



Murrindindi Shire Council Budget Report – 2016/2017

ADOPTED BY COUNCIL - 3 AUGUST 2016

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



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Mayor's introduction

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

- Our Council
- Our Community
- Our Environment
- Our Economy

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

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

As Councillors, it is our job to listen to community sentiment and expressed wishes and to understand your priorities. Since we started our term in 2012, we have consistently heard that Council's services are valued by the community, particularly those that more directly affect people's wellbeing and quality of life. We have also heard the clearly expressed desire for Council to remain financially responsible whilst keeping rates as low as possible. In response, Council has initiated a whole of organisation approach to identify savings that will not impact on its services, so that ratepayers can receive increased value for money. With the introduction of rate capping in the 2016/17 financial year, continue to focus on identifying sustainable cost savings that will enable the continued delivery of high quality, responsive and accessible services to the community.

The budget incorporates a rate increase of 4.3 percent as determined by the Essential Services Commission (ESC) following our recent application for a variation to the cap declared by the Minister for Local Government under the Fair Go Rates System (FRGA) to cap rate increases by Victorian councils to the forecast movement of 2.5 percent in the Consumer Price Index (CPI). The decision by the ESC is in line with this cap and consequently provides for a 2.5 percent increase for the delivery of services by Council and also includes the 1.8 percent variation that Council applied for in order to continue making provision for asset renewal. This variation approval clearly recognised "the underlying funding need" to ensure the future renewal requirements of public infrastructure within the Shire and the financially responsible and prudent approach that Council is taking to managing this challenging issue.

This decision by the ESC endorses Council's approach to long term financial planning and strategic asset management in ensuring that Council is raising sufficient funds to not only meet its annual services and infrastructure requirements but also that funds can be held in reserve for known future capital renewal of the community infrastructure that is already in place. However, this is only part of a range of strategies adopted by Council in managing the ongoing financial challenges, some of which such as the introduction of differential rating categories have already been implemented. Others will require a transition period, such as the transfer of responsibility to community groups and committees for operational and financial management of community assets in order to give our communities a greater say in how community assets are managed into the future.

This is the first year of the Fair Go Rates System and while Council proposes a rate increase that accords with the 4.3 per cent cap approved by the Essential Services Commission, the actual rate increases experienced by individual ratepayers will be different due to factors such as the various differential rating categories and the fact that this is a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (4.3 per cent) and also the property valuation increases or decreases of individual properties relative to the average across the municipality.

The revaluation of all properties within the municipality was carried out during the 2015/2016 year and will apply from 1 January 2016 for the 2016/17 and 2017/18 financial years. The outcome of the general revaluation has been a slight change in property valuations throughout the municipality. Ratepayers should be aware that the rates for individual properties may increase or decrease by a different percentage from the 4.3% rate due to the valuation of the property relative to the valuation of other properties in the municipal district. Therefore if your property increased by more in value than the average for Murrindindi Shire your rates will increase by more than 4.3 percent, while if your property value increased by less than the average your rates will increase by less than 4.3 percent and may in fact reduce from the previous year.

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

Cr Margaret Rae
Mayor

Executive Summary

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

This Budget projects a breakeven result for 2016/17 (refer Sections 5 and 10.1).

1. Key things we are funding

1) Ongoing delivery of services to the Murrindindi Shire community funded by a budget of \$32.8m. These services are summarised in Section 2.1.

2) Continued investment in Infrastructure assets (\$7.15m) primarily for renewal works. This includes roads (\$3.6m); bridges (\$1.1m); public buildings (\$0.7m), footpaths and bicycle paths (\$0.2m) and drainage (\$0.2m). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

2. The Rate Rise

a. The average rate will rise by 4.3% in line with the order by the Minister for Local Government on 14 December 2015 to increase rates by 2.5% under the Fair Go Rates System, and an additional 1.8% that was approved by the Essential Services Commission on 31 May 2016 for Murrindindi Shire Council to ensure that future renewal requirements are appropriately funded.

b. Key drivers

i. To fund ongoing service delivery – further efficiencies will continue to be sought to drive improvements to meet community expectations

ii. To fund renewal of infrastructure and community assets

iii. To cope with cost shifting from the State Government (refer Paragraph 5)

iv. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants

Commission caused by their freezing of indexation of the grant

c. This will be a revaluation year. Valuations will be as per the General Revaluation dated 1 January 2016 (as amended by supplementary valuations).

d. The waste service charges incorporating kerbside collection and recycling will increase by 2.5% and 3.0% per property.

e. Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments. Refer Section 6 for further Rates and Charges details.

f. Differential rates for rural properties have been adjusted for 2016/17, with rural 1 properties to now receive a 70% differential and rural 2 properties to receive a 99% differential rate comparative to the general residential rate.

3. Key Statistics

• Total Revenue: \$32.8M (2015/16 = \$30.6M)

• Total Expenditure: \$32.8M (2015/16 = \$33.5M)

• Accounting Result: Breakeven result for 2016/17

(Refer Income Statement in Section 3)

• Cash result: \$1.9M Surplus

(Refer Statement of Cash Flows in Section 3)

This is the net funding result after considering the funding requirements to meet loan principal repayments and the reserve transfers.

• Total Capital Works Program of \$7.15M

4. Budget Influences

External Influences

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

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5%. Murrindindi Shire Council applied for a rate cap variation through the Essential Services Commission and has been approved to raise average rates by 4.3% for 2016/17.
- State-wide CPI is forecast to be 2.5% for the 2016/17 year.
- The Victorian Wage Price Index is projected to be 3.25% in 2016/17.
- Freezing of indexation on Victoria Grants Commission funding compared to the prior year.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs of \$0.20 million. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.
- On going cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. More information and examples are shown in the section below.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

5. Cost Shifting

Cost shifting occurs when Commonwealth and State programs transfer responsibilities to local government with insufficient funding or grants which do not keep pace with delivery costs.

Type 1: Cost Shifting for Specific Services

Examples:

1. Library Services - \$27k from 2011/12 to 2015/16
2. School Crossing Supervision - \$20k from 2011/12 to 2015/16
3. Administration of the state wide Fire Services Levy which collects more than \$1.5m of State Government revenue per annum. For providing this service, Council has only been provided on a temporary basis \$32k each year which allows for the part-time employment of one officer to manage this responsibility. At this stage this grant is only to be provided until 2018/19.
4. Administration of the state wide temporary Food registration system 'Streatrader' – additional annual cost of \$35k since 2013/14 due to the responsibility having been shifted from the State Government to Council.

Type 2: Loss of funding in General

Examples:

5. A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014-15 Budget that it would pause indexation of the total national pool of financial assistance grants to local government for three years (2014-15, 2015-16, 2016-17). The cumulative impact on Council for the three years is \$500k.

Type 3: Statutory fee that prohibits full cost recovery

Examples:

6. Planning fees (set by the State Government and have been frozen for most of the past 14 years)
7. Freedom of Information fees (set by the State Government at a rate well below cost recovery levels for undertaking the volume of work).

Type 4: Levies

Examples:

8. State Government landfill levy

The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.

Type 5: Statutory requirements lead to increased costs

Examples:

9. Forecast costs for the 2016 Council elections have increased by more than \$50k when compared to the last full election of Council that occurred in 2012. As the VEC is the appointed agent under the Local Government Act to undertake this service on behalf of Council, there is no possibility to seek a competitive process to reduce this cost to Council and ultimately the ratepayers.

Budget Reports

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

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

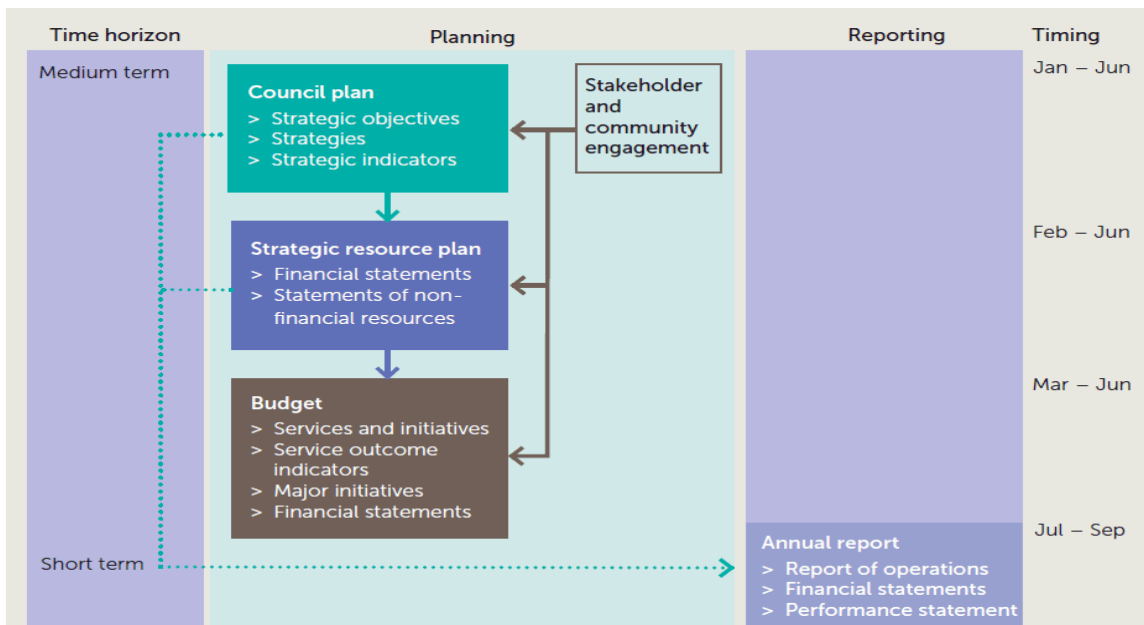
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

1. Link to the Council Plan

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

1.1 Planning and accountability framework

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



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

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

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

1.2 Our purpose

Our vision

Murrindindi Shire will be vibrant and progressive through strong connected communities within a healthy and attractive environment.

Our values

Murrindindi Shire Council's values drive behaviour throughout the Council and are reflected in working relationships between Councillors, the organisation and the external environment including the community. The values underpin the way we work as an organisation and the way we want the community to perceive us as an organisation. Murrindindi's values are:

- **Integrity** - We will be respectful, open and truthful in our dealings. Council will strive to be valued and trusted by the Murrindindi community.
- **Accountability** - We will accept responsibility for our actions and be consistent in the application of our principles, policies and processes.
- **Innovation** - We will consider new ideas, opportunities and better ways of doing things. Council will constantly seek opportunities to look for new, more efficient and effective ways of providing its services.
- **Respect** - We will respect other people and their opinions and do as we say we will.
- **Service Excellence** - We will ensure that Council services meet quality, cost and efficiency standards; are responsive to need; accessible to members of the community for whom the service is intended; and demonstrate continuous improvement.

1.3 Strategic objectives

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

Strategic Objective	Description
1. Our Council	By ensuring our long term financial sustainability, Council's priorities will be directed towards the implementation of the Murrindindi Vision 2030. The outcomes of this community-driven vision will be achieved by our strong advocacy to all levels of government on local needs and issues, the implementation of a master plan to grow the Murrindindi rate base through sound planning and support for economic development and the effective and efficient operation of the Council. By achieving this Murrindindi Shire will be a place of prosperity and opportunity.
2. Our Community	Our goal is to create vibrant, interconnected and inclusive communities. Murrindindi Vision 2030 supports a strong sense of pride and belonging across the shire. From arts programs, improved footpaths, on-going support of fire affected communities and new and upgraded recreational facilities we aim to put the pieces in place for healthy and active communities. We will achieve this vision through strong support programs and robust policy decisions.
3. Our Environment	Council will continue to look for ways to protect significant environmental values along with balancing the need to develop and manage our built environment. This will be achieved through leadership and cooperation with other agencies and community networks. Our Council will be recognised for its environmental practices as we look to balance our natural surrounds with our need to grow. We aim to achieve communities that are sustainable in the use of natural resources while developing planning policies that embrace and protect our rural landscapes.
4. Our Economy	A vibrant economy will attract people to our region and in turn will open further opportunities for business expansion and investment. This will increase employment prospects, social and cultural benefits and population growth. A key focus of our activities will be the further development and enhancement of educational and training options across the Shire. While our attention will continue to be focused on a vibrant tourism and agriculture-based economy, we need to also advocate for improved telecommunications networks that will encourage diverse and entrepreneurial businesses the opportunity to establish and grow.

2.1 Strategic Objective 1: OUR COUNCIL

We will provide strategic leadership and effective governance that supports the aspirations of our community.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Councillors	This includes the cost of Council elections, Council chambers, Mayor and Councillors' expenses and civic events.	481 <u>-6</u> 475
Chief Executive and Executive Team	This area includes Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas. Income relates to Victorian Grants Commission annual grant.	879 <u>-2,669</u> -1,790
Communications and Publications	Communications and publications include a regular Mayor's Chair and Councillor Comment to keep residents informed of Council activities and what's happening across the shire. Regular radio spots are maintained and media releases issued as well as annual reports, strategic documents and the provision of Council's website.	335 <u>-5</u> 330
Community Service Administration	This includes general administration and the administration of Council's community properties.	463 <u>0</u> 463
Financial Services	Includes the management of Council's finances, payment of salaries, accounts payable & receivable, raising and collection of rates and charges and valuation of properties throughout the municipality.	996 <u>-17,201</u> -16,205
Corporate Services	Provides statutory and corporate support services to Council, including the coordination of business papers for meetings of Council and its committees and the coordination of Council's procurement. It is also responsible for enterprise risk management and the provision of document and information management support services to Council, including compliance with statutory obligations under Freedom of Information, Public Records, Information Privacy and Local Government Acts.	803 <u>-138</u> 665
Human Resources	Has a focus on management of OH&S and organisational well being and improving performance through the continuous development, improvement and implementation of our strategies, policies and procedures in relation to human resources.	353 <u>0</u> 353
Information Technology	Provides support, and maintains communications and computing systems, facilities and infrastructure to enable staff to deliver services in a smart, productive and efficient way.	611 <u>0</u> 611
Customer Services	This unit provides front counter services at Alexandra, Yea and Kinglake offices including reception, telephone, receipting of payments, connecting customers with relevant departments, customer request coordination, hall bookings, as well as the provision of a number of other civic services.	543 <u>-1</u> 542

Asset Rationalisation	Proposed sale of Council Assets: proceeds from sales (\$396K) offset against the carrying value of the assets held on Council's balance sheet (\$429K) Nett loss of (-\$33K). Assets are valued on Council's balance sheet at fair value less accumulated depreciation. Revenue is based on market valuation of what sales of these assets may achieve. It should be noted one of the long term effects of asset rationalisation is the reduction of Councils future operational and renewal costs. In the short term, there is also the benefit of a one off injection of cash from sale, plus the possibility of the property becoming a rateable assessment. Last year's budget included the forecast sale of the Kinglake RAC which has not been finalised during the 2015/16 year.	0 <u>33</u> 33
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Service Performance Outcome Indicators

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

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

2.2 Strategic Objective 2: OUR COMMUNITY

We will support and promote health and well being, social connectedness and community involvement.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged & Disability Services	This service area provides a range of services for the aged and people with disabilities including delivered and group meals, domestic support, personal care, social activities and outings, home maintenance and senior citizens clubs.	2,348 <u>-2,114</u> 233
Children & Family Services	This service area provides family orientated support services including Maternal and Child Health, home and centre based childcare and youth support.	1,439 <u>-924</u> 515

Library Services	This service area provides libraries in Alexandra, Yea and Kinglake and the mobile library visits Marysville, Buxton, Eildon, Flowerdale and Strath Creek. The service caters for cultural, recreational and educational needs of residents and provides a focal point for the community to meet, relax and enjoy the facilities and services offered.	510 <u>-159</u> 351
Recreation Services	This service area provides strategic planning to inform the development of recreation services and infrastructure and coordinates council services including recreation facilities, swimming pools, the mobile skate ramp, and all recreation responsibilities within the Municipality.	2,528 <u>-122</u> 2,405

Service Performance Outcome Indicators

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

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

2.3 Strategic Objective 3: OUR ENVIRONMENT

We will manage our natural and built environment in a responsible manner.

Services

Service area	Description of services provided	Expenditure (Revenue)
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		Net Cost \$'000
Environmental Management	Manage the overall impact of council's impact on the environment including roadside biodiversity and weed mapping and pest, plant and animal programs.	303 <u>-29</u> 274
Waste Management Services	Provides kerbside rubbish and recycling collection, management of refuse recovery centres at Alexandra, Yea, Eildon Kinglake and Marysville and landfill operations in Alexandra. The service also provides educational programs aimed at reducing the generation of waste and the promotion of recycling initiatives. Any surplus generated from these operations is allocated to a reserve for future waste management works.	3,292 <u>-3,717</u> -425
Building Control	Provides statutory building services to the council and community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	420 <u>-268</u> 152
Local Laws	Facilitates a safer community through the provision of school crossing supervision, traffic management, domestic animal management, regulation and enforcement of local laws and community fire prevention.	333 <u>-138</u> 195
Development Approvals	Processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal (VCAT) where necessary. The service also monitors the Murrindindi Planning Scheme as well as preparing major policy documents shaping the future of the shire. It also prepares and processes amendments to the Murrindindi Planning Scheme.	848 <u>-188</u> 660
Environmental Health	Protects the community's health and well being by coordinating food safety support programs and immunisation.	230 <u>-151</u> 79
Infrastructure Works	Council has a vast network of infrastructure assets including buildings, roads, bridges, drains, and footpaths. This expenditure provides for ongoing maintenance of Council's infrastructure assets.	12,361 <u>-4,328</u> 8,033
Parks & Gardens	Provide planning, development and maintenance to our public open space, road reserves and parks.	1,456 <u>0</u> 1,456
Emergency Services	Funding of Council's statutory emergency services obligations	329 <u>-100</u> 230

Service Performance Outcome Indicators

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

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

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

2.4 Strategic Objective 4: OUR ECONOMY

We will support the sustainable growth of Murrindindi's businesses and the local economy.

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Tourism	Provides a framework for shire wide and cross council co-operation in visitor information services and destination marketing to maximise visitor numbers and economic yield. Council is also the responsible authority for the Yea and Marysville Caravan Parks.	361 -140 221
Economic Development	This service assists business investment and growth and facilitates opportunities for local residents to improve their education and skill levels and access local employment. The conclusion of the Advancing Country Towns project sees funding for this area decrease significantly for 2016/17.	360 -88 272
Saleyards	This area covers the management and operations of the Yea Saleyards.	234 -364 -130

Service Performance Outcome Indicators

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

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

The service performance indicators detailed in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2016/17 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 8) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.8 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Our Council	-14,523	5,465	-19,987
Our Community	3,505	6,825	-3,320
Our Environment	10,653	19,572	-8,919
Our Economy	364	955	-591
Total services and initiatives	-1	32,817	-32,818
Other non-attributable	0		
Surplus for the year	1		

3. Financial Statements

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

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

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

3.1 Comprehensive Income Statement

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates and charges	18,300	19,237	20,064	20,927	21,827
Statutory fees and fines	687	704	722	740	758
User fees	1,915	2,082	2,134	2,187	2,242
Grants - Operating	5,206	7,040	6,914	7,052	7,193
Grants - Capital	3,287	2,637	3,283	3,283	3,283
Contributions - monetary	148	44	44	44	44
Contributions - non-monetary	0	0	0	0	0
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(75)	(33)	0	0	0
Fair value adjustments for investment property	0	0	0	0	0
Share of net profits/(losses) of associates and joint ventures	0	0	0	0	0
Other income	1,138	1,107	1,129	1,152	1,175
Total income	30,606	32,818	34,290	35,385	36,522
Expenses					
Employee costs	13,242	13,866	14,351	14,854	15,373
Materials and services	11,485	9,988	10,313	10,648	10,994
Bad and doubtful debts	0	0	0	0	0
Depreciation and amortisation	8,291	8,432	8,685	8,946	9,214
Borrowing costs	255	240	233	226	226
Other expenses	284	291	300	309	318
Total expenses	33,557	32,817	33,881	34,981	36,125
Surplus/(deficit) for the year	(2,951)	1	408	403	397
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods:					
Net asset revaluation increment	0	0	0	0	0
Share of other comprehensive income of	0	0	0	0	0
Items that may be reclassified to surplus or deficit in future periods					
(detail as appropriate)	0	0	0	0	0
Total comprehensive result	(2,951)	1	408	403	397

3.2 Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	21,310	23,234	23,931	24,649	25,388
Trade and other receivables	2,671	2,487	2,562	2,638	2,718
Other financial assets	0	0	0	0	0
Inventories	70	50	50	50	50
Non-current assets classified as held for s	0	0	0	0	0
Other assets	215	270	270	270	270
Total current assets	24,266	26,041	26,813	27,607	28,426
Non-current assets					
Trade and other receivables	22	24	24	24	24
Investments in associates and joint ventur	0	0	0	0	0
Property, infrastructure, plant & equipment	305,458	303,770	301,947	300,136	298,335
Investment property	0	0	0	0	0
Intangible assets	241	224	224	224	224
Total non-current assets	305,721	304,018	302,195	300,384	298,583
Total assets	329,987	330,059	329,008	327,991	327,009
Liabilities					
Current liabilities					
Trade and other payables	2,364	2,543	2,619	2,698	2,779
Trust funds and deposits	588	563	563	563	563
Provisions	3,412	3,432	3,432	3,432	3,432
Interest-bearing loans and borrowings	712	448	435	422	409
Total current liabilities	7,076	6,986	7,049	7,114	7,183
Non-current liabilities					
Provisions	1,736	1,864	1,864	1,864	1,864
Interest-bearing loans and borrowings	1,797	1,830	1,775	1,722	1,670
Total non-current liabilities	3,533	3,694	3,639	3,586	3,534
Total liabilities	10,609	10,680	10,688	10,700	10,717
Net assets	319,378	319,379	318,320	317,291	316,292
Equity					
Accumulated surplus	126,127	124,782	125,190	125,593	125,990
Reserves	193,251	194,597	193,130	191,698	190,302
Total equity	319,378	319,379	318,320	317,291	316,292

3.3 Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017				
Balance at beginning of the financial year	319,378	126,127	180,547	12,704
Surplus/(deficit) for the year	1	1	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	(1,555)	-	1,555
Transfer from other reserves	-	209	-	(209)
Balance at end of the financial year	319,379	124,782	180,547	14,050
2018				
Balance at beginning of the financial year	319,379	124,782	180,547	14,050
Surplus/(deficit) for the year	408	408	-	-
Net asset revaluation	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	(1,467)	-	-	(1,467)
Balance at end of the financial year	318,320	125,190	180,547	12,583
2019				
Balance at beginning of the financial year	318,320	125,190	180,547	12,583
Surplus/(deficit) for the year	403	403	-	-
Net asset revaluation	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	(1,432)	-	-	(1,432)
Balance at end of the financial year	317,291	125,593	180,547	11,151
2020				
Balance at beginning of the financial year	317,291	125,593	180,547	11,151
Surplus/(deficit) for the year	397	397	-	-
Net asset revaluation	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	(1,396)	-	-	(1,396)
Balance at end of the financial year	316,292	125,990	180,547	9,755

3.4 Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 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)
Cash flows from operating activities					
Rates and charges	18,211	19,102	19,763	20,613	21,499
User fees and fines	3,271	3,483	3,500	3,518	3,536
Grants - operating & capital	8,304	9,877	9,630	9,389	9,155
Grants - capital	0	0	0	0	0
Contributions - monetary	0	0	0	0	0
Interest received	670	514	532	551	570
Dividends received	0	0	0	0	0
Trust funds and deposits taken	(248)	(24)	0	0	0
Other receipts	0	0	0	0	0
Net GST refund / payment	0	0	0	0	0
Employee costs	(13,106)	(13,615)	(14,208)	(14,705)	(15,220)
Materials and services	(12,134)	(10,257)	(10,209)	(10,541)	(10,884)
Trust funds and deposits repaid	0	0	0	0	0
Other payments	0	0	0	0	0
Net cash provided by/(used in) operating activities	4,968	9,080	9,008	8,825	8,656
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(12,108)	(7,154)	(8,086)	(7,257)	(9,292)
Proceeds from sale of property, infrastructure, plant and equipment	2,352	396	141	(444)	1,751
Payments for investments	0	0	0	0	0
Proceeds from sale of investments	0	0	0	0	0
Loan and advances made	0	0	0	0	0
Payments of loans and advances	0	0	0	0	0
Net cash provided by/ (used in) investing activities	(9,756)	(6,758)	(7,945)	(7,700)	(7,541)
Cash flows from financing activities					
Finance costs	(187)	(167)	(172)	(177)	(182)
Proceeds from borrowings	500	500	500	500	500
Repayment of borrowings	(787)	(731)	(694)	(729)	(693)
Net cash provided by/(used in) financing activities	(474)	(398)	(366)	(406)	(375)
Net increase/(decrease) in cash & cash equivalents	(5,262)	1,924	697	718	739
Cash and cash equivalents at the beginning of the financial year	26,572	21,310	23,234	23,931	24,649
Cash and cash equivalents at the end of the financial year	21,310	23,234	23,931	24,649	25,388

3.5 Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Property					
Land	0	0	0	0	0
Land improvements	0	0	0	0	0
Total land	0	0	0	0	0
Buildings	3,596	745	2,566	1,729	2,375
Heritage buildings	0	0	0	0	0
Building improvements	0	0	0	0	0
Leasehold improvements	0	0	0	0	0
Total buildings	3,596	745	2,566	1,729	2,375
Total property	3,596	745	2,566	1,729	2,375
Plant and equipment					
Heritage plant and equipment	0	0	967	881	1,096
Plant, machinery and equipment	1,545	939	0	0	0
Fixtures, fittings and furniture	0	0	178	162	202
Computers and telecommunications	454	173	0	0	0
Library books	109	97	99	102	104
Total plant and equipment	2,108	1,209	1,245	1,145	1,403
Infrastructure					
Roads	4,293	3,643	3,008	2,471	3,148
Bridges	1,074	1,147	982	807	1,028
Footpaths and cycleways	815	168	144	118	151
Drainage	222	242	141	132	261
Recreational, leisure and community	0	0	0	0	0
Waste management	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0
Aerodromes	0	0	0	0	0
Off street car parks	0	0	0	0	0
Other infrastructure	0	0	0	0	0
Total infrastructure	6,404	5,200	4,275	3,528	4,587
Total capital works expenditure	12,108	7,154	8,086	6,402	8,365
Represented by:					
New asset expenditure	0	0	0	0	0
Asset renewal expenditure	7,381	5,998	5,879	4,654	6,081
Asset expansion expenditure	1,962	352	768	608	795
Asset upgrade expenditure	2,765	804	1,439	1,139	1,489
Total capital works expenditure	12,108	7,154	8,086	6,402	8,365

3.6 Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	13,242	13,866	14,351	14,782	15,225
Employee costs - capital	155	197	204	210	216
Total staff expenditure	13,397	14,063	14,555	14,992	15,442
	EFT	EFT	EFT	EFT	EFT
Staff numbers					
Employees	150.1	150.1	150.1	150.1	150.1
Total staff numbers	150.1	150.1	150.1	150.1	150.1

The EFT included for budgetary purposes is a financial measure and must include all funded positions for the upcoming financial year and is not an indication of Council's permanent establishment listing (exclusive of grant funded roles). It is expected that as of June 2016, Council's established staffing levels will have reduced from 212 to 209 staff (141.2 EFT). This incorporates seasonal positions that provide such services to the community as lifeguards and school crossing supervision. Whilst staffing levels have reduced, there is an increase in EFT by 1.0 since 30 June 2015, which is due to the transfer of one customer service position from contract labour to a salaried position.

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
Executive Team and Support	805	714	91
Business Services	1,995	1,238	757
Community Services	3,236	421	2815
Communications, Library and Customer Service	1,210	545	665
Infrastructure Assets	1,014	809	205
Infrastructure Operations	4,159	3,509	650
Development Services	1,245	810	435
Total permanent staff expenditure	13,664	8,046	5,618
Casuals and other expenditure	202		
Capitalised labour costs	197		
Total expenditure	14,063		

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

It should be noted that the total staffing EFT number of 150.1 is 8.9 EFT above Council's permanent establishment listing of 141.2. Of this variance, 5.9 of EFT relates to grant funded positions in the areas of childcare, municipal emergency management, aged care, disability services and the collection of the State Government's Fire Services Property Levy and are broadly driven by the level of service required in the community to perform these functions. These roles are funded via grants from other levels of government and if funding was no longer provided or demand from the community reduced the roles would cease. A further 3.0 of EFT relate to fixed-term positions in Council's outdoor parks and gardens unit that were created to service the new and gifted assets and remain temporary subject to Council's ability to continue to fund operations and maintenance of these assets. Further analysis of Council's strategic direction with regard to human resources can be found at Section 10 of the Strategic Resource Plan.

Department	Budget EFT	Comprises	
		Permanent Full Time	Permanent Part Time
Executive Team and Support	5.0	4	1.0
Business Services	20.0	11	9.0
Community Services	38.9	4	34.9
Communications, Library and Customer Service	12.9	5	7.9
Infrastructure Assets	9.0	7	2.0
Infrastructure Operations	47.0	39.4	7.6
Development Services	12.1	8	4.1
Total	144.9	78.4	66.5
Casuals and other	2.6		
Capitalised labour costs	2.6		
Total staff	150.1		

4. Financial performance indicators

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

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan			Trend +/-
			2014/15	Actual 2015/16		2016/17	Projections 2017/18	2018/19	
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	3.5%	-13.9%	-0.1%	1.0%	1.0%	1.0%	+
Liquidity									
Working Capital	Current assets / current liabilities	2	397.6%	342.9%	372.8%	380.4%	388.1%	395.8%	o
Unrestricted cash	Unrestricted cash / current liabilities		73.1%	282.1%	318.6%	95.9%	96.1%	96.3%	o
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	16.6%	13.7%	11.8%	11.0%	10.2%	9.5%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		6.6%	5.3%	4.7%	4.3%	4.3%	4.0%	+
Indebtedness	Non-current liabilities / own source revenue		17.4%	16.0%	16.0%	15.1%	14.3%	13.6%	+
Asset renewal	Asset renewal expenditure / depreciation	4	51.7%	89.0%	71.1%	67.7%	52.0%	66.0%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	5	53.7%	62.0%	58.7%	58.6%	59.2%	59.8%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.4%	0.4%	0.4%	0.4%	0.4%	0.5%	o
Efficiency									
Expenditure level	Total expenditure /No. of property assessments		\$3,192	\$3,494	\$3,397	\$3,493	\$3,588	\$3,686	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,189	\$1,201	\$1,264	\$1,318	\$1,375	\$1,427	+
Workforce turnover	No. of permanent staff resignations & terminations / average No. of permanent staff for the financial year		16.3%	16.1%	14.0%	10.0%	10.0%	10.0%	+

Key to Forecast Trend:

+ Forecasts improvement in Council's financial performance/financial position indicator

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

Notes to indicators

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

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

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

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

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

5. Other budget information (required by the Regulations)

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

This section includes the following statements and reports

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

5.1.1 Grants operating (\$1.83 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services. Overall, the level of operating grants is projected to increase by 35% or \$1.83 million. It should be noted that these figures are heavily influenced by the annual Victorian Grants Commission (VGC) grants which shows a \$2.16m increase. This variation is due to the timing of the receipt of the grant and is not a variation to the funding level. Removing this impact reveals an overall decrease in operating grants of \$0.32 million. This is mostly due to the cessation of grants supporting programs in the Economic and Community Development areas. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below

Grants - operating	Forecast	Budget	Variance
	Actual 2015/16 \$'000	2016/17 \$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission - General Purpose	1,325	2,669	1,344
Victorian Grants Commission - Local Roads	781	1,595	814
Aged and Disability	324	396	72
Children Services	674	664	(10)
Customer Service	5	5	0
<i>Recurrent - State Government</i>			
Aged and Disability	1064	1068	4
Children Services	162	166	4
Emergency Services	39	39	0
Environmental Health	12	13	1
Library Service	143	146	3
Traffic Control	17	17	0
Total recurrent grants	4,546	6,778	2,232
<i>Non-recurrent - State Government</i>			
Children Services	4		(4)
Community Development	148		(148)
Community Recovery	63		(63)
Economic Development	261	90	(171)
Emergency Services	60	60	0
Environmental Health	4	4	0
Environmental Management	29	29	0
Library Service	6	6	0
Recreational Services	3	3	0
Youth Services	82	70	(12)
Total non-recurrent grants	660	262	(398)
Total operating grants	5,206	7,040	1,834

Increases in specific operating grant funding reflect expected increased demand for these services.. The level of VGC grants to Victorian Councils has been affected by Commonwealth Government's decision to pause indexation for three years commencing in 2015-16. The VGC analysis indicates that Victorian Councils will be impacted by \$200 million during the pause as well as lowering the base from which indexation will be resumed by approximately 12.5%

5.1.2 Grants capital (\$0.65 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 is expected to decrease 20% or \$0.65 million. While Commonwealth Roads to Recovery funding is projected to increase, no State Government capital funding has been confirmed for 2016/17. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - capital	Forecast		Variance \$'000
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	2,283	2,637	354
<i>Recurrent - State Government</i>	-	-	-
Total recurrent grants	2,283	2,637	354
<i>Non-recurrent - State Government</i>			
Buildings	587	-	-587
Footpaths and Cycleways	65	-	-65
Recreational, Leisure & Community Facilities	73	-	-73
Roads	279	-	-279
Total non-recurrent grants	1,004	-	-1,004
Total capital grants	3,287	2,637	-650

5.1.3 Statement of Borrowings

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	2,796,720	2,509,542
Total amount proposed to be borrowed	500,000	500,000
Total amount projected to be redeemed	(787,178)	(731,154)
Total amount of borrowings as at 30 June	2,509,542	2,278,388

6. Capital works program

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

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

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

Capital works program

For the year ending 30 June 2017

6.1 New works

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Buildings									
Community Buildings - audit priorities	72	0	72	0	0	0	0	72	0
Kinglake Memorial Reserve - toilet upgrade	50	0	50	0	0	0	0	50	0
Public Convenience - renewal	102	0	102	0	0	0	0	102	0
Marysville Community Centre - Car park Lighting	15	0	0	0	15	0	0	15	0
Alexandra Office - disability access	30	0	0	30	0	0	0	30	0
Alexandra Library - roof renewal	23	0	23	0	0	0	0	23	0
Alexandra Office - toilet renewal	40	0	40	0	0	0	0	40	0
Other buildings - Corporate Building renewal	16	0	16	0	0	0	0	16	0
Total Buildings	348	0	303	30	15	0	0	348	0
TOTAL PROPERTY	348	0	303	30	15	0	0	348	0
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Motor vehicles and plant	939	0	814	0	125	0	0	439	500
Total Plant, Machinery and Equipment	939	0	814	0	125	0	0	439	500

Computers and Telecommunications									
Information technology: Asset system	46	0	0	46	0	0	0	46	0
Information technology: PCs and servers	77	0	61	16	0	0	0	77	0
Information technology: Project Management	50	0	0	50	0	0	0	50	0
Total Computers and Telecommunications	173	0	61	112	0	0	0	173	0
Library Books									
Library bookstock	97	0	15	82	0	0	0	97	0
Total Library Books	97	0	15	82	0	0	0	97	0
TOTAL PLANT AND EQUIPMENT	1,209	0	890	194	125	0	0	709	500
INFRASTRUCTURE									
Roads									
Gravel Roads - Resheeting	1499	0	1499	0	0	1499	0	0	0
Shoulder Resheeting Program	75	0	75	0	0	0	0	75	0
Sealed Roads Renewal & Patching	458	0	453	5	0	0	0	458	0
Sealed Roads - Reseals	1148	0	1,148	0	0	0	0	1,148	0
Gravel Roads Sealing Program	90	0	18	72	0	0	0	90	0
Road Safety	113	0	59	54	0	0	0	113	0
Kerb & Channel - Renewal & Upgrade	133	0	97	36	0	0	0	133	0
Vegetation Projects	25	0	25	0	0	0	0	25	0
Total roads	3,541	0	3,374	167	0	1,499	0	2,042	0
Bridges									
Bridges and culverts	1147	0	935	212	0	1138	0	9	0
Total Bridges	1147	0	935	212	0	1138	0	9	0
Footpaths and Cycleways									
Footpath: Missing Links	46	0	0	0	46	0	0	46	0
Footpath: Renewal	82	0	82	0	0	0	0	82	0
Footpath: Upgrade	40	0	0	40	0	0	0	40	0
Total Footpaths and Cycleways	168	0	82	40	46	0	0	168	0
Drainage									
Drainage - Renewal	50	0	40	0	10	0	0	50	0
Drainage - Network Expansion	96	0	0	0	96	0	0	96	0

Drainage - trouble spots	50	0	0	50	0	0	0	50	0
Total Drainage	196	0	40	50	106	0	0	196	0
Recreational, Leisure and Community Facilities									
Shade Sail Renewal	35	0	35	0	0	0	0	35	0
Marysville Pool - chlorine shed	13	0	13	0	0	0	0	13	0
Alexandra Pool	5	0	5	0	0	0	0	5	0
Eildon Pool	20	0	20	0	0	0	0	20	0
Marysville Pool	10	0	10	0	0	0	0	10	0
Eildon Alliance Boat Ramp works	28	0	14	14	0	0	0	28	0
Total Rec, Leisure and Comm'y Facilities	111	0	97	14	0	0	0	111	0
Waste Management									
Landfill Cell Construction	120	0	60	0	60	0	0	120	0
Total Waste Management	120	0	60	0	60	0	0	120	0
TOTAL INFRASTRUCTURE	5,283	0	4,588	483	212	2,637	0	2,646	0
TOTAL NEW CAPITAL WORKS 2016/17	6,840	0	5,781	707	352	2,637	0	3,703	500

6.2 Works carried forward from the 2015/16 year

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
PROPERTY									
Land	0	0	0	0	0	0	0	0	0
Total Land	0	0	0	0	0	0	0	0	0
Buildings									
Yea Shire Hall	27	0	27	0	0	0	0	27	0
Public Convenience Renewal - Leckie Park	89	0	89	0	0	0	0	89	0
Total Buildings	116	0	116	0	0	0	0	116	0
TOTAL PROPERTY	116	0	116	0	0	0	0	116	0

INFRASTRUCTURE									
Roads									
Vegetation Projects	101	0	101	0	0	0	0	101	0
TOTAL ROADS	101	0	101	0	0	0	0	101	0
Drainage									
Flood Levee Buxton	47	0	0	47	0	0	0	47	0
Total Drainage	47	0	0	47	0	0	0	47	0
Recreational, Leisure and Community Facilities									
Leckie Park Pavilion	50	0	0	50	0	0	0	50	0
Total Rec, Leisure and Comm'y Facilities	50	0	0	50	0	0	0	50	0
TOTAL INFRASTRUCTURE	198	0	101	97	0	0	0	198	0
TOTAL CARRIED FWD WORKS 2016/17	314	0	217	97	0	0	0	314	0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
6.3 Summary									
PROPERTY	464	0	419	30	15	0	0	464	0
PLANT AND EQUIPMENT	1,209	0	890	194	125	0	0	709	500
INFRASTRUCTURE	5,481	0	4,689	580	212	2,637	0	2,844	0
TOTAL CAPITAL WORKS	7,154	0	5,998	804	352	2,637	0	4,017	500

7. Rates and charges

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

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.6% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5% by the Minister for Local Government. The cap applies to all rateable assessments and the municipal charge, and is calculated on the basis of council's average rates and charges.

Council submitted an application to the Essential Services Commission for a variation of 5.4% following which a higher rates cap of 4.3 per cent has been set by the ESC for Murrindindi Shire Council for 2016/17. This has resulted in a shortfall of \$170,000 in the proposed budget. Council has complied with this cap in the development of its budget for the coming financial year by reducing its contribution to the Long Service Leave Reserve by 50% (\$150,000) and by 67% (\$20,000) in the operational seed funding budget. This is, however, only a short term solution in order to meet the shortfall for the 2016/17 financial year and to avoid imposing service reductions on the community. It does present some increased risk in the event of needing to meet unexpected long service leave obligations and/or defined benefit pension calls; however, these have been assessed as relatively low risk currently. Long term permanent savings will have to be found in the next financial year to cover this shortfall as well as any potential shortfall for that year.

The rates and charges for individual properties may increase or decrease by a different percentage amount for the following reasons -

- (i) the valuation of the property relative to the valuation of other properties in the municipal district;
- (ii) the application of differential rates by Council;
- (iii) the inclusion of other rates and charges not covered by the higher rates cap. (eg. waste or special charges)

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

In order to achieve Council's objectives while maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 4.3% in line with the rate cap that has been determined by the ESC. Increases for 2016/17 for waste service charges are 2.5% for the kerbside collection charge and the recycling charge by 3.0%. This will raise total rate and charges for 2016/17 of \$19.24 million, including \$0.15 million generated from supplementary rates. Council has been able to lower its previously projected kerbside and recycling charges due to recent re-negotiation through a collaborative tender initiative for council's collection services contract.

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

The rate in the dollar is presented in the table as cents per \$ of CIV to allow greater understanding of the rates set. For example, whilst the rate in the \$ for vacant land for 2016/17 is to be set at 0.005271, when expressed as cents per \$ of CIV, this is shown as 0.5271. What this means is that for every dollar that the vacant land is rated at, just over half of one cent has been determined as payable in rates for this particular property, eg. for a plot of vacant land valued at \$100,000, the rate revenue to be paid is \$527.10.

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.3415	0.3514	2.9%
Differential rate for rateable commercial industrial properties	0.4269	0.4393	2.9%
Differential rate for rateable Rural 1 properties	0.2561	0.2460	-3.9%
Differential rate for rateable Rural 2 properties	0.3415	0.3479	1.9%
Differential rate for rateable Vacant Land properties	0.5122	0.5271	2.9%

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	5,480,720	5,803,216	5.9%
Commercial and Industrial	802,320	841,941	4.9%
Rural 1	3,168,211	3,146,699	-0.7%
Rural 2	2,698,191	2,829,402	4.9%
Vacant Land	591,924	667,352	12.7%
Total amount to be raised by general rates	12,741,366	13,288,610	4.3%

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	5,364	5,391	0.5%
Commercial and Industrial	432	427	-1.2%
Rural 1	1,312	1,332	1.5%
Rural 2	1,704	1,713	0.5%
Vacant Land	792	798	0.8%
Total number of assessments	9,604	9,661	0.6%

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

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	1,603,894,500	1,651,456,000	3.0%
Commercial and Industrial	188,768,000	191,677,000	1.5%
Rural 1	1,236,479,000	1,279,250,000	3.5%
Rural 2	790,089,000	813,313,000	2.9%
Vacant Land	116,584,000	126,608,200	8.6%
Total value of land	3,935,814,500	4,062,304,200	3.2%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	307.00	320.00	4.2%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Municipal	2,838,215	2,961,920	4.4%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Kerbside collection	337.00	345.50	2.5%
Recycling	83.00	85.50	3.0%
Total	420.00	431.00	2.6%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Kerbside collection	2,132,013	2,233,107	4.7%
Recycling	527,673	537,336	1.8%
Total	2,659,686	2,770,443	4.2%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
General rates	12,741,366	13,288,610	4.3%
Municipal charge	2,838,215	2,958,840	4.3%
Agreement in lieu of rates (Power Station)	60,368	61,575	2.0%
Supplementary rates (pro-rata within the year)	N/A	154,769	N/A
Supplementary Municipal Charge (pro-rata)	N/A	3,080	N/A
Kerbside collection and recycling	2,659,686	2,770,443	4.2%
Rates and charges	18,299,635	19,237,317	5.1%

Supplementary rate revenue and municipal charge revenue that was generated in 2015/16 is included in the base rates and charges that are used to calculate the rate increase of 4.3% for 2016/17. All supplementary rate and municipal charge revenue forecast to be raised during 2016/17 only relates to new property developments, improvements or sub-divisions that are forecast to occur in 2016/17 - and do not impact the average rate increase of 4.3% that is applied for the budgeted financial year. A 1.0% growth target is reflective of the objective highlighted in the Council Plan to grow the rate base by 1.0% each year.

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

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

- The making of supplementary valuations (2016/17: estimated \$154,769, 2015/16: \$142,342)

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

7.12 Differential rates

7.12.1 Rates to be levied

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

- A general rate of 0.003514 (0.3514 cents in the dollar of CIV) for all rateable residential properties; and
- A differential rate of 0.004393 (0.4393 cents in the dollar of CIV) for all rateable Commercial and Industrial properties (125% of general rate); and
- A differential rate of 0.002460 (0.2460 cents in the dollar of CIV) for all rateable Rural 1 properties (70% of general rate); and
- A differential rate of 0.003479 (0.3479 cents in the dollar of CIV) for all rateable Rural 2 properties (99% of general rate); and
- A differential rate of 0.005271 (0.5271 cents in the dollar of CIV) for all rateable Vacant Land properties (150% of general rate).

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

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

7.12.2 Rural 1 Land

Rural 1 land is any rateable land, which is:

- Not less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

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

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital intensive nature of farming within the Shire and limited access to some services.

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

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

Land covered by this classification is not affected by ward boundaries.

7.12.3 Rural 2 land

Rural 2 land is any rateable land, which is:

- greater than 4 hectares and less than 40 hectares in area; and
- shall include non-contiguous assessments within the Shire operating as a single farm enterprise.

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

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services;
- Provision of general support services; and
- Recognition of the capital intensive nature of farming within the Shire and limited access to some services.

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

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

Land covered by this classification is not affected by ward boundaries.

7.12.4 Vacant land

Vacant land is defined as:

- Any land which is located in Council's defined residential, commercial, rural living or industrial zones for planning purposes that is currently undeveloped.
- Undeveloped land is broadly classified as land not containing an approved, habitable structure, or land that has not been developed for the purpose of commercial or industrial use.

The objective of this differential rate is to encourage property owners to develop vacant land identified by Council as suitable for development, rather than simply acquire or hold land for the purpose of future investment without developing it. By encouraging the development of land ensures that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of the Council.

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

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

Land covered by this classification is not affected by ward boundaries.

7.12.5 Commercial / Industrial

Commercial and industrial properties are defined as:

- Any property which is used primarily for commercial and/or industrial purposes and/or,
- Any property zoned as commercial and industrial land under the planning scheme in force in the municipal district which is not deemed vacant as per above.

The objective of this differential rate is to ensure that the owners of the property having the characteristics of Commercial and Industrial Land make an equitable financial contribution to the cost of carrying out Council's functions, including those functions supporting economic development and tourism, and the renewal and maintenance of public infrastructure that is of critical importance and benefit to business owners.

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

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

Land covered by this classification is not affected by ward boundaries.

Budget Analysis

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

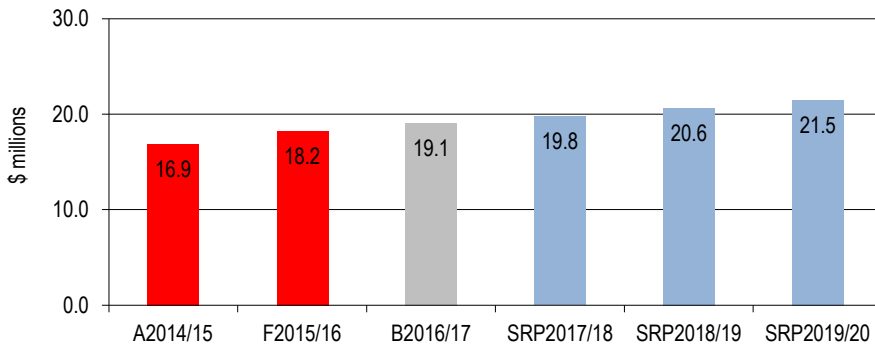
This section includes the following analysis and information.

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

8. Summary of financial position

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

8.1 Rates and charges

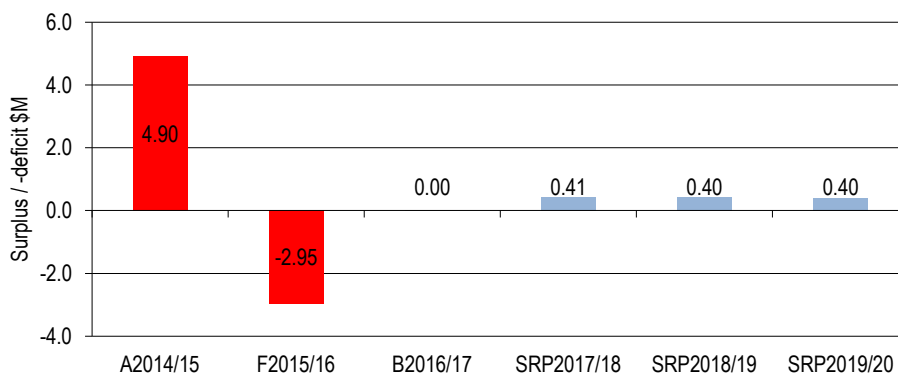


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

As endorsed by the 31 May 2016 decision of the ESC, it is proposed that the average rates increase by 4.3% for the 2016/17 year, raising total rates of \$19.1 million, including \$0.15 million generated from supplementary rates. This will result in an increase in total revenue from rates and service charges of 5.1%. Of the 4.3% approved increase, 2.5% will go toward maintaining service levels and meeting Council's current infrastructure obligations that are detailed in the capital works budget. The remaining 1.8% increase will go solely toward's Council infrastructure reserve to address the future asset renewal needs of the Shire which was validated by the ESC as an appropriate, financially responsible and prudent allocation to ensure long term sustainability of infrastructure within the Shire of Murrindindi.

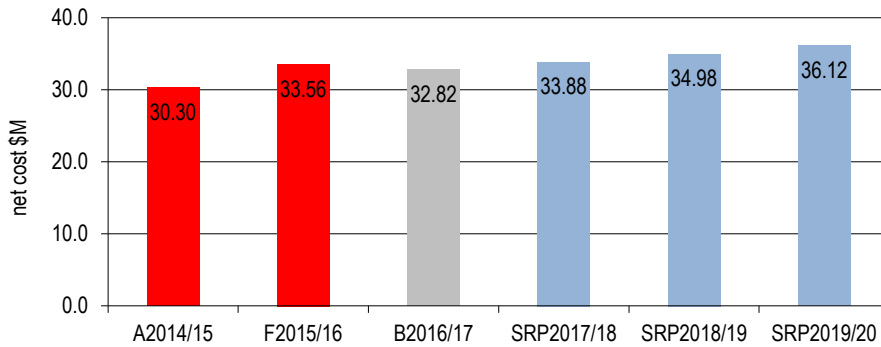
This rate increase is in line with the rate cap of 2.5% set by the Minister for Local Government and an additional 1.8% increase that was endorsed by the ESC. (The rate increase for the 2015/16 year was 5.5%). Refer Sections 7 and 10 for more information.

8.2 Operating result



The expected operating result for the 2016/17 year is a breakeven result which is an increase of \$2.95 million on the current forecast projection for 2015/16. The 2015/16 result will be substantially affected by the advance payment of grant funds that were initially budgeted to occur this financial year, but were received in advance in 2014/15, which artificially inflated the 2014/15 financial result.

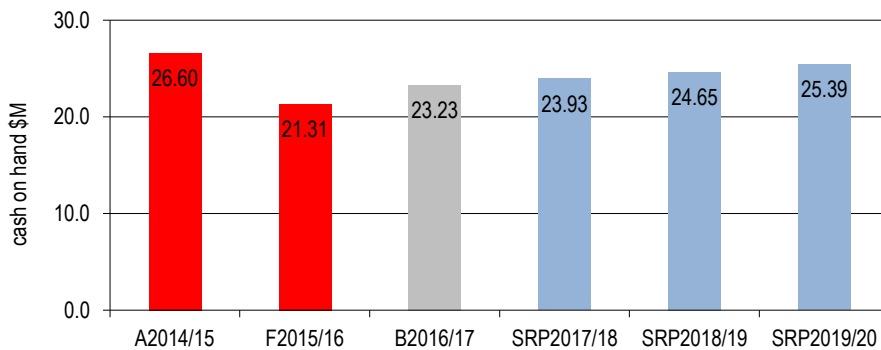
8.3 Services



The cost of services delivered to the community for the 2016/17 year is expected to be \$32.82 million which is a minor reduction compared to the forecast result for 2015/16. . For the 2016/17 year, service levels have been maintained, though as has been often communicated in recent times, Council will need to undertake extensive consultation with the community regarding the sustainability of this approach given the future constraints of a rate capped environment.

Refer Section 2 for a list of services

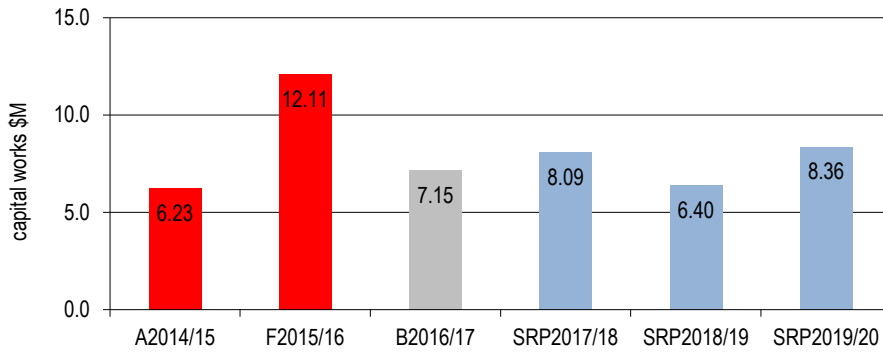
8.4 Cash and investments



Cash and investments are expected to increase by \$1.92 million during the year to \$23.23 million as at 30 June 2017. The higher amount recorded as of the end of the previous financial year is due to the advanced grant payments that were received by Council on 30 June 2015. Growth of Council's cash and investment levels are in line with Council's financial strategy to ensure that funds are available for future renewal requirements, as recently endorsed by the ESC.

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

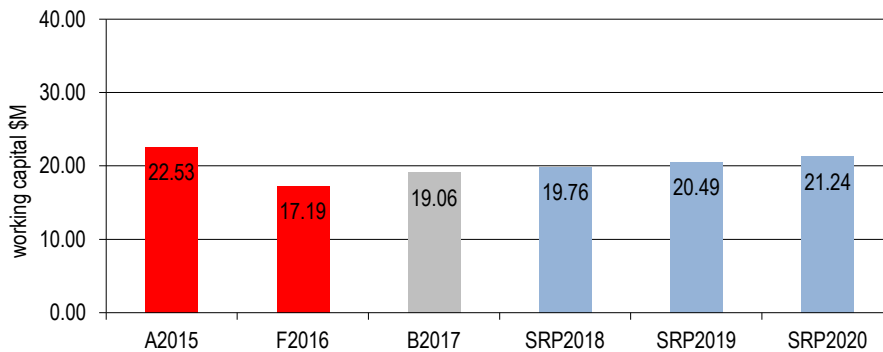
8.5 Capital works



The capital works program for the 2016/17 year is expected to be \$7.15 million of which \$0.31 million relates to projects which will be carried forward from the 2015/16 year. The carried forward component is fully funded from the 2015/16 budget. Of the \$7.15 million of capital funding required, \$2.64 million will come from external grants with \$4.02 million coming from Council cash. The capital expenditure program has been set and prioritised based on a continuous and rigorous process of consultation and review of the condition of public infrastructure that has enabled Council to assess needs and develop sound business cases for each project.

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

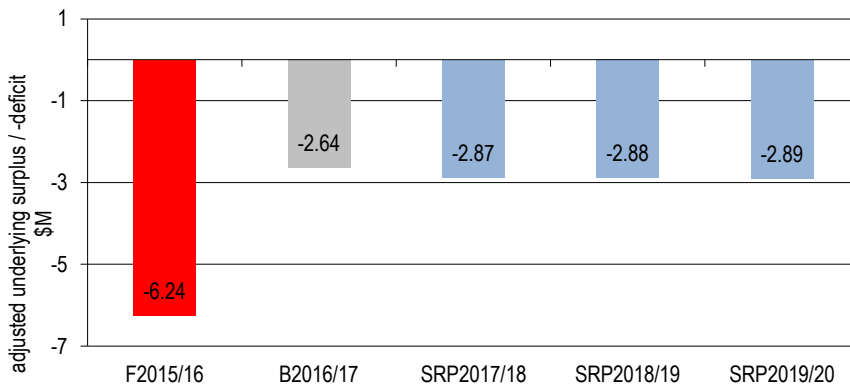
8.6 Financial position



The financial position is expected to improve with net current assets (working capital) to increase by \$1.87 million to \$19.06 million in the 2016/17 financial year. Council's commitment to reducing debt whilst increasing reserves to manage current and future renewal requirements shows continued working capital growth over the life of the longer term financial plan.

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

8.7 Financial sustainability



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

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

9. Budget influences

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

9.1 Snapshot of Murrindindi Shire Council

Our shire is 60 to 90 minutes north east of Melbourne. Our amazing landscape includes beautiful National Parks and State Forests, fertile farming land, the scenic Goulburn River, Lake Eildon and abundant creeks and rivers.

Removed from the fast pace of big city living yet easily accessible from Melbourne and regional hubs, the shire promotes quality of life and a laidback lifestyle. The area has five key service centres in Alexandra, Eildon, Kinglake, Marysville and Yea that provides a range of businesses and facilities, educational hubs, medical services and a range of lifestyle choices and visitor accommodation.

These service centres are complemented by a number of diverse townships including: Acheron • Buxton • Cathkin • Castella • Flowerdale • Glenburn • Gobur • Highlands • Homewood • Kanumbra • Kinglake West • Koriella • Limestone • Molesworth • Murrindindi • Narbethong • Rubicon • Strath Creek • Taggerty • Terip Terip • Thornton • Toolangi • Woodbourne • Yarck.

Our history

The Taungurung and Wurundjeri peoples are the traditional owners of the land now known as the Murrindindi Shire.

European settlement followed Hume and Hovell's overland exploration in December 1824. Many local towns were established during the 1850s and 1860s after the discovery of gold.

The Murrindindi Shire Council was declared on 18 November 1994 by the amalgamation of the former municipalities of Alexandra and Yea, and the addition of parts of the former municipalities of Healesville, Broadford, Eltham, Whittlesea and Euroa.

On 7 February 2009, the Victorian bushfires claimed 95 lives in our shire and burned more than 1500 square kilometres (40 per cent of the shire). Our shire has shown amazing resilience to come back from this natural disaster and we have a community that continues to grow and prosper today.

Population

We have a small population in a large and diverse Shire. More than 80 per cent of our 13,058 population was born in Australia. Other common countries of birth include England 4.2 per cent, New Zealand 1.1 per cent, Germany 0.7 per cent, Scotland 0.6 per cent and Netherlands 0.6 per cent.

Ageing Population

Our highest proportion of the population (31.6 per cent) is aged between 45 and 64 and we are getting older. The percentage of those aged over 65 is expected to rise from 18.6 per cent in 2010 to 23.6 per cent in 2021, compared to the Victorian anticipated increase from 13.7 per cent to 20.2 per cent.

Employment

We have a strong workforce with around 54 per cent employed full time, 34 per cent employed part-time and 4.8 per cent unemployed which is below the state average for unemployment.

Our major employment sectors include management at 18 per cent, technicians and trades workers at 17 per cent, professionals at 15 per cent, labourers at 12 per cent and community and personal service workers at 12 per cent.

Those who have made the choice to live in Murrindindi Shire also have quick access to all the city of Melbourne has to offer while living in a very special part of the world.

Agriculture, viticulture, horticulture and aquaculture are significant drivers of our economy as is our hospitality and tourism industry.

Our region supplies most of Australia's strawberry runner stock and 80 per cent of Australian trout stock. Our favourable climate conditions allow for the growing of stone fruits, berries and turf production. We also have a vibrant beef, sheep and grain industry.

Education also provides employment opportunities as does medical services and Local Government. With over a million visitors each year, our tourism sector is a key economic driver that provides eco-tourism opportunities through to luxury holiday stays.

9.2 External influences

Several factors outside Council's control have influenced the development of the 2016/17 Budget, as outlined in further detail below:

- Local Government Cost Index (LGCI) increases on goods and services associated with the provision of infrastructure, social and community services is forecast to be 3.5% for the 2016/17 year
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to November 2015 was 3.1% (ABS release 25 February 2016) which is above Council's current Enterprise Bargaining Agreement of 3.0% which was agreed to during 2014/15.
- Increases of 10% (or \$5.30 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added \$1.84 million to Council's costs.
- The Fire Services Property Levy continues to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.
- The Commonwealth Government's decision to freeze the indexation for Financial Assistance Grants until at least 2017/18.
- The State Government has introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5% by the Minister for Local Government. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.
- Funding received through Roads to Recovery has now been extended through to 2019. The funding allocations are based on the recommendations of State Local Government Grant Commissions. Councils can use the funding they receive to make urgent repairs and upgrades to their local road networks.

9.3 Budget principles

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

- Existing fees and charges to be increased in line with CPI or market levels. A benchmarking exercise across the private and public sector was undertaken to ensure fees are comparable where appropriate;
- Grants to be based on confirmed funding levels;
- New revenue sources to be identified where possible;
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency;
- Salaries and wage increases to be kept in line with the current Enterprise Bargaining Agreement;
- Construction and material costs to increase in line with the Local Government Cost Index;
- No new budget initiatives;
- Any employee-related proposals to be considered by Council on the merits of a business case;
- Real savings in expenditure and increases in revenue identified through various service level reviews to be preserved; and
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

Although the budget was prepared on a "no new initiatives" basis, Council will continue to consider initiatives that are raised by the community that are supported by a strong business case.

9.4 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2013 to 2017.

10. Analysis of operating budget

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

10.1 Budgeted income statement

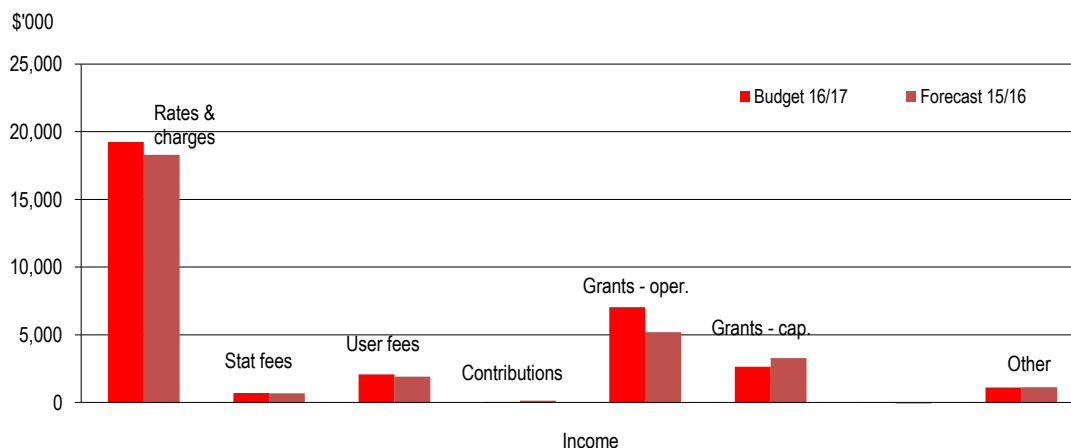
	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Total income	10.2	30,606	32,818	2,212
Total expenses	10.3	(33,557)	(32,817)	740
Surplus (deficit) for the year		(2,951)	1	2,952
Grants –non-recurrent capital	10.2.6	(1,003)	0	1,003
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources	10.2.4	(97)	(25)	72
Adjusted underlying surplus (deficit)		(4,051)	(24)	4,027

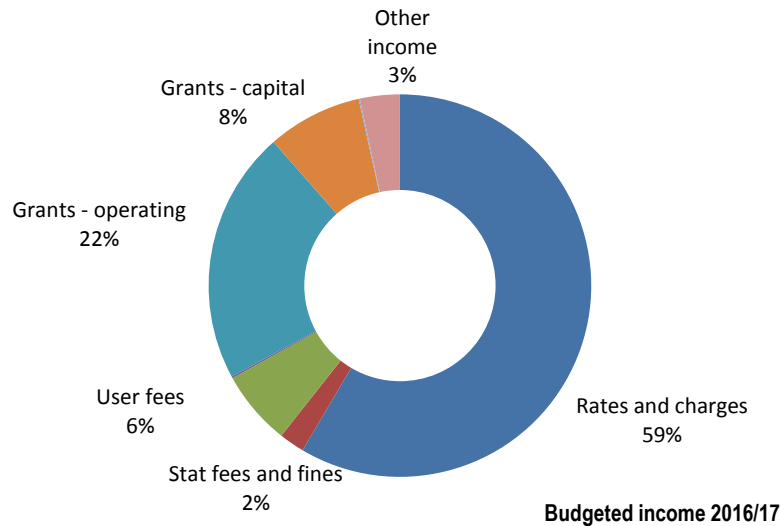
10.1.1 Adjusted underlying deficit (\$4.03 million increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a deficit of \$24k which is a decrease of \$4.027 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year. This is a standard measurement that is undertaken in the local government sector to indicate financial sustainability in a very conservative sense.

10.2 Income

Income Types	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Rates and charges	10.2.1	18,300	19,237	937
Statutory fees and fines	10.2.2	687	704	17
User fees	10.2.3	1,915	2,082	167
Contributions - monetary	10.2.4	148	44	(104)
Grants - operating	5.1.1	5,206	7,040	1,834
Grants - capital	5.1.2	3,287	2,637	(650)
Net gain on disposal of property, infrastructure, plant & equip.	10.2.5	(75)	(33)	42
Other income	10.2.6	1,138	1,107	(31)
Total income		30,606	32,818	2,212





Source: Section 3

10.2.1 Rates and charges (\$0.93 million increase)

It is proposed that income raised by all rates and charges be increased by \$0.93 million over 2015/16 to \$19.24 million. This includes an increase in average rates of 4.3%, Municipal Charge revenue of 4.4%; kerbside waste charge of 2.5%; recycling waste charge of 3.0%; and forecasts supplementary rates to increase to \$0.15 million.

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

10.2.2 Statutory fees and fines (\$0.01 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, planning fees and costs associated with requests for Freedom of Information. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees are forecast to increase marginally compared to 2015/16.

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

10.2.3 User fees (\$0.17 million increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include separate schedule of charges for use of community facilities and the provision of human services such as family day care and home help services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

User charges are projected to increase by \$0.17 million over 2015/16. Council plans to increase most user charges for all areas by 2.5% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

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

10.2.4 Contributions - monetary (\$0.10 million decrease)

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

Contributions are projected to decrease by \$0.10 million compared to 2015/16 due mainly to the completion of a number of major community projects within the municipality during the 2015/16 year.

10.2.5 Net gain on disposal of property, infrastructure, plant and equipment (\$42k increase)

Proceeds from the disposal of Council assets is forecast to relate mainly to the planned cyclical replacement of part of the plant and vehicle fleet and sale of properties including surplus land.

Proposed sale of Council Assets accounts for the offsetting of proceeds from sales against the carrying value of the assets held on Council's balance sheet. Assets are valued at fair value less accumulated depreciation. Revenue is based on market valuation of what projected sales may achieve, which may be different to the carrying value recorded by Council.

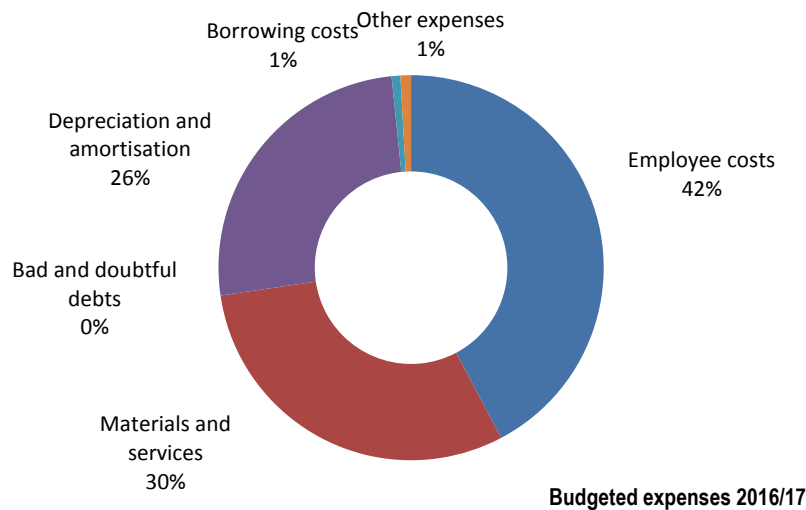
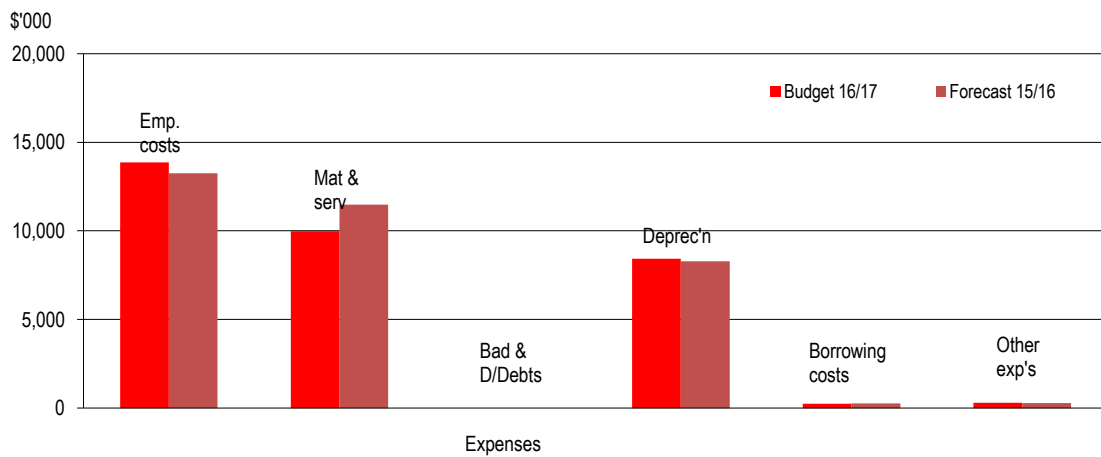
10.2.6 Other income (\$31k decrease)

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

The decrease in income from 2015/16 relates mainly to a drop in revenue from recyclables and sale of scrap steel.

10.3 Expenses

Expense Types	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Employee costs	10.3.1	13,242	13,866	624
Materials and services	10.3.2	11,485	9,988	(1,497)
Bad and doubtful debts	10.3.3	0	0	0
Depreciation and amortisation	10.3.4	8,291	8,432	141
Borrowing costs	10.3.5	255	240	(15)
Other expenses	10.3.6	284	291	7
Total expenses		33,557	32,817	(740)



Source: Section 3

10.3.1 Employee costs (\$0.62 million increase)

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

Employee costs are forecast to increase by 4.7% or \$0.62 million compared to 2015/16. This increase relates to the following key factors:

- Council's Enterprise Bargaining Agreement (EBA) allows for an annual 3% increase in 2016/17.
- Increases in staff numbers in the Community Services area driven by increasing demand for these services. These positions are supported by increased grants and contributions to fund these increased EFT requirements and are directly tied to the ongoing requirement for the provision of this service.
- Vacancies have existed in Council's Infrastructure Operations area during 2015/16. It is expected that staffing levels in 2016/17 will operate at the full contingent.

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
Executive Team and Support	805	714	91
Business Services	1,995	1,238	757
Community Services	3,236	421	2815
Communications, Library and Customer Service	1,210	545	665
Infrastructure Assets	1,014	809	205
Infrastructure Operations	4,159	3,509	650
Development Services	1,245	810	435
Total permanent staff expenditure	13,664	8,046	5,618
Casuals and other expenditure	202		
Total Operating Employee Costs	13,866		
Capitalised labour costs	197		
Total employee expenditure	14,063		

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

Department	Budget EFT	Comprises	
		Permanent Full Time	Permanent Part Time
Executive Team and Support	5	4	1.0
Business Services	20	11	9.0
Community Services	38.9	4	34.9
Communications, Library and Customer Service	12.9	5	7.9
Infrastructure Assets	9	7	2.0
Infrastructure Operations	47	39.4	7.6
Development Services	12.1	8	4.1
Total	144.9	78.4	66.5
Casuals and other	2.6		
Capitalised labour costs	2.6		
Total staff	150.1		

It should be noted that the total staffing EFT number of 150.1 is 8.9 EFT above Council's permanent establishment listing of 141.2. Of this variance, 5.9 of EFT relates to grant funded positions in the areas of childcare, municipal emergency management, aged care, disability services and the collection of the State Government's Fire Services Property Levy and are broadly driven by the level of service required in the community to perform these functions. These roles are funded via grants from other levels of government and if funding was no longer provided or demand from the community reduced the roles would cease. A further 3.0 of EFT relate to fixed-term positions in Council's outdoor parks and gardens unit that were created to service the new and gifted assets and remain temporary subject to Council's ability to continue to fund operations and maintenance of these assets.

The most significant increases in employee costs by service unit are summarised below:

Department	Service Unit	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Infrastructure Operations	Infrastructure Maintenance	2,359	2,561	202
Community Services	Aged and Disability	2,037	2,194	157

10.3.2 Materials and services (\$1.50 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 13.0% or \$1.50 million compared to 2015/16.

	Forecast	Budget	Variance
Materials & Services Expenditure Type (\$'000)	2015-16	2016-17	
Utilities	514	538	24
Contractors	8,126	6,866	(1,260)
Legal Expenses	248	241	(7)
Insurance	458	484	26
Materials	1,057	969	(88)
Contributions	700	644	(56)
Consultants	382	246	(136)
Total Materials & Services	11,485	9,988	(1,497)

External contracts are forecast to decrease by 15.5% or \$1.26 million compared to 2015/16. The main areas contributing to this is the decrease of grant funded operational projects received during 2015/16 or carry forward from prior years.

10.3.3 Bad and doubtful debts

Bad and doubtful debts are not forecast to increase as Council pursues recovery of all rates that are currently outstanding.

10.3.4 Depreciation and amortisation (\$0.14 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. The increase of \$0.14 million for 2016/17 is due mainly to the completion of the 2016/17 capital works program and the full year effect of depreciation on the 2015/16 capital works program. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2016/17 year.

10.3.5 Borrowing costs (\$0.01 million decrease)

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

10.3.6 Other expenses (\$7k increase)

Other expenses relate to rates and charges waived for charitable and not-for-profit organisations, Councillors' allowances and remuneration for auditors and audit committee members.

11. Analysis of budgeted cash position

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

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

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

11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Cash flows from operating activities	11.1.1			
<i>Receipts</i>				
Rates and charges		18,211	19,102	891
User fees and fines		3,271	3,483	212
Grants - operating & capital		8,304	9,877	1,573
Interest		670	514	(156)
Other receipts		(248)	(24)	224
		30,208	32,952	2,744
<i>Payments</i>				
Employee costs		(13,106)	(13,615)	(509)
Other payments		(12,134)	(10,257)	1,877
		(25,240)	(23,872)	1,368
Net cash provided by operating activities		4,968	9,080	4,112
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant & equip.		(12,108)	(7,154)	4,954
Proceeds from sale of property, infrastructure, plant & equipment		2,352	396	(1,956)
Payments for investments		0	0	0
Proceeds from investments		0	0	0
Loans and advances made		0	0	0
Repayments of loans and advances		0	0	0
Net cash used in investing activities		(9,756)	(6,758)	2,998
Cash flows from financing activities	11.1.3			
Finance costs		(187)	(167)	20
Proceeds from borrowings		500	500	0
Repayment of borrowings		(787)	(731)	56
Net cash used in financing activities		(474)	(398)	76
Net decrease in cash and cash equivalents		(5,262)	1,924	7,186
Cash and cash equivalents at the beginning of the year		26,572	21,310	(5,262)
Cash and cash equivalents at end of the year	11.1.4	21,310	23,234	1,924

11.1.1 Operating activities (\$4.1 million increase)

The increase in cash inflows from operating activities is due mainly to a \$1.57 million increase in operating grants (Grant Commission & R2R program) and \$0.89 million increase in rates and the municipal charge, which is in line with the 4.3% increase approved by the ESC. Other payments to suppliers has decreased by \$1.88m with high levels of grant funded projects and carry forwards from prior years in the 2015-16 Budget.

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

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Surplus (deficit) for the year	(2,951)	1	2,952
Depreciation	8,291	8,432	141
Loss (gain) on disposal of property, infrastructure, plant & equipment	75	33	(42)
Finance costs (Cash proportion)	187	167	(20)
Net movement in current assets and liabilities	(634)	447	1,081
Cash flows available from operating activities	4,968	9,080	4,112

11.1.2 Investing activities (\$2.98 million increase)

The decrease in payments for investing activities represents the outcomes of the capital works expenditure disclosed in section 12 of this budget report. Proceeds from sale of assets are also forecast to decrease by \$1.96 million in 2016-17 - with significant assets including the Kinglake RAC forecast for sale in 2015-16, though it is anticipated that this will be carried forward into 2016/17 as the sale of this asset has not occurred in 2015/16.

11.1.3 Financing activities (\$0.07 million increase)

For 2016/17 the total of principal repayments is \$0.73 million and finance charges are \$0.17 million as Council's debt position continues to decrease.

11.1.4 Cash and cash equivalents at end of the year (\$1.92 million increase)

Overall, total cash and investments are forecast to increase by \$1.92 million to \$23.23 million as at 30 June 2017, reflecting Council's strategy of increasing its working capital to fund both current and future infrastructure renewal requirements This is consistent with Council's Strategic Resource Plan (see Section 8).

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$23.23 million, which has been restricted as shown in the following table.

	Ref	Forecast		Variance \$'000
		Actual 2016 \$'000	Budget 2017 \$'000	
Total cash and investments		21,310	23,234	1,924
Restricted cash and investments				
- Statutory reserves	11.2.1	(452)	(477)	(25)
- Cash held to carry forward capital works	11.2.2	(314)	0	314
- Trust funds and deposits		(582)	(502)	0
Unrestricted cash and investments	11.2.3	19,962	22,255	2,213
- Discretionary reserves	11.2.4	(12,252)	(13,573)	(1,321)
Unrestricted cash adjusted for discretionary reserves	11.2.5	7,710	8,682	892

11.2.1 Statutory reserve (\$0.48 million)

These funds must be applied for specified statutory purposes in accordance with various legislative requirements. While these funds earn interest revenues for Council, the funds are not available for other purposes.

11.2.2 Cash held to fund carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2016, as the budget assumes that the capital works budget in the 2016/17 financial year will be fully expended. An amount of \$314k is forecast to be held at 30 June 2016 to fund capital works budgeted but not completed in the 2015/16 financial year. Section 6.2 contains further details on capital works funding.

11.2.3 Unrestricted cash and investments (\$22.26 million)

The amount shown is in accordance with the definition of unrestricted cash included in the Regulations. These funds are free of statutory reserve funds and cash to be used to fund capital works expenditure from the previous financial year.

11.2.4 Discretionary reserves (\$13.57 million)

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

11.2.5 Unrestricted cash adjusted for discretionary reserves (\$8.68 million)

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

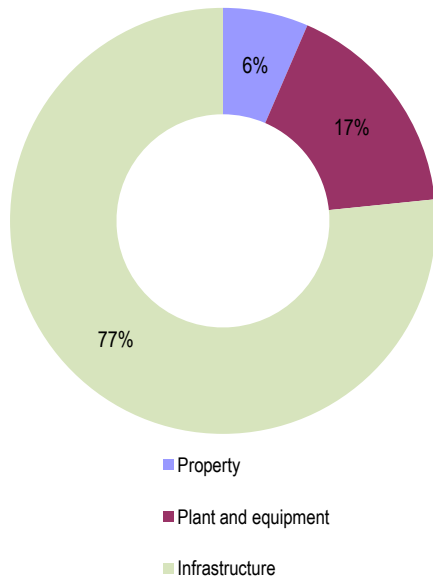
12. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Variance is based on comparison to prior year 2015/16 adopted budget to provide a more meaningful comparison without the distortion of carried forward projects from prior years. Sec 3.5 provides comparison against actual forecast expenditure for 2015/16.

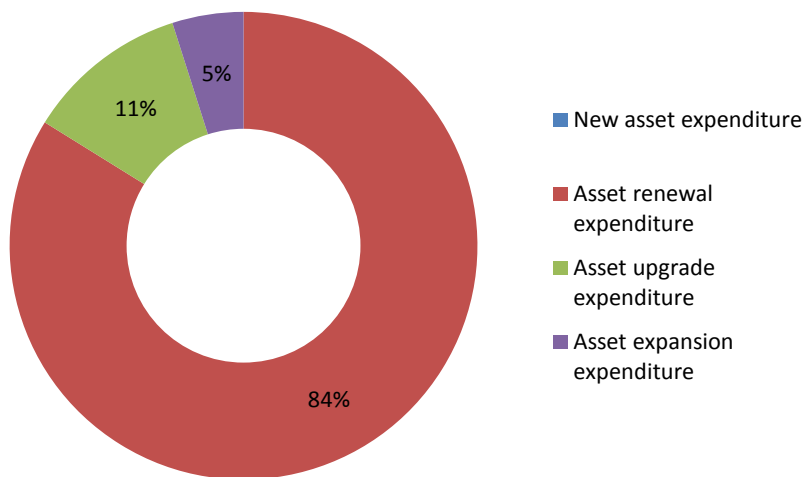
12.1 Capital works

Capital Works Areas	Ref	Adopted Budget 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Works carried forward	12.1.1			
Property				
Buildings		145	116	- 29
Total buildings		145	116	(29)
Total property		145	116	(29)
Plant and equipment				
Plant, machinery and equipment		0	0	0
Fixtures, fittings and furniture		0	0	0
Computers and telecommunications		43	0	(43)
Library books		0	0	0
Total plant and equipment		43	0	(43)
Infrastructure				
Roads		411	101	(310)
Bridges		0	0	0
Footpaths and cycleways		0	0	0
Drainage		47	47	0
Recreational, leisure and community		50	50	0
Waste management		685	0	(685)
Other infrastructure		0	0	0
Total infrastructure		1,193	198	(685)
Total works carried forward		1,381	314	(757)
New works				
Property	12.1.2			
Buildings		616	348	(268)
Total property		616	348	(268)
Plant and equipment	12.1.3			
Plant, machinery and equipment		1,051	939	(112)
Fixtures, fittings and furniture		33	0	(33)
Computers and telecommunications		226	173	(53)
Library books		96	97	1
Total plant and equipment		1,406	1,209	(197)
Infrastructure	12.1.4			
Roads		2,707	3,541	834
Bridges		637	1,147	510
Footpaths and cycleways		210	168	(42)
Drainage		202	196	(6)
Recreational, leisure and community		203	111	(92)
Waste management		155	120	(35)
Total infrastructure		4,114	5,283	1,169
Total new works		6,136	6,840	704
Total capital works expenditure		7,517	7,154	(53)
Represented by:				
New asset expenditure	12.1.5	1,158	0	(1,158)
Asset renewal expenditure	12.1.5	4,761	5,998	1,237
Asset upgrade expenditure	12.1.5	1,598	804	(794)
Asset expansion expenditure	12.1.5	0	352	352
Total capital works expenditure		7,517	7,154	(363)

Budgeted capital works 2016/17



Budgeted capital works 2016/17



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

12.1.1 Carried forward works (\$0.314 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$314k of capital works will be incomplete and be carried forward into the 2016/17 year. The more significant projects include the Vegetation offset project (\$101k) and the Public Convenience renewal in Leckie Park Alexandra (\$89k).

12.1.2 Property (\$0.348 million)

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

For the 2016/17 year, \$348k will be expended on building and building improvement projects. The more significant projects include Public Convenience renewal (\$102k), Community Building - audit priorities (\$72k) and toilet upgrade at Kinglake Memorial Reserve (\$50k).

12.1.3 Plant and equipment (\$1.209 million)

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

For the 2016/17 year, \$1.209 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$939k), upgrade and replacement of information technology (\$173k) and library bookstock purchases (\$97k).

12.1.4 Infrastructure (\$6.840 million)

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

For the 2016/17 year, \$3.541 million will be expended on road projects. The more significant projects include Gravel Roads Resheeting (\$1,499k), Sealed Roads - Resealing (\$1,148k), Sealed Roads Renewal & Patching (\$458k), and Kerb & Channel renewal and upgrade (\$133k).

\$1,147k will be expended on Bridge & Culvert projects. These works are spread over numerous bridges, the more significant of these include Old Yarck Road Bridge (\$112k), Yarck Road Bridge (\$107k), Maintongoon Road Bridge (\$99k), Brooks Cutting Bridge (\$82k), Acheron Road Bridge (\$80k), Dyes Lane Bridge (\$77k), Dairy Creek Road Bridge (\$74k), and Dropmore Bridge (\$73k).

\$196k million will be expended on Drainage - renewal, trouble spots and network extension.

Other infrastructure expenditure includes \$168k on footpaths and cycleways, \$111k on recreational, leisure and community facilities, and \$120k on Waste Management - Landfill.

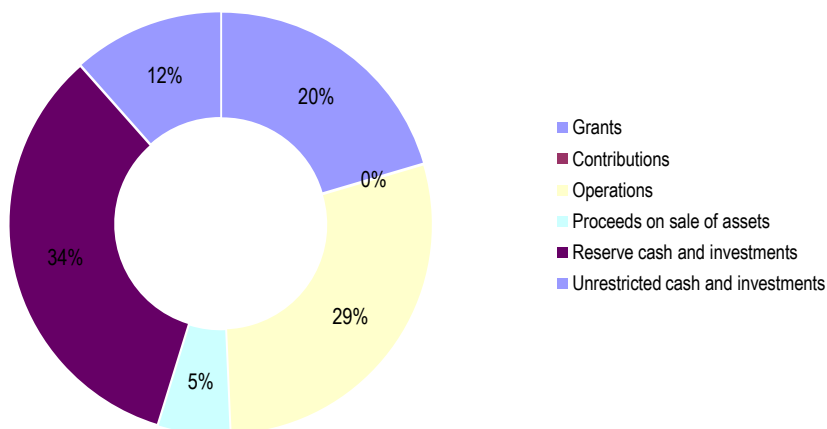
12.1.5 Asset renewal (\$5.998 million), upgrade (\$0.804 million) and expansion (\$0.352 million)

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

12.2 Funding sources

Sources of funding	Ref	Adopted Budget 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Works carried forward				
Current year funding				
Grants		370	0	(370)
Contributions		0	0	0
Borrowings		0	0	0
Council cash				
- operations		1,011	314	(697)
- proceeds on sale of assets		0	0	0
- reserve cash and investments		0	0	0
- unrestricted cash and investments		0	0	0
Total works carried forward	12.2.1	1,381	314	(1,067)
New works				
Current year funding				
Grants	12.2.2	1,604	2,637	1,033
Contributions		0	0	0
Borrowings		500	500	0
Council cash				
- operations	12.2.3	3,789	3,487	(302)
- proceeds on sale of assets	12.2.4	243	216	(27)
- reserve cash and investments	12.2.5	0	0	0
- unrestricted cash and investments	12.2.6	0	0	0
Total new works		6,136	6,840	704
Total funding sources		7,517	7,154	(363)

Budgeted total funding sources 2016/17



Source: Section 6

12.2.1 Carried forward works (\$0.314 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$314k of capital works will be incomplete and be carried forward into the 2016/17 year.

12.2.2 Grants - Capital (\$2.637 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for Roads to Recovery projects (\$2.637 million).

12.2.3 Council cash - operations (\$3.487 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$3,487k will be generated from operations to fund the 2016/17 capital works program. This amount equates to the cash generated from operating activities of \$9.08 million as set out in Section 11. 'Analysis of Budgeted Cash Position' adjusted for capital grants of \$2,637k and borrowing costs of \$898k. The surplus represents cash generated to go to Reserve for future capital requirements.

12.2.4 Council cash - proceeds from sale of assets (\$0.216 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$216k.

12.2.5 Reserve cash - reserve cash and investments

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes such as future Infrastructure Works (\$6.347 million), Waste - Landfill assurance (\$5.908 million) and specific reserves such as the Yea Saleyards Reserve. For 2016/17 no reserve funding will be used to fund the new capital works program.

12.2.6 Council cash - unrestricted cash and investments

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments and funds preserved from the previous year mainly as a result of grants and contributions being received in advance.

13. Analysis of budgeted financial position

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

13.1 Budgeted balance sheet

		Forecast	Budget	Variance
	Ref	Actual	2017	
		2015	2017	
		\$'000	\$'000	\$'000
Current assets	13.1.1			
Cash and cash equivalents		21,310	23,234	1,924
Trade and other receivables		2,671	2,487	(184)
Financial assets		0	0	0
Other assets		285	320	35
Total current assets		24,266	26,041	1,775
Non-current assets	13.1.1			
Trade and other receivables		22	24	2
Property, infrastructure, plant and equipment		305,699	303,994	(1,705)
Total non-current assets		305,721	304,018	(1,703)
Total assets		329,987	330,059	72
Current liabilities	13.1.2			
Trade and other payables		2,952	3,106	(154)
Provisions		3,412	3,432	(20)
Interest-bearing loans and borrowings		712	448	264
Total current liabilities		7,076	6,986	90
Non-current liabilities	13.1.2			
Provisions		1,736	1,864	(128)
Interest-bearing loans and borrowings		1,797	1,830	(33)
Total non-current liabilities		3,533	3,694	(161)
Total liabilities		10,609	10,680	(71)
Net assets		319,378	319,379	1
Equity	13.1.4			
Accumulated surplus		126,127	124,782	(1,345)
Reserves		193,251	194,597	1,346
Total equity		319,378	319,379	1

Source: Section 3

13.1.1 Current Assets (\$1.77 million increase) and Non-Current Assets (\$1.70 million decrease)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to increase by \$1.92 million during the year mainly to fund increase in reserves of \$1.35 million.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget, however Government Grants unpaid at year end have been projected to reduce by \$200k.

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

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$1.71 million decrease in this balance is attributable to the net result of the capital works program (\$7.15 million of capital works expenditure), depreciation of assets (\$8.43 million) and the sale through sale of property, plant and equipment (\$0.43 million).

13.1.2 Current Liabilities (\$0.09 million increase) and Non Current Liabilities (\$0.07 million decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2015/16 levels. Due to timing of processing at year end, accrued wages have been projected to increase by \$180k.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are only expected to increase marginally due to more active management of entitlements. Provisions also include an increase of \$76k for Landfill Rehabilitation.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$731k over the year - showing a net decrease in the level of borrowings of \$231k..

13.1.3 Working Capital (\$12.6 million decrease)

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

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

	Forecast		
	Actual	Budget	Variance
	2015	2017	
	\$'000	\$'000	\$'000
Current assets	24,266	26,041	(1,775)
Current liabilities	7,076	6,986	90
Working capital	17,190	19,055	(1,865)
Restricted cash and investment current assets			
- Statutory reserves	(452)	(477)	25
- Cash used to fund carry forward capital works	(314)	0	(314)
Unrestricted working capital	16,424	18,578	(2,154)
Discretionary reserves			
- Infrastructure Maintenance Reserves	(6,107)	(6,389)	282
- Waste Reserve	(5,004)	(5,909)	905
- Other Reserve	(1,142)	(1,276)	134
Discretionary reserves	(12,252)	(13,573)	(833)

In addition to the restricted cash shown above, Council is also projected to hold \$13.57 million in discretionary reserves at 30 June 2017 (as per the table above) . Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

13.1.4 Equity (\$0.01 million increase)

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The decrease in accumulated surplus of \$1.34 million results directly from the operating surplus of \$1k and transfers to Reserve increase of \$1.35.

During the year an amount of \$1.35 million (net) is budgeted to be transferred to other reserves from accumulated surplus. This is a transfer between equity balances only and does not impact on the total balance of equity.

13.2 Key assumptions

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

- A total of 98.5% of total rates and charges raised will be collected in the 2016/17 year.
- Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 30 days.
- Other debtors and creditors to remain consistent with 2015/16 levels
- Employee entitlements to be increased by the Enterprise Bargaining Agreement outcome offset by the impact of more active management of leave entitlements of staff

Long Term Strategies

This section includes the following analysis and information.

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

14. Strategic resource plan

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

14.1 Plan development

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

Council has prepared an SRP for the four years 2013/14 to 2016/17 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. Council also maintains 10 Year Long Term Financial Plans and Capital Improvement Plan.

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:

- Establish a financial framework over the next 4 years to ensure Council's strategic objectives, as expressed in its Council Plan, are achieved
- Provide an assessment of the resources (financial and non-financial) required to accomplish the objectives and strategies included in the Council Plan (non-financial resources are assumed to include human resources and Council's asset base, which are all referred to in various parts of the SRP).
- Establish a basis to measure Council's adherence to its policies and strategies, and
- Assist Council to comply with sound financial management principles, in accordance with the Local Government Act (1989) and to plan for the long-term financial sustainability of the municipality.

In preparing the SRP, Council has also been mindful of the need to comply with the following principles of sound financial management as detailed 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.

These principles were also strongly referenced as required criteria by the Essential Services Commission, during the recent application by Council for a variation to the rate cap for 2016/17. The ESC commented very positively on Council's adherence to these principles and referenced the need for all councils to achieve this for any future successful rate cap applications.

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

14.2 Financial resources

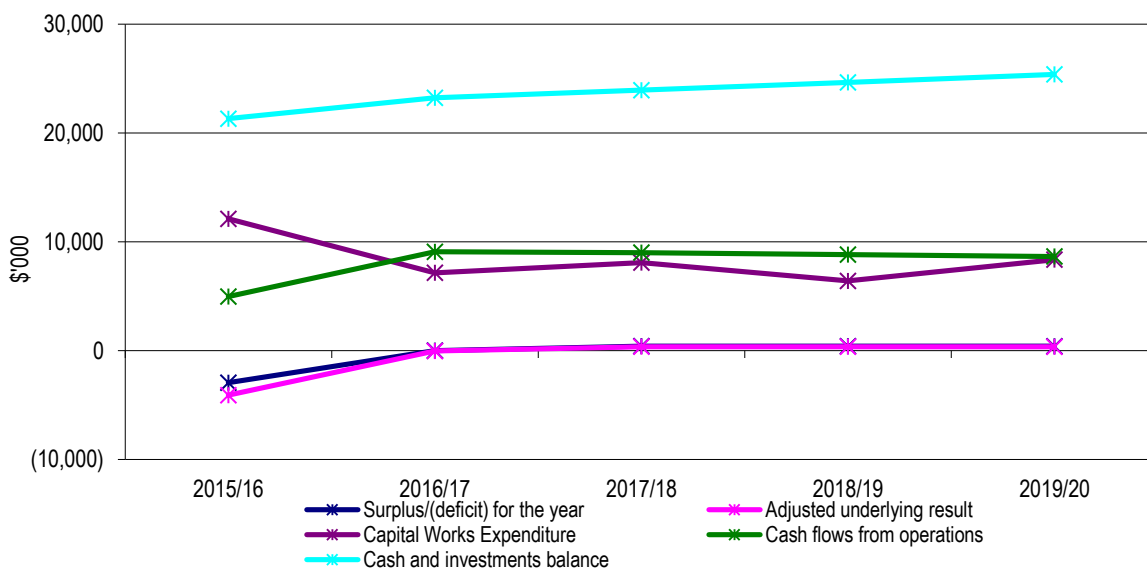
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	(2,951)	1	408	403	397	o
Adjusted underlying result	(4,102)	(43)	364	359	353	+
Cash and investments balance	21,310	23,234	23,931	24,649	25,388	o
Cash flows from operations	4,968	9,080	9,008	8,825	8,656	o
Capital works expenditure	12,108	7,154	8,086	6,402	8,365	o

Key to Forecast Trend:

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

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



The key outcomes of the Plan are as follows:

- **Financial sustainability (Section 11)** - Cash and investments are forecast to increase marginally over the four year period, which indicates a growth budget on a cash basis in each year in accordance with Council's long term financial strategies
- **Rating levels (Section 15)** – Modest rate increases are forecast over the four years at a consistent level of 1.8% above the rate cap of 2.5%, subject to the determination of the new Council following the 2016 elections. As the issues raised by Council relate to longer term sustainability and the provision of renewal for existing infrastructure, it is assumed that this will form the basis for future rate cap exemptions due to the long term requirement for rating levels to be above any CPI index set by the Minister.
- **Service delivery strategy (section 16)** – Service levels have been maintained throughout the four year period.
However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a deficit reducing over the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- **Borrowing strategy (Section 16)** – Borrowings are forecast to reduce over the four year period. This includes new borrowings of \$500k per annum throughout the long term plan.
- **Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$30.00 million at an average of \$7.50 million over the next four years.

15. Rating information

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

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.7% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Murrindindi Shire community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases were made between Council and other similar sized councils.

15.2 Future rate increases

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

Year	General Rate Increase %	Municipal Charge Increase \$'000	Garbage Charge Increase \$'000	Recycling Charge Increase \$'000	Total Rates Raised \$'000
2015/16	6.00	5.86	3.69	4.40	18,300
2016/17	4.30	4.20	2.50	3.00	19,237

15.3 Rating structure

Council has established a rating structure which comprises three key elements. These are:

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

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

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

Having reviewed the various valuation bases for determining the property value component of rates, Council determined to apply a Capital Improved Value (CIV) basis on the grounds that it provides the most equitable distribution of rates across the municipality, as detailed in its Rating Strategy that was adopted in March 2015. There are currently no plans to change that basis, but Council does review its rating structure every four years.

The existing rating structure comprises a general residential rate and a number of differential rates (commercial, vacant land and rural 1 and rural 2 assessments). These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. The commercial rate is set at 125% of the residential rate and the vacant land rate is set at 150% of the residential rate. Rates for rural properties are set at 70% for rural 1 properties (greater than 40 ha), and at 99% for rural 2 properties (2 to 40 ha). Council also levies a municipal charge, a kerbside collection charge and a recycling charge as allowed under the Act.

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

Rate type	How applied	2015/16	2016/17	Total Raised \$	Change in revenue
General residential rate	Cents/\$ CIV	0.3415	0.3514	5,803,216	5.9%
Commercial / Industrial rates	Cents/\$ CIV	0.4269	0.4393	841,941	4.9%
Rural 1 rates	Cents/\$ CIV	0.2561	0.2460	3,146,699	-0.7%
Rural 2 rates	Cents/\$ CIV	0.3415	0.3479	2,829,402	4.9%
Vacant Land rates	Cents/\$ CIV	0.5122	0.5271	667,352	12.7%
Municipal charge	\$/ property	\$307.00	\$320.00	2,961,920	4.2%
Kerbside collection charge	\$/ property	\$337.00	\$345.50	2,233,107	4.7%
Recycling charge	\$/ property	\$83.00	\$85.50	537,336	1.8%

Council adopted a formal *Rating Strategy* in March 2015 that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used. This document can be found on Council's website.

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2016 for the 2016/17 and 2017/18 financial years. The outcome of the general revaluation has been a slight change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 3.2%. Of this increase, residential properties have increased by 3.0%, commercial properties by 1.5%, vacant land by 8.6% and rural 1 properties by 3.5%. (as per Section 7 - table 7.5)

At the April 2016 Ordinary Meeting of Council, Council resolved to make two slight changes to the differential rates structure that is in place for 2015/16. From 2016/17 onwards, the differential rate for Rural 1 properties is to be amended from 75% to 70%, and Rural 2 properties are to now be rated at 99% of the level of the general residential rate.

16. Summary of other strategies

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

16.1 Borrowings

In developing the SRP (see Section 14), borrowings was identified as an important funding source for capital works programs. Council has not changed its longer term financial strategy to contribute \$500k per annum over the life of the SRP as a source of funding for annual capital works. Lower than expected interest rates have allowed Council to source debt more economically.

The SRP includes the results of an analysis of Council's debt position against both State averages and small rural Council averages over a number of different indicators. It also shows the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators. The outcome of the analysis highlighted that Council's current debt levels are well within reasonable parameters for a Council of this size and financial level.

For the 2016-17 year, Council has not changed its debt strategy that was proposed in the SRP. \$500k will be borrowed in 2016-17 to fund capital projects. 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	500	787	187	2,509
2016/17	500	731	167	2,278
2017/18	500	694	172	2,084
2018/19	500	729	177	1,854
2019/20	500	693	182	1,662

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	2,796,720	2,509,542
Total amount proposed to be borrowed	500,000	500,000
Total amount projected to be redeemed	(787,178)	(731,154)
Total amount of borrowings as at 30 June	2,509,542	2,278,388

16.2 Infrastructure

The Council has developed various Asset Management Plans, each of which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It models infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. These plans have been developed through a rigorous process of review and evaluation. The key aspects of the process are as follows:

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

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

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While the Asset Management Plans are endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, it is known that in future years the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. The increasing requirement of the renewal works that Council is required to fund over the coming years was the key rationale behind both Council's repeated requests for further State Government assistance following the 2009 bushfires as well as Council's recent application to the Essential Services Commission for an exemption to the 2016/17 rate cap of 2.5%, which was granted on 31 May 2016.

In updating the Asset Management Plans for the 2016/17 year, the following influences have had a significant impact:

- Managing the amount of cash and investment reserves to fund future capital expenditure renewal;
- Environmental issues at the Alexandra Landfill requiring attention and the development of plans to ensure that all future liabilities associated with the rehabilitation of the site are appropriately funded; and
- Availability of significant Federal funding for the upgrade of roads.

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 \$'000	Summary of funding sources		
			Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2015/16	12,108	3,287	0	19,714	500
2016/17	7,154	2,637	0	24,440	500
2017/18	8,086	3,283	0	13,835	0
2018/19	6,402	3,283	0	14,836	2,000
2019/20	8,365	3,283	0	15,982	0

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

16.3 Service delivery

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

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

	2016/17 %	2017/18 %	2018/19 %	2019/20 %
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Local Government Cost Index	3.5	3.5	3.5	3.5
Non-residential Building Index	3.5	3.5	3.5	3.5
Property growth	1.0	1.0	1.0	0.6
Wages growth	3.5	3.0	3.0	3.0
Government funding	2.0	2.0	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0
Investment return	3.0	3.0	3.0	3.0

Appendix A Fees and charges schedule

This appendix presents the fees and charges of a statutory and non-statutory nature which will be charged in respect to various Council officers, under delegation from the CEO, may waive or amend certain fees where appropriate and under specific circumstances.

Fees & Charges	Ref	2015-16	2016-17
Administration Charges		Budget	Budget
Photocopy Charges - A4 Black & White	Per copy	0.30	0.30
Photocopy Charges - A4 Black & White - double sided	Per double sided copy	0.60	0.60
Photocopy Charges - A4 Colour	Per copy	1.00	1.00
Photocopy Charges - A4 Colour - double sided	Per double sided copy	2.00	2.00
Photocopy - A3 Black & White	Per copy	0.60	0.60
Photocopy - A3 Black & White - double sided	Per double sided copy	1.20	1.20
Photocopy - A3 Colour	Per copy	2.00	2.00
Photocopy - A3 Colour - double sided	Per double sided copy	4.00	4.00
Photocopy - A0 B&W Photocopies	Per copy	8.00	8.00
Photocopy - A1 B&W Photocopies	Per copy	6.80	6.80
Photocopy - A2 B&W Photocopies	Per copy	5.50	5.50
Photocopy Charges - Planning Photo A3	Per copy	1.00	1.00
Freedom of Information Request - Statutory (photocopying additional)	Per application	27.30	27.30
FAXING			2.00
Freedom of Information - Search Charges	\$20.00 per hour	1.5 fee units per hour	1.5 fee units per hour
Freedom of Information requests - Supervision Charges	\$5.00 per qtr hour	1.5 fee units	1.5 fee units
Freedom of Information requests - B & W photocopy (A4)	Per copy	0.20	0.20
Freedom of Information - health explanation provided by a suitably qualified practitioner	Per qtr hour or part there of	1.9 fee units to a maximum of 6 fee units	1.9 fee units to a maximum of 6 fee units
Freedom of Information - provision of a health information summary	Per qtr hour or part there of	1.9 fee units to a maximum of 6 fee units	1.9 fee units to a maximum of 6 fee units
Sale of Yea History Book	Per book	31.00	31.00
General - Rates etc.			
Land Information Certificate Receipt	Per certificate	24.75	24.80
Reprint of lost/misplaced Rates Notice	Per certificate	5.00	5.00
Streets & Open Space			
A frame sign	Per sign for 2 years	61.50	63.04
Development Services			
Drainage Point of Discharge information (BCA Scheduled fee)	Per information certificate	62.80	64.10
Works Maintenance Bonds (Refundable)		5% of Cost of works	5% of Cost of works
Checking Engineering Plans	Per application	0.75% of value of works	0.75% of value of works
Supervision Fees of Works	Per application	2.5% of value of works	2.5% of value of works
Municipal Roads <50kph			
Major Works (A)	Per application	280.53	327.59
Major Works (B)	Per application	81.60	83.64
Minor Works (A)	Per application	126.50	129.64
Minor Works (B)	Per application	81.60	83.64
Municipal Roads >50kph			
Major Works (A)	Per application	586.20	600.81
Major Works (B)	Per application	319.60	327.59
Minor Works (A)	Per application	126.50	129.64
Minor Works (B)	Per application	81.60	83.64
(A) On Roadway, shoulder or pathway			
(B) Not on Roadway, shoulder or pathway			
Driveway crossings and service connections are generally considered as minor works			
Building			
Domestic Building Applications:			
Dwellings additions / alterations			
Up to \$40,000	Per permit	484.00	484.00
Up to \$120,000 in value (4 inspections)	Per permit		
Up to \$157,000 in value (4 inspections)	Per permit	864.00	864.00
Over \$120,000 in value (4 inspections)	Per permit		
Over \$157,000 in value (4 inspections)	Per permit	\$cost/200 + gst	\$cost/200 + gst
New Dwellings			
Up to \$200,000	Per permit		
Up to \$261,500	Per permit	1436.00	1436.00
Over \$200,000	Per permit		
Over \$261,500	Per permit	\$cost/200 + gst	\$cost/200 + gst
e.g. cost of works new dwelling \$250,000 / 200 = \$1,250 + gst + \$30			
Lodgement fee + government levy			
Shed / Carport / Verandas	Per permit	482.00	482.00
Sheds over 50m2	Per permit	654.00	654.00
Swimming Pools	Per permit	654.00	654.00
Re-stumping	Per permit	327.00	327.00
Underpinning	Per permit	327.00	327.00

Fees & Charges	Ref	2015-16	2016-17
Demolition Permits			
- Dwellings	Per permit	338.00	338.00
- Commercial / Industrial up to 200m2	Per permit	654.00	654.00
Fences	Per permit	261.00	261.00
Commercial Building Applications:			
as per AIBS Guidelines 4 (\$cost / 2000 + V cost)			
e.g. cost of works \$250,000 / 2000 = \$125, V\$250,000 = \$500, \$125 + \$500 = \$625 x 4 = \$2,500 + GST + \$37.40 Lodgement fee + govt. levy		as per AIBS Guidelines 4(\$cost/2000+Sq rt\$cost)	as per AIBS Guidelines 4(\$cost/2000+Sq rt\$cost)
Construction value \$100,000	Per application	1611.39	1611.39
Construction value \$250,000	Per application	2760.00	2760.00
Building Commission's Operations Levy			
Domestic Building Permits - where value of works is greater than \$10,000	Levy per permit	0.128% of \$	0.128% of \$
Commercial Building Permits - where value of works is greater than \$10,000	Levy per permit	0.128% of \$	0.128% of \$
Extension of Time	Per application	201.00	201.00
Amendment to Permit / Variation to Plan	Per application	Min. \$63.00	Min. \$63.00
Inspection of dwelling - relocation (plus deposit \$50.00)	Per application	427.00	427.00
Inspection Fees - expired permits - final certificate required	Per application	201.00	201.00
Copy of Plans- (Dwellings)	Per set	52.00	52.00
Copy of Plans- (Commercial/Industrial)	Per set	81.00	81.00
Building Permit Search Fee	Per search	73.00	73.00
Modification to siting requirements	Per application	250.00	256.90
Application to build over easement	Per application	201.00	201.00
Building Information Certificate	Per certificate	47.50	51.15
Solicitor's Inquiries	Per inquiry	47.50	47.50
Complex Property Inquiry - Commercial/Industrial	Per inquiry	76.50	76.50
Building Control Lodgement Fees (Domestic & Commercial)	Per lodgement	35.70	38.30
Health			
Septic Tank Fees domestic	Per permit	518.00	518.00
Septic Tank Alteration	Per permit	287.00	287.00
Septic Tank Fees commercial	Per permit	518.00	518.00
Septic Tank Permit extension	Per permit		145.00
Extension of Time	Per application	201.00	201.00
Food Premises Registration (New categories)			
Category 3	Per registration	170.00	173.50
Category 2	Per registration	303.00	309.00
Category 1	Per registration	379.00	386.00
Prescribed Accommodation Registration			
Level 1 - up to 25 beds	Per registration	144.00	144.00
Level 2 - 26 to 50 beds	Per registration	196.00	196.00
Level 3 - 51 to 74 beds	Per registration	262.00	262.00
Level 4 - 75 to 100 beds	Per registration	327.00	327.00
Level 5 - 101 to 125 beds	Per registration	394.00	394.00
Hair Dressers Registration	Per registration	170.00	170.00
Skin Penetration Registration	Per registration	170.00	170.00
Caravan Parks Registration - per site	Per site registration	3.35	3.35
Business Registration Transfers - Health	Per transfer	138.00	140.00
Inspections - Health	Per inspection	138.00	140.00
Flu shots to external organisations	Per shot	18.50	19.00
Local Laws			
Disabled Parking Permits	Per permit	6.30	6.50
Animal Impoundment Fees (Daily)			
Dog	Per dog	79.00	81.00
Dog (Concession owner)	Per dog	47.00	40.50
Cattle - first	Per head	86.00	88.00
Goats & Pigs	Per head	46.00	47.00
Horses	Per head	86.00	88.00
Sheep Pound	Per head	23.00	23.50
Each additional animal	Per head	3.50	3.50
Sustenance	Per head	20.00	20.50
All other animals (birds & poultry)	Per head	1.90	2.00
- sustenance	Per head	1.30	1.30
Animal Registrations			
Dog Tag Replacement Fee	Per tag	3.80	4.00
Cat Tag Replacement Fee	Per tag	3.80	4.00
New dog/cat registration - not desexed	Per dog/cat	123.00	126.00
New dog cat registration - not desexed (Concession)	Per dog/cat	61.00	63.00
Dog/cat Re-registration - not desexed or micro chipped	Per dog/cat	123.00	126.00

Fees & Charges	Ref	2015-16	2016-17
Dog/cat Re-registration - not desexed or micro chipped (Concession)	Per dog/cat	61.00	63.00
New Dog/cat Registration - Desexed and micro chipped	Per dog/cat	41.00	42.00
New Dog/cat Registration - Desexed and micro chipped (Concession)	Per dog/cat	21.00	21.00
Dog/cat Re-registration - Desexed or micro chipped	Per dog/cat	42.00	42.00
Dog/cat Re-registration - Desexed or micro chipped (Concession)	Per dog/cat	21.00	21.00
Guide dog registration & re-registration	Per dog	0.00	0.00
Restricted breeds/Declared Animals	Per animal	229.00	235.00
Planning Charges			
Advertising fee			
Public notice in paper (to be inserted by Council)	Per notice	130.00	170.00
Public notice on site (when erected for applicant)	Per notice	79.00	79.00
Admin. Charge	Per notice	39.00	39.00
Satisfaction Matters			
Satisfaction matters - As prescribed in regulation			
Assessing a Plantation Development Notice	Per assessment	135.00	135.00
Assessing a Timber Harvesting Plan	Per assessment	135.00	150.00
Subdivision Certification Fees			
Public Open Space Contributions		5% of land value	5% of land value
Preparation of Engineering Plans By Council	Per set	3.5% of works value	3.5% of works value
Planning Certificates			
Planning Certificates - As prescribed in regulation	Per certificate	18.20	18.20
Fast Tracking of Planning Certificates	Per certificate	36.40	36.40
Planning Fees			
Shed, tree removal	Per application	102.00	102.00
House \$10,000 - \$100,000	Per application	239.00	239.00
House > \$100,000	Per application	490.00	490.00
Building works \$10,001 - \$250,000	Per application	604.00	604.00
Building works >\$250,001 - \$500,000	Per application	707.00	707.00
Building works >\$500,001	Per application	815.00	815.00
2 lot subdivision	Per application	386.00	386.00
Other subdivision	Per application	781.00	781.00
Change in use	Per application	502.00	502.00
Creation of easement	Per application	404.00	404.00
Section 173 Agreements			
Administrative fee	Per agreement	121.50	130.00
Applicant must also pay the full cost of assessment of a Section 173 agreement by council's solicitors			
Planning Permit / Consent Fees			
Planning Consents	Per application	102.00	102.00
Extension of time for Planning Permit & Consents	Per application	130.00	130.00
Approval of Endorsed Plan/s	Per approval	130.00	130.00
Amendment of Endorsed Plan/s	Per amendment	130.00	130.00
Planning Permit / Consent archive search fee	Per item	74.00	74.00
Planning - Archive Search Fee	Per item	74.00	74.00
Planning Scheme Amendments			
Amendments - As prescribed in regulations			
When an independent panel report is required, the proponent must pay full panel charges for the hearing and panel report			
Planning Enforcement			
Planning enforcement - As prescribed in regulation		704.20	704.20
Community Services			
Children's Services			
Community Bus rental per day			
- Not for Profit	Half day	70.00	70.00
- Not for Profit	Full day	115.00	115.00
- Disability Rate 1/2 Day Hire	Half day	n/a	35.00
- Business	Full day	n/a	n/a
Refundable Bond		50.00	100.00
HACC charges			
Cheviot Planned Activity Group			
- Low Income	Per service	7.50	7.50
- Medium Income	Per service	7.50	7.50
- High Income (Core)	Per service	13.15	13.60
- High Income (High Care)	Per service	18.45	19.00
Allied Health Support			
- Low Income	Per consultation	9.65	9.80
- Medium Income	Per consultation	14.85	98.90
- High Income (Core)	Per hour	98.00	98.90
Food Services (Meals)			
- Low Income	Per meal	8.90	9.00
- Medium Income	Per meal	8.90	9.00
- High Income	Per meal	15.50	15.70
Home Care			

Fees & Charges	Ref	2015-16	2016-17
- Low Income	Per hour	5.95	6.00
- Medium Income	Per hour	14.85	15.55
- High Income	Per hour	32.30	45.70
Property Maintenance			
- Low Income	Per hour	11.90	12.00
- Medium Income	Per hour	17.85	18.00
- High Income	Per hour	46.95	47.40
Personal Care			
- Low Income	Per hour	4.40	4.50
- Medium Income	Per hour	8.70	9.00
- High Income	Per hour	36.20	45.70
Respite Care			
- Low Income	Per hour	3.00	3.00
- Medium Income	Per hour	4.50	4.40
- High Income	Per hour	33.30	45.70
Respite Care in home overnight			
- Low Income	Per 10 hours	16.60	16.60
- Medium Income	Per 10 hours	21.15	21.40
- High Income	Per 10 hours	148.25	147.75
Nursing			
- Low Income	Per visit	3.70	3.80
- Medium Income	Per visit	32.70	33.00
- High Income	Per visit	89.90	90.65
Cheviot Program - Social Support		9.20	12.75
PRIVATE CLIENTS - AGED AND DISABILITY SERVICES			
Home Care, Personal Care and Respite Care			
Mon - Fri - 6am - 6pm	Per hour	45.25	47.50
Mon - Fri - outside above hours - and Saturday (first 2 hours)	Per hour	53.95	56.65
Mon - Fri - outside above hours - and Saturday (hours thereafter)	Per hour	63.55	66.70
Sunday all day	Per hour	70.75	74.30
Public Holidays	Per hour	74.15	77.85
Travel rate	Per hour	45.25	46.15
Travel cost	Per kilometre	1.40	1.45
Home Maintenance			
Mon - Fri 6am - 6pm	Per hour	60.10	63.10
Mon - Fri (outside above hours)	Per hour	65.35	68.60
Travel rate	Per hour	16.00	16.25
Travel cost	Per kilometre	1.50	1.55
Food Services (Meals)	Per meal	16.00	16.25
Cheviot Social Support			
- High	Per hour	23.15	23.60
- Core Meal	Per meal	16.00	16.30
Case Management	Per case	109.30	111.50
Swimming Pools			
Admissions			
Adults	Per adult	6.00	6.00
Children	Per child	5.00	5.00
Family	2 Adults + 1 or more children	17.00	17.00
Seasons Tickets *			
Senior	Per person	75.00	75.00
Junior / Concession	Per person	52.00	52.00
1 Adult and 1 Dependent Child		81.00	81.00
1 Adult and 2 or more Dependent Children		130.00	130.00
2 Adults with 1 or more Dependent Children		156.00	156.00
* Season Tickets for Public Hours Only			
Multi Pass- Adult	Per adult - 10 visits	42.00	42.00
Multi Pass- Child	Per child - 10 visits	35.00	35.00
School Fees			
Schools/all private hirers	Per hour	35.00	35.00
Hirers who require Lifeguard	Per hour	70.00	75.00
Public Hire Facilities			
Yea Town Hall Hire (New Charging system)			
Commercial	per hour	0.00	\$90.00
Commercial	Per 1/2 day	\$119.00	\$270.00
Commercial	Per Full day	\$235.00	\$540.00
Bond	Per rental period	\$235.00	\$235.00
Non commercial	per hour	0.00	\$45.00
Non commercial	1/2 day	\$60.00	\$135.00
Non commercial	Full day	\$120.00	\$270.00
Bond	Per rental period	\$120.00	\$120.00
Public Liability Insurance	Per hire	\$35.00	\$35.00
Proposed new fee for hire for funeral	Per hire		\$80.00
Hire of sound system			
Commercial	Per hire		\$200.00
Bond	Per hire		\$1,000.00
Non-commercial	Per hire		\$100.00
Bond	Per hire		\$500.00
Supper room and Kitchen hire only			
Yea Chambers (New Charging system)			
Commercial	Per 1/2 day	\$60.00	\$60.00
Commercial	Per Full day	\$120.00	\$120.00
Bond	Per rental period	\$120.00	\$120.00

Fees & Charges	Ref	2015-16	2016-17
Non commercial	Per 1/2 day	\$30.00	\$30.00
Non commercial	Per Full day	\$60.00	\$60.00
Bond	Per rental period	\$60.00	\$60.00
Public Liability Insurance	Per hire	\$35.00	\$35.00
Alexandra Town Hall Charges			
Commercial	1/2 day	\$119.00	\$125.00
Commercial	Full day	\$235.00	\$250.00
Bond	Per rental period	\$235.00	\$235.00
Non commercial	1/2 day	\$60.00	\$60.00
Non commercial	Full day	\$120.00	\$120.00
Bond	Per rental period	\$120.00	\$120.00
Piano Hire Fee	Per hire	\$120.00	\$120.00
Public Liability Insurance - per session of Hire	Per hire	\$35.00	\$35.00
Kinglake Community Centre			
Stadium Hire	Hourly rate	\$30.00	\$30.00
Stadium Hire	Daily rate	\$240.00	\$240.00
Stadium Hire	Weekend rate	\$400.00	\$400.00
Lounge, Hall and Craft Room - Casual Hire	Hourly rate	\$30.00	\$30.00
Lounge, Hall and Craft Room - User Group with Agreement Hire	Hourly rate	\$15.00	\$15.00
Lounge, Hall and Craft Room	Daily rate	\$120.00	\$120.00
Lounge, Hall and Craft Room	Weekend rate	\$240.00	\$240.00
Foyer	Flat rate per function	\$100.00	\$100.00
Servery	Flat rate per function	\$50.00	\$50.00
Kitchen and Servery	Flat rate per function	\$100.00	\$100.00
Thornton Hall			
Commercial (profit) casual hire	Hourly rate	\$20.00	\$20.00
Community group (non-profit) casual hire	Hourly rate	\$15.00	\$15.00
Commercial (profit) casual hire	Daily rate	\$125.00	\$125.00
Community group (non-profit) casual hire	Daily rate	\$100.00	\$100.00
Commercial (profit) casual hire	Weekend rate	\$200.00	\$200.00
Community group (non-profit) casual hire	Weekend rate	\$150.00	\$150.00
Bond	Per rental period	\$235.00	\$235.00
Alexandra Community Leisure Centre			
Stadium Court Fees – Senior Game	Per Game	\$60.00	\$60.00
Stadium Court Fees – Senior Training or Casual Hire	Per Hour	\$30.00	\$30.00
Stadium Court Fees – Junior Game	Per Game	\$50.00	\$50.00
Stadium Court Fees – Junior Training or Casual Hire	Per Hour	\$25.00	\$25.00
Stadium Fees –Casual Hire	Per Day	\$240.00	\$240.00
Squash Court Fees – Pennant	Per Court	\$45.00	\$45.00
Squash Court Fees – Club Training	Per Court Per Hour	15.00	15.00
Squash Court Fees – Casual Hire	Per Court Per Hour	20.00	20.00
Murrindindi Library - Photocopy Charges - A4 Black & White	Per copy	0.30	0.30
Murrindindi Library - Photocopy Charges - A4 Black & White - double sided	Per double sided copy	0.60	0.60
Murrindindi Library - Photocopy Charges - A4 Colour	Per copy	1.00	1.00
Murrindindi Library - Photocopy Charges - A4 Colour - double sided	Per double sided copy	2.00	2.00
Murrindindi Library - Photocopy - A3 Black & White	Per copy	0.60	0.60
Murrindindi Library - Photocopy - A3 Black & White - double sided	Per double sided copy	1.20	1.20
Murrindindi Library - Photocopy - A3 Colour	Per copy	2.00	2.00
Murrindindi Library - Photocopy - A3 Colour - double sided	Per double sided copy	4.00	4.00
Murrindindi Library - Inter Library Loan Fees (Non Academic Library)	Per item	10.00	3.00
Murrindindi Library - Academic Library Loan Fees	(\$10 + \$16.50) Per item	(\$3 + 16.50) Per item	(\$3 + 16.50) Per item
Murrindindi Library Overdue Fees	Per day per item	0.30	0.30
Murrindindi Library Reimbursement Lost Item	Per Item	\$5 plus book cost	\$5 plus book cost
Murrindindi Library Internet Printing - A4 Black & white	Per page	0.30	0.30
Murrindindi Library Internet Printing - A4 colour	Per page	1.00	1.00
Murrindindi Library Internet Printing - A3 Black & white	Per page	0.60	0.60
Murrindindi Library Internet Printing - A3 Colour	Per page	2.00	2.00
Replacement Membership Cards	per Card	3.50	3.50
Value Added Library Programs (Holiday Activities)	per participant	Min \$2.00	Min \$2.00
Saleyards			
Yea Saleyard Agent Fees	Per head	0.45	0.46
Yea Saleyard Fees - Cow & Calf	Per head	9.00	9.23
Yea Saleyard Fees - Cattle	Per head	8.00	8.20
Yea Saleyard Fees - Bulls	Per head	10.00	10.25
Yea Saleyard Fees - Scanning	Per head	2.50	2.56
Yea Post Breeder Tags - No Tag	Per head	33.00	33.82
Yea Post Breeder Tags - Dead Tag	Per head	11.00	11.28
Yea Non-Sale Day Fee (Private)	Per head	1.10	1.13
Yea Non-Sale Day Fee (Agent)	Per annum	250.00	256.25
Waste			
Waste direct to landfill (over weighbridge)			
Compacted Commercial / Business (Industrial) Waste (Direct to Landfill)	per tonne	164.00	168.00
Construction/Demolition material (Industrial) (direct to landfill)	per tonne	164.00	168.00

Fees & Charges	Ref	2015-16	2016-17
Commercial/Business (Industrial) Waste - general	per tonne	164.00	168.00
Residential/Municipal General Waste (direct to landfill)	per tonne		145.00
Concrete, masonry, rock (clean)	per tonne	97.00	168.00
Clean fill	per tonne	55.00	55.00
Asbestos cement sheet (direct to landfill) - wrapped - max 10m2 per day, no commercial disposal	per tonne	164.00	168.00
Minimum gate fee	per tonne	50.00	50.00
Account card replacement fee	per item	30.00	30.00
Transfer Station & Tipping Fees			
Shire Residents and Ratepayers			
Commercial/Business (Industrial) Waste - loose garbage	per cubic metre	97.00	99.00
Commercial/Business Waste (Industrial) - rubble	per cubic metre	97.00	99.00
Residential (Municipal) Waste – all kinds	per cubic metre	38.00	39.00
Loose Garbage Bags	per bag	5.00	5.00
Car Tyre	per cubic metre	9.00	9.00
Motor Cycle Tyre	each	4.00	4.00
4wd / Light truck tyre	each	12.00	12.00
Truck Tyre	each	27.00	27.00
Tractor Tyre	each	80.00	80.00
Greenwaste Cuttings	per cubic metre	13.00	13.00
Natural timber >25cm diameter	per metre	2.00	2.00
Comingled Recyclables (Commercial)	per cubic metre	7.00	7.00
Comingled Recyclables (Residential)	per cubic metre	0.00	0.00
Waste Motor Oil	per litre	0.00	0.00
Domestic Gas Bottle - small	per bottle	6.00	6.00
Domestic Gas Bottle - medium	per bottle	8.00	8.00
Domestic Gas Bottle - large /acetylene	per bottle	13.00	13.00
Plastic Chemical Containers - not eligible for "DrumMuster" collection (must still be clean) - less than 20 litres.	Per container	6.00	6.00
Plastic Chemical Containers - not eligible for "DrumMuster" collection (must still be clean) - more than 20 litres.	Per container	8.00	8.00
Mattress - single		25.00	25.00
Mattress -double	per item	30.00	30.00
Couch - 1 seat	per item	25.00	
Couch - 2/3 seat	per item	35.00	
White Goods, except fridges	per item	0.00	0.00
Fridges	per item	10.00	10.00
Car Batteries	per item	0.00	0.00
Scrap Steel	per m3	0.00	10.00
TV's, computers, peripherals	per item/screen		10.00
Non-Shire Residents and Ratepayers			
Commercial/Business (Industrial) Waste - all kinds	per cubic metre	195.00	199.00
Residential (Municipal) Waste – all kinds	per cubic metre	71.50	73.00
Loose Garbage Bags	per bag	10.00	10.00
General garbage - 0.25m3- eg 240 lt bin	per cubic metre	20.00	21.00
General garbage - 1m3 - eg 6x4 trailer to water level	per cubic metre	72.00	74.00
General garbage - 2m3 - eg tandem trailer at water level	per cubic metre	144.00	147.00
Car Tyre	per cubic metre	11.00	11.00
Motor Cycle Tyre	each	7.00	7.00
4wd/ Light Truck Tyre	each	16.00	16.00
Truck Tyre	each	46.00	47.00
Tractor Tyre	each	105.00	107.00
Greenwaste	per cubic metre	28.00	29.00
Natural timber >25cm diameter	per metre	4.00	4.00
Recyclables (Commercial)	per cubic metre	7.00	7.00
Recyclables (Residential)	per cubic metre	0.00	0.00
Recyclables (Residential)	per bag	0.00	0.00
Waste Motor Oil	per litre	1.00	1.00
Domestic Gas Bottle - small	per bottle	10.00	10.00
Domestic Gas Bottle - medium	per bottle	15.00	15.00
Domestic Gas Bottle - large	per bottle	22.00	22.00
Plastic Chemical Containers - not eligible for "DrumMuster" (either unsuitable or unclean).	Per container	10.00	10.00
Plastic Chemical Containers - not eligible for "DrumMuster" (either unsuitable or unclean).	Per container	15.00	15.00
Mattress - any size	per item	50.00	50.00
Couch - 1 seat	per item	50.00	
Couch - 2-3 seat	per item	70.00	
White Goods	per item	0.00	
White goods requiring refrigerant recovery	per item	10.00	
Car Batteries	per item	0.00	0.00
Scrap Steel	per m3	0.00	20.00
TV's, computers, peripherals	per item	0.00	20.00
Commercial collection charges			
Commercial garbage bin hire	per item per year	12.00	12.00
Commercial garbage bin per lift	per item	16.00	16.00
Commercial recycle bin hire	per item per year	12.00	12.00
Commercial recycle bin per lift	per item	8.00	8.00
Event bin charges			
Event bin delivery	per item	4.00	4.00
Event bin top hire	per item	0.00	0.00
Garbage bin - clear and remove	per item	16.00	16.00
Recycle bin - clear and remove	per item	8.00	8.00
Material sales			
Crushed concrete, 20mm when available	per tonne	15.00	15.00
Crushed concrete, 40mm when available	per tonne	15.00	15.00
High quality mulch	per cubic metre	20.00	20.00

Budget processes

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

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

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

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

To assist interested persons to understand the budget and make a submission if they wish, Council officers undertake a community engagement process including public information sessions, focus groups and other techniques. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties.

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

Council's anticipated timeline with regards to the remainder of the process for the budget is detailed below:

Special Meeting to approve draft budget for public consultation	Wed 15 Jun
Exhibition period opens from 20 June – finishes Wed 20 July	Mon 20 Jun
Kinglake community information session	Thurs 7 Jul
Alexandra community information session	Mon 11 Jul
Public Exhibition ends	Wed 20 Jul
Special meeting to hear budget submissions	Wed 27 Jul
Special Meeting to adopt the budget	Wed 3 Aug
Budget sent to Minister	Fri 5 Aug