

Strathbogie *shire*

Strathbogie Shire Council Budget Report – 2017/18



| Contents | Page |
|---|------|
| Mayors introduction | 3 |
| Executive Summary | 4 |
| Budget reports (contains all statutory requirements) | |
| 1. Link to the Council Plan | 8 |
| 2. Services and service performance indicators | 10 |
| 3. Financial Statements | 18 |
| 4. Financial performance indicators | 25 |
| 5. Other budget information (grants, borrowings) | 27 |
| 6. Detailed list of capital works | 30 |
| 7. Rates and charges | 36 |
| Budget analysis (best practice) | |
| 8. Summary of financial position | 43 |
| 9. Budget influences | 48 |
| 10. Analysis of operating budget | 49 |
| 11. Analysis of budgeted cash position | 55 |
| 12. Analysis of capital budget | 58 |
| 13. Analysis of budgeted financial position | 63 |
| Long term strategies | |
| 14. Strategic resource plan | 67 |
| 15. Rating information | 69 |
| 16. Other long term strategies | 72 |
| Appendices | |
| A Fees and charges schedule | 75 |
| B Budget process | 81 |
| C Reconciliation of Advertised Budget to Adopted Budget | 82 |

Mayor's introduction

MAYOR'S INTRODUCTION

On behalf of your recently elected Council, I am pleased to release the proposed Budget 2017/18 to the Community. Since November 2016 we have been focussed on consulting with the community in development of both this Budget and the Council Plan. This has included a series of activities designed to obtain community feedback.

BUDGET HIGHLIGHTS

The budget is based on a rate increase of 2.0 per cent. This is in line with the Fair Go Rates System (FGRS) which has capped rates increases by Victorian councils to the forecast movement in the Consumer Price Index (CPI)

This is the second year of the Fair Go Rates System.

The proposed budget details the resources required over the next year to fund the large range of services that Council provides to the community. It also includes details of proposed capital expenditure allocations to improve and renew our shire's physical infrastructure, buildings and operational assets, as well as funding proposals for a range of operating projects.

OPERATING BUDGET

Council has worked hard to develop a budget that balances ratepayer affordability with the continuing and newly emerging demands of a growing community. Operating costs have been contained, with employee costs rising by only 0.12% and expenditure on materials and contracts reducing by 2.1 %. This has enabled some increase in service levels but also investment in infrastructure.

It has also enabled Council to propose a scheme of rate relief to benefit first home buyers who wish to locate in our Shire, bringing with them additional population and investment.

Within the Operating budget provision has been made for:

- increased level of road maintenance
- ongoing flood mapping of risk areas
- increased resourcing of arts,culture and tourism

CAPITAL PROGRAM

Asset Management

Council has worked hard in recent years to improve its financial position and to address its previous gap in infrastructure renewal (maintaining assets such as roads and bridges in a serviceable condition) .With the assistance of government funding an extensive bridge maintenance and upgrade program has been implemented.

With the renewal gap now under control and the appropriate amounts being directed towards renewal Council is considering ways in which it can improve service levels, particularly in relation to the road network, meaning that a number of previously low priority road groups are scheduled for upgrade to a better condition with accompanying increased levels of maintenance.

Capital Works

Council is committed to the renewal and replacement of its ageing infrastructure and in this financial year has a capital works budget of \$13.09M, including projects carried forward from 2016/17 of \$3.42M. \$11.15 M of the capital works budget will be applied to renewal and upgrade projects.

Specific Projects include:

| | |
|---|-----------|
| Reseal Program | 1,120,000 |
| Sealed Road Shoulders | 440,000 |
| Road rehabilitation | 1,309,000 |
| Resheeting (gravel) | 460,000 |
| Kerb and Channel | 224,000 |
| Birkett Street Railway pedestrian crossing | 250,000 |
| Northern roundabout investigation – High Street Nagambie | 100,000 |
| Safety investigation – Euroa-Shepparton/Boundary Road (Saleyards) | 150,000 |
| Euroa High School/Campbell Street improvements | 250,000 |
| Nagambie Locksley Road/McDonalds Road intersection upgrade | 753,950 |
| Bridge upgrades | 2,436,215 |
| Walking tracks /paths/footpaths | 186,000 |
| Drainage projects | 1,259,635 |
| Euroa Maternal and Child Health Centre upgrade | 135,000 |
| Avenel Hall upgrade | 300,000 |
| Toilets High Street Nagambie | 200,000 |
| Toilets Brock Street Euroa | 184,000 |
| Toilets Violet Town Oval | 100,000 |

Council will continue to review all infrastructure assets and will seek to rationalise any assets identified as not being required for future service delivery.

Executive Summary

Council has prepared a Budget for 2017/18 which is aligned to the vision in the Council Plan 2017/21. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within the 2.0 per cent rate increase mandated by the State Government.

This Budget projects a surplus of \$3.20M for 2017/18. The adjusted underlying result is a surplus of \$2.42M after adjusting for capital grants and contributions (refer Sections 5 and 10.1).

1. Key things we are funding

1) Ongoing delivery of services to the Strathbogie Shire community funded by a budget of \$24.90 m. These services are summarised in Section 2.

2) Continued high level of capital investment with a strong infrastructure asset renewal effort with total Capital Works of \$13.09m including roads \$5.94m; bridges \$2.44m; footpaths and bicycle paths \$0.186m; drainage \$1.26m; and parks, open space and streetscapes \$0.465m; (these figures include works carried forward from 2016/17) The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and

Relating the Budget to the Council Plan Goals sees the following:

Goal 1: To enhance community health and wellbeing

Council continues to provide significant support for the Community's wellbeing through provision of libraries, maternal and child health, animal management, environmental health, emergency and youth services as well as maintenance of parks and reserves.

Goal 2: To sustainably manage our natural and built environment

This area provides resourcing in the areas of sustainability and waste management and initiatives related to landcare, waste minimisation, climate change and enhancement of natural assets.

Goal 3: To provide quality infrastructure

Maintenance of a significant network of roads and bridges is a critical function of Council as is reviewing the assets that Council holds to ensure that they remain relevant to service needs. Buildings and swimming pools are also important to the community. Details of capital works projects are provided in Section 12 of the budget.

Goal 4: To support and drive Economic Development

This is an important part of Council's operations as it seeks to stimulate and maintain economic development throughout the Shire. This encompasses areas such as the digital economy, investment attraction, land use planning and tourism.

Goal 5: To be a high performing Shire

This includes the areas of Council and governance, customer service, financial management and advocacy.



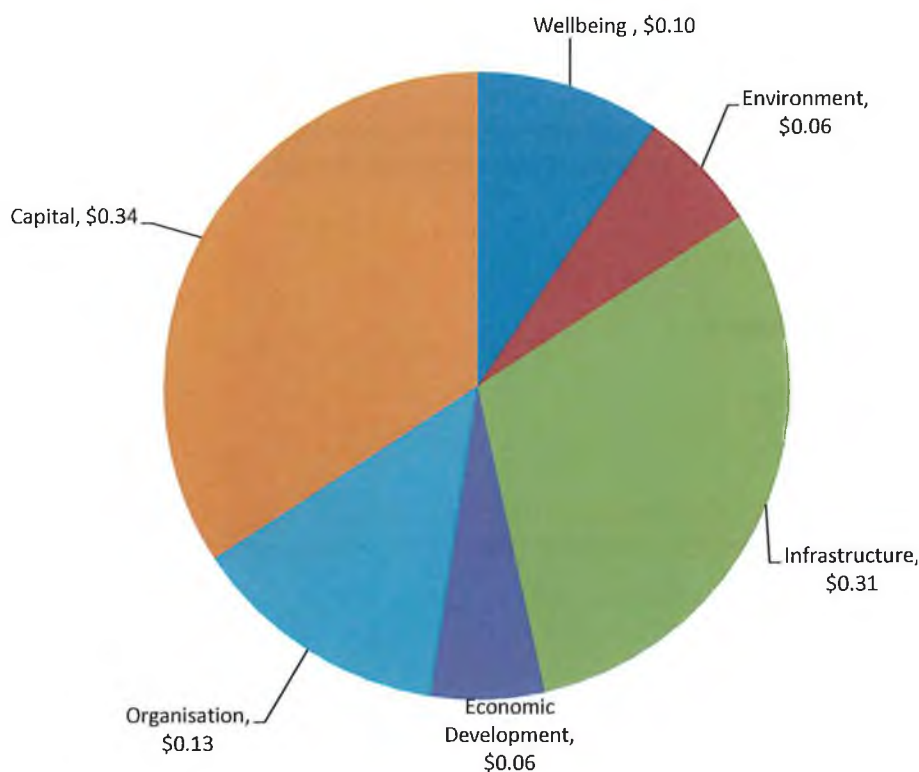
2. The Rate Rise

- a. The rate rise is 2.0%, in line with the order of the Minister for Local Government under the Fair Go Rates System.
- b. Key drivers
 - i. To fund ongoing service delivery - business as usual (plus increasing service demands from residents)
 - ii. To fund renewal of infrastructure and community assets
 - iii. To cope with growth in the population of Strathbogie Shire residents (est 0.9% in the last year)
 - iv. To cope with cost shifting from the State Government
 - v. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission caused by their freezing of indexation of the grant ,which it is hoped will be lifted in the upcoming Federal Budget
- c. The waste service charge incorporating kerbside collection and recycling will increase by 3%.
- d. Refer Section 15 for further Rates and Charges details.

3. Key Statistics

- Total Revenue: \$29.7M (2016/17 = \$28.08m)
- Total Expenditure: \$26.50M (2016/17 = \$27.10M)
- Operating Result: \$3.20M Surplus (2016/17 = \$0.982m surplus)
(Refer Income Statement in Section 3)
- Underlying operating result: Surplus of \$2.42M (2016/17 = Surplus of \$.336m)
(Refer Analysis of operating Budget in Section 10.1)
- Cash result: \$3.43M outflow (2016/17 = \$1.32M outflow)
(Refer Statement of Cash Flows in Section 3)
This is the net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers.
- Total Capital Works Program of \$13.09M
 - o \$6.545 m from Council operations (rates funded)
 - o \$0.15 m from Contributions
 - o \$1.13 m from asset sales
 - o \$3.63M from external grants
 - o \$1.62 m from unrestricted cash and investments

Council Expenditure Profile



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers. It shows how much is allocated to each service area for every dollar that Council spends.

4. Budget Influences

External Influences

The preparation of the budget is influenced by the following external factors:

- The Victorian State Government has introduced a cap on rate increases from 2016/2017. The cap for 2017/2018 has been set at 2.0% (2016/2017 - 2.5%).
- CPI for Victoria is forecast to be 2.5% for the 2017/2018 year (Victorian Department of Treasury & Finance, 2016-2017 Budget Update).
- The Victorian Wage Price Index is projected to be 3.0% in 2017/2018 (Victorian Department of Treasury & Finance, 2016-2017 Budget Update).
- Employee costs will increase by 2.15% during 2017/18 under Council's Collective Agreement.

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 2017/18 Budget.

- The maintenance of services at 2016/17 levels;
- Ongoing commitment to asset renewal and rehabilitation;
- Continued application of continuous improvement and best practice principles to Council operations.;
- Sale of assets no longer required by Council; and,
- No new borrowings.

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

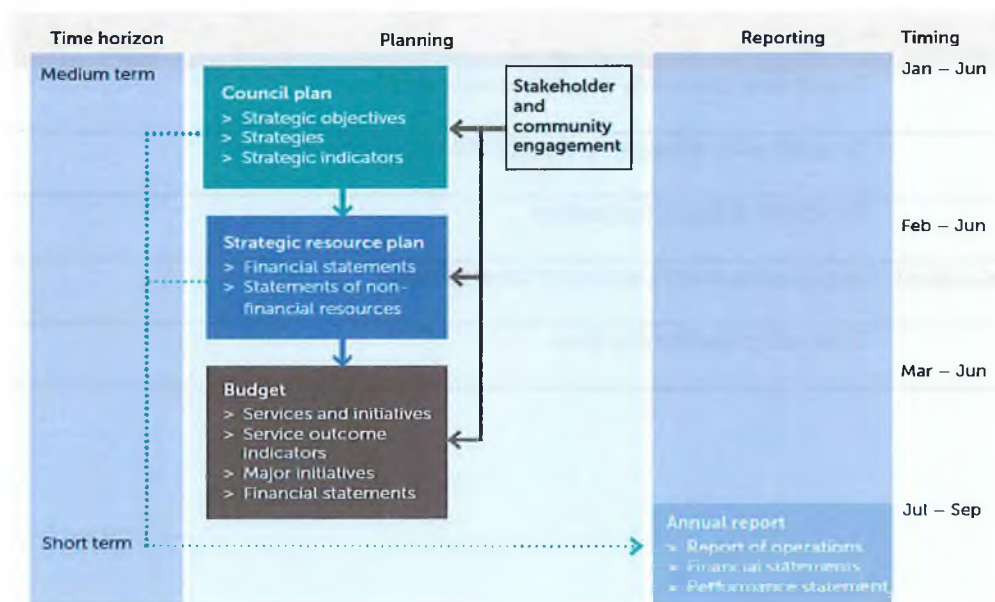


1. Link to the Council Plan

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 long term (Long Term Financial Plan), 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)

In addition to the above, Council has a long term financial plan which provides a basis for determining a strategic approach for the effective and efficient use of Council resources over a 20 year timeframe.

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:

"Together we are building a flourishing community"

Our Mission:

"To support our community to grow through effective partnerships, engagement and equitable and efficient delivery of services"

Our Values:

To be a respectful, innovative, open and transparent, inclusive, fair and ethical Council.

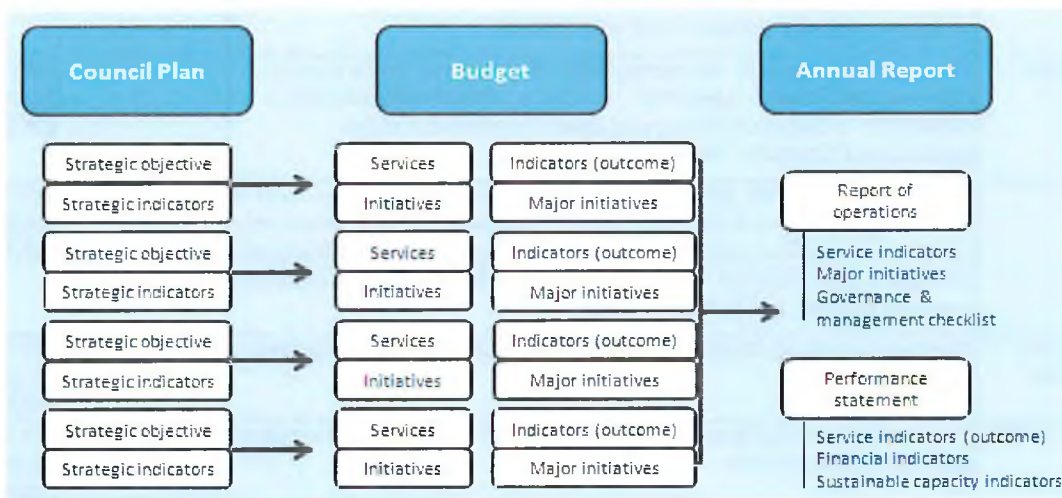
1.3 Goals

Council delivers activities and initiatives under various service categories. Each contributes to the achievement of one of the five Goals as set out in the Council Plan for the 2017-21 years. The following table lists the five Goals as described in the Council Plan.

| Strategic Objective | Description |
|-------------------------|---|
| 1. Community Wellbeing | To enhance community health and wellbeing |
| 2. Environment | To sustainably manage our natural and built environment |
| 3. Infrastructure | To provide quality infrastructure |
| 4. Economic Development | To support and drive economic development |
| 5. Organisation | To be a high performing Shire |

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2017/18 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 **bold** and underlined in the following sections.

2.1 Goal 1: Community Wellbeing

To enhance community health and wellbeing

Services

| Business area | Description of services provided | Expenditure (Revenue) Net Cost \$ |
|--|---|--|
| Environmental Health | This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities, immunisation programs and public health promotions. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls. | 215,000 |
| | | (85,000) |
| | | 130,000 |
| Animal Management | This service provides for the management of domestic animals (mostly dogs and cats) through registration, education and enforcement where necessary. It is also concerned with issues that arise out of the application of Council's Community Local Law. | 246,000 |
| | | (90,000) |
| | | 156,000 |
| Libraries and Arts | This service provides public library services at three locations and a community cinema in Euroa. It provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered. | 317,100 |
| | | (60,000) |
| | | 257,100 |
| Community Grants and Recreational Planning | This service provides funding for the development of community facilities and activities. | 187,366 |
| | | (2,500) |
| | | 184,866 |
| Maternal and Child Health | This service provides family oriented, visiting and centre based maternal and child health services. | 201,916 |
| | | (112,500) |
| | | 89,416 |
| Youth Services | This service provides youth facilities and a range of recreation and education based youth activities. Programs include Freeza, National Youth Week and L2P driving experience program. | 187,708 |
| | | (55,000) |
| | | 132,708 |
| Street Lighting | This service enhances public safety and community access by providing street lighting in urban areas. | 120,000 |
| | | 0 |
| | | 120,000 |
| Parks and Reserves | This service is responsible for the management, maintenance and safety of parks and gardens, sporting grounds and playground facilities. | 1,592,370 |
| | | (9,000) |
| | | 1,583,370 |
| Boating Operations and | Council is the boating authority for Nagambie Lakes. This service area provides patrol services, maintenance of boating infrastructure and support for on-water recreational activities. | 90,200 |
| | | (6,000) |
| | | 84,200 |
| Community Development | This program oversees activities in the areas of access and inclusion, committee of management support, community planning and other activities designed to strengthen communities. | 208,876 |
| | | (35,400) |
| | | 173,476 |
| Emergency Services | This service includes financial assistance for the SES service, fire prevention activities and flood risk planning and mitigation. | 296,402 |
| | | (83,300) |
| | | 213,102 |

2.1 Goal 1: Community Wellbeing

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|---------------------------------|-------------------|--|--|
| Libraries and Arts | Participation | Active library members (Percentage of the municipal population that are active library members). | [Number of active library members / municipal population] x100 |
| Maternal and Child Health (MCH) | Participation | Participation in MCH key ages and stages visits (Percentage of children attending the MCH key ages and stages visits). | Number of actual MCH visits / Number of expected MCH visits] x100 |
| Animal Management | Health and safety | Animal management prosecutions (Number of successful animal management prosecutions). | Number of successful animal management prosecutions. |
| Environmental Health | Health and safety | Number of 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 |

2.2 Goal 2: Environment

To sustainably manage our natural and built environment

Services

| Business area | Description of services provided | Expenditure (Revenue) Net Cost \$ |
|---------------------------|---|--|
| Sustainability Management | Council is committed to responsible and sustainable management of the Shire's natural resources. Programs in this service area include Pests and Weeds program, Implementation of Council's environmental strategy and Carbon Footprint Assessment program. | 56,400 |
| | | (53,400) |
| | | 3,000 |
| Waste Management | This service includes kerbside garbage and recycling collections, transfer station operations and waste management of public areas. | 2,363,636 |
| | | (2,380,500) |
| | | (16,864) |

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|------------------|-----------------|---|---|
| Waste Management | Waste diversion | Kerbside collection waste diverted from landfill. (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill). | [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 |

2.3 Goal 3: Infrastructure

To provide quality infrastructure

Services

| Business area | Description of services provided | Expenditure (Revenue) Net Cost \$ |
|---|---|--|
| Municipal Buildings | This service area is responsible for the maintenance of Council owned and controlled buildings. | 1,241,216 |
| | | (32,300) |
| | | 1,208,916 |
| Swimming Pools and Beaches | Council operates outdoor pools in Euroa, Nagambie, Violet Town and Avenel. | 414,245 |
| | | (10,500) |
| | | 403,745 |
| Roads and Bridge Maintenance Operations | This service area is responsible for the maintenance of Council's roads and bridges network. | 10,033,114 |
| | | (2,318,000) |
| | | 7,715,114 |

Service Performance Outcome Indicators

| Service | Indicator | Performance Measure | Computation |
|-----------------|--------------|---|---|
| Pool Facilities | Utilisation | Utilisation of pool facilities (The number of visits to pool facilities per head of municipal population). | Number of visits to pool facilities / Municipal population |
| 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. |

2.4 Goal 4: Economic Development

To support and drive economic development

Services

| Business area | Description of services provided | Expenditure (Revenue) Net Cost \$ |
|--------------------|---|--|
| Planning | This service area processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares and processes amendments to the Council Planning Scheme and carries out research on demographic, development, economic and social issues affecting Council. | 868,754 (167,200) 701,554 |
| Building | This service area provides statutory building services to the community including processing of building permits, emergency management responsibilities, fire safety inspections, audits of Council buildings and investigations of complaints and illegal works. | 104,500 (43,000) 61,500 |
| Strategic Projects | This service area provides resources for key strategic projects which generally have long term outcomes for the development of the Shire. These projects often involve partnerships with other tiers of government and are often supported by external funding. | 122,400 0 122,400 |
| Tourism and Events | Strathbogie Shire has a high tourism profile with broad ranging attractions including, natural environment, water based activities, wineries events and festivals. This service area is responsible for promoting the area generally and supporting local tourism bodies and tourism related events. This service area provides support for the planning promotion and | 716,616 (29,000) 687,616 |
| Caravan Parks | Council has control of caravan parks at Nagambie Lakes and Euroa. | 14,000 (217,600) (203,600) |
| Saleyards | This service area refers to the Euroa Saleyards. The saleyards operate on an approximately one sale per month basis. | 219,102 (257,500) (38,398) |

Service Performance Outcome Indicators

| 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 |
| Statutory planning | Decision making | Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT and that were upheld in favour of the Council). | [Number of VCAT decisions that upheld Council's decision in relation to a planning application / Number of decisions in relation to planning applications subject to review by VCAT] x100 |

2.3 Goal 5: Organisation

To be a high performing Shire

Services

| Business area | Description of services provided | Expenditure (Revenue) Net Cost \$ |
|---------------------------------------|---|--|
| Financial and Administration Services | This service area provides financial advice and support to providers of all Council services, including budget preparation, long term financial planning, periodic reporting, processing of debtors and creditors, and statutory financial requirements, including FBT and GST reporting. | 1,353,322 |
| | | 0 |
| | | 1,353,322 |
| Information Technology | This service maintains and improves Council's information technology systems, ensures compliance with legislation relating to records management including administering and recording all incoming correspondence. This also includes telephones , intranet , photocopiers , aerial photography and geographic information | 1,326,790 |
| | | 0 |
| | | 1,326,790 |
| Human Resources and Risk Management | Management of recruitment and induction , occupational health and safety , procedures relating to employment matters , administration of insurances , staff training and development , employee assistance program. | 506,094 |
| | | (150,000) |
| | | 356,094 |
| Community Relations | Customer service contact , media , communications , public notices , community surveys , website , marketing and community engagement. | 1,073,672 |
| | | (5,000) |
| | | 1,068,672 |
| Governance | The area of governance includes the Mayor, Councillors, Chief Executive Officer , regulatory reporting , Council elections , compliance with relevant Acts and other Executive Management costs which cannot be easily attributed to the direct service provision areas. | 827,518 |
| | | (107,400) |
| | | 720,118 |

Service Performance Outcome Indicators

| 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. |

2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on within the Performance Statement

2.8 Reconciliation with budgeted operating result

| | Net Cost (Revenue) \$'000 | Expenditure \$'000 | Revenue \$'000 |
|---------------------------------------|---------------------------------|-----------------------|-------------------|
| Total services and initiatives | 18,594 | 24,904 | (6,310) |
| Other non-attributable | -1,758 | | |
| Deficit before funding sources | 16,836 | | |
| Funding sources: | | | |
| Rates & charges | 16,403 | | |
| Capital grants | 3,634 | | |
| Total funding sources | 20,037 | | |
| Surplus for the year | 3,201 | | |

3. Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2017/18 to 2020/21 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.

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources



3.1 Comprehensive Income Statement

For the four years ending 30 June 2021

| | Forecast Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | Strategic Resource Plan Projections | | |
|---|---|-----------------------------|--|-------------------|-------------------|
| | | | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 |
| Income | | | | | |
| Rates and charges | 17,909 | 18,550 | 19,007 | 19,528 | 20,005 |
| Statutory fees and fines | 339 | 367 | 377 | 386 | 395 |
| User fees | 668 | 709 | 722 | 741 | 771 |
| Grants - operating recurrent | 5,500 | 5,517 | 5,632 | 5,784 | 5,940 |
| Grants - operating non-recurrent | 0 | 0 | 0 | 0 | 0 |
| Grants - capital recurrent | 1,980 | 3,134 | 1,027 | 1,055 | 1,083 |
| Grants - capital non-recurrent | 0 | 500 | 0 | 0 | 0 |
| Contributions - monetary | 646 | 277 | 193 | 198 | 204 |
| Contributions - non-monetary | 307 | 0 | 0 | 0 | 0 |
| Fair value adjustments for investment property | 0 | 0 | 0 | 0 | 0 |
| Share of net profits/(losses) of associates and joint ventures | 0 | 0 | 0 | 0 | 0 |
| Other income | 735 | 650 | 659 | 669 | 678 |
| Total income | 28,084 | 29,704 | 27,617 | 28,361 | 29,076 |
| Expenses | | | | | |
| Employee costs | 8,702 | 8,713 | 9,042 | 9,286 | 9,506 |
| Materials and services | 11,786 | 11,537 | 11,575 | 11,944 | 12,276 |
| Bad and doubtful debts | 1 | 0 | 0 | 0 | 0 |
| Depreciation and amortisation | 5,234 | 5,259 | 5,429 | 5,612 | 5,917 |
| Borrowing costs | 103 | 54 | 32 | 25 | 18 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 711 | 641 | (152) | (35) | 300 |
| Other expenses | 565 | 299 | 194 | 199 | 204 |
| Total expenses | 27,102 | 26,503 | 26,120 | 27,031 | 28,221 |
| Surplus/(deficit) for the year | 982 | 3,201 | 1,497 | 1,330 | 855 |
| Other comprehensive income | | | | | |
| Items that will not be reclassified to surplus or deficit in future periods: | | | | | |
| Net asset revaluation increment | 100 | 0 | 0 | 0 | 14,225 |
| Total comprehensive result | 1,082 | 3,201 | 1,497 | 1,330 | 15,080 |

3.2 Balance Sheet

For the four years ending 30 June 2021

| | Forecast Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | Strategic Resource Plan Projections | | |
|---|---|-----------------------------|--|-------------------|-------------------|
| | | | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 9,255 | 5,823 | 5,819 | 6,056 | 5,846 |
| Trade and other receivables | 1,903 | 1,903 | 1,876 | 1,921 | 1,976 |
| Other assets | 2,016 | 1057 | 1057 | 1058 | 1057 |
| Total current assets | 13,174 | 8,783 | 8,752 | 9,035 | 8,879 |
| Non-current assets | | | | | |
| Trade and other receivables | 244 | 244 | 244 | 244 | 244 |
| Property, infrastructure, plant & equipment | 275,377 | 282,401 | 283,538 | 284,498 | 299,680 |
| Total non-current assets | 275,621 | 282,645 | 283,782 | 284,742 | 299,924 |
| Total assets | 288,795 | 291,428 | 292,534 | 293,777 | 308,803 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 3,346 | 3,292 | 3,043 | 3,104 | 3,172 |
| Provisions | 3,038 | 3038 | 3,038 | 3,038 | 3,038 |
| Interest-bearing loans and borrowings | 522 | 522 | 149 | 121 | 128 |
| Total current liabilities | 6,906 | 6,852 | 6,230 | 6,263 | 6,338 |
| Non-current liabilities | | | | | |
| Provisions | 699 | 699 | 699 | 699 | 699 |
| Interest-bearing loans and borrowings | 678 | 164 | 395 | 274 | 146 |
| Total non-current liabilities | 1,377 | 863 | 1,094 | 973 | 845 |
| Total liabilities | 8,283 | 7,715 | 7,324 | 7,236 | 7,183 |
| Net assets | 280,512 | 283,713 | 285,210 | 286,541 | 301,620 |
| Equity | | | | | |
| Accumulated surplus | 82,093 | 84,794 | 85,791 | 86,622 | 87,476 |
| Asset revaluation reserves | 197,819 | 197,819 | 197,819 | 197,819 | 212,044 |
| Other reserves | 600 | 1,100 | 1,600 | 2,100 | 2,100 |
| Total equity | 280,512 | 283,713 | 285,210 | 286,541 | 301,620 |



3.3 Statement of Changes in Equity

For the four years ending 30 June 2021

| | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2017/2018 | | | | |
| Balance at beginning of the financial year | 280,512 | 82,093 | 197,819 | 600 |
| Surplus/(deficit) for the year | 3,201 | 3,201 | 0 | 0 |
| Net asset revaluation increment/(decrement) | 0 | 0 | 0 | 0 |
| Transfer to other reserves | (500) | (500) | 0 | 0 |
| Transfer from other reserves | 500 | 0 | 0 | 500 |
| Balance at end of the financial year | 283,713 | 84,794 | 197,819 | 1,100 |
| 2018/2019 | | | | |
| Balance at beginning of the financial year | 283,713 | 84,794 | 197,819 | 1,100 |
| Surplus/(deficit) for the year | 1,497 | 1,497 | 0 | 0 |
| Net asset revaluation increment/(decrement) | 0 | 0 | 0 | 0 |
| Transfer to other reserves | (500) | (500) | 0 | 0 |
| Transfer from other reserves | 500 | 0 | 0 | 500 |
| Balance at end of the financial year | 285,210 | 85,791 | 197,819 | 1,600 |
| 2019/2020 | | | | |
| Balance at beginning of the financial year | 285,210 | 85,791 | 197,819 | 1,600 |
| Surplus/(deficit) for the year | 1,330 | 1,330 | 0 | 0 |
| Net asset revaluation increment/(decrement) | 0 | 0 | 0 | 0 |
| Transfer to other reserves | (500) | (500) | 0 | 0 |
| Transfer from other reserves | 500 | 0 | 0 | 500 |
| Balance at end of the financial year | 286,540 | 86,621 | 197,819 | 2,100 |
| 2020/2021 | | | | |
| Balance at beginning of the financial year | 286,540 | 86,621 | 197,819 | 2,100 |
| Surplus/(deficit) for the year | 855 | 855 | 0 | 0 |
| Net asset revaluation increment/(decrement) | 14,225 | 0 | 14,225 | 0 |
| Transfer to other reserves | 0 | 0 | 0 | 0 |
| Transfer from other reserves | 0 | 0 | 0 | 0 |
| Balance at end of the financial year | 301,620 | 87,476 | 212,044 | 2,100 |

3.4 Statement of Cash Flows

For the four years ending 30 June 2021

| | Forecast | Budget | Strategic Resource Plan | | |
|---|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|
| | Actual | | Projections | | |
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) | Inflows (Outflows) |
| Cash flows from operating activities | | | | | |
| Rates and charges | 17,909 | 18,550 | 19,026 | 19,496 | 19,967 |
| Statutory fees and fines | 339 | 367 | 377 | 385 | 394 |
| User fees | 668 | 709 | 723 | 740 | 770 |
| Grants - operating | 5,500 | 5,517 | 5,638 | 5,775 | 5,929 |
| Grants - capital | 1,980 | 3,634 | 1,028 | 1,053 | 1,081 |
| Contributions - monetary | 646 | 277 | 193 | 198 | 204 |
| Interest received | 290 | 200 | 230 | 230 | 230 |
| Other receipts | 446 | 400 | 430 | 438 | 447 |
| Net GST refund / payment | 0 | 0 | 0 | 0 | 0 |
| Employee costs | (8,702) | (8,713) | (9,150) | (9,259) | (9,477) |
| Materials and services | (11,788) | (11,554) | (11,714) | (11,910) | (12,239) |
| Other payments | (566) | (299) | (197) | (199) | (203) |
| Net cash provided by/(used in) operating activities | 6,722 | 9,088 | 6,584 | 6,947 | 7,103 |
| Cash flows from investing activities | | | | | |
| Payments for property, infrastructure, plant and equipment | (7,888) | (13,086) | (7,366) | (7,371) | (7,674) |
| Proceeds from sale of property, infrastructure, plant and equipment | 940 | 1,132 | 952 | 835 | 500 |
| Payments for landfill rehabilitation | (524) | 0 | 0 | 0 | 0 |
| Net cash provided by/ (used in) investing activities | (7,472) | (11,954) | (6,414) | (6,536) | (7,174) |
| Cash flows from financing activities | | | | | |
| Finance costs | (103) | (54) | (32) | (25) | (18) |
| Proceeds from borrowings | 0 | 0 | 0 | 0 | 0 |
| Repayment of borrowings | (472) | (512) | (142) | (149) | (121) |
| Net cash provided by/(used in) financing activities | (575) | (566) | (174) | (174) | (139) |
| Net increase/(decrease) in cash & cash equivalents | (1,325) | (3,432) | (4) | 237 | (210) |
| Cash and cash equivalents at the beginning of the financial year | 10,580 | 9,255 | 5,823 | 5,819 | 6,056 |
| Cash and cash equivalents at the end of the financial year | 9,255 | 5,823 | 5,819 | 6,056 | 5,846 |



3.5 Statement of Capital Works

For the four years ending 30 June 2021

| | Forecast | Budget | Strategic Resource Plan | | |
|--|-----------------------------|-------------------|-------------------------|-------------------|-------------------|
| | Actual 2016/17 \$'000 | 2017/18 \$'000 | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 |
| Property | | | | | |
| Land | 40 | 0 | 0 | 0 | 0 |
| Total land | 40 | 0 | 0 | 0 | 0 |
| Buildings | 921 | 1,412 | 1,181 | 2,304 | 2,530 |
| Total buildings | 921 | 1,412 | 1,181 | 2,304 | 2,530 |
| Total property | 961 | 1,412 | 1,181 | 2,304 | 2,530 |
| Plant and equipment | | | | | |
| Plant, machinery and equipment | 480 | 984 | 1,286 | 698 | 1,578 |
| Fixtures, fittings and furniture | 371 | 406 | 294 | 294 | 294 |
| Computers and telecommunications | 0 | 0 | 0 | 0 | 0 |
| Total plant and equipment | 851 | 1,390 | 1,580 | 992 | 1,872 |
| Infrastructure | | | | | |
| Roads | 3,108 | 5,716 | 4,132 | 3,588 | 2,610 |
| Bridges | 1,897 | 2,436 | 432 | 441 | 610 |
| Footpaths and cycleways | 162 | 186 | 34 | 36 | 39 |
| Drainage | 549 | 1,260 | 7 | 10 | 13 |
| Other infrastructure | 360 | 689 | 0 | 0 | 0 |
| Total infrastructure | 6,076 | 10,287 | 4,605 | 4,075 | 3,272 |
| Total capital works expenditure | 7,888 | 13,089 | 7,366 | 7,371 | 7,674 |
| Represented by: | | | | | |
| New asset expenditure | 902 | 1,769 | 551 | 437 | 434 |
| Asset renewal expenditure | 5,466 | 8,964 | 5,692 | 5,821 | 6,087 |
| Asset upgrade expenditure | 1,371 | 2151 | 1123 | 1,113 | 1153 |
| Asset expansion expenditure | 149 | 205 | 0 | 0 | 0 |
| Total capital works expenditure | 7,888 | 13,089 | 7,366 | 7,371 | 7,674 |

3.6 Statement of Human Resources

For the four years ending 30 June 2021

| | Forecast | Budget | Strategic Resource Plan | | |
|--------------------------------|--------------|-------------|-------------------------|--------------|--------------|
| | Actual | | Projections | | |
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Staff expenditure | | | | | |
| Employee costs - operating | 8,702 | 8713 | 9,042 | 9,286 | 9,506 |
| Employee costs - capital | 0 | 0 | 0 | 0 | 0 |
| Total staff expenditure | 8,702 | 8713 | 9,042 | 9,286 | 9,506 |
| | EFT | EFT | EFT | EFT | EFT |
| Staff numbers | | | | | |
| Employees | 96 | 96 | 96 | 96 | 96 |
| Total staff numbers | 96 | 96 | 96 | 96 | 96 |

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

| Department | Budget 2017/18 \$'000 | Comprises | |
|--|-----------------------------|----------------------------------|----------------------------------|
| | | Permanent Full Time \$'000 | Permanent Part Time \$'000 |
| | | Executive | 333 |
| Corporate and Liveability | 1,385 | 1,053 | 332 |
| Sustainable development | 1,398 | 1,024 | 374 |
| Assets | 5,198 | 4,869 | 329 |
| Total permanent staff expenditure | 8,314 | 7,279 | 1,035 |
| Casuals and other expenditure | 332 | | |
| Capitalised labour costs | 67 | | |
| Total expenditure | 8,713 | | |

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 |
| Executive | 2 | 2 | |
| Corporate and Liveability | 18 | 12 | 10 |
| Sustainable development | 15 | 12 | 5 |
| Assets | 58 | 48 | 8 |
| Total | 93 | 74 | 23 |
| Casuals and other | 2 | | |
| Capitalised labour costs | 1 | | |
| Total staff | 96 | | |

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 | Forecast | | Budget | Strategic Resource Plan | | | Trend |
|----------------------------|--|-------|----------|---------|---------|-------------------------|---------|---------|-------|
| | | | Actual | Actual | | Projections | | | |
| | | | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | +/- |
| Operating position | | | | | | | | | |
| Adjusted underlying result | Adjusted underlying surplus (deficit) / Adjusted underlying revenue | 1 | -16.0% | 0.1% | 8.4% | 4.8% | 4.0% | 2.3% | o |
| Liquidity | | | | | | | | | |
| Working Capital | Current assets / current liabilities | 2 | 203.7% | 190.8% | 128.2% | 140.5% | 144.3% | 140.1% | - |
| Unrestricted cash | Unrestricted cash / current liabilities | | 129.4% | 73.4% | 72.4% | 91.8% | 95.1% | 90.7% | - |
| Obligations | | | | | | | | | |
| Loans and borrowings | Interest bearing loans and borrowings / rate revenue | 3 | 122.0% | 6.7% | 3.7% | 2.9% | 2.0% | 1.4% | + |
| Loans and borrowings | Interest and principal repayments on interest bearing loans and borrowings / rate revenue | | 3.2% | 3.2% | 3.1% | 0.9% | 0.9% | 0.7% | + |
| Indebtedness | Non-current liabilities / own source revenue | | 14.9% | 7.0% | 4.3% | 5.3% | 4.6% | 3.9% | + |
| Asset renewal | Asset renewal expenditure / depreciation | 4 | 122.0% | 104.4% | 170.5% | 104.8% | 103.7% | 102.9% | - |
| Stability | | | | | | | | | |
| Rates concentration | Rate revenue / adjusted underlying revenue | 5 | 78.1% | 65.3% | 64.1% | 69.3% | 69.3% | 69.3% | o |
| Rates effort | Rate revenue / CIV of rateable properties in the municipality | | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | o |
| Efficiency | | | | | | | | | |
| Expenditure level | Total expenditure / no. of property assessments | | \$3,477 | \$3,667 | \$3,586 | \$3,508 | \$3,604 | \$3,735 | + |
| Revenue level | Residential rate revenue / No. of residential property assessments | | \$1,599 | \$1,621 | \$1,665 | \$1,707 | \$1,749 | \$1,793 | + |
| Workforce turnover | No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year | | 11.4% | 9.3% | 8.8% | 8.4% | 8.0% | 7.6% | 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 – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2 Working Capital - The proportion of current liabilities represented by current assets. Working capital is forecast to decrease significantly in 2016/17 year due to a run down in cash reserves to fund the capital program. The trend in later years is to remain steady at an acceptable level.

3 Debt compared to rates - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

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 its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

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.

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 (\$.108 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 is projected to increase by 1.96% or \$.108 million compared to 2016/17. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below:

| Grants - operating | Forecast | | Variance |
|--|-----------------------------|-----------------------------|-------------|
| | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| Recurrent - Commonwealth Government | | | |
| Victoria Grants Commission | 4,948 | 5,116 | 168 |
| Commonwealth Roads of Access | 38 | 39 | 1 |
| Recurrent - State Government | | | 0 |
| Youth | 52 | 55 | 3 |
| Health | 5 | 7 | 2 |
| Senior Citizens' Centres | 34 | 36 | 2 |
| Vulnerable Persons Register | 17 | 17 | 0 |
| School crossing supervisors | 14 | 14 | 0 |
| Fire Service Property Levy financial support | | 0 | 0 |
| Maternal and Child Health | 110 | 113 | 3 |
| Recreation - beach cleaning | 3 | 0 | (3) |
| Community safety - Emergency resourcing | 60 | 60 | 0 |
| Roads - median strip | 7 | 7 | 0 |
| Pest and plants program | 53 | 53 | 0 |
| Total recurrent grants | 5,341 | 5,517 | 176 |
| Non-recurrent - Commonwealth Government | 0 | 0 | 0 |
| Non-recurrent - State Government | | | |
| Nagambie Business Case | 68 | 0 | (68) |
| Ruffy Fire reimbursement | 91 | | |
| Recreation | | | |
| Total non-recurrent grants | 159 | 0 | (68) |
| Total operating grants | 5,500 | 5,517 | 108 |

5.1.2 Grants capital (\$1.154 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 is expected to increase by 58.3% or \$1.154 million compared to 2016/17. This is affected by rollover of \$1.08 m in bridge funding through the Roads To Recovery program. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

| Grants - capital | Forecast | | Variance \$'000 |
|--|-----------------------------|-----------------------------|--------------------|
| | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| <i>Recurrent - Commonwealth Government</i> | | | |
| Roads to Recovery | 1282 | 3134 | 1,852 |
| <i>Recurrent - State Government</i> | | | |
| Total recurrent grants | 1282 | 3134 | 1,852 |
| <i>Non-recurrent - Commonwealth Government</i> | | | |
| Bridges | | | 0 |
| <i>Non-recurrent - State Government</i> | | | |
| Local Roads to Market | | 500 | |
| Bridges - Birkett Street, Bridge renewal | 325 | | (325) |
| Buildings - Saleyards/Library | 253 | | (253) |
| Flood Mitigation | 120 | | (120) |
| Waste Management | | | 0 |
| Streetscapes | | | 0 |
| Land | | 0 | 0 |
| Total non-recurrent grants | 698 | 500 | (698) |
| Total capital grants | 1,980 | 3,634 | 1,154 |

5.1.3 Statement of Borrowings

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

| | 2016/17 | 2017/18 |
|---|---------|---------|
| Total amount borrowed as at 30 June of the prior year | 1,690 | 1,202 |
| Total amount proposed to be borrowed | 0 | |
| Total amount projected to be redeemed | (488) | (512) |
| Total amount of borrowings as at 30 June | 1,202 | 690 |

6. Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2017/18 year.

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

- New works for 2017/18
- Works carried forward from the 2016/17 year.

Capital works program

For the year ending 30 June 2018

6.1 New works

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|---|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| PROPERTY | | | | | | | | | |
| Buildings | | | | | | | | | |
| Avenel Swimming pool | 10 | | 10 | | | | | 10 | 0 |
| Avenel Hall roof cladding | 50 | | 50 | | | | | 50 | 0 |
| Avenel Hall main floor sand and seal | 15 | | 15 | | | | | 15 | 0 |
| Balmattum School hall | 40 | | 40 | | | | | 40 | 0 |
| Euroa tennis club roof cladding | 30 | | 30 | | | | | 30 | 0 |
| Euroa civic centre roof cladding | 80 | | 80 | | | | | 80 | 0 |
| Euroa maternal child health upgrade | 135 | | 100 | 35 | | | | 135 | 0 |
| Euroa visitor information centre- new | 100 | 100 | | | | | | 100 | 0 |
| Longwood community centre club room repair | 15 | | 15 | | | | | 15 | 0 |
| Ruffy Table Land community centre repair | 30 | | 30 | | | | | 30 | 0 |
| Violet Town recreation reserve -repairs | 40 | | 40 | | | | | 40 | 0 |
| Violet Town community centre meeting room refurbish | 10 | | 10 | | | | | 10 | 0 |
| Swimming Pools - new pool vacuums | 15 | | 15 | | | | | 15 | 0 |
| Swimming Pools - 4 defibrillators | 8 | 8 | | | | | | 8 | 0 |
| Total buildings | 578 | 108 | 435 | 35 | 0 | 0 | 0 | 578 | 0 |
| TOTAL PROPERTY | 578 | 108 | 435 | 35 | 0 | 0 | 0 | 578 | 0 |
| PLANT AND EQUIPMENT | | | | | | | | | |
| Plant and vehicle replacement | 984 | | 984 | | | | | 984 | 0 |
| Total plant, machinery and equipment | 984 | 0 | 984 | 0 | 0 | 0 | 0 | 984 | 0 |
| Fixtures, fittings and furniture | 0 | | 0 | | | | | 0 | 0 |
| Computers and telecommunications | 406 | | 206 | 200 | | | | 406 | 0 |
| Information technology: workstation and network systems | 406 | | 206 | 200 | | | | 406 | 0 |
| Total computers and telecommunications | 1,390 | 0 | 1,190 | 200 | 0 | 0 | 0 | 1,390 | 0 |
| TOTAL PLANT AND EQUIPMENT | 1,390 | 0 | 1,190 | 200 | 0 | 0 | 0 | 1,390 | 0 |

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|--|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| INFRASTRUCTURE | | | | | | | | | |
| Roads | | | | | | | | | |
| Reseals | 1,120 | | 1,120 | | | 1,027 | | 93 | 0 |
| Shoulder Pavement Program | 440 | | 440 | | | | | 440 | 0 |
| Rehabilitation Program | 1,309 | | 1,309 | | | | | 1,309 | 0 |
| Euroa Strathbogrie Road Guardrail replacement | 175 | | 175 | | 60 | | 30 | 175 | 0 |
| Burns Ave Euroa widen existing seal | 60 | | | | | | | 30 | 0 |
| High Street Nagambie northern roundabout investigation | 100 | 100 | | 10 | | | | 100 | 0 |
| Ewings Livingstone Road Intersection Investig/design | 10 | | | | | | | 10 | 0 |
| Drysdale Road Euroa complete agreed development works | 16 | 16 | | | | | | 16 | 0 |
| Euroa Shepp Road safety investigation - saleyards | 150 | | 460 | 150 | | | | 150 | 0 |
| Resurfacing | 460 | | 460 | | | | | 460 | 0 |
| Kerb | 179 | | 179 | | | | | 179 | 0 |
| High St Nagambie on roads bicycle marking | 30 | | | 30 | | 30 | | | 0 |
| Upgrade zero class road | 500 | | | 500 | | | | 500 | 0 |
| Nagambie Locksley / Mc Donald road intersection | 754 | | | 754 | | | | 254 | 0 |
| Total roads | 5,303 | 116 | 3,683 | 1,444 | 60 | 1,557 | 30 | 3,716 | 0 |
| Bridges | | | | | | | | | |
| Arcadia Tamlough major culvert No 542 | 32 | | 32 | | | 32 | | | 0 |
| Grimwade Road No 138 redeck | 90 | | 90 | | | 90 | | | 0 |
| Merton Strathbogrie No 3 redeck | 230 | | 230 | | | 230 | | | 0 |
| Oak Valley No 124 redeck | 60 | | 60 | | | 60 | | | 0 |
| Leckies Road No 50 replace | 255 | | 255 | | | 255 | | | 0 |
| Kings Road No 93 redeck | 100 | | 100 | | | 100 | | | 0 |
| Robinson Road No 94 replace | 80 | | 80 | | | 80 | | | 0 |
| Ross Road No 95 replace | 180 | | 180 | | | 180 | | | 0 |
| Avenel Longwood Road major culvert No184 | 45 | | | | 45 | | | 45 | 0 |
| Total bridges | 1,072 | 0 | 1,027 | 0 | 45 | 1,027 | 0 | 45 | 0 |



| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | Summary of funding sources | | | |
|---|------------------------|------------------------|-------------------|-------------------|---------------------|----------------------------|-------------------------|------------------------|----------------------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 |
| Footpaths and cycleways | | | | | | | | | |
| Footpaths | 46 | | 46 | | | | | 46 | 0 |
| Walking Tracks | 140 | | 140 | | | | | 140 | 0 |
| Total footpaths and cycleways | 186 | 0 | 186 | 0 | 0 | 0 | 0 | 186 | 0 |
| Drainage | | | | | | | | | |
| Euroa Mansfield Road Stages 2 and 3 | 222 | | 222 | | | 89 | | 133 | 0 |
| Campbell Street Euroa Special Charge Scheme | 255 | 255 | | | | | 25 | 230 | 0 |
| Cree Street Euroa - Williams to De Boos | 45 | | 45 | | | | | 45 | 0 |
| Tip Road Euroa | 10 | | 10 | | | | | 10 | 0 |
| Brock Street laying of brick drain | 10 | | 10 | | | | | 10 | 0 |
| Avenel Longwood Road investigation | 5 | | | 5 | | | | 5 | 0 |
| Stormwater Pipelines and Pit renewal | 200 | | 200 | | | | | 200 | 0 |
| Total drainage | 747 | 255 | 487 | 5 | 0 | 89 | 25 | 633 | 0 |
| Recreational, leisure and community facilities | | | | | | | | | |
| Library Lane Euroa lighting upgrade | 5 | | 5 | | | | | 5 | 0 |
| Euroa Caravan Park - tree replacement north side | 65 | | 65 | | | | | 65 | 0 |
| Euroa Caravan Park - residence and reception refurb | 45 | | 45 | | | | | 45 | 0 |
| Total rec. leisure and comm'y facilities | 115 | 0 | 115 | 0 | 0 | 0 | 0 | 115 | 0 |
| Parks, open space and streetscapes | | | | | | | | | |
| Shadforth Reserve Violet Town master plan | 50 | | 0 | 50 | | | | 50 | 0 |
| Play equipment | 60 | | 60 | | | | | 60 | 0 |
| Landscaping | 5 | | 5 | | | | | 5 | 0 |
| Bores, pumps and oval irrigation | 10 | | 10 | | | | | 10 | 0 |
| Tree Management Plan - Eliza Street trial | 20 | | 20 | | | | | 20 | 0 |
| Carrick Cres Nagambie - fencing | 20 | | 20 | | | | | 20 | 0 |
| Nagambie Rec Reserve irrigation supply | 60 | 60 | | | | | | 60 | 0 |
| Nagambie Rec Reserve fencing | 50 | | 50 | | | | | 50 | 0 |
| Total parks, open space and streetscapes | 275 | 60 | 165 | 50 | 0 | 0 | 0 | 275 | 0 |
| TOTAL INFRASTRUCTURE | 7,698 | 431 | 5,663 | 1,499 | 105 | 2,673 | 55 | 4,970 | 0 |
| TOTAL NEW CAPITAL WORKS 2017/18 | 9,666 | 539 | 7,288 | 1,734 | 105 | 2,673 | 55 | 6,938 | 0 |

6.2 Works carried forward from the 2016/17 year

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | | Summary of funding sources | | | | | |
|---|------------------------|------------------------|-------------------|-------------------|---------------------|------------------|----------------------------|------------------------|----------------------|------------|----------|----------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 | | | |
| BUILDINGS | | | | | | | | | | | | |
| Nagambie High st Toilets | 200 | 200 | | | | | | | | | 200 | |
| Brook St Euroa Toilets | 184 | 184 | | | | | | | | | 184 | |
| Euroa Civic centre solar Pannel | 50 | 50 | | | | | | | | | 50 | |
| Avenel Hall | 300 | 300 | | | | | | 300 | | | | |
| Violet Town Oval Toilet | 100 | 100 | | | | | | | 100 | | | |
| Total buildings | 834 | 834 | 0 | 0 | 0 | 0 | 300 | 300 | 100 | 434 | 0 | 0 |
| TOTAL PROPERTY | 834 | 834 | 0 | 0 | 0 | 0 | 300 | 300 | 100 | 434 | 0 | 0 |
| PLANT AND EQUIPMENT | | | | | | | | | | | | |
| Computers and telecommunications IT: workstation and network systems | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Computers and telecommunications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PLANT AND EQUIPMENT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| INFRASTRUCTURE | | | | | | | | | | | | |
| Roads | | | | | | | | | | | | |
| Blkett Street Railway Pedestrian Crossing | 250 | 250 | | | | | | 125 | | 125 | 150 | 0 |
| Euroa Primary School / Campbell St | 250 | 250 | | | 250 | | | 100 | | 150 | 20 | 0 |
| Binney Street upgrade splitter on | 20 | 20 | | | 20 | | | | | 36 | 36 | 0 |
| Nagambie Angle Parking | 36 | 36 | | | 36 | | | | | 36 | 36 | 0 |
| Avenel Hall car park and foot path | 36 | 36 | | | 36 | | | | | 36 | 36 | 0 |
| Total roads | 592 | 250 | 0 | 342 | 0 | 0 | 225 | 0 | 0 | 367 | 0 | 0 |
| Bridges | | | | | | | | | | | | |
| Sheeans Rd Bridge No 05 | 400 | 400 | | | | | | 400 | | | | |
| Ben Kall Bridge No 36 | 154 | 154 | | | | | | 154 | | | | |
| Brookleigh Rd Bridge No 120 | 250 | 250 | | | | | | 250 | | | | |
| Nagambie Rushworth Bridge No 75 | 180 | 180 | | | | | | 96 | | 84 | | |
| Tarcambe Ruffy Bridge No 14 | 180 | 180 | | | | | | 180 | | | | |
| Avenel Longwood Road Bridge No62 | 200 | 200 | | | | | | 200 | | | 200 | |
| Total bridges | 1,364 | 0 | 1,364 | 0 | 0 | 0 | 1,080 | 0 | 284 | 0 | 0 | 0 |
| Drainage | | | | | | | | | | | | |
| Shiffner St Violet Town Kerb and Channel | 45 | 45 | | | | | | 45 | | | 45 | 0 |
| Shiffner St Violet Town Drainage | 87 | 87 | | | | | | 87 | | | 87 | 0 |
| Euroa Flood Levee | 180 | 180 | | | | | | 180 | | | 60 | 100 |
| Garrett St Euroa main drainage extension | 100 | 100 | | | | | | | 100 | | 23 | 0 |
| Nagambie Industrial Area Drainage - Scope | 23 | 23 | | | | | | | | | 43 | 0 |
| Nagambie Industrial Area Drainage - Implementation | 43 | 43 | | | | | | | | | 80 | 0 |
| Nagambie Drainage Retention Dam | 80 | 80 | | | | | | | | | 120 | 0 |
| Total drainage | 558 | 146 | 312 | 0 | 100 | 0 | 120 | 0 | 438 | 0 | 0 | 0 |

| Capital Works Area | Project cost \$'000 | Asset expenditure type | | | | | Summary of funding sources | | | | | |
|---|------------------------|------------------------|-------------------|-------------------|---------------------|------------------|----------------------------|------------------------|----------------------|------------|--------------|----------|
| | | New \$'000 | Renewal \$'000 | Upgrade \$'000 | Expansion \$'000 | Grants \$'000 | Contributions \$'000 | Council cash \$'000 | Borrowings \$'000 | | | |
| Parks, open space and streetscapes | | | | | | | | | | | | |
| Implement Violet Town Rec reserve master plan | 60 | | | 60 | | | | | | | 60 | 0 |
| Eurea caravan park perimeter planting | 15 | | | 15 | | | | | | | 15 | 0 |
| Total parks, open space and streetscapes | 75 | 0 | 0 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 75 | 0 |
| TOTAL INFRASTRUCTURE | 2,589 | 396 | 1,676 | 417 | 100 | 1,425 | 0 | 1,164 | 0 | 0 | 1,164 | 0 |
| TOTAL CARRIED FWD WORKS 2016/17 | 3,423 | 1,230 | 1,676 | 417 | 100 | 1,725 | 100 | 1,598 | 0 | 0 | 1,598 | 0 |
| 6.3 Summary | | | | | | | | | | | | |
| PROPERTY | 1,412 | 942 | 435 | 35 | 0 | 300 | 100 | 1,012 | 0 | 0 | 1,012 | 0 |
| PLANT AND EQUIPMENT | 1,390 | 0 | 1,190 | 200 | 0 | 0 | 0 | 1,390 | 0 | 0 | 1,390 | 0 |
| INFRASTRUCTURE | 10,287 | 827 | 7,339 | 1,916 | 205 | 4,098 | 55 | 6,134 | 0 | 55 | 6,134 | 0 |
| TOTAL CAPITAL WORKS | 13,089 | 1,769 | 8,964 | 2,151 | 205 | 4,398 | 155 | 8,536 | 0 | 155 | 8,536 | 0 |

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 64.0% 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 State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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 Council.

In order to achieve Council's objectives while maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 2.0% in line with the rate cap. This will raise total rates and charges for 2017/18 of \$18.445 million, including \$.112 million generated from supplementary rates.

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 | 2016/17 cents/\$CIV | 2017/18 cents/\$CIV | Change |
|--|------------------------|------------------------|--------|
| General rate for rateable residential properties | 0.5225790 | 0.5340485 | 2.19% |
| General rate for rateable vacant residential | 0.9145133 | 0.934585 | 2.19% |
| General rate for rateable farm properties | 0.4441922 | 0.4539412 | 2.19% |
| General rate for rateable commercial/industrial | 0.6270948 | 0.6408582 | 2.19% |
| General rate for rateable vacant comm/ind properties | 1.0974160 | 1.1215019 | 2.19% |

7.2 The estimated total amount to be raised by general rates in relation to each type or class of

| Type or class of land | 2016/17 \$ | 2017/18 \$ | Change |
|---|-------------------|-------------------|-------------|
| Residential | 6,084,891 | 6,345,200 | 4.3% |
| Vacant residential | 521,185 | 518,207 | -0.6% |
| Farm | 6,500,696 | 6,682,286 | 2.8% |
| Commercial/industrial | 691,462 | 713,560 | 3.2% |
| Vacant commercial/industrial | 12,895 | 13,178 | 2.2% |
| Total amount to be raised by general rates | 13,811,129 | 14,272,431 | 3.3% |

7.3 The number of assessments in relation to each type or class of land, and the total number of

| Type or class of land | 2016/17 \$ | 2017/18 \$ | Change |
|------------------------------------|---------------|---------------|--------------|
| Residential | 4,490 | 4,535 | 1.00% |
| Vacant residential | 375 | 379 | 1.00% |
| Farm | 2,218 | 2,229 | 0.50% |
| Commercial/industrial | 301 | 304 | 1.00% |
| Vacant commercial/industrial | 7 | 7 | 1.00% |
| Total number of assessments | 7,391 | 7,454 | 1.10% |

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,

| Type or class of land | 2016/17 \$ | 2017/18 \$ | Change |
|------------------------------|----------------------|----------------------|-------------|
| Residential | 1,182,200,000 | 1,194,022,000 | 1.0% |
| Vacant residential | 58,452,000 | 59,036,520 | 1.0% |
| Farm | 1,464,736,000 | 1,472,059,680 | 0.5% |
| Commercial/industrial | 110,242,000 | 111,344,420 | 1.0% |
| Vacant commercial/industrial | 1,175,000 | 1,175,000 | 0.0% |
| Total value of land | 2,816,805,000 | 2,837,637,620 | 0.7% |

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

| Type of Charge | Per Rateable Property 2016/17 \$ | Per Rateable Property 2017/18 \$ | Change |
|----------------|---|---|--------|
| Municipal | 266 | 266 | 0.00% |

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

| Type of Charge | 2016/17 \$ | 2017/18 \$ | Change |
|----------------|---------------|---------------|--------|
| Municipal | 1,768,633 | 1,793,186 | 1.39% |

7.8 The rate or unit amount to be levied for each type of service rate or charge under section 162

| Type of Charge | Per Rateable Property 2016/17 \$ | Per Rateable Property 2017/18 \$ | Change |
|---------------------------------|--|--|--------|
| Kerbside collection - 80 litre | 339 | 349 | 3.00% |
| Kerbside collection - 120 litre | 339 | 349 | 3.00% |
| Kerbside collection - 240 litre | 679 | 699 | 3.00% |
| Recycling - 120 Litre | 161 | 166 | 3.00% |
| Recycling - 240 Litre | 161 | 166 | 3.00% |
| Recycling - 360 Litre | 161 | 166 | 3.00% |
| Kerbside/recycling/organics | 500 | 515 | 3.00% |
| Kerbside/organics | 339 | 349 | 3.00% |
| Tree management service charge | 25 | 26 | 3.00% |

7.9 The estimated total amount to be raised by each type of service rate or charge, and the

| Type of Charge | 2016/17 \$ | 2017/18 \$ | Change |
|--------------------------------|------------------|------------------|-------------|
| Kerbside/recycling/organics | 1,526,556 | 1,590,487 | 4.2% |
| Kerbside | 445,778 | 460,402 | 3.3% |
| Recycling | 149,682 | 155,834 | 4.1% |
| Tree management service charge | 166,286 | 173,636 | 4.4% |
| Total | 2,288,302 | 2,380,359 | 4.0% |

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

| Type of Charge | 2016/17 \$ | 2017/18 \$ | Change |
|---|-------------------|-------------------|--------------|
| General rates (excluding CIV growth) | 13,811,129 | 14,159,750 | 2.52% |
| - Budgeted growth in CIV 2017/18 | 0 | 111,800 | |
| - Greater than budgeted growth in CIV 2016/17 | 0 | 0 | |
| Municipal charge | 1,768,633 | 1,793,186 | 1.39% |
| Kerbside collection/recycling/organics | 2,122,016 | 2,206,723 | 3.99% |
| Tree management service charge | 166,286 | 173,636 | 4.42% |
| Rates and charges | 17,868,064 | 18,445,095 | 3.23% |

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 (2017/18: estimated \$ 0.112 million)
- 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.
- Introduction of new waste management system and consequent new revenue from service expansion.



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 0.5340485% (0.5340485 cents in the dollar of CIV) for all rateable Residential properties and Farm zoned properties which do not meet the Farm differential criteria.
- A differential rate of 0.934585% (0.934585 cents in the dollar of CIV) for all rateable Vacant Residential properties.
- A differential rate of 0.4539412% (0.4539412 cents in the dollar of CIV) for all rateable Farm properties.
- A differential rate of 0.6408582% (0.6408582 cents in the dollar of CIV) for all rateable Commercial/Industrial properties.
- A differential rate of 1.215019% (1.215019 cents in the dollar of CIV) for all rateable Vacant Commercial/Industrial 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.

Vacant Residential Land Differential Rate

A differential rate will be applied for vacant residential land.

The reasons for the application of a vacant residential differential rate are to ensure the equitable and efficient carrying out of Council's functions and to ensure the appropriate distribution of costs associated with the delivery of services. The differential is also applied to encourage the development of vacant residential land for the general benefit of the community.

Land classed as vacant residential is identified as that land which is categorised within the rating system as having a residential use and having improvements valued at not greater than \$20,000. Vacant residential land which is considered contiguous with occupied residential land will be rated as residential.

The characteristics of the land classed as vacant residential are that it is located within a residential (or township or similar) zone, is permitted for residential development and has improvements of not greater than \$20,000.

Commercial/Industrial Differential Rate

A differential rate will be applied to land used for commercial or industrial purposes.

The reasons for the application of a commercial/industrial differential rate are to ensure the equitable and efficient carrying out of Council's functions and to ensure the appropriate distribution of costs associated with the delivery of services which specifically benefit commercial/industrial properties.

Services specifically benefiting commercial/industrial properties include;

- street cleaning, streetscape infrastructure maintenance, waste management, environmental health, compliance and animal control, street tree management and improvements to commercial and industrial areas.

The appropriate level for the commercial/industrial differential rate is considered to be 120% of the general rate, subject to the following transitional arrangements -

Land classed as commercial/industrial is identified as that land which is categorised within the rating system as having a commercial or industrial use.

The characteristics of the land classed as commercial/industrial are that it is used for the purposes of retail, wholesale, tourism activities, accommodation, professional or other commercial services or for manufacturing, maintenance, storage and distribution of goods or other industrial services.

Vacant Commercial/Industrial Differential Rate

A differential rate will be applied for vacant commercial/industrial land.

The reasons for the application of a vacant commercial/industrial differential rate are to ensure the equitable and efficient carrying out of Council's functions and to ensure the appropriate distribution of costs associated with the delivery of services. The differential is also applied to encourage the development of vacant commercial/industrial land for the general benefit of the community.

Land classed as vacant commercial/industrial is identified as that land which is categorised within the rating system as having a commercial or industrial use and having improvements valued at not greater than \$20,000. Vacant commercial/industrial land which is considered contiguous with occupied commercial/industrial land will be rated as commercial/industrial.

The characteristics of the land classed as vacant commercial/industrial are that it is located within a commercial or industrial zone, is permitted for commercial or industrial development and has improvements of not greater than \$20,000.



Farm Differential Rate

A differential rate will be applied to land used for farming purposes.

The reason for the application of a farm differential rate is to ensure the equitable and efficient carrying out of Council's functions.

Specifically, reasons include –

Acknowledgement that land invested in farming is intrinsic to the activity, distinguishing it from land upon which an activity is based.

Acknowledgement that farming viability generally requires broadacre investment and recognition of the consequent adverse rating impacts of that investment.

Acknowledgement that farmers are key contributors to the successful management of the rural environment and that the general community derives benefit from that management.

Recognition of the importance of farming as a local economic generator with flow on impacts for local business and employment.

The importance of maintaining the Shire's rural amenity for the enjoyment of residents and the attraction of tourists.

The application of a farm differential is consistent with the general practice of rural local governments.

National economic importance of encouraging investment in primary industry.

The appropriate level for the farm differential rate is considered to be 85% of the general rate.

Land classed as farm is identified as that land which is situated within the farming zone, is not less than 40 hectares in area and is not classified as having a commercial or industrial use. Land classified as having a commercial or industrial use will be rated accordingly.

Land situated within the farming zone of less than 40 hectares may be considered for the farm differential rate, subject to satisfying Council's criteria for recognition as a bone fide farming activity. Typically such consideration would apply to intensive farming pursuits.

The characteristics of the land classed as farm are that it is used to;

- propagate, cultivate or harvest plants, including cereals, flowers, fruit, seeds, trees, turf, and vegetables; or keep, breed, board, or train animals, including livestock, and birds; or propagate, cultivate, rear, or harvest living resources of the sea or inland waters.

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.

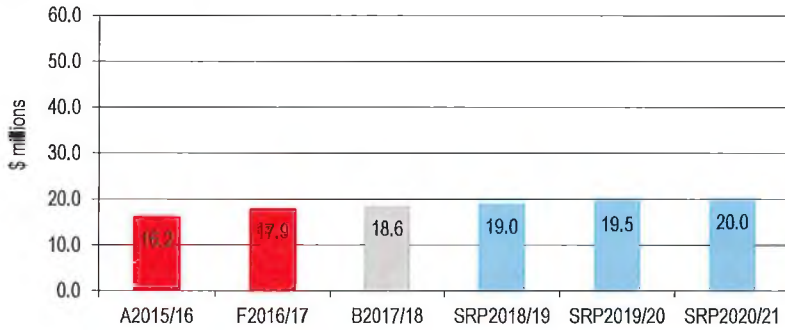
- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Summary of other strategies
- 16 Rating strategy



8. Summary of financial position

Council has prepared a Budget for the 2017/18 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, services, cash and Investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

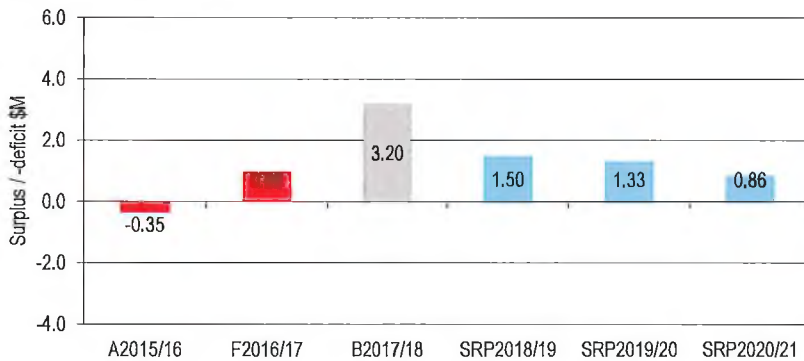
8.1 Rates and charges



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

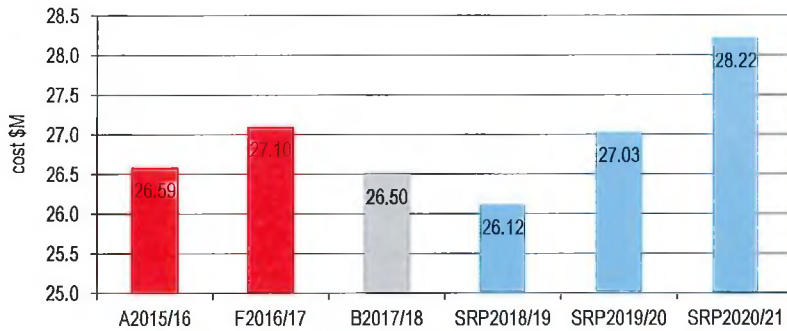
It is proposed that the average rates, including the municipal charge, increase by 2.0% for the 2017/18 year, raising total rates of \$18.50 M. The increase in total rates and charges is 3.30%. This increase in rate and charges includes the increase of 2.0% is in line with the rate cap set by the Minister for Local Government, the 3% increase in waste management charges and estimated 0.74% increase in the rate base. (The rate increase for the 2016/17 year was 2.5%). Refer Sections 7 and 10 for more information.

8.2 Operating result



The expected operating result for the 2017/18 year is a surplus of \$3.2M, which is an increase of \$2.22 M over 2016/17. The improved operating result is largely due to the transfer of road to recovery funding of \$1.08M from FY2016/17 to 2017/18. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$2.42M, which is an increase of \$2.09M over 2016/17 - refer to section 7 of this summary for further information. (The forecast operating result for the 2016/17 year is a surplus of \$0.98M).

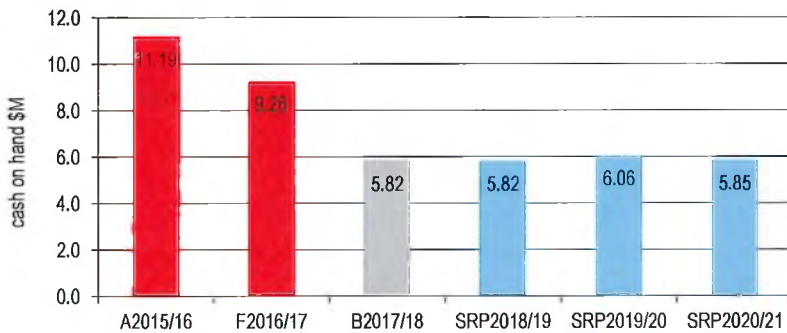
8.3 Services



The cost of services delivered to the community for the 2017/18 year is expected to be \$26.50M. For the 2017/18 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2016/17 year is \$27.10 M).

Refer Section 2 for a list of services

8.4 Cash and investments

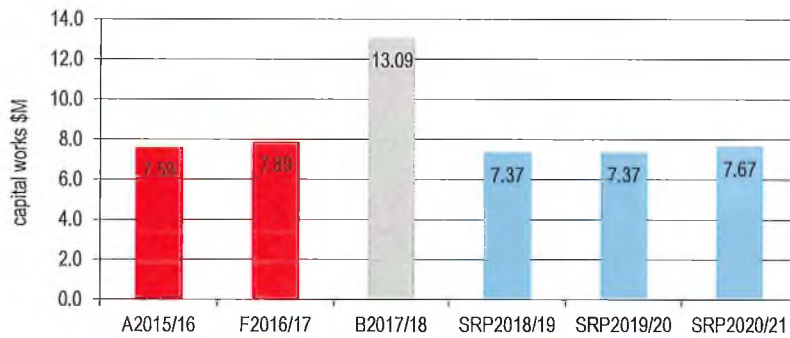


Cash and investments are expected to decrease by \$3.43M during the year to \$5.82M as at 30 June 2018. This is due mainly to the utilisation of available cash resources to fund Council's infrastructure renewal effort which includes capital works of \$3.33M carried forward from 2016/17. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$9.26M as at 30 June 2017).

Refer also Section 3 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

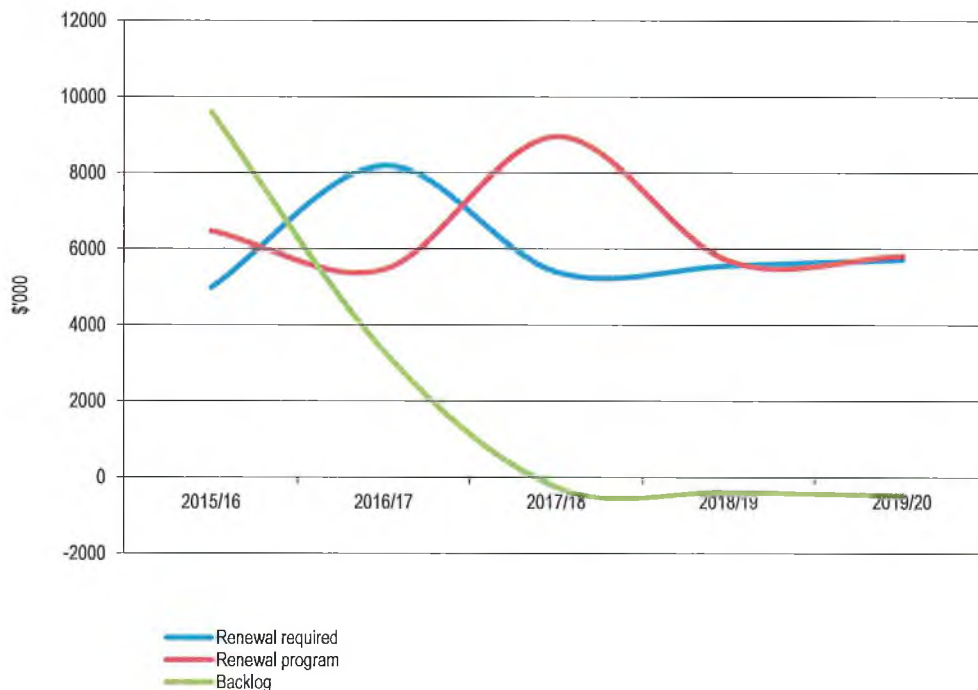


8.5 Capital works



The capital works program for the 2017/18 year is expected to be \$13.09M. Of this total \$3.42M is budgeted to be carried forward from the 2016/17 year. Of the \$13.09M of capital funding required, \$3.63M will come from external grants, \$0.15 M from contributions, with the balance of \$9.30M from Council cash. The Council cash amount comprises asset sales (\$1.13M), cash generated through operations in the 2017/18 financial year (\$6.55 million) and unrestricted cash and investments (\$1.62 million). The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program continues to focus on roads and bridges renewal. (Capital works is forecast to be \$7.89M for the 2016/17 year).

The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.

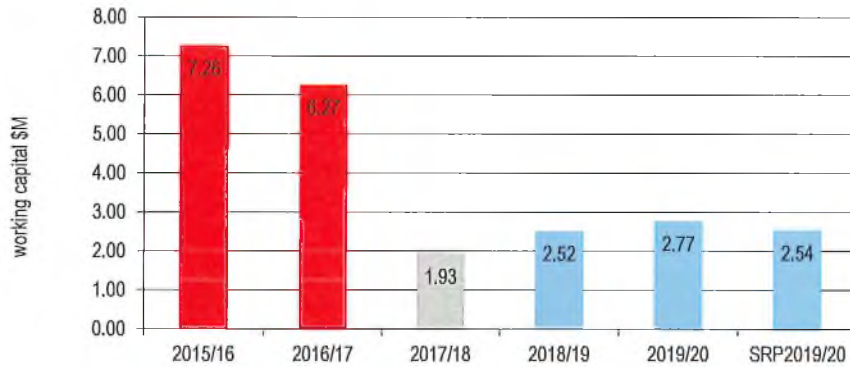


The asset renewal program of \$8.96M for the 2017/18 year will continue to significantly reduce the infrastructure asset renewal gap.

Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

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8.6 Financial position

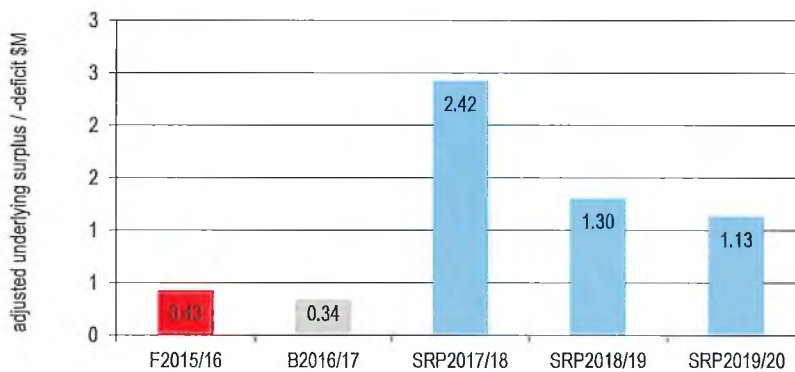


The financial position is expected to improve with net assets (net worth) to increase by \$3.20M to \$283.70M although net current assets (working capital) will reduce by \$4.34M to \$1.93M as at 30 June 2018. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$283.70M as at 30 June 2018).

Working capital is the net value of current assets less current liabilities and reflects the Council's short term capacity to fund its operations.

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

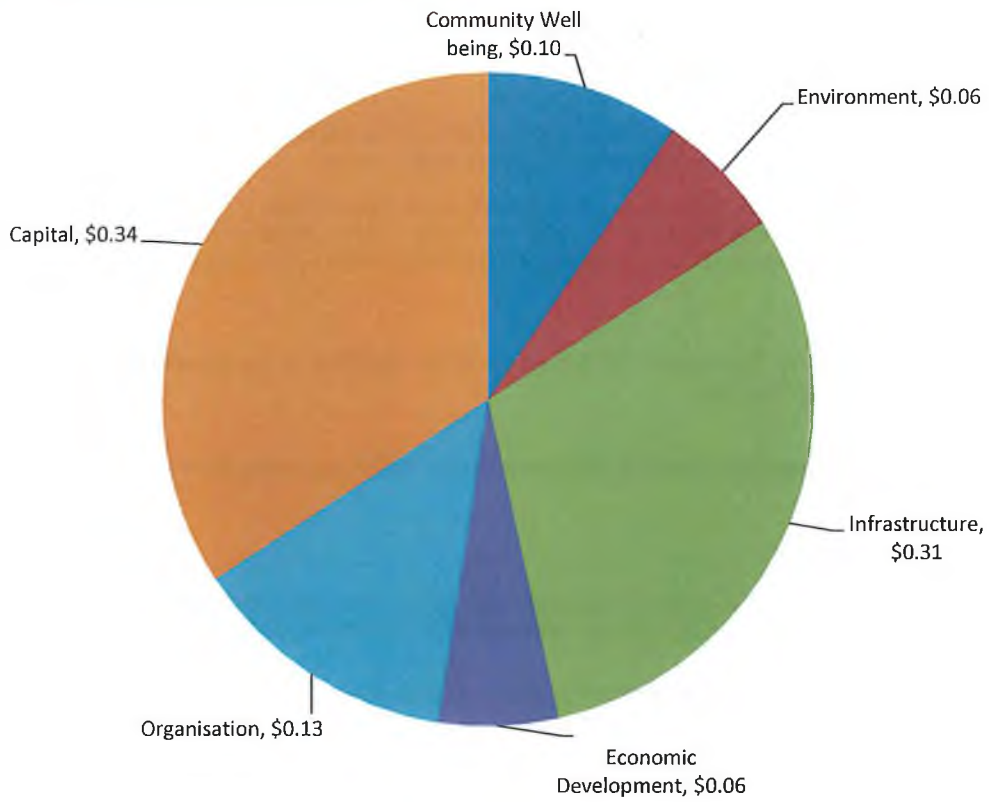
8.7 Financial sustainability



A high level Strategic Resource Plan for the years 2017/18 to 2021/22 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, is steady for the forecast years.

Refer Section 14 for more information on the Strategic Resource Plan.

8.9 Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the Council Plan goals that it deliver. It shows how much is allocated to each area for every dollar that Council spends.



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 Strathbogrie Shire Council

Strathbogrie Shire Council is situated midway between Melbourne and Albury in northeast Victoria. The municipality covers 3,300 square kilometres and has a population of approximately 10,000.

Strathbogrie Shire was formed on 18 November 1994 with the amalgamation of the former Shires of Goulburn, Euroa and Violet Town, and part of the City of Seymour. Today, Council operates within a structure of seven community-elected Councillors, with one Councillor elected annually by the Council to serve as the Mayor.

Population

The estimated resident population of the shire was 9,958 people in 2016. The Shire is experiencing population growth particularly in the Nagambie area.

Ageing population

The population is ageing with numbers larger than Regional Victorian averages for the age groups 50 to 59, 60 to 69 and 70 to 84.

9.2 External influences

In preparing the 2017/18 budget, a number of external influences have been taken into consideration, because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- Enterprise Bargaining Agreement renegotiated 1 July 2015. Annual increment of 2.15% for 2017/18;
- Consumer Price Index (CPI) increases of less than 3% per annum;
- Continuation of rate capping for Victorian Local Governments; and,
- Climate and other environmental impacts.

9.3 Internal influences

As well as external influences, there are also a number of internal influences which will have a significant impact on the preparation of the 2017/18 Budget. These include:

- Council's continuing support for shared services arrangements with other councils; and,
- Focus on service review and containment of costs; and,
- Council's continuing long term strategic investment on infrastructure renewal.

9.4 Budget principles

The following guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles include:

- Existing fees and charges to be increased generally in line with CPI or market levels;
- Grants to be based on confirmed funding levels where possible;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2016/17 levels with an aim to use less resources with an emphasis on innovation and efficiency; and,
- Real savings in expenditure and increases in revenue identified in 2016/17 to be preserved.

9.5 Long Term Strategies

The budget includes consideration of a number of long term strategies which assist Council in considering the Budget in a strategic financial management context. These include a Strategic Resource Plan for the years 2017 to 2021 (section 14), Rating Strategy (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 2017/18 year.

10.1 Budgeted income statement

| | | Forecast | | |
|--|--------|-------------------|-------------------|--------------|
| | Ref | Actual 2016/17 | Budget 2017/18 | Variance |
| | | \$'000 | \$'000 | \$'000 |
| Total income | 10.2 | 28,084 | 29,704 | 1,620 |
| Total expenses | 10.3 | (27,102) | (26,503) | 599 |
| Surplus (deficit) for the year | | 982 | 3,201 | 2,219 |
| Grants –non-recurrent capital | 10.2.6 | 0 | (500) | (500) |
| Contributions - non-monetary assets | | 0 | 0 | 0 |
| Capital contributions - other sources | 10.2.4 | (646) | (277) | 369 |
| Adjusted underlying surplus (deficit) | | 336 | 2,424 | 2,088 |

10.1.1 Adjusted underlying result (\$2.09 M 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 2017/18 year is a surplus of \$2.42M which is an increase of \$2.09M from the 2016/17 year.

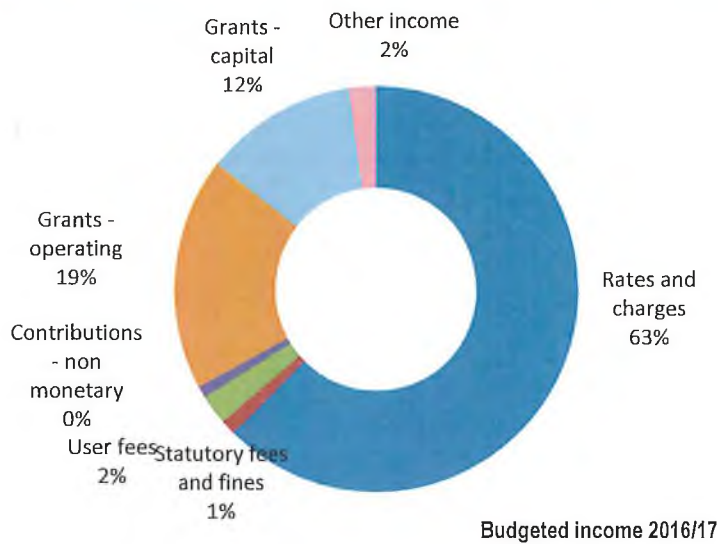
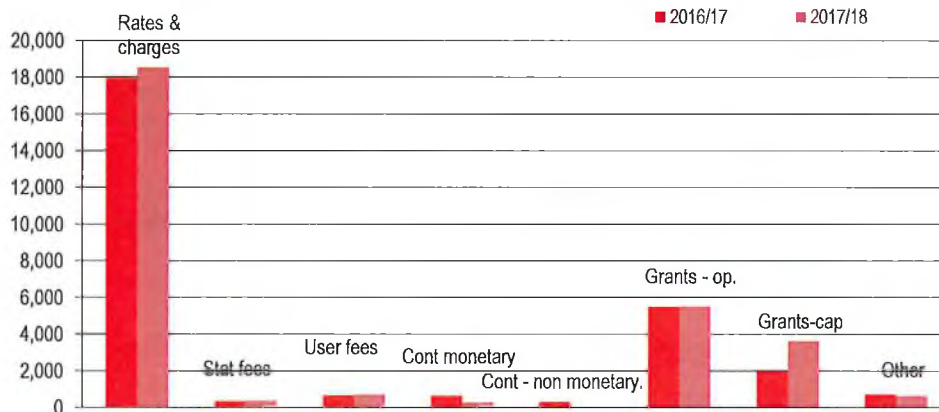
The variance primarily relates to the transfer of 2016/17 Roads to recovery funding of \$1.08M to 2017/18.



10.2 Income

| Income Types | Ref | Forecast | | Variance |
|------------------------------|--------|-----------------------------|-----------------------------|--------------|
| | | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| Rates and charges | 10.2.1 | 17,909 | 18,550 | 641 |
| Statutory fees and fines | 10.2.2 | 339 | 367 | 28 |
| User fees | 10.2.3 | 668 | 709 | 41 |
| Contributions - monetary | 10.2.4 | 646 | 277 | (369) |
| Contributions - non monetary | 10.2.5 | 307 | 0 | (307) |
| Grants - operating | 5.1.1 | 5,500 | 5,517 | 17 |
| Grants - capital | 5.1.2 | 1,980 | 3,634 | 1,654 |
| Other income | 10.2.6 | 735 | 650 | (85) |
| Total income | | 28,084 | 29,704 | 1,620 |

\$'000



Source: Section 3

10.2.1 Rates and charges (\$0.641M increase)

It is proposed that income raised by rates and charges be increased by 3.3% or \$0.59 million over 2016/17 to \$18.5 million. General rates and the Municipal Charge are proposed to increase a combined 2.0%, with the Municipal Charge remaining unchanged at \$266. Waste management charges are increased by 3%. The difference between the percentage increase for total rates and charges (3.3%) and the proposed rates increase of 2.0% is the result of a budgeted 0.74% growth in the rate base for 2017/18, and an increase in the number and cost of waste management services. The total increase of \$0.641M includes charges for special rate schemes totalling \$0.05M.

Section 7. Rates and Charges - includes a more detailed analysis of the rates and charges to be levied for 2017/18 and the rates and charges specifically required by the Regulations.

10.2.2 Statutory fees and fines (\$0.028M increase)

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.

Statutory fees are forecast to increase by 8.26% or \$0.028M compared to 2016/17 largely due to increases in Statutory Planning fees introduced by State Government.

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

10.2.3 User fees (\$0.041M increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These services include saleyards, Euroa Cinema, Nagambie Regatta Centre, caravan parks and transfer stations. 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.

User fees are forecast to increase by 6.14% or \$0.041M compared to 2016/17.

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

10.2.4 Contributions - monetary (\$0.369M decrease)

Contributions relate to monies paid by developers for public resort and recreation, drainage and car parking in accordance with planning permits issued for property development.

Contributions-monetary are projected to decrease by \$0.369M compared to 2016/17.

10.2.5 Contributions - non monetary (\$0.307M decrease)

Contributions-non monetary are contributions of non-current assets for which there is no no monetary consideration.

Contributions-non monetary are projected to decrease by \$0.307 million compared to 2016/17.

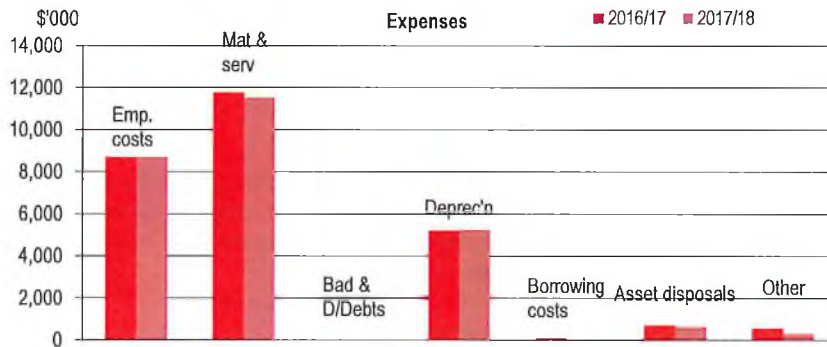
10.2.6 Other income (\$0.085M decrease)

Other income relates to a range of miscellaneous income items and including interest revenue on investments and rate arrears and payments from insurers for work cover and income protection claims.

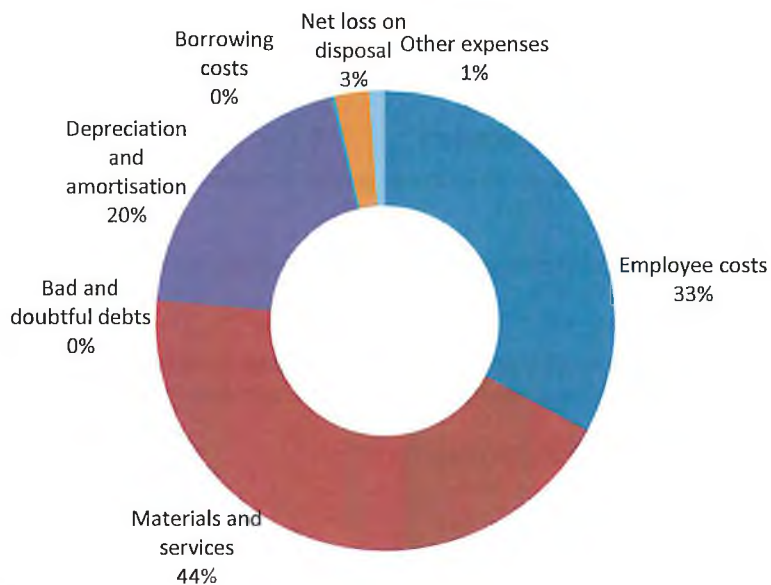
Other income is forecast to decrease by \$0.085M compared to 2016/17.

10.3 Expenses

| Expense Types | Ref | Forecast | | Variance \$'000 |
|---|--------|-----------------------------|-----------------------------|--------------------|
| | | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| Employee costs | 10.3.1 | 8,702 | 8,713 | 11 |
| Materials and services | 10.3.2 | 11,786 | 11,537 | (249) |
| Bad and doubtful debts | 10.3.3 | 1 | 0 | (1) |
| Depreciation and amortisation | 10.3.4 | 5,234 | 5,259 | 25 |
| Borrowing costs | 10.3.5 | 103 | 54 | (49) |
| Net loss on disposal of property, infrastructure, plant and equipment | 10.3.6 | 711 | 641 | (70) |
| Other expenses | 10.3.7 | 565 | 299 | (266) |
| Total expenses | | 27,102 | 26,503 | (599) |



Budgeted expenses 2017/18



Source: Section 3

10.3.1 Employee costs (\$0.011M 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 0.13% or \$0.011M compared to 2016/17. This increase relates to two key factors:

- Renegotiation of Council's Enterprise Bargaining Agreement (EBA) which applies a 2.15% increment for 2017/18.
- Impact of organisation restructure in 2016/17 and consequent savings in 2017/18.

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

| Department | Budget 2017/18 \$'000 | Comprises | |
|-------------------------------------|-----------------------------|----------------------------------|----------------------------------|
| | | Permanent Full Time \$'000 | Permanent Part Time \$'000 |
| Executive | 333 | 333 | 0 |
| Corporate and community | 1,385 | 1,053 | 332 |
| Sustainable development | 1,398 | 1,024 | 374 |
| Assets | 5,198 | 4,869 | 329 |
| Total permanent staff expenditure | 8,314 | 7,279 | 1,035 |
| Casuals and other expenditure costs | 332 | | |
| | 8,646 | | |
| Capitalised labour costs | 67 | | |
| Total expenditure | 8,713 | | |

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 |
| Executive | 2 | 2 | 0 |
| Corporate and community | 18 | 14 | 4 |
| Sustainable development | 15 | 10 | 5 |
| Assets | 58 | 54 | 4 |
| Total | 93 | 80 | 13 |
| Casuals and other | 2 | | |
| Capitalised labour costs | 1 | | |
| Total staff | 96 | | |

The movements in employee costs by service unit are summarised below:

| Department | ServiceUnit | Forecast | Budget 2017/18 \$'000 | Variance \$'000 |
|-------------------------|-------------|-----------------------------|-----------------------------|--------------------|
| | | Actual 2016/17 \$'000 | | |
| Executive | | 310 | 332 | 22 |
| Corporate and community | | 2,027 | 1640 | (387) |
| Sustainable development | | 1,479 | 1398 | (81) |
| Assets | | 4,886 | 5343 | 457 |
| | | 8,702 | 8,713 | 11 |



10.3.2 Materials and services (\$0.249M decrease)

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 decrease by 2.11% or \$0.249M compared to 2016/17.

10.3.3 Bad and doubtful debts (zero movement)

No bad debt write offs or increase in doubtful debt provision are provided.

10.3.4 Depreciation and amortisation (\$0.025M increase)

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 increase of \$0.025M for 2017/18 is due mainly to the impacts of Council's capital works program and infrastructure asset revaluations. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2017/18 year.

10.3.5 Borrowing costs (\$0.049M decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements.

10.3.6 Net loss on disposal of property, infrastructure, plant and equipment (\$0.070M decrease)

Proceeds from the disposal of Council assets is forecast to be \$1.132M for 2017/18 and relates to the sale of land at the former Nagambie works depot (\$0.352M) and other council properties (\$0.48M) the planned cyclical replacement of part of the plant and vehicle fleet (\$0.30M) . The written down value of assets sold is forecast to be \$1.273M.

This item also includes the written down value of assets replaced (\$0.500 million)

10.3.7 Other expenses (\$0.266M decrease)

Other expenses relate to a range of unclassified items including Councillor allowances and expenses. The decrease largely reflects removal of a one off contribution of \$300,000 to Euroa Hospital provided in the 2016/17 budget.

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 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 2016/17 \$'000 | Budget 2017/18 \$'000 | Variance \$'000 |
|---|--------|---|-----------------------------|--------------------|
| Cash flows from operating activities | 11.1.1 | | | |
| <i>Receipts</i> | | | | |
| Rates and charges | | 17,909 | 18,550 | 641 |
| User fees and fines | | 1,007 | 1,076 | 69 |
| Grants - operating | | 5,500 | 5,517 | 17 |
| Grants - capital | | 1,980 | 3,634 | 1,654 |
| Interest | | 290 | 200 | (90) |
| Other receipts | | 1,092 | 677 | (415) |
| | | 27,778 | 29,654 | 1,876 |
| <i>Payments</i> | | | | |
| Employee costs | | (8,702) | (8,713) | (11) |
| Other payments | | (12,354) | (11,853) | 501 |
| | | (21,056) | (20,566) | 490 |
| Net cash provided by operating activities | | 6,722 | 9,088 | 2,366 |
| Cash flows from investing activities | 11.1.2 | | | |
| Payments for property, infrastructure, plant & equip. | | (7,888) | (13,086) | (5,198) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 940 | 1,132 | 192 |
| Payments for landfill rehabilitation | | (524) | 0 | 524 |
| Net cash used in investing activities | | (7,472) | (11,954) | (4,482) |
| Cash flows from financing activities | 11.1.3 | | | |
| Finance costs | | (103) | (54) | 49 |
| Proceeds from borrowings | | 0 | 0 | 0 |
| Repayment of borrowings | | (472) | (512) | (40) |
| Net cash used in financing activities | | (575) | (566) | 9 |
| Net decrease in cash and cash equivalents | | (1,325) | (3,432) | (2,107) |
| Cash and cash equivalents at the beginning of the year | | 10,580 | 9,255 | (1,325) |
| Cash and cash equivalents at end of the year | 11.1.4 | 9,255 | 5,823 | (3,432) |

11.1.1 Operating activities (\$2.37M increase)

The increase in receipts from operating activities is due mainly to increased rates and charges (\$0.641M) and user fees and fines (\$0.069M) increased capital grants (rollover of R2R)(\$1.654M), and is offset by the decreased interest in investments (\$0.09M) and decreased other receipts (\$0.415M) . Other payments have decreased by \$0.501M.

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 | Budget | Variance |
| | 2015/16 | 2016/17 | |
| | \$'000 | \$'000 | \$'000 |
| Surplus (deficit) for the year | 982 | 3,201 | 2,219 |
| Depreciation | 5,234 | 5,259 | 25 |
| Loss (gain) on disposal of property, infrastructure, plant & equipment | (711) | (641) | 70 |
| Finance costs | 103 | 54 | (49) |
| Net movement in current assets and liabilities | 1,114 | 1,215 | 101 |
| Cash flows available from operating activities | 6,722 | 9,088 | 2,366 |

11.1.2 Investing activities (\$4.482M increase)

The increase relates primarily to works carried forward from 2016/17 (\$3.33M). Council has maintained a high level of capital works, with continuing emphasis on infrastructure asset renewal. The capital works budget of \$13.09M is detailed in Sections 6 and 12 of this budget.

11.1.3 Financing activities (\$0.009M decrease)

For 2017/18 the total of principal repayments is \$0.512M and finance charges is \$0.054M.

11.1.4 Cash and cash equivalents at end of the year (\$3.432M decrease)

Overall, total cash and investments is forecast to decrease by \$3.432M to \$5.823M as at 30 June 2018, reflecting Council's strategy of using excess cash and investments for infrastructure renewal, including capital works carried forward from 2016/17 (\$3.33M). This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts Council's continuing efforts to reduce the infrastructure renewal gap.

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 2018 it will have cash and investments of \$5.823M, which has been restricted as shown in the following table.

| | Ref | Forecast | | |
|--|--------|--------------|--------------|----------------|
| | | Actual | Budget | Variance |
| | | 2017 | 2018 | |
| | | \$'000 | \$'000 | \$'000 |
| Total cash and investments | | 9,255 | 5,823 | (3,432) |
| Restricted cash and investments | | | | |
| - Statutory reserves | 11.2.1 | (100) | (100) | 0 |
| - Cash held to carry forward capital works | 11.2.2 | (3,327) | 0 | 3,327 |
| - Trust funds and deposits | | (762) | (762) | 0 |
| Unrestricted cash and investments | 11.2.3 | 5,066 | 4,961 | (105) |
| - Discretionary reserves | 11.2.4 | (500) | (1,000) | (500) |
| Unrestricted cash adjusted for discretionary reserves | 11.2.5 | 4,566 | 3,961 | (605) |

11.2.1 Statutory reserves (\$0.10 million)

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes.

11.2.2 Cash held to fund carry forward capital works

Council's forecasts \$3.33M in capital works to be carried forward from 2016/17.

11.2.3 Unrestricted cash and investments (\$4.96M)

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 (\$1.00M)

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 (\$3.96M 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.

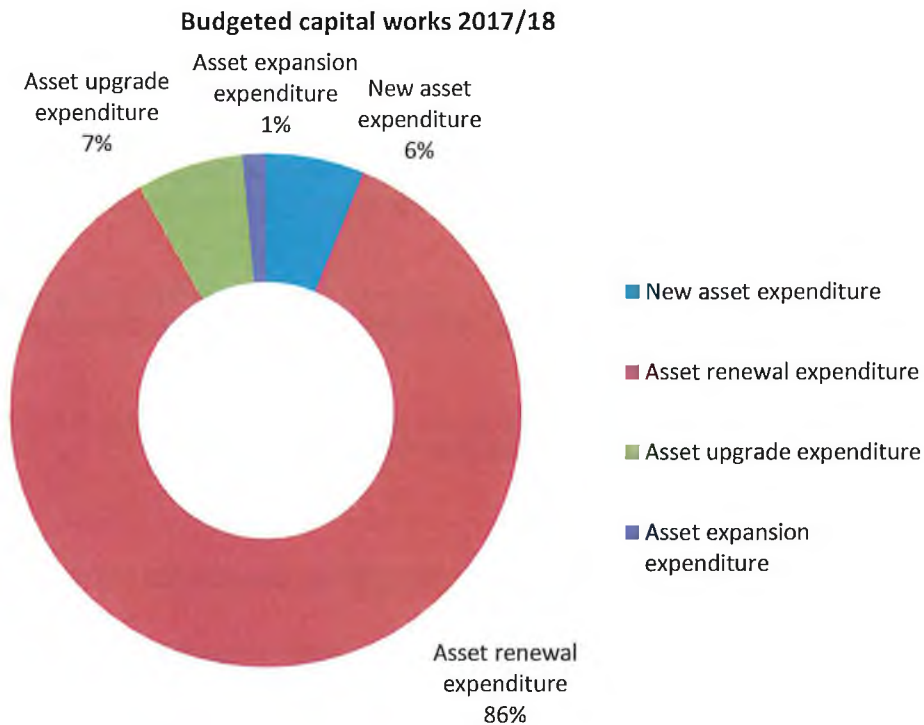


12. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget.

12.1 Capital works

| Capital Works Areas | Ref | Forecast | | Variance |
|--|--------|-----------------------------|-----------------------------|----------------|
| | | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| Works carried forward | 12.1.1 | | | |
| Property | | | | |
| Buildings | | 450 | 834 | (384) |
| Total buildings | | 450 | 834 | (384) |
| Total property | | 450 | 834 | (384) |
| Plant and equipment | | | | |
| Computers and telecommunications | | 95 | 0 | 95 |
| Total plant and equipment | | 95 | 0 | 95 |
| Infrastructure | | | | |
| Roads | | 273 | 652 | (379) |
| Bridges | | 640 | 1,364 | (724) |
| Drainage | | 263 | 513 | (250) |
| Waste management | | 0 | 0 | 0 |
| Parks, open space and streetscapes | | 134 | 60 | 74 |
| Total infrastructure | | 1,310 | 2,589 | (900) |
| Total works carried forward | | 1,855 | 3,423 | (1,189) |
| New works | | | | |
| Property | 12.1.2 | | | |
| Land | | 40 | 0 | 40 |
| Buildings | | 471 | 578 | (107) |
| Total buildings | | 511 | 578 | (107) |
| Total property | | 511 | 578 | (107) |
| Plant and equipment | 12.1.3 | | | |
| Plant, machinery and equipment | | 480 | 984 | (504) |
| Fixtures, fittings and furniture | | 216 | 206 | 10 |
| Computers and telecommunications | | 155 | 200 | (45) |
| Total plant and equipment | | 851 | 1,390 | (539) |
| Infrastructure | 12.1.4 | | | |
| Roads | | 2,478 | 5,288 | (2,810) |
| Bridges | | 1,257 | 1,072 | 185 |
| Footpaths and cycleways | | 548 | 186 | 362 |
| Drainage | | 161 | 747 | (586) |
| Recreational, leisure and community | | 0 | 0 | 0 |
| Parks, open space and streetscapes | | 226 | 405 | (179) |
| Total infrastructure | | 4,670 | 7,698 | (3,028) |
| Total new works | | 6,032 | 9,666 | (3,674) |
| Total capital works expenditure | | 7,887 | 13,089 | (4,863) |
| Represented by: | | | | |
| New asset expenditure | 12.1.5 | 768 | 1,769 | (1,001) |
| Asset renewal expenditure | 12.1.5 | 6,360 | 8,964 | (2,604) |
| Asset upgrade expenditure | 12.1.5 | 710 | 2,151 | (1,441) |
| Asset expansion expenditure | 12.1.5 | 49 | 205 | (156) |
| Total capital works expenditure | | 7,887 | 13,089 | (5,202) |



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

12.1.1 Carried forward works (\$3.42 million)

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 2016/17 year it is forecast that \$3.42 million of capital works will be carried forward.

12.1.2 Property (\$1.41 million)

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

For the 2017/18 year, \$1.41 million will be expended on building and building improvement projects. The more significant projects include works on Avenel Hail (\$300,000), Nagambie High street Toilets (\$200,000), Brock Street, Euroa Toilets (\$184,000), Euroa maternal health upgarde (\$135,000), Violet Town Oval Toilets (\$100,000) and Euroa visitor information centre (\$100,000)

12.1.3 Plant and equipment (\$1.39 million)

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

For the 2017/18 year, \$1.39 million will be expended on plant, equipment and other projects. The more significant projects include OH&S programs(\$676,000), upgrade and replacement of information technology including replacement of phone system (\$406,000) ongoing cyclical replacement of the plant and vehicle fleet (\$307,500).



12.1.4 Infrastructure (\$10.287 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 2017/18 year, \$5.940 million will be expended on road projects. Details of the proposed roads works are provided in Section 6.

\$2.436 million will be expended on the replacement and rehabilitation of bridges as a result of receiving additional roads to recovery funding. This will significantly improve the life and load capacity of these bridges.

\$1.26 million will be expended on drainage projects. The more significant of these include the Campbell street Euroa(\$255,000),Euroa- Mansfield drainage (\$221,635), Stormwater pipeleines and pit renewal (\$200,000)Euroa flood levee(\$180,000)

Other infrastructure expenditure includes \$651,000 on the extention and rehabilitation of Council footpaths and pathways and the upgrade of facilities at caravan park \$110,000.

12.1.5 Asset renewal (\$8.964 million), new assets (\$1.769 million), upgrade (\$2.151 million) and expansion (\$0.205 million)

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.

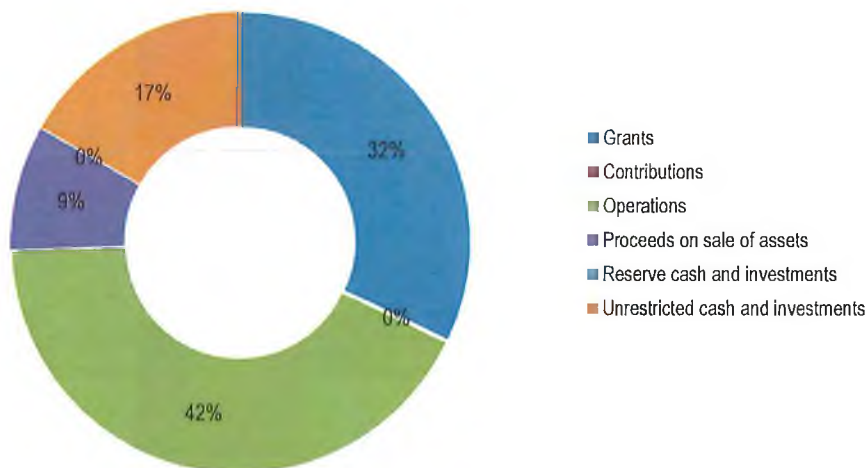
Strathbogie Council has a strong commitment to the renewal of its assets, with a particular emphasis on the renewal of Council bridges during the 2017/18 financial year (\$2.436 million). Council will spend a further \$5.94 million on road reconstruction, reseals and resheeting during the year.

12.2 Funding sources

| Sources of funding | Ref | Forecast | | Variance |
|-------------------------------------|--------|-----------------------------|-----------------------------|----------------|
| | | Actual 2016/17 \$'000 | Budget 2017/18 \$'000 | |
| Works carried forward | | | | |
| Current year funding | | | | |
| Grants | | 0 | 1,800 | (1,800) |
| Contributions | | 0 | | 0 |
| Borrowings | | 0 | | 0 |
| Council cash | | 0 | | 0 |
| - operations | | 0 | | 0 |
| - proceeds on sale of assets | | 0 | | 0 |
| - reserve cash and investments | | 0 | | 0 |
| - unrestricted cash and investments | | 1,855 | 1,623 | (232) |
| Total works carried forward | 12.2.1 | 1,855 | 3,423 | (2,032) |
| New works | | | | |
| Current year funding | | | | |
| Grants | 12.2.2 | 1,991 | 1,834 | (157) |
| Contributions | | 0 | 155 | 155 |
| Borrowings | | 0 | 0 | 0 |
| Council cash | | | | 0 |
| - operations | 12.2.3 | 3,071 | 6,545 | 3,474 |
| - proceeds on sale of assets | 12.2.4 | 970 | 1,132 | 162 |
| - reserve cash and investments | | 0 | | 0 |
| - unrestricted cash and investments | | 0 | | 0 |
| Total new works | | 6,032 | 9,666 | 3,634 |
| Total funding sources | | 7,887 | 13,089 | 1,602 |



Budgeted total funding sources 2017/18



Source: Section 6

12.2.1 Carried forward works (\$3.423 million)

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 2017/18 year it is forecast that \$3.423 million of capital works will be carried forward.

12.2.2 Grants - Capital (\$3.634 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program.

12.2.3 Council cash - operations (\$5.781 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$5.781 million will be generated from operations to fund the 2017/18 capital works program.

12.2.4 Council cash - proceeds from sale of assets (\$1.132 million)

Proceeds from sale of assets include plant and motor vehicle sales in accordance with Council's fleet renewal policy along with other assets that have been identified to be in surplus of Council's needs, \$1.132 million.

13. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2016/17 and 2017/18. It also considers a number of key financial performance indicators.

13.1 Budgeted balance sheet

| | Ref | Forecast Actual 2017 \$'000 | Budget 2018 \$'000 | Variance \$'000 |
|---|--------|--------------------------------------|--------------------------|--------------------|
| Current assets | 13.1.1 | | | |
| Cash and cash equivalents | | 9,255 | 5,823 | (3,432) |
| Trade and other receivables | | 1,903 | 1,903 | 0 |
| Other assets | | 2,016 | 1,057 | (959) |
| Total current assets | | 13,174 | 8,783 | (4,391) |
| Non-current assets | 13.1.1 | | | |
| Trade and other receivables | | 244 | 244 | 0 |
| Property, infrastructure, plant and equipment | | 275,377 | 282,401 | 7,024 |
| Total non-current assets | | 275,621 | 282,645 | 7,024 |
| Total assets | | 288,795 | 291,428 | 2,633 |
| Current liabilities | 13.1.2 | | | |
| Trade and other payables | | 3,346 | 3,292 | 54 |
| Provisions | | 3,038 | 3,038 | 0 |
| Interest-bearing loans and borrowings | | 522 | 522 | 0 |
| Total current liabilities | | 6,906 | 6,852 | 54 |
| Non-current liabilities | 13.1.2 | | | |
| Provisions | | 699 | 699 | 0 |
| Interest-bearing loans and borrowings | | 678 | 164 | 514 |
| Total non-current liabilities | | 1,377 | 863 | 514 |
| Total liabilities | | 8,283 | 7,715 | 568 |
| Net assets | | 280,512 | 283,713 | 3,201 |
| Equity | 13.1.4 | | | |
| Accumulated surplus | | 82,093 | 84,794 | 2,701 |
| Reserves | | 198,419 | 198,919 | 500 |
| Total equity | | 280,512 | 283,713 | 3,201 |

Source: Section 3

13.1.1 Current Assets (\$4.391M decrease) and Non-Current Assets (\$7.024M 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 decrease by \$3.432M during the year mainly to fund the capital works program during the year including capital works carried forward from 2016/17 of \$3.42M.

Trade and other receivables are monies owed to Council by ratepayers and others. Debtors are expected to remain constant

Other assets includes items such as non current assets held for resale are projected to reduce by \$0.959M, 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.



13.1.2 Current Liabilities (\$0.054M decrease) and Non Current Liabilities (\$0.514M decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to decrease by \$0.054M.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to increase generally in line with award and EBA increments.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$0.512M over the year.

13.1.3 Working Capital (\$4.337M decrease)

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 |
| | 2017 | 2018 | |
| | \$'000 | \$'000 | \$'000 |
| Current assets | 13,174 | 8,783 | 4,391 |
| Current liabilities | 6,906 | 6,852 | 54 |
| Working capital | 6,268 | 1,931 | 4,337 |
| Restricted cash and investment current assets | | | |
| - Statutory reserves | (100) | (100) | 0 |
| Unrestricted working capital | 6,168 | 1,831 | 4,337 |

In addition to the restricted cash shown above, Council is also projected to hold \$1.1 million in discretionary reserves at 30 June 2018. 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, which is to replace Council's aging bridges.



13.1.4 Equity (\$3.201 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.

During the year an amount of \$0.50 million is budgeted to be transferred from accumulated surplus to discretionary reserves. This reserve is for planned future capital works where a Council contribution may be required to supplement Government or other funding.

13.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2018 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- Trade and other receivables increased 5% from 2016/17 levels.
- Trade and other payables remain consistent with 2016/17 levels.
- Other debtors and creditors to remain consistent with 2016/17 levels.
- Employee entitlements to be increased generally in line with award and EBA increments.
- Repayment of loan principal to be \$0.51 million.
- Total capital expenditure to be \$13.089 million.

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 2017/18 to 2021/22 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 key financial objectives, which underpin the SRP, are:

- Maintain existing service levels
- Achieve a breakeven operating result
- Maintain a capital expenditure program which will manage the renewal gap and allow for investment in new and upgraded assets over time
- Achieve a balanced budget on a cash basis.

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
- Maintain a rating strategy which supports the long term renewal of Council's infrastructure assets
- Consider the financial effects of Council decisions on future generations
- Provide full, accurate and timely disclosure of financial information.

The SRP is updated annually through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives.

14.2 Financial resources

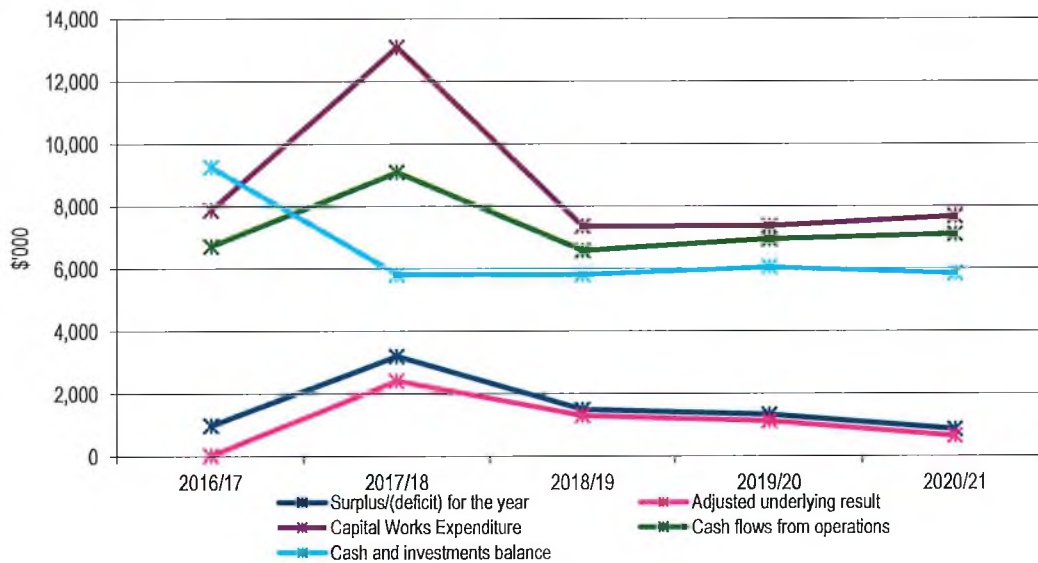
The following table summarises the key financial results for the next four years as set out in the SRP for years 2017/18 to 2020/21. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

| Indicator | Forecast | Budget | Strategic Resource Plan | | | Trend |
|--------------------------------|----------|---------|-------------------------|---------|---------|-------|
| | Actual | | Projections | | | |
| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | +/- |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Surplus/(deficit) for the year | 982 | 3,201 | 1,497 | 1,330 | 855 | o |
| Adjusted underlying result | 29 | 2,424 | 1,304 | 1,132 | 651 | o |
| Cash and investments balance | 9,255 | 5,823 | 5,819 | 6,056 | 5,846 | - |
| Cash flows from operations | 6,722 | 9,088 | 6,584 | 6,947 | 7,103 | o |
| Capital works expenditure | 7,888 | 13,089 | 7,366 | 7,371 | 7,674 | 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 remain stable over the four year period at between \$5.8 and \$6.0 million with an operating surplus in each year on a cash basis in each year
- Rating levels (Section 15)** - Modest rate increases are forecast over the four years commencing with an increase of 2.0% for 2017/18
- Service delivery strategy (section 16)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are budgeted for 2017/18 and forecast years. The profile for the adjusted underlying result is similar to the operating result as a consequence of reduced levels of capital funding over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- Borrowing strategy (Section 16)** – Borrowings are forecast to reduce from \$1.2 million to \$0.29 million over the four year period. No new borrowings are proposed.
- Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$30.23 million at an average of \$7.55 million.



15. Rating information

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

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 63.0% 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 Victorian community.

Council has had a recent history of relatively high rate increases, the specific and strategic purpose of which has been the long term renewal of infrastructure assets, ie roads, bridges, drainage etc. Significant progress has been made in relation to the condition of infrastructure assets and Council is now better placed to operate in the context of the Victorian Government's recently introduced rate capping regime.

15.2 Future rate increases

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

| Year | Rates and Mun. Charge Increase * | Waste Management Charges Increase | Total Rates & Charges Raised |
|---------|---|--|---------------------------------------|
| | \$'000 | \$'000 | \$'000 |
| 2015/16 | 4.00 | 0.00 | 17,175 |
| 2016/17 | 2.50 | 0.00 | 17,909 |
| 2017/18 | 2.00 | 3.00 | 18,550 |
| 2018/19 | 2.00 | 3.00 | 19,007 |
| 2019/20 | 2.00 | 3.00 | 19,528 |

* Municipal Charge to remain unchanged at \$266

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; and,
- 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, farming or commercial/industrial purposes. This distinction is based on the concept that farms and business/industrial properties should pay a fair and equitable contribution to rates taking into account the benefits those properties derive from the local community.

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, but Council does review its rating structure every four years.

The existing rating structure comprises five differential rates (residential, vacant residential, farm, commercial/industrial and vacant commercial/industrial), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands". The vacant residential rate is set at 175% of the residential rate, the farm rate at 85% of the residential rate, the commercial rate at 120% of the residential rate and the vacant commercial/industrial at 175% of the residential rate. The rate concession for recreational land is set at 50% of the residential rate. Council also levies a municipal charge, a kerbside collection charge, a recycling charge, an organics waste charge and a tree management charge as allowed under the Act.

First Home Buyers In order to promote development and attract new residents Council proposes to implement a scheme to assist buyers of new homes or those who build new homes with the following features :

- No rates payable for the first two years
- Proof of eligibility for and receipt of State First Home Buyers Grant to be provided
- Land must be rated as vacant residential land if a house does not exist on it
- House must be constructed within a period of 2 years from date of contract to purchase
- Rebate expires either at end of 2 year period or when a Certificate of Occupancy for a house is issued
- In the case where a First Home Buyer acquires a new house, Council would excuse those rates for a 2 year period

The following table summarises the rates to be determined for the 2017/18 year. A more detailed analysis of the rates to be raised is contained in Section 7 "Statutory Disclosures".

| Rate type | How applied | 2016/17 | 2017/18 | Change |
|--------------------------------------|--------------|-----------|-----------|--------|
| Residential rates | Cents/\$ CIV | 0.522579 | 0.5340485 | 2.19% |
| Vacant residential rates | Cents/\$ CIV | 0.9145133 | 0.934585 | 2.19% |
| Farm rates | Cents/\$ CIV | 0.4441922 | 0.4539412 | 2.19% |
| Commercial/industrial rates | Cents/\$ CIV | 0.6270948 | 0.6408582 | 2.19% |
| Vacant commercial/industrial rates | Cents/\$ CIV | 1.097416 | 1.1215019 | 2.19% |
| Municipal charge | \$/ property | \$266 | \$266 | 0.00% |
| Kerbside/recycling/organics | \$/ service | \$500 | \$515 | 3.00% |
| Kerbside collection charge 80 litre | \$/ service | \$339 | \$349 | 2.95% |
| Kerbside collection charge 120 litre | \$/ service | \$339 | \$349 | 2.95% |
| Kerbside collection charge 240 litre | \$/ service | \$679 | \$699 | 2.95% |
| Recycling charge | \$/ service | \$161 | \$166 | 3.11% |
| Tree management charge | \$/ property | \$25 | \$26 | 4.00% |

Council has prepared a *Rating Strategy which is incorporated into the Strategic Resource Plan* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used.



15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and applies from 1 July 2016 for the 2016/17 and 2017/18 years. The outcome of the general revaluation was a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district increased by 5.3%. Of this increase, residential properties increased by 3%, commercial properties by 7% and farm properties by 8%.

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 differentials. Total rates and municipal charges will increase by 2.0% (excluding supplementary growth) compared to 2016/17.



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, infrastructure and service delivery.

16.1 Borrowings

In developing the Strategic Resource Plan SRP (see Section 14), it was identified that Council could maintain its infrastructure renewal effort without reliance on additional borrowings over the four year forecast period. Consequently the level of borrowings reduces over the period to \$0.294 million in 2020/21.

For the 2017/18 year, Council will make loan repayments of \$0.512 million, reducing its total borrowings to \$.706 million as at 30 June 2018. However, it is likely that in future years, borrowings will be required to fund infrastructure initiatives. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2017.

| Year | New Borrowings \$'000 | Principal Paid \$'000 | Interest Paid \$'000 | Balance 30 June \$'000 |
|---------|--------------------------|--------------------------|-------------------------|------------------------------|
| 2016/17 | 0 | 488 | 103 | 1,202 |
| 2017/18 | 0 | 511 | 54 | 691 |
| 2018/19 | 0 | 186 | 35 | 505 |
| 2019/20 | 0 | 137 | 25 | 368 |
| 2020/21 | 0 | 86 | 18 | 282 |

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

| | 2016/17 | 2017/18 |
|---|-----------|-----------|
| Total amount borrowed as at 30 June of the prior year | 1,690,258 | 1,202,184 |
| Total amount proposed to be borrowed | 0 | 0 |
| Total amount projected to be redeemed | (488,074) | (511,551) |
| Total amount of borrowings as at 30 June | 1,202,184 | 690,633 |

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 20 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;
- Methodology for allocating annual funding to classes of capital projects; and,
- Business Case template for officers to document capital project submissions.

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.

Council has continued to maintain a strong focus on infrastructure renewal. The budget indicates that, over the forecast period, expenditure on infrastructure renewal will be maintained at a levels to meet renewal demand , subject to acceptance of a small percentage (3%) being out of intervention and some significant assets being subject to alternative renewal strategies. In the longer term however, the constraints of rate capping will impact future renewal effort.

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

| Year | Summary of funding sources | | | | |
|---------|----------------------------|--------|---------------|--------------|------------|
| | Total Capital Program | Grants | Contributions | Council Cash | Borrowings |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2016/17 | 7,888 | 1,980 | 0 | 5,908 | 0 |
| 2017/18 | 13,089 | 3,634 | 0 | 9,455 | 0 |
| 2018/19 | 7,366 | 1,027 | 0 | 6,339 | 0 |
| 2019/20 | 7,371 | 1,055 | 0 | 6,316 | 0 |
| 2020/21 | 7,674 | 1,083 | 0 | 6,591 | 0 |

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has cash or investment reserves that are also used to fund a variety of capital projects. These reserves are either 'statutory' or 'discretionary' cash reserves. Statutory reserves relate to cash and investments held by Council that must be expended on a specific purpose as directed by legislation or a funding body, and include contributions to car parking, drainage and public resort and recreation. Discretionary cash reserves relate to those cash and investment balances that have been set aside by Council and can be used at Council's discretion, even though they may be earmarked for a specific purpose.

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 ongoing breakeven operating results. 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:

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|----------------------|---------|---------|---------|---------|
| | % | % | % | % |
| Consumer Price Index | 2.50 | 2.5 | 2.5 | 2.5 |
| Rate increases | 2.00 | 2.0 | 2.0 | 2.0 |
| Property growth | 0.70 | 0.7 | 0.7 | 0.7 |
| Enterprise agreement | 2.15 | 2.1 | 2.1 | 2.1 |
| Government funding | 2.00 | 2.0 | 2.0 | 2.0 |
| Statutory fees | 3.00 | 3.0 | 3.0 | 3.0 |
| Investment return | 2.50 | 2.5 | 2.5 | 2.5 |

Service levels have been maintained throughout the four year period with operating surpluses forecast in all years.

**Appendix A
Fees and charges schedule**

nature which will be charged in respect to various goods and services provided during the 2016/17 year.

| Budget 2017/2018 - Council Fees | Fee Unit | GST Applicable | Current Fees 2016/17 (Inc GST) | Fee 2017/18 (Inc GST) | % Increase 2017/18 (Inc GST) |
|--|----------|----------------|--------------------------------|-----------------------|------------------------------|
| <u>Euroa Cinema</u> | | | | | |
| Single Ticket | 1 ticket | Yes | 10.00 | 10.00 | 0.00% |
| Book of Tickets | | | | 12.00 | 20.00% |
| cinema hire fee - half day or evening | session | Yes | 181.00 | 200.00 | 3.00% |
| <u>Swimming Pools</u> | | | | | |
| Family | Season | Yes | 87.00 | 87.00 | 0.00% |
| Adult | Season | Yes | 58.00 | 58.00 | 0.00% |
| Child | Season | Yes | 38.00 | 38.00 | 0.00% |
| Adult | Day | Yes | 5.00 | 5.00 | 0.00% |
| Child | Day | Yes | 4.00 | 4.00 | 0.00% |
| <u>Tip/Transfer Station Fees</u> | | | | | |
| Commercial Garbage (Residents) | m3 | Yes | 54.00 | 56.00 | 3.70% |
| Commercial Garbage (Non - Residents) | m3 | Yes | 98.00 | 101.00 | 3.06% |
| Domestic Garbage (Residents) | m3 | Yes | 34.00 | 35.00 | 2.94% |
| Domestic Garbage (Non - Residents) | m3 | Yes | 68.00 | 70.00 | 2.94% |
| Greenwaste (Residents) | m3 | Yes | 17.00 | 17.00 | 0.00% |
| Greenwaste (Non-Residents) | m3 | Yes | 22.00 | 22.00 | 0.00% |
| Whitegoods (Requiring degassing) | unit | Yes | 9.00 | 9.00 | 0.00% |
| Mattresses/Mattress Bases (Single) (Residents) | unit | Yes | 20.00 | 24.00 | 20.00% |
| Mattresses/Mattress Bases (Single) (Non-Residents) | unit | Yes | 40.00 | 48.00 | 20.00% |
| Mattresses/Mattress Bases (Double) (Residents) | unit | Yes | 27.00 | 27.00 | 0.00% |
| Mattresses/Mattress Bases (Double) (Non-Residents) | unit | Yes | 54.00 | 54.00 | 0.00% |
| Tyres - Car (Residents) | unit | Yes | 5.00 | 5.00 | 0.00% |
| Tyres - Car (Non-Residents) | unit | Yes | 10.00 | 10.00 | 0.00% |
| Tyres - Light Truck/4WD (Residents) | unit | Yes | 12.00 | 12.00 | 0.00% |
| Tyres - Light Truck/4WD (Non-Residents) | unit | Yes | 17.00 | 17.00 | 0.00% |
| Tyres - Heavy Truck (Residents) | unit | Yes | 26.00 | 26.00 | 0.00% |
| Tyres - Heavy Truck (Non-Residents) | unit | Yes | 31.00 | 31.00 | 0.00% |
| Tyres - Tractor (Residents) | unit | Yes | 65.00 | 66.00 | 1.54% |
| Tyres - Tractor (Non-Residents) | unit | Yes | 75.00 | 76.00 | 1.33% |
| Tyres - Earthmoving (Residents) | unit | Yes | 155.00 | 155.00 | 0.00% |
| Tyres - Earthmoving (Non-Residents) | unit | Yes | 185.00 | 185.00 | 0.00% |
| Co-mingled Recyclables - Residential (Residents) | m3 | | No charge | No charge | |
| Co-mingled Recyclables - Residential (Non-Residents) | m3 | Yes | 7.00 | 7.00 | 0.00% |
| Co-mingled Recyclables -Commercial/Business (Residents) | m3 | Yes | 5.00 | 5.00 | 0.00% |
| Co-mingled Recyclables -Commercial/Business (Non-Residents) | m3 | Yes | 10.00 | 10.00 | 0.00% |
| Gas Bottles (<9kg) (Residents) | unit | Yes | 7.00 | 8.00 | 14.29% |
| Gas Bottles (<9kg) (Non-Residents) | unit | Yes | 11.00 | 12.00 | 9.09% |
| Gas Bottles (9kg) (Residents) | unit | Yes | 10.00 | 10.00 | 0.00% |
| Gas Bottles (9kg) (Non-Residents) | unit | Yes | 17.00 | 17.00 | 0.00% |
| Gas Bottles (>9kg) (Residents) | unit | Yes | 16.00 | 18.00 | 12.50% |
| Gas Bottles (>9kg) (Non-Residents) | unit | Yes | 24.00 | 26.00 | 8.33% |
| TV's/Computers | unit | Yes | No charge | No charge | 0.00% |
| <u>General File/Permit Retrieval</u> | | | | | |
| Admin Fee Electronic Retrieval of file (Planning, Building,Health, Septic, Food) | per file | Yes | 37.00 | - | -100.00% |
| plus scan up to A3 1-50 pages | page | Yes | 0.17 | - | -100.00% |
| plus scan up to A3 51-100 pages | page | Yes | 0.16 | - | -100.00% |
| plus scan greater than A3 | page | Yes | 1.60 | - | -100.00% |
| Admin Fee Hard Copy Retrieval of file (Planning, Building,Health, Septic, Food) | per file | Yes | 37.00 | - | -100.00% |
| Scan up to A3 1-50 pages plus general photocopying charge | page | Yes | 0.17 | - | -100.00% |
| Scan up to A3 51-100 pages plus general photocopying charge | page | Yes | 0.16 | - | -100.00% |
| Scan greater than A3 plus general photocopying charge | page | Yes | 1.60 | - | -100.00% |
| <u>General Photocopying</u> | | | | | |

| | | | | | |
|---|------------|-----|----------|----------|----------|
| A4 (each) | page | Yes | 1.00 | - | -100.00% |
| A3 (each) | page | Yes | 2.00 | - | -100.00% |
| A2 (each) | page | Yes | 3.00 | - | -100.00% |
| A1 (each) | page | Yes | 5.00 | - | -100.00% |
| <u>Building Fees</u> | | | | | |
| Domestic Building Works: | | | | | |
| New Dwellings up to \$180,000 | app'n | No | 2,622.00 | 2,701.00 | 3.01% |
| New Dwellings Over \$180,000 | app'n | No | 2,896.00 | 2,983.00 | 3.00% |
| Additions to Dwelling, Garage, Decks, Pergolas, Fencing, Masts etc. \$0 - \$30,000 | app'n | No | 819.00 | 843.00 | 2.93% |
| Additions Over \$30,000 to \$180,000 | app'n | No | 1,202.00 | 1,238.00 | 3.00% |
| Industrial / Commercial | | | | | |
| Minor Works to \$10,000 | app'n | No | 1,978.00 | 2,037.00 | 2.98% |
| Minor Works \$10,000 to \$30,000 (Cost of works x 0.0145+\$2,000) | app'n | | | | |
| Building Works \$30,000 to \$500,000 (Cost of works x0.0145+\$2,000) | app'n | | | | |
| Building Works Above \$500,000 (POA) | app'n | | | | |
| Service Fees | | | | | |
| Building Permit Extension Class 1 | app'n | No | 196.00 | 202.00 | 3.06% |
| Building Permit Extension Class 10 | app'n | No | 109.00 | 112.00 | 2.75% |
| Essential Safety Measures Report per hour (Minimum 2 hour charge) | hour | No | 165.00 | 180.00 | 9.09% |
| Occupancy Inspection per hour (Minimum 2 hour charge) | hour | No | 165.00 | 180.00 | 9.09% |
| Building Permit Amendments per hour (Minimum 2 hour charge) | hour | No | 165.00 | 180.00 | 9.09% |
| Preparation of Reports per hour (Minimum 2 hour charge) | hour | No | 165.00 | 180.00 | 9.09% |
| Installation Permit (Removable Dwellings under <i>Residential Tenancies Act</i>) | app'n | No | 876.00 | 902.00 | 2.97% |
| P.O.P.E. Places Of Public Entertainment Approval | app'n | No | 1,591.00 | 1,639.00 | 3.02% |
| P.O.P.E. Siting MBS approvals (Min 2 hours) | hour | No | 170.00 | 180.00 | 5.88% |
| <u>Road Opening Permit Fees</u> | | | | | |
| Vehicle Crossing | Permit | No | 127.00 | 130.00 | 2.36% |
| Other Road Openings - per Regulations | | | | | |
| Permit for removal of fallen timber | Permit | No | 10.00 | 10.00 | 0.00% |
| Service Connections/Other | Permit | No | 81.60 | 84.00 | 2.94% |
| <u>Domestic Animal Registration Fees</u> | | | | | |
| Standard Fee (As Set by Council) | Animal | No | 170.00 | 175.00 | 2.94% |
| Reduced Fee (Set by the Act =not greater than 33.33% of Maximum Fee) | Animal | No | 39.00 | 40.00 | 2.56% |
| Pensioner Fee (Set by the Act = 50% of Reduced Fees) | Animal | No | 20.00 | 20.00 | 0.00% |
| Declared dogs (no concession) | Animal | No | 258.00 | 350.00 | 35.66% |
| Declared Dogs - property inspection fee for dangerous, menacing or restricted breed | Inspection | No | | 50.00 | |
| <u>Pound Fees</u> | | | | | |
| Domestic Animals (Dogs/Cats) | Day | No | 17.00 | 20.00 | 17.65% |
| Domestic Animal - Administration Fee (Accounting/Advertising/Release etc) | | No | 103.00 | 125.00 | 21.36% |
| Domestic Animals - After Hours Collection Fee when impounded | Collection | No | 103.00 | 125.00 | 21.36% |
| Livestock - Sheep | Head/Day | No | 6.40 | 7.00 | 9.37% |
| Livestock - Cattle | Head/Day | No | 17.00 | 20.00 | 17.65% |
| Livestock - Horses | Head/Day | No | 17.00 | 20.00 | 17.65% |
| Livestock - Stallions & Bulls | Head/Day | No | 60.80 | 70.00 | 15.13% |
| Livestock - Other | Head/Day | No | 17.00 | 20.00 | 17.65% |
| Transport - By Staff | Trip | No | 104.00 | - | -100.00% |
| Transport - By Contractor | Trip | | | | |
| Livestock - Administration Fee (Accounting/Advertising/Release etc) | per event | No | 104.00 | 125.00 | 20.19% |
| <u>Impound/Call Out Fees</u> | | | | | |
| Staff impound/Call out fee | | No | 104.00 | 120.00 | 15.38% |
| Contractor impound/Call out fee | | | | | |
| <u>Surrender of Animals</u> | | | | | |
| Animals to be euthanased where owner surrenders - | | No | 88.00 | 90.00 | 2.27% |
| All animals | | No | 88.00 | 90.00 | 2.27% |
| <u>Other Fees</u> | | | | | |
| Vet Fees (all animals) | | Yes | | | |

| | | | | | |
|---|-------------|-----|----------------|--------|----------|
| Domestic Animal Business | | | | | |
| Registration and Renewal | | No | 229.00 | 240.00 | 4.80% |
| Additional Inspections | | No | 109.00 | 115.00 | 5.50% |
| New Business Establishment Fee | | No | 229.00 | 240.00 | 4.80% |
| Local Laws - Permits | | | | | |
| Roadside Fire collection | | | | 15.00 | |
| Permit to graze livestock by resident owner | Permit | No | 38.00 | 40.00 | 5.26% |
| Other Permits (Administration Fee) | Permit | No | 71.00 | 80.00 | 12.68% |
| Annual Permits, including single item street trading | Permit | No | 71.00 | 80.00 | 12.68% |
| Annual Permits for multiple use in street trading | Permit | No | 124.00 | 130.00 | 4.84% |
| Impounded vehicle reclaim | per vehicle | No | | 200.00 | |
| Saleyards | | | | | |
| Agents Yard Fee for sale days (cattle sold per head) or | | Yes | 0.34 | 0.35 | 2.94% |
| Fee per sale (whichever is greater | | Yes | 350.00 | 360.00 | 2.86% |
| NLIS Tags | | Yes | 57.00 | 60.00 | 5.26% |
| Weighings | | Yes | 4.60 | 4.80 | 4.35% |
| Scanning | | Yes | 2.80 | 2.90 | 3.57% |
| Sheep | | Yes | 0.30 | 0.30 | 0.00% |
| Horse | | Yes | 6.40 | 6.60 | 3.12% |
| Alpaca | | Yes | 6.40 | 6.60 | 3.12% |
| Llama | | Yes | 6.40 | 6.60 | 3.12% |
| Truck wash | | Yes | 1.80 | 1.90 | 5.56% |
| Fees Associated with Sales | | | | | |
| Sale day | | Yes | 9.90 | 10.20 | 3.03% |
| Day after Sale day (before 5.00pm) | | Yes | 9.90 | 10.20 | 3.03% |
| Use of yards as a trans-shipment point (max. 12hours) | | Yes | 257.20 | 260.00 | 1.09% |
| Single Truck Operators | | Yes | 128.00 | 130.00 | 1.56% |
| Health Fees | | | | | |
| Food Premises etc Fees | | | | | |
| Class 1 Food Premises (includes one routine inspection and audit) | Permit | No | 503.00 | 515.00 | 2.39% |
| - Additional fees for late registration (add 50% of scheduled fee) | | No | 251.00 | 257.00 | 2.39% |
| Class 2 Food Premises (includes one routine inspection and compliance check) | Permit | No | 503.00 | 515.00 | 2.39% |
| - Additional fees for late registration (add 50% of scheduled fee) | | No | 251.00 | 257.00 | 2.39% |
| Class 2 with 3rd party FSP (includes one routine inspection and compliance check) | Permit | No | 503.00 | 515.00 | 2.39% |
| - Additional fees for late registration (add 50% of scheduled fee) | | No | 251.00 | 257.00 | 2.39% |
| Class 3 Food Premises (includes one routine inspection) | Permit | No | 218.00 | 225.00 | 3.21% |
| - Additional fees for late registration (add 50% of scheduled fee) | | No | 109.00 | 112.00 | 2.75% |
| New Business Establishment Fee | Permit | | 50% Sched. Fee | - | |
| More than 5 persons employed (\$10 per person to a maximum \$2,500) | Permit | No | 10.00 | - | -100.00% |
| Sporting Clubs/Community Groups (not for profit) | Permit | | | 50.00 | |
| Food vehicle | | | | | |
| Class 2 | Permit | No | 284.00 | 290.00 | 2.11% |
| Class 3 | Permit | No | 175.00 | 180.00 | 2.86% |
| Temporary Food Stall | | | | | |
| Single event | | | | | |
| Class 2 | Permit | No | 121.00 | 124.00 | 2.48% |
| Class 3 | Permit | No | 66.00 | 70.00 | 6.06% |
| Class 4 (sausage sizzlesetc, for fund raising) | Permit | No | - | - | |
| Single event for Sporting Clubs/Community Groups (not for profit) registered in Strathbogie | Permit | No | - | 50.00 | |
| Annual Fee | | | | | |
| Class 2 | Permit | No | 218.00 | 225.00 | 3.21% |
| Class 3 | Permit | No | 109.00 | 112.00 | 2.75% |
| Class 4 (sausage sizzlesetc, for fund raising) | Permit | | | | |
| Food stall for Sporting Clubs/Community Groups (not for profit) | Permit | | | 50.00 | |
| Refunds | | | | | |
| Refund due to closure | Permit | No | No Refund | - | |



| | | | | | |
|---|---------------|-----|---------------|---------------|-------|
| Submission of plans | | | | | |
| Application fee for submission of plans (50% of applicable registration fee) | | No | 50% Sched.Fee | 25% Sched Fee | |
| Inspections | | | | | |
| Additional inspections (all categories) | Each | No | 109.00 | 113.00 | 3.67% |
| Pre Inspection of New Premise prior to opening | Each | No | 109.00 | - | |
| Pre Inspection of Premise being sold (Rename Transfer Fee) | Each | No | 109.00 | 113.00 | 3.67% |
| Priority inspection request (within 5 days) | Each | No | 164.00 | 170.00 | 3.66% |
| Urgent inspection request (within 48 hrs) | Each | No | 284.00 | 295.00 | 3.87% |
| Public Health & Well being Act Fees | | | | | |
| Beauty parlours, skin penetration or similar | Permit | No | 152.00 | 160.00 | 5.26% |
| Allied Health and Alternative Therapy Including Massage Therapy and Acupuncture, etc | | No | 152.00 | 160.00 | 5.26% |
| Hairdressers | Inspection | No | 152.00 | - | |
| Prescribed Accommodation (no kitchen) | Permit | No | 196.00 | 200.00 | 2.04% |
| New Business Establishment Fee | Permit | No | 160.00 | 160.00 | |
| Septic Tank Application Fees | | | | | |
| New Installation | Permit | No | 383.00 | 395.00 | 3.13% |
| Alteration | Permit | No | 196.00 | 200.00 | 2.04% |
| Boat Ramp Fees | | | | | |
| Boat Ramp | Day | Yes | 11.00 | 12.00 | 9.09% |
| Boat Ramp Residents | Annum | Yes | 76.00 | 79.00 | 3.95% |
| Boat Ramp Non-Residents | Annum | Yes | 125.00 | 128.00 | 2.40% |
| Regatta Centre Building | | | | | |
| Downstairs Function area - no staff - 1/2 day hire (4 hours) | 1/2 Day | Yes | 70.00 | 72.00 | 2.86% |
| Downstairs Function area - no staff - full day hire (8 hours) | Full Day | Yes | 163.00 | 168.00 | 3.07% |
| Upstairs Conference area - no staff - 1/2 Day hire (4 hours) | 1/2 Day | Yes | 70.00 | 72.00 | 2.86% |
| Upstairs Conference area - no staff - Full Day hire (8 hours) | Full Day | Yes | 163.00 | 168.00 | 3.07% |
| Kitchen - commercial (if selling) - 1/2 Day hire (4 hours) | 1/2 Day | Yes | 117.00 | 120.00 | 2.56% |
| Kitchen - commercial (if selling) - Full Day hire (8 hours) | Full Day | Yes | 233.00 | 240.00 | 3.00% |
| Kitchen - private function 1/2 Day Hire (4 hours) | 1/2 Day | Yes | 59.00 | 61.00 | 3.39% |
| Kitchen - private function Full Day Hire (8 hours) | Full Day | Yes | 117.00 | 120.00 | 2.56% |
| Boatshed - showers & toilets - 1/2 Day (4 hours) | 1/2 Day | Yes | 59.00 | 61.00 | 3.39% |
| Boatshed - showers & toilets - Full Day (8 hours) | Full Day | Yes | 117.00 | 120.00 | 2.56% |
| Entire Regatta Centre Building not including kitchen - no staff - 1/2 Day hire (4 hours) | 1/2 Day | Yes | 187.00 | 193.00 | 3.21% |
| Entire Regatta Centre Building not including kitchen - no staff - Full Day hire (8 hours) | Full Day | Yes | 374.00 | 385.00 | 2.94% |
| Peninsular - 1/2 Day hire (4 hours) | 1/2 Day | Yes | 467.00 | 481.00 | 3.00% |
| Peninsular - Full Day hire (8 hours) | Full Day | Yes | 934.00 | 962.00 | 3.00% |
| Training Camps - Groups of 50 or less | Day | Yes | 59.00 | 61.00 | 3.39% |
| Training Camps - Groups of more than 51 | Day | Yes | 117.00 | 120.00 | 2.56% |
| Entire Venue - no staff - 1/2 Day hire (4 hours) | 1/2 Day | Yes | 583.00 | 601.00 | 3.09% |
| Entire Venue - no staff - Full Day hire (8 hours) | Day | Yes | 1,167.00 | 1,202.00 | 3.00% |
| Tourist Attraction Signage | | | | | |
| 4' Standard Name Blade | Sign | Yes | 193.00 | 198.00 | 2.59% |
| Other sizes | Sign | | | | |
| Official Visitor Guide (OVG) Advertising | | | | | |
| 1/4 Page | Advertisement | Yes | 304.00 | 313.00 | 2.96% |
| 1/2 Page | Advertisement | Yes | 510.00 | 525.00 | 2.94% |
| Full Page | Advertisement | Yes | 922.00 | 950.00 | 3.04% |
| Back Cover | Advertisement | Yes | 1,334.00 | 1,374.00 | 3.00% |
| Inside Back Cover | Advertisement | Yes | 1,128.00 | 1,162.00 | 3.01% |
| Weslev Hall User Fees | | | | | |
| Main Hall - half day hire | 1/2 Day | Yes | 181.00 | - | |
| Main Hall - full day hire | Full Day | Yes | 340.00 | - | |
| Main Hall - evening hire | Evening | Yes | 181.00 | - | |
| Kitchen - half day hire | 1/2 Day | Yes | 68.00 | - | |
| Kitchen - full day hire | Full Day | Yes | 122.00 | - | |
| Bond | | Yes | 350.00 | - | |

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 2017/18 budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 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 2018 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 in the period October to November. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings in the period December to March. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April 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.

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. 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. Officers update Council's long term financial projections | Oct/Nov |
| 2. Officers prepare operating and capital budgets | Oct/Nov |
| 3. Councillors consider draft budgets at informal briefings | Dec/Mar |
| 4. Proposed budget submitted to Council for approval | Apr |
| 5. Public notice advising intention to adopt budget | Apr |
| 6. Budget available for public inspection and comment | Apr |
| 7. Public submission process undertaken | Apr |
| 8. Submissions period closes (28 days) | May |
| 9. Submissions considered by Council/Committee | Jun |
| 10. Budget and submissions presented to Council for adoption | Jun |
| 11. Copy of adopted budget submitted to the Minister | Jul |



