



# Yarriambiack Shire Council

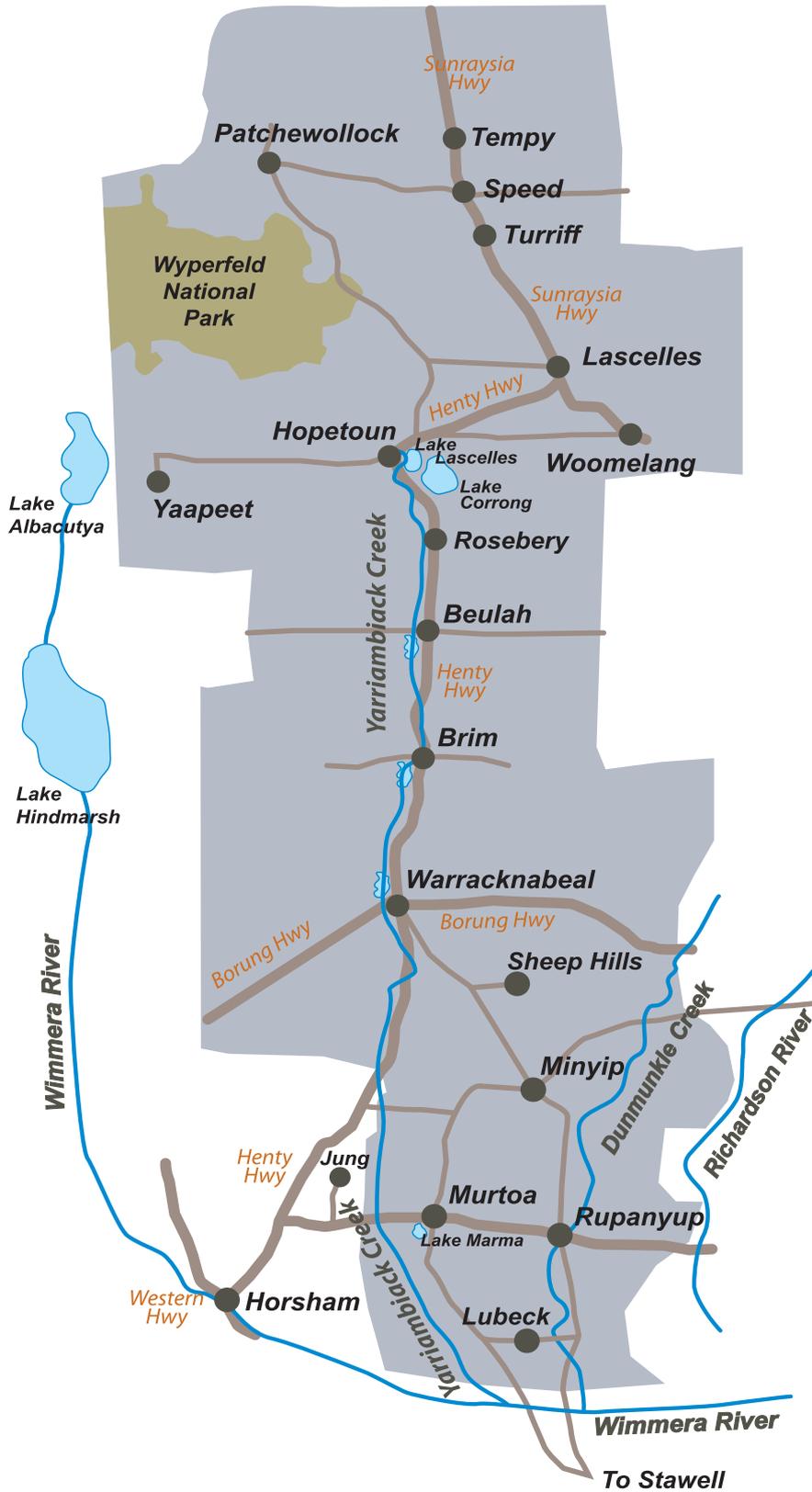
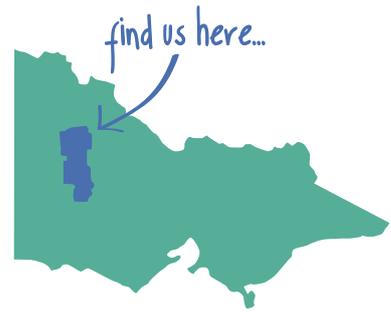
# *Budget*

2016/2017



This Budget Report has been prepared with reference to The Institute of Chartered Accountants "Victorian City Council Model Budget 2016/2017" a best practice guide for reporting Local Government budgets in Victoria.

# Our Shire



## TRAVEL DISTANCES FROM WARRACKNABEAL...

Adelaide	431km
Ballarat	230km
Bendigo	205km
Grampians	129km
Horsham	58km
Melbourne	342km
Mildura	254km

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## *Mayors Introduction*

The Councillors and I are pleased to release the proposed Budget 2016/17 to the Community for comment and public submissions. This budget builds on our Council Plan 2013-2017 vision which focuses on the following four key areas:

- Community engagement
- Responsible management
- Asset management
- Sustaining the economy and environment

The Council Plan 2013-2017 (Year 4), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the final year of the current Council term, the focus over the next year will be on completion of our current commitments.

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

As Councillors, it is our job to listen to community sentiment and understand your priorities. Since we started our term in 2012, we have consistently heard that Council's services are valued by the community, and that Council also needs to be financially responsible and keep its rates as low as possible. In response, Council has initiated an enterprise wide approach to identify savings that don't impact on its services, to provide increased value for money to ratepayers. Council will, with the introduction of rate capping in 2016, continue to focus on identifying sustainable cost savings that will enable it to deliver high quality, responsive and accessible services to the community.

The proposed budget proposes a rate increase of 2.5 per cent. This is in line with the new Fair Go Rates System (FGRS) which has capped rates increases by Victorian councils to the forecast movement of 2.5 per cent in the Consumer Price Index (CPI). Council has not elected to apply to the Essential Services Commission (ESC) for a variation.

In this proposed budget we have allocated funding of \$6.985 million for asset renewals, and upgrades. The proposed budget also funds \$403,000 for new assets. Highlights of the capital program include;

- roads (\$5.414 million) – including reconstructions, roads to recovery projects, resheeting, footpaths and kerb & channel
- drains (\$71,000) – including road drainage replacement works at Lloyd St Murtoa
- open space (\$15,000) – including playground equipment
- buildings (\$483,000) – including installation of a truck wash at the Warracknabeal depot, construction of truck shed at the Hopetoun depot, upgrade at the Warracknabeal Library and works at the Hopetoun and Warracknabeal Caravan Park.
- plant and equipment (\$1.231million) – including scheduled replacement of Council's fleet including a new grader, truck and loader and upgrade of information & technology systems.

We have also allocated funding to deliver tangible progress on other key priorities and initiatives including;

- Roll out of FREEZA youth events across the shire;
- Roll out of Regional Youth Development Program;
- \$28,000 resurfacing of 1 basketball court at the Warracknabeal Leisure Complex;
- \$36,000 modernisation of Senior Citizens facilities;
- \$50,000 contribution to the Rupanyup Eshop Committee for the Rupanyup Shopping precinct;
- \$75,000 DELWP Roadside Weeds and Pests Management Program;
- \$20,000 for upgrade works at Beulah Public Toilets;

- \$100,000 Rural Development Program Grant for the Woomelang Shopping Precinct Upgrade;
- \$28,000 for the provision of power to remaining three lots at Hopetoun Industrial Estate;
- Council will contribute \$10,000 towards the Yaapeet Mobile Phone Tower.

Our focus for the next year is to continue to deliver on the projects and services that make our Council a great place to live in and respond to the challenges we are currently facing.

Council will continue to focus on the identification of sustainable cost reductions to protect existing service levels. We will also explore new approaches for providing services to our community in a tighter fiscal environment and ensure that we engage with you on any planned changes.

This is the first year of rate capping and while Council proposes a rate increase that is in line with the 2.5 per cent cap, the actual rate increases experienced by individual ratepayers will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (2.5 per cent) and the property valuation increases of individual properties relative to the average across the municipality. If your property increased by more in value than the average for Yarriambiack, your rates will increase by more than 2.5 per cent while if your property value increased by less than the average your rates will increase by less than 2.5 per cent and may in fact reduce from the previous year.

The proposed budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage you to read the remainder of this document, in conjunction with our revised Council Plan 2013-2017 and I look forward to receiving your submission.

*Ray Kingston*

**Cr Ray Kingston**  
**Mayor**

# Chief Executive Officers Summary

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

This Budget projects a surplus of \$1.739 million for 2016/17, with an adjusted underlying result of a surplus of \$672,000 after adjusting for capital grants and contributions (refer Sections 5 and 10.1).

## **1. Key things we are funding**

- a. Ongoing delivery of services to the Yarriambiack Shire Council community funded by a budget of \$23.57 million. These services are summarised in Section 2.1.
- b. Continued investment in Infrastructure assets (\$7.388 million) primarily for renewal works. This includes:
  - roads (\$4.96 million);
  - bridges (\$115,000);
  - footpaths and kerb & channel (\$336,000);
  - drainage (\$71,000);
  - recreational, leisure and community facilities (\$34,000); and
  - parks and playground equipment (\$15,000);

The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

### **Strategic Objective 1: Community Engagement**

To engage appropriate interest groups and individuals on awareness of Council activities and services.

- ~ Continuation of Community Consultation meetings held throughout the Shire.
- ~ Continue providing financial support to town progress associations.

### **Strategic Objective 2: Responsible Management**

To provide leadership and advocacy and be accountable to the local community.

- ~ Adoption of the 10 year Long Term Financial Plan
- ~ Development of the Rating Strategy
- ~ Development of the IT Strategy

### **Strategic Objective 3: Asset Management**

The communities current and future needs for assets and facilities are responsibly managed based on community service needs.

- ~ Continued support of 8 seasonal swimming pools. 2% increase in annual contributions to pool committees.
- ~ Council will contribute \$154,000 to 13 recreation reserves across the shire to assist with the annual maintenance of their facilities.
- ~ Council will contribute \$38,000 to halls within the Shire to assist with insurance renewals and general maintenance.

### **Strategic Objective 4: Sustaining the Economy and Environment**

Lead in sustainable growth and development to meet the community needs.

- ~ Continue updating town tourism brochures.
- ~ Participation in the Caravan and Motor home Shows in Adelaide and Melbourne to promote our region.

## **2. The Rate Rise**

- a. The average rate will rise by 2.5% in line with the order by the Minister for Local Government on 14 December 2015 under the Fair Go Rates System.
- b. Key drivers
  - i. To fund ongoing service delivery
  - ii. To fund renewal of infrastructure and community assets
  - iii. To allow Council to be financially sustainable
  - iv. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission caused by their freezing of indexation of the grant.
- c. This will be a revaluation year. Valuations will be as per the General Revaluation dated 1 January 2016 (as amended by supplementary valuations).
- d. The waste service charge incorporating kerbside collection and recycling will increase by 3% per service.
- e. Refer Section 6 for further Rates and Charges details.

## **3. Key Statistics**

- Total Revenue: \$23.565 million (2015/16 = \$20.182 million)
- Total Expenditure: \$21.836 million (2015/16 = \$20.656 million)
- Accounting Result: \$1.739 million Surplus (2015/16 = \$474,000 Deficit)  
(Refer Income Statement in Section 3)
- Underlying operating result: \$672,000 Surplus (2015/16 = \$1.109 million Deficit)  
(Refer Analysis of operating Budget in Section 10.1)
- Cash result: \$1.580 million Surplus (2015/16 = \$1.7 million Surplus)  
(Refer Statement of Cash Flows in Section 3)
- Total Capital Works Program of \$7.388 million
  - o \$3.16 million from Council operations (rates funded)
  - o \$290,000 from asset sales
  - o \$3.625 million from external grants
  - o \$313,000 from contributions

## **Internal Influences**

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

- Councils' commitment to reviewing services and to provide sufficient resources to undertake works as required in the Council Plan;
- Reduced level of expenditure on external contractors and consultants. In previous years consultants have been engaged for specific purposes, which the need is declined in the 2016/2017;
- Increased salary costs in accordance with the Enterprise Bargaining Agreement (EBA).

### *External influences*

- State-wide CPI is forecast to be 2.5% for the 2016/17 year (Victorian Budget Papers 2015/16).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2015 was 1.7% (ABS release 13 August 2015). The wages price index in Victoria is projected to be 3.25% per annum in 2016/17 and the subsequent two years (Victorian Budget Papers 2015/16). Council negotiated a new Collective Agreement during 2014 with a 3.5% wage increase.
- The Victorian State Government has introduced a cap on rate increases from 2016-17. The cap for 2016/17 has been set at 2.5%.
- Freezing on the indexation of the Victorian Grants Commission funding.
- The additional funding provided by the Roads to Recovery program for the 2016/17 year. This will not be available in future years.
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Governments. Over time the funds received by local governments do not increase in line with real cost increases.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

*Ray Campling*

**Ray Campling**  
**Chief Executive Officer**

## *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.

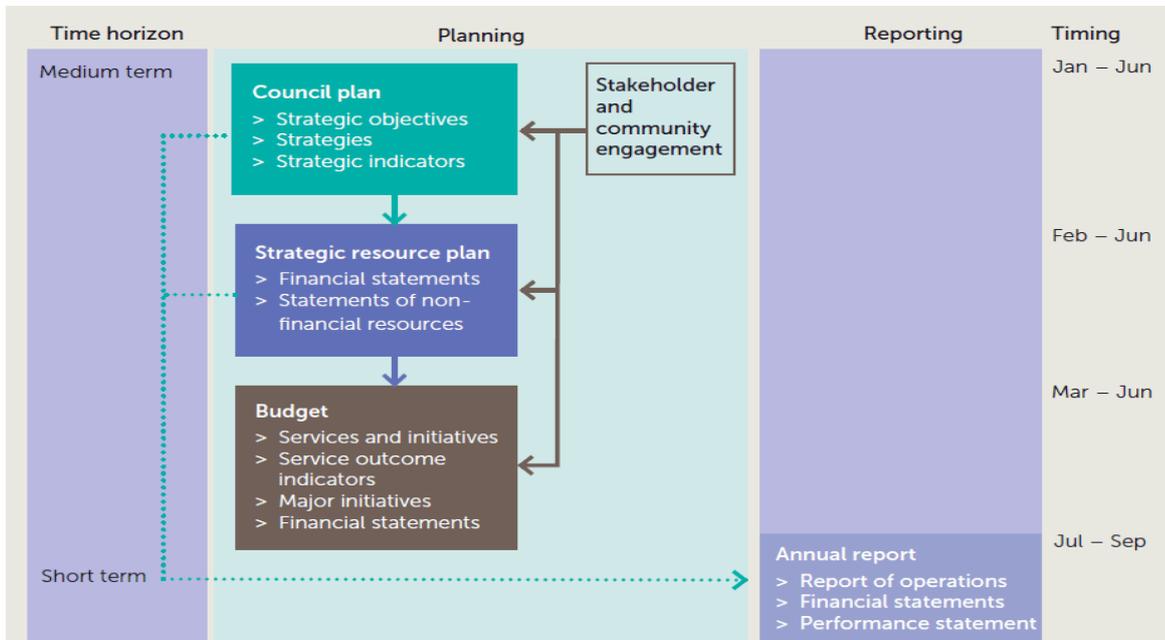
1. Links to the Council Plan
2. Services and service statements
3. Financial statements
4. Financial performance indicators
5. Grants and borrowings
6. Detailed list of capital works
7. Rates and charges

# 1. Links to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Vision 2030), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report)

## 1.1 Planning and accountability framework

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



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

In addition to the above, Council has a long term plan (Vision 2030) which articulates a community vision, mission and values. The Council Plan is prepared with reference to Council's long term Community 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.

## 1.2 Our purpose

### *Our Vision*

In consultation with our community, Yarriambiack Shire Council will provide a viable, sustainable and vibrant future.

### *Our Mission*

Through strong leadership, transparency and strategic planning Councillors and Staff in partnership with community will achieve our vision.

### *Our Values*

- treat our customers with courtesy and respect;
- lead and develop leadership within our community;
- constantly strive to improve our services;
- forge closer relationships with customers;
- investigate matters thoroughly and objectively;
- keep our customers informed, in plain language, about the process and outcome;
- treat people fairly, with respect and have proper regard for their rights;
- make decisions lawfully, fairly, impartially, and in the public interest;
- we are honest, trustworthy, reliable, transparent and accountable in our dealings;
- we are careful, conscientious and diligent;
- use public resources economically and efficiently, and
- actively pursue positive outcomes for the community.

### *Continuous Improvement*

We drive continuous and sustainable improvement in service provision, operational efficiency and stakeholder relations to create a leading organisation.

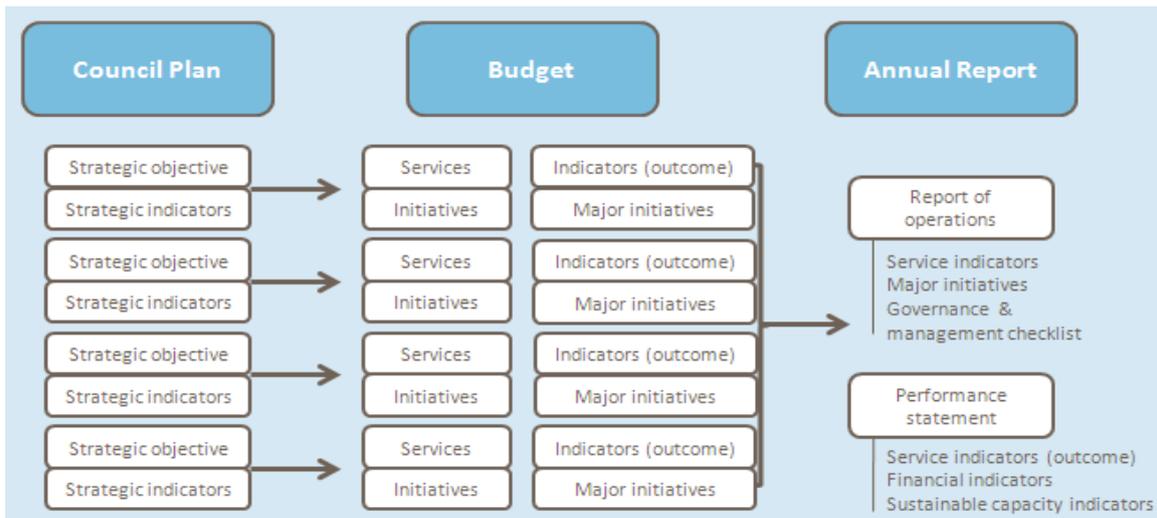
## 1.3 Strategic objectives

Council delivers activities and initiatives under 34 major service categories. Each contributes to the achievement of one of the four Strategic Objectives as set out in the Council Plan for the 2013-17 years. The following table lists the four Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
<b>1. Community Engagement</b>	To engage appropriate interest groups and individuals on awareness of Council activities and services.
<b>2. Responsible Management</b>	To provide leadership and advocacy and be accountable to the local community.
<b>3. Asset Management</b>	The communities current and future needs for assets and facilities are responsibly managed based on community service needs.
<b>4. Sustaining the Economy and Environment</b>	Lead in sustainable growth and development to meet the community needs.

## 2. Services and service performance indicators

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



Source: Department of Environment, Land, Water and Planning

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

## 2.1 Strategic Objective 1: Community Engagement

To engage appropriate interest groups and individuals on awareness of Council activities and services.

Service Area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
<b>Councillors, Chief Executive and Executive Team</b>	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas.	668 <u>0</u> <b>668</b>
<b>Councillor Expenses</b>	The costs collected for this service relate to the direct costs of maintaining Councillors corporate responsibilities for Council. This includes the costs associated with meetings, consultants, legal, elections and internal audit.	38 <u>0</u> <b>38</b>
<b>General Council Expenses</b>	The costs collected for this service relate to the general costs of running the Council. This includes the costs associated with public liability insurance, publications and subscriptions to Municipal Association of Victoria (MAV) and other professional bodies.	170 <u>0</u> <b>170</b>
<b>Law, Order and Public Safety</b>	This service provides support services including fire prevention, animal control, local laws and emergency services.	392 <u>(78)</u> <b>314</b>
<b>Health, Education and Housing</b>	This service provides family oriented support services including kindergartens, maternal & child health, counselling & support, immunisation, holiday programs and health & safety.	1,318 <u>(761)</u> <b>557</b>
<b>Aged &amp; Disability Services</b>	This service provides a range of home and community care services for the aged and disabled including home delivered meals, person care, transport, dementia care, home maintenance, housing support and senior citizens. This service provides family oriented support services including pre-schools, playgroup, youth services, maternal and child health and immunisations.	1,646 <u>(1,278)</u> <b>368</b>

### Initiatives

- ~ Continuation of Community Consultation meetings held throughout the Shire.
- ~ Continue providing financial support to town progress associations.

### Service Performance Outcome Indicators

The following indicator outlines how we intend to measure achievement of service objectives.

Service	Indicator	Performance Measure	Computation
<b>Governance</b>	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community
<b>Home and Community Care</b>	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100

### Definitions

CALD - Culturally and Linguistically Diverse people

HACC - Home and Community Care

Service	Indicator	Performance Measure	Computation
<b>Maternal and Child Health</b>	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
<b>Food Safety</b>	Health and Safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100
<b>Animal Management</b>	Health and Safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions

## 2.2 Strategic Objective 2: Responsible Management

To provide leadership and advocacy and be accountable to the local community

Service Area	Description of services provided	Expenditure (Revenue)
		Net Cost \$'000
<b>Councillors, Chief Executive and Executive Team</b>	This area includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas.	Included above
<b>Information Services</b>	This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way.	341 0 <b>341</b>
<b>Customer Service and Administration Staff and Municipal Offices</b>	This service provides Council with strategic and operational organisation development support. It provides meeting rooms and function venues for Council use. It also provides a customer interface for an increasing number of service units and a wide range of transactions. The service is delivered through two customer service centres, a free call number and an emergency after hours service.	927 (51) <b>876</b>
<b>Director, Contracts, Design and Asset Management</b>	This area includes the Director and Council Officers and associated costs of supporting these positions.	1,352 (112) <b>1,240</b>
<b>Accounting and Finance</b>	This service predominately provides financial based services to both internal and external customers including the management of Council's finances, payments of salaries and wages to Council employees, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.	735 (4) <b>731</b>
<b>Financing Costs</b>	This service includes payment to external audit, interest received or paid on investments and loans.	184 (603) <b>(419)</b>

### Initiatives

- ~ Adoption of the 10 year Long Term Financial Plan
- ~ Development of the Rating Strategy
- ~ Development of the IT Strategy

### 2.3 Strategic Objective: Asset Management

The communities current and future needs for assets and facilities are responsibly managed based on community service needs.

Service Area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
<b>Library Services</b>	This service provides the contribution to a regional library corporation for the provision of mobile and static services throughout the Shire.	194 <u>0</u> <b>194</b>
<b>Public Halls</b>	This service provides contributions towards insurance for public halls.	169 <u>0</u> <b>169</b>
<b>Other Heritage and Culture</b>	This service provides a range of services that facilitates the maintenance and development of museums, other heritage buildings and cultures for the enjoyment of future generations.	54 <u>0</u> <b>54</b>
<b>Passive Recreation</b>	This service provides for the maintenance of public parks and gardens.	160 <u>0</u> <b>160</b>
<b>Active Recreation</b>	This service provides for the contributions and maintenance of indoor and outdoor sporting complexes, clubs, amenities and recreation officer.	386 <u>(109)</u> <b>277</b>
<b>Swimming Areas and Beaches</b>	This service provides for the contributions and maintenance of swimming pools as well as the contribution to the weir pools.	335 <u>(18)</u> <b>317</b>
<b>Roads, Streets and Footpaths</b>	The service provides ongoing maintenance of the Council's roads, drains and footpaths.	8,797 <u>(4,014)</u> <b>4,783</b>
<b>Street Cleaning, Lighting and Beautification</b>	This service provides for the cleaning, lighting and beautification of Council's streets.	988 <u>0</u> <b>988</b>
<b>Other Transport Services</b>	This service provides for the works crew administration and plant operations as well as any private works.	72 <u>(2)</u> <b>70</b>

### Initiatives

- ~ Continued support of 8 seasonal swimming pools. 2% increase in annual contributions to pool committees.
- ~ Council will contribute \$154,000 to 13 recreation reserves across the shire to assist with the annual maintenance of their facilities.
- ~ Council will contribute \$38,000 to halls within the Shire to assist with insurance renewals and general maintenance.

### Service Performance Outcome Indicators

The following indicators outlines how we intend to measure achievement of service objectives.

Service	Indicator	Performance Measure	Computation
<b>Libraries</b>	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
<b>Aquatic Facilities</b>	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
<b>Roads</b>	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

**2.4 Strategic Objective 4: Sustaining the Economy & Environment**  
*Lead in sustainable growth and development to meet the community needs.*

Service Area	Description of services provided	Expenditure
		(Revenue) <b>Net Cost</b> \$'000
<b>Community and Economic Development</b>	The service provides a range of services that facilitates an environment that is conducive to sustainable and growing local residential and business sectors. The services include town planning, economic development and building control.	1,354 (251) <b>1,103</b>
<b>Tourism and Area Promotion</b>	This service provides a range of services that facilitates the tourist industry, and the cleaning and maintenance of the tourist centre, caravan parks and public amenities.	74 (115) <b>(41)</b>
<b>Saleyard</b>	This service is responsible for the management and maintenance of the Warracknabeal Municipal Saleyard.	82 (100) <b>18</b>
<b>Waste Management and Environment</b>	This service is responsible for garbage, transfer stations, septic tanks, kerbside recycling and land care operations of Council.	1719 (1,154) <b>565</b>

**Initiatives**

- ~ Continue updating town tourism brochures.
- ~ Participation in the Caravan and Motor home Shows in Adelaide and Melbourne to promote our region.

**Service Performance Outcome Indicators**

The following indicators outlines how we intend to measure achievement of service objectives.

Service	Indicator	Performance Measure	Computation
<b>Statutory Planning</b>	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
<b>Waste Collection</b>	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

**2.5 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 2015/16 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

## 2.6 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Community Engagement	2,115	4,232	(2,117)
Responsible Management	2,769	3,539	(770)
Asset Management	7,012	11,155	(4,143)
Sustaining the Economy & Environment	1,609	3,229	(1,620)
<b>Total services and initiatives</b>	<b>13,505</b>	<b>22,155</b>	<b>(8,650)</b>
<b>Funding sources:</b>			
Rates and Charges	(11,619)		
Capital grants	(3,625)		
<b>Total funding sources</b>	<b>(15,244)</b>		
<b>Surplus for the year</b>	<b>(1,739)</b>		

### 3. Financial statements

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

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

1. Comprehensive Income Statement
2. Balance Sheet
3. Statement of Changes in Equity
4. Statement of Cash Flows
5. Statement of Capital Works
6. Statement of Human Resources

# 1. Comprehensive Income Statement

For the four years ending 30 June 2020

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<i>Income</i>					
Rates and charges	11,323	<b>11,619</b>	11,862	12,110	12,363
Statutory fees and fines	112	<b>118</b>	125	128	130
User fees	811	<b>796</b>	813	282	845
Grants - Operating	4,257	<b>6,766</b>	6,626	6,662	6,700
Grants - Capital	3,175	<b>3,625</b>	928	928	928
Contributions - monetary	230	<b>503</b>	137	140	142
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	4	<b>(29)</b>	(32)	(36)	(40)
Other income	270	<b>177</b>	493	455	457
<b>Total income</b>	<b>20,182</b>	<b>23,575</b>	<b>20,952</b>	<b>21,215</b>	<b>21,525</b>
<i>Expenses</i>					
Employee costs	7,273	<b>8,056</b>	8,287	8,613	8,953
Materials and services	4,726	<b>4,702</b>	4,483	4,583	4,840
Contributions & Donations	809	<b>994</b>	905	876	899
Depreciation and amortisation	6,438	<b>6,632</b>	6,831	7,035	7,247
Finance costs	68	<b>127</b>	131	135	139
Other expenses	1,342	<b>1,325</b>	1,366	1,417	1,470
<b>Total expenses</b>	<b>20,656</b>	<b>21,836</b>	<b>22,003</b>	<b>22,659</b>	<b>23,548</b>
<b>Total comprehensive result</b>	<b>(474)</b>	<b>1,739</b>	<b>(1,051)</b>	<b>(1,444)</b>	<b>(2,023)</b>

## 2. Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	1,700	<b>1,580</b>	1,597	1,500	1,515
Trade and other receivables	1,550	<b>1,565</b>	1,557	1,572	1,587
Other financial assets	250	<b>252</b>	255	258	260
Inventories	900	<b>909</b>	918	927	937
Non-current assets classified as held for sale	50	<b>50</b>	50	0	0
<b>Total current assets</b>	<b>4,450</b>	<b>4,356</b>	<b>4,377</b>	<b>4,257</b>	<b>4,299</b>
<b>Non-current assets</b>					
Trade and other receivables	652	<b>653</b>	653	654	655
Investments in associates and joint ventures	486	<b>491</b>	496	501	506
Property, infrastructure, plant & equipment	156,778	<b>158,216</b>	157,179	155,875	154,378
<b>Total non-current assets</b>	<b>157,916</b>	<b>159,360</b>	<b>158,328</b>	<b>157,030</b>	<b>155,539</b>
<b>Total assets</b>	<b>162,366</b>	<b>163,716</b>	<b>162,705</b>	<b>161,287</b>	<b>159,838</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	900	<b>909</b>	927	946	965
Provisions	2,976	<b>2,982</b>	2,988	2,993	2,999
Interest-bearing loans and borrowings	137	<b>104</b>	109	91	94
<b>Total current liabilities</b>	<b>4,013</b>	<b>3,995</b>	<b>4,024</b>	<b>4,030</b>	<b>4,058</b>
<b>Non-current liabilities</b>					
Provisions	537	<b>556</b>	575	596	616
Interest-bearing loans and borrowings	103	<b>109</b>	0	409	315
<b>Total non-current liabilities</b>	<b>640</b>	<b>665</b>	<b>575</b>	<b>1,005</b>	<b>931</b>
<b>Total liabilities</b>	<b>4,653</b>	<b>4,660</b>	<b>4,599</b>	<b>5,035</b>	<b>4,989</b>
<b>Net assets</b>	<b>157,713</b>	<b>159,056</b>	<b>158,106</b>	<b>156,252</b>	<b>154,849</b>
<b>Equity</b>					
Accumulated surplus	59,716	<b>61,455</b>	60,404	58,960	56,937
Reserves	97,997	<b>97,601</b>	97,702	97,292	97,912
<b>Total equity</b>	<b>157,713</b>	<b>159,056</b>	<b>158,106</b>	<b>156,252</b>	<b>154,849</b>

### 3. Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<i>2017</i>				
Balance at beginning of the financial year	157,713	59,716	97,982	15
Comprehensive result	1,739	1,739	-	-
Net asset revaluation increment/(decrement)	(396)	-	(396)	-
<b>Balance at end of the financial year</b>	<b>159,056</b>	<b>61,455</b>	<b>97,586</b>	<b>15</b>
<i>2018</i>				
Balance at beginning of the financial year	159,056	61,455	97,586	15
Comprehensive result	(1,051)	(1,051)	-	-
Net asset revaluation increment/(decrement)	101	-	101	-
<b>Balance at end of the financial year</b>	<b>158,106</b>	<b>60,404</b>	<b>97,687</b>	<b>15</b>
<i>2019</i>				
Balance at beginning of the financial year	158,106	60,404	97,687	15
Comprehensive result	(1,444)	(1,444)	-	-
Net asset revaluation increment/(decrement)	(410)	-	(410)	-
<b>Balance at end of the financial year</b>	<b>156,252</b>	<b>58,960</b>	<b>97,277</b>	<b>15</b>
<i>2020</i>				
Balance at beginning of the financial year	156,252	58,960	97,277	15
Comprehensive result	(2,023)	(2,023)	-	-
Net asset revaluation increment/(decrement)	620	-	620	-
<b>Balance at end of the financial year</b>	<b>154,849</b>	<b>56,937</b>	<b>97,897</b>	<b>15</b>

## 4. Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000 Inflows (Outflows)	2016/17 \$'000 Inflows (Outflows)	2017/18 \$'000 Inflows (Outflows)	Projections 2018/19 \$'000 Inflows (Outflows)	2019/20 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	11,323	<b>11,619</b>	11,862	12,110	12,363
Statutory fees and fines	112	<b>59</b>	63	64	65
User fees	811	<b>796</b>	813	828	845
Grants - operating	4,257	<b>6,766</b>	6,626	6,662	6,700
Grants - capital	3,175	<b>3,625</b>	928	928	928
Contributions - monetary	230	<b>503</b>	137	140	142
Interest received	270	<b>80</b>	100	100	100
Trust funds and deposits taken	200	<b>200</b>	200	201	201
Other receipts	400	<b>97</b>	393	355	357
Net GST refund / payment	1,135	<b>1,145</b>	917	900	900
Employee costs	(7,273)	<b>(8,056)</b>	(8,287)	(8,613)	(8,953)
Materials and services	(4,726)	<b>(5,706)</b>	(5,483)	(5,583)	(5,840)
Trust funds and deposits repaid	(200)	<b>(200)</b>	(200)	(201)	(201)
Other payments	(1,151)	<b>(3,719)</b>	(2,985)	(3,494)	(2,569)
<b>Net cash provided by/(used in) operating activities</b>	<b>8,563</b>	<b>7,209</b>	<b>5,083</b>	<b>4,397</b>	<b>5,038</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(8,472)	<b>(7,388)</b>	(5,122)	(5,070)	(5,098)
Proceeds from sale of property, infrastructure, plant and equipment	313	<b>290</b>	296	302	308
<b>Net cash provided by/(used in) investing activities</b>	<b>(8,159)</b>	<b>(7,098)</b>	<b>(4,826)</b>	<b>(4,768)</b>	<b>(4,790)</b>
<b>Cash flows from financing activities</b>					
Finance costs	(68)	<b>(127)</b>	(131)	(135)	(139)
Proceeds from borrowings	0	<b>0</b>	0	500	0
Repayment of borrowings	(137)	<b>(104)</b>	(109)	(91)	(940)
<b>Net cash provided by/(used in) financing activities</b>	<b>(205)</b>	<b>(231)</b>	<b>(240)</b>	<b>274</b>	<b>(233)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>200</b>	<b>(120)</b>	<b>17</b>	<b>(97)</b>	<b>15</b>
Cash and cash equivalents at the beginning of the financial year	1,500	<b>1,700</b>	1,580	1,597	1,500
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,700</b>	<b>1,580</b>	<b>1,597</b>	<b>1,500</b>	<b>1,515</b>

## 5. Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Property</i>					
Land improvements	13	28	0	0	0
<b>Total Land</b>	<b>13</b>	<b>28</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	547	385	195	175	175
Heritage buildings	3	70	5	5	5
<b>Total buildings</b>	<b>550</b>	<b>455</b>	<b>200</b>	<b>180</b>	<b>180</b>
<b>Total property</b>	<b>563</b>	<b>483</b>	<b>200</b>	<b>180</b>	<b>180</b>
<i>Plant and equipment</i>					
Plant, machinery and equipment	1,220	1,180	1,200	1,200	1,200
Fixtures, fittings and furniture	30	11	8	8	8
Computers and telecommunications	60	40	25	25	26
<b>Total plant and equipment</b>	<b>1,310</b>	<b>1,231</b>	<b>1,233</b>	<b>1,233</b>	<b>1,234</b>
<i>Infrastructure</i>					
Roads	4,964	4,963	3,331	3,427	3,448
Bridges	0	115	36	37	38
Kerb and channel	341	169	51	52	52
Footpaths	212	167	49	51	55
Drainage	20	71	32	45	46
Recreational, leisure and community facilities	375	34	110	15	15
Waste management	20	20	20	20	20
Parks, open space and streetscapes	137	15	10	10	10
Aerodromes	530	120	50	0	0
<b>Total infrastructure</b>	<b>6,599</b>	<b>5,674</b>	<b>3,689</b>	<b>3,657</b>	<b>3,684</b>
<b>Total capital works expenditure</b>	<b>8,472</b>	<b>7,388</b>	<b>5,122</b>	<b>5,070</b>	<b>5,098</b>
<b>Represented by:</b>					
Asset renewal expenditure	7,496	<b>5,817</b>	4,046	4,005	4,027
New asset expenditure	947	<b>403</b>	256	254	255
Asset upgrade expenditure	29	<b>1,168</b>	820	811	816
<b>Total capital works expenditure</b>	<b>8,472</b>	<b>7,388</b>	<b>5,122</b>	<b>5,070</b>	<b>5,098</b>

## 6. Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Staff expenditure</i>					
Employee costs - operating	7,273	8,056	8,287	8,613	8,953
Employee costs - capital	1,350	1,181	810	855	913
<b>Total staff expenditure</b>	<b>8,623</b>	<b>9,237</b>	<b>9,097</b>	<b>9,468</b>	<b>9,866</b>
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	104	104	100	100	100
<b>Total staff numbers</b>	<b>104</b>	<b>104</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

Department	Budget 2016/17 \$'000	Permanent Full Time \$'000	Permanent Full Time \$'000
Community Services	2,107	871	1,236
Corporate Services	804	804	-
Economic Development	307	307	-
Engineering	3,028	3,028	-
Governance	714	503	211
Recreation, Culture and Leisure	86	-	86
Regulatory Services	275	127	148
Waste and Environment	735	735	-
<b>Total permanent staff expenditure</b>	<b>8,056</b>	<b>6,375</b>	<b>1,681</b>
Casuals and other expenditure	0		
Capitalised Labour costs	1,181		
<b>Total expenditure</b>	<b>9,237</b>		

*7. Statement of Human Resources continued...*  
*For the four years ending 30 June 2020*

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

<b>Department</b>	<b>Budget FTE</b>	<b>Permanent Full Time</b>	<b>Permanent Part Time</b>
Community Services	21.00	6.00	15.00
Corporate Services	5.00	5.00	-
Economic Development	2.00	2.00	-
Engineering	62.00	62.00	-
Governance	5.00	3.00	2.00
Recreation, Culture and Leisure	2.00	-	2.00
Regulatory Services	4.00	3.00	1.00
Waste and Environment	3.00	3.00	-
<b>Total permanent staff</b>	<b>104.00</b>	<b>84.00</b>	<b>20.00</b>
Casuals and other	0.00		
Capitalised Labour costs	0.00		
<b>Total staff</b>	<b>104.00</b>		

## 4. Financial performance indicators

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

Indicator	Measure	Notes	Forecast				Trend		
			Actual 2014/15	Actual 2015/16	Budget 2016/17	Budget 2017/18		2018/19	2019/20
<i>Operating position</i>									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	<b>1</b>	5.0%	-6.2%	3.0%	-5.6%	-7.3%	-9.9%	-
<i>Liquidity</i>									
Working capital	Current assets / current liabilities	<b>2</b>	118.0%	110.9%	109.0%	108.8%	105.6%	105.9%	-
Unrestricted cash	Unrestricted cash / current liabilities		61.0%	42.4%	39.5%	39.7%	37.2%	37.3%	<b>o</b>
<i>Obligations</i>									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	<b>3</b>	3.0%	2.1%	1.8%	0.9%	4.1%	3.3%	<b>+</b>
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		2.0%	1.8%	2.0%	2.0%	1.9%	1.9%	<b>+</b>
Indebtedness	Non-current liabilities / own source revenue		6.0%	5.1%	5.2%	4.3%	7.4%	6.7%	<b>+</b>
Asset renewal	Asset renewal expenditure / depreciation	<b>4</b>	92.0%	85.3%	93.9%	96.3%	96.4%	99.5%	<b>o</b>
<i>Stability</i>									
Rates concentration	Rate revenue / adjusted underlying revenue	<b>5</b>	48.0%	56.8%	50.4%	57.0%	57.5%	57.8%	<b>o</b>
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	<b>o</b>
<i>Efficiency</i>									
Expenditure level	Total expenditure / no. of property assessments		\$3,037	\$3,022	\$3,187	\$3,211	\$3,307	\$3,437	<b>+</b>
Revenue level	Residential rate revenue / No. of residential property assessments		\$699	\$662	\$681	\$695	\$709	\$723	<b>+</b>
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		11.0%	8.7%	8.7%	9.0%	9.0%	9.0%	<b>o</b>

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

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## *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. Continued losses means reliance on Council's cash reserves or increased debt to maintain services.

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

**3. Debt compared to rates** - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt, though Council may draw down a new loan in 2018/19.

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

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

## 5. Grants and borrowings

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

This section includes the following statements and reports:

1. Grants operating
2. Grants capital
3. Statement of borrowings

### 5.1.1 Grants operating (\$0.91 million decrease)

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 6.2% or \$0.91 million compared to 2015/16. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - Operating	Forecast		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Recurrent - Commonwealth Government</b>			
Victoria Grants Commission	2,038	4,808	2,770
<b>Recurrent - State Government</b>			
Home and Community Care and Assessment	634	646	12
Meals on Wheels	73	74	1
Valuation	3	80	77
Maternal & Child Health	172	175	3
Community Transport & Youth	129	144	15
SES	32	34	2
Preschools	505	494	(11)
Senior Citizens	46	47	1
Drummuster	15	15	0
Preventative Health Programs	18	4	(14)
<b>Total recurrent grants</b>	<b>3,665</b>	<b>6,521</b>	<b>2,856</b>
<b>Non-recurrent - Commonwealth Government</b>			
Natural Disaster	120	0	(120)
<b>Non-recurrent - State Government</b>			
Youth	54	28	(26)
Special Projects	263	42	(221)
Regional Development	10	100	90
Drought Relief	55	0	(55)
Environmental Strategy	90	75	(15)
<b>Total non-recurrent grants</b>	<b>592</b>	<b>245</b>	<b>(347)</b>
<b>Total operating grants</b>	<b>4,257</b>	<b>6,766</b>	<b>2,509</b>

Increases in specific operating grant funding reflect expected increased demand for these services. The reduction in Victoria Grants Commission (VGC) funding results from changes to the funding formula following a review of the basis of funding by the VGC. This decrease is contrary to the statewide minor increase of 0.2% or \$1.0 million in the \$540 million Commonwealth financial assistance grants paid to Victorian local governments – (Indicative allocation advice received from Victoria Grants Commission). The level of VGC grants to Victorian Councils has been effected by Commonwealth Government’s decision to pause indexation for three years commencing in 2015-16. The VGC analysis indicates that Victorian Councils will be impacted by \$200 million during the pause as well as lowering the base from which indexation will be resumed by approximately 12.5%.

### 5.1.2 Grants capital (\$3.37 million increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has increased by 116.2% or \$3.37 million compared to 2015/16 due mainly to specific funding for some large capital works projects. Section 6. “Analysis of Capital Budget” includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - Capital	Forecast		Variance
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	
<b>Recurrent - Commonwealth Government</b>			
Roads to Recovery	2,671	3,061	390
<b>Total recurrent grants</b>	<b>2,671</b>	<b>3,061</b>	<b>390</b>
<b>Non-recurrent - Commonwealth Government</b>			
Auslink	0	40	40
<b>Non-recurrent - State Government</b>			
Recreation	229	30	(199)
Halls	7	0	(7)
Fire Hydrants	60	0	(60)
Library	185	0	(185)
Aerodromes	0	494	494
Lighting Project	23	0	(23)
<b>Total non-recurrent grants</b>	<b>504</b>	<b>564</b>	<b>20</b>
<b>Total capital grants</b>	<b>3,175</b>	<b>3,625</b>	<b>410</b>

### 5.1.3 Statement of Borrowings

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

	2015/16	2016/17
	\$	\$
Total amount borrowed as at 30 June of the prior year	350	202
Total amount proposed to be borrowed	0	0
Total amount projected to be redeemed	(148)	(148)
Total amount of borrowings as at 30 June	202	54

## 6. Detailed list of capital works

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

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

1. New works for 2016/17

## 6.1 New works for 2016/17

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of funding sources		
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000
<b>PROPERTY</b>							
<b>Land Improvements</b>	28	28	0	0	0	0	28
<b>Buildings</b>	5	0	5	0	0	0	5
Municipal offices	5	0	5	0	0	0	5
Preschools	5	0	5	0	0	0	5
Senior Citizens	5	0	5	0	0	0	5
Community facilities: Warracknabeal Library	185	0	0	185	185	0	0
Community facilities: Warracknabeal Caravan Park	20	0	20	0	0	0	20
Community facilities: Hopetoun Caravan Park	10	0	0	10	0	0	10
Municipal depots	145	140	5	0	0	0	145
Public amenities	5	0	5	0	0	0	5
Other buildings	5	0	5	0	0	0	5
<b>Total Buildings</b>	<b>385</b>	<b>140</b>	<b>50</b>	<b>195</b>	<b>185</b>	<b>0</b>	<b>200</b>
<b>Heritage buildings</b>	70	0	0	70	0	0	70
Community facilities: Warracknabeal Town Hall	70	0	0	70	0	0	70
<b>TOTAL PROPERTY</b>	<b>483</b>	<b>168</b>	<b>50</b>	<b>265</b>	<b>185</b>	<b>0</b>	<b>298</b>

### 6.1 New works for 2016/17

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of funding sources		
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000
<b>PLANT AND EQUIPMENT</b>							
Heritage Plant and Equipment	0	0	0	0	0	0	0
<b>Plant, Machinery and Equipment</b>							
Works Plant	890	0	890	0	0	0	890
Staff Vehicles	290	0	290	0	0	0	290
<b>Total Plant, Machinery and Equipment</b>	<b>1,180</b>	<b>0</b>	<b>1,180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,180</b>
<b>Fixtures, Fittings and Furniture</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
<b>Computers and Telecommunications</b>							
Information technology	40	20	20	0	0	0	40
<b>Total Computers and Telecommunications</b>	<b>40</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>1,231</b>	<b>20</b>	<b>1,211</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,231</b>

## 6.1 New works for 2016/17

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of funding sources		
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000
<b>INFRASTRUCTURE</b>							
<b>Roads</b>							
Local road: Urban Construction	342	0	342	0	0	0	342
Local roads: Rural Construction	2,333	0	1,164	1,169	2,333	0	0
Local roads: Gravel Resheeting	1,125	0	1125	0	365	760	0
Local roads: Shoulder Gravel Resheeting	363	0	363	0	363	0	0
Local roads: Rural Bituminous Resealing	700	0	700	0	0	700	0
Local roads: Urban Bituminous Resealing	100	0	100	0	0	100	0
<b>Total roads</b>	<b>4,963</b>	<b>0</b>	<b>3,794</b>	<b>1,169</b>	<b>3,061</b>	<b>1,560</b>	<b>342</b>
<b>Bridges</b>							
Bridges and culverts	115	115	0	0	46	0	69
<b>Total Bridges</b>	<b>115</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>46</b>	<b>0</b>	<b>69</b>
<b>Footpaths</b>							
Footpaths	167	6	161	0	0	0	167
<b>Total Footpaths</b>	<b>167</b>	<b>6</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>167</b>
<b>Kerb &amp; Channel</b>							
Kerb & Channel	169	0	169	0	0	0	169
<b>Total Kerb &amp; Channel</b>	<b>169</b>	<b>0</b>	<b>169</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169</b>
<b>Drainage</b>							
Drains - roads	71	71	0	0	0	0	71
<b>Total Drainage</b>	<b>71</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71</b>

### 6.1 New works for 2016/17

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset expenditure types			Summary of funding sources		
		New \$'000	Renewal \$'000	Upgrade \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000
<b>Recreational, Leisure and Community Facilities</b>							
Sports facilities: Warracknabeal Leisure Centre	29	0	29	0	0	0	29
Sports facilities: Swimming Pool	5	0	5	0	0	0	5
<b>Total Recreational, Leisure and Community Facilities</b>	<b>34</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>
<b>Waste Management</b>	<b>20</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>
<b>Parks, Open Space and Streetscapes</b>							
Playgrounds	15	15	0	0	0	0	15
<b>Total Parks, Open Space and Streetscapes</b>	<b>15</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>Aerodromes</b>	<b>120</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>120</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>5,674</b>	<b>207</b>	<b>4,298</b>	<b>1,169</b>	<b>3,107</b>	<b>1,680</b>	<b>887</b>
<b>TOTAL NEW CAPITAL WORKS 2015/16</b>	<b>7,388</b>	<b>395</b>	<b>5,559</b>	<b>1,434</b>	<b>3,292</b>	<b>1,680</b>	<b>2,416</b>
<i>Summary</i>							
<b>PROPERTY</b>	<b>483</b>	<b>168</b>	<b>50</b>	<b>265</b>	<b>185</b>	<b>0</b>	<b>298</b>
<b>PLANT AND EQUIPMENT</b>	<b>1,231</b>	<b>20</b>	<b>1,211</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,231</b>
<b>INFRASTRUCTURE</b>	<b>5,674</b>	<b>207</b>	<b>4,298</b>	<b>1,169</b>	<b>3,107</b>	<b>1,680</b>	<b>887</b>
<b>TOTAL CAPITAL WORKS</b>	<b>7,388</b>	<b>395</b>	<b>5,559</b>	<b>1,434</b>	<b>3,292</b>	<b>1,680</b>	<b>2,416</b>

## 7. Rates and charges

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

### 7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 49% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government have introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

It is predicted that the 2016/17 operating position will be significantly impacted by wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to achieve an almost breakeven operating position in the future.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 2.5% in line with the rate cap. Kerbside collection charge by 3.0% and the recycling charge by 3.0%. This will raise total rates and charges for 2016/17 of \$11.662 million, including \$8,000 generated from supplementary rates. Council's kerbside collection and recycling charges have increased by more than the general rate due to a renegotiation of council's collection services contract.

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.7421	<b>0.7607</b>	<b>2.5%</b>
General rate for rateable commercial properties	0.7421	<b>0.7607</b>	<b>2.5%</b>
General rate for rateable farm properties	0.5714	<b>0.5857</b>	<b>2.5%</b>

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
Residential	2,206,319	<b>2,272,166</b>	<b>3.0%</b>
Commercial	380,311	<b>388,442</b>	<b>2.1%</b>
Farm	7,382,249	<b>7,570,066</b>	<b>2.5%</b>
<b>Total amount to be raised by general rates</b>	<b>9,968,879</b>	<b>10,230,674</b>	<b>2.6%</b>

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
Residential	3,332	3,336	0.1%
Commercial	460	460	0.0%
Farm	3,043	3,056	0.4%
<b>Total number of assessments</b>	<b>6,835</b>	<b>6,852</b>	<b>0.2%</b>

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

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
Residential	297,307,500	297,462,000	0.1%
Commercial	51,248,000	51,067,000	-0.4%
Farm	1,291,958,200	1,292,514,900	0.0%
<b>Total value of land</b>	<b>1,640,513,700</b>	<b>1,641,043,900</b>	<b>0.0%</b>

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	68.70	70.42	2.5%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	346,454	351,313	1.4%

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

Type of Charge	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
<i>Kerbside collection</i>			
Residential - 80lt bin	127.11	<b>130.92</b>	<b>3.0%</b>
Residential - 120lt bin	176.45	<b>181.74</b>	<b>3.0%</b>
Residential - 240lt bin	343.42	<b>353.72</b>	<b>3.0%</b>
Other - 80lt bin (GST included)	139.82	<b>144.01</b>	<b>3.0%</b>
Other - 120lt bin (GST included)	194.10	<b>199.92</b>	<b>3.0%</b>
Other - 240lt bin (GST included)	377.76	<b>389.09</b>	<b>3.0%</b>
<i>Recycling</i>			
Residential	114.00	<b>117.42</b>	<b>3.0%</b>
Other - (GST included)	125.40	<b>129.16</b>	<b>3.0%</b>

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Kerbside collection	668,951	<b>687,546</b>	<b>2.8%</b>
Recycling	340,067	<b>352,728</b>	<b>3.7%</b>
<b>Total</b>	<b>1,009,018</b>	<b>1,040,274</b>	<b>6.6%</b>

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

Type of Charge	2015/16 \$	2016/17 \$	Change
General Rates	9,968,879	<b>10,230,674</b>	<b>2.6%</b>
Municipal charge	346,454	<b>351,313</b>	<b>1.4%</b>
Kerbside collection and Recycling	1,009,018	<b>1,040,274</b>	<b>3.1%</b>
<b>Total Rates and charges</b>	<b>11,324,351</b>	<b>11,622,261</b>	<b>2.6%</b>

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

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

- The making of supplementary valuations (2016/17: estimated \$8,285)
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.

## 7.12 Differential rates

### *Rates to be levied*

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

- A general rate of 0.7607% (0.7607 cents in the dollar of CIV) for all rateable residential properties and commercial properties; and
- A general rate of 0.5857% (0.5857 cents in the dollar of CIV) for all rateable farm properties.

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

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

### Residential and Commercial land

Residential land is any land, which is:

- Occupied for the principal purpose of physically accommodating persons; or
- Unoccupied but zoned residential under the Yarriambiack Shire Council Planning Scheme.

Commercial land is any land, which is:

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

The objective of this 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; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

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.

The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential and commercial land. The vacant land affected by this rate is that which is zoned residential, commercial and/or industrial under the Yarriambiack Shire Council Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2016/17 financial year.

## Farm land

Farm land is any land:

- (a) that is not less than 2 hectares in area; and
- (b) that is used primarily for grazing (including agistment), dairying, pig-farming, poultry
- (c) that is used by a business -
  - (i) that has a significant and substantial commercial purpose or character; and
  - (ii) that seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
  - (iii) that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating;

The objective of this 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; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above.

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.

The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

## *Budget Analysis*

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

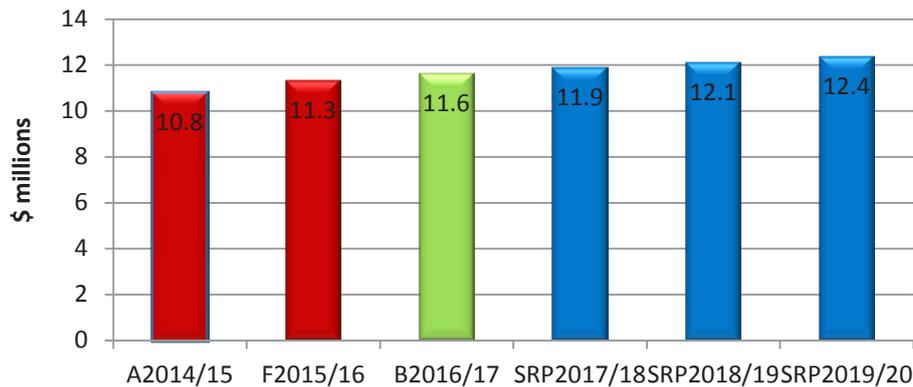
This section includes the following analysis and information.

8. Summary of financial position
9. Budget influences
10. Analysis of operating budget
11. Analysis of budgeted cash position
12. Analysis of capital budget
13. Analysis of budgeted financial position

## 8. Summary of financial position

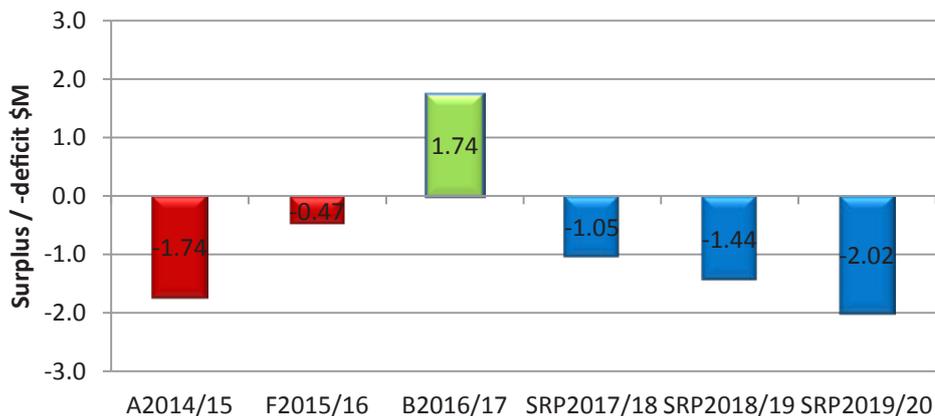
Council has prepared a Budget for the 2016/17 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial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

### 8.1 Rates and charges



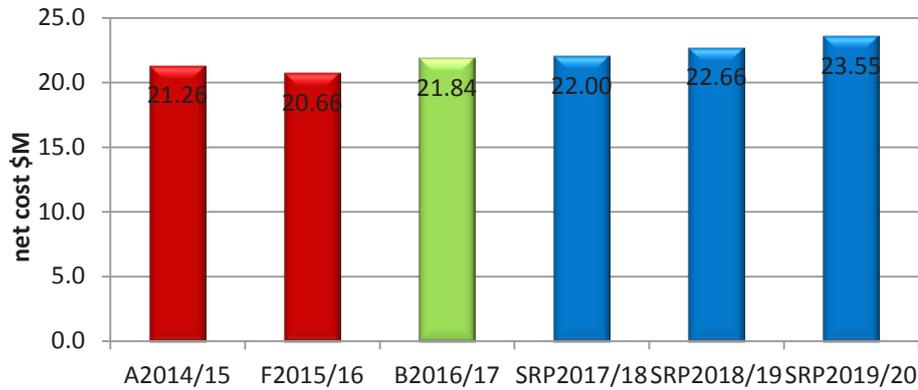
It is proposed that the average rates increase by 2.5% for the 2016/17 year, raising total rates of \$11.6 million, including supplementary rates. This will result in an increase in total revenue from rates and service charges of 2.5%. The extra \$296,000 will go towards maintaining service levels and meeting the cost of a number of external influences affecting the operating budget. The rate increase will also go toward capital works to address the asset renewal needs of the Council. This rate increase is in line with the rate cap set by the Minister for Local Government. (The rate increase for the 2015/16 year was 4.75%). Refer Sections 7 and 10 for more information.

### 8.2 Operating result



The expected operating result for the 2016/17 year is a surplus of \$1.74 million, which is an increase of \$2.21 million over 2015/16. The improved operating result is due to a number of reasons including the timing of receipt of half of the 2015/16 Victoria Grants Commission (VGC) allocation on 30 June 2015 which was recorded as income in the 2014/15 financial year as per guidance from Local Government Victoria. Also subsequent to the adoption of the 2015/16 budget, the Federal Government announced additional Roads to Recovery allocations for 2015/16 and 2016/17. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$672,000, which is an increase of \$1.78 million over 2015/16 - refer to section 7 of this summary for further information. (The forecast operating result for the 2015/16 year is a deficit of \$474,000).

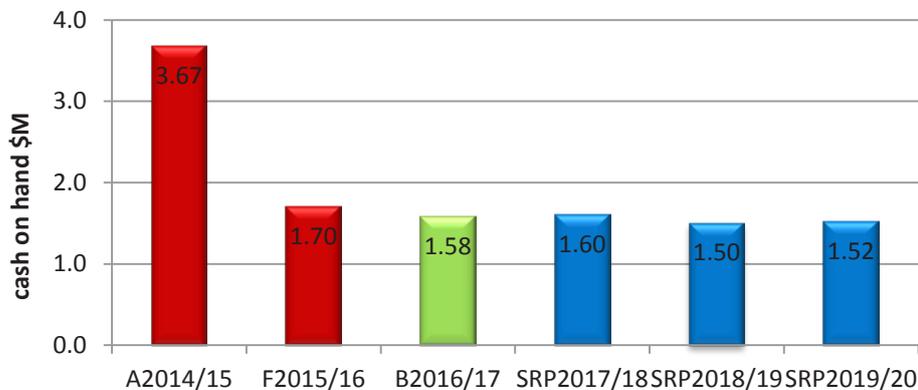
### 8.3 Services



The net cost of services delivered to the community for the 2016/17 year is expected to be \$21.84 million which is an increase of \$1.18 million over 2015/16. A key influencing factor in the development of the 2016/17 budget has been the recently released results of the community satisfaction survey conducted by Council. The survey results show that while there is a relatively high level of satisfaction with most services provided by Council, there are some areas of concern where there is a clear message that ratepayers want improved service levels. For the 2016/17 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2015/16 year is \$20.66 million).

Refer Section 2 for a list of services

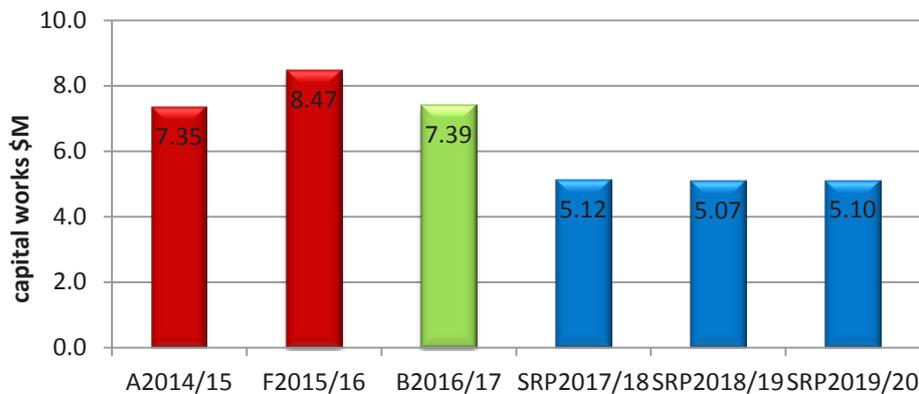
### 8.4 Cash and investments



Cash and investments are expected to decrease by \$120,000 during the year to \$1.58 million as at 30 June 2017. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$1.70 million as at 30 June 2016).

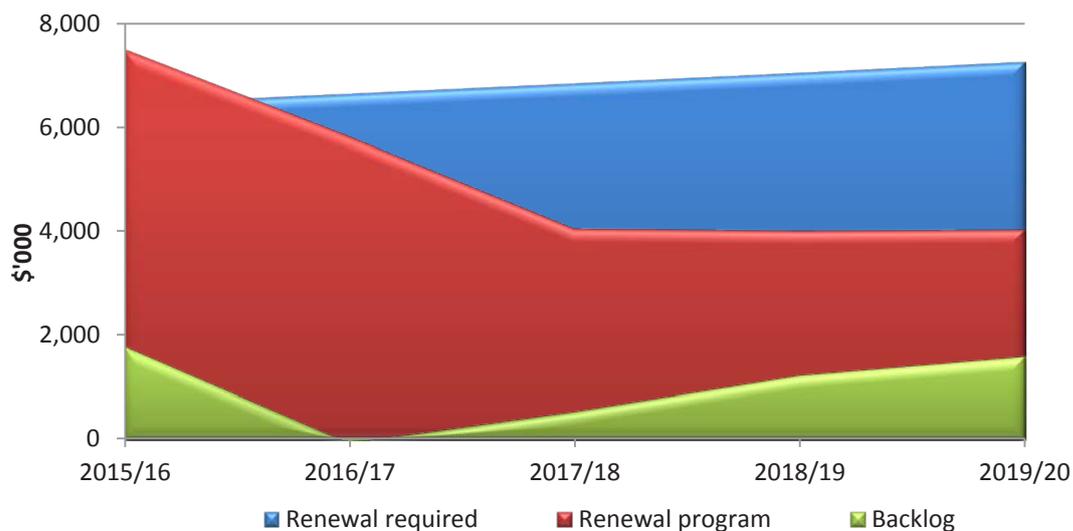
Refer also Section 4 for the Statement of Cash Flows and Section 11 for an analysis of the cash position.

## 8.5 Capital works



The capital works program for the 2016/17 year is expected to be \$7.39 million. There are no projects which will be carried forward from the 2015/16 year. Of the \$7.39 million of capital funding required, \$3.62 million will come from external grants, \$313,000 will come from contributions and the balance of \$3.45 million will come from Council cash. The Council cash amount comprises asset sales (\$290,000) and cash generated through operations in the 2016/17 financial year (\$3.16 million). The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes a number of major road projects including Longerenong Road (\$395,000), Sheep Hills Bangerang Road (\$382,000) and Patchewollock Tempy Road (\$278,000) and major building projects including the Warracknabeal Library (\$185,000). (Capital works is forecast to be \$8.47 million for the 2015/16 year).

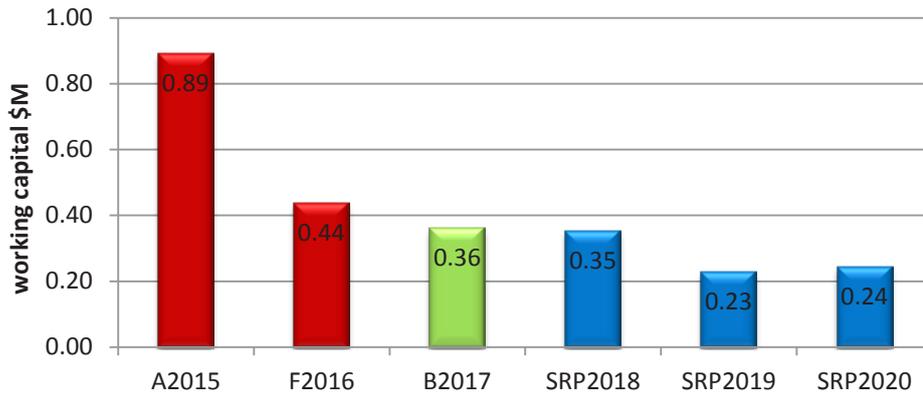
The graph below sets out the required and actual asset renewal over the life of the current Strategic Resource Plan and the renewal backlog.



The asset renewal program has been decreased to \$5.81 million in the 2016/17 year which will lead to a reduction in the backlog to \$78,000. However over the rest of the four year period, the renewal program is expected to remain steady while the backlog is expected to climb to \$1.57 million at the end of the 2019/20 year.

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

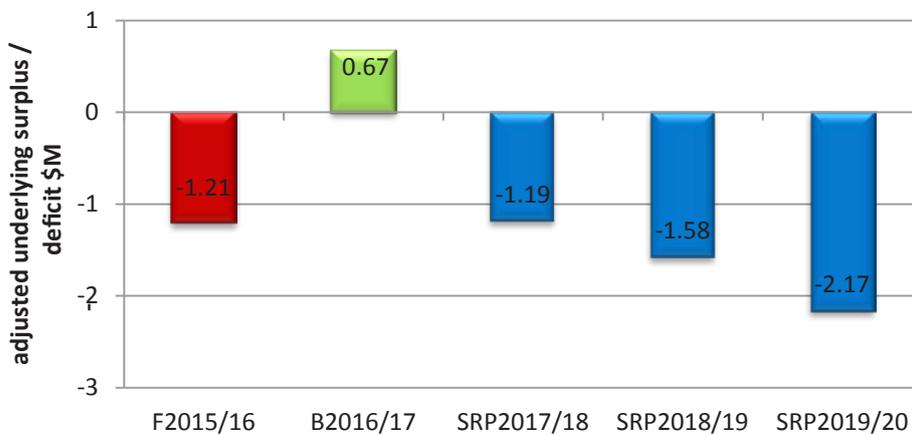
### 8.6 Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$1.34 million to \$159.06 million although net current assets (working capital) will reduce by \$76,000 to \$361,000 as at 30 June 2017. This is mainly due to the use of cash reserves to fund the capital works program. (Total equity is forecast to be \$157.71 million as at 30 June 2016).

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

### 8.7 Financial sustainability

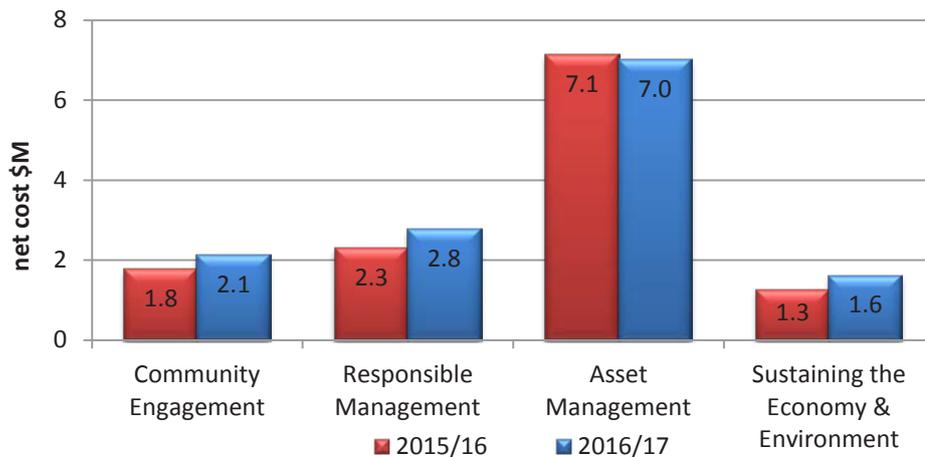


A high level Strategic Resource Plan for the years 2015/16 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council’s strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows a deficit over the next three years.

The deficits projected for the years 2017/18 onwards are a reflection of the introduction of rates capping combined with a reduction in state and federal government funding. Council’s medium to long term planning has been based on maintenance of service levels and a continued effort to keep up with the need for renewal of our infrastructure. While it paints a realistic picture of our service and infrastructure needs, it also reflects that the current financial environment will not allow us to meet these needs into the medium to distant future without additional revenue and funding sources.

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

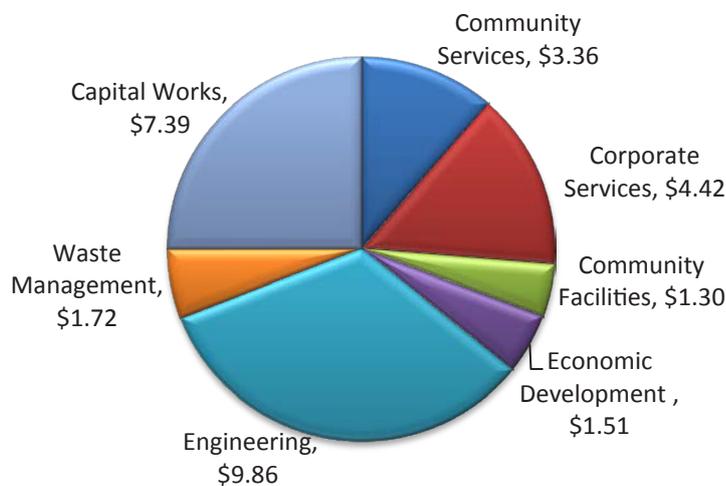
## 8.8 Strategic objectives



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 2015/16 year.

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

## 8.9 Council expenditure allocations



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

## 9. Budget influences

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

### 9.1 Snapshot of Yarriambiack Shire Council

**Y**arriambiack Shire Council is located on the north west of Victoria approximately 40 minutes drive from the regional centre of Horsham. The Council, covering an area of 7,158 square kilometres, comprises the former shires of Karkaroc, Warracknabeal, Dunmunkle and part of the former Wimmera Shire. At the time of amalgamation in 1995, the newly formed Council adopted the official name of Yarriambiack Shire Council.

The Council operates its main administrative office in the township of Warracknabeal and a service centre in the township of Hopetoun. Other towns within the municipality include Murtoa, Lubeck, Minyip, Brim, Beulah, Woomelang, Lascelles, Rosebery, Speed, Sheep Hills, Tempy, Turriff, Patchewollock and Yaapeet.

#### *Population*

In June 2011, the resident population of the Shire was 7,088 people. In the 10 years from 2001 to 2011, the population dropped by about 711 with the population still in decline. (Source: Australian Bureau of Statistics, Estimated Resident Population).

#### *Ageing population*

The population is ageing and Council has a greater proportion of older people compared to the Victorian average. Overall 24% of the Council's population is between the ages of 0 - 19 and 39% of the population is 60 years and over compared to 25% and 20% respectively for Victoria. (Source: Australian Bureau of Statistics, Census of Population and Housing).

#### *Births*

Despite an ageing population, approximately 75 babies have been born each year since 2005. In the 2015/16 financial year 61 babies have been born in the municipality to date. (Source: Maternal and Child Health database).

#### *Agriculture*

The Yarriambiack Shire Council is the centre of grain production and handling for the Wimmera Mallee region and produces approximately 25% of Victoria's wheat and barley. Legumes, oilseed crops, lambs and wool are also significant products and agriculture as a whole provides the area with a major source of income and employment.

#### *Workforce*

The Council has a workforce of over 131 employees equating to an Effective Full Time (EFT) workforce of 104. The workforce is divided into three major categories with staff operating under the administrative, works and community services departments.

The size of the Yarriambiack Shire's labour force in 2011 was 2,928 persons, of which 903 were employed part time and 1,730 were full time workers.

### ***Budget implications***

As a result of the Shire's demographic profile there are a number of budget implications in the short and long term as follows:

- The Yarriambiack Shire encompasses a large area and this greatly increases transport costs when compared to city councils. Services cannot be centralised as most residents are unable to reach Council facilities without extensive travel.
- Over 14% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community.
- Over 70% of the capital works program relates to road infrastructure.

### ***9.2 External influences***

- State-wide CPI is forecast to be 2.5% for the 2016/17 year (Victorian Budget Papers 2015/16).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2015 was 1.7% (ABS release 13 August 2015). The wages price index in Victoria is projected to be 3.25% per annum in 2016/17 and the subsequent two years (Victorian Budget Papers 2015/16). Council renegotiated a new Collective Agreement during the 2014 with a 3.5% wage increase.
- The Victorian State Government has introduced a cap on rate increases from 2016-17. The cap for 2016/17 has been set at 2.5%.
- Freezing on the indexation of the Victorian Grants Commission funding.
- The additional funding provided by the Roads to Recovery program for the 2016/17 year. This will not be available in future years.
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings.  
This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

### ***9.3 Internal influences***

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

- Councils' commitment to reviewing services and to provide sufficient resources to undertake works as required in the Council Plan;
- Reduced level of expenditure on external contractors and consultants. In previous years consultants have been engaged for specific purposes, which the need has declined in 2016/2017;
- Increased salary costs in accordance with the Enterprise Bargaining Agreement (EBA).

#### **9.4 Budget principles**

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

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

#### **9.5 Long term strategies**

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

## 10. Analysis of Operating Budget

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

### 10.1 Budgeted income statement

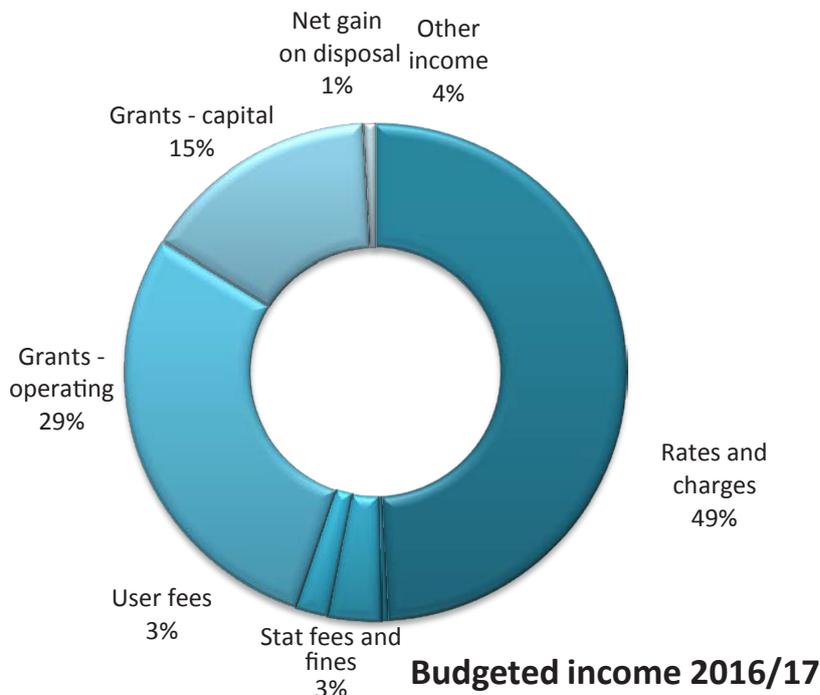
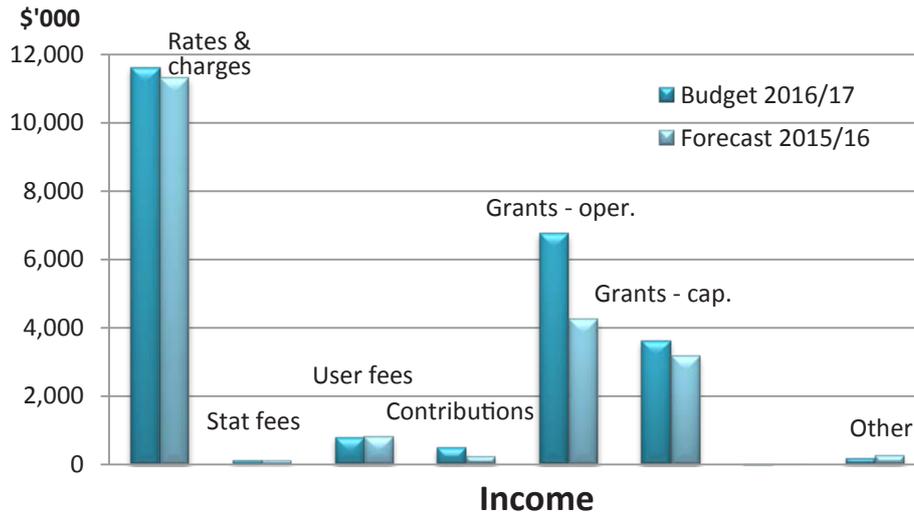
	Ref	Forecast		Variance
		Actual	Budget	
		2015/16	2016/17	
		\$'000	\$'000	\$'000
Total income	10.2	20,182	23,575	3,393
Total expenses	10.3	20,656	(21,836)	(1,180)
<b>Surplus (deficit) for the year</b>		<b>(474)</b>	<b>1,739</b>	<b>2,213</b>
Grants - non-recurrent capital	10.2.6	(504)	(564)	(60)
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources	10.2.4	(131)	(503)	(372)
<b>Adjusted underlying surplus (deficit)</b>		<b>(1,109)</b>	<b>672</b>	<b>1,781</b>

#### 10.1.1 Adjusted underlying deficit (\$1.24 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a deficit of \$2.20 million which is a decrease of \$1.24 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources.

### 10.2 Income

Income Types	Ref	Forecast		Variance
		Actual	Budget	
		2015/16	2016/17	
		\$'000	\$'000	\$'000
Rates and charges	10.2.1	11,323	11,619	296
Statutory fees and fines	10.2.2	112	118	6
User fees	10.2.3	811	796	(15)
Contributions - monetary	10.2.4	230	503	273
Grants - Operating	5.1.1	4,559	6,766	2,207
Grants - Capital	5.1.2	2,873	3,625	752
Net gain on disposal of property, infrastructure, plant and equipment	10.2.5	4	(29)	(33)
Other income	10.2.6	270	177	(93)
<b>Total Income</b>		<b>20,182</b>	<b>23,575</b>	<b>3,393</b>



**Budgeted income 2016/17**

**10.2.1 Rates and charges (\$296,000 increase)**

It is proposed that income raised by all rates and charges be increased by 2.6% or \$296,000 over 2015/2016 to \$11.619 million. This includes an increase in general rates of 2.5%, the municipal charge of 2.5%, kerbside waste charge of 3% and recycling waste charge of 3%.

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

**10.2.2 Statutory fees and fines (\$6,000 increase)**

Statutory fees and fines relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Food Act 1984 and Public Health and Wellbeing Act 2008 registrations. Increases in statutory fees are made in accordance with legislative requirements. Statutory fees are forecast to increase by 5.0% or \$6,000 compared to 2015/16.

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

### 10.2.3 User fees (\$15,000 decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure centre, caravan parks and the provision of home care services such as home help services and meals on wheels. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

User charges are projected to decrease by 1.8% or \$15,000 over 2015/16. Council plans to increase user charges in some areas by 2.0% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

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

### 10.2.4 Contributions - monetary (\$273,000 increase)

Contributions relate to monies paid by other Councils or various interested parties for services provided by Council such as roadworks or community projects.

Contributions are projected to increase by \$273,000 or 118.7% compared to 2015/16 due mainly to an increase in the number of joint Council roadwork projects with neighbouring Councils which will be completed in the 2016/17 year.

### 10.2.5 Net gain on disposal of property, infrastructure, plant and equipment (\$33,000 increase)

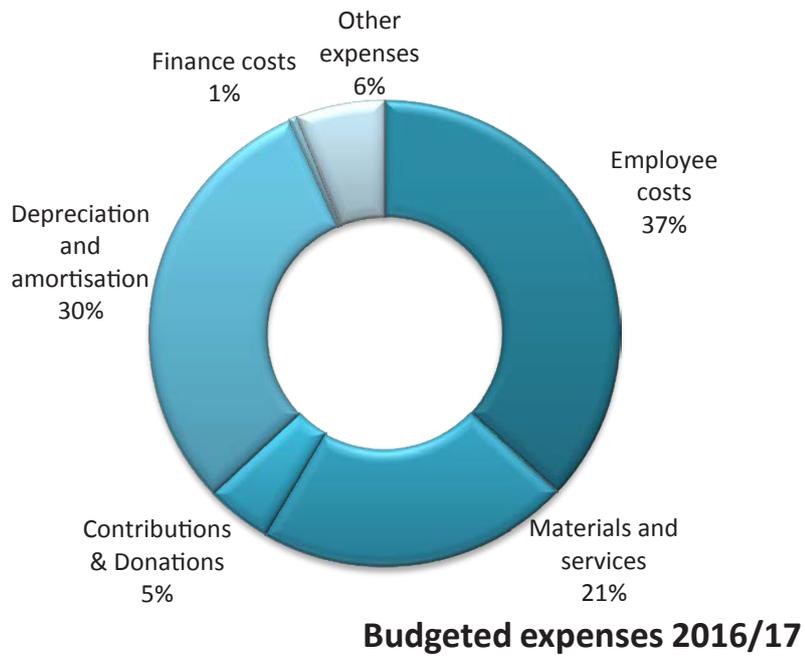
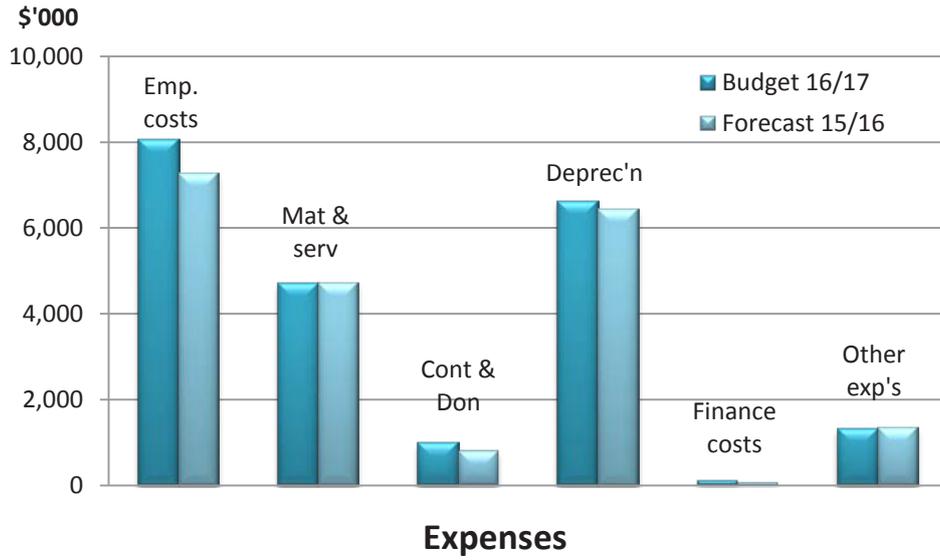
Proceeds from the disposal of Council assets is forecast to be \$33,000 for 2016/17 and relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet (\$1.18 million).

### 10.2.6 Other income (\$93,000 decrease)

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

Other income is forecast to decrease by 34.4% or \$93,000 compared to 2015/16. Interest on investments is forecast to decline compared to 2015/16. This is mainly due to a forecast reduction in Council's available cash reserves during 2016/17.

Expense Types	Ref	Forecast		Variance
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
Employee costs	10.3.1	7,273	8,056	783
Materials and services	10.3.2	4,726	4,702	(24)
Contributions and Donations	10.3.3	809	994	185
Depreciation and amortisation	10.3.4	6,438	6,632	194
Finance costs	10.3.5	68	127	59
Other expenses	10.3.6	1,342	1,325	(17)
<b>Total expenses</b>		<b>20,656</b>	<b>21,836</b>	<b>1,180</b>



### 10.3.1 Employee costs (\$783,000 increase)

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

Employee costs are forecast to increase by 10.0% or \$783,000 compared to 2015/16. This increase relates to three key factors:

- An Enterprise Bargaining Agreement (EBA) increase;
- Staff returning from maternity or unpaid leave 2016/17;
- An increase in the superannuation provisions

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

Department	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Community Services	2,107	871	1,236
Corporate Services	804	804	-
Economic Development	307	307	-
Engineering	3,028	3,028	-
Governance	714	503	211
Recreation & Culture & Leisure	86	-	86
Regulatory Services	275	127	148
Waste & Environment	735	735	-
<b>Total permanent staff</b>	<b>8,056</b>	<b>6,375</b>	<b>1,681</b>
Casuals and other expenditure	-		
Capitalised Labour costs	1,181		
<b>Total expenditure</b>	<b>9,237</b>		

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

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Community Services	21.00	6.00	15.00
Corporate Services	5.00	5.00	-
Economic Development	2.00	2.00	-
Engineering	62.00	62.00	-
Governance	5.00	3.00	2.00
Recreation & Culture & Leisure	2.00	-	2.00
Regulatory Services	4.00	3.00	1.00
Waste & Environment	3.00	3.00	-
<b>Total</b>	<b>104.00</b>	<b>84.00</b>	<b>20.00</b>
Casuals and other	0.00		
Capitalised Labour costs	0.00		
<b>Total staff</b>	<b>104.00</b>		

**10.3.2 Materials and services (\$24,000 decrease)**

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 1.0% or \$24,000 compared to 2015/16.

Consumables are forecast to increase by \$262,000 or 19% compared to 2015/16 and relates mainly to an increase in fuel costs to operate the Council's plant and vehicle fleet (\$23,000), and increase in material costs (\$31,000).

External contracts are forecast to decrease by 10.0% or \$300,000 compared to 2015/16. The main areas contributing to this decrease is the completion of community projects (\$135,000), council general valuation (\$75,000) and decrease in the use of consultants (\$92,000).

Utility costs relate to telecommunications, including usage of telephones and other utilities such as gas and electricity. Utility costs are forecast to increase by 4.0% or \$13,439 compared to 2015/16.

**10.3.3 Contributions and donations (\$185,000 increase)**

Contributions and donations is projected to increase by \$185,000 or 19% compared to 2015/16 due mainly to an increase in contributions towards projects that have been funded by grants and an increase in annual contributions towards community operations of recreation reserves, swimming pools, halls and weir pools which have been increased by 2%.

**10.3.4 Depreciation and amortisation (194,000 increase)**

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$194,000 for 2016/17 is due mainly to the completion of the 2016/17 capital works program and the full year effect of depreciation on the 2015/16 capital works program. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2016/17 year.

**10.3.5 Finance costs (\$59,000 increase)**

Finance costs relate to interest charged by financial institutions on funds borrowed and interest charged on the use of the overdraft. The increase in finance costs results from the increase use of the overdraft facility.

**10.3.6 Other expenses (\$17,000 decrease)**

Other expenses relate to a range of unclassified items including advertising, insurances, motor vehicle registrations, subscriptions, audit fees and other miscellaneous expenditure items. Other expenses are forecast to decrease by 1.0% or \$17,000 compared to 2015/16.

## 11. Analysis of budgeted Cash position

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

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

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

### 11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	11.1.1			
<i>Receipts</i>				
Rates and charges		11,323	11,619	296
User fees and fines		923	855	68
Grants - operating		4,257	6,766	2,509
Grants - capital		3,175	3,625	450
Interest		270	80	(190)
Other receipts		1,965	1,945	20
		<b>21,913</b>	<b>24,890</b>	<b>2,977</b>
<i>Payments</i>				
Employee costs		(7,273)	(8,056)	(783)
Other payments		(6,077)	(9,625)	(3,548)
		<b>(13,350)</b>	<b>(7,681)</b>	<b>(4,331)</b>
<b>Net cash provided by operating activities</b>		<b>8,563</b>	<b>7,209</b>	<b>(1,354)</b>
<b>Cash flows from investing activities</b>	11.1.2			
Payments for property, infrastructure, plant & equip.		(8,472)	(7,388)	1,084
Proceeds from sale of property, infrastructure, plant & equipment		313	290	(23)
<b>Net cash used in investing activities</b>		<b>(8,159)</b>	<b>(7,098)</b>	<b>1,061</b>
<b>Cash flows from financing activities</b>	11.1.3			
Finance costs		(68)	(127)	(59)
Proceeds from borrowings		0	0	0
Repayment of borrowings		(137)	(104)	33
<b>Net cash used in financing activities</b>		<b>(205)</b>	<b>(231)</b>	<b>(26)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>200</b>	<b>(120)</b>	<b>(319)</b>
Cash and cash equivalents at the beginning of the year		1,500	1,700	200
<b>Cash and cash equivalents at end of the year</b>	11.1.4	<b>1,700</b>	<b>1,580</b>	<b>(120)</b>

**11.1.1 Operating activities (\$1.35 million decrease)**

The increase in cash inflows from operating activities is due mainly to a \$2.50 million increase in capital grants to fund the capital works program with extra Roads to Recovery funding. Cash outflows are also expected to increase due to completion of community projects that Council will be overseeing.

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

	Forecast		Variance \$'000
	Actual	Budget	
	2015/16 \$'000	2016/17 \$'000	
<b>Surplus (deficit) for the year</b>	<b>(474)</b>	<b>1,739</b>	<b>2,213</b>
Depreciation	6,438	6,632	194
Loss (gain) on disposal of property, infrastructure, plant & equipment	4	(29)	(33)
Finance costs	68	127	59
Net movemnt in current assets and liabilities	2,527	(1,260)	(3,787)
<b>Cash flows available from operating activities</b>	<b>8,563</b>	<b>7,209</b>	<b>(1,354)</b>

**11.1.2 Investing activities (\$1.06 million decrease)**

Investing activities refer to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property, plant and equipment. The decrease is mainly due to the decrease in capital expenditure compared to 2015/16.

**11.1.3 Financing activities (\$26,000 decrease)**

For 2016/17 the total of principal repayments is \$104,000 and finance charges is \$127,000.

**11.1.4 Cash and cash equivalents at end of the year (\$120,000 decrease)**

Overall, total cash and investments is forecast to decrease by \$120,000 to \$1.58 million as at 30 June 2017, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts a significant reduction in the capital works program from 2016/17 onwards to balance future cash budgets.

### 11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$1.58 million, which has been restricted as shown in the following table.

		Forecast		
	Ref	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Total cash and investments</b>		<b>1,700</b>	1,580	(120)
Restricted cash and investments				
- Discretionary reserves	11.2.1	(15)	(15)	0
<b>Unrestricted cash adjusted for discretionary reserves</b>	11.2.2	<b>1,685</b>	<b>1,565</b>	(120)

#### 11.2.1 Discretionary reserves (\$15,000)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

#### 11.2.2 Unrestricted cash adjusted for discretionary reserves (\$1.56 million)

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

## 12. Analysis of capital budget

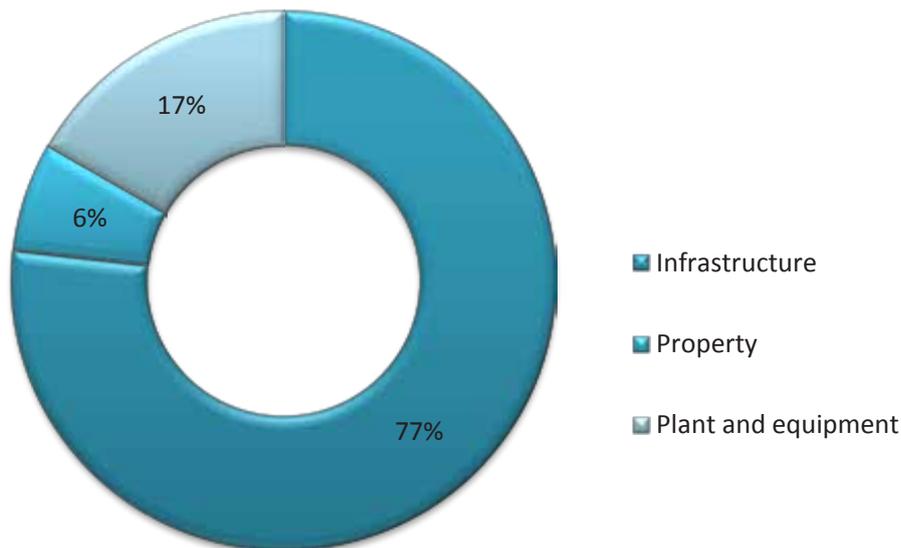
This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget.

### 12.1 Capital works

Capital Works Areas	Ref	Forecast		Variance
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
<b>New works</b>				
<b>Property</b>	12.1.1			
Land		0	0	0
Land improvements		13	28	15
<b>Total Land</b>		13	<b>28</b>	15
<b>Buildings</b>		547	385	(162)
Heritage buildings		3	70	68
Building improvements		0	0	0
Leasehold improvements		0	0	0
<b>Total buildings</b>		550	<b>455</b>	(95)
<b>Total property</b>		563	<b>483</b>	(80)
<b>Plant and equipment</b>	12.1.2			
Heritage, plant and equipment		0	0	0
Plant, machinery and equipment		1,220	1,180	(40)
Fixtures, fittings and furniture		30	11	(19)
Computers and telecommunications		60	40	(20)
Library books		0	0	0
<b>Total plant and equipment</b>		1,310	<b>1,231</b>	(79)
<b>Infrastructure</b>	12.1.3			
Roads		4,964	4,963	(27)
Bridges		0	115	(27)
Kerb and channel		341	169	(22)
Footpaths		212	167	(15)
Drainage		20	71	(1)
Recreational, leisure and community facilities		375	34	(3)
Waste management		20	20	(2)
Parks, open spaces and streetscapes		137	15	(3)
Aerodromes		530	120	(27)
<b>Total infrastructure</b>		6,599	<b>5,674</b>	(73)
<b>Total New works</b>		8,472	<b>7,388</b>	(232)

Capital Works Areas	Ref	Forecast		Variance
		Actual	Budget	
		2015/16 \$'000	2016/17 \$'000	
<b>Represented by:</b>				
Asset renewal expenditure	12.1.4	7,496	5,817	(1,679)
New asset expenditure	12.1.4	947	403	(544)
Asset upgrade expenditure	12.1.4	29	1,168	1,139
<b>Total capital works expenditure</b>		<b>8,472</b>	<b>7,388</b>	<b>(1,084)</b>

### Budgeted capital works 2016/17



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

#### 12.1.1 Property (\$483,000)

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

For the 2016/17 year, \$483,000 will be expended on building and building improvement projects. The more significant projects include Warracknabeal Library (\$185,000), Warracknabeal Depot Truck Wash \$70,000 and Hopetoun Depot Truck Shed (\$75,000).

#### 12.1.2 Plant and equipment (\$1.23 million)

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

For the 2016/17 year, \$1.23 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$1.18 million), and upgrade and replacement of information technology (\$51,000).

#### 12.1.3 Infrastructure (\$5.67 million)

Infrastructure includes roads, bridges, footpaths, drainage, recreation, leisure and community facilities, waste facilities, parks, open space and streetscapes, and aerodromes.

For the 2016/17 year, \$4.96 million will be expended on road projects. The more significant projects include local road reconstructions (\$2.67 million), road resheeting (\$1.125 million), shoulder resheeting (\$363,000) and bituminous resealing (\$800,000). This includes federally funded Roads to Recovery projects (\$3.061 million).

\$71,000 will be expended on drainage projects. The more significant of these include road drainage replacement works in Lloyd & Munro Streets, Murtoa.

\$120,000 will be expended at the Warracknabeal and Hopetoun aerodromes to complete the lighting projects.

Other infrastructure expenditure includes footpath construction (\$167,000), kerb & channel (\$169,000), bridges & culverts (\$115,000), recreational, leisure & community facilities (\$38,000), waste management (\$20,000) and parks, open space & streetscapes (\$15,000).

**12.1.4 Asset renewal (\$5.817 million), new assets (\$403,000), and upgrade (\$1.168 million)**

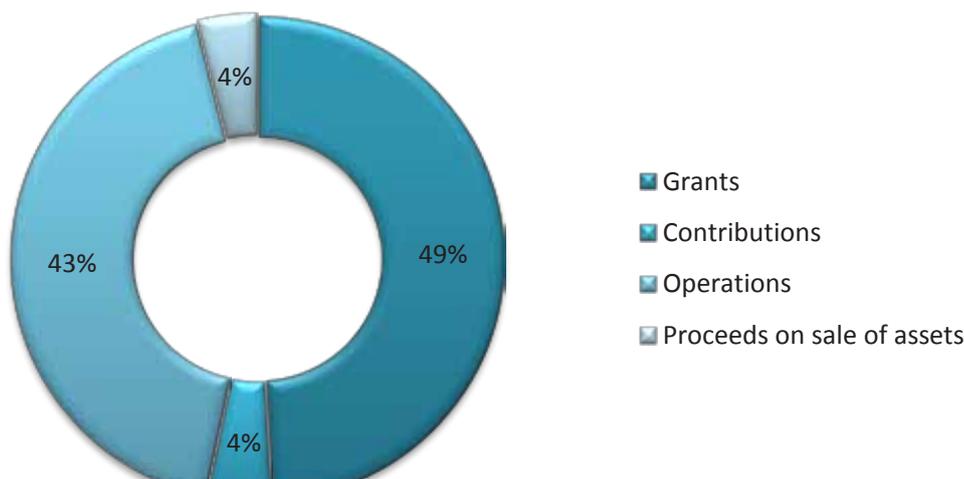
A distinction is made between expenditure on new assets, asset renewal, and upgrade. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have any element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

The major projects included in the above categories, which constitute expenditure on new assets, are the new Warracknabeal Depot Truck Wash (\$70,000) and Hopetoun Depot Truck Shed (\$75,000) and information technology purchases (\$51,000). The remaining capital expenditure represents renewals and upgrades of existing assets.

**12.2 Funding sources**

Sources of funding	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
<b>New works</b>				
<b>Current year funding</b>				
Grants	12.2.1	3,175	3,625	450
Contributions		0	313	313
Council cash				
- operations	12.2.2	4,984	3,160	(1,824)
- proceeds on sale of assets	12.2.3	313	290	(23)
<b>Total funding sources</b>		<b>8,472</b>	<b>7,388</b>	<b>(1,084)</b>

**Budgeted total funding sources 2016/17**



Source: Section 6

***12.2.1 Grants - Capital (\$3.62 million)***

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants are budgeted to be received for the Roads to Recovery projects (\$3.06 million).

***12.2.2 Council cash - operations (\$3.16 million)***

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$3.16 million will be generated from operations to fund the 2016/17 capital works program.

***12.2.3 Council cash - proceeds from sale of assets (\$290,000)***

Proceeds from sale of assets include works plant and motor vehicle sales in accordance with Council's plant replacement program of \$1.59 million.

## 13. Analysis of budgeted financial position

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

### 13.1 Budgeted balance sheet

	Ref	Forecast		Variance \$'000
		Actual 2015 \$'000	Budget 2017 \$'000	
<b>Current assets</b>	13.1.1			
Cash and cash equivalents		1,700	1,580	(120)
Trade and other receivables		1,550	1,565	15
Financial assets		250	252	2
Other assets		950	959	9
<b>Total current assets</b>		<b>4,450</b>	<b>4,356</b>	<b>(94)</b>
<b>Non-current assets</b>	13.1.1			
Trade and other receivables		652	653	1
Investments in associates and joint ventures		486	491	5
Property, infrastructure, plant and equipment		156,778	158,216	1,438
<b>Total non-current assets</b>		<b>157,916</b>	<b>159,360</b>	<b>1,444</b>
<b>Total assets</b>		<b>162,366</b>	<b>163,716</b>	<b>1,350</b>
<b>Current liabilities</b>	13.1.2			
Trade and other payables		900	909	(19)
Provisions		2,976	2,982	(6)
Interest-bearing loans and borrowings		137	104	(25)
<b>Total current liabilities</b>		<b>4,013</b>	<b>3,995</b>	<b>18</b>
<b>Non-current liabilities</b>	13.1.2			
Provisions		537	556	(19)
Interest-bearing loans and borrowings		103	109	(6)
<b>Total non-current liabilities</b>		<b>640</b>	<b>665</b>	<b>(25)</b>
<b>Total liabilities</b>		<b>4,653</b>	<b>4,660</b>	<b>(7)</b>
<b>Net assets</b>		<b>157,713</b>	<b>159,056</b>	<b>1,343</b>
<b>Equity</b>	13.1.4			
Accumulated surplus		59,716	61,455	1,739
Reserves		97,997	97,601	(396)
<b>Total equity</b>		<b>157,713</b>	<b>159,056</b>	<b>1,343</b>

Source: Section 3

#### 13.1.1 Current Assets (\$94,000 decrease) and Non-Current Assets (\$1.44 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$120,000 during the year mainly to fund the capital works program 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. Long term debtors (non current) relating to loans to community organisations will reduce in accordance with agreed repayment terms.

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

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$1.44 million increase in this balance is attributable to the net result of the capital works program (\$7.38 million of new assets), depreciation of assets (\$6.63 million) and through sale of property, plant and equipment.

### **13.1.2 Current Liabilities (\$18,000 decrease) and Non Current Liabilities (\$25,000 increase)**

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

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

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$104,000 over the year.

### **13.1.3 Working Capital (\$76,000 decrease)**

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

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

	<b>Forecast</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
	<b>2015</b>	<b>2017</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>	4,450	4,356	94
<b>Current liabilities</b>	4,013	3,995	18
<b>Working capital</b>	437	361	76
Restricted cash and investment current assets			
- Discretionary reserves	(15)	(15)	0
<b>Unrestricted working capital</b>	422	<b>346</b>	76

In addition to the restricted cash shown above, Council is also projected to hold \$15,000 in discretionary reserves at 30 June 2017. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

### **13.1.4 Equity (\$1.343 million increase)**

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations.

- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed.
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus results directly from the operating surplus for the year.

### ***13.2 Key assumptions***

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

- A total of 91% of total rates and charges raised will be collected in the 2016/17 year (2015/16: 92% forecast actual)
- 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 30 days.
- Other debtors and creditors to remain consistent with 2015/16 levels
- Employee entitlements to be increased by the Collective Agreement outcome offset by the impact of more active management of leave entitlements of staff
- Repayment of loan principal to be \$104,000
- Total capital expenditure to be \$7.38 million

## *Long Term Strategies*

This section includes the following analysis and information

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

## 14. Strategic resource plan and key financial indicators

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

### 14.1 Plan development

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

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

- Maintain existing service levels
- Achieve a breakeven operating result in the near future
- Maintain a capital expenditure program of at least \$5 million per annum
- Achieve a balanced budget on a cash basis.

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

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

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

### 14.2 Financial resources

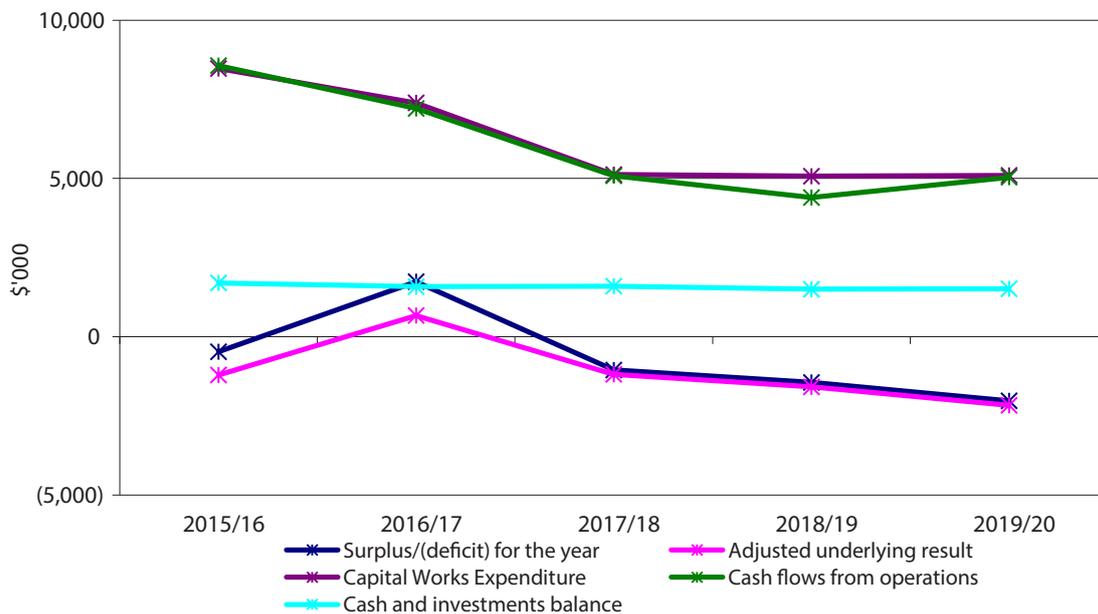
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast		Strategic Resource Plan			Trend +/-
	Actual	Budget	Projections			
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	
Surplus /(deficit) for the year	(474)	1,739	(1,051)	(1,444)	(2,023)	-
Adjusted underlying result	(1,208)	672	(1,188)	(1,584)	(2,165)	-
Cash and investment balance	1,700	1,580	1,597	1,500	1,515	o
Cash flows from operations	8,563	7,209	5,083	4,397	5,038	o
Capital works expenditure	8,472	7,388	5,122	5,070	5,098	-

Key to Forecast Trend:

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

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



The key outcomes of the Plan are as follows:

- Financial sustainability (Section 11) - Cash and investments is forecast to decrease marginally over the four year period from \$1.58 million to \$1.52 million, which indicates a balanced budget on a cash basis in each year.
- Rating levels (Section 15) – Modest rate increases are forecast over the four years at an average of 2.5%.
- Service delivery strategy (section 16) – Service levels have been maintained throughout the four year period. Despite this, operating surplus is forecast in year 2016/17 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2017/18 to 2019/20 forecasts operating deficits. The adjusted underlying result is a deficit which is increasing over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- Borrowing strategy (Section 16) – Borrowings are forecast to reduce from \$109,000 to \$0 in 2017/218. New borrowings of \$500,000 are forecast in 2018/19.
- Infrastructure strategy (Section 16) - Capital expenditure over the four year period will total \$22.67 million at an average of \$5.67 million.

## 15. Rating Information

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

### 15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 49% 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 undertake for the Yarriambiack community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. The following table shows the last five years of percentage rate increases.

Year	Yarriambiack Shire Council
2011/12	6.0%
2012/13	4.1%
2013/14	6.0%
2014/15	6.0%
2015/16	4.8%
<b>Average Increase</b>	<b>5.4%</b>

### 15.2 Future rate increases

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

Year	General Rate Increase %	Municipal Charge Increase \$'000	Garbage Charge Increase \$'000	Recycling Charge Increase \$'000	Total Rates Raised \$'000
2015/16	4.75	8.00	5.00	5.00	11,323
<b>2016/17</b>	<b>2.50</b>	<b>2.50</b>	<b>3.00</b>	<b>3.00</b>	<b>11,619</b>
2017/18	2.50	2.50	3.00	3.00	11,862
2018/19	2.50	2.50	3.00	3.00	12,110
2019/20	2.50	2.50	3.00	3.00	12,363

### 15.3 Rating structure

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

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

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for residential, commercial or farming purposes.

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

The existing rating structure comprises two differential rates - general (which is residential and commercial), and farming. These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. The farming rate is set at 23% of the general rate. Council also levies a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

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

Rate Type	How applied	2015/16	2016/17	Total Raised \$000's	Change
Residential Rates	cents/\$ CIV	0.7421	0.7607	2,272	3.9%
Commercial Rates	cents/\$ CIV	0.7421	0.7607	388	1.3%
Farm Rates	cents/\$ CIV	0.5714	0.5857	7,570	1.3%
Municipal Charge	\$/ property	\$68.70	\$70.42	351	2.5%
<b>Kerbside collection charge</b>					
Residential - 80lt bin	\$/ service	\$127.11	\$130.92	80	3.0%
Residential - 120lt bin	\$/ service	\$176.45	\$181.74	367	3.0%
Residential - 240lt bin	\$/ service	\$343.42	\$353.72	34	3.0%
Other - 80lt bin (GST included)	\$/ service	\$139.82	\$144.01	5	3.0%
Other - 120lt bin (GST included)	\$/ service	\$194.10	\$199.92	22	3.0%
Other - 240lt bin (GST included)	\$/ service	\$377.76	\$389.09	180	3.0%
<b>Recycling charge</b>					
Residential	\$/ service	\$114.00	\$117.42	320	3.0%
Other - (GST included)	\$/ service	\$125.40	\$121.16	33	3.0%

## 16. Summary of other strategies

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

### 16.1 Borrowings

In developing the Strategic Resource Plan SRP (see Section 8), borrowings was identified as an important funding source for capital works programs. In the past, Council has been very conservative with the level of borrowings which is expected to continue for the next two years. Council has borrowed in the past to fund infrastructure projects and the unfunded superannuation liability but since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs.

For the 2016/17 year, Council has decided not to take out any new borrowings to fund the capital works program and therefore, after making loan repayments of \$104,000, will reduce its total borrowings to \$109,000 as at 30 June 2017. However, it is likely that in future years, borrowings will be required to fund future infrastructure initiatives. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.

Year	New Borrowings \$'000	Prinicipal Paid \$'000	Prinicipal Paid \$'000	Balance 30 June \$'000
2015/16	0	137	14	213
2016/17	0	104	8	109
2017/18	0	109	4	0
2018/19	500	91	30	409
2019/20	0	94	52	315

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	350	213
Total amount proposed to be borrowed	0	0
Total amount projected to be redeemed	(137)	(104)
Total amount of borrowings as at 30 June	213	109

### 16.2 Infrastructure

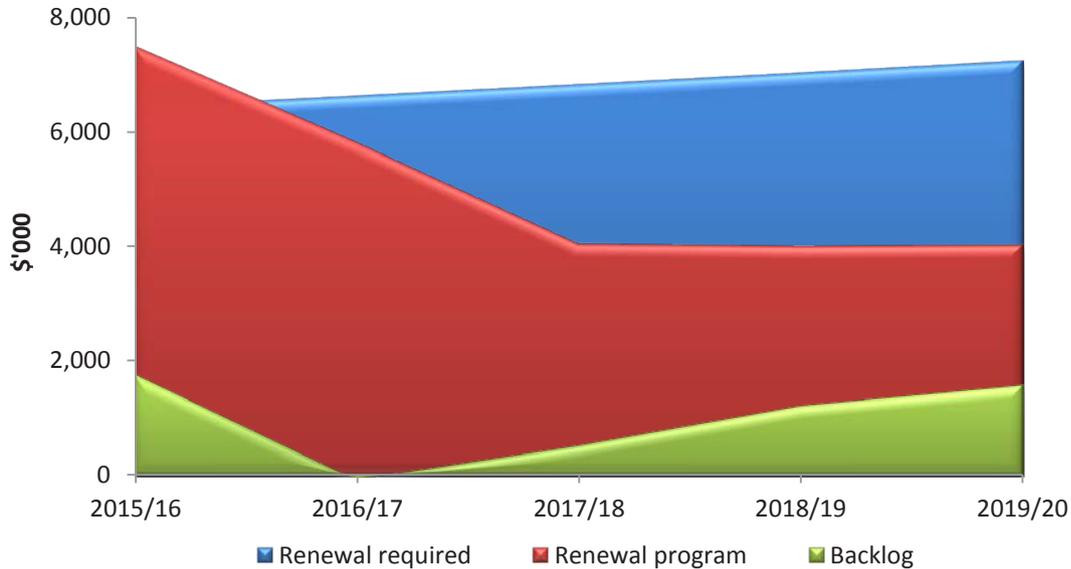
The Council has developed an Asset Management Plan and Asset Strategy. These documents along with the Long Term Financial Plan provide guidance as to the infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The Asset Management Plan and Asset Strategy has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

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

A key objective of the Infrastructure Strategy is to maintain or renew Council's existing assets at desired condition levels.

If sufficient funds are not allocated to asset renewal then Council's investment in those assets will reduce, along with the capacity to deliver services to the community.

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



At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While these documents are endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the above graph indicates that in later years the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap. In the above graph the backlog at the beginning of the five year period was \$1.769 million and \$1.570 million at the end of the period.

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

Year	Total Capital Program	Summary of funding sources			
		Grants	Contributions	Council Cash	Borrowings
		\$'000	\$'000	\$'000	\$'000
2015/16	8,472	3,175		5,297	0
2016/17	7,388	3,625	313	3,450	0
2017/18	5,122	928	100	4,094	0
2018/19	5,070	928	0	3,642	500
2019/20	5,098	928	100	4,070	0

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

### 16.3 Service delivery

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

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

	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Engineering Construction	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	2.5	2.5	2.5	2.5
Wages growth	3.5	3.5	3.5	3.5
Government funding	2.0	2.0	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0

The service delivery outcomes measured in financial terms are shown in the following table.

Year	Surplus (Deficit) for the year \$'000	Adjusted Underlying Surplus (Deficit) \$'000	Net Service (cost) \$'000
2015/16	(474)	(1,208)	(20,656)
2016/17	1,739	672	(21,836)
2017/18	(1,051)	(1,188)	(22,003)
2018/19	(1,444)	(1,584)	(22,659)
2019/20	(2,023)	(2,165)	(23,548)

Service levels have been maintained throughout the four year period with an operating surplus forecast in years 2016/17 as a result of significant capital grant revenue being received to fund the annual capital works program. Years 2017/18 to 2019/20 forecast increasing operating deficits. Excluding the effects of items such as capital contributions, the adjusted underlying result is an increasing deficit over the four year period. The net cost of the services provided to the community increases from \$21.84 million to \$23.55 million over the four year period.

## APPENDIX A

### Fees and Charges Schedule

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

## Community Services

HACC	2015/16	2016/17
<i>General Home Care - Low Fee</i>		
Single Pension	\$7.50 per hour	\$7.50 per hour
Double Pension	\$8.00 per hour	\$8.00 per hour
General Home Care - Medium Fee	\$16.00 per hour	\$16.00 per hour
General Home Care - High Fee	\$30.00 per hour	\$30.00 per hour
External Provider of Care (includes respite, personal, home & home maintenance)	\$47.50 per hour (exc GST)	\$47.50 per hour (exc GST)
Personal Care - Low Fee	\$4.00 per hour	\$4.00 per hour
Personal Care - Medium Fee	\$7.00 per hour	\$7.00 per hour
Personal Care - High Fee	\$20 to \$25 per hour	\$20 to \$25 per hour
In Home Respite Care - Low Fee	\$5.00 per hour	\$5.00 per hour
In Home Respite Care - Medium Fee	\$8.00 per hour	\$8.00 per hour
In Home Respite Care - High Fee	\$20 to \$25 per hour	\$20 to \$25 per hour
Home Maintenance - Low Fee (labour only; client contributes to cost of materials)	\$11.00 per hour	\$11.00 per hour
Home Maintenance - Medium Fee (labour only; client contributes to cost of materials)	\$15.00 per hour	\$15.00 per hour
Home Maintenance - High Fee (labour only; client contributes to cost of materials)	\$27.00 per hour	\$27.00 per hour
<i>Volunteer Transport (Client pays 15cents per km - Reimbursement to volunteer \$1.04 per km)</i>		
<b>Meals on Wheels</b>		
Delivered Meals - (client charge)	\$8.50 per meal	\$8.50 per meal
Delivered Meals - (external)	(Full cost recovery)	(Full cost recovery)
Centre Based Meals	\$9.00 per meal	\$9.00 per meal
<b>Disabled Parking Permits</b>		
Initial permit	no charge	no charge
Additional permit (replacement)	\$6.00	\$6.00
<b>Kindergarten Fees - 4 year olds (per term)</b>		
Beulah	\$95.00	\$95.00
Hopetoun	\$300.00	\$300.00
Minyip	\$180.00	\$180.00
Murtoa	\$200.00	\$200.00
Rupanyup	\$180.00	\$180.00
Warracknabeal	\$200.00	\$200.00

# Environmental Health

<b>Food Act</b>	<b>2015/16</b>	<b>2016/17</b>
<i>Class 1 Food Premises</i> Groups must have 3rd party audited FSP <i>Hospitals, Nursing homes, Child care centres</i>	\$250.00	\$265.00
<i>Class 2 Food Premises</i> High risk or unpackaged foods must have FSP (may be template or 3rd party audited) <i>Hotels, restaurants, cafes, takeaways, supermarkets, manufacturers, caterers, milk bars and some service stations</i>	\$220.00	\$230.00
<i>Class 3 Food Premises</i> Premises selling low risk pre-packaged food only eg: packaged confectionery, soft drink <i>Newsagents, video stores, some service stations</i>	\$80.00	\$85.00
<i>Non profit organisations and Community groups</i> Food is prepared predominately for consumption by members, or for fundraising activities <i>Service clubs, most sporting clubs</i>	\$80.00	\$85.00
<i>Premises with limited operation</i> Premises which do not operate for the full year or only produce low volumes of product <i>Swimming pool kiosks, home and hobby businesses</i>	50% of appropriate fee	50% of appropriate fee
<b>Street Stalls / Temporary food vendor registrations</b>		
<i>Non profit and community groups</i> (fetes, sausage sizzles, street stalls) Yearly Registration	\$20.00	\$20.00
<i>Private individuals and businesses</i> (markets, private stalls) Yearly Registration	\$40.00	\$40.00
<b>Health Act</b>		
<i>Hairdresser/Beauty Parlour/Skin penetration</i>	\$80.00	\$85.00
<i>Hairdresser Only Premises</i>	\$80.00	\$85.00
<i>Prescribed Accommodation</i> Premises providing accommodation for 6 or more persons (hotels, motels, hostels, camps)	\$80.00	\$85.00
<b>Residential Tenancies Act</b>		
<i>Caravan Parks</i> Total number of sites not exceeding 25	6 fee units @ \$12.22	6 fee units @ \$12.22
Total number of sites exceeding 25 but not exceeding 50	12 fee units @ \$12.22	12 fee units @ \$12.22
<b>Environment Protection Act</b>		
<i>Septic Tank</i> - new	\$225.00	\$250.00
- alteration to existing	\$175.00	\$200.00

## *Environmental Health continued...*

<b>Other Fees</b>	<b>2015/16</b>	<b>2016/17</b>
<i>Transfer/Inspection fee</i> Pre-purchase Inspection - inspection as a result of non-compliance	\$200.00	\$200.00
<i>Transfer Registration fee</i> Fee to transfer registration to the new proprietor for the remainder of the registration period. Includes a transfer inspection if requested	50% of listed fee	50% of listed fee
<i>Late payment penalty fee</i> Fee imposed for non payment of renewal fee by 15 February	50% of listed fee up to a max of \$50	50% of listed fee up to a max of \$50
<i>Pro Rata Registration fee</i> Applicable to all properties registering their business after 30 September	50% of listed fee up to a max of \$50	50% of listed fee up to a max of \$50

# Animal Control and Local Laws

<b>Animal Act</b>	<b>2015/16</b>	<b>2016/17</b>
Pensioner Discount	50% of prescribed fee	50% of prescribed fee
Dogs or Cats registered after the 1 January	50% of prescribed fee	50% of prescribed fee
<b>Dog</b>	<b>\$66.00</b>	<b>\$66.00</b>
Dog desexed	\$22.00	\$22.00
Working dog	\$22.00	\$22.00
VCA registered	\$22.00	\$22.00
<b>Cat</b>	<b>\$63.00</b>	<b>\$63.00</b>
Cat desexed	\$21.00	\$21.00
FCC, CFA, DCC registered	\$21.00	\$21.00
Replacement of lost tag	\$5.00	\$5.00
<b>Pound fees - Impounded Animal</b>		
First day Release Fee	\$80.00	\$80.00
Subsequent days	\$12.50 per day	\$12.50 per day
<i>Late payment administration fee</i> Payment not recieved by 30 April	\$10.00 per invoice	\$10.00 per invoice
<i>Fire Hazard administration fee</i>	\$50.00	\$50.00
<i>Unightly land administration fee</i>	\$50.00	\$50.00

# Waste and Recycling

<b>Tipping fees</b>	<b>2015/16</b>	<b>2016/17</b>
General Hard Waste	\$10.00 per m3	\$10.50 per m3
Putrescibles Waste	\$25.00 per m3	\$25.00 per m3
Household / Kitchen Waste	\$7.00 per m3	\$7.50 per m3
Clean Green Waste	\$10.00 per m3	\$10.50 per m3
Timber / Wood	\$10.00 per m3	\$10.50 per m3
Builders waste / Concrete	\$25.50 per m3	\$45.00 per m3
Clean concrete / Rubble delivered to repositories at Warracknabeal, Murtoa and Hopetoun	\$20.00 per m3 / ton	\$30.00 per m3 / ton
Clean Fill	No charge	No charge
Minimum Charge	\$7.00	\$7.50
Dead Animals	refer attendant	refer attendant
<b>Tyres</b>		
Light (tyre only)	\$4.00	\$4.00
Light (with rim)	\$5.00	\$5.00
Medium (tyre only)	\$15.00	\$15.00
Medium (with rim)	\$22.00	\$22.00
Heavy (tyre only)	\$35.00	\$35.00
Heavy (with rim)	\$50.00	\$50.00
Tractor (up to 1.5m diameter) (tyre only)	\$80.00	\$80.00
Tractor (up to 1.5m diameter) (with rim)	\$110.00	\$110.00
Tractor (over 1.5m diameter) (tyre only)	\$160.00	\$160.00
Tractor (over 1.5m diameter) (with rim)	\$220.00	\$220.00
<b>Recyclables</b>		
Recyclables	Free if sorted	Free if sorted
E-Waste	\$2.00 per item	\$2.00 per item
Screens	\$5.00 per screen	\$5.00 per screen
Gas Cylinders	Free if sorted	Free if sorted
Lead Acid Batteries	\$5.00	\$5.00
Grain	not accepted	not accepted
Hazardous Materials	not accepted	not accepted
Prescribed Waste	not accepted	not accepted

# Engineering

<b>Sale Yard Levies</b>	<b>2015/16</b>	<b>2016/17</b>
Producer Levy (per head)	\$0.35	\$0.35
Agent Levy (per head)	\$0.12	\$0.12
NLIS Levy (per head)	\$0.23	\$0.23
<b>Plan Printing Fees</b>		
<i>Large Shire Map (approx 1200mm x 600mm)</i>		
Colour	\$10.00	\$10.00
Black & White	\$7.00	\$7.00
<i>Plan on A0 sheet</i>		
Colour	\$11.00	\$11.00
Black & White	\$9.00	\$9.00
<i>Plan on A1 sheet</i>		
Colour	\$9.00	\$9.00
Black & White	\$7.00	\$7.00
<i>Plan on A2 sheet</i>		
Colour	\$7.00	\$7.00
Black & White	\$5.00	\$5.00
<i>Plan on A3 sheet</i>		
Colour	\$5.00	\$5.00
Black & White	\$3.00	\$3.00
<i>Plan on A4 sheet</i>		
Colour	\$3.00	\$3.00
Black & White	\$2.00	\$2.00
<b>Road Opening Permits</b>		
Road Reserve Works Permit	\$67.00	\$70.00
Asset Protection Permit	\$30.00	\$30.00

# Recreation and Tourism

	2015/16	2016/17
<b>Caravan Parks (Warracknabeal, Hopetoun &amp; Murtoa)</b>		
Powered site	\$20.00 per night \$5.00 each extra person	\$20.00 per night \$5.00 each extra person
Upowered site	\$15.00 per night \$5.00 each extra person	\$15.00 per night \$5.00 each extra person
Weekly rate	Daily rate x 6	Daily rate x 6
Permanents (over 28 days)	Daily rate x 5	Daily rate x 5
Ensuites	\$25 per night	\$25 per night
<b>Gymnasium Memberships</b>		
1 Month	\$46.00	\$50.00
3 Months	\$65.00	\$70.00
6 Months	\$110.00	\$115.00
Assessments (new members)	\$30.00	\$35.00
Assessments (students)	\$11.00	\$15.00
Casual (per session)	\$12.00	\$15.00
Pensioner Concession (with pension card)	\$30.00	\$30.00
Council Staff (monthly)	\$15.00	\$20.00
Council Staff (casual)	\$6.00	\$8.00
<i>Student Membership</i>		
Bronze Membership (1 month - 1 night per week)	\$18.00	\$20.00
Silver Membership (1 month - 2 nights per week)	\$24.00	\$26.00
Gold Membership (1 month - 5 nights per week)	\$35.00	\$40.00
Gold Membership (1 month - 5 nights per week)	\$55.00	\$60.00
Gold Membership (1 month - 5 nights per week)	\$100.00	\$110.00
Casual (age 13-18 years)	\$7.00	\$8.00
<b>Squash Membership</b>		
1 month	\$30.00	\$35.00
3 months	\$50.00	\$55.00
<i>Squash Court Hire</i>		
Per hour per court	\$8.00	\$10.00
<b>Leisure Complex Hire Fees</b>		
<i>User Groups utilising main court area(s)</i>		
<i>Competition</i>		
Per hour per court	\$20.00	\$25.00
<i>Training (including competition)</i>		
Per hour per court	\$20.00	\$20.00
<i>Corporate Rate</i>		
Small (10 or less persons)	\$600.00	\$650.00
Large	\$900.00	\$1,050.00
<i>Table Tennis Room</i>		
Per hour	\$27.00	\$30.00
Per table (casual)	\$4.00	\$5.00
<i>Conferences &amp; Special Functions can be negotiated with Leisure Centre Manager</i>		

# Administration

<b>Function Room (Warracknabeal Office)</b>	<b>2015/16</b>	<b>2016/17</b>
Day (9am to 9pm)	\$100.00	\$100.00
Night (after 6pm)	\$110.00	\$110.00
Combined	\$200.00	\$200.00
<b>Photocopying</b>		
<i>A4 Black &amp; White Single sided</i>		
1 copy	\$0.35	\$0.35
Multiple copies	\$0.30	\$0.30
<i>A4 Black &amp; White Double sided</i>		
1 copy	\$0.40	\$0.40
Multiple copies	\$0.35	\$0.35
<i>A3 Black &amp; White Single sided</i>		
1 copy	\$0.55	\$0.55
Multiple copies	\$0.45	\$0.45
<i>A3 Black &amp; White Double sided</i>		
1 copy	\$0.90	\$0.90
Multiple copies	\$0.70	\$0.70
<i>Colour Photocopying</i>		
A4 1 copy	\$1.00	\$1.00
A3 1 copy	\$2.00	\$2.00
<i>Coloured Paper</i>		
A4 1 copy	Add 5c per copy	Add 5c per copy
A3 1 copy	Add 10c per copy	Add 10c per copy
<b>Laminating</b>		
A4 1 copy	Add 5c per copy	Add 5c per copy
A3 1 copy	Add 10c per copy	Add 10c per copy
<b>Faxing</b>		
Local call	\$1.00	\$1.00
STD call	\$2.00	\$2.00

# Building

<b>Development Type Fee Amount</b>	<b>2015/16</b>	<b>2016/17</b>
<i>Dwellings</i>		
New Dwellings up to \$0 to 120,000	\$1,563 plus levy	\$1,563 plus levy
New Dwellings - \$120,001 to \$200,000	\$1,824 plus levy	\$1,824 plus levy
New Dwellings - \$200,001 to \$312,000	\$2,084 plus levy	\$2,084 plus levy
New Dwellings - \$312,001+	\$value/130 plus levy	\$value/130 plus levy
Re-Erection of Dwellings - Security Deposit	\$5,000	\$5,000
<i>Alterations/Additions/Sheds/Carports/Garages</i>		
Building Works Minor \$0 to \$2,500	\$250	\$250
Building Works \$2,501 to \$5,000	\$351	\$351
Building Works \$5,001 to \$10,000	\$475	\$475
Building Works \$10,001 to \$20,000	\$652 plus levy	\$652 plus levy
Building Works \$20,001 to \$80,000	\$975 plus levy	\$975 plus levy
Building Works \$80,001 to \$120,000	\$1,563 plus levy	\$1,563 plus levy
Building Works \$120,001 to \$200,000	\$value/130 plus levy	\$value/130 plus levy
Building Works \$200,001+	\$value/130 plus levy	\$value/130 plus levy
<i>Swimming Pools</i>		
Swimming Pools & Fence - above ground pool	\$425	\$425
Swimming Pools & Fence - in-ground pool	\$825 plus levy	\$825 plus levy
<i>Commercial Building Work</i>		
Commercial \$0 to \$10,000	\$350 plus levy	\$350 plus levy
Commercial \$10,001 to \$20,000	\$676 plus levy	\$676 plus levy
Commercial \$20,001 to \$100,000	\$V x 1.33% + \$424 plus levy	\$V x 1.33% + \$424 plus levy
Commercial \$100,001 to \$500,000	\$V x 0.44% + \$1,324 plus levy	\$V x 0.44% + \$1,324 plus levy
Commercial \$500,001+	\$V x 0.25% + \$2,249 plus levy	\$V x 0.25% + \$2,249 plus levy
<i>Commercial Building Work Multi Unit Development</i>		
Units \$0 to \$200,000	\$1,824 plus levy	\$1,824 plus levy
Units \$200,001 to \$312,000	\$2,084 plus levy	\$2,084 plus levy
Units \$312,001+	\$value/130 plus levy	\$value/130 plus levy
<i>Miscellaneous Items</i>		
Fence	\$200	\$200
Demolitions or Removals \$0 to \$5,000	\$368	\$368
Demolitions or Removals \$5,001+	\$575	\$575
Re-erections of Dwellings - Security Deposit	\$5,000	\$5,000
Extensions of Time Request	\$104	\$104
Amended Plans	\$104	\$104
Information Request with Plan copies (includes 306(1))	\$67.20	\$67.20
Request for search of Building Permit Plans	\$67.20	\$67.20

## *Building continued...*

<b>Report &amp; Consent</b>	<b>2015/16</b>	<b>2016/17</b>
Building over Council Easement reg 312 (3)	\$52.75	\$52.75
Request for Legal point of discharge for stormwater	\$54.35	\$54.35
<b>Levy Payments</b>		
<i>(Applies if development is over \$10,000)</i>		
State Government Levy	0.128% Value	0.128% Value
<b>Inspections</b>		
Addition Inspection	\$120.00	\$120.00
Contract Inspection - Foundations, Reinforcement & Finals	\$180.00	\$180.00
Contract Inspection - Frame	\$220.00	\$220.00
Building Notices/Orders	Building Permit Fee	Building Permit Fee
Occupancy Permit/Places of Public Entertainment	\$220.50	\$220.50
Travel time & Vehicle cost where more than 5km from Warracknabeal	\$1.00/km + \$75 hour	\$1.00/km + \$75 hour

## APPENDIX B

### Budget processes

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

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

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

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

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

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





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Yarriambiack  
SHIRE COUNCIL

Check out Yarriambiack Tourism Association & Wimmera Mallee Tourism at  
[www.yarriambiack.vic.gov.au](http://www.yarriambiack.vic.gov.au) and [www.wimmeramalleetourism.com.au](http://www.wimmeramalleetourism.com.au)

*The photos within this publication have been taken from various locations across the Municipality.*

