



## **Bass Coast Shire Council Proposed Budget - 2014/2015**

### **Draft version released 25 June 2014**

26 June 2014: Please note that this document will be updated to provide a further breakdown of capital works, additional notes and improved readability (font size). No changes to any figures will occur. The information below details the version number of the document and the amendments that have been made.

Version 1 - 26 June 2014: Notes added in relation to two major initiatives in section 3.

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## Mayor's introduction

It gives me great pleasure to present this Budget to the community of Bass Coast Shire Council.

I am excited to present a \$12.226m Capital Expenditure program for 2014/15 which sees Council contributing \$7.844m towards that total, an increase of \$1.44m since last year. This is a major focus of this year's budget and delivers a real increase of 22% in Council funding for capital works.

The focus of the budget this year has been to address the renewal of our existing infrastructure, whilst setting a longer term course to bring down the rate of increase in our charges, particularly rates, for our community.

Rates and garbage charges for 2014/15 will average \$1,567, an increase of 6.0% (as compared with a 6.4% last year). The assumptions that we have set in our Strategic Resource Plan see this figure reducing to 4.8% next year and 4.0% in the following year. This is consistent with the plan we as a Council set back in 2012.

This year's budget has been developed with the knowledge that government grants are not keeping pace with the level of growth we experience, as a sea change Council we experience increased community expectations to deliver new infrastructure and we need to plan for external impacts such as climate change.

While addressing these factors we will continue to maintain a focus on spending in the areas of roads, parks, recreation and traffic management combined with essential renewal projects focussed across the Shire.

Capital funding has been allocated to upgrade identified black-spots on our road, and expanding the pathway network across the shire. Other highlights of the capital program see work on drainage at the Newhaven Reserves to improve the condition of the playing surface; a stormwater harvesting system at the Wonthaggi Reserve and funds for the design of the Bass Valley Integrated Children's Centre.

We have also committed to a number of major initiatives in this budget including :

- Implementation of the Climate Change Action Plan
- Completing the Planning Scheme amendment process for the Land Subject to Inundation Overlay
- Commence the Planning Scheme amendment process for the Rural Land Use Strategy
- Commencing the design of the Cowes Cultural Precinct
- Developing a ten year financial plan including a long term capital works program.
- Completing a review of Council's rating Strategy
- Commencing preparation of an Economic Development Strategy

While increasing the amount of council funding for capital works we have also ensured that we maintain a focus on efficiency and effectiveness in our operations. This has resulted in a real decrease in service costs of \$2.17 million or 2.4% whilst maintaining the same level of service to the community.

I believe the decisions we have made in developing this budget will improve our performance and ability to deliver services that the community is asking for, and in a sustainable manner.

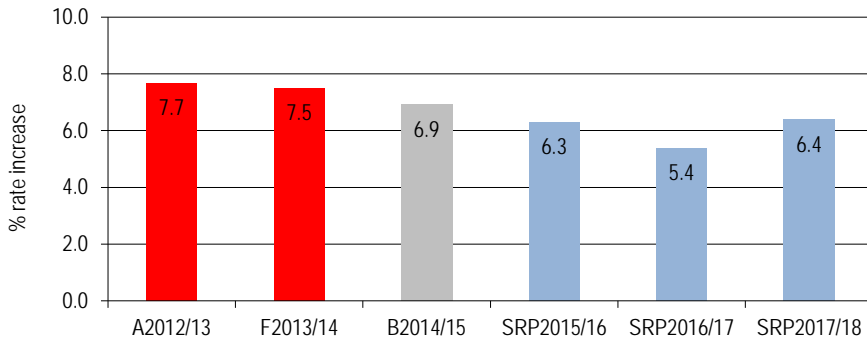
On that basis I endorse the 2014/2015 budget.

**Cr Neil Rankine**  
**Mayor**

## Chief Executive Officer's summary

Council has prepared a Budget for the 2014/15 financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay. Key budget information is provided below about the rate increase, operating result, services, cash and investments, capital works, financial position, financial sustainability and strategic objectives of the Council.

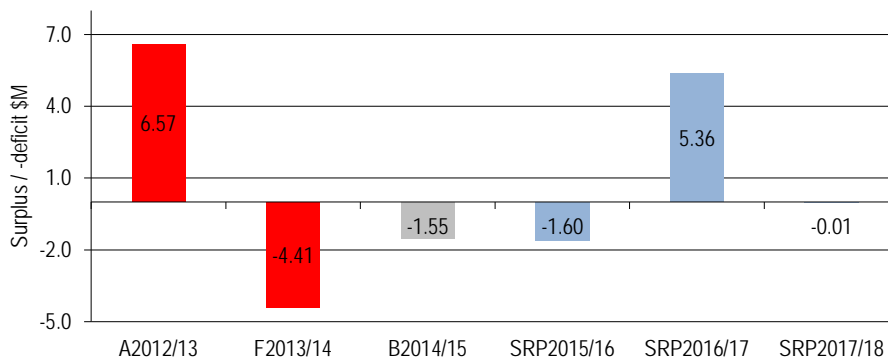
### 1. Rates



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

It is proposed that total general rates and charges increase by 6.9% for the 2014/15 year, raising total rates of \$46.4 million, including \$38.4 million generated from general rates, \$0.4 million from supplementary general rates, \$7.4 million from garbage charges, \$0.1 million from supplementary garbage rates and interest on rates and charges of \$0.1 million.

### 2. Operating result



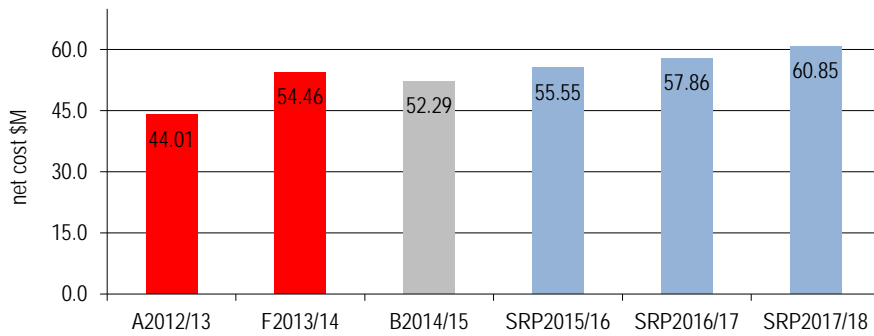
The expected operating result for the 2014/15 year is a deficit of \$1.55 million, which is a \$2.86 million reduction on the projected deficit of \$4.41 million for 2013/14.

The major positive impact on the 2012/13 result relates to the value of infrastructure built and land contributed by private developers (subdivisions). These non-monetary contributions were recognised as income in that year (\$5.09 million).

The major negative impact on the forecast 2013/14 result relates to the cessation of advance payments of the Victoria Grants Commission allocations which had occurred in previous years. This is estimated to be in the vicinity of \$3.0 million.

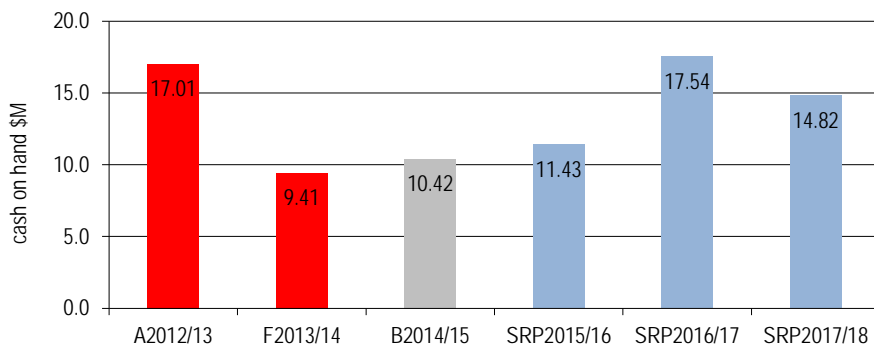
The major positive impact of the 2016/17 result relates to the value of Special Charges Scheme (road and drainage construction) charges projected to be levied in that year.

### 3. Services



The net cost of services delivered to the community for the 2014/15 year is expected to be \$52.29 million which is a decrease of \$2.17 million over 2013/14. A key influencing factor in this, has been the decision of Council to concentrate available funding on the renewal gap for infrastructure, in order to pursue a more sustainable approach to the maintenance of our assets. As a result of this changed emphasis, Council has looked to focus on reducing the costs of providing its services to provide additional financing for capital investment.

### 4. Cash and investments

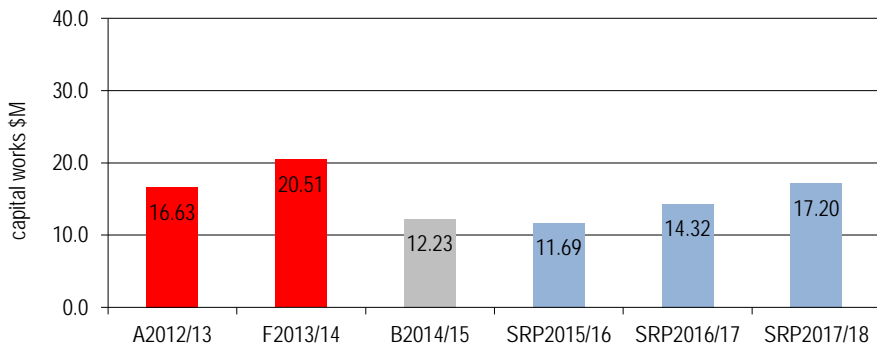


Cash and investments are expected to increase by \$1.01 million during the year to \$10.42 million as at 30 June 2015.

Major fluctuations generally relate to annual variations in grant funds, funds carried over/expended on uncompleted or uncommenced capital works, loan funds raised and Special Charge Scheme (road construction) debtor payments.

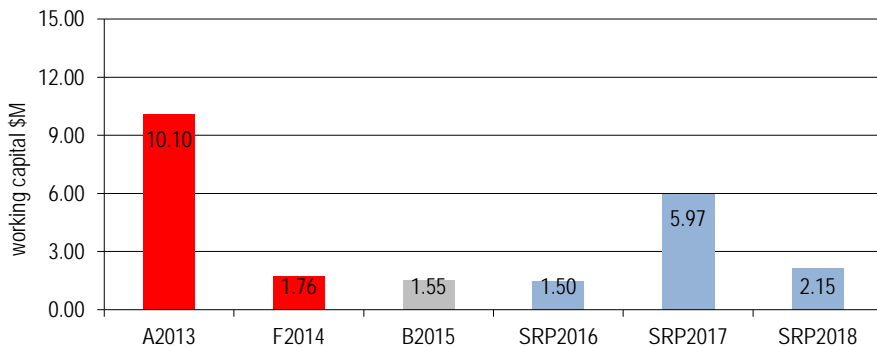
Higher levels in 2012/13 relate to funds carried over for net capital works to 2013/14. 2013/14 will be negatively impacted by the cessation of advanced payment of the following year's Victoria Grants Commission grant payment. Additional funds in 2014/17 mainly relates to loans raised and debtor receipts in respect of Special Charge Schemes (road construction).

## 5. Capital works



The capital works program for the 2014/15 year is expected to be \$12.23 million of which \$0.05 million relates to projects which will be carried forward from the 2013/14 year. The carried forward component is fully funded from the 2013/14 budget. Of the \$12.23 million of capital funding required, \$4.85 million will come from external grants with the balance of \$7.38 million from Council cash. The Council cash amount includes asset sales (\$0.80 million), external contributions (\$0.01 million) and loan funds (\$2.00 million). In the years 2012/13 and 2013/14, the level of works were inflated by the net cost of works carried over from the previous year.

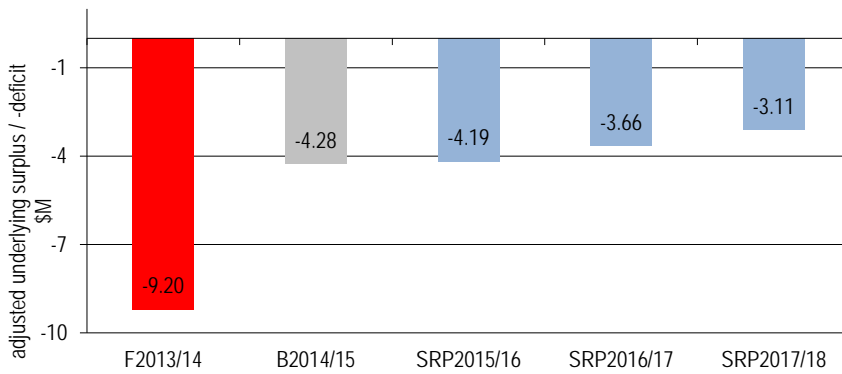
## 6. Working Capital



The working capital ratio is expected to remain positive in line with Council's current Strategic Resource Plan. Major fluctuations generally relate to annual variations in grant funds, funds carried over/expended on uncompleted or uncommenced capital works, loan funds raised and Special Charge Scheme (road construction) debtor payments.

Higher levels in 2012/13 relate to funds carried over for net capital works to 2013/14. 2013/14 will be negatively impacted by the cessation of advanced payment of the following year's Victoria Grants Commission grant payment. Additional funds in 2014/17 mainly relates to loans raised and debtor receipts in respect of Special Charge Schemes (road construction).

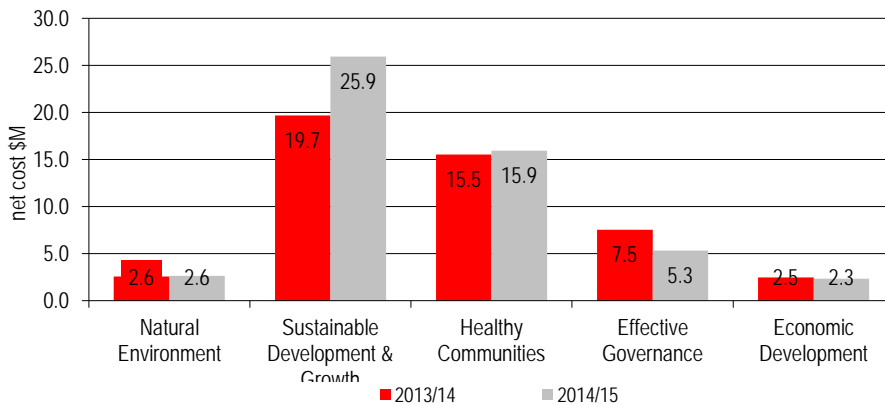
## 7. Financial sustainability



A high level Strategic Resource Plan for the years 2014/15 to 2017/18 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. A high level Strategic Resource Plan for the years 2014/15 to 2017/18 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. See analysis of operating budget 4.1.

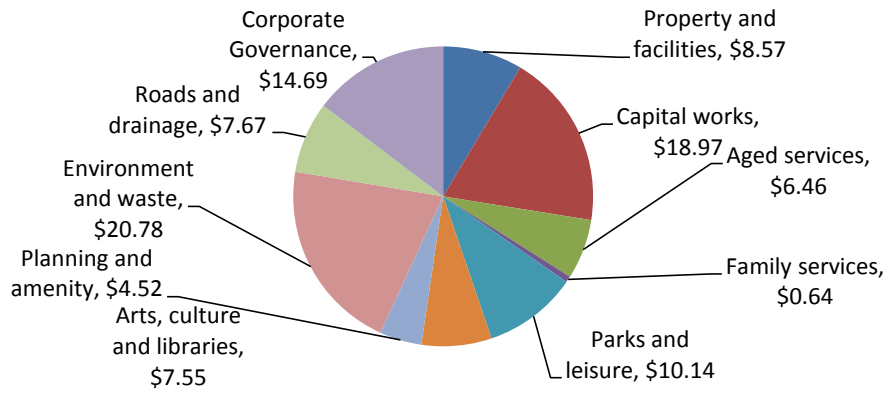
Council intends to undertake a thorough review and further development of Council's forward Strategic Resource Plan in 2014/15 together with detailed service plan reviews in the years ahead to improve Council's financial sustainability.

## 8. Strategic objectives



The Annual Budget includes a range of services and initiatives to be funded that will contribute to achieving the strategic objectives specified in the Council Plan. The above graph shows the level of funding allocated in the budget to achieve the strategic objectives as set out in the Council Plan for the 2014/15 year.

## 9. Council expenditure allocations



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



## 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 2014/15 budget, which is included in this report, is for the year 1 July 2014 to 30 June 2015 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2015 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

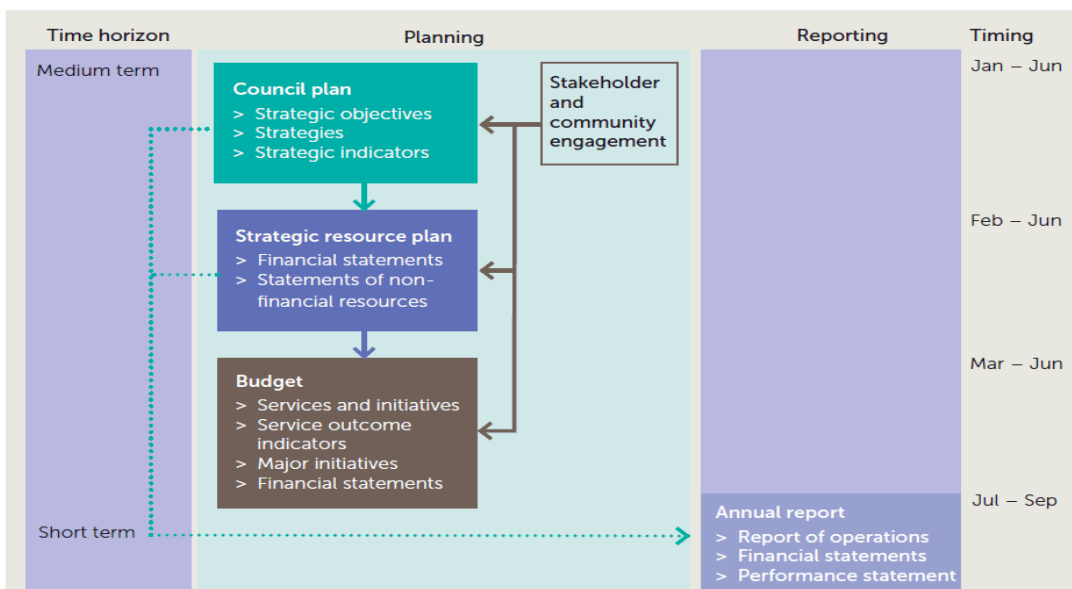
Officers review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis. A draft consolidated budget is prepared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

## I. Linkage to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning 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 (Audited Statements).

### I.1 Planning and accountability framework

The Strategic Resource Plan, included in the Council Plan, summarises the financial and non-financial impacts of the objectives and strategies and determines the sustainability of these objectives and strategies. The Annual Budget is then framed within the Strategic Resource Plan, taking into account the services and initiatives included in the Annual Budget 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 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

Bass Coast Shire Council seeks to be valued by the community for our leadership and as a provider of quality services to ensure Bass Coast is a safe, healthy and enjoyable place to live, work and visit.

### Our mission

Bass Coast Shire Council will act so as to maximise the quality of life of our community now and into the future.

### Our values

Bass Coast Shire Council's values are an integral and important part of who we are. We all strive to display our values in everything we do.

- **Customer Focus** - We will continue to develop effective relationships with our customers.
- **Integrity** - We act and make decisions that are fair, honest, open and accountable.
- **Continuous Improvement** - We are committed to improving our processes and service delivery.
- **Respect** - We treat people with dignity and respect.
- **Commitment** - We value and recognise contributions towards achieving the Bass Coast Vision. We listen, understand, consult and respond to our community and staff. We provide accurate, timely and relevant information.
- **Pride** - We take pride in and promote our achievements, our staff and our organisation.

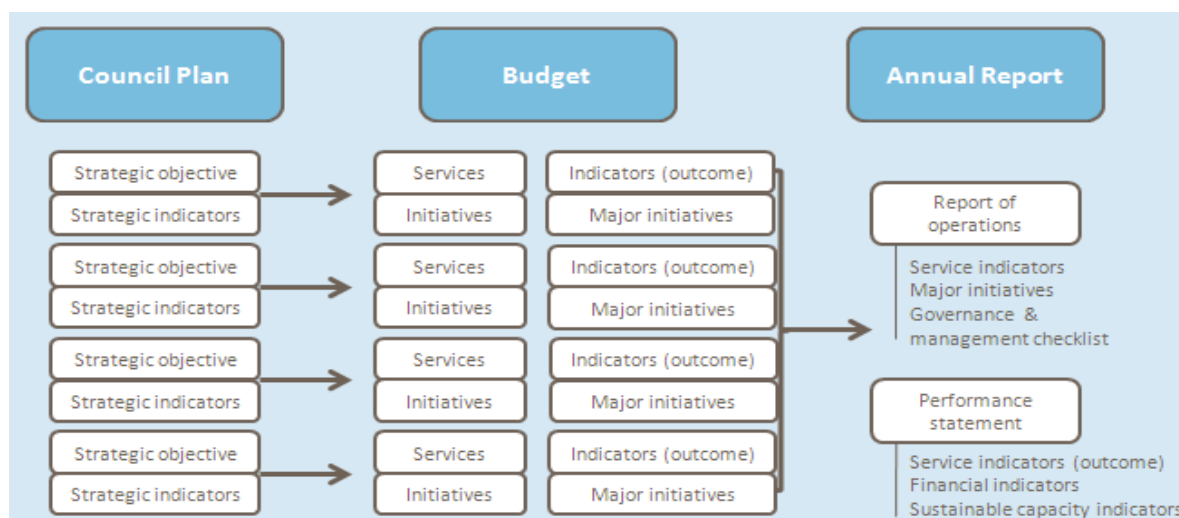
## 1.3 Strategic objectives

Council delivers activities and initiatives under 47 major service categories. Each contributes to the achievement of one of the six Strategic Objectives as set out in the Council Plan for the 2013-17 years. The following table lists the six Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Natural Environment	Our unique natural environment is protected, maintained and enhanced for the enjoyment of all.
2. Sustainable Development and Growth	Our built environment complements our landscape, lifestyle and climate.
3. Healthy Communities	Our community feels connected, safe and strong.
4. Effective Governance	Our leadership will be achieved through good governance, community engagement and excellence in service delivery.
5. Economic Development	Our economy is supported by diverse, local and innovative businesses and employment.

## 2. Services, initiatives and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2014/15 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1. It also includes a number of initiatives, major initiatives and service performance indicators. The Strategic Resource Plan (SRP) is part of and prepared in conjunction with the Council Plan. The relationship between these components of the Budget and the Council Plan, along with the link to reporting in the Annual Report, is shown below.



Source: Department of 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 below sections.

### 2.1 Strategic Objective I: Natural Environment

To achieve our objective of natural environment we will continue to plan for our unique natural environment to ensure it is protected, maintained and enhanced for the enjoyment of all. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

#### Services

Service area	Description of services provided	Expenditure (Revenue) <b>Net Cost</b> \$'000
Foreshore Management & Planning	Council manages 42 kilometres of our foreshore reserves in the Shire, managing issues such as biodiversity, erosion protection and facility upgrades (tracks, steps, boardwalks, boat ramps, parking, toilets, seating and BBQ areas).	622 <u>-852</u> <b>-230</b>
Environmental Management & Planning	Council's Environment team are responsible for the promotion, protection, and management of natural assets. This includes Coast and Bushland Management, Climate Change and Sustainability, and Land and Catchment Management.	2105 <u>-274</u> <b>1,831</b>
Strategic Land Use Planning	Strategic Planning provides the framework for establishing direction for land use within the Shire by resourcing strategic land use planning projects and responding to stakeholder's requests for strategic work.	1350 <u>-304</u> <b>1,046</b>

## Initiatives

- 1) Develop and deliver the Natural Environment Sustainability Strategy. – Prepare the draft Natural Environment Sustainability Strategy to present to Council for consideration and release for community consultation. Finalise the draft Natural Environment Sustainability Strategy for Council adoption. This strategy will set the direction for Council's environmental activities for the next 10 years.
- 2) Complete the draft Cuttriss Street Activity Plan. - Complete the draft Cuttriss Street Activity Plan and present to Council for adoption. Community consultation will inform the final draft plan. Delivery of infrastructure can then be prioritised, planned and budgeted.
- 3) Complete the draft Beachcomber/YCW Precinct Activity Plan (Masterplan). – Complete the draft Beachcomber/YCW Precinct Activity Plan and present to Council for adoption. Community consultation has informed the draft plan. Further investigation into civil works (car park) is required prior to finalising for Council.
- 4) Deliver Council's Sustainable Street lighting Project. – Replacement 800 of Council's high energy streetlights with more efficient, lower energy streetlights. This will reduce energy cost and Council's carbon emissions

## Major Initiatives

- 5) Implement the Climate Change Plan Part 1 and develop the Climate Change Plan Part 2. – Deliver the actions identified in the Climate Change Plan Part 1, and develop the Climate Change Plan Part 2 to inform the community regarding what Council is doing to prepare for the impacts of climate change.

Service	Indicator	Performance Measure	Computation
Vegetation Protection	Participation	Increase of indigenous vegetation	Increased participation in the land management rebate scheme
Climate Change	Planning	Reduce Council generated carbon emissions	Decrease internally generated emissions
Foreshore Management	Participation	Improve public access	Extension of paths and track networks within open spaces

## 2.2 Strategic Objective 2: Sustainable Development & Growth

To achieve our objective of Sustainable Development and Growth we will continue to plan for the built environment that complements our landscape, lifestyle and climate. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Waste Management & Recycling	The Waste Services team provide weekly collection and disposal of garbage and recyclables; the management of Grantville Landfill and the Wonthaggi and Inverloch transfer stations. In addition they are responsible for the servicing of public place litter and recycling bins and providing an at-call hard rubbish collection available to residential properties.	8,256 <u>-2092</u> <b>6,164</b>
Admin Mgmt & Other Infra Services	The Infrastructure Directorate manages a diverse group of activities including new projects, asset maintenance, depot activities and waste services. The administration function provides support to all these teams in delivering their services and facilitating the delivery of other infrastructure activities.	5,529 <u>-303</u> <b>5,226</b>
Council Buildings	Council owns and occupies over 350 buildings and structures within the Shire. In order to maintain those in a habitable condition Council is required to inspect and maintain them, including supervision of cleaning contracts and the provision of utilities.	577 <u>0</u> <b>577</b>
Depot & Workshops	Council operates two depots out of Wonthaggi and Cowes. The Depots provide a wide range of infrastructure maintenance activities and provide the focus for the maintenance of the condition of our outdoor assets across the Shire.	284 <u>0</u> <b>284</b>
Drainage	Council provides roads and drainage systems to collect and convey stormwater to creeks and rivers; they also maintain the stormwater mains owned by Council on private property. Council may direct a property owner to connect to Council's stormwater drainage system or other legal point of discharge, if available and practical to do so.	1,685 <u>0</u> <b>1,685</b>
Plant	Council operates a large amount of plant and specialist vehicles in order to deliver its services, particularly in infrastructure maintenance. There is a requirement to complete regular plant maintenance, complete works identified in daily plant inspections, manage workshop operations, react to plant breakdowns and implement the plant replacement program.	-624 <u>0</u> <b>-624</b>

Public Amenities	Council provides a wide range of public amenities across the Shire, including public conveniences, shelters, drink fountains etc. As a result our team are responsible for ongoing maintenance of these facilities in a safe, clean and operational state.	1,070 0 <b>1,070</b>
Public Lighting	Council is responsible for the provision of street lighting to assist roadside and community safety. The Infrastructure Property and Maintenance Teams manage the routine maintenance of these structures and deal with unforeseen breakdowns in the service.	1,125 0 <b>1,125</b>
Roads	The roads team are responsible for maintaining sealed & unsealed roads, street furniture, bridges and major culverts, guard rails around drains, footpaths, back lanes, and signs to the standards approved within the budgeting process.	7,730 <u>-1,392</u> <b>6,338</b>
Street Beautification	Street beautification is the process of making visual improvements to the Shire. In general this involves planting trees, shrubbery and other greenery to streetscapes, for example in roundabouts.	1,592 0 <b>1,592</b>
<b>Service area</b>	<b>Description of services provided</b>	<b>Expenditure (Revenue) Net Cost \$'000</b>
Cultural Activities	Bass Coast provides and sponsors a wide range of cultural activities across the Shire with the aim of supporting a vibrant local arts and cultural sector that will improve the health and wellbeing of communities. By doing so it aims to support the growth of arts and cultural activities across the Shire, so as to recognise the value of providing appropriate arts and cultural infrastructure to increase participation in arts and culture activities, therefore making Bass Coast a better place to live and work.	387 <u>-109</u> <b>278</b>
Building Services	The Building Services team is responsible for the assessment and determination of building applications and conducting building inspections. The team is also responsible for a range of other duties including educating residents on building-related matters and implementing pool safety and essential safety audits.	591 <u>-191</u> <b>400</b>
Strategy & research	Council undertakes a significant program of strategy and research to ensure that the strategic basis of the Shire's development is soundly based.	182 0 <b>182</b>
Town Planning	Town planning deals with decisions relating to new public transport, protection of vegetation and wildlife, how we use rural land, the size of new shopping centres, the design of housing developments, and the location of parks, bike paths & new roads.	1,911 <u>-278</u> <b>1,633</b>

## Initiatives

6) Develop a Drainage Asset Management Plan - The drainage asset management plan will define how Council manages drainage in Urban Areas through its lifecycle . It is will also articulate future budgetary requirements to meet the standards set in the plan.

7) Commence the preparation of the Waste Management Strategy - A waste management strategy provides broad strategic direction for managing waste in Bass Coast Shire. It will guide future decision making on waste services, modes of operation and facility requirements for the provision of waste services until 2020 and beyond.

## Major Initiatives

8) Complete Planning Scheme Amendment Process for the Land Subject to Inundation Overlay –Prepare Council submission to Panel Hearing regarding Amendment C82 – Land Subject to Inundation Overlay. Brief Council of the Independent Planning Panel’s recommendations. Finalise Amendment C82 documentation for Council adoption and then submit to the Minister for Planning for final approval.

8A) Prepare the Cowes Activity Centre Plan – Council will undertake community engagement to establish a vision for Cowes and define the characteristics of Cowes particularly in relation to activities, buildings , access and spaces.

9) Commence the Planning Scheme Amendment Process for the Rural Land Use Strategy – Complete documentation including new local planning policies to implement the Rural Land Use Strategy. Seek Council approval to seek authorisation in accordance with Section 8A of the Planning and Environment Act 1987 to prepare and exhibit a planning scheme Amendment from the Minister for Planning.

## Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council’s decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Infrastructure Management	Planning	Appropriate infrastructure and faciities in place for communities	Decrease % of infrastructure with an asset condition outside intervention levels
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.



### 2.3 Strategic Objective 3: Healthy Communities

To achieve our objective of healthy communities we will continue to plan to ensure the community feels connected, safe and strong. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

#### Services

Business area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Children's Services	Children's Services are responsible for providing support for Children under the age of six. Council provides support through providing infrastructure and facilities from which kindergarten and child-care facilities are provided.	0 <u>0</u> 0
Maternal and child health	Bass Coast Community Health Service offers free support and information to the community on maternal health and all aspects of child health and development for children up to the age of five using qualified nurses. The services are available through home visits and centre consultations. Council assist in the delivery of this service through financial contribution.	210 <u>-9</u> 201

Business area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Planning and community development	The planning and community development program is an overarching strategy designed so as to support and facilitate projects in partnership with stakeholders and community, so as to build and sustain positive relationships with relevant professional and community groups.	1,351 <u>-93</u> 1,258
Aged and Disability	The Aged and Disability team deliver a wide range of services to frail aged and disabled people and their carers. These services include home care, personal care, respite care, and a basic home maintenance service.	726 <u>-504</u> 222
Youth Services	Council sponsors a wide range of activities supporting youth development across the Shire by providing funding for a number of partnerships with activity and development providers with the aim of promoting social inclusion and developing this sector of the Community.	176 <u>-3</u> 173
Public Transport	Community Transport is a bus service for independent people, who are assessed as being unable to access private or public transport and are able to shop independently. Transport is provided in a mini bus which is fitted with a wheelchair hoist. This bus is driven by Council volunteers and is only available in some areas of the Shire at designated times. Individual Transport supports eligible people who live independently, cannot drive, are unable to access private or public transport and need assistance to access the community to go shopping or pay bills. This transport is provided by Community Care Workers in their own car.	60 <u>-17</u> 43

Senior and Disabled Citizens	Council is committed to ensuring Bass Coast is accessible and inclusive for people with disability. As a result it has developed and is in the process of implementing the RuralAccess program. The program also oversees Council's Disability Action Plan 2011 - 2015, coordinates and supports Council's Access and Inclusion Advisory Committee and provides advice and expertise to community, business and other levels of government.	4,505 <u>-2368</u> <b>2,137</b>
Emergency Management	A vital part of our responsibilities are to put in place plans to deal with potential emergencies. Our Municipal Emergency Plan, has actions that help us plan for, prevent, respond to and recover from emergencies; and deals with hot Council, local emergency services and the Victorian State Emergency Service co-operate in these activities.	697 <u>-172</u> <b>525</b>
Health Services	Our Environmental Health team are responsible for the registration and surveillance of food premises and food vehicles in the Shire. They also investigate consumer complaints concerning contaminated foods, unclean premises or vehicles, or unsatisfactory food handling practices.	982 <u>-419</u> <b>563</b>
Community Safety	Community Safety are charged with improving public safety within the Shire and deal in particular with issues relating to Animal Management and public nuisance issues. As part of the team, Council has a number of rangers who work in the community to promote community safety across the Shire.	1,533 <u>-493</u> <b>1,040</b>

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Community Development - leisure & recreation	Strategically Council is looking to maximise opportunities for participation in a range of lifestyle and learning activities by facilitating balanced and integrated support services necessary for the health, safety and well-being of the community. The role of the development function is to growth in line with community needs and statutory regulations and to provide infrastructure and facilities that are needed by the community.	793 <u>0</u> <b>793</b>
Leisure Centres	Council has two leisure centres, which are operated by the YMCA on our behalf, in Wonthaggi and Cowes. The facilities offer a wide range of activities through its health activities and an aquatic facility at Wonthaggi.	1,104 <u>0</u> <b>1,104</b>
Leisure facilities & amenities	Centres throughout the Shire provide a selection from the following; health clubs, multi-purpose court stadiums, squash courts, designated spin (group cycling) and group fitness rooms, skate parks, and spa and sauna facilities.	730 <u>-43</u> <b>687</b>

Libraries	Council libraries offer a wide range of books, magazines, CDs and DVDs, and e-books, as well as free internet access through the West Gippsland Regional Library Corporation. There are three library facilities provided at Cowes, Wonthaggi and Inverloch, and in addition a mobile library which services the rest of the Shire.	2,259 0 <b>2,259</b>
Parks & Gardens	A variety of work including mowing, playground maintenance, horticulture (gardening), arboriculture (trees), street and beach cleaning, sports oval maintenance, and toilet block maintenance. Regular tree inspections, production of a tree register of all the nature strip trees. Provide information on landscape plans for other departments, development sites, new estates, road reserves and car parks. Provision of native and annual gardens in our streetscapes, roundabouts, Civic Centres, reserves, foreshores etc.	4,950 -11 <b>4,939</b>

### Initiatives

10) Implement the Education Plan - A dynamic education system is a fundamental ingredient of a vibrant and innovative community and provides enhanced community connectedness and stronger social networks. The implementation of this Plan provides an opportunity for education providers and community organisations to work together to achieve better educational outcomes for our community.

11) Finalise the Arts & Culture Plan and present to Council for consideration - Council is committed to creating an environment where arts and culture are nurtured, valued and supported across the entire community.

12) Complete the design of the Bass Coast Aquatics Centre - The Bass Coast Settlement Hierarchy sets out the strategic directions and development opportunities in the Shire. Wonthaggi is identified in this as the Regional Centre which will continue to experience high growth. The existing pool complex in Wonthaggi requires substantial repair, maintenance and capital expenditure if the facility is not redeveloped to cater for the communities' needs into the future.

### Major

13) Commence the Design of the Cowes Cultural and Civic Precinct - The future development of this Precinct area will increase access and opportunities which will benefit the local community and enhance the services provided by the Council. Previous planning has been undertaken into the redevelopment opportunities for the Precinct. Stage one of the redevelopment was completed with the first part of the Cowes Town Square project.

13A) Commence the Preparation of a Healthy Communities Strategy - The Healthy Communities Strategy will provide direction in relation to how Council will achieve its strategic objectives for healthy communities

Service	Indicator	Performance Measure	Computation
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Emergency Management	Satisfaction	Ensure effective emergency management	100% compliance result from audit of Municipal Emergency Management Plan
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

## 2.4 Strategic Objective 4: Effective Governance

To achieve our objective of effective governance we will continue to plan for good governance, community engagement and excellence in service delivery. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Administration	There are a wide range of administrative functions required to run Council effectively and to enable the Corporate Services teams to provide the right tools to the community facing teams so as to facilitate good service delivery. Our administration function provides this service.	1,374 <u>0</u> <b>1,374</b>
Advisory Committees	Council has a number of advisory committees focused on providing support for decision making for example the Audit Committee and others more focussed on meeting community outcomes such as the Social Inclusion Committee. The role of these committees is to provide advice and direction to Council, rather than having decision making powers.	20 <u>0</u> <b>20</b>
Procurement	The Procurement Department provides help and advice on all aspects of buying goods or services for Council. Provide help to select the appropriate procurement process in order to obtain the best suppliers and achieve the best overall value for money.	124 <u>0</u> <b>124</b>
Corporate Information	The Corporate Information team are responsible for Information Management, ensuring that information is readily integrated and accessible so that Council staff can go about their daily functions. They are responsible for maintain Council's Electronic Document Management System in line with the required standards. Further the team deal with Freedom of Information applications and Enquiries.	498 <u>0</u> <b>498</b>
Customer Services	For many, our Customer Services team are the face of Council. They provide counter operations for the Civic Centre and all the transaction centres across the Shire; as well as operating the switchboard, managing the after-hours service and the cash receipting function. In addition the team takes the lead in providing policy and support to staff across the organisation in providing excellent customer service to our community.	349 <u>-31</u> <b>318</b>

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Elections	Whilst the VEC is responsible for administrating Council, State and fee-for-service elections in Victoria, there are a number of responsibilities vested on Councils for the administration of Local Government elections.	2 <u>0</u> <b>2</b>
Finance	The finance team are responsible for delivering financial propriety to the organisation, the key functions of the role are to provide the year end statutory accounts and to manage the budgeting process within Council, so as to establish a sustainable and affordable program for Council. In addition they maintain the cash operating position for Council, provide ongoing management information to support decision making and ensure payments made by Council are timely and proper.	1,120 <u>-625</u> <b>495</b>
Governance	Governance provides the capability within Council to ensure the effective support to Councillors and the organisation as a whole to achieving their objective. They administer the Councillor and Advisory Committee meeting schedules and facilitate the development of the Council Plan, monitoring the performance and key risks for the organisation.	2,175 <u>-35</u> <b>2,140</b>
Human Resources	The Human Resources team administer all aspects of staff management, including recruitment, pay, setting policies and procedures, training and development, discipline issues and managing the Enterprise Bargaining Arrangement.	1,059 <u>-16</u> <b>1,043</b>
Information Technology	The Information Technology team are responsible for the management of all information systems infrastructure for all areas of Council. This role incorporates three core functions, those being the maintenance of the existing system and technical support to Council Services; the provision of a help-desk facility for Council staff and the development of systems to improve support to the organisation.	2,394 <u>0</u> <b>2,394</b>
Public Relations	Council undertakes a number of public relations activities, both mandatory and to aid the development of a stronger relationship between Council and the Community. The most significant activities here are the distribution of the Annual Report, providing a commentary of our financial and operational performance and Coastel, our quarterly Newsletter which is provided to all ratepayers in the Shire.	619 <u>0</u> <b>619</b>
Revenue Collection	The Revenue Collection function are responsible for administering Council's rating strategy by ensuring the collection and administration of the rates and charges process is effective and legitimate.	1,163 <u>-4846</u> <b>-3,683</b>

## Initiatives

14) Develop the Communications and Engagement Strategy - The strategy will outline Council's future approach for how we will communicate, engage and consult with the community.

15) Implement the IT Systems and Business Process Review Program - A number of core business systems need review and investment in future years. To determine the best investment we will firstly be clear about the outcome we will deliver to our community

16) Review the Risk Management Framework - A review will be undertaken to improve the way Council manages risk and better align risk management to our business planning process.

## Major Initiatives

17) Develop a ten-year financial plan including capital works - Ensuring we have a robust financial plan for the next ten years will allow us to better organise our resources to deliver better service and infrastructure to our community.

18) Complete a review of Council's Rating Strategy - The Strategy will provide Council with the mechanism to consider the most appropriate method of rate distribution across the municipality.

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
Governance	Participation	Increase participation with the civic process	Number of community questions asked at Council meetings.
Governance	Decision Making	Community's perception that decisions are more timely whilst still following due process	Decrease in the number of reports deferred or re-visited by Council

## 2.5 Strategic Objective 5: Economic Development

To achieve our objective of economic development we will supported our diverse economy, local and innovative businesses and employment. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

### Services

Service area	Description of services provided	Expenditure
		(Revenue)
		Net Cost
		\$'000
Information Centres	There are four Visitor Information Centres operating in Bass Coast. Volunteers supported by Council staff welcome and assist over 250,000 visitors annually at our Cowes, Phillip Island, Inverloch and Wonthaggi Centres. The Centres offer online accommodation bookings and information on tours, events and attractions.	1,477
		<u>-530</u>
		<b>947</b>
Marketing & promotion	Council engages in a wide range of marketing and promotion activities on behalf of the Shire, including promoting a number of large events, as well as trying to attract innovation and development to our broader business sector.	1,543
		<u>-149</u>
		<b>1,394</b>

### Initiatives

19) Prepare the Cowes Activity Centre Plan and present to Council for consideration. – Prepare a draft Cowes Activity Centre Plan based on feedback from widespread community consultation and engagement. Present draft Cowes Activity Centre Plan to Council for consideration and release for community consultation. Finalise Cowes Activity Centre Plan for Council adoption.

20) Review the Rural Engagement Group - As a significant sector of the Bass Coast economy it is vital that Council maintains an effective, open and productive working relationship with the agricultural sector. To enhance this relationship, the Rural Engagement Group commenced in August 2013. Membership comprises 16 community representatives and three organisation representatives.

### Major Initiatives

21) Commence preparation of an Economic Development Plan - The Economic Development Plan will provide direction in relation to how Council will achieve its strategic objectives for economic development as well as clarity for local business operators and potential investors about Council's attitudes and activities in relation to economic development

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	



## 2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on within the Performance Statement which is prepared at the end of the year as required by section 132 of the Act and included in the 2014/15 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 full set of prescribed performance indicators are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed 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

	<b>Net Cost</b>		
	<b>(Revenue)</b>	<b>Expenditure</b>	<b>Revenue</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Natural Environment	2,648	4,078	-1,430
Sustainable Development & Growth	25,930	30,295	-4,365
Healthy Communities	15,943	20,075	-4,132
Effective Governance	5,343	10,896	-5,553
Economic Development	2,341	3,020	-679
<b>Total services and initiatives</b>	<b>52,204</b>	<b>68,363</b>	<b>-16,159</b>
Other non-attributable			
<b>Deficit before funding sources</b>	<b>52,204</b>		
<b>Funding sources:</b>			
Rates & charges	46,417		
Capital grants	4,329		
<b>Total funding sources</b>	<b>50,748</b>		
<b>Surplus (deficit) for the year</b>	<b>(1,456)</b>		

### **3. Budget influences**

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

#### **3.1 Snapshot of Bass Coast Shire Council**

Bass Coast Shire Council is located about 130km south east of Melbourne and is bounded by Westernport in the north and west, Cardinia Shire in the north east, South Gippsland Shire in the east and Bass Strait in the South. The Shire, covering an area of 865 square kilometres, comprises the main centres of Wonthaggi, Cowes, Inverloch, San Remo and Grantville. In addition the Shire comprises as further 28 towns.

The current Shire was formed in 1994 from the amalgamation of the Shire of Bass, Shire of Phillip Island, Borough of Wonthaggi and parts of the Shire of Woorayl, Shire of Korumburra and City of Cranbourne.

#### **Population**

According to the Australian Bureau of Statistics, the estimated resident population of Bass Coast was 30,367 on 30 June 2012, an increase of 50% (the equivalent of 2.6% per annum) from 1996 Census, when the population of the Shire was 20,147. The construction of the Wonthaggi Desalination Plant was in process at the last Census, resulted in a significant temporary working population being included within the Shire's resident population and the amount of properties that were occupied.

#### **Ageing population**

The municipality has a very significant ageing resident population, with 32% of residents aged over 60 at the 2011 Census, being the eighth highest in the State. The median age for Bass Coast residents is 9 years older than the Australian average, reflecting that Bass Coast is well represented in the older working age brackets. The existence of a large stock of second homes within the Shire could be seen to be indicative of an intent for a section of those owners to relocate permanently to the area on retirement and so there is strong potential for the median age to continue to increase.

#### **Housing**

The Shire has seen significant appreciation in its property valuation in the last ten years. This has mainly resulted from a combination of the relative value compared to neighbouring Mornington Peninsula for second homes and increased accessibility to the South Eastern Suburbs of Melbourne. For long standing residents this has led to a strengthening of their net wealth, but not necessarily their disposable income.

#### **Cultural Background**

The municipality has a comparatively high Australian born population, with 79.2% of residents born in the country, compared with 69.8% Australia wide (Census 2011 data).

#### **Education and occupation**

Tourism is the major industry in Bass Coast Shire, with approximately 8.1% of working age residents working in Cafes' and Restaurants and providing Accommodation in the off-peak season. This figure is considerably inflated during the high season, meaning that the workforce is focussed on being flexible enough to deal with the significant variations in demand. A combination of the relatively low skilled based industries in Bass Coast and the significant aged population means that the average household wage of \$855/ week is over 40% less than that of the Victorian average (\$1,216).

### **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:

- The main demographic issue that Council has to deal with is the large amount of flexibility in our population which requires an agility to be able to service properties whenever they are occupied during the year, whilst understanding that half will not be occupied for most of it.
- The appreciation of house prices over the last ten years has seen a growth in the wealth of Bass Coast residents, however a large proportion of residents are relatively cash poor, with wealth tied up in long term investments or housing. As a result the community's ability to pay for significant increases in rates and user charges is limited.
- Whilst the influx of 3.4 million visitors per years contributes to the strength of our tourism sector and supports 3,200 jobs; the Council generates a comparatively insignificant income from those non-household owning visitors. In contrast, Council invests a significant amount of cash in attracting the visitors and also in delivering services which they benefit from.

### **3.2 External influences**

There are a number of external influences, beyond the control of Council which will impact on our ability to deliver services throughout the four year period of the Strategic Resource Plan. These matters and their financial impact are set out below:

- In 2014/15, the State and Commonwealth Governments are forecast to provide 19.1% of Council's income through grants. These grants provide the funding for a variety of services from repairing the condition of our road infrastructure to providing services focussing on improving the health and well-being of our communities. A reduction in the level of grants awarded to Council would see a consequent reduction in the level of services which would be provided.
- There are a number of features which impact on the community's ability to pay for council services. Primarily the relative affluence of the area is linked to it's ability to attract tourism revenue and to retain the natural environment to sustain that revenue into the future. Whilst Gippsland is less reliant on international visitors for maintaining it's visitor levels, the competitiveness of local attractions is influenced by the appreciation of the dollar, as well as more importantly the continued affordability for domestic travellers.
- There are a large number of interdependencies which reflect the stability of the population within the Shire. There is a significant onus on Council to promote development of the Shire both through the need to alleviate the national housing shortage and also to assist in generating the revenues required to support our existing services program and deliver future infrastructure. However, a change in economic circumstances may foreshadow a change in demand for second homes in the area or provide challenges in delivering viable living solutions for both existing and future residents.

### **3.3 Internal influences**

As well as external influences, there are also a number of internal influences which are expected to have a significant impact on the preparation of the 2014/15 Budget. These matters have arisen from events occurring in the 2013/14 year resulting in variances between the forecast actual and budgeted results for that year and matters expected to arise in the 2014/15 year. These matters and their financial impact are set out below:

- The 2014/15 budget sees a change of emphasis in how Council balances services and future sustainability resulting from the latest Council Plan. This change of emphasis has seen the organisation focus on how it can deliver its existing services more cost effectively, so as to relieve the increasing pressures on rates revenue and also to invest in the renewal of our infrastructure.
- There has been a significant increase in pace in Local Government reform which means that Council is engaged in an unprecedented development of systems and the way business is carried out, so as to support decision making and also meet new legislative requirements. This year Council officers will be working on initiatives developing the transparency of reporting; the further collation of the data required to make sound and effective asset management decisions; service reviews and business process development, all of which will improve our ability to effectively and efficiently meet the changing needs of the community.

### **3.4 Budget principles**

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

- There is to be a renewed focus on how service outcomes are delivered so as to reduce the costs of delivering services, whilst maintaining the overall level of support to the community. This may entail the way services are delivered feeling different to the community, but should aim to not impact on the overall positive impact Council provides.
- There is an underlying need to provide additional focus on providing for future generations within the Municipality, particularly incorporating finding the resources to close the renewal gap for existing infrastructure.
- Council should aim to reduce the rate of increases of charges to a more sustainable level, reflecting the ability to pay of sensitive sectors of our community.

### **3.5 Long term strategies**

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2014/15 to 2017/18 (section 8.), Rating Information (section 9.) and Other Long Term Strategies (section 10.) including borrowings, infrastructure and service delivery.

## 4. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2014/15 year.

### 4.1 Budgeted income statement

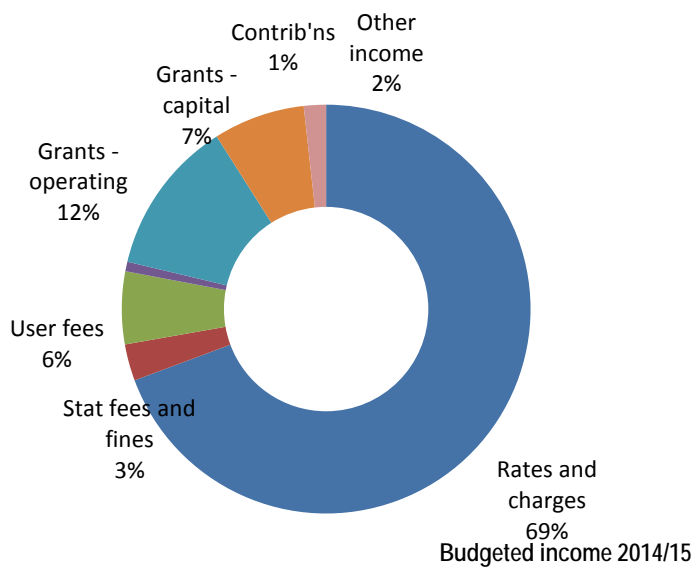
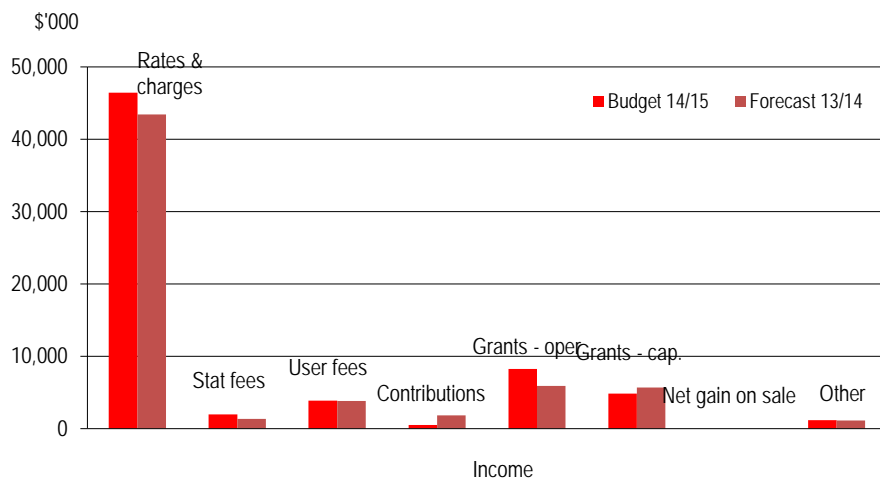
	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2013/14 \$'000	2014/15 \$'000	
Total income	4.2	63,057	66,953	3,896
Total expenses	4.3	(67,463)	(68,499)	(1,036)
<b>Surplus (deficit) for the year</b>		<b>(4,406)</b>	<b>(1,546)</b>	2,860
Grants – capital non-recurrent	4.2.6	(3,928)	(2,720)	1,208
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources	4.2.4	(869)	(10)	859
<b>Adjusted underlying surplus (deficit)</b>		<b>(9,203)</b>	<b>(4,276)</b>	<b>4,927</b>

#### 4.1.1 Adjusted underlying deficit (\$4.927 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent 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 2014/15 year is a deficit of \$4.28 million which is a decrease of \$4.93 million from the 2013/14 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

### 4.2 Income

Income Types	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2013/14 \$'000	2014/15 \$'000	
Rates and charges	4.2.1	43,413	46,419	3,006
Statutory fees and fines	4.2.2	1,339	1,938	599
User fees	4.2.3	3,808	3,845	37
Contributions - cash	4.2.4	1,821	506	(1,315)
Grants - operating	4.2.5	5,884	8,221	2,337
Grants - capital	4.2.6	5,670	4,849	(821)
Net gain on sale of assets	4.2.7	0	0	0
Other income	4.2.8	1,122	1,175	53
<b>Total income</b>		<b>63,057</b>	<b>66,953</b>	<b>3,896</b>



Source: Appendix A

#### 4.2.1 Rates and charges (\$3.01 million increase)

It is proposed that total rates and charges income be increased by 6.9% or \$3.01 million over 2013/14 to \$46.42 million. Section 9. "Rating Information" includes a more detailed analysis of the rates and charges to be levied for 2014/15. Information on rates and charges specifically required by the Regulations is included in Appendix B.

#### 4.2.2 Statutory fees and fines (\$0.60 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 44.7% or \$0.60 million compared to 2013/14.

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

#### **4.2.3 User fees (\$0.04 million increase)**

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure, entertainment and other community facilities and the provision of human services such as home help services.

User charges are projected to increase by 0.97% or \$0.04 million over 2013/14.

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

#### **4.2.4 Contributions - cash (\$1.32 million decrease)**

Contributions include monies paid by developers in regard to public resort and recreation, drainage and car parking in accordance with planning permits issued for property development. Contributions also include the levy of property owners' contributions towards road construction Special Charge Schemes

Contributions are projected to decrease by \$1.32 million or 72.2% compared to 2013/14.

#### **4.2.5 Grants - operating (\$2.34 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 has increased by 39.7% or \$2.34 million compared to 2013/14. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below.

The major increase in operating grants for 2014/15 as compared to 2013/14 relate to the reduction of the Victoria Grants Commission grant payments made in 2012/13 as a result of the cessation of advance payments of part of the following year's allocation. The impact of this is in the vicinity of \$3.0 million.

Operating Grant Funding Type and Source	Forecast		
	Actual	Budget	Variance
	2013/14	2014/15	
	\$'000	\$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Human resources	16	16	0
<i>Recurrent - State Government</i>			
Victoria Grants Commission	2,682	5688	3,006
Adult Day care	275	271	(4)
Aged & Disability services	529	504	(25)
Beach cleaning revenue	30	30	0
Health services	6	6	0
Environment health & community protection	0	50	50
Home care	1,239	1283	44
Home maintenance	77	78	1
Local Laws - general	0	7	7
Planning & Community development	94	93	(1)
Pre - schools	10	46	36
Public transport	10	10	0
Senior citizens	28	28	0
Youth services	12	0	(12)
<b>Total recurrent grants</b>	<b>5,008</b>	<b>8,110</b>	<b>3,102</b>
<i>Non-recurrent - Commonwealth Government</i>			
Environmental Management & planning	212	58	(154)
Local Library - Wonthaggi	180	0	(180)
<i>Non-recurrent - State Government</i>			
Infrastructure services	277	0	(277)
Environmental Management & planning	30	0	(30)
Planning & Community development	177	0	(177)
Foreshore management	0	25	25
Marketing & promotion	0	28	28
<b>Total non-recurrent grants</b>	<b>876</b>	<b>111</b>	<b>(765)</b>
<b>Total operating grants</b>	<b>5,884</b>	<b>8,221</b>	<b>2,337</b>



#### 4.2.6 Grants - capital (\$0.82 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 increased by 14.5% or \$0.82 million compared to 2013/14. 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 2014/15 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Capital Grant Funding Type and Source	Forecast	Budget	Variance
	Actual 2013/14 \$'000	2014/15 \$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Road construction	1 142	700	(442)
<i>Recurrent - State Government</i>			
Road construction	600	400	(200)
Environmental Services		379	379
Pathways		650	650
<b>Total recurrent grants</b>	<b>1,742</b>	<b>2,129</b>	<b>387</b>
<i>Non-recurrent - Commonwealth Government</i>			
Road construction	375	1,478	1 103
Street furniture		70	70
Bridges		72	72
<i>Non-recurrent - State Government</i>			
Recreation & Foreshore	94		(94)
Environmental Management & planning	300	25	(275)
Pathways	63	470	407
Recreation Services	402	570	168
Road construction	2694		(2,694)
Home Care		35	35
<b>Total non-recurrent grants</b>	<b>3,928</b>	<b>2,720</b>	<b>(1,208)</b>
<b>Total capital grants</b>	<b>5,670</b>	<b>4,849</b>	<b>(821)</b>

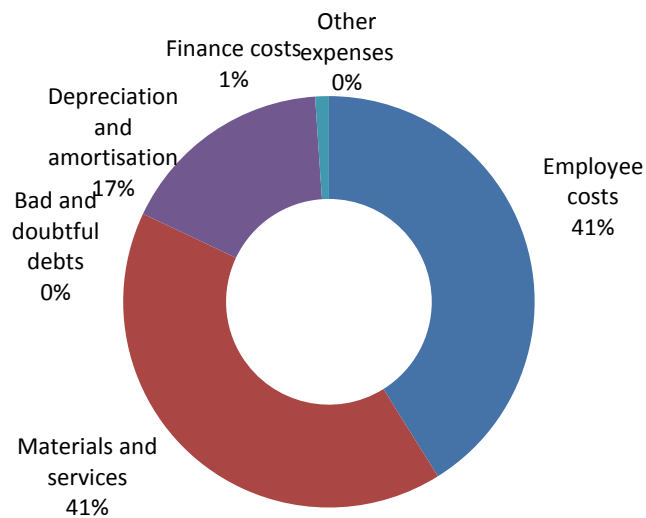
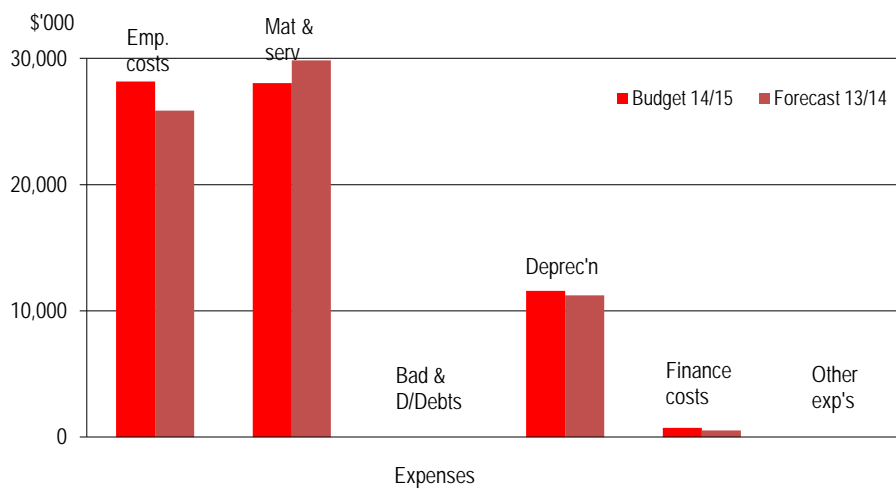
#### 4.2.7 Other income (\$0.53 million increase)

Other income relates to a range of items such as private works, cost recoups, tourism information centre retail sales and other miscellaneous income items. It also includes interest revenue on investments.

Other income is forecast to increase by 4.7% or \$0.05 million compared to 2013/14. Interest on investments is forecast to increase by 24.5% or \$0.12 million compared to 2013/14. The remainder of other income items is forecast to reduce by 11.3% or \$0.07 million.

### 4.3 Expenses

Expense Types	Ref	Forecast		Variance \$'000
		Actual 2013/14 \$'000	Budget 2014/15 \$'000	
		Employee costs	4.3.1	
Materials and services	4.3.2	29,846	28,032	(1,814)
Bad and doubtful debts	4.3.3	0	0	0
Depreciation and amortisation	4.3.4	11,232	11,569	337
Finance costs	4.3.5	528	736	208
Other expenses	4.3.6	0	0	0
<b>Total expenses</b>		<b>67,463</b>	<b>68,499</b>	<b>1,036</b>



Budgeted expenses 2014/15

Source: Appendix A

#### 4.3.1 Employee costs (\$2.31 million increase)

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

Employee costs are forecast to increase by 8.9% or \$2.31 million compared to 2013/14. This increase relates mainly to the following factors:

- Increases resulting from the application of Council's Enterprise Bargaining Agreement (EBA)
- Increases in staff FTE resulting from the full-time impact of employees who commenced during the 2013/14 year.
- New employee positions included in the 2014/15 budget.

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

Department	Budget 2014/15 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Planning & Environment	3,012	2,538	474
Community & Economic Development	6,274	4,400	1,874
Infrastructure	8,883	8,665	219
Corporate Services	5,931	5,458	474
Corporate Management Team	1,281	1,281	
Total permanent staff expenditure	25,382	22,342	3,040
Casuals and other expenditure	3,315		
<b>Total expenditure</b>	<b>28,697</b>		
Reconciliation to Budgeted Income statement:			
Expensed in Budgeted Income Statement	28,162		
Charged to capital works	535		
	<b>28,697</b>		

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

Department	Budget FTE	Comprises	
		Permanent Full Time	Permanent Part Time
Planning & Environment	28.2	25	3.2
Community & Economic Development	104.6	46	58.6
Infrastructure	105.7	104	1.7
Corporate Services	62.4	59	3.4
Corporate Management Team	6.0	6	
Total	306.9	240	66.9
Casuals and other	19.5		
<b>Total staff</b>	<b>326.4</b>		

#### **4.3.2 Materials and services (\$1.81 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 6.1% or \$1.81 million compared to 2013/14.

Consumables and other program costs are forecast to decrease by \$1.67 million or 8.6% compared to 2013/14. Plant operating costs are forecast to increase by \$ 0.27 million or 25.9% compared to 2013/14.

External contracts are forecast to decrease by 4.4% or \$0.41 million compared to 2013/14.

#### **4.3.3 Depreciation and amortisation (\$0.34 million increase)**

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$0.34 million for 2014/15 represents a 3% increase. Refer to section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2014/15 year.

#### **4.3.4 Finance costs (\$0.21 million increase)**

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The increase in borrowing costs results from the planned net increase in borrowings and is in accordance with loan agreements.

## 5. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2014/15 year.

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.

### 5.1 Budgeted cash flow statement

	Ref	Forecast		Variance
		Actual 2013/14 \$'000	Budget 2014/15 \$'000	
<b>Cash flows from operating activities</b>	5.1.1			
<i>Receipts</i>				
Rates and charges		43,307	46,349	3,042
User fees and fines		5,072	5,783	711
Grants - operating		5,884	8,221	2,337
Grants - capital		5,770	4,849	(921)
Interest		484	625	141
Other receipts		2,466	1,965	(501)
		<b>62,983</b>	<b>67,792</b>	<b>4,809</b>
<i>Payments</i>				
Employee costs		(25,116)	(27,145)	(2,029)
Other payments		(29,756)	(28,068)	1,688
		<b>(54,872)</b>	<b>(55,213)</b>	<b>(341)</b>
<b>Net cash provided by operating activities</b>		<b>8,111</b>	<b>12,579</b>	<b>4,468</b>
<b>Cash flows from investing activities</b>	5.1.2			
Proceeds from sales of property, infrastructure, plant & equip		1,154	801	(353)
Payments for property, infrastructure, plant and equipment		(20,507)	(12,226)	8,281
<b>Net cash used in investing activities</b>		<b>(19,353)</b>	<b>(11,425)</b>	<b>7,928</b>
<b>Cash flows from financing activities</b>	5.1.3			
Finance costs		(528)	(736)	(208)
Proceeds from borrowings		5,296	2,000	(3,296)
Repayment of borrowings		(1,129)	(1,414)	(285)
<b>Net cash used in financing activities</b>		<b>3,639</b>	<b>(150)</b>	<b>(3,789)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(7,603)</b>	<b>1,004</b>	<b>8,607</b>
Cash and cash equivalents at the beg of the year		17,014	9,411	(7,603)
<b>Cash and cash equivalents at end of the year</b>	5.1.4	<b>9,411</b>	<b>10,415</b>	<b>1,004</b>

### 5.1.1 Operating activities (\$7.93 million increase)

The increase in cash inflows from operating activities is due mainly to a \$1.42 million net increase in grants, a \$3.04 million increase in rates and charges and a reduction in other payments of \$1.69 million. These positive movements are partially offset by additional employee costs of \$2.03 million.

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		Variance \$'000
	Actual 2013/14 \$'000	Budget 2014/15 \$'000	
<b>Surplus (deficit) for the year</b>	<b>(4,406)</b>	<b>(1,546)</b>	2,860
Interest on borrowings	528	736	208
Depreciation	11,232	11,569	337
Loss (gain) on sale of assets	0	0	0
Net movement in current assets and liabilities	757	1,820	1,063
Net movement in long term receivables	0		0
<b>Cash flows available from operating activities</b>	<b>8,111</b>	<b>12,579</b>	4,468

### 5.1.2 Investing activities (\$7.93 million decrease)

The large decrease in payments for investing activities is mainly represented by the large decrease in capital works expenditure from 2013/14. Capital works expenditure was inflated by approximately \$7.45 million of works carries forward to that year from 2012/13.

### 5.1.3 Financing activities (\$3.79 million decrease)

This variance mainly relates to a reduction of borrowings in 2014/15 as compared to 2013/14 (\$3.3 million).

### 5.1.4 Cash and cash equivalents at end of the year (\$1.00 million increase)

Overall, total cash and investments is forecast to increase by \$1.00 million to \$10.42 million as at 30 June 2015.

## 5.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2014 it will have cash and investments of \$12.21 million, which has been restricted as shown in the following table.

	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2014 \$'000	2015 \$'000	
<b>Total cash and investments</b>		<b>9,411</b>	<b>10,415</b>	1,004
Restricted cash and investments				
- Statutory reserves	5.2.1	(247)	(247)	0
- Cash held to carry forward capital works	5.2.2	(53)	0	53
- Trust funds and deposits		(2,039)	(2,039)	0
<b>Unrestricted cash and investments</b>	5.2.3	<b>7,072</b>	<b>8,129</b>	<b>1,057</b>
- Discretionary reserves	5.2.4	0	0	0
<b>Unrestricted cash adjusted for discretionary reserves</b>	5.2.5	<b>7,072</b>	<b>8,129</b>	<b>1,057</b>

### 5.2.1 Statutory reserves (\$0.25 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.

### 5.2.2 Cash held to fund carry forward capital works (\$ nil)

There is no amount shown as cash held to fund carry forward works at 30 June 2015, as it is expected that the capital works budget in the 2014/15 financial year will be fully completed. An amount of \$0.05 million is forecast to be held at 30 June 2014 to fund capital works budgeted but not completed in the 2013/14 financial year. Section 6.2 contains further details on capital works funding.

### 5.2.3 Unrestricted cash and investments (\$8.13 million)

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

### 5.2.4 Discretionary reserves (\$ nil)

Council currently does not maintain and discretionary reserves

### 5.2.5 Unrestricted cash adjusted for discretionary reserves (\$8.13 million)

These funds are free of 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.

## 6. Analysis of capital budget

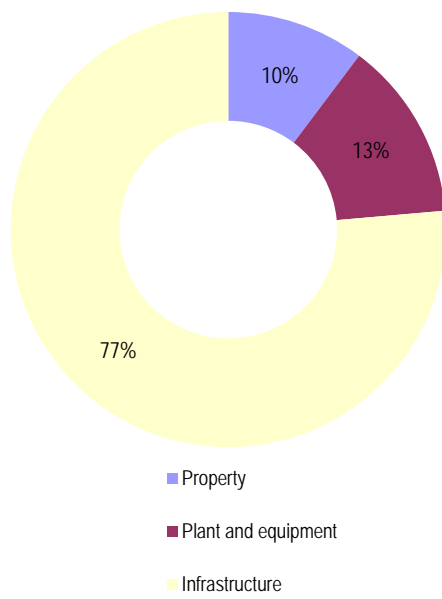
This section analyses the planned capital expenditure budget for the 2014/15 year and the sources of funding for the capital budget.

### 6.1 Capital works

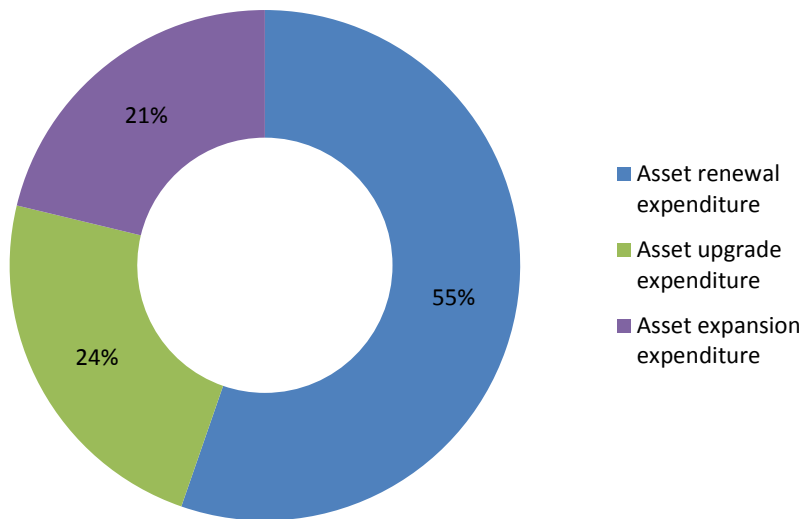
Capital Works Areas	Ref	Forecast		Variance
		Actual	Budget	
		2013/14 \$'000	2014/15 \$'000	
<b>Works carried forward</b>	6.1.1			
<b>Property</b>				
Land & land improvements		978	0	(978)
Buildings Improvements		1,706	0	(1,706)
<b>Total property</b>		<b>2,684</b>	<b>0</b>	<b>(2,684)</b>
<b>Plant and equipment</b>				
Plant, machinery and equipment		362	0	(362)
<b>Total plant and equipment</b>		<b>362</b>	<b>0</b>	<b>(362)</b>
<b>Infrastructure</b>				
Roads		2,847	0	(2,847)
Drainage		105	0	(105)
Parks, open space and streetscapes		728	0	(728)
Other infrastructure		719	53	(666)
<b>Total infrastructure</b>		<b>4,399</b>	<b>53</b>	<b>(4,346)</b>
<b>Total works carried forward</b>		<b>7,445</b>	<b>53</b>	<b>(7,392)</b>
<b>New works</b>				
<b>Property</b>	6.1.2			
Land & land improvements		1,368	830	(538)
Building improvements		134	425	291
<b>Total property</b>		<b>1,502</b>	<b>1,255</b>	<b>(247)</b>
<b>Plant and equipment</b>	6.1.3			
Plant, machinery and equipment		1,834	1,632	(202)
Computers and telecommunications			0	0
Other Plant & Equipment			0	0
<b>Total plant and equipment</b>		<b>1,834</b>	<b>1,632</b>	<b>(202)</b>
<b>Infrastructure</b>	6.1.4			
Roads		7,593	5,760	(1,833)
Bridges		345	0	(345)
Drainage		440	498	58
Rec, leisure and community facilities		143	231	88
Parks, open space and streetscapes		997	2,142	1,145
Off street car parks		98	605	507
Other infrastructure		110	50	(60)
<b>Total infrastructure</b>		<b>9,726</b>	<b>9,286</b>	<b>(440)</b>
<b>Total new works</b>		<b>13,062</b>	<b>12,173</b>	<b>(889)</b>
<b>Total capital works expenditure</b>		<b>20,507</b>	<b>12,226</b>	<b>(8,281)</b>
<b>Represented by:</b>				
Asset renewal expenditure	6.1.5	8,580	6,762	(1,818)
New asset expenditure	6.1.5		0	0
Asset upgrade expenditure	6.1.5	7,269	2,868	(4,401)
Asset expansion expenditure	6.1.5	4,658	2,596	(2,062)
<b>Total capital works expenditure</b>		<b>20,507</b>	<b>12,226</b>	<b>(8,281)</b>



**Budgeted capital works 2014/15**



**Budgeted capital works 2014/15**

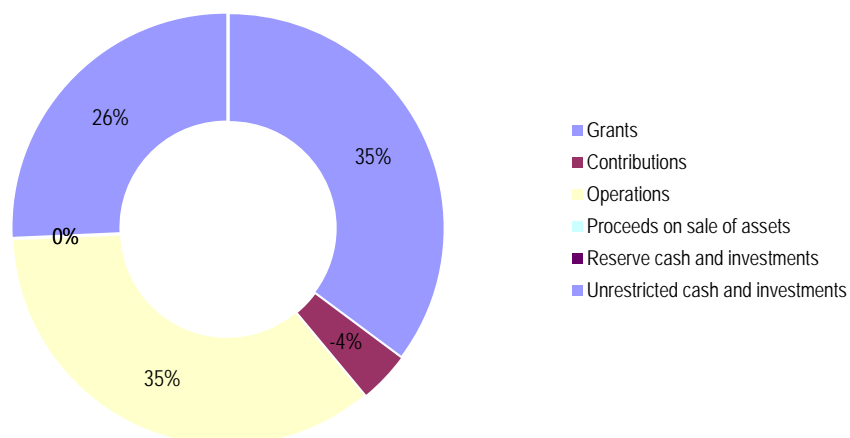


Source: Appendix A. A more detailed listing of capital works is included in Appendix C.

## 6.2 Funding sources

Sources of funding	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2013/14 \$'000	2014/15 \$'000	
<b>Works carried forward</b>				
<b>Current year funding</b>				
Grants		1,885	0	(1,885)
Contributions		255	0	(255)
Borrowings			0	0
Council cash				
- operations		5,195	53	(5,142)
- proceeds on sale of assets				0
- reserve cash and investments		110		(110)
- unrestricted cash and investments		0		0
<b>Total works carried forward</b>	<b>6.2.1</b>	<b>7,445</b>	<b>53</b>	<b>(7,392)</b>
<b>New works</b>				
<b>Current year funding</b>				
Grants	6.2.2	3,885	4,849	964
Contributions (net refunds)		614	(520)	(1,134)
Borrowings		1,000	2,000	1,000
Council cash				
- operations	6.2.3	6,123	4,819	(1,304)
- proceeds on sale of assets	6.2.4	1,154	801	(353)
- reserve cash and investments	6.2.5	286	224	(62)
- unrestricted cash and investments	6.2.6	0		0
<b>Total new works</b>		<b>13,062</b>	<b>12,173</b>	<b>(889)</b>
<b>Total funding sources</b>		<b>20,507</b>	<b>12,226</b>	<b>(8,281)</b>

### Budgeted total funding sources 2014/15



Source: Appendix A

#### 6.2.1 Carried forward works (\$0.05 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 2013/14 year it is forecast that \$0.05 million of capital works will be incomplete and be carried forward into the 2014/15 year.

#### 6.2.2 Grants - Capital (\$4.85 million)

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

#### 6.2.3 Council cash - operations (\$4.82 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$4.82 million will be generated from operations to fund the 2014/15 capital works program.

#### 6.2.4 Council cash - proceeds from sale of assets (\$0.80 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$0.80 million.

#### 6.2.5 Reserve cash - reserve cash and investments (\$0.22 million)

Council has cash reserves, which it is currently using to fund specific projects within its annual capital works program.

## 7. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2013/14 and 2014/15. It also considers a number of key performance indicators.

### 7.1 Budgeted balance sheet

	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2014 \$'000	2015 \$'000	
<b>Current assets</b>	7.1.1			
Cash and cash equivalents		9,411	10,415	1,004
Trade and other receivables		5,496	5,623	127
Financial assets		0	0	0
Other assets		490	521	31
<b>Total current assets</b>		<b>15,397</b>	<b>16,559</b>	1,162
<b>Non-current assets</b>	7.1.1			
Trade and other receivables		1,732	766	(966)
Investments in regional library corporation		572	572	0
Other long term investments		40	40	0
Property, infrastructure, plant and equipment		494,745	494,601	(144)
<b>Total non-current assets</b>		<b>497,089</b>	<b>495,979</b>	(1,110)
<b>Total assets</b>		<b>512,486</b>	<b>512,538</b>	52
<b>Current liabilities</b>	7.1.2			
Trade and other payables		3,508	3,638	(130)
Trust funds and deposits		2,039	2,039	0
Interest-bearing loans and borrowings		1,214	1,694	(480)
Provisions		6,880	7,637	(757)
<b>Total current liabilities</b>		<b>13,641</b>	<b>15,008</b>	(1,367)
<b>Non-current liabilities</b>	7.1.2			
Interest-bearing loans and borrowings		10,720	10,826	(106)
Provisions		1,133	1,258	(125)
<b>Total non-current liabilities</b>		<b>11,853</b>	<b>12,084</b>	(231)
<b>Total liabilities</b>		<b>25,494</b>	<b>27,092</b>	(1,598)
<b>Net assets</b>		<b>486,992</b>	<b>485,446</b>	(1,546)
<b>Equity</b>	7.1.4			
Accumulated surplus		240,118	238,520	(1,598)
Asset revaluation reserve		245,443	245,443	0
Other reserves		1,431	1,483	52
<b>Total equity</b>		<b>486,992</b>	<b>485,446</b>	(1,546)

Source: Appendix A

### **7.1.1 Current Assets (\$1.16 million increase) and Non-Current Assets (0.05 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.

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. Long term debtors (non current) are forecast to reduce by \$0.97 million. This reduction relates to expected repayments of Special Charge Scheme debts by property owners in accordance with agreed repayment terms.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months. These are not significant items in the Balance Sheet.

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 increase in this balance is attributable to the net result of the capital works program, depreciation of assets and the sale through sale of property, plant and equipment.

### **7.1.2 Current Liabilities (\$1.367 million increase) and Non Current Liabilities (\$0.23 million increase)**

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities have increased mainly as a result of additional borrowings and employee related provisions.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to repay loan principal of \$1.41 million over the year.

### 7.1.3 Working Capital (\$0.2 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.

	Forecast		Variance \$'000
	Actual	Budget	
	2014 \$'000	2015 \$'000	
<b>Current assets</b>	15,397	16,559	1,162
<b>Current liabilities</b>	13,641	15,008	1,367
<b>Working capital</b>	1,756	1,551	205
Restricted cash and investment current assets			
- Statutory reserves	(247)	(247)	0
- Cash used to fund carry forward capital works	(53)	0	53
- Trust funds and deposits	(2,039)	(2,039)	0
<b>Unrestricted working capital</b>	<b>(583)</b>	<b>(735)</b>	258

### 7.1.4 Equity (\$1.55 million decrease)

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The decrease in accumulated surplus of \$1.55 million results directly from the operating surplus for the year.

During the year an amount of \$0.05 million (net) is budgeted to be transferred from other reserves to accumulated surplus. This reflects the usage of investment cash reserves to partly fund the capital works program. This is a transfer between equity balances only and does not impact on the total balance of equity.

## 8. Strategic resource plan and financial performance indicators

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

### 8.1 Plan development

The Act requires a Strategic Resource Plan to be prepared describing both financial and non-financial resources (including human resources) for at least the next four financial years to achieve the strategic objectives in the Council Plan.

Council has prepared a Strategic Resource Plan (SRP) for the four years 2014/15 to 2017/18 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

### 8.2 Financial resources

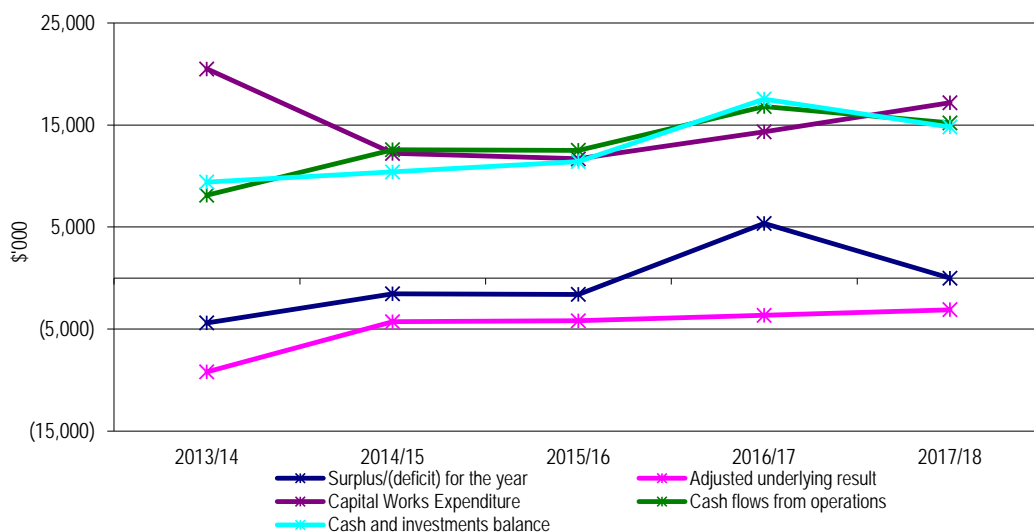
The following table summaries the key financial results for the next four years as set out in the SRP for years 2014/15 to 2017/18. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast Actual	Budget	Strategic Resource Plan Projections			Trend
	2013/14	2014/15	2015/16	2016/17	2017/18	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	(4,406)	(1,546)	(1,597)	5,363	(8)	+
Adjusted underlying result	(9,203)	(4,276)	(4,186)	(3,662)	(3,109)	+
Cash and investments balance	9,411	10,415	11,426	17,544	14,818	+
Cash flows from operations	8,111	12,579	12,524	16,817	15,210	+
Capital works expenditure	20,507	12,226	11,694	14,323	17,198	+

Key to Forecast Trend:

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

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



### 8.3 Financial performance indicators

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

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend
			Actual 2013/14	2014/15	Projections 2015/16	2016/17	2017/18	+/-
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	119.5%	107.7%	107.6%	107.0%	105.4%	-
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	112.9%	110.3%	109.3%	133.2%	111.2%	o
Unrestricted cash	Unrestricted cash / current liabilities		51.8%	54.2%	70.6%	97.6%	77.1%	o
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	27.5%	27.0%	26.0%	31.8%	28.9%	o
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		1.2%	1.6%	1.3%	1.2%	1.4%	+
Indebtedness	Non-current liabilities / own source revenue		23.9%	22.6%	21.8%	26.1%	23.9%	o
Asset renewal	Asset renewal expenditure / depreciation	4	76.4%	58.4%	54.2%	57.0%	60.6%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	5	76.9%	73.0%	74.1%	74.4%	74.5%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.39%	0.42%	0.45%	0.47%	0.50%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of property assessments		\$2,327	\$2,345	\$2,417	\$2,484	\$2,562	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,155	\$1,226	\$1,661	\$1,728	\$1,814	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		11.3%	11.3%	11.3%	11.3%	11.3%	o

Key to Forecast Trend:

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



## Notes to indicators

**1 Adjusted underlying result** – An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives.

**2 Working Capital** – The proportion of current liabilities represented by current assets.

**3 Debt compared to rates** - This measure indicates Council's level of reliance on debt against its annual rate revenue.

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

**5 Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services.

## 8.4 Non-financial resources

In addition to the financial resources to be consumed over the planning period, Council will also consume non-financial resources, in particular human resources. A summary of Council's anticipated human resources requirements for the 2014/15 year is shown below and further detail is included in section 4.3.1 of this budget. A statement of Human Resources is included in Appendix A.

Indicator	Forecast	Budget 2014/15	Strategic Resource Plan Projections		
	Actual 2013/14		2015/16	2016/17	2017/18
Employee costs (\$'000)					
- Operating	25,857	28,162	30,129	32,158	34,376
- Capital	523	535	572	613	655
Total	<u>26,380</u>	<u>28,697</u>	<u>30,701</u>	<u>32,771</u>	<u>35,031</u>
Employee numbers (EFT)	326.05	328.05	328.05	328.05	328.05

As part of the 2014/15 budget Council proposes to undertake a review of its long term financial sustainability and continue to review services provided to the community. This review may lead to changes in relation to the Human Resources required by Council to deliver services to the community.

## 9. Rating information

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

### 9.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 8.), rates and charges were identified as an important source of revenue, accounting for 69% of the total revenue received by Council for the 2014/15 year. 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 Bass Coast Shire community.

However, it has also been necessary to balance the importance of rate revenue as a funding source with community sensitivity to increases, particularly recent changes in property valuations and subsequently rates for some properties in the municipality. To ensure that deliberations about future rate increases have been made on an informed basis, comparisons of historical rate increases are detailed in the following table over the last five years.

Year	Average Rates & Charges \$	Average Increase %
2009/10	1151	5.5%
2010/11	1225	6.5%
2011/12	1308	6.8%
2012/13	1388	6.2%
2013/14	1477	6.4%
<b>Average</b>		<b>6.3%</b>

### 9.2 Current year rate increase

It is predicted that the 2014/15 operating position will be significantly impacted by the intent for Council to make a significant additional investment in the renewal of its existing infrastructure. Whilst on the whole this additional investment has been funded by making efficiencies in the operating budget, there is a continued need for income growth to improve the long term sustainability position of Council and to finance the inflationary pressures on the resources, goods and services that Council procures.

In order to achieve these objectives, the average residential rate will increase by 6.1% per property, whilst the garbage charge has increased by 8.1%. This will raise total rate and charges for 2014/15 of \$43.41 million, including \$0.51 million generated from supplementary rates.

The following table sets out future proposed increases in rates and charges and the total rates to be raised, based on the forecast financial position of Council as at 30 June 2014. Note that these figures include supplementary rates and charges.

Year	General Rate Increase \$'000	General Rate Increase %	Garbage Charge Increase \$'000	Garbage Charge Increase %	Total Rates Raised \$'000
2013/14	3,145	9.4%	87	1.3%	43,413
2014/15	2,317	6.3%	676	10.0%	46,419
2015/16	2,460	6.3%	336	4.0%	49,341
2016/17	2,301	5.6%	353	4.0%	51,996
2017/18	2,874	6.6%	451	5.3%	55,321

This reflects in the following forecast change in average charge per assessment, based on the forecast financial position of Council as at 30 June 2014.

Year	Avg Rate Increase \$	Avg Rate Increase %	Avg Garbage Charge \$	Garbage Charge Increase %	Avg Total Rates \$
2013/14	90	7.7%	0	0.0%	90
2014/15	69	5.5%	23	8.1%	92
2015/16	63	4.7%	12	4.0%	76
2016/17	56	4.0%	13	4.0%	69
2017/18	73	5.0%	18	5.3%	90

### 9.3 Rating structure

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

- Property values, form the central basis of rating under the *Local Government Act 1989*
- A user pays component to reflect usage of certain services provided by Council

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 whether the property is developed or vacant. This purpose of the differential rate is help ensure that owners responsibly develop and manage their land.

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. In 2014/15 Council will be undertaking a review of it's existing Rating Strategy to establish whether it remains the most appropriate means of applying rates.

The existing rating structure comprises two differential rates (developed and vacant), and a rate concession for recreational land and public housing. 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". The vacant rate is set at 150% of the developed rate and the rate concession for recreational land is set at 40% of the developed rate, whilst the rate concession for public housing is set at 50% of the developed rate. Council also a garbage collection charge as allowed under the Act.

Furthermore, Council offers a Land Management Rebate from their rates charges for those landholders that adopt land management principles to improve sustainable agricultural opportunities and protect and enrich the natural environment.

The following table summarises the rates to be determined for the 2013/14 year. A more detailed analysis of the rates to be raised is contained in Appendix B "Statutory Disclosures".

Rate type	How applied	2013/14	2014/15	Change
Residential rates	Cents/\$ CIV	0.31657	0.34408	8.7%
Commercial rates	Cents/\$ CIV	0.31657	0.34408	8.7%
Recreational rates	Cents/\$ CIV	0.18994	0.20645	8.7%
Municipal charge	\$/ property	\$0	\$0	
Kerbside collection charge	\$/ property	\$284	\$307	8.1%

During the 2014/15 financial year council will undertake a full review of its rating strategy. A copy of the current rating strategy is available on Council's website

#### 9.4 General revaluation of properties

During the 2013/14 year, a revaluation of all properties within the municipality was carried out and will apply from 1 January 2014 for the 2014/15 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have decreased by 2.0%. Of this decrease, residential properties have decreased by 2.3% and business properties by 3.5%.

The following table summarises the valuation changes between the 2012 and 2014 general revaluations for residential properties by suburb, together with the rating changes between the 2013/14 and 2014/15 years based on a 5.5% average rate increase and the valuation movements listed. For the purpose of this calculation, we have used the average value per property at 2012 for each suburb, rather than looking at properties built since that point and estimating what their value would have been using 2012 assumptions.

Suburb	Valuation Change (Decrease)	Rating Change (Decrease)
Bass	0.0%	8.7%
Cape Paterson	-10.3%	-2.5%
Cape Woolamai	-1.0%	7.6%
Corinella	-6.8%	1.3%
Coronet Bay	-4.6%	3.6%
Cowes	-1.9%	6.6%
Dalyston	-1.5%	7.0%
Grantville	-6.4%	1.8%
Harmers Heaven	-9.0%	-1.1%
Inverloch	-2.8%	5.7%
Jam Jerrup	-2.2%	6.3%
Kilcunda	-5.9%	2.3%
Newhaven	0.8%	9.6%
Pioneer Bay	1.0%	9.7%
Rhyll	-3.4%	5.0%
San Remo	0.2%	8.9%
Smiths Beach	0.8%	9.5%
South Dudley	-4.6%	3.6%
Surf Beach & Sunderland Bay	1.1%	9.9%
Tenby Point	-0.9%	7.7%
The Gurdies	0.1%	8.8%
Ventnor	-0.5%	8.2%
Wonthaggi	-5.9%	2.2%
<b>Average residential</b>	<b>-2.3%</b>	<b>6.2%</b>
<b>Average business</b>	<b>-3.5%</b>	<b>4.8%</b>

In deliberating over the setting of the differential rate structure for the 2014/15 year, Council has been mindful of the greater increase in residential property valuations compared to those in the business sector. If no changes were made to the rate differential, the change in property values would result in an overall increase of 6.2% in residential rates and a 4.8% reduction in business rates for the 2014/15 year.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2013/14 year, Council has chosen not to make any changes to the existing rate differential. In aggregate total rates and charges will increase by 6.9% compared to 2013/14.

## 10. Other strategies

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

### 10.1 Borrowings

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2013/14	5,296	-1,129	-528	11,934
2014/15	2,000	-1,414	-736	12,520
2015/16	2,000	-1,694	-641	12,826
2016/17	5,604	-1,891	-621	16,539
2017/18	2,100	-2,629	-756	16,010

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

	2013/14 \$	2014/15 \$
Total amount borrowed as at 30 June of the prior year	7,767	11,934
Total amount to be borrowed	5,296	2,000
Total amount projected to be redeemed	(1,129)	(1,414)
Total amount proposed to be borrowed as at 30 June	11,934	12,520

### 10.2 Infrastructure

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

Year	Summary of funding sources				
	Total Capital Program \$'000	Grants \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000
2013/14	20,507	5,770	869	12,868	1000
2014/15	12,226	4,849	-520	5,897	2,000
2015/16	11,694	4,597	10	5,087	2000
2016/17	14,323	5,001	6,220	1,102	2,000
2017/18	17,198	5,509	11	9,678	2000

### 10.3 Service delivery

The service delivery outcomes measured in financial terms are shown in the following table.

Year	Surplus (Deficit) for the year \$'000	Adjusted Underlying Surplus (Deficit) \$'000	Net Service (Cost) \$'000
2013/14	(4,406)	(9,203)	(54,458)
2014/15	(1,546)	(4,276)	(52,294)
2015/16	(1,597)	(4,186)	(55,545)
2016/17	5,363	(3,662)	(57,855)
2017/18	(8)	(3,109)	(60,849)

## Appendices

The following appendices include voluntary and statutory disclosures of information which provide support for the analysis contained in sections 1 to 10 of this report.

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

The contents of the appendices are summarised below:

Appendix	Nature of information	Page
A	Budgeted Statements	59
B	Rates and charges	66
C	Capital works program	71
D	Fees and charges schedule	81

## **Appendix A**

### **Budgeted Statements**

This appendix presents information in regard to the Budgeted Financial Statements and Statement of Human Resources. The budget information for the years 2014/15 to 2017/18 has been extracted from the Strategic Resource Plan.

At the end of each financial year Council is required to include in the Financial Statements in its Annual Report a comparison of actual income and expenditure compared with the income and expenditure in the financial statements in the Budget.

The appendix includes the following budgeted information:

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

## Budgeted Comprehensive Income Statement

For the four years ending 30 June 2018

	Forecast	Budget	Strategic Resource Plan		
	Actual 2013/14 \$'000	2014/15 \$'000	Projections		
			2015/16 \$'000	2016/17 \$'000	2017/18 \$'000
<b>Income</b>					
Rates and charges	43,413	<b>46,419</b>	49,341	51,996	55,321
Statutory fees and fines	1,339	<b>1,938</b>	1,996	2,097	2,118
User fees	3,808	<b>3,845</b>	3,960	4,080	4,202
Contributions - cash	1,821	<b>506</b>	745	7,319	802
Grants - Operating (recurrent)	5,008	<b>8,110</b>	8,137	8,353	8,854
Grants - Operating (non-recurrent)	876	<b>111</b>	111	114	121
Grants - Capital (recurrent)	1,742	<b>2,129</b>	2,018	2,196	2,419
Grants - Capital (non-recurrent)	3,928	<b>2,720</b>	2,579	2,805	3,090
Other income	1,122	<b>1,175</b>	1,174	1,156	1,319
<b>Total income</b>	<b>63,057</b>	<b>66,953</b>	<b>70,061</b>	<b>80,116</b>	<b>78,246</b>
<b>Expenses</b>					
Employee costs	25,857	<b>28,162</b>	30,129	32,158	34,376
Materials and services	29,846	<b>28,032</b>	28,972	29,700	30,480
Bad and doubtful debts					
Depreciation and amortisation	11,232	<b>11,569</b>	11,916	12,274	12,642
Finance costs	528	<b>736</b>	641	621	756
<b>Total expenses</b>	<b>67,463</b>	<b>68,499</b>	<b>71,658</b>	<b>74,753</b>	<b>78,254</b>
<b>Surplus (deficit) for the year</b>	<b>(4,406)</b>	<b>(1,546)</b>	<b>(1,597)</b>	<b>5,363</b>	<b>(8)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Comprehensive result</b>	<b>(4,406)</b>	<b>(1,546)</b>	<b>(1,597)</b>	<b>5,363</b>	<b>(8)</b>



## Budgeted Balance Sheet

For the four years ending 30 June 2018

	Forecast	<b>Budget</b>	Strategic Resource Plan		
	Actual		Projections		
	2014	2015	2016	2017	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9,411	<b>10,415</b>	11,426	17,544	14,818
Trade and other receivables	5,496	<b>5,623</b>	5,699	5,821	5,940
Financial assets	0	<b>0</b>			
Inventories	35	<b>38</b>	41	44	47
Other assets	455	<b>483</b>	511	541	573
<b>Total current assets</b>	<b>15,397</b>	<b>16,559</b>	<b>17,677</b>	<b>23,950</b>	<b>21,378</b>
<b>Non-current assets</b>					
Trade and other receivables	1732	<b>766</b>	204	2705	2067
Investments in regional library corporation	572	<b>572</b>	572	572	572
Property, infrastructure, plant & equipment	494,745	<b>494,601</b>	493,863	495,381	499,389
Investment property	40	<b>40</b>	40	40	40
Intangible assets					
<b>Total non-current assets</b>	<b>497,089</b>	<b>495,979</b>	<b>494,679</b>	<b>498,698</b>	<b>502,068</b>
<b>Total assets</b>	<b>512,486</b>	<b>512,538</b>	<b>512,356</b>	<b>522,648</b>	<b>523,446</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	3,508	<b>3,638</b>	3,768	3,898	4,028
Trust funds and deposits	2,039	<b>2,039</b>	2,039	2,039	2,039
Provisions	6,880	<b>7,637</b>	8,478	9,410	10,445
Interest-bearing loans and borrowings	1,214	<b>1,694</b>	1,891	2,629	2,713
<b>Total current liabilities</b>	<b>13,641</b>	<b>15,008</b>	<b>16,176</b>	<b>17,976</b>	<b>19,225</b>
<b>Non-current liabilities</b>					
Provisions	1133	<b>1,258</b>	1,396	1,550	1,720
Interest-bearing loans and borrowings	10,720	<b>10,826</b>	10,935	13,910	13,297
<b>Total non-current liabilities</b>	<b>11,853</b>	<b>12,084</b>	<b>12,331</b>	<b>15,460</b>	<b>15,017</b>
<b>Total liabilities</b>	<b>25,494</b>	<b>27,092</b>	<b>28,507</b>	<b>33,436</b>	<b>34,242</b>
<b>Net assets</b>	<b>486,992</b>	<b>485,446</b>	<b>483,849</b>	<b>489,212</b>	<b>489,204</b>
<b>Equity</b>					
Accumulated surplus	240,118	<b>238,520</b>	236,912	242,275	242,282
Reserves	246,874	<b>246,926</b>	246,937	246,937	246,922
<b>Total equity</b>	<b>486,992</b>	<b>485,446</b>	<b>483,849</b>	<b>489,212</b>	<b>489,204</b>

## Budgeted Statement of Changes in Equity

For the four years ending 30 June

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2015</b>				
Balance at beginning of the financial year	486,992	240,118	245,443	1,431
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	(1,546)	(1,546)	-	-
Net asset revaluation increment(decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Reversal of impairment losses on revalued assets	-	-	-	-
Transfer to reserves	-	(276)	-	276
Transfer from reserves	-	224	-	(224)
<b>Balance at end of the financial year</b>	<b>485,446</b>	<b>238,520</b>	<b>245,443</b>	<b>1,483</b>
<b>2016</b>				
Balance at beginning of the financial year	485,446	238,520	245,443	1,483
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	(1,597)	(1,597)	-	-
Net asset revaluation increment(decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Reversal of impairment losses on revalued assets	-	-	-	-
Transfer to reserves	-	(225)	-	225
Transfer from reserves	-	214	-	(214)
<b>Balance at end of the financial year</b>	<b>483,849</b>	<b>236,912</b>	<b>245,443</b>	<b>1,494</b>
<b>2017</b>				
Balance at beginning of the financial year	483,849	236,912	245,443	1,494
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	5,363	5,363	-	-
Net asset revaluation increment(decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Reversal of impairment losses on revalued assets	-	-	-	-
Transfer to reserves	-	(232)	-	232
Transfer from reserves	-	232	-	(232)
<b>Balance at end of the financial year</b>	<b>489,212</b>	<b>242,275</b>	<b>245,443</b>	<b>1,494</b>
<b>2018</b>				
Balance at beginning of the financial year	489,212	242,275	245,443	1,494
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	(8)	(8)	-	-
Net asset revaluation increment(decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Reversal of impairment losses on revalued assets	-	-	-	-
Transfer to reserves	-	(239)	-	239
Transfer from reserves	-	254	-	(254)
<b>Balance at end of the financial year</b>	<b>489,204</b>	<b>242,282</b>	<b>245,443</b>	<b>1,479</b>

## Budgeted Statement of Cash Flows

For the four years ending 30 June 2018

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2013/14	2014/15	2015/16	2016/17	2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	43,307	46,349	49,266	51,916	55,236
Statutory fees and fines	1,339	1,938	1,996	2,097	2,118
User fees	3,733	3,845	3,960	4,079	4,202
Contributions - cash	1,783	1,415	1,306	4,776	1,406
Grants - operating	5,884	8,221	8,248	8,467	8,975
Grants - capital	5,770	4,849	4,597	5,001	5,509
Interest	484	625	607	573	718
Other receipts	683	550	567	583	601
Employee costs	(25,116)	(27,145)	(29,010)	(30,929)	(33,023)
Payments to suppliers	(29,756)	(28,068)	(29,013)	(29,746)	(30,532)
Net cash provided by operating activities	8,111	12,579	12,524	16,817	15,210
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment	(20,507)	(12,226)	(11,694)	(14,323)	(17,198)
Proceeds from sale of property, plant and	1,154	801	516	532	547
Net cash used in investing activities	(19,353)	(11,425)	(11,178)	(13,791)	(16,651)
<b>Cash flows from financing activities</b>					
Finance costs	(528)	(736)	(641)	(621)	(756)
Proceeds from borrowings	5,296	2,000	2,000	5,604	2,100
Repayment of borrowings	(1,129)	(1,414)	(1,694)	(1,891)	(2,629)
Net cash provided by (used in) financing activities	3,639	(150)	(335)	3,092	(1,285)
<b>Net (decrease) increase in cash &amp; cash equivalents</b>	(7,603)	1,004	1,011	6,118	(2,726)
Cash and cash equivalents at beginning of the financial year	17,014	9,411	10,415	11,426	17,544
<b>Cash and cash equivalents at end of the financial year</b>	9,411	10,415	11,426	17,544	14,818

## Budgeted Statement of Capital Works

For the four years ending 30 June 2018

	Forecast	<b>Budget</b>	Strategic Resource Plan		
	Actual		Projections		
	2013/14	<b>2014/15</b>	2015/16	2016/17	2017/18
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Property</b>					
Building improvements	2908	425	406	440	481
Total buildings	2,908	425	406	440	481
<b>Total property</b>	<b>2,908</b>	<b>425</b>	<b>406</b>	<b>440</b>	<b>481</b>
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,196	1,632	1,560	1,688	1,848
<b>Total plant and equipment</b>	<b>2,196</b>	<b>1,632</b>	<b>1,560</b>	<b>1,688</b>	<b>1,848</b>
<b>Infrastructure</b>					
Roads	10,871	5,660	5,469	7,586	9,825
Drainage	545	498	476	515	564
Parks, open space and streetscapes	5	3,052	2,866	3,102	3,395
Other infrastructure	3982	959	917	992	1086
<b>Total infrastructure</b>	<b>15,403</b>	<b>10,169</b>	<b>9,728</b>	<b>12,195</b>	<b>14,870</b>
<b>Total capital works expenditure</b>	<b>20,507</b>	<b>12,226</b>	<b>11,694</b>	<b>14,323</b>	<b>17,199</b>
<b>Represented by:</b>					
New asset expenditure					
Asset renewal expenditure	8,580	<b>6,762</b>	6,463	6,993	7,655
Asset expansion expenditure	4,659	<b>2,596</b>	2,430	2,630	2,879
Asset upgrade expenditure	7,268	<b>2,868</b>	2,801	4,700	6,664
<b>Total capital works expenditure</b>	<b>20,507</b>	<b>12,226</b>	<b>11,694</b>	<b>14,323</b>	<b>17,198</b>

## Budgeted Statement of Human Resources

For the four years ending 30 June 2018

	Forecast	<b>Budget</b>	Strategic Resource Plan		
	Actual		Projections		
	2013/14	<b>2014/15</b>	2015/16	2016/17	2017/18
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Staff expenditure</b>					
Employee costs - operating	25,857	28,162	30,129	32,158	34,376
Employee costs - capital	523	<b>535</b>	572	613	655
<b>Total staff expenditure</b>	<b>26,380</b>	<b>28,697</b>	<b>30,701</b>	<b>32,771</b>	<b>35,031</b>
	EFT	<b>EFT</b>	EFT	EFT	EFT
<b>Staff numbers</b>					
Employees	326.05	<b>328.05</b>	328.05	328.05	328.05
<b>Total staff numbers</b>	<b>326.05</b>	<b>328.05</b>	<b>328.05</b>	<b>328.05</b>	<b>328.05</b>

## Appendix B

### Rates and charges

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

#### Rates and charges

##### I. Rates and charges

###### I.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	2013/14 cents/\$CIV	2014/15 cents/\$CIV	Change
General rate for rateable residential properties	0.3166	<b>0.3441</b>	<b>8.7%</b>
General rate for rateable farm properties	0.3166	<b>0.3441</b>	<b>8.7%</b>
General rate for rateable commercial properties	0.3166	<b>0.3441</b>	<b>8.7%</b>
General rate for rateable industrial properties	0.3166	<b>0.3441</b>	<b>8.7%</b>
General rate for rateable vacant land	0.4749	<b>0.5161</b>	<b>8.7%</b>
Rate concession for public housing	0.1583	<b>0.1720</b>	<b>8.7%</b>
Rate concession for rateable recreational properties	0.1899	<b>0.2064</b>	<b>8.7%</b>

###### I.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	2013/14 \$	2014/15 \$	Change
Residential	27,384,577	29,511,413	<b>7.8%</b>
Farm	3,735,833	3,533,638	<b>-5.4%</b>
Commercial	1,717,406	2,018,557	<b>17.5%</b>
Industrial	384,929	431,229	<b>12.0%</b>
Vacant	3,323,230	3,363,816	<b>1.2%</b>
Public Housing	24,697	26,133	<b>5.8%</b>
Recreational	29,050	31,770	<b>9.4%</b>
<b>Total amount to be raised by general rates</b>	<b>36,599,721</b>	<b>38,916,556</b>	<b>6.3%</b>

**I.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	2013/14 \$	2014/15 \$	Change
Residential	23,705	24,066	1.5%
Farm	1,033	1,028	-0.5%
Commercial	882	849	-3.7%
Industrial	269	284	5.6%
Vacant	2,943	2,662	-9.5%
Public Housing	136	279	105.1%
Cultural and Recreational	18	51	183.3%
<b>Total number of assessments</b>	<b>28,986</b>	<b>29,219</b>	<b>0.8%</b>

**I.4 The basis of valuation to be used is the Capital Improved Value (CIV)**

**I.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	2013/14 \$	2014/15 \$	Change
Residential	8,650,358,000	8,576,976,600	-0.8%
Farm	1,180,091,000	1,026,990,000	-13.0%
Commercial	542,501,500	586,658,300	8.1%
Industrial	121,593,000	125,329,300	3.1%
Vacant	699,837,400	651,756,200	-6.9%
Public Housing	15,603,000	15,190,000	-2.6%
Cultural and Recreational	15,294,000	15,389,000	0.6%
<b>Total value of land</b>	<b>11,225,277,900</b>	<b>10,998,289,400</b>	<b>-2.0%</b>

**I.6 The estimated total value of Land Management Rebate applicable to landholders who adopt land management principles to improve sustainable agricultural opportunities, compared with the previous financial year**

Land Management Rebate	2013/14 \$	2014/15 \$	Change
Total value	-519,621	-553,019	6.4%

**1.7 The estimated total amount to be raised by supplementary charges compared with the previous financial year**

Type of Charge	2013/14 \$	2014/15 \$	Change
Supplementary Rates	242,000	<b>385,497</b>	<b>59.3%</b>
Supplementary Garbage Charges	87,000	<b>119,600</b>	<b>37.5%</b>
Interest on Rates	230,000	<b>118,000</b>	<b>-48.7%</b>
Interest on Garbage Charges	34,000	<b>16,000</b>	<b>-52.9%</b>
<b>Total Supplementary Charges</b>	<b>593,000</b>	<b>639,097</b>	<b>7.8%</b>

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

Type of Charge	Per Rateable Property 2013/14 \$	Per Rateable Property 2014/15 \$	Change
Garbage Charge	284	<b>307</b>	<b>8.1%</b>
<b>Total</b>	<b>284</b>	<b>307</b>	<b>8.1%</b>

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

Type of Charge	2013/14 \$	2014/15 \$	Change
Garbage Charge	6,740,172	<b>7,416,506</b>	<b>10.0%</b>
<b>Total</b>	<b>6,740,172</b>	<b>7,416,506</b>	<b>10.0%</b>

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

Type of Charge	2013/14 \$k	2014/15 \$k	Change
Rates and charges	43,413	<b>46,419</b>	<b>6.9%</b>

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

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 (2014/15: estimated \$425,723, 2013/14: \$198,727)
- The variation of returned levels of value (e.g. valuation appeals);
- Changes of use of land such that rateable land becomes non-rateable land and vice versa; and
- Changes of use of land such that residential land becomes business land and vice versa.



## **2. Differential rates**

### **2.1 Rates to be levied**

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

- A general rate of 0.3441% (0.3441 cents in the dollar of CIV) for all rateable developed properties; and
  - A general rate of 0.3441% (0.3441 cents in the dollar of CIV) for all rateable farm land properties;
  - A differential rate of 0.5161% (0.5161 cents in the dollar of CIV) for all rateable vacant properties;
  - A differential rate of 0.1720% (0.1720 cents in the dollar of CIV) for all rateable public housing properties;
- and
- A differential rate of 0.2064% (0.2064 cents in the dollar of CIV) for all rateable recreational properties.

Each differential rate will be determined by multiplying the Capital Improved Value of each rateable land by the relevant percentages indicated above.

Council considers that each differential rate will contribute to the equitable and efficient carrying out of council functions. Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate, are set out in Council's rating strategy which is available on the Bass Coast website.

## Appendix C Capital works program

This appendix presents a listing of the capital works projects that will be undertaken for the 2014/15 year.

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

- New works for 2014/15
- Works carried forward from the 2013/14 year.

### Capital works program

For the year ending 30 June 2015

#### I. New works

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources			
		Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
<b>PROPERTY</b>								
Land	0	0	0	0	0	0	0	0
<b>Land Improvements</b>								
Rehabilitation of Grantville landfill	830	830	0	0	0	0	830	0
<b>Total Land Improvements</b>	<b>830</b>	<b>830</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>830</b>	<b>0</b>
<b>Buildings</b>								
<b>Building Improvements</b>								
Buildings Group Renewals	235	235	0	0	0	0	235	0
Newhaven Jetty Shed Sewer Upgrade	100	0	100	0	0	0	100	0
Dalyston Hall - Accessible Toilet	10	0	10	0	0	0	10	0
Bass Valley Integrated Childrens Centre	80	0	0	80	0	0	80	0
<b>Total Building Improvements</b>	<b>425</b>	<b>235</b>	<b>110</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>425</b>	<b>0</b>
<b>TOTAL PROPERTY</b>	<b>1,255</b>	<b>1,065</b>	<b>110</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>1,255</b>	<b>0</b>
<b>PLANT AND EQUIPMENT</b>								
<b>Plant, Machinery and Equipment</b>								
Plant Replacement Program	962	962	0	0	0	0	962	0
Fleet replacement Program	600	600	0	0	0	0	600	0
HACC Buses	70	70	0	0	35	0	35	0
<b>Total Plant, Machinery and Equipment</b>	<b>1,632</b>	<b>1,632</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>1,597</b>	<b>0</b>
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>1,632</b>	<b>1,632</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>1,597</b>	<b>0</b>

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources			
		Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INFRASTRUCTURE</b>								
<b>Roads</b>								
Urban Roads Group - Cashin St Inverloch / Bass Hwy Service Road to Royal Pde	179	179	0	0	179	0	0	0
Urban Roads Group - Low Traffic Roads	107	107	0	0	0	0	107	0
Urban Roads Group - Outlook Dr Wonthaggi / Poplar St to McKenzie St	87	87	0	0	87	0	0	0
Urban Roads Group - Erin Crt and Cole Crt / Rhyll	33	33	0	0	33	0	0	0
Urban Roads Group - All Kerbs	97	97	0	0	0	0	97	0
RSAMP improvement program	115	50	65	0	0	0	115	0
Hade Ave, Bass renewal between Bass Hwy and War Monument	16	16	0	0	0	0	16	0
South Dudley Rd, Wonthaggi, Stage 2 between Graham St and Station St	25	25	0	0	0	0	25	0
Douglas St, Cowes renewal	165	165	0	0	0	0	165	0
Grandview Gr, Cowes renewal	232	232	0	0	206	0	26	0
Fincher St, Wonthaggi renewal	35	35	0	0	0	0	35	0
Gordon St, Wonthaggi	35	35	0	0	0	0	35	0
Hagelthorn St, Wonthaggi renewal	15	15	0	0	0	0	15	0
Settlement Rd / Monash to Birdwood	20	20	0	0	0	0	20	0
Nation Building Blackspot - Loch Wonthaggi Rd	178	0	178	0	178	0	0	0
Nation Building Blackspot - Grantville Glen Alvie Rd	345	0	345	0	345	0	0	0
Nation Building Blackspot - Surf Parade Inverloch Traffic Control	118	0	118	0	97	0	21	0
Proposed pedestrian Safety Improvement works - Bunerong Road & A'Beckett St Inverloch	20	0	20	0	0	0	20	0
Rural Roads Group Summary	0	0	0	0	0	0	0	0
Rural Roads Group - Loch Wonthaggi Road, / Baum Rd to Grantville Glen Alvie Rd	494	494	0	0	494	0	0	0
Rural Roads Group - Loch Wonthaggi Road, Wonthaggi / Bass Hwy to Heslop Rd	216	216	0	0	216	0	0	0
Rural Roads Group - Kongwak Road, Kongwak/ Bena Kongwak Rd to change of seal	15	15	0	0	0	0	15	0
Rural Roads Group - Grantville GlenAlvie Rd, Almurta / Change seal Ch4305 to Almurta Glen Forbes Rd	50	50	0	0	0	0	50	0
Rural Roads Group - Trew Road Woolamai / Turnbull - Woolamai Rd to Mill Rd	236	236	0	0	236	0	0	0
Rural Roads Group	216	216	0	0		0	216	0
RSAMP improvement program	90	90	0	0	0	0	90	0
RSAMP upgrade and new works program	35			35	0	0	35	0
Lynnes Rd, Korumburra Rd - Kirrak Rd, Wattlebank sign to Pennell Crt and McGraws to Desmond Rd	50	50	0	0	50	0	0	0
Kitty Millers Bay Rd, Back Beach Rd to Ventnor Rd	25	25	0	0	25	0	0	0
West Creek Rd, Loch Wonthaggi Rd ch 00 - ch 1300, ch1500 - ch1700 , ch1920 - ch2270, ch4650 - ch5350	80	80	0	0	27	0	53	0
Stewart Rd, between 2011 reaseal and easement	5	5	0	0	5	0	0	0
McGraws Rd to Anthony Rd, upgrade	35	35	0	0	0	0	35	0
Unsealed Roads Group	373	373	0	0	0	0	373	0
RSAMP improvement program	20	20	0	0	0	0	20	0
Carparks Roads Group	121	121	0	0	0	0	121	0
RSAMP upgrade and new works program	25	0	25	0	0	0	25	0
Pathways Roads Group	160	160	0	0	0	0	160	0
Pathways Roads Group	26	26	0	0	0	0	26	0
Pathways Roads Group	28	28	0	0	0	0	28	0
Bicycle path Phillip Island Rd - Anderson to Potters Hill Rd	450	0	0	450	300	0	150	0
Bicycle Path Surf Parade - Inverloch	600	0	0	600	450	0	150	0
Bicycle path Guy Rd Corinella	120	0	0	120	90	0	30	0
Bicycle path Inverloch to Wonthaggi	60	0	0	60	30	0	30	0
Path Bass Ave - Cowes between Chapel St and The Esplande	36	0	0	36	0	0	36	0
Path Warley Ave - Cowes between Chapel St and The Esplande	20	0	0	20	0	0	20	0
McKenzie St pathway to BCSS	90	0	0	90	50	0	40	0
Bridges Roads Group - Outtrim Inverloch Road, Kongwak Major Culvert 670 metres south of Scotts Estate Road	72	72	0	0	72	0	0	0

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources			
		Renewal	Upgrade	Expansion	Grants	Contributions	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Street Furniture Roads Group	70	70	0	0	70	0	0	0
Pine Avenue Special Charge Scheme	0	0	0	0	0	-530	530	0
School bus shelter construction	20	0	0	20	0	0	20	0
Special Charge Scheme Feasibility	100	0	100	0	0	0	100	0
<b>Total roads</b>	<b>5,760</b>	<b>3,478</b>	<b>851</b>	<b>1,431</b>	<b>3,240</b>	<b>-530</b>	<b>3,050</b>	<b>0</b>
<b>Drainage</b>								
Drains Group Pits	14	14	0	0	0	0	14	0
Drains Group Pipes	34	34	0	0	0	0	34	0
A/Beckett St Inverloch - Outfall Pipe Drain	200	0	0	200	0	0	200	0
Wonthaggi Recreation Reserve - Outfall Pipe Drain	200	0	200	0	0	0	200	0
Walpole St - Pipe Drain	50	0	50	0	0	0	50	0
<b>Total Drainage</b>	<b>498</b>	<b>48</b>	<b>250</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>498</b>	<b>0</b>
<b>Recreational, Leisure and Community Facilities</b>								
Recreational Playgrounds Renewal	231	140	0	91	0	0	231	0
<b>Total Rec, Leisure and Comm'y Facilities</b>	<b>231</b>	<b>140</b>	<b>0</b>	<b>91</b>	<b>0</b>	<b>0</b>	<b>231</b>	<b>0</b>
<b>Parks, Open Space and Streetscapes</b>								
Parks & Reserves	1,263	0	1,000	263	770	10	483	0
Rail Trail	270	270	0	0	0	0	270	0
Other open space	609	129	52	428	404	0	205	0
<b>Total Parks, Open Space and Streetscapes</b>	<b>2,142</b>	<b>399</b>	<b>1,052</b>	<b>691</b>	<b>1,174</b>	<b>10</b>	<b>958</b>	<b>0</b>
<b>Off Street Car Parks</b>								
Car parks	605	0	605	0	400	0	205	0
<b>Total Off Street Car Parks</b>	<b>605</b>	<b>0</b>	<b>605</b>	<b>0</b>	<b>400</b>	<b>0</b>	<b>205</b>	<b>0</b>
<b>Other Infrastructure</b>								
Public art	50	0	0	50	0	0	50	0
<b>Total Other Infrastructure</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>0</b>
Total Council borrowings							-2000	2000
<b>TOTAL INFRASTRUCTURE</b>	<b>9,286</b>	<b>4,065</b>	<b>2,758</b>	<b>2,463</b>	<b>4,814</b>	<b>-520</b>	<b>2,992</b>	<b>2,000</b>
<b>TOTAL NEW CAPITAL WORKS 2014/15</b>	<b>12,173</b>	<b>6,762</b>	<b>2,868</b>	<b>2,543</b>	<b>4,849</b>	<b>-520</b>	<b>5,844</b>	<b>2,000</b>

2. Works carried forward from the 2013/14 year

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources			
		Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
<b>Other Infrastructure</b>								
Public Art	53	0	0	53	0	0	53	0
<b>Total Other Infrastructure</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>
<b>TOTAL CARRIED FWD WORKS 2013/14</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>0</b>

3. Summary

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources			
		Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contributions \$'000	Council cash \$'000	Borrowings \$'000
<b>3. Summary</b>								
PROPERTY	1,255	1,065	110	80	0	0	1,255	0
PLANT AND EQUIPMENT	1,632	1,632	0	0	35	0	1,597	0
INFRASTRUCTURE	9,339	4,065	2,758	2,516	4,814	-520	3,045	2,000
<b>TOTAL CAPITAL WORKS</b>	<b>12,226</b>	<b>6,762</b>	<b>2,868</b>	<b>2,596</b>	<b>4,849</b>	<b>-520</b>	<b>5,897</b>	<b>2,000</b>

## **Appendix D**

### **Fees and charges schedule**

Council adopted the fees and charges for the 2014/15 financial year at its 21 May Council meeting. The adopted fees and charges that form part of the budget are available as a separate attachment to the budget on Council's website.