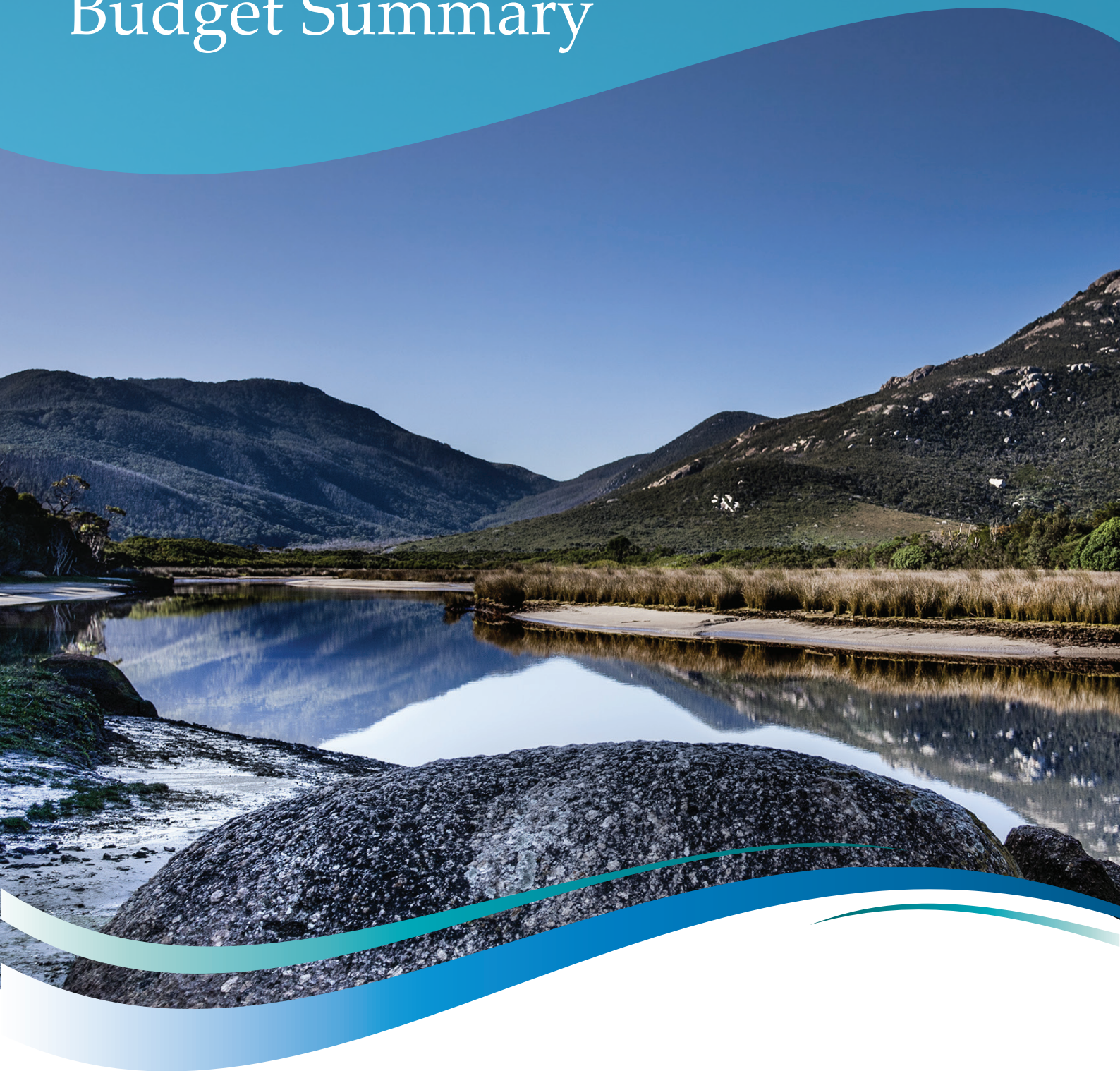


SOUTH GIPPSLAND SHIRE COUNCIL

2018/19 Budget Summary



*South Gippsland
Shire Council*

2018/19 Budget

The challenge remains, and in fact it's growing!

Council is pleased to present a financially sustainable and responsible Annual Budget for 2018/19 that captures many of the requests raised by the community.

At Council, we actively work with our residents to ensure that decisions are made in line with community expectations while meeting Council's overall direction. With the Victorian Government's Fair Go Rates System still in place this has been a balancing act but has resulted in another stable budget.

Community Engagement

The community were invited to provide feedback on the development of the 2018/19 Annual Budget via submissions. Council also asked the community for their top three priorities for Council in 2018/19 via OurSay to feed into the Council Plan which is funded by the Annual Budget.

The outcome is a financially sustainable Budget and Long Term Financial Plan which reflects the strategic long term financial planning that our Council has been committed to.

Capital Works

Council has committed to spending \$23.4 million on major capital works initiatives including the Bena Kongwak Bridge, Mirboo North Pool Refurbishment Design, Korumburra Community Hub Design, Loch Main Street Renewal and Toora Pool Masterplan.

Many of these projects have been rallied for by the community for a long time and noted as vital.



Finding Efficiencies

Council is committed to continue to look for efficiencies through collaboration with our neighbouring councils in Gippsland and through innovation in technology and service delivery. The main driver for collaboration between councils is the ability to do more with less. This includes an interest in avoiding duplication between councils in planning and preparing, and an interest in being effective where such partnerships can make the most of our often scarce resources to create meaningful improvements for our communities.

This document provides a broad overview of the budget. The full 2018/19 Annual Budget is available on Council's website.

Current Year Rate Increase

The following table sets out future proposed rates and charges increases for rateable properties. It also shows total rates to be raised, (including waste charges and supplementary rate income) based on the forecast financial position of Council as at 30 June 2018.

	2018/19	2019/20	2020/21	2021/22
Rate Increases (%)	2.0 per cent	2.0 per cent	2.0 per cent	2.0 per cent
Total Rates and Charges Raised \$'000	42,505	43,601	44,725	45,876

Summary

The general rate for 2018/19 will increase by 2.0 per cent. On average the combined garbage and green waste charge will also increase by 2.0 per cent for 2018/19. It is projected that total rates and charges income which includes an estimated \$278,000 in supplementary rates will increase by 3.26 per cent over the base that was raised last year to \$42.51 million.

Features

The 2018/19 Annual Budget has the following features:

- The expected operating result for the 2018/19 year is a surplus of \$1.45 million, which is less than the projected \$8.09 million surplus result for 2017/18.
- The cash position is expected to decrease by \$10.38 million during the year to \$13.39 million as at 30 June 2019.
- Net cash from operations for 2018/19 is forecast to be \$11.35 million. This is lower than the previous year's projection of \$17.80 million. The cash from operations provides funding for future years' capital works, loan repayments and financing requirements.
- Capital expenditure will be \$23.36 million.

Although the rate cap for 2018/19 has been set at 2.25 per cent by the State Government, Council has elected to only increase the general rate by 2.0 per cent. The rate rises in forward years have also been modelled on 2.0 per cent increases per annum.

Income Statement

INCOME	Budget 2017/18 \$'000	Budget 2018/19 \$'000	Budget 2019/20 \$'000	Budget 2020/21 \$'000
Rates and charges	41,165	42,055	43,601	44,725
Statutory fees and fines	806	941	960	1,003
User fees	4,488	4,413	4,556	4,659
Grants - Operating	15,372	10,653	13,537	12,861
Grants - Capital	5,192	3,403	9,236	3,894
Contributions - monetary	371	583	68	649
Contributions - non monetary	379	387	395	404
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	103	245	(8)	70
Other income	1,877	1,592	1,619	1,649
TOTAL INCOME	69,753	64,722	73,964	69,914
EXPENSES				
Employee costs	24,396	25,224	25,843	26,493
Materials and services	23,920	24,074	20,489	19,357
Utilities				
Bad and doubtful debts	1	1	1	1
Depreciation and amortisation	9,954	10,288	10,596	10,964
Borrowing costs	142	142	59	0
Other expenses	3,252	3,548	3,204	3,269
TOTAL EXPENSES	61,665	63,277	60,192	60,084
SURPLUS (DEFICIT)	8,088	1,445	13,772	9,830

Staffing

Employee costs are forecast to increase by \$828,000 when compared to the 2017/18 forecast result.

The 2018/19 budgeted employee costs takes into account:

- A 2.0 per cent allowance for banding and contract staff increments in 2018/19 and higher duties as well as the flow on effect to oncost expenses;
- The mandatory superannuation contributions remain at 9.5 per cent until 2021/22; and
- A 1.50 increase in Full Time Equivalent (FTE) across all four directorates from 2017/18. This has enabled the employment of an Arts Development Officer and Senior Local Laws Officer. These two new roles only require 1.5 FTE increase as 0.5 FTE has been saved in operational efficiencies.



Summary Key Capital Projects for 2018/19

- Korumburra Community Hub - Design (\$200,000)
- Prom Coast Centre for Children's Satellite Capital funding (\$308,000)
- Fleet Purchases (\$775,000)
- Plant Purchases (\$1.28 million)
- Information Services (\$1.85 million)
- Civil - Loch Main Street Renewal - Stage One (\$710,000)
- Reseals Preparation (\$850,000)
- Sealed Rehabilitation Program (\$1.42 million)
- Guard Rails Replacement Program (\$137,000)
- Ruby Arawata Road Bridge (\$470,000)
- Footpath Extension Program (\$1.1 million)
- Footpaths Renewal (\$308,000)
- Sanders Lane, Korumburra (\$232,000)
- Landfill Cover (\$38,000)
- Koonwarra Landfill Cells 1,2,3 Cap (\$778,000)
- Yanakie - Electrical Supply Upgrade (\$168,000)
- Pool design for stadium seating (\$30,000)
- Toora Pool Masterplan (\$42,000)
- Refurbishment Design - Mirboo North Pool (\$3.8 million)
- Korumburra Skate Park (\$200,000)
- Poowong Kindergarten Playground (\$20,000)
- Community Infrastructure Projects (\$31,000)
- Korumburra Tourist Park (\$47,000)
- Gale Street Reserve, Waratah Bay (\$52,000)
- RV Fisher Reserve (\$44,000)
- Dowling Playground Mossvale Park (\$35,000)
- Korumburra Recreation Reserve (\$196,000)
- Korumburra Recreation Centre (\$75,000)
- Buildings Renewal Program (\$317,000)
- Old Korumburra Kindergarten Refurbishment into Interim Library (\$275,000)
- Coal Creek Capital Projects (\$18,000)
- Long Jetty - Cabin Replacement (\$160,000)
- Long Jetty - Storage Shed (\$4,000)
- Long Jetty - Kiosk/Front Office/Residence (\$65,000)
- Yanakie Camp Kitchen and Communal Area (\$99,000)
- Caravan Parks Toilet Blocks (\$811,000)
- Korumburra Streetscape (\$179,000)
- Bair Street, Leongatha Streetscape (\$34,000)
- Grand Ridge Road, Leongatha (\$18,000)
- Foster Streetscape (\$66,000)
- Walkerville North - Road and Retaining Wall Protection (\$110,000)
- Bena Kongwak Bridge Replacement (\$1.74 million)
- Bridge - Rehabilitation Program (\$29,000)
- Powneys Road Bridge (\$200,000)
- Major Culvert Renewal Program (\$110,000)
- Great Southern Rail Trail (\$106,000)
- Drainage Rehabilitation Program (\$109,000)
- Leachate Evaporation System - Waste Management (\$352,000)
- Korumburra Skate Park (\$50,000)
- Baromi Park Masterplan and Associated Works (\$289,000)
- Fish Creek Netball Courts Redevelopment (\$250,000)
- Venus Bay Environment Projects (\$110,000)
- Venus Bay Skate Park (\$115,000)
- Pools Renewal Program (\$367,000)
- Caravan Parks Power Head Replacement Program (\$16,000)
- Caravan Parks New Power Heads (\$21,000)
- Tarwin Lower to Venus Bay Walking Track Sun Shelter (\$14,000)
- Civil Capital Works Design (\$200,000)
- Road Reseals (\$1.9 million)

Priority Projects

Council has identified six priority projects that it will seek funding for during 2018/19.

Advocacy

- Leongatha Revitalisation Project - Leongatha Business Precinct Development Project (Bair Street and Railway Station Stage One)
- Great Southern Rail Trail - Welshpool to Alberton Link
- Mirboo North Pool Refurbishment

Development

- Korumburra Revitalisation Project
- Great Southern Rail Trail - Leongatha to Korumburra and west of Korumburra
- Leongatha Community Hub Development

Consideration

- No current projects

This year the projects have been refined to create a targeted message and clarity for both the community and potential funding providers. Priority Projects for Advocacy are considered shovel ready and would be able to commence construction within six months of obtaining funding.