



townongshire



Budget 2017/18

Strategic Resource Plan 2017/18 to 2020/21

Long Term Financial Plan 2017/18 to 2026/27

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This Budget Report has been prepared with reference to Chartered Accountants ANZ "Victorian City Council Model Budget 2017/2018" a best practice guide for reporting local government budgets in Victoria.



Mayor's Introduction

On behalf of Council I present the Budget Report 2017/18 to the ratepayers and residents of Towong Shire. This Report contains the annual Budget for 2017/18, the Strategic Resource Plan that covers the period to 2020/21 and the Long Term Financial Plan which projects through to 2026/27.

Financial sustainability continues to be a core focus for Council. In 2010 Council developed a Long Term Financial Plan which projected a 6% rate rise each year and an extensive demand reduction program for the organisation to remain financially sustainable. Councillors and staff have actively driven the implementation of the demand reduction and expenditure savings program throughout our operations and have been recognised by the State Government for some of these initiatives.

The rate cap announced by the Minister for the 2017/18 year was 2.0%. Council submitted an application to the Essential Services Commission for a rate cap variation of 5.55% in order for Council to continue to provide day-to-day services and infrastructure maintenance and renewal at the current modest level. The higher cap is what is required to be financially sustainable in accordance with Council's Long Term Financial Plan and the Victorian Auditor General's financial sustainability indicators. This application was approved by the Essential Services Commission on 31 July 2017.

Council supports the principles underpinning the Fair Go Rates System, particularly to contain the cost of living for Towong Shire ratepayers. In light of feedback from our residents and ratepayers around service provision, Council does not wish to further reduce services or infrastructure delivery and maintenance. Quite the reverse is true.

Council having heard the strong views of the community, Council has reinstated into the 2017/18 Budget, items that had been reduced in previous years.

If additional funding is forthcoming from either the State or Federal Governments to support the provision of services and infrastructure for our communities, Council would then be in the position to implement lower rate increases at or below this higher rate cap.

This budget seeks to address the financial challenges faced by our municipality whilst also delivering on a range of key projects for our community, which includes:

- Implementing the Destination Tallangatta projects including upgrades to the Tallangatta foreshore, Tallangatta Holiday Park and Towong Street
- Seeking external funding to implement the Master Plan for our Upper Murray communities – Upper Murray 2030 Vision Plan
- Continuing to implement our Town Beautification Program throughout the Shire
- Delivering the Corryong airport precinct upgrade in partnership with the State Government
- Attracting business and government agencies to operate within our Shire.

We have worked hard to secure significant funding from the State and Federal Governments for a number of projects. These projects all contribute to making our Shire a more attractive place to live.

This budget was developed through a rigorous review process and has been prepared in line with Council's Long Term Financial Plan. Council endorses the budget as financially responsible. Thank you to my fellow Councillors and our staff for their tireless efforts to achieve the best possible long term outcomes for the communities we serve.

Cr David Wortmann
Mayor

Executive summary

Council has prepared a Budget for 2017/18 which is aligned to the vision in the 2017 – 2021 Council Plan. It seeks to balance the demands for services and infrastructure with the community's capacity to pay. This budget document also contains Council's updated Strategic Resource Plan (2017/18 to 2020/21) and Long Term Financial Plan (2017/18 to 2026/27) to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of these Plans is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan.

Financial sustainability continues to be a core focus for Council. Over a number of years Council has implemented a demand reduction and expenditure savings program to reduce the cost of service delivery to our community.

Council supports the underlying principles of the Victorian Government's rate capping framework, the Fair Go Rates System. Effective 1 July 2016, Councils are not permitted to raise the average rate above the cap set by the Minister, unless they can demonstrate to the Essential Services Commission (ESC) that an increase above the cap is justified and a higher rate cap is subsequently approved by the ESC.

A rate cap of 2.0% was announced by the Minister for Local Government in December 2016.

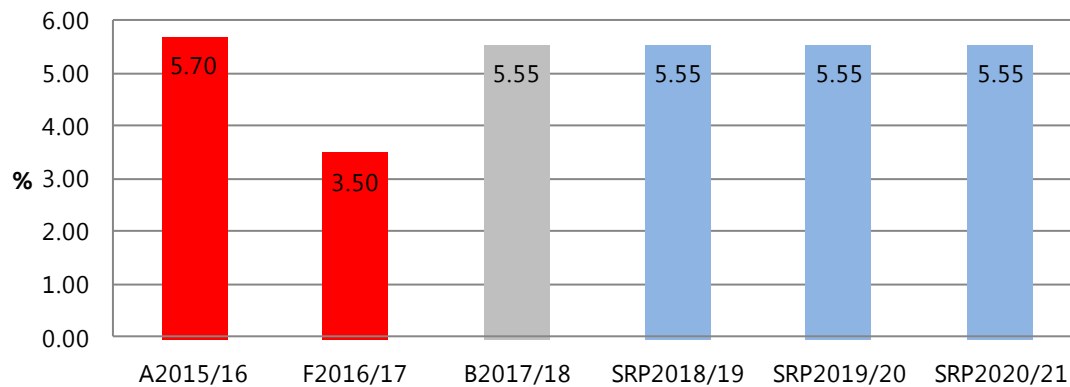
Council has undertaken detailed financial modelling to establish the rate increase required to have enough funds to meet Council's commitments over the next ten years and to be financially sustainable. The average rate increase required is 5.55% per annum for each of the next ten years. Accordingly Council made an application to the ESC for a 3.55% average rate increase above the cap for the next four financial years (5.55% for the 2017/18 financial year). Council was notified by the Essential Services Commission on 31 July 2017 that its rate cap application for the next four years was successful.

The need to balance the short term capacity of ratepayers to pay increased rates with the longer term service delivery and infrastructure needs of the community continues to be a major challenge for Council.

The Budget for 2017/18, Strategic Resource Plan and Long Term Financial Plan assume a 5.55% rate increase from 2017/18 to 2026/27. The plans are consistent with Council's long term financial planning objectives.

Key information is provided below about rates and charges, operating result, underlying result, services, cash and investments, capital works, financial position and the strategic objectives of the Council.

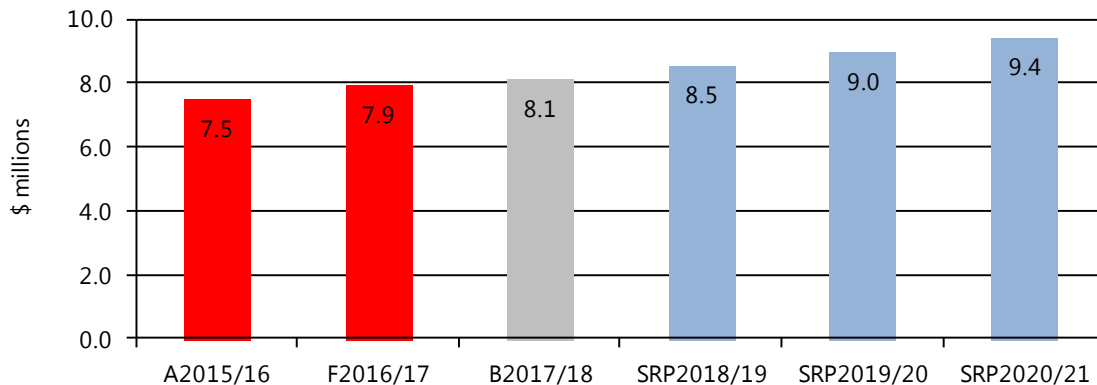
1. Rate increase



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

It is proposed that the average rate will increase by 5.55% from the 2017/18 year through to 2020/21. This is in line with the higher rate cap approved by the Essential Services Commission (ESC).

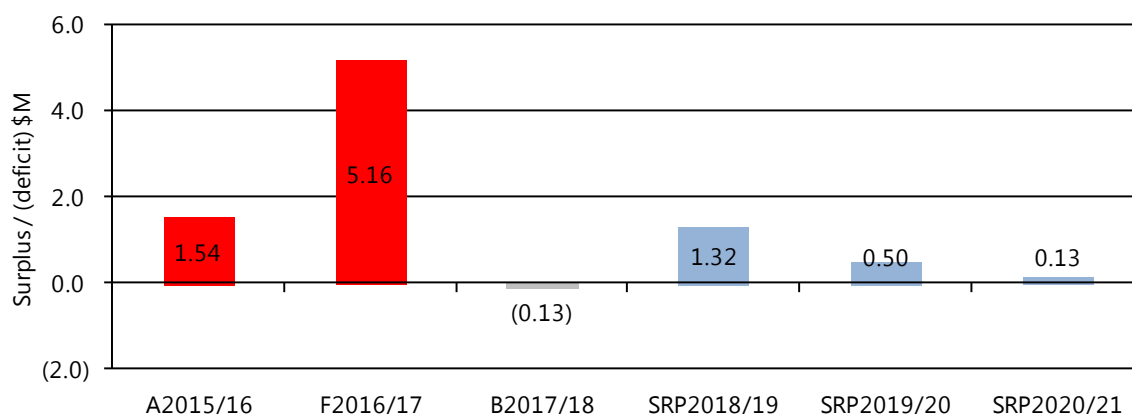
2. Total rates and charges



Total rates and charges include general rates, municipal charge, waste facilities management charge and kerbside collection charges. The rate cap is only applicable to the general rates and municipal charge and not applicable to the service charges of waste facilities management and kerbside collection.

The proposed average rate increase of 5.55% for the 2017/18 year will raise total rates and charges of \$8.15 million. This will result in an increase in total revenue from rates and charges of 2.55%. The increase will go towards ensuring that Council delivers essential community services and capital works to address the asset renewal needs of the Shire. Refer to Sections 7 and 9 for more information.

3. Operating result

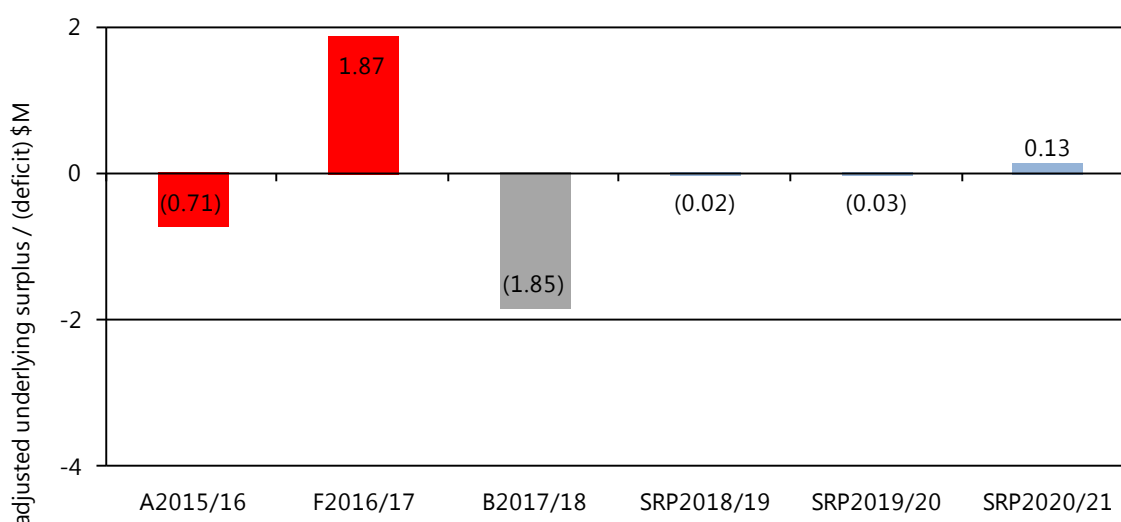


The operating result recognises all revenue received by Council (including capital grants) and all operating expenditure. The expected operating result for the 2017/18 year is a deficit of \$0.13 million, which is a decrease of \$5.29 million from 2016/17. The lower operating result in 2017/18 primarily results from receiving approximately half (\$1.9 million) of the 2017/18 Financial Assistance Grants allocation in 2016/17 and the Roads to Recovery funding returning to normal levels.

The additional funding received in 2016/17 for the Roads to Recovery program was \$1.54 million more than the announced \$0.671 million per annum.

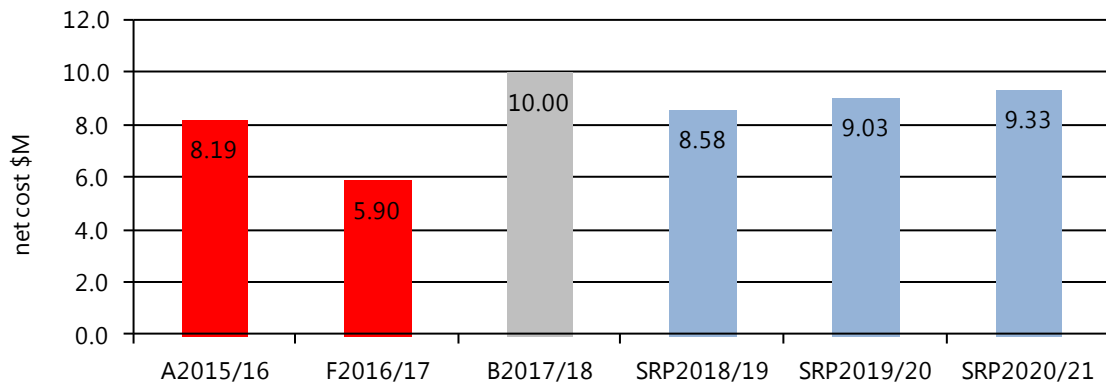
As a consequence of the above two items, the operating result for 2017/18 is significantly lower than 2016/17 and is effectively understated by \$1.9 million due to receiving the Financial Assistance Grants from the Victorian Grants Commission in advance.

4. Adjusted underlying result



Council is committed to reducing the underlying deficit over time and achieve a balanced result. The adjusted underlying result excludes items such as non-recurrent capital grants and non-cash contributions. The large surplus in 2016/17 and deficit in 2017/18 is primarily due to receiving the advance payment of the 2017/18 Financial Assistance Grants in 2016/17 from the Victorian Grants Commission. Refer to Section 7 for further information.

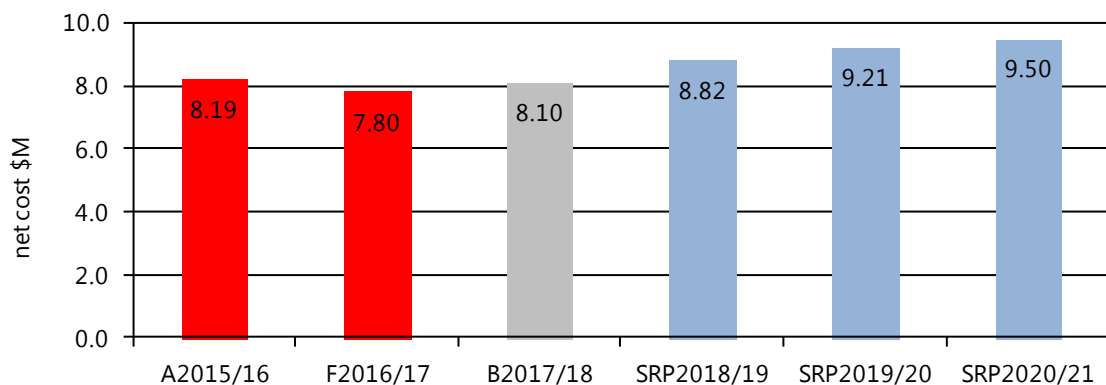
5. Services



Council delivers a broad range of services to the Towong Shire community including libraries, maternal and child health, kindergartens, planning, kerbside waste collection and access to council assets such as roads, bridges and playgrounds. The net cost of delivering services is effectively the shortfall between the total cost of service delivery and any income received directly from government and users of services. This equates to the amount of expenditure that rates and charges revenue is required to fund.

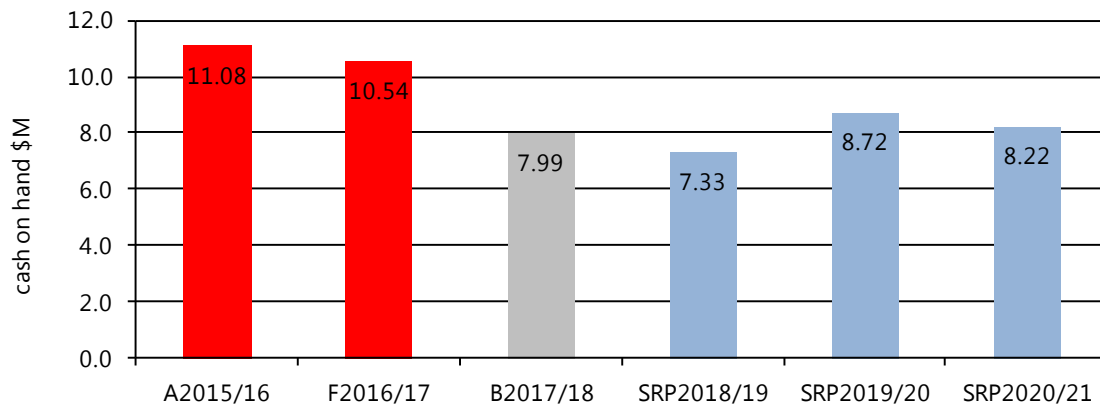
The net cost of all services delivered to the community for the 2017/18 year is expected to be \$10.00 million which is an increase of \$4.10 million over 2016/17. The forecast for 2016/17 is considerably lower than expected and the budgeted 2017/18 figure considerably higher than expected due to the payment in advance of half the 2017/18 Financial Assistance Grants allocation in June 2017. This payment in advance was required to be recognised as revenue in 2016/17.

If the effect of the payment in advance is removed the net cost of all services would be \$7.80 million and \$8.10 million in 2016/17 and 2017/18 respectively which is consistent with Council's Long Term Financial Plan. The effect of removing the payment in advance is reflected in the graph below.



Refer to Section 2 for more detail on the range of services provided by Council.

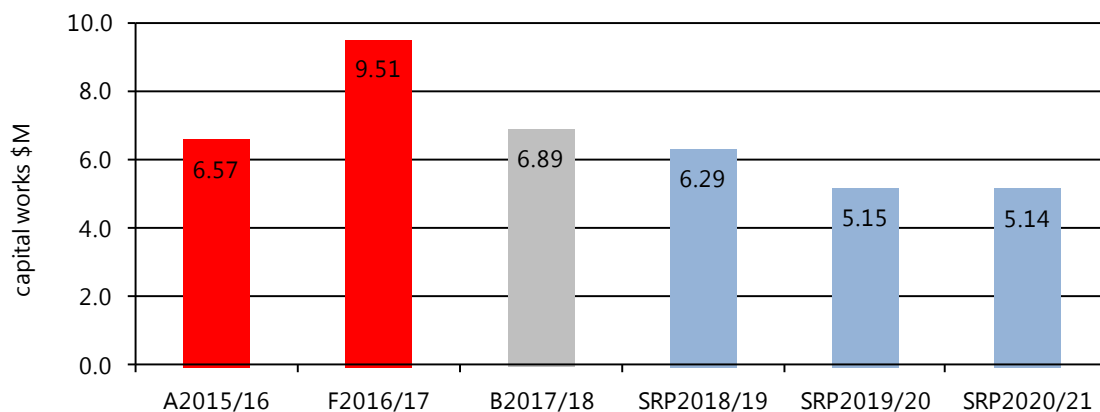
6. Cash and investments



Cash and investments are expected to decrease by \$2.55 million during the year to \$7.99 million as at 30 June 2018. The forecast cash for 2016/17 of \$10.54 million includes the payment received in advance for half of the 2017/18 Financial Assistance Grants allocation.

Refer to Section 4 for the Statement of Cash Flows and Section 10 for an analysis of the cash position.

7. Capital works



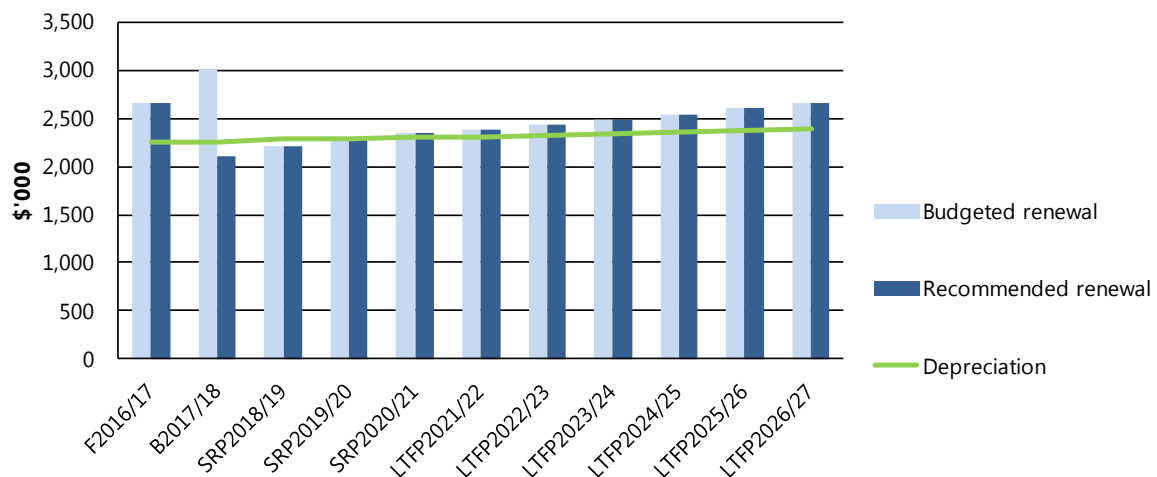
The capital works program for the 2017/18 year is expected to be \$6.89 million. Of the \$6.89 million of capital funding required, \$2.36 million will come from external grants and the balance of \$4.53 million from Council cash. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project.

There are currently no confirmed figures available for carry forward works at 30 June 2017 so the 2017/18 budgeted figures contain new capital works only. It is expected that there will be works carried forward from 2016/17, however these will not be included until the completion of the 2016/17 external audit.

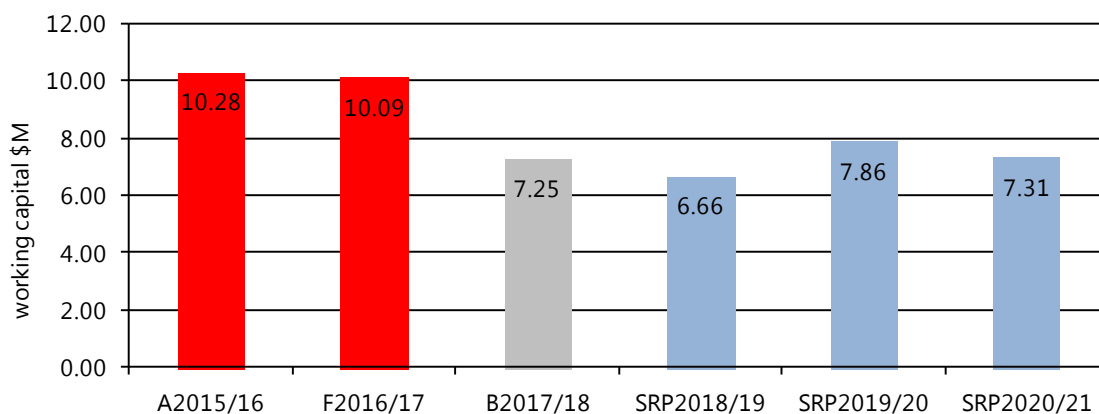
Council uses the Moloney Asset Model to help manage Council's assets and determine its level of expenditure on asset renewal. The model has been developed by an independent specialist in the field of asset management and is widely used by Councils throughout Victoria.

Council is committed to undertaking asset renewal in accordance with the Moloney renewal recommendations and the Budget, Strategic Resource Plan and Long Term Financial Plan have been prepared on this basis. The following graph reflects the recommended renewal expenditure requirements on assets (per the Moloney model), Council's budgeted renewal program and depreciation.

Council's budgeted renewal program for 2017/18 includes significant grant funded works for Towong Street Tallangatta as part of the Destination Tallangatta project. These significant works account for the variation in budgeted renewal compared to the recommended renewal for 2017/18.



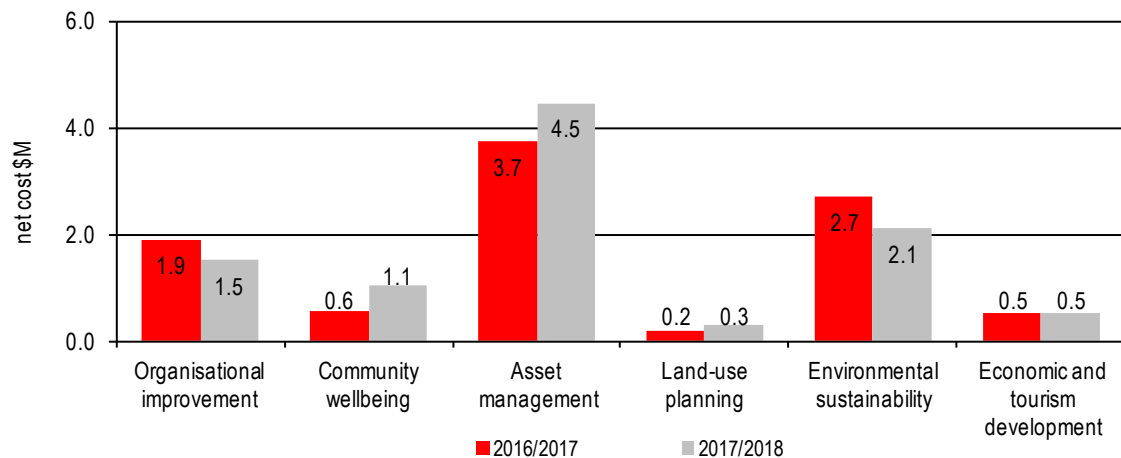
8. Financial position



Net current assets (working capital) will reduce by \$2.84 million to \$7.25 million. Net current assets are forecast to be \$10.09 million as at 30 June 2017.

Refer to Section 4 for the Balance Sheet and Section 12 for an analysis of the budgeted financial position.

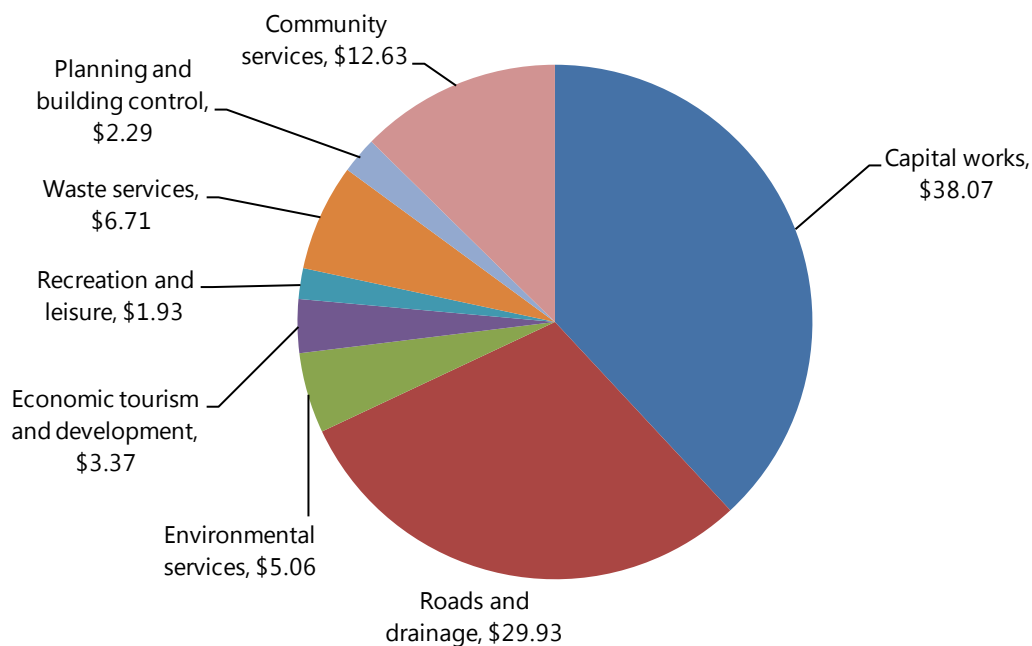
9. Strategic objectives



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 2017/18 year.

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

10. Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends in 2017/18. Council overheads, governance costs and administrative costs are allocated to our external facing services using an internal overhead allocation model.

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.

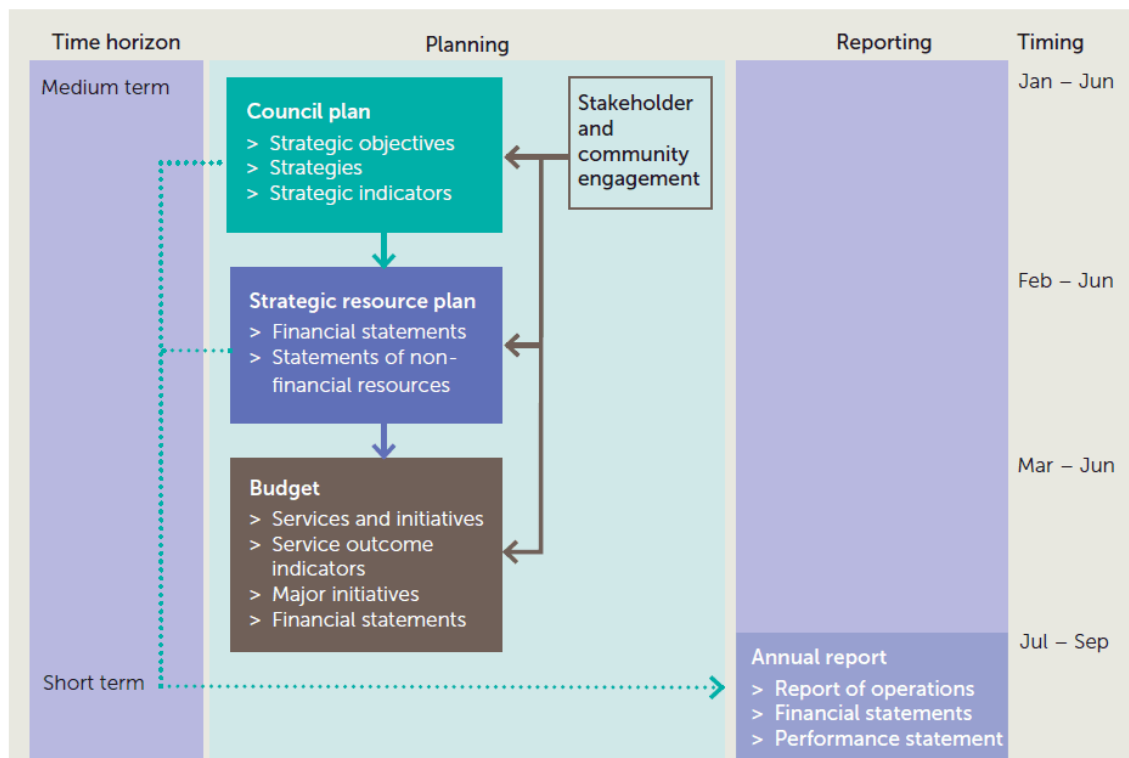
- 1 Links to the Council Plan
- 2 Services and service performance indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Other budget information (required by the Regulations)
- 6 Detailed list of Capital Works
- 7 Rates and charges

1. Links to the Council Plan

This section describes how the Annual Budget links to the delivery 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, 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

In addition to the above, Council's vision for its communities is captured in several long term master plans, such as *Tallangatta Tomorrow*, *Our Valley Our Future*, *Our Bellbridge* and the *Upper Murray 2030 Vision Plan*.

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. In 2017/18 a one-off extension to 31 August 2017 was provided by the Minister to allow sufficient time for the newly elected Councils to develop, release and adopt their Council Plans and associated budget documents.

1.2 Our purpose

Our vision

We will be a World Class small Council and Towong Shire will be an ideal place to live.

Our mission

To provide leadership and service to the Towong Shire community that adds value and enhances social, economic and environmental wellbeing now and in the future.

Our values

- **Pride** - We will always take care in what we do
- **Teamwork** - We will help others to achieve by being positive, enthusiastic and confident
- **Integrity** - We will seek the common good
- **Respect** - We will listen and consider other perspectives and treat each other with courtesy

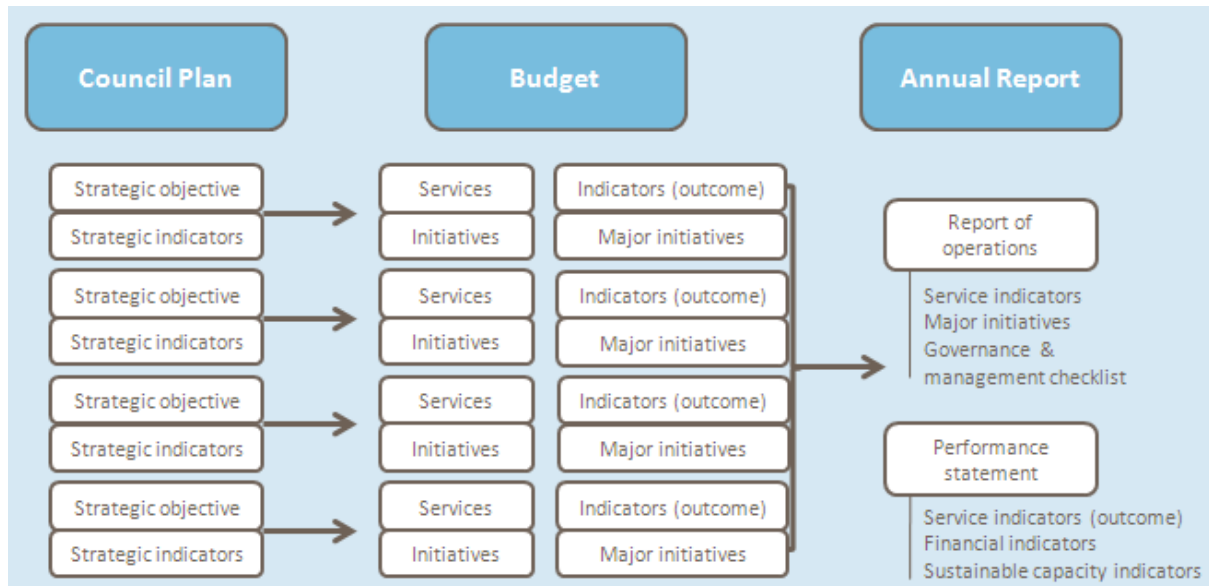
1.3 Strategic objectives

Council delivers services and initiatives under 17 major service categories. Each contributes to the achievement of one of the six Strategic Objectives as set out in the Council Plan for the years 2017-21. The following table lists the six Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Organisational improvement	Embed organisational excellence into our governance and management processes to deliver the best possible outcomes for our residents and ratepayers.
2. Community wellbeing	Assist all residents to attain a high level of health and safety, resilience and connectedness to their communities.
3. Asset management	Maintain and improve our Shire's infrastructure to meet agreed levels of service.
4. Land-use planning	Implement a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment.
5. Environmental sustainability	Integrate sustainable environmental management practices into all of our activities.
6. Economic and tourism development	Expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2017/18 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council’s operations. Council is required by legislation to identify 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

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

2.1 Strategic Objective 1: Organisational improvement

To achieve our Organisational improvement objective, we will embed organisational excellence into our governance and management processes to deliver the best possible outcomes for our residents and ratepayers. The services, initiatives and service performance indicators for each business area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Councillors, Chief Executive and associated support	This area of governance includes the Mayor, Councillors, Chief Executive Officer and associated support which cannot be easily attributed to the direct service provision areas.	
Customer Service	This service provides Council with operational organisational support to Council, CEO and the Senior Management Group and acts as the main customer interface with the community. The service also assists with delivering on the communication and governance needs of the Council.	
Corporate Services	This service provides financial and corporate based services to internal and external customers, including the management of Council's finances, payment of salaries and wages to employees, human resources, procurement and contracting of services, raising and collection of rates and charges, managing Council's records and delivering on Council's occupational health and safety responsibilities. This service also maintains reliable and cost effective communications and computing systems, facilities and infrastructure to support Council staff.	
Total Organisational improvement		3,315 <u>(1,788)</u> 1,527

Council Plan Strategies for 2017/18

- 1.1 Continue to lobby for increased ongoing government funding support
- 1.2 Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small Councils)
- 1.3 Improve service delivery and reduce costs through process improvement and shared services
- 1.4 Continue to improve our Long Term Financial Plan
- 1.5 Deploy software that leverages improved IT infrastructure with a particular focus on the areas of shared services, record management and business process workflows
- 1.6 Implement business improvements in the areas of OHS, outdoor pools, saleyards landfills and transfer stations

Service Performance Indicators

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council's consultation and engagement processes	Community rating out of 10 of satisfaction with Council's consultation and engagement processes.

2.2 Strategic Objective 2: Community wellbeing

To achieve our Community wellbeing objective, we will assist all residents to attain a high level of health and safety, resilience and connectedness to their communities. The services, initiatives and service performance indicators for each business area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Community Services	This service provides family oriented support services including kindergartens, maternal and child health, immunisations and youth services. It also supports Council's commitment to improved access for all residents, delivers an annual Seniors event and is exploring opportunities to support arts and culture throughout the Shire.	
Library Services	This service provides public library services at two locations and provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered.	
Swimming Pools	This service provides Council's two seasonally operated swimming pools at Corryong and Tallangatta. These pools operate from November to March each year. It also provides a financial contribution to the community operated Eskdale pool.	
Community Facilities	This service identifies opportunities for Council or community groups to access funding to better meet community needs and delivers on key Council funding applications.	
Total Community wellbeing		2,285 (1,235) 1,050

Council Plan Strategies for 2017/18

- 2.1 Develop the 2017-2021 Towong Shire Healthy Communities Plan
- 2.2 Review immunisation services
- 2.3 Review Maternal and Child Health services
- 2.4 Review options for delivery of swimming pool services, including consideration of a community based model

Council Plan Strategies for 2017/18 (continued)

- 2.5 Review library services and servicing of remote areas and where appropriate engage with other stakeholders to explore innovative solutions
- 2.6 Provide guidance to the Corryong Memorial Hall Committee to update their masterplan and seek funding for hall improvements
- 2.7 Establish a Tallangatta Neighbourhood House Advisory Committee to deliver an annual program of activities with a view to building standalone capability
- 2.8 Seek funding to upgrade the Eskdale cricket facilities
- 2.9 Continue to pursue extended child care services across the Shire
- 2.10 Encourage development of proactive community groups to progress local initiatives (e.g. funding for improvements at Bethanga Recreation Reserve, branding of localities)
- 2.11 Seek funding to upgrade the Tallangatta netball courts
- 2.12 Implement improvements to early years services across the Shire
- 2.13 Implement the Towong Shire Access and Inclusion Plan to support people experiencing a disability
- 2.14 Seek funding for recreation facility upgrades/renewals (e.g. netball courts and shade sails)
- 2.15 Actively participate in the Towong Alliance with the three local health services
- 2.16 Develop a four-year Youth Plan and deliver FReeZA and other responsive youth programs
- 2.17 Seek funding to renew/upgrade playgrounds
- 2.18 Seek funding to upgrade skate parks in Bellbridge, Corryong and Tallangatta
- 2.19 Participate in community-led or government-led initiatives with the aim of reducing family violence
- 2.20 Facilitate an annual Seniors Week activity
- 2.21 Advocate for appropriate transport options for community members

Service Performance Indicators

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

Service	Indicator	Performance Measure	Computation
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population

2.3 Strategic Objective 3: Asset management

To achieve our Asset management objective, we will plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives and service performance indicators for each business area are described below.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Engineering Services	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program. This service also conducts asset renewal and maintenance planning for Council's main infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include: -roads, bridges, footpaths -buildings -drainage -recreation and open spaces.	
Infrastructure	This service maintains Council infrastructure, vehicles, plant and equipment to meet functional and safety needs.	
Total Asset management		5,416 (941) 4,475

Council Plan Strategies for 2017/18

- 3.1 Deliver the Corryong Airport upgrade
- 3.2 Deliver the Corryong Swimming Pool upgrade
- 3.3 Deliver the Eskdale Netball Courts upgrade project
- 3.4 Deliver the Great River Road project
- 3.5 Deliver the Destination Tallangatta project: foreshore upgrade, path links, playground, road improvements, retail precinct upgrade
- 3.6 Deliver town improvement and beautification program: Year 1 Walwa, Year 2 Granya, Year 3 Bethanga, Year 4 Mitta Valley towns
- 3.7 Liaise with VicRoads to consider road safety improvements throughout the Shire (e.g. upgrade Y-intersections to T-intersections)
- 3.8 Deliver the adopted Capital Works program
- 3.9 Work with VicRoads and other stakeholders to progress the upgrade/sealing of the Benambra-Corryong Road
- 3.10 Continue Georges Creek Road upgrade and seek funding for improvements to the intersection with River Road
- 3.11 Seek funding and deliver the strategic path links program

Council Plan Strategies for 2017/18 (continued)

3.12 Complete condition assessments for road assets and non-road assets (e.g. buildings, playgrounds)

3.13 Pursue suitable funding to improve Lake Road from Bellbridge to Kurrajong Gap Road

3.14 Improve town entrances and signage at key locations throughout the Shire

2.4 Strategic Objective 4: Land-use planning

To achieve our Land-use planning objective, we will implement a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment. The services, initiatives and service performance indicators for each business area are described below.

Services

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Planning	The planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It administers the Towong Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares amendments to the Towong Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council.	
Building Services	This service provides statutory building services to the Council community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	
Environmental Health	This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities and smoke free dining and gaming venue issues. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.	
Total Land-use planning		415 <u>(104)</u> 311

Council Plan Strategies for 2017/18

- 4.1 Finalise the Rural Activity Zone amendment
- 4.2 Undertake an analysis of the residential and industrial needs of Tallangatta and identification of future residential and industrial development options for the town
- 4.3 Undertake a Section 12B Whole of Scheme review
- 4.4 Create a Developer Contributions Policy
- 4.5 Prepare an Anomalies/Corrections Amendment

Service Performance Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100

2.5 Strategic Objective 5: Environmental sustainability

To achieve our Environmental sustainability objective, we will integrate sustainable environmental management practices into all our activities. The services, initiatives and service performance indicators for each business area are described below.

Services

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Waste Services	This service provides waste collection including kerbside collections of rubbish and recycling from households and commercial properties, special hard waste, green waste collections, transfer station and land fill management.	
Emergency Management	This service provides Council's emergency management planning function.	
Animal Control	This service provides animal management services including a cat trapping program, dog / cat collection service, lost and found notification service, pound service, registration / administration service and an after-hours emergency service. It also provides education, regulation and enforcement of the Local Law and relevant State legislation.	
Total Environmental sustainability		2,480 (363) 2,117

Council Plan Strategies for 2017/18

- 5.1 Research options for Mitta Mitta town water with North East Water
- 5.2 Continue to explore solutions for Bellbridge Wastewater expansion (in conjunction with North East Water)
- 5.3 Review waste services across the Shire (including green waste, hard waste, recycling and rubbish bin options)
- 5.4 Continue to lobby for the expansion/improvement of North East Water's Tallangatta wastewater plant to accommodate Tallangatta's future development and the elimination of odour emanating from the plant
- 5.5 Maintain current and future landfills to best practice and investigate improvements to operations (e.g. covers)
- 5.6 Continue to implement noxious weed control along roadsides with available funding and lobby for additional funding
- 5.7 Encourage adjoining landowners (including DELWP and Parks Victoria) to implement weed controls on their land
- 5.8 Investigate and seek funding for solar street lighting in key locations
- 5.9 Continue to look at renewable energy projects where funding is available (e.g. Banking on Our Solar Future)
- 5.10 Deliver strategic tree plantings under the Tree Management Plan as funding becomes available

Council Plan Strategies for 2017/18 (continued)

5.11 Encourage (and where possible deliver) sustainable design for community buildings and residential development

5.12 Support waste initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy

Service Performance 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
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions

2.6 Strategic Objective 6: Economic and tourism development

To achieve our Economic and tourism development objective, we will expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers. The services, initiatives and service performance indicators for each business area are described below.

Services

Service areas	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Economic Development	<p>The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.</p> <p>It also provides for the operation of the Corryong Saleyards, Corryong Airport and the Innovation Space.</p>	
Tourism	<p>This service includes the provision of a Visitor Information Centre in Corryong, support for visitor information services in Tallangatta and development of tourism websites to provide advice to visitors to the region.</p> <p>It also provides oversight of the Colac Colac Caravan Park.</p>	
Total Economic and tourism development		610 <u>(90)</u> 520

Council Plan Strategies for 2017/18

- 6.1 Develop and launch the Valleys Lakes and Vistas tourism website
- 6.2 Explore options in relation to a Centre for Dairy Excellence in the Upper Murray
- 6.3 Develop and implement a Recreational Hunting Tourism Strategy
- 6.4 Explore options for creating cycle product within the Towong Shire and where feasible, deliver or facilitate new product (e.g. new cycle event linked to the Tallangatta 50's Festival)
- 6.5 Explore options to capitalise on Tallangatta's Notable Town status (e.g. establishment of a Museum to celebrate Tallangatta's unique heritage)
- 6.6 Seek further funding and deliver the Upper Murray Events Centre
- 6.7 Continue to lobby for improved mobile phone and internet coverage across the Shire
- 6.8 Seek funding for the Connecting Corryong project
- 6.9 Work with business operators to assist them to become more profitable (e.g. Business After Hours program, targeted training, etc)
- 6.10 Work with Upper Murray 2030 Community Board to deliver outcomes from the Upper Murray 2030 Vision Plan

Council Plan Strategies for 2017/18 (continued)

- 6.11 Advocate for houseboats on Lake Hume and Dartmouth Dam
- 6.12 Work with key stakeholders, including Tourism North East and Parks Victoria, to provide opportunities for ecotourism in our Shire (e.g. Pine Mountain)
- 6.13 Continue to advocate for The Narrows project at Tallangatta
- 6.14 Work with local operators to facilitate the development of a farm gate trail in the Mitta Valley and replicate in other localities as appropriate
- 6.15 Support the delivery of the North East Regional Dairy Growth Plan and Workforce Development Strategy through Alpine Valleys Dairy Pathways Group
- 6.16 Seek funding to research indigenous history in the Towong Shire

Service Performance Indicators

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x 100

2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2017/18 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 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.

2.8 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Organisational improvement	1,527	3,315	(1,788)
Community wellbeing	1,050	2,285	(1,235)
Asset management	4,475	5,416	(941)
Land-use planning	311	415	(104)
Environmental sustainability	2,117	2,480	(363)
Economic and tourism development	520	610	(90)
Total services and initiatives	10,000	14,521	(4,521)
Other non-attributable	-		
Deficit before funding sources	9,998		
Funding sources			
Rates and charges	(8,153)		
Capital grants	(1,719)		
Total funding sources	(9,872)		
(Surplus)/deficit for the year	128		

3. Financial statements

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

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

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

3.1 Comprehensive Income Statement

For the ten years ending 30 June 2027

	Forecast Actual	Budget	Strategic Resource Plan Projections			Long Term Financial Plan Projections					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income											
Rates and charges	7,770	8,153	8,567	9,003	9,456	9,936	10,439	10,972	11,536	12,131	12,755
Statutory fees and fines	178	177	180	184	187	190	193	196	199	202	205
User fees	397	879	887	895	903	911	919	928	937	946	955
Grants - Operating (recurrent)	6,530	2,623	4,701	4,687	4,673	4,661	4,649	4,637	4,625	4,614	4,603
Grants - Operating (non-recurrent)	321	221	-	-	-	-	-	-	-	-	-
Grants - Capital (recurrent)	2,214	671	671	-	-	-	-	-	-	-	-
Grants - Capital (non-recurrent)	1,077	1,048	664	532	-	-	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Other income	826	622	604	609	642	651	671	687	699	711	726
Total income	19,313	14,394	16,274	15,910	15,861	16,349	16,871	17,420	17,996	18,604	19,244
Expenses											
Employee costs	5,067	6,230	6,389	6,510	6,696	6,888	7,085	7,257	7,433	7,614	7,799
Materials and services	5,100	3,405	4,044	4,143	4,252	4,341	4,438	4,540	4,650	4,770	4,895
Bad and doubtful debts	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	3,693	4,121	4,165	4,171	4,186	4,193	4,206	4,226	4,248	4,280	4,319
Borrowing costs	5	8	6	127	140	174	192	172	150	127	102
Other expenses	291	758	350	455	460	465	470	498	532	538	544
Total expenses	14,156	14,522	14,954	15,406	15,734	16,061	16,391	16,693	17,013	17,329	17,659
Surplus/(deficit) for the year	5,157	(128)	1,320	504	127	288	480	727	983	1,275	1,585
Other comprehensive income											
Net asset revaluation increment /(decrement)	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive result	5,157	(128)	1,320	504	127	288	480	727	983	1,275	1,585

3.2 Balance Sheet

For the ten years ending 30 June 2027

	Forecast Actual	Budget	Strategic Resource Plan Projections			Long Term Financial Plan Projections					
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
Assets											
Current assets											
Cash and cash equivalents	10,540	7,986	7,327	8,715	8,225	8,664	8,657	8,348	7,913	7,732	7,419
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	1,098	831	936	918	918	947	978	1,011	1,046	1,083	1,121
Inventories	300	10	10	10	10	10	10	10	10	10	10
Other assets	10	300	300	300	300	300	300	300	300	300	300
Total current assets	11,948	9,127	8,573	9,943	9,453	9,921	9,945	9,669	9,269	9,125	8,850
Non-current assets											
Investments in joint arrangements	21	21	21	21	21	21	21	21	21	21	21
Property, infrastructure, plant & equipment	187,712	190,478	192,603	193,687	194,742	195,110	196,065	196,730	197,969	199,003	200,668
Total non-current assets	187,733	190,499	192,624	193,708	194,763	195,131	196,086	196,751	197,990	199,024	200,689
Total assets	199,681	199,626	201,197	203,651	204,216	205,052	206,031	206,420	207,259	208,149	209,539
Liabilities											
Current liabilities											
Trade and other payables	665	513	542	567	581	593	605	621	639	654	671
Trust funds and deposits	302	307	312	317	322	327	332	337	342	347	352
Provisions	887	1,059	1,054	1,042	1,038	1,033	1,027	1,016	1,003	990	975
Interest-bearing loans and borrowings	0	-	-	160	200	272	334	355	376	400	424
Total current liabilities	1,854	1,879	1,908	2,086	2,141	2,225	2,298	2,329	2,360	2,391	2,422
Non-current liabilities											
Provisions	959	1,005	1,227	1,231	1,454	1,462	1,684	1,691	1,913	1,921	2,143
Interest-bearing loans and borrowings	34	34	34	1,802	1,962	2,418	2,622	2,246	1,849	1,425	977
Total non-current liabilities	993	1,039	1,261	3,033	3,416	3,880	4,306	3,937	3,762	3,346	3,120
Total liabilities	2,847	2,918	3,169	5,119	5,557	6,105	6,604	6,266	6,122	5,737	5,542
Net assets	196,834	196,708	198,028	198,532	198,659	198,947	199,427	200,154	201,137	202,412	203,997
Equity											
Accumulated surplus	85,081	84,955	86,275	86,779	86,906	87,194	87,674	88,401	89,384	90,659	92,244
Reserves	111,753	111,753	111,753	111,753	111,753	111,753	111,753	111,753	111,753	111,753	111,753
Total equity	196,834	196,708	198,028	198,532	198,659	198,947	199,427	200,154	201,137	202,412	203,997

3.3 Statement of Changes in Equity

For the four years ending 30 June 2021

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018				
Balance at beginning of the financial year	196,834	85,081	111,753	-
Surplus/(deficit) for the year	(126)	(126)	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
Balance at end of the financial year	196,708	84,955	111,753	-
2019				
Balance at beginning of the financial year	196,708	84,955	111,753	-
Surplus/(deficit) for the year	1,320	1,320	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
Balance at end of the financial year	198,028	86,275	111,753	-
2020				
Balance at beginning of the financial year	198,028	86,275	111,753	-
Surplus/(deficit) for the year	504	504	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
Balance at end of the financial year	198,532	86,779	111,753	-
2021				
Balance at beginning of the financial year	198,532	86,779	111,753	-
Surplus/(deficit) for the year	127	127	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	-	-	-
Balance at end of the financial year	198,659	86,906	111,753	-

3.4 Statement of Cash Flows

For the ten years ending 30 June 2027

	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual		Projections			Projections					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
Cash flows from operating activities											
Rates and charges	7,928	8,130	8,542	8,977	9,429	9,907	10,409	10,940	11,502	12,095	12,718
Statutory fees and fines	178	177	180	184	187	190	193	196	199	202	205
User fees	397	879	887	895	903	911	919	928	937	946	955
Grants - operating	6,833	3,134	4,621	4,731	4,700	4,661	4,648	4,636	4,624	4,613	4,602
Grants - capital	3,291	1,719	1,335	532	-	-	-	-	-	-	-
Contributions - monetary	-	-	-	-	-	-	-	-	-	-	-
Interest received	223	159	127	118	136	130	135	135	131	126	124
Trust funds and deposits taken	5	-	-	-	-	-	-	-	-	-	-
Other receipts	603	5	5	5	5	5	5	5	5	5	5
Net GST refund / payment	-	463	477	491	506	521	536	552	568	585	602
Employee costs	(4,973)	-	-	-	-	-	-	-	-	-	-
Materials and services	(4,517)	(6,012)	(6,172)	(6,518)	(6,477)	(6,885)	(6,869)	(7,261)	(7,224)	(7,619)	(7,592)
External contracts	(96)	(2,799)	(3,414)	(3,488)	(3,571)	(3,633)	(3,702)	(3,775)	(3,854)	(3,941)	(4,032)
Utilities	(176)	(99)	(102)	(105)	(108)	(111)	(114)	(117)	(121)	(125)	(129)
Trust funds and deposits repaid	-	(187)	(198)	(210)	(223)	(236)	(250)	(265)	(281)	(298)	(316)
Other payments	(722)	-	-	-	-	-	-	-	-	-	-
Net cash provided by/(used in) operating activities	8,974	(1,230)	(651)	(770)	(796)	(814)	(830)	(865)	(908)	(929)	(945)
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	(9,510)	(6,885)	(6,290)	(5,254)	(5,242)	(4,560)	(5,161)	(4,891)	(5,487)	(5,313)	(5,984)
Proceeds from sale of property, infrastructure, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by/ (used in) investing activities	(9,510)	(6,885)	(6,290)	(5,254)	(5,242)	(4,560)	(5,161)	(4,891)	(5,487)	(5,313)	(5,984)
Cash flows from financing activities											
Finance costs	(5)	(8)	(6)	(127)	(140)	(174)	(192)	(172)	(150)	(127)	(102)
Proceeds from borrowings	-	-	-	2,088	400	800	600	-	-	-	-
Repayment of borrowings	-	-	-	(160)	(200)	(272)	(334)	(355)	(376)	(400)	(424)
Net cash provided by/(used in) financing activities	(5)	(8)	(6)	1,801	60	354	74	(527)	(526)	(527)	(526)
Net increase/(decrease) in cash & cash equivalents	(541)	(2,554)	(659)	1,389	(491)	440	(7)	(309)	(435)	(180)	(313)
Cash and cash equivalents at the beginning of the financial year	11,116	10,575	8,021	7,362	8,750	8,260	8,699	8,692	8,383	7,948	7,767
Cash and cash equivalents at the end of the financial year	10,575	8,021	7,362	8,750	8,260	8,699	8,692	8,383	7,948	7,767	7,454

3.5 Statement of Capital Works

For the ten years ending 30 June 2027

	Forecast	Budget	Strategic Resource Plan			Long Term Financial Plan					
	Actual		Projections			Projections					
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property											
Land	-	-	-	-	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-	-	-	-	-
Total land	-	-	-	-	-	-	-	-	-	-	-
Buildings	102	-	-	-	-	-	-	-	-	-	-
Building improvements	1,561	75	1,039	1,058	669	689	709	731	753	775	798
Total buildings	1,663	75	1,039	1,058	669	689	709	731	753	775	798
Total property	1,663	75	1,039	1,058	669	689	709	731	753	775	798
Plant and equipment											
Plant, machinery and equipment	671	998	745	767	790	814	839	864	890	916	944
Fixtures, fittings and furniture	-	-	-	-	-	-	-	-	-	-	-
Computers and telecommunications	566	77	-	-	-	-	-	-	-	-	-
Library resources	20	30	30	30	30	20	20	20	20	20	20
Total plant and equipment	1,257	1,105	775	797	820	834	859	884	910	936	964
Infrastructure											
Roads	3,712	2,801	1,879	2,102	2,206	2,547	2,655	2,718	2,819	2,979	3,152
Bridges	20	100	337	364	393	419	444	470	493	517	540
Footpaths and cycleways	432	180	27	29	32	34	37	40	42	45	47
Kerb and channel	225	655	26	26	30	33	37	41	45	49	54
Drainage	20	30	1	2	2	4	5	8	9	11	14
Recreational, leisure and community facilities	-	-	-	-	-	-	-	-	-	-	-
Waste management	415	-	415	-	415	-	415	-	415	-	415
Parks, open space and streetscapes	375	1,706	475	875	675	-	-	-	-	-	-
Aerodromes	-	-	-	-	-	-	-	-	-	-	-
Other infrastructure	1,391	233	1,316	-	-	-	-	-	-	-	-
Total infrastructure	6,590	5,705	4,476	3,399	3,753	3,037	3,593	3,277	3,825	3,602	4,221
Total capital works expenditure	9,510	6,885	6,290	5,254	5,242	4,560	5,161	4,891	5,487	5,313	5,984
Represented by:											
New asset expenditure	1,938	563	2,645	1,314	1,120	20	435	20	435	20	435
Asset renewal expenditure	6,181	5,647	3,645	3,940	4,122	4,540	4,726	4,871	5,052	5,293	5,549
Asset expansion expenditure	-	-	-	-	-	-	-	-	-	-	-
Asset upgrade expenditure	1,391	675	-	-	-	-	-	-	-	-	-
Total capital works expenditure	9,510	6,885	6,290	5,254	5,242	4,560	5,161	4,891	5,487	5,313	5,984

3.6 Statement of Human Resources

For the ten years ending 30 June 2027

	Forecast Actual	Budget	Strategic Resource Plan Projections			Long Term Financial Plan Projections					
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000
Staff expenditure											
Employee costs - operating	5,067	6,230	6,389	6,510	6,696	6,888	7,085	7,257	7,433	7,614	7,799
Employee costs - capital	-	-	-	-	-	-	-	-	-	-	-
Total staff expenditure	5,067	6,230	6,389	6,510	6,696	6,888	7,085	7,257	7,433	7,614	7,799
Staff numbers											
Employees	65.0	71.6	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3
Total staff numbers	65.0	71.6	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3	71.3

The 2016/17 forecast of 65.0 EFT (equivalent full-time employees) compares to budgeted resourcing level of 70.1 EFT. There have been a number of positions that have remained vacant longer than anticipated through 2016/17 and as a result the forecast actual figure is much lower than it would have been if the positions had been filled.

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

Department	Budget 2017/18 \$'000	Comprises	
		Permanent Full time \$'000	Permanent Part Time \$'000
Organisational improvement	1,844	1,458	386
Community wellbeing	549	128	421
Asset management	2,547	2,396	151
Land-use planning	194	194	-
Environmental sustainability	374	324	50
Economic and tourism development	251	120	131
Total permanent staff expenditure	5,759	4,620	1,139
Casuals and other expenditure	471		
Capitalised Labour costs	-		
Total expenditure	6,230		

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

Department	Budget 2017/18 FTE	Comprises	
		Permanent Full time FTE	Permanent Part Time FTE
Organisational improvement	18.4	13.2	5.2
Community wellbeing	5.8	1.0	4.8
Asset management	30.4	28.5	1.9
Land-use planning	2.0	2.0	-
Environmental sustainability	6.4	5.5	0.9
Economic and tourism development	2.7	1.0	1.7
Total permanent staff	65.7	51.2	14.5
Casuals and other	5.9		
Capitalised Labour costs	-		
Total staff	71.6		

4. Financial performance indicators

This section presents information in regard to the 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	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Strategic Resource Plan Projections			Trend + / o / -
						2018/19	2019/20	2020/21	
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	(5.80%)	11.65%	(14.56%)	(0.10%)	(0.18%)	0.80%	+
Liquidity									
Working Capital	Current assets / current liabilities	2	561.45%	644.44%	485.74%	449.31%	476.68%	441.51%	-
Unrestricted cash	Unrestricted cash / current liabilities		497.35%	568.50%	425.01%	384.00%	417.81%	384.15%	-
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	0.45%	0.44%	0.42%	0.40%	21.79%	22.86%	-
Loans and borrowings repayments	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		0.11%	0.06%	0.10%	0.07%	3.19%	3.60%	-
Indebtedness	Non-current liabilities / own source revenue		7.50%	10.83%	10.57%	12.32%	28.37%	30.53%	-
Asset renewal	Asset renewal expenses / Asset depreciation	4	60.92%	167.37%	137.10%	87.52%	92.07%	96.08%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	5	61.45%	48.50%	64.32%	57.35%	58.54%	59.62%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.56%	0.56%	0.59%	0.62%	0.65%	0.69%	+
Efficiency									
Expenditure level	Total expenses/ no. of property assessments		\$2,937	\$3,201	\$3,281	\$3,377	\$3,477	\$3,548	-
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,326	\$1,358	\$1,418	\$1,484	\$1,553	\$1,625	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		9.93%	10.96%	10.29%	9.46%	9.46%	9.46%	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 is expected over the period, although continued losses means reliance on Council's cash reserves to maintain services. The large reduction from 2016/17 forecast to the 2017/18 budget is due to half of the 2017/18 allocation of Financial Assistance Grants being paid in advance in June 2017.

2 Working Capital – Is the proportion of current liabilities represented by current assets. Working capital is forecast to decrease significantly in 2017/18. The large reduction from 2016/17 forecast to the 2017/18 budget is due to half of the 2017/18 allocation of Financial Assistance Grants being paid in advance in June 2017. The trend in later years is to remain steady.

3 Debt compared to rates – Council intends to use borrowings to fund its contribution to a number of multigenerational projects in 2017/18.

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's policy is for 100% infrastructure renewal as per recommendations from an independent expert. The asset renewal in 2015/16 is extremely low due to a large number of projects carried forward as part of the Destination Tallangatta project. The majority of these projects will be finalised in 2016/17 and 2017/18 which is the main reason the figures for these years are significantly above the 100% renewal before returning to the expected levels.

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

5. Other budget information (required by the Regulations)

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

This section includes the following statements and reports:

- 5.1 Grants operating
- 5.2 Grants capital
- 5.3 Statement of borrowings

5.1 Grants - operating

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to decrease by 57.6% or \$3.94 million compared to 2016/17. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Operating Grants	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Recurrent - Commonwealth Government			
Victorian Grants Commission – General purpose funding	3,526	1,252	(2,274)
Victorian Grants Commission – Local roads funding	2,254	848	(1,406)
Recurrent - State Government			
Emergency	60	60	-
Family and children	457	359	(98)
School crossing supervisors	9	4	(5)
Community	124	-	(124)
Libraries	100	100	-
Total recurrent grants	6,530	2,623	(3,907)
Non-recurrent - Commonwealth Government			
Nil	-	-	-
Non-recurrent - State Government			
Economic development	111	-	(111)
Environment	30	-	-
Recreation	110	-	(110)
Community	-	221	221
Infrastructure	70	-	(70)
Total non-recurrent operating grants	321	221	(100)
Total operating grants	6,851	2,844	(4,007)

The Commonwealth Government provides recurrent funding to Victorian councils via Financial Assistance Grants through the Victorian Grants Commission. The decrease in the Financial Assistance Grants funding is a result of the timing of the payment of the 2017/18 Financial Assistance Grants funding allocation. Half of the 2017/18 allocation equating to \$1.9 million was received in June 2017 and was recognised as recurrent revenue in 2016/17. This means that the forecast actual for 2016/17 includes half of the 2017/18 full year allocation. It also means that the budget for 2017/18 only includes half of the full year allocation.

5.2 Grants - capital

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by 47.8% or \$1.57 million compared to 2016/17 due mainly to the Roads to Recovery funding returning to normal levels. Additional funding was received by Council in 2015/16 and 2016/17 as part of a fuel excise deal between the State Government and the Federal Government.

Section 6 - 'Detailed list of Capital Works' includes a more detailed analysis of the capital grants and contributions expected to be received during the 2017/18 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grants	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Recurrent - Commonwealth Government			
Roads to recovery	2,214	671	(1,543)
Recurrent - State Government			
Nil	-	-	-
Total recurrent capital grants	2,214	671	(1,543)
Non-recurrent - Commonwealth Government			
National Stronger Regions Fund	798	798	-
Non-recurrent - State Government			
Buildings	129	-	(129)
Aerodrome	150	250	100
Total non-recurrent capital grants	1,077	1,048	(29)
Total capital grants	3,291	1,719	(1,572)

5.3 Statement of Borrowings

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

	2016/17 \$'000	2017/18 \$'000
Total amount borrowed as at 30 June of the prior year	34	34
Total amount to be borrowed	-	-
Total amount projected to be redeemed	-	-
Total amount proposed to be borrowed as at 30 June	34	34

6. Detailed list of Capital Works

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

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

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

Capital works program

For the year ending 30 June 2018

6.1 New works for 2017/18

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
PROPERTY									
Buildings									
Shade sail – Tallangatta Early Years Learning Centre	40,000	40,000	-	-	-	-	-	40,000	-
Triangles Toilet Block	30,000	-	30,000	-	-	-	-	30,000	-
Tallangatta pool renewal	10,000	-	10,000	-	-	-	-	10,000	-
Annual building renewal	5,000	-	5,000	-	-	-	-	5,000	-
Total Buildings	85,000	40,000	45,000	-	-	-	-	85,000	-
TOTAL PROPERTY	85,000	40,000	45,000	-	-	-	-	85,000	-
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Annual plant replacement	814,500	-	814,500	-	-	-	-	814,500	-
Annual fleet replacement	174,000	-	174,000	-	-	-	-	174,000	-
IT infrastructure renewal	77,000	-	77,000	-	-	-	-	77,000	-
Library resources	30,000	30,000	-	-	-	-	-	30,000	-
Total Plant, Machinery and Equipment	1,095,500	30,000	1,065,500	-	-	-	-	1,095,500	-
TOTAL PLANT AND EQUIPMENT	1,095,500	30,000	1,065,500	-	-	-	-	1,095,500	-
INFRASTRUCTURE									
Roads									
Towong Street – Destination Tallangatta	910,642	-	910,642	-	-	880,642	-	50,000	-
Major patching/ dig outs	650,000	-	650,000	-	-	96,139	-	553,861	-
Reseal program	550,000	-	550,000	-	-	425,000	-	125,000	-
Georges Creek Road reconstruction – Stage 5	300,000	-	-	300,000	-	80,000	-	220,000	-
Resheeting - annual renewal	180,000	-	180,000	-	-	-	-	180,000	-

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Pavement renewal + Destination Tallangatta	100,000	-	100,000	-	-	-	-	100,000	-
Tallangatta Laneway car park	80,000	-	80,000	-	-	-	-	80,000	-
Total Roads	2,770,642	-	2,470,642	300,000	-	1,481,781	-	1,288,861	-
Bridges									
Bridge deck replacement	100,000	-	100,000	-	-	-	-	100,000	-
Total Bridges	100,000	-	100,000	-	-	-	-	100,000	-
Kerb and Channel									
Kerb and channel - Hanson St, Corryong	375,000	-	-	375,000	-	-	-	375,000	-
Kerb and channel - annual renewal + Destination Tallangatta	120,000	-	120,000	-	-	-	-	120,000	-
Granya town beautification - Stage 1	70,000	20,000	50,000	-	-	70,000	-	-	-
Median strip, car parks and kerb & channel - Hanson St	50,000	50,000	-	-	-	-	-	50,000	-
Cnr Church & Jury St, Bethanga	40,000	40,000	-	-	-	-	-	40,000	-
Total Kerb and Channel	655,000	110,000	170,000	375,000	-	70,000	-	585,000	-
Footpaths and Cycleways									
Strategic path links	100,000	100,000	-	-	-	-	-	100,000	-
Annual footpath renewal and Destination Tallangatta	45,000	-	45,000	-	-	-	-	45,000	-
Cemetery Creek walking path – Upper Murray 2030 Vision Plan	35,000	35,000	-	-	-	-	-	35,000	-
Total Footpaths and Cycleways	180,000	135,000	45,000	-	-	-	-	180,000	-
Drainage									
Annual drainage renewal	30,000	-	30,000	-	-	-	-	30,000	-
Total Drainage	30,000	-	30,000	-	-	-	-	30,000	-
Guardrail									
Guardrail	30,000	15,000	15,000	-	-	-	-	30,000	-
Total Guardrail	30,000	15,000	15,000	-	-	-	-	30,000	-

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Parks, Open Space and Streetscapes									
Tallangatta foreshore and Towong St streetscape	837,568	200,000	637,568	-	-	806,396	-	31,172	-
Walwa streetscape	600,000	-	600,000	-	-	-	-	600,000	-
Town entrances	223,000	-	223,000	-	-	-	-	223,000	-
Building Better Regions - Corryong	118,000	18,000	100,000	-	-	-	-	118,000	-
Annual playground equipment renewal	85,000	-	85,000	-	-	-	-	85,000	-
Street furniture renewal	20,000	-	20,000	-	-	-	-	20,000	-
Stairs and railing – access to Bellbridge foreshore toilets	15,000	-	15,000	-	-	-	-	15,000	-
Trees – Hanson Street, Corryong	15,000	-	15,000	-	-	-	-	15,000	-
Annual town beautification	10,000	-	10,000	-	-	-	-	10,000	-
Community notice board - Tallangatta	10,000	10,000	-	-	-	-	-	10,000	-
Tree Avenue – School Lane leading to Corryong Airport	5,400	5,400	-	-	-	-	-	5,400	-
Total Parks, Open Space and Streetscapes	1,938,968	233,400	1,705,568	-	-	806,396	-	1,132,572	-
TOTAL INFRASTRUCTURE	5,704,610	493,400	4,536,210	675,000	-	2,358,177	-	2,638,433	-
TOTAL NEW CAPITAL WORKS 2017/18	6,885,110	563,400	5,646,710	675,000	-	2,358,177	-	4,526,933	-

6.2 Works carried forward from the 2016/17 year

Capital works carried forward from 2016/17 will be submitted to Council upon finalisation of the 2016/17 external audit by the Victorian Auditor-General's Office.

Capital Works Area	Project Cost	Asset expenditure types				Funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
PROPERTY									
Buildings	-	-	-	-	-	-	-	-	-
Total Buildings	-	-	-	-	-	-	-	-	-
TOTAL PROPERTY	-	-	-	-	-	-	-	-	-
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	-	-	-	-	-	-	-	-	-
Total Plant, Machinery and Equipment	-	-	-	-	-	-	-	-	-
TOTAL PLANT AND EQUIPMENT	-	-	-	-	-	-	-	-	-
INFRASTRUCTURE									
Roads	-	-	-	-	-	-	-	-	-
Total Roads	-	-	-	-	-	-	-	-	-
Footpaths and Cycleways	-	-	-	-	-	-	-	-	-
Total Footpaths and Cycleways	-	-	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-	-	-
Total Drainage	-	-	-	-	-	-	-	-	-
Kerb and channel	-	-	-	-	-	-	-	-	-
Total Parks, Open Space and Streetscapes	-	-	-	-	-	-	-	-	-

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aerodromes	-	-	-	-	-	-	-	-	-
Total Aerodrome	-	-	-	-	-	-	-	-	-
Other Infrastructure	-	-	-	-	-	-	-	-	-
Total Other Infrastructure	-	-	-	-	-	-	-	-	-
TOTAL INFRASTRUCTURE	-	-	-	-	-	-	-	-	-
TOTAL C/FWD CAPITAL WORKS 2017/18	-	-	-	-	-	-	-	-	-

6.3 Summary

Capital Works Area	Asset expenditure types					Funding sources			
	Project Cost	New	Renewal	Upgrade	Expansion	Grants	Contributions	Rates	Borrowings
	\$	\$	\$	\$	\$	\$	\$	\$	\$
PROPERTY	85,000	40,000	45,000	-	-	-	-	85,000	-
PLANT AND EQUIPMENT	1,095,500	30,000	1,065,500	-	-	-	-	1,095,500	-
INFRASTRUCTURE	5,704,610	493,400	4,536,210	675,000	-	2,358,177	-	2,638,433	-
TOTAL	6,885,110	563,400	5,646,710	675,000	-	2,358,177	-	4,526,933	-

7. Rates and charges

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

7.1 Rates and charges

7.2 Differential rates

7.1 Rates and charges

In developing the Strategic Resource Plan (referred to in Section 13.), rates and charges were identified as an important source of revenue, accounting for 56.5% 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 2017/18 the FGRS cap has been set at 2.0%. The cap applies to both general rates and municipal charges and is calculated on the basis of Council's average rates and charges. Council applied to the Essential Services Commission for a higher rate cap of 5.55% for each of the next four years. This application was approved and as a consequence a Special Order has been made in respect of Towong Shire Council and a higher rate cap will now apply for the next four years.

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

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

Type or class of land	2016/17 cents/\$CIV	2017/18 cents/\$CIV	Change
General rate for rateable residential properties	0.4228	0.4463	5.56%
General rate for rateable rural residential properties	0.4228	0.4463	5.56%
General rate for rateable rural properties	0.3805	0.4017	5.57%
General rate for rateable business properties	0.4017	0.4240	5.55%
General rate for rateable undeveloped residential properties	1.5221	1.6067	5.56%

7.1.2 - 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	2016/17 \$	2017/18 \$	Change
Residential	1,199,000	1,266,000	5.59%
Rural Residential	895,000	944,000	5.47%
Rural	3,190,000	3,367,000	5.55%
Business	155,000	164,000	5.81%
Undeveloped residential	95,000	100,000	5.26%
Total amount to be raised by general rates	5,534,000	5,841,000	5.55%

7.1.3 - 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	2016/17 Number	2017/18 Number	Change
Residential	1,667	1,667	0.00%
Rural Residential	849	852	0.35%
Rural	1,549	1,549	0.00%
Business	250	250	0.00%
Undeveloped residential	107	107	0.00%
Non-rateable	450	450	0.00%
Total number of assessments	4,872	4,875	0.06%

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

7.1.5 - 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	2016/17 \$	2017/18 \$	Change
Residential	283,690,444	283,690,000	0.00%
Rural Residential	211,570,352	211,570,000	0.00%
Rural	838,251,524	838,252,000	0.00%
Business	38,604,045	38,604,000	0.00%
Undeveloped residential	6,229,022	6,229,000	0.00%
Total value of land	1,378,345,387	1,378,345,000	0.00%

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

Type of Charge	Per Rateable Property 2016/17 \$	Per Rateable Property 2017/18 \$	Change
Municipal	267	282	5.62%

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

Type of Charge	2016/17 \$	2017/18 \$	Change
Municipal	1,026,000	1,084,000	5.65%

7.1.8 - 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 2016/17 \$	Per Rateable Property 2017/18 \$	Change
Kerbside collection:			
Garbage and Recycling - 140/240 Litre Bins (Standard Service)	270	276	2.22%
Garbage and Recycling - 240/240 Litre Bins	295	301	2.03%
Garbage and Recycling - 80/240 Litre Bins	236	240	1.69%
Additional Garbage - 140 Litre Bin (Standard Size)	221	225	1.81%
Additional Garbage - 240 Litre Bin	288	293	1.74%
Additional Garbage - 80 Litre Bin	188	192	2.13%
Additional Recycling - 240 Litre	122	124	1.64%
Garbage/Recycle Service extension – per km	133	136	2.26%
Waste facilities management	101	101	0.00%

7.1.9 - 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	2016/17 \$	2017/18 \$	Change
Kerbside collection	775,000	790,000	1.94%
Waste facilities management	388,000	388,000	0.00%
Total	1,163,000	1,178,000	1.29%

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

	2016/17 \$	2017/18 \$	Change
General rates	5,534,000	5,841,000	5.55%
Municipal charge	1,026,000	1,084,000	5.65%
Rates in lieu	47,000	50,000	6.38%
Kerbside collection	775,000	790,000	1.94%
Waste management	388,000	388,000	0.00%
Total Rates and charges	7,770,000	8,153,000	4.93%

7.1.11 - 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 it changes rating category.

7.2 Differential rates

7.2.1 Rates to be levied

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

- A general rate of 0.4463% (0.4463 cents in the dollar of CIV) for all rateable residential properties
- A general rate of 0.4463% (0.4463 cents in the dollar of CIV) for all rateable rural residential properties
- A general rate of 0.4017% (0.4017 cents in the dollar of CIV) for all rateable rural properties
- A general rate of 0.4240% (0.4240 cents in the dollar of CIV) for all rateable business properties
- A general rate of 1.6067% (1.6067 cents in the dollar of CIV) for all rateable undeveloped residential properties.

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.

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

The objective of each differential rate is to ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council, including (but not limited to) the:

- Construction and maintenance of infrastructure assets
- Development and provision of health and community services
- Provision of general support services

The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land.

7.2.2 Residential land

Residential land is any land, which is:

- Less than 0.4 ha in size, and
- Not classified as rural, business or undeveloped residential.

7.2.3 Rural residential land

Rural residential land is any land, which is:

- From 0.4 ha to 40 ha in size, and
- Not classified as rural, business or undeveloped residential.

7.2.4 Rural land

Rural land is any land, which is:

- Greater than 40 ha in size.

7.2.5 Business land

Business land is any land, which is:

- Occupied for the principal purpose of carrying out the manufacture or production of, or trade in goods or services, or;
- Unoccupied but zoned commercial or industrial under the Towong Planning Scheme.

7.2.6 Undeveloped residential land

Undeveloped residential land is any land, which is:

- Within a residential, low density residential, mixed use or township zone, and
- Within a sewerage area, and
- Able to be developed as residential land within the planning scheme, and
- Land that has not been issued with an occupancy permit.

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 Budget influences
- 9 Analysis of operating budget
- 10 Analysis of budgeted cash position
- 11 Analysis of capital budget
- 12 Analysis of budgeted financial position

8. Budget influences

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

- 8.1 Snapshot of Towong Shire Council
- 8.2 Influences
- 8.3 Budget principles
- 8.4 Long term strategies

8.1 Snapshot of Towong Shire Council

Towong Shire Council is located in the north east of Victoria. The Shire encompasses an area of 6,635 square kilometres.

In August 2016, the estimated resident population of the Towong Shire was 5,985 (2011: 5,891 people). (Source: Australian Bureau of Statistics, 2016 Census).

8.2 Influences

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 Victorian State Government cap on rate increases for 2017/18 has been set by the Minister for Local Government at 2.0%
- Council has prepared the budget based on its approval for a higher rate cap of 5.55%.
- State-wide CPI is forecast to be 2.0% for the 2017/18 year
- The reintroduction of indexation in Federal Financial Assistance Grants (administered by the Victorian Grants Commission) recurrent funding
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government under the *Fire Services Property Levy Act 2012*.

As well as external influences, there are also a number of internal influences. These include:

- Wage increases have been budgeted at 1.0% for 2017/18
- Council is negotiating a new Enterprise Agreement
- Ongoing work to reduce costs and increase efficiency.

8.3 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 2016/17 levels, except where otherwise agreed by Council, with the aim to use less resources and an emphasis on innovation and efficiency
- 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 previous years to be preserved
- Operating revenues and expenses arising from completed 2016/17 capital projects to be included
- Cost recovery on services provided where possible.

8.4 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 2017/18 to 2020/21 (Section 13.), Rating Information (Section 14.) and Other Long Term Strategies (Section 15.) including borrowings, infrastructure and service delivery.

9. Analysis of operating budget

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

- 9.1 Budgeted income statement
- 9.2 Income
- 9.3 Expenses

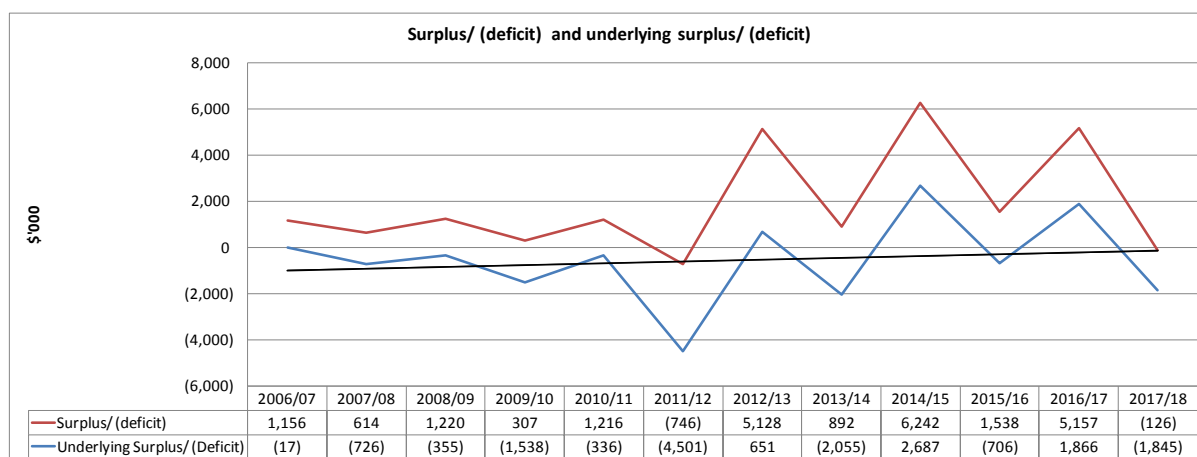
9.1 Budgeted income statement

		Forecast		
	Ref	Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Total income	9.2	19,313	14,394	(4,919)
Total expenses	9.3	(14,156)	(14,520)	(364)
Surplus (deficit) for the year		5,157	(126)	(5,283)
Grants – capital non-recurrent	9.2.6	(3,291)	(1,719)	1,572
Contributions - non-monetary assets		-	-	-
Capital contributions - other sources	9.2.4	-	-	-
Adjusted underlying surplus/(deficit)	9.1.1	1,866	(1,845)	(3,711)

9.1.1 Adjusted underlying deficit

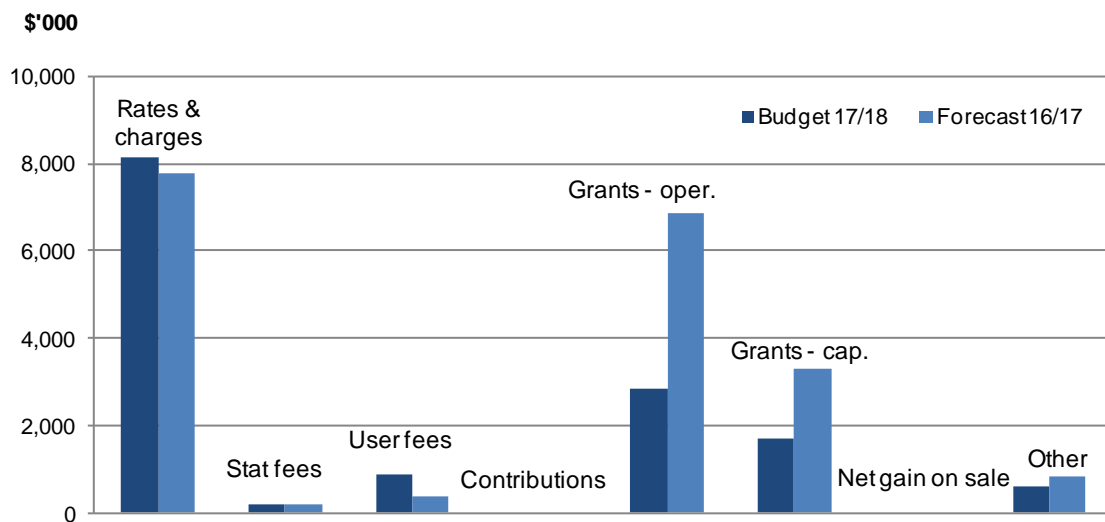
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result forecast for the 2016/17 year is a surplus of \$1.86 million and in 2017/18 Council is budgeting for a deficit of \$1.84 million. The reason for the underlying surplus in 2016/17 and the large underlying deficit in 2017/18 is due to the payment in advance of \$1.9 million of the 2017/18 Financial Assistance Grants allocation in June 2017. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources.

One of Council's long term financial planning objectives is to reduce the underlying deficit. The graph below shows the operating surplus/ (deficit), the underlying surplus/ (deficit) and the black line is the trend line of the underlying surplus/ (deficit). The trend line highlights that Council is progressing towards achieving its long term financial planning objective.

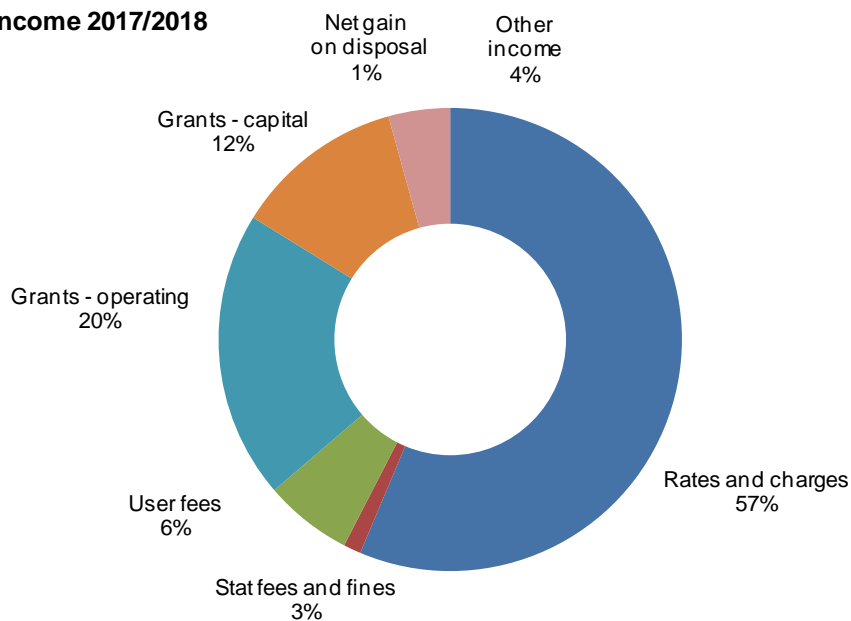


9.2 Income

Income Types	Ref	Forecast	Budget	Variance
		Actual 2016/17 \$'000	2017/18 \$'000	\$'000
Rates and charges	9.2.1	7,770	8,153	383
Statutory fees and fines	9.2.2	178	177	(1)
User fees	9.2.3	397	879	482
Contributions - monetary	9.2.4	-	-	-
Grants - operating	5.1.1	6,851	2,844	(4,007)
Grants - capital	5.1.2	3,291	1,719	(1,572)
Net gain on disposal of property, infrastructure, plant and equipment	9.2.5	-	-	-
Other income	9.2.6	826	622	(204)
Total income		19,313	14,394	(4,919)



Budgeted income 2017/2018



9.2.1 Rates and charges

Income raised by all rates and charges is budgeted to increase by 4.9% or \$383,000 over 2016/17 to \$8.15 million. This also includes amounts levied on certain land holders in lieu of rates.

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

9.2.2 Statutory fees and fines

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

Income from statutory fees and fines is budgeted to decrease by \$1,000 compared to 2016/17.

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

9.2.3 User fees

User fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of swimming pools and other community facilities and the provision of community services such as kindergarten and child care services. In setting the budget, the key principle for determining the level of user charges has been to ensure that where possible increases recover the costs of providing the service.

Income from user fees are budgeted to increase by \$482,000 over 2016/17, which is mainly due to the new day care service commencing operation mid 2016/17.

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

9.2.4 Contributions - monetary

There are no contributions budgeted for 2017/18.

9.2.5 Net gain on disposal of property, infrastructure, plant and equipment

There is no net gain on disposal of property budgeted for 2017/18.

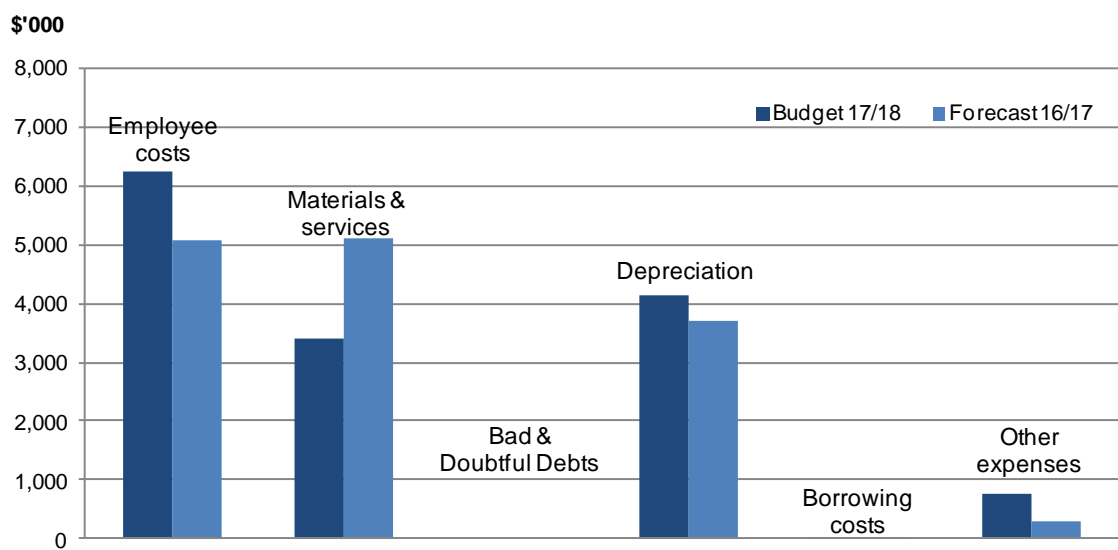
9.2.6 Other income

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

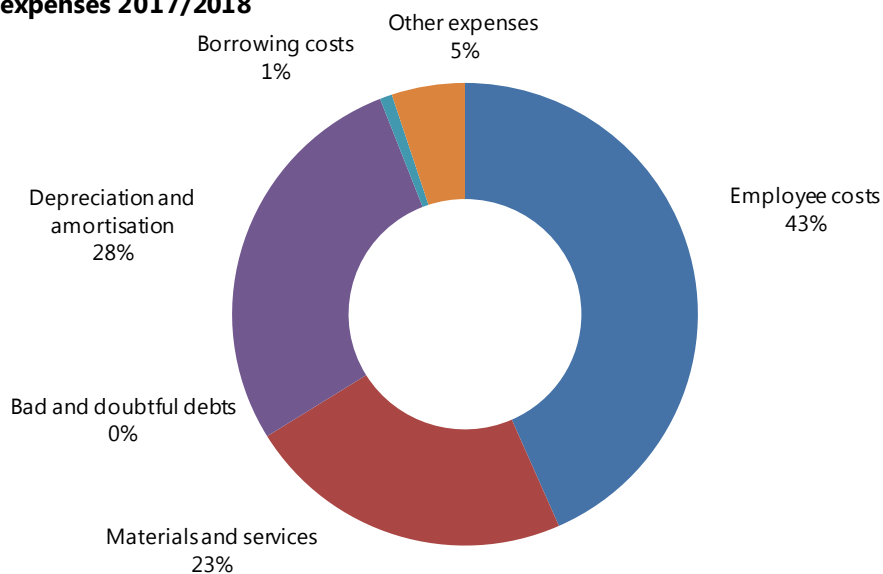
Other income is budgeted to decrease by \$204,000 compared to 2016/17. The main reason for this decrease is the reduction in community contributions due to no large community projects being budgeted as well as a reduction in interest income on investments, due to low interest rates and less cash available to be invested.

9.3 Expenses

Expense Types	Ref	Forecast	Budget	Variance
		Actual 2016/17 \$'000	2017/18 \$'000	\$'000
Employee costs	9.3.1	5,067	6,230	(1,163)
Materials and services	9.3.2	5,100	3,405	1,695
Bad and doubtful debts	9.3.3	-	-	-
Depreciation and amortisation	9.3.4	3,693	4,119	(426)
Borrowing costs	9.3.5	5	8	(3)
Other items of expense	9.3.6	291	758	(467)
Total expenses		14,156	14,520	(364)



Budgeted expenses 2017/2018



9.3.1 Employee costs

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

Employee costs are forecast to increase by 26.5% or \$1.34 million compared to 2016/17. The forecast FTE for 2016/17 is 65.0FTE against a budget of 70.1FTE. This variance was due to some positions being vacant longer than anticipated. The 2017/18 budget includes an FTE of 73.1.

These increases relates to the following factors:

- Fully resourcing all vacant positions that were not filled during 2016/17
- Increase in staff numbers resulting from Council taking on the secretariat role for Rural Councils Victoria (funded by Rural Councils Victoria)
- Additional positions in Technical Services (1 FTE) and Corporate Services (1 FTE)
- Renegotiation of Council's Enterprise Bargaining Agreement (EBA) that expired in August 2016
- Implementation of the Early Education Employees Agreement 2016.

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

Department	Budget 2017/18 \$'000	Comprises	
		Permanent Full time \$'000	Permanent Part Time \$'000
Organisational improvement	1,844	1,458	386
Community wellbeing	549	128	421
Asset management	2,547	2,396	151
Land-use planning	194	194	-
Environmental sustainability	374	324	50
Economic and tourism development	251	120	131
Total permanent staff expenditure	5,759	4,620	1,139
Casuals and other expenditure	471		
Capitalised Labour costs	-		
Total expenditure	6,230		

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

Department	Budget 2017/18 FTE	Comprises	
		Permanent Full time FTE	Permanent Part Time FTE
Organisational improvement	18.4	13.2	5.2
Community wellbeing	5.8	1.0	4.8
Asset management	30.4	28.5	1.9
Land-use planning	2.0	2.0	-
Environmental sustainability	6.4	5.5	0.9
Economic and tourism development	2.7	1.0	1.7
Total permanent staff	65.7	51.2	14.5
Casuals and other	5.9		
Capitalised Labour costs	-		
Total staff	71.6		

9.3.2 Materials and services

Materials and services include purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 33.2% or \$1,695,000 compared to 2016/17.

The main reasons for this decrease include:

- flood works completed in 2016/17
- the completion of a number of significant community projects in 2016/17 that are not on land owned by Council including the Corryong Netball Courts, Corryong Tennis Courts and Tallangatta Cricket Net upgrades.
- a number of funded projects for economic development and maternal and child health were completed in 2016/17.

9.3.3 Bad and doubtful debts

There are no bad and doubtful debts budgeted for in 2017/18.

9.3.4 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. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2017/18 year.

9.3.5 Borrowing costs

Borrowing costs relate to interest charged by financial institutions on funds borrowed. Council does not intend to undertake any new borrowings in 2017/18.

9.3.6 Other expenses

Other expenses relate to a range of unclassified items including contributions to community groups, Councillor allowances, auditors remuneration and other miscellaneous expenditure items. Other expenses are forecast to increase by \$467,000 compared to 2016/17. This is primarily due to Council's commitment to contribute to the Upper Murray Event Centre.

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 rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

- 10.1 Budgeted cash flow statement
- 10.2 Restricted and unrestricted cash and investments

10.1 Budgeted cash flow statement

	Ref	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Cash flows from operating activities	10.1.1			
<i>Receipts</i>				
Rates and charges		7,928	8,130	202
Statutory fees and fines		178	177	(1)
User fees		397	879	482
Grants - operating		6,833	3,134	(3,699)
Grants - capital		3,291	1,719	(1,572)
Interest received		223	159	(64)
Trust funds and deposits taken		5	5	-
Other receipts		603	463	(140)
Net GST refund / payment		-	-	-
		19,458	14,666	(4,792)
<i>Payments</i>				
Employee costs		(4,973)	(6,012)	(1,039)
Materials and services		(4,789)	(3,085)	1,704
Trust funds and deposits repaid		-	-	-
Other payments		(722)	(1,230)	(508)
		(10,484)	(10,327)	157
Net cash provided by/(used in) operating activities		8,974	4,339	(4,635)
Cash flows from investing activities	10.1.2			
Payments for property, infrastructure, plant and equipment		(9,510)	(6,885)	2,625
Proceeds from sale of property, infrastructure, plant and equipment		-	-	-
Payments for investments		-	-	-
Proceeds from sale of investments		-	-	-
Loan and advances made		-	-	-
Payments of loans and advances		-	-	-
Net cash provided by/ (used in) investing activities		(9,510)	(6,885)	2,625
Cash flows from financing activities	10.1.3			
Finance costs		(5)	(8)	(3)
Proceeds from borrowings		-	-	-
Repayment of borrowings		-	-	-
Net cash provided by/(used in) financing activities		(5)	(8)	(3)
Net increase/(decrease) in cash & cash equivalents		(541)	(2,554)	(2,013)
Cash and cash equivalents at the beginning of the financial year		11,081	10,540	(541)
Cash and cash equivalents at the end of the financial year	10.1.4	10,540	7,986	(2,554)

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 property, infrastructure, plant 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.

10.1.1 Operating activities

The decrease in cash inflows from operating activities is due to half of the 2017/18 Financial Assistance Grants allocation being prepaid in the 2016/17 financial year and recognised as revenue in 2016/17. This results in the 2016/17 cash inflows, being overstated and the 2017/18 cash inflows being understated by \$1.9 million.

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.

10.1.2 Investing activities

The large decrease in payments for investing activities represents the carried forward capital projects which were budgeted in 2016/17 and are expected to be finalised in 2017/18 are not currently accounted for in this budget. The final figure for carried forward capital works will be part of a revised budget once the 2016/17 financial year end audit has been finalised.

10.1.3 Financing activities

Council is not intending to utilise any borrowings in 2017/18.

10.1.4 Cash and cash equivalents at end of the year

Overall, total cash and investments are forecast to decrease by \$2.55 million to \$7.98 million as at 30 June 2018.

10.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2018 it will have cash and investments of \$9.59 million, which has been restricted as shown in the following table.

		Forecast		
	Ref	Actual	Budget	Variance
		2016/17	2017/18	
		\$'000	\$'000	\$'000
Total cash and investments		10,540	7,986	(2,554)
Restricted cash and investments				
- Statutory reserves	10.2.1	-	-	-
- Cash held to fund carry forward capital works	10.2.2	-	-	-
- Trust funds and deposits		(302)	(307)	(5)
Unrestricted cash and investments	10.2.3	10,238	7,679	(2,559)
- Discretionary reserves	10.2.4	-	-	-
Unrestricted cash adjusted for discretionary reserves	10.2.5	10,238	7,679	(2,559)

10.2.1 Statutory reserves

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. Council has not budgeted to be holding any statutory reserves in 2017/18.

10.2.2 Cash held to fund carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2017. It is expected that there will be works carried forward from 2016/17 however the amount will be finalised upon completion of the 2016/17 external audit. Section 6.2 contains further details on capital works funding.

10.2.3 Unrestricted cash and investments

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.

10.2.4 Discretionary reserves

Council has not budgeted to be holding any discretionary reserves in 2017/18.

10.2.5 Unrestricted cash adjusted for discretionary reserves

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.

It should be noted that there is no amount shown as cash held to fund carry forward works at 30 June 2017 which means the current figure for unrestricted cash is overstated. Works will be carried forward from 2016/17 however the amount will be finalised upon completion of the 2016/17 external audit.

11. 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.

11.1 Capital works expenditure

11.2 Funding sources

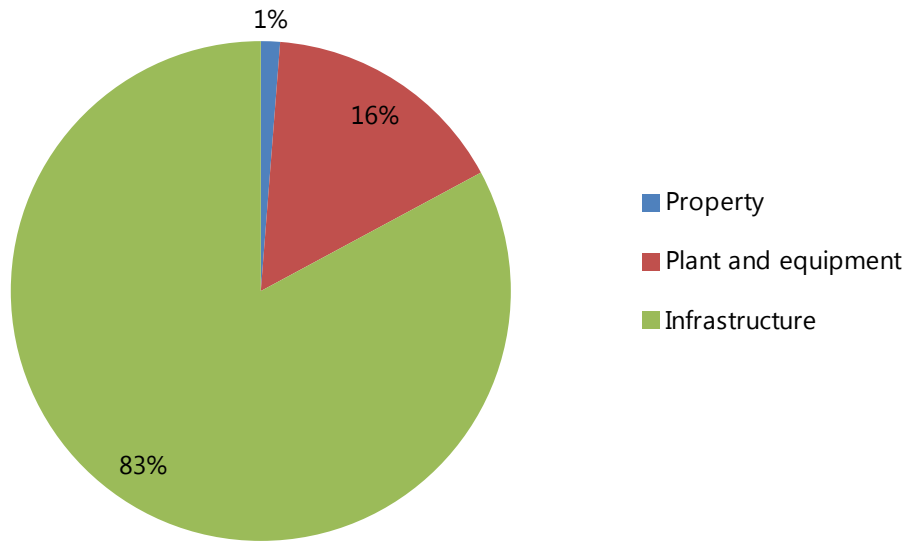
11.1 Capital works expenditure

There are currently no figures available for carry forward works at 30 June 2017. It is expected that there will be works carried forward from 2016/17, however the projects and amounts will not be confirmed until the completion of the 2016/17 external audit.

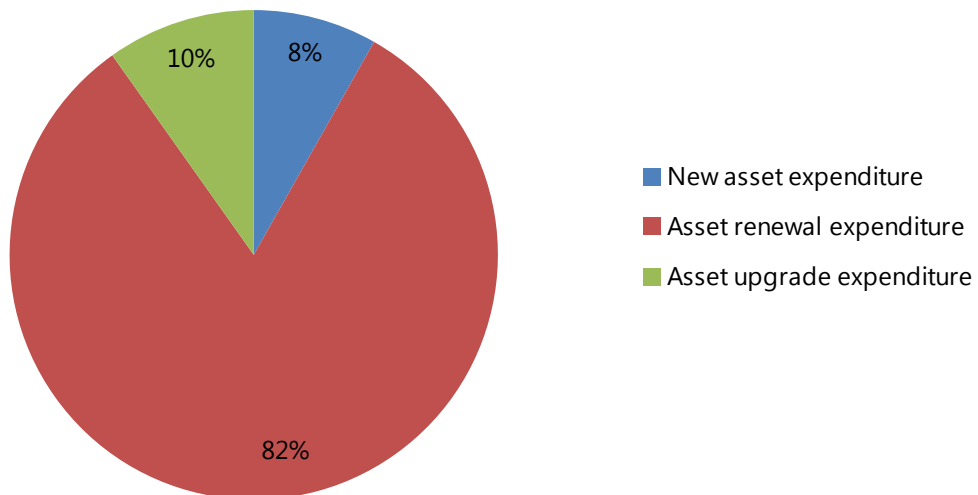
Capital Works Areas	Ref	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Works carried forward	11.1.1			
Property				
Land		-	-	-
Land improvements		-	-	-
Total land		-	-	-
Buildings		-	-	-
Building improvements		-	-	-
Leasehold improvements		-	-	-
Total buildings		-	-	-
Total property		-	-	-
Plant and equipment				
Plant, machinery and equipment		-	-	-
Computers and telecommunications		-	-	-
Library resources		-	-	-
Fixtures, fittings and furniture		-	-	-
Total plant and equipment		-	-	-
Infrastructure				
Roads		-	-	-
Bridges		-	-	-
Footpaths and cycleways		-	-	-
Drainage		-	-	-
Kerb and channel		-	-	-
Rec, leisure and community facilities		-	-	-
Waste management		-	-	-
Parks, open space and streetscapes		-	-	-
Aerodromes		-	-	-
Other infrastructure		-	-	-
Total infrastructure		-	-	-
Total works carried forward		-	-	-
New works				
Property	11.1.2			
Land		-	-	-
Land improvements		-	-	-
Total land		-	-	-
Buildings		-	-	-
Building improvements		1,663	85	1,578
Leasehold improvements		-	-	-
Total buildings		1,663	85	1,578
Total property		1,663	85	1,578

Capital Works Areas	Ref	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Plant and equipment	11.1.3			
Plant, machinery and equipment		1,171	988	183
Fixtures, fittings and furniture		-	-	-
Computers and telecommunications		66	77	(11)
Library resources		20	30	(10)
Total plant and equipment		1,257	1,095	162
Infrastructure	11.1.4			
Roads		3,712	2,771	941
Bridges		20	100	(80)
Footpaths and cycleways		432	180	252
Kerb and channel		225	655	(430)
Drainage		20	30	(10)
Rec, leisure and community facilities		-	-	-
Waste management		415	-	415
Parks, open space and streetscapes		375	1,939	(1,564)
Aerodromes		260	-	260
Other infrastructure		1,131	10	1,121
Total infrastructure		6,590	5,685	905
Total new works		9,510	6,885	2,625
Total capital works expenditure		9,510	6,885	2,625
Represented by:				
New asset expenditure	11.1.5	1,938	563	1,375
Asset renewal expenditure	11.1.5	6,181	5,647	534
Asset upgrade expenditure	11.1.5	1,391	675	716
Asset expansion expenditure	11.1.5	-	-	-
Total capital works expenditure		9,510	6,885	2,625

Budgeted capital works 2017/2018



Budgeted capital works 2017/2018



A more detailed listing of the capital works program is included in Section 6.

11.1.1 Carried forward works

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. Carried forward capital works for the 2016/17 year will be finalised upon completion of the 2016/17 external audit.

11.1.2 Property

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

For the 2017/18 year, \$0.08 million will be expended on building and building improvement projects.

11.1.3 Plant and equipment

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

For the 2017/18 year, \$1.09 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet as well as various computer and telecommunication equipment.

11.1.4 Infrastructure

Infrastructure includes roads, bridges, footpaths and cycleways, drainage, recreation, leisure and community facilities, parks, open space and streetscapes and other infrastructure.

For the 2017/18 year, \$5.70 million will be expended on infrastructure projects. The more significant projects include the Destination Tallangatta project, reseal program and major patching/digouts program.

11.1.5 Asset renewal, new assets, upgrade and expansion

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

11.2 Funding sources

Sources of Funding	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Works carried forward			
<i>Current year funding</i>			
Grants	-	-	-
Contributions	-	-	-
Borrowings	-	-	-
Council cash			
- operations	-	-	-
- proceeds on sale of assets	-	-	-
- reserve cash and investments	-	-	-
- unrestricted cash and investments	-	-	-
Total works carried forward	-	-	-
New works			
<i>Current year funding</i>			
Grants	4,438	2,358	(2,080)
Contributions	-	-	-
Borrowings	-	-	-
Council cash			
- operations	5,072	4,527	(545)
- proceeds from sale of assets	-	-	-
- reserve cash and investments	-	-	-
- unrestricted cash and investments	-	-	-
Total new works	9,510	6,885	(2,625)
Total funding sources	9,510	6,885	(2,625)

12. Analysis of budgeted financial position

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

12.1 Budgeted balance sheet

12.2 Key assumptions

12.1 Budgeted balance sheet

	Ref	Forecast Actual 2016/17 \$'000	Budget 2017/18 \$'000	Variance \$'000
Current assets	12.1.1			
Cash and cash equivalents		10,540	7,986	(2,554)
Trade and other receivables		1,098	831	(267)
Financial assets		-	-	-
Other assets		310	310	-
Total current assets		11,948	9,127	(2,821)
Non-current assets	12.1.1			
Trade and other receivables		-	-	-
Investments in associates		21	21	-
Property, infrastructure, plant and equipment		187,712	190,478	2,766
Total non-current assets		187,733	190,499	2,766
Total assets		199,681	199,626	(55)
Current liabilities	12.1.2			
Trade and other payables		665	513	152
Trust funds and deposits		302	307	(5)
Provisions		887	1,059	(172)
Interest-bearing loans and borrowings		-	-	-
Total current liabilities		1,854	1,879	(25)
Non-current liabilities	12.1.2			
Interest-bearing loans and borrowings		959	1,005	(46)
Provisions		34	34	-
Total non-current liabilities		993	1,039	(46)
Total liabilities		2,847	2,918	(71)
Net assets		196,834	196,708	(126)
Equity	12.1.3			
Accumulated surplus		85,081	84,955	(126)
Reserves		111,753	111,753	-
Total equity		196,834	196,708	(126)

12.1.1 Current Assets and Non-Current Assets

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$2.55 million during the year.

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.

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 \$2.76 million increase in this balance is attributable to the net result of the capital works program and depreciation of assets.

12.1.2 Current Liabilities and Non-Current Liabilities

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2016/17 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees and rehabilitation costs for landfill sites.

Interest-bearing loans and borrowings are borrowings of Council. Council is not intending to take out any loans in 2017/18.

12.1.3 Equity

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
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The decrease in accumulated surplus of \$0.12 million results directly from the budgeted operating deficit for the year.

12.2 Key assumptions

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

- A total of 94% of total rates and charges raised will be collected in the 2017/18 year
- Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 45 days
- Total capital expenditure to be \$6.88 million

LONG TERM STRATEGIES

This section includes the following analysis and information

- 13 Strategic resource plan (SRP) and long term financial plan (LTFP)
- 14 Rating information
- 15 Other long term strategies

13. Strategic resource plan and long term financial plan

This section considers the long term financial projections of Council.

- 13.1 Plan development
- 13.2 Fair Go Rates System
- 13.3 Financial resources

13.1 Plan development

The Act requires a Strategic Resource Plan (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 2017/18 to 2020/21 as well as a Long Term Financial Plan (LTFP) to 2026/27 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP and LTFP take the strategic objectives and strategies as specified in the Council Plan and express them in financial terms for the next ten years.

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

- Maintain existing service levels where possible
- Secure the current net asset position of the Council (ensure Council is always liquid)
- Deliver a capital renewal program that maintains all Council assets at an acceptable level
- Work towards a balanced budget on a cash basis

In preparing the SRP and LTFP, 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.

13.2 Fair Go Rates System

A major factor for consideration is the Victorian Government's Fair Go Rates System (FGRS). This is a rate capping framework that limits the maximum amount councils may increase rates in a year without seeking additional approvals. Rate capping has been introduced 'to promote the long term interests of ratepayers and the community in relation to sustainable outcomes in the delivery of services and critical infrastructure' and 'to ensure that a Council has the financial capacity to perform its duties and functions and exercise its powers'.

Each year the Minister for Local Government will set the rate cap that will specify the maximum increase in councils' rates and charges for the forthcoming financial year. The Minister has the capacity to set a cap that applies to all councils, a group of councils or a single council. The Minister has set the rate cap at 2.0% for 2017/18 which is the State's forecast CPI figure.

In circumstances where the rate cap is insufficient for a specific Council's needs, it can apply to the Essential Services Commission (ESC) for a higher cap.

Under the FGRS, the Commission is responsible for:

- providing advice to the Minister on the annual rate cap
- assessing council applications for a higher cap
- accepting or rejecting council applications for a higher cap
- monitoring and reporting annually on councils' compliance with the cap or approved higher cap

- monitoring and reporting biennially on the overall outcomes in the sector arising from the FGRS, and
- issuing guidance materials and guidelines on the implementation and administration of the FGRS

Council submitted an application to the Essential Services Commission (ESC) for a rate cap variation of 5.55% for each of the next four years so that Council can continue to provide day-to-day services and infrastructure maintenance and renewal at the current level. The higher cap is what is required to be financially sustainable in accordance with Council's Long Term Financial Plan and the Victorian Auditor General's financial sustainability indicators. This application was approved by the ESC on 31 July 2017.

This Budget document (including Council's Strategic Resource Plan and Long Term Financial Plan) assumes a 5.55% rate increase (subject to ESC approval from 2021/22) each year for the next 10 years until the end of the 2026/27 financial year.

The SRP and LTFP are published within this budget report.

13.3 Financial resources

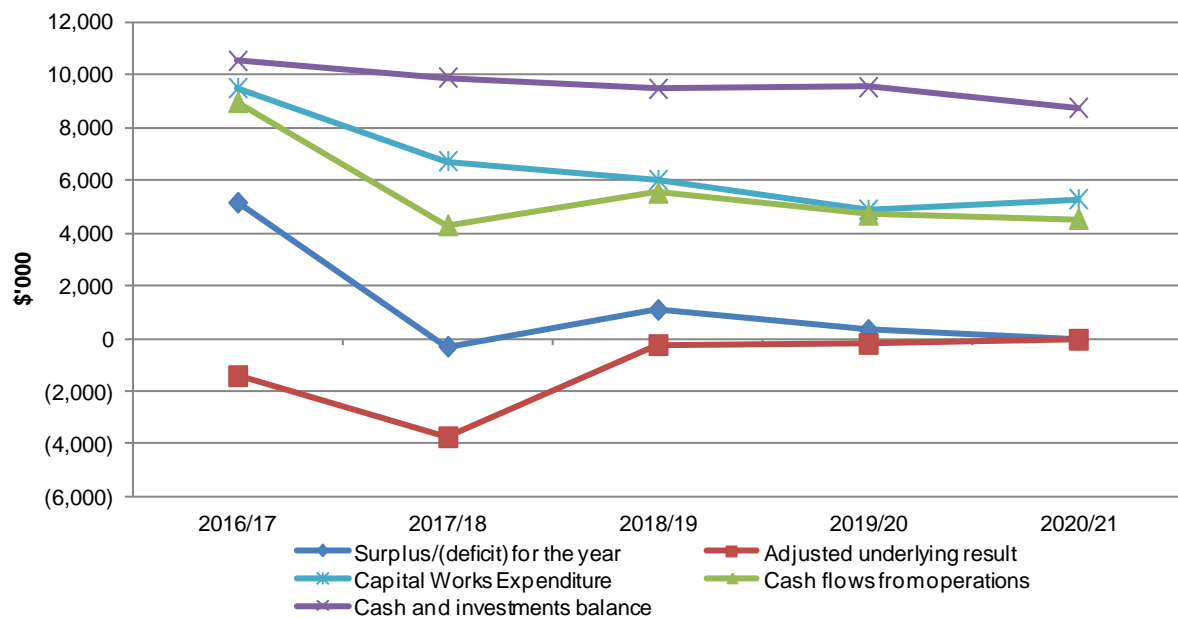
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast		Strategic Resource Plan			Trend + / o / -
	Actual	Budget	Projections			
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	
Surplus/(deficit) for the year	5,157	(126)	1,320	504	127	-
Adjusted underlying result	1,866	(1,845)	(15)	(28)	127	+
Cash and investments balance	10,540	7,986	7,327	8,715	8,225	-
Cash flow from operations	8,974	4,339	5,637	4,842	4,691	o
Capital works expenditure	9,510	6,885	6,290	5,254	5,242	+

Key to Forecast Trend:

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

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



The key outcomes of the SRP are as follows:

- **Financial sustainability (Section 10)** - Cash and investments are forecast to reduce over the four year period from 2017/18 to 2020/21.
- **Rating levels (Section 14)** – Rate increases are forecast over the four years at an average of 5.55%.
- **Borrowing strategy (Section 15)** – Council has budgeted to use loans to fund its contribution to some multigenerational projects from 2019/20. This includes new borrowings of \$2.08 million in 2019/20.
- **Infrastructure strategy (Section 15)** - Capital expenditure over the four year period will total \$23.67 million at an average of \$5.92 million per annum.

14. 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.

- 14.1 Rating context
- 14.2 Current year rates and charges
- 14.3 Rating structure

14.1 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 between 50% and 60% 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 within the community.

However, it has been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were taken into consideration. The following table shows a comparison of the last six years and the average rates increase for the 2017/18 year.

Council has budgeted for a 5.55% rate increase in 2017/18 and forecast a rate increase of 5.55% each year from 2018/19 onwards in its LTFP. Council has received approval for a higher rate cap of 5.55% for the next four financial years. The forecast increases of 5.55% from the 2021/22 financial year will only be possible if approval is received from the ESC for a higher rate cap. See Section 13.1 for further detail on the rate increases within the Fair Go Rates System.

Year	Rate Revenue Increase
2011/12	5.75%
2012/13	5.95%
2013/14	4.95%
2014/15	5.80%
2015/16	5.70%
2016/17	3.50%
Average increase	5.28%
2017/18	5.55%

14.2 Current year rates and charges

The following table sets out future proposed increases in revenue from rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2017.

Year	General Rate Increase %	Municipal Charge Increase %	Waste Management Charge Increase %	Kerbside Collection Charge Increase %	Total Rates and charges Raised \$'000
2016/17	3.50	3.50	0.00	2.00	7,770
2017/18	5.55	5.55	0.00	2.00	8,153
2018/19	5.55	5.55	2.00	2.00	8,567
2019/20	5.55	5.55	2.00	2.00	9,003
2020/21	5.55	5.55	2.00	2.00	9,456

14.3 Rating structure

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 balance between these elements aims to provide equity in the distribution of the rate burden across residents.

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

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

The existing rating structure comprises five differential rates. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. The residential and rural residential rates are set at the base rate. The business rate is set at 95% of the base rate and the rural rate is set at 90% of the base rate. The undeveloped residential rate is set at 360% of the base rate. Council also has a Municipal Charge, a Kerbside Collection Charge and a Waste Management Charge as allowed under the Act.

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

Rate type	How applied	2016/17	2017/18	Total Raised \$000's	Change
Residential	Cents in \$ of CIV	0.4228	0.4463	1,266	5.59%
Rural Residential	Cents in \$ of CIV	0.4228	0.4463	944	5.47%
Rural	Cents in \$ of CIV	0.3805	0.4017	3,367	5.55%
Business	Cents in \$ of CIV	0.4017	0.4240	164	5.81%
Undeveloped Residential	Cents in \$ of CIV	1.5221	1.6067	100	5.26%
Municipal charge	\$ per property	267	282	1,084	5.65%
Waste management charge	\$ per property	101	101	388	0.00%
Kerbside collection charge	\$ per property	270	276	790	1.94%

15. Other long term 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.

- 15.1 Borrowings
- 15.2 Infrastructure

15.1 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 13), borrowings was identified as an important funding source for enabling the delivery of a number of multigenerational projects.

The SRP includes the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators.

For the 2017/18 year, Council has budgeted to take out new borrowings to fund its commitment to a number of multigenerational projects. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2017.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2016/17	-	-	3	34
2017/18	-	-	8	34
2018/19	-	-	6	34
2019/20	2,088	160	127	1,962
2020/21	400	200	140	2,162

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

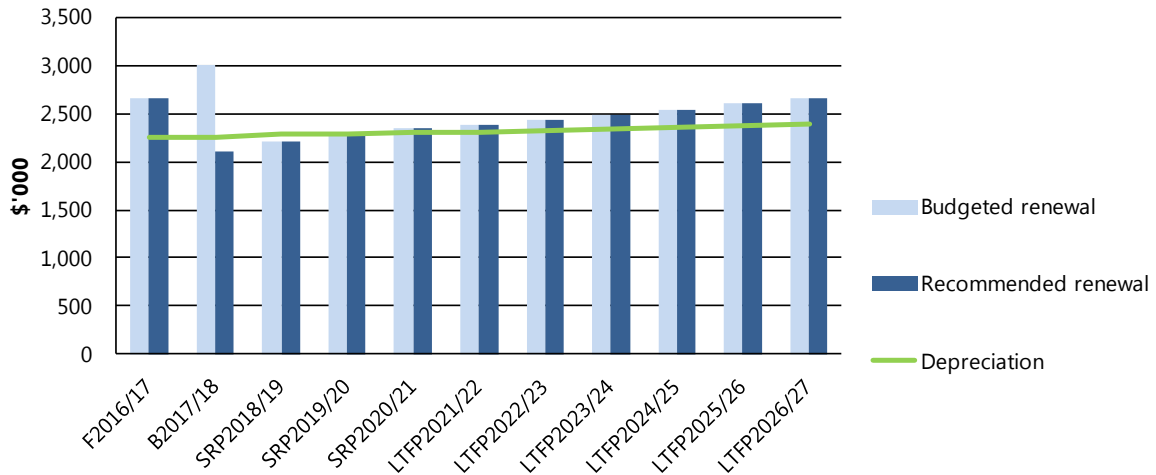
	2016/17 \$	2017/18 \$
Total amount borrowed as at 30 June of the prior year	34,000	34,000
Total amount to be borrowed	-	-
Total amount projected to be redeemed	-	-
Total amount proposed to be borrowed as at 30 June	34,000	34,000

15.2 Infrastructure

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

- Long term capital planning process which integrates with the Council Plan, Long Term Financial Plan and 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 the policy is to maintain or renew Council's existing assets at agreed condition levels. If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.



Council uses the Moloney Asset Model to help manage Council's assets and determine the appropriate level of expenditure on asset renewal. The model has been developed by an independent specialist in the field of asset management and is widely used by Councils throughout Victoria.

Council is committed to undertake asset renewal in accordance with the Moloney renewal recommendations and the budget has been prepared on this basis. The graph above reflects the asset renewal expenditure requirements (per the Moloney model) and aligns it with the straight line accounting measure of depreciation.

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
2016/17	9,510	3,728	-	5,782	-
2017/18	6,885	1,719	-	5,166	-
2018/19	6,290	1,335	-	4,955	-
2019/20	5,154	532	-	2,534	2,088
2020/21	5,142	-	-	4,742	400

Appendix A

Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and services provided during the 2017/18 year.

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Fee Schedule (effective 1 September 2017) unless otherwise stated						
Kerbside Collection						
Garbage and Recycling - 140/240 Litre Bins (Standard Service)	\$270.00	\$276.00	1.9%	\$6.00	No	No
Garbage and Recycling - 240/240 Litre Bins	\$295.00	\$301.00	2.1%	\$6.00	No	No
Garbage and Recycling - 80/240 Litre Bins	\$236.00	\$241.00	2.2%	\$5.00	No	No
Additional - Garbage - 140 Litre Bin (Standard Size)	\$221.00	\$226.00	2.3%	\$5.00	No	No
Additional - Garbage - 240 Litre Bin	\$288.00	\$294.00	2.1%	\$6.00	No	No
Additional - Garbage - 80 Litre Bin	\$188.00	\$192.00	2.2%	\$4.00	No	No
Additional - Recycling - 240 Litre Bin	\$122.00	\$125.00	2.5%	\$3.00	No	No
Garbage/Recycle Service Extension - per km (by request and subject to Council approval)	\$133.00	\$136.00	2.3%	\$3.00	No	No
Waste Management Centres						
General Waste Material						
Single Bin or Garbage Bag	\$8.00	\$8.00	0.0%	\$0.00	Yes	No
Car or Station Wagon Boot	\$15.00	\$15.00	0.0%	\$0.00	Yes	No
6' x 4' Trailer or Utility (< 1 Cubic Metre)	\$50.00	\$50.00	0.0%	\$0.00	Yes	No
Tandem Axle Trailer (< 2 Cubic Metres)	\$85.00	\$85.00	0.0%	\$0.00	Yes	No
Other Vehicles, Woolpacks and Trailers (> 2 Cubic Metres) - \$ per Cubic Metre	\$45.00	\$45.00	0.0%	\$0.00	Yes	No
Mattresses or Bed Bases (each)	\$30.00	\$30.00	0.0%	\$0.00	Yes	No
E-Waste - \$ per kilo	\$1.65	\$1.65	0.0%	\$0.00	Yes	No
Non-separated surcharge	50%	50%	0.0%	\$0.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Re-Use Material						
Clean Green waste	50% discount on Waste Material rates above	50% discount on Waste Material rates above			Yes	No
Silage wrap (per plasback bag)	Nil	\$3.00			Yes	No
Car or Motorcycle Tyres (each) - tyre only	\$7.50	\$7.50	0.0%	\$0.00	Yes	No
Truck Tyres (each) - tyre only	\$15.50	\$15.50	0.0%	\$0.00	Yes	No
Tractor Tyres (each) - tyre only	\$155.00	\$155.00	0.0%	\$0.00	Yes	No
Loader Tyres (each) - tyre only	\$225.00	\$225.00	0.0%	\$0.00	Yes	No
Car or Motorcycle Tyres (each) - tyre and rim	\$16.00	\$16.00	0.0%	\$0.00	Yes	No
Truck Tyres (each) - tyre and rim	\$35.00	\$35.00	0.0%	\$0.00	Yes	No
Tractor Tyres (each) - tyre and rim	\$315.00	\$315.00	0.0%	\$0.00	Yes	No
Loader Tyres (each) - tyre and rim	\$460.00	\$460.00	0.0%	\$0.00	Yes	No
LPG Cylinders (each)	\$45.00	\$45.00	0.0%	\$0.00	Yes	No
Fridge or Air Conditioner	\$10.00	\$10.00	0.0%	\$0.00	Yes	No
Car Bodies	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Separated Domestic Quantities of Car Batteries, Waste Oil, Steel, Glass, Paper and Plastic	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Soil (per cubic metre)	\$9.00	\$9.00	0.0%	\$0.00	Yes	No
Concrete, Bricks, Rubble (per cubic metre)	\$18.00	\$18.00	0.0%	\$0.00	Yes	No
Concrete, Bricks, Rubble (single axle trailer)	\$27.00	\$27.00	0.0%	\$0.00	Yes	No
Concrete, Bricks, Rubble (tandem trailer)	\$34.00	\$34.00	0.0%	\$0.00	Yes	No
Concrete, Bricks, Rubble (bag/boot load)	\$9.00	\$9.00	0.0%	\$0.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Kindergarten and Child Care						
Kindergarten - per term fee						
4 Year Old (15 hours)	\$365.00	\$378.00	3.6%	\$13.00	Yes	No
4 Year Old - More than one child enrolled (15 hours)	\$365.00	\$378.00	3.6%	\$13.00	Yes	No
3 Year Old (3 hours)	\$175.00	\$181.00	3.4%	\$6.00	Yes	No
Child Subsidised by DEECD	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
<i>* Note - Kindergarten fees will run on a calendar year basis. i.e. Fees for 2016/17 will be effective 1/1/17 - 31/12/17.</i>						
Child Care - per day fee						
Child care fees (< 3 years old)	\$90.00	\$93.00	3.3%	\$3.00	Yes	No
Child care fees (>= 3 years old)	\$90.00	\$93.00	3.3%	\$3.00	Yes	No
Child care fees (school age - Before School Care)	\$30.00	\$31.00	3.3%	\$1.00	Yes	No
Child care fees (school age - After School Care)	\$30.00	\$31.00	3.3%	\$1.00	Yes	No
Child care fees (school age - vacation care)	\$40.00	\$41.00	2.5%	\$1.00	Yes	No
Swimming Pools						
General Admission						
Adult Single Admission	\$5.00	\$5.00	0.0%	\$0.00	Yes	No
Adult Single Admission - Concession	\$2.50	\$2.50	0.0%	\$0.00	Yes	No
Junior (<16 years) Single Admission	\$2.50	\$2.50	0.0%	\$0.00	Yes	No
Supervising Adult Single Admission	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Event Spectator Single Admission	\$2.50	\$2.50	0.0%	\$0.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Memberships - Standard						
Family Season Ticket	\$170.00	\$170.00	0.0%	\$0.00	Yes	No
Adult Season Ticket	\$100.00	\$100.00	0.0%	\$0.00	Yes	No
Junior (<16 years) Season Ticket	\$55.00	\$55.00	0.0%	\$0.00	Yes	No
Family Season Ticket - Concession	\$130.00	\$130.00	0.0%	\$0.00	Yes	No
Adult Season Ticket - Concession	\$75.00	\$75.00	0.0%	\$0.00	Yes	No
Memberships - Early Bird				\$0.00		
Family Season Ticket	\$120.00	\$120.00	0.0%	\$0.00	Yes	No
Adult Season Ticket	\$75.00	\$75.00	0.0%	\$0.00	Yes	No
Junior (<16 years) Season Ticket	\$45.00	\$45.00	0.0%	\$0.00	Yes	No
Family Season Ticket - Concession	\$120.00	\$120.00	0.0%	\$0.00	Yes	No
Adult Season Ticket - Concession	\$75.00	\$75.00	0.0%	\$0.00	Yes	No
Pool Hire				\$0.00		
Schools (outside of operating hours):				\$0.00		
- Single Session	\$75.00	\$75.00	0.0%	\$0.00	Yes	No
- 5-15 Sessions	\$370.00	\$370.00	0.0%	\$0.00	Yes	No
- 16-35 Sessions	\$925.00	\$925.00	0.0%	\$0.00	Yes	No
- 36+ Sessions	\$1,500.00	\$1,500.00	0.0%	\$0.00	Yes	No
- Lifeguard (per hour)	\$60.00	\$60.00	0.0%	\$0.00	Yes	No
Individual Private Hire - outside operating hours (e.g parties)	Not Available	Not Available				
Swimming Clubs - outside of operating hours	General Admission	General Admission			Yes	No
Swimming Clubs - within operating hours	\$15.00	\$15.00	0.0%	\$0.00	Yes	No
Other Sporting Clubs - outside of operating hours	General Admission	General Admission			Yes	No
Other Sporting Clubs - within operating hours	\$15.00	\$15.00	0.0%	\$0.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Lane Hire:						
- Outside of operating hours	General Admission	General Admission			Yes	No
- Within operating hours, per lane per hour	\$15.00	\$15.00	0.0%	\$0.00	Yes	No
Swimming Instructors or Commercial Operators						
- Outside of operating hours	General Admission	General Admission			Yes	No
- Within operating hours, per lane per hour	\$15.00	\$15.00	0.0%	\$0.00	Yes	No
Kiosk Sales						
All Items	RRP	RRP			Yes	No
Animal Control						
Registration and Permit Fees						
Dog Registration - Maximum*	\$105.50	\$108.50	2.8%	\$3.00	No	Partially
Dog Registration - Maximum Pensioner*	\$54.50	\$56.00	2.8%	\$1.50	No	Partially
Dog Registration - Reduced*	\$37.50	\$38.50	2.7%	\$1.00	No	Partially
Dog Registration - Reduced Pensioner*	\$20.50	\$21.00	2.4%	\$0.50	No	Partially
Dog Registration - Working Dog*	\$20.50	\$21.00	2.4%	\$0.50	No	Partially
Cat Registration - Maximum*	\$104.00	\$107.00	2.9%	\$3.00	No	Partially
Cat Registration - Maximum Pensioner*	\$53.00	\$54.50	2.8%	\$1.50	No	Partially
Cat Registration - Reduced*	\$36.00	\$37.00	2.8%	\$1.00	No	Partially
Cat Registration - Reduced Pensioner*	\$19.00	\$19.50	2.6%	\$0.50	No	Partially
Registration - Animal Business*	\$90.00	\$95.00	5.6%	\$5.00	No	Partially
Transfer of Registration from Another Municipality	\$9.50	\$10.00	5.3%	\$0.50	No	Partially
Replacement Registration Tag	\$9.50	\$10.00	5.3%	\$0.50	No	Partially
Permit to Keep Multiple Animals	\$52.00	\$54.00	3.8%	\$2.00	No	Partially

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Animals registered for the first time between 1 January and 28 February*	Nil	Dog - \$13.50 Cat - \$12.00			No	Partially
* Includes the Victorian State Government Levy of \$3.50 per dog, \$2.00 per cat or \$10.00 per animal business						
Impoundment Fees						
Release - per animal (Cats and Dogs)	\$95.00	\$97.00	2.1%	\$2.00	Yes	No
Release - per animal (Cattle, Sheep, Horses and Other)	\$42.00	\$44.00	4.8%	\$2.00	Yes	No
Sustenance - per animal per day (All Animals)	\$19.00	\$20.00	5.3%	\$1.00	Yes	No
Transport (Cattle, Sheep and Horses)	Cost including all labour + 50%	Cost including all labour + 50%			Yes	No
Cat Trap Hire						
Deposit	\$50.00	\$50.00	0.0%	\$0.00	No	No
Fee	\$7.00	\$8.00	14.3%	\$1.00	Yes	No
Building						
Class 1, 2 and 10 - (Dwellings and Outbuildings)						
New Dwellings (up to 4 inspections included)	Cost of Works x 0.005 (Minimum Fee \$1,525)	Cost of Works x 0.005 (Minimum Fee \$1,550)			Yes	No
External Additions (up to 4 inspections included)	Cost of Works x 0.005 (Minimum Fee \$975)	Cost of Works x 0.005 (Minimum Fee \$1,000)			Yes	No
Internal Alterations (up to 2 inspections included)	Cost of Works x 0.005 (Minimum Fee \$750)	Cost of Works x 0.005 (Minimum Fee \$775)			Yes	No
Multi Unit Developments (up to 4 inspections per unit included)	Cost of Works x 0.005 (Minimum Fee \$1,175 per unit)	Cost of Works x 0.005 (Minimum Fee \$1,200 per unit)			Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Class 3, 4, 5, 6, 7, 8 and 9 (Commercial, Industrial and Other)						
< \$30,000	\$890.00	\$890.00	0.0%	\$0.00	Yes	No
\$30,001 - \$100,000	\$475 + Cost of Works x 0.0125	\$475 + Cost of Works x 0.0125			Yes	No
\$100,001 - \$500,000	\$1,575 + Cost of Works x 0.003	\$1,575 + Cost of Works x 0.003			Yes	No
\$500,001+	\$3,250 + Cost of Works x 0.0016	\$3,250 + Cost of Works x 0.0016			Yes	No
Additional Inspections						
Inspection	\$205.00	\$210.00	2.4%	\$5.00	Yes	No
Minor Works						
Garages, Carports, In Ground Swimming Pools <\$5,000 in value (1 inspection included)	\$410.00	\$420.00	2.4%	\$10.00	Yes	No
Garages, Carports, In Ground Swimming Pools \$5,000<\$10,000 in value (1 inspection included)	\$525.00	\$540.00	2.9%	\$15.00	Yes	No
Garages, Carports, In Ground Swimming Pools \$10,000<\$20,000 in value (1 inspection included)	\$595.00	\$610.00	2.5%	\$15.00	Yes	No
Garages, Carports, In Ground Swimming Pools >\$20,000 (up to 2 inspections included)	\$690.00	\$710.00	2.9%	\$20.00	Yes	No
Swimming Pools (above ground)	\$530.00	\$545.00	2.8%	\$15.00	Yes	No
Swimming Pools (inground)	\$720.00	\$740.00	2.8%	\$20.00	Yes	No
Swimming Pool (Fence only)	\$215.00	\$220.00	2.3%	\$5.00	Yes	No
Building Removals, Verandas, Re-stumping, Fences, Heaters (up to 1 inspection included)	\$530.00	\$545.00	2.8%	\$15.00	Yes	No
Demolitions						
All Types (up to 2 inspections included)	\$390.00	\$400.00	2.6%	\$10.00	Yes	No
Lodgement Fee						
Domestic and Commercial (>\$5,000)	As Regulated	As Regulated			No	Yes

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Building Commission Levies						
Domestic (>\$10,000 Cost of Works)	As Regulated	As Regulated			No	Yes
Commercial (>\$10,000 Cost of Works)	As Regulated	As Regulated			No	Yes
Other Services						
Application for Extension of Time	\$85.00	\$87.00	2.4%	\$2.00	Yes	No
Records Retrieval (Non FOI)	\$88 per hour (\$48.00 minimum charge)	\$90 per hour (\$50.00 minimum charge)			Yes	No
Occupancy Permits (not in conjunction with Building Permit)	150% of the costs of works for Relevant Building Permit	150% of the costs of works for Relevant Building Permit			Yes	No
Owner-builder Certificate of Consent	As Regulated	As Regulated			Yes	Yes
Building Certificates	As Regulated	As Regulated			No	Yes
Consideration for report and consent under Section 29A of the Act (Building Permit Application for Demolition)	As Regulated	As Regulated			Yes	Yes
Consideration for report and consent under Part 4, 5, 8 or 604(4) of the regulations	As Regulated	As Regulated			Yes	Yes
Consideration for report and consent under 610(2) of the regulations (Stormwater Discharge Points)	As Regulated	As Regulated			Yes	Yes
Building Compliance (Cost +50%) (minimum \$600)	-	Cost + 50%			Yes	No
Planning						
Application for a Permit or to Amend a Planning Permit						
Class 1 – Change of use only	As Regulated	As Regulated			No	Yes
To develop land or to use and develop land for a single dwelling per lot or to undertake development ancillary to the use of the land for a single dwelling per lot if the estimated cost of development included in the application is:						

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Class 2 - Dwellings \$10,000 to \$100,000	As Regulated	As Regulated			No	Yes
Class 3 - Dwellings more than \$100,001	As Regulated	As Regulated			No	Yes
To develop land (other than for a single dwelling per lot) if the estimated cost of development included in the application is:						
Class 4 - \$10,000 or less	As Regulated	As Regulated			No	Yes
Class 5 - \$10,000 to \$250,000	As Regulated	As Regulated			No	Yes
Class 6 - \$250,000 to \$500,000	As Regulated	As Regulated			No	Yes
Class 7 - \$500,000 to \$1,000,000	As Regulated	As Regulated			No	Yes
Class 8 - \$1,000,000 to \$7,000,000	As Regulated	As Regulated			No	Yes
Class 9 - \$7,000,000 to \$10,000,000	As Regulated	As Regulated			No	Yes
Class 10 - \$10,000,000 to \$50,000,000	As Regulated	As Regulated			No	Yes
Class 11 - Over \$50,000,000	As Regulated	As Regulated			No	Yes
Class 12 - Subdivide existing building	As Regulated	As Regulated			No	Yes
Class 13 - Subdivide land into two lots	As Regulated	As Regulated			No	Yes
Class 14 - To effect a realignment of a common boundary between lots or to consolidate two or more lots	As Regulated	As Regulated			No	Yes
Class 15 - To subdivide land	As Regulated	As Regulated			No	Yes
Class 16 - To remove a restriction (within the meaning of the Subdivision Act 1988) over land if the land has been used or developed for more than 2 years before the date of the applications in a manner which would have been lawful under the Planning and Environment Act 1987 but for the existence of the restriction	As Regulated	As Regulated			No	Yes
Class 17 - To create, vary or remove a restriction within the meaning of the Subdivision Act 1988 or to create or remove a right of way	As Regulated	As Regulated			No	Yes
Class 18 - To create, vary or remove an easement other than a right of way or to vary or remove a condition in the nature of an easement other than a right of way in a Crown grant	As Regulated	As Regulated			No	Yes

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Amend an Application (Regulation 8A)						
Amend an application for a permit after notice has been given for every class of application (other than Class 4)	As Regulated	As Regulated			No	Yes
Amend an application for a permit after notice has been given for every class of application (other than Class 5)	As Regulated	As Regulated			No	Yes
Combined Permit Applications						
The fee for an application for any combination of the classes of application outlined above is the sum arrived at by adding the highest of the fees which would have applied if separate applications had been made plus 50% of each of the other fees which would have applied if separate applications had been made.						
Application to Amend the Planning Scheme						
Stage 1	As Regulated	As Regulated			No	Yes
Stage 2	As Regulated	As Regulated			No	Yes
Stage 3	As Regulated	As Regulated			No	Yes
Stage 4	As Regulated	As Regulated			No	Yes
Other						
Certificate of Compliance	As Regulated	As Regulated			No	Yes
Planning Certificate	As Regulated	As Regulated			No	Yes
Satisfaction Matters - Determining a matter where a planning scheme specifies that the matter must be done to the satisfaction of a responsible authority or a referral authority	As Regulated	As Regulated			No	Yes
Consideration of a Request for the Demolition of a Building	As Regulated	As Regulated			No	Yes
Application for Extension of Time	\$89.00	\$89.00	0.0%	\$0.00	Yes	No
Records Retrieval (Non FOI)	\$88 per hour (\$48.00 minimum charge)	\$90 per hour (\$50.00 minimum charge)			Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Assessment of a Development Plan	\$130 + \$30 per lot	\$130 + \$30 per lot			Yes	No
Public Notice of an Application	\$41.00	\$42.00	2.4%	\$1.00	Yes	No
Admin Fee for Section 173 Agreements	\$53.00	\$54.00	1.9%	\$1.00	Yes	No
Request for Written Planning Information	\$70.00	\$72.00	2.9%	\$2.00	Yes	No

Engineering

Consent for Works in a Roadway

Minor Works (within roadway or pathway)	As Regulated	As Regulated			No	Yes
Minor Works (not within roadway or pathway)	As Regulated	As Regulated			No	Yes
Other Works (within road or pathway Speed 50 km/h or less)	As Regulated	As Regulated			No	Yes
Other Works (within road or pathway Speed > 50 km/h)	As Regulated	As Regulated			No	Yes
Other Works (not within road or pathway Speed 50 km/h or less)	As Regulated	As Regulated			No	Yes
Other Works (not within road or pathway Speed > 50 km/h)	As Regulated	As Regulated			No	Yes

Local Laws

Grazing Permit	As Regulated	As Regulated			No	Yes
Stock Grid (0 - 250m)	\$60.00	\$60.00	0.0%	\$0.00	No	No
Stock Grid (250+m - 500m)	\$120.00	\$120.00	0.0%	\$0.00	No	No
Stock Grid (500+m - 1km)	\$180.00	\$180.00	0.0%	\$0.00	No	No
Stock Grid (Greater than 1km)	\$240.00	\$240.00	0.0%	\$0.00	No	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Environmental Health						
Food Premises - Class 1 ready to eat potentially hazardous served to vulnerable groups, e.g. hospitals)	\$515.00	\$540.00	4.9%	\$25.00	No	Partially
Food Premises - Class 2 (potentially hazardous unpackaged foods, e.g. hotels)	\$380.00	\$400.00	5.3%	\$20.00	No	Partially
Food Premises - Class 3 (Unpacked low risk or pre-packaged potentially hazardous, e.g. xx)	\$250.00	\$260.00	4.0%	\$10.00	No	Partially
Food Premises - Class 4 (Pre-packaged low risk food only, e.g. newsagent)	\$0.00	\$0.00	0.0%	\$0.00	No	Partially
Temporary Food Premises - Class 2	\$200.00	\$205.00	2.5%	\$5.00	No	Partially
Temporary Food Premises - Class 3	\$120.00	\$125.00	4.2%	\$5.00	No	Partially
Temporary Food Premises - Class 4	\$0.00	\$0.00	0.0%	\$0.00	No	Partially
Transfer Fee - All Others	50% of Applicable Fee	50% of Applicable Fee			No	No
Late Penalty Fee - Premises Registrations	50% of Applicable Fee	50% of Applicable Fee			No	No
Prescribed Accommodation up to 9 beds	\$175.00	\$185.00	5.7%	\$10.00	No	Partially
Prescribed Accommodation 10 or more beds	\$245.00	\$255.00	4.1%	\$10.00	No	Partially
Health Act Premises (e.g. hairdressing, skin penetration)	\$140.00	\$145.00	3.6%	\$5.00	No	Partially
Health Act Premises Schools, Church, and Other Community Groups	\$0.00	\$0.00		\$0.00	No	Partially
Health Act Premises Inspection Request Fee	\$150.00	\$155.00	3.3%	\$5.00	No	Partially
Caravan Park - Registration	As Regulated	As Regulated			No	Yes
Caravan Park - Transfer	As Regulated	As Regulated			No	Yes
Septic Tank Permit (New)	\$490.00	\$500.00	2.0%	\$10.00	No	Partially
Septic Tank Permit (Alteration)	\$235.00	\$245.00	4.3%	\$10.00	No	Partially
Septic Tank Permit (Re-inspection)	\$190.00	\$200.00	5.3%	\$10.00	No	Partially
Records Retrieval (Non FOI)	\$88 per hour (\$48.00 minimum charge)	\$90 per hour (\$50.00 minimum charge)			No	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Corryong Saleyard						
Yarding Fees						
Bobby Calves (per head)	\$2.20	\$2.25	2.3%	\$0.05	Yes	No
Bulls (per head)	\$9.35	\$9.50	1.6%	\$0.15	Yes	No
Cattle (per head)	\$8.80	\$9.00	2.3%	\$0.20	Yes	No
Calves (per head)	\$4.40	\$4.50	2.3%	\$0.10	Yes	No
Cow and Calf (sold as a unit)	\$9.90	\$10.10	2.0%	\$0.20	Yes	No
Sheep (per head)	\$1.10	\$1.15	4.5%	\$0.05	Yes	No
Penning and Weigh Fee (per head)	\$2.75	\$2.80	1.8%	\$0.05	Yes	No
Scanning Charge (per head)	\$2.75 per head (Minimum \$13.75)	\$2.80 per head (Minimum \$13.90)			Yes	No
Selling Charges - Agent						
Agents Fee	\$275.00	\$280.00	1.8%	\$5.00	Yes	No
Selling Charges - Vendor						
NLIS Rescanning Fee	\$2.75	\$2.80	1.8%	\$0.05	Yes	No
NLIS Device - Retagging/Tagging Fee - Cattle	\$27.50	\$28.00	1.8%	\$0.50	Yes	No
NLIS Device - Retagging/Tagging Fee - Bull	\$33.00	\$33.50	1.5%	\$0.50	Yes	No
NLIS Device - Non Reader Tagging Fee	\$4.40	\$4.50	2.3%	\$0.10	Yes	No
Lost Lifetime Traceability Beast Identification	\$2.20	\$2.25	2.3%	\$0.05	Yes	No
Transfer NLIS	\$0.66	\$0.70	6.1%	\$0.04	Yes	No
Passed in levy (cattle and calves)	Nil	Nil			Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Other Fees						
Unreported Stock movement	additional 25% on top of any per head and pen fees payable	additional 25% on top of any per head and pen fees payable			Yes	No
Truck wash	\$1 for 2 minutes	\$1 for 2 minutes			Yes	No
Cleaning:						
- Zone 1	\$165.00	\$165.00	0.0%	\$0.00	Yes	No
- additional pens to Zone 1	\$5.50	\$5.50	0.0%	\$0.00	Yes	No
Property						
Land Information Certificate	As Regulated	As Regulated			No	Yes
Valuation Certificate	As Regulated	As Regulated			No	Yes
Freedom of Information						
Application Fee	As Regulated	As Regulated			No	Yes
Charge for Search Time	As Regulated	As Regulated			No	Yes
Charge for Supervision	As Regulated	As Regulated			No	Yes
Charge for providing black and white photocopy	As Regulated	As Regulated			No	Yes
Other Fees	As Regulated	As Regulated			No	Yes

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Meeting Rooms and Facilities						
Indi, Mitta or Snowy - Meeting Room						
Not for Profit Community Group - Half Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Not for Profit Community Group - Full Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Commercial/Other - Half Day	\$50.00	\$50.00	0.0%	\$0.00	Yes	No
Commercial/Other - Full Day	\$85.00	\$85.00	0.0%	\$0.00	Yes	No
Tallangatta Integrated Community Centre - Activity Space						
Not for Profit Community Group - Half Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Not for Profit Community Group - Full Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Commercial/Other - Half Day	\$150.00	\$150.00	0.0%	\$0.00	Yes	No
Commercial/Other - Full Day	\$250.00	\$250.00	0.0%	\$0.00	Yes	No
Tallangatta Integrated Community Centre - Library Meeting Room						
Not for Profit Community Group - Half Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Not for Profit Community Group - Full Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Commercial/Other - Half Day	\$60.00	\$60.00	0.0%	\$0.00	Yes	No
Commercial/Other - Full Day	\$100.00	\$100.00	0.0%	\$0.00	Yes	No
Tallangatta Integrated Community Centre - Meeting Room						
Not for Profit Community Group - Half Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Not for Profit Community Group - Full Day	\$0.00	\$0.00	0.0%	\$0.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Commercial/Other - Half Day	\$60.00	\$60.00	0.0%	\$0.00	Yes	No
Commercial/Other - Full Day	\$100.00	\$100.00	0.0%	\$0.00	Yes	No
Corporate						
Records Retrieval (Non FOI)	\$88 per hour (\$48.00 minimum charge)	\$90 per hour (\$50.00 minimum charge)			Yes	No
Council Minutes - Mail outs to Private Citizens	\$350.00	\$350.00	0.0%	\$0.00	Yes	No
Disabled Parking Permit	\$8.00	\$8.50	6.3%	\$0.50	Yes	No
Debt Collection						
Location/Search Fee	At Cost	At Cost			No	No
Property Title Search	At Cost	At Cost			No	No
Filing/Listing Fee	At Cost	At Cost			No	No
Caveat Fee	At Cost	At Cost			No	No
Beneficiary Search	At Cost	At Cost			No	No
Other debt collection charges	NA	At Cost			No	No
Duplicate Rate Notice (e.g. owner and tenant – owner must receive first copy)	\$11.00	\$15.00	36.4%	\$4.00	Yes	No

Description	2016/17 (includes GST if applicable)	2017/18 (includes GST if applicable)	% Increase	\$ Increase	GST	Regulated
Photocopying and Faxing						
A4 and A3 B and W Copies	\$1.00 per copy	\$1.00 per copy	0.0%	\$0.00	Yes	No
A4 and A3 Colour Copies	\$2.00 per copy	\$2.00 per copy	0.0%	\$0.00	Yes	No
Approved Community Groups A4 and A3 B&W Copies	\$0.00	\$0.00	0.0%	\$0.00	Yes	No
Fax	\$3.00 per page	\$3.00 per page	0.0%	\$0.00	Yes	No
Other Fees						
Standpipe Water Charge per Kilolitre	\$3.90	\$4.10	5.1%	\$0.20	No	No
Standpipe Key Deposit	\$50.00	\$50.00	0.0%	\$0.00	No	No
Airport Fees						
Corryong Airport Hire - Half Day (Not for Profit Community Groups)	\$55.00	\$55.00	0.0%	\$0.00	Yes	No
Corryong Airport Hire - Full Day (Not for Profit Community Groups)	\$110.00	\$110.00	0.0%	\$0.00	Yes	No
Corryong Airport Hire - Half Day (Commercial)	\$110.00	\$110.00	0.0%	\$0.00	Yes	No
Corryong Airport Hire - Full Day (Commercial)	\$220.00	\$220.00	0.0%	\$0.00	Yes	No

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 2017/18 budget, which is included in this report, is for the year 1 July 2017 to 30 June 2018 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ending 30 June 2018 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. 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.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Government's Rate Capping legislation in 2015 Councils can only determine the level of rate increase up to a maximum allowable by the Minister for Local Government. This maximum allowable rate increase is known as the rate cap which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 July 2017.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The 2017/18 budget is required to be adopted by 31 August 2017 and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Minister of Local Government announces maximum rate increase	Dec
2. Officers update Council's long term financial projections	Dec
3. Council to advise ESC if it intends to make a rate variation submission	Jan
4. Council submits formal rate variation submission to ESC	May
5. Proposed budget(s) submitted to Council for approval	Jul

Budget process	Timing
6. ESC advises whether rate variation submission is successful	31 Jul
7. Public notice advising intention to adopt budget	Jul
8. Budget available for public inspection and comment	Jul/Aug
9. Public submission process undertaken	Aug
10. Submissions period closes (28 days)	Aug
11. Submissions considered by Council/Committee	Aug
12. Budget and submissions presented to Council for adoption	Aug
13. Copy of adopted budget submitted to the Minister	Aug
14. Revised budget where a material change has arisen	

End of Towong Shire Council Budget Report