

Local Government - Rates Capping & Variation Framework

Submission to ESC Consultation process Northern Grampians Shire Council 11 May 2015

THE FORM OF THE CAP

1. While a cap based on CPI is simple to understand and apply, are there any issues that we should be aware of?

- Rural Councils have small, dispersed populations with lots of assets. We already have insufficient funds to maintain the infrastructure we have. Currently, NGSC faces an annual shortfall of \$6 million it cannot raise or obtain to meet asset renewal requirements for roads, bridges, culverts and buildings. Capping rates in an environment where Federal Assistance Grants are frozen for the next few years and where councils are mandated to perform additional responsibilities (Roadside vegetation, fire service levy administration) makes for an impossible task to make our financial ends meet. This will inevitably result in reduction of services for our residents and ratepayers and further deterioration of community infrastructure.
- The impact of funding apportionment and imbalance - eg. libraries where the proportional shift is now 80% local of local councils to raise funds in other ways such as user pays - eg. meals on wheels, library services/membership, HACC services, planning and building permit fees where local government cannot either charge a fee for service or that fee is already capped at an amount less than the cost of service delivery
- Historic practices where local government has applied rates revenue towards the funding of non-local government services (eg. SES unit subsidies, Landcare Groups subsidisation and financial support)
- Increasing rates subsidies required to meet the gap in state and federally funded services (eg. HACC, long day care for children, school-crossing supervisors)

2. What are some ways to refine the cap (for example, alternative indices), in line with the Government's objectives?

- We do not agree with rate capping as a means of achieving greater accountability and reducing waste in local government.
- However, if a rate cap or rate and charges cap is applied it should take account of the specific cost pressures faced by local government and not be based on the consumer price index. These cost impacts also need to be applied in the context of distance, size of asset base, rural location and population. Cost indices for rural councils are markedly different to metropolitan councils. Cost of procuring goods and input-services for rural councils can be markedly higher due to very thin local markets or indeed market failure.
- Allowance should be based on community consensus for above CPI increases to rates and charges where a community does not wish to see a diminution or removal of services or a degradation of community assets.

3. Should the cap be set on a single year basis? Is there any merit in providing an annual cap plus indicative caps for the next two to three years to assist councils to adopt a longer term view in their budgeting and planning, particularly when maintaining and investing in infrastructure often takes a longer term perspective? How should such a multi-year cap work in practice?

- We do not agree with rate capping. However, if it is to be applied it should have the flexibility to cover a minimum 4 year period required under the Act to enable council to argue the case for variation to cover the full four year Council Plan term. It would be excessive red tape to require a council with an approved, evidence-based Council Plan and Strategic Resource Plan to apply for an exemption or variation every year.

4. Should the cap be based on historical movements or forecasts of CPI?

- The cap should be based on expected and forecast future movements as the past is not a basis for future economic environments.

5. Should a single cap apply equally to all councils?

- Given the diversity of size, wealth and complexity of the 79 councils in Victoria there should not be a one-size-fits-all approach. Other revenue streams available to metropolitan councils with the ability to raise funds via parking meters, fines and other service charge are not available, nor are they desirable, in rural areas. If there is to be a cap it needs to be applied differently to different cohort groups of councils. This is particularly important where a council is away from large population or economic centres.

THE BASE TO WHICH THE CAP APPLIES

6. What base should the cap apply to? Does it include rates revenue, service rates/charges, municipal charges and special rates/charges?

- The cap should apply to everything that appears on the rates notice including fire service levy. (Which we note in the recent Victorian State Budget for 2015-2016 is increasing by 7.17% and not CPI.)

7. Should the cap apply to total revenue arising from these categories or on average rates and charges per assessment?

- The only fair way is to base the capping on the total rates and charges revenue. Differentials rating and revaluations and supplementary rates will distort the outcome if applied to an average assessment.

8. How should we treat supplementary rates? How do they vary from council to council?

- Capping should be based on the forecast rates from the prior year and not include supplementaries budgeted for the following year.

9. What are the challenges arising from the re-valuation of properties every 2 years?

- Revaluations would equally affect individual ratepayers if the capping was

based on total rates and charges. But if the capping was based on average rates and charges per assessment then revaluation movements, supplementary rates and any changes Council makes to differentials would significantly impact on those ratepayers and would distort the average increase.

10. What should the base year be?

- If capping is to apply the base year should be 2015/16 and no earlier.

THE VARIATION PROCESS

11. How should the variation process work?

- It should be as simple and inexpensive as possible. Small Councils have very limited human and financial reserves to fund expensive assessment processes.

12. Under what circumstances should councils be able to seek a variation?

- If funding from other government levels decreases
- If services demanded from other levels of governments increase.
- If council experiences a natural disaster.
- If the community wants additional services
- If the community wants to maintain a current service or standard of service.
- If the council has a defensible and evidence-based asset renewal gap.

13. Apart from the exceptions identified by the Government (namely, new infrastructure needs from a growing population, changes in funding levels from the Commonwealth Government, changes in State Government taxes and levies, increased responsibilities, and unexpected incidents such as natural disasters), are there any other circumstances that would justify a case for above cap increases?

- If the community wants additional services.
- If the community wants to maintain a current service or standard of service.
- If the Council has a defensible asset renewal gap.

14. What should councils need to demonstrate to get a variation approved? What baseline information should be required for councils to request a variation? A possible set of requirements could include:

- **the council has effectively engaged with its community**
- **there is a legitimate case for additional funds by the council**
- **the proposed increase in rates and charges is reasonable to meet the need**
- **the proposed increase in rates and charges fits into its longer term plan for funding and services**
- **the council has made continuous efforts to keep costs down.**

We would like stakeholders' views on whether the above requirements are adequate.

- The above list covers most things except any recognition of the ongoing liability we have to maintain our existing infrastructure. For rural shires this is a significant issue and has been illustrated the a report written by Merv and Rohan Whelan on the sustainability of small rural Councils.

COMMUNITY ENGAGEMENT

15. What does best practice in community engagement, process and information look like? Are there examples that we can draw from?

- Is the community engagement related to the Government wishing to implement rate capping and variation or for councils to use to demonstrate that they have the community support for a rate capping variation?
- It's difficult to specify best practice in community engagement but it is easier to outline what is not good practice. The Local Government Victoria's Community Satisfaction Survey is not good practice engagement and we would dispute that the promotional activity associated with the introduction of the Fire Services Levy was exactly that, promotion not genuine engagement.
- Effective community engagement for us follows IAP2 principles. It is this process combined with sound project management and consultation processes that elicit the best outcomes. We also think that the statutory submission processes in the Local Government Act 1989 are not sufficient for this form of community engagement as they are more "tick box" in nature.

INCENTIVES

16. How should the framework be designed to provide councils with incentives to pursue ongoing efficiencies and respond to community needs? How could any unintended consequences be minimised?

- There appears to be an underlying assumption here that councils are not already involved with thorough review of expenditure and are not continually seeking efficiencies. Councils already seek the community's feedback on issues as they arise on a constant basis and not once every four years when the Council Plan is prepared, or even once a year at budget preparation. Local Government is the most community-accessible level of all tiers of government. Councils are led by Councillors who are locals, the administration buildings accessible and the staff inside or on the roads and parks and gardens crews known personally to the community, particularly so in rural areas.
- If for every 1 percent rate rise foregone there was an incentive of \$1 million of untied government funding to replace it, then it would be possible for NGSC to comply with a CPI rates and charges cap without need to seek a variation.

TIMING AND PROCESS

17. A rates capping and variation process should ensure there is enough time for councils to consult with their ratepayers and for ratepayers to provide feedback, and for us to review councils' applications. To ensure the smooth functioning of the rates capping and variation framework, it

is particularly important that it aligns with councils' budget processes. We are interested in stakeholders' views on how this can be achieved.

- If the rate capping and variation process could be evaluated once over the 4 years of a Council Plan life then there would not need to be an annual review.
- To be effective the capping and variation process should occur before a budget starts and not after a budget has been developed. Typically the current process would not allow time for review and revision after council has debated the budget and is aware of all possible revenue sources for a coming year. The process should be known in advance to allow council to set the parameters of the budget before it starts. Rates and charges are only one form of income, albeit a very important one, for councils. As councils are required to make decisions for all residents in the municipal district, not just ratepayers, any consultation process must be inclusive of all people/organisations taking account of all income sources. The amount to be "permitted" to be raised through rates and charges needs to be known as early as possible.

TRANSITIONAL ARRANGEMENTS

18. What transitional arrangements are necessary to move to the new rates capping and variation framework? Is there merit in phasing in implementation over a two year period to allow for a smooth transition?

- We don't agree with rate capping
- If the process is to happen then it should just turn on and no

transition process should be required. Clarity of policy and surety of the requirements to be imposed on councils is important.

ROLES

19. What are stakeholders' views on the respective roles of the key participants? Should the Commission's assessment of rates variations be advisory or determinative?

- Advisory. The ability for democratically elected councils to be the ultimate body to determine what is required in a community and the methods of raising the necessary funds to deliver desired services should not be usurped by another agency, commission or tier of government.

OTHER MATTERS

20. Is there a need for the framework to be reviewed to assess its effectiveness within three years time?

- We do not agree with rate capping and the quicker it is disposed of the better. We do not believe it is the best mechanism to bring about efficiency gains or the reduction of perceived "wastefulness" in local government.

21. How should the costs of administering an ongoing framework be recovered?

- The tone of this question seems to suggest that Council is being asked to contribute to a process we feel has no legitimate reason to exist and is driven by concerns more applicable to much much larger municipalities.
- The best way to defray the costs of this process is for it not to exist at all. Any costs associated with the process needs to be borne by those suggesting it.
- There has already been an impact on small rural councils, perhaps unintended, who have been branded with a tag that suggests they are profligate with public money and are not in contact with their local communities: this could not be further from reality. Suggestions also that an assessment fee for the ESC to review a variation request could be in the

order of \$200,000 per variation request has caused a great deal of concern in rural communities.

OTHER MATTERS RAISED IN EARLIER CHAPTERS

22. We are interested in hearing from stakeholders on:

- whether we have developed appropriate principles for this review**
 - whether there are other issues related to the design or implementation of the rates capping and variation framework that stakeholders think are important**
 - supporting information on the major cost pressures faced by councils that are beyond their control and the impact on council rates and charges.**
-
- Rural Councils have small, dispersed populations with lots of assets. At NGSC we already have insufficient funds to maintain the infrastructure we have let alone be wasteful. Capping rates in an environment where Federal Assistance Grants are frozen for the next few years, where funding from other tiers of government for the provision of services is either not indexed or indexed below inflation or significant restrictions apply preventing user-pays (eg. HACC, library services) and where councils are mandated to perform additional responsibilities (eg. Roadside vegetation, fire service levy administration) makes for an impossible task. Without an alternate income source, capping of rates, or rates and charges, in rural councils will inevitably result in reduction of service standards, the loss of employment and the removal of services for our residents and ratepayers.
 - For a council the size of NGSC a 1 per cent increase in rates and charges only generates \$150,000, hardly enough money to cover the shortfall in government funding for the provision of services to our frail aged in home and community care, let alone maintain the 3,500 kms of roads, 570 bridges and 170 community structures.
 - The NGSC draft 2015-2016 Budget provides descriptions of each service

area and an indicative apportionment of income sources towards these service areas. Those areas where we rely on subsidies provided by rates/charges that are not services mandated for local government to provide will be the first areas of focus should rate capping be imposed on NGSC and a variation not approved. A copy of our draft Budget and four year Strategic Resource Plan is attached to this submission. Irrespective of rate capping NGSC is facing significant cost pressures and without an increase in revenue from a variety of sources will by necessity be forced to downsize services and staff and decommission community assets.

NORTHERN GRAMPIANS SHIRE COUNCIL

COUNCIL PLAN



2013-2017





TABLE OF CONTENTS

Your Council	3
Our Shire at a Glance	4
Mayor's Message	5
Council Plan Objectives	5
Economic	8
Social, Community & Environment	10
Emergency & Risk	12
Data & Information	14
Waste	16
Assets	18
Red Tape Reduction	20
Financial Sustainability	22
Strategic Resource Plan	23
Introduction	24
Financial Management Principles	24
Key Financial Indicators	28
Rates and Charges	29
Borrowings	30
Asset Management	30
Financial Statements	31
Contact Us	44

YOUR COUNCIL

STAWELL WARD



Cr Wayne Rice



Cr Murray Emerson
(Mayor)



Cr Karen Hyslop

CENTRAL WARD



Cr Kevin Erwin



KARA KARA WARD



Cr Tony Driscoll



Cr Merrilee Reid

SOUTH WEST WARD



Cr Jason Hosemans

OUR SHIRE AT A GLANCE



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

Location

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

National Parks

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife.

St Arnaud Range National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.

Industry

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

QUICK STATS:

- Area:** Approximately 5,918 square kilometres
- Population:** Approximately 11,942
- Road Length:** 3,408km of local roads
- Rateable Properties:** 9,222
- Rates and Charges Revenue:** \$14.3 million
- Total Revenue (inc grants):** \$31.5 million
- Industry:** There are more than 720 businesses operating in the shire, with major activity based in the thriving tourism, mining, textile, manufacturing and agricultural industries
- Major Attractions:** Stawell Easter Gift Festival, Grampians Grape Escape, Arts Trail, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Cup, Stawell Cup, St Arnaud Cup, Halls Gap Film Festival, Stawell Gift Hall of Fame and Grampians National Park

MAYOR'S MESSAGE



COUNCIL PLAN OBJECTIVES

May 2015

Northern Grampians Shire Council has made some small amendments to the 2013-2017 Council Plan and is pleased to present this revised version to the community in 2015.

This Plan was prepared by a new Council with fresh eyes and a fresh perspective. Councillors spent many hours identifying the key objectives and priorities that have driven Council operations over the past two years and will do so for the rest of its term. Compared with past Council Plans, the 2013-17 instalment has been simplified. All of the strategies listed focus on achieving one of two objectives - improving the social and economic viability of the shire or delivering targeted projects and core services. Council selected these objectives as the most important measures of success. In developing this Plan we went back to basics and looked at what we as a Council can do to support our communities to thrive. Over the remainder of our term, we are committed to continuing to examine what we do and how we do it. By questioning the current model, reviewing our services and gathering hard evidence, we believe we can achieve the best outcomes for this municipality and its people.

While it is easy to create a Council Plan 'wish list', we have a responsibility to ensure our objectives are achievable. The financial sustainability of small rural councils is increasingly difficult to attain and Northern Grampians Shire Council continues to advocate to both state and commonwealth governments for increased, ongoing and direct funding to bridge the infrastructure and services gap. Balancing our visions with the resources available has been a key focus of this Plan. Before committing to projects, Council must examine the underlying capacity of our communities to pay for the infrastructure and services to maintain basic quality of life. With this in mind, we believe we have developed an open and transparent plan that will allow us to move forward with confidence.

It's time for the Federal and State governments to look at a better formula to return some of our tax dollars to us through their grants systems. The split up from each tax dollar at the moment is 3 cents for Local Government, 16 cents for State Government and 81 cents for Federal Government. We will be campaigning hard and long to have a fairer distribution of our taxes.

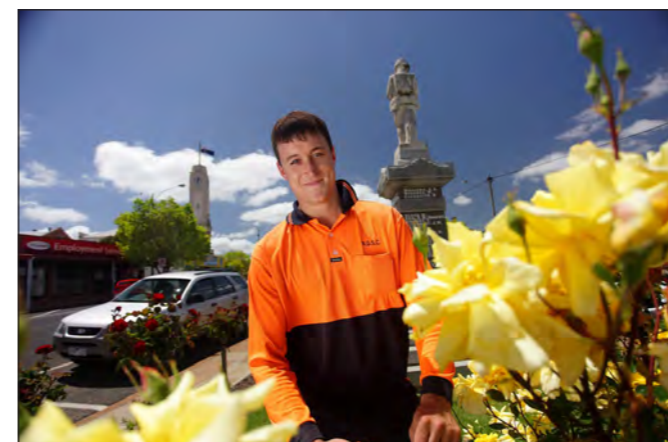
At the Northern Grampians Shire Council, we believe that there are some wonderful opportunities that we need to work hard at. The continual expansion of Frews Abattoirs, the streetscape programs for our larger towns, the Stawell Underground Physics Laboratory, the potential developments in Stawell West, and of course our continual support of our community and their needs.

Council looks forward to continuing to work with our communities to make the Northern Grampians Shire an even better place to live.

Cr Murray Emerson
Mayor, 2015

In four years' time we will have...

1. Improved the social and economic viability of the shire



2. Delivered targeted projects and core services



Strategic indicator:

Gross Regional Product (GRP) shows positive growth that matches or exceeds growth across the state economy (Source: REMplan annual economic report)



ECONOMIC STRATEGY

We will develop the local economy and increase the diversity of industry in the Northern Grampians Shire by:

- Implementing a planning framework that enables and encourages business, including farming enterprises, and residential development and expansion
- Creating industrial development opportunities and employment in the whole of the shire
- Developing Halls Gap as a tourism resort town and Great Western as a food and wine village
- Attracting and encouraging new enterprises while supporting existing businesses through the implementation of targeted industry sectors plans



Strategic indicator:

The Socio-Economic Index For Areas (SEIFA) for Northern Grampians shows positive improvement that matches or exceeds the overall result in the Wimmera Southern Mallee region (Source: ABS SEIFA index produced after every Census)



SOCIAL, COMMUNITY AND ENVIRONMENT STRATEGY

We will provide safe and usable assets and services to improve the quality of life for residents by:

- Fostering community support programs to enable seniors to live in the community longer
- Developing options for young people to volunteer and be actively engaged in employment and training in the community
- Providing passive and active recreational opportunities for residents and visitors throughout the shire
- Facilitating the delivery of early childhood education and care in St Arnaud and Stawell
- Providing access to arts and cultural programs and events
- Advocating for accessible and affordable transport options for residents and visitors
- Advocating for the responsible management of lakes and waterways
- Advocating for renewable energy use and environmental sustainability

Strategic indicator:

Communities able to demonstrate increased resilience, awareness of risk and active participation in preventative planning as defined in the National Disaster Resilience Framework (Source: Australian Emergency Management Institute reports produced annually)



EMERGENCY AND RISK STRATEGY

We will mitigate risk and plan for emergencies and community recovery by:

- Implementing measures to reduce the causes and effects of emergencies
- Advocating for additional funds to modify assets for greater resilience to natural disasters
- Assisting affected communities to recover following an emergency
- Providing guidance and pro-active plans in risk identification and mitigation
- Demonstrating leadership in advocating for legislative and operational reform in local, state and national forums relating to emergency management and risk
- Enforcing non-compliant or high risk land-uses to lessen community risk, improve amenity and security

Strategic indicator:

Information and Communication Technology take-up and use in the shire improves on the 2010 baseline established as part of the Wimmera Southern Mallee ICT Study (Source: Wimmera Southern Mallee ICT Survey, Centre for eCommerce and Communications www.cecc.com.au/ch_ict_study)



DATA AND INFORMATION STRATEGY

We will use technology and develop systems to improve accessibility and profitability for our community and businesses by:

- Advocating for reliable telecommunications and mobile telephony services in all areas of the shire
- Developing a public WIFI access strategy in the main retail precincts of Stawell, St Arnaud and Halls Gap
- Encouraging the use of appropriate technologies by staff to increase efficiency, productivity and improve service delivery and safety



Strategic indicator:

Reduction in waste sent to landfill per capita greater than the state average (Source: Sustainability Victoria Annual Reports www.sustainability.vic.gov.au)



WASTE STRATEGY

We will implement a waste reduction action plan and promote better use and re-use of valuable resources by:

- Implementing measures to reduce waste to landfill
- Participating in regional solutions to waste management and community education on waste and litter reduction
- Investigating options for new waste resource and re-use businesses to establish in the shire
- Investigating options for long term waste management including the development of a new landfill site or processing facilities
- Investigating options for hard-rubbish and green waste collection
- Advocating for the state to prevent the illegal dumping of waste through enforcement

Strategic indicator:

Council achieves 'Core Maturity' ratings for each of the 11 National Asset Management and Financial Planning Framework (NMAF) indicators. (Source: Local Government and Planning Ministers' Council National Local Government Sustainability Frameworks, Core Competency)



ASSET STRATEGY

We will reduce the infrastructure renewal gap and manage our roads, buildings and structures for safety and optimal use by:

- Implementing an asset management plan based on the MAV STEP principles and the Sustainable Asset Management Strategy
- Maintaining roads and bridges in accordance with the Northern Grampians Road Management Plan and legislated requirements
- Developing a long term capital works and projects program focused on asset renewal
- Commencing a project to review, consolidate and reduce building assets



Strategic indicator:
Reduction in administrative, compliance and delay costs greater than the Victorian average (Source: Department of Treasury and Finance, Red Tape Reduction Program)



RED TAPE REDUCTION STRATEGY

We will reduce unnecessary regulation and advocate for the removal of regulatory burdens from all tiers of government by:

- Implementing a 'no further requests' program in planning
- Implementing a customer relationship management and complaint management and rectification program
- Reviewing all internal policies and procedures to move towards a risk matrix approach and remove duplication or multiple handling of requests



Strategic indicator:

Council improves financial sustainability ranking compared to small rural councils in Victoria (Source: Victorian Auditor General – Local Government Audit results produced annually and tabled in State Parliament)



FINANCIAL SUSTAINABILITY STRATEGY

We will provide leadership and advocacy to improve the financial position of the Northern Grampians Shire by:

- Implementing financial policies and services to support Council's operations and to meet reporting and accountability requirements
- Providing internal and external audit functions to review Council's performance, risk management, financial governance and reporting
- Participating in regional approaches to shared services and procurement
- Advocating for legislative change including constitutional recognition for local government and improved funding models to lessen the reliance on rates as an income stream

NORTHERN GRAMPIANS SHIRE COUNCIL

STRATEGIC RESOURCE PLAN

2016-2019



STRATEGIC RESOURCE PLAN

The Strategic Resource Plan (SRP) outlines the resources, both financial and non financial, required to enable the Council Plan. The purpose of the SRP is to maintain Council's financial viability over the medium and long term by:

- establishing and reviewing a long term financial plan,
- providing key strategic directions to inform Council's financial decisions, and
- establishing sound financial management principles.

FINANCIAL MANAGEMENT PRINCIPLES

General Financial Principles

Sustainable Budgeting Principle

- Council will implement a sustainable financial strategy that:
 - caters for short and long term,
 - factors in community expectations,
 - is linked to the Council Plan, and
 - is committed to achieving an annual surplus to contribute to capital projects.



Cash Management Principle

- Council will manage cash to ensure sufficient levels are available to meet its requirements and will:
 - monitor its adjusted working capital ratio with a target to remain above 1.20 to 1 plus reserve funds as determined appropriate, and
 - maintain sufficient cash to avoid overdraft interest.

Revenue Principles

Rates and Charges Revenue Principle

Rates will:

- be reviewed annually,
- not change dramatically from one year to the next, and be sufficient to fund the:
 - Council Plan,
 - Long Term Financial Plan, and
 - Current expenditure commitments.

- Differential rating should be applied as equitably as is practical and will comply with the Ministerial Guidelines for Differential Rating.
- Where it is possible to identify the direct benefit of a service, charges should reflect the cost of the service to help reduce rates subsidies.
- Council will consider pricing and contracts to deliver waste services that:
 - reduce waste to landfill,
 - increase reuse of resources through recycling and avoidance initiatives,
 - encourage community understanding of waste management,
 - are in line with legislative requirements and best practices, and
 - are cost neutral through appropriate fees and charges and rating strategies.

User Fees Principle

Council will set fees and charges having regard for:

- pricing principles (profit, break even, subsidy),
- marketplace competition,
- users' capacity to pay,
- equity between services,
- community service benefit, and
- benchmarking of similar services.

Costs will include:

- overheads, and
- identification of service subsidy.

Council will:

- increase fees based on cost increases,
- consider pricing to encourage behaviour changes, and
- advocate for statutory fees not governed by Council to be increased appropriately.



Grant Revenue Principle

- Council supports funding from other levels of government and will seek to maximise all appropriate external funding opportunities.
- Council opposes cost shifting, and where cost shifting occurs Council will communicate to its community the impact of these cost impositions.
- Council will only accept external funding if consistent with the Council Plan.
- Council will avoid distortion of priorities due to the availability of external funding.
- Funds received from other levels of government would be expected to meet full direct and indirect costs.
- Where Council chooses to subsidise a funded service, the contribution should not outweigh the community benefit.

Borrowing Principle

- Borrowing will not be used to fund ongoing operations.
- Where possible, debt will be increased only to the extent that:
 - the costs savings are realised from investment in capital, and
 - debt servicing costs are funded from future revenue streams.
- Borrowings are appropriate for funding large capital works where the benefits are provided to future generations.
- Council will maintain its debt at levels which are sustainable, with:
 - indebtedness <60% of rate and charges revenue, and
 - debt servicing cost <5% of total revenue (excluding capital revenue).

Asset Management Principles

Council will acquire and dispose of assets in the best interests of the community.

Asset Rationalisation Principle

- When disposals occur Council will ensure that:
 - there is clear Council or community need,
 - a thorough community and financial assessment is undertaken, and
 - sales of property will not be used to fund operational expenditure.
- Council will ensure that regular review of asset rationalisation is conducted.

Asset Renewal Principle

- Council will provide well maintained community assets that are:
 - fit for purpose, and
 - provide best possible community benefit.
- Council will provide for ongoing asset maintenance and renewal for existing assets by:
 - basing maintenance and renewal on condition rating and interventions set by asset management strategies, anticipating and managing risks of asset failure,
 - committing to increasing expenditure on renewal to sustainably manage assets, and
 - ensuring appropriate expenditure is provided for compliance and safety regulations.
- Council will endeavour to achieve a capital sustainability index of one-to-one (Sustainability Index = ratio of renewal expenditure to depreciation) and recognises that this will require reduction of services provided.

New Asset Principle

- Council will ensure the community has access to infrastructure that meets its needs with regards to current and future needs.
- Construction and acquisition of new assets must:
 - remain within the limitation of Council's financial and resource capabilities,
 - provide clear tangible benefits,

- consider both current and future generations,
- consider asset substitution as a source of funding new assets,
- consider consolidation of services where appropriate, and
- undertake financial analysis with regard to resultant additional operational maintenance and renewal costs.

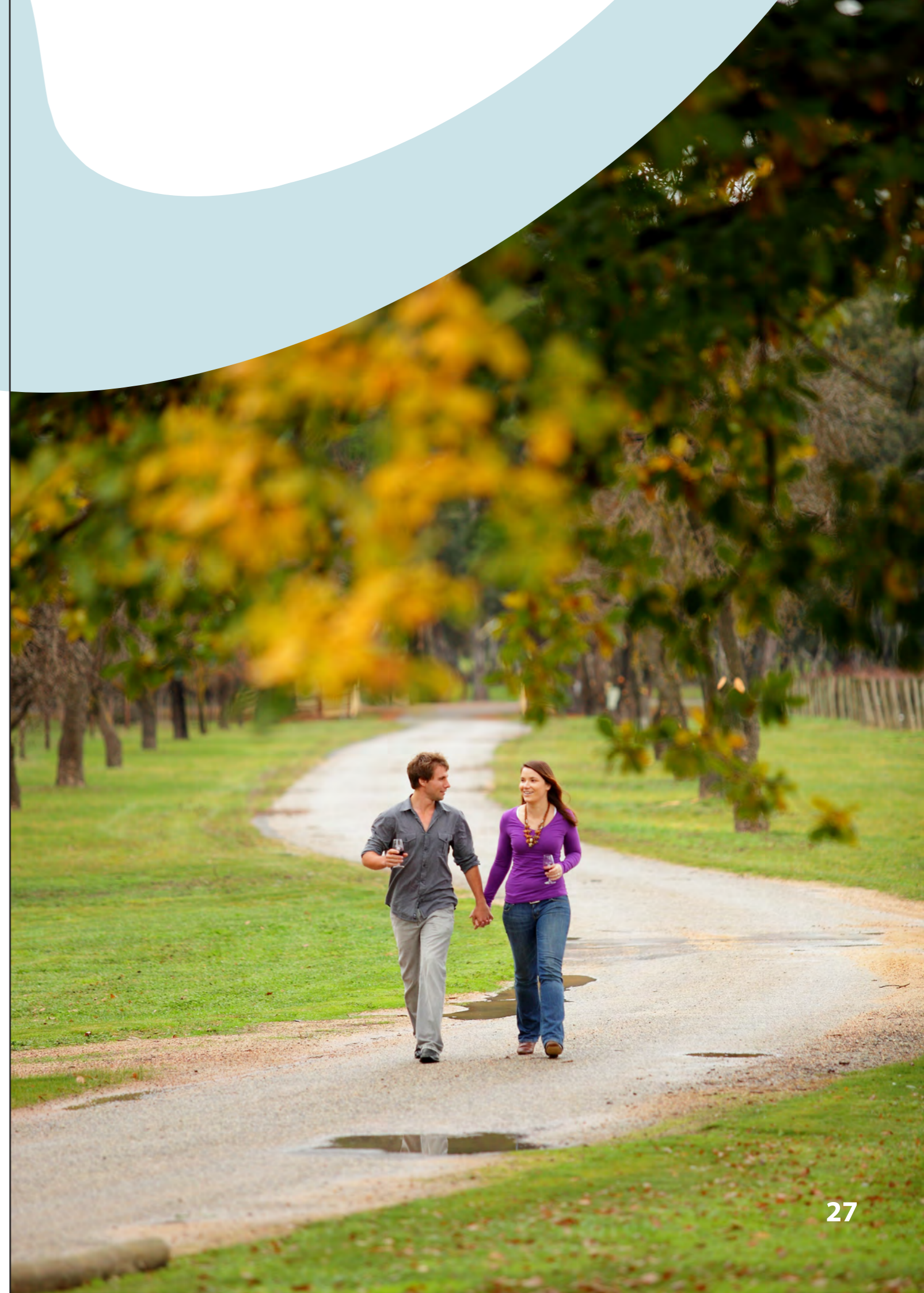
Service Delivery Principles

Workforce Planning Principle

- Council recognises staff have a critical role in achieving the Council Plan objectives and therefore:
 - will fund sufficient employees to achieve the Council Plan objectives,
 - will endeavour to attract and retain suitable staff through remuneration and workplace conditions, and
 - is committed to the provision of fair pay, learning and development of staff and a workplace culture appropriate for an employer of choice.

Expenditure Review Principle

- Council will review levels of expenditure.
- Ongoing service reviews will assess service in accordance with:
 - a demonstrated community need,
 - stakeholder views,
 - access, equity of need and benefit to the community,
 - community expectation of service level and quality,
 - legislative imperatives,
 - identification of alternative providers, both public and private,
 - Council's capacity to provide the service, availability of Victorian or Australian Government funding, and
 - other budget priorities.



KEY FINANCIAL INDICATORS

This section considers the long term financial projections of the Council.

Financial Resources

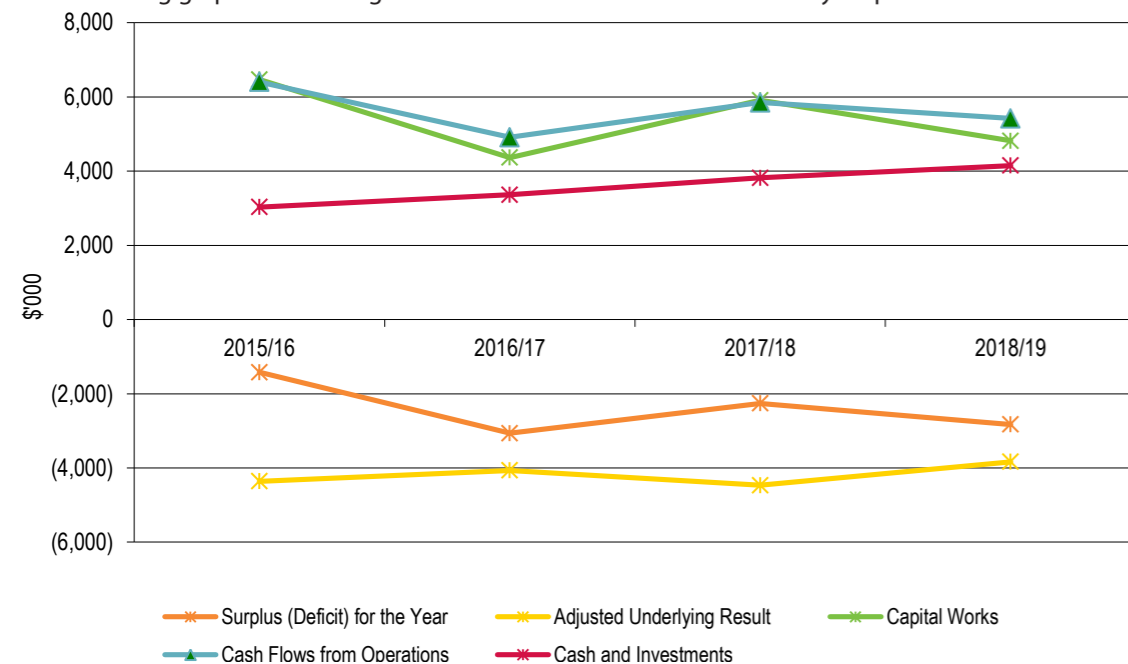
The following table summarises the key financial results for the next four years. The Strategic Resource Plan financial statements include a more detailed analysis of the financial resources to be used over the period.

	Budget	Strategic Resource Plan Projections		Trend	
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	+/-
Surplus (Deficit) for the Year	(1,420)	(3,063)	(2,262)	(2,828)	-
Adjusted Underlying Result	(4,360)	(4,068)	(4,467)	(3,833)	+
Cash and Investments	3,031	3,362	3,819	4,148	+
Cash Flows from Operations	6,404	4,912	5,848	5,416	-
Capital Works	6,467	4,366	5,909	4,815	-

Key to forecast trend:

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

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



The key outcomes of the Plan are as follows:

Financial Sustainability - Cash and investments are forecast to gradually increase over the four year period, which indicates a balanced budget on a cash basis in each year. However the underlying result shows a steady deficit over the four year period. The underlying result is a measure of financial sustainability and is an important measure as one off items can often mask the operating result. The deficit includes depreciation which indicates that Council is unable to renew its stock of assets with the existing levels of funding.

Rating Principle – Modest rate increases are forecast over the four years at an average of 5% in future years.

Service Delivery Principle – Service levels will continue to be reviewed throughout the four year period.

Borrowing Principle – Borrowings are forecast to reduce from \$3.5 million to \$2.6 million over the four year period. There are no new proposed borrowings in 2015/16.

Asset Management Principle - Capital expenditure over the four year period will total \$20.8 million at an average of \$5.2 million per year.

Non- Financial Resources

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

Employee numbers are projected to decrease following service level reviews to be undertaken during the period resulting in service rationalisation in order to work towards achieving sustainability in the future.

RATES AND CHARGES

This section considers the Council's rating principles and assumptions underlying rate increases to support the Council Plan.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process, however, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases.

Rate increases

In order to continue to provide services and undertake capital expenditure programs, general rates will increase by 5.0% each year for the four years of the term of the Council Plan. The following table sets out future proposed rate increases and total rates to be raised, based on the forecast financial position of Council as at 30 June 2015.

Year	Rate Increase %	Total Rates Raised \$'000
2014/15	5.0	15,069
2015/16	5.0	15,810
2016/17	5.0	16,600
2017/18	5.0	17,430
2018/19	5.0	18,302

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

Rating structure

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

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

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

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for farming purposes or recreational and cultural purposes, in order to distribute the rate burden accordingly.

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

BORROWINGS

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

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	1,000	353	180	3,829
2015/16	-	283	196	3,546
2016/17	-	300	179	3,246
2017/18	-	318	162	2,927
2018/19	-	337	142	2,590

It is likely that in the longer term, further borrowings will be required to fund future infrastructure initiatives.

ASSET MANAGEMENT

The Council has developed an Asset Management Strategy based on the knowledge provided from the various Asset Management Plans, which set out the capital expenditure requirements of the Council for the next 7 years by class of asset and is a key input to the long term financial plan. It predicts infrastructure consumption and renewal needs and considers infrastructure requirements to meet future community service expectations. The Asset Management Strategy has been developed through a rigorous process of consultation and evaluation.

The key aspects of the process are as follows:

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

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

At present, Council is similar to most rural municipalities in that it is currently unable to fully fund asset renewal requirements identified in the Asset Management Strategy. While the Asset Management Strategy is endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, in future years the required asset renewal demand is not being met creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

Council is currently working on accurately assessing its backlog and future renewal gap, following extensive infrastructure restoration works undertaken in response to the major flood events that occurred in 2010 and 2011.

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

Year	Total Capital Program \$'000	Grants & Contributions \$'000	Borrowings \$'000	Asset Sales \$'000	Cash Funds \$'000
2014/15	10,275	4,014	1,000	433	4,828
2015/16	6,467	3,300	0	250	2,917
2016/17	4,366	1,005	0	251	3,110
2017/18	5,159	1,705	0	234	3,220
2018/19	4,815	1,005	0	203	3,607



FINANCIAL STATEMENTS

The following Financial Statements include voluntary and statutory disclosures of information which is in line with the principles mentioned in this plan.

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

The contents of the Financial Statements are summarised below:

Report title	Page
Comprehensive Income Statement	32
Balance Sheet	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Statement of Capital Works	36
Statement of Human Resources	37
Other information	
1. Summary of planned capital works expenditure	38-41
2. Summary of planned permanent human resources expenditure	42

Comprehensive Income Statement

For the four years ending 30 June, 2019

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Income				
Rates and charges	15,810	16,600	17,430	18,302
Statutory fees and fines	118	99	91	98
User fees	2,238	1,875	1,728	1,850
Grants - operating	9,818	9,618	7,350	7,364
Grants - capital	3,200	1,005	1,705	1,005
Contributions - monetary	162	63	64	65
Other income	623	448	456	464
Total income	31,969	29,708	28,824	29,148
Expenses				
Employee costs	(13,096)	(12,281)	(12,054)	(12,472)
Materials and services	(11,622)	(11,647)	(10,032)	(10,349)
Depreciation and amortisation	(7,628)	(7,796)	(7,949)	(8,102)
Borrowing costs	(196)	(179)	(162)	(142)
Other expenses	(847)	(868)	(889)	(911)
Total expenses	(33,389)	(32,771)	(31,086)	(31,976)
Surplus/(deficit) for the year	(1,420)	(3,063)	(2,262)	(2,828)
Total comprehensive result	(1,420)	(3,063)	(2,262)	(2,828)

Balance Sheet

For the four years ending 30 June, 2019

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Assets				
Current assets				
Cash and cash equivalents	3,031	3,362	3,819	4,148
Trade and other receivables	2,914	2,915	2,904	2,901
Inventories	46	46	46	46
Other assets	72	72	72	72
Total current assets	6,063	6,395	6,841	7,167
Non-current assets				
Trade and other receivables	17	4	-	-
Investments in associates and joint ventures	846	846	846	846
Property, infrastructure, plant and equipment	288,830	285,149	282,125	278,635
Total non-current assets	289,693	285,999	282,971	279,481
Total assets	295,756	292,394	289,812	286,648
Liabilities				
Current liabilities				
Trade and other payables	1,874	1,875	1,874	1,875
Trust funds and deposits	18	18	18	18
Provisions	3,176	3,176	3,176	3,176
Interest-bearing loans and borrowings	300	318	337	230
Total current liabilities	5,368	5,387	5,405	5,299
Non-current liabilities				
Provisions	1,678	1,678	1,678	1,678
Interest-bearing loans and borrowings	3,246	2,927	2,590	2,360
Total non-current liabilities	4,924	4,605	4,268	4,038
Total liabilities	10,292	9,992	9,673	9,337
Net assets	285,464	282,402	280,139	277,311
Equity				
Accumulated surplus	128,638	125,253	122,545	119,412
Reserves	156,826	157,149	157,594	157,899
Total Equity	285,464	282,402	280,139	277,311

Statement of Changes in Equity

For the four years ending 30 June, 2019

2016	Total \$'000	Accumulated	Revaluation	Other
		Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year	286,884	130,397	154,162	2,325
Surplus/(deficit) for the year	(1,420)	(1,420)	-	-
Transfers to other reserves	-	(364)	-	364
Transfers from other reserves	-	25	-	(25)
Balance at end of the financial year	285,464	128,638	154,162	2,664

2017	Total \$'000	Accumulated	Revaluation	Other
		Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year	285,464	128,638	154,162	2,664
Surplus/(deficit) for the year	(3,063)	(3,063)	-	-
Transfers to other reserves	-	(323)	-	323
Balance at end of the financial year	282,401	125,252	154,162	2,987

2018	Total \$'000	Accumulated	Revaluation	Other
		Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year	282,401	125,252	154,162	2,987
Surplus/(deficit) for the year	(2,262)	(2,262)	-	-
Transfers to other reserves	-	(445)	-	445
Balance at end of the financial year	280,139	122,545	154,162	3,432

2019	Total \$'000	Accumulated	Revaluation	Other
		Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year	280,139	122,545	154,162	3,432
Surplus/(deficit) for the year	(2,828)	(2,828)	-	-
Transfers to other reserves	-	(305)	-	305
Balance at end of the financial year	277,311	119,412	154,162	3,737

Statement of Cash Flows

For the four years ending 30 June, 2019

	2016 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities				
Rates and charges	15,810	16,600	17,430	18,302
Statutory fees and fines	118	99	91	98
User fees	2,238	1,875	1,728	1,850
Grants - operating	9,818	9,618	7,350	7,364
Grants - capital	3,200	1,005	1,705	1,005
Contributions - monetary	162	63	64	65
Interest received	27	27	28	29
Other receipts	596	421	428	435
Employee costs	(13,096)	(12,281)	(12,054)	(12,472)
Materials and services	(11,622)	(11,647)	(10,033)	(10,349)
Other payments	(847)	(868)	(889)	(911)
Net cash provided by/(used in) operating activities	6,404	4,912	5,848	5,416
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(6,467)	(4,366)	(5,159)	(4,815)
equipment	250	251	234	203
Payments of loans and advances	23	13	14	4
Net cash provided by/(used in) investing activities	(6,194)	(4,102)	(4,911)	(4,608)
Cash flows from financing activities				
Finance costs	(196)	(179)	(162)	(142)
Repayment of borrowings	(283)	(300)	(318)	(337)
Net cash provided by/(used in) financing activities	(479)	(479)	(480)	(479)
Net increase (decrease) in cash and cash equivalents	(269)	331	457	329
Cash and cash equivalents at the beginning of the financial year	3,300	3,031	3,362	3,819
Cash and cash equivalents at the end of the financial year	3,031	3,362	3,819	4,148

Statement of Capital Works

For the four years ending 30 June, 2019

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Property				
Land improvements	85	-	-	-
Buildings	1,000	280	880	270
Total property	1,085	280	880	270
Plant and equipment				
Plant, machinery and equipment	1,252	1,256	1,064	1,176
Total plant and equipment	1,252	1,256	1,064	1,176
Infrastructure				
Roads	2,725	2,305	2,295	2,455
Bridges	760	270	280	635
Drainage	110	150	205	185
Parks, open space and streetscapes	535	105	435	94
Total infrastructure	4,130	2,830	3,215	3,369
Total capital works expenditure	6,467	4,366	5,159	4,815
Represented by:				
New asset expenditure	60	-	-	9
Asset renewal expenditure	4,612	4,081	4,399	4,481
Asset upgrade expenditure	1,795	285	760	325
Total capital works expenditure	6,467	4,366	5,159	4,815

Statement of Human Resources

For the four years ending 30 June, 2019

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000
Staff expenditure				
Employee costs - Operating	12,549	11,715	11,468	11,865
Employee costs - Capital	547	566	586	607
Total staff expenditure	13,096	12,281	12,054	12,472
	FTE	FTE	FTE	FTE
Staff numbers				
Employees	169.7	155.8	149.5	149.5
Total staff numbers	169.7	155.8	149.5	149.5



Other information

For the four years ending 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 improvements	85	-	-	-	85	85	60	-	25	-
Buildings	1,000	-	400	-	600	1,000	300	100	600	-
Total property	1,085	-	400	-	685	1,085	360	100	625	-
Plant and equipment										
Plant, machinery and equipment	1,252	-	1,252	-	-	1,252	-	250	1,002	-
Total plant and equipment	1,252	-	1,252	-	-	1,252	-	250	1,002	-
Infrastructure										
Roads	2,725	-	2,125	-	600	2,725	1,935	-	790	-
Bridges	760	-	760	-	-	760	575	-	185	-
Drainage	110	-	-	-	110	110	-	-	110	-
Parks, open space and streetscapes	535	60	75	-	400	535	330	-	205	-
Total infrastructure	4,130	60	2,960	-	1,110	4,130	2,840	-	1,290	-

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										
Buildings	280	-	280	-	-	280	-	-	280	-
Total property	280	-	280	-	-	280	-	-	280	-
Plant and equipment										
Plant, machinery and equipment	1,256	-	1,256	-	-	1,256	-	251	1,005	-
Total plant and equipment	1,256	-	1,256	-	-	1,256	-	251	1,005	-
Infrastructure										
Roads	2,305	-	2,170	-	135	2,305	1,005	-	1,300	-
Bridges	270	-	270	-	-	270	-	-	270	-
Drainage	150	-	-	-	150	150	-	-	150	-
Parks, open space and streetscapes	105	-	105	-	-	105	-	-	105	-
Total infrastructure	2,830	-	2,545	-	285	2,830	1,005	-	1,825	-
Total capital works expenditure	4,366	-	4,081	-	285	4,366	1,005	251	3,110	-

Other information

For the four years ending 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	Borrowing \$'000
Property										
Buildings	880	-	850	-	30	880	400	-	480	-
Total property	880	-	850	-	30	880	400	-	480	-
Plant and equipment										
Plant, machinery and equipment	1,064	-	1,064	-	-	1,064	-	234	830	-
Total plant and equipment	1,064	-	1,064	-	-	1,064	-	234	830	-
Infrastructure										
Roads	2,295	-	2,170	-	125	2,295	1,005	-	1,290	-
Bridges	280	-	280	-	-	280	-	-	280	-
Drainage	205	-	-	-	205	205	-	-	205	-
Parks, open space and streetscapes	1,185	-	35	-	1,150	1,185	800	-	385	-
Total infrastructure	3,965	-	2,485	-	1,480	3,965	1,805	-	2,160	-
Total capital works expenditure	5,909	-	4,399	-	1,510	5,909	2,205	234	3,470	-

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										
Buildings	270	-	270	-	-	270	-	-	270	-
Total property	270	-	270	-	-	270	-	-	270	-
Plant and equipment										
Plant, machinery and equipment	1,176	-	1,176	-	-	1,176	-	203	973	-
Total plant and equipment	1,176	-	1,176	-	-	1,176	-	203	973	-
Infrastructure										
Roads	2,455	-	2,315	-	140	2,455	1,005	-	1,450	-
Bridges	635	-	635	-	-	635	-	-	635	-
Drainage	185	-	-	-	185	185	-	-	185	-
Parks, open space and streetscapes	94	9	85	-	-	94	-	-	94	-
Total infrastructure	3,369	9	3,035	-	325	3,369	1,005	-	2,364	-
Total capital works expenditure	4,815	9	4,481	-	325	4,815	1,005	203	3,607	-

Other information

For the four years ending 30 June, 2019

2. Summary of planned permanent human resources expenditure

	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000
Corporate Services				
Permanent - Full time	2,515	2,603	2,694	2,788
Permanent - Part time	152	158	163	169
Total Corporate Services	2,667	2,761	2,857	2,957
Infrastructure & Environment				
Permanent - Full time	5,217	5,400	5,589	5,784
Permanent - Part time	268	250	258	267
Total Infrastructure & Environment	5,485	5,649	5,847	6,052
Economic & Community				
Permanent - Full time	1,915	1,748	1,724	1,785
Permanent - Part time	1,545	904	571	591
Total Economic & Community	3,460	2,653	2,295	2,376
Total permanent staff expenditure	11,613	11,062	11,000	11,385
	FTE	FTE	FTE	FTE
Corporate Services				
Permanent - Full time	27.0	27.0	27.0	27.0
Permanent - Part time	2.4	2.4	2.4	2.4
Total Corporate Services	29.4	29.4	29.4	29.4
Infrastructure & Environment				
Permanent - Full time	79.0	79.0	79.0	79.0
Permanent - Part time	2.9	2.5	2.5	2.5
Total Infrastructure & Environment	81.9	81.5	81.5	81.5
Economic & Community				
Permanent - Full time	23.0	19.0	18.0	18.0
Permanent - Part time	22.7	13.2	7.9	7.9
Total Economic & Community	45.7	32.2	25.9	25.9
Total permanent staff numbers	157.0	143.1	136.8	136.8

*Please note: this statement does not include information about casual employees.





Council Office Locations

Customer Service Centres are open
Monday to Friday between 8.15am
and 4.45pm.

Stawell

Town Hall, Main Street, Stawell
Victoria 3380

St Arnaud

Napier Street, St Arnaud
Victoria, 3478

Visitor Information Centres

Stawell: Freecall 1800 330 080
St Arnaud: Freecall 1800 014 455
Halls Gap: Freecall 1800 065 599

Emergency After Hours (All Areas)

Phone: (03) 5358 8700

Postal Address

PO Box 580, Stawell Victoria 3380
Phone: (03) 5358 8700
Fax: (03) 5358 4151
Email: ngshire@ngshire.vic.gov.au
Website: www.ngshire.vic.gov.au

Northern Grampians Shire Council

DRAFT BUDGET

2015 - 2016





TABLE OF CONTENTS

Your Council	4
Our Shire at a Glance	5
From the Mayor	6
From the CEO	7
Demographics/Budget Influences	8
Council Plan Linkages	13
Council Plan Overview	15
Budget Highlights	17
What We're Spending	19
Economic	20
Social, Community & Environment	23
Emergency & Risk	28
Data & Information	29
Waste	30
Red Tape Reduction	31
Assets	33
Financial Sustainability	35
Core Services	36
Budget Details	38

STAWELL WARD



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



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

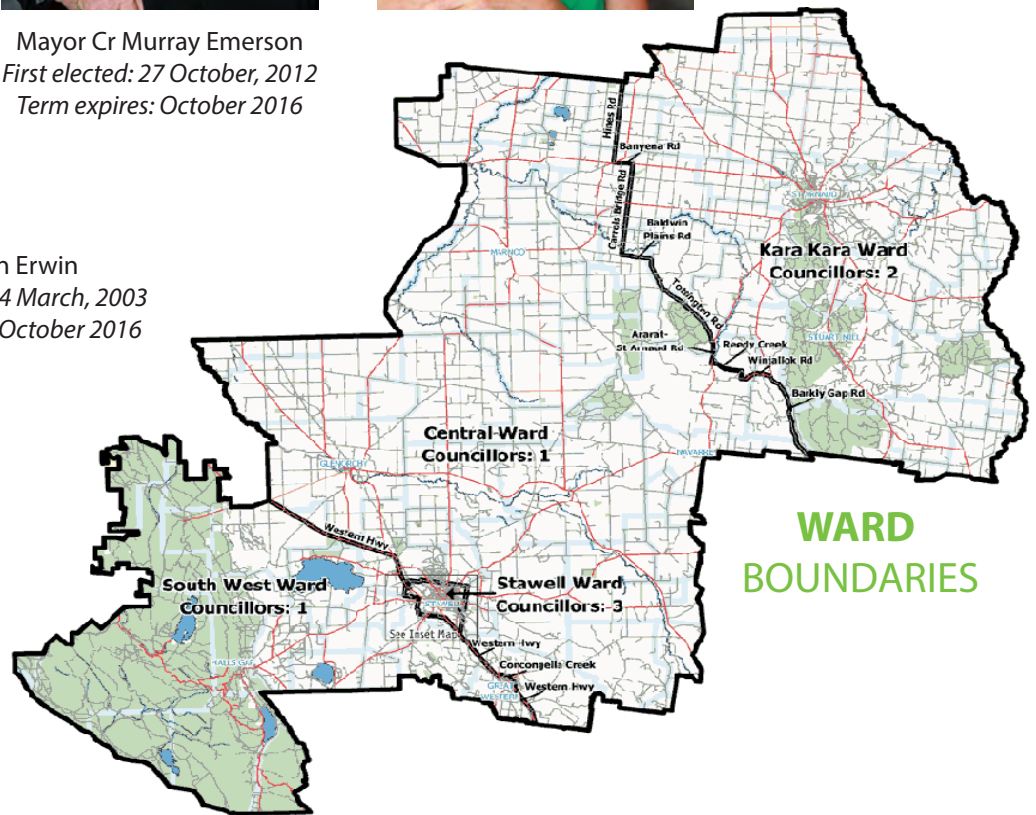


Cr Karen Hyslop
First elected: 27 October, 2012
Term expires: October 2016

CENTRAL WARD



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



WARD BOUNDARIES

SOUTH WEST WARD



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

KARA KARA WARD



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



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



OUR SHIRE AT A GLANCE

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

Location

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

National Parks

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife.

The Kara Kara National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.

Industry

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

QUICK STATS:

Area: Approximately 5,918 square kilometres

Population: Approximately 11,719

Road Length: 3,408km of local roads

Rateable Properties: 9,253

Rates and Charges Revenue: \$15.8 million

Total Revenue (inc grants): \$32 million

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

Major Attractions: Stawell Easter Gift Festival, Grampians Grape Escape, Arts Trail, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Rodeo, Stawell Gold Cup, St Arnaud Cup, Great Western Cup, Halls Gap Cup, Run the Gap, Stawell Gift Hall of Fame and Grampians National Park, St Arnaud Street Museum



FROM THE MAYOR

This year has been one of the most difficult years to balance the budget during my term of local government. With more services to manage and less money to spend, it has been very difficult.

It's time for the Federal and State governments to look at a better formula to return some of our tax dollars to us through their grants systems. The split up from each tax dollar at the moment is 3 cents for Local Government, 16 cents for State Government and 81 cents for Federal Government. We will be campaigning hard and long to have a fairer distribution of our taxes.

Rate capping has been a contentious issue in Local Government, but we are hoping that the tax distribution ratio will change and more of your tax dollars will be returned to Local Government in the future.

While no one likes rate rises, this year we have had to have a rate rise to keep as many community services as possible going and, even so, we will still have to have some cuts to our services. All our services have been thoroughly examined and discussed in an endeavour to balance our spending with our income. Some of our services are certainly under threat.

We attempt every year to provide a quality service provision that gives everyone in the Northern Grampians Shire an opportunity to take advantage of the services we deliver from the rate funding that is provided by you, the ratepayer. It is all about improving social and economic viability within our means.

Approximately \$28 million of our \$33 million budget is distributed locally in our region, and that is what we will continue to do. Of course not everyone's desires or requests can be facilitated but we will continue to do our best.

At the Northern Grampians Shire Council, we believe that there are some wonderful opportunities, that we need to work hard at. The continual expansion of Frews Abattoirs, the streetscape programs for our larger towns, the Stawell Underground Physics Laboratory, the developments that are about to take place in Stawell West, and of course our continual support of our community and their needs.

Cr. Murray Emerson
MAYOR





FROM THE CEO

3, 16, 81. It is all about the numbers, or lack of, for local government generally and for Northern Grampians specifically. For every one dollar of taxation, local government receives 3c, state government 16c and federal government 81c. The basic equation is so appallingly out of kilter that it is amazing that local government is still able to provide the level and extent of services that it does. As this Council works towards putting the 2015/16 budget together and plans for the next four years it is clear that nothing short of a radical rethink of what we do as a sector and how the services and infrastructure that we provide will be funded is needed. My career started in local government at the time of the first major review or rewriting of the Local Government Act in 1989. I sat wide-eyed in the gallery at Parliament House during the second reading of the Bill, and since that time I have seen local councils and communities weave and negotiate their way through amalgamations and experiments by various flavours of state government. In Northern Grampians, Council needs the community's support and understanding more than ever to ensure that we retain the "local" element of local government. It is now time for a different type of discussion about how we retain the immense strength and ingenuity of people and businesses in our communities in the governance and delivery of services to improve the social and economic wealth for all of us. This budget is a no nonsense budget. If it can't be funded, it isn't included. If it will lead to ongoing costs beyond our capacity to pay, it isn't included. If it can't demonstrate that it meets a goal in the Council Plan or provides a significant community benefit, it is not included. I encourage all residents to take an interest in the budget this year, to let us know what you think, good and bad, and to seek your support in our campaign to get a better deal for your local council.

A handwritten signature in black ink, which appears to read 'Justine Linley'.

Justine Linley
CEO



DEMOGRAPHICS/ BUDGET INFLUENCES

POPULATION

The estimated resident population of the shire is 11,719
Source: Australian Bureau of Statistics, Annual Estimated Resident Population, as at June 2014.

AGEING POPULATION

The population is ageing and the shire has a greater proportion of older people compared to the Victorian average. The age profile is similar to small rural council averages. Analysis of the service age groups of Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of people in the younger age groups (0 to 17 years) and a higher proportion of people in the older age groups (60+ years).

Overall, 21.4% of the population was aged between 0 and 17, and 28.4% were aged 60 years and over, compared with 23.5% and 24.2% respectively for regional Victoria.

The major differences between the age structure of Northern Grampians Shire and regional Victoria were:
A larger percentage of 'Empty nesters and retirees' (14.1% compared to 11.9%)

A larger percentage of 'Seniors' (11.4% compared to 10.0%)

A larger percentage of 'Older workers & pre-retirees' (15.2% compared to 14.0%)

A smaller percentage of 'Young workforce' (8.6% compared to 10.5%)

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

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

CULTURAL DIVERSITY

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

English (5,184 people or 43.8%)

Australian (5,021 people or 42.4%)

Scottish (1,379 people or 11.6%)

Irish (1,287 people or 10.9%)

German (546 people or 4.6%)

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

A larger percentage of people with English ancestry (43.8% compared to 39.9%)

A larger percentage of people with Australian ancestry (42.4% compared to 40.9%)

HOUSEHOLDS

Analysis of the household/family types in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of couple families with child(ren) as well as a lower proportion of one-parent families. Overall, 23.2% of total families were couple families with child(ren), and 8.9% were one-parent families, compared with 26.9% and 10.5% respectively for regional Victoria.

There was a higher proportion of lone person households and a higher proportion of couples without children. Overall, the proportion of lone person households was 29.4% compared to 26.8% in regional Victoria while the proportion of couples without children was 30.4% compared to 27.8% in regional Victoria.

The number of households in Northern Grampians Shire increased by 84 between 2006 and 2011. The largest changes in family/household types in Northern Grampians Shire between 2006 and 2011 were:

Couples with children (-104 households)

Couples without children (+79 households)

Lone person (+74 households)

SNAPSHOT OF NORTHERN GRAMPIANS SHIRE

The Northern Grampians Shire is located in Central Western Victoria and has an economy based on agriculture, manufacturing, mining and tourism, with strong growth in the health and education service sectors. The shire covers an area of 5,918 square kilometres and comprises the towns of Stawell, St Arnaud, Great Western, Halls Gap, Glenorchy, Navarre, Marnoo, Stuart Mill and numerous smaller rural communities.

Stawell is home to steel fabrication works, brick, textiles and meat production, and the largest operating modern-era gold mine in Victoria. The St Arnaud area is well-known for its cropping and intensive animal industries. The Grampians National Park, together with the Kara Kara National Park, plentiful wineries and the goldfields heritage throughout the shire means that Northern Grampians is a popular tourist destination, attracting more than one million visitors each year.





OCCUPATION

The size of Northern Grampians Shire's labour force in 2011 was 5,435 persons, of which 2,006 were employed part-time and 3,045 were full time workers.

Analysis of the employment status (as a percentage of the labour force) in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a similar proportion in employment, as well as a similar proportion unemployed. Overall, 95.3% of the labour force was employed (53.0% of the population aged 15+), and 4.7% unemployed (2.6% of the population aged 15+), compared with 94.8% and 5.2% respectively for regional Victoria.

The labour force participation rate refers to the proportion of the population over 15 years of age that was employed or actively looking for work. "The labour force is a fundamental input to domestic production. Its size and composition are therefore crucial factors in economic growth. From the viewpoint of social development, earnings from paid work are a major influence on levels of economic well-being." (Australian Social Trends 1995).

Analysis of the labour force participation rate of the population in Northern Grampians Shire in 2011 shows that there was a lower proportion in the labour force (55.6%) compared with regional Victoria (58.2%).

Between 2006 and 2011, the number of people employed in Northern Grampians Shire showed an increase of 25 persons and the number unemployed showed a decrease of 22 persons. In the same period, the number of people in the labour force showed an increase of 3 persons, or 0.1%.

EDUCATION

Analysis of the qualifications of the population in Northern Grampians Shire in 2011 compared to regional Victoria shows that there was a lower proportion of people holding formal qualifications (Bachelor or higher degree; Advanced Diploma or Diploma; or Vocational qualifications), and a higher proportion of people with no formal qualifications. Overall, 34.6% of the population aged 15 and over held educational qualifications, and 54.5% had no qualifications, compared with 40.5% and 48.4% respectively for regional Victoria. The major differences between qualifications held by the population of Northern Grampians Shire and regional Victoria were:

A larger percentage of persons with no qualifications (54.5% compared to 48.4%)

A smaller percentage of persons with Bachelor or Higher degrees (8.2% compared to 12.5%)

A smaller percentage of persons with Advanced Diploma or Diplomas (6.1% compared to 7.2%)

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

Vocational qualifications (+263 persons)

No qualifications (-151 persons)

Advanced Diploma or Diplomas (+105 persons)

Bachelor or Higher degrees (+89 persons)



EXTERNAL INFLUENCES

In preparing the 2015-2016 budget, a number of external influences have been taken into consideration as they are likely to impact significantly on the services delivered by Council in the budget period. These include:

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

INTERNAL INFLUENCES

In addition to the external influences, there are a number of internal influences which impacted the preparation of the 2015-2016 Budget. These include the following:

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

BUDGET PRINCIPLES

In response to these influences, guidelines were prepared and distributed to all Council officers with budget responsibilities. The guidelines set out the key budget principles and are outlined in the Budget Development and Management Policy approved by Council in April 2014. The principles included:

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

LEGISLATIVE REQUIREMENTS

Under the Local Government Act 1989 ('the Act'), Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy, as well as a range of other information required by the Local Government (Planning and Reporting) Regulations 2014 ('the Regulations') which support the Act.

The 2015-2016 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 budgeted statements of Comprehensive Income, Cash Flows, Capital Works, Changes in Equity, Reserves, Human Resources and a Budgeted Balance Sheet. These statements have been prepared for the year ending 30 June 2016 in accordance with Accounting Standards and other mandatory professional reporting requirements. It also includes detailed information about the rates and charges to be levied, the capital works program to be undertaken and other financial information, which Council requires in order to make an informed decision about the adoption of the budget.



1872

1938

TOWN

STAWELL
PRESERVES
THE EASTER

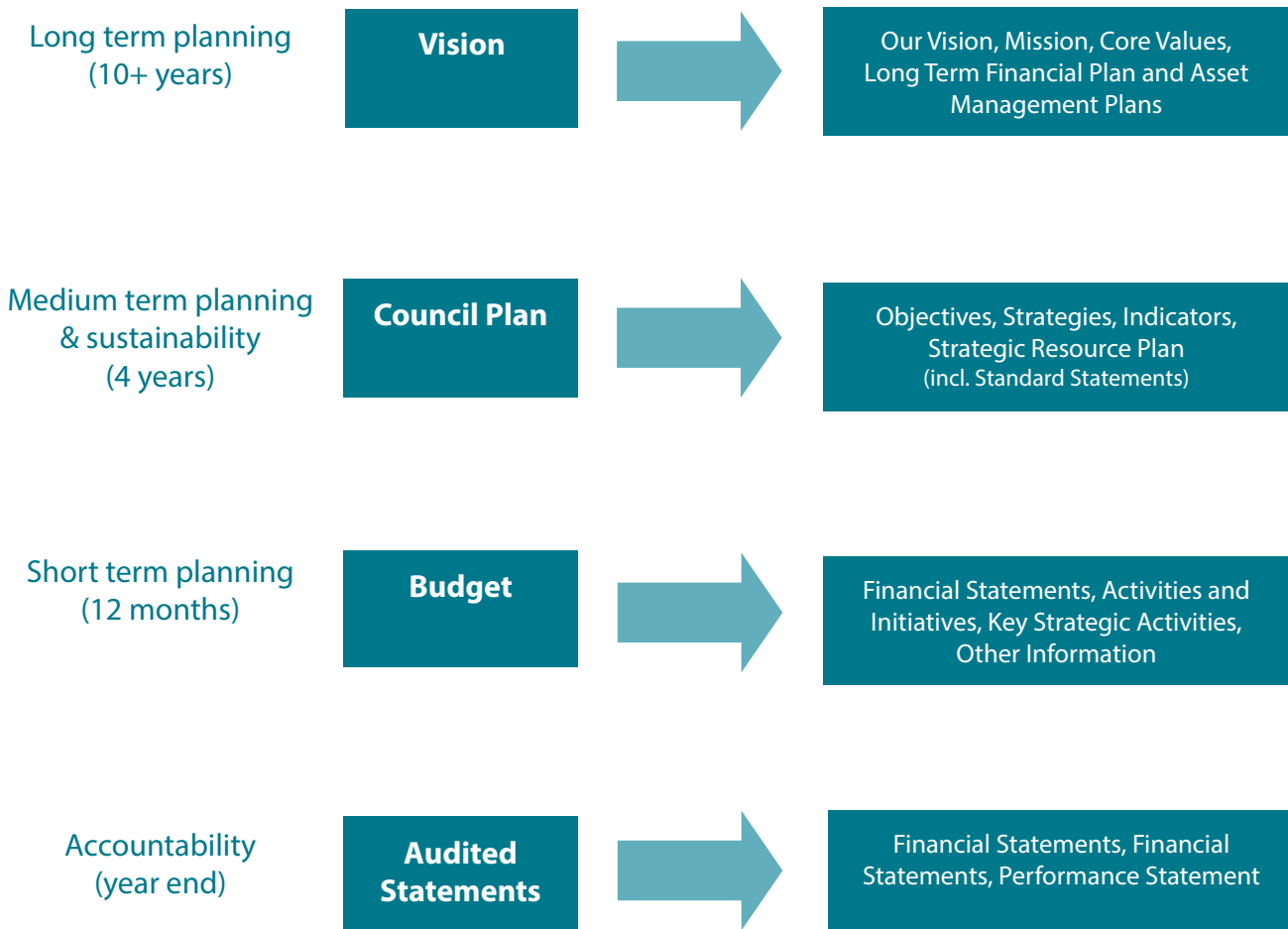


COUNCIL PLAN LINKAGES

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

STRATEGIC PLANNING FRAMEWORK

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



COUNCIL PLAN OVERVIEW 2013-17

COUNCIL PLAN OBJECTIVES

In four years' time we will have....

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

COUNCIL PLAN STRATEGIES

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

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

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

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

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

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

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

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





BUDGET HIGHLIGHTS

IMPROVING OUR LIVABILITY AND VIABILITY

Council will balance a \$8.6m capital works and project program with \$5.9m for Council infrastructure maintenance and a \$3.9m allocation for children's services, aged care, recreation, leisure and libraries. Also included is a \$1.2m investment to create a better lifestyle for residents and businesses and to secure Northern Grampians as the top place for growth and new enterprises.

INVESTING IN OUR FUTURE

Our major investment for 2015/16 is the Stawell Underground Physics Lab. In addition, Council will complete the Western Highway Heritage Precinct program in Stawell, refurbish the St Arnaud Senior Citizens building kitchen, commence works on the St Arnaud Civic Precinct and complete the Cato Lake embankment wall at Cato Park in Stawell.

GETTING ON WITH THE JOB

Council is pleased to present a budget that invests in the future of its communities without shying away from the hard questions; what do we really need and how will it be paid for? The challenge for Local Government in the next few years is to ensure that services provided to the community can be matched to community expectations. The recent State Government policy on rate capping and

variation and the Federal Government's freeze on Local Government funding severely affect Northern Grampians Shire Council's capacity to meet the service demands of the shire. Council will continue to advocate for the interests of the local community in order to maintain services. However, despite ongoing cost-shifting by state and federal governments and the challenges that come with a small population versus a large geographical area, the critical work that Council is doing today will save money in the long run. The 2015-2016 Budget is focused on delivering the remainder of the 2013-2017 Council Plan. The \$33 million budget requires a rates and charges revenue increase of 5 per cent across the municipality to successfully deliver on key objectives and projects. This means that of the \$33 million \$15,809,650 is proposed to be raised via rate and charges as follows:

General rate	\$8,311,100
Farm rate	\$3,970,700
Cultural and Recreational Land	\$13,200
Municipal Charge	\$1,146,100
Annual Garbage Charge	\$1,502,300
Annual Recycling Charge	\$866,250
TOTAL	\$15,809,650





WHAT WE'RE SPENDING

\$8.6 MILLION ...

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

\$0.4 MILLION ...

\$0.4m on streetscape improvements.

\$5.9 MILLION ...

\$5.9m on roads and bridges.

\$1.7 MILLION ...

\$1.7m on maintenance and improvement of the shire's parks, gardens and open spaces.

\$3.8 MILLION ...

\$3.8m for children's services, aged care, recreation, leisure services and libraries.

\$2.1 MILLION ...

\$2.1m on major projects like the Stawell Underground Physics Lab and the Western Highway Heritage Precinct.

\$1.2 MILLION ...

\$1.2m to attract and encourage new and existing businesses and tourism.

\$1.0 MILLION ...

\$1.0m on major plant and equipment to keep our streets and infrastructure assets maintained

\$1.9 MILLION ...

\$1.9m on waste management and environmental objectives.



STRATEGIC INDICATOR:
 Gross Regional Product (GRP) shows positive growth that matches or exceeds growth across the state economy (Source: REMplan annual economic report)

ECONOMIC

TOURISM

The three Visitor Information Centres in the Northern Grampians Shire provide tourists with valuable information to enhance their visit to the region and encourage overnight stay. Northern Grampians Shire Council has an important alliance with Grampians Tourism which is responsible for marketing and development initiatives across the Grampians region. While Council continues to promote its own tourism industry, Grampians Tourism takes the lead on a collaborative approach. Major benefits include strengthened relationships and partnerships between all stakeholders, additional media exposure, activities to increase tourism and opportunities for workshops, training and education. During 2015 -2016 Council will review the way tourism services and visitor services are provided, to ensure the best value for Council, tourism businesses and the community, and in order to maximise the economic and social outcomes.

Initiatives for 2015/16:

- First stage Implementation of Halls Gap Tourist Resort Town Masterplan.
- Utilisation of Halls Gap Community and Tourism Hub.
- Participate in Grampians Tourism regional projects such as their Digital Strategy, Grampians Way project and Grampians Peaks Trail.

Service Cost	\$	365,213
Income		
User fees & charges	\$	600
Untied grants	\$	106,932
Rate subsidy	\$	257,681

ECONOMIC GROWTH

Council prides itself on a strong relationship with its business community. As part of its ongoing support, Council provides strategic planning and response to environmental, market and economic changes. Council also works closely with business groups in Stawell, St Arnaud and Halls Gap to deliver



a wide range of economic development initiatives that support existing businesses and attract new investment and residents. Other tasks include:

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

Initiatives for 2015/16

- Regional Victoria Living Expo.
- Business Assistance Scheme.
- Update of key industry sector plans.
- Business Workshops focusing on specific, relevant topics.
- Participation in trade shows and other new resident and investment attraction opportunities.

Service Cost	\$	89,500
Income		
Grants	\$	10,000
Untied grants	\$	23,315
Rate subsidy	\$	56,185

STRATEGIC PROJECTS

Council seeks to foster economic growth through the delivery of a number of strategic projects which aim to attract both public and private investment, and generate jobs. Council has established a small dedicated team to provide high level management of specific, but broad ranging projects. Initially this team was tasked with delivering the \$30 million flood recovery project, and following on from the success of this work, Council has initiated projects around innovation, land development and job creation. These projects have potential for major investment, however require high level leadership and project management skills.

Council’s Strategic Projects team monitors the availability of grants from government and philanthropists to fund the projects necessary to implement the Council Plan. Application, compliance and acquittal of grants is critical for Councils future projects and reputation as an efficient and quality service provider.

Initiatives for 2015/16

- Progression of the Stawell Underground Physics Laboratory.
- Implementation of the Stawell West Business Precinct Plan.
- Investment attraction to support the outcomes of the Stawell Gold Mines Future Possibilities Feasibility Project.

Service Cost	\$	190,219
Income		
Untied grants	\$	55,787
Rate subsidy	\$	134,432

EVENTS

Council is committed to supporting existing events and promoting the development of new events within the shire. Support and assistance is provided to community groups, and Council provides funding for events consistent with Council’s grant policy. Annually there are a variety of events held in the shire, and 60-80 of these are registered through, and supported by Council. Many event organisers have successfully applied for funding through Council’s Events Assistance Program. Public events provide a wide range of social, economic and cultural benefits to local communities. Many events held in the shire are a major drawcard, attract thousands of visitors to the region, and generate jobs in our local community. Major events supported by Council include the Stawell Athletic Club Easter Gift and Easter Festival, the Grampians Jazz Festival, the Great Western Rodeo, the Grampians Grape Escape, the Festival of St Arnaud, the Stawell Racing Club Gold Cup, Grampians Brushes, Grampians Texture, and Carols in the Grampians.

Initiatives for 2015/16

- Implemented the new events management process with the development of the event resources guide
- Marketing platforms including the Northern Grampians Shire Facebook page, event newsletters, upcoming events brochure using electronic media and print
- Build on the support provided to arts groups including the Grampians Arts Trail and the Wildlife Arts museum of Australia
- Working relationships with the Regional Arts Victoria Creative Recovery facilitator to review the NGSC Arts and Culture Strategy and strengthen the other arts networks
- Continuation of the acclaimed St Arnaud Street Museum Artist in Residence project

Service Cost	\$	193,151
Income		
User fees & charges	\$	20,784
Grants	\$	23,000
Untied grants	\$	43,806
Rate subsidy	\$	105,561

STRATEGIC INDICATOR:

The Socio-Economic Index For Areas (SEIFA) for Northern Grampians shows positive improvement that matches or exceeds the overall result in the Wimmera Southern Mallee region (Source: ABS SEIFA index produced after every Census)



SOCIAL, COMMUNITY & ENVIRONMENT

PARKS AND GARDENS

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

- 6 recreation ovals
- 24 neighbourhood parks
- 22 traffic islands and roundabouts
- 86 back lanes are maintained throughout the Shire
 - 25 landscaped areas which comprise 393 garden beds
- 15 community facilities
- 20 playgrounds with 55 items of equipment
- 1,013 park furniture items
- 10 stormwater harvesting systems
- 14 major urban town slashing areas
- Maintaining six rural towns

Initiatives for 2015/16

- Expanding street tree planting program in Stawell and St Arnaud.
- Providing additional support to Navarre and Great Western to assist in the maintenance of their reserves.

Service Cost	\$	1,549,704
Income		
Untied grants	\$	454,492
Rate subsidy	\$	1,095,212

PLANNING AND BUILDING SERVICES

Council has a responsibility to plan for the use, development and protection of land within the shire according to the present and long-term interests of the community. The Northern Grampians Shire Planning Scheme is a legal document that sets out the way land may be used or developed. It also regulates the permits granted under the planning scheme, settles disputes, enforces compliance with the planning laws, and

deals with other related administrative procedures. Council's building team ensures the safety, livability and sustainability of the shire's buildings by providing vision, advice and leadership to the local building industry. The team oversees building legislation, regulates building practices, advises applicants and provides services to consumers. The building control services provided by Council assist in protecting the community from major risks to life and property and contribute to the sustainability of the shire's built environment.

Initiatives for 2015/16

- Develop community education and information programs that assist intending applicants complete development applications.
- Focus on strategic planning, future growth and development.
- Encouraging professionals to establish a service hub in Stawell to provide planning, building and other professional services.
- Integrate and streamline Planning, Building and Environmental Health services application processes.

PLANNING SERVICES

Service Cost	\$	562,027
Income		
User fees & charges	\$	57,033
Grants	\$	8,200
Untied grants	\$	145,698
Rate subsidy	\$	351,096

BUILDING SERVICES

Service Cost	\$	429,471
Income		
User fees & charges	\$	126,362
Other revenue	\$	10,250
Untied grants	\$	85,889
Rate subsidy	\$	206,970



CHILDREN'S EDUCATION

Council's Early Childhood Preschool (kindergarten) program is licensed by the Australian Government Department of Education and Training. It provides early childhood learning services to children in St Arnaud and neighbouring towns. The St Arnaud Kindergarten's four-year-old program provides approximately 15 hours of preschool per child, which are delivered over three days during school terms. Enrolments in the program typically comprise 25-30 children per annum. The three-year-old program provides approximately three hours of social learning to each child. The program operates one day a week during the four school terms. Enrolments in three-year-old kindergarten typically comprise around 20 children.

Taylor's Gully Children's Centre run a combined three-year-old and four-year-old kindergarten program in the Long Day Care setting. The three-year-old program provides three hours per week of social learning to each child, while the four-year-old program provides each child with 15 hours of learning. Enrolments comprise approximately 15 children.

Initiatives 2015/16

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

Service Cost	\$	110,769
Income		
User fees & charges	\$	15,480
Grants	\$	121,511

CHILDREN'S SERVICES

Council currently operates quality childcare services which provide flexible options for families throughout the shire. Taylors Gully Children's Centre in Stawell and the St Arnaud Children's Precinct provide up to 75 long day care places for children and also offer a flexible Occasional Care service. Council's childcare facilities also host visiting specialists,

conduct information sessions and provide other services at the centres to support families in our communities. A vacation care program is also provided from St Arnaud during the school holidays.

Initiatives 2015/16

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

Service Cost	\$	1,170,074
Income		
User fees & charges	\$	386,068
Contributions	\$	341,558
Grants	\$	44,000
Untied grants	\$	116,855
Rate subsidy	\$	281,593

SUSTAINABLE LIVING

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

Initiatives 2015/16

- Low income energy efficiency program.
- Lighting the Regions streetlight replacement project.
- Energy efficiency improvements in public buildings.

Service Cost	\$	61,100
Income		
Grants	\$	50,000
Untied grants	\$	3,255
Rate subsidy	\$	7,845

ENVIRONMENTAL HEALTH

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

Council has been providing a shared Environmental Health Service to the Ararat Rural City Council since July 2014.

Initiatives 2015/16

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

Service Cost	\$	158,038
Income		
User fees & charges	\$	78,607
Grants	\$	15,100
Untied grants	\$	18,867
Rate subsidy	\$	45,464

LOCAL LAWS

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

Areas of activity include:

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

Initiatives 2015/16

- Improve the efficiency of the Local Laws processes and fee payment options.

Service Cost	\$	319,973
Income		
User fees & charges	\$	125,100
Grants	\$	23,866
Untied grants	\$	50,152
Rate subsidy	\$	120,855

CEMETERIES

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

Initiatives 2015/16

- Investigate community trust to provide management of cemeteries.

Service Cost	\$	111,884
Income		
User fees & charges	\$	96,856
Untied grants	\$	4,407
Rate subsidy	\$	10,621

AGED AND DISABILITY

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

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

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

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

Initiatives 2015/16

- Improved access to high use public buildings and spaces, including the St Arnaud Civic Precinct and Stawell CBD.
- Phasing in the Commonwealth changes to the HACC program that will result in the separation of assessment from service provision.

Service Cost	\$	158,038
Income		
User fees & charges	\$	78,607
Grants	\$	15,100
Untied grants	\$	18,867
Rate subsidy	\$	45,464



MATERNAL AND CHILD HEALTH

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

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

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

Initiatives 2015/16

- New information technology systems to be introduced to improve efficiency.

Service Cost	\$	253,732
Income		
User fees & charges	\$	8,400
Grants	\$	159,504
Untied grants	\$	25,171
Rate subsidy	\$	60,657

COMMUNITY DEVELOPMENT

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

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

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

The Community Development team:

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

Initiatives 2015/16

- Review and manage the community use of Shop 108 Stawell
- Support the Centenary of ANZAC celebrations, and grant facilitation.
- Engage with the community on the implementation of the Stawell Avenue of Honour project
- Enable opportunities for community use of St Arnaud Town Hall Civic Precinct development for access to community information and services.

Service Cost	\$	457,154
Income		
User fees & charges	\$	17,841
Grants	\$	101,800
Untied grants	\$	98,985
Rate subsidy	\$	238,528

LIBRARIES

The shire's library services are provided as part of the Wimmera Regional Library Corporation (WRLC). Council contributes to the running costs of the library and is responsible for building construction and maintenance. Council's contribution to the WRLC is determined by the extent of service provided in each of the contributing shires. The Northern Grampians is home to two libraries, one in Stawell, and another in St Arnaud. In addition, a fortnightly mobile library service is provided to the Marnoo community and a 24-hour-a-day, seven-day-a week online branch offers digital services, including audio books. There are about 4,600 library members in the shire who borrow about 64,000 books, CDs and audio books each year.

Initiatives 2015/16

- Supporting the Victorian Libraries initiative which will provide better services for rural communities.

Service Cost	\$	411,400
Income		
Untied grants	\$	120,654
Rate subsidy	\$	290,746

LEISURE AND RECREATION SERVICES

The St Arnaud Swimming Pool and the Stawell Leisure Complex are utilised by our residents and visitors to the shire. The venues wet programs include casual swims, water aerobics, swimming lessons, swimming club and junior lifeguard. The Stawell Leisure Complex also offers spa facilities and water slides, while diving boards are an attraction in St Arnaud. Dry programs in Stawell include squash, basketball, soccer, cricket and racquetball. The Leisure Complex receives approximately 50,000 visitors per year. Both facilities are operated under the Lifesaving Victoria guidelines, and significant improvements to the facilities and the operating plant have occurred over recent years.

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

Initiatives 2015/16

- Improved amenities and surrounds at the St Arnaud Swimming Pool.
- Implementation of recommendations from Lord Nelson Park Precinct Plan.
- Continued involvement of Council's community recreation committees in the planning and management of reserves

Service Cost	\$	694,723
Income		
User fees & charges	\$	378,843
Untied grants	\$	92,640
Rate subsidy	\$	223,240





STRATEGIC INDICATOR:

Communities able to demonstrate increased resilience, awareness of risk and active participation in preventative planning as defined in the National Disaster Resilience Framework (Source: Australian Emergency Management Institute reports produced annually)

EMERGENCY & RISK

EMERGENCY PLANNING AND SAFETY

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

Initiatives 2015/16

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

Service Cost	\$	248,294
Income		
User fees & charges	\$	7,290
Grants	\$	143,010
Untied grants	\$	28,739
Rate subsidy	\$	69,255



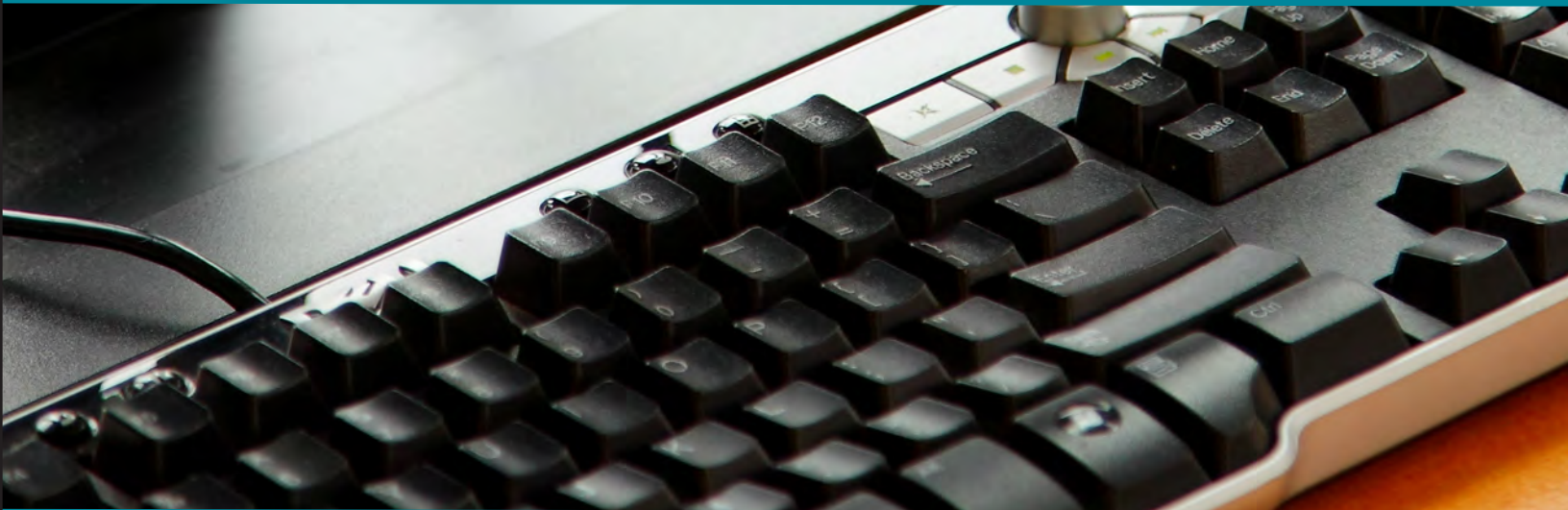
DATA & INFORMATION

INFORMATION SERVICES

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

Initiatives 2015/16

- Roll out of a new customer management system to provide improved access to information for customers.
- Advocacy for better mobile phone and data services for communities affected by mobile black spots.
- Undertake community engagement sessions to assess satisfaction with council services and plan for future service delivery.



STRATEGIC INDICATOR:

Information and Communication Technology take-up and use in the shire improves on the 2010 baseline established as part of the Wimmera Southern Mallee ICT Study (Source: Wimmera Southern Mallee ICT Survey, Centre for eCommerce and Communications www.cecc.com.au/ch_ict_study)



WASTE

WASTE MANAGEMENT

Council's waste management service provides for kerbside collection and disposal of household garbage, household recyclables and some commercial requirements in the municipality. Included in the service is the collection and disposal of waste from litter bins located in streets within the shire's commercial precincts and various reserves throughout the municipality. The State Government has developed targets for the reduction of waste to landfill, and standards for the management and disposal of waste. The nine key waste services delivered by Council need to comply with these targets. Council has developed a strategic Waste Management Plan to improve health and environmental outcomes and equitable charging and access, reduce waste to landfill and improve efficiencies in the delivery of service. Through the waste program, Council works in partnership with adjoining municipalities to support community education and initiatives for waste management.

Initiatives 2015/16

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

Service Cost	\$	1,911,421
Income		
User fees & charges	\$	198,352
Contributions	\$	20,000
Other revenue	\$	22,575
Untied grants	\$	489,917
Rate subsidy	\$	1,180,577



RED TAPE REDUCTION

REGULATION

Throughout the course of the year Councillors and Council Officers will continue to liaise with both Federal and State Government bodies to investigate opportunities to reduce bureaucratic 'road blocks' in Council administration and service delivery functions.

Initiatives 2015/16

- Advocacy for use of 'limited' building surveyors to serve as Municipal Building Surveyors.

STRATEGIC INDICATOR:

Reduction in administrative, compliance and delay costs greater than the Victorian average (Source: Department of Treasury and Finance, Red Tape Reduction Program)





STRATEGIC INDICATOR:

Council achieves 'Core Maturity' ratings for each of the 11 National Asset Management and Financial Planning Framework (NAMAF) indicators. (Source: Local Government and Planning Ministers' Council National Local Government Sustainability Frameworks, Core Competency)

ASSETS

INFRASTRUCTURE AND ASSET MANAGEMENT

Council maintains roads, bridges, buildings, footpaths, kerb and channel and recreational facilities. These assets are critical to providing various services to the community. Council is committed to managing its buildings and assets and currently maintains 170 buildings across the shire. The infrastructure team is responsible for infrastructure management, traffic management, project management and engineering design. The department also covers development approvals including engineering plan approvals and subdivision construction supervision, Road Management Act compliance including asset inspections, liaison with VicRoads and other authorities, and a wide range of customer enquiries relating to the management of Council infrastructure. This service provides strategic advice, policy development, planning and direction for the implementation of Council's ongoing total life cycle asset management program including heavy plant management.

Initiatives 2015/16

- Implement new asset management software to better manage the large number of Council assets.

Service Cost	\$	1,173,608
Income		
Untied grants	\$	344,192
Rate subsidy	\$	829,416

AERODROMES AND OTHER WORKS

Council currently manages both the Stawell and St Arnaud aerodromes and other minor facilities to provide better service to the community. The aerodromes are used by several emergency services to provide effective responses to emergencies including fires. There are three standpipes and 16 bores throughout the Shire. The standpipes are for fire and Council use only. The bore services are provided free of charge to farming communities for fire prevention, Council use, for stock water supplies and for non potable domestic supplies. There are also 18 emergency water tanks throughout the Shire that provide water for fire control use and Council

roadworks.

Initiatives 2015/16

- Investigate economic opportunities to capitalise on recent major upgrades to the Stawell Aerodrome.
- Carry out pre planning for a future Stage 5 project at the Stawell Aerodrome to implement further parts of the Master plan and to complement the four new aircraft hangers to be built.

Service Cost	\$	252,600
Income		
User fees & charges	\$	4,200
Untied grants	\$	73,202
Rate subsidy	\$	175,198

FACILITIES AND PUBLIC AMENITIES

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

Initiatives 2015/16

- Rationalisation and upgrade of public amenities in Central Park Stawell.
- St Arnaud Civic Precinct renewal works.
- Installation of solar panels to a number of identified buildings in Stawell and St Arnaud.
- Ongoing installation of LED lighting in Council facilities.

Service Cost	\$	241,000
Income		
Untied grants	\$	70,680
Rate subsidy	\$	170,320

ROADS AND BRIDGES

This service provides for maintenance on Council's infrastructure, incorporating roads, bridges, drainage, footpaths, kerb and channel, street furniture, line marking and signage. This service also includes the program of road inspections as part of the Road Management Act and Council's Road Management Plan for Council-managed local roads. Throughout the municipality, Council manages 3,500 kilometres of road network, 640 bridges and major culverts, 102 kilometres of footpaths, 165 kilometres of kerb and channel, 17,000 square metres of car park and a vast drainage network.

Initiatives 2015/16

- Renewal of kerb and channel in Sloane Street Stawell and Kings Avenue St Arnaud as part of township upgrading works.
- Upgrading of unsafe intersections at Banyena/ Traynors Lake Lagoon Roads and Donald Avon Plains/Banyena Roads.
- Upgrade works on 24 of Council's bridges and major culverts. These works include upgrading of guardrail and repairing bridge defects which will increase road safety and the life of bridges and culverts across the road network.

Service Cost	\$	2,433,826
Income		
Untied grants	\$	738,234
Rate subsidy	\$	1,695,592





FINANCIAL SUSTAINABILITY

FINANCIAL SERVICES

Council will continue to meet its reporting and accountability requirements, with plans underway to work towards long term sustainability. An annual internal audit plan will be developed through the Audit Committee to provide assurance regarding Council's performance, risk management, financial and governance responsibilities. Opportunities for regional collaboration will be sought to gain efficiencies in costs and service provision.

STRATEGIC INDICATOR:

Council improves financial sustainability ranking compared to small rural councils in Victoria (Source: Victorian Auditor General – Local Government Audit results produced annually and tabled in State Parliament)

CORE SERVICES

There are a number of core services that form the backbone of Northern Grampians Shire Council as a local government organisation. These include the provision of governance support for Councillors, management and all internal support services required to enable all other functions of the Council to be delivered to the community. In the 2015-2016 budget all other services provided to residents and visitors only contain costs that directly relate to the operation of that area or service and do not include administrative, compliance and governance overheads.

MANAGEMENT AND COORDINATION

The organisational structure for Northern Grampians is based on a three directorate model. Within that model each directorate is led and managed by a director and supported by department managers. There are also team leaders and supervisors in those areas with larger staff numbers such as child care, recreation, parks and gardens, roads, home and community care and leisure and recreation. The three directors work in Infrastructure and Environment, Economic and Community Services, and Corporate Services. There are seven department managers covering the areas of Infrastructure, Environmental and Regulatory Services, Economic Growth, Community Services, Governance and Civic Support, Finance and Information Services and Human Resources. These management positions are responsible for direct service provision and the management of close to 250 individuals, or 169.7 full time equivalent employees who deliver services to our community. A reduction in FTE is the outcome of Council's ongoing review of services which this year has resulted in a voluntary redundancies being sought and accepted from staff in Children's Services.

Initiatives in 2015/16 include:

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

Service Cost	\$	3,545,377
Income		
User fees & charges	\$	76,713
Untied grants	\$	1,017,278
Rate subsidy	\$	2,451,386



CEO & COUNCILLORS SERVICES

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

Initiatives in 2015/16 include:

- Roll out of an advocacy program for the Mayor and all Councillors to ensure that the needs and aspirations of the Northern Grampians Shire community are known to both State and Federal tiers of government.
- Implementation of a civic engagement and consultation program with organisations and businesses in the shire to encourage greater participation by the community in Council decision making processes.
- Participation in regional and state based governance and coordination organisations including Wimmera Development Association, Central Highlands Mayors and CEOs, Wimmera Councils, North West Municipalities, Municipal Association of Victoria and the Victorian Local Government Association.

Service Cost	\$	919,362
Income		
Untied grants	\$	269,627
Rate subsidy	\$	649,735

CUSTOMER SERVICES

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

Initiatives in 2015/16 include:

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

Service Cost	\$	615,440
Income		
Other revenue	\$	28,540
Untied grants	\$	172,124
Rate subsidy	\$	414,776

INTERNAL SERVICES

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

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

Initiatives in 2015/16 include:

- Continuation of a rollout of new software products to enable mobility and continuous efficiency improvements.

Service Cost	\$	3,026,184
Income		
User fees & charges	\$	12,650
Contributions	\$	41,900
Other revenue	\$	215,230
Untied grants	\$	808,389
Rate subsidy	\$	1,948,015

INSURANCES

Council has responsibility for managing risk across the shire. Risks covered in this area include professional indemnities, public liability, Workcover and professional delegations. A Risk Committee meets regularly to monitor and plan for risk management and mitigation.

Initiatives in 2015/2016

- Implementing more cost effective Workcover insurances

Service Cost	\$	393,950
Income		
Other revenue	\$	4,050
Untied grants	\$	114,349
Rate subsidy	\$	275,551

FLEET

The many services provided by Council require vehicles. In total there are 41 vehicles which are used to deliver services such as maintenance of our parks and gardens, providing aged and disability services, maternal and child health, immunisations, local law enforcement, road maintenance, building maintenance, emergency management and recovery and business development.

Initiatives in 2015/2016

- Review of the optimal time for renewing our fleet vehicles.
- Maximising available efficiencies in the running costs of our vehicles.

Service Cost	\$	263,200
Income		
Untied grants	\$	77,190
Rate subsidy	\$	186,010



Northern Grampians Shire Council

**BUDGET
DETAILS**

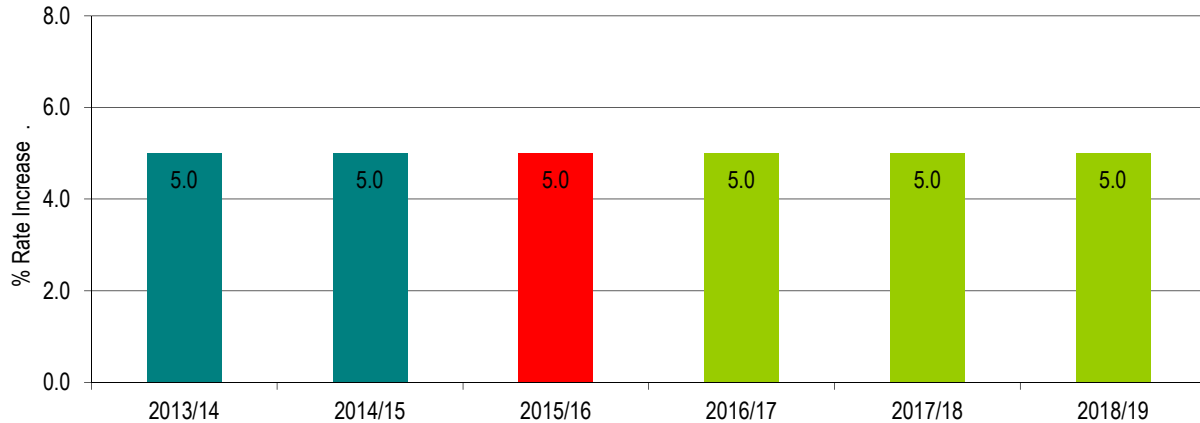
2015 - 2016

Contents	Page
Budget Summary	40
Budget Analysis	
1. Analysis of Operating Budget	45
2. Budgeted Cash Position	50
3. Analysis of Capital Budget	51
Long Term Strategies	
4. Strategic Resource Plan and Key Financial Indicators	54
5. Rating Information	56
6. Borrowings	58
7. Asset Management	58
Appendices	
A Financial Statements	61
B Rates and Charges	67
C Capital Works Program	70
D Performance Reporting	72

Budget Summary

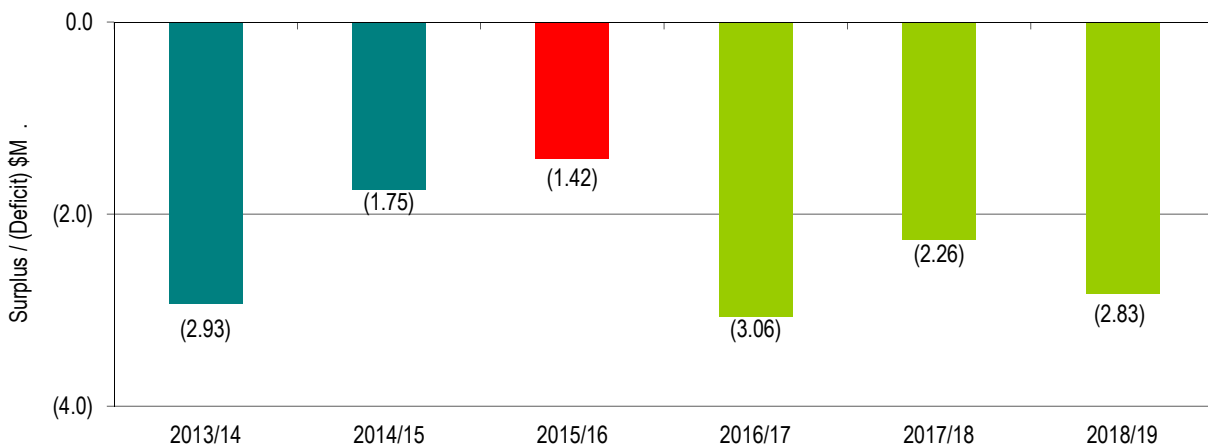
Council has prepared a budget for the 2015/16 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, service levels, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

1. Rates



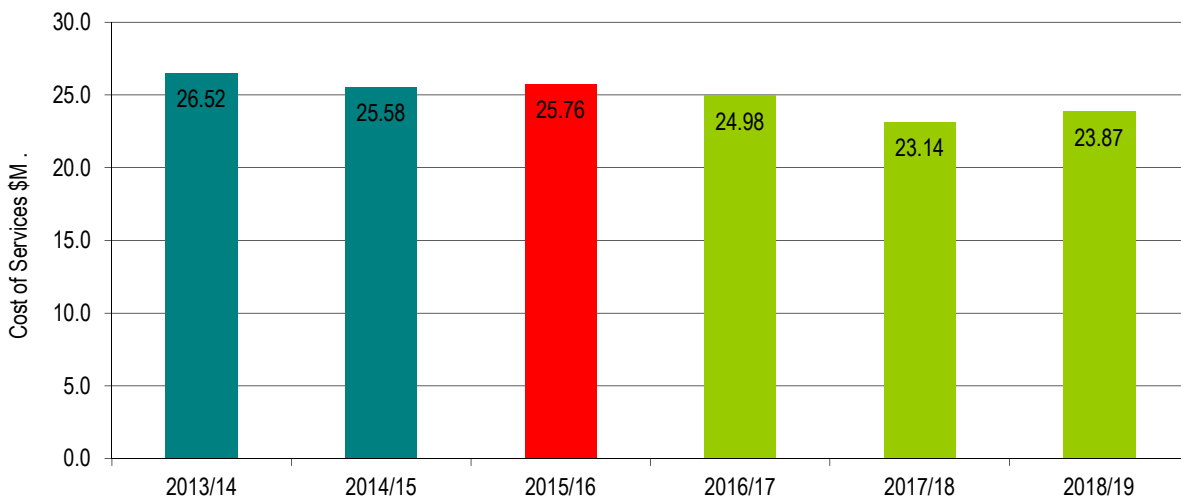
It is proposed that general rates increase by 5.0% for the 2015/16 year, raising total rates of 13.4 million. (The rate increase for the 2014/15 year was 5.0%).

2. Operating Result



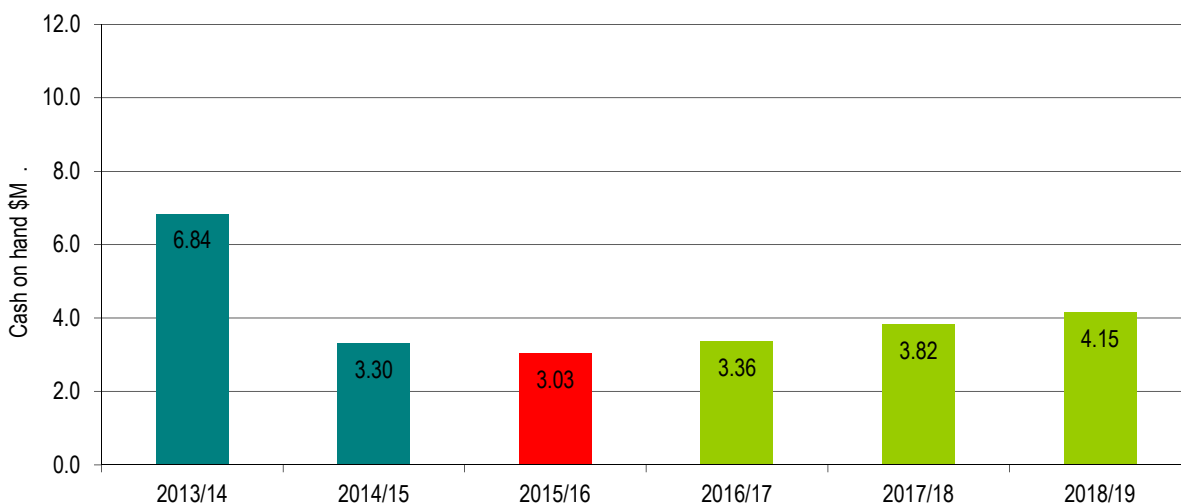
The expected operating result for the 2015/16 year is a deficit of \$1.42 million, which is an improvement of \$0.3 million over 2014/15. The improved operating result compared to 2014/15 is mainly due to a number of unforeseen and unbudgeted circumstances in the 2014/15 year. The forecast operating result for the 2014/15 year is a deficit of \$1.75 million). The future years plan shows that Council continues to struggle to be sustainable, with operating results indicating that Council is unable to renew its assets at the required rate with the current level of funding. The projected results exist despite service level reviews and service rationalisation undertaken to date and this work will continue with the aim of achieving sustainability in the future.

3. Services



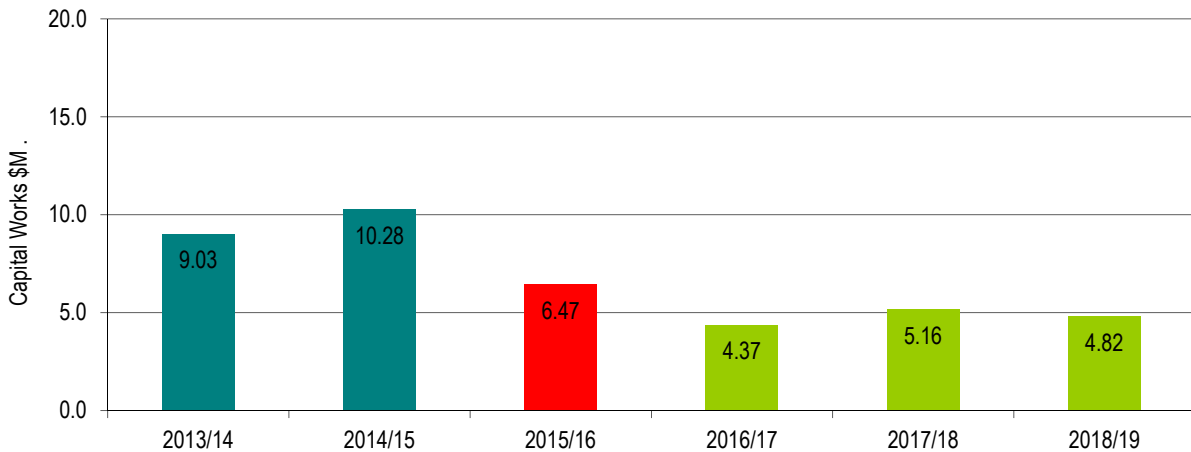
The cost of services delivered to the community for the 2015/16 year is expected to be \$25.76 million which is an increase of \$0.2 million over 2014/15. Service levels will continue to be reviewed during 2015/16 and future years. (The forecast cost for the 2014/15 year is \$25.6 million).

4. Cash and Investments



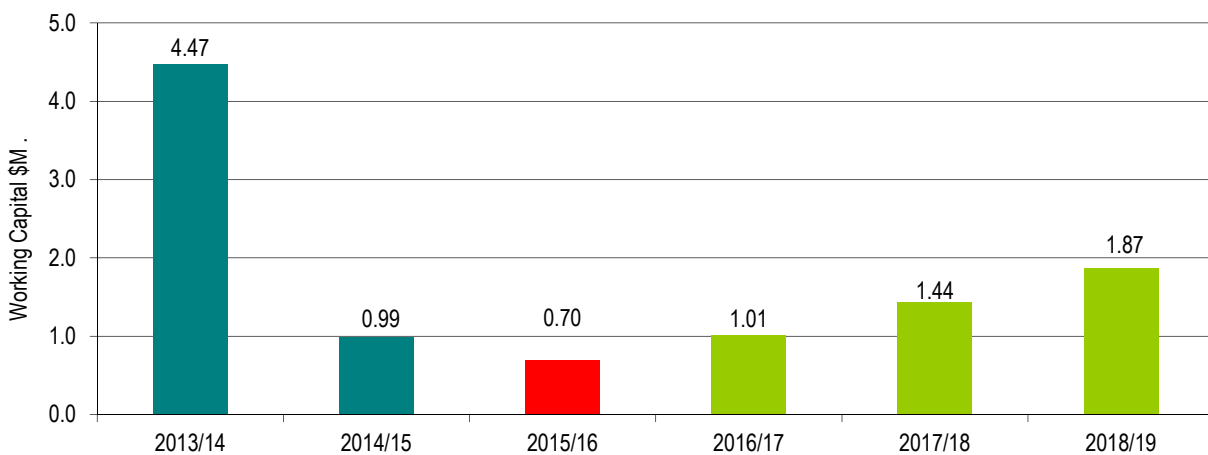
Cash and investments are expected to decrease by \$0.3 million during the year to \$3.0 million as at 30 June, 2016. This reduction is the result of part funding of the capital works program in 2015/16 from cash on hand. (Cash and investments are forecast to be \$3.3 million as at 30 June, 2015). It should be noted that 2013/14 included a \$1.0 million loan that came due during 2015/16 as well as still holding cash from natural disaster funding.

5. Capital Works



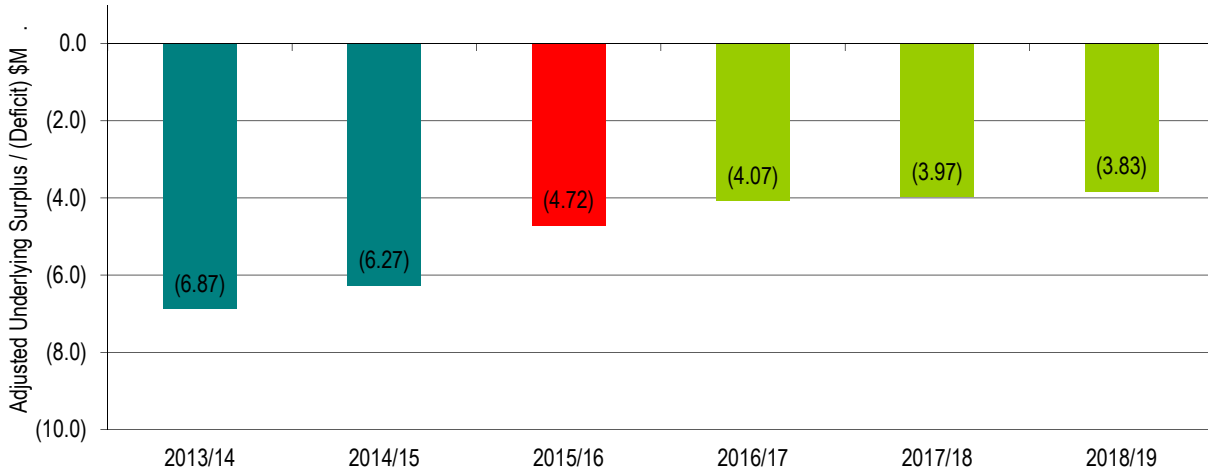
The capital works program for the 2015/16 year is expected to be \$6.5 million. The harsh decrease over previous years is due to the impact of emergency restoration works undertaken in 2013/14 and 2014/15. The capital expenditure program has been set and prioritised based on a process of consultation that has enabled Council to assess needs and develop sound business cases for each project. In addition to spending \$4.6m on the renewal of Community assets and essential infrastructure the 2015/16 capital works program includes \$1.5 million for the Stawell Underground Physics Lab (fully funded) and \$0.4 million for the continuation of the Western Highway Office rejuvenation in Stawell. (Capital works are forecast to be \$10.3 million for the 2014/15 year).

6. Financial Position



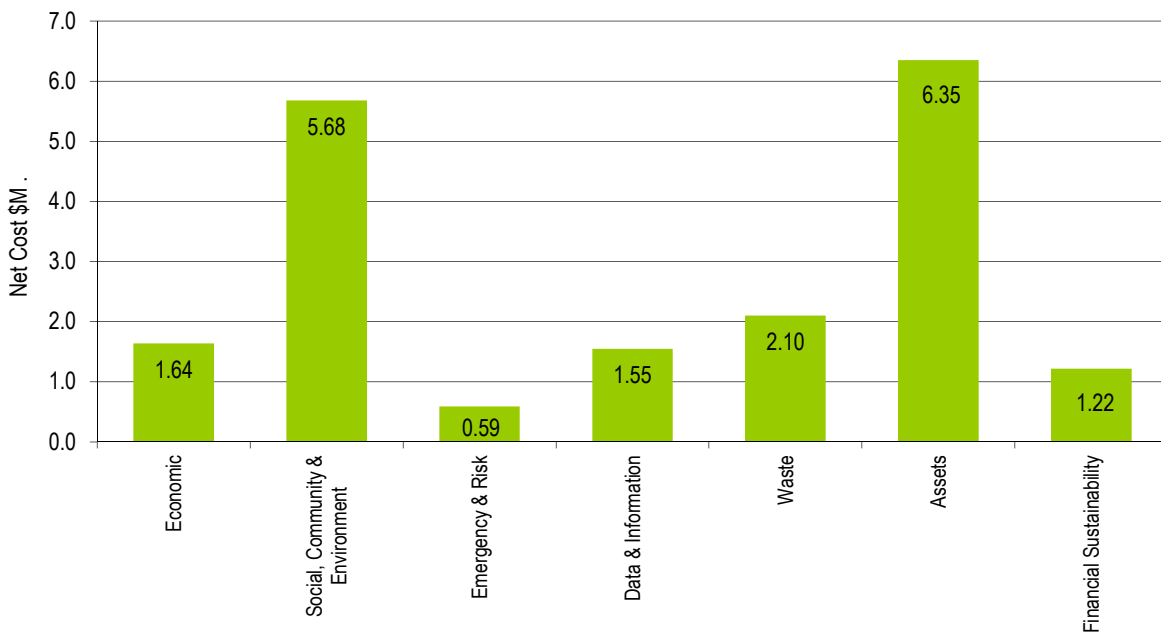
Net assets are expected to decrease by \$1.4 million to \$285.5 million, with net current assets (working capital) decreasing by \$0.3 million as at June 2016. This is due to the use of cash reserves to fund part of the capital works program from cash on hand. (Total equity is forecast to be \$286.9 million as at 30 June, 2015).

7. Financial Sustainability



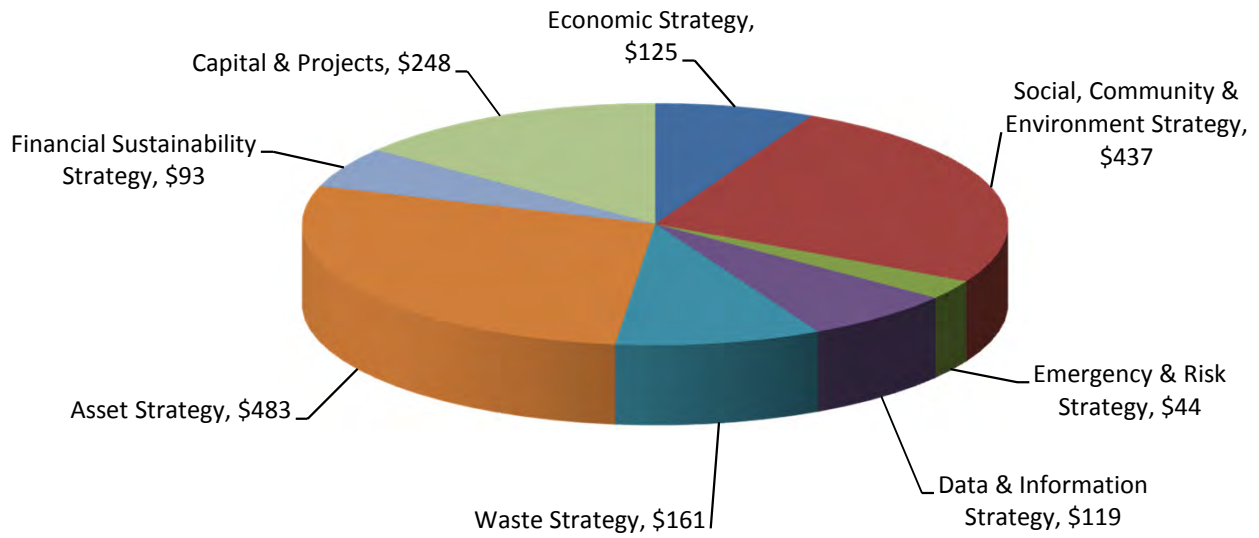
A high level Strategic Resource Plan for the years 2015/16 to 2018/19 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The Plan projects that the underlying result, which is a measure of financial sustainability, shows a steady deficit over the four year period. The deficit includes depreciation which indicates that Council is unable to renew its stock of assets with the existing levels of funding. The decrease in deficit over the years is based on a number of harsh assumptions of Council's provision of non-mandatory services into the future.

8. Strategic Objectives



The Annual Budget includes a range of activities and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan 2013-2017. The above graph shows the net level of funding allocated to services in the budget to achieve the strategic objectives as set out in the Council Plan for the 2015/16 year.

9. Where rates are spent



The above chart provides an indication of how Council allocates its rates expenditure across the strategies contained within the Council Plan. It shows how much is allocated to each strategy based on the average rates paid of \$1,709.

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

1. Analysis of Operating Budget

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

1.1 Budgeted Income Statement

	Ref	Forecast		Variance
		Actual 2014/15 \$'000	Budget 2015/16 \$'000	
Total Income	1.2	31,201	31,969	768
Total Expenses	1.3	(32,946)	(33,389)	(443)
Surplus (Deficit) for the Year		(1,745)	(1,420)	325
Grants – Non-recurrent Capital	1.2.5	(4,014)	(3,200)	814
Monetary Contributions - Capital		(509)	(100)	409
Adjusted Underlying Surplus (Deficit)	1.1.1	(6,268)	(4,720)	1,548

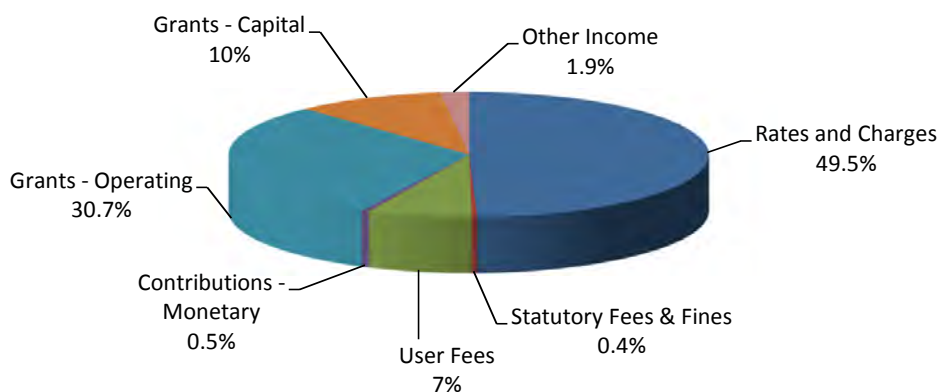
1.1.1 Adjusted Underlying Deficit (\$1.5 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants and contributions. It is a measure of financial sustainability as it is not impacted by capital income items which mask the operating result. The adjusted underlying result measures Council's capacity to meet its asset renewal needs. The budgeted adjusted underlying result for the 2015/16 year is a deficit of \$4.7 million which is a decrease of \$1.5 million over the 2014/15 year. This is due primarily to distortions in the 2014/15 year resulting from works carried forward from the previous year. Regardless of the distortions between years, the adjusted underlying deficit indicates that Council is unable to renew its assets at appropriate levels without funding assistance.

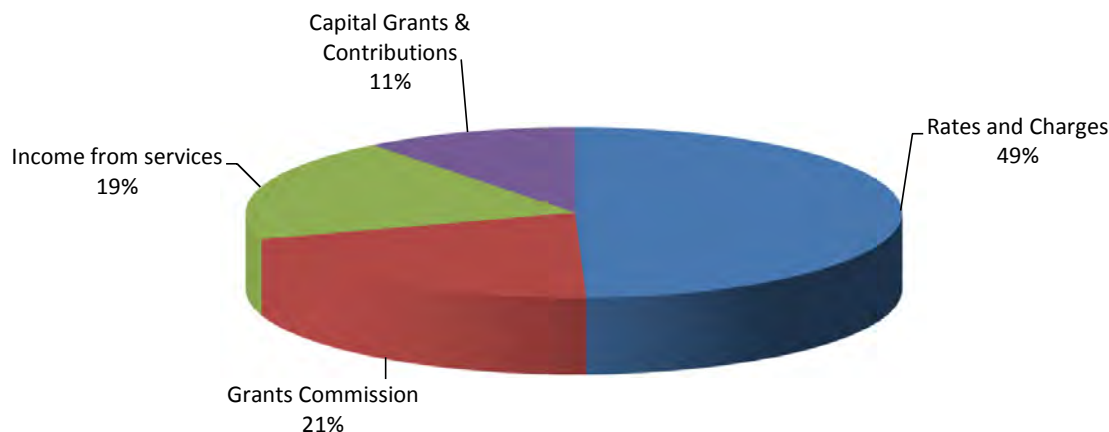
1.2 Income

Income Types	Ref	Forecast		Variance
		Actual 2014/15 \$'000	Budget 2015/16 \$'000	
Rates and Charges	1.2.1	15,069	15,810	741
Statutory Fees & Fines	1.2.2	106	118	12
User Fees	1.2.3	1,998	2,238	240
Contributions - Monetary		509	162	(347)
Grants - Operating	1.2.4	8,817	9,818	1,001
Grants - Capital	1.2.5	4,014	3,200	(814)
Net gain on disposal of property, infrastructure, plant & equip.		223	-	(223)
Other Income		465	623	158
Total Income		31,201	31,969	768

Budget % Income by Type



Budget % Income by Service/Source



1.2.1 Rates and Charges (\$0.7 million increase)

It is proposed that rates and charges income be increased by \$0.7 million over 2014/15 to \$15.8 million. The *Rating Strategy* includes a more detailed analysis of the rates and charges to be levied for 2015/16.

1.2.2 Statutory Fees & Fines (\$0.01 million increase)

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

1.2.3 User Fees (\$0.2 million increase)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include the use of leisure, entertainment and other community facilities and the provision of human services such as family day care and home help services. In setting the budget, Council is trying to move to a greater user pays system therefore taking the subsidy off the rate payers. This \$0.2m increase from 2014/15 is in line with this direction.

1.2.4 Grants - Operating (\$1.0 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services. The \$1.0 million increase is due to a substantial grant being announced for the funding of the Stawell Underground Physics Lab in 2015/16. This is offset by the general decrease in funding for operational projects.

Operating Grant Funding Types and Source	Forecast	Budget	Variance
	Actual 2014/15 \$'000	2015/16 \$'000	\$'000
Recurrent - Commonwealth Government			
Victorian Grants Commission	6,561	6,561	-
Children's Services	-	-	-
Infrastructure Operations	62	62	-
Recurrent - State Government			
Aged Care	700	696	(4)
Children's Services	331	325	(6)
Emergency Services	23	23	-
School Crossings	24	24	-
Environmental Protection	50	50	-
Health	26	25	(1)
Youth Services	147	92	(55)
Total Recurrent Grants	7,923	7,857	(66)
Operating Grant Funding Types and Source (Continued)			
	Forecast	Budget	Variance
	Actual 2014/15 \$'000	2015/16 \$'000	\$'000
Non-recurrent - Commonwealth Government			
Economic Development	70	10	(60)
Emergency Recovery	25	-	(25)
Low Income Energy Efficiency Project	110	100	(10)
Lighting Up The Region	198	-	(198)
Childrens Services	14	-	(14)
Non-recurrent State Government			
Fire Prevention	120	120	-
Strategic Planning	42	8	(34)
Economic Development	48	200	152
Adapability & Sustainability Partnership	40	-	(40)
Community Development	28	23	(5)
Golden Heritage Centre Feasibility Study	10	-	(10)
Stawell Underground Physics Lab	-	1,500	1,500
Western Comm/Ind Precinct Plan	15	-	(15)
Recreation Facilities	176	-	(176)
Total Non-recurrent Grants	895	1,961	1,066
Total Grants - Operating	8,817	9,818	1,000

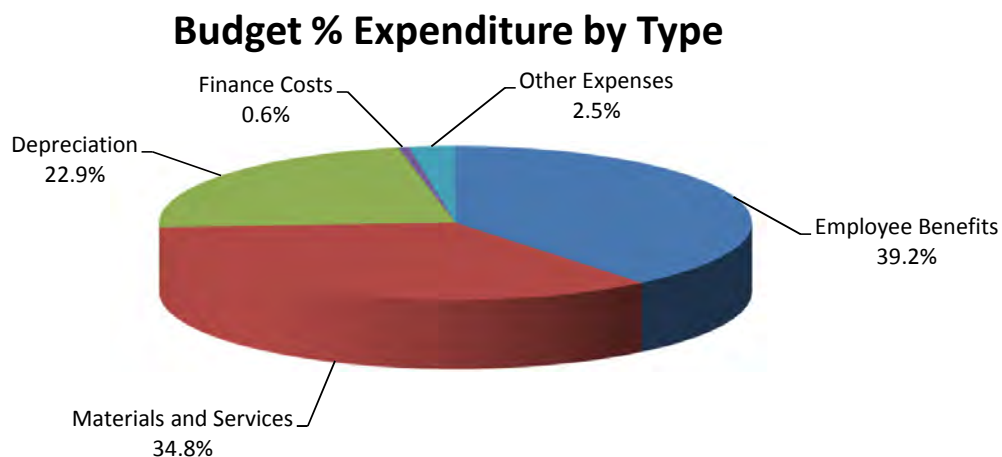
1.2.4 Grants - Capital (\$0.8 million decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by \$0.8 million compared to 2014/15. This is primarily due to a number of funded projects being completed in 2014/15 and Council not being able to contribute the required copayments to apply for capital funding. This is offset by the double funding being received in 2015/16 for Roads to Recovery. The *Analysis of Capital Budget* section includes a more detailed analysis of the grants and contributions expected to be received during the 2015/16 year.

Capital Grant Funding Types and Source	Forecast		
	Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Recurrent - Commonwealth Government			
Roads to Recovery	1,394	2,510	1,116
Total Recurrent Grants	1,394	2,510	1,116
Non-recurrent - Commonwealth Government			
Emergency Reconstruction	1,031	-	(1,031)
Non-recurrent State Government			
Aerodromes	388	-	(388)
Pedestrians Crossing	150	-	(150)
Buildings	524	300	(224)
Transfer stations	15	60	45
Recreation Facilities	150	-	(150)
Community Development	13	330	317
Tourism Facilities	350	-	(350)
Total Non-recurrent Grants	2,620	690	(1,930)
Total Grants - Capital	4,014	3,200	(814)

1.3 Expenses

Expense Types	Ref	Forecast		
		Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Employee Benefits	1.3.1	13,325	13,096	(229)
Materials and Services	1.3.2	11,255	11,622	367
Depreciation	1.3.3	7,368	7,628	260
Finance Costs	1.3.4	180	196	16
Other Expenses		818	847	29
Total Expenses		32,946	33,389	443



1.3 Expenses (continued)

1.3.1 Employee Benefits (\$0.2 million decrease)

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

Employee costs are forecast to decrease by \$0.2 million compared to 2014/15. This decrease relates to the efforts of Council in undertaking service reviews in line with community expectations.

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

Department	Budget	Comprises	
	2015/16 \$'000	Permanent Full time \$'000	Permanent Part time \$'000
Corporate Services	2,667	2,515	152
Economic & Community	3,460	1,915	1,545
Infrastructure & Environment	5,485	5,217	268
Total Permanent Staff Expenditure	11,613	9,647	1,966
Casuals and Other Expenditure	1,483		
Total Expenditure	13,096		

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

Department	Budget	Comprises	
	FTE	Permanent Full time	Permanent Part time
Corporate Services	29.4	27.0	2.4
Economic & Community	45.7	23.0	22.7
Infrastructure & Environment	81.9	79.0	2.9
Total FTE Permanent Staff	157.0	129.0	28.0
Casuals and Other Expenditure	12.7		
Total Full Time Equivalent Staff	169.7		

1.3.2 Materials and Services (\$0.4 million increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by \$0.4 million compared to 2014/15.

1.3.3 Depreciation and Amortisation (\$0.2 million increase)

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

1.3.4 Finance Costs (\$0.02 million increase)

Borrowing costs relate to interest charged by financial institutions on borrowed funds. The marginal increase is the interest expected to be charged on existing loans. There are no new borrowings budgeted for 2015/16.

2. Budgeted Cash Position

This section presents 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 statement is based on three main categories of cash flows:

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

2.1 Budgeted Cash Flow Statement

	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Cash flows from operating activities			
<i>Receipts</i>			
Rates and charges	15,069	15,810	741
Statutory fees and fines	106	118	12
User fees	1,998	2,238	240
Grants - operating	8,817	9,818	1,001
Grants - capital	4,014	3,200	(814)
Contributions - monetary	509	162	(347)
Interest received	211	27	(184)
Other receipts	477	596	119
	31,201	31,969	768
<i>Payments</i>			
Employee benefits	(13,325)	(13,096)	229
Materials and services	(11,254)	(11,622)	(368)
Other payments	(818)	(847)	(29)
	(25,397)	(25,565)	(168)
Net cash provided by operating activities	5,804	6,404	600
Cash flows from investing activities			
Proceeds from sales of property, plant & equipment	433	250	(183)
Payments for property, plant and equipment	(10,275)	(6,467)	3,808
Loans and advances made	-	-	-
Repayment of loans and advances	33	23	(10)
Net cash used in investing activities	(9,809)	(6,194)	3,615
Cash flows from financing activities			
Proceeds from borrowings	1,000	-	(1,000)
Repayment of borrowings	(353)	(283)	70
Finance costs	(180)	(196)	(16)
Net cash used in financing activities	467	(479)	(946)
Net decrease in cash and cash equivalents	(3,538)	(269)	3,269
Cash and cash equivalents at the beginning of the year	6,838	3,300	(3,538)
Cash and cash equivalents at end of the year	3,300	3,031	(269)

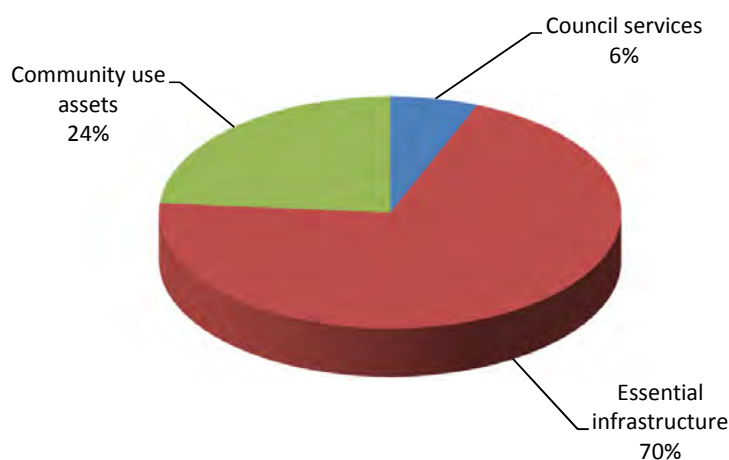
3. Analysis of Capital Budget

This section analyses the planned capital expenditure budget for the 2015/16 year and the sources of funding for the capital budget.

3.1 Capital Works

Capital Works Areas	Ref	Forecast 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Roads	3.1.1	4,097	2,725	(1,372)
Bridges	3.1.2	623	760	137
Footpaths	3.1.3	246	-	(246)
Plant & Equipment	3.1.4	1,539	1,252	(287)
Buildings	3.1.5	2,220	1,000	(1,220)
Parks, Open Space and Streetscapes	3.1.6	299	535	236
Aerodromes		219	0	(219)
Drainage	3.1.7	277	110	(167)
Computer and Office Equipment	3.1.8	576	0	(576)
Land and Land Improvements		179	85	(94)
Total Capital Works		10,275	6,467	(3,808)
Represented by:				
New Asset Expenditure	3.1.9	1,167	60	(1,107)
Asset Renewal Expenditure	3.1.9	7,207	4,612	(2,595)
Asset Upgrade Expenditure	3.1.9	1,901	1,795	(106)
Total Capital Works		10,275	6,467	(3,808)

Budgeted % spend on asset use



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

3.1.1 Roads (\$2.7 million)

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

For the 2015/16 year \$2.7 million will be expended on road projects. This is a \$1.4 million decrease on 2014/15 due to the budget restraints placed on Council for the immediate year ahead and looking further into the future. Council has focused on maintaining existing assets to ensure the level of service currently provided doesn't decrease rather than focusing on sealing new roads.

3.1.2 Bridges (\$0.8 million)

Bridges includes major culverts and floodways.

For the 2015/16 year, \$0.8 million will be expended on bridge projects. Council will focus on maintaining the existing bridge network in 2015/16.

3.1.3 Footpaths (\$0 million)

The footpath program includes renewal and improvement to footpaths and shared paths. There is no budget for footpath renewal in 2015/16 due to a lack of grant funding for this area.

3.1.4 Plant & Equipment (\$1.3 million)

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

For the 2015/16 year, \$1.3 million will be expended on plant & equipment renewal, as set out in Council's 5 Year Plant Replacement Program.

3.1.5 Buildings (\$1.0 million)

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

For the 2015/16 year, \$1.0 million will be expended on building projects. The most significant project is the completion of the Western Highway Heritage Precinct project, which was dependant of government funding.

3.1.6 Open Spaces (\$0.5 million)

Open Spaces includes passive and active reserves.

For the 2015/16 year \$0.5 million will be expended on open spaces. This includes St Arnaud streetscape works, completion of the Cato Park embankment wall and continuing work on Council's playground renewal program.

3.1.7 Drainage (\$0.1 million)

For the 2015/16 year, \$0.1 million will be expended on drainage and pit works as per Council's drainage improvement program.

3.1.8 Computer & Office Equipment (\$0)

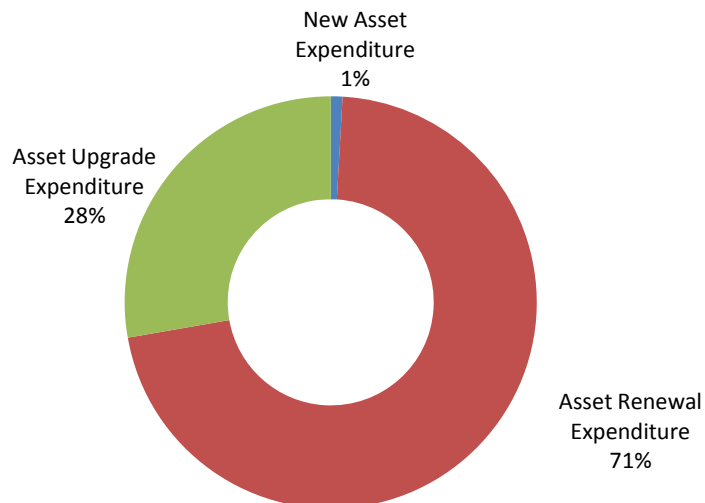
Historically, this program provides for the scheduled replacement of computer equipment and office furniture.

For the 2015/16 year, Council is purchasing ICT equipment which is less expensive and therefore captured under operating expenditure and not capitalised.

3.1.9 New Assets (\$0.06m), Asset Renewal (\$4.6m), and Asset Upgrade (\$1.8m)

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

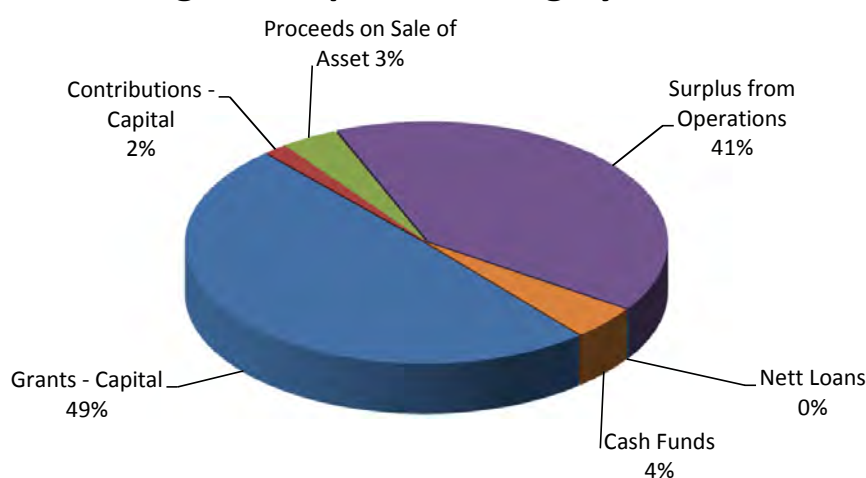
Budgeted % New / Renewal / Upgrade Works



3.2 Funding Sources

Sources of Funding	Ref	Forecast	Budget	Variance
		Actual 2013/14 \$'000	2014/15 \$'000	\$'000
External				
Grants - Capital	3.2.1	4,014	3,200	(814)
Contributions - Capital		509	100	(409)
Proceeds on Sale of Assets	3.2.2	433	250	(183)
		4,956	3,550	(1,406)
Internal				
Surplus from Operations		1,101	2,625	1,524
Nett Loans		647	-	(647)
Cash Funds		3,571	292	(3,279)
	3.2.3	5,319	2,917	(3,279)
Total capital works		10,275	6,467	(4,685)

Budget % Capital Funding by Source



Source: Appendix A

3.2.1 Grants - Capital (\$3.2 million)

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

The decrease in capital grants in 2015/16 is due to the cessation of a number of government grant programs. i.e. Country Roads and Bridges. The capital grants consist mainly of funding from Roads to Recovery. It is anticipated that the final grant funding will be received for the Western Highway Office Heritage Precinct in Stawell in 2015/16.

3.2.2 Proceeds from Sale of Assets (\$0.25 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal program, and sales of heavy plant in accordance with the plant renewal program.

3.2.3 Cash Funds (\$2.9 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. In addition to this, Council has cash reserves set aside for specific purposes. In 2015/06 it is proposed to have no new borrowings.

4. Strategic Resource Plan and Key Financial Indicators

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

4.1 Plan Development

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

Council has prepared an SRP for the four years 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:

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

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

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

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

4.2 Financial Resources

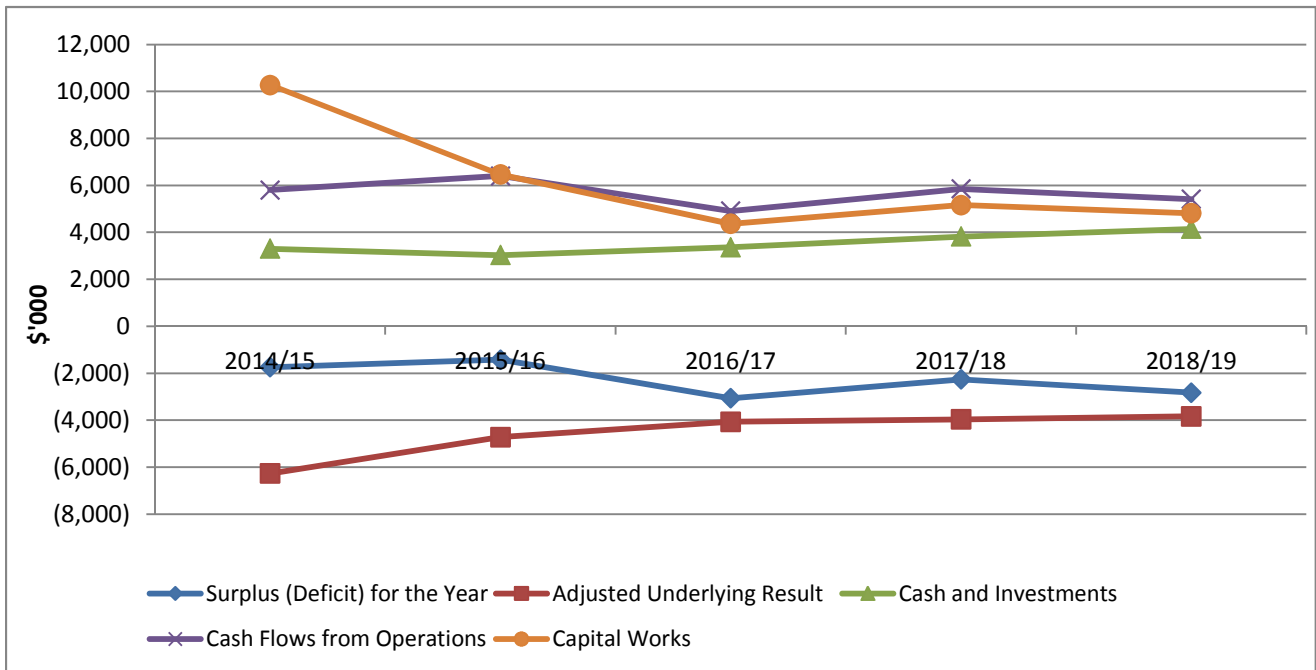
The following table summarises the key financial results for the next four years as set out in the SRP for years 2015/16 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2014/15	2015/16	2016/17	2017/18	2018/19	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus (Deficit) for the Year	(1,745)	(1,420)	(3,063)	(2,262)	(2,828)	-
Adjusted Underlying Result	(6,268)	(4,720)	(4,068)	(3,967)	(3,833)	+
Cash and Investments	3,300	3,031	3,362	3,819	4,148	+
Cash Flows from Operations	5,804	6,404	4,912	5,848	5,416	-
Capital Works	10,275	6,467	4,366	5,159	4,815	-

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** - Cash and investments are forecast to gradually increase over the four year period, which indicates a balanced budget on a cash basis in each year. However the underlying result shows a steady deficit over the four year period. The underlying result is a measure of financial sustainability and is an important measure as one off items can often mask the operating result. The deficit includes depreciation which indicates that Council is unable to renew its stock of assets with the existing levels of funding.
- Rating Principle** – Modest rate increases are forecast over the four years at an average of 5% in future years.
- Service Delivery Principle** – Service levels will be reviewed throughout the four year period.
- Borrowing Principle** – Borrowings are forecast to reduce from \$3.5 million to \$2.6 million over the four year period. There are no new proposed borrowings in 2015/16.
- Asset Management Principle** - Capital expenditure over the four year period will total \$20.8 million at an average of \$5.2 million per year.

4.3 Non-financial Resources

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

Employee numbers are projected to decrease following service level reviews to be undertaken during the period resulting in service rationalisation in order to work towards achieving sustainability in the future.

5. Rating Information

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

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue, accounting for 49.5% of the total revenue to be received by Council in 2015/16. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases.

5.1 Current Year Rate Increase

In order to provide services and undertake the capital expenditure program, general rates will increase by 5.0% in 2015/16 raising a total rate revenue of \$13.4 million (\$15.8 million total rates and charges). This total includes the Municipal Charge, which will increase by \$7 per assessment. The following table sets out future proposed rate increases and total rates and charges to be raised, based on the forecast financial position of Council as at 30 June 2015.

Year	Rate Increase %	Total Rates and Charges Raised \$'000
2014/15	5.0	15,069
2015/16	5.0	15,810
2016/17	5.0	16,600
2017/18	5.0	17,430
2018/19	5.0	18,302

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

5.2 Rating Structure

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

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

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

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

Council makes a further distinction within the property value component of rates based on the purpose for which the property is used, that is, whether the property is used for farming purposes or recreational and cultural purposes, in order to distribute the rate burden accordingly.

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

The following table summarises the rates to be determined for the 2015/16 year. A more detailed analysis of the rates to be raised is contained in Appendix B “Statutory Disclosures”.

Rate Type	How Applied	2014/15	2015/16
General Rates	Cents/\$ CIV	0.6915	0.7261
Farm Rates	Cents/\$ CIV	0.4495	0.4720
Recreational and Cultural Rates	Cents/\$ CIV	0.4011	0.4212
Municipal Charge	\$/ property	\$139.00	\$146.00
Kerbside Garbage Collection Charge	\$/ property	\$247.00	\$260.00
Additional Kerbside Garbage Collection Charge	\$/ property	\$142.00	\$149.00
Kerbside Recycling Collection Charge	\$/ property	\$142.00	\$149.00

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

6. Borrowings

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

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

For the 2015/16 year, Council has decided not to take out any new borrowings therefore, after making loan repayments of \$0.3 million, will decrease its total borrowings to \$3.5 million as at 30 June, 2016. It is likely that in the longer term, further borrowings may be required to fund future infrastructure initiatives. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June, 2014.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2014/15	1,000	353	177	3,829
2015/16	-	283	197	3,546
2016/17	-	300	179	3,246
2017/18	-	318	162	2,927
2018/19	-	337	142	2,590

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	3,182	3,829
Total amount to be borrowed	1,000	-
Total amount projected to be redeemed	353	283
Total amount proposed to be borrowed as at 30 June	3,829	3,546

7. Asset Management

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

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

The key aspects of the process are as follows:

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

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

Currently, Council is similar to most rural municipalities in that it is currently unable to fully fund asset renewal requirements identified in the Asset Management Strategy. While the Asset Management Strategy is endeavoring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, in future years the required asset renewal demand is not being met creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

Council is currently working on accurately assessing its backlog and future renewal gap, following extensive road restoration works undertaken in response to the major flood events that occurred in 2010 and 2011.

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

Year	Total Capital Program \$'000	Grants & Contributions \$'000	Borrowings \$'000	Asset Sales \$'000	Cash Funds \$'000
2014/15	10,275	4,014	1,000	433	4,828
2015/16	6,467	3,300	-	250	2,917
2016/17	4,366	1,005	-	251	3,110
2017/18	5,159	1,705	-	234	3,220
2018/19	4,815	1,005	-	203	3,607

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

Appendices

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

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

The contents of the appendices are summarised below:

Appendix	Nature of Information	Page
A	Financial Statements	61
B	Rates and Charges	67
C	Capital Works Program	70
D	Performance Reporting	72

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

Comprehensive Income Statement

For the four years ending 30 June 2019



	Forecast	Budget	Strategic Resource Plan		
	Actual 2014/15 \$'000		2015/16 \$'000	Projections	
			2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
Income					
Rates and Charges	15,069	15,810	16,600	17,430	18,302
Statutory Fees and Fines	106	118	99	91	98
User Fees	1,998	2,238	1,875	1,728	1,850
Grants - Operating	8,817	9,818	9,618	7,350	7,364
Grants - Capital	4,014	3,200	1,005	1,705	1,005
Contributions - Operating	129	62	63	64	65
Contributions - Capital	380	100	0	0	0
Net gain on disposal of property, infrastructure, plant and equipment	223	0	0	0	0
Other Income	465	623	448	456	464
Total Income	31,201	31,969	29,708	28,824	29,148
Expenses					
Employee Costs	13,325	13,096	12,281	12,054	12,472
Materials and Services	11,255	11,622	11,647	10,032	10,349
Bad & Doubtful Debts					
Depreciation	7,368	7,628	7,796	7,949	8,102
Borrowing Costs	180	196	179	162	142
Other Expenses	818	847	868	889	911
Total Expenses	32,946	33,389	32,771	31,086	31,976
Surplus (Deficit) for the Year	(1,745)	(1,420)	(3,063)	(2,262)	(2,828)
Comprehensive Result	(1,745)	(1,420)	(3,063)	(2,262)	(2,828)

Balance Sheet

For the four years ending 30 June 2019



	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15		2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current Assets					
Cash and Cash Equivalents	2,284	3,031	3,362	3,819	4,148
Trade and Other Receivables	2,924	2,914	2,915	2,904	2,901
Inventories	46	46	46	46	46
Other Assets	72	72	72	72	72
Total Current Assets	5,326	6,063	6,395	6,841	7,167
Non-current Assets					
Trade and Other Receivables	30	17	4	-	-
Investments in Regional Library Corporation	846	846	846	846	846
Property, Infrastructure, Plant & Equipment	290,241	288,830	285,149	282,125	278,635
Other Financial Assets	1016	-	-	-	-
Total Non-current Assets	292,133	289,693	285,999	282,971	279,481
Total Assets	297,459	295,756	292,394	289,812	286,648
Liabilities					
Current Liabilities					
Trade and Other Payables	1,874	1,874	1,875	1,874	1,875
Trust Funds and Deposits	18	18	18	18	18
Provisions	3,176	3,176	3,176	3,176	3,176
Interest-bearing Loans and Borrowings	283	300	318	337	230
Total Current Liabilities	5,351	5,368	5,387	5,405	5,299
Non-current Liabilities					
Provisions	1,678	1,678	1,678	1,678	1,678
Interest-bearing Loans and Borrowings	3,546	3,246	2,927	2,590	2,360
Total Non-current Liabilities	5,224	4,924	4,605	4,268	4,038
Total Liabilities	10,575	10,292	9,992	9,673	9,337
Net Assets	286,884	285,464	282,402	280,139	277,311
Equity					
Accumulated Surplus	130,397	128,638	125,253	122,545	119,412
Reserves	156,487	156,826	157,149	157,594	157,899
Total Equity	286,884	285,464	282,402	280,139	277,311

Statement of Changes in Equity
For the four years ending 30 June 2019



	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016				
Balance at Beginning of the Financial Year	286,884	130,397	154,162	2,325
Comprehensive Result	(1,420)	(1,420)	-	-
Transfer to Reserves	-	(364)	-	364
Transfer from Reserves	-	25	-	(25)
Balance at End of the Financial Year	285,464	128,638	154,162	2,664
2017				
Balance at Beginning of the Financial Year	285,464	128,638	154,162	2,664
Comprehensive Result	(3,063)	(3,063)	-	-
Transfer to Reserves	-	(323)	-	323
Balance at End of the Financial Year	282,401	125,252	154,162	2,987
2018				
Balance at Beginning of the Financial Year	282,401	125,252	154,162	2,987
Comprehensive Result	(2,262)	(2,262)	-	-
Transfer to Reserves	-	(445)	-	445
Balance at End of the Financial Year	280,139	122,545	154,162	3,432
2019				
Balance at Beginning of the Financial Year	280,139	122,545	154,162	3,432
Comprehensive Result	(2,828)	(2,828)	-	-
Transfer to Reserves	-	(305)	-	305
Balance at End of the Financial Year	277,311	119,412	154,162	3,737

Statement of Cash Flows

For the four years ending 30 June 2019



	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 Charges	15,069	15,810	16,600	17,430	18,302
Statutory Fees and Fines	106	118	99	91	98
User Fees	1,998	2,238	1,875	1,728	1,850
Grants - Operating	8,817	9,818	9,618	7,350	7,364
Grants - Capital	4,014	3,200	1,005	1,705	1,005
Contributions - Monetary	509	162	63	64	65
Interest Received	211	27	27	28	29
Other Receipts	477	596	421	428	435
Employee Costs	(13,325)	(13,096)	(12,281)	(12,054)	(12,472)
Materials and Services	(11,254)	(11,622)	(11,647)	(10,033)	(10,349)
Other Payments	(818)	(847)	(868)	(889)	(911)
Net cash provided by operating activities	5,804	6,404	4,912	5,848	5,416
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(10,275)	(6,467)	(4,366)	(5,159)	(4,815)
Proceeds from sale of property, infrastructure, plant and equipment	433	250	251	234	203
Payments of loans and advances	33	23	13	14	4
Net cash used in investing activities	(9,809)	(6,194)	(4,102)	(4,911)	(4,608)
Cash flows from financing activities					
Finance Costs	(180)	(196)	(179)	(162)	(142)
Proceeds from Borrowings	1,000	-	-	-	-
Repayment of Borrowings	(353)	(283)	(300)	(318)	(337)
Net cash provided by financing activities	467	(479)	(479)	(480)	(479)
Net (Decrease) / Increase in Cash and Cash Equivalents	(3,538)	(269)	331	457	329
Cash and Cash Equivalents at Beginning of the Financial Year	6,838	3,300	3,031	3,362	3,819
Cash and Cash Equivalents at End of the Financial Year	3,300	3,031	3,362	3,819	4,148

Statement of Capital Works
For the four years ending 30 June 2019



Capital Works Areas	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000
Property					
Land	95	-	-	-	-
Land Improvements	84	85	-	-	-
Total Land	179	85	-	-	-
Buildings	2,220	1,000	280	880	270
Total Property	2,399	1,085	280	880	270
Plant and Equipment					
Plant, Machinery and Equipment	1,521	1,252	1,256	1,064	1,176
Furniture and Office Equipment	18	-	-	0	0
Computers and Telecommunications	576	-	-	0	0
Total Plant and Equipment	2,115	1,252	1,256	1,064	1,176
Infrastructure					
Roads	4,097	2,725	2,305	2,295	2,455
Bridges	623	760	270	280	635
Footpaths	246	-	-	-	-
Drainage	277	110	150	205	185
Parks, Open Space and Streetscapes	299	535	105	435	94
Aerodromes	219	-	-	-	-
Total Infrastructure	5,761	4,130	2,830	3,215	3,369
Total Capital Works Expenditure	10,275	6,467	4,366	5,159	4,815
Represented by:					
New Asset Expenditure	1,167	60	-	-	9
Asset Renewal Expenditure	7,207	4,612	4,081	4,399	4,481
Asset Upgrade Expenditure	1,901	1,795	285	760	325
Total Capital Works Expenditure	10,275	6,467	4,366	5,159	4,815

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	12,796	12,549	11,715	11,468	11,865
Employee costs - capital	529	547	566	586	607
Total Staff Expenditure	13,325	13,096	12,281	12,054	12,472
Staff Numbers	FTE	FTE	FTE	FTE	FTE
Employees	169.7	169.7	155.75	149.5	149.5
Total Staff Numbers	169.7	169.7	155.8	149.5	149.5

Appendix B Rates and Charges



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

1. Rates and Charges

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

Type of Property	2014/15 cents/\$CIV	2015/16 cents/\$CIV	Change
General rate for rateable residential properties	0.6915	0.7261	5.0%
General rate for rateable commercial properties	0.6915	0.7261	5.0%
General rate for rateable industrial properties	0.6915	0.7261	5.0%
General rate for rateable farm properties	0.4495	0.4720	5.0%
Rate concession for rateable recreational properties	0.4011	0.4212	5.0%

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

Type of Property	2014/15 \$000's	2015/16 \$000's	Change
Residential	6,733	7,066	5.0%
Commercial	881	924	4.9%
Industrial	304	321	5.4%
Farm	3,782	3,971	5.0%
Recreational	13	13	5.0%
Total amount to be raised by general rates	11,713	12,295	5.0%

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

Type of Property	2014/15	2015/16	Change
Residential	6,313	6,314	0.0%
Commercial	430	428	(0.5%)
Industrial	208	209	0.5%
Farm	2,293	2,294	0.0%
Cultural and Recreational	8	8	0.0%
Total number of assessments	9,252	9,253	0.0%

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

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

Type of Property	2014/15 \$000's	2015/16 \$000's	Change
Residential	972,796	973,213	0.0%
Commercial	127,693	127,274	(0.3%)
Industrial	43,882	44,180	0.7%
Farm	841,534	841,673	0.0%
Cultural and Recreational	3,134	3,134	0.0%
Total value of land	1,989,040	1,989,474	0.0%

1. Rates and Charges (continued)



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

Type of Charge	Per Rateable Property		Change
	2014/15	2015/16	
	\$	\$	
Municipal Charge	139	146	5.0%

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
	\$000's	\$000's	
Municipal Charge	1,092	1,146	5.0%

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

Type of Charge	Per Serviced Property		Change
	2014/15	2015/16	
	\$	\$	
Kerbside Collection	247	260	5.3%
Additional Kerbside Collection	142	149	4.9%
Recycling	142	149	4.9%
Total	531	558	5.1%

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
	\$000's	\$000's	
Kerbside Collection	1,399	1,473	5.3%
Additional Kerbside Collection	32	33	4.9%
Recycling	823	864	4.9%
Total	2,254	2,370	5.1%

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

Type of Charge	2014/15	2015/16	Change
	\$000's	\$000's	
General rates	11,713	12,295	5.0%
Municipal charge	1,092	1,146	5.0%
Kerbside collection and recycling	2,254	2,370	5.1%
Rates and charges	15,059	15,811	5.0%

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

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

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

2. Differential Rates



2.1 Rates to be Levied

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

- a general rate of 0.7261% (0.6915 cents in the dollar of CIV) for all rateable properties; and
- a farm rate of 0.4720% (0.4495 cents in the dollar of CIV) for all rateable farm properties, and
- a general rate of 0.4212% (0.4011 cents in the dollar of CIV) for all rateable recreational properties.

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

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

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

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

2.2 General Rate Land

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

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

2.3 Farm Rate Land

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

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

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

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

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

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

2.4 Recreation & Cultural Rate Land

Recreational & Cultural Rate Land is any rateable land which:

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

Appendix C Capital Works Program



This appendix presents a listing of the capital works projects that will be undertaken for the 2015/16 year grouped by class.

Capital Works Program For the year ending 30 June 2016

Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Loan Funds \$'000
Property									
Land Improvements	85	-	-	85	-	60	-	25	-
Buildings									
Western Highway Heritage Precinct	600	-	-	600	-	300	100	200	-
Energy Efficiency in Buildings	110	-	110	-	-	-	-	110	-
Toilet Renewal/Replacement Program	225	-	225	-	-	-	-	225	-
St Arnaud Senior Citizens Kitchen Refurbishment	35	-	35	-	-	-	-	35	-
Stawell Indoor Pool Tiles	30	-	30	-	-	-	-	30	-
Total Buildings	1,000	-	400	600	-	300	100	600	-
Total Property	1,085	-	400	685	-	360	100	625	-
Plant and Equipment									
Plant, Machinery and Equipment									
Light Fleet	302	-	302	-	-	-	110	192	-
Heavy Fleet	900	-	900	-	-	-	140	760	-
Minor Plant	50	-	50	-	-	-	-	50	-
Total Plant, Machinery and Equipment	1,252	-	1,252	-	-	-	250	1,002	-
Total Plant and Equipment	1,252	-	1,252	-	-	-	250	1,002	-
Infrastructure									
Roads									
Final Seal Program	225	-	225	-	-	225	-	-	-
Kerb & Channel Program	180	-	180	-	-	-	-	180	-
Major Rural Roads Program	330	-	-	330	-	300	-	30	-
Resealing Program	850	-	850	-	-	400	-	450	-
Resheeting Program	800	-	800	-	-	800	-	-	-
Rural & Residential Program	210	-	-	210	-	210	-	-	-
Rehabilitation Program	70	-	70	-	-	-	-	70	-
B Double Route Upgrade	40	-	-	40	-	-	-	40	-
Community Access Plan	20	-	-	20	-	-	-	20	-
Total Roads	2,725	-	2,125	600	-	1,935	-	790	-
Bridges									
Bridge Renewal Program	358	-	358	-	-	330	-	28	-
Major Culvert Renewal Program	402	-	402	-	-	245	-	157	-
Total Bridges	760	-	760	-	-	575	-	185	-
Drainage	110	-	-	110	-	-	-	110	-

Capital Works Program (continued)
For the year ending 30 June 2016



Capital Works Area	Project Cost \$'000	Asset Expenditure Type				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Loan Funds \$'000
Infrastructure (continued)									
Parks, Open Space and Streetscapes									
Park Furniture Renewal	20	-	20	-	-	-	-	20	-
Playground Renewal	15	-	15	-	-	-	-	15	-
Cato Park Embankment Wall	30	30	-	-	-	-	-	30	-
Queen Mary Gardens Fence Renewal	30	-	30	-	-	-	-	30	-
Anzac Centenary Avenue of Honour	30	30	-	-	-	30	-	-	-
LNP Netball Court Rehabilitation	10	-	10	-	-	-	-	10	-
St Arnaud Streetscape	400	-	-	400	-	300	-	100	-
Total Parks, Open Space and Streetscapes	535	60	75	400	-	330	-	205	-
Total Infrastructure	4,130	60	2,960	1,110	-	2,840	-	1,290	-
Total Capital Works 2015/16	6,467	60	4,612	1,795	-	3,200	350	2,917	-
Summary									
Property	1,085	-	400	685	-	360	100	625	-
Plant and Equipment	1,252	-	1,252	-	-	-	250	1,002	-
Infrastructure	4,130	60	2,960	1,110	-	2,840	-	1,290	-
Total Capital Works	6,467	60	4,612	1,795	-	3,200	350	2,917	-

Appendix D Performance Reporting



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

Council Plan Strategies

SOCIAL, COMMUNITY AND ENVIRONMENT STRATEGY

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

Appendix D - Performance Reporting (continued)



WASTE STRATEGY

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

ASSETS STRATEGY

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

FINANCIAL SUSTAINABILITY STRATEGY

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

CORE SERVICES

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

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