



# BULOKE SHIRE COUNCIL

## Annual Budget 2016 – 2017

Adopted at Council Meeting 8 June 2016





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## Mayor's introduction

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

This budget is the final budget of the current Council and continues the journey to place Buloke in a financially sustainable position. This year also saw the State Government introduce rate capping for local government. The cap imposed was 2.5% however Council made the decision to increase rates by 3.05% so that Council reaches the goals it set itself in the Strategic Resource Plan. Council has been successful in its application to the Essential Services Commission for a rate variation of 3.05%.

We will increase rates and charges by 2.99% in the 2016/17 financial year. This level allows us to maintain existing service levels and continue to allocate additional funds to renew the Shire's infrastructure.

It is important to note that there will be no change to the garbage collection charge and it will remain at \$375 for 2016/17. This charge applies to those who receive the garbage and recycling service.

As this is a year where all properties in the Shire have been revalued, the increase to individual properties will not be consistent. The preliminary information regarding the valuations indicates that some people will end up with a reduction in their Council rates due while some will have an increase greater than the 2.99% stated above. Valuations are based on property sales over the previous two years.

The proposed budget includes a number of new and continued initiatives:

- Numerous sporting facility upgrades
- Playground safety works
- Building safety works to ensure compliance to essential services audits
- Continued investment in Swimming Pools
- Finalisation of flood prevention works with the Donald and Charlton flood levy projects

The total Capital Works program will be \$8.10 million, of which \$530,000 relates to projects carried over from the 2015/16 year.

Council has conducted two Community Forum Summits where members of all of Buloke's communities were invited to attend and have input into the budget before it was released as a draft document.

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

Feel free to contact our office should you require any further details of this budget.

**Cr Reid Mather**  
**Mayor**

## Executive Summary

Council has prepared a Budget for 2016/17 which is aligned to the vision in the Council Plan 2015-19. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community.

The Budget projects a surplus of \$4.22 million for 2016/17 with an underlying result of a surplus of \$2.29 million due to the additional \$2.5 million of Roads to Recovery funding.

### 1) Key things we are funding

- a. Ongoing delivery of services to the Buloke Shire Community funded by a budget of \$26.62 million. These services are summarised in Section 2.1
- b. Continued investment in Infrastructure assets (\$7.57 million) primarily for renewal works. This includes
  - i. Roads \$3,727,000
  - ii. Footpaths \$89,000
  - iii. Drainage \$569,000
  - iv. Recreation \$407,000
  - v. Parks and Open Space \$958,000
  - vi. Buildings \$573,000
  - vii. Plant and Equipment \$856,000

### Strategic Objective 1: Delivering our services in a financially sustainable way

- Continued renewal of our road network with over \$2.2 million investment in reseals and re-sheets on roads across the shire.
- Continuation of disposal of land assets surplus to Council needs.
- Works to address safety in Council recreational buildings.
- Playground upgrades to ensure compliance to safety standards (\$30,000)
- Commencement of Streetscape project (\$350,000)
- Continued development and improvements to Council's swimming pools, with an additional \$407,000 for upgrade works.

### Strategic Objective 2: Engaging with, and facilitating our community to identify and meet its needs

Council funds many community groups which are highly valued for the work they do in the community. The following are some of the community groups funded through the 2016/17 budget. Some programs receive Council funding and some receive funding from other sources including State Government.

Program	Total funds	Council Contribution	Other source Contribution
Community Grants Program	20,600	20,600	
Buy Local Christmas Promotion	3,500	3,500	
Australia Day Celebrations	5,000	5,000	
Township Forum Support	10,000	10,000	
Senior Citizens Events	5,500	3,200	2,300
L2P Funding Charlton College	28,500		28,500
School Awards Nights	500	500	
Friends of Mount Wycheproof	2,000	2,000	
SES Contribution	13,668		13,668
Walk to School Program	10,000		10,000

### **Strategic Objective 3: Supporting and enhancing our local economy**

- Support community funding applications to other levels of government by utilising community grants to prepare applications.

### **Strategic Objective 4: Working with the community and relevant agencies and groups to enhance and protect our natural environment**

- New and upgrade works to waste management facilities totalling \$395,000.
- Upgrade to Folletti Park (\$28,275)
- Stage 1 of Lakes amenities upgrades of \$500,000

### **Strategic Objective 5: Influencing governments to improve liveability for rural communities**

- Continue to advocate for a minimum level of service for all Victorians as part of the Rural Living Campaign.
- Conduct 2016 Council elections

### **Strategic Objective 6: An organisation that is responsibly governed and values and supports the development of its people**

- Further reduction in Council fleet costs of 10%
- Continuation of flood prevention works with the Donald and Charlton flood levy projects.
- Implementation of Information Communications Technology Strategy

#### **2) The Rate Rise**

- a. The average rate rise by 3.05% is as per Council's application to vary the rates from the 2.5% in line with the order by the Minister for Local Government on 14 December 2015 under the Fair Go Rates System. Council has been successful its application to vary the rates.
- b. Key Drivers
  - i. To fund ongoing service delivery
  - ii. To allow Council to remain financially sustainable
  - iii. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission caused by a freezing of indexation of the grant
- c. This will be a revaluation year. Valuations will be as per the General Valuation dated 1 January 2016 (as amended by supplementary valuations).
- d. The waste service charge incorporating kerbside collection and recycling will not increase.
- e. Refer to Section 7 for further Rates and Charges details

#### **3) Key Statistics**

- a. Total Revenue                      \$26.62 million                      (2015/16 = \$21.11 million)
- b. Total Expenditure                      \$22.40 million                      (2015/16 = \$21.99 million)
- c. Accounting Result                      \$4.22 million Surplus                      (2015/16 = \$884,000 Deficit)  
(Refer to Income Statement in Section 3)
- d. Underlying Operating result                      \$2.29 million Surplus (2015/16 = \$1.41 million Deficit)  
(Refer Analysis of operating Budget in Section 10.1)

- e. Cash Result                      \$2.48 million Surplus            (2015/16 = \$838,000 Deficit)  
(Refer Statement of Cash Flows in Section 3)

#### **4) Budget influences**

##### **External Influences**

- Introduction of rate capping has placed pressure on long term financial plans of Council
- Setting of Statutory Fees such as Town Planning Fees by the Victorian State Government at levels which do not cover the cost of providing these services which Council is legislatively required to provide.
- Funds received by local governments for the provision of services such as Home and Community Care and School Crossing Supervision are not increasing in line with actual services to provide this service.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.
- The setting of electoral costs by the Victorian Electoral Commission with an increase in excess of 30% from the last election

##### **Internal Influences**

- Council has recently negotiated a new staff Enterprise Bargaining Agreement with a very modest increase to salaries.
- Council has embarked on a 3 year review of all services in an effort to identify and implement efficiencies and reduce expenditure.

## Budget Reports

The following reports include all statutory disclosures of information and are supported by the analysis contained in sections 8 to 15 of this report.

This section includes the following reports and statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

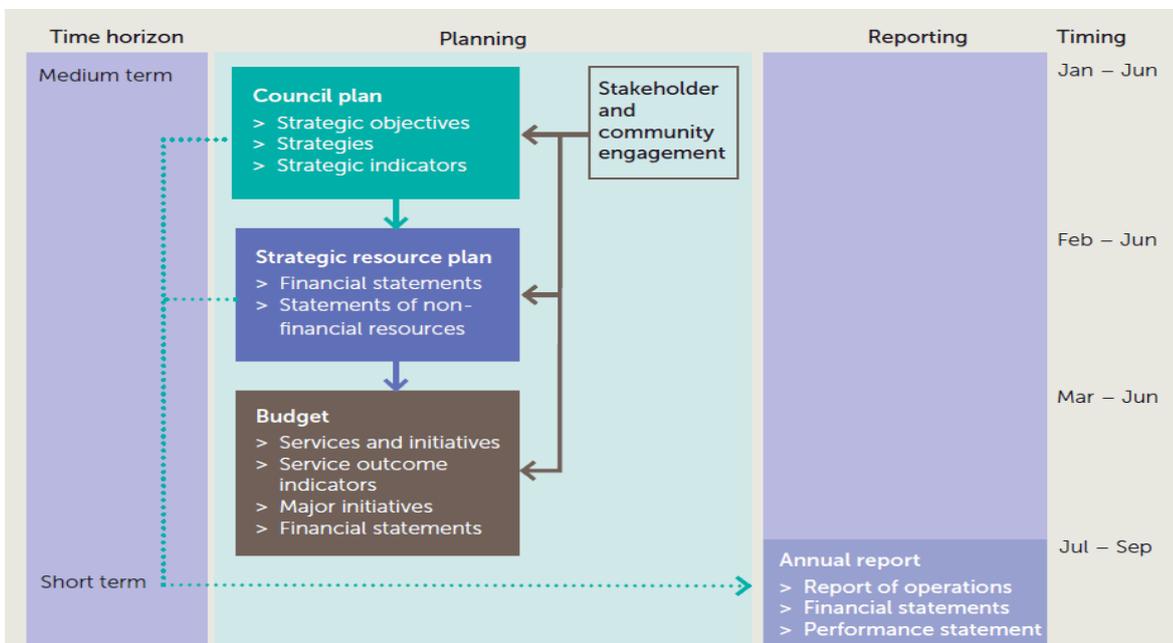
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

## 1. Link to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

### 1.1 Planning and accountability framework

The Strategic Resource Plan, is part of and prepared in conjunction with the Council Plan, and is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Annual Budget is framed within the Strategic Resource Plan, taking into account the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning (Formerly the Department of Transport, Planning and Local Infrastructure)

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Annual Budget process.

## 1.2 Our purpose

### Our vision

A sustainable Council for a liveable community.

### Our mission

Our mission is to work with the people of Buloke to provide a supportive and positive environment enabling them to work to achieve satisfying and productive lives.

### Our values

Council address its key values through:

- Constructive engagement.
- Good communication
- Transparency in decision making.
- Accountability for actions.
- A collaborative approach working with partners.
- Taking responsibility.
- Representation of the community and its needs.
- Being responsive and timely.

## 1.3 Strategic objectives

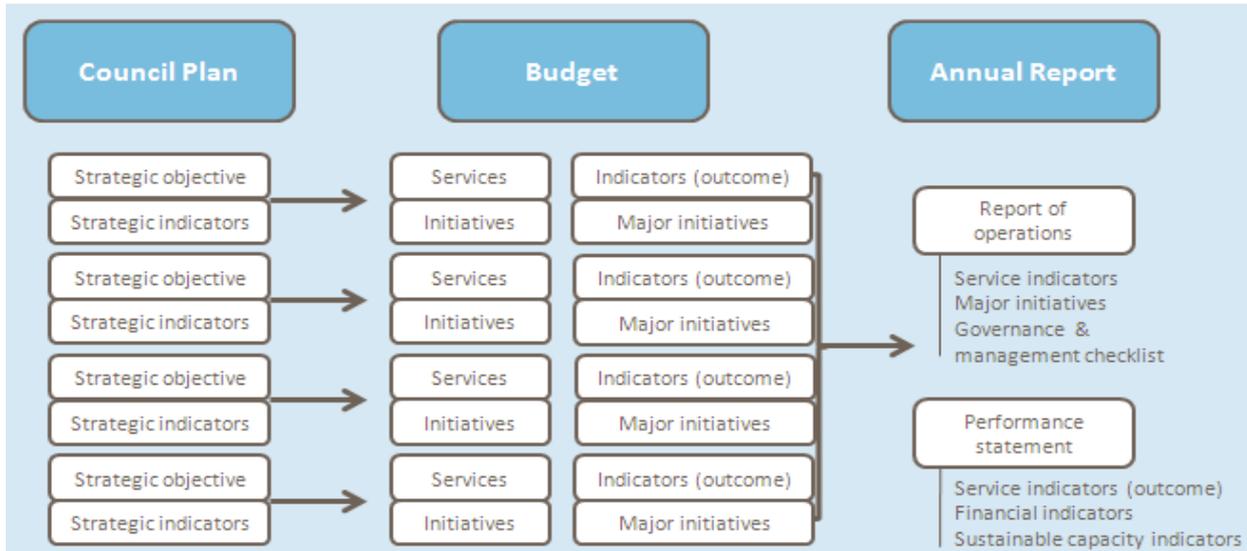
Council delivers many services and initiatives. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the years 2015-2019. The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Delivering our services in a financially sustainable way	<ol style="list-style-type: none"><li>1. Achieve the adopted Budget 14/15 and the proposed 15/16 Budget.</li><li>2. Monitor service delivery to ensure we are meeting the proposed new service levels.</li><li>3. Adopt increasing surplus budgets over the life of the Council Plan.</li></ol>
2.. Engaging with, and facilitating our community to identify and meet its needs	<ol style="list-style-type: none"><li>1. Adopt and implement the Buloke Community Engagement Strategy.</li><li>2. Identifying community needs to inform service planning.</li><li>3. Support and assist volunteer participation in our Shire.</li><li>4. Implement and annually review the Municipal Public Health and Wellbeing Plan.</li><li>5. Enhance the strategic planning, development and management of Council's physical assets and infrastructure.</li></ol>
3. Supporting and enhancing our local economy	<ol style="list-style-type: none"><li>1. Implement the Buloke Shire Economic Development Strategy and report to the community on an annual basis.</li><li>2. Facilitate the provision of infrastructure to grow the economic development of the community.</li></ol>
4. Working with the community and relevant agencies and groups to enhance and protect our natural environment	<ol style="list-style-type: none"><li>1. Implement the Buloke Waste Management Strategy.</li><li>2. Undertake a strategic review of Council's gravel pits.</li><li>3. Review the Roadside Vegetation Management Plan.</li><li>4. Identify and implement environmentally sustainable projects.</li></ol>

Strategic Objective	Description
5. Influencing governments to improve liveability for rural communities	1. Engage with other municipalities / agencies to advocate on equitable services. 2. Mobilise the community to participate in advocacy issues.
6. An organisation that is responsibly governed and values and supports the development of its people	1. Adopt and implement the Buloke Organisational Development Strategy. 2. Action relevant audit reports. 3. Monitor governance processes and practices.

## 2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2016/17 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify initiatives, major initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

Services for which there are prescribed performance indicators to be reported on in accordance with the Regulations are shown in the following sections.

### 2.1 Strategic Objective 1: Delivering our services in a financially sustainable way

To achieve our objective of delivering our services in a financially sustainable way, we will continue to review our services to provide high quality, cost effective, and responsive services.

#### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Library Services	This service provides mobile library services to the townships of Birchip (co-located with Birchip school), Charlton, Donald, Watchem, Berriwillock, Sea Lake, Culgoa, Nullawil and Wycheproof. The library services are provided by three library corporations with Charlton being serviced by the Goldfields Library Corporation, Berriwillock, Sea Lake, Culgoa, Nullawil and Wycheproof serviced by the Swan Hill Rural City Council and Birchip, Donald and Watchem communities serviced by the Wimmera Regional Library Corporation.	272  <u>(116)</u> 156
Recreation	This service provides recreational facilities and support to community run recreation reserves in 10 towns across the Shire, as well as governance support to community recreation clubs and committees. Council has adopted a funding model which funds various recreation facilities based on usage and facilities available	262  <u>-</u> 262

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Assets & Project Management	This service is to provide for the management, design and administration of Council's assets and infrastructure services, including planning and management of the capital works program.	906 <u>(341)</u> <b>565</b>
Property Maintenance	This service is to provide Property Maintenance Services to a range of Council's building-based assets, focussing on the upkeep and renewal of buildings. This area maintains in excess of 250 buildings across the shire and aims to keep them maintained in a fit for purpose state.	1,550 <u>-</u> <b>1,550</b>
Road Services	This service is to provide road maintenance for the 1100km of Sealed, 650km of Gravel and 3,800km of Earth roads across the Shire.	7,716 <u>(2,305)</u> <b>5,411</b>
Swimming Pools	This service manages and operates seven seasonal swimming pools, from the third week in November to the third week in March, annually.	546 <u>-</u> <b>546</b>
Urban Areas	This service manages and coordinates Council's Parks & Gardens and Urban Infrastructure providing routine, preventative and on-going maintenance and improvements.	2,212 <u>-</u> <b>2,212</b>
Statutory Compliance	The purpose of the Statutory and Compliance Service is to provide Statutory Planning, Building Services and Compliance and Local Laws services. This area also includes areas such as Fire Hazards, Dog and Cat registration and control and stock control.	615 <u>(262)</u> <b>353</b>

### Initiatives

Continued renewal of our road network with over \$2.2M investment in reseals and resheets on roads across the shire.

Continuation of disposal of land assets surplus to Council needs.

Works to address safety in Council recreational buildings.

Playground upgrades to ensure compliance to safety standards (\$30,000)

Commencement of Streetscape project (\$350,000)

Continued development and improvements to Council's swimming pools, with an additional \$407,000 for upgrade works.

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Libraries		Active library members (Percentage of the municipal population that are active library members)	(Number of active library members / municipal population) x100
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	(Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications) x100

Service	Indicator	Performance Measure	Computation
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions

## 2.2 Strategic Objective 2: Engaging with, and facilitating our community to identify and meet its needs

To achieve our objective of 'Engaging with, and facilitating our community to identify and meet its needs', we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged and Disability Services	This service provides a range of maintenance and support services to assist frail older people and younger people with a disability to live independently at home. Council's service provides domestic assistance, personal care, respite care, home maintenance, meals services, volunteer coordination, aged transport, aged accommodation and five senior citizens centres. These services are integral to allowing many people stay living in their own homes .	1,466 (1,206) <b>260</b>
Early Years	This service is to advocate for the wellbeing of children and their families and ensure it is supported through planning and service development. The service provides pre-school services in 5 towns, maternal and child health and support for playgroups run by parents.	353 (206) <b>147</b>
Community Grants	This service provides donations, allocations and support to groups in the community that contribute to services that connect and involve the local area.	89 - <b>89</b>
Environmental Health	This service promotes the health and well-being of the Shire's local communities through a range of Public Health Programs including immunisations, food surveillance and registration of food premises, accommodation standards and waste water management.	169 (49) <b>120</b>

Council funds many community groups which are highly valued for the work they do in the community. The following are some of the community groups funded through the 2016/17 budget. Some programs receive Council funding and some receive funding from other sources including State Government

Program	Total funds	Council Contribution	Other source Contribution
Community Grants Program	20,600	20,600	
Buy Local Christmas Promotion	3,500	3,500	
Australia Day Celebrations	5,000	5,000	
Township Forum Support	10,000	10,000	
Senior Citizens Events	5,500	3,200	2,300
L2P Funding Charlton College	28,500		28,500
School Awards Nights	500	500	
Friends of Mount Wycheproof	2,000	2,000	
SES Contribution	13,668		13,668
Walk to School Program	10,000		10,000

### Service Performance Outcome Indicators

The following indicators outlines how we intend to measure achievement of service objectives.

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)  Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	(Number of people that received a HACC service / Municipal target population for HACC services) x100  (Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services) x100
Early Years	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)  Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	(Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service) x100  (Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service) x100
Food safety	Health and Safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	(Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises) x100

## 2.3 Strategic Objective 3: Supporting and enhancing our local economy

To achieve our objective of Supporting and enhancing our local economy, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Business area	Description of services provided	Expenditure
		(Revenue) Net Cost
		\$'000
Community Support	The service develops links between and within the communities in the Shire and works with local communities and groups to access community projects recognised as community priorities and provides a range of youth services that support young people aged between 12 and 25. The service also facilitates economic development throughout the Shire and provides support to local businesses and assists in the promotion of tourism.	265 (52) <b>213</b>
Saleyards	This service provides for the management and administration of the Council's Saleyards Precinct at Wycheproof for external Livestock Agents to sell Livestock.	89 (98) <b>(9)</b>

### Initiatives

Support community funding applications to other levels of government by utilising community grants to prepare applications.

### Service Performance Outcome Indicators

The following indicators outlines how we intend to measure achievement of service objectives.

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	(Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year) x100

## 2.4 Strategic Objective 4: Working with the community and relevant agencies and groups to enhance and protect our natural environment

To achieve our objective of working with the community and relevant agencies and groups to enhance and protect our natural environment, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services.

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Environmental Planning	This service manages Council's Environmental Compliance and Sustainability Programs and Services.	89 -
Lakes	This service provides a contribution to the management and development of the Recreational Lakes including Tchum, Green, Wooroonook, Watchem & Folletti Lakes.	32 -
Waste & Environment	Waste and Environment Services is responsible for the maintenance and improvement of Council's landfills and transfer stations as well as providing a Residential Kerbside Garbage & Recycling service in all towns within the Shire. The additional income displayed for this program relates to income recieved at each landfill and for the sale of scrap metal	1278 (1,388) <b>(110)</b>

### Initiatives

New and upgrade works to waste management facilities totalling \$395,000.

Upgrade to Folletti Park (\$28,275)

Stage 1 of Lakes amenities upgrades of \$500,000

## 2.5 Strategic Objective 5: Influencing governments to improve liveability for rural communities

To achieve our objective of Influencing governments to improve liveability for rural communities, we will continue to engage other municipalities to advocate for equitable services .

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Governance & Executive Management	This service provides for Councillors, and Executive Support and associated which provides the overall Governance Services to the Council. This area includes all costs associated with Councillors including the cost of the 2016 elections and the subsequent induction of the new Council.	695 -
		<b>695</b>

### Initiatives

Continue to advocate for a minimum level of service for all Victorians as part of the Rural Living Campaign.

Conduct 2016 Council elections

## Service Performance Outcome Indicators

The following indicators outlines how we intend to measure achievement of service objectives

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

## 2.6 Strategic Objective 6: An organisation that is responsibly governed and values and supports the development of its people

To achieve our objective of an organisation that is responsibly governed, values and supports the development of its people, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Customer Services	This service provides for both internal and external customers by resolving the majority of customer enquiries, requests and payments at the first point of contact. This department operates out of the Wycheproof office	184 - <b>184</b>
Information Management	This service is to provide the organisation with Records Management Services and Information and Telecommunications Services.	1,108 - <b>1,108</b>
Municipal Emergency Management	This service develops, coordinates and delivers Council's Municipal Emergency Management Plan and coordination of MECC Centre and associated software.	194 (74) <b>120</b>

### Initiatives

Further reduction in Council fleet costs of 10%

Continuation of flood prevention works with the Donald and Charlton flood levy projects.

Implementation of Information Communications Technology Strategy

## 2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2016/17 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

### 3. Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2017/18 to 2019/20 has been extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report.

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources

#### A Simple Explanation of the Financial Statements

##### Comprehensive Income Statement

The Comprehensive Income Statement is sometimes referred to as a 'Profit and Loss Statement' and shows the sources of Council's revenue under various income headings; and expenses incurred in running the Council during the year. These expenses relate only to the "Operations" and do not include the cost associated with the purchase or the building of assets. While asset purchase costs are not included in the Expenses there is an item for 'Depreciation'. This value is the value of the assets used during the year.

The key figure to look at is the surplus (or deficit) for the year which is equivalent to the profit (or loss) of Council for the year. A surplus means that the revenue was greater than the expenses.

##### Balance Sheet

This one-page summary is a snap shot of the financial situation as at June 30. It shows what the Council owns as Assets and what it owes as Liabilities. The bottom line of this Statement is Net Assets. This is the net worth of Council which has been compiled over many years.

The assets and liabilities are separated into Current and Non-current. Current means those assets or liabilities which fall due in the next 12 months. The components of the Balance Sheet are described here.

##### *Current & Non-Current Assets:*

Cash includes cash and investments, i.e. cash held in the bank and petty cash and the market value of Council's investments.

Receivables are monies owed to Council by ratepayers and others

Other is inventory and accounts which have been prepaid

Non-Current Assets as held for sale. It includes Council land that is currently for sale.

Property, Infrastructure, Plant and Equipment is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment etc which has been compiled by Council.

##### *Current & Non-Current Liabilities*

Payables are those to whom Council owes money as at June 30

Employee Benefits include accrued Long Service Leave and Annual Leave owed to employees

Trust monies represents monies held in Trust by Council

### *Net Assets*

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at June 30

### *Total Equity*

This always equals Net Assets. It is made up of the following components

Asset Revaluation Reserve which is the difference between the previously recorded value of assets and their current valuations.

General Reserves which are allocations of the Accumulated Surplus to specific projects.

Accumulated Surplus is the value of all net assets accumulated over time

### **Statement of Changes in Equity**

During the course of the year the value of Total Ratepayer's Equity as set out in the Statement of Income changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for a change in equity stem from

The profit or loss from operations, described in the Statement as Operating Surplus.

Deficit for the year

The use of monies from Council's Reserves

Revaluation of the assets. This takes place on a regular basis. It also occurs when existing assets are taken up in the books for the first time. (eg Donald Children's Centre)

### **Statement of Cash Flows**

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This Statement is presented according to a specific Accounting Standard and needs some care in analysis. The values may differ from those shown in the Statement of Income because the Statement of Income is prepared on an accrual accounting basis.

Cash in this Statement refers to Bank Deposits and other forms of highly liquid investments that can readily be converted to cash such as cash invested with Fund Managers.

Council's cash arises from, and is used in three main areas

#### *Cash Flows from Operating Activities*

Receipts: All cash received into Council's bank account from ratepayers and others who owe money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.

Payments: All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets

#### *Cash Flows from Investing Activities*

This section shows the cash invested in the creation or purchase of Property, Infrastructure, Plant and Equipment assets and the cash received from the sale of these assets

#### *Cash Flows from Financing Activities*

This is where the receipt and repayment of borrowed funds are recorded. The bottom line of the Statement of Cash Flows is the cash at the end of the financial year. This shows the capacity of Council to meet its cash debts and other liabilities.

## **Notes to the Accounts**

The Notes are an important and informative section of the report. The Australian Accounting Standards are not prescriptive in a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the Statements are established it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note numbers are shown beside the relevant items in the Income Statement, Balance Sheet, and the Statement of Cash Flows.

Where Council wishes to disclose other information which cannot be incorporated into the Statements then this is shown in the Notes.

Other Notes include: the cost of the various functions of Council; the breakdown of expenses, revenues, reserves and other assets; contingent liabilities; transactions with persons related to Council; and financial performance indicators. The Notes should be read at the same time as the Financial Statements to get a clear picture of the accounts.

### 3.1 Comprehensive Income Statement

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Income</b>					
Rates and charges	12,133	12,630	12,922	13,278	13,643
Statutory fees and fines	166	135	138	142	145
User fees	721	731	749	768	787
Grants - Operating (Recurrent)	4,086	6,871	6,981	7,012	7,043
Grants - Operating (Non-Recurrent)	90	276			
Grants - Capital (Recurrent)	3,105	3,630	1,100	1,100	1,128
Grants - Capital (Non-Recurrent)	526	1,809	3,000	3,000	3,000
Contributions - monetary	87	286	121	121	121
Contributions - non-monetary	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(98)	-	10	10	10
Fair value adjustments for investment property	-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures	-	-	-	-	-
Other income	291	250	259	266	273
<b>Total income</b>	<b>21,107</b>	<b>26,618</b>	<b>25,280</b>	<b>25,697</b>	<b>26,150</b>
<b>Expenses</b>					
Employee costs	8,788	9,022	9,338	9,665	10,003
Materials and services	5,363	5,391	5,689	5,831	5,977
Bad and doubtful debts	5	5	5	5	5
Depreciation and amortisation	6,653	6,605	6,610	6,610	6,610
Borrowing costs	300	297	297	297	124
Other expenses	882	1,077	748	767	786
<b>Total expenses</b>	<b>21,991</b>	<b>22,397</b>	<b>22,687</b>	<b>23,175</b>	<b>23,505</b>
<b>Surplus/(deficit) for the year</b>	<b>(884)</b>	<b>4,221</b>	<b>2,593</b>	<b>2,522</b>	<b>2,645</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>					
Net asset revaluation increment /(decrement)	-	-	-	-	-
Share of other comprehensive income of	-	-	-	-	-
<b>Items that may be reclassified to surplus or deficit in future periods</b>					
(detail as appropriate)					
<b>Total comprehensive result</b>	<b>(884)</b>	<b>4,221</b>	<b>2,593</b>	<b>2,522</b>	<b>2,645</b>

### 3.2 Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4,557	7,034	9,670	12,757	8,957
Trade and other receivables	2,072	2,455	3,043	3,109	3,186
Other financial assets	-	-	-	-	-
Inventories	150	150	150	150	150
Non-current assets classified as held for sale	-	-	-	-	-
Other assets	263	263	263	263	263
<b>Total current assets</b>	<b>7,042</b>	<b>9,902</b>	<b>13,126</b>	<b>16,279</b>	<b>12,556</b>
<b>Non-current assets</b>					
Trade and other receivables	-	-	-	-	-
Investments in regional library corporation	221	221	221	221	221
Property, infrastructure, plant & equipment	176,490	177,890	177,274	176,664	176,053
Investment property	-	-	-	-	-
Intangible assets	-	-	-	-	-
<b>Total non-current assets</b>	<b>176,711</b>	<b>178,111</b>	<b>177,495</b>	<b>176,885</b>	<b>176,274</b>
<b>Total assets</b>	<b>183,753</b>	<b>188,013</b>	<b>190,621</b>	<b>193,164</b>	<b>188,830</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	850	888	903	924	945
Trust funds and deposits	121	121	121	121	121
Provisions	2,524	2,524	2,524	2,524	2,524
Interest-bearing loans and borrowings	-	-	-	7,000	-
<b>Total current liabilities</b>	<b>3,495</b>	<b>3,533</b>	<b>3,548</b>	<b>10,569</b>	<b>3,590</b>
<b>Non-current liabilities</b>					
Provisions	485	485	485	485	485
Interest-bearing loans and borrowings	7,000	7,000	7,000	-	-
<b>Total non-current liabilities</b>	<b>7,485</b>	<b>7,485</b>	<b>7,485</b>	<b>485</b>	<b>485</b>
<b>Total liabilities</b>	<b>10,980</b>	<b>11,018</b>	<b>11,033</b>	<b>11,054</b>	<b>4,075</b>
<b>Net assets</b>	<b>172,773</b>	<b>176,995</b>	<b>179,588</b>	<b>182,110</b>	<b>184,755</b>
<b>Equity</b>					
Accumulated surplus	87,148	91,370	93,963	96,485	99,130
Reserves	85,625	85,625	85,625	85,625	85,625
<b>Total equity</b>	<b>172,773</b>	<b>176,995</b>	<b>179,588</b>	<b>182,110</b>	<b>184,755</b>

### 3.3 Statement of Changes in Equity

For the four years ending 30 June 2020

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
Balance at beginning of the financial year	172,773	87,148	85,625	-
Surplus/(deficit) for the year	4,221	4,221	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
<b>Balance at end of the financial year</b>	<b>176,994</b>	<b>91,369</b>	<b>85,625</b>	<b>-</b>
<b>2018</b>				
Balance at beginning of the financial year	176,994	91,369	85,625	-
Surplus/(deficit) for the year	2,593	2,593	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
<b>Balance at end of the financial year</b>	<b>179,587</b>	<b>93,962</b>	<b>85,625</b>	<b>-</b>
<b>2019</b>				
Balance at beginning of the financial year	179,587	93,962	85,625	-
Surplus/(deficit) for the year	2,522	2,522	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
<b>Balance at end of the financial year</b>	<b>182,109</b>	<b>96,484</b>	<b>85,625</b>	<b>-</b>
<b>2020</b>				
Balance at beginning of the financial year	182,109	96,484	85,625	-
Surplus/(deficit) for the year	2,645	2,645	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
<b>Balance at end of the financial year</b>	<b>184,754</b>	<b>99,129</b>	<b>85,625</b>	<b>-</b>

### 3.4 Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections		
	Inflows (Outflows)	Inflows (Outflows)	2017/18 \$'000 Inflows (Outflows)	2018/19 \$'000 Inflows (Outflows)	2019/20 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	11,212	12,440	12,293	13,206	13,573
Statutory fees and fines	149	133	138	141	145
User fees	781	720	751	767	786
Grants - operating	4,176	7,147	6,981	7,012	7,043
Grants - capital	3,888	5,439	4,100	4,100	4,128
Contributions - monetary	78	285	121	121	121
Interest received	100	130	135	138	141
Other receipts	348	115	125	127	130
Net GST refund / payment	-	-	-	-	-
Employee costs	(8,788)	(9,022)	(9,329)	(9,652)	(9,990)
Materials and services	(5,867)	(5,522)	(5,644)	(5,820)	(5,978)
Other payments	(793)	(1,086)	(748)	(766)	(785)
<b>Net cash provided by/(used in) operating activities</b>	<b>5,284</b>	<b>10,779</b>	<b>8,923</b>	<b>9,374</b>	<b>9,314</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, infrastructure, plant and equipment	819	99	10	10	10
Payments for property, infrastructure, plant and equipment	(6,440)	(8,104)	(6,000)	(6,000)	(6,000)
Payments for investments	-	-	-	-	-
Proceeds from sale of investments	-	-	-	-	-
Loan and advances made	-	-	-	-	-
Payments of loans and advances	-	-	-	-	-
<b>Net cash provided by/ (used in) investing activities</b>	<b>(5,621)</b>	<b>(8,005)</b>	<b>(5,990)</b>	<b>(5,990)</b>	<b>(5,990)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(300)	(297)	(297)	(297)	(124)
Proceeds from borrowings	0	-	-	-	-
Repayment of borrowings	(201)	-	-	-	(7,000)
<b>Net cash provided by/(used in) financing activities</b>	<b>(501)</b>	<b>(297)</b>	<b>(297)</b>	<b>(297)</b>	<b>(7,124)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(838)</b>	<b>2,477</b>	<b>2,636</b>	<b>3,087</b>	<b>(3,800)</b>
Cash and cash equivalents at the beginning of the financial year	5,395	4,557	7,034	9,670	12,757
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4,557</b>	<b>7,034</b>	<b>9,670</b>	<b>12,757</b>	<b>8,957</b>

### 3.5 Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Property</b>					
Land	-	-			
Land improvements	-	-			
<b>Total land</b>	-	-	-	-	-
Buildings	280	573	1,000	1,000	1,000
Heritage buildings	-	-			
Building improvements	-	-			
Leasehold improvements	-	-			
<b>Total buildings</b>	280	573	1,000	1,000	1,000
<b>Total property</b>	<b>280</b>	<b>573</b>	1,000	1,000	1,000
<b>Plant and equipment</b>					
Heritage plant and equipment	-	-			
Plant, machinery and equipment	722	692	760	760	760
Fixtures, fittings and furniture	-	-			
Computers and telecommunications	151	176	150	150	150
Library books	-	-			
<b>Total plant and equipment</b>	<b>873</b>	<b>868</b>	910	910	910
<b>Infrastructure</b>					
Roads	3,176	3,727	3,590	3,590	3,590
Bridges	-	-			
Footpaths and cycleways	86	89			
Drainage	352	1,024			
Recreational, leisure and community facilities	211	407			
Waste management	231	395	300	300	300
Parks, open space and streetscapes	71	406			
Aerodromes	-	-			
Off street car parks	-	-			
Other infrastructure	158	615	200	200	200
<b>Total infrastructure</b>	<b>4,287</b>	<b>6,663</b>	4,090	4,090	4,090
<b>Total capital works expenditure</b>	<b>5,440</b>	<b>8,104</b>	6,000	6,000	6,000
<b>Represented by:</b>					
New asset expenditure	484	1,063			
Asset renewal expenditure	4,830	6,102	6,000	6,000	6,000
Asset upgrade expenditure	126	939			
Asset expansion expenditure	-	-			
<b>Total capital works expenditure</b>	<b>5,440</b>	<b>8,104</b>	6,000	6,000	6,000

### 3.6 Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	8,788	9,022	9,338	9,665	10,003
Employee costs - capital	192	268	192	192	192
<b>Total staff expenditure</b>	<b>8,980</b>	<b>9,290</b>	<b>9,530</b>	<b>9,857</b>	<b>10,195</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	115	114.35	113.45	113.45	113.45
<b>Total staff numbers</b>	<b>115.00</b>	<b>114.35</b>	<b>113.45</b>	<b>113.45</b>	<b>113.45</b>

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Department	Budget	Permanent	Permanent
	2016/17 \$'000	Full Time \$'000	Part Time \$'000
Governance	333	231	102
Community Services	1,284	517	767
Corporate Services	1,351	1,106	245
Planning & Community Support	656	448	208
Risk & Human Resources	348	171	177
Works & Technical Services	4,649	4,379	270
<b>Total permanent staff expenditure</b>	<b>8,621</b>	<b>6,852</b>	<b>1,769</b>
Casuals and other expenditure	401		
<b>Total operating expenditure</b>	<b>9,022</b>		
Capitalised labour costs	268		
<b>Total expenditure</b>	<b>9,290</b>		

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Governance	1.95	1	0.95
Community Services	15.28	5	10.28
Corporate Services	15.24	12	3.24
Planning & Community Support	7.34	5	2.34
Risk & Human Resources	3.80	2	1.8
Works & Technical Services	65.88	62	3.88
<b>Total</b>	<b>109.49</b>	<b>87</b>	<b>22.5</b>
Casuals and other	4.86		
Capitalised labour costs	4		
<b>Total staff</b>	<b>114.35</b>		

## 4. Financial performance indicators

The following table highlights Council's current and projected performance across a range of key financial performance indicators. These indicators provide a useful analysis of Council's financial position and performance and should be used in the context of the organisation's objectives.

Indicator	Measure	Notes	Actual 2014/15	Forecast Actual 2015/16	Budget 2016/17	Strategic Resource Plan Projections			Trend +o/-
						2017/18	2018/19	2019/20	
<b>Operating position</b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	5.4%	-6.85%	9.28%	-1.83%	-2.11%	-1.53%	+
<b>Liquidity</b>									
Working Capital	Current assets / current liabilities	2	151.0%	201.5%	280.3%	370.0%	154.0%	349.8%	+
Unrestricted cash	Unrestricted cash / current liabilities		32.0%	111.8%	195.7%	269.1%	119.6%	246.1%	+
<b>Obligations</b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	63.0%	57.7%	55.4%	54.2%	52.7%	0.0%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		9.7%	4.1%	2.4%	2.3%	2.2%	52.2%	+
Indebtedness	Non-current liabilities / own source revenue		59.0%	56.2%	54.5%	53.2%	3.4%	3.3%	+
Asset renewal	Asset renewal expenditure / depreciation	4	59.0%	72.6%	92.4%	90.8%	90.8%	90.8%	-
<b>Stability</b>									
Rates concentration	Rate revenue / adjusted underlying revenue	5	47.0%	59.0%	51.2%	58.0%	58.5%	58.9%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		.90%	1%	1%	1%	1%	1%	o
<b>Efficiency</b>									
Expenditure level	Total expenditure / no. of property assessments		\$3,687	\$3,557	\$3,610	\$3,657	\$3,735	\$3,789	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$806	\$862	\$839	\$863	\$887	\$912	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year	6	15.0%	15.0%	10%	10.0%	10.0%	10.0%	o

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

## Notes to indicators

### **1 Adjusted underlying result –**

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result.

An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives.

The 2015/16 adjusted underlying result is much lower than the trend due to the early receipt of half of the 2015/16 Victoria Grants Commission (VGC) allocation and the 2015/16 Public Libraries Grant allocation in June 2015. This early receipt in June 2015 was treated as income during 2014/15 as per guidance from Local Government Victoria.

The 2016/17 adjusted underlying result is higher than the trend due to the additional of Roads to Recovery annual allocation (capital recurrent grant) which is part of the underlying revenue.

For the out-years, the Roads to Recovery annual allocation is expected to be \$1.1 million.

**2 Working Capital** – The proportion of current liabilities represented by current assets. Working capital is expected to increase gradually up to 2018/19 in order to build up sufficient cash resources to repay the \$7 million loan borrowing in November 2019.

**3 Debt compared to rates** - Trend indicates Council's reducing reliance on debt against its annual rate revenue. Council's current loan borrowing stands at \$7 million which is due for repayment in November 2019.

**4 Asset renewal** - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining expenditure in excess of its depreciation charge.

**5 Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

**6 Workforce turnover** - This indicator includes positions which are filled internally and hence the resignations that this causes

## **5. Other budget information (required by the Regulations)**

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports

- 5.1.1 Grants operating
- 5.1.2 Grants capital
- 5.1.3 Statement of borrowings

### 5.1.1 Grants - operating (\$2.97 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants has increased by 71.14% or \$2.97 million compared to 2015/16. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grant Funding Type and Source	Forecast	Budget	Variance
	Actual 2015/16 \$'000	2016/17 \$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission	2,858	5,595	2,737
<i>Recurrent - State Government</i>			
General home care	645	619	- 26.00
Aged care	169	170	1.00
School crossing supervisors	8	9	1
Libraries	6	116	110
Maternal and child health	146	148	2
Recreation	42	30	(12)
Community safety	31	31	-
Environmental planning	125	75	(50)
Other	81	78	(3)
<b>Total recurrent grants</b>	<b>4,111</b>	<b>6,871</b>	<b>2,760</b>
<i>Non-recurrent - State Government</i>			
Natural Disaster Resilience	55	260	205
Other	10	16	6
<b>Total non-recurrent grants</b>	<b>65</b>	<b>276</b>	<b>211</b>
<b>Total operating grants</b>	<b>4,176</b>	<b>7,147</b>	<b>2,971</b>

The increase is primarily due to the early receipt of half of the 2015/16 Victoria Grants Commission (VGC) allocation and the 2015/16 Public Libraries Grant allocation in June 2015. This early receipt in June 2015 was treated as income during 2014/15 as per guidance from Local Government Victoria. The 2016/17 budget is based on the assumption that there will be no advance payment allocations prior to 30 June 2016. The level of VGC grants to Victorian Councils has been effected by Commonwealth Government's decision to pause indexation for three years commencing in 2014-15.

The Natural Disaster Resilience funding relates to the Charlton-St. Arnaud Road Floodway construction which is an operating expenditure as the floodway will become a VicRoads asset. This project is expected to be completed in June 2016 with the final milestone payment expected in 2016/17.

### 5.1.2 Grants - capital (\$1.81 million increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has increased by 49.78% or \$1.81 million compared to 2015/16 mainly due to specific funding for some large capital works projects.

Section 12. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. The Roads to Recovery allocations for 2015/16 and 2016/17 are above the normal annual allocation of \$1.1 million. The allocation for future years will be at this normal annual allocation. Other significant grant funding budgeted to be received for capital works include Donald Flood Study - Levee development (\$454,000), lakes amenities improvements (\$450,000), sporting facilities renewal and upgrade (\$292,000), streetscapes plan and implementation (\$225,000) and swimming pools upgrade (\$180,000). A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Type and Source	Forecast		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	3,105	3,630	525
<i>Recurrent - State Government</i>			
Total recurrent grants	<b>3,105</b>	<b>3,630</b>	<b>525</b>
<i>Non-recurrent - State Government</i>			
Buildings	239	302	63
Drainage	67	499	432
Footpaths	90	-	(90)
Recreational, leisure and community facilities	-	180	180
Waste Management	10	140	130
Parks, open space and streetscapes	79	238	159
Other infrastructure	29	450	421
Plant & Equipment	12	-	(12)
Total non-recurrent grants	<b>526</b>	<b>1,809</b>	<b>1,283</b>
Total capital grants	<b>3,631</b>	<b>5,439</b>	<b>1,808</b>

### 5.1.3 Statement of Borrowings

The table below shows information on borrowings specifically required by the Regulations.

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	7,201,000	<b>7,000,000</b>
Total amount proposed to be borrowed	-	-
Total amount projected to be redeemed	(201,000)	-
Total amount of borrowings as at 30 June	7,000,000	<b>7,000,000</b>

## 6. Capital works program

This appendix presents a listing of the capital works projects that will be undertaken for the 2016/17 year.

The capital works projects are grouped by class and include the following:

- New works for 2016/17
- Works carried forward from the 2015/16 year.

**Capital works program**

For the year ending 30 June 2017

**1. New works**

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
<b>PROPERTY</b>								
<b>BUILDINGS</b>								
<b>Community Facilities</b>								
Donald Caravan Park Upgrade	32		32			7		25
<b>Sports Facilities</b>								
Drought Proofing Sports Surfaces	100		100			80		20
Sea Lake Netball/Tennis Upgrade	159		159			100	59	-
Nullawil Netball Change renewal	67	67				40	27	-
Wycheproof Tennis Courts reconstruction	108	108				72	36	-
Birchip Bowls - replace fence	7		7					7
Wycheproof Golf Club - guttering	7	7						7
Donald Stadium drainage works	20	20						20
Wycheproof Bowls Club restumping	10		10					10
<b>Municipal offices</b>								
Donald Office roof upgrade	30	30						30
Council Office sustainability improvements	18	18						18
Split system replacement program	15		15					15
<b>TOTAL BUILDINGS</b>	<b>573</b>	<b>250</b>	<b>323</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>122</b>	<b>152</b>
<b>TOTAL PROPERTY</b>	<b>573</b>	<b>250</b>	<b>323</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>122</b>	<b>152</b>

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
<b>PLANT AND EQUIPMENT</b>								
<b>PLANT, MACHINERY &amp; EQUIPMENT</b>								
Heavy Plant Replacement	600	600						600
Light Fleet Replacement	80	80						80
Small Plant	12	12						12
<b>TOTAL PLANT, MACHINERY &amp; EQUIPMENT</b>	<b>692</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>692</b>
<b>COMPUTERS AND TELECOMMUNICATIONS</b>								
IT & Equipment replacement	164	164						164
<b>TOTAL IT &amp; EQUIPMENT</b>	<b>164</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>856</b>	<b>856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>856</b>
<b>INFRASTRUCTURE</b>								
<b>ROADS</b>								
<b>Roads - Sealing</b>								
Roads to Recovery grant	-					3,630		3,630
Sealing Program	759	759						759
<b>Roads - Resheets</b>								
G Bassett's Road (Litchfield) (ch. 3445-6025)	56	56						56
Bellevilles Road (Watchem) (ch. 0-7982)	186	186						186
Beulah East Road (Kinnabulla) (ch.1885-2939)	37	37						37
Blue Allans Road (0-1350) (Sea Lake)	29	29						29
Carron-Lawler Road (Litchfield)	243	243						243
Jollys Road No. 2 (Sea Lake) (ch. 0-5350)	104	104						104
Pinks Road No. 1 (Chirrup) (ch. 3557-6235)	119	119						119
Schoddes Road (Sea Lake) (ch. 0-5290)	132	132						132
O'Donnell Road (Buckrabanyule (ch. 0-3280)	104	104						104

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
<b>Roads - Shoulder Resheets</b>								
Nullawil-Lalbert Road (ch. 8000-20760)	339	339						339
Watchem Corack Road (ch. 6260-8290, 10740-15650)	182	182						182
<b>Roads - Rehabilitation</b>								
Major Patch Program	100	100						100
Culgoa Lalbert Road (Wangie) (ch. 15430-16235)	298	298						298
Culgoa Lalbert Road (Wangie) (ch. 21100-22380)	414	414						414
Donald Laen Road (Laen) (1483-3290)	92	92						92
Yuengroon Road (Yuengroon) (10290-11850) - Stage 1	468	468						468
<b>Kerb and Channel</b>								
Fraser Street, Birchip (Nth section of Watchem Rd-Duncan St) (185m)	65	65						65
<b>TOTAL ROADS</b>	<b>3,727</b>	<b>3,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,630</b>	<b>-</b>	<b>97</b>
<b>FOOTPATHS</b>								
Camp Street, Donald (Goodwin Village-Byrne Street) (90m)	32	32						32
Hamill Street, Donald (Rec Reserve - machinery shed) (70m)	21	21						21
Armstrong Street, Charlton (Kinder-Watson St) (100m)	36	36						36
<b>TOTAL FOOTPATHS</b>	<b>89</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89</b>
<b>DRAINAGE</b>								
Mill Street, Donald (PeaCo)	70	70						70
Donald Flood Study - Levee Development Stage 2	454			454		454		-
Charlton Flood Study - Levee Design	45			45		45		-
<b>TOTAL DRAINAGE</b>	<b>569</b>	<b>70</b>	<b>-</b>	<b>499</b>	<b>-</b>	<b>499</b>	<b>-</b>	<b>70</b>

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
<b>RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>								
<b>Swimming Pools</b>								
Wycheproof Pool Change room Upgrade	300	240	60			180		120
Shade upgrades Sea Lake, Birchip	30	15		15				30
Watchem Pool filtration upgrade	22		22					22
Pool renewal program (pumping systems)	55	55						55
<b>TOTAL RECREATIONAL, LEISURE AND COMMUNITY FACILITIES</b>	<b>407</b>	<b>310</b>	<b>82</b>	<b>15</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>227</b>
<b>WASTE MANAGEMENT</b>								
Landfill office upgrades	25		25					25
Birchip Landfill fence upgrade Stage 2	40			40				40
Culgoa Transfer Station	50		50					50
Charlton Transfer station (Stage 2)	280		280			140		140
<b>TOTAL WASTE MANAGEMENT</b>	<b>395</b>	<b>-</b>	<b>355</b>	<b>40</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>255</b>
<b>PARKS, OPEN SPACE AND STREETSCAPES</b>								
Streetscape Plan and Implementation Stage 1	350	175	175			225		125
Buloke Major Towns Central Business Precinct Masterplan	20			20		7		13
Foletti Park Upgrade	28	28				7		22
<b>TOTAL PARKS, OPEN SPACE AND STREETSCAPES</b>	<b>398</b>	<b>203</b>	<b>175</b>	<b>20</b>	<b>-</b>	<b>238</b>	<b>-</b>	<b>160</b>
<b>OTHER INFRASTRUCTURE</b>								
Playground Replacement program	30	30						30
Park irrigation upgrades	20	20						20
Park furniture/BBQ upgrades	10	10						10
Lake amenities development (Stage 1)	500	500				450		50
<b>TOTAL OTHER INFRASTRUCTURE</b>	<b>560</b>	<b>560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>110</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>6,145</b>	<b>4,959</b>	<b>612</b>	<b>574</b>	<b>-</b>	<b>5,137</b>	<b>-</b>	<b>1,008</b>
<b>TOTAL NEW CAPITAL WORKS 2015/16</b>	<b>7,574</b>	<b>6,065</b>	<b>935</b>	<b>574</b>	<b>-</b>	<b>5,435</b>	<b>122</b>	<b>2,017</b>

2.Works carried forward from the 2015/16 year

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
<b>DRAINAGE</b>								
Donald Flood Study - Levee Development (Works funded from grants received)	390			390		390		-
Charlton Flood Study - Levee Design (Works funded from grants received)	65			65		65		-
<b>TOTAL DRAINAGE</b>	<b>455</b>	-	-	<b>455</b>	-	<b>455</b>	-	-
<b>PARKS, OPEN SPACE AND STREETSCAPES</b>								
Buloke Major Towns Central Business Precinct Masterplan	4			4		4		-
Foletti Park Upgrade	4		4			4		-
<b>TOTAL PARKS, OPEN SPACE AND STREETSCAPES</b>	<b>8</b>	-	<b>4</b>	<b>4</b>	-	<b>8</b>	-	-
<b>OTHER INFRASTRUCTURE</b>								
Wayfinding signage project	30			30		30		-
Birchip Old Resource Centre demolition	25	25						25
<b>TOTAL OTHER INFRASTRUCTURE</b>	<b>55</b>	<b>25</b>	-	<b>30</b>	-	<b>30</b>	-	<b>25</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>518</b>	<b>25</b>	<b>4</b>	<b>489</b>	-	<b>493</b>	-	<b>25</b>
<b>PLANT AND EQUIPMENT</b>								
<b>COMPUTERS AND TELECOMMUNICATIONS</b>								
HACC minor capital works	12	12				12		-
<b>TOTAL IT &amp; EQUIPMENT</b>	<b>12</b>	<b>12</b>	-	-	-	<b>12</b>	-	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>12</b>	<b>12</b>	-	-	-	<b>12</b>	-	-
<b>TOTAL CARRIED FWD WORKS 2015/16</b>	<b>530</b>	<b>37</b>	<b>4</b>	<b>489</b>	-	<b>505</b>	-	<b>25</b>

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources		
		Renewal \$'000	Upgrade \$'000	New \$'000	Expansion \$'000	Grants \$'000	Community Contributions \$'000	Council Funds \$'000
PROPERTY	573	250	323	-	-	298	122	152
PLANT AND EQUIPMENT	868	868	-	-	-	12	-	856
INFRASTRUCTURE	6,663	4,984	616	1,063	-	5,630	-	1,033
<b>TOTAL CAPITAL WORKS</b>	<b>8,104</b>	<b>6,102</b>	<b>939</b>	<b>1,063</b>	<b>-</b>	<b>5,940</b>	<b>122</b>	<b>2,042</b>

## 7. Rates and charges

This section presents information about rates and charges which the Act and the Regulations require to be disclosed in the Council's annual budget

### 7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 52% of the total revenue received by Council annually. The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges. Council's application to the Essential Services Commission for a Special Order under section 185E of the Local Government Act 1989 for a rate increase of 3.05% has been successful.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the community.

In calculating the increase to rates, Council is required annualise the supplementary valuations from the previous year and add these rates to the budgeted rates. The rate increase of 3.05% is then applied to this amount. This can lead to some confusion when comparing the 2015/16 budget to the 2016/17 budget as it appears rates have increased by 3.3% and the municipal charge by 3.6%. This is the increase between budgets, not the average increase per rateable property. The waste recovery charge which is at full cost recovery will remain the same (\$375) due to operating efficiencies achieved over two years 2014/15 and 2015/16.

At the time of preparing this budget, the 2016 Revaluation had not been certified by the Victorian Valuer General. The 2016/17 data in tables 7.1 to 7.5 below is based on the draft Revaluation figures that were available and the final data may differ from that which is disclosed below.

#### 7.1 The rate in the dollar to be levied as general rates under section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.00807	0.007743	-4.1%
General rate for rateable commercial properties	0.00807	0.007743	-4.1%
General rate for rateable farming properties	0.007909	0.007588	-4.1%

#### 7.2 The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	2,487,211	2,431,303	-2.2%
Commercial	624,950	613,958	-1.8%
Farming	7,049,759	7,451,826	5.7%
<b>Total amount to be raised by general rates</b>	<b>10,161,920</b>	<b>10,497,086</b>	<b>3.3%</b>

7.3 The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2015/16	2016/17	Change
Residential	2,886	2,899	0.5%
Commercial	444	443	-0.2%
Farming	2,852	2,862	0.4%
<b>Total number of assessments</b>	<b>6,182</b>	<b>6,204</b>	<b>0.4%</b>

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

7.5 The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	305,349,100	314,000,100	2.8%
Commercial	77,036,900	79,292,000	2.9%
Farming	888,358,200	982,054,000	10.5%
<b>Total value of land</b>	<b>1,270,744,200</b>	<b>1,375,346,100</b>	<b>8.2%</b>

7.6 The municipal charge under section 159 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	159	164	3.1%

7.7 The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of Charge	2015/16 \$	2016/17 \$	Change
Municipal	695,168	719,960	3.6%

7.8 The rate or unit amount to be levied for each type of service rate or charge under section 162 of the Act compared with the previous financial year

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Kerbside Garbage & Recycling collection	375	375	0.0%

7.9 The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of Charge	2015/16 \$	2016/17 \$	Change
Kerbside Garbage & Recycling collection	1,275,700	1,278,000	0.2%

## 7.10 The estimated total amount to be raised by all rates and charges compared with the previous financial year

Type of Charge	2015/16 \$	2016/17 \$	Change
General rates	10,161,920	<b>10,497,086</b>	<b>3.3%</b>
Municipal charge	695,168	<b>719,960</b>	<b>3.6%</b>
Kerbside collection and recycling	1,275,700	<b>1,278,000</b>	<b>0.2%</b>
Supplementary rates		<b>60,000</b>	
Electricity generation charge in lieu of rates		<b>75,000</b>	
<b>Rates and charges</b>	<b>12,132,788</b>	<b>12,630,046</b>	

## 7.11 Any significant changes that may affect the estimated amounts to be raised by rates and charges

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 (2016/17: estimated **60,000**)
- During 2015/16 the construction of the Coonooer Bridge Wind Farm was completed. Expected income to be derived from this enterprise is calculated as per the prescribed methodology under Sec 94 of the Electricity Industry Act 2000 (2016/17: estimated \$75,000)
- 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; and
- Changes of use of land such that residential land becomes business land and vice versa.

## 7.12. Differential rates

### Rates to be levied

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

- A general rate of 0.007743% (0.007743 cents in the dollar of CIV) for all rateable residential properties; and
- A general rate of 0.007743% (0.007743 cents in the dollar of CIV) for all rateable commercial properties.
- A general rate of 0.007588% (0.007588 cents in the dollar of CIV) for all rateable farming properties.

Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised 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 the uses of each differential rate, are set out below.

### Commercial land

Commercial land is any land, which is:

- Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services; or
- Unoccupied but zoned commercial or industrial under the Buloke 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 rate 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 the 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 the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Buloke Shire Council Planning Scheme. 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 2016/17 financial year.

### **Residential land**

Residential land is any land, which is:

- Occupied for the principal purpose of physically accommodating persons; or
- Unoccupied but zoned residential under the Buloke Shire Planning Scheme and which is not commercial land.

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 rate 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 the 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 the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Buloke Shire Council Planning Scheme. 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 2016/17 financial year.

## **Farm Land**

Farm land is any rateable land:

- That is not less than 2 hectares in area;
- That is used primarily for grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or any combination of those activities; and that is used by a business;
- That has significant and substantial commercial purpose or character;
- That seeks to make a profit on a continuous or repetitive basis from its activities on the land;

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

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;
- Provision of general support services;
- To maintain agriculture as a major industry in the municipal district; and,
- To ensure that the concessional rate in the dollar declared for defined Farm Land properties is fair and equitable, having regard to the cost of provision of Council services, and the level of benefits derived from expenditures made by Council on behalf of the farm sector.

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the 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 where it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

## Budget Analysis

The following reports provide detailed analysis to support and explain the budget reports in the previous section.

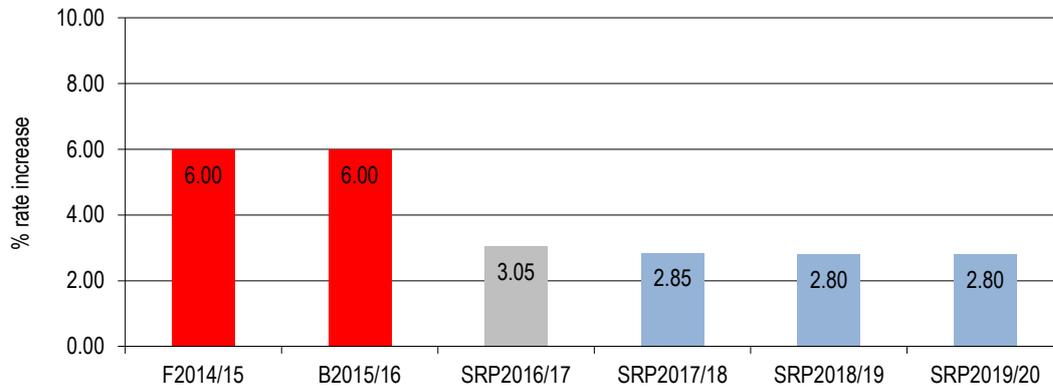
This section includes the following analysis and information.

- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Summary of other strategies
- 16 Rating strategy

## 8. Summary of financial position

Council has prepared a Budget for the 2016/17 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 works, financial position and financial sustainability of the Council.

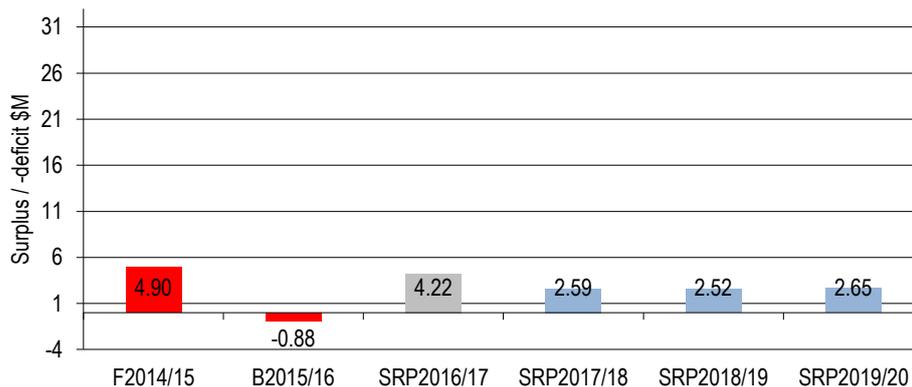
### 8.1 Rates and charges



A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

It is proposed that general rates increase by 3.05% for the 2016/17 year, raising total rates of \$12.63 million. On 22 December 2015, the Minister for Local Government announced that Victorian Council rate rises would be capped at 2.5% for 2016-17. Council's application to the Essential Services Commission for a Special Order under section 185E of the Local Government Act 1989 for a rate increase of 3.05% has been successful. This rate increase is below the level foreshadowed in Council's Revised Strategic Resource Plan adopted in 2014/15 which forecast a minimum rate increase of 6% p.a. over the period of the Plan 2015 - 2019. The financial plan for 2016 - 2020 is aimed at ensuring the long term viability and amenity of the Shire.

### 8.2 Operating result



The expected operating result for the 2016/17 year is a surplus of \$ 4.22 million, which is an increase of \$5.11 million over 2015/16.

The 2016/17 result is significantly higher than 2015/16 due to a number of reasons including the timing of receipt of half of the 2015/16 Victoria Grants Commission (VGC) allocation on 30 June 2015 which was recorded as income in the 2014/15 financial year as per guidance from Local Government Victoria.

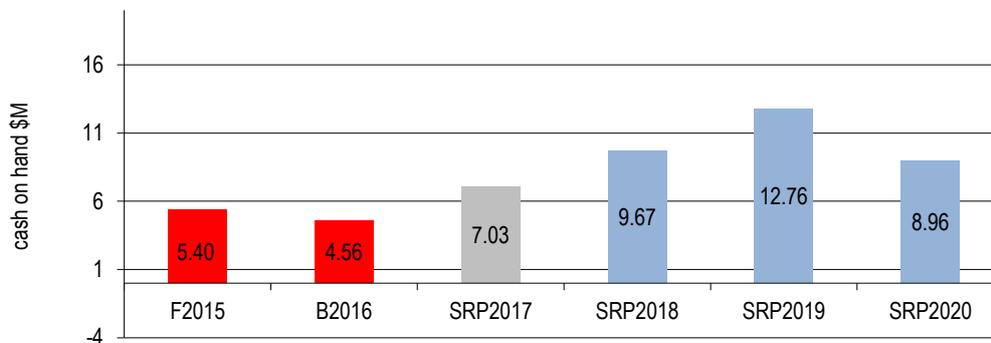
Subsequent to the adoption of the 2015/16 budget, the Federal Government announced additional Roads to Recovery allocations for 2015/16 and 2016/17. Council is now expected to receive an additional \$525,000 Roads to Recovery allocation compared to 2015/16.

Besides the additional Roads to Recovery funding, Council has forecast to receive additional grants \$1.29 million compared to 2015/16 to fund capital works.

Operating efficiencies in the delivery of services as a result of service reviews during 2014/15 and 2015/16 have resulted in savings across the organisation with the objective of financial sustainability in the medium to long term.

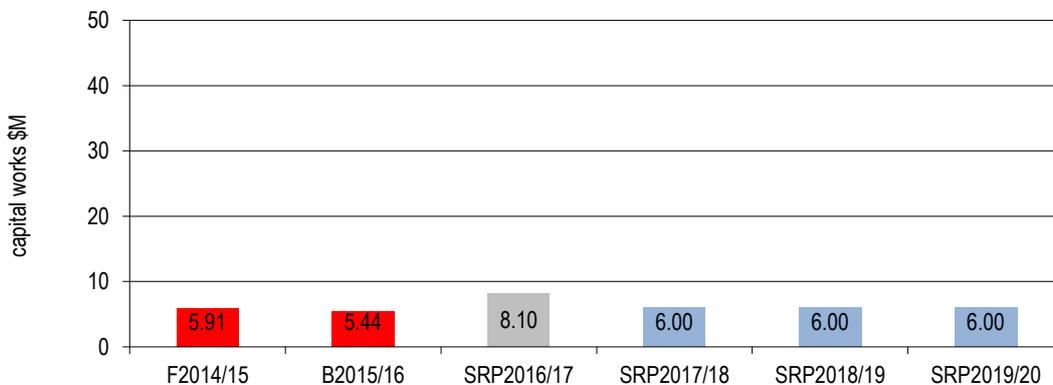
The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$2.29 million, which is an increase of \$3.70 million over 2015/16.

### 8.3 Cash and investments



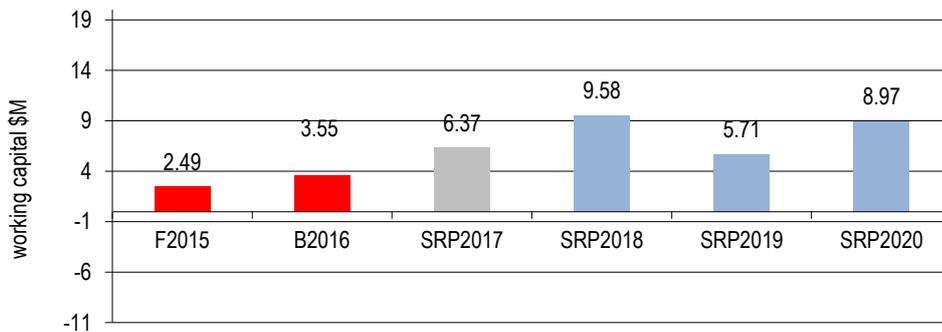
Cash and investments are expected to increase by \$2.71 million during the year to \$7.02 million as at 30 June 2017. The loan borrowing of \$7.0 million in 2014/15 along with reduction in operational expenditure as part of the service review outcome has contributed to this positive cash flow. Council's cash position will improve over the life of the Council Plan 2015 - 2019 with the objective of repayment of the \$7 million loan borrowing in November 2019.

### 8.4. Capital works



The capital works program for the 2016/17 year is expected to be \$8.10 million of which \$530,000 relates to projects which will be carried forward from the 2015/16 year. The carried forward component is fully funded from the 2015/16 budget. Of the \$8.10 million of capital funding required, \$5.94 million will come from external grants with the balance of \$2.16 million from Council cash and community contributions. The capital expenditure program reflect the funds available from operating activities and relies heavily on grant funding in the medium term.

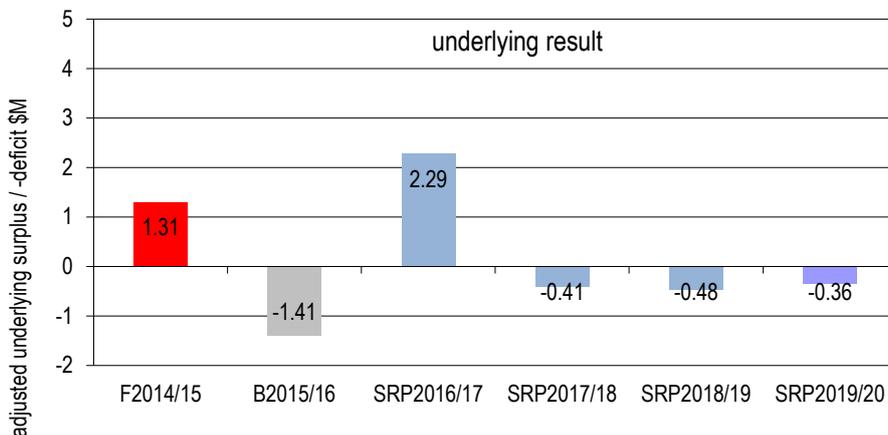
### 8.5 Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$4.22 million to \$176.99 million although net current assets (working capital) will improve by \$3.55 million to 6.36 million as at 30 June 2017.

Refer also Section 3 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

### 8.6 Financial sustainability



A high level Strategic Resource Plan (SRP) for the years 2015/16 to 2018/19 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows a decreasing deficit over the four year period.

However, Council's SRP adopted in 2014/15 forecast a minimum rate increase of 6% p.a. over the period of the Plan 2015 - 2019. The financial plan for 2015 - 2019 is aimed at ensuring the long term viability and amenity of the Shire.

## 9. Budget influences

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

### 9.1 Snapshot of Buloke Shire Council

#### Our Shire

Buloke Shire is located in north-western Victoria, between 210 and 360 kilometres north-west of Melbourne and is bounded by Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shire in the east, Northern Grampians Shire in the south, and Yarriambiack Shire in the west.

Buloke is a predominantly rural area used largely for agriculture, particularly grain (wheat, oats and barley) production and sheep grazing. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof. Smaller townships include Berriwilllock, Culgoa, Nandaly, Nullawil and Watchem.

The Shire encompasses a total land area of approximately 8,000 square kilometres. It is approximately 140 kilometres long and 60 kilometres wide.

#### Our Community

6,388 people live in 3,282 households in Buloke, making it one of Victoria's most sparsely populated municipalities. The community of Buloke is made up of 2,035 (31.9%) of people over the age of 60; 2,900 (45.4%) between 18 and 60 years; 1,119 (14.2%) between 5 and 17 years; and 334 (5.3%) between 0 and 4 years.

The Buloke population is stable, with 4,238 residents (66.3%) living in the Shire for at least five years. 652 residents (10.2%) moved to the Shire from another part of Victoria in the five years prior to 2011. 210 residents (3.3%) moved to the Shire from another part of Australia in the five years to 2011.

The educational qualifications attained by Buloke residents are comparatively less than found in regional Victoria with only 1,703 residents (32.6%) holding postsecondary educational qualifications.

Compared to regional Victoria, in 2011 there was a smaller proportion of high-income households (those earning \$1,500 per week or more) and a larger proportion of low-income households (those earning less than \$600 per week) in Buloke. Overall, 221 Buloke households (8.3%) earned a high income, and 408 (15.4%) were low-income households, compared with 10.3% and 12.3% respectively for regional Victoria.

#### Our Local Economy

Workplaces in Buloke provide approximately 2,725 jobs.

Agriculture is the most substantial employment sector in the Shire, providing 818 jobs (30.0%). This is followed by 319 jobs (11.7%) in the health sector, 227 (8.3%) in the education sector, 214 (7.9%) in the retail trades sector and 155 (5.7%) in the public administration sector. A small number of people work in the manufacturing sector (130 or 4.8%) and the construction sector (149 or 5.5%).

Between 2006 and 2011 the proportion of persons working in the agriculture sector, retail, manufacturing and education sectors all fell. The number of persons who reported working in the agriculture sector fell by 15% (140 jobs over the five-year period). Jobs in the retail sector fell 15% with falls of 6% and 3% respectively in the manufacturing and education sectors. Increases were reported in the transport and technical sectors, but the numbers were small.

Volunteering is an important part of the Buloke economy and is an accepted indicator of community cohesiveness and wellbeing, and of how readily individuals are able to contribute to their community. Analysis of the voluntary work performed in Buloke in 2011 compared to regional Victoria shows that there was a higher proportion of persons participating in volunteer activities in Buloke than in the average of other rural municipalities.

## **Drivers of Change**

### **Increased agricultural productivity**

Increased agricultural productivity and the emergence of larger farms across the Shire have resulted in fewer farms and less demand for workers, leading to population loss. This process has been particularly pronounced in recent years and current trends suggest it will continue in the future.

Between 2001 and 2011, the number of farms in the Shire fell from over 710 to under 554.

### **Population decline**

The general trend across dry land farming areas in Victoria is that towns between one and two thousand people are experiencing continuing population decline due to job losses in agriculture and other sectors where services have been withdrawn, such as banking, government administration and education. As commented earlier this is likely to continue into the future.

### **A changing climate**

Water availability is a major driver of economic growth, environmental health and liveability in Buloke. Over the next 20 to 50 years climate change is predicted to result in higher average temperatures, lower average rainfall, greater intensity of rainfall, and potentially an increase in the frequency of droughts.

### **Global food demand**

The expected increase in global food demand will provide opportunities for food producing regions that can successfully adapt to climate change and other factors affecting agriculture, such as energy costs, volatile international commodity markets, varying currency valuations and the impact of new markets in emerging regions for high quality products.

### **Liveability factors**

Various factors influence people's choices on where to live include availability of employment, choice and affordability of housing, education, health, cultural, family proximity and lifestyle features.

Employment is likely to continue to be the single largest factor impacting on choice to locate in Buloke.

### **Migration**

Another population trend in rural Victoria has been the outward migration of young people to regional centres and metropolitan Melbourne for education and employment opportunities and the inward migration of people in the 50 to 64 age bracket.

In Buloke there has been a consistent net outward migration of young people to Melbourne or larger regional centres such as Bendigo, Ballarat and Mildura for education and employment over the past 30 years.

Both of these trends are expected to continue into the future.

### **Budget implications**

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

- The large area and dispersal of population increases transport costs when compared to city Councils. This impacts on the cost of supplying services, often being up to two and a half times greater than supplying the same services in a metropolitan area.
- Approximately 15% 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. Council has hardship provisions in place but these can impact on cash balances when large volumes of ratepayers are involved. In addition, during periods of adverse weather conditions there is an impact on Council's rural ratepayers to pay their rates.

- Council's infrastructure, particularly buildings are reaching a stage where a large capital investment is required. With the changes to population and demographics it is critical that all assets are assessed for their affordability and usefulness to the community in the future.

## 9.2 External influences

- Introduction of rate capping has placed pressure on long term financial plans of Council
- Setting of Statutory Fees such as Town Planning Fees by the Victorian State Government at levels which do not cover the cost of providing these services which Council is legislatively required to provide.
- Funds received by local governments for the provision of services such as Home and Community Care and School Crossing Supervision are not increasing in line with actual services to provide this service.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.
- The setting of electoral costs by the Victorian Electoral Commission with an increase in excess of 30% from the last election

## 9.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2015/16 Budget.

- Council has recently negotiated a new staff Enterprise Bargaining Agreement with a very modest increase to salaries.
- Council has embarked on a 3 year review of all services in an effort to identify and implement efficiencies and reduce expenditure.

## 9.4 Budget principles

In response to these 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:

- Existing fees and charges to be increased in line with CPI or with labour costs if the service is labour based. Benchmarking of some fees has seen increases to meet industry pricing
- Grants to be based on confirmed funding levels
- New revenue sources to be identified where possible
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Contract labour to be minimised
- Real savings in expenditure and increases in revenue identified in 2015/16 to be preserved
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

## 9.5 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2016/17 to 2019/20 (Section 14.), Rating Information (Section 15.) and Other Long Term Strategies (Section 16.) including borrowings, infrastructure and service delivery.

## 10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2016/17 year.

### 10.1 Budgeted income statement

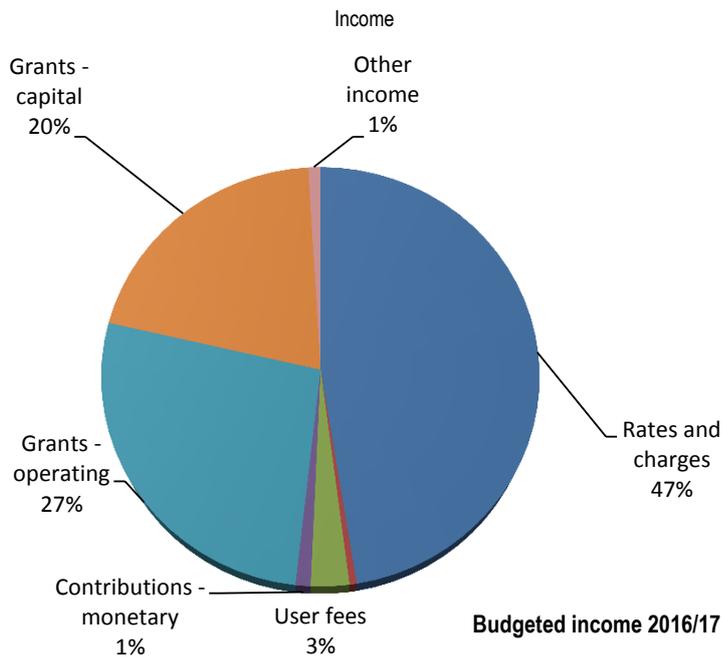
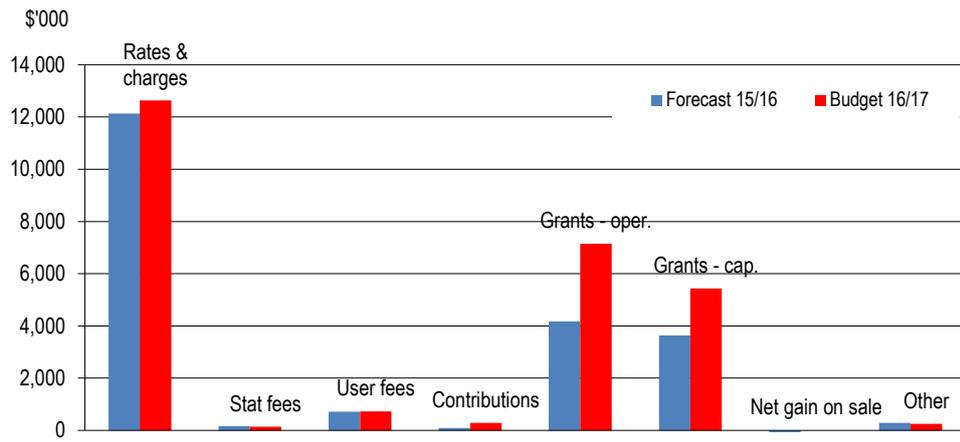
	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Total income	10.2	21,107	26,618	5,511
Total expenses	10.3	(21,991)	(22,397)	(406)
<b>Surplus (deficit) for the year</b>		<b>(884)</b>	<b>4,221</b>	<b>5,105</b>
Grants –non-recurrent capital	5.1.2	(526)	(1,809)	(1,283)
Contributions - non-monetary assets		-	-	-
Capital contributions - other sources	10.2.4	0	(122)	(122)
<b>Adjusted underlying surplus (deficit)</b>		<b>(1,410)</b>	<b>2,290</b>	<b>3,700</b>

#### 10.1.1 Adjusted underlying surplus (\$3.70 million increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a surplus of \$2.29 million which is an improvement of \$3.70 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

### 10.2 Income

Income Types	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Rates and charges	10.2.1	12,133	12,630	497
Statutory fees and fines	10.2.2	166	135	(31)
User fees	10.2.3	721	731	10
Contributions - monetary	10.2.4	87	286	199
Grants - operating	5.1.1	4,176	7,147	2,971
Grants - capital	5.1.2	3,631	5,439	1,808
Net gain on disposal of property, infrastructure, plant & equip.	10.2.5	(98)	0	98
Other income	10.2.6	291	250	(41)
<b>Total income</b>		<b>21,107</b>	<b>26,618</b>	<b>5,511</b>



Source: Section 3

### 10.2.1 Rates and charges (\$497,000 increase)

It is proposed that general rates including the municipal charge be raised by 3.05%. Kerbside waste and recycling charges have remained at \$375 as a result of operational efficiencies achieved in 2014/15 and 2015/16. The net increase is expected to be \$497,000.

Part of the increased revenue from rates is generated from supplementary valuations expected predominantly from new intensive farming and additional income to be derived from the wind farm enterprise at Coonooer Bridge.

Section 7. "Rates and Charges" includes a more detailed analysis of the rates and charges to be levied for 2016/17 and the rates and charges information specifically required by the Regulations

### 10.2.2 Statutory fees and fines (\$31,000 decrease)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations and *Public Health and Wellbeing Act 2008* registrations. Increases in statutory fees are made in accordance with legislative requirements. These form a minor part of council income stream.

A detailed listing of statutory fees is included in Appendix A.

### **10.2.3 User fees (\$10,000 increase)**

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services except for kerbside waste and recycling charge (Sec 4.2.1). These include use of community facilities and the provision of human services such as Home and Community Care. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

A detailed listing of fees and charges is included in Appendix A.

### **10.2.4 Contributions - monetary (\$199,000 increase)**

Contributions relate to monies paid by developers in accordance with planning permits issued for property development and by community groups for contributions to capital projects.

Contributions are projected to increase by \$199,000 compared to 2015/16 due to community contributions towards renewal and upgrade of local sporting facilities.

### **10.2.5 Net gain on disposal of property, infrastructure, plant and equipment (\$98,000 increase)**

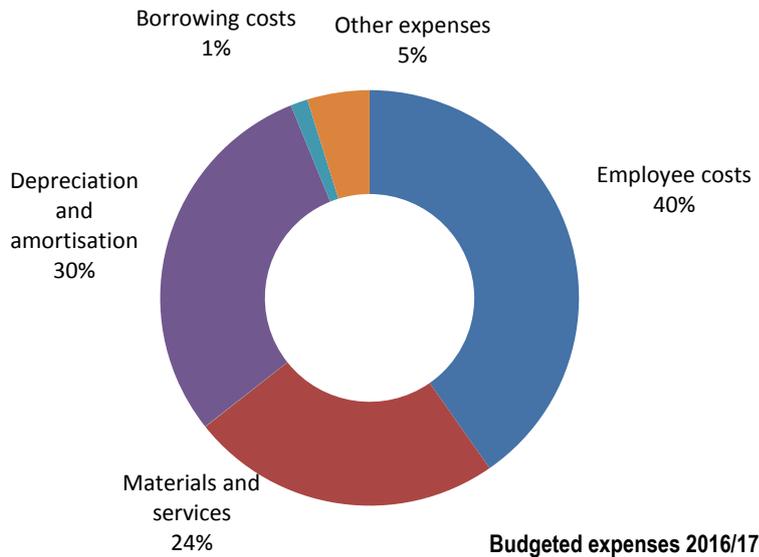
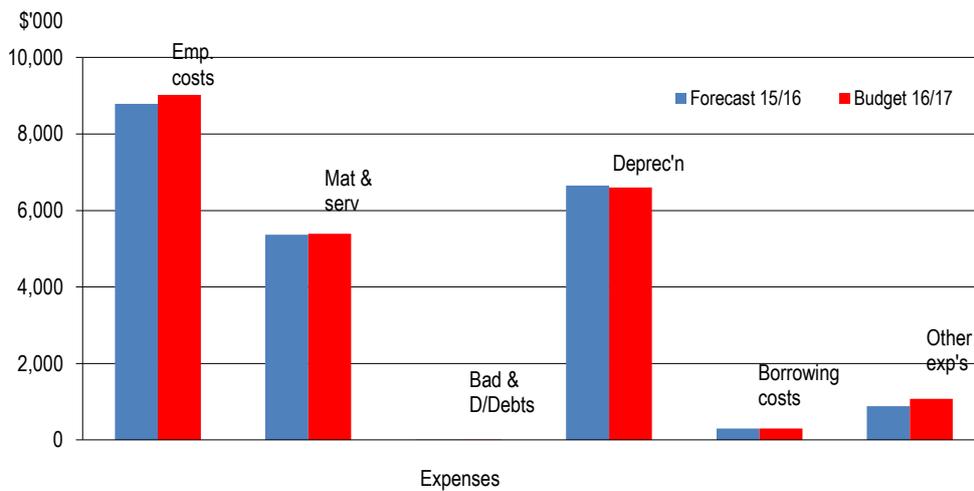
Proceeds from the disposal of Council assets is forecast to be \$99,000 and relate to the planned cyclical replacement of part of plant and vehicle fleet and the proposed sale of surplus property assets no longer required by Council. The proceeds from the sale are expected to be equal to the written down value of assets.

### **10.2.6 Other income (\$41,000 decrease)**

Other income relates to a range of items such as private works, cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears. These form a minor part of council income stream.

### 10.3 Expenses

Expense Types	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Employee costs	10.3.1	8,788	9,022	234
Materials and services	10.3.2	5,363	5,391	28
Bad and doubtful debts	10.3.3	5	5	0
Depreciation and amortisation	10.3.4	6,653	6,605	(48)
Borrowing costs	10.3.5	300	297	(3)
Other expenses	10.3.6	882	1,077	195
<b>Total expenses</b>		<b>21,991</b>	<b>22,397</b>	<b>406</b>



Source: Appendix A

### 10.3.1 Employee costs (\$234,000 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 etc.

Employee costs are forecast to increase by \$234,000 compared to 2015/16. During 2014/15, the renegotiation of Council's Enterprise Bargaining Agreement (EBA) resulted in a wage increase of 2.75% in 2015 and 2.50% for the following 2 years.

A summary of human resources expenditure categorised according to the organisational structure of Council is included below:

Department	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Governance	333	231	102
Community Services	1,284	517	767
Corporate Services	1,351	1,106	245
Planning & Community Support	656	448	208
Risk & Human Resources	348	171	177
Works & Technical Services	4,649	4,379	270
Total permanent staff expenditure	8,621	6,852	1,769
Casuals and other expenditure	401		
Total operating expenditure	9,022		
Capitalised labour costs	268		
<b>Total expenditure</b>	<b>9,290</b>		

A summary of the number of full time equivalent (FTE) Council staff in relation to the above expenditure is included below:

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Governance	1.95	1.00	0.95
Community Services	15.28	5.00	10.28
Corporate Services	15.24	12.00	3.24
Planning & Community Support	7.34	5.00	2.34
Risk & Human Resources	3.80	2.00	1.80
Works & Technical Services	65.88	62.00	3.88
Total	109.49	87	22.5
Casuals and other	4.86		
Capitalised labour costs	4		
<b>Total staff</b>	<b>114.35</b>		

### 10.3.2 Materials and services (\$28,000 increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by \$28,000 compared to 2015/16. This minimal increase can be attributed to operating efficiencies in the delivery of services as a result of service reviews across the organisation.

### 10.3.3 Bad and doubtful debts (No change)

Bad and doubtful debts is projected to remain at similar level to 2015/16.

#### **10.3.4 Depreciation and amortisation (\$48,000 decrease)**

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The decrease in 2016/17 is primarily due to reduction in light fleet and plant as part of asset rationalisation. Part of this decrease is offset by the increase in depreciation due to the completion of the 2015/16 capital works program and the full year effect of depreciation on the 2015/16 capital works program.

Refer to Section 12. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2016/17 year.

#### **10.3.5 Borrowing costs (\$3,000 decrease)**

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The \$7.0 million loan borrowing in 2014/15 under the Local Government Funding Vehicle at a fixed interest rate of 4.24% p.a. has reduced Council's reliance on a higher interest overdraft facility.

In July 2015, the final instalment of the superannuation loan had been paid and Council's current loan liability stands at \$7 million which is due for repayment in November 2019.

#### **10.3.6 Other expenses (\$195,000 increase)**

Other expenses relate to a range of unclassified items including contributions to community groups and other miscellaneous expenditure items. This increase in 2016/17 is primarily due to the non-recurring operating project - Charlton - St Arnaud Road Floodway project (\$250,000) being deferred to 2016/17 due to unforeseen delays. This project is the design and construction of a floodway on a VicRoads responsibility road, for which VicRoads are undertaking the design, construction works and project management.

## 11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2016/17 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

The analysis is based on three main categories of cash flows:

- **Operating activities** - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt
- **Investing activities** - Refers 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** - Refers 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 the principal component of loan repayments for the year.

### 11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	11.1.1			
<i>Receipts</i>				
Rates and charges		11,212	12,440	1,228
User fees and fines		930	853	(77)
Grants - operating		4,176	7,147	2,971
Grants - capital		3,888	5,439	1,551
Interest		100	130	30
Other receipts		426	400	(26)
		<b>20,732</b>	<b>26,409</b>	<b>5,677</b>
<i>Payments</i>				
Employee costs		(8,788)	(9,022)	(234)
Other payments		(6,660)	(6,608)	52
		<b>(15,448)</b>	<b>(15,630)</b>	<b>(182)</b>
<b>Net cash provided by operating activities</b>		<b>5,284</b>	<b>10,779</b>	<b>5,495</b>
<b>Cash flows from investing activities</b>	11.1.2			
Proceeds from sale of property, infrastructure, plant & equipment		819	99	(720)
Payments for property, infrastructure, plant & equip.		(6,440)	(8,104)	(1,664)
Payments for investments		-	-	-
Proceeds from investments		-	-	-
Loans and advances made		-	-	-
Repayments of loans and advances		-	-	-
<b>Net cash used in investing activities</b>		<b>(5,621)</b>	<b>(8,005)</b>	<b>(2,384)</b>
<b>Cash flows from financing activities</b>	11.1.3			
Finance costs		(300)	(297)	3
Proceeds from borrowings		0	-	0
Repayment of borrowings		(201)	0	201
<b>Net cash used in financing activities</b>		<b>(501)</b>	<b>(297)</b>	<b>204</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(838)</b>	<b>2,477</b>	<b>3,315</b>
Cash and cash equivalents at the beginning of the year		5,395	4,557	(838)
<b>Cash and cash equivalents at end of the year</b>	11.1.4	<b>4,557</b>	<b>7,034</b>	<b>2,477</b>

### 11.1.1 Operating activities (\$5.49 million decrease).

The increase in cash flow from operating activities during 2016/17 can be attributed to a number of reasons which include the following -

\* Council received half of the 2015/16 Victoria Grants Commission (VGC) allocation and the 2015/16 Public Libraries Grant allocation on 30 June 2015. This early receipt was treated as income for the financial year 2014/15 as per guidance from Local Government Victoria. The 2016/17 budget is based on the assumption that there will be no advance payment allocations prior to 30 June 2016 and the full allocation will be received in 2016/17.

\*Subsequent to the adoption of the 2015/16 budget, the Federal Government announced additional Roads to Recovery allocations for 2015/16 and 2016/17. As against, the original allocation of \$2.2 million in 2015/16 and \$1.1 million in 2016/17, Council will now receive \$3.1 million in 2015/16 and \$3.6 million in 2016/17.

\* Other new capital grants are expected to fund the capital works program.

(Refer to Section 5 for more detailed information on grants)

\* 2016/17 budget is based on a rate increase of 3.05%.

The net cash flows from operating activities does not equal the surplus (deficit) for the year as the expected revenues and expenses of the Council include non-cash items which have been excluded from the Cash Flow Statement. The budgeted operating result is reconciled to budgeted cash flows available from operating activities as set out in the following table.

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Surplus (deficit) for the year</b>	<b>(884)</b>	<b>4,221</b>	<b>5,105</b>
Depreciation	6,653	6,605	(48)
Loss (gain) on disposal of property, infrastructure, plant & equipment	(98)	0	98
Finance costs	300	297	(3)
Net movement in current assets and liabilities	(687)	(344)	343
<b>Cash flows available from operating activities</b>	<b>5,284</b>	<b>10,779</b>	<b>5,495</b>

### 11.1.2 Investing activities (\$2.38 million increase)

The increase is primarily due to additional Roads to Recovery funded works and part of the multi-year Donald Flood Study - Levee Development project being deferred to 2016/17 due to unforeseen delays. The 2015/16 forecast also includes proceeds from sale of surplus property assets.

### 11.1.3 Financing activities (\$204,000 decrease)

In July 2015, the final instalment of the superannuation loan had been paid and Council's current loan liability stands at \$7 million at a fixed interest rate of 4.24% p.a. which is due for repayment in November 2019.

### 11.1.4 Cash and cash equivalents at end of the year (\$2.48 million increase)

Overall, total cash and investments is forecast to increase by \$2.48 million as at 30 June 2017, reflecting Council's strategy of using borrowing in the medium term to finance operating activities. This is consistent with Council's Strategic Resource Plan (see Section 14), which forecasts a reduction in operating expenditure such as employee costs and materials and services from 2014/15 onwards to balance future cash budgets. This reduction in operating expenditure is a result of the service review outcomes as part of the 2014/15 budget process and is an ongoing exercise with the aim of balancing future cash budgets.

## 11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$7.03 million, which has been restricted as shown in the following table.

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Total cash and investments</b>		<b>4,557</b>	<b>7,034</b>	<b>2,477</b>
Restricted cash and investments				
- Statutory reserves	11.2.1	-	-	-
- Cash held to carry forward capital works	11.2.2	(530)	-	530
- Trust funds and deposits		(121)	(121)	-
<b>Unrestricted cash and investments</b>	11.2.3	<b>3,906</b>	<b>6,913</b>	<b>3,007</b>
- Discretionary reserves	11.2.4	-	-	-
<b>Unrestricted cash adjusted for discretionary reserves</b>	11.2.5	<b>3,906</b>	<b>6,913</b>	<b>3,007</b>

### 11.2.1 Statutory reserves

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. Council does not have any Statutory Reserves.

### 11.2.2 Cash held to fund carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2017, as it is expected that the capital works budget in the 2016/17 financial year will be fully completed. An amount of \$530,000 is forecast to be held at 30 June 2016 to fund capital works budgeted but not completed in the 2015/16 financial year. Section 12.2 contains further details on capital works funding.

### 11.2.3 Unrestricted cash and investments (\$6.91 million)

The amount shown is in accordance with the definition of unrestricted cash included in the Regulations. These funds are free of statutory reserve funds and cash to be used to fund capital works expenditure from the previous financial year.

### 11.2.4 Discretionary reserves

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

### 11.2.5 Unrestricted cash adjusted for discretionary reserves (\$6.91 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

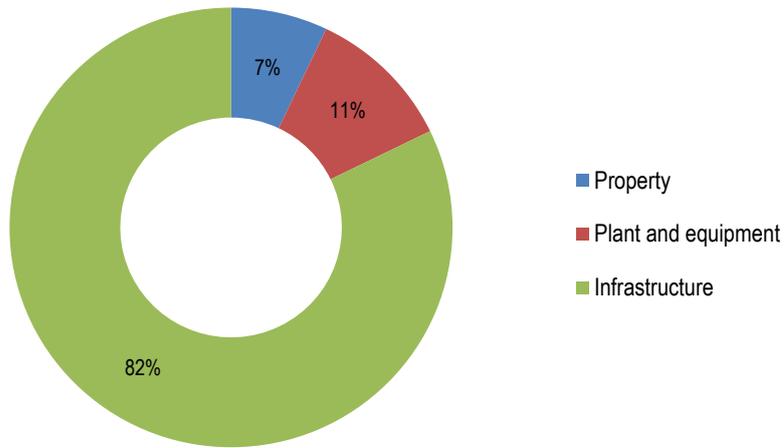
## 12. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Further details on the capital works program can be found in Section 6.

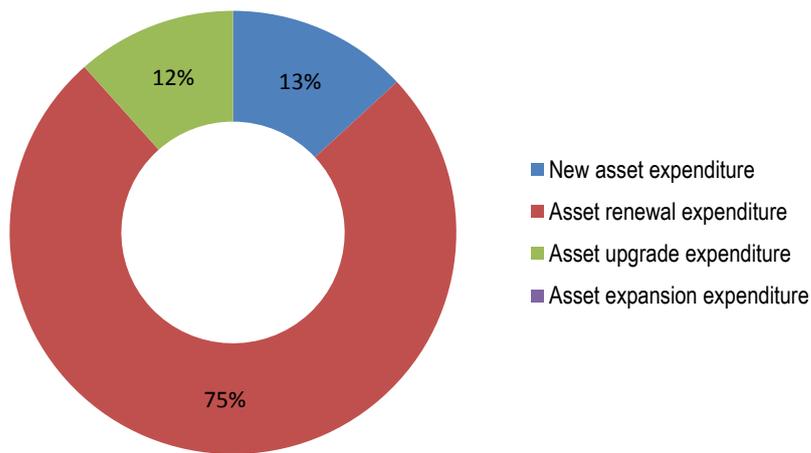
### 12.1 Capital works

Capital Works Areas	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Works carried forward</b>	12.1.1			
<b>Property</b>				
<b>Plant and equipment</b>				
Plant, machinery and equipment		22	-	(22)
Computers and telecommunications		-	12	12
<b>Total plant and equipment</b>		22	12	(10)
<b>Infrastructure</b>				
Drainage		290	455	165
Parks, open space and streetscapes		-	8	8
Other infrastructure		-	55	55
<b>Total infrastructure</b>		290	518	173
<b>Total works carried forward</b>		312	530	163
<b>New works</b>				
<b>Property</b>	12.1.2			
Buildings		280	573	293
<b>Total buildings</b>		280	573	293
<b>Total property</b>		280	573	293
<b>Plant and equipment</b>	12.1.3			
Plant, machinery and equipment		700	692	(8)
Computers and telecommunications		151	164	13
<b>Total plant and equipment</b>		851	856	5
<b>Infrastructure</b>	12.1.4			
Roads		3,176	3,727	550
Footpaths and cycleways		86	89	3
Drainage		62	569	507
Recreational, leisure and community		211	407	196
Waste management		231	395	164
Parks, open space and streetscapes		71	398	327
Other infrastructure		158	560	402
<b>Total infrastructure</b>		3,996	6,145	2,149
<b>Total new works</b>		5,127	7,574	2,447
<b>Total capital works expenditure</b>		5,440	8,104	2,609
<b>Represented by:</b>				
New asset expenditure	12.1.5	484	1,063	579
Asset renewal expenditure	12.1.5	4,830	6,102	1,272
Asset upgrade expenditure	12.1.5	126	939	813
Asset expansion expenditure	12.1.5	-	-	0
<b>Total capital works expenditure</b>		5,440	8,104	2,664

**Budgeted capital works 2016/17**



**Budgeted capital works 2016/17**



Source: Section 3. A more detailed listing of capital works is included in Section 6.

### **12.1.1 Carried forward works (\$530,000)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$453,000 of capital works will be incomplete and be carried forward into the 2016/17 year. These include the Donald Flood Study - Levee development (\$390,000) and wayfinding signage project (\$30,000).

### **12.1.2 Property (\$573,000)**

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions.

For the 2016/17 year, \$573,000 will be expended on building and building improvement projects. The more significant projects include upgrade to local sporting facilities including Sea Lake Netball & Tennis Courts (\$159,000), Wycheproof Tennis Courts (\$108,000) and Nullawil Netball Change rooms (\$67,000) to make these facilities compliant with relevant standards.

### **12.1.3 Plant and equipment (\$856,000)**

Plant and equipment includes plant, machinery and equipment and computers and telecommunications.

For the 2016/17 year, \$842,000 will be expended on plant, equipment and other projects. These include ongoing cyclical replacement of the plant and vehicle fleet (\$692,000), upgrade and replacement of information technology (\$164,000).

### **12.1.4 Infrastructure (\$6.15 million)**

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, parks, open space and streetscapes, off street car parks and other structures.

For the 2016/17 year, \$3.73 million will be expended on road projects. This will be funded from the Roads to Recovery program.

\$569,000 will be expended on drainage projects. The most significant of these include the continuation of the Donald Flood Study - Levee development (\$454,000).

\$407,000 will be expended on recreational, leisure and community facilities projects. The most significant of these include Wycheproof Pool change rooms upgrade (\$300,000).

\$395,000 will be expended on waste management projects. The most significant of these include the Charlton Transfer Station (Stage 2) development works (\$280,000) which is expected to be partly funded by grants.

\$398,000 will be expended on parks, open space and streetscapes projects. The most significant of these include Stage 1 of the streetscapes plan and implementation (\$350,000) which is expected to be partly funded by grants.

Other infrastructure expenditure includes \$500,000 on improvements to amenities at the 3 lakes - 90% of which is expected to be funded by grants.

### **12.1.5 Asset renewal (\$6.10 million), new assets (\$1.06 million) and upgrade (\$939,000)**

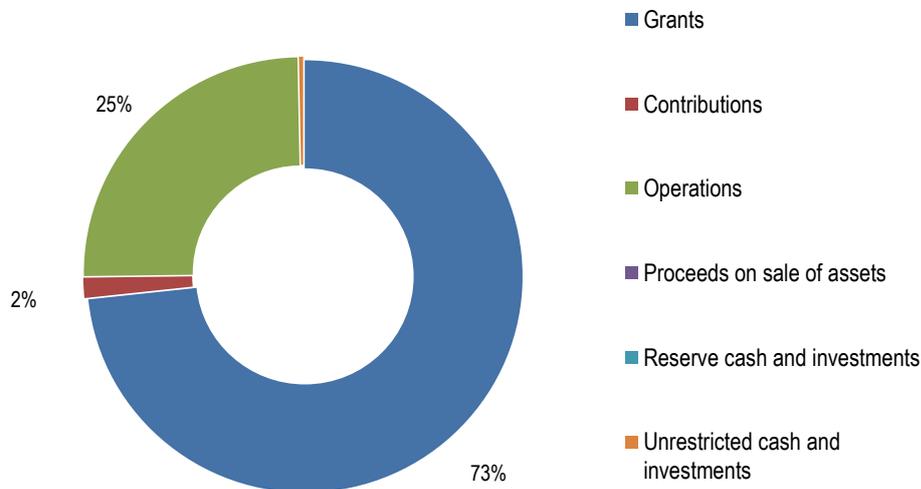
A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element of expansion or upgrade of existing assets but will result in an additional burden for future operation, maintenance and capital renewal.

The major projects included in the above categories, which constitute expenditure on new assets are for the flood development works which will develop new infrastructure for flood protection.

## 12.2 Funding sources

Sources of funding	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
<b>Works carried forward</b>				
<b>Current year funding</b>				
Grants		274	505	231
Contributions				-
Borrowings				-
Council cash				
- operations		38	-	38
- proceeds on sale of assets				-
- reserve cash and investments				-
- unrestricted cash and investments			25	25
<b>Total works carried forward</b>	12.2.1	<b>312</b>	<b>530</b>	<b>218</b>
<b>New works</b>				
<b>Current year funding</b>				
Grants	12.2.2	3,303	5,435	2,132
Contributions	12.2.3		122	122
Borrowings				-
Council cash				
- operations	12.2.4	1,824	2,017	193
<b>Total new works</b>		<b>5,127</b>	<b>7,574</b>	<b>2,447</b>
<b>Total funding sources</b>		<b>5,440</b>	<b>8,104</b>	<b>2,664</b>

Budgeted total funding sources 2016/17



Source: Section 6

#### **12.2.1 Carried forward works (\$530,000)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$453,000 of capital works will be incomplete and be carried forward into the 2016/17 year. Significant funding includes grants for the flood development works (\$390,000), wayfinding signage grant (\$30,000) and unrestricted cash (\$25,000).

#### **12.2.2 Grants - Capital (\$5.4 million)**

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for Roads to Recovery Projects (\$3.63 million), Donald Flood Study - Levee development (\$454,000), lakes amenities improvements (\$450,000), sporting facilities renewal and upgrade (\$292,000) and swimming pools upgrade (\$180,000).

#### **12.2.3 Contributions (\$122,000)**

This represents community contributions towards renewal and upgrade of local sporting facilities.

#### **12.2.4 Council cash - operations (\$2.0 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$2 million will be generated from operations to fund the 2016/17 capital works program.

## 13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2015/16 and 2016/17. It also considers a number of key financial performance indicators.

### 13.1 Budgeted balance sheet

	Ref	Forecast Actual 2016 \$'000	Budget 2017 \$'000	Variance \$'000
<b>Current assets</b>	13.1.1			
Cash and cash equivalents		4,557	7,034	2,477
Trade and other receivables		2,072	2,455	383
Financial assets		-	-	-
Other assets		413	413	-
<b>Total current assets</b>		<b>7,042</b>	<b>9,902</b>	2,860
<b>Non-current assets</b>	13.1.1			
Trade and other receivables		-	-	-
Investments in regional library corporation		221	221	-
Property, infrastructure, plant and equipment		176,490	177,890	1,400
<b>Total non-current assets</b>		<b>176,711</b>	<b>178,111</b>	1,400
<b>Total assets</b>		<b>183,753</b>	<b>188,013</b>	4,260
<b>Current liabilities</b>	13.1.2			
Trade and other payables		850	888	(38)
Trust funds and deposits		121	121	-
Provisions		2,524	2,524	-
Interest-bearing loans and borrowings		0	-	0
<b>Total current liabilities</b>		<b>3,495</b>	<b>3,533</b>	(38)
<b>Non-current liabilities</b>	13.1.2			
Provisions		485	485	-
Interest-bearing loans and borrowings		7,000	7,000	-
<b>Total non-current liabilities</b>		<b>7,485</b>	<b>7,485</b>	-
<b>Total liabilities</b>		<b>10,980</b>	<b>11,018</b>	(38)
<b>Net assets</b>		<b>172,773</b>	<b>176,995</b>	4,222
<b>Equity</b>	13.1.4			
Accumulated surplus		87,148	91,370	4,222
Reserves		85,625	85,625	-
<b>Total equity</b>		<b>172,773</b>	<b>176,995</b>	4,222

Source: Appendix A

#### 13.1.1 Current Assets (\$2.86 million increase) and Non-Current Assets (\$1.40 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to increase by \$2.48 million during the year. The operational efficiencies as a result of service reviews during 2014/15 and 2015/16 is expected to generate ongoing savings which will generate adequate cash resources by 2018/19 to facilitate the repayment of the \$7 million loan borrowing in November 2019.

Trade and other receivables are monies owed to Council by ratepayers and others.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years. The increase in this balance is attributable to the additional injection of Roads to Recovery funding during 2015/16 and 2016/17. However, this increase is not expected to continue as the capital works program for the following years is less than the depreciation which will widen the renewal gap going forward.

### 13.1.2 Current Liabilities (\$38,000 increase) and Non Current Liabilities - NIL

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain fairly consistent.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are not expected to change over the 2016/17 year.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay the \$7.0 million loan in November 2019.

### 13.1.3 Working Capital (\$3.35 million increase)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

	Forecast		
	Actual	Budget	Variance
	2016 \$'000	2017 \$'000	\$'000
<b>Current assets</b>	7,042	9,902	(2,860)
<b>Current liabilities</b>	3,495	3,533	(38)
<b>Working capital</b>	3,547	6,369	(2,822)
Restricted cash and investment current assets			
- Statutory reserves	-	-	-
- Cash used to fund carry forward capital works	(530)	-	(530)
- Trust funds and deposits	(121)	(121)	-
<b>Unrestricted working capital</b>	<b>2,896</b>	<b>6,248</b>	<b>(3,352)</b>

### 13.1.4 Equity (\$4.22 million increase)

Total equity always equals net assets and is made up of the following components:

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of \$4.22 million results directly from the operating surplus for the year.

## Long Term Strategies

This section includes the following analysis and information.

- 14 Strategic resource plan
- 15 Rating information
- 16 Other long term strategies

## 14. Strategic Resource Plan

This section includes an extract of the adopted Strategic Resource Plan to provide information on the long term financial projections of the Council.

### 14.1 Plan development

The Act requires a Strategic Resource Plan to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan. In preparing the SRP, Council must take into account all other plans and strategies in regard to services and initiatives which commit financial and non-financial resources for the period of the SRP.

Council has prepared an SRP for the four years 2016/17 to 2019/20 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

The key objective, which underlines the development of the SRP, is financial sustainability in the medium to long term, while still achieving Council's strategic objectives as specified in the Council Plan.

The financial plan for 2016 – 2020 is based on the following key strategies aimed at ensuring the long-term viability and amenity of the Shire:

- To increase revenue from rates and charges over the period of the Plan by a minimum of 2.8% per annum.
- To increase revenue from fees, fines and charges of 2.5% p.a. (CPI) for the remainder of the Plan or in line with cost increases or market levels as appropriate.
- To base forward capital works funding projections only on known funding sources.

In preparing the SRP, Council has also been mindful of the need to comply with the following Principles of Sound Financial Management as contained in the Act:

- 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
- Provide full, accurate and timely disclosure of financial information.

The Plan will be updated on a continuous basis as circumstances and opportunities change, new funding programs announced and the success of current and future grant applications are confirmed.

## 14.2 Financial resources

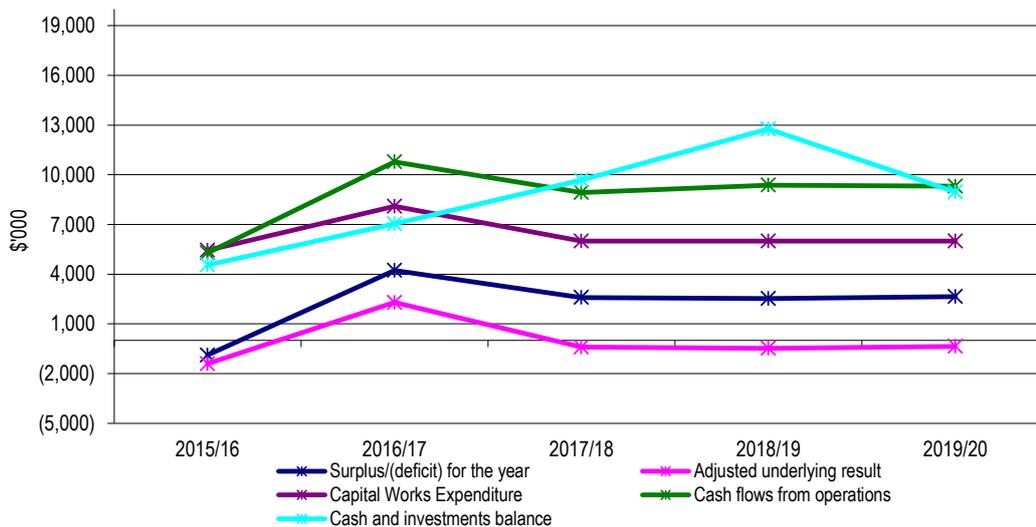
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	(884)	4,221	2,593	2,522	2,645	+
Adjusted underlying result	(1,410)	2,290	(407)	(478)	(355)	+
Cash and investments balance	4,557	7,034	9,670	12,757	8,957	+
Cash flows from operations	5,284	10,779	8,923	9,374	9,314	+
Capital works expenditure	5,440	8,104	6,000	6,000	6,000	o

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecasts deterioration in Council's financial performance/financial position indicator

The following graph shows the general financial indicators over the four year period.



The key outcomes of the Plan are as follows:

- **Financial sustainability (Section 11)** - Cash and investments is forecast to increase over the three year period from \$4.56 million to \$12.75 million in 2018/19 which will facilitate the repayment of the \$7 million loan borrowing in November 2019 with funds remaining for working capital requirements.
- **Rating levels (Section 15)** –Rate increases are forecast over the four years is at 3.05%, 2.85%, 2.8% and 2.8% with full cost recovery of kerbside garbage and recycling charges.
- **Service delivery strategy (section 16)** – As part of Council's effort to reduce operating expenditure there has been a focus on reviewing Council services. A three year plan of Service reviews has commenced in the 2015/16 year.
- **Borrowing strategy (Section 16)** – Any borrowings during this period would be linked to capital projects. At present there are no projects identified which would meet the criteria.

## 15. Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating principles and the impact of changes in property valuations.

Council made an application to the Essential Services Commission for a Special Order under section 185E of the Local Government Act 1989 and was successful.

### 15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14), rates and charges were identified as an important source of revenue, accounting for approximately 52% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were made between Council and other similar sized councils.

It is recognised through benchmarking that Buloke Shire ratepayers are at the higher end of comparative rate payments. Whilst the garbage charge at Buloke is greater than other Councils it is because this charge has been calculated at full cost recovery.

### 15.2 Current year rate increase

The following table sets out future proposed increases in rates and charges and the total rates and charges to be raised, based on the forecast financial position of Council as at 30 June 2016.

Year	General Rate Increase %	Municipal Charge Increase %	Garbage Charge Increase %	Total Rates Raised \$'000
2015/16	6.0	6.0	-1.3	12,133
2016/17	3.05	3.1%	0.0	12,630
2017/18	2.85	2.85	2.5	12,922
2018/19	2.80	2.80	2.5	13,278
2019/20	2.80	2.80	2.5	13,643

### 15.3 Rating structure

Council has established a rating structure which is comprised of three key elements. These are:

- Property values, form the central basis of rating under the *Local Government Act 1989*
- A user pays component to reflect usage of certain services provided by Council
- A fixed municipal charge per property to cover some of other administrative costs of the Council.

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential, commercial or farming purposes. This distinction is based on the concept that business should pay a fair and equitable contribution to rates taking into account the benefits those commercial properties derive from

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis.

The existing rating structure comprises three differential rates (residential, commercial and farm). These rates are structured in accordance with the requirements of Section 161 ‘Differential Rates’ of the Act.

The following principles have been applied to the development of Council’s rates:

1. The 2016 Revaluation will be used for rating purposes in 2016/17
2. The basis of valuation will continue to be the Capital Improved Value (CIV).
3. An increase in revenue from rates in 2015/16 of 3.05%.
4. The Municipal Charge to be retained and applied to every rateable property in the Shire. However, a single farm enterprise which may be conducted on several properties can apply for an exemption which will mean that they will only be charged one Municipal Charge for that enterprise.
5. The Commercial/Industrial Rate to be set at 100% of the General Rate.
6. The Farm Rate to be set at 98% of the General Rate (A Farm rate differential of 2%).
7. The current kerbside waste and recyclable services will be retained and increased to recover 100% of the costs incurred by Council to provide the service and operate land fill and transfer stations across the Shire, including Government levies.
8. The charge for a waste and recyclable service will apply equally to all occupiable residential properties where the service is rendered, or is available, whether or not the service is used.
9. A pensioner concession for eligible concession card holders will provide a 50% discount off Council rates up to the maximum amount set by the Victorian Government.

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Appendix B “Statutory Disclosures”.

Rate type	How applied	2015/16	2016/17	Change
Residential rates	Cents/\$ CIV	0.00807	0.00774	-4.1%
Commercial rates	Cents/\$ CIV	0.00807	0.00774	-4.1%
Farm rates	Cents/\$ CIV	0.007909	0.00759	-4.1%
Municipal charge	\$/ property	\$159	\$164	3.1%
Kerbside collection charge	\$/ property	\$375	\$375	0.0%

## **15.4 General revaluation of properties**

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2015 for the 2016/17 year. The outcome of the general revaluation has been an overall increase in valuations of 8.2%. Of this increase, residential properties have increased by 2.2%, commercial properties by 2.9% and farming properties by 10.5%.

Valuation changes are attributed to sales data and improvements to properties

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2015/16 year, Council has chosen not to make any changes to the existing rate differential. In aggregate, total rates and charges will increase by 4.1% compared to 2015/6. However it should be noted that the budgeted amount of rates for 2016/17 includes an allowance for the Coonooer Wind farm and also for supplementary valuations which have not been previously budgeted for. When taking these two figures into account the increase to rates and charges is 2.99%. This will be achieved by reducing the rate in the dollar across the municipal district following the general

## 16. Summary of other strategies

This section sets out summaries of the strategies that have been developed and incorporated into the Strategic Resource Plan including borrowings and service delivery.

### 16.1 Borrowings

In developing the SRP (see Section 14), borrowings were identified as an important funding source to manage the deficit cash position Council is faced with in the short to medium term.

A loan of \$7.0 million in 2014/15 will assist Council to operate in a cash surplus position throughout the year, minimising the need to call on overdraft provisions. This interest only loan for a five year period will minimise the draw on Council's cash position during this time. The SRP indicates that Council will have a healthy cash position at this time to enable strategic decisions to be made regarding the future requirements of Council's loan position.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	-	201	300	7,000
2016/17	-	-	297	7,000
2017/18	-	-	297	7,000
2018/19	-	-	297	7,000
2019/20	-	7,000	124	0

The table below shows information on borrowings specifically required by the Regulations.

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	7,201,000	<b>7,000,000</b>
Total amount proposed to be borrowed	0	-
Total amount projected to be redeemed	(201,000)	<b>0</b>
Total amount of borrowings as at 30 June	7,000,000	<b>7,000,000</b>

## 16.2 Infrastructure

The Council has developed an Infrastructure Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, Strategic Resource Plan and Annual Budget processes
- Identification of capital projects through the preparation of asset management plans
- Prioritisation of capital projects within classes on the basis of evaluation criteria

A key objective of the Infrastructure Strategy is to maintain or renew Council's existing assets at desired condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While the Infrastructure Strategy is endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs in later years the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to do over the past years and is equivalent to the accumulated asset renewal gap.

The following table summarises Council's forward outlook on capital expenditure including funding sources for the next four years.

Summary of funding sources					
Year	Total Capital Program \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2015/16	5,440	3,578	0	1,862	0
2016/17	8,104	5,940	122	2,042	0
2017/18	6,000	4,100	0	1,900	0
2018/19	6,000	4,100	0	1,900	0
2019/20	6,000	4,128	0	1,872	0

### 16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Information (see Section 15.) also refers to modest rate increases into the future. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

The general influences affecting all operating revenue and expenditure include the following:

	2016/17 %	2017/18 %	2018/19 %	2019/20 %
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	3.05	2.85	2.80	2.80
Property growth	0.5	0.5	0.5	0.5
Wages growth	3.5	3.5	3.5	3.5
Government funding	2.0	2.0	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0
Investment return	2.5	3.0	3.0	3.0

As well as the general influences, there are also a number specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below.

**Kerbside Collection**

As part of the 2014/15 budget, Council made the decision that this service would operate at full cost recovery. As a result of this, there was a significant increase in the garbage charge. Council also made a commitment to reviewing processes to create efficiencies. The efficiencies have resulted in a decrease to the cost of providing this service. As a result there will be no increase to the garbage charge for 2016/17.

**Aged & Disability Services**

Government funding for aged and disability services is expected to increase by approximately 2% from 2015/16. This includes General Home Care, Personal Care, Respite Care and Meals. This increase does not cover Council costs thus resulting in further cost shifting to Council. As a result Council will reduce the amount of service delivery hours to maintain our level of contribution to these services.

**Valuation Services**

The Council is required to revalue all properties within the municipality every two years. The last general revaluation was carried out as at 1 January 2016 effective for the 2016/17 year and the next revaluation will be undertaken as at 1 January 2018. An allowance of \$80,000 has been made every two years commencing in 2017/18 to meet the additional cost of resources to complete the revaluation process.

**Animal Control**

Council has entered into an agreement with a neighbouring Council to share services for the provision of a pound. This will create efficiencies and enable savings to be gained in this area of service provision.

**Statutory Planning**

The statutory planning function has remained fairly constant over the past few years and this is expected to continue into the near future.

## **Appendix A**

### **Fees and charges schedule**

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2016/17 year.

## VENUE HIRE - PUBLIC HALLS

Events or Groups defined by the following categories will be eligible to have hire fees waived:

- Ceremonies held in recognition of Australia Day or Anzac Day.
- Community Groups - community based non- for-profit organisation or association of persons where open membership and participation in activities is encouraged. A community group may take part in profit-making activities, but the surplus is reinvested in pursuit of the group's goals. A community group may be:
  - An organisation whose primary aim is to provide services and benefits to the community (e.g. Lions Clubs, Community forums, Business Networks, Schools, Health Related services and Sporting Clubs)
  - Special interest or advocacy groups for particular sections of the community (e.g. Senior Citizens, Probus, Red Cross). This does not include political parties or groups
  - A group of people having a shared ethnic, cultural or religious identity
  - Neighbourhood or shared interest groups

<i>(Casual hire)</i>	<i>Main Hall (max. 6 hours)</i>	<i>Supper Room (max. 6 hours)</i>	<i>Cost p/h (over max. hours)</i>	<i>Kitchen</i>	<i>All day booking (24 hours, full use of venue)</i>	<i>Bond</i>
<b>Birchip</b> (max. 250 people)	\$220.00	\$60.00	\$45.00	\$40.00	\$375.00	\$350.00*
<b>Charlton</b> (max. 300 people)	\$220.00	\$60.00	\$45.00	\$40.00	\$375.00	\$350.00*
<b>Donald</b> (max. 250 people)	\$220.00	\$60.00	\$45.00	\$40.00	\$375.00	\$350.00*
<b>Wycheproof</b> (max. 250 people)	\$220.00	\$60.00	\$45.00	\$40.00	\$375.00	\$350.00*

A Bond is required for all bookings where alcohol is served. The Bond is refundable if there is no damage or requirement for additional cleaning.

\*Inspections will be carried out by Buloke Shire Council's Hall Attendant.

Casual Hire is defined as: Any group, individual or organisation that hires the facility once off or on an irregular basis.

## SENIOR CITIZENS

<i>Clubrooms</i>	<i>Charlton</i>	<i>Donald</i>	<i>Wycheproof</i>
<b>Max. 6 hours</b>	\$100.00	\$100.00	\$100.00
Cost per hour over max.	\$25.00	\$25.00	\$25.00

## **Regular Hire**

Private or Commercial \$40.00

*Regular Hire: Any group, individual or organisation that hires the facility on an ongoing basis. To be considered a Regular User, one of the following criteria must be met;*

- *Weekly hire - minimum of 10 consecutive weeks,*
- *Fortnightly hire - minimum of 10 consecutive fortnights,*
- *Monthly hire - minimum of 10 consecutive months*

*Commercial hirers: Those who undertake activities for the purpose of generating a profit.*

*Private/Individual hirers: Those who undertake activities for the purpose of private events and activities.*

## WYCHEPROOF SALEYARDS

<i>Wycheproof Saleyards</i>	<i>2015/2016</i>	<i>2016/2017</i>
Yard Fees	0.8% of gross sales turnover	0.8% of gross sales turnover
Agent's Fees	13% of yard fees	13% of yard fees
Unsold stock fee (per head)	.20cents	.20cents
Destruction and disposal of dead stock fee (per head)	\$10.00	\$15.00
<i>Truck Wash</i>		
Key Deposit (Avdata) Refunded on return of keys	\$26.00	\$26.00
Water Usage	\$0.80 per minute	\$0.80 per minute

## STAND PIPES

<i>Stand Pipes</i>	<i>2015/2016</i>	<i>2016/2017</i>
	\$10.00 minimum charge for under 1,000 litres or \$10.00 per 1,000 litres	\$10.00 minimum charge for under 1,000 litres or \$10.00 per 1,000 litres

## ANIMAL CONTROL

<b>Dog and Cat Registration Fees</b>	<i>2015/2016</i>	<i>2016/2017</i>
<i>* Since May 2007 Council can only register animals that have been micro chipped</i>		
<i>* \$3.50 levy per dog and \$2.00 levy per cat is collected by Council on behalf of the State government</i>		
Dog or Cat (Not Micro chipped or Desexed – only relevant to animals registered prior to May 2007)	\$96.00	\$99.00
Dogs (Micro chipped plus one or more of the following – desexed, not desexed, working or farm dog, over 10 years old or VCA members)	\$32.00	\$33.00
Cats (Micro chipped plus one or more of the following – desexed, not desexed, over 10 years old or Feline Association member)	\$32.00	\$33.00
Pensioner Concession (Half price for all dog and cat registration categories)	\$16.00	\$16.50
Guide dogs, racing dogs (greyhounds), police dogs	No charge	No charge
Replacement lifetime tag/s	No charge	No charge
Registered animals moving to Buloke	No charge	No charge

## IMPOUNDED LIVESTOCK

<i>Release Fees</i>	<i>2015/2016</i>	<i>2016/2017</i>
Sheep up to 5 head	\$60.00	\$60.00
Sheep per head over 5	\$10.00	\$10.00
Goats and pigs up to 2 head	\$60.00	\$60.00
Goats and pigs per head over 2	\$20.00	\$20.00
Cattle up to 3 head	\$200.00	\$200.00
Cattle per head over 3	\$100.00	\$100.00
Horses per head	\$200.00	\$200.00
Transport of livestock	Total cost of transport.	Total cost of transport.

<b><i>Sustenance – per day or part thereof – per head</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Sheep	\$5.00	\$7.50
Goats and Pigs	\$10.00	\$15.00
Cattle and Horses	\$10.00	\$15.00
<b><i>Dogs and Cats (includes sustenance) – per dog and cat</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
1 to 4 days	\$60.00	\$75.00
For every day in excess of 4 days (maximum 8 days)	\$12.00	\$15.00
Animal Surrender fee	N/A	\$175.00
<b><i>Impounded Vehicles and Caravans – per vehicle plus other associated costs</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Release fee (plus towing fee incurred)	\$175.00	\$250.00
<b><i>Impounded Goods – including signage and street furniture - per lot – plus other associated costs</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Release fee (plus any associated costs)	\$175.00	\$175.00
Local laws Annual Fee	\$50.00	\$50.00

#### **SUNDRY DEBTORS**

<b><i>Hire of Council equipment and operator where local service alternatives are not available, including compulsory fire clearances.</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Plant	150% of plant hire rate	150% of plant hire rate
Operator (Labour)	\$50.00 per hour plus plant fee – as above	\$50.00 per hour plus plant fee – as above
Quarry products from non-Council quarry sources	Cost to Council plus plant and operator costs – as above.	Cost to Council plus plant and operator costs – as above.

## WASTE CHARGES

<b>Waste</b>	<b>2015/2016</b>	<b>2016/2017</b>
Municipal Waste Collection and Disposal Charge (One 120L bin for putrescibles waste (collected weekly) and one 240L bin for recyclables (collected fortnightly). Service is compulsory for all residential properties and available to commercial and farm properties on request.	\$375.00	\$375.00
Optional additional 240L bin for recycling	\$85.00 per bin	\$87.00 per bin
<b>Landfill</b>	<b>2015/2016</b>	<b>2016/2017</b>
Up to 3 cubic metres of sorted recyclables, commercial cardboard. For larger volumes please contact Council to receive a quote.	Free for local residents and businesses only	Free for local residents and businesses only
Green Waste	\$2.50 per cubic mtr	\$5.00 per cubic mtr/minimum charge
Car boot per load	\$12.00	\$15.00
6 x 4 Trailer Load/Ute Load up to 1 cubic metre	\$20.00	\$22.00
Tandem Trailer up to 2 cubic metres	\$40.00	\$45.00
Wheelie bin 120L	\$8.00	\$9.00
Wheelie bin 240L	\$10.00	\$11.00
General Waste to Landfill (per cubic metre)	\$20.00	\$22.00
Commercial Waste (per cubic metre)	\$20.00	\$22.00
Builder Waste and Concrete (per cubic metre)	\$20.00	\$30.00
Concrete uncontaminated (per cubic metre)	\$20.00	\$30.00
Bricks uncontaminated (per cubic metre)	\$20.00	\$30.00
White Goods (doors must be removed from refrigerators, ovens and dishwashers)	Free to local residents only	Free to local residents only
Car Bodies	Free to local residents only	Free to local residents only
TV Screens and Computer Monitors	\$10.00	\$10.00
Mattresses	\$40.00	\$40.00
<b>Tyres</b>	<b>2015/2016</b>	<b>2016/2017</b>
Light car tyre	\$7.00	\$8.00
Car tyre on rim	\$25.00	\$25.00
4WD and Light Truck tyre	\$12.00	\$15.00
Truck tyre	\$30.00	\$35.00
Super single tyre	N/A	N/A
Truck tyre on rim	\$50.00	\$60.00
Small tractor tyres	\$90.00	\$95.00
Large tractor tyres	\$160.00	\$170.00
<b>Animal Carcasses</b>	<b>2015/2016</b>	<b>2016/2017</b>
Poultry (including turkeys) per bird	\$6.00	\$7.00
Cats and Dogs	\$6.00	\$10.00
Sheep, Pigs and Goats	\$12.00	\$15.00
Horses and Cattle	\$25.00	\$30.00

## BUILDING FEES AND CHARGES

<b><i>Dwellings</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Building Works - \$0 to \$10,000	\$450.00	\$463.50
Building Works - \$10,001 to \$20,000	\$650.00 plus Levy	\$669.50 plus Levy
Building Works - \$20,001 to \$80,000	\$950.00 plus Levy	\$978.50 plus Levy
Building Works - \$80,001 to \$120,000	\$1,500.00 plus Levy	\$1,545 plus Levy
Building Works - \$120,001 to \$200,000	\$value /75 plus Levy	\$value /75 plus Levy
Building Works - \$200,000 plus	\$value /75 plus Levy	\$value /75 plus Levy
<b><i>Alterations/Additions/Sheds/Carports/Garages</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
New Dwellings - \$0 to \$120,000	\$1,200.00 plus Levy	\$1,236 plus Levy
New Dwellings - \$120,000 to \$200,000	\$1,500.00 plus Levy	\$1,545 plus Levy
New Dwellings - \$200,000 to \$312,000	\$1,800.00 plus Levy	\$1,854 plus Levy
New Dwellings - \$312,000 plus	\$value /130 plus Levy	\$value /130 plus Levy
<b><i>Swimming Pools</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Swimming Pool and Fence – Above Ground	\$400.00	\$412.00
Swimming Pool and Fence – In-Ground Pool	\$800.00	\$824.00
<b><i>Commercial Building Work</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Commercial Works - \$0 to \$10,000	\$375.00 plus Levy	\$386.25 plus Levy
Commercial Works - \$10,001 to \$20,000	\$675.00 plus Levy	\$695.25 plus Levy
Commercial Works - \$20,001 to \$100,000	\$value x 1.33% plus \$400 plus Levy	\$value x 1.33% plus \$412 plus Levy
Commercial Works - \$100,001 to \$500,000	\$value x 0.44% plus \$1,200 plus Levy	\$value x 0.44% plus \$1,236 plus Levy
Commercial Works - \$500,000+	\$value x 0.25% plus \$2,000 plus Levy	\$value x 0.25% plus \$2,060 plus Levy
<b><i>Multi-Unit Development</i></b>	<b><i>2015/2016</i></b>	<b><i>2016/2017</i></b>
Units - \$0 to \$200,000	\$1,800.00 plus Levy	\$1,854 plus Levy
Units - \$200,001 to \$312,000	\$2,000.00 plus Levy	\$2,060 plus Levy
Units - \$312,000+	\$value/130 plus Levy	\$value/130 plus Levy

### **Notes:**

- The State building levy is 0.128% of the value of the works.
- A \$37.10 Lodgement Fee applies to all applications for works valued at \$5,000 or more, where a private surveyor is engaged.
- Council is yet to be advised of the 2016/2017 Lodgement Fee.
- 2016/2017 Fee proposals have been based on fee structures of surrounding Councils.

<b>Enforcement</b>	<b>2015/2016</b>	<b>2016/2017</b>
Building Notices/Orders (To allow buildings to remain as constructed, without a Building Permit)	Building Permit Fee plus 25%	Building Permit Fee plus 25%
<b>Miscellaneous Items</b>	<b>2015/2016</b>	<b>2016/2017</b>
Fence	\$200.00	\$206.00
Demolitions or Removals - \$0 to \$5,000	\$350.00	\$360.50
Demolitions or Removals - \$5,000+	\$500.00	\$515.00
Re-Erections of Dwellings – Security Deposit	\$5,000.00	\$5,150.00
Extensions of Time Requests	\$100.00	\$103.00
Amended Plans	\$100.00	\$103.00
Information Request Reg. 326 (1) Permit Info, Final Certifications, Current Orders or Notices	Legislative fee	Legislative fee
Information Request Reg. 326 (2) Flooding, Termite, Bushfire, Snowfall, Designated	Legislative fee	Legislative fee
Information Request Reg. 326 (3) Mandatory notification states, Inspection Dates	Legislative fee	Legislative fee
Request for search of Building Permit Plans	\$60.00	\$62.00
<b>Report and Consent</b>	<b>2015/2016</b>	<b>2016/2017</b>
Planning Authority for Demolition Section 29A of the Act	Legislative fee	Legislative fee
Build Over Council Easement Reg. 310 (1)	Legislative fee	Legislative fee
Report & Consent under Parts 4, 5 or 8	Legislative fee	Legislative fee
Request Legal Point of Discharge for Stormwater Reg. 610 (2)	Legislative fee	Legislative fee
<b>Government Levy (only applies if development value over \$10,000)</b>	<b>2015/2016</b>	<b>2016/2017</b>
Additional Inspection	\$120.00	\$124.00

## ENVIRONMENTAL HEALTH

<b>Food Act</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>Class 1 Food Premises</b> – High Risk ready to eat food serves to vulnerable groups. Including hospitals, nursing homes, child care centres. Must have 3 <sup>rd</sup> party audited FSP.	\$310.00	\$325.00
<b>Class 2 Food Premises</b> – High Risk or unpackaged foods. Including hotels, restaurants cafes, takeaway, supermarkets, manufacturers, caterers, milk bars and some service stations. Must have FSPI (may be template or 3 <sup>rd</sup> Party audited)	\$260.00	\$320.00
<b>Class 3 Food Premises</b> – Premises selling low risk pre-packaged food only e.g. Packaged confectionary, soft drink, Newsagents, video stores, some service stations.	\$100.00	\$220.00
<b>Non Profit Organisations &amp; Community Groups</b> – Food is prepared predominately for consumption by members, or for fundraising activities Service Clubs, mostly Sporting Clubs	N/A	N/A
<b>Street Stalls/Temporary Food Vendor Permits;</b> <b>Non Profit &amp; Community Groups</b> (fetes, sausage sizzle, street stall)		
Single Event Permit	N/A	N/A
Yearly Permit (up to 12 Events per year)	N/A	N/A
<b>Private Individuals &amp; Businesses</b> (Markets, Private Stalls)		
Single Event Permit	\$25.00	\$60.00
Yearly Permit (up to 12 Events per year)	\$50.00	\$85.00
<b>Transfers Fees</b>	50% of the current classed fee both Food & Health Act	50% of the current classed fee both Food Act 1984 & Public Health & Wellbeing Act 2008
<b>Transfer Inspection Fee</b>	\$75.00	\$215.00
<b>Late Payment of Registration (more than 1 month late)</b>	N/A	50% of the registration fee
<b>Additional Inspections after first follow up</b>	N/A	\$190.00
<b>Public Health and Wellbeing Act 2008</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>Hairdresser (One off registration fee)</b>	\$100.00	\$170.00
<b>Beauty Therapy</b>	\$100.00	\$170.00
<b>Skin Penetration</b>	\$100.00	\$170.00
<b>More than 1 health activity</b>	\$100.00	\$215.00
<b>Prescribed Accommodation</b> Premises providing accommodation for 5 or more persons including hotels, motels, hostels and camps.	\$100.00	\$215.00
<b>Late Payment of Registration (more than 1 month late)</b>	N/A	50% of the current registration fee
<b>Additional Inspections after first follow up</b>	N/A	\$190.00
<b>Home and Community Care (HACC)</b>	<b>2015/2016</b>	<b>2016/2017</b>
<b>Septic Tank</b>		
→ New	\$250.00	\$250.00
Alteration to Existing	\$175.00	\$175.00

## AGED AND DISABILITY SERVICES

<b>Home and Community Care (HACC)</b>	<b>2015/2016</b>	<b>2016/2017</b>
HACC General Home Care A	\$2.00	\$2.50
HACC General Home Care	\$6.50	\$7.00
HACC General Home Care B	\$7.50	\$8.00
HACC General Home Care C	\$10.50	\$11.00
HACC General Home Care D	No charge	No charge
HACC General Home Care E	\$1.00	\$1.50
Home Maintenance	\$11.00	\$12.00
Home Maintenance A	\$5.50	\$6.00
Home Maintenance B	No charge	No charge
Materials supplied	\$10/\$15/\$20	\$10/\$15/\$20
HACC Personal Care	\$5.00	\$5.50
HACC Personal Care A	\$1.00	\$1.50
HACC Personal Care B	No charge	No charge
HACC Respite Care HIGH	\$4.00	\$4.00
HACC Respite Care HIGH A	\$1.00	\$1.50
HACC Respite Care HIGH B	No charge	No charge
HACC Respite Care LOW	\$3.50	\$4.00
HACC Respite Care LOW A	\$1.00	\$1.50
HACC Respite Care LOW B	No charge	No charge
HACC Meals on Wheels	\$9.00	\$9.50
HACC Meals on Wheels A	\$4.00	\$4.50
HACC Meals on Wheels B	No charge	No charge
Meals on Wheels (Full cost recovery)	\$12.00	\$13.00

<b>Brokerage</b>	<b>2015/2016</b>	<b>2016/2017</b>
General Home Care	\$58.30	\$60.50
Personal Care	\$58.30	\$60.50
Home Maintenance	\$58.30	\$60.50
Respite Care LOW	\$58.30	\$60.50
Respite Care HIGH	\$58.30	\$60.50
TRAVEL	\$2.00	\$2.00
All weekend services	\$116.60	\$121.00
To complete OH & S Assessment for packaged care client	\$125.00	\$130.00
To complete a MEPACS/PAV Assessment – personal security alarm for packaged care client	\$125.00	\$130.00
MEPACS Referral	\$55.00	\$60.00

## CARAVAN PARKS

	<b>2015/2016</b>	<b>2016/2017</b>
Unpowered Site (2 people)	\$15.00 per night	\$15.00 per night
<b>Powered Site (2 people)</b>	\$20.00 per night	\$20.00 per night
<b>Weekly fee</b>	\$100.00	\$100.00
<b>Additional people</b>	Extra \$5.00 per night	Extra \$5 per night

## Budget processes

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the Local Government Act 1989 (the Act) and Local Government (Planning and Reporting) Regulations 2014 (the Regulations).

Under 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 Regulations which support the Act.

The 2016/17 budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2017 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during January and February. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April. Before the budget has been released in its draft format the Community have also been consulted at a Community Forum Summit in April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in May 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 and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Governments Rate Capping legislation in 2015, Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Councils to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Ministers maximum rate increase and the Council's required rate increase. The rate capping was set at 2.5% and Buloke applied for a variation of 3.05%.

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 by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Minister of Local Government announces maximum rate increase	Dec
2. Officers update Council's long term financial projections	
3. Council to advise ESC if it intends to make a rate variation submission	Jan/Feb

Budget process	Timing
4. Council submits formal rate variation submission to ESC	Mar
5. Proposed budget submitted to Council for approval	Apr/May
6. ESC advises whether rate variation submission is successful	May
7. Public notice advising intention to adopt budget	Apr/May
8. Budget available for public inspection and comment	Apr-May
9. Public submission process undertaken	May/Jun
10. Submissions period closes (28 days)	Jun
11. Submissions considered by Council/Committee	Jun
12. Budget and submissions presented to Council for adoption	Jun
13. Copy of adopted budget submitted to the Minister	Jul
14. Revised budget where a material change has arisen	Sep - Jun