategy completed by 30 December 2011 and implementation commenced by 30 June 2012
1.2.1 Active Lifestyles:	Equestrian Feasibility Study and concept designs completed and presented to Council	Community Strengthening	By 30 June 2012
1.2.2 Community Health:	HACC accreditation achieved	Aged & Disability Services	By 30 June 2012
1.2.3 Community Safety:	Fire Prevention Plans for the following Shire bush reserves completed and presented to Council: <ul style="list-style-type: none"> - Pioneer Reserve, Kongwak - Tom Kindellan Reserve, Nerrena - Kings Park Reserve, Leongatha - Tarwin Lower Flora Reserve - Hudson Park, Korumburra - Hamanns Reserve, Leongatha North - Koonwarra Gravel Pits 	Sustainability Services	Fire Prevention Plans completed by 30 June 2012
1.2.3 Community Safety:	Fire Prevention Plan control mechanisms established in conjunction with the CFA for established Fire Prevention Plans	Community Safety	By 30 June 2012
1.3.1 Education Opportunities:	Early Years Plan developed and adopted and improvements to Early Years Services in the Western section of the Shire investigated and reported	Children & Family Services	Early Years Plan completed and the Western section capacity determined, with both presented to Council by 31 December 2011
1.4.1 Indigenous Liaison:	Protocols for liaising with multicultural groups established	Community Strengthening	By 30 June 2012
2.1.1 Sustainable Environmental Planning:	Sustainability Strategy implemented and outcomes reported	Sustainability Services	Progress reported in the quarterly Council performance report and annual outcomes achieved reported to Council by 30

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
			June 2012
2.3.2 Environmental Protection:	Service levels for bushland reserves established	Sustainability Services	By 30 June 2012
2.5.4 Waste Management	Waste Management Strategy implemented and outcomes reported	Sustainability Services	2011/12 Action Plan activities completed by 30 June 2012
2.5.4 Waste Management	Status of airspace in the Koonwarra Landfill Site monitored and reported to Council	Sustainability Services	Report to Council six monthly

CORPORATE SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of a 'Leading Council' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Corporate Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Their activities and key project and initiatives focus for 2011/12 is described below.

Corporate Services Directorate provides support to the Councils internal Departments and the Community by managing the departments of Finance, Information Management Services, Customer Relationships, Corporate Support and Human Resources.

The Finance Department's 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; and
- Administer all legislative requirements in relation to rates, charges and valuation services.

The Information Management Services Department is responsible for:

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

The Customer Relationships Department's role is to

- Keep the community up to date and informed on current events within South Gippsland Shire.
- Receive and administer customer requests for Council's products and services.
- Maintain a relevant website for public use.
- Issue press releases to the media on items of interest to the community.

The Corporate Support Services Department's role is to

- Provide high level support and co-ordination services to Council that enables organisation wide good governance and compliance through the effective undertaking of the following functions:

- Corporate Planning, Policy development and review, Council Elections, Internal Audit, Regulatory and Statutory Compliance, Advisory and Special Committees, Council Meeting Management, Freedom of Information, Privacy and Legal services;
- Grants, including Community grants;
- Risk Management, Occupational Health and Safety; and
- Procurement.

The Human Resources Department’s role is to

- Provide advice and support to Departments in the Management of Staff through the effective undertaking of the following functions:
 - Payroll
 - Corporate training and Development
 - Recruitment and Induction of Staff
 - Human Resource Management Support

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

Corporate Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2011/12

Implement 'best practice' quick month end reporting

Introduce purchase cards to all relevant budget holders across the organisation

Implement I-procurement across the organisation

Community Project Management Policy reviewed

Effective implementation organisation wide of Council agenda/meeting process review and enabling software

Implementation of Procurement and Financial Systems Breakthrough Project recommendations and contracts management system

Focus of Audit Committee is directed towards organisational risk

Deliver corporate governance and fraud training progressively across organisation

Complete review of Advisory Committees and Special Committees

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
5.1.1 Provide Strategic Direction Setting:	A four year program to ensure Council's policies are reviewed, updated, included into key strategic documents of Council and/or abolished, to be established and implemented	Governance Services	By 30 June 2012
5.1.1 Provide Strategic Direction Setting:	Establish basic service levels and associated costs for each Business Unit for inclusion in Business Unit Plans	Governance Services	By 30 June 2012
5.1.2 Leadership at Local, Regional and State Levels:	An internal leadership program for emerging leaders developed and implemented	Human Resources	By 30 June 2012
5.2.1 Customer relations reflecting the organisations values:	Customer service training program developed for inclusion in the staff induction program	Customer Relationships	By 30 June 2012
5.2.3 Financial Management:	The Long Term Financial Plan implemented to ensure financial sustainability	Finance Services	Weighted average of 5 key financial ratios is greater than or equal to 98%
5.2.3 Financial Management:	Business Unit budgets managed effectively	All Departments	Progress of Business Unit plans and budget reported quarterly in Council's performance report
5.2.4 Appropriate Technology:	Information Technology Strategy implemented in accordance with the priority action plan	Information Management Services	Progress of strategy outcomes achieved reported quarterly in Council's performance report
5.2.5 Risk management:	Risk Management Framework developed and presented to Council	Governance Services	By 30 June 2012
5.3.1 Attracting and retaining people:	A structured induction program developed and implemented	Human Resources	By 30 June 2012
5.3.2 Healthy people and safer workplaces:	Conduct OH&S training and refresher training appropriate to each level of staff across the organisation and ensure initial training is conducted as part of the induction of new staff. Providing a safe work place by practices, procedures and continuous monitoring.	Governance Services	By 30 June 2012
5.3.3. Workforce planning:	Conduct an independent Employee Opinion Survey for all employees and provide staff with a summary of the results	Human Resources	By 30 June 2012
5.3.4 Learning and development:	A corporate training program developed based on the Training Needs Analysis	Human Resources	By 30 June 2012

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
	and regularly identified training requirements identified in individual work plans of staff		

DEVELOPMENT SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of a 'Strong Economy' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Development Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Their activities and key project and initiatives focus for 2011/12 is described below.

The Development Services Directorate's purpose is to enable South Gippsland to be a great place to live, work and visit by:

- Enabling the development and protection of our land and environment
- Building and promoting prosperity for current and future generations
- Contributing to a safe and sustainable built environment

The directorate comprises four areas of responsibility:

The Statutory Planning and Environmental Health department is responsible for development approvals, waste water permits and food and health inspections. This department comprises two teams:

- **Statutory Planning** – Responsible for managing the approvals and processes of planning applications for the use and development of land. Functions include:
 - Administer and decide planning applications in accordance with service standards, the Planning Scheme and relevant legislation.
 - Contributing to the development of plans and strategies to articulate Council's vision for the community.
 - Improving services and standards to meet the needs of the community.
- **Environmental Health** - To protect public and environmental health through administration of statutory processes in accordance with relevant legislation. The department is also responsible for implementation of the Municipal Domestic Wastewater Management Plan and contributing to the development and implementation of the Municipal Public Health & Wellbeing Plan. Functions include:
 - Registration and administration of safety requirements on food premises, accommodation, public swimming pools and caravan parks
 - Issuing and monitoring of domestic wastewater approvals
 - Implementing the Community Sharps Disposal Program encouraging safe needle disposal

The Strategic Planning and Development department is responsible for setting a vision for the development needs of the community and defining and implementing policies that achieve the Directorate's purpose on behalf of the community. This Department comprises three teams:

- **Strategic Planning** - Developing plans and strategies to articulate Council's vision for the community and implementing policy through amendments to the Planning Scheme. Functions include:
 - Developing plans and strategies that articulate a clear direction for the community.
 - Working with the development industry to encourage appropriate growth and opportunity
 - Working closely with state government and other councils to develop regional and state-wide approaches to land use.
 - To understand and articulate the social and civil infrastructure of the shire.
- **Tourism** - To facilitate economic growth in the Prom Country region through the development of a competitive tourism industry.
- **Economic Development** - Encourage investment, development and services that facilitate a planned and sustained growth for the Shire.

The Building and Enforcement department is responsible for the administration of the building control and planning enforcement functions of the Building Act, Planning and Environment Act and other legislation. Functions include:

- Responding to complaints and prosecuting for offences under Victoria's Building and Planning Legislation
- Provide building information and advice to the community
- Report and consent applications for sitting variations, protection to public, construction over easement, and demolition works
- Undertaking building and planning audits i.e. high risk buildings/new developments, swimming pools etc.

Coal Creek

- Coal Creek's role is to continue to make Coal Creek Community Park and Museum a high quality recreational and educational experience benefiting the South Gippsland community and visitors.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

Development Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2011/12

KORUMBURRA STRUCTURE PLAN

Place the latest version of the Korumburra Structure Plan into the planning scheme

KORUMBURRA TOWN CENTRE FRAMEWORK PLAN

To create a Korumburra Town Centre Plan reference document to the Planning Scheme

HOUSING SETTLEMENT STRATEGY

This strategy will:

- draw all of the township structure plans together to paint a picture of the future growth of the Shire,
- develop plans for towns not already considered,
- consider the application of new areas of Rural Living Zone.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

INDUSTRIAL LAND STUDY - FOR LEONGATHA

Identify suitable flat land for major industrial expansion in Leongatha

PARKING STRATEGY AND CONTRIBUTION PLAN

To investigate and implement in the Planning Scheme a planning policy that will enable contributions to be obtained from developers for the provision of off-street parking in Leongatha and other major centres

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
1.1.1 Community Partnerships:	Pilot Integrated Community Plans for high growth towns and communities developed: <ul style="list-style-type: none"> ▪ Nyora Plan ▪ Korumburra Town Centre Plan 	Director Development Services	Both projects commenced and milestones delivered in accordance with the project plan developed and presented to Council by 31 July 2011 Project Plans developed by 31 July 2011 Agreed milestones achieved in accordance with the approved Project Plans by 30 June 2012
1.2.2 Community Health:	The Municipal Domestic Waste Water Management Plan reviewed and presented to Council	Director Development Services	By 30 June 2012
1.4.3 History	Business Plan for Coal Creek developed Business Plan for Coal Creek developed, incorporating options for the use of underutilised land	Director Development Services	By 30 June 2012
2.2.3 Sustainable Agriculture:	Rural Strategy adopted by Council and implemented into the Planning Scheme	Director Development Services	Adopted by Council by 31 December 2011
2.5.4 Waste Management	The Municipal Domestic Waste Water Management Plan reviewed and presented to Council	Director Planning & Development s	By 30 June 2012
3.1.2 Business and new residents' attraction and support:	Economic Development Strategy reviewed and presented to Council	Director Development Services	By 30 June 2012
3.1.3 Economic Investment:	A Business Marketing Plan for Mirboo North prepared to promote the township to potential business investors and new residents	Director Development Services	Business Marketing Plan published by 30 June 2012
3.1.3 Economic Investment:	Economic modelling on population growth, societal change and climate change that will influence future strategic directions for the	Director Development Services	Electronic demographic profile available on the Council website and report presented to Council by 30 June 2012

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

	Shire completed and presented to Council		
3.1.4 Tourism:	Tourism Strategic Plan reviewed and presented to Council	Director Development Services	By 30 June 2012
3.1.4 Tourism:	Economic impact study to determine the March 2011 storm impact on Wilson's Promontory and the Shire completed and actions arising implemented	Director Development Services	By 30 June 2012
3.1.4 Tourism:	Undertake a review of tourism and economic development indicators to better understand tourism and economic investment and activity	Director Development Services	Value adding indicator(s) developed and data captured to commence monitoring the trends by 30 June 2012
3.3.1 Accessible Networks:	Advocate for the expansion of the National Broadband Network roll out to include smaller townships along the main routes	Director Development Services	Advocacy activities and outcomes reported in the quarterly Council performance report
3.3.2 Transport:	Advocate for transport corridor upgrades and heavy vehicle alternate routes including: - Leongatha Heavy Vehicle Alternate Route - Overtaking lane between Mirboo North and Morwell	Director Development Services	Advocacy activities and outcomes reported in the quarterly Council performance report
3.3.4 Land-Use Planning:	Strategic Planning projects scoped, prioritised and presented to Council	Director Development Services	By 30 June 2012
3.3.4 Land-Use Planning:	New service standards/indicators for the Statutory Planning Unit implemented and reported	Director Development Services	Agreed service standards reported in the quarterly Council performance report

ENGINEERING SERVICES DIRECTORATE ACTIVITIES

To achieve our objective of a 'Appropriate Infrastructure' we will continue to plan, deliver and improve high quality, cost effective accessible and responsive services. The Engineering Services Directorate has a leading role in ensuring that the organisation achieves the strategic objective. Their activities and key project and initiatives focus for 2011/12 is described below.

The Engineering Services Directorates key purposes are as follows:

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

The Directorate is made up of the following Departments:

The Operations Department delivers two main functions:

- Roads, Streets, & Drainage maintenance and construction.
- Parks & Gardens maintenance, construction and renewal.

Within the two main functions there are five main service delivery areas, Operations (roads), Parks and Gardens, Construction (roads), Workshop (plant), and Depot Administration.

The Engineering Department delivers two main functions:

- Engineering - coordination and delivery of Council's infrastructure to meet the current and future needs of the community whilst providing a sustainable cost/benefit.
- Property - manage the acquittal, disposal and leasing of Council's property portfolio to support Council's services.

The Assets department delivers four main functions:

- Building Operations - to manage and enhance Council's owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community.
- Fleet Operations - to ensure effective service delivery of South Gippsland Shire Council's Fleet, vehicles will be purchased with the highest safety rating and lowest Green House emissions where available within Council's purchasing scope.
- Civil Assets - to proactively plan Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks through continuous improvements to Council's Asset Management Plan.
- Assets System - the collection, analysis and management of appropriate infrastructure data to effectively manage Council's civil infrastructure assets.

The Property Development department has one main delivery function:

- To coordinate the processes for major developers with internal and external stakeholders by ensuring a strong customer focus for major developments.

KEY PROJECTS AND INITIATIVES FOCUS FOR 2011/12

Engineering Services Directorate have identified the following initiatives and projects to work toward commencing and implementing in 2011/12

KORUMBURRA CENTRAL PROJECT

(Part of Korumburra Town Centre Framework)

To investigate options how to achieve the Priority Development Panels Outcomes.

OPEN SPACE ASSET MANAGEMENT PLAN

To develop strategic service levels for open space.

KORUMBURRA RECREATION PRECINCT MAINTENANCE GRANT INCREASE

To increase the Annual Maintenance Grant to assist in maintaining the leased precinct.

LAND RATIONALISATION PROJECT

To align Council land sales and development with Council's policy direction, strategic initiatives and inter-departmental plans.

STREET SWEEPING COASTAL TOWNS CBD OVER SUMMER

Community driven initiative to improve presentation of the coastal areas through the peak tourist season (Easter & Christmas). Venus Bay, Tarwin Lower, Sandy Point, Port Welshpool, Waratah Bay.

INDUSTRIAL BUFFER ZONE IN LEONGATHA

To develop a plan for Council land, Horn St/Watson Rd, Leongatha and the identification of land development alternatives.

ALIGNMENT TO COUNCIL PLAN	ACTION/MEASURE	RESPONSIBLE UNIT	TARGETS
4.1.2 Infrastructure Implementation:	A rolling 4 year Capital Works program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	Assets	By 30 June 2012
4.1.2 Infrastructure Implementation:	Annual Capital Works Program delivered	Engineering	90% of the Capital Works Program expended by 30 June 2012
4.1.3 Infrastructure maintenance:	A rolling annual Maintenance Plan program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	Operations	By 30 June 2012
4.2.1 Maintenance:	A rolling annual Building and Facilities Maintenance Plan program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	Assets	By 30 June 2012
5.2.2 Asset Management Planning:	Asset Management Plans for Parks, Gardens, Bridges, Culverts and Drainage updated and presented to Council	Assets	By 30 June 2012
2.4.2 Maintenance	Service levels for Parks and Gardens established within a Management Plan	Operations	By 30 June 2012

2.2 Performance statement

The Key Strategic Activities are documented in Appendix E. The Key Strategic Activities performance measures, targets and results are audited at the end of the year and are included in the Performance Statement as required by section 132 of the Local Government Act 1989.

The Annual Report for 2011/12 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

Directorate	Net Cost (revenue) 2011/12 \$'000	Expenditure \$'000	Revenue \$'000
Chief Executive Officer	858	858	0
Community Services	6,006	9,896	3,890
Corporate Services	5,554	6,591	1,037
Development Services	2,964	3,974	1,011
Engineering Services	8,433	12,782	4,349
Total activities and initiatives	23,815	34,091	10,287
Other non-attributable ¹	6,161		
Operating deficit before rates & capital revenue	29,976		
Funded by:			
Rates & charges	29,455		
Capital grants & contributions	3,101		
Total	32,556		
Operating surplus (deficit)	2,580		

1. Includes Victoria Grants Commission allocation, depreciation, corporate overheads, 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 almost 28,000. 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, Meeniyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

Our Environment

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

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

3.1.1 **Our Economic Base**

South Gippsland has a thriving economy with over 7,000 businesses contributing to an annual output of over \$2.6 billion. South Gippsland is recognised as having one of the lowest unemployment rates in Australia.

Key industry sectors contributing to this output are:

- Manufacturing \$698 million;
- Agriculture, Forestry and Fishing \$419 million;
- Property services \$198 million;
- Construction \$190 million;
- Mining \$150 million;

- Retail trade \$98 million; and
- Oil and gas \$95 million.

Major Industries

Agriculture

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

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

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

Manufacturing

- Murray-Goulburn's Leongatha factory, the largest in Australia, is undertaking a \$200 million expansion of its plant;
- Burra Foods, located in Korumburra, recently completed a \$50 million dollar expansion of their dairy facilities;
- United Dairy Power at Poowong;
- 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 \$230 million annually to the economy. Marketed as "Prom Country" - the region attracts over 1 million visitors each year. The region is rich in nature based activities, with the world renowned Wilsons Promontory National Park, spectacular scenery, unspoilt beaches and quaint villages.

Other industries

Esso has a major marine terminal located at Barry Point near Toora that is used to provide services to their Bass Strait oil and gas platforms. This includes supporting a \$1 billion project to develop the new Kipper Tuna Turrum oil and gas field. 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;
- \$50 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;
- \$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 completed in 2011;
 - Redevelopment of Leongatha Primary School opened in 2011;
- \$2.5 million Corner Inlet Integrated Children's Hub located in Foster to be completed in 2011;
- \$16 million construction of an optic fibre link to be completed in 2011 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 people 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 new people, yet allow them the freedom and space to tailor your lifestyle to their own pace and interests. Affordable housing options, excellent education and medical facilities and a variety of business and job opportunities await their exploration.

Residential Profile

The latest population estimate is 28,079 people as at June 2010. This is a growth rate of 1.0 % from 2009 or 286 people. This is just over 700 people or 2.6% ahead of the Victorian Government's projected population for 2010 for South Gippsland. It is projected by the State Government that the population of South Gippsland will increase to 32,000 by 2031. The Shire has approximately 14,000 dwellings and about 18,755 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 15,731 people;
- an unemployment rate of 3.0%, with 477 unemployed persons at September 2010.

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 6.0%.

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 below:

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:

- Three public hospitals and five 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 Uniting Care Family Day Care is also available across the Shire;
- Five 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, six public swimming pools of which two are heated and seven 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 three Private Schools;
- 6 Secondary Colleges, including two 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 2011/12 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 4.1% for 2011/12 and to flatten to around 4.0% per annum in following years. (Commonwealth Bank economic forecast);

- Projected consumer price index (CPI) increases on goods and services being 3.1% for 2011/12 and to decrease to around 2.7% 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. For the 2011/12 financial year the Economic Data and Policy Development Unit of Municipal Association of Victoria estimated the Local Government Cost Index to be 3.6% (the previous year it was 4.0%). The year prior (2009/10), it was 3.0%.
- Receipt of significant capital and major works funding of \$3.10 million, predominantly for the completion of Commonwealth funded Roads to Recovery projects (\$1.69 million), State Government Country Roads and Bridges Allocation (\$1.00 million), Sandy Point Hall Upgrade (\$150,000), Community projects (\$118,000) and Venus Bay Footpath (\$140,000);
- 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. If the economic situation worsens this increases the likelihood of further calls being made upon Councils to fund defined benefits superannuation liabilities.

3.3 Internal Influences

As well as external influences, there were also internal influences arising from the 2010/11 year which have had a significant impact on the setting of the 2011/12 budget. These included:

- The cash available for projects carried forward, both capital (\$2.21 million) and operational expenditure of which a significant portion of it is tied to grant funds (\$503,000);
- Expected closing cash position as at 30 June 2011 of \$15.52 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:

- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2010/11 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 2010/11 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 Budget 2011/12, which is included in this report, is for the year 1 July 2011 to 30 June 2012 and is prepared in accordance with the Act and Regulations. The Budget includes standard statements being the budgeted Statement of Financial Performance, Financial Position, Cash Flows and Capital Works. These statements have been prepared for the year ended 30 June 2012 in accordance with the Australian Accounting Standards 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.

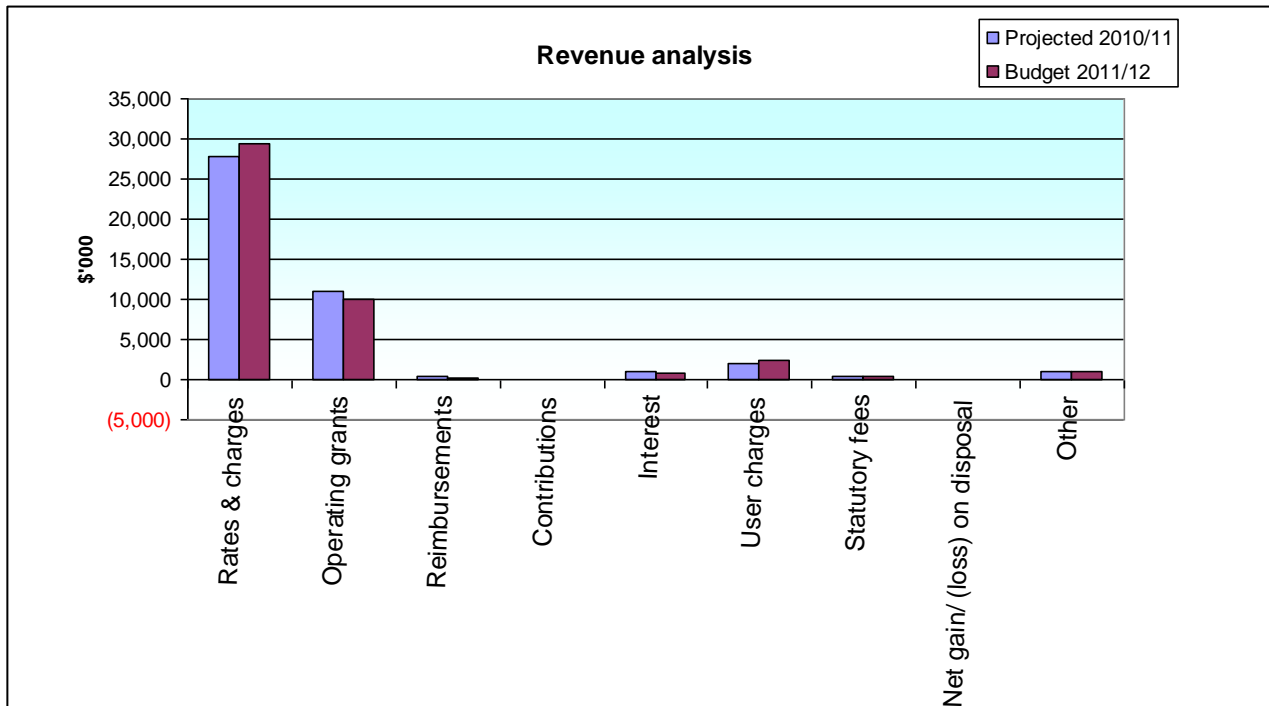
The Budget includes consideration of a number of long-term strategies to assist Council in considering the Budget in a proper financial management context. These include the Long Term Financial Strategies (section 8), Rating Strategy (section 9), Borrowing Strategy (section 10) and Infrastructure Strategy (section 11).

4. Analysis of Operating Budget

This section of the Annual Budget report analyses the expected revenues and expenses of the Council for the 2011/12 year.

4.1 Income

Revenue Types	Reference	Forecast Actual 2010/11 \$'000	Budget 2011/12 \$'000	Fav (Unfav) Variance \$'000
Rates & charges	4.1.1	27,799	29,455	1,656
Operating grants	4.1.2	11,977	9,913	(2,064)
Reimbursements	4.1.3	392	292	(100)
Contributions	4.1.4	98	31	(67)
Interest	4.1.5	978	798	(180)
User charges	4.1.6	2,090	2,456	366
Statutory Fees	4.1.7	497	498	1
Net gain / (loss) on disposal of assets	4.1.8	(71)	83	154
Other	4.1.9	1,055	1,047	(8)
Total operating revenue		44,815	44,573	(242)



4.1.1 Rates and Charges (\$1.66 million increase)

General rates and charges have overall been increased by 5.04% for the 2011/12 year. This includes general rates, municipal charges and waste services charges.

The general rate will increase on average by 5.25%. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.5%.

It is projected that general rates and charges income which includes estimated \$0.21 million in supplementary rates will increase by 6.0% over the base that was raised last year to \$29.46 million.

Section 9, 'Rating Strategy' includes a more detailed analysis of the rates and charges to be levied for 2011/12.

4.1.2 Operating Grants (\$2.06 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 17.2% or \$2.06 million compared to 2010/11.

Major recurrent grant funding will be received include the \$7.86 million Victoria Grants Commission allocation and \$1.48 million for Home and Community Care (HACC) programs.

Decreases occurred in a number of one-off non-recurrent funding from \$2.22 million in 2010/11 to \$369,000 in 2011/12. One-off funding for 2011/12 includes \$41,000 for Children's Services, \$127,000 for Community Programs, and \$200,000 for Community Strengthening.

The previous one-off non-recurrent funding included funding for Bushfire Recovery (\$810,000) Community strengthening (\$1.17 million) Aged & Disabled Services (\$89,000), Economic Development (\$40,000) and Tourism (\$10,000).

4.1.3 Reimbursements (\$100,000 decrease)

There is a reduction in the level of reimbursements expected to be received. The more notable items being legal fee reimbursements associated with rate recovery processes (\$41,000) building works (\$30,000) and for risk management (\$19,000).

4.1.4 Contributions (\$67,000 decrease)

The reduction is predominantly due to not receiving operational contributions from Community groups for Sports Recreation Victoria projects in 2011/12.

4.1.5 Interest Revenue (\$180,000 decrease)

There is a decrease of \$180,000 or 18.4% 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.

4.1.6 User Charges (\$366,000 increase)

There is an increase of \$366,000 or 17.5% 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 use of leisure, entertainment and other community facilities and the provision of human services such as aged and disabled services.

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

The user charges have also increased in 2011/12 and future years due to some Coal Creek revenue being reclassified to the line item 'User charges' from 'other income' as described in Section 4.1.9 below.

4.1.7 Statutory Fees (\$1,000 increase)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Planning, Health Act registrations and parking fines. Most charges are not expected to increase significantly.

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

4.1.8 Net Gain / (Loss) on asset disposals (\$154,000 increase)

This line item records the net difference between the sale prices received for disposing of assets and the written down value of the asset as recorded in the Balance Sheet.

A degree of volatility is expected in net Gain / (Loss) on asset disposals due to the differing nature of items being disposed of each year.

4.1.9 Other Revenue (\$8,000 decrease)

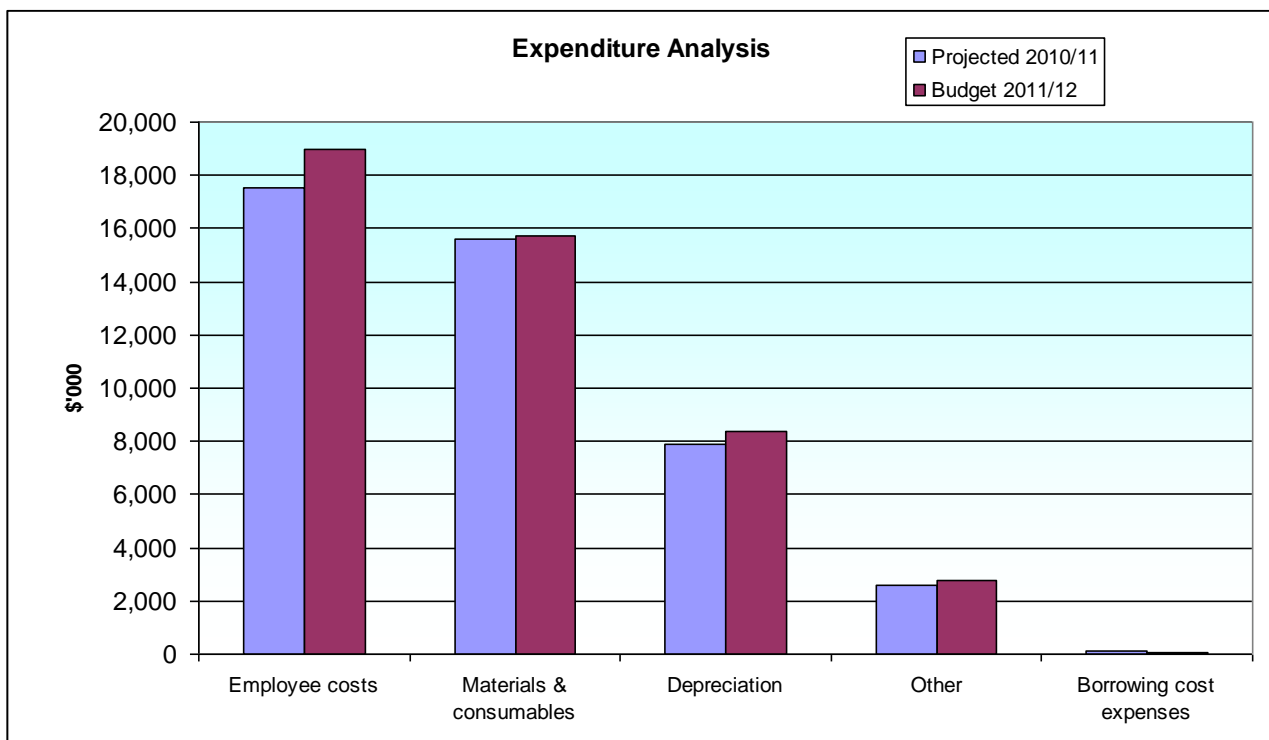
Other revenue relates to a range of unclassified items such as cost recoupments and other miscellaneous income items including income from private works and rental income.

Other revenue is projected to decrease by \$8,000 in 2011/12. This is predominantly due to expecting less income from Coal Creek retail sales (\$44,000) and Community Strengthening Arts & Culture activities (\$51,000) which are partially offset by expected increases in private works sealing income (\$77,000) and property services (18,000).

The reduction in Coal Creek revenue is largely due to income being reclassified to the line item 'User Charges' as described in Section 4.1.6 above

4.2 Expenditure

Expenditure Types	Reference	Forecast Actual 2010/11 \$'000	Budget 2011/12 \$'000	Fav (Unfav) Variance \$'000
Employee costs	4.2.1	17,534	19,016	(1,482)
Materials and consumables	4.2.2	15,630	16,094	(464)
Depreciation	4.2.3	7,893	8,358	(465)
Other expenses	4.2.4	2,615	2,759	(144)
Borrowing cost expenses	4.2.5	146	79	67
Total operating expenditure		43,818	46,306	(2,488)



4.2.1 Employee Costs (\$1.48 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 8.5% or \$1.48 million compared to 2010/11. It should be noted that 2010/11 includes an \$850,000 one off payment for defined unfunded superannuation obligations. If this is backed out, employee costs would be forecast to increase by 14.0% or \$2.33 million.

The 2011/12 budgeted employee costs takes into account:

- An allowance for Council's Enterprise Agreement, banding and contract staff increments in 2011/12 and higher duties as well as the flow on effect to oncost expenses.
- 14.57 increase in Effective Full Time (EFT) across all four directorates.
- This includes existing positions that have had their EFT increased as well as a number of existing positions that have had their EFT reduced.

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 incurred in the Income Statement and Capital Works Program) the total employee costs budgeted for 2011/12 is \$19.5 million (\$17.8 million forecast for 2010/11).

4.2.2 Materials and Consumables (\$464,000 increase)

Materials and consumables are forecast to increase by 3.0% or \$464,000 compared to 2010/11.

Taking into consideration expenditure budgets being carried forward for uncompleted projects as at previous financial year end and expenditure being budgeted for programs that have had grant income brought to account in the previous financial year, expenses have only marginally increased in 2011/12. This is predominantly due to cost savings being identified by the Executive Leadership Team across many department budgets when they conducted a detailed budget review.

Section 2.1 'Key Projects, Initiatives and Annual Plan Activities' provide a more detailed analysis of the activities and initiatives being undertaken by all Departments.

4.2.3 Depreciation (\$465,000 increase)

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

Periodic revaluation of infrastructure asset classes, the completion of the 2010/11 Capital Works Program and the full year effect of depreciation on the 2009/10 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 2011/12 year.

4.2.4 Other Expenses (\$144,000 increase)

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations, Library

service, future known cost commitments associated with landfill rehabilitation and other miscellaneous expenditure items.

Other expenses are forecast to increase by 5.5% or \$144,000 compared to 2010/11. The majority of the increase is in relation to Library services (\$80,000).

4.2.5 Borrowing Cost Expenses (\$67,000 decrease)

Borrowing cost expenses represent the interest cost associated with borrowed funds. Borrowing costs are forecast to decrease by 45.9% or \$67,000 compared to 2010/11.

The costs decrease in 2011/12 is as a result of increasing portion of loan repayments on borrowings being actually allocated to principal repayments.

4.3 Non recurrent Income

Non Recurrent Income	Reference	Forecast Actual 2010/11 \$'000	Budget 2011/12 \$'000	Fav (Unfav) Variance \$'000
Capital Grants and Contributions	4.3.1	4,381	3,101	(1,280)
Granted Assets	4.3.2	1,182	1,212	30
Total Non Recurrent Income		5,563	4,313	(1,250)

4.3.1 Capital Grants and Contributions (\$1.28 million decrease)

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 decreased by 29.2% or \$1.28 million compared to 2010/11.

Capital grants and contributions are expected in 2011/12 for Sandy Point Hall Upgrades (\$150,000), Community Projects (\$118,000), Roads to Recovery projects (\$1.64 million), State Government Country Roads and Bridges Funding Allocation (\$1.00 million), Bridge / Culvert Rehabilitation (\$56,000) and for Venus Bay Footpath (\$140,000).

This decrease is due to substantial grants being received in 2010/11 for Sandy Point Hall Upgrades (\$1.30 million).

Section 6, 'Analysis of Capital Budget' includes a more detailed analysis of the grants and contributions that are expected to be received during the 2011/12 year.

4.3.2 Granted Assets (\$30,000 increase)

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

There is a marginal increase compared to the previous year.

5. Analysis of Budgeted Cash Position

This section of the budget report analyses the expected cash flows for the 2011/12 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 and equipment.
- 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 2010/11 \$'000	Budget 2011/12 \$'000	Variance \$'000
Operating Activities	5.1.1			
Receipts		49,266	47,591	(1,675)
Payments		(35,705)	(38,168)	(2,463)
Net cash inflow (outflow)		13,561	9,423	(4,138)
Investing Activities	5.1.2			
Receipts		826	902	76
Payments		(12,914)	(14,993)	(2,079)
Net cash inflow (outflow)		(12,088)	(14,091)	(2,003)
Financing Activities	5.1.3			
Receipts		0	0	0
Payments		(1,205)	(1,207)	(2)
Net cash inflow (outflow)		(1,205)	(1,207)	(2)
Net increase (decrease) in cash held		(268)	(5,875)	(6,143)
Cash at beginning of year		15,251	15,519	268
Cash at end of year	5.1.4	15,519	9,644	(5,875)

Represented by:				
Reserve cash and investments				
- Statutory		241	178	(63)
- Discretionary		916	608	(308)
- Working capital		14,362	8,858	(5,504)
	5.2	15,519	9,644	(5,875)

5.1.1 Operating Activities (\$4.14 million decrease)

The decreases in net cash inflows from operating activities are due mainly to receiving \$1.28 million less capital grants, \$2.06 million less in operating grants and increased payments to employee costs of \$1.43 million.

5.1.2 Investing Activities (\$2.00 million increase)

The \$2.00 million increase in net payments for investing activities is due in part to actual gross expenditure on capital being \$2.08 million more than as it was for 2010/11. This includes \$2.21 million of uncompleted capital projects from 2010/11 being carried forward into 2011/12. This outflow is partially offset by receiving more income of \$76,000 in capital sales compared with the previous year.

5.1.3 Financing activities (\$2,000 increase)

Financing activities includes the principal component of loan repayments for the year as well as the interest costs. For 2010/11 the total of principal and interest repayments was \$1,205,000. Total principal and interest payments budgeted for 2011/12 will be \$1,207,000.

5.1.4 Cash at End of the Year (\$5.88 million decrease)

Overall, total cash and investments are forecast to be \$5.88 million less than 2010/11. The contribution of cash from operating activities has provided significant funds for both the investing and financing activities. The investing activities net cost will however exceed net income from operating activities in 2011/12. The cash is expected to be \$9.65 million as at 30 June 2012 which is less than the previous year (\$15.52 million).

The closing balance for 30 June 2011 is significant because it is projected that a number of projects will not be completed prior to financial year end as well as receiving grant funds in advance for expenditure that will only be incurred in the 2011/12. The reduction of the cash balance over the two years reflects the strategic intent of systematically releasing increasing levels of funds for 'carry forward projects' and 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 2012 it will have cash and investments of \$9.65 million, which has been earmarked as follows:

- **Working Capital (\$8.86 million)** - these funds are free of all specific Council commitments (after allowing for unexpended capital and grant 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 (\$178,000)** - Currently there is \$178,000 budgeted to statutory reserves for open space contributions. Statutory reserves funds must be applied for specified statutory purposes in accordance with various legislative and contractual requirements. Whilst these funds earn interest revenues for Council, they are not available for other purposes.
- **Discretionary Purposes (\$608,000)** –The following discretionary allocations have been quarantined to internal reserves. \$338,000 for the General reserve, \$24,000 for Corner Inlet Seawall Drainage, \$203,000 for caravan parks, and \$43,000 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. Any changes in future use of the funds will be made in the context of the future strategic funding requirements. The decisions about future use of these funds can then be updated into Council's Long Term Financial Plan.

6. Analysis of Capital Budget

This section of the Budget report analyses the planned capital expenditure budget for the 2011/12 year and the sources of funding for the budget.

6.1 Capital works

Capital Works Areas	Reference	Forecast Actual 2010/11 \$'000	Budget 2011/12 \$'000	Variance \$'000
Works for 2011/12				
Roads	6.1.1	3,236	3,849	613
Footpaths	6.1.2	621	549	(72)
Kerb & Channel	6.1.3	117	116	(1)
Bridges	6.1.4	466	1,426	960
Drains & Culverts	6.1.5	385	307	(78)
Car parks	6.1.6	192	210	18
Other Structures	6.1.7	520	1,248	728
Buildings	6.1.8	4,035	3,320	(715)
Land	6.1.9	563	0	(563)
Plant & Machinery	6.1.10	2,304	2,737	433
Furniture & Equipment	6.1.11	475	1,231	756
Total capital works		12,914	14,993	2,079
Works for 2011/12 represented by:				
<i>Capital expenditure</i>				
New assets		4,502	3,939	(563)
Asset renewals		8,412	11,054	2,642
Total capital works		12,914	14,993	2,079
<i>Works carried forward</i>				
Works carried forward from previous year	6.1.12	881	2,210	1,369

6.1.1 Roads (\$3.85 million)

For the 2011/12 year, \$3.85 million will be expended on road projects. This includes reseals including preparation costs (\$2.33 million), Roads – Safe intersection program (\$112,000), Stanley Street Toora (\$193,000), Fish Creek Walkerville Road - Rehabilitation (\$350,000), Gardner Lane – duplication (\$50,000) Gray Street Leongatha (\$14,000), Anderson Street Leongatha (\$65,000), Stony Creek Road (\$225,000), Loch Wonthaggi Road (\$300,000) as well as capital works design (\$206,000).

6.1.2 Footpaths (\$549,000)

For the 2011/12 year, \$549,000 will be expended on footpaths. This includes the Foster streetscape (\$11,000), footpath renewal program (\$238,000), Long Street Leongatha (\$61,000), Victoria Street Korumburra (\$22,000), Stanley Street Toora (\$77,000) and the Venus Bay footpath (\$140,000).

6.1.3 Kerb & Channel (\$116,000)

For the 2011/12 year this includes Foster streetscape (\$11,000), Stanley Street Toora (\$77,000), Gray Street Leongatha (\$6,000) and Anderson Street Leongatha (\$22,000).

6.1.4 Bridges (\$1.43 million)

For the 2011/12 year this includes Mirboo North Highway underpass, (\$10,000), Bridges- major repairs (\$200,000), Cooks De Sommerville Bridge – Turtons Creek (\$96,000) Scott's Wild Dog Valley Bridge (\$120,000) and \$1.00 million for yet to be determined projects funded from the State Government Country Roads and Bridges Funding Allocation.

6.1.5 Drains & Culverts (\$307,000)

For the 2011/12 year this includes Foster Streetscape (\$4,000), Welshpool – Avenue of Honour (\$6,000), Stanley Street Toora (\$39,000), Turtons Creek Road (\$146,000), Lowry's Road Fish Creek (\$40,000), Drainage rehabilitation program (\$42,000), Gray Street Leongatha (\$9,000) and Anderson Street Leongatha (\$22,000)

6.1.6 Car Parks (\$210,000)

For the 2011/12 year this includes Toora Railway Park Reserve (\$49,000), Foster Streetscape (\$11,000), Port Welshpool – Avenue of Honour (\$6,000), Korumburra Swimming Pool (\$20,000), Corner Inlet Integrated Child Care Hub (\$3,000), Korumburra Child Care Hub (\$3,000) and the Leongatha Child Care Extension (\$117,000).

6.1.7 Other Structures (\$1.25 million)

For the 2011/12 year this includes Sandy Point Hall upgrade (\$74,000), Toora Railway Park Reserve (\$195,000), Corner Inlet Lookout (\$80,000), Koonwarra Cell construction (\$564,000), O'Loughlin's Bridge (\$75,000), Corner Inlet Integrated Child Care Hub (\$3,000), Korumburra Child Care Hub (\$3,000), Playgrounds replacement program (\$143,000) and Sports Recreation Victoria projects (\$110,000)

6.1.8 Buildings (\$3.32 million)

For the 2011/12 year this includes Coal Creek Heritage Village (\$220,000), Coal Creek front entrance (\$45,000), Sandy Point Hall upgrade (\$1.40 million), Corner Inlet Integrated Child Care Hub (\$284,000), Korumburra Child Care Hub (\$163,000), Leongatha Child Care Centre (\$469,000), Foster War Memorial (\$70,000), Leongatha Council Chamber (\$65,000), Dumbalk Public toilets (\$170,000), Splash – Hydrotherapy – design (\$133,000), Mirboo North pool – sand filter (\$45,000), Mirboo North Pool Deck (\$95,000), Toora Pool Chemical shed (\$125,000) and the Mirboo North pool – Coping tiles (\$35,000).

6.1.9 Land (Nil)

For the 2011/12 year no funds has been allocated to sundry land purchases.

6.2 Plant & Equipment (\$2.74 million)

This predominantly relates to ongoing cyclical replacement of the plant and vehicle fleet (\$2.74 million).

6.2.1 Office Furniture & Equipment (\$1.23 million)

For 2011/12 there is an allocation for Information Services computer related equipment (\$827,000), Procurement Projects (\$80,000), Office Accommodation (\$200,000) and for Asset Management (\$83,000).

6.2.2 Carried forward works (\$2.21 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 Coal Creek capital projects (\$120,000), Asset management (\$40,000), Sandy Point Hall upgrade (\$574,000), Toora Railway Park Reserve (\$244,000), Corner Inlet Lookout (\$80,000), Foster Streetscape (\$36,000), Gardner Lane duplication (\$40,000), Leongatha Child Care Extension (\$410,000), Scott's Bridge (\$120,000), Lower Twites Bridge (\$30,000), Lowry's Road culvert (\$40,000), Gray Street (\$29,000), Anderson Street (\$108,000), Computing hardware (\$100,000), Koonwarra landfill (\$142,000), Plant / Fleet (\$205,000), Korumburra Swimming Pool car park (\$20,000), Stanley Street (\$17,000) and Corner Inlet Integrated Childcare Hub (\$155,000) from the 2010/11 capital works will be incomplete and have been carried forward into the 2011/12 year (previous year

\$880,000). These costs are included in the above described capital works areas as appropriate.

6.3 Funding Sources

Sources of Funding	Reference	Forecast Actual 2010/11 \$'000	Budget 2011/12 \$'000	Variance \$'000
External				
Grants and contributions	6.2.1	4,381	3,101	(1,280)
Borrowings	6.2.2	0	0	0
Proceeds on sale of assets	6.2.3	826	902	76
Sub total		5,207	4,003	(1,204)
Internal				
Operations	6.2.4	6,950	5,115	(1,835)
Working capital & Reserves	6.2.5	757	5,875	5,118
Sub total		7,707	10,990	3,283
Total funding sources		12,914	14,993	2,079

6.3.1 Grants and contributions (\$1.28 million decrease)

Capital grants and contributions include all monies received from State, Federal and community sources for the purposes of funding the capital works program. The decrease is due to receiving significantly less capital grants for capital works in 2011/12 than the previous financial year.

Capital grants and contributions are expected in 2011/12 for Sandy Point Hall upgrades (\$150,000), Community projects (\$118,000), Roads to Recovery projects (\$1.64 million), State Government Country Roads and Bridges Funding Allocation (\$1.00 million), Bridge / Culvert rehabilitation (\$56,000) and for Venus Bay Footpath (\$140,000).

6.3.2 Borrowing (nil movement)

There are no borrowing's budgeted for in the 2011/12 financial year.

6.3.3 Proceeds from sale of assets (\$76,000 increase)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$245,000 for plant sales, \$637,000 for vehicle sales and general land sales of \$20,000.

6.3.4 Operations (\$1.84 million decrease)

During the year Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$5.12 million will be generated from operations to fund the 2011/12 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.

6.3.5 Working Capital & Reserves (\$5.12 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 2010/11. It is forecast that \$5.88 million working capital will be available from the 2010/11 year to fund the 2011/12 capital works program. This includes \$662,000 transfer from internal reserves (\$100,000 from Open Space Reserve and \$564,000 from the Waste Reserve) as well as funding retained for uncompleted capital and grant funded operational projects from 2010/12 (\$2.71 million).

7. Analysis of Budgeted Balance Sheet

This section of the budget report analyses the movements in assets, liabilities and equity between 2010/11 and 2011/12.

7.1 Budgeted Balance sheet

	Reference	Forecast Actual 30 Jun 11	Budget 30 Jun 12	Variance
		\$'000	\$'000	\$'000
Current				
Assets	7.1.1	19,813	14,028	(5,785)
Liabilities	7.1.2	(7,513)	(6,269)	1,244
Net current assets		12,300	7,759	(4,541)
Non Current				
Assets	7.1.3	428,328	487,536	59,208
Liabilities	7.1.4	(764)	(671)	93
Net non current assets		427,564	486,865	59,301
Net assets		439,864	494,624	54,760
Equity				
Accumulated surplus		187,880	190,831	2,951
Reserves		251,984	303,793	51,809
Total equity	7.1.5	439,864	494,624	54,760

7.1.1 Current Assets (\$5.79 million decrease)

The current assets are projected to be less than 2010/11, the main contributor being a \$5.88 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 (\$1.24 million decrease)

There is a decrease of \$1.24 million in current liabilities (that is, obligations that Council must pay within the next 12 months). This is due to reduced provisions for landfill rehabilitation works as well as progressively reducing current liability loan obligations. A more detailed analysis of loan obligations is included in section 10, "Borrowing strategy".

7.1.3 Non current assets (\$59.29 million increase)

The increase in non-current assets is due to the net result of the capital works program (\$14.99 million), revaluation of infrastructure assets (\$52.18 million), gifted and donated assets (\$1.21 million), the depreciation of all non-current assets with the exception of land (\$8.36 million) and the written down value of property, plant and equipment sales (\$819,000).

7.1.4 Non current liabilities (\$93,000 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 (\$54.76 million increase)

The increase in the accumulated surplus is impacted by the forecast operating surplus of \$2.58 million after allowing for capital grants of \$3.10 million, \$1.21 million donated and granted assets and \$52.18 million in infrastructure assets revaluation increments.

In addition to this change \$664,000 will be transferred out of internal reserves (\$100,000 from Open Space Contributions reserve and \$564,000 from the Waste reserve) to the accumulated surplus. Also, an overall amount of \$293,000 will be transferred from the accumulated surplus to internal reserves. This reflects the allocation of funds from Open Space Contributions to the internal reserve (\$23,000), allocations to the General reserve (\$136,000) and to the Caravan park reserve net income of (\$110,000). Further inflation adjustment transfers are scheduled to be made for open space contributions (\$14,000), Corner Inlet Drainage (\$1,000), Henry's Road Nyora (\$2,000), and Caravan Parks (\$5,000).

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 2012 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 2011/12 will be at similar levels to that of previous years.
- Trade creditors and other creditors and debtors to remain consistent with 2010/11 levels.
- Proceeds from the sale of property in 2011/12 will be received in full in 2011/12.
- 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 \$1.13 million.
- Total capital expenditure to be \$14.99 million.
- A total net \$371,000 to be transferred from internal reserves to accumulated surplus.
- \$3.10 million in capital grants will in fact be received by 30 June 2012.

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 2011/12 to 2020/21 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 key financial strategies, which underpin the long term financial plan, SRP and annual budget, are:

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

- 5 Annual transfers of equivalent to 0.5% of rate income be made to the general reserve and to target increasing the annual transfer to be equivalent to 1% of rate income to the general reserve in the later years of the Long Term Financial Plan.**
- 6 Annual transfers equivalent to the average interest earned on investments earned during the financial year be made to the following reserves; - Public Open Space, Car parking, Corner Inlet Seawall Drainage and Henry Road Nyora reserve.**
- 7 Budgeted underlying cash at the end of each year shall be measured by referencing it against the underlying working capital ratio in the Long Term Financial Plan.**
- 8 Service level funding gaps will be identified and classified as primary or secondary in nature to clearly distinguish the cash flow requirements of maintaining existing service levels (primary gaps) and for service level enhancements (secondary gaps)**
- 9 A series of key financial performance indicators, with appropriate threshold targets, will be utilised to strategically analyse the financial integrity of the Plan. These include:**
 - underlying working capital ratio – greater than 1.5**
 - underlying result – greater than 0.0**
 - financial sustainability indicator – greater than 95%**
 - self financing greater than 20%**
 - indebtedness – less than 40%**
 - total debt as a % of rate revenue – less than 60%**
 - debt service costs as a % of total revenue – less 5%**
- 10 Capital expenditure on asset renewal and upgrade projects be given priority over capital expenditure on new assets (extensions) until the sustainability index (Capital renewal and upgrade expenditure as a percentage of depreciation) consistently exceeds 95%.**
- 11 Any new capital work (capital extension) proposals must include a lifecycle cost evaluation that identifies the asset's construction, maintenance and operating cash flow requirements as well as the depreciation impact.**
- 12 Capital income must only be utilised as a funding source for capital expenditure requirements**
- 13 The budgeted financial statements and the accompanying financial performance ratios are extended to be a 15 year Long Term Financial Plan.**

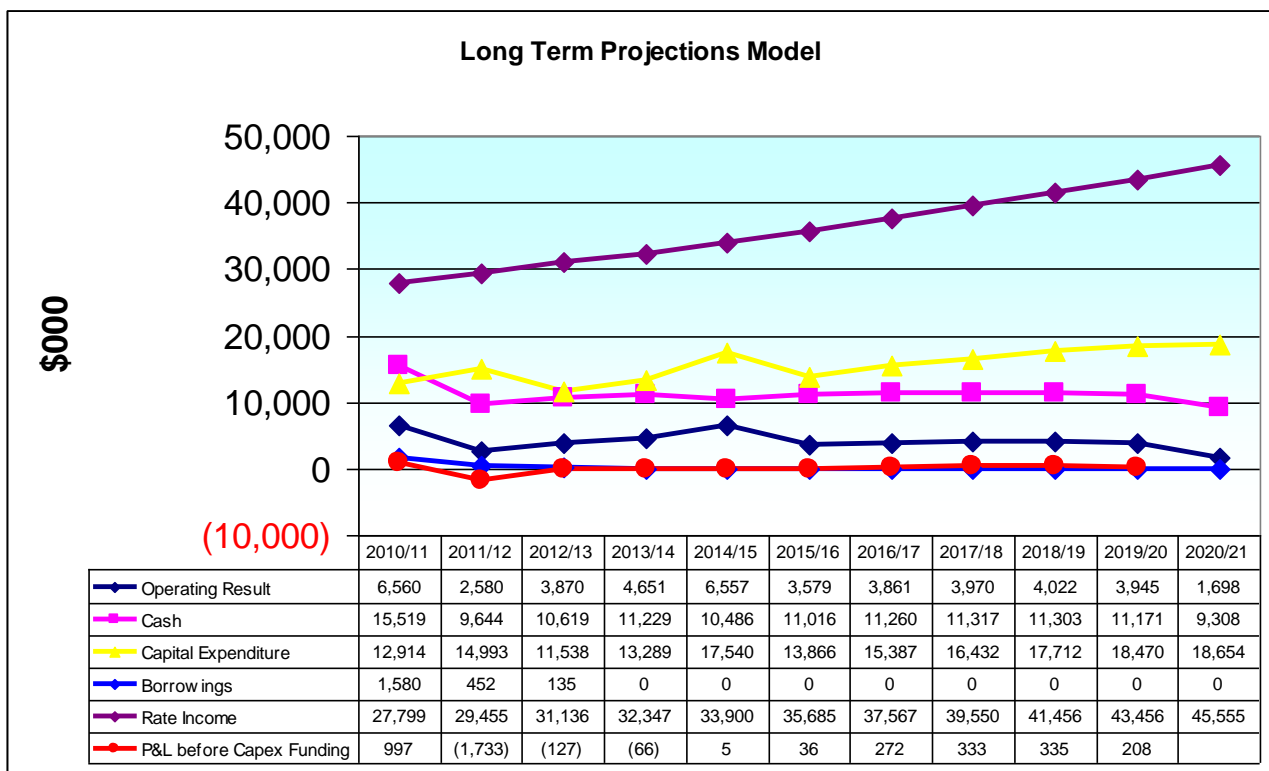
- 14 Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.
- 15 For borrowings to be considered, projects must have had a full lifecycle cost analysis undertaken, proving that future cash inflows will exceed the cash outlays, or alternatively that the additional costs are quantified in the Long Term Financial Plan and the integrity of the financial strategies are not compromised.
- 16 Council consider the most appropriate rating strategy to provide adequate funds to:
 - achieve sustainable underlying surpluses;
 - achieve sustainable cash flows; and
 - fund capital renewal projects;

in both the Annual Budget and Long Term Financial Plan

- 17 Where reasonably possible, fees and charges be increased by the same general rates and charges increase until full cost recovery is achieved for direct service provision. Any fees that are not increased in line with the planned rate rise be clearly identified and documented for Council consideration.

- The resulting Long Term Financial Plans are reviewed and updated annually.

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.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Financial performance											
Underlying result	2.22%	-3.89%	-0.27%	-0.14%	0.01%	0.07%	0.49%	0.58%	0.56%	0.34%	-3.36%
Underlying Working Capital	2.48	2.11	2.30	2.50	2.36	2.40	2.38	2.30	2.21	2.09	1.68
Funding capacity											
Self-financing	27.57%	19.77%	24.19%	25.24%	28.57%	24.40%	25.37%	25.84%	26.63%	26.67%	25.03%
Sustainability Index	90%	119%	98%	109%	150%	107%	112%	116%	114%	115%	110%
Borrowing capacity											
Indebtedness	2.34%	1.93%	1.98%	2.39%	2.78%	3.09%	3.40%	3.67%	3.93%	4.16%	4.38%
Total Debt as a % of Rate revenue	5.68%	1.53%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.30%	0.17%	0.05%	0.01%	0.00%	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 'Underlying Result' compares recurrent income and recurrent expenditure. It is forecast to be in the yellow zone for 2011/12 through to 2013/14 and in 2020/21 but this does not present as a long term strategic concern. 2011/12 is impacted by a combination of additional employee and depreciation costs as well as funds being carried forward for projects that will not be completed by 2010/11 financial year end. The following 2 financial years are in the yellow zone largely as a result of having to recognise grant income in 2010/11 whilst the expenditure is scheduled to be undertaken in the following 3 financial years. 2010/21 has modelled that Council will only receive three quarters of the annual VGC allocation (5 quarters was paid in 2008/09). The forecast underlying deficits for the next few financial years are not material and do not impact adversely on the underlying working capital position of Council. Nor does the forecast self financing indicator going into the yellow zone in 2011/12 present as a strategic concern.

The 'Sustainability Index' shows the level of spending effort on asset renewal and upgrade works. Despite the sustainability index indicating short term funding concerns for infrastructure renewal requirements in 2012/13, the Engineering Services Directorate is confident that there currently are sufficient funding allocations to maintain its infrastructure assets. Council has therefore redirected a portion of capital funds to asset extension works in the earlier years of the Long Term Financial Plan.

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

2010/11 Original Budget	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Financial performance											
Underlying result	-4.4%	-0.1%	0.6%	1.1%	1.6%	1.7%	2.1%	2.6%	2.6%	2.2%	-0.1%
Underlying Working Capital	1.44	1.66	1.84	1.91	1.86	1.76	1.81	1.77	1.71	1.67	1.48
Funding capacity											
Self-financing	25.64%	21.81%	23.01%	24.11%	25.14%	24.66%	25.57%	26.47%	27.32%	27.74%	29.60%
Sustainability Index	91%	78%	83%	101%	91%	111%	110%	117%	115%	112%	80%
Borrowing capacity											
Indebtedness	5.25%	3.75%	3.75%	3.58%	3.06%	2.51%	1.97%	1.43%	0.90%	0.36%	5.32%
Total Debt as a % of Rate revenue	5.75%	1.55%	0.45%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt servicing costs as a % of Total revenue	0.32%	0.17%	0.05%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The table below shows the variance between the two plans.

Variation of Proposed to Original Budget	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Financial performance											
Underlying result	6.67%	-3.81%	-0.92%	-1.22%	-1.55%	-1.62%	-1.56%	-2.01%	-2.06%	-1.82%	-0.03
Underlying Working Capital	1.04	0.46	0.46	0.59	0.51	0.64	0.56	0.54	0.50	0.42	0.20
Funding capacity											
Self-financing	1.92%	-2.05%	1.18%	1.13%	3.43%	-0.26%	-0.21%	-0.63%	-0.69%	-1.07%	-0.05
Sustainability Index	-1.04%	41.13%	14.39%	7.99%	58.92%	-3.23%	2.26%	-1.24%	-0.45%	3.16%	0.30
Borrowing capacity											
Indebtedness	-2.92%	-1.81%	-1.77%	-1.19%	-0.28%	0.58%	1.43%	2.23%	3.03%	3.80%	-0.01
Total Debt as a % of Rate revenue	-0.07%	-0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
Debt servicing costs as a % of Total revenue	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-

Overall, the proposed plan for 2011/12 has parity with the previous year's plan. The underlying result is marginally weaker as a result of providing annual allowances for project and initiative works in forward budgets. This strategically releasing of capacity funding impacts on the underlying result but does not impact the Balance Sheet as indicated by the underlying working capital position. The financial integrity of the Long Term Financial Plan remains intact.

The following financial indicators are used as measures for the 2011/12 Financial Key Strategic Activity (KSA).

- Indebtedness 1.93%
- Underlying working capital ratio 2.11
- Self financing 19.77%
- Investment gap 1.19
- Underlying result -3.89

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

8.2 Key outcomes

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

- **Service delivery** – Services levels established for 2011/12 have been maintained throughout the forward budget. The Council is however committed over the 2011/12 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). Although the underlying result is forecast to be in deficit for 2011/12 this does not present as a long term strategic concern. The forecast underlying deficit is not material and does not impact adversely on the underlying working capital position of Council

- **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 additional funding for capital renewal projects in coming years.

- **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from \$452,000 (as at 30 June 2012) 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. The Long Term Financial Plan shows this target being achieved in all the forward budgets.

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 253 Equivalent Full Time (EFT) staff. The skill base of Council’s workforce is diverse, with staff holding qualifications in areas such as aged care, civil engineering, accounting, valuations, health care, planning, building, and other fields.

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

Indicator	Forecast	Budget	Long Term Financial Plan		
	Actual		Projections		
	2010/11	2011/12	2012/13	2013/14	2014/15
	\$'000	\$'000	\$'000	\$'000	\$'000
Employee costs	17,843	19,477	19,959	20,567	21,224

Employee numbers (EFT)	238	253	253	253	253
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Council's staff based strategies include:

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

8.4 Analysis of current Long Term Financial Plan 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 2011/12 Long Term Financial Plan against the average of the previous financial plans, the lines representing:

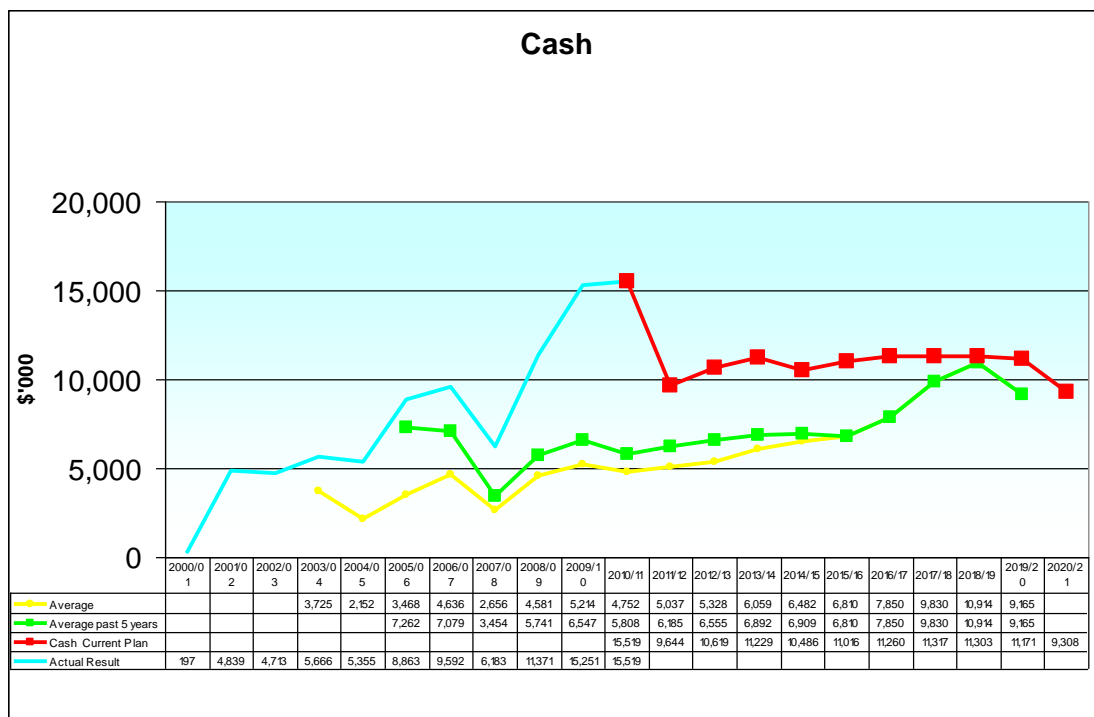
Average (yellow line) Average of previous 8 years Long Term Financial Plans.

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

Current Plan (red line) 2011/12 Long Term Financial Plan.

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

8.4.1 Liquidity



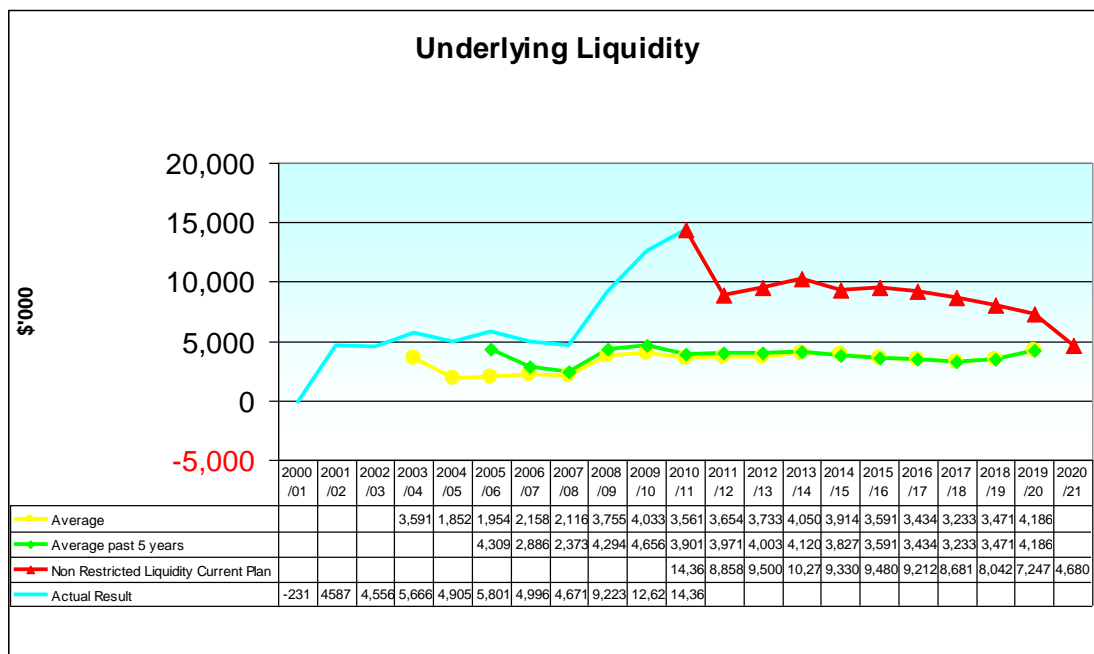
The strategic intent of building up and then utilising cash to pay off long term debt was quite evident leading up to 2007/08.

The objective after reducing debt was to gradually and purposefully build up cash and then in the later years when the working capital position of Council was sufficiently strong, release funds for capital works. This objective has now also been achieved and is evidenced by the cash position flat lining in the forward budgets in the current plan.

The spike in cash in the immediate following years was due to a combination of receiving 'new' grant funds at year end, advanced payment of first quarter Victoria Grants Commission allocations and not completing current work programs within the financial year.

The overall cash position in the forward years in the current plan is stronger than the average of previous plans because the internal reserves are now fully cash backed. In past years' financial plans, the reserves 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.

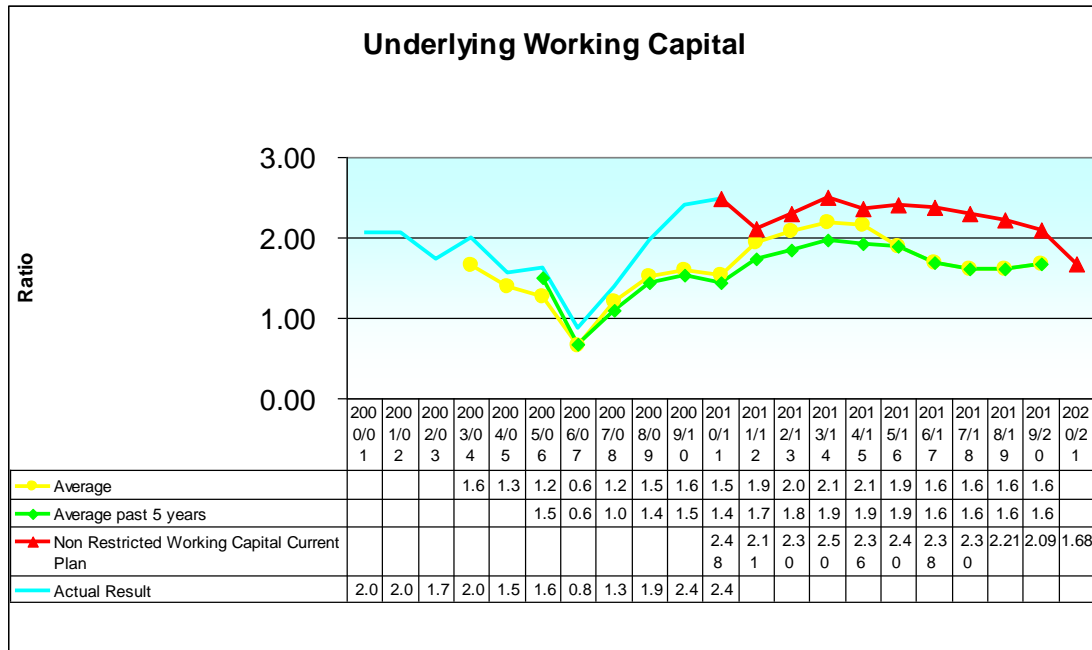
Actual financial outcomes have consistently been stronger than what had been originally planned. This is mainly due to actual costs incurred being less than what was originally budgeted as well as due to receiving 'new' grant funds at year end and advanced payment of first quarter Victoria Grants Commission allocations .

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.

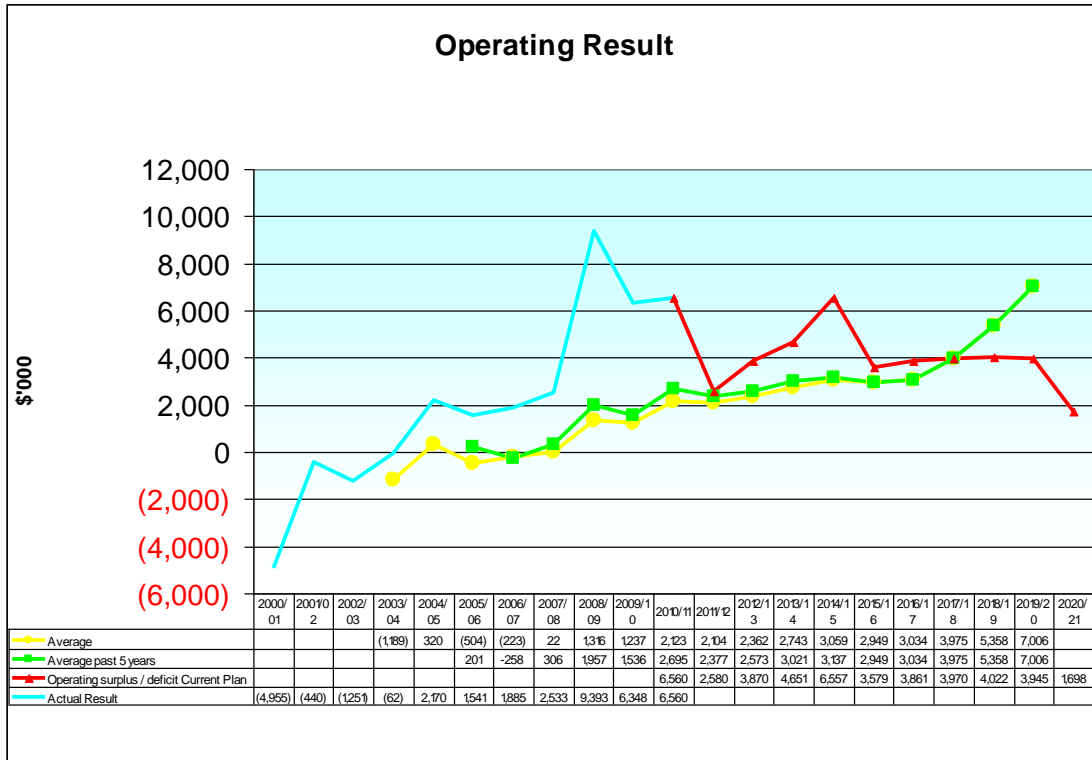
The strategic intent of allocating as much possible cash to retire debt in the early years of the Long Term Financial Plan was evident in the declining working capital ratio up until 2006/07. From 2007/08 and onwards, the underlying working capital ratio was strategically strengthened.

The current financial plan’s underlying working capital being stronger than the past averages is attributable to having modelled into the plan continually receiving in advance a quarter of Victoria Grants Commission allocations.

The dip in 2020/21 is where it has been modelled that we will only receive 3 quarters of Victoria Grants Commission allocations (we received 5 quarters in 2008/09). The current plan shows it flattening out in line with strategic target ratio of 1.5 to 1.

There is a comforting consistency of the current Long Term Financial Plan’s underlying working capital ratio to all previous financial plans.

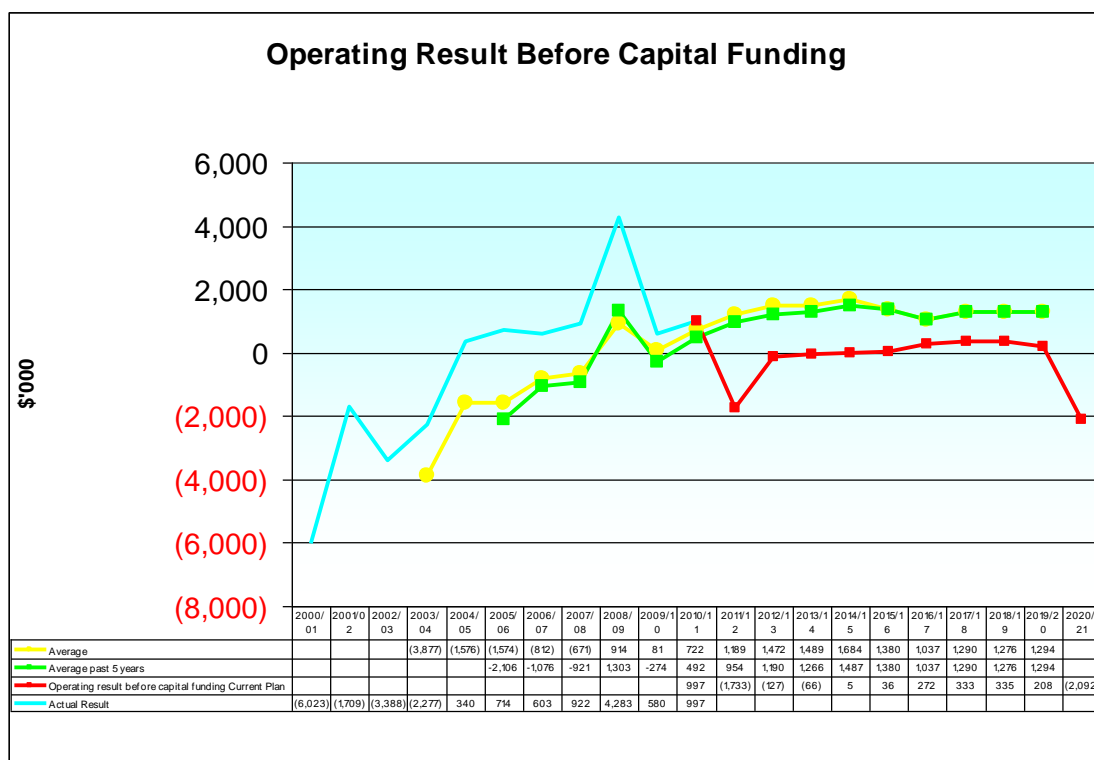
8.4.4 Income Statement



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 spike in 2014/15 is as a result of expecting additional capital grant income in that year. The dip in 2020/21 is where it has been modelled that we will only receive 3 quarters of Victoria Grants Commission allocations (we received 5 quarters in 2008/09).

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.

The dip in 2011/12 is attributable to a combination of additional employee and depreciation costs, expenditure incurred for grants that were recognised as income a year earlier as well as funds carried forward for projects that will not be completed by the previous financial year end.

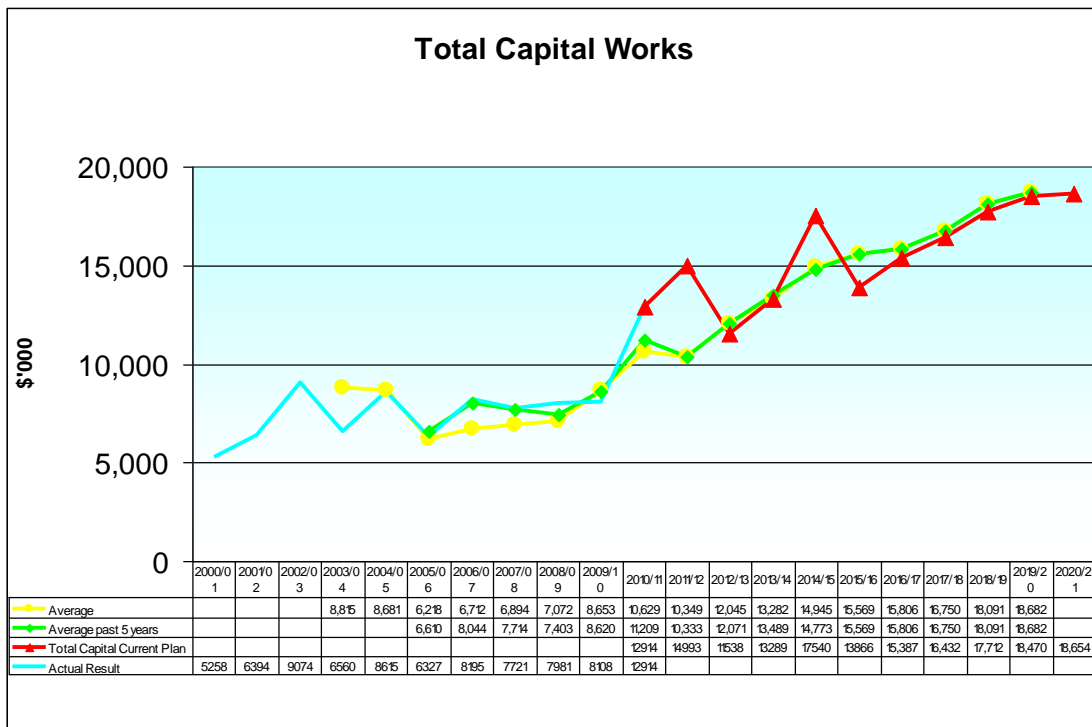
It can also be noted that the underlying result in later years of the current plan is significantly less than the past financial plans. There are a number of reasons for this occurrence. The first being, that some primary funding gaps for existing service level requirements have in fact been identified and costed into the financial plan. It is also as a result of factoring in annual allocations of project & initiative funds into the forward budgets. Another reason being accounting standard requirements to recognise grant income in the year that it is expected to be received whilst the expenditure is scheduled to be undertaken in the following financial years.

Finally, 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 marginal but gradually increasing underlying surplus results are being projected to occur. The dip in 2020/21 is where it has been modelled that we will only receive 3 quarters of Victoria Grants Commission

allocations (we received 5 quarters in 2008/09). This does not present as a strategic concern.

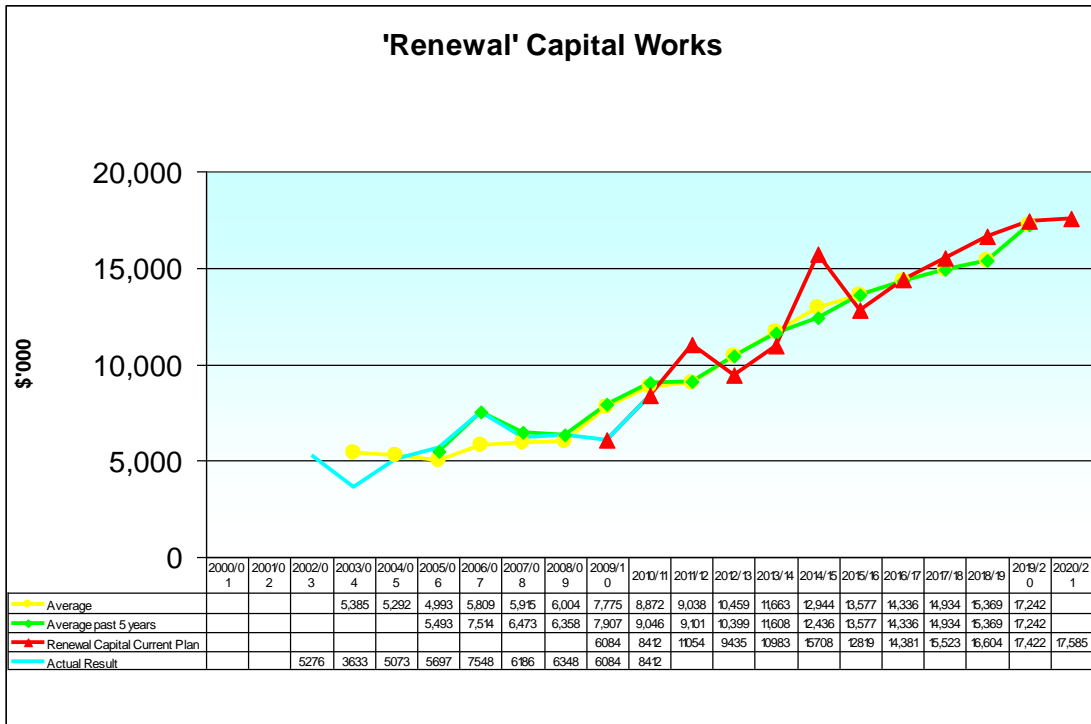
8.4.5 Capital Works program



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 off long term debt and restoring Balance Sheet strength. From 2009/10 and onwards there is a substantial increase in funding available for capital works.

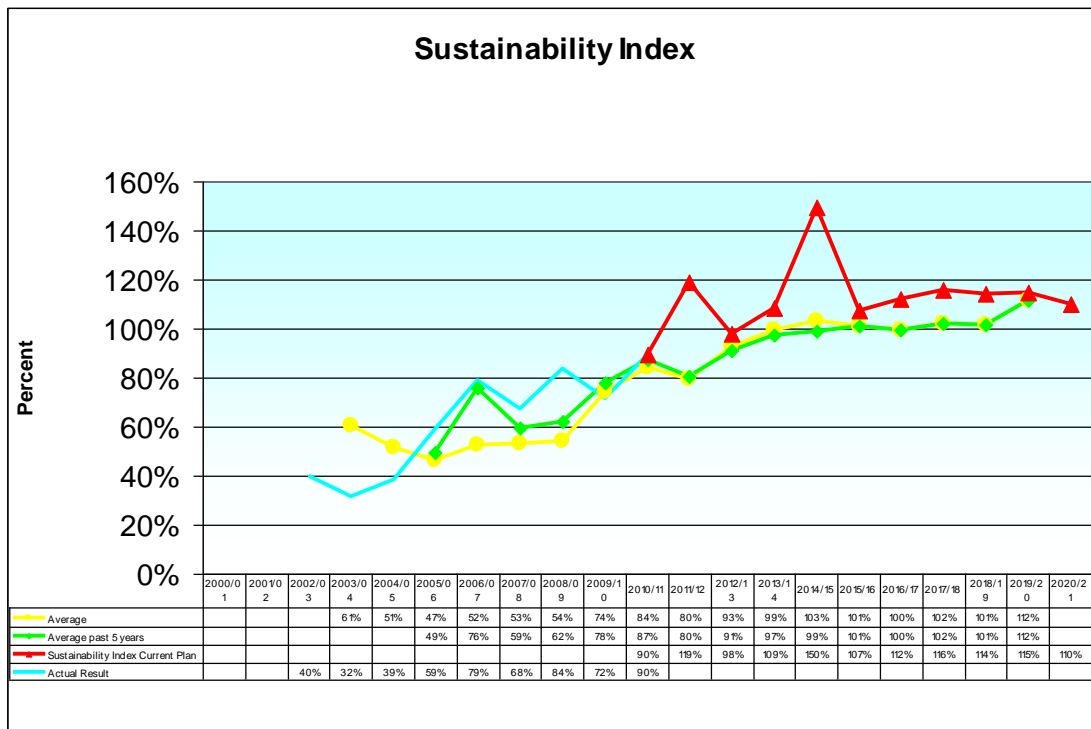
The spike in 2010/11 is as a result of receiving one off capital grant funds for Corner Inlet Integrated Childcare Hub project as well as the Sandy Point Community Centre and funding being carried forward from 2009/10 for unfinished projects. The spike in 2014/15 is as a result of receiving capital funding for the Korumburra Child Care Centre Hub.

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.

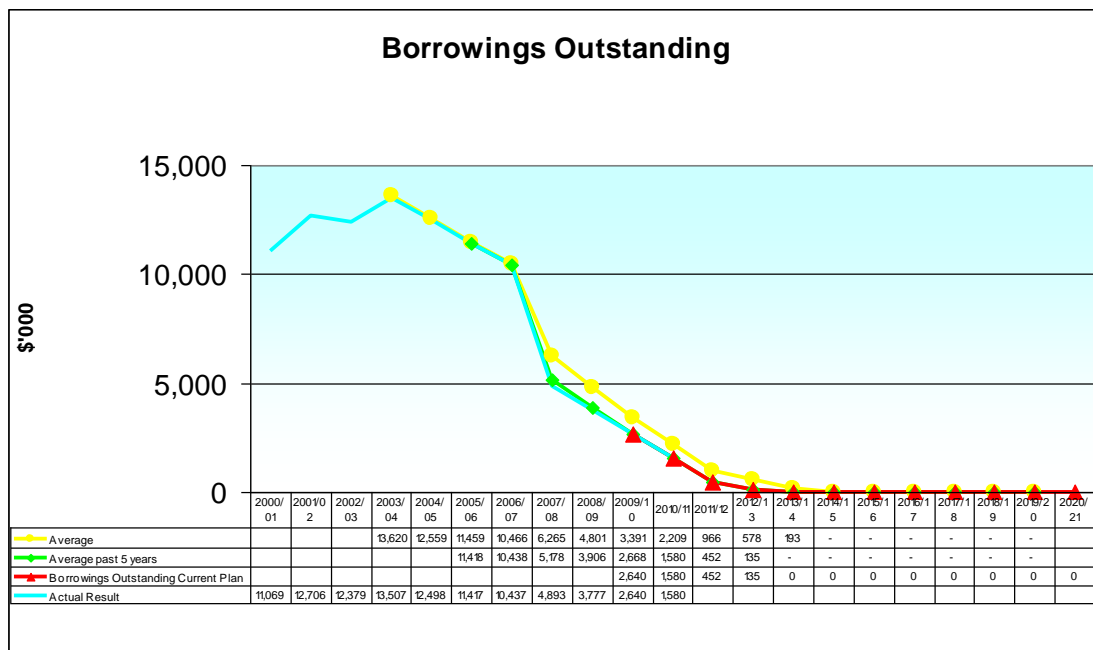
The funding allocation for renewal capital works in forward budgets has marginally eased relative to previous plans based on the Engineering Services Directorate assessment that there is no immediate primary funding gap concerns for road infrastructure in the immediate following years.



The sustainability index assesses the relationship between capital renewal and upgrade expenditure and depreciation costs for infrastructure assets. The index maintains parity with previous years plans.

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 Engineering Services Directorate, than additional funds being allocated to capital renewal and upgrade 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 in paying of borrowings 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 66% 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 significant valuation increases that occurred last decade. In recent years there have also been 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 5.04% for the 2011/12 year. General rates and charges overall will in 2011/12 raise a total rate of \$29.46 million, including supplementary rates.

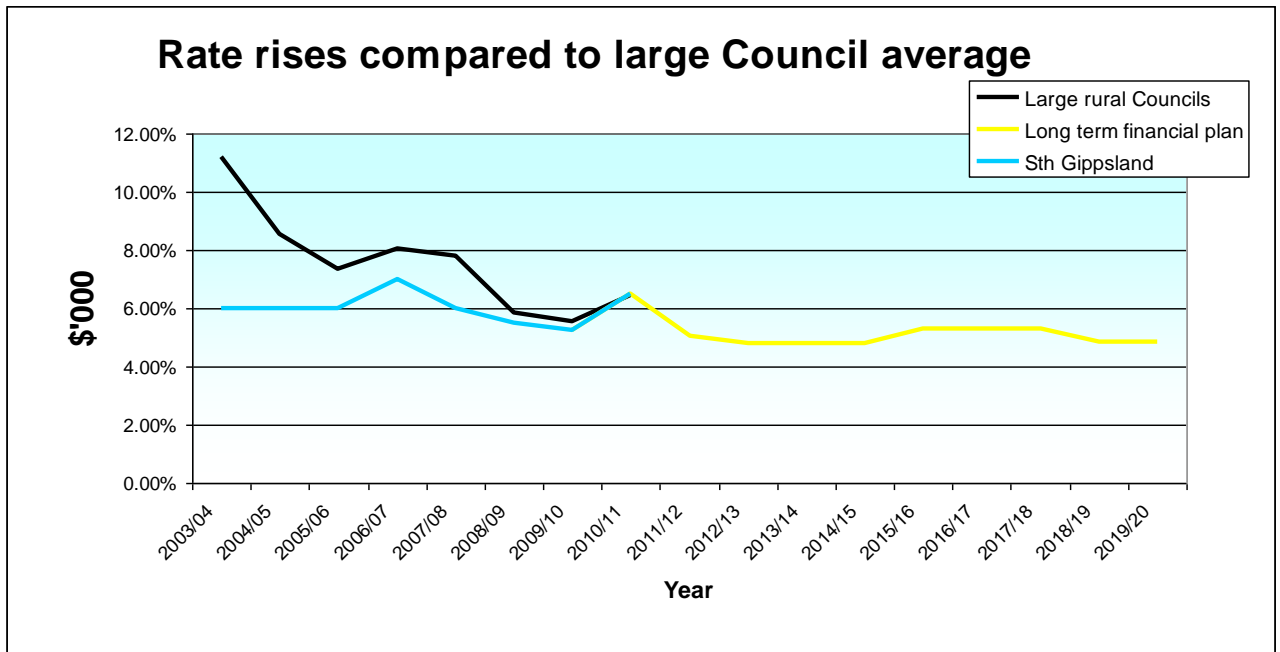
The general rate will increase by 5.25% on average. The waste services charges for garbage collection / recycling / street sweeping / litter bins will increase by 2.50%.

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 'Results of the 2009/10 Audits of Local Government' assessment of this Council is that it 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 2011/12.

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



Because of the unavoidable cost increases associated with waste management services last financial year, the overall rates and charges rises had to spike in 2010/11. Ordinarily, rates and charges increases are targeted to be above CPI to generate additional funds to increase the net cash flow available from operating activities to provide much needed funding for capital renewal works. The proposed rate rise for 2011/12 and future years are in line with the Long Term Financial Plan.

During the 2009/10 year, a revaluation of all properties within the municipality was carried out and applies 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 4.7%, 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 2010.

Year	Increase %	Total Rates and Charges Raised \$'000
2010/11	6.50%	27,799
2011/12	5.04%	29,455
2012/13	4.81%	31,136
2013/14	4.81%	32,347
2014/15	4.82%	33,900

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 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 allows for 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 2011/12 year. A more detailed analysis of the rates to be raised is contained in Appendix B 'statutory disclosures'.

Rate type	2010/2011	2011/2012
Residential rates – rate in the \$ of CIV	0.00334333	0.00351451
Commercial rates – rate in the \$ of CIV	0.00334333	0.00351451
Industrial rates– rate in the \$ of CIV	0.00334333	0.00351451
Rural Living– rate in the \$ of CIV	0.00334333	0.00351451
Vacant Land – rate in the \$ of CIV	0.00501500	0.00527176
Vacant Land Restricted Use– rate in the \$ of CIV	0.00334333	0.00351451
Farm land – rate in the \$ of CIV	0.00300900	0.00316306
Cultural / Recreational rates – rate in the \$ of CIV	0.00133733	0.00140580
Municipal charge - \$ per property	\$284.00	\$300.40
Waste Services Charge A	\$198.00	\$202.95
Waste Services Charge B	\$198.00	\$202.95
Waste Services Charge C	\$287.00	\$294.20
Waste Services Charge D	\$205.40	\$210.55
Waste Services Charge E	\$238.40	\$244.35
Waste Services Charge F	\$20.00	\$20.50

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 2011/12.

Year	Total Borrowings 30 June \$'000	Liquidity CA/CL Ratio	Debt Mgt Debt/Rates %	Debt Mgt Serve Costs/ Revenue %
2000/2001	10,893	2.2	87%	3.18%
2001/2002	12,588	2.1	95%	2.61%
2002/2003	12,380	2.0	83%	2.63%
2003/2004	13,698	1.5	85%	2.64%
2004/2005	12,498	1.2	71%	2.52%
2005/2006	11,418	1.7	61%	2.22%
2006/2007	10,438	1.0	50%	2.08%
2007/2008	4,893	1.2	22%	1.44%
2008/2009	3,777	2.0	16%	0.72%
2009/2010	2,639	1.8	10%	0.54%
2010/2011	1,580	2.1	6%	0.32%
2011/2012	452	1.9	2%	0.17%
	Threshold	<1.1	>80%	>5%

The table shows that Council's borrowing level at 30 June 2012 will be \$452,000. 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 2011/12 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 2011/12 year, Council has decided not to take out new borrowings. Therefore after making loan repayments of \$1.13 million, will decrease its total borrowings to \$452,000 as at 30 June 2012. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2011.

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
2010/2011	0	1,059	146	1,580
2011/2012	0	1,128	79	452
2012/2013	0	317	23	135
2013/2014	0	135	4	0
2014/2015	0	0	0	0

Council in future years now has the financial capacity to consider borrowing for a major capital project if it deems it will benefit the community. The Long Term Financial Strategies 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 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 for 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 important that service levels be clearly defined and documented. The challenge then is to actually quantify what the actual cost requirements for asset renewal programs (as well as the associated maintenance costs) are for infrastructure assets and allocate to future years budgets.

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 for 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 2011/12 year.

	Replacem't Cost 30 Jun 11 \$'000	Average Annual Consump'n \$'000	Average Annual Preserv'n \$'000	Sustain Index %
Roads	297,641	3,476	3,734	107%
Bridges	27,508	282	1,426	506%
Footpaths	14,639	246	326	133%
Kerb & Channel	12,646	211	94	45%
Drains & Culverts	33,698	347	285	82%
Buildings	93,585	1,937	1,534	79%
Car parks	6,415	89	90	101%
Other structures	11,827	641	1,114	174%
Total capital works	497,959	7,229	8,603	119%

The table indicates that the 2011/12 capital works program will achieve a sustainability index of 119%.

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 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 have provided 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 many 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 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 Asset Management Plans by June 2011. This will coincide with Council's commitment to the National Asset Management Framework.

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 2011/12

The following influences had a significant impact on the infrastructure strategy for the 2011/12 year:

- Progressively increasing level of net cash flows from operating activities being released in 2011/12 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 2010/11 year being carried over to the 2011/12 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 2011/12
- B Statutory Disclosures in the Annual Budget
- C Long Term Financial Plan 2011/12 – 2020/21
- D Capital Works Program
- E Key Strategic Activities
- F Fees & Charges Schedule

APPENDIX A – Budgeted Standard Statements

- **Budgeted ‘Standard Statement of Financial Performance’**
- **Budgeted ‘Standard Statement of Financial Position’**
- **Budgeted ‘Standard Statement of Cash Flows’**
- **Budgeted ‘Standard Statement of Capital Works’**

This section sets out the Budgeted Standard Statements for 2011/12 and the following 3 years. This information is the basis of the disclosures and analysis of the Annual Budget in the report.

STANDARD STATEMENT OF FINANCIAL PERFORMANCE

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000
REVENUES FROM OPERATING ACTIVITIES					
Rates & charges	27,799	29,455	31,136	32,347	33,900
Operating grants	11,977	9,913	10,119	10,044	10,560
Reimbursements	392	292	308	314	321
Contributions	98	31	32	33	34
Interest	978	798	744	751	759
User charges	2,090	2,456	2,721	2,866	3,014
Statutory fees	497	498	509	532	535
Net gain/ (loss) on disposal of assets	(71)	83	(54)	64	(35)
Other	1,055	1,047	1,105	1,133	1,163
TOTAL REVENUES	44,815	44,573	46,620	48,084	50,251
EXPENSES FROM OPERATING ACTIVITIES					
Employee costs	17,534	19,016	19,437	20,021	20,654
Materials & consumables	15,630	16,094	15,262	15,524	16,050
Depreciation	7,893	8,358	9,155	9,600	10,479
Other	2,615	2,759	2,870	3,001	3,063
Borrowing cost expenses	146	79	23	4	0
TOTAL EXPENSES	43,818	46,306	46,747	48,150	50,246
UNDERLYING RESULT	997	(1,733)	(127)	(66)	5
Capital grants	4,381	3,101	2,755	3,444	5,247
Donated / Granted Assets	1,182	1,212	1,242	1,273	1,305
SURPLUS (DEFICIT) FOR THE YEAR	6,560	2,580	3,870	4,651	6,557
Net Asset revaluation increment	1,375	52,180	0	50,203	12,747
Previously unrecognised assets	0	0	0	0	0
TOTAL CHANGES IN EQUITY FOR THE YEAR	7,935	54,760	3,870	54,854	19,304

STANDARD STATEMENT OF FINANCIAL POSITION

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000
Current Assets					
Cash assets	15,519	9,644	10,619	11,229	10,486
Receivables	1,845	1,835	1,825	1,814	1,804
Other financial assets	1,950	2,050	2,150	2,250	2,350
Assets held for resale	0	0	0	0	0
Inventories	184	184	184	184	184
Other	315	315	315	315	315
Total Current Assets	19,813	14,028	15,093	15,792	15,139
Non Current Assets					
Investments	853	853	853	853	853
Fixed Assets	121,546	134,265	134,182	144,775	147,674
Roads Streets & Bridges	305,929	352,418	355,165	398,770	416,009
Total Non Current Assets	428,328	487,536	490,200	544,398	564,536
Total Assets	448,141	501,564	505,293	560,190	579,675
Current Liabilities					
Payables	1,939	1,929	1,919	1,909	1,899
Trust funds	87	87	87	87	87
Provisions	4,359	3,936	3,936	3,936	3,936
Interest bearing liabilities	1,128	317	135	0	0
Total Current Liabilities	7,513	6,269	6,077	5,932	5,922
Non Current Liabilities					
Provisions	312	536	722	910	1,101
Interest bearing liabilities	452	135	0	0	0
Total Non Current Liabilities	764	671	722	910	1,101
Total Liabilities	8,277	6,940	6,799	6,842	7,023
Net Assets	439,864	494,624	498,494	553,348	572,652
Equity					
Accumulated Surplus	187,880	190,831	194,368	199,183	205,539
Reserves	251,984	303,793	304,126	354,165	367,113
Total Equity	439,864	494,624	498,494	553,348	572,652

STANDARD STATEMENT OF CASH FLOWS

SOUTH GIPPSLAND SHIRE COUNCIL

	Projected 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000
Rates	27,798	29,455	31,136	32,347	33,900
Statutory fees & fines	497	498	509	532	535
User charges	2,090	2,456	2,721	2,866	3,014
Grants	16,254	12,864	12,874	13,488	15,807
Reimbursements	392	292	308	314	321
Interest received	978	798	744	751	759
Rents	323	341	349	357	366
Other receipts	934	887	788	809	831
Payments to Suppliers	(15,645)	(16,519)	(15,264)	(15,526)	(16,052)
Payments to Employees	(17,453)	(18,892)	(19,351)	(19,933)	(20,563)
Other payments	(2,607)	(2,757)	(2,868)	(2,999)	(3,061)
Net cash from Operating	13,561	9,423	11,946	13,006	15,857
Investing					
Proceeds from sale of plant property & Equipment	826	902	907	1,031	940
Repayment of loans and advances	0	0	0	0	0
Payments for property, plant & equipment	(12,914)	(14,993)	(11,538)	(13,289)	(17,540)
Loan advances to community groups	0	0	0	0	0
Net cash from Investing	(12,088)	(14,091)	(10,631)	(12,258)	(16,600)
Financing					
Proceeds from borrowing	0	0	0	0	0
Repayment of loans and advances	0	0	0	0	0
Repayment of borrowings	(1,059)	(1,128)	(317)	(134)	0
Finance costs	(146)	(79)	(23)	(4)	0
Loan advances to community groups	0	0	0	0	0
Net cash from Financing	(1,205)	(1,207)	(340)	(138)	0
Net Cash increase (decrease)	268	(5,875)	975	610	(743)
Cash at beginning	15,251	15,519	9,644	10,619	11,229
Cash at end	15,519	9,644	10,619	11,229	10,486

STANDARD STATEMENT OF CAPITAL WORKS

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 2010/11 \$'000	Budget 2011/12 \$'000	Budget 2012/13 \$'000	Budget 2013/14 \$'000	Budget 2014/15 \$'000
Roads	3,236	3,849	4,106	4,523	6,055
Footpaths	621	549	489	833	798
Kerb & Channels	117	116	301	349	246
Bridges	466	1,426	1,223	1,262	1,278
Drains & Culverts	385	307	540	608	132
Car parks	192	210	14	568	317
Other Structures	520	1,248	640	722	1,022
Buildings	4,035	3,320	1,039	1,163	4,700
Land	563	0	0	0	0
Plant & equipment	2,304	2,737	2,392	2,428	2,465
Furniture & Equipment	475	1,231	794	833	527
Total Capital Works	12,914	14,993	11,538	13,289	17,540
Represented by					
Renewals	8,412	11,054	9,435	10,983	15,708
Upgrades	776	286	720	424	322
Extensions	3,726	3,653	1,383	1,882	1,510
Total Capital Works	12,914	14,993	11,538	13,289	17,540

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 2011/12 year is NIL.

The total amount of debt redemption for the 2011/12 year is \$1.13 million.

The projected debt servicing cost for the 2011/12 year is \$79,000.

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 0.351451 cents in the dollar of all rateable residential properties;
- b A general rate of 0.351451 cents in the dollar of all rateable commercial properties;
- c A general rate of 0.351451 cents in the dollar of all rateable industrial properties;
- d A general rate of 0.316306 cents in the dollar of all rateable farm land properties;
- e A general rate of 0.527176 cents in the dollar of all rateable vacant residential, rural living, commercial or industrial properties;
- f A general rate of 0.351451 cents in the dollar of all rateable vacant land, restricted use properties;
- g A general rate of 0.140580 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	2010/11 \$	2011/12 \$
Residential	9,604,664	10,448,279
Commercial	945,320	1,022,050
Industrial	290,599	311,575
Farm Land	8,036,248	8,511,473
Vacant Land	1,173,375	1,262,158
Vacant land – Restricted use	53,239	39,034
Cultural & Recreational Lands	10,721	10,838

2.3 The estimated total amount to be raised by rates is \$21,605,407

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	
	2010/11	2011/12
Residential	-1.39%	5.12%
Commercial	-1.39%	5.12%
Industrial	-1.39%	5.12%
Farm Land	-1.39%	5.12%
Vacant Land	-1.39%	5.12%
Vacant Land – Restricted use	-1.39%	5.12%
Cultural & Recreational Lands	-1.39%	5.12%

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 2010 for the 2010/11 and 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 4.7%, 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	2010/11	2011/12
Residential	11,434	11,646
Commercial	794	787
Industrial	140	144
Farm Land	3,964	3,977
Vacant Land	1,954	2,003
Vacant Land – Restricted use	268	187
Cultural & Recreational Lands	22	21
Total number of assessments	18,576	18,765

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	2010/11	2011/12
	\$	\$
Residential	2,872,782,000	2,972,901,000
Commercial	282,748,000	290,809,000
Industrial	86,919,000	88,654,000
Farm Land	2,673,028,300	2,690,902,300
Vacant Land	233,973,000	239,419,000
Vacant land – Restricted use	15,924,000	11,106,500
Cultural & Recreational Lands	8,017,000	7,710,000
Total	6,171,391,300	6,301,501,800

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 2010/11	Per Rateable Property 2011/12
	\$	\$
Municipal Charge – To cover some of the administrative costs of the Council.	284.00	300.40
Waste Services Charge A - Kerbside garbage & recycling collection service charge – Residential (120 litre weekly garbage/240 litre fortnightly recycling), street sweeping and litter bins.	198.00	202.95
Waste Services Charge B - Kerbside recycling only collection service charge - Commercial (2 x 240 litre fortnightly recycling service only), street sweeping and litter bins.	198.00	202.95
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.	287.00	294.20
Waste Services Charge D – Kerbside garbage & recycling collection service - Sandy Point (120 litre weekly garbage/240 litre fortnightly	205.40	210.55

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	244.35
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	20.50

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	2010/11 \$	2011/12 \$
Municipal Charge	5,028,504	5,401,131
Waste Services Charge A	1,563,408	1,640,039
Waste Services Charge B	5,742	6,089
Waste Services Charge C	51,086	55,600
Waste Services Charge D	131,661	135,798
Waste Services Charge E	24,078	24,925
Waste Services Charge F	354,120	368,549
Total	7,158,599	7,632,131

2.10 The estimated amount to be raised by rates and charges: \$29,237,538.

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 0.351451% (0.351451 cents in the dollar of CIV) for all rateable residential and rural living properties;
- A general rate of 0.316306% (0.316306 cents in the dollar of CIV) for all rateable farm land properties;
- A general rate of 0.351451% (0.351451 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.351451% (0.351451 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.527176% (0.527176 cents in the dollar of CIV) for all rateable vacant residential, commercial, rural living or industrial properties;
- A general rate of 0.351451% (0.351451 cents in the dollar of CIV) for all rateable vacant land – restricted use properties
- A general rate of 0.140580% (0.140580 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 2011/12 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 2011/12 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 2011/12 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 for 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 2011/12 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 (2011/12 – 2020/21)

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

This section includes Council's forecast financial performance and financial and cash positions for the years 2011/12 to 2020/21.

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 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	Budget 2020/21 \$'000
BUDGETED INCOME STATEMENT											
REVENUES FROM OPERATING ACTIVITIES											
Rates & charges	27,799	29,455	31,136	32,347	33,900	35,685	37,567	39,550	41,456	43,456	45,555
Operating grants	11,977	9,913	10,119	10,044	10,560	10,552	11,094	11,086	11,654	11,647	9,670
Reimbursements	392	292	308	314	321	328	335	342	350	357	365
Contributions	98	31	32	33	34	35	36	36	37	38	39
Interest	978	798	744	751	759	760	810	833	844	846	846
User charges	2,090	2,456	2,721	2,866	3,014	3,144	3,280	3,423	3,562	3,706	3,858
Statutory fees	497	498	509	532	535	549	573	577	592	618	622
Net gain/ (loss) on disposal of assets	(71)	83	(54)	64	(35)	103	55	44	34	24	(8)
Other	1,055	1,047	1,105	1,133	1,163	1,196	1,228	1,261	1,294	1,332	1,368
TOTAL REVENUES	44,815	44,573	46,620	48,084	50,251	52,352	54,978	57,152	59,823	62,024	62,315
EXPENSES FROM OPERATING ACTIVITIES											
Employee costs	17,534	19,016	19,437	20,021	20,654	21,572	22,529	23,530	24,576	25,669	26,810
Materials & consumables	15,630	16,094	15,262	15,524	16,050	16,537	17,006	17,303	17,701	18,149	18,827
Depreciation	7,893	8,358	9,155	9,600	10,479	11,079	11,978	12,725	13,881	14,597	15,296
Other	2,615	2,759	2,870	3,001	3,063	3,128	3,193	3,261	3,330	3,401	3,474
Borrowing cost expenses	146	79	23	4	0	0	0	0	0	0	0
TOTAL EXPENSES	43,818	46,306	46,747	48,150	50,246	52,316	54,706	56,819	59,488	61,816	64,407
UNDERLYING RESULT	997	(1,733)	(127)	(66)	5	36	272	333	335	208	(2,092)
Capital grants	4,381	3,101	2,755	3,444	5,247	2,205	2,218	2,232	2,247	2,261	2,277
Donated / Granted Assets	1,182	1,212	1,242	1,273	1,305	1,338	1,371	1,405	1,440	1,476	1,513
SURPLUS (DEFICIT) FOR THE YEAR	6,560	2,580	3,870	4,651	6,557	3,579	3,861	3,970	4,022	3,945	1,698
Net Asset revaluation increment	1,375	52,180	0	50,203	12,747	53,813	4,091	0	1,561	73,162	18,319
Previously unrecognised assets	0	0	0	0	0	0	0	0	0	0	0
TOTAL CHANGES IN EQUITY FOR THE YEAR	7,935	54,760	3,870	54,854	19,304	57,392	7,952	3,970	5,583	77,107	20,017

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 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	Budget 2020/21 \$'000
BUDGETED BALANCE SHEET											
Current Assets											
Cash assets	15,519	9,644	10,619	11,229	10,486	11,016	11,260	11,317	11,303	11,171	9,308
Receivables	1,845	1,835	1,825	1,814	1,804	1,804	1,804	1,804	1,804	1,804	1,804
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
Inventories	184	184	184	184	184	184	184	184	184	184	184
Other	315	315	315	315	315	315	315	315	315	315	315
Total Current Assets	19,813	14,028	15,093	15,792	15,139	15,769	16,113	16,270	16,356	16,324	14,561
Non Current Assets											
Investments	853	853	853	853	853	853	853	853	853	853	853
Fixed Assets	121,546	134,265	134,182	144,775	147,674	161,331	163,454	163,776	165,869	184,231	184,555
Roads Streets & Bridges	305,929	352,418	355,165	398,770	416,009	459,308	464,989	468,679	472,285	531,267	552,931
Total Non Current Assets	428,328	487,536	490,200	544,398	564,536	621,492	629,296	633,308	639,007	716,351	738,339
Total Assets	448,141	501,564	505,293	560,190	579,675	637,261	645,409	649,578	655,363	732,675	752,900
Current Liabilities											
Payables	1,939	1,929	1,919	1,909	1,899	1,899	1,899	1,899	1,899	1,899	1,899
Trust funds	87	87	87	87	87	87	87	87	87	87	87
Provisions	4,359	3,936	3,936	3,936	3,936	3,936	3,936	3,936	3,936	3,936	3,936
Interest bearing liabilities	1,128	317	135	0	0	0	0	0	0	0	0
Total Current Liabilities	7,513	6,269	6,077	5,932	5,922	5,922	5,922	5,922	5,922	5,922	5,922
Non Current Liabilities											
Provisions	312	536	722	910	1,101	1,295	1,491	1,690	1,892	2,097	2,305
Interest bearing liabilities	452	135	0	0	0	0	0	0	0	0	0
Total Non Current Liabilities	764	671	722	910	1,101	1,295	1,491	1,690	1,892	2,097	2,305
Total Liabilities	8,277	6,940	6,799	6,842	7,023	7,217	7,413	7,612	7,814	8,019	8,227
Net Assets	439,864	494,624	498,494	553,348	572,652	630,044	637,996	641,966	647,549	724,656	744,673
Equity											
Accumulated Surplus	187,880	190,831	194,368	199,183	205,539	208,738	212,087	215,469	218,866	222,148	223,142
Reserves	251,984	303,793	304,126	354,165	367,113	421,306	425,909	426,497	428,683	502,508	521,531
Total Equity	439,864	494,624	498,494	553,348	572,652	630,044	637,996	641,966	647,549	724,656	744,673

SOUTH GIPPSLAND SHIRE COUNCIL	Projected 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	Budget 2020/21 \$'000
BUDGETED CASH FLOW STATEMENT											
Rates	27,798	29,455	31,136	32,347	33,900	35,685	37,567	39,550	41,456	43,456	45,555
Statutory fees & fines	497	498	509	532	535	549	573	577	592	618	622
User charges	2,090	2,456	2,721	2,866	3,014	3,144	3,280	3,423	3,562	3,706	3,858
Grants	16,254	12,864	12,874	13,488	15,807	12,757	13,312	13,318	13,901	13,908	11,947
Reimbursements	392	292	308	314	321	328	335	342	350	357	365
Interest received	978	798	744	751	759	760	810	833	844	846	846
Rents	323	341	349	357	366	376	385	395	404	415	425
Other receipts	934	887	788	809	831	855	879	902	927	955	982
Payments to Suppliers	(15,845)	(16,519)	(15,264)	(15,526)	(16,052)	(16,539)	(17,008)	(17,305)	(17,703)	(18,151)	(18,829)
Payments to Employees	(17,453)	(18,892)	(19,351)	(19,933)	(20,563)	(21,478)	(22,433)	(23,431)	(24,474)	(25,564)	(26,702)
Other payments	(2,607)	(2,757)	(2,868)	(2,999)	(3,061)	(3,126)	(3,191)	(3,259)	(3,328)	(3,399)	(3,472)
Net cash from Operating	13,561	9,423	11,946	13,006	15,857	13,311	14,509	15,345	16,531	17,147	15,597
Investing											
Proceeds from sale of plant property & Equipment	826	902	907	1,031	940	1,085	1,122	1,144	1,167	1,191	1,194
Repayment of loans and advances	0	0	0	0	0	0	0	0	0	0	0
Payments for property, plant & equipment	(12,914)	(14,993)	(11,538)	(13,289)	(17,540)	(13,866)	(15,387)	(16,432)	(17,712)	(18,470)	(18,654)
Loan advances to community groups	0	0	0	0	0	0	0	0	0	0	0
Net cash from Investing	(12,088)	(14,091)	(10,631)	(12,258)	(16,600)	(12,781)	(14,265)	(15,288)	(16,545)	(17,279)	(17,460)
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	(1,059)	(1,128)	(317)	(134)	0	0	0	0	0	0	0
Finance costs	(146)	(79)	(23)	(4)	0	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	(1,205)	(1,207)	(340)	(138)	0	0	0	0	0	0	0
Net Cash increase (decrease)	268	(5,875)	975	610	(743)	530	244	57	(14)	(132)	(1,863)
Cash at beginning	15,251	15,519	9,644	10,619	11,229	10,486	11,016	11,260	11,317	11,303	11,171
Cash at end	15,519	9,644	10,619	11,229	10,486	11,016	11,260	11,317	11,303	11,171	9,308

APPENDIX D – Capital Works Program

Capital works program includes \$423,414 rehabilitation expenditure on the Koonwarra Landfill (Cost centre 8566) which is not capitalised to the Balance Sheet. A provision for this expense has previously been allowed for.

10 Year Capital Works Program 2011-12

Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
8720 - Bridges - Mirboo North Highway Underpass	0	10,000	0	0	0	0	0	0	0	0	0
9575 - Bridge - Major Repairs Bridges	0	200,000	222,600	261,799	277,507	0	0	0	0	0	0
9652 - Bridge - Dyrings Road	79,080	0	0	0	0	0	0	0	0	0	0
9657 - Bridge - Bridge / Culvert Rehabilitation - To Be Determined	0	0	0	0	0	412,870	475,352	508,526	449,999	450,001	450,000
9662 - Bridge - Cooks De Sommerville Bridge, Turtons Creek	0	95,506	0	0	0	0	0	0	0	0	0
9665 - Bridge - Stockyard Creek, Foster	112,795	0	0	0	0	0	0	0	0	0	0
9668 - Bridge - Woorarra Road (Shady Creek), Welshpool	111,000	0	0	0	0	0	0	0	0	0	0
9669 - Bridge - Scotts, Wild Dog Valley	10,500	120,000	0	0	0	0	0	0	0	0	0
9673 - Bridge - Lower Twites , Kongwak	60,000	0	0	0	0	0	0	0	0	0	0
9754 - Bridge - Kings Flat, Buffalo - Rehabilitation	92,477	0	0	0	0	0	0	0	0	0	0
9756 - Country Roads and Bridges Initiative	0	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0	0
Bridges Total	465,852	1,425,506	1,222,600	1,261,799	1,277,507	412,870	475,352	508,526	449,999	450,001	450,000
8086 - Buildings - Sandy Point Hall Upgrade	118,345	1,474,605	0	0	0	0	0	0	0	0	0
8090 - Buildings - Carinos Purchase 23/7/10	1,400,000	0	0	0	0	0	0	0	0	0	0
8092 - Buildings - RLCIP - Mirboo North Senior Citizens - 'Access for All' Upgrade	27,000	0	0	0	0	0	0	0	0	0	0
9424 - Buildings - Comer Inlet Integrated Childcare Hub	2,030,104	289,576	0	0	0	0	0	0	0	0	0
9425 - Buildings - Korumburra Child Care Hub	0	170,000	0	0	3,573,048	0	0	0	0	0	0
9426 - Buildings - Leongatha Child Care Centre Extension	213,136	586,864	0	0	0	0	0	0	0	0	0
9427 - Buildings - Foster War Memorial Hall Heating / Air	150,000	70,000	0	0	0	0	0	0	0	0	0
9430 - Buildings - Mirboo North Upgrade to Community Centre	40,580	0	0	0	0	0	0	0	0	0	0
9470 - Buildings - To Be Determined	0	0	0	0	0	2,691,600	3,954,456	2,378,856	4,465,782	3,313,610	3,133,983
9480 - Buildings - Korumburra Library -Refurbish Toilets	0	0	188,679	0	0	0	0	0	0	0	0
9483 - Buildings - Main Office Essential Safety Upgrade	85,000	0	0	0	0	0	0	0	0	0	0
9484 - Buildings - Leongatha Council Chamber Heating / Air	0	65,000	0	0	0	0	0	0	0	0	0
9485 - Buildings - Korumburra Library / Meeting Room Heating / Air	60,000	0	0	0	0	0	0	0	0	0	0

10 Year Capital Works Program 2011-12

Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
9486 - Buildings - Dumbalk Public Toilets	0	170,000	0	0	0	0	0	0	0	0	0
9487 - Buildings - Refurbish Michael Palace Public Toilets	0	0	160,787	0	0	0	0	0	0	0	0
9500 - Buildings - Korumburra Recreation Centre Stadium Upgrade	265,185	0	0	0	0	0	0	0	0	0	0
9517 - Buildings - Korumburra Historical Society - Refurbish Toilets	0	0	53,000	0	0	0	0	0	0	0	0
9518 - Buildings - New Toilets Depot Leongatha	0	0	212,000	0	0	0	0	0	0	0	0
9519 - Buildings - Leongatha Memorial Hall - Upgrade Kitchen Meeting Room	0	0	0	39,326	0	0	0	0	0	0	0
9520 - Buildings - Waratah Bay Caravan Park - Toilet Block	0	0	0	280,900	0	0	0	0	0	0	0
9521 - Buildings - Port Welshpool Caravan Park - Toilet Block	0	0	0	280,900	0	0	0	0	0	0	0
9522 - Buildings - Regional Equestrian Park Development	0	0	0	112,360	0	0	0	0	0	0	0
9523 - Buildings - Toora Public Toilets Reconstruction	0	0	0	0	154,832	0	0	0	0	0	0
9524 - Buildings - Fish Creek Public Toilets Reconstruction	0	0	0	0	154,832	0	0	0	0	0	0
9525 - Buildings - Yanakie Caravan Park Reconstruction	0	0	0	0	297,754	0	0	0	0	0	0
Buildings Total	4,389,350	2,826,045	614,466	713,486	4,180,466	2,691,600	3,954,456	2,378,856	4,465,782	3,313,610	3,133,983
8320 - Car Parks - Korumburra Swimming Pool Car Park - Stage 2	105,000	20,000	0	0	0	0	0	0	0	0	0
8321 - Car Parks - Port Welshpool Boat Ramp Carpark	0	0	0	378,743	0	0	0	0	0	0	0
Car Park Total	105,000	20,000	0	378,743	0	0	0	0	0	0	0
8311 - Civil - Other Streetscape	0	0	0	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000
8313 - Civil - Loch Streetscape (Stage-1)	0	0	0	0	669,113	0	0	0	0	0	0
8314 - Civil - Foster Streetscape (Main and Station Street)	4,141	35,859	0	631,238	0	0	0	0	0	0	0
8315 - Civil - Welshpool (Avenue of Honour) Streetscape Investigation	0	11,236	0	0	0	0	0	0	0	0	0
8316 - Civil - Korumburra Commercial Streetscape	0	0	47,641	0	0	0	0	0	0	0	0
8770 - Civil - Capital Works Design	260,000	206,000	212,180	218,545	225,102	231,855	238,810	245,975	253,354	260,955	268,783
8890 - Civil - Devlin/Nelson St, Foster	292,513	0	0	0	0	0	0	0	0	0	0
8891 - Civil - Stanley St, Toora	13,000	387,070	0	0	0	0	0	0	0	0	0
Civil Total	569,654	640,165	259,821	849,783	1,044,215	381,855	388,810	395,975	403,354	410,955	418,783

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Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
9685 - Culverts - To Be Determined	0	0	0	0	0	184,407	195,472	207,200	219,632	232,810	246,779
9691 - Culvert - Rendells Rd Reconstruction	0	0	0	174,158	0	0	0	0	0	0	0
9692 - Culvert - Turtons Creek Rd, Turtons Creek	0	146,068	0	0	0	0	0	0	0	0	0
9695 - Culvert - Harding Lawson Road, Fish Creek	0	0	0	164,122	0	0	0	0	0	0	0
9696 - Culvert - Lowrys Road, Fish Creek	60,000	40,000	0	0	0	0	0	0	0	0	0
9698 - Culvert - Millars Road, Leongatha South	0	0	169,600	0	0	0	0	0	0	0	0
Culverts Total	60,000	186,068	169,600	338,280	0	184,407	195,472	207,200	219,632	232,810	246,779
8684 - Drainage - Young St, Leongatha	90,975	0	0	0	0	0	0	0	0	0	0
8685 - Drainage - Hattam Ct, Leongatha	20,000	0	0	0	0	0	0	0	0	0	0
8691 - Drainage - Gilfielder Terrace, Darlimurla	22,148	0	0	0	0	0	0	0	0	0	0
8693 - Drainage - Stockyard Creek, Foster	60,000	0	0	0	0	0	0	0	0	0	0
8695 - Drainage - Elmores Rd, Korumburra	40,397	0	0	0	0	0	0	0	0	0	0
9721 - Drainage - Rehabilitation Program	40,000	42,400	44,944	47,641	50,499	228,364	242,066	256,590	271,985	288,305	305,603
9776 - Drainage - Soakage Pit 105 Beach Parade, Sandy Point	15,000	0	0	0	0	0	0	0	0	0	0
Drainage Total	288,520	42,400	44,944	47,641	50,499	228,364	242,066	256,590	271,985	288,305	305,603
8312 - Footpaths - Tarwin Lower	48,721	0	0	0	0	0	0	0	0	0	0
8841 - Footpath - Renewal	217,785	238,203	252,495	267,645	283,704	300,726	318,770	337,896	358,169	379,659	402,439
8849 - Footpath - Footpath Extension Program	0	0	0	0	0	0	133,823	141,852	150,364	159,385	168,948
8853 - Footpath - Station Rd, Foster - Extension	69,562	0	0	0	0	0	0	0	0	0	0
8854 - Footpaths - Shingler Street, Leongatha	10,000	0	0	157,304	0	0	0	0	0	0	0
8855 - Footpaths - Turner Street	0	0	0	73,034	0	0	0	0	0	0	0
8856 - Footpath - Long St, Leongatha	6,935	40,000	0	0	0	0	0	0	0	0	0
8858 - Footpaths - Toora Road, Foster	0	0	72,652	0	0	0	0	0	0	0	0
8859 - Footpaths - Anderson Street, Leongatha	4,400	0	0	0	115,088	0	0	0	0	0	0
8862 - Footpaths - Victoria Street, Korumburra	0	22,000	0	0	0	0	0	0	0	0	0
8863 - Footpaths - Beach Parade, Sandy Point over crest	0	0	0	0	0	90,898	0	0	0	0	0
8864 - Footpaths - Michael Place, Leongatha - Design and Construction	0	0	0	0	0	35,349	0	0	0	0	0
8865 - Footpaths - Grand Ridge East, Mirboo North	0	20,674	0	0	0	0	0	0	0	0	0
Footpaths Total	357,403	320,877	325,147	497,983	398,792	426,973	452,593	479,748	508,533	539,044	571,387

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Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
9400 - Guard Rails - Fullers Road , Foster	0	0	0	65,649	0	0	0	0	0	0	0
9401 - Guard Rails - Camodys Road, Leongatha	0	0	0	65,649	0	0	0	0	0	0	0
9402 - Guard Rails - Lower Franklin Road, Foster	0	0	55,978	0	0	0	0	0	0	0	0
9403 - Guard Rails - Stewarts and Dunlops, Fish Creek Drain	0	0	79,798	0	0	0	0	0	0	0	0
9404 - Guard Rails - O'Loughlins Bridge , Berry Creek	0	75,281	0	0	0	0	0	0	0	0	0
9405 - Guard Rails - Charlie Calder Bridge, Wild Dog Valley Road	40,091	0	0	0	0	0	0	0	0	0	0
9406 - Guard Rails - Bridge St, Korumburra	8,336	0	0	0	0	0	0	0	0	0	0
9415 - Guard Rails - Wild Dog Valley Road (Amiets Bridge), Wild Dog Valley	0	0	0	0	71,461	0	0	0	0	0	0
9421 - Guard Rails - Todds Road, Stony Creek	0	0	0	0	85,158	0	0	0	0	0	0
9678 - Guard Rails - To Be Determined	0	0	0	0	0	156,037	165,399	175,323	185,843	196,993	208,813
Guard Rails Total	48,427	75,281	135,776	131,298	156,619	156,037	165,399	175,323	185,843	196,993	208,813
8003 - Implement of Procurement Projects	0	80,000	0	0	0	0	0	0	0	0	0
8004 - Office Accomodation	0	200,000	0	0	0	0	0	0	0	0	0
8030 - Information Services	366,262	827,630	794,413	832,877	527,470	543,294	382,560	394,037	405,858	418,034	430,575
8031 - Staff and Office Relocations	45,000	0	0	0	0	0	0	0	0	0	0
8045 - InfoTech - Asset Management	63,448	123,000	0	0	0	0	0	0	0	0	0
8211 - Others - Venus Bay / Tarwin Lower Land Acquisition	45,000	0	0	0	0	0	0	0	0	0	0
8668 - Other - Climate Change Initiatives	22,000	0	0	0	0	0	0	0	0	0	0
Others Total	541,710	1,230,630	794,413	832,877	527,470	543,294	382,560	394,037	405,858	418,034	430,575
8040 - Plant / Fleet - Fleet Purchases	1,035,370	1,469,614	1,221,931	1,222,969	1,224,007	1,225,046	1,352,861	1,393,447	1,435,251	1,478,308	1,522,657
8050 - Plant / Fleet - Plant Purchases	1,269,000	1,266,951	1,170,030	1,205,131	1,241,285	1,278,523	1,316,879	1,356,385	1,397,077	1,438,989	1,482,159
Plant/Fleet Total	2,304,370	2,736,565	2,391,961	2,428,100	2,465,292	2,503,569	2,669,740	2,749,832	2,832,328	2,917,297	3,004,816
9471 - Pools - To Be Determined	0	0	0	0	0	486,053	401,467	425,555	451,089	1,565,455	506,843
9495 - Pools - Splash Hydrotherapy Pool / Multi Purpose Room	0	133,000	154,832	0	0	0	0	0	0	0	0
9496 - Pools - Toora Swimming Pool Design Construct Boiler Room	81,000	0	0	0	0	0	0	0	0	0	0
9497 - Pools - Mirboo North Swimming Pool - Solar Heating Replacement	31,900	0	0	0	0	0	0	0	0	0	0
9498 - Pools - Toora Swimming Pool - Solar Heating Replacement	19,630	0	0	0	0	0	0	0	0	0	0

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Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
9499 - Pools - Design	25,000	0	20,600	0	21,855	0	23,185	0	24,597	0	0
9501 - Pools - Toora Swimming Pool Shade Structures	43,070	0	0	0	0	0	0	0	0	0	0
9580 - Pools - Foster - Replace Sand Filter	0	45,000	0	0	0	0	0	0	0	0	0
9581 - Pools - Mirboo North - Replace Pool Deck	0	95,000	0	0	0	0	0	0	0	0	0
9582 - Pools - Toora - Replace Chemical Shed	0	125,000	0	0	0	0	0	0	0	0	0
9583 - Pools - Mirboo North - Replace Coping Tiles	0	35,000	0	0	0	0	0	0	0	0	0
9584 - Pools - Splash - Replace Boilers	0	0	143,100	0	0	0	0	0	0	0	0
9585 - Pools - Foster - Replace Deck	0	0	0	89,888	0	0	0	0	0	0	0
9586 - Pools - Korumburra - Replace Wet Deck	0	0	0	112,360	0	0	0	0	0	0	0
9587 - Pools - Mirboo North - Return Water Lines	0	0	0	39,326	0	0	0	0	0	0	0
9588 - Pools - Mirboo North - Repaint All Pools	0	0	0	67,416	0	0	0	0	0	0	0
9589 - Pools - Toora - Concourse	0	0	0	84,270	0	0	0	0	0	0	0
9590 - Pools - Poowong - Install Liner	0	0	0	0	232,248	0	0	0	0	0	0
9591 - Pools - Mirboo North - Replace Sand Filters	0	0	0	0	59,551	0	0	0	0	0	0
9592 - Pools - Korumburra - Replace Sand Filters	0	0	0	0	59,551	0	0	0	0	0	0
9593 - Pools - Toora - Replace Sand Filters	0	0	0	0	59,551	0	0	0	0	0	0
9594 - Pools - Foster - Refurbish Toilets	0	0	0	0	110,764	0	0	0	0	0	0
Pools Total	200,600	433,000	318,532	393,260	543,520	486,053	424,652	425,555	475,686	1,565,455	506,843
1670 - Other - CCHV - Capital Projects	55,450	219,558	106,000	112,360	119,102	126,248	133,823	141,852	150,363	159,385	168,948
1671 - CCHV - RLCIP - Front Entrance/Foyer Refurbishment	5,000	45,000	0	0	0	0	0	0	0	0	0
1680 - CCHV - RDV Capital	1,536	0	0	0	0	0	0	0	0	0	0
8089 - Recreation - RLCIP - Toora Railway Park Reserve	11,590	243,810	0	0	0	0	0	0	0	0	0
8091 - Recreation - RLCIP - Comer Inlet Lookout	0	80,000	0	0	0	0	0	0	0	0	0
8664 - Recreation - Paths and Trails Implementation	0	0	0	145,185	153,896	163,130	172,917	183,293	194,290	205,947	218,304
8665 - Recreation - Welshpool Rail Trail	2,992	0	0	0	0	0	0	0	0	0	0

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Cost Centre	2010-11 Revised Budget	2011-12 Budgets	2012-13 Budgets	2013-14 Budgets	2014-15 Budgets	2015-16 Budgets	2016-17 Budgets	2017-18 Budgets	2018-19 Budgets	2019-20 Budgets	2020-21 Budgets
9458 - Recreation - Mossvale Park Sound Shell Replace Roof	30,489	0	0	0	0	0	0	0	0	0	0
9563 - Playgrounds - Replacement Program	71,232	142,922	151,497	160,587	170,222	180,436	191,262	202,737	214,902	227,796	241,464
9565 - Recreation - Boardwalk at Fisherman's Jetty	10,875	0	0	0	0	0	0	0	0	0	0
9568 - Recreation - Nyora Path and Trails	113,420	0	0	0	0	0	0	0	0	0	0
9569 - Recreation - Toora Path to Recreation Reserve	96,000	0	0	0	0	0	0	0	0	0	0
9570 - Recreation - Venus Bay Footpath - Existing to CBD	0	140,450	148,877	0	0	0	0	0	0	0	0
9572 - Recreation - Parks and Gardens - Capital	0	0	0	0	93,676	99,296	105,254	111,569	118,264	125,359	132,881
9602 - Recreation - Future Unplanned Works (SRV Grants)	0	110,000	174,158	184,607	195,684	207,425	219,870	233,063	247,047	261,870	277,581
Recreation Total	398,584	981,740	580,532	602,739	732,580	776,535	823,126	872,514	924,866	980,357	1,039,178
8772 - Roads - Reseals	1,038,500	1,726,658	1,810,793	1,901,539	1,997,212	2,098,714	2,205,775	2,318,707	2,437,850	2,563,557	2,696,203
8774 - Roads - Reseal Preparation	641,565	607,797	637,854	665,466	694,391	725,375	757,870	791,956	827,711	865,224	904,586
8776 - Roads - Ruby Road, Ruby	254,759	0	0	0	0	0	0	0	0	0	0
8850 - Roads - Safe Intersections Program	0	112,360	119,102	126,248	238,203	252,495	267,645	283,704	300,726	318,770	337,896
9090 - Roads - Fish Creek Walkerville Road Rehab (To be confirmed)	0	350,000	0	0	0	0	0	0	0	0	0
9096 - Roads - Henrys Road, Nyora	0	0	0	0	535,957	0	0	0	0	0	0
9099 - Roads - Gardner Lane Duplication , Poowong	60,000	50,000	0	0	0	0	0	0	0	0	0
9129 - Roads - Station Street, Korumburra	6,564	0	0	0	0	0	0	0	0	0	0
9674 - Roads - Grand Ridge Road , Trida remedial works	80,000	0	0	0	0	0	0	0	0	0	0
9716 - Roads - Main South Road	217,770	0	0	0	0	0	0	0	0	0	0
9718 - Roads - Leongatha South Outtrim	188,300	0	0	0	0	0	0	0	0	0	0
9720 - Roads - Koonwarra Inverloch Road Upgrade	3,682	0	0	0	0	0	0	0	0	0	0
9722 - Roads - Unallocated Future Capex	0	0	0	0	0	0	674,796	1,629,996	306,741	576,973	1,591,318
9723 - Roads - Pavement Rehabilitation Program	0	0	0	0	357,305	1,305,521	391,444	1,593,848	1,689,479	1,790,848	1,800,000
9724 - Urban Renewal - To Be Determined	0	0	0	0	0	337,896	358,170	379,660	380,000	380,000	380,000
9725 - Roads - Asphalt Program	0	0	0	0	0	0	180,436	191,262	202,737	214,902	227,796
9726 - Roads - Bena Kongwak Road - Reconstruction	310,000	0	0	0	0	0	0	0	0	0	0
9738 - Roads - Gray St , Leongatha	11,000	29,000	556,500	0	0	0	0	0	0	0	0

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9739 - Roads - Anderson St , Leongatha - Entrance	12,000	108,000	0	561,800	0	0	0	0	0	0	0
9746 - Roads - Stony Creek Road, Stony Creek	0	225,000	0	0	0	0	0	0	0	0	0
9748 - Roads - Kongwak Inverloch Rd, Kongwak	0	0	477,000	0	0	0	0	0	0	0	0
9755 - Roads - Landslips	60,000	0	0	0	0	0	0	0	0	0	0
9760 - Roads - Princess Street, Korumburra Rehabilitation	0	0	212,000	0	0	0	0	0	0	0	0
9761 - Roads - Wild Dog Valley - Mt Eccles	0	0	159,000	0	0	0	0	0	0	0	0
9762 - Roads - Station Street, Korumburra Rehabilitation	0	0	530,000	0	0	0	0	0	0	0	0
9763 - Roads - Loch Wonthaggi Road, Jeetho Rehabilitation	0	300,000	0	0	0	0	0	0	0	0	0
9764 - Roads - Lower Franklin Road, Foster Rehabilitation	0	0	0	519,004	0	0	0	0	0	0	0
9765 - Roads - Hawkins Street, Korumburra Rehabilitation	0	0	0	192,091	0	0	0	0	0	0	0
9766 - Roads - John Street, Korumburra Rehabilitation	0	0	0	44,944	0	0	0	0	0	0	0
9767 - Roads - Watts Road, Nyora Rehabilitation	0	0	0	146,068	0	0	0	0	0	0	0
9768 - Roads - Main South Road, Poowong East (900m to Shire Boundary)	0	0	0	224,720	0	0	0	0	0	0	0
9769 - Roads - Bass Valley Road, Bena	0	0	0	241,574	714,610	0	0	0	0	0	0
9770 - Roads - Main Street, Stony Creek	0	0	0	0	145,304	0	0	0	0	0	0
9771 - Roads - Dollar Road, Dumbalk	0	0	0	0	786,071	0	0	0	0	0	0
9772 - Roads - Berrys Creek Road, Berrys Creek	0	0	0	0	47,641	0	0	0	0	0	0
9773 - Roads - Nason Street, Korumburra	0	0	0	0	23,820	0	0	0	0	0	0
9774 - Roads - Brown Street, Leongatha	0	0	0	0	77,416	0	0	0	0	0	0
9775 - Roads - Fullers Road, Foster	0	0	0	0	210,810	0	0	0	0	0	0
Roads Total	2,884,140	3,508,815	4,502,249	4,623,454	5,828,740	4,720,001	4,836,136	7,189,133	6,145,244	6,710,274	7,937,799
8555 - Waste - Transfer Station Capital	150,000	0	178,652	0	0	0	0	0	0	0	0
8566 - Waste - New Koonwarra Landfill (Rehabilitation)	7,486	423,414	0	0	0	0	0	0	0	0	0
8567 - Waste -Additional Construction Cell 3 Koonwarra	150,000	564,251	0	189,372	334,556	354,630	375,908	398,462	422,370	447,712	400,000
Waste Total	307,486	987,665	178,652	189,372	334,556	354,630	375,908	398,462	422,370	447,712	400,000
Grand Total \$	12,921,096	15,414,757	11,538,693	13,288,815	17,540,256	13,866,188	15,386,270	16,431,751	17,711,480	18,470,847	18,654,559

APPENDIX E - Key Strategic Activities

This section sets out program initiatives to be undertaken by Council in 2011/12, including appropriate measures and targets that are subject to audit at year end.



Strategy	Action Measure	Target	Responsible Unit
1.2.1 Active Lifestyles: Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community	Aquatic Strategy for pools within the Shire completed and presented to Council	Strategy completed by 30 December 2011 and implementation commenced by 30 June 2012	Director Community Services
1.2.2 Community health: Minimise the community's exposure to health risks by undertaking education, promotion and specific preventative programs and inspections	HACC accreditation achieved	By 30 June 2012	Director Community Services
1.3.1 Education Opportunities: Advocate for quality learning opportunities and facilities for students of all ages and abilities to meet individual needs, as well as those of the business community	Early Years Plan developed and adopted and improvements to Early Years Services in the Western section of the Shire investigated and reported	Early Years Plan completed and the Western section capacity determined, with both presented to Council by 31 December 2011	Director Community Services



Strategy	Action Measure	Target	Responsible Unit
2.2.3 Sustainable agriculture: Supporting and partnering government and other regional stakeholders to promote best practice in agriculture	Rural Strategy adopted by Council and implemented into the Planning Scheme	Adopted by Council by 31 December 2011	Director Development Services
2.4.2 Maintenance Ensure open space management regimes are continuously monitored and maintained to protect their natural assets and modelling their long term benefit to the community	Service levels for Parks and Gardens established within a Management Plan	2011/12 Action Plan activities completed by 30 June 2012	Director Engineering Services
2.5.4 Waste management Implement measures and programs to reduce waste and promote recycling	Waste Management Strategy implemented and outcomes reported	Outcomes reported in the quarterly Council performance report	Director Community Services



Strategy	Action Measure	Target	Responsible Unit
<p>3.1.2</p> <p>Business and new residents' attraction and support:</p> <p>Participate actively in making South Gippsland Shire a locality of choice, utilising its geographical location, lifestyle and business support as competitive strengths</p>	<p>Economic Development Strategy reviewed and presented to Council</p>	<p>By 30 June 2012</p>	<p>Director Development Services</p>
<p>3.3.4</p> <p>Land-use planning:</p> <p>Ensure that land use planning supports the orderly and sustainable development of land</p>	<p>New service standards/indicators for the Statutory Planning Unit implemented and reported</p>	<p>Agreed service standards reported in the quarterly Council performance report</p>	<p>Director Development Services</p>
<p>5.2.3</p> <p>Financial Management:</p> <p>Develop and implement a Long Term Financial Plan</p>	<p>The Long Term Financial Plan implemented to ensure financial sustainability. Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self financing, investment gap and underlying result for the 2011/12 budget.</p>	<p>Greater than or equal to 98%</p>	<p>Director Corporate Services</p>



Strategy	Action Measure	Target	Responsible Unit
5.2.5 Risk management: Take a risk management approach to all activities to enhance community safety and minimise Council exposure to external claims, adverse impacts or financial loss	Risk Management Framework developed and presented to Council	By 30 June 2012	Director Corporate Services

APPENDIX F - Fees and Charges

This section sets out all fees and statutory charges of Council

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Home Maintenance Low Fee	\$8.75	\$8.90	1.71	\$7,690
Home Maintenance Medium Fee	\$17.00	\$17.40	2.35	\$470
Home Maintenance High Fee	\$41.30	\$42.30	2.42	\$381
Homecare Low Fee	\$5.60	\$5.60	.00	\$97,569
Homecare Medium Fee	\$12.75	\$12.75	.00	\$9,359
Homecare High Fee	\$28.40	\$28.40	.00	\$5,197
Bus Self Drive Hire-Only hired to NFP organisations- managed under A&D fee structure as a community service	\$1.00	\$1.00	.00	\$14,636
HACC Bus Nyora Loch Bena Kongwak to Korumburra	\$4.20	\$4.40	.00	\$801
HACC Bus Leongatha and Meeniyah	\$4.20	\$4.40	.00	\$1,602
HACC Bus Port Welshpool to Leongatha	\$10.00	\$10.40	.00	\$624
HACC Bus Foster to Welshpool	\$4.20	\$4.40	.00	\$475
Community Transport Cars Revenue - fees based on 30c per kilometre with a maximum cost of \$60 per trip.	\$25,500.00	\$.30	(100.00)	\$30,000
Community Transport Car - Type 9	\$31.90	\$.00	(100.00)	\$0
Community Transport Car - Type 5	\$18.50	\$.00	(100.00)	\$0
Community Transport Car - Type 6	\$20.60	\$.00	(100.00)	\$0
Community Transport Car - Type 14	\$47.35	\$.00	(100.00)	\$0
Community Transport Car - Type 15	\$51.45	\$.00	(100.00)	\$0
Community Transport Car - Type 8	\$25.75	\$.00	(100.00)	\$0
Community Transport Car - Type 1	\$7.20	\$.00	(100.00)	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Community Transport Car - Type 2	\$10.30	\$0.00	(100.00)	\$0
Community Transport Car - Type 3	\$12.35	\$0.00	(100.00)	\$0
Community Transport Car - Type 11	\$35.00	\$0.00	(100.00)	\$0
Community Transport Car - Type 10	\$32.95	\$0.00	(100.00)	\$0
Community Transport Car - Type 13	\$40.15	\$0.00	(100.00)	\$0
Community Transport Car - Type 4	\$15.45	\$0.00	(100.00)	\$0
Community Transport Car - Type 12	\$38.05	\$0.00	(100.00)	\$0
Community Transport Car - Type 7	\$25.75	\$0.00	(100.00)	\$0
Private Works Meals. Fees based on 2.5% CPI increase	\$10.30	\$10.55	2.43	\$11,317
Meals on Wheels Low Fee	\$6.70	\$6.80	1.49	\$76,765
Meals on Wheels Medium Fee	\$7.00	\$7.15	2.14	\$2,553
Meals on Wheels High Fee	\$10.30	\$10.55	2.43	\$2,511
Respite Care Low Fee	\$2.60	\$2.65	1.92	\$7,394
Respite Care Medium Fee	\$3.90	\$4.00	2.56	\$620
Respite Care High Fee	\$29.30	\$30.00	2.39	\$4,650
Personal Care Low Fee	\$3.60	\$3.65	1.39	\$11,238
Personal Care Medium Fee	\$6.70	\$6.85	2.24	\$658
Personal Care High Fee	\$32.45	\$33.25	2.47	\$2,128
Private Works PAC	\$42.00	\$43.00	2.38	\$50,740
Aged and Disabled Services Total				\$339,378
Road Reserve Activity Permit (Road RAP)	\$66.00	\$66.00	.00	\$19,800
Unused Road Opening Application Fee	\$560.00	\$560.00	.00	\$2,036

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Asset Services Total				\$21,836
Non Commercial - Whole Complex Hire	\$688.00	\$688.00	.00	\$0
Non Commercial - Whole Complex Hire 1/2 Day	\$359.00	\$359.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Rental - full day or evening	\$488.00	\$488.00	.00	\$1,775
Non Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	\$244.00	\$244.00	.00	\$444
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	.00	\$0
Non Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	\$41.00	\$41.00	.00	\$112
Non Commercial - Leongatha Memorial Hall Full week hire 7 days	\$2,193.00	\$2,193.00	.00	\$1,994
Non Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	\$683.00	\$683.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	\$154.00	\$154.00	.00	\$1,400
Non Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	\$78.00	\$78.00	.00	\$2,127
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	\$547.00	\$547.00	.00	\$0
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	\$121.00	\$121.00	.00	\$550
Non Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	\$61.00	\$61.00	.00	\$1,109
Non Commercial - Leongatha Memorial contractor Set up Costs (if used)	\$22.00	\$22.00	.00	\$2,900
Non Commercial - Leongatha Memorial Hall	\$121.00	\$121.00	.00	\$1,650

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Kitchen full day				
Non Commercial - Leongatha Memorial Hall Kitchen 1/2 day	\$78.00	\$78.00	.00	\$1,064
Non Commercial - Leongatha Memorial Hall Crockery Hire per setting	\$3.20	\$3.20	.00	\$873
Non Commercial - Balcony Seating full day	\$154.00	\$154.00	.00	\$0
Non Commercial - Balcony Seating 1/2 day	\$78.00	\$78.00	.00	\$0
Non Commercial - Behind Stage full day	\$78.00	\$78.00	.00	\$0
Non Commercial - Behind Stage 1/2 day	\$46.00	\$46.00	.00	\$84
Non Commercial - Hall Bond where liquor is served (refundable)	\$610.00	\$610.00	.00	\$0
Non Commercial - Hall Bond where liquor is not served (refundable)	\$154.00	\$154.00	.00	\$0
Non Commercial - Korumburra Office Meeting Room Full Day	\$81.00	\$81.00	.00	\$0
Non Commercial - Korumburra Office Meeting Room 1/2 Day / night	\$44.00	\$44.00	.00	\$0
Commercial - Whole Complex Hire	\$855.00	\$855.00	.00	\$0
Commercial - Whole Complex Hire 1/2 Day	\$447.00	\$447.00	.00	\$0
Commercial - Leongatha Memorial Hall Rental - full day or evening	\$610.00	\$610.00	.00	\$4,991
Commercial - Leongatha Memorial Hall 1/2 day use set up rehearsals	\$305.00	\$305.00	.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	.00	\$835
Commercial - Leongatha Memorial Hall Rehearsals 1-4 hours	\$54.00	\$54.00	.00	\$491

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Commercial - Leongatha Memorial Hall Full week hire 7 days	\$2,743.00	\$2,743.00	.00	\$2,494
Commercial - Leongatha Memorial Hall meeting Rm 1 full week hire 7 days	\$855.00	\$855.00	.00	\$0
Commercial - Leongatha Memorial Hall Meeting Rm 1 - full day	\$188.00	\$188.00	.00	\$1,367
Commercial - Leongatha Memorial Hall Meeting Rm 1 - 1/2 day	\$97.00	\$97.00	.00	\$705
Commercial - Leongatha Memorial Hall Meeting Rm 2 - Full week hire 7 days	\$683.00	\$683.00	.00	\$0
Commercial - Leongatha Memorial Hall Meeting Rm 2 - full day	\$154.00	\$154.00	.00	\$1,400
Commercial - Leongatha Memorial Hall Meeting Rm 2 - 1/2 day	\$77.00	\$77.00	.00	\$700
Commercial - Leongatha Memorial contractor Set up Costs (if used)	\$29.50	\$29.50	.00	\$0
Commercial - Leongatha Memorial Hall Kitchen full day	\$154.00	\$154.00	.00	\$280
Commercial - Leongatha Memorial Hall Kitchen 1/2 day	\$97.00	\$97.00	.00	\$353
Commercial - Leongatha Memorial Hall Crockery Hire per setting	\$4.20	\$4.20	.00	\$0
Commercial - Balcony Seating full day	\$191.00	\$191.00	.00	\$0
Commercial - Balcony Seating 1/2 day	\$97.00	\$97.00	.00	\$0
Commercial - Behind Stage full day	\$97.00	\$97.00	.00	\$0
Commercial - Behind Stage 1/2 day	\$59.00	\$59.00	.00	\$0
Commercial - Hall Bond where liquor is served (refundable)	\$765.00	\$765.00	.00	\$0
Commercial - Hall Bond where liquor is not	\$188.00	\$188.00	.00	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
served (refundable)				
Commercial - Korumburra Office Meeting Room Full Day	\$102.00	\$102.00	.00	\$0
Commercial - Korumburra Office Meeting Room 1/2 Day / night	\$57.00	\$57.00	.00	\$155
Building Total				\$29,853
Varicella	\$73.00	\$73.00	.00	\$0
Hep B Paediatric	\$23.00	\$24.00	4.35	\$24
Hep B Adult	\$23.00	\$24.00	4.35	\$48
Hep A Adult	\$81.00	\$85.00	4.94	\$85
Twinrix Paediatric	\$49.00	\$52.00	6.12	\$52
Twinrix Adult	\$72.00	\$76.00	5.56	\$76
Flu	\$22.00	\$23.00	4.55	\$5,750
Pneumococcal	\$139.00	\$139.00	.00	\$0
Children's Services Total				\$6,035
Train Rides to normal visitation to village other than Education Tours Weddings.	\$6.00	\$6.00	.00	\$27,055
Tractor Ride	\$4.40	\$4.60	4.55	\$0
Education Program - Bush Tramway Ride	\$3.10	\$3.30	6.45	\$5,133
Education Program - Bush Tractor Ride	\$2.50	\$2.70	8.00	\$0
Loads of Fire wood sold to volunteers	\$58.00	\$60.90	5.00	\$886
Plants sold to visitors	\$6.00	\$6.30	5.00	\$0
Auditorium/Boardroom Hire-full day	\$105.00	\$110.50	5.24	\$904
Activity for group tours-heritage craft	\$4.20	\$4.40	4.76	\$1,488

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Demonstration for Tour groups-spinning Demo	\$2.90	\$3.00	3.45	\$1,467
Rides for group tours-Tramway	\$6.00	\$6.00	.00	\$873
Guided tours for groups-Coal Tour	\$2.90	\$3.00	3.45	\$1,467
Group tours-Guided tours	\$2.90	\$3.00	3.45	\$1,467
Demonstration for group tours-Bush Skills	\$2.90	\$3.00	3.45	\$1,467
Activity for group Tours-Bush Cooking	\$4.20	\$4.40	4.76	\$1,488
Rides for Wedding Parties-Bush Tramway	\$4.40	\$4.60	4.55	\$841
Venue Hire-Wattle & Daub	\$300.00	\$315.00	5.00	\$286
Venue Hire-Jeetho School	\$300.00	\$315.00	5.00	\$286
Venue Hire- Krowera Church	\$300.00	\$315.00	5.00	\$286
Venue Hire-Boston's	\$300.00	\$315.00	5.00	\$286
Venue Hire-Courthouse	\$300.00	\$315.00	5.00	\$286
Venue Hire-Pig& Whistle	\$300.00	\$315.00	5.00	\$286
Venue Hire-Mechanics Inst	\$300.00	\$315.00	5.00	\$286
Venue Hire-Mine Mangers House	\$300.00	\$315.00	5.00	\$286
Venue Hire-Slab Cottage	\$300.00	\$315.00	5.00	\$0
Venue Hire-Masonic Lodge	\$300.00	\$315.00	5.00	\$0
Venue Hire-Sport Oval	\$300.00	\$315.00	5.00	\$286
Venue Hire-Rotunda	\$300.00	\$315.00	5.00	\$286
Venue Hire-Joinery	\$300.00	\$315.00	5.00	\$0
Education Program - Old Fashioned Craft	\$4.20	\$4.40	4.76	\$1,748
Education Program - Spinning Demonstration	\$3.10	\$3.30	6.45	\$369
Education Program - Coal Tour	\$2.50	\$2.70	8.00	\$3,031

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Education Program - School Lesson	\$3.10	\$3.30	6.45	\$16,836
Education Program - Day Experience (Depends on Activities Selected).	\$0.00	\$0.00	.00	\$0
Education Program - Guided Tour	\$2.50	\$2.70	8.00	\$6,735
Education Program - Pioneer Timber Skills	\$3.10	\$3.30	6.45	\$1,026
Education Program - Bush Cooking	\$3.10	\$3.30	6.45	\$894
Events-Venue Hire	\$300.00	\$315.00	5.00	\$1,432
Events-Electricity fee	\$25.00	\$26.20	4.80	\$429
Auditorium /Boardroom Hire-1/2 day	\$55.00	\$57.90	5.27	\$790
Coal Creek Total				\$80,686
Non Standing Street Lighting Contribution (10% per job)	\$5,500.00	\$5,500.00	.00	\$5,000
Plan Checking (Up to 0.75% per Job)	\$11,000.00	\$11,000.00	.00	\$10,000
Supervision Fees (Up to 2.50% per job)	\$33,000.00	\$33,000.00	.00	\$30,000
Engineering Services Total				\$45,000
Class 1 (Non Standard FSP) Food Act Premises	\$509.00	\$535.50	5.21	\$5,891
Class 2 - Food Act Premises	\$509.00	\$535.50	5.21	\$94,784
Class 3 - Food Act Premises	\$325.00	\$342.00	5.23	\$8,550
Hair/Beauty- Health Act	\$144.00	\$151.50	5.21	\$4,394
Skin Penetration - Health Act	\$180.50	\$190.00	5.26	\$760
Comb Hair/Beauty & Skin - Health Act	\$180.50	\$190.00	5.26	\$1,710
PA8FC4	\$133.00	\$140.00	5.26	\$700
Caravan Parks - Residential Tenancies Act	\$2.50	\$11.95	378.00	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Caravan Parks Transfer - Residential Tenancies Act	\$58.45	\$59.75	2.22	\$0
Transfer of Registrations (50% of rego fee)	\$2,413.00	\$2,413.00	.00	\$0
Inspection on request (50% of registration fee)	\$2,654.00	\$2,654.00	.00	\$0
Class 1 (Standard FSP) Food Act Premises	\$719.50	\$757.50	5.28	\$0
PAFC2	\$641.50	\$675.00	5.22	\$13,500
PAFC3	\$457.50	\$481.50	5.25	\$0
PAFC4	\$133.00	\$140.00	5.26	\$3,500
PA8FC2	\$321.00	\$338.00	5.30	\$1,690
PA8FC3	\$228.50	\$240.50	5.25	\$0
Environmental Health Total				\$135,479
FOI Application Fee	\$23.40	\$23.90	2.14	\$167
FOI Council Search Fee	\$20.00	\$20.00	.00	\$140
FOI Supervision Search Fee	\$5.00	\$5.00	.00	\$20
Applicant B&W Photocopying (Amount per A3 page)	\$2.10	\$2.20	4.76	\$20
Applicant B&W Photocopying (Amount per A1 page)	\$9.50	\$10.00	5.26	\$91
Applicant B&W Photocopying (Amount per A4 page)	\$.20	\$.20	.00	\$100
Governance Total				\$538
Roadside trading permit	\$683.00	\$719.00	5.27	\$0
Local Law 1 release fees	\$91.00	\$96.00	5.49	\$0
Impounded vehicle release	\$145.00	\$153.00	5.52	\$0
Camping permit	\$74.00	\$78.00	5.41	\$390

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Door to Door trading permit	\$308.00	\$324.00	5.19	\$0
Local Law Footpath Occupation Permit	\$39.00	\$41.00	5.13	\$9,430
Bulk rubbish container permit	\$90.00	\$95.00	5.56	\$0
Storage of machinery or second hand goods - permit	\$74.00	\$78.00	5.41	\$0
Burning off offensive material permit	\$284.00	\$299.00	5.28	\$0
Advertising on Council properties permit	\$74.00	\$78.00	5.41	\$0
Animal permit - Excess animals	\$37.00	\$39.00	5.41	\$1,950
Recreation Vehicles	\$74.00	\$78.00	5.41	\$0
Scavenging at Tip	\$74.00	\$78.00	5.41	\$0
Drainage Tappings	\$74.00	\$78.00	5.41	\$0
Consume Liquor in Public Place	\$118.00	\$122.00	3.39	\$2,440
Consume Liquor in Public Place - Permit	\$74.00	\$78.00	5.41	\$0
Infringement - No Standing / Disabled Parking	\$118.00	\$122.00	3.39	\$6,100
Infringement - Permit Zone / Loading Zone	\$71.00	\$73.00	2.82	\$1,825
Infringement - Overtime Parking	\$59.00	\$61.00	3.39	\$21,960
Failure to display permit - Port Welshpool Boat Ramp	\$71.00	\$73.00	2.82	\$3,650
Block Clearing (Fire Prevention / Hazards)	\$74.00	\$78.00	5.41	\$2,836
Fire Fines	\$236.00	\$244.00	3.39	\$8,540
Domestic Animal Business Registration	\$188.00	\$198.00	5.32	\$1,386
Dogs / Cats - First Offence	\$58.00	\$61.00	5.17	\$5,545
Dogs / Cats - Subsequent Offence	\$90.00	\$95.00	5.56	\$3,023
Cattle (First animal)	\$90.00	\$95.00	5.56	\$432

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Cattle (Subsequent animals)	\$4.50	\$4.80	6.67	\$44
Infringement - No tag displayed	\$59.00	\$61.00	3.39	\$305
Infringement - Dog at large (daytime)	\$177.00	\$183.00	3.39	\$2,745
Infringement - Dog at large (nighttimes)	\$236.00	\$244.00	3.39	\$244
Infringement - Fail to register	\$236.00	\$244.00	3.39	\$12,200
Vic Roads (Stock Control on Declared Roads)	\$455.00	\$480.00	5.49	\$43,636
Goats & Pigs (First animal)	\$37.00	\$39.00	5.41	\$0
Late Application for Cattle Crossing	\$270.00	\$284.00	5.19	\$0
Droving of Livestock - Application fee (no refund)	\$158.00	\$166.00	5.06	\$0
Droving of Livestock - Bond	\$1,410.00	\$1,484.00	5.25	\$0
Droving Cattle - daily fee per head	\$2.10	\$2.20	4.76	\$0
Droving Sheep - daily fee per head	\$1.00	\$1.05	5.00	\$0
Droving Other Livestock - daily fee per head	\$2.10	\$2.20	4.76	\$0
Grazing of Livestock - Application Fee (no refund)	\$79.00	\$83.00	5.06	\$0
Grazing Cattle - daily fee per head	\$1.00	\$1.05	5.00	\$0
Grazing Sheep - daily fee per head	\$.60	\$.65	8.33	\$0
Grazing Other Livestock - daily fee per head	\$1.00	\$1.05	5.00	\$0
Goats & Pigs (Subsequent animals)	\$4.50	\$4.80	6.67	\$0
Sheep (First animal)	\$18.50	\$19.50	5.41	\$0
Sheep (Subsequent animals)	\$2.10	\$2.20	4.76	\$0
Other (Per animal)	\$2.10	\$2.20	4.76	\$0
Exotic Animals (First animal)	\$37.00	\$39.00	5.41	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Exotic Animals (Subsequent animals)	\$4.50	\$4.80	6.67	\$0
Sustenance Stock	\$10.00	\$10.50	5.00	\$95
Sustenance Cat & Dog	\$8.00	\$8.50	6.25	\$1,932
Access - Additional Records	\$5.75	\$6.00	4.35	\$0
Access - All Records	\$10.25	\$10.80	5.37	\$0
Dog registration for dangerous, menacing and restricted breeds (C1)	\$186.00	\$195.00	4.84	\$585
Pensioner fee for dog registration for dangerous, menacing and restricted breeds (C1P)	\$93.00	\$97.50	4.84	\$98
Animal registration for micro-chipped only dogs and cats (C2)	\$62.00	\$65.00	4.84	\$41,990
Pensioner fee for microchipped only dogs and cats (C2P)	\$31.00	\$32.50	4.84	\$7,670
Animal registration for micro-chipped and desexed dogs and cats (C3)	\$28.00	\$30.00	7.14	\$76,140
Pensioner fee for micro-chipped and desexed dogs and cats (C3P)	\$14.00	\$15.00	7.14	\$15,660
Animal Registration Late Fee	\$0.00	\$10.00	.00	\$8,000
Pensioner fee for dog registration for working dogs, microchipped only (C2WP)	\$21.00	\$22.50	7.14	\$338
Dog registration for working dogs, microchipped only (C2W)	\$42.00	\$45.00	7.14	\$9,000
Local Laws Total				\$290,189
Port Welshpool boat ramp - Daily Car Park	\$6.00	\$6.00	.00	\$1,636
Port Welshpool boat ramp - Annual Car Park Fee	\$40.00	\$40.00	.00	\$10,909
Local Roads Total				\$12,545

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Search / Certificate Fees	\$101.00	\$106.00	4.95	\$4,818
Form 2.10 Application/Property Information Requests	\$43.45	\$45.60	4.95	\$22,800
Building Approval Lodgement - Residential	\$32.60	\$34.20	4.91	\$27,360
Building Approval Lodgement - Commercial	\$32.60	\$34.20	4.91	\$1,026
Final Inspection	\$162.00	\$171.00	5.56	\$155
Report & Consent	\$217.50	\$228.40	5.01	\$21,698
Stormwater information Request	\$54.35	\$57.05	4.97	\$2,853
Municipal Building Total				\$80,710
Land Information Certificates	\$20.00	\$20.00	.00	\$28,000
Rates and Valuations Total				\$28,000
Outdoor Swimming Pool - Family Season Ticket	\$126.00	\$130.00	3.17	\$0
Outdoor Swimming Pool - Single Season Ticket	\$63.00	\$65.00	3.17	\$0
Outdoor Swimming Pool - Adult Entry	\$4.60	\$4.60	.00	\$0
Outdoor Swimming Pool - Child Entry	\$3.50	\$3.50	.00	\$0
Outdoor Swimming Pool - School Single Entry	\$2.60	\$2.60	.00	\$0
Outdoor Swimming Pool - Spectator	\$1.10	\$1.00	(9.09)	\$0
Outdoor Swimming Pool - Single Season Ticket Child - Toora	\$84.00	\$90.00	7.14	\$0
Outdoor Swimming Pool - Weekly Family Ticket - Toora	\$47.00	\$50.00	6.38	\$0
Outdoor Swimming Pool - Single Season Ticket Adult - Toora	\$116.00	\$120.00	3.45	\$0
Outdoor Swimming Pool - Spectator - Toora	\$1.10	\$1.00	(9.09)	\$0
Outdoor Swimming Pool - School Single Entry -	\$2.60	\$2.60	.00	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Toora				
Outdoor Swimming Pool - Child Entry - Toora	\$4.10	\$4.20	2.44	\$0
Outdoor Swimming Pool - Adult Entry - Toora	\$5.00	\$5.20	4.00	\$0
Outdoor Swimming Pool - Family Season Ticket - Toora	\$232.00	\$240.00	3.45	\$0
SPLASH - Aquatics (Casual) Adult Rec Swim	\$5.00	\$5.20	4.00	\$0
SPLASH - Aquatics (Casual) Child Rec Swim	\$4.10	\$4.20	2.44	\$0
SPLASH - Aquatics (Casual) Concession Rec Swim	\$4.10	\$4.20	2.44	\$0
SPLASH - Aquatics (Casual) Family Rec Swim	\$14.50	\$15.00	3.45	\$0
SPLASH - Aquatics (Casual) Spectator	\$2.00	\$2.00	.00	\$0
SPLASH - Aquatics (Casual) Underwater Hockey (Adult)	\$7.50	\$7.70	2.67	\$0
SPLASH - Aquatics (Casual) Underwater Hockey (Child / Concession)	\$6.50	\$6.70	3.08	\$0
SPLASH - Group Fitness Aqua Aerobics	\$10.50	\$10.80	2.86	\$0
SPLASH - Group Fitness Aqua Aerobics (Concession)	\$8.40	\$8.60	2.38	\$0
SPLASH - Older Adults Programs Aqua Movers	\$6.00	\$6.20	3.33	\$0
SPLASH - Older Adults Programs Strength Training Session	\$6.00	\$6.20	3.33	\$0
SPLASH - Older Adults Programs Disability Access Program	\$6.00	\$6.20	3.33	\$0
SPLASH - Memberships Family Aquatic Membership Monthly Fee	\$83.00	\$85.60	3.13	\$0
SPLASH - Full Centre Membership Fortnightly Fee	\$0.00	\$31.00	.00	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
SPLASH - Full Centre Membership Concession Fee	\$0.00	\$24.80	.00	\$0
SPLASH - Full Centre Membership Family Fortnightly Fee	\$0.00	\$24.80	.00	\$0
SPLASH - Full Centre Membership Concession Family Fortnightly Fee	\$0.00	\$18.60	.00	\$0
SPLASH - Aquatic Membership Fortnightly Fee	\$0.00	\$21.70	.00	\$0
SPLASH - Aquatic Membership start up Fee	\$0.00	\$45.00	.00	\$0
SPLASH - Aquatic Membership Concession Fee	\$0.00	\$17.40	.00	\$0
SPLASH - Aquatic Membership concession start up Fee	\$0.00	\$40.00	.00	\$0
SPLASH - Memberships Aquatic Membership Monthly Fee	\$41.50	\$42.50	2.41	\$0
SPLASH - Memberships Aquatic Membership Monthly Fee (Concession)	\$33.50	\$34.00	1.49	\$0
SPLASH - Memberships Pryme Movers Membership Monthly Fee	\$32.00	\$33.00	3.13	\$0
SPLASH - Memberships Y Kids Club Monthly Fee	\$29.09	\$33.00	13.44	\$0
SPLASH - Memberships Y Kids Club Start-up Pack Fee	\$20.00	\$20.00	.00	\$0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee	\$21.50	\$23.00	6.98	\$0
SPLASH - Aquatic Education Aquasafe Plus Membership Fortnightly Fee (Family Membership)	\$17.20	\$18.40	6.98	\$0
SPLASH - Aquatic Education Aquasafe Membership Fortnightly Fee	\$20.00	\$21.50	7.50	\$0
SPLASH - Aquatic Education Aquasafe	\$16.00	\$17.20	7.50	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Membership Fortnightly Fee (Family)				
SPLASH - Memberships Aquatic Education Start-up Pack (New enrolments only)	\$27.00	\$29.00	7.41	\$0
SPLASH - Memberships Aquasafe School Holiday Program Participant Fee	\$48.00	\$52.00	8.33	\$0
SPLASH - Schools - Aquatic Education (YMCA Teacher)	\$5.90	\$6.10	3.39	\$0
SPLASH - Schools - Aquatic Education (School Instructor)	\$3.10	\$3.20	3.23	\$0
SPLASH - Schools - Aquatic Full Pool Hire (Sole Use)	\$97.00	\$97.00	.00	\$0
SPLASH - Schools - Aquatic Carnival Hire	\$665.00	\$665.00	.00	\$0
SPLASH - Stadium Netta / Fun Net Clinic	\$5.00	\$5.20	4.00	\$0
SPLASH - Stadium Soccer Clinic	\$5.00	\$5.20	4.00	\$0
SPLASH - Stadium Basketball Clinic	\$5.00	\$5.20	4.00	\$0
SPLASH - Stadium Netball Team sheet Fee (Senior)	\$28.00	\$28.00	.00	\$0
SPLASH - Stadium Netball Team Registration Fee (Senior)	\$40.00	\$40.00	.00	\$0
SPLASH - Stadium Indoor Soccer Team sheet (Senior)	\$36.00	\$36.00	.00	\$0
SPLASH - Stadium Indoor Soccer Team Registration (Senior)	\$70.00	\$70.00	.00	\$0
SPLASH - Stadium Basketball Rental (single court)	\$37.50	\$37.50	.00	\$0
SPLASH - Stadium Schools Rental (single court)	\$37.50	\$37.50	.00	\$0
SPLASH - Stadium Birthday Parties	\$15.00	\$15.50	3.33	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
SPLASH - Children's Programs Vacation Care	\$33.00	\$38.00	15.15	\$0
SPLASH - Children's Programs Facility Rental - Swim Club	\$11.00	\$11.50	4.55	\$0
SPLASH - Children's Programs Facility Rental - Casual Lane Hire	\$28.00	\$28.00	.00	\$0
SPLASH - Aquatic Adventure Day - Per participant	\$8.00	\$8.20	2.50	\$0
SPLASH - Stadium Entry fee - all persons	\$2.00	\$2.00	.00	\$0
SPLASH - Challenge Fitness Camp	\$249.00	\$255.00	2.41	\$0
SPLASH - Challenge Fitness Camp (member)	\$225.00	\$255.00	13.33	\$0
Recreation Total				\$0
Single Dwellings per lot and/or extensions < \$10000 - \$100000	\$239.00	\$239.00	.00	\$0
Single Dwellings per lot and/or extensions > \$100000	\$490.00	\$490.00	.00	\$0
Development of Land > \$10000	\$102.00	\$102.00	.00	\$0
Development of Land < \$10000 - \$250000	\$604.00	\$604.00	.00	\$0
Development of Land < \$250000 to \$500000	\$707.00	\$707.00	.00	\$0
Development of Land < \$500000 - \$1 M	\$815.00	\$815.00	.00	\$0
Development of Land < \$1M - \$7M	\$1,153.00	\$1,153.00	.00	\$0
Development of Land < \$7M - \$10M	\$4,837.00	\$4,837.00	.00	\$0
Development of Land < \$10M - \$50M	\$8,064.00	\$8,064.00	.00	\$0
Development of Land < \$50M	\$16,130.00	\$16,130.00	.00	\$0
Subdivision of existing building / land into two lots	\$386.00	\$386.00	.00	\$0
To effect a realignment of a common boundary	\$386.00	\$386.00	.00	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
between lots or to consolidate two or more lots.				
Subdivision of Land	\$781.00	\$781.00	.00	\$0
Create vary remove easement right-of-way Crown Land or vary remove a condition in the nature of an easement other than a right of way in a Crown Grant.	\$404.00	\$404.00	.00	\$0
Use and Change of Use	\$502.00	\$502.00	.00	\$0
Create vary remove a restriction (Subdivision Act 1988) or create or remove a right of way.	\$541.00	\$541.00	.00	\$0
Remove restriction (Subdiv Act 1988) over land if the land has been used or developed for more than 2 yrs before date of applications (Plan & Enviro Act 1987) but for the existence of the restriction	\$241.00	\$241.00	.00	\$0
Planning Certificates	\$18.20	\$18.20	.00	\$0
Certification of Plans - Charged per lot	\$20.00	\$20.00	.00	\$0
Certification of Plans - Charged per lot (Base Fee)	\$100.00	\$100.00	.00	\$0
Certificate of Compliance	\$147.00	\$147.00	.00	\$0
S.6 (1) - Considering a request to amend planning scheme	\$798.00	\$798.00	.00	\$0
S.6 (2) - Consideration of submissions and assisting the panel	\$798.00	\$798.00	.00	\$0
S.6 (3) - Adoption of an amendment	\$524.00	\$524.00	.00	\$0
Recertification of plans	\$100.00	\$100.00	.00	\$0
Infringement (per unit)	\$116.82	\$116.82	.00	\$3,505
Development of Land Revenue - Average	\$200,000.00	\$280,000.00	40.00	\$280,000
Strategic Planning Total				\$283,505

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Brochure Fee - PORT Member sponsorship	\$70.00	\$73.70	5.29	\$3,350
Brochure Fee - Non Member (non ratepayer)	\$100.00	\$105.25	5.25	\$191
Brochure Fee - Non PCRT Member (ratepayer)	\$85.00	\$89.50	5.29	\$407
Central Booking Service	\$71,500.00	\$112,750.00	57.69	\$102,500
Maps	\$6.95	\$6.95	.00	\$158
Postcards	\$1.50	\$1.50	.00	\$68
Travel Diaries	\$3.95	\$3.95	.00	\$54
Tourism Total				\$106,728
Garbage Bag up to 120L	\$3.00	\$3.50	16.67	\$44,545
Car Boot	\$13.00	\$15.00	15.38	\$36,545
240L Bin	\$7.00	\$8.00	14.29	\$47,818
120 L Bin	\$3.50	\$4.00	14.29	\$25,455
Ute - up to one cubic meter	\$25.00	\$30.00	20.00	\$75,000
Other Domestic	\$25.00	\$30.00	20.00	\$156,818
Silage Wrap bundled	\$13.00	\$30.00	130.77	\$5,045
Concrete Bricks Fill up to one m3	\$25.00	\$30.00	20.00	\$1,364
Car Bodies	\$37.00	\$39.00	5.41	\$355
Car Tyres	\$6.00	\$6.50	8.33	\$2,955
Small Truck / Four Wheel Drive Tyres	\$15.00	\$16.00	6.67	\$364
Large Truck Tyre	\$30.00	\$32.00	6.67	\$145
Earthmoving Tyre	\$182.00	\$190.00	4.40	\$0
Extra Charge for Tyre on Rim	\$8.00	\$8.50	6.25	\$773

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Green waste	\$0.00	\$0.00	.00	\$0
Mattress - Single Bed	\$0.00	\$10.00	.00	\$4,545
Mattress - Double Bed	\$0.00	\$15.00	.00	\$4,091
Asbestos	\$92.00	\$107.00	16.30	\$5,836
Concrete (over 300mm)	\$57.00	\$60.00	5.26	\$24,545
Prescribed Waste	\$130.00	\$160.00	23.08	\$0
Commercial Waste by weight	\$92.00	\$107.00	16.30	\$871,564
Tree Stumps	\$31.78	\$36.00	13.28	\$327
Disposal of Clean Fill	\$92.00	\$107.00	16.30	\$34,045
Waste Management Total				\$1,342,135
Permit to Install a septic tank application made after a Planning Permit application. (Max 46.35 FUs)	\$541.80	\$553.80	2.21	\$71,994
Permit to install a septic tank application made prior to or at the same time as Planning Permit application.	\$516.00	\$543.10	5.25	\$43,448
Permit to alter a septic tank system - Major Works	\$372.00	\$391.50	5.24	\$4,698
Permit to alter a septic tank - Minor Works	\$293.50	\$308.90	5.25	\$6,178
Request for copies of plans for septic.	\$97.00	\$102.10	5.26	\$1,392
Request for Assessment of the Waste Water Disposal System for a constructed dwelling or extra initial, construction or Final Inspection	\$144.00	\$151.50	5.21	\$275
Renewal of expired Septic Tank permit to current EPA requirements.	\$282.50	\$297.30	5.24	\$1,351
Assessment of Wastewater report	\$157.00	\$165.20	5.22	\$0

Description	2010/11 Fee Inc. GST	2011/12 Fee Inc. GST	% Increase	2011/12 Budget Excl. GST
Fees highlighted in yellow are statutory fees				
Minor permit amendment - no inspection	\$78.50	\$82.60	5.22	\$826
Major permit amendment - includes inspection	\$144.00	\$151.50	5.21	\$303
Fast Track pre building approval (Septic Report & Consent)	\$205.00	\$205.00	.00	\$2,050
Waste Water Total				\$132,515
Grand Total				\$2,935,132

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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 2011/12 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.
Infrastructure	Physical assets of the entity or of another entity that contribute to meeting the

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

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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.

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

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

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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 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

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the organisation and community

Legislative framework

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

Local government asset investment guidelines

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

Local Government (Finance and Reporting) Regulations 2004

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

(a) the manner in which the standard statements and

financial statements of a Council are to be prepared

and their contents

(b) the information to be included in a Council Plan,

budget, revised budget and annual report

(c) other matters required to be prescribed under Parts 6

and 7 of the Act.

Local Government (Long Service Leave) Regulations 2002

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

New assets

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

Non financial resources

Resources of a non financial nature (such as human resources, information systems and processes, asset management systems) which are consumed by

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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
(Impact of current year on 2010/11 budget) 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 changes has been determined, taking into consideration longer term philosophy issues and framework.
Regulations	Local Government (Finance and Reporting) Regulations 2004.
Restricted funds and discretionary reserves	Monies set aside for statutory and discretionary purposes.
Revised budget	Section 128 of the Act permits a Council to prepare a revised budget if circumstances arise which cause a material change in the budget and which affects the financial operations and position of the Council.
Road Management Act	The purpose of this Act which came into operation from 1 July 2004 is to reform the law relating to road management in Victoria and to make relating amendments to certain Acts, including the local Government Act 1989.
Service delivery (<i>in strategic resource plan</i>)	A key outcome of a strategic resource plan, service delivery must be linked with performance strategies in order to assess the adequacy of service delivery and the impact on long term budget preparation.

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Standard statements

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

- Strategic resource plan
- Budget
- Annual report

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

The standard statements are the

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

“Standard Statements, A Guide”

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

Statutory disclosures

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

Statutory reserves

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

Strategic planning framework

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

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Strategic resource plan (SRP)

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

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

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

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

Sustainability index (*Infrastructure strategy*)

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

Three way budgeting methodology (*Strategic resource plan*)

The linking of the income statement, balance sheet and cash flow statement to produce forecast financial statements based on assumptions about future movements in key revenues, expenses, assets and liabilities.

Underlying operating result

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

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

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level of contributions received

Unrestricted cash and investments

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

Valuations of Land Act 1960

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