



**Southern Grampians**  
SHIRE COUNCIL

# Budget

2016/2017



<b>Contents</b>	<b>Page</b>
Mayor's introduction	1
Executive Summary	2
<b>Budget Reports</b>	
1. Linkage to Council Plan	8
2. Services and Service Performance Indicators	11
3. Financial Statements	23
4. Financial Performance Indicators	30
5. Other budget Information (required by the regulations)	32
6. Detailed List of Capital Works	36
7. Rate & Charges	44
<b>Budget analysis</b>	
8. Summary of Financial Position	48
9. Budget Influences	53
10. Analysis of Operating Budget	55
11. Analysis of Budgeted Cash Position	61
12. Analysis of Capital Budget	64
13. Analysis of Budgeted Financial Position	69
<b>Long term strategies</b>	
14. Strategic Resource Plan	73
15. Rating Information	75
16. Summary of Other Strategies	77
<b>Appendices</b>	
A. Fees & Charges Schedule	80
B. Budget Process	81

*This Budget Report has been prepared with reference to Chartered Accountants ANZ "Victorian City Council Model Budget 2016/2017" a best practice guide for reporting local government budgets in Victoria.*



### Mayor's introduction

It gives me great pleasure to present this Budget to the community of Southern Grampians Shire Council. Council continues to maintain its focus on the vision to become Australia's most liveable provincial community and this Budget is designed to assist this goal.

Council has had to revise the Strategic Resource Plan and to review some costings and seek opportunities to find efficiencies and savings. The process of service planning will assist in providing further clarification about service level changes in the future. Council remains focussed on delivering quality services for the community but is increasingly concerned about the longer term impacts. Council also understands that the community has experienced some financial and economic hardship and that it is important that Council works hard to remain efficient and review its activities against community priorities.

The proposed budget includes a number of operational initiatives:

- Funding for Community Engagement position building on community planning work with townships
- Continuation of Crazy Ideas College project to engage with more young people across entire shire
- Development of Waste & Resource Recovery Strategy to guide Council regarding long term investment in waste management
- Roll out of digital strategy once adopted and in accordance with Telstra 'Smart Communities' consultation
- Planning for the development and release of industrial land
- Development of a communication strategy ensuring effective communication with our communities and advocating more broadly regarding Council's goals and priorities
- Navigating the Federal and State Government's aged care reform
- Commence master planning for upgrades to cultural facilities

The total Capital Works program will be \$15,870,369. Highlights of the Capital Works program include:

- Construction of stage 2 and redevelopment of the Hamilton Regional Livestock Exchange (\$2,206,059\*);
- Information Management replacement of hardware and equipment (\$253,500)
- Cox Street 'Front Door' precinct Streetscape design project & construction of stage 1 & 2 west side of Cox Street (\$900,000\*)
- Hamilton Botanic Gardens – design and construction of new aviary and associated works (\$258,818)
- Dunkeld – Mount Sturgeon Loop Walk project (\$400,000)
- Install photovoltaic system on Brown Street offices to reduce energy costs (\$47,660)
- Design consultancy for public toilets replacement program (\$30,000)

Renewal works included in the Capital works program include:

- Plant & motorised equipment replacements and purchases (\$1,550,000);
- Roads (projects, construct & reseals, urban road rehabilitation, rural road rehabilitation, rural road reseal, gravel road resheet, urban road reseal) (\$6,901,846\*)
- HILAC improvement works including entry area, plant room, variable speed drive, security cameras, rood replacement over squash courts, surface renewal for courts 2 & 3 (\$188,696);
- Storm water & drainage (\$168,750)
- Children's services – Mitchell Park and Church Hill kindergartens (30,000)
- Renewal projects for Performing Arts Centre (\$57,000)
- Renewal works at Patterson Park and critical treatment works for Mt Rouse summit (\$54,500)
- Bridges and culverts (\$254,520)
- General renewal works for Footpaths and cycle ways (\$47,500)

Cr Peter Dark  
Mayor

*Note: Projects marked with an \* are subject to external funding which (if not achieved), may impact on the scope of the projects or their ability to proceed.*

### Executive Summary

Council has prepared a Budget for 2016/17 which is aligned to the vision in the Council Plan 2013/17. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within the rate increase mandated by the State Government.

This Budget projects a surplus of \$6.215m for 2016/17, however, it should be noted that the adjusted underlying result is a deficit of \$0.884m after adjusting for capital grants and contributions.

### Key things we are funding

#### *Strategic Objective 1: Leadership and Good Governance*

##### Major Initiatives

- 1) Conduct the election of a new Council in October 2016
- 2) Develop a Council Plan 2017 – 21 for the term of the newly elected Council
- 3) Advocate in relation to Council's Advocacy Priorities program

##### Minor Initiatives

- 4) Complete a Communications Strategy which guides Council's communication efforts
- 5) Complete the second stage of service reviews in accordance with the Service Planning Framework

#### *Strategic Objective 2: Foster Population and Economic Growth*

##### Major Initiatives

- 6) Market and promote investor and business utilisation of the Land Capability Study
- 7) Plan for the release of the serviced industrial land
- 8) Work to seek private investor interest and public sector funding in the Intermodal Hub project
- 9) Commence master planning for the Council's cultural facilities upgrade

##### Minor Initiatives

- 10) Complete stage two and three of the Livestock Exchange redevelopment project
- 11) Develop an implementation strategy for the Digital Strategy and align with Smart Communities project

#### *Strategic Objective 3: Enhance Wellbeing and Culture*

##### Major Initiatives

- 12) Implement the third year of the action plan for the Arts & Culture Strategy
- 13) Lead the development of a new Health & Wellbeing Plan
- 14) Monitor and respond to the Aged Care Reforms when advised

##### Minor Initiatives

- 15) Implement the second year of the action plan for the HILAC Enterprise Review
- 16) Work with the community to improve levels of active community participation in recreational opportunities

#### *Strategic Objective 4: Help Communities Feel Dynamic and Resilient*

##### Major Initiatives

- 17) Review community engagement policy and ongoing Council program across Shire
- 18) Review the regional Prevention of Violence Against Women & Children Strategy
- 19) Deliver the roads and Community infrastructure program

##### Minor Initiatives

- 20) Complete a review of three Local Laws strategic issues
- 21) Work with local communities regarding their capacity to deliver the respective Community Plans

*Strategic Objective 5: Managing Environmental Security*

**Major Initiatives**

- 22) Complete and adopt Climate Change Mitigation & Adaptation Study
- 23) Develop a Waste & Resource Recovery Strategy to inform the Long Term Financial Plan and waste management operations
- 24) Participate in the Barwon South West and Resource Recovery Group to leverage funding and project opportunities

**Minor Initiatives**

- 25) Develop protocols for Council's operations and works
- 26) Manage the Dundas Quarry and its future development
- 27) Develop effective environmental processes that support Council policy

What money is spent on the service areas?

# WHERE IS THE MONEY SPENT?

for every \$100 spent on Council services  
this is where it goes:



**Capital Works**  
\$41.53



**Leisure**  
\$10.29



**Waste**  
\$6.97



**Cultural Services**  
\$6.23



**Community Services**  
\$9.45



**Emergency Management**  
\$0.76



**Community Development**  
\$0.98



**Economic Development & Tourism**  
\$3.74



**Infrastructure**  
\$11.90



**Business Enterprises**  
\$1.69



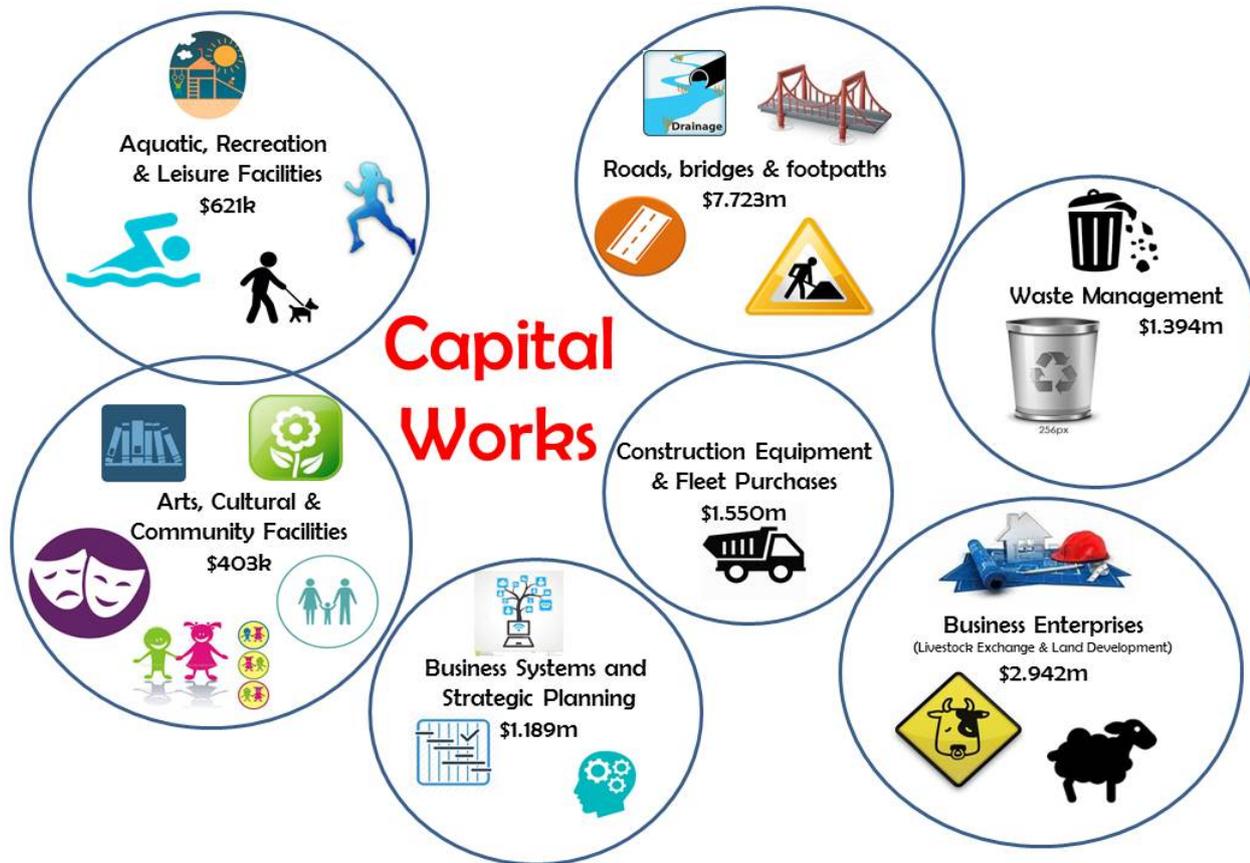
**Planning & Environment**  
\$3.73



**Regulatory & Compliance**  
\$2.73



What money is spent on Capital Works?



### Budget influences

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

#### External influences

In preparing the 2016/17 Budget, a number of external influences have been taken into consideration because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- The need to renegotiate Enterprise Bargaining Agreements ("EBA").
- The increased demand for Council services.
- Static funding from Victoria Grants Commission together with making an advance payment of 50% of the 2015/16 allocation in June 2015 which resulted in a lower amount being received in the 2015/16 financial year.
- Roads to Recovery IV funding from 2014 - 2018.
- Continuing escalation of utility costs essential for carrying out services (water and power).
- Stagnation or reduction of government grants for services such as Home & Community Care, Libraries and Maternal & Child Health.
- The introduction of rate-capping by the State Government – set at 2.5% for 2016/17,
- The increased costs across the organisation of meeting compliance standards set by other levels of government.

#### Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2016/17 Budget. These matters have arisen from events occurring in the 2014/15 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2015/16 year. These matters and their financial impact are set out below:

- Continuing increases in the demand and associated costs to improve waste management service levels (Landfills, Transfer Stations and Refuse/Recycling collections) along with imposition of strict guidelines from government in regard to management practices.
- The need for improved asset management practices to ensure efficient and effective use of Council's physical resources.
- Continuing escalation of costs in relation to the maintenance and renewal of Council's ageing infrastructure assets.
- The need for more detailed planning of major developments to ensure optimum long term asset longevity.

### 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.

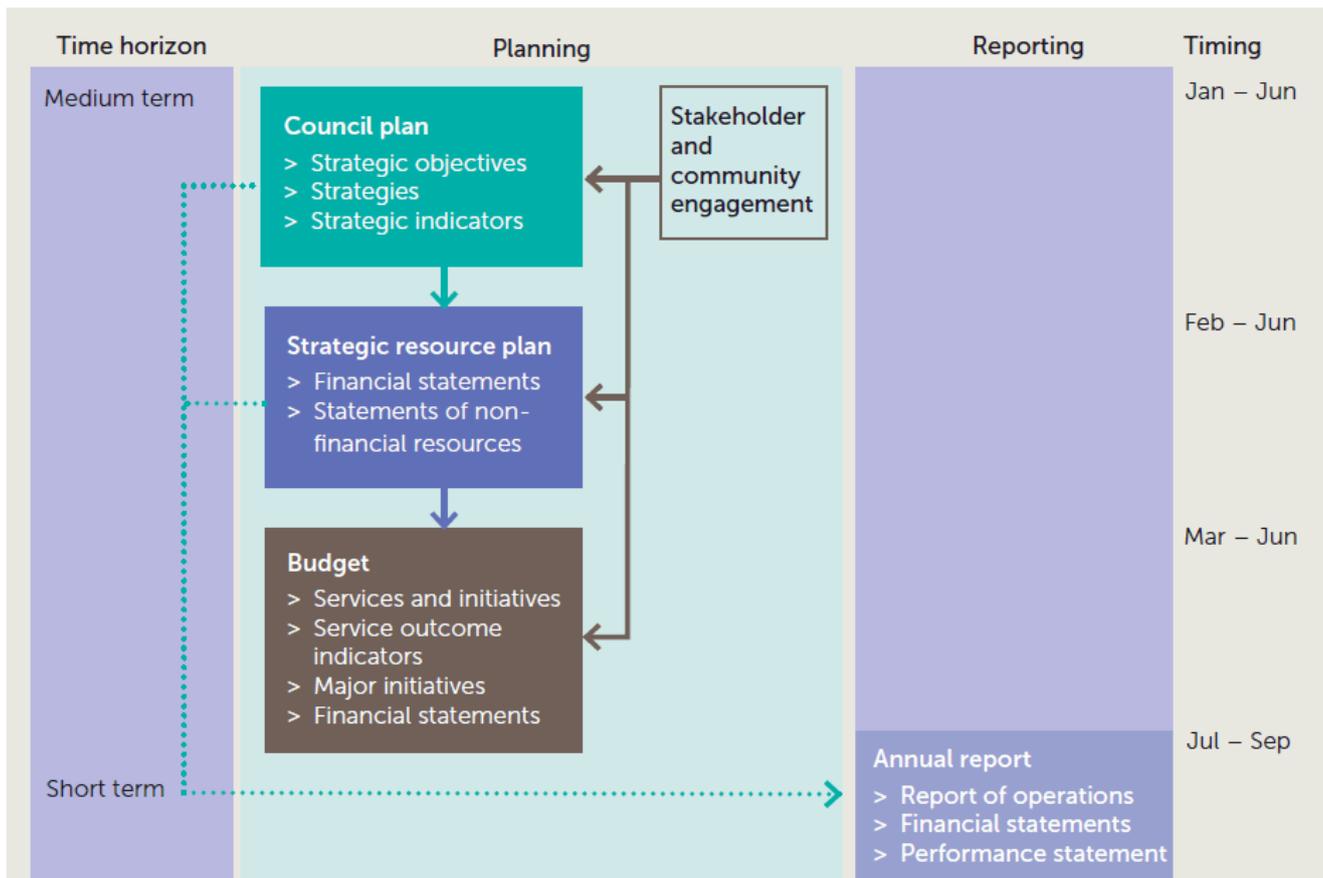
1. Links to Council Plan
2. Services and service indicators
3. Financial statements
4. Financial performance indicators
5. Grants and borrowings
6. Detailed list of capital works
7. Rates and charges

## 1. Linkage 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 (Vision 2030), 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, part of and prepared in conjunction with the Council Plan, 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 Department of Transport, Planning and Local Infrastructure)

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

### 1.2 Our Vision, Mission & Values

#### Our Vision

**'To be Australia's Most Liveable Provincial Community'**

To achieve our vision, we have developed five fundamental objectives. These objectives guide the development and implementation of strategies to work towards achieving this vision.

#### Our Mission

Our aim, as both elected representatives and officers of the Council is

- to work together collaboratively
- to serve our community and
- achieve our liveability vision.

#### Our Values

Southern Grampians has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff support the community leadership and governance role of Councillors, and work together to achieve the commitments of the Council Plan.

Having all Southern Grampians staff and Councillors practise the following organisational values, which were identified by staff and Councillors as being of the highest importance, will enhance the quality of this partnership.

- Working together;
- Integrity;
- Respect;
- Innovation;
- Vision; and
- Pride.

### 1.3 Strategic objectives

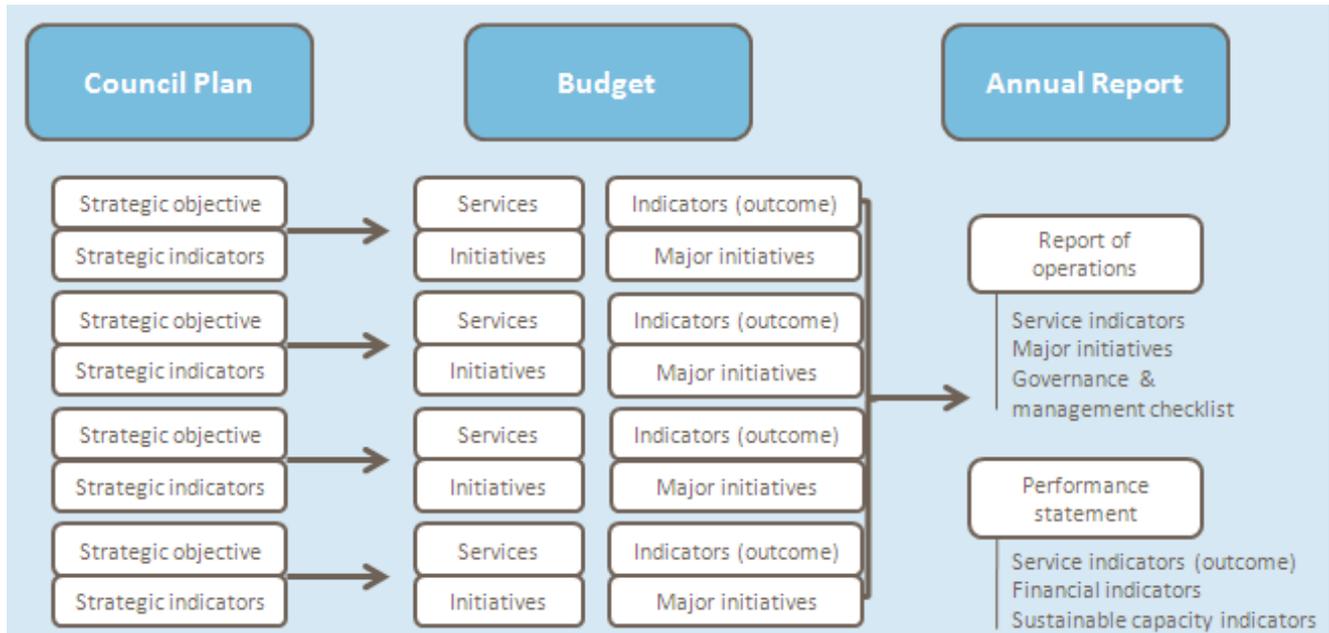
Council delivers services and initiatives under 60 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the years 2013-17.

The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Leadership and Good Governance	Maintain an understanding of issues of local importance and provide leadership in tackling them. Where appropriate, advocate on behalf of our community and ensure that our community is represented in debates which affect us.
2. Foster Population and Economic Growth	Work to stimulate the Shire's economic activity and drive population growth through Council's Economic Development Strategy 2011-2021.
3. Enhance Wellbeing and Culture	Enhance the liveability within the Shire, through planning and provision of quality in health, leisure, education and cultural services.
4. Help Communities Feel Dynamic and Resilient	Deliver high quality services in areas that are important in maintaining community safety and involve the community in determining and evaluating their performance on an ongoing basis.
5. Managing Environmental Security	Take seriously its responsibility as the custodian of community resources. Commit to achieving maximum benefit for the community from all our resources while taking care of our natural environment.

## 2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the budget for the 2016/17 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, 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 (formerly Transport, Planning and Local Infrastructure)

## 2.1 Strategic Objective 1: Leadership and Good Governance

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

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Executive and Councillor Support	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support.	1,805 <u>(15)</u> 1,790
Governance Administration	This service has the responsibility to provide the organisation with appropriate strategic advice on Governance and Property related matters, enabling the organisation to be responsive to the needs of the Council and the community.	1,274 <u>0</u> 1,274
Financial Services	This service has the responsibility to provide the organisation with appropriate strategic advice, reporting and internal control on finance related matters. Financial services also provide accounts payable, receivable and rating administration.	948 <u>(961)</u> (13)
Organisational Development, Human Resources & Continuous Improvement Management	This service has the responsibility to provide the organisation with appropriate advice and administration for all human resource requirements including policy development. The Unit also aims to facilitate Council's organisational goals through effective workforce management and provide a mechanism for continual review and improvement.	523 <u>0</u> 523
Risk Management	This service has the responsibility to provide the organisation with appropriate advice and management of risk and OHS in relation to legal and other community requirements.	185 <u>0</u> 185
Procurement	This service has the responsibility to provide the organisation with appropriate advice, administration and policy on all procurement matters as specified in Section 186A of the Local Government Act 1989.	180 <u>0</u> 180
Communications	The Communications service assists the organisation to facilitate communication across both internal and external stakeholders, and provide high quality information to the community.	164 <u>0</u> 164
Customer Service	The Customer Service is the first point of contact for all communications with Council. This unit aims to provide accurate and a high quality of service to all customers.	227 <u>0</u> 227
Information Management	The Business Systems unit aims to maximise the organisation's capacity to utilise all its many and diverse systems and is also responsible for the ongoing support of Councils IT requirements necessary to deliver effective services.	1,159 <u>0</u> 1,159

### Major Initiatives

1. Conduct the election of a new Council in October 2016
2. Develop a Council Plan 2017 – 21 for the term of the newly elected Council
3. Advocate in relation to Council's Advocacy Priorities program

### Initiatives

4. Complete a Communications Strategy which guides Council's communication efforts
5. Complete the second stage of service reviews in accordance with the Service Planning Framework

### 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

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## 2.2 Strategic Objective 2: Foster Population and Economic Growth

To achieve our objective to Foster Population and Economic Growth, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Economic Development	The economic development service seeks, in conjunction with key stakeholders, to promote an environment that is conducive to a sustainable and growing local economy.	414 <u>(39)</u> 375
Aerodrome	This service is responsible for the management and operation of the Hamilton Aerodrome.	407 <u>(27)</u> 380
Livestock Exchange	This service is responsible for the management and operation of the Hamilton Livestock Exchange.	872 <u>(1,529)</u> (657)
Tourism	This service aims to increase visitation and visitor yield and increase the quality of visitor experiences in the Shire.	308 <u>(16)</u> 292
Visitor Services	This service aims to connect the visitor to the Greater Hamilton experience, encouraging them to stay longer and contribute more to the local economy.	391 <u>(20)</u> 371
Building Services	This service provides statutory building services including enforcement of the Building Act and Regulation to ensure community safety in the built environment.	355 <u>(209)</u> 147
Business Development	The business development service seeks to facilitate an environment that is conducive to a sustainable and growing local business sector.	98 <u>0</u> 98
Strategic Planning	This service monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It prepares and processes amendments to the Council Planning Scheme and carries out research on urban development issues.	243 <u>(0)</u> 243
Statutory Planning	This statutory planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit,	612 <u>(132)</u> 480

### Major Initiatives

6. Market and promote investor and business utilisation of the Land Capability Study
7. Plan for the release of the serviced industrial land
8. Work to seek private investor interest and public sector funding in the Intermodal Hub project
9. Commence master planning for the Council's cultural facilities upgrade

### Initiatives

10. Complete stage two and three of the Livestock Exchange redevelopment project
11. Develop an implementation strategy for the Digital Strategy and align with Smart Communities project

### 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 <i>less</i> 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

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### 2.3 Strategic Objective 3: Enhance Wellbeing and Culture

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

#### Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged and Disability Services	This service provides a range of Home and Community Care services for the aged and disabled including home delivered meals, personal care, domestic assistance transport, property maintenance, and senior citizen clubs.	2,275 <u>(2,344)</u> <b>(69)</b>
Community Services Management	This service is responsible for the management and planning of community services. The service provides advice regarding social issues and assists community groups.	281 <u>0</u> <b>281</b>
Rural Access	This service aims to build inclusive communities by mobilising, strengthening and providing support to communities.	58 <u>(67)</u> <b>(8)</b>
Children's Services	This service provides quality education and care services ie. Family Day Care and promotes the early years sector.	801 <u>(626)</u> <b>175</b>
Leisure Services Planning and Support	This service is responsible for the management and planning of recreational opportunities in conjunction with the community using community development processes.	230 <u>0</u> <b>230</b>
Structured Recreation	This service manages or provides assistance in the delivery of sporting facilities for structured clubs or groups in the Shire.	698 <u>(30)</u> <b>668</b>
Unstructured Recreation	This service manages and/or provides assistance in the delivery of recreation facilities and open space for unstructured recreational activities in the Shire.	1,358 <u>(295)</u> <b>1,062</b>
Aquatic Facilities	This service provides a geographic spread of aquatic facilities that deliver recreation, health, wellbeing, education, social and tourism/economic opportunities to our communities.	659 <u>(59)</u> <b>600</b>
Hamilton Indoor Leisure & Aquatic Centre	This service provides accessible leisure and aquatic experience that facilitates and promotes wellbeing outcomes.	2,488 <u>(1,410)</u> <b>1,078</b>
Art Gallery	This service supports tourism promotion and community engagement with the arts and acts as custodian of one of the most valuable collections in regional Australia.	844 <u>(228)</u> <b>616</b>
Performing Arts Centre	This service provides promotion and support of performing arts, encouraging both appreciation and participation. Also to serve as one of the major conference and event venues in the area for both the business and community sectors.	525 <u>(258)</u> <b>267</b>
Library	This service aims to be an effective and dynamic library service inspiring and connecting our community by providing diverse, accessible and creative collections, programs, spaces and experiences.	518 <u>(201)</u> <b>317</b>
Cinema	This service provides the community with a high quality cinema experience.	325 <u>(312)</u> <b>13</b>
Civic & Community Arts	This service aims to increase visibility and activity of arts and culture in the community through a range of community programs or projects.	37 <u>0</u> <b>37</b>

Events Support	This services purpose is to increase visitation and visitor yield and increase quality visitor experiences through the support and marketing of events within the Shire.	221 <u>(3)</u> <b>218</b>
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**Major**

- 12) Implement the third year of the action plan for the Arts & Culture Strategy
- 13) Lead the development of a new Health & Wellbeing Plan
- 14) Monitor and respond to the Aged Care Reforms when advised

**Minor**

- 15) Implement the second year of the action plan for the HILAC Enterprise Review
- 16) Work with the community to improve levels of active community participation in recreational opportunities

**Service Performance Outcome Indicators**

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100

**2.4 Strategic Objective 4: Help Communities Feel Dynamic and Resilient**

To achieve our objective to Help Communities Feel Dynamic and Resilient, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

**Services**

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Emergency Services	This service coordinates emergency management planning to enable Council to coordinate and respond to emergencies in cooperation with other agencies.	194 <u>(92)</u> 102
Fire Prevention	This service coordinates fire prevention planning and works in cooperation with other agencies.	80 <u>(0)</u> 80
Environmental Health	This service improves the health and wellbeing of the community and protects the Shire's environment.	274 <u>(105)</u> 169
Environmental Sustainability	This service implements Council's Sustainability Strategy and acts as a catalyst for Council and community sustainability actions within the Shire.	240 <u>(63)</u> 177
Local Laws Operations	This service provides for the peace, order and good government of the Shire.	347 <u>(357)</u> (10)
Maternal & Child Health	This service provides a primary health care service for the Shire's families with children from birth to school age.	246 <u>(207)</u> 39
Community Planning	This service assists communities to develop a vision and priorities for their community and facilitate the implementation of community plans.	216 <u>(15)</u> 201
Community Support	This service is responsible for the provision of community support services. The service provides advice to Council and assists community groups.	40 <u>(0)</u> 40
Asset Management & Property Services	This service prepares long term maintenance management programs for Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings.	406 <u>(59)</u> 347
Bridges & Culverts	This service ensures the development and maintenance of the Shires bridges and culverts.	408 <u>0</u> 408
Depot Operations & Maintenance	This service supports the infrastructure directorate in the delivery of infrastructure related services.	449 <u>(21)</u> 428
Footpaths	This service ensures the development and maintenance of the Shires footpaths and cycle ways.	339 <u>0</u> 339
Infrastructure Management	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program.	1,084 <u>(0)</u> 1,084

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Plant Management & Operations	This service purchases and maintains Council vehicles, plant and equipment to meet functionality and safety needs and to maximise the performance and minimise operational cost of the fleet.	131 <u>(125)</u> 6
Rural Roads, Verges & Drainage	This service aims to ensure responsible management of Council's road infrastructure and compliance with regulatory requirements.	5,528 <u>(0)</u> 5,528
Street Lighting	This service provides public lighting for safety and amenity in streets within urban areas and other designated public locations.	123 <u>(0)</u> 123
Traffic Control Management	This service provides strategic planning, policy development and day to day management of traffic and transport related issues in Council.	206 <u>(0)</u> 206
Urban Streets	This service aims to ensure responsible management of Council's urban road infrastructure and compliance with regulatory requirements.	1,642 <u>(0)</u> 1,642
VicRoads Contract Management	This service ensures responsible contract management of Councils VicRoads contract.	367 <u>(590)</u> (223)

**Major**

- 17) Review community engagement policy and ongoing Council program across Shire
- 18) Review the regional Prevention of Violence Against Women & Children Strategy
- 19) Deliver the roads and Community infrastructure program

**Minor**

- 20) Complete a review of three Local Laws strategic issues
- 21) Work with local communities regarding their capacity to deliver the respective Community Plans

**Service Performance Outcome Indicators**

Service	Indicator	Performance Measure	Computation
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100

## 2.5 Strategic Objective 5: Managing Environmental Security

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

### Services

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Landfill	This service manages the disposal of non-recyclable waste within the Shire's Landfill site.	1,328 <u>(1,082)</u> 246
Transfer Stations	This service manages the waste and recyclables collection process at the designated transfer stations within the Shire.	437 <u>(88)</u> 349
Waste & Recycling Collection	This service manages the waste and recyclables collection process within the Shire, including the collection of kerbside bins.	1,310 <u>(138)</u> 1,172
Natural Asset Management	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	226 <u>(63)</u> 163
Stormwater / Drainage	This service manages the maintenance and environmental issues associated with the stormwater/drainage networks throughout the Shire.	329 <u>(0)</u> 329
Yatchaw Drainage Authority	This service is responsible for the management and maintenance of the Yatchaw Drainage Scheme.	6 <u>(7)</u> (1)
Quarry	This service is responsible for the sustainability in the supply of materials for road management and the realisation of returns from an economic asset.	0 <u>(150)</u> (150)

### Major

- 22) Complete and adopt Climate Change Mitigation & Adaptation Study
- 23) Develop a Waste & Resource Recovery Strategy to inform the Long Term Financial Plan and waste management operations
- 24) Participate in the Barwon South West and Resource Recovery Group to leverage funding and project opportunities

### Minor

- 25) Develop protocols for Council's operations and works
- 26) Manage the Dundas Quarry and its future development
- 27) Develop effective environmental processes that support Council policy

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Waste collection	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

### 2.6 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2016/17 Annual Report.

The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement.

The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.7 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Leadership and Good Governance	5,489	6,465	(976)
Foster Population and economic growth	1,728	3,700	(1,972)
Enhance Wellbeing and Culture	5,4854	11,318	(5,833)
Help Communities Feel Dynamic and Resilient	10,686	12,320	(1,634)
Managing Environmental Security	2,108	3,636	(1,528)
<b>Total services and initiatives</b>	<b>25,496</b>	<b>37,439</b>	<b>(11,943)</b>
<b>Funding sources</b>			
Rates and charges	(18,273)		
Victoria Grants Commission	( 6,551)		
Capital grants	(6,887)		
<b>Total funding sources</b>	<b>(31,711)</b>		
<b>Surplus for the year</b>	<b>(6,215)</b>		

### 3. Financial statements

This appendix presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2017/18 to 2020/21 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

- 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

	Forecast	Budget	Strategic Resource Plan Projections		
	Actual		2017/18	2018/19	2019/20
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	17,801	<b>18,273</b>	18,730	19,198	19,678
Statutory fees and fines	519	<b>542</b>	547	553	558
User fees	6,250	<b>6,408</b>	6,664	6,931	7,208
Contributions - cash	50	<b>212</b>	212	212	212
Contributions - non-monetary assets	-	-	-	-	-
Grants - operating (recurrent)	6,553	<b>9,104</b>	9,286	9,472	9,661
Grants - operating (non-recurrent)	-	<b>407</b>	415	423	432
Grants - capital (recurrent)	-	-	-	-	-
Grants - capital (non-recurrent)	6,056	<b>6,887</b>	4,013	2,376	2,875
Net gain on disposal of property, infrastructure and equipment	-	-	1,166	622	622
Other income	2,038	<b>1,854</b>	1,854	1,854	1,854
<b>Total Income</b>	<b>39,267</b>	<b>43,687</b>	<b>42,888</b>	<b>41,641</b>	<b>43,101</b>
<b>Expenses</b>					
Employee benefits	(15,931)	<b>(15,878)</b>	(16,354)	(16,845)	(17,350)
Materials and services	(9,610)	<b>(8,260)</b>	(8,581)	(8,915)	(9,261)
Bad and doubtful debts	-	-	(1)	(2)	(2)
Depreciation and amortisation	(9,933)	<b>(9,933)</b>	(9,933)	(9,933)	(9,933)
Finance costs	(214)	<b>(191)</b>	(269)	(240)	(211)
Other expenses	(3,463)	<b>(3,210)</b>	(3,605)	(3,454)	(3,812)
<b>Total Expenses</b>	<b>(39,151)</b>	<b>(37,472)</b>	<b>(38,743)</b>	<b>(39,388)</b>	<b>(40,569)</b>
<b>Surplus (deficit) for the year</b>	<b>116</b>	<b>6,215</b>	<b>4,145</b>	<b>2,253</b>	<b>2,532</b>
<b>Other comprehensive income</b>					
Net asset revaluation increment/(decrement)	-	-	-	-	-
Other	-	-	-	-	-
<b>Total comprehensive result</b>	<b>116</b>	<b>6,215</b>	<b>4,145</b>	<b>2,253</b>	<b>2,532</b>

## Southern Grampians Shire Council Budget 2016/17

### 3.2 Balance Sheet

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Current assets</b>					
Cash and cash equivalents	12,640	<b>14,923</b>	14,173	15,525	15,257
Trade and other receivables	4,145	<b>4,145</b>	4,736	4,728	4,828
Financial assets	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total current assets</b>	<b>16,785</b>	<b>19,068</b>	18,909	20,253	20,085
<b>Non-current assets</b>					
Trade and other receivables	1,365	<b>1,841</b>	1,841	1,841	1,841
Property, infrastructure, plant and equipment	326,692	<b>331,386</b>	335,633	336,181	338,582
<b>Total non-current assets</b>	<b>328,057</b>	<b>333,227</b>	337,474	338,022	340,423
<b>Total assets</b>	<b>344,842</b>	<b>352,295</b>	356,383	358,275	360,508
<b>Current liabilities</b>					
Trade and other payables	2,687	<b>2,687</b>	3,048	3,133	3,239
Interest-bearing loans and borrowings	357	<b>417</b>	446	406	495
Provisions	5,615	<b>5,615</b>	5,615	5,615	5,615
<b>Total current liabilities</b>	<b>8,659</b>	<b>8,719</b>	9,109	9,154	9,349
<b>Non-current liabilities</b>					
Other payables	-	-	-	-	-
Interest-bearing loans and borrowings	2,645	<b>3,728</b>	3,282	2,876	2,381
Provisions	2,827	<b>2,827</b>	2,827	2,827	2,827
<b>Total non-current liabilities</b>	<b>5,472</b>	<b>6,555</b>	6,109	5,703	5,208
<b>Total liabilities</b>	<b>14,131</b>	<b>15,274</b>	15,218	14,857	14,557
<b>Net assets</b>	<b>330,711</b>	<b>337,021</b>	341,166	343,419	345,951
<b>Equity</b>					
Accumulated surplus	137,646	<b>143,861</b>	148,006	150,259	152,791
Asset revaluation reserve	192,362	<b>192,362</b>	192,362	192,362	192,362
Other reserves	703	<b>798</b>	798	798	798
<b>Total equity</b>	<b>330,711</b>	<b>337,021</b>	341,166	343,419	345,951

3.3 Statement of Changes in Equity

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2016/17</b>				
Balance at beginning of the financial year	330,711	137,646	192,362	703
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	6,215	6,215	-	-
Net asset revaluation increment (decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Transfer (to)/from reserves	95	-	-	95
<b>Balance at end of financial year</b>	<b>337,021</b>	<b>143,861</b>	<b>192,362</b>	<b>798</b>
<b>2017/18</b>				
Balance at beginning of the financial year	337,021	143,861	192,362	798
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	4,145	4,145	-	-
Net asset revaluation increment (decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>341,166</b>	<b>148,006</b>	<b>192,362</b>	<b>798</b>
<b>2018/19</b>				
Balance at beginning of the financial year	341,166	148,006	192,362	798
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	2,253	2,253	-	-
Net asset revaluation increment (decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>343,419</b>	<b>150,259</b>	<b>192,362</b>	<b>798</b>
<b>2019/20</b>				
Balance at beginning of the financial year	343,419	150,259	192,362	798
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	2,532	2,532	-	-
Net asset revaluation increment (decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Transfer (to)/from reserves	-	-	-	-
<b>Balance at end of financial year</b>	<b>345,951</b>	<b>152,791</b>	<b>192,362</b>	<b>798</b>

3.4 Statement of Cash Flows

	Forecast	Budget	Strategic Resource Plan Projections		
	Actual 2015/16 \$'000 Inflows (Outflows)	2016/17 \$'000 Inflows (Outflows)	2017/18 \$'000 Inflows (Outflows)	2018/19 \$'000 Inflows (Outflows)	2019/20 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Rates and charges	17,801	18,273	18,464	19,201	19,631
Grants - operating	6,553	9,512	9,564	9,897	10,069
Grants - capital	6,056	6,886	3,956	2,376	2,868
Interest	378	339	334	339	338
User fees	6,340	6,503	6,570	6,932	7,191
Statutory fees and fines	519	542	540	553	557
Other revenue	1,710	1,727	1,703	1,727	1,723
	39,357	43,782	41,130	41,025	42,378
<b>Payments</b>					
Employee benefits	(15,931)	(15,878)	(16,148)	(16,796)	(17,290)
Materials and consumables	(3,213)	(2,333)	(7,516)	(7,893)	(8,204)
External contracts	(5,473)	(4,986)	(227)	(32)	(239)
Utilities	(924)	(941)	(957)	(995)	(1,025)
Other expenses	(3,463)	(3,210)	(3,332)	(3,412)	(3,559)
	(29,004)	(27,348)	(28,179)	(29,128)	(30,317)
<b>Net cash provided by operating activities</b>	10,353	16,434	12,950	11,897	12,061
<b>Cash flows from investing activities</b>					
Proceeds from sales of property, plant and equipment	348	481	1,166	622	622
Repayment of loans and advances	-	-	-	-	-
Deposits	-	-	-	-	-
Payments for property, plant and equipment	(13,018)	(15,584)	(14,180)	(10,481)	(12,334)
Net cash used in investing activities	(12,670)	(15,103)	(13,014)	(9,859)	(11,712)
<b>Cash flows from financing activities</b>					
Finance costs	(214)	(191)	(269)	(240)	(211)
Proceeds from Financial Assets	-	-	-	-	-
Payments for Financial Assets	-	-	-	-	-
Proceeds from borrowings	-	1,500	-	-	-
Repayment of borrowings	(333)	(357)	(417)	(446)	(406)
Net cash provided by (used in) financing activities	(547)	952	(686)	(686)	(617)
<b>Net increase (decrease) in cash and cash equivalents</b>	(2,864)	2,283	(750)	1,352	(268)
Cash and cash equivalents at beg of year	15,504	12,640	14,923	14,173	15,525
<b>Cash and cash equivalents at end of year</b>	12,640	14,923	14,173	15,525	15,257

3.5 Statement of Capital works

	Forecast	Budget	Strategic Resource Plan Projections		
	Actual 2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Capital works areas</b>					
Land	-	500	2,500	200	-
Buildings & Structures	719	833	1,793	2,165	2,940
Roads	4,464	6,596	3,162	3,288	3,420
Footpaths & Walkways	495	447	9	9	10
Bridges & Major Culverts	99	255	96	100	104
Drainage	7	169	23	24	24
Work In Progress	-	-	-	-	-
Heritage & Culture	91	69	-	-	-
Furniture, Equipment & Info Systems	423	312	109	113	117
Plant, Machinery & Vehicles	1,527	1,550	799	831	864
Environment & Waste	289	1,324	1,121	367	323
Recreation & Leisure	85	162	119	124	129
Commercial & Civic	4	905	1,490	1,710	2,950
Other Assets	30	-	-	-	-
Livestock Exchange	2,202	2,442	2,278	619	644
Airport	2,380	-	200	200	-
Synthetic Surfaces	-	-	11	11	11
Pool Shells	-	20	6	6	6
Other infrastructure	70	-	369	615	688
Kerb & Channel	133	-	95	99	104
<b>Total capital works</b>	<b>13,018</b>	<b>15,584</b>	<b>14,180</b>	<b>10,481</b>	<b>12,334</b>
<b>Represented by:</b>					
Asset renewal	7,093	8,810	7,318	6,820	7,029
New assets	895	1,187	2,700	700	1,000
Asset expansion	1,990	105	3,339	2,115	3,420
Asset upgrade	3,040	5,482	823	846	885
<b>Total capital works</b>	<b>13,018</b>	<b>15,584</b>	<b>14,180</b>	<b>10,481</b>	<b>12,334</b>

3.6 Statement of Human Resources

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Staff Expenditure</b>					
Employee Costs – Operating	15,931	15,878	16,354	16,845	17,350
Employee Costs – Capital	1,495	1,322	1,362	1,403	1,445
<b>Total Staff Expenditure</b>	<b>17,426</b>	<b>17,200</b>	<b>17,716</b>	<b>18,248</b>	<b>18,795</b>
<b>Staff Numbers</b>					
	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>	<b>FTE</b>
Employees	223	222	221	220	219

#### 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 interpreted in the context of the organisation's objectives.

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend +/-
			Actual 2015/16		2016/17	Projections	2017/18	
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-18.1%	-2.4%	-0.2%	-0.9%	-1.4%	+
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	193.8%	218.7%	207.6%	221.3%	214.8%	+
Unrestricted cash	Unrestricted cash / current liabilities		157.0%	165.1%	149.9%	163.9%	157.6%	o
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	16.9%	22.7%	19.9%	17.1%	14.6%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		3.1%	3.0%	3.7%	3.6%	3.1%	-
Indebtedness	Non-current liabilities / own source revenue		20.6%	23.9%	20.8%	19.3%	17.2%	-
Asset renewal	Asset renewal expenses / Asset depreciation	4	71.4%	88.7%	73.7%	68.7%	70.8%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	5	53.7%	49.9%	48.4%	49.2%	49.2%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.5%	0.5%	0.6%	0.6%	0.6%	+
<b>Efficiency</b>								
Expenditure level	Total expenses/ no. of property assessments		\$3,606	\$3,451	\$3,568	\$3,628	\$3,727	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$898	\$965	\$989	\$1,014	\$1,039	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		10%	9%	9%	9%	9%	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 increase in 2015/16 as it holds cash at year end in preparation of reducing cash in following years to fund the capital program. The trend in later years is to remain steady at a higher than an acceptable level.

Southern Grampians result demonstrates that it is well capable of meeting its commitments with a ratio of 218.7% compared to an industry standard of 110%.

**3 Debt compared to rates** - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt. Currently, Council debt is only 22.7% of rate revenue which is well below the prudential level of 80%.

**4 Asset renewal** - This percentage indicates the extent of Council's renewal of assets 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.

Council is achieving around 80% of its renewal target, however some of the renewal gap is absorbed into asset upgrade and expansion works. Council is also reviewing its asset portfolio to reveal any assets that are not required to be renewed which are inflating the required renewal target and incurring depreciation charges.

**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.

Further Information can be obtained from Section 7.3 of Council's Strategic Resource Plan.

## 5. Other Budget Information (required by regulations)

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

This section includes the following statements and report:

- 5.1 Grants Operating
- 5.2 Grants Capital
- 5.3 Statement of Borrowings

## 5.1 Grants Operating (\$2.959 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. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grants	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b><i>Recurrent - Commonwealth Government</i></b>			
Victoria Grants Commission	3,276	6,551	3,275
Diesel Fuel Rebate	104	125	21
Children's Services	247	263	16
<b><i>Recurrent - State Government</i></b>			
Immunisations	16	19	3
Natural Resources	75	63	(12)
Libraries	163	162	(1)
Children's Services	47	49	2
Maternal and child health	202	206	4
Aged and Disabled	1,158	1,158	0
Rural Access	64	67	3
Property Maintenance	28	28	0
Meals on Wheels	79	79	0
Senior Citizens	45	47	2
Community Transport	16	16	0
Performing Arts Centre	80	85	5
Art Gallery	121	120	(1)
Statutory Planning	3	0	(3)
School crossing supervisors	24	24	0
Fire Prevention	91	42	(49)
Total recurrent grants	5,839	9,104	3,265
<b><i>Non-recurrent - Commonwealth Government</i></b>			
Community Services	15	0	(15)
<b><i>Non-recurrent - State Government</i></b>			
Leisure Services	84	0	(84)
Stormwater Drainage	50	0	(50)
Youth	38	38	0
VicRoads	37	0	(37)
Statutory Planning	145	77	(68)
Natural Resources	62	63	1
Law & Order	4	0	(4)
Art Gallery	0	100	100
Economic Development	127	37	(90)
Emergency Services	152	93	(59)
Total non-recurrent operating grants	714	408	(306)
Total operating grants	6,553	9,512	2,959

## 5.2 Grants - capital (\$0.830 million increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Section 6 "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2015/16 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grants	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>	0	0	0
<i>Recurrent - State Government</i>	0	0	0
Total recurrent capital grants	<b>0</b>	<b>0</b>	<b>0</b>
<i>Non-recurrent - Commonwealth Government</i>			
Roads to recovery	4,060	4,689	629
Lighting	97	0	(97)
Livestock Exchange	524	748	224
Leisure Services	10	0	(10)
<i>Non-recurrent - State Government</i>			
Leisure Services	23	0	(23)
Blacksport Funding	0	849	849
Bus Shelters	25	0	(25)
Footpaths & Bike Tracks	20	0	(20)
Street Beautification	0	600	600
Airport	1,272	0	(1,272)
Art Gallery & Museums	25	0	(25)
Total non-recurrent capital grants	<b>6,056</b>	<b>6,886</b>	<b>830</b>
Total capital grants	<b>6,056</b>	<b>6,886</b>	<b>830</b>

### 5.2.1 Net gain on disposal of property, infrastructure, plant and equipment

Proceeds from the disposal of Council assets relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet and sale of properties including surplus land and numerous rights-of-way throughout the municipality. Council estimates that the written down value of assets sold is approximately equal to the sale value and therefore does not anticipate any gain.

### 5.2.2 Other income (\$0.184 million decrease)

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

Other income is forecast to decrease by 9% or \$0.184 million compared to 2015/16.

**5.3 Statement of borrowings**

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	3,335	3,002
Total amount to be borrowed	0	1,500
Total amount projected to be redeemed	333	357
Total amount proposed to be borrowed as at 30 June	3,002	4,145

**6. Detailed list of Capital Works**

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

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

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

	Continui ng or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b>Buildings &amp; Structures</b>										
Ansett Museum - Refurbishment works	25,000		12,500	12,500						25,000
Church Hill Kindergarten - Accessibility design		10,000	10,000							10,000
Hamilton Art Gallery - Installation of Lift	130,000				130,000					130,000
Hamilton Art Gallery - Renewal & refurbishment works		28,500	28,500							28,500
Hamilton Botanic Gardens - Demolition of existing Depot		8,000	8,000							8,000
Hamilton Botanic Gardens - Design of Bird Aviary		16,818	16,818					16,818		
Hamilton Botanic Gardens - Construction of Bird Aviary		165,000	165,000					165,000		
Hamilton Botanic Gardens - Convert staff toilet for public Use		50,000		50,000						50,000
Hamilton Botanic Gardens - Repaint Cottage & Gates		19,000	19,000							19,000
Hamilton Landfill - Construction of storage sheds to compliment Re-use shed		70,000		70,000				30,000		40,000
HILAC - Entry point work		40,000	40,000							40,000
HILAC - Resurfacing of Courts 2 & 3		28,000	28,000							28,000
HILAC - Roof replacement over Squash area		19,500	19,500							19,500
Melville Oval - Function Room refurbishment		63,000	63,000							63,000
Melville Oval - Renewal of Grandstand Stairs	19,500		19,500							19,500
Mitchell Park Kindergarten - Roof Replacement		20,000	20,000							20,000
Patterson Park Hall - Renewal works		27,500	27,500							27,500
Performing Arts Centre - Installation of Solar Panels to roof		47,660			47,660					47,660
Performing Arts Centre - Painting of Interior		15,000	15,000							15,000
Public Toilets - Design of 2 toilet blocks		30,000			30,000					30,000
	<b>174,500</b>	<b>657,978</b>	<b>492,318</b>	<b>132,500</b>	<b>207,660</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>211,818</b>	<b>620,660</b>

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b>Civic &amp; Commercial Infrastructure</b>										
Cox Street Front Door Project - Landscape upgrade	5,000			5,000						5,000
Cox Street Front Door Project - Commencement of Stage 1 & 2 Works		900,000		900,000			600,000*			300,000
	<b>5,000</b>	<b>900,000</b>	<b>0</b>	<b>905,000</b>	<b>0</b>	<b>0</b>	<b>600,000</b>	<b>0</b>	<b>0</b>	<b>305,000</b>
<b>Waste Facility works</b>										
Hamilton Landfill - Progressive rehabilitation works	1,324,030		1,324,030							1,324,030
	<b>1,324,030</b>	<b>0</b>	<b>1,324,030</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,324,030</b>
<b>Technology &amp; Equipment</b>										
HILAC - Replacement of Security Cameras	1,000		1,000							1,000
Master Key System - continued deployment	20,000		20,000							20,000
Performing Arts Centre - Backstage Communications System		10,000	10,000							10,000
Performing Arts Centre - Intelligent Lighting Units replacement		15,000	15,000							15,000
Business Systems - Replacement of Storage Area Network (SAN)		90,000	90,000							90,000
Performing Arts Centre - Mobile Ticketing system upgrade		10,000	5,000	5,000						10,000
Library Service - Occupational Health & Safety Work Flow Management		22,625	22,625							22,625
Business Systems - Replacement of Uninterruptable Power Supply		19,000	19,000							19,000
Business Systems - Replacement of Desktop Computers		49,500	49,500							49,500
Business Systems - Backup Hardware and Software		70,000	46,900	23,100						70,000
Business Systems - Server Room Cabling for Generator Connection		5,000				5,000				5,000
	<b>21,000</b>	<b>291,125</b>	<b>279,025</b>	<b>28,100</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>312,125</b>
<b>Footpaths &amp; Walkways</b>										
Dunkeld-Mount Sturgeon Loop Walk Project	400,000		120,000		280,000					400,000
Construction of a new pram crossing and footpath - Scott Street, Cavendish		6,500			6,500					6,500
Memorial Rd (Cameron St - Wyselaskie St)		500	500							500
Harrow - Balmoral Rd (School Entrance - McIntosh Lane), Balmoral		9,750	9,750							9,750
Harrow - Balmoral Rd (McIntosh Lane - Showgrounds), Balmoral		4,200	4,200							4,200
Harrow - Balmoral Rd (School Entrance - McIntosh Lane), Balmoral		7,300	7,300							7,300
Harrow - Balmoral Rd (McIntosh Lane - Showgrounds), Balmoral		3,400	3,400							3,400
French St (Kennedy St - Thompson), Hamilton		9,100	9,100							9,100
Janet Ave (McMillan St - End Bowl), Hamilton		6,750	6,750							6,750
	<b>400,000</b>	<b>47,500</b>	<b>161,000</b>	<b>0</b>	<b>286,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>447,500</b>

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b>Heritage &amp; Cultural Assets</b>										
Purchases of Works of Art		15,000			15,000					15,000
Purchases of Books and Library reading materials		54,000	27,000		27,000					54,000
	0	69,000	27,000	0	42,000	0	0	0	0	69,000
<b>Land Development</b>										
Industrial land development - Hamilton		500,000			500,000					500,000
	0	500,000	0	0	500,000	0	0	0	0	500,000
<b>Leisure Facilities</b>										
Patterson Park - Playground Renewal		35,000	35,000							35,000
HILAC - Plant Room - renewal of essential equipment		80,000	80,000							80,000
HILAC - Variable speed drive for pumps		20,196			20,196					20,196
Mount Rouse - Critical safety improvements at the summit area		27,000	24,300	2,700						27,000
	0	162,196	139,300	2,700	20,196	0	0	0	0	162,196
<b>Hamilton Regional Livestock Exchange</b>										
Stage 2 of Major Redevelopment	1,841,476			1,841,476			747,746*			1,093,730
Managers office, water tanks, project management & contingencies	364,583			364,583						364,583
Asphalting - Car Park - Truck parking		236,364		236,364						236,364
	2,206,059	236,364	0	2,442,423	0	0	747,746	0	0	1,694,677
<b>Plant &amp; Motorised Equipment</b>										
Passenger Fleet Replacement Program		427,000	427,000					251,000		176,000
ISEKI Front Deck Mower - Replacement		50,000	50,000					7,500		42,500
John Deere 1575 Front Deck Mower - Replacement		44,000	44,000					11,500		32,500
Kubota Ride On Mower - Replacement		44,000	44,000					3,500		40,500
JCB 416 Tractor Wheel Loader - - Replacement		210,000	210,000					40,000		170,000
CASE 580SR Backhoe - Replacement		120,500	120,500					24,000		96,500
Kawasaki Wheel Loader - Replacement		269,500	269,500					80,000		189,500
Ford Ranger Replacement		50,000	50,000					24,000		26,000
Mitsubishi MG460 Motor Grader - Replacement		335,000	335,000					40,000		295,000
	0	1,550,000	1,550,000	0	0	0	0	481,500	0	1,068,500

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b>Pools Shells</b>										
Hamilton Outdoor Pool - Repair leakage due to cracking		20,000	20,000							20,000
	<b>0</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>
<b>Bridges &amp; Major Culverts</b>										
Design Consultancy Works - Rockbank Road Green Creek Bridge		25,000			25,000					25,000
Hillview Rd, Coleraine - Balmoral - Culvert Replacement		51,840	51,840							51,840
Hodgson Lane (Before Hillview Rd) - Culvert Replacement		43,680	43,680							43,680
Murndal-Branxholme Road - Miakite Creek - Major Culvert		51,840	51,840							51,840
Rhooks Road - Nine Mile Creek - Culvert		50,000	50,000							50,000
Hartwicks Road - Culvert		15,000	15,000							15,000
Branxholme - Byaduk Rd - Culvert		9,500	9,500							9,500
Middle Hilgay Road - Culvert		7,660	7,660							7,660
	<b>0</b>	<b>254,520</b>	<b>229,520</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>254,520</b>
<b>Drainage Works</b>										
King St & Holden St Flood Investigation Project		100,000				100,000				100,000
Hamilton Chatsworth Rd - Drainage Design & Construction		8,750		8,750						8,750
Gage St - Coleraine x 2 - Pits & Pipes replacement		5,000	5,000							5,000
Whyte St - Coleraine - Pits & Pipes x 5		12,500	12,500							12,500
McLeod St - Coleraine - Pits & Pipes x 3		7,500	7,500							7,500
Wills St - Dunkeld - Pits & Pipes x 2		5,000	5,000							5,000
Parker St - South Side - Dunkeld - Pits & Pipes x 2		5,000	5,000							5,000
Templeton St - Dunkeld - Pits & Pipes x 3		7,500	7,500							7,500
Burchett St - Peshurst - Pits & Pipes x 1		2,500	2,500							2,500
Bell St - Peshurst - Pits & Pipes x 2		5,000	5,000							5,000
Old Hamilton Dam Entrance - Pits & Pipes x 1		5,000	5,000							5,000
PAC Car Park - Pits & Pipes x 1		2,500	2,500							2,500
Petschels Lane Corner - Pits & Pipes x 1		2,500	2,500							2,500
	<b>0</b>	<b>168,750</b>	<b>60,000</b>	<b>8,750</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>168,750</b>

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b>Road Works</b>										
<b>State &amp; Federal Grant Funded Projects &amp; Compliance costs</b>										
Roads to Recovery - Grant Funding & Compliance		27,000			27,000		4,689,701*			(4,662,701)
Traffic Counters to assist with Funding Compliance		33,720			33,720					33,720
Black Spot Prevention Program - Hamilton-Chatsworth/Blackwood-Dunkeld, Penshurst		849,090		849,090			849,090*			
<b>Roadside Assets</b>										
French Street & Thompson Street Roundabout - Re Asphaltting Works required		50,000	50,000							50,000
Intersection works - Shakespeare / King St - Showgrounds Carpark & Pedestrian Crossing		25,000		7,500	17,500					25,000
Martin Street, Dunkeld - Community Centre - Kerb & Channel & Street lighting		20,000			20,000					20,000
Installation of Splitter Island in Tatlock Street, Hamilton		7,000			7,000					7,000
<b>Kerb &amp; Channel Works</b>										
Dinwoodie St (Sedewick - Gray) Hamilton		16,500	16,500							16,500
McConochie St (Henty St - Winter St) Coleraine		33,600	33,600							33,600
McKebery St (Gage - Laidlaw St ) Coleraine		10,740	10,740							10,740
McLeod St Pt 3 (Gage St - End of Seal ) Coleraine		29,500	29,500							29,500
Pilleau St Pt 2 (Gage St - End of Seal) Coleraine		7,160	7,160							7,160
Templeton St Dunkeld (Wills St - Glenelg Hwy )		17,000	17,000							17,000
Trangmar St (Read St - Henty St ) Coleraine		20,500	20,500							20,500
<b>Urban Street Construction</b>										
Henderson St (Wedge St - Beath St) - Construct & Seal		112,050		112,050						112,050
Henderson St (Beath St - Elijah St) - Construct & Seal		132,300		132,300						132,300
Thurman St (Kane - Young) - Construct & Seal		25,200		25,200						25,200
Thurman St (Young - Read) - Construct & Seal		38,700		38,700						38,700
Lesser St (Young - Kane St) - Construct & Seal		11,700		11,700						11,700
Lesser St (Kane - Robertson) - Construct & Seal		27,000		27,000						27,000
Pilleau St (Gage - Laidlaw) - Construct & Seal		26,400		26,400						26,400
McLeod St (Laidlaw - Gage) - Construct & Seal		15,600		15,600						15,600
Taylor St (Vic Vally - Old Ararat) - Construct & Seal		168,000		168,000						168,000
Henty St (Vic Valley - Glass St) - Construct & Seal		126,000		126,000						126,000
Fairburn St (Parker - Henty) - Construct & Seal		52,500		52,500						52,500
Adams St (Vic Valley - Dunlop) - Construct & Seal		48,300		48,300						48,300

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
Martin St (Templeton - Ritchie) - Construct & Seal		44,100		44,100						44,100
<b>Rural Road Construction</b>										
Yarramyllup Road (Between Sealed Sections) Construct & Seal		278,250		278,250						278,250
<b>Urban Street Rehabilitation</b>										
McIntyre St (Skene - French)		35,000	35,000							35,000
<b>Urban Street Reseals</b>										
Tyers St (Gray - Fenton)		3,220	3,220							3,220
Tyers St (Bree - Foster)		3,163	3,163							3,163
Hensley Park Rd 1 (Gray St - King St)		14,109	14,109							14,109
Chaucer St (Shakespeare - Horwitz)		9,341	9,341							9,341
McArthur St (Ansett - King St)		10,387	10,387							10,387
Chamberlain Crt (Mt Baimbridge - End of Bowl)		13,416	13,416							13,416
Templeton St Coleraine (Glenelg Hwy - Width Change)		25,364	25,364							25,364
<b>Urban Street Final Seals</b>										
Martin St (Thompson St - Brown St)		17,333	17,333							17,333
Noske Court (Kenna Ave - End Bowl)		2,780	2,780							2,780
Kokoda Ave - Reverse (77 Ballarat Rd - 85 Ballarat Rd )		15,471	15,471							15,471
McKebery St Coleriane (Winter St - Gage St)		14,991	14,991							14,991
Recreation Rd (Bellicourt Rd - Templeton St)		12,941	12,941							12,941
Mt Napier Rd 2 (Petchell - Surface Change)		9,484	9,484							9,484
<b>Rural Road Rehabilitation</b>										
Branxholme - Byaduk Rd (Seal Chnage 6500 - Seal Change 7410)		80,672	80,672							80,672
Carapook Rd (Seal Change 8250 - Pavement Change 8840)		52,304	52,304							52,304
Burdetts Rd (Change 3000 - Pave Change 4000)		88,650	88,650							88,650
Hobbs Rd (Seal Change 930 - Pavement Change 1200)		23,936	23,936							23,936
Archer SS Rd (Branxholme Byaduk Rd 0 - Seal Joint 2980)		264,177	264,177							264,177
Hobbs Rd (Seal Change 2960 - Seal Joint 3925)		85,547	85,547							85,547
Stonefield Lane (Loading Ramp - Noonans Lane Shire Boundary)		35,460	35,460							35,460
Burdetts Rd (Bridge - Change)		141,840	141,840							141,840
Forest Lane (North Lake Rd - Rudolph's)		268,610	268,610							268,610
Nareen Rd (Portland - Gibsons)		198,338	198,338							198,338
Nareen Rd (Koolomurt - Pave Change)		243,540	243,540							243,540
Woolsthorpe Rd (Hamilton Hwy - North Gums)		299,505	299,505							299,505

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
<b><i>Rural Road Reseals</i></b>										
Branxholme - Byaduk Rd (Seal Change - Inverary)		29,140	29,140							29,140
Archers SS Rd (Seal Joint - Carty SS Rd)		14,151	14,151							14,151
Cavendish - Glendinning Rd (Seal Change - Seal Change)		48,429	48,429							48,429
Cavendish - Glendinning Rd (Seal Change - Width Change)		54,897	54,897							54,897
Yarramyllup Rd (Rigbys - Change)		58,188	58,188							58,188
Burdetts Rd (Harrow Balmoral Rd - Change)		56,419	56,419							56,419
Burdetts Rd (Seal Change - Bridge)		23,647	23,647							23,647
Burdetts Rd (Change - Five Ways Rd)		18,493	18,493							18,493
Winninburn Rd (Seal Change - Property Entrance)		29,069	29,069							29,069
Toolang Rd (Glenelg Hwy - Morris Rd)		109,072	109,072							109,072
Den Hills Rd (Glenelg Hwy - S J Mona Vale)		28,861	28,861							28,861
Hobbs Rd (Harrow Balmoral Rd - Seal Change)		17,875	17,875							17,875
Hobbs Rd (Pavement Change - Seal Change)		32,771	32,771							32,771
Hobbs Rd (SJ - Camerons Rd)		56,205	56,205							56,205
Melville Forest Vasey Rd (Seal Change - Change)		9,217	9,217							9,217
Nareen Rd (Pave Change - Moree Rd)		54,380	54,380							54,380
Cavendish - Coleraine Rd (Seal Chnage - Melville Forest Vasey)		15,915	15,915							15,915
Cavendish - Coleraine Rd (Pave Change - Robsons Creek)		17,885	17,885							17,885
Cavendish - Coleraine Rd (Calton Hill - Wilderness Rd)		136,592	136,592							136,592
Cavendish - Coleraine Rd (Seal Change - Seal Change)		129,257	129,257							129,257
<b><i>Rural Road Final Seals</i></b>										
Branxholme - Byaduk Rd (Wallacedale North-Hamilton - Seal Change)		23,912	23,912							23,912
Archers SS Rd (Seal Joint - Seal Joint)		59,682	59,682							59,682
Byaduk Penshurst Rd 2 (Seal Change - Seal Change)		15,778	15,778							15,778
Louth Swamp Rd (Pave Change - Bridge at Shire Boundary)		15,974	15,974							15,974
Morven Rd (Seal Change - Seal Change)		56,546	56,546							56,546
Tarrayoukyan Rd (Change - Pavement Change)		15,288	15,288							15,288
Murndal - Branxholme Rd (Careys Ranges - Cox St Branxholme)		27,048	27,048							27,048
Blackwood Dunkeld Rd (Seal Change - Seal Change)		51,359	51,359							51,359
Blackwood Dunkeld Rd (Bridge - Old Cemetery)		68,404	68,404							68,404
Blackwood Dunkeld Rd (Seal Change - Glenelg Hwy)		7,742	7,742							7,742
Nareen Rd (Seal Change - Sheep Gully)		3,646	3,646							3,646

## Southern Grampians Shire Council Budget 2016/17

	Continuing or Carry forward	New Project	Renewal	Upgrade	New	Expansion	Grant	Sales	Contrib	Council Cash/ Borrowings
Hamilton Chatsworth Rd 2 (O'Connors - Nareeb Nareeb Stn)		43,316	43,316							43,316
Hamilton Chatsworth Rd Pt 1 (Lehmans - West Lake Rd)		85,064	85,064							85,064
Hamilton Chatsworth Rd Pt 1 (Pave Change - Culvert)		83,241	83,241							83,241
<b>Gravel Road Resheets</b>										
Absolams La (Coleraine Edenhope Rd - Nareen Rd)		82,320	82,320							82,320
Bullocks Rd (Glengel Hwy - Pave Change)		9,520	9,520							9,520
Bullocks Rd (Racecourse Gate - Murrays Rd)		22,246	22,246							22,246
Coleys Rd (End of Seal - Change)		58,240	58,240							58,240
Days Lane (Krumnows Lane - Macarthur Penshurst Rd)		73,472	73,472							73,472
Flinders St (End of Seal - Dinwoodie St)		4,312	4,312							4,312
Forest Lane (Penshurst Dunkeld Rd - North Lake Rd)		66,192	66,192							66,192
L Salagaris Rd (Hensley Park Rd - Old Tannery Rd)		33,600	33,600							33,600
Lehmans Rd (Chatsworth Rd - M Schultz Rd)		42,336	42,336							42,336
Lehmans Rd (Change - N Mibus Rd)		23,744	23,744							23,744
Lehmans Rd (Lukes Rd - Culvert)		23,856	23,856							23,856
Molones Rd (Daffeys Rd - East West Rd)		68,096	68,096							68,096
Mulloys Rd (Nareen Rd - Tarrayoukyan Rd)		34,160	34,160							34,160
Old Tannery Rd (Change - Start of Seal)		15,680	15,680							15,680
O'Sullivan Lane (Nagorckas Rd - Benschs Rd)		24,108	24,108							24,108
Parkwood Rd (Gate Right Side - Meins Rd)		91,504	91,504							91,504
Research Station Rd (Yatchaw Rd - Gate)		26,208	26,208							26,208
Twomeys Bridge Rd (Culvert - Thompsons Rd)		44,576	44,576							44,576
W Schultz Rd (End of Seal - Change)		31,584	31,584							31,584
Warburtons Rd (Mill Rd - Mayfields)		97,744	97,744							97,744
Wills St (Fairburn St - Ritchie)		2,747	2,747							2,747
	0	6,596,197	4,528,287	1,962,690	105,220	0	5,538,791	0	0	1,057,406
<b>Total Capital Works</b>	<b>4,130,589</b>	<b>11,453,630</b>	<b>8,810,480</b>	<b>5,482,163</b>	<b>1,186,576</b>	<b>105,000</b>	<b>6,886,537</b>	<b>481,500</b>	<b>211,818</b>	<b>8,004,364</b>
	<b>15,584,219</b>			<b>15,584,219</b>				<b>15,584,219</b>		

Note: Projects marked with an \* are subject to external funding which (if not achieved), may impact on the scope of the projects or their ability to proceed.

## 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 42% 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 have introduced the *Fair Go Rates System* (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

It is predicted that the 2016/17 operating position will be impacted by moderate wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve an almost breakeven operating position in 2018/19 as set out in the Strategic Resource Plan. The \$10 million contribution from operations toward capital investment for the 2016/17 year is also less than the desired level of \$15 million and therefore, it will be difficult to maintain appropriate capital works programs in the future.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.5% in line with the rate cap, the kerbside collection & recycling collection charge by 5% and the green waste collection charge by 5%. This will raise total rates and charges for 2016/17 of \$18.273 million. Council's service charges have increased by more than the general rate due to the continuing escalation of waste management costs.

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate 1 for rateable residential properties	0.004559	0.005279	15.6%
General rate 1 for rateable rural properties	0.004559	0.005279	15.6%
General rate 1 for rateable industrial properties	0.004559	0.005279	15.6%
General rate 1 for rateable commercial properties	0.004559	0.005279	15.6%
General rate 2 for rateable rural N/S properties	0.003647	0.004223	15.6%
General rate 3 for residential rural properties	0.003647	0.004223	15.6%
General rate 3 for rural rural properties	0.003647	0.004223	15.6%
General rate 3 for industrial rural properties	0.003647	0.004223	15.6%
General rate 3 for commercial rural properties	0.003647	0.004223	15.6%

*NOTE: The rate in the dollar may vary slightly when the final valuation has been returned."*

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	6,172,209	6,647,040	7.6%
Rural	7,778,416	7,490,073	(3.7%)
Industrial	456,179	515,956	13.1%
Commercial	733,266	899,649	22.7%
<b>Total amount to be raised by general rates</b>	<b>15,140,070</b>	<b>15,552,718</b>	<b>2.8%</b>

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

Type or class of land	2015/16 Number	2016/17 Number	Change
Residential	6,885	6,898	0.2%
Rural	3,286	3,296	0.3%
Industrial	228	228	0.0%
Commercial	442	435	(2.0%)
<b>Total number of assessments</b>	<b>10,841</b>	<b>10,857</b>	<b>0.1%</b>

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

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	1,408,364,120	1,308,073,000	(7.1%)
Rural	2,126,112,620	1,767,601,000	(16.9%)
Industrial	114,022,500	110,957,000	(2.7%)
Commercial	163,908,000	173,453,000	5.8%
<b>Total value of land</b>	<b>3,812,407,240</b>	<b>3,360,087,000</b>	<b>(11.9%)</b>

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	184	189	2.7%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Municipal	1,682,864	1,746,360	3.7%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Kerbside collection	219	230	5.0%
Organic Waste	79	83	5.1%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Kerbside collection	1,266,039	1,378,850	8.9%
Organic Waste	57,275	74,949	30.1%
<b>Total</b>	<b>1,323,314</b>	<b>1,453,799</b>	<b>9.8%</b>

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

	2015/16 \$	2016/17 \$	Change
General rates	15,140,070	15,552,718	2.8%
Municipal charge	1,682,864	1,746,360	3.7%
Kerbside collection and Organic Waste	1,323,314	1,453,799	9.8%
<b>Rates and charges</b>	<b>18,146,248</b>	<b>18,752,877</b>	<b>3.3%</b>

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

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

- The making of supplementary valuations;
- The variation of returned levels of value (e.g. valuation appeals);
- Changes in use of land such that rateable land becomes non-rateable land and vice versa;
- Changes in use of land such that residential land becomes business land and vice versa.

**7.12 Differential rates**

**General Rate 1**

A differential general rate of 0.005279 cents in the dollar on the capital improved value of all rateable land in the parishes of North Hamilton and South Hamilton, excluding all farm land which comprises part of a single farm enterprise with an area of 40 hectares or more;

**General Rate 2**

A differential general rate of 0.004223 cents in the dollar on the capital improved value of all rateable farm land in the parishes of North Hamilton and South Hamilton and which comprises part of a single farm enterprise with an area of 40 hectares or more;

**General Rate 3**

A differential general rate of 0.004223 cents in the dollar on the capital improved value of all other rateable land in the Shire;

*NOTE: The rate in the dollar may vary slightly when the final valuation has been returned."*

**Special Rate – Yatchaw Drainage Authority**

A Special Rate of 0.000425 cents in the dollar on the capital improved value of all rateable land in the Yatchaw Drainage Area.

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

## Budget Analysis

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

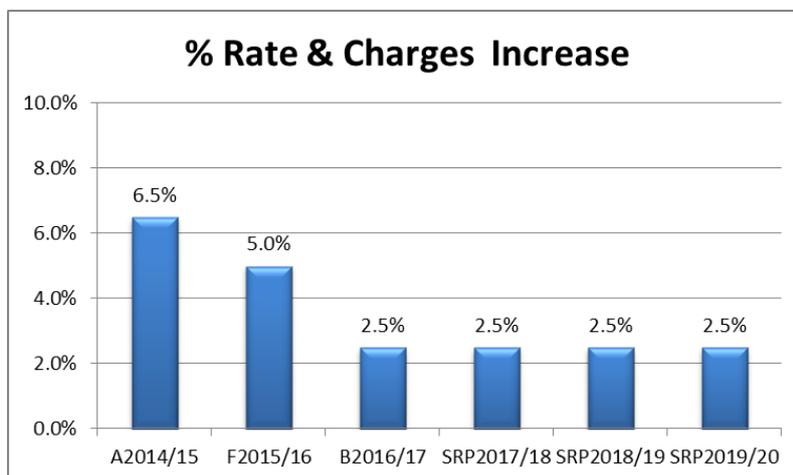
This section includes the following analysis and information:

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

## 8 Summary of financial position

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

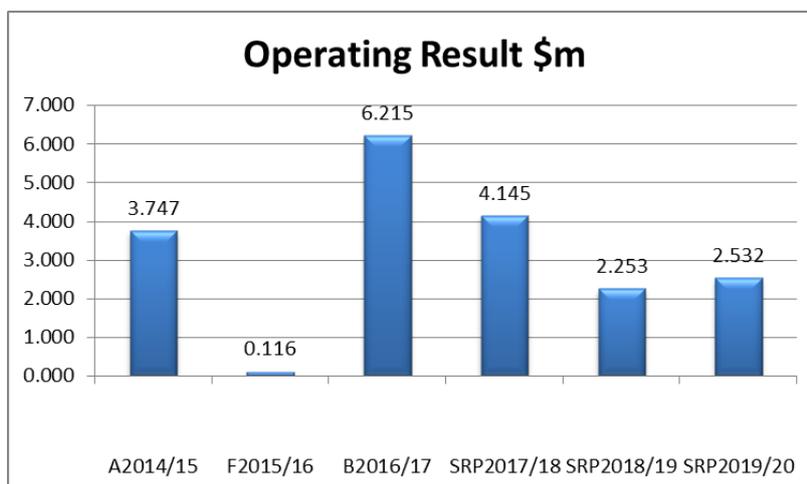
### 8.1 Total Rates and Charges



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

The rate increase is in line with the rate cap set by the Minister for Local Government which is 2.5%. The impact of supplementary valuations is calculated (in accordance with the prescribed formulae) to be a further 0.3% taking total rates and municipal charge revenue increase to 2.8%.

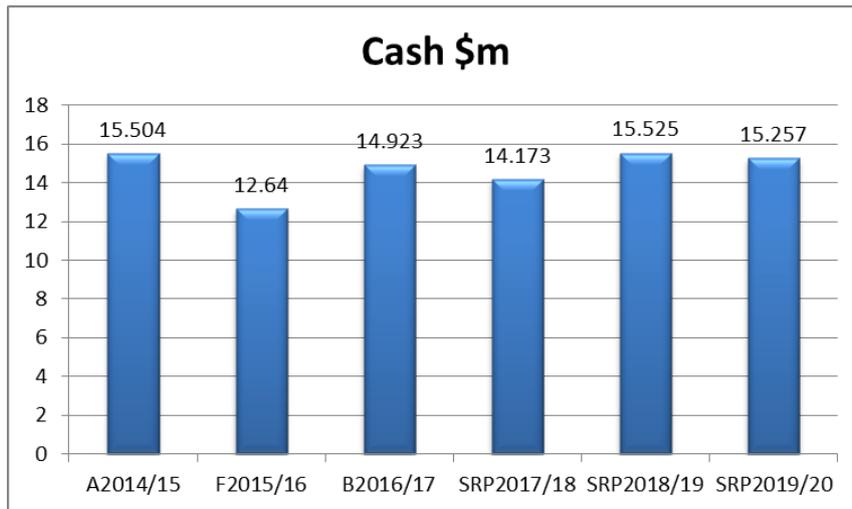
### 8.2 Operating result



The expected operating result for the 2016/17 year is a surplus of \$6.215 million, which is an increase of \$6.099 million over 2015/16 forecast. The improved operating result is due mainly to the Victoria Grants Commission payments returning to traditional annual cycles and external funding for capital works which is forecast to increase by \$2.958 million to \$9.511 million, increase in operating grants of \$0.320 million and a decrease in operating expenses of \$1.679 million.

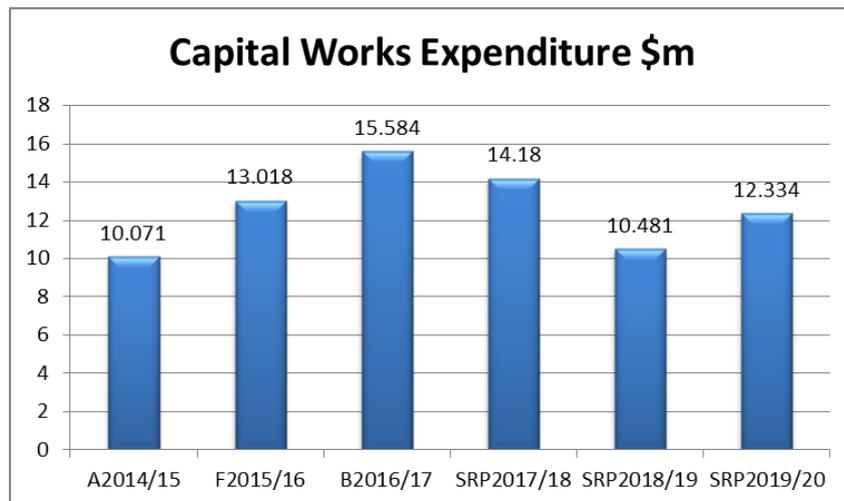
The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a deficit of \$0.884 million, which is a decrease of \$5.106 million over 2015/16. (The forecast operating result for the 2015/16 year is a deficit of \$5.990 million).

8.3 Cash and investments



Cash and investments are expected to increase by \$2.283 million during the year to \$14.923 million as at 30 June 2017. This is due mainly to timing of 2015/16 capital works program and the drawn down of \$1.5 million in late 2016/17 to assist with funding capital works in the 2016/17 and 2017/18 financial year. These cash and investments are in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$12.64 million as at 30 June 2016).

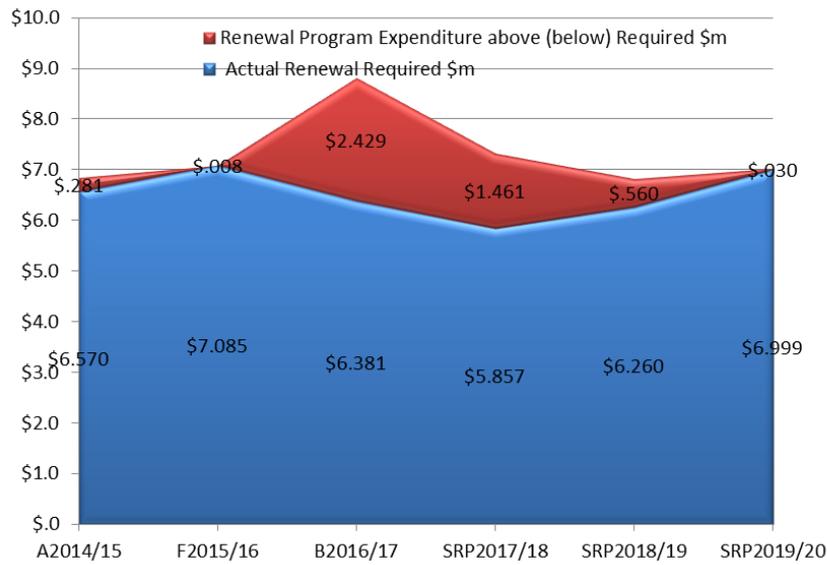
8.4 Capital works



The capital works program for the 2016/17 year is expected to be \$15.584 million. Of the \$15.584 million of capital funding required, \$6.887 million will come from external grants with the balance of \$8.691 million from Council cash. The Council cash amount comprises asset sales (\$0.481 million), contributions (\$0.211 million), \$1.5 million in borrowings and work capital/retained earnings of \$6.505 million.

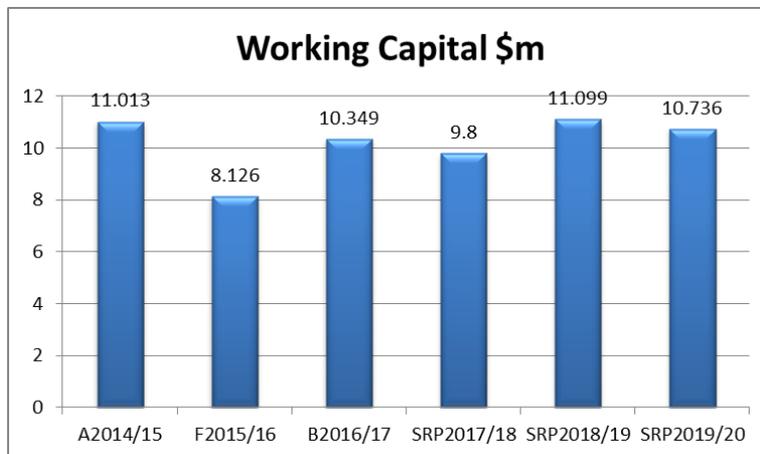
The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. (Capital works is forecast to be \$13.018 million for the 2015/16 year).

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



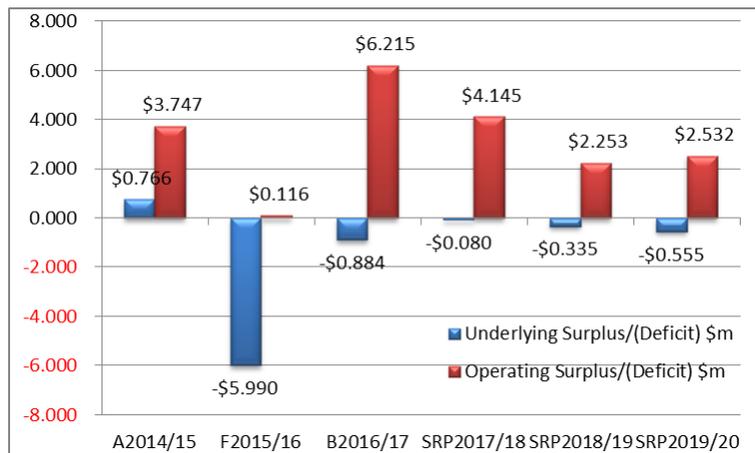
The asset renewal program has been increased to \$8.810 million in the 2016/17 year taking advantage of additional Roads to Recovery funding to assist in improving the overall condition of road infrastructure assets. Whilst the total amount of money allocated to renewal exceeds the minimum funding required, there are variations of renewal funding gaps within individual asset classes.

### 8.5 Financial position



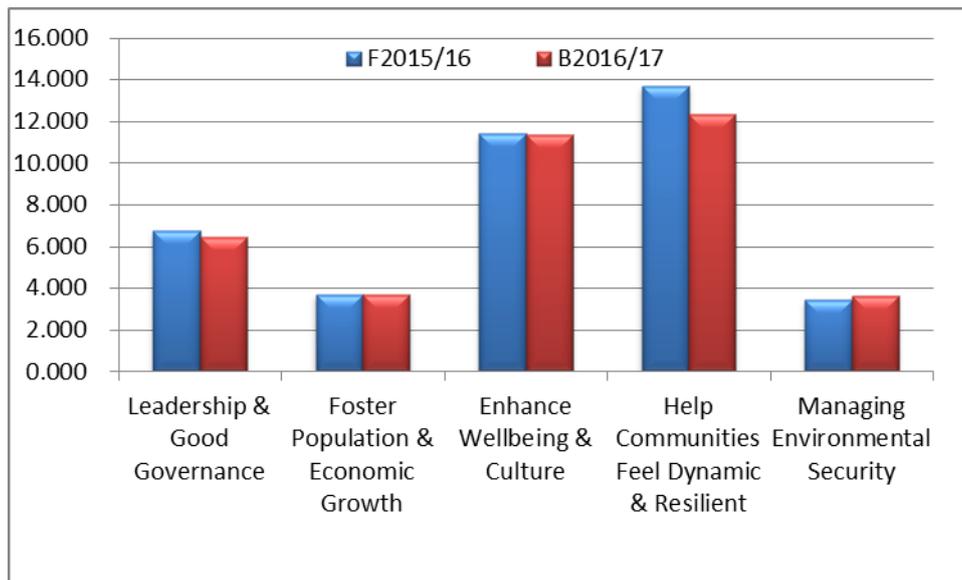
The financial position is expected to improve with net assets (net worth) to increase by \$0.285 million to \$330.711 million. Net current assets (working capital) will also increase by \$2.223 million to \$10.349 million as at 30 June 2017. This is mainly due to the use of \$1.5 million of loan funds near the end of 2016/17 financial year. (Net assets is forecast to be \$330.711 million as at 30 June 2016).

8.6 Financial sustainability



A high level Strategic Resource Plan for the years 2016/17 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, remains less than \$1 million over the four year period.

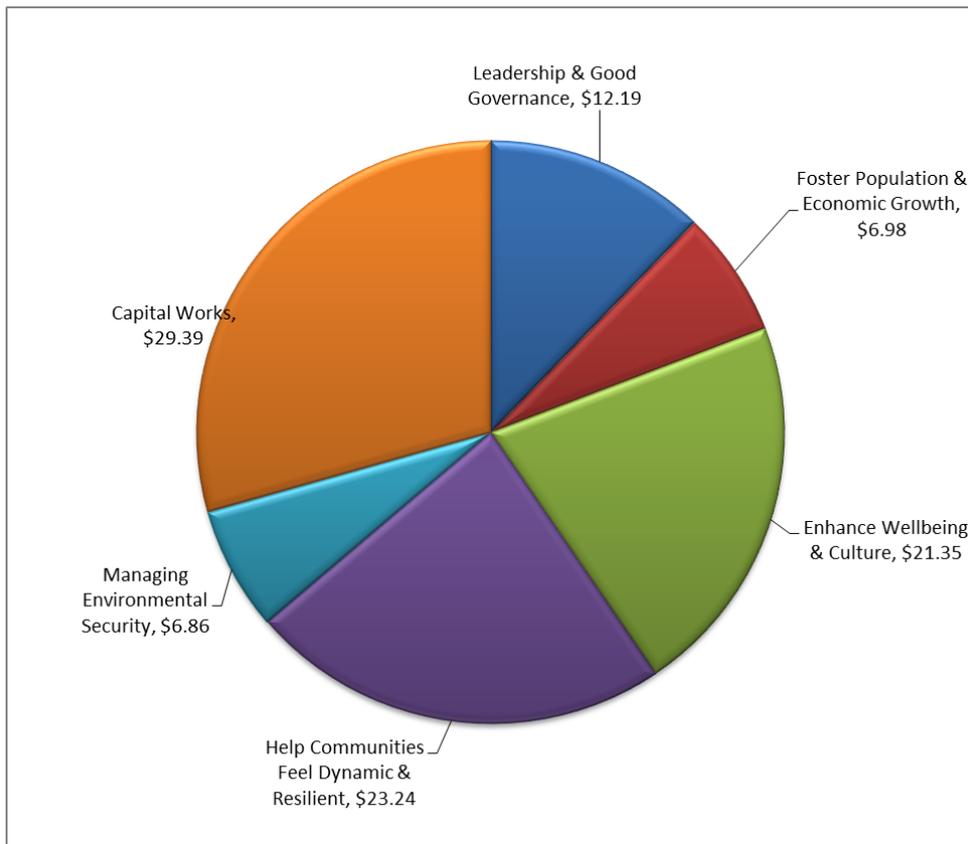
8.7 Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2016/17 year.

The services that contribute to these objectives are set out in Section 2.

8.8 Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers in accordance with the Council Plan. It shows how much is allocated to each service area for every \$100 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 Southern Grampians Shire Council

Southern Grampians Shire Council is accountable to our community for the peace, order and good governance of the municipality under the provisions of the Local Government Act. We provide a wide range of services and programs for our residents and work collaboratively in the South West region.

There is a strong sense of community within the Southern Grampians Shire as people work together towards common goals and outcomes. This sense of community benefits the entire municipality and Council will continue to encourage and acknowledge the community for its continued interest in the development of the Shire.

Southern Grampians Shire Council was formed in September 1994 by the amalgamation of the former Shires of Dundas, Mt Rouse, Wannon and the City of Hamilton. We are located in the centre of the Western District of Victoria, 290 kilometres west of Melbourne and 500 kilometres south east of Adelaide.

Our Shire has a population of 16,510 and covers an area of 6,652 square kilometres. Hamilton is the regional retail and service centre supported by the nine towns of Balmoral, Branxholme, Byaduk, Cavendish, Coleraine, Dunkeld, Glenthompson, Peshurst and Tarrington.

The Southern Grampians Shire prospers from primary production. Agriculture, with associated industries, is the largest employment sector and the highly intensive agricultural production contributes significantly to the Victorian economy. Our fertile soils also allow for diversification. The economy and the availability of jobs and business enterprises is being considerably enhanced by this greater diversification of agriculture, more intensive use of land where sustainable, enhanced land management and new enterprises like mineral sands processing, horticulture, viticulture and forestry.

Processing, Manufacturing, Research and Development, Engineering, Retail, Tourism, Education, Aged and Health and Community Services are also important employment sectors across the Shire.

The Shire is very well known both nationally and internationally for its wool production and is considered to be the densest population of broad acre sheep farming per hectare in the world, with the district home to many fine sheep and cattle studs. Our biggest annual event, Sheepvention, held in August, is a sheep show of national significance, which aptly demonstrates the Shire's vital role in the sheep and wool industry.

Tourism is one of our fastest growing sectors, with the Grampians mountain range attracting many visitors both national and international. Other natural attractions include the unique waterfalls and extinct volcanoes that form part of the Volcanic Trail encompassing western Victoria and south east South Australia. Botanic Gardens in both Hamilton and Peshurst along with the Points Arboretum in Coleraine, also attracts numerous enthusiasts from across the country.

The Shire is also home to the Hamilton Art Gallery; one of the finest galleries in Australia. It is renowned for its outstanding collections of paintings, silver, porcelain, glass and offers an excellent program of touring exhibitions.

### 9.2 External influences

In preparing the 2016/17 Budget, a number of external influences have been taken into consideration because they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- The need to renegotiate Enterprise Bargaining Agreements ("EBA").
- The increased demand for Council services.
- Static funding from Victoria Grants Commission together with making an advance payment of 50% of the 2015/16 allocation in June 2015 which resulted in a lower amount being received in the 2015/16 financial year.
- Roads to Recovery IV funding from 2014 - 2018.
- Continuing escalation of utility costs essential for carrying out services (water and power).
- Stagnation or reduction of government grants for services such as Home & Community Care, Libraries and Maternal & Child Health.
- The increased costs across the organisation of meeting compliance standards set by other levels of government.

### 9.3 Internal influences

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2016/17 Budget. These matters have arisen from events occurring in the 2015/16 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2016/17 year.

These matters and their financial impact are set out below:

- Continuing increases in the demand and associated costs to improve waste management service levels (Landfills, Transfer Stations and Refuse/Recycling collections) along with imposition of strict guidelines from government in regard to management practices.
- The need for improved asset management practices to ensure efficient and effective use of Council's physical resources.
- Continuing escalation of costs in relation to the maintenance and renewal of Council's ageing infrastructure assets.
- The need for more detailed planning of major developments to ensure optimum long term asset longevity.

### 9.4 Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased in line with CPI or market levels.
- Grants to be based on confirmed funding levels.
- New revenue sources to be identified where possible.
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency.
- Salaries and wages to be maintained in line with Average Weekly Earnings.
- Contract labour to be minimised.
- Construction and material costs to increase in line with the Engineering Construction Index (refer 'Rawlinsons Australian Construction Handbook')
- New initiatives or employee proposals to be justified through a business case.
- Real savings in expenditure and increases in revenue identified in 2015/16 to be preserved
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

### 9.5 Long term strategies

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

## 10. Analysis of operating budget

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

### 10.1 Budgeted income statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Total income	4.2	39,267	43,687	4,420
Total expenses	4.3	(39,151)	(37,472)	1,679
<b>Surplus (deficit) for the year</b>		<b>116</b>	<b>6,215</b>	<b>6,099</b>
Grants – capital non-recurrent	4.2.6	(6,056)	(6,887)	(831)
Contributions - non-monetary assets		-	-	-
Capital contributions - other sources	4.2.4	(50)	(212)	(162)
<b>Adjusted underlying surplus (deficit)</b>	4.1.1	<b>(5,990)</b>	<b>(884)</b>	<b>5,106</b>

#### 10.1.2 Adjusted underlying deficit (\$5.106 million decrease)

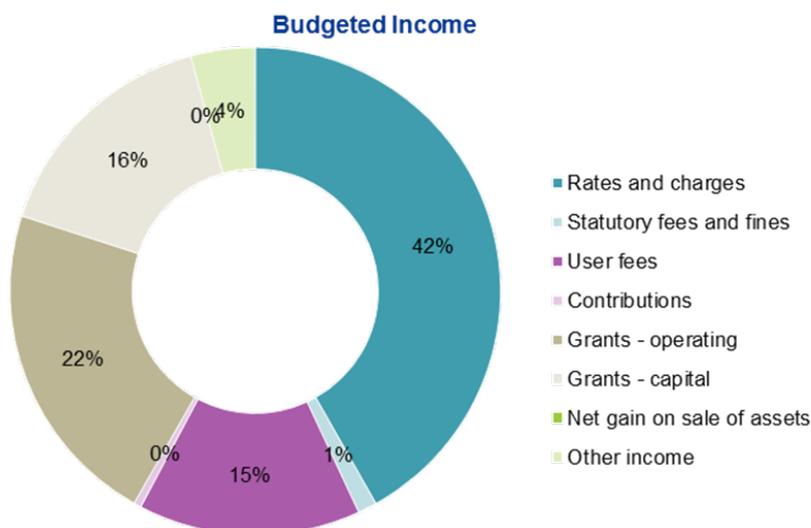
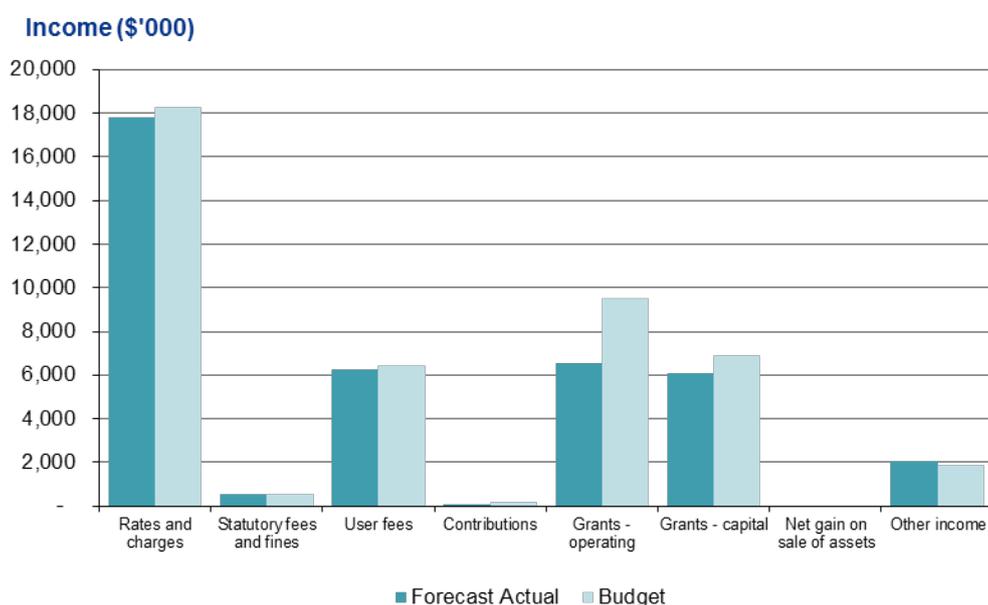
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives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

The adjusted underlying result for the 2016/17 year is a deficit of \$0.884 million which is a decrease of \$5.106 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent or are not matched to operating expenses and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

Of the \$5.106 million reduction, \$3million of this is attributable to the Victoria Grants Commission prepaying a proportion of Council's annual allocation in the 2014/15 year. The other main factor is the increase in Roads to Recovery funding which is \$4.6million in 2016/17.

10.2 Income

Income Types	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Rates and charges	4.2.1	17,801	18,273	472
Statutory fees and fines	4.2.2	519	542	23
User fees	4.2.3	6,250	6,408	158
Contributions - monetary	4.2.4	50	212	162
Grants - operating	4.2.5	6,553	9,512	2,959
Grants - capital	4.2.6	6,056	6,886	830
Net gain on disposal of Assets	4.2.7	348	481	133
Other income	4.2.8	1,690	1,373	(317)
<b>Total income</b>		<b>39,267</b>	<b>43,687</b>	<b>4,420</b>



### 10.2.1 Rates and charges (\$0.472 million increase)

It is proposed that income raised by all rates and charges be increased by 2.6% or \$0.472 million over 2015/16 to \$18.273 million.

This includes increases in general rates of 2.8%; and Municipal Charge of 3.7% after applying the statutory rate capping formulae which takes into consideration the annualised amount of supplementary rates.

Kerbside service charges and organic waste service charges will increase by 5.0% and 5.1% respectively.

Section 9 Rating Information includes a more detailed analysis of the rates and charges to be levied for 2016/17. Information on rates and charges specifically required by the Regulations is included in Section 7.

### 10.2.2 Statutory fees and fines (\$0.023 million increase)

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

Statutory fees are forecast to remain approximately the same compared to 2015/16.

### 10.2.3 User fees (\$0.158 million increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include separate rating schemes, use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services. 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 charges are projected to increase by 2.5% however the quantum of dollars varies between services and has minimally decreased in some. The net changes is \$0.158 million over 2015/16.

### 10.2.4 Contributions - monetary (\$0.162 million increase)

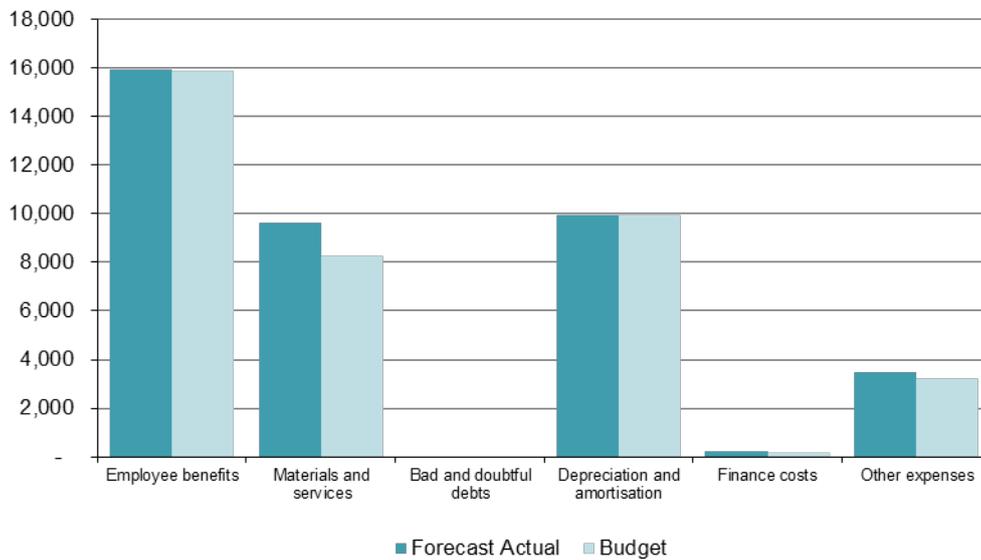
Contributions relate to monies paid towards Council and or community projects.

Contributions increasing in 2016/17 are mainly due to a major contribution towards the Aviary Project at the Hamilton Botanic Gardens.

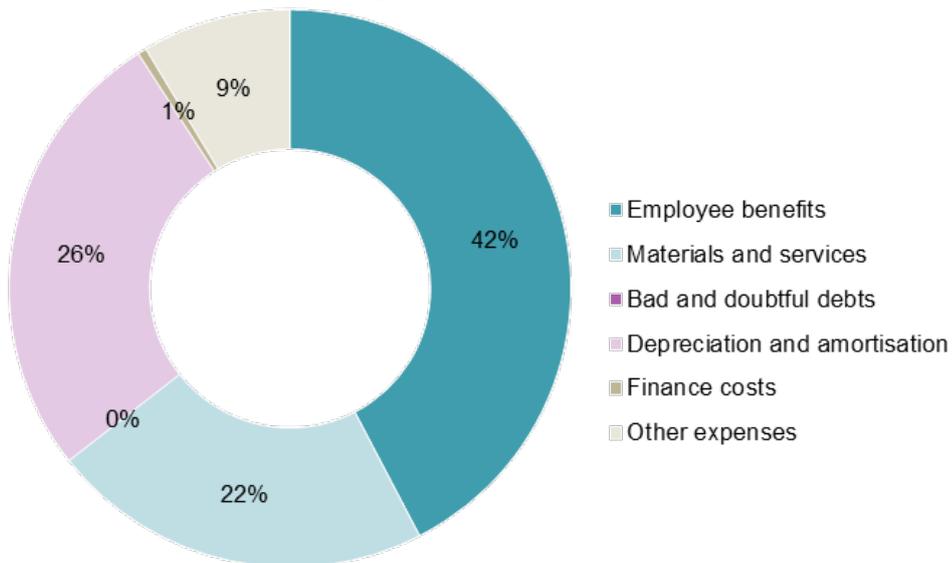
10.3 Expenses

Expense Types	Forecast	Budget	Variance
	Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Employee costs	15,931	15,878	(53)
Materials and services	9,610	8,260	(1,350)
Bad and doubtful debts	-	-	-
Depreciation and amortisation	9,933	9,933	-
Borrowing costs	214	191	(23)
Other items of expense	3,463	3,210	(253)
<b>Total expenses</b>	<b>39,151</b>	<b>37,742</b>	<b>(1,679)</b>

Expenses (\$'000)



Budgeted Expenses



### 10.3.1 Employee costs (\$0.053 million decrease)

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc.

Operational Employee costs are forecast to increase by 2% or \$0.345 million compared to 2015/16 Adopted Budget (\$15.533m). This amount is less than the 2015/16 Forecast which is higher than both years budgets due to the impact of a number of matters including additional works, resignations, recruitment expenses, industrial relations advice and other associated oncosts. The budget allocation for 2016/17 is actual \$53k less than the 2015/16 forecast.

Other factors impacting employee costs are:

- Annual increment Council's Enterprise Bargaining Agreement (EBA) previously 3.6% (currently under negotiation) and associated oncosts;
- Movement of staff through the banding system; and
- The balance of work carried out between operational projects and capital works.

Employees who work on capital works have their wages and associated oncosts charged to the asset category in the balance sheet of the projects.

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

Department	Budget 2016/17 \$'000	Permanent Full Time \$'000	Part Time & Casual \$'000
1. Leadership and Good Governance	3,407	2,935	472
2. Foster Population and Economic Growth	1,543	1,325	218
3. Enhance Wellbeing and Culture	4,710	1,589	3,121
4. Help Communities Feel Dynamic and Resilient	5,847	5,056	791
5. Manage Environmental Security	371	66	305
<b>Total Permanent Staff Expenditure</b>	<b>15,878</b>	<b>10,971</b>	<b>4,907</b>
Capitalised Labour Costs	1,322		
<b>Total Expenditure</b>	<b>17,200</b>		

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

Department	Budget 2016/17 FTE	Permanent Full Time FTE	Permanent Part Time FTE
1. Leadership and Good Governance	35.44	29.00	6.44
2. Foster Population and Economic Growth	17.74	14.00	3.74
3. Enhance Wellbeing and Culture	63.37	18.00	45.37
4. Help Communities Feel Dynamic and Resilient	81.80	76.51	5.29
5. Manage Environmental Security	5.32	1.00	4.32
<b>Total Staff FTE</b>	<b>203.67</b>	<b>138.51</b>	<b>65.16</b>
Capitalised Labour Costs - FTE	18.49		
<b>Total FTE</b>	<b>222.16</b>		

### 10.3.2 Materials and services (\$1.350 million 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 16% or \$1.350 million compared to 2015/16.

Whilst utility costs continue to escalate, Council has been implementing a number of energy efficient measures which will see the reduction of utilities in some services areas.

The program of one-off projects is significantly lower in 2016/17 than 2015/16 requiring less project or materials expenses.

### 10.3.3 Bad and doubtful debts

Bad and doubtful debts are negligible for Council.

### 10.3.4 Depreciation and amortisation

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.

Council has estimated the depreciation expense for the 2015/16 year and used this as the basis for the 2016/17 year. This amount is an estimate only as Council is currently revaluing all building and infrastructure assets, however these calculations will not be processed until the end of the 2015/16 financial year.

### 10.3.5 Borrowing costs (\$0.023 million decrease)

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

No new loans were taken up in 2015/16 and the new borrowings in 2016/17 are not anticipated to be drawn down until late in the year.

### 10.3.6 Other items of expense (\$0.253 million decrease)

Other items of expense relate to a range of unclassified items including contributions to community groups, advertising, insurances and other miscellaneous expenditure items. Other expenses are forecast to decrease by 8.0% or \$0.253 million compared to 2015/16.

## 10 Analysis of budgeted cash position

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

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

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

### 11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	11.1.1			
<i>Receipts</i>				
Rates and charges		17,801	18,273	472
Grants - Operating		6,553	9,512	2,959
Grants – Capital		6,056	6,886	830
Interest		378	339	(39)
User fees and fines		6,340	6,503	163
Other receipts		2,229	2,269	40
		<b>39,357</b>	<b>43,782</b>	4,425
<i>Payments</i>				
Employee costs		(15,931)	(15,878)	53
Other payments		(13,073)	(11,470)	1,603
		<b>(29,004)</b>	<b>(27,348)</b>	1,656
<b>Net cash provided by operating activities</b>		<b>10,353</b>	<b>16,434</b>	6,081
<b>Cash flows from investing activities</b>	11.1.2			
Proceeds from sales of Assets		348	481	133
Payments for Assets		(13,018)	(15,584)	(2,566)
<b>Net cash used in investing activities</b>		<b>(12,670)</b>	<b>(15,103)</b>	(2,433)
<b>Cash flows from financing activities</b>	11.1.3			
Finance costs		(214)	(191)	23
Proceeds from borrowings		-	1,500	1,500
Repayment of borrowings		(333)	(357)	(24)
<b>Net cash used in financing activities</b>		<b>(547)</b>	<b>952</b>	1,499
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(2,864)</b>	<b>2,283</b>	5,147
Cash and cash equivalents at the beginning of the year		15,504	12,640	(2,864)
<b>Cash and cash equivalents at end of the year</b>	11.1.4	<b>12,640</b>	<b>14,923</b>	2,283

### 11.1.1 Operating activities (\$6.081 million increase)

The increase in cash inflows from operating activities is due mainly to \$3.0 million reduction in operating grants (Victoria Grants Commission prepayment in 2014/15) and a \$0.8 million increase in capital grants, a \$0.5 million increase in rates and charges and \$1.6 million decrease in expenses.

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

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Surplus (deficit) for the year</b>	116	6,215	6,099
Depreciation	9,933	9,933	0
Loss (gain) on disposal Assets	(348)	(481)	(133)
Net movement in current assets and liabilities	(29)	2,223	2,252
<b>Cash flows available from operating activities</b>	<b>9,672</b>	<b>17,890</b>	<b>8,218</b>

### 11.1.2 Investing activities (\$2.433 million increase)

The increase in payments for investing activities represents the planned increase in capital works expenditure disclosed in Section 6 of this budget report. Proceeds from sale of assets are forecast to increase by \$0.133 million.

### 11.1.3 Financing activities (\$1.499 million increase)

For 2016/17 the total of principal repayments is projected to be \$0.357 million and finance charges are projected to be \$0.191 million. A new loan of \$1.5 million is anticipated.

### 11.1.4 Cash and cash equivalents at end of the year (\$2.283 million increase)

Overall, total cash and investments is forecast to increase by \$2.283 million to \$14.923 million as at 30 June 2017, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8).

### 11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$14.923 million, which has been restricted as shown in the following table.

	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2016 \$'000	2017 \$'000	
<b>Total cash and investments</b>		<b>12,640</b>	<b>14,923</b>	<b>2,283</b>
Restricted cash and investments				
- Statutory reserves	11.2.1	(703)	(798)	(95)
- Trust funds and deposits		(524)	(524)	-
<b>Unrestricted cash and investments</b>	11.2.2	<b>11,413</b>	<b>13,601</b>	<b>2,188</b>
- Discretionary reserves	11.2.3	(674)	(694)	(20)
<b>Unrestricted cash adjusted for discretionary reserves</b>	11.2.4	<b>10,739</b>	<b>12,907</b>	<b>2,168</b>

#### 11.2.1 Statutory reserves (\$0.798 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 Unrestricted cash and investments (\$13.601 million)

The amount shown is in accordance with the definition of unrestricted cash included in the Section 3 of 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.

#### 11.2.3 Discretionary reserves (\$0.694 million)

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

#### 11.2.4 Unrestricted cash adjusted for discretionary reserves (\$12.907 million)

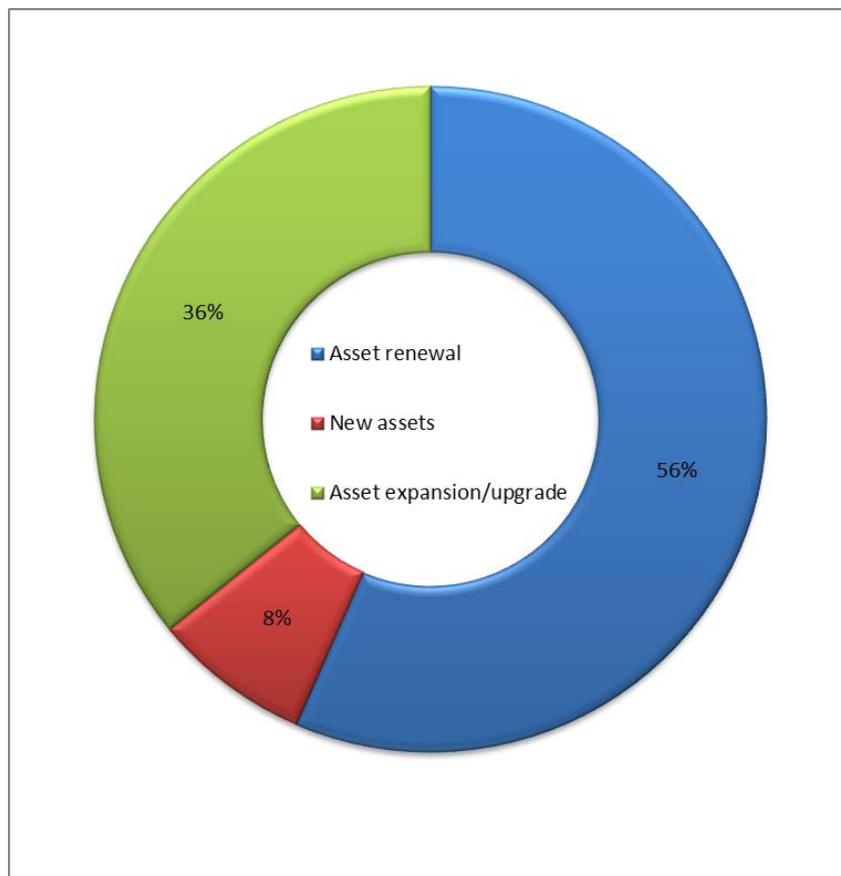
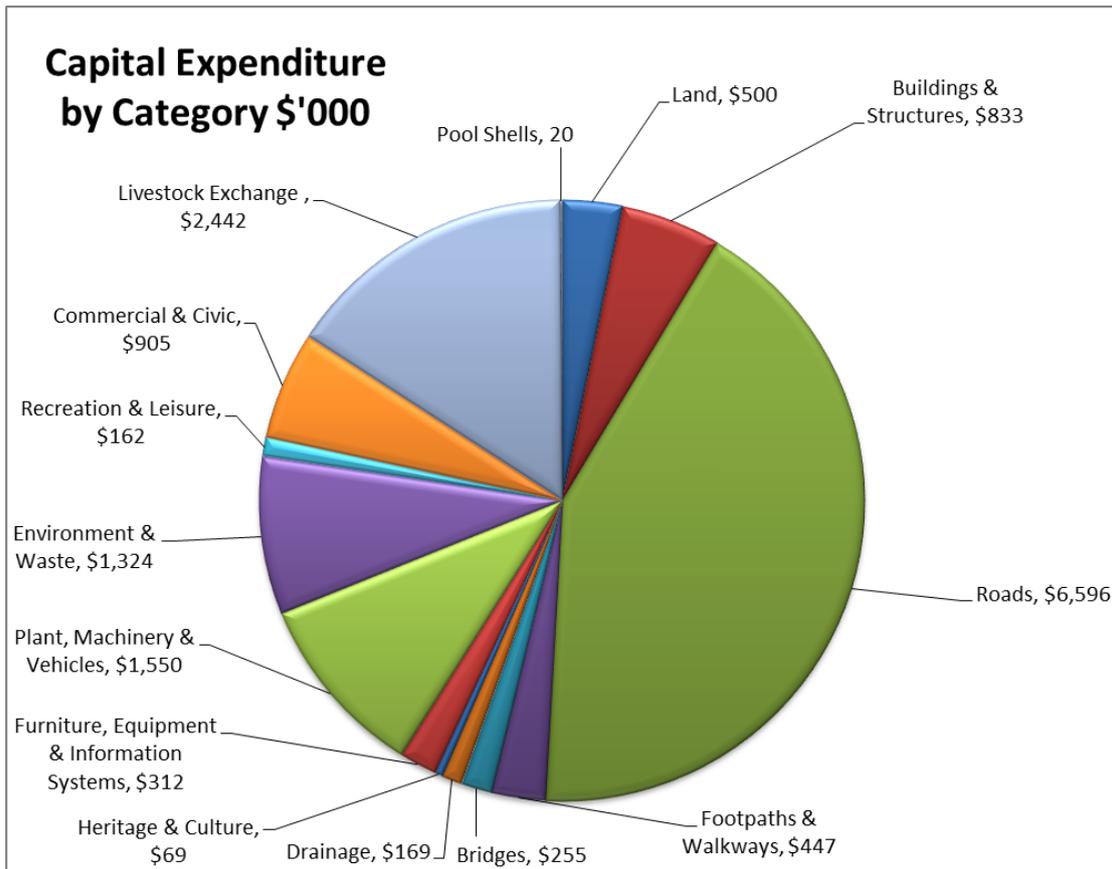
These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum 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 works expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

### 12.1 Capital works expenditure

Capital Works Areas	Ref	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Land	12.1.1	-	500	500
Buildings & Structures	12.1.2	719	833	114
Roads	12.1.3	4,464	6,596	2,132
Footpaths & Walkways	12.1.4	495	447	(48)
Bridges	12.1.5	99	255	156
Drainage	12.1.6	7	169	162
Works In Progress	12.1.7	-	-	-
Heritage & Culture	12.1.8	91	69	(22)
Furniture, Equipment & Information Systems	12.1.9	423	312	(111)
Plant, Machinery & Vehicles	12.1.10	1,527	1,550	23
Environment & Waste	12.1.11	289	1,324	1,035
Recreation & Leisure	12.1.12	85	162	77
Commercial & Civic	12.1.13	4	905	901
Other Structures	12.1.14	30	-	(30)
Livestock Exchange	12.1.15	2,202	2,442	240
Airport	12.1.16	2,380	0	(2,380)
Synthetic Surfaces	12.1.17	-	-	-
Pool Shells	12.1.18	-	20	20
Other Infrastructure	12.1.19	70	0	(70)
Kerb and Channel	12.1.20	133	0	(133)
		13,018	15,584	2,566
<b>Represented by:</b>				
Asset renewal		7,093	8,810	1,717
New assets		895	1,187	292
Asset expansion/upgrade		5,030	5,587	557
<b>Total capital works</b>		<b>13,018</b>	<b>15,584</b>	<b>2,566</b>



### 12.1.1 Land

This category is Council owned land that is intended for residential, commercial or industrial development. For the 2016/17 financial year the Hamilton Industrial Land Development (\$500,000) is budgeted.

### 12.1.2 Buildings

Buildings include community facilities, municipal offices, sports facilities and pavilions. Projects in 2016/17 include renewal and upgrade works at the Hamilton PAC (\$62,660), Art Gallery Lift Installation (\$130,000), Botanic Gardens Bird Aviary (\$165,000), Hamilton Landfill Storage Sheds (\$70,000), Melville Oval Function Room (\$63,000), and Botanic Gardens Public Toilet (\$50,000).

### 12.1.3 Roads

Types of works under this category include reconstruction and rehabilitation of roads, sealing and resealing of road pavements and the resheeting of gravel roads and shoulders. Proposed expenditure for 2016/17 is \$6.596 million made up of Rural Rehabilitation works (\$1,818,000), Urban Rehabilitation (\$2,226,000), Rural and Urban Final Seals (\$630,000), Rural Reseals (\$940,000), Urban Reseals (\$79,000) and Gravel Resheets (\$903,000).

### 12.1.4 Footpaths and Walking Tracks

This category covers footpaths, walking tracks and shared paths (bike and foot). Surfaces may be concrete, brick, asphalt or gravel. Projects in 2016/17 include Stage 1 construction of the Dunkeld to Mount Sturgeon Loop walk (\$400,000).

### 12.1.5 Bridges

This category covers both road and foot bridges, as well as major culverts. Rockbank Road Green Creek Bridge is scheduled for initial design works (\$25,000). A further \$230,000 is allocated for major culvert constructions/replacements.

### 12.1.6 Drainage

This category covers drainage pits and pipes as well as open drains. Detailed design works following the flood investigation for King and Holden Street (\$100,000) are planned. A further \$69,000 is for replacement of drainage pits and pipes.

### 12.1.7 Work in Progress

Work in progress is a temporary asset category which holds the balance of capital works which are partially completed. Assets are not transferred to their physical categories until they are complete and ready for use. It is not anticipated that projects will fall into this category at the end of 2017.

### 12.1.8 Heritage & Culture

This category includes facilities such as the Art Gallery, Museums, Library and other civic and cultural assets. Items this year include art gallery purchases (\$15,000), and replacement library books (\$54,000).

### 12.1.9 Furniture & Equipment

Furniture and Equipment includes computer hardware, software and office furniture that have reached the end of their life expectancy (\$312,000). The replacement program includes computers, wireless networking and Councils Asset Management System.

### 12.1.10 Plant & Machinery

This category covers construction fleet, passenger vehicles and minor plant and equipment (e.g. lawn mowers, chainsaws etc.). Funding of \$1,550,000 for 2016/17 includes \$1,123,000 for the construction fleet replacement program and \$427,000 for replacement of passenger and business use motor vehicles. These are offset by sales of \$481,500.

### 12.1.11 Environment & Waste

This category covers the maintenance and development of both landfill sites and transfer stations together with project and assets related to maintaining a sustainable environment. Council has spent significant amounts of money in the immediately previous years on Landfills and transfers stations. Proposed expenditure in 2016/17 includes the continuing rehabilitation of existing landfill cells to meet existing EPA requirements (1,324,000).

### 12.1.12 Recreation & Leisure

Proposed works include HILAC Plant Room essential plant and equipment maintenance (\$80,000), Patterson Park Playground Renewal (\$35,000), critical safety treatments for Mount Rouse Summit (\$27,000) and installation of variable speed drive for HILAC pumps (\$20,000).

### 12.1.13 Commercial & Civic

The category focuses on assets that have commercial or civic support role. This year \$905,000 will be spent to upgrade the Cox Street precinct.

### 12.1.14 Other Structures

This category is for assets which do not belong in the specific asset categories. There are no proposed works for 2016/2017.

### 12.1.15 Livestock Exchange

This category covers the Hamilton Livestock Exchange, the buildings, fencing and loading facilities. \$2,242,000 is budgeted to continue works associated with the Regional Livestock Exchange Master Plan.

### 12.1.16 Hamilton Airport

This category covers the land, runways, terminal, runway lights, car parks and access roads which are associated with the operation of the Hamilton Airport. For the 2016/17 year there are no proposed works.

### 12.1.17 Synthetic Surfaces

This covers synthetic surfaces which have been installed primarily for sporting purposes, such as tennis and hockey. There is no expenditure proposed for 2016/17.

### 12.1.18 Pool Shells

Council has a number of both indoor and outdoor swimming pools. This category covers only the actual pool shells, not the other associated infrastructure. The asset management requirements for this grouping are quite specific and therefore warrant separate treatment from buildings and other structures. Repair of the pool shell at Hamilton Outdoor Pool (\$20,000) is to be completed during 2016/17.

### 12.1.19 Other Infrastructure

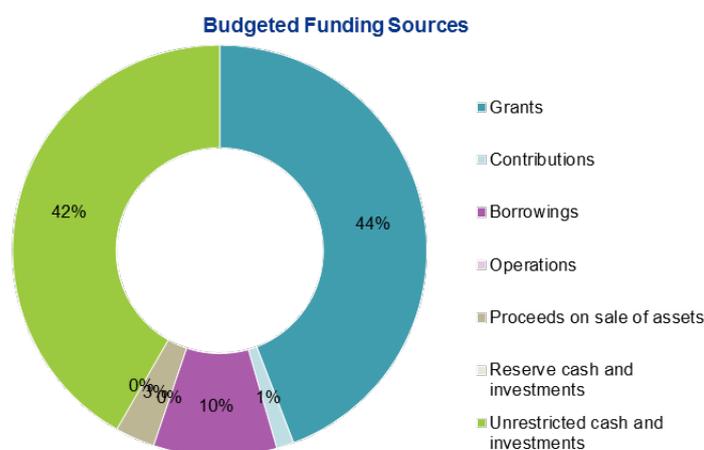
This category covers car parks, road and path signage. For 2016/17 there are no proposed works.

### 12.1.20 Kerb & Channel

This category relates to kerbs and drainage channels alongside road surfaces. For 2016/17 there are no proposed works.

## 12.2 Funding sources

Sources of Funding	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Grants	12.2.1	6,056	6,887	831
Contributions		50	212	162
Borrowings		-	1,500	1,500
Council cash				
- proceeds from sale of assets	12.2.2	348	482	134
- reserve cash and investments	12.2.3	-	-	
- unrestricted cash and investments	12.2.4	6,564	6,503	(61)
<b>Total funding sources</b>		<b>13,018</b>	<b>15,584</b>	<b>2,566</b>



### 12.2.1 Grants (\$6.887 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for the Hamilton Regional Livestock Exchange (\$0.747 million) and road infrastructure works (\$5.539) and other minor grants.

### 12.2.2 Council cash - proceeds from sale of assets (\$0.482 million)

Proceeds from sale of assets include construction fleet and motor vehicle sales.

### 12.2.3 Council cash - reserve cash and investments (\$0)

Council has significant cash reserves set aside for specific purposes such as waste management, public open space and car parking development. It is not anticipated to spend any of these funds in 2016/17.

### 12.2.5 Council cash - unrestricted cash and investments (\$6.503 million)

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments.

## 13 Analysis of budgeted financial position

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

### 13.1 Budgeted balance sheet

	Ref	Forecast Actual 2015 \$'000	Budget 2016 \$'000	Variance \$'000
<b>Current assets</b>	7.1.1			
Cash and cash equivalents		12,640	14,923	2,283
Trade and other receivables		2,435	2,435	-
Financial assets		-	-	-
Other assets		1,710	1,710	-
<b>Total current assets</b>		<b>16,785</b>	<b>19,068</b>	<b>2,283</b>
<b>Non-current assets</b>	7.1.1			
Trade and other receivables		1,365	1,841	476
Property, infrastructure, plant and equipment		326,692	331,386	4,694
<b>Total non-current assets</b>		<b>328,057</b>	<b>333,227</b>	<b>5,170</b>
<b>Total assets</b>		<b>344,842</b>	<b>352,295</b>	<b>7,453</b>
<b>Current liabilities</b>	7.1.2			
Trade and other payables		2,687	2,687	-
Interest-bearing loans and borrowings		357	417	60
Provisions		5,615	5,615	-
<b>Total current liabilities</b>		<b>8,659</b>	<b>8,719</b>	<b>60</b>
<b>Non-current liabilities</b>	7.1.2			
Interest-bearing loans and borrowings		2,645	3,728	1,083
Provisions		2,827	2,827	-
<b>Total non-current liabilities</b>		<b>5,472</b>	<b>6,555</b>	<b>1,083</b>
<b>Total liabilities</b>		<b>14,131</b>	<b>15,274</b>	<b>1,143</b>
<b>Net assets</b>		<b>330,711</b>	<b>337,021</b>	<b>6,310</b>
<b>Equity</b>	7.1.4			
Accumulated surplus		137,646	143,861	6,215
Asset revaluation reserve		192,362	192,362	-
Other reserves		703	798	95
<b>Total equity</b>		<b>330,711</b>	<b>337,021</b>	<b>6,310</b>

Source: Appendix A

#### 13.1.1 Current Assets (\$2.283 million increase) and Non-Current Assets (\$7.453 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to increase by \$2.283 million during the year mainly due to the value of capital works, capital funding received for multiple year projects and the drawing down of loan funds at the end of the financial year to fund works early in 2017/18.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget. Long term debtors (non-current) relating to loans to community organisations will decrease by \$0.024 million in accordance with agreed repayment terms.

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

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$4.694 million increase in this balance is attributable to the net result of the capital works program (\$15.584 million of new assets), depreciation of assets (\$9.933 million) and the sale through sale of property, plant and equipment (\$0.481 million).

### 13.1.2 Current Liabilities (\$0.06 million increase) and Non-Current Liabilities (\$1.083 million increase)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2015/16 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are also expected to remain constant due to more active management of entitlements despite factoring in an increase for Collective Agreement outcomes.

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to repay loan principal of \$0.360 million over the year, however they are also expecting to draw down a further \$1.5 million in late 2016/17

### 13.1.3 Working Capital (\$2.223 million increase)

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

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

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Current assets</b>	16,785	19,068	2,283
<b>Current liabilities</b>	(8,659)	(8,719)	(60)
<b>Working capital</b>	8,126	10,349	2,223
Restricted cash and investment current assets			
- Statutory reserves	(703)	(798)	(95)
- Trust funds and deposits	(524)	(524)	-
<b>Unrestricted working capital</b>	<b>6,899</b>	<b>9,027</b>	2,128

In addition to the restricted cash shown above, Council is also projected to hold \$0.694 million in discretionary reserves at 30 June 2017. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

### 13.1.4 Equity (\$6.310 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; and
- 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.

### 13.2 Key assumptions

In preparing the Balance Sheet for the year ending 30 June 2017 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- Debtors and creditors to remain consistent with 2015/16 levels;
- Employee entitlements to be increased by the Collective Agreement outcome offset by the impact of more active management of leave entitlements of staff;
- Repayment of loan principal to be \$0.357 million;
- Drawn down of additional loan funds of \$1.5 million;
- Total capital expenditure to be \$15.584 million.

## Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context.

This section includes the following analysis and information:

14. Strategic Resource Plan for 2016/17 to 2019/20
15. Rating Information
16. Other Long Term Strategies

## 14. Strategic resource plan and financial performance indicators

### 14.1 Plan development

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

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

- Retain operating surplus over the life of the SRP;
- Retain adjusted underlying deficits of less than \$1 million over the life of the SRP;
- Implement a Service Review Framework to develop Service Plans for all Services;
- Allocate funds to meet 80% of Council's renewal target of capital works with a further 10% towards upgrade and new works; and
- Retains debt servicing below 4 cents in the rate revenue dollar.

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

- Prudently manage financial risks relating to debt, assets and liabilities;
- Provide reasonable stability in the level of rate burden;
- Consider the financial effects of Council decisions on future generations;
- Provide full, accurate and timely disclosure of financial information.

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

### 14.2 Financial resources

The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

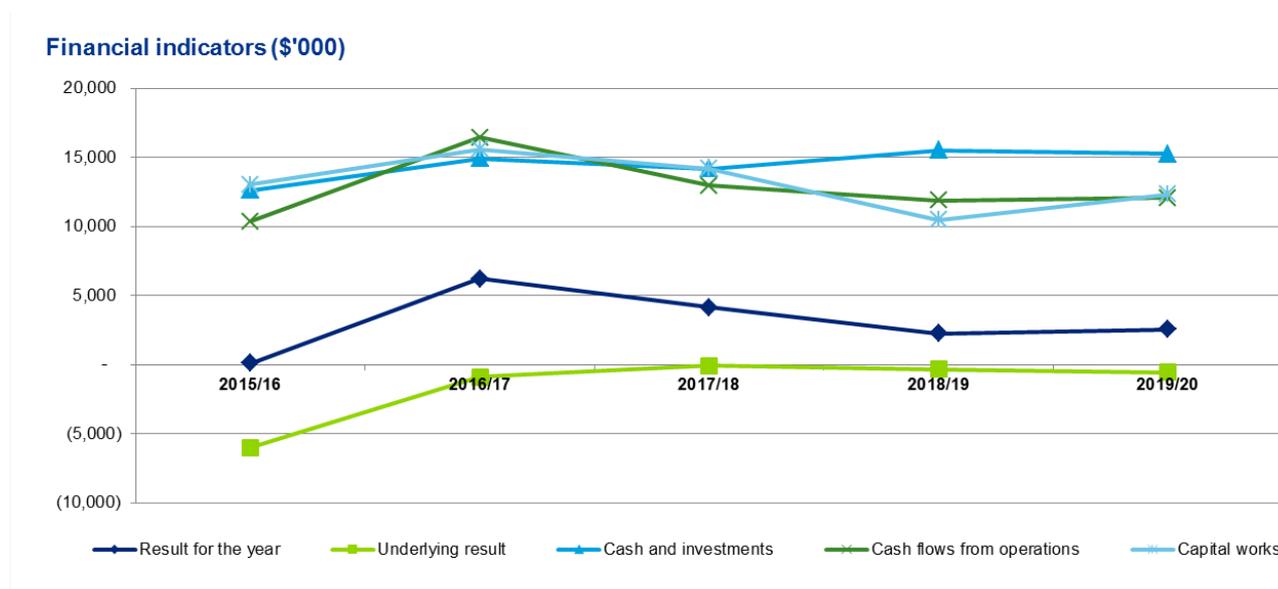
Indicator	Forecast		Strategic Resource Plan			Trend +/-
	Actual	Budget	Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	116	6,215	4,415	2,253	2,532	+
Adjusted underlying result	(5,990)	(884)	(80)	(335)	(555)	+
Cash and investments balance	12,640	14,923	14,173	15,525	15,257	o
Cash flow from operations	10,353	16,434	12,950	11,897	12,061	o
Capital works expenditure	13,018	15,584	14,180	10,481	12,334	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

*Note: the above calculation of Underlying result excludes recurrent capital grants.*

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



The key outcomes of the SRP are as follows:

- **Financial sustainability (Section 11)** – Southern Grampians Shire Council will retain an operating surplus and an adjusted operating deficit of less than \$1 million over the life of the SRP.
- **Service delivery strategy (Section 16)** – Southern Grampians Shire Council will continue its approach to Service Planning in 2016/17 via a strategic service planning framework incorporating annual budget, departmental operational plans, capital works evaluation and long term financial plan leading to a determination of the appropriate range and levels of service for the community and that as part of the development of its Service Plans, consults with the community to determine how service levels will be reached including a combination of improved revenue raising, review of existing service levels, asset disposal and composition of the asset portfolio.
- **Long Term Borrowing strategy (Section 16)** – Retain debt servicing and redemption costs at or below 4 cents in the rate dollar.
- **Rating levels (Section 15)** – Rate increases of 2.5% in 2016/17 in accordance with rate capping legislation with service charges being increased at initially 5% and adjusted as appropriate to compliment strategic waste planning.
- **Asset Management (Section 16)** – provide the annual allocation of funds to meet 80 per cent of the communities infrastructure renewal needs, with a further 10 percent allocated to upgrade or construct new assets.

### 15. Rating information

This section contains information on Council's past and foreshadowed rating levels along with Council's rating structure and the impact of changes in property valuations. This section should be read in conjunction with Council's Rating Strategy which is available on Council's website.

#### 15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14), rates and charges were identified as an important source of revenue, accounting for 38% 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 in Southern Grampians Shire.

Council has also taken into consideration the decision by the Minister for Local Government to introduce rate capping legislation in the form of its "Fair Go" Rate System. On 22 December 2015, the Minister advised an annual rate increase of 2.5% for the 2016/17 year.

At this point in time, Council has developed a Strategic Resource Plan based on continued 2.5% rate increases and 5% service charge increases. Council does however, reserve the option to apply for higher rate increases in future years should it deem necessary.

It has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality.

#### 15.2 Rating structure

On 9 April 2014 Council revised this Policy to provide an equitable and consistent basis for the levying of rates and charges.

The policy provides that differential general rates will be levied on the capital improved valuation of all rateable land to reflect the different standard, range and access to municipal services available to the residents and ratepayers of the Shire. The rationale for this policy being that the owners and occupiers of properties in the Hamilton urban area and immediate surrounds enjoy a greater range and standard of services and access to services compared to residents and ratepayers in other areas of the Shire.

The policy provides for the levying of three differential rates as follows:-

1. Differential General Rate No. 1 - will be levied on the capital improved valuation of all rateable land in the parishes of North Hamilton and South Hamilton, excluding farm land (as defined in the Valuation of Land Act 1960) comprising all or part of a single farm enterprise with an area of 40 hectares or more.
2. Differential General Rate No. 2 - will be levied on the capital improved valuation of all rateable farm land (as defined in the Valuation of Land Act 1960) in the parishes of North Hamilton and South Hamilton comprising all or part of a single farm enterprise with an area of 40 hectares or more.
3. Differential General Rate No. 3 - will be levied on the capital improved valuation of all other rateable land in the Shire.
4. Differential Rates Nos. 2 and 3 will be fixed at the same rate.
5. Differential Rates No. 2 and 3 will be fixed at 80% of Differential Rate No.1.

The policy also provides for a municipal charge, service (or garbage) charges and special drainage rate.

#### 15.3 Basis of Differential General Rates

It is considered that the levying of differential rates will contribute to the equitable and efficient carrying out of Council's functions. The purpose of levying differential general rates is to recognise the following factors:

- the different standard of municipal services provided to the residents and ratepayers in different areas of the Shire;
- the different range of municipal services available to the residents and ratepayers in different areas of the Shire;
- Differences in the accessibility to municipal services for the residents and ratepayers in different areas of the Shire.

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

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

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

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 two years.

A more detailed analysis of the rates to be raised is contained in Section 7 'Rates and Charges'.

### 15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2016 for the 2016/17 year.

The outcome of the general revaluation has seen a general decline in the values of Residential, Rural and Industrial properties with an increase in Commercial properties.

In deliberating over the setting of the differential rate structure for the 2016/17 year, Council has been mindful of the movement in the valuations compared to those in previous cycle and the purpose of Council's existing Rating Strategy.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2015/16 year, Council has chosen not to make any changes to the existing rate differential. In aggregate, total rates and municipal charges will increase by 2.8% compared to 2015/16.

## 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), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large building and infrastructure projects. Council continues to have a conservative borrowing program over coming years.

The SRP includes the results of an analysis of Council's debt position against both State averages and large council averages over a number of different indicators. It also shows the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators.

For the 2016/17 year, Council has decided to take out new borrowings of \$1.5 million to assist in funding the capital works program and therefore, after making loan repayments of \$0.357 million, will increase its total borrowings to \$4.145 million as at 30 June 2017.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	-	333	214	3,002
2016/17	1,500	357	191	4,145
2017/18	-	417	269	3,728
2018/19	-	446	240	3,282
2019/20	-	406	241	2,876

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

	2015/16 \$'000	2016/17 \$'000
Total amount borrowed as at 30 June of the prior year	3,335	3,002
Total amount to be borrowed	-	1,500
Total amount projected to be redeemed	(333)	(357)
Total amount proposed to be borrowed as at 30 June	3,002	4,145

## 16.2 Asset Management

The Council is developing an Asset Management Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption; renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy is being 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;
- Business Case template for officers to document capital project submissions.

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

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified. Council plans to fund 80% of its renewal target each year with a further 10% absorbed into upgrade and expansion works. Council has also identified that asset reviews need to be carried out with the view to retiring or disposing of assets that do not have any service potential, therefore saving future renewal requirements.

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

Year	Total Capital Program \$'000	Summary of funding sources			
		Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2015/16	13,018	6,056	50	6,912	-
2016/17	15,584	6,887	212	6,985	1,500
2017/18	14,180	4,013	-	10,167	-
2018/19	10,481	2,376	-	8,105	-
2019/20	12,334	2,875	-	9,459	-

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has significant 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, open space and waste management. 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

Council has developed a Service Review Framework as a tool to carry out structured reviews of all Council services.

The Service Review Framework will provide a vital process to ensure that Council is delivering services that are:

- Appropriate – match and can be adapted to meet current and future community needs and expectations;
- Effective – deliver targeted, better quality services in new ways; and
- Efficient – improve resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

The key benefits of the Service Review Framework include:

- Alignment of community needs and expectations;
- A more engaged community;
- Higher quality service provision;
- Cost savings and possible income generation;
- Increased efficiency of often limited resources;
- Partnerships and networks with other local governments and service providers;
- Increased capacity of staff to respond to changing needs of the community;
- Staff who work cooperatively across departments;
- A more systemic approach to understanding future community needs.

See Section 4 of Council's Strategic Resource Plan for a detailed description of Council's approach to Service Provision and Planning.

## Appendix A

### Fees and charges schedule

The budgeted fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2016/17 year are contained in Councils Pricing Register. The detailed Pricing Register for 2016/17 can be accessed on Councils website [www.sthgrampians.vic.gov.au](http://www.sthgrampians.vic.gov.au) or a hardcopy can be viewed at Council's Business Centre, 111 Brown Street Hamilton.

## Appendix B

### Budget processes

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

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

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

In advance of preparing the budget, officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. The preparation of the budget, within this broader context, begins with officers preparing the operating and capital components of the annual budget during January and February. A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in late 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.

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:

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

### Budget principles

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles upon which the officers were to prepare their budgets. The principles included:

- Existing fees and charges to be increased by approximately 4% - dependent upon pricing principles.
- Grants to be based on confirmed funding levels.
- New revenue sources to be identified where possible.
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency.
- Salaries and wages to be increased in line with the existing Enterprise Agreement and anticipated new agreement.
- Contract labour to be minimised.
- New initiatives or employee proposals to be justified through a business case.
- Real savings in expenditure and increases in revenue identified in 2015/16 to be preserved
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.