

Gannawarra Shire Council Adopted Annual Budget 2018/2019

This Budget Report has been prepared with reference to Chartered Accountants ANZ “Victorian City Council Model Budget 2018/2019” a best practice guide for reporting local government budgets in Victoria.



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Disclaimer

The information contained in this document is for general guidance only. It is not professional advice and should not be used, relied upon or treated as a substitute for specific professional advice. Given the changing nature of laws, rules and regulations, and the inherent hazards of electronic communication, there may be delays, omissions or inaccuracies in information contained in this document.

The model budget, including financial statements, has been prepared in accordance with the requirements of the *Local Government Act 1989* and the Local Government Planning and Reporting Regulations 2014. While every effort has been made to ensure that the information contained in this document has been accurate and complies to relevant Victorian legislation, each Council remains responsible to ensure that the budget they prepare is compliant with all statutory requirements.

Mayor and CEO's Introduction

Mayor's introduction

Together with my fellow Councillors I am delighted to present to our community and stakeholders the 2018/2019 Budget.

This budget builds on our Council Plan 2017-2021 vision which focuses on the following five key areas:

- Connectivity
- Economic Diversity, Growth and Prosperity
- Sustainable Natural and Built Environments
- Good Governance and a Healthy Organisation
- Strong Healthy Communities

The proposed Budget details the resources required over the next year to fund the large range of services we provide to the community. It also includes details of proposed capital expenditure allocations to improve and renew our municipality's built infrastructure, buildings and operational assets as well as funding proposals for a range of operating projects.

During and following the Council elections in 2016 we have consistently heard that Council's services are important to the community, and that Council also needs to be financially responsible and keep its rates as low as possible. In response, Council has continued to identify savings that at this stage don't impact on its services to provide increased value for money to ratepayers.

Council will continue to focus on identifying sustainable cost savings that will enable it to deliver on our Council Plan to provide high quality, responsive and accessible services to the community. In order to do this we have identified potential opportunities to explore shared services, service planning and initiatives to increase revenue.

The Budget proposes a rate increase of 2.25%. This is in line with the Fair Go Rates System (FGRS) which has capped rate increases by Victorian Councils. To ease the impact on ratepayers and ensure users help pay for Council services, most statutory fees and charges will increase by 2% in line with legislative increases, others have increased by a CPI factor of 1.9% and some have increased in line with service delivery costs.

In this proposed budget the total Capital Works program will be \$11.066 million, of which \$2.352 million relates to projects carried over from the 2017/2018 year. \$3.352 million will come from external funding and \$7.714 million from Council's cash reserves. Major items included in the proposed 2018/2019 Budget include:

- \$2.199 million Roads program including resheets, reseals and rehab works (part funded by R2R \$849,000)
- \$1.141 million Plant and vehicle replacement
- \$982,000 Quambatook Township Flood Mitigation (\$450,000 grant funded)
- \$943,000 Sampsons Bridge replacement (\$471,000 grant funding)
- \$800,000 Koondrook Nature Based Tourism Hub (\$725,000 grant funded)
- \$450,000 Kangaroo Lake North end upgrade (subject to securing grant funding of \$225,000)
- \$450,000 Koondrook waterfront access (subject to securing grant funding of \$225,000)
- \$411,000 Leitchville preschool upgrade (\$314,000 grant funding)
- \$350,000 Waste Management including Old Kerang landfill capping.
- \$350,000 Koondrook Caravan Park Roads and Drainage upgrade
- \$300,000 Cohuna-Koondrook forest trails (subject to securing grant funding of \$150,000)
- \$250,000 Cohuna waterfront piers & jetties (subject to securing grant funding of \$125,000)
- \$200,000 Energy saving initiatives (subject to securing grant funding of \$100,000)
- \$200,000 Scoresby Street open space precinct
- \$180,000 Apex Park Cohuna toilets
- \$150,000 Kerang pool kiosk enclosure
- \$150,000 Kerb replacement program
- \$140,000 Local Roads to Market (\$90,000 grant funded)
- \$130,000 Swimming Pool Renewal Program
- \$120,000 Richardson Street drainage
- \$120,000 Bulk Solar installations

Our focus for the next year is to continue to exercise responsible financial management, sustainability and equity, whilst managing the following challenges.

Rate capping: The impact of the Fair Go Rates System combined with Council's ability to meet the expectations of the community within the 2.25% rate cap continues to be a challenge.

Rating Strategy: Council is committed to maintaining a differential rating structure over its four (4) year term.

The introduction of yearly revaluations will put pressure on Council to ensure the rating structure continues to provide a fair and equitable distribution of the rate burden.

I encourage you to read the remainder of this document, together with the Council Plan 2017-2021 and I look forward to receiving your submission.

Cr Brian Gibson
Mayor

Chief Executive Officer's introduction

Council has prepared a Budget for 2018/2019 which is aligned to the vision in the Council Plan 2017-2021. 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 \$0.793m for 2018/2019; noting the the adjusted underlying result is a deficit of \$1.711m after adjusting for capital grants and contributions.

Ongoing delivery of services to the Gannawarra community is funded by a budget of \$28.002m. These services are summarised in Section 2.

Continued capital investment in infrastructure assets (\$11.066m) primarily for renewal works (\$7.102m) features in the budget. This includes roads (\$2.354m); bridges (\$0.943m); footpaths and walking tracks (\$0.185m); drainage (\$0.781m); recreational, leisure and community facilities (\$3.273m); parks, open space and streetscapes (\$0.200m); and waste management (\$0.445m). The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Section 4.5.

The Rate Rise

- a. The average rate will rise by 2.25% in line with the order by the Minister for Local Government on 19 December 2017 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 cost shifting from the State Government
- c. Council has been required to revalue all properties within the Shire every two (2) years. The revaluation was undertaken as at 1 January 2018 and applies for the 2018/2019 rating year.
- d. 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 has increased by 2.19%.
- e. Refer Section 4.1.1 for further Rates and Charges details.

Key Statistics

- **Total Revenue:** \$28.002M (2017/2018 - \$29.550M)
- **Total Expenditure:** \$27.209M (2017/2018 - \$27.162M)
- **Accounting Result:** \$0.793M Surplus (2017/2018 - \$2.388M Surplus
(Refer Comprehensive Income Statement Section 3)
- **Underlying operating result:** Deficit of \$1.711M (2017/2018 - Surplus of \$1.849M)
(Refer Reconciliation with budgeted operating result Section 2.8, Roads to Recovery capital grants are now included in calculating the Underlying Result)
(Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital works, from being allocated to cover operating expenses)
- **Cash result:** \$2.605 million Deficit with a predicted cash and cash equivalent balance of \$2.214 million at 30 June 2019
(Refer Statement of Cash Flows in Section 3)
- **Total Capital Works Program:** \$11.066M (2017/2018 - \$8.438M)
\$7.714M from Council operations (rates funded)
\$0.0M from borrowings
\$3.352M from external grants

Budget 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 2016/2017. The cap for 2018/2019 has been set at 2.25% (2017/2018 - 2.0%)
- CPI for Victoria is forecast to be 1.9% for the 2018/2019 year (CPI for the December quarter as published by ABS)
- On going cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases
- 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*
- Advance payment of \$2.783 million representing 50% of Council's 2018/2019 allocation received in June 2018.

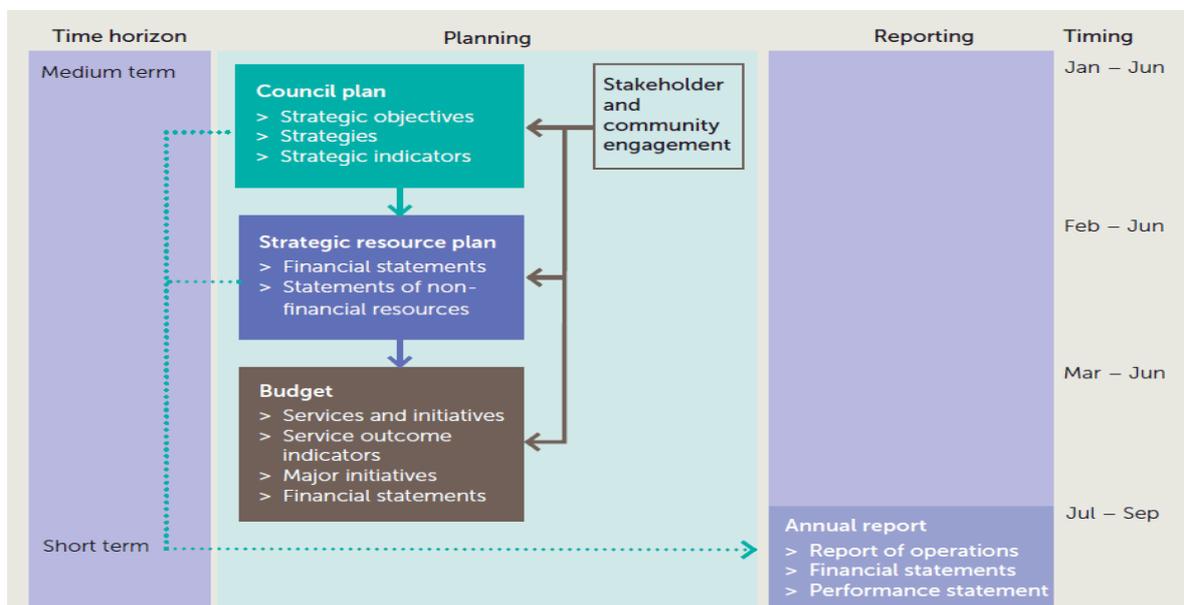
Tom O'Reilly
Chief Executive Officer

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, 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, considering 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

In addition to the above, Council has a long term plan 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.

1.2 Our purpose

Our vision

Building upon our strengths of people, place and pride to inspire a positive future together.

Our mission

Together with our community we will capitalise on our natural assets, support our business and agriculture sector and deliver quality services to our community.

Our values

Gannawarra 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 Gannawarra Shire Council staff practise the following organisational values enhance the quality of this partnership:

Be Collaborative - We will work closely with our community using our collective skills and knowledge to build a positive future. Together with our partners we will deliver great things for our community.

Be Resourceful - We will be resourceful and resilient, employing creative problem solving to our challenges. We will plan and be prepared for when opportunities present.

Be Innovative - We will embrace new ideas and technology to deliver quality services to our community at a lower cost. We will make time to consider the big issues and actively seek creative solutions.

... And we will listen - We will listen to our community and use our collective knowledge and sound judgement to respond and close the loop.

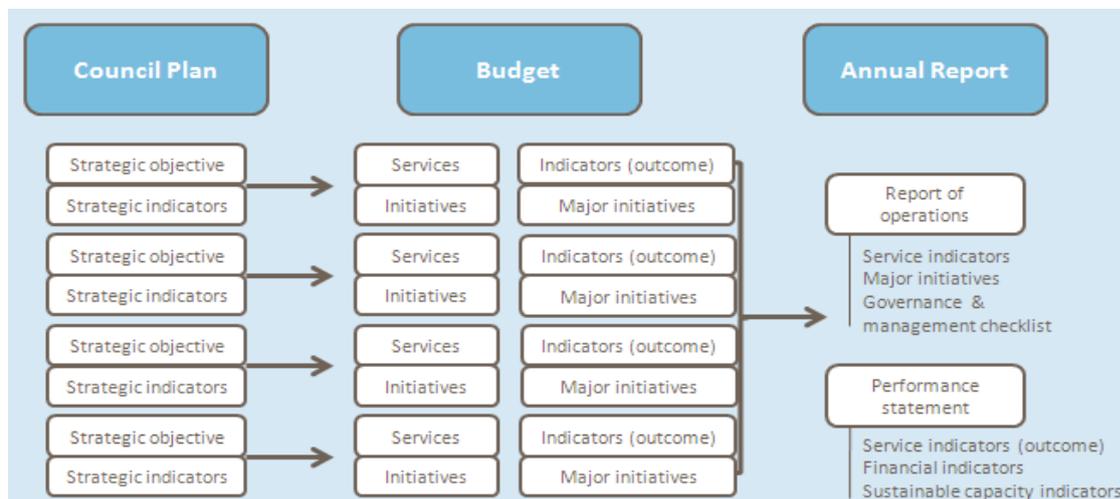
1.3 Strategic objectives

Council delivers activities and initiatives under a range of service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the 2017-2021 years. The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Connectivity	Our communities will be well-connected.
2. Economic Diversity, Growth and Prosperity.	Facilitate a growing and prosperous economy.
3. Sustainable Natural and Built Environment.	To initiate, develop and manage sustainable natural and built environments.
4. Good Governance and a Healthy Organisation.	To be leaders in our community supported by a performance focused organisation that embraces innovation.
5. Strong Healthy Communities.	Our community will be healthy, creative, inclusive and safe.

2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2018/2019 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several 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

2.1 Strategic Objective 1: Connectivity.

To achieve our objective of Connectivity we will continue to encourage connections within and between communities, improve access to community and tourism information, support volunteer participation to meet the needs of the community, encourage and build community events, advocate for improved digital connectivity on behalf of our community and advocate for improved transport connectivity within and between our communities and the broader region.

Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Community engagement	This service is responsible for the management and provision of advice on external communication, in consultation with relevant stakeholders, on behalf of Council.	<i>Exp</i>	193	216	475
		<i>Rev</i>	-	-	-
		<i>NET</i>	193	216	475
Events	Council's arts and culture program investigates opportunities to capture the economic value of local events and ensures a link between the community and Council.	<i>Exp</i>	175	164	136
		<i>Rev</i>	20	46	31
		<i>NET</i>	155	118	105
Transport connections	This service includes responsibility for the maintenance of the weighbridge, aerodrome and train station.	<i>Exp</i>	322	65	59
		<i>Rev</i>	271	21	26
		<i>NET</i>	51	44	33

Volunteer co-ordination	A program designed to coordinate the community's volunteer workforce to provide services that would normally be beyond Council's ability to provide. Services include the Gannawarra Non-Emergency Transport Service, the L2P program and the delivery of meals on wheels.	<i>Exp</i>	112	138	50
		<i>Rev</i>	74	148	62
		<i>NET</i>	38 -	10 -	12

Major Initiatives

1) Develop a shared events partnership program and work towards consolidating existing Council events.

Initiatives

- 2) Bring town leadership groups together for an annual forum
- 3) Bringing young people together for an annual forum
- 4) Host a combined celebration of volunteers annually

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Events	Satisfaction	The number of Council facilitated events is recorded and shows an increase over four years	

2.2 Strategic Objective 2: Economic Diversity, Growth and Prosperity.

To achieve our objective of Economic Diversity, Growth and Prosperity, we will continue to facilitate growth and diversity opportunities within the Shire, utilise the environs of the rivers, lakes and forests for development opportunities, encourage accommodation options suited to a variety of target markets, create business opportunities to increase Council's revenue, support and advocate for sustainable and renewable energy industries within the Shire, support the local tourism industry and maximise the natural environment to deliver high quality visitor and community experiences.

Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Economic development	This service assists the Council to facilitate an environment that is conducive to a sustainable and developing local business sector and provides opportunities for local residents to improve their skill levels and access employment.	<i>Exp</i>	584	439	643
		<i>Rev</i>	145	-	188
		<i>NET</i>	439	439	455

Planning and building	This service processes all planning and statutory building applications, provides advice and makes decisions about development proposals which require a planning permit as well as preparing policy documents that shape the future of the Council.	<i>Exp</i>	477	555	601
		<i>Rev</i>	164	178	176
		<i>NET</i>	313	377	425
Tourism	This service facilitates and encourages tourism development and opportunities to draw visitors to the municipality. The tourism program includes Gateway to Gannawarra, caravan parks and signage.	<i>Exp</i>	201	166	203
		<i>Rev</i>	144	153	164
		<i>NET</i>	57	13	39

Major Initiatives

- 5) Develop Waterway Master Plans for across the Shire
- 6) Support and advocate for sustainable and renewable energy industries within the Shire

Initiatives

- 7) Develop a feasibility study around potential rezoning for waterfront residential investment and development
- 8) Develop a Prospectus based on a range of accommodation styles/types and use this to encourage developments
- 9) Develop and implement the Koondrook Wharf Business Opportunities Plan

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses with an ABN in the municipality	$\frac{[\text{Number of businesses with an ABN in the municipality at the end of the financial year} - \text{Number of businesses with an ABN in the municipality at the start of the financial year}]}{\text{Number of businesses with an ABN in the municipality at the start of the financial year}} \times 100$
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)	$\frac{[\text{Number of VCAT decisions that did not set aside Council's decision in relation to a planning application}]}{\text{Number of VCAT decisions in relation to planning applications}} \times 100$

2.3 Strategic Objective 3: Sustainable Natural and Built Environment.

To achieve our objective of Community Participation, we will encourage an environmentally sustainable community, continue to develop sustainable waste management practices, promote, conserve and celebrate our community's rich and diverse heritage and culture, implement Council's capital works program, upgrade infrastructure to improve access to key commercial markets, improve gateway entrances and township presentations across the Shire and manage facilities now and into the future.

Services

Service area	Description of services provided		2016/17	2017/18	2018/19
			Actual \$'000	Forecast \$'000	Budget \$'000
Bridges	This service conducts ongoing maintenance of Council's bridge network.	<i>Exp</i>	94	119	101
		<i>Rev</i>	-	-	-
		<i>NET</i>	94	119	101
Community facilities	This service is responsible for the maintenance and management of Council's building and properties including public halls and community amenities.	<i>Exp</i>	565	580	576
		<i>Rev</i>	268	351	319
		<i>NET</i>	297	229	257
Drainage	This service conducts ongoing maintenance of Council's drainage network.	<i>Exp</i>	173	160	155
		<i>Rev</i>	-	-	-
		<i>NET</i>	173	160	155
Environment protection	This service includes programs for the eradication of noxious weeds, tree maintenance and planting.	<i>Exp</i>	144	217	157
		<i>Rev</i>	56	94	54
		<i>NET</i>	88	123	103
Fire prevention	Fire prevention includes the implementation of Council's fire prevention policy along with maintaining strategic fire breaks. Council also has responsibilities in the replacement of fire plugs.	<i>Exp</i>	42	40	38
		<i>Rev</i>	14	-	-
		<i>NET</i>	28	40	38
Footpath, kerb and channel	This service conducts ongoing maintenance of Council's footpath, kerb and channel network.	<i>Exp</i>	135	152	143
		<i>Rev</i>	-	-	-
		<i>NET</i>	135	152	143
Pest control	Council is responsible for undertaking an arbovirus eradication program each year.	<i>Exp</i>	134	22	18
		<i>Rev</i>	163	17	10
		<i>NET</i>	- 29	5	8
Roads	This service conducts ongoing maintenance of Council's vast road network.	<i>Exp</i>	2,467	1,879	1,700
		<i>Rev</i>	3,165	2,222	1,069
		<i>NET</i>	- 698	- 343	631
Waste management	This service provides kerbside collection of garbage and waste from households and commercial properties and operating costs of transfer stations and landfill.	<i>Exp</i>	1,555	1,649	1,692
		<i>Rev</i>	461	488	467
		<i>NET</i>	1,094	1,161	1,225

Major Initiatives

- 10) Reduce Council's carbon footprint by 10% over four years
- 11) Investigate the feasibility of introducing an organic waste collection service and expanding the opt-in greenwaste service

Initiatives

- 12) Investigate the development of solar energy for businesses and community members to utilise renewable energy options and reduce utility costs
- 13) Develop an action plan from the Cohuna Future Vision Plan and prioritise the development of the civic space and Tan Track to address the growing success of Cohuna Park Run
- 14) Investigate opportunities that improve the connection of the Kerang township to the Loddon River

Service Performance Outcome Indicators

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

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
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.

2.4 Strategic Objective 4: Good Governance and a Healthy Organisation.

To achieve our objective of Sustainable Natural and Built Environment, we will advocate in the best interests of our community and region, inspire leadership within our communities, pursue initiatives to achieve long term financial sustainability in line with best practice, ensure our community is consulted on issues that will affect them, improve the community's ability to self-access information on Council's services and programs, foster Council as being a great place to work and identify innovative opportunities that create improvements.

Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Council	The governing body to work together with our community to capitalise on our natural assets, support our business and agricultural sector and deliver quality services to our community.	<i>Exp</i>	358	259	252
		<i>Rev</i>	8	85	-
		<i>NET</i>	350	174	252
Executive	This service provides organisational policy and leadership support in the areas of advocacy, continuous improvement, corporate planning, performance measurement, delivery and reporting.	<i>Exp</i>	1,177	1,192	1,227
		<i>Rev</i>	1	-	-
		<i>NET</i>	1,176	1,192	1,227

Governance	This service includes support services in the area of finance, records management, customer services, human resources and several governance functions such as risk and compliance. Human services develops and implements strategies, policies and procedures for the provision of human resources, risk management and insurances, customer service, records management and media and internal communications.	<i>Exp</i>	2,990	2,848	3,143
		<i>Rev</i>	607	383	457
		<i>NET</i>	2,383	2,465	2,686
Information technology	This service provides, supports and maintains reliable and cost effective computer systems and communication facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way.	<i>Exp</i>	526	573	649
		<i>Rev</i>	-	-	-
		<i>NET</i>	526	573	649
Local laws	This service maintains and improves the health and safety of people, animals and the environment by providing services including dog and cat collection, lost and found, pound service, registration and administration service and after hours emergency service. It also provides education, regulation and enforcement of local laws and relevant State legislation.	<i>Exp</i>	348	336	350
		<i>Rev</i>	132	124	132
		<i>NET</i>	216	212	218
Youth	A program designed to inspire leadership within our community and to investigate opportunities to attract young people to live in the community.	<i>Exp</i>	109	110	30
		<i>Rev</i>	41	40	-
		<i>NET</i>	68	70	30

Major Initiatives

- 15) Achieve recognition for the Healthy Together Victoria Achievement Victoria program for Workplaces
- 16) Develop a framework to undertake an organisation wide service planning review

Initiatives

- 17) Identify opportunities for shared service work with neighbouring councils and partners
- 18) Prepare and implement a 10 year long term financial plan
- 19) Review and evaluate Community Profiles annually
- 20) Review and implement the Communications and Engagement Strategy 2016 - 2020

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Advocacy	Satisfaction	Council's performance with advocacy and lobbying above industry benchmarks	
Community engagement	Satisfaction	Council's performance with community consultation and engagement above industry benchmarks	

2.5 Strategic Objective 5: Strong Healthy Communities.

To achieve our objective of Strong Healthy Communities, Council will ensure quality and accessible services that meet the needs of our community, provide a wide range of sport and recreation opportunities that promote active and healthy lifestyles and social connectedness, foster a community that values life-long learning and creativity and ensure our communities are welcoming, inclusive and safe for all.

Services

Service area	Description of services provided		2016/17 Actual \$'000	2017/18 Forecast \$'000	2018/19 Budget \$'000
Business undertakings	Business undertakings include Council's responsibility for the provision and maintenance of a limited number of elderly person's units. This area also includes private works undertaken by Council at the request of others.	<i>Exp</i>	282	515	895
		<i>Rev</i>	394	729	1,248
		<i>NET</i>	- 112	- 214	- 353

Children services	This service provides family oriented support services including pre-schools, long day care, maternal and child health, youth services and development, immunisation and family day care	<i>Exp</i>	2,709	2,640	3,110
		<i>Rev</i>	2,449	2,331	2,963
		<i>NET</i>	260	309	147
Community care	This service provides a range of services for the aged and disabled including home delivered meals, personal care, transport, home maintenance, housing support and senior citizen clubs. Service also provides food safety and public and community health and safety.	<i>Exp</i>	2,157	2,263	2,246
		<i>Rev</i>	1,996	1,886	2,018
		<i>NET</i>	161	377	228
Swimming areas	This service provides maintenance and operation of Council's swimming areas and when required to undertake projects in relation to boating safety.	<i>Exp</i>	493	485	433
		<i>Rev</i>	106	86	103
		<i>NET</i>	387	399	330
Recreation reserves	This service provides maintenance and support of municipal recreation facilities including recreational reserves and parks and gardens.	<i>Exp</i>	1,075	957	1,506
		<i>Rev</i>	244	34	468
		<i>NET</i>	831	923	1,038
Library	This service provides public library services across the municipality and provides customer focused service that caters for cultural, educational and recreational needs of residents and provides a focal point where they can meet, relax and enjoy the services and facilities offered.	<i>Exp</i>	565	590	611
		<i>Rev</i>	144	135	134
		<i>NET</i>	421	455	477

Major Initiatives

- 21) Participate in the development of Loddon Gannawarra Health Needs Analysis Action Plan to further explore local health indicator data and advocate to overcome areas of disadvantage on the main health priority areas: diabetes, heart health and mental health.

Initiatives

- 22) Achieve recognition for the Healthy Together Victoria Achievement program for Early Childhood Education and Care Settings
- 23) Develop a Preventing Family Violence Policy that identifies opportunities for Council to influence a reduction in the incidents of family violence across Gannawarra
- 24) Seek funding to improve and develop infrastructure that encourages physical and leisure activities

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	$\frac{\text{Number of people that received a HACC service}}{\text{Municipal target population for HACC services}} \times 100$ Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	$\frac{\text{Number of children who attend the MCH service at least once (in the year)}}{\text{Number of children enrolled in the MCH service}} \times 100$ Participation in MCH service by Aboriginal children (Percentage of Aboriginal children at least once (in the year) / enrolled who participate in the MCH service)
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	$\frac{\text{Number of active library members}}{\text{municipal population}} \times 100$
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	$\frac{\text{Number of visits to aquatic facilities}}{\text{Municipal population}}$
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)	$\frac{\text{Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up}}{\text{Number of critical non-compliance notifications and major non-compliance notifications about food premises}} \times 100$

Library	Satisfaction	Council's performance with art centres and library services above industry benchmarks
Recreation reserves	Satisfaction	Council's performance with recreational facilities above industry benchmarks
Community care	Satisfaction	Council's performance with family support and elderly support services above industry benchmarks

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 2017/2018 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)	Expenditure	Revenue
	\$'000	\$'000	\$'000
Connectivity	601	720	(119)
Economic Diversity, Growth and Prosperity.	919	1,447	(528)
Sustainable Natural and Built Environment	2,661	4,580	(1,919)
Good Governance and a Healthy Organisation.	5,062	5,651	(589)
Strong Healthy Communities.	1,867	8,801	(6,934)
Total	11,110	21,199	(10,089)

Expenses added in:

Depreciation	5,662
Finance costs	42
Other expenses	306

Deficit before funding sources 17,120

Funding sources:

Rates & charges	(10,770)
Waste charges	(1,821)
Grants Commission	(2,818)

Total funding sources (15,409)

Operating Underlying Deficit for the year 1,711

Capital funding (2,504)

Total Comprehensive Result (793)

3. Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2018/2019 has been supplemented with projection to 2021/2022 extracted from the Strategic Resource Plan.

This section includes the following financial statements prepared in accordance with the Local Government Act 1989 and the Local Government Planning and Reporting regulations 2014.

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

Comprehensive Income Statement

For the four years ending 30 June 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates and charges	4.1.1	12,206	12,591	12,843	13,100	13,362
Statutory fees and fines	4.1.2	399	337	347	358	368
User fees	4.1.3	2,547	3,252	3,350	3,450	3,554
Grants - Operating	4.1.4	9,309	7,000	9,865	10,072	10,284
Grants - Capital	4.1.4	2,882	3,352	3,550	1,563	1,088
Contributions - monetary	4.1.5	441	35	35	35	35
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		206	308	311	314	317
Other income	4.1.6	1,681	1,127	1,155	1,184	1,214
Total income		29,671	28,002	31,456	30,076	30,221
Expenses						
Employee costs	4.1.7	11,109	11,563	11,910	12,267	12,635
Materials and services	4.1.8	9,986	9,636	9,513	9,798	10,092
Depreciation and amortisation	4.1.9	5,598	5,662	5,719	5,776	5,834
Bad and doubtful debts		1	-	-	-	-
Borrowing costs		48	42	35	27	20
Other expenses	4.1.10	420	306	312	318	325
Total expenses		27,162	27,209	27,489	28,187	28,906
Surplus/(deficit) for the year		2,509	793	3,967	1,889	1,315
Other comprehensive income						
Net asset revaluation increment /(decrement)		3,500	-	2,500	-	3,000
Total comprehensive result		6,009	793	6,467	1,889	4,315

Balance Sheet

For the four years ending 30 June 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual		Projections		
		2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents		4,819	2,214	2,320	3,060	3,223
Trade and other receivables		2,150	1,883	1,703	1,585	1,986
Other financial assets		3,209	1,884	1,884	1,384	1,384
Inventories		400	350	300	250	200
Non-current assets classified as held for sale		575	425	730	580	450
Other assets		185	140	145	155	165
Total current assets	4.2.1	<u>11,338</u>	<u>6,896</u>	<u>7,082</u>	<u>7,013</u>	<u>7,407</u>
Non-current assets						
Property, infrastructure, plant & equipment		193,853	199,096	205,395	207,384	211,365
Total non-current assets	4.2.1	<u>193,853</u>	<u>199,096</u>	<u>205,395</u>	<u>207,384</u>	<u>211,365</u>
Total assets		<u>205,191</u>	<u>205,992</u>	<u>212,477</u>	<u>214,397</u>	<u>218,772</u>
Liabilities						
Current liabilities						
Trade and other payables		983	1,022	1,063	1,106	1,150
Trust funds and deposits		139	109	94	99	104
Provisions		2,367	2,417	2,467	2,517	2,567
Interest-bearing liabilities	4.2.3	101	108	116	89	95
Total current liabilities	4.2.2	<u>3,590</u>	<u>3,656</u>	<u>3,740</u>	<u>3,811</u>	<u>3,916</u>
Non-current liabilities						
Provisions		1,281	1,331	1,381	1,431	1,481
Interest-bearing liabilities	4.2.3	565	457	341	252	157
Total non-current liabilities	4.2.2	<u>1,846</u>	<u>1,788</u>	<u>1,722</u>	<u>1,683</u>	<u>1,638</u>
Total liabilities		<u>5,436</u>	<u>5,444</u>	<u>5,462</u>	<u>5,494</u>	<u>5,554</u>
Net assets		<u>199,755</u>	<u>200,548</u>	<u>207,015</u>	<u>208,903</u>	<u>213,218</u>
Equity						
Accumulated surplus		78,830	79,623	83,590	85,478	86,793
Reserves		120,925	120,925	123,425	123,425	126,425
Total equity		<u>199,755</u>	<u>200,548</u>	<u>207,015</u>	<u>208,903</u>	<u>213,218</u>

Statement of Changes in Equity

For the four years ending 30 June 2022

	Total	Accumulated Surplus	Revaluation Reserve
NOTES	\$'000	\$'000	\$'000
2018 Forecast Actual			
Balance at beginning of the financial year	193,746	76,321	117,425
Surplus/(deficit) for the year	2,509	2,509	-
Net asset revaluation increment/(decrement)	3,500	-	3,500
Balance at end of the financial year	199,755	78,830	120,925
2019 Budget			
Balance at beginning of the financial year	199,755	78,830	120,925
Surplus/(deficit) for the year	793	793	-
Balance at end of the financial year	200,548	79,623	120,925
2020			
Balance at beginning of the financial year	200,548	79,623	120,925
Surplus/(deficit) for the year	3,967	3,967	-
Net asset revaluation increment/(decrement)	2,500	-	2,500
Balance at end of the financial year	207,015	83,590	123,425
2021			
Balance at beginning of the financial year	207,015	83,590	123,425
Surplus/(deficit) for the year	1,889	1,889	-
Balance at end of the financial year	208,903	85,478	123,425
2022			
Balance at beginning of the financial year	208,903	85,478	123,425
Surplus/(deficit) for the year	1,315	1,315	-
Net asset revaluation increment/(decrement)	3,000	-	3,000
Balance at end of the financial year	213,218	86,793	126,425

Statement of Cash Flows

For the four years ending 30 June 2022

	Notes	Forecast	Budget	Strategic Resource Plan Projections		
		Actual		2019/20	2020/21	2021/22
		2017/18	2018/19	2019/20	2020/21	2021/22
		\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities						
Rates and charges		11,759	12,037	12,341	12,951	13,114
Statutory fees and fines		399	337	347	358	368
User fees		2,547	3,252	3,350	3,450	3,554
Grants - operating		9,309	7,000	9,865	10,072	10,284
Grants - capital		2,882	3,352	3,550	1,563	1,088
Contributions - monetary		441	35	35	35	35
Interest received		176	188	191	195	198
Trust funds and deposits taken		50	20	30	25	35
Other receipts		1,505	939	964	989	1,016
Employee costs		(11,109)	(11,563)	(11,910)	(12,267)	(12,635)
Materials and services		(9,565)	(9,591)	(9,518)	(9,808)	(10,102)
Trust funds and deposits repaid		(297)	(40)	(45)	(20)	(30)
Other payments		(420)	(306)	(312)	(318)	(325)
Net cash provided by/(used in) operating activities	4.4.1	7,677	5,660	8,888	7,224	6,599
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment		(8,346)	(11,066)	(9,709)	(7,965)	(7,016)
Proceeds from sale of property, infrastructure, plant and equipment		538	619	520	550	540
Proceeds from sale of investments		4,677	2,325	550	1,075	150
Net cash provided by/ (used in) investing activities	4.4.2	(3,131)	(8,122)	(8,639)	(6,340)	(6,326)
Cash flows from financing activities						
Finance costs		(48)	(42)	(35)	(27)	(20)
Repayment of borrowings		(95)	(101)	(108)	(116)	(90)
Net cash provided by/(used in) financing activities	4.4.3	(143)	(143)	(143)	(143)	(110)
Net increase/(decrease) in cash & cash equivalents		4,403	(2,605)	106	741	162
Cash and cash equivalents at the beginning of the financial year		416	4,819	2,214	2,320	3,060
Cash and cash equivalents at the end of the financial year		4,819	2,214	2,320	3,060	3,223

Statement of Capital Works

For the four years ending 30 June 2022

	NOTES	Forecast	Budget	Strategic Resource Plan Projections		
		Actual 2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
Property						
Land improvements		219	30	-	-	-
Total land		219	30	-	-	-
Building improvements		192	965	175	405	125
Total buildings		192	965	175	405	125
Total property		411	995	175	405	125
Plant and equipment						
Plant, machinery and equipment		1,435	1,149	1,380	1,259	1,079
Computers and telecommunications		334	220	375	225	235
Library books		83	86	84	87	90
Total plant and equipment		1,852	1,455	1,839	1,571	1,404
Infrastructure						
Roads		3,287	2,354	2,500	2,650	2,860
Bridges		-	943	-	715	276
Footpaths and cycleways		177	185	305	335	380
Kerb replacement		150	150	150	150	150
Drainage		77	781	370	475	200
Recreational, leisure and community facilities		871	3,273	3,560	470	475
Waste management		312	445	90	505	331
Parks, open space and streetscapes		1,203	200	365	315	475
Other infrastructure		98	285	355	374	340
Total infrastructure		6,175	8,616	7,695	5,989	5,487
Total capital works expenditure	4.5.1	8,438	11,066	9,709	7,965	7,016
Represented by:						
New asset expenditure		2,088	2,879	4,520	2,072	1,825
Asset renewal expenditure		5,740	7,102	4,868	5,112	4,503
Asset expansion expenditure		-	-	-	-	-
Asset upgrade expenditure		610	1,085	746	781	688
Total capital works expenditure	4.5.1	8,438	11,066	9,709	7,965	7,016
Funding sources represented by:						
Grants		2,882	3,352	3,550	1,563	1,088
Council cash		5,556	7,714	6,159	6,402	5,928
Total capital works expenditure	4.5.1	8,438	11,066	9,709	7,965	7,016

Statement of Human Resources

For the four years ending 30 June 2022

	Forecast	Budget	Strategic Resource Plan Projections		
	Actual				
	2017/18	2018/19	2019/20	2020/21	2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	11,109	11,563	11,910	12,267	12,635
Employee costs - capital	430	210	220	230	240
Total staff expenditure	11,539	11,773	12,130	12,497	12,875
	FTE	FTE	FTE	FTE	FTE
Staff numbers					
Employees	154.0	154.0	154.0	154.0	154.0
Total staff numbers	154.0	154.0	154.0	154.0	154.0

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

Department	Budget 2018/19 \$'000	Comprises			
		Permanent		Casual	Temporary
		Full Time \$'000	Part time \$'000	\$'000	\$'000
Chief Executive Office	1,110	1,110	-	-	-
Community Wellbeing	4,254	1,403	2,601	250	-
Corporate Services	1,604	1,046	457	101	-
Infrastructure Services	3,758	3,337	349	72	-
Strategic Development	837	700	118	19	-
Total	11,563	7,596	3,525	442	-
Capitalised labour costs	210				
Total expenditure	11,773				

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

Department	Budget 2018/19	Comprises			
		Permanent		Casual	Temporary
		Full Time	Part time		
Chief Executive Office	10	10	-	-	-
Community Wellbeing	61	17	40	4	-
Corporate Services	20	12	6	2	-
Infrastructure Services	51	45	5	1	-
Strategic Development	9	7	2	-	-
Total	151	91	53	7	-
Capitalised labour costs	3				
Total staff	154				

4. Notes to the financial statements

This section presents detailed information on material components of the financial statements. Council needs to assess which components are material, considering the dollar amounts and nature of these components.

4.1 Comprehensive Income Statement

4.1.1 Rates and charges

Rates and charges are required by the Act and the Regulations to be disclosed in Council's annual budget.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2018/2019 the FGRS cap has been set at 2.25%. 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 community.

In order to achieve the objective of maintaining service levels and a strong capital expenditure program, the average general rate and municipal charge will increase by 2.25% in line with the rate cap. The kerbside, recycling and greenwaste collection charge is to increase by 2.19%. The municipal charge will remain at the same level as 2017/2018.

This will raise total rates and charges for 2018/2019 to \$12.591 million.

4.1.1(a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

	Forecast Actual \$'000	Budget \$'000	Change \$'000	%
General rates*	9,791	10,026	235	2.40%
Municipal charge*	630	630	-	0.00%
Total general rates and charges	10,421	10,656	235	2.25%
Waste management charge	1,785	1,821	36	2.02%
Total including waste	12,206	12,477	271	2.22%
Payment in lieu of rates (piLoR)**	-	114	114	100.00%
Total rates and charges	12,206	12,591	385	3.16%

*These items are subject to the rate cap established under the FGRS

**PiLoR is applied to energy generation companies via a rating framework as provided in the Electricity Industry Act 2000.

4.1.1(b) 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	2017/18 cents/\$CIV*	2018/19 cents/\$CIV*	Change
General rate for residential properties	0.006482	0.006468	-0.22%
General rate for commercial/industrial properties	0.006834	0.006644	-2.78%
General rate for farm irrigation district properties	0.006417	0.005750	-10.39%
General rate for farm dryland properties	0.005290	0.004650	-12.10%
General rate for cultural and recreation properties	0.003241	0.003234	-0.22%

4.1.1(c) The estimated total amount to be raised by general rates plus municipal charge 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	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
Residential	5,792	5,864	72	1.25%
Commercial/industrial properties	888	903	15	1.69%
Farm irrigation district properties	2,549	2,641	92	3.62%
Farm dryland properties	1,180	1,235	55	4.62%
Cultural and recreation properties	12	12	0	3.42%
Total amount to be raised by general rates	10,421	10,656	235	2.25%

4.1.1(d) 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	2017/18	2018/19	Change	
	Number	Number	\$'000	%
Residential	4,619	4,627	8	0.17%
Commercial/industrial properties	518	518	-	0.00%
Farm irrigation district properties	1,153	1,151	-2	-0.17%
Farm dryland properties	428	429	1	0.23%
Cultural and recreation properties	11	11	-	0.00%
Total number of assessments	6,729	6,736	7	0.10%

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

4.1.1(f) 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	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
Residential	822,578	835,106	12,529	1.52%
Commercial/industrial properties	122,694	128,075	5,381	4.39%
Farm irrigation district properties	382,684	442,885	60,201	15.73%
Farm dryland properties	219,322	261,218	41,896	19.10%
Cultural and recreation properties	3,359	3,493	134	3.99%
Total value of land	1,550,636	1,670,777	120,141	7.75%

4.1.1(g) The municipal charge under Section 159 of the Act compared with the previous financial year

Type of Charge	Per	Per	Change	
	Rateable	Rateable		
	Property	Property		
	2017/18	2018/19		
	\$	\$	\$	%
Municipal	100	100	-	0.00%

4.1.1(h) The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of Charge	2017/18	2018/19	Change	
	\$	\$	\$	%
Municipal	631,000	630,200	-800	-0.13%

4.1.1(i) 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	Per Rateable Property	Change	
	2017/18	2018/19	\$	%
Kerbside collection 120 litre bin	334	342	8	2.40%
Kerbside collection 240 litre bin	480	490	10	2.08%
Greenwaste collection	53	54	1	1.89%
Total	867	886	19	2.19%

4.1.1(j) 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	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
Kerbside collection 120 litre bin	1,369	1,451	82	5.99%
Kerbside collection 240 litre bin	327	328	1	0.31%
Greenwaste collection	29	42	13	44.83%
Total	1,725	1,821	96	5.57%

4.1.1(k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2017/18	2018/19	Change	
	\$'000	\$'000	\$'000	%
General rates	9,790	10,026	236	2.41%
Municipal charge	631	630	-	-0.16%
Kerbside collection and recycling	1,777	1,821	44	2.48%
Supplementary rates and charges	8	-	-	-100.00%
Revenue in lieu of rates	-	114	114	100.00%
Total Rates and charges	12,206	12,591	385	3.16%

4.1.1(l) Fair Go Rates System Compliance

Gannawarra Shire Council is fully compliant with the State Government's Fair Go Rates System

	2017/18	2018/19
Total Rates	\$ 10,428,621	\$ 10,655,527
Number of rateable properties	6,729	6,736
Base Average Rates	1549.80	1581.88
Maximum Rate Increase (set by the State Government)		2.25%
Capped Average Rate		\$ 1,584.67
Maximum General Rates and Municipal Charges Revenue		\$ 10,663,265
Budgeted General Rates and Municipal Charges Revenue		\$ 10,655,527

4.1.1(m) 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 amount of Revenue in lieu of rates is subject to the Electricity Industry Act 2000.
- The variation of returned levels of value (e.g. valuation appeals)
- Changes of use of land such that rateable land becomes non-rateable land and vice versa
- Changes of use of land such that residential land becomes business land and vice versa.

4.1.1(n) Differential rates

Rates to be levied

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

- A general rate of 0.6468% (0.006468 cents in the dollar of CIV) for all rateable residential properties.
- A general rate of 0.6644% (0.006644 cents in the dollar of CIV) for all rateable commercial/industrial properties.
- A general rate of 0.5750% (0.005750 cents in the dollar of CIV) for all rateable farm irrigation district properties.
- A general rate of 0.4650% (0.004650 cents in the dollar of CIV) for all rateable farm dryland properties.
- A general rate of 0.3234% (0.003234 cents in the dollar of CIV) for all rateable cultural and recreational properties.

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

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.

Commercial/industrial land

Commercial/industrial land is any land, which is:

- Occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services; or
- Unoccupied but zoned commercial or industrial under the Gannawarra Planning Scheme.

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

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land. The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries. The use of the land within this differential rate, in the case of improved land, is any use of land.

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

The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to commercial land. The vacant land affected by this rate is that which is zoned commercial and/or industrial under the Gannawarra Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/18 financial year.

General Residential land

Residential land is any land, which is:

- Occupied for the principal purpose of physically accommodating persons; or
- Unoccupied land which is not classified as commercial/industrial land, farm irrigation district land or farm dryland.

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

- Construction and maintenance of infrastructure assets;
- Development and provision of health and community services; and
- Provision of general support services.

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land. The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries. The use of the land within this differential rate, in the case of improved land, is any use of land.

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

The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

The characteristics of planning scheme zoning are applicable to the determination of vacant land which will be subject to the rate applicable to residential land. The vacant land affected by this rate is that which is zoned residential under the Gannawarra Planning Scheme. The classification of land which is improved will be determined by the occupation of that land and have reference to the planning scheme zoning.

The types of buildings on the land within this differential rate are all buildings which are now constructed on the land or which are constructed prior to the expiry of the 2017/18 financial year.

Farmland Irrigation District land

Farmland Irrigation District land is any land, which is farmland that is in the irrigation district defined by the relevant Water Authority within the Gannawarra Shire Council boundaries; or unoccupied but zoned farmland under the Gannawarra Planning Scheme and which is not commercial/industrial land, general/residential land or farmland (dryland).

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

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

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land. The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries. The use of the land within this differential rate, in the case of improved land, is any use of land.

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

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

Farmland (dryland)

Farmland (dryland) is any land, which is farmland that is not defined as farmland irrigation district land or unoccupied but zoned farmland under the Gannawarra Planning Scheme and which is not commercial/industrial, general/residential or farmland irrigation district land.

The objective of this differential rate is to ensure

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

The types and classes of rateable land within this differential rate are those having the relevant characteristics described above. The money raised by the differential rate will be applied to the items of expenditure described in the Budget by Council. The level of the rate for land in this category is considered to provide for an appropriate contribution to Council's budgeted expenditure, having regard to the characteristics of the land. The geographic location of the land within this differential rate is wherever located within the municipal district, without reference to ward boundaries. The use of the land within this differential rate, in the case of improved land, is any use of land.

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

The geographic location of the land within this differential rate is wherever it is located within the municipal district, without reference to ward boundaries.

The use of the land within this differential rate, in the case of improved land, is any use of land.

4.1.2 Statutory fees and fines

	Forecast	Budget	Change	
	Actual			
	2017/18	2018/19	\$'000	%
	\$'000	\$'000		
Infringements and costs	138	119	- 19	-13.77%
Public Health	56	45	- 11	-19.64%
Building fees	84	93	9	10.71%
Town planning fees	120	79	- 41	-34.17%
Other	1	1	-	0.00%
Total statutory fees and fines	399	337	- 62	-15.54%

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 local law fines. Increases in statutory fees are made in accordance with legislative requirements.

4.1.3 User fees

	Forecast	Budget	Change	
	Actual			
	2017/18	2018/19	\$'000	%
	\$'000	\$'000		
Aged and health services	290	315	25	8.62%
Arts & culture	21	12	- 9	-42.86%
Chargeable Works	1,164	1,704	540	46.39%
Waste management	179	192	13	7.26%
Swimming areas	102	124	22	21.57%
Halls and recreation	37	38	1	2.70%
Child care/children's programs	732	773	41	5.60%
Other	22	94	72	327.27%
Total user fees	2,547	3,252	705	27.68%

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 ensure that increases do not exceed CPI increases or market levels.

The amount to be raised from user charges is projected to increase by 27.68% or \$0.705 million over 2017/2018. Council intends to explore avenues where Council employees and equipment are utilised to undertake additional private or chargeable works. An additional amount of \$0.54 million is expected to be received from chargeable works. Wherever possible user charges have been increased to generate sufficient income to cover the cost of service delivery.

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

4.1.4 Grants

Grants are required by the Act and the Regulations to be disclosed in Council's annual budget.

	Forecast	Budget	Change	
	Actual			
	2017/18	2018/19	\$'000	%
	\$'000	\$'000		
Grants were received in respect of the following:				
Summary of grants				
Commonwealth funded grants	8,437	5,392	(3,045)	-36%
State funded grants	3,754	4,960	1,206	32%
Total grants received	12,191	10,352	(1,839)	-15%
(a) Operating Grants				
Recurrent - Commonwealth Government				
Financial Assistance Grants	5,342	2,818	(2,524)	-47%
Children services	77	681	604	784%
General home care	769	845	76	10%
Planning	27	-	(27)	-100%
Recurrent - State Government				
Children services	572	561	(11)	-2%
Aged care	431	460	29	7%
School crossing supervisors	14	20	6	43%
Libraries	127	128	1	1%
Maternal and child health	178	180	2	1%
Recreation	500	423	(77)	-15%
Other	28	185	157	561%
Total recurrent grants	8,065	6,301	(1,764)	-22%
Non-recurrent - Commonwealth Government				
Children services	-	200	200	100%
Non-recurrent - State Government				
Family and children	1,244	499	(745)	-60%
Total non-recurrent grants	1,244	699	(545)	-44%
Total operating grants	9,309	7,000	(2,309)	-25%
(b) Capital Grants				
Recurrent - Commonwealth Government				
Roads to recovery	2,222	848	(1,374)	-62%
Total recurrent grants	2,222	848	(1,374)	-62%
Non-recurrent - State Government				
Children services	146	314	168	115%
Energy saving program	-	100	100	100%
Library	6	6	-	0%
Roads to market	42	90	48	114%
Fire access roads	15	7	(8)	-53%
Bridge program	-	472	472	100%
Quambatook township flood mitigation	250	50	(200)	-80%
Koondrook nature based tourism hub	75	725	650	867%
Pipeline Projects	-	725	725	100%
Swimming pool renewal program	19	-	(19)	-100%
Cohuna RSL Memorial park	-	15	15	100%
Kerang CBD streetscape	100	-	(100)	-100%
Cohuna recreation reserve	7	-	(7)	-100%
Total non-recurrent grants	660	2,504	1,844	279%
Total capital grants	2,882	3,352	470	16%
Total Grants	12,191	10,352	(1,839)	-15%

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 decrease by 26% or \$2.344 million compared to 2017/2018 mainly due to 50% of the 2018/2019 Victorian Grants Commission allocation being paid in advance and received in the 2017/2018 financial year. A list of operating grants by type and source, classified into recurrent and non-recurrent, is shown above.

4.1.5 Contributions

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000		Change \$'000	%
Monetary	441	35	-	406	-92.06%
Total contributions	441	35	-	406	-92.06%

Prior year included a contribution from the State Revenue Office representing their share of the cost of revaluing rateable property. Future revaluations will be undertaken by the Valuer General's Office at no cost to Council.

2017/2018 included contributions by external parties, usually sporting bodies or committees of management, to improve facilities that are not Council owned but come under the control of the sporting body or committee. A program to provide funds for facility upgrades in 2018/2019 has been made available in the budget with no monetary contribution being required from the benefitting parties.

4.1.6 Other income

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000		Change \$'000	%
Interest	176	188		12	6.82%
Investment property rental	256	273		17	6.64%
Reimbursements	1,249	666	-	583	-46.68%
Total other income	1,681	1,127	-	554	-32.96%

Other income relates to a range of items such as cost recoups and other miscellaneous income items. It also includes interest revenue on investments and rate arrears. The shift in reimbursements is due to the changes in funding for Children Services.

4.1.7 Employee costs

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000		Change \$'000	%
Wages and salaries	9,921	10,234		313	3.15%
WorkCover	148	150		2	1.35%
Superannuation	980	987		7	0.71%
FBT	99	104		5	5.05%
Salaries capitalised	(202)	(155)		47	-23.27%
Other	163	243		80	49.08%
Total employee costs	11,109	11,563		454	4.09%

Employee costs are forecast to increase by 4.09% compared to 2017/2018. The increase can be attributed to the following factors:

Wage increase of 1.75% following the completion of the Enterprise Bargaining Agreement negotiations plus movements within band levels by employees during the term of the budget has been included and equates to 2.15%. Approximately \$100k of outdoor labour used to carry out capital works during 2017/18 has reverted back to the provision of services within the operating budget, this amount represents an additional 1%.

Salaries capitalised represents the income generated within the operating budget as a result of capital works being undertaken by Council staff. A shift in the level of income reflects an increase or decrease in the amount of capital works being undertaken by Council staff as compared to contractors.

Other employee costs include various allowances such as on-call, availability and travel. The shift in the budget amount is due to changes in the processing procedures within the new business systems.

4.1.8 Materials and services

	Forecast	Budget	Change	
	Actual 2017/18 \$'000	2018/19 \$'000	\$'000	%
Operational materials	2,542	2,605	63	2.48%
Operational services	4,640	3,932	- 708	-15.26%
Contract payments	265	139	- 126	-47.55%
Corporate strategies and reviews	-	400	400	100.00%
Building maintenance	39	24	- 15	-38.46%
Utilities	710	742	32	4.51%
Office administration	598	572	- 26	-4.35%
Information technology	397	406	9	2.27%
Bank charges	31	31	-	0.00%
Insurance	314	280	- 34	-10.83%
Consultants	214	284	70	32.71%
Contributions	236	221	- 15	-6.36%
Total materials and services	9,986	9,636	- 350	-3.50%

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 3.53% compared to 2017/2018.

The budget for 2018/2019 has allowed \$330k for Kerang Riverside Park, \$238k for Macorna Recreation Reserve and \$135k for the Cohuna and Leitchville cricket net replacement.

Provision has been made for the Koondrook Long Day Care centre upgrade \$150k and Koondrook Preschool upgrade \$349k.

4.1.9 Depreciation and amortisation

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000		
Land improvements	51	57	6	11.76%
Buildings	502	521	19	3.78%
Office equipment	250	250	-	0.00%
Library books	56	58	2	3.57%
Plant & equipment	741	752	11	1.48%
Roads	2,494	2,527	33	1.32%
Bridges	248	250	2	0.81%
Footpaths	126	127	1	0.79%
Kerb & channel	219	221	2	0.91%
Parks & streetscape	115	60	-55	-47.83%
Recreation & leisure	291	322	31	10.65%
Waste management	28	35	7	25.00%
Aerodrome	78	77	-1	-1.28%
Drainage	234	238	4	1.71%
Other infrastructure	165	167	2	1.21%
Total depreciation and amortisation	5,598	5,662	64	1.14%

4.1.10 Other expenses

	Forecast	Budget	Change	
	Actual	2018/19	\$'000	%
	2017/18	2018/19		
	\$'000	\$'000		
Audit fees	65	77	12	18.46%
Mayoral and Councillor allowance	205	209	4	1.95%
Valuations	150	20	-130	-86.67%
Total other expenses	420	306	-114	-27.14%

Other expenses are forecast to decrease by 28.33% as the cost of undertaking property valuations will no longer be a responsibility of Council. An amount of \$20k has been allowed for the undertaking of ad hoc valuations and supplementary valuations.

4.2 Balance Sheet

4.2.1 Assets

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 \$2.761 million during the year leaving a balance of cash and cash equivalents of \$1.937 million. The cash and cash equivalents balance for 2017/2018 of \$4.698 million includes the advance payment from the Victorian Grants Commission of \$2.662 million.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget.

Other financial assets include investments with term maturities of three months or more. These balances are projected to decrease by \$1.325m during the year.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$5.243 million increase in this balance is attributable to the net result of the capital works program, depreciation and written down value of assets sold.

4.2.2 Liabilities

Trade and other payables are amounts that Council owes to suppliers as at 30 June. These liabilities are budgeted to remain consistent with 2017/2018 levels.

Provisions include accrued long service leave and annual leave 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 Collective Agreement outcomes.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$0.101 million over the year.

4.2.3 Borrowings

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

	2017/18	2018/19
	\$	\$
Amount borrowed as at 30 June of the prior year	760,757	665,636
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	(95,121)	(101,365)
Amount of borrowings as at 30 June	665,636	564,271

4.3 Statement of changes in Equity

4.3.1 Revaluation Reserves

Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations. No asset revaluations are planned for 2018/2019 at this stage.

4.3.2 Equity

Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of \$3.299 million results directly from the operating surplus for the year.

4.4 Statement of Cash Flows

4.4.1 Net cash flows provided by/used in operating activities

It is expected that income will be \$5.504 million higher than operating expenditure. This amount includes capital grants of \$3.352 million and is prior to any capital expenditure.

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.

4.4.2 Net cash flows provided by/used in investing activities

The amount of \$8.122 million represents the amount of capital expenditure less any movements within Council's cash reserves and after taking into account any proceeds from the sale of assets.

4.4.3 Net cash flows provided by/used in financing activities

The amount of \$2.761 million represents the decrease in cash and cash equivalents projected at 30 June 2019 compared to 1 July 2018 after taking into account operating and capital activities and repayment of borrowings.

4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2018/2019 year, classified by expenditure type and funding source. Works are also disclosed as current budget or carried forward from prior year.

4.5.1 Summary

	Forecast Actual 2017/18 \$'000	Budget 2018/19 \$'000	Change \$'000	%
Property	411	995	584	142.09%
Plant and equipment	1,852	1,455	- 397	-21.44%
Infrastructure	6,175	8,616	2,441	39.53%
Total	8,438	11,066	2,628	31.14%

	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
Property	995	256	709	30	-	429	-	566	-
Plant and equipment	1,455	8	1,227	220	-	6	-	1,449	-
Infrastructure	8,616	2,615	5,166	835	-	2,917	-	5,699	-
Total	11,066	2,879	7,102	1,085	-	3,352	-	7,714	-

4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
PROPERTY									
Land Improvements									
Cohuna RSL Memorial Park	30	-	-	30	-	15	-	15	-
Building Improvements									
Cohuna Hall acoustics	56	56	-	-	-	-	-	56	-
Cohuna Hall indoor toilets	40	-	40	-	-	-	-	40	-
Kerang and Cohuna Hall floor rejuvenation	28	-	28	-	-	-	-	28	-
Quambatook Seniors building	50	-	50	-	-	-	-	50	-
Energy saving initiatives	200	200	-	-	-	100	-	100	-
TOTAL PROPERTY	404	256	118	30	-	115	-	289	-
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Light plant replacement	316	-	316	-	-	-	-	316	-
Heavy plant replacement	825	-	825	-	-	-	-	825	-
Cat cage - 6 enclosures for pound	8	8	-	-	-	-	-	8	-
Computers and Telecommunications									
Information technology	220	-	-	220	-	-	-	220	-
Library books									
Book purchases	86	-	86	-	-	6	-	80	-
TOTAL PLANT AND EQUIPMENT	1,455	8	1,227	220	-	6	-	1,449	-

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
Roads									
Gravel resheeting	1,000	-	1,000	-	-	500	-	500	-
Sealed road rehabilitation	349	-	348	-	-	349	-	-	-
Bitumen road reseals	850	-	850	-	-	-	-	850	-
Local roads to market (Adamthwaite)	140	-	140	-	-	90	-	50	-
Fire Access roads	15	-	15	-	-	7	-	8	-
Bridges									
Sampsons Bridge	943	-	943	-	-	471	-	472	-
Footpaths and Cycleways									
Footpath replacement	110	-	110	-	-	-	-	110	-
Scoresby Street (Nolan to Shadforth)	25	25	-	-	-	-	-	25	-
Tracks and trails	50	50	-	-	-	-	-	50	-
Kerb Replacement	150	-	150	-	-	-	-	150	-
Drainage									
Richardson Street	120	-	-	121	-	-	-	120	-
Murrabit stormwater draingae survey & design	50	50	-	-	-	-	-	50	-
Recreational, Leisure & Community Facilities									
Swimming pool renewal program	130	-	130	-	-	-	-	130	-
Cohuna aquatics design	50	50	-	-	-	-	-	50	-
Egg Park upgrade	75	-	-	75	-	-	-	75	-
Tree planting program	10	10	-	-	-	-	-	10	-
Market Street Cohuna	15	15	-	-	-	-	-	15	-
Western Road roundabout	25	25	-	-	-	-	-	25	-
Promotional Infrastructure	50	50	-	-	-	-	-	50	-
Pipeline Projects									
Kangaroo Lake North end upgrade	450	225	125	100	-	225	-	225	-
Koondrook waterfront access	450	300	150	-	-	225	-	225	-
Cohuna-Koondrook forest trails	300	-	150	150	-	150	-	150	-
Cohuna waterfront piers & jetties	250	125	-	125	-	125	-	125	-
Kerang clock tower	18	-	-	18	-	-	-	18	-
Murray River adventure trail	50	50	-	-	-	-	-	50	-
Sport and recreation leisure funding	65	65	-	-	-	-	-	65	-

Cohuna ski run	35	-	35	-	-	-	-	35	-
Kerang pool kiosk enclosure	150	-	150	-	-	-	-	150	-
Waste Management									
Old Kerang landfill capping	350	-	350	-	-	-	-	350	-
Transfer station upgrade	45	-	45	-	-	-	-	45	-
Saleyard truckwash water treatment	50	-	50	-	-	-	-	50	-
Parks, Open Space and Streetscapes									
Scoresby Street open space precinct	200	200	-	-	-	-	-	200	-
Other Infrastructure									
Cohuna Caravan Park hydrants	75	75	-	-	-	-	-	75	-
Project design	210	-	210	-	-	-	-	210	-
TOTAL INFRASTRUCTURE	6,855	1,315	4,951	589	-	2,142	-	4,713	-
TOTAL CURRENT CAPITAL WORKS	8,714	1,579	6,296	839	-	2,263	-	6,451	-

4.5.3 Works carried forward from the 2017/18 year

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY									
Building Improvements	-								
Leitchville preschool	411	-	411	-	-	314	-	97	-
Apex Park Cohuna toilets	180	-	180	-	-	-	-	180	-
TOTAL PROPERTY	591	-	591	-	-	314	-	277	-

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
Drainage									
Southern levee acquisition	80	80	-	-	-	-	-	80	-
Koondrook stormwater drainage	40	-	40	-	-	-	-	40	-
Quambatook township flood mitigation	491	245	-	246	-	50	-	441	-
Recreational, Leisure & Community Facilities									
Koondrook nature based tourism hub	800	800	-	-	-	725	-	75	-
Koondrook Caravan Park stage 2 (Roads and drainage)	350	175	175	-	-	-	-	350	-
TOTAL INFRASTRUCTURE	1,761	1,300	215	246	-	775	-	986	-
TOTAL CARRIED FORWARD CAPITAL WORKS 2017/18	2,352	1,300	806	246	-	1,089	-	1,263	-
TOTAL CAPITAL WORKS 2018/2019	11,066	2,879	7,102	1,085	-	3,352	-	7,714	-

5. 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	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	+/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	12.75%	9.30%	-6.71%	0.88%	4.49%	4.07%	+
Liquidity									
Working Capital	Current assets / current liabilities	2	310%	316%	189%	189%	184%	189%	o
Unrestricted cash	Unrestricted cash / current liabilities	3	218%	224%	112%	112%	117%	118%	o
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	6.35%	5.46%	4.49%	3.56%	2.60%	1.89%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		1.88%	1.17%	1.14%	1.11%	1.09%	0.82%	+
Indebtedness	Non-current liabilities / own source revenue		10.77%	10.83%	10.15%	9.56%	9.14%	8.71%	+
Asset renewal	Asset renewal expenses / Asset depreciation	5	126%	103%	125%	85%	89%	77%	-
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	6	41.22%	42.07%	49.38%	44.12%	44.39%	44.34%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.79%	0.79%	0.75%	0.75%	0.75%	0.75%	o

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	+ / o / -
Efficiency									
Expenditure level	Total expenses/ no. of property assessments		\$3,784	\$4,037	\$4,039	\$4,081	\$4,185	\$4,291	o
Revenue level	Residential rate revenue / no. of residential property assessments		\$1,234	\$1,254	\$1,267	\$1,280	\$1,292	\$1,304	o
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		6.80%	6.12%	6.12%	6.12%	6.12%	6.12%	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

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 2018/2019 year is a deficit of \$1.867 million (2017/2018 surplus \$1.728 million). An advance payment of 50% of the Victorian Grants Commission allocation for 2018/2019 has a material effect on the forecast result for 2017/2018 and the budgeted result for 2018/2019. Early payment of the Victorian Grants Commission allocation has a material effect on the forecast result and the budgeted result.

2. Working Capital

This ratio indicates the level of current assets compared to current liabilities.

3. Unrestricted Cash

Unrestricted cash is represents cash and cash equivalents held by Council less the amount of grants received during the year but not expended by 30 June and the amount of capital works not completed by 30 June 2018.

4. Debt compared to rates

While Council continues to fund works from our source revenues as compared to loan funds the level of debt compared to rates will continue to decrease.

5. Asset renewal

Asset renewal represents the amount of capital expenditure being directed towards the replacement of Council's existing assets. This ratio represents the amount of that renewal as a percentage of the depreciation expense shown for each year. A ratio less than 100% represents an asset renewal gap. The level of renewal expenditure is dependant on the level of expenditure on new assets and upgrading existing assets.