



Baw Baw Shire Council

Annual Budget

2016/2017



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Mayor's Introduction

I would like to take this opportunity to introduce the 2016/17 Budget to the Baw Baw Shire community. As a Council, this is the fourth budget that we have prepared for the community and it continues on the same path we set out on at the beginning of our term – to ensure that our Council remains financially sustainable.

This budget builds on our Council Plan 2013-2017 vision, which focuses on the following five key areas:

- Our community
- Council leadership and management
- Infrastructure and community assets
- Growth and prosperity
- The environment.

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

In the 2016/17 financial year the Council's rate increase will be capped to the Consumer Price Index (CPI) of 2.5 per cent. This is in line with the Victorian Government's new Fair Go Rates System (FGRS), which has capped rates increases for Victorian councils. Careful planning and a number of changes to our business have allowed us to be in a position to tackle this challenge and to continue investing in our community and our assets.

A highlight of this budget is once again our Capital Works program, which will see a total of \$29.7 million directed towards maintaining and improving our community's assets. Some of the highlights of this program include:

- \$10.0 million for works on our road network, including \$3 million for road reconstructions, \$1 million for road resealing, and \$1.1 million for gravel road resheeting.
- A further allocation of \$363,000 for a new animal pound facility, subject to the outcome of the community consultation in February this year.
- \$838,000 towards minor building works, including public artwork, asbestos removal, and a number of improvements to the Ellinbank Recreation Reserve.
- Drainage improvement works totalling \$2.57 million in Warragul, Neerim and Drouin.
- Works totalling \$60,000 to improve the accessibility of Council-owned Transfer Stations.
- A budget of \$1.07 million for priority footpath works throughout the Shire.
- A total of \$1.9 million for sports field and recreation facility works.

As the Baw Baw Leisure Centre Redevelopment – the most significant capital works project ever undertaken by Council - comes to a close, we are pleased to include a number of new major projects in the 2016/17 budget, including:

- The West Gippsland Arts Centre Redevelopment, which will see the audience capacity of the theatre expanded, together with major upgrades to the audience amenities and foyer spaces.
- A toilets and amenities renewal and upgrade program.
- A \$2.2 million bridge and culvert replacement program.
- Expansion of the cricket net facilities at Bellbird Park, Drouin.
- Yarragon-Leongatha Road and Yarragon South Road intersection realignment.

This budget features an extensive program of upgrades and renewal of Council infrastructure, leveraging 45 per cent of Council rate revenue. Council borrowings will be pursued this financial year to enable the Arts Centre redevelopment project.

This is the first year of the Fair Go Rates System and while Council proposes a rate increase that is in line with the 2.5 per cent cap, the actual rate increases experienced by property owners will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by the average rate increase (2.5 per cent) and the property valuation increases of individual properties relative to the average across the municipality. As Baw Baw property values have, on average only increased by 0.6%, property increases more than this average are likely to receive a rate increase by more than 2.5%. Conversely properties with less than the average increase of 0.6% are likely to receive a rate increase of less than 2.5%.

This budget was developed through a rigorous process of consultation and review throughout the organisation, and Council endorses it as financially responsible. It is my pleasure to commend this proposed budget to the community for their feedback.

Cr Joe Gauci
Mayor of Baw Baw Shire

Executive summary

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

This Budget projects a surplus of \$21.6m for 2016/17, however, it should be noted that the adjusted underlying result is a surplus of \$6.5m after adjusting for capital grants and contributions (refer Sections 5 and 10.1).

1. Key things we are funding

- 1) Ongoing delivery of services to the Baw Baw Shire community funded by a budget of \$87.6m. These services are summarised in Section 2.1.
- 2) Continued investment in Infrastructure assets (\$18.3m) primarily for renewal works. This includes roads (\$10.0m); bridges (\$2.2m); footpaths and cycleways (\$1.1m); drainage (\$2.6m); recreational, leisure and community facilities (\$1.9m); waste management (\$0.3m); and other infrastructure (\$0.2m). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

Strategic Objective 1: Our Community

- 3) Council is allocating funding to a number of key community infrastructure projects in the 2016/17 financial year. This includes:
 - Completion of the Baw Baw Leisure Centre redevelopment Warragul
 - Construction of a new animal pound facility
 - Renewal and upgrades to public toilets and amenities
- 4) In addition, subject to the receipt of grant funding, Council is allocating funding to the following significant projects;
 - Redevelopment of the West Gippsland Regional Arts Centre, Warragul
 - Western Park Recreation Precinct sports field development, Warragul
 - Eastern Park Oval training lights, Warragul
 - Ellinbank Recreation Reserve improvements

Strategic Objective 2: Council Leadership and Management

- 5) Funding is being allocated to the introduction of:
 - A new new electronic document management system
 - The conduct of the 2016 local government elections.

Strategic Objective 3: Infrastructure and Community Assets

- 6) The focus of Council's expenditure under these strategic objectives is on transport and drainage infrastructure. This includes the annual road safety renewal program, road construction program and the road safety improvement program (subject to grant funding).
- 7) Council is also allocating funds to the reconstruction of the Davey's Road Bridge, Willowgrove and Allambee Estate Road Bridges, Seaview (subject to funding from the Federal Bridge Renewal Program).

Strategic Objective 4: Growth and Development

- 8) Council will construct a new pedestrian crossing on Princes Way, Drouin between Bank Place and Main South Road and continue a program of Baw Baw marketing promotions.

Strategic Objective 5: The Environment

- 9) Council will upgrade the Tarwin Street retarding basin wall, Warragul to improve its retention capacity.

2. The Rate Rise

- a. The average rate will rise by 2.5% in line with the order by the Minister for Local Government on 14 December 2015 under the Fair Go Rates System.
- b. Key drivers
 - i. To fund ongoing service delivery – business as usual (balanced with greater service demands from residents)
 - ii. To fund renewal of infrastructure and community assets
 - iii. To cope with growth in the population of Victorian residents (2.2% in the last year)
 - iv. To cope with cost shifting from the State Government (refer Paragraph 7)
 - v. To cope with a reduction in funding from the Commonwealth Government via the Victoria Grants Commission caused by their freezing of indexation of the grant
- c. This will be a revaluation year. Valuations will be as per the General Revaluation dated 1 January 2016 (as amended by supplementary valuations).
- d. Waste charges to remain unchanged. Marginal increase to total revenue as a result of additional waste collections.
- e. Note that for every \$100 in taxes paid by Victorian residents, rates make up approximately \$3.50. The other \$96.50 goes to the State and Federal Governments.⁴
- f. Refer Section 7 for further Rates and Charges details.

3. Key Statistics

- Total Revenue: \$87.6m (2015/16 = \$83.2m)
- Total Expenditure: \$66.0m (2015/16 = \$66.0m)
- Accounting Result: \$21.6m Surplus (2015/16 = \$17.1m Surplus)
(Refer Income Statement in Section 3)
(Note: Based on total income of \$87.6m which includes capital grants and contributions)
- Underlying operating result: Surplus of \$6.5 m (2015/16 = Surplus of \$0.70m)
(Refer Analysis of operating Budget in Section 10.1)
(Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital, from being allocated to cover operating expenses)
- Cash result: \$14.4m (2015/16 = \$16.5m)
(Refer Statement of Cash Flows in Section 3)
This is the expected cash position at the end of the financial year and assumes all capital will be expended.
Total Capital Works Program of \$29.7m
 - \$17.10m from Council operations (rates funded)
 - \$ 4.00m from borrowings
 - \$ 6.80m from external grants
 - \$ 1.82m funding from Developer Contribution reserves and external contributions

CAPITAL WORKS PROGRAM

Infrastructure Assets

Roads
\$10.0m

Bridges
\$2.2 m

Recreational, leisure and
community facilities
\$1.9m



Footpaths and
cycleways
\$1.1m

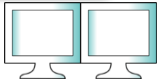
Drainage
\$2.6m

Oher
Infrastructure
\$0.5m

Non Infrastruture Assets

Land
\$0.9m

Buildings
\$9.7m



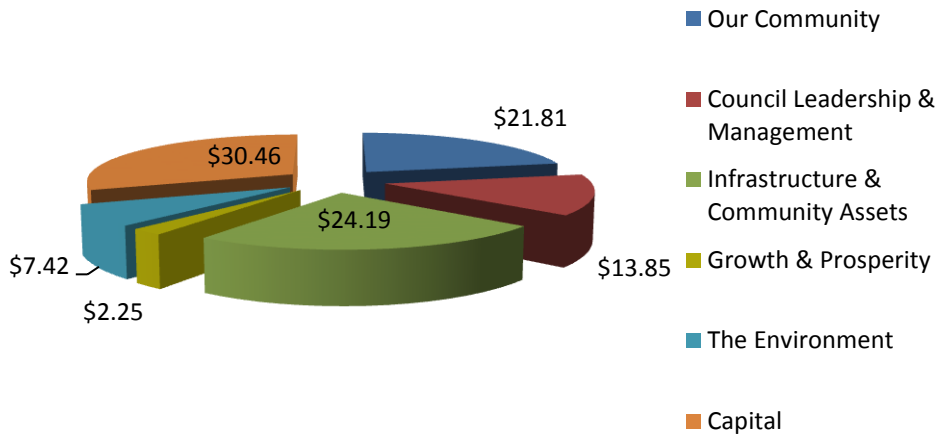
Computers &
Telecommunications
\$0.3m

Plant and machinery
\$0.5m



Council Expenditure allocation

Spending per \$100 dollars- 2016/17 budget



4. Budget Influences

External Influences

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

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5%.
- State-wide CPI is forecast to be 2.5% for the 2016/17 year.
- The Victorian Wage Price Index is projected to be 3.25% in 2016/17.
- The removal of indexation from the annual Victoria Grants Commission allocation results in an annual shortfall of \$0.24 m.
- Approved State government funding for the West Gippsland Arts Centre of \$4.0m which will be received in 2017/18.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years).
- Ongoing cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. More information and examples are shown in section 7 Cost Shifting.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

Internal Influences

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

- Continued high level of capital expenditure in 2016/17 and onwards to address infrastructure needs within the Shire.
- Minimal increase in employee costs with a reduced number of staff employed at the Transfer Stations, due to the new waste contract.
- Organisation restructure resulted in excess of \$1.0m savings in operating costs per annum.
- Review of materials and contracts to minimise cost increases.
- Road maintenance contract-5.3% increase
- Potential for a \$4.0m loan for the redevelopment of the West Gippsland Arts Centre.

5. State Budget wish list

- a. Funding for the redevelopment of the West Gippsland Arts Centre.
- b. Funding for the Baw Baw Leisure Centre .

6. Summary of Projects

6.1 West Gippsland Arts Centre

This project will upgrade the West Gippsland Arts Centre (WGAC) to provide a significant attraction to visitors to the region and to improve their experience. It will expand the audience capacity and associated amenities and foyer spaces, and improve accessibility and circulation in and around the auditorium.

It will increase the number of spaces in the facility for civic functions, conferences and events, to improve the venue as a premium conference centre.

It will provide an independently operable, Visitor Information Centre and outward facing café to enable the venue to engage with the adjacent Civic Park and its precinct more effectively.

6.2 Baw Baw Leisure Centre

The joint Federal, State and Council \$14 million redevelopment of the Baw Baw Leisure Centre is due to be completed by mid-2016. These immediate works provide an extensive upgrade for achieving a significant regional aquatic facility.

7. Cost Shifting

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

Type 1: Cost Shifting for Specific Services

Examples:

1. Family and Children's Services
2. Aged and Disability Services
3. School Crossings
4. Local Laws
5. Building
6. Economic Development
7. Public Health
8. Library

Type 2: Loss of funding in General

Examples:

9. A freeze on indexation of the federal financial assistance grants. The Commonwealth announced in its 2014-15 Budget that it will pause indexation of the total national pool of financial assistance grants to local government for three years (2014-15, 2015-16, 2016-17).

Type 3: Statutory fee that prohibits full cost recovery

Examples:

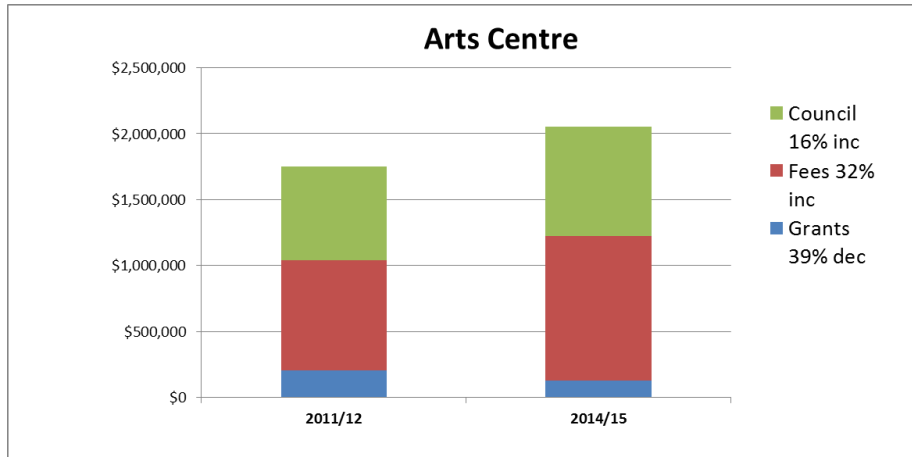
10. Planning fees (set by the State and have been frozen for most of the past 14 years)

Type 4: Levies

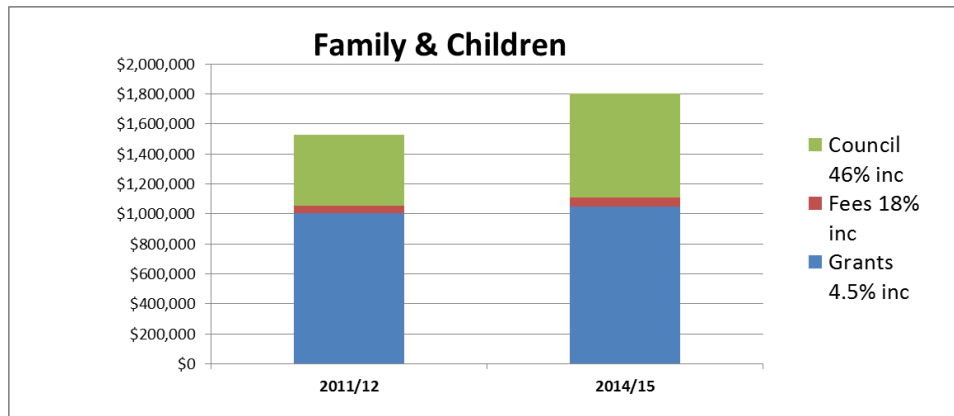
Examples:

11. State Government landfill levy
The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17. The increase from 2015/16 to 2016/17 is 3.3%.

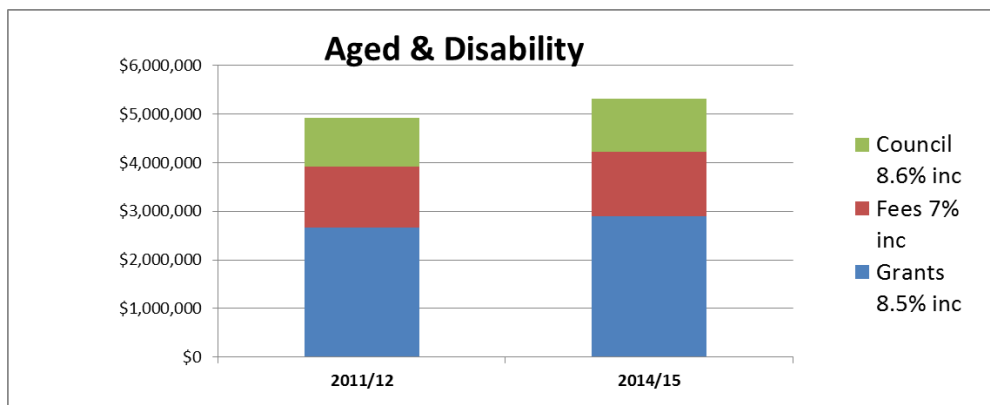
The following graphs provide an analysis of the shared cost of service delivery for the 2011/12 and 2014/15 financial years. The graphs reflect the three major funding sources comprising Council contribution (rates), user fees and external grants. Generally speaking Council's contribution, as derived from rate revenue, has increased more than the movement in external grant revenue. For the 2016/17 year, Council's total rate contribution for all projects and services can only increase by 2.5% in line with the state government rate cap.



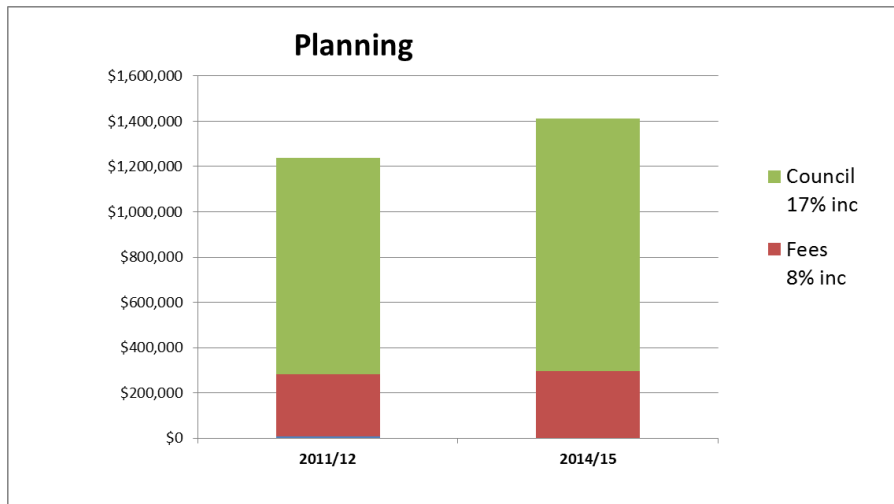
Arts Centre-Increase in fee revenue and Council contribution applied to offset decrease in grant funding.



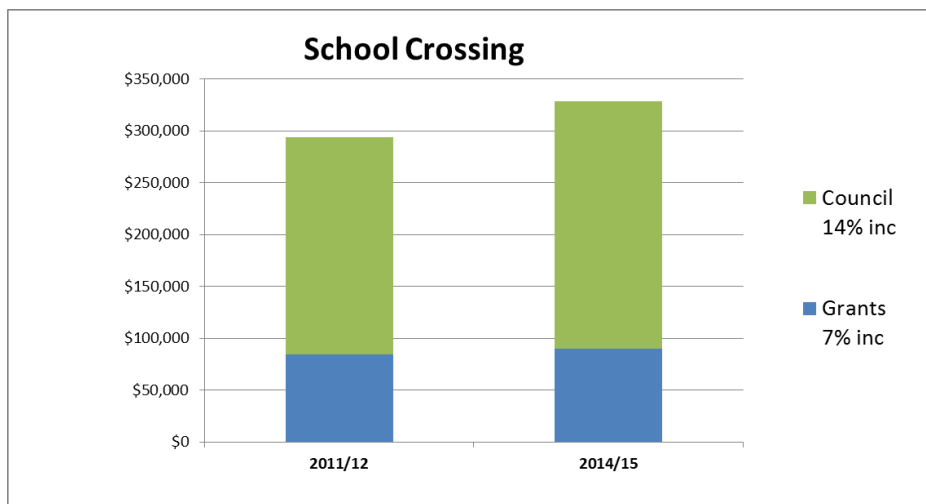
Family & Children- Increased programs and service delivery funded primarily by Council contribution.



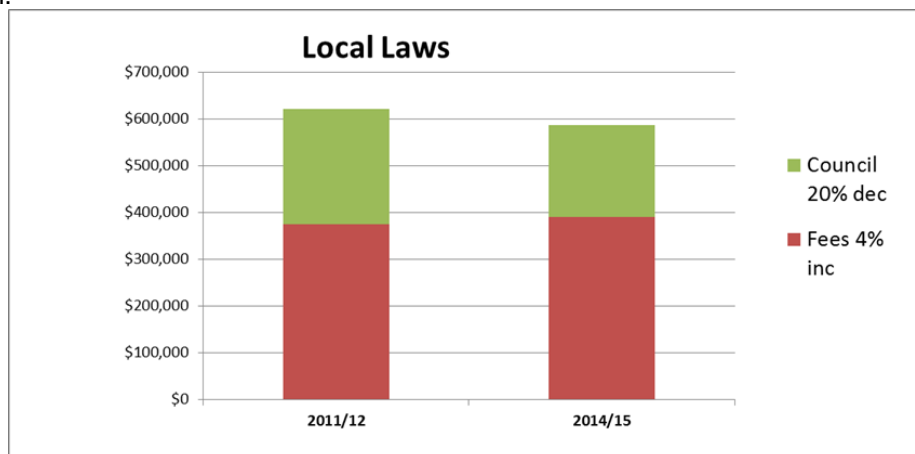
Aged & Disability- Increased hours of service delivery funded by Council, external grants and user fees.



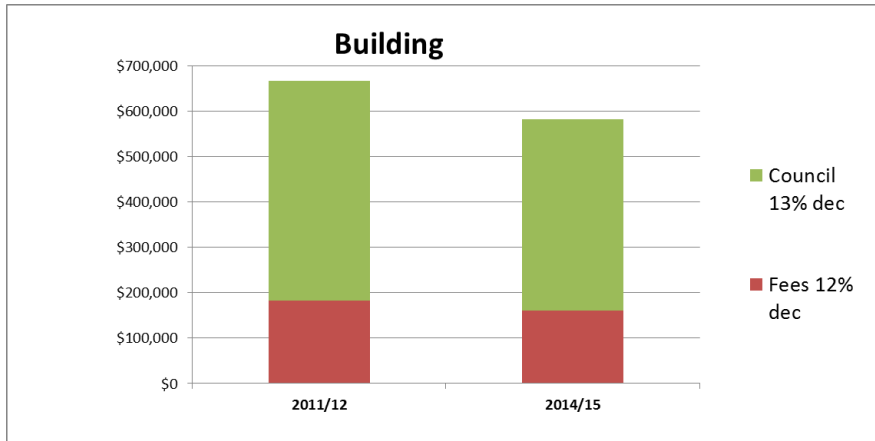
Planning- The cost of statutory planning activities is mainly funded by an increased Council contribution. User fee increase are controlled by state government and do not keep pace with the cost of service delivery resulting in the additional level of Council contribution.



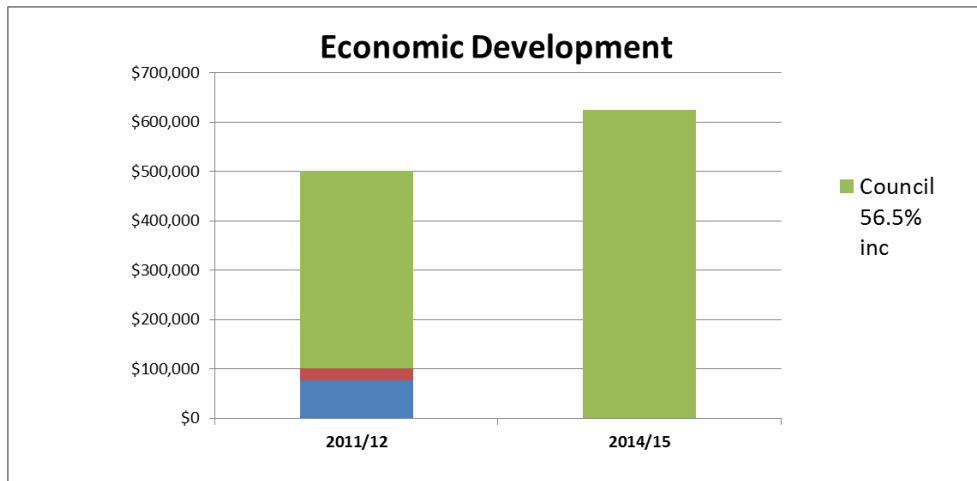
School Crossing- The cost to operate school crossings is mainly funded by an increasing Council contribution.



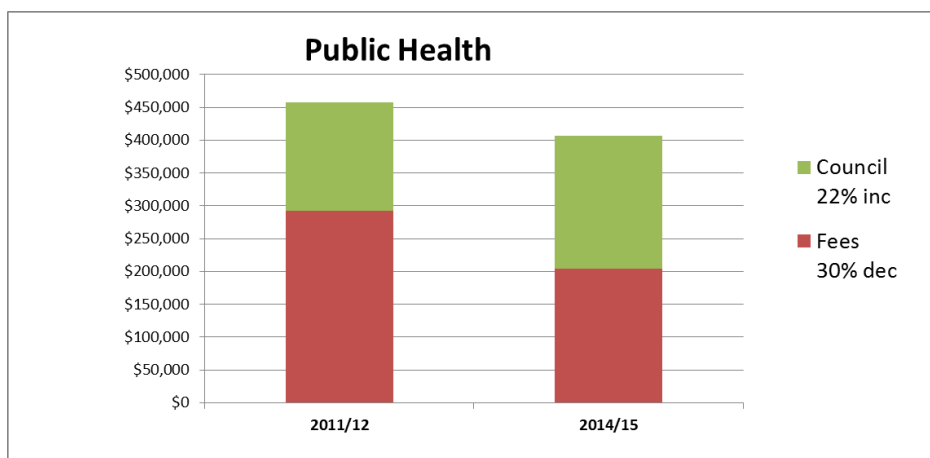
Local Laws- There is a reduction to the cost of service delivery and a corresponding reduction to the cost to Council.



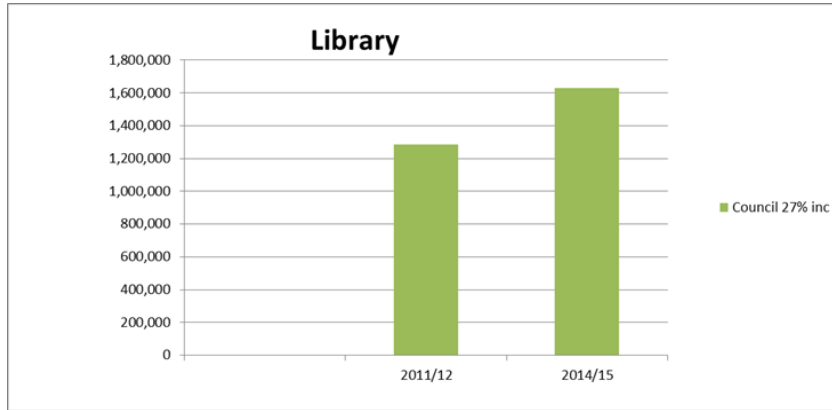
Building - reduction to the cost of service delivery and a corresponding reduction to the cost to Council as well as a reduction to revenue from user fees.



Economic Development – Total costs primarily funded by Council contribution as both grants and user fees are generally one off in nature.



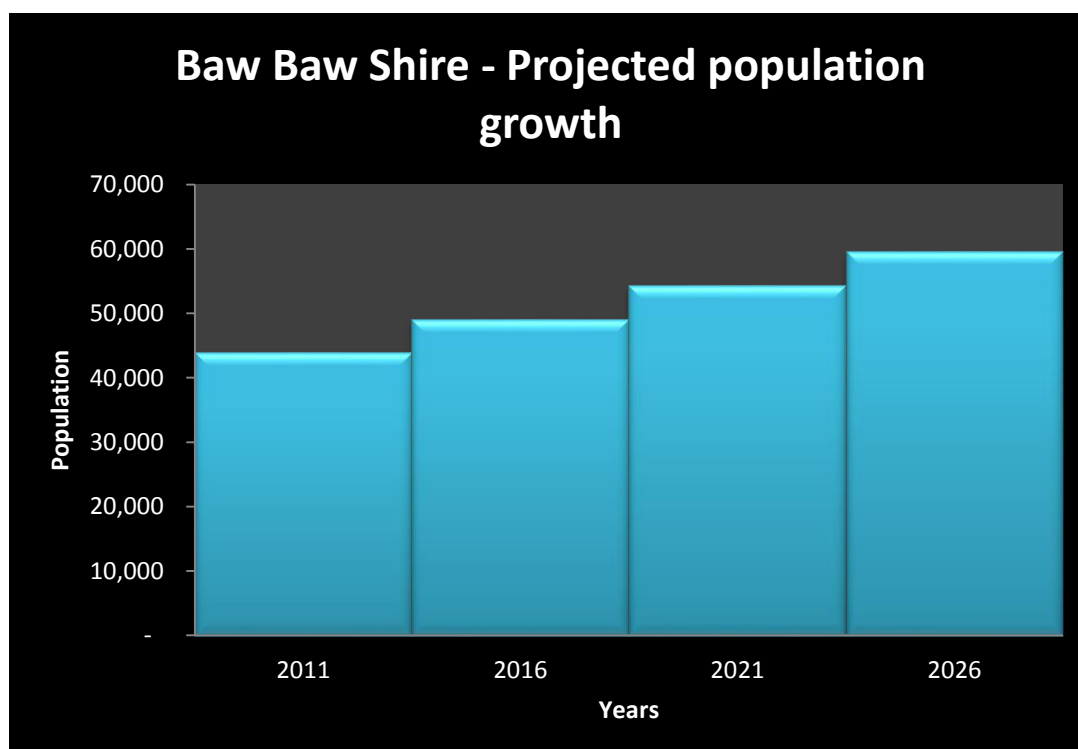
Public Health - reduction to the cost of service delivery however Council's contribution has increased in order to offset the loss of revenue from user fees.



Library – represents Council’s increasing contribution to the regional library. Both the library grant and user fees are excluded as this revenue is received by the regional library rather than directly by Council.

8. Population Growth

The projected population of Baw Baw LGA is expected to increase by 31.8% from the period 2011-2026 (projected by DPCP-Victorian In Future).



In terms of the increase in population, the table below provides data on which age groups will experience the greatest growth. The largest increase is expected in those between 70-84 years of age.

Age Group	2011	2016	2021	2026
0- 4 years	2,627	2,885	3,160	3,400
5-14 years	5,997	6,578	7,384	7,895
15-24 years	5,783	6,210	6,187	6,773
25-34 years	4,595	5,325	6,151	6,532
35-49 years	8,872	9,308	10,068	11,044
50-59 years	6,289	6,692	6,866	7,123
60-69 years	5,076	6,110	6,997	7,439
70-84 years	3,972	4,936	6,355	7,772
85+ years	831	1,128	1,272	1,600
Total	44,042	49,174	54,439	59,578

Budget Reports

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

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

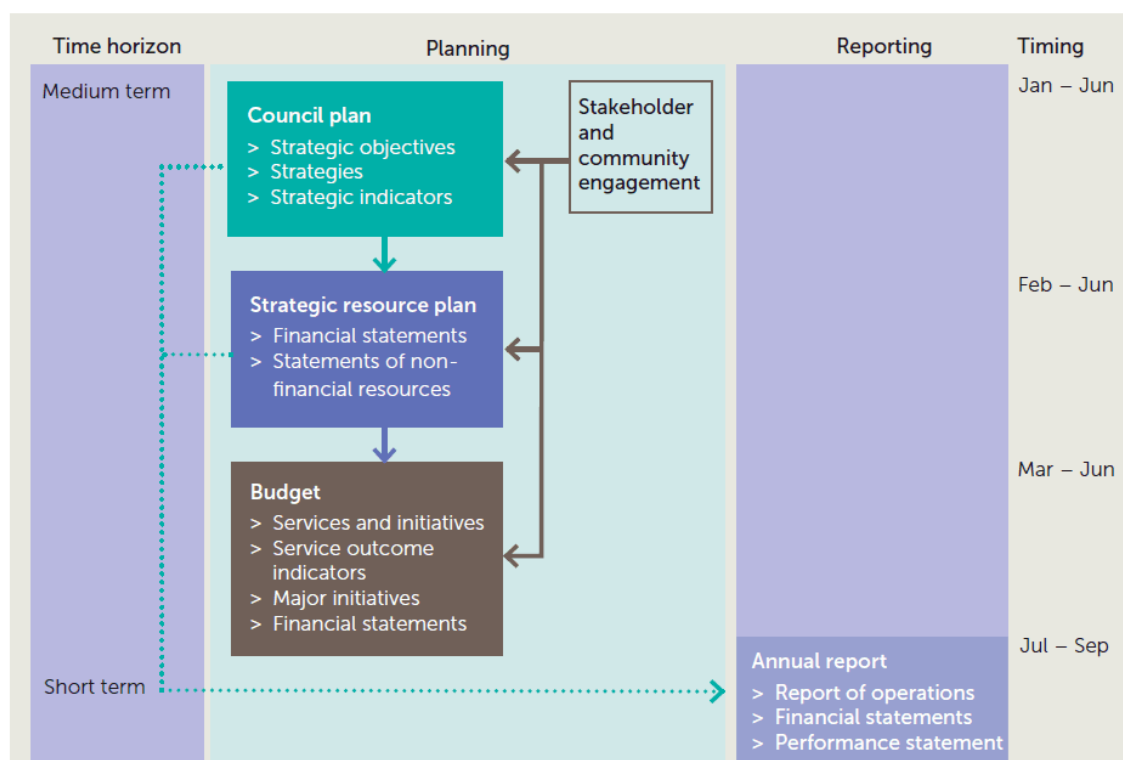
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

1. Link to the Council Plan

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

1.1 Planning and accountability framework

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



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

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

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

1.2 Our purpose

Our vision 'happy, healthy people'

Council's vision is *"Happy, healthy people sharing prosperity and knowledge from living sustainably and in harmony with our rural identity, thriving villages, productive and inspiring landscapes."*

The vision, objectives, the outcomes Council wants to see, the activities it will carry out, and how it will measure success are set out in the Council Plan 2013 - 2017. This in turn guides Council's annual budget, which responds by resourcing the directions and priorities that have been established in the Council Plan.

Our mission

Baw Baw Shire Council's mission is to be leaders in delivering quality, innovative and community focused services today that make a difference for tomorrow.

Our values

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

- **Community focused** - *Accessible, responsive (we're here to help), can do attitude, communicative, empathetic.*
- **Integrity** - *Equitable, honest, ethical, transparent.*
- **Respect** - *Listening, compassionate, open minded, understanding, patient.*
- **Pride** - *Caring, enthusiastic, inspiring, accountable.*
- **Innovation** - *Creative, bold, challenging, flexible.*
- **Collaboration** - *Partnering, building productive relationships, inclusive.*

1.3 Strategic objectives

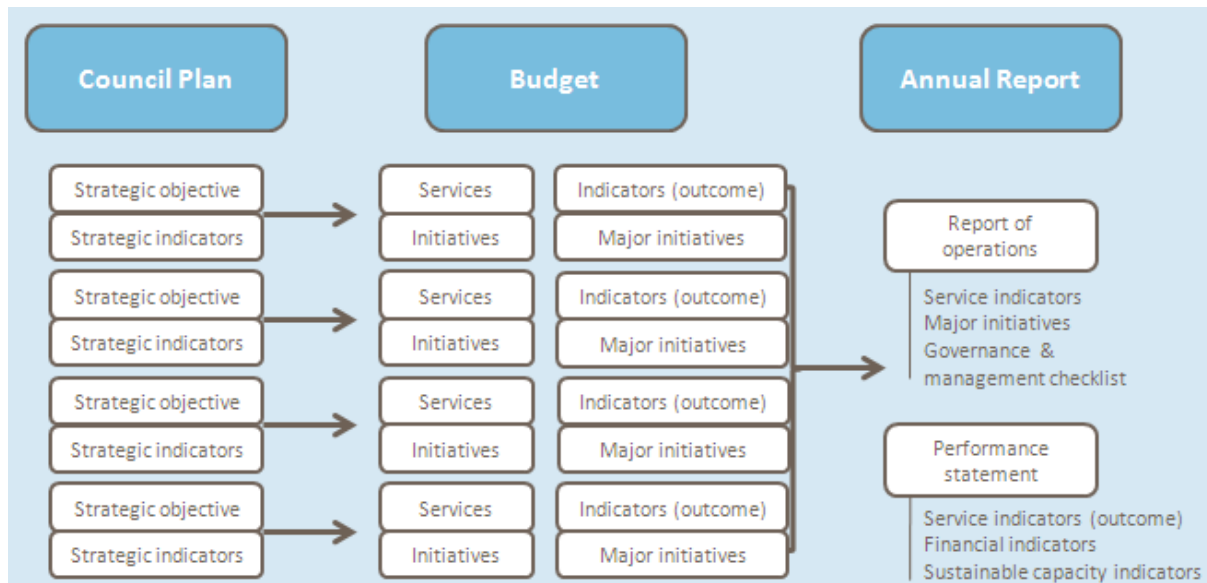
Council delivers services and initiatives under 46 major service categories. Each contributes to the achievement of one of the eleven Strategic Objectives as set out in the Council Plan for the years 2013-17. The following table lists the five themes that structure the eleven Strategic Objectives as described in the Council Plan.

Theme	Strategic Objective
1. Our Community	1.1 Delivering affordable and quality services to the community.
	1.2 Dynamic, vibrant and inclusive communities.
	1.3 Enhanced quality of life.
2. Council Leadership and Management	2.1 Financial responsibility and responsible management of Council resources and people.
	2.2 Council is community focused, engaged and accountable.
3. Infrastructure and Community Assets	3.1 Continuing to reduce the asset renewal gap.
	3.2 Investing in quality and affordable community assets which are balanced against the growing needs of the community.

4. Growth and Prosperity	4.1	Planning to meet needs of the community today and in the future.
	4.2	Prosperous local business and industry.
5. The Environment	5.1	Protecting and sustainably managing the natural environment and resources now and into the future
	5.2	Protecting and enhancing the natural environment now and into the future.

2. Services and service performance indicators

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



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

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

2.1 Strategic Objective 1: Our Community

Strategic Objective 1.1: Delivering affordable and quality services to the community

To achieve our objective of delivering affordable and quality services to the community, we will continue to ensure that the community are supported with services facilities and infrastructure that are affordable and meet community needs, at an appropriate quality and cost. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Assessment and Care Planning	Assessment Care and Planning support frail aged people, people with a disability and their carers to maximise their independence and remain living independently at home. Through the undertaking of holistic assessments of need, referrals to HACC services and other relevant agencies and the creation of goal directed care plans.	509 579 <hr/> (70)
Building Services	Building Services is responsible for the provision of statutory services pursuant to the (Building Act 1993).	176 438 <hr/> (262)
Community Compliance	Community Compliance aims to protect the community and Council amenity through education and enforcement of local laws and State Government legislation. Key service areas include: local laws, parking enforcement, animal management and permit administration.	734 987 <hr/> (253)
Family and Children's Services	Family and Children's Services support families to become happy, healthy and confident. Through direct service provision to families with children from birth to 12 years of age and by supporting external children's services and advocating on their behalf.	1,165 2,130 <hr/> (965)
Home Based Services	Home Based Support Services provide services to support frail aged people, people with a disability and their carers to maximise their independence. Services are predominantly provided within the clients home but may also support clients to access their community.	2,755 3,565 <hr/> (810)
Libraries	The library service is delivered through a service agreement between the West Gippsland Regional Library Corporation (WGRLC), Baw Baw, Bass Coast and South Gippsland Councils. The library service in Baw Baw is delivered from four static library sites - Warragul, Drouin, Neerim South and Noojee – and eight locations are serviced by the mobile library.	0 1,887 <hr/> (1,887)
Public Health	Public Health is responsible for the delivery of public health services, including food safety, against detailed legislated requirements including Tobacco, Public Health & Wellbeing, Residential Tenancies, Environmental Protection and Local Government Acts.	272 375 <hr/> (103)
Social Support Services	Social Support Services provides support to the aged and disability population within the Baw Baw Shire to improve and or maintain their independence through the provision of planned quality, innovative and flexible community based support services.	900 1,279 <hr/> (379)

Statutory Planning	Statutory Planning undertakes Council's statutory functions and obligations under the Planning and Environment Act 1987, (the Subdivision Act 1988) and associated legislation. The unit processes planning permit applications and provides technical advice on land use and development.	288 1,138 <hr/> (850)
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Major Initiatives

- 1.1 Renewal and upgrades to shire public toilets and amenities
- 1.1 Construction of a new shire animal pound facility
- 1.1 Review of the Domestic Animal Management Plan
- 1.1 Advocate for additional kindergarten places in Warragul, and work with relevant parties to identify options for alternative kindergarten places
- 1.1 Council business and process reviews
- 1.1 Work with the newly elected Council to develop a new Council Plan 2017 - 2021

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
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 outcome notifications and major non-compliance outcome notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises] 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
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

Service	Indicator	Performance Measure	Computation
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

Strategic Objective 1.2: Dynamic, vibrant and inclusive communities

To achieve our objective of dynamic, vibrant and inclusive communities, we will work with communities to increase involvement in community life and volunteerism, as well as providing opportunities for participation in local decision making. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Arts	<p>The Arts service manages, administers and programs Baw Baw Shire's iconic West Gippsland Arts Centre as a major regional arts facility. It ensures the venue is well presented, well equipped, professionally staffed, functional and serviceable, providing public arts venues and spaces to create and sustain a cultural 'hub' in which the broad community, artists, customers, patrons and visitors can feel welcome, included, valued and inspired.</p> <p>Ticketed events and performances are enabled by provision of a professional marketing and ticketing providing in person service, phone booking and on-line service. This service unit also provides spaces in the building for hire for functions, meetings, conferences and celebrations, supported by catering and technical services. In addition, provision of this service enables the venue to operate a (contracted) café service which is open to the public and provides a place for casual community gatherings and engagement.</p> <p>The revenue earned from providing this service assists in reducing the cost to Council of the wider operation of the West Gippsland Arts Centre.</p>	<p>598</p> <p>1,454</p> <hr/> <p>(856)</p>
Community Cultural Development	<p>Community Cultural Development supports and encourages community based groups and individuals by providing networks, assisting with skills development initiatives and ensuring a high level of communication about initiatives and opportunities.</p> <p>In addition, the Community Cultural Development unit maintains connections with key arts agencies and organisations (such as Baw Baw Arts Alliance, Regional Arts Victoria and Creative Gippsland) and convenes Council's Arts and Cultural Advisory Committee.</p>	<p>0</p> <p>169</p> <hr/> <p>(169)</p>
Events	<p>Events delivers Council's community events program, to promote access to events opportunities for the broad community and promote Baw Baw Shire's reputation as a vibrant centre and create benefits for social and community well-being, and economic development.</p>	<p>2</p> <p>152</p> <hr/> <p>(150)</p>

Major Initiatives

- 1.2 Redevelopment of the West Gippsland Regional Arts Centre, Warragul
- 1.2 Completion of the Baw Baw Leisure Centre redevelopment
- 1.2 Develop an Arts and Culture Strategy

Service Performance Outcome Indicators

Nil

Strategic Objective 1.3: Enhanced quality of life across the community

To achieve our objective of enhanced quality of life across the community, we will continue to work towards a healthier community experiencing an improved quality of life. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Parks, Gardens and Sports Fields	Parks, Gardens and Sports Fields are responsible for the management of Council's urban parks and gardens, including planting, oval and sports field maintenance.	38 3,405 <hr/> 3,367
Recreation	Recreation is responsible for the management of pool facilities which are delivered via the Baw Baw Aquatic and Leisure Services contracts, support for committees of management of public halls and recreation reserves, and the planning and delivery of recreation services and facilities to the community.	0 2,096 <hr/> (2,096)
Urban Maintenance	Urban Maintenance is responsible for the maintenance of Council's urban infrastructure and cleansing in town areas, including public toilets, signage, drainage, street sweeping and street tree maintenance.	0 1,626 <hr/> (1,626)

Major Initiatives

- 1.3 Western Park Recreation Precinct, Warragul sports field development
- 1.3 Eastern Park Oval, Warragul training lights
- 1.3 Ellinbank Recreation Reserve improvements
- 1.3 Develop a new Municipal Public Health Plan

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population).	Number of visits to aquatic facilities / Municipal population.

2.2 Strategic Objective 2: Council Leadership and Management

Strategic Objective 2.1: Financial sustainability and responsible management of Council resources and people

To achieve our objective of financial sustainability and responsible management of Council resources and people, we will continue to ensure Council's financial position is sustainable, and Council's staff are safe skilled and focused on the Council Plan. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Business Information	Business Information provides mail, courier, document management, and information management compliance services to support Council and council customers. Information management compliance includes the requirements of Freedom of Information, privacy, public records and evidence protection legislation.	0 393 <hr/> (393)
Chief Executive's Office	This activity represents the management of Council, including the core governance functions of the Chief Executive Officer and expenses relating to: maintaining an appropriate organisational structure; ensuring the decisions of the Council are implemented without undue delay; day-to-day management of the operations of the organisation in accordance with the Council Plan; providing timely advice to the Council; and proactively advocating to other levels of government and stakeholders on behalf of the Council and community.	0 996 <hr/> (996)
Corporate Planning	Corporate Planning provides support to Council with meeting its statutory obligation to prepare and administer the Council Plan, to facilitate good business planning and reporting across the organisation and to demonstrate that Best Value principles are being incorporated into Council services and processes.	0 204 <hr/> (204)
Accounting Services	The Accounting Services function is to manage Council's financial activities to ensure statutory compliance and financial sustainability. Core services include development of the annual budget, long term financial plan and annual statutory financial statements, accounts payable function and development of financial policies.	580 1,566 <hr/> (986)
Fleet and Depot Support	Fleet and Depot Support delivers the operational maintenance requirements for Council's fleet of passenger vehicles, light and heavy commercial vehicles and all plant and equipment used by the Urban Operations departments. Fleet Management strategically plans the update and replacement maintenance of all vehicles, plant and equipment in line with the Vehicle Fleet Policy guidelines.	2,099 2,066 <hr/> 33

Human Resources and Payroll	Human Resources is responsible for providing advice, maintenance and management of human resource data, industrial and employee relations and the coordination of learning and development activities. Payroll is responsible for the accuracy of staff entitlements such as leave, salary deductions, flexibility arrangements and superannuation entitlements are processed and maintained accordingly.	0 836 <hr/> (836)
Information Technology	Information Technology provides technological systems, infrastructure, services and support for the delivery of all Council services. Core services include improving organisational performance and compliance through corporate systems and governance.	0 2,691 <hr/> (2,691)
Occupational Health and Safety and Risk	The OHS and Risk unit unit coordinates the development, review and delivery of workplace OHS initiatives, including Council's return to work program and activities. It also supports the identification, management and treatment of risk in the endeavour improve Council's risk profile and minimise organisational exposure. This function also manages Council's corporate insurances.	32 849 <hr/> (817)
Procurement	The Procurement function provides the framework, oversight and advice to support Council in complying with statutory procurement provisions. It also reviews Council's procurement spend and administer procurement processes.	0 218 <hr/> (218)
Property Management	Property Management looks after the legal and financial aspects of Council's portfolio of property for the most efficient and effective use of properties including the rationalisation of non-essential property and maximising the use of Council property.	150 182 <hr/> (32)
Revenue Services	Revenue Services is custodian and manager of Council's property and rating system to optimise revenue and maintain data integrity. The unit is responsible for the management of Council's legislative compliance (Voters' Role) and the biennial revaluation.	300 1,120 <hr/> (820)

Major Initiatives

- 2.1 Introduce an electronic document management system
- 2.1 Introduce a pricing policy for the management of all Council land and buildings
- 2.1 Prepare a revaluation of the shire's property data base

Service Performance Outcome Indicators

Nil

Strategic Objective 2.2: Council is customer focused, engaged and accountable

To achieve our objective of being customer focused, engaged and accountable, we will continue to ensure Council is transparent, accountable and effectively communicating with the community.

The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Communications	Communications provides reputation management for Council and councillors, is responsible for informing the community about Council issues via traditional and new media, manages media liaison services, and supports councillors and the Executive Leadership Team with issues management and promotional opportunities. The Grants and Advocacy service works to identify priority projects, and advocate to and seek funding from other government authorities on behalf of the community.	0 538 <hr/> (538)
Community Information and Services	Community Information and Services is responsible for providing a support service for all staff across the organisation through first point of external customer contact, including acting as a referral service to other organisations. The team is also responsible for information and reputation management, providing internal support, educating the organisation about expected customer service standards and receipting of all payments.	0 530 <hr/> (530)
Governance	Governance provides the support to Council to comply with statutory provisions, and specifically includes Local Government Act compliance, Ombudsman and Inspectorate enquiries, delegations, election management, policy management, Audit Committee support, policy development and human rights provision. Governance provides support to Councillors, including Council agenda, minutes and meeting management.	0 1,329 <hr/> (1,329)

Major Initiatives

- 2.2 Review Council fees and charges
- 2.2 Conduct the 2016 local government elections
- 2.2 Review Council's customer charter and service strategy

Service Performance Outcome Indicators

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

2.3 Strategic Objective 3: Infrastructure and Community Assets

Strategic Objective 3.1: To continue to reduce the asset renewal gap

To achieve our objective of continuing to reduce the asset renewal gap, we will continue to deliver infrastructure management based on clear priorities, appropriate service levels and contemporary asset management practices. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Asset Management	Asset Management provides Council the framework for the development, implementation and review of the service and asset management program.	7 13,850 <hr/> (13,843)
Road Network	The Roads Unit is responsible for roads including road maintenance, contract management and delivery of the allocated road capital works program, Road Management Plan compliance and customer enquiries for Council's road network.	0 6,716 <hr/> (6,716)

Major Initiatives

- 3.1 Implement the Road Safety Improvement Program
- 3.1 Annual road renewal programs
- 3.1 Daveys Road Bridge reconstruction, Willowgrove
- 3.1 Allambee Estate Road Bridges reconstruction, Seaview
- 3.1 Review the Road Management Plan

Service Performance Outcome Indicators

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

Strategic Objective 3.2: Investing in quality and affordable community assets which are balanced against the growing needs of the community

To achieve our objective of investing in quality and affordable community assets which are balanced against the growing needs of the community, we will continue to deliver the capital works program, improve the quality of infrastructure and manage infrastructure based on clear priorities and agreed standards. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Infrastructure Planning and Growth	Infrastructure Planning and Growth coordinates Council's functions in relation to: <ul style="list-style-type: none"> • Planning and prioritisation of Drainage, Traffic and Footpath infrastructure. • Assessment of traffic management plans for works within road reserves. • Review of new planning applications, plan checking and supervision of subdivision/ development works. 	387 1,225 <hr/> (838)
Program Planning and Delivery	The Program Planning and Delivery function coordinates Council's annual and long term capital works program and is accountable for its delivery.	0 703 <hr/> (703)
Facilities Maintenance	The Facilities Maintenance function is responsible for the overall management of Council's property portfolio, including building and facility management and compliance with regulations and statutory requirements.	241 1,114 <hr/> (873)

Major Initiatives

- 3.2 Trafalgar Reserve entry and carpark construction
- 3.2 Implement the New Footpath Program
- 3.2 Implement the Road Construction Program

Service Performance Outcome Indicators

Nil

2.4 Strategic Objective 4: Growth and Prosperity

Strategic Objective 4.1: Planning to meet needs of the community today and in the future

To achieve our objective of planning to meet needs of the community today and in the future, we will continue plan and advocate for services, facilities and infrastructure that meets current and future community needs. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Strategic and Community Planning	The Strategic and Community Planning unit provides strategic direction and planning for future land use for the municipality. It also carries out functions in relation to community and social planning including municipal public health planning.	24 1,458 <hr/> (1,434)

Major Initiatives

- 4.1 Princes Way Pedestrian crossing construction, Drouin
- 4.1 Advocate on behalf of the local community and local needs

Service Performance Outcome Indicators

Nil

Strategic Objective 4.2: Prosperous local business and industry

To achieve our objective of prosperous local business and industry, we will continue to support local business and industry, economic development and growth and local employment opportunities. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Business and Economic Development	The Business and Economic Development unit is primarily responsible for facilitating business growth, investment and visitation. The unit also promotes the key attributes of the municipality by positioning Baw Baw Shire as a great place to live, work and play.	133 742 <hr/> (609)

Major Initiatives

- 4.2 Continue a program of Baw Baw marketing promotions

Service Performance Outcome Indicators

Nil

2.5 Strategic Objective 5: The Environment

Strategic Objective 5.1: Protecting and sustainably managing the natural environment and resources now and into the future

To achieve our objective of protecting and sustainably managing the natural environment and resources now and into the future, we will continue to participate in water and energy conservation measures, protect key environmental and landscape attributes, and encourage waste reduction. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Waste	Waste Management provides the contract management services for the delivery of the waste collection and disposal contracts and the management of the Trafalgar Landfill and Council's four waste transfer stations. The unit is also responsible for implementing Council's recently adopted Waste Management Plan.	229 6,103 <hr/> (5,874)
Environment Sustainability	Environment Sustainability carries out functions in relation to management of the built and natural environment, including Council's Bushbroker program, Council's Environment and Climate Change Strategy and Action Plan, community education programs, weed management programs, and management of the shire's bushland reserves.	51 830 <hr/> (779)

Major Initiatives

- 5.1 Implement the Domestic Wastewater Management Plan including the compliance program

Service Performance Outcome Indicators

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

Strategic Objective 5.2: Building resilience and preparedness for climate and environmental impacts

To achieve our objective of building resilience and preparedness for climate and environmental impacts, we will continue to prepare for the impacts of extreme events including flood, fire and extreme heat. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services

Business area	Description of services provided	Income Expenses Net Surplus/(Cost) \$'000
Fire and Emergency Management	The Fire and Emergency Management function provides the support to Council to comply with statutory provisions under the Country Fire Authority 1958 and Emergency Management Act 1986 The objective of the service is to improve Council's preparation, planning, response and recovery within an 'All Hazard' risk management context for emergency management, and to educate Councillors, staff, local businesses and our community with increased preparedness and resilience.	101 310 <hr/> (209)

Major Initiatives

- 5.2 Tarwin Street retarding basin wall upgrade
- 5.2 Develop a Local Emergency Action Plan for the Neerim South community
- 5.2 Develop a new Environment Strategy

Service Performance Outcome Indicators

Nil

2.7 Performance Statement

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

2.8 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Our Community	(13,843)	21,280	7,437
Council Leadership and Management	(10,357)	13,518	3,161
Infrastructure and Community Assets	(22,973)	23,608	635
Growth and Prosperity	(2,043)	2,200	157
The Environment	(6,862)	7,243	381
Total services and initiatives	(56,078)	67,849	11,771
Add net loss on disposal of property, infrastructure, plant and equipment	(1,038)		
Sub Total	(57,116)		
Funding sources:			
Rates & charges	51,015		
Victoria Grants Commission	8,600		
Capital grants	6,796		
Contribution- Non-monetary assets	10,500		
Contribution- Monetary assets	1,791		
Total funding sources	78,702		
Surplus for the year	21,586		

3. Financial statements

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

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

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

Comprehensive Income Statement

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Income					
Rates and charges	49,320	51,015	52,582	54,198	55,864
Statutory fees and fines	1,160	1,196	1,234	1,274	1,315
User fees	3,384	3,025	3,151	3,280	3,413
Grants - Operating	9,019	13,254	13,426	13,829	14,244
Grants - Capital	8,353	6,796	6,017	3,156	2,500
Contributions - monetary	1,161	1,791	1,975	5,066	10,927
Contributions - non-monetary	10,692	10,500	10,500	10,500	10,500
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(968)	(1,038)	(1,034)	(1,330)	(1,325)
Share of net profits/(losses) of associates and joint ventures	30	30	32	33	34
Other income	1,035	992	1,022	1,053	1,084
Total income	83,186	87,561	88,905	91,059	98,556
Expenses					
Employee costs	23,522	23,667	24,500	25,234	25,990
Materials and services	29,089	28,934	29,976	31,055	32,639
Depreciation and amortisation	12,860	12,741	13,379	14,047	14,750
Borrowing costs	568	633	690	609	563
Other expenses				2,000	
Total expenses	66,039	65,975	68,545	72,945	73,942
Surplus/(deficit) for the year	17,147	21,586	20,360	18,114	24,614
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods:					
Net asset revaluation increment/(decrement)	-	-	-	-	-
Total comprehensive result	17,147	21,586	20,360	18,114	24,614

Balance Sheet

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Assets					
Current assets					
Cash and cash equivalents	16,494	14,369	16,281	18,439	21,216
Trade and other receivables	5,487	5,707	5,830	6,006	6,531
Other assets	709	709	709	709	709
Total current assets	22,690	20,785	22,820	25,154	28,456
Non-current assets					
Trade and other receivables					
Investments in associates and joint ventures	1,019	1,049	1,081	1,114	1,148
Property, infrastructure, plant & equipment	633,450	659,434	676,618	692,159	713,251
Intangible assets	2,231	2,231	2,231	2,231	2,231
Total non-current assets	636,700	662,714	679,930	695,504	716,630
Total assets	659,390	683,499	702,750	720,658	745,086
Liabilities					
Current liabilities					
Trade and other payables	6,600	6,330	6,520	6,951	7,027
Trust funds and deposits	1,572	1,619	1,668	1,718	1,769
Provisions	6,655	6,757	6,861	6,967	7,076
Interest-bearing loans and borrowings	1,375	1,469	812	442	0
Total current liabilities	16,202	16,175	15,861	16,078	15,872
Non-current liabilities					
Provisions	4,101	4,120	4,138	4,157	4,177
Interest-bearing loans and borrowings	9,891	12,423	11,610	11,168	11,168
Total non-current liabilities	13,992	16,543	15,748	15,325	15,345
Total liabilities	30,194	32,718	31,609	31,403	31,217
Net assets	629,196	650,781	671,141	689,255	713,869
Equity					
Accumulated surplus	322,198	344,128	363,114	379,393	401,808
Reserves	306,998	306,653	308,027	309,862	312,061
Total equity	629,196	650,781	671,141	689,255	713,869

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

	Total	Accumulated	Revaluation	Other
	\$'000	Surplus	Reserve	Reserves
	\$'000	\$'000	\$'000	\$'000
2017				
Balance at beginning of the financial year	629,195	322,198	301,333	5,664
Surplus/(deficit) for the year	21,586	21,586	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	(2,397)	-	2,397
Transfer from other reserves	-	2,741	-	(2,741)
Balance at end of the financial year	650,781	344,128	301,333	5,320
2018				
Balance at beginning of the financial year	650,781	344,128	301,333	5,320
Surplus/(deficit) for the year	20,360	20,360	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	(3,622)	-	3,622
Transfer from other reserves	-	2,248	-	(2,248)
Balance at end of the financial year	671,141	363,114	301,333	6,694
2019				
Balance at beginning of the financial year	671,141	363,114	301,333	6,694
Surplus/(deficit) for the year	18,114	18,114	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	(6,526)	-	6,526
Transfer from other reserves	-	4,691	-	(4,691)
Balance at end of the financial year	689,255	379,393	301,333	8,529
2020				
Balance at beginning of the financial year	689,255	379,393	301,333	8,529
Surplus/(deficit) for the year	24,614	24,614	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	(12,454)	-	12,454
Transfer from other reserves	-	10,255	-	(10,255)
Balance at end of the financial year	713,869	401,808	301,333	10,728

Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Rates and charges	50,123	50,871	52,501	54,082	55,535
Statutory fees and fines	1,178	1,192	1,234	1,271	1,307
User fees	3,458	3,013	3,144	3,270	3,386
Grants - operating	9,166	13,217	13,406	13,799	14,160
Grants - capital	8,489	6,777	6,008	3,150	2,485
Contributions - monetary	1,161	1,791	1,975	5,066	10,927
Interest received	612	698	721	741	760
Trust funds and deposits taken/repaid	46	47	49	50	52
Other receipts	439	289	299	301	260
Employee costs	(23,983)	(23,726)	(24,289)	(24,919)	(25,824)
Materials and services	(29,659)	(29,007)	(29,868)	(30,820)	(32,591)
Other payments	0	0	0	(1,985)	0
Net cash provided by/(used in) operating activities	21,030	25,162	25,180	24,006	30,457
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(34,299)	(29,723)	(21,567)	(20,589)	(26,841)
Proceeds from sale of property, infrastructure, plant and equipment	532	462	458	162	166
Net cash provided by/ (used in) investing activities	(33,767)	(29,261)	(21,109)	(20,427)	(26,675)
Cash flows from financing activities					
Finance costs	(568)	(651)	(690)	(609)	(563)
Proceeds from borrowings	3,279	4,000			
Repayment of borrowings	(1,469)	(1,375)	(1,469)	(812)	(442)
Net cash provided by/(used in) financing activities	1,242	1,974	(2,159)	(1,421)	(1,005)
Net increase/(decrease) in cash & cash equivalents	(11,495)	(2,125)	1,912	2,158	2,777
Cash and cash equivalents at the beginning of the financial year	27,989	16,494	14,369	16,281	18,439
Cash and cash equivalents at the end of the financial year	16,494	14,369	16,281	18,439	21,216

Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Property					
Land	371	880	754	281	404
Land improvements	0	0	0	0	0
Total land	371	880	754	281	404
Buildings	14,347	9,717	7,414	2,084	2,137
Building improvements					
Leasehold improvements					
Total buildings	14,347	9,717	7,414	2,084	2,137
Total property	14,718	10,597	8,168	2,365	2,541
Plant and equipment					
Plant, machinery and equipment	480	495	533	550	568
Fixtures, fittings and furniture	0	0	0	0	0
Computers and telecommunications	1,254	355	235	238	241
Total plant and equipment	1,734	850	768	788	809
Infrastructure					
Roads	9,661	9,983	7,063	10,526	15,617
Bridges	1,463	2,185	232	627	550
Footpaths and cycleways	1,242	1,076	874	572	580
Drainage	1,004	2,577	1,811	4,444	3,984
Recreational, leisure and community facilities	2,535	1,935	2,434	1,047	2,478
Waste management	1,862	322	10	10	169
Parks, open space and streetscapes	0	0	0	0	0
Other infrastructure	80	200	202	209	114
Total infrastructure	17,847	18,278	12,626	17,435	23,492
Total capital works expenditure	34,299	29,725	21,562	20,588	26,842
Represented by:					
New asset expenditure	0	0	0	0	0
Asset renewal expenditure	17,567	14,899	10,282	8,972	9,802
Asset expansion expenditure	5,073	6,710	4,827	7,878	13,207
Asset upgrade expenditure	11,659	8,116	6,453	3,738	3,833
Total capital works expenditure	34,299	29,725	21,562	20,588	26,842

Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	23,522	23,667	24,500	25,234	25,990
Employee costs - capital	113	117	0	0	0
Total staff expenditure	23,635	23,784	24,500	25,234	25,990
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	263.8	259.5	261.5	263.5	265.5
Total staff numbers	263.8	259.5	261.5	263.5	265.5

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

Directorate	Budget		
	2016/17	Full Time	Part Time
	\$'000	\$'000	\$'000
Chief Executive	1,479	1,442	37
Corporate and Community Services	8,326	4,899	3,427
Community Assets	6,987	6,112	875
Planning and Economic Development	5,583	4,455	1,128
Total permanent staff expenditure	22,375	16,908	5,467
Casuals and other expenditure (including allowances and Fringe Benefits Tax)	1,292		
Subtotal	23,667		
Capitalised labour costs	117		
Total expenditure	23,784		

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

Directorate	FTE	Budget	
		Full Time	Part Time
Chief Executive	14.5	14.0	0.5
Corporate and Community Services	101.5	48.0	53.5
Community Assets	80.0	69.0	11.0
Planning and Economic Development	59.1	44.0	15.1
Total	255.1	175.0	80.1
Casuals and other	3.4		
Capitalised labour costs	1.0		
Total staff	259.5		

4. Financial performance indicators

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

Indicator	Measure	Notes	Forecast			Strategic Resource Plan Projections			Trend +/o/-
			Actual 2014/15	Actual 2015/16	Budget 2016/17	2017/18	2018/19	2019/20	
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	7.2%	1.0%	9.0%	4.4%	0.9%	2.6%	o
Liquidity									
Working Capital	Current assets / current liabilities	2	206.0%	140.0%	128.5%	143.9%	155.4%	179.3%	+
Unrestricted cash	Unrestricted cash / current liabilities		82.1%	75.7%	62.3%	76.6%	81.0%	93.5%	o
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	20.1%	22.8%	27.2%	23.6 %	21.4%	20.0%	o
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		4.0%	4.1%	3.9%	4.1%	2.6%	1.8%	o
Indebtedness	Non-current liabilities / own source revenue		24.4%	25.9%	30.0%	27.6%	26.2%	25.4%	o
Asset renewal	Asset renewal expenditure / depreciation	4	110.3%	136.6%	116.9%	76.9%	63.9%	66.5%	-
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	5	67.6%	73.9%	70.4%	73.4%	73.6%	73.6%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	o
Efficiency									
Expenditure level	Total expenditure / no. of property assessments		\$2,722	\$2,694	\$2,660	\$2,742	\$2,895	\$2,911	o
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,643	\$1,672	\$1,717	\$1,750	\$1,785	\$1,820	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		16.7%	19.0%	11.6%	11.6%	11.9%	12.3%	o

Key to Forecast Trend:

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

Notes to indicators

1 Adjusted underlying result – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. There is some variation in the result between the years, however there continues to be an underlying surplus.

2 Working Capital – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in 2016/17 year due to a run down in cash reserves to fund the capital program. The trend in later years is for marginal increases to fund capital works and repayment of interest only loans.

3 Debt compared to rates - Trend indicates that Council is reducing reliance on debt against its annual rate revenue through redemption of long term debt. The only borrowings budgeted over this period are a \$4.0 million loan for the redevelopment of the West Gippsland Arts Centre in 2016/17.

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

5 Rates concentration - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates that Council has a consistent level of reliance on rate revenue compared to all other revenue sources.

5. Other budget information (required by the Regulations)

This section presents other budget related information required by the Regulations

This section includes the following statements and reports:

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

5.1.1 Grants - operating (\$4.24 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to increase by 47.0% or \$4.24 million compared to 2015/16. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - operating	Forecast		
	Actual	Budget	Variance
	2015/16 \$'000	2016/17 \$'000	\$'000
Recurrent - Commonwealth Government			
Victorian Grants Commission	4,356	8,600	4,244
Home and community care (50%)	1,016	975	(41)
Adult day care (50%)	273	270	(3)
Delivered meals (50%)	46	45	(1)
Recurrent - State Government			
Environmental planning	40	40	0
Home and community care (50%)	1,016	975	(41)
Adult day care (50%)	273	270	(3)
Delivered meals (50%)	45	44	(1)
Maternal and child health	494	499	5
Flexible support packages	0	70	70
Pre-school years	59	58	(1)
Arts Centre	130	100	(30)
Family day care	502	502	0
Senior citizens centre	34	38	4
Rural access inclusive communities	117	114	(3)
Landcare	2	2	0
Community and cultural development	136	188	52
Community compliance	154	154	0
Statutory planning	8	8	0
Valuation	40	40	0
Total recurrent grants	8,740	12,992	4,252
Non-recurrent - State Government			
Economic development	95	95	0
Emergency services	101	84	(17)
Fire services levy	60	60	0
Baw Baw business awards	23	23	0
Total non-recurrent grants	279	262	(17)
Total operating grants	9,019	13,254	4,235

The major variance in the operating grants is the Victoria Grants Commission (VGC), where funding was received in advance at the 30th June 2015. This reduced the amount which was received in the 2015/16 financial year. The budget has been developed on the basis that there will be no prepayment of income from the Victoria Grants Commission for the 2016/17 financial year.

Excluding the timing issue associated with the payment from the Victoria Grants Commission, there has been a reduction to Council in this funding source. The reduction results from changes to the funding formula following a review of the basis of the funding by the VGC. This decrease is contrary to the state-wide minor increase of 0.2% or \$1.0 million in the \$540 million Commonwealth financial assistance grants paid to Victorian local governments- (Indicative allocation advice received from Victoria Grants Commission). The level of VGC grants to Victorian Councils has been effected by Commonwealth Government's decision to pause indexation for three years commencing in 2015/16.

5.1.2 Grants - capital (\$1.56 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 18.6% or \$1.56 million compared to 2015/16 due mainly to specific funding for some large capital works projects. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - capital	Forecast		
	Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Recurrent - Commonwealth Government			
Roads to Recovery	3,754	4,000	246
Total recurrent grants	3,754	4,000	246
Non-recurrent - Commonwealth Government			
Buildings	466	24	(442)
Roads	35	0	(35)
Bridges	320	855	535
Non-recurrent - State Government			
Buildings	653	400	(253)
Roads	1,862	788	(1,074)
Bridges	70	0	(70)
Parks, open space and streetscape	1,045	729	(316)
Waste	183	0	(183)
Drainage	(35)	0	35
Total non-recurrent grants	4,599	2,796	(1,803)
Total capital grants	8,353	6,796	(1,557)

5.1.3 Statement of Borrowings

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	9,457,000	11,267,000
Total amount proposed to be borrowed	3,279,000	4,000,000
Total amount projected to be redeemed	(1,469,000)	(1,375,000)
Total amount of borrowings as at 30 June	11,267,000	13,892,000

6. Detailed list of Capital Works

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

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

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

Capital works program

For the year ending 30 June 2017

6.1 New works

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PROPERTY									
Land									
Yarragon Drainage- land acquisition- Hazeldean Rd	\$400	\$0	\$0	\$0	\$400	\$0	\$0	\$400	\$0
Strategic Land Acquisition / Disposal	\$275	\$0	\$0	\$0	\$275	\$0	\$0	\$275	\$0
Total Land	\$675	\$0	\$0	\$0	\$675	\$0	\$0	\$675	\$0
Buildings									
West Gippsland Arts Centre	\$4,300	\$0	\$1,720	\$2,150	\$430	\$0	\$300	\$0	\$4,000
Baw Baw Leisure Centre Redevelopment (on-going from 2014-15)	\$1,378	\$0	\$827	\$413	\$138	\$325	\$1,105	-\$51	\$0
Baw Baw Leisure Centre- Mobile expanding seating	\$100	\$0	\$0	\$0	\$100	\$0	\$0	\$100	\$0
Baw Baw Leisure Centre- replace the external walls of the stadium	\$250	\$0	\$0	\$0	\$250	\$0	\$0	\$250	\$0
Baw Baw Leisure Centre- Boiler and Pool covers	\$200	\$0	\$0	\$0	\$200	\$0	\$0	\$200	\$0
Install Energy Saving Measures in Council Buildings Stage 2/2	\$109	\$0	\$22	\$87	\$0	\$0	\$0	\$109	\$0
Eastern Park - Provide single unisex public toilet	\$300	\$0	\$0	\$0	\$300	\$0	\$0	\$300	\$0
Toilets and Amenities Renewal and Upgrade Program	\$118	\$0	\$0	\$0	\$118	\$0	\$0	\$118	\$0
Animal Pound Construction	\$363	\$0	\$0	\$182	\$182	\$0	\$0	\$363	\$0
Community Facilities Renewal Program	\$77	\$0	\$77	\$0	\$0	\$0	\$0	\$77	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrow's
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Access Compliance Program	\$44	\$0	\$44	\$0	\$0	\$0	\$0	\$44	\$0
Ellinbank Reserve	\$992	\$0	\$794	\$198	\$0	\$100	\$330	\$562	\$0
Drouin RSL	\$12	\$0	\$9	\$2	\$0	\$0	\$0	\$12	\$0
Exhibition Hall	\$13	\$0	\$10	\$3	\$0	\$0	\$0	\$13	\$0
Drouin RSL / U3A	\$5	\$0	\$4	\$1	\$0	\$0	\$0	\$5	\$0
Public Halls	\$38	\$0	\$30	\$8	\$0	\$0	\$0	\$38	\$0
Warragul Depot	\$13	\$0	\$10	\$3	\$0	\$0	\$0	\$13	\$0
Trafalgar Council Office (Baw Baw Technology Centre)	\$19	\$0	\$15	\$4	\$0	\$0	\$0	\$19	\$0
Warragul Council Chambers and Offices	\$13	\$0	\$10	\$3	\$0	\$0	\$0	\$13	\$0
Warragul Civic Centre Smith Street Annexe	\$44	\$0	\$35	\$9	\$0	\$0	\$0	\$44	\$0
Western Park Recreation Reserve Pavilion	\$13	\$0	\$11	\$3	\$0	\$0	\$0	\$13	\$0
Robertson Sports Complex	\$22	\$0	\$18	\$4	\$0	\$0	\$0	\$22	\$0
Recreation reserves risk management	\$39	\$0	\$31	\$8	\$0	\$0	\$0	\$39	\$0
Bus Shelter Program	\$22	\$0	\$18	\$4	\$0	\$0	\$0	\$22	\$0
Sewage Dump Points Program	\$40	\$0	\$0	\$0	\$40	\$0	\$0	\$40	\$0
Public Art	\$83	\$0	\$0	\$0	\$83	\$0	\$0	\$83	\$0
Pools Fixtures & Fittings	\$55	\$0	\$50	\$6	\$0	\$0	\$0	\$55	\$0
Statutory maintenance program	\$117	\$0	\$117	\$0	\$0	\$0	\$0	\$117	\$0
Office Equipment Replacement	\$11	\$0	\$11	\$0	\$0	\$0	\$0	\$11	\$0
Ellinbank Reserve	\$51	\$0	\$10	\$41	\$0	\$0	\$0	\$51	\$0
Ellinbank Football Clubhouse	\$38	\$0	\$8	\$8	\$23	\$0	\$0	\$38	\$0
Drouin Soccer Club-Change rooms	\$50	\$0	\$20	\$30	\$0	\$0	\$0	\$50	\$0
Total Buildings	\$8,959	\$0	\$3,919	\$3,178	\$1,863	\$425	\$1,735	\$2,800	\$4,000
TOTAL PROPERTY	\$9,634	\$0	\$3,919	\$3,178	\$2,538	\$425	\$1,735	\$3,475	\$4,000

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	Borrow's \$'000
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Motor vehicles and plant	\$495	\$0	\$471	\$0	\$25	\$0	\$0	\$495	\$0
Total Plant, Machinery and Equipment	\$495	\$0	\$471	\$0	\$25	\$0	\$0	\$495	\$0
Fixtures, Fittings and Furniture	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Computers and Telecommunications									
Electronic Documentation Management System	\$110	\$0	\$0	\$22	\$88	\$0	\$0	\$110	\$0
Information Technology Program	\$220	\$0	\$154	\$66	\$0	\$0	\$0	\$220	\$0
Imagery Capture	\$25	\$0	\$18	\$8	\$0	\$0	\$0	\$25	\$0
Total Computers and Telecommunications	\$355	\$0	\$172	\$96	\$88	\$0	\$0	\$355	\$0
TOTAL PLANT AND EQUIPMENT	\$850	\$0	\$642	\$96	\$113	\$0	\$0	\$850	\$0
INFRASTRUCTURE									
Roads									
Gravel Roads Resheet Program	\$1,050	\$0	\$1,050	\$0	\$0	\$300	\$0	\$750	\$0
Road Resealing Program	\$1,000	\$0	\$1,000	\$0	\$0	\$300	\$0	\$700	\$0
Reseal Preparation Works	\$200	\$0	\$200	\$0	\$0	\$0	\$0	\$200	\$0
Crack Sealing Program	\$45	\$0	\$45	\$0	\$0	\$0	\$0	\$45	\$0
Road Safety Improvement Program	\$588	\$0	\$294	\$294	\$0	\$588	\$0	\$0	\$0
Localised Pavement Repair Program	\$1,100	\$0	\$1,100	\$0	\$0	\$400	\$0	\$700	\$0
Road Upgrade Program	\$400	\$0	\$80	\$320	\$0	\$0	\$0	\$400	\$0
Road Reconstruction Program	\$3,000	\$0	\$2,250	\$750	\$0	\$3,000	\$0	\$0	\$0
Traffic Improvement Works	\$110	\$0	\$44	\$66	\$0	\$0	\$0	\$110	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrow's
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Native Vegetation Offset-Statutory requirement	\$60	\$0	\$60	\$0	\$0	\$0	\$0	\$60	\$0
Pedestrian Crossing construction between Bank Place and main South Road	\$80	\$0	\$16	\$64	\$0	\$0	\$0	\$80	\$0
Yarragon-Leongatha Road & Yarragon South Road intersection re-alignment- Construction	\$250	\$0	\$50	\$200	\$0	\$0	\$0	\$250	\$0
Trafalgar Recreation Reserve	\$385	\$0	\$116	\$231	\$39	\$0	\$0	\$385	\$0
DIRS014 Mason Street / Albert Street, Warragul intersection treatment -Design and Construct roundabout / traffic lights at the Mason Street / Albert Street intersection.	\$440	\$0	\$0	\$0	\$440	\$0	\$71	\$369	\$0
DIRS015 Napier Street / Queen Street, Warragul - Design intersection at Napier Street / Queen Street to include traffic lights.	\$40	\$0	\$0	\$0	\$40	\$0	\$0	\$40	\$0
Mason Street between Queen and Albert- Design & Construct Roundabout at Mason-Palmerston St	\$308	\$0	\$123	\$185	\$0	\$0	\$21	\$287	\$0
Subdivision Program	\$120	\$0	\$0	\$84	\$36	\$0	\$0	\$120	\$0
Guard Rail Installation Program	\$100	\$0	\$10	\$10	\$80	\$0	\$0	\$100	\$0
Kerb & Channel Renewal Program	\$100	\$0	\$100	\$0	\$0	\$0	\$0	\$100	\$0
Off-street car parks and street parking rehabilitation program	\$33	\$0	\$30	\$3	\$0	\$0	\$0	\$33	\$0
Recreation Reserve Existing Entrance Renewal Program	\$150	\$0	\$60	\$90	\$0	\$0	\$0	\$150	\$0
New parking and traffic signs (PRC)	\$22	\$0	\$2	\$9	\$11	\$0	\$0	\$22	\$0
Roadside Signage & Fittings Annual Renewal Program	\$55	\$0	\$55	\$0	\$0	\$0	\$0	\$55	\$0
Street tree planting program	\$58	\$0	\$0	\$6	\$52	\$0	\$0	\$58	\$0
Replace damaged decorations and faulty Christmas lights	\$11	\$0	\$10	\$1	\$0	\$0	\$0	\$11	\$0
Laneway Program	\$22	\$0	\$7	\$15	\$0	\$0	\$0	\$22	\$0
Future Storm Event(s)	\$200	\$0	\$200	\$0	\$0	\$200	\$0	\$0	\$0

Total roads		\$9,927	\$0	\$6,901	\$2,329	\$698	\$4,788	\$92	\$5,047	\$0
Capital Works Area	Project cost	Asset expenditure type				Summary of funding sources				
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrow's	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bridges										
Minor Bridge Renewal Program	\$165	\$0	\$165	\$0	\$0	\$0	\$0	\$165	\$0	\$0
Bona Vista Rd Bridge	\$195	\$0	\$175	\$19	\$0	\$0	\$0	\$195	\$0	\$0
Daveys Road Bridge	\$711	\$0	\$640	\$71	\$0	\$355	\$0	\$356	\$0	\$0
Allambee Estate Rd Bridge (B044, 045, 046) - Replace Bridges	\$1,000	\$0	\$900	\$100	\$0	\$500	\$0	\$500	\$0	\$0
Saviges Rd (MC038)	\$114	\$0	\$103	\$11	\$0	\$0	\$0	\$114	\$0	\$0
Total Bridges	\$2,185	\$0	\$1,983	\$202	\$0	\$855	\$0	\$1,330	\$0	\$0
Footpaths and Cycleways										
Footpath Renewal Program	\$165	\$0	\$165	\$0	\$0	\$0	\$0	\$165	\$0	\$0
Pram Crossing/DDA Upgrades	\$11	\$0	\$3	\$8	\$0	\$0	\$0	\$11	\$0	\$0
New Footpath Program	\$900	\$0	\$0	\$0	\$900	\$0	\$0	\$900	\$0	\$0
Total Footpaths and Cycleways	\$1,076	\$0	\$168	\$8	\$900	\$0	\$0	\$1,076	\$0	\$0
Drainage										
Tarwin Street Retarding Basin	\$1,816	\$0	\$363	\$545	\$908	\$0	\$0	\$1,816	\$0	\$0
Roadside drains and flanking - Rural Road (sealed)	\$400	\$0	\$160	\$240	\$0	\$0	\$0	\$400	\$0	\$0
21 Hearn Street Drouin	\$95	\$0	\$28	\$66	\$0	\$0	\$0	\$95	\$0	\$0
Bona Vista Rd, Gibson Rd- Drainage Upgrade	\$80	\$0	\$24	\$56	\$0	\$0	\$0	\$80	\$0	\$0
61 Main Neerim Road	\$127	\$0	\$38	\$89	\$0	\$0	\$0	\$127	\$0	\$0
Calway Street Drouin (at Elizabeth Street)	\$25	\$0	\$8	\$18	\$0	\$0	\$0	\$25	\$0	\$0
2 Pryor Road Drouin	\$33	\$0	\$10	\$23	\$0	\$0	\$0	\$33	\$0	\$0
Total Drainage	\$2,577	\$0	\$631	\$1,037	\$908	\$0	\$0	\$2,577	\$0	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrow's
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Recreational, Leisure and Community Facilities									
Ellinbank Reserve	\$40	\$0	\$4	\$16	\$20	\$0	\$0	\$40	\$0
Sports Court/Field Renewal Program	\$167	\$0	\$167	\$0	\$0	\$0	\$0	\$167	\$0
Western Park Recreation Precinct (on-going 2 year project to be completed by 17/18)	\$721	\$0	\$0	\$0	\$721	\$649	\$0	\$72	\$0
Ellinbank Reserve	\$50	\$0	\$10	\$40	\$0	\$0	\$0	\$50	\$0
Eastern Park	\$252	\$0	\$0	\$0	\$252	\$80	\$0	\$172	\$0
Logan Park	\$200	\$0	\$40	\$160	\$0	\$0	\$0	\$200	\$0
Recreation Lighting Renewal Program	\$48	\$0	\$48	\$0	\$0	\$0	\$0	\$48	\$0
Parks and Open Space Improvements	\$12	\$0	\$2	\$9	\$0	\$0	\$0	\$12	\$0
Balmoral Park - Upgrade lighting	\$110	\$0	\$22	\$88	\$0	\$0	\$0	\$110	\$0
Annual Playground Equipment renewal, and upgrade program	\$262	\$0	\$210	\$52	\$0	\$0	\$0	\$262	\$0
Wetland Establishment Program	\$73	\$0	\$58	\$15	\$0	\$0	\$0	\$73	\$0
Total Rec, Leisure and Comm'y Facilities	\$1,935	\$0	\$561	\$380	\$993	\$729	\$0	\$1,206	\$0
Waste Management									
Transfer Station- Access Improvement, Signage and Gate installation	\$62	\$0	\$6	\$55	\$0	\$0	\$0	\$62	\$0
Public Place Recycling Bins 2016 -17 Supply and install recycling bins in Township CBDs	\$10	\$0	\$0	\$0	\$10	\$0	\$0	\$10	\$0
Total Waste Management	\$72	\$0	\$6	\$55	\$10	\$0	\$0	\$72	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New	Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrow's
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other Infrastructure									
Future Forward Design Program	\$180	\$0	\$0	\$144	\$36	\$0	\$0	\$180	\$0
Future Small Towns seed funding for future projects	\$20	\$0	\$0	\$0	\$20	\$0	\$0	\$20	\$0
Total Other Infrastructure	\$200	\$0	\$0	\$144	\$56	\$0	\$0	\$200	\$0
TOTAL INFRASTRUCTURE	\$17,972	\$0	\$10,252	\$4,155	\$3,565	\$6,372	\$92	\$11,508	\$0
TOTAL NEW CAPITAL WORKS 2015/16	\$28,456	\$0	\$14,812	\$7,428	\$6,216	\$6,797	\$1,827	\$15,833	\$4,000

2.Works carried forward from the 2015/16 year

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
PROPERTY									
Yarragon Retardation- Land acquisition	\$205	\$0	\$0	\$0	\$205	\$0	\$0	\$205	\$0
Total Land	\$205	\$0	\$0	\$0	\$205	\$0	\$0	\$205	\$0
Buildings									
New Animal Pound	\$578	\$0	\$0	\$289	\$289	\$0	\$0	\$578	\$0
West Gippsland Arts Centre	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bellbird Park Indoor Stadium Drouin	\$110	\$0	\$55	\$55	\$0	\$0	\$0	\$110	\$0
Community Facilities Package 1	\$70	\$0	\$0	\$70	\$0	\$0	\$0	\$70	\$0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Buildings	\$758	\$0	\$55	\$414	\$289	\$0	\$0	\$758	\$0
TOTAL PROPERTY	\$963	\$0	\$55	\$414	\$494	\$0	\$0	\$963	\$0
PLANT AND EQUIPMENT									
Computers and Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Computers and Telecommunications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PLANT AND EQUIPMENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
INFRASTRUCTURE									
Roads	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pedestrian Cross Bank PI Main Sth Road	\$48	\$0	\$24	\$24	\$0	\$0	\$0	\$48	\$0
Drouin Wayfind Sign Design	\$8	\$0	\$8	\$0	\$0	\$0	\$0	\$8	\$0
Total Roads	\$56	\$0	\$32	\$24	\$0	\$0	\$0	\$56	\$0
Bridges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Bridges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Recreational, Leisure and Community Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Rec, Leisure and Comm'y Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Waste Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Trafalgar Landfill- Lining Leachate dam	\$250	\$0	\$0	\$250	\$0	\$0	\$0	\$250	\$0
Total Waste Management	\$250	\$0	\$0	\$250	\$0	\$0	\$0	\$250	\$0

Capital Works Area	Project cost \$'000	Asset expenditure type				Summary of funding sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrow's \$'000
Parks, Open Space and Streetscapes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Parks, Open Space and Streetscapes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INFRASTRUCTURE	\$306	\$0	\$32	\$274	\$0	\$0	\$0	\$306	\$0
TOTAL CARRIED FWD WORKS 2014/15	\$1,269	\$0	\$87	\$688	\$494	\$0	\$0	\$1,269	\$0
TOTAL CAPITAL WORKS	\$29,725	\$0	\$14,899	\$8,116	\$6,710	\$6,797	\$1,827	\$17,102	\$4,000

6.3 Summary

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	Borrow's \$'000
PROPERTY	\$10,597	\$0	\$3,974	\$3,592	\$3,032	\$425	\$1,735	\$4,438	\$4,000
PLANT AND EQUIPMENT	\$850	\$0	\$642	\$96	\$113	\$0	\$0	\$850	\$0
INFRASTRUCTURE	\$18,278	\$0	\$10,284	\$4,429	\$3,565	\$6,372	\$92	\$11,814	\$0
TOTAL CAPITAL WORKS	\$29,725	\$0	\$14,899	\$8,116	\$6,710	\$6,797	\$1,827	\$17,102	\$4,000

6. Rates and charges

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

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.3% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government have introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

Every effort has been made to minimise cost increases in the 2016/17 budget, resulting in a surplus of \$21.6 million. The \$17.1 million contribution from operations toward capital investment for the 2016/17 year will enable a robust capital works program to be maintained.

Recent operating efficiency savings, including organisation restructure savings in excess of \$1.0 million per annum, now enables Council to maintain current services and fund a significantly larger capital works program which remaining within the 2.5% rate cap.

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.4440	0.4506	1.5%
General rate for rateable commercial and industrial properties	0.5771	0.5857	1.5%
General rate for rateable farm properties	0.3996	0.4055	1.5%
General rate for rateable urban living properties	0.3996	0.4055	1.5%
General rate for rateable residential development properties	0.5771	0.5857	1.5%
General rate for rateable vacant land	0.7103	0.7209	1.5%

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	25,977,679	27,140,687	4.5%
Commercial and Industrial	3,857,920	4,091,790	6.1%
Farm	8,998,726	8,799,047	-2.2%
Urban Living	599,341	614,209	2.5%
Residential Development	0	53,331	100.0%
Vacant Land	2,182,702	2,558,179	17.2%
Recreational	43,885	62,029	41.3%
Total amount to be raised by general rates	41,660,254	43,319,271	4.0%

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

Type or class of land	2015/16 Number	2016/17 Number	Change
Residential	18,128	18,420	1.6%
Commercial and Industrial	1,404	1,410	0.4%
Farm	2,965	2,949	-0.5%
Urban Living	145	141	-2.8%
Residential Development	0	4	100.0%
Vacant Land	1,854	1,860	0.3%
Recreational	14	14	0.0%
Total number of assessments	24,510	24,798	1.2%

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

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	5,851,404,000	6,023,768,000	2.9%
Commercial and Industrial	668,451,000	698,582,000	4.5%
Farm	2,252,155,000	2,169,904,000	-3.7%
Urban Living	150,000,000	151,468,000	1.0%
Residential Development	0	9,105,000	100.0%
Vacant Land	307,280,000	354,861,000	15.5%
Recreational	9,885,000	13,767,000	39.3%
Total value of land	9,239,175,000	9,421,455,000	2.0%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	Not Applicable	Not Applicable	

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	Not Applicable	Not Applicable	

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Residential Garbage	376	376	0.0%
Residential additional green waste	72	72	0.0%
Residential additional 120 litre garbage	85	85	0.0%
Residential additional 240 litre recycling	48	48	0.0%
Tanjil Bren garbage	118	118	0.0%
Walhalla garbage	183	183	0.0%
Commercial garbage-120 litre	411	411	0.0%
Commercial garbage-240 litre	485	485	0.0%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Residential Garbage	6,711,083	6,912,384	3.0%
Residential additional green waste	2,160	5,688	163.3%
Residential additional 120 litre garbage	32,045	36,125	12.7%
Residential additional 240 litre recycling	6,768	7,488	10.6%
Tanjil Bren garbage	5,074	5,074	0.0%
Walhalla garbage	10,980	10,980	0.0%
Commercial garbage-120 litre	206,322	200,979	-2.6%
Commercial garbage-240 litre	213,885	226,010	5.7%
Total	7,188,317	7,404,728	3.0%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Rates and charges	48,848,571	50,723,999	3.8%
Supplementary rates and charges	271,022	290,644	7.2%
Rates and charges	49,119,593	51,014,643	3.9%

* This reflects a budget to budget comparison.

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

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

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

Differential rates

7.2.1 Rates to be levied

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

- Residential
- Commercial and Industrial
- Farm
- Vacant Land
- Urban Living
- Residential Development

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

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

The general objective of each differential rates are to ensure that all rateable land makes an equitable contribution to the cost of carrying out the functions of Council including the;

- Construction and maintenance of public infrastructure
- Development and provision of health and community services
- Provision of general support services

Or

A specific objective as described within the differential characteristic.

Types and Classes

Rateable land having the relevant characteristics described in each category below

Use and Level of Differential Rate

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

Geographical Location

Wherever located within the municipal district.

Use of Land

Any use permitted under the Baw Baw Shire Planning Scheme

Planning Scheme Zoning

The zoning application applicable to each rateable land within this category, as determined by consulting maps referred to in the Baw Baw Shire Planning Scheme

Differential Tariff Definitions and Characteristics

1. **Residential Land** – means any land:
 - a) that is used exclusively for residential purposes; or
 - b) on which a habitable building is erected, which building is unoccupied, and which is zoned Residential under the Baw Baw Planning Scheme; or
 - c) any land which is not otherwise classified as Commercial and Industrial Land, Farm Land, Vacant Land, Urban Living Land or Residential Development Land.

2. **Commercial and Industrial Land** – means any land that:

- a) does not have the characteristics of:
 - i. Residential Land;
 - ii. Farm Land;
 - iii. Vacant Land;
 - iv. Urban Living Land; or
 - v. Residential Development Land; and
- b) is used predominantly for commercial and/or industrial purposes; or
- c) is otherwise zoned Commercial or Industrial under the Baw Baw Planning Scheme.

3. **Farm Land** – means any land that:

- a) does not have the characteristics of:
 - i. Urban Living Land; or
 - ii. Residential Development Land; and
- b) has an area of at least 40 hectares and is used predominantly for the business of 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; or
- c) has an area of not less than 2 hectares and less than 40 hectares and Council is satisfied, upon application, that it is used predominantly for the business of 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.

To avoid doubt, 'business' for the purposes of identifying Farm Land has the same meaning as that given to it by section 2(1) of the *Valuation of Land Act 1960* for the same purpose, being a business that:

- d) has a significant and substantial commercial purpose or character; and
- e) seeks to make a profit on a continuous or repetitive basis from its activities on the land; and
- f) is making a profit from its activities on the land, or has a reasonable prospect of making a profit from its activities on the land if it continues to operate in the way that it is operating.

4. **Vacant Land** – means any land that is:

- a) does not have the characteristics of:
 - i. Farm Land;
 - ii. Urban Living Land; or
 - iii. Residential Development Land; and
- b) on which no building is erected, save for any uninhabitable shed or shelter, the size of which does not exceed 5% of the total area of the land.

5. **Urban Living Land** – means any land:

- a) which is located in the Urban Growth Zone which has a Precinct Structure Plan in place under the Baw Baw Planning Scheme;
- b) has an area not less than 2 hectares; and
- c) in respect of which no planning permit authorising subdivision of the land has been issued.

Residential Development – means any land which:

- a) is located in the Urban Growth Zone which has a Precinct Structure Plan in place under the Baw Baw Planning Scheme; and
- b) has an area not less than 2 hectares; and
- c) in respect of which a planning permit authorising subdivision of the land has been issued.

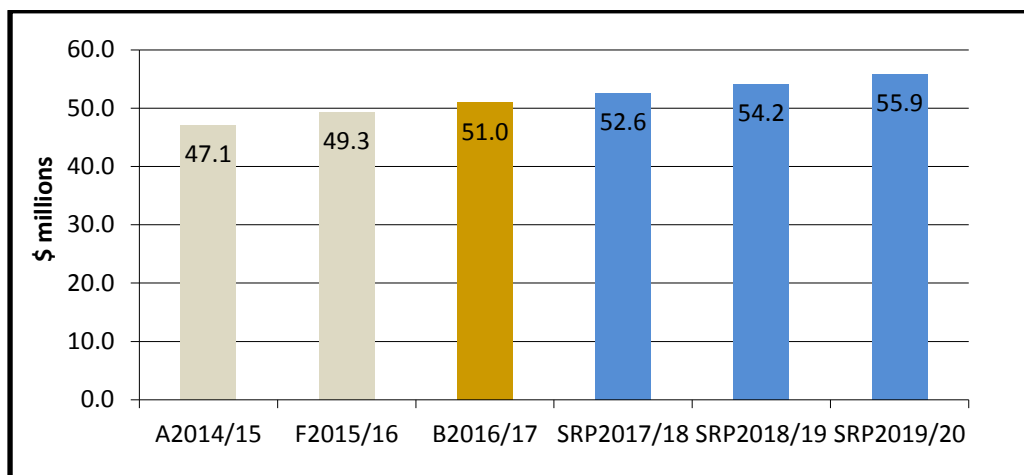
Budget Analysis

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

8. Summary of financial position

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

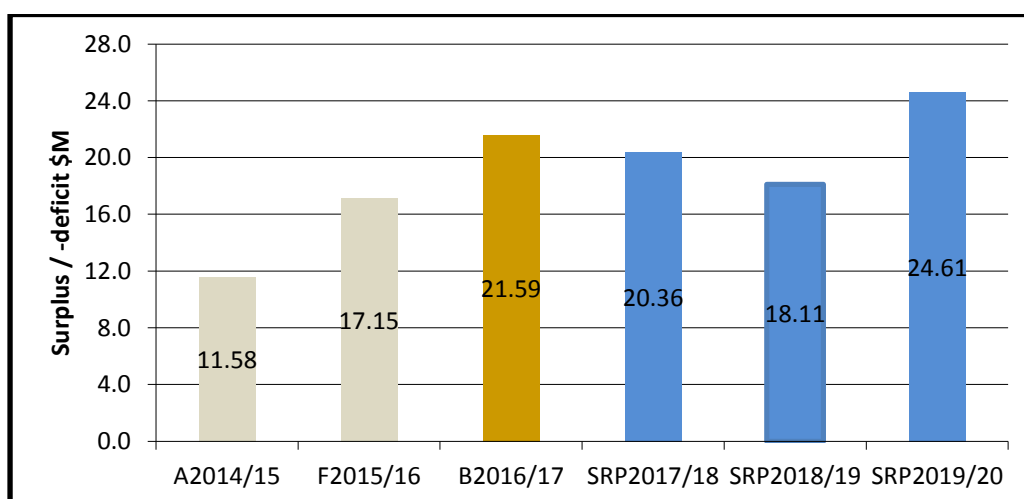
8.1 Total rates and charges



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

It is proposed that the average rate increase by 2.5% for the 2016/17 year, raising total rates of \$51.02 million, including \$0.29 million generated from supplementary rates and charges. This will result in an increase in total revenue from rates and service charges of 3.4%. This rate increase is in line with rate cap set by the Minister for Local Government. (The rate increase for the 2015/16 year was 3.6%). Refer also Sections 7 and 10 for more information.

8.2 Operating result

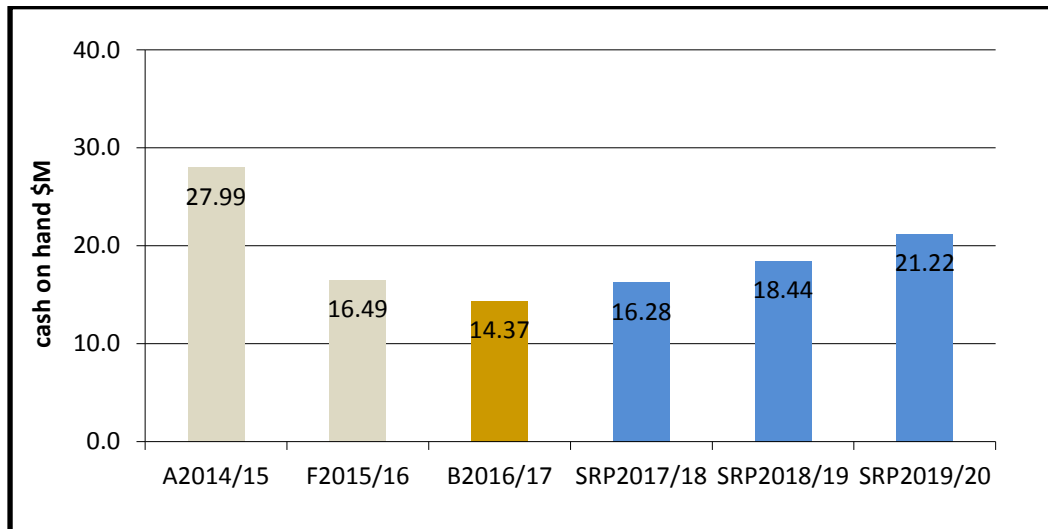


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

The expected operating result for the 2016/17 year is a surplus of \$21.59 million, which is an increase of \$4.44 million over 2015/16. The improved operating result is due mainly to the increase in Operating grants for the 2016/17 financial year. This has been impacted by the timing of the receipt of funding from the Victoria Grants Commission.

The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$6.50 million, which is an increase of \$5.80 million over 2015/16 – refer to Section 7 of this summary for further information. (The forecast operating result for the 2015/16 year is a surplus of \$17.15 million).

8.3 Cash and investments

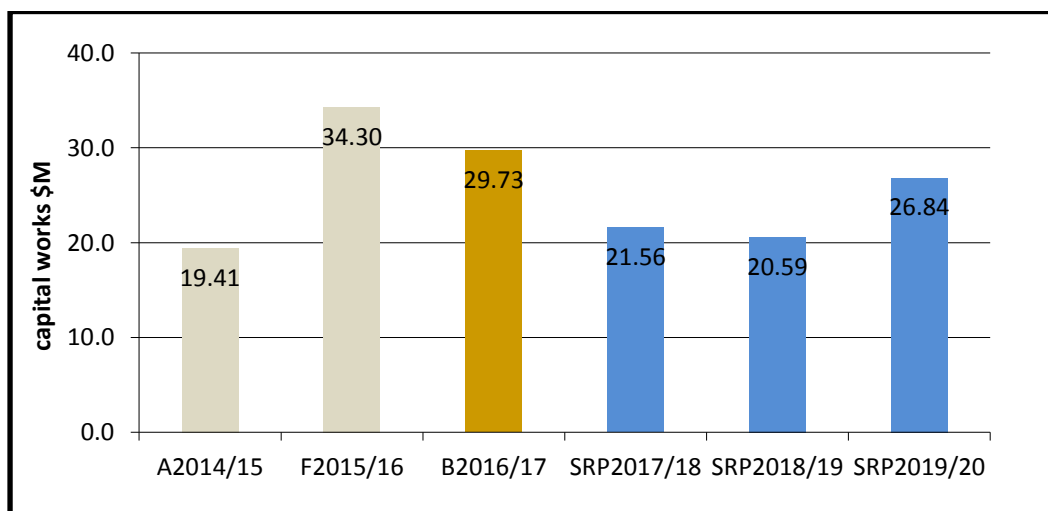


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

Cash and investments are expected to decrease by \$2.12 million during the year to \$14.37 million as at 30 June 2017. This is due mainly to the large cash investment in capital \$29.73 million during the financial year, that is budgeted to be fully expended. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$16.49 million as at 30 June 2016).

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

8.4 Capital works

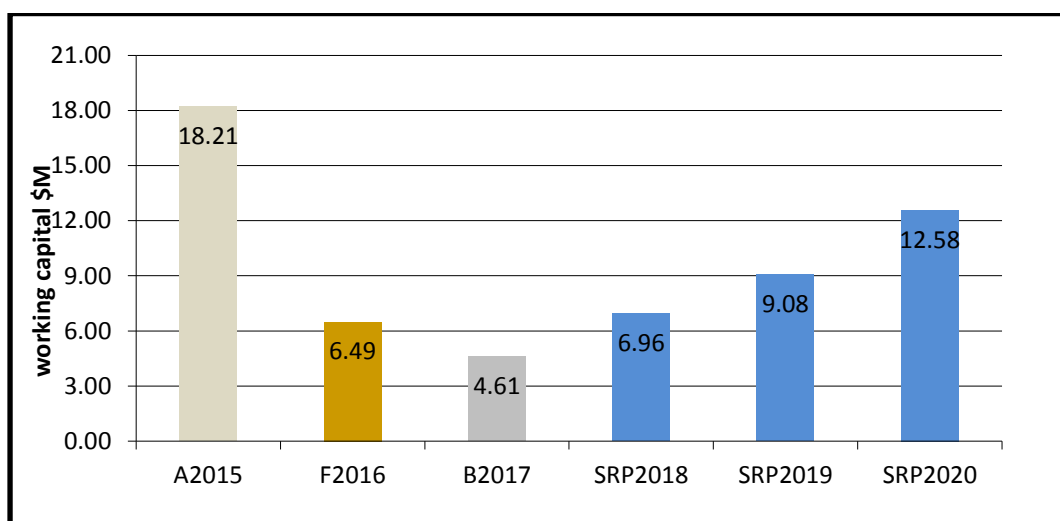


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

The capital works program for the 2016/17 year is expected to be \$29.73 million of which \$1.27 million relates to projects which will be carried forward from the 2015/16 year. The carried forward component is fully funded from the 2015/16 budget. Of the \$29.73 million of capital funding required, \$6.80 million is derived from external grants, \$1.83 million from contributions and the balance of \$21.10 million from Council cash and borrowings. The Council cash amount comprises asset sales (\$0.16 million), cash generated through operations in the 2016/17 financial year (\$15.40 million) and cash from reserves (\$1.54 million). The budget also provides for borrowings of \$4.00 million. The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes renewal and upgrade works on the West Gippsland Arts Centre and extensive renewal works on roads. (Capital works is forecast to be \$34.30 million for the 2015/16 year).

Refer also Section 3 for the Statement of Capital Works and Section 12 for an Analysis of the Capital Budget (including Funding Sources)

8.5 Financial position



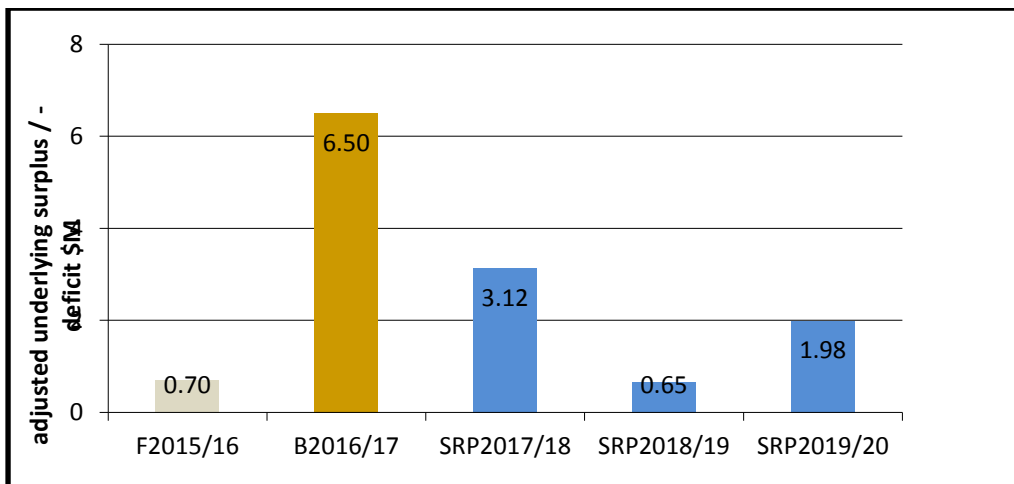
A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

Financial position represents Council's Current Assets less Current Liabilities. The financial position is expected to decrease by \$1.88 million to \$4.61 million. This has occurred because Cash and Cash Equivalents have decreased by \$2.12 million to \$14.37 million. This is mainly due to the use of cash reserves to fund the capital works program. Successive years are expected to result in an increased net current assets due to increased reserve balances.

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

8.6 Financial sustainability

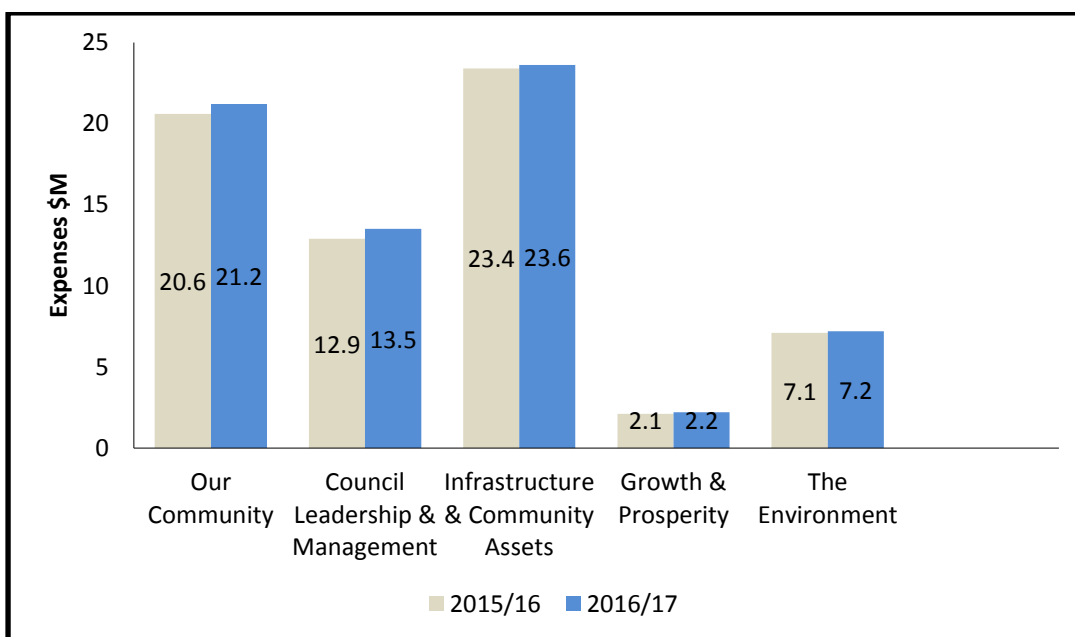
A high level Strategic Resource Plan for the years 2017/18 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan.



The adjusted underlying result, which is a measure of financial sustainability, shows an ongoing surplus for the four year period, reducing from the highest level in the 2016/17 financial year.

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

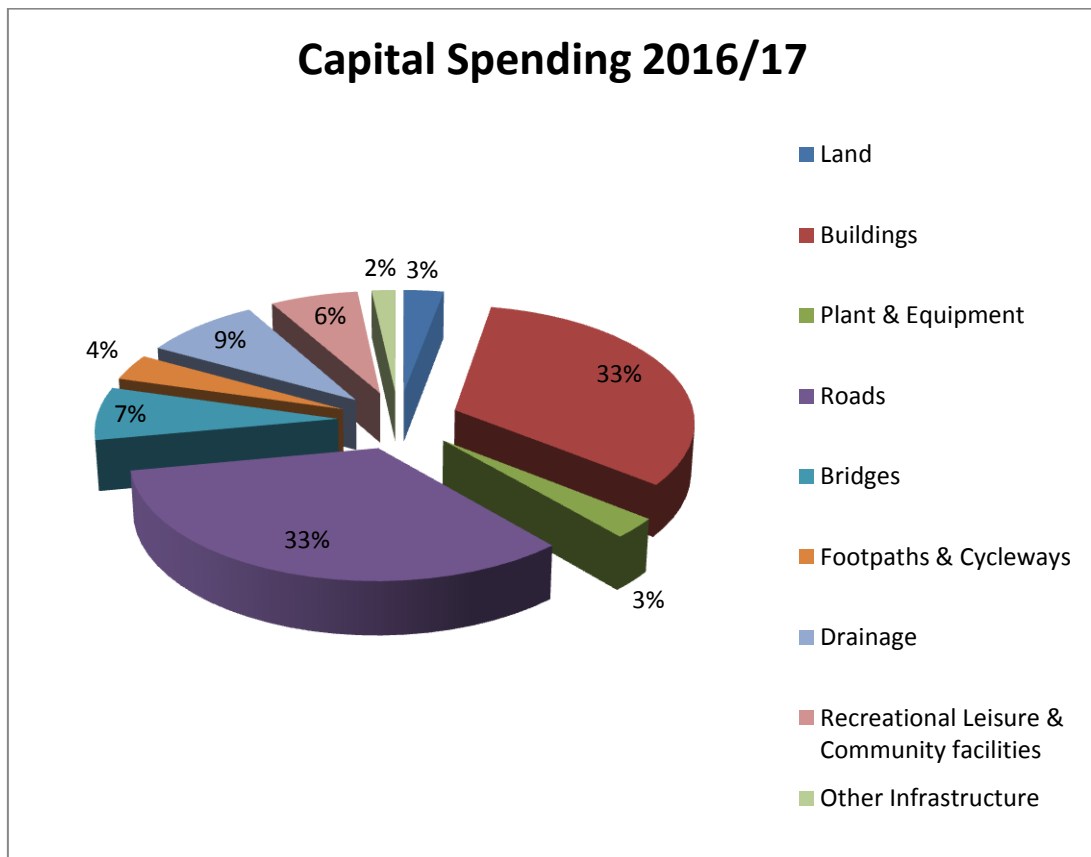
8.7 Strategic objectives



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

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

8.8 Council expenditure allocations



The above chart provides an indication of how Council allocates its expenditure across the main asset categories. Details of capital projects within each of these categories, including funding sources is provided in Section 6.

9. Budget influences

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

9.1 Snapshot of Baw Baw Shire Council

Baw Baw Shire Council is approximately 100 kilometres east of Melbourne in the heart of West Gippsland.

It has an area of 4,027 square kilometres and was formed in 1994 from the amalgamation of the former Buln Buln and Narracan shires, the Rural City of Warragul (previously the Shire of Warragul), and some parts of the Shire of Upper Yarra.

It includes the towns of Drouin, Longwarry, Neerim South, Trafalgar, Warragul, Yarragon, Willowgrove and Thorpdale.

The Shire is named after the major geographical feature in the region, which is Mount Baw Baw.

The northern half of the Shire is heavily forested and lies in the Great Dividing Range and its foothills, including parts of the Mt Baw Baw National Park, while the Shire is bounded by the Strzelecki Range and its foothills in the south. The “middle” part of the Shire is more densely populated, particularly in areas close to the Princes Highway and The Gippsland Railway Line, but it still retains its rural environment.

Baw Baw is bordered by South Gippsland, Cardinia, Yarra Ranges, Mansfield and Wellington Shires, with the City of Latrobe completing the neighbouring Councils.

Population

The expected population of Baw Baw LGA is expected to increase by 31.8% from the period 2011 to 2026 (as projected by DPCP- Victoria In Future).

Ageing population

The population is ageing within the Shire, and this has implications for health and social services as well as leisure and cultural services.

The projected age structure sees a decline in people in the 0-59 year age group, with the exception of the 25-34 year age group which is expected to increase slightly. It is also projected that there will be an increase in the 60+ age group, but a bigger increase in those between the ages of 70 and 84 years.

Births

Despite an ageing population, births in the Shire were as follows:

Year	Number of Births
2012	546
2013	544
2014	566
2015	558

Cultural Diversity

85.3% of residents in the Baw Baw Shire were born in Australia.

Housing

A diverse range of housing is available from rural and farming lifestyles, urban rural houses on larger blocks to smaller town houses/apartment style, however 89.6% of dwellings are a separate house and 6% semi-detached.

Transport and Accessibility

There is easy access from the Shire to Melbourne in the west and Lakes Entrance to the east. A regular train service runs parallel to the Princes Highway, crossing the Shire with stations at Yarragon, Trafalgar, Warragul, Drouin and Longwarry. The area is well serviced with a number of freight companies that provide road transport to and from Melbourne. Melbourne International airport is located approximately one and a half hours from the main business centre within the Shire.

Building Permits

Permits received in 2013/14 were 1,144 with an estimated value of \$173,650,571.

Permits received in 2014/15 were 1,135 with an estimated value of \$169,177,430.

Industry

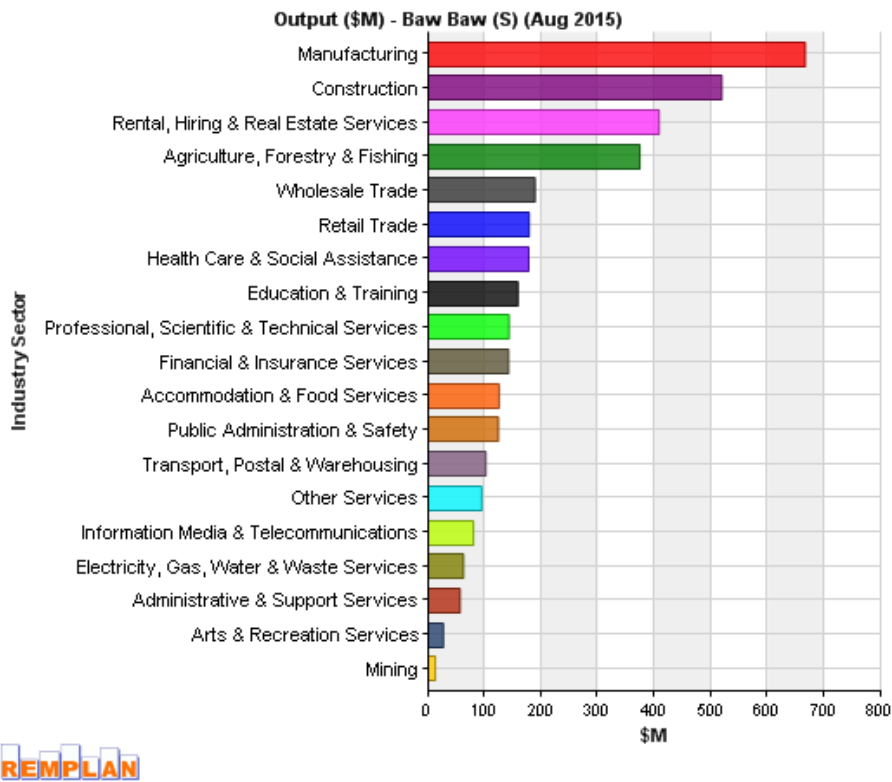
The Baw Baw Shire region is estimated to have an economic output of \$3.637 billion as of August 2015.

Manufacturing is the largest output sector at \$666.479million. Construction was the second highest output with \$519.067 million and Rental, Hiring and Real Estate Services third with \$408.127 million. Agriculture, Forestry and Fishing was fourth highest with output of \$374.151 million.

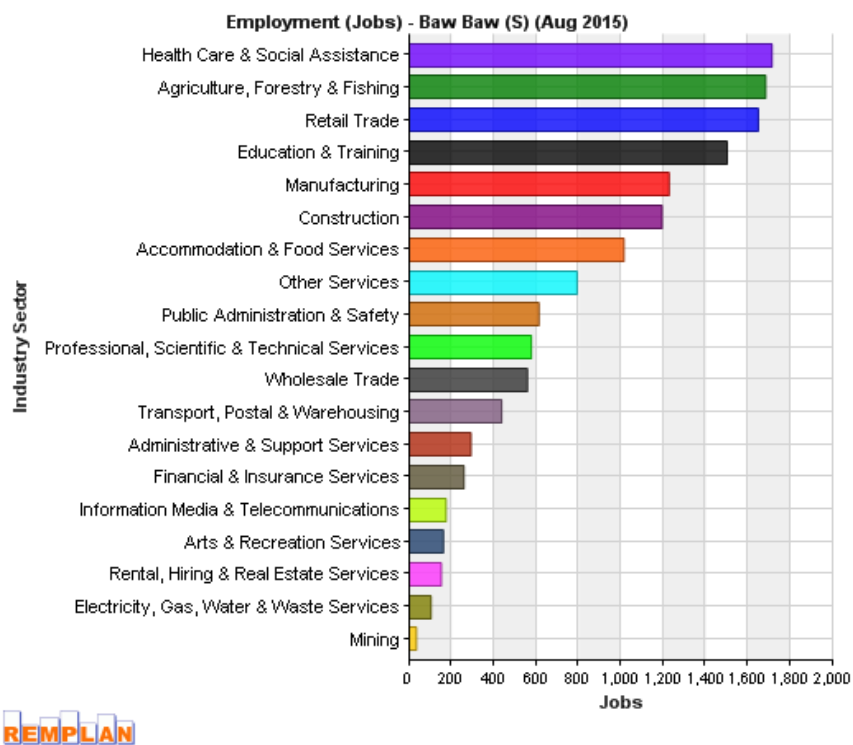
HealthCare and Social Assistance was the largest employer in the Shire employing 1,714, Agriculture, Forestry and Fishing 1,683 people followed by Retail with 1,648, Education and Training 1,501 and Manufacturing at 1,227.

Major industries within Baw Baw Shire include Agriculture, and Primary Industry. The dairy industry dominates in both primary and value added sectors, other strong primary production is found in livestock production, potato production, hydroponics, orchard fruit and timber. Manufacturing consists of food value adding, metals fabrication, timber fabrication, food packaging manufacture and specialised machinery.

The table below illustrates output to the nearest million for Baw Baw Shire as of August 2015.



The table below illustrates employment to the nearest thousand as of August 2015.



Budget implications

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

- Asset management continues to be a challenge and there is a need to allow for replacement of ageing infrastructure and the upgrade, renewal and maintenance of roads, footpaths and drainage, which are all reaching the end of their useful lives.
- An amount of \$0.2 million is included in the budget in order to provide eligible ratepayers with an additional \$50 rebate to their rates and charges.
- The growth across the Shire is resulting in greater demand for services to support the community.
- Continued population growth in the coming years will see a greater demand in infrastructure development and maintenance.

9.2 External influences

- Consumer Price Index (CPI) increases on goods and services of 1.7% through the year to December quarter 2015 (ABS release 28 January 2015). State-wide CPI is forecast to be 2.5% for the 2016/17 year (Victorian Budget Papers 2015/16).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2015 was 1.7% (ABS release 13 August 2015). The wages price index in Victoria is projected to be 3.25% per annum in 2016/17 and the subsequent two years (Victorian Budget Papers 2015/16). Council must renegotiate a new Collective Agreement during the 2016/17 year for commencement on 1 July 2017.
- The removal of indexation from the Victoria Grants Commission allocation.
- Receipt of capital works funding of \$6.79 million to enable Council to undertake an extensive range of capital works projects.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in additional waste tipping costs. The levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years) and has added to Council's costs.
- Cost shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervision, Library services and Home and Community Care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of the all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

9.3 Internal influences

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

- High level of capital expenditure planned for 2016/17 to address infrastructure needs within the Shire.
- Employee costs have increased by 2.85% in accordance with the Enterprise Bargaining Agreement, but this has been partially offset by a reduction in FTE's due to changes in operation of the Transfer Stations.
- Increased depreciation due to the revaluation of assets.

- The potential for a loan of \$4.0 million to support the redevelopment of the West Gippsland Arts Centre.
- An increase in net operating costs to Council for the West Gippsland Arts Centre due to the redevelopment, with reduced income, and ongoing fixed costs.

9.4 Budget principles

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

- Existing fees and charges to be increased in line with CPI or market levels.
- Grants to be based on confirmed funding levels.
- New revenue sources to be identified where possible.
- Service levels to be maintained where possible at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency.
- Salaries and wages to be increased in line with the Enterprise Bargaining Agreement.
- Contract labour to be minimised.
- Construction and material costs to increase in line with the Engineering Construction Index (refer 'Rawlinsons Australian Construction Handbook')
- New initiatives or employee proposals to be justified through a business case.
- Real savings in expenditure and increases in revenue identified in 2015/16 to be preserved
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

9.5 Long term strategies

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

10. Analysis of operating budget

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

10.1 Budgeted income statement

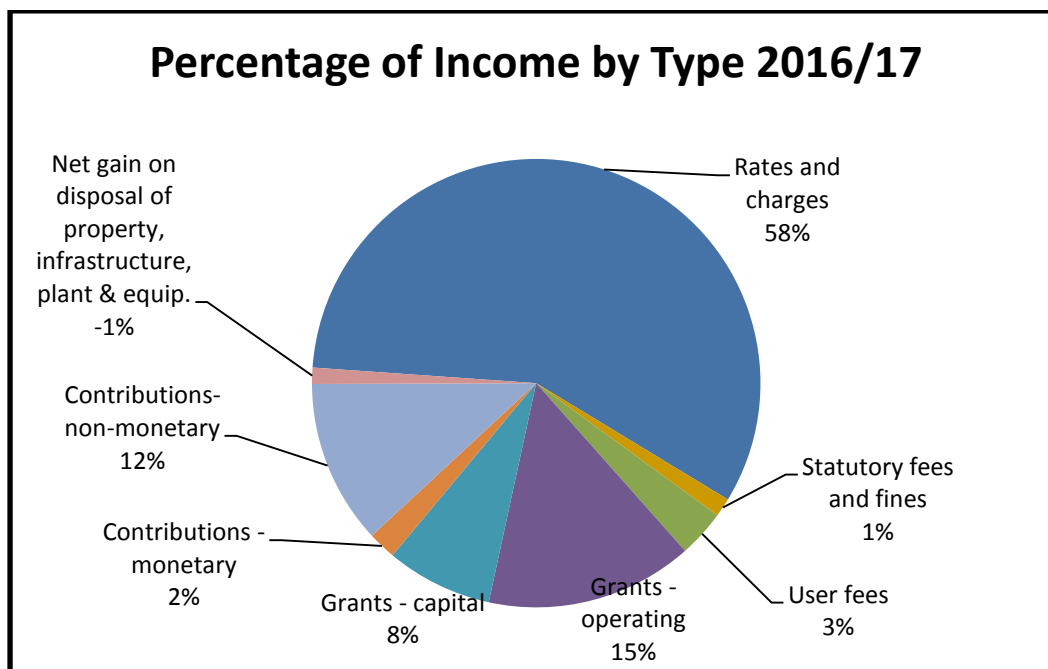
	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance
Total income	10.2	83,186	87,561	4,375
Total expenses	10.3	(66,039)	(65,975)	64
Surplus (deficit) for the year		17,147	21,586	4,439
Grants –non-recurrent capital	10.2.6	(4,599)	(2,796)	1,803
Contributions - non-monetary assets		(10,692)	(10,500)	192
Capital contributions - other sources	10.2.4	(1,161)	(1,791)	(630)
Adjusted underlying surplus (deficit)		695	6,499	5,804

10.1.1 Adjusted underlying surplus (\$5.80 million increase)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2016/17 year is a surplus of \$6.50 million which is an increase of \$5.80 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets and monetary contributions are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

10.2 Income

Income Types	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Rates and charges	10.2.1	49,320	51,015	1,695
Statutory fees and fines	10.2.2	1,160	1,196	36
User fees	10.2.3	3,384	3,025	(359)
Grants - operating	5.1.1	9,019	13,254	4,235
Grants - capital	5.1.2	8,353	6,796	(1,557)
Contributions - monetary	10.2.4	1,161	1,791	630
Contributions- non-monetary	10.2.5	10,692	10,500	(192)
Net gain on disposal of property, infrastructure, plant & equip.	10.2.6	(968)	(1,038)	(70)
Share of net profits (losses) of associates and joint ventures	10.2.7	30	30	0
Other income	10.2.8	1,035	992	(43)
Total income		83,186	87,561	4,375



Source: Section 3

10.2.1 Rates and charges (\$1.70 million increase)

It is proposed that income raised by all rates and charges be increased by 3.4% or \$1.70 million over 2015/16 to \$51.02 million. This includes increases in general rates of 2.5%, no change to the fee for waste collection and supplementary rates and charges to increase by \$0.02 million over 2015/16 to \$0.29 million.

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

10.2.2 Statutory fees and fines (\$0.04 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.

Statutory fees are forecast to increase by 3.1% or \$0.04 million compared to 2015/16, with minimal movement across most fee categories.

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

10.2.3 User fees (\$0.36 million decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include separate rating schemes, 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, the key principle for determining the level of user charges has been to optimise the pricing of fees and charges.

User charges are projected to decrease by 10.6% or \$0.36 million over 2015/16. The main area contributing to the decrease is the reduction in fees for the West Gippsland Arts Centre. It is expected that the Arts Centre will not be operational for six months of the financial year, so income will be significantly reduced. This is due to the redevelopment of the facility.

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

10.2.4 Contributions - monetary (\$0.63 million increase)

Contributions relate to monies paid to Council in regard to public open space and developer contributions in accordance with planning and building permits issued for property development.

Contributions are projected to increase by \$0.63 million or 54.3% compared to 2015/16 due mainly to expected receipt of external funding for specific capital projects.

10.2.5 Contributions – non-monetary (\$0.19 million decrease)

Contributions relate to gifted assets from developers in regard to public open space, drainage and car parking in accordance with planning permits issued for property development. Contributions are expected to decrease in 2016/17 compared to 2015/16, due to the projected level of activity within Council by developers.

10.2.6 Net gain on disposal of property, infrastructure, plant and equipment (\$0.07 million increase)

Proceeds from the disposal of Council assets is forecast to be \$0.46 million for 2016/17 and relates mainly to the planned cyclical replacement of part of the plant and vehicle fleet, and sale of land identified as surplus to Council business. The written down value of assets sold is forecast to be \$1.50 million.

10.2.7 Share of net profits/(losses) of associates and joint ventures (\$ no change)

This reflects Council's interest in the West Gippsland Library, and is not expected to change from 2015/16 to 2016/17.

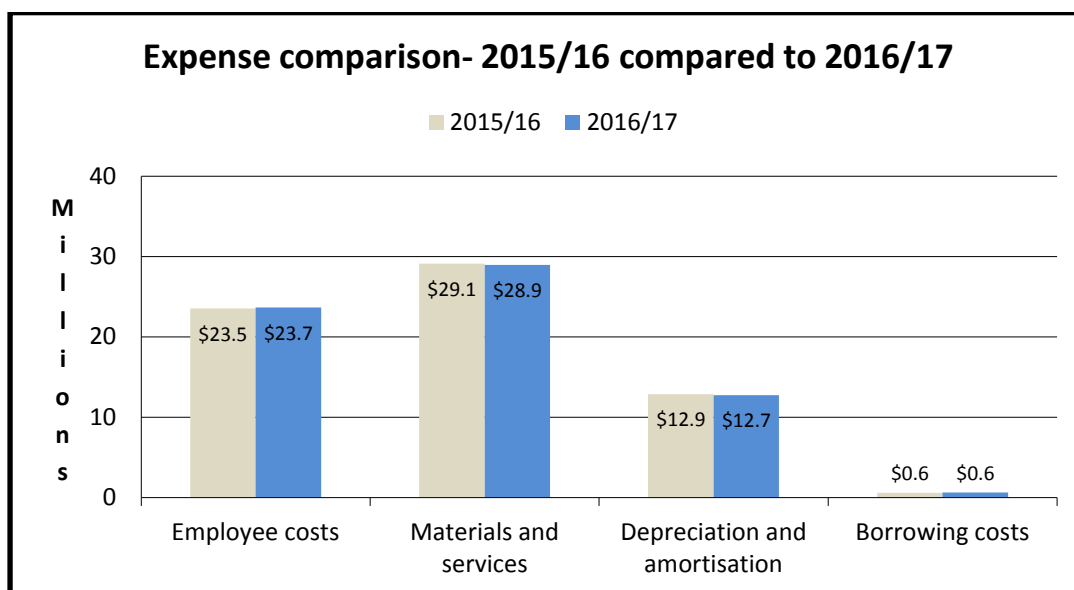
10.2.8 Other income (\$0.04 million decrease)

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

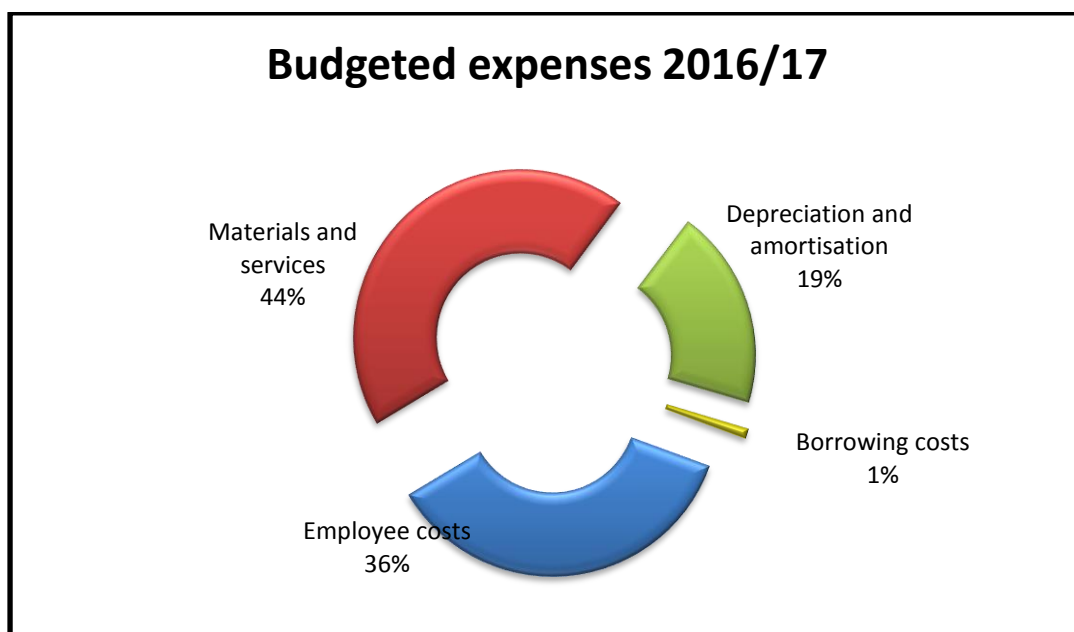
Other income is forecast to decrease by 4.3% or \$0.04 million compared to 2015/16.

10.3 Expenses

Expense Types	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Employee costs	10.3.1	23,522	23,667	145
Materials and services	10.3.2	29,089	28,934	(155)
Depreciation and amortisation	10.3.3	12,860	12,741	(119)
Borrowing costs	10.3.4	568	633	65
Other expenses		0	0	0
Total expenses		66,039	65,975	(64)



Source: Section 3



Source: Section 3

10.3.1 Employee costs (\$0.15 million increase)

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

Employee costs are forecast to increase by 0.6% or \$0.15 million compared to 2015/16. This is a minimal increase in the 2016/17 budget compared to the forecast for 2015/16.

However, when the budget for 2015/16 is compared to the budget for 2016/17, the increase is \$0.56 million or 2.4%.

The increase in costs on a budget to budget basis is due to:

- A salary increase of 2.85% under Council's Enterprise Bargaining Agreement (EBA).
- Banding increment movement for staff not at the top of the Band.

This increase has been offset by a reduction in staff at the transfer stations, as some staff are employed via the waste management contract, rather than by Council.

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

Directorate	Budget		
	2016/17 \$'000	Full Time \$'000	Part Time \$'000
Chief Executive	1,479	1,442	37
Corporate and Community Services	8,326	4,899	3,427
Community Assets	6,987	6,112	875
Planning and Economic Development	5,583	4,455	1,128
Total permanent staff expenditure	22,375	16,908	5,467
Casuals and other expenditure (including allowances and Fringe Benefits Tax)	1,292		
Subtotal	23,667		
Capitalised labour costs	117		
Total expenditure	23,784		

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

Directorate	FTE	Budget	
		Full Time	Part Time
Chief Executive	14.5	14.0	0.5
Corporate and Community Services	101.5	48.0	53.5
Community Assets	80.0	69.0	11.0
Planning and Economic Development	59.1	44.0	15.1
Total	255.1	175.0	80.1
Casuals and other	3.4		
Capitalised labour costs	1.0		
Total staff	259.5		

10.3.2 Materials and services (\$0.16 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 0.5% or \$0.16 million compared to 2015/16.

There have been a number of changes to specific expenditure items within this category, however they have balanced out to an overall minimal decrease.

- Leisure Centre Operations have increased by \$0.55 million
- Road maintenance contract- 5.3% increase or \$0.29 million
- Elections- Increase of \$0.19 million
- Revaluations- decrease by \$0.17 million

On a budget to budget basis materials and services have increased by 3.6% or \$1.01 million.

The decrease of \$0.16 million is a result of an additional \$1.10 million included to the 2015/16 forecast actual that relates to one- off payments not incurred during 2016/17.

10.3.3 Depreciation and amortisation (\$ 0.12 million decrease)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The 2016/17 budget is based on the audited financial statements for 2014/15 combined with Council's best estimate of movement in the asset base.

10.3.4 Borrowing costs (\$0.07 million increase)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The increase in borrowing costs results from the loan which is budgeted for, to assist the financing of the redevelopment works for the West Gippsland Arts Centre.

11. Analysis of budgeted cash position

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

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

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

11.1 Budgeted cash flow statement

	Ref	Forecast		Variance
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
Cash flows from operating activities	11.1.1			
<i>Receipts</i>				
Rates and charges		50,123	50,871	748
User fees and fines		4,636	4,205	(431)
Grants - operating		9,166	13,217	4,051
Grants - capital		8,489	6,777	(1,712)
Interest		612	698	86
Other receipts		1,646	2,127	481
		74,672	77,895	3,223
<i>Payments</i>				
Employee costs		(23,983)	(23,726)	257
Other payments		(29,659)	(29,007)	652
		(53,642)	(52,733)	909
Net cash provided by operating activities		21,030	25,162	4,132
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant & equip.		(34,299)	(29,723)	4,576
Proceeds from sale of property, infrastructure, plant & equipment		532	462	(70)
Net cash used in investing activities		(33,767)	(29,261)	4,506
Cash flows from financing activities	11.1.3			
Finance costs		(568)	(651)	(83)
Proceeds from borrowings		3,279	4,000	721
Repayment of borrowings		(1,469)	(1,375)	94
Net cash used in financing activities		1,242	1,974	732
Net decrease in cash and cash equivalents		(11,495)	(2,125)	9,370
Cash and cash equivalents at the beginning of the year		27,989	16,494	(11,495)
Cash and cash equivalents at end of the year	11.1.4	16,494	14,369	(2,125)

11.1.1 Operating activities (\$4.13 million increase)

The increase in cash inflows from operating activities is due mainly to a \$4.01 million increase in operating grants, predominantly the Victoria Grants Commission. This has been partially offset by a decrease in user fees and fines of \$0.43 million. This is due to the potential closure for six months of the West Gippsland Arts Centre.

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

	Forecast		
	Actual	Budget	Variance
	2015/16	2016/17	
	\$'000	\$'000	\$'000
Surplus (deficit) for the year	17,147	21,586	4,439
Depreciation	12,860	12,741	(119)
Contributions- Non Monetary	(10,692)	(10,500)	192
Share of net profits/losses Joint Ventures	(30)	(30)	0
Loss (gain) on disposal of property, infrastructure, plant & equipment	(968)	(1,038)	(70)
Finance costs	568	633	65
Net movement in current assets and liabilities	2,145	1,770	(375)
Cash flows available from operating activities	21,030	25,162	4,132

11.1.2 Investing activities (\$4.51 million decrease)

The decrease in payments for investing activities represents the reduction in the amount of cash expended on payments associated with capital works between 2015/16 and 2016/17. Details of the capital works program are disclosed in Section 6 of this budget report.

11.1.3 Financing activities (\$0.73 million increase)

For 2016/17 Council is anticipating additional borrowings of \$4.0 million resulting in the increase of \$0.73 million for financing activities.

11.1.4 Cash and cash equivalents at end of the year (\$2.13 million decrease)

Overall, total cash and investments is forecast to decrease by \$2.13 million to \$14.37 million as at 30 June 2017, reflecting Council's strategy of using excess cash and investments to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts ongoing investment in infrastructure within the Shire.

11.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2017 it will have cash and investments of \$14.37 million, which has been restricted as shown in the following table.

	Ref	Forecast		Variance
		Actual 2016 \$'000	Budget 2017 \$'000	
Total cash and investments		16,494	14,369	(2,125)
Restricted cash and investments				
- Statutory reserves	11.2.1	(2,651)	(2,668)	(17)
- Cash held to carry forward capital works	11.2.2	(1,269)	0	1,269
- Trust funds and deposits		(1,572)	(1,619)	(47)
Unrestricted cash and investments	11.2.3	11,002	10,082	(920)
- Discretionary reserves	11.2.4	(1,745)	(2,653)	(908)
Unrestricted cash adjusted for discretionary reserves	11.2.5	9,257	7,429	(1,828)

11.2.1 Statutory reserves (\$2.67 million)

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

11.2.2 Cash held to fund carry forward capital works (0.00 million)

There is no amount shown as cash held to fund carry forward works at 30 June 2017, as it is expected that the capital works budget in the 2016/17 financial year will be fully expended. An amount of \$1.27 million is forecast to be held at 30 June 2016 to fund capital works budgeted but not completed in the financial year. Section 6.2 contains further details on capital works funding.

11.2.3 Unrestricted cash and investments (\$10.08 million)

The amount shown is in accordance with the definition of unrestricted cash included in the Section 3 of the Regulations. These funds are free of statutory reserve funds and cash to be used to fund capital works expenditure from the previous financial year.

11.2.4 Discretionary reserves (\$2.65 million)

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

11.2.5 Unrestricted cash adjusted for discretionary reserves (\$7.43 million)

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

12. Analysis of capital budget

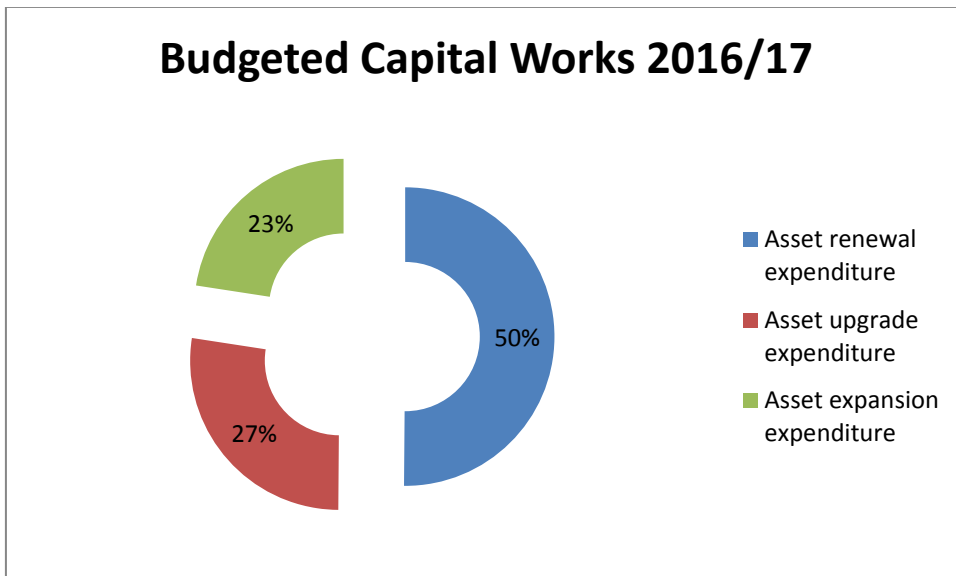
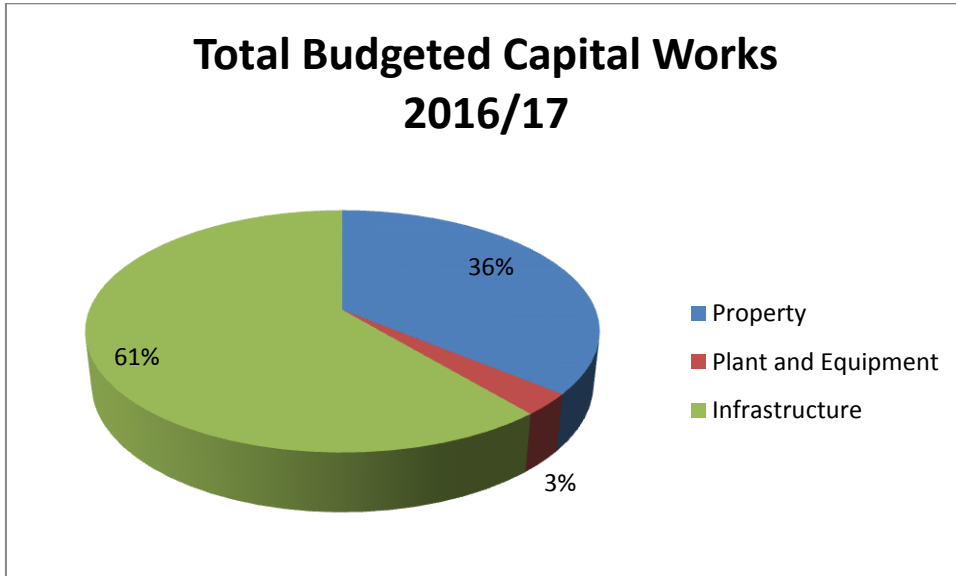
This section analyses the planned capital works expenditure budget for the 2016/17 year and the sources of funding for the capital budget. Further detail on the capital works program can be found in Section 6.

12.1 Capital works expenditure

Capital Works Areas	Ref	Forecast		Variance
		Actual 2015/16 \$'000	Budget 2016/17 \$'000	
Works carried forward	12.1.1			
Property				
Land			205	205
Total land		0	205	205
Buildings		5,579	758	(4,821)
Total buildings		5,579	758	(4,821)
Total property		5,579	963	(4,616)
Plant and equipment				
Plant, machinery and equipment		(3)	0	3
Computers and telecommunications		487	0	(487)
Total plant and equipment		484	0	(484)
Infrastructure				
Roads		603	56	(547)
Bridges		435	0	(435)
Drainage		138	0	(138)
Recreational, leisure and community facilities		462	0	(462)
Waste management		1,251	250	(1,001)
Total infrastructure		2,889	306	(2,583)
Total works carried forward		8,952	1,269	(7,683)
New works				
Property	12.1.2			
Land		371	675	304
Total land		371	675	304
Buildings		8,768	8,959	191
Total buildings		8,768	8,959	191
Total property		9,139	9,634	495
Plant and equipment	12.1.3			
Plant, machinery and equipment		483	495	12
Computers and telecommunications		767	355	(412)
Total plant and equipment		1,250	850	(400)
Infrastructure	12.1.4			
Roads		9,058	9,927	869
Bridges		1,028	2,185	1,157
Footpaths and cycleways		1,242	1,076	(166)
Drainage		866	2,577	1,711
Recreational, leisure and community facilities		2,073	1,935	(138)
Waste management		611	72	(539)
Other infrastructure		80	200	120
Total infrastructure		14,958	17,972	3,014
Total new works		25,347	28,456	3,109
Total capital works expenditure		34,299	29,725	(4,574)

Represented by:

New asset expenditure	12.1.5	0	0	0
Asset renewal expenditure	12.1.5	17,567	14,899	(2,668)
Asset upgrade expenditure	12.1.5	5,073	8,116	3,043
Asset expansion expenditure	12.1.5	11,659	6,710	(4,949)
Total capital works expenditure		34,299	29,725	(4,574)



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

12.1.1 Carried forward works (\$1.27 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$1.27 million of capital works will be incomplete and be carried forward into the 2016/17 year. The more significant project is the Animal Pound (\$0.58 million).

12.1.2 Property (\$9.63 million)

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

For the 2016/17 year, \$9.63 million will be expended on building and building improvement projects. The more significant projects include the West Gippsland Arts Centre (\$4.3 million), Baw Baw Leisure Centre redevelopment – ongoing (\$1.93 million) and the Ellinbank Reserve (\$0.99 million).

12.1.3 Plant and equipment (\$0.85 million)

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

For the 2016/17 year, \$0.85 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$0.49 million) as well as upgrade and replacement of information technology (\$0.36 million).

12.1.4 Infrastructure (\$17.97 million)

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

For the 2016/17 year, \$9.9 million will be expended on road projects. The more significant projects include: Road safety improvement program (\$2.22 million), Road reconstruction program (\$3.00 million), Gravel road resheet program (\$1.05 million) and Road resealing program (\$1.00 million).

\$2.19 million will be expended on bridges. The major project is the Allambee Estate Road Bridge (\$1.00 million).

\$2.58 million will be expended on drainage projects. The most significant project is the Tarwin Street Retarding Basin at \$1.82 million.

Other new infrastructure expenditure includes \$1.08 million on footpaths and cycleways, \$1.94 million on recreational, leisure and community facilities, \$0.07 million on waste management and \$0.20 million on other infrastructure.

12.1.5 Asset renewal (\$14.90 million), upgrade (\$8.12 million) and expansion (\$6.71 million)

A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability

12.2 Funding sources

Sources of funding	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Works carried forward				
Current year funding				
Contributions - DCP		2,414	0	(2,414)
Council cash				
- reserve cash and investments		6,538	1,269	(5,269)
- unrestricted cash and investments		0	0	0
Total works carried forward	12.2.1	8,952	1,269	(7,683)
New works				
Current year funding				
Grants	12.2.2	8,353	6,796	(1,557)
Contributions - (inc DCP)	12.2.3	1,710	1,827	117
Borrowings		3,279	4,000	721
Council cash				
- operations	12.2.4	11,847	15,396	3,549
- proceeds on sale of assets	12.2.5	158	162	4
- reserve cash and investments	12.2.6	0	275	275
Total new works		25,347	28,456	3,109
Total funding sources		34,299	29,725	(4,574)

Source: Section 6

12.2.1 Carried forward works (\$1.27 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2015/16 year it is forecast that \$1.27 million of capital works will be incomplete and be carried forward into the 2016/17 year.

12.2.2 Grants (\$6.80 million)

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for Roads and the Baw Baw Leisure Centre redevelopment.

12.2.3 Contributions (\$1.83 million)

This includes contributions relating to developer contribution plans (DCP01) as well as contributions from third parties for specific capital projects.

12.2.4 Council Cash (\$15.40 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$15.40 million will be generated from operations to fund the 2016/17 capital works program.

12.2.5 Council cash - proceeds from sale of assets (\$0.16 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal program of \$0.16 million.

12.2.6 Council cash – reserve cash and investments (\$0.28 million)

Council has significant cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes including the Land Sales Reserve for the purpose of acquisition of land.

13. Analysis of budgeted financial position

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

13.1 Budgeted balance sheet

	Ref	Forecast Actual 2015 \$'000	Budget 2017 \$'000	Variance \$'000
Current assets	13.1.1			
Cash and cash equivalents		16,494	14,369	(2,125)
Trade and other receivables		5,487	5,707	220
Other assets		709	709	0
Total current assets		22,690	20,785	(1,905)
Non-current assets	13.1.1			
Trade and other receivables		0	0	0
Investments in associates and joint ventures		1,019	1,049	30
Property, infrastructure, plant and equipment		633,450	659,434	25,984
Intangible assets		2,231	2,231	0
Total non-current assets		636,700	662,714	26,014
Total assets		659,390	683,499	24,109
Current liabilities	13.1.2			
Trade and other payables		6,600	6,330	270
Trust funds and deposits		1,572	1,619	(47)
Provisions		6,655	6,757	(102)
Interest-bearing loans and borrowings		1,375	1,469	(94)
Total current liabilities		16,202	16,175	27
Non-current liabilities	13.1.2			
Provisions		4,101	4,120	(19)
Interest-bearing loans and borrowings		9,891	12,423	(2,532)
Total non-current liabilities		13,992	16,543	(2,551)
Total liabilities		30,194	32,718	(2,524)
Net assets		629,196	650,781	21,585
Equity	13.1.4			
Accumulated surplus		322,198	344,128	21,930
Reserves		306,998	306,653	(345)
Total equity		629,196	650,781	21,585

Source: Section 3

13.1.1 Current Assets (\$1.91 million decrease) and Non-Current Assets (\$26.01 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$2.12 million during the year mainly to fund the capital works program during the year.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are only expected to increase marginally in the budget.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles and equipment which has been built up by Council over many years. The \$25.98 million increase in this balance is attributable to the net result of the capital works program (\$29.73 million of assets), non-monetary assets (\$10.5 million) depreciation of assets (\$12.740 million) and the sale of property, plant and equipment (\$1.50 million).

13.1.2 Current Liabilities (\$0.03 million decrease) and Non-Current Liabilities (\$2.55 million increase)

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

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

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to repay loan principal of \$1.38 million over the year, and to borrow \$4.0 million.

13.1.3 Working Capital (\$1.88 million decrease)

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

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

	Forecast		
	Actual 2015 \$'000	Budget 2017 \$'000	Variance \$'000
Current assets	22,690	20,785	1,905
Current liabilities	16,202	16,175	27
Working capital	6,488	4,610	1,878
Restricted cash and investment current assets			
- Statutory reserves	(2,651)	(2,668)	17
- Cash used to fund carry forward capital works	(1,269)	0	(1,269)
- Trust funds and deposits	(1,572)	(1,619)	47
Unrestricted working capital	996	323	673

In addition to the restricted cash shown above, Council is also projected to hold \$2.65 million in discretionary reserves at 30 June 2016. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

13.1.4 Equity (\$21.59 million increase)

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

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

- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed.
- Accumulated surplus which is the value of all net assets less reserves that have accumulated over time. The increase of \$21.59 million represents the surplus budgeted in the Income statement for the 2016/17 financial year.

13.2 Key assumptions

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

- Trade creditors to be based on total capital and operating expenditure less written down value of assets sold, depreciation and employee costs. Payment cycle is 30 days.
- Other debtors and creditors to remain consistent with 2015/16 levels.
- Proceeds from the sale of property in 2016/17 of \$0.46 million will be received in full in the 2016/17 year.
- Employee entitlements to be increased by the Enterprise Agreement.
- Repayment of loan principal to be \$1.38 million.
- Total capital expenditure to be \$29.73 million.

LONG TERM STRATEGIES

This section includes the following analysis and information

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

14. Strategic resource plan

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

14.1 Plan development

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

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

- Maintain a surplus result from operations.
- Maintain existing service levels.
- Achieve a balanced budget on a cash basis.
- Achieve a major investment in infrastructure to meet ongoing needs within the Community.

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

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

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

14.2 Financial resources

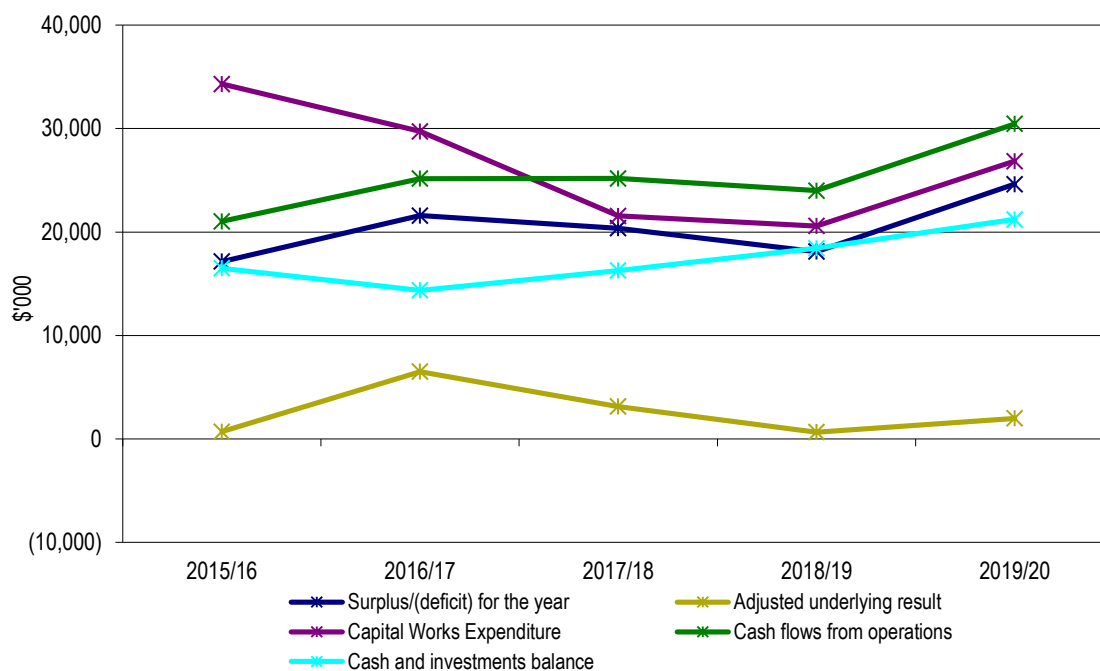
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2019/20. Section 3 includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	17,147	21,586	20,360	18,114	24,614	+
Adjusted underlying result	695	6,499	3,124	648	1,981	o
Cash and investments balance	16,494	14,369	16,281	18,439	21,216	+
Cash flows from operations	21,030	25,162	25,180	24,006	30,457	+
Capital works expenditure	34,299	29,725	21,562	20,588	26,842	o

Key to Forecast Trend:

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

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



The key outcomes of the SRP are as follows:

- **Financial sustainability (Section 11)** - Cash and investments is forecast to increase over the four year period from \$14.37 million to \$21.22 million, which indicates a balanced budget on a cash basis in each year
- **Rating levels (Section 15)** – Modest rate increases are forecast over the four years at an average of 2.5%.
- **Service delivery strategy (Section 16)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are forecast in all years, as a result of significant capital grant revenue being received to fund the annual capital works program. However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a surplus over the four year period. The adjusted underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- **Borrowing strategy (Section 16)** – Borrowings are forecast to reduce from \$13.89 million to \$11.17 million over the four year period. This includes new borrowings of \$4.00 million in 2016/17.
- **Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$98.72 million at an average of \$24.68 million.

15. Rating information

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

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 58.3% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

However, it has been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality.

15.2 Current year rates and charges

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

Year	General Rate Increase %	Waste Charge Increase %	Total Rates Raised \$'000
2015/16	3.60	2.75	41,660
2016/17	2.50	0.00	43,319
2017/18	2.50	2.50	44,619 *
2018/19	2.50	2.50	45,957 *
2019/20	2.50	2.50	47,336 *

* Includes 0.5% for growth from supplementary rates.

15.3 Rating structure

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

- Property values, which form the central basis of rating under the Local Government Act 1989
- Waste charges designed to cover the cost of all waste services.

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

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

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

The existing rating structure comprises six differential rates (residential, commercial and industrial, farm, vacant land, urban living and residential development), and a rate concession for recreational land.

Rating Category	Rating Differential	Proposed Rating Differential
	2015/16	2016/17
Residential	1.00	1.00
Commercial and Industrial	1.30	1.30
Farm	0.90	0.90
Urban Living	0.90	0.90
Residential Development	1.30	1.30
Vacant Land	1.60	1.60

These rates are structured in accordance with the requirements of Section 161 'Differential Rates' of the Act.

Under the Cultural and Recreational Lands Act 1963, provision is made for a Council to levy the rate for recreational lands at "such amount as the municipal council thinks reasonable having regard to the services provided by the municipal council in relation to such lands and having regard to the benefit to the community derived from such recreational lands". Details are provided in a table below.

Cultural and Recreational Land Property 2016/17

Properties receiving a 100% rebate

Drouin Bowling Club	\$2,793
Drouin Golf Club	\$9,205
Garfield Wattle Raceway/Drouin Speedway	\$2,343
Longwarry Bowls Club	\$1,176
Moe Field and Game and Angling Club	\$608
Neerim District Bowling Club	\$676
Thorpdale Bowling Club	\$1,419
Trafalgar Bowls Club Incorporated	\$2,519
Trafalgar Golf Club	\$5,501
Trafalgar Park Bowls Club Incorporated	\$1,460
Warragul Bowling Club	\$1,618
Warragul-Drouin Pistol Club Incorporated	\$2,014
Yarragon Bowls Club	\$1,298
Total 100% rebate	\$32,630

Property receiving a 47% rebate

Warragul Country Club Incorporated (rebate) \$29,399 @47%	\$13,817
Total Rebate	\$46,447
Warragul Country Club Incorporated (rate payable)	\$15,582
Total	\$62,029

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 'Rates and Charges'.

Rate type	How applied	2015/16	2016/17	Total Raised \$000's	Change
Residential rates	Cents/\$ CIV	0.4440	0.4506	27,141	1.5%
Commercial and Industrial	Cents/\$ CIV	0.5771	0.5857	4,092	1.5%
Farm	Cents/\$ CIV	0.3996	0.4055	8,799	1.5%
Urban Living	Cents/\$ CIV	0.3996	0.4055	614	1.5%
Residential Development	Cents/\$ CIV	0.5771	0.5857	53	1.5%
Vacant Land	Cents/\$ CIV	0.7103	0.7209	2,558	1.5%
Recreational	N/A			62	
Total				43,319	

Council has adopted a formal *Rating Strategy* that contains expanded information on Council's rating structure and the reasons behind its choices in applying the rating mechanisms it has used.

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2016 for the 2016/17 year. The outcome of the general revaluation has resulted in minimal change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 0.6%.

Type or class of land	No. of Rating Units	Capital Improved Value	% Total CIV
Residential	18,420	6,023,768,000	63.9%
Commercial and Industrial	1,410	698,582,000	7.4%
Farm	2,949	2,169,904,000	23.0%
Urban Living	141	151,468,000	1.6%
Residential Development	4	9,105,000	0.1%
Vacant Land	1,860	354,861,000	3.8%
Recreational	14	13,767,000	0.2%
Total Rateable Properties	24,798	9,421,455,000	100.0%

16. Summary of other strategies

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

16.1 Borrowings

In developing the Strategic Resource Plan (SRP) (see Section 14), borrowings was identified as an important funding source for capital works programs. Borrowings are to be used in conjunction with internal funding and reserves.

Council is committed to achieving long term financial sustainability and demonstrating financial responsibility with regard to the utilisation of debt financing to fund specific capital projects.

For the 2016/17 year, Council has budgeted for new borrowings of \$4.00 million. These borrowings will only be utilised if the redevelopment and upgrade of the West Gippsland Arts Centre is to proceed. After loan repayments of \$1.38 million, Council's total borrowings will be \$13.89 million as at 30 June 2017. While there is the potential for borrowings to fund future infrastructure initiatives, borrowings have not been budgeted after the 2016/17 financial year. The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	3,279	1,469	568	11,267
2016/17	4,000	1,375	651	13,892
2017/18	0	1,469	690	12,423
2018/19	0	812	609	11,611
2019/20	0	442	563	11,169

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	9,457,000	11,267,000
Total amount proposed to be borrowed	3,279,000	4,000,000
Total amount projected to be redeemed	(1,469,000)	(1,375,000)
Total amount of borrowings as at 30 June	11,267,000	13,892,000

16.2 Infrastructure

The Council has developed a Ten Year Infrastructure Plan based on the knowledge provided by various Asset Management Plans, which sets out the capital expenditure requirements of Council for the next 10 years by class of asset, and is a key input to the SRP. It predicts infrastructure consumption, renewal needs and considers infrastructure needs to meet future community service expectations. The Strategy has been developed through a rigorous process of consultation and evaluation. The key aspects of the process are as follows:

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

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

At present, Council is similar to most municipalities in that it is unable to fully fund asset renewal requirements for the life of the Strategic Resource Plan. While the Ten Year Infrastructure Plan is endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs, Council has to continue to review the allocation of capital funding.

In later years the required asset renewal is not being addressed creating an asset renewal gap and increasing the level of backlog. Backlog is the renewal works that Council has not been able to fund over the past years and is equivalent to the accumulated asset renewal gap.

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

Summary of funding sources					
Year	Total Capital Program \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2015/16	34,299	8,353	4,124	18,543	3,279
2016/17	29,725	6,796	1,827	17,102	4,000
2017/18	21,562	6,017	2,298	13,247	0
2018/19	20,588	3,156	4,012	13,420	0
2019/20	26,842	2,500	10,255	14,087	0

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

16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Information (see Section 15.) also refers to modest rate increases into the future. With these key objectives as a basis, a number of

internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

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

	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	3.3	3.3	3.3	3.3
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	2.5	2.5	2.5	2.5
Property growth	1.0	1.0	1.0	0.6
Wages growth	3.3	3.3	3.3	3.3
Government funding	2.0	2.0	2.0	2.0
Statutory fees	2.0	2.0	2.0	2.0
Investment return	2.7	2.7	2.7	2.7

Appendix A Fees and charges schedule

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

<i>Sub Type</i>	<i>Unit Type</i>	<i>16/17 Proposed Fee Including GST</i>
Community Assets		
Aquatic Education Aquasafe per 0.5 hr lesson Aquasafe Intensive 5 Day School Holiday Program Aquasafe Plus FAMILY - Fortnightly Direct Debit Aquasafe Plus- Fortnightly Direct Debit Aquasafe Start-up pack Masters Private lesson 0.5hr Schools Per Participant (School instructor) Schools Per student per 1 hour lesson (1:6 ratio) Schools Per student per 30 min lesson (1:6 ratio)	Session Membership Membership Membership Each Each Each Session Session Session	Refer Note 7
Aquatics Adult Swim Child Swim Concession Swim Family Swim Family Swim (Sunday) Warm Water Pool- Only (Adult) Warm Water Pool-Only (Concession)	Each Each Each Each Each Each Each	Refer Note 7
Aquatics Visit Pass Adult Pools- 20 Visits Concession Pools- 20 Visits Master Swimming-10 Visits Warm Water Pool (Adult)-10 Visits Warm Water Pool (Adult)-20 Visits Warm Water Pool (Concession)- 20 Visits Warm Water Pool(Concession)-10 Visits Warragul Swim Club-50 Visits Warragul Triathlon Club- 20 Visits	Pass Pass Pass Pass Pass Pass Pass Pass Pass	Refer Note 7

Bellbird Park Synthetic and Grass Fields		
Cleaning- Toilets/ change - Casual users	Each	103.00
Cleaning- Toilets/ change - User Groups	Each	51.00
Synthetic Field- Casual use- Full Field (per hour)	Hour	60.00
Synthetic Field- Casual use- Half Field (per hour)	Hour	31.00
Synthetic Field- Primary school (per annum)	Annum	122.00
Synthetic Field- Secondary school (per annum)	Annum	242.00
Synthetic Field- Tenants - Full Field (per hour)	Hour	24.50
Synthetic Field- Tenants - Half Field (per hour)	Hour	13.00
Child Care per 10 Visits		
Additional Children	Membership	Refer Note 7
First Child	Membership	
Child Care per 20 Visits		
Additional Children	Membership	Refer Note 7
First Child	Membership	
Child Care per Session		
Additional children	Session	Refer Note 7
First Child	Session	
Children's Programs		
Birthday Party with food (per participant)	Person	Refer Note 7
Birthday Party without food (per participant)	Person	
Late booking fee (less than 48 hours)	Each	
School Holiday	Each	
School Holiday (Concession)	Each	
School Holiday Late pick up	Each	
Equestrian Casual Hire		
Casual Hire (Logan Park facility)- daily	Day	159.00
Event Bond		
Event Bond (refundable on final inspection)	Each	1,000.00
Exhibition Hall Hire		
Community rate -full day	Each	275.00
Community rate -half day	Each	140.00
Exhibition Hall (Function without Alcohol - Bond)	Each	225.00
Exhibition Hall (Function with Alcohol - Bond)	Each	550.00
Exhibition Hall Commercial/Private/Govt/Not For Profit Hire - half day	Each	275.00
Exhibition Hall Commercial/Private/Govt/Not for Profit Hire - full day	Day	555.00

Facility hire per Session		Refer Note 7
Carnival Hire- Whole Day	Session	
Lane Hire (pool per hour)	Session	
Program Room	Session	
Warm Water pool (per hour)	Session	
Whole Pool (per hour)	Session	
Garbage and Tipping fees		
Commercial tenements - 120 lit bin (optional service)- per annum	Service	411.00
Commercial tenements -240 lit bin (optional service)- per annum	Service	485.00
Double/Queen/King Mattress	each	30.00
Garbage Charge - Additional 120 Collection- (per annum)	Service	85.00
Garbage Charge - Additional 240 Recycling Collection- (per annum)	Service	48.00
Garbage Charge - Declared Area (per annum)	Service	376.00
Garbage Charge - Undeclared Area (optional service)- per annum	Service	376.00
Green Waste – Additional (per annum)	Service	72.00
Hard Rubbish Collection – Pensioners (pick up)	Each	30.00
Hard Rubbish Collection (pick up)	Each	62.00
Silage Wrap- Bulker bag	Per bag	10.00
Silage wrap- Plasbac	Per Bag	5.00
Single Mattress	each	20.00
Tanjil Bren Collection Service (per annum)	Service	118.00
Tip Fee - Paint Tin 1-5 litre (each)	Each	3.00
Tip Fee - Paint Tin 5-20 litre (each)	Each	4.00
Tip Fee - Paint Tin more than 20 litre (each)	Each	10.00
Tip Fee - Paper & Cardboard Commercial (m3)	Cubic Metre	5.00
Tip Fees - Car Metal Car Bodies (each)	Each	50.00
Tip Fees - Domestic refuse (m3)	Cubic Metre	32.00
Tip Fees - Domestic refuse (Minimum)- unit	Each	8.00
Tip Fees - Domestic refuse 1.8 Trailer - Fill Above trailer sides	Each	32.00
Tip Fees - Domestic refuse 1.8 Trailer - Level Fill	Each	24.00
Tip Fees - Green Waste Tree Pruning (m3)	Cubic Metre	20.00
Tip Fees - LPG / Gas Bottles 10-20kg (each)	Each	10.00
Tip Fees - LPG / Gas Bottles 1-10kg (each)	Each	10.00
Tip Fees - LPG / Gas Bottles More than 20kg (each)	Each	24.00
Tip Fees - Tyres – car (each)	Each	5.00
Tip Fees - Tyres - large tractor (each)	Each	40.00
Tip Fees - Tyres - large truck (each)	Each	13.00
Tip Fees - Tyres - light truck (each)	Each	9.00
Walhalla Collection Service (per annum)	Service	183.00
Hall Hire General- Halls managed by COMs –Refer Pricing Policy		
Hall Hire- Bond - Events with alcohol	Each	550.00

Hall Hire General-Halls managed by COM's- Refer Pricing Policy		
Hall Hire- Bond- Events without alcohol	Each	225.00
Community/Local Meeting Room	Hour	10.00
Community/Local - Full Day	Hour	10.00
Community/Local- Night	Each	60.00
Commercial/Private -Full Day	Each	90.00
Commercial/Private- Night	Each	125.00
Commercial/Private- Night	Each	175.00
Membership- Direct Debit		
Club Concession (Lap Pool Only)	Membership	Refer Note 7
Full Aquatic Membership- Fortnightly Fee	Membership	
Full Aquatic Membership- Fortnightly Fee (Concession)	Membership	
Full Aquatic Membership- Start Up fee	Membership	
Full Aquatic Membership- Start Up Fee (Concession)	Membership	
Full Membership- Fortnightly Fee	Membership	
Full Membership- Start-Up Fee (Concession)	Membership	
Full Membership-Fortnightly Fee (Concession)	Membership	
Full Membership-Start-Up Fee	Membership	
Pryme Movers Membership- Fortnightly fee	Membership	
Pryme Movers- Start up fee	Membership	
Miscellaneous		
Subdivision Engineering Supervision	Percentage	2.50
Subdivision Plan Approval (Statutory- Subdivision Act)	Percentage	0.75
Program per 10 Visits		
Group Fitness	Membership	Refer Note 7
Group Fitness (Concession)	Membership	
Pryme Movers - Strength Training	Membership	
Program per Session		
Group Fitness	Session	Refer Note 7
Group Fitness (Concession)	Session	
Instructor hire - off site per hour	Session	
Instructor hire - per hour / Personal training - per hour	Session	
Personal training - 1 - 2 (per person)	Session	
Personal Training - 1 - 3 (per person)	Session	
Pryme Movers - Strength Training	Session	

<p>Program Term Membership</p> <p>Group Fitness- 12 months Group Fitness- 12 months (Concession) Group Fitness- 3 month (Concession) Group Fitness- 3 months Group Fitness- 6 month (Concession) Group Fitness- 6 months</p>	<p>Membership Membership Membership Membership Membership Membership</p>	<p>Refer Note 7</p>
<p>Pryme Movers</p> <p>12 month 3 month 6 month</p>	<p>Membership Membership Membership</p>	<p>Refer Note 7</p>
<p>Public Building - Casual Hire Rate</p> <p>Bond Alcohol Bond-No Alcohol Commercial/Private full day Commercial/Private half day Community- half day Community-full day Hourly rate Community Not for Profit/Government- full day Not for Profit/Government- half day</p>	<p>Each Each Each Each Each Each Hour Each Each</p>	<p>550.00 225.00 120.00 60.00 30.00 60.00 10.00 90.00 45.00</p>
<p>Recreation Reserves</p> <p>Events-excludes bins and cleaning User fees (Maximum fee)- per annum- Refer Pricing Policy</p>	<p>Day Annum</p>	<p>800.00 6,500.00</p>
<p>Sporting Fields</p> <p>Grounds- Cleaning charge (per hour) Grounds- Community Club, Group or School outside BBSC- Casual use (daily) Grounds- For Profit/Commercial Groups Grounds- Schools within Baw Baw Shire- Casual use (must be booked) Grounds-Community Club or Group within BBSC-Casual Use Lights- Full Field (per hour) Lights- Half field (hourly)</p>	<p>Hour Day Day Day Day Hour Hour</p>	<p>63.00 154.00 410.00 0.00 103.00 24.50 18.00</p>
<p>Sporting Pavilion</p> <p>Pavilion- Cleaning charge (per use) Pavilion-Use</p>	<p>Each Hour</p>	<p>125.00 20.00</p>

Stadium Court Hire 1 Court per hour Casual Court Entry	Hour Hour	0.00 0.00
Stadium Sports Casual squash court hire- (1/2 Hr) Casual squash court hire (Per Hour) Futsal - registration & insurance Futsal - Team Sheet Netball - Team Sheet Netball (YMCA run) registration & insurance fee per team Netball (YMCA run) Team Sheet Racquet Hire Squash- Junior in Sen.Comp Squash- Senior Comp. Volleyball Volleyball Junior	Session Hour Team Team Each Per team Team Each Each Each Each	Refer Note 7
Summer Pools - Groups After hours per hour (or as negotiated) Carnivals per day- 8 hrs including set up and pack up	Hour Day	Refer Note 7
Summer Pools - Memberships Adult Monthly Pass Adult Season Pass Concession Monthly Pass Concession Season Pass Family Monthly Pass Family Season Pass	Membership Membership Membership Membership Membership Membership	Refer Note 7
Summer Pools - Single Admissions Adult Concession Family	Membership Each Session	Refer Note 7
Swimming Pools per Session Schools per child	Session	Refer Note 7

Term Membership		
12 Month Pryme Mover Membership	Membership	Refer Note 7
3 Month Insurance Membership - Full (includ start-up)	Membership	
3 Month Insurance Warm Water (includ start up)	Membership	
3 Month Pryme Mover Membership	Membership	
6 Month Aquatic Membership	Membership	
6 Month Aquatic Membership (Concession)	Membership	
6 Month Full Membership	Membership	
6 Month Full Membership (Concession)	Membership	
6 Month Pryme Mover Membership	Membership	
Turf Wicket		
Turf wicket pitch (per use)	Each	295.00

Corporate & Community Services

Agistment		
Cattle Agistment (per head/per week)	Each	6.00
Horse Agistment (minimum fee per month)	Each	75.00
Minimum Agistment fee (per year)	Each	100.00
Sheep and goat Agistment (per head/per week)	Each	2.00
BBSC photocopying charges		
A3 black and white photocopying	per page	0.45
A4 black and white photocopying	per page	0.25
A4 or A3 colour photocopies	per page	0.65
Debt Recovery-Legal Costs		
Refer Note 6 of the Fees and Charges Schedule	Each	Refer Note 6
Family and Children's services		
Baby capsule deposit	Each	40.00
Baby capsule fee	Each	60.00
Kindergarten application fee	Each	25.00

Freedom of Information		
Application fee	Each	26.50
Charge for Access Supervision	per quarter hour of part of a quarter of an hour	5.00
Charge for research	per hour or part of an hour	20.00
Provision of A4 black and white photocopying	per page	0.20
Home and Community Care		
Community Respite (High) Double	Hour	24.00
Community Respite (High) Single	Hour	24.00
Community Respite (Low) Single & Double	Hour	5.00
Community Respite (Medium) Single & Double	Hour	8.00
Community Respite Brokerage	Hour	8.00
Community Respite Full cost	Hour	52.80
Community respite full cost (out of ordinary hours)	Hour	79.20
Community Respite Hardship (b)	Hour	2.00
Community Respite Hardship (c)	Hour	3.00
Community Respite Hardship (d)	Hour	4.00
Full cost travel per km – community bus- per Kilometre	Kilometer	1.10
Home Care - (Low) Double	Hour	7.40
Home Care - (Low) Single	Hour	6.35
Home Care - (Medium) Single	Hour	11.30
Home Care (High) Double	Hour	24.60
Home Care (High) Single	Hour	22.55
Home Care (Medium) Double	Hour	12.30
Home Care Brokerage	Hour	8.20
Home Care full cost (out of ordinary hours)	Hour	76.70
Home Care Hardship (b)	Hour	2.00
Home Care Hardship (c)	Hour	3.00
Home Care Hardship (d)	Hour	4.00
Home Care-Full cost	Hour	49.50
Home Maintenance (High) Double	Hour	41.00
Home Maintenance (High) Single	Hour	39.00
Home Maintenance (Low) Double	Hour	12.30
Home Maintenance (Low) Single	Hour	11.30
Home Maintenance (Medium) Single	Hour	16.40
Home Maintenance (Medium) Double	Hour	17.45
Home Maintenance Brokerage	Hour	12.30
Home Maintenance Full Cost	Hour	67.65
Home Maintenance Hardship (b)	Hour	2.00
Home Maintenance Hardship (c)	Hour	3.00
Home Maintenance Hardship (d)	Hour	4.00

Meals on Wheels - Budget (2 Course)	Each	8.00
Meals on Wheels - Full cost	Each	15.40
Meals on Wheels - Hardship	Each	4.50
Meals on Wheels - Normal	Each	9.00
Meals on Wheels Hardship 2	Each	6.00
Overnight Respite 10 hours	Session	270.60
Overnight Respite 24 hours Full cost	Day	541.20
Overnight Respite 24 hours High	Day	287.00
PAG Full cost (CORE) long session	Session	84.48
PAG Full cost (CORE) Long session with meal	Session	94.27
PAG Full cost (CORE) Short session	Session	42.24
PAG Full Cost (HIGH) long session	Session	118.80
PAG Full cost (HIGH) Long session with meal	Session	134.20
PAG Full cost (HIGH) Short session	Session	59.40
PAG Long session	Session	7.30
PAG Long session with meal	Session	13.50
PAG Short session	Session	3.50
PAG Short session with refreshments	Session	5.00
PAG Subsidised (CORE) Long session	Session	30.00
PAG subsidised (CORE) Short session	Session	20.00
PAG Subsidised (HIGH) Long session	Session	35.00
PAG Subsidised (HIGH) Short session	Session	25.00
PAG Supported Community Access	Session	3.50
Personal Care Full Cost (out of ordinary hours)	Hour	79.20
Personal care - full cost (weekend/public holidays)	Hour	110.00
Personal Care (High) Double	Hour	25.00
Personal Care (High) Single	Hour	25.00
Personal Care (Low) Double	Hour	6.00
Personal Care (Low) Single	Hour	6.00
Personal Care (Medium) Double	Hour	9.00
Personal Care (Medium) Single	Hour	9.00
Personal Care Brokerage	Hour	8.00
Personal Care Full cost	Hour	52.80
Personal Care Hardship (c)	Hour	3.00
Personal Care Hardship (b)	Hour	2.00
Personal Care Hardship (d)	Hour	4.00
Respite - full cost (weekends/public holidays)	Hour	110.00
Miscellaneous		
Agreement Preparation Fee	Each	120.00
Minimum Standard Annual Lease Fee	Each	750.00

Planning & Economic Development

Application for Permits		
Develop land (\$1,000,000 - 7,000,000) other than a class3 application	Each	1,153.00
Develop land (\$10,000 - 250,000)	Each	604.00
Develop land (\$10,000,000 - 50,000,000)	Each	8,064.00
Develop land (\$250,000 - \$500,000)	Each	707.00
Develop land (\$500,000 - 1,000,000)	Each	815.00
Develop land (\$7,000,000 - 10,000,000)	Each	4,837.00
Develop land (Cost less than \$10,000)	Each	102.00
Develop land (Greater than \$50,000,000)	Each	16,130.00
Realignment of Common Prop. Between two lots or Consolidate Lots	Each	386.00
Remove a Restriction Over Land (Land Used or Devel. More than 2 Years)	Each	249.00
Single dwelling (\$10,000 - \$100,000)	Each	239.00
Single Dwelling (Greater than \$100,000)	Each	490.00
Subdivide Land	Each	781.00
To Create, Vary or Remove a Restriction or Remove / Create a Right of Way	Each	541.00
To Create, Vary or Remove an Easement	Each	404.00
To Subdivide a building	Each	386.00
To Subdivide land into two lots	Each	386.00
Use Only	Each	502.00
Applications for Amendments		
Adopt and Submit an Amendment in Accordance with Sec29 & 31	Each	524.00
Consider a Request to Amend a Planning Scheme	Each	798.00
Consider a Request to Approve an Amendment - Give Notice	Each	798.00
Consider Submissions Which Seek to Change an Amendment	Each	798.00

Applications to Amend Planning Permits		
Amend a Permit if estimated cost of additional development is more than \$10,000	Each	604.00
Amend a Permit if estimated cost of additional development is more than \$250,000	Each	707.00
Amend a Permit if estimated cost of additional development is more than \$500,000	Each	815.00
Amend a Permit to subdivide an existing building, or two lots or realignment of	Each	386.00
Amend Permit for a Development other than for a dwelling or works ancillary to a	Each	604.00
Create, vary or remove an easement (or nature of) other than a right of way	Each	404.00
Permit to Develop Land other than for a Single Dwelling or Subdivision where the	Each	102.00
Single Dwelling or Works ancillary to a Single dwelling (works costing \$100,000	Each	490.00
Single Dwelling or Works ancillary to a Single dwelling (works costing between \$	Each	239.00
Subdivision - Create, vary remove a restriction or right of way	Each	541.00
Use only	Each	502.00
Arts Centre		
Advanced AV Operation	Per hour	50.00
Advertising Service Fee (per advertising week)	Week	42.00
Basic AV (set up and equipment only)	Per function	145.00
Basic Meeting Catering package (Full day)	Per person	30.00
Basic Meeting Catering package (Half day)	Per Person	21.00
Block tickets	Each	430.00
Board Operators per hour	Hour	53.00
Board Room (Commercial) - Full Day	Day	100.00
Board Room (Commercial) - Half Day	Each	75.00
Board Room (Shire) – Full Day	Day	70.00
Board Room (Shire) Half day	Half Day	55.00
Booking Fee - Education	Each	1.85
Booking Fee – Telephone Bookings	Each	0.00
Booking Fee Commercial	Each	3.60
Booking Fee Non-Commercial	Each	2.35
Card Charges % of Gross Box Office	Percentage	0.04
Complimentary (per printed ticket)	Each	0.85
Conference Registration Fee (per delegate)	Each	3.60
Direct Mail per letter	Each	3.00
Fountain Room (Shire) - Full Day	Day	200.00
Fountain Room (Shire)-Half Day	Day	135.00
Fountain Room full day (Commercial) - Full Day	Day	335.00
Fountain Room half day (Commercial) - Half Day	Half Day	220.00
Front of House Manager per hour	Hour	53.00

Gaffer Tape	Roll	22.00
Intermediate AV (set up and equipment only)	Per function	220.00
Loaders and General Hands per hour	Hour	48.00
Mechanists per hour	Hour	48.00
Parkview Room/Foyer (Commercial) - Full Day	Day	360.00
Parkview Room/Foyer (Commercial) - Half Day	Half Day	245.00
Parkview Room/Foyer (Shire)- Full Day	Day	260.00
Parkview Room/Foyer (Shire)- Half Day	Half Day	145.00
Piano Hire (Including tuning)	Each	220.00
Piano Hire (No tuning)	Each	55.00
Piano Tuning	Each	220.00
Postage fee	Each	5.50
Radio Microphones	Each	60.00
Security Service - Licensed Events(Alcohol) (per hour)	Hour	55.00
Smoke Machine Hire	Performance	55.00
Stage Floor re-paint (excluding paint)	Each	550.00
Theatre Hire - (2nd performance)	Performance	690.00
Theatre Hire - Commercial day hire	Day	1,400.00
Theatre Hire - Education (2nd performance)	Performance	340.00
Theatre Hire - Education (per performance)	Performance	740.00
Theatre Hire - Non Commercial (2nd performance)	Performance	430.00
Theatre Hire - Non-Commercial (per performance)	Performance	860.00
Theatre Hire - Rehearsal per hour	Hour	55.00
Usher per hour	Hour	48.00
Building		
Annual POPE - Same event on multiple occasions	Annual	1,200.00
Bi-Annual POPE - Different events on multiple occasions	Bi-Annual	2,000.00
Bi-Annual POPE - Individual Event Certification	Bi-Annual	1,200.00
Building - Copy of Building Permit Documents	Each	95.00
Building - Copy of Occupancy Permit	Each	95.00
Building - Council Consent and Report - Dispensations	Each	265.00
Building - Inspections (Existing Permits)	Each	200.00
Building - Inspections (new building permits)	Each	200.00
Building - Lodgement Fees	Each	42.00
Building - Private Building Surveyor Property Information	Each	57.00
Building - Property Information	Each	57.00
Building - Statutory Demolition Charge	Each	67.00
Building - Stormwater Point of Discharge	Each	67.00
Building - Temp Occupation Permits for buildings	Each	950.00
Building-Commercial applications over time allocation.	Per Hour	200.00
POPE - Commercial Operators	Each	1,200.00
POPE - Volunteer & Not for profit Organisations	Each	650.00
Siting Approval of Temporary Structure	Each	600.00

Certificates		
Express Certificate Fee	Each	60.00
Land Information Certificates	Each	24.80
Land Planning Certificates	Each	0.00
Compliance		
Adoption fee- cats (already desexed)	Each	180.00
Adoption fee- dogs (already desexed)	Each	240.00
Adoption fee for cat	Each	260.00
Adoption Fees – Dog (per activity)	Each	340.00
Advertising display permit (per annum)	Annum	70.00
Alcohol Permits	Each	70.00
Asset Protection Permit	Each	210.00
Cat / Possum Cage Deposit	Each	60.00
Cat Registration - Desexed- Refer Note 4	Each	36.00
Cat Registration - Not desexed- Refer Note 4	Each	108.00
Cat registration- desexed (Pensioner concession)- Refer Note 4	Each	18.00
Cat registration- Not desexed (Pensioner concession)- Refer Note 4	Each	54.00
Community Local Law Infringement- 1 Penalty unit of \$100	Each	100.00
Dog Registration - Desexed- Refer Note 4	Each	36.00
Dog Registration - Not desexed- Refer Note 4	Each	108.00
Dog registration- dangerous, restricted and menacing- Refer Note 4	Each	150.00
Dog registration- desexed (Pensioner concession)- Refer Note 4	Each	18.00
Dog registration- Not desexed (Pensioner concession)- Refer Note 4	Each	54.00
Droving Livestock Permit (5 years)	Each	250.00
Impounded vehicle release fee	Each	150.00
Impounded vehicle storage- AT CONTRACTORS COST/COUNCIL LABOUR	Each	0.00
Impounded vehicle towing-AT CONTRACTORS COST	Each	0.00
Impounding livestock-transport-AT CONTRACTORS COST	Each	0.00
Infringement Rollover Fee	Each	24.00
Initial Impounding fee	Each	70.00
Keeping of Animals (per annum)	Annum	70.00
Livestock Pound fees (per day)	Day	15.00
Livestock release fees per head	Each	70.00
Local Laws Permit Fees – Other (per annum)	Annum	70.00
Mircochipping fee- dog or cat	Each	60.00
Occupation of road or footpath permit	Each	70.00
Open Air Burning (per activity)	Each	85.00
Open air burning-Commercial	Each	200.00
Outdoor eating & goods for sale permit per Sq m (per annum)	Annum	42.00
Permit application lodgement fees	Each	35.00
Pound fees (per day)	Day	15.00
Pound Release fees Registered	Each	75.00
Pound Release fees Unregistered	Each	125.00
Registration-Domestic Animal Business per annum- Refer Note 3	Annum	250.00
Replacement disabled parking permit	Each	5.00

Roadside Trading Permit (1 mth)	per mth	250.00
Roadside Trading Permit (6 mths)	6 mths	1,100.00
Roadside Trading Permit (per annum)	annum	1,800.00
Roadside Trading Permit (per day)	per day	100.00
Roadside Trading Permit Application Fee	Each	70.00
Sausage Sizzle Permit	Each	70.00
Stock Crossing Permit (5 years)	Each	250.00
Subsequent pound release fee for same animal	Each	125.00
Vic Roads stock on roads (per activity)	Each	550.00
Works Within Road Reserve Permit (each)	Each	150.00
Domestic Animal Infringements		
Refer Note 2 of the Fees and Charges Schedule	Each	Refer Note 2
Emergency Management		
CFA Remove Fire Hazard (Admin fee)	Each	100.00
CFA Remove Fire Hazard- Refer Note 5	Each	1,517.00
Health		
Health Events - Large Events	Each	750.00
Health Inspection - Food	Each	100.00
Health Registration - Accommodation premises >5 but <10 People	Each	200.00
Health Registration - Accommodation premises 10 or more beds	Each	300.00
Health Registration - Beauty therapist	Each	240.00
Health Registration - Caravan Park (More than 100 but less than 150)	Fee Units	1,290.60
Health Registration - Caravan Park (More than 50 but less than 100)	Fee units	852.00
Health Registration - Caravan Park with less than 25 sites	Fee units	213.00
Health Registration - Caravan Park(25 but less than 50 sites)	Fee units	426.00
Health Registration - Food Class 1	Each	515.00
Health Registration - Food Class 2	Each	515.00
Health Registration - Food Class 2 (Domestic Kitchen 50%)	Each	250.00
Health Registration - Food Class 2 (Sporting Clubs 75%)	Each	380.00
Health Registration - Food Class 3	Each	385.00
Health Registration - Food Class 3 (Domestic Kitchen 50%)	Each	200.00
Health Registration - Food Class 3 (Sporting Clubs 75%)	Each	295.00
Health Registration - Skin Penetration or Waxing	Each	285.00
Land Capability Assessment Report	Each	65.00
New premises registration - All Health Premises	Each	300.00
Pre Transfer Inspection Fee - Food	Each	250.00
Report and Consent Section 801 Building Regulations 2006	Each	500.00
Septic - Copy of plan	Each	90.00
Septic- Copy of plan(electronic)	Each	40.00
Septic Tank Fees	Each	500.00
Septic Tank Fees - All - Fast Track Option	Each	600.00
Septic Tank Fees - Alterations (additional fixtures e.g .toilet)	Hour	100.00

Septic Tank Fees - Alterations (upgrades, additional lines, tank etc.)-	Each	350.00
Septic Tank Fees - Amendment to Expiry Date	Each	250.00
Septic Tank Fees - Amendment to Plans Submitted	Each	200.00
Sharp bins-small	Each	3.50
Sharp bins-tall	Each	6.50
Temporary food registration fee (on application)	Each	150.00
Thermometer	Each	45.00
Transfer of Registration - Accommodation	Each	170.00
Transfer of Registration - Beauty Therapy, Hair or Skin Premises	Each	170.00
Transfer of Registration - Food	Each	375.00
Water sampling admin fee (2nd and subsequent non compliant sample)	Each	300.00
Other Matters		
Certificate of Compliance Under Section 97N	Each	147.00
Satisfaction Matter	Each	102.00
Parking Infringements		
Refer Note 1 of the Fees and Charges Schedule	Each	Refer Note 1
Planning		
Additional letter	Each	5.50
Amend an application prior to advertising	Each	102.00
Amend or remove a Section 173	Each	502.00
Copy of planning permit and endorsed plans for land owner	Each	65.00
Copy of planning permit and endorsed plans*note owners consent is required	Each	130.00
Laminated sign on site	Each	100.00
Planning advice (written response to written requests for planning information)	Each	70.00
Planning Permit - Extend	Each	140.00
Public notices in newspapers (at cost)	Each	250.00
Public Notification Service (includes 10 letters)	Each	120.00
Section 173 Using Council Templates/drafting and review by Councils lawyers	Each	850.00
Subdivision Certification Fee	Each	120.00
Subdivision Certification Fee - Consolidation	Each	100.00
Written consent	Each	150.00

FEES AND CHARGES- NOTES

1. Parking infringement fees are set by the State Government under the provisions of the Road Safety Road Rules. The fees vary and are indexed by the State Government in July each year.

2. Domestic animal infringement fees are set by the State Government under the provisions of the Domestic Animals Act 1994. The fees vary and are indexed by the State Government in July each year.

3. Registration-Domestic Animal Business - Fee includes State Government Levy on Domestic Animal Business Registration of \$10.00.

4. Animal registration fees - Fee includes State Government Levy on registrations of \$3.50 per dog and \$2.00 per cat.

5. Penalty units are set by the State Government. The fees vary and are indexed by the State Government in July each Year.

6. Legal costs are recovered in accordance with those set by the Magistrates Court of Victoria.

7. A new schedule of fees for the Baw Baw Leisure Centre facility is currently being finalised and will be available for public review and comment after 'in principle' approval by Council.

Appendix B Budget processes

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

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

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

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in March for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give a minimum of 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Governments Rate Capping legislation in 2015 Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following financial year.

If a Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Councils to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Ministers maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 30 June and a copy submitted to the Minister within 28 days after adoption. The key dates for the Baw Baw Shire Council budget process are summarised below:

Budget process	Timing
1. Minister of Local Government announces maximum rate increase	Dec
2. Officers update Council's long term financial projections	Jan/Feb
3. Public notice advising intention to adopt budget	Mar
4. Budget available for public inspection and comment	Mar
5. Public submission process undertaken	Mar/May
6. Submissions period closes	May
7. Submissions considered by Council/Committee	May
8. Budget and submissions presented to Council for adoption	May
9. Copy of adopted budget submitted to the Minister	Jun