



## **Strathbogie Shire Council Budget Report – 2016/2017**

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## **Mayor's introduction**

The Councillors and I are pleased to release the proposed Budget 2016/17 to the Community.

The budget is based on a rate increase of 2.5 per cent. This is in line with the new 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 first year of the Fair Go Rates System and while Council proposes a rate increase that is in line with the 2.5 per cent cap, the actual rate increases experienced by individual ratepayers will vary due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by both the average rate increase and the property valuation movements of individual properties relative to the average across the municipality, therefore rate increases/decreases will vary from the 2.5% rate cap.

### **Budget Highlights**

Council has worked hard to develop a budget that balances ratepayer affordability with the continuing and newly emerging demands of a growing community.

### **Infrastructure Assets**

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.

Council is committed to the renewal and replacement of its ageing infrastructure and in this financial year has allocated \$2.62 million to the renewal of its ageing bridge network, while allocating an additional \$3.85 million to the resealing, resheeting and rehabilitation of roads within the Shire.

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

### **Shared Services**

Council continues to work at improving efficiencies and leveraging benefits through its strategic alliance with the City of Greater Shepparton and Moira Shire. To date, the alliance has provided significant savings to the member Councils while retaining , and in some cases improving, the participating Councils' levels of service to their repective communities. Due to this and significant work by the organisation including an industry leading EBA, expenditure has been capped at 2015/16 levels.

### **Economic Development**

The Shire has a proactive economic development unit which promotes and supports sustainable development within the municipality . This is evidenced by the increase in rateable properties since 2010:

- 2010 - 6,683
- 2015 - 7,150
- Increase = 467

This is an average of 93.4 properties per annum and at a rate average of \$1,900 this equates to \$177,460 extra revenue or \$887,300 over 5 years. The trend continued this financial year with an increase of 9% to date.

## **Executive Summary**

Council has prepared a Budget for 2016/17 which is aligned to the vision in the Council Plan 2013/17. 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 2.5 per cent rate increase mandated by the State Government.

This Budget projects a surplus of \$0.92m for 2016/17. The adjusted underlying result is a surplus of \$0.28m 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 \$27.89m. These services are summarised in Section 2.
- 2) Continued high level of capital investment with a strong infrastructure asset renewal effort, \$9.02m. Capital works include roads \$4.12m; bridges \$3.26m; footpaths and bicycle paths \$0.13m; drainage \$0.50m; recreational, leisure and community facilities \$0.17m and parks, open space and streetscapes \$0.24m; (these figures include works carried forward from 2015/16) 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 12.

### **Strategic Objective 1: Community Wellbeing**

- 3) Council continues to provide significant support for the Community's wellbeing, with a program of tree planting \$10,000 and the implementation of the Violet Town community and recreation reserve master plan, \$60,000.

### **Strategic Objective 2: Environment**

- 4) Council has continued to provide best practice waste collection services throughout the Shire while reducing the cost of each service by \$7 per property. Council also committed to sustainable development by being a member of the Greenhouse Alliance, providing roadside weed and pest management and implementing Council's Environmental Strategy.

### **Strategic Objective 3: Financial**

- 5) Strathbogie Shire is committed to being a sustainable Council that continues to provide high quality service infrastructure to its residents and ratepayers. Council continues to seek out opportunities to reduce costs whilst maintaining or improving its services to the community it serves. Strathbogie Shire is a member of the Strategic Alliance with the City of Greater Shepparton and Moira Shire Councils. The alliance has provided significant savings to the member Councils since its inception and will continue to investigate future opportunities.

### **Strategic Objective 4: Governance**

- 6) Council's Governance comprises the Mayor, Councillors and the Chief Executive Officer. During the 2016/17 financial year Victorian councils are required to conduct elections. Council has budgeted \$110,000 for election costs.

### **Strategic Objective 5: Industry, Business and Investment**

- 7) This is an important part of Council's operations as it seeks to stimulate and maintain economic development throughout the Shire. In 2016/17 Council has committed to developing a Shire Wide Economic Development Strategy, \$122,000, to maximise its economic development and growth opportunities into the future.

### **Strategic Objective 6: Infrastructure**

- 8) This budget has a strong emphasis on the renewal of Council's infrastructure assets. In the 2016/17 budget Council has committed \$2.62 million to the rehabilitation and renewal of bridges and \$3.26m to the rehabilitation, resealing and resheeting of roads. Details of other capital works projects are provided in Section 3 of the budget.

### **Strategic Objective 7: Tourism and Hospitality**

9) Council recognises the importance of tourism and event attraction and works with a number of industries and groups to promote and attract tourism. Council actively works with Goulburn River Valley Tourism to promote tourism and provides accommodation for the group. Council is looking to work closely with the boating, equine, viticultural and cycle tourism industries to develop new events to complement existing established events.

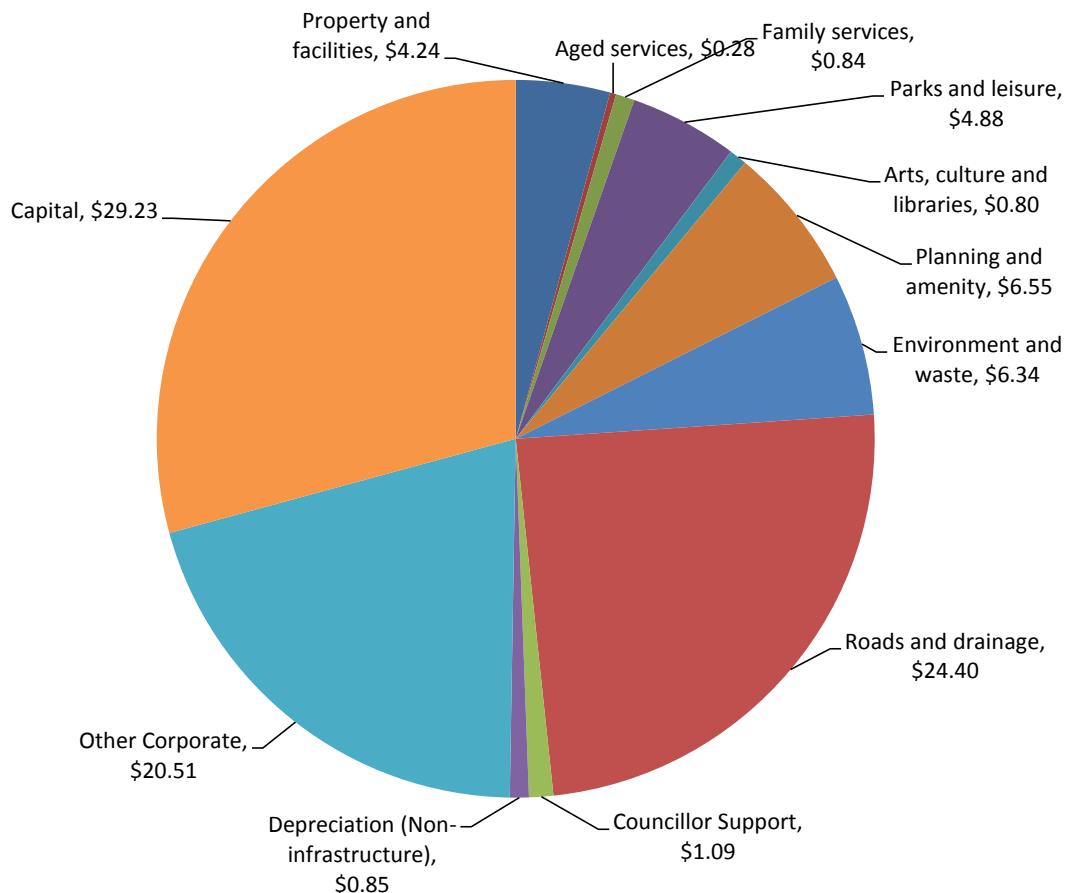
### **2. The Rate Rise**

- a. The rate rise is 2.5%, 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 (1.0% 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
- c. A municipal revaluation will be implemented for 2016/17 with an effective date of 1 January 2016.
- d. The waste service charge incorporating kerbside collection and recycling will reduce by \$7 per property.
- e. Note that for every \$100 in taxes paid by Victorian residents, council rates account for approximately \$3.50. The other \$96.50 goes to the State and Federal Governments.
- f. Refer Section 15 for further Rates and Charges details.

### **3. Key Statistics**

- Total Revenue: \$27.89M (2015/16 = \$26.00M)
- Total Expenditure: \$26.97M (2015/16 = \$26.33M)
- Operating Result: \$0.92M Surplus (2015/16 = \$0.34M Deficit)  
(Refer Income Statement in Section 3)
- Underlying operating result: Surplus of \$0.28M (2015/16 = Deficit of \$1.51M)  
(Refer Analysis of operating Budget in Section 10.1)
- Cash result: \$4.25M outflow (2015/16 = \$2.01M 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 \$11.06M
  - o \$4.69M from Council operations (rates funded)
  - o \$0.0M from borrowings
  - o \$0.97M from asset sales
  - o \$3.54M from external grants
  - o \$1.86M 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 shows how much is allocated to each service area for every \$100 that Council spends.

### 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 2016/17 Budget.

- The maintenance of services at 2015/16 levels;
- Ongoing commitment to closing the gap on 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.

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## **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:**

"A Shire that drives and supports investment for population growth, shared wealth and wellbeing."

### **Our Mission:**

"To actively consult with community, investors and industry through advocacy and collaboration; delivering quality infrastructure, lifestyle and sustainable economic and community development."

### **Our Guiding Principles:**

Councillors and staff at Strathbogie Shire Council are committed to the following principles (values) as a guide to all its decisions and actions:

**Good Governance** – We value innovation, integrity, accountability, strength, and consistency in leadership and decision making with adherence to robust, transparent and equitable policies and processes.

**Working together** – We value the ability to maximise outcomes by working in partnership and collaboration with an engaged community, government, regional bodies and other stakeholders.

**Quality Services** – We value the role of research, strategic planning, flexibility and innovation in delivering accessible and effective services and regional solutions that enhance the quality of life.

**Social Inclusion** – We value widespread participation in civic and community life among people of all abilities and backgrounds.

**Environment** – We value the shire's natural and built environment and the importance of local amenity on quality of life.

**Stability** – We value sound financial and resource planning and management to ensure Council's long term sustainability and provision of quality services and infrastructure.

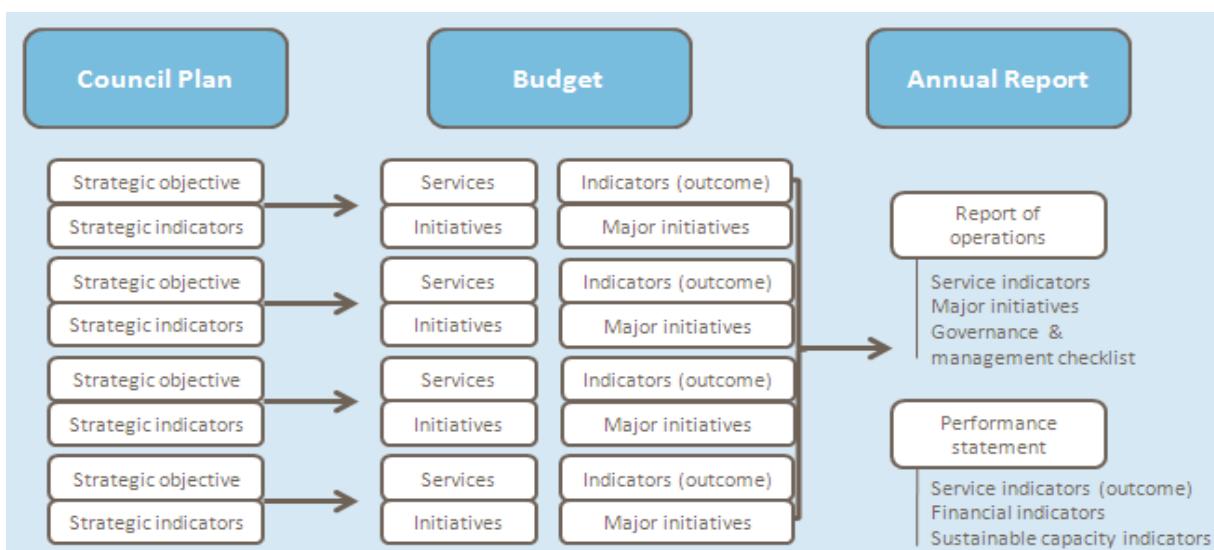
## **1.3 Strategic objectives**

Council delivers activities and initiatives under various service categories. Each contributes to the achievement of one of the seven Strategic Objectives as set out in the Council Plan for the 2013-17 years. The following table lists the seven Strategic Objectives as described in the Council Plan.

<b>Strategic Objective</b>	<b>Description</b>
<b>1. Community Wellbeing</b>	Plan, support and / or deliver a broad range of responsive and accessible services to our diverse community.
<b>2. Environment</b>	Continue to protect and enhance the natural and built environment for current and future generations.
<b>3. Financial</b>	Provide best practice management and administrative systems and structures to support the delivery of Council services and programs.
<b>4. Governance</b>	Provide all our stakeholders with consistent and timely decision making.
<b>5. Industry, Business and Investment</b>	Pursue opportunities to increase the range of businesses and industries in the Shire to further strengthen our economy.
<b>6. Infrastructure</b>	Provide well maintained, affordable and appropriate infrastructure.
<b>7. Tourism and Hospitality</b>	Ensure a coordinated and effective approach to economic and tourism development is maintained at all times.

## 2. Services and service performance indicators

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



Source: Department of Environment, Land, Water and Planning

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

## 2.1 Strategic Objective 1: Community Wellbeing

Plan, support and / or deliver a broad range of responsive and accessible services to our diverse community.

### 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.	217,300 <u>(82,000)</u> <b>135,300</b>
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.	303,300 <u>(36,000)</u> <b>267,300</b>
Community Grants and Recreational Planning	This service provides funding for the development of community facilities and activities.	220,900 <u>(2,500)</u> <b>218,400</b>
Maternal and Child Health	This service provides family oriented, visiting and centre based maternal and child health services.	160,500 <u>(109,600)</u> <b>50,900</b>
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.	158,900 <u>(54,000)</u> <b>104,900</b>
Aged and Disabled Community Care and Support	This service provides services to aged through senior citizens' centres.	105,100 <u>(34,300)</u> <b>70,800</b>
Street Lighting	This service enhances public safety and community access by providing street lighting in urban areas.	137,900 0 <b>137,900</b>
Parks and Reserves	This service is responsible for the management, maintenance and safety of parks and gardens, sporting grounds and playground facilities.	1,625,500 <u>(9,000)</u> <b>1,616,500</b>
Emergency Services	This service includes financial assistance for the SES service, fire prevention activities and flood risk planning and mitigation.	311,800 <u>(70,300)</u> <b>241,500</b>

## 2.1 Strategic Objective 1: Community Wellbeing

### Service Performance Outcome Indicators

<b>Service</b>	<b>Indicator</b>	<b>Performance Measure</b>	<b>Computation</b>
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
Aged and Disabled Community Care and Support. Not applicable - provided by external contractor	Participation	Participation in HACC service by CALD people (Percentage of the municipal target population in relation to culturally and linguistically diverse (CALD) people that receive a HACC service).	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] 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
Maternal and Child Health	Participation	Participation in MCH key ages and stages visits by Aboriginal children (Percentage of Aboriginal children attending the MCH key ages and stages visits).	[Number of actual MCH visits for Aboriginal children / Number of expected MCH visits for Aboriginal children] x100
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 Strategic Objective 2: Environment

To continue to protect and enhance the natural and built environment for current and future generations.

### Services

Business area	Description of services provided	Expenditure <u>(Revenue)</u> <u>Net Cost</u> \$
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.	122,500 <u>(53,400)</u> <b>69,100</b>
Waste Management	This service includes kerbside garbage and recycling collections, transfer station operations and waste management of public areas.	2,275,800 <u>(2,336,800)</u> <b>(61,000)</b>

### 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 Strategic Objective 3: Financial

Provide best practice management and administrative systems and structures to support the delivery of Council services and programs.

### Services

Business area	Description of services provided	Expenditure <u>(Revenue)</u> <u>Net Cost</u> \$
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.	1,745,900 0 <b>1,745,900</b>

## 2.4 Strategic Objective 4: Governance

To provide all our stakeholders with consistent and timely decision making.

### Services

Business area	Description of services provided	Expenditure (Revenue)	Net Cost \$
Governance	The area of governance includes the Mayor, Councillors, Chief Executive Officer and other Executive Management costs which cannot be easily attributed to the direct service provision areas.	932,900 <u>(114,400)</u>	<b>818,500</b>

### 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.

## 2.5 Strategic Objective 5: Industry, Business and Investment

Pursue opportunities to increase the range of businesses and industries in the Shire to further strengthen our

### 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.	793,400 <u>(79,300)</u> <b>714,100</b>
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.	100,500 <u>(37,000)</u> <b>63,500</b>
Grants	This service area researches grant funding opportunities for Council projects and programs and manages the associated application, monitoring and aquital processes.	115,800 <u>0</u> <b>115,800</b>
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 <u>0</u> <b>122,400</b>
Saleyards	This service area refers to the Euroa Saleyards. The saleyards operate on an approximately one sale per month basis.	193,400 <u>(228,000)</u> <b>(34,600)</b>

### 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
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions).	Number of successful animal management prosecutions.

## 2.6 Strategic Objective 6: Infrastructure

Provide well maintained, affordable and appropriate 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.	1,201,000 <u>(34,000)</u> <b>1,167,000</b>
Swimming Pools and Beaches	Council operates outdoor pools in Euroa, Nagambie, Violet Town and Avenel.	402,200 <u>(11,300)</u> <b>390,900</b>
Roads and Bridge Maintenance Operations	This service area is responsible for the maintenance of Council's roads and bridges network.	9,233,700 <u>(2,154,800)</u> <b>7,078,900</b>

### 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.

## 2.7 Strategic Objective 7: Tourism and hospitality

Ensure a coordinated and effective approach to economic and tourism development is maintained at all times.

### Services

Business area	Description of services provided	(Revenue) Net Cost \$
Boating Operations and Safety	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.	95,000 <u>(5,000)</u> <b>90,000</b>
Tourism	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.	113,300 <u>(10,000)</u> <b>103,300</b>
Nagambie Lakes Regatta Centre Precinct	The Nagambie Lakes Regatta Centre is a major national rowing complex which conducts many high profile State and National championships. This service area provides support for the attraction, promotion and management of rowing and other water based events at the Regatta Centre.	193,900 <u>(53,000)</u> <b>140,900</b>
Events	This service area provides support for the planning, promotion and management of community based events.	69,600 <u>0</u> <b>69,600</b>
Caravan Parks	Council has control of caravan parks at Nagambie Lakes and Euroa.	14,000 <u>(228,600)</u> <b>(214,600)</b>



## **2.7 Performance Statement**

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

## **2.8 Reconciliation with budgeted operating result**

	<b>Net Cost (Revenue)</b> \$'000	<b>Expenditure</b> \$'000	<b>Revenue</b> \$'000
<b>Total services and initiatives</b>	<b>15,223,200</b>	<b>20,966,500</b>	<b>(5,743,300)</b>
Other non-attributable	2,537,400		
<b>Deficit before funding sources</b>	<b>17,760,600</b>		
<b>Funding sources:</b>			
Rates & charges	15,793,900		
Capital grants	2,887,400		
<b>Total funding sources</b>	<b>18,681,300</b>		
<b>Surplus for the year</b>	<b>920,700</b>		

### **3. Financial Statements**

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

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

- 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 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections 2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Income</b>					
Rates and charges	17,225	<b>17,909</b>	18,485	19,080	19,694
Statutory fees and fines	329	<b>267</b>	275	283	292
User fees	807	<b>751</b>	781	812	845
Grants - operating recurrent	2,783	<b>5,367</b>	5,070	5,273	5,484
Grants - operating non-recurrent	122	<b>10</b>	0	0	0
Grants - capital recurrent	2,945	<b>2,362</b>	2,073	1,088	1,131
Grants - capital non-recurrent	1,074	<b>525</b>	0	0	0
Contributions - monetary	100	<b>115</b>	0	0	0
Contributions - non-monetary	0	<b>0</b>	0	0	0
Fair value adjustments for investment property	0	<b>0</b>	0	0	0
Share of net profits/(losses) of associates and joint ventures	0	<b>0</b>	0	0	0
Other income	611	<b>580</b>	591	603	614
<b>Total income</b>	<b>25,996</b>	<b>27,886</b>	<b>27,275</b>	<b>27,139</b>	<b>28,060</b>
<b>Expenses</b>					
Employee costs	8,908	<b>8,862</b>	9,128	9,397	9,670
Materials and services	11,516	<b>11,615</b>	11,983	12,343	12,713
Bad and doubtful debts	0	<b>0</b>	0	0	0
Depreciation and amortisation	4,982	<b>5,234</b>	4,938	5,156	5,243
Borrowing costs	120	<b>76</b>	58	36	27
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	591	<b>681</b>	448	300	300
Other expenses	214	<b>498</b>	313	219	225
<b>Total expenses</b>	<b>26,331</b>	<b>26,966</b>	<b>26,868</b>	<b>27,451</b>	<b>28,178</b>
<b>Surplus/(deficit) for the year</b>	<b>(335)</b>	<b>920</b>	<b>407</b>	<b>(312)</b>	<b>(118)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>					
Net asset revaluation increment /(decrement)	0	<b>0</b>	13,495	0	0
<b>Total comprehensive result</b>	<b>(335)</b>	<b>920</b>	<b>13,902</b>	<b>(312)</b>	<b>(118)</b>

### 3.2 Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	Projections	2017/18 \$'000	2018/19 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9,174	<b>4,921</b>	4,149	3,489	3,198
Trade and other receivables	1,613	<b>1,692</b>	1,987	1,998	2,062
Other assets	143	<b>144</b>	144	144	144
<b>Total current assets</b>	<b>10,930</b>	<b>6,757</b>	6,280	5,631	5,404
<b>Non-current assets</b>					
Trade and other receivables	247	<b>247</b>	247	247	247
Property, infrastructure, plant & equipment	265,707	<b>269,885</b>	284,041	284,286	284,343
<b>Total non-current assets</b>	<b>265,954</b>	<b>270,132</b>	284,288	284,533	284,590
<b>Total assets</b>	<b>276,884</b>	<b>276,889</b>	290,568	290,164	289,994
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	3,238	<b>2,797</b>	3,096	3,188	3,269
Provisions	2,457	<b>2,457</b>	2,457	2,457	2,457
Interest-bearing loans and borrowings	473	<b>522</b>	183	133	84
<b>Total current liabilities</b>	<b>6,168</b>	<b>5,776</b>	5,736	5,778	5,810
<b>Non-current liabilities</b>					
Provisions	1250	<b>1,250</b>	1,250	1,250	1,250
Interest-bearing loans and borrowings	1209	<b>685</b>	503	369	285
<b>Total non-current liabilities</b>	<b>2,459</b>	<b>1,935</b>	1,753	1,619	1,535
<b>Total liabilities</b>	<b>8,627</b>	<b>7,711</b>	7,489	7,397	7,345
<b>Net assets</b>	<b>268,257</b>	<b>269,178</b>	283,079	282,767	282,649
<b>Equity</b>					
Accumulated surplus	81,290	<b>82,211</b>	82,618	82,306	82,188
Asset revaluation reserves	186,367	<b>186,367</b>	199,861	199,861	199,861
Other reserves	600	<b>600</b>	600	600	600
<b>Total equity</b>	<b>268,257</b>	<b>269,178</b>	283,079	282,767	282,649

### 3.3 Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2016/2017</b>				
Balance at beginning of the financial year	268,257	81,290	186,367	600
Surplus/(deficit) for the year	921	921	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	(400)	0	0	(400)
Transfer from other reserves	400	0	0	400
<b>Balance at end of the financial year</b>	<b>269,178</b>	<b>82,211</b>	<b>186,367</b>	<b>600</b>
<b>2017/2018</b>				
Balance at beginning of the financial year	269,178	82,211	186,367	600
Surplus/(deficit) for the year	407	407	0	0
Net asset revaluation increment/(decrement)	13,494	0	13,494	0
Transfer to other reserves	0	0	0	0
Transfer from other reserves	0	0	0	0
<b>Balance at end of the financial year</b>	<b>283,079</b>	<b>82,618</b>	<b>199,861</b>	<b>600</b>
<b>2018/2019</b>				
Balance at beginning of the financial year	283,079	82,618	199,861	600
Surplus/(deficit) for the year	(312)	(312)	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	0	0	0
Transfer from other reserves	0	0	0	0
<b>Balance at end of the financial year</b>	<b>282,767</b>	<b>82,306</b>	<b>199,861</b>	<b>600</b>
<b>2019/2020</b>				
Balance at beginning of the financial year	282,767	82,306	199,861	600
Surplus/(deficit) for the year	(118)	(118)	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	0	0	0	0
Transfer from other reserves	0	0	0	0
<b>Balance at end of the financial year</b>	<b>282,649</b>	<b>82,188</b>	<b>199,861</b>	<b>600</b>

### 3.4 Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Cash flows from operating activities</b>					
Rates and charges	17,145	<b>17,909</b>	18,286	19,073	19,650
Statutory fees and fines	329	<b>267</b>	272	283	291
User fees	807	<b>751</b>	773	812	843
Grants - operating	2,905	<b>5,376</b>	5,015	5,271	5,471
Grants - capital	4,977	<b>2,887</b>	2,051	1,087	1,129
Contributions - monetary	0	<b>0</b>	0	0	0
Interest received	270	<b>210</b>	208	210	210
Other receipts	711	<b>485</b>	376	392	403
Net GST refund / payment	0	<b>0</b>	0	0	0
Employee costs	(9,558)	<b>(8,861)</b>	(9,001)	(9,358)	(9,635)
Materials and services	(11,517)	<b>(11,615)</b>	(11,817)	(12,292)	(12,668)
Other payments	(214)	<b>(498)</b>	(308)	(219)	(225)
<b>Net cash provided by/(used in) operating activities</b>	<b>5,855</b>	<b>6,911</b>	5,855	5,259	5,469
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(7,806)	<b>(11,062)</b>	(7,120)	(6,200)	(6,100)
Proceeds from sale of property, infrastructure, plant and equipment	490	<b>970</b>	1,072	500	500
Payments for landfill rehabilitation	0	<b>(524)</b>	0	0	0
<b>Net cash provided by/ (used in) investing activities</b>	<b>(7,316)</b>	<b>(10,616)</b>	(6,048)	(5,700)	(5,600)
<b>Cash flows from financing activities</b>					
Finance costs	(120)	<b>(76)</b>	(58)	(36)	(27)
Proceeds from borrowings	0	<b>0</b>	0	0	0
Repayment of borrowings	(433)	<b>(472)</b>	(521)	(183)	(133)
<b>Net cash provided by/(used in) financing activities</b>	<b>(553)</b>	<b>(548)</b>	(579)	(219)	(160)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(2,014)</b>	<b>(4,253)</b>	(772)	(660)	(291)
Cash and cash equivalents at thebeginning of the financial year	11,188	<b>9,174</b>	4,921	4,149	3,489
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9,174</b>	<b>4,921</b>	4,149	3,489	3,198

### 3.5 Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan			
	Actual 2015/16 \$'000	2016/17 \$'000	Projections	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Property</b>						
Land	100	0		0	0	0
<b>Total land</b>	<b>100</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
Buildings	1,290	1,665		1,768	2,081	2,304
<b>Total buildings</b>	<b>1,290</b>	<b>1,665</b>		<b>1,768</b>	<b>2,081</b>	<b>2,304</b>
<b>Total property</b>	<b>1,390</b>	<b>1,665</b>		<b>1,768</b>	<b>2,081</b>	<b>2,304</b>
<b>Plant and equipment</b>						
Plant, machinery and equipment	670	630		1,012	1,002	1,004
Fixtures, fittings and furniture	0	0		294	294	294
Computers and telecommunications	282	345		0	0	0
<b>Total plant and equipment</b>	<b>952</b>	<b>975</b>		<b>1,306</b>	<b>1,296</b>	<b>1,298</b>
<b>Infrastructure</b>						
Roads	4,230	4,120		2,501	2,350	2,011
Bridges	751	3,261		1505	432	441
Footpaths and cycleways	231	132		35	34	36
Drainage	163	500		5	7	10
Recreational, leisure and community facilities	0	165		0	0	0
Parks, open space and streetscapes	7	244		0	0	0
Other infrastructure	82	0		0	0	0
<b>Total infrastructure</b>	<b>5,464</b>	<b>8,422</b>		<b>4,046</b>	<b>2,823</b>	<b>2,498</b>
<b>Total capital works expenditure</b>	<b>7,806</b>	<b>11,062</b>		<b>7,120</b>	<b>6,200</b>	<b>6,100</b>
<b>Represented by:</b>						
New asset expenditure	566	768		350	310	305
Asset renewal expenditure	6,476	9,024		6,070	5,270	5,185
Asset upgrade expenditure	764	1121		700	620	610
Asset expansion expenditure	0	149		0	0	0
<b>Total capital works expenditure</b>	<b>7,806</b>	<b>11,062</b>		<b>7,120</b>	<b>6,200</b>	<b>6,100</b>

### 3.6 Statement of Human Resources

For the four years ending 30 June 2020

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	8,772	<b>8,862</b>	9,128	9,397	9,670
Employee costs - capital	80	<b>80</b>	80	80	80
<b>Total staff expenditure</b>	<b>8,852</b>	<b>8,942</b>	9,208	9,477	9,750
<b>Staff numbers</b>	EFT	<b>EFT</b>	EFT	EFT	EFT
Employees	97	<b>99</b>	99	99	99
<b>Total staff numbers</b>	<b>97</b>	<b>99</b>	99	99	99

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

<b>Department</b>	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Executive	341	341	0
Corporate and community	2,062	1,259	803
Sustainable development	1,521	1,158	363
Assets	4,717	4,094	623
<b>Total permanent staff expenditure</b>	<b>8,641</b>	<b>6,852</b>	<b>1,789</b>
Casuals and other expenditure	221		
Capitalised labour costs	80		
<b>Total expenditure</b>	<b>8,942</b>		

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

<b>Department</b>	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Executive	2	2	
Corporate and community	22	12	10
Sustainable development	17	12	5
Assets	55	48	8
<b>Total</b>	<b>96</b>	<b>74</b>	<b>23</b>
Casuals and other	2		
Capitalised labour costs	1		
<b>Total staff</b>	<b>99</b>		

## 4. Financial performance indicators

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

Indicator	Measure	Notes	Actual	Forecast	Strategic Resource Plan			Trend +/-	
			2014/15	2015/16	Budget	Projections	2017/18	2018/19	2019/20
<b>Operating position</b>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	10.2%	-6.1%	1.0%	1.5%	-1.1%	-0.4%	o
<b>Liquidity</b>									
Working Capital	Current assets / current liabilities	2	197.9%	177.2%	117.0%	109.5%	97.5%	93.0%	-
Unrestricted cash	Unrestricted cash / current liabilities		153.1%	117.0%	83.5%	70.6%	58.7%	53.3%	-
<b>Obligations</b>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	13.1%	9.8%	6.7%	3.7%	2.6%	1.9%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		4.9%	3.2%	3.1%	3.1%	1.1%	0.8%	+
Indebtedness	Non-current liabilities / own source revenue		15.1%	13.0%	9.9%	8.7%	7.8%	7.2%	+
Asset renewal	Asset renewal expenditure / depreciation	4	131.5%	130.0%	172.4%	122.9%	102.2%	98.9%	-
<b>Stability</b>									
Rates concentration	Rate revenue / adjusted underlying revenue	5	53.7%	69.4%	65.7%	67.8%	70.3%	70.2%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	o
<b>Efficiency</b>									
Expenditure level	Total expenditure / no. of property assessments		\$3,746	\$3,636	\$3,664	\$3,624	\$3,675	\$3,745	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,555	\$1,614	\$1,632	\$1,672	\$1,714	\$1,757	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		11.7%	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 (\$2.5 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 89.1% or \$2.53 million compared to 2015/16. This is mainly due to the Victoria Grants Commission paying Council 50% of its 2015/16 grant on 29 June 2015, reducing Council's 2016/17 Federal Assistance Grant income by 50%. The difference reflects the restoration of the full grant in 2016/17. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below:

Grants - operating	Forecast		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>			
Victoria Grants Commission	2,385	4,943	2,558
Commonwealth Roads of Access	26	38	12
<i>Recurrent - State Government</i>			
Youth	53	54	1
Health	3	6	3
Senior Citizens' Centres	34	35	1
School crossing supervisors	16	17	1
Fire Service Property Levy financial support	39	40	1
Maternal and Child Health	108	110	2
Recreation	7	7	0
Community safety	64	64	0
Pest and plants program	0	53	53
Total recurrent grants	2,735	5,367	2,632
<i>Non-recurrent - Commonwealth Government</i>			
Non-recurrent - State Government	0	0	0
Regional Victoria Living Expo	0	10	10
Streetscapes	50	0	(50)
Recreation	59	0	(59)
Total non-recurrent grants	109	10	(99)
Total operating grants	2,844	5,377	2,533

### 5.1.2 Grants capital (\$1.94 million decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by 40.1% or \$1.93 million compared to 2015/16. 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		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	3435	2362	(1,073)
<i>Recurrent - State Government</i>			
Total recurrent grants	<b>3435</b>	<b>2362</b>	(1,073)
<i>Non-recurrent - Commonwealth Government</i>			
Bridges	250	0	(250)
<i>Non-recurrent - State Government</i>			
Bridges	320	275	(45)
Buildings	500	250	(250)
Flood Mitigation	7	0	(7)
Waste Management	106	0	(106)
Streetscapes	150	0	(150)
Footpaths	55	0	-55
Total non-recurrent grants	<b>1,388</b>	<b>525</b>	(863)
<b>Total capital grants</b>	<b>4,823</b>	<b>2,887</b>	<b>(1,936)</b>

### 5.1.3 Statement of Borrowings

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

	2015/16	2016/17
	\$	\$
Total amount borrowed as at 30 June of the prior year	2,115	<b>1,682</b>
Total amount proposed to be borrowed	0	0
Total amount projected to be redeemed	(433)	(472)
<b>Total amount of borrowings as at 30 June</b>	<b>1,682</b>	<b>1,210</b>

## **6. Capital works program**

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

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

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

**Capital works program**  
For the year ending 30 June 2017

**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	
<b>PROPERTY</b>										
<b>Buildings</b>										
Nagambie library	110	0	110	0	0	100	0	10	0	
Environmental Improvements - Solar Power Civic C.	50	50	0	0	0	0	0	50	0	
Euroa Caravan Park cottage roof	35	0	35	0	0	0	0	35	0	
Strathbogie Hall windows refurbishment	30	0	30	0	0	0	0	30	0	
Euroa Swimming Pool - roof over change rooms	40	0	40	0	0	0	0	40	0	
Nagambie Community Centre extention to building	10	0	0	0	10	0	0	10	0	
Nagambie High Street accessible toilet	200	200	0	0	0	0	0	200	0	
Avenel Hall	400	0	400	0	0	300	0	100	0	
Euroa Croquet Club Toilets	40	0	0	40	0	0	0	40	0	
Violet Town Oval Toilets	100	0	0	100	0	0	0	100	0	
Brock Street toilets	200	200	0	0	0	0	0	200	0	
<b>Total buildings</b>	<b>1,215</b>	<b>450</b>	<b>615</b>	<b>140</b>	<b>10</b>	<b>400</b>	<b>0</b>	<b>815</b>	<b>0</b>	
<b>TOTAL PROPERTY</b>	<b>1,215</b>	<b>450</b>	<b>615</b>	<b>140</b>	<b>10</b>	<b>400</b>	<b>0</b>	<b>815</b>	<b>0</b>	
<b>PLANT AND EQUIPMENT</b>										
<b>Plant, machinery and equipment</b>										
OH&S Programs	30	30	0	0	0	0	0	30	0	
Motor vehicles and plant	600	0	600	0	0	0	0	600	0	
<b>Total plant, machinery and equipment</b>	<b>630</b>	<b>30</b>	<b>600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>630</b>	<b>0</b>	
<b>Fixtures, fittings and furniture</b>										
<b>Computers and telecommunications</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Information technology: communications	100	5	80	15	0	0	0	100	0	
Information technology: workstation and network systems	135	0	135	0	0	0	0	135	0	
Information technology: Other	15	0	15	0	0	0	0	15	0	
<b>Total computers and telecommunications</b>	<b>250</b>	<b>5</b>	<b>230</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>	<b>0</b>	
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>880</b>	<b>35</b>	<b>830</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>880</b>	<b>0</b>	

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	
<b>INFRASTRUCTURE</b>										
<b>Roads</b>										
Special Charge Scheme - Violet Town Flood Mitigation	100	100	0	0	0	0	0	100	0	
Sealed Road Program	319	0	319	0	0	0	0	319	0	
Final Seals	410	0	410	0	0	0	0	410	0	
Shoulder Pavement Program	448	0	448	0	0	0	0	448	0	
Rehabilitation Program	1,282	0	1,282	0	0	1,027	0	255	0	
Seal Carpark Avenel Hall	36	0	0	36	0	0	0	36	0	
Binney Street Roundabout	400	0	200	200	0	0	0	400	0	
Euroa School Parking Improvements	150	0	0	150	0	0	0	150	0	
Consult & Design Parking Nagambie	50	0	0	50	0	0	0	50	0	
Birkett/Drysdale Intersection Safety Improvements	10	0	0	10	0	0	0	10	0	
Panorama Drive Roadworks	20	0	20	0	0	0	0	20	0	
Avenel School Parking	40	0	0	40	0	0	0	40	0	
Resheeting	537	0	537	0	0	0	0	537	0	
Kerb	45	0	45	0	0	0	0	45	0	
<b>Total roads</b>	<b>3,847</b>	100	3,261	486	0	1,027	0	2,820	0	
<b>Bridges</b>										
Avenel Lonwood Bridge No 63	112	0	112	0	0	112	0	0	0	
Avenel Lonwood Bridge No 59	182	0	182	0	0	182	0	0	0	
Geodetic Road Brige No 18	140	0	140	0	0	140	0	0	0	
Sheans Creek Bridge No 5	400	0	400	0	0	400	0	0	0	
McCrackens/McKenzies Road Bridge No 125	100	0	100	0	0	0	0	100	0	
Carters Road Bridge No 55	124	0	124	0	0	124	0	0	0	
Ben Kell Road Bridge No 3	154	0	154	0	0	154	0	0	0	
Griffen Road Bridge No 42	74	0	74	0	0	74	0	0	0	
Brookleigh Road Bridge No 120	250	0	250	0	0	250	0	0	0	
Bonds Lane Bridge No 144	120	0	120	0	0	120	0	0	0	
Nagambie-Rushworth Road Bridge No 75	180	0	180	0	0	180	0	0	0	
Nelsons Road Bridge	50	0	50	0	0	0	0	50	0	
Tarcombe-Ruffey Road Bridge No. 14	180	0	180	0	0	180	0	0	0	
Avenel-Longwqood Road Bridge No 62	200	0	200	0	0	200	0	0	0	
Dip Lane Bridge No 142	85	0	85	0	0	0	0	85	0	
Dip Lane Bridge No 143	190	0	190	0	0	0	0	190	0	
Abutment works	70	0	70	0	0	0	0	70	0	
Bridge designs Recreation Precinct - Friendlies Oval to Memorial Oval	10	10	0	0	0	0	0	10	0	
<b>Total bridges</b>	<b>2,621</b>	10	2,611	0	0	2,116	0	505	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
<b>Footpaths and cycleways</b>									
Footpaths	132	0	33	60	39	0	0	132	0
<b>Total footpaths and cycleways</b>	<b>132</b>	0	33	60	39	0	0	132	0
<b>Drainage</b>									
Shiffner Street Violet Town	87	0	87	0	0	0	0	87	0
Euroa flood levee	50	0	0	50	0	0	0	50	0
Garrett St Euroa extention btwn Scott & DeBoos St	100	0	0	0	100	0	0	100	0
<b>Total drainage</b>	<b>237</b>	0	87	50	100	0	0	237	0
<b>Recreational, leisure and community facilities</b>									
Seats and tables - Euroa Swimming Pool	15	0	15	0	0	0	0	15	0
New plant - Violet Town Swimming Pool	70	0	70	0	0	0	0	70	0
New bore equipment - Ruffy Tablelands Community Centre	5	0	0	5	0	0	0	5	0
New fencing - Avenel Swimming Pool	60	0	60	0	0	0	0	60	0
Seats and tables - Avenel Swimming Pool	10	0	10	0	0	0	0	10	0
Dog dropping signage in parks	5	5	0	0	0	0	0	5	0
<b>Total rec, leisure and comm'y facilities</b>	<b>165</b>	<b>5</b>	<b>155</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>165</b>	<b>0</b>
<b>Parks, open space and streetscapes</b>									
Capital works project design	50	0	50	0	0	0	0	50	0
Implementation of Violet Town Community and recreation reserve masterplan	60	0	0	60	0	0	0	60	0
<b>Total parks, open space and streetscapes</b>	<b>110</b>	0	50	60	0	0	0	110	0
<b>TOTAL INFRASTRUCTURE</b>	<b>7,112</b>	115	6,197	661	139	3,143	0	3,969	0
<b>TOTAL NEW CAPITAL WORKS 2016/17</b>	<b>9,207</b>	600	7,642	816	149	3,543	0	5,664	0

**6.2 Works carried forward from the 2015/16 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	
<b>PROPERTY</b>										
<b>Buildings</b>										
Nagambie Glass Square Bowling Club Rooms	30	0	30	0	0	0	0	30	0	
Nagambie Glass Square Tennis Club Rooms	20	0	20	0	0	0	0	20	0	
Violet Town Bowls Club Shed	15	0	15	0	0	0	0	15	0	
Euroa Saleyards Redevelopment - Stage 2	385	0	115	270	0	385	0	0	0	
<b>Total buildings</b>	<b>450</b>	0	180	270	0	385	0	65	0	
<b>TOTAL PROPERTY</b>	<b>450</b>	0	180	270	0	385	0	65	0	
<b>PLANT AND EQUIPMENT</b>										
<b>Computers and telecommunications</b>										
IT: workstation and network systems	95	0	95	0	0	0	0	95	0	
<b>Total Computers and telecommunications</b>	<b>95</b>	0	95	0	0	0	0	95	0	
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>95</b>	0	95	0	0	0	0	95	0	
<b>INFRASTRUCTURE</b>										
<b>Roads</b>										
Birkett Street Railway Pedestrian Crossing	138	138	0	0	0	0	0	138	0	
Euroa Mansfield Rd Sevens Crk to Anderson Stage 1	130	0	130	0	0	65	0	65	0	
O'Connors-Grant Mangalore-Upgrade for School Bus	5	0	0	5	0	0	0	5	0	
<b>Total roads</b>	<b>273</b>	138	130	5	0	65	0	208	0	
<b>Bridges</b>										
Curries Rd Bridge No. 30 Re-deck	60	0	60	0	15	0	45	0	0	
Cullens Rd Bridge No. 86 Replace	380	0	380	0	280	0	100	0	0	
Geodetic Bridge No.19	140	0	140	0	140	0	0	0	0	
Halsalls Lane Bridge	60	0	60	0	60	0	0	0	0	
<b>Total bridges</b>	<b>640</b>	0	640	0	0	495	0	145	0	
<b>Drainage</b>										
Rowe St Euroa Sage 1 between Garrett and Birkett	117	0	117	0	0	0	0	117	0	
Nagambie Industrial Area Drainage - Scope	43	0	43	0	0	0	0	43	0	
Nagambie Industrial Area Drainage - Implementation	43	0	43	0	0	0	0	43	0	
Nagambie Drainage Retention Dam	60	0	60	0	0	0	0	60	0	
<b>Total drainage</b>	<b>263</b>	0	263	0	0	0	0	263	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
<b>Parks, open space and streetscapes</b>									
Create Easements for Flood Levees	15	15	0	0	0	0	0	15	0
Euroa Skate Park ShadeSail	15	15	0	0	0	0	0	15	0
Nagambie Oval	15	0	15	0	0	0	0	15	0
Avenel Oval	14	0	14	0	0	0	0	14	0
Violet Town Oval	15	0	15	0	0	0	0	15	0
Longwood Oval	30	0	30	0	0	0	0	30	0
Longwood Recreation Reserve Tree Removal	30	0	0	30	0	0	0	30	0
<b>Total parks, open space and streetscapes</b>	<b>134</b>	<b>30</b>	<b>74</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>1,310</b>	<b>168</b>	<b>1,107</b>	<b>35</b>	<b>0</b>	<b>560</b>	<b>0</b>	<b>750</b>	<b>0</b>
<b>TOTAL CARRIED FWD WORKS 2014/15</b>	<b>1,855</b>	<b>168</b>	<b>1,382</b>	<b>305</b>	<b>0</b>	<b>945</b>	<b>0</b>	<b>910</b>	<b>0</b>
<b>6.3 Summary</b>									
PROPERTY	1,665	450	795	410	10	785	0	880	0
PLANT AND EQUIPMENT	975	35	925	15	0	0	0	975	0
INFRASTRUCTURE	8,422	283	7,304	696	139	3,703	0	4,719	0
<b>TOTAL CAPITAL WORKS</b>	<b>11,062</b>	<b>768</b>	<b>9,024</b>	<b>1,121</b>	<b>149</b>	<b>4,488</b>	<b>0</b>	<b>6,574</b>	<b>0</b>

## **7. Rates and charges**

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

### **7. Rates and charges**

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 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 State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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 2.5% in line with the rate cap. This will raise total rates and charges for 2016/17 of \$17.91 million, including \$0.11 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	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.5334707	<b>0.5225790</b>	-2.04%
General rate for rateable vacant residential properties	0.9335737	<b>0.9145133</b>	-2.04%
General rate for rateable farm properties	0.4534501	<b>0.4441922</b>	-2.04%
General rate for rateable commercial/industrial properties	0.6401648	<b>0.6270948</b>	-2.04%
General rate for rateable vacant comm/ind properties	1.1202885	<b>1.0974160</b>	-2.04%

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	5,858,111	<b>6,044,197</b>	3.2%
Vacant residential	566,293	<b>540,165</b>	-4.6%
Farm	6,099,690	<b>6,502,128</b>	6.6%
Commercial/industrial	634,004	<b>694,441</b>	9.5%
Vacant commerical/industrial	8,660	<b>10,469</b>	20.9%
<b>Total amount to be raised by general rates</b>	<b>13,166,758</b>	<b>13,791,400</b>	4.7%

**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	2015/16 \$	2016/17 \$	Change
Residential	4,346	4,426	1.84%
Vacant residential	403	409	1.49%
Farm	2,202	2,218	0.73%
Commercial/industrial	284	300	5.63%
Vacant commerical/industrial	7	7	0.00%
<b>Total number of assessments</b>	<b>7,242</b>	<b>7,360</b>	<b>1.10%</b>

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

**7.5 The estimated total value of each type or class of land, and the estimated total value of land,**

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	1,104,691,540	1,170,033,490	105.9%
Vacant residential	60,658,580	59,065,810	97.4%
Farm	1,345,173,405	1,463,809,635	108.8%
Commercial/industrial	99,037,570	110,739,430	111.8%
Vacant commerical/industrial	773,000	954,000	123.4%
<b>Total value of land</b>	<b>2,610,334,095</b>	<b>2,804,602,365</b>	<b>107.4%</b>

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	266	266	0.00%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Municipal	1,753,121	1,776,494	1.33%

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

Type of Charge	Per Rateable Property 2015/16	Per Rateable Property 2016/17	Change
	\$	\$	
Kerbside collection - 80 litre	339	339	0.00%
Kerbside collection - 120 litre	339	339	0.00%
Kerbside collection - 240 litre	679	679	0.00%
Recycling - 120 Litre	168	161	-4.17%
Recycling - 240 Litre	168	161	-4.17%
Recycling - 360 Litre	168	161	-4.17%
Organics collection - 120 Litre	N/A	N/A	0.00%
Organics collection - 240 Litre	N/A	N/A	0.00%
Kerbside/recycling/organics	507	500	-1.38%
Kerbside/organics	339	339	0.00%
Tree management service charge	25	25	0.00%

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

Type of Charge	2015/16	2016/17	Change
	\$	\$	
Kerbside/recycling/organics		1,555,960	
Kerbside		453,896	
Recycling		164,689	
Kerbside/recycling/organics	1,729,964		-100.0%
Kerbside/organics	114,228		-100.0%
Kerbside	103,808		-100.0%
Tree management service charge	163,325	166,814	2.14%
<b>Total</b>	<b>2,111,325</b>	<b>2,341,359</b>	<b>10.90%</b>

Note: The method of data management for the enhanced waste management system implemented in 2015/16 varies from 2015/16 budget structure and detailed comparative data is not readily available. Detailed comparative data will be available for future years.

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

Type of Charge	2015/16	2016/17	Change
	\$	\$	
General rates (excluding CIV growth)	13,166,758	13,496,439	2.50%
- Budgeted growth in CIV 2016/17		111,800	
- Greater than budgeted growth in CIV 2015/16		183,161	
Municipal charge	1,753,121	1,776,494	1.33%
Kerbside collection/recycling/organics	1,948,000	2,174,545	11.63%
Tree management service charge	163,325	166,814	2.14%
<b>Rates and charges</b>	<b>17,031,204</b>	<b>17,909,253</b>	<b>5.16%</b>

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

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

- The making of supplementary valuations (2016/17: estimated \$0.11 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 0.5225790% (0.5225790 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 0.9145133% (0.9145133 cents in the dollar of CIV) for all rateable Vacant Residential properties.
- A differential rate of 0.4441922% (0.4441922 cents in the dollar of CIV) for all rateable Farm properties.
- A differential rate of 0.6270948% (0.6270948 cents in the dollar of CIV) for all rateable Commercial/Industrial properties.
- A differential rate of 1.0974160% (1.0974160 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.

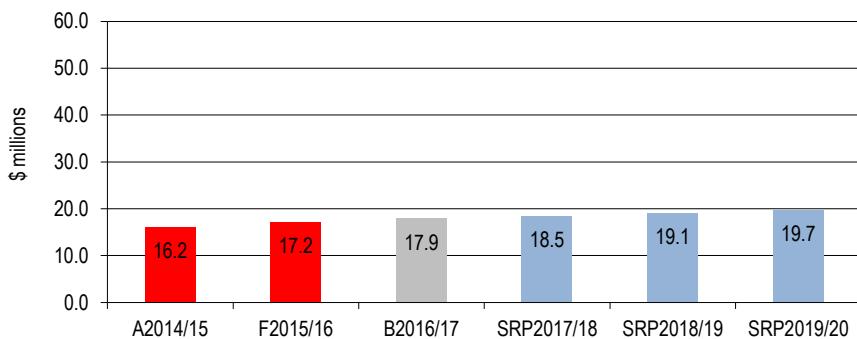
This section includes the following analysis and information.

- 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 2016/17 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

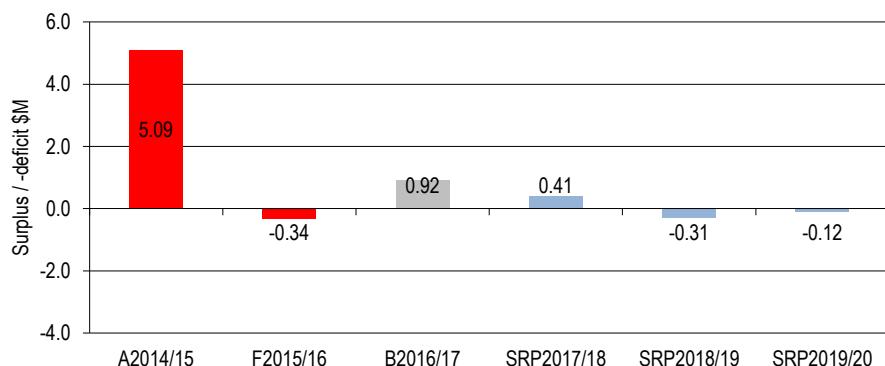
### 8.1 Rates and charges



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

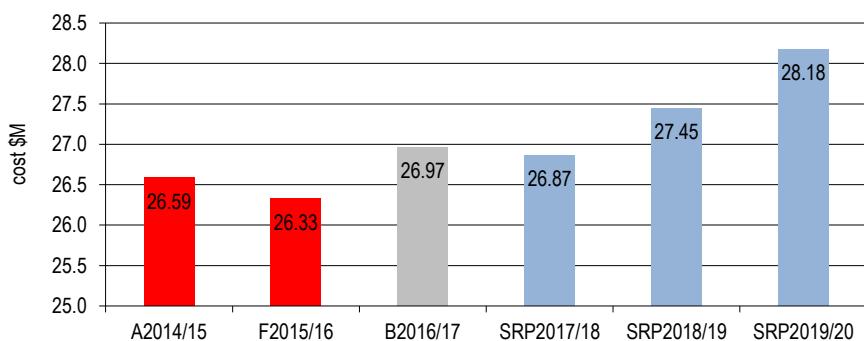
It is proposed that the average rates, including the municipal charge, increase by 2.5% for the 2016/17 year, raising total rates of \$15.58 million, including \$0.11 million (0.74%) generated from supplementary rates. The increase in total rates and charges is 4.27%. Factors contributing to the additional 1.03% are greater than anticipated growth in the rate base for 2015/16 and an increase in the number of waste management services delivered. This rate increase of 2.5% is in line with the rate cap set by the Minister for Local Government. (The rate increase for the 2015/16 year was 4.0%). Refer Sections 7 and 10 for more information.

### 8.2 Operating result



The expected operating result for the 2016/17 year is a surplus of \$0.95 million, which is an increase of \$1.26 million over 2015/16. The improved operating result is due mainly to the timing of grants from the Victorian Grants Commission. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$0.28 million, which is an increase of \$1.79 million over 2015/16 - refer to section 7 of this summary for further information. (The forecast operating result for the 2015/16 year is a deficit of \$0.34 million).

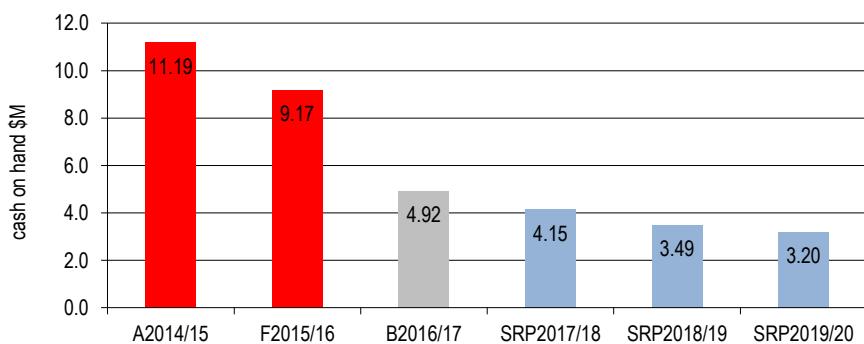
### **8.3 Services**



The cost of services delivered to the community for the 2016/17 year is expected to be \$26.97 million. For the 2016/17 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2015/16 year is \$26.33 million).

Refer Section 2 for a list of services

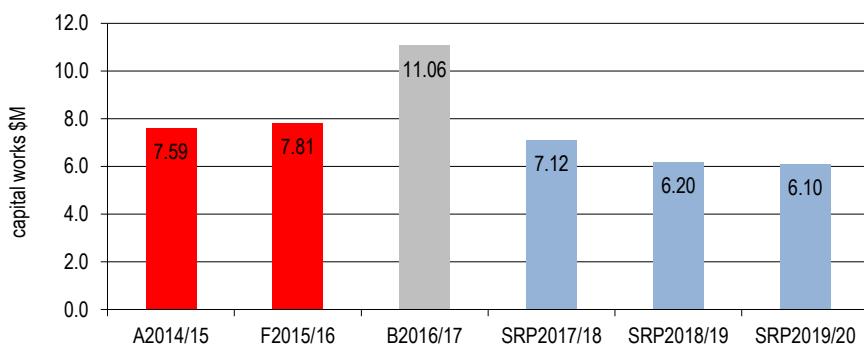
### **8.4 Cash and investments**



Cash and investments are expected to decrease by \$4.25 million during the year to \$4.92 million as at 30 June 2017. This is due mainly to the utilisation of available cash resources to fund Council's infrastructure renewal effort which includes capital works of \$1.86 million carried forward from 2015/16 . The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$9.17 million as at 30 June 2016).

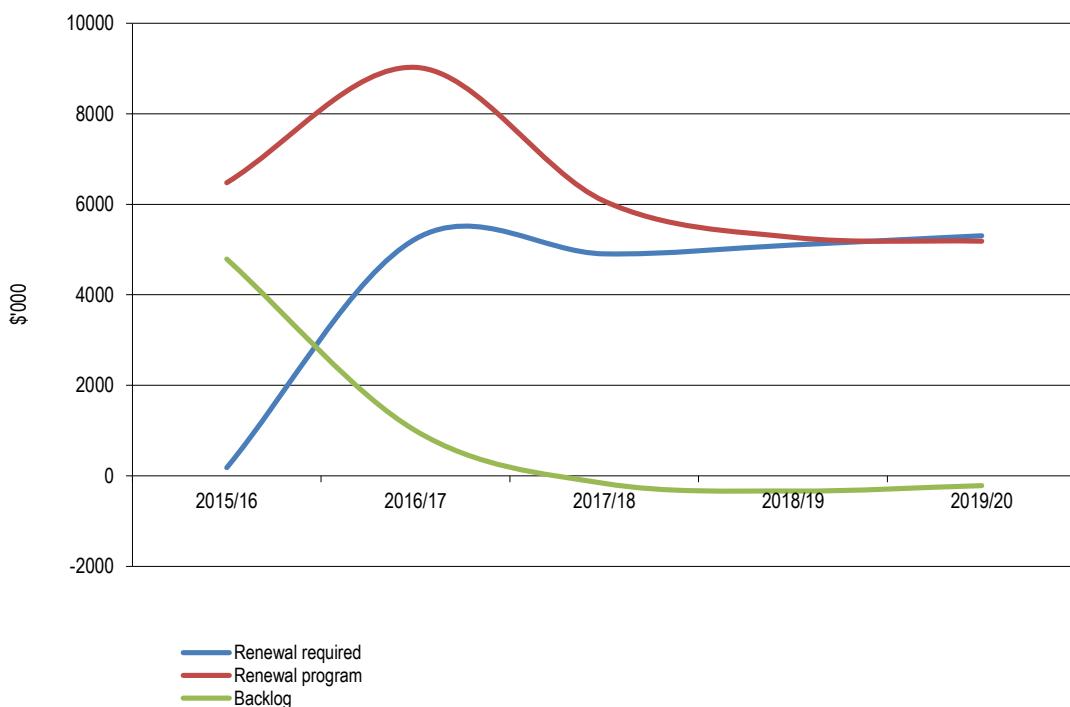
Refer also Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

## 8.5 Capital works



The capital works program for the 2016/17 year is expected to be \$11.06 million. Of this total \$1.86 million is budgeted to be carried forward from the 2015/16 year. Of the \$11.06 million of capital funding required, \$3.54 million will come from external grants with the balance of \$7.52 million from Council cash. The Council cash amount comprises asset sales (\$0.97 million), cash generated through operations in the 2016/17 financial year (\$4.69 million) and unrestricted cash and investments (\$1.86 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 \$7.81 million for the 2015/16 year).

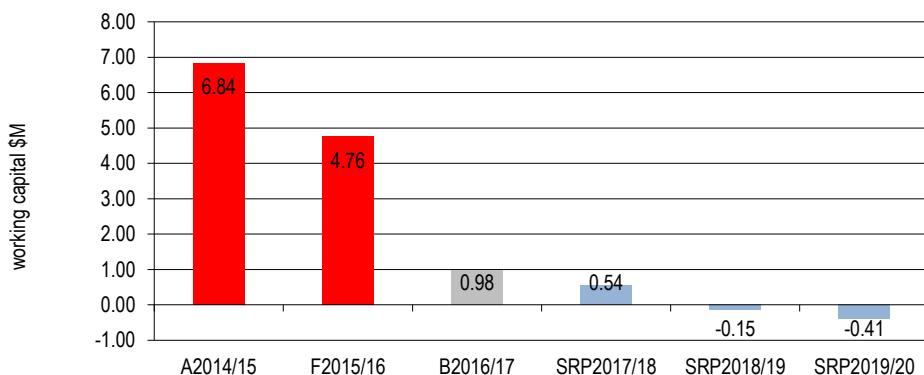
The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.



The asset renewal program of \$9.02 million for the 2016/17 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.

## 8.6 Financial position

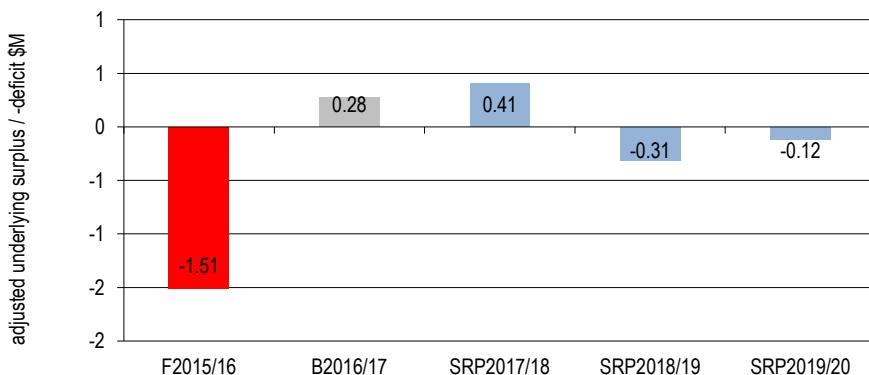


The financial position is expected to improve with net assets (net worth) to increase by \$0.92 million to \$269.18 million although net current assets (working capital) will reduce by \$3.78 million to \$0.98 million as at 30 June 2017. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$268.26 million as at 30 June 2016).

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 4 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

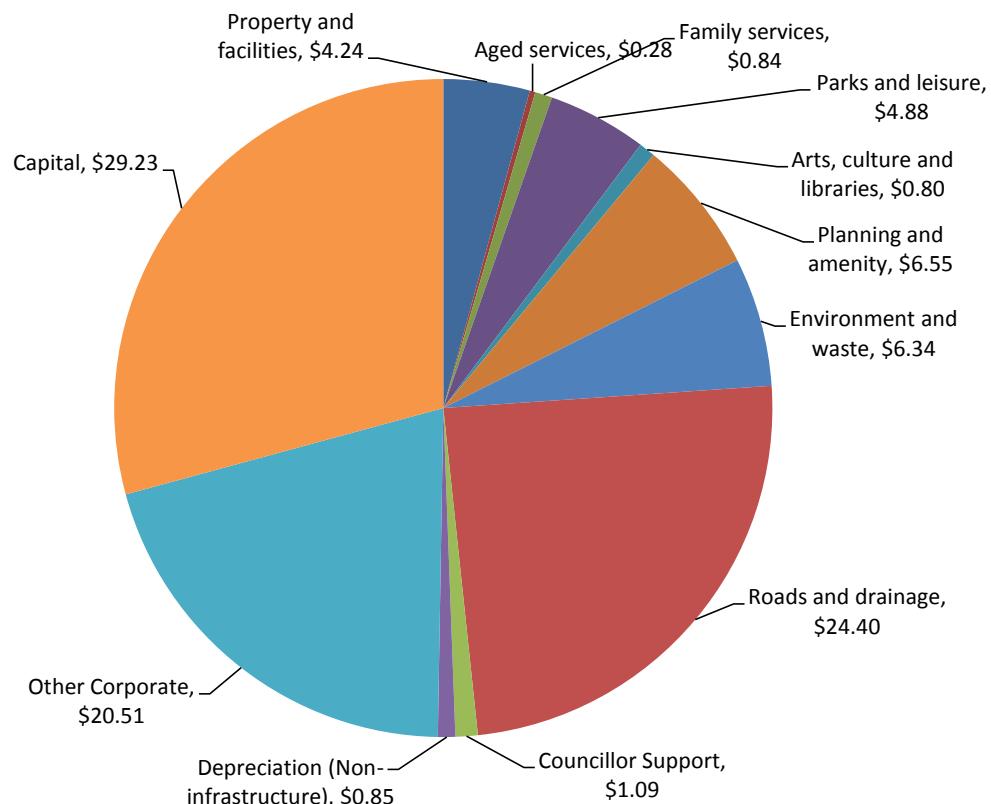
## 8.7 Financial sustainability



A high level Strategic Resource Plan for the years 2015/16 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is 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 main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends. Council overheads, governance costs and administrative costs are allocated to our external facing services using an internal overhead allocation model.

## **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 Strathbogie Shire Council**

Strathbogie 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.

Strathbogie 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**

In June 2011, the resident population of the shire was 10,060 people. 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 2016/17 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 2.20% for 2016/17;
- Consumer Price Index (CPI) increases of less than 3% per annum;
- Receipt of significant capital works funding of \$3.50 million;
- Introduction 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 2016/17 Budget. These include:

- Council's continuing support for shared services arrangements with other councils; 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 2015/16 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 2015/16 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 2016 to 2020 (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 2016/17 year.

### 10.1 Budgeted income statement

	Ref	Forecast		
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Total income	10.2	25,996	27,886	1,890
Total expenses	10.3	(26,331)	(26,966)	(635)
<b>Surplus (deficit) for the year</b>		<b>(335)</b>	<b>920</b>	1,255
Grants –non-recurrent capital	10.2.6	(1,074)	(525)	549
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources	10.2.4	(100)	(115)	(15)
<b>Adjusted underlying surplus (deficit)</b>		<b>(1,509)</b>	<b>280</b>	<b>1,789</b>

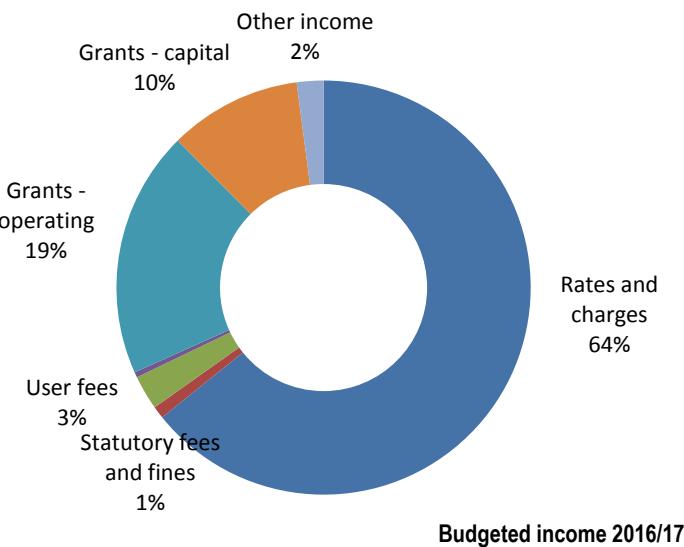
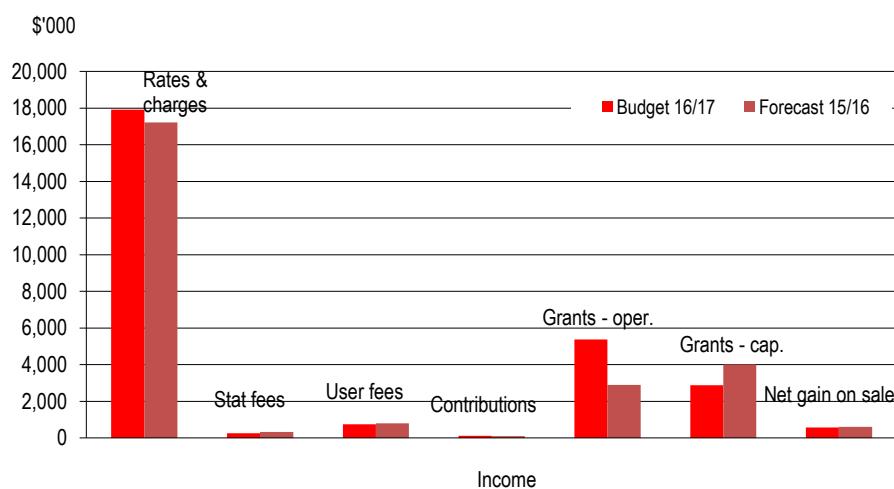
#### 10.1.1 Adjusted underlying result (\$1.79 million increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a surplus of \$0.28 million which is an increase of \$1.79 million from the 2015/16 year. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

The variance primarily relates to the prepayment in June 2015 of Victorian Grants Commission funding for 2015/16 (\$2.49 million).

## 10.2 Income

Income Types	Ref	Forecast		Variance \$'000
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
Rates and charges	10.2.1	17,225	17,909	684
Statutory fees and fines	10.2.2	329	267	(62)
User fees	10.2.3	807	751	(56)
Contributions - monetary	10.2.4	100	115	15
Grants - operating	5.1.1	2,905	5,377	2,472
Grants - capital	5.1.2	4,019	2,887	(1,132)
Other income	10.2.5	611	580	(31)
<b>Total income</b>		<b>25,996</b>	<b>27,886</b>	1,890



Source: Section 3

#### **10.2.1 Rates and charges (\$0.68 million increase)**

It is proposed that income raised by all rates and charges be increased by 3.97% or \$0.68 million over 2015/16 to \$17.91 million. General rates and the Municipal Charge are proposed to increase a combined 2.5%, with the Municipal Charge remaining unchanged at \$266. Waste management charges are to remain at 2015/16 levels with the exception of the combined garbage/recycling/organics charge which is proposed to reduce from \$507 to \$500. The difference between the percentage increase for total rates and charges (3.97%) and the proposed rates increase of 2.5% is the result of a budgeted 0.74% growth in the rate base for 2016/17, a greater than anticipated increase in the rates base for 2015/16, and an increase in the number of waste management services.

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

#### **10.2.2 Statutory fees and fines (\$0.06 million decrease)**

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations and *Public Health and Wellbeing Act 2008* registrations. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees are forecast to decrease by 18.8% or \$0.06 million compared to 2015/16. Statutory Planning fees have been budgeted to decrease by \$0.02 million from the higher than anticipated 2015/16 levels and health registrations are expected to reduce by \$0.01 million.

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

#### **10.2.3 User fees (\$0.06 million decrease)**

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.

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

#### **10.2.4 Contributions - monetary (\$0.02 million increase)**

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 are projected to increase by \$0.02 million compared to 2015/16.

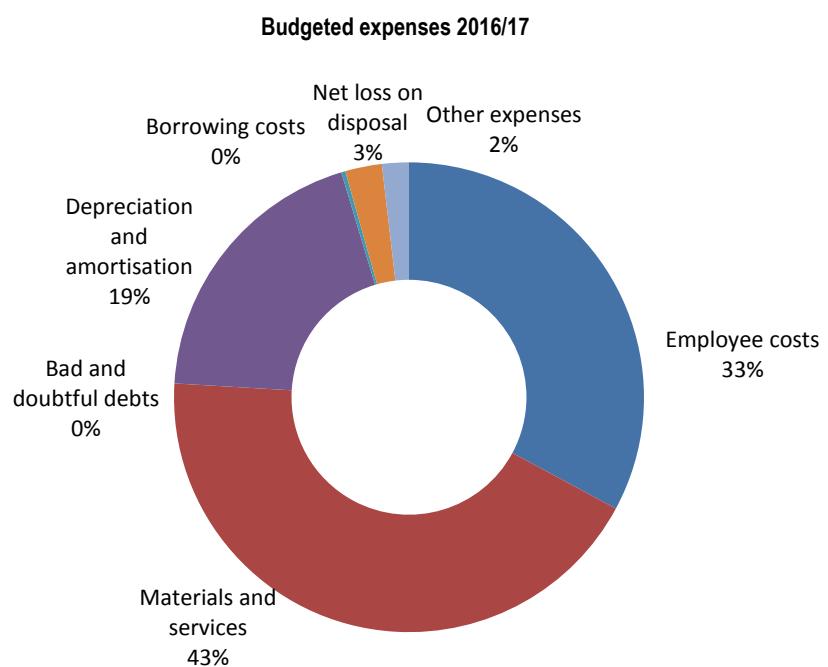
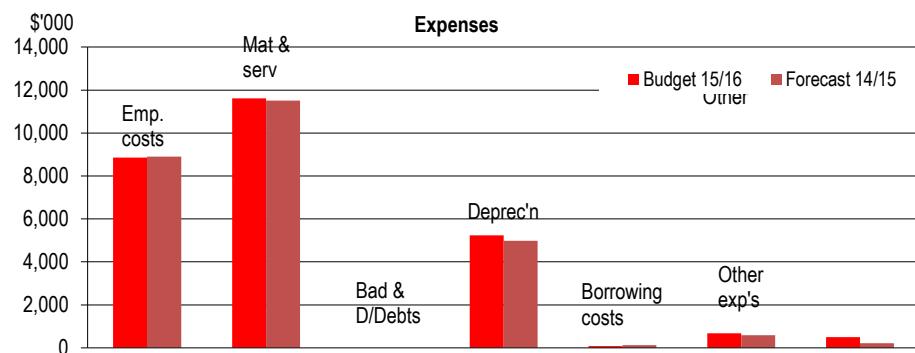
#### **10.2.5 Other income (\$0.03 million decrease)**

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 5.1% or \$0.03 million compared to 2015/16. The decrease is mainly attributable to a forecast decline in investment revenue compared to 2015/16 as a result of lower levels of invested funds.

### 10.3 Expenses

Expense Types	Ref	Forecast		Budget 2016/17 \$'000	Variance \$'000
		Actual 2015/16 \$'000	2016/17 \$'000		
Employee costs	10.3.1	8,908	8,862	(46)	
Materials and services	10.3.2	11,516	11,615	99	
Bad and doubtful debts	10.3.3	0	0	0	
Depreciation and amortisation	10.3.4	4,982	5,234	252	
Borrowing costs	10.3.5	120	76	(44)	
Net loss on disposal of property, infrastructure, plant and equipment	10.3.6	591	681	90	
Other expenses	10.3.7	214	498	284	
<b>Total expenses</b>		<b>26,331</b>	<b>26,966</b>		<b>635</b>



Source: Section 3

### 10.3.1 Employee costs (\$0.05 million decrease)

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 decrease by 0.5% or \$0.05 million compared to 2015/16. This increase relates to two key factors:

- Renegotiation of Council's Enterprise Bargaining Agreement (EBA) which applies a 2.20% increment for 2016/17.
- Impact of organisation restructure in 2015/16 and consequent savings in 2016/17.

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

Department	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Executive	341	341	0
Corporate and community	2,062	1,259	803
Sustainable development	1,521	1,158	363
Assets	4,717	4,094	623
Total permanent staff expenditure	8,641	6,852	1,789
Casuals and other expenditure	221		
Total operating employee costs	8,862		
Capitalised labour costs	80		
<b>Total expenditure</b>	<b>8,942</b>		

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

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Executive	2	2	
Corporate and community	22	12	10
Sustainable development	17	12	5
Assets	55	48	8
<b>Total</b>	<b>96</b>	<b>74</b>	<b>23</b>
Casuals and other	2		
Capitalised labour costs	1		
<b>Total staff</b>	<b>99</b>		

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

Department	Service Unit	Forecast		
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Executive		317	341	24
Corporate and community		2,075	2,136	61
Sustainable development		1,514	1,521	7
Assets		5,002	4,864	(138)
		8,908	8,862	(46)

### **10.3.2 Materials and services (\$0.10 million increase)**

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by 0.86% or \$0.10 million compared to 2015/16.

### **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 (\$0.25 million 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 \$0.25 million for 2016/17 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 2016/17 year.

### **10.3.5 Borrowing costs (\$0.04 million 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 (\$0.09 increase)**

Proceeds from the disposal of Council assets is forecast to be \$0.97 million for 2016/17 and relates to the sale of land at the former Nagambie works depot (\$0.67 million) and the planned cyclical replacement of part of the plant and vehicle fleet (\$0.30 million). The written down value of assets sold is forecast to be \$1.15 million.

This item also includes the written down value of assets replaced (\$0.50 million)

### **10.3.7 Other expenses (\$0.28 million increase)**

Other expenses relate to a range of unclassified items including Councillor allowances and expenses. The increase relates to a 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 2016/17 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

- **Operating activities** - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.
- **Investing activities** - Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.
- **Financing activities** - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal component of loan repayments for the year.

### 11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	11.1.1			
<i>Receipts</i>				
Rates and charges		17,145	17,909	764
User fees and fines		1,136	1,018	(118)
Grants - operating		2,905	5,376	2,471
Grants - capital		4,977	2,887	(2,090)
Interest		270	210	(60)
Other receipts		711	485	(226)
		<b>27,144</b>	<b>27,885</b>	741
<i>Payments</i>				
Employee costs		(9,558)	(8,861)	697
Other payments		(11,731)	(12,113)	(382)
		<b>(21,289)</b>	<b>(20,974)</b>	315
<b>Net cash provided by operating activities</b>		<b>5,855</b>	<b>6,911</b>	1,056
<b>Cash flows from investing activities</b>	11.1.2			
Payments for property, infrastructure, plant & equip.		(7,806)	(11,062)	(3,256)
Proceeds from sale of property, infrastructure, plant and equipment		490	970	480
Payments for landfill rehabilitation		0	(524)	(524)
<b>Net cash used in investing activities</b>		<b>(7,316)</b>	<b>(10,616)</b>	(3,300)
<b>Cash flows from financing activities</b>	11.1.3			
Finance costs		(120)	(76)	44
Proceeds from borrowings		0	0	0
Repayment of borrowings		(433)	(472)	(39)
<b>Net cash used in financing activities</b>		<b>(553)</b>	<b>(548)</b>	5
<b>Net decrease in cash and cash equivalents</b>		<b>(2,014)</b>	<b>(4,253)</b>	(2,239)
Cash and cash equivalents at the beginning of the year		11,188	9,174	(2,014)
<b>Cash and cash equivalents at end of the year</b>	11.1.4	<b>9,174</b>	<b>4,921</b>	(4,253)

### 11.1.1 Operating activities (\$1.06 million increase)

The increase in receipts from operating activities is due mainly to increased rates and charges (\$0.76 million) and operating grants (\$2.47 million) offset by decreased capital grants (\$2.09 million). The decrease in payments for operating activities is due to decreased employee payments (\$0.70 million) and increased other other payments (\$0.38 million). The decrease in employee payments for 2016/17 is primarily the consequence of abnormal employee provision payments in 2015/16, resulting from organisation restructure and consequent redundancy payments.

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

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Surplus (deficit) for the year</b>	<b>(335)</b>	<b>920</b>	1,255
Depreciation	4,982	5,234	252
Loss (gain) on disposal of property, infrastructure, plant & equipment	(591)	(681)	(90)
Finance costs	120	76	(44)
Net movement in current assets and liabilities	1,679	1,362	(317)
<b>Cash flows available from operating activities</b>	<b>5,855</b>	<b>6,911</b>	1,056

### 11.1.2 Investing activities (\$3.30 million increase)

The increase relates primarily to works carried forward from 2015/16 (\$1.86 million). Council has maintained a high level of capital works, with continuing emphasis on infrastructure asset renewal. The capital works budget of \$11.06 million is detailed in Sections 6 and 12 of this budget.

### 11.1.3 Financing activities (\$0.01 decrease)

For 2016/17 the total of principal repayments is \$0.47 million and finance charges is \$0.08 million.

### 11.1.4 Cash and cash equivalents at end of the year (\$4.25 million decrease)

Overall, total cash and investments is forecast to decrease by \$4.25 million to \$4.92 million as at 30 June 2017, reflecting Council's strategy of using excess cash and investments for infrastructure renewal, including capital works carried forward from 2015/16 (\$1.86 million). 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 2017 it will have cash and investments of \$4.92 million, which has been restricted as shown in the following table.

	Ref	Forecast		
		Actual 2016 \$'000	Budget 2017 \$'000	Variance \$'000
<b>Total cash and investments</b>		<b>9,174</b>	<b>4,921</b>	(4,253)
Restricted cash and investments				
- Statutory reserves	11.2.1	(100)	(100)	0
- Cash held to carry forward capital works	11.2.2	(1,860)	0	1,860
- Trust funds and deposits		0	0	0
<b>Unrestricted cash and investments</b>	11.2.3	<b>7,214</b>	<b>4,821</b>	(2,393)
- Discretionary reserves	11.2.4	(600)	(600)	0

<b>Unrestricted cash adjusted for discretionary reserves</b>	11.2.5	<b>6,614</b>	<b>4,221</b>	<b>(2,393)</b>
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#### **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 \$1.86 million in capital works to be carried forward to 2016/17.

#### **11.2.3 Unrestricted cash and investments (\$4.22 million)**

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

#### **11.2.4 Discretionary reserves (\$0.60 million)**

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 (\$4.22 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.

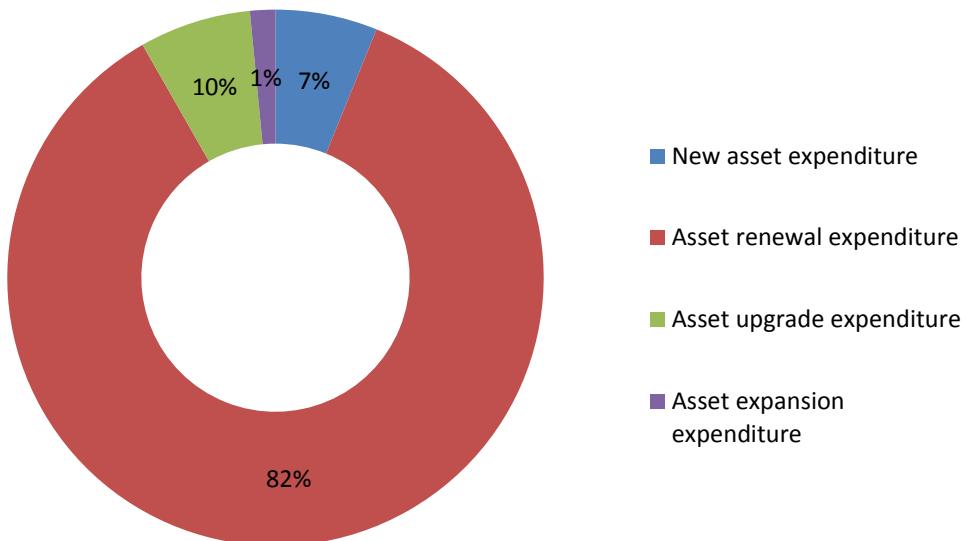
## 12. Analysis of capital budget

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 \$'000
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
<b>Works carried forward</b>	12.1.1			
<b>Property</b>				
Buildings		536	450	(86)
<b>Total buildings</b>		536	450	(86)
<b>Total property</b>		536	450	(86)
<b>Plant and equipment</b>				
Computers and telecommunications		0	95	95
<b>Total plant and equipment</b>		0	95	95
<b>Infrastructure</b>				
Roads		0	273	273
Bridges		245	640	395
Drainage		0	263	263
Waste management		0	0	0
Parks, open space and streetscapes		7	134	127
<b>Total infrastructure</b>		252	1,310	785
<b>Total works carried forward</b>		788	1,855	794
<b>New works</b>				
<b>Property</b>	12.1.2			
Land		100		
Buildings		754	1,215	461
<b>Total buildings</b>		854	1,215	461
<b>Total property</b>		854	1,215	461
<b>Plant and equipment</b>	12.1.3			
Plant, machinery and equipment		670	630	(40)
Fixtures, fittings and furniture		0	0	0
Computers and telecommunications		282	250	(32)
<b>Total plant and equipment</b>		952	880	(72)
<b>Infrastructure</b>	12.1.4			
Roads		4,230	3,847	(383)
Bridges		506	2,621	2,115
Footpaths and cycleways		231	132	(99)
Drainage		163	237	74
Recreational, leisure and community		0	165	165
Parks, open space and streetscapes		82	110	28
<b>Total infrastructure</b>		5,212	7,112	1,900
<b>Total new works</b>		7,018	9,207	2,289
<b>Total capital works expenditure</b>		7,806	11,062	3,083
<b>Represented by:</b>				
New asset expenditure	12.1.5	566	768	202
Asset renewal expenditure	12.1.5	6,476	9,024	2,548
Asset upgrade expenditure	12.1.5	764	1,121	357
Asset expansion expenditure	12.1.5	0	149	149
<b>Total capital works expenditure</b>		7,806	11,062	3,256

**Budgeted capital works 2016/17**



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

#### **12.1.1 Carried forward works (\$1.86 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 2015/16 year it is forecast that \$1.86 million of capital works will be carried forward.

#### **12.1.2 Property (\$1.22 million)**

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

For the 2016/17 year, \$1.08 million will be expended on building and building improvement projects. The more significant projects include works on Avenel Hall (\$400,000), Nagambie Accessible Toilets (\$200,000), Brock Street, Euroa Toilets (\$200,000) Violet Town Oval Toilets (\$100,000)and Nagambie Library (\$110,000)

#### **12.1.3 Plant and equipment (\$0.88 million)**

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

For the 2016/17 year, \$0.88 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$630,000), upgrade and replacement of information technology (\$250,000).

#### **12.1.4 Infrastructure (\$7.11 million)**

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

For the 2016/17 year, \$3.85 million will be expended on road projects. Details of the proposed roads works are provided in Section 6.

\$237,000 will be expended on drainage projects. The more significant of these include the Garrett Street Euroa Extension and Stiffner Street Violet Town (\$87,000)

\$2.62 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.

Other infrastructure expenditure includes \$132,000 on the extension and rehabilitation of Council footpaths and pathways and the upgrade of facilities at Council pools \$165,000.

#### **12.1.5 Asset renewal (\$9.02 million), new assets (\$0.77 million), upgrade (\$0.94 million) and expansion (\$0.15 million)**

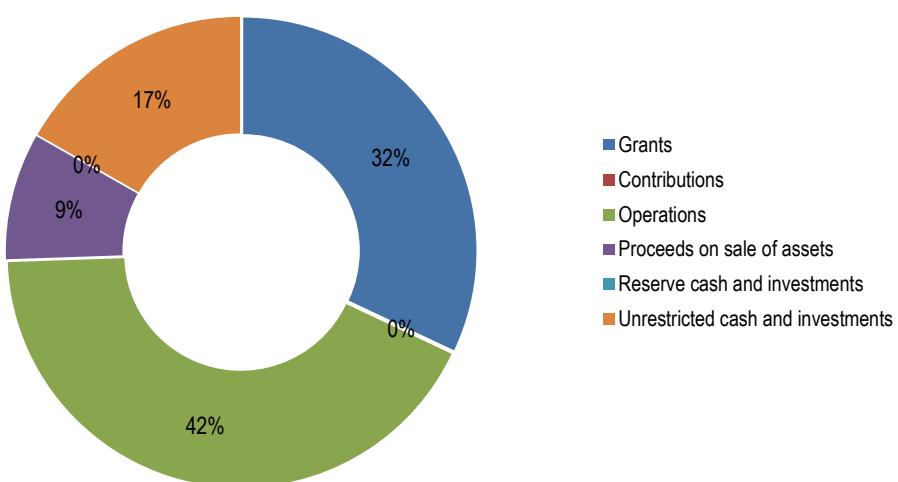
A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have 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 2016/17 financial year (\$2.62 million). Council will spend a further \$3.81 million on road reconstruction, reseals and resheeting during the year.

## 12.2 Funding sources

Sources of funding	Ref	Forecast		Budget 2016/17 \$'000	Variance \$'000			
		Actual 2015/16 \$'000	2015/16 \$'000					
<b>Works carried forward</b>								
<i>Current year funding</i>								
Grants		0	0	0	0			
Contributions		0	0	0	0			
Borrowings		0	0	0	0			
Council cash		0	0	0	0			
- operations		0	0	0	0			
- proceeds on sale of assets		0	0	0	0			
- reserve cash and investments		0	0	0	0			
- unrestricted cash and investments		0	1,855	1,855				
<b>Total works carried forward</b>	12.2.1	<b>0</b>	<b>1,855</b>	<b>1,855</b>				
 <b>New works</b>								
<i>Current year funding</i>								
Grants	12.2.2	4,019	3,543	(476)				
Contributions		0	0	0	0			
Borrowings		0	0	0	0			
Council cash								
- operations	12.2.3	3,273	4,694	1,421				
- proceeds on sale of assets	12.2.4	490	970	480				
- reserve cash and investments		0	0	0	0			
- unrestricted cash and investments		0	0	0	0			
<b>Total new works</b>		<b>7,782</b>	<b>9,207</b>	<b>1,425</b>				
<b>Total funding sources</b>		<b>7,782</b>	<b>11,062</b>	<b>3,280</b>				

Budgeted total funding sources 2016/17



Source: Section 6

#### **12.2.1 Carried forward works (\$1.86 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 2015/16 year it is forecast that \$1.86 million of capital works will be carried forward.

#### **12.2.2 Grants - Capital (\$3.54 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 (\$4.69 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$4.69 million will be generated from operations to fund the 2016/17 capital works program.

#### **12.2.4 Council cash - proceeds from sale of assets (\$0.97 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, \$970,000.

## 13. Analysis of budgeted financial position

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

### 13.1 Budgeted balance sheet

	Ref	Forecast Actual 2015 \$'000	Budget 2017 \$'000	Variance \$'000
<b>Current assets</b>	13.1.1			
Cash and cash equivalents		9,174	4,921	(4,253)
Trade and other receivables		1,613	1,692	79
Other assets		143	144	1
<b>Total current assets</b>		<b>10,930</b>	<b>6,757</b>	(4,173)
<b>Non-current assets</b>	13.1.1			
Trade and other receivables		247	247	0
Property, infrastructure, plant and equipment		265,707	269,885	4,178
<b>Total non-current assets</b>		<b>265,954</b>	<b>270,132</b>	4,178
<b>Total assets</b>		<b>276,884</b>	<b>276,889</b>	5
<b>Current liabilities</b>	13.1.2			
Trade and other payables		3,238	2,797	441
Provisions		2,457	2,457	0
Interest-bearing loans and borrowings		473	522	(49)
<b>Total current liabilities</b>		<b>6,168</b>	<b>5,776</b>	392
<b>Non-current liabilities</b>	13.1.2			
Provisions		1,250	1,250	0
Interest-bearing loans and borrowings		1,209	685	524
<b>Total non-current liabilities</b>		<b>2,459</b>	<b>1,935</b>	524
<b>Total liabilities</b>		<b>8,627</b>	<b>7,711</b>	916
<b>Net assets</b>		<b>268,257</b>	<b>269,178</b>	921
<b>Equity</b>	13.1.4			
Accumulated surplus		81,290	82,211	921
Reserves		186,967	186,967	0
<b>Total equity</b>		<b>268,257</b>	<b>269,178</b>	921

Source: Section 3

#### 13.1.1 Current Assets (\$4.17 million decrease) and Non-Current Assets (4.17 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$4.17 million during the year mainly to fund the capital works program during the year including capital works carried forward from 2015/16 of \$1.86 million.

Trade and other receivables are monies owed to Council by ratepayers and others. Debtors are expected to increase by \$0.08 million.

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

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$4.18 million increase in this balance is attributable to the net result of the capital works program (\$11.06 million of new assets), depreciation of assets (\$5.23 million), the sale of property, plant and equipment (\$1.15 million) and the written down value of assets replaced (\$0.50 million).

### **13.1.2 Current Liabilities (\$0.39 million decrease) and Non Current Liabilities (\$0.52 million decrease)**

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to decrease by \$0.44 million.

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 \$0.47 million over the year.

### **13.1.3 Working Capital (\$3.78 million 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
	2015	2017	
	\$'000	\$'000	\$'000
<b>Current assets</b>	10,930	6,757	4,173
<b>Current liabilities</b>	6,168	5,776	392
<b>Working capital</b>	4,762	981	3,781
Restricted cash and investment current assets			
- Statutory reserves	(100)	(100)	0
<b>Unrestricted working capital</b>	<b>4,662</b>	<b>881</b>	<b>3,781</b>

In addition to the restricted cash shown above, Council is also projected to hold \$0.6 million in discretionary reserves at 30 June 2017. 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 (\$0.92 million increase)**

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of \$0.92 million results directly from the operating surplus for the year.

During the year an amount of \$0.40 million is budgeted to be transferred from accumulated surplus to discretionary reserves. This reserve is for planned future bridge capital works.

#### **13.2 Key assumptions**

In preparing the Budgeted Balance Sheet for the year ending 30 June 2017 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 2015/16 levels.
- Trade and other payables remain consistent with 2015/16 levels.
- Other debtors and creditors to remain consistent with 2015/16 levels.
- Employee entitlements to be increased generally in line with award and EBA increments.
- Repayment of loan principal to be \$0.47 million.
- Total capital expenditure to be \$11.06 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 2016/17 to 2018/19 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 exceed the infrastructure renewal demand and reduce the renewal gap
- 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 2016/17 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

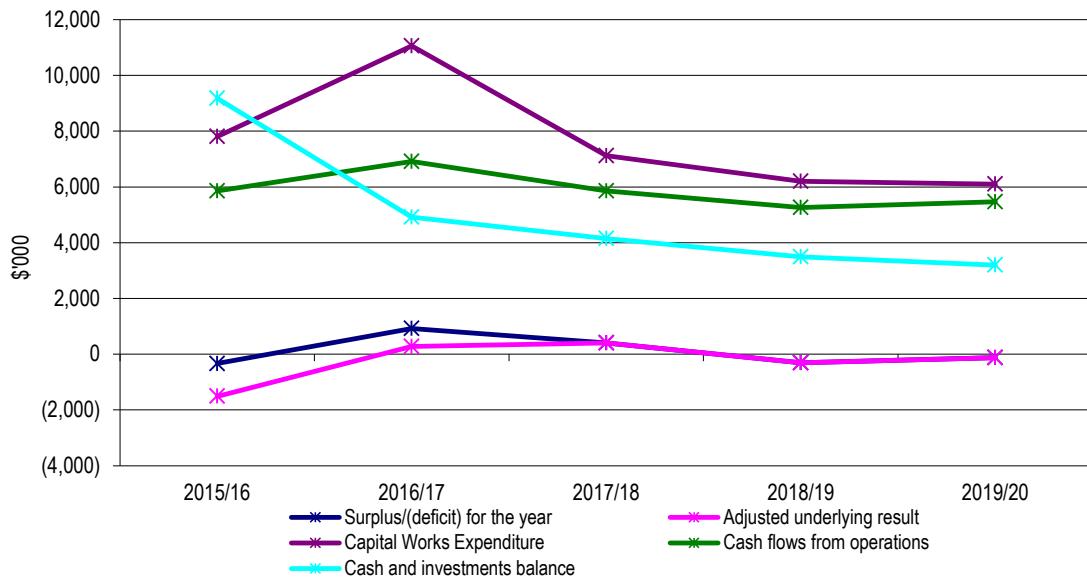
Indicator	Forecast Actual	Budget	Strategic Resource Plan Projections			Trend
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	+/-
Surplus/(deficit) for the year	(335)	920	407	(312)	(118)	o
Adjusted underlying result	(1,509)	280	407	(312)	(118)	o
Cash and investments balance	9,174	4,921	4,149	3,489	3,198	-
Cash flows from operations	5,855	6,911	5,855	5,259	5,469	o
Capital works expenditure	7,806	11,062	7,120	6,200	6,100	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 decrease over the four year period from \$9.17 million to \$3.20 million, which indicates a balanced budget 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 2.5% for 2016/17
- **Service delivery strategy (section 16)** – Service levels have been maintained throughout the four year period. Despite this, an operating surplus is budgeted for 2016/17 and forecast for the years 2018/19 and 2019/20. An operating loss of \$0.31 million is forecast for 2018/19.  
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 \$1.68 million to \$0.37 million over the four year period. No new borrowings are proposed.
- **Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$30.48 million at an average of \$7.62 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. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

### **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	2.50	3.00	18,485
2018/19	2.50	3.00	19,080
2019/20	2.50	3.00	19,694

\* 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.

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 “Statutory Disclosures”.

Rate type	How applied	2015/16	2016/17	Change
Residential rates	Cents/\$ CIV	0.5334707	0.5225790	-2.04%
Vacant residential rates	Cents/\$ CIV	0.9335737	0.9145133	-2.04%
Farm rates	Cents/\$ CIV	0.4534501	0.4441922	-2.04%
Commercial/industrial rates	Cents/\$ CIV	0.6401648	0.6270948	-2.04%
Vacant commercial/industrial rates	Cents/\$ CIV	1.1202885	1.0974160	-2.04%
Municipal charge	\$/ property	\$266	\$266	0.00%
Kerbside/recycling/organics	\$/ service	\$507	\$500	-1.38%
Kerbside collection charge 80 litre	\$/ service	\$339	\$339	0.00%
Kerbside collection charge 120 litre	\$/ service	\$339	\$339	0.00%
Kerbside collection charge 240 litre	\$/ service	\$679	\$679	0.00%
Recycling charge	\$/ service	\$168	\$161	-4.17%
Organics charge	\$/ service	N/A	\$0	
Tree management charge	\$/ property	\$25	\$25	0.00%

Council has adopted a formal *Rating Strategy* 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 will apply from 1 July 2016 for the 2016/17 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 5.3%. Of this increase, residential properties have 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 2.5% compared to 2015/16. This will be achieved by reducing the rate in the dollar to offset the 5.3% increase in property valuations across the municipal district following the general revaluation.

## 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 \$0.37 million in 2019/20.

For the 2016/17 year, Council will make loan repayments of \$0.47 million, reducing its total borrowings to \$1.21 million as at 30 June 2017. 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 2016.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	0	433	120	1,682
2016/17	0	472	76	1,210
2017/18	0	521	58	689
2018/19	0	183	36	506
2019/20	0	133	27	373

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	2,115,080	1,681,558
Total amount proposed to be borrowed	0	0
Total amount projected to be redeemed	(433,522)	(472,357)
<b>Total amount of borrowings as at 30 June</b>	<b>1,681,558</b>	<b>1,209,201</b>

## 16.2 Infrastructure

The Council has developed an Infrastructure Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 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 greater than renewal demand. 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	Total Capital Program \$'000	Summary of funding sources			
		Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2015/16	7,806	2,945	0	4,861	0
2016/17	11,062	2,362	15	8,685	0
2017/18	7,120	2,073	0	5,047	0
2018/19	6,200	1,088	0	5,112	0
2019/20	6,100	1,131	0	4,969	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:

	<b>2016/17 %</b>	<b>2017/18 %</b>	<b>2018/19 %</b>	<b>2019/20 %</b>
Consumer Price Index	2.5	2.5	2.5	2.5
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	2.5	2.5	2.5	2.5
Property growth	0.7	0.7	0.7	0.7
Enterprise agreement	2.2	2.2	2.1	2.1
Government funding	2.0	2.0	2.0	2.0
Statutory fees	3.0	3.0	3.0	3.0
Investment return	2.5	2.5	2.5	2.5

Service levels have been maintained throughout the four year period with operating surpluses forecast in all years other than 2017/18.

## **Appendix A**

### **Fees and charges schedule**

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

Budget 2016/2017 - Council Fees	Fee Unit	GST Applicable	Current Fees 2015/16 (IncGST)	Fee 2016/17 (Inc GST)
<b>Euroa Cinema</b>				
Single Ticket	1 ticket	Yes	10.00	10.00
<b>Swimming Pools</b>				
Family	Season	Yes	84.00	87.00
Adult	Season	Yes	56.00	58.00
Child	Season	Yes	37.00	38.00
Adult	Day	Yes	5.00	5.00
Child	Day	Yes	4.00	4.00
<b>Tip/Transfer Station Fees</b>				
Commercial Garbage (Residents)	m3	Yes	52.00	54.00
Commercial Garbage (Non - Residents)	m3	Yes	95.00	98.00
Domestic Garbage (Residents)	m3	Yes	33.00	34.00
Domestic Garbage (Non - Residents)	m3	Yes	66.00	68.00
Greenwaste (Residents)	m3	Yes	17.00	17.00
Greenwaste (Non-Residents)	m3	Yes	22.00	22.00
Whitegoods (Requiring degassing)	unit	Yes	9.00	9.00
Mattresses/Mattress Bases (Single) (Residents)	unit	Yes	16.00	20.00
Mattresses/Mattress Bases (Single) (Non-Residents)	unit	Yes	32.00	40.00
Mattresses/Mattress Bases (Double) (Residents)	unit	Yes	23.00	27.00
Mattresses/Mattress Bases (Double) (Non-Residents)	unit	Yes	46.00	54.00
Tyres - Car (Residents)	unit	Yes	8.00	5.00
Tyres - Car (Non-Residents)	unit	Yes	10.00	10.00
Tyres - Light Truck/4WD (Residents)	unit	Yes	11.00	12.00
Tyres - Light Truck/4WD (Non-Residents)	unit	Yes	15.00	17.00
Tyres - Heavy Truck (Residents)	unit	Yes	25.00	26.00
Tyres - Heavy Truck (Non-Residents)	unit	Yes	30.00	31.00
Tyres - Tractor (Residents)	unit	Yes	50.00	65.00
Tyres - Tractor (Non-Residents)	unit	Yes	60.00	75.00
Tyres - Earthmoving (Residents)	unit	Yes	62.00	155.00
Tyres - Earthmoving (Non-Residents)	unit	Yes	75.00	185.00
Commingled Recyclables - Residential (Residents)	m3			
Commingled Recyclables - Residential (Non-Residents)	m3	Yes	7.00	7.00
Commingled Recyclables -Commercial/Business (Residents)	m3	Yes	5.00	5.00
Commingled Recyclables -Commercial/Business (Non-Residents)	m3	Yes	10.00	10.00
Gas Bottles (<9kg) (Residents)	unit	Yes	6.00	7.00
Gas Bottles (<9kg) (Non-Residents)	unit	Yes	10.00	11.00
Gas Bottles (9kg) (Residents)	unit	Yes	8.00	10.00
Gas Bottles (9kg) (Non-Residents)	unit	Yes	15.00	17.00
Gas Bottles (>9kg) (Residents)	unit	Yes	14.00	16.00
Gas Bottles (>9kg) (Non-Residents)	unit	Yes	22.00	24.00
TV's/Computers	unit	Yes	30.00	30.00
<b>General File/Permit Retrieval</b>				
Admin Fee Electronic Retrieval of file (Planning, Building,Health, Septic, Food)	per file	Yes	36.30	37.00
plus scan up to A3 1-50 pages	page	Yes	0.17	0.17
plus scan up to A3 51-100 pages	page	Yes	0.15	0.16
plus scan greater than A3	page	Yes	1.50	1.60
Admin Fee Hard Copy Retrieval of file (Planning, Building,Health, Septic, Food)	per file	Yes	36.30	37.00
Scan up to A3 1-50 pages plus general photocopying charge	page	Yes	0.17	0.17
Scan up to A3 51-100 pages plus general photocopying charge	page	Yes	0.15	0.16
Scan greater than A3 plus general photocopying charge	page	Yes	1.50	1.60

Budget 2016/2017 - Council Fees	Fee Unit	GST Applicable	Current Fees 2015/16 (IncGST)	Fee 2016/17 (Inc GST)
<b><u>General Photocopying</u></b>				
A4 (each)	page	Yes	1.00	1.00
A3 (each)	page	Yes	2.00	2.00
A2 (each)	page	Yes	3.00	3.00
A1 (each)	page	Yes	5.00	5.00
<b><u>Building Fees</u></b>				
<b>Domestic Building Works:</b>				
New Dwellings up to \$180,000	app'n	No	2,546.00	2,622.00
New Dwellings Over \$180,000	app'n	No	2,812.00	2,896.00
Additions to Dwelling, Garage, Decks, Pergolas, Fencing, Masts etc. \$0 - \$30,000	app'n	No	795.00	819.00
Additions Over \$30,000 to \$180,000	app'n	No	1,167.00	1,202.00
<b>Industrial / Commercial</b>				
Minor Works to \$10,000	app'n	No	1,920.00	1,978.00
Minor Works \$10,000 to \$30,000 (Cost of works x 0.0145+\$2,000)	app'n	No		
Building Works \$30,000 to \$500,000 (Cost of works x0.0145+\$2,000)	app'n	No		
Building Works Above \$500,000 (POA)	app'n	No		
<b>Service Fees</b>				
Building Permit Extension Class 1	app'n	No	190.00	196.00
Building Permit Extension Class 10	app'n	No	106.00	109.00
Essential Safety Measures Report per hour (Minimum 2 hour charge)	hour	No	160.00	165.00
Occupancy Inspection per hour (Minimum 2 hour charge)	hour	No	160.00	165.00
Building Permit Amendments per hour (Minimum 2 hour charge)	hour	No	160.00	165.00
Preparation of Reports per hour (Minimum 2 hour charge)	hour	No	160.00	165.00
Installation Permit (Removable Dwellings under <i>Residential Tenancies Act</i> )	app'n	No	850.00	876.00
P.O.P.E. Places Of Public Entertainment Approval	app'n	No	1,545.00	1,591.00
P.O.P.E. Siting MBS approvals (Min 2 hours)	hour	No	165.00	170.00
<b><u>Road Opening Permit Fees</u></b>				
Vehicle Crossing	Permit	No	69.00	127.00
Other Road Openings - per Regulations				
Permit for removal of fallen timber	Permit	No	10.00	10.00
Service Connections/Other	Permit	No	10.00	81.60
<b><u>Domestic Animal Registration Fees</u></b>				
Standard Fee (As Set by Council)	Animal	No	165.00	170.00
Reduced Fee (Set by the Act =not greater than 33.33% of Maximum Fee)	Animal	No	38.00	39.00
Pensioner Fee (Set by the Act = 50% of Reduced Fees)	Animal	No	19.00	20.00
Declared dogs (no concession)	Animal	No	250.00	258.00
<b><u>Pound Fees</u></b>				
Domestic Animals (Dogs/Cats)	Day	No	17.00	17.00
Domestic Animal - Administration Fee (Accounting/Advertising/Release etc)		No	100.00	103.00
Domestic Animals - After Hours Collection Fee when impounded	Collection	No	100.00	103.00
Livestock - Sheep	Head/Day	No	6.00	6.40
Livestock - Cattle	Head/Day	No	17.00	17.00
Livestock - Horses	Head/Day	No	17.00	17.00
Livestock - Stallions & Bulls	Head/Day	No	59.00	60.80
Livestock - Other	Head/Day	No	17.00	17.00
Transport - By Staff	Trip	No	101.00	104.00
Transport - By Contractor	Trip	No		
Livestock - Administration Fee (Accounting/Advertising/Release etc)	Offence	No	101.00	104.00

Budget 2016/2017 - Council Fees	Fee Unit	GST Applicable	Current Fees 2015/16 (IncGST)	Fee 2016/17 (Inc GST)
<b><u>Impound/Call Out Fees</u></b>				
Impound/Call out fee	Instance	No	101.00	104.00
<b><u>Surrender of Animals</u></b>				
Animals to be euthanased where owner surrenders -	Each	No	85.00	88.00
All animals	Each	No	85.00	88.00
<b><u>Other Fees</u></b>				
Vet Fees (all animals)		Yes		
<b><u>Domestic Animal Business</u></b>				
Registration and Renewal	Each	No	222.00	229.00
Additional Inspections	Each	No	106.00	109.00
New Business Establishment Fee	Each	No	222.00	229.00
<b><u>Local Laws - Permits</u></b>				
Permit to graze livestock by resident owner	Permit	No	37.00	38.00
Other Permits (Administration Fee)	Permit	No	69.00	71.00
Annual Permits, including single item street trading	Permit	No	69.00	71.00
Annual Permits for multiple use in street trading	Permit	No	120.00	124.00
Impounded vehicle reclaim	Permit	No		
<b><u>Saleyards</u></b>				
Agents Yard Fee for sale days (cattle sold per head) or	Each	Yes	0.33	0.34
Fee per sale (whichever is greater)		Yes	340.00	350.00
NLIS Tags	Each	Yes	55.00	57.00
Weighings	Each	Yes	4.50	4.60
Scanning	Each	Yes	2.75	2.80
Sheep	Each	Yes	0.30	0.30
Horse	Each	Yes	6.20	6.40
Alpaca	Each	Yes	6.20	6.40
Llama	Each	Yes	6.20	6.40
Truck wash	Each	Yes	1.70	1.80
<b><u>Fees Associated with Sales</u></b>				
Sale day	Each	Yes	9.60	9.90
Day after Sale day (before 5.00pm)	Each	Yes	9.60	9.90
Use of yards as a trans-shipment point (max. 12hours)		Yes	249.70	257.20
Single Truck Operators		Yes	124.30	128.00

Budget 2016/2017 - Council Fees	Fee Unit	GST Applicable	Current Fees 2015/16 (IncGST)	Fee 2016/17 (Inc GST)
<b><u>Health Fees</u></b>				
<b><u>Food Premises etc Fees</u></b>				
Class 1 Food Premises (includes one routine inspection and audit)	Permit	No	488.00	503.00
- Additional fees for late registration (add 50% of scheduled fee)		No	244.00	251.00
Class 2 Food Premises (includes one routine inspection and compliance check)	Permit	No	488.00	503.00
- Additional fees for late registration (add 50% of scheduled fee)		No	244.00	251.00
Class 2 with 3rd party FSP (includes one routine inspection and compliance check)	Permit	No	488.00	503.00
- Additional fees for late registration (add 50% of scheduled fee)		No	244.00	251.00
Class 3 Food Premises (includes one routine inspection)	Permit	No	212.00	218.00
- Additional fees for late registration (add 50% of scheduled fee)		No	106.00	109.00
New Business Establishment Fee	Permit		50% Sched.Fee	50% Sched. Fee
More than 5 persons employed (\$10 per person to a maximum \$2,500)	Permit		10.00	10.00
Sporting Clubs/Community Groups (not for profit)	Permit			
<b><u>Food vehicle</u></b>				
Class 2	Permit	No	276.00	284.00
Class 3	Permit	No	170.00	175.00
<b><u>Temporary Food Stall</u></b>				
<b><i>Single event</i></b>				
Class 2	Permit	No	117.00	121.00
Class 3	Permit	No	64.00	66.00
Class 4 (sausage sizzlesetc,for fund raising)	Permit	No	No charge	No charge
Single event for Sporting Clubs/Community Groups (not for profit) registered in Starthbogie	Permit	No	No charge	No charge
<b><i>Annual Fee</i></b>				
Class 2	Permit	No	212.00	218.00
Class 3	Permit	No	106.00	109.00
Class 4 (sausage sizzlesetc,for fund raising)	Permit			
Food stall for Sporting Clubs/Community Groups (not for profit)	Permit			
<b><u>Refunds</u></b>				
Refund due to closure	Permit	No	No Refund	No Refund
<b><u>Submission of plans</u></b>				
Application fee for submission of plans (50% of applicable registration fee)		No	50% Sched.Fee	50% Sched.Fee
<b><u>Inspections</u></b>				
Additional inspections (all categories)	Each	No	106.00	109.00
Pre Inspection of New Premise prior to opening	Each	No	106.00	109.00
Pre Inspection of Premise being sold	Each	No	106.00	109.00
Priority inspection request (within 5 days)	Each	No	159.00	164.00
Urgent inspection request (within 48 hrs)	Each	No	276.00	284.00
<b><u>Public Health &amp; Well being Act Fees</u></b>				
Hairdressers, beauty parlours, skin penetration or similar	Permit	No	148.00	152.00
Allied Health and Alternative Therapy Including Massage Therapy and Acupuncture, etc		No	148.00	152.00
Joint Hairdressers, beauty parlours, skin penetration or similar	Permit	No	148.00	152.00
Prescribed Accommodation	Permit	No	190.00	196.00
New Business Establishment Fee		No	50% Sched.Fee	50% Sched.Fee
<b><u>Septic Tank Application Fees</u></b>				
New Installation	Permit	No	372.00	383.00
Alteration	Permit	No	190.00	196.00
<b><u>Boat Ramp Fees</u></b>				
Boat Ramp	Day	Yes	11.00	11.00
Boat Ramp Residents	Annum	Yes	74.00	76.00
Boat Ramp Non-Residents	Annum	Yes	121.00	125.00

Budget 2016/2017 - Council Fees	Fee Unit	GST Applicable	Current Fees 2015/16 (IncGST)	Fee 2016/17 (Inc GST)
<b><u>Regatta Centre Building</u></b>				
Downstairs Function area - no staff - 1/2 day hire (4 hours)	1/2 Day	Yes	68.00	70.00
Downstairs Function area - no staff - full day hire (8 hours)	Full Day	Yes	158.00	163.00
Upstairs Conference area - no staff - 1/2 Day hire (4 hours)	1/2 Day	Yes	68.00	70.00
Upstairs Conference area - no staff - Full Day hire (8 hours)	Full Day	Yes	158.00	163.00
Kitchen - commercial (if selling) - 1/2 Day hire (4 hours)	1/2 Day	Yes	113.00	117.00
Kitchen - commercial (if selling) - Full Day hire (8 hours)	Full Day	Yes	227.00	233.00
Kitchen - private function 1/2 Day Hire (4 hours)	1/2 Day	Yes	57.00	59.00
Kitchen - private function Full Day Hire (8 hours)	Full Day	Yes	113.00	117.00
Boatshed - showers & toilets - 1/2 Day (4 hours)	1/2 Day	Yes	57.00	59.00
Boatshed - showers & toilets - Full Day (8 hours)	Full Day	Yes	113.00	117.00
Entire Regatta Centre Building not including kitchen - no staff - 1/2 Day hire (4 hours)	1/2 Day	Yes	182.00	187.00
Entire Regatta Centre Building not including kitchen - no staff - Full Day hire (8 hours)	Full Day	Yes	363.00	374.00
Peninsular - 1/2 Day hire (4 hours)	1/2 Day	Yes	453.00	467.00
Peninsular - Full Day hire (8 hours)	Full Day	Yes	906.00	934.00
Training Camps - Groups of 50 or less	Day	Yes	57.00	59.00
Training Camps - Groups of more than 51	Day	Yes	113.00	117.00
Entire Venue - no staff - 1/2 Day hire (4 hours)	1/2 Day	Yes	567.00	583.00
Entire Venue - no staff - Full Day hire (8 hours)	Day	Yes	1,133.00	1,167.00
<b><u>Tourist Attraction Signage</u></b>				
4' Standard Name Blade	Sign	Yes	187.00	193.00
Other sizes	Sign			
<b><u>Official Visitor Guide (OVG) Advertising</u></b>				
1/4 Page	Advertisement	Yes	295.00	304.00
1/2 Page	Advertisement	Yes	495.00	510.00
Full Page	Advertisement	Yes	895.00	922.00
Back Cover	Advertisement	Yes	1,295.00	1,334.00
Inside Back Cover	Advertisement	Yes	1,095.00	1,128.00
<b><u>Wesley Hall &amp; Cinema User Fees</u></b>				
Main Hall - half day hire	1/2 Day	Yes	176.00	181.00
Main Hall - full day hire	Full Day	Yes	330.00	340.00
Main Hall - evening hire	Evening	Yes	176.00	181.00
Kitchen - half day hire	1/2 Day	Yes	66.00	68.00
Kitchen - full day hire	Full Day	Yes	119.00	122.00
Bond		Yes	340.00	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 2016/17 budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2016 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

Reconciliation of Advertised Budget to Adopted Budget	Operating	Capital	
	Result 2016/17 \$000	Cash 2016/17 \$000	Expenditure 2016/17 \$000
<b>Advertised Budget</b>	<b>1,865</b>	<b>(1,377)</b>	<b>9,654</b>
Reduce Roads to Recovery Grant	(1,027)	(1,027)	
Reduce Roads to Recovery Bridge Works		1,027	(1,027)
Reduce Council Contribution to R2R Oak Valley Rd Bridge		24	(24)
Nelson's Road Bridge		(50)	50
Nelson's Road Bridge Grant	25	25	
Giffin Road Bridge - increase to \$74K		(24)	24
Panorama Drive Roadworks		(20)	20
Mangalore Bus Route - Completed 2015/16		20	(20)
Nagambie Library		(100)	100
Avenal Hall Grant \$150K Rec'd June 2016	-	-	-
Avenal Hall \$400K (reduce \$100K from Budget submission)		(300)	300
Capital Works Carried Forward From 2015/16 -Assets		(1,760)	1,760
Capital Works Carried Forward From 2015/16 -IT		(95)	95
Remove Capital Grant - Transfer Station Upgrades	(106)	(106)	
Increase VGC General Purpose Grant	78	78	
Decrease VGC Roads Grant	(10)	(10)	
Euroa Football/Netball Club Courts (from Budget submission)	(50)		(50)
Euroa Saleyards Roof Grant Stage 2	250	250	
Bridges Renewal Program Grant	250	250	
Violet Landfill Rehabilitation		(524)	
Avenel School Parking		(40)	40
Euroa Croquet Club Toilets		(40)	40
Euroa Hospital Equipment Donation	(300)	(300)	
Environment Officer	(50)	(50)	
Memorial Oval Mower	(5)	(5)	
Violet Town Oval Toilets		(100)	100
<b>Amended Budget</b>	<b>920</b>	<b>(4,254)</b>	<b>11,062</b>