



# BUDGET 2016 - 17



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## STAWELL WARD



**Cr Wayne Rice**  
First elected: 26 November, 2005  
Term expires: October 2016



**Mayor Cr Murray Emerson**  
First elected: 27 October, 2012  
Term expires: October 2016

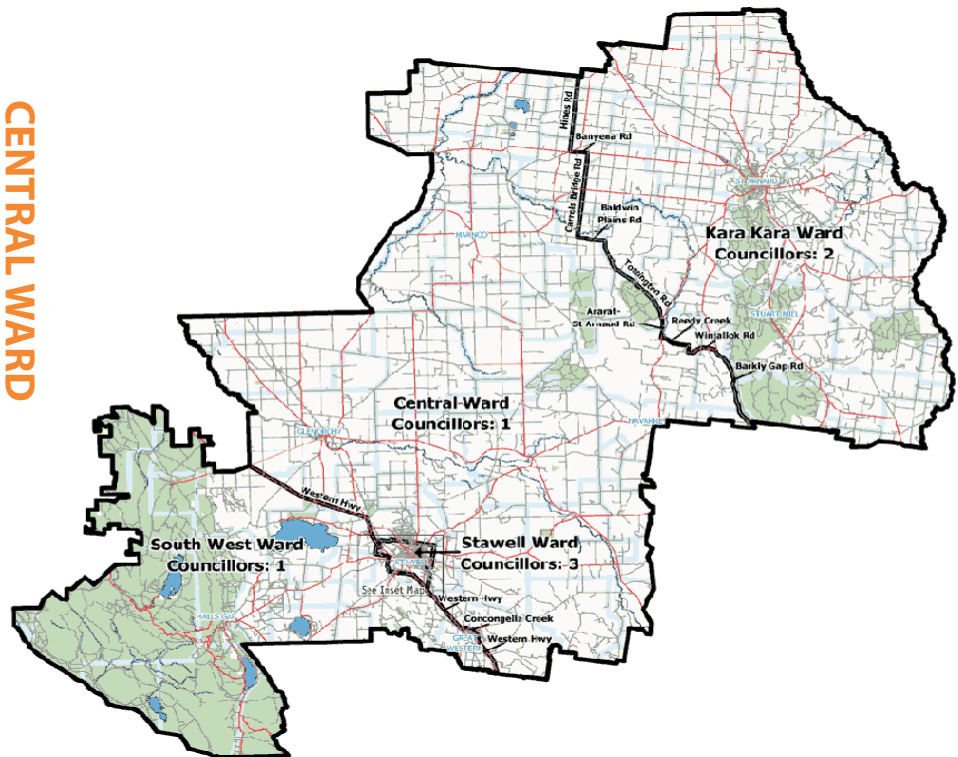


**Cr Karen Hyslop**  
First elected: 27 October, 2012  
Term expires: October 2016



**Cr Kevin Erwin**  
First elected: 14 March, 2003  
Term expires: October 2016

## CENTRAL WARD



## SOUTH WEST WARD



**Cr Jason Hosemans**  
First elected: 15 March, 2014  
Term expires: October 2016



**Cr Tony Driscoll**  
First elected: 27 October, 2012  
Term expires: October 2016



**Cr Merrilee Reid**  
First elected: 23 November, 2013  
Term expires: October 2016

## KARA KARA WARD



# Our shire at a glance

Possessing some of the world's most spectacular natural scenery and a rich golden heritage, the Northern Grampians Shire has established an exceptional reputation as an ideal place to live, work and invest.

## LOCATION

Located in the picturesque Grampians region of Victoria, the shire covers almost 6,000 square kilometres and services the major towns and villages of Stawell, St Arnaud, Great Western, Halls Gap, Navarre, Glenorchy, Marnoo, and Stuart Mill.

## NATIONAL PARKS

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife. The Kara Kara National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.

## INDUSTRY

The shire's economy is based on manufacturing, mining, agriculture, tourism, and wine production. The two main centres of Stawell and St Arnaud supply and service agricultural machinery and are home to industries including brick, steel fabrication, and meat production.

## QUICK STATS:

**Area:** Approximately 5,918 square kilometres

**Population:** Approximately 11,509

**Road length:** 3,350 km of local roads

**Rateable properties:** 9,264

**Rates and charges revenue:** \$16.3 million

**Total revenue (inc. grants):** \$33.8 million

**Industry:** There are more than 720 businesses operating in the shire, with major activity based in the thriving tourism, mining, manufacturing, and agricultural industries

**Major attractions:** Stawell Easter Gift Festival, Grampians Grape Escape, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Rodeo, Stawell Gold Cup, St Arnaud Cup, Great Western Cup, Halls Gap Cup, Run the Gap, Stawell Gift Hall of Fame, and Grampians National Park.





# From the Mayor

**W**ITH THE NORTHERN GRAMPPIANS SHIRE ENTERING INTO AN era of change and development through some wonderful investments into the shire, it has been a year full of challenges.

We are very proud of the efforts of everyone in our organisation, particularly over the last four years, but the job is not yet completed.

Rate capping is now part of our deliberations for our budget, and the Northern Grampians Shire Council has decided that our community cannot afford any large percentage increase in rates, so we do not intend to seek a variation from the Government in regard to that. Unfortunately over a period of several years with rate capping, and our desire to keep rates at a manageable limit, we will eventually have an unmanageable shortage of money so we will need to continue the fight for the 3, 16, 81 campaign and secure extra funding from our state and federal colleagues.

We will continue to provide as many quality services as we can but it is going to be tight. Community consultation is becoming even more important as the years roll on.

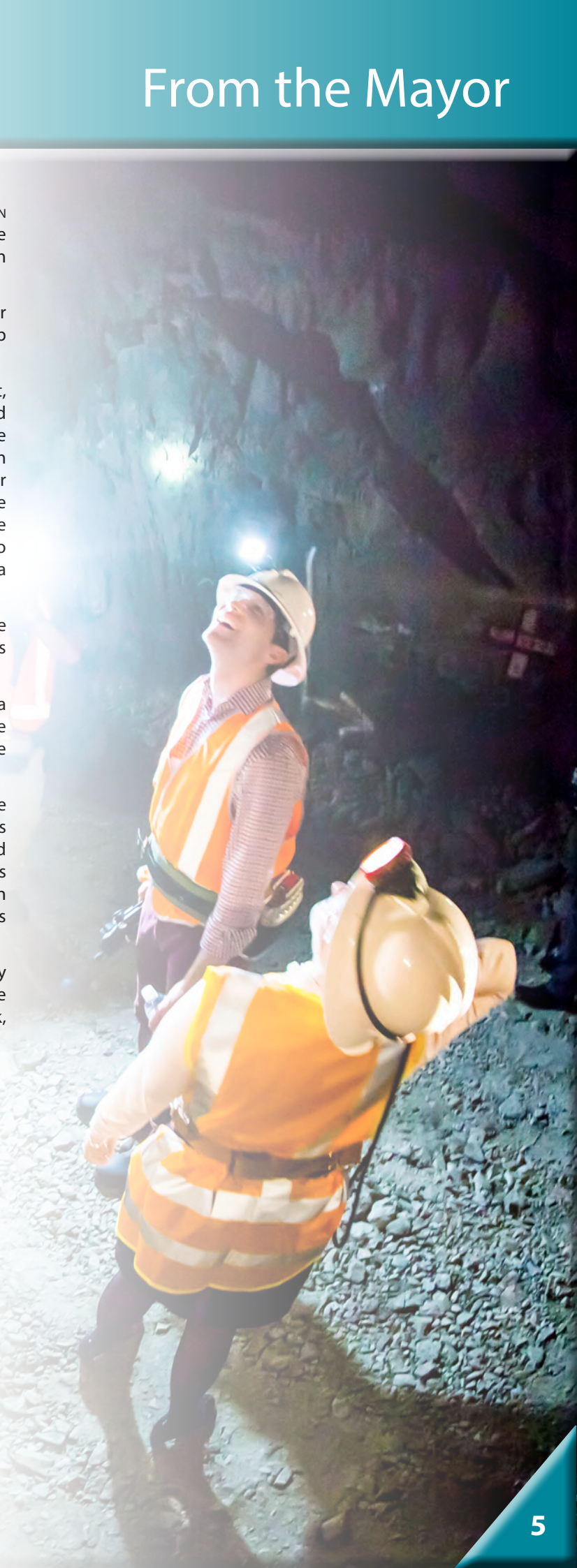
During May 2016, our CEO Mrs Justine Linley took up a position in Ballarat and we wish her well. Of course we are now presented with the challenge of replacing her. We hope to have a replacement by the end of June or early July 2016.

As I said earlier, our year has been full of challenges, but the list of achievements is enviable. The underground physics lab is underway, Nectar Farms has applied for a permit and intends to start work by early September, the Grampians Peaks Trail is being constructed, the Stawell Gift was again a very successful event, and the Grampians Grape Escape is going from strength to strength, just to name a few.

To our team at the Northern Grampians Shire Council, I say thank you and well done. We are certainly trying to make the Northern Grampians Shire the place of choice to live, work, and enjoy.



CR MURRAY EMERSON  
MAYOR





COUNCIL HAS EXPERIENCED UNPRECEDENTED FINANCIAL PRESSURES WITH the introduction of rate capping and the cumulative 'freezing' of Federal Financial Assistance Grants funding. The new environment is definitely not business as usual for most Councils and a range of responses are not only being explored but actively implemented in an effort to seek financial sustainability. For us at Northern Grampians, local government has become the vehicle for people to explore what works in our communities, in our landscape using our own intellect and initiative. Others cannot do it for us and we don't expect them to.

While theoretically financial sustainability is achievable, it runs the real risk of coming at the expense of social connectedness, diminishing service standards, reduction in choice and in some cases the removal of, or dismantling of, a service. All of these things we have experienced in Northern Grampians particularly over the past 4-5 years.

So what has Council done to set the foundations for our future and what does this mean for the 2016/17 Budget? We've conducted thorough, evidence-based and at times harrowing reviews of all service areas and infrastructure assets. We've done this at the same time as dealing with significant environmental challenges in the face of fires, floods, landslides, locust plagues, and drought. Emergency management, disaster planning, risk mitigation and building community and business resilience are now core, no longer "add-on" roles, for Council.

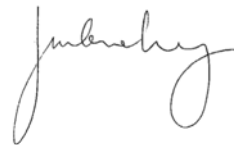
We have re-scoped our priorities so that advocacy has taken over from the discourse of pot holes and empty shops. We have sought and gained not just a voice but a seat at the regional, state and national tables so that the issues of small rural Councils and our own communities are not only heard but understood. This is a leadership priority for elected representatives as well as the administration.

We have had to venture into dark holes and into conversations that others have shied away from. Exiting from childcare in Stawell, stepping away from direct Visitor Information Services in Halls Gap, decommissioning buildings, selling assets, completely re-working our IT environment and ceasing

to subsidise or pay for school crossing supervision services. We have cut services where it is clear others are better placed or able to deliver them, but we have also retained services where clear market failure or community engagement has revealed a critical need. We seek to make sure that services are available to our communities at the standard they require, but that no longer means that Council must provide them. We've learnt the skills of the handball and the flick pass. Our communities have very limited capacity to pay and the future for us will mean that the tasks "given" to us by other tiers of government will, by absolute financial necessity, be handed back.

However handing back does not mean abrogating our responsibilities. We are focused more on building a strong and sound foundation for the future of local governance in our communities. We are now focused on the capacity of our workforce, on skill development, using the knowledge of our people, and valuing relationships on a broader regional basis.

We do listen to our communities - and we are determined that other tiers of government need to as well. 3, 16, 81. 3 cents for local government, 16 cents for state, 81 cents for commonwealth. We can't continue to provide place-based, quality services, in our communities on only 3 cents of the taxation dollar. Such is the reality for a small rural shire. So for our future to really be bright, the balance needs to be re-adjusted and urgently.



JUSTINE LINLEY  
CEO



# Demographics and budget influences

## SNAPSHOT OF NORTHERN GRAMPAINS SHIRE

The Northern Grampians Shire is located in Central Western Victoria and has an economy based on agriculture, manufacturing, mining, and tourism, with strong growth in the health and education service sectors. The shire covers an area of 5,918 square kilometres and comprises the towns of Stawell, St Arnaud, Great Western, Halls Gap, Glenorchy, Navarre, Marnoo, Stuart Mill and numerous smaller rural communities. Stawell is home to steel fabrication works, brick, textiles, and meat production, and the largest operating modern-era gold mine in Victoria. The St Arnaud area is well-known for its cropping and intensive animal industries. The Grampians National Park, together with the Kara Kara National Park, plentiful wineries and the goldfields heritage throughout the shire makes the Northern Grampians a popular tourist destination, attracting more than one million visitors each year.

## POPULATION

The estimated resident population of the shire is 11,509  
Source: Australian Bureau of Statistics, Annual Estimated Resident Population, as at June 2015.

## AGEING POPULATION

The population is ageing and the shire has a greater proportion of older people compared to the Victorian average. The age profile is similar to small rural Council averages. Analysis of the service age groups of Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of people in the younger age groups (0 to 17 years) and a higher proportion of people in the older age groups (60+ years). Overall, 21.4% of the population was aged between 0 and 17, and 28.4% were aged 60 years and over, compared with 23.5% and 24.2% respectively for regional Victoria. The major differences between the age structure of Northern Grampians Shire and regional Victoria were:

- A larger percentage of 'Empty nesters and retirees' (14.1% compared to 11.9%)
- A larger percentage of 'Seniors' (11.4% compared to 10.0%)
- A larger percentage of 'Older workers and pre-retirees' (15.2% compared to 14.0%)
- A smaller percentage of 'Young workforce' (8.6% compared to 10.5%)

From 2006 to 2011, Northern Grampians Shire's population decreased by 68 people (0.6%). This represents an average annual population change of -0.11% per year over the period. The largest changes in age structure in this area between 2006 and 2011 were in the age groups:

- Empty nesters and retirees (60 to 69) (+332 persons)
- Parents and homebuilders (35 to 49) (-230 persons)
- Secondary schoolers (12 to 17) (-142 persons)
- Tertiary education and independence (18 to 24) (+133 persons)

## CULTURAL DIVERSITY

Analysis of the ancestry responses of the population in Northern Grampians Shire in 2011 shows that the top five ancestries nominated were:

- English (5,184 people or 43.8%)
- Australian (5,021 people or 42.4%)
- Scottish (1,379 people or 11.6%)

- Irish (1,287 people or 10.9%)
- German (546 people or 4.6%)

In combination these five ancestries account for 13,417 responses in total. The major differences between the ancestries of the population in Northern Grampians Shire and regional Victoria were:

- A larger percentage of people with English ancestry (43.8% compared to 39.9%)
- A larger percentage of people with Australian ancestry (42.4% compared to 40.9%)

## HOUSEHOLDS

Analysis of the household/family types in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of couple families with child(ren) as well as a lower proportion of one-parent families. Overall, 23.2% of total families were couple families with child(ren), and 8.9% were one-parent families, compared with 26.9% and 10.5% respectively for regional Victoria. There was a higher proportion of lone person households and a higher proportion of couples without children. Overall, the proportion of lone person households was 29.4% compared to 26.8% in regional Victoria while the proportion of couples without children was 30.4% compared to 27.8% in regional Victoria. The number of households in Northern Grampians Shire increased by 84 between 2006 and 2011. The largest changes in family/household types in Northern Grampians Shire between 2006 and 2011 were:

- Couples with children (-104 households)
- Couples without children (+79 households)
- Lone person (+74 households)

## OCCUPATION

The size of Northern Grampians Shire's labour force in 2011 was 5,435 persons, of which 2,006 were employed part-time and 3,045 were full time workers. Analysis of the employment status (as a percentage of the labour force) in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a similar proportion in employment, as well as a similar proportion unemployed. Overall, 95.3% of the labour force was employed (53.0% of the population aged 15+), and 4.7% unemployed (2.6% of the population aged 15+), compared with 94.8% and 5.2% respectively for regional Victoria. The labour force participation rate refers to the proportion of the population over 15 years of age that was employed or actively looking for work.



## EDUCATION

Analysis of the qualifications of the population in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of people holding formal qualifications (Bachelor or higher degree; Advanced Diploma or Diploma; or Vocational qualifications), and a higher proportion of people with no formal qualifications.

Overall, 34.6% of the population aged 15 and over held educational qualifications, and 54.5% had no qualifications, compared with 40.5% and 48.4% respectively for regional Victoria. The major differences between qualifications held by the population of Northern Grampians Shire and regional Victoria were:

- A larger percentage of persons with no qualifications (54.5% compared to 48.4%)
- A smaller percentage of persons with Bachelor or Higher degrees (8.2% compared to 12.5%)
- A smaller percentage of persons with Advanced Diploma or Diplomas (6.1% compared to 7.2%)

The largest changes in the qualifications of the population in Northern Grampians Shire between 2006 and 2011 were in those with:

- Vocational qualifications (+263 persons)
- No qualifications (-151 persons)
- Advanced Diploma or Diplomas (+105 persons)
- Bachelor or Higher degrees (+89 persons)

## EXTERNAL INFLUENCES

In preparing the 2016-2017 budget, a number of external influences have been taken into consideration as they are likely to impact significantly on the services delivered by Council in the budget period. These include:

- Funding and renewal gaps for assets, infrastructure and services
- Impact of a changing and ageing demographic and the lessening of the community's capacity to pay
- The impact of 'disaster' fatigue from repeated natural disasters including bushfire, flood, storm events, landslide, drought, and pestilence
- Increases in fuel, commodity, consumable, and utility costs above the Consumer Price Index (CPI)
- Requirement to undertake 'additional' works in exchange for government funding
- Regulatory and legislative changes resulting in increased costs
- Operating within a rate capped environment

## INTERNAL INFLUENCES

In addition to the external influences, there are a number of internal influences which impacted the preparation of the 2016-2017 budget. These include the following:

- Council's commitment to reviewing services and providing sufficient resources to undertake works required in the Council Plan
- Increased salary costs in accordance with the Enterprise Bargaining Agreement (EBA)

## 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 and are outlined in the Budget Development and Management Policy. The principles included:

- Sustainable budgeting
- Cash management
- Rates and charges revenue
- User fees
- Grants revenue
- Borrowing
- Asset rationalisation and renewal
- New assets

## LEGISLATIVE REQUIREMENTS

Under the Local Government Act 1989 ('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 Local Government (Planning and Reporting) Regulations 2014 ('the Regulations') which support the Act. The 2016-2017 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 budgeted statements of Comprehensive Income, Cash Flows, Capital Works, Changes in Equity, Reserves, Human Resources, and a Budgeted Balance Sheet. These statements have been prepared for the year ending 30 June 2017 in accordance with Accounting Standards and other mandatory professional reporting requirements. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.

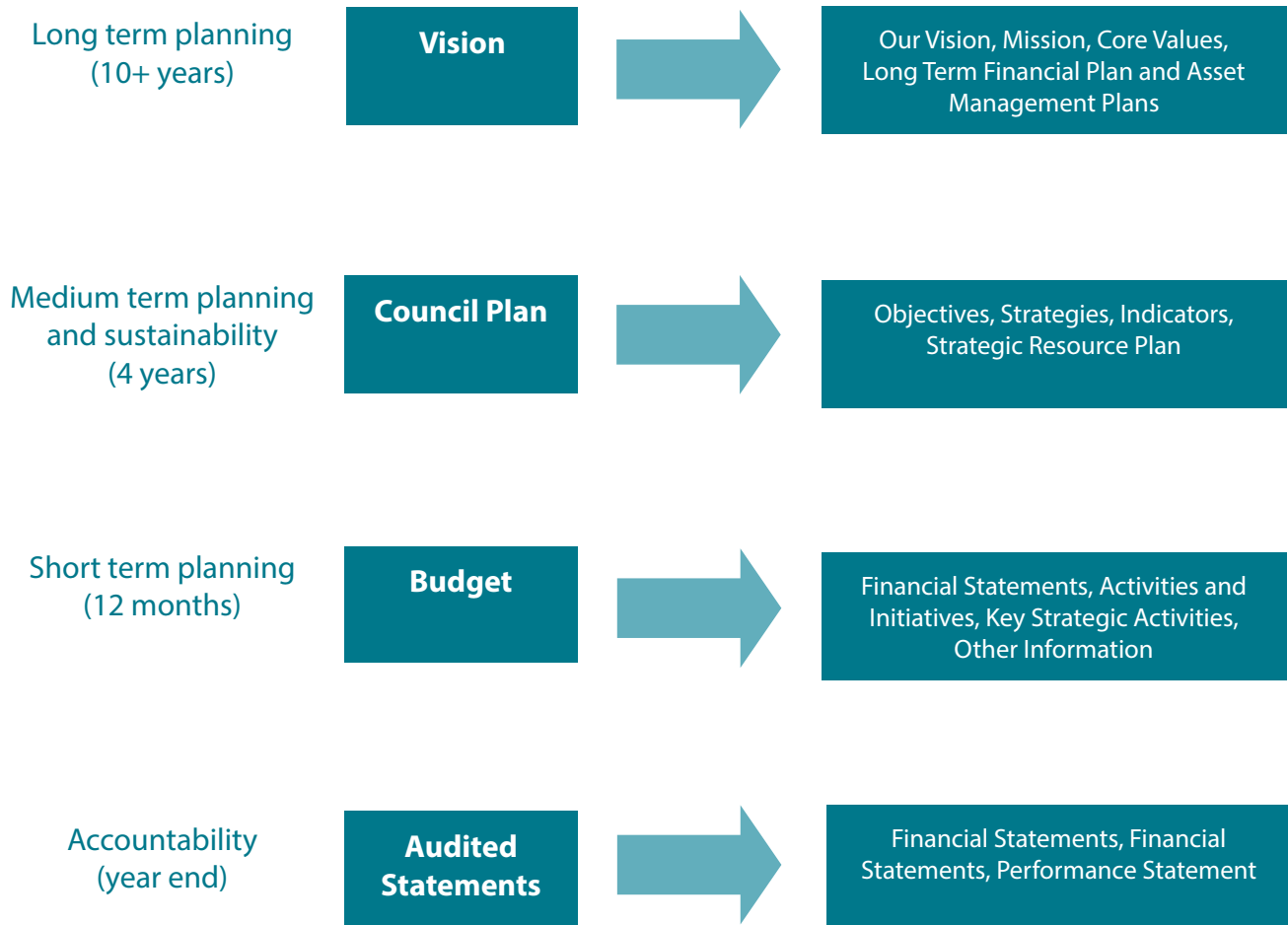


# Council Plan linkages

The Council's annual budget is linked directly to the implementation of the Council Plan. This is within an overall planning framework, guiding Council in identifying community needs and aspirations over the long term (Vision), medium term (Council Plan), and short term (Annual Budget) and then holding itself accountable (Audited Statements).

## STRATEGIC PLANNING FRAMEWORK

The Strategic Resource Plan, included in the Council Plan, summarises the financial and non-financial impacts of the objectives and strategies, and determines the sustainability of these objectives and strategies. The annual budget is then framed within the Strategic Resource Plan, taking into account the activities and initiatives included in the annual budget which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the strategic planning framework of Council.



# Council Plan overview

## 2013-17

By 2017 we will have...

1. Improved the social and economic viability of the shire;
- and
2. Delivered targeted projects and core services

### COUNCIL PLAN STRATEGIES

1. **ECONOMIC** – we will develop the local economy and increase the industrial diversity of the Northern Grampians Shire.

2. **SOCIAL, COMMUNITY AND ENVIRONMENT** – we will provide safe and usable assets and services to improve the quality of life for residents.

3. **EMERGENCY AND RISK** – we will mitigate risk, plan for emergencies and community recovery.

4. **DATA AND INFORMATION** – we will use technology and develop systems to improve accessibility and profitability for our community and businesses.

5. **WASTE** – we will implement a waste reduction action plan and promote better use and re-use of valuable resources.

6. **ASSETS** – we will reduce the infrastructure renewal gap and manage our roads, buildings, and structures for safety and optimal use.

7. **RED TAPE REDUCTION** – we will reduce unnecessary regulation and advocate for the removal of regulatory burdens from all tiers of government.

8. **FINANCIAL SUSTAINABILITY** – we will provide leadership and advocacy to improve the financial sustainability of the Northern Grampians Shire.



## IMPROVING VIABILITY AND QUALITY OF LIVING

Council will balance a \$8.6m capital works and project program with \$6.8m for Council infrastructure maintenance and a \$3.1m allocation for children's services, aged care, recreation, leisure and libraries. Also included is a \$1.4m investment to create a better lifestyle for residents and businesses and to secure Northern Grampians as the top place for growth and new enterprises.

## INVESTING IN OUR FUTURE

Our major investment for 2016/17 is the Stawell Underground Physics Lab. In addition, Council will continue with the implementation of the Halls Gap Tourism Resort Master Plan.

## GETTING ON WITH THE JOB

Council is pleased to present a budget that invests in the future of its communities without shying away from the hard questions; what do we really need and how will it be paid for?

The challenge for Local Government in the next few years is to ensure that services provided to the community can be matched to community expectations. The recent State Government policy on rate capping and variation and the Federal Government's freeze on Local Government funding severely affect Northern Grampians Shire Council's capacity to meet the service demands of the shire. Council will continue to advocate for the interests of the local community in order to maintain services. However, despite ongoing cost-shifting by state and federal governments and the challenges that come with a small population versus a large geographical area, the critical work that Council is doing today will save money in the long run.

The 2016/17 Budget is focused on delivering the final stage of the 2013-2017 Council Plan. The \$34 million budget requires a rates and charges revenue increase of 2.5 per cent across the municipality to successfully deliver on key objectives and projects. This means that of the \$34 million, \$16,337,800 is proposed to be raised via rates and charges as follows:

<b>General rate</b>	\$8,439,500
<b>Farm rate</b>	\$4,217,200
<b>Cultural and Recreational Land</b>	\$13,300
<b>Municipal Charge</b>	\$1,195,000
<b>Annual Garbage Charge</b>	\$1,570,700
<b>Annual Recycling Charge</b>	\$902,100
<b>TOTAL</b>	\$16,337,800





# What we're spending

## **\$8.6 MILLION ...**

\$8.6m will be spent on capital works, parks, recreational areas, buildings and drainage works.

## **\$5.2 MILLION ...**

\$5.2m on roads and bridges.

## **\$3.1 MILLION ...**

\$3.1m for children's services, aged care, recreation, leisure services and libraries.

## **\$1.4 MILLION ...**

\$1.4m to attract and encourage new and existing businesses and tourism.

## **\$2.4 MILLION ...**

\$2.4m on waste management and environmental objectives.

## **\$6.8 MILLION ...**

\$6.8m on maintenance and improvement of the shire's parks, gardens and open spaces.

## **\$2.2 MILLION ...**

\$2.2m on major projects like the Stawell Underground Physics Lab and the next stage of implementing the Halls Gap Tourism Resort Town Master Plan.

## **\$1.2 MILLION ...**

\$1.2m on major plant and equipment to keep our streets and infrastructure assets maintained.





## Tourism

Following a review of Tourism Services, Northern Grampians Shire Council has strengthened its relationship with Grampians Tourism over the past 12 months and has formed a collaborative approach to providing tourism services across the shire. The three Visitor Information Centres in Northern Grampians Shire as well as the Halls Gap Community and Tourism Hub are now managed by Grampians Tourism.

As the Regional Tourism Board, Grampians Tourism is in a perfect position to provide tourists with valuable information to enhance their visit to the region and encourage overnight stays. Northern Grampians Shire Council has an important alliance with Grampians Tourism which is responsible for marketing and development initiatives across the Grampians region. Major benefits include strengthened relationships and partnerships between all stakeholders, additional media exposure, activities to increase tourism, and opportunities for workshops, training, and education.

### Initiatives for 2016/17:

- Complete and implement the Halls Gap Masterplan for Commercial Investment and Public Land Development
- Increased activity at the Halls Gap Community and Tourism Hub
- Participate in Grampians Tourism regional projects such as their Digital Strategy, Grampians Way project and Grampians Peaks Trail

Tourism	
Service cost	\$376,900
<b>Income</b>	
Untied grants	\$108,914
Rate subsidy	\$267,986



### STRATEGIC INDICATOR:

Gross Regional Product (GRP) shows positive growth that matches or exceeds growth across the state economy

(Source: REMplan annual economic report)

## Economic Growth

Council prides itself on a strong relationship with its business community. As part of its ongoing support, it provides strategic planning and response to environmental, market and economic changes. Council also works closely with business groups in Stawell, St Arnaud, and Halls Gap to deliver a wide range of economic development initiatives that support existing businesses and attract new investment and residents.

Other tasks include:

- Raising the profile of the Northern Grampians Shire by marketing the municipality as a desirable place to live, work, and invest
- Fostering investment attraction
- Attracting and supporting new residents
- Providing support and assistance to business and tourism associations
- Working with major employers to improve business sustainability and secure jobs
- Research and implement targeted initiatives to drive sustainability and growth in key industry sectors
- Working in partnership with planning and building to reduce red tape and encourage development
- Working with Wimmera Development Association and other organisations to deliver regional projects to benefit the business community

### Initiatives for 2016/17:

- Update key industry sector plans
- Complete an Economic Development Strategy
- Business Assistance Scheme
- Monthly business workshops in Stawell and St Arnaud focusing on specific, relevant topics
- Participate in trade shows and other new resident and/or investment attraction opportunities

Economic Growth	
Service cost	\$55,800
<b>Income</b>	
Untied grants	\$16,125
Rate subsidy	\$39,675

## INVESTMENT ATTRACTION

Council seeks to foster economic growth through the delivery of a number of investment attraction projects which aim to attract both public and private investment, and generate jobs. Council's Economic Growth team works with investors through regulatory processes, assists to source suitable land, buildings or facilities, and can provide financial assistance to secure an investor in the Northern Grampians Shire.

Council can also be a liaison between an investor and other agencies such as RDV to source funding which may be necessary to secure the investment.

As a result of Council's Strategic Projects unit in 2015, a number of critical projects have been started. These projects will continue to be supported and monitored by Economic Growth staff.

### Initiatives for 2016/17:

- Continue the Stawell Underground Physics Laboratory project
- Support Nectar Farms to completion of the hydroponics development
- Implement the Western Stawell Precinct Plan and Great Western Futures Plan
- Complete the Halls Gap Masterplan

Investment Attraction	
Service cost	\$116,600
<b>Income</b>	
Untied grants	\$33,694
Rate subsidy	\$82,906



## MAJOR EVENTS

Council is committed to supporting existing major events and promoting the development of new events within the shire. The major events supported by the Economic Growth team include:

- The Stawell Easter Festival which includes:
  - o Stawell Athletic Club's Stawell Easter Gift
  - o Great Western Rodeo
  - o Stawell Main Street Sensation
  - o Stawell Racing Club Gold Cup
  - o A variety of smaller events held over Easter
- Festival of St Arnaud
- Grampians Grape Escape
- Grampians Music Festival
- Carols in the Grampians
- Other major one-off events including:
  - o RV Rally - Victorian Chapter
  - o Great Victorian Bike Ride

These events are supported by staff through the event registration process and Council also provides funding for events consistent with its grant policy. Major events attract thousands of visitors to the region and play an important role in the economic growth of the shire. Along with the wide range of social, economic and cultural benefits to local communities, major events also result in additional jobs in our local community.

### Initiatives 2016/17:

- Develop a new major events management process in conjunction with the event resources guide
- Complete a communications strategy which will cover a variety of platforms to promote major events
- Build on existing music events in Halls Gap and attract new artists/music events to the shire
- Identify and attract new major events to the shire

Major Events	
Service cost	\$150,000
<b>Income</b>	
Untied grants	\$43,346
Rate subsidy	\$106,654



## PARKS AND GARDENS

Council is committed to providing quality parks, garden areas, and recreational ovals for Northern Grampians Shire residents and visitors. The program aims to deliver an accessible and connected network of public open spaces, and maximising community benefit is a major guiding principle. The program will ensure effective and sustainable management practices and infrastructure that is matched to community needs. Within the municipality there are several types of open space that are used by residents and visitors for both active and passive recreational activities. These include:

- Seven recreation ovals
- 23 neighbourhood parks
- 35 traffic islands and roundabouts comprising of 11,677m<sup>2</sup> of garden beds
- 86 back lanes are maintained throughout the shire
- 24 landscaped areas and community facilities which comprise 5,716m<sup>2</sup> of garden beds
- 20 playgrounds with 55 items of equipment
- Maintaining lawn cemeteries in Stawell and St Arnaud
- 1,013 park furniture items
- 10 stormwater harvesting systems
- 254,685m<sup>2</sup> of urban town slashing areas
- Maintaining six rural towns
- Expanding street tree planting program in Stawell and St Arnaud
- Providing additional support to Navarre and Great Western to assist in the maintenance of their reserves

Parks and Gardens	
Service cost	\$1,590,032
<b>Income</b>	
Untied grants	\$459,476
Rate subsidy	\$1,130,556

## PLANNING AND BUILDING SERVICES

Council has a responsibility to plan for the use, development, and protection of land within the shire according to the present and long-term interests of the community. The Northern Grampians Shire Planning Scheme is a legal document that sets out the way land may be used or developed. It also regulates the permits granted under the planning scheme, settles disputes, enforces compliance with the planning laws, and deals with other related administrative procedures. Council's building team ensures the safety, livability, and sustainability of the shire's buildings by providing vision, advice, and leadership to the local building industry. The team oversees building legislation, regulates building practices, advises applicants, and provides services to consumers. The building control services provided by Council assist in protecting the community from major risks

to life and property, and contribute to the sustainability of the shire's built environment.

### Initiatives for 2016/17:

- Develop community education and information programs that assist intending applicants complete development applications
- Focus on strategic planning, future growth, and development
- Integrate and streamline planning, building, and environmental health services application processes

Planning Services	
Service cost	\$527,760
<b>Income</b>	
User fees and charges	\$64,377
Untied grants	\$133,905
Rate subsidy	\$329,478

Building Services	
Service cost	\$415,468
<b>Income</b>	
User fees and charges	\$179,668
Other revenue	\$10,500
Untied grants	\$65,106
Rate subsidy	\$160,194

### STRATEGIC INDICATOR:

The Socio-Economic Index For Areas (SEIFA) for Northern Grampians shows positive improvement that matches or exceeds the overall result in the Wimmera Southern Mallee region.

(Source: ABS SEIFA index produced after every Census)



## CHILDREN'S EDUCATION

The Early Childhood Preschool (Kindergarten) program, which is licensed by the Department of Education and Early Childhood Development, provides early childhood learning services to children in St Arnaud (St Arnaud Children's Precinct) under the requirements of the Children's Services Act 1996 and regulations. It provides early childhood learning services to children in St Arnaud and neighbouring towns.

A four-year-old kindergarten program providing for 15 hours of preschool per child over three days in 2016 during school terms operates out of the precinct.

We have seen a substantial increase to 38 children enrolled at the St Arnaud Children's Precinct in 2016, and based on birth rates we anticipate a reduction in numbers to approximately 30 enrolments in 2017.

A three-year-old kindergarten program providing for 3 hours of social learning per child delivered over one day each week during school terms also operates at the precinct. Enrolments are approximately 10 children for 2016.

### Initiatives in 2016/17:

- Continued move towards improved cost recovery in children's education

Children's Education	
Service cost	\$130,029
<b>Income</b>	
User fees and charges	\$22,100
Grants	\$134,136

## CHILDREN'S SERVICES

Council currently operates quality childcare services which provide flexible options for families throughout the shire.

St Arnaud Children's Precinct provides up to 30 long day care places for children and also offers a flexible Occasional Care service. Council's childcare facilities also host visiting specialists, conduct information sessions, and provide other services at the centres to support families in our communities. The current 2 rooms operate as 0 to 3 year-old and 3 to 5 year-old rooms with daily hours being 8am – 6pm Monday – Friday, 50 weeks per year (closed public holidays).

A vacation care program is also provided from St Arnaud during the school holidays.

The Council-owned children's precinct in Stawell is now leased to the Grampians Region YMCA which offers a childcare and community facility in Stawell.

### Initiatives for 2016/17:

- Continued move towards improved cost recovery in children's services

Children's Services	
Service cost	\$564,594
<b>Income</b>	
User fees and charges	\$149,274
Contributions	\$139,000
Grants	\$58,000
Untied grants	\$63,089
Rate subsidy	\$155,231



## SUSTAINABLE LIVING

Council adopted its Sustainable Living Strategy in 2011. The strategy identifies actions to improve the financial, social, and environmental sustainability of the municipality. Council works in partnership with other agencies, community groups, and organisations to implement actions in the strategy.

### Initiatives for 2016/17:

- Energy efficiency improvements in public buildings

Sustainable Living	
Service cost	\$63,500
<b>Income</b>	
Grants	\$50,000
Untied grants	\$3,901
Rate subsidy	\$9,599

## ENVIRONMENTAL HEALTH

Environmental Health provides for community health and wellbeing. The environmental health team is responsible for the registration and inspection of 177 registered food premises, 36 registered accommodation businesses, 24 registered hairdresser/beauty/skin penetration premises, and nine caravan parks within the municipality. In addition, Council works with other agencies to develop strategic plans for heat stress, infectious disease, and public health issues. Council has been providing a shared Environmental Health Service to the Ararat Rural City Council since July 2014.

### Initiatives for 2016/17:

- Develop community education and information programs that assist intending applicants complete development applications

Environmental Health	
Service cost	\$202,293
<b>Income</b>	
User fees and charges	\$79,557
Grants	\$14,600
Untied grants	\$31,248
Rate subsidy	\$76,888

## LOCAL LAWS

Under the Local Government Act 1989, Council is empowered to provide peace, order, and governance for the municipality. Local laws provide an opportunity for Council to create laws that take into account how the community wishes to live. Council develops local laws to help manage public activities and create a safer environment for residents. Areas of activity include:

- Domestic animal management
- Public trading places
- Control over waste and burning
- Management of the use of public places
- Promoting a safe environment to discourage activities including unsafe parking, wandering stock, and graffiti

### Initiatives for 2016/17:

- Continual improvement to the efficiency of the Local Laws processes and fee payment options

Local Laws	
Service cost	\$290,757
<b>Income</b>	
User fees and charges	\$139,814
Untied grants	\$43,618
Rate subsidy	\$107,325

## CEMETERIES

Northern Grampians Shire Council is the trust for the St Arnaud and Stawell (Pleasant Creek) cemeteries. Council maintains the cemetery grounds and infrastructure at the sites, sets the fees and charges to be gazetted as required by the Department of Health, and pre-digs the graves. Customer service staff in St Arnaud are responsible for maintaining records of burials at the St Arnaud cemetery.

### Initiatives for 2016/17:

- Investigate community trust to provide management of cemeteries
- Establish a community trust for St Arnaud cemetery

Cemeteries	
Service cost	\$113,492
<b>Income</b>	
User fees and charges	\$53,870
Untied grants	\$17,229
Rate subsidy	\$42,393

## AGED AND DISABILITY

Council's Home and Community Care (HACC) services support members of the community who are frail, aged, or have a disability. Council's Aged and Disability Services deliver HACC services through a service agreement with the Department of Health and Human Services, or under contract through other funded agencies. On an annual basis, Council's HACC program provides approximately:

- 1,280 hours of assessments
- 14,000 meals on wheels
- 9,900 hours of domestic assistance
- 2,640 hours of personal care
- 230 hours of property maintenance
- 1,100 hours of respite

The level of services that Council is able to provide is heavily dependent on government funding, and Council will continue to advocate for funding levels to keep pace with the costs of service provision and community needs.

Programs such as the shire's Senior Citizen clubs and Community Access Advisory Group enhance independence in the community, while annual events including Seniors Week activities, mobility scooter information seminars, and community concerts help to promote health and wellbeing.

### Initiatives for 2016/17:

- Understand the impacts of NDIS and HACC reform and modify service delivery in line with the new parameters
- Further reduction of rate subsidy

Aged and Disability	
Service cost	\$1,294,779
<b>Income</b>	
User fees and charges	\$439,932
Grants	\$561,577
Untied grants	\$84,747
Rate subsidy	\$208,523



## MATERNAL AND CHILD HEALTH

Maternal and Child Health provides support for parents and monitors the welfare and development of infants. As part of the program, Council provides:

- Outreach services for children
- Immunisation service
- First home visits to all mothers and babies on discharge from hospital
- First parent group classes
- Referrals to other agencies as required
- Informative and educational classes for parents

Staff also liaise with various organisations including hospitals, childcare centres, and community groups to achieve the best possible outcomes for parents and their children.

### Initiatives for 2016/17:

- New information technology systems to be introduced to improve efficiency
- Reduce the use of contract employees in the northern end of the shire

Maternal and Child Health	
Service cost	\$201,555
<b>Income</b>	
User fees and charges	\$7,618
Grants	\$147,780
Untied grants	\$13,338
Rate subsidy	\$32,819



## COMMUNITY DEVELOPMENT

Council works with youth, arts, and community organisations to strengthen social connectedness and the capacity of these organisations, creating an opportunity for all people to be engaged and involved in the sustainability of our communities.

As part of its Community Development program, Council is involved in supporting community groups:

- to identify grant opportunities
- in the capacity building of volunteers
- by assisting with project management
- by assisting in providing governance frameworks and advice for community groups

The Community Development team:

- Attends community meetings and forums
- Oversee internal and external grants from project identification to delivery and acquittal
- Administers and provides funding through Community, Arts and Youth Grants
- Supports the Youth Action Council to implement Youth Strategy actions

### Initiatives for 2016/17:

- Development of a pro-active community engagement model
- Continued support of community and youth groups
- Development of arts space in Town Hall, St Arnaud
- Continued roll-out of drought support programs

Community Development	
Service cost	\$344,863
<b>Income</b>	
User fees and charges	\$14,070
Grants	\$105,000
Untied grants	\$62,248
Rate subsidy	\$160,545



## LIBRARIES

The shire's library services are provided as part of the Wimmera Regional Library Corporation (WRLC). Council contributes to the running costs of the library and is responsible for building construction and maintenance. Council's contribution to the WRLC is determined by the extent of service provided in each of the contributing shires.

The Northern Grampians is home to two libraries, one in Stawell and another in St Arnaud. In addition, a fortnightly mobile library service is provided to the Marnoo community and a 24-hour-a-day, seven-day-a week online branch offers digital services, including audio books. There are about 4,500 library members in the shire who borrow about 64,000 books, CDs, and audio books each year.

### Initiatives 2016/17

- Service review is to be conducted of the users of the library service and the broader community to determine if current levels of service meet the community expectations of resource allocations

Libraries	
Service cost	\$403,600
<b>Income</b>	
Untied grants	\$116,629
Rate subsidy	\$286,971



## LEISURE AND RECREATION SERVICES

The St Arnaud Swimming Pool and the Stawell Leisure Complex are utilised by our residents and visitors to the shire. The venues wet programs include casual swims, water aerobics, swimming lessons, and swimming clubs. The Stawell Leisure Complex also offers water slides and diving boards are an attraction in St Arnaud.

Dry programs in Stawell include squash, basketball, soccer, badminton, and racquetball. The Stawell Leisure Complex receives approximately 50,000 visitors per year.

Both facilities are operated under the Lifesaving Victoria guidelines, and significant improvements to the facilities and the operating plant have occurred over recent years.

Council's management of numerous recreation reserves (including Walkers Lake Reserve), in conjunction with sporting clubs, enables a broad range of participation in sport and passive recreation activities which contribute to the health and wellbeing of our residents.

### Initiatives in 2016/17:

- Improved amenities and surrounds at the St Arnaud Swimming Pool and the Stawell Leisure Complex
- Implementation of recommendations from Open Space, Sport and Recreation Strategy
- Increase attendance and initiate new programs at the Stawell Leisure Complex
- Continued involvement of Council's community recreation committees in the planning and management of reserves
- Implementation of Walkers Lake Management Plan

Leisure and Recreation Services	
Service cost	\$704,803
<b>Income</b>	
User fees and charges	\$445,536
Untied grants	\$74,921
Rate subsidy	\$184,346





# Emergency and risk

## EMERGENCY PLANNING AND SAFETY

Emergency events will be inevitable and Council needs to build resilient communities. Under the Municipal Emergency Management Act, Council has statutory requirements to prepare and maintain a Municipal Emergency Management Plan (MEMP). The MEMP contains sub-plans that relate to specific emergency events, including fire, flood, pandemic, and heatwaves. Under the Country Fire Act, Council is also required to appoint a Municipal Fire Prevention Officer and prepare and implement a Municipal Fire Management Plan.

### Initiatives for 2016/17:

- Ensure that there are high levels of preparedness and compliance with emergency management and State Legislature requirements

### STRATEGIC INDICATOR:

Communities able to demonstrate increased resilience, awareness of risk, and active participation in preventative planning as defined in the National Disaster Resilience Framework

*(Source: Australian Emergency Management Institute reports produced annually)*

Emergency Planning and Safety	
Service cost	\$254,447
<b>Income</b>	
User fees and charges	\$9,877
Grants	\$143,010
Untied grants	\$29,348
Rate subsidy	\$72,212



# Data and information

## INFORMATION SERVICES

Council is committed to providing appropriate technologies for staff to increase efficiency and improve service delivery to the community. An updated Information Communication and Technology Strategy was developed during 2012-13 identifying a number of recommendations for improvement which will be progressively implemented over the next few years.

### Initiatives for 2016/17:

- Roll out of a new public geographical information system (GIS) to provide improved access to maps providing information for customers
- Continue working towards providing service solutions using online delivery

### STRATEGIC INDICATOR:

Information and Communication Technology take-up and use in the shire improves on the 2010 baseline established as part of the Wimmera Southern Mallee ICT Study

*(Source: Wimmera Southern Mallee ICT Survey, Centre for eCommerce and Communications [www.cecc.com.au/ch\\_ict\\_study](http://www.cecc.com.au/ch_ict_study))*

## WASTE MANAGEMENT

Council's waste management service provides for kerbside collection and disposal of household garbage, household recyclables, and some commercial requirements in the municipality.

Included in the service is the collection and disposal of waste from litter bins located in streets within the shire's commercial precincts and various reserves throughout the municipality.

The State Government has developed targets for the reduction of waste to landfill, and standards for the management and disposal of waste. The nine key waste services delivered by Council need to comply with these targets.

Council has developed a strategic Waste Management Plan to improve health and environmental outcomes and equitable charging and access, reduce waste to landfill, and improve efficiencies in the delivery of service. Through the waste program, Council works in partnership with adjoining municipalities to support community education and initiatives for waste management.

### Initiatives for 2016/17:

- Continue to implement the Waste Management Strategy
- Continue the reduction of the subsidy from rates for transfer station fees to 50 per cent by 2016/17
- Construction of the St Arnaud Transfer Station

Waste Management	
Service cost	\$1,857,816
<b>Income</b>	
User fees and charges	\$190,121
Contributions	\$21,000
Other revenue	\$8,000
Untied grants	\$473,538
Rate subsidy	\$1,165,157



## Red tape reduction

### RED TAPE REDUCTION

Council is in the process of implementing many new internal administrative processes.

During the implementation process, Council is reviewing the methodologies used to deliver better, more efficient services to the community.

### Initiatives for 2016/17:

- Promote emailed rate notices
- Investigate better online access to services
- Continue the economic partnership process

### STRATEGIC INDICATOR:

Reduction in administrative, compliance and delay costs greater than the Victorian average

(Source: Department of Treasury and Finance, Red Tape Reduction Program)



## AERODROMES AND OTHER WORKS

Council currently manages both the Stawell and St Arnaud aerodromes and other minor facilities to provide better service to the community. The aerodromes are used by several emergency services to provide effective responses to emergencies including fires.

There are three standpipes and 16 bores throughout the shire. The standpipes are for fire and Council use only. The bore services are provided free of charge to farming communities for fire prevention, Council use, for stock water supplies and for non potable domestic supplies. There are also 18 emergency water tanks throughout the shire that provide water for fire control use and Council roadworks.

### Initiatives for 2016/17:

- Investigate economic opportunities to capitalise on recent major upgrades to the Stawell Aerodrome
- Carry out pre-planning for a future Stage 5 project at the Stawell Aerodrome to implement further parts of the Master Plan and to complement the four new aircraft hangers to be built
- Upgrade and maintain the existing bores in response to the current drought conditions

Aerodromes and Other Works	
Service cost	\$181,200
<b>Income</b>	
User fees and charges	\$19,326
Untied grants	\$46,777
Rate subsidy	\$115,097



## FACILITIES AND PUBLIC AMENITIES

Facilities across the shire are available for use by community groups under a booking system. Functions held in Council buildings include debutante balls, school concerts, and performing arts concerts. Council provides access to public toilets in spaces such as the shire's central business districts, parks, gardens, major attractions, and reserves. It also maintains building assets and coordinates the ongoing repair and maintenance associated with running the public amenities. It is Council's responsibility to provide adequate street lighting in urban areas, including Stawell, St Arnaud, Great Western, Halls Gap, Stuart Mill, Marnoo, Glenorchy, and Navarre.

### Initiatives for 2016/17:

- Rationalise and upgrade public amenities in Lord Nelson Park St Arnaud
- Install solar panels on a number of identified buildings in Stawell
- Continue installation of LED lighting in Council facilities

Facilities and Public Amenities	
Service cost	\$303,713
<b>Income</b>	
Untied grants	\$87,765
Rate subsidy	\$215,948



### STRATEGIC INDICATOR:

Council achieves 'Core Maturity' ratings for each of the 11 National Asset Management and Financial Planning Framework (NAMAF) indicators.

*(Source: Local Government and Planning Ministers' Council National Local Government Sustainability Frameworks, Core Competency)*

## ROADS AND BRIDGES

This service provides for maintenance on Council's infrastructure, incorporating roads, bridges, drainage, footpaths, kerb and channel, street furniture, line marking, and signage.

This service also includes the program of road inspections as part of the Road Management Act and Council's Road Management Plan for Council-managed local roads.

Throughout the municipality, Council manages 3,350 kilometres of road network, 600 bridges and major culverts, 103 kilometres of footpaths, 154 kilometres of kerb and channel, 18,000 square metres of car park, and a vast drainage network.

### Initiatives for 2016/17:

- Upgrade part of Fisher St with kerb and channel
- Upgrade unsafe intersections at Joel Joel Rd and Frampton Rd, Marl St and Glenorchy Rd
- Upgrade works on 12 of Council's bridges and major culverts. These works include upgrading of guardrail and repairing bridge defects which will increase road safety and the life of bridges and culverts across the road network
- Continue the Banyena Rd upgrade works

Roads and Bridges	
Service cost	\$2,281,868
<b>Income</b>	
Untied grants	\$399,125
Rate subsidy	\$1,882,743



## Financial sustainability

### FINANCIAL SERVICES

Council will continue to meet its reporting and accountability requirements, with plans underway to work towards long term sustainability. An annual internal audit plan will be developed through the Audit Committee to provide assurance regarding Council's performance, risk management, financial, and governance responsibilities.

Opportunities for regional collaboration will be sought to gain efficiencies in costs and service provision.

#### STRATEGIC INDICATOR:

Council improves financial sustainability ranking compared to small rural Councils in Victoria

*(Source: Victorian Auditor General – Local Government Audit results produced annually and tabled in State Parliament)*



## MANAGEMENT AND COORDINATION

The organisational structure for Northern Grampians is based on a three directorate model. Within that model, each directorate is led and managed by a director and supported by department managers. There are also team leaders and supervisors in those areas with larger staff numbers such as childcare, recreation, parks and gardens, roads, home and community care, and leisure and recreation.

The three directors work in Infrastructure and Environment, Economic and Community Services, and Corporate Services. There are seven department managers covering the areas of Infrastructure, Environmental and Regulatory Services, Economic Growth, Community Services, Governance and Civic Support, Finance and Information Services, and Human Resources. These management positions are responsible for direct service provision and the management of close to 250 individuals, or 169.7 full time equivalent employees who deliver services to our community.

A reduction in FTE is the outcome of Council's ongoing review of services which this year has resulted in a voluntary redundancies being sought and accepted from staff in Children's Services.

### Initiatives for 2016/17:

- Investment attraction
- Advocate for a better funding deal for rural Councils to enable the maintenance of key services to the community

Management and Coordination	
Service cost	\$3,842,403
<b>Income</b>	
Untied grants	\$1,110,350
Rate subsidy	\$2,732,053

## CEO AND COUNCILLOR SERVICES

A high level of administrative and civic support is provided to the Mayor, Councillors, Chief Executive Officer, and Directors. Services include diary coordination and travel arrangements, provision of support documents, briefing and agenda papers, research, protocols and presentations, civic events and ceremonies, administrative support for various committees, and coordination of Councillor communications and professional development. Over 12 Council meetings and over 20 briefing sessions are conducted and supported each year.

### Initiatives for 2016/2017:

- Council elections on 22 October will see a new Council elected for the next four years
- The resignation of the Chief Executive Officer in May 2016 will see the appointment of a new Chief Executive

Officer early in 2016/2017 who, through their leadership, will continue the work already done towards the high standard of recognition of the Northern Grampians Shire Council amongst its peers

- Continued rollout by the Mayor and Councillors of the 3, 16, 81 campaign to push for an appropriate balance of taxation between the three tiers of government and to get a bigger share of the taxation dollar to help deliver vital projects

CEO and Councillor Services	
Service cost	\$1,088,582
<b>Income</b>	
User fees and charges	\$6,000
Untied grants	\$312,837
Rate subsidy	\$769,745

## CUSTOMER SERVICES

A principal point of contact between Council and the community is provided through customer service centres in both Stawell and St Arnaud. Open between 8.15am and 4.45pm, five days a week, services include telephone, over the counter and online enquiries, receipting, and VicRoads services.

### Initiatives for 2016/17:

- Roll out of the Customer Relationship System which will improve customer service in line with the quality citizen engagement standards. Council is committed to providing a seamless citizen engagement experience
- Introduction of customer feedback forms and online surveys to encourage greater customer engagement and interaction with Council

Customer Services	
Service cost	\$427,830
<b>Income</b>	
Other revenue	\$33,720
Untied grants	\$113,887
Rate subsidy	\$280,223

## INTERNAL SERVICES

Corporate services provides effective information and communication services that support efficient operations across the organisation, and is responsible for ensuring accountability for legislative and regulatory compliance. Services include:

- Financial services, including rates, charges, account management, revenue management, and borrowings
- Information and communication technology including maintenance to Council websites, Facebook and social media, network and systems for different service areas such as Leisure, Home and Community Care, Tourism, Maternal and Child Health, Children's Services, Planning, Engineering, and Geospatial Systems
- Human resources management, including organisational development, training, occupational health and safety, recruitment, performance management, and payroll.
- Records management, including Freedom of Information requests, correspondence management, and privacy

### Initiatives for 2016/17:

- Continue rollout of new software products to enable mobility and continuous efficiency improvements

Internal Services	
Service cost	\$3,229,921
<b>Income</b>	
User fees and charges	\$12,100
Contributions	\$42,950
Other revenue	\$242,233
Untied grants	\$847,452
Rate subsidy	\$2,085,186

## INSURANCES

Councils need to have insurance policies which adequately cover their risks and exposures. Insurances associated with Council's services across the shire include Professional Indemnity, Public Liability, Workcover, Motor Vehicle, Hangarkeepers Liability, Personal Accident, Corporate Travel, and Commercial Crime.

Council also has Public Liability insurance for various casual hirers of Council owned or controlled facilities, performers, stallholders, buskers and artists for their various activities whilst participating in Council events or programs and local traders for placement of advertising boards and other merchandise on footpaths or Council property under a Council permit.

A Risk Committee meets regularly to monitor and plan for risk mitigation and reports to the Executive and Audit Committees on extreme and high level risks.

Insurances	
Service cost	\$359,600
<b>Income</b>	
Other revenue	\$3,650
Untied grants	\$102,860
Rate subsidy	\$253,090

## FLEET

The many services provided by Council require vehicles. In total there are 42 vehicles which are used to deliver services such as maintenance of our parks and gardens, providing aged and disability services, maternal and child health, immunisations, local law enforcement, road maintenance, building maintenance, emergency management and recovery, and business development.

### Initiatives for 2016/2017

- Maximising available efficiencies in the running costs of our vehicles
- Undertake a review of current fleet booking systems

Fleet	
Service cost	\$232,900
<b>Income</b>	
Untied grants	\$67,302
Rate subsidy	\$165,598





# BUDGET

DETAILS

## 2016 - 17



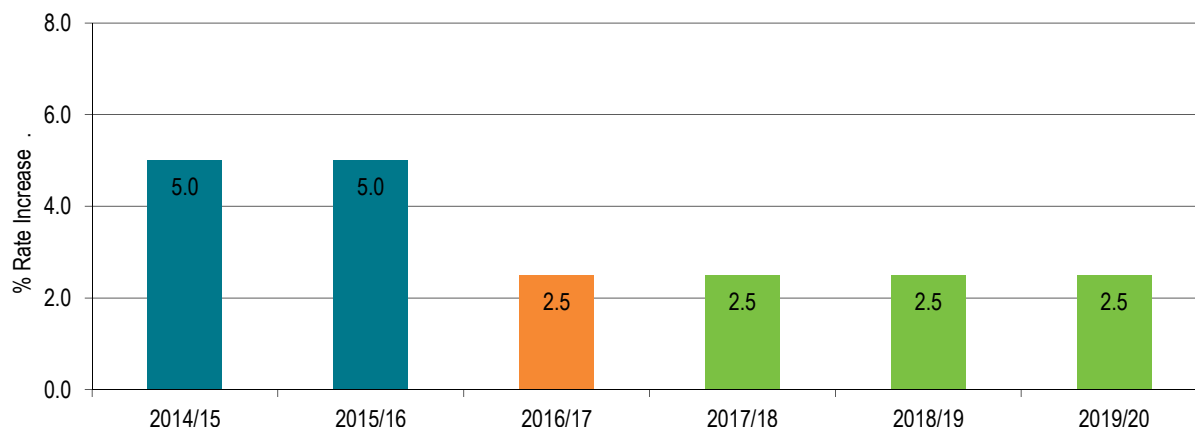
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## Budget Summary

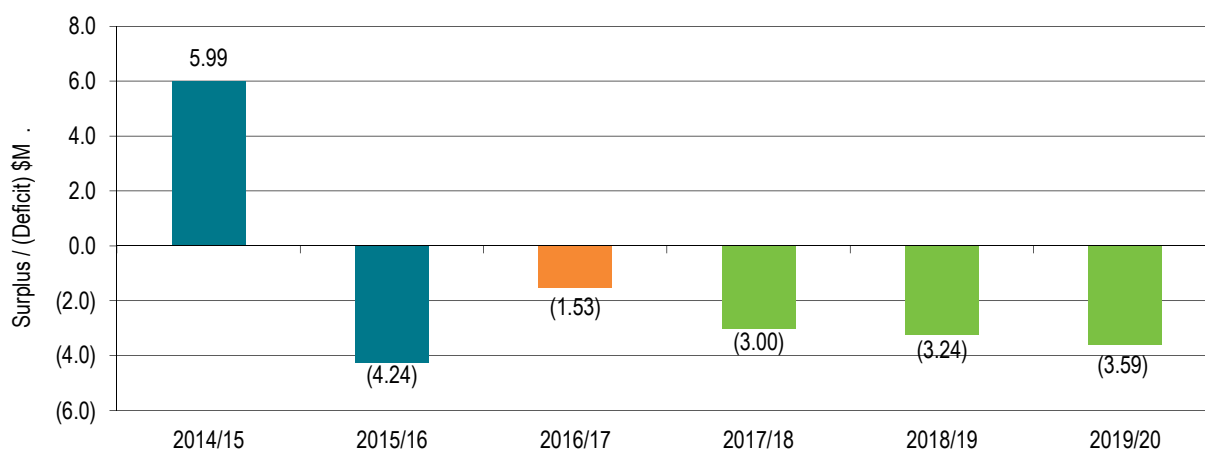
Council has prepared a budget for the 2016/17 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, service levels, cash and investments, capital works,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

### 1. Rates



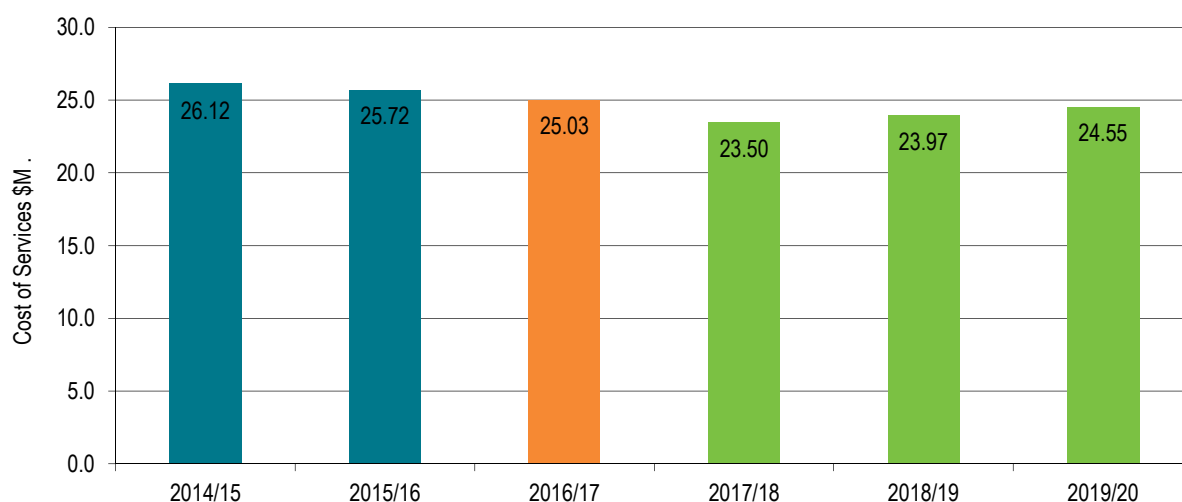
It is proposed that general rates increase by 2.5% for the 2016/17 year, raising total rates of \$13.9 million. (The rate increase for the 2015/16 year was 5.0%).

### 2. Operating Result



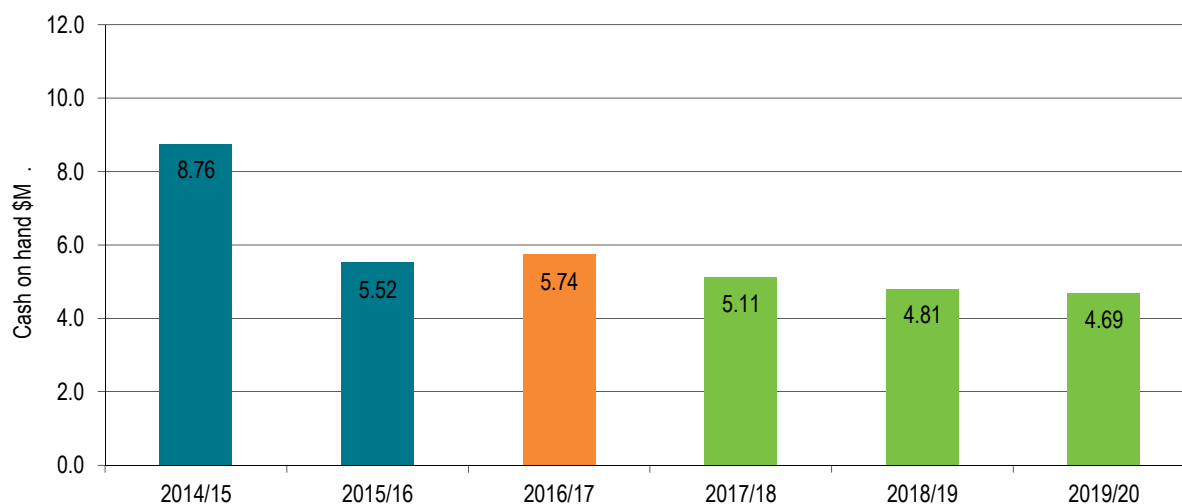
The expected operating result for the 2016/17 year is a deficit of \$1.53 million, which is an improvement of \$2.7 million over 2015/16. The improved operating result compared to 2015/16 is due to the early payment of half of the Council's annual Federal funding (Victorian Grants Commission) in 2014/15 and due to the full year effect of the service reviews that occurred in 2015/16. The early payment of the Victorian Grants Commission is also the major reason for the surplus in 2014/15. The future years plan shows that Council continues to struggle to be sustainable, with operating results indicating that Council is unable to renew its assets at the required rate with the current level of funding. The projected results exist despite service level reviews and service rationalisation undertaken to date and this work will continue with the aim of achieving sustainability in the future.

### 3. Services



The cost of services delivered to the community for the 2016/17 year is expected to be \$25.03 million which is a decrease of \$0.7 million over 2015/16. Service levels will continue to be reviewed during 2016/17 and future years. (The forecast cost for the 2015/16 year is \$25.7 million).

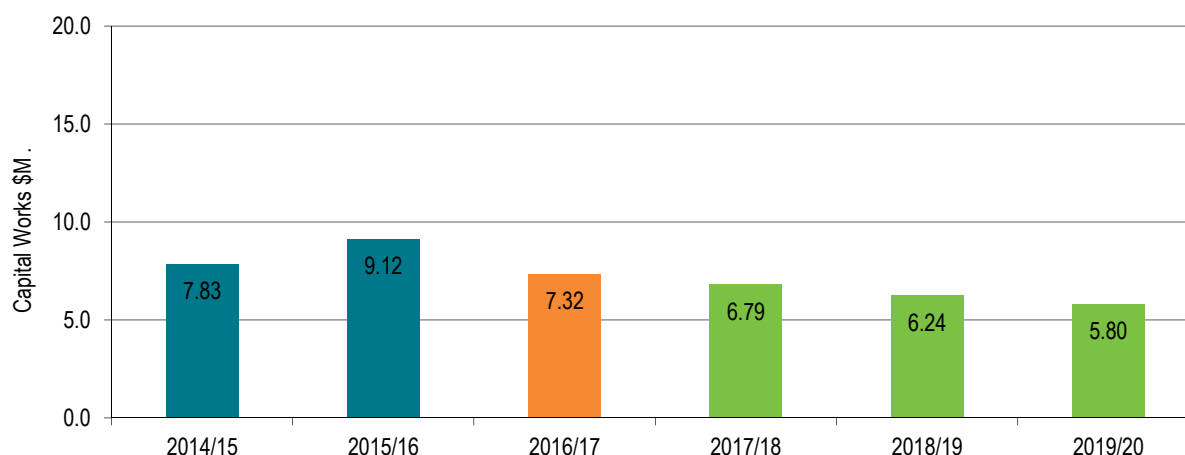
### 4. Cash and Investments



Cash and investments are expected to increase by \$0.1 million during the year to \$5.6 million as at 30 June, 2017. This slight increase is the result of Council not using cash on hand to fund the capital works program in addition to a small positive net cash movement for the year due to savings that will be realised from service level reviews that have taken place over the last 12 months. (Cash and investments are forecast to be \$5.5 million as at 30 June, 2016). It should be noted that the 2014/15 closing cash included \$3.3 million of 2015/16 allocated Victorian Grants Commission that was received early on 30th June 2015.

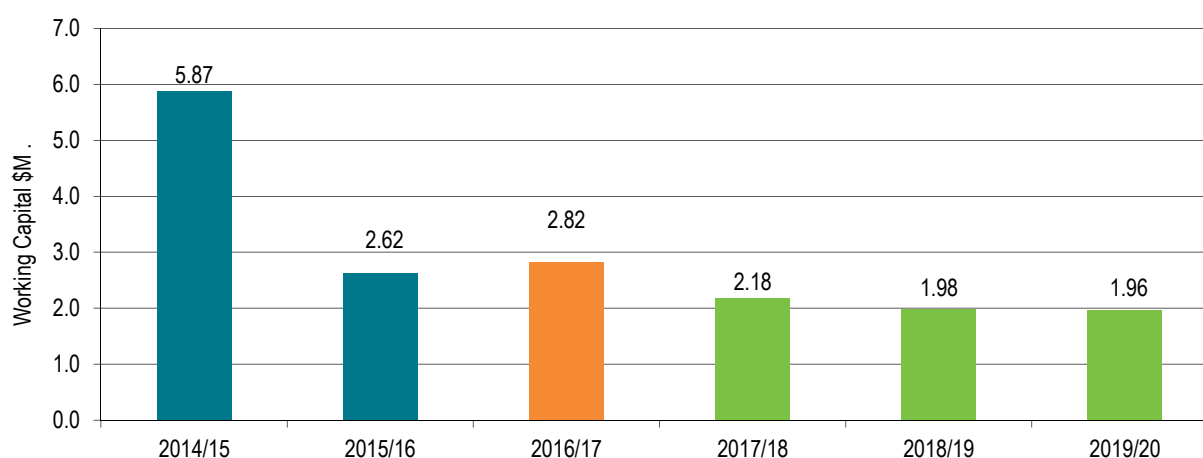


## 5. Capital Works



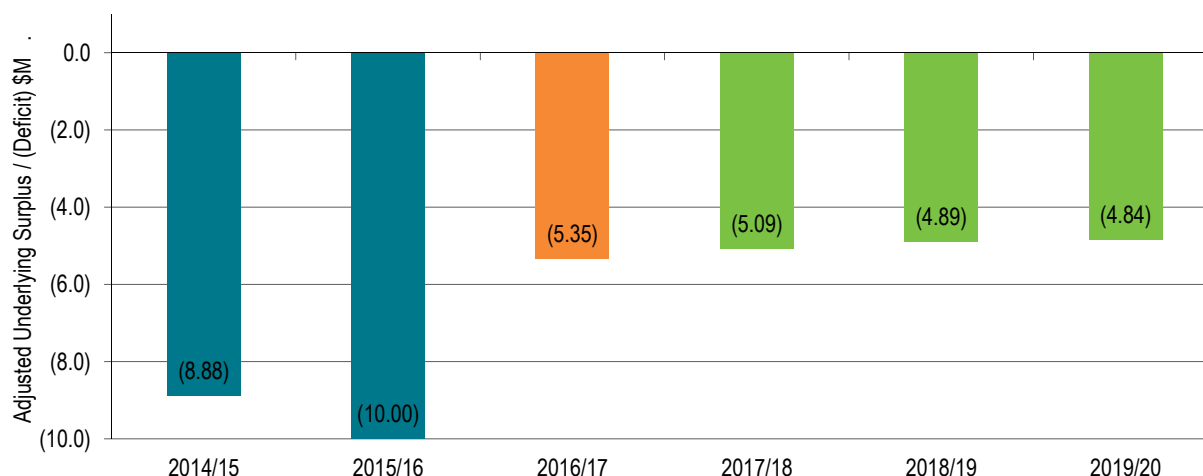
The capital works program for the 2016/17 year is expected to be \$7.4 million. The capital expenditure program has been set and prioritised based on a process of consultation that has enabled Council to assess needs and develop sound business cases for each project. In addition to spending \$5.2m on the renewal of Community assets and essential infrastructure the 2016/17 capital works program includes \$1.8 million for the upgrade of existing infrastructure assets. (Capital works are forecast to be \$9.1 million for the 2015/16 year).

## 6. Financial Position



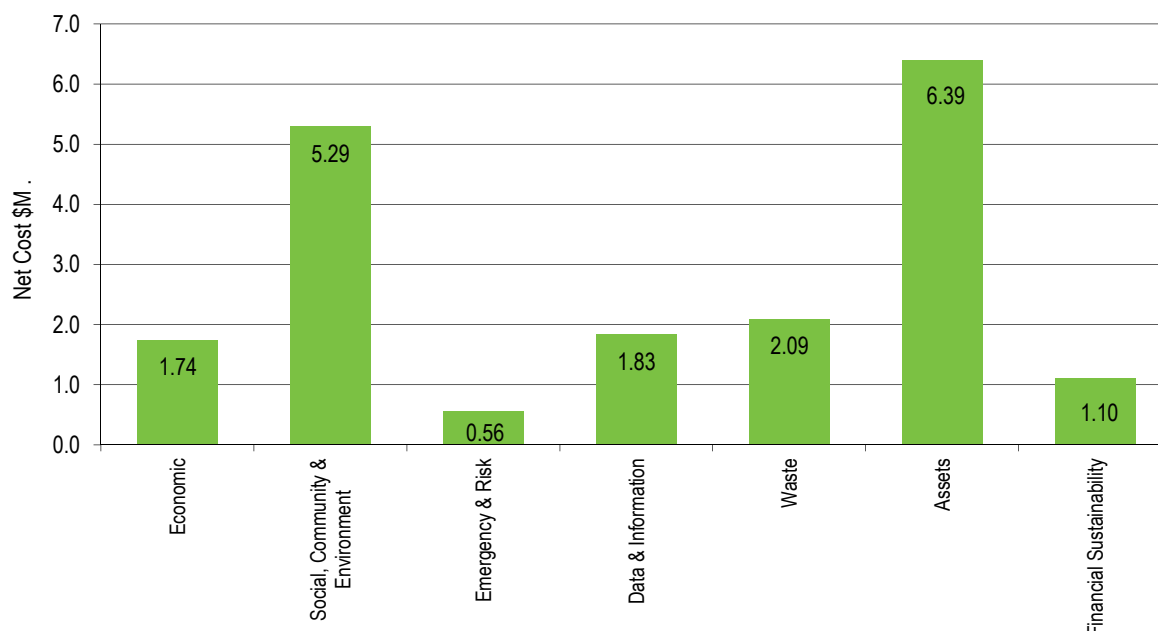
Net assets are expected to decrease by \$0.3 million to \$407.1 million, with net current assets (working capital) increasing by \$0.2 million as at June 2017. This is tied to the cash on hand expected at 30 June 2017 as explained above. (Total equity is forecast to be \$407.3 million as at 30 June, 2016).

## 7. Financial Sustainability



A high level Strategic Resource Plan for the years 2016/17 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The Plan projects that the underlying result, which is a measure of financial sustainability, shows a steady deficit over the four year period. The deficit includes depreciation which indicates that Council is unable to renew its stock of assets with the existing levels of funding. The decrease in deficit over the years is based on a number of harsh assumptions of Council's provision of non-mandatory services into the future.

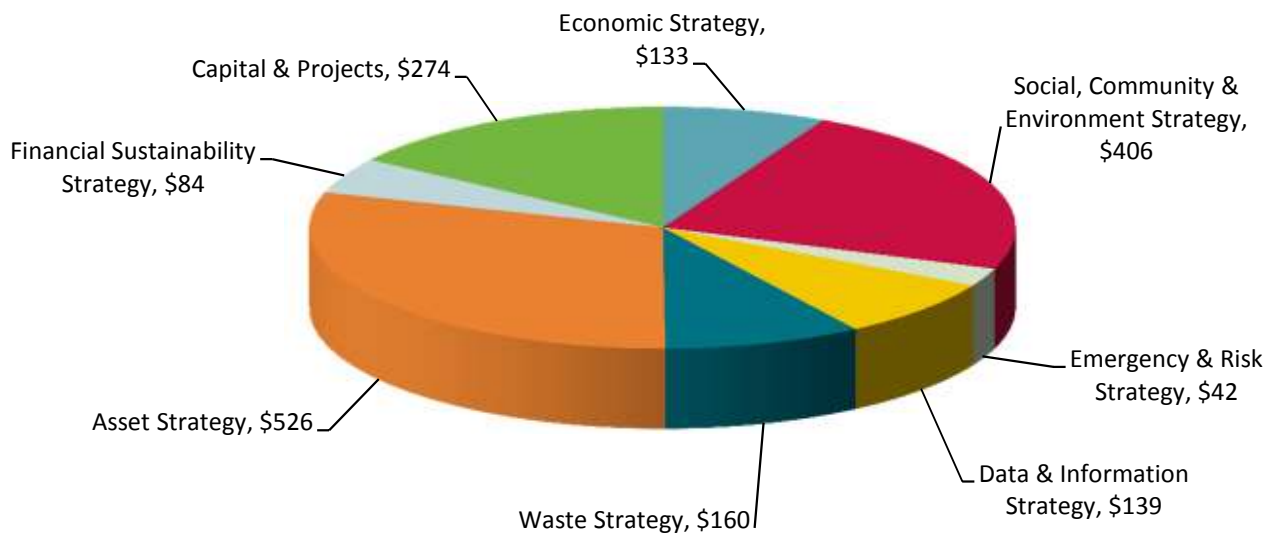
## 8. Strategic Objectives



The Annual Budget includes a range of activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan 2013-2017. The above graph shows the net level of funding allocated to services in the budget to achieve the strategic objectives as set out in the Council Plan for the 2016/17 year.



## 9. Where rates are spent



The above chart provides an indication of how Council allocates its rates expenditure across the strategies contained within the Council Plan. It shows how much is allocated to each strategy based on the average rates paid of \$1,764.

This budget has been developed through a process of consultation and review and management endorses it as financially responsible. More detailed budget information is available throughout this document.

## 1. Analysis of Operating Budget

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

### 1.1 Budgeted Income Statement

		Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
	Ref			
Total Income	1.2	30,392	32,606	2,214
Total Expenses	1.3	(34,632)	(34,138)	494
<b>Surplus (Deficit) for the Year</b>		<b>(4,240)</b>	<b>(1,532)</b>	<b>2,708</b>
Grants – Non-recurrent Capital	1.2.5	(5,183)	(3,813)	1,370
Monetary Contributions - Capital		(85)	0	85
<b>Adjusted Underlying Surplus (Deficit)</b>	<b>1.1.1</b>	<b>(9,508)</b>	<b>(5,345)</b>	<b>4,163</b>

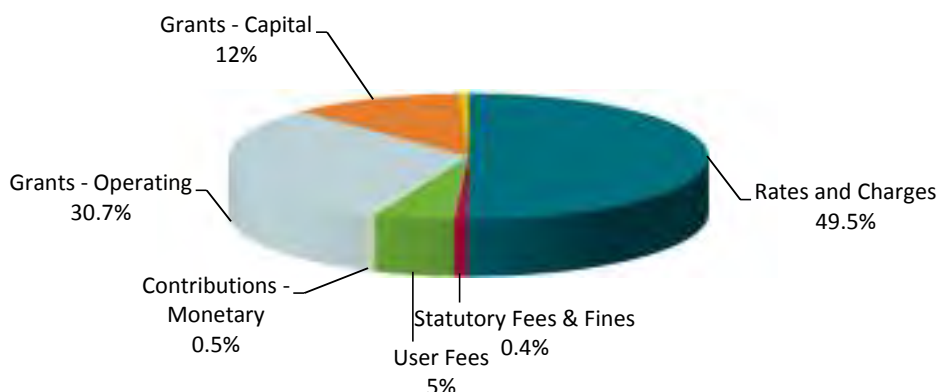
#### 1.1.1 Adjusted Underlying Deficit (\$4.7 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants and contributions. It is a measure of financial sustainability as it is not impacted by capital income items which mask the operating result. The adjusted underlying result measures Council's capacity to meet its asset renewal needs. The budgeted adjusted underlying result for the 2016/17 year is a deficit of \$5.3 million which is a decrease of \$4.7 million over the 2015/16 year. This is due primarily to distortions in the 2015/16 year resulting from early receipt of \$3.2 million in the previous financial year of the Victorian Grants Commission. Regardless of the distortions between years, the adjusted underlying deficit indicates that Council is unable to renew its assets at appropriate levels without funding assistance.

### 1.2 Income

		Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Income Types	Ref			
Rates and Charges	1.2.1	15,912	16,338	426
Statutory Fees & Fines	1.2.2	215	272	57
User Fees	1.2.3	1,968	1,768	(200)
Contributions - Monetary		580	294	(286)
Grants - Operating	1.2.4	6,298	9,914	3,616
Grants - Capital	1.2.5	5,183	3,813	(1,370)
Other Income		236	207	(29)
<b>Total Income</b>		<b>30,392</b>	<b>32,606</b>	<b>2,214</b>

### Budget % Income by Type





## Budget % Income by Service/Source



### 1.2.1 Rates and Charges (\$0.4 million increase)

It is proposed that rates and charges income be increased by \$0.4 million over 2015/16 to \$16.3 million. The *Rating Strategy* includes a more detailed analysis of the rates and charges to be levied for 2016/17.

### 1.2.2 Statutory Fees & Fines (\$0.05 million increase)

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

### 1.2.3 User Fees (\$0.2 million decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include the use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services. In setting the budget, Council is trying to move to a greater user pays system therefore taking the subsidy off the rate payers. This \$0.2m decrease from 2015/16 has occurred primarily due to the closure of childrens services in Stawell.

#### 1.2.4 Grants - Operating (\$3.6 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services. The \$3.6 million increase is due to the early payment of the Victorian Grants Commission for the 2015/16 financial year being received in the previous year. We are expecting to receive the full allocation of the Victorian Grants Commission for 2016/17 in the intended financial year.

Operating Grant Funding Types and Source	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Recurrent - Commonwealth Government</b>			
Victorian Grants Commission	3,373	6,640	3,267
Infrastructure Operations	75	60	(15)
<b>Recurrent - State Government</b>			
Aged Care	696	562	(134)
Children's Services	314	340	26
Emergency Services	27	23	(4)
School Crossings	12	-	(12)
Environmental Protection	50	50	-
Health	25	15	(11)
Youth Services	92	105	13
<b>Total Recurrent Grants</b>	<b>4,663</b>	<b>7,794</b>	<b>3,131</b>
<b>Non-recurrent - Commonwealth Government</b>			
Economic Development	10	-	(10)
<b>Non-recurrent State Government</b>			
Fire Prevention	120	120	-
Economic Development	123	-	(123)
Adapability & Sustainability Partnership	5	-	(5)
Community Development	8	-	(8)
Stawell Underground Physics Lab	1,250	2,000	750
Recreation Facilities	19	-	(19)
Low Income Energy Efficiency Project	100	-	(100)
<b>Total Non-recurrent Grants</b>	<b>1,634</b>	<b>2,120</b>	<b>486</b>
<b>Total Grants - Operating</b>	<b>6,298</b>	<b>9,914</b>	<b>3,616</b>

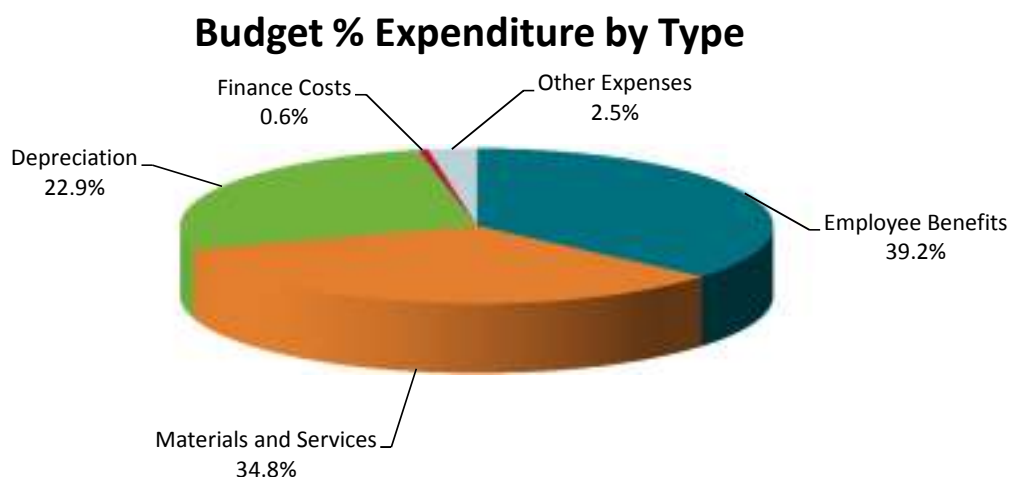
### 1.2.4 Grants - Capital (\$1.37 million decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by \$1.37 million compared to 2015/16. This is due to the decrease in the allocation of Roads to Recovery federal grant funding. The focus of the capital budget is renewal of existing infrastructure using funding from other levels of government. The *Analysis of Capital Budget* section includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year.

Capital Grant Funding Types and Source	Forecast		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Recurrent - Commonwealth Government</b>			
Roads to Recovery	3,615	2,978	(637)
<b>Total Recurrent Grants</b>	<b>3,615</b>	<b>2,978</b>	<b>(637)</b>
<b>Non-recurrent - Commonwealth Government</b>			
Emergency Reconstruction	360	-	(360)
Heavy Vehicle Safety & Productivity Funding	-	310	310
ANZAC Centenary Avenue of Honour	30	-	(30)
<b>Non-recurrent State Government</b>			
Open Spaces	300	-	(300)
Buildings	754	300	(454)
Waste Management	60	150	90
Recreation Facilities	64	75	11
<b>Total Non-recurrent Grants</b>	<b>1,568</b>	<b>835</b>	<b>(733)</b>
<b>Total Grants - Capital</b>	<b>5,183</b>	<b>3,813</b>	<b>(1,370)</b>

### 1.3 Expenses

Expense Types	Ref	Forecast		
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Employee Benefits	1.3.1	13,420	12,408	(1,012)
Materials and Services	1.3.2	10,972	11,537	565
Depreciation	1.3.3	8,912	9,108	196
Finance Costs	1.3.4	181	179	(2)
Other Expenses		1,147	906	(241)
<b>Total Expenses</b>		<b>34,632</b>	<b>34,138</b>	<b>(494)</b>





### 1.3 Expenses (continued)

#### 1.3.1 Employee Benefits (\$1.0 million decrease)

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

Employee costs are forecast to decrease by \$1.0 million compared to 2015/16. This decrease relates to the efforts of Council in undertaking service reviews in line with community expectations.

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
Corporate Services	2,940	2,793	147
Economic & Community	3,068	1,584	1,484
Infrastructure & Environment	5,842	5,637	205
Total Permanent Staff Expenditure	11,850	10,014	1,836
Casuals and Other Expenditure	559		
<b>Total Expenditure</b>	<b>12,409</b>		

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

Department	Budget FTE	Comprises	
		Permanent Full time	Permanent Part time
Corporate Services	30.8	28.6	2.2
Economic & Community	37.3	17.0	20.3
Infrastructure & Environment	82.8	80.4	2.4
Total FTE Permanent Staff	150.9	126.0	24.9
Casuals and Other Expenditure	5.8		
<b>Total Full Time Equivalent Staff</b>	<b>156.7</b>		

#### 1.3.2 Materials and Services (\$0.5 million increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by \$0.5 million compared to 2015/16. This is due to the Stawell Underground Physics Laboratory expenditure in 2016/17 being \$1.5 million, which is offset against the savings that have been made through service levels reviews in the 2014/15 and 2015/16 financial years.

#### 1.3.3 Depreciation (\$0.2 million increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains.

#### 1.3.4 Finance Costs (\$0.02 million decrease)

Borrowing costs relate to interest charged by financial institutions on borrowed funds. The marginal decrease is the interest expected to be charged on existing loans. There are no new borrowings budgeted for 2016/17.

## 2. Budgeted Cash Position

This section presents 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 statement 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 includes borrowings from financial institutions and repayment of the principal component of loan repayments for the year.

### 2.1 Budgeted Cash Flow Statement

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>			
<i>Receipts</i>			
Rates and charges	15,912	16,338	426
Statutory fees and fines	215	272	57
User fees	1,968	1,768	(200)
Grants - operating	6,298	9,914	3,616
Grants - capital	5,183	3,813	(1,370)
Contributions - monetary	580	294	(286)
Interest received	204	168	(36)
Other receipts	32	39	7
	<b>30,392</b>	<b>32,606</b>	<b>2,214</b>
<i>Payments</i>			
Employee benefits	(13,420)	(12,408)	1,012
Materials and services	(10,973)	(11,537)	(564)
Other payments	(1,147)	(906)	241
	<b>(25,540)</b>	<b>(24,851)</b>	<b>689</b>
<b>Net cash provided by operating activities</b>	<b>4,852</b>	<b>7,755</b>	<b>2,903</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of property, plant & equipment	505	251	(254)
Payments for property, plant and equipment	(9,108)	(7,323)	1,785
Repayment of loans and advances	(30)	16	46
<b>Net cash used in investing activities</b>	<b>(8,633)</b>	<b>(7,056)</b>	<b>1,577</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(283)	(300)	(17)
Finance costs	(181)	(179)	2
<b>Net cash used in financing activities</b>	<b>(464)</b>	<b>(479)</b>	<b>(15)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,245)</b>	<b>220</b>	<b>4,465</b>
Cash and cash equivalents at the beginning of the year	9,760	5,515	(4,245)
<b>Cash and cash equivalents at end of the year</b>	<b>5,515</b>	<b>5,735</b>	<b>220</b>

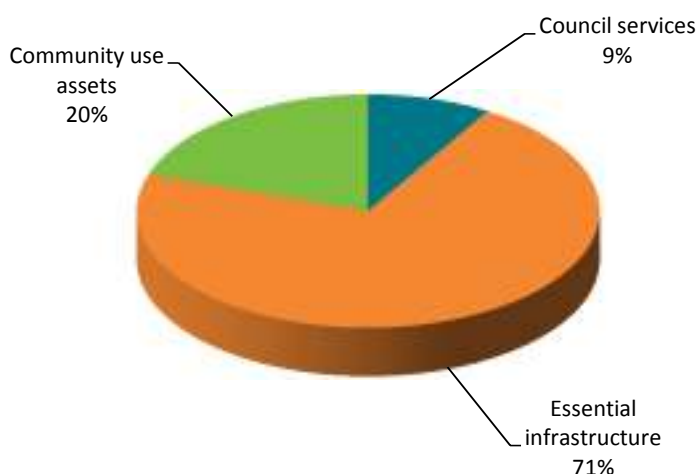
### 3. Analysis of Capital Budget

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

#### 3.1 Capital Works

Capital Works Areas	Ref	Forecast 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Roads	3.1.1	4,288	3,763	(525)
Bridges	3.1.2	820	366	(454)
Footpaths	3.1.3	44	147	103
Plant & Equipment	3.1.4	1,336	1,251	(85)
Buildings	3.1.5	1,382	980	(402)
Parks, Open Space and Streetscapes	3.1.6	524	475	(49)
Drainage	3.1.7	283	20	(263)
Computer and Office Equipment	3.1.8	385	-	(385)
Land and Land Improvements	3.1.9	53	320	267
<b>Total Capital Works</b>		<b>9,115</b>	<b>7,322</b>	<b>(1,793)</b>
<b>Represented by:</b>				
New Asset Expenditure	3.1.10	80	297	217
Asset Renewal Expenditure	3.1.10	5,667	5,095	(572)
Asset Expansion Expenditure	3.1.10	-	175	175
Asset Upgrade Expenditure	3.1.10	3,368	1,755	(1,613)
<b>Total Capital Works</b>		<b>9,115</b>	<b>7,322</b>	<b>(1,793)</b>

#### Budgeted % spend on asset use



A more detailed listing of capital works is included in Appendix C.

##### 3.1.1 Roads (\$3.8 million)

Roads includes local roads, car parks, kerb & channel and street furniture.

For the 2016/17 year \$3.8 million will be expended on road projects. This is a \$0.5 million decrease on 2015/16 due to the decrease in allocated roads to recovery funding. Council has focused on maintaining existing assets to ensure the level of service currently provided doesn't deteriorate.

##### 3.1.2 Bridges (\$0.4 million)

Bridges includes major culverts and floodways.

For the 2016/17 year, \$0.4 million will be expended on bridge projects. Council will focus on maintaining the existing bridge network in 2016/17.



### 3.1.3 Footpaths (\$0.1 million)

The footpath program includes renewal and improvement to footpaths and shared paths.

For the 2016/17 year, Council has budgeted to complete a small selection of new footpaths.

### 3.1.4 Plant & Equipment (\$1.3 million)

Plant & Equipment includes heavy plant and engineering equipment, and motor vehicles.

For the 2016/17 year, \$1.3 million will be expended on plant & equipment renewal, as set out in Council's 5 Year Plant Replacement Program.

### 3.1.5 Buildings (\$1.0 million)

Buildings includes community facilities, municipal offices, sports facilities, pavilions.

For the 2016/17 year, \$1.0 million will be expended on building projects. The most significant project is the continuation of the renewal of the St Arnaud Town Hall Precinct, which was dependant of government funding.

### 3.1.6 Open Spaces (\$0.5 million)

Open Spaces includes passive and active reserves.

For the 2016/17 year \$0.5 million will be expended on open spaces. This includes Rehabilitation of the netball courts at Lord Nelson Park.

### 3.1.7 Drainage (\$0.02 million)

For the 2016/17 year, \$0.02 million will be expended on drainage and pit works as per Council's drainage improvement program.

### 3.1.8 Computer & Office Equipment (\$0)

Historically, this program provides for the scheduled replacement of computer equipment and office furniture.

For the 2016/17 year, Council is purchasing ICT equipment which is less expensive and therefore captured under operating expenditure and not capitalised.

### 3.1.9 Land Improvements (\$0.3 million)

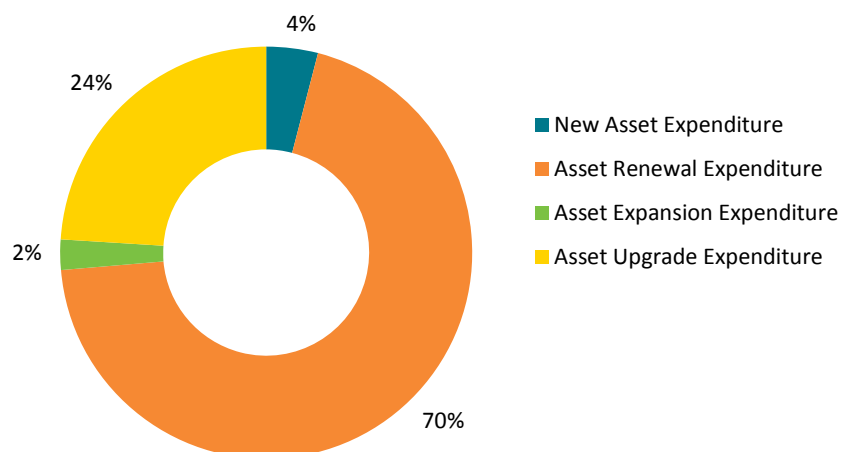
Land Improvements are works to the land itself. This includes landfill rehabilitation and transfer station works.

The increase from 2015/16 is due to funded works that are scheduled for the St Arnaud transfer station.

### 3.1.10 New Assets (\$0.03m), Asset Renewal (\$5.1m), Asset Expansion (\$0.2m) and Asset Upgrade (\$1.8m)

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

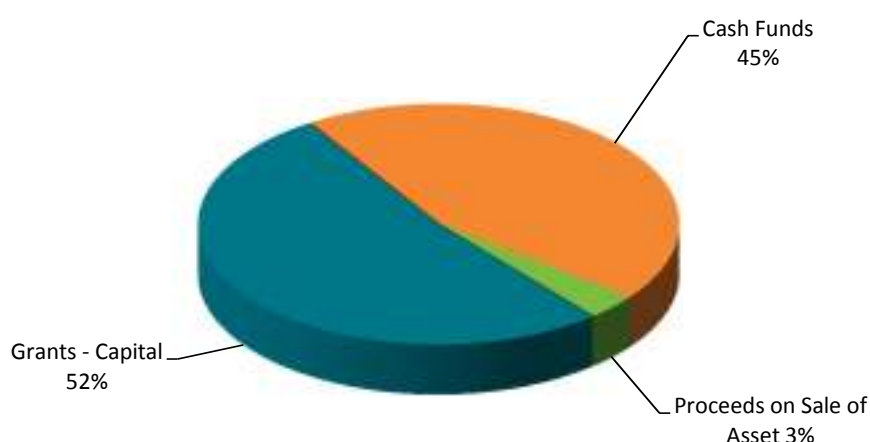
## Budgeted % New / Renewal / Expansion / Upgrade Works



## 3.2 Funding Sources

Sources of Funding	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<b>External</b>				
Grants - Capital	3.2.1	5,183	3,813	(1,370)
Contributions - Capital		85	-	(85)
Proceeds on Sale of Assets	3.2.2	505	251	(254)
		<b>5,773</b>	<b>4,064</b>	<b>(1,709)</b>
<b>Internal</b>				
Cash Funds		3,342	3,258	(84)
	3.2.3	<b>3,342</b>	<b>3,258</b>	<b>(84)</b>
<b>Total capital works</b>		<b>9,115</b>	<b>7,322</b>	<b>(1,793)</b>

### Budget % Capital Funding by Source



Source: Appendix A

#### 3.2.1 Grants - Capital (\$3.8 million)

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

The decrease in grant funding is due to the decreased allocation of roads to recovery grant funding to the prior year. The \$3.8 million of grants budgeted is primarily roads to recovery funding.

#### 3.2.2 Proceeds from Sale of Assets (\$0.3 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal program, and sales of heavy plant in accordance with the plant renewal program. The decrease from 2015/16 is due to the unexpected sale of land in 2015/16.

#### 3.2.3 Cash Funds (\$3.3 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. In addition to this, Council has cash reserves set aside for specific purposes. In 2016/17 it is proposed to have no new borrowings.

Council is proposing a budget that has a net deficit from operations at the end of the 2016/17 financial year. Therefore there will be no surplus from operations to contribute to the capital works program and Council will use cash funds to complete the unfunded portion of the capital works program.

## 4. 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.

### 4.1 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:

- Review existing service levels in order to work towards sustainability
- Maintain a capital expenditure program of at least \$5 million per annum
- Achieve a balanced budget on a cash basis.

In preparing the SRP, the 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.

### 4.2 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.

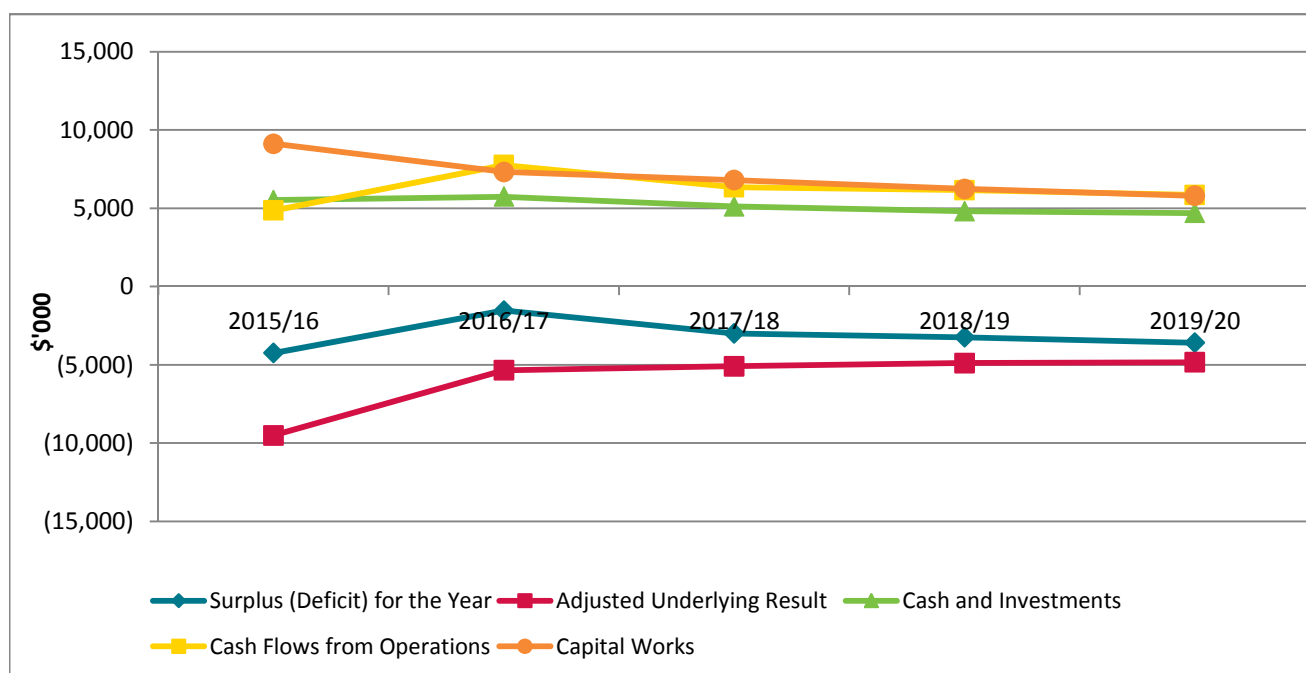
	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus (Deficit) for the Year	(4,240)	(1,532)	(2,999)	(3,238)	(3,590)	-
Adjusted Underlying Result	(9,508)	(5,345)	(5,089)	(4,888)	(4,840)	-
Cash and Investments	5,515	5,735	5,110	4,805	4,692	-
Cash Flows from Operations	4,852	7,755	6,340	6,158	5,851	-
Capital Works	9,115	7,322	6,793	6,237	5,798	-

Key to Forecast Trend:

- + Forecast improvement in Council's financial performance/financial position indicator
- o Forecasts that Council's financial performance/financial position indicator will be steady
- Forecast 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** - The general financial indicators show a clear picture. The Council will struggle to be a sustainable entity with current service levels. The underlying result in particular is an indicator of financial sustainability and is an important measure as one off items can often mask the operating result. The deficit includes depreciation which indicates that Council is unable to renew its stock of assets with the existing levels of funding.
- **Rating Principle** – Council has opted to calculate the Strategic Resource Plan based on compliance with the new rate capping framework. With this in mind the rate increases are forecast at the current rate cap of 2.5% over the four years.
- **Service Delivery Principle** – Service levels will be reviewed throughout the four year period.
- **Borrowing Principle** – Borrowings are forecast to reduce from \$3.2 million to \$2.3 million over the four year period. There are no new proposed borrowings in 2016/17.
- **Asset Management Principle** - Capital expenditure over the four year period will total \$26.2 million at an average of \$6.5 million per year.

### 4.3 Non-financial Resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. The Statement of Human Resources summarises the non-financial resources for the next four years (refer Financial Statements).

Employee numbers are projected stay consistent. However, Council is committed to undertaking regular service level reviews during the period, which may result in service rationalisation in order to work towards achieving sustainability in the future.

## 5. Rating Information

This section considers the Council's rating levels and structure and the impact of changes in property valuations.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for 48.2% of the total revenue to be received by Council in 2016/17. Planning for future rate income has therefore been an important component of the Strategic Resource Planning process.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases. Council has complied with the Victorian Government's rates cap of 2.5 percent which applies to the average annual increase of rates and charges. In light of the new Rate Capping Framework Council has prepared the Strategic Resource Plan with a view to provide a balanced budget within the rate cap provided.

### 5.1 Current Year Rate Increase

In order to provide services and undertake the capital expenditure program within the rate cap general rates will increase by 2.5% in 2016/17 raising a total rate revenue of \$12.7 million (\$16.3 million total rates and charges). This total includes the Municipal Charge, which will increase by \$4 per assessment. The following table sets out future proposed rate increases and total rates and charges to be raised, based on the forecast financial position of Council as at 30 June 2016.

Year	Rate Increase %	Total Rates and Charges Raised \$'000
2015/16	5.0	15,912
2016/17	2.5	16,338
2017/18	2.5	16,746
2018/19	2.5	17,165
2019/20	2.5	17,594

Future rate increases have been set by Council with regard to both the community's service expectation and their capacity to pay.

### 5.2 Rating Structure

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

- property values, which reflect capacity to pay and form the central basis of rating under the Local Government Act 1989,
- a 'user pays' component to reflect use of certain services provided by Council, and
- a fixed municipal charge per property.

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

Having reviewed the various valuation bases for determining the property value component of rates, Council has determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality.

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 farming purposes or recreational and cultural purposes, in order to distribute the rate burden accordingly.

The existing rating structure comprises a general rate, a farm land differential rate and a rate concession for recreational & cultural land. These rates are structured in accordance with the requirements of Section 161 of the Act and the Ministerial Guidelines for the setting of differential rates. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Act. The farming rate is set at 65% of the general residential rate and the concession rate for recreational land is set at 58% of the general residential rate. Council also has a municipal charge, a kerbside garbage collection charge and a kerbside recycling collection 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 Appendix B "Rates and Charges".

Rate Type	How Applied	2015/16	2016/17
General Rates	Cents/\$ CIV	0.7261	0.7162
Farm Rates	Cents/\$ CIV	0.4720	0.4655
Recreational and Cultural Rates	Cents/\$ CIV	0.4212	0.4154
Municipal Charge	\$/ property	\$146.00	\$150.00
Kerbside Garbage Collection Charge	\$/ property	\$260.00	\$266.00
Additional Kerbside Garbage Collection Charge	\$/ property	\$149.00	\$153.00
Kerbside Recycling Collection Charge	\$/ property	\$149.00	\$153.00

Council has adopted a formal *Revenue and Rating Strategy* that contains further information regarding Council's rating structure.

### 5.3 General Revaluation of Properties

A general revaluation of all properties within the Council's municipal district occurs every two years.

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

The revaluation has returned an overall increase of 5% with some variation across the various valuation groups therefore the distribution of rates and charges in the 2016/17 budget will be impacted by the general revaluation refer to Appendix B "Rates and Charges" for further information. Council has not made any changes to the existing rate differentials.



## 6. Borrowings

This section considers the Council's borrowing principles and sets out the borrowings that have been incorporated into the Strategic Resource Plan.

In developing the Strategic Resource Plan, borrowings were identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects.

For the 2016/17 year, Council has decided not to take out any new borrowings therefore, after making loan repayments of \$0.3 million, will decrease its total borrowings to \$3.2 million as at 30 June, 2017. It is likely that in the longer term, further borrowings may 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	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	-	283	181	3,546
2016/17	-	300	179	3,245
2017/18	-	318	162	2,927
2018/19	-	337	142	2,590
2019/20	-	230	124	2,360

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

	2015/16 \$'000	2016/17 \$'000
Total amount borrowed as at 30 June of the prior year	3,829	3,546
Total amount to be borrowed	-	-
Total amount projected to be redeemed	283	300
Total amount proposed to be borrowed as at 30 June	3,546	3,246

## 7. Asset Management

This section considers the Council's asset management principles and sets out the capital expenditure that has been incorporated into the Strategic Resource Plan.

The Council has developed an Asset Management Strategy based on the knowledge provided from the various Asset Management Plans, which sets out the capital expenditure requirements of the Council for the next 6 years by class of asset and is a key input to the long term financial plan. It predicts infrastructure consumption and renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy has been developed through a 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 Asset Management 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.

Currently, Council is similar to most rural municipalities in that it is currently unable to fully fund asset renewal requirements identified in the Asset Management Strategy. While the Asset Management Strategy is endeavoring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, in future years the required asset renewal demand is not being met 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.

Council is currently working on accurately assessing its backlog and future renewal gap.

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

Year	Total Capital Program \$'000	Grants & Contributions \$'000	Borrowings \$'000	Asset Sales \$'000	Cash Funds \$'000
2015/16	9,115	5,268	-	505	3,342
2016/17	7,322	3,813	-	251	3,258
2017/18	6,793	2,090	-	290	4,413
2018/19	6,237	1,650	-	239	4,348
2019/20	5,798	1,250	-	172	4,376

In addition to using cash generated from its annual operations, borrowings and external contributions such as government grants, Council has several cash or investment reserves. 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. 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.

## Appendices

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 7 of this report.

This information has not been included in the main body of the budget report in the interests of clarity and conciseness. Council has decided that whilst the budget report needs to focus on the important elements of the budget and provide appropriate analysis, the detail upon which the annual budget is based should be provided in the interests of open and transparent local government reporting.

The contents of the appendices are summarised below:

Appendix	Nature of Information	Page
A	Financial Statements	50
B	Rates and Charges	56
C	Capital Works Program	59
D	Performance Reporting	61



## Appendix A Financial Statements



This appendix presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2016/17 to 2019/20 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Statement of Human Resources

## Comprehensive Income Statement

For the four years ending 30 June 2020



	Forecast	Budget	Strategic Resources Plan		
	Actual		Projections		
	2015/16		2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and Charges	15,912	<b>16,338</b>	16,746	17,165	17,594
Statutory Fees and Fines	215	<b>272</b>	272	277	283
User Fees	1,968	<b>1,768</b>	1,874	1,986	2,105
Grants - Operating	6,298	<b>9,914</b>	8,187	8,390	8,523
Grants - Capital	5,183	<b>3,813</b>	2,090	1,650	1,250
Contributions - Operating	495	<b>294</b>	299	303	308
Contributions - Capital	85	-	-	-	-
Other Income	236	<b>207</b>	210	212	215
<b>Total Income</b>	<b>30,392</b>	<b>32,606</b>	<b>29,678</b>	<b>29,983</b>	<b>30,278</b>
<b>Expenses</b>					
Employee Costs	13,420	<b>12,408</b>	12,688	13,003	13,329
Materials and Services	10,972	<b>11,537</b>	9,720	9,871	10,123
Depreciation	8,912	<b>9,108</b>	9,178	9,253	9,316
Borrowing Costs	181	<b>179</b>	162	142	124
Other Expenses	1,147	<b>906</b>	929	952	976
<b>Total Expenses</b>	<b>34,632</b>	<b>34,138</b>	<b>32,677</b>	<b>33,221</b>	<b>33,868</b>
<b>Surplus (Deficit) for the Year</b>	<b>(4,240)</b>	<b>(1,532)</b>	<b>(2,999)</b>	<b>(3,238)</b>	<b>(3,590)</b>
<b>Comprehensive Result</b>	<b>(4,240)</b>	<b>(1,532)</b>	<b>(2,999)</b>	<b>(3,238)</b>	<b>(3,590)</b>

## Balance Sheet

For the four years ending 30 June 2020



	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	5,515	<b>5,735</b>	5,110	4,805	4,692
Trade and Other Receivables	1,883	<b>1,883</b>	1,883	1,884	1,916
Inventories	28	<b>28</b>	28	28	28
Other Assets	209	<b>209</b>	209	209	209
<b>Total Current Assets</b>	<b>7,635</b>	<b>7,855</b>	<b>7,230</b>	<b>6,926</b>	<b>6,845</b>
<b>Non-current Assets</b>					
Trade and Other Receivables	107	<b>90</b>	74	58	9
Investments in associates	866	<b>866</b>	866	866	866
Property, Infrastructure, Plant & Equipment	408,469	<b>406,432</b>	403,757	400,502	396,812
<b>Total Non-current Assets</b>	<b>409,442</b>	<b>407,388</b>	<b>404,697</b>	<b>401,426</b>	<b>397,687</b>
<b>Total Assets</b>	<b>417,077</b>	<b>415,243</b>	<b>411,927</b>	<b>408,352</b>	<b>404,532</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and Other Payables	1,350	<b>1,350</b>	1,351	1,350	1,350
Trust Funds and Deposits	8	<b>8</b>	8	8	8
Provisions	3,355	<b>3,355</b>	3,355	3,355	3,355
Interest-bearing Loans and Borrowings	300	<b>318</b>	337	230	171
<b>Total Current Liabilities</b>	<b>5,013</b>	<b>5,031</b>	<b>5,051</b>	<b>4,943</b>	<b>4,884</b>
<b>Non-current Liabilities</b>					
Provisions	1,479	<b>1,479</b>	1,479	1,479	1,479
Interest-bearing Loans and Borrowings	3,246	<b>2,927</b>	2,590	2,360	2,189
<b>Total Non-current Liabilities</b>	<b>4,725</b>	<b>4,406</b>	<b>4,069</b>	<b>3,839</b>	<b>3,668</b>
<b>Total Liabilities</b>	<b>9,738</b>	<b>9,437</b>	<b>9,120</b>	<b>8,782</b>	<b>8,552</b>
<b>Net Assets</b>	<b>407,339</b>	<b>405,806</b>	<b>402,807</b>	<b>399,570</b>	<b>395,980</b>
<b>Equity</b>					
Accumulated Surplus	133,441	<b>131,454</b>	128,106	124,550	120,640
Reserves	273,898	<b>274,352</b>	274,701	275,020	275,340
<b>Total Equity</b>	<b>407,339</b>	<b>405,806</b>	<b>402,807</b>	<b>399,570</b>	<b>395,980</b>



**Statement of Changes in Equity**  
For the four years ending 30 June 2020



	<b>Total \$'000</b>	<b>Accumulated Surplus \$'000</b>	<b>Revaluation Reserve \$'000</b>	<b>Other Reserves \$'000</b>
<b>2017</b>				
Balance at Beginning of the Financial Year	407,338	133,441	271,150	2,747
Comprehensive Result	(1,532)	(1,532)	-	-
Transfer to Reserves	-	(454)	-	454
<b>Balance at End of the Financial Year</b>	<b>405,806</b>	<b>131,455</b>	<b>271,150</b>	<b>3,201</b>
<b>2018</b>				
Balance at Beginning of the Financial Year	405,806	131,455	271,150	3,201
Comprehensive Result	(2,999)	(2,999)	-	-
Transfer to Reserves	-	(349)	-	349
<b>Balance at End of the Financial Year</b>	<b>402,807</b>	<b>128,107</b>	<b>271,150</b>	<b>3,550</b>
<b>2019</b>				
Balance at Beginning of the Financial Year	402,807	128,107	271,150	3,550
Comprehensive Result	(3,237)	(3,237)	-	-
Transfer to Reserves	-	(320)	-	320
<b>Balance at End of the Financial Year</b>	<b>399,570</b>	<b>124,550</b>	<b>271,150</b>	<b>3,870</b>
<b>2020</b>				
Balance at Beginning of the Financial Year	399,570	124,550	271,150	3,870
Comprehensive Result	(3,590)	(3,590)	-	-
Transfer to Reserves	-	(319)	-	319
<b>Balance at End of the Financial Year</b>	<b>395,980</b>	<b>120,641</b>	<b>271,150</b>	<b>4,189</b>

## Statement of Cash Flows

For the four years ending 30 June 2020



	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and Charges	15,912	<b>16,338</b>	16,746	17,165	17,594
Statutory Fees and Fines	215	<b>272</b>	272	277	283
User Fees	1,968	<b>1,768</b>	1,874	1,986	2,105
Grants - Operating	6,298	<b>9,914</b>	8,187	8,390	8,523
Grants - Capital	5,183	<b>3,813</b>	2,090	1,650	1,250
Contributions - Monetary	580	<b>294</b>	299	303	308
Interest Received	204	<b>168</b>	169	170	172
Other Receipts	32	<b>39</b>	41	42	43
Employee Costs	(13,420)	<b>(12,408)</b>	(12,688)	(13,003)	(13,329)
Materials and Services	(10,973)	<b>(11,537)</b>	(9,721)	(9,870)	(10,122)
Other Payments	(1,147)	<b>(906)</b>	(929)	(952)	(976)
<b>Net cash provided by operating activities</b>	<b>4,852</b>	<b>7,755</b>	<b>6,340</b>	<b>6,158</b>	<b>5,851</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(9,108)	<b>(7,323)</b>	(6,791)	(6,239)	(5,798)
Proceeds from sale of property, infrastructure, plant and equipment	505	<b>251</b>	290	239	172
Payments of loans and advances	(30)	<b>16</b>	16	16	16
<b>Net cash used in investing activities</b>	<b>(8,633)</b>	<b>(7,056)</b>	<b>(6,485)</b>	<b>(5,984)</b>	<b>(5,610)</b>
<b>Cash flows from financing activities</b>					
Finance Costs	(181)	<b>(179)</b>	(162)	(142)	(124)
Repayment of Borrowings	(283)	<b>(300)</b>	(318)	(337)	(230)
<b>Net cash provided by financing activities</b>	<b>(464)</b>	<b>(479)</b>	<b>(480)</b>	<b>(479)</b>	<b>(354)</b>
Net (Decrease) / Increase in Cash and Cash Equivalents	(4,245)	<b>220</b>	(625)	(305)	(113)
Cash and Cash Equivalents at Beginning of the Financial Year	9,760	<b>5,515</b>	5,735	5,110	4,805
<b>Cash and Cash Equivalents at End of the Financial Year</b>	<b>5,515</b>	<b>5,735</b>	<b>5,110</b>	<b>4,805</b>	<b>4,692</b>

## Statement of Capital Works

For the four years ending 30 June 2020



Capital Works Areas	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Property</b>					
Land Improvements	53	320	120	-	-
Buildings	1,382	980	905	275	275
<b>Total Property</b>	1,435	1,300	1,025	275	275
<b>Plant and Equipment</b>					
Plant, Machinery and Equipment	1,336	1,251	1,343	1,233	938
Computers and Telecommunications	385	-	-	-	-
<b>Total Plant and Equipment</b>	1,721	1,251	1,343	1,233	938
<b>Infrastructure</b>					
Roads	4,288	3,763	3,475	3,740	3,920
Bridges	820	366	350	360	400
Footpaths	44	147	50	50	50
Drainage	283	20	100	120	150
Parks, Open Space and Streetscapes	524	475	450	459	65
<b>Total Infrastructure</b>	5,959	4,771	4,425	4,729	4,585
<b>Total Capital Works Expenditure</b>	9,115	7,322	6,793	6,237	5,798
<b>Represented by:</b>					
New Asset Expenditure	80	297	50	59	65
Asset Renewal Expenditure	5,667	5,095	5,063	4,588	4,483
Asset Expansion Expenditure	-	175	-	-	-
Asset Upgrade Expenditure	3,368	1,755	1,680	1,590	1,250
<b>Total Capital Works Expenditure</b>	9,115	7,322	6,793	6,237	5,798

## Statement of Human Resources

For the four years ending 30 June 2020

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
<b>Staff Expenditure</b>					
Employee costs - operating	12,742	11,713	11,976	12,273	12,581
Employee costs - capital	678	695	712	730	748
<b>Total Staff Expenditure</b>	13,420	12,408	12,688	13,003	13,329
<b>Staff Numbers</b>	FTE	FTE	FTE	FTE	FTE
Employees	156.7	156.7	156.7	156.7	156.7
<b>Total Staff Numbers</b>	156.7	156.7	156.7	156.7	156.7



## Appendix B Rates and Charges



This appendix presents information which the Act and the Regulations require to be disclosed in the Council's annual budget.

### 1. Rates and Charges

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

Type of Property	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.7261	<b>0.7162</b>	<b>(1.4%)</b>
General rate for rateable commercial properties	0.7261	<b>0.7162</b>	<b>(1.4%)</b>
General rate for rateable industrial properties	0.7261	<b>0.7162</b>	<b>(1.4%)</b>
General rate for rateable farm properties	0.4720	<b>0.4655</b>	<b>(1.4%)</b>
Rate concession for rateable recreational properties	0.4212	<b>0.4154</b>	<b>(1.4%)</b>

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

Type of Property	2015/16 \$000's	2016/17 \$000's	Change
Residential	7,143	<b>7,165</b>	<b>0.3%</b>
Commercial	928	<b>939</b>	<b>1.1%</b>
Industrial	323	<b>336</b>	<b>4.0%</b>
Farm	3,955	<b>4,217</b>	<b>6.6%</b>
Recreational	13	<b>13</b>	<b>0.7%</b>
<b>Total amount to be raised by general rates</b>	<b>12,362</b>	<b>12,670</b>	<b>2.5%</b>

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

Type of Property	2015/16	2016/17	Change
Residential	6,314	<b>6,371</b>	<b>0.9%</b>
Commercial	428	<b>428</b>	<b>0.0%</b>
Industrial	209	<b>211</b>	<b>1.0%</b>
Farm	2,294	<b>2,247</b>	<b>(2.0%)</b>
Cultural and Recreational	8	<b>8</b>	<b>0.0%</b>
<b>Total number of assessments</b>	<b>9,253</b>	<b>9,265</b>	<b>0.1%</b>

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

#### 1.5 The estimated total value of each type of property and the estimated total value compared with the previous financial year

Type of Property	2015/16 \$000's	2016/17 \$000's	Change
Residential	973,213	<b>1,000,158</b>	<b>2.8%</b>
Commercial	127,274	<b>131,076</b>	<b>3.0%</b>
Industrial	44,180	<b>46,851</b>	<b>6.0%</b>
Farm	841,673	<b>905,902</b>	<b>7.6%</b>
Cultural and Recreational	3,134	<b>3,199</b>	<b>2.1%</b>
<b>Total value of land</b>	<b>1,989,474</b>	<b>2,087,186</b>	<b>4.9%</b>

## 1. Rates and Charges (continued)



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

Type of Charge	Per Rateable Property		Change
	2015/16	2016/17	
	\$	\$	
Municipal Charge	146	150	2.7%

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

Type of Charge	2015/16	2016/17	Change
	\$000's	\$000's	
Municipal Charge	1,162	1,195	2.8%

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

Type of Charge	Per Serviced Property		Change
	2015/16	2016/17	
	\$	\$	
Kerbside Collection	260	266	2.3%
Additional Kerbside Collection	149	153	2.7%
Recycling	149	153	2.7%
<b>Total</b>	<b>558</b>	<b>572</b>	<b>2.5%</b>

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

Type of Charge	2015/16	2016/17	Change
	\$000's	\$000's	
Kerbside Collection	1,484	1,532	3.2%
Additional Kerbside Collection	37	39	6.9%
Recycling	873	902	3.4%
<b>Total</b>	<b>2,394</b>	<b>2,473</b>	<b>3.3%</b>

### 1.10 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
	\$000's	\$000's	
General rates	12,362	12,670	2.5%
Municipal charge	1,162	1,195	2.8%
Kerbside collection and recycling	2,394	2,473	3.3%
<b>Rates and charges</b>	<b>15,918</b>	<b>16,338</b>	<b>2.6%</b>

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

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

- The making of supplementary valuations
- The variation of returned levels of value (e.g. valuation appeals);
- Changes 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.

## 2. Differential Rates



### 2.1 Rates to be Levied

Council has a general rate for all rateable properties, a farm land differential rate for eligible farm properties, and a concession rate for eligible rateable recreational properties. The eligibility criteria for each category is detailed below.

- a general rate of 0.7162% (0.7261 cents in the dollar of CIV) for all rateable properties; and
- a farm rate of 0.4655% (0.4720 cents in the dollar of CIV) for all rateable farm properties, and
- a general rate of 0.4154% (0.4212 cents in the dollar of CIV) for all rateable recreational properties.

The differential rate for eligible rateable farm properties is set at 65% of the general rate for all other rateable properties.

The concession rate for eligible rateable recreational properties is set at 58% of the general rate for all other rateable properties.

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

In accordance with the *Local Government Legislation Amendment (Miscellaneous) Act 2012*, Council has considered the Ministerial Guidelines with regards to the setting of differential rates and believes its farm land differential rate to be consistent with the guidelines. Council considers that the differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of the differential rate and the types of classes of land which are subject to the differential rate and the uses of the differential rate, are set out below.

### 2.2 General Rate Land

General Rate Land means any rateable land which is not farm land or recreational and cultural land.

The purpose of the General Rate is to ensure that Council has adequate funding to undertake its strategic and statutory service provision and community services obligations.

### 2.3 Farm Rate Land

Farm Rate Land is any rateable land, which is all of the following:

- is 2 or more hectares in area;
- qualifies as a farm under the definition of Farm Land as prescribed in the Valuation of Land Act 1960;
- qualifies as a farm land in accordance with Council's Farm Rate Differential Policy.

Farm land under the Act, means land that it is not less than 2 hectares in area and is used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of those activities.

In addition the Act clearly states that the property must be used by a business that has a significant and commercial purpose or character and seeks to make a profit on a continuous or repetitive basis from its activities on the land, and 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.

Council's Farm Rate Differential Policy further states that some farm land could not be used as a substantial commercial purpose on small holdings and specifies property sizes for some types of farm activities.

The purpose of the Farm Rate is to assist farmers who, unlike other businesses, require a large amount of land to generate their income. Farm profitability is affected by the vagaries of weather and international markets and agricultural producers are unable to pass on increases in costs like other businesses. In this sense farms are seen to be more susceptible or fragile than other commercial and industrial operations.

### 2.4 Recreation & Cultural Rate Land

Recreational & Cultural Rate Land is any rateable land which:

- is within the Shire and eligible in accordance with the Cultural and Recreational Lands Act 1963.



## Appendix C

### Capital Works Program



This appendix presents a listing of the capital works projects that will be undertaken for the 2016/17 year grouped by class.

### Capital Works Program

For the year ending 30 June 2017

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Loan Funds \$'000
<b>Property</b>									
<b>Land Improvements</b>									
St Arnaud Transfer Station	250	-	-	250	-	150	-	100	-
Glenorchy Transfer Station	30	-	30	-	-	-	-	30	-
Landfill Rehabilitation Plan	40	-	40	-	-	-	-	40	-
<b>Total Land Improvements</b>	<b>320</b>	-	70	250	-	150	-	170	-
<b>Buildings</b>									
Energy Efficiency in Buildings	130	-	130	-	-	-	-	130	-
Toilet Renewal/Replacement Program	250	-	250	-	-	-	-	250	-
St Arnaud Town Hall Precinct	600	-	600	-	-	300	-	300	-
<b>Total Buildings</b>	<b>980</b>	-	980	-	-	300	-	680	-
<b>Total Property</b>	<b>1,300</b>	-	1,050	250	-	450	-	850	-
<b>Plant and Equipment</b>									
<b>Plant, Machinery and Equipment</b>									
Light Fleet	281	-	281	-	-	-	81	200	-
Heavy Fleet	890	-	890	-	-	-	170	720	-
Minor Plant	50	-	50	-	-	-	-	50	-
Portable Grandstands	30	-	30	-	-	-	-	30	-
St Arnaud Depot Fuel Tank Replacement	100	-	100	-	-	-	-	100	-
<b>Total Plant, Machinery and Equipment</b>	<b>1,351</b>	-	1,351	-	-	-	251	1,100	-
<b>Total Plant and Equipment</b>	<b>1,351</b>	-	1,351	-	-	-	251	1,100	-
<b>Infrastructure</b>									
<b>Roads</b>									
Final Seal Program	176	-	176	-	-	27	-	149	-
Kerb & Channel Program	225	-	225	-	-	225	-	-	-
Major Rural Roads Program	400	-	-	400	-	400	-	-	-
Resealing Program	1,062	-	1,062	-	-	956	-	106	-
Resheeting Program	794	-	794	-	-	580	-	214	-
Rural & Residential Program	414	-	-	414	-	414	-	-	-
Town Street Sealing Program	111	-	-	111	-	-	-	111	-
Urban Rd Improvement Program	30	-	-	30	-	30	-	-	-
Rehabilitation Program	21	-	21	-	-	-	-	21	-
B Double Route Upgrade	510	-	-	510	-	310	-	200	-
Community Access Plan	20	-	-	20	-	-	-	20	-
<b>Total Roads</b>	<b>3,763</b>	-	2,278	1,485	-	2,942	-	821	-
<b>Bridges</b>									
Bridge Renewal Program	60	-	60	-	-	60	-	-	-
Major Culvert Renewal Program	306	-	306	-	-	286	-	20	-
Drop Structure & Floodway Renwal Program	-	-	-	-	-	-	-	-	-
<b>Total Bridges</b>	<b>366</b>	-	366	-	-	346	-	20	-
<b>Footpaths</b>	<b>147</b>	147	-	-	-	-	-	147	-
<b>Drainage</b>	<b>20</b>	-	-	20	-	-	-	20	-

**Capital Works Program (continued)**  
For the year ending 30 June 2017



Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Loan Funds \$'000
Infrastructure (continued)									
Parks, Open Space and Streetscapes									
LNP Netball Court Rehabilitation	150	-	150	-	-	75	-	75	-
Public Open Space Development	150	150	-	-	-	-	-	150	-
Central Park Extension	175	-	-	-	175	-	-	175	-
Total Parks, Open Space and Streetscapes	475	150	150	-	175	75	-	400	-
Total Infrastructure	4,771	297	2,794	1,505	175	3,363	-	1,408	-
Total Capital Works 2016/17	7,422	297	5,195	1,755	175	3,813	251	3,358	-
Summary									
Property	1,300	-	1,050	250	-	450	-	850	-
Plant and Equipment	1,351	-	1,351	-	-	-	251	1,100	-
Infrastructure	4,771	297	2,794	1,505	175	3,363	-	1,408	-
Total Capital Works	7,422	297	5,195	1,755	175.00	3,813	251	3,358	-

## Appendix D Performance Reporting



The service performance outcome indicators detailed below are prescribed indicators and measures of performance for services. The Performance Statement will also include reporting on prescribed indicators of financial performance as detailed below.

### Council Plan Strategies

#### SOCIAL, COMMUNITY AND ENVIRONMENT STRATEGY

Service	Indicator	Performance Measure	Computation
Statutory Planning	Decision Making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Service	Indicator	Performance Measure	Computation
Animal Management	Health and Safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Service	Indicator	Performance Measure	Computation
Food safety	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
Service	Indicator	Performance Measure	Computation
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Service	Indicator	Performance Measure	Computation
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Service	Indicator	Performance Measure	Computation
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population

## Appendix D - Performance Reporting (continued)



### WASTE STRATEGY

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

### ASSETS STRATEGY

Service	Indicator	Performance Measure	Computation
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

### FINANCIAL SUSTAINABILITY STRATEGY

Indicator	Measure	Computation
Operating Position	Adjusted Underlying Result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue
Liquidity	Working Capital	Current assets / current liabilities
Liquidity	Unrestricted Cash	Unrestricted cash / current liabilities
Obligations	Loans and Borrowings	Interest bearing loans and borrowings / rate revenue
Obligations	Loans and Borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue
Obligations	Indebtedness	Non-current liabilities / own source revenue
Obligations	Asset renewal	Asset renewal expenses / depreciation
Stability	Rates Concentration	Rate revenue / adjusted underlying revenue
Stability	Rates Effort	Rate revenue / CIV of rateable properties in the municipality
Efficiency	Expenditure Level	Total expenditure / no. of property assessments
Efficiency	Revenue Level	Residential rate revenue / No. of residential property assessments
Efficiency	Workforce Turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year

### CORE SERVICES

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

The Performance Statement will also include reporting on prescribed indicators of sustainable capacity, which are not included in this budget report. The full set of prescribed performance indicators are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed earlier in this document will be reported in the Annual Report in the form of a statement of progress in the report of operations.