

Draft 1 No blue specific text yet amended for Pyrenees Shire this will be done when unit renewal rates and levels of renewal expenditure have been set by Council.

Draft 2: Emailed to Council 4/2/2016. All blue text now amended to reflect Councils position. Unit rates and expenditures have been agreed to by council. Please get back to me with any comments or recommendations and I will finalise the report.

Draft 2A : Some very Minor amendments prior to Council presentation 16/2/2016

Draft 3 Fixed an error with the degradation curve for the rural sealed road pavements which has resulted in a lowering of the renewal demand over the next 20-years and a reduction in the recommended annual increase in renewal expenditure from 4.7% pa to 1.0% pa.

Moloney Asset Management Systems MAMS



Report Following the Survey of
Road Assets
for Pyrenees Shire
Dec-2015

Report produced by Moloney Asset Management Systems
exclusively for Pyrenees Shire

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Section 1: Report Summary

This report provides a summary of the major findings following the road asset condition survey, undertaken in Dec-15 for Pyrenees Shire by Moloney Asset Management Systems MAMS.

This summary aims to provide an overview of the important findings coming out of the survey as well as a snapshot of the overall asset condition and financial Modelling results, it is in three parts as detailed below.

- 1.1 Overall Report Findings
- 1.2 Summary of Asset Condition Findings
- 1.3 Summary of financial Modelling results

1.1 Overall Report Findings

The following are the major findings coming out of the condition survey and analysis of results within this report.

1.1.1 Major Report Findings

1. *At a high level it is estimated that Pyrenees Shire has lost around 1.13% of the value within its full road network since the last survey in 2011*
2. *The total present renewal shortfall or backlog in over intervention assets for the whole roads group is estimated at \$4,192,637 representing 2.38% of the total road asset valuation. This is considered to be a reasonable figure by industry standards but Council should focus on not allowing the backlog grow any further, or reducing the figure slowly with time.*
3. *Renewal demand is predicted to rise slowly but steadily over the next 10 - 20 years and modelling indicates that council will need to lift its present total renewal expenditure of \$2,030,000 by 1.0% compounding for the next 10-years in order to reduce the present total level of over intervention assets at 2.38% back to around 2.0% after 10-years. (All figures in today's dollars).*
4. *Renewal demand in years 10 - 20 is predicted to continue to rise. With the present planned renewal expenditure level at only 52% of the consumption rate (annual depreciation) this should be understood and planned for.*
5. *The sealed road pavements were found to be in fair overall condition and had experienced a condition decline since 2011.*
6. *The sealed surface assets (re-seals) were found to be in fair overall condition and had experienced a quite measurably condition decline since 2011.*
7. *The Unsealed road pavement assets were found to be in excellent overall condition and had experienced a quite measurable condition improvement since 2011. This is due to the additional funding received from various sources over the period since the last condition survey.*
8. *The Kerb assets were found to be in very good overall condition and had experienced a condition improvement since 2011.*
9. *The footpath assets were found to be in good overall condition and had experienced an overall condition decline since 2011.*
10. *Pyrenees Shire has made some very significant progress in the management and funding of its road network since our first survey in 2010. Back in 2010 council was funding its road asset renewals at 30% of the consumption rate. This had moved to 36% by 2011 and is currently at 52%.*
11. *At a funding level of 52% of the consumption rate, council is loosing around \$1,843,292 pa in the value of its road network. In the longer term the present renewal funding level of \$2,030,000 pa will need to rise to the consumption rate of \$3,873,292 pa and at some point will need to go beyond even that level to make up for past shortfalls.*
12. *The rising renewal demand within the road network over the last 20 years has two basic causes. Firstly the ageing of the assets and secondly the very strong rise in unit renewal costs.*

13. Council is not alone in facing a growing renewal demand on its road network. It has come a long way since 2010 but it must be aware of the predicted future growth in renewal demand and take steps to address this.
14. All financial reporting within this document is based in today's values with no allowance for any CPI movement. The Moloney software has the capacity to adjust all outputs for an adopted annual CPI increase, but it is felt that this can present some very misleading and difficult to interpret results.

1.1.2 Other Important matters covered within the report

1. Unique degradation curves have been produced based on actual condition change between the three surveys undertaken between 2010 and 2015.
2. Key performance indicators have been developed at a sub asset level that accurately quantify asset condition change since the 2011 survey
3. The same key performance indicators have been used to benchmark Pyrenees Shire against the other 59 councils assessed by MAMS.

1.2 Summary of Asset Condition Findings

SUB ASSET DESCRIPTION	Overall Asset Cond. Indicator	Urgent Isolated Failures	Other Isolated Failures	Ext of Poor Cond. Assets
Sealed Pavements	Worse	Better	Worse	Better
Sealed Surfaces	Worse	N/A	N/A	Worse
Unsealed Pavements	Better	Better	N/A	Better
Kerbs	Better	Worse	Worse	Better
Footpaths	Same	Worse	Worse	Worse

Figure 1.1 Summary of asset condition change between surveys

The above table provide a very simple assessment of how certain key condition indicators have changed since the previous survey. The overall asset condition is a single condition factor representing the condition of the whole asset set. The urgent isolated failures are those that need to be addressed immediately. The other isolated failures represent all other failures that are not considered to be urgent. The extent of poor condition assets is the extent of the asset base at and above condition 6 - 8 depending upon the asset class. The Moloney Condition rating system is consistent across all asset types and commences at zero with a new asset and ends in the 8 to 10 range when there is no remaining life in the asset.

The table is a simplified version of a more detailed table that is provided within each of the sub asset sections below. The detailed table quantifies the actual condition change between the two surveys and also expresses that change in percentage terms.

Figure 1.1 indicates that the sealed road pavements and surfaces have declined in overall condition since 2011 and that all other assets have generally improved.

1.3 Summary of financial modelling results at whole of roads group level

The Moloney financial modelling tool has two distinct modelling paths. One predicts future renewal demand based on a desired condition outcome, the other predicts future asset condition based on a proposed renewal spend.

Reporting within this section and more broadly within this report will deliver the following outcomes.

- Figure 1.1 Prediction of renewal expenditure demand to maintain all assets strictly within a desired condition range (Ideal funding pattern if there is no limit on funding)

- Figure 1.2 Prediction of future asset condition based on the continuation of the current levels of renewal expenditure (Where you will be, if you maintain the current funding levels)
- Figure 1.3 Prediction of future asset condition based upon a recommended renewal funding pattern (gets to the desired condition over a longer period and costs less up front)

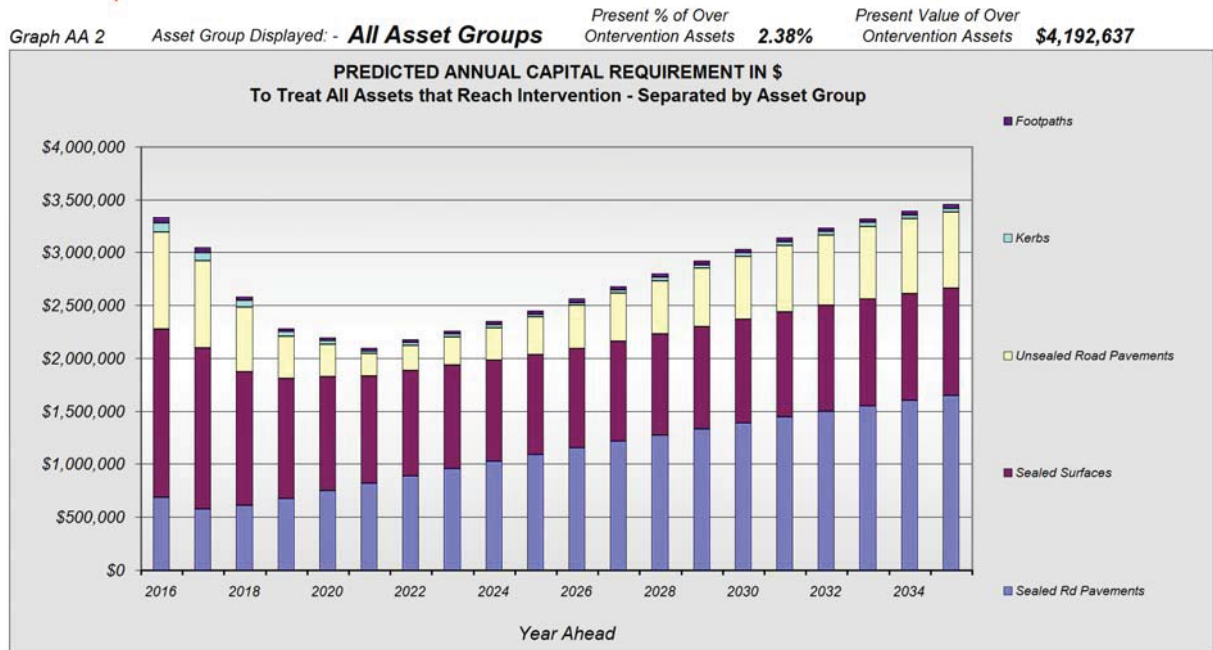


Figure 1.1 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

Figure 1.1 Represents the renewal funding requirement to treat all assets that are predicted to reach the intervention level over the next 20-years. If the raw difference in demand between years one and two is greater than 30% then the program eases this in over the first 5-years. The profile can be seen as the ideal world scenario where no assets will be above the intervention level after the first 5-years. But it can present an unaffordable renewal expenditure profile.

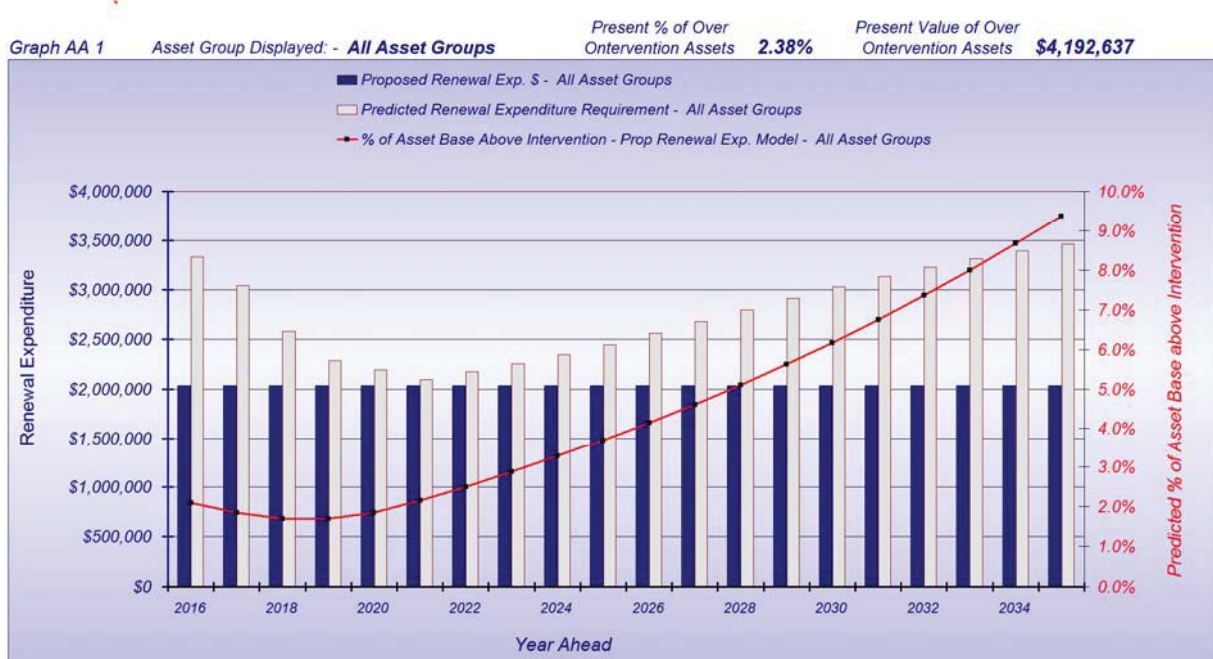


Figure 1.2 Future Predicted Condition Based on Continuation of Present Renewal Expenditure

Figure 1.2 presents the predicted future asset condition (red line expressed as the predicted % of the asset base above the selected intervention level) based on the planned renewal expenditure profile (Blue Bars). The grey bars represent the required expenditure profile to treat all assets that reach intervention (same total figures as Figure 1.1).

The present extent of over intervention assets (backlog) on the whole roads group is estimated at \$4,192,637, which represents 2.38% of the network. This is currently within an acceptable range but it would be desirable to trend in down a little over time.

Figure 1.2 indicates that the planned renewal funding level, if maintained over the next 20-years will result in a steady rise in the total extent of over intervention assets over the whole roads group from its present level of 2.38% up to 9.37% after 20-years. This would be a disastrous outcome and clearly an increase in renewal funding will be needed in future years.

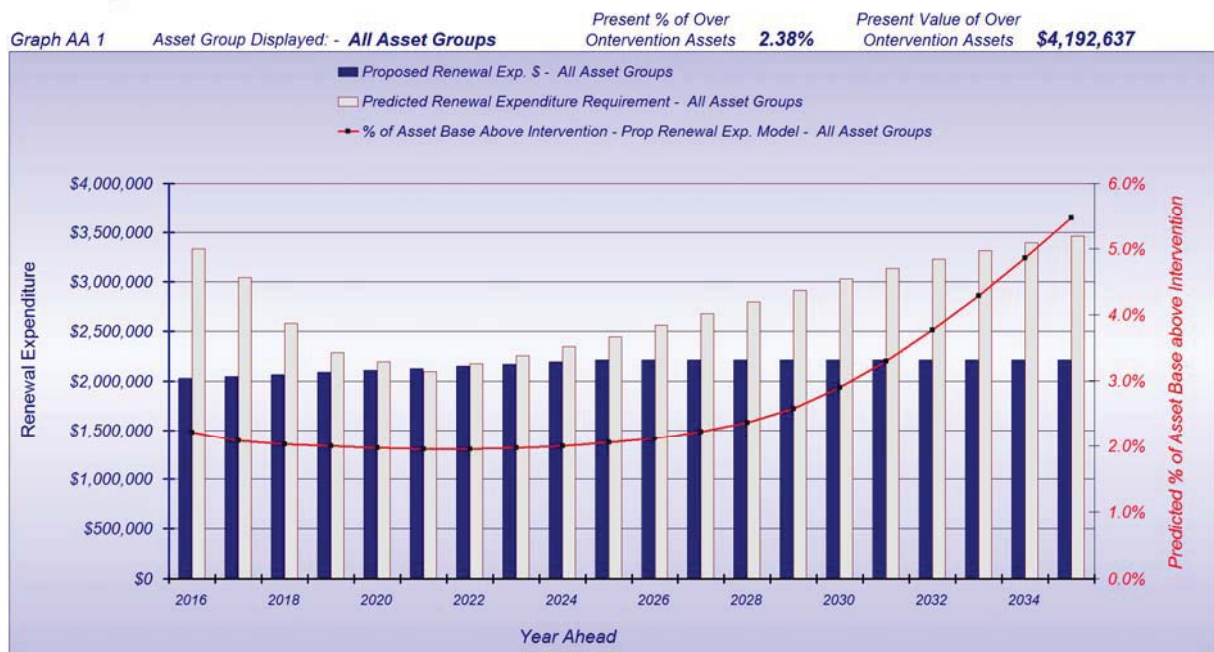


Figure 1.3 Recommended future funding profile with future predicted extent of over intervention assets

Figure 1.3 comes from the same modelling process as Figure 1.2. Accept that here a recommended total renewal expenditure profile has been developed that will achieve a desired condition outcome within a designated period of time.

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within an adopted time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic expenditure level. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varied between sub asset sets if required.

We normally attempt to commence the year one expenditure with council's present expenditure level (at a whole of roads group level). In this way we can deliver an achievable outcome. If additional funding is required then it will come as an annual percentage increase. If total funding is sufficient then there may be some reallocation between asset classes based on need.

The three Variables used for the full roads group modelling are as detailed below:

- Desired extent of over intervention assets - 15% reduction in the present level of - 2.38%
- Time to achieve this - 10 - Years
- Annual percentage increase in renewal expenditure - 1.00%

Figure 1.3 represents the minimum annual renewal expenditure to achieve the desired condition outcome within the nominated time frame. This modelling approach is designed to deliver an achievable outcome that accepts a small percentage of over intervention assets as remaining and hence often delivers a more achievable outcome than Figure 1.1 where all over intervention assets have to be treated upfront.

Figure 1.3 indicates that councils present total renewal expenditure level of \$2,030,000 pa if adopted as the commencing point in 2016 will require a 1.0% compounding annual increase for the next 10-years to deliver the same extent of over intervention assets (2.38%) as presently exists after 10-years.

1.5 Recommended Renewal Funding levels for the next 5 - Years

Figure 1.4 below contains 3 sets of figures relating to renewal expenditure levels for the asset sets under consideration. The first covers the present actual renewal expenditure as committed by Council for the current financial year. The second is the full-required expenditure to treat all assets that are at the selected intervention level in year 1 (the ideal scenario). The third is the recommended funding level coming out of the modelling work within figure 1.3 above. Note that this may also include a compounding annual increase (See Table Title).

The recommended expenditure profile in Figure 1.3 may not treat all present over intervention assets within the first 2 – 5 years as is the case with Figure 1.1. But what it will do is allow you to reach a desired extent of the asset base to be above intervention within a selected time frame. In this way it can ease in and ramp up expenditure into the future, to achieve the desired goal within a reasonable time frame.

In this case the total present funding level of \$2,030,000 pa required an annual increase on 1.0% pa compounding for the next 10-years in order to deliver the same level of over intervention assets as currently exists (2.38%) after 10-years.

Sub Asset Description	Average Planned renewal expenditure next 10 Years	Annual Depreciation or Average Long term Annual Demand	Present Capital Renewal Demand From Modelling	Peak Capital Renewal Demand From Modelling	Year of Predicted Peak Demand	Recommended Commencing funding with 1.0% Compounding annual increase for next 10-years
Sealed Pavements	\$404,000	\$1,901,516	\$682,000	\$1,650,000	2035	\$800,000
Sealed Surfaces	\$850,000	\$1,012,259	\$1,593,000	\$1,593,000	2016	\$912,000
Unsealed Pavements	\$720,000	\$852,089	\$915,000	\$915,000	2016	\$265,000
Kerbs	\$10,000	\$70,420	\$88,000	\$88,000	2016	\$28,000
Footpaths	\$46,000	\$37,007	\$55,000	\$55,000	2016	\$25,000
Totals	\$2,030,000	\$3,873,292	\$3,333,000	\$3,462,000	2035	\$2,030,000

Figure 1.4 Recommended Annual Renewal Expenditure levels

Section 2: Introduction

2.1 The Condition Survey and what it has delivered

The Moloney Asset Management system “Roads Module” covers the road sub asset groups of:

- Sealed Surfaces
- Sealed Road Pavements
- Kerbs
- Unsealed Road Pavements
- Footpaths
- Bridges - Just the modelling results to present an overall picture for the whole roads group.

The sealed surface is the thin spray sealed or asphalt surfacing that seals off the underlying pavement from the intrusion of water. This component has a shorter life than the underlying pavement and typically would need to be renewed on a 12 to 20 years cycle.

The sealed road pavement is made up of a granular material (crushed rock, gravel or the like) that is used to dissipate the imposed vehicle load to the underlying soil so that there is little or no deformation or movement. Pavements do break down and move with time and typically their service life would be in the 50 to 150 year range.

Kerbs in urban areas are used to drain water away from the pavement and tend to have a life similar to the sealed pavement.

The unsealed road pavement performs the same role as the sealed pavement. Except that it does not have the additional protection of a sealed surface. Its renewal life is shorter than the sealed pavement and typically would have a cycle of 15 to 30 years.

Footpath assets are not really related to the road pavement and can be seen as pavements for foot traffic. Their life will vary greatly and can be quite extensive if localised failures are repaired as they occur.

As can be seen from the above very brief descriptions, the adopted road sub asset components all have different lives and performance requirements, this is why they are examined and modelled separately.

This survey has covered all of the above road sub asset groups.

The condition survey involves the measurement and quantifying of all of the above sub asset groups and the breaking down of the assets into a series of like performing segments that are then individually condition rated.

Once this data is placed within the MAMS System the software will deliver works programs in priority order, based upon both the condition of the assets and the hierarchy or relative importance of the road. If data for all of the designated condition and inventory fields is collected, then the software will deliver a costed priority works program for the following activities.

- Reseal – Resurfacing program on sealed roads.
- Sealed Road Pavement Rehabilitation program
- Sealed Road Pavement Major Patching or dig out repair program
- Unsealed Road Re-Sheeting program.
- Unsealed road spot patching program.
- Kerb Renewal program and a separate Isolated failure repair program.
- Footpath Renewal program and a separate Isolated failure repair program.
- A host of other major maintenance reports such as crack sealing report, edge break report etc.

The prime purpose of the condition assessment survey is to deliver the above works programs. But the information collected also serves further very important functions. Firstly it enables full and accurate asset valuations to be undertaken and secondly via the MAMS financial modelling software the data can be used to predict the future pattern of asset renewal demand.

The data is also used to benchmark an individual councils performance between two condition surveys as well as providing industry wide benchmarking against all other councils assessed by MAMS (*Currently around 52 councils*).

In summary the one condition and inventory data set that has just been completed, delivers the following 4 very important outcomes.

- **Council’s capital renewal works and major maintenance programs.**
- **Road asset valuation figures.**
- **Predictive modelling of future renewal demand cost.**
- **Internal and External benchmarking of asset condition and performance.**

2.2 The Aim of this report

While the condition assessment survey delivers detailed condition ratings right down to individual segment level, this report is aimed at a higher level and tracks the performance of the roads on a network basis.

This report will focus on the last 3 of the above 4 dot points. For access to the detailed works programs you are referred back to the reports within the MAMS software itself.

In more specific terms the aim of this report is to deliver the following.

- Benchmark asset condition both internally (compared to a previous condition survey) and externally (compared to all other councils assessed by MAMS).
- Deliver asset valuation figures including annual depreciation for the whole network.
- Produce asset degradation curves based upon the statistical analysis of condition change between two condition surveys.
- Deliver a 20-year predicted pattern of asset renewal demand and recommended funding levels using the MAMS financial modelling software in conjunction with the survey results.

2.3 The Moloney Financial Model

Predictive modelling is undertaken within the Moloney financial modelling software in the following way

- It is a whole of asset set model that predicts overall performance of the asset set
- The model commences with the present condition of the assets and then degrades them to simulate the passage of time based on a unique degradation curve developed for each council
- From this point there are two distinct modelling paths
- A retreatment intervention condition is nominated (level of service) within the first path and all assets that rise above the intervention level through the degradation process are returned as a capital renewal requirement. The primary output being a 20-year capital renewal profile.
- In the second path proposed 20-year capital renewal expenditure profile is input and the model predicts the resulting asset condition over the same period.

For a detailed explanation of the model and how it works please refer to our web site at www.moloneys.com.au and from the “Get Information” tab download the PDF document titled “The Moloney Financial Modelling Methodology”.

Modelling outcome is very much dependent upon the accuracy of the input data and how assets are grouped. The basic five input criteria required for the modelling process are detailed below with their source identified. Council has supplied the rehabilitation unit rates and present expenditure levels. The survey of the assets has delivered the other variables.

The degradation curves used in the modelling process within this report have been specifically developed for Pyrenees Shire via a statistical analysis of asset condition change over 3 condition surveys since 2010.

Rehabilitation Cost	—	Supplied by Council
Present Expenditure Levels	—	Supplied by Council
Asset Quantity	—	Directly from this survey
Asset Condition	—	Directly from this survey
Degradation Curves	—	Unique Degradation curves developed by MAMS

Modelling outcome is dependent upon all 5 of the above variables. If any one is of poor or questionable quality then the whole process can be flawed.

2.3.1 Asset Unit Renewal rates

The asset unit renewal rates used within the modelling sections of this report are all based upon the projected cost to renew or rehabilitate an existing asset. Section 3 of the report dealing with asset valuations, uses unit construction rates based upon (green fields construction) or construction for the first time where no asset previously existed. This is an accounting requirement for valuations, but if those same unit rates were to be used in the future financial modelling of the assets the projected renewal demand could be quite misleading.

2.4 Capital Rehabilitation - Renewal and Capital Expansion Works

The term **Capital Expenditure** has a broad meaning that can denote different things under certain circumstances. For the purpose of this report all **Capital Expenditure** relates to Renewal or **Capital Rehabilitation Expenditure**. That is, expenditure put towards the replacement or rehabilitation of existing assets.

This report is limited in its financial analysis to the costs associated with the ongoing cyclical rehabilitation of the existing road asset base. Costs associated with new or upgraded assets would need to be added to the total expenditure levels delivered within the report. The financial analyses undertaken within the report can best be seen as an estimate of the ongoing financial demand to maintain the present asset base in perpetuity.

Section 3: Valuations and Current Expenditure Levels

This section will examine the overall asset valuations and the current level of capital-renewal and maintenance expenditure.

3.1 Estimated Asset Valuations

Following the completion of the survey the data was placed into the Moloney asset management system and the table below represents a summary of the overall asset quantities and valuations. The Annual Depreciation figure of \$3,873,292 is really an accounting figure and may vary from the actual annual renewal demand or what we term the Annual Renewal Liability. Annual Depreciation represents the first attempt to define the annual loss in capital value within the asset set. At its most basic level it represents the rate of annual capital consumption of the asset base.

ASSET DESCRIPTION	Total Quantity	Units	Weighted Av. Asset Cond.	Replace. Value \$	Asset Life in Years	Written Down Value \$	Accumul. Deprec. \$	Annual Deprec. \$
Footpath	18,659	Lin. Met	3.383	1,960,791	52.1	1,013,062	947,729	37,007
Kerb	59,447	Lin. Met	3.200	5,451,399	78.1	3,270,746	2,180,653	70,420
Sealed Pavements	738,455	Lin. Met	3.865	128,640,036	80.4	66,495,474	62,144,562	1,901,516
Unsealed Pavement	1,228,026	Lin. Met	1.263	21,786,881	25.0	18,181,566	3,605,315	852,089
Sealed Surface	739,190	Lin. Met	3.744	18,998,688	18.5	8,855,085	10,143,603	1,012,259
TOTAL VALUATIONS				176,837,795		97,815,933	79,021,862	3,873,292

Figure 3.1 Table of asset valuations

Important Note:

The asset valuations detailed above are based upon the best available information at the time of preparing this report. Before they are adopted for accounting purposes council MUST check the inputs and assumptions to ensure that the results are consistent with their approach to the valuation of road assets.

3.2 Current Levels of Renewal Expenditure vs. Av Long-term Demand

Sub Asset Description	Present total Annual Capital Renewal Expenditure	Annual Depreciation or Average Long term Annual Demand	% of Annual Depreciation Being Met
Sealed Pavements	\$404,000	\$1,901,516	21%
Sealed Surface	\$850,000	\$1,012,259	84%
Unsealed Pavement	\$720,000	\$852,089	84%
Kerbs	\$10,000	\$70,420	14%
Footpaths	\$46,000	\$37,007	124%
Totals	\$2,030,000	\$3,873,292	52%

Figure 3.2 Details of Current Expenditure Levels and demand

Figure 3.2 provides some very important overall figures. It indicates that the average long-term annual renewal demand (depreciation) is \$3,873,292 pa and that the present capital renewal expenditure is \$2,030,000 pa.

Council is funding 52% of the average long-term renewal demand (Annual depreciation) or consumption rate. Modelling in later sections of the report will determine if the current level of expenditure is meeting present renewal demand. But clearly 52% will need to be lifted in the longer term.

Section 4: Asset Degradation – Performance Curves

Asset degradation or performance curves, unique to the district, can be developed once two or more consistent condition surveys have been undertaken. This is done in the Moloney system by examining all assets within a given condition rating following the first survey and determining which have degraded by the time of the second survey.

The condition change between surveys is used to predict the annual statistical probability of an asset degrading from one asset condition to the next. In turn this equates to an expected average life within each condition rating. The degradation curves serve two very important functions. Firstly they are used within the financial Modelling section of the Moloney system to predict future asset condition movement and financial demand. Secondly they should form the basis of the justification for the selection of depreciation life cycles within the accounting system.

The term "Degradation Curve" comes from a particular format that the degradation data can be presented in. Figure 4.0 below is a graphical representation of one of the pavement groups to be modelled and shows how an average asset within the group would perform. In this case it commences at year zero in condition zero at the top of the graph and progresses to reach condition 10 after years.

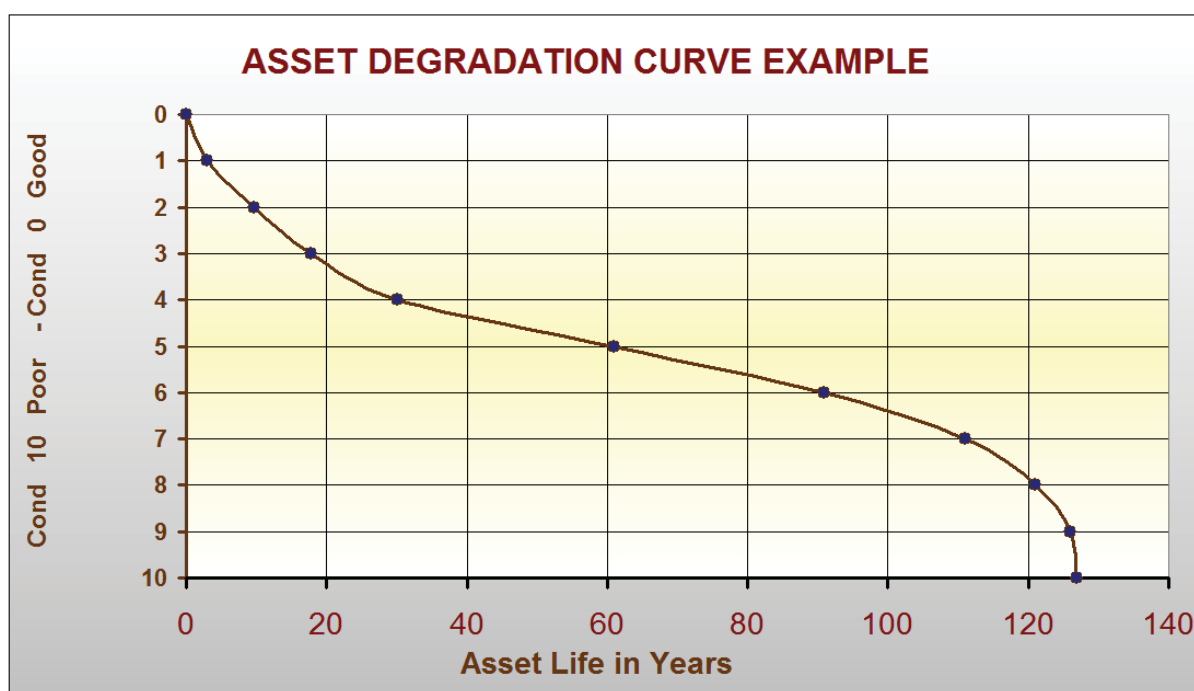


Figure 4.0 Example of a Degradation Curve (See Fig 4.1 First Column)

Within the asset degradation tables below the results are expressed as an expected life in years within each of the condition ratings 0 to 9. Little or no asset life is allocated above condition 8 as this is generally considered the upper condition limit for an asset to remain in service. The other important information within the table is the **% of total asset base within the start condition**. That is, the % of the total asset base that was within the commencing condition range at the time of the first survey, the higher the figure here, the more reliable the prediction.

Figures sometimes need to be manually adjusted to remove inconsistencies resulting from small sample size at the extreme ends of the condition range. In all cases the total expected life will be reduced because of the small sample size. In no situations will the total life be increased other than the rare case where there is no asset within a given condition or no asset within a condition range has degraded between the two surveys.

4.1 Degradation Curves as developed by MAMS

Degradation curves were produced for Pyrenees Shire by analysing the change in asset condition within three condition surveys over the last 5 years.

Asset Condition Range	All Urban Rd Pavements 2010 - 2015	All Rural Rd Pavements 2010 - 2015	All Rural Link and Collector Sealed Rd Pavements 2010 - 2015
9 - 10	1.0	1.0	1.0
8 - 9	5.0	2.0	2.0
7 - 8	10.0	10.0	10.0
6 - 7	20.0	12.0	14.0
5 - 6	30.0	14.0	11.7
4 - 5	30.9	10.0	9.0
3 - 4	12.2	10.0	9.0
2 - 3	8.2	5.8	5.9
1 - 2	6.6	5.1	5.1
0 - 1	3.0	4.0	4.0
	126.9	73.9	71.7

Figure 4.1 Road Pavement Degradation Rates – Expected life within each condition rating in Years

The sealed road pavement assets were found to have a total life of around 125 years in the township areas and 70 years in the rural areas

The total life illustrated in all of the tables within this section is the life to condition 10. In practice you will often intervene and rehabilitate before reaching condition 10. The total life is input into the financial model and the life to the selected intervention level will be less than that figure depending upon where you choose to intervene.

If you choose a low intervention level (High level of service) then your life to intervention can be very much lower than the total life to Condition 10. Think of the car tyre analogy down to the indicator lugs at, 40,000 km. fully worn through, 70,000 km.

Asset Condition Range	All Spray Seals 2010 - 2015	All Spray Seals 2011 - 2015	All Asphalt 2010 - 2015
9 - 10	0.0	0.0	0.0
8 - 9	1.0	2.0	2.0
7 - 8	2.0	3.0	5.0
6 - 7	3.0	4.0	7.0
5 - 6	5.3	3.9	7.7
4 - 5	4.1	4.0	4.5
3 - 4	3.2	3.3	4.5
2 - 3	3.0	2.8	2.0
1 - 2	2.8	2.7	2.0
0 - 1	2.1	2.6	2.0
	26.4	28.3	36.6

Figure 4.2 Sealed Surface Degradation Rates – Expected life within each condition rating in Years

The sealed surface asset group covers the two most common surface types of, asphalt and spray seal. Results here are very much in line with what we have observed in other districts. The ideal retreatment intervention level for a spray seal is around 6.2 thus service lives will be much lower than the full life to condition 10.

Asset Condition Range	Unsealed Roads with design depth of 100 mm	Unsealed Roads with design depth of 70 mm
9 - 10	1.0	0.0
8 - 9	1.0	1.0
7 - 8	2.0	2.0
6 - 7	3.0	3.0
5 - 6	4.0	4.0
4 - 5	5.0	6.0
3 - 4	5.0	8.9
2 - 3	5.8	8.0
1 - 2	7.0	5.0
0 - 1	5.0	5.0
	38.8	42.9

Figure 4.3 Un sealed Pavement Degradation Rates – Expected life within each condition rating in Years

The unsealed pavement degradation curves are at the upper end of the range we have developed for other councils with a total life to condition 10 of around 40-years. But intervention levels can be quite low on these assets and the service life would be expected to be within the 20 - 30 year range.

Asset Condition Range	All Kerbs 2010 - 2015
9 - 10	1.0
8 - 9	2.0
7 - 8	8.0
6 - 7	25.0
5 - 6	34.3
4 - 5	20.3
3 - 4	12.2
2 - 3	10.0
1 - 2	9.0
0 - 1	6.3
	128.1

Figure 4.4 Kerb Degradation Curves – Expected life within each condition rating in Years

Asset Condition Range	All Asphalt Footpaths 2010 - 2015	All Concrete Footpaths 2010 - 2015
9 - 10	1.0	1.0
8 - 9	2.0	2.0
7 - 8	2.0	4.0
6 - 7	2.0	5.0
5 - 6	4.0	20.0
4 - 5	5.0	35.0
3 - 4	10.0	10.5
2 - 3	5.4	5.9
1 - 2	4.5	5.2
0 - 1	2.0	8.7
	37.9	97.3

Figure 4.5 Pathways Degradation Curves – Expected life within each condition rating in Years

This is the second survey undertaken by MAMS for the kerb and footpath assets.

Results here are consistent with the results found for other council districts

4.2 Benefit of Unique Degradation Curves

The unique degradation curves developed via an analysis of condition change between surveys takes all variables into account to deliver a condition performance profile based upon the actual council locality. It is then used within the Moloney model to predict future condition change with time and greatly enhances the overall financial Modelling outcome.

Section 5: Sealed Road Pavement Asset Analysis

This section will deal with the Sealed Road Pavement assets. The first two figures below relate to asset condition and how condition has changed since the last survey while the third provides a condition comparison with other council districts surveyed by Moloney.

5.1 Condition and Performance Indicators for Sealed Road Pavements

MAMS have developed a series of 6 key condition indicators that can be applied to all road sub asset sets. They are used to measure condition movement between field surveys some years apart. They are also used to benchmark against other council districts assessed on the same basis.

The same key condition indicators are used for all road asset groups. However for some asset classes certain indicators are not applicable and as such are omitted. Detailed below is a brief explanation of the 6 key indicators. The explanation is also applicable to their use with other road sub asset sets other than the sealed road pavements.

5.1.1 Weighted Average Asset Condition

The weighted average asset condition is a single condition indicator that represents the whole condition distribution in one figure. It is derived by weighting the raw asset condition scale 0 - 10 for the extent of asset within each condition and so provides a basic single figure summary of the overall condition of the asset set and is very useful as a condition movement indicator.

5.1.2 Percentage of Urgent Failures

The percentage of urgent failures is a measure of the isolated failures identified in the survey as needing immediate repair. It is expressed as a percentage of the total asset group quantity.

5.1.3 Percentage of Other Failures

The percentage of other failures represents those isolated failures, which while present on the ground do not require urgent attention. The figure is again expressed as a percentage of the total asset quantity.

5.1.4 Average Roughness

Average roughness is only relevant to pavement assets and for sealed road pavements is a key capital condition indicator of longitudinal pavement shape, while for unsealed pavements is a key maintenance indicator. It is based on a 0 – 10 scale with 0 being perfect and 10 un-driveable.

5.1.5 Average Profile

Average pavement profile is similar to the roughness rating and can be seen as the pavement cross sectional shape indicator while roughness is the longitudinal pavement shape indicator. It is based on a 0 – 10 scale with 0 being perfect and 10 un-driveable.

5.1.6 Extent of Poor Condition Assets above a given Condition

The percentage of the asset base at and above a given condition rating is a very good way of expressing the extent of poor condition assets present. This figure is expressed as a percentage of the total asset base and is reported at several different condition levels from condition 5 to 8 depending upon the asset set in question. For example sealed road pavements at and above condition 7 would represent the extent of the asset base that would be likely to require rehabilitation over the next 3 – 5 years.

Change in Cond. Distribution for Sealed Pavement

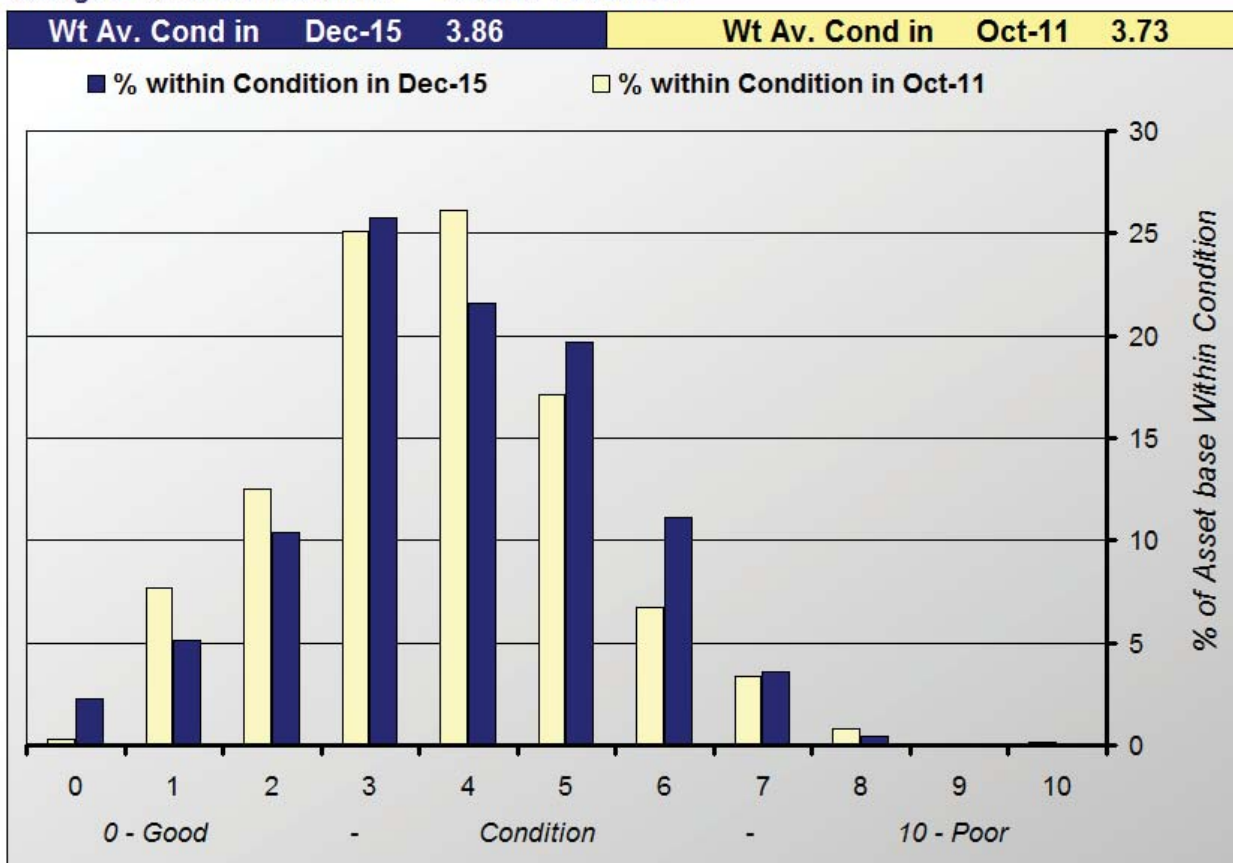


Figure P1 Condition Distribution Comparison Graph – Between Surveys

Key Cond. Indic. No.	Sealed Pavement Condition Indicator	Figures from Last Survey in Oct-11	Figures from Current Survey in Dec-15	Change between Surveys New Minus Old	% Change Between Surveys	Better or Worse Since last Survey
1	Weighted Average Asset Condition	3.73	3.86	-0.134	-1.9%	Worse
2	% of Urgent Failures	0.42	0.11	0.311	73.7%	Better
3	% of Other Failures	1.24	1.30	-0.068	-5.5%	Worse
4	Average Pavement Roughness	3.38	3.33	0.048	1.4%	Better
5	Average Pavement Profile	2.55	2.58	-0.036	-1.4%	Worse
6	% of Asset Base above Condition 6	11.02	15.15	-4.126	-37.4%	Worse
7	% of Asset Base above Condition 7	4.29	4.03	0.256	6.0%	Better
8	% of Asset Base above Condition 8	0.93	0.45	0.485	52.0%	Better
Renewal Demand Being Met For:		% of Long Term Demand Being Met				
Sealed Rd Pavement Asset Group		21.2%				

Figure P2 Table of Key Condition Indicator Change since the last Survey

The above 2 figures provide details of how the sealed road pavement asset condition has changed since the last survey. Figure P1 details the condition distribution for each survey along with the first of the key indicators the “weighted average asset condition”.

Figure P2 contains the eight key condition indicators and also shows how they have changed since the previous survey. At the bottom of the table are two very important figures. These indicate the percentage of the present renewal demand (from Modelling) and annual depreciation being met.

The % of the long-term average demand being met is simply the ratio of present renewal expenditure to your depreciation figure for the asset class. The % of the present renewal demand being met is the ratio of your present renewal expenditure to the present renewal demand predicted within the model later in this same section. If these percentages are low then a decline in overall asset condition would be expected.

The key performance indicators in Figure P2 demonstrate that overall condition has declines by -1.7% which is to be expected when the renewal expenditure rate is at only 21.2% of the estimated consumption rate. However, the targeting of the renewal funding has been excellent, resulting in a 73.7% reduction in the extent of urgent pavement failures and a 52.0% reduction in the extent of the asset base at and above condition 8.

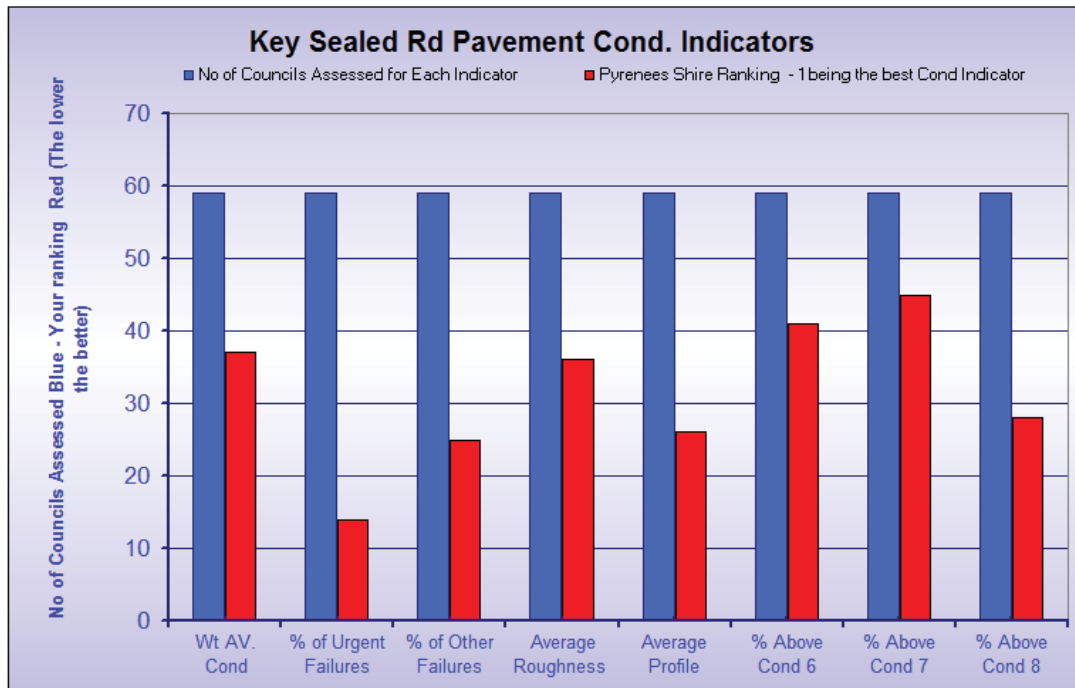


Figure P3 Key Condition Indicators as Compared with other Councils surveyed

The same key condition indicators can be used to benchmark Council against all other council districts assessed by MAMS. The graph ranks the key condition indicators against those of all other councils assessed by MAMS. The lower the red bar the better the condition indicator. The blue bars represent the total number of councils assessed. The red bar at 1 equates to the best condition indicator encountered. The red bar level with the blue, represents the worst condition indicator.

The comparison with other councils in Figure P3 indicates a set of fair condition road pavement with council having a weighted average asset condition just outside the worst one third of the councils assessed. Interesting to note that the immediate pavement failures and the extent of poor condition assets at and above condition 8 are both relatively better. This is indicative of sound management practices.





5.2 Sealed Road Pavement Financial Modelling Analysis

The Sealed road pavement assets will normally be modelled in three groups with the results aggregated here in one presentation. The table below contains a list of the basic Modelling parameters used. Note that the useable life is the life to intervention; an asset should not remain in service after that point.

5.2.1 Sealed Road Pavement – Selection of Re-treatment Intervention Level

The point at which you choose to intervene to renew or replace an asset will have a big impact in the predicted future renewal demand. The intervention level can be seen as the level of service associated with the asset set. High intervention level equates to low level of service while low intervention level relates to a high level of service.

Detailed below are a series of photographs illustrating various sealed road pavement condition ratings. They do not cover the complete condition range but hopefully will provide some guidance to the selection of an acceptable re-treatment intervention level.

	
<p>Condition 0 – 1 No Failures no Shape loss</p>	<p>Condition 6 Moderate failures and shape loss</p>
	
<p>Condition 7 Ext Shape loss and Failures</p>	<p>Condition 8 – 9 Bad Shape loss and Ext Failures</p>

It is very difficult to cover pavement condition in such a limited range of photographs but hopefully they will provide some idea of asset condition in the 7 – 9 condition range where most interventions will take place. Pavements can be within this condition range for a number of different reasons and the photos will cover only a limited range of these situations. They should be considered as a typical situation and not the only situation for that condition rating.

5.2.2 Sealed Road Pavement Financial Modeling

Modelling Parameter	All Urban Pavements	All Rural Pavements
Asset Quantity in sqm	480,361	4,249,053
Unit Renewal Rate	\$27.20	\$27.20
Total Asset Group Renewal Cost	\$13,065,819	\$115,574,242
Annual Renewal Exp.	\$4,000	\$400,000
Annual Maintenance Exp.	\$20,000	\$125,000
Retreat. Intervention Condition	8.5	8.5
Life to Condition 10 in Years	120.0	70.0
Life in years to Intervention	116.7	68.1

Figure P4 A – Summary of Modelling Input Parameters for sealed pavement assets

Sealed road pavement modelling has been undertaken within two categories as detailed in P4 A above.

Retreatment intervention levels have been set to reflect the current level of service and life cycles have been set at what are considered to be reasonable lives based on the results from the degradation curves within section 4. The intervention levels are at the upper end of the range which will result in a lower or more optimistic financial prediction.

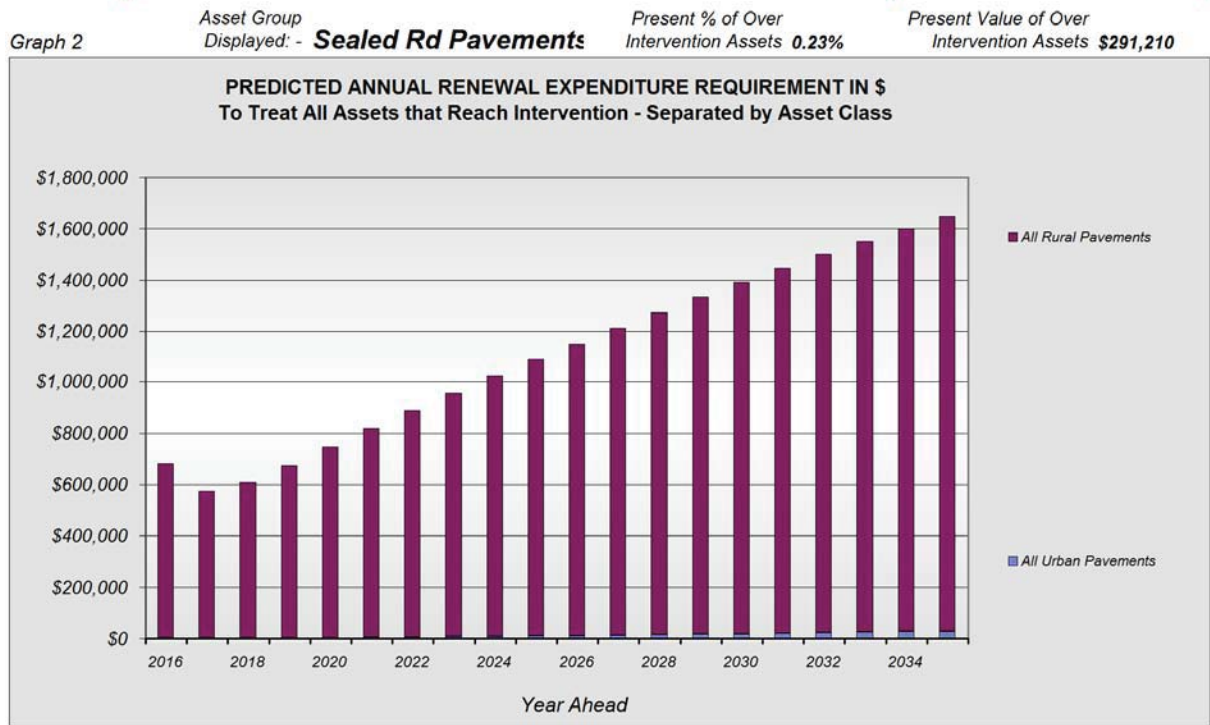


Figure P4 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

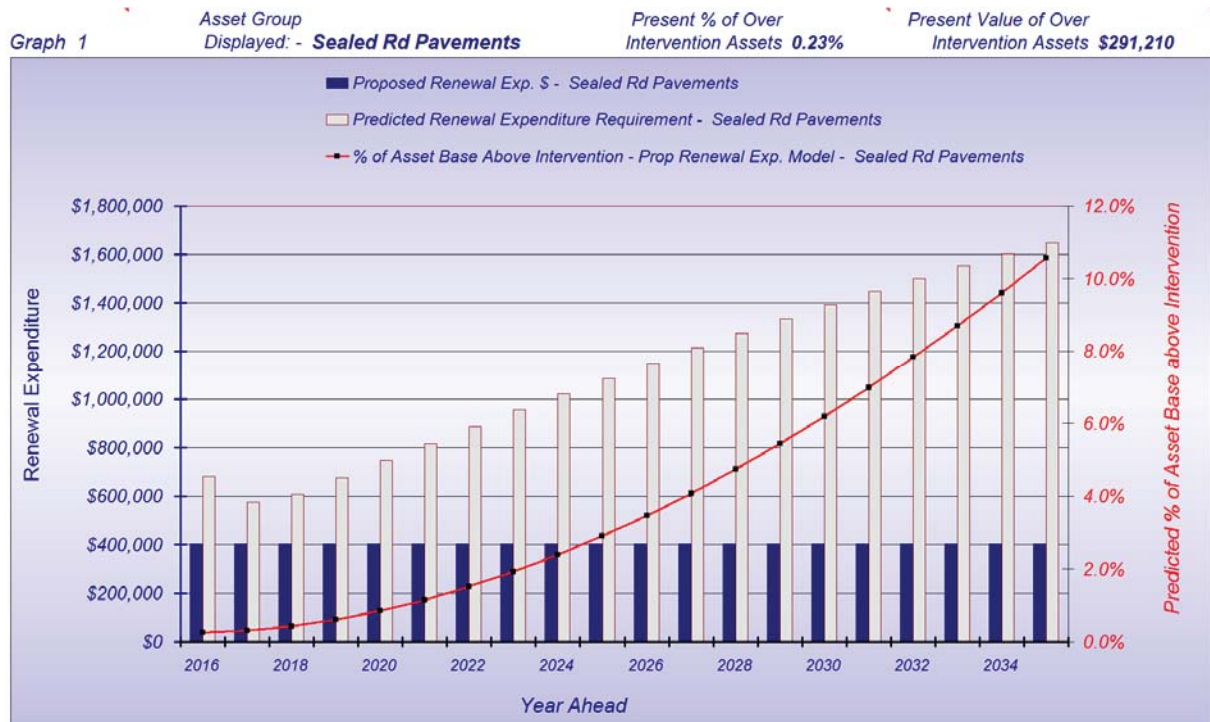


Figure P5 Future Predicted Condition Based on planned expenditure profile

Figures P4 provides a profile of the predicted renewal demand to treat all assets that reach the adopted retreatment intervention level through the degradation process. Figure P5 plots the extent of the asset base that is predicted to rise above the intervention level based upon the continuation of the present level of renewal expenditure (in blue bars). It also plots the predicted renewal demand within the grey bars.

Renewal demand is presently sitting at around \$682,000 pa with the peak over the next 20-years estimated at \$1,650,000 in the year 2035.

Figure P5 indicates that the planned renewal expenditure is well below the predicted renewal demand and that if maintained is predicted to lift the extent of over intervention assets from its present level of 0.23% up to 10.57% after 20-years.

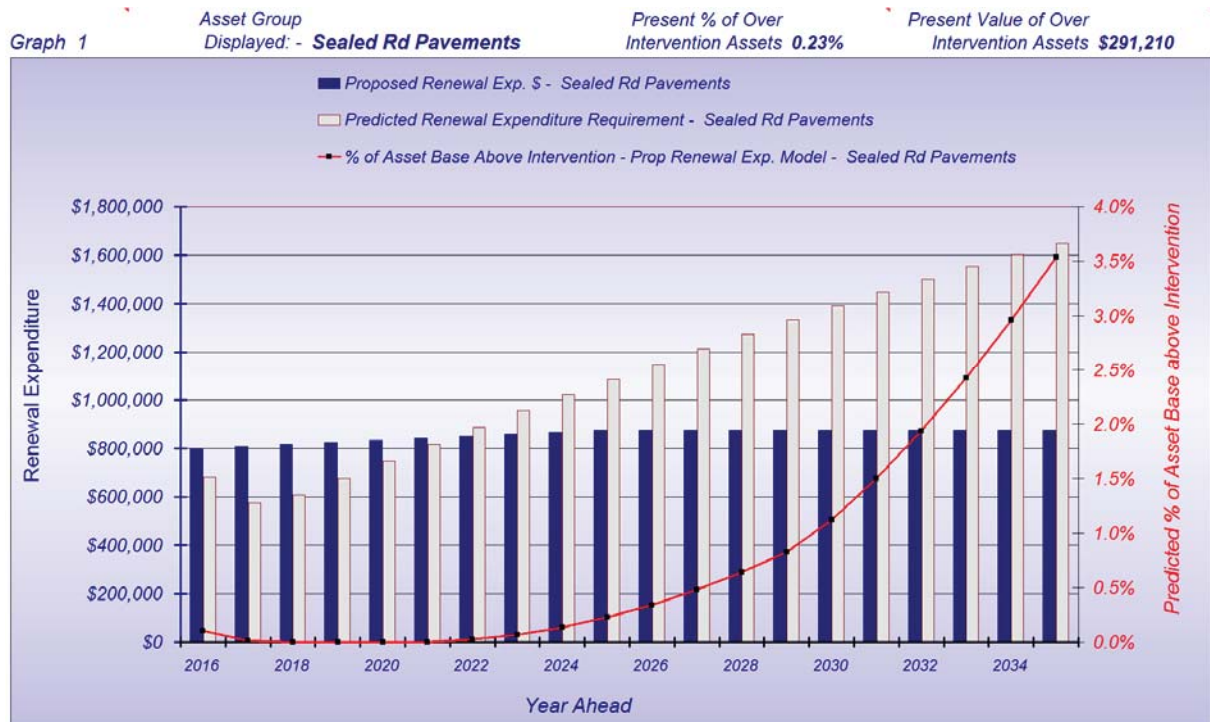


Figure P6 Recommended Renewal funding profile to achieve outcome as detailed below

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic expenditure level. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies between sub asset sets if required.

This is the first road sub asset set to be considered and the aim in using this model is to deliver a recommended funding profile across the whole of the roads group that will deliver an acceptable condition outcome for all sub asset sets. We normally attempt to commence the year one expenditure with council's present expenditure level (this is at a whole of roads group level). In this way we can deliver an achievable outcome. If additional funding is required then it will come as an annual percentage increase. If total funding is sufficient then there may be some reallocation between asset classes based on need.

The three Variables used for the sealed pavement asset modelling are as detailed below:

- Desired extent of over intervention assets - 15% reduction in the present level of 0.23%
- Time to achieve this - 10 - Years
- Annual percentage increase in renewal exp. - 1.00%

The present total level of over intervention assets at 0.23% is considered to be reasonable. But the intervention level at 8.5 is at the higher end of the range. However, even at condition 8 the extent of over intervention assets is at only 0.45% which remains a good result. Council has clearly been keeping up with the renewal demand in the past.

The recommended renewal expenditure over the next 10-years commences at \$800,000 pa and then is raised by 1.00% compounding for the next 10-years.

5.3 Sealed Road Pavement Summary

The sealed road pavement assets were found to be in fair overall condition and had experienced a decline in overall condition since the last survey in 2011

It is recommended that the renewal funding level commence at \$800,000 pa and then be raised by 1.0% compounding for the next 10-Years.

Section 6: Sealed Surface Asset Analysis

This section will deal with the Sealed Surface assets. The first two figures relate to asset condition and how condition has changed since the last survey while the third provides a condition comparison with other council districts surveyed by MAMS.

6.1 Condition and Performance Indicators for Sealed Surfaces

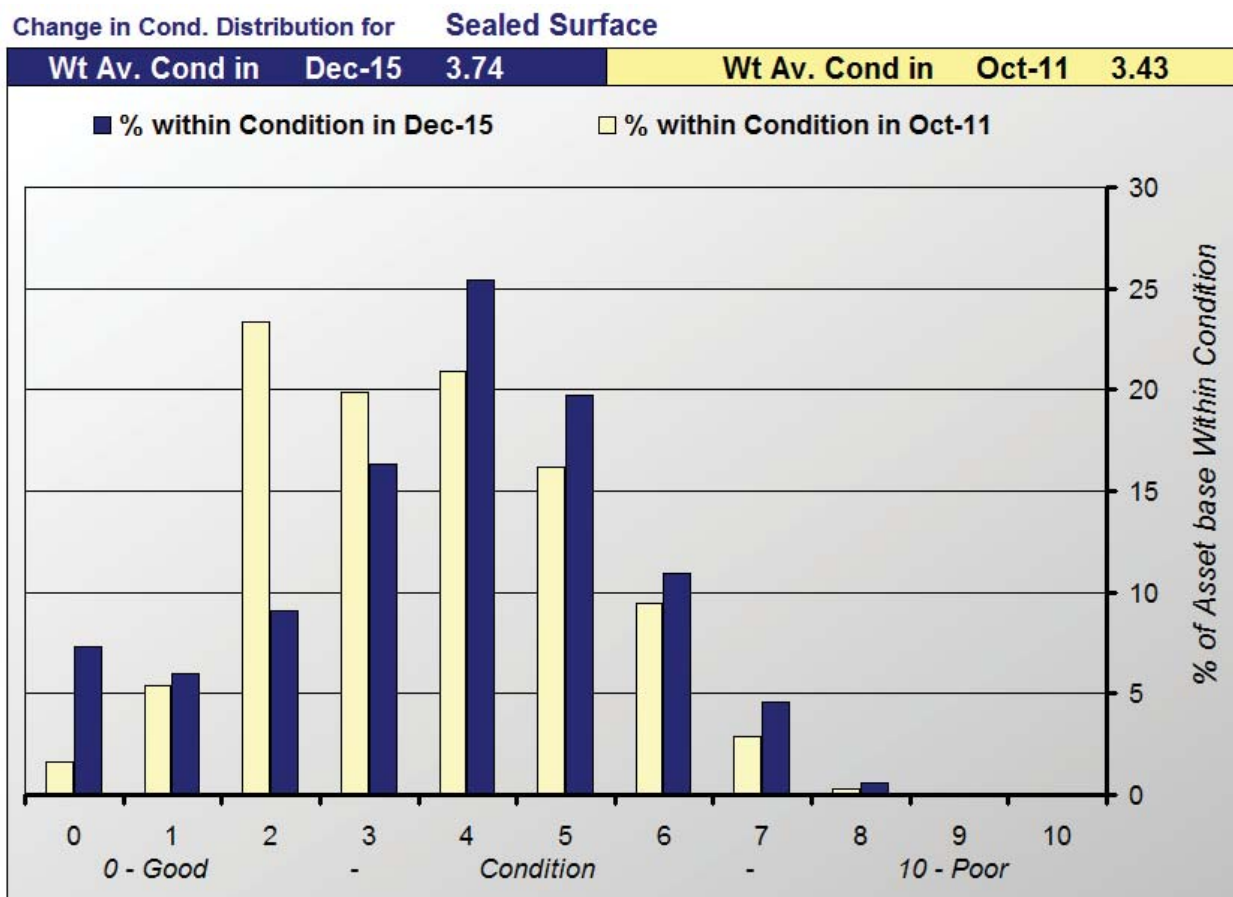


Figure S1 Condition Distribution Comparison Graph – Between Surveys all Sealed Surfaces

Key Cond. Indic. No.	Sealed Surface Condition Indicator	Figures from Last Survey in Oct-11	Figures from Current Survey in Dec-15	Change between Surveys New Minus Old	% Change Between Surveys	Better or Worse Since last Survey
1	Weighted Average Asset Condition	3.434	3.744	-0.311	-4.4%	Worse
2	% of Asset Base above Condition 5	28.916	35.845	-6.929	-24.0%	Worse
3	% of Asset Base above Condition 6	12.702	16.110	-3.409	-26.8%	Worse
4	% of Asset Base above Condition 7	3.226	5.152	-1.927	-59.7%	Worse
5	% of Asset Base above Condition 8	0.331	0.593	-0.262	-79.2%	Worse
Renewal Demand Being Met For:		% of Long Term Demand Being Met				
Sealed Surface Asset Group		84%				

Figure S2 Condition Change since last survey & Renewal demand being met

The above 2 figures provide details of how the sealed surface asset condition has changed since the last survey. Figure S1 details the condition distribution for each survey along with the first of the key indicators the “weighted average asset condition”.

Figure S2 contains 5 of the eight key asset condition indicators that are relevant to this asset set. For a detailed explanation of the key condition indicators refer to section 5.1 above.

Figure S2 indicates that all performance indicators have declined in condition since the time of the last survey. The 59.7% increase in the extent of the asset base at and above condition 7 is of some concern, but the absolute amount at 5.15% of the network is still within an acceptable range as indicated within figure S3 below.

The current funding level at \$850,000 pa is at a strong level. But it is suspected that it has been at lower overall levels for at least some of the time since the last survey.

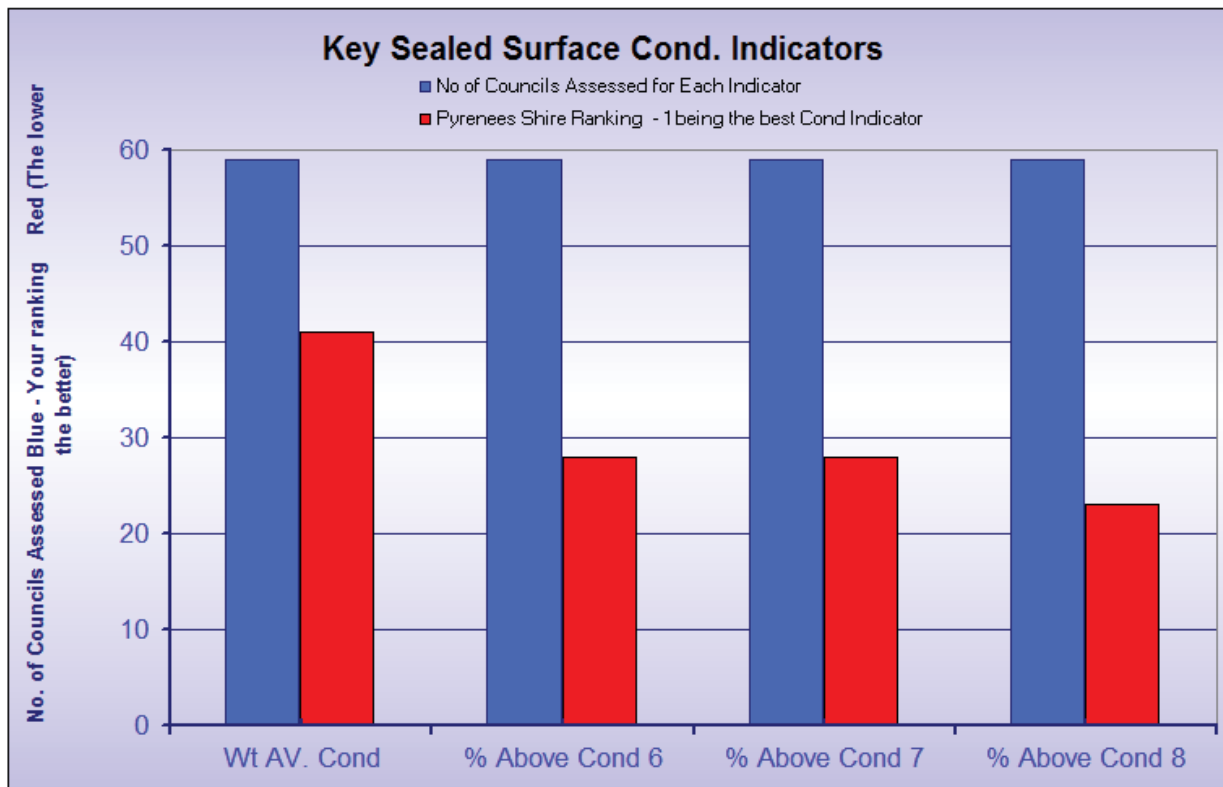


Figure S3 Key Condition Indicators as Compared with other Councils surveyed

The five key condition indicators as detailed in figure S3 provide council with a comparison of where they sit in relation to other councils assessed by MAMS. The graph ranks the key condition indicators against those of all other councils assessed by MAMS. The lower the red bar the better the condition indicator. The blue bars represent the total number of councils assessed. The red bar at 1 equates to the best condition indicator encountered. The red bar level with the blue, represents the worst condition indicator.

The sealed surfaces within Pyrenees Shire are in fair overall condition when compared with the 59 councils assessed by MAMS. Weighted average asset condition is within the worst 30% of the assessed councils but the extent of poor condition assets at and above conditions 6 - 8 is relatively lower.

Figure S1 indicates that there has been a strong growth in the extent of the asset base within the condition 4 - 8 range since the last survey and this will translate into a growing renewal demand over the next few years.




6.2 Sealed Surface Financial Modelling Analysis

The Sealed Surface assets will be modelled in two groups with the results aggregated here in one presentation. The table below contains a list of the key Modelling parameters used. Note that the useable life is the life to intervention, an asset should not remain in service after that point.

6.2.1 Sealed Surfaces – Selection of Re-treatment Intervention Level

The point at which you choose to intervene to renew or replace an asset will have a big impact in the predicted future renewal demand. The intervention level can be seen as the level of service associated with the asset set. High intervention level equates to low level of service while low intervention level relates to a high level of service.

Detailed below are a series of photographs illustrating various sealed surface condition ratings. They do not cover the complete condition range but hopefully will provide some guidance to the selection of re-treatment intervention level.

	
<p>Condition 0 – 1 Seal in Excellent near new condition</p>	<p>Condition 5 Cracking but seal not too oxidized</p>
	
<p>Condition 6.5 - 7 Oxidized and Stripping</p>	<p>Condition 8 Fully Oxidized and falling apart</p>

It is very difficult to cover sealed surface condition in such a limited range of photographs but hopefully they will provide some idea of asset condition in the 7 – 9 condition range where most interventions will take place. Sealed Surfaces can be within this condition range for a number of different reasons and the photos will cover only a limited range of situations. They should be considered as a typical situation and not the only situation for that condition rating.

6.2.2 Sealed Surfaces – Financial Modeling Results

Modelling Parameter	All Asphalt Surfaces	All Town Spray Seals	All Rural Spray Seals
Asset Quantity in sqm	45,083	388,646	3,604,485
Unit Renewal Rate	\$20.00	\$4.45	\$4.35
Total Asset Group Renewal Cost	\$901,660	\$1,730,862	\$15,679,509
Annual Renewal Exp.	\$2,000	\$74,000	\$774,000
Annual Maintenance Exp.	\$1,000	\$50,000	\$249,000
Retreat. Intervention Condition	8.0	7.5	6.5
Life to Condition 10 in Years	40.0	22.0	22.0
Life in years to Intervention	37.8	20.3	18.2

Figure S4 A – Summary of Modelling Input Parameters for Sealed Surface Assets

The sealed surfaces will be modelled within 3 groups as detailed within Figure S4 A above. Intervention levels have been set at what is considered to be appropriate levels. Life cycles have been set a little high by industry standards but are within the range coming out of the degradation curve analysis within section 4.

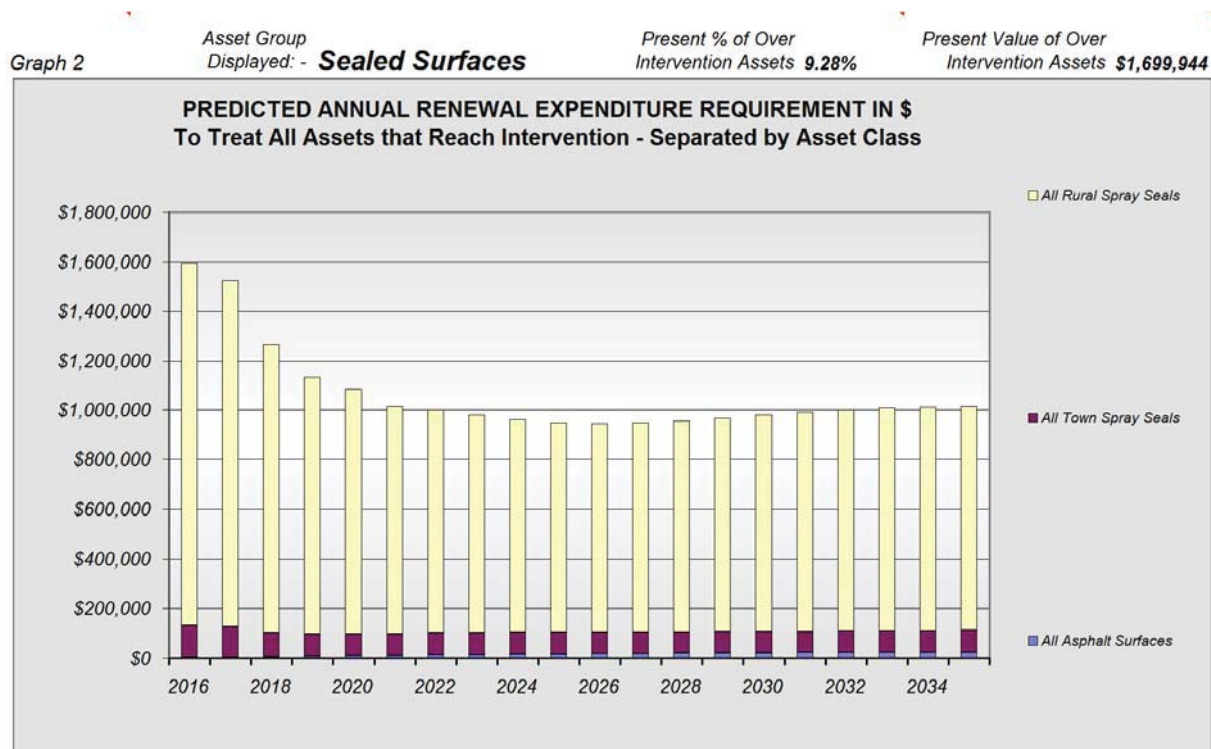


Figure S4 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

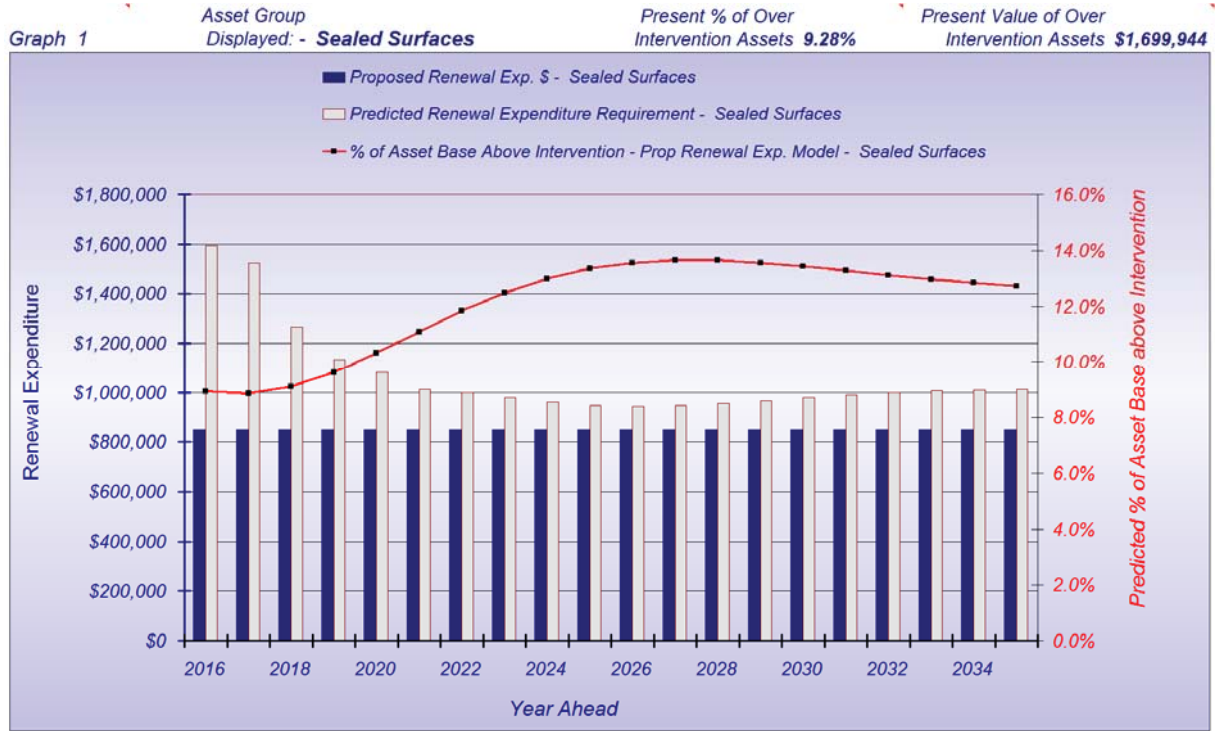


Figure S5 Future Predicted Condition Based on planned expenditure profile

Figures S4 provides a profile of the predicted renewal demand to treat all assets that reach the intervention level through the degradation process. Figure S5 plots the extent of the asset base that is predicted to rise above the intervention level based upon the continuation of the present level of renewal expenditure (in blue bars). It also plots the predicted renewal demand within the grey bars.

Capital renewal demand to treat all assets at and above the selected intervention level is presently sitting at around \$1,593,000 pa and also represents the peak demand over the next 20-years. The planned renewal expenditure profile is lower than this level but demand is predicted to fall away in future years. The predicted rise in the extent of over intervention assets up to 13.65% by 2026 would represent an unacceptable risk and so funding will need to be lifted in the longer term.

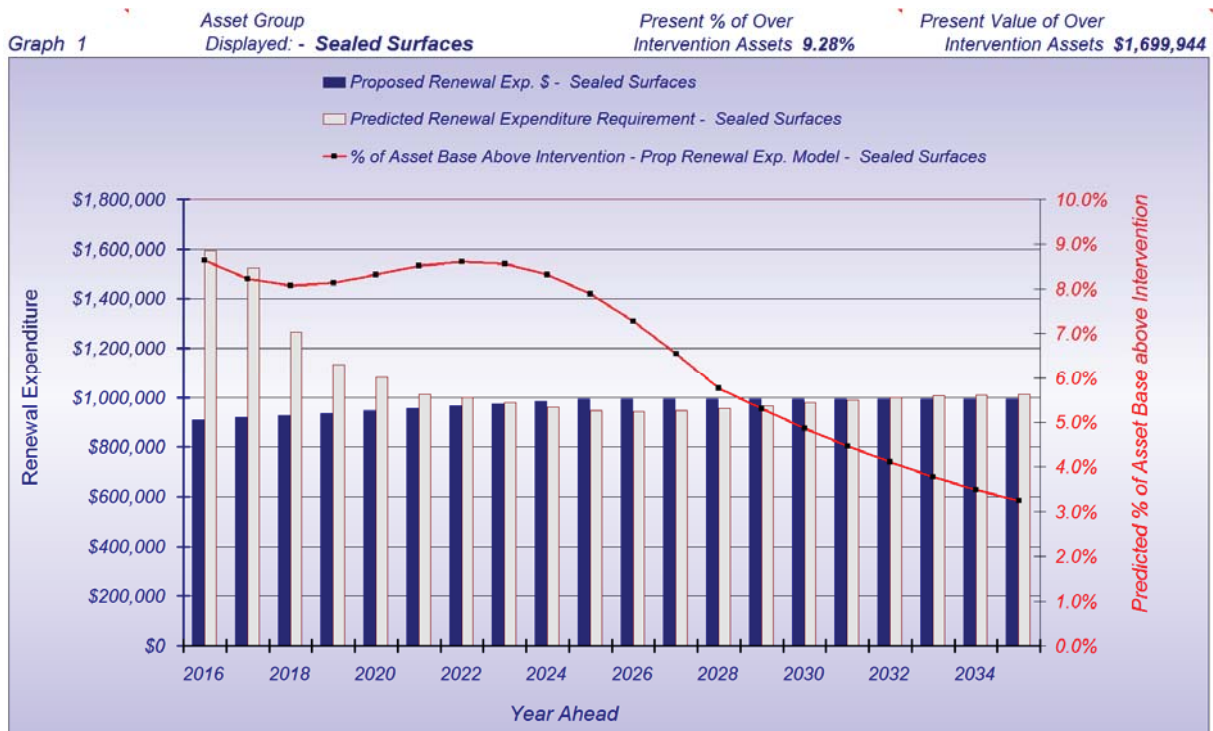


Figure S6 Recommended Renewal funding profile to achieve outcome as detailed below

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic spend. See the notes below Figure P6 above for more detail. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies if required.

The three Variables used for the sealed surface asset modelling are as detailed below:

- *Desired extent of over intervention assets* - 15% reduction in the present level of 9.28%
- *Time to achieve this* - 10 - Years
- *Annual percentage increase in renewal exp.* - 1.0%

Figure S6 represents the minimum annual renewal expenditure to achieve a desired condition outcome within a nominated time frame. This modelling approach is designed to deliver an achievable outcome that accepts a small percentage of over intervention assets as remaining and hence often delivers lower expenditure profiles than the S4 graph where all over intervention assets have to be treated.

With an overall annual percentage increase of 1.0% established for the whole of the road group the Moloney model was used to find the year one starting point requirement for the sealed surfaces that would deliver a maximum of 7.9% of the asset base as over the intervention level after 10-years. It was found that a starting expenditure of \$912,000 combined with an annual compounding increase of 1.00% would deliver this outcome.

6.3 Sealed Surface Summary

The sealed surface assets were found to be in fair overall condition but had declined in overall condition by 4.3% since the last survey. These are really important assets and should always be fully funded as the top roads group funding priority as failure to do so will cost heavily in the long run.

It is recommended that the funding level next year commence at \$912,000 and then increased by 1.0% compounding for at least the next 10-years.

Section 7: Unsealed Pavement Assets

This section will deal with the Unsealed Road Pavement assets. The first two figures relate to asset condition and how condition has changed since the last survey while the third provides a condition comparison with other council districts surveyed by MAMS.

7.1 Condition and Performance Indicators for Unsealed Road Pavements

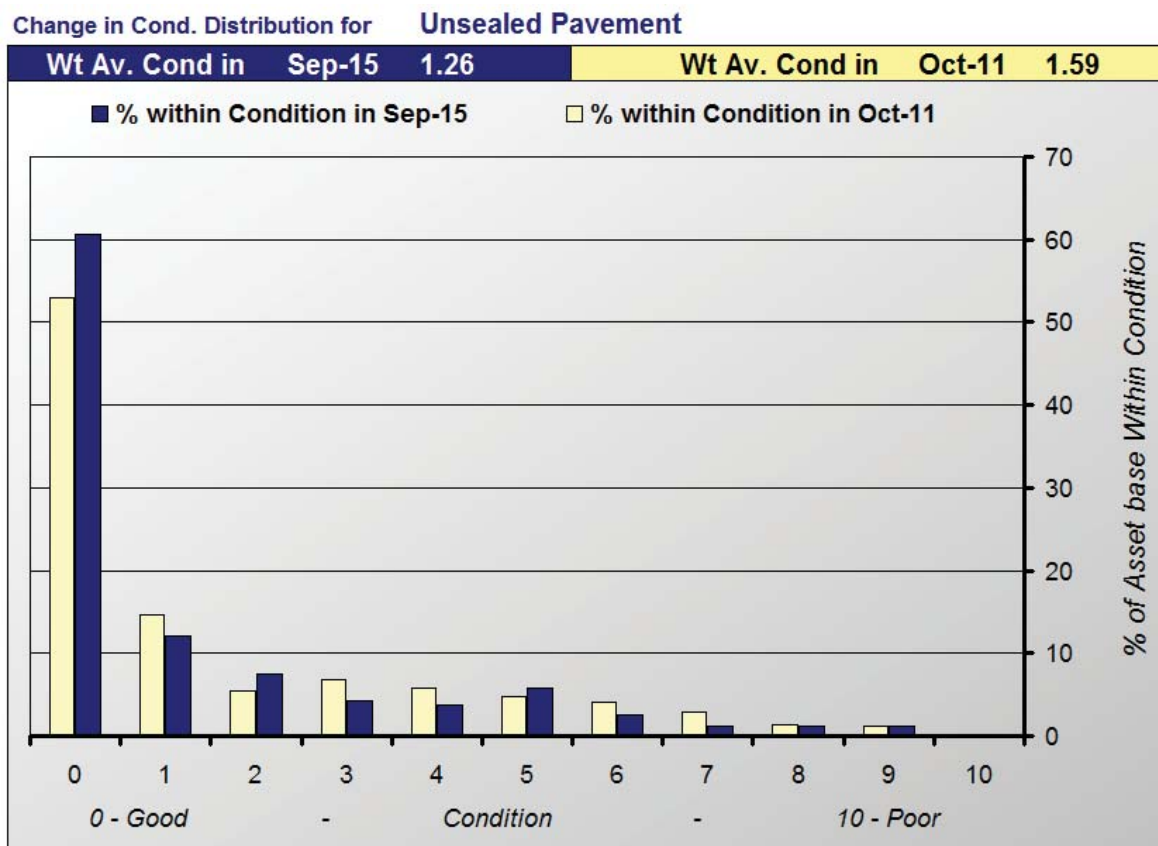


Figure U1 Condition Distribution Comparison Graph – Between Surveys

Key Cond. Indic. No.	Unsealed Pavement Condition Indicator	Figures from Last Survey in Oct-11	Figures from Current Survey in Sep-15	Change between Surveys New Minus Old	% Change Between Surveys	Better or Worse Since last Survey
1	Weighted Average Asset Condition	1.59	1.26	0.331	4.7%	Better
2	% of Pavement Failures	3.51	1.97	1.541	43.9%	Better
3	Average Pavement Roughness	3.98	3.98	-0.008	-0.2%	Worse
4	Average Pavement Profile	3.34	3.12	0.224	6.7%	Better
5	Average Pavement Depth in mm	83	86	3.000	3.6%	Better
6	% of Asset Base above Condition 6	9.49	5.99	3.504	36.9%	Better
7	% of Asset Base above Condition 7	5.46	3.38	2.087	38.2%	Better
8	% of Asset Base above Condition 8	2.62	2.22	0.392	15.0%	Better
Renewal Demand Being Met For:		% of Long Term Demand Being Met				
UnSealed Rd Pavement Asset Group		84%				

Figure U2 Condition Change since last survey & Renewal demand being met

The above 2 figures provide details of how unsealed pavement asset condition has changed since the last survey. Figure U1 details the condition distribution for each survey along with the first of the key indicators the “weighted average asset condition”.

Figure U2 contains the eight key asset condition indicators that are relevant to this asset set. For a detailed explanation of the key condition indicators refer to section 5.1 above. There is one additional indicator for the unsealed road pavements that is unique to this asset set and as such was not included back in section 5.1. This is the average pavement depth, which is simply the average depth of imported pavement material found on the pavements when they were dug during the survey.

Figures U1 and U2 above indicate that asset condition has improved massively since the last survey in 2011. Renewal expenditure is reported at 84% of the level of annual depreciation, but there has also been extensive renewal work undertaken as part of the flood recovery program which has also had a positive impact of the overall outcome.

The only indicator within figure U2 to go backwards was the roughness indicator. It declined by the insignificant amount of 0.2% and in any event is really a maintenance indicator and not one of capital condition.

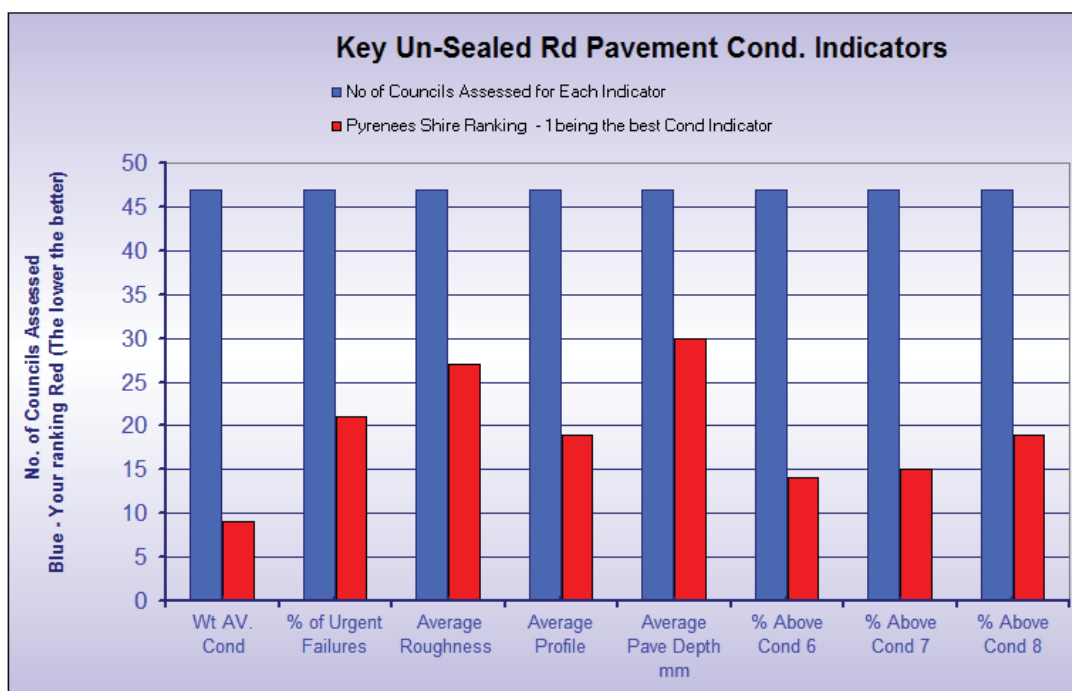


Figure U3 Key Condition Indicators as Compared with other Councils surveyed

The eight key condition indicators as detailed in figure U3 provide council with a comparison of where they sit in relation to other councils assessed by MAMS. The graph ranks the key condition indicators against those of all other councils assessed by MAMS. The lower the red bar the better the condition indicator. The blue bars represent the total number of councils assessed. The red bar at 1 equates to the best condition indicator encountered. The red bar level with the blue, represents the worst condition indicator.

The unsealed road pavement assets were found to be in excellent overall condition and have improved quite measurably since 2011. Figure U3 also indicates that the assets compare quite well with other councils assessed by MAMS and are sitting mostly within the best 20% for the important weighted average asset condition figure.

The average depth of pavement material is not as good and this is because the design depth of imported pavement material for the Northern half of the shire is quite low at only 70 mm and is at 100 mm in the South which may be a little low.

7.2 Unsealed Road Pavement Financial Modelling Analysis





The Unsealed road pavement assets will normally be modelled in three groups with the results aggregated here in one presentation. The table below contains a list of the basic Modelling parameters

used. Note that the useable life is the life to intervention, an asset should not remain in service after that point.

7.2.1 Unsealed Road Pavement – Selection of Re-treatment Intervention Level

The point at which you choose to intervene to renew or replace an asset will have a big impact in the predicted future renewal demand. The intervention level can be seen as the level of service associated with the asset set. High intervention level equates to low level of service while low intervention level relates to a high level of service.

Detailed below are a series of photographs illustrating various unsealed road pavement condition ratings. They do not cover the complete condition range but hopefully will provide some guidance to the selection of re-treatment intervention level.

	
<p>Condition 0 – 1 Average Depth 150 mm</p>	<p>Condition 7 – Average depth 20 – 30 mm only</p>
	
<p>Condition 8 Av Depth 20 mm & Ext Bare Patches</p>	<p>Condition 9 Scattered patched of Pave Material only</p>

It is very difficult to cover Unsealed Pavement condition in such a limited range of photographs but hopefully they will provide some idea of asset condition in the 7 – 9 condition range where most interventions will take place. Unsealed Pavements can be within this condition range for a number of different reasons and the photos will cover only a limited range of situations. They should be considered as a typical situation and not the only situation for that condition rating.

Modelling Parameter	Unsealed Pavement With 100 mm Design	Unsealed Pavement With 70 mm Design	Unsealed Pavement Paved under Maintenance
Asset Quantity in sqm	2,151,360	2,430,655	48,162
Unit Renewal Rate	\$4.77	\$4.77	\$0.50
Total Asset Group Renewal Cost	\$10,261,987	\$11,594,224	\$24,081
Annual Renewal Exp.	\$435,000	\$285,000	\$2,000
Annual Maintenance Exp.	\$0	\$400,000	\$326,000
Retreat. Intervention Condition	5.0	6.0	7.0
Life to Condition 10 in Years	30.0	45.0	30.0
Life in years to Intervention	22.9	38.7	27.9

Figure U4A – Summary of Modelling Input Parameters for Unsealed Rd Pavement Assets

For Pyrenees Shire we have modelled these assets within three groups as detailed within Figure U4A above. Intervention levels may appear to have been set low but council is actually achieving better results than this so to set them any higher would result in a decline in the present overall condition. Life cycles have been set based on the degradation curves developed within section 4

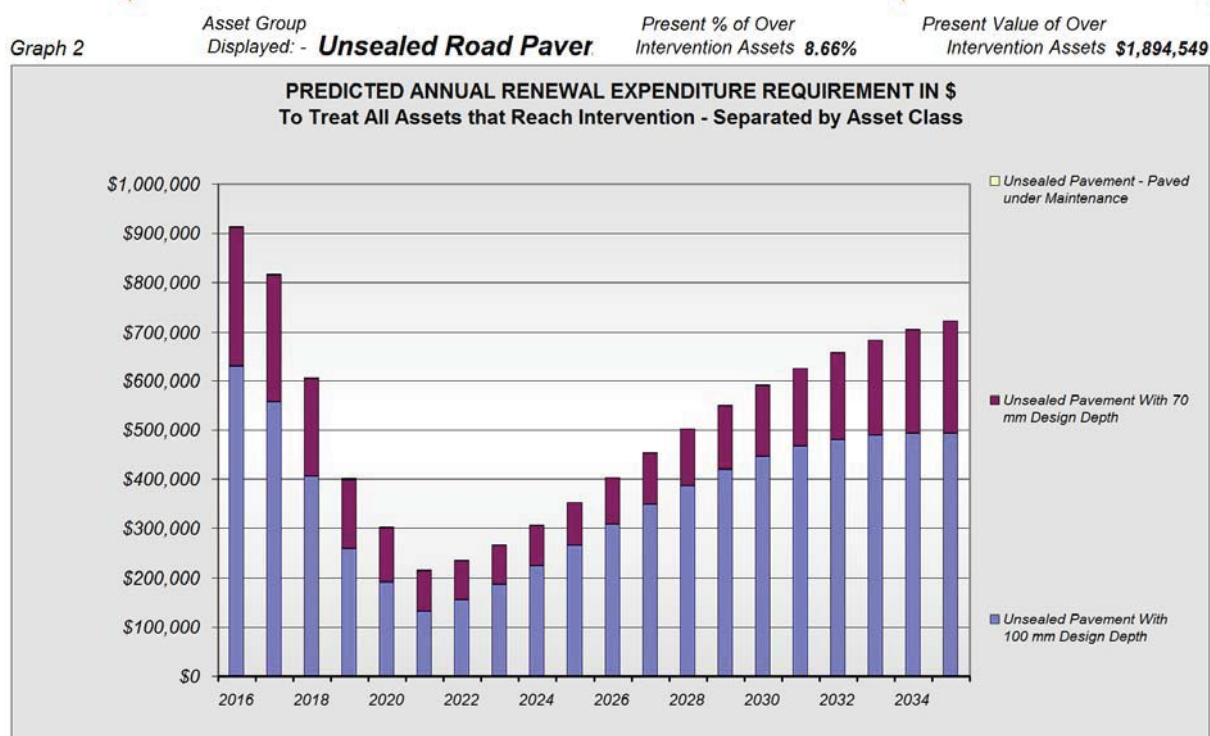


Figure U4 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

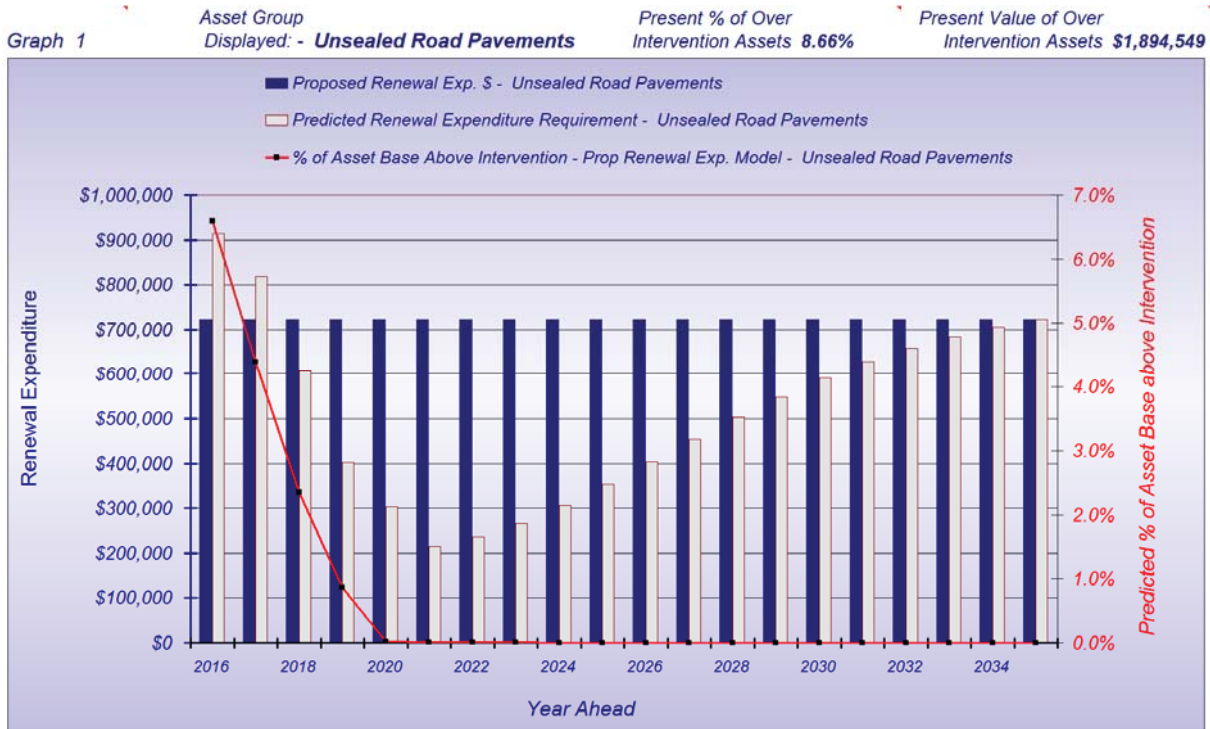


Figure U5 Future Predicted Condition Based on planned expenditure profile

Figures U4 provides a profile of the predicted renewal demand to treat all assets that reach the intervention level through the degradation process. Figure U5 plots the extent of the asset base that is predicted to rise above the intervention level based upon the continuation of the present level of renewal expenditure (in blue bars). It also plots the predicted renewal demand within the grey bars.

Capital renewal demand is presently sitting at \$915,000 pa which also represents the peak demand over the next 20-years. Present renewal expenditure is at \$720,000 pa, which is less than the present demand, but demand is predicted to fall away quite dramatically over the next 5-years and the present expenditure level could probably be reduces in the short to medium term.

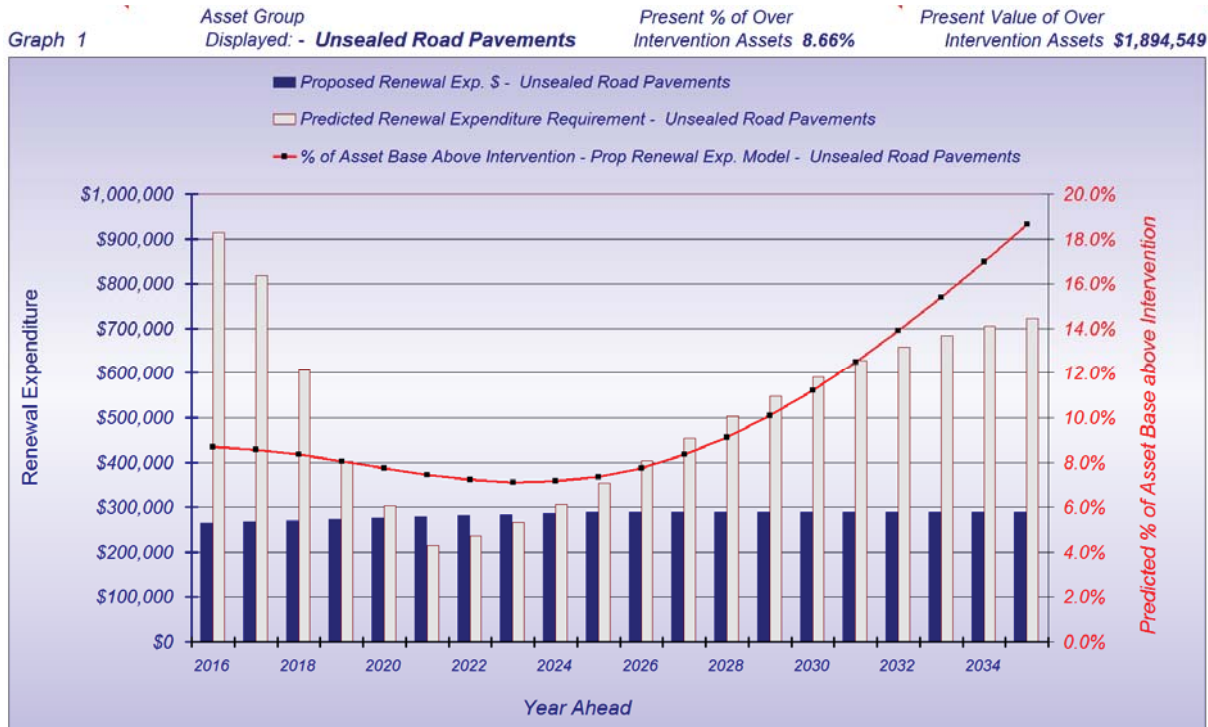


Figure U6 Required Funding profile to deliver same extent of over intervention assets after 10-years

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level

within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic spend. See the notes below Figure P6 above for more detail. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies if required.

The three Variables used for the Un-sealed pavement asset modelling are as detailed below:

- *Desired extent of over intervention assets* - 15% reduction in the present level of - 8.66%
- *Time to achieve this* - 10 - Years
- *Annual percentage increase in renewal exp.* - 1.0%

Figure U6 represents the minimum annual renewal expenditure to achieve a desired condition outcome within a nominated time frame. This modelling approach is designed to deliver an achievable outcome that accepts a small percentage of over intervention assets as remaining and hence often delivers far lower expenditure profiles than the U4 graph where all over intervention assets have to be treated.

The unsealed pavement assets are in very good overall condition with around 72% of the assets in condition zero or 1 (having very close to the required depth of imported pavement material).

Figure U6 indicates that a commencing expenditure of \$265,000 pa followed by a 1.0% annual compounding increase for the next 10-years will deliver a 15% reduction in the present extent of over intervention assets (8.66%) after 10-years.

7.3 Unsealed Road Pavement Summary

The Unsealed road pavement assets were found to be in excellent condition and had improved in condition since the last survey in 2011.

It is recommended that renewal funding commence at \$243,000 pa next year and then be raised by 1.0% compounding annually for the next 10-years.

Section 8: Kerb Asset Analysis

This section will deal with the kerb assets. The first two figures relate to asset condition and how condition has changed since the last survey while the third provides a condition comparison with other council districts.

8.1 Condition and Performance Indicators for Kerb Assets

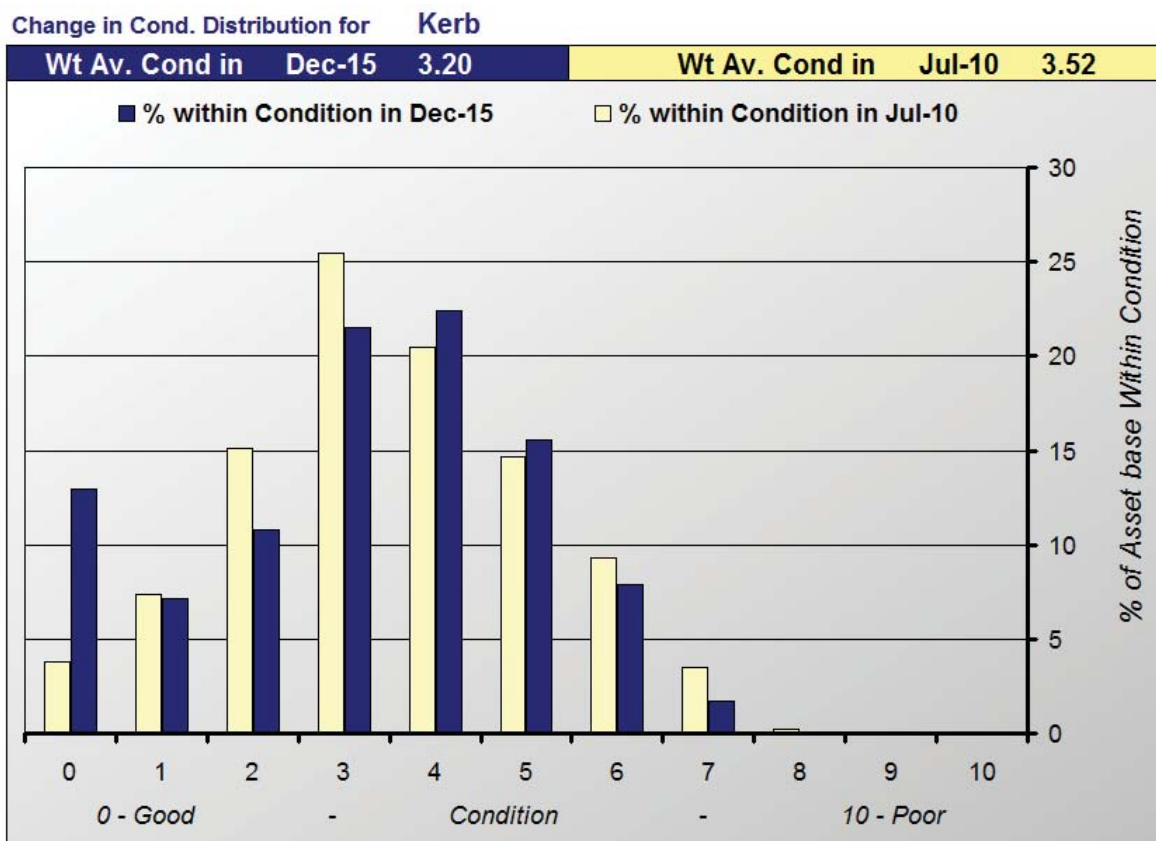


Figure K1 Condition Distribution Comparison Graph – Between Surveys

Key Cond. Indic. No.	Kerb Condition Indicator	Figures from Last Survey in Jul-10	Figures from Current Survey in Dec-15	Change between Surveys New Minus Old	% Change Between Surveys	Better or Worse Since last Survey
1	Weighted Average Asset Condition	3.517	3.200	0.316	4.5%	Better
2	% of Urgent Failures	10.028	10.411	-0.383	-3.8%	Worse
3	% of Other Failures	12.846	20.213	-7.367	-57.3%	Worse
4	% of Asset Base above Condition 5	27.717	25.173	2.544	9.2%	Better
5	% of Asset Base above Condition 6	13.078	9.630	3.448	26.4%	Better
6	% of Asset Base above Condition 7	3.758	1.706	2.052	54.6%	Better
7	% of Asset Base above Condition 8	0.229	0.000	0.229	100.0%	Better
Renewal Demand Being Met For:		% of Long Term Demand Being Met				
Kerb Asset Group		14%				

Figure K2 Condition Change since last survey & Renewal demand being met

The above 2 figures provide details of how the Kerb asset condition has changed since the last survey. Figure K1 details the condition distribution for each survey along with the first of the key indicators the “weighted average asset condition”.

Figure K2 contains 7 of the eight key asset condition indicators that are relevant to this asset set. For a detailed explanation of the key condition indicators refer to section 5.1 above.

The kerbs were found to be in good overall condition with most performance indicators having improved since 2011. The exception being the extent of isolated kerb failures. This suggests that council has been replacing fill block lengths of kerb rather than dealing with isolated kerb failures.

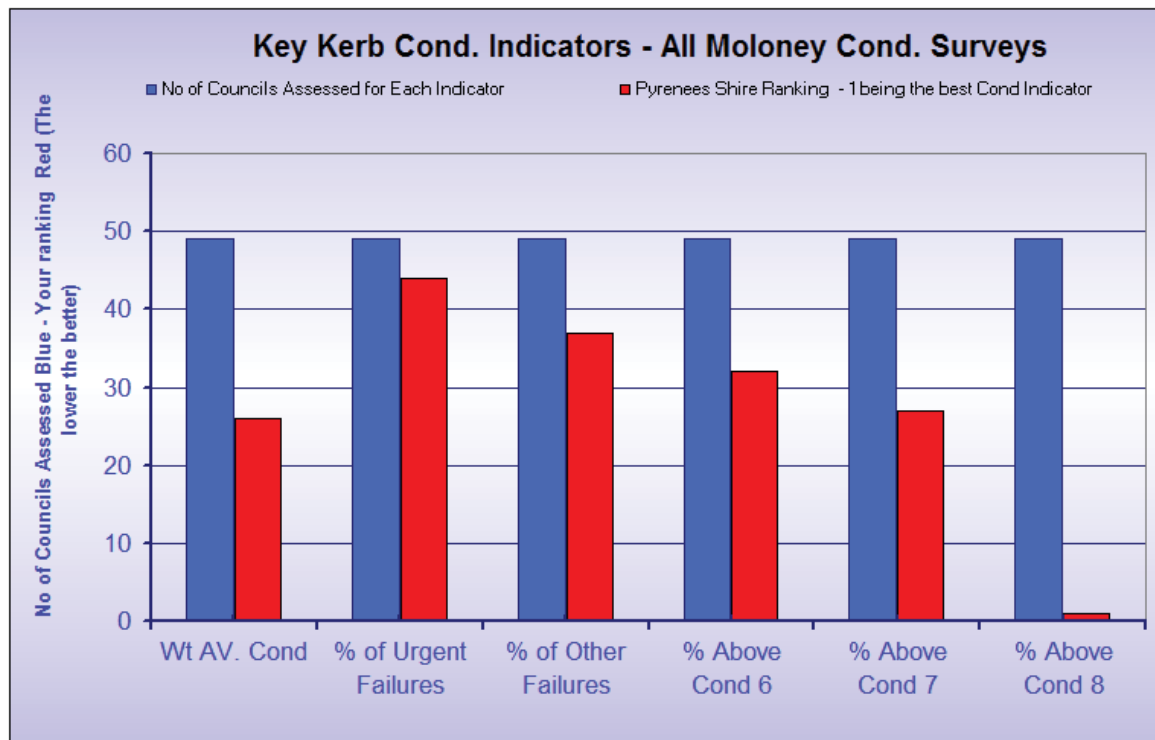


Figure K3 Key Condition Indicators as Compared with other Councils surveyed

The seven key condition indicators as detailed in figure K3 provide council with a comparison of where they sit in relation to other councils assessed by MAMS. The graph ranks the key condition indicators against those of all other councils assessed by MAMS. The lower the red bar the better the condition indicator. The blue bars represent the total number of councils assessed. The red bar at 1 equates to the best condition indicator encountered. The red bar level with the blue, represents the worst condition indicator.

The comparison with other council districts indicates that Pyrenees has good overall condition kerbs but there is an elevated extent of isolated kerb failures. The extent of very poor condition kerbs at and above condition 8 is the equal best we have come across at 0%. Down from 0.23% in 2011

8.2 Kerb Financial Modelling Analysis

The Kerb assets will be modelled as a single asset group. The table below contains a list of the basic Modelling parameters used. Note that the useable life is the life to intervention, an asset should not remain in service after that point.

8.2.1 Kerb Assets – Selection of Re-treatment Intervention Level

The point at which you choose to intervene to renew or replace an asset will have a big impact in the predicted future renewal demand. The intervention level can be seen as the level of service associated with the asset set. High intervention level equates to low level of service while low intervention level relates to a high level of service.

Detailed below are a series of photographs illustrating various kerb condition ratings. They do not cover the complete condition range but hopefully will provide some guidance to the selection of re-treatment intervention level.



Condition 3 Old But only Minor loss of shape & movement

Condition 6 Movement and Concrete breakdown



Condition 8 Large movement and holding of water



Condition 9 Extreme movement and lack of Function

It is very difficult to cover kerb condition in such a limited range of photographs but hopefully they will provide some idea of asset condition in the 7 – 9 condition range where most interventions will take place. Kerbs can be within this condition range for a number of different reasons and the photos will cover only a limited range of situations. They should be considered as a typical situation and not the only situation for that condition rating.

8.2.2 Kerb Assets – Financial Modeling Results

Modelling Parameter	All Kerbs
Asset Quantity in lineal metres	47,997
Unit Renewal Rate	\$109.00
Total Asset Group Renewal Cost	\$5,231,673
Annual Renewal Exp.	\$10,000
Annual Maintenance Exp.	\$32,000
Retreat. Intervention Condition	8.0
Life to Condition 10 in Years	85.0
Life in years to Intervention	83.0

Figure K4 A – Summary of Modelling Input Parameters for Kerb Assets

Kerbs have been modelled as a single asset set as detailed in Figure K4 A above. Intervention level has been set at condition 8 which is what council is currently achieving and the life has been set a little lower than the figures coming out of the degradation curve process to help allow for the treatment of isolated kerb failures

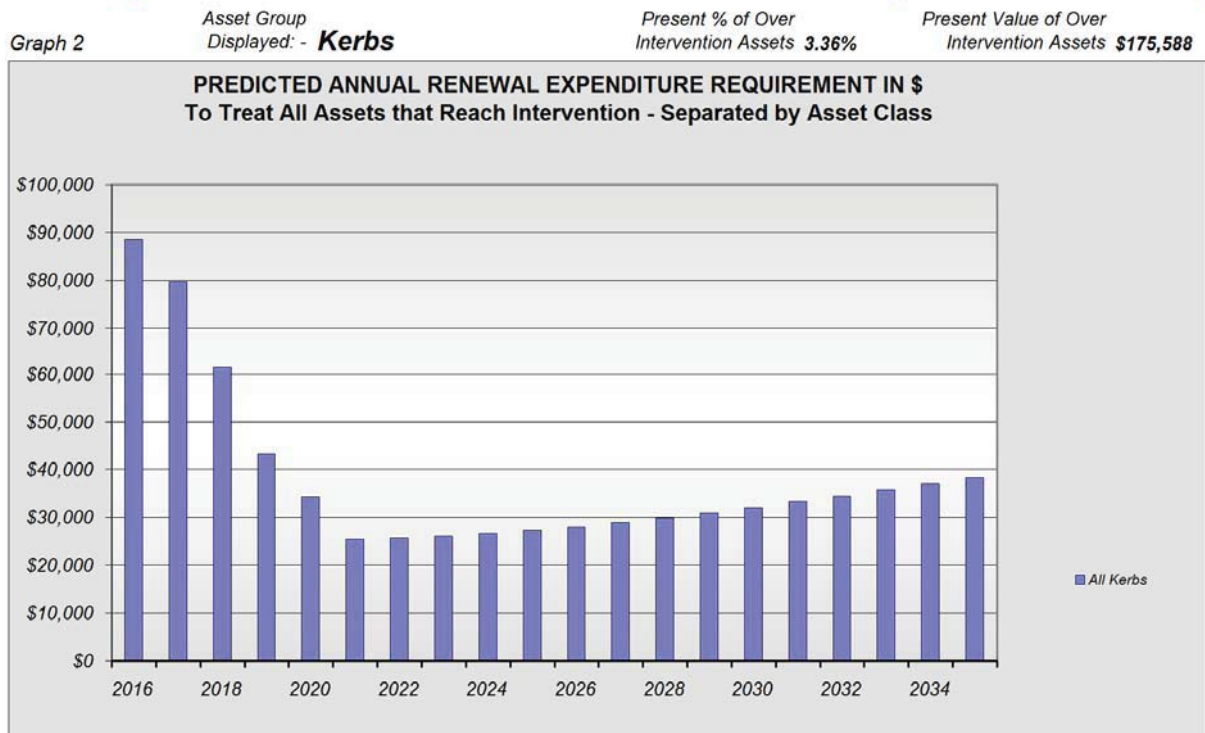


Figure K4 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

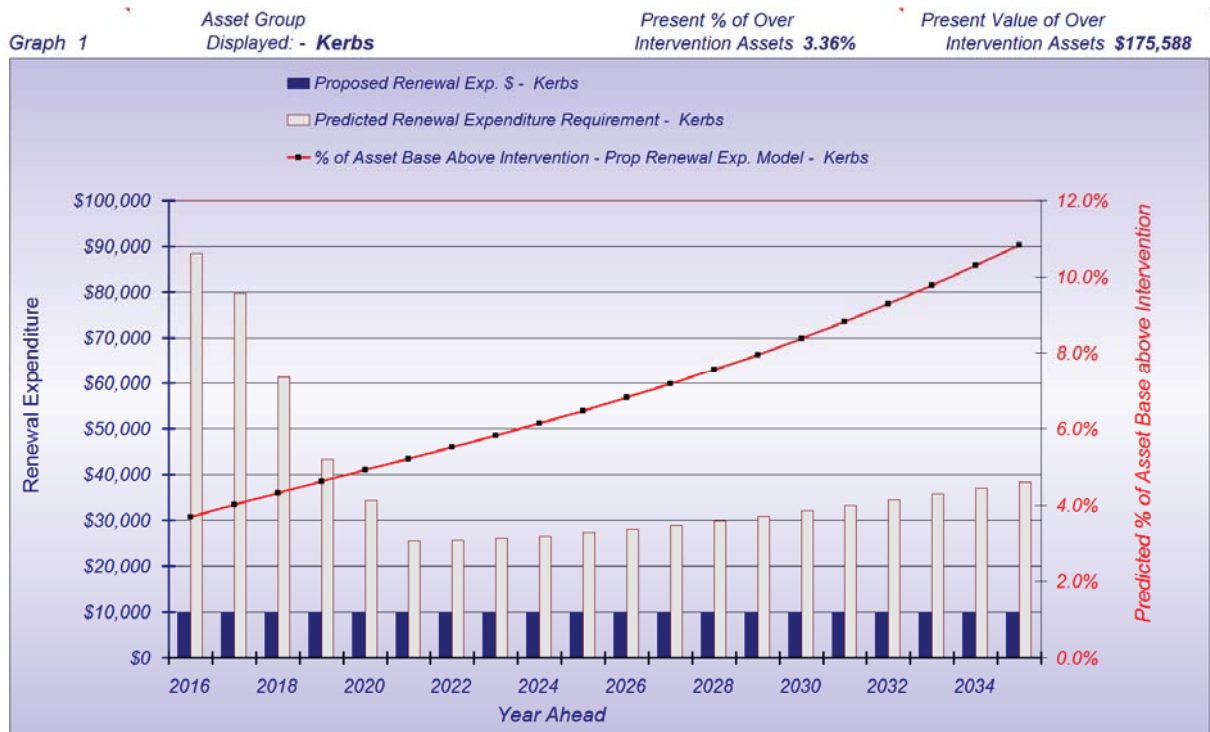


Figure K5 Future Predicted Condition Based on planned expenditure profile

Figures K4 provides a profile of the predicted renewal demand to treat all assets that reach the intervention level through the degradation process. Figure K5 plots the extent of the asset base that is predicted to rise above the intervention level based upon the continuation of the present level of renewal expenditure (in blue bars). It also plots the predicted renewal demand to treat all over intervention assets within the grey bars.

Capital renewal demand is presently at \$88,000 pa which also represents the peak demand over the next 20-years. The present renewal expenditure at only \$10,000 pa is well below the predicted demand, but demand is predicted to fall away over the next 5-years. But clearly expenditure will need to be lifted on this asset class from its current level at only 14% of the consumption rate.

With no full kerb lengths at condition 8 within figure K1 the early renewal demand within figure K4 would be expected to be quite low. The reason it is elevated is that all of the small sections of isolated kerb failure that were identified during the survey have been converted within the Moloney software to short pieces of very poor condition kerb for the modelling process. In this way the forecasted demand includes the repair of all of the isolated kerb failures.

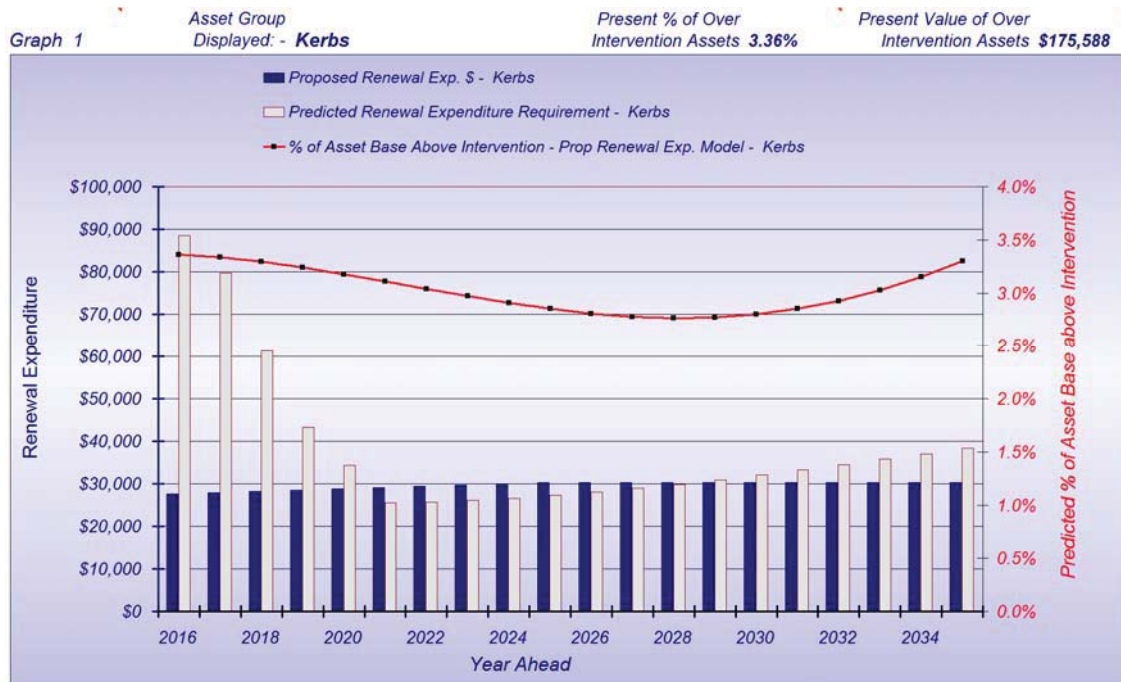


Figure K6 Renewal funding profile to achieve 0 over intervention within 20 years

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic spend. See the notes below Figure P6 above for more detail. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies if required.

The three Variables used for the kerb asset modelling are as detailed below:

- Desired extent of over intervention assets - 15% reduction in the present level of - 3.36%
- Time to achieve this - 10 - Years
- Annual percentage increase in renewal exp. - 1.0%

Figure K6 represents the minimum annual renewal expenditure to achieve a desired condition outcome within a nominated time frame. This modelling approach is designed to deliver an achievable outcome that accepts a small percentage of over intervention assets as remaining and hence often delivers far lower expenditure profiles than the K4 graph where all over intervention assets have to be treated.

Figure K6 indicates that a commencing annual renewal expenditure of \$28,000 next year combined with a 1.0% compounding annually for the next 10-years will deliver a 15% reduction in the present extent of over intervention assets after 10-years.

8.3 Kerb Summary

The Kerb assets were found to be in good overall condition when compare to the 49 councils assessed by MAMS and has improved in condition generally since 2011.

It is recommended that renewal expenditure commencing at \$28,000 next year and then be raised by 1.0% compounding annually for the next 10-years.

Section 9: Footpath and Recreation Pathway Asset Analysis

This section will deal with the footpath assets. The first two figures relate to asset condition and how condition has changed since the last survey while the third provides a condition comparison with other council districts assessed by MAMS.

9.1 Condition and Performance Indicators for Footpath Assets

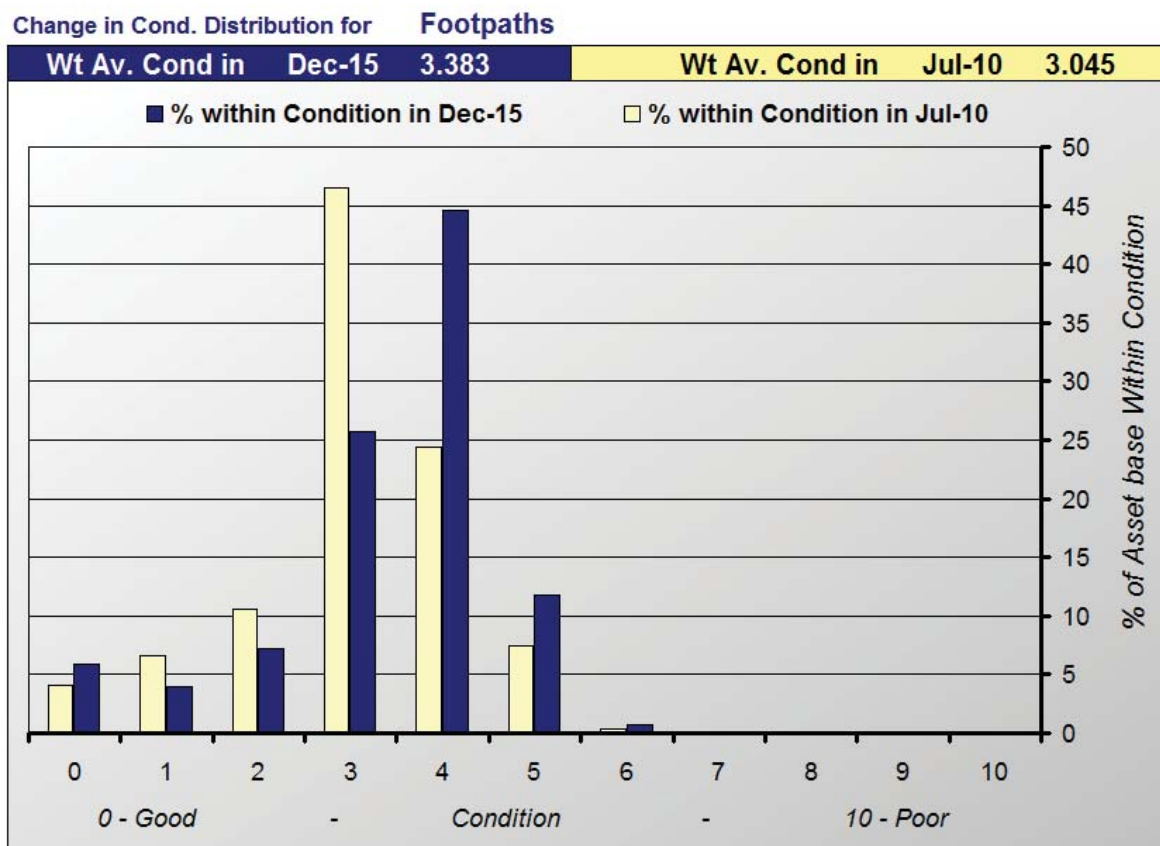


Figure F1 Condition Distribution Comparison Graph – Between Surveys

Key Cond. Indic. No.	Footpath Condition Indicator	Figures from Last Survey in Jul-10	Figures from Current Survey in Dec-15	Actual Change Negative is a Condition Decline	% Change Between Surveys	Better or Worse Since last Survey
1	Weighted Average Asset Condition	3.05	3.38	-0.34	-4.8%	Worse
2	% of Asset Base above Condition 5	7.77	12.65	-4.88	-62.8%	Worse
3	% of Asset Base above Condition 6	0.35	0.90	-0.55	-156.4%	Worse
4	% of Asset Base above Condition 7	0.00	0.12	0.12	-100.0%	Worse
5	% of Asset Base above Condition 8	0.00	0.00	0.00	0.0%	Same
Renewal Demand Being Met For:		% of Long Term Demand Being Met				
Footpath Asset Group		124.3%				

Figure F2 Condition Change since last survey & Renewal demand being met

The above 2 figures provide details of how Footpath asset condition has changed since the last survey. Figure F1 details the condition distribution for each survey along with the first of the key indicators the “weighted average asset condition”.

Figure F2 contains 7 of the eight key asset condition indicators that are relevant to this asset set. For a detailed explanation of the key condition indicators refer to section 5.1 above.

The footpath assets were found to be in good overall condition with very low levels of poor condition assets at and above condition 7. There was however a strong increase in the extent of urgent footpath failures

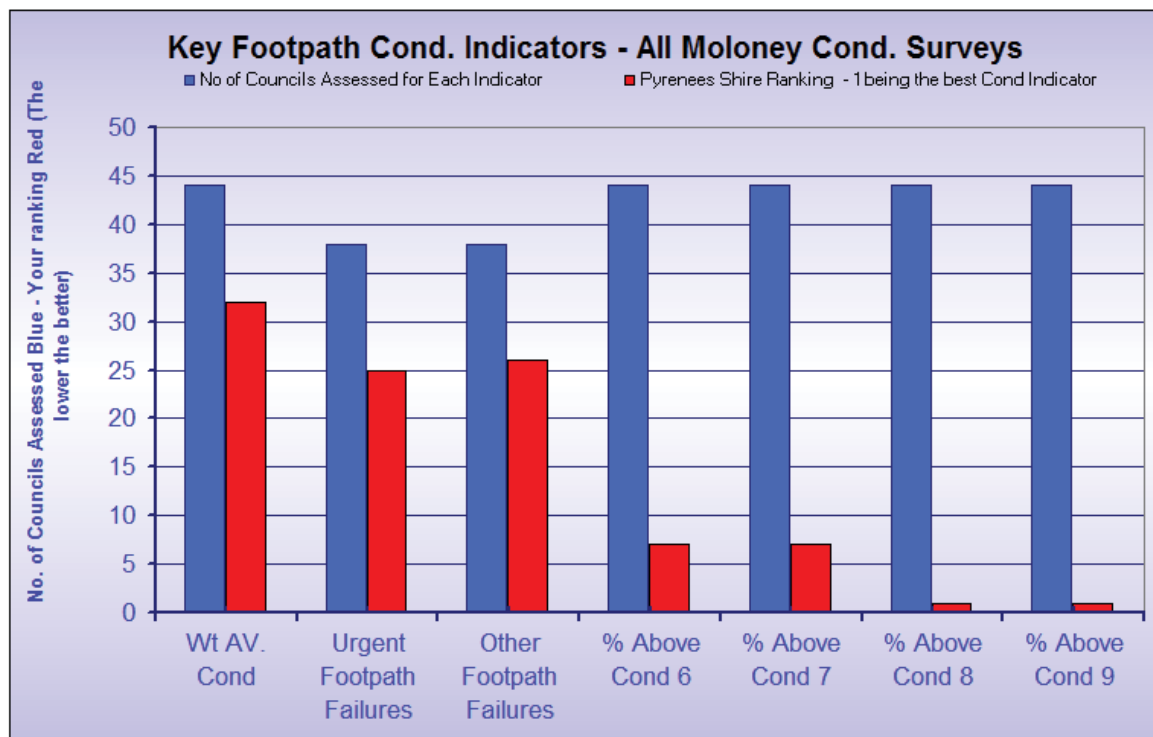


Figure F3 Key Condition Indicators as Compared with other Councils surveyed

The seven key condition indicators as detailed in figure F3 provide council with a comparison of where they sit in relation to other councils assessed by MAMS. The graph ranks the key condition indicators against those of all other councils assessed by MAMS. The lower the red bar the better the condition indicator. The blue bars represent the total number of councils assessed. The red bar at 1 equates to the best condition indicator encountered. The red bar level with the blue, represents the worst condition indicator.

The footpath assets were found to be in good overall condition when compared to the 44 councils assessed by MAMS. The extent of poor condition assets at and above condition 6 was found to be comparatively low. This indicates that council is targeting the poor condition assets very well.

9.2 Footpath Financial Modelling Analysis

The Footpath assets will be modelled in two groups with the results aggregated here in one presentation. The table below contains a list of the basic Modelling parameters used. Note that the useable life is the life to intervention, an asset should not remain in service after that point.

9.2.1 Footpath Assets – Selection of Re-treatment Intervention Level

The point at which you choose to intervene to renew or replace an asset will have a big impact in the predicted future renewal demand. The intervention level can be seen as the level of service associated with the asset set. High intervention level equates to low level of service while low intervention level relates to a high level of service.

Detailed below are a series of photographs illustrating various sealed pathway condition ratings. They do not cover the complete condition range but hopefully will provide some guidance to the selection of re-treatment intervention level.

	
<p>Condition 0 – 1 Excellent condition</p>	<p>Condition 6 Extensive movement</p>
	
<p>Condition 7 Extensive cracking and movement</p>	<p>Condition 9 Very poor Condition – Cracking and breaking up</p>

It is very difficult to cover footpath condition in such a limited range of photographs but hopefully they will provide some idea of asset condition in the 7 – 9 condition range where most interventions will take place. Footpaths can be within this condition range for a number of different reasons and the photos will cover only a limited set of situations. They should be considered as a typical situation and not the only situation for that condition rating.

9.2.2 Footpath Assets – Financial Modeling Results

Modelling Parameter	Spray seal and Asphalt Footpaths	Concrete Footpaths	Brick Paved Footpaths	Gravel Footpaths
Asset Quantity in sqm	2,502	20,443	676	10,194
Unit Renewal Rate	\$43.31	\$86.27	\$99.88	\$7.21
Total Asset Group Renewal Cost	\$108,373	\$1,763,644	\$67,516	\$73,490
Annual Renewal Exp.	\$6,000	\$33,000	\$1,000	\$6,000
Annual Maintenance Exp.	\$2,000	\$8,000	\$1,000	\$1,000
Retreat. Intervention Condition	7.0	7.0	7.0	7.0
Life to Condition 10 in Years	25.0	60.0	60.0	25.0
Life in years to Intervention	22.9	56.9	56.9	20.5

Figure F4 A – Summary of Modelling Input Parameters for Footpath Assets

The footpath sub asset set has been modelled in four categories as detailed in figure F4 A above. Intervention levels have all been set at condition 7 which is considered to be appropriate. Life cycles have been set lower than the figures coming out of the degradation analysis in order to allow for the treatment of the isolated footpath failures and not just the replacement of whole footpath segments

Note that within the modelling process all of the isolated footpath failures that were identified during the survey have been treated as small sections of very poor condition asset and hence included for treatment as appropriate within the modelling process. This is why there is a build up of renewal demand over the first 5-years within figure F4 below (because there will be a small percentage of very poor condition assets).

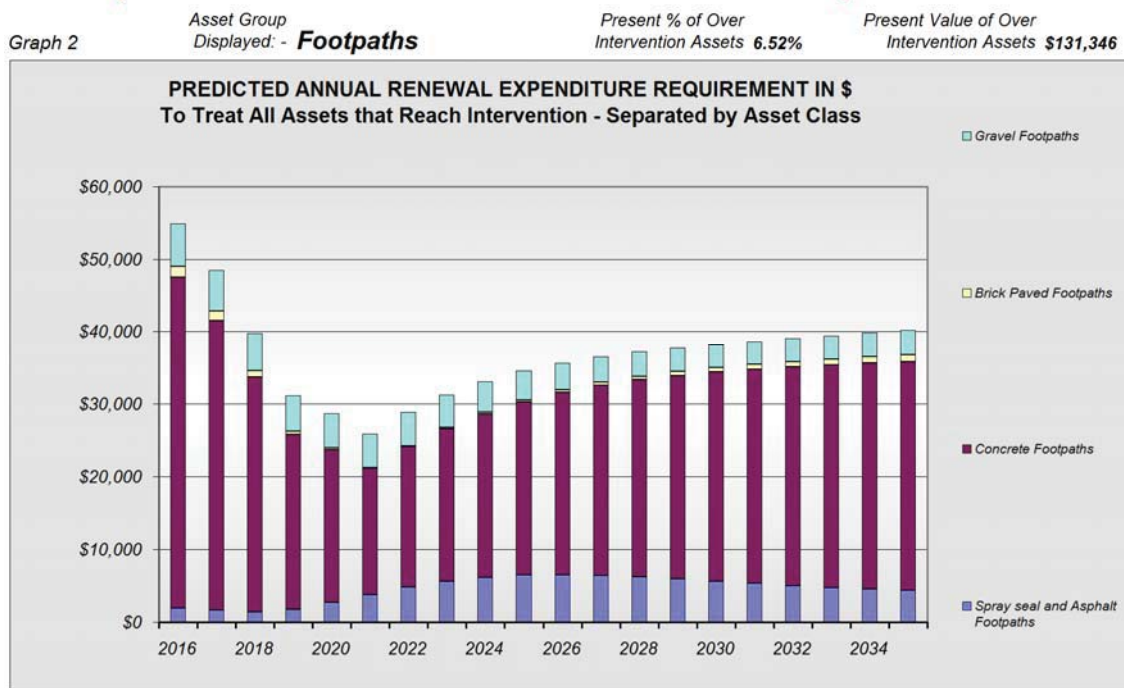


Figure F4 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

Figures F4 provides a profile of the predicted renewal demand to treat all assets that reach the adopted retreatment intervention level through the degradation process over the next 10-years. It splits the results up into each separately modelled data set if more than one data set has been modelled to produce the overall results. It represents the ideal funding scenario if funding is not limited.

Total predicted renewal demand is \$55,000 next year with this also representing the peak demand over the next 20-years.

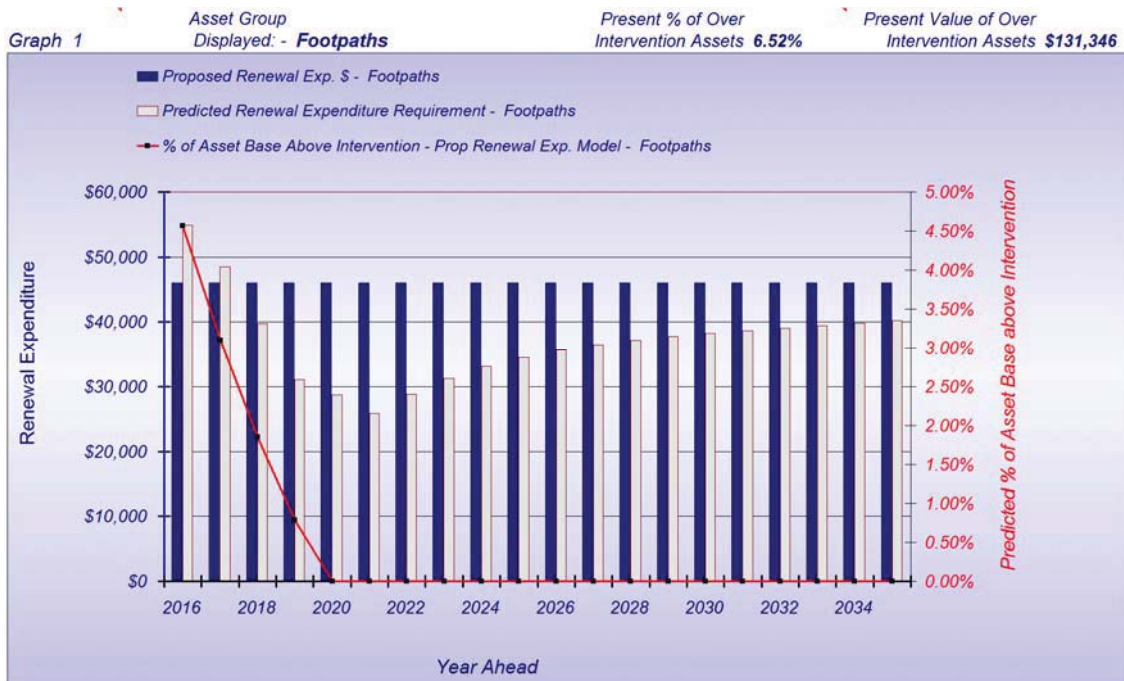


Figure F5 Future Predicted Condition Based on planned expenditure profile

Figure F5 plots the extent of the asset base that is predicted to rise above the intervention level (red line), based upon the continuation of the present level of renewal expenditure (blue bars) or the planned level over the next 20-years. It also plots the total predicted renewal demand (grey bars), which is the same total annual figure as detailed within F4 above.

The planned expenditure level of \$46,000 pa is predicted to deliver a zero extent of over intervention assets within 5-years and can probably be reduced a little. Remember that this also includes the repair of all identifies isolated footpath failures.

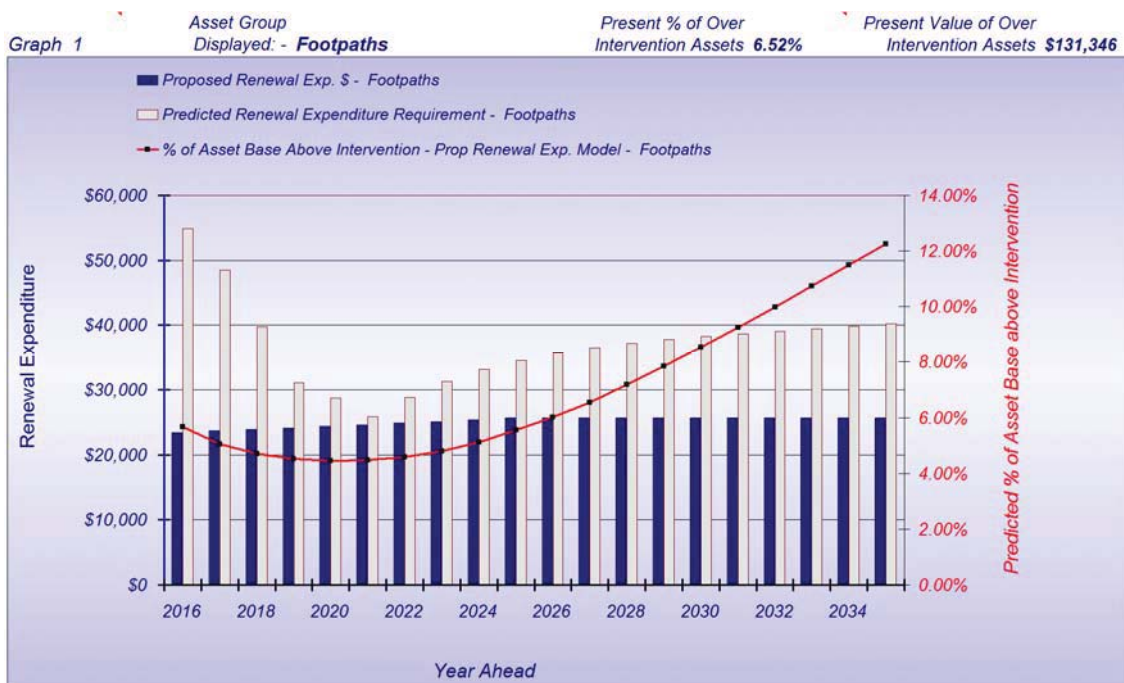


Figure F6 Recommended renewal funding profile for next 10 - 20 years

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding based on need rather than the historic spend. See the notes below Figure P6 above for more detail. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies if required.

The three Variables used for the footpath asset modelling are as detailed below:

- *Desired extent of over intervention assets* - 15% reduction in the present level of - 6.52%
- *Time to achieve this* - 10 - Years
- *Annual percentage increase in renewal exp.* - 1.0%

Figure F6 represents the minimum annual renewal expenditure to achieve a desired condition outcome within a nominated time frame. This modelling approach is designed to deliver an achievable outcome that accepts a small percentage of over intervention assets as remaining and hence often delivers far lower expenditure profiles than the F4 graph where all over intervention assets have to be treated.

Modelling indicates within figure F6 that a commencing expenditure of \$25,000 pa next year combined with a compounding annual increase of 1.0% pa for 10-years will deliver a 15% reduction in the extent of over intervention assets after 10-years (currently at 6.52%). This figure may be a little high and some readjustment of the total planned renewal expenditure level may be required between the road asset classes. Certainly the expenditure level on the sealed road pavements could be reduced a little over the first 2-3 years and some of that directed to the footpath assets.

9.3 Footpath Summary

The footpath assets were found to be in good overall condition but had generally declined in condition since 2011. It is suspected that the current level of renewal expenditure has been at a lower level for at least part of the period since the last survey.

It is recommended that renewal funding commence at \$25,000 pa next year and then be raised by 1.0% compounding annually for the next 10-years.

Section 10: Aggregated Modelling Results for Road Network

10.1 Overall Financial Reporting

Accurate network modelling within the Moloney system depends upon ten independent Modelling variables. Council now has a good handle on most of these variables and the Modelling results are becoming quite meaningful. Modelling has been based upon the ongoing rehabilitation of the existing asset base only and does not allow for an expanding asset base. Any proposed expenditure on the upgrading of existing assets must be added to the figures delivered within this report.

The Moloney System allows for the Modelling of individual asset sets or sub sets and to then combine these results into a single aggregated report. This section will deal with the aggregated results of the individual sub asset Modelling operations undertaken in the sub asset sections above. It will deliver a single overall Modelling outcome for the whole roads group.

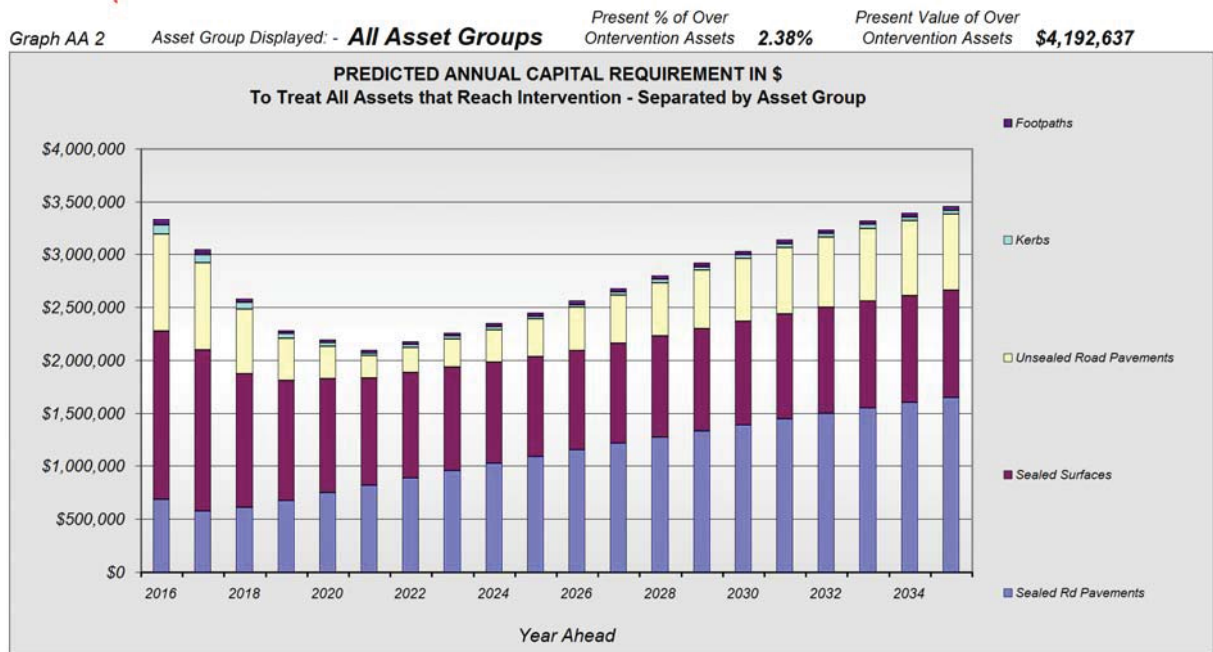


Figure Agg 1 Predicted Renewal Demand to treat all assets that reach the Intervention level in future years

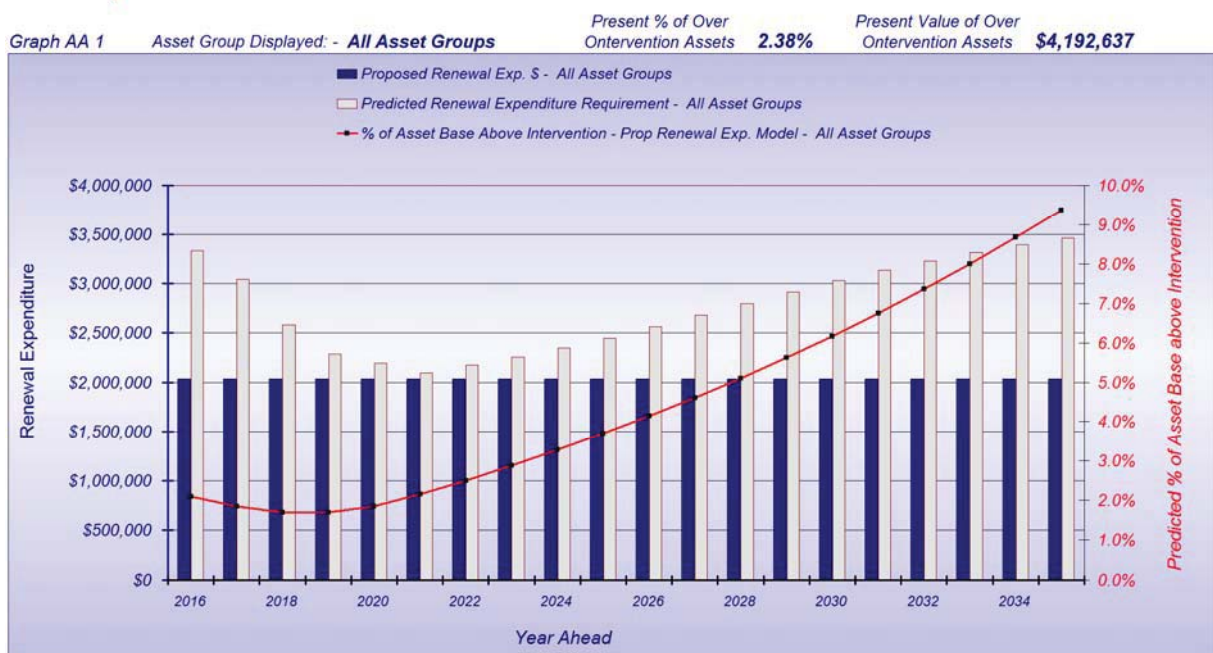


Figure Agg 2 – Future Predicted Condition Based on planned expenditure profile

Modelling predicts the present capital renewal demand at \$3,333,000 pa with the peak over the modelling period of \$3,462,000 pa in the year 2035

Figures Agg 2 plots the extent of the asset base that is predicted to rise above the intervention level based upon the continuation of the present renewal expenditure profile within the blue bars. It also plots the predicted renewal demand within the grey bars for comparison purposes.

The present extent of over intervention assets (backlog) on the whole roads group is estimated at \$4,192,637, which represents 2.38% of the network. This is a reasonable total figure by industry standards but it would be desirable to reduce it a little over the next 10-years.

The predicted growth in the extent of over intervention assets within figure Agg 2 would not represent a desirable outcome for council.

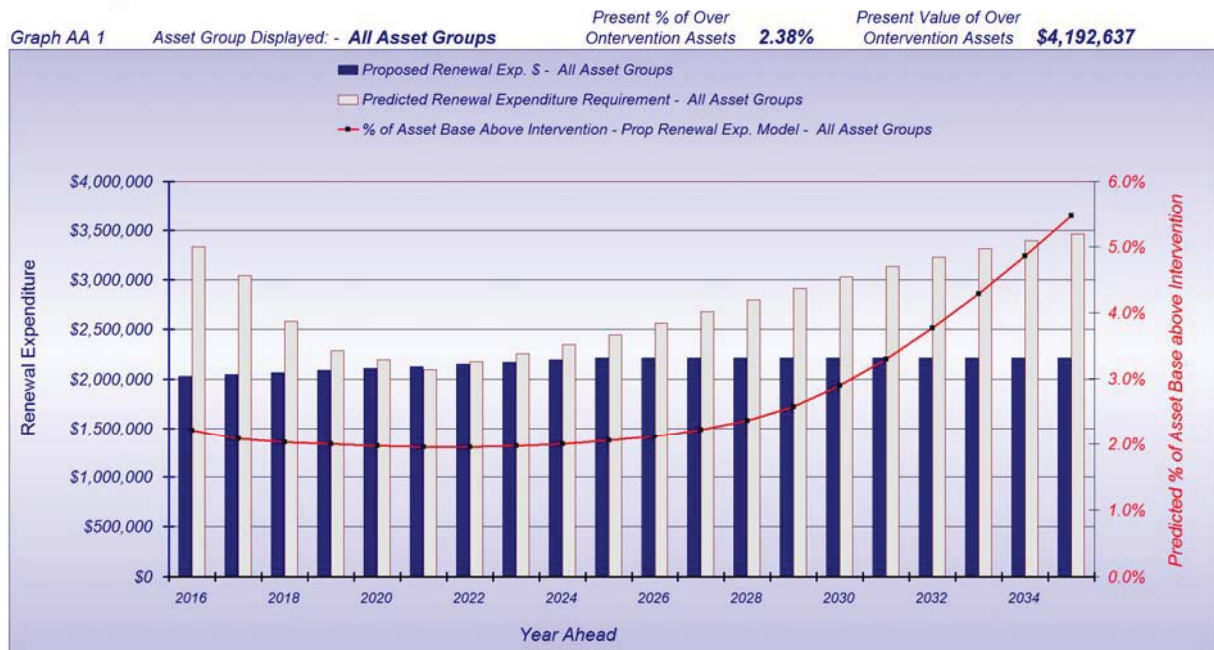


Figure Agg 3 – Recommended future funding profile with future predicted extent of over intervention assets

Figure Agg 3 comes from the same modelling process as Agg 2. Accept that here a recommended total renewal expenditure profile has been developed that will achieve a desired condition outcome within a designated time frame

The Moloney financial modelling software has the capacity to develop a recommended renewal funding profile that will deliver a nominated extent of the asset base to be over the selected intervention level within a selected time frame. A global outcome can be set for the whole roads group. In this way the model is used to allocate funding across all road sub assets based on need rather than historic expenditure. There are 3 variables that are input and in most cases the same 3 variables are used for all of the road sub assets, however this can be varies if required.

We normally attempt to commence the year one expenditure with council's present expenditure level (at a whole of roads group level). In this way we can deliver an achievable outcome. If additional funding is required then it will come as an annual percentage increase. If total funding is sufficient then there may be some reallocation between asset classes based on need.

The three Variables used for the modelling at a whole of roads group level were:

- *Desired extent of over intervention assets* - 15% reduction in the present level of 2.38%
- *Time to achieve this* - 10 - Years
- *Annual percentage increase in renewal exp.* - 1.0%

Figure Agg 3 has been developed through the Moloney model so that the extent of over intervention assets after 10-years will be 15% less than the present level of 2.38%. The model was adjusted through an iterative process so that the starting total expenditure in year 1 was the same as the planned level of renewal expenditure for 2016 at \$2,030,000. To achieve this an iterative process was undertaken that adjusted the annual percentage increase in renewal funding until the commencing expenditure level of

\$2,030,000 was achieved. The model was also set to deliver a figure of 2.02% of the network to be over the intervention level after 10-years. The result was that an annual increase over the whole of the roads network of 1.0% pa was established.

All modelling was undertaken in today's values and any CPI increase would need to be added to the results within this report. The Moloney software can allow for CPI within its outputs, but the results can be a little misleading and difficult to interpret.

Other scenarios can be run to achieve different outcomes on different time frames. The modelling function employed here is extremely versatile and it is strongly recommended that council spend the time to understand it and use it, as it will be a most valuable tool in the development of the 10-Year financial plan for your organization.

Sub Asset Description	Average Planned renewal expenditure next 10 Years	Annual Depreciation or Average Long term Annual Demand	Present Capital Renewal Demand From Modelling	Peak Capital Renewal Demand From Modelling	Year of Predicted Peak Demand	Recommended Commencing funding with 1.0% Compounding annual increase for next 10-years	% of Present Renewal Demand (From Model) Being Met	% of Annual Depreciation Being Met
Sealed Pavements	\$404,000	\$1,901,516	\$682,000	\$1,650,000	2035	\$800,000	59%	21%
Sealed Surfaces	\$850,000	\$1,012,259	\$1,593,000	\$1,593,000	2016	\$912,000	53%	84%
Unsealed Pavements	\$720,000	\$852,089	\$915,000	\$915,000	2016	\$265,000	79%	84%
Kerbs	\$10,000	\$70,420	\$88,000	\$88,000	2016	\$28,000	11%	14%
Footpaths	\$46,000	\$37,007	\$55,000	\$55,000	2016	\$25,000	84%	124%
Totals	\$2,030,000	\$3,873,292	\$3,333,000	\$3,462,000	2035	\$2,030,000	61%	52%

Figure Agg 4 – Summary Table of Current & Required Renewal Expenditure Levels

Figure Agg 4 provides an alternative way of comparing the renewal demand with the present renewal expenditure levels. The key figures within the table are located in the two far right columns and represent the percentage of the renewal demand that is being met.

Pyrenees Shire is currently funding its renewal program at \$2,030,000 pa which represents 52% of the average consumption rate (annual depreciation). The green shaded cells contain the recommended commencing funding level in 2016 for all of the sub asset classes. In summary it is recommended that council commence with the planned total renewal expenditure of \$2,030,000 pa next year and then increase that annually by 1.0% compounding for 10-years.

Note that the main emphasis within the financial modelling sections of this report was to deliver a whole of roads group recommended funding profile for the next 10-years. This approach does have some limitations and it may be necessary from year to year to alter the split of the total funding to achieve the best outcome.

10.2 Overall Condition performance

It is often quite useful to examine the overall performance of the total road network between the two most recent condition surveys. Funding can vary between the road sub asset classes and a picture of the total performance of the whole group can be of considerable value.

Figure Agg 5 details each of the 5 road sub asset groups and details the change in the "weighted average asset condition" between the two surveys. This is a single condition representing the whole of the asset set. It is created by taking the condition of all individual components making up the data set and weighting them based on their value to deliver a single whole of asset set condition.

Then at the bottom of the table each of the percentage changes in asset condition for the five possible components is further weighted for the value within the sub asset set. For example if you had a very big percentage change in the unsealed road pavements but their quantity was very small it would give only a small impact on the total outcome (within the red shaded cell).

No.	Sub Asset Group	Wt Average Asset Condition Oct-11	Wt Average Asset Condition Dec-15	Change between Surveys New Minus Old	End point Condition for asset Valuation	% Loss or gain in Overall Asset Condition	Better or Worse Since last Survey
1	Sealed Road Pavements	3.730	3.865	-0.13	8.00	-1.68%	Worse
2	Sealed Rd Surfaces	3.434	3.744	-0.31	7.20	-4.32%	Worse
3	Unsealed Road Pavements	1.594	1.263	0.33	7.00	4.72%	Better
4	Kerbs	3.517	3.200	0.32	8.00	3.96%	Better
5	Footpaths	3.045	3.383	-0.34	7.00	-4.83%	Worse
Whole Roads Group Weighted Asset Condition and Change		3.421	3.509	-0.09	7.77	-1.13%	Worse
Renewal Demand Being Met For:						% of Long Term Demand Being Met	
						52%	

Figure Agg 5 – Overall condition change - whole roads group

For Pyrenees Shire the total road network has declined in condition by 1.13% since 2011. Three of the five sub asset classes have declined (as you would expect with only 52% of the consumption rate being met). Meaning that Pyrenees Shire has lost around -1.13% of the value within its road network since the time of the last survey.

Peter Moloney MIEAust

Moloney Asset Management Systems

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For a detailed Explanation of the Moloney Model its assumptions and operations please refer to the document "Model All Explanation". This document can be obtained from our web site without the need to log on as a user.



**LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY
PYRENEES SHIRE COUNCIL**

2015 RESEARCH REPORT.

**COORDINATED BY THE DEPARTMENT OF ENVIRONMENT, LAND, WATER AND
PLANNING ON BEHALF OF VICTORIAN COUNCILS**



J W S R E S E A R C H

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- [Appendix B: Further project information](#)

BACKGROUND AND OBJECTIVES

Welcome to the report of results and recommendations for the 2015 State-wide Local Government Community Satisfaction Survey for Pyrenees Shire Council.

Each year Local Government Victoria (LGV) coordinates and auspices this State-wide Local Government Community Satisfaction Survey throughout Victorian local government areas. This coordinated approach allows for far more cost effective surveying than would be possible if councils commissioned surveys individually.

Participation in the State-wide Local Government Community Satisfaction Survey is optional and participating councils have a range of choices as to the content of the questionnaire and the sample size to be surveyed, depending on their individual strategic, financial and other considerations.

The main objectives of the survey are to assess the performance of Pyrenees Shire Council across a range of measures and to seek insight into ways to provide improved or more effective service delivery. The survey also provides councils with a means to fulfil some of their statutory reporting requirements as well as acting as a feedback mechanism to LGV.

SURVEY METHODOLOGY AND SAMPLING

This survey was conducted by Computer Assisted Telephone Interviewing (CATI) as a representative random probability survey of residents aged 18+ years in Pyrenees Shire Council.

Survey sample matched to the demographic profile of Pyrenees Shire Council as determined by the most recent ABS population estimates was purchased from an accredited supplier of publicly available phone records, including up to 10% mobile phone numbers to cater to the diversity of residents within Pyrenees Shire Council, particularly younger people.

A total of n=400 completed interviews were achieved in Pyrenees Shire Council. Survey fieldwork was conducted in the period of 1st February – 30th March, 2015.

The 2015 results are compared with previous years, as detailed below:

- 2014, n=400 completed interviews, conducted in the period of 31st January – 11th March.
- 2013, n=400 completed interviews, conducted in the period of 1st February – 24th March.
- 2012, n=400 completed interviews, conducted in the period of 18th May – 30th June.

Minimum quotas of gender within age groups were applied during the fieldwork phase. Post-survey weighting was then conducted to ensure accurate representation of the age and gender profile of the Pyrenees Shire Council area.

Any variation of +/-1% between individual results and net scores in this report or the detailed survey tabulations is due to rounding. In reporting, ‘—’ denotes not mentioned and ‘0%’ denotes mentioned by less than 1% of respondents. ‘Net’ scores refer to two or more response categories being combined into one category for simplicity of reporting.

SURVEY METHODOLOGY AND SAMPLING

Within tables and index score charts throughout this report, statistically significant differences at the 95% confidence level are represented by upward directing blue and downward directing red arrows. Significance when noted indicates a significantly higher or lower result for the analysis group in comparison to the 'Total' result for the council for that survey question for that year. Therefore in the example below:

- The State-wide result is significantly higher than the overall result for the council.
- The result among 50-64 year olds is significantly lower than for the overall result for the council.

Further, results shown in blue and red indicate significantly higher or lower results than in 2014. Therefore in the example below:

- The result among 35-49 year olds in the council is significantly higher than the result achieved among this group in 2014.
- The result among 18-34 year olds in the council is significantly lower than the result achieved among this group in 2014.

Overall Performance – Index Scores (example extract only)



Note: For details on the calculations used to determine statistically significant differences, please refer to Appendix B.

FURTHER INFORMATION

Further Information

Further information about the report and explanations about the State-wide Local Government Community Satisfaction Survey can be found in [Appendix B](#), including:

- [Background and objectives](#)
- [Margins of error](#)
- [Analysis and reporting](#)
- [Glossary of terms](#)

Contacts

For further queries about the conduct and reporting of the 2015 State-wide Local Government Community Satisfaction Survey, please contact JWS Research on (03) 8685 8555.

A satellite night view of the United States, showing the glowing outlines of cities and a dense network of glowing lines that represent a network or infrastructure. The text "KEY FINDINGS & RECOMMENDATIONS" is overlaid vertically in the center of the image.

KEY FINDINGS & RECOMMENDATIONS

KEY FINDINGS AND RECOMMENDATIONS

- Pyrenees Shire Council's performance has remained stable over the past 12 months with all of the **core measures** within one point of the 2014 results.
 - Pyrenees Shire Council performance is equivalent to, and in most cases higher, than the Small Rural group and State-wide averages on all core measures.
- **Overall performance** of Pyrenees Shire Council sits at an index score of 62 which is just one point lower than the Council's 2014 result, but is significantly higher than the Small Rural group average of 59 and higher than the State-wide average of 60.
 - The slight decline is being driven by residents aged 18 to 34 years. While they only represent 16% of the resident population, 18 to 34 year olds rated Council performance significantly lower than Council's average (index score of 54) and significantly lower than in 2014 (down 14 points).
 - Overall, 54% of residents believe council performance is very good or good, 32% rate performance as average while 13% believe it is poor or very poor, which is a similar pattern to 2014.

KEY FINDINGS AND RECOMMENDATIONS

- Performance on **overall council direction** remains stable with an index score of 54 since 2012. This result is one point higher than both the Small Rural group and the State-wide averages of 53.
 - Residents in Mt Emu rated performance significantly higher than Council's average (index score of 62), while residents in Beaufort/Ercildoune rated performance lowest (49).
 - Overall, 20% of residents believe council direction has improved, 63% of residents rate council direction as having 'stayed the same' and 12% believe it has deteriorated over the last 12 months which is a very similar profile to 2014.
- Of all of the core measures, Pyrenees Shire Council performs best on overall **customer service** with an average index score of 72 which is two points above the Small Rural group and the State-wide averages of 70. This year's score is one point higher than Council's own result in 2014 and four points higher than 2013. This strong outcome has been achieved amidst a three point increase in the proportion of residents who have had **contact with council** (71%) over the last 12 months.
 - Residents aged 50 to 64 years rated Council's customer service highest (index score of 78), while residents aged 18 to 34 years scored Council lowest (62).

KEY FINDINGS AND RECOMMENDATIONS

- 52% of residents believe that a council newsletter sent via mail is the **best form of communication**, and this is the preferred form of communication across all ages.
- **Across the remaining core measures, performance remained stable** compared to 2014.
 - The performance index score on **advocacy** (57) was one point higher than 2014, putting Council one point higher than the Small Rural group average (58) and two points ahead of the State-wide average (55).
 - Council's index score on **community consultation** was 58, consistent with the 2014 result and ahead of the State-wide and Small Rural group averages (both 56).
 - Council's index score on **making community decisions** remained stable at 57, one point higher than the Small Rural group average (56) and two points higher than the State-wide average (55).

KEY FINDINGS AND RECOMMENDATIONS

- Council's performance on the **condition of sealed local roads** was within one points of the 2014 result and achieved an index score of 55. While this year's score is equivalent to the State-wide average and is significantly higher than the Small Rural group average of 52, this issue is Pyrenees Shire Council's third lowest performing service area after **unsealed roads** (43) and **planning permits** (54).
- **Unsealed roads** is considered to be the **most important** responsibility of Council (82) by residents but also the service area where Council is performing most poorly (43). The net differential between importance and performance of -39 points is of concern and worthy of further attention.. Any margin in excess of 10 points suggests that further investigation is warranted by Council.
 - The next most significant differential between importance and performance is on the **condition of local streets and footpaths** (importance 74; performance 56).

KEY FINDINGS AND RECOMMENDATIONS

- An approach we recommend is to further mine the survey data to better understand the profile of these over and under-performing demographic groups. This can be achieved via additional consultation and data interrogation, or self-mining the SPSS data provided or via the dashboard portal available to the council.
- **A complimentary personal briefing by senior JWS Research representatives is also available to assist in providing both explanation and interpretation of the results. Please contact JWS Research on 03 8685 8555.**

KEY FINDINGS AND RECOMMENDATIONS

Higher results in 2015

- Advocacy
- Customer service

Lower results in 2015

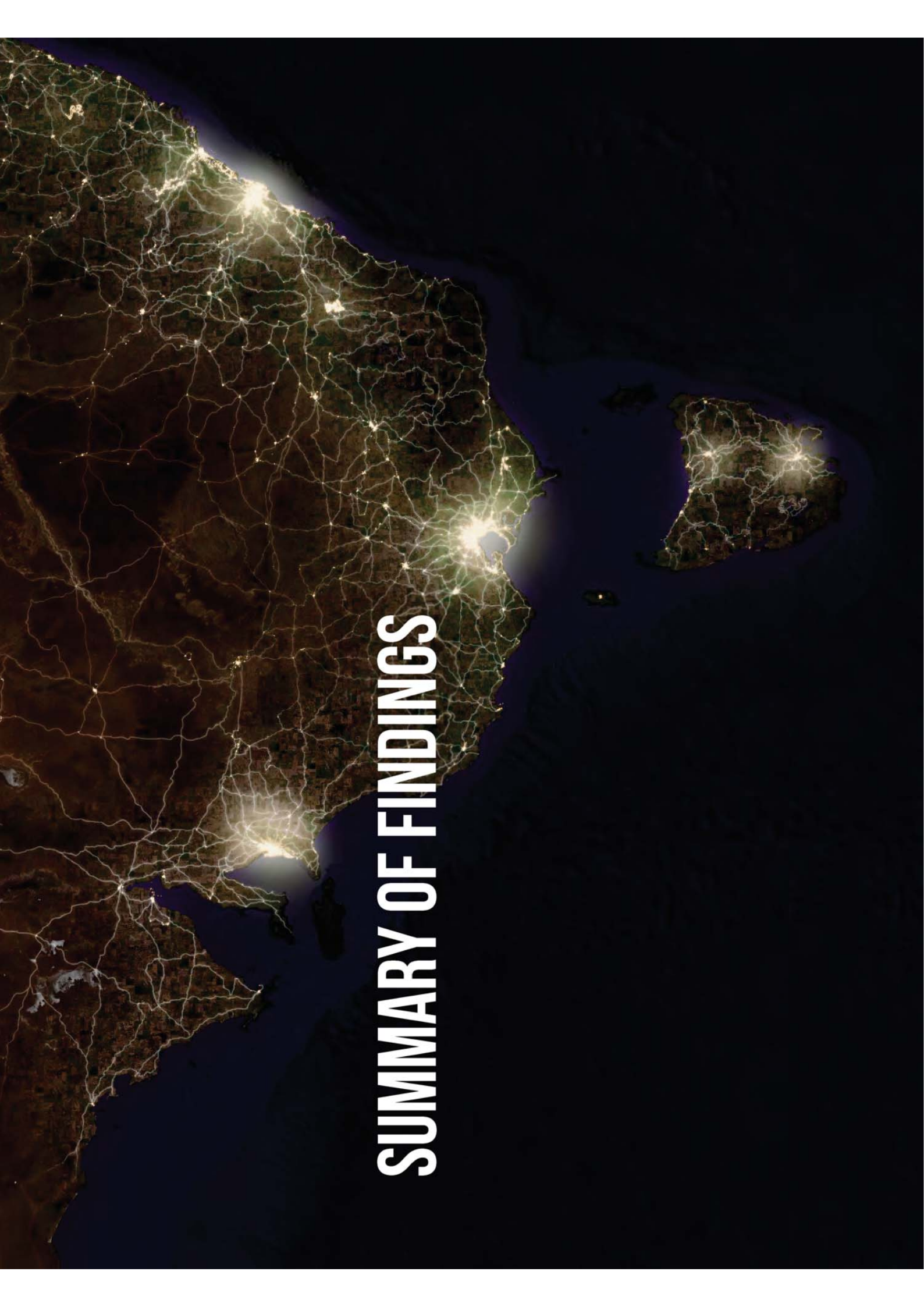
- Overall performance
- Sealed roads

Most favourably disposed towards Council

- Aged 50+ years

Least favourably disposed towards Council

- 18 to 34 year olds



SUMMARY OF FINDINGS

2015 SUMMARY OF CORE MEASURES INDEX SCORE RESULTS

Performance Measures	Pyrenees 2012	Pyrenees 2013	Pyrenees 2014	Pyrenees 2015	Small Rural 2015	State-wide 2015
OVERALL PERFORMANCE	62	63	63	62	59	60
COMMUNITY CONSULTATION (Community consultation and engagement)	59	59	58	58	56	56
ADVOCACY (Lobbying on behalf of the community)	58	58	56	57	56	55
MAKING COMMUNITY DECISIONS (Decisions made in the interest of the community)	n/a	n/a	57	57	56	55
SEALED LOCAL ROADS (Condition of sealed local roads)	n/a	n/a	56	55	52	55
CUSTOMER SERVICE	72	68	71	72	70	70
OVERALL COUNCIL DIRECTION	54	54	54	54	53	53



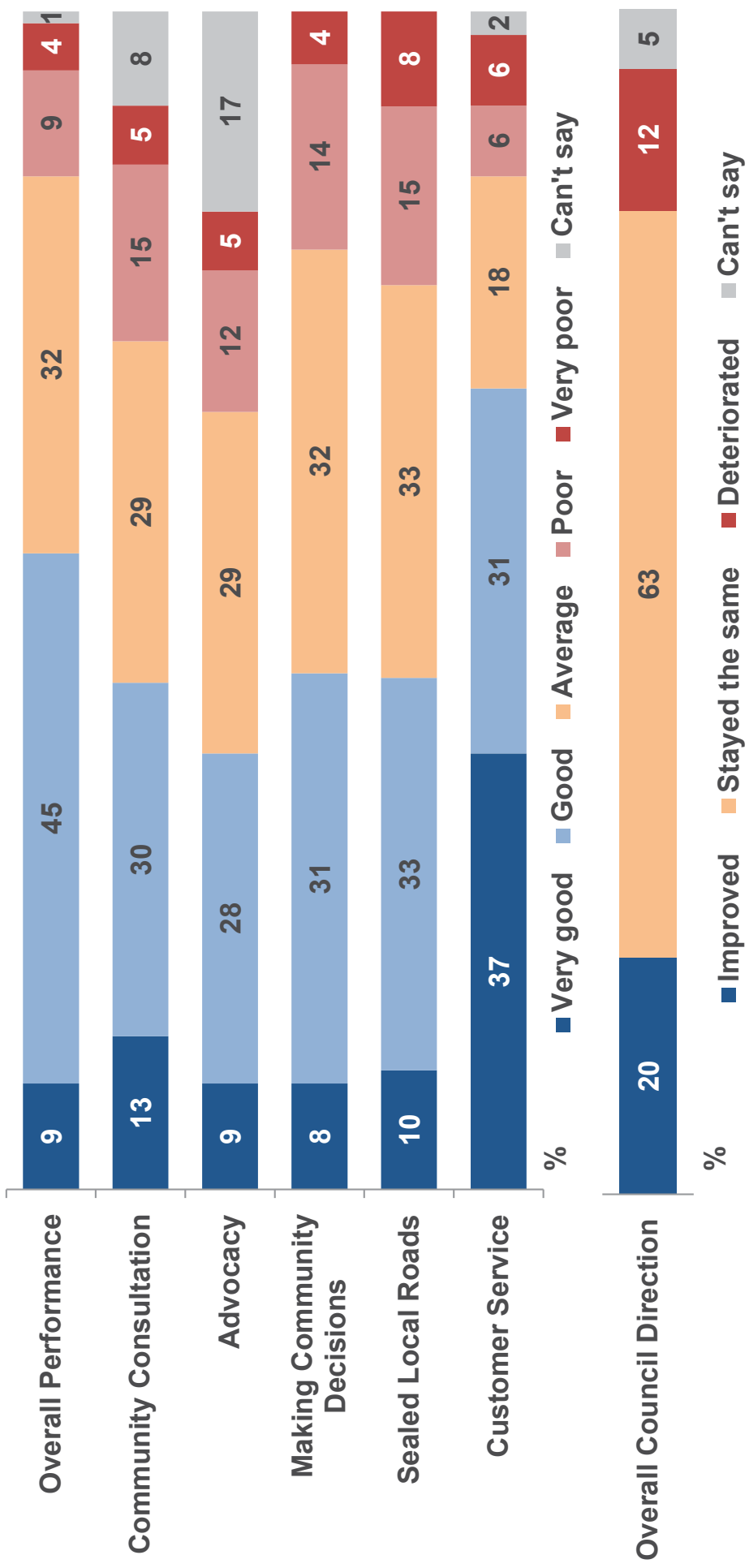
2015 SUMMARY OF CORE MEASURES

DETAILED ANALYSIS

Performance Measures	Pyrenees 2015	vs Pyrenees 2014	vs Small Rural 2015	vs State-wide 2015	Highest score	Lowest score
OVERALL PERFORMANCE	62	1 points lower	3 points higher	2 points higher	Women	18-34 year olds
COMMUNITY CONSULTATION (Community consultation and engagement)	58	Equal	2 points higher	2 points higher	Avoca and DeCameron	Mt Emu
ADVOCACY (Lobbying on behalf of the community)	57	1 points higher	1 points higher	2 points higher	50-64 year olds	Beaufort, Ercildoune
MAKING COMMUNITY DECISIONS (Decisions made in the interest of the community)	57	Equal	1 points higher	2 points higher	Avoca and DeCameron	Beaufort, Ercildoune
SEALED LOCAL ROADS (Condition of sealed local roads)	55	1 points lower	3 points higher	Equal	65+ year olds	18-34 year olds
CUSTOMER SERVICE	72	1 points higher	2 points higher	2 points higher	50-64 year olds	18-34 year olds
OVERALL COUNCIL DIRECTION	54	Equal	1 points higher	1 points higher	Mt Emu	Beaufort, Ercildoune

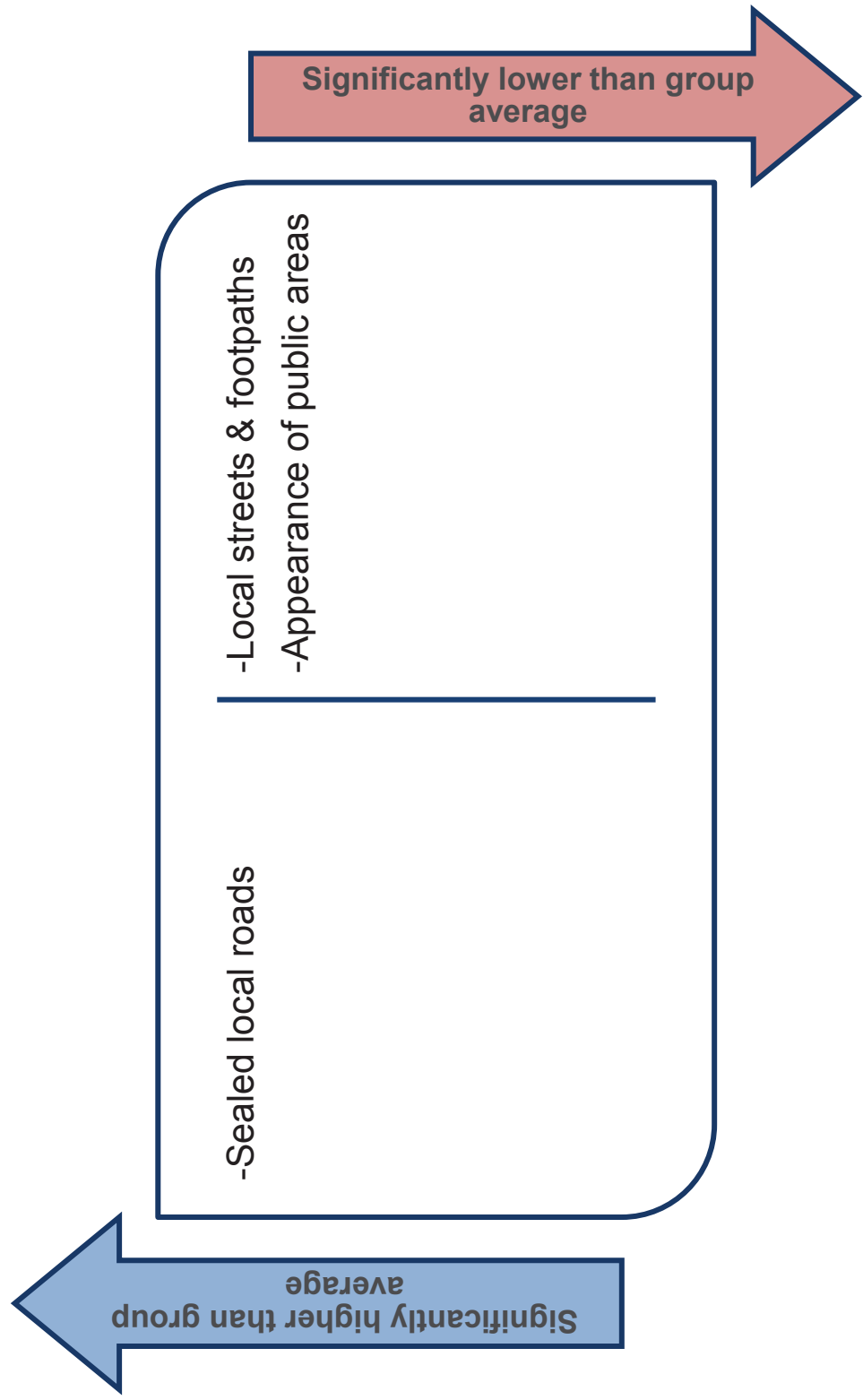
2015 SUMMARY OF KEY COMMUNITY SATISFACTION PERCENTAGE RESULTS

Key Measures Summary Results

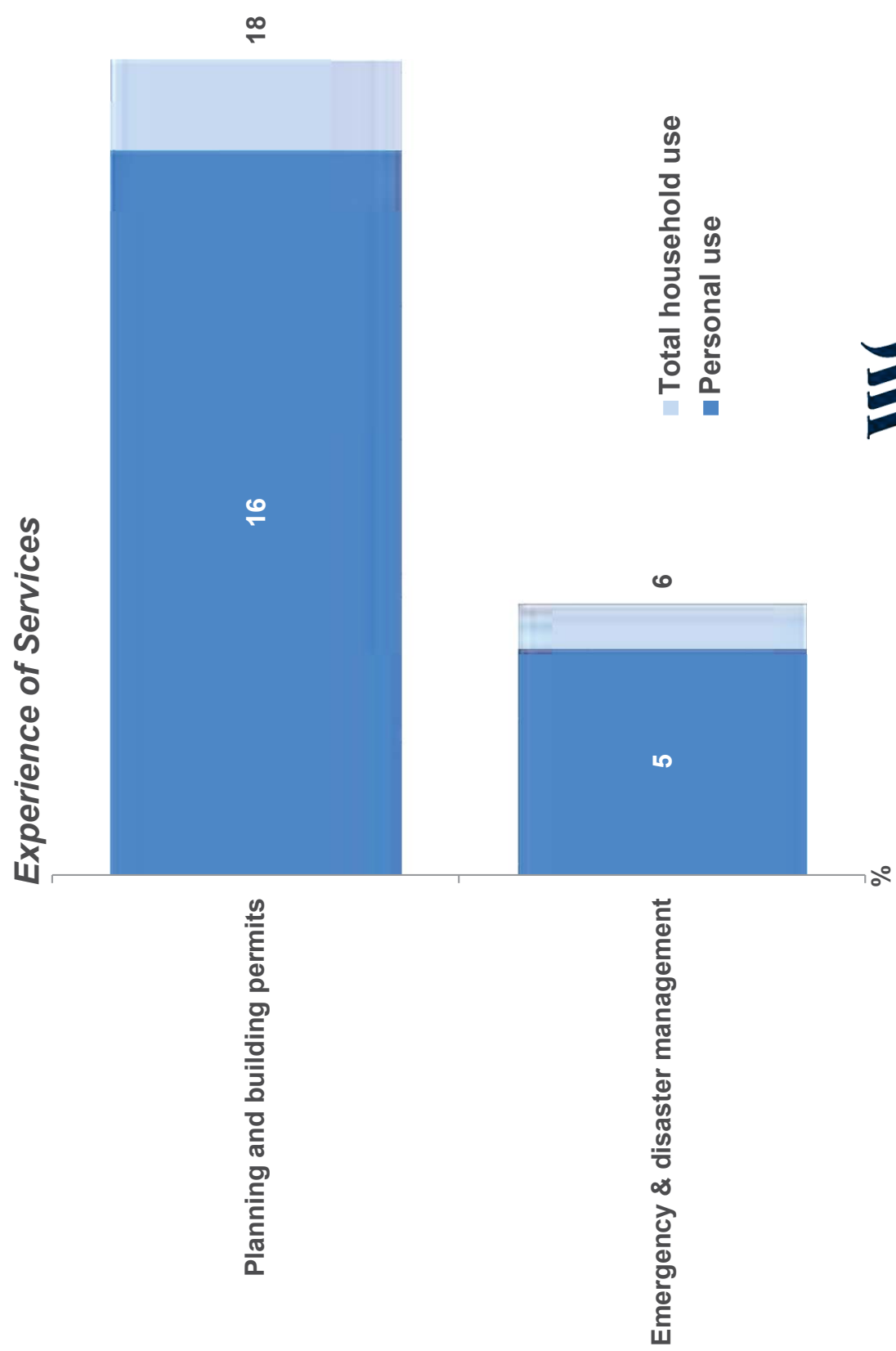


INDIVIDUAL SERVICE AREAS SUMMARY

COUNCIL'S PERFORMANCE VS GROUP AVERAGE



2015 PERSONAL AND HOUSEHOLD USE AND EXPERIENCE OF COUNCIL SERVICES PERCENTAGE RESULTS



Q4. In the last 12 months, have you or has any member of your household used or experienced any of the following services provided by Council?
Base: All respondents. Councils asked State-wide: 16



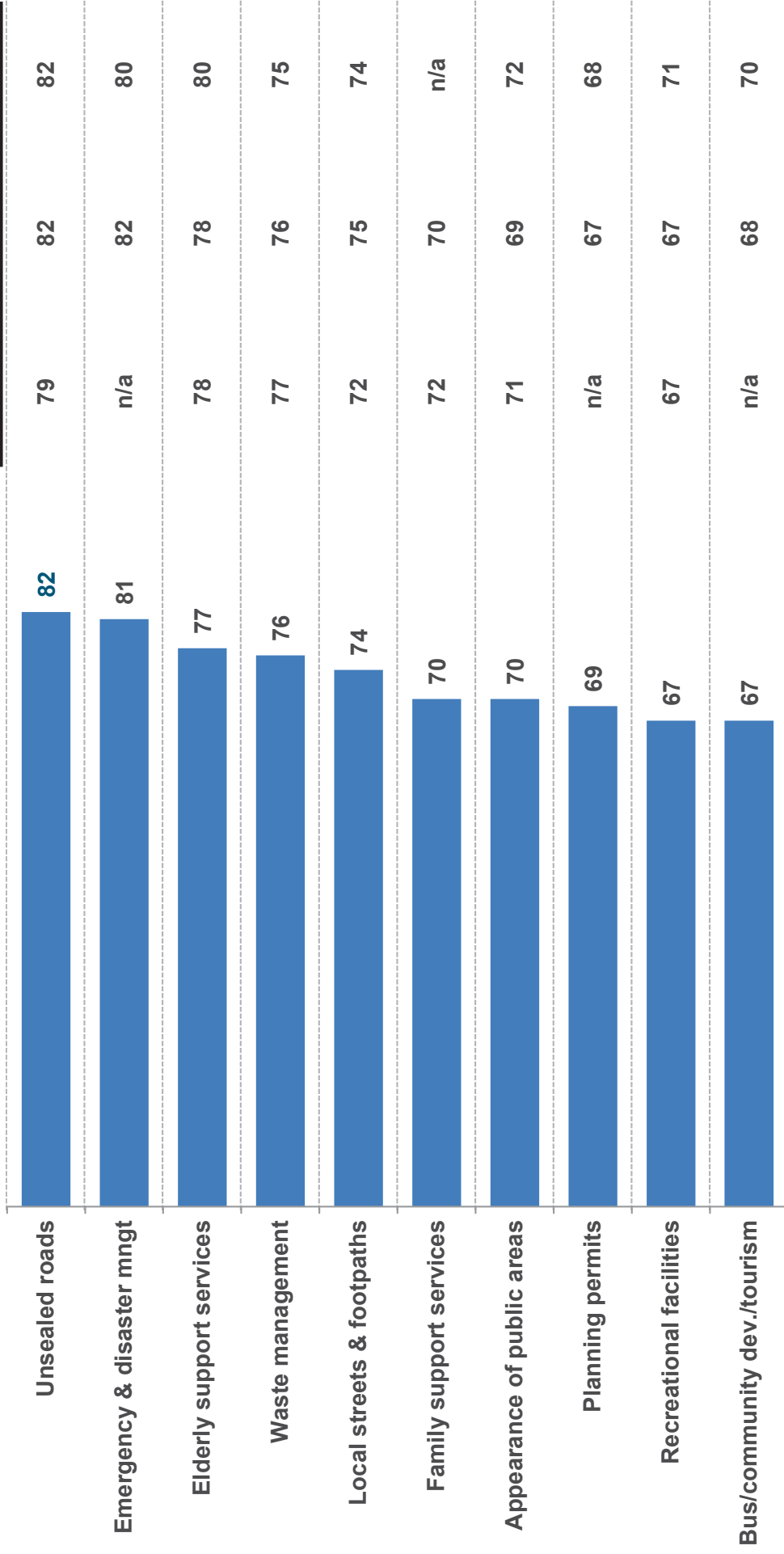
INDIVIDUAL SERVICE AREA SUMMARY IMPORTANCE VS PERFORMANCE

Service areas where importance exceeds performance by 10 points or more, suggesting further investigation is necessary:

Service	Importance	Performance	Net differential
Maintenance of unsealed roads	82	43	-39
Condition of local streets & footpaths	74	56	-18
Planning permits	69	54	-15
Emergency & disaster management	81	69	-12

2015 IMPORTANCE SUMMARY

2015 Priority Area Importance

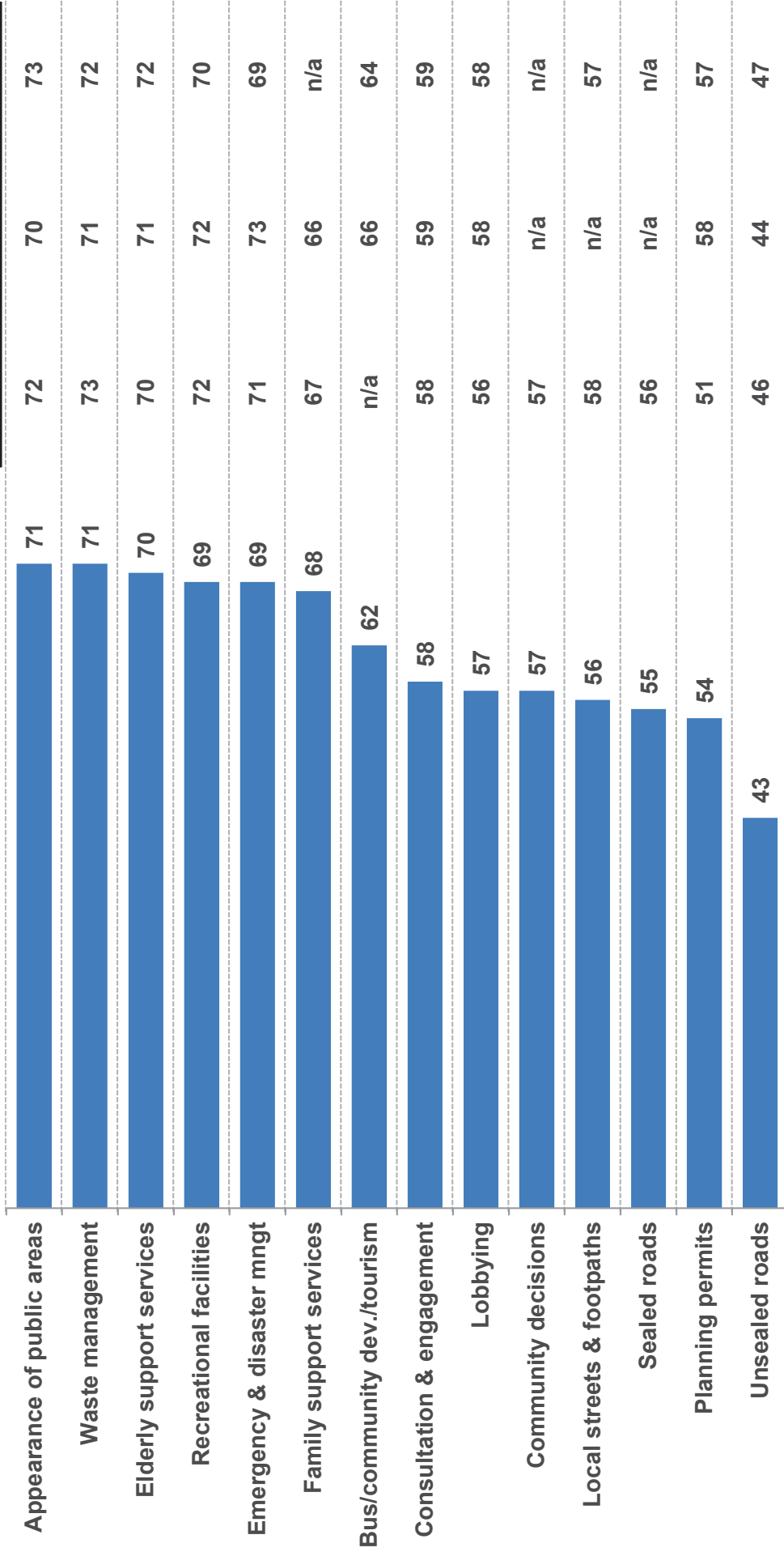


Base: All respondents Councils asked State-wide: 55

Note: Please see page 5 for explanation of significant differences

2015 PERFORMANCE SUMMARY

2015 Priority Area Performance



Base: All respondents Councils asked State-wide: 69

Note: Please see page 5 for explanation of significant differences

2015 IMPORTANCE SUMMARY BY COUNCIL GROUP

Top Three Most Important Service Areas (Highest to lowest, i.e. 1. = most important)

Pyrenees Shire Council	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Unsealed roads 2. Emergency & disaster mngt 3. Elderly support services 	<ol style="list-style-type: none"> 1. Waste management 2. Community decisions 3. Elderly support services 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Waste management 3. Local streets & footpaths 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Elderly support services 3. Waste management 	<ol style="list-style-type: none"> 1. Community decisions 2. Unsealed roads 3. Emergency & disaster mngt 	<ol style="list-style-type: none"> 1. Emergency & disaster mngt 2. Community decisions 3. Elderly support services

Bottom Three Most Important Service Areas (Lowest to highest, i.e. 1. = least important)

Pyrenees Shire Council	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Recreational facilities 2. Bus/community dev./tourism 3. Planning permits 	<ol style="list-style-type: none"> 1. Bus/community dev./tourism 2. Community & cultural 3. Slashing & weed control 	<ol style="list-style-type: none"> 1. Tourism development 2. Community & cultural 3. Bus/community dev./tourism 	<ol style="list-style-type: none"> 1. Community & cultural 2. Tourism development 3. Art centres & libraries 	<ol style="list-style-type: none"> 1. Community & cultural 2. Art centres & libraries 3. Parking facilities 	<ol style="list-style-type: none"> 1. Traffic management 2. Art centres & libraries 3. Community & cultural

2015 PERFORMANCE SUMMARY BY COUNCIL GROUP

Top Three Most Performance Service Areas (Highest to lowest, i.e. 1. = highest performance)

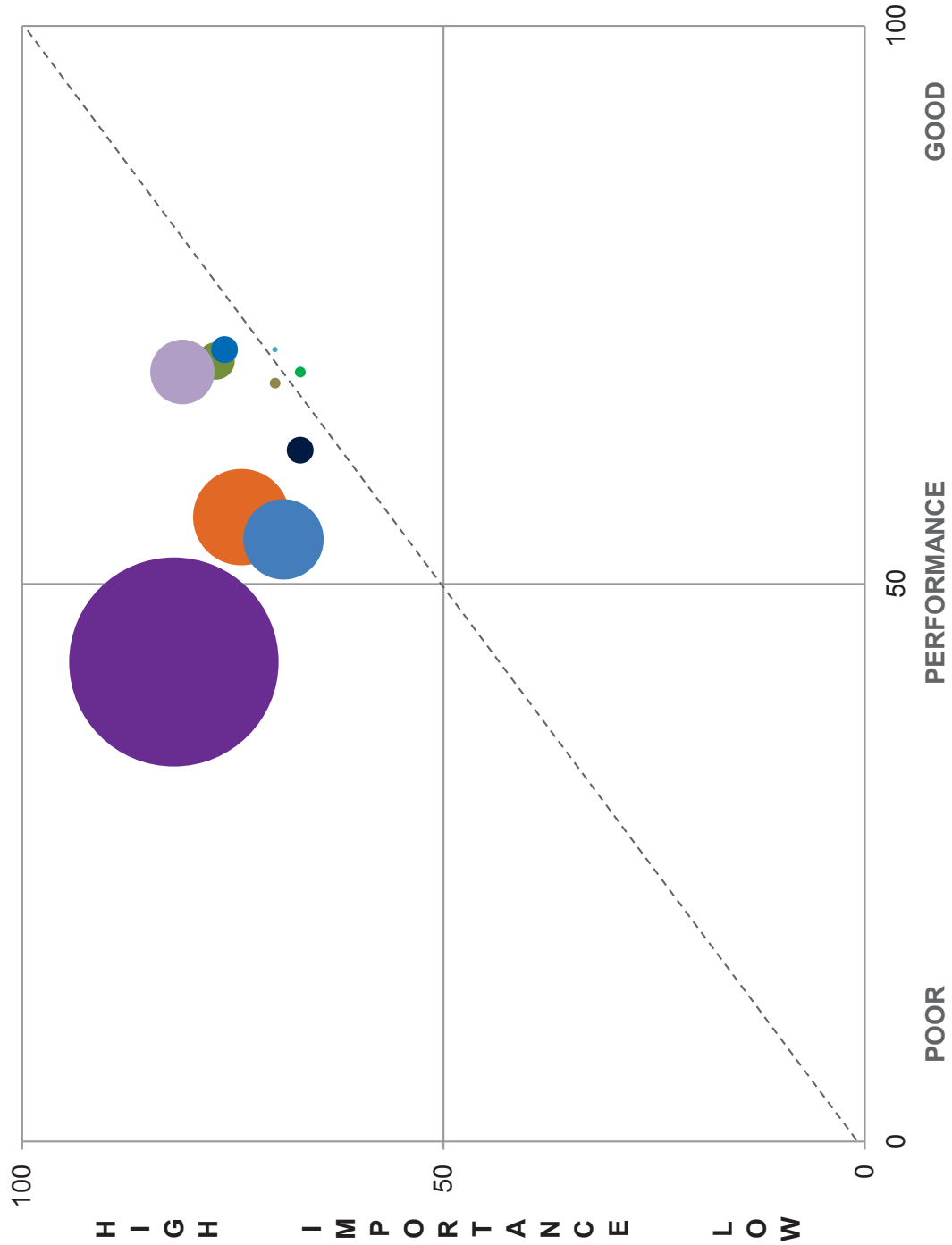
Pyrenees Shire Council	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Waste management 2. Appearance of public areas 3. Elderly support services 	<ol style="list-style-type: none"> 1. Waste management 2. Art centres & libraries 3. Recreational facilities 	<ol style="list-style-type: none"> 1. Waste management 2. Art centres & libraries 3. Emergency & disaster mngt 	<ol style="list-style-type: none"> 1. Art centres & libraries 2. Appearance of public areas 3. Waste management 	<ol style="list-style-type: none"> 1. Art centres & libraries 2. Emergency & disaster mngt 3. Appearance of public areas 	<ol style="list-style-type: none"> 1. Appearance of public areas 2. Elderly support services 3. Waste management

Bottom Three Most Performance Service Areas (Lowest to highest, i.e. 1. = lowest performance)

Pyrenees Shire Council	Metropolitan	Interface	Regional Centres	Large Rural	Small Rural
<ol style="list-style-type: none"> 1. Unsealed roads 2. Planning permits 3. Sealed roads 	<ol style="list-style-type: none"> 1. Planning permits 2. Population growth 3. Town planning policy 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Planning permits 3. Slashing & weed control 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Community decisions 3. Parking facilities 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Sealed roads 3. Population growth 	<ol style="list-style-type: none"> 1. Unsealed roads 2. Slashing & weed control 3. Sealed roads

Importance and Performance 2015 Index Scores Grid

Service	Importance	Performance
Condition of local streets & footpaths	74	56
Family support services	70	68
Elderly support services	77	70
Recreational facilities	67	69
Appearance of public areas	70	71
Waste management	76	71
Business & community development & tourism	67	62
Planning permits	69	54
Emergency & disaster management	81	69
Maintenance of unsealed roads	82	43



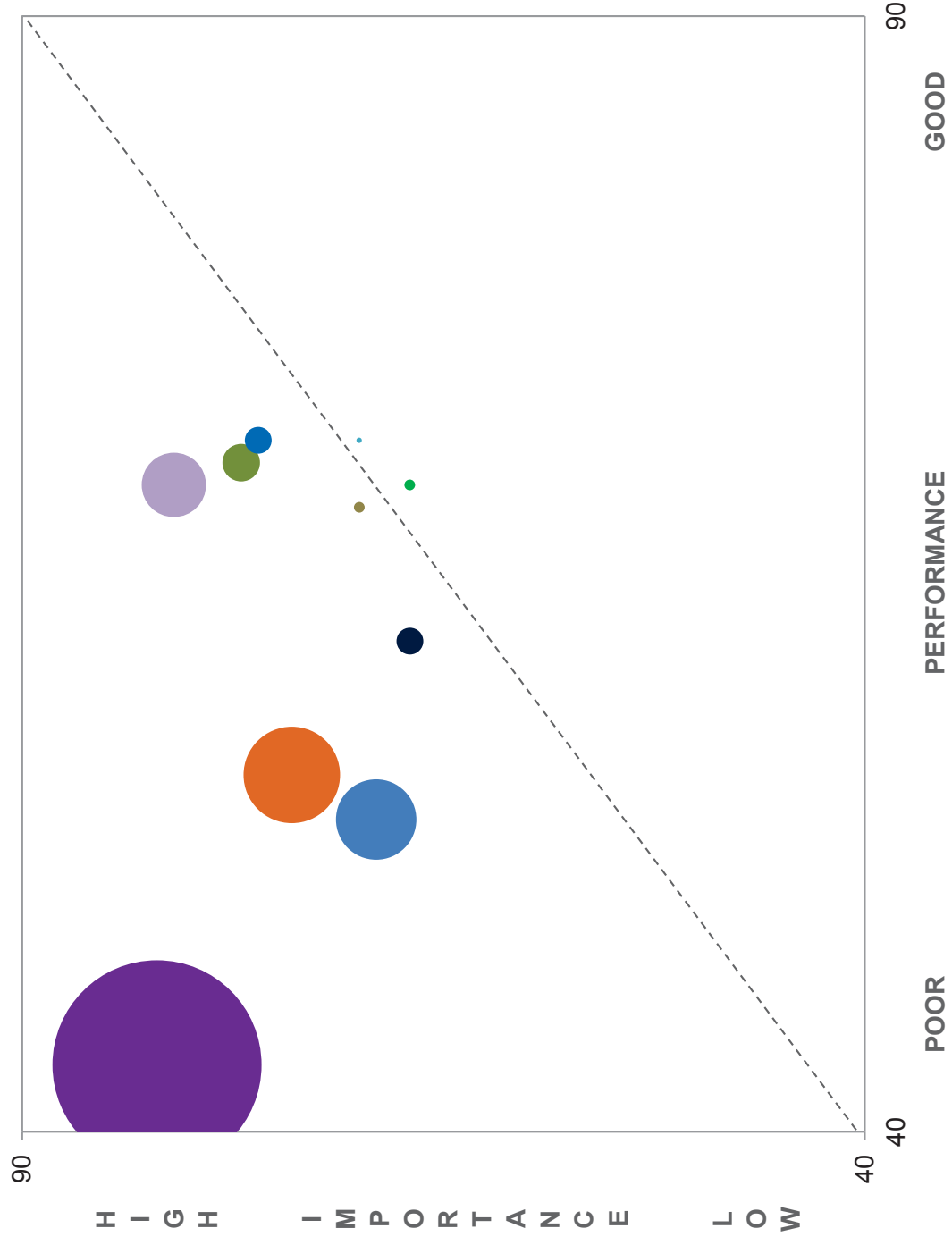
Note: The larger the circle, the larger the gap between importance and performance.
Base: All respondents



Importance and Performance 2015 Index Scores Grid (Magnified view)

Service Importance Performance

Service	Importance	Performance
Condition of local streets & footpaths	74	56
Family support services	70	68
Elderly support services	77	70
Recreational facilities	67	69
Appearance of public areas	70	71
Waste management	76	71
Business & community development & tourism	67	62
Planning permits	69	54
Emergency & disaster management	81	69
Maintenance of unsealed roads	82	43



Note: The larger the circle, the larger the gap between importance and performance.
Base: All respondents



COMMUNICATIONS SUMMARY

Overall preferred forms of communication

- Newsletter sent via mail (52)

Preferred forms of communication among over 50s

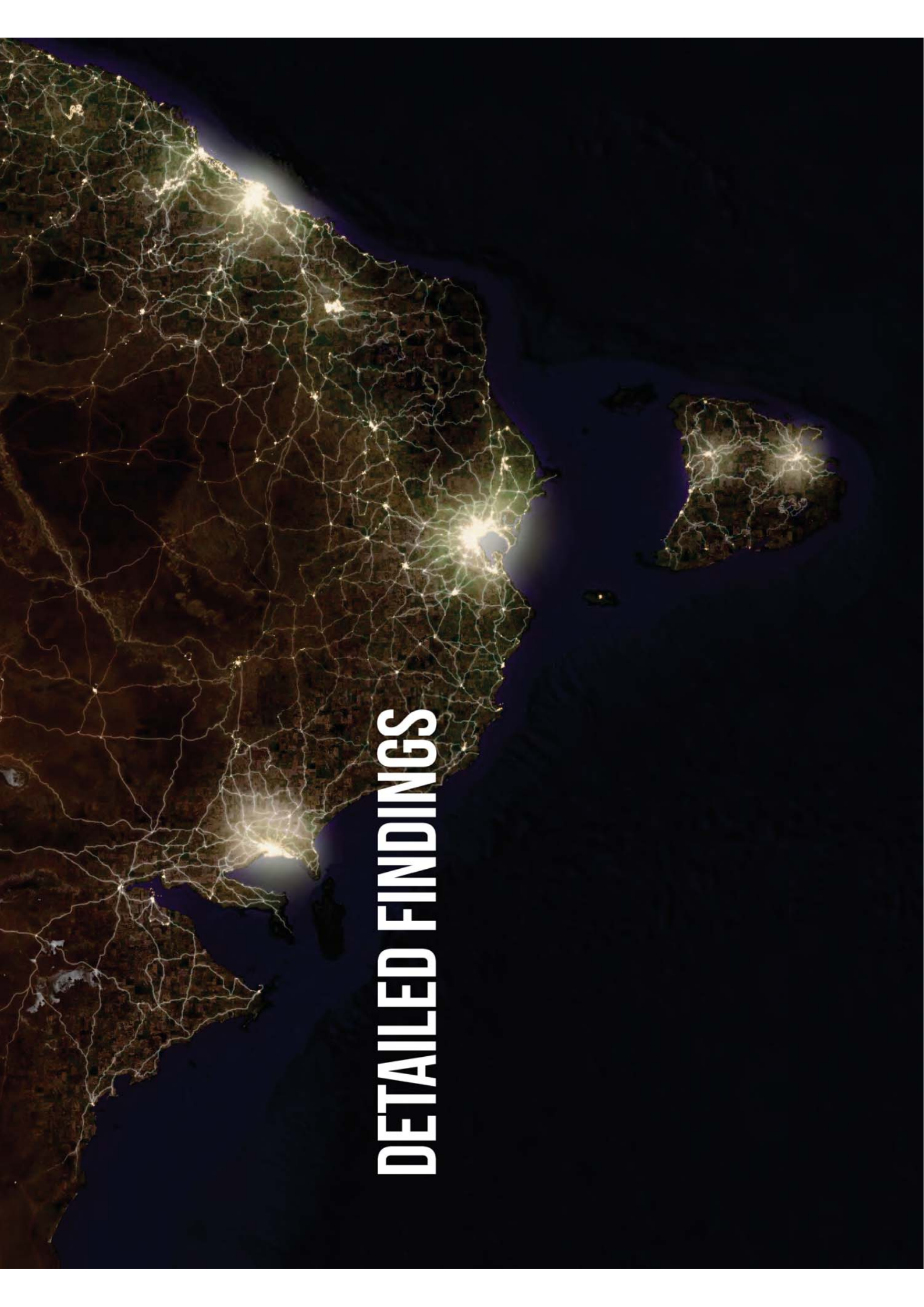
- Newsletter sent via mail (53)

Preferred forms of communication among under 50s

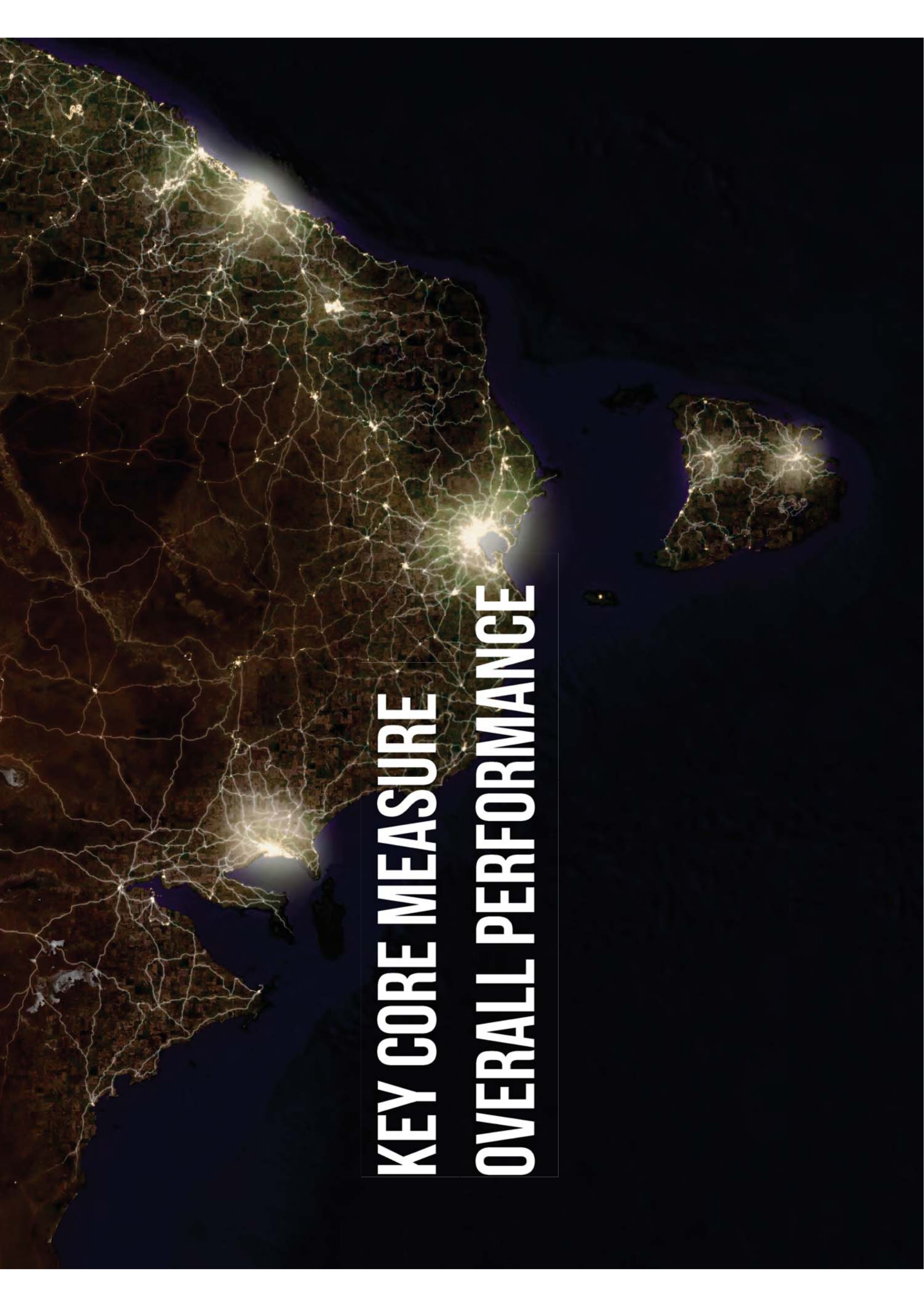
- Newsletter sent via mail (51)

Greatest change since 2014

- Newsletter sent via email (up 2 points)
- Advertising in local newspaper (down 2 points)



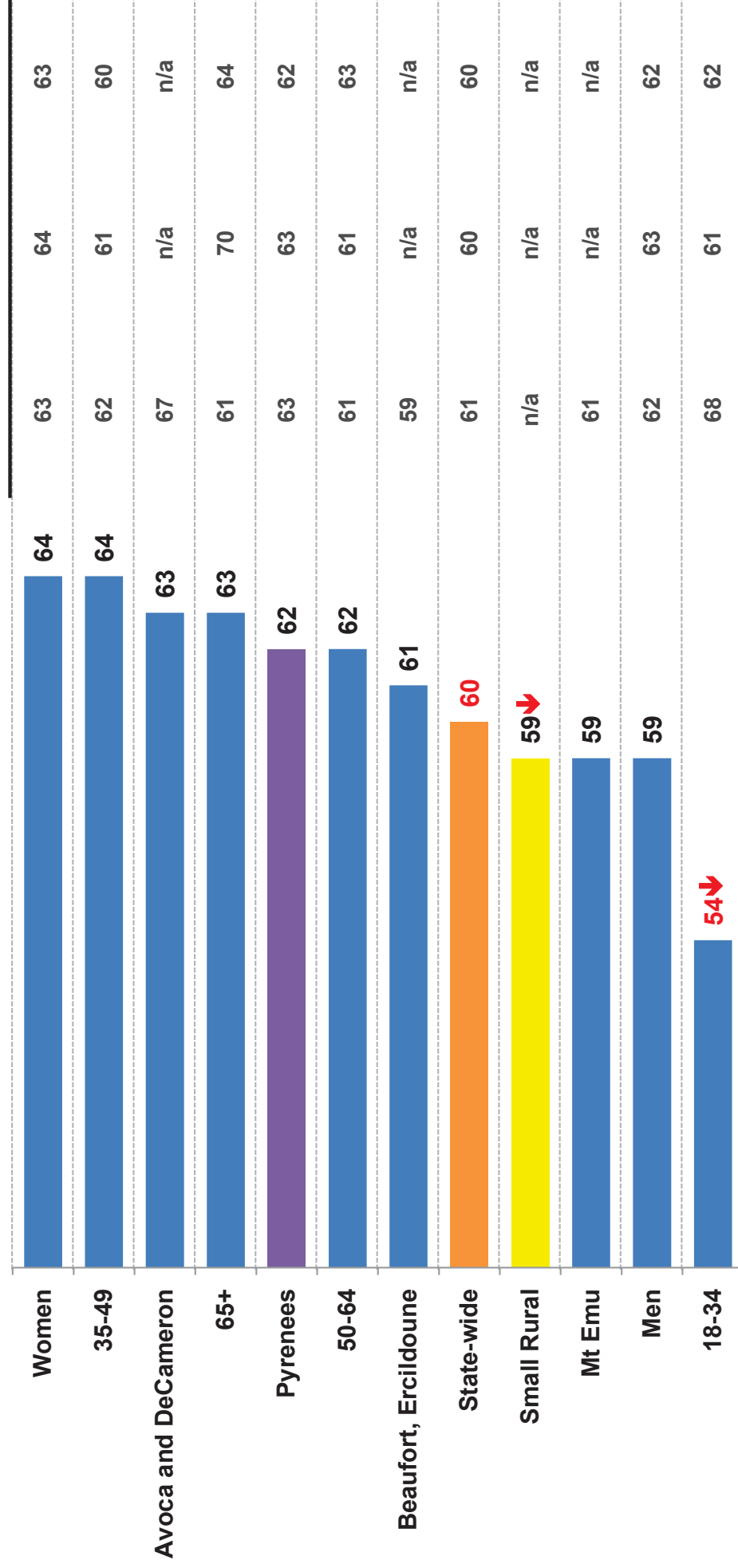
DETAILED FINDINGS



KEY CORE MEASURE
OVERALL PERFORMANCE

OVERALL PERFORMANCE INDEX SCORES

2015 Overall Performance



Q3. ON BALANCE, for the last twelve months, how do you feel about the performance of Pyrenees Shire Council, not just on one or two issues, BUT OVERALL across all responsibility areas? Has it been very good, good, average, poor or very poor?

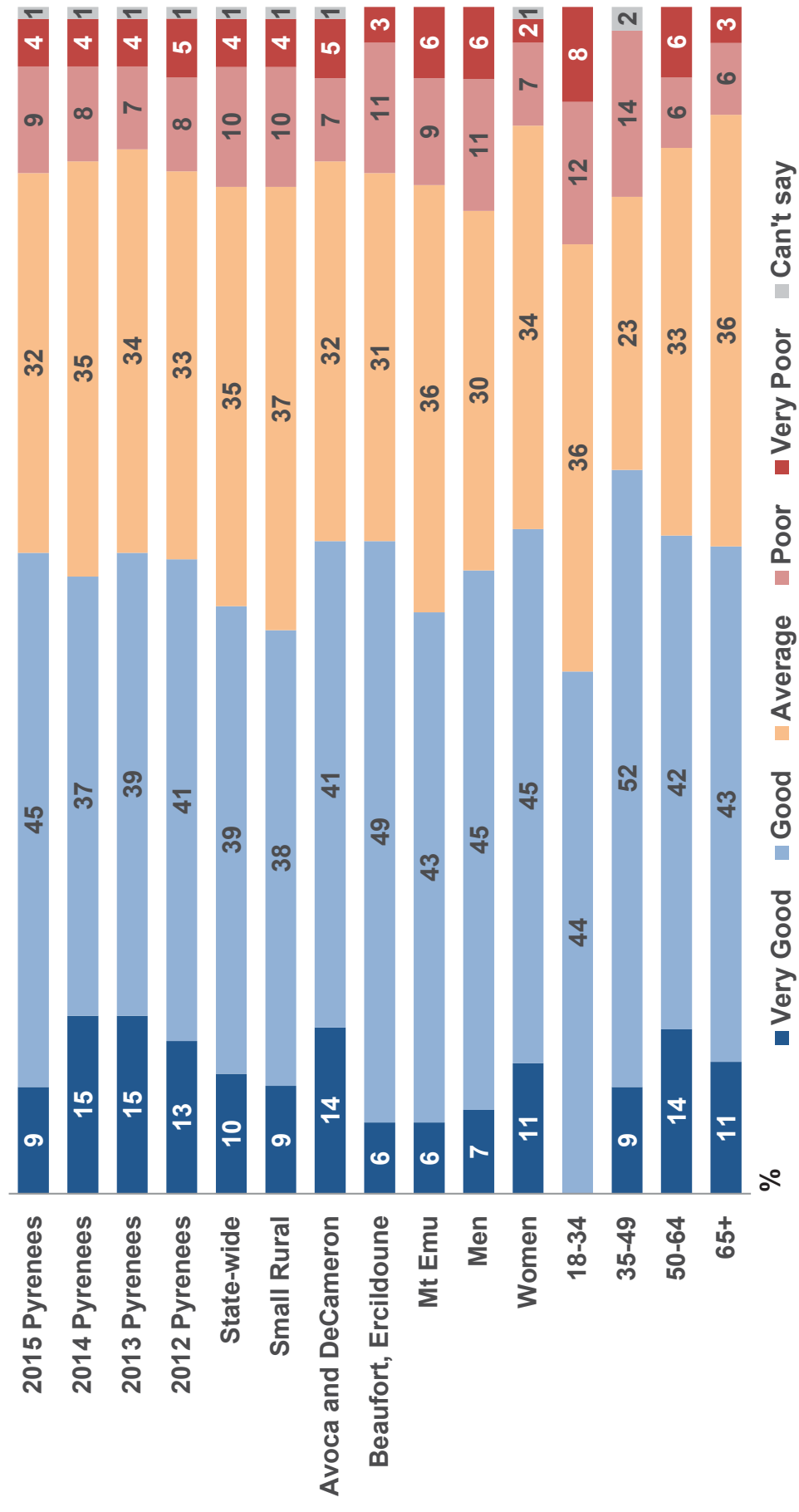
Base: All respondents Councils asked State-wide: 69 Councils asked group: 18

Note: Please see page 5 for explanation about significant differences



OVERALL PERFORMANCE DETAILED PERCENTAGES

2015 Overall Performance



Q3. ON BALANCE, for the last twelve months, how do you feel about the performance of Pyrenees Shire Council, not just on one or two issues, BUT OVERALL across all responsibility areas? Has it been very good, good, average, poor or very poor?
 Base: All respondents Councils asked State-wide: 69 Councils asked group: 18





**KEY CORE MEASURE
CUSTOMER SERVICE**

CONTACT LAST 12 MONTHS SUMMARY

Overall contact with Pyrenees Shire Council

- 71%, up 3 points on 2014

Most contact with Pyrenees Shire Council

- Aged 18-49 years
- Beaufort, Ercildoune residents

Least contact with Pyrenees Shire Council

- Aged 65+ years
- Avoca and DeCameron residents

Customer Service rating

- Index score of 72, up 1 point on 2014

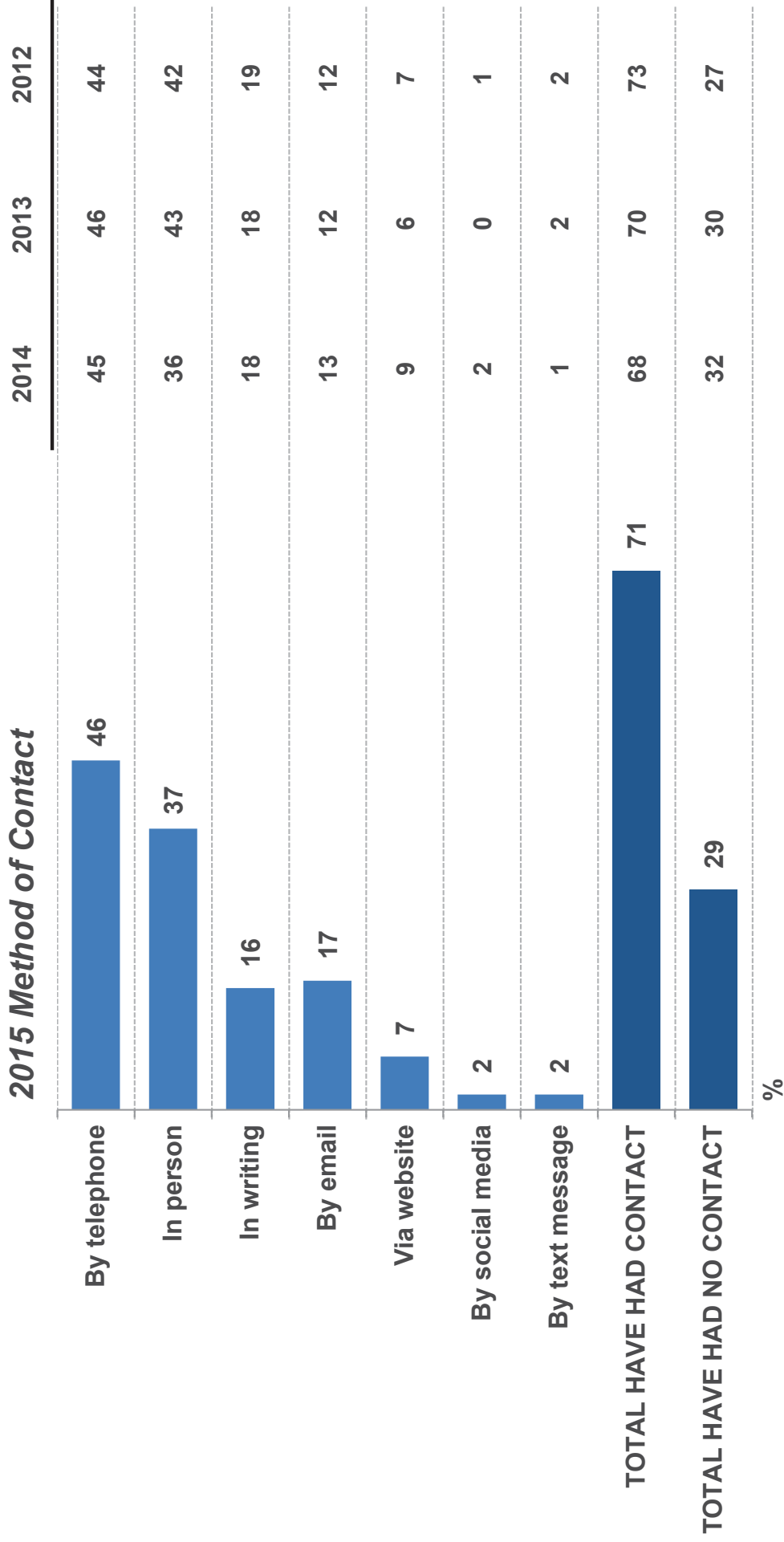
Most satisfied with Customer Service

- Aged 50-64 years

Least satisfied with Customer Service

- Aged 18-34 years

2015 CONTACT WITH COUNCIL LAST 12 MONTHS DETAILED PERCENTAGES INCLUDING METHOD OF CONTACT



Q5a. Over the last 12 months, have you or any member of your household had any contact with Pyrenees Shire Council in any of the following ways? In person, in writing, by telephone conversation, by text message, by email or via their website or social media such as Facebook or Twitter?

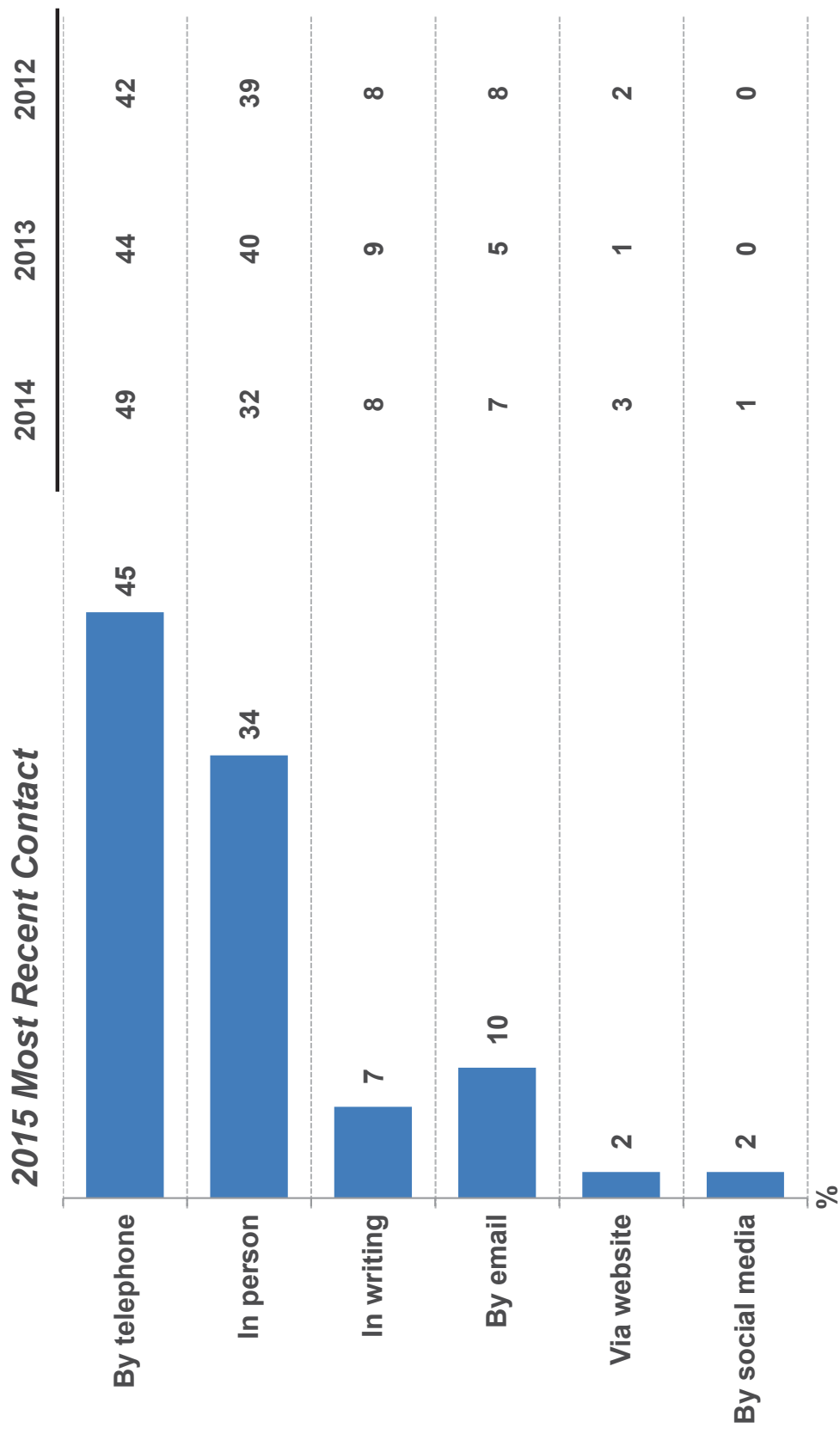
Base: All respondents. Councils asked State-wide: 16 Councils asked group: 5

Note: Respondents could name multiple contacts methods so responses may add to more than 100%

Note: Please see page 5 for explanation about significant differences

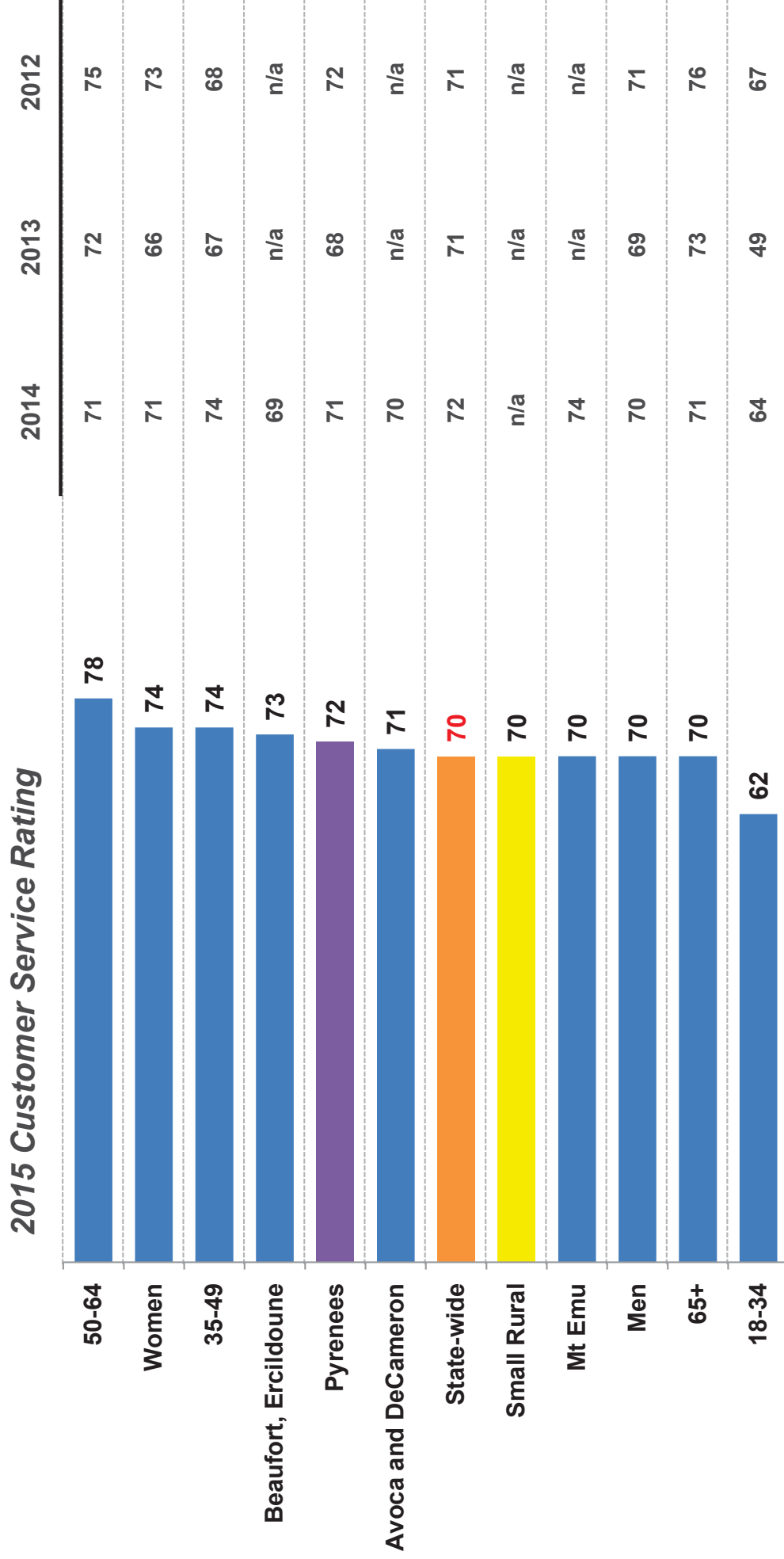


2015 CONTACT WITH COUNCIL MOST RECENT METHOD DETAILED PERCENTAGES



Q5b. What was the method of contact for the most recent contact you had with Pyrenees Shire Council?
 Base: All respondents who have had contact with Council in the last 12 months.
 Councils asked State-wide: 16 Councils asked group: 5
 Note: Respondents could name multiple contacts methods so responses may add to more than 100%
 Note: Please see page 5 for explanation about significant differences

2015 CONTACT CUSTOMER SERVICE INDEX SCORES



Q5c. Thinking of the most recent contact, how would you rate Pyrenees Shire Council for customer service?
 Please keep in mind we do not mean the actual outcome but rather the actual service that was received.

Base: All respondents who have had contact with Council in the last 12 months.

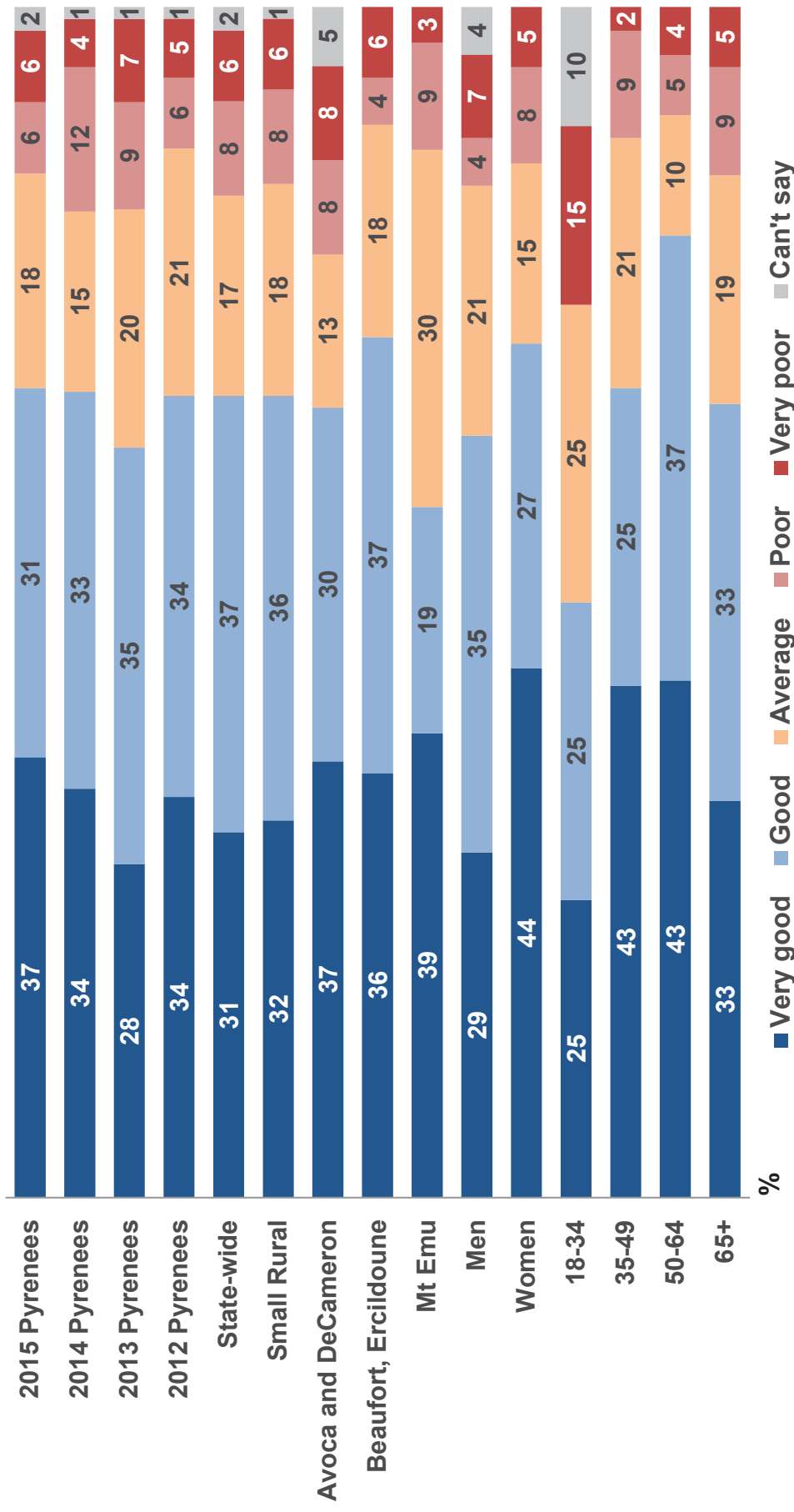
Councils asked State-wide: 69 Councils asked group: 18

Note: Please see page 5 for explanation about significant differences



2015 CONTACT CUSTOMER SERVICE DETAILED PERCENTAGES

2015 Customer Service Rating

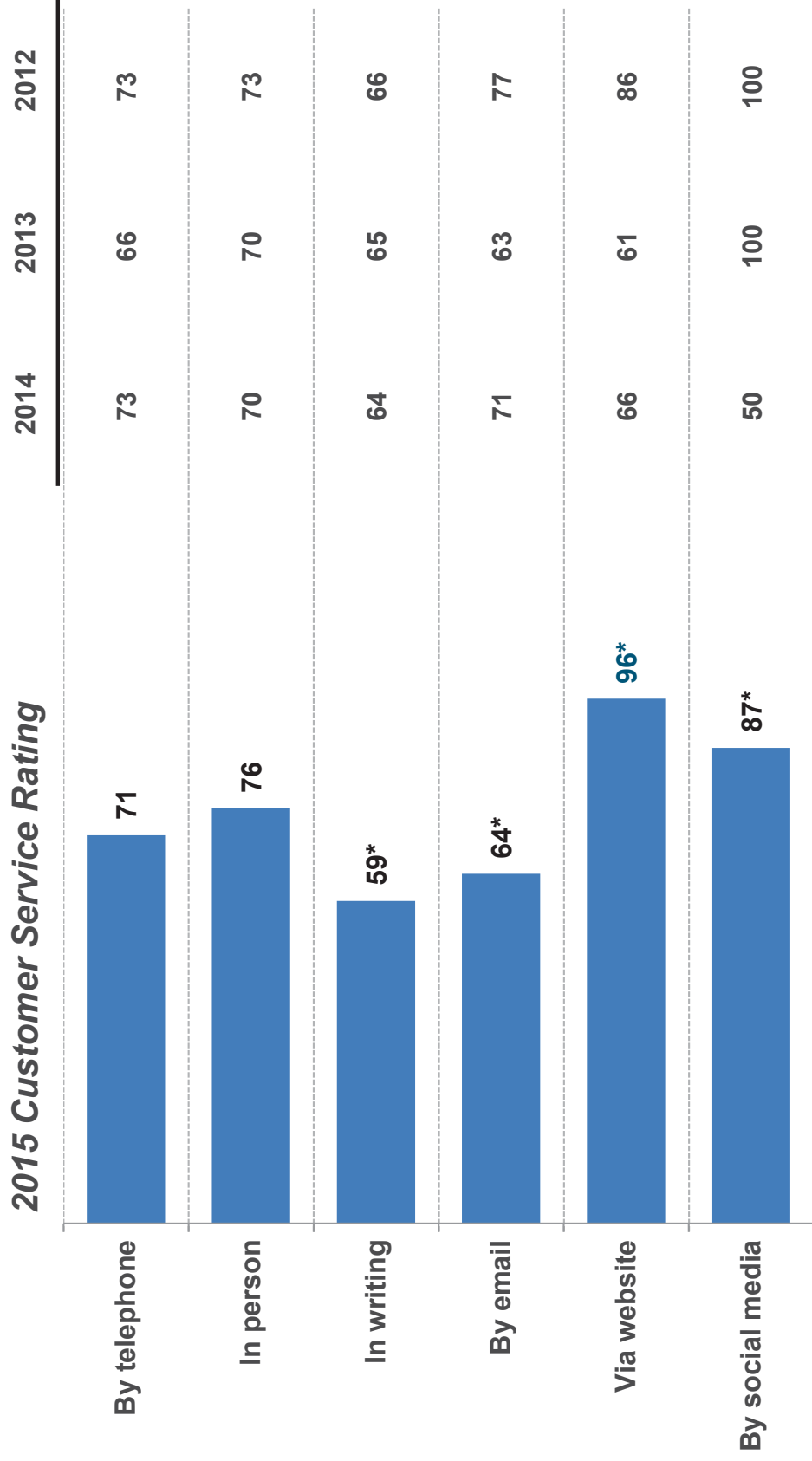


Q5c. Thinking of the most recent contact, how would you rate Pyrenees Shire Council for customer service? Please keep in mind we do not mean the actual outcome but rather the actual service that was received.
Base: All respondents who have had contact with Council in the last 12 months.

Councils asked State-wide: 69 Councils asked group: 18



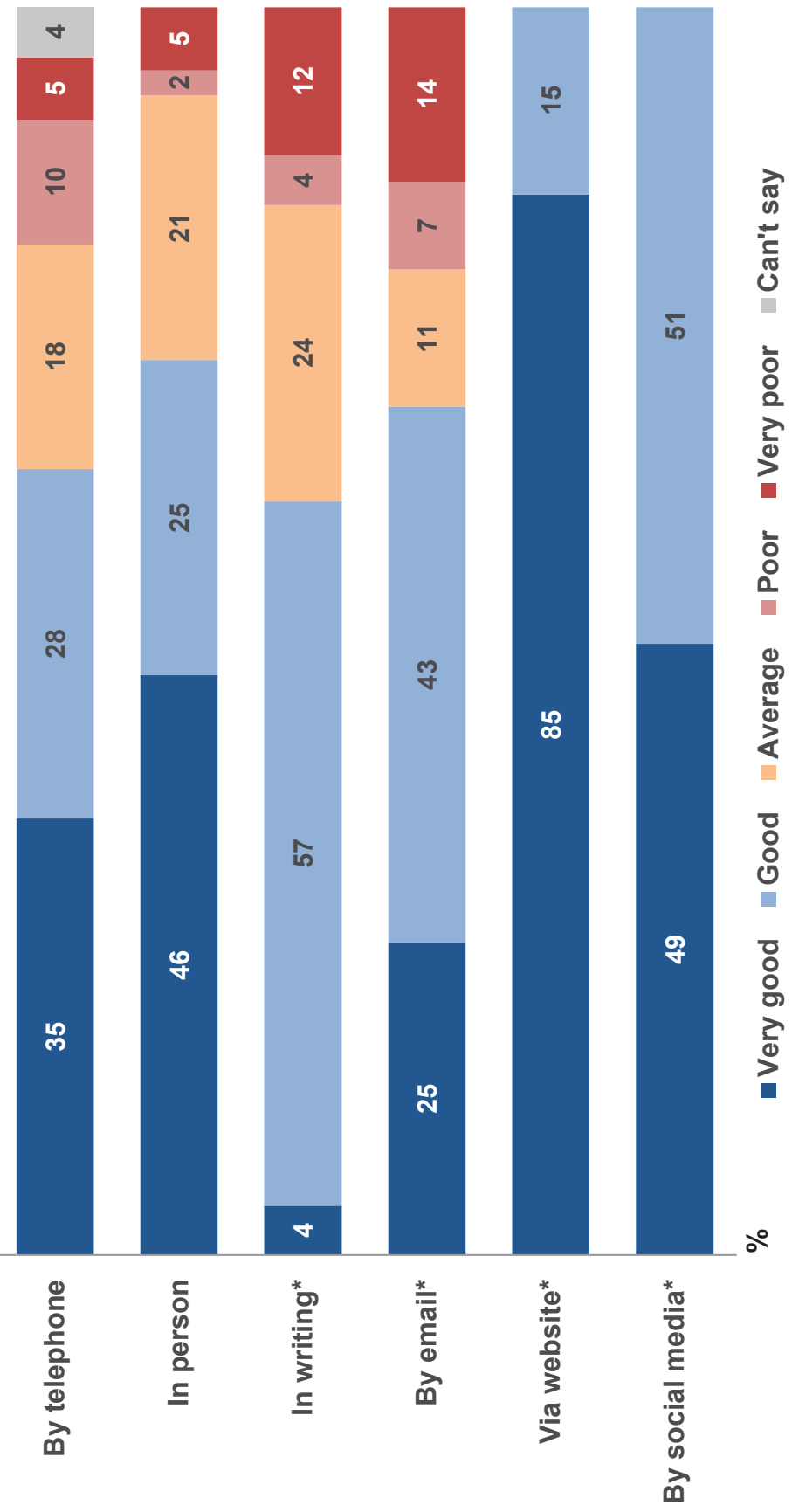
2015 CONTACT CUSTOMER SERVICE INDEX SCORES BY METHOD OF LAST CONTACT



Q5c. Thinking of the most recent contact, how would you rate Pyrenees Shire Council for customer service? Please keep in mind we do not mean the actual outcome but rather the actual service that was received.
 Base: All respondents who have had contact with Council in the last 12 months. Councils asked State-wide: 16 Councils asked group: 5
 Note: Please see page 5 for explanation about significant differences
 *Caution: small sample size < n=30

2015 CONTACT CUSTOMER SERVICE DETAILED PERCENTAGES BY METHOD OF LAST CONTACT

2015 Customer Service Rating



Q5c. Thinking of the most recent contact, how would you rate Pyrenees Shire Council for customer service?
Please keep in mind we do not mean the actual outcome but rather the actual service that was received.
Base: All respondents who have had contact with Council in the last 12 months. Councils asked State-wide: 16
Councils asked group: 5
*Caution: small sample size < n=30





**KEY CORE MEASURE
COUNCIL DIRECTION INDICATORS**

COUNCIL DIRECTION SUMMARY

Council Direction over last 12 months

- 63% stayed about the same, up 1 point on 2014
- 20% improved, equal points on 2014
- 12% deteriorated, equal points on 2014

Most satisfied with Council Direction

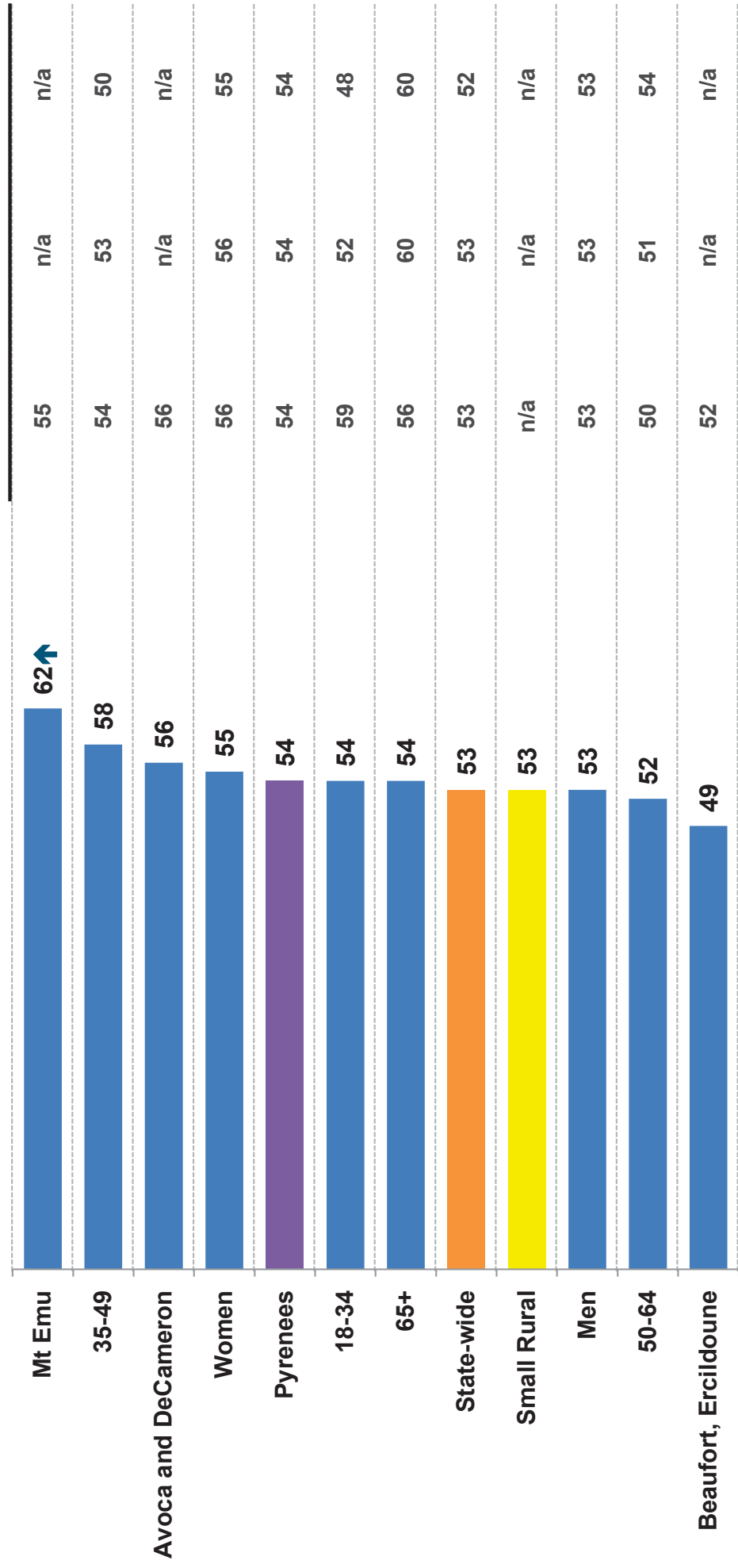
- Mt Emu residents
- Aged 35-49 years

Least satisfied with Council Direction

- Beaufort, Ercildoune residents
- Aged 50-64 years

2015 OVERALL COUNCIL DIRECTION LAST 12 MONTHS INDEX SCORES

2015 Overall Direction



Q6. Over the last 12 months, what is your view of the direction of Pyrenees Shire Council's overall performance?

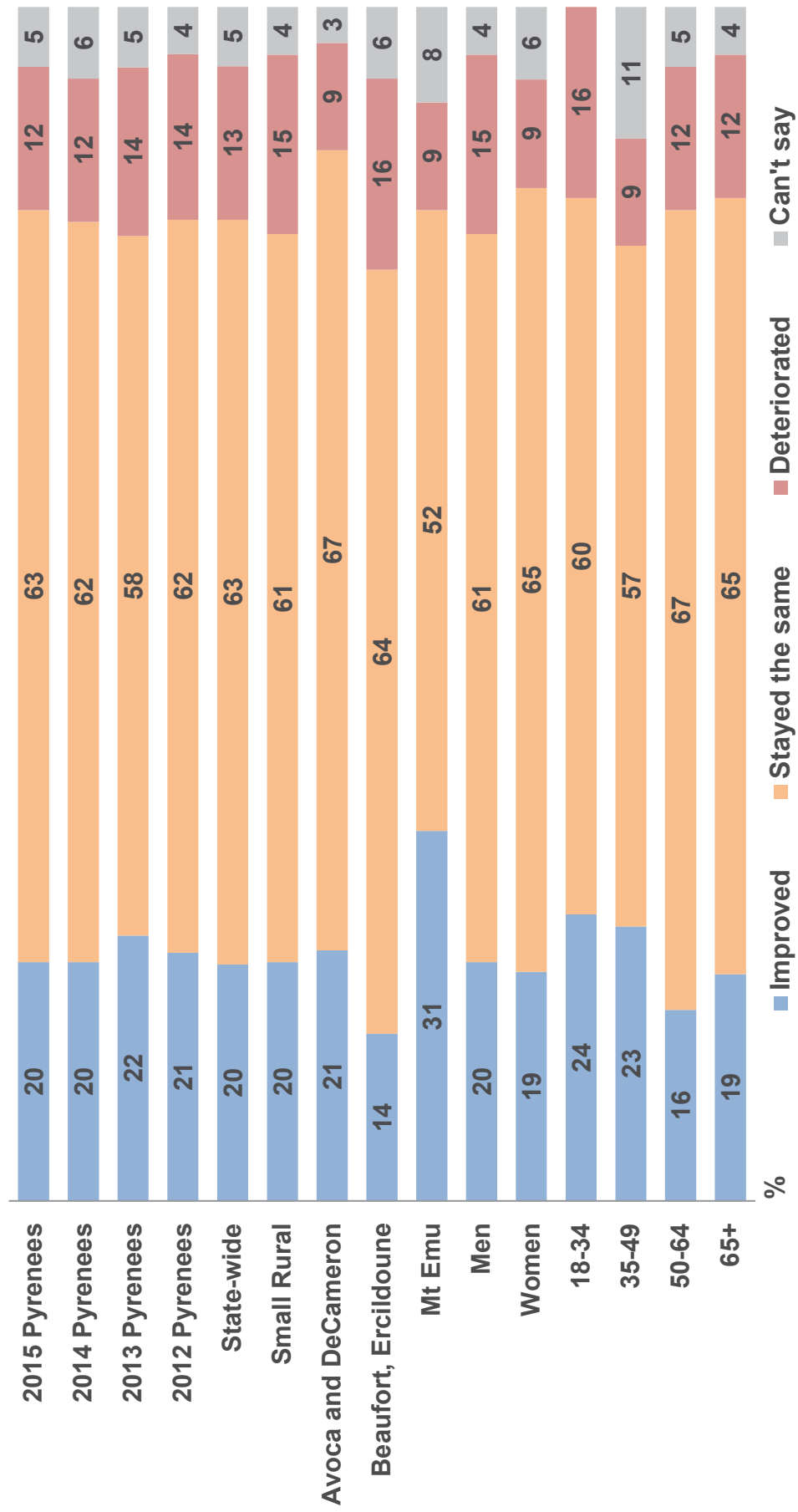
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18

Note: Please see page 5 for explanation about significant differences



2015 OVERALL COUNCIL DIRECTION LAST 12 MONTHS DETAILED PERCENTAGES

2015 Overall Direction



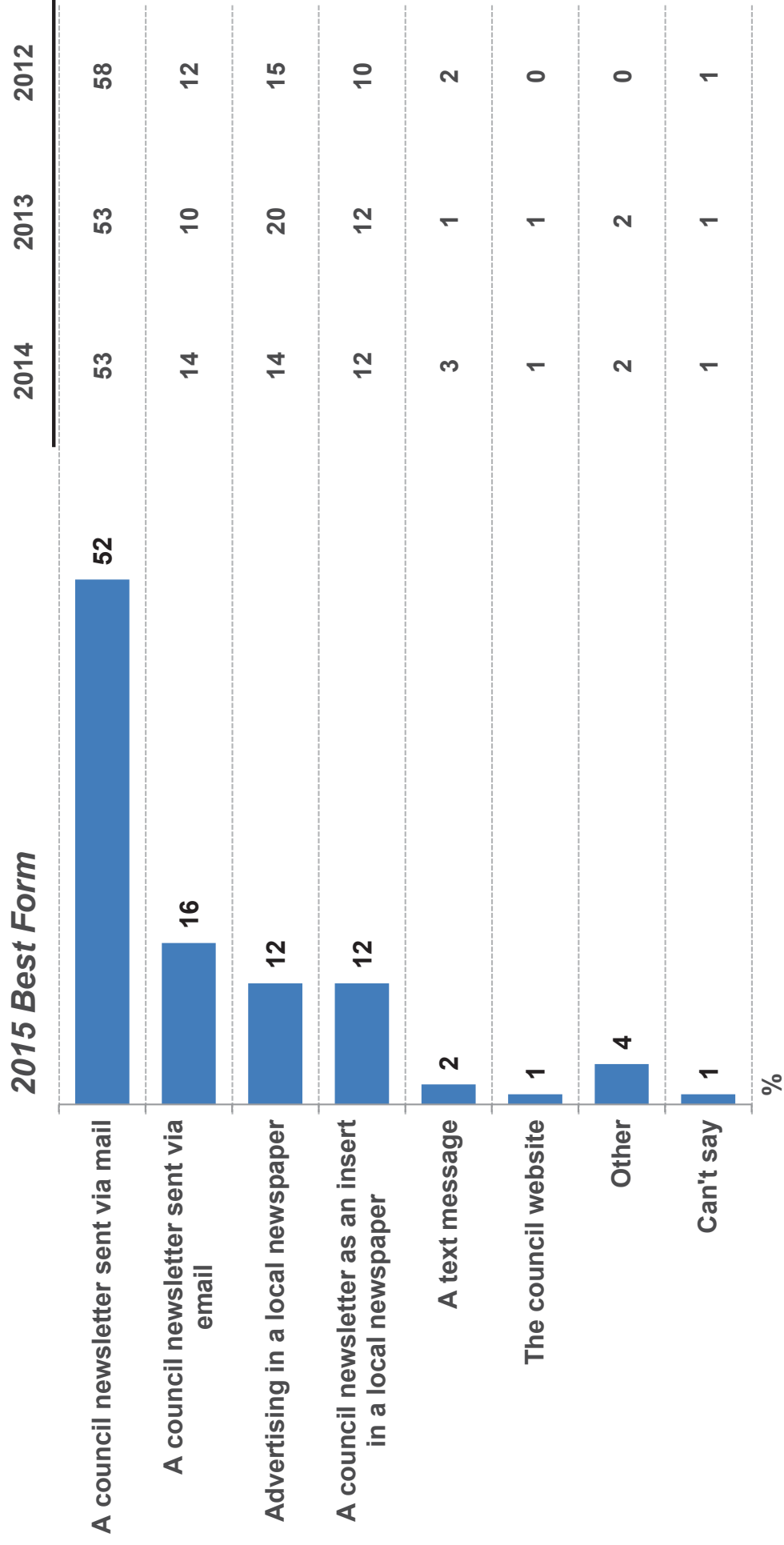
Q6. Over the last 12 months, what is your view of the direction of Pyrenees Shire Council's overall performance?
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18





COMMUNICATIONS

2015 BEST FORMS OF COMMUNICATION

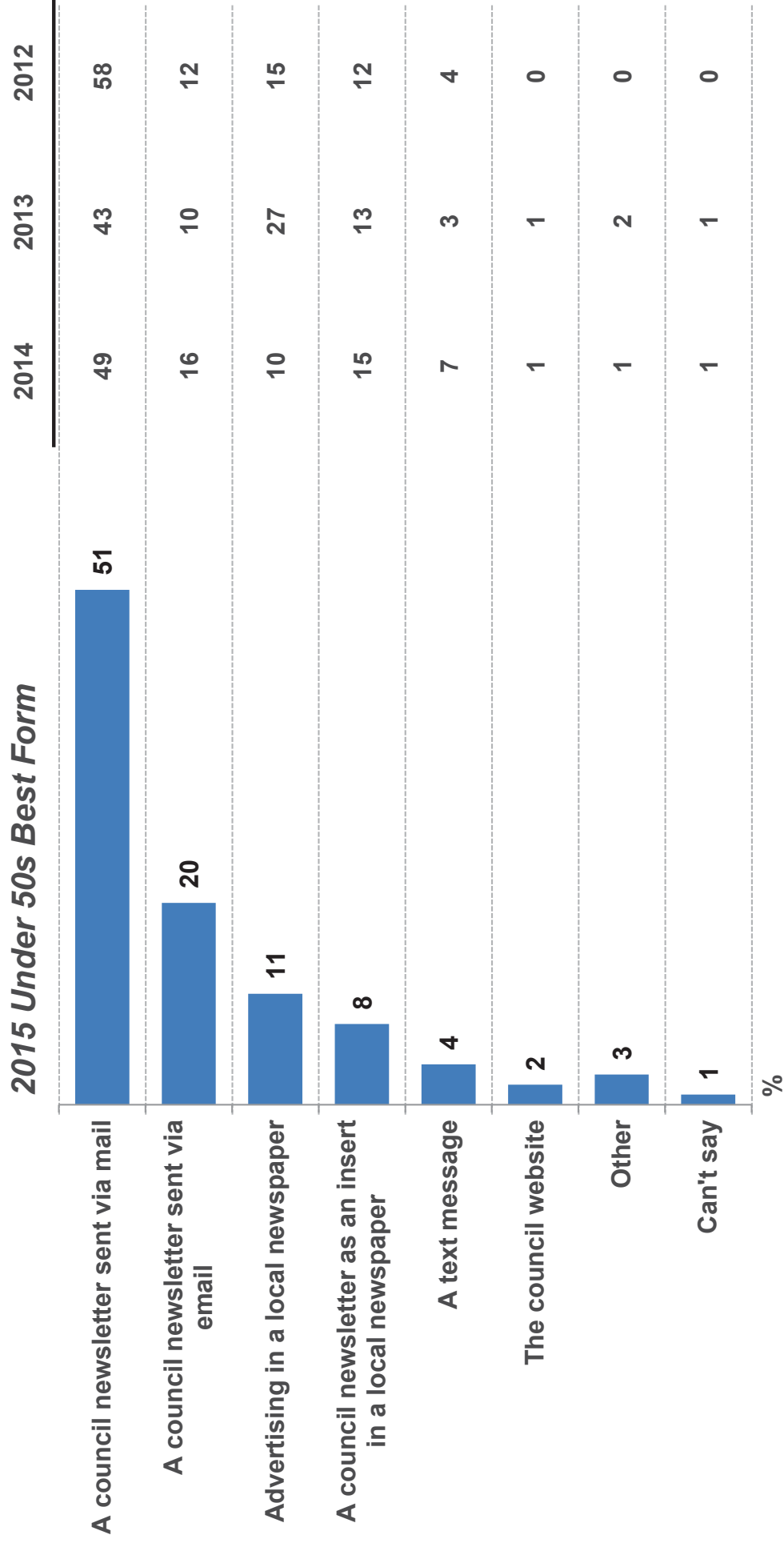


Q13. If Pyrenees Shire Council was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?

Base: All respondents. Councils asked State-wide: 22 Councils asked group: 7

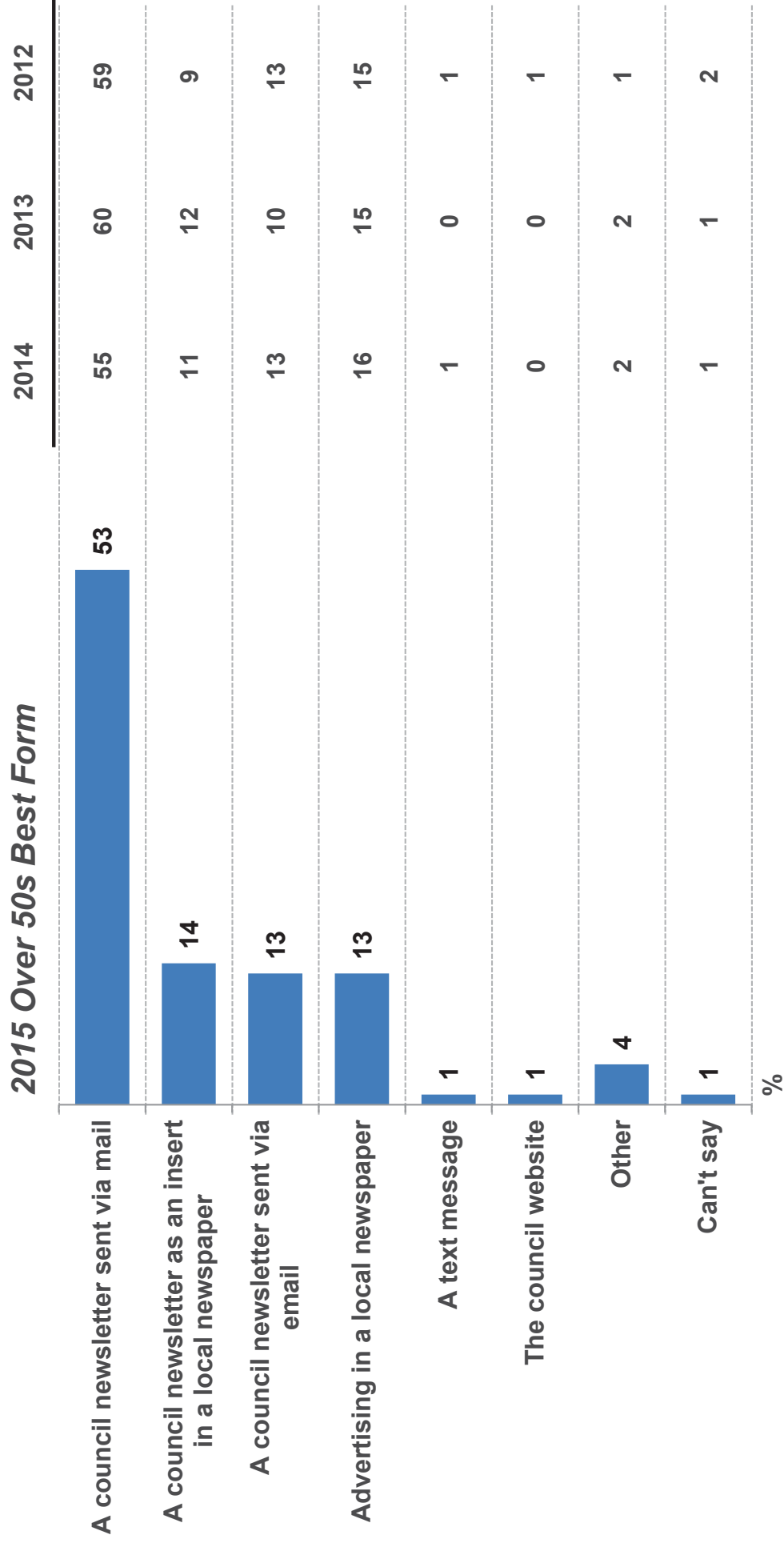
Note: Please see page 5 for explanation about significant differences

2015 BEST FORMS OF COMMUNICATION: UNDER 50S



Q13. If Pyrenees Shire Council was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?
 Base: All respondents aged under 50. Councils asked State-wide: 22 Councils asked group: 7
 Note: Please see page 5 for explanation about significant differences

2015 BEST FORMS OF COMMUNICATION: OVER 50s



Q13. If Pyrenees Shire Council was going to get in touch with you to inform you about Council news and information and upcoming events, which ONE of the following is the BEST way to communicate with you?

Base: All respondents aged over 50. Councils asked State-wide: 22 Councils asked group: 7

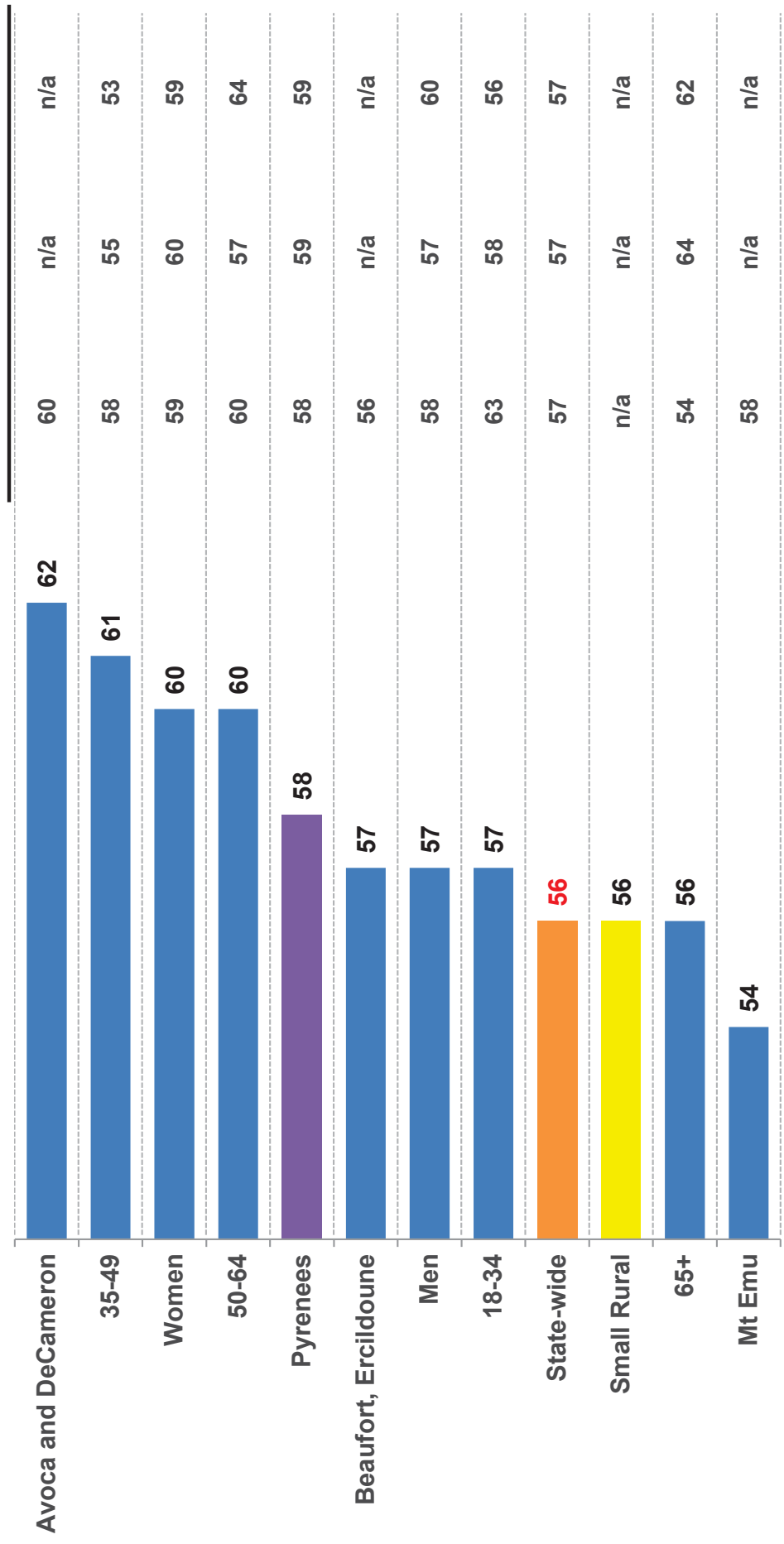
Note: Please see page 5 for explanation about significant differences

An aerial night photograph of a landmass, likely a large island or a coastal region, showing a dense network of roads and city lights. The roads are highlighted in a bright yellow-green glow, forming a complex web across the terrain. Major cities are represented by large, bright white and yellow light clusters. The surrounding sea is dark, and the sky is black. The text 'INDIVIDUAL SERVICE AREAS' is overlaid in white, bold, uppercase letters, rotated 90 degrees counter-clockwise, across the central part of the landmass.

INDIVIDUAL SERVICE AREAS

2015 COMMUNITY CONSULTATION AND ENGAGEMENT PERFORMANCE INDEX SCORES

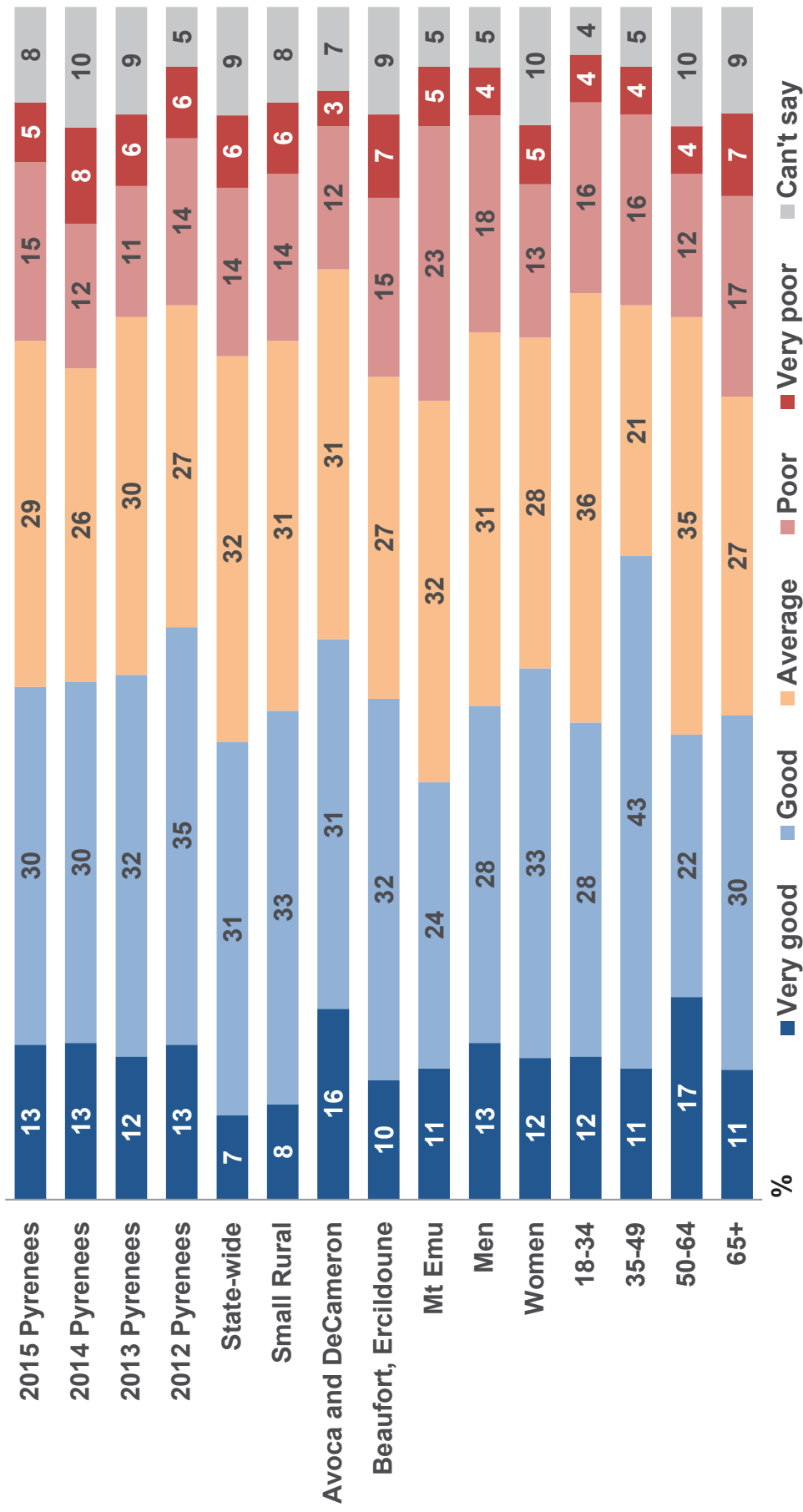
2015 Consultation Performance



Q2. How has Council performed on 'Community Consultation and Engagement' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18
 Note: Please see slide 5 for explanation about significant differences

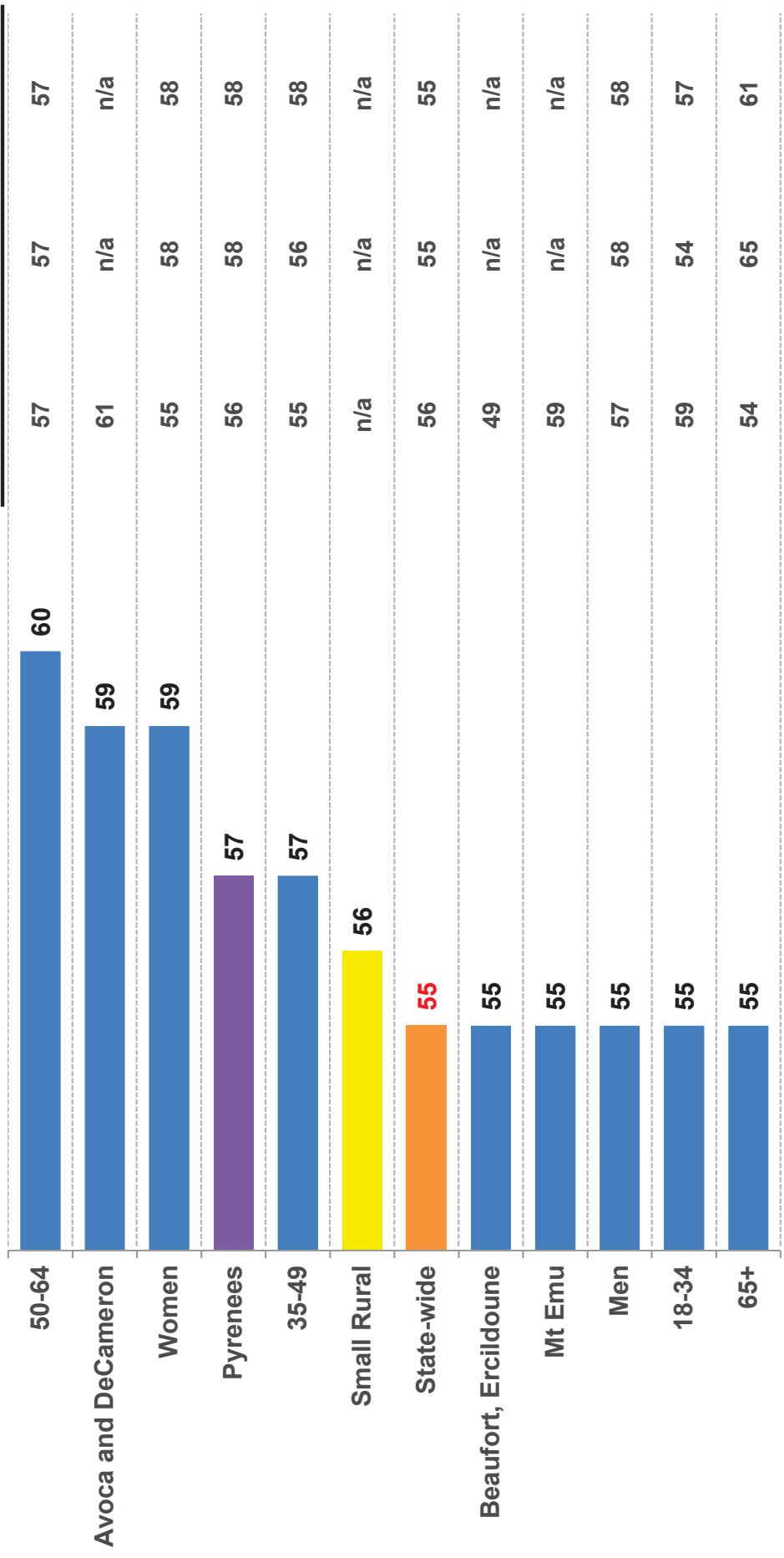
2015 COMMUNITY CONSULTATION AND ENGAGEMENT PERFORMANCE DETAILED PERCENTAGES

2015 Consultation Performance



2015 LOBBYING ON BEHALF OF THE COMMUNITY PERFORMANCE INDEX SCORES

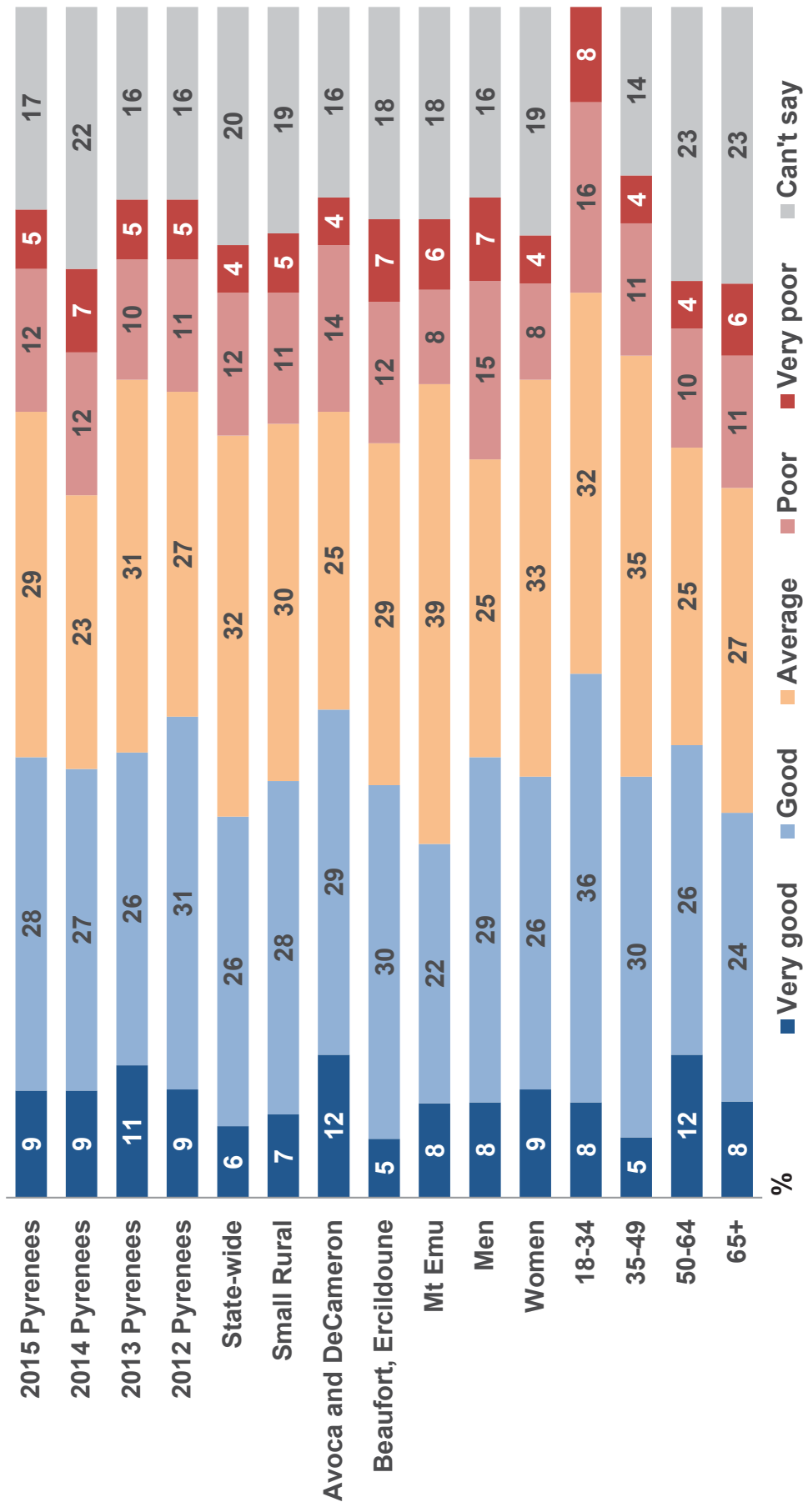
2015 Lobbying Performance



Q2. How has Council performed on 'Lobbying on Behalf of the Community' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18
 Note: Please see slide 5 for explanation about significant differences

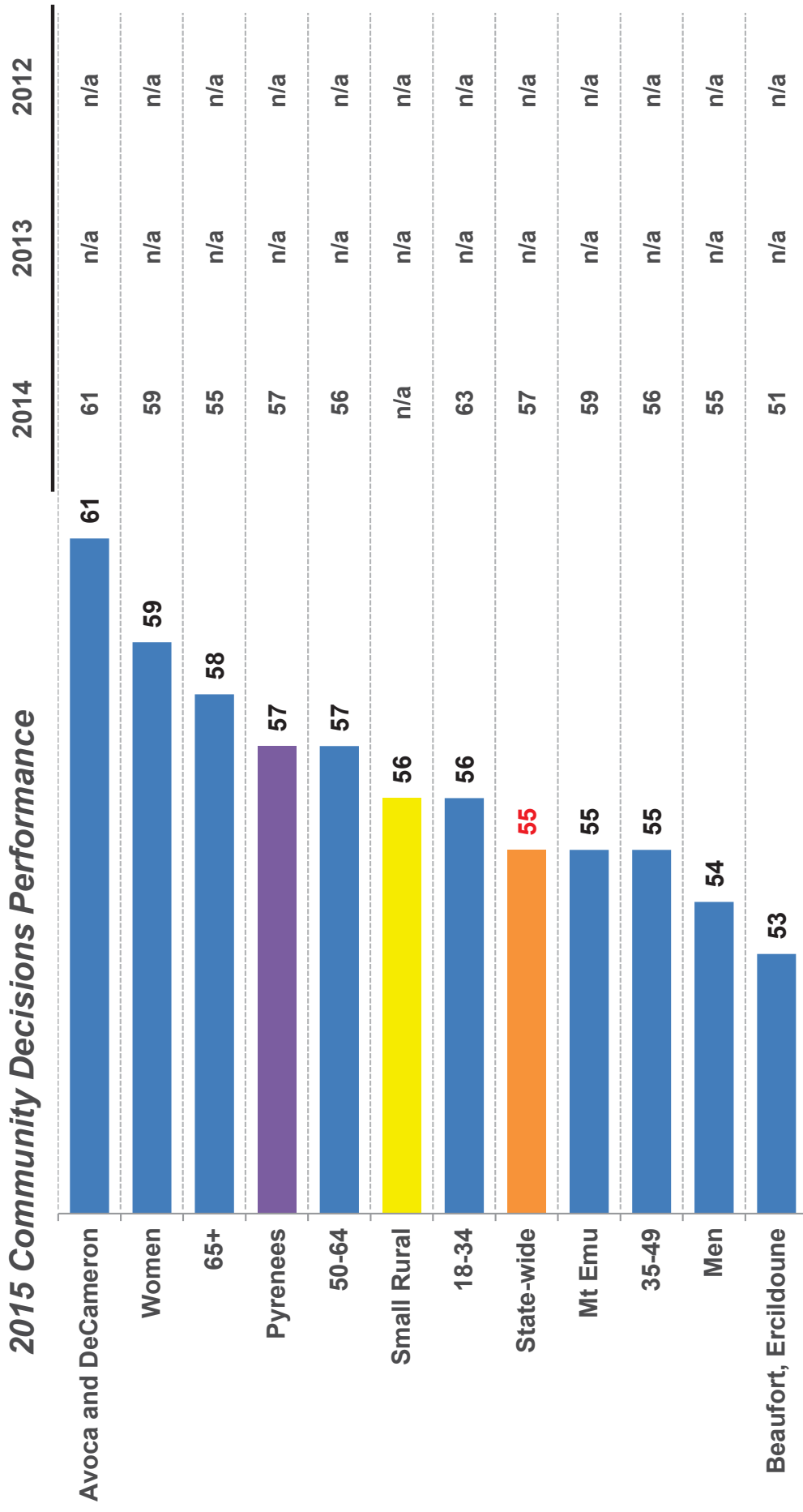
2015 LOBBYING ON BEHALF OF THE COMMUNITY PERFORMANCE DETAILED PERCENTAGES

2015 Lobbying Performance



2015 DECISIONS MADE IN THE INTEREST OF THE COMMUNITY PERFORMANCE INDEX SCORES

2015 Community Decisions Performance



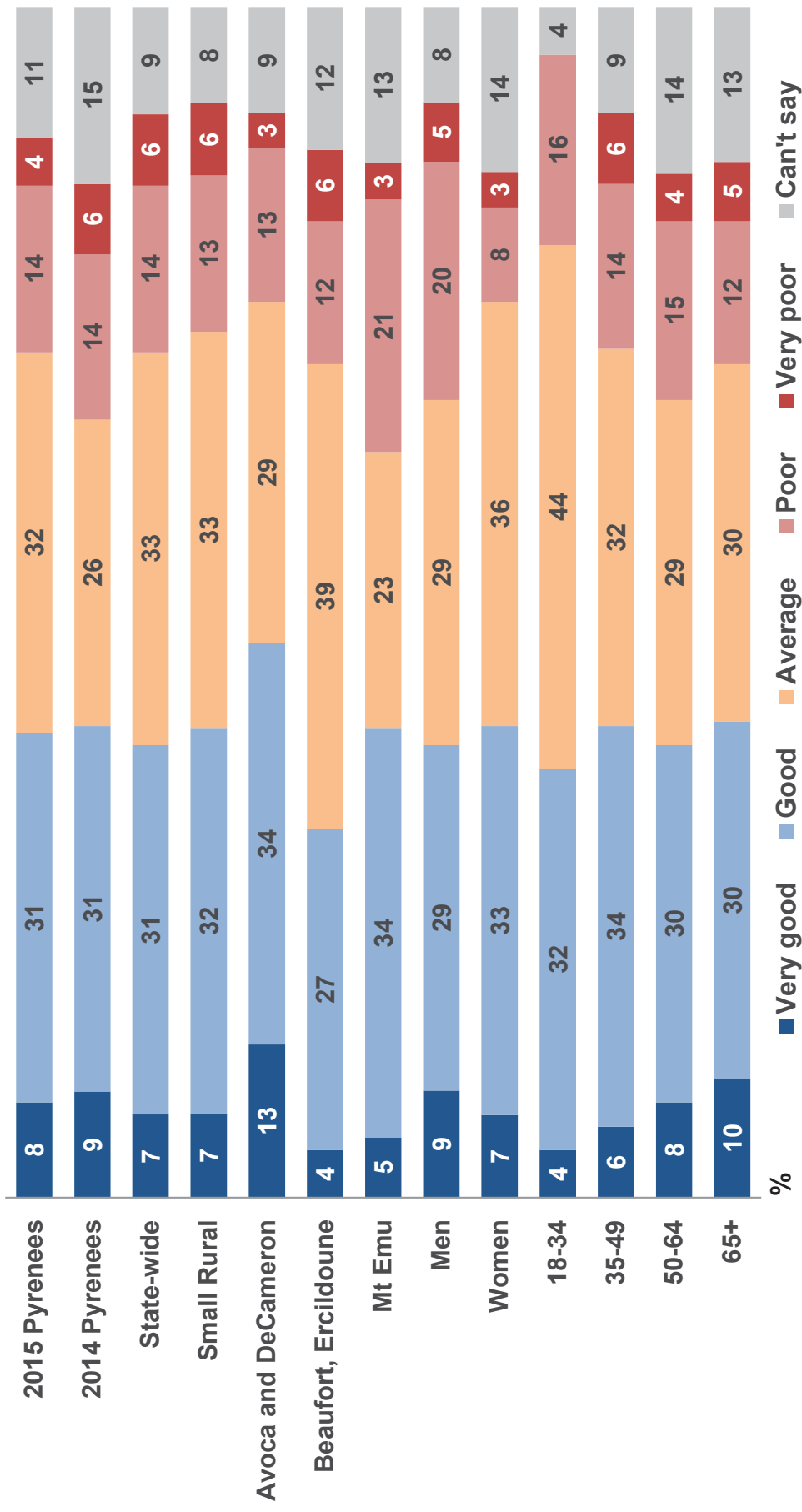
Q2. How has Council performed on 'Decisions made in the interest of the community' over the last 12 months?

Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18

Note: Please see slide 5 for explanation about significant differences

2015 DECISIONS MADE IN THE INTEREST OF THE COMMUNITY PERFORMANCE DETAILED PERCENTAGES

2015 Community Decisions Performance

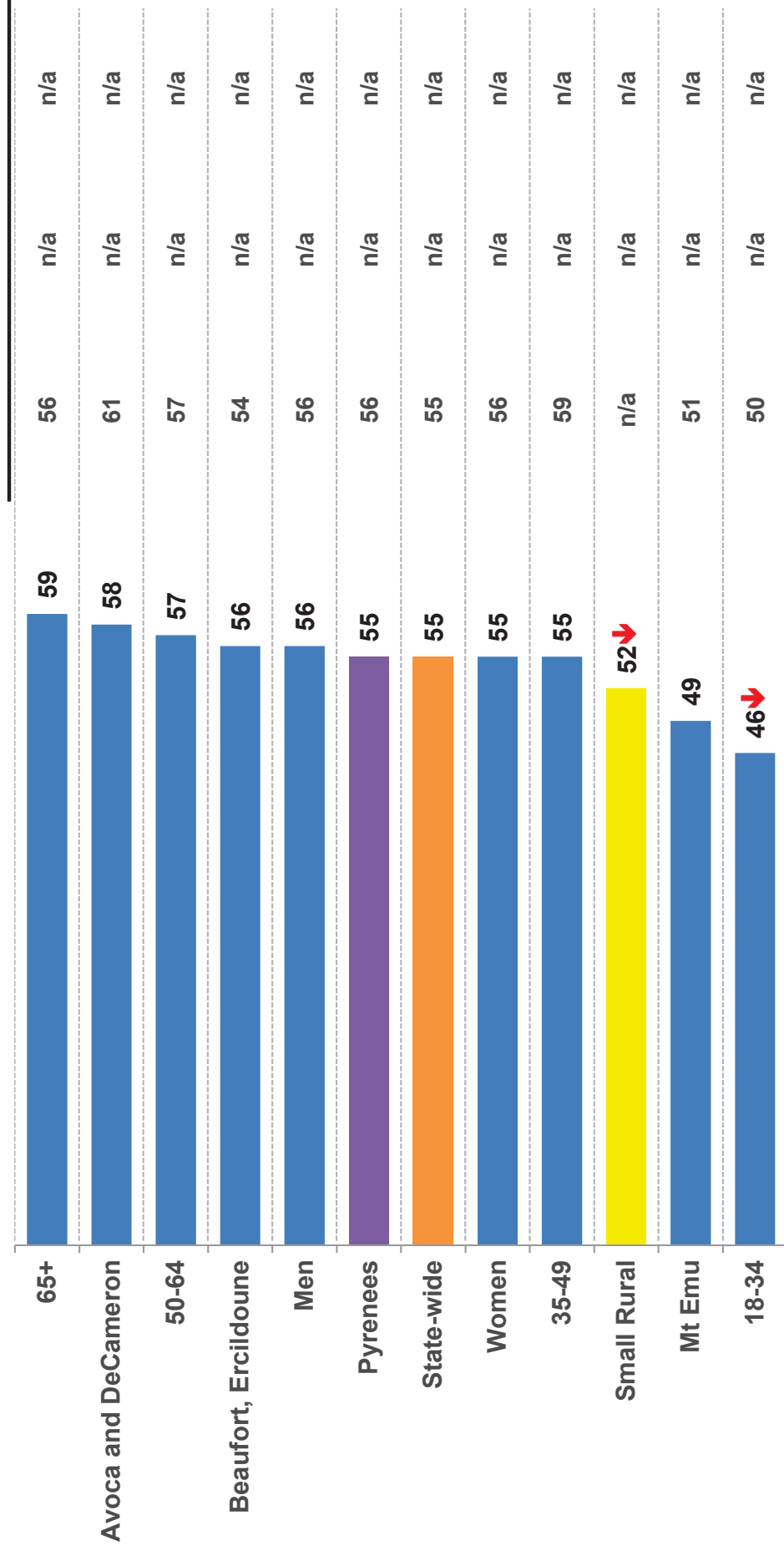


Q2. How has Council performed on 'Decisions made in the interest of the community' over the last 12 months?
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18



2015 THE CONDITION OF SEALED LOCAL ROADS IN YOUR AREA PERFORMANCE INDEX SCORES

2015 Sealed Local Roads Performance



Q2. How has Council performed on 'The condition of sealed local roads in your area' over the last 12 months?

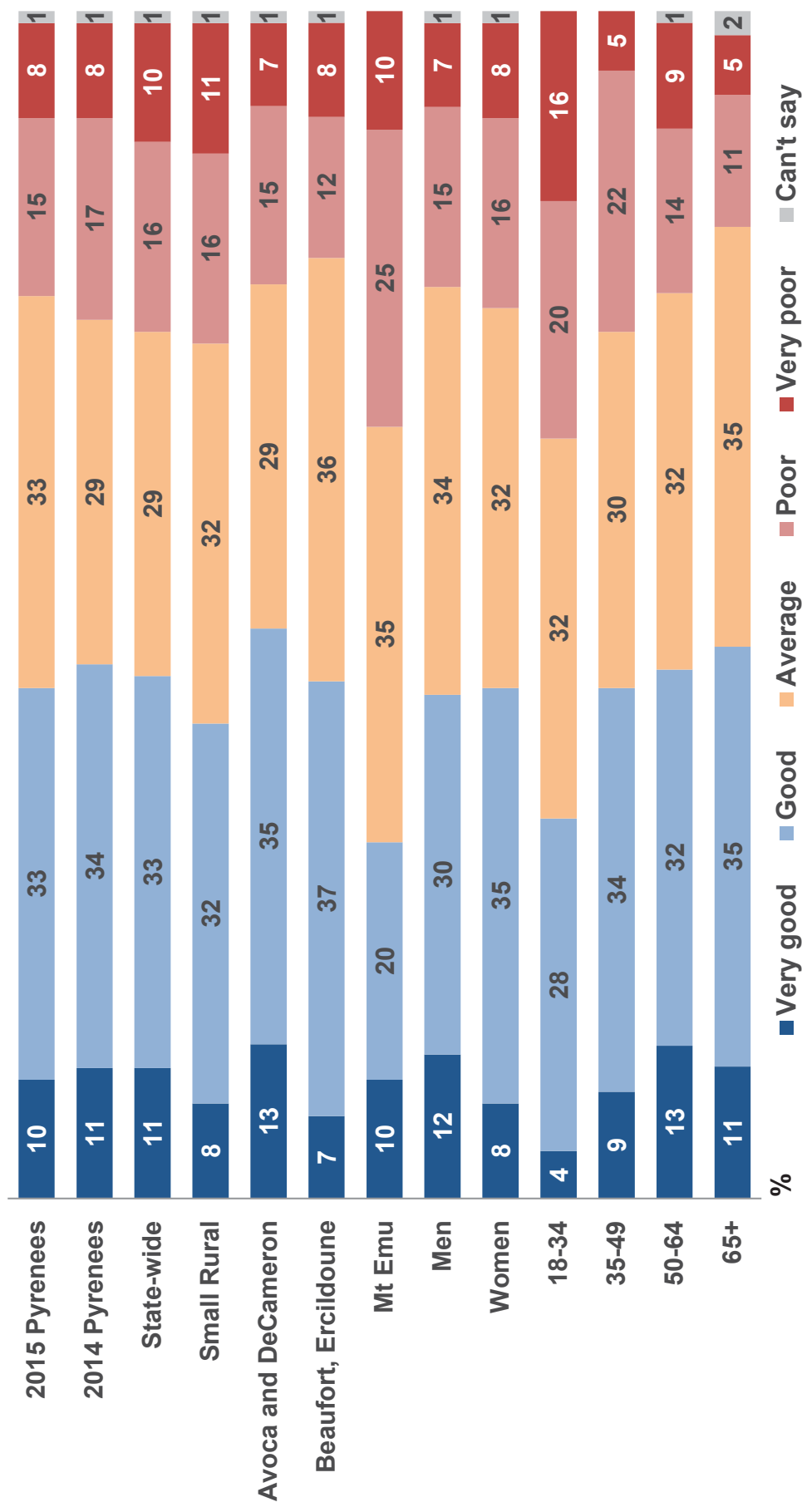
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18

Note: Please see slide 5 for explanation about significant differences



2015 THE CONDITION OF SEALED LOCAL ROADS IN YOUR AREA PERFORMANCE DETAILED PERCENTAGES

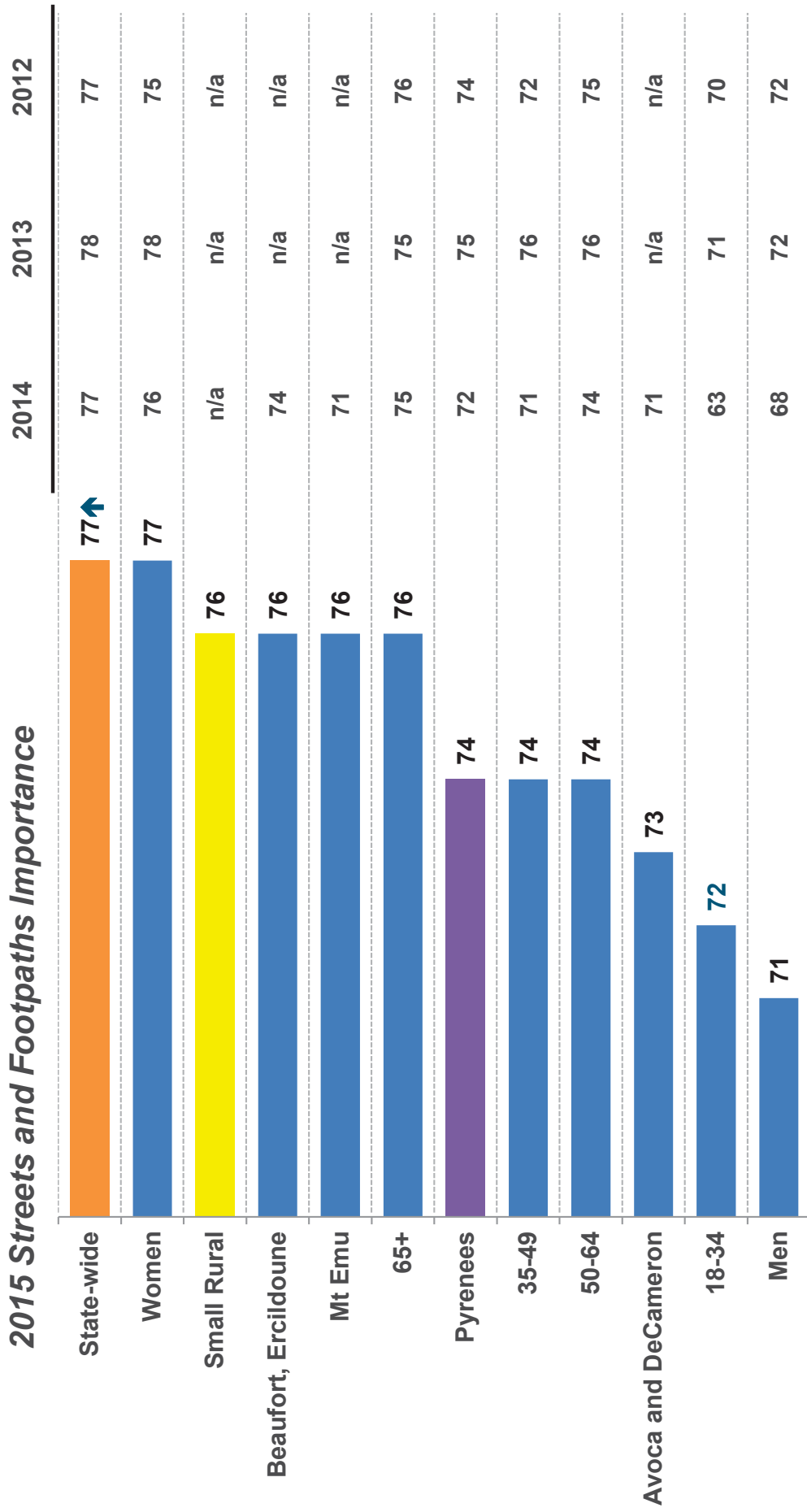
2015 Sealed Local Roads Performance



Q2. How has Council performed on 'The condition of sealed local roads in your area' over the last 12 months?
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18



2015 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA IMPORTANCE INDEX SCORES



Q1. Firstly, how important should 'The condition of local streets and footpaths in your area' be as a responsibility for Council?

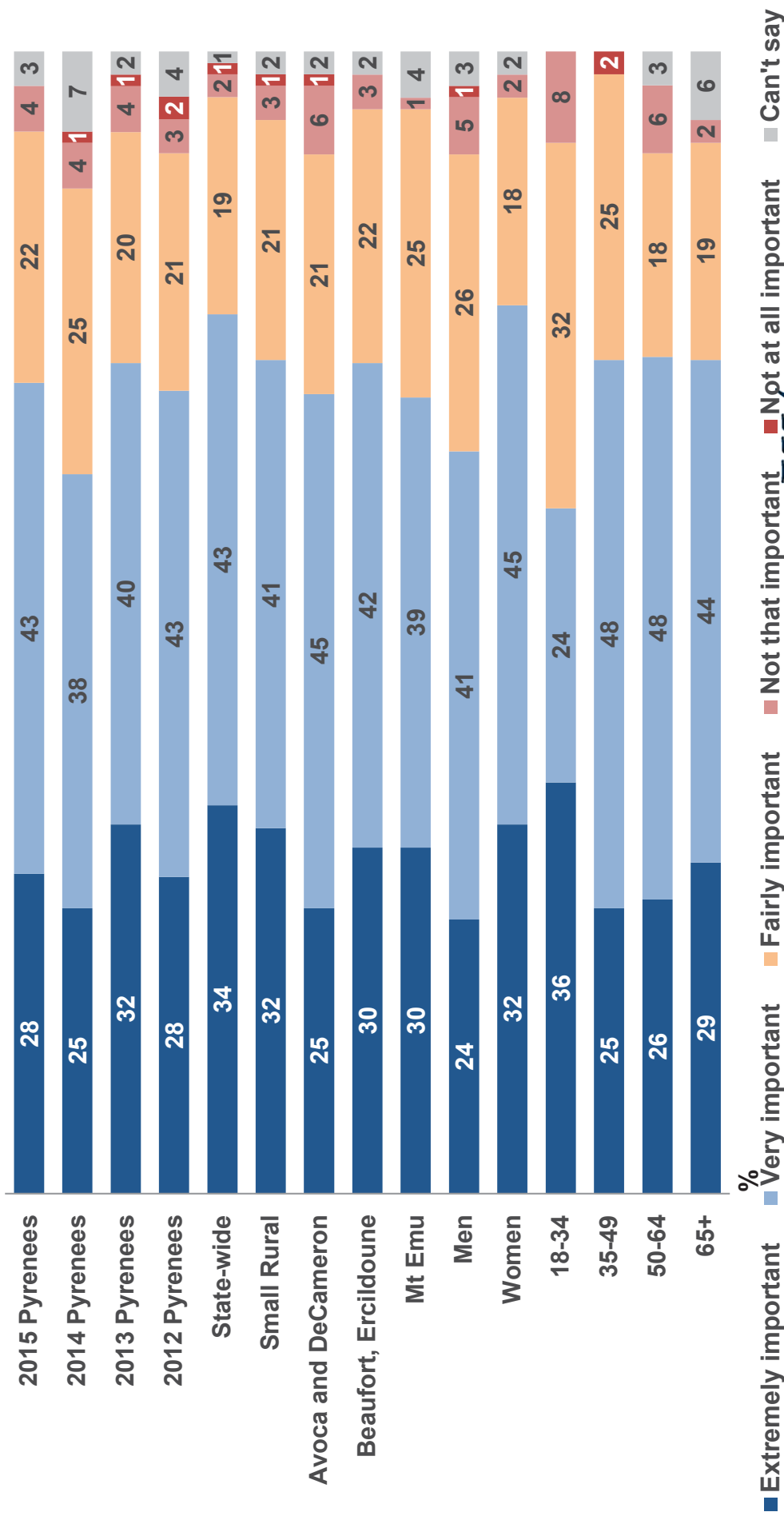
Base: All respondents. Councils asked State-wide: 29 Councils asked group: 6

Note: Please see slide 5 for explanation about significant differences



2015 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA IMPORTANCE DETAILED PERCENTAGES

2015 Streets and Footpaths Importance

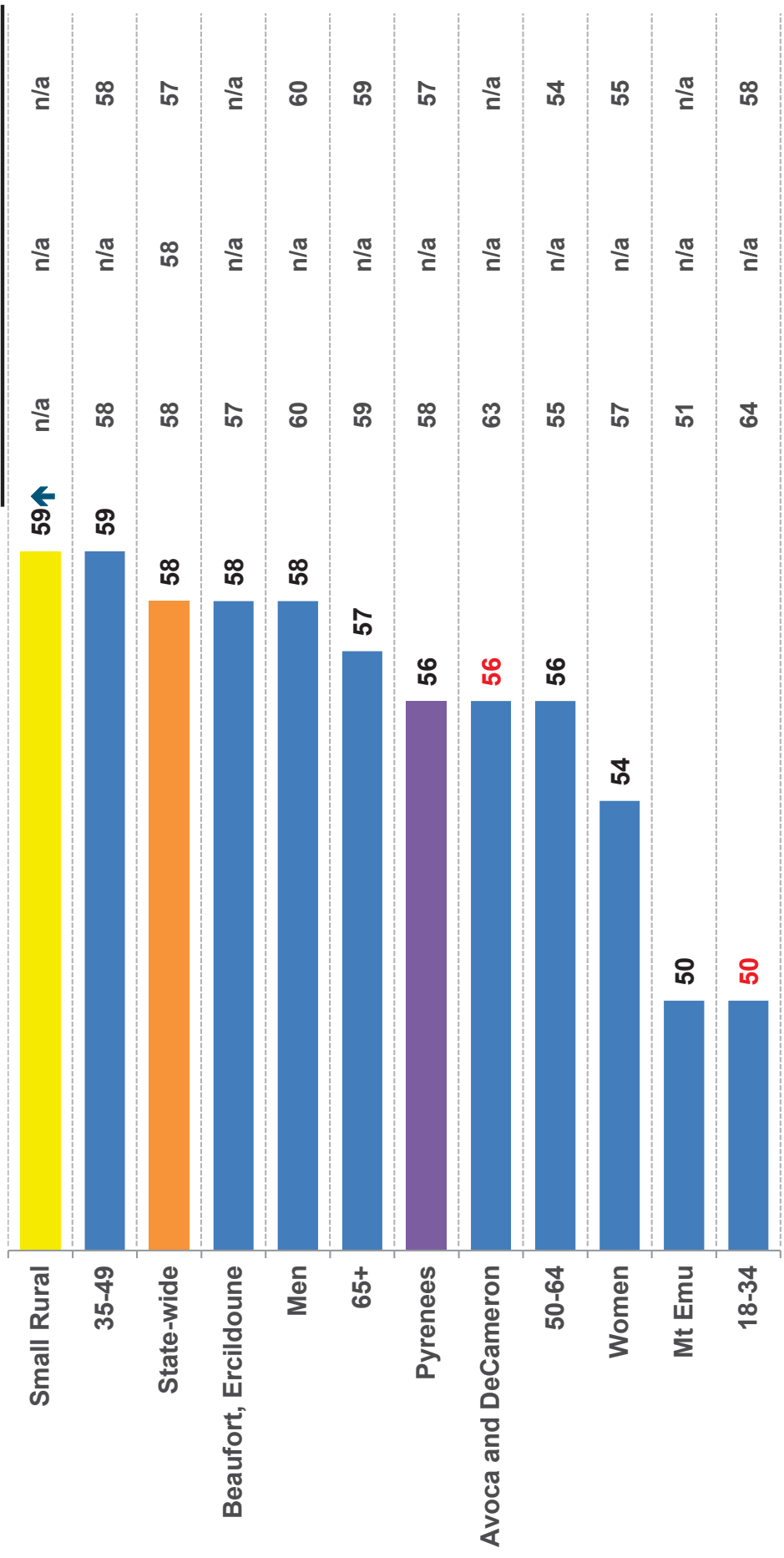


Q1. Firstly, how important should 'The condition of local streets and footpaths in your area' be as a responsibility for Council?
Base: All respondents. Councils asked State-wide: 29 Councils asked group: 6



2015 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA PERFORMANCE INDEX SCORES

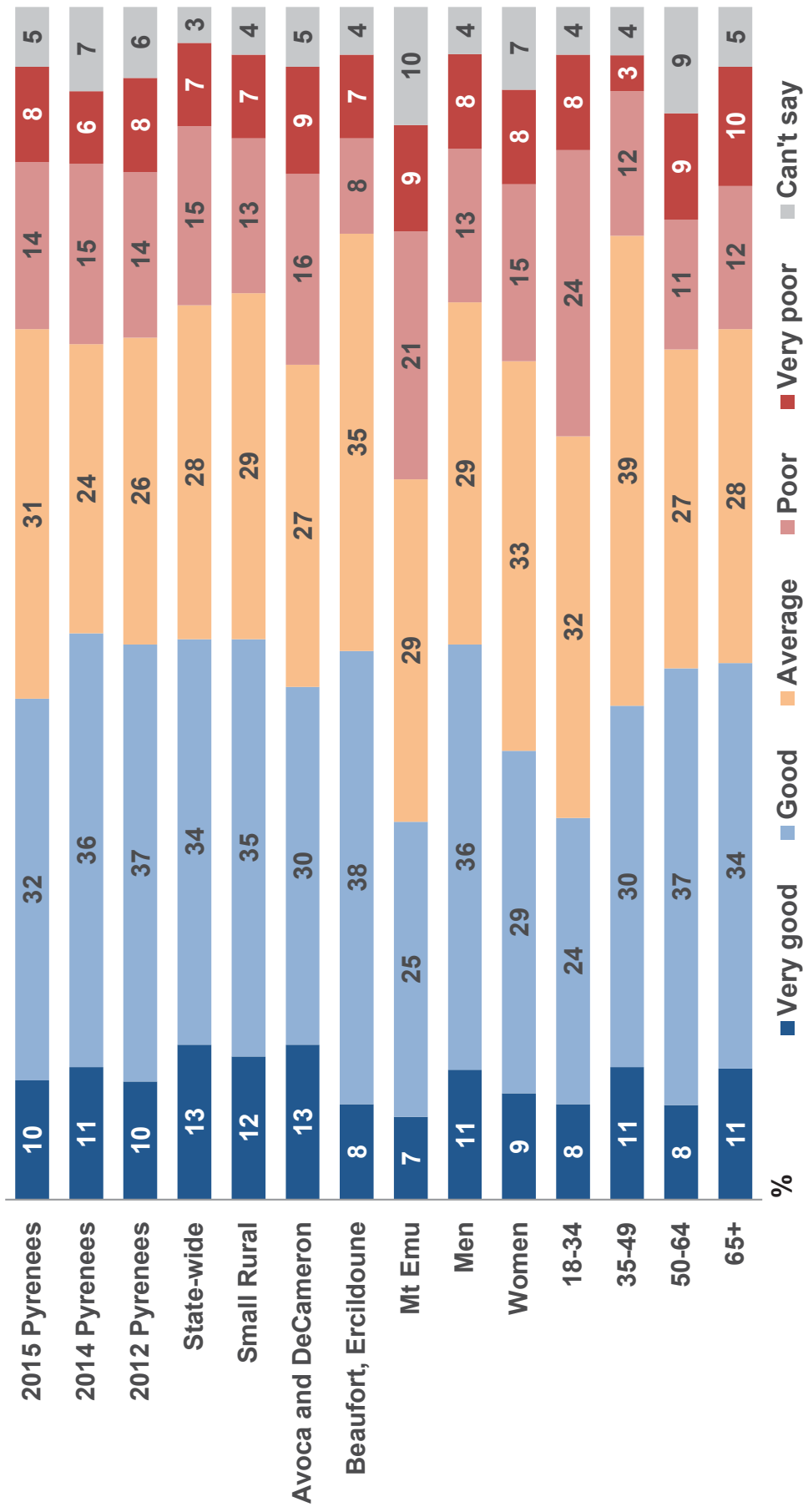
2015 Streets and Footpaths Performance



Q2. How has Council performed on 'The condition of local streets and footpaths in your area' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 40 Councils asked group: 10
 Note: Please see slide 5 for explanation about significant differences

2015 THE CONDITION OF LOCAL STREETS AND FOOTPATHS IN YOUR AREA PERFORMANCE DETAILED PERCENTAGES

2015 Streets and Footpaths Performance

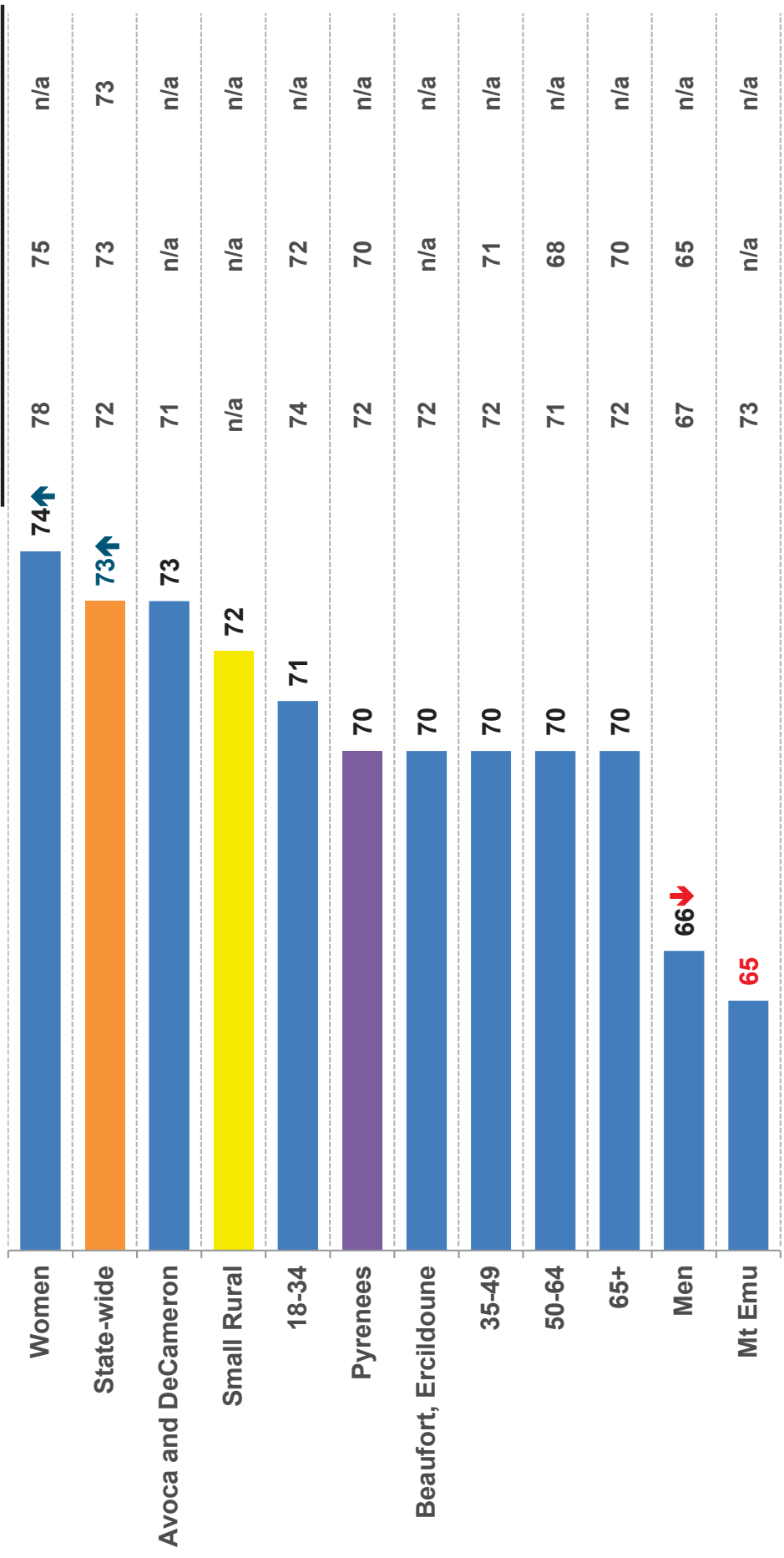


Q2. How has Council performed on 'The condition of local streets and footpaths in your area' over the last 12 months?
Base: All respondents. Councils asked State-wide: 40 Councils asked group: 10



2015 FAMILY SUPPORT SERVICES IMPORTANCE INDEX SCORES

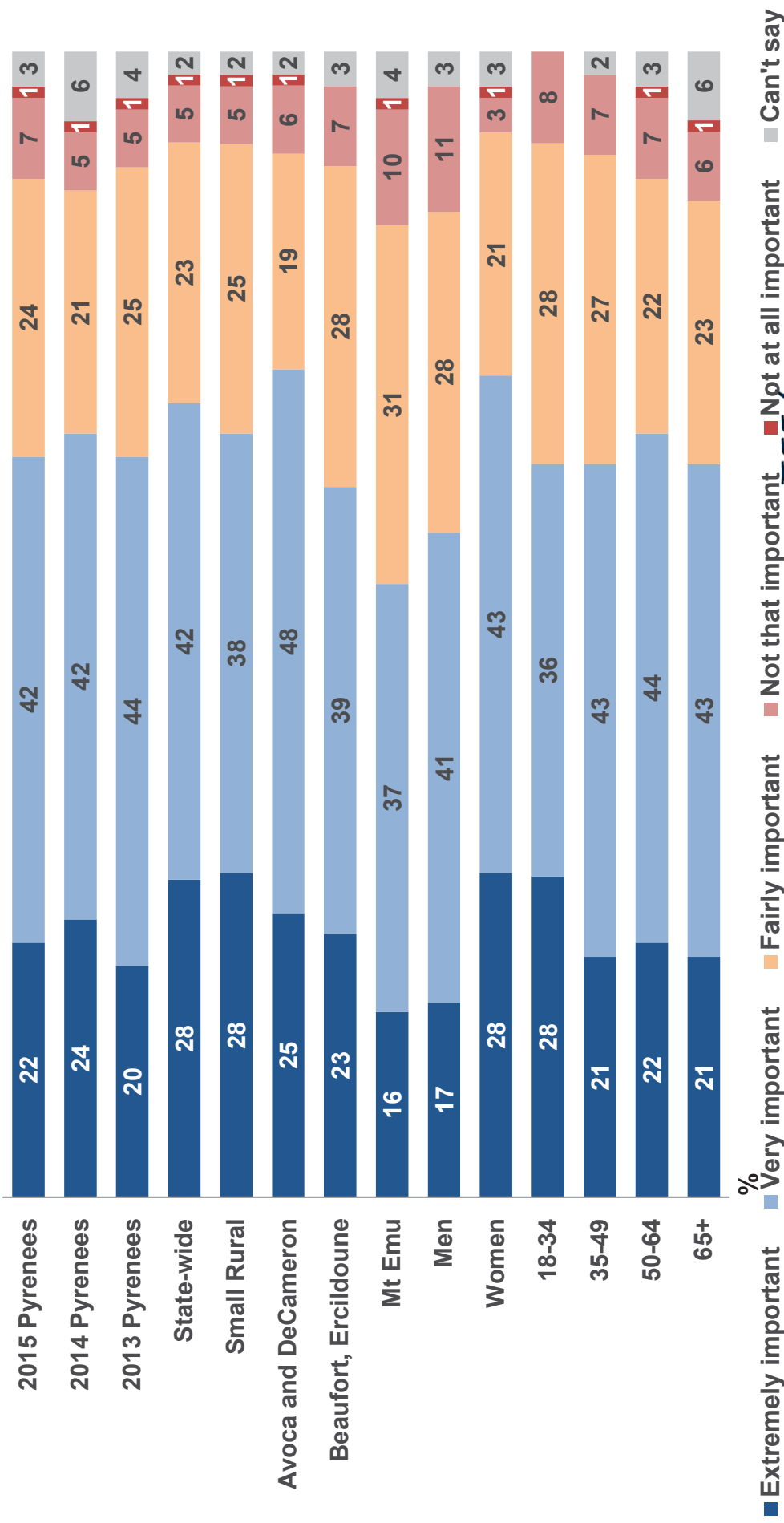
2015 Family Support Importance



Q1. Firstly, how important should 'Family Support Services' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 27 Councils asked group: 5
 Note: Please see slide 5 for explanation about significant differences

2015 FAMILY SUPPORT SERVICES IMPORTANCE DETAILED PERCENTAGES

2015 Family Support Importance

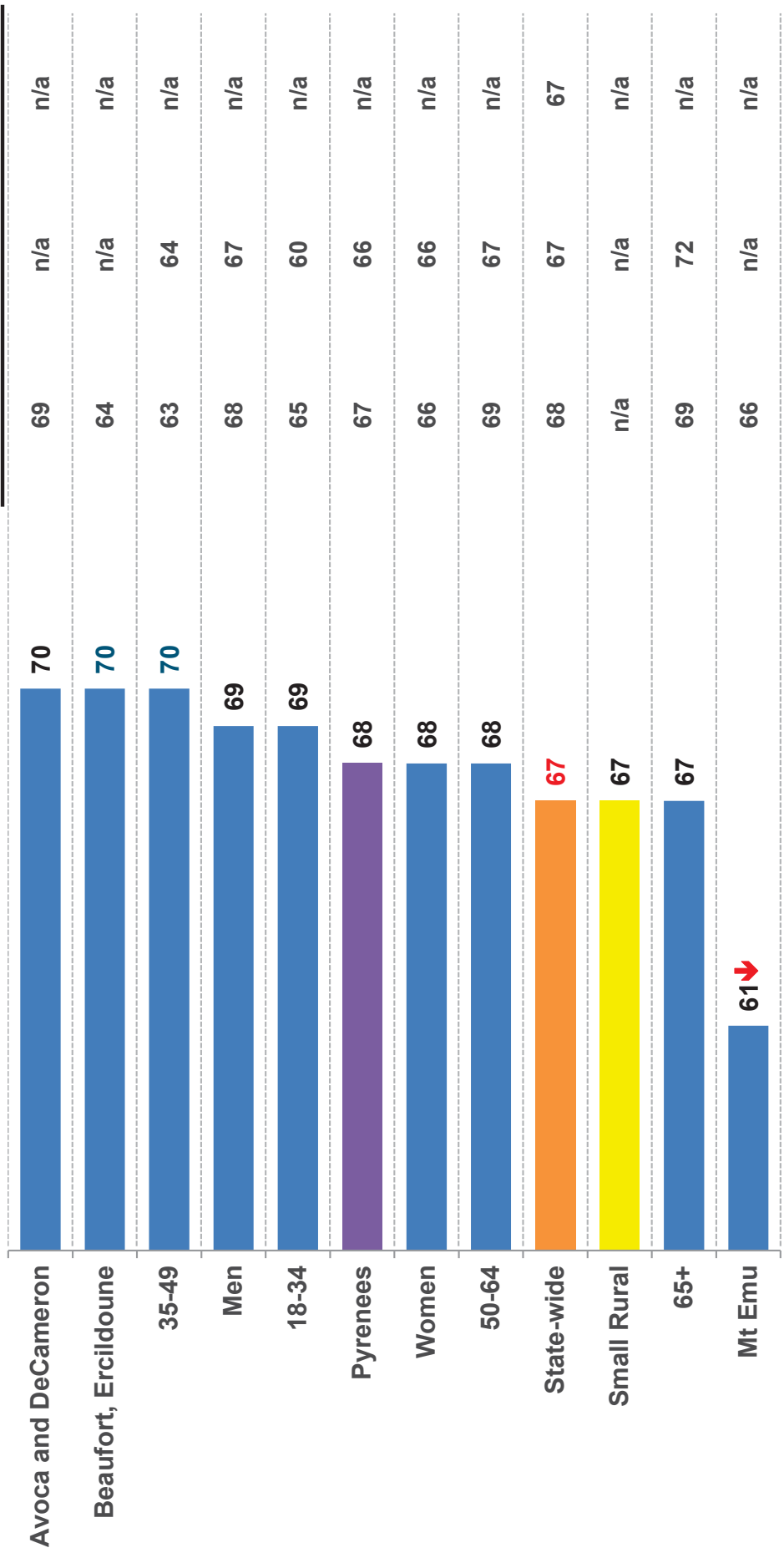


Q1. Firstly, how important should 'Family Support Services' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 27 Councils asked group: 5



2015 FAMILY SUPPORT SERVICES PERFORMANCE INDEX SCORES

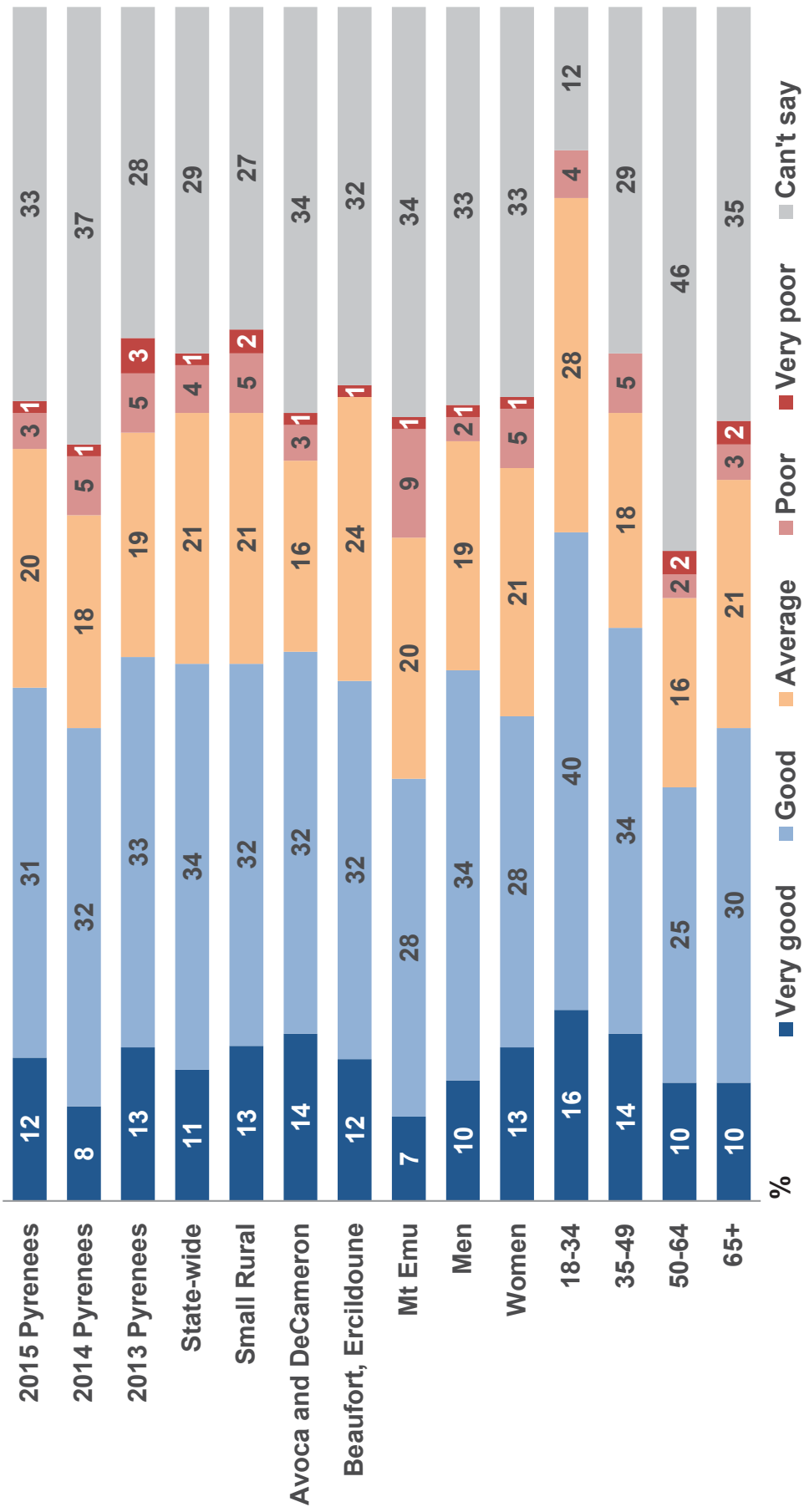
2015 Family Support Performance



Q2. How has Council performed on 'Family Support Services' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 37 Councils asked group: 8
 Note: Please see slide 5 for explanation about significant differences

2015 FAMILY SUPPORT SERVICES PERFORMANCE DETAILED PERCENTAGES

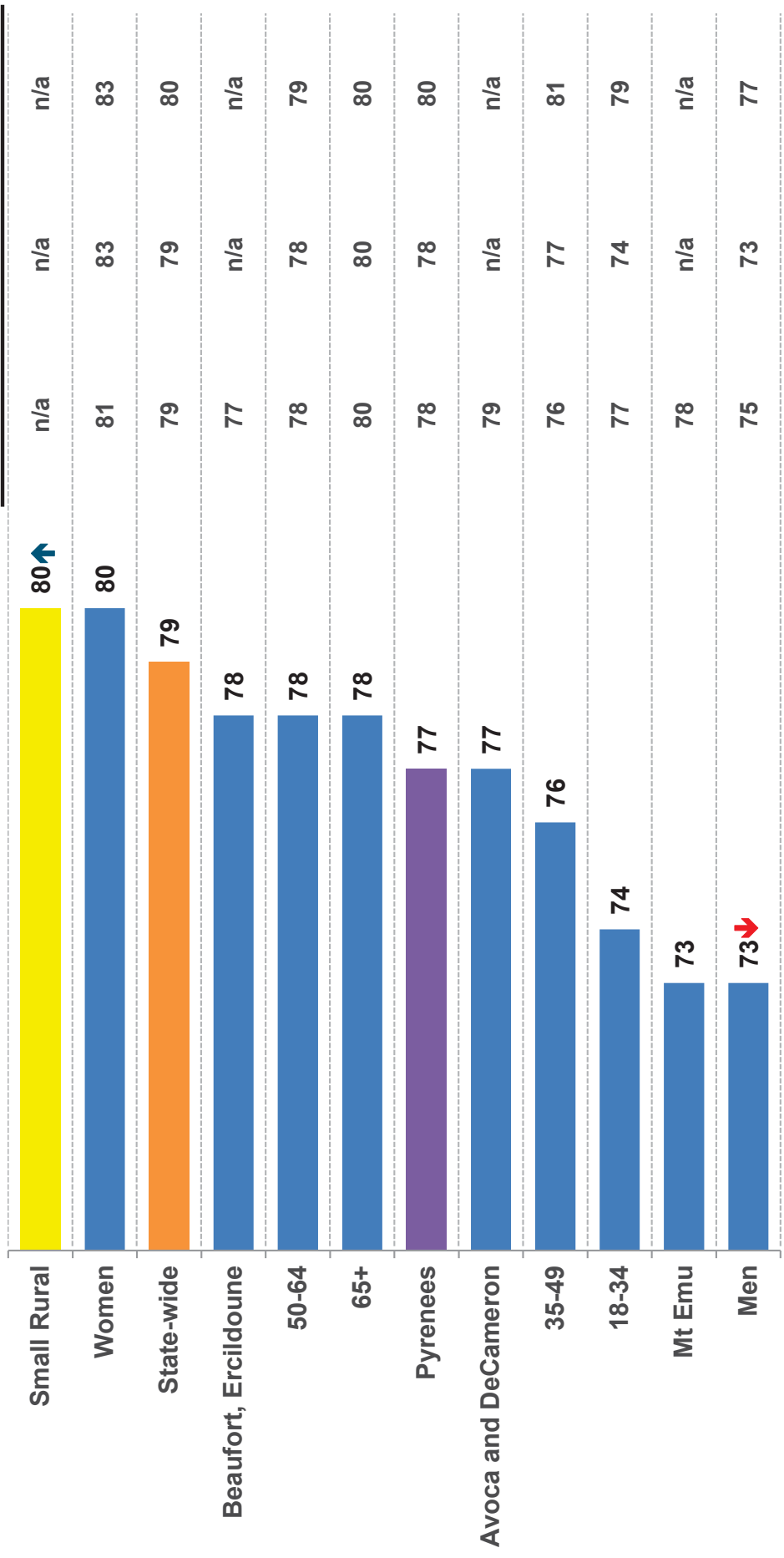
2015 Family Support Performance



Q2. How has Council performed on 'Family Support Services' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 37 Councils asked group: 8

2015 ELDERLY SUPPORT SERVICES IMPORTANCE INDEX SCORES

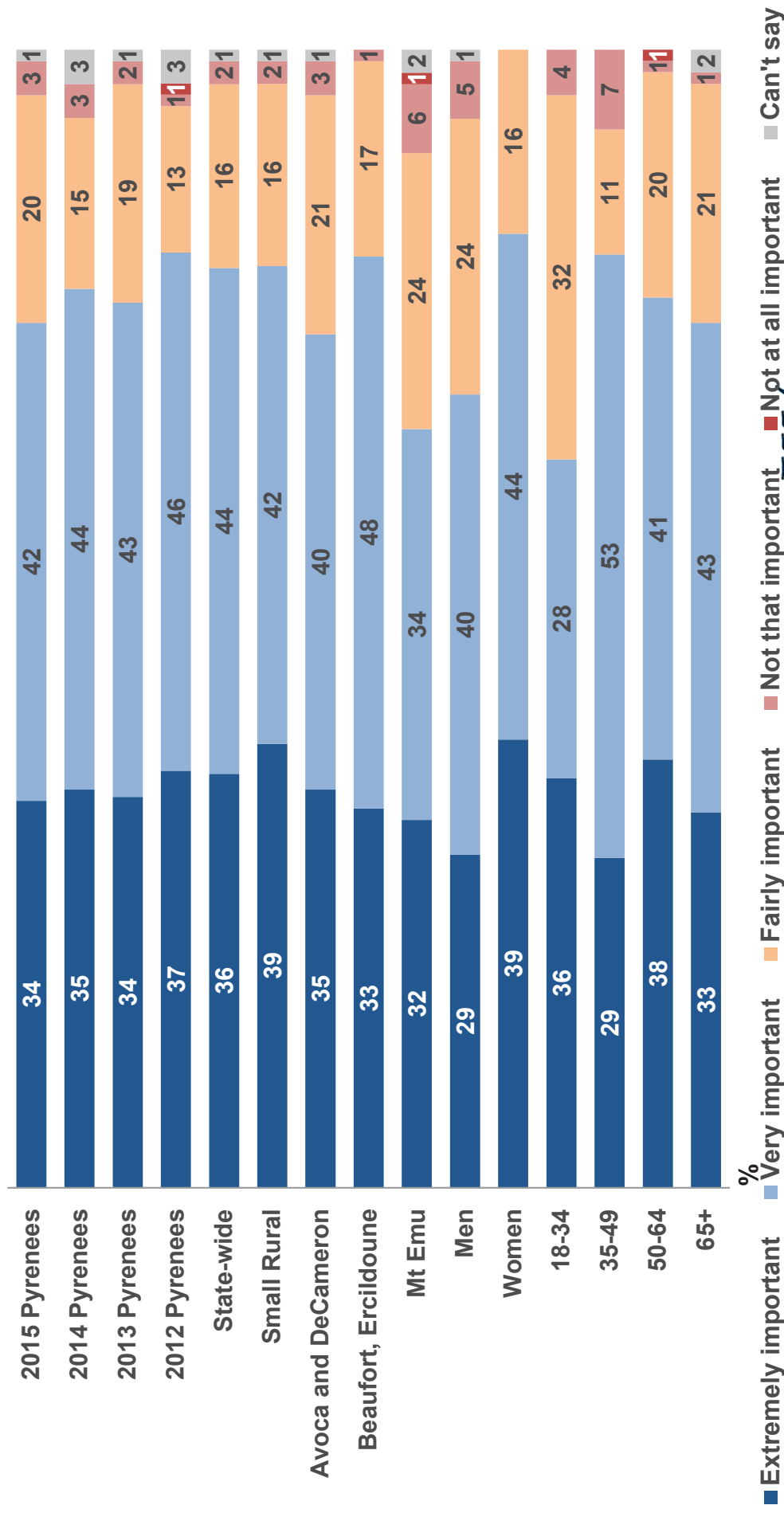
2015 Elderly Support Importance



Q1. Firstly, how important should 'Elderly Support Services' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 29 Councils asked group: 6
 Note: Please see slide 5 for explanation about significant differences

2015 ELDERLY SUPPORT SERVICES IMPORTANCE DETAILED PERCENTAGES

2015 Elderly Support Importance

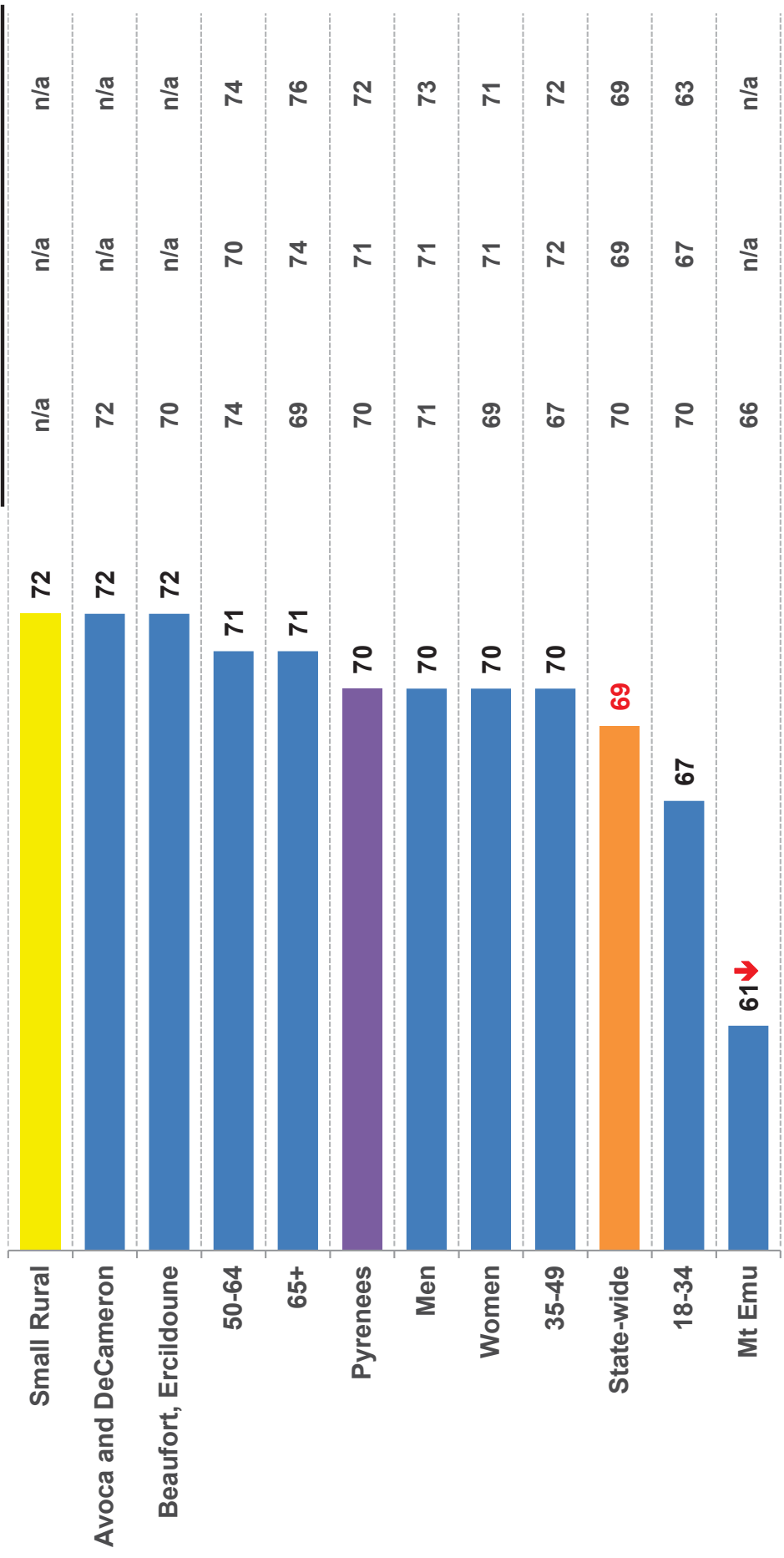


Q1. Firstly, how important should 'Elderly Support Services' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 29 Councils asked group: 6



2015 ELDERLY SUPPORT SERVICES PERFORMANCE INDEX SCORES

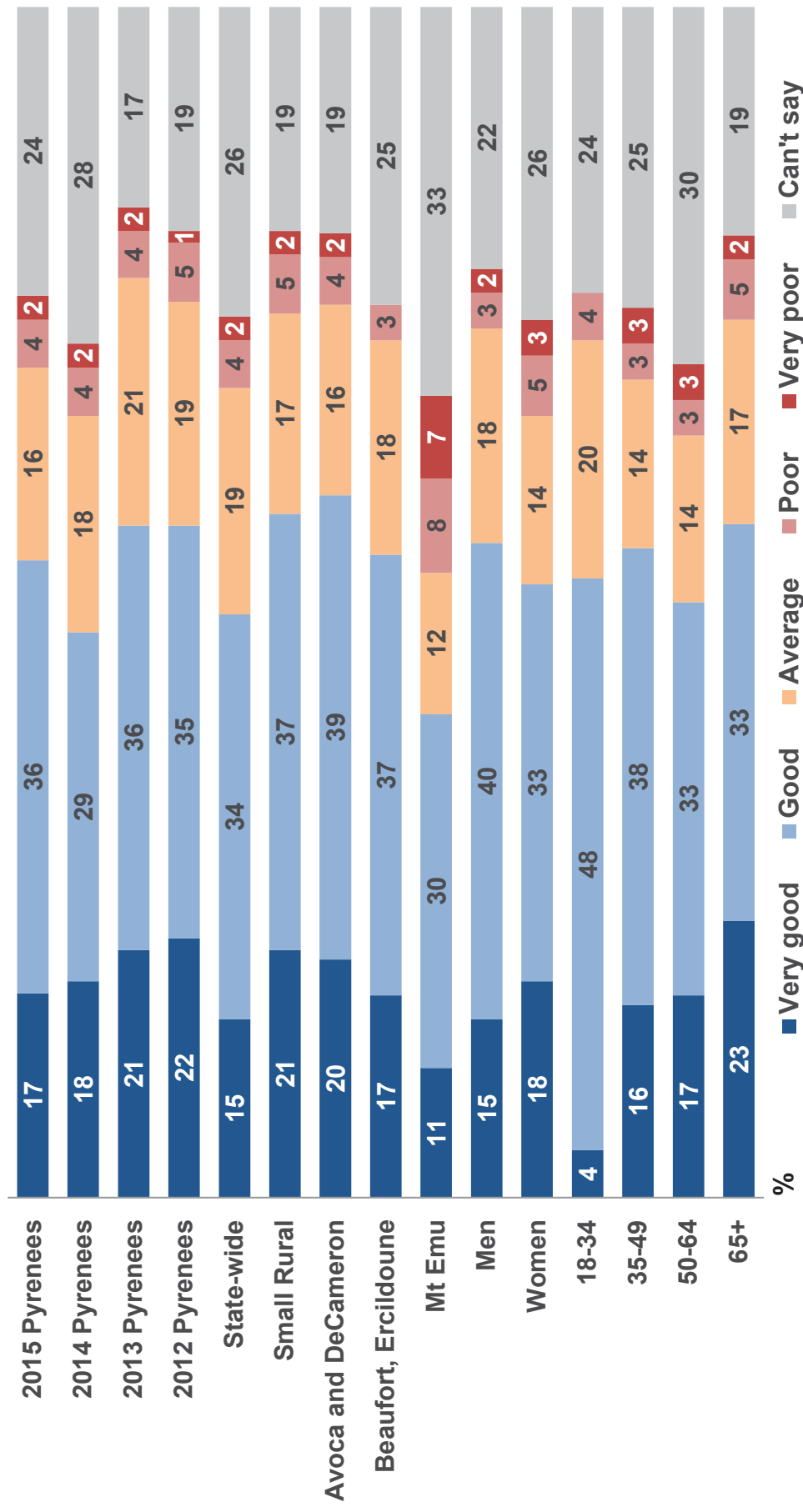
2015 Elderly Support Performance



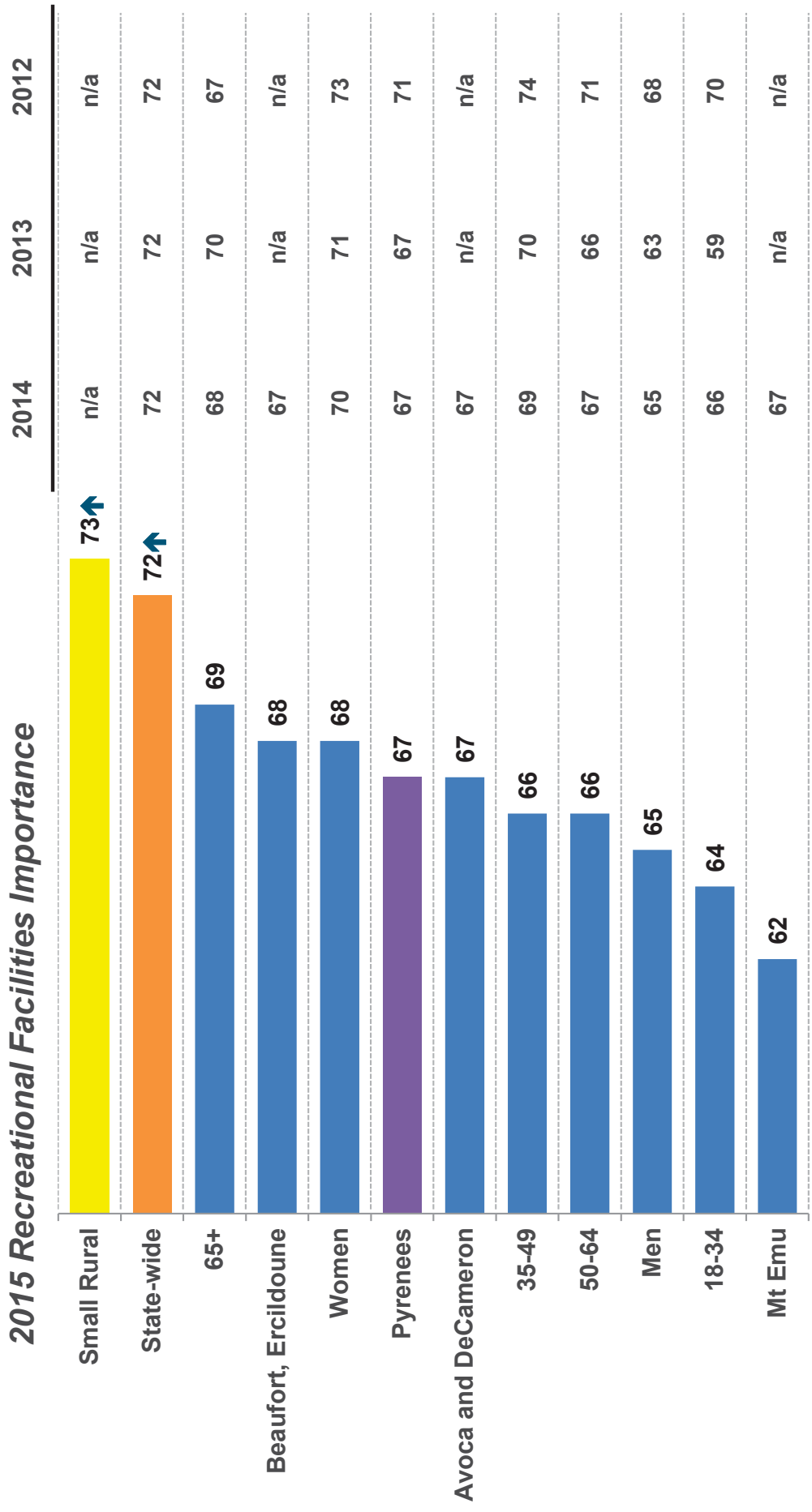
Q2. How has Council performed on 'Elderly Support Services' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 40 Councils asked group: 9
 Note: Please see slide 5 for explanation about significant differences

2015 ELDERLY SUPPORT SERVICES PERFORMANCE DETAILED PERCENTAGES

2015 Elderly Support Performance



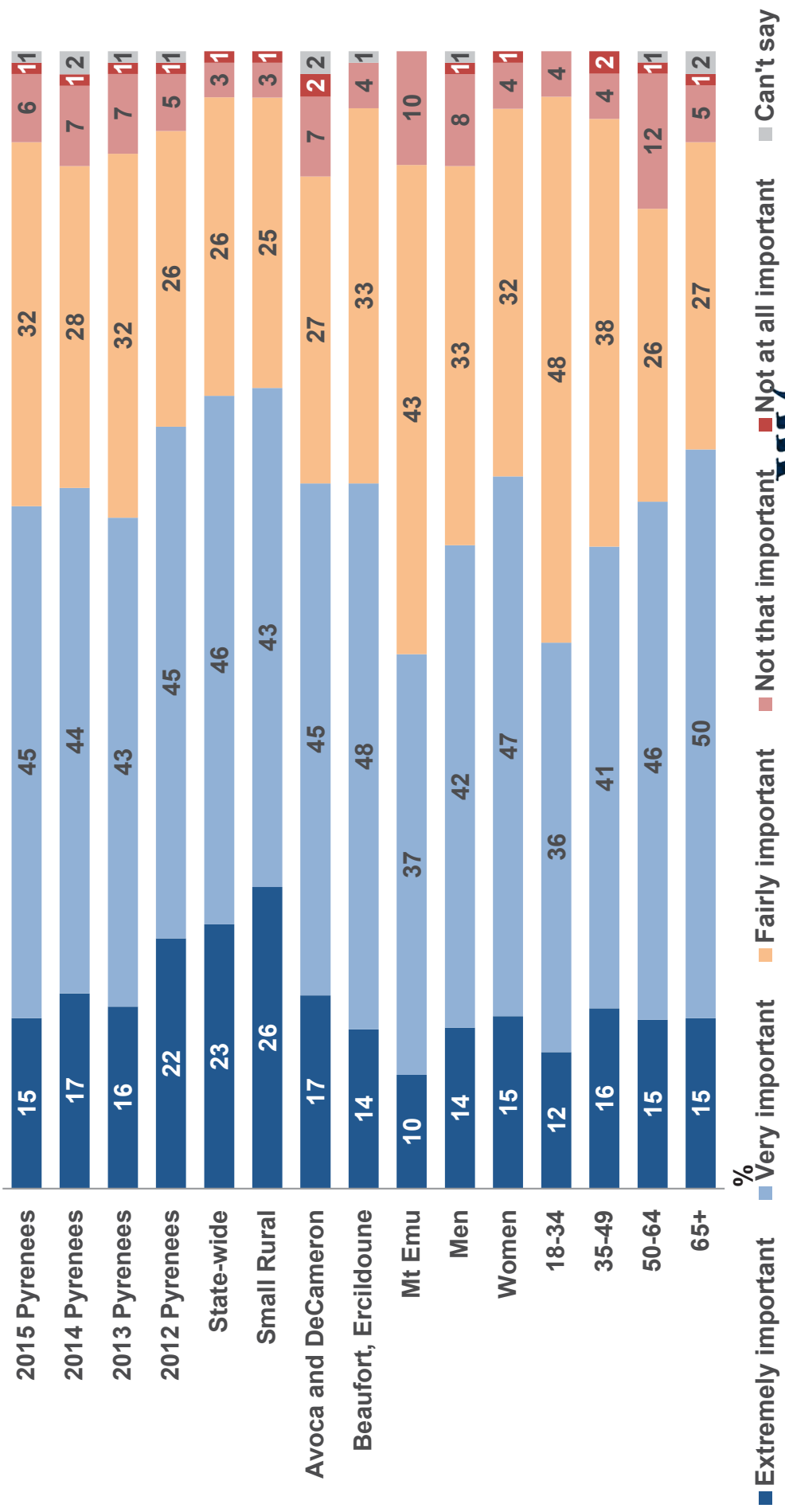
2015 RECREATIONAL FACILITIES IMPORTANCE INDEX SCORES



Q1. Firstly, how important should 'Recreational Facilities' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 33 Councils asked group: 6
 Note: Please see slide 5 for explanation about significant differences

2015 RECREATIONAL FACILITIES IMPORTANCE DETAILED PERCENTAGES

2015 Recreational Facilities Importance

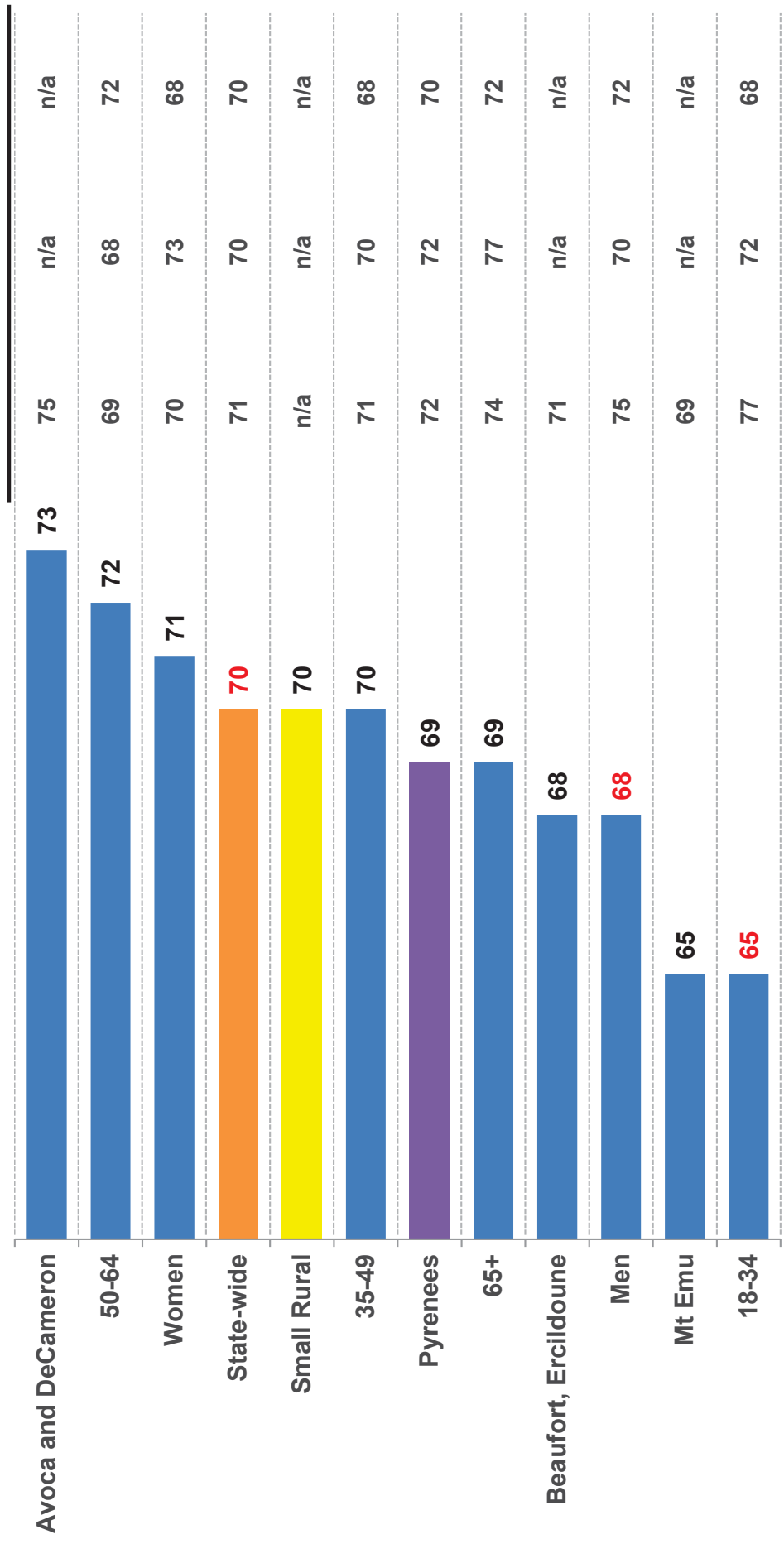


Q1. Firstly, how important should 'Recreational Facilities' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 33 Councils asked group: 6



2015 RECREATIONAL FACILITIES PERFORMANCE INDEX SCORES

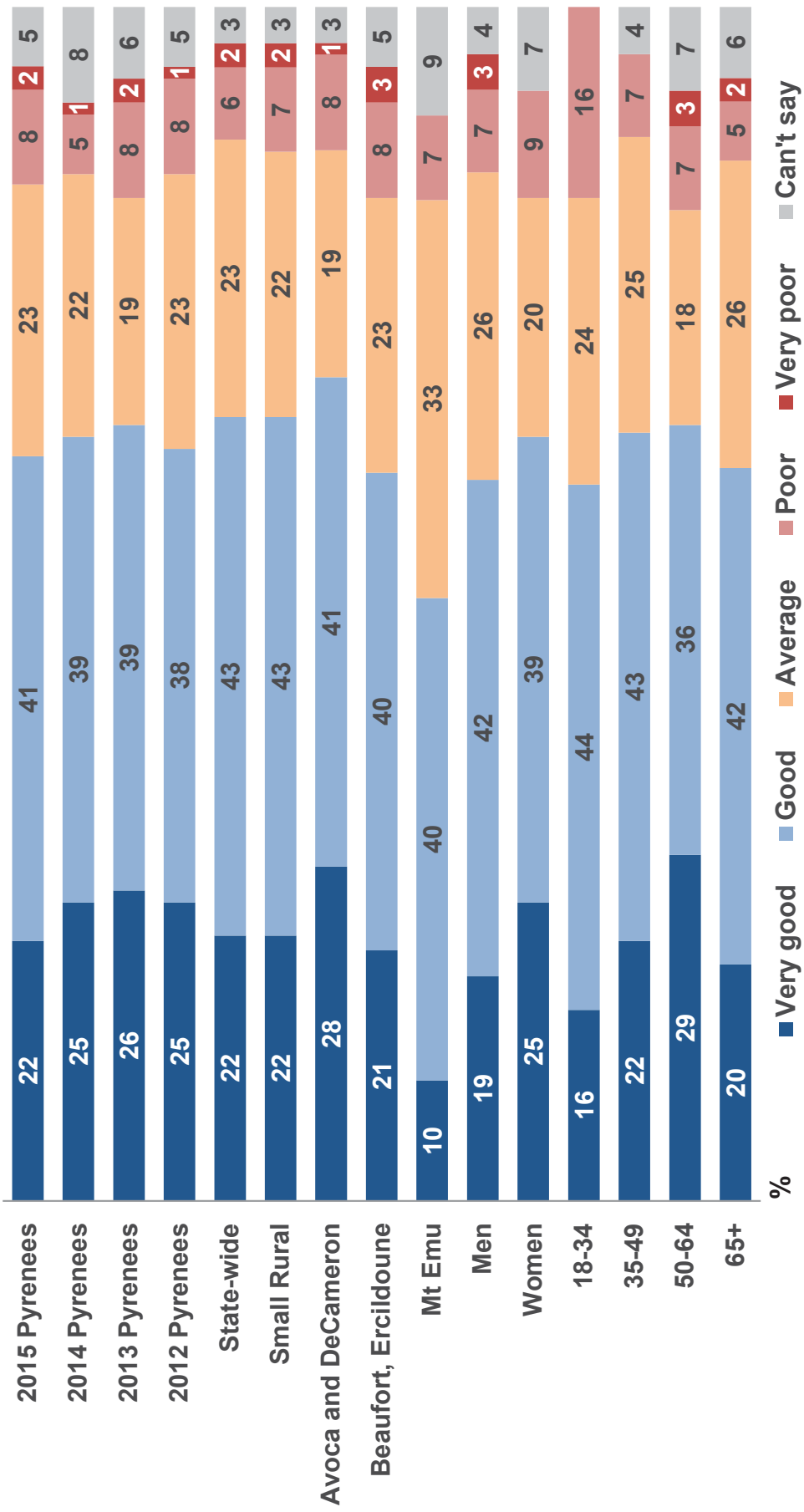
2015 Recreational Facilities Performance



Q2. How has Council performed on 'Recreational Facilities' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 47 Councils asked group: 11
 Note: Please see slide 5 for explanation about significant differences

2015 RECREATIONAL FACILITIES PERFORMANCE DETAILED PERCENTAGES

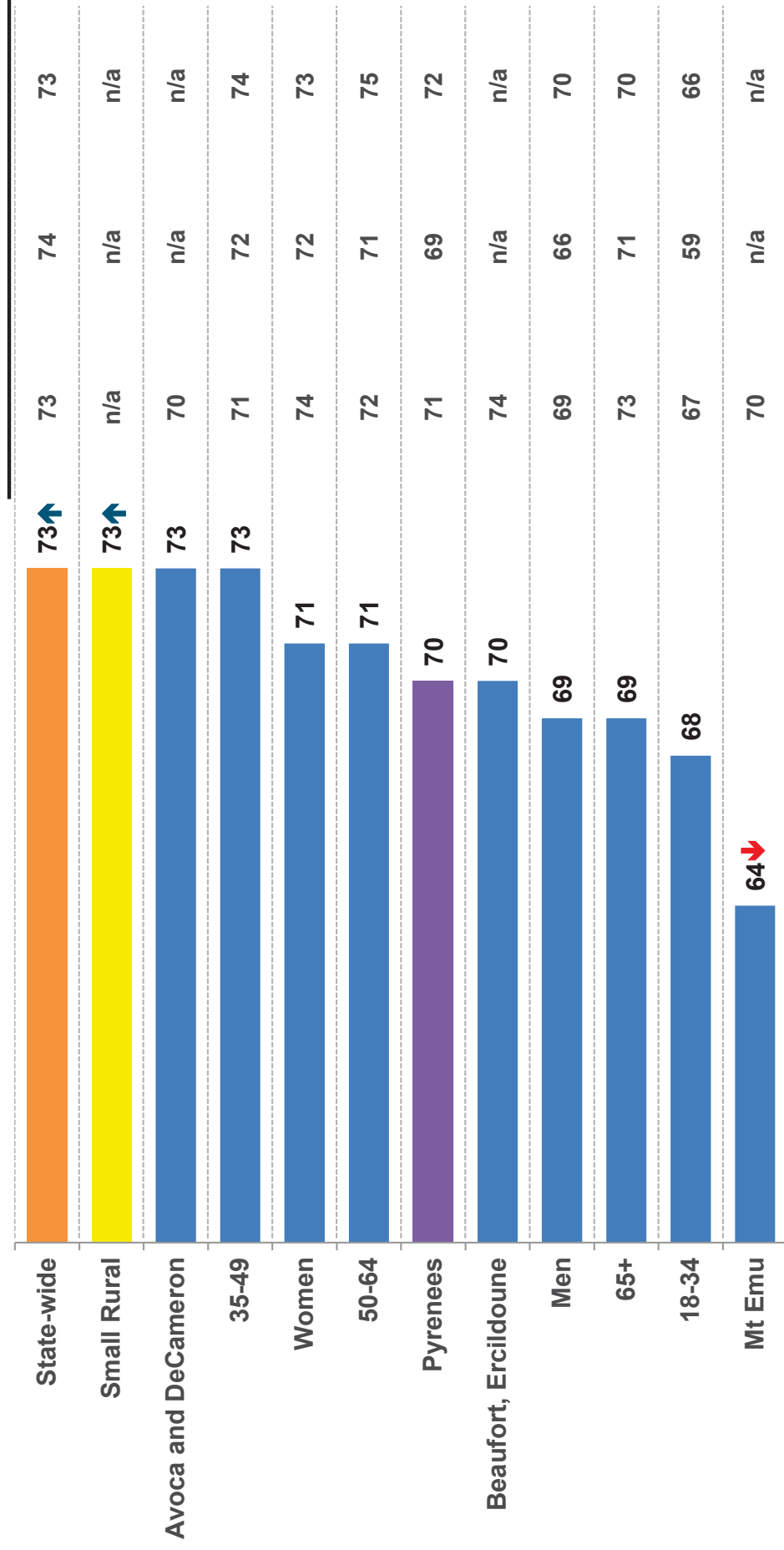
2015 Recreational Facilities Performance



Q2. How has Council performed on 'Recreational Facilities' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 47 Councils asked group: 11

2015 THE APPEARANCE OF PUBLIC AREAS IMPORTANCE INDEX SCORES

2015 Public Areas Importance



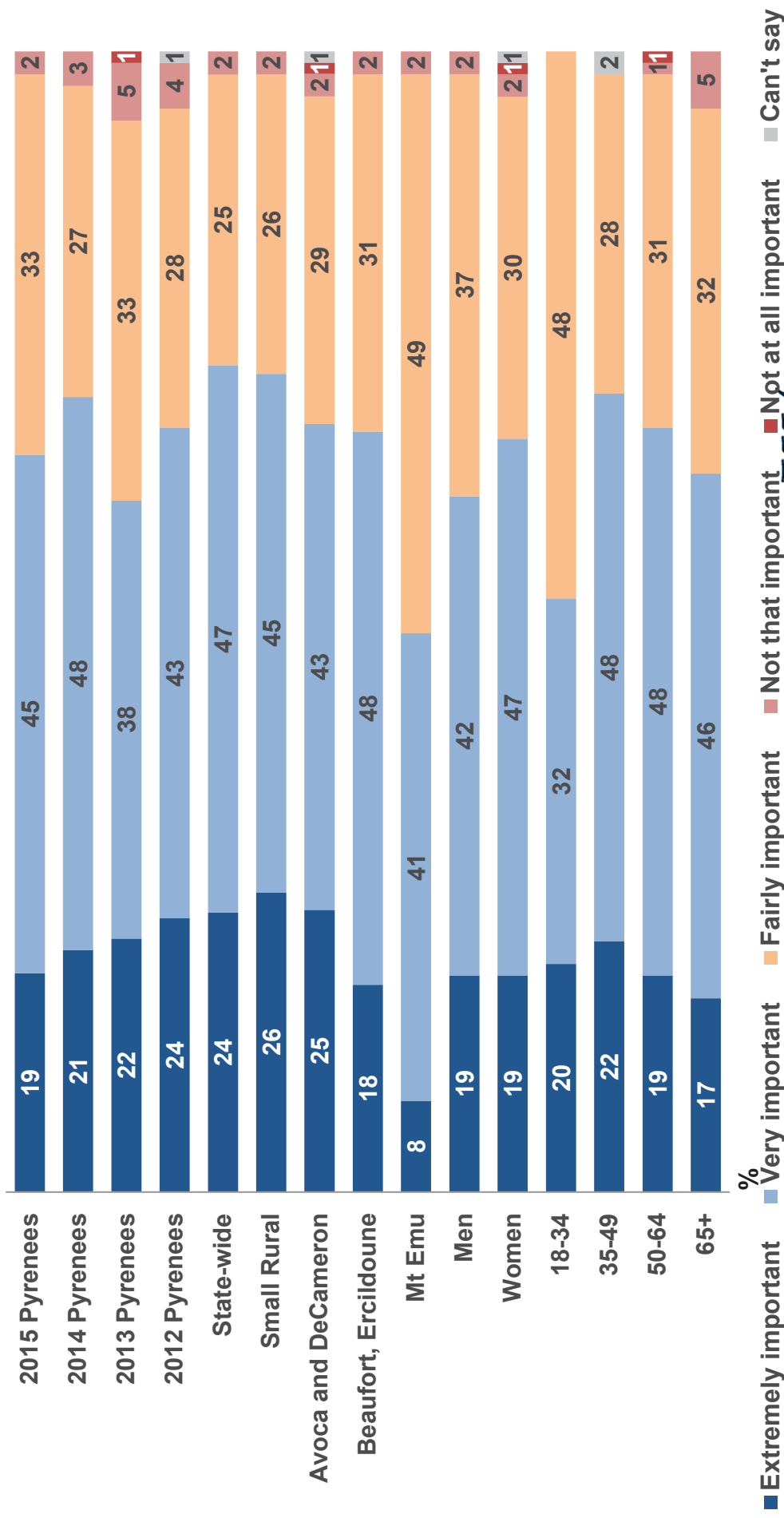
Q1. Firstly, how important should 'The appearance of public areas' be as a responsibility for Council?

Base: All respondents. Councils asked State-wide: 30 Councils asked group: 6

Note: Please see slide 5 for explanation about significant differences

2015 THE APPEARANCE OF PUBLIC AREAS IMPORTANCE DETAILED PERCENTAGES

2015 Public Areas Importance

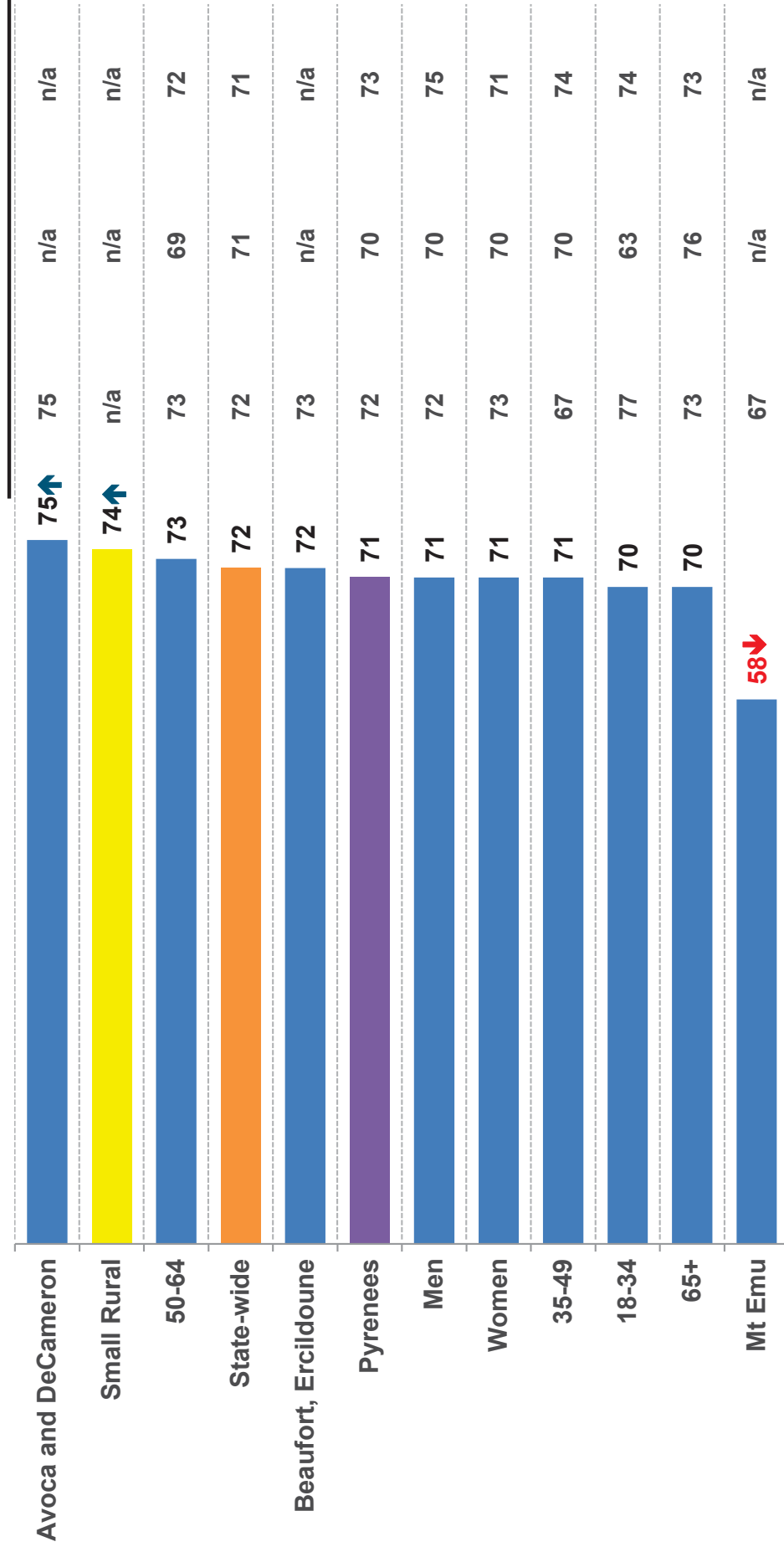


Q1. Firstly, how important should 'The appearance of public areas' be as a responsibility for Council?
Base: All respondents. Councils asked State-wide: 30 Councils asked group: 6



2015 THE APPEARANCE OF PUBLIC AREAS PERFORMANCE INDEX SCORES

2015 Public Areas Performance



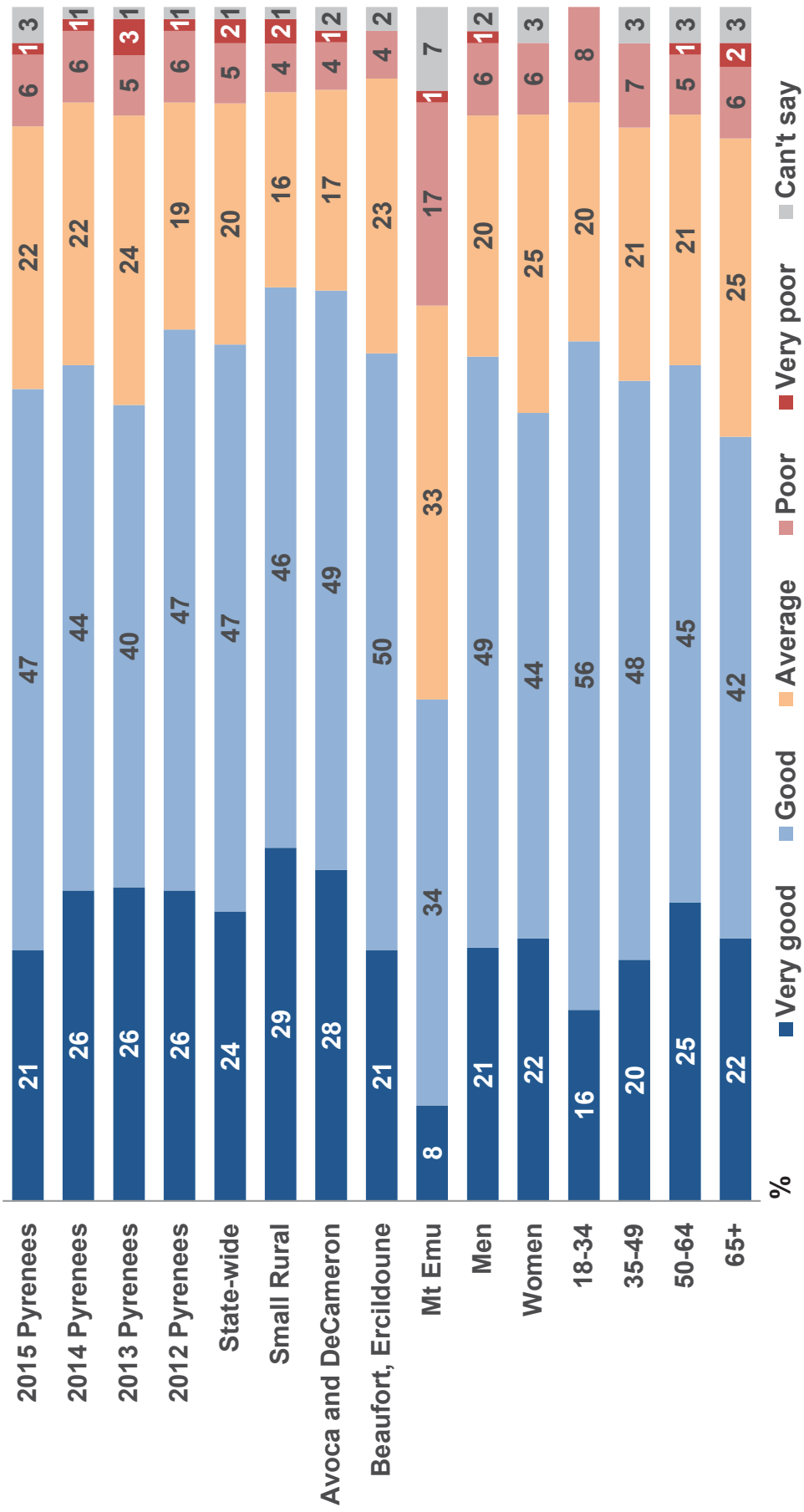
Q2. How has Council performed on 'The appearance of public areas' over the last 12 months?

Base: All respondents. Councils asked State-wide: 42 Councils asked group: 11

Note: Please see slide 5 for explanation about significant differences

2015 THE APPEARANCE OF PUBLIC AREAS PERFORMANCE DETAILED PERCENTAGES

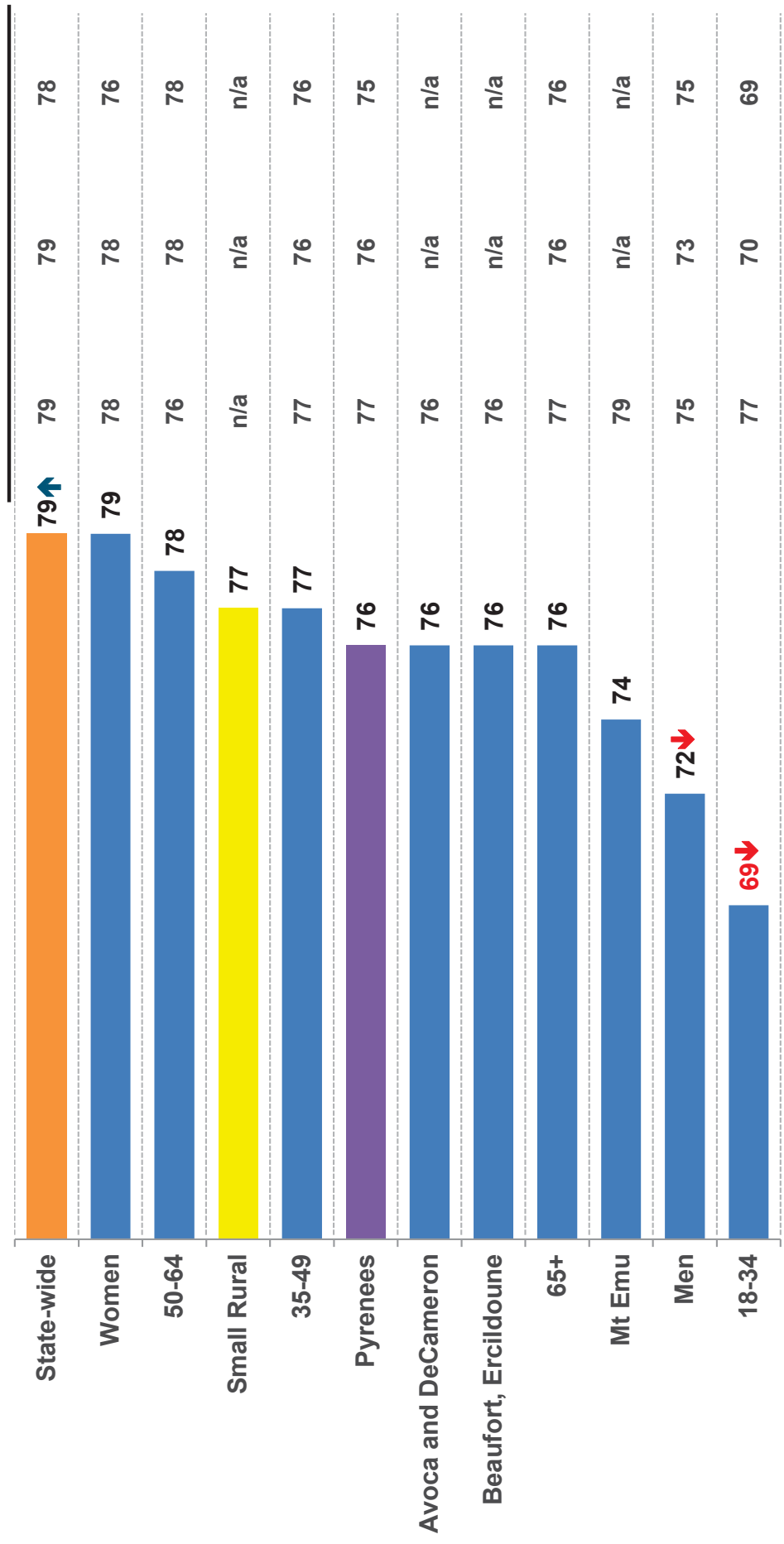
2015 Public Areas Performance



Q2. How has Council performed on 'The appearance of public areas' over the last 12 months?
Base: All respondents. Councils asked State-wide: 42 Councils asked group: 11

2015 WASTE MANAGEMENT IMPORTANCE INDEX SCORES

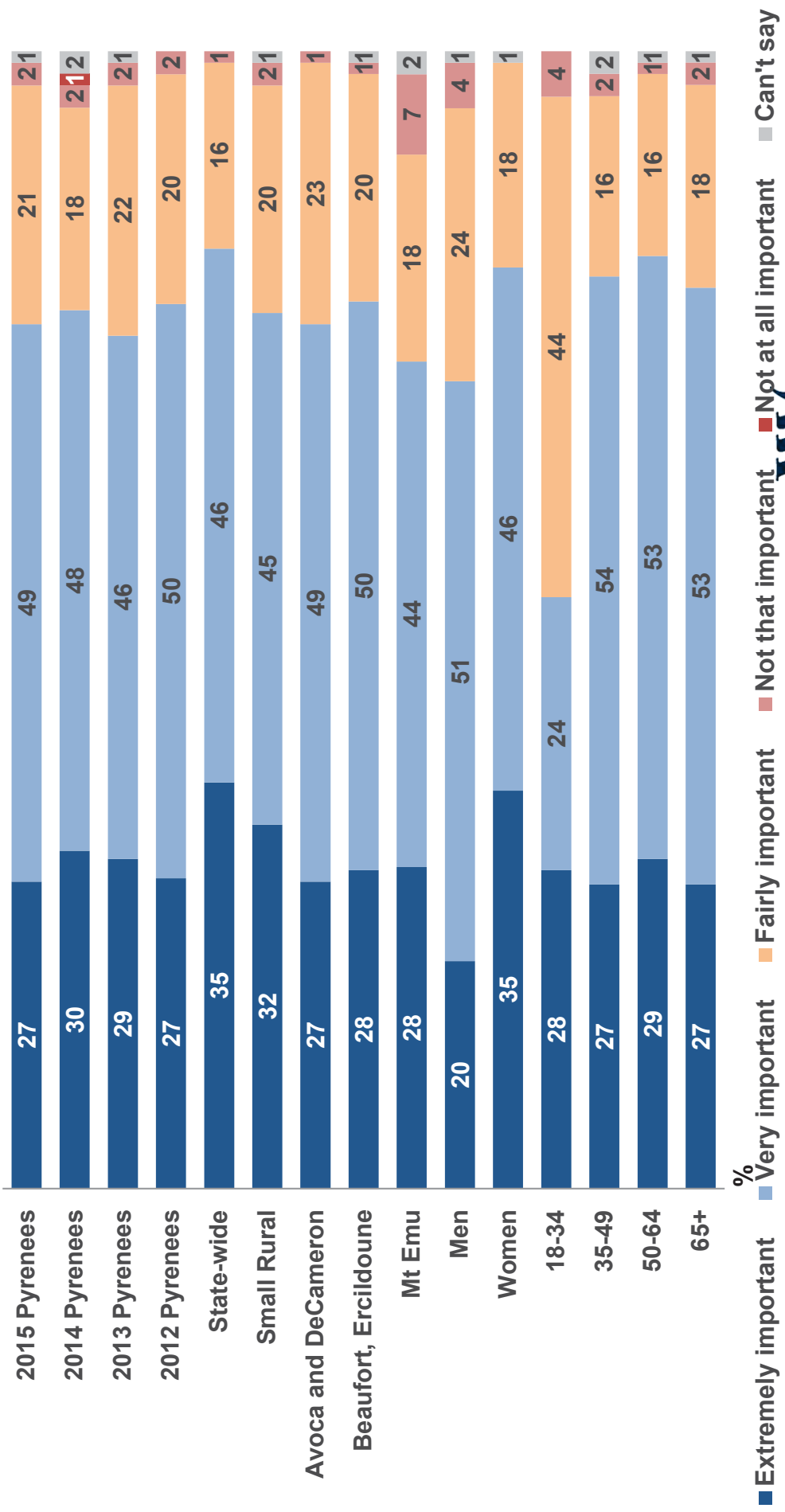
2015 Waste Management Importance



Q1. Firstly, how important should 'Waste Management' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 33 Councils asked group: 6
 Note: Please see slide 5 for explanation about significant differences

2015 WASTE MANAGEMENT IMPORTANCE DETAILED PERCENTAGES

2015 Waste Management Importance

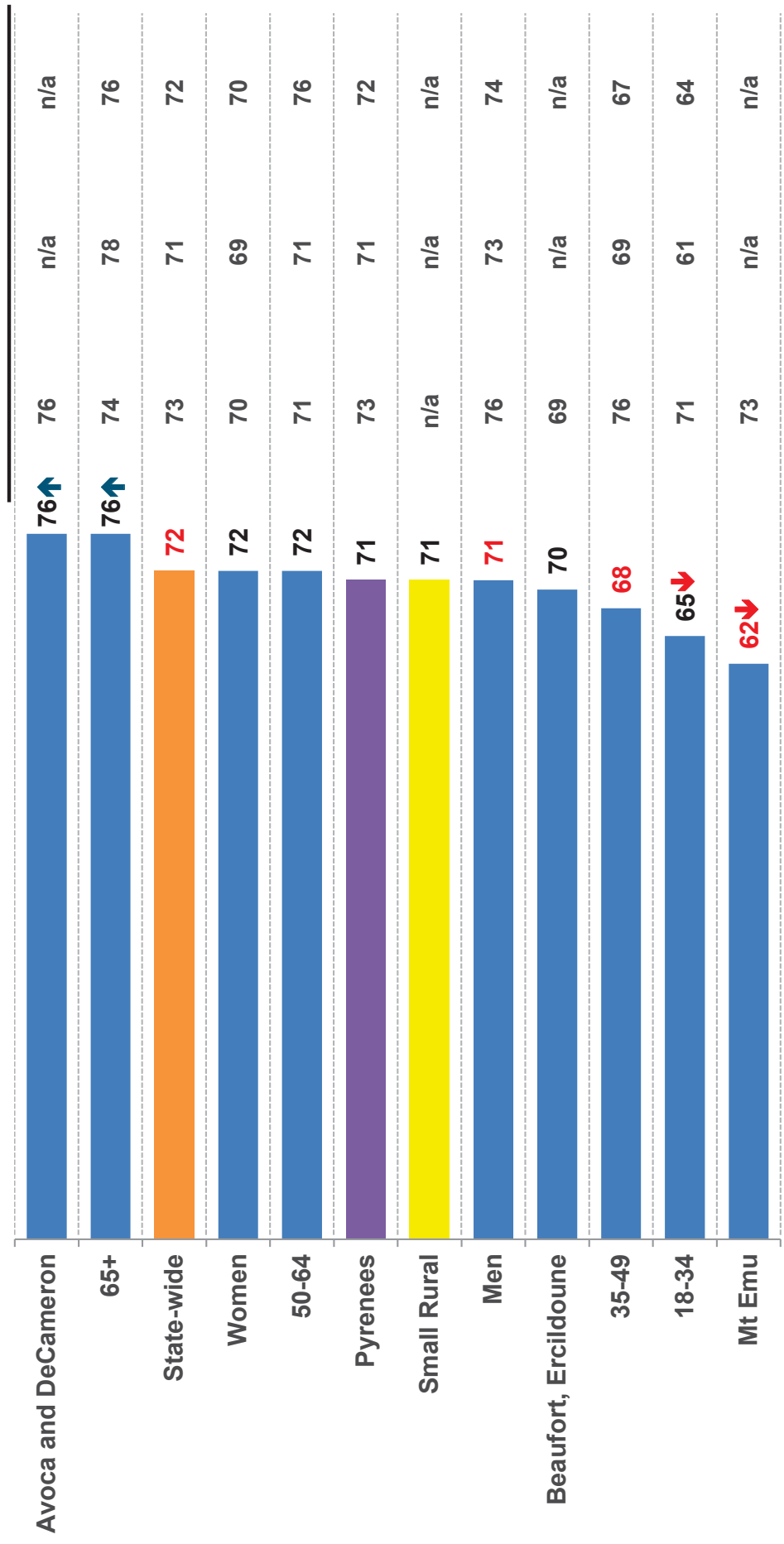


Q1. Firstly, how important should 'Waste Management' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 33 Councils asked group: 6



2015 WASTE MANAGEMENT PERFORMANCE INDEX SCORES

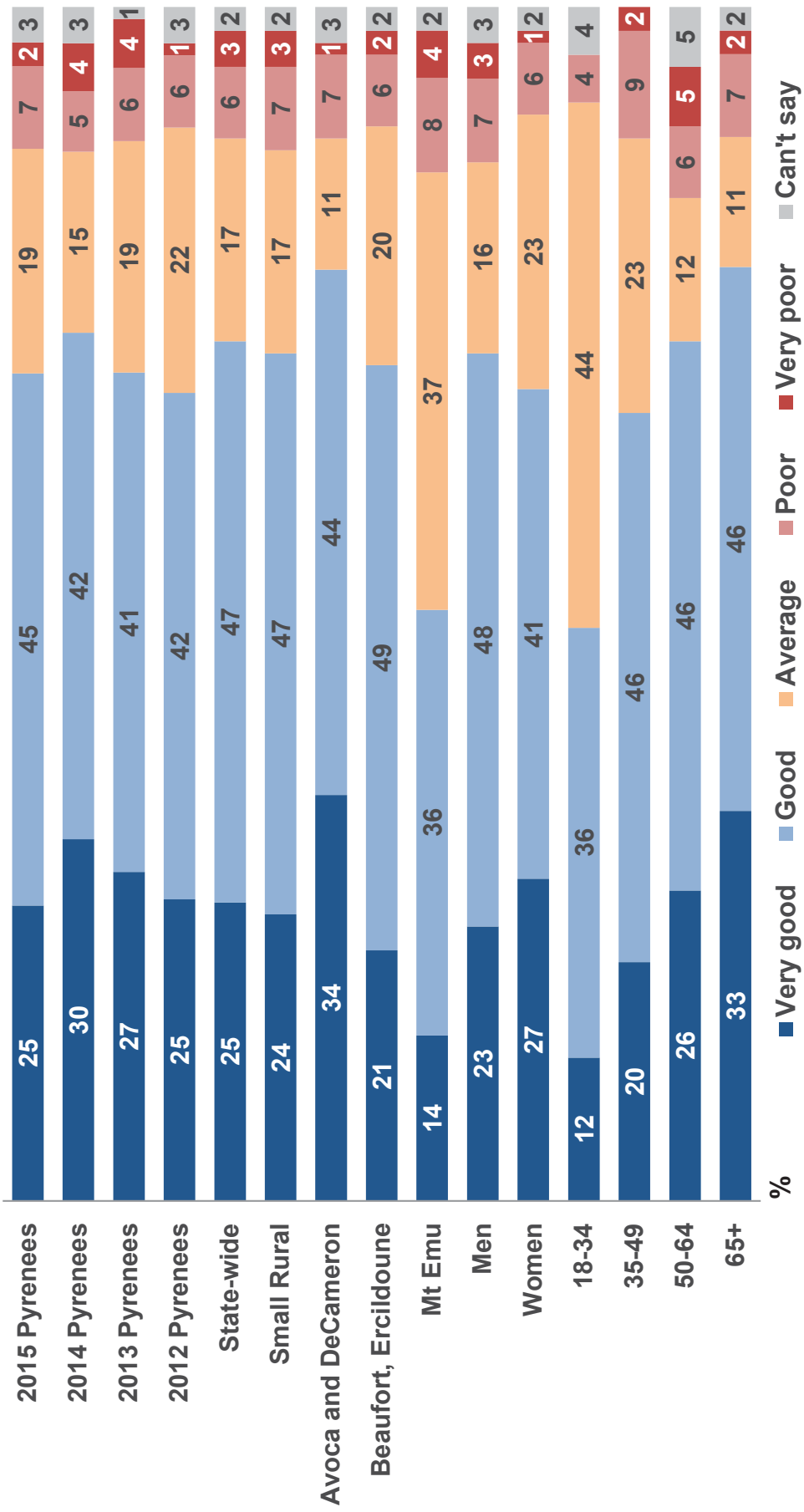
2015 Waste Management Performance



Q2. How has Council performed on 'Waste Management' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 45 Councils asked group: 11
 Note: Please see slide 5 for explanation about significant differences

2015 WASTE MANAGEMENT PERFORMANCE DETAILED PERCENTAGES

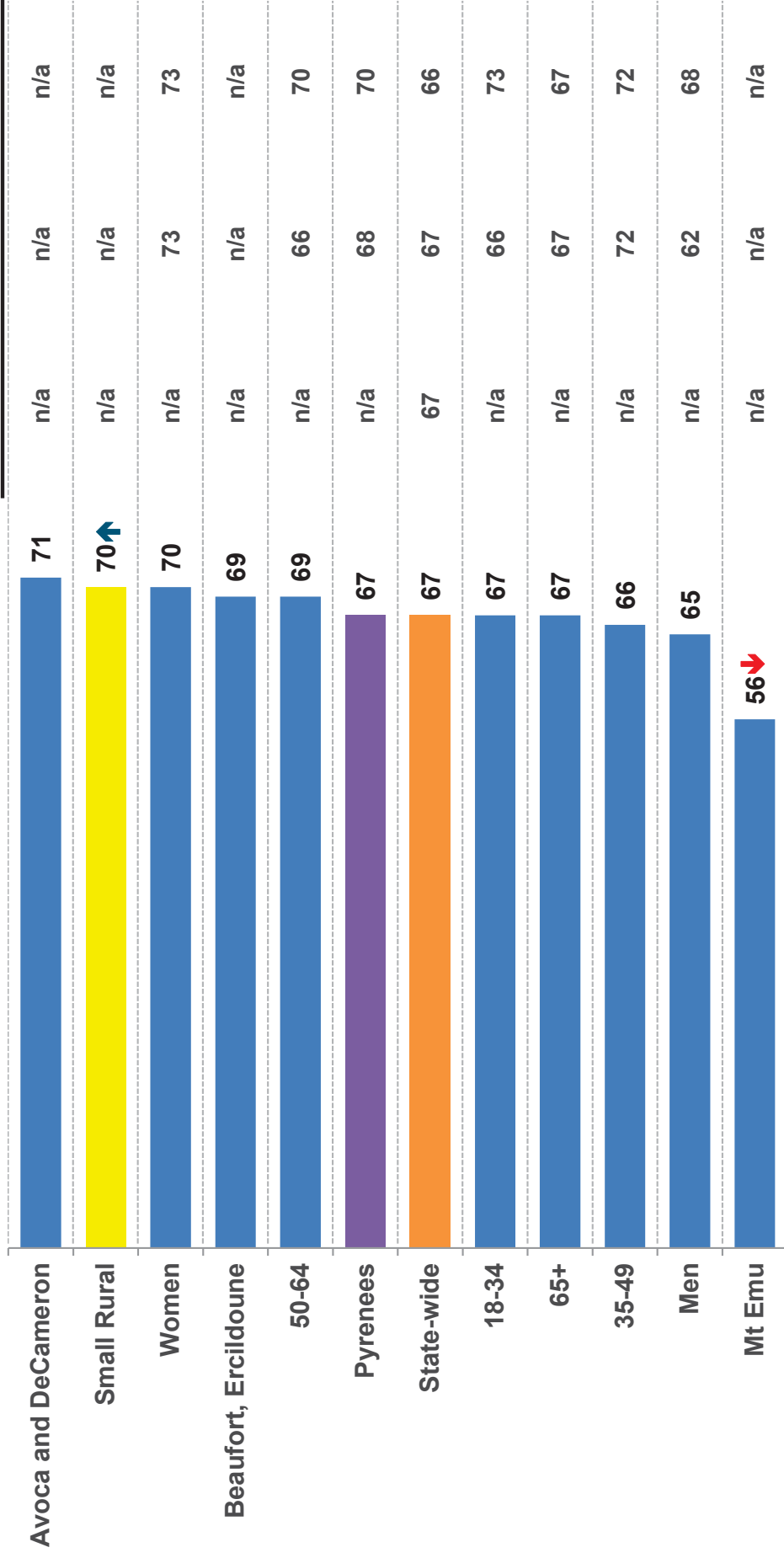
2015 Waste Management Performance



Q2. How has Council performed on 'Waste Management' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 45 Councils asked group: 11

2015 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM IMPORTANCE INDEX SCORES

2015 Business/Development/Tourism Importance



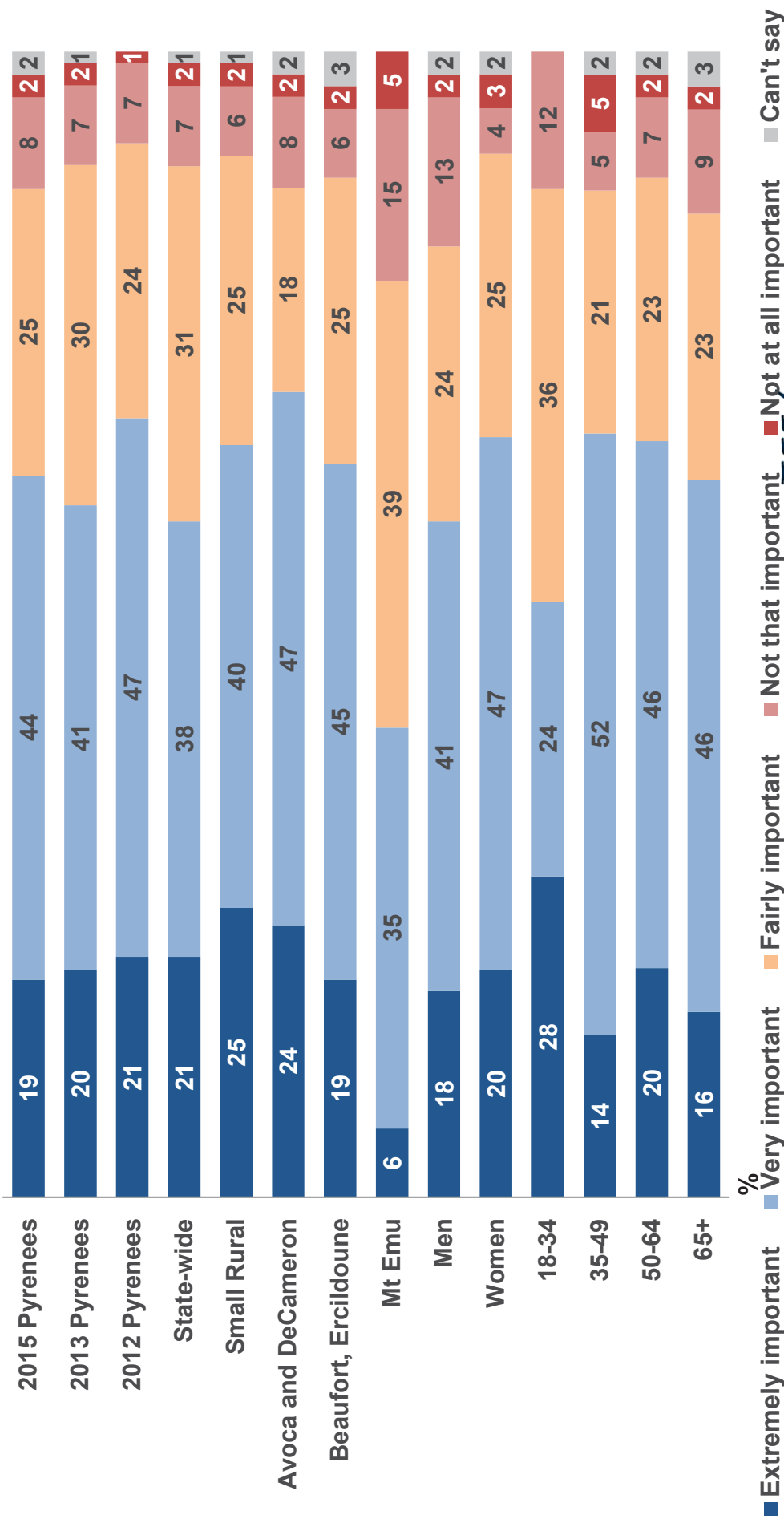
Q1. Firstly, how important should 'Business and community development and tourism' be as a responsibility for Council?

Base: All respondents. Councils asked State-wide: 23 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences

2015 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM IMPORTANCE DETAILED PERCENTAGES

2015 Business/Development/Tourism Importance

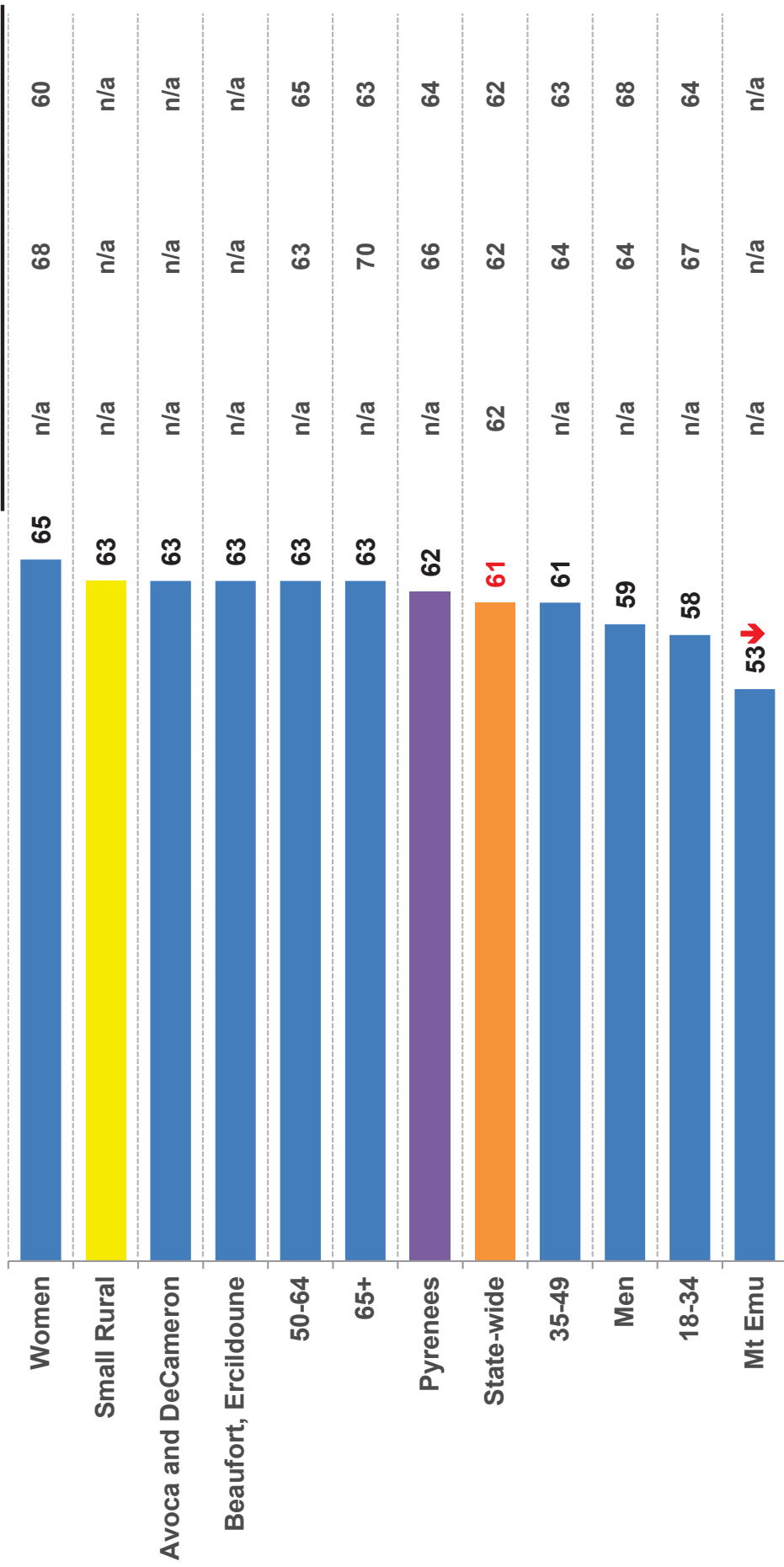


Q1. Firstly, how important should 'Business and community development and tourism' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 23 Councils asked group: 5



2015 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM PERFORMANCE INDEX SCORES

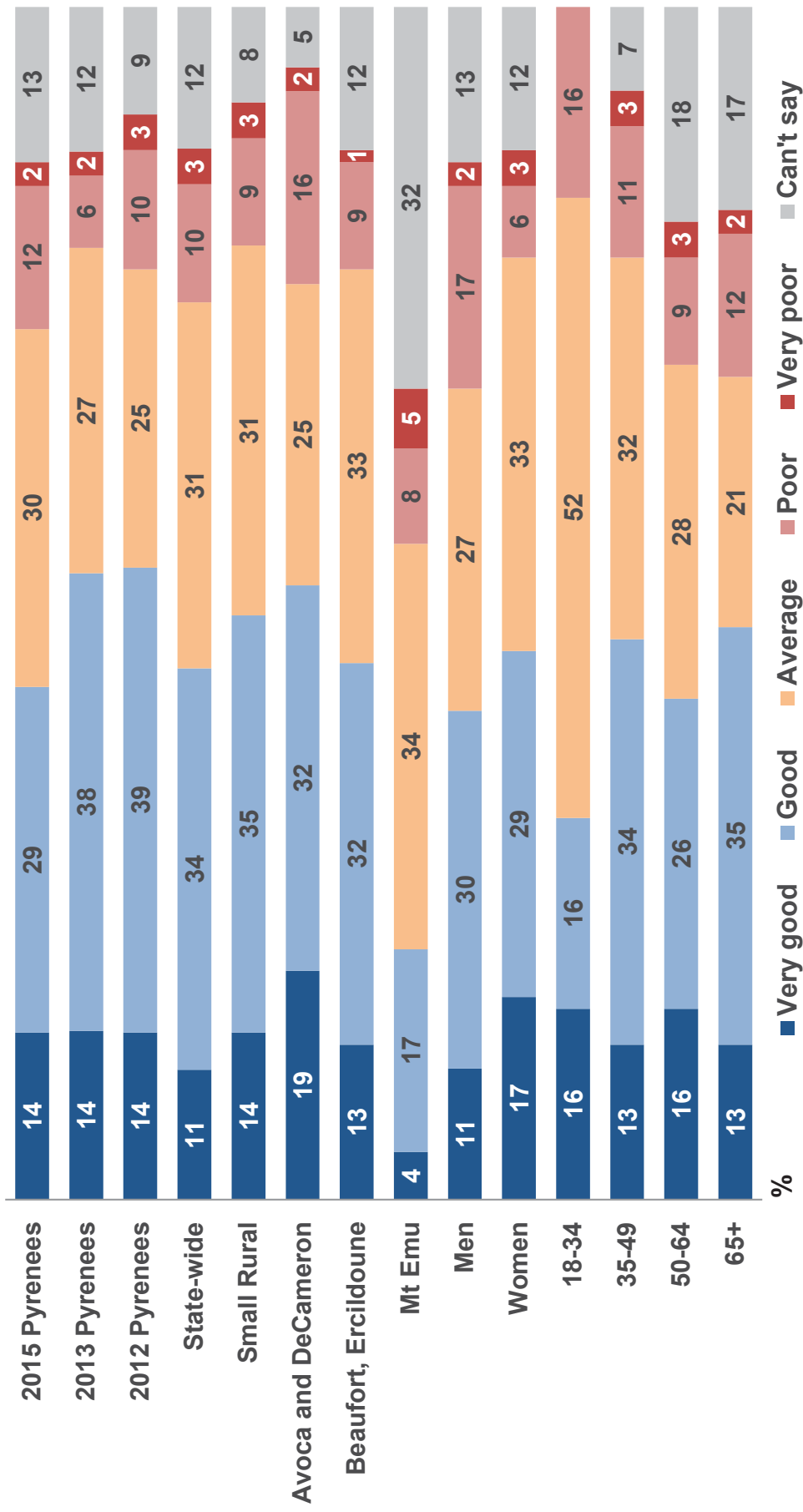
2015 Business/Development/Tourism Performance



Q2. How has Council performed on 'Business and community development and tourism' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 30 Councils asked group: 7
 Note: Please see slide 5 for explanation about significant differences

2015 BUSINESS AND COMMUNITY DEVELOPMENT AND TOURISM PERFORMANCE DETAILED PERCENTAGES

2015 Business/Development/Tourism Performance



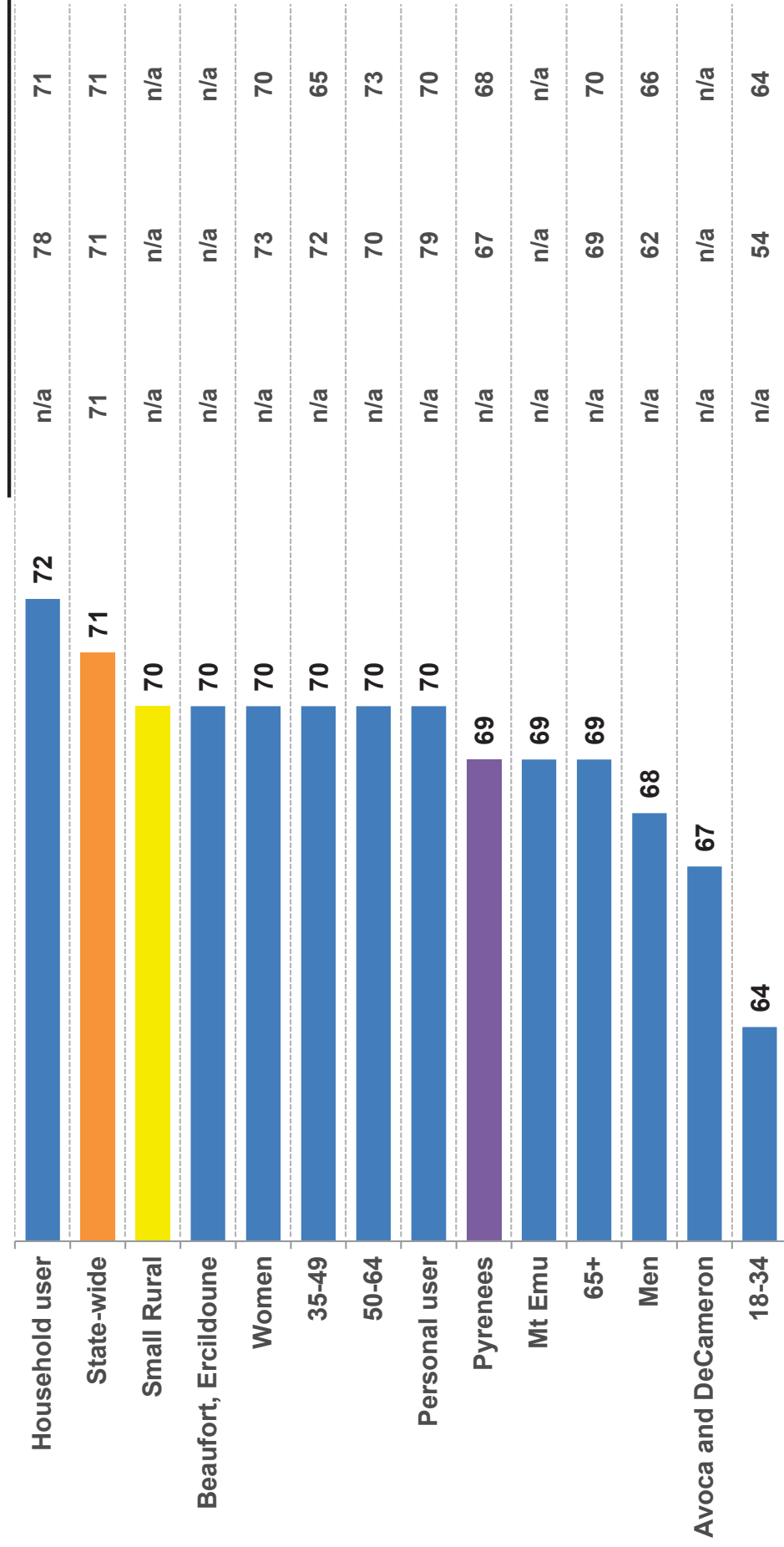
Q2. How has Council performed on 'Business and community development and tourism' over the last 12 months?

Base: All respondents. Councils asked State-wide: 30 Councils asked group: 7



2015 PLANNING AND BUILDING PERMITS IMPORTANCE INDEX SCORES

2015 Planning & Building Permits Importance



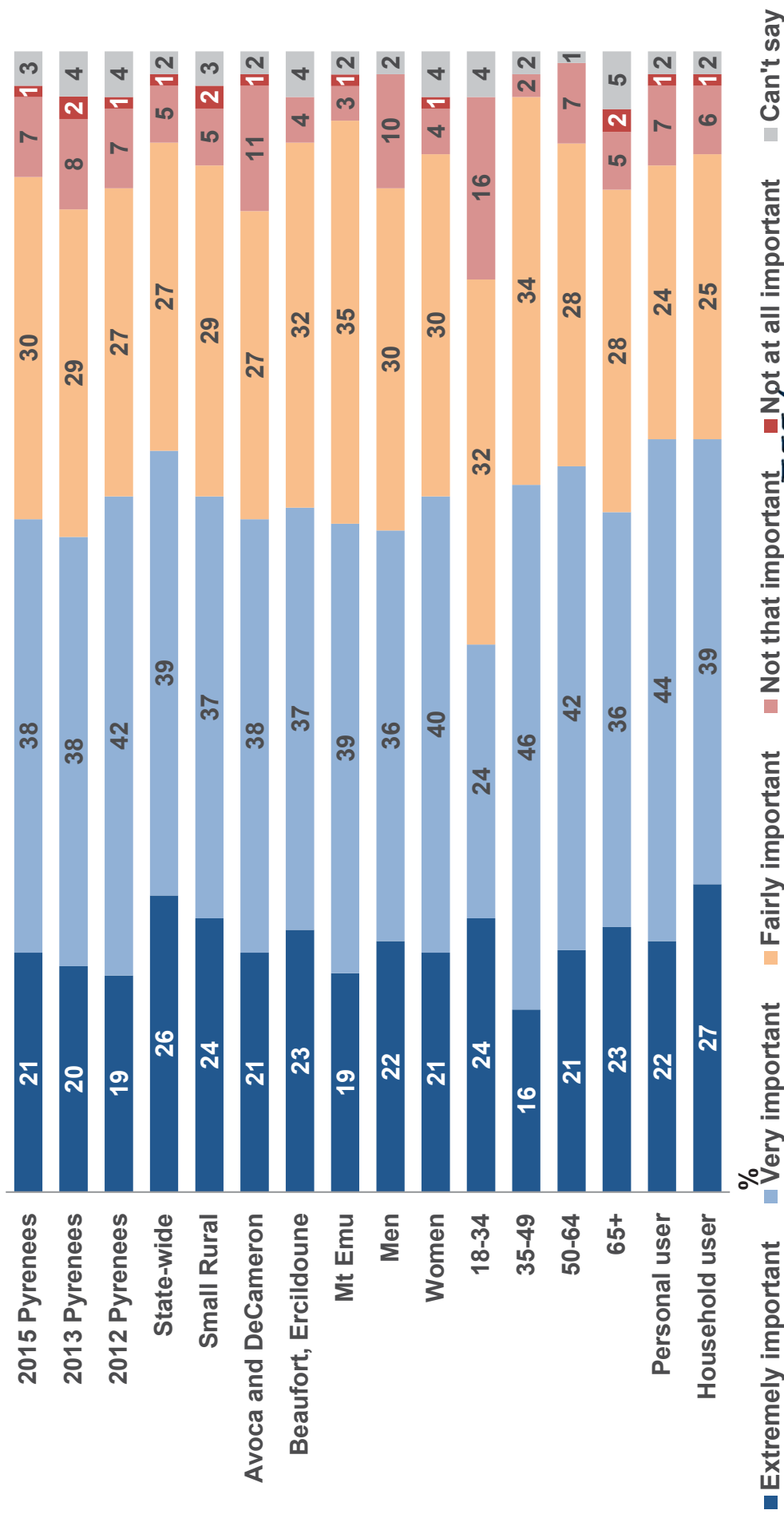
Q1. Firstly, how important should 'Planning and Building Permits' be as a responsibility for Council?

Base: All respondents. Councils asked State-wide: 22 Councils asked group: 6

Note: Please see slide 5 for explanation about significant differences

2015 PLANNING AND BUILDING PERMITS IMPORTANCE DETAILED PERCENTAGES

2015 Planning & Building Permits Importance

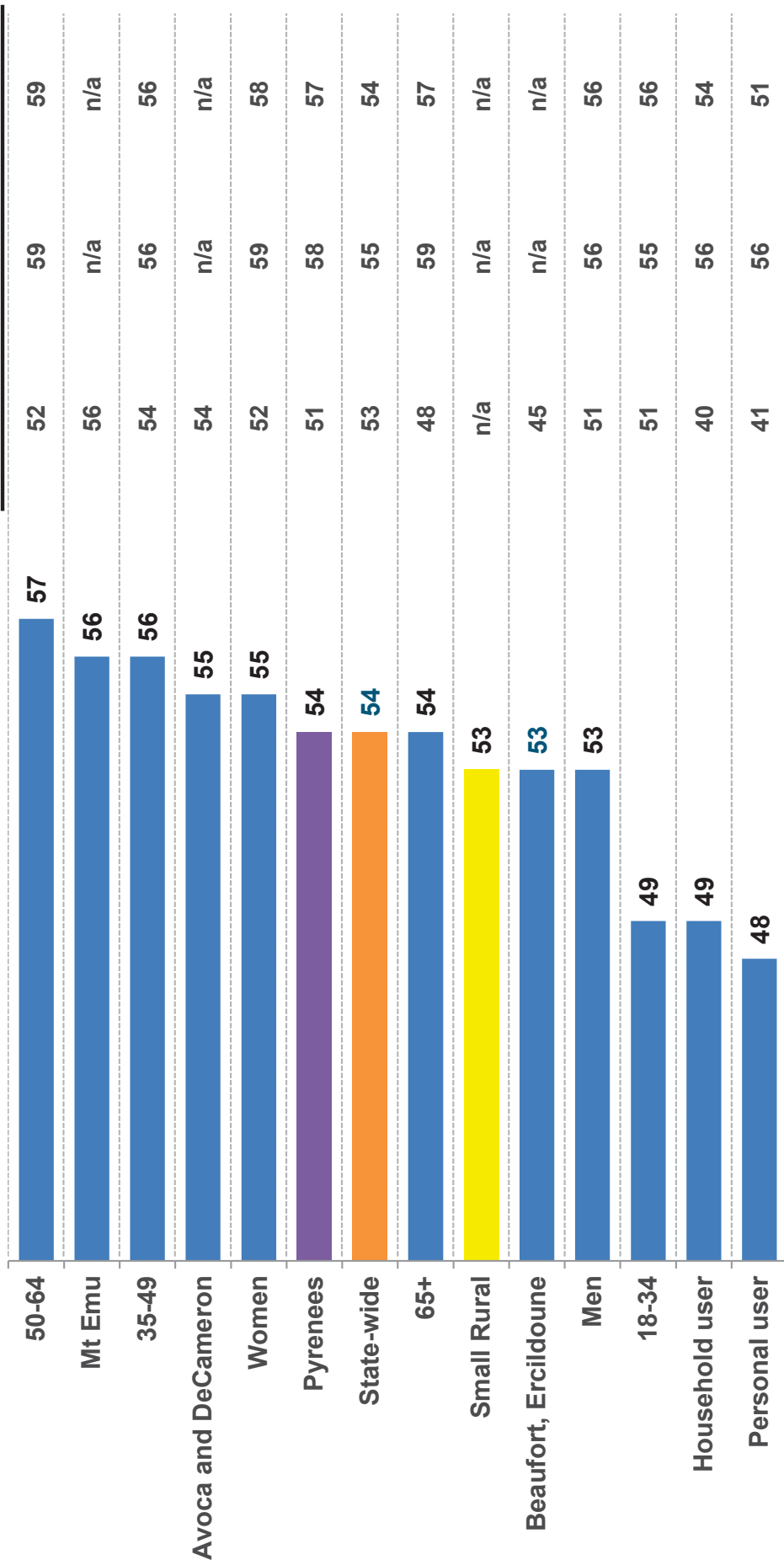


Q1. Firstly, how important should 'Planning and Building Permits' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 22 Councils asked group: 6



2015 PLANNING AND BUILDING PERMITS PERFORMANCE INDEX SCORES

2015 Planning & Building Permits Performance



Q2. How has Council performed on 'Planning and Building Permits' over the last 12 months?

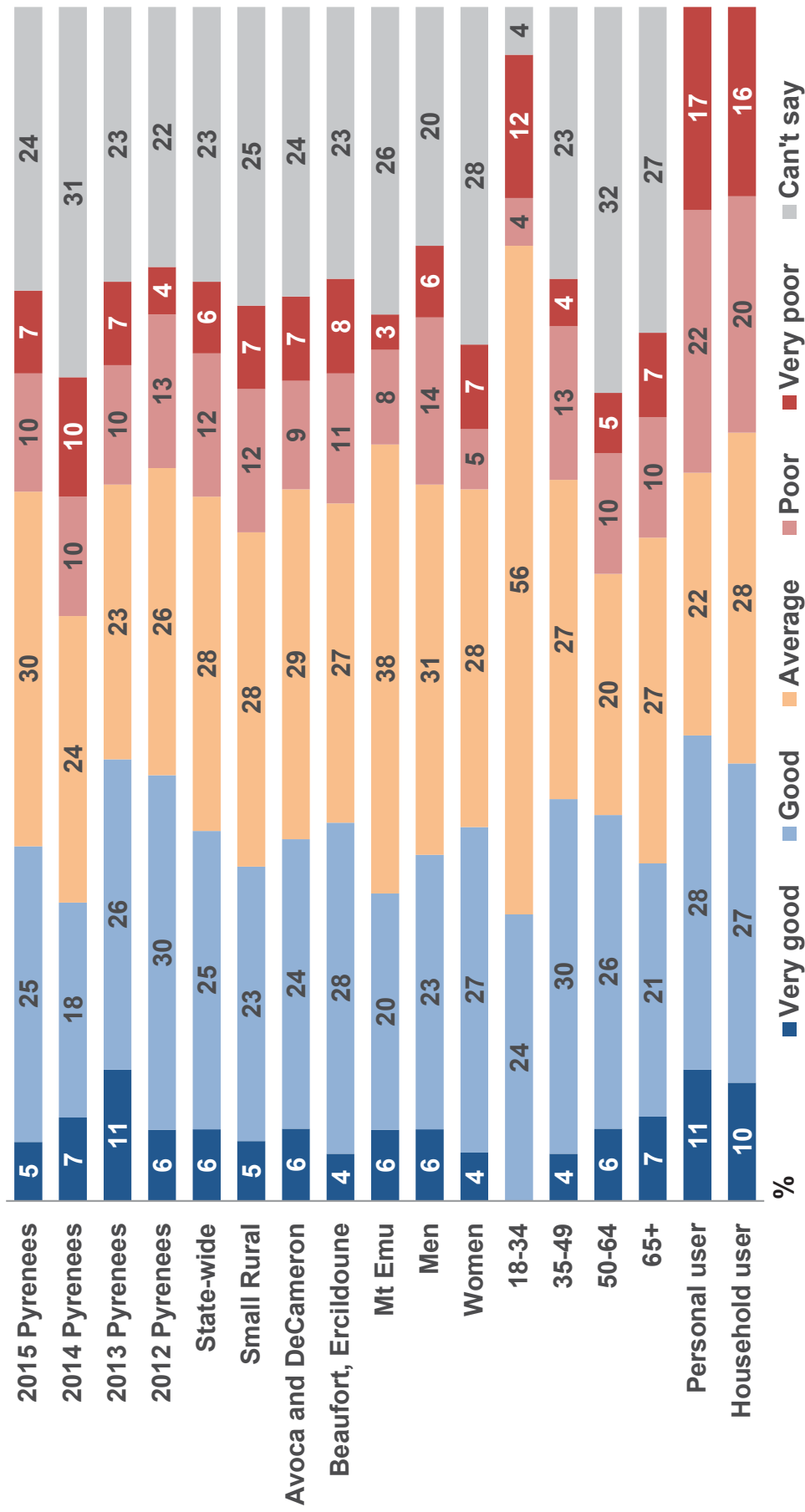
Base: All respondents. Councils asked State-wide: 28 Councils asked group: 8

Note: Please see slide 5 for explanation about significant differences



2015 PLANNING AND BUILDING PERMITS PERFORMANCE DETAILED PERCENTAGES

2015 Planning & Building Permits Performance

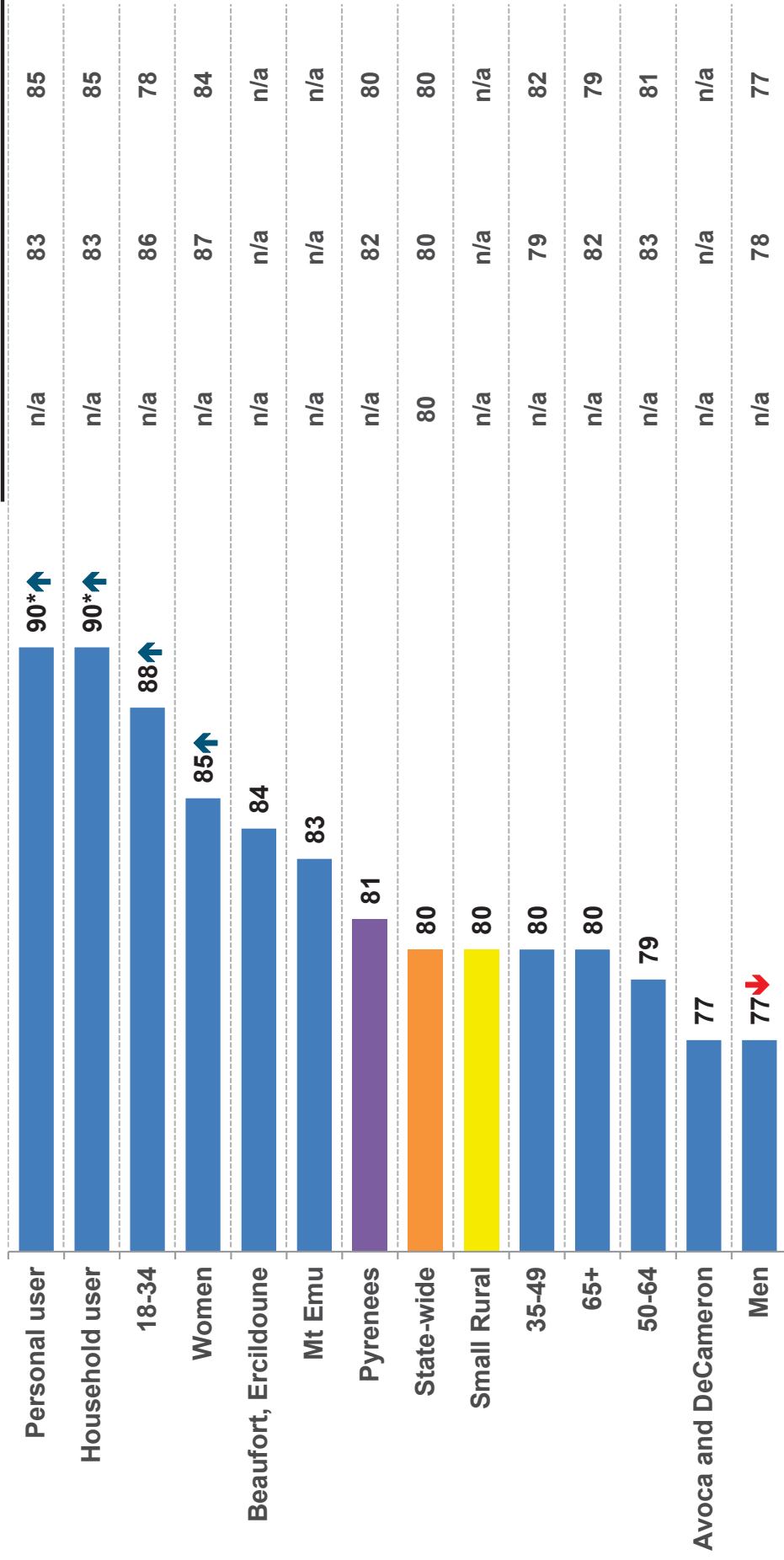


Q2. How has Council performed on 'Planning and Building Permits' over the last 12 months?
 Base: All respondents. Councils asked State-wide: 28 Councils asked group: 8



2015 EMERGENCY AND DISASTER MANAGEMENT IMPORTANCE INDEX SCORES

2015 Disaster Management Importance



Q1. Firstly, how important should 'Emergency and Disaster Management' be as a responsibility for Council?

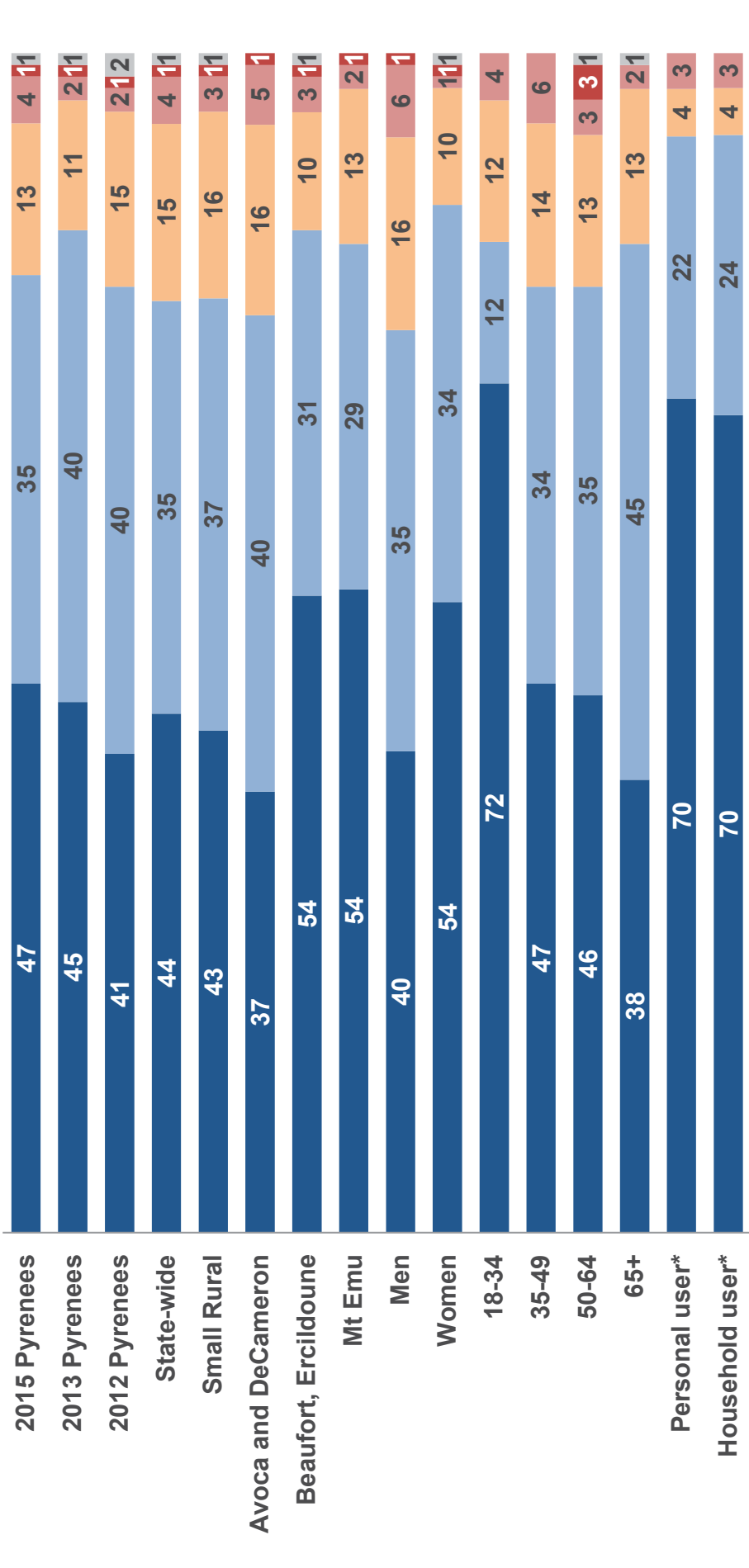
Base: All respondents. Councils asked State-wide: 16 Councils asked group: 3

Note: Please see slide 5 for explanation about significant differences

*Caution: small sample size < n=30

2015 EMERGENCY AND DISASTER MANAGEMENT IMPORTANCE DETAILED PERCENTAGES

2015 Disaster Management Importance



■ Extremely important
 ■ Fairly important
 ■ Not that important
 ■ Not at all important
 ■ Can't say

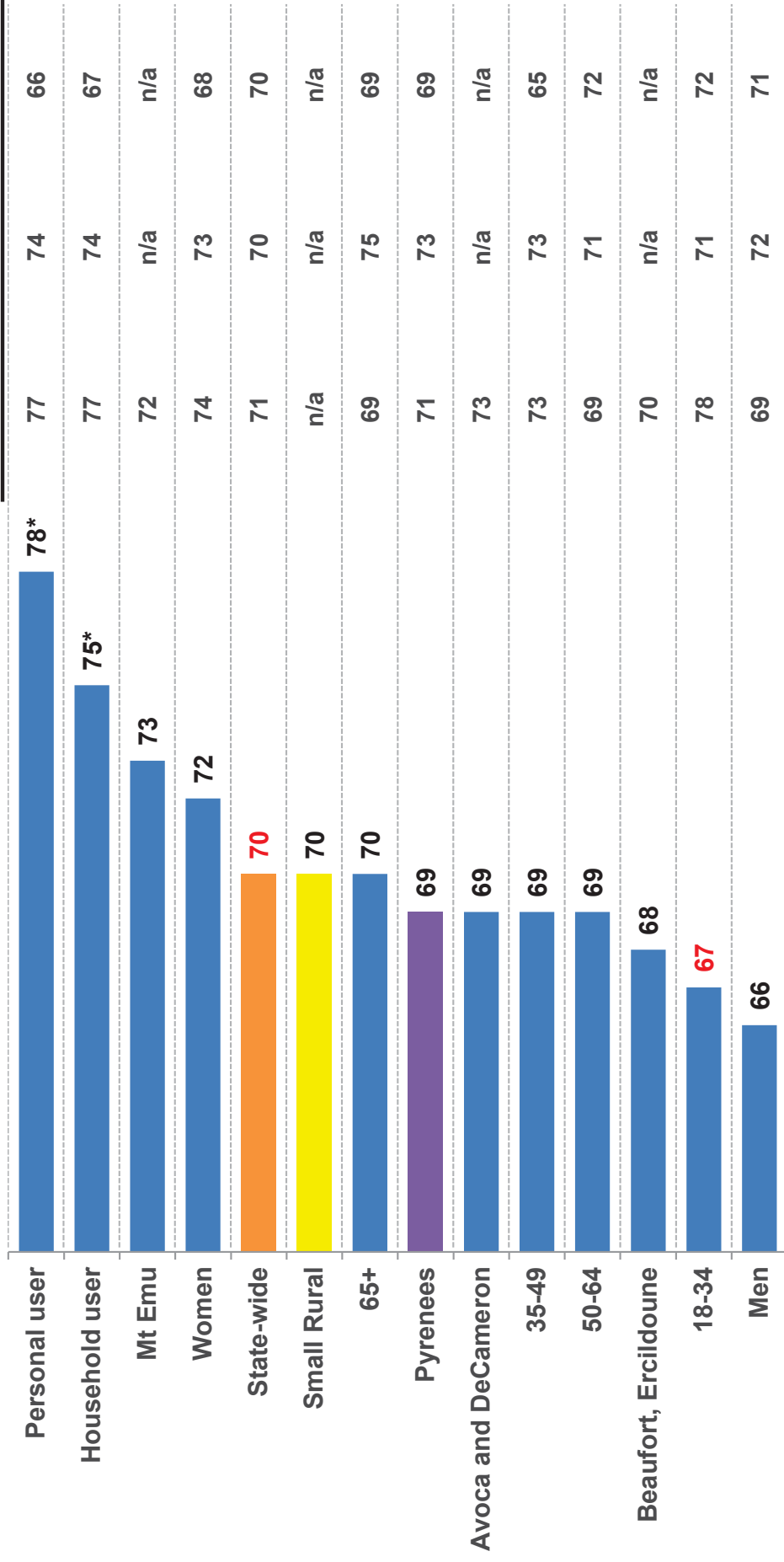
Q1. Firstly, how important should 'Emergency and Disaster Management' be as a responsibility for Council?
 Base: All respondents. Councils asked State-wide: 16 Councils asked group: 3

*Caution: small sample size < n=30



2015 EMERGENCY AND DISASTER MANAGEMENT PERFORMANCE INDEX SCORES

2015 Disaster Management Performance



Q2. How has Council performed on 'Emergency and Disaster Management' over the last 12 months?

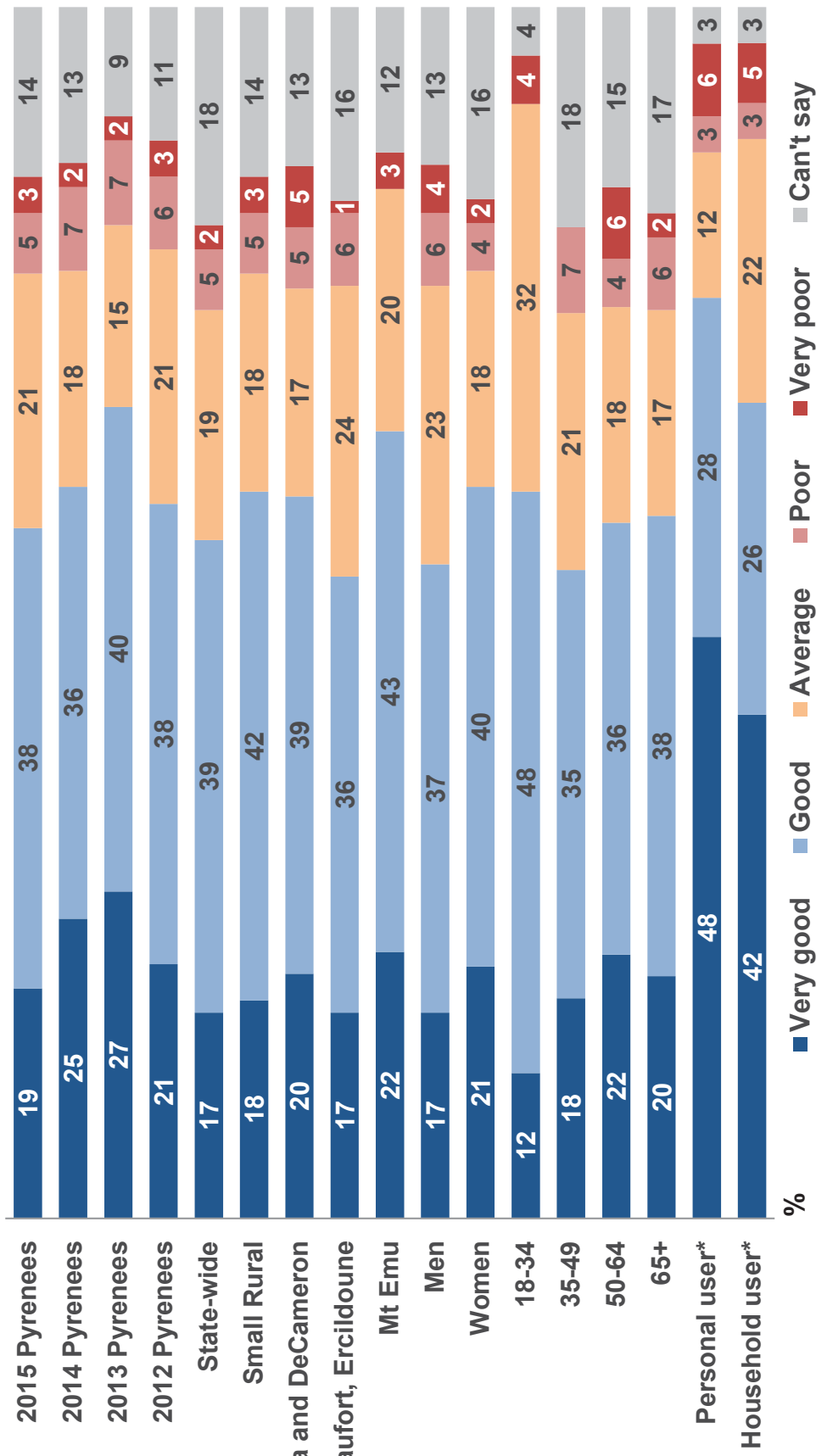
Base: All respondents. Councils asked State-wide: 22 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences

*Caution: small sample size < n=30

2015 EMERGENCY AND DISASTER MANAGEMENT PERFORMANCE DETAILED PERCENTAGES

2015 Disaster Management Performance



Q2. How has Council performed on 'Emergency and Disaster Management' over the last 12 months?

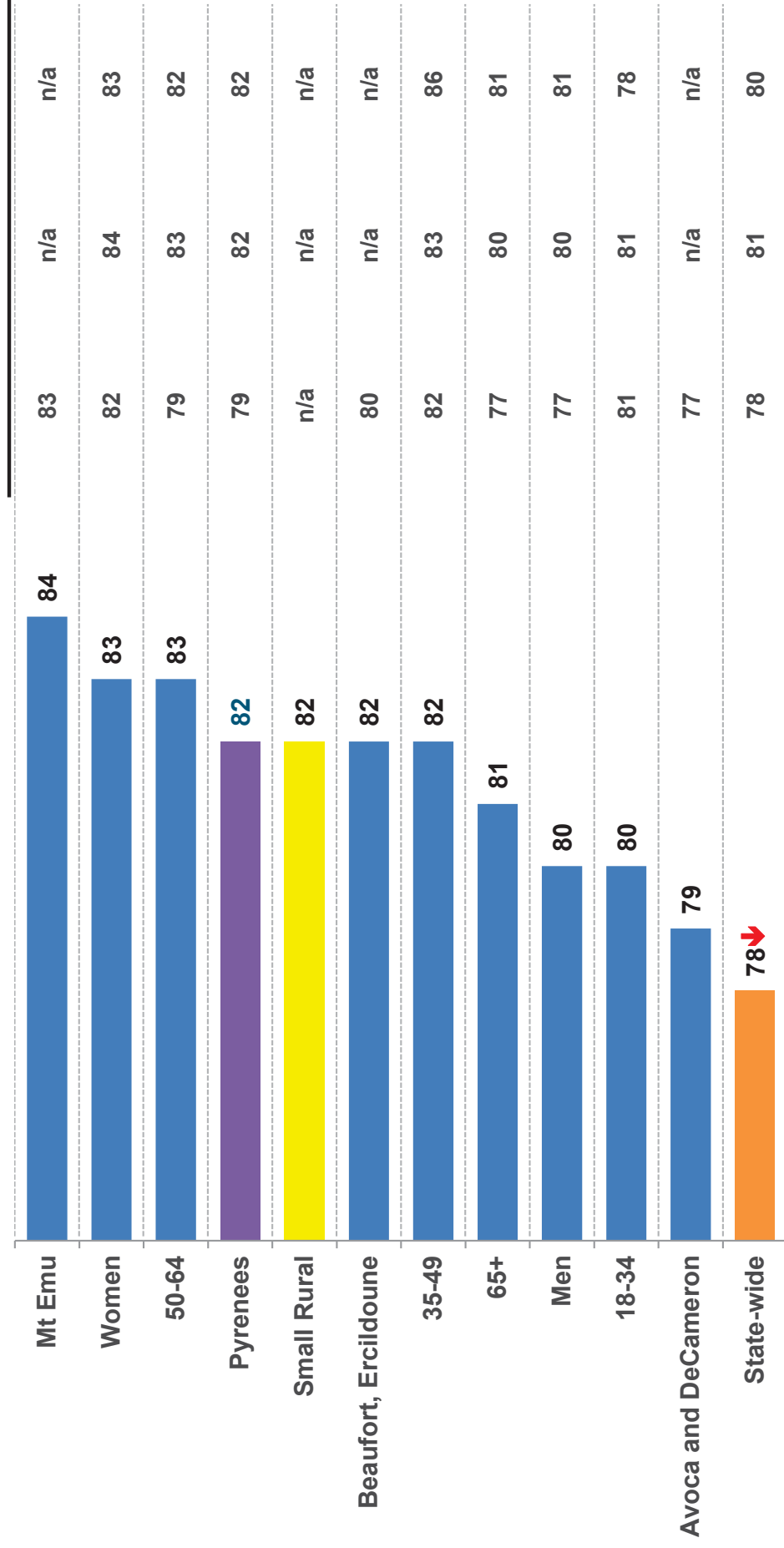
Base: All respondents. Councils asked State-wide: 22 Councils asked group: 5

*Caution: small sample size < n=30



2015 MAINTENANCE OF UNSEALED ROADS IN YOUR AREA IMPORTANCE INDEX SCORES

2015 Unsealed Roads Importance



Q1. Firstly, how important should 'Maintenance of unsealed roads in your area' be as a responsibility for Council?

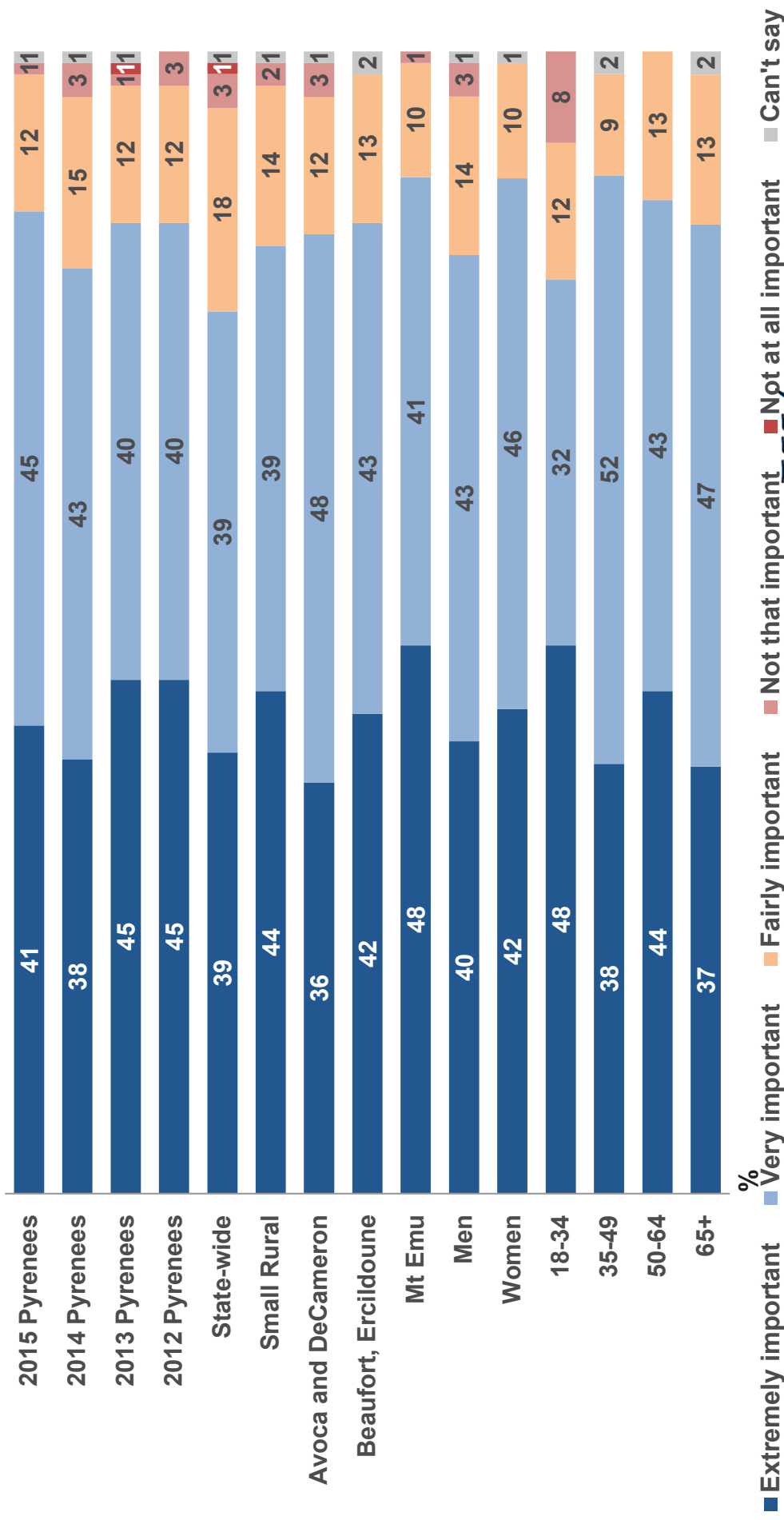
Base: All respondents. Councils asked State-wide: 13 Councils asked group: 5

Note: Please see slide 5 for explanation about significant differences



2015 MAINTENANCE OF UNSEALED ROADS IN YOUR AREA IMPORTANCE DETAILED PERCENTAGES

2015 Unsealed Roads Importance

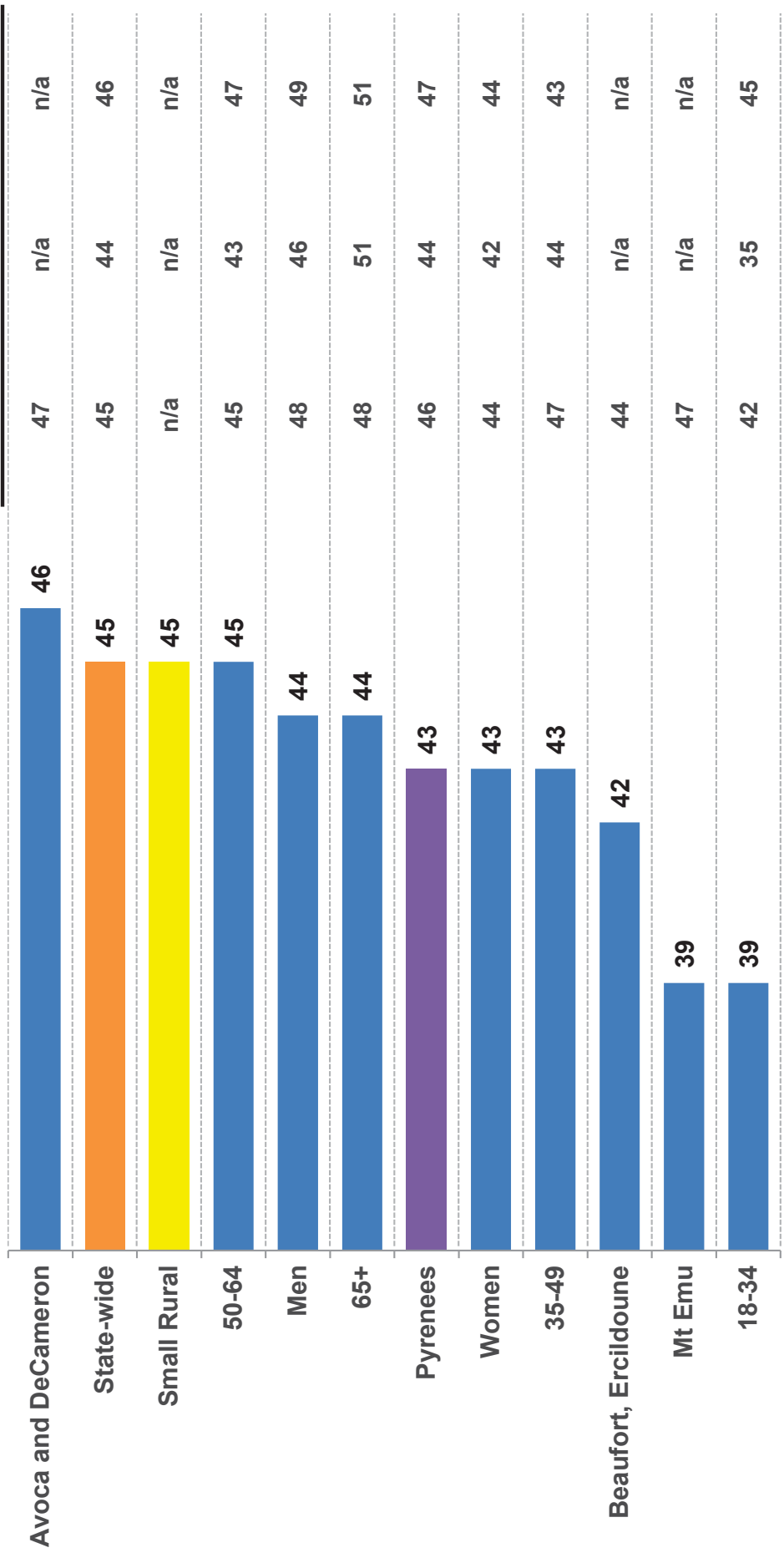


Q1. Firstly, how important should 'Maintenance of unsealed roads in your area' be as a responsibility for Council?
Base: All respondents. Councils asked State-wide: 13 Councils asked group: 5



2015 MAINTENANCE OF UNSEALED ROADS IN YOUR AREA PERFORMANCE INDEX SCORES

2015 Unsealed Roads Performance



Q2. How has Council performed on 'Maintenance of unsealed roads in your area' over the last 12 months?

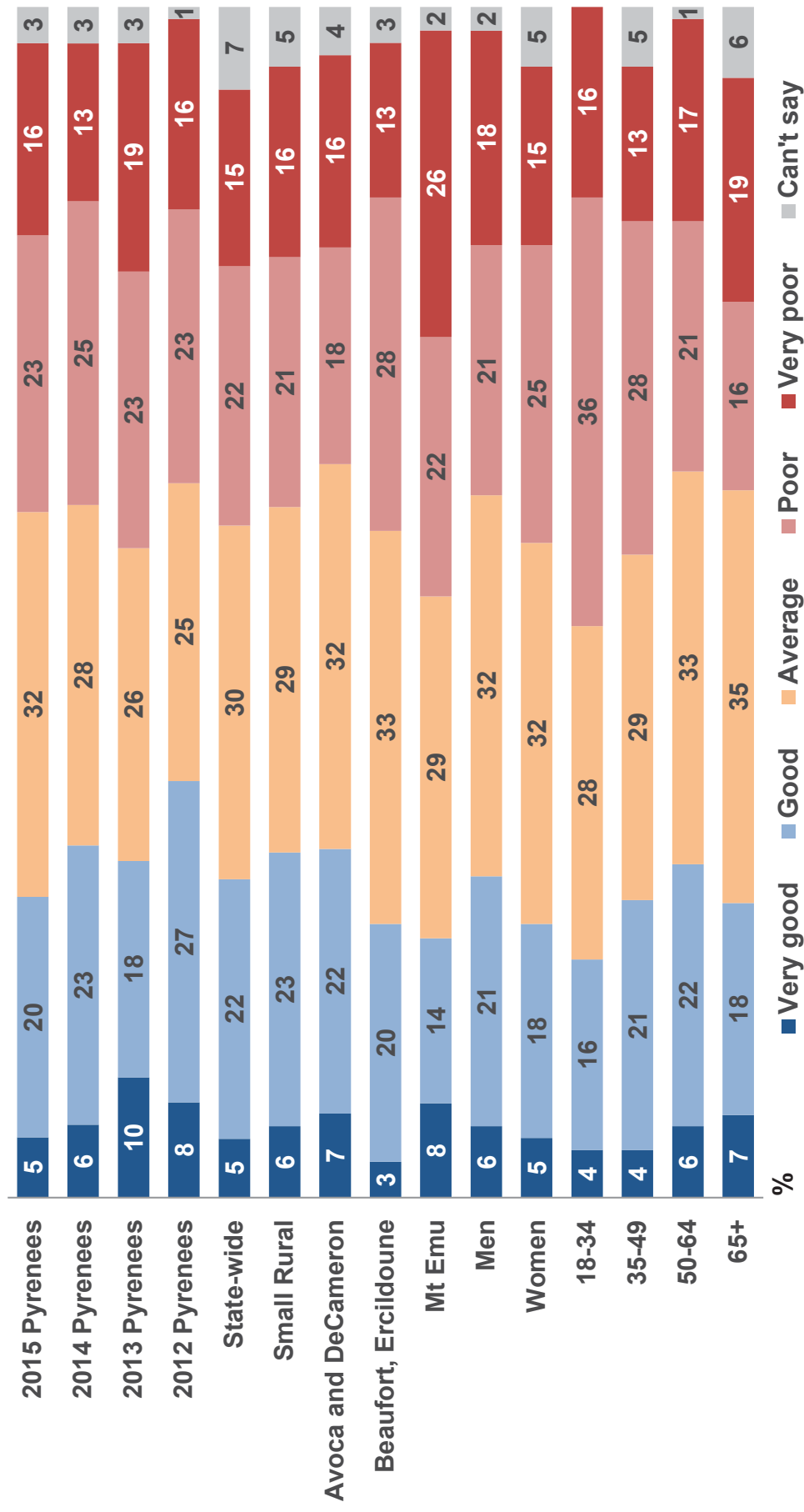
Base: All respondents. Councils asked State-wide: 20 Councils asked group: 8

Note: Please see slide 5 for explanation about significant differences

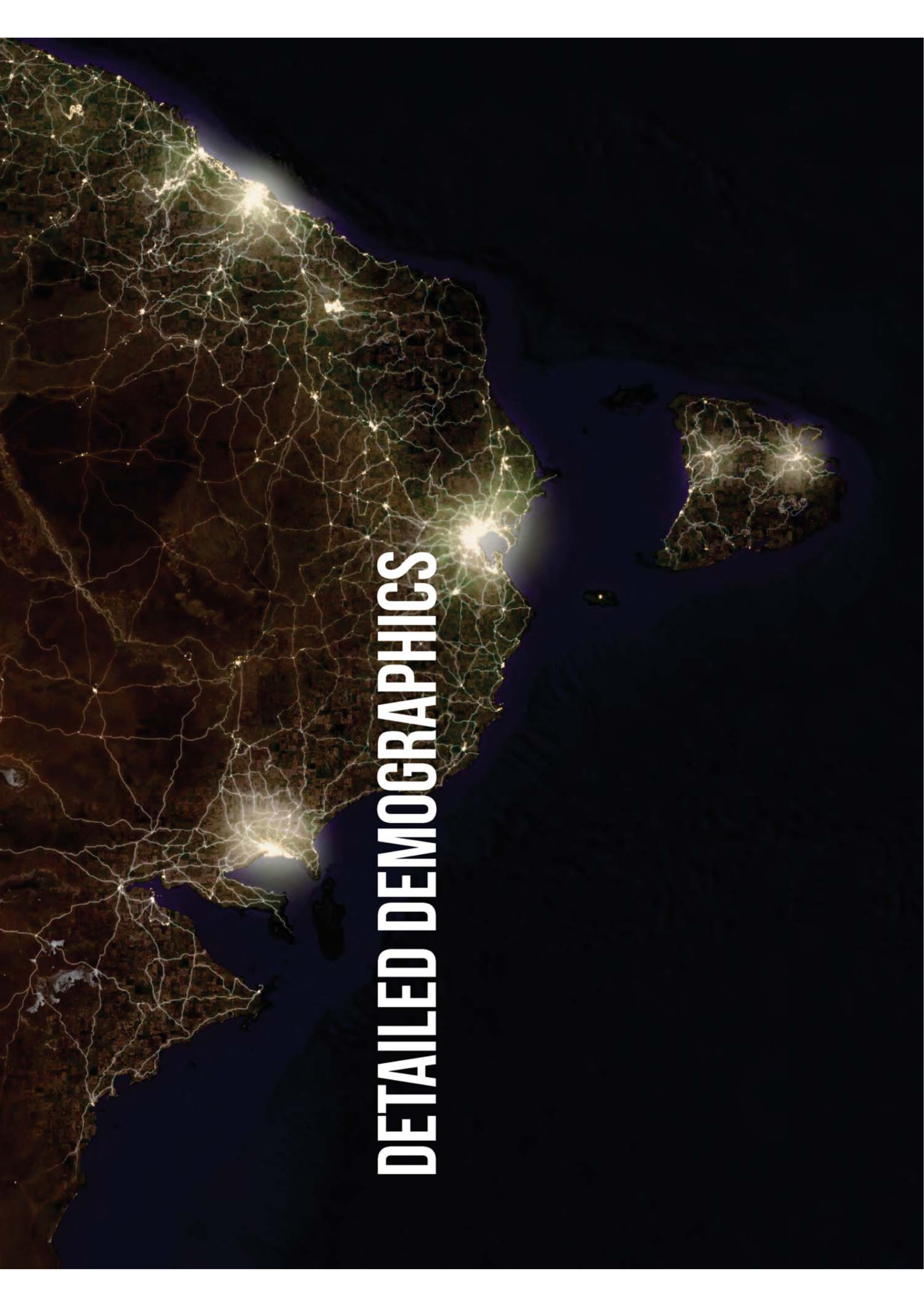


2015 MAINTENANCE OF UNSEALED ROADS IN YOUR AREA PERFORMANCE DETAILED PERCENTAGES

2015 Unsealed Roads Performance



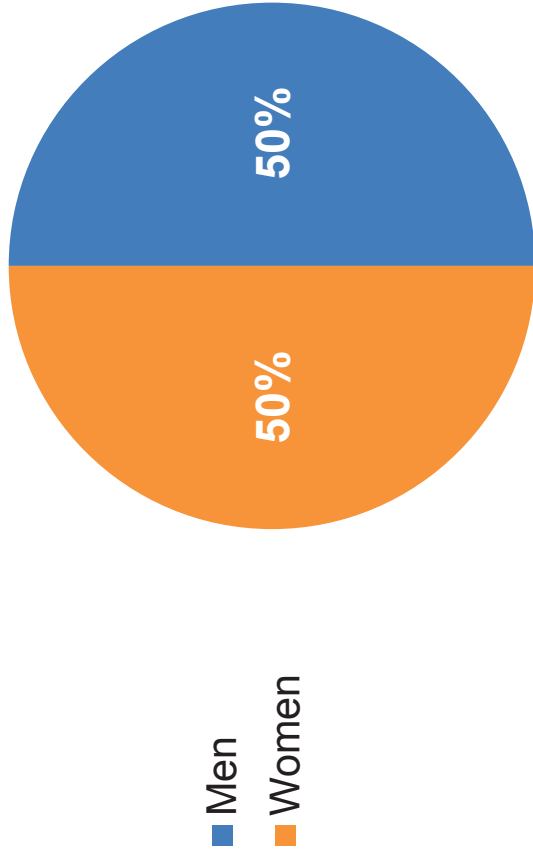
Q2. How has Council performed on 'Maintenance of unsealed roads in your area' over the last 12 months?
Base: All respondents. Councils asked State-wide: 20 Councils asked group: 8



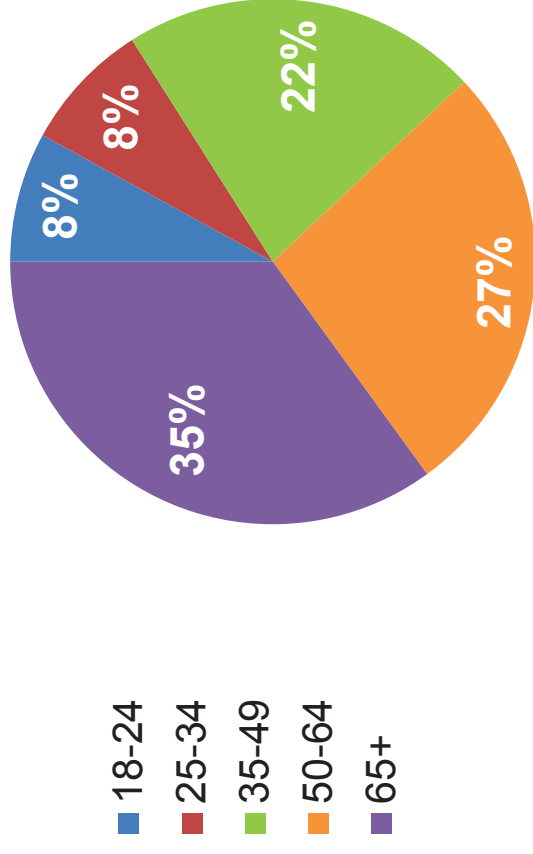
DETAILED DEMOGRAPHICS

2015 GENDER AND AGE PROFILE

Gender



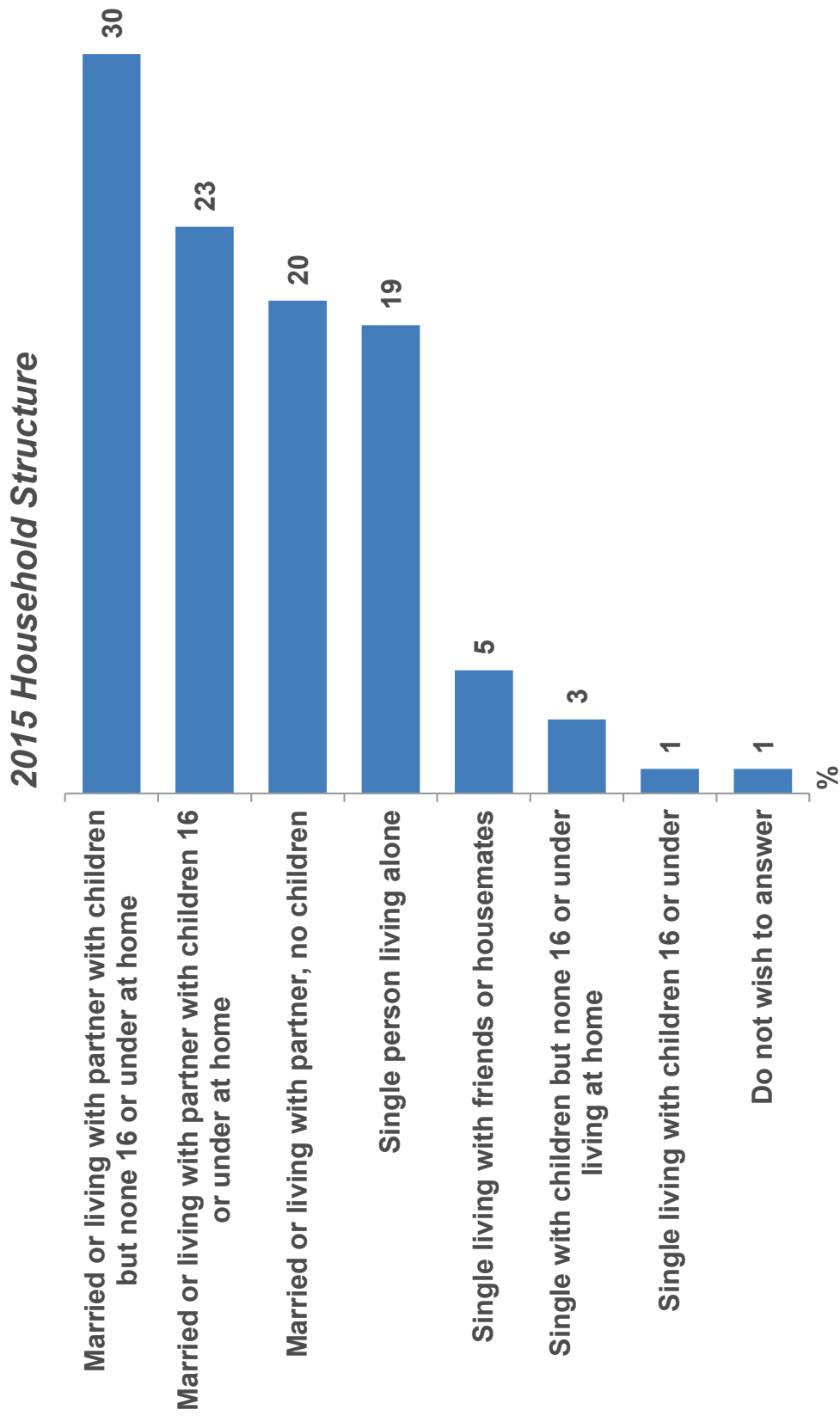
Age



Please note that for the reason of simplifying reporting, interlocking age and gender reporting has not been included in this report. Interlocking age and gender analysis is still available in the dashboard and data tables provided alongside this report.

S3. [Record gender] / S4. To which of the following age groups do you belong?
Base: All respondents. Councils asked State-wide: 69 Councils asked group: 18

2015 HOUSEHOLD STRUCTURE

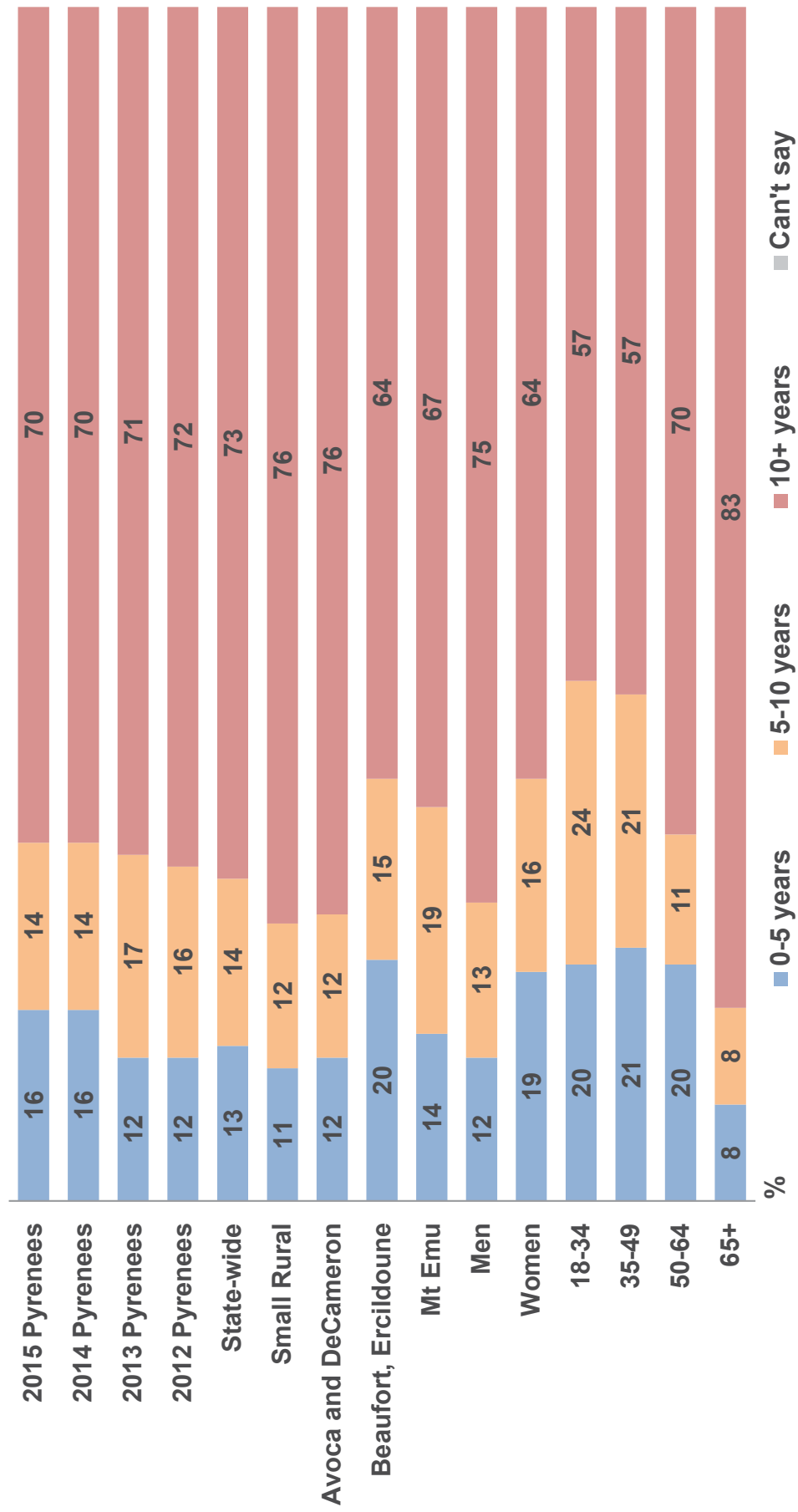


S6. Which of the following BEST describes your household?
Base: All respondents. Councils asked State-wide: 11 Councils asked group: 2



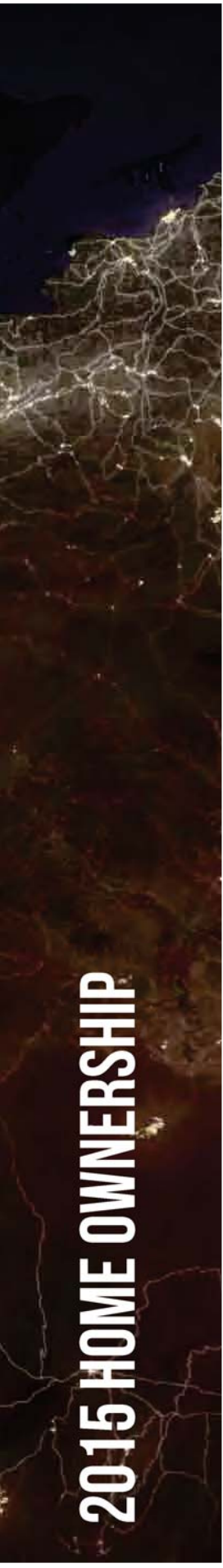
2015 YEARS LIVED IN AREA

2015 Years Lived in Area



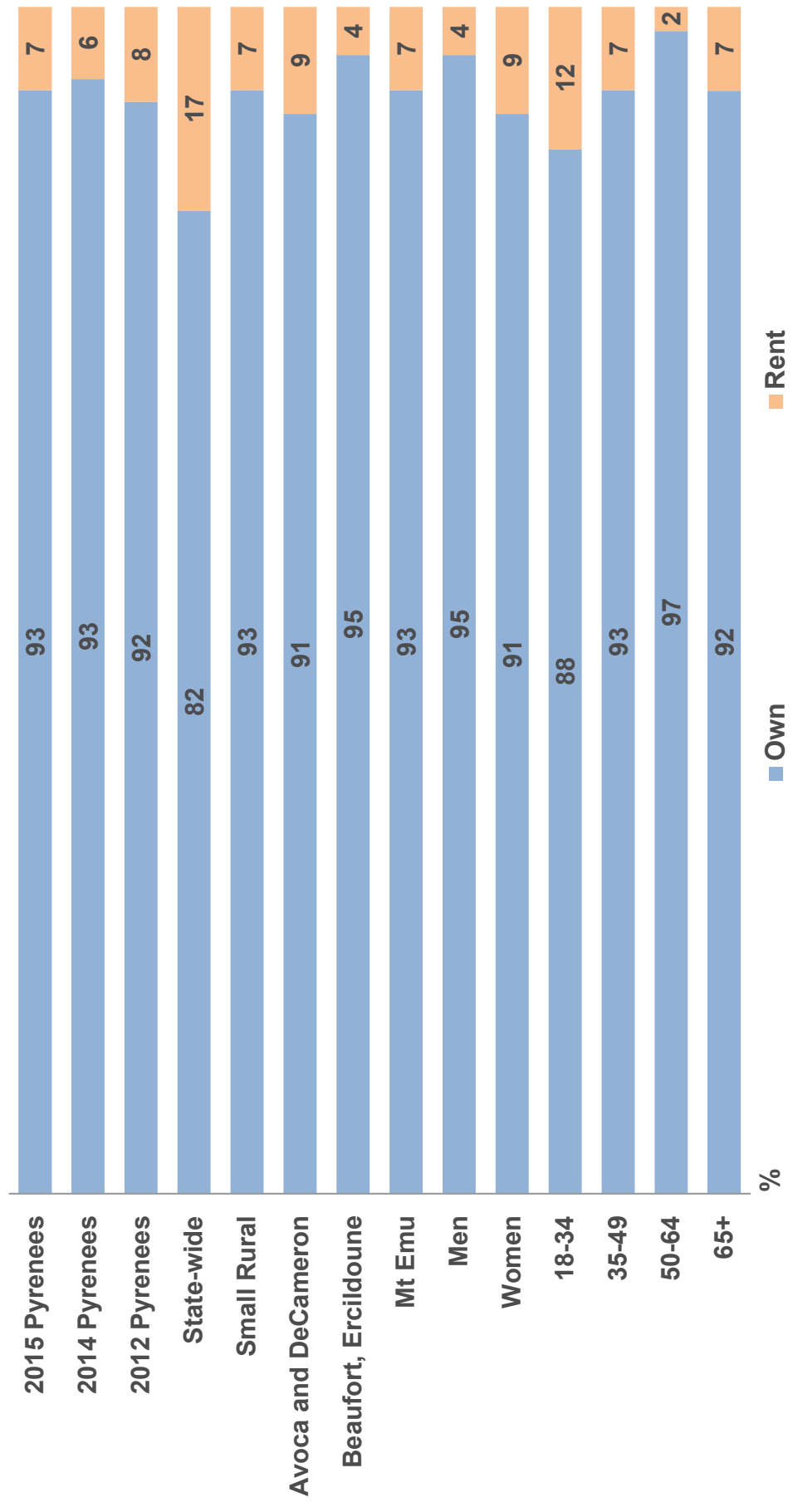
S5. How long have you lived in this area?/How long have you owned a property in this area?
 Base: All respondents. Councils asked State-wide: 18 Councils asked group: 4






2015 HOME OWNERSHIP

2015 Own or Rent

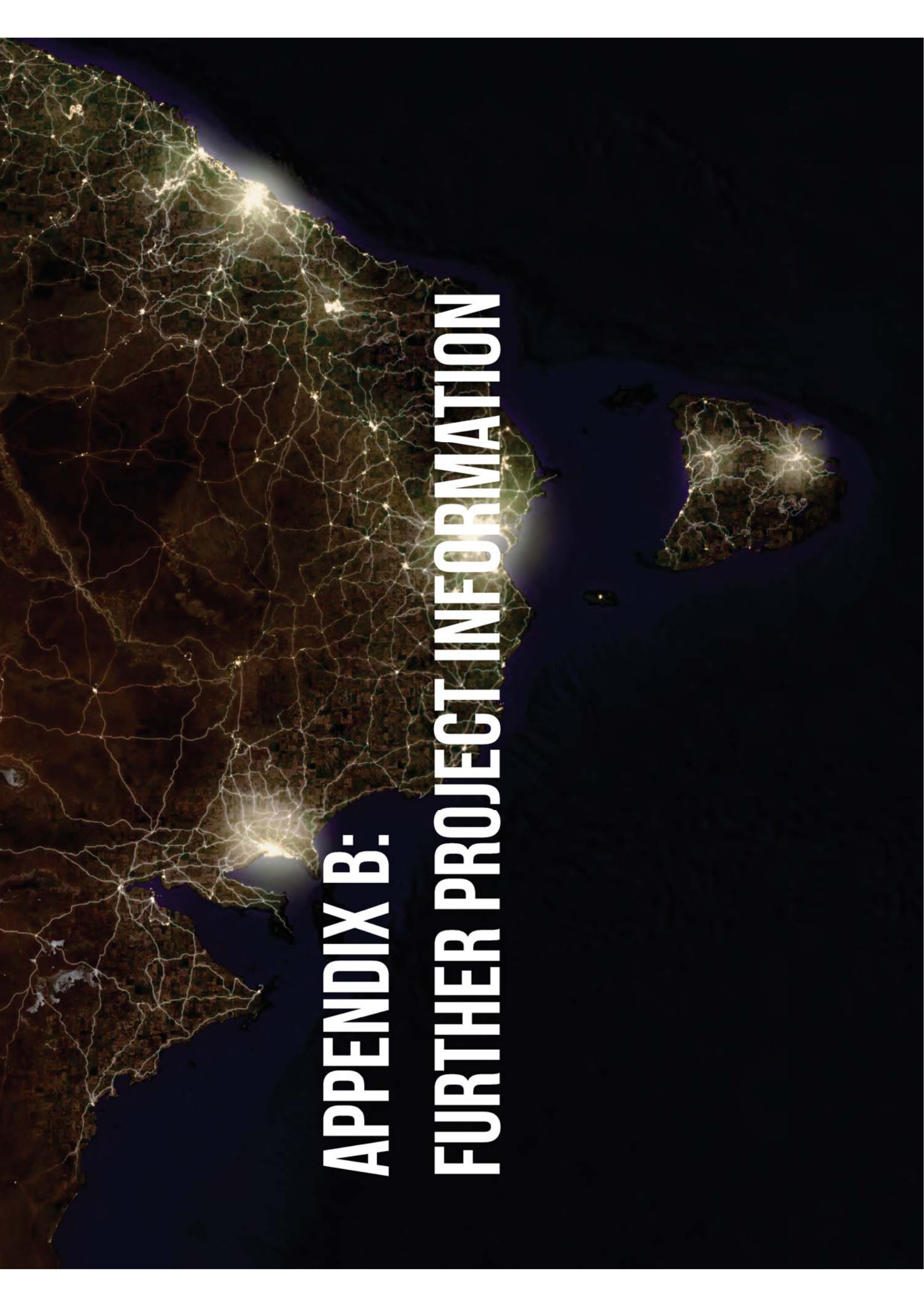


Q9. Thinking of the property you live in, do you or other members of your household own this property, or is it a rental property?
 Base: All respondents. Councils asked State-wide: 4 Councils asked group: 1

A satellite night view of a coastal region, likely the Gulf of Mexico. The land is dark brown and green, with a dense network of roads and highways glowing with white and yellow lights. Several large cities are visible as bright yellow and white clusters of lights. The coastline is irregular, with several bays and peninsulas. The surrounding water is dark blue. The sky is black.

APPENDIX A: DETAILED SURVEY TABULATIONS

AVAILABLE IN SUPPLIED EXCEL FILE

A satellite night view of the Hawaiian Islands. The landmasses are dark brown and green, with a dense network of glowing yellow and white lines representing roads and lights. The largest island, the Big Island, is on the left, and the smaller islands of Maui, Hawaii, and Kauai are to its right. The background is a deep black, representing the night sky.

APPENDIX B: FURTHER PROJECT INFORMATION

APPENDIX B: BACKGROUND AND OBJECTIVES

The survey was revised in 2012. As a result:

- The survey is now conducted as a representative random probability survey of residents aged 18 years or over in local councils, whereas previously it was conducted as a ‘head of household’ survey.
- As part of the change to a representative resident survey, results are now weighted post survey to the known population distribution of Pyrenees Shire Council according to the most recently available Australian Bureau of Statistics population estimates, whereas the results were previously not weighted.
- The service responsibility area performance measures have changed significantly and the rating scale used to assess performance has also changed.

As such, the results of the 2012 State-wide Local Government Community Satisfaction Survey should be considered as a benchmark. Please note that comparisons should not be made with the State-wide Local Government Community Satisfaction Survey results from 2011 and prior due to the methodological and sampling changes. **Comparisons in the period 2012-2015 have been made throughout this report as appropriate.**

APPENDIX B: MARGINS OF ERROR

The sample size for the 2015 State-wide Local Government Community Satisfaction Survey for Pyrenees Shire Council was n=400. Unless otherwise noted, this is the total sample base for all reported charts and tables.

The maximum margin of error on a sample of approximately n=400 interviews is +/-4.7% at the 95% confidence level for results around 50%. Margins of error will be larger for any sub-samples. As an example, a result of 50% can be read confidently as falling midway in the range 45.3% - 54.7%.

Maximum margins of error are listed in the table below, based on a population of 5,000 people aged 18 years or over for Pyrenees Shire Council, according to ABS estimates.

Demographic	Actual survey sample size	Weighted base	Maximum margin of error at 95% confidence interval
Pyrenees Shire Council	400	400	+/-4.7
Men	179	199	+/-7.2
Women	221	201	+/-6.5
Avoca and DeCameron	172	163	+/-7.4
Beaufort, Ercildoune	161	166	+/-7.6
Mt Emu	67	71	+/-12.0
18-34 years	25	63	+/-20.0
35-49 years	56	89	+/-13.1
50-64 years	141	109	+/-8.2
65+ years	178	139	+/-7.2

APPENDIX B: ANALYSIS AND REPORTING

All participating councils are listed in the State-wide report published on the DELWP website. In 2015, 69 of the 79 Councils throughout Victoria participated in this survey. For consistency of analysis and reporting across all projects, Local Government Victoria has aligned its presentation of data to use standard council groupings. Accordingly, the council reports for the community satisfaction survey provide analysis using these standard council groupings. Please note that councils participating in 2012, 2013 and 2014 vary slightly to those participating in 2015.

Council Groups

Pyrenees Shire Council is classified as a Small Rural council according to the following classification list:

- Metropolitan, Interface, Regional Centres, Large Rural & Small Rural

Councils participating in the Small Rural group are: Alpine, Ararat, Benalla, Buloke, Central Goldfields, Gannawarra, Hepburn, Hindmarsh, Indigo, Loddon, Mansfield, Murrindindi, Pyrenees, Queenscliffe, Strathbogie, Towong, West Wimmera and Yarriambiack.

Wherever appropriate, results for Pyrenees Shire Council for this 2015 State-wide Local Government Community Satisfaction Survey have been compared against other participating councils in the Small Rural group and on a State-wide basis. Please note however, that council groupings have changed for 2015. As such, comparisons to previous council group results can not be made within the reported charts. For comparisons with previous groupings, please contact JWS Research.

APPENDIX B: ANALYSIS AND REPORTING

Index Scores

Many questions ask respondents to rate council performance on a five-point scale, for example, from ‘very good’ to ‘very poor’, with ‘can’t say’ also a possible response category. To facilitate ease of reporting and comparison of results over time, starting from the 2012 benchmark survey and measured against the State-wide result and the council group, an ‘Index Score’ has been calculated for such measures.

The Index Score is calculated and represented as a score out of 100 (on a 0 to 100 scale), with ‘can’t say’ responses excluded from the analysis. The ‘% RESULT’ for each scale category is multiplied by the ‘INDEX FACTOR’. This produces an ‘INDEX VALUE’ for each category, which are then summed to produce the ‘INDEX SCORE’, equating to ‘60’ in the following example.

SCALE CATEGORIES	% RESULT	INDEX FACTOR	INDEX VALUE
Very good	9%	100	9
Good	40%	75	30
Average	37%	50	19
Poor	9%	25	2
Very poor	4%	0	0
Can't say	1%	--	INDEX SCORE 60

APPENDIX B: ANALYSIS AND REPORTING

Similarly, an Index Score has been calculated for the Core question 'Performance direction in the last 12 months', based on the following scale for each performance measure category, with 'Can't say' responses excluded from the calculation.

SCALE CATEGORIES	% RESULT	INDEX FACTOR	INDEX VALUE
Improved	36%	100	36
Stayed the same	40%	50	20
Deteriorated	23%	0	0
Can't say	1%	--	INDEX SCORE 56

APPENDIX B: INDEX SCORE SIGNIFICANT DIFFERENCE CALCULATION

The test applied to the Indexes was an Independent Mean Test, as follows:

$$Z \text{ Score} = (\$1 - \$2) / \text{Sqrt} ((\$3^2 / \$5) + (\$4^2 / \$6))$$

Where:

- \$1 = Index Score 1
- \$2 = Index Score 2
- \$3 = unweighted sample count 1
- \$4 = unweighted sample count 1
- \$5 = standard deviation 1
- \$6 = standard deviation 2

All figures can be sourced from the detailed cross tabulations.

The test was applied at the 95% confidence interval, so if the Z Score was greater than +/- 1.954 the scores are significantly different.

APPENDIX B: ANALYSIS AND REPORTING

Core, Optional and Tailored Questions

Over and above necessary geographic and demographic questions required to ensure sample representativeness, a base set of questions for the 2015 State-wide Local Government Community Satisfaction Survey was designated as 'Core' and therefore compulsory inclusions for all participating Councils.

These core questions comprised:

- Overall performance last 12 months (Overall performance)
- Lobbying on behalf of community (Advocacy)
- Community consultation and engagement (Consultation)
- Decisions made in the interest of the community (Making community decisions)
- Condition of sealed local roads (Sealed local roads)
- Contact in last 12 months (Contact)
- Rating of contact (Customer service)
- Overall council direction last 12 months (Council direction)

Reporting of results for these core questions can always be compared against other participating councils in the council group and against all participating councils State-wide. Alternatively, some questions in the 2015 State-wide Local Government Community Satisfaction Survey were optional. Councils also had the ability to ask tailored questions specific only to their council.

APPENDIX B: ANALYSIS AND REPORTING

Reporting

Every council that participated in the 2015 State-wide Local Government Community Satisfaction Survey receives a customised report. In addition, the state government is supplied with a State-wide summary report of the aggregate results of 'Core' and 'Optional' questions asked across all council areas surveyed.

Tailored questions commissioned by individual councils are reported only to the commissioning council and not otherwise shared unless by express written approval of the commissioning council.

The Overall State-wide Local Government Community Satisfaction Report is available at www.localgovernment.vic.gov.au.

APPENDIX B: GLOSSARY OF TERMS

Core questions: Compulsory inclusion questions for all councils participating in the CSS.

CSS: 2015 Victorian Local Government Community Satisfaction Survey.

Council group: One of five classified groups, comprising: metropolitan, interface, regional centres, large rural and small rural.

Council group average: The average result for all participating councils in the council group.

Highest / lowest: The result described is the highest or lowest result across a particular demographic sub-group e.g. men, for the specific question being reported. Reference to the result for a demographic sub-group being the highest or lowest does not imply that it is significantly higher or lower, unless this is specifically mentioned.

Index score: A score calculated and represented as a score out of 100 (on a 0 to 100 scale). This score is sometimes reported as a figure in brackets next to the category being described, e.g. men 50+ (60).

Optional questions: Questions which councils had an option to include or not.

Percentages: Also referred to as ‘detailed results’, meaning the proportion of responses, expressed as a percentage.

Sample: The number of completed interviews, e.g. for a council or within a demographic sub-group.

Significantly higher / lower: The result described is significantly higher or lower than the comparison result based on a statistical significance test at the 95% confidence limit. If the result referenced is statistically higher or lower then this will be specifically mentioned, however not all significantly higher or lower results are referenced in summary reporting.

State-wide average: The average result for all participating councils in the State.

Tailored questions: Individual questions tailored by and only reported to the commissioning council.

Weighting: Weighting factors are applied to the sample for each council based on available age and gender proportions from ABS census information to ensure reported results are proportionate to the actual population of the council, rather than the achieved survey sample.

LOCAL GOVERNMENT

FINANCIAL

SUSTAINABILITY

FOCUS ON SMALL RURAL COUNCILS

ABRIDGED REPORT

MAY 2010

Merv Whelan
Rohan Whelan

EXECUTIVE SUMMARY

This Report examines the relative financial sustainability of Victorian councils using a statistically based model. Sustainability is defined as a council's capacity to service the required needs of its community, preserve intergenerational equity and cope with contingencies without making radical changes to spending or revenue policies.

Several local government studies acknowledge the influence of environmental (demographic) factors on sustainability but assess it by using financial performance indicators. These indicators do not measure underlying sustainable capacity, but rather the financial results or use made of that capacity. Accordingly, this Report has approached the task by selecting those environmental factors that significantly influence council performance capability, quantifying the degree to which each factor impacts on operating revenues and costs, and applying the results to assess the relative sustainable capacity of each council.

Environmental factors selected for this purpose were net disposable community income (as the principal indicator of council capacity to raise own source revenue); recurrent, reliable government grants; population size; population sparsity, population dispersion (spread into townships and rural areas) and remoteness (distance from major centres). Each of these factors is externally imposed on councils and generally not subject to their control or influence.

Relative sustainability was determined by applying a "sustainability ratio" i.e. dividing the capacity to pay (as derived from net disposable community income) by own source revenue required (comprising nominal operating costs, less recurrent government grants. This ratio, when applied to each council, clearly establishes that environmental factors have a substantial detrimental impact on the sustainable capacity of smaller rural councils.

Three financial indicators were used to assess the financial performance of all councils for the seven year period ending 2011/12; underlying operating result, asset renewal (investment gap) and underlying net cash flow from operations. The results obtained strongly indicated that smaller rural councils were clearly the most financially vulnerable.

A strong relationship exists between the impact of environmental factors on the sustainable capacity of small rural councils and the combined underlying financial deficits incurred by them.

The Local Government Act 1989 requires councils to "...work in partnership with the Governments of Victoria and Australia..." to "...achieve the best outcomes for the local community..." and "...improve the quality of life of the people of the municipal district...". The State Government therefore has a responsibility to ensure that councils have adequate financial resources available to achieve these purposes.

The eighteen small rural councils identified in this Report do not have the capacity to adequately service their communities. The provision of guaranteed long term operating entitlements, as recommended by this Report, is essential to their future sustainability..

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PART 1 BACKGROUND AND METHOD

1.1 COUNCIL RESPONSIBILITIES AND SUSTAINABILITY

According to a definition of sustainability accepted by State and Commonwealth Governments (Victorian Auditor General's Report 2006/07) and relevant provisions of the Local Government Act, a council should:-

- be capable of funding the service needs of its community, including "the management and maintenance of assets";
- be able to cope with contingencies that arise, without making radical changes to spending or revenue raising;
- ensure that spending practices are consistent with rating levels imposed on the community, and its relative capacity to pay them;
- effectively manage risks; and
- avoid financially disadvantaging future generations.

These criteria raise questions about the sustainable capacity of many councils.

1.2 MEASURING SUSTAINABLE CAPACITY AND PERFORMANCE OUTCOMES

Reports about council sustainability have generally recognised the influence of environmental factors (e.g. community income, population size) on performance, and have used financial indicators (e.g. operating result, debt level) to measure it.

Sustainable capacity and financial performance are different benchmarks, requiring different means of assessment.

Environmental factors have a very substantial impact on the ability of a council to service the needs of its community and are essential for measuring sustainable capacity.

Financial indicators on the other hand, are used to assess a council's financial results; past, present and forecast; i.e. for measuring performance outcomes.

One measures the capacity to be sustainable, the other analyses the use made of that capacity.

1.3 METHOD OF APPROACH

This report assesses the financial sustainability of all councils using a statistically based system ("Model") and approaches the task by:-

- ascertaining and applying environmental factors that materially impact on performance capacity;
- reliably quantifying the extent of that impact;
- identifying councils most disadvantaged, and the extent of that disadvantage;
- comparing results produced for sustainable capacity against those provided by financial performance measures; and
- determining appropriate remedial financial assistance for those councils with least sustainable capacity.

Councils have been classified into seven groups for comparative purposes only. Two councils, Melbourne and Queenscliffe are Unclassified. - Refer Appendix 1

PART 2. APPLICATION OF ENVIRONMENTAL FACTORS

2.1 THE FACTORS

Revenue:

- o capacity of the community to pay rates, charges, fees, fines and other revenue; and
- o assistance provided by government in the form of tied and untied recurrent grants.

Costs:

- o size of the population;
- o population sparsity;
- o dispersion of the population into townships and rural areas; and
- o remoteness of the municipality from major populations centres.

Factors are external in origin and not subject to council control. Measurements are based on data for the 2005/06 financial year.

2.3 CAPACITY TO PAY

a. Method of Assessment

Two methods are consistently proposed for assessing capacity of the community to pay property valuations and net disposable community income (NDCI).

According to the Productivity Commission Report 2008 :

"The higher the aggregate income of a community, the higher the ability to pay for local government services, and hence the higher the potential for its local government to raise revenue." (Page 55); and

"All things considered, the Commission considers that the appropriate indicator of fiscal capacity in the context of this study is the aggregate income of its local community. Ultimately, it is the incomes of individuals in local communities that constrain the choices they face between consuming public or private sector goods and services." (Page 55)

This Model selected NDCI as the better indicator of capacity to pay. The ability to meet costs, whether they be for commodities or council services, is directly related to the income levels of individuals and the community collectively. The higher the income level, the greater the fiscal capacity.

b. Income Sources

NDCI comprises personal income and business income after deducting taxes. It includes:-

Personal Income comprising: Individual taxpayers salaries and wages, unincorporated business incomes, partnership/ trust distributions, interest, dividends, eligible termination and superannuation payments; and Commonwealth Pensions and Benefits (includes Aged, Disability Support, Family Allowances, Veterans Affairs). Pensions / benefits applicable to each council were derived by allocating total annual expenditure for each pension / benefit to each council by the ratio of council recipients to total recipients, using Centrelink and ABS data.

Company Income: After tax company income for all industries, together with the numbers of persons employed in each industry, are available at Commonwealth level (ATO). The numbers employed in each industry are also available at State level. The proportion of after tax company income for Victoria was derived by applying the ratio of Victorian employee numbers to Commonwealth employee numbers. This method was used by the Productivity Commission (2008 Report).

After tax company income for Victoria was allocated to each Council using commercial / industrial, and rural property valuations because there is a significantly greater correlation at local government level between company income and valuations of premises from which it is derived, than that which exists between company income and numbers employed.

c. Income Adjustments

The capacity of a council to raise revenue is determined by the level of NDCI available. However adjustments to NDCI are required to more accurately reflect the real capacity of the community to pay rates and charges; fees, fines and other revenue.

These are:-

- Recognising the contribution to NDCI by non-resident owners of unoccupied dwellings.

These owners contribute to the NDCI of a council by paying rates and charges and, from time to time, fees, fines and other revenue. To recognise this contribution, individual after tax incomes of these owners are included in NDCI at values equivalent to the average after tax incomes for that municipality.

- Determining the value of NDCI available from each class of property for levying rates and charges; and fees, fines and other revenue.

NDCI components are allocated to each council property class as follows:-

- individual after tax income to each property class according to the number of assessments in each class;
- all company non primary production after tax income to the commercial / industrial class;
- all company primary production after tax income to the rural class; and
- all pensions / benefits to the residential class.

NDCI for each council is distributed in this way to recognise the impact of variations in income levels between property classes on capacity to pay.

d. Calculating Capacity To Pay

The NDCI applicable to rates and charges is derived by:-

- multiplying the total NDCI for each property assessment type (residential, commercial / industrial and rural) by the ratio of actual rates and charges raised for each type to total rates and charges levied; and
- adding the results to obtain a weighted disposable income per assessment; then multiplying the weighted NDCI per assessment by the ratio of actual rates and charges revenue to total own source revenue.

NDCI for rates and charges is expressed in terms of "dollars per assessment" rather than per head to reflect the fact that this form of income is derived on a property basis.

Councils receive fees, fines and other revenue from residents, commuting workers, shoppers, tourists and facility users, property rentals, investments, interest, etc. It is difficult to link these income sources to any particular user group. The statistical method used for assessing the capacity to pay these revenues is based on the partial inclusion of all four components of NDCI; i.e. individuals, pensions / benefits, company non-primary production and primary production. Statistical modelling (regression analysis) facilitates an accurate measure of the weighted effect of these components on fees, fines and other revenues.

The result is calculated and applied in "*dollar per head*" terms, to reflect the fact that a high proportion of these revenues is received / charged on that basis.

e. Capacity To Pay Index

Capacity of a community to pay (councils revenue raising capacity) is then obtained by aggregating:-

- rates and charges per assessment; and
- fees, fines and other revenue per head to create a Capacity to Pay Index.

Impact of the capacity to pay index on each council classification is shown in the table:

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	CAPACITY TO PAY INDEX MEDIANS	TIMES BASE LEVEL
Inner Metropolitan	16	78,485	2.7
Outer Metropolitan	14	68,059	2.3
Regional Centres	7	68,359	2.3
Large Rural	7	52,844	1.8
Medium Rural	9	45,466	1.6
Small Rural	15	44,435	1.5
Very Small Rural	9	29,140	1.0 (Base Level)

The smaller rural councils have the lowest relative capacity to raise own source revenue. Further analysis shows that these councils have also made the greatest relative use of that capacity to raise both rates and charges; and fees, fines and other revenue.

Capacity to pay has a substantial impact on financial sustainability. It provides the basis from which councils derive own source revenue that, in turn, comprises about 83% of recurrent operating revenue. The differences in fiscal capacity between council classifications are illustrated in graph form – **Refer Appendix 3.**

2.3 RECURRENT GOVERNMENT GRANTS

Recurrent grant assistance comprises untied General Purpose and Local Road grants from the VGC and tied government grants for services such as health, welfare and recreation. These grants constitute about 17% of local government recurrent revenues and are included for assessing financial sustainability because they provide a substantial, reliable and consistent source of municipal revenue.

The typical recurrent grant level per head for a small rural municipality is \$680 while that for a metropolitan municipality is about \$120. This income has a much greater impact on the viability of smaller municipalities, the amount received by many of them exceeding 50% of their own source revenue.

The Grants Commission is required to allocate general purpose grants in accordance with principles contained in Commonwealth legislation, including a provision that 30% of the grant be distributed on a per capita basis. According to the Pricewaterhouse Coopers Report, National Financial Sustainability Study, 2006 (Page138) some councils *...“receive more than might be justified by their horizontal equalization assessment..”*, thereby *“...drawing funding away from relatively disadvantaged councils..”*. This Model acknowledges that the Grants Commission is constrained by these provisions. However, conditions placed by the Commonwealth on the distribution of these funds precludes larger allocations being made to those councils identified in this Report as being in greatest need.

2.4 SELECTION OF COST FACTORS

To determine relative sustainability between councils this Model has focused on quantifying and applying four environmental factors that collectively exert a very substantial impact on service costs; these being population size, sparsity, dispersion and remoteness. This approach involved the development of a regression based statistical model to determine the financial impact of each environmental factor on the actual operating expenses incurred by each council. This was done to establish a representative (nominal) operating cost for each factor for each council. The process facilitates a reliable comparison of sustainable capacity between councils operating in different environments. The methodology has been reviewed and verified by independent expertise.

These four factors in combination explain a very high percentage of the variation in operating costs. The remaining percentage of that variation is accounted for by other less significant environmental factors; and by subjective differences, in particular corporate / managerial policies and practices.

Costs relating to the corporate / management approach are influenced by the range of services offered, standards applied, method of delivery, overall effectiveness and efficiency of operation and attitude to rate increases. Some smaller councils have curtailed services to reduce underlying operating deficits while others have attempted to maintain service levels, thereby increasing them. This explains, in part, differences in performance results achieved by councils with similar environmental characteristics.

2.5 POPULATION NUMBER

Large populations support the achievement of economies of scale, resulting in reduced service costs. The relationship between population number and service costs per head for all councils (using regression analysis) is summarized in the following table:

COUNCIL CLASSIFICATION	MEDIAN COST PER HEAD	%AGE INCREASE
Outer Metropolitan	\$ 776	0% (Base)
Inner metropolitan	\$ 796	2.5%
Regional Centres	\$ 861	9.5%
Large Rural	\$ 962	24.0%
Medium Rural	\$1042	34.3%
Small Rural	\$1188	53.1%
Very Small Rural	\$1390	79.1%

The differences in population / cost per head between council classifications, is illustrated in graph form – **Refer Appendix 4.**

There is a clear relationship between cost per head and size of population. The increase in operating cost per head from large to small municipalities is exponential and accelerates as population falls below 50,000, and becomes far more pronounced below 15,000. This relationship is illustrated in graph form – **Refer Appendix 5.** About 56% of costs is attributable to population size.

2.6 POPULATION SPARSITY

Sparsity has been calculated using population per kilometre of road rather than the population / area ratio because some municipalities contain large uninhabited un-serviced areas, thereby distorting the sparsity / area calculation. Provision of services over larger distances increases service costs. The impact of sparsity on service costs per head ranges from less than \$10 per head in metropolitan councils to over \$200 per head for remote rural areas. Rural councils, mainly those classified as very small rural, are most adversely affected. The contribution of sparsity to costs is about 17%.

2.7 POPULATION DISPERSION

Dispersion refers to the spread of population into more than one urban centre, thereby potentially increasing the cost of service provision. The VGC "index" for assessing the cost impact of dispersion has been adapted for use in this Model. The index score takes account of the services delivered from the administrative centre of a municipality to each urban centre and its surrounding rural areas. It includes the distances over which they are delivered and the percentage of the population being serviced in each locality. The location of population within municipalities varies markedly with a resultant impact on service costs. In almost all metropolitan municipalities, the population is closely and uniformly distributed – the service centre and population to be serviced being one and the same. In many rural municipalities population is spread between several urban communities and their surrounding rural districts, varying in size and distance from the service centre.

Dispersion costs per head range from nil to more than \$200. Very few metropolitan councils are affected. Most rural councils ranging from large to very small are generally more disadvantaged, with costs per head in some cases exceeding \$150. The contribution of dispersion to costs is about 15%.

2.8 COUNCIL REMOTENESS

The impact of remoteness is measured using an index entitled the State Accessibility Remoteness Index of Australia plus (S.A.R.I.A.) 2006, developed by the National Key Centre for Social Applications of Geographical Information Systems. It is based on road distance from the municipality to major population centres and represents additional costs incurred in accessing goods and services such as health and education. The index has been refined and used in this Model to calculate a service cost per head for remoteness.

While metropolitan councils score nil for remoteness, those councils assessed as being most remote incur an additional operating cost exceeding \$120 per head. Rural councils are most negatively affected, in particular those in the very small rural category. The contribution of remoteness to costs is about 12%.

2.9 TOTAL NOMINAL COSTS BY COUNCIL CLASSIFICATION

The combined impact of population number, density, dispersion and remoteness is provided below.

COUNCIL CLASSIFICATION	MEDIAN	%AGE INCREASE
Inner Metropolitan	\$ 810	0% (Base)
Outer Metropolitan	\$ 811	0%
Regional Centres	\$ 907	12%
Large Rural	\$1183	46%
Medium Rural	\$1280	58%
Small Rural	\$1427	76%
Very Small Rural	\$1822	249%

Small and, in particular, very small rural councils, are the most disadvantaged by these factors. The results presented in the table are illustrated in graph form – Refer **Appendix 6**

The nominal operating costs used in this report to assess sustainability are derived from actual operating expenses. These costs are conservative because councils experiencing most financial difficulty are underfunding required services, thereby incurring lower costs. Consequently the sustainable position of smaller rural councils is likely to be more vulnerable than shown.

2.10 THE SUSTAINABILITY RATIO

The sustainability ratio is the relationship between capacity to pay (C2P) and own source revenue required. It is represented by the formula:

$$SR = \frac{C2P}{OSRR} \text{ where:}$$

C2P = the capacity to pay index comprising aggregate net disposable community incomes; and

OSRR = nominal operating cost representing the combined impact of population number, sparsity, dispersion and remoteness; less recurrent government grants.

In effect, this ratio represents a council's relative capacity to raise revenue divided by its relative ability to meet net costs – **Refer Appendix 2.**

Using these ratios (derived from environmental factors) the sustainability of each council has been rated on a comparative scale of 10 to 1; very positive to very negative. For an example of the application of the rating system, **Refer Appendix 7, "Council Sustainability Summary Report"**

A summary of the **sustainability ratings based on environmental factors** for all councils by classification is provided in the table below:

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	VERY POSITIVE	POSITIVE	MODERATE	NEGATIVE	VERY NEGATIVE
Inner Metropolitan	16	10	6	-	-	-
Outer Metropolitan	14	5	7	2	-	-
Regional Centres	7	2	4	1	-	-
Large Rural	7	-	-	2	5	-
Medium Rural	9	-	-	2	7	-
Small Rural	15	-	-	1	5	9
Very Small Rural	9	-	-	-	-	9
TOTALS :	77	17	17	8	17	18

Ratios based on council classifications are presented in graph form – **Refer Appendix 8.** This clearly shows that the combined impact of environmental factors – population size, sparsity, dispersion, remoteness, NDCI and recurrent government grants has a much greater detrimental effect on the sustainability of smaller councils. Twenty-three of the twenty-four small and very small rural councils have negative and very negative sustainability ratings. It is again emphasized that these ratings are based on the impact of inherent factors over which councils exercise virtually no control and which do not reflect differences in managerial performance and corporate direction

PART 3. APPLICATION OF FINANCIAL PERFORMANCE MEASURES

3.1 THE MEASURES

Financial performance must be measured over time to ascertain the extent to which each council is achieving or maintaining a sustainable position. The indicators used are:

- underlying operating result;
- infrastructure renewal and maintenance performance (investment gap);
- adjusted underlying operating result;
- underlying operating cash resources (self financing); and
- debt and liquidity.

The first three measures are regarded as vitally important to determining longer-term sustainable capacity. The remaining measures are provided for support.

These measures were used to evaluate the financial performance of councils over the seven year period from 2005/06 to 2011/12; and are based primarily on the data provided by all councils in the four standard financial statements; i.e. financial performance, financial position, cash flows and capital works.

3.2 UNDERLYING OPERATING RESULT

The underlying operating result is a measure of the capacity of a municipality to finance recurrent services, pay debt interest and meet the cost of asset use (depreciation). Continuing deficits indicate that the asset base is being eroded and that insufficient resources are being allocated to meeting current service demands. The consequence is a "run down" of service levels by deferring today's costs, thereby creating a financial disadvantage for future generations.

Several highly credentialed bodies involved in local government financial performance assessment use the underlying operating result as the primary indicator. The Institute of Chartered Accountants in Australia, (ICA) in its "Victoria City Council Model Budget 2008/09" advocates "... a greater focus on the underlying operating result as a measure of sustainability". The Queensland Treasury Corporation in its report entitled "Financial Sustainability in Queensland Local Government" describes its importance by stating that "... operating performance (operating position) is a key indicator used in the private and public sector". The Local Government Association of South Australia in its "Financial Indicators Information Papers" No's. 9 and 12 March 2007 :describes it as "... by far the most important financial indicator for councils."

There is a difference between the approach taken by the Auditor General, and that recommended by the ICA and used in this Model. This distinction is explained by the ICA as follows: "This(ICA) definition differs from the underlying surplus as determined by the Victorian Auditor General in his report "Local Government Results of the 2006/07 Audits" issued in February 2008 which includes capital contributions in the calculation. In this Guide, capital contributions are excluded from the definition on the basis that the revenue is not tied, is received for capital expenditure and is fluctuating in nature meaning that the operating result can move from underlying deficit to surplus from year to year depending on the level of contributions received."

ABRIDGED FINANCIAL SUSTAINABILITY REPORT - MAY 2010

This Model calculates the underlying operating result by deducting from the operating surplus / deficit shown in the Standard Income Statement: non-recurrent grants, non-recurrent cash contributions (e.g. developer contributions) contributed non-cash assets; asset revaluations and other "once off" adjustments.

The underlying operating result is measured against own source revenue to provide an indicator of relevant performance between municipalities. Own source revenue is used for this purpose because a municipality has the capacity to address its underlying operating deficit by raising revenue from those sources over which it generally has control.

The underlying operating results for the seven year period 2005/06 to 2011/12 are presented according to council categories in the table below:-

COUNCIL CLASSIFICATION	NO. OF COUNCILS	OPERATING RESULTS				
		CF OWN SOURCE REVENUE			NO. IN NEGATIVE	
		MAXIMUM	MINIMUM	AVERAGE	LOW	VERY LOW
Inner Metropolitan	16	9.0%	- 4.5%	1.3%	-	-
Outer Metropolitan	14	11.5%	-10.7%	1.9%	1	-
Regional Centres	7	6.2%	-4.3%	0.2%	-	-
Large Rural	7	5.9%	-7.0%	- 0.5%	1	-
Medium Rural	9	6.5%	- 15.6%	-4.3%	3	1
Small Rural	15	0.4%	-19.2%	-8.6%	9	3
Very Small Rural	9	-5.1%	-22.3%	-12.7%	4	4
TOTAL	77				18	8

Low = -6% to - 12%

Very low = - 12% or greater

The average underlying operating results for small and very small rural councils are very unfavourable compared to those of all other council groups. Twenty of the twenty four smaller rural councils have operating results that very adversely impact on sustainability while only six of all other councils are similarly affected. The small councils are highly reliant on "once off" grants and non guaranteed capital grants to support their financial positions. This measure shows that, in terms of underlying operating performance, these councils are at most risk.

3.3 ASSET RENEWAL AND MAINTENANCE

Asset renewal and maintenance budgeted compared to asset renewal and maintenance required, is an appropriate measure and has been used in this Model. A summary of results obtained by applying this measure is shown in the following table:

COUNCIL CATEGORY	NUMBER OF COUNCILS	RATING				
		VERY STRONG ABOVE 95%	STRONG 90% - 95%	MODERATE 85% - 90%	WEAK 80% - 85%	VERY WEAK BELOW 80%
Inner Metropolitan	16	7	3	5	-	1
Outer Metropolitan	14	8	1	1	1	3
Regional Centres	7	4	-	2	-	1
Large Rural	7	3	1	-	-	3
Medium Rural	9	5	1	-	1	2
Small Rural	15	5	1	1	3	5
Very Small Rural	9	1	1	3	2	2
TOTAL	77	33	8	12	7	17

While this table shows that weak asset renewal and maintenance performance is not restricted to the small rural councils, this Report shows they have the least capacity to address it.

3.4 ADJUSTED UNDERLYING OPERATING RESULT

This is derived by combining the forecast annual shortfall in funding of asset renewal and maintenance (inclusive of Roads To Recovery grants) with the underlying operating result, the outcome being expressed as a percentage of own source revenue. This adjusted result focuses attention on the real underlying financial position facing many small rural councils. A summary of **financial performance ratings based on the adjusted underlying operating result** by council classification is provided in the following table:

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	VERY STRONG	STRONG	MODERATE	VULNER	VERY VULNER
Inner Metropolitan	16	4	4	6	2	-
Outer Metropolitan	14	4	4	2	4	-
Regional Centres	7	1	-	5	1	-
Large Rural	7	1	1	2	2	1
Medium Rural	9	1	1	3	2	2
Small Rural	15	1	-	2	3	9
Very Small Rural	9	-	-	-	3	6
TOTAL	77	12	10	20	17	18

Vulnerable = -6% to -12%

Very Vulnerable = -12% or Greater

Fifteen of the councils in the small and very small council groups are incurring adjusted underlying operating deficits, (i.e. inclusive of asset renewal and maintenance shortfalls) equal to 12% or more of annual recurrent revenue. This means there is loss in equity equal to recurrent revenue every eight years.

3.5 UNDERLYING NET CASH FLOW FROM OPERATIONS

Underlying net cash flow is cash generated from recurrent operations exclusive of any capital (non recurrent) contributions. This resource is available to finance the normal operating activities of the municipality; to repay loan principal and to invest in required asset renewal.

Relative net cash flow is calculated by expressing underlying cash flow as a percentage of own source revenue. The underlying operating cash flows for the seven year period ending 2011/12 are presented according to council categories in the table below:

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	UNDERLYING OPERATING CASH FLOWS				
		MAXIMUM	MINIMUM	AVGE	NUMBER NEGATIVE	
					LOW	V LOW
Inner Metropolitan	16	9.5%	-6.5%	-0.3%	1	-
Outer Metropolitan	14	8.5%	-16.2%	-1.0%	1	1
Regional Centres	7	0.6%	-11.3%	-4.8%	2	-
Large Rural	7	6.8%	-9.5%	-3.3%	3	-
Medium Rural	9	5.8%	-21.4%	-9.4%	3	3
Small Rural	15	-0.9%	-22.6%	-11.9%	8	5
Very Small Rural	9	-7.9%	-23.7%	-15.1%	3	6
TOTAL	77				21	15

Low = -6% to -12%

Very low = -12% or greater

The average underlying net cash flow results for medium / small and very small councils are very unfavourable compared to those of all other groups. The results achieved for underlying operating cash flows are comparable to those produced for adjusted underlying operating results.

Questions have arisen about the accuracy of reported depreciation costs and their impact on the reliability of operating results. This area of reporting has improved as a consequence of attention given to it by councils in recent years. However, underlying net cash flow used in this Model provides a very useful alternative measure. In affect, it replaces "depreciation" with "cash required for asset renewal" as a means of determining a council's self financing capacity.

3.6 DEBT AND LIQUIDITY

Debt and liquidity are important measures for determining a council's financial position, but secondary for assessing sustainability. They are symptoms of underlying sustainability problems, rather than the cause of them.

3.7 SUMMARY OF FINANCIAL MEASURE RESULTS

The combined application of financial performance measures; in particular underlying operating results, underlying operational cash flows and asset renewal and maintenance, clearly demonstrates that the smaller rural councils are less financially sustainable. While there is a strong relationship between environmental capacity and financial performance, variations do occur, the reasons for which are given in Part 2.4 of this Report.

PART 4 COMPARISON- ENVIRONMENTAL FACTORS/ FINANCIAL MEASURES

Comparison of the outcomes produced by environmental factors with those provided by financial measures are made using the data contained in the tables below.

SUSTAINABILITY RATINGS - BASED ON ENVIRONMENTAL FACTORS

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	VERY POSITIVE	POSITIVE	MODERATE	NEGATIVE	VERY NEGATIVE
Inner Metropolitan	16	10	6	-	-	-
Outer Metropolitan	14	5	7	2	-	-
Regional Centres	7	2	4	1	-	-
Large Rural	7	-	-	2	5	-
Medium Rural	9	-	-	2	7	-
Small Rural	15	-	-	1	5	9
Very Small Rural	9	-	-	-	-	9
TOTALS :	77	17	17	8	17	18

FINANCIAL PERFORMANCE RATINGS - ADJUSTED UNDERLYING OPERATING RESULTS

COUNCIL CLASSIFICATION	NUMBER OF COUNCILS	VERY STRONG	STRONG	MODERATE	VULNER	VERY VULNER
Inner Metropolitan	16	4	4	6	2	-
Outer Metropolitan	14	4	4	2	4	-
Regional Centres	7	1	-	5	1	-
Large Rural	7	1	1	2	2	1
Medium Rural	9	1	1	3	2	2
Small Rural	15	1	-	2	3	9
Very Small Rural	9	-	-	-	3	6
TOTAL	77	12	10	20	17	18

The data presented in these tables clearly show that there is a close correlation between council classifications, environmental factor impacts and financial performance results.

Twenty three of the twenty four small and very small rural councils are very adversely affected by environmental factors and twenty one of these (88%) are rated as financially vulnerable / very vulnerable.

This clearly demonstrates that the collective impact of environmental factors has a very negative affect on the financial sustainability of the small / very small rural councils, a situation over which they have virtually no control.

PART 5. SUGGESTED ACTION

5.1 SUMMING UP

Part 1 of this Report documents the criteria for assessing the sustainability of councils, these being to provide the required range and standard of services, levy rates at equitable levels based on community capacity to pay; and to preserve intergenerational equity. The eighteen councils identified by this Model are experiencing considerable difficulty in achieving these requirements. The combined annual underlying operating deficits incurred by these councils (2006/07) totals \$34 million. This does not include the additional costs attributable to unfunded works and services.

The PWC Report 2006 (Page 116) states that: *".. the most significant viability drivers appear to be management quality and financial discipline"*. While some councils, irrespective of size, may manage better than others, this comment does not acknowledge the main issue for small rural councils. No amount of managerial expertise will overcome the substantial negative impact on operating capacity imposed by environmental factors over which they have little or no control.

All councils are faced with a variety of impositions on operating capacity, including cost shifting and increasing demands for services. According to the PWC Report 2006 (Page 86) *"...many councils have been proactive in the use of initiatives to minimize costs and boost efficiency.."* Small rural councils have, by necessity over time, pursued these efficiencies and have the least capacity to achieve further gains.

In allocating general purpose grants to councils, the Grants Commission must comply with a principle contained in Commonwealth legislation that requires 30% of available funds to be distributed based on population. Therefore, a substantial portion of these funds cannot be directed to the most disadvantaged councils. This means the needs of small rural councils identified by this Model must be met from an alternative funding source.

The provision of "one off" specific purpose grants to small rural councils does not address their underlying sustainability problem. This form of assistance will not prevent the continuing decline in operating capacity and the consequent reduction in the range and level of required services experienced by these councils.

Councils were created with *"functions"* and *"powers"* to provide *"good government of each municipal district."* *"..It is the role of Councils in exercising those functions and powers.."* to *"..work in partnership with the Governments of Victoria and Australia";* (Section 1) in order to *"..achieve the best outcomes for the local community";* (Section 3C (1)); and to *"...improve the overall quality of life of the people in the municipal district"* (Section 3E (b)).

The State Government has a responsibility to ensure that councils have adequate financial resources to achieve these purposes. Sustainability of these councils is dependant on the provision of guaranteed long term funding assistance.

5.2 OPERATING ENTITLEMENTS

A permanent, adequate, annual operating entitlement will facilitate the provision of services and facilities to a standard required and needed by the communities of these councils.

Entitlements are recommended for the eighteen least sustainable councils identified as having a sustainability rating of either 1 or 2. Entitlements for each council have been calculated in accordance with their sustainability ratios. The ratio of each council is thereby increased to the equivalent of the lowest ratio in level 3.

The total annual underlying operating deficits of \$34m incurred by these eighteen councils provides a guide for determining their combined total operating entitlements.

Each council is requesting the provision of an annual financial operating entitlement, as detailed in the table below, to facilitate the provision of necessary services and the enhancement of sustainable capacity.

ANNUAL OPERATING ENTITLEMENTS REQUIRED

COUNCIL	25% OSR	
	ANNUAL \$M	PER HEAD \$
Alpine	1.391	107
Ararat	1.260	108
Buloke	1.984	282
Central Goldfields	1.745	137
Gannawarra	1.723	148
Golden Plains	1.157	67
Hepburn	0.446	31
Hindmarsh	1.982	320
Indigo	0.715	46
Loddon	1.731	214
Mansfield	1.269	163
Murrindindi	1.195	84
Northern Grampians	1.417	115
Pyrenees	1.785	264
Strathbogie	2.122	218
Towong	2.036	326
West Wimmera	1.140	249
Yarriambiack	2.192	286
TOTAL ENTITLEMENT	\$27.292	

The total entitlement proposed of \$27.29m is equal to 6.9% of the total Grants Commission allocation for 2006/07 of \$396m; and to approximately 80% of the total underlying annual operating deficits of \$34m incurred by participating councils.

5.3 ONGOING APPLICATION OF SUSTAINABILITY RATIO

The variables used in the Model (e.g. NDCI, population levels) will change over time. These changes will result in variations to entitlements. The Model thereby accommodates changing circumstances by updating environmental factors annually. However, it would be preferable to calculate entitlements on a three or four year "rolling" basis to minimize the impact of any substantial annual variations.

**FINANCIAL SUSTAINABILITY REPORT – MAY 2010
COUNCIL CATEGORIES**

CATEGORY & COUNCIL	POPULATION JUNE 2007
INNER METROPOLITAN	
BANYULE	120,349
BAYSIDE	92,801
BOROONDARA	163,890
DAREBIN	135,262
GLEN EIRA	131,144
HOBSONS BAY	85,525
KINGSTON	141,550
MARIBYRNONG	67,825
MAROONDAH	103,005
MONASH	171,478
MOONEE VALLEY	107,781
MORELAND	144,015
PORT PHILLIP	91,931
STONNINGTON	96,221
WHITEHORSE	152,368
YARRA	74,823
OUTER METROPOLITAN	
BRIMBANK	176,249
CARDINIA	60,753
CASEY	229,080
FRANKSTON	123,315
GREATER DANDENONG	132,237
HUME	157,145
KNOX	153,151
MANNINGHAM	116,449
MELTON	85,613
MORNINGTON PENINSULA	142,659
NILLUMBIK	62,310
WHITTLESEA	133,156
WYNDHAM	123,163
YARRA RANGES	145,596
REGIONAL CENTRES	
BALLARAT	89,665
GREATER BENDIGO	98,323
GREATER GEELONG	208,395
GREATER SHEPPARTON	59,730
LATROBE	72,905
WARRNAMBOOL	32,042
WODONGA	34,776

LARGE RURAL (POP. OVER 30,000)	
BAW BAW	39,088
CAMPASPE	37,763
EAST GIPPSLAND	41,954
MACEDON RANGES	40,353
MILDURA	52,576
MITCHELL	32,760
WELLINGTON	41,998
MEDIUM RURAL (POP. 20,000 – 30,000)	
BASS COAST	28,081
COLAC-OTWAY	21,183
GLENELG	20,664
MOIRA	28,223
MOORABOOL	26,843
SOUTH GIPPSLAND	26,830
SURF COAST	23,521
SWAN HILL	21,459
WANGARATTA	27,569
SMALL RURAL (POP 10,000 - 20,000)	
ALPINE	12,988
ARARAT	11,671
BENALLA	14,024
CENTRAL GOLDFIELDS	12,736
CORANGAMITE	17,188
GANNAWARRA	11,634
GOLDEN PLAINS	17,345
HEPBURN	14,289
HORSHAM	19,323
INDIGO	15,480
MOUNT ALEXANDER	17,851
MOYNE	16,102
MURRINDINDI	14,228
NORTHERN GRAMPIANS	12,301
SOUTHERN GRAMPIANS	17,311
VERY SMALL RURAL (POP UNDER 10,000)	
BULOKE	7,038
HINDMARSH	6,190
LODDON	8,077
MANSFIELD	7,793
PYRENEES	6,763
STRATHBOGIE	9,733
TOWONG	6,256
WEST WIMMERA	4,578
YARRIAMBIACK	7,658
UNCLASSIFIED	
MELBOURNE	85,884
QUEENSCLIFFE	3,175

APPENDIX 2

SUSTAINABILITY RATIO EQUATION

Selected Council

CAPACITY TO PAY

$$C2P = ((r_{\#} A/t_{\#} + B)/r_{\#} + (C_{\#} A/t_{\#} + C)/t_{\#} + (L_{\#} A/t_{\#} + L)/t_{\#})/a_{\#} + (A_{\#} A + B_{\#} B + C_{\#} C + L_{\#} L)/p_{\#} f_{\#} o_{\#}$$

WHERE

r _#	Residential assessment number	2,644
t _#	Total assessment number	2,878
A	Adjusted individual income	\$ 109,592,624
B	Commonwealth pensions & Benefits	\$ 13,049,541
r	Residential rates	\$ 3,245,333
t	Total rates	\$ 3,604,000
C _#	Commercial / Industrial assessment number	234
C	Company NPP income	\$ 39,301,201
c	Commercial / Industrial rates	\$ 358,667
l _#	Rural assessment number	-
L	Company PP income	\$ -
l	Rural rates	\$ -
a	Rates & charges	\$ 3,865,000
o	Total OSR	\$ 5,507,000
e	Total fees, fines other	\$ 1,642,000
A _C	Adjusted Individual Income contribution to F, F & O capacity	40.45%
B _C	Commonwealth Pensions & Benefits contribution to F, F & O capacity	6.24%
C _C	Company NPP Income contribution to F, F & O capacity	40.00%
L _C	Company PP Income contribution to F, F & O capacity	13.32%
f	Adjustment factor (median capacity to median actual)	7.60

85,044

Sustainability Ratio

$$((r_{\#} A/t_{\#} + B)/r_{\#} + (C_{\#} A/t_{\#} + C)/t_{\#} + (L_{\#} A/t_{\#} + L)/t_{\#})/a_{\#} o_{\#} + (A_{\#} A + B_{\#} B + C_{\#} C + L_{\#} L)/p_{\#} f_{\#} o_{\#} / (p_{\#} C_{\#} P^{Dx} + p_{\#} Y) + s_{\#} C_{\#} (s_{\#} F^{Sx} - s_{\#} Y) + d_{\#} C_{\#} Dd_{\#} F + r_{\#} C_{\#} Rr_{\#} F - g$$

TOTAL NOMINAL COSTS - GOVERNMENT GRANTS (OSRR)

$$tN = p_{\#} C_{\#} P^{Dx} + p_{\#} Y + s_{\#} C_{\#} (s_{\#} F^{Sx} - s_{\#} Y) + d_{\#} C_{\#} Dd_{\#} F + r_{\#} C_{\#} Rr_{\#} F$$

WHERE

P	Population	3,175
S	Sparsity	69.0
D	Dispersion score	-
R	Remoteness score	0.53
p _C	Population contribution to Nominal Costs	56.51%
s _C	Sparsity contribution to Nominal Costs	15.91%
d _C	Dispersion contribution to Nominal Costs	15.26%
r _C	Remoteness contribution to Nominal Costs	12.32%
p _F	Population equation coefficient	27228
s _F	Sparsity equation coefficient	2065.3
d _F	Dispersion equation coefficient	31.44
r _F	Remoteness equation coefficient	274.83
p _X	Population equation exponent	-0.3043
s _X	Sparsity equation exponent	-0.1962
p _Y	Population equation Y intercept	622
s _Y	Sparsity equation Y intercept	617
d _Y	Dispersion equation Y intercept	821.15
r _Y	Remoteness equation Y intercept	819.61
g	Government grants per head	174.15

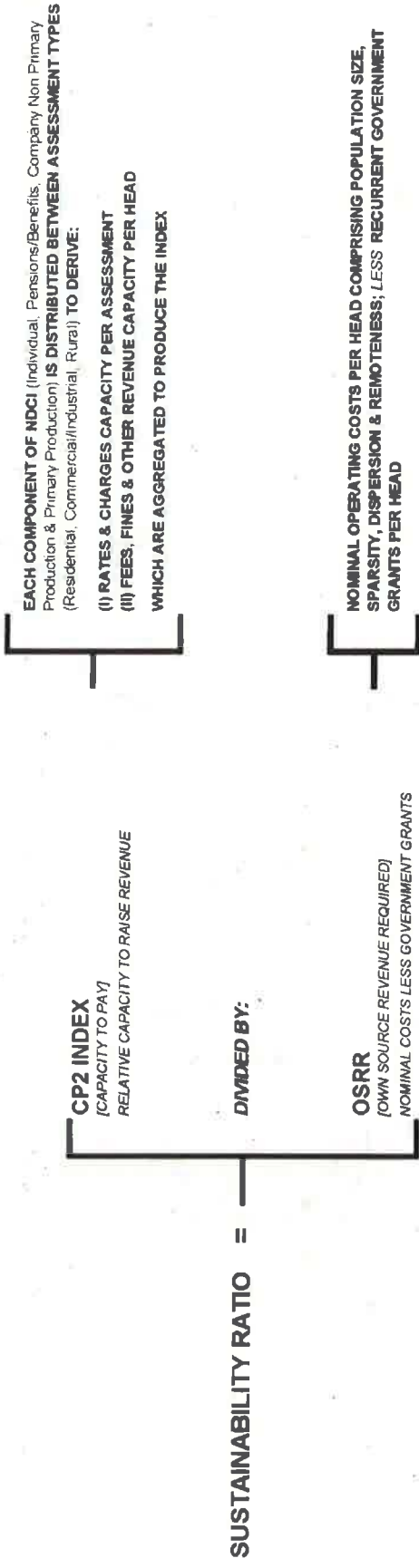
1737

174

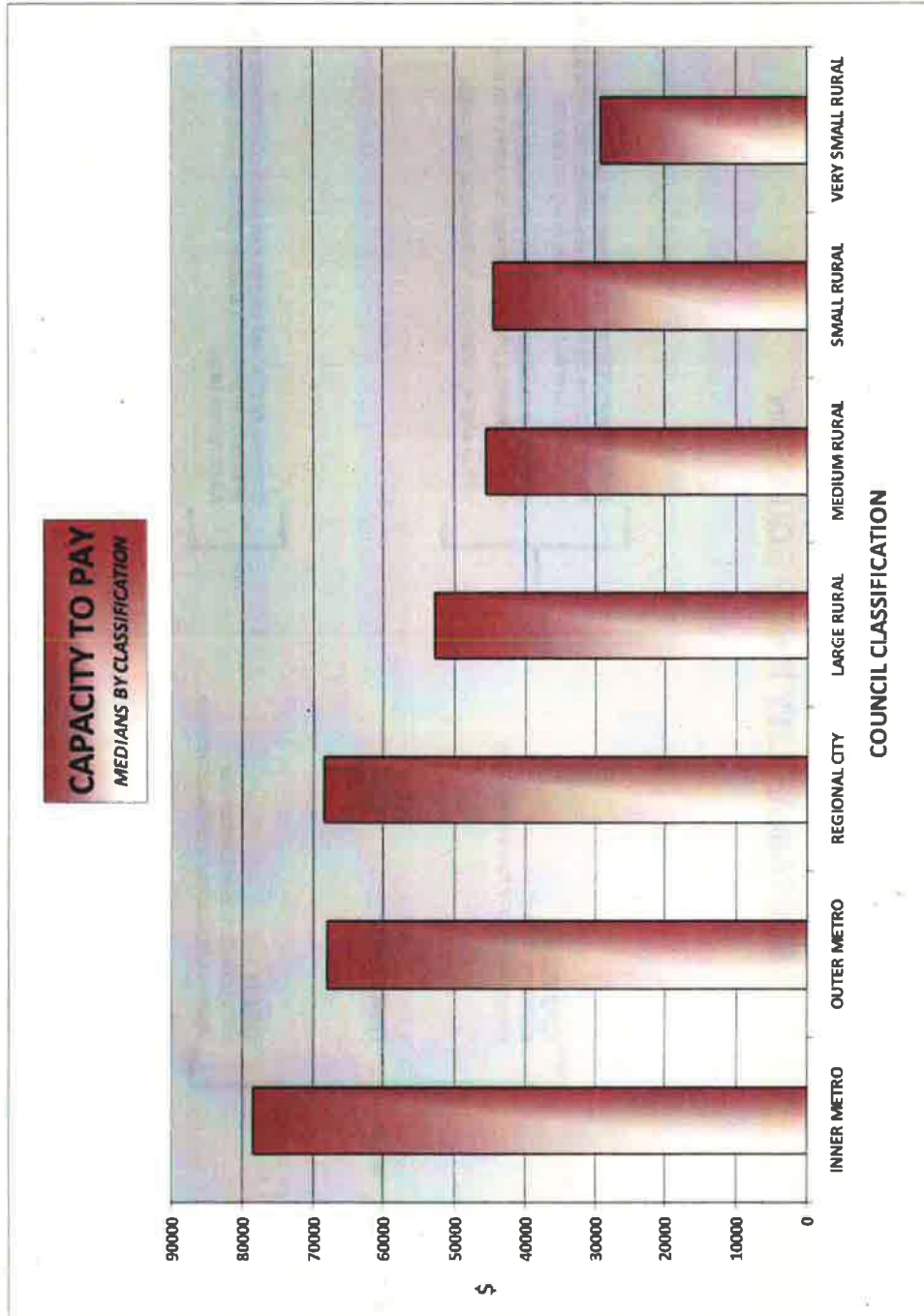
MEDIAN	64.5
MINIMUM	23.9
MAX. OR MELB.	168.4

APPENDIX 2

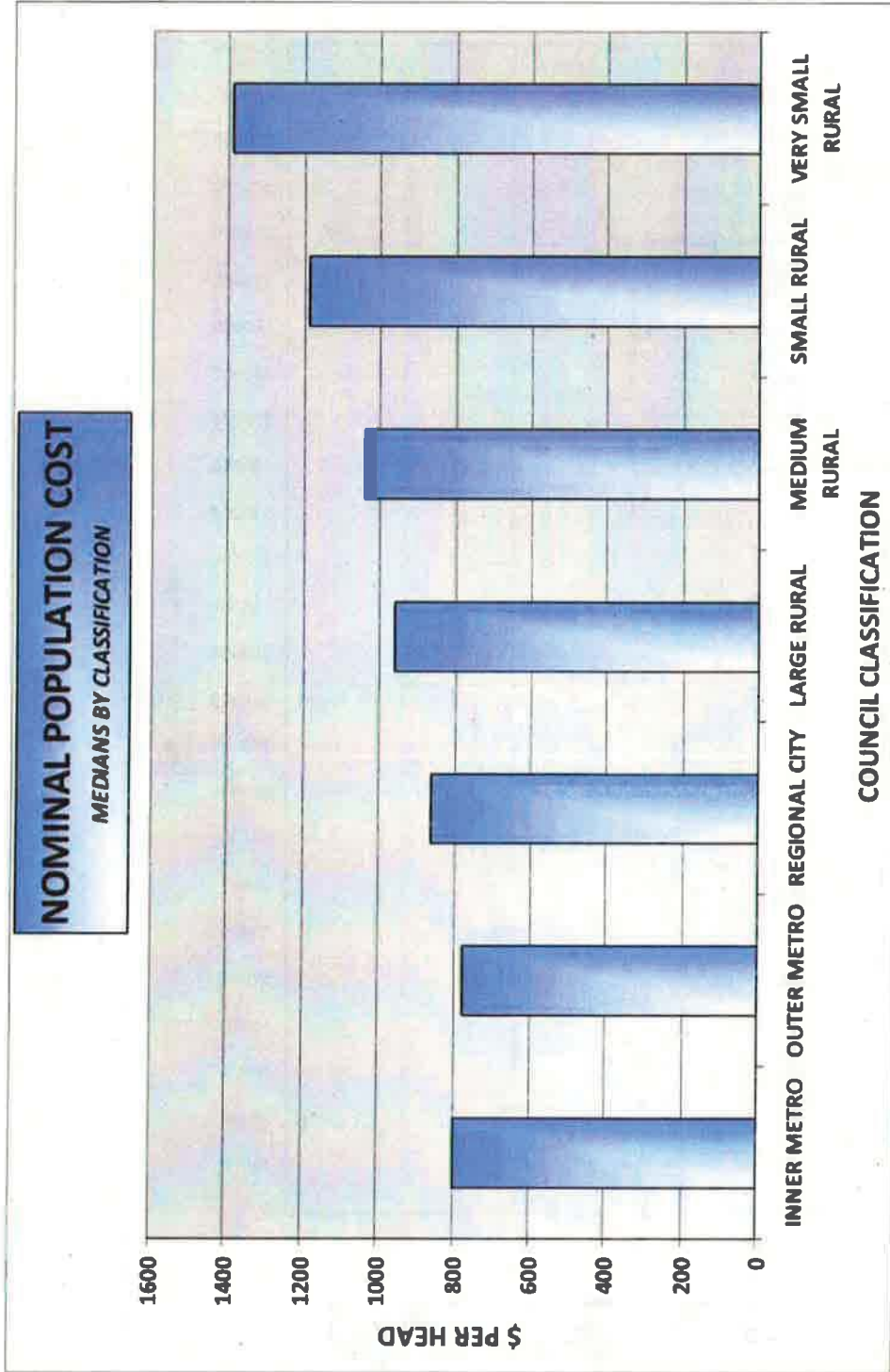
SUSTAINABILITY RATIO EQUATION



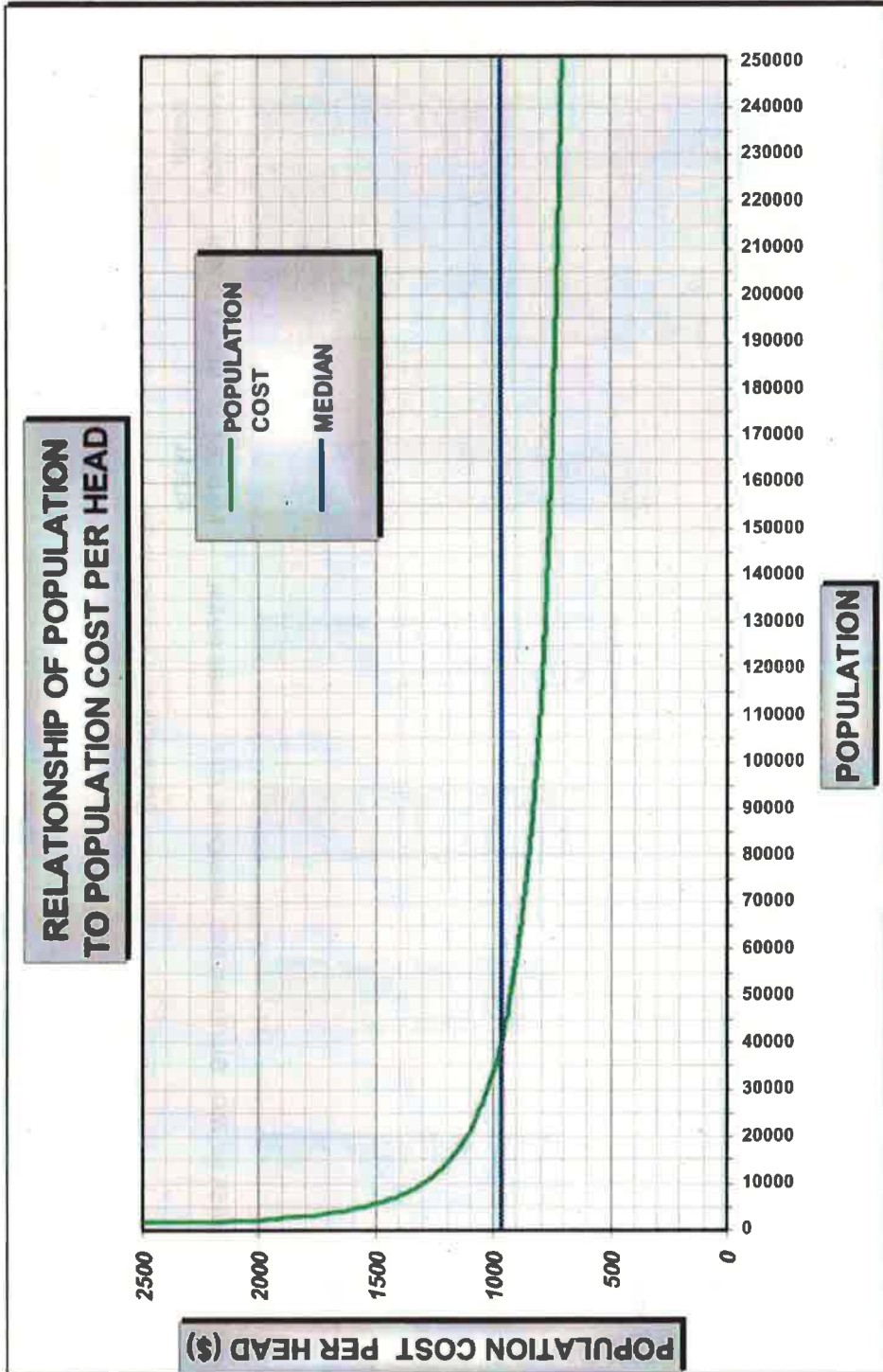
APPENDIX 3



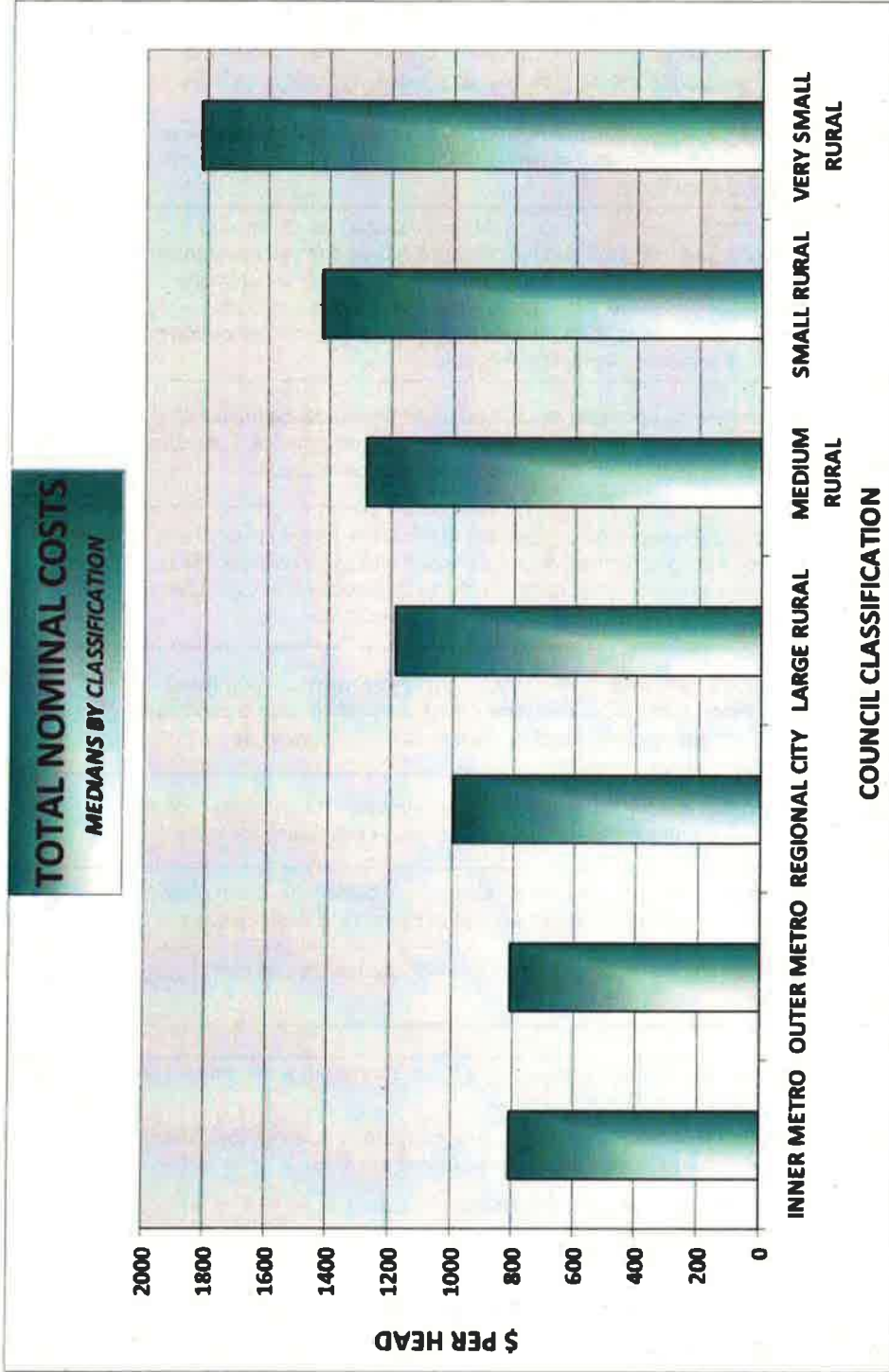
APPENDIX 4



APPENDIX 5



APPENDIX 6



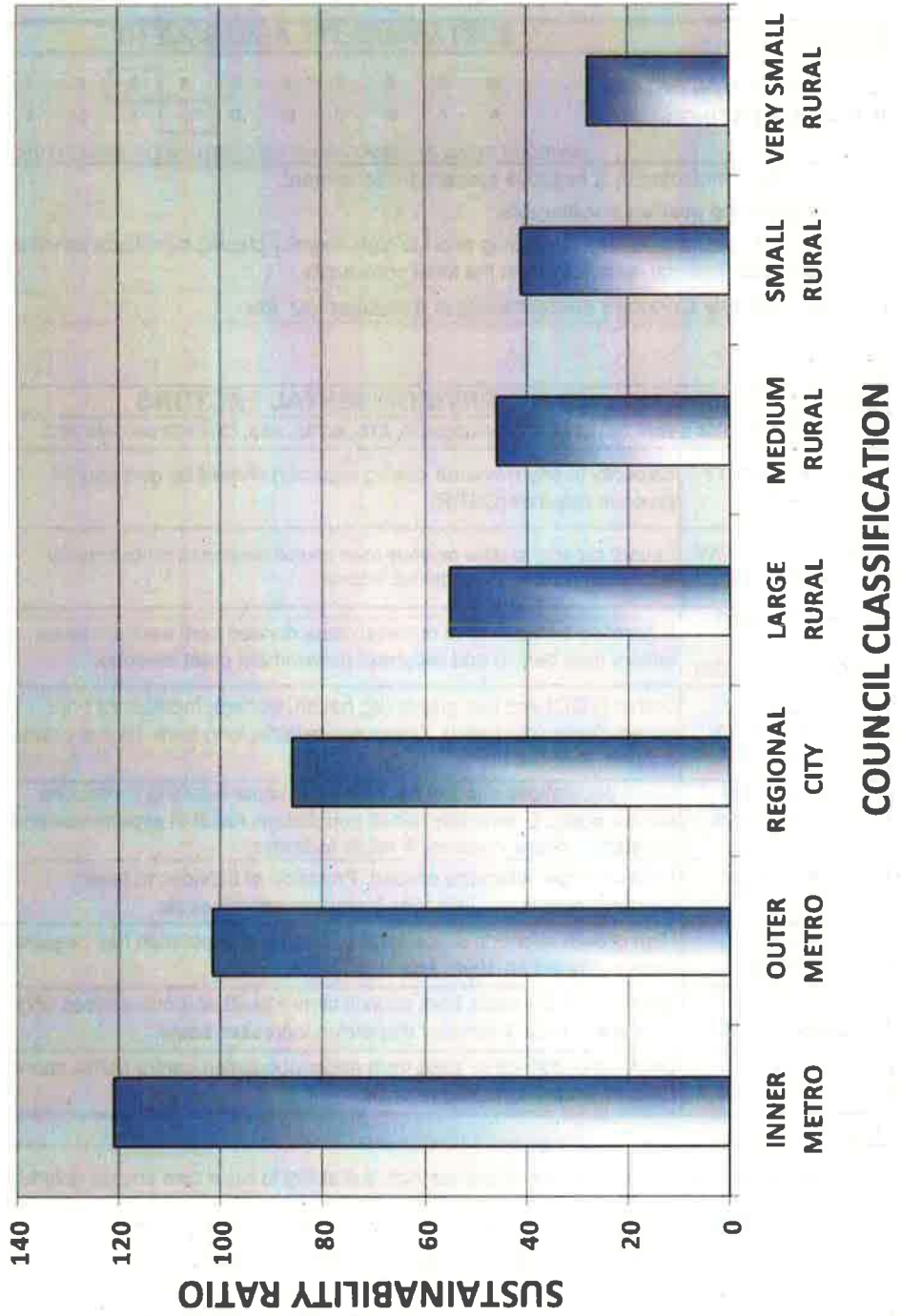
APPENDIX 7

SAMPLE COUNCIL SUSTAINABILITY SUMMARY REPORT - CONTINUED JUNE 2009 (INTERIM) FINANCIAL MEASURES				
BASED ON DATA PROVIDED BY COUNCILS FOR THE PERIOD 2005/06 TO 2011/12			ACTUAL	COMPARISON
UNDERLYING OPERATING RESULT	Measures capacity to pay for recurrent services, debt interest and asset use (depreciation). The operating result, exclusive of all non recurrent and "once of" items, is expressed as a percentage of recurrent revenue. Continuing deficits result in erosion of asset base, services "run down" and deferral of today's costs to future generations. A principal measure.	(6.7)%		MEDIAN (2.4)%
ASSET RENEWAL / MAINTENANCE	Assesses capacity to finance asset renewal and maintenance of infrastructure. Renewal and maintenance required (asset management plan) is compared to the amount provided (budgeted) to determine shortfall or otherwise. Inadequate funding leads to reduced standards, higher maintenance costs, increased risk and a financial imposition on future generations. A principal measure.	93.9%		GUIDE 100.0%
ADJUSTED UNDERLYING OPERATING RESULT	The underlying operating result is adjusted to include the impact of asset renewal and maintenance on operating performance. Expressed as a percentage of recurrent revenue. A principal measure	(7.7)%		MEDIAN (3.1)%
UNDERLYING NET OPERATING CASH FLOW	Measures the capacity to generate cash from recurrent operations to fund operating expenses, debt redemption and asset renewal needs. The cash available, after satisfying these requirements is expressed as a percentage of recurrent revenue. A supporting measure.	(21.5)%		MEDIAN (4.2)%
DEBT LEVEL - INTEREST EXPENSE / RECURRENT REVENUE	Measures borrowing level impact on capacity to service operational requirements and meet loan repayments. Interest on debt is expressed as a percentage of recurrent revenue. A supporting measure.	0.8%		GUIDE 4.0%
LIQUIDITY - WORKING CAPITAL RATIO	Measures capacity to cover short term liabilities. Uses working capital ratio, i.e. current assets to current liabilities. A supporting measure.	1.9		GUIDE 1.1
REVENUE RAISING EFFORT	Compares own source revenue raised to net disposable community income. An important indicator of use of capacity to raise revenue.	2.0%		MEDIAN 1.4%
OPERATING COST PER HEAD	Compares actual operating expenses per head to median cost per head.	103%	\$ 1,203	MEDIAN \$ 1,168
ANALYSIS				
<ul style="list-style-type: none"> * Council's underlying deficit is slightly increased by a minor shortfall in asset renewal and maintenance funding. This is indicative of a vulnerable operating position. * Council's capacity to generate cash flow from underlying operations is very low. This is highly inconsistent with its (unadjusted) operating performance and requires further analysis. * Debt level and liquidity are within prudential guidelines. * Council's relative revenue raising effort is high. * Operating expenses, relative to the median, are comparable. 				
FINANCIAL (OPERATIONS) RATING			D-	VULNERABLE
THE OPERATING PERFORMANCE LEVEL ACHIEVED BY COUNCIL, THIS BEING DIRECTLY IMPACTED BY ENVIRONMENTAL CAPACITY. LOW FINANCIAL RATINGS ARE ANTICIPATED FOR COUNCILS WITH NEGATIVE ENVIRONMENTAL RATINGS. OCCURS DESPITE COMPETENT MANAGEMENT				
RATINGS ON THE MEASURES ARE EXPRESSED AS: A. VERY STRONG B. STRONG C. MODERATE D. MODERATELY VULNERABLE E. VULNERABLE F. VERY VULNERABLE				

APPENDIX 7

SAMPLE COUNCIL												
SUSTAINABILITY SUMMARY REPORT												
JUNE 2009 (INTERIM)												
<i>THIS REPORT DETERMINES SUSTAINABILITY BY APPLYING APPROPRIATE FINANCIAL MEASURES TOGETHER WITH AN ASSESSMENT OF THE IMPACT OF ENVIRONMENTAL FACTORS ON PERFORMANCE CAPACITY</i>												
SUSTAINABILITY ASSESSMENT												
ENVIRONMENTAL RATING	10	9	8	7	6	5	4	3	2	1	3D-	LOW
FINANCIAL RATING	A	B	B-	C	C-	D	D-	E	E-	F		
<i>SIGNIFICANT RATING DIFFERENCES INDICATIVE OF INFLUENCE OF OTHER FACTORS</i>												
<ul style="list-style-type: none"> * Council is impacted by a negative operating environment. * Its operating position is vulnerable. * Relative own source revenue raising effort is high, thereby placing significant constraint on the capacity to raise additional financial resources from the local community. <p style="margin-left: 20px;"><i>Accordingly Council's sustainability is assessed as low.</i></p>												
ENVIRONMENTAL FACTORS												
BASED ON 2006 & 2007 DATA FROM CENSUS(2006), ATO, BITRE, ABS, CENTRELINK AND VGC										ACTUAL	MEDIAN	
SUSTAINABILITY RATIO	Capacity to pay (revenue raising capacity) divided by own source revenue required (OSRR)									43.2	64.5	
CAPACITY TO PAY INDEX (C2P)	Council capacity to raise revenue (own source revenue) from community individual and corporate after tax income.									\$ 41,915	\$ 54,391	
OWN SOURCE REVENUE REQUIRED (OSRR)	Difference between total nominal costs derived from environmental factors (see below) and recurrent government grant revenue.									\$ 971	\$ 845	
RECURRENT GOVERNMENT GRANTS	Untied (VGC) and tied grants (eg health, welfare, recreation) from governments (<i>per head</i>). These are reliable, long term. Higher grants support financial sustainability.									\$ 300	\$ 228	
POPULATION NUMBER (2006 CENSUS)	Large populations support economies of scale resulting in reduced service costs. Conversely, small populations result in exponential and substantial cost increases. A major indicator.									17,851	39,721	
POPULATION SPARSITY	Population per kilometre of road. Provision of services to fewer residents over large distances increases service costs.									14.25	25.04	
POPULATION CHANGE	High growth supports sustainability. Declining population has negative impact. (Based on 10yrs actual, 10yrs forecast)									9.92%	6.74%	
POPULATION DISPERSION	Service delivery costs from council centre to other urban centres and rural areas (VGC). Greater dispersion increases costs.									20	14.66	
COUNCIL REMOTENESS	Distance of council by road from major population centre (ARIA score). Greater distances increase costs.									21	1.35	
ANALYSIS												
<ul style="list-style-type: none"> * The low level of capacity to pay clearly restricts the ability to raise own source revenue. * Council receives an average relative level of government grant assistance. * Population is small, reasonably sparse but growing modestly. Collectively these factors limit Council's ability to achieve economies of scale. * Dispersion is somewhat high and remoteness somewhat low. Combined these factors have a moderate adverse affect on operating costs. 												
ENVIRONMENTAL (CAPACITY) RATING										3	NEGATIVE	
<i>DESCRIBES THE IMPACT IMPOSED BY COUNCIL'S OPERATING ENVIRONMENT ON ITS SUSTAINABILITY</i>												
<i>RATINGS ON THE FACTORS ARE EXPRESSED GENERALLY AS FOLLOWS: 10 - VERY POSITIVE DOWN TO 1 - VERY NEGATIVE</i>												

SUSTAINABILITY RATIO
MEDIAN BY CLASSIFICATION



APPENDIX 9

LOCAL GOVERNMENT FINANCIAL SUSTAINABILITY REPORT - APRIL 2010
 FINANCIAL MEASURES RATINGS / THRESHOLDS

	VERY STRONG	STRONG	MODERATE	VULNERABLE	VERY VULNERABLE
<ul style="list-style-type: none"> ❖ UNDERLYING OPERATING RESULT ❖ ADJUSTED UNDERLYING OPERATING RESULT ❖ UNDERLYING NET CASH FLOWS FROM OPERATIONS <p>EACH EXPRESSED AS % OF OWN SOURCE REVENUE</p>	ABOVE + 4%	0% TO + 4%	- 6% TO 0%	- 12% TO - 6%	GREATER THAN - 12%
<ul style="list-style-type: none"> ❖ ASSET RENEWAL AND MAINTENANCE BUDGETED AS % OF ASSET RENEWAL AND MAINTENANCE REQUIRED 	ABOVE 95%	90 % TO 95%	85% TO 90%	80% TO 85%	BELOW 80%
<ul style="list-style-type: none"> ❖ DEBT MEASURE - INTEREST REPAYMENTS AS % OF TOTAL OPERATING REVENUE 	BELOW 4% SATISFACTORY		THRESHOLD 4%	ABOVE 4% UNSATISFACTORY	
<ul style="list-style-type: none"> ❖ WORKING CAPITAL RATIO -CURRENT ASSETS AS % CURRENT LIABILITIES 	ABOVE 110% SATISFACTORY		THRESHOLD 110%	BELOW 110% UNSATISFACTORY	



PYRENEES SHIRE COUNCIL Budget Report - 2015/2016

Adopted Budget

Adopted by Council Tuesday 19th May 2015

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Mayor's introduction

It gives me great pleasure to present this Budget to the community of Pyrenees Shire.

The Budget for 2015/16 has been prepared by Councillors and Council Officers. As part of the budget process the community was invited to community workshops in late March 2015 to provide input into the budget process. These workshops were held at Lexton and Landsborough.

The proposed budget will increase rates by 5.25% on average. The rate increase allows Council to maintain existing service levels, fund a number of new initiatives and continue to allocate additional funds to renew the Council's infrastructure. The budget has also been prepared to reflect the objectives identified in the Council Plan.

The budget proposes to raise \$19.1M in income with total cash expenditure (operating and capital) of \$19.7M (does not include depreciation and includes debt redemption of \$478,000). The difference between income and expenditure is the gross value of asset sales, which provides for a balanced cash budget. Capital works expenditure is proposed to increase from \$6.3M in 2014/15 to \$6.7M in 2015/16.

The Capital Works Program of \$6.7M will be funded by \$3.24 million of external grants, \$70,000 from contributions, \$687,000 from asset sales and the balance of \$2.74 million from Council rates.

Highlights of the capital works and operations programs include:

Race Course Rd/Blackbottom Rd Intersection \$90,000
Crowlands Eversley Rd Bridge \$185,000
Moonambel Natte Yallock Rd \$138,000
Trawalla Rd Bridge \$165,000
Trawalla Rd \$330,000
Kayleys Lane \$211,000
Black Bottom Beaufort Wabra Rd Intersection \$184,000
Carngham Streatham Rd Bridge \$145,000
Crowlands Eversley Rd \$320,000
Bridge Strengthening & Protection \$208,000

Expenditure on the following projects included in the Capital Works Program will be recouped in current and future budget periods as the land is sold:

- Beaufort Industrial Land \$155,000
- Beaufort Residential Land \$610,000
- Avoca Industrial Land \$10,000

Projects included in the capital works program that are contingent on yet to be approved government grants:

- Various roads and bridges \$1,000,000.
- Caravan Park Improvements \$270,000.

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible.

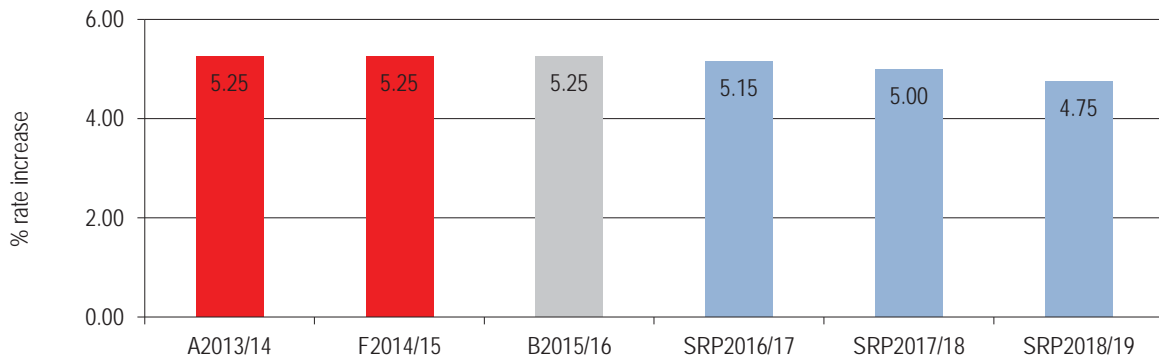
Residents and other interested members of the community are welcome to view and make comments and submissions on the budget.

Cr Tanya Kehoe
Mayor

Chief Executive Officer's summary

Council has prepared a Budget for the 2015/16 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.

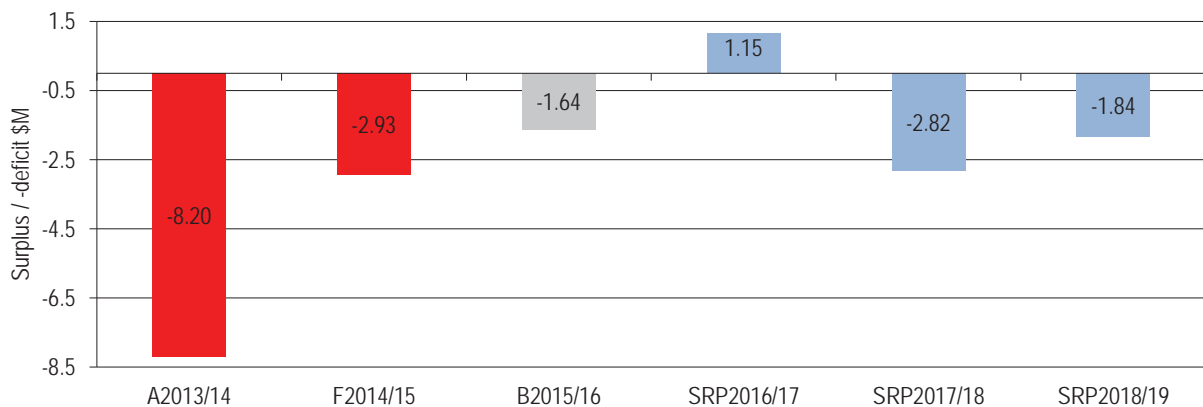
1. Rates



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

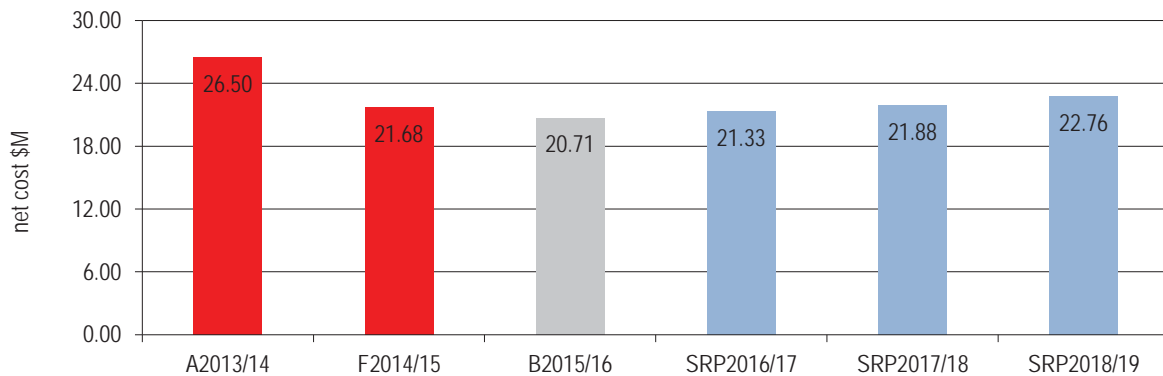
It is proposed that general rates increase by 5.25% for the 2015/16 year, raising total rates of \$7.32 million. Of the 5.25% increase, 1.7% will go toward replacing the loss of Victorian Grants Commission allocation indexation funding. The remaining 3.55% increase will go toward meeting the increased cost of labour and materials. This rate increase is at the level foreshadowed in Council's Strategic Resource Plan adopted in 2014.

2. Operating result



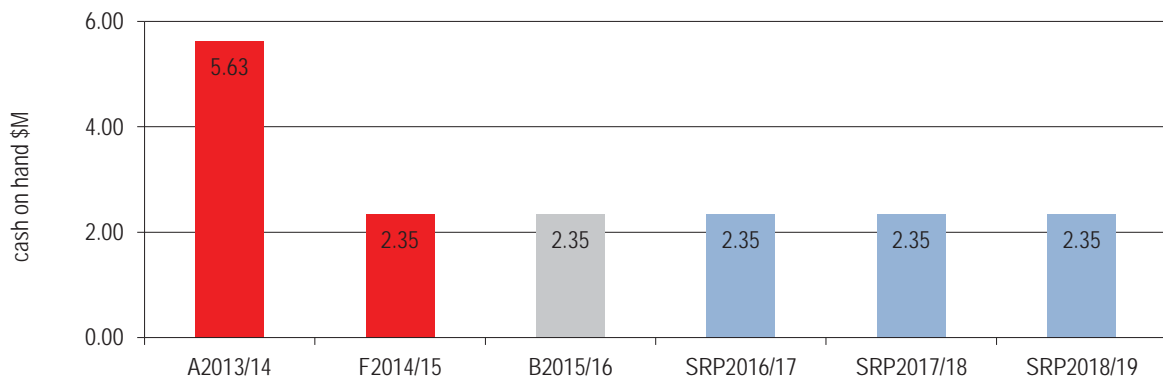
The expected operating result for the 2015/16 year is a deficit of \$1.64 million, which is an improvement over the forecast deficit of \$2.93 million for 2014/15. The improved operating result is due mainly to completion of works carried forward from previous years during 2014/15. As outlined in section 4.1 the adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a deficit of \$2.98 million, which is an improvement over the forecast underlying deficit of \$4.41 million for 2014/15 - refer to section 7 of this summary for further information.

3. Services



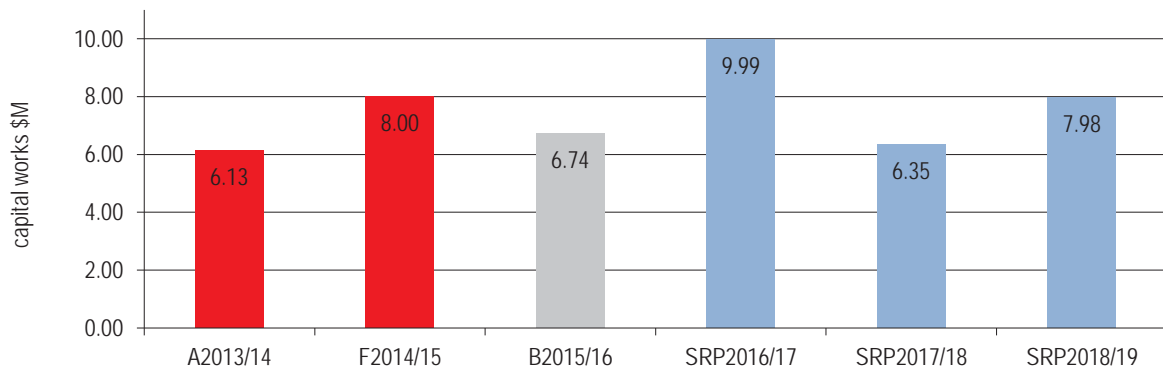
The cost of services delivered to the community for the 2015/16 year is expected to be \$20.71 million which is a decrease of \$0.98 million over 2014/15. A key influencing factor in the development of the 2015/16 budget has been the recently released results of the community satisfaction survey conducted by Council. The survey results show that while there is a relatively high level of satisfaction with most services provided by Council, there are some areas of concern where there is a clear message that ratepayers want improved service levels. For the 2015/16 year, service levels have been maintained and a number of initiatives proposed in the roads area including an 11% increase in sealed road maintenance expenditure.

4. Cash and investments



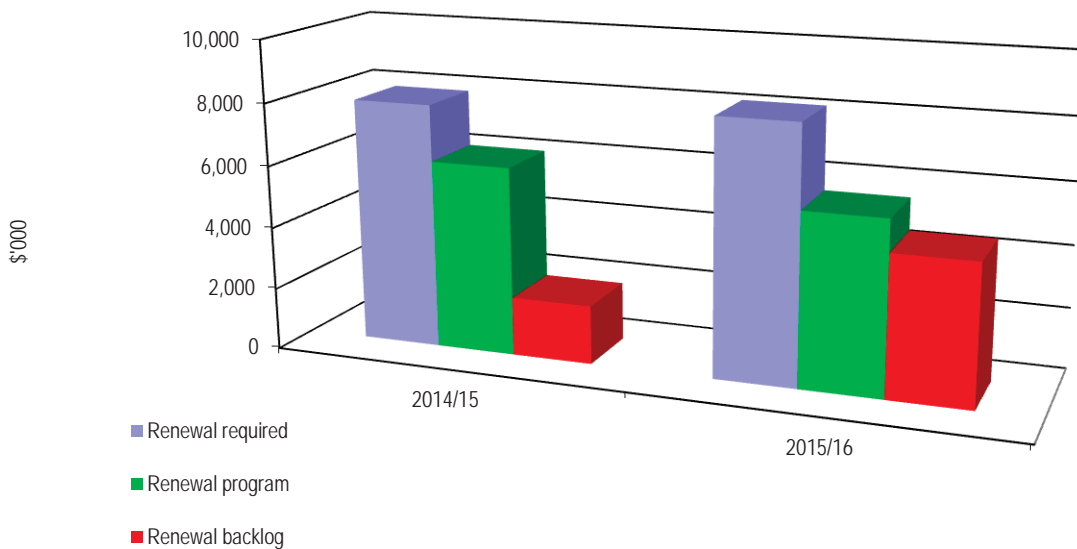
Cash and investments are expected to remain stable during the year to \$2.346 million as at 30 June 2016. This is due entirely to Council producing a balanced cash budget for the coming year.

5. Capital works



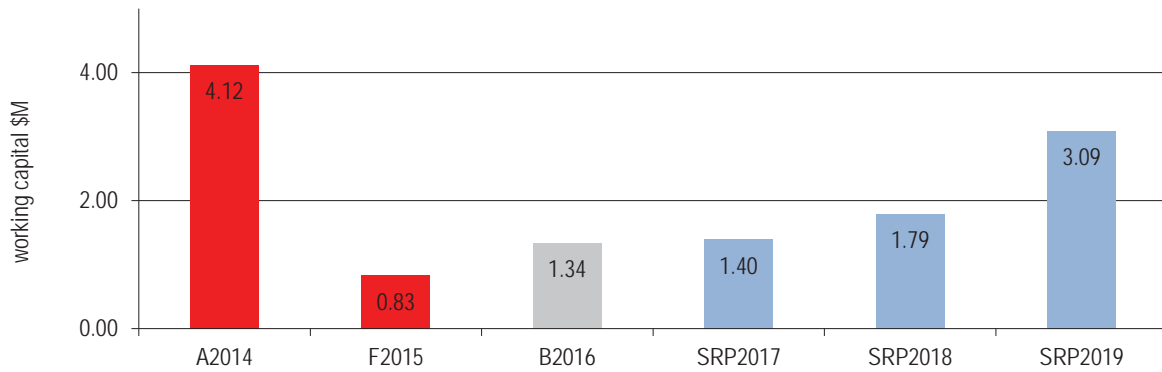
The capital works program for the 2015/16 year is expected to be \$6.74 million, of which \$3.24 million will come from external grants, \$70,000 from contributions, \$687,000 from asset sales and the balance of \$2.74 million from Council rates. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes a number of major road and bridge projects and improvements to Council's caravan park facilities, along with further investment in the Correa Park residential development. A complete list of Council's capital works is provided in Appendix C - Capital Works Program.

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



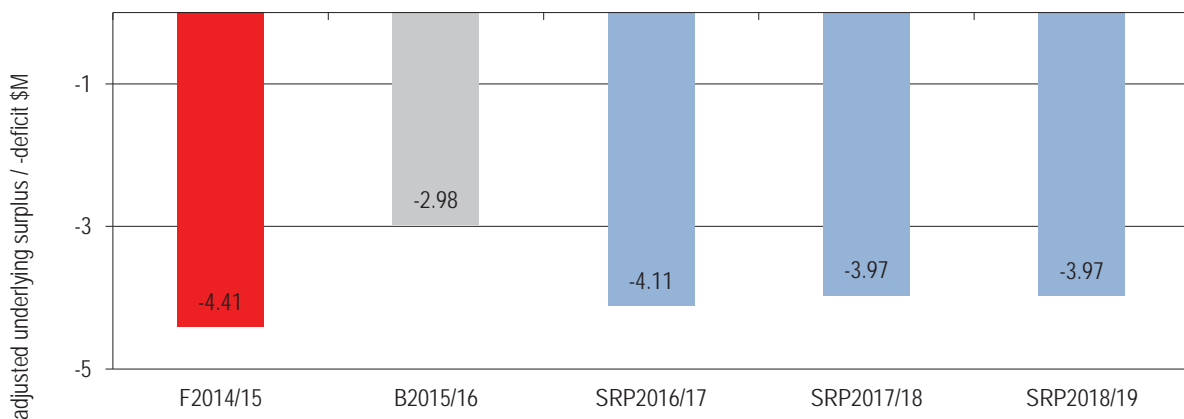
The asset renewal program has been set at \$5.85 million in the 2015/16 year which is below the \$8.20 million annual investment required, resulting in an increase in Council's asset renewal backlog.

6. Financial position



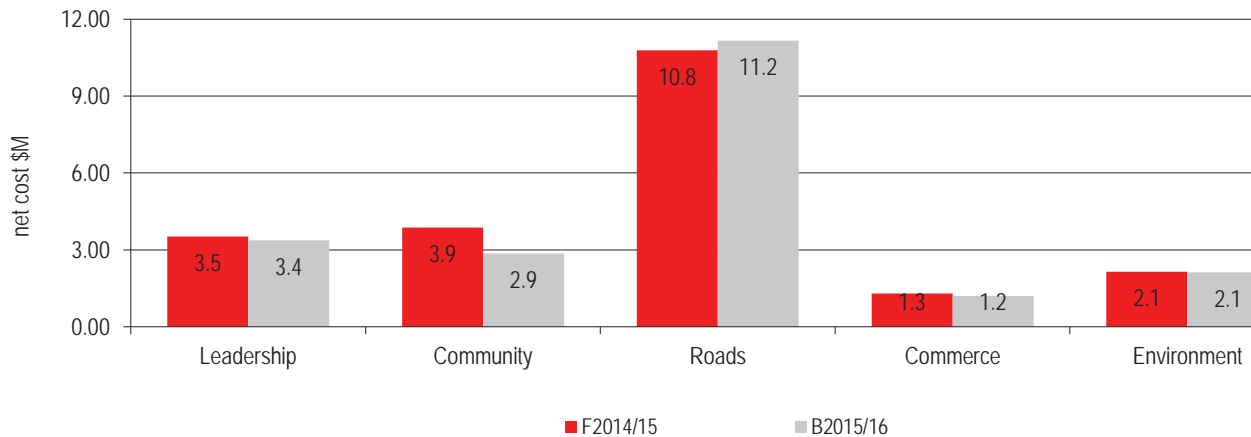
The financial position is expected to deteriorate with net assets (net worth) to decrease by \$2.51 million to \$280.78 million by 30 June 2019 as a result of the increasing infrastructure renewal backlog outlined above. Net current assets (working capital) will increase by \$0.51 million to \$1.34 million as at 30 June 2016, and will continue to increase over the life of the plan.

7. Financial sustainability



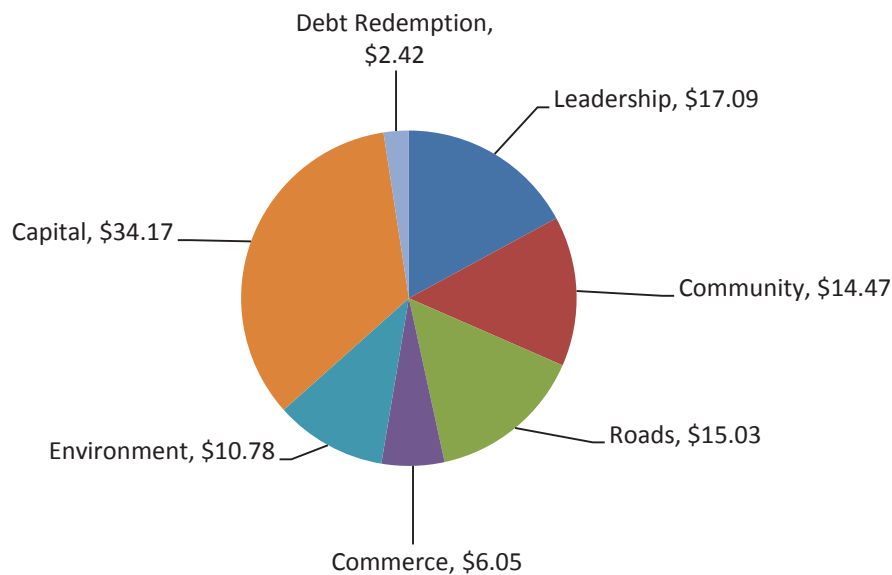
A high level Strategic Resource Plan for the years 2015/16 to 2018/19 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council’s strategic objectives as specified in the Council Plan. The adjusted underlying result, which is one measure of financial sustainability, shows a relatively stable deficit over the four year period.

8. Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of operating expense allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2015/16 year. More detail on these strategic objectives is included in Section 2 - Services, initiatives and service performance indicators.

9. Council cash expenditure allocations



The above chart provides an indication of how Council allocates its cash expenditure across the main services that it delivers. It shows how much is allocated to each service area for every \$100 that Council spends.

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

Jim Nolan
Chief Executive Officer

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 2015/16 budget, which is included in this report, is for the year 1 July 2015 to 30 June 2016 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 April for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

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

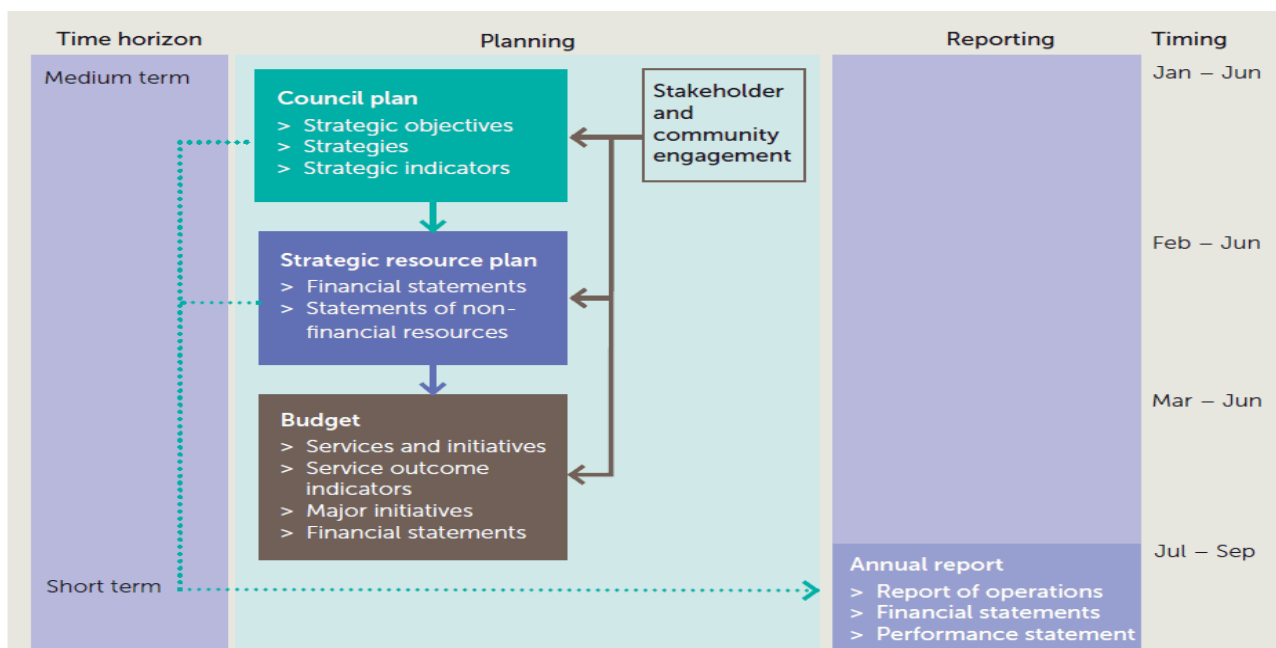
Budget process	Timing
1. Officers update Council's long term financial projections	Dec/Jan
2. Officers prepare operating and capital budgets	Jan/Feb
3. Councillors consider draft budgets at informal briefings	Mar/Apr
4. Proposed budget submitted to Council for approval	April
5. Public notice advising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

1. Linkage to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term, medium term (Council Plan and Community Action Plans) 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)

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

“We want the Pyrenees Shire to be a healthy, vibrant, prosperous and connected community.”

Pyrenees Shire Council seeks to create an environmentally sustainable and liveable shire that will continue to provide a range of opportunities and choices for a diverse and prosperous community.

Our mission

The role Pyrenees Shire Council will take to achieve this vision is to:

- Provide quality road and built infrastructure for the community
- Work with others to provide services to maintain the wellbeing of the community, and
- Operate an efficient, forward looking organisation.

As an innovative and accountable organisation, Pyrenees Shire Council will promote vibrant democracy and provide high-quality services.

Our values

Pyrenees Shire Council has a clear strength in the bond and affinity between its Councillors, the community and staff. Staff support the community leadership and governance role of Councillors, and work together to achieve the commitments of the Council Plan. Having all Pyrenees Shire Council staff practise the following organisational values enhances the quality of this partnership:

- **Service** - Our citizens, community and service users are the focus of all our actions
- **Accountability** - We are responsible for our actions, which are open to review
- **Innovation** - We encourage and seek new ideas in finding solutions
- **Teamwork** - We share our skills, knowledge and experience as part of a team and work together towards achieving Council’s goals
- **Recognition** - We promote the achievements and efforts of others
- **Safety** - We look after our environment and the welfare of others
- **Integrity** - We are open and honest and work to the best of our ability
- **Respect** - We acknowledge the opinions of others and their rights and differences.

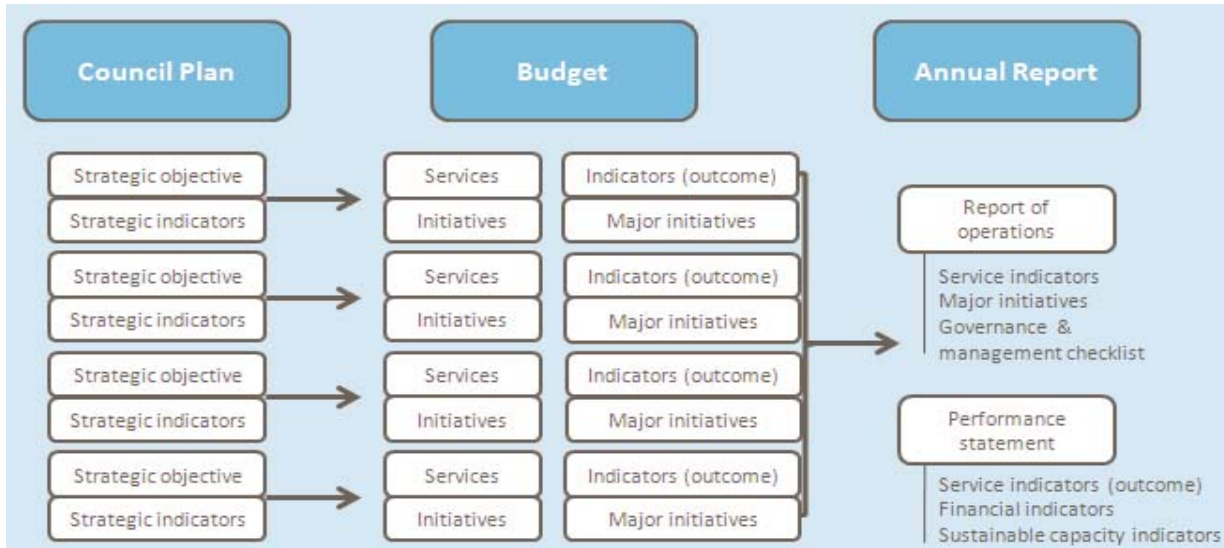
1.3 Strategic objectives

Council delivers activities and initiatives under 40 major strategies. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the 2015-19 years. The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Leadership	We will provide community leadership and advocacy to ensure we are a financially sustainability organisation, working hard to improve the economic, social and environmental wellbeing of the Pyrenees Shire.
2. Community	We will provide safe, functional and well utilised assets and services, to enhance the quality of life of residents and promote connected, active and resilient communities.
3. Roads	We will maintain a safe and effective road system that caters for all road users within the Shire.
4. Commerce	We will develop the local economy and increase the population of the Pyrenees Shire.
5. Environment	We will show effective leadership in managing our own environmental impacts as well as in the management of the local natural and built environment.

2. Services, initiatives and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2015/16 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes a number of major initiatives, initiatives and service performance outcome indicators for key areas of Council’s operations. Council is required by legislation to identify initiatives, major initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

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

2.1 Strategic Objective 1: Leadership

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

Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Councillors, Chief Executive and Executive	This area of <u>governance</u> includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas.	658 <hr/> 0 658

Initiatives

- 1) Review the Long Term Financial Plan twice per year
- 2) Seek to repay debt as quickly as possible. Once debt is repaid allocate surplus funds to a defined benefits reserve for future calls.

Major Initiatives

- 3) Lobby for Federal and State Government funding to construct the Beaufort Bypass.
- 4) Undertake a review to assess the cost benefit of gaining quality accreditation for AS4801, ISO9001 and ISO14001.
- 5) Develop the Moonambel Water, Beaufort Bypass, and telecommunications upgrade priority projects to the stage of shovel ready to attract government funding.
- 6) In conjunction with the MAV advocate for continuance of Country Roads and Bridges and Local Government Infrastructure Funding.

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Customer & Civic Services	This service provides a range of governance, statutory and corporate support services and acts as the main customer interface with the community. Services include the coordination of council and committee meetings, records and information management and office support services at the Civic Centre.	2,713 <u>-3,092</u> -379

Initiatives

- 7) Undertake community engagement in the process of developing and communicating the Annual Budget.

Major Initiatives

- 8) Undertake a review of the Customer Action Request System (CARS) including the development of service standards to drive improved response to customer requests.

Service Performance Outcome Indicators

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

2.2 Strategic Objective 2: Community

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

Services

The Annual Budget	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Aged & Disability Services	This service provides a range of home and community care services for the aged and disabled including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs.	967 -861 106
Family Services	This service provides family oriented support services including pre-schools, maternal and child health , youth services, immunisation, family day care, holiday programs and health and safety.	534 -248 286
Library Services	This service provides public library services at three locations and provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered.	191 -111 80
Admin and other	General administration and other expenditure items in this program area.	47 -3 44
Recreation, public halls and parks and reserves	This service provides swimming pools services at three locations, public halls and parks and gardens and provides a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered. Parks Management provides management and implementation of open space strategies and maintenance programs. Parks and gardens maintenance provides management of all parks and gardens.	631 -13 618
Facilities maintenance	This service includes the building maintenance for facilities that provide an extensive range of recreational programs and opportunities accessible to individuals of all ages, sexes and abilities.	118 0 118
Animal control	This service provides the animal control services of the shire. It maintains and improves the health and safety of people, animals and the environment by providing animal management services including a cat trapping program, a dog and cat collection service, a lost and found notification service, a pound service, a registration and administration service, an afterhours service and an emergency service. It also provides education, regulation and enforcement of the General Local Law and relevant State legislation.	162 -83 79
Environmental Health	This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities and smoke free dining. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.	164 -62 102
Community grants	Council conducts two rounds of community grants each year. This service combines a wide range of opportunities for the community to apply for grants for a variety of projects which contribute to the general well being of the community.	40 0 40

Initiatives

- 1) Implement streetscape and hall improvements for Landsborough, Redbank, Raglan and Barkly.
- 2) Implement the outcomes of the Home and Community Care Common Standards audit.
- 3) Investigate current youth services and activities offered by the Shire and other providers and explore potential further activities.
- 4) Review the Community Grants policy and consider developing a grants rating system with alignment to Community Action Plans.

Major Initiatives

- 5) Develop and implement a Council Recreation Strategy to ensure our communities have access to resources and facilities the encourage participation.
- 6) Complete the Lexton Hub concept feasibility study.
- 7) Lobby State and Federal Government to ensure investment in community services and facilities.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population that 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 that 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 MCH key ages and stages visits (Percentage of children attending the MCH key ages and stages visits)	Number of actual MCH visits / Number of expected MCH visits] x100
		Participation in MCH key ages and stages visits by Aboriginal children (Percentage of Aboriginal children attending the MCH key ages and stages visits)	[Number of actual MCH visits for Aboriginal children / Number of expected MCH visits for Aboriginal children] x100
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Pool Facilities	Utilisation	Utilisation of pool facilities	Number of visits to pool facilities / Municipal population
Animal Management	Health and safety	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

2.3 Strategic Objective 3: Roads

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

Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Road maintenance	This service is responsible for the maintenance of Council's road network.	2,138 -2,093 45
Depreciation	This is the non cash charge that reflects the value of the Council assets base that is consumed each year. The majority of this figure relates to Council's road network.	8,200 0 8,200
Traffic and Transportation Services	This service provides strategic planning, policy development and day to day management of traffic and transport related issues in Council. The unit also implements Local Area Traffic Management schemes and assistance with implementation of the Road Safety Strategy.	827 0 827

Initiatives

- 1) Implement the Gravel Road Maintenance and Renewal Strategy.
- 2) Communicate weekly through Pyrenees Advocate column and website regarding road closure works, maintenance and grading.
- 3) Complete street trees risk assessment.
- 4) Commence asset planning for minor assets.

Major Initiatives

- 5) Undertake a review of the Asset Management Strategy through a community and focus group consultation process.

Service Performance Outcome Indicators

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

2.4 Strategic Objective 4: Commerce

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

Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Caravan parks	This service provides caravan park facilities for residents and visitors to the municipality.	155 -127 28
Information centre	This service provides, supports and maintains reliable and cost effective visitor information facilities and infrastructure to Council.	435 -54 381
Public conveniences	This service provides Council with public convenience facilities throughout the shire.	102 0 102
Economic development	This service provides Council with general economic development services, community building, events management, tourism, sponsorship, contribution towards state funded initiatives and promotional activities throughout the shire.	473 -31 442
Community action plans	This service assists with the preparation of the community action plans.	28 0 28

Initiatives

- 1) Continue to support and promote existing and future events in the Shire.
- 2) Capitalise on opportunities for the Avoca Industrial Estate from gas connection.

Major Initiatives

- 3) Drive economic growth and prosperity through advocacy for the provision of telecommunication under the Federal Government Blackspot funding.
- 4) Implement the recommendations for the master plans for the Beaufort, Avoca and Landsborough Caravan Tourist Parks.
- 5) Support the economic development in the agricultural sector in particular intensive and irrigated agriculture by undertaking further strategic work.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100

2.5 Strategic Objective 5: Environment

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

Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Planning	This statutory planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares and processes amendments to the Council Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council.	313 -50 263
Fire Management	This service facilitates the fire management services of the Council. This includes the road side slashing program that occurs each year and the fire prevention officer's role.	322 -83 239
Waste Management Services	This service provides waste collection including kerbside rubbish collections of garbage, hard waste and green waste from all households and some commercial properties in Council. It also provides street litter bins throughout Council.	1,054 -1,044 10
Environmental Planning	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance. It also provides roadside weeds and pest animal management programs	174 -43 131
Building Services	This service provides statutory building services to the Council community including processing of building permits, emergency management responsibilities, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.	263 -136 127

Initiatives

- 1) Reduce Council's environmental footprint by the introduction of the LED street lighting scheme.
- 2) Review and implement the priority actions from the Pyrenees Planning Scheme.
- 3) Review Structure Plans to assist in managing potable water supply areas.
- 4) Implement the Roadside Management Plan.
- 5) Further investigate alternate fuels.

Major Initiatives

- 6) Implement the Environment and Sustainability Strategy.
- 7) Implement the municipal waste management plan to reduce the amount of waste sent to landfill and to encourage recycling.

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were upheld in favour of the Council)	[Number of VCAT decisions that upheld Council's decision in relation to a planning application / Number of decisions in relation to planning applications subject to review by VCAT] 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

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

2.8 Reconciliation with budgeted operating result

	Net Cost \$'000	Expenditure \$'000	Revenue \$'000
Leadership	279	3,371	-3,092
Community	1,473	2,854	-1,381
Roads	9,072	11,165	-2,093
Commerce	981	1,193	-212
Environment	770	2,126	-1,356
Total services and initiatives	12,575	20,709	-8,134
Other non-attributable	0		
Deficit before funding	12,575		
Funding sources:			
Rates	-7,590		
Capital grants	-3,316		
Gain on asset sales	-27		
Total funding sources	-10,933		
Deficit for the year	1,642		

3. Budget influences

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

3.1 Snapshot of Pyrenees Shire Council

Pyrenees Shire is located in the Central West of Victoria, about 130 kilometres north west of Melbourne. It is heavily dependent on primary industry and is renowned for its wool, viticulture and forestry activity. Thirty per cent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 6,979 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.

Excellent educational facilities are available in Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education and library services.

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.

Tourism is ever growing throughout the region. Hang-gliding from Mount Cole and the French game of Petanque in Avoca, attract large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.

In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.

Budget implications

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

- The large area of Pyrenees Shire increases transport costs when compared to City municipalities. Also, services cannot be centralised as most citizens are unable to reach a centralised Council facility without extensive travel times.
- The Shire is a small rural Council with a limited rate base. The budget implications arise in Council having to cope with replacement of infrastructure such as roads and bridges. The rates received cannot fund the significant infrastructure costs associated with bridge and road renewal without the assistance of government grant funds. In short, Council is always reliant on external sources of grant funding to provide the level road and bridge service that its residents and visitors require.
- Over 18% of ratepayers are entitled to the pensioner rebate. As pensioners are often asset rich but income poor, the adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community. Council has hardship provisions in place but these can impact on cash balances when large volumes of ratepayers are involved.

3.2 External influences

- Consumer Price Index (CPI) increases on goods and services of 1.7% through the year to December quarter 2014 (ABS release 28 January 2015). State-wide CPI is forecast to be 2.5% for the 2015/16 year (Victorian Budget Papers 2014/15).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2014 was 3.1% (ABS release 14 August 2014). The wages price index in Victoria is projected to be 3.50% per annum in 2015/16 and the subsequent two years (Victorian Budget Papers 2014/15). Council renegotiated a new Collective Agreement of 3.5% for three years during the 2013/14 year. This agreement commenced on 15 October 2013.
- In the May 2014 budget the Commonwealth Government froze the indexation of Financial Assistance Grants to the States for a period of three years (2014-15 to 2016-17). These Commonwealth funds are allocated to Victorian Councils by the Victorian Grants Commission, and these allocations represent approximately 26% of Council's 2015-16 income. It is anticipated that the amount allocated to Victoria will increase slightly each year because Victoria's population is increasing at a rate faster than the national average. As a consequence of the minor growth in funding for Victoria, it is anticipated that this allocation will grow at 0.5% for the remaining two years of frozen indexation. At this stage Council expects the Commonwealth Government will resume its Consumer Price Index and Population Growth based indexation in 2017-18.
- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervisors, library services and home and community care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community.
- The Victorian Labour Government was elected on a promise to "cap Council rates to movements in the Consumer Price Index". The government has recently moved to draft legislation to enact this promise. As there is no concrete proposal at this time, Council has chosen to continue with indicative rate rises in future years set at a level that it considers to be warranted in order to help fund its long-term asset renewal obligations.
- Depending on the level at which rates are capped Council may need to undertake a review of services that are provided to the community with the aim of reducing the level of rate payer subsidy for services undertaken by Local Government on behalf of the State and Federal Governments.
- Councils across Australia raise approximately 3% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The carbon price repeal legislation received Royal Assent on 17 July 2014, effective from 1 July 2014. Councils are expected to account for the carbon price refunds received and unused carbon price revenue collected in a transparent way. The Australian Competition and Consumer Commission has recently suggested that Councils use the money collected for the Carbon Tax on projects or infrastructure benefiting their communities or by accounting for this additional money by setting their future fees and charges lower than they would otherwise have been.
- 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*.

3.3 Internal influences

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

- Council's former Chief Executive Officer was also its Municipal Building Surveyor. Since the appointment of Jim Nolan as Chief Executive Officer, Council has also had to engage a part-time Municipal Building surveyor at an additional cost of approximately \$50,000 per annum.
- Council has been undertaking a planning enforcement program for some time and will now implement a building enforcement program in order to address the backlog of outstanding building permit related issues, at a cost of \$20,400 per annum.

3.4 Budget principles

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

- Existing fees and charges to be increased in line with CPI or market levels
- Grants to be based on confirmed funding levels
- New revenue sources to be identified where possible
- Service levels to be maintained at 2014/15 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Salaries and wages to be increased in line with the Enterprise Bargaining Agreement
- Contract labour to be minimised
- Construction and material costs to increase in line with the Engineering Construction Index
- New initiatives or new employee proposals to be justified through a business case
- Real savings in expenditure and increases in revenue identified in 2014/15 to be preserved
- Operating revenues and expenses arising from completed 2014/15 capital projects to be included.

3.5 Long term strategies

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2015/16 to 2018/19 (Section 8), Rating Information (Section 9) and Other Strategies (Section 10) including borrowings, infrastructure and service delivery.

4. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2015/16 year.

4.1 Budgeted income statement

	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Total income	4.2	18,755	19,067	312
Total expenses	4.3	(21,684)	(20,709)	975
Surplus (deficit) for the year		(2,929)	(1,642)	1,287
Grants - Capital (non-recurrent)	4.2.6	(1,333)	(1,270)	63
Contributions - non-monetary assets		0	0	0
Contributions - cash	4.2.4	(145)	(70)	75
Adjusted underlying surplus (deficit)		(4,407)	(2,982)	1,425

4.1.1 Adjusted underlying deficit (\$1.425 million decrease)

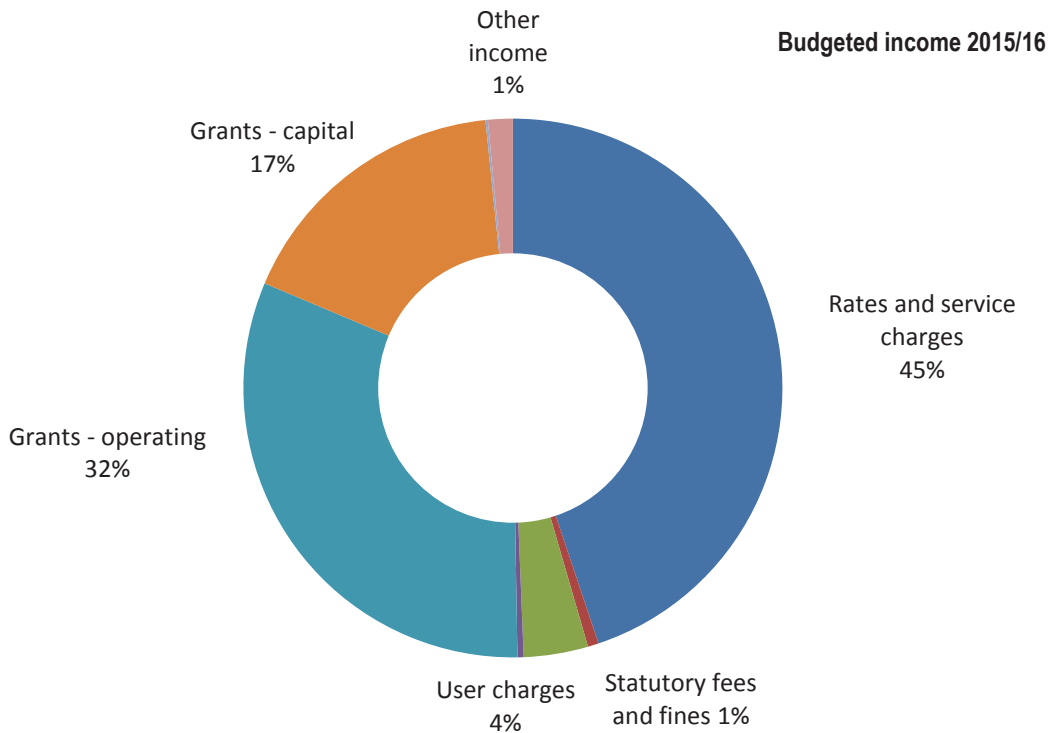
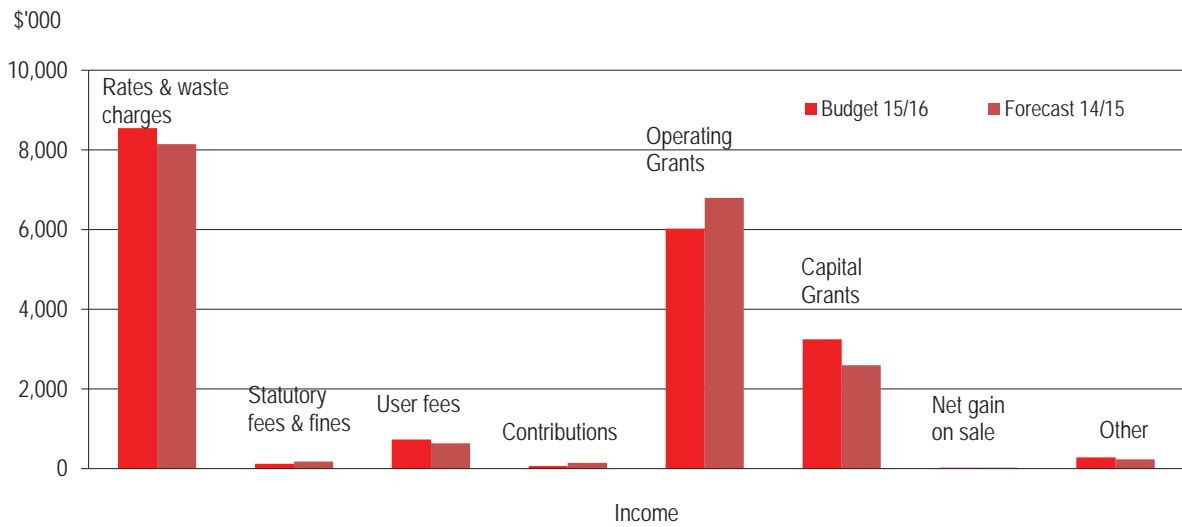
The adjusted underlying result is the net deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is one measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2015/16 year is a deficit of \$2.98 million which is a decrease of \$1.67 million from the 2014/15 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.

4.2 Income

Income Types	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2015/16 %	Variance \$'000
Rates and service charges	4.2.1	8,149	8,552	44.9%	403
Statutory fees and fines	4.2.2	178	124	0.6%	(54)
User charges	4.2.3	636	736	3.9%	100
Contributions - cash	4.2.4	145	70	0.4%	(75)
Grants - operating	4.2.5	6,794	6,029	31.6%	(765)
Grants - capital	4.2.6	2,596	3,246	17.0%	650
Net gain on disposal of assets	4.2.7	25	27	0.1%	2
Other income	4.2.8	232	283	1.5%	51
Total income		18,755	19,067	100.0%	312

It is interesting to note that rates and service charges plus grants make up 93.5% of Council's total income.

Forecast and Budgeted Income by type



Source: Appendix A

4.2.1 Rates and service charges (\$403,000 increase)

It is proposed that general rate income be increased by 5.25% or \$328,000 over 2014/15 to \$7.522 million, and that service charges income be increased by 8.87% or \$75,000 over 2014/15 to \$1.030 million. Part of the increased revenue from service charges is derived from new users being added to the service. Section 9. "Rating Information" includes a more detailed analysis of the rates and service charges to be levied for 2015/16. Information on rates and service charges specifically required by the Regulations is included in Appendix B.

4.2.2 Statutory fees and fines (\$-54,000 increase)

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

A detailed listing of statutory fees is included in Part B of the budget document Appendix D.

4.2.3 User charges (\$100,000 increase)

The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of operating expense allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2015/16 year. More detail on these strategic objectives is included in Section 2 - Services, initiatives and service performance indicators.

A detailed listing of fees and charges is included in Part B of the budget document Appendix D.

4.2.4 Contributions - cash (\$-75,000 increase)

Contributions relate to monies paid by developers in regard to public resort and recreation, drainage and car parking in accordance with planning permits issued for property development, and contributions made by community groups towards capital projects. There is one community contribution to a capital project budgeted for in 2015/16 valued at \$70,000.

4.2.5 Grants - operating (\$765,000 decrease)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants has decreased by 10.6% or \$714,000 compared to 2014/15. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Grant Funding Types	Forecast	Budget	Budget	Variance
	Actual	2015/16	2015/16	
	2014/15	\$'000	%	\$'000
<i>Recurrent</i>				
Victorian Grants Commission-Baseline	4,896	4,893	81.2%	(3)
Home & Community Care	632	638	10.6%	6
Library	107	109	1.8%	2
Maternal and Child health	81	104	1.7%	23
Family Day Care	90	91	1.5%	1
Other	154	91	1.5%	(63)
<i>Non-Recurrent</i>				
Projects	729	103	1.7%	(626)
Victorian Grants Commission-Natural Disaster	105	0	0.0%	(105)
Total operating grants	6,794	6,029	100.0%	(765)

The significant variance in operating grants occurs as a result a major reduction in project grants and the one-off nature of a natural disaster payment from the Victorian Grants Commission relating to the 2011-2012 floods. Operating grants are classified above and in the Financial Statements in appendix according to whether they are received each year (recurrent) or received on a once-off or short term basis (non-recurrent).

4.2.6 Grants - capital (\$0.65 million increase)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has increased by 52.1% or \$1.058 million compared to 2014/15 due mainly to the Commonwealth Roads to Recovery program allocation doubling for 2015/16. Section 6 "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2015/16 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Type and Source	Forecast			Variance \$'000
	Actual 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2015/16 %	
<i>Recurrent</i>				
Roads to Recovery (Commonwealth)	988	1,976	60.9%	988
<i>Non-Recurrent</i>				
Roads & Bridges Funding (State)	1,000	1,000	30.8%	0
Community Projects Funding (State)	608	270	8.3%	-338
Total capital grants	2,596	3,246	100.0%	650

4.2.7 Net gain on sale of assets (\$2,000 increase)

Proceeds from the sale of Council assets relate to the planned cyclical replacement of part of the plant and vehicle fleet (\$272,000) and sale of industrial and residential properties (\$414,500). The written down value of assets sold is forecast to be \$660,000.

4.2.8 Other income (\$51,000 increase)

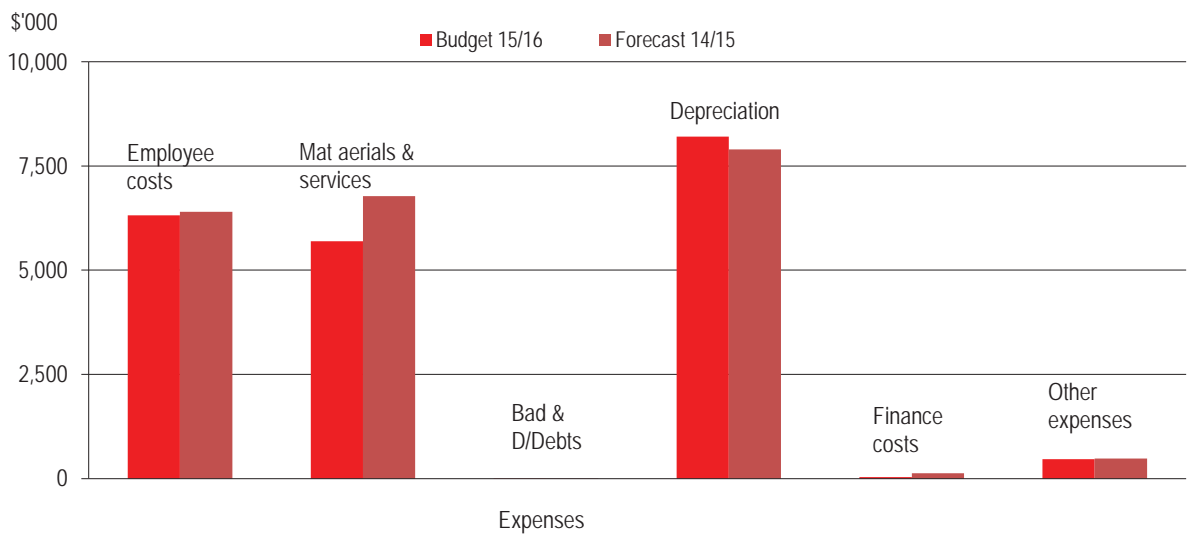
Other income relates to a range of items such as interest revenue on investments and rate arrears, cost recoups and other miscellaneous income items.

Other income types	Forecast			Variance \$'000
	Actual 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2015/16 %	
Interest on investments	140	150	53.0%	10
Reimbursements	34	62	21.9%	28
Rates legal fees	30	40	14.1%	10
Interest on rates	26	28	9.9%	2
Miscellaneous	2	3	1.1%	1
Total other income	232	283	100.0%	51

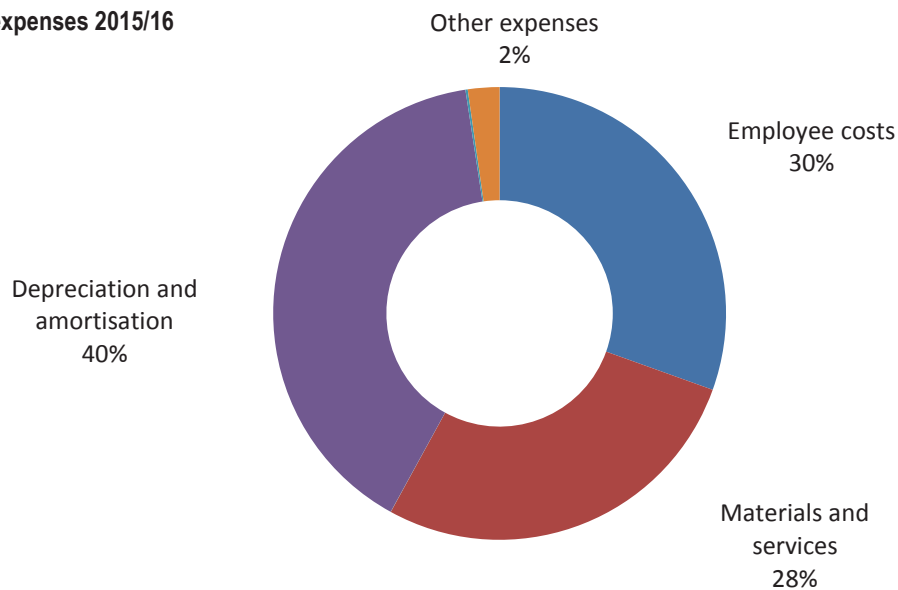
4.3 Expenses

Expense Types	Ref	Forecast			Variance
		Actual 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2015/16 \$'000	
Employee costs	4.3.1	6,401	6,312	30.5%	(89)
Materials and services	4.3.2	6,774	5,695	27.5%	(1,079)
Bad and doubtful debts	4.3.3	1	2	0.0%	1
Depreciation and amortisation	4.3.4	7,900	8,200	39.6%	300
Borrowing costs	4.3.5	125	34	0.2%	(91)
Other expenses	4.3.6	483	466	2.3%	(17)
Total expenses		21,684	20,709	100.0%	(975)

Forecast and Budgeted Expenses by type



Budgeted expenses 2015/16



Source: Appendix A

4.3.1 Employee costs (\$3,000 increase)

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

Employee costs are forecast to remain in line with 2014/15, as a result of the cessation of two funded positions, a reduction in home care hours and general savings offsetting the cost of Council's Enterprise Bargaining Agreement (EBA) salary increases.

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

Department	Budget 2015/16 \$'000	Comprises		
		Permanent Full Time \$'000	Permanent Part Time \$'000	Casual \$'000
CEO's Department	345	345	0	0
Economic Development and Tourism	577	259	233	85
Governance & Risk	209	209	0	0
Corporate Services	1,154	1,111	32	11
Community Wellbeing	1,052	464	579	9
Assets and Development Services	1,465	1,220	219	26
Works	1,857	1,857	0	0
Total employee costs*	6,659	5,465	1,063	131

* The total employee costs above does not equal the Employee Costs line in the Operating Budget, because a portion of the Works Department employees' expenditure is undertaken on building roads, which are capitalised.

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

Department	Budget FTE	Comprises		
		Permanent Full Time	Permanent Part Time	Casual
CEO's Department	2.40	2.40	0.00	0.00
Economic Development and Tourism	7.04	2.60	3.12	1.32
Governance & Risk	2.00	2.00	0.00	0.00
Corporate Services	12.13	11.50	0.47	0.16
Community Wellbeing	13.63	5.00	8.55	0.08
Assets and Development Services	15.55	12.50	2.54	0.51
Works	25.00	25.00	0.00	0.00
Total EFT staff	77.75	61.00	14.68	2.07

4.3.2 Materials and services (\$1.079 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. The large reduction in materials and services expenditure occurs as result of a decrease of \$1.159 million in contracted expenditure, predominantly for one-off projects.

4.3.3 Bad and doubtful debts (\$1,000 increase)

Council anticipates a very minor level of bad or doubtful debt expenditure in 2015/16.

4.3.4 Depreciation and amortisation (\$300,000 increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads, bridges, buildings and drains. It is anticipated that there will be an 8% increase in depreciation expenditure for 2015/16 as a result of the revaluation of assets. Refer to section 6 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2015/16 year.

4.3.5 Borrowing costs (\$91,000 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 and Council's debt reduction program.

4.3.6 Other expenses (\$17,000 decrease)

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items. The anticipated 3.5% reduction in expenditure arises through general savings.

Other expenses types	Forecast			Variance \$'000
	Actual 2014/15 \$'000	Budget 2015/16 \$'000	Budget 2015/16 %	
	Insurance	291	303	
Advertising	78	65	13.9%	-13
Contribution to community groups	51	44	9.4%	-7
Vehicle registrations	59	50	10.7%	-9
Miscellaneous	4	4	0.9%	0
Total other expenses	483	466	100.0%	-17

5. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2015/16 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, plant and equipment.
- **Financing activities** - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of the principal and interest components of loan repayments for the year.

5.1 Budgeted cash flow statement

	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Cash flows from operating activities	5.1.1			
<i>Receipts</i>				
Rates and service charges		8,149	8,552	403
User charges, fees and fines		878	934	326
Grants - operating		6,794	6,029	(765)
Grants - capital		2,596	3,246	650
Interest		186	178	(8)
Other receipts		1,649	1,364	(285)
		20,252	20,303	321
<i>Payments</i>				
Employee costs		(6,416)	(6,328)	88
Other payments		(8,007)	(6,803)	1,204
		(14,423)	(13,131)	1,292
Net cash provided by operating activities		5,829	7,172	1,613
Cash flows from investing activities	5.1.2			
Payments for property, infrastructure, plant and equipment		(7,978)	(6,564)	1,414
Payments for land held for resale		(825)	(852)	(27)
Proceeds from sale of property, infrastructure, plant and equipment		334	299	
Proceeds from sale of land held for resale		134	457	
Payments for investments		(12,000)	(12,000)	0
Proceeds from sale of investments		12,000	12,000	0
Net cash used in investing activities		(8,335)	(6,660)	1,387
Cash flows from financing activities	5.1.3			
Borrowing costs		(125)	(34)	91
Proceeds from borrowings		0	0	0
Repayment of borrowings		(651)	(478)	173
Net cash used in financing activities		(776)	(512)	264
Net decrease in cash and cash equivalents		(3,282)	0	3,282
Cash and cash equivalents at the beginning of the year		5,628	2,346	(3,282)
Cash and cash equivalents at end of the year	5.1.4	2,346	2,346	0

5.1.1 Net cash provided by operating activities (\$1.613 million increase)

The increase in cash inflows from operating activities is due mainly to a \$1.2 million decrease in contract payments that relate primarily to one-off projects, and a \$1.1 million increase in capital grants comprising predominantly of a \$1.0 increase in Commonwealth Roads to Recovery funding in 2015/16.

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 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Surplus (deficit) for the year	(2,929)	(1,642)	1,287
Net gain on disposal of property, infrastructure, plant and equipment	(25)	(27)	(2)
Depreciation	7,900	8,200	300
Borrowing costs	125	34	(91)
Bad and doubtful debts	1	2	1
Net GST refund on investing activities	757	605	(152)
Cash flows available from operating activities	5,829	7,172	1,343

5.1.2 Net cash used in investing activities (\$1.387 million decrease)

The decrease in payments for investing activities represents the planned decrease in capital works expenditure of \$1.387 million and an increase in cash from the proceeds of sales of property, infrastructure, plant & equipment of \$288,000.

5.1.3 Net cash used in financing activities (\$264,000 decrease)

For 2015/16 the total principal repayments reduce by \$173,000 and borrowing costs reduce by \$91,000 as a result of Council's debt reduction policy.

5.1.4 Cash and cash equivalents at end of the year - no change

Overall, total cash and investments is forecast to remain stable at \$2.346 million as at 30 June 2016, reflecting Council's strategy of producing a balanced cash budget.

5.2 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 2016 it will have cash and investments of \$2.346 million, which has been restricted as shown in the following table.

	Ref	Forecast Actual 30.6.2015 \$'000	Budget 30.6.2016 \$'000	Variance \$'000
Total cash and investments		2,346	2,346	0
Restricted cash and investments				
- Statutory reserves	5.2.1	(9)	(9)	0
- Cash held to carry forward capital works	5.2.2	0	0	0
- Trust funds and deposits		(173)	(176)	0
Unrestricted cash and investments	5.2.3	2,164	2,161	0
- Discretionary reserves	5.2.4	0	0	0
Unrestricted cash adjusted for discretionary reserves		2,164	2,161	0

5.2.1 Statutory reserves (\$9,000)

This is Council's recreational land reserve. 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.

5.2.2 Cash held to fund carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2015 or at 30 June 2016, as it is expected that the budgeted capital works in the 2014/15 and 2015/16 financial years will be fully completed.

5.2.3 Unrestricted cash and investments (\$2.161 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.

5.2.4 Discretionary reserves

Council does not have any discretionary reserves.

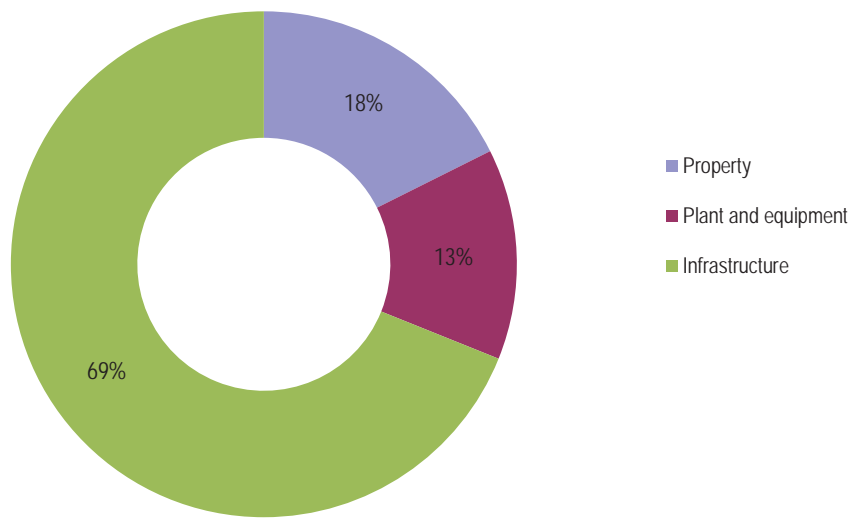
6. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2015/16 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Appendix C.

6.1 Capital works

Capital Works Areas	Ref	Forecast	Budget	Variance
		Actual 2014/15 \$'000	2015/16 \$'000	\$'000
New capital works				
Property	6.1.1			
Land		750	165	(585)
Land improvements		38	610	572
Buildings		5	0	(5)
Building improvements		453	73	(380)
Leasehold improvements		426	340	(86)
Total property		1,672	1,188	(484)
Plant and equipment	6.1.2			
Plant, machinery and equipment		1,161	783	(378)
Computers and telecommunications		283	125	(158)
Total plant and equipment		1,444	908	(536)
Infrastructure	6.1.3			
Roads		2,411	3,730	1,319
Bridges		2,126	896	(1,230)
Footpaths and cycle ways		10	10	0
Drainage		10	10	0
Recreation, leisure and community		20	0	(20)
Parks, open space and streetscapes		310	0	(310)
Total infrastructure		4,887	4,646	(241)
The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of operating expense allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2015/16 year. More detail on these strategic objectives is included in Section 2 - Services, initiatives and service performance indicators.		8,003	6,742	(1,261)
Represented by:				
Asset renewal expenditure	6.1.4	6,097	5,567	(530)
Asset upgrade expenditure	6.1.4	870	350	(520)
Asset expansion expenditure	6.1.4	150	50	(100)
New asset expenditure	6.1.4	886	775	(111)
Total capital works expenditure		8,003	6,742	(1,261)

Budgeted capital works 2015/16



6.1.1 Property (\$1.188 million capital expenditure in 2015/16)

The property class comprises land, buildings and building improvements including community facilities, municipal offices, sports facilities, pavilions, caravan parks and residential and industrial land developments.

The more significant projects for 2015/16 include Beaufort Correa Park residential land development \$610,000, Caravan Park upgrade works at Avoca, Beaufort and Landsborough (subject to obtaining State government funding) \$340,000, and Beaufort industrial estate \$155,000.

6.1.2 Plant and equipment (\$908,000 capital expenditure in 2015/16)

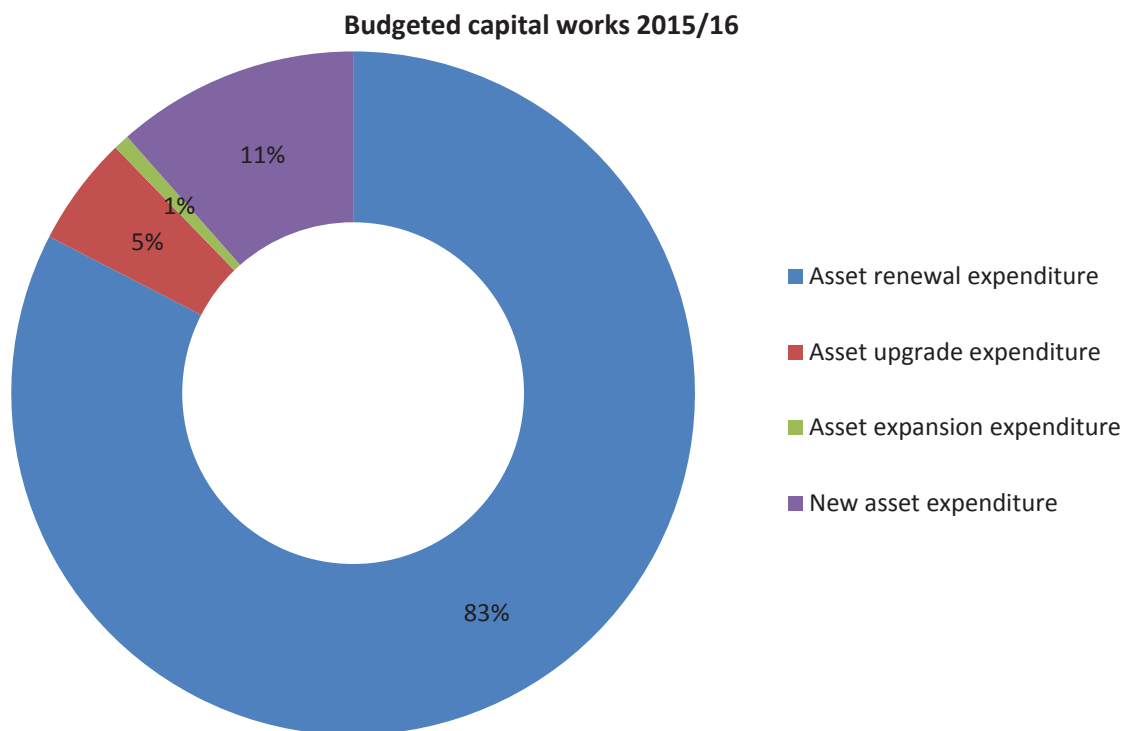
Plant and equipment includes plant, motor vehicles, machinery and equipment, computers, telecommunications, and library collection materials.

For the 2015/16 year, \$398,000 will be spent on replacing plant, \$375,000 on replacing motor vehicles and \$75,000 on replacing computer hardware.

6.1.3 Infrastructure (\$4.646 million capital expenditure in 2015/16)

Infrastructure includes roads, bridges, footpaths and cycle ways, drainage, buildings, recreation, leisure and community facilities, parks, open space and streetscapes, off street car parks and other structures.

The more significant projects for 2015/16 include \$3.73 million for roadwork's and \$896,000 for bridgeworks. A complete list of proposed works is included in Appendix C - Capital works program.



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

6.1.4 Asset renewal (\$5.567 million), new assets (\$775,000), upgrade (\$350,000)

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.

6.2 Funding sources

Sources of funding	Ref	Forecast		Variance
		Actual 2014/15 \$'000	Budget 2015/16 \$'000	
Current year funding				
Grants	4.2.6	2,596	3,246	650
Contributions	4.2.4	145	70	(75)
Borrowings		0	0	0
Council cash				
- operations		4,512	2,739	(1,773)
- proceeds on sale of assets	4.2.7	750	687	(63)
Total new works		8,003	6,742	(1,261)
Total funding sources		8,003	6,742	(1,261)

Source: Appendix A

7. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 30.6.2015 and 30.6.2016. It also considers a number of key performance indicators.

7.1 Budgeted balance sheet

	Ref	Forecast Actual 30.6.2015 \$'000	Budget 30.6.2016 \$'000	Variance \$'000
Current assets	7.1.1			
Cash and cash equivalents		2,346	2,346	0
Trade and other receivables		782	772	(10)
Land held for resale		1,449	1,850	401
Other assets		158	161	3
Total current assets		4,735	5,129	394
Non-current assets	7.1.2			
Trade and other receivables		98	93	(5)
Property, infrastructure, plant and equipment		284,039	282,020	(2,019)
Total non-current assets		284,137	282,113	(2,024)
Total assets		288,872	287,242	(1,630)
Current liabilities	7.1.3			
Trade and other payables		1,145	1,187	42
Interest-bearing loans and borrowings		905	801	(104)
Provisions		1,858	1,801	(57)
Total current liabilities		3,908	3,789	(119)
Non-current liabilities	7.1.3			
Interest-bearing loans and borrowings		374	0	(374)
Provisions		161	166	5
Total non-current liabilities		535	166	(369)
Total liabilities		4,443	3,955	(488)
Net assets		284,429	283,287	(2,118)
Equity	7.1.5			
Accumulated surplus		82,174	80,532	(1,642)
Statutory reserve (recreational land)		9	9	0
Asset revaluation reserve		202,246	202,746	500
Total equity		284,429	283,287	(1,142)

Source: Appendix A

7.1.1 Current Assets (\$394,000 increase)

This increase results predominantly from land held for resale, which comprises industrial and residential land, and is projected to increase in value by \$401,000 during 2015/16, as a result of development works net of sales.

7.1.2 Non-Current Assets (\$2.024 million decrease)

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, bridges, drains, vehicles, plant, equipment and other assets which have been built up by Council over many years.

The decrease in this balance is attributable to the net result of the capital expenditure program (\$6.577 million of asset expenditure), depreciation of assets (\$8.2 million), the carrying value of property, plant and equipment sold (\$286,000) and the revaluation of assets increment (\$500,000).

7.1.3 Current Liabilities (\$119,00 decrease) and Non-Current Liabilities (\$369,000 decrease)

The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of operating expense allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2015/16

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to repay loan principal of \$478,000 over the year.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to decrease marginally due to the more active management of entitlements and continuing retirements of long-serving staff, offset by factoring in an increase for Enterprise Bargaining Agreement outcomes.

In total, provisions are expected to decrease by \$52,000 or 2.6% by 30 June 2016.

7.1.4 Working Capital (\$513,000 increase)

Working capital is the excess of current assets above current liabilities. This calculation recognises that although Council has current assets, some of those assets are already committed to the future settlement of liabilities in the following 12 months, and are therefore not available for discretionary spending. Council has also committed further current assets to specific and restricted purposes, represented by reserves, which may not yet be represented as current liabilities at 30 June.

	Forecast Actual 30.6.2015 \$'000	Budget 30.6.2016 \$'000	Variance \$'000
Current assets	4,735	5,129	394
Current liabilities	(3,908)	(3,789)	119
Working capital	827	1,340	513
Restricted cash and investment current assets			
- Statutory reserves	9	9	0
- Discretionary reserves	0	0	0
Unrestricted working capital	836	1,349	513

7.1.5 Equity (\$1.142 million decrease)

Total equity comprises:

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations.
- Statutory reserves that are funds that Council is required 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 \$1.642 million results directly from the operating deficit for the year.

7.2 Key assumptions

In preparing the Budgeted Balance Sheet for the year ending 30 June 2016 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- An amount equal to 100% of total rates and service charges raised will be collected in the 2015/16 year (2014/15 forecast actual 99.5%).
- 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 2014/15 levels.
- Proceeds from the sale of property in 2015/16 will be received in full during the 2015/16 year.
- Employee entitlements to be increased by the Enterprise Bargaining Agreement outcome, offset by the impact of more active management of leave entitlements of staff and the retirement of long-serving staff.
- Repayment of loan principal to be \$478,000.
- Total capital expenditure to be \$6.742 million.

8. Strategic resource plan and financial performance indicators

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

8.1 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 2015/16 to 2018/19 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

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

- Maintain existing service levels
- Maintain a capital expenditure program of at least \$6 million per annum
- Achieve a balanced budget on a cash basis.

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

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

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

8.2 Financial resources

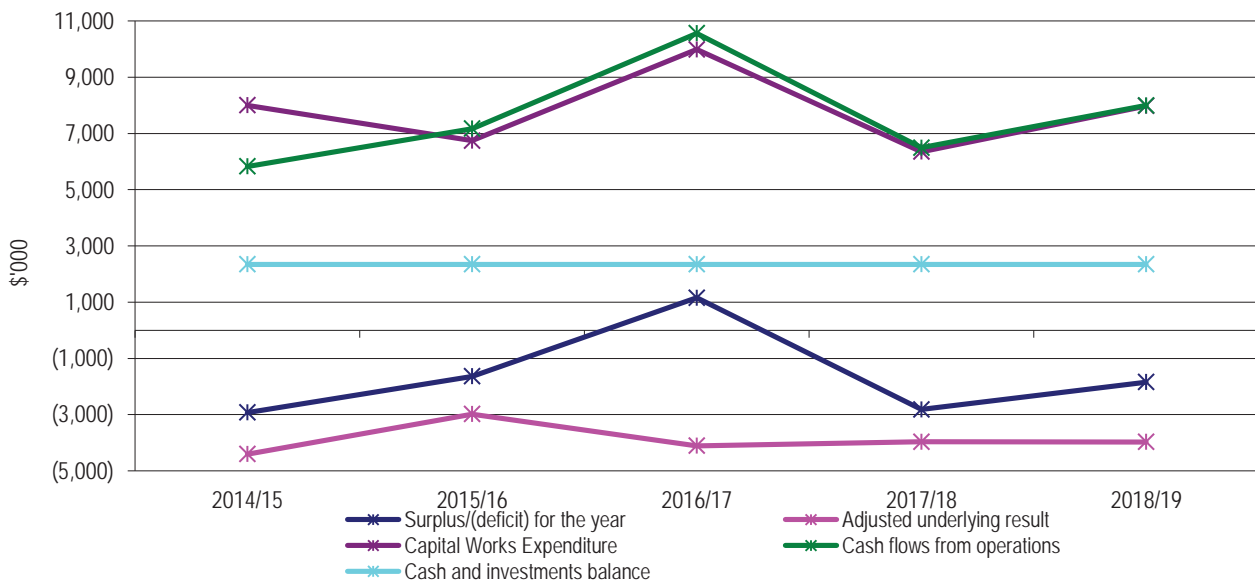
The following table summarises the key financial results for the next four years as set out in the SRP for years 2015/16 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast Actual	Budget	Strategic Resource Plan Projections			Trend
	2014/15	2015/16	2016/17	2017/18	2018/19	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	(2,929)	(1,642)	1,154	(2,817)	(1,843)	-
Adjusted underlying result	(4,407)	(2,982)	(4,111)	(3,967)	(3,973)	-
Cash and investments balance	2,346	2,346	2,346	2,346	2,346	o
Cash flows from operations	5,829	7,172	10,562	6,493	7,995	+
Capital works expenditure	8,003	6,742	9,989	6,351	7,979	+

Key to Forecast Trend:

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

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



The key outcomes of the Plan are as follows:

- **Financial sustainability (section 5)**
Cash and investments is forecast to remain stable over the four year period at \$2.346 million, which indicates a balanced budget on a cash basis in each year.
- **Rating levels (section 9)**
Modest rate increases are forecast over the four years at an average of 5.08%, consistent with that expected of comparable councils.
- **Service delivery strategy (section 10)**
Service levels have been maintained throughout the four year period.
- **Borrowing strategy (section 10)**
Existing borrowings are forecast to reduce from \$1.93 million to zero over the four year period, with Council becoming debt free in late 2017. No new borrowings are proposed over the next four years.
- **Infrastructure strategy (section 10)**
The Capital expenditure over the four year period will total \$31.061 million at an average of \$7.765 million Annu per annum.

8.3 Financial performance indicators

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

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan Projections			Trend
			Actual		2016/17	2017/18	2018/19	+/-
			2014/15	2015/16				
Operating position								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-25.5%	-16.8%	-23.9%	-22.1%	-21.2%	-
Liquidity								
Working Capital	Current assets / current liabilities	2	121.2%	135.4%	142.3%	159.3%	201.6%	+
Unrestricted cash	Unrestricted cash / current liabilities		55.4%	57.0%	65.2%	71.2%	70.7%	+
Obligations								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	15.7%	9.4%	3.4%	0.0%	0.0%	+
Loans and borrowings	Interest and principal repayments / rate revenue		9.5%	6.0%	5.7%	3.2%	0.0%	+
Indebtedness	Non-current liabilities / own source revenue		5.8%	1.7%	1.7%	1.6%	1.6%	+
Asset renewal	Asset renewal expenditure / depreciation	4	77.2%	67.9%	62.9%	65.3%	66.0%	-
Stability								
Rates concentration	Rate revenue / adjusted underlying revenue	5	47.2%	48.2%	52.5%	53.4%	53.7%	-
Rates effort	Rate revenue / property values (CIV)		0.52%	0.54%	0.57%	0.57%	0.60%	-
Efficiency								
Expenditure level	Total expenditure / no. of assessments		\$3,712	\$3,544	\$3,649	\$3,742	\$3,892	+
Revenue level	Residential rate revenue / No. of residential assessments		\$864	\$917	\$965	\$1,014	\$1,065	+
Workforce turnover	No. of resignations & terminations / average no. of staff		7.5%	7.5%	7.5%	7.5%	7.5%	o

Key to Forecast Trend:

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

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. Decline in financial performance expected over the period, as the Roads to Recovery grant income is double the "usual" amount in 2015/16.

2 Working Capital – The proportion of current liabilities represented by current assets. Working capital is forecast to improve steadily over the life of the plan.

3 Debt compared to rates - Trend indicates Council's desire to retire all current debt and use the money saved to reinvest in capital expenditure.

4 Asset renewal - This percentage indicates the extent of Council's renewal expenditure 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 increased 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 ongoing services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

8.4 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also utilise non-financial resources, in particular human resources. A summary of Council's anticipated human resource requirements for the 2015/16 year is shown below and further detail is included in section 4.3.1 of this budget. A statement of Human Resources is included in Appendix A.

Indic	Notes	Forecast	Budget	Strategic Resource Plan			Trend
		Actual 2014/15	2015/16	Projections 2016/17	2017/18	2018/19	
Employee costs (\$'000)							
- Operating		6,401	6,312	6,481	6,643	6,809	+
- Capital		231	238	245	252	260	+
Total		6,632	6,550	6,726	6,895	7,069	
Employee numbers (EFT)		77.8	77.8	77.8	77.8	77.8	

9. 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.

9.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 8), rates and service charges were identified as an important source of revenue, accounting for 44.9% 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 Pyrenees Shire.

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, consideration was given to historical rate increases. The following table shows a history of rate rises over past years.

Year	Pyrenees Shire Council
2003-2004	4.50%
2004-2005	6.50%
2005-2006	6.75%
2006-2007	7.50%
2007-2008	7.00%
2008-2009	6.50%
2009-2010	6.00%
2010-2011	6.50%
2011-2012	5.25%
2012-2013	5.25%
2013-2014	5.25%
Average increase over 11 years	6.09%

9.2 Current year rate increase

It is predicted that the 2015/16 operating position will be impacted by wages growth and reductions in government funding. It will therefore be necessary to achieve future revenue growth while containing costs in order to limit operating deficits and maintain a balanced cash budget, as set out in the Strategic Resource Plan. The contribution from operations toward capital investment, comprised of capital grants and rates has to be maintained in order to continue service provision and capital renewal programs.

In order to achieve these objectives while maintaining service levels and a strong capital expenditure program, the general rate will increase by 5.25%, and service charges will increase by an average of 6.7%. This will raise total rate and service charges income for 2015/16 of \$8.55 million, including an allowance of \$5,000 for successful rate objections. Council's service (waste management and recycling) charges have increased by more than the general rate due to the cost of the service increasing. Council operates its waste management services program on a "full cost recovery" basis (see Section 2.5 "waste management services").

The following table sets out future proposed increases in rates and service charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2015.

Year	General Rate Increase %	Municipal Charge Increase \$'000	Rates Raised Increase \$'000	Service Charges Increase \$'000	Total Rates Raised \$'000
2014/15	5.25	0.00	385	63	8,149
2015/16	5.25	0.00	328	75	8,552
2016/17	5.15	0.00	405	92	9,049
2017/18	5.00	0.00	418	95	9,562
2018/19	4.75	0.00	423	97	10,082

9.3 Rating structure

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

- Property values, which form the central basis of rating under the *Local Government Act 1989*
- A user pays component to reflect usage of certain services provided by Council

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, farming or commercial purposes. The distinction is based on the concept of equity whereby property classes should pay fair and equitable contributions to the overall rates burden, taking into account the benefits derived from the local community.

Council applies the Capital Improved Value (CIV) basis for rates calculations on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure every four years.

The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving

- General rate for rateable residential properties
- General rate for rateable commercial properties
- General rate for rateable industrial properties
- General rate for rateable rural/residential vacant land properties less than two hectares
- General rate for rateable non-farm vacant land properties of two hectares or more
- General rate for rateable farm properties
- Rate concession for rateable recreational properties

These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Act. The farm rate is set at 80.0% (80.5% 2014/15) of the residential rate and the rate concession for recreational land is set at 50% of the residential rate. Council has re-affirmed its intention to maintain promotion of residential growth in the shire and has set the rates for rural/residential vacant land properties less than two hectares at 320% the general rate, and vacant land other than farms at 240% the general rate, in order to encourage development. Council also has a kerbside collection charge and a recycling charge as allowed under the Act.

A more detailed analysis of the rates to be raised is contained in Appendix B "Statutory Disclosures". Council has adopted a formal Rating Strategy that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used.

10. 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.

10.1 Borrowings

In developing the Strategic Resource Plan SRP (see Section 8), borrowing was identified as one funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, which has freed up Council funds to invest more in its capital works program.

For the 2015/16 year, Council has decided not take out any new borrowings to fund the capital works program and therefore, after making loan repayments of \$478,000, will reduce its total borrowings to \$801,000 as at 30 June 2016. Council has not forecast that borrowing will be required in any for the following three years also.

Council is of the opinion that to be financially sustainable in the longer term it needs to be able to fund its ongoing capital works without continuously borrowing. Debt is seen as a source of funding "once in a generation" projects, rather than for funding ongoing asset renewal.

In the shorter term Council is working towards being free of debt in 2017/18. This will allow the \$510,000 currently used for debt servicing (payment of interest and repayment of principal) to be redeployed in funding capital works on an ongoing basis.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2015.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2014/15	0	651	77	1,279
2015/16	0	478	34	801
2016/17	0	497	15	304
2017/18	0	304	5	0
2018/19	0	0	0	0

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

	2014/15 \$'000	2015/16 \$'000
Total amount borrowed as at 30 June of the prior year	1,930	1,279
Total amount to be borrowed	0	0
Total amount projected to be redeemed	(651)	(478)
Total amount proposed to be borrowed as at 30 June	1,279	801

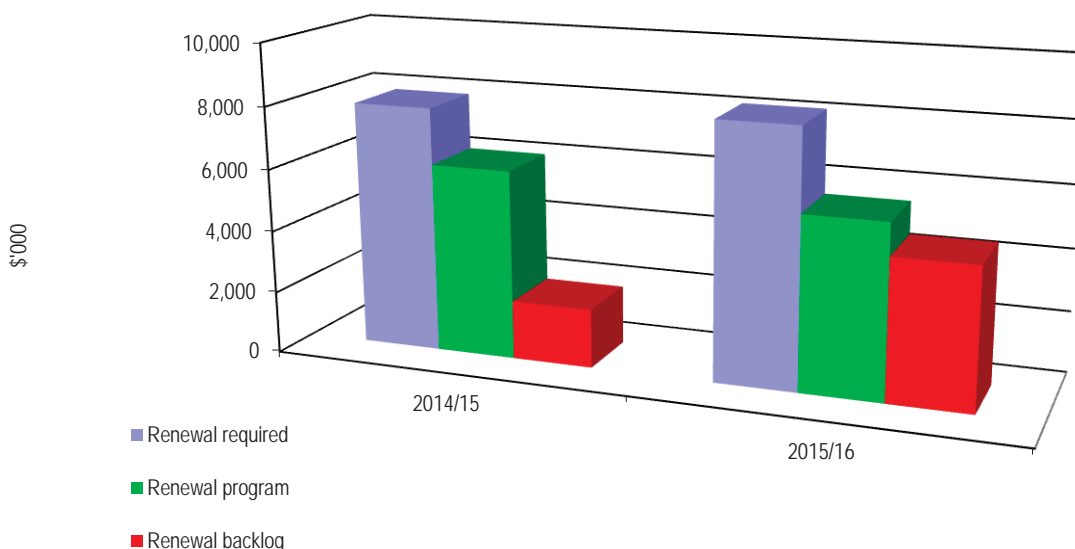
10.2 Infrastructure

The Council has developed an Infrastructure Strategy based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy has been developed through a process of consultation and evaluation. The key aspects of the process are as follows:

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

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

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



At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements identified in the Infrastructure Strategy. While the Infrastructure Strategy is endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, the above graph indicates that in all years the required asset renewal is not being addressed, creating an asset renewal gap and increasing the level of backlog. (Renewal backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.)

In updating the Infrastructure Strategy for the 2015/16 year, the following influences have had a significant impact:

- Availability of significant Federal funding for renewal of roads
- The enactment of the *Road Management Act 2004* removing the defence of non-feasance on major assets such as roads.

The Annual

The following table summarises Council's forward outlook on capital expenditure including funding sources

Capital Expenditure Funding Sources	Forecast	Budget	Strategic Resource Plan Projections		
	Actual 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
Grants	2,657	3,246	6,053	2,138	3,118
Contributions	125	70	200	0	0
Asset Sales	425	687	853	729	711
Council Cash	4,796	2,739	2,883	3,484	4,150
Total Capital Program	8,003	6,742	9,989	6,351	7,979

In addition to using cash generated from its annual operations and external contributions such as government grants, Council has minimal cash or investment reserves that could be used to fund capital projects. The only cash reserve that Council has is a \$9,000 statutory reserve relating to cash and investments held by Council that must be expended on a specific purpose as directed by legislation, and is for recreational land. Council does not have any discretionary cash reserves, which relate to 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. The level of private land development within the shire is such that any additional reserve contributions in the near future are anticipated to be negligible.

10.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 8) which directly impact the future service delivery strategy are to maintain existing service levels and to attempt to control operating deficits. The Rating Information (see Section 9) also refers to rate increases into the future approximating CPI plus 2-3%. 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:

	2015/16	2016/17	2017/18	2018/19
	%	%	%	%
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	5.25	5.15	5.00	4.75
Property growth	0.75	0.75	0.75	0.75
Wages growth	3.5	3.5	3.5	3.5
Government funding	0.3	0.7	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0
Investment return	3.0	3.0	3.25	3.5

Appendices

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 10 of this report.

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

The contents of the appendices are summarised below:

Appendix	Nature of information	Page
A	Financial statements	59
B	Rates and charges	66
C	Capital works program	71
D	Fees and charges schedule	81

Appendix A

Financial Statements

This appendix presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the years 2015/16 to 2018/19 has been extracted from the Strategic Resource Plan.

The appendix includes the following budgeted information:

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

Budgeted Comprehensive Income Statement

For the four years ending 30 June 2019

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates and service charges	8,149	8,552	9,049	9,562	10,082
Statutory fees and fines	178	124	127	130	133
User charges	636	736	754	773	792
Contributions - cash	145	70	200	0	0
Contributions - non-monetary assets	0	0	0	0	0
Grants - Operating (recurrent)	6,094	5,926	5,976	6,125	6,278
Grants - Operating (non-recurrent)	700	103	0	0	0
Grants - Capital (recurrent)	1,263	1,976	988	988	988
Grants - Capital (non-recurrent)	1,333	1,270	5,065	1,150	2,130
Net gain on disposal of property, infrastructure, plant and equipment	25	27	53	49	211
Other income	232	283	276	287	299
Fair value adjustments for investment property	0	0	0	0	0
Total income	18,755	19,067	22,488	19,064	20,913
Expenses					
Employee costs	6,401	6,312	6,481	6,643	6,809
Materials and services	6,774	5,695	5,828	5,951	6,123
Bad and doubtful debts	1	2	2	2	2
Depreciation and amortisation	7,900	8,200	8,530	8,790	9,320
Borrowing costs	125	34	15	5	0
Other expenses	483	466	478	490	502
Total expenses	21,684	20,709	21,334	21,881	22,756
Surplus (deficit) for the year	-2,929	-1,642	1,154	-2,817	-1,843
Other comprehensive income					
Items that will not be reclassified to surplus or deficit:					
Net asset revaluation increment /(decrement)	0	500	200	0	800
Comprehensive result	-2,929	-1,142	1,354	-2,817	-1,043

Budgeted Balance Sheet

For the four years ending 30 June 2019

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	2,346	2,346	2,346	2,346	2,346
Trade and other receivables	782	772	795	819	844
Land held for resale	1,449	1,850	1,403	1,483	2,766
Other assets	158	161	164	167	170
Total current assets	4,735	5,129	4,708	4,815	6,126
Non-current assets					
Trade and other receivables	98	93	87	80	72
Property, infrastructure, plant & equipment	284,039	282,020	283,326	280,127	277,803
Total non-current assets	284,137	282,113	283,413	280,207	277,875
Total assets	288,872	287,242	288,121	285,022	284,001
Liabilities					
Current liabilities					
Trade and other payables	972	1,011	1,051	1,093	1,137
Trust funds and deposits	173	176	180	184	188
Provisions	1,858	1,801	1,774	1,745	1,714
Interest-bearing loans and borrowings	905	801	304	0	0
Total current liabilities	3,908	3,789	3,309	3,022	3,039
Non-current liabilities					
Provisions	161	166	171	176	181
Interest-bearing loans and borrowings	374	0	0	0	0
Total non-current liabilities	535	166	171	176	181
Total liabilities	4,443	3,955	3,480	3,198	3,220
Net assets	284,429	283,287	284,641	281,824	280,781
Equity					
Accumulated surplus	82,174	80,532	81,686	78,869	77,026
Statutory reserve (recreational land)	9	9	9	9	9
Asset revaluation reserve	202,246	202,746	202,946	202,946	203,746
Total equity	284,429	283,287	284,641	281,824	280,781

Budgeted Statement of Changes in Equity

For the four years ending 30 June

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2015				
Balance at beginning of the financial year	287,358	85,103	202,246	9
Surplus/(deficit) for the year	-2,929	-2,929	0	0
Net asset revaluation increment(decrement)	0	0	0	0
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at end of the financial year	284,429	82,174	202,246	9
2016				
Balance at beginning of the financial year	284,429	82,174	202,246	9
Surplus/(deficit) for the year	-1,642	-1,642	0	0
Net asset revaluation increment(decrement)	500	0	500	0
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at end of the financial year	283,287	80,532	202,746	9
2017				
Balance at beginning of the financial year	283,287	80,532	202,746	9
Surplus/(deficit) for the year	1,154	1,154	0	0
Net asset revaluation increment(decrement)	200	0	200	0
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at end of the financial year	284,641	81,686	202,946	9
2018				
Balance at beginning of the financial year	284,641	81,686	202,946	9
Surplus/(deficit) for the year	-2,817	-2,817	0	0
Net asset revaluation increment(decrement)	0	0	0	0
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at end of the financial year	281,824	78,869	202,946	9
2019				
Balance at beginning of the financial year	281,824	78,869	202,946	9
Surplus/(deficit) for the year	-1,843	-1,843	0	0
Net asset revaluation increment(decrement)	800	0	800	0
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at end of the financial year	280,781	77,026	203,746	9

Budgeted Statement of Cash Flows

For the four years ending 30 June 2019

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
Cash flows from operating activities					
Rates and service charges	8,149	8,552	9,049	9,562	10,082
Statutory fees and fines	178	124	127	130	133
User charges	700	810	829	850	871
Contributions - cash	160	77	220	0	0
Grants - operating	6,794	6,029	5,976	6,125	6,278
Grants - capital	2,596	3,246	6,053	2,138	3,118
Interest	186	178	168	176	185
Trust funds and deposits taken	25	25	25	25	25
Other receipts	46	105	108	111	114
Net GST refund / payment	1,418	1,157	1,467	1,147	1,329
Employee costs	-6,416	-6,328	-6,498	-6,661	-6,828
Materials and services	-7,451	-6,265	-6,411	-6,546	-6,735
Trust funds and deposits repaid	-25	-25	-25	-25	-25
Other payments	-531	-513	-526	-539	-552
Net cash provided by operating activities	5,829	7,172	10,562	6,493	7,995
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	-7,978	-6,564	-10,988	-6,492	-6,988
Payments for land held for resale	-825	-852	0	-494	-1,789
Proceeds from sale of property, infrastructure, plant and equipment	334	299	391	351	363
Proceeds from sale of land held for resale	134	457	547	451	419
Payments for investments	-12,000	-12,000	-12,000	-12,000	-12,000
Proceeds from sale of investments	12,000	12,000	12,000	12,000	12,000
Net cash used in investing activities	-8,335	-6,660	-10,050	-6,184	-7,995
Cash flows from financing activities					
Borrowing costs	-125	-34	-15	-5	0
Proceeds from borrowings	0	0	0	0	0
Repayment of borrowings	-651	-478	-497	-304	0
Net cash provided by (used in) financing activities	-776	-512	-512	-309	0
Net (decrease) increase in cash & cash equivalents	-3,282	0	0	0	0
Cash and cash equivalents at beginning of the financial year	5,628	2,346	2,346	2,346	2,346
Cash and cash equivalents at end of the financial year	2,346	2,346	2,346	2,346	2,346

Budgeted Statement of Capital Works

For the four years ending 30 June 2019

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Property					
Land	750	165	0	0	996
Land improvements	38	610	4,000	464	830
Total land	788	775	4,000	464	1,826
Buildings	5	0	0	0	0
Building improvements	453	73	401	78	86
Leasehold improvements	426	340	243	0	0
Total buildings	884	413	644	78	86
Total property	1,672	1,188	4,644	542	1,912
Plant and equipment					
Plant, machinery and equipment	1,151	773	1,051	1,062	963
Fixtures, fittings and furniture	10	10	20	20	20
Computers and telecommunications	283	125	75	75	75
Library collection	0	0	0	0	0
Total plant and equipment	1,444	908	1,146	1,157	1,058
Infrastructure					
Roads	2,411	3,730	3,095	3,294	3,558
Bridges	2,126	896	817	1,088	1,031
Footpaths and cycleways	10	10	10	160	10
Drainage	10	10	10	10	10
Recreational, leisure and community facilities	20	0	267	100	400
Parks, open space and streetscapes	310	0	0	0	0
Total infrastructure	4,887	4,646	4,199	4,652	5,009
Total capital works expenditure	8,003	6,742	9,989	6,351	7,979
Represented by:					
New asset expenditure	886	775	4,047	449	1,626
Asset renewal expenditure	6,097	5,567	5,369	5,737	6,153
Asset expansion expenditure	150	50	0	0	0
Asset upgrade expenditure	870	350	573	165	200
Total capital works expenditure	8,003	6,742	9,989	6,351	7,979

Budgeted Statement of Human Resources

For the four years ending 30 June 2019

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	6,401	6,312	6,481	6,643	6,809
Employee costs - capital	231	238	245	252	260
Total staff expenditure	6,632	6,550	6,726	6,895	7,069
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	77.8	77.8	77.8	77.8	77.8
Total staff numbers	77.8	77.8	77.8	77.8	77.8

Appendix B

Rates and charges

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

1. Rates and service charges

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

Type or class of land	2014/15 cents/\$CIV	2015/16 cents/\$CIV	Change
General rate for rateable residential properties	0.4664	0.4909	5.25%
General rate for rateable commercial properties	0.4664	0.4909	5.25%
General rate for rateable industrial properties	0.4664	0.4909	5.25%
General rate for rateable rural/residential vacant land properties less than two hectares	1.5018	1.5708	4.59%
General rate for rateable non-farm vacant land properties of two hectares or more	1.1264	1.1781	4.59%
General rate for rateable farm properties	0.3755	0.3927	4.58%
Rate concession for rateable recreational properties	0.2332	0.2455	5.27%

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

Type or class of land	2014/15 \$	2015/16 \$	Change
General rate for rateable residential properties	2,408,480	2,589,507	7.52%
General rate for rateable commercial properties	124,426	136,966	10.08%
General rate for rateable industrial properties	45,115	40,799	-9.57%
General rate for rateable rural/residential vacant land properties less than two hectares	188,537	190,130	0.84%
General rate for rateable non-farm vacant land properties of two hectares or more	601,171	624,287	3.85%
General rate for rateable farm properties	3,552,939	3,719,003	4.67%
Rate concession for rateable recreational properties	15,701	16,699	6.35%
Total amount to be raised by general rates	6,936,371	7,317,391	5.49%

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

Type or class of land	2014/15 \$	2015/16 \$	Change
General rate for rateable residential properties	2,788	2,825	1.33%
General rate for rateable commercial properties	133	130	-2.26%
General rate for rateable industrial properties	47	47	0.00%
General rate for rateable rural/residential vacant land properties less than two hectares	341	332	-2.64%
General rate for rateable non-farm vacant land properties of two hectares or more	720	710	-1.39%
General rate for rateable farm properties	1,770	1,758	-0.68%
Rate concession for rateable recreational properties	42	42	0.00%
Total number of assessments	5,841	5,844	0.05%

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

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

Type or class of land	2014/15 \$	2015/16 \$	Change
General rate for rateable residential properties	516,397,000	527,502,000	2.15%
General rate for rateable commercial properties	26,678,000	27,901,000	4.58%
General rate for rateable industrial properties	9,673,000	8,311,000	-14.08%
General rate for rateable rural/residential vacant land properties less than two hectares	12,554,000	12,104,000	-3.58%
General rate for rateable non-farm vacant land properties of two hectares or more	53,373,000	52,991,000	-0.72%
General rate for rateable farm properties	946,308,000	947,034,000	0.08%
Rate concession for rateable recreational properties	6,733,000	6,802,000	1.02%
Total value of land	1,571,716,000	1,582,645,000	0.70%

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

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable Property 2015/16 \$	Change
Municipal Charge	0	0	0.00%

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

Type of Charge	2014/15 \$	2015/16 \$	Change
Municipal Charge	0	0	0.00%

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

Type of Charge	Per Rateable Property 2014/15 \$	Per Rateable Property 2015/16 \$	Change
Disposal Charge Improved Property	156	166	6.41%
Disposal Charge Unimproved Property	42	45	7.14%
Collection Charge Kerbside, Green & Recycling	270	288	6.67%
Collection Charge Kerbside & Recycling	270	288	6.67%

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

Type of Charge	2014/15 \$	2015/16 \$	Change
Disposal Charge Improved Property	176,748	190,734	7.91%
Disposal Charge Unimproved Property	92,232	98,145	6.41%
Collection Charge Kerbside, Green & Recycling	336,690	361,297	7.31%
Collection Charge Kerbside & Recycling	340,200	379,584	11.58%
Total amount to be raised by service charges	945,870	1,029,760	8.87%

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

Type of Charge	2014/15 \$	2015/16 \$	Change
General rates	6,936,371	7,317,391	5.5%
Municipal charge	0	0	0.0%
Service charges	945,870	1,029,760	8.9%
Rates and service charges	7,882,241	8,347,151	5.9%

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

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

- The making of supplementary valuations
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa
- Changes of use of land such that vacant land becomes non-vacant land and vice versa
- Changes of use of land such that residential land becomes business land and vice versa
- Changes to the level of service provided to a property.

2. Differential rates

2.1 Rates to be levied

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

- A general rate of 0.4909% (0.4909 cents in the dollar of CIV) for all rateable residential properties; and
- A general rate of 0.4909% (0.4909 cents in the dollar of CIV) for all rateable commercial properties; and
- A general rate of 0.4909% (0.4909 cents in the dollar of CIV) for all rateable industrial properties; and
- A general rate of 1.5708% (1.5708 cents in the dollar of CIV) for all rateable rural/residential vacant land properties less than two hectares; and
- A general rate of 1.1781% (1.1781 cents in the dollar of CIV) for all rateable non-farm vacant land properties of two hectares or more; and
- A general rate of 0.3927% (0.3927 cents in the dollar of CIV) for all rateable farm properties; and
- A general rate of 0.2455% (0.2455 cents in the dollar of CIV) for all rateable recreational properties.

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

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

2.2 Rural/residential vacant land properties less than two hectares

Vacant land in this class is any land where ever located within the Municipality on which no dwelling is erected, and which does not meet the definition of farmland.

The objective of this differential rate is to encourage development of vacant land.

The differential rate will be used to fund those items of expenditure outlined in the council budget documentation. The level of the differential rate is that which council considers necessary to achieve those objectives specified above.

3.3 Non-farm vacant land properties of two hectares or more

Vacant land in this class is any land where ever located within the Municipality on which no dwelling is erected, and which does not meet the definition of farmland.

The level of the differential rate is also that level which council considers necessary to achieve the objectives specified under item 3.2.

3.4 Residential land

Residential land is any land, wherever located within the Municipality which has a dwelling that can be occupied for the principal purpose of physically accommodating persons, and does not have the characteristics of Vacant Land, Farm Land, Commerical Land or Industrial Land.

3.5 Commercial and Industrial Land

Commercial and Industrial land is that which is occupied for the principal purpose of manufacturing or production of, or the trade in, of goods or services.

3.6 Farm Land

Farm land is defined as any rateable land which meets the definition as described under the Valuation of Land Act 1960.

The Valuation of Land Act 1960, defines farm land as any rateable land:

- (a) that is not less than 2 hectares in area and
- (b) that is used primarily for grazing (including agistment), dairying, pig farming, poultry farming, fish farming, tree farming, bee keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities; and
- (c) that is used by a business ---
 - (i) that has a significant and substantial commercial purpose or character;
 - (ii) that seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
 - (iii) that is making a profit from its activities on the land, or that has a reasonable prospect of making a profit from its activities on the land if it continues to operate.

Objective: Apply a discount to farming as Council believes these properties pay disproportionately higher rates in relation to income generated because of the higher land component.

3.7 Recreational Land

Cultural and Recreational land is any single rateable assessment used for recreational or cultural activities including Golf Clubs, Bowls Clubs, Scout or Guide halls, Masonic Halls, Historical Societies, and Heritage buildings (not for profit).

Appendix C Capital works program

This appendix presents a listing of the capital works projects that will be undertaken for the 2015/16 year.

Capital works program For the year ending 30 June 2016

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	Contri- butions \$'000	Council cash \$'000	Asset Sales \$'000
PROPERTY									
Land									
Beaufort Industrial Estate	155	155						155	
Avoca Industrial Estate	10	10						-31	41
Total Land	165	165	0	0	0	0	0	124	41
Land Improvements									
Beaufort Residential Land Development	610	610						236	374
Total Land Improvements	610	610	0	0	0	0	0	236	374
Building improvements									
Beaufort Depot Upgrade Planning	5			5					5
Avoca Depot Upgrade Planning	5			5					5
Building Renewal Program	63		63					63	
Caravan Park Improvements	340			340					270
Total Building Improvements	413	0	63	350	0	0	0	73	0
TOTAL PROPERTY	1,188	775	63	350	0	0	0	433	415

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	Asset Sales \$'000
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment	398		398					326	72
Plant	375		375					175	200
Motor Vehicles	773	0	773	0	0	0	0	501	272
Total Plant, Machinery and Equipment	773	0	773	0	0	0	0	501	272
Fixtures, Fittings and Furniture	10		10					10	
Furniture & Fittings	10	0	10	0	0	0	0	10	0
Total Fixtures, Fittings and Furniture	10	0	10	0	0	0	0	10	0
Computers and Telecommunications	50				50				
Telecommunications Improvements	75		75					50	
Computer Hardware	125	0	75	0	50			75	
Total Computers and Telecommunications	125	0	75	0	50	0	0	125	0
TOTAL PLANT AND EQUIPMENT	908	0	858	0	50	0	0	636	272

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	Asset Sales \$'000
INFRASTRUCTURE									
Roads									
Gravel Road Resheets	600		600					600	
Forward Design & Survey	50		50					50	
Reseals	700		700					700	
Major Patches	100		100					100	
Road Shoulders	50		50					50	
Racecourse Road/Blackbottom Road Intersection	90		90			90			
Moonambel Natta Yallock Road	138		138			138			
Trawalla Road	330		330			330			
Kayleys Lane	211		211			211			
Crowlands-Eversley Road	320		320			320			
Black Bottom/Beaufort Waubra Rd. Intersection	184		184			184			
State funded roads & bridges	957		957			957			
Total roads	3,730	0	3,730	0	0	2,230	0	1,500	0
Bridges									
Major Culverts	150		150					150	
Crowlands-Eversley Road Bridge	185		185			185			
Trawalla Road Bridge	165		165			165			
Carnham-Streatham Road Bridge	145		145			145			
Bridge Strengthening Projects	208		208			208			
State funded roads & bridges	43		43			43			
Total Bridges	896	0	896	0	0	746	0	150	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	Asset Sales \$'000	
Footpaths, Kerb & Channel and Cycleways										
Kerb & Channel	10		10					10		
Footpaths	10		10					10		
Total Footpaths, Kerb & Channel and Cycleways	20	0	20	0	0	0	0	20	0	0
TOTAL INFRASTRUCTURE	4,646	0	4,646	0	0	2,976	0	1,670	0	0
TOTAL NEW CAPITAL WORKS 2015/16	6,742	775	5,567	350	50	3,246	70	2,739	687	0
2. Summary										
PROPERTY	1,188	775	63	350	0	270	70	433	415	0
PLANT AND EQUIPMENT	908	0	858	0	50	0	0	636	272	0
INFRASTRUCTURE	4,646	0	4,646	0	0	2,976	0	1,670	0	0
TOTAL CAPITAL WORKS	6,742	775	5,567	350	50	3,246	70	2,739	687	0

2013/2014 Revenue	2014-2015 Fee Incl.GST	Description	Units	GST	2015-2016 Fee Incl.GST
\$0.00	\$22.00	<p>Note 1: Fees shown in red are set by Statute and are subject to change.</p> <p>Aerial Photography</p> <p>Animal Offences Domestic (Feral & Nuisance) Animals Regulations</p> <p>(Penalty Units are set by the Victorian Treasurer in April each year. For the 2014/15 financial year one penalty unit was set at \$147.61)</p>		<p>Taxable</p>	\$22.00
	\$289.00	10(1)- Failure to apply to register a dog or cat		Not Taxable	
	\$72.00	20(1)- Registered dog or cat not wearing council identification marker	0.5	Not Taxable	
	\$72.00	21- Unregistered dog or cat wearing council identification maker	0.5	Not Taxable	
	\$72.00	22- Person other than owner removing, altering or defacing identification marker	0.5	Not Taxable	
	\$72.00	23(2) - Dog or cat on private property after notice of objection served	0.5	Not Taxable	
	\$217.00	24(1) - Dog at large or not securely confined to owner's premises during the daytime	1.5	Not Taxable	
	\$289.00	24(1) - Dog at large or not securely confined to owner's premises during night time	2	Not Taxable	
	\$72.00	25(1) - Cat at large or not securely confined to owner's premises in restricted municipal district	0.5	Not Taxable	
	\$144.00	26(1) - Contravening council order relating to presence of dogs and cats in public places	1	Not Taxable	
	\$217.00	27(1) - Greyhound outside owner's premises not adequately muzzle or not effectively controlled by chain, cord or leash.	1.5	Not Taxable	
	\$72.00	32(1) - Dog or cat being a nuisance	0.5	Not Taxable	
	\$217.00	32(4) - Not complying with order to abate nuisance	1.5	Not Taxable	
	\$289.00	38(1) - Failure to ensure that dangerous dog is properly confined on owner's residential premises	2	Not Taxable	
	\$289.00	38(2) - Failure to ensure that dangerous dog is properly confined on owner's non-residential premises	2	Not Taxable	
	\$289.00	41E Failure to comply with requirement to muzzle or effectively control menacing dog	2	Not Taxable	
	\$144.00	41G Failure to ensure that restricted breed dog is properly confined on owner's premises	1	Not Taxable	
	\$289.00	63A Conducting a domestic animal business that does not comply with the relevant Code of Practice	2	Not Taxable	
	\$361.00	29(6) Non serious injury caused by non dangerous dog	2.5	Not Taxable	
	\$144.00	29 (7)(8) Dog Rushing or chasing a person	1	Not Taxable	
	\$144.00	41G Not confining a Restricted Breed Dog	1	Not Taxable	
	\$289.00	12A(2) Advertising for sale without a microchip number	2	Not Taxable	
		<p>Animal Impounding Impounding of Livestock Regulations</p> <p>(Penalty Units are set by the Victorian Treasurer in April each year. For the 2014/15 financial year one penalty unit was set at \$147.61)</p>			
	\$289.00	s.25(e) A person must not impound livestock unless he or she is an authorised person	2	Not Taxable	
	\$289.00	s.25(g) A person must not drive livestock from a person's land without proper authority	2	Not Taxable	
	\$289.00	s.25A Livestock found trespassing after a notice has been served on the owner of the livestock under s.16A	2	Not Taxable	
	\$577.00	s.25B Failure by an owner of livestock to comply with a notice served under s.16B	4	Not Taxable	
\$2,612.34					

<u>2013/2014</u> <u>Revenue</u>	<u>2014-2015</u> <u>Fee Incl.GST</u>	<u>Description</u>	<u>Units</u>	<u>GST</u>	<u>2015-2016 Fee</u> <u>Incl.GST</u>
\$10,577.75		Animal Registration			
		Cat Registration			
		\$24.00 Cat General ***		Not Taxable	\$25.00
		\$23.00 Cat registered with an Approved Association		Not Taxable	\$25.00
		\$23.00 Cat kept for Breeding on registered premises		Not Taxable	\$25.00
		\$72.00 Cat <u>NOT</u> included above		Not Taxable	\$75.00
		Pensioner Rate			
		\$13.00 Cat General ***		Not Taxable	\$12.50
		\$12.50 Cat registered with an Approved Association		Not Taxable	\$12.50
		\$12.50 Cat kept for Breeding on registered premises		Not Taxable	\$12.50
	\$37.00 Cat <u>NOT</u> included above		Not Taxable	\$37.50	
\$64,445.25		Dog Registration			
		\$30.00 Dog General ****		Not Taxable	\$31.00
		\$29.00 Farm Working dog (Primary Production Only)		Not Taxable	\$31.00
		\$29.00 Dog Registered with an Approved Assoc/Approved Training		Not Taxable	\$31.00
		\$29.00 Dog kept for Breeding on Registered Premises		Not Taxable	\$31.00
		\$90.00 Dog Other (Including Microchipped)		Not Taxable	\$93.00
		Pensioner Rate			
		\$16.75 Dog General ****		Not Taxable	\$15.50
		\$16.25 Farm Working dog (Primary Production Only)		Not Taxable	\$15.50
		\$16.25 Dog Registered with an Approved Assoc/Approved Training		Not Taxable	\$15.50
	\$16.25 Dog kept for Breeding on Registered Premises		Not Taxable	\$15.50	
	\$46.75 Dog Other (Including Microchipped)		Not Taxable	\$46.50	
		*** Cat General = Desexed and Microchipped or Over 10 Yrs *** Dog General = Desexed and Microchipped or Over 10 Yrs Compulsory Microchipping for all Newly Registered Dogs Compulsory Microchipping & Desexing for all Newly Registered Cats a) All animal registerd with a Council , for the time, must be microchipped as per Legislation under the Domestic Animal Act 1994 b) Desexing of Cats for first time registration is compulsory under Council's adopted Local Law No. 2 (6.5), except for cats that may be exempt under Section 10B of the Domestic Animal Act 1994. c) Proof of microchipping and desexing is required when registering your animal. d) Changes to Legislation under the Domestic Animals Act 1994 came into force in May 2012. The changes provide, after 11th April 2013, for the removal of reduced registration fee for any newly registered dog or cat that is microchipped.			
\$1,700.00		Avoca Community Centre			
		\$38.50 Meeting room - All Day		Taxable	\$38.50
		\$27.50 Meeting room - Half Day		Taxable	\$27.50
		\$27.50 Meeting room - Night		Taxable	\$27.50
		\$55.00 Hall - All Day		Taxable	\$55.00
		\$38.50 Hall - Half Day		Taxable	\$38.50
		\$38.50 Hall - Night		Taxable	\$38.50
		\$27.50 Allied Health Room - All Day		Taxable	\$27.50
		\$27.50 Allied Health Room - Half Day		Taxable	\$27.50
		\$27.50 Allied Health Room - Night		Taxable	\$27.50
	\$27.50 Kitchen Extra if using full facilities i.e. Meal		Taxable	\$27.50	
	\$16.50 Community Groups Meeting/Dance Lessons (All Day)		Taxable	\$16.50	
\$3,553.79		Avoca Hall			
		Casual Use - Medium to Large - Reception, Concerts, Weddings, Dance, Cabaret, Ball, Conference, Shows, Meetings, Lectures, Land Sales etc			
		\$16.50 Supper Room - Day OR Night		Taxable	\$16.50
		\$22.00 Supper Room - Day AND Night		Taxable	\$22.00
		\$44.00 Kitchen (Includes Supper Room) - Day OR Night		Taxable	\$44.00
		\$44.00 Kitchen (Includes Supper Room) - Day AND Night		Taxable	\$44.00
		\$55.00 Kitchen (Includes Supper Room) - Day OR Night		Taxable	\$55.00
		\$66.00 Hall Only - Day AND Night		Taxable	\$66.00
		\$77.00 Hall & Kitchen - Day OR Night		Taxable	\$77.00
		\$110.00 Hall & Kitchen - Day AND Night		Taxable	\$110.00
	Fete or Exhibitions				
	\$88.00 Hall Only		Taxable	\$88.00	
	\$137.50 Hall, Supper Room & Kitchen		Taxable	\$137.50	
	Casual Use - Small- Dance Lessons, Exercise Class, Rehearsals, Preparation, Decorations, Deb Practice				
	\$16.50 Hall Only		Taxable	\$16.50	
	\$16.50 Supper Room		Taxable	\$16.50	
	Regular Users - weekly up to monthly booking for a minimum period of 6 months				
	\$12.00 Kitchen (Includes Supper Room) - Day OR Night		Taxable	\$12.00	
	\$12.00 Hall Only - Day AND Night		Taxable	\$12.00	

<u>2013/2014</u> <u>Revenue</u>	<u>2014-2015</u> <u>Fee Incl.GST</u>	<u>Description</u>	<u>Units</u>	<u>GST</u>	<u>2015-2016 Fee</u> <u>Incl.GST</u>
\$3,965.20	\$49.50	Avoca Information Centre Large Meeting Room -All Day		Taxable	\$49.50
	\$27.50	Large Meeting Room - Half Day		Taxable	\$27.50
	\$27.50	Small Meeting Room - All Day		Taxable	\$27.50
	\$16.50	Small Meeting Room - Half Day		Taxable	\$16.50
	\$7.70	Non Profit & Community Groups - Half Day		Taxable	\$7.70
	\$22.00	Computer Room (Includes internet access) **** Tea & Coffee can be provided at fee of \$1.15 per head		Taxable	\$22.00
\$3,827.05	\$38.50	Beaufort Community Centre Meeting room - All Day		Taxable	\$38.50
	\$27.50	Meeting room - Half Day		Taxable	\$27.50
	\$27.50	Meeting room - Night		Taxable	\$27.50
	\$55.00	Hall - All Day		Taxable	\$55.00
	\$38.50	Hall - Half Day		Taxable	\$38.50
	\$38.50	Hall - Night		Taxable	\$38.50
	\$27.50	Allied Health Room - All Day		Taxable	\$27.50
	\$27.50	Allied Health Room - Half Day		Taxable	\$27.50
	\$27.50	Allied Health Room - Night		Taxable	\$27.50
	\$27.50	Kitchen Extra if using full facilities i.e. Meal		Taxable	\$27.50
	\$16.50	Community Groups Meeting/Dance Lessons (All Day)		Taxable	\$16.50
\$1,190.00	\$132.00	Beeripmo Centre Meeting Space A (whole space) Full Day		Taxable	\$132.00
	\$99.00	Meeting Space A (whole space) Half Day		Taxable	\$99.00
	\$66.00	Meeting Space B & C (half space) Full Day		Taxable	\$66.00
	\$55.00	Meeting Space B & C (half space) Half Day		Taxable	\$55.00
	\$66.00	Local School & Community Groups received a discounted rate as follows: Meeting Space A		Taxable	\$66.00
\$33.00	Meeting Space B & C		Taxable	\$33.00	
\$3,926.82	\$55.00	Beaufort Hall Casual Use - Medium to Large - Reception, Concerts, Weddings, Dance, Cabaret, Ball, Conference, Shows, Meetings, Lectures, Land Sales etc Hall Only - Day OR Night		Taxable	\$55.00
	\$66.00	Hall Only - Day AND Night		Taxable	\$66.00
	\$77.00	Hall & Kitchen - Day OR Night		Taxable	\$77.00
	\$110.00	Hall & Kitchen - Day AND Night		Taxable	\$110.00
	\$44.00	Kitchen Only		Taxable	\$44.00
	\$88.00	Fete or Exhibitions Hall Only		Taxable	\$88.00
	\$137.50	Hall & Kitchen		Taxable	\$137.50
	\$44.00	Kitchen Only		Taxable	\$44.00
	\$16.50	Casual Use - Small- Dance Lessons, Exercise Class, Rehearsals, Preparation, Decorations, Deb Practice Hall Only		Taxable	\$16.50
	\$12.00	Regular Users - weekly up to monthly booking for a minimum period of 6 months Kitchen (Includes Supper Room) - Day OR Night		Taxable	\$12.00
	\$12.00	Hall Only - Day AND Night		Taxable	\$12.00
\$2,229.37	\$49.50	Beaufort Resource Centre Large Meeting Room -All Day		Taxable	\$49.50
	\$27.50	Large Meeting Room - Half Day		Taxable	\$27.50
	\$27.50	Small Meeting Room - All Day		Taxable	\$27.50
	\$16.50	Small Meeting Room - Half Day		Taxable	\$16.50
	\$7.70	Non Profit & Community Groups - Half Day		Taxable	\$7.70
	\$22.00	Computer Room (Includes internet access) **** Tea & Coffee can be provided at fee of \$1.15 per head		Taxable	\$22.00
\$250.00	Bonds/Security Deposits Hall Hire - Security Deposit		Not Taxable	\$250.00	
\$100.00	Beaufort Hall Cleaning Bond		Not Taxable	\$100.00	
\$15.00	Public Liability Insurance - Halls		Taxable	\$15.00	

2013/2014 Revenue	2014-2015 Fee Incl.GST	Description	Units	GST	2015-2016 Fee Incl.GST
\$46,747.68		Building Control Works Within the Shire			
	\$220 + \$3/m2 (Min \$600)	Class 1A - Dwellings - New (Inc Garage & Verandah) Up to \$150,000 \$150,001 - \$200,000 \$200,001 - \$250,000 \$250,001 - \$300,000 >\$300,000		Taxable	\$1,500.00 \$2,000.00 \$2,250.00 \$2,700.00 By negotiation
	\$275 + \$3/m2 (Min \$500)	Class 1A - Dwellings - Extensions/Alterations (incl Demolitions) Up to \$10,000 \$10,001 - \$20,000 \$20,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$150,000 >\$150,000		Taxable	\$550.00 maximum \$680.00 \$900.00 \$1,300.00 \$1,700.00 \$1,700.00 + (Value - \$150,000)/105
	\$220.00 \$330.00 \$440.00	Class 1A - Internal Alterations & Minor Works Up to \$10,000 \$10,001 - \$20,000 \$20,001 - \$50,000 \$50,001 - \$100,000 >\$100,000		Taxable Taxable Taxable Taxable	\$400.00 maximum \$560.00 \$810.00 \$1,030.00 \$1,030.00 + (Value - \$100,000)/110
	\$418.00 \$563.20 \$720.50 Cost of works x 1.0% + \$330 Cost of works x 0.4% + \$990 Cost of works x 0.25% + \$1815 (Cost of works/\$500 + \$1,550) X 1.2 + GST	Class 1B & 2-9 Residential & Commercial works other than Class 1A Up to \$5,000 \$5,001 - \$15,000 \$15,001 - \$30,000 \$30,001 - \$100,000 \$100,001 - \$500,000 \$500,001 - \$2M Over \$2M		Taxable Taxable Taxable Taxable Taxable Taxable Taxable	4(Value/2000+√value) +GST Minimum \$800
	For Classes 1A, 1B and 2-9, the Municipal Building Surveyor has the discretion to apply a permit fee discount of up to 10% for high quality plans and performance.				
	\$110.00	Class 10A/10B Garages/Carports/Pool/Fences etc Up to \$5,000 \$5,001 - \$10,000 \$10,001 - \$20,000 \$20,001 - \$50,000 \$50,001 - \$100,000 >\$100,000			\$400.00 \$560.00 \$680.00 \$810.00 \$1,030.00 \$1,030.00 + (Value - \$100,000)/110
	\$220 + \$1/m2				
	\$165.00 \$110.00 \$110.00	Pool Fence Only Additional Inspections Domestic Commercial Building Other Amendment and/or Extension of Building Permits, or Amendment of Approved Plans Dispensation for Siting of Single Dwellings Building Notice Building Order * - Subject to discretion of Municipal Building Surveyor Temporary Structure Siting Approval Places of Public Entertainment (POPE) Occupancy Permit		Taxable Not Taxable Not Taxable Not Taxable Not Taxable Not Taxable	\$250.00 \$210.00 \$330.00 \$210.00 \$245.00 \$580.00 minimum * \$410.00 minimum * \$410.00 minimum Full cost recovery (minimum \$590)
	\$330 to \$950 at the discretion of the Municipal Building Surveyor	Subdivision Statements for Buildings - Regulation 503(2) Pool Safety Fence Inspection Provide Copy of Building Permit or Occupancy Permit (with owner's consent) Provide Copy of Building Permit including plans (with owner's consent)		Not Taxable Taxable Not Taxable Not Taxable	\$245.00 \$200.00 \$47.00 minimum \$82.00 minimum
\$1,100.00 \$550.00 + (\$150 Penalty) \$385.00 + (\$150 Penalty)	Illegal Works/ Resolution of Works without a Permit House/Dwelling Additions/Alterations Carports/Garages/Verandah Minor Alterations		Taxable Taxable Taxable Taxable	Equivalent permit fee plus up to 50% penalty at the discretion of the Municipal Building Surveyor	

2013/2014 Revenue	2014-2015 Fee Incl.GST	Description	Units	GST	2015-2016 Fee Incl.GST
	\$220.00	Building Miscellaneous Private Inspections		Taxable	\$200.00 plus \$0.82 per kilometre travelled \$5,000.00 maximum
	\$5,000.00	Security Deposit for Re-erected Dwellings		Not Taxable	
	\$275.00	Restump		Taxable	
	\$48.60	Regulation 326(1) (2) (3) or (4) Advise (Property Information)		Not Taxable	
	\$60.90	Application for Demolition Consents - Section 29(A)		Not Taxable	
	\$48.60 Indexed	Property Information		Not Taxable	
	\$97.20 Indexed	Property Information (over 10 years)		Not Taxable	
	\$36.40 Indexed	Lodgement Fees (Nil for projects under \$5,000)		Not Taxable	
	\$150.00 to \$238.75 Indexed	Report & Consent		Taxable	
	\$1.28/\$1,000 of Building works	BBC Levy (All works over \$10,001 +)		Not Taxable	
	new	Debt Collection Debt collection agency lodgement fee		Taxable	\$22.00
		Domestic Works - Outside the Shire			
	\$330 + \$3/m2	New Dwelling (Inc Garage & Verandah)		Taxable	Not available
	\$330 + \$3/m2	Units		Taxable	Not available
	\$385 + \$3/m2	Additions/Extensions		Taxable	Not available
	\$330.00	Internal Alterations <\$5,000		Taxable	Not available
	\$440.00	Internal Alterations >\$5,001-\$10,000		Taxable	Not available
	\$550.00	Internal Alterations >10,001-\$25,000		Taxable	Not available
	\$660.00	Internal Alterations >\$25,000-\$40,000		Taxable	Not available
	\$330.00	Garage/Carport/Pergola/Verandah <100m2		Taxable	Not available
	\$330 + \$3/m2	Garage/Carport/Pergola/Verandah >100m2		Taxable	Not available
	\$660 + \$3/m2+ Deposit	Relocatable Dwellings		Taxable	Not available
	\$5,000.00	Security Deposit for Re-erected Dwellings		Not Taxable	Not available
	\$550.00	Restump		Taxable	Not available
	\$165.00 + \$59.62 (Sec 29A) Indexed	Demolition/Removals- 1 Storey up to 6m from street alignment		Not Taxable	Not available
	\$250/storey + \$59.62 (Sec 29A) Indexed	Demolition/Removals- Other buildings < 1 Storey		Not Taxable	Not available
	\$92.90 (\$47.60 to MBS) Indexed	Property Information		Not Taxable	Not available
	\$97.20 Indexed	Property Information (over 10 years)		Not Taxable	Not available
	\$36.40 Indexed	Lodgement Fees (Nil for projects under \$5,000)		Not Taxable	Not available
	\$1.28/\$1,000 of Building works	BBC Levy (All works over \$10,001 +)		Not Taxable	Not available
	\$165.00	Extra Inspections		Taxable	Not available
	\$220 + \$3/m2	M.O.H Granny Flats		Taxable	Not available
	\$330 to \$950 at the discretion of the Municipal Building Surveyor	Festivals, Including POPE Occupancy & Temp Structures		Taxable	Not available
	\$110.00	Signs		Taxable	Not available
	\$165.00	Fences		Taxable	Not available
	\$385.00	Pools (Including Fence)		Taxable	Not available
	\$165.00	Pool Fence Only		Taxable	Not available
	\$220.00	Private Inspections		Taxable	Not available
	\$88/hr	Refund Charge rate		Taxable	Not available
	\$66.00	Inception/Full History		Taxable	Not available
	\$150 to \$238.75 Indexed	Report & Consent		Taxable	Not available
	\$48.60 Indexed	Property Information		Not Taxable	Not available
	\$97.20 Indexed	Property Information (over 10 year)		Not Taxable	Not available
	\$36.40 Indexed	Lodgement Fees (Nil for projects under \$5,000)		Not Taxable	Not available
	\$1.28/\$1,000 of Building works	BBC Levy (All works over \$10,001 +)		Not Taxable	Not available
	\$5,000 min	Security Deposit - Demolition of any Building		Not Taxable	Not available
	\$5,000 min	Security Deposit - Relocation of Building		Not Taxable	Not available

<u>2013/2014</u> Revenue	<u>2014-2015</u> Fee Incl.GST	<u>Description</u>	<u>Units</u>	<u>GST</u>	<u>2015-2016 Fee</u> Incl.GST
\$2,095.52	\$70.00	Community Bus Beaufort - 12 Seater		Taxable	\$72.00
	\$50.00	Beaufort - 8 Seater		Taxable	\$52.00
\$2,432.79	\$70.00	Avoca - 12 Seater		Taxable	\$72.00
	\$50.00	Avoca - 8 Seater		Taxable	\$52.00
\$3,660.02	\$20.00	Community Car Avoca - travelling to Maryborough		Taxable	\$21.00
	\$35.00	Avoca - travelling to Ballarat		Taxable	\$36.00
	\$70.00	Avoca - travelling to Melbourne		Taxable	\$72.00
\$1,100.91	\$12.00 flat rate	Community Transport HACC Clients - Avoca/Maryborough		Taxable	\$12.50 flat rate
	\$20.00 flat rate	Beaufort HACC Car		Taxable	\$21.00 flat rate
\$729.55	\$5.50 (3yr permit)	Disabled Parking Permits		Taxable	\$5.50 (3yr permit)
		Fire Hazards Removal Failure to kept property free of Fire hazards			
	\$440.00	Vacant Land - Under 1000 s.m		Taxable	\$440.00
	\$660.00	Vacant Land - Under 1000 s.m to 1 Ha (10,000 s.m.)		Taxable	\$660.00
	\$880.00	Vacant Land - More than 1 Ha (10,000 s.m.) to 2 Ha (20,000 s.m.)		Taxable	\$880.00
\$9,018.70	\$1,100.00	Vacant Land over 2 Ha & subject to size will be a minimum		Taxable	\$1,100.00
	\$660.00	Residential sites (with buildings) of less than 1 Ha		Taxable	\$660.00
	\$1,100.00	Residential sites (with buildings) of over 1 Ha & subject to size a minimum		Taxable	\$1,100.00
	\$1,100.00	Commercial sites		Taxable	\$1,100.00
	\$1,100.00	Farm Sites		Taxable	\$1,100.00
	\$1,408.40	Plus a Non-Compliance Infringement of - Penalty Units x10 @ \$140.84	10	Not Taxable	
	\$16,900.80	Plus a Non-Compliance Fire Prevention Notice - Penalty Units x120 @ \$140.84	120	Not Taxable	
	\$16,900.80	The offence of failing to comply with conditions and restrictions in a Permit to Light a fire issued during the Fire Danger Period is: x 120 Penalty units (16900.80) or imprisonment for 12 or both, as determined by the courts	120	Not Taxable	
	\$33,801.00	The offence of lighting a fire on a day of Total Fire Ban is x 240 Penalty Units (\$33801.00) or imprisonment for 2 years or both as determined by the courts.	240	Not Taxable	
		*** The above rates are for grass cutting only additional charges may apply if there is significant quantities of heavy plant growth or weeds that cannot be cleared with a conventional mower or small slasher.			
	\$26.50	Freedom of Information FOI Application Fee		Not Taxable	
	\$20.00/hr	FOI Search & Retrieval of Document Fee		Not Taxable	
	20 cents A4 & 40 cents A3	FOI Photocopying (B&W)		Not Taxable	
	40 cents A4 & 80cents A3	FOI Photocopying (Colour)		Not Taxable	
	\$5.00/qtr hr	FOI Supervised Inspection of documents		Not Taxable	
\$123.60					
\$11,045.00	\$325.00	Food Premises & Environmental Health Septic Tank Application Fees - Installation		Not Taxable	\$350.00
	\$165.00	Septic Tank Application Fees - Alteration		Not Taxable	\$175.00
\$0.00		Septic Tank Infringement Fines			
		Food Act, 1984 Food premises & Food vehicles Premises selling food by retail in sealed packages only			
	\$310.00	Renewal of Premises Class 1		Not Taxable	\$320.00
	\$340.00	Class 2 - Supermarkets		Not Taxable	\$350.00
	\$275.00	Class 2 - Others1		Not Taxable	\$280.00
	\$200.00	Class 3		Not Taxable	\$210.00
	\$110.00	Community Groups		Not Taxable	\$110.00
		New Premises - 150% of Renewal Fee			
		Transfer premises - 50% of Renewal Fee			
	\$180.00	Inspection and Report		Not Taxable	\$200.00
	nil	Inspection of Temp/Itinerant Premises		Not Taxable	Nil
\$29,589.90					

2013/2014 Revenue	2014-2015 Fee Incl.GST	Description	Units	GST	2015-2016 Fee Incl.GST
	\$200.00	Public Health & Wellbeing Act Premises required to be registered Pursuant to Section 366c of the Health Act. (Hairdressers, Ear-Piercing, Tattooists) Prescribed Accommodation Houses (Premises which are able to be or are currently registered under both the Health Act and Food Act, e.g. Hotel, only one registration fee to apply) Renewal of registration New Premises - 150% of Renewal Fee Transfer Premises - 50% of Renewal Fee Premises with dual Registration		Not Taxable	\$200.00
	\$70.00	Caravan Parks & Moveable Dwellings Act Fees are fixed by legislation Transfer of Premises		Not Taxable	\$80.00
\$0.00	3 year reg based on fee units set by State Govt. 5 fee units			Not Taxable	3 year reg based on fee units set by State Govt. 5 fee units
\$7,219.95	\$7.00 per session \$7.00 per session \$7.00 per session \$42.00 per day	HACC - Planned Activity Group Beaufort PAG Avoca PAG Outreach PAG Brokerage Clients - PAG (excl. excursion and external meal costs)		Not Taxable	\$7.30 per session \$7.30 per session \$7.30 per session \$42.00 per day
\$35,816.50	\$5.80 per hour	HACC - Postive Aging Services HACC - Domestic Assistance		Not Taxable	\$5.80 per hour
\$80,668.11	\$39.00 \$47.50 \$58.50	HACC - Brokerage Domestic Assistance/Respite/Personal Care Delivered during 7am-7pm Delivered outside normal hours Delivered Sat, Sun & public holidays		Taxable Taxable Taxable	\$45.00/hr + \$1.10 per kilometre travelled \$55.00/hr + \$1.10 per kilometre travelled \$65.00/hr + \$1.10 per kilometre travelled
\$795.00	\$39.00	HACC - DVA Domestic Assistance/Respite/Personal Care		Not Taxable	\$39.00
\$1,377.73	\$2.25 per hour	HACC - Respite		Not Taxable	\$2.90 per hour
\$4,046.34	\$4.00 per hour	HACC - Personal Care		Not Taxable	\$4.30 per hour
\$3,335.00	Soup \$0.50, Mains \$7.50, Sweet \$0.70 \$11.50	HACC - Delivered Meals (Meals on Wheels) HACC - Brokerage Delivered Meals		Not Taxable Taxable	\$8.70 \$11.50
\$1,533.25	up to 50% of cost	HACC - Property Maintenance		Taxable	up to 50% of cost
\$1,260.00	\$11.00 New	FDC Educator Fee Session Hire of Avoca Facility Land Information Certificate - Express Immediate turnaround (<24 hours) (Charge in addition to statutory certificate fee)		Taxable Taxable	\$11.00 \$50.00
\$20.00	\$5.50 \$2.20 \$1.10	Laminating A3 A4 Pocket		Taxable Taxable Taxable	\$5.50 \$2.20 \$1.10
\$2,325.13	.25c p/day - Up to max \$5.00 \$2.50 \$2.00 Cost of replacement \$5.50 \$2.00 per item \$18.50 per item	Library Services - (Beaufort & Avoca) Fines - per day/per item Library Bags Library Card replacements Lost or damaged items plus Processing fee Processing fee Intra Library Loans - Public Library Intra Library Loans - University or National Libraries		Taxable Taxable Taxable Taxable Taxable Taxable	.25c p/day - Up to max \$5.00 \$2.50 \$2.00 Cost of replacement \$5.50 \$2.00 per item \$18.50 per item

<u>2013/2014</u> Revenue	<u>2014-2015</u> Fee Incl.GST	<u>Description</u>	<u>Units</u>	<u>GST</u>	<u>2015-2016 Fee</u> Incl.GST
		Local Laws No. 2 Environment			
		Environment			
		Temporary Accommodation - Clause 5.2			
		Permit required to occupy Temporary Accommodation in a public place or on private land:			
	\$100.00	Fee: 1st year		Not Taxable	\$100.00
	\$200.00	Fee: 2nd year		Not Taxable	\$200.00
		Temporary Permit for Caravan - Clause 5.2(3)			
	\$50.00	Fee: (applies to an application for extension of permit)		Not Taxable	\$50.00
		Noise from Business & Industrial Premises - Clause 8.4			
	\$20.00	Permit required in a commercial, business, or industrial zone to emit amplified sound or spruik from a premises:		Not Taxable	\$20.00
		Noise in a Public Place - Clause 8.5			
	\$20.00	Permit required to play musical instruments, use sound amplification equipment or deliver public addresses in a public place:		Not Taxable	\$20.00
		Handbills - Clause 8.6			
	\$20.00	Permit required to distribute handbills or printed material goods, gifts or advertising material in a public place:		Not Taxable	\$20.00
		Local Laws No. 3 Streets & Roads Fee Structure			
		Letter Boxes - Clause 5.2.2			
	\$5.00	Permit to erect a letter box on a road reserve:		Not Taxable	\$5.00
		Horses On Reserves - Clause 6.2.1			
	\$5.00	Permit to ride or lead a horse or authorise another person to ride or lead a horse:		Not Taxable	\$5.00
		Parking of Vehicle over 6 Tonne - Clause 6.3.1			
\$524.63	\$50.00	Permit to allow a vehicle over 6 tonne to be parked, kept, stored or repaired:		Not Taxable	\$50.00
		Discharge of Water - Clause 7.1.1			
	\$50.00	Permit to discharge water:		Not Taxable	\$50.00
		Erect Advertising Sign - Clause 7.2.1			
	\$50.00	Permit to erect or place an advertising sign on a road or land under Council Control:		Not Taxable	\$50.00
		Roadside Trading - Clause 7.3.1			
	\$50.00	Permit to erect or place a vehicle, caravan, trailer, stall or similar structure on a road:		Not Taxable	\$50.00
		Trading to a person on a Road - Clause 7.3.2			
	\$50.00	Permit to sell or offer for sale goods and services from a property or public place:		Not Taxable	\$50.00
		Locating goods for Sale - Clause 7.3.7			
	\$50.00	Permit to place or display goods for sale:		Not Taxable	\$50.00
		Outdoor Eating Facilities - Clause 7.3.10			
	\$50.00	Permit to establish an outdoor eating facility:		Not Taxable	\$50.00
		Itinerant Trading - Clause 7.3.11			
	\$50.00	Permit for itinerant trading:		Not Taxable	\$50.00
		Itinerant Trading - Clause 7.4.1			
	\$50.00	Permit to place a bulk rubbish container on a road:		Not Taxable	\$50.00
		Street Parties - Clause 7.6.1			
	\$5.00	Permit to hold a street party, festival or procession on a road:		Not Taxable	\$5.00
		Development of a road reserve - Clause 7.6.2			
	\$50.00	Permit to develop a road reserve:		Not Taxable	\$50.00

<u>2013/2014</u> Revenue	<u>2014-2015</u> Fee Incl.GST	<u>Description</u>	<u>Units</u>	<u>GST</u>	<u>2015-2016 Fee</u> Incl.GST
		Planning			
	\$798.00	Regulation 6 - Fees for amendments to planning schemes			
	\$798.00	6(1) Considering request & taking specified actions		Not Taxable	
	\$798.00	6(2) Considering submissions		Not Taxable	
	\$524.00	6(3) Adopting amendment		Not Taxable	
	\$798.00	6(4) Approving amendment		Not Taxable	
		Regulation 7 - Applications for permits under sect 47			
	\$502.00	Class 1 - Use only		Not Taxable	
	\$239.00	Class 2 - Develop of use Dwelling >\$10,000-\$100,000		Not Taxable	
	\$490.00	Class 3 - Develop of use Dwelling >\$100,000		Not Taxable	
	\$102.00	Class 4 - Development < \$10,000		Not Taxable	
	\$604.00	Class 5 - Development > \$10,001-\$250,000		Not Taxable	
	\$707.00	Class 6 - Development >\$250,001-\$500,000		Not Taxable	
	\$815.00	Class 7 - Development >\$500,001-\$1,000,000		Not Taxable	
	\$1,153.00	Class 8 - Development >\$1,000,001-\$7,000,000		Not Taxable	
	\$4,837.00	Class 9 - Development >\$7,000,001-\$10,000,000		Not Taxable	
	\$8,064.00	Class 10 - Development >\$10,000,001-\$50,000,000		Not Taxable	
	\$16,130.00	Class 11 - Development >\$50,000,001 plus		Not Taxable	
	\$386.00	Class 12 - To subdivide an existing building		Not Taxable	
	\$386.00	Class 13 - To subdivide into two lots		Not Taxable	
	\$386.00	Class 14 - Re-alignment or consolidate		Not Taxable	
	\$781.00	Class 15 - To subdivide land		Not Taxable	
	\$249.00	Class 16 - To remove restriction		Not Taxable	
	\$541.00	Class 17 - To create or vary restriction row		Not Taxable	
	\$404.00	Class 18 - To create, vary or remove an easement other than right of way or vary or remove a condition in the nature of an easement		Not Taxable	
		Regulation 8A - Amendment of applications			
	\$102.00	8A(1) Amend an application for a permit after notice has been given		Not Taxable	
	\$102.00	8A(2) Amend an application to amend for a permit after notice has been given		Not Taxable	
		Regulation 8B - Amend permits under section 72			
	\$502.00	Class 1 - To amend a permit to use land		Not Taxable	
	\$502.00	Class 2 - To amend a permit (other than for a single dwelling) to: (a) change a statement of what the permit allows (b) change in any or all conditions on a permit (c) in any other way provided for in the regulations		Not Taxable	
	\$239.00	Class 3 - To amend a permit to develop land (other than for a single dwelling or to subdivide land) if the cost of development included in the application is greater than \$10,000 and less than \$100,000		Not Taxable	
	\$490.00	Class 4 - To amend a permit to develop land (other than for a single dwelling or to subdivide land) if the cost of development included in the application is greater than \$100,000		Not Taxable	
\$38,616.00	\$102.00	Class 5 - To amend a permit (other than a permit to subdivide land) to: (a) develop land for a single dwelling per lot (b) use and develop land for a single dwelling per lot (c) undertake development ancillary to the use of land for a single dwelling \$10,000 or less		Not Taxable	
	\$604.00	Class 6 - To amend a permit (other than a permit to subdivide land) to: (a) develop land for a single dwelling per lot (b) use and develop land for a single dwelling per lot (c) undertake development ancillary to the use of land for a single dwelling greater than \$10,000 and less than \$250,000		Not Taxable	
	\$707.00	Class 7 - To amend a permit (other than a permit to subdivide land) to: (a) develop land for a single dwelling per lot (b) use and develop land for a single dwelling per lot (c) undertake development ancillary to the use of land for a single dwelling greater than \$250,000 and less than \$500,000		Not Taxable	
	\$815.00	Class 8 - To amend a permit (other than a permit to subdivide land) to: (a) develop land for a single dwelling per lot (b) use and develop land for a single dwelling per lot (c) undertake development ancillary to the use of land for a single dwelling greater than \$500,000		Not Taxable	

2013/2014 Revenue	2014-2015 Fee Incl.GST	Description	Units	GST	2015-2016 Fee Incl.GST
	\$386.00	Class 9 - To amend a permit to subdivide land to: (a) subdivide an existing building (b) subdivide land into two lots (c) effect a realignment of a common boundary between lots or to consolidate two or more lots		Not Taxable	
	\$147.00	Regulation 10- Certificates of Compliance		Not Taxable	
	\$102.00	Regulation 12-Determining whether something has been done to the satisfaction of a responsible authority		Not Taxable	
	\$80.00	Non Statutory Planning Fee Schedule A3 Notice Boards on site		Taxable	\$80.00
	\$3.00	Letters to adjoining owners/occupiers		Taxable	\$4.00
	As Quoted	Notices in local Newspapers		Taxable	As Quoted
	\$66.00	Written Planning Advice		Taxable	\$110.00
	\$36.00	Copies of Planning permits and plans		Taxable	\$66.00
	\$96.00	First request for extension of time(under S.69of the P&E Act)		Taxable	\$110.00
	\$96.00	Second request for extension of time(under S.69of the P&E Act)		Taxable	\$190.00
	\$96.00	Subsequent requests for extension of time(under S.69of the P&E Act)		Taxable	\$250.00
	\$96.00	Secondary Consent Amendment		Taxable	\$100.00
	new	Certificate of Title Search		Taxable	\$40.00
	\$0.20	Photocopying A4 per copy - Black & White		Taxable	\$0.20
	\$0.40	A4 per copy - Colour		Taxable	\$0.40
\$551.39	\$0.40	A3 per copy - Black & White		Taxable	\$0.40
	\$0.80	A3 per copy - Colour		Taxable	\$0.80
	\$0.10	Community Groups A4 per copy - Black & White		Taxable	\$0.10
	\$0.30	A4 per copy - Colour		Taxable	\$0.30
	\$0.20	A3 per copy - Black & White		Taxable	\$0.20
	\$0.60	A3 per copy - Colour		Taxable	\$0.60
\$0.00	\$0.50	Fax Charges A3/A4 per page		Taxable	\$0.50
\$0.00	\$1.00	Internet Charges (Public Access Computers) per hour (30 min sessions free)		Taxable	\$1.00
\$51,186.49	Cost of Job + 20% + GST	Private Works		Taxable	Cost of Job + 20% + GST
\$175.00	\$55/hr	Rates Searches		Taxable	\$57/hr
\$995.45	\$55.00	Road Opening Permit		Taxable	\$57.00
\$50.00	\$55.00	Tender Documents Hard Copy		Taxable	\$55.00
	\$33.00	Electronic sent in PDF form on disk		Taxable	\$33.00
	new	Electronic download from Tenderlink		Taxable	\$22.00
\$15.68	\$16.50	Texts/Books Flowers of the fields		Taxable	\$16.50
\$0.00	\$16.50	Images of the Ripon Shire		Taxable	\$16.50
\$0.00	\$27.50	Valley of Finest Description		Taxable	\$27.50
\$10,430.46	\$12.00	Waste Transfer Station Fees (Beaufort, Avoca, Landsborough & Snake Valley) Car/Boot Load (1/2m3 max)		Taxable	\$13.00
	\$26.00	Utility or 6x4 Trailer (1.0m3 max)		Taxable	\$28.00
	\$50.00	Small Truck or Tandem Trailers (2.0m3 max)		Taxable	\$54.00
	\$12.00	Approved Greenwaste (separated) (1.0m3 max)		Taxable	\$13.00
	No Charge	Approved kerbside recyclables		Taxable	No Charge
	\$8.00	Tyres Car		Taxable	\$9.00
	\$30.00	Truck		Taxable	\$32.00
	\$60.00	Tractor		Taxable	\$64.00
	No Charge	Rims Only		Taxable	No Charge
	\$25.00	Other Mattresses		Taxable	\$27.00
	No Charge	Refrigerators & Freezers (that have been degased) (Note Council does not accept refrigerators or freezers that have not been degased.)		Taxable	No Charge
	No Charge	Oil, Batteries, Scrap Steel, Car Bodies.		Taxable	No Charge
\$1,338.13	\$62.00	Tip Vouchers Domestic Waste - 12 Vouchers		Taxable	\$67.00
	\$40.00	Green Waste - 4 Vouchers		Taxable	\$43.00

Pyrenees Shire Council

Long Term Financial
Plan Incorporating
the Strategic
Resource Plan
2015-2025

May 2015

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1. INTRODUCTION

Council is required under section 126 of the Local Government Act (1989) to prepare a Strategic Resource Plan (SRP) covering both financial and non-financial resources, and including key financial indicators for at least four years to support the Council Plan.

Plan development

The key objective, which underlies the development of the Plan, is financial sustainability in the medium to long term, whilst still achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives, which underpin the Long Term Financial Plan (LTFP), are:

1. Maintain existing service levels;
2. Control and reduce future operating deficits via grant funding for asset renewal;
3. Maintain a capital expenditure program that will sustain the Infrastructure asset base; and
4. Achieve a balanced budget on a cash basis.

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

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

The Plan is updated twice a year through a rigorous process of consultation with Council service providers followed by a detailed sensitivity analysis to achieve the key financial objectives. The plan was last updated in November 2014.

Council has developed a ten year financial plan with the purpose of ensuring ongoing operations, asset replacement/renewal and prudent financial management in the long term. Council reviews the LTFP in conjunction with the development of the budget. Council also reviewed the LTFP as part of the review of the 2013/2017 Council Plan. The LTFP considers the future financial needs of Council, opportunities for raising revenue as well as meeting infrastructure replacement needs and maintaining rates at reasonable levels.

This is a 'big picture' or macro financial strategy that will be reviewed twice a year to address changes in economic circumstances, to ensure alignment with the Council Plan, and that economic parameters remain current. The LTFP begins with the current financial year forecast and the approved Budget as the base and makes

forecasts about the impact that a number of economic variables will have on it, in addition to modelling the long term financial effect of Council decisions.

The later years of the LTFP are less exact due to the forecast nature of the data, nonetheless it provides Council with the probable long term financial impact of its decisions, policies, and strategies. The Plan allows Council to identify possible barriers to long term sustainability and model rational solutions for ratepayers.

2. KEY FEATURES & PARAMETERS

- Focus on maintaining service delivery for core services.
- Rate increase of 5.25% for the 2015/16 financial year with a progressive decrease down to 4.00% by 2020/21.
- Prudent debt management that results in a debt free position by the end of 2017/18. There are no new borrowings included in the plan.
- Maintain a positive cash flow.
- Maximising capital expenditure in line with the Council Plan.
- Focus on infrastructure renewal and increased funding for capital projects in accordance with the (Moloney Asset Management System) and the building survey undertaken by John Dixon & Associates.
- Conservative estimates for increases in grants and user fees and charges.
- Wage and salary increases based on EA and actual banding progressions.
- Consumer Price Index (CPI) increases of 2.5% per annum for materials, services and other costs for the life of the 10 year LTFP.
- Income from wind farm developments based on confirmed actual ex-gratia payments
- Victorian Grants Commission allocations indexed from 2017/18.
- Income from the Stockyard Hill wind farm has been factored into the plan from 2019/2020. Income from the Crowlands Hill wind farm has not been included due to the uncertainty around the renewable energy target. The remaining wind farm projects will be factored into future long term financial plans after construction of the facilities have commenced.

3. Financial Reports

The SRP is presented in accordance with generally accepted accounting principles. This includes four separate statements serving different purposes.

3.1 Income Statement

The Standard Income Statement is intended to show the result of operations and includes non-cash items such as depreciation.

Rate Revenue

Rate revenue is determined by the ongoing service delivery required by ratepayers and capital works. The LTFP allows for a 5.25% rate rise in 2015/16 and a gradual decrease to 4.00% in 2020/2021.

Loans

Council's total debt at 30 June 2015 will be \$1.279 million with the LTFP indicating that all debt will be paid off by 2017/18. The various debt management ratios are low in comparison with state government prudential limits. Council has capacity to borrow and still remain below State requirements.

Council has not provided for the take up of any new loan funds.

Fees and Charges

Some of the services that Council provides are provided for on a "user pays" principal. This means that Council partially funds these services with fees from the users. These services include management of landfill sites, building and planning processes, aged care, child care, pools and recreation reserves.

In other areas, primarily building, planning and environmental health the fees are statutory and Council does not have the authority to alter them.

Council has allowed 2.5%, being CPI, as an overall increase to fees and charges over the life of the plan.

Grants

The Victoria Grants Commission distributes the State allocation to all councils based on a complex formula using a number of variables. The LTFP allows for increases of 0.5% in 2015/16 and 2016/17 years and then 2.5% from 2017/2018 onward. A reduction in this area in 2014/15 caused a significant negative impact in the funding of Council's operations.

Wages and Salaries

Wages and salaries make up approximately 30% of operating expenditure and are largely determined by the Enterprise Agreement (EA). There are small increments due to positional restructures and banding increments.

The current EA commenced in October 2013. It provided for increases of 3.5% per annum. The LTFP allows annual salary increases of 3.5% and factors in staff movements and band increases. The next EA is scheduled to be negotiated in 2016.

Operating Expenditure

Other major challenges facing Council include –

1. Increasing costs associated with waste management and ongoing pressure to meet compliance requirements imposed by the state government.
2. The ongoing funding and likely contributions to the Vision Superannuation's defined benefits scheme. The Plan allows for an ongoing \$100,000 contribution from 2018/19 to provide for future calls.

The Income Statement is listed in Appendix A in this document.

3.2 Balance Sheet

The Standard Balance Sheet shows the net worth of Council. For the most part, Council intends to generate its revenues into cash and pay all of its expenses in the same year. Therefore receivables, other current assets and creditors will be forecast to be the same with increases driven by increased activity and inflation. Although receivables and creditors do fluctuate from year to year, they are immaterial and do not substantially impact the strategy.

The Balance Sheet is listed in Appendix A in this document.

3.3 Cash Flow Statement

The Standard Cash Flow Statement demonstrates the effect of operations on Council's cash levels. It excludes non-cash items such as depreciation and includes non-operating items such as changes in debt and capital works.

Council's projected liquidity ratio improves over the life of the LTFP. The minimum liquidity ratio is 121% where cash and assets that can be easily turned into cash exceed Council's current commitments. It is prudent that Council attempt to increase its liquidity level so that there is a safeguard against any short term cash flow problems. The liquidity ratio increases to 401.6% over the life of the LTFP.

Council has an overdraft facility of \$400,000 available for short term use, where maintaining excessive cash balances would not maximise the interest return of investments.

The Cash Flow Statement is listed in Appendix A in this document.

3.4 Capital Works Statement

The Capital Works Statement details Council's proposed capital works expenditure by asset class over the next ten years. The 2014/2015 proposed capital expenditure is from Council's 2014/2015 budget document.

Council's policy is to maximise capital works, therefore increasing the wealth of the Shire. The first consideration that Council makes is its ongoing operational needs to determine the remainder of rate revenue available for capital works.

The second consideration is whether the capital works are for new works or replacement. Where the capital works are for new assets, this generates another asset for Council to maintain, and may generate further annual operating costs and increases depreciation. New assets should only be generated when they are in line with the Council Plan.

Council also has access to grants for the creation of new assets. Although this eases the burden on rate revenue for the initial construction/purchase, the new asset may still require ongoing operating costs, and is still considered in conjunction with the Council Plan.

The Commonwealth Government has provided Roads to Recovery funding since 2001 and while that funding is not guaranteed it is reasonable to assume that it will continue in the longer term. Council's capital works program will depend significantly on attracting external funding for major projects. Failure to attract external funds will also result in a increase in the operating deficit.

Council has identified the gap between requirements for asset renewal and actual expenditure and has also engaged external consultants to review this process. A condition and inventory survey of all Council buildings was completed in 2011 using a specialist consultant. The amounts included in the LTFP for roads, bridges and buildings are explained below:

Roads

The information supplied for Roads Capital /Renewal expenditure is derived from the Moloney Asset Management Systems (MAMS) modeling tool. The model takes into account:

1. the expected life of the road type,
2. the intervention level, (or what condition the road has to deteriorate to before renewal is required),
3. What the current spending levels are.
4. The current pavement and sealed surfaces condition of the roads and;
5. Determines appropriate spending levels to maintain the network at the existing condition.

Reseals and Gravel Road re-sheeting also take into account the lifecycle of treatments, the existing condition, and current spend on the asset group.

Buildings

The data used is from the Building Condition and Inventory Inspection survey undertaken by John Dixon & Associates. The information takes into account existing conditions, existing maintenance requirements, and current spending levels. The Capital requirements are driven by the structural integrity of the building, and a service level assessment of required functionality and purpose of the buildings. The figures are purely indicative and there needs to be objective and focused discussion on the rational use and functionality of some of the buildings currently on the register. These figures have only been generated for major buildings within the shire.

Bridges & Major Culverts

Required major works have been identified through inspections of the network which were undertaken in late October 2013. Latest modeling of the bridges through the MAMS model has split the bridge category into a bridges section and a major culverts section. As a result of the 2011 floods there has been significant expenditure on bridges and culverts. It is anticipated that significant bridge expenditure will not be required until 2017/18.

As a result of the 2011 floods, Council has replaced 15 bridges, upgraded 20 major culverts and other minor culvert and 7 floodway improvements.

Capacity to Fund Capital Works

This version of the plan allows the capacity to fund its asset renewal requirement in accordance with the Renewal Gap based on an initial 5.25% rate increase in the early years of the plan. Council's capacity to retain the increase to this level will be determined by whether the State Government continues its \$1M per annum road funding after 2014/2015. There will be some timing issues however with a shortfall of funds in the early years being compensated for by higher levels of expenditure in later years. Council will endeavour to maintain the level of expenditure recommended by the renewal forecasts by obtaining additional grant funds.

The Standard Capital Works Statement is listed in Appendix A in this document.

4. RATING STRATEGY

This section of the LTFFP considers the Council's rating strategy including strategy development and assumptions underlying the current year rate increase and rating structure.

Strategy development

In developing the LTFFP, rates and charges were identified as an important source of revenue, accounting for 45% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the LTFFP process.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly given the change to bi-annual general revaluations and recent increases in 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 were made of historical rate increases by Council. The following table shows a comparison of the last thirteen years.

	Pyrenees Shire Council
2002/2003	4.50%
2003/2004	4.50%
2004/2005	6.50%
2005/2006	6.75%
2006/2007	7.50%
2007/2008	7.00%
2008/2009	6.50%
2009/2010	6.00%
2010/2011	6.50%
2011/2012	5.25%
2012/2013	5.25%
2013/2014	5.25%
2014/2015	5.25%
2015/2016	5.25%
Average increase over 14 years	5.86%

The 2015/2016 year rate increase

The 2015/2016 underlying operating position will be impacted by wages, materials and services cost growth. It will therefore be necessary to achieve future revenue growth whilst containing costs, in order to maintain a balanced cash budget. The contribution from operations toward capital investment, comprised of capital grants and rates has to be maintained in order to continue service provision and capital renewal programs.

In order to achieve these objectives whilst maintaining service levels and a robust capital expenditure program, general rates will increase by 5.25% in 2015/2016 raising a total of \$7.522 million. The following table sets out future proposed rate increases, based on the forecast financial position of Council as at 30 June 2015.

Year	Pyrenees Shire Council
2014/2015	5.25%
2015/2016	5.25%
2016/2017	5.15%
2017/2018	5.00%
2018/2019	4.75%
2019/2020	4.50%
2020/2021	4.00%
2021/2022	4.00%
2022/2023	4.00%
2023/2024	4.00%
2024/2025	4.00%

Rating structure

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

- Property values, which reflect capacity to pay; and
- User pays component to reflect usage of services provided by 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, farming or commercial purposes. This distinction is based on the concept of equity whereby property classes should pay fair and equitable

contributions to the overall rates burden, taking into account the benefits derived from the local community.

Council applies the Capital Improved Value (CIV) basis for rates calculations on the grounds that it provides the most equitable distribution of rates across the municipality. There are currently no plans to change that basis, but Council does review its rating structure every year.

The existing rating structure comprises six differential rates:

1. Vacant Land < 2Ha,
2. Vacant Land Other than Farms
3. Residential
4. Commercial & Industrial
5. Farms (all types)
6. Trust for Nature Covenants and Cultural & Recreational Land

Differential rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act. Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Act. The farm rate is set at 80% of the residential rate, the rate concession for recreational land, and nature trust covenants is set at 50% of the residential rate.

Council has re-affirmed its intention to maintain promotion of residential growth in the shire and has set the rates for vacant land < 2Ha at 4 times the farm rate, and vacant land other than farms at 3 times the farm rate to encourage development.

Council also has a kerbside collection charge, green waste and a recycling charge as allowed under the Act.

5. BORROWINGS

In developing the LTFP, strategies have also been developed for borrowings.

In developing the LTFP, Council has not budgeted for any additional loan borrowings over the life of the LTFP

	New Borrowings	Principal Paid	Interest Paid	Balance 30 June
Year	\$'000	\$'000	\$'000	\$'000
2015		651	77	1,279
2016		478	34	801
2017		497	15	304
2018		304	5	0
2019		0	0	0

6. SERVICE DELIVERY

The key objectives included in Council's Strategic Resource Plan which directly impact the future service delivery strategy are to maintain existing service levels and to maintain cash operating budget surpluses. The Rating Strategy also refers to rate increases to address sustainability issues. 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:

	2015/16	2016/17	2017/18	2018/19
	%	%	%	%
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	5.25	5.15	5.00	4.75
Property growth	0.75	0.75	0.75	0.75
Wages growth	3.5	3.5	3.5	3.5
Government funding	0.3	0.7	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0
Investment return	3.0	3.0	3.25	3.5

As well as the general influences, there are also a number of specific influences which relate directly to service areas or activities. The most significant changes in these areas are summarised below.

Waste Management

The shire no longer operates land fill sites for waste disposal purposes. All Garbage collection from transfer stations is transferred to a landfill site in another municipality. The entire operation is based on cost recovery using external contractors for service delivery.

Kerbside Collection

The contract for collection of recyclable waste was tendered in 2013. The cost of this service increased by a little more than CPI but the increase was in line with market rates. Future increases have been set at CPI, to maintain cost recovery for the service.

Home and Community Care Services

Government funding for Home and Community Care Services has been maintained in real terms over the period of the plan. In light of the current uncertainty surrounding the transition of HACCC funding and management to the Federal Government funding has been maintained at current levels pending further clarification around the new funding model.

Summary

Service levels have been maintained throughout the 10 year period. The early years of the plan allow operating deficits but the trend is to move to an improved operating position towards the end of the ten year plan. Some operating deficits in the early years of the plan maybe improved upon if additional government grant funding for capital works is received.

7. HUMAN RESOURCES

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc. Employee costs are forecast to remain in line with 2014/15, as a result of the cessation of two funded positions, a reduction in home care hours and general savings offsetting the cost of Council's Enterprise Bargaining Agreement salary increases.

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

Department	Budget	Permanent Full Time \$'000	Comprises	
	2015/16 \$'000		Permanent Part Time \$'000	Casual \$'000
CEO's Department	345	345	0	0
Economic Development and Tourism	577	259	233	85
Governance & Risk	209	209	0	0
Corporate Services	1,154	1,111	32	11
Community Wellbeing	1,052	464	579	9
Assets and Development Services	1,465	1,220	219	26
Works	1,857	1,857	0	0
Total employee costs*	6,659	5,465	1,063	131

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

Department	Budget	Permanent Full Time	Comprises	
	FTE		Permanent Part Time	Casual
CEO's Department	2.40	2.40	0.00	0.00
Economic Development and Tourism	7.04	2.60	3.12	1.32
Governance & Risk	2.00	2.00	0.00	0.00
Corporate Services	12.13	11.50	0.47	0.16
Community Wellbeing	13.63	5.00	8.55	0.08
Assets and Development Services	15.55	12.50	2.54	0.51
Works	25.00	25.00	0.00	0.00
Total EFT staff	77.75	61.00	14.68	2.07

Budgeted Statement of Human Resources

For the four years ending 30 June 2019

	Notes	Forecast		Strategic Resource Plan Projections			Trend +/-
		Actual 2014/15	Budget 2015/16	2016/17	2017/18	2018/19	
Employee costs (\$'000)							
- Operating		6,401	6,312	6,481	6,643	6,809	+
- Capital		231	238	245	252	260	+
Total		6,632	6,550	6,726	6,895	7,069	
Employee numbers (EFT)		77.8	77.8	77.8	77.8	77.8	

8. CONCLUSION

- A ten year LTFP enables Council to examine in some detail its longer term financial viability and look at the various factors that impact on it.
- It enables Council and management to model different scenarios around rating, debt and the organisational structure and examine those outcomes.
- The ten year LTFP will be the starting point for future draft budgets. The plan is a big picture look at Council's long term financial circumstance. The annual rate increase will be determined in the budget process each year and guided by the Rate Capping Labour Government initiative.

PYRENEES SHIRE COUNCIL

APPENDIX A – FINANCIAL REPORTS

2014/15 to 2024/25

PYRENEES SHIRE COUNCIL

Long Term Financial Plan

10 Year Financial Plan

2014-2015 to 2024-2025

Budgeted Income Statement
for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Revenue											
Rates & garbage charges	7,941	8,342	8,834	9,342	9,856	10,373	10,866	11,382	11,923	12,489	13,082
Rates Wind Farms - Waubra	208	210	215	220	226	232	238	244	250	256	262
Rates Wind Farms - Crowlands	0	0	0	0	0	0	0	0	0	0	0
Rates Wind Farms - Stockyard Hill	0	0	0	0	0	450	461	473	485	497	509
Statutory fees and fines	178	124	127	130	133	136	139	142	146	150	154
User charges	636	736	754	773	792	812	832	853	874	896	918
Grants - operating recurrent	1,093	1,032	1,058	1,084	1,111	1,139	1,167	1,196	1,226	1,257	1,288
Grants - operating recurrent - VGC General	2,977	2,871	2,885	2,957	3,031	3,107	3,185	3,265	3,347	3,431	3,517
Grants - operating recurrent - VGC Roads	2,024	2,023	2,033	2,084	2,136	2,189	2,244	2,300	2,358	2,417	2,477
Grants - operating non recurrent	700	103	0	0	0	0	0	0	0	0	0
Grants - capital recurrent - R2R	988	1,976	988	988	988	1,100	1,100	1,100	1,100	1,100	1,100
Grants - capital recurrent - other	275	0	0	0	0	0	0	0	0	0	0
Grants - capital non recurrent - CR&B	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0	0
Grants - capital non recurrent	133	0	3,000	0	815	0	0	0	205	300	1,800
Grants - capital non recurrent - LGIF	200	270	1,065	150	315	0	1,000	0	0	0	500
Contributions - non-recurrent	145	70	200	0	0	0	0	0	0	0	50
Contributions - recurrent	0	0	0	0	0	0	0	0	0	0	0
Net gain on disposal of assets	25	27	53	49	211	114	37	80	38	65	28
Other Revenue	46	105	108	111	114	117	120	123	126	129	132
Interest on Rates	26	28	28	28	28	28	28	28	28	28	28
Interest on Cash Invested	160	150	140	148	157	166	176	187	198	210	223
Total Revenue	18,755	19,067	22,488	19,064	20,913	19,963	21,593	21,373	22,304	23,225	26,068
Expenses											
Employee Costs	-6,401	-6,312	-6,481	-6,643	-6,809	-6,979	-7,153	-7,332	-7,515	-7,703	-7,896
Contracts, materials & services - recurrent	-6,065	-5,695	-5,828	-5,951	-6,123	-6,276	-6,433	-6,594	-6,759	-6,928	-7,101
Contracts, materials & services - non-recurrent	-1,049	0	0	0	0	0	0	0	0	0	0
Bad and doubtful debts	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
Depreciation	-7,900	-8,200	-8,530	-8,790	-9,320	-9,690	-9,980	-10,580	-11,000	-11,330	-12,010
Borrowing costs	-125	-34	-15	-5	0	0	0	0	0	0	0
Other expenses	-143	-466	-478	-490	-502	-515	-528	-541	-555	-569	-583
Total Expenses	-21,684	-20,709	-21,334	-21,881	-22,756	-23,462	-24,096	-25,049	-25,831	-26,532	-27,592
Surplus (deficit) for the year	-2,929	-1,642	1,154	-2,817	-1,843	-3,499	-2,503	-3,676	-3,527	-3,307	-1,524
Net asset revaluation increment/(decrement)	0	500	200	0	800	250	0	1,200	320	0	1,700
Comprehensive result	-2,929	-1,142	1,354	-2,817	-1,043	-3,249	-2,503	-2,476	-3,207	-3,307	176

Balance Sheet

for years ended 2014-2015 to 2024-2025

2014/2015 2015/2016 2016/2017 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022 2022/2023 2023/2024 2024/2025

Assets

Current assets

Cash and cash equivalents	2,346	2,346	2,346	2,346	3,019	4,230	5,496	6,269	7,721	8,591
Trade and other receivables	782	772	795	819	844	869	922	950	979	1,008
Land held for resale	1,449	1,850	1,403	1,483	2,766	2,845	2,228	2,449	2,980	2,791
Other assets	158	161	164	167	170	173	180	184	188	192
Total current assets	4,735	5,129	4,708	4,815	6,126	6,906	8,826	9,852	11,868	12,582

Non-current assets

Trade and other receivables	98	93	87	80	72	63	53	42	30	17	3
Property, infrastructure, plant & equipment	284,039	282,020	283,326	280,127	277,803	273,804	270,559	266,969	262,770	257,482	256,979
Total non-current assets	284,137	282,113	283,413	280,207	277,875	273,867	270,612	267,011	262,800	257,499	256,982
Total assets	288,872	287,242	288,121	285,022	284,001	280,773	275,837	272,652	269,367	269,564	

Liabilities

Current liabilities

Trade and other payables	972	1,011	1,051	1,093	1,137	1,182	1,229	1,278	1,329	1,382	1,437
Trust funds and deposits	173	176	180	184	188	192	196	200	204	208	212
Provisions	1,858	1,801	1,774	1,745	1,714	1,681	1,645	1,608	1,569	1,528	1,484
Interest-bearing loans and borrowings	905	801	304	0	0	0	0	0	0	0	0
Total current liabilities	3,908	3,789	3,309	3,022	3,039	3,055	3,070	3,086	3,102	3,118	3,133

Non-current liabilities

Provisions	161	166	171	176	181	186	192	198	204	210	216
Interest-bearing loans and borrowings	374	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	535	166	171	176	181	186	192	198	204	210	216
Total liabilities	4,443	3,955	3,480	3,198	3,220	3,241	3,262	3,284	3,306	3,328	3,349
Net assets	284,429	283,287	284,641	281,824	280,781	277,532	275,029	272,553	269,346	266,039	266,215

Equity

Accumulated surplus	82,174	80,532	81,686	78,869	77,026	73,527	71,024	67,348	63,821	60,514	58,990
Statutory reserve (recreational land)	9	9	9	9	9	9	9	9	9	9	9
Asset revaluation reserve	202,246	202,746	202,946	202,946	203,746	203,996	203,996	205,196	205,516	205,516	207,216
Total equity	284,429	283,287	284,641	281,824	280,781	277,532	275,029	272,553	269,346	266,039	266,215

Budgeted Cash Flow Statement

for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Cash flows from operating activities											
Rates and charges	8,149	8,552	9,049	9,562	10,082	11,055	11,565	12,099	12,658	13,242	13,853
Statutory fees and fines	178	124	127	130	133	136	139	142	146	150	154
User charges	700	810	829	850	871	893	915	938	961	986	1,010
Contributions - cash	160	77	220	0	0	0	0	0	0	0	55
Grants - operating	6,794	6,029	5,976	6,125	6,278	6,435	6,596	6,761	6,931	7,105	7,282
Grants - capital	2,596	3,246	6,053	2,138	3,118	1,100	2,100	1,100	1,305	1,400	3,400
Interest	186	178	168	176	185	194	204	215	226	238	251
Trust funds and deposits taken	25	25	25	25	25	25	25	25	25	25	25
Other receipts	46	105	108	111	114	117	120	123	126	129	132
Net GST refund / payment	1,418	1,157	1,467	1,147	1,329	1,160	1,257	1,206	1,334	1,334	1,655
Employee costs	-6,416	-6,328	-6,498	-6,661	-6,828	-6,999	-7,174	-7,354	-7,538	-7,727	-7,921
Materials and services	-7,825	-6,265	-6,411	-6,546	-6,735	-6,904	-7,076	-7,253	-7,435	-7,621	-7,811
Trust funds and deposits repaid	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25
Other payments	-157	-513	-526	-539	-552	-567	-581	-595	-611	-626	-641
Net cash provided by operating activities	5,829	7,172	10,562	6,493	7,995	6,620	8,065	7,382	8,103	8,610	11,419
Cash flows from investing activities											
Payments for property, infrastructure, plant and equipment	-7,978	-6,564	-10,988	-6,492	-6,988	-6,292	-7,665	-6,634	-7,581	-6,878	-11,130
Payments for land held for resale	-825	-852	0	-494	-1,789	-550	0	-340	-451	-792	0
Proceeds from sale of property, infrastructure, plant and equipment	334	299	391	351	363	380	240	297	471	281	350
Proceeds from sale of land held for resale	134	457	547	451	419	515	571	561	231	231	231
Payments for investments	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000
Proceeds from sale of investments	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Net cash used in investing activities	-8,335	-6,660	-10,050	-6,184	-7,995	-5,947	-6,854	-6,116	-7,330	-7,158	-10,549
Cash flows from financing activities											
Borrowing costs	-125	-34	-15	-5	0	0	0	0	0	0	0
Proceeds from borrowings	0	0	0	0	0	0	0	0	0	0	0
Repayment of borrowings	-651	-478	-497	-304	0	0	0	0	0	0	0
Net cash provided by (used in) financing activities	-776	-512	-512	-309	0	0	0	0	0	0	0
Net (decrease) increase in cash & cash equivalents	-3,282	0	0	0	0	673	1,211	1,266	773	1,452	870
Cash and cash equivalents at beginning of the financial year	5,628	2,346	2,346	2,346	2,346	2,346	3,019	4,230	5,496	6,269	7,721
Cash and cash equivalents at end of the financial year	2,346	2,346	2,346	2,346	2,346	3,019	4,230	5,496	6,269	7,721	8,591

Budgeted Standard Capital Works Statement

for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Capital Expenditure Summary											
Land	750,000	775,000	0	449,000	1,626,000	500,000	0	309,000	410,000	720,000	0
Land Improvements	38,400	0	4,000,000	15,000	200,000	0	200,000	0	0	0	0
Infrastructure Roads - Roads to Recovery Projects	1,072,834	1,976,000	988,000	988,000	988,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Infrastructure Roads - Council Projects	1,616,913	1,670,000	1,700,000	2,108,000	2,051,000	2,620,000	2,720,000	2,820,000	2,820,000	2,820,000	2,820,000
Country Roads & Bridges Program	1,868,074	1,000,000	1,000,000	1,000,000	1,000,000	0	0	0	0	0	0
Recreational Projects	330,000	0	267,000	250,000	400,000	100,000	100,000	100,000	100,000	100,000	1,600,000
Buildings	883,542	413,000	644,000	78,000	86,000	95,000	1,355,000	116,000	153,000	141,000	1,655,000
Plant, machinery and equipment	1,443,688	908,000	1,146,000	1,157,000	1,058,000	1,220,000	684,000	1,022,000	1,560,000	842,000	927,000
Capital Expenditure in nominal values	8,003,251	6,742,000	9,745,000	6,045,000	7,409,000	5,635,000	6,159,000	5,467,000	6,143,000	5,723,000	8,102,000
CPI adjustment for present values		244,000	9,989,000	6,351,000	7,979,000	6,220,000	6,968,000	6,340,000	7,302,000	6,973,000	10,118,000
Total Capital Expenditure Summary	8,003,251	6,742,000	9,989,000	6,351,000	7,979,000	6,220,000	6,968,000	6,340,000	7,302,000	6,973,000	10,118,000
Capital Income Summary											
Residential & Industrial Land Sales	-122,453	-414,500	-497,000	-410,000	-381,000	-468,000	-519,000	-510,000	-210,000	-210,000	-210,000
Industrial Land Grants - PLFP/STDF	0	0	0	0	-615,000	0	0	0	-205,000	-300,000	0
Industrial Land Grants - LGIF	0	0	0	0	-315,000	0	0	0	0	0	0
Moonambel Water Supply Federal & State Grants	0	0	-3,000,000	0	0	0	0	0	0	0	0
Contributions	0	-70,000	-200,000	0	0	0	0	0	0	0	0
Local Government Infrastructure Fund Round 1	-100,000	0	0	0	0	0	0	0	0	0	0
Local Government Infrastructure Fund Round 2	0	-270,000	-1,065,000	-150,000	0	0	-1,000,000	0	0	0	-500,000
Rural Townships Upgrades -STDF	-507,000	0	0	0	0	0	0	0	0	0	0
Roads to Recovery Grant	-1,050,000	-1,976,000	-988,000	-988,000	-988,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000
Country Roads & Bridges Grant	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	0	0	0	0	0	0
Trawalla Road Contribution	-125,000	0	0	0	0	0	0	0	0	0	0
Beaufort Pool - LG Pools Program	0	0	0	0	-200,000	0	0	0	0	0	-1,000,000
Snake Valley Multi Services Hub Grant	0	0	0	0	0	0	0	0	0	0	-800,000
Snake Valley Multi Services Hub Bendigo Bank Contribution	0	0	0	0	0	0	0	0	0	0	-50,000
Sale of Plant & Vehicles	-303,000	-272,000	-356,000	-319,000	-330,000	-346,000	-218,000	-270,000	-428,000	-255,000	-317,500
Total Capital Income Summary	-3,207,453	-4,002,500	-7,106,000	-2,867,000	-3,829,000	-1,914,000	-2,837,000	-1,880,000	-1,943,000	-1,865,000	-3,977,500
Land											
Avoca Industrial Land	80,000	10,000	0	0	250,000	500,000	0	0	0	720,000	0
Avoca Industrial Land Grant - PLFP/STDF	0	0	0	0	-300,000	0	0	0	0	-300,000	0
Avoca Industrial Land - Sales	0	-40,500	-81,000	-81,000	-81,000	-100,000	-100,000	-100,000	-100,000	-100,000	-100,000
Beaufort Industrial Land Purchase	200,000	0	0	0	0	0	0	0	0	0	0
Beaufort Industrial Land Stage1 Construct	0	0	0	0	630,000	0	0	0	0	0	0
Beaufort Industrial Land Stage2 Construct	0	0	0	0	0	0	0	0	410,000	0	0
Industrial Land Grant - STDF Beaufort	0	0	0	0	-315,000	0	0	0	-205,000	0	0
Industrial Land Grant -	0	0	0	0	-315,000	0	0	0	0	0	0
Beaufort Industrial Land	0	0	0	0	0	-110,000	-110,000	-110,000	-110,000	-110,000	-110,000
Beaufort Residential Land Stage 2 Construction	350,000	0	0	0	0	0	0	0	0	0	0
Beaufort Residential Land Stage 2 Sales	-122,453	-215,000	-114,000	0	0	0	0	0	0	0	0
Beaufort Residential Land Purch for Stage 3	120,000	610,000	0	0	0	0	0	0	0	0	0
Beaufort Residential Land Stage 3 Construction	0	0	0	0	0	0	0	0	0	0	0
Beaufort Residential Land Stage 3 Sales	0	-159,000	-302,000	-329,000	-141,000	0	0	0	0	0	0
Beaufort Residential Land Purch for Stage 4	0	0	0	449,000	0	0	0	0	0	0	0
Beaufort Residential Land Stage 4 Construction	0	0	0	0	746,000	0	0	0	0	0	0
Beaufort Residential Land Stage 4 Sales	0	0	0	0	-159,000	-258,000	-309,000	-300,000	0	0	0
Beaufort Residential Land Purch for Stage 5	0	0	0	0	0	0	0	309,000	0	0	0
Total Land	627,547	360,500	-497,000	39,000	315,000	32,000	-519,000	-201,000	-5,000	210,000	-210,000
Land Improvements											
Moonambel Water Supply Planning & Development	38,400	0	4,000,000	0	0	0	0	0	0	0	0
Moonambel Water Supply Federal Grant	0	0	-2,000,000	0	0	0	0	0	0	0	0
Moonambel Water Supply State Grant	0	0	-1,000,000	0	0	0	0	0	0	0	0
Moonambel Water Supply Contribution	0	0	-200,000	0	0	0	0	0	0	0	0
Moonambel Water Supply Planning - Grant -LG Inf F Round 2	0	0	-700,000	0	0	0	0	0	0	0	0
Flood Study Planning and Works Beaufort, Avoca, Waubra and	0	0	0	15,000	200,000	0	200,000	0	0	0	0

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for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Amphih, Raglan & Redbank S/C & Raglan, Redbank & Barkley Upgrade	180,000	0	0	0	0	0	0	0	0	0	0
Amphi, Raglan & Redbank S/C & Raglan, Redbank Hall Upgrade Grant	-135,000	0	0	0	0	0	0	0	0	0	0
Landsborough Streetscape & Hall Upgrade	130,000	0	0	0	0	0	0	0	0	0	0
Small Rural Townships Upgrades - PLFF/STDF	-64,500	0	0	0	0	0	0	0	0	0	0
Landsborough S/C & Hall Upgrade Grant	-97,500	0	0	0	0	0	0	0	0	0	0
Total Land Improvements	51,400	0	100,000	15,000	200,000	0	200,000	0	0	0	0
Infrastructure Roads - Roads to Recovery Projects											
Raglan Elmhurst 13.5 km to 16.0 km	350,000	0	0	0	0	0	0	0	0	0	0
Beaufort Carranballac	450,000	0	0	0	0	0	0	0	0	0	0
Avoca Bealiba Bridge Realignment	250,000	0	0	0	0	0	0	0	0	0	0
Snake Valley Townships Works	22,634	0	0	0	0	0	0	0	0	0	0
Moonambel Natte Yallock Rd 0.80 to 1.35km	0	138,000	0	0	0	0	0	0	0	0	0
Racecourse Rd/Black Bottom Rd Intersection	0	90,000	0	0	0	0	0	0	0	0	0
Kayleys Lane 2.20-3.20km	0	211,000	0	0	0	0	0	0	0	0	0
Black Bottom Rd/Beaufort-Waubia Rd Intersection	0	184,000	0	0	0	0	0	0	0	0	0
Crowlands-Eversley Rg 2.90-3.90km	0	320,000	0	0	0	0	0	0	0	0	0
Trawalla Rd 4.50-5.50km	0	330,000	0	0	0	0	0	0	0	0	0
Bridge 155 - Trawalla Road	0	165,000	0	0	0	0	0	0	0	0	0
Bridge 33 - Cairnham Streamham Road	0	145,000	0	0	0	0	0	0	0	0	0
Bridge 40 - Crowlands Eversley Road	0	185,000	0	0	0	0	0	0	0	0	0
Bridge Strengthening & Protection (16 Bridges)	0	208,000	0	0	0	0	0	0	0	0	0
Beaufort Cairnham 2km	0	0	538,000	0	0	0	0	0	0	0	0
Raglan Elmhurst 16 km -17.5 km	0	0	350,000	0	0	0	0	0	0	0	0
Nunns Road	0	0	100,000	150,000	0	0	0	0	0	0	0
Beaufort Cairnham	0	0	0	488,000	0	0	0	0	0	0	0
Trawalla Cairnham	0	0	0	350,000	100,000	0	0	0	0	0	0
Beaufort Cairnham	0	0	0	0	450,000	0	0	0	0	0	0
Mortchup Mt Ernu 2.5 kms	0	0	0	0	438,000	0	0	0	0	0	0
Roads - link and collectors R2R	0	0	0	0	0	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Roads to Recovery Auslink Etc	-1,050,000	-1,976,000	-988,000	-988,000	-988,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000	-1,100,000
Total Roads to Recovery	22,634	0	0	0	0	0	0	0	0	0	0
Infrastructure Roads - Council Projects											
Roads - pavement	0	0	0	0	0	200,000	500,000	500,000	500,000	500,000	500,000
Roads - reseals	539,000	600,000	600,000	650,000	650,000	750,000	800,000	850,000	850,000	850,000	850,000
Roads - forward survey & design	650,000	700,000	700,000	700,000	700,000	800,000	850,000	900,000	900,000	900,000	900,000
Bridges	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Lexton Ararat Road Bridge	0	30,000	388,000	388,000	331,000	500,000	200,000	200,000	200,000	200,000	200,000
Major Culverts	107,913	0	0	0	0	0	0	0	0	0	0
Footpaths	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Kerb & Channel	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Roads Other - Shoulder Program	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Roads Other - Major Patch	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Council Roads	1,616,913	1,670,000	1,700,000	2,108,000	2,051,000	2,620,000	2,720,000	2,820,000	2,820,000	2,820,000	2,820,000
Country Roads & Bridges Program											
Pretty Tower Road - Bridge No. 134	100,973	0	0	0	0	0	0	0	0	0	0
Cairnham Trawalla Road - Bridge No. 23	101,358	0	0	0	0	0	0	0	0	0	0
Road Program "Bridge Limits" Projects	250,000	0	500,000	0	0	0	0	0	0	0	0
Bridge Strengthening & Protection & Guard Rail Upgrade Projects	710,743	0	0	0	0	0	0	0	0	0	0
Bridge Bearing Pad Replacement Projects	160,000	43,000	0	0	0	0	0	0	0	0	0
Bridge Guard rail Renewal Projects	60,000	90,000	0	0	0	0	0	0	0	0	0
New Guard Rail Projects	135,000	0	0	0	0	0	0	0	0	0	0
Repair of Spalled Bridge Components Projects	78,000	47,000	0	0	0	0	0	0	0	0	0
Roads Projects	272,000	0	0	0	0	0	0	0	0	0	0
Raglan Elmhurst 16.0kl to 17.5kl	0	957,000	0	0	0	0	0	0	0	0	0

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for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
General Road Program Projects	0	0	113,000	480,000	450,000	0	0	0	0	0	0
General Bridge and Major Culverts Program	0	0	0	550,000	550,000	0	0	0	0	0	0
Trawalla Road Contribution Inc	-125,000	0	0	0	0	0	0	0	0	0	0
State Govt Rural Roads & Bridges Exp	-1,000,000	-1,000,000	-1,000,000	-1,000,000	-1,000,000	0	0	0	0	0	0
Total Country Roads & Bridges	743,074	0	0	0	0	0	0	0	0	0	0
Recreational Projects											
Beaufort Pool - Upgrade	0	0	100,000	0	0	0	0	0	0	0	1,500,000
Beaufort Pool - LG Pools Program	0	0	0	0	0	0	0	0	0	0	-1,000,000
Beaufort Pool - Upgrade Grant	0	0	-55,000	0	0	0	0	0	0	0	0
Croquet Club Development	20,000	0	0	0	0	0	0	0	0	0	0
Avoca Pool - Upgrade	0	0	0	0	300,000	0	0	0	0	0	0
Beaufort Pool - LG Pools Program	0	0	0	0	-200,000	0	0	0	0	0	0
Hard Court Renewal	0	0	67,000	0	0	0	0	0	0	0	0
Government Grants - LG Int F Round 2	0	0	-67,000	0	0	0	0	0	0	0	0
Camp Hill Walking Paths etc	0	0	150,000	0	0	0	0	0	0	0	0
Government Grants - LG Int F Round 2	0	0	-150,000	0	0	0	0	0	0	0	0
Recreation Strategy Project	0	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Recreational Projects	20,000	0	145,000	100,000	200,000	100,000	100,000	100,000	100,000	100,000	600,000
Buildings											
Extra Building Capital	0	0	0	0	0	0	0	0	0	0	0
Snake Valley Multi Services Hub (Kindergarten)	0	0	0	0	0	0	0	0	0	0	1,500,000
Snake Valley Multi Services Hub - Early Child S Govt	0	0	0	0	0	0	0	0	25,000	0	-600,000
Snake Valley Multi Services Hub - PLFF	0	0	0	0	0	0	0	0	0	0	-200,000
Snake Valley Multi Services Hub - LG Int F	0	0	0	0	0	0	0	0	0	0	-500,000
Snake Valley Multi Services Hub - B Bank	0	0	0	0	0	0	0	0	0	0	-50,000
Beaufort Depot and Administration Office - Car Parking Upgrade	0	0	170,000	0	0	0	0	0	0	0	0
Beaufort Depot - Pratt Street House Precinct Dev	0	0	0	0	0	0	0	0	0	0	0
Avoca Depot - Plan	0	5,000	0	0	0	0	0	0	0	0	0
Avoca Depot - Upgrade	0	5,000	0	0	0	0	0	0	0	0	0
Lexton Community Facility	0	0	160,000	0	0	0	0	0	0	0	0
Lexton Community Facility - LG Int F	0	0	0	0	0	1,250,000	0	0	0	0	0
Avoca Hall	263,694	0	0	0	0	0	-1,000,000	0	0	0	0
Avoca Hall - PLFF	-210,000	0	0	0	0	0	0	0	0	0	0
Beaufort Depot Upgrade	128,848	0	0	0	0	0	0	0	0	0	0
Avoca Multi Services Hub	5,000	0	0	0	0	0	0	0	0	0	0
Beaufort Town Hall - Change Rooms	10,000	0	0	0	0	0	0	0	0	0	0
Avoca Caravan Park Improvements	126,000	100,000	106,000	0	0	0	0	0	0	0	0
Avoca Caravan Park - LG Int F Round 2	0	-100,000	-106,000	0	0	0	0	0	0	0	0
Landborough - C Park Contribution	0	0	0	0	0	0	0	0	0	0	0
Beaufort Caravan Park Improvements	300,000	100,000	137,000	0	0	0	0	0	0	0	0
Beaufort Caravan Park - LG Int F Round 1	-100,000	0	0	0	0	0	0	0	0	0	0
Beaufort Caravan Park - LG Int F Round 2	0	-100,000	-137,000	0	0	0	0	0	0	0	0
Landborough Caravan Park Improvements - Cabins	0	140,000	0	0	0	0	0	0	0	0	0
Landborough - C Park Contribution	0	-70,000	0	0	0	0	0	0	0	0	0
Landborough - LG Int F Round 2	0	-70,000	0	0	0	0	0	0	0	0	0
Telecommunication Improvements	150,000	50,000	0	0	0	0	0	0	0	0	0
Building Renewal Program	50,000	63,000	71,000	78,000	86,000	95,000	105,000	116,000	128,000	141,000	155,000
Total Recreational Projects	723,542	123,000	401,000	78,000	86,000	95,000	355,000	116,000	153,000	141,000	305,000
Plant & Equipment											
Plant	763,630	398,000	675,000	687,000	588,000	750,000	214,000	552,000	1,090,000	372,000	457,000
Plant Sales	-103,000	-72,000	-156,000	-119,000	-130,000	-146,000	-18,000	-70,000	-228,000	-55,000	-117,500
Vehicles	387,058	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
Vehicle Sales	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000
Furniture & Fittings	10,000	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Computer Equipment	133,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total Plant & Equipment	990,688	586,000	790,000	838,000	728,000	874,000	466,000	752,000	1,132,000	587,000	609,500

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for years ended 2014-2015 to 2024-2025

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Expenditure summarised as:											
Renewal	6,097,003	5,567,000	5,369,000	5,737,000	6,153,000	5,720,000	6,768,000	6,031,000	6,892,000	6,253,000	10,118,000
Upgrade	869,848	350,000	573,000	165,000	200,000	0	200,000	0	0	0	0
Expansion	150,000	50,000	0	0	0	0	0	0	0	0	0
New Assets	886,400	775,000	4,047,000	449,000	1,626,000	500,000	0	309,000	410,000	720,000	0
Total Expenditure	8,003,251	6,742,000	9,989,000	6,351,000	7,979,000	6,220,000	6,968,000	6,340,000	7,302,000	6,973,000	10,118,000
Loan Repayments	651,365	478,322	497,000	303,493	0	0	0	0	0	0	0

Financial Ratios

for years ended 2014-2015 to 2024-2025

	Note	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Operating position												
		Adjusted underlying										
Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-25.5%	-16.8%	-23.9%	-22.1%	-21.2%	-17.5%	-17.0%	-17.2%	-16.9%	-15.7%	-16.3%
Liquidity												
Working Capital	2	121.2%	135.4%	142.3%	159.3%	201.6%	226.1%	250.1%	286.0%	317.6%	380.6%	401.6%
Unrestricted cash / current liabilities												
Obligations												
Loans and borrowings	3	15.7%	9.4%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans and borrowings		9.5%	6.0%	5.7%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indebtedness		5.8%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%
Asset renewal	4	77.2%	67.9%	62.9%	65.3%	66.0%	59.0%	67.8%	57.0%	62.7%	55.2%	84.2%
Stability												
Rates concentration	5	47.2%	48.2%	52.5%	53.4%	53.7%	55.4%	56.2%	56.6%	57.3%	57.8%	58.4%
Rates effort		0.52%	0.54%	0.57%	0.57%	0.59%	0.61%	0.64%	0.63%	0.65%	0.64%	0.67%

Notes to indicators

- Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. Trend is relatively stable over the life of the plan
- Working Capital** – The proportion of current liabilities represented by current assets. Working capital is forecast to improve steadily over the life of the plan.
- Debt compared to rates** - Trend indicates Council's desire to retire all current debt and use the money saved to reinvest in capital expenditure.
- Asset renewal** - This percentage indicates the extent of Council's renewal expenditure 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 increased future capital expenditure will be required to renew assets.
- Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's ongoing services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

**Pyrenees Shire Council
STRATEGIC RESOURCE PLAN**

For the four years ended 30 June 2019

Comprehensive Income Statement For the four years ended 30 June 2019

	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000
Income				
Rates and service charges	8,552	9,049	9,562	10,082
Statutory fees and fines	124	127	130	133
User charges	736	754	773	792
Grants - operating	6,029	5,976	6,125	6,278
Grants - capital	3,246	6,053	2,138	3,118
Contributions - monetary	70	200	0	0
Contributions - non monetary	0	0	0	0
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	27	53	49	211
Other income	283	276	287	299
Total income	19,067	22,488	19,064	20,913
Expenses				
Employee costs	6,312	6,481	6,643	6,809
Materials and services	5,695	5,828	5,951	6,123
Bad and doubtful debts	2	2	2	2
Depreciation and amortisation	8,200	8,530	8,790	9,320
Borrowing costs	34	15	5	0
Other expenses	466	478	490	502
Total expenses	20,709	21,334	21,881	22,756
Surplus/(deficit) for the year	-1,642	1,154	-2,817	-1,843
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods				
Net asset revaluation increment/(decrement)	500	200	0	800
Total comprehensive result	-1,142	1,354	-2,817	-1,043

The above comprehensive income statement should be read in conjunction with the accompanying other information.

Balance Sheet
For the four years ended 30 June 2019

	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000
Assets				
Current assets				
Cash and cash equivalents	2,346	2,346	2,346	2,346
Trade and other receivables	772	795	819	844
Land held for resale	1,850	1,403	1,483	2,766
Other assets	161	164	167	170
Total current assets	5,129	4,708	4,815	6,126
Non-current assets				
Trade and other receivables	93	87	80	72
Property, infrastructure, plant and equipment	282,020	283,326	280,127	277,803
Total non-current assets	282,113	283,413	280,207	277,875
Total assets	287,242	288,121	285,022	284,001
Liabilities				
Current liabilities				
Trade and other payables	1,011	1,051	1,093	1,137
Trust funds and deposits	176	180	184	188
Provisions	1,801	1,774	1,745	1,714
Interest-bearing loans and borrowings	801	304	0	0
Total current liabilities	3,789	3,309	3,022	3,039
Non-current liabilities				
Provisions	166	171	176	181
Interest-bearing loans and borrowings	0	0	0	0
Total non-current liabilities	166	171	176	181
Total liabilities	3,955	3,480	3,198	3,220
Net assets	283,287	284,641	281,824	280,781
Equity				
Accumulated surplus	80,532	81,686	78,869	77,026
Recreational land reserve	9	9	9	9
Asset revaluation reserve	202,746	202,946	202,946	203,746
Total Equity	283,287	284,641	281,824	280,781

The above balance sheet should be read in conjunction with the accompanying other information.

**Statement of Changes in Equity
For the four years ended 30 June 2019**

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016				
Balance at beginning of the financial year	284,429	82,174	202,246	9
Surplus/(deficit) for the year	-1,642	-1,642	0	0
Net asset revaluation increment/(decrement)	500	0	500	0
Transfers to other reserves	0	0	0	0
Transfers from other reserves	0	0	0	0
Balance at end of the financial year	283,287	80,532	202,746	9
2017				
Balance at beginning of the financial year	283,287	80,532	202,746	9
Surplus/(deficit) for the year	1,154	1,154	0	0
Net asset revaluation increment/(decrement)	200	0	200	0
Transfers to other reserves	0	0	0	0
Transfers from other reserves	0	0	0	0
Balance at end of the financial year	284,641	81,686	202,946	9
2018				
Balance at beginning of the financial year	284,641	81,686	202,946	9
Surplus/(deficit) for the year	-2,817	-2,817	0	0
Net asset revaluation increment/(decrement)	0	0	0	0
Transfers to other reserves	0	0	0	0
Transfers from other reserves	0	0	0	0
Balance at end of the financial year	281,824	78,869	202,946	9
2019				
Balance at beginning of the financial year	281,824	78,869	202,946	9
Surplus/(deficit) for the year	-1,843	-1,843	0	0
Net asset revaluation increment/(decrement)	800	0	800	0
Transfers to other reserves	0	0	0	0
Transfers from other reserves	0	0	0	0
Balance at end of the financial year	280,781	77,026	203,746	9

The above statement of changes in equity should be read with the accompanying other information.

Statement of Cash Flows
For the four years ended 30 June 2019

	2016	2017	2018	2019
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Rates and service charges	8,552	9,049	9,562	10,082
Statutory fees and fines	124	127	130	133
User charges	810	829	850	871
Grants - operating	6,029	5,976	6,125	6,278
Grants - capital	3,246	6,053	2,138	3,118
Contributions - monetary	77	220	0	0
Interest received	178	168	176	185
Trust funds and deposits taken	25	25	25	25
Other receipts	105	108	111	114
Net GST refund/payment	1,157	1,467	1,147	1,329
Employee costs	-6,328	-6,498	-6,661	-6,828
Materials and services	-6,265	-6,411	-6,546	-6,735
Trust funds and deposits repaid	-25	-25	-25	-25
Other payments	-513	-526	-539	-552
Net cash provided by/(used in) operating activities	7,172	10,562	6,493	7,995
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	-6,564	-10,988	-6,492	-6,988
Payments for land held for resale	-852	0	-494	-1,789
Proceeds from sale of property, infrastructure, plant and equipment	299	391	351	363
Proceeds from sale of land held for resale	457	547	451	419
Payments for investments	-12,000	-12,000	-12,000	-12,000
Proceeds from sale of investments	12,000	12,000	12,000	12,000
Net cash provided by/(used in) investing activities	-6,660	-10,050	-6,184	-7,995
Cash flows from financing activities				
Finance costs	-34	-15	-5	0
Proceeds from borrowings	0	0	0	0
Repayment of borrowings	-478	-497	-304	0
Net cash provided by/(used in) financing activities	-512	-512	-309	0
Net increase (decrease) in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at the beginning of the financial year	2,346	2,346	2,346	2,346
Cash and cash equivalents at the end of the financial year	2,346	2,346	2,346	2,346

The above statement of cash flows should be read with the accompanying other information

Statement of Capital Works For the four years ended 30 June 2019

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Property				
Land	165	0	449	250
Land improvements	610	4,000	15	1,576
Total land	775	4,000	464	1,826
Buildings	73	401	78	86
Heritage Buildings	0	0	0	0
Building improvements	0	0	0	0
Leasehold improvements	340	243	0	0
Total buildings	413	644	78	86
Total property	1,188	4,644	542	1,912
Plant and equipment				
Heritage plant and equipment	0	0	0	0
Plant, machinery and equipment	773	1,051	1,062	963
Fixtures, fittings and furniture	10	20	20	20
Computers and telecommunications	125	75	75	75
Library books	0	0	0	0
Total plant and equipment	908	1,146	1,157	1,058
Infrastructure				
Roads	3,730	3,095	3,294	3,558
Bridges	896	817	1,088	1,031
Footpaths and cycle ways	10	10	160	10
Drainage	10	10	10	10
Recreational, leisure and community facilities	0	267	100	400
Waste management	0	0	0	0
Parks, open space and streetscapes	0	0	0	0
Aerodromes	0	0	0	0
Off street car parks	0	0	0	0
Other infrastructure	0	0	0	0
Total infrastructure	4,646	4,199	4,652	5,009
Total capital works expenditure	6,742	9,989	6,351	7,979
Represented by:				
New asset expenditure	775	4,047	449	1,626
Asset renewal expenditure	5,567	5,369	5,737	6,153
Asset expansion expenditure	50	0	0	0
Asset upgrade expenditure	350	573	165	200
Total capital works expenditure	6,742	9,989	6,351	7,979

The above statement of capital works should be read with the accompanying other information.

Statement of Human Resources
For the four years ended 30 June 2019

	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000
Staff expenditure				
Employee costs - Operating	6,312	6,481	6,643	6,809
Employee costs - Capital	347	358	367	376
Total staff expenditure	<u>6,659</u>	<u>6,839</u>	<u>7,010</u>	<u>7,185</u>
	FTE	FTE	FTE	FTE
Staff numbers				
Employees	77.8	77.8	77.8	77.8
Total staff numbers	<u>77.8</u>	<u>77.8</u>	<u>77.8</u>	<u>77.8</u>

The above statement of human resources should be read with the accompanying other information.

Other Information
For the four years ended 30 June 2019

1. Summary of planned capital works expenditure

2016	Asset Expenditure Types				Funding Sources					
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Property										
Land	165	165	0	0	0	165	0	0	165	0
Land improvements	610	610	0	0	0	610	0	0	610	0
Total land	775	775	0	0	0	775	0	0	775	0
Buildings	73	0	63	0	10	73	0	0	73	0
Heritage Buildings	0	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	340	0	0	0	340	340	270	70	0	0
Total buildings	413	0	63	0	350	413	270	70	73	0
Total property	1,188	775	63	0	350	1,188	270	70	848	0
Plant and equipment										
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0
Plant, machinery and equipment	773	0	773	0	0	773	0	0	773	0
Fixtures, fittings and furniture	10	0	10	0	0	10	0	0	10	0
Computers and telecommunications	125	0	75	50	0	125	0	0	125	0
Library books	0	0	0	0	0	0	0	0	0	0
Total plant and equipment	908	0	858	50	0	908	0	0	908	0
Infrastructure										
Roads	3,730	0	3,730	0	0	3,730	2,230	0	1,500	0
Bridges	896	0	896	0	0	896	746	0	150	0
Footpaths and cycle ways	10	0	10	0	0	10	0	0	10	0
Drainage	10	0	10	0	0	10	0	0	10	0
Recreational, leisure and community facilities	0	0	0	0	0	0	0	0	0	0
Waste management	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0
Total infrastructure	4,646	0	4,646	0	0	4,646	2,976	0	1,670	0
Total capital works expenditure	6,742	775	5,567	50	350	6,742	3,246	70	3,426	0

**Other Information
For the four years ended 30 June 2019**

1. Summary of planned capital works expenditure

2017	Asset Expenditure Types				Funding Sources					
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Property										
Land	0	0	0	0	0	0	0	0	0	0
Land improvements	4,000	4,000	0	0	0	4,000	3,700	200	100	0
Total land	4,000	4,000	0	0	0	4,000	3,700	200	100	0
Buildings	401	0	71	0	330	401	0	0	401	0
Heritage Buildings	0	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	243	0	0	0	243	243	243	0	0	0
Total buildings	644	0	71	0	573	644	243	0	401	0
Total property	4,644	4,000	71	0	573	4,644	3,943	200	501	0
Plant and equipment										
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0
Plant, machinery and equipment	1,051	0	1,051	0	0	1,051	0	0	1,051	0
Fixtures, fittings and furniture	20	0	20	0	0	20	0	0	20	0
Computers and telecommunications	75	0	75	0	0	75	0	0	75	0
Library books	0	0	0	0	0	0	0	0	0	0
Total plant and equipment	1,146	0	1,146	0	0	1,146	0	0	1,146	0
Infrastructure										
Roads	3,095	0	3,095	0	0	3,095	1,351	0	1,744	0
Bridges	817	47	770	0	0	817	637	0	180	0
Footpaths and cycle ways	10	0	10	0	0	10	0	0	10	0
Drainage	10	0	10	0	0	10	0	0	10	0
Recreational, leisure and community facilities	267	0	267	0	0	267	122	0	145	0
Waste management	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0
Total infrastructure	4,199	47	4,152	0	0	4,199	2,110	0	2,089	0
Total capital works expenditure	9,989	4,047	5,369	0	573	9,989	6,053	200	3,736	0

Other Information
For the four years ended 30 June 2019

1. Summary of planned capital works expenditure

2018	Asset Expenditure Types			Funding Sources						
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Property										
Land	449	449	0	0	0	449	0	0	449	0
Land improvements	15	0	0	0	15	15	0	0	15	0
Total land	464	449	0	0	15	464	0	0	464	0
Buildings	78	0	78	0	0	78	0	0	78	0
Heritage Buildings	0	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0	0
Total buildings	78	0	78	0	0	78	0	0	78	0
Total property	542	449	78	0	15	542	0	0	542	0
Plant and equipment										
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0
Plant, machinery and equipment	1,062	0	1,062	0	0	1,062	0	0	1,062	0
Fixtures, fittings and furniture	20	0	20	0	0	20	0	0	20	0
Computers and telecommunications	75	0	75	0	0	75	0	0	75	0
Library books	0	0	0	0	0	0	0	0	0	0
Total plant and equipment	1,157	0	1,157	0	0	1,157	0	0	1,157	0
Infrastructure										
Roads	3,294	0	3,294	0	0	3,294	1,438	0	1,856	0
Bridges	1,088	0	1,088	0	0	1,088	550	0	538	0
Footpaths and cycle ways	160	0	10	0	150	160	150	0	10	0
Drainage	10	0	10	0	0	10	0	0	10	0
Recreational, leisure and community facilities	100	0	100	0	0	100	0	0	100	0
Waste management	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0
Total infrastructure	4,652	0	4,502	0	150	4,652	2,138	0	2,514	0
Total capital works expenditure	6,351	449	5,737	0	165	6,351	2,138	0	4,213	0

Other Information
For the four years ended 30 June 2019

1. Summary of planned capital works expenditure

2019	Asset Expenditure Types				Funding Sources					
	Total \$'000	New \$'000	Renewal \$'000	Expansion \$'000	Upgrade \$'000	Total \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
Property										
Land	250	250	0	0	0	250	250	0	0	0
Land improvements	1,576	1,376	0	0	200	1,576	680	0	896	0
Total land	1,826	1,626	0	0	200	1,826	930	0	896	0
Buildings	86	0	86	0	0	86	0	0	86	0
Heritage Buildings	0	0	0	0	0	0	0	0	0	0
Building improvements	0	0	0	0	0	0	0	0	0	0
Leasehold improvements	0	0	0	0	0	0	0	0	0	0
Total buildings	86	0	86	0	0	86	0	0	86	0
Total property	1,912	1,626	86	0	200	1,912	930	0	982	0
Plant and equipment										
Heritage plant and equipment	0	0	0	0	0	0	0	0	0	0
Plant, machinery and equipment	963	0	963	0	0	963	0	0	963	0
Fixtures, fittings and furniture	20	0	20	0	0	20	0	0	20	0
Computers and telecommunications	75	0	75	0	0	75	0	0	75	0
Library books	0	0	0	0	0	0	0	0	0	0
Total plant and equipment	1,058	0	1,058	0	0	1,058	0	0	1,058	0
Infrastructure										
Roads	3,558	0	3,558	0	0	3,558	1,438	0	2,120	0
Bridges	1,031	0	1,031	0	0	1,031	550	0	481	0
Footpaths and cycle ways	10	0	10	0	0	10	0	0	10	0
Drainage	10	0	10	0	0	10	0	0	10	0
Recreational, leisure and community facilities	400	0	400	0	0	400	200	0	200	0
Waste management	0	0	0	0	0	0	0	0	0	0
Parks, open space and streetscapes	0	0	0	0	0	0	0	0	0	0
Aerodromes	0	0	0	0	0	0	0	0	0	0
Off street car parks	0	0	0	0	0	0	0	0	0	0
Other infrastructure	0	0	0	0	0	0	0	0	0	0
Total infrastructure	5,009	0	5,009	0	0	5,009	2,188	0	2,821	0
Total capital works expenditure	7,979	1,626	6,153	0	200	7,979	3,118	0	4,861	0

Other Information
For the four years ended 30 June 2019

2. Summary of planned human resources expenditure

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
CEO's Department				
Permanent - Full time	345	354	363	372
Total CEO's Department	345	354	363	372
Economic Development and Tourism				
Permanent - Full time	259	266	273	280
Permanent - Part time	233	240	246	251
Casual	85	87	89	92
Total Economic Development and Tourism	577	593	608	623
Governance & Risk				
Permanent - Full time	209	215	220	225
Total Governance & Risk	209	215	220	225
Corporate Services				
Permanent - Full time	1,111	1,141	1,169	1,198
Permanent - Part time	32	33	34	35
Casual	11	11	12	12
Total Corporate Services	1,154	1,185	1,215	1,245
Community Wellbeing				
Permanent - Full time	464	476	488	500
Permanent - Part time	579	595	610	625
Casual	9	9	9	10
Total Community Wellbeing	1,052	1,080	1,107	1,135
Assets and Development Services				
Permanent - Full time	1,220	1,253	1,284	1,316
Permanent - Part time	219	225	231	237
Casual	26	27	28	29
Total Assets and Development Services	1,465	1,505	1,543	1,582
Works				
Permanent - Full time	1,857	1,907	1,954	2,003
Total Works	1,857	1,907	1,954	2,003
Total staff expenditure	6,659	6,839	7,010	7,185
	FTE	FTE	FTE	FTE
CEO's Department				
Permanent - Full time	2.40	2.40	2.40	2.40
Total CEO's Department	2.40	2.40	2.40	2.40
Economic Development and Tourism				
Permanent - Full time	2.60	2.60	2.60	2.60
Permanent - Part time	3.12	3.12	3.12	3.12
Casual	1.32	1.32	1.32	1.32
Total Economic Development and Tourism	7.04	7.04	7.04	7.04
Governance & Risk				
Permanent - Full time	2.00	2.00	2.00	2.00
Total Governance & Risk	2.00	2.00	2.00	2.00
Corporate Services				
Permanent - Full time	11.50	11.50	11.50	11.50
Permanent - Part time	0.47	0.47	0.47	0.47
Casual	0.16	0.16	0.16	0.16
Total Corporate Services	12.13	12.13	12.13	12.13
Community Wellbeing				
Permanent - Full time	5.00	5.00	5.00	5.00
Permanent - Part time	8.55	8.55	8.55	8.55
Casual	0.08	0.08	0.08	0.08
Total Community Wellbeing	13.63	13.63	13.63	13.63
Assets and Development Services				
Permanent - Full time	12.50	12.50	12.50	12.50
Permanent - Part time	2.54	2.54	2.54	2.54
Casual	0.51	0.51	0.51	0.51
Total Assets and Development Services	15.55	15.55	15.55	15.55
Works				
Permanent - Full time	25.00	25.00	25.00	25.00
Total Works	25.00	25.00	25.00	25.00
Total staff numbers	77.75	77.75	77.75	77.75



CHIEF EXECUTIVE OFFICER

1. RATE CAPPING

Jim Nolan, Chief Executive Officer

File No: 52/04/02

Declaration of Interest: As author of this report I have no disclosable interest in this item.

PURPOSE

The purpose of this report is for Council to decide whether it intends to make an application for a higher rate cap for the 2016/2017 financial year.

BACKGROUND

Minister for Local Government, Natalie Hutchins announced on 22 December 2015 that Council rate rises will be capped to 2.5% for 2016/2017.

This announcement is consistent with the pre-election commitment by the Andrews Government to cap council rate rises to the Consumer Price Index (CPI), and followed a consultation process with the sector, review by the Essential Services Commission (ESC), and an amendment to the Local Government Act which provides for the Fair Go Rates System.

Under this system, Victorian councils will not be able to increase rates by more than the rate cap set by the Minister unless they successfully apply to the Essential Services Commission for a higher cap.

“The Fair Go Rates System – Guidance for Councils” (December 2015) document is attached to this report. The guidance document details the following key elements:

1. Overview and timelines
2. Complying with the Cap
3. Applying for a higher Cap
4. Reporting requirements

Significantly, councils seeking approval for a higher cap for 2016/2017 are required to notify the ESC by 31 January 2016.

ISSUE / DISCUSSION

In deciding whether or not to apply for a higher cap the following matters are relevant reasons why Council may consider applying for a higher cap:

1. The rate cap of 2.5% set by the Minister is lower than the rate rise proposed in Pyrenees Shire Council’s Long Term Financial Plan which proposed future rate increases over the 10 year period to be 5.15% (2016/2017) reducing to 4% (2024/2025). The result is a significant shortfall in revenue and therefore reduced capacity for Council to renew and maintain assets and deliver services. One percent rate rise equates to approximately \$73,000. The difference in revenue for Pyrenees Shire Council in 2016/2017 as a result of the cap is approximately $(2.65\% \times \$73,000) = \$193,450$.

This is an ongoing loss of revenue compounding year on year, and the overall loss of revenue is in excess of one full year’s rate revenue over 10 years.



2. Council has a significant asset base requiring maintenance and renewal, and Council has previously identified a gap in its ability to fund the maintenance and renewal of its roads. The gap is in the order of \$1.5-\$2.5M per annum.
3. The annual community satisfaction survey for Pyrenes Shire commissioned by the State Government identified that the current level of service that Council provides for roads and streets does not meet the expectations of the community.
4. A recent survey of Council's road and bridge assets by consultant Peter Maloney confirms that Council's road pavements are continuing to decline.
5. The highest expenditure item in Council's budget is salaries. This is unsurprising because salaries pay people who deliver critical services to the community. Salary adjustments are however subject to Council's Enterprise Agreement and an industrial relations regime which provides that the annual adjustment currently exceeds CPI. Therefore, moving forward, expenditure growth will exceed revenue growth which is unsustainable.

The following matters are relevant reasons why council may consider not applying for a higher cap for 2016/2017: -

1. The application can only apply for the 2016/2017 year. A further application will be required for 2017/2018 and subsequent years. Note that if Council chooses to apply for a higher cap in 2017, it can apply for a multiple year cap.
2. Council's ability to address the required six criteria and provide the required information to accompany the application as set out in the ESC guidance document is limited, and will require considerable resources to undertake the work and prepare the application documentation. It is anticipated that this work could take two officers up to two months to complete.
3. There is no guarantee that an application for a higher cap will be successful. In determining whether to approve an application, it is noted that many of the criteria are open to interpretation. For example under criterion three – engagement, the engagement program that is required to be prepared and delivered must “contain clear, accessible and comprehensive information.....”
4. The ability for individuals to pay rates has been a consideration of the government in setting the rate cap. Should Council choose to apply for and be successful in its application for a higher rate rise then this will potentially impact on communities, many of which are already disadvantaged, and currently in the midst of drought.
5. Recent contact with other councils indicates that there is little appetite in making application for a higher cap for 2016/2017.
6. Should a ‘hasty’ application be prepared in 2016, and be found to be unsuccessful or fall short in meeting the criteria, then this may impact on Council's ability to successfully apply in future. Council may wish to consider the criteria that have been established and take the time over the course of the year to consider how it may best



respond to each criteria, particularly in respect of its community engagement and its long term financial planning.

There are numerous other relevant matters that may be raised and debated about the merit of applying for a higher cap, and this report outlines a limited number for consideration.

On balance, it is the officer's view that Council not pursue a higher cap for 2016/2017.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Strategic Objective 1 - Leadership

1.4 - Work with the state and federal governments and the Municipal Association of Victoria (MAV) on a new and sustainable funding model for local government.

ATTACHMENTS

1.1 The Fair Go Rates System – Guidance for Councils (December 2015)

FINANCIAL / RISK IMPLICATIONS

The financial implications of rate capping on the financial sustainability of the Pyrenees Shire are considerable.

When the revenue raised through a rate capping regime is compared with the revenue anticipated in Council's long term financial plan, there is an ongoing loss of revenue compounding year on year, and the overall loss of revenue is in excess of one full year's rate revenue over 10 years.

There is also a risk, should Council choose to allocate resources to prepare an application for a higher rate cap in 2016/17 that its application is unsuccessful resulting in a loss of officer time in the order of \$30,000-\$40,000.

CONCLUSION

The Minister for Local Government, Natalie Hutchins announced on 22 December 2015 that Council rate rises will be capped to 2.5% for 2016/2017.

Victorian councils will not be able to increase rates by more than the rate cap set by the Minister unless they successfully apply to the Essential Services Commission for a higher cap.

The Fair Go Rates System – Guidance for Councils document sets out the process and timeframes for applying for a higher cap, and councils seeking approval for a higher cap for 2016/2017 are required to notify the ESC by 31 January 2016.

This report outlines a number of matters relevant for Council to decide whether or not to apply for a higher cap.

OFFICER RECOMMENDATION

That Council:

1. having considered the issues raised in this report, decide not to apply for a higher rate cap for 2016/2017
2. continues to work with the Essential Services Commission, MAV, RCV and other rural councils on the matter of rate capping with the view to considering an application for a higher rate cap for 2017/2018 and subsequent years.
3. continues to advocate to the state and federal government for a fairer funding model for rural councils.

CRS CLARK / EASON

That Council move to the second item of business and then return to this item to consider an alternate motion.

CARRIED

Council proceeded to consider the agenda item relating to Rural Council's Victoria (item 2), and after resolving on that matter returned to item 1, Rate Capping to consider that matter further.

CRS CLARK / EASON

1. That Council advise the ESC of its intention to "at this stage" apply for a higher variation to the prescribed 2016-17 rate cap.
2. Present to the February meeting of Council a rating scenario which involves the maintaining of current service levels and staffing arrangements for the 2016-17 year, mindful of Councils enterprise agreement and the current freeze to FAG's funding for Council.
3. Seek a meeting with the Minister to relay the difficulties the "one size fits all" variations approach creates with small rural municipalities.
4. Work with other stakeholders in the sector to try and achieve a simpler variation model for the 2016-17 year and beyond, and
5. Continue to advocate individually and through RCV, MAV and ALGA for a sustainable funding model for rural Councils.

CARRIED

Pyrenees Shire Council

The Fair Go Rates

Submission Plan

February 2016

1. INTRODUCTION

The Minister for Local Government, Natalie Hutchins announced on 22 December 2015 that Council rate rises will be capped to 2.5% for 2016/2017.

This announcement is consistent with the pre-election commitment by the Andrews Government to cap council rate rises to the Consumer Price Index (CPI), and followed a consultation process with the sector, undertaken by the Essential Services Commission (ESC), and an amendment to the Local Government Act which provides for the Fair Go Rates System.

Under this system, Victorian councils will not be able to increase rates by more than the rate cap set by the Minister unless they successfully apply to the Essential Services Commission for a higher cap.

Council at its meeting on 19th January 2016 resolved to prepare a submission for a higher cap for the 2016/17 year.

The ESC has been notified in January 2016 of Council's intention to make a submission.

2. BACKGROUND

Council's submission is required to be lodged by 31st March 2016. This provides Council and the community with limited time to prepare, consider, amend as required, and adopt its submission. With this in mind the following plan is presented with time lines and responsibilities for Council's consideration. The aim of the plan is to ensure that the necessary information and processes are addressed in order that Council's submission is lodged in a timely manner.

3. TIMELINES

Council expects the elements of the project to be completed as follows-

Timetable		Resp Officer / Group
February		
01-Feb-16	Draft of FGRS Submission Plan to project group for comment	EK
03-Feb-16	FGRS Submission Plan completed for inclusion into February Council agenda for Council approval	EK
04-Feb-16	Preparation of Council agenda item for FGRS Submission Plan	EK
05-Feb-16	Preparation of Council agenda item for Council consideration of options to address the \$193,000 shortfall caused by FGRS requirements.	EK
09-Feb-16	Council Briefing on Mid-Year Budget Review and Long Term Financial Plan including discussion only on the options available to Council to address the \$193,000 shortfall caused by FGRS requirements.	EK
16-Feb-16	February Council Meeting - Council adopt FGRS Submission Plan February Council Meeting - Council adopted the community consultation processes incorporated in this plan to involve the community in its decision making process. The community will also be encouraged to make submissions to Council on the issues around the FGRS. These submissions will form part of Council's submission to the ESC. February Council Meeting - Council consideration of options to address the \$193,000 shortfall caused by FGRS requirements.	Council Council Council
17-Feb-16	Advertisements and Press Releases to be developed to advise the community of Council's consultation processes in relation to the FGRS. These items to be guided by the community engagement reference material listed on the ESC website.	Communications
29-Feb-16	9.00am to 5.00pm Officers Available in Beaufort and Avoca Visitor Information Centres to assist/discuss/provide information on Council's Annual Budget and the budget process and Council FGRS submission.	Community/Council/Project Working Group
29-Feb-16	7.00pm to 9.00pm Council/Community meeting on Budget and FGRS options 7pm - Lexton	Community/Council/Project Working Group

March		Resp Officer / Group	
01-Mar-16	7.00pm to 9.00pm	Council/Community meeting on Budget and FGRS options 7pm - Beaufort	Community/Council/Project Working Group
02-Mar-16	7.00pm to 9.00pm	Council/Community meeting on Budget and FGRS options 7pm - Avoca	Community/Council/Project Working Group
03-Mar-16	7.00pm to 9.00pm	Council/Community meeting on Budget and FGRS options 7pm - Snake Valley	Community/Council/Project Working Group
04-Mar-16	7.00pm to 9.00pm	Council/Community meeting on Budget and FGRS options 7pm - Landsborough	Community/Council/Project Working Group
08-Mar-16	3.00pm	<p>Draft Statement Addressing the Six Criteria as outlined by the ESC presented to Council Briefing</p> <ol style="list-style-type: none"> 1 Amount of higher cap 2 Reasons for which Council seeks the higher cap 3 How the view of the ratepayers and the community have been taken into account in proposing the higher cap 4 How the higher cap is an efficient use of Council Resources and represents value for money 5 Whether consideration has been given to reprioritising proposed expenditure and alternative funding options and why those options are not adequate. 6 That the assumptions and proposals in the application are consistent with Council's long term strategy and financial management policies set out in Council's planning documents and annual budget 	Project Working Group

11-Mar-16	3.00pm	Financial Business Case of FGRS Spreadsheet Documentation Completed. Including the cost centre analysis as requested by the ESC. Including the cost centre analysis as requested by the ESC. (Budget Baseline Information requested by ESC)	Terry Mathews
11-Mar-16	3.00pm	Public submissions close for the higher cap	EK
15-Mar-16		March Council Meeting - Council hear submissions from the general public on the FGRS requirements and Council's Submission to request a rate cap increase from the ESC for the 2016/17 rating year. March Council Meeting - Council adopted its submission (which will be tabled at the meeting) to be presented to the ESC for a rate cap increase. Council quantifying in this submission the amount above the 2.5% allowance requested. Council also demonstrating in its submission how it has addressed the six criteria as outlined in the ESC requirements.	Council Council
18-Mar-16		FGRS Submission Lodged by Pyrenees Shire Council	EK

4. RESPONSIBILITIES

4.1 Project Working Group

The Working Group is:

Jim Nolan, Chief executive Officer

Douglas Gowans, Director Assets and Development

Evan King, Director Corporate and Community Services

Terry Mathews, Contractor

4.2 Interested parties

The Project Working Group will work with/discuss all FGRS requirements with the following managers to establish various parameters to be addressed in the submission.

The Interested parties group is:

All third level managers

5. PROJECT MANAGEMENT

Council's Director of Corporate Services, will be the project manager for the purpose of day-to-day queries and on-going liaison with all interested parties.

31. FAIR GO RATES SUBMISSION PLAN

Evan King, Director Corporate and Community Services

File No: 52/04/02

Declaration of Interest: As author of this report I have no disclosable interest in this item.

PURPOSE

The purpose of this report is for Council to endorse the Fair Go Rates Submission Plan.

BACKGROUND

The Minister for Local Government, Natalie Hutchins announced on 22 December 2015 that Council rate rises will be capped to 2.5% for 2016/2017.

This announcement is consistent with the pre-election commitment by the Andrews Government to cap council rate rises to the Consumer Price Index (CPI), and followed a consultation process with the sector, undertaken by the Essential Services Commission (ESC), and an amendment to the Local Government Act which provides for the Fair Go Rates System (FGRS).

Under this system, Victorian councils will not be able to increase rates by more than the rate cap set by the Minister unless they successfully apply to the Essential Services Commission for a higher cap.

Council at its meeting on 19th January 2016 resolved to prepare a submission for a higher cap for the 2016/17 year.

The ESC has been notified in January 2016 of Council's intention to make a submission. Council's submission is required to be lodged by 31st March 2016. This provides Council and the community with limited time to prepare, consider, amend as required, and adopt its submission. With this in mind the following plan is presented with time lines and responsibilities for Council's consideration. The aim of the plan is to ensure that the necessary information and processes are addressed in order that Council's submission is lodged in a timely manner.

ISSUE / DISCUSSION

The FGRS provides Victorian councils with the ability to apply to the Commission for a higher cap than the cap set by the Minister.

In preparation for the application to the ESC a Fair Go Rates Submission Plan has been developed.

The Plan establishes a project working group consisting of:

- Chief Executive Officer – Jim Nolan
- Director Corporate & Community Services – Evan King
- Director Assets & Development – Doug Gowans
- Contractor – Terry Mathews

The plan also identifies an interested parties group which consists of all third level managers.

The Plan includes all the relevant milestones required to meet the 31st March deadline for submissions to be lodged with the ESC.

Section 185E(3) of the Local Government Act 1989 states that:

An application under this section must specify –

- A. The proposed higher cap and the specified year(s) that it will apply
- B. The reasons for which the council seeks the higher cap
- C. How the views of ratepayers and the community have been taken into account in proposing the higher cap
- D. How the higher cap is an efficient use of council resources and represents value for money
- E. Whether consideration has been given to reprioritising proposed expenditures and alternative funding options and why the council does not consider those options to be adequate
- F. That the assumptions and proposals in the application are consistent with the council’s long term strategy and financial management policies set out in the council’s planning documents and annual budget

In fulfilment of part C of the six matters (criteria) to specify in an application for a higher cap the Fair Go Rates Submission Plan details the proposed community engagement program.

The proposed community engagement plan includes:

Date	Activity	Responsibility
17-Feb-16	Advertisements and press releases to be developed to advise the community of Council's consultation processes in relation to the FGRS. These items to be guided by the community engagement reference material listed on the ESC website.	Communications
29-Feb-16	Officers available in Beaufort and Avoca Visitor Information Centres to assist/discuss/provide information on Council's annual budget and the budget process and Council FGRS submission.	Community/Council/Project Working Group
29-Feb-16	Council/community meeting on Budget and FGRS options 7pm - Lexton	Community/Council/Project Working Group
01-Mar-16	Council/community meeting on Budget and FGRS options 7pm - Beaufort	Community/Council/Project Working Group
02-Mar-16	Council/community meeting on Budget and FGRS options 7pm - Avoca	Community/Council/Project Working Group
03-Mar-16	Council/community meeting on Budget and FGRS options 7pm - Snake Valley	Community/Council/Project Working Group
04-Mar-16	Council/community meeting on Budget and FGRS options 7pm - Landsborough	Community/Council/Project Working Group

Targeted discussions with the Victorian Farmers Federation, Business for Beaufort and Avoca Business and Tourism will be scheduled to coincide with the above.



COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Strategic Objective 1 - Leadership

1.1 - Communicate the Council's decisions, policies and activities and the reasons behind them, in a form relevant to ratepayer needs and expectations in accordance to Council's communication strategy.

ATTACHMENTS

31.1 Fair Go Rates Submission Plan

FINANCIAL / RISK IMPLICATIONS

The rate cap of 2.5% set by the Minister is lower than the rate rise proposed in Pyrenees Shire Council's Long Term Financial Plan which proposed future rate increases over the 10 year period to be 5.15% (2016/2017) reducing to 4% (2024/2025). The result is a significant shortfall in revenue and therefore reduced capacity for Council to renew and maintain assets and deliver services. One percent rate rise equates to approximately \$73,000. The difference in revenue for Pyrenees Shire Council in 2016/2017 as a result of the cap is approximately $(2.65\% \times \$73,000) = \$193,450$.

This is an ongoing loss of revenue compounding year on year, and the overall loss of revenue is in excess of one full year's rate revenue over 10 years.

\$10,000 has been included in the mid-year budget review to fund contractor costs associated with the Higher Cap submission. Other costs associated with the submission will be covered by existing provisions.

CONCLUSION

The announcement of the Rates CAP by the Minister for Local Government has placed significant financial pressure on the Pyrenees Shire Council. Council's decision at the Special Meeting of Council on the 19th January 2016 to advise the ESC of its intention "at this stage" to apply for a higher variation to the prescribed 2016-17 rate cap necessitates the need to develop a Fair Go Rates Submission Plan including the required community engagement.

CRS CLARK / VANCE

<p>That Council endorses the Fair Go Rates Submission Plan incorporating community engagement program.</p>
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CARRIED

CORPORATE AND COMMUNITY SERVICES

13. FAIR GO RATES – HIGHER CAP SUBMISSIONS

Evan King, Director Corporate and Community Services

File No: 52/04/02

Declaration of Interest: As author of this report I have no disclosable interest in this item.

PURPOSE

The purpose of this report is for Council to consider making a submission to the Essential Services Commission for a Higher Rate Cap in the 2016/17 financial year.

BACKGROUND

The Minister for Local Government, Natalie Hutchins announced on 22 December 2015 that Council rate rises will be capped to 2.5% for 2016/2017.

This announcement is consistent with the pre-election commitment by the Andrews Government to cap council rate rises to the Consumer Price Index (CPI), and followed a consultation process with the sector, undertaken by the Essential Services Commission (ESC), and an amendment to the Local Government Act which provides for the Fair Go Rates System (FGRS).

Under this system, Victorian councils will not be able to increase rates by more than the rate cap set by the Minister unless they successfully apply to the Essential Services Commission for a higher cap.

Since the setting of the Rate CAP the following actions have occurred:

- Council at a Special Council meeting on 19th January 2016 resolved to prepare a submission for a higher cap for the 2016/17 year.
 1. That Council advise the ESC of its intention to "at this stage" apply for a higher variation to the prescribed 2016-17 rate cap.
 2. Present to the February meeting of Council a rating scenario which involves the maintaining of current service levels and staffing arrangements for the 2016-17 year, mindful of Councils enterprise agreement and the current freeze to FAG's funding for Council.
 3. Seek a meeting with the Minister to relay the difficulties the "one size fits all" variations approach creates with small rural municipalities.
 4. Work with other stakeholders in the sector to try and achieve a simpler variation model for the 2016-17 year and beyond, and
 5. Continue to advocate individually and through RCV, MAV and ALGA for a sustainable funding model for rural Councils.
- The Pyrenees Shire Council notified the ESC of its intention to make a submission under the Fair Go Rates System.
- Council at its Ordinary Meeting on the 16th February 2016 adopted the Fair Go Rates Submission Plan incorporating the community engagement program. Council also adopted a proposed 2.0% Higher Rate Cap for the purpose of seeking community Consultation.
 1. That Council undertakes community consultation on the higher cap based on a variation of 2.00% to be invested into road infrastructure renewal; and

2. Request a report be presented at the March 2016 Ordinary Meeting of Council to hear submissions on the higher cap and feedback from the community consultation sessions.

If Council was to make a submission to the ESC under the Fair Go Rates System the submission would be required to be lodged by 31st March 2016.

ISSUE / DISCUSSION

The FGRS provides Victorian councils with the ability to apply to the ESC for a higher cap than the cap set by the Minister.

Section 185E(3) of the Local Government Act 1989 provides guidance on the content of a submission for a Higher CAP:

An application under this section must specify –

- A. The proposed higher cap and the specified year(s) that it will apply
- B. The reasons for which the council seeks the higher cap
- C. How the views of ratepayers and the community have been taken into account in proposing the higher cap
- D. How the higher cap is an efficient use of council resources and represents value for money
- E. Whether consideration has been given to reprioritising proposed expenditures and alternative funding options and why the council does not consider those options to be adequate
- F. That the assumptions and proposals in the application are consistent with the council's long term strategy and financial management policies set out in the council's planning documents and annual budget

In fulfilment of part C of the six matters (criteria) to specify in an application for a higher cap the Fair Go Rates Submission Plan detailed the community engagement program.

The community engagement undertaken included the following:

Date	Activity	Responsibility
17-Feb-16	Advertisements and Press Releases to be developed to advise the community of Council's consultation processes in relation to the FGRS. These items to be guided by the community engagement reference material listed on the ESC website.	Communications
29-Feb-16	Officers Available in Beaufort and Avoca Visitor Information Centres to assist/discuss/provide information on Council's Annual Budget and the budget process and Council FGRS submission. 9.00am to 5.00pm	Community/Council/Project Working Group
29-Feb-16	Council/Community meeting on Budget and FGRS options 7pm - Lexton	Community/Council/Project Working Group

01-Mar-16	Council/Community meeting on Budget and FGRS options 7pm - Beaufort	Community/Council/Project Working Group
02-Mar-16	Council/Community meeting on Budget and FGRS options 7pm - Avoca	Community/Council/Project Working Group
03-Mar-16	Council/Community meeting on Budget and FGRS options 7pm - Snake Valley	Community/Council/Project Working Group
04-Mar-16	Council/Community meeting on Budget and FGRS options 7pm - Landsborough	Community/Council/Project Working Group

To inform the community on the proposed engagement activities the following communication was undertaken:

- Your Rates – Have Your Say brochure was developed and distributed across the shire.
- A full page notice was placed in the Pyrenees Advocate on the 26th February.
- Notice placed on Council’s Facebook page informing community of consultation sessions.
- Online/hardcopy survey was conducted.

Attendance at the drop in sessions and community meeting were:

Engagement Type	Attendance
Avoca Drop in Session	5
Beaufort Drop in Session	5
Lexton Community Session	2
Beaufort Community Session	4
Avoca Community Session	4
Snake Valley Community Session	1
Landsborough Community Session	2

The key themes from the drop in sessions and community meetings were:

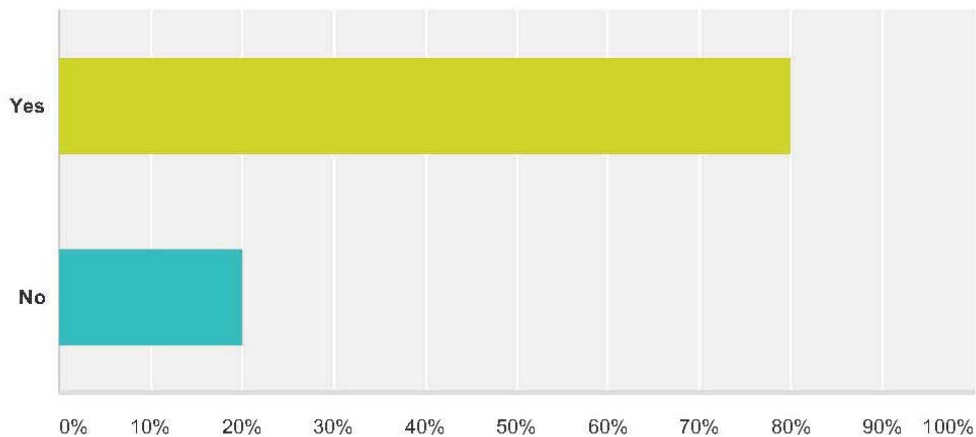
- Rate payer’s ability to pay the higher rate – Pyrenees Shire Council is one of the most socioeconomically disadvantaged Local Government Area in the state.
- Efficiency program needs to be implemented prior to applying for a higher CAP to deliver:
 - Best value for money
 - Procurement efficiency
 - Service delivery efficiency
- Full service reviews need to be conducted prior to seeking a higher CAP.
- Better funding model for Local Government needs to be addressed as higher rates are not the solution and not sustainable.
- The agricultural industry is continually driving efficiency to remain viable. The industry has no control over commodity prices and stock values and therefore is a price receiver. Farmers have borne the compounding effects of increasing rates for some time. It is time for Council to drive efficiency and work within their means.
- The effects of increasing CIV and rate rises are placing significant pressure on ratepayers.

- Average wage increases are not keeping up with increasing costs such as rates.
- The roads provide a very important service to the community and therefore an additional 2% in rates spent on roads would be beneficial in the long term.

The online/hardcopy survey generated 18 responses. The results of the survey were as follows.

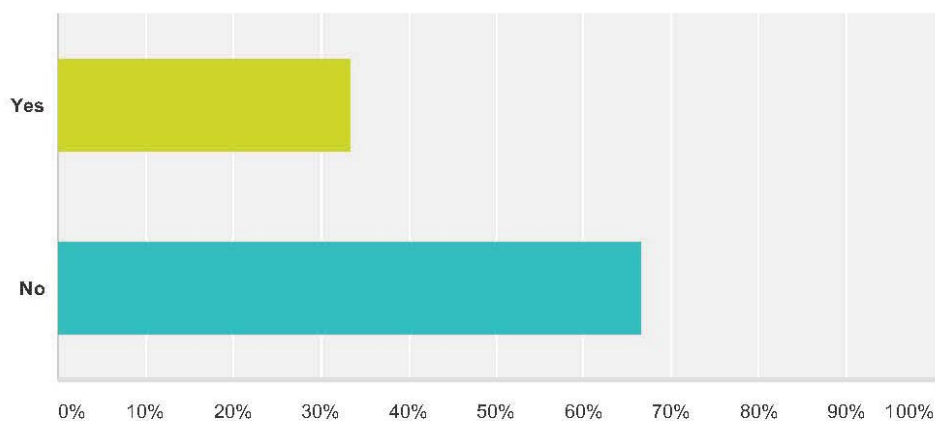
Q1 Are you happy with the overall condition of the local roads in the Pyrenees Shire?

Answered: 15 Skipped: 3



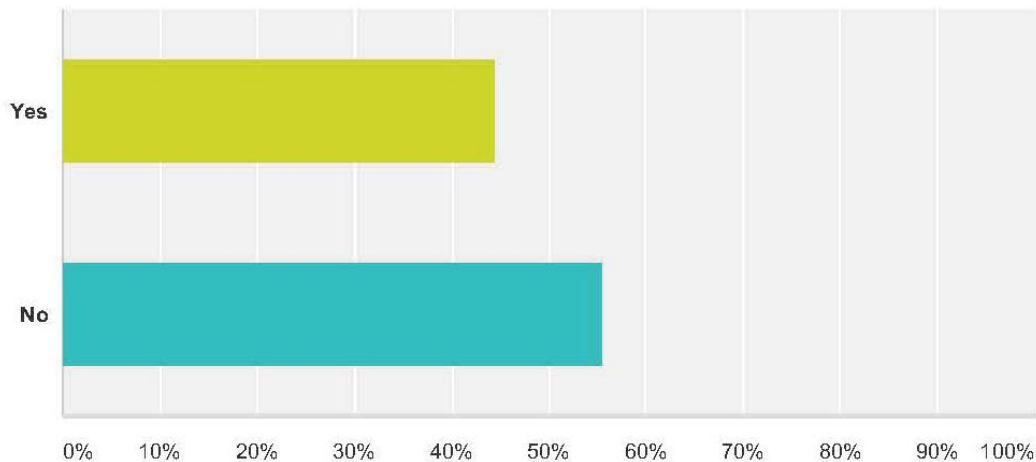
Q2 If Council's roads were not funded to the extent they are presently, would you be satisfied for them to be maintained at a lower standard?

Answered: 15 Skipped: 3



Q3 Are you prepared to pay an additional 2% in rates in 2016/2017 to retain the condition of the shires roads?

Answered: 18 Skipped: 0



Based on the views of rate payers during the consultation period it is recommended that a submission not be forwarded to the Essential Service Commission, rather Council work with the other 37 Rural Councils and Rural Council's Victoria to lobby both State and Federal Government for permanent ongoing funding.

As stated in the Whelan Report – Local Government Financial Sustainability (Focus on Small Rural Councils), 'The eighteen small rural councils identified in this Report do not have the capacity to adequately service their communities. The provision of guaranteed long term operating entitlements, as recommended by this Report, is essential to their future sustainability'.

COUNCIL PLAN / LEGISLATIVE COMPLIANCE

Strategic Objective 1 - Leadership

1.1 - Communicate the Council's decisions, policies and activities and the reasons behind them, in a form relevant to ratepayer needs and expectations in accordance to Council's communication strategy.

ATTACHMENTS

Nil

FINANCIAL / RISK IMPLICATIONS

The rate cap of 2.5% set by the Minister is lower than the rate rise proposed in Pyrenees Shire Council's Long Term Financial Plan which proposed future rate increases over the 10 year period to be 5.15% (2016/2017) reducing to 4% (2020/2021). The result is a significant shortfall in revenue and therefore reduced capacity for Council to renew and maintain assets and deliver services. One percent rate rise equates to approximately \$73,000. The difference in revenue for Pyrenees Shire Council in 2016/2017 as a result of the cap is approximately $(2.65\% \times \$73,000) = \$193,450$.

This is an ongoing loss of revenue compounding year on year, and the overall loss of revenue is in excess of one full year's rate revenue over 10 years.



CONCLUSION

The Andrews Labour Government have implemented a 2.5% CAP on rates for the 2016/17 financial year. The effect of this decision is a loss of revenue from Council's Strategic Resource Plan of \$193,450. Council resolved to notify the ESC of its intention to apply for a Higher CAP "At This Stage". Significant community consultation was undertaken to seek the community views. The message from the consultation was that the rate payers supported additional investment in roads, but did not have the capacity to pay.

RECOMMENDATION

Part 1

1. That Council having considered the feedback from community consultation sessions and surveys determines whether or not to submit a Higher CAP application to the Essential Services Commission requesting a 2.00% Higher CAP; and

Part 2

That council

1. Work with the other 37 Rural Councils and Rural Councils Victoria to undertake a targeted State and Federal Government lobbying program detailing the following:
 - a. Capacity of the community to pay rates, charges, fees, fines and other revenue
 - b. Impact of population sparsity, dispersion and remoteness on the cost of delivering services in a rural context
 - c. The financial challenge of maintaining a significant road network

CRS CLARK / VANCE

Part 1. That Council apply for a rate variation to 3.83% for the 2016-17 Financial Year, being half of Council's proposed increase above the cap for this year. That the additional 1.33% rate rise be put exclusively into road renewal works in future years.

Part 2

That council

2. Work with the other 37 Rural Councils and Rural Councils Victoria to undertake a targeted State and Federal Government lobbying program detailing the following:
 - d. Capacity of the community to pay rates, charges, fees, fines and other revenue
 - e. Impact of population sparsity, dispersion and remoteness on the cost of delivering services in a rural context
 - f. The financial challenge of maintaining a significant road network

Part 3.

That Council seek the support of MAV to continue to:

- a. advocate for a fairer federal funding model for low rate, high infrastructure Councils
- b. to pursue the range of cost impediments, beyond CPI that the State imposes on Local Government, and
- c. to continue to address the range of service cost shifts by the State, which reduce Councils capacity to fund its infrastructure through rating.

CARRIED

Your Rates - Have Your Say

2015 Community Satisfaction Survey Results

- Satisfaction with Sealed Local Roads declined one point from 56 to 55
- 10% believed the condition was very good
- 33.5% believed the condition was good
- 33.5% believed the condition was average
- 15% believed the condition was very poor
- 8% believed couldn't say

The rate cap of 2.5% set by the Minister is lower than the rate rise proposed in Pyrenees Shire Council's Long Term Financial Plan which proposed future rate increases over the 10 year period to be 5.15% (2016/2017) reducing to 4% (2024/2025).

The result is a significant shortfall in revenue and therefore reduced capacity for Council to renew and maintain assets and deliver services.

One percent rate rise equates to approximately \$73,000. The difference in revenue for Pyrenees Shire Council in 2016/2017 as a result of the cap is approximately $(2.65\% \times \$73,000) = \$193,450$.

Asset	Length/ Quantity	Area	Life
Sealed Road - Seal	723 Km's	3,926,254	17
Sealed Road - Pavement	723 Km's	3,926,254	70
Unsealed Roads	1,292 Km's	4,646,589	30
Bridges	156		130
Major Culverts	134		80

Road Renewal costs

Unsealed road – Resheet (5.3m average width):

Average cost -\$23,000 per km

Sealed road – Reseal surface (4.95m average width):

Average cost \$23,000 per km

Sealed road – Pavement reconstruction:

Average cost of \$285,000 per km

The Pyrenees Shire Council is faced with a difficult situation.

The State Government has imposed a 2.5% rate cap on Council rates across Victoria for the 2016-2017 financial year. At this funding level, Council is concerned it will not be able to provide the existing levels of services, and retain the current condition of our road network.

Pyrenees Shire maintains 723 kilometres of sealed roads and a further 1,292 kilometres of unsealed roads.

In addition, Council maintains numerous community facilities, provides services for the young and elderly as well as day to day services like rubbish collections and libraries just to name a few.

We can't do it all with a 2.5% rate increase.

What is a Condition 8?

An asset in very poor overall condition with serviceability now being heavily impacted upon by the poor condition. Maintenance costs would be very high and the asset would be at the point where it needed to be rehabilitated.

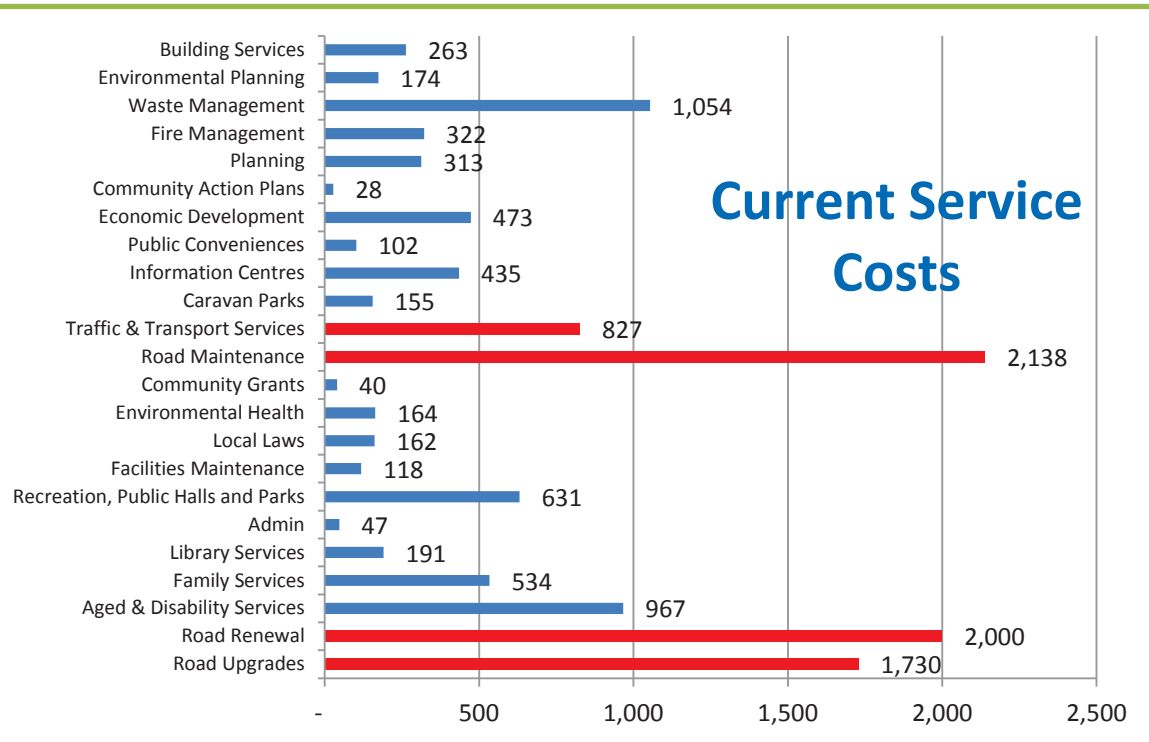
What is a Condition 1?

A near new asset with no visible signs of deterioration or observed condition decline.

Which would you prefer?

Without a higher rate cap by 2026, 7% of Council's roads (approximately 140km) will be a Condition 8.





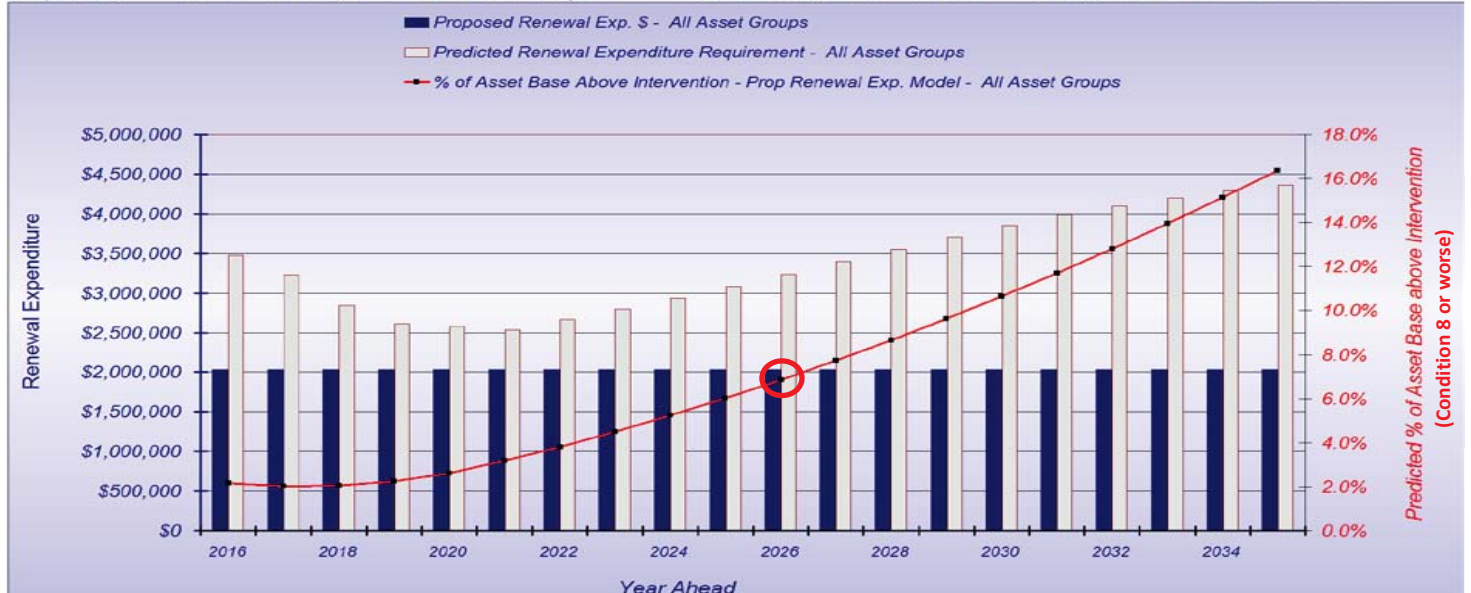
Pyrenees Shire Council maintains a road network of over 2,000 kilometres.

If you were to drive from the Shire to Alice Springs, that's about the same distance of roads your council maintains.

The road network consists of 723 kilometres of sealed roads and a further 1,292 kilometres of unsealed roads.

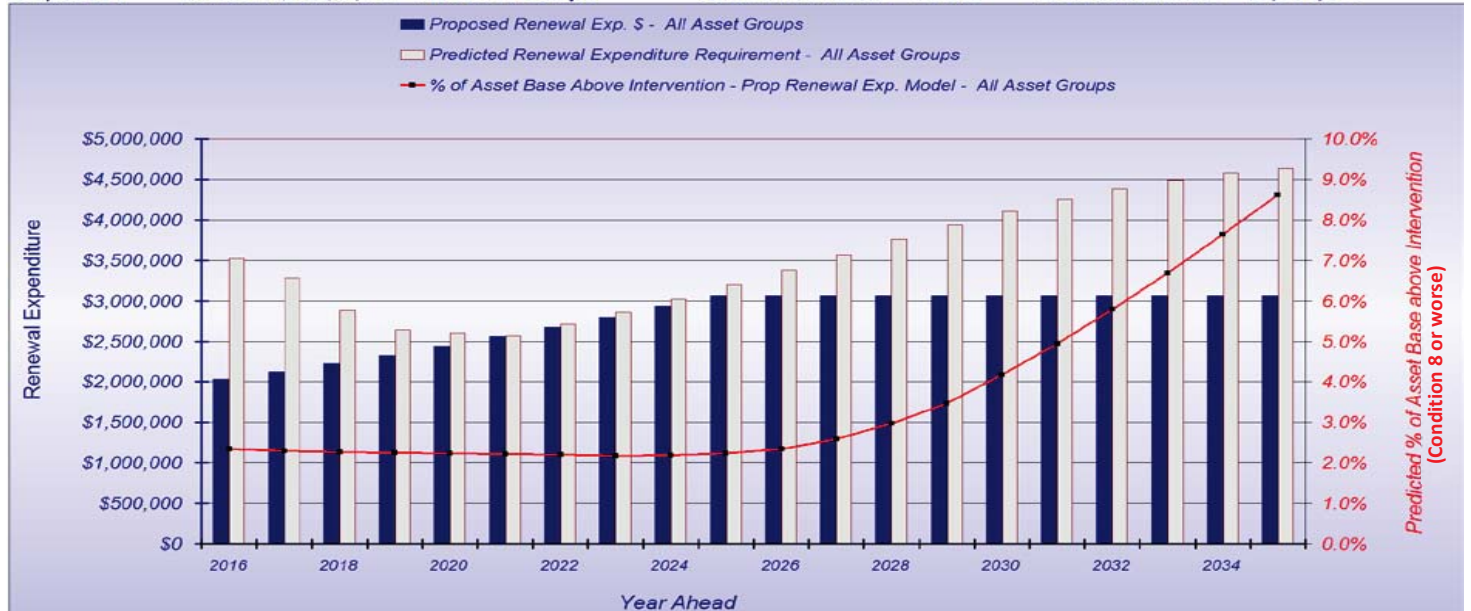
Current Expenditure Levels

Graph AA 1 Asset Group Displayed: - **All Asset Groups** Present % of Over Intervention Assets **2.38%** Present Value of Over Intervention Assets **\$4,192,637**



Effect of a 4.7% increased investment

Graph AA 1 Asset Group Displayed: - **All Asset Groups** Present % of Over Intervention Assets **2.38%** Present Value of Over Intervention Assets **\$4,192,637**





HOW IMPORTANT IS YOUR LOCAL ROAD NETWORK?

Pyrenees Shire Council maintains a road network of over 2,000 kilometres.

If you were to drive from the Shire to Alice Springs, that's about the same distance of roads your council maintains.

The road network consists of 723 kilometres of sealed roads and a further 1,292 kilometres of unsealed roads. Our Shire faces a difficult situation.

The State Government has imposed a 2.5% rate cap on Council rates across Victoria for the 2016-2017 financial year. While a rate cap can be easily absorbed in a big Melbourne council, it will be near impossible for Pyrenees

Shire Council to maintain current service delivery, unless with additional revenue. Expert evidence shows if council doesn't increase spending, around 7% of sealed roads will be in a state of disrepair by 2026.

Pyrenees Shire is seeking community support for a 2% rate variation on top of the 2.5% cap introduced by the Victorian Government.

Do you want more local roads to look like this?

Council is holding a series of public information sessions to brief ratepayers on why an extra 2% increase is warranted and the implications if the 2.5% cap is unchanged.

This is your opportunity to have a say

You can come to one of the all day drop in sessions on Monday the 29th of February at the Avoca and Beaufort Visitor Information Centres from 9am to 5pm.

Or, come to one of five evening sessions:

- 29th February at Lexton Community Centre commencing 7pm.
- 1st March at Berripmo Centre Beaufort commencing 7pm.
- 2nd March at Avoca Town Hall Supper Room commencing 7pm.
- 3rd March at Snake Valley Hall commencing 7pm.
- 4th March at Landsborough Town Hall commencing 7pm.

The standard of local roads is a high priority and your feedback is essential!

Alternatively, send us your feedback via council's website www.pyrenees.vic.gov.au or in writing to the Chief Executive Officer, Pyrenees Shire Council, 5 Lawrence Street, Beaufort, Vic, 3373.

Your views will help form part of the submission to the Essential Services Commission seeking an exemption to the rate cap.



**PYRENEES
SHIRE**



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Promote Local Business

ABOUT

5 Lawrence Street Beaufort, Victoria

(03) 5349 1100

http://www.pyrenees.vic...

Promote Website

PHOTOS



VISITOR POSTS



Michelle Wilson

11 March at 21:39



Pyrenees Shire Council

Published by Pyrenees Shire [?] · 24 February at 16:37

Your Rates - Have Your Say....

Pyrenees Shire intends applying for an extension to the 2.5% rate cap introduced by the Victorian Government.

Council is keen for members of the community to have their say.

http://www.pyrenees.vic.gov.au/N.../Your_Rates_-_Have_Your_Say

Pyrenees Shire Council - Your Rates - Have Your Say

Council is holding a series of public information sessions to brief ratepayers on why an extra 2% increase is warranted and the implications if the 2.5% cap is unchanged.

PYRENEES.VIC.GOV.AU

190 people reached

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Jim Nolan, Sarah Beaumont and 3 others

Top comments

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Write a comment...



Sarah Beaumont So disappointed that our council has decided to seek an extension.

Like · Reply · Message · 24 February at 17:46



Pyrenees Shire Council

Published by Pyrenees Shire [?] · 24 February at 09:37

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Your Rates - Have Your Say

Council is seeking feedback from the community before preparing its 2016/2017 budget.

Council wants to know if the maintenance and renewal of local roads is a priority for you.

1. Are you happy with the overall condition of the local roads in the Pyrenees Shire?

Yes

No

2. If Council's roads were not funded to the extent they are presently, would you be satisfied for them to be maintained at a lower standard?

Yes

No

3. Are you prepared to pay an additional 2% in rates in 2016/2017 to retain the condition of the shires roads?

Yes

No

4. Is there some road works that you would like to see more of?

Your feedback means a lot to us. All feedback received will be reported to the Ordinary Council Meeting in March 2016.

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