



Strathbogie Shire Council Budget Report – 2017/18

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Mayor's introduction

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

BUDGET HIGHLIGHTS

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

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

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

OPERATING BUDGET

Council has worked hard to develop a budget that balances ratepayer affordability with the continuing and newly emerging demands of a growing community. Operating costs have been contained, with employee costs decreasing by 0.25% and expenditure on materials and contracts reducing by 0.30%. This has enabled some increase in service levels but also investment in infrastructure.

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

Within the Operating budget provision has been made for:

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

CAPITAL PROGRAM

Asset Management

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

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

Capital Works

Council is committed to the renewal and replacement of its ageing infrastructure and in this financial year has a capital works budget of \$14.54M, including projects carried forward from 2016/17 of \$4.56M. \$12.07 M of the capital works budget will be applied to renewal and upgrade projects.

Details of specific projects are provided in Section 6 of the budget.

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

Amanda McClaren

Mayor

Executive Summary

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

This Budget projects a deficit of \$0.23M for 2017/18. The adjusted underlying result is a deficit of \$1.67M 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 \$26.88 m. These services are summarised in Section 2.

2) Continued high level of capital investment with a strong infrastructure asset renewal effort with total Capital Works of \$14.54m including roads \$6.05m; bridges \$3.44m; footpaths and bicycle paths \$0.30m; drainage \$1.34m; and parks, open space and streetscapes \$0.475m; (these figures include works carried forward from 2016/17) The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

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

Goal 1: To enhance community health and wellbeing

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

Goal 2: To sustainably manage our natural and built environment

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

Goal 3: To provide quality infrastructure

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

Goal 4: To support and drive Economic Development

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

Goal 5: To be a high performing Shire

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

2. The Rate Rise

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

3. Key Statistics

- Total Revenue: \$26.65M (2016/17 = \$31.93m)
- Total Expenditure: \$26.88M (2016/17 = \$27.30M)
- Operating Result: \$0.23M Deficit (2016/17 = \$4.728M Surplus)
(Refer Income Statement in Section 3)
- Underlying operating result: Deficit \$1.67M (2016/17 = Surplus of \$3.66M)
(Refer Analysis of operating Budget in Section 10.1)
- Cash result: \$8.94M outflow (2016/17 = \$3.65M inflow)
(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 \$14.54M
 - o \$5.73M from Council operations (rates funded)
 - o \$0.44M from Contributions
 - o \$1.13M from asset sales
 - o \$3.05M from external grants
 - o \$4.19M from unrestricted cash and investments

4. Budget Influences

External Influences

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

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

Internal Influences

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

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

Budget Reports

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

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

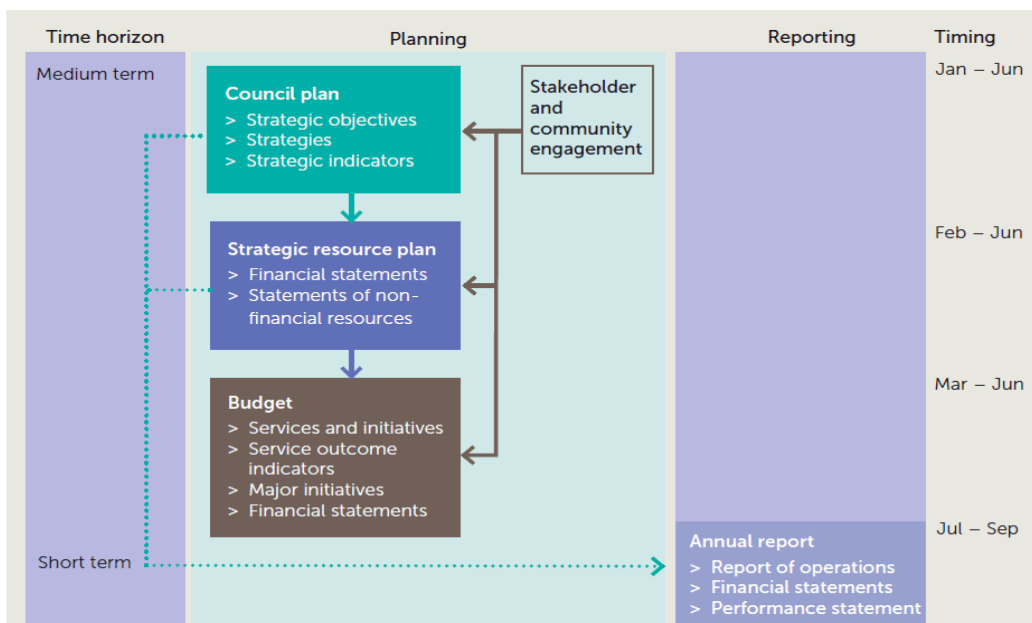
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

1. Link to the Council Plan

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

1.1 Planning and accountability framework

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



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

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

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

1.2 Our Purpose

Our Vision:

“Together we are building a flourishing community”

Our Mission:

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

Our Values:

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

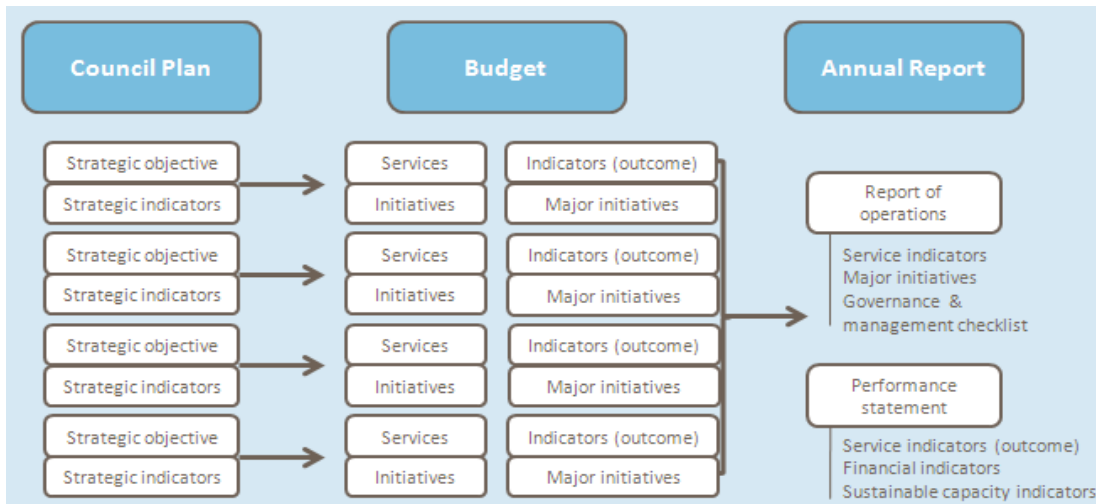
1.3 Goals

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

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

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2017/18 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify initiatives, major initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

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

2.1 Goal 1: Community Wellbeing

To enhance community health and wellbeing

Services

Business area	Description of services provided	Expenditure (Revenue)
		Net Cost \$
Environmental Health	This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities, immunisation programs and public health promotions. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.	218,000
		(85,000)
		133,000
Animal Management	This service provides for the management of domestic animals (mostly dogs and cats) through registration, education and enforcement where necessary. It is also concerned with issues that arise out of the application of Council's Community Local Law.	246,000
		(90,000)
		156,000
Libraries and Arts	This service provides public library services at three locations and a community cinema in Euroa. It provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered.	357,100
		(60,000)
		297,100
Community Grants and Recreational Planning	This service provides funding for the development of community facilities and activities.	197,442
		(2,500)
		194,942
Maternal and Child Health	This service provides family oriented, visiting and centre based maternal and child health services.	202,380
		(112,500)
		89,880
Youth Services	This service provides youth facilities and a range of recreation and education based youth activities. Programs include Freeza, National Youth Week and L2P driving experience program.	187,976
		(55,000)
		132,976
Street Lighting	This service enhances public safety and community access by providing street lighting in urban areas.	120,000
		0
		120,000
Parks and Reserves	This service is responsible for the management, maintenance and safety of parks and gardens, sporting grounds and playground facilities.	1,830,582
		(59,000)
		1,771,582
Boating Operations and	Council is the boating authority for Nagambie Lakes. This service area provides patrol services, maintenance of boating infrastructure and support for on-water recreational activities.	90,200
		(6,000)
		84,200
Community Development	This program oversees activities in the areas of access and inclusion, committee of management support, community planning and other activities designed to strengthen communities.	199,134
		(2,600)
		196,534
Emergency Services	This service includes financial assistance for the SES service, fire prevention activities and flood risk planning and mitigation.	284,186
		(83,300)
		200,886

2.1 Goal 1: Community Wellbeing			
Service Performance Outcome Indicators			
Service	Indicator	Performance Measure	Computation
Libraries and Arts	Participation	Active library members (Percentage of the municipal population that are active library members).	[Number of active library members / municipal population] x100
Maternal and Child Health (MCH)	Participation	Participation in MCH key ages and stages visits (Percentage of children attending the MCH key ages and stages visits).	Number of actual MCH visits / Number of expected MCH visits] x100
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions).	Number of successful animal management prosecutions.
Environmental Health	Health and safety	Number of critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council).	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

2.2 Goal 2: Environment			
To sustainably manage our natural and built environment			
Services			
Business area	Description of services provided	Expenditure (Revenue) Net Cost \$	
Sustainability Management	Council is committed to responsible and sustainable management of the Shire's natural resources. Programs in this service area include Pests and Weeds program, Implementation of Council's environmental strategy and Carbon Footprint Assessment program.	56,400 (53,400)	3,000
Waste Management	This service includes kerbside garbage and recycling collections, transfer station operations and waste management of public areas.	2,364,400 (2,380,500)	(16,100)
Service Performance Outcome Indicators			
Service	Indicator	Performance Measure	Computation
Waste Management	Waste diversion	Kerbside collection waste diverted from landfill. (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill).	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
2.3 Goal 3: Infrastructure			
To provide quality infrastructure			
Services			
Business area	Description of services provided	Expenditure (Revenue) Net Cost \$	
Municipal Buildings	This service area is responsible for the maintenance of Council owned and controlled buildings.	1,241,512 (147,300)	1,094,212
Swimming Pools and Beaches	Council operates outdoor pools in Euroa, Nagambie, Violet Town and Avenel.	424,245 (10,500)	413,745
Roads and Bridge Maintenance Operations	This service area is responsible for the maintenance of Council's roads and bridges network.	10,037,566 (1,236,600)	8,800,966
Service Performance Outcome Indicators			
Service	Indicator	Performance Measure	Computation
Pool Facilities	Utilisation	Utilisation of pool facilities (The number of visits to pool facilities per head of municipal population).	Number of visits to pool facilities / Municipal population
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads).	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

2.4 Goal 4: Economic Development

To support and drive economic development

Services

Business area	Description of services provided	Expenditure (Revenue)
		Net Cost \$
Planning	This service area processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares and processes amendments to the Council Planning Scheme and carries out research on demographic, development, economic and social issues affecting Council.	939,950 (167,200)
		772,750
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.	98,500 (43,000)
		55,500
Strategic Projects	This service area provides resources for key strategic projects which generally have long term outcomes for the development of the Shire. These projects often involve partnerships with other tiers of government and are often supported by external funding.	122,400 0
		122,400
Tourism and Events	Strathbogie Shire has a high tourism profile with broad ranging attractions including, natural environment, water based activities, wineries events and festivals. This service area is responsible for promoting the area generally and supporting local tourism bodies and tourism related events. This service area provides support for the planning promotion and management of	717,626 (29,000)
		688,626
Caravan Parks	Council has control of caravan parks at Nagambie Lakes and Euroa.	14,000 (217,600)
		(203,600)
Saleyards	This service area refers to the Euroa Saleyards. The saleyards operate on an approximately one sale per month basis.	219,192 (257,500)
		(38,308)

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality).	[Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100
Statutory planning	Decision making	Council planning decisions upheld at VCAT. (Percentage of planning application decisions subject to review by VCAT and that were upheld in favour of the Council).	[Number of VCAT decisions that upheld Council's decision in relation to a planning application / Number of decisions in relation to planning applications subject to review by VCAT] x100

2.3 Goal 5: Organisation			
To be a high performing Shire			
Services			
Business area	Description of services provided	Expenditure (Revenue) Net Cost \$	
Financial and Administration Services	This service area provides financial advice and support to providers of all Council services, including budget preparation, long term financial planning, periodic reporting, processing of debtors and creditors, and statutory financial requirements, including FBT and GST reporting.	1,354,586 0	1,354,586
Information Technology	This service maintains and improves Council's information technology systems, ensures compliance with legislation relating to records management including administering and recording all incoming correspondence. This also includes telephones , intranet , photocopiers , aerial photography and geographic information	1,363,310 0	1,363,310
Human Resources and Risk Management	Management of recruitment and induction , occupational health and safety , procedures relating to employment matters , administration of insurances , staff training and development , employee assistance program.	486,408 (150,000)	336,408
Community Relations	Customer service contact , media , communications , public notices , community surveys , website , marketing and community engagement.	1,075,380 (5,000)	1,070,380
Governance	The area of governance includes the Mayor, Councillors, Chief Executive Officer , regulatory reporting , Council elections , compliance with relevant Acts and other Executive Management costs which cannot be easily attributed to the direct service provision areas.	828,454 (127,400)	701,054
Service Performance Outcome Indicators			
Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community).	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community.
2.7 Performance Statement			
The service performance indicators detailed in the preceding pages will be reported on within the Performance Statement			
2.8 Reconciliation with budgeted operating result			
	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Total services and initiatives	19,896	25,277	(5,381)
Other non-attributable	-213		
Deficit before funding sources	19,683		
Funding sources:			
Rates & charges	16,403		
Capital grants	3,054		
Total funding sources	19,457		
Surplus for the year	-226		

3. Financial Statements

This section presents information in regard to the Financial Statements. The budget information for the years 2017/18 to 2020/21 has been extracted from the Strategic Resource Plan.

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

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

3.1 Comprehensive Income Statement

For the four years ending 30 June 2021

	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Income					
Rates and charges	17,908	18,550	19,007	19,528	20,005
Statutory fees and fines	361	367	377	386	395
User fees	693	729	722	741	771
Grants - operating recurrent	8,062	2,833	5,553	5,699	5,867
Grants - operating non-recurrent	0	0	0	0	0
Grants - capital recurrent	3,103	2,054	1,027	1,055	1,083
Grants - capital non-recurrent	0	1,000	200	200	200
Contributions - monetary	656	442	193	198	204
Contributions - non-monetary	317	0	0	0	0
Fair value adjustments for investment property	0	0	0	0	0
Share of net profits/(losses) of associates and joint ventures		0	0	0	0
Other income	831	677	692	708	722
Total income	31,931	26,652	27,771	28,515	29,247
Expenses					
Employee costs	8,794	8,772	9,041	9,288	9,508
Materials and services	11,889	11,853	11,662	12,032	12,365
Bad and doubtful debts	1	0	0	0	0
Depreciation and amortisation	5,234	5,259	5,435	5,617	5,921
Borrowing costs	103	54	32	25	18
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	711	641	(152)	300	500
Other expenses	571	299	320	343	364
Total expenses	27,303	26,878	26,338	27,605	28,676
Surplus/(deficit) for the year	4,628	(226)	1,433	910	571
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods:					
Net asset revaluation increment	100	0	0	0	14,237
Total comprehensive result	4,728	(226)	1,433	910	14,808

3.2 Balance Sheet

For the four years ending 30 June 2021

	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Assets					
Current assets					
Cash and cash equivalents	14,229	5,291	5,613	5,487	5,046
Trade and other receivables	1,903	2,126	1,886	1,932	1,987
Other assets	2,046	1057	1058	1057	1058
Total current assets	18,178	8,474	8,557	8,476	8,091
Non-current assets					
Trade and other receivables	244	244	244	244	244
Property, infrastructure, plant & equipment	274,356	282,855	283,836	284,740	299,880
Total non-current assets	274,600	283,099	284,080	284,984	300,124
Total assets	292,778	291,573	292,637	293,460	308,215
Liabilities					
Current liabilities					
Trade and other payables	3,572	3,292	3,066	3,130	3,199
Provisions	3,038	2348	2,348	2,348	2,348
Interest-bearing loans and borrowings	522	505	150	122	129
Total current liabilities	7,132	6,145	5,564	5,600	5,676
Non-current liabilities					
Provisions	699	699	699	699	699
Interest-bearing loans and borrowings	678	186	398	275	146
Total non-current liabilities	1,377	885	1,097	974	845
Total liabilities	8,509	7,030	6,661	6,574	6,521
Net assets	284,269	284,543	285,976	286,886	301,694
Equity					
Accumulated surplus	85,500	85,024	86,207	86,867	87,438
Asset revaluation reserves	198,069	198,669	198,669	198,669	212,906
Other reserves	700	850	1,100	1,350	1,350
Total equity	284,269	284,543	285,976	286,886	301,694

3.3 Statement of Changes in Equity

For the four years ending 30 June 2021

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017/2018				
Balance at beginning of the financial year	284,269	85,500	198,169	600
Surplus/(deficit) for the year	(226)	(226)	0	0
Net asset revaluation increment/(decrement)	500	0	500	0
Transfer to other reserves	(250)	(250)	0	
Transfer from other reserves	250	0	0	250
Balance at end of the financial year	284,543	85,024	198,669	850
2018/2019				
Balance at beginning of the financial year	284,543	85,024	198,669	850
Surplus/(deficit) for the year	1,433	1,433	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	(250)	(250)	0	0
Transfer from other reserves	250	0	0	250
Balance at end of the financial year	285,976	86,207	198,669	1,100
2019/2020				
Balance at beginning of the financial year	285,976	86,207	198,669	1,100
Surplus/(deficit) for the year	910	910	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfer to other reserves	(250)	(250)	0	0
Transfer from other reserves	250	0	0	250
Balance at end of the financial year	286,886	86,867	198,669	1,350
2020/2021				
Balance at beginning of the financial year	286,886	86,867	198,669	1,350
Surplus/(deficit) for the year	571	571	0	0
Net asset revaluation increment/(decrement)	14,237	0	14,237	0
Transfer to other reserves	0	0	0	0
Transfer from other reserves	0	0	0	0
Balance at end of the financial year	301,694	87,438	212,906	1,350

3.4 Statement of Cash Flows

For the four years ending 30 June 2021

	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Strategic Resource Plan Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Rates and charges	17,908	18,550	19,172	19,496	19,967
Statutory fees and fines	361	367	380	385	394
User fees	693	729	728	740	770
Grants - operating	8,062	2,833	5,601	5,690	5,856
Grants - capital	3,103	3,054	1,238	1,253	1,281
Contributions - monetary	656	442	193	198	203
Interest received	230	227	230	230	230
Other receipts	601	450	468	477	491
Net GST refund / payment	0	0	0	0	0
Employee costs	(8,794)	(8,772)	(9,138)	(9,261)	(9,478)
Materials and services	(12,098)	(11,853)	(11,787)	(11,997)	(12,326)
Other payments	(571)	(299)	(324)	(341)	(364)
Net cash provided by/(used in) operating activities	10,151	5,728	6,761	6,870	7,024
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(6,867)	(14,542)	(7,216)	(7,321)	(7,624)
Proceeds from sale of property, infrastructure, plant and equipment	940	1,132	952	500	300
Payments for landfill rehabilitation	0	(690)	0	0	0
Net cash provided by/ (used in) investing activities	(5,927)	(14,100)	(6,264)	(6,821)	(7,324)
Cash flows from financing activities					
Finance costs	(103)	(54)	(32)	(25)	(18)
Proceeds from borrowings	0	0	0	0	0
Repayment of borrowings	(472)	(512)	(143)	(150)	(123)
Net cash provided by/(used in) financing activities	(575)	(566)	(175)	(175)	(141)
Net increase/(decrease) in cash & cash equivalents	3,649	(8,938)	322	(126)	(441)
Cash and cash equivalents at the beginning of the financial year	10,580	14,229	5,291	5,613	5,487
Cash and cash equivalents at the end of the financial year	14,229	5,291	5,613	5,487	5,046

3.5 Statement of Capital Works

For the four years ending 30 June 2021

	Forecast	Budget	Strategic Resource Plan		
	Actual 2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Property					
Land	3	0	0	0	0
Total land	3	0	0	0	0
Buildings	1,001	1,542	1,181	2,304	2,530
Total buildings	1,001	1,542	1,181	2,304	2,530
Total property	1,004	1,542	1,181	2,304	2,530
Plant and equipment					
Plant, machinery and equipment	390	984	1,286	698	1,578
Fixtures, fittings and furniture	376	406	294	294	294
Total plant and equipment	766	1,390	1,580	992	1,872
Infrastructure					
Roads	3,196	6,045	3,982	3,538	2,560
Bridges	864	3,443	432	441	610
Footpaths and cycleways	142	303	34	36	39
Drainage	498	1,344	7	10	13
Other infrastructure	397	475	0	0	0
Total infrastructure	5,097	11,610	4,455	4,025	3,222
Total capital works expenditure	6,867	14,542	7,216	7,321	7,624
Represented by:					
New asset expenditure	358	1,734	539	435	432
Asset renewal expenditure	5,633	10,337	5,579	5,781	6,048
Asset upgrade expenditure	822	2,251	1,098	1,105	1,144
Asset expansion expenditure	54	220	0	0	0
Total capital works expenditure	6,867	14,542	7,216	7,321	7,624

3.6 Statement of Human Resources

For the four years ending 30 June 2021

	Forecast	Budget	Strategic Resource Plan		
	Actual 2016/17 \$'000	2017/18 \$'000	Projections		
			2018/19 \$'000	2019/20 \$'000	2020/21 \$'000
Staff expenditure					
Employee costs - operating	8,794	8772	9,041	9,288	9,508
Employee costs - capital	0	67	0	0	0
Total staff expenditure	8,794	8839	9,041	9,288	9,508
	EFT	EFT	EFT	EFT	EFT
Staff numbers					
Employees	96	96	96	96	96
Total staff numbers	96	96	96	96	96

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

Department	Budget 2017/18 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Executive	334	334	0
Corporate and Liveability	1,425	1,093	332
Sustainable development	1,402	1,028	374
Assets	5,279	4,950	329
Total permanent staff expenditure	8,440	7,405	1,035
Casuals and other expenditure	332		
Capitalised labour costs	67		
Total expenditure	8,839		

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

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Executive	2	2	0
Corporate and Liveability	18	14	4
Sustainable development	15	10	5
Assets	58	54	4
Total	93	80	13
Casuals and other	2		
Capitalised labour costs	1		
Total staff	96		

4. Financial performance indicators

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

Indicator	Measure	Notes	Forecast		Budget	Strategic Resource Plan			Trend
			Actual	Actual		Projections			
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	+/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-16.0%	11.7%	-6.6%	4.5%	2.5%	1.3%	o
Liquidity									
Working Capital	Current assets / current liabilities	2	203.7%	254.9%	137.9%	153.8%	151.4%	142.5%	o
Unrestricted cash	Unrestricted cash / current liabilities		129.4%	123.5%	72.1%	99.1%	96.2%	87.1%	o
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	9.8%	6.7%	3.7%	2.9%	2.0%	1.4%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		3.2%	3.2%	3.1%	0.9%	0.9%	0.7%	+
Indebtedness	Non-current liabilities / own source revenue		14.9%	7.0%	4.4%	5.3%	4.6%	3.9%	+
Asset renewal	Asset renewal expenditure / depreciation	4	122.0%	107.6%	196.6%	102.6%	102.9%	102.1%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	5	78.1%	57.3%	73.6%	69.4%	69.5%	69.4%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	o
Efficiency									
Expenditure level	Total expenditure / no. of property assessments		\$3,477	\$3,694	\$3,637	\$3,537	\$3,680	\$3,795	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,599	\$1,621	\$1,665	\$1,707	\$1,749	\$1,793	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		11.4%	9.3%	8.8%	8.4%	8.0%	7.6%	o

Key to Forecast Trend:

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

Notes to indicators

1 Adjusted underlying result – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

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

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

4 Asset renewal - This percentage indicates the extent of Council's renewals against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

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

5. Other budget information (required by the Regulations)

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

This section includes the following statements and reports

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

5.1.1 Grants operating (\$1.08 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 decrease by 64.9% or \$5.22 million compared to 2016/17. The variance is mainly attributable to the prepayment of 2017/18 Victorian Grants Commission funding 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	Budget	Variance
	2016/17 \$'000	2017/18 \$'000	\$'000
Recurrent - Commonwealth Government			
Victoria Grants Commission	7,510	2,453	(5,057)
Commonwealth Roads of Access	38	39	1
Recurrent - State Government			
Youth	52	55	3
Health	5	7	2
Senior Citizens' Centres	34	3	(31)
Vulnerable Persons Register	17	17	0
School crossing supervisors	14	26	12
Fire Service Property Levy financial support		0	0
Maternal and Child Health	110	113	3
Recreation - beach cleaning	3	0	(3)
Community safety - Emergency resourcing	60	60	0
Roads - median strip	7	7	0
Pest and plants program	53	53	0
Total recurrent grants	7,903	2,833	(5,070)
Non-recurrent - Commonwealth Government			
	0	0	0
Non-recurrent - State Government			
Nagambie Business Case	68	0	(68)
Ruffy Fire reimbursement	91		(91)
Recreation			
Total non-recurrent grants	159	0	(159)
Total operating grants	8,062	2,833	(5,229)

5.1.2 Grants capital (\$49K 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 is expected to decrease by 1.6% or \$49K compared to 2016/17. "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	Budget	Variance
	2016/17 \$'000	2017/18 \$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	2,405	2054	(351)
<i>Recurrent - State Government</i>			
	0	0	-
Total recurrent grants	2405	2054	(351)
<i>Non-recurrent - Commonwealth Government</i>			
Bridges			
<i>Non-recurrent - State Government</i>			
Local Roads to Market		500	500
Avenel Hall		300	300
Unspecified		200	200
Bridges - Birkett Street, Bridge renewal	325		(325)
Buildings - Saleyards/Library	253		(253)
Flood Mitigation	120		(120)
Waste Management			0
Streetscapes			0
Land		0	0
Total non-recurrent grants	698	1,000	302
Total capital grants	3,103	3,054	(49)

5.1.3 Statement of Borrowings

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

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

6. Capital works program

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

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

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

Capital works program

For the year ending 30 June 2018

6.1 New works

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
PROPERTY									
Buildings									
Avenel Swimming pool	10		10					10	
Avenel Hall roof clading	50		50					50	
Avenel Hall main floor sand and seal	15		15					15	
Balmattum School hall	40		40					40	
Euroa tennis club roof clading	30		30					30	
Euroa civic centre roof clading	80		80					80	
Euroa maternal child health upgrade	135		100	35				135	
Euroa visitor information centre- new	100	100						100	
Longwood community centre club room repair	15		15					15	
Nagambie Recreation Reserve	50		50					50	
Ruffy Table Land community centre repair	30		30					30	
Violet Town recreation reserve -repairs	40		40					40	
Violet Town community centre meeting room refurbish	10		10					10	
Violet Town Men's Shed	10		10					10	
Swimming Pools - new pool vacums	15		15					15	
Swimming Pools - 4 defibrillators	8	8						8	
Total buildings	638	108	495	35	0	0	0	638	0
TOTAL PROPERTY	638	108	495	35	0	0	0	638	0
PLANT AND EQUIPMENT									
Plant and vehicle replacement	984		984					984	
Total plant, machinery and equipment	984	0	984	0	0	0	0	984	0
Fixtures, fittings and furniture	0	0	0	0	0	0	0	0	0
Computers and telecommunications									
Information technology: workstation and network systems	406		206	200				406	0
Total computers and telecommunications	406	0	206	200	0	0	0	406	0

TOTAL PLANT AND EQUIPMENT	1,390	0	1,190	200	0	0	0	1,390	0
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Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
INFRASTRUCTURE									
Roads									
Reseals	1,120		1,120			1,027		93	0
Shoulder Pavement Program	440		440					440	0
Rehabilitation Program	1,309		1,309					1,309	0
Euroa Strathbogie Road Guardrail replacement	175		175					175	0
Burns Ave Euroa widen existing seal	60				60		30	30	0
High Street Nagambie northern roundabout investigation	100	100						100	0
Ewings Livingstone Road intersection investig/design	10			10				10	0
Drysdale Road Euroa complete agreed development works	16	16						16	0
Euroa Shepp Road safety investigation - saleyards	150			150				150	0
Resheeting	460		460					460	0
Kerb	179		179					179	0
High St Nagambie on road bicycle marking	30			30				30	0
Upgrade zero class road	400			400				400	0
Improved Intervention	250			250				250	0
Nagambie Locksley / Mc Donald road intersection	754			754		500		254	0
Total roads	5,453	116	3,683	1,594	60	1,527	30	3,896	0
Bridges									
Arcadia Tamleugh major culvert No 542	32		32			32			0
Grimwade Road No 138 redeck	90		90			90			0
Merton Strathbogie No 3 redeck	230		230			230			0
Oak Valley No 124 redeck	60		60			60			0
Leckies Road No 50 replace	255		255			255			0
Kings Road No 93 redeck	100		100			100			0
Robinson Road No 94 replace	80		80			80			0
Ross Road No 95 replace	180		180			180			0
Avenel Longwood Road major culvert No184	45				45			45	0
Total bridges	1,072	0	1,027	0	45	1,027	0	45	0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
Footpaths and cycleways									
Footpaths	46		46					46	0
Footpath Kirkland Avenue	86		86					86	
Pedestrian Crossing Kirkland & Bury	11		11					11	
Livingstone Street	20		20					20	
Walking Tracks	140		140					140	
Total footpaths and cycleways	303	0	303	0	0	0	0	303	0
Drainage									
Euroa Mansfield Road Stages 2 and 3	222		222				89	133	
Campbell Street Euroa Special Charge Scheme	255	255					25	230	
Cree Street Euroa - Williams to De Boos	45		45					45	
Tip Road Euroa	10		10					10	
Brock Street laying of brick drain	10		10					10	
Avenel Longwood Road investigation	5			5				5	0
Stormwater Pipelines and Pit renewal	200		200					200	0
Total drainage	747	255	487	5	0	0	114	633	0
Recreational, leisure and community facilities									
Library Lane Euroa lighting upgrade	5		5					5	0
Euroa Caravan Park - tree replacement north side	65		65					65	0
Euroa Caravan Park - residence and reception refurb	45		45					45	0
Total rec, leisure and comm'y facilities	115	0	115	0	0	0	0	115	0
Parks, open space and streetscapes									
Shadforth Reserve Violet Town master plan	40		0	40				40	0
Play equipment	60		60					60	
Landscaping	5		5					5	
Bores, pumps and oval irrigation	10		10					10	
Tree Management Plan - Eliza Street trial	20		20					20	
Carrick Cres Nagambie - fencing	20		20					20	0
Nagambie Rec Reserve irrigation supply	60	60						60	
Nagambie Rec Reserve fencing	50		50					50	
Total parks, open space and streetscapes	265	60	165	40	0	0	0	265	0
TOTAL INFRASTRUCTURE	7,955	431	5,780	1,639	105	2,554	144	5,257	0
TOTAL NEW CAPITAL WORKS 2017/18	9,983	539	7,465	1,874	105	2,554	144	7,285	0

6.2 Works carried forward from the 2016/17 year

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
BUILDINGS									
Nagambie High st Toilets	200	200						200	
Nagambie Glass Square Bowling Club Rooms - accessible toilet	30		30					30	
Nagambie Glass Square Tennis Club Rooms - accessible toilet	20		20					20	
Violet Town Bowls Club Shed	30		15		15		15	15	
Brock St Euroa Toilets	184	184						184	
Euroa Civic Centre solar panel	50	50						50	
Avenel Hall	250	250				300			
Euroa Swimming Pool - Roof over Change Rooms	40			40				40	
Violet Town Oval Toilet	100	100					100		
Total buildings	904	784	65	40	15	300	115	539	0
TOTAL PROPERTY	904	784	65	40	15	300	115	539	0
PLANT AND EQUIPMENT									
Computers and telecommunications									
IT: workstation and network systems									0
TotalComputers and telecommunications	0	0	0	0	0	0	0	0	0
TOTAL PLANT AND EQUIPMENT	0	0	0	0	0	0	0	0	0
INFRASTRUCTURE									
Roads									
Pavement Rehabilitation Program	100		100					100	
Birkett Street Railway Pedestrian Crossing	250	250						250	0
Euroa Primary School / Campbell St	150			150				150	
Binney Street upgrade splitter on	20			20				20	
Nagambie Angle Parking	36			36				36	
Avenel Hall car park and footpath	36			36				36	
Total roads	592	250	100	242	0	0	0	592	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
Bridges									
Sheans Rd Bridge No 05	400		400					400	
Ben Kell Bridge No 36	154		154					154	
Brookleigh Rd Bridge No 120	250		250					250	
Nagambie Rushworth Bridge No 75	180		180					180	
Tarcombe Ruffy Bridge No 14	180		180					180	
Avenel Longwood Road Bridge No 62	200		200					200	
Avenel Longwood Road Bridge No 63	165		165					165	
Avenel Longwood Road Bridge No 59	204		204					204	
McCrackens Rd Bridge No 125	140		140					140	
Carters Rd Bridge No 55	140		140					140	
Bonds Lane Bridge No 42	80		80					80	
Dip Lane Bridge No 142	40		40					40	
Dip Lane Bridge No 143	50		50					50	
Halsalls Lane Bridge No 58	104		104					104	
Griffin Rd Bridge No 42	84		84					84	
Total bridges	2,371	0	2371	0	0	0	0	2371	0
Drainage									
Shiffner St Violet Town Kerb and Channel	45		45					45	
Shiffner St Violet Town Drainage	87		87					87	
Euroa Flood Levee	180		180					180	
Create Easements for Flood Levees	15	15						15	
Garrett St Euroa main drainage extension	100				100			100	
Drainage Investigation	14		14					14	
Other Drainage	10		10					10	
Nagambie Industrial Area Drainage - Scope	23	23						23	
Nagambie Industrial Area Drainage - Implementation	43	43						43	
Nagambie Drainage Retention Dam	80	80						80	
Total drainage	597	161	336	0	100	0	0	597	0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
Parks, open space and streetscapes									
Implement Violet Town Rec reserve master plan	60			60				60	
Euroa caravan park perimeter planting	15			15				15	
Livingstone St Walking Track	20			20				20	
Total parks, open space and streetscapes	95	0	0	95	0	0	0	95	0
TOTAL INFRASTRUCTURE	3,655	411	2,807	337	100	0	0	3,655	0
TOTAL CARRIED FWD WORKS 2016/17	4,559	1,195	2,872	377	115	300	115	4,194	0
6.3 Summary									
PROPERTY	1,542	892	560	75	15	300	115	1,177	0
PLANT AND EQUIPMENT	1,390	0	1,190	200	0	0	0	1,390	0
INFRASTRUCTURE	11,610	842	8,587	1,976	205	2,554	144	8,912	0
TOTAL CAPITAL WORKS	14,542	1,734	10,337	2,251	220	2,854	259	11,479	0

7. Rates and charges

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

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 64.0% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2017/18 the FGRS cap has been set at 2.0%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The making of supplementary valuations (2017/18: estimated \$ 0.112 million)
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.
- Introduction of new waste management system and consequent new revenue from service expansion.

7.12 Differential rates

Rates to be levied

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

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

Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land (categorised by the characteristics described below) by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate, are set out below.

Vacant Residential Land Differential Rate

A differential rate will be applied for vacant residential land.

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

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

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

Commercial/Industrial Differential Rate

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

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

Services specifically benefiting commercial/industrial properties include;

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

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

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

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

Vacant Commercial/Industrial Differential Rate

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

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

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

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

Farm Differential Rate

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

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

Specifically, reasons include –

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

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

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

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

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

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

National economic importance of encouraging investment in primary industry.

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

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

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

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

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

Budget Analysis

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

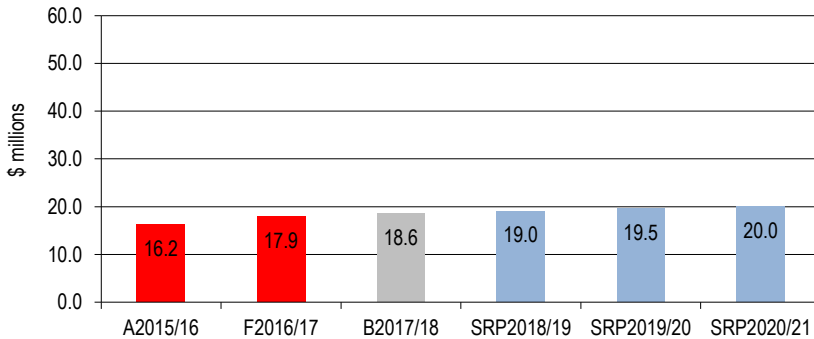
This section includes the following analysis and information.

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

8. Summary of financial position

Council has prepared a Budget for the 2017/18 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

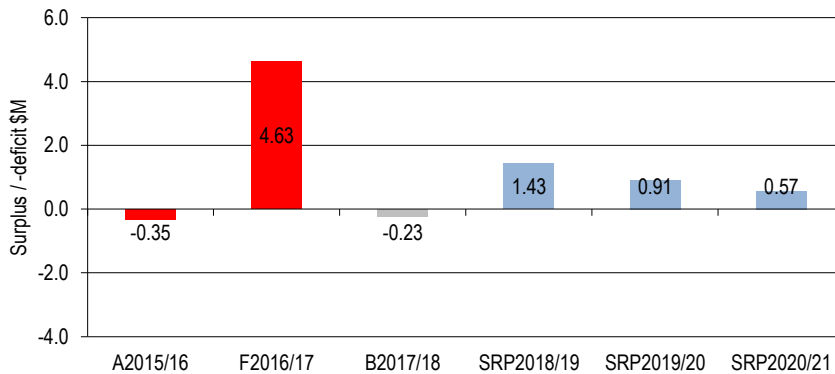
8.1 Rates and charges



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

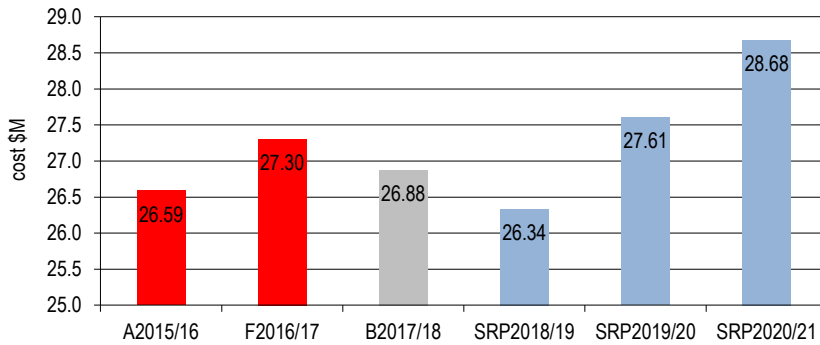
It is proposed that the average rates, including the municipal charge, increase by 2.0% for the 2017/18 year, raising total rates of \$18.50 M. The increase in total rates and charges is 3.30%. This increase in rate and charges includes the increase of 2.0% is in line with the rate cap set by the Minister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

8.2 Operating result



The expected operating result for the 2017/18 year is a deficit of \$0.23M, which is an decrease of \$4.95 M over 2016/17. The reduction in the operating result is largely due to the prepayment of 2017/18 Victorian Grants Commission funding in 2016/17 - refer to section 7 of this summary for further information. (The forecast operating result for the 2016/17 year is a surplus of \$4.628M).

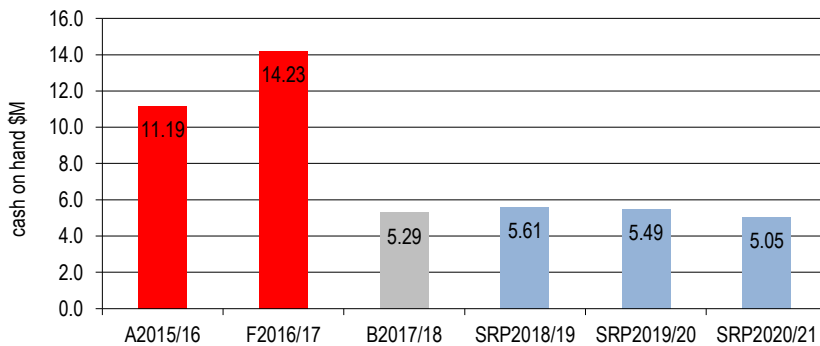
8.3 Services



The cost of services delivered to the community for the 2017/18 year is expected to be \$26.88M. For the 2017/18 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2016/17 year is \$27.30 M).

Refer Section 2 for a list of services

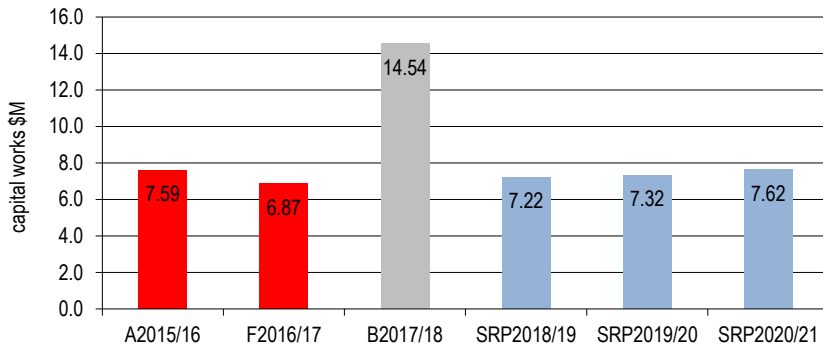
8.4 Cash and investments



Cash and investments are expected to decrease by \$8.94M during the year to \$5.29M as at 30 June 2018. This is due mainly to the utilisation of available cash resources to fund Council's infrastructure renewal effort which includes capital works of \$4.56M carried forward from 2016/17. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$14.23M as at 30 June 2017).

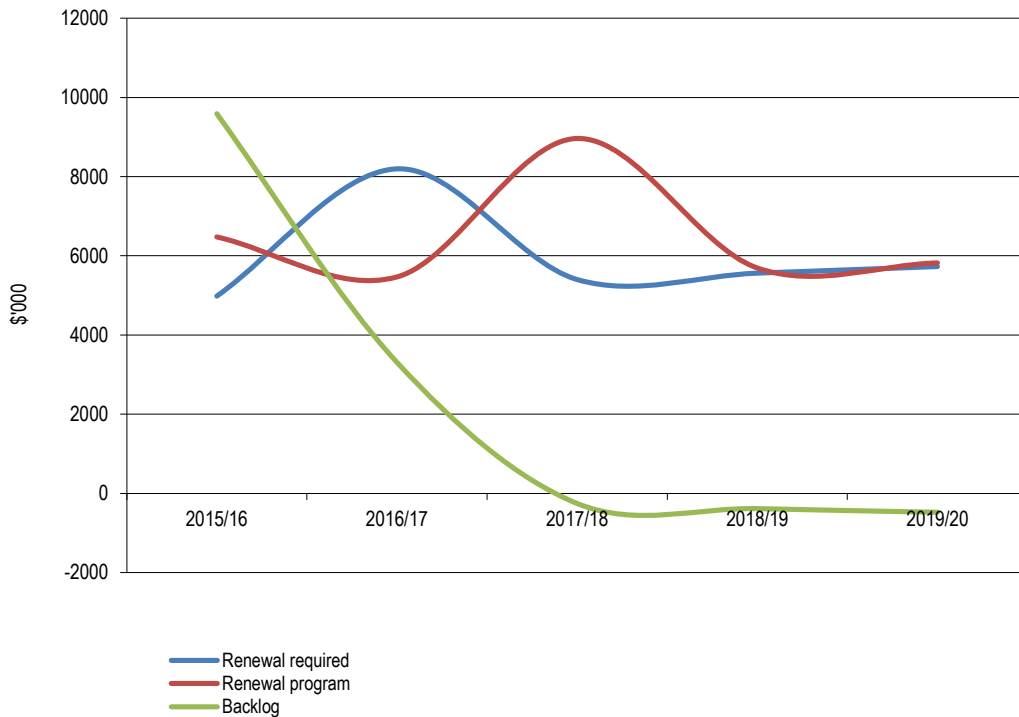
Refer also Section 3 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

8.5 Capital works



The capital works program for the 2017/18 year is expected to be \$14.54M. Of this total \$4.56M is budgeted to be carried forward from the 2016/17 year. Of the \$14.54M of capital funding required, \$3.05M will come from external grants, \$0.44 M from contributions, with the balance of \$11.05M from Council cash. The Council cash amount comprises asset sales (\$1.13M), cash generated through operations in the 2017/18 financial year (\$5.73 million) and unrestricted cash and investments (\$4.19 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 \$6.87M for the 2016/17 year).

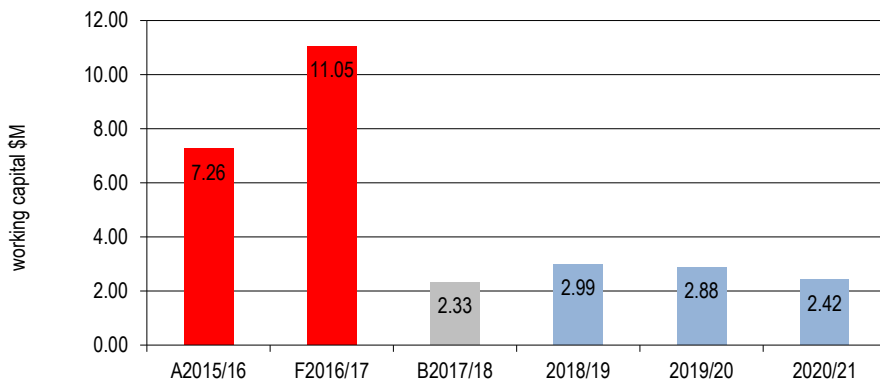
The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.



The asset renewal program of \$10.34M for the 2017/18 year will continue to significantly reduce the infrastructure asset renewal gap.

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

8.6 Financial position

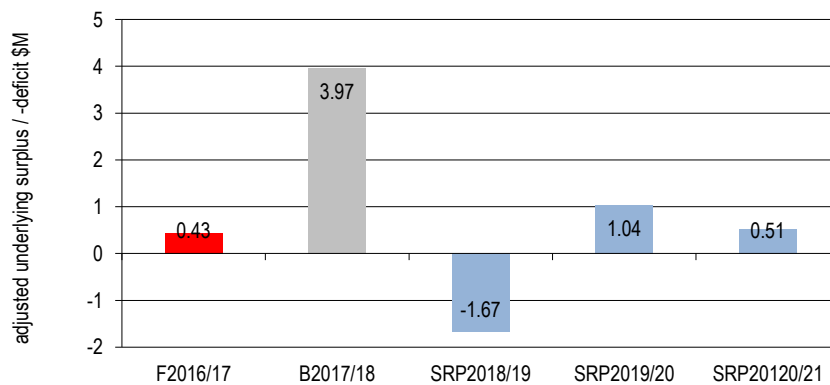


The financial position is expected to improve with net assets (net worth) to increase by \$0.27M to \$284.54M although net current assets (working capital) will reduce by \$8.72M to \$2.33M as at 30 June 2018. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$284.27M as at 30 June 2017).

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

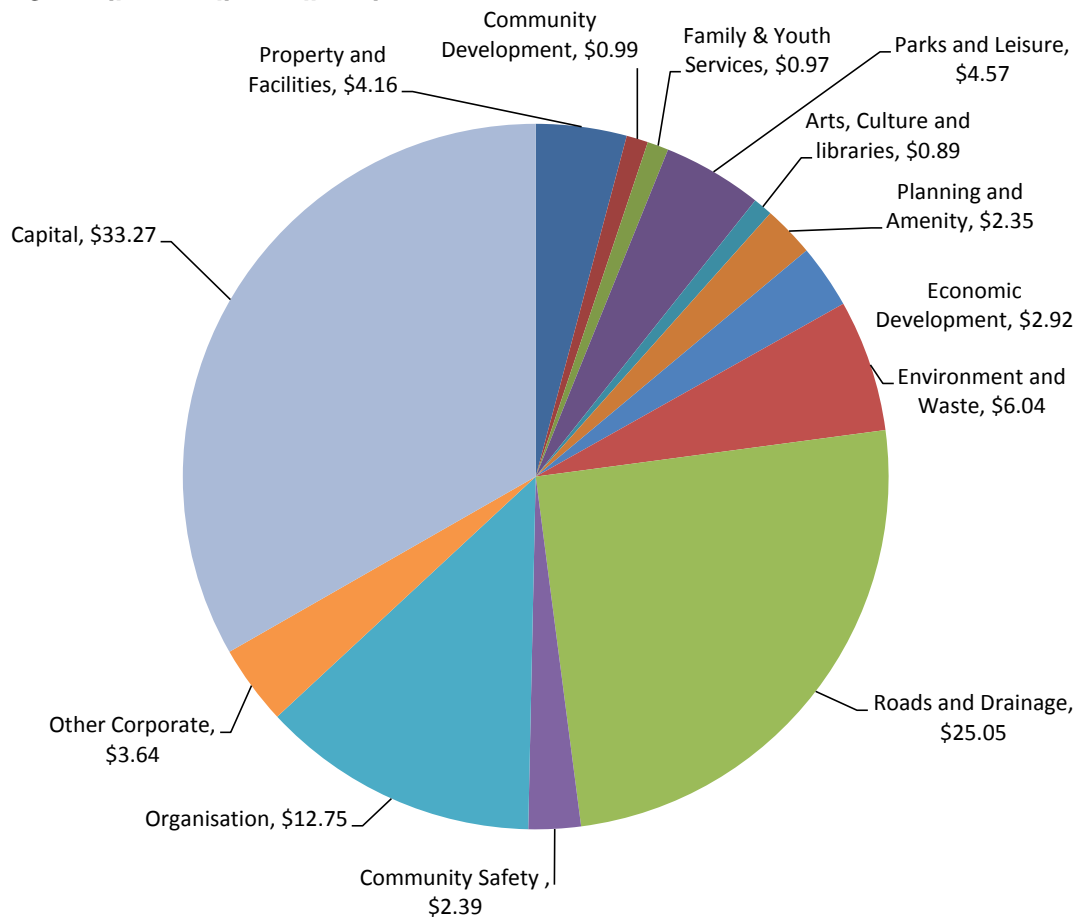
Refer also Section 3 for the Balance Sheet and Section 13 for an analysis of the budgeted financial position.

8.7 Financial sustainability



A high level Strategic Resource Plan for the years 2017/18 to 2021/22 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, is steady for the forecast years.

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



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

9. Budget influences

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

9.1 Snapshot of Strathbogrie Shire Council

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

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

Population

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

Ageing population

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

9.2 External influences

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

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

9.3 Internal influences

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

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

9.4 Budget principles

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

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

9.5 Long Term Strategies

The budget includes consideration of a number of long term strategies which assist Council in considering the Budget in a strategic financial management context. These include a Strategic Resource Plan for the years 2017 to 2021 (section 14), Rating Strategy (section 15) and Other long term strategies (section 16) including borrowings, infrastructure and service delivery.

10. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2017/18 year.

10.1 Budgeted income statement

		Forecast		
	Ref	Actual 2016/17	Budget 2017/18	Variance
		\$'000	\$'000	\$'000
Total income	10.2	31,931	26,652	(5,279)
Total expenses	10.3	(27,303)	(26,878)	425
Surplus (deficit) for the year		4,628	(226)	(4,854)
Grants –non-recurrent capital	10.2.6	0	(1,000)	(1,000)
Contributions - non-monetary assets		(317)	0	317
Capital contributions - other sources	10.2.4	(656)	(442)	214
Adjusted underlying surplus (deficit)		3,655	(1,668)	(5,323)

10.1.1 Adjusted underlying result (\$5.32M decrease)

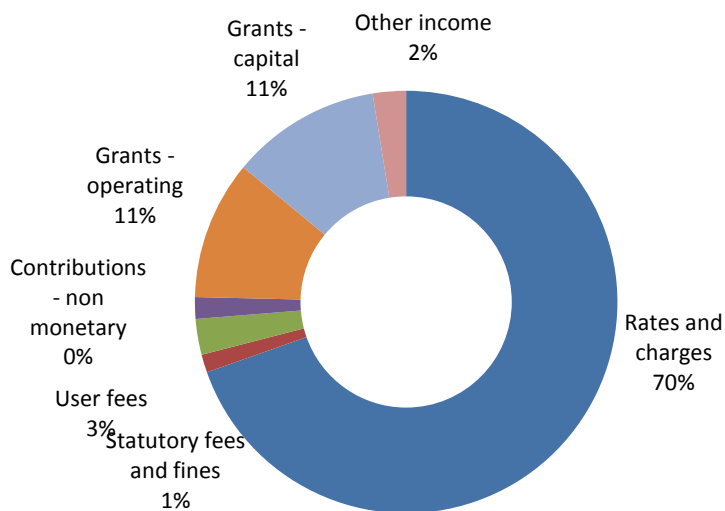
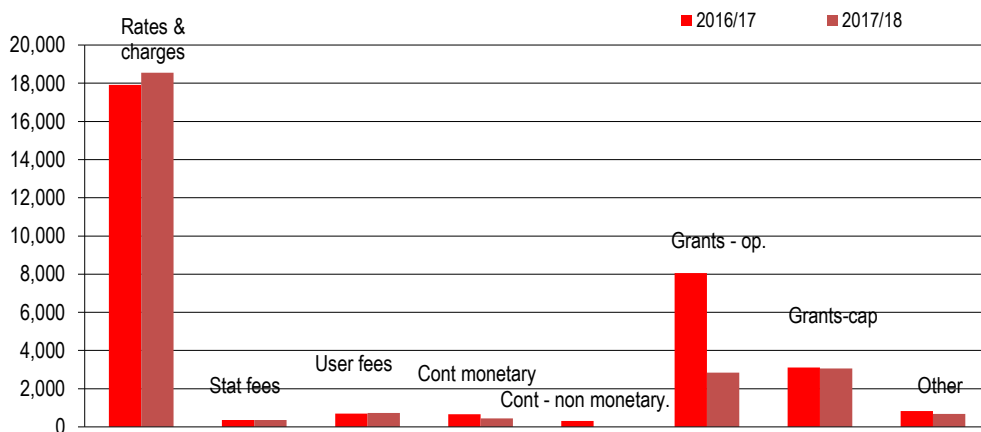
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2017/18 year is a deficit of \$1.67M which is an decrease of \$5.32M from the 2016/17 year. This is almost exclusively the effect of 50% of Council's Financial Assistance Grants for 2017/18 being prepaid in 2016/17 -

\$5.057M
The variance primarily relates to the prepayment in 2016/17 of 50% of 2017/18 Victorian Grants Commission funding.

10.2 Income

Income Types	Ref	Forecast		Variance
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	
Rates and charges	10.2.1	17,908	18,550	642
Statutory fees and fines	10.2.2	361	367	6
User fees	10.2.3	693	729	36
Contributions - monetary	10.2.4	656	442	(214)
Contributions - non monetary	10.2.5	317	0	(317)
Grants - operating	5.1.1	8,062	2,833	(5,229)
Grants - capital	5.1.2	3,103	3,054	(49)
Other income	10.2.6	831	677	(154)
Total income		31,931	26,652	(5,279)

\$'000



Budgeted income 2017/18

Source: Section 3

10.2.1 Rates and charges (\$0.642M increase)

It is proposed that income raised by rates and charges be increased by 3.3% or \$0.59 million over 2016/17 to \$18.5 million. General rates and the Municipal Charge are proposed to increase a combined 2.0%, with the Municipal Charge remaining unchanged at \$266. Waste management charges are increased by 3%. The difference between the percentage increase for total rates and charges (3.3%) and the proposed rates increase of 2.0% is the result of a budgeted 0.74% growth in the rate base for 2017/18, and an increase in the number and cost of waste management services. The total increase of \$0.642M includes charges for special rate schemes totalling \$50K.

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

10.2.2 Statutory fees and fines (\$6K increase)

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

Statutory fees are forecast to increase by 1.66% or \$6K compared to 2016/17

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

10.2.3 User fees (\$36K increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These services include saleyards, Euroa Cinema, Nagambie Regatta Centre, caravan parks and transfer stations. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

User fees are forecast to increase by 5.19% or \$36K compared to 2016/17.

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

10.2.4 Contributions - monetary (\$0.214M decrease)

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

Contributions-monetary are projected to decrease by \$0.214M compared to 2016/17.

10.2.5 Contributions - non monetary (\$0.317M decrease)

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

Contributions-non monetary are projected to decrease by \$0.317 million compared to 2016/17.

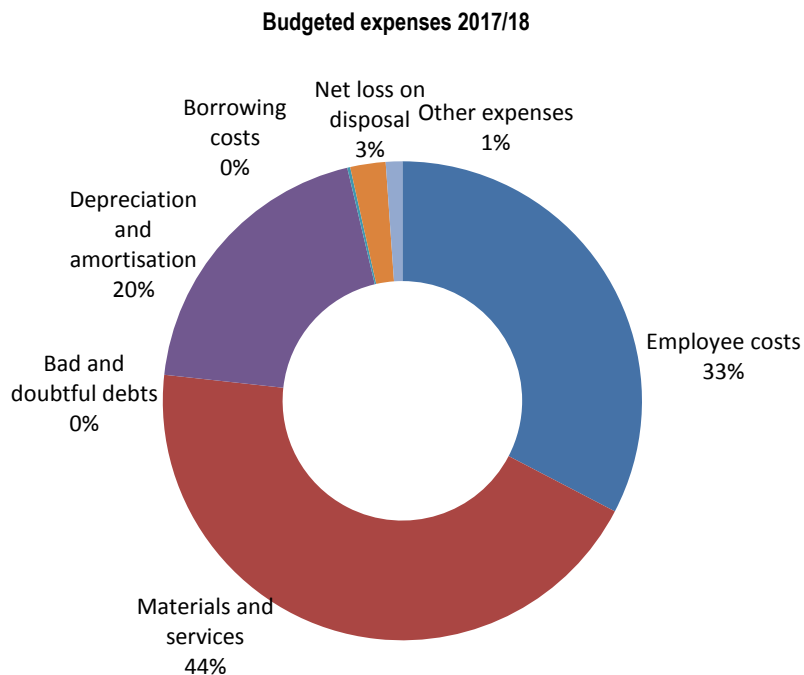
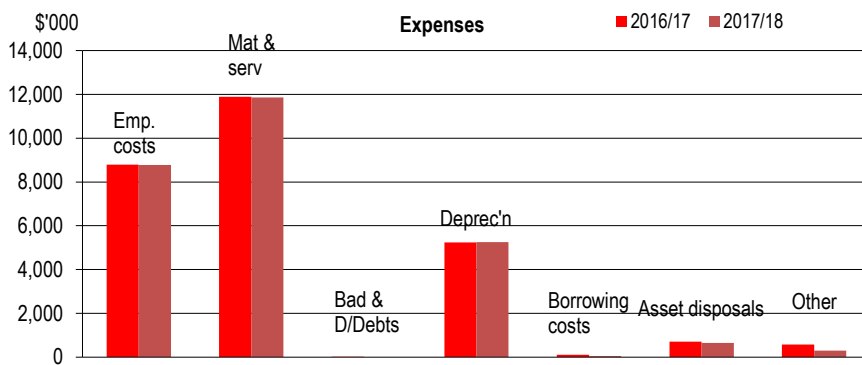
10.2.6 Other income (\$0.154M decrease)

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

Other income is forecast to decrease by \$0.154M compared to 2016/17.

10.3 Expenses

Expense Types	Ref	Forecast		Variance \$'000
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	
Employee costs	10.3.1	8,794	8,772	(22)
Materials and services	10.3.2	11,889	11,853	(36)
Bad and doubtful debts	10.3.3	1	0	(1)
Depreciation and amortisation	10.3.4	5,234	5,259	25
Borrowing costs	10.3.5	103	54	(49)
Net loss on disposal of property, infrastructure, plant and equipment	10.3.6	711	641	(70)
Other expenses	10.3.7	571	299	(272)
Total expenses		27,303	26,878	(425)



Source: Section 3

10.3.1 Employee costs (\$22K 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 0.25% or \$22K compared to 2016/17. This decrease relates to two key factors:

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

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

Department	Budget 2017/18 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Executive	334	334	0
Corporate and community	1,425	1,093	332
Sustainable development	1,402	1,028	374
Assets	5,279	4,950	329
Total permanent staff expenditure	8,440	7,405	1,035
Casuals and other expenditure costs	332		
	8,772		
Capitalised labour costs	67		
Total expenditure	8,839		

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

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Executive	2	2	0
Corporate and community	18	14	4
Sustainable development	15	10	5
Assets	58	54	4
Total	93	80	13
Casuals and other	2		
Capitalised labour costs	1		
Total staff	96		

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

Department	ServiceUnit	Forecast		
		Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Executive		310	332	22
Corporate and community		2,027	1699	(328)
Sustainable development		1,479	1398	(81)
Assets		4,978	5343	365
		8,794	8,772	(22)

10.3.2 Materials and services (\$36K decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 0.30% or \$36K compared to 2016/17.

10.3.3 Bad and doubtful debts (\$1K decrease)

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

10.3.4 Depreciation and amortisation (\$25K 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 \$25K for 2017/18 is due mainly to the impacts of Council's capital works program and infrastructure asset revaluations. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2017/18 year.

10.3.5 Borrowing costs (\$49K 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 (\$70K decrease)

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

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

10.3.7 Other expenses (\$0.272M decrease)

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

11. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2017/18 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

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

11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Cash flows from operating activities	11.1.1			
<i>Receipts</i>				
Rates and charges		17,908	18,550	642
User fees and fines		1,054	1,096	42
Grants - operating		8,062	2,833	(5,229)
Grants - capital		3,103	3,054	(49)
Interest		230	227	(3)
Other receipts		1,257	892	(365)
		31,614	26,652	(4,962)
<i>Payments</i>				
Employee costs		(8,794)	(8,772)	22
Other payments		(12,669)	(12,152)	517
		(21,463)	(20,924)	539
Net cash provided by operating activities		10,151	5,728	(4,423)
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant & equip.		(6,867)	(14,542)	(7,675)
Proceeds from sale of property, infrastructure, plant and equipment		940	1,132	192
Payments for landfill rehabilitation		0	(690)	(690)
Net cash used in investing activities		(5,927)	(14,100)	(8,173)
Cash flows from financing activities	11.1.3			
Finance costs		(103)	(54)	49
Proceeds from borrowings		0	0	0
Repayment of borrowings		(472)	(512)	(40)
Net cash used in financing activities		(575)	(566)	9
Net decrease in cash and cash equivalents		3,649	(8,938)	(12,587)
Cash and cash equivalents at the beginning of the year		10,580	14,229	3,649
Cash and cash equivalents at end of the year	11.1.4	14,229	5,291	(8,938)

11.1.1 Operating activities (\$4.423M decrease)

The decrease in receipts from operating activities is due mainly to increased rates and charges (\$0.642M), offset by prepayment of 2017/18 Victorian Grants Commission funding \$5.057M and reduced Other Receipts \$0.365M. Other payments have decreased by \$0.517M.

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 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Surplus (deficit) for the year	4,628	(226)	(4,854)
Depreciation	5,234	5,259	25
Loss (gain) on disposal of property, infrastructure, plant & equipment	(711)	(641)	70
Finance costs	103	54	(49)
Net movement in current assets and liabilities	897	1,282	385
Cash flows available from operating activities	10,151	5,728	(4,423)

11.1.2 Investing activities (\$8.173M increase)

The increase relates primarily to works carried forward from 2016/17 (\$4.559M). Council has maintained a high level of capital works, with continuing emphasis on infrastructure asset renewal. The capital works budget of \$14.542M is detailed in Sections 6 and 12 of this budget.

11.1.3 Financing activities (\$9K decrease)

For 2017/18 the total of principal repayments is \$0.512M and finance charges is \$54K.

11.1.4 Cash and cash equivalents at end of the year (\$8.938M decrease)

Overall, total cash and investments is forecast to decrease by \$8.938M to \$5.291M as at 30 June 2018, reflecting Council's strategy of using excess cash and investments for infrastructure renewal, including capital works carried forward from 2016/17 (\$4.559M). This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts Council's continuing efforts to reduce the infrastructure renewal gap.

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2018 it will have cash and investments of \$5.291M, which has been restricted as shown in the following table.

	Ref	Forecast Actual 2017 \$'000	Budget 2018 \$'000	Variance \$'000
Total cash and investments		14,229	5,291	(8,938)
Restricted cash and investments				
- Statutory reserves	11.2.1	(100)	(100)	0
- Cash held to carry forward capital works	11.2.2	(4,559)	0	4,559
- Trust funds and deposits		(762)	(762)	0
Unrestricted cash and investments	11.2.3	8,808	4,429	(4,379)
- Discretionary reserves	11.2.4	(500)	(750)	(250)
Unrestricted cash adjusted for discretionary reserves	11.2.5	8,308	3,679	(4,629)

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 \$4.559M in capital works to be carried forward from 2016/17.

11.2.3 Unrestricted cash and investments (\$4.429M)

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 (\$0.750M)

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

11.2.5 Unrestricted cash adjusted for discretionary reserves (\$3.679M million)

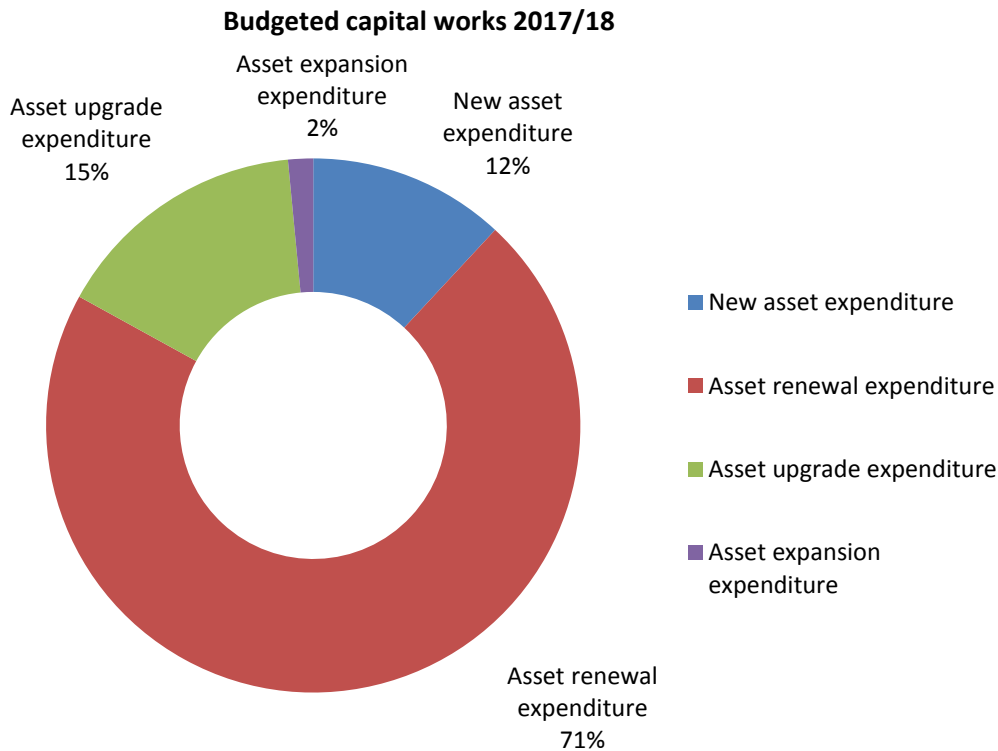
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum 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	Budget	Variance
		Actual 2016/17 \$'000	2017/18 \$'000	\$'000
Works carried forward	12.1.1			
Property				
Buildings		450	904	(454)
Total buildings		450	904	(454)
Total property		450	904	(454)
Plant and equipment				
Computers and telecommunications		95	0	95
Total plant and equipment		95	0	95
Infrastructure				
Roads		273	592	(319)
Bridges		640	2,371	(1,731)
Drainage		263	597	(334)
Waste management		0	0	0
Parks, open space and streetscapes		134	95	39
Total infrastructure		1,310	3,655	(2,345)
Total works carried forward		1,855	4,559	(2,704)
New works				
Property	12.1.2			
Land		3	0	3
Buildings		551	638	(87)
Total buildings		554	638	(84)
Total property		554	638	(84)
Plant and equipment	12.1.3			
Plant, machinery and equipment		390	984	(594)
Fixtures, fittings and furniture		26	206	(180)
Computers and telecommunications		255	200	55
Total plant and equipment		671	1,390	(719)
Infrastructure	12.1.4			
Roads		2,923	5,453	(2,530)
Bridges		224	1,072	(848)
Footpaths and cycleways		142	303	(161)
Drainage		235	747	(512)
Recreational, leisure and community		166	115	51
Parks, open space and streetscapes		97	265	(168)
Total infrastructure		3,787	7,955	(4,168)
Total new works		5,012	9,983	(4,971)
Total capital works expenditure		6,867	14,542	(7,675)
Represented by:				
New asset expenditure	12.1.5	768	1,734	(966)
Asset renewal expenditure	12.1.5	5,340	10,337	(4,997)
Asset upgrade expenditure	12.1.5	710	2,251	(1,541)
Asset expansion expenditure	12.1.5	49	220	(171)
Total capital works expenditure		6,867	14,542	(7,675)



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

12.1.1 Carried forward works (\$4.559 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2016/17 year it is forecast that \$4.559 million of capital works will be carried forward.

12.1.2 Property (\$1.542 million)

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

For the 2017/18 year, \$1.542 million will be expended on building and building improvement projects. The more significant projects include works on Avenel Hall (\$300,000), Nagambie High street Toilets (\$200,000), Brock Street, Euroa Toilets (\$184,000), Euroa maternal health upgrade (\$135,000), Violet Town Oval Toilets (\$100,000) and Euroa visitor information centre (\$100,000).

12.1.3 Plant and equipment (\$1.39 million)

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

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

12.1.4 Infrastructure (\$11.610 million)

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

For the 2017/18 year, \$6.045 million will be expended on road projects. Details of the proposed roads works are provided in Section 6.

\$3.443 million will be expended on the replacement and rehabilitation of bridges as a result of receiving additional roads to recovery funding. This will significantly improve the life and load capacity of these bridges.

\$1.344 million will be expended on drainage projects. The more significant of these include the Campbell street Euroa (\$255,000), Euroa - Mansfield drainage (\$221,635), Stormwater pipelines and pit renewal (\$200,000) Euroa flood levee (\$180,000)

12.1.5 Asset renewal (\$10.337 million), new assets (\$1.734 million), upgrade (\$2.251 million) and expansion (\$0.220 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.

12.2 Funding sources

Sources of funding	Ref	Forecast	Budget	Variance
		Actual 2016/17 \$'000	2017/18 \$'000	\$'000
Works carried forward				
Current year funding				
Grants		0		0
Contributions		0		0
Borrowings		0		0
Council cash		0		0
- operations		0		0
- proceeds on sale of assets		0		0
- reserve cash and investments		0		0
- unrestricted cash and investments		1,855	1,623	(232)
Total works carried forward	12.2.1	1,855	1,623	(232)
New works				
Current year funding				
Grants	12.2.2	3,103	3,054	(49)
Contributions		0	442	442
Borrowings		0	0	0
Council cash				0
- operations	12.2.3	939	5,728	4,789
- proceeds on sale of assets	12.2.4	970	1,132	162
- reserve cash and investments		0		0
- unrestricted cash and investments		0	2,563	2,563
Total new works		5,012	12,919	7,907
Total funding sources		6,867	14,542	7,675

12.2.1 Carried forward works (\$4.559 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2017/18 year it is forecast that \$4.559 million of capital works will be carried forward.

12.2.2 Grants - Capital (\$3.054 million)

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

12.2.3 Council cash - operations (\$5.728 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$5.728 million will be generated from operations to fund the 2017/18 capital works program.

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

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

13. Analysis of budgeted financial position

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

13.1 Budgeted balance sheet

		Forecast		
	Ref	Actual 2017 \$'000	Budget 2018 \$'000	Variance \$'000
Current assets	13.1.1			
Cash and cash equivalents		14,229	5,291	(8,938)
Trade and other receivables		1,903	2,126	223
Other assets		2,046	1,057	(989)
Total current assets		18,178	8,474	(9,704)
Non-current assets	13.1.1			
Trade and other receivables		244	244	0
Property, infrastructure, plant and equipment		274,356	282,855	8,499
Total non-current assets		274,600	283,099	8,499
Total assets		292,778	291,573	(1,205)
Current liabilities	13.1.2			
Trade and other payables		3,572	3,292	280
Provisions		3,038	2,348	690
Interest-bearing loans and borrowings		522	505	17
Total current liabilities		7,132	6,145	987
Non-current liabilities	13.1.2			
Provisions		699	699	0
Interest-bearing loans and borrowings		678	186	492
Total non-current liabilities		1,377	885	492
Total liabilities		8,509	7,030	1,479
Net assets		284,269	284,543	274
Equity	13.1.4			
Accumulated surplus		85,500	85,024	(476)
Reserves		198,769	199,519	750
Total equity		284,269	284,543	274

Source: Section 3

13.1.1 Current Assets (\$9.704M decrease) and Non-Current Assets (\$8.499M 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 \$8.938M during the year mainly to fund the capital works program during the year including capital works carried forward from 2016/17 of \$4.559M.

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

Other assets including items such as non current assets held for resale are projected to reduce by \$0.8M, prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

13.1.2 Current Liabilities (\$0.987M decrease) and Non Current Liabilities (\$0.492M decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to decrease by \$0.987M.

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 \$0.509M over the year.

13.1.3 Working Capital (\$8.717M decrease)

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

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

	Forecast		
	Actual	Budget	Variance
	2017	2018	
	\$'000	\$'000	\$'000
Current assets	18,178	8,474	9,704
Current liabilities	7,132	6,145	987
Working capital	11,046	2,329	8,717
Restricted cash and investment current assets			
- Statutory reserves	(100)	(100)	0
Unrestricted working capital	10,946	2,229	8,717

In addition to the restricted cash shown above, Council is also projected to hold \$0.850 million in discretionary reserves at 30 June 2018. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes, which is to replace Council's aging bridges.

13.1.4 Equity (\$0.274 million increase)

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

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

During the year an amount of \$0.250 million is budgeted to be transferred from accumulated surplus to discretionary reserves. This reserve is for planned future capital works where a Council contribution may be required to supplement Government or other funding.

13.2 Key assumptions

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

- Trade and other receivables increased 5% from 2016/17 levels.
- Trade and other payables remain consistent with 2016/17 levels.
- Other debtors and creditors to remain consistent with 2016/17 levels.
- Employee entitlements to be increased generally in line with award and EBA increments.
- Repayment of loan principal to be \$0.51 million.
- Total capital expenditure to be \$14.542 million.

Long Term Strategies

This section includes the following analysis and information.

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

14. Strategic resource plan

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

14.1 Plan development

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

Council has prepared an SRP for the four years 2017/18 to 2021/22 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

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

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

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

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

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

14.2 Financial resources

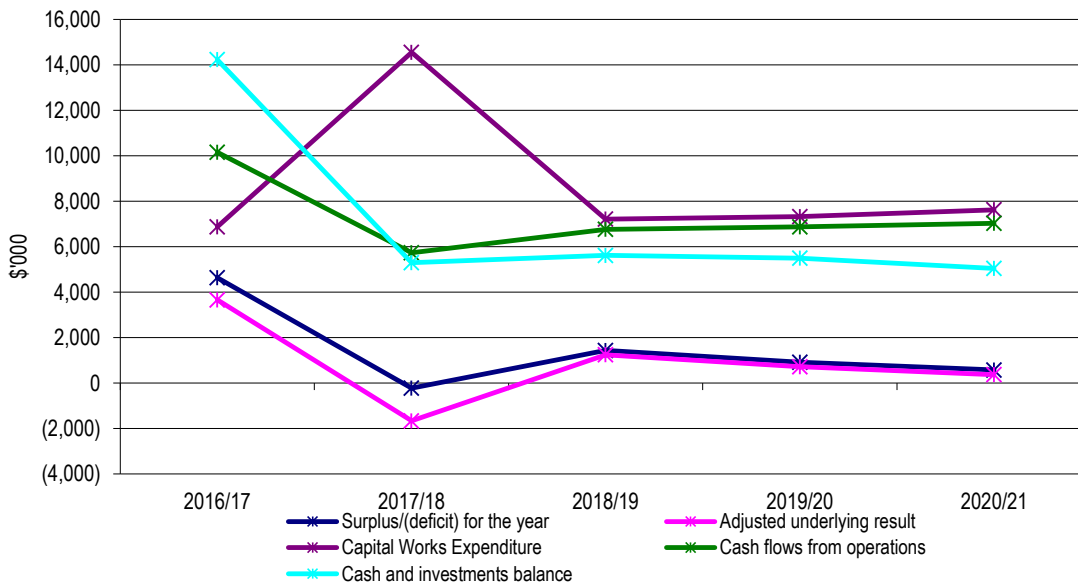
The following table summarises the key financial results for the next four years as set out in the SRP for years 2017/18 to 2020/21. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2016/17	2017/18	2018/19	2019/20	2020/21	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	4,628	(226)	1,433	910	571	-
Adjusted underlying result	3,655	(1,668)	1,240	712	367	-
Cash and investments balance	14,229	5,291	5,613	5,487	5,046	o
Cash flows from operations	10,151	5,728	6,761	6,870	7,024	o
Capital works expenditure	6,867	14,542	7,216	7,321	7,624	o

Key to Forecast Trend:

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

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



The key outcomes of the Plan are as follows:

- Financial sustainability (Section 11)** - Cash and investments is forecast to remain stable over the four year period at between \$5.0 and \$5.6 million with an operating surplus in each year on a cash basis in each year
- Rating levels (Section 15)** - Modest rate increases are forecast over the four years commencing with an increase of 2.0% for 2017/18
- Service delivery strategy (section 16)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are budgeted for 2017/18 and forecast years. The profile for the adjusted underlying result is similar to the operating result as a consequence of reduced levels of capital funding over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- Borrowing strategy (Section 16)** – Borrowings are forecast to reduce from \$1.2 million to \$0.29 million over the four year period. No new borrowings are proposed.
- Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$36.70 million at an average of \$9.18 million.

15. Rating information

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

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 63.0% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

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

15.2 Future rate increases

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

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

* Municipal Charge to remain unchanged at \$266

15.3 Rating structure

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

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

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

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

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

The existing rating structure comprises five differential rates (residential, vacant residential, farm, commercial/industrial and vacant commercial/industrial), and a rate concession for recreational land. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands". The vacant residential rate is set at 175% of the residential rate, the farm rate at 85% of the residential rate, the commercial rate at 120% of the residential rate and the vacant commercial/industrial at 175% of the residential rate. The rate concession for recreational land is set at 50% of the residential rate. Council also levies a municipal charge, a kerbside collection charge, a recycling charge, an organics waste charge and a tree management charge as allowed under the Act. **First Home Buyers** - Council intends to grant a rebate of two year's rates to each owner who qualifies for the Victorian Government First Home Owners Grant, on the following basis: Proof of approval for First Home Buyers Grant (\$20,000) to be provided, and Council will excuse rates and municipal charge for a period of two years from commencement of the first full financial year in which the rates are payable by the new owner. Home owners will qualify - for a newly built home sold for the first time (applied from the date of contract to purchase), for a house and land package (applied from the date of contract to purchase), for a vacant block on which a new home is to be built (applied from the date of contract to build house) - maximum property value is \$750,000.

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

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

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

15.4 General revaluation of properties

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

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2015/16 year, Council has chosen not to make any changes to the existing rate differentials. Total rates and municipal charges will increase by 2.0% (excluding supplementary growth) compared to 2016/17.

16. Summary of other strategies

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

16.1 Borrowings

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

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

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

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

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

16.2 Infrastructure

The Council has developed an Infrastructure Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 20 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

- Long term capital planning process which integrates with the Council Plan, Strategic Resource Plan and Annual Budget processes;
- Identification of capital projects through the preparation of asset management plans;
- Prioritisation of capital projects within classes on the basis of evaluation criteria;
- Methodology for allocating annual funding to classes of capital projects; and,
- Business Case template for officers to document capital project submissions.

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

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

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

Summary of funding sources					
Year	Total Capital Program \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2016/17	6,867	3,103	656	3,108	0
2017/18	14,542	3,054	442	11,046	0
2018/19	7,216	1,227	193	5,796	0
2019/20	7,321	1,255	198	5,868	0
2020/21	7,624	1,283	204	6,137	0

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

16.3 Service delivery

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

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

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

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

Appendix A
Fees and charges schedule

nature which will be charged in respect to various goods and services provided during the 2017/18 year.

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

Budget 2017/2018 - Council Fees	Fee Unit	GST Applicable	Current Fees 2016/17 (Inc GST)	Fee 2017/18 (Inc GST)	% Increase 2017/18 (Inc GST)
<u>General Photocopying</u>					
A4 (each)	page	Yes	1.00	-	-100.00%
A3 (each)	page	Yes	2.00	-	-100.00%
A2 (each)	page	Yes	3.00	-	-100.00%
A1 (each)	page	Yes	5.00	-	-100.00%
<u>Building Fees</u>					
Domestic Building Works:					
New Dwellings up to \$180,000	app'n	No	2,622.00	2,701.00	3.01%
New Dwellings Over \$180,000	app'n	No	2,896.00	2,983.00	3.00%
Additions to Dwelling, Garage, Decks, Pergolas, Fencing, Masts etc. \$0 - \$30,000	app'n	No	819.00	843.00	2.93%
Additions Over \$30,000 to \$180,000	app'n	No	1,202.00	1,238.00	3.00%
Industrial / Commercial					
Minor Works to \$10,000	app'n	No	1,978.00	2,037.00	2.98%
Minor Works \$10,000 to \$30,000 (Cost of works x 0.0145+\$2,000)	app'n				
Building Works \$30,000 to \$500,000 (Cost of works x0.0145+\$2,000)	app'n				
Building Works Above \$500,000 (POA)	app'n				
Service Fees					
Building Permit Extension Class 1	app'n	No	196.00	202.00	3.06%
Building Permit Extension Class 10	app'n	No	109.00	112.00	2.75%
Essential Safety Measures Report per hour (Minimum 2 hour charge)	hour	No	165.00	180.00	9.09%
Occupancy Inspection per hour (Minimum 2 hour charge)	hour	No	165.00	180.00	9.09%
Building Permit Amendments per hour (Minimum 2 hour charge)	hour	No	165.00	180.00	9.09%
Preparation of Reports per hour (Minimum 2 hour charge)	hour	No	165.00	180.00	9.09%
Installation Permit (Removable Dwellings under <i>Residential Tenancies Act</i>)	app'n	No	876.00	902.00	2.97%
P.O.P.E. Places Of Public Entertainment Approval	app'n	No	1,591.00	1,639.00	3.02%
P.O.P.E. Siting MBS approvals (Min 2 hours)	hour	No	170.00	180.00	5.88%
<u>Road Opening Permit Fees</u>					
Vehicle Crossing	Permit	No	127.00	130.00	2.36%
Other Road Openings - per Regulations					
Permit for removal of fallen timber	Permit	No	10.00	10.00	0.00%
Service Connections/Other	Permit	No	81.60	84.00	2.94%
<u>Domestic Animal Registration Fees</u>					
Standard Fee (As Set by Council)	Animal	No	170.00	175.00	2.94%
Reduced Fee (Set by the Act =not greater than 33.33% of Maximum Fee)	Animal	No	39.00	40.00	2.56%
Pensioner Fee (Set by the Act = 50% of Reduced Fees)	Animal	No	20.00	20.00	0.00%
Declared dogs (no concession)	Animal	No	258.00	350.00	35.66%
Declared Dogs - property inspection fee for dangerous, menacing or restricted breed	Inspection	No		50.00	
<u>Pound Fees</u>					
Domestic Animals (Dogs/Cats)	Day	No	17.00	20.00	17.65%
Domestic Animal - Administration Fee (Accounting/Advertising/Release etc)		No	103.00	125.00	21.36%
Domestic Animals - After Hours Collection Fee when impounded	Collection	No	103.00	125.00	21.36%
Livestock - Sheep	Head/Day	No	6.40	7.00	9.37%
Livestock - Cattle	Head/Day	No	17.00	20.00	17.65%
Livestock - Horses	Head/Day	No	17.00	20.00	17.65%
Livestock - Stallions & Bulls	Head/Day	No	60.80	70.00	15.13%
Livestock - Other	Head/Day	No	17.00	20.00	17.65%
Transport - By Staff	Trip	No	104.00	-	-100.00%
Transport - By Contractor	Trip				
Livestock - Administration Fee (Accounting/Advertising/Release etc)	per event	No	104.00	125.00	20.19%
<u>Impound/Call Out Fees</u>					
Staff impound/Call out fee		No	104.00	120.00	15.38%
Contractor impound/Call out fee					
<u>Surrender of Animals</u>					

Budget 2017/2018 - Council Fees	Fee Unit	GST Applicable	Current Fees 2016/17 (IncGST)	Fee 2017/18 (Inc GST)	% Increase 2017/18 (Inc GST)
Animals to be euthanased where owner surrenders - All animals		No	88.00	90.00	2.27%
		No	88.00	90.00	2.27%

Budget 2017/2018 - Council Fees	Fee Unit	GST Applicable	Current Fees 2016/17 (Inc GST)	Fee 2017/18 (Inc GST)	% Increase 2017/18 (Inc GST)
Other Fees					
Vet Fees (all animals)		Yes			
Domestic Animal Business					
Registration and Renewal		No	229.00	240.00	4.80%
Additional Inspections		No	109.00	115.00	5.50%
New Business Establishment Fee		No	229.00	240.00	4.80%
Local Laws - Permits					
Roadside Fire collection				15.00	
Permit to graze livestock by resident owner	Permit	No	38.00	40.00	5.26%
Other Permits (Administration Fee)	Permit	No	71.00	80.00	12.68%
Annual Permits, including single item street trading	Permit	No	71.00	80.00	12.68%
Annual Permits for multiple use in street trading	Permit	No	124.00	130.00	4.84%
Impounded vehicle reclaim	per vehicle	No		200.00	
Saleyards					
Agents Yard Fee for sale days (cattle sold per head) or		Yes	0.34	0.35	2.94%
Fee per sale (whichever is greater)		Yes	350.00	360.00	2.86%
NLIS Tags		Yes	57.00	60.00	5.26%
Weighings		Yes	4.60	4.80	4.35%
Scanning		Yes	2.80	2.90	3.57%
Sheep		Yes	0.30	0.30	0.00%
Horse		Yes	6.40	6.60	3.12%
Alpaca		Yes	6.40	6.60	3.12%
Llama		Yes	6.40	6.60	3.12%
Truck wash		Yes	1.80	1.90	5.56%
Fees Associated with Sales					
Sale day		Yes	9.90	10.20	3.03%
Day after Sale day (before 5.00pm)		Yes	9.90	10.20	3.03%
Use of yards as a trans-shipment point (max. 12hours)		Yes	257.20	260.00	1.09%
Single Truck Operators		Yes	128.00	130.00	1.56%
Health Fees					
Food Premises etc Fees					
Class 1 Food Premises (includes one routine inspection and audit)	Permit	No	503.00	515.00	2.39%
- Additional fees for late registration (add 50% of scheduled fee)		No	251.00	257.00	2.39%
Class 2 Food Premises (includes one routine inspection and compliance check)	Permit	No	503.00	515.00	2.39%
- Additional fees for late registration (add 50% of scheduled fee)		No	251.00	257.00	2.39%
Class 2 with 3rd party FSP (includes one routine inspection and compliance check)	Permit	No	503.00	515.00	2.39%
- Additional fees for late registration (add 50% of scheduled fee)		No	251.00	257.00	2.39%
Class 3 Food Premises (includes one routine inspection)	Permit	No	218.00	225.00	3.21%
- Additional fees for late registration (add 50% of scheduled fee)		No	109.00	112.00	2.75%
New Business Establishment Fee	Permit		50% Sched. FEE	-	
More than 5 persons employed (\$10 per person to a maximum \$2,500)	Permit	No	10.00	-	-100.00%
Sporting Clubs/Community Groups (not for profit)	Permit			50.00	
Food vehicle					
Class 2	Permit	No	284.00	290.00	2.11%
Class 3	Permit	No	175.00	180.00	2.86%
Temporary Food Stall					
Single event					
Class 2	Permit	No	121.00	124.00	2.48%
Class 3	Permit	No	66.00	70.00	6.06%
Class 4 (sausage sizzles etc, for fund raising)	Permit	No	-	-	
Single event for Sporting Clubs/Community Groups (not for profit) registered in Strathbogie	Permit	No	-	50.00	
Annual Fee					

Budget 2017/2018 - Council Fees	Fee Unit	GST Applicable	Current Fees 2016/17 (IncGST)	Fee 2017/18 (Inc GST)	% Increase 2017/18 (Inc GST)
Class 2	Permit	No	218.00	225.00	3.21%
Class 3	Permit	No	109.00	112.00	2.75%
Class 4 (sausage sizzles etc, for fund raising)	Permit				
Food stall for Sporting Clubs/Community Groups (not for profit)	Permit			50.00	
Refunds					
Refund due to closure	Permit	No	No Refund	-	
Submission of plans					
Application fee for submission of plans (50% of applicable registration fee)		No	50% Sched. Fee	25% Sched Fee	
Inspections					
Additional inspections (all categories)	Each	No	109.00	113.00	3.67%
Pre Inspection of New Premise prior to opening	Each	No	109.00	-	
Pre Inspection of Premise being sold (Rename Transfer Fee)	Each	No	109.00	113.00	3.67%
Priority inspection request (within 5 days)	Each	No	164.00	170.00	3.66%
Urgent inspection request (within 48 hrs)	Each	No	284.00	295.00	3.87%
Public Health & Well being Act Fees					
Beauty parlours, skin penetration or similar	Permit	No	152.00	160.00	5.26%
Allied Health and Alternative Therapy Including Massage Therapy and Acupuncture, etc		No	152.00	160.00	5.26%
Hairdressers	Inspection	No	152.00	-	
Prescribed Accommodation (no kitchen)	Permit	No	196.00	200.00	2.04%
New Business Establishment Fee	Permit	No	Sched Fee	-	
	160			160.00	
Septic Tank Application Fees					
New Installation	Permit	No	383.00	395.00	3.13%
Alteration	Permit	No	196.00	200.00	2.04%
Boat Ramp Fees					
Boat Ramp	Day	Yes	11.00	12.00	9.09%
Boat Ramp Residents	Annum	Yes	76.00	79.00	3.95%
Boat Ramp Non-Residents	Annum	Yes	125.00	128.00	2.40%
Regatta Centre Building					
Downstairs Function area - no staff - 1/2 day hire (4 hours)	1/2 Day	Yes	70.00	72.00	2.86%
Downstairs Function area - no staff - full day hire (8 hours)	Full Day	Yes	163.00	168.00	3.07%
Upstairs Conference area - no staff - 1/2 Day hire (4 hours)	1/2 Day	Yes	70.00	72.00	2.86%
Upstairs Conference area - no staff - Full Day hire (8 hours)	Full Day	Yes	163.00	168.00	3.07%
Kitchen - commercial (if selling) - 1/2 Day hire (4 hours)	1/2 Day	Yes	117.00	120.00	2.56%
Kitchen - commercial (if selling) - Full Day hire (8 hours)	Full Day	Yes	233.00	240.00	3.00%
Kitchen - private function 1/2 Day Hire (4 hours)	1/2 Day	Yes	59.00	61.00	3.39%
Kitchen - private function Full Day Hire (8 hours)	Full Day	Yes	117.00	120.00	2.56%
Boatshed - showers & toilets - 1/2 Day (4 hours)	1/2 Day	Yes	59.00	61.00	3.39%
Boatshed - showers & toilets - Full Day (8 hours)	Full Day	Yes	117.00	120.00	2.56%
Entire Regatta Centre Building not including kitchen - no staff - 1/2 Day hire (4 hours)	1/2 Day	Yes	187.00	193.00	3.21%
Entire Regatta Centre Building not including kitchen - no staff - Full Day hire (8 hours)	Full Day	Yes	374.00	385.00	2.94%
Peninsular - 1/2 Day hire (4 hours)	1/2 Day	Yes	467.00	481.00	3.00%
Peninsular - Full Day hire (8 hours)	Full Day	Yes	934.00	962.00	3.00%
Training Camps - Groups of 50 or less	Day	Yes	59.00	61.00	3.39%
Training Camps - Groups of more than 51	Day	Yes	117.00	120.00	2.56%
Entire Venue - no staff - Full Day hire (8 hours)	Day	Yes	1,167.00	1,650.00	41.39%
Extra Toilet Facilities	Day	Yes		440.00	
Tourist Attraction Signage					
4' Standard Name Blade	Sign	Yes	193.00	198.00	2.59%
Other sizes	Sign				
Official Visitor Guide (OVG) Advertising					
1/4 Page	Advertisement	Yes	304.00	313.00	2.96%
1/2 Page	Advertisement	Yes	510.00	525.00	2.94%
Full Page	Advertisement	Yes	922.00	950.00	3.04%
Back Cover	Advertisement	Yes	1,334.00	1,374.00	3.00%

Budget 2017/2018 - Council Fees	Fee Unit	GST Applicable	Current Fees 2016/17 (IncGST)	Fee 2017/18 (Inc GST)	% Increase 2017/18 (Inc GST)
Inside Back Cover	Advertisement	Yes	1,128.00	1,162.00	3.01%
<u>Wesley Hall User Fees</u>					
Main Hall - half day hire	1/2 Day	Yes	181.00	-	
Main Hall - full day hire	Full Day	Yes	340.00	-	
Main Hall - evening hire	Evening	Yes	181.00	-	
Kitchen - half day hire	1/2 Day	Yes	68.00	-	
Kitchen - full day hire	Full Day	Yes	122.00	-	
Bond		Yes	350.00	-	

Budget processes

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

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2017/18 budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2018 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget in the period October to November. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings in the period December to March. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Officers update Council's long term financial projections	Oct/Nov
2. Officers prepare operating and capital budgets	Oct/Nov
3. Councillors consider draft budgets at informal briefings	Dec/Mar
4. Proposed budget submitted to Council for approval	Apr
5. Public notice advising intention to adopt budget	Apr
6. Budget available for public inspection and comment	Apr
7. Public submission process undertaken	Apr
8. Submissions period closes (28 days)	May
9. Submissions considered by Council/Committee	Jun
10. Budget and submissions presented to Council for adoption	Jun
11. Copy of adopted budget submitted to the Minister	Jul

Reconciliation of Advertised Budget to Adopted Budget	Operating Result 2017/18	Cash 2017/18	Capital Expenditure 2017/18
Advertised Budget	3,201	(3,432)	13,089
Transfer R2R Funding from 2017/18 to 2016/17	(1,080)	(1,080)	
Adjust ICT Employee Costs	(35)	(35)	
Landfill rehabilitation costs		(690)	
SES - changed funding arrangements	13	13	
VGC - confirmed grant allocations	(103)	(103)	
VGC - prepayment of 2017/18 allocation in 2016/17	(2,560)	(2,560)	
Workcover rates - amend from 1.71% to 2.10%	(32)	(32)	
Amend EB increment from 2.25% to 2.15%	8	8	
Remove Service System Resourcing Grant - not applicable	(33)	(33)	
Interest on investments	27	27	
Building Surveyor Contract	6	6	
VEC - Election Fines	20	20	
School Crossing Subsidy	12	12	
Immunisation - Meningococcal	(3)	(3)	
Under Excess Insurance Claims	25	25	
Health and Wellbeing	(5)	(5)	
Memorial Oval Netball Court - Cost	(200)	(200)	
Memorial Oval Netball Court - Contribution Euroa FNC	50	50	
Capital Grants carried forward from 2016/17 -			
Avenel Hall	300	300	
Road Maintenance - adjust additional provision re 0 to 1 standard	10	10	
Contributions carried forward from 2016/17 -			
Violet Town Bowls Club Shed	15	15	
Violet Town Oval Toilets	100	100	
Other cash flows from movements in current assets & liabilities		64	
Strathbogie Park Shelter	(15)	(15)	
Violet Town Bowls Club Project	(15)	(15)	
Arts & Culture Strategy	(40)	(40)	
Palmer Ave Planning Enforcement	(60)	(60)	
St Malachy Church Nagambie - Titles	(10)	(10)	
Swimming Pools - Signs & Softfall	(10)	(10)	
Euroa Memorial Oval - Annual Maintenance	(4)	(4)	
Strathbogie - Line Marking	(5)	(5)	
Ruffy - Mowing	(3)	(3)	
Assumed additional capital grants	200	200	
Changes to Capital Works carried forward from 2016/17 - see below		(1,453)	1,453
Adopted Budget	(226)	(8,938)	14,542
Changes to Capital Works carried forward from 2016/17			
Capital Works Area	Update 21.6.17 \$'000	Advertised Budget \$'000	Variance \$'000
Buildings			
Violet Town Men's Shed	10	0	10
Nagambie Glass Square Bowling Club Rooms - accessible toilet	30	0	30
Nagambie Glass Square Tennis Club Rooms - accessible toilet	20	0	20
Violet Town Bowls Club Shed	30	0	30
Avenel Hall	250	300	(50)
Euroa Swimming Pool - Roof over Change Rooms	40	0	40
Total buildings	380	300	80
Roads			
Improved Intervention - Increased to \$250K	250	100	150
Pavement Rehabilitation Program	100	0	100
Euroa Primary School / Campbell St	150	250	(100)
Total Roads	500	350	150
Bridges			
Avenel Longwood Road Bridge No 63	165	0	165
Avenel Longwood Road Bridge No 59	204	0	204
McCrackens Rd Bridge No 125	140	0	140
Carters Rd Bridge No 55	140	0	140
Bonds Lane Bridge No 42	80	0	80
Dip Lane Bridge No 142	40	0	40
Dip Lane Bridge No 143	50	0	50
Halsalls Lane Bridge No 58	104	0	104
Griffin Rd Bridge No 42	84	0	84
Total bridges	1,007	0	1,007
Drainage			
Drainage Investigation	14	0	14
Other Drainage	10	0	10
Create Easements for Flood Levees	15	0	15
Total drainage	39	0	39
Footpaths			
Livingstone Street	20	0	20
Kirland Avenue Pedestrian Crossing	11	0	11
Kirkland Avenue Footpath	86	0	86
Total Footpaths	117	0	117
Parks, open space and streetscapes			
Shadforth Reserve Master Plan	40	50	(10)
Nagambie Recreation Reserve	50	0	50
Livingstone St Walking Track	20	0	20
Total parks, open space and streetscapes	110	50	60
Total Capital Works carried forward from 2016/17	2,153	700	1,453
Fees and Charges Schedule	Fee In. GST		
Regatta Centre Building Fees -			
Entire Venue - no staff - Full Day hire (8 hours)	\$1,650		
Extra Toilet Facilities	\$440		