

REVISED BUDGET

2016/17

Hepburn
SHIRE COUNCIL

Hepburn Shire Council
Proposed Revised Budget Report
2016/2017

This Revised Budget Report has been prepared with reference to Chartered Accountants ANZ “Victorian City Council Model Budget 2016/2017” a best practice guide for reporting local government budgets in Victoria.



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Mayor's introduction

The Councillors and I are pleased to provide the Revised Budget 2016/17 to the community of Hepburn Shire. This revised budget seeks to deliver on our Council Plan 2013-2017 vision which focuses on the following five key areas:

- Active & Engaged Communities
- Quality Community Infrastructure
- Sustainable Environment and a Vibrant Economy
- Sustainable Financial Management and Innovative Corporate Systems
- High Performing Organisation

A revised budget has been prepared to make the required budget adjustments following Council's decision to purchase The Rex properties in Daylesford in order to deliver the Hepburn Hub across The Rex and Daylesford Town Hall sites. The revised direction will deliver the Hub quicker, at lower long term cost to ratepayers and with less risk.

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

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

As Councillors, it is our job to listen to the community and understand your priorities. Since we started our term in 2012, we have consistently heard that Council's services are valued by the community, and that Council also needs to be financially responsible and keep its rates as low as possible. In response, Council has delivered an organisation wide approach to implement savings that don't impact on its services, which in turn provides increased value for money to ratepayers. Council will, with the introduction of rate capping in 2016, continue to focus on identifying sustainable cost savings that will enable it to deliver high quality, responsive and accessible services to the community.

Highlights of the budget include:

- Maintenance and upgrades of our Roads and Footpaths including reconstructions, resheeting, resealing, footpath expansion and streetscapes renewal
- Building renewal to maintain our old and new buildings and public toilet upgrades
- Walking and Cycling priority identification and construction of new and improved trails
- Improvement works to our public parks, reserves, botanic gardens and mineral springs
- Towards Zero Sustainability Strategy Implementation including alternate water sources, water efficiency measures, renewable energy generation and energy efficiency actions
- Facility development and expanded programs for recreation, children and youth
- Community planning implementation fund to deliver on community plan priorities

The budget includes a rate increase of 2.5 per cent. This is in line with the new State Government imposed rate cap. While Council did not apply to the Essential Services Commission (ESC) for a variation, it has chosen to not put aside any additional cash this year to reduce its rates increase from the 4.0 per cent in our long term financial plan to the proposed 2.5 per cent increase.

While Council will increase rates in line with the 2.5 per cent cap, the actual rate increases experienced by individual ratepayers will be different due to this being a municipal revaluation year. In a revaluation year, rate increases are impacted by both the average rate increase (2.5 per cent) and the property valuation increases of individual properties relative to the average across the municipality. Council has also managed to keep the cost of waste charges and services to be the same as 2015/16. This is the second year in a row that Council has not increased the cost of these services, maintaining the \$61 per annum saving in charges for a resident receiving weekly kerbside collection compared to 2012/13. This is the result of the progressive implementation of our Waste and Resource Management Strategy.

The Revised Budget 2016/17 is based on delivering the actions in Council's existing strategies and plans which have been developed through a rigorous process of consultation and review. Council endorses this budget as financially responsible. I encourage you to read the remainder of this document and I look forward to overseeing its attainment.

Cr Neil Newitt
Mayor

Executive Summary

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

This Revised Budget projects an operating surplus of \$4.54m for 2016/17 and an adjusted underlying result of \$1.01m after adjusting for non-recurrent capital grants and contributions (refer Sections 5 and 10.1).

1. Key things we are funding

1) Ongoing delivery of services to the Hepburn community funded by a budget of \$32.3m. These services are summarised in Section 2.1.

2) Continued investment in Infrastructure assets (\$19.5m) including a significant amount of renewal works. The Statement of Capital Works can be found in Section 3 and further details on the capital works budget can be found in Sections 6 and 12.

Strategic Objective 1: Active and Engaged Communities

3) Swimming pool, sports ground, cycling and community hub upgrades.

4) Master planning for the recreation reserves in Creswick, Newlyn, Hepburn and Trentham.

Strategic Objective 2: Quality Community Infrastructure

5) Streetscape revitalisation in Trentham, Hepburn and Glenlyon, to continue the shire wide program which has commenced in Daylesford, Creswick and Clunes.

6) Reserve improvements including paths, signage, shelters, landscaping and other infrastructure to improve the amenity and presentation of our open space assets.

7) Waste facility developments to further implement our Waste and Resource Recovery Strategy.

Strategic Objective 3: Sustainable Environment and a Vibrant Economy

8) Sustainability Strategy implementation in the focus areas of energy efficiency, renewable energy generation, water efficiency and alternate water sources including water recycling and non-potable bore water.

9) Economic Development Strategy implementation including business mentoring and facilitation, enhancing

Strategic Objective 4: Sustainable Financial Management and Innovative Corporate Systems

10) Continued implementation of the Customer Service Excellence program, documenting key processes and information technology enhancements to achieve efficient consistent outcomes.

Strategic Objective 5: High Performing Organisation

11) Acquire The Rex and deliver the Hepburn Hub to deliver improved services, cost savings and efficiency improvements.

12) Local government elections followed by an enhanced community participation process in the development of the Council Plan 2017 - 2021.

2. Budget Influences

External Influences

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

- The Victorian State Government has introduced a cap on rate increases from 2016/17. The cap for 2016/17 has been set at 2.5%.
- State-wide CPI is forecast to be 2.5% for the 2016/17 year.
- The Victorian Wage Price Index is projected to be 3.25% in 2016/17.
- Council must renegotiate a new Enterprise Agreement during the 2016/17 year for commencement on 1 October 2016.
- No increase in Victoria Grants Commission funding compared to the prior year.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in the landfill levy making up 13% of the kerbside collection charge. This State Government levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years).
- On going cost shifting. This occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all the Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the Fire Services Property Levy Act 2012.

Budget Reports

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

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

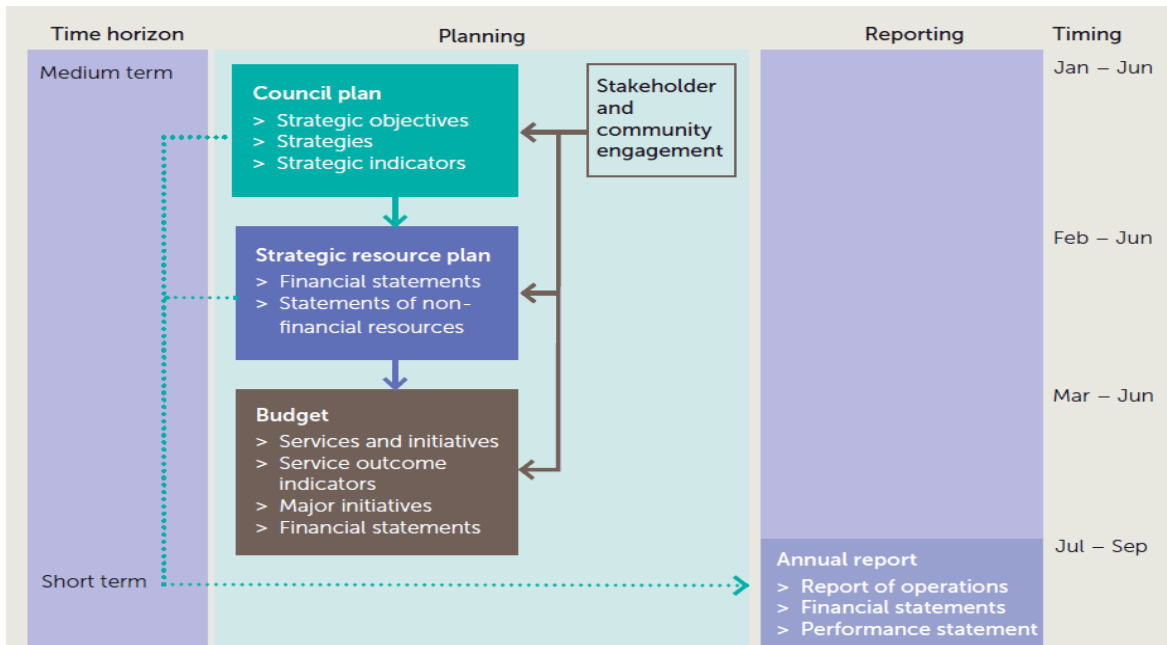
- 1 Links to Council Plan
- 2 Services and service indicators
- 3 Financial statements
- 4 Financial performance indicators
- 5 Grants and borrowings
- 6 Detailed list of capital works
- 7 Rates and charges

1. Link to the Council Plan

This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (10 Year Financial Plan), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Annual Report).

1.1 Planning and accountability framework

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



Source: Department of Environment, Land, Water and Planning

In addition to the above, Council has a long term plan (10 Year Financial Plan) which articulates a community vision, mission and values.

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

A cutting edge Council making excellent decisions for future generations

Our mission

Hepburn Shire Council will maintain, promote, protect and enhance the district's unique social, cultural, environmental and heritage characteristics. This will be achieved through effective, caring management and responsible governance. We will strive to gain maximum advantage for our community by protecting and enhancing our natural and built environment.

Our values

Council has adopted the following values which are embedded in the culture of the Hepburn Shire:

- **Accountability** - We will be responsible for our choices. We will acknowledge and learn from our mistakes.
- **Respect** - We will accept people's differences. We will look for the best in people and value their contribution. We will treat people with respect and dignity.
- **Excellence** - We will perform to our best ability. We will commit to learning and growing. We will strive to achieve the organisation's long term vision.
- **Trust** - We will encourage creativity and innovation. We will value everyone's contribution. We will lead by example. We will act honestly.
- **Fun** - We will acknowledge and celebrate our successes. We believe in getting involved. We will promote a healthy sense of humour.

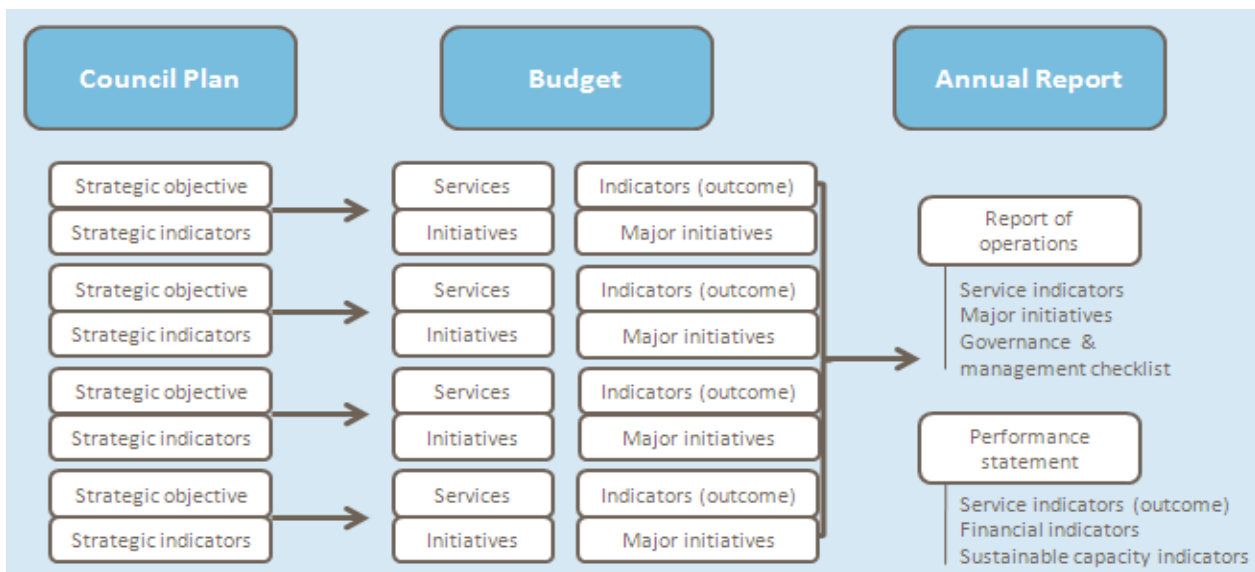
1.3 Strategic objectives

Council delivers activities and initiatives under 25 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the 2013-17 years. The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Active & Engaged Communities	Working with our diverse community to understand and deliver quality services.
2. Quality Community Infrastructure	Providing quality infrastructure that supports community needs now and into the future.
3. Sustainable Environment and a Vibrant Economy	Creating a vibrant economy by adding value and protecting our natural and built environment.
4. Sustainable Financial Management and Innovative Corporate Systems	Delivering long term financial sustainability for our community.
5. High Performing Organisation	Driving innovation to continuously improve service delivery to our customers (better faster cheaper)

2. Services and service performance indicators

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



Source: Department of Environment, Land, Water and Planning

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

2.1 Strategic Objective 1: Active & Engaged Communities

Working with our diverse community to understand and deliver quality services

Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Aged & Disability Services	This service provides high quality aged and disability services including home and community care within the active service framework.	2,086 -1,615 471
Family Services	This service provides leadership in the planning and development of early years services and programs and in partnership with community and service providers facilitate integrated and co-ordinated service provision including maternal and child health .	339 -115 224
Library Services	This service provides, through our public libraries , a welcoming space that develops strong and connected communities, supports a culture of reading and improves quality of life.	895 -210 685
Recreation	This service provides proactive and planned approach to the maintenance, renewal and upgrade of recreation assets, and provide strategic direction for future recreation and aquatic facilities .	430 -62 369
Youth	This service seeks to engage our young people. Invest in them now & create our community leaders for the future.	113 -32 81
Community Development	This service seeks to identify and create opportunities with residents to participate in enhancing community health and wellbeing.	1,380 -67 1,313

Major Initiatives

1. Develop a Community Hub for Trentham, combining the operations and services of the Trentham Neighbourhood Centre, Mechanics Institute Hall, Library and providing an increased Visitor Information service (\$1.3m first year)

Initiatives

2. Install flood lighting the soccer pitches at the Creswick Doug Lindsay Recreation Reserve to enable increased participation (\$160,000)
3. Construct a cycling pump track in Creswick at Hammon Park (\$140,000)
4. First year implementation of the Hepburn Youth Strategy through the delivery of new programs and activities (\$100,000)
5. Develop and/or update master plans for major sports facilities to identify, scope and prioritise renewal, upgrade and new works for future funding (\$80,000)
6. Daylesford swimming pool upgrades as part of the Hepburn Hub project including new toddler's pool, landscaping and change rooms (\$100,000 first year)
7. Creswick swimming pool community consultation, needs analysis, feasibility assessment and concept development (\$30,000)
8. Install flood lighting at the Clunes netball courts to enable night training and increased participation (\$45,000)

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Home and Community Care (HACC)	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 Culturally and Linguistically Diverse (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 (MCH)	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

2.2 Strategic Objective 2: Quality Community Infrastructure

Providing quality infrastructure that supports community needs now and into the future

Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Waste	This service is to deliver high quality kerbside waste and recycling collection services, and general waste management which includes transfer stations, transporting materials, public place bins, disposing of waste, street cleaning, rehabilitating closed landfills and other waste management services.	2,605 -2,489 116
Assets	With forward planning, the timely intervention and replacement of infrastructure assets is programmed to maximise serviceability of assets and minimise escalating maintenance costs. This proactive management of assets also allows long term financial demands for asset renewal works to be anticipated and planned for.	8,027 -193 7,834
Parks and Open Space	This service provides clean and well presented Parks & Gardens, Public Open Space and Sporting Fields for the enjoyment, amenity and well being of our community and visitors to the area.	1,521 0 1,521
Roads and Maintenance	This service provides reliable and timely maintenance of the road network and other critical assets including footpaths, bridges and drainage assets for the safety and convenience of our community.	1,933 -3 1,931

Major Initiatives

9. Deliver streetscape revitalisation and upgrades in line with the community developed plans in Trentham, Hepburn and Glenlyon (including Glenlyon Hall) (\$940,000)
10. Waste Management Facility Construction to enable more efficient handling of waste and recycling materials in line with the Waste and Resource Management Strategy (\$400,000)
11. Lake Daylesford upgrade and renewal including landscaping, paths and facility works (\$330,000)
12. Increase to annual building renewal program including Clunes Town Hall restoration and public toilet refurbishments (\$1,140,000)

Initiatives

13. Footpath expansion program to deliver the next priorities in Council's Walking and Cycling Strategy (\$200,000)
14. Install automated irrigation systems at the Newlyn Recreation Reserve and Daylesford Victoria Park Oval #2 (\$130,000)
15. Daylesford community park improvements including shelter, barbeque and skate park renewal planning (\$50,000)
16. First stage of works to renew the Wombat Hill Botanic Gardens in line with the Master Plan (\$117,500)
17. Upgrade Scobles Road, Drummond to address safety issues (\$190,000)

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.

2.3 Strategic Objective 3: Sustainable Environment and a Vibrant Economy

Creating a vibrant economy by adding value and protecting our natural and built environment

Services

Service area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Economic Development and Tourism	To facilitate Hepburn Shire becoming a recognised tourist destination and to foster economic development that is appropriate within the Shire which increases employment and business opportunities.	562 -111 451
Emergency Management	We work with the community and response agencies to develop robust and innovative plans to prepare, respond and recover from emergencies.	138 -133 5
Statutory and Strategic Planning	The Planning Department provides advice and guidance for responsible current and future land use planning which includes the consideration of applications for planning permits and ensuring compliance with planning permits and controls. Through regular review of the Hepburn Shire Planning Scheme and development of new policy documents, the Planning Department ensures that statutory planning , investment and decision making for the Shire is relevant to the needs of the community and provides a sustainable base for future generations.	739 -234 505
Building	To provide quality regulatory advice on all building matters associated with properties in the Shire.	240 -346 -106
Sustainability	To guide and support Council and the community in the development of innovative sustainable practices that ensure the preservation of limited resources.	91 0 91
Natural Resource Management	In partnership with the community, natural resources are managed to ensure their conservation, enhancement and control.	53 -53 0
Environmental Health	To provide a range of public health programs including food safety throughout the community which focus on a preventative approach to health and aim to minimise future problems.	395 -146 249
Compliance	Through education and Local Law enforcement, including animal management , the Compliance Department provides a safe community for all to enjoy.	409 -190 219

Major Initiatives

18. Deliver on the business case and design for waste to energy systems to incorporate two bio-mass fuelled cogeneration engines in the proposed Hepburn Hub. This will supply electricity and heating to the facility through an anaerobic digestion process, along with development of an organic waste processing plant at a Council transfer station (\$400,000 year one).

19. Continue to implement the Sustainability Strategy - Towards Zero program for renewable energy and energy reduction in Council and community buildings (\$115,000)

Initiatives

20. Improve the Water Efficiency and Climate Resilience of Facilities and Towns including feasibility assessment for water recycling in Trentham in conjunction with Coliban Water, and implementation of alternate water systems at two sporting ovals in Daylesford and Creswick (\$75,000)

21. Implement the Hepburn Economic Development Strategy through a range of activities including business mentoring and facilitation, enhancing and developing key tourism destinations and new directions for visitor servicing. (\$60,000)

Service Performance Outcome Indicators

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

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Animal Management	Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
Food safety	Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100

2.4 Strategic Objective 4: Sustainable Financial Management and Innovative Corporate

Delivering long term financial sustainability for our community

Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Finance	To deliver efficient and effective allocation of resources through sound financial planning and management, that is guided by the long-term financial plan and secures the financial viability of the municipality.	1,820 -2,903 -1,083
Information Technology and Telecommunications	To provide the highest quality technology-based services, in the most cost-effective manner, to facilitate the delivery of services to Council and the community.	904 0 904
Human Resources	In partnership with Management, Human Resources provides a high level of service and support to the organisation for recruiting and retaining qualified and diverse staff, facilitating positive employee relations, developing and delivering training to enhance employees skills and capabilities, measuring employee performance and job satisfaction and providing industrial relations advice to contribute to Council's organisational effectiveness.	529 0 529
Customer Service & Records	To provide consistent, high quality customer service, by managing, resolving, and preventing problems; empowering and educating our customers with self-service tools and solutions; communicating effectively; and exceeding customer expectations which will enable Council and our community to reach their goals.	548 0 547
Risk & Property	To utilise risk management proactively as a tool to achieve success across all areas. To make effective and efficient risk-based decisions on the allocation of budget and resources. To make decisions on property management arrangements that are underpinned by service plans, the long term financial plan and a minimisation of risks.	1,186 -2,003 -817

Major Initiatives

22. Continued implementation of the Customer Service Excellence program including renewed Customer Request Management System and benchmarking of customer service levels.
23. Local Government Elections 2016 (\$171,000)

Initiatives

24. Achieving efficiency gains through system improvements including the timesheet process, graphical information system (GIS) and information management system.
25. Implement an information technology strategy to improve the efficiency and effectiveness of service delivery in particular more mobile working.

2.5 Strategic Objective 5: High Performing Organisation

Driving innovation to continuously improve service delivery to our customers (better faster cheaper)

Services

Service area	Description of services provided	Expenditure
		(Revenue) Net Cost \$'000
Governance	Good governance is provided through the development and implementation of policies and procedures that support good decision making.	761 <hr/> 0 761
Communications	Council delivers effective communication through varied channels to ensure all who wish to be informed are.	150 <hr/> 0 150

Major Initiatives

26. First year of the Hepburn Hub project to improve the service level in libraries and community spaces in Daylesford as well as achieving significant cost savings in delivery of staff-dependent services (\$8.05 million including acquisition of The Rex and 8 Duke Street)

27. Enhanced community participation in the Council Plan 2017 - 2021 development (\$60,000)

Initiatives

28. Maintain a Victorian Auditor-General's Office low risk sustainability assessment annually

29. Review the Long Term (10 year) Financial Plan in collaboration with the community to develop a plan to balance service needs with financial constraints

30. Deliver two Shire News publications annually to all residents and ratepayers

31. Implement a communications strategy to enhance how we communicate and consult with the community

Service Performance Outcome Indicators

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

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

2.7 Performance Statement

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

2.8 Reconciliation with budgeted operating result

	Net Cost (Revenue) \$'000	Expenditure \$'000	Revenue \$'000
Active & Engaged Communities	3,143	5,242	2,100
Quality Community Infrastructure	11,401	14,086	2,684
Sustainable Environment & a Vibrant Economy	1,415	2,628	1,213
Sustainable Financial Management & Innovative Corporate Systems	80	4,987	4,906
High Performing Organisation	911	911	0
Total services and initiatives	16,950	27,854	10,903
Other non-attributable	0		
Deficit before funding sources	16,950		
Funding sources:			
Rates & charges	16,130		
Capital grants	5,242		
Total funding sources	21,372		
Surplus for the year	4,422		

3. Financial Statements

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

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

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

3.1 Comprehensive Income Statement

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2015/16	2016/17	2017/18	2018/19	2019/20
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates and charges	17,868	18,464	19,048	19,719	20,414
Statutory fees and fines	646	554	568	582	597
User fees	908	792	811	831	852
Grants - Operating	3,782	4,753	4,167	4,237	4,308
Grants - Capital	6,023	5,242	5,403	4,172	3,964
Contributions - monetary	238	122	60	60	60
Contributions - non-monetary	1,060	218	0	0	0
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	205	536	62	62	64
Other income	1,861	1,596	1,804	1,853	1,960
Total income	32,591	32,276	31,923	31,516	32,219
Expenses					
Employee costs	10,823	11,354	11,694	12,045	12,406
Materials and services	8,568	8,949	9,075	8,913	9,065
Bad and doubtful debts	192	6	6	6	6
Depreciation and amortisation	6,530	6,694	6,939	7,132	7,138
Borrowing costs	186	155	267	264	326
Other expenses	889	697	711	725	740
Total expenses	27,189	27,855	28,692	29,086	29,681
Surplus/(deficit) for the year	5,401	4,422	3,231	2,430	2,538
Other comprehensive income					
Items that will not be reclassified to surplus or deficit in future periods:					
Net asset revaluation increment	4,098	120	368	126	386
Total comprehensive result	9,499	4,542	3,599	2,556	2,924

3.2 Balance Sheet

For the four years ending 30 June 2020

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Strategic Resource Plan Projections		
			2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Assets					
Current assets					
Cash and cash equivalents	3,931	9,085	7,647	8,038	9,530
Trade and other receivables	2,823	2,817	2,811	2,805	2,799
Other financial assets	9,327	727	927	1,127	127
Inventories	18	18	18	18	18
Other assets	108	108	108	108	108
Total current assets	16,207	12,755	11,511	12,096	12,581
Non-current assets					
Property, infrastructure, plant & equipment	223,439	234,507	238,949	240,697	243,122
Intangible assets	630	536	442	348	254
Total non-current assets	224,069	235,043	239,391	241,045	243,376
Total assets	240,275	247,798	250,902	253,141	255,957
Liabilities					
Current liabilities					
Trade and other payables	1,608	1,608	1,608	1,608	1,608
Trust funds and deposits	1,034	1,034	1,034	1,034	1,034
Provisions	1,679	1,679	1,679	1,679	1,679
Interest-bearing loans and borrowings	415	476	300	90	1,460
Other Liabilities	105	105	105	105	105
Total current liabilities	4,840	4,901	4,725	4,514	5,884
Non-current liabilities					
Provisions	449	449	449	449	449
Interest-bearing loans and borrowings	2,300	5,234	4,934	4,845	3,385
Other Liabilities	116	101	84	66	48
Total non-current liabilities	2,865	5,784	5,466	5,359	3,881
Total liabilities	7,705	10,685	10,191	9,873	9,766
Net assets	232,571	237,113	240,711	243,267	246,191
Equity					
Accumulated surplus	141,824	146,616	149,306	151,197	153,195
Reserves	90,747	90,497	91,405	92,071	92,997
Total equity	232,571	237,113	240,711	243,268	246,191

3.3 Statement of Changes in Equity

For the four years ending 30 June 2020

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017				
Balance at beginning of the financial year	232,571	141,824	88,289	2,458
Surplus/(deficit) for the year	4,422	4,422	-	-
Net asset revaluation increment/(decrement)	120	-	120	-
Transfer to other reserves	0	(715)	-	715
Transfer from other reserves	0	1,085	-	(1,085)
Balance at end of the financial year	237,113	146,616	88,409	2,088
2018				
Balance at beginning of the financial year	237,113	146,616	88,409	2,088
Surplus/(deficit) for the year	3,231	3,231	-	-
Net asset revaluation	368	-	368	-
Transfer to other reserves	0	(540)	-	540
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	240,711	149,306	88,777	2,628
2019				
Balance at beginning of the financial year	240,711	149,306	88,777	2,628
Surplus/(deficit) for the year	2,430	2,430	-	-
Net asset revaluation	126	-	126	-
Transfer to other reserves	0	(540)	-	540
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	243,268	151,197	88,903	3,168
2020				
Balance at beginning of the financial year	243,268	151,197	88,903	3,168
Surplus/(deficit) for the year	2,538	2,538	-	-
Net asset revaluation	386	-	386	-
Transfer to other reserves	0	(540)	-	540
Transfer from other reserves	0	-	-	-
Balance at end of the financial year	246,191	153,195	89,289	3,708

3.4 Statement of Cash Flows

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Rates and charges	17,515	18,464	19,048	19,719	20,414
Statutory fees and fines	565	554	568	582	597
User fees	789	792	811	831	852
Grants - operating	3,782	4,753	4,167	4,237	4,308
Grants - capital	6,023	5,242	5,403	4,172	3,964
Contributions - monetary	238	122	60	60	60
Interest received	372	280	305	310	310
Rent received	724	1,075	1,210	1,275	1,312
Other receipts	446	224	271	250	320
Employee costs	(11,135)	(11,354)	(11,694)	(12,045)	(12,406)
Materials and services	(9,214)	(8,949)	(9,075)	(8,913)	(9,065)
Other payments	(1,394)	(697)	(711)	(725)	(740)
Net cash provided by/(used in) operating activities	8,712	10,505	10,363	9,753	9,926
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(9,931)	(19,318)	(11,057)	(8,798)	(9,219)
Proceeds from sale of property, infrastructure, plant and equipment	301	2,526	200	200	200
Payments for investments	(11,014)	(9,500)	(9,200)	(9,200)	(9,000)
Proceeds from sale of investments	3,000	18,100	9,000	9,000	10,000
Net cash provided by/ (used in) investing activities	(17,643)	(8,192)	(11,057)	(8,798)	(8,019)
Cash flows from financing activities					
Finance costs	(186)	(155)	(267)	(264)	(326)
Proceeds from borrowings	0	3,405	0	0	0
Repayment of borrowings	(390)	(410)	(476)	(300)	(90)
Net cash provided by/(used in) financing activities	(577)	2,840	(743)	(564)	(415)
Net increase/(decrease) in cash & cash equivalents	(9,509)	5,154	(1,437)	391	1,492
Cash and cash equivalents at the beginning of the financial year	13,439	3,931	9,085	7,647	8,038
Cash and cash equivalents at the end of the financial year	3,931	9,085	7,647	8,038	9,530

3.5 Statement of Capital Works

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Property					
Land	0	6,345	0	0	0
Land improvements	110	98	40	0	0
Total land	110	6,443	40	0	0
Buildings	2,645	3,453	3,575	819	701
Building improvements	1,043	1,851	1,934	1,866	1,875
Total buildings	3,688	5,304	5,509	2,685	2,576
Total property	3,798	11,747	5,549	2,685	2,576
Plant and equipment					
Plant, machinery and equipment	1,034	755	1,650	650	950
Computers and telecommunications	210	157	157	157	157
Library books	68	53	53	53	53
Total plant and equipment	1,312	965	1,860	860	1,160
Infrastructure					
Roads	4,974	3,785	2,780	3,280	3,780
Bridges	430	153	153	153	153
Footpaths and cycleways	255	295	295	295	295
Drainage	150	165	150	150	150
Recreational, leisure and community	343	695	230	835	565
Parks, open space and streetscapes	1,059	1,692	0	500	500
Other infrastructure	50	40	40	40	40
Total infrastructure	7,261	6,824	3,648	5,253	5,483
Total capital works expenditure	12,372	19,536	11,057	8,798	9,219
Represented by:					
New asset expenditure	738	10,411	600	896	1,391
Asset renewal expenditure	7,406	7,344	6,652	7,045	7,560
Asset upgrade/expansion expenditure	4,228	1,780	3,805	857	268
Total capital works expenditure	12,372	19,536	11,057	8,798	9,219

3.6 Statement of Human Resources

For the four years ending 30 June 2020

	Forecast	Budget	Strategic Resource Plan		
	Actual 2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000
Staff expenditure					
Employee costs - operating	10,823	11,354	11,694	12,045	12,406
Employee costs - capital	308	595	608	622	636
Total staff expenditure	11,131	11,949	12,302	12,667	13,042
	EFT	EFT	EFT	EFT	EFT
Staff numbers					
Employees	130.79	129.78	129.78	129.78	129.78
Total staff numbers	130.79	129.78	129.78	129.78	129.78

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

Department	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Community Services	3,106	1,409	1,697
Corporate Services	1,995	1,381	614
Executive Services	1,412	965	447
Infrastructure	3,819	3,602	218
Total permanent staff expenditure	10,332	7,356	2,976
Casuals and other expenditure	1,022		
Capitalised labour costs	595		
Total expenditure	11,949		

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
Community Services	37.8	15	22.8
Corporate Services	22.7	15	7.7
Executive Services	14.4	9	5.4
Infrastructure	47.8	45	2.8
Total	122.64	84	38.6
Casuals and other	0.75		
Capitalised labour costs	6.39		
Total staff	129.78		

4. Financial performance indicators

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

Indicator	Measure	Notes	Forecast		Revised Budget		Strategic Resource Plan Projections		Trend
			Actual 2014/15	Actual 2015/16	2016/17	2017/18	2018/19	2019/20	
Operating position									
Adjusted underlying result ^v	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	9.9%	0.9%	3.5%	-0.2%	1.2%	2.2%	o
Liquidity									
Working Capital ^v	Current assets / current liabilities	2	279%	335%	260%	244%	268%	214%	-
Unrestricted cash	Unrestricted cash / current liabilities		133%	253%	179%	160%	180%	147%	-
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	18%	15%	31%	27%	25%	24%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		16%	3%	3%	4%	3%	2%	+
Indebtedness ^v	Non-current liabilities / own source revenue		16%	13%	27%	25%	23%	16%	+
Asset renewal	Asset renewal expenditure / depreciation	4	105%	113%	110%	96%	99%	106%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue	5	57%	57%	58%	60%	63%	63%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.45%	0.48%	0.39%	0.42%	0.45%	0.48%	+
Efficiency									
Expenditure level	Total expenditure / no. of property assessments		\$2,501	\$2,504	\$2,538	\$2,615	\$2,650	\$2,705	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,589	\$1,401	\$1,438	\$1,474	\$1,511	\$1,549	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		15%	13%	12%	12%	12%	12%	o

Key to Forecast Trend:

- + Forecasts improvement in Council's financial performance/financial position indicator
 - o Forecasts that Council's financial performance/financial position indicator will be steady
 - Forecasts deterioration in Council's financial performance/financial position indicator
- √ Identifies those financial performance indicators that are also included in the financial sustainability indicators for councils as per the Victorian Auditor-General's Office (VAGO). In addition to the three indicators above, VAGO also uses a further three indicators, namely Self-financing, Capital replacement and Renewal gap.

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. The minor positive result indicates a small positive or neutral underlying result for each year of the Strategic Resource Plan.

2 Working Capital - The proportion of current liabilities represented by current assets. Working capital is forecast to decrease slightly in 2016/17 year due to expenditure of cash reserves to fund projects within the capital program. The trend in later years is to remain steady at an acceptable level.

3 Debt compared to rates - Trend indicates Council's redemption of long term debt plus the drawdown of an additional loan to fund acquisition of The Rex.

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. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

5. Other budget information (required by the Regulations)

This section presents other budget related information required by the Regulations.

This section includes the following statements and reports

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

5.1.1 Grants operating (\$971,000 increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants is projected to increase by 25% or \$971,000 compared to 2015/16. A list of operating grants by type and source, classified into recurrent and non-recurrent, is included below

Grants - operating	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
<i>Recurrent - Commonwealth Government</i>			
Victorian Grants Commission	1,792	2,882	1,090
Family day care			0
General home care	48	50	1
Other (*specify each type)			0
<i>Recurrent - State Government</i>			
Primary care partnerships			0
Aged care	1,228	1,240	12
School crossing supervisors	16	20	4
Libraries	150	156	6
Maternal and child health	118	115	(3)
Youth	25	13	(12)
Fire Services Levy Grant	43	44	1
Emergency Management	13	13	0
Other (*specify each type)	24	0	(24)
Total recurrent grants	3,458	4,532	1,074
<i>Non-recurrent - Commonwealth Government</i>			
Drainage maintenance	0	0	0
Environmental planning	0	0	0
<i>Non-recurrent - State Government</i>			
Emergency Management	120	120	0
Recreation	30	0	(30)
Transport	54	48	(7)
Waste and Environment	104	53	(50)
Other (*specify each type)	17	1	(16)
Total non-recurrent grants	324	221	(103)
Total operating grants	3,782	4,753	971

Variations in specific operating grant funding reflect expected receipts for these services. The increase in Victoria Grants Commission (VGC) is due to only receiving part of the 2015/16 grant in advance in 2014/15. The real increase is only a minor increase of 0.2%. The level of VGC grants to Victorian Councils has been effected by Commonwealth Government's decision to pause indexation for three years commencing in 2015-16. The VGC analysis indicates that Victorian Councils will be impacted by \$200 million during the pause as well as lowering the base from which indexation will be resumed by approximately 12.5%.

5.1.2 Grants capital (\$781,000 decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by 13% or \$781,000 compared to 2015/16 . Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2016/17 year. A list of capital grants by type and source, classified into recurrent and non-recurrent, is included below.

Grants - capital	Forecast	Budget	Variance
	Actual 2015/16 \$'000	2016/17 \$'000	\$'000
<i>Recurrent - Commonwealth Government</i>			
Roads to Recovery	1,997	699	(1,298)
Victorian Grants Commission Local Roads	1,408	1,408	-
Total recurrent grants	3,405	2,107	(1,298)
<i>Non-recurrent - Commonwealth Government</i>			
Buildings	650	1,330	680
<i>Non-recurrent - State Government</i>			
Buildings	1,253	245	(1,008)
Roads	185	400	215
Bridges	0	-	0
Recreation	530	1,160	630
Total non-recurrent grants	2,618	3,135	517
Total capital grants	6,023	5,242	(781)

5.1.3 Statement of Borrowings

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	3,105,281	2,715,026
Total amount proposed to be borrowed	0	3,405,000
Total amount projected to be redeemed	(390,255)	(409,779)
Total amount of borrowings as at 30 June	2,715,026	5,710,248

6. Capital works and non-capital projects program

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

6.1 Capital works program

For the year ending 30 June 2017

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources					
		New \$'000	Renewal \$'000	Upgrade / Expansion \$'000	Grants \$'000	Contributions / Asset Sales \$'000	Council Cash \$'000	Borrowings \$'000	Carry Forward \$'000	
PROPERTY										
Land										
Acquisition of The Rex and 8 Duke St	6,345	-	-	-	-	2,345	595	3,405	-	-
Total Land	6,345	6,345	-	-	-	2,345	595	3,405	-	-
Land Improvements										
Town and Shire Road Signage	90	45	45	-	-	-	50	-	-	40
Interpretive Signage at Calembreen Park	8	8	-	-	-	-	8	-	-	-
Total Land Improvements	98	53	45	-	-	-	58	-	-	40
Buildings										
Multi Purpose Facility - Victoria Park Daylesford	-	-	-	-	125	-	-	-	-	-
Trentham Community Hub	1,300	650	650	-	1,000	-	-	-	-	300
Hepburn Community & Council Services Hub (Town Hall and The Rex)	1,705	1,449	256	-	370	-	835	-	-	500
Kitchen Pod - Creswick Town Hall	48	-	48	-	-	5	23	-	-	20
Waste Management Facility Construction *	400	400	-	-	-	-	400	-	-	-
Total Buildings	3,453	2,499	953	-	1,495	5	1,258	-	-	820
Building improvements										
Building Structures and Renewal Program	1,140	-	1,140	-	-	-	1,140	-	-	-
Basin Reserve Facility Improvements	39	-	39	-	-	-	-	-	-	39
Sustainability Strategy - Towards Zero - Council	75	75	-	-	-	-	75	-	-	-
Bath House Deck Extension	338	-	-	338	120	218	-	-	-	-
HSMR Pavilion Cafe Roof Repairs	50	-	50	-	-	-	-	-	-	50
Daylesford Pool Upgrades (CSIF)	200	-	150	50	60	-	20	-	-	120
Drummond Hall Electric Outdoor BBQ	9	9	-	-	-	-	9	-	-	-
Total Building Improvements	1,851	84	1,379	388	180	218	1,244	-	-	209
TOTAL PROPERTY	11,747	8,981	2,377	388	1,675	2,568	3,155	3,405	-	1,069

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources				
		New \$'000	Renewal \$'000	Upgrade / Expansion \$'000	Grants \$'000	Contributions / Asset Sales \$'000	Council Cash \$'000	Borrowings \$'000	Carry Forward \$'000
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Motor Vehicles and Plant Replacement	555	-	555	-	-	181	374	-	-
National Flagship Bioenergy Facility	200	200	-	-	200	-	-	-	-
Total Plant, Machinery and Equipment	755	200	555	-	200	181	374	-	-
Computers and Telecommunications									
IT Hardware / Technology Renewal Program	79	-	79	-	-	-	79	-	-
IT Application / Software Upgrades	78	-	38	40	-	-	78	-	-
Total Computers and Telecommunications	157	-	117	40	-	-	157	-	-
Library Books									
Library Collection Renewal	53	-	53	-	-	-	53	-	-
Total Library Books	53	-	53	-	-	-	53	-	-
TOTAL PLANT AND EQUIPMENT	965	200	725	40	200	181	584	-	-
INFRASTRUCTURE									
Roads									
Reseal Program	850	-	850	-	-	-	850	-	-
Reseal Preparation	85	-	85	-	-	-	85	-	-
Gravel Resheet Program	450	-	450	-	-	-	450	-	-
Pavement Rehabilitation, Formation & Drainage	1,350	-	1,350	-	699	-	651	-	-
Road Safety Improvements	60	-	60	-	-	-	60	-	-
East Street Bridge Underpass	800	-	200	600	400	-	25	-	375
Scobles Road Drummond Upgrade	190	-	50	140	-	-	190	-	-
Total roads	3,785	-	3,045	740	1,099	-	2,311	-	375
Bridges									
Bridge Renewal	153	-	153	-	-	-	153	-	-
Total Bridges	153	-	153	-	-	-	153	-	-

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources				
		New \$'000	Renewal \$'000	Upgrade / Expansion \$'000	Grants \$'000	Contributions / Asset Sales \$'000	Council Cash \$'000	Borrowings \$'000	Carry Forward \$'000
Footpaths and Cycleways									
Footpath Improvement and Renewal	95	-	95	-	-	-	95	-	-
Footpath Expansion Program	200	200	-	-	-	-	200	-	-
Total Footpaths and Cycleways	295	200	95	-	-	-	295	-	-
Drainage									
Kerb and Channel Rehabilitation	165	-	150	15	-	-	165	-	-
Total Drainage	165	-	150	15	-	-	165	-	-
Recreational, Leisure and Community Facilities									
Playground Equipment Replacement Program	50	-	50	-	-	-	50	-	-
Cricket Pitch Renewal Program	15	-	15	-	-	-	15	-	-
Newlyn and Daylesford Ovals Irrigation *	130	130	-	-	80	-	50	-	-
Creswick Soccer Lighting *	160	160	-	-	120	-	40	-	-
Adventure Playground Creswick	100	100	-	-	50	30	20	-	-
Pump Track Creswick	140	140	-	-	-	-	140	-	-
Victoria Park Daylesford - Oval No.2 Change Rooms	25	-	25	-	-	-	25	-	-
Netball Court Lighting Clunes *	45	-	-	45	30	-	15	-	-
Creswick Swimming Pool Consultation and Scoping	30	-	-	30	-	-	30	-	-
Total Rec, Leisure and Community Facilities	695	530	90	75	280	30	385	-	-
Parks, Open Space and Streetscapes									
Creswick Streetscape Implementation	-	-	-	-	15	-	-	-	-
Trentham Streetscape Implementation	260	156	104	-	-	-	200	-	60
Clunes Streetscape Implementation	-	-	-	-	15	-	-	-	-
Daylesford Community Park *	50	30	20	-	-	-	50	-	-
Glenlyon Streetscape Implementation	400	100	100	200	350	-	-	-	50
Hepburn Streetscape Implementation	280	168	112	-	-	-	200	-	80
Lake Daylesford Improvements	330	-	132	198	200	-	-	-	130
Mineral Spring Reserve Improvement Works *	248	-	124	124	-	-	248	-	-
Wombat Hill Botanic Garden - Stage 1 Works *	118	-	118	-	-	-	118	-	-
Glenlyon Recreation Reserve Playground Shade Sail	6	6	-	-	-	-	6	-	-
Total Parks, Open Space and Streetscapes	1,692	460	710	522	580	-	822	-	320

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources				
		New \$'000	Renewal \$'000	Upgrade / Expansion \$'000	Grants \$'000	Contributions / Asset Sales \$'000	Council Cash \$'000	Borrowings \$'000	Carry Forward \$'000
Other Infrastructure	40	40	-	-	-	-	40	-	-
Public Art	40	40	-	-	-	-	40	-	-
TOTAL INFRASTRUCTURE	6,824	1,230	4,242	1,352	1,959	30	4,170	-	695
TOTAL CAPITAL WORKS 2016/17	19,536	10,411	7,344	1,780	3,834	2,779	7,908	3,405	1,764

Projects marked with * indicate Council Cash includes funding sourced from existing Reserves.

Capital Works Area	Project cost \$'000	Asset expenditure type			Summary of funding sources				
		New \$'000	Renewal \$'000	Upgrade / Expansion \$'000	Grants \$'000	Contributions / Asset Sales \$'000	Council Cash \$'000	Borrowings \$'000	Carry Forward \$'000
6.2 Summary	11,747	8,981	2,377	388	1,675	2,568	3,155	3,405	1,069
PROPERTY	965	200	725	40	200	181	584	-	-
PLANT AND EQUIPMENT	6,824	1,230	4,242	1,352	1,959	30	4,170	-	695
TOTAL CAPITAL WORKS	19,536	10,411	7,344	1,780	3,834	2,779	7,908	3,405	1,764

6.3 Future Year Capital Project Contributions

The following table details capital projects included in the 2016/17 budget, but excluding renewal programs, that require additional Council contributions or borrowings in future years. The table shows Council's proposed budget contribution in 2016/17 together with the forecast contributions including borrowings in the remaining three years of the Strategic Resource Plan.

Capital Works Project	Council Funds (Cash)					Total 2016/20 \$'000
	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2016/20 \$'000	
Trentham Community Hub	300	500	0	0	800	
Hepburn Community & Council Services Hub	835	520	0	0	1,355	
Daylesford Pool Upgrades	20	330	0	0	350	
National Flagship Bioenergy Facility	0	250	0	0	250	
Footpath Expansion Program	200	125	125	0	450	
Creswick Swimming Pool	30	520	0	0	550	
Total	1,385	2,245	125	0	3,755	

6.4 Non-Capital projects program

For the year ending 30 June 2017

Project	Project cost \$'000	Summary of funding sources						Carry Forward \$'000
		Grants \$'000	Fines \$'000	Contributions \$'000	Council Cash \$'000	Borrowings \$'000		
Calembreen Park Dive Tower Upgrade Works	104	-	-	-	-	-	104	
Cameron Court Units & Community Housing Changes	589	-	-	-	-	-	589	
Christmas Cheer Funding Support	1	-	-	-	1	-	-	
Christmas Decoration Partnership Shire Wide	4	-	-	2	2	-	-	
Climate Resilient Recreation Facilities - Trentham, Daylesford, Creswick	75	-	-	-	75	-	-	
Community Planning Implementation Fund	50	-	-	-	50	-	-	
Council Art Collection Policy and Plan	5	-	-	-	5	-	-	
Council Elections 2016	171	-	18	-	153	-	-	
Creswick Trails Master Plan Implementation - Phase 1 Implementation	40	-	-	-	40	-	-	
Defibrillators for Outdoor Pools	8	-	-	-	8	-	-	
Dja Dja Wurrung Recognition - Development of Reconciliation Action Plan	20	-	-	-	15	-	5	
Drinking Fountain at Clunes Tennis Courts	2	-	-	-	2	-	-	
Enhanced Participatory Council Plan Process	60	-	-	-	60	-	-	
Event Surveying	9	-	-	-	9	-	-	
Garden Lovers Weekend Creswick	5	-	-	-	5	-	-	
Implement Economic Development Strategy and Destination Management Plan	60	-	-	-	35	-	25	
Implementation of Youth Strategy	100	-	-	-	60	-	40	
Landscape and Wills Square Fountain Refurbishment	50	-	-	-	50	-	-	
Major Facilities Master Plans - Creswick, Newlyn, Trentham, Hepburn	80	-	-	-	80	-	-	
Museums Development Program	10	-	-	-	10	-	-	
Park Lake Landscape Improvements and Partnership *	15	-	-	-	15	-	-	
Permanent Water Supply Wombat Hill Botanic Gardens *	20	-	-	-	20	-	-	
Pilot Off-Lead Dog Park in Clunes	5	-	-	-	5	-	-	
Roadside Noxious Weed Removal - Church Lane, Taradale Road, Butlers Lane	25	-	-	-	25	-	-	
Rolling Asset Inspection Program	100	-	-	-	100	-	-	
Roundabout Landscaping	20	-	-	-	20	-	-	
Scholarship for Students to Attend Villiers Bretoneux School Centenary	10	-	-	5	5	-	-	
Shire Wide Walking and Cycling Strategy Actions Update	10	-	-	-	10	-	-	
Street Decorations - Extended to Trentham	15	-	-	-	15	-	-	
Street Tree Planting Program - Year One	20	-	-	-	20	-	-	
Sustainability Strategy Implementation - Towards Zero - Community Buildings	40	-	-	-	40	-	-	
Swimming Pool Activity and Participation Programs	15	-	-	-	15	-	-	
Tree Safety Works	100	-	-	-	100	-	-	
Turf Playing Surface Renewal Program	35	-	-	-	35	-	-	
White Ribbon Committee	5	-	-	-	5	-	-	

Projects marked with * indicate Council Cash includes funding sourced from existing Reserves.

7. Rates and charges

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

7. Rates and charges

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 54% of the total revenue received by Council annually. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government have introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.

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

In order to achieve Council's objectives while maintaining service levels and a strong capital expenditure program, the average general rate will increase by 2.5% in line with the rate cap. Kerbside collection charges for garbage and recycling have not changed, neither has the waste management charge. This will raise total rates and charges for 2016/17 of \$18.5 million, including \$0.17 million generated from supplementary rates. Council's waste management, kerbside garbage and recycling charges will decrease by \$0.08 million (3.3%).

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

Type or class of land	2015/16 cents/\$CIV	2016/17 cents/\$CIV	Change
General rate for rateable residential properties	0.4219	0.3978	-5.7%
Rate concession for rateable farm properties	0.2743	0.2586	-5.7%
General rate for rateable commercial properties	0.4895	0.4614	-5.7%
General rate for rateable industrial properties	0.4895	0.4614	-5.7%
General rate for rateable mixed use properties	0.4895	0.4614	-5.7%
General rate for rateable vacant land-township properties	0.5275	0.4973	-5.7%
General rate for rateable vacant land-other properties	0.4219	0.3978	-5.7%
Rate concession for rateable trust for nature properties	0.2110	0.1989	-5.7%
Rate concession for rateable recreational properties	0.2110	0.1989	-5.7%

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	10,134,000	10,541,700	4.0%
Farm	1,668,000	1,700,067	1.9%
Commercial	2,068,000	2,067,116	0.0%
Industrial	93,000	101,652	9.3%
Mixed use	286,000	274,663	-4.0%
Vacant land - township	549,000	570,828	4.0%
Vacant land - other	629,000	671,709	6.8%
Trust for nature	16,000	16,238	1.5%
Recreational	14,000	16,194	15.7%
Total amount to be raised by general rates	15,457,000	15,960,167	3.3%

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

Type or class of land	2015/16 number	2016/17 number	Change
Residential	7,232	7,330	1.4%
Farm	1,057	1,074	1.6%
Commercial	750	788	5.1%
Industrial	56	57	1.8%
Mixed use	102	97	-4.9%
Vacant land - township	718	698	-2.8%
Vacant land - other	910	898	-1.3%
Trust for nature	19	19	0.0%
Recreational	13	13	0.0%
Total number of assessments	10,857	10,974	1.1%

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

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

Type or class of land	2015/16 \$	2016/17 \$	Change
Residential	2,402,185,000	2,650,000,000	10.3%
Farm	607,965,000	657,488,000	8.1%
Commercial	422,414,000	447,963,000	6.0%
Industrial	19,042,000	22,029,000	15.7%
Mixed use	58,485,000	59,522,000	1.8%
Vacant land - township	104,016,000	114,797,000	10.4%
Vacant land - other	149,017,000	168,856,000	13.3%
Trust for nature	7,500,000	8,164,000	8.9%
Recreational	6,789,000	8,142,000	19.9%
Total value of land	3,777,413,000	4,136,961,000	9.5%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Municipal	0	0	0.0%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Municipal	0	0	0.0%

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

Type of Charge	Per Rateable Property 2015/16 \$	Per Rateable Property 2016/17 \$	Change
Kerbside collection - Garbage (Weekly)	126.00	126.00	0.0%
Kerbside collection - Garbage (Fortnightly)	106.00	106.00	0.0%
Kerbside collection - Recycling (Fortnightly)	45.00	45.00	0.0%
Commercial Garbage Charge	280.00	280.00	0.0%
Waste Management Improved Charge	109.00	109.00	0.0%
Waste Management Unimproved Charge	109.00	109.00	0.0%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
Kerbside collection - Garbage (Weekly)	640,000	648,144	1.3%
Kerbside collection - Garbage (Fortnightly)	232,000	163,873	-29.4%
Kerbside collection - Recycling (Fortnightly)	342,000	310,950	-9.1%
Commercial Garbage Charge	59,000	59,080	0.1%
Waste Management Improved Charge	948,000	982,744	3.7%
Waste Management Unimproved Charge	191,000	168,623	-11.7%
Total	2,412,000	2,333,414	-3.3%

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

Type of Charge	2015/16 \$	2016/17 \$	Change
General rates	15,457,000	15,960,167	3.3%
Supplementary Rates	170,000	170,000	0.0%
Waste Charges	2,412,000	2,333,414	-3.3%
Rates and charges	18,039,000	18,463,581	2.4%

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

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

- The making of supplementary valuations (2016/17: estimated \$170,000, 2015/16: \$170,000);
- 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.

7.12 Differential rates

Rates to be levied

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

- A general rate of 0.3978% (0.3978 cents in the dollar of CIV) for all rateable residential properties;
- A concessional rate of 0.2586% (0.2586 cents in the dollar of CIV) for all rateable farm properties;
- A general rate of 0.4614% (0.4614 cents in the dollar of CIV) for all rateable commercial properties;
- A general rate of 0.4614% (0.4614 cents in the dollar of CIV) for all rateable industrial properties;
- A general rate of 0.4614% (0.4614 cents in the dollar of CIV) for all rateable mixed use properties;
- A general rate of 0.4973% (0.4973 cents in the dollar of CIV) for all rateable vacant land-township properties;
- A general rate of 0.3978% (0.3978 cents in the dollar of CIV) for all rateable vacant land-other properties;
- A concessional rate of 0.1989% (0.1989 cents in the dollar of CIV) for all rateable trust for nature properties;
- A concessional rate of 0.1989% (0.1989 cents in the dollar of CIV) for all rateable recreation properties.

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

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

GENERAL RATE Residential rateable land which is used solely for residential purposes. The Residential Tenancies Act 1997 provides guidance on what is meant by residential. Residential use (long term accommodation) is characterised by stays of greater than 60 days and the existence of a tenancy agreement

COMMERCIAL RATE Rateable land which is used solely for commercial purposes. Includes rateable land which is used for short term accommodation which does not qualify as Residential under the Residential Tenancies Act 1997 characterised by stays of greater than 60 days and the existence of a tenancy agreement to which the Residential Tenancy Act 1997 applies.

INDUSTRIAL RATE Rateable land which is used solely for industrial purposes.

FARM RATE Rateable land identified and defined as farmland and which is used solely for the purpose of farming as defined in section 2(1) of the Valuation of Land Act 1960 and is deemed to be a property for primary production purposes as accepted by the Australian Taxation Office.

RECREATIONAL RATE Rateable land upon which sporting, recreational or cultural activities are conducted, including buildings which may be ancillary to such activities. Profits from recreational land must be applied in promoting its objectives. The definition of "recreational lands" is per section 2 of the Cultural and Recreational Lands Act 1964.

MIXED USE RATE Rateable land which is not used solely for residential or commercial or farmland or industrial or recreational but is a combination of residential and at least one other category.

TRUST FOR NATURE RATE Rateable land which has a Trust for Nature Covenant applying to the land.

VACANT LAND – TOWNSHIP RATE Rateable land which does not form part of a commercial or industrial or farming enterprise or recreational purpose or upon which a residence is erected. This land must fall within township boundaries.

VACANT LAND – OTHER RATE Rateable land which does not form part of a commercial or industrial or farming enterprise or recreational purpose or upon which a residence is erected. This applies to all vacant land that does not meet the definition of “township” above.

VACANT PREMESIS – COMMERCIAL Vacant rateable premises which are used solely for commercial purposes

VACANT PREMESIS – INDUSTRIAL Vacant rateable premises which are used solely for commercial purposes

Budget Analysis

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

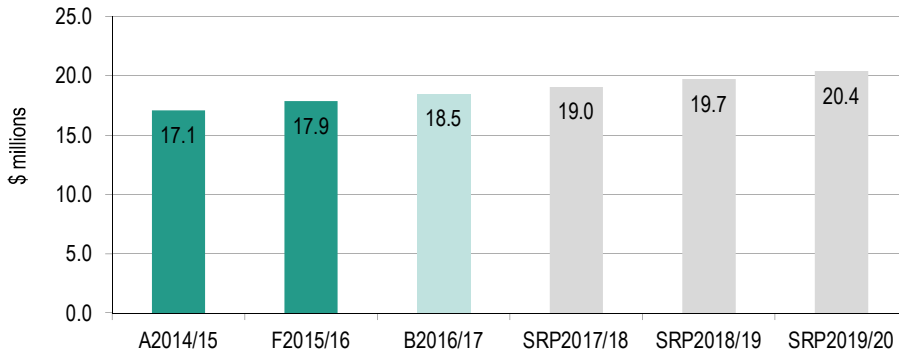
This section includes the following analysis and information.

- 8 Summary of financial position
- 9 Budget influences
- 10 Analysis of operating budget
- 11 Analysis of budgeted cash position
- 12 Analysis of capital budget
- 13 Analysis of budgeted financial position
- 14 Strategic resource plan
- 15 Summary of other strategies
- 16 Rating strategy

8. Summary of financial position

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

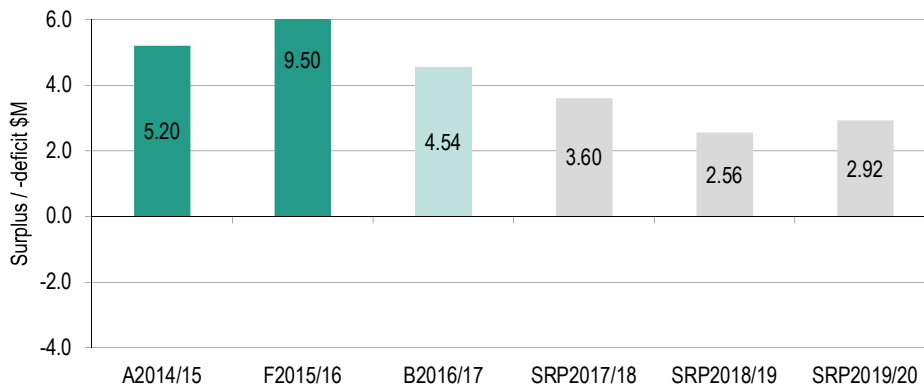
8.1 Rates and charges



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

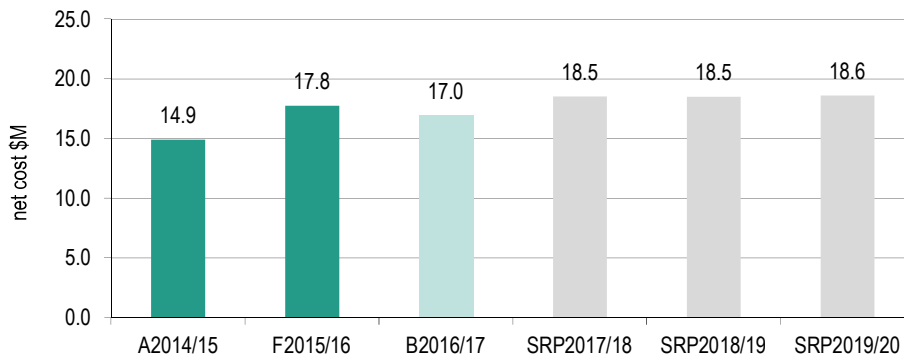
It is proposed that the average rates increase by 2.5% for the 2016/17 year, raising total rates of \$16.13 million, including \$0.17 million generated from supplementary rates. This will result in an increase in total revenue from rates and service charges of 3.3%. This rate increase is in line with the rate cap set by the Minister for Local Government. (The rate increase for the 2015/16 year was 4.0%). Refer Sections 7 and 10 for more information.

8.2 Operating result



The expected operating result for the 2016/17 year is a surplus of \$4.54 million, which is a decrease of \$4.96 million over 2015/16. The reduced operating result is due to several factors including a significant asset revaluation in 2015/16, reduced capital grants and increased employee and material costs. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a surplus of \$1.02 million, which is a decrease of \$0.3 million over 2015/16 - refer to section 8.7 below for further information. (The forecast operating result for the 2015/16 year is a surplus of \$9.50 million).

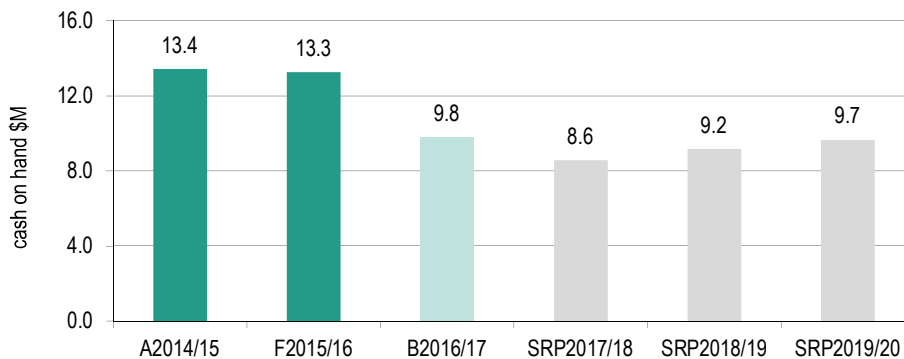
8.3 Services



The net cost of services delivered to the community for the 2016/17 year is expected to be \$17.0 million which is a decrease of \$0.8 million over 2015/16. In development of the 2016/17 budget, services provided by Council were reviewed with regard to their effective delivery to the community. For the 2016/17 year, service levels have been maintained and a number of initiatives proposed. (The forecast net cost for the 2015/16 year is \$17.8 million).

Refer Section 2 for a list of services.

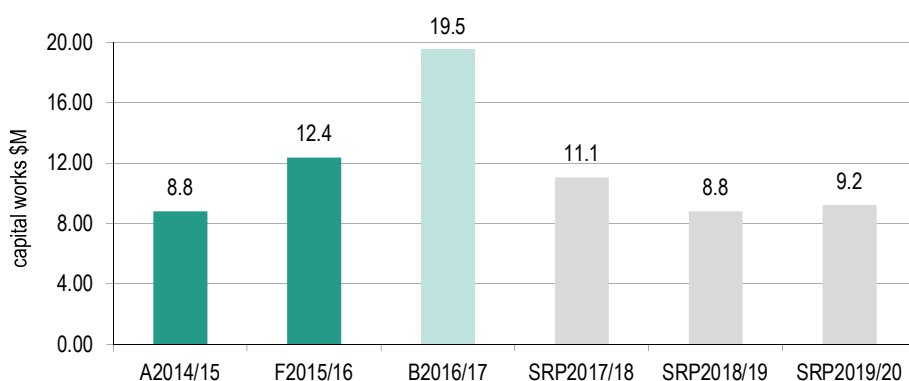
8.4 Cash and investments



Cash and investments are expected to decrease by \$3.5 million during the year to \$9.8 million at 30 June 2017. This is due mainly to the carried forward component of the 2015/16 capital works program, grants received in advance and the plan to use some cash to partially fund land acquisition. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$13.3 million as at 30 June 2016).

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

8.5 Capital works

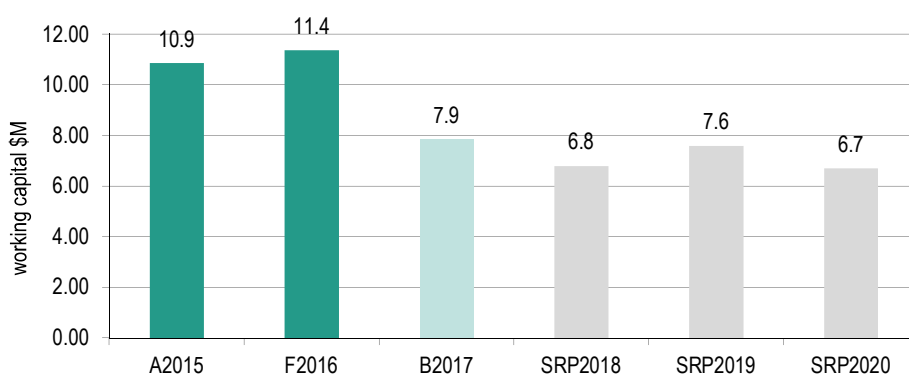


The capital works program for the 2016/17 year is expected to be \$19.5 million of which \$2.1 million relates to projects which will be carried forward from the 2015/16 year. The carried forward component is fully funded from the 2015/16 budget. Of the \$19.5 million of capital funding required, \$5.2 million will come from external grants, \$0.3 million from capital contributions, \$3.4 million from borrowings and the balance of \$10.6 million from Council cash. The Council cash amount comprises asset sales (\$2.35 million), cash held at the start of the year (\$3.53 million) and cash generated through operations in the 2016/17 financial year (\$4.7 million).

The capital expenditure program has been set and prioritised based on a rigorous process of consultation that has enabled Council to assess needs and develop sound business cases for each project. This year's program includes a number of major building projects including commencing the construction of community hubs at Trentham and Daylesford. (Capital works is forecast to be \$12.37 million for the 2015/16 year).

Refer also Section 4 for the Statement of Capital Works and Section 12 for an analysis of the capital budget.

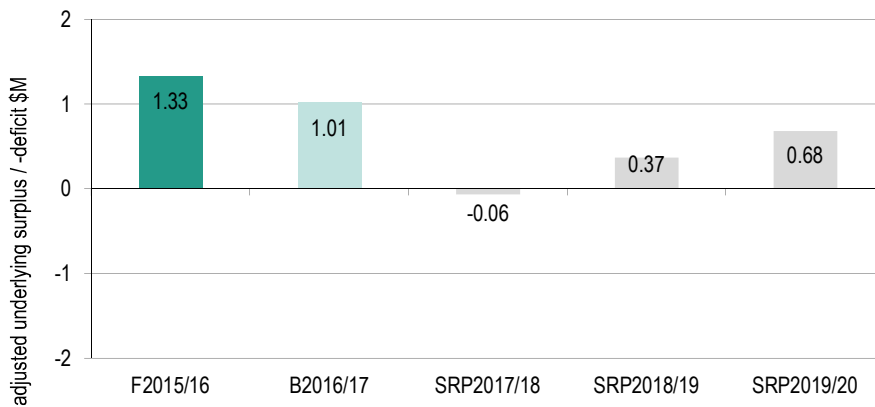
8.6 Financial position



The financial position is expected to improve with net assets (net worth) to increase by \$4.6 million to \$237.1 million although net current assets (working capital) will reduce by \$3.5 million to \$7.9 million as at 30 June 2017. This is mainly due to the use of cash reserves to fund the capital works program, including part of The Rex acquisition. (Total equity is forecast to be \$232.5 million as at 30 June 2016).

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

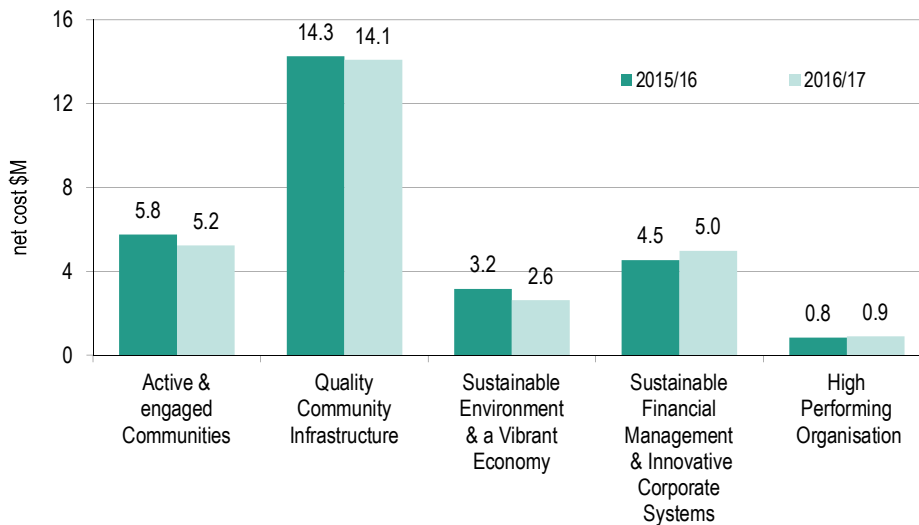
8.7 Financial sustainability



A high level Strategic Resource Plan for the years 2015/16 to 2019/20 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows a small surplus or very small deficit over the four year period.

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

8.8 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 2015/16 year.

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

9. Budget influences

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

9.1 Snapshot of Hepburn Shire Council

Hepburn Shire Council is located in central Victoria, just over an hour from Melbourne. The region is renowned for its natural beauty and mineral springs. The eastern part of the Shire is hilly, with high rainfall and significant native forests. The west has medium to lower rainfall and broad acre farming land.

The shire's economic base is in agriculture, forestry, manufacturing and tourism. Tourism is most popular around the Daylesford-Hepburn Springs mineral springs. Tourism, the arts, service industries, retailing, education and health and community services are growing rapidly.

Population

In June 2014, the preliminary estimated resident population of the Shire was 14,888 people. The population had experienced a steady 0.5% to 1% increase annually over the preceding six years. (Source: Australian Bureau of Statistics, Estimated Resident Population).

Ageing population

The population is ageing with 38.1% of the 2013 estimated residential population being 55 years or older, compared to 34.4% in 2009. The number of persons aged 0 to 14 years has remained constant, with 15-24 year olds declining by 1.4% and 35 to 54 year olds declining by 2.2%. (Source: Australian Bureau of Statistics, Census of Population and Housing).

9.2 External influences

- The State Government have introduced the Fair Go Rates System (FGRS) which sets out the maximum amount councils may increase rates in a year. For 2016/17 the FGRS cap has been set at 2.5%. The cap applies to both general rates and municipal charges and is calculated on the basis of council's average rates and charges.
- Consumer Price Index (CPI) increases on goods and services of 1.7% through the year to December quarter 2014 (ABS release 28 January 2015). State-wide CPI is forecast to be 2.5% for the 2016/17 year (Victorian Budget Papers 2015/16).
- Australian Average Weekly Earnings (AWE) growth for Public Sector full-time adult ordinary time earnings in the 12 months to May 2015 was 1.7% (ABS release 13 August 2015). The wages price index in Victoria is projected to be 3.25% per annum in 2016/17 and the subsequent two years (Victorian Budget Papers 2015/16). Council must renegotiate a new Enterprise Agreement for commencement on 1 October 2017.
- No indexation of Victorian Grants Commission since 2014/15.
- Forecast of significant non-recurrent capital works funding of \$4.45 million for the first year construction of community hubs at Trentham and Daylesford and the East Street Bridge Underpass project.
- Increases of 3.3% (or \$2.02 per tonne) in the levy payable to the State Government upon disposal of waste into landfill, resulting in the landfill levy making up 13% of the kerbside collection charge. This State Government Levy has increased from \$9 per tonne in 2008/09 to \$60.52 per tonne in 2016/17 (572% increase in 8 years).

- Cost Shifting occurs where Local Government provides a service to the community on behalf of the State and Federal Government. Over time the funds received by local governments do not increase in line with real cost increases. Examples of services that are subject to Cost Shifting include school crossing supervisors, library services and home and community care for aged residents. In all these services the level of payment received by Council from the State Government does not reflect the real cost of providing the service to the community.
- Councils across Australia raise approximately 3.5% of the total taxation collected by all levels of Government in Australia. In addition Councils are entrusted with the maintenance of more than 30% of all Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.
- The Fire Services Property Levy will continue to be collected by Council on behalf of the State Government with the introduction of the *Fire Services Property Levy Act 2012*.

9.3 Internal influences

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

- Council's contract transfer station operator going into administration and Council having to directly manage this service
- The budgeted draw down from discretionary reserves of \$1,970,000 to fund capital works
- Council must renegotiate a new Enterprise Agreement during the 2016/17 year for commencement on 1 December 2016

9.4 Budget principles

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

- Existing fees and charges to be increased in line with cost drivers or market levels
- Grants to be based on anticipated funding levels
- New revenue sources to be identified where possible
- Service levels to be maintained at 2015/16 levels with the aim to use less resources with an emphasis on innovation and efficiency
- Construction and material costs to increase in line with the Engineering Construction Index
- New initiatives or new employee proposals to be justified through a business case
- Real savings in expenditure and increases in revenue achieved in 2015/16 to be preserved
- Operating revenues and expenses arising from completed 2015/16 capital projects to be included.

9.5 Long term strategies

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

10. Analysis of operating budget

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

10.1 Budgeted income statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Total income	10.2	32,591	32,276	(314)
Total expenses	10.3	(27,189)	(27,855)	(666)
Surplus (deficit) for the year		5,401	4,422	(980)
Grants –non-recurrent capital	10.2.6	(3,916)	(3,135)	781
Contributions - non-monetary assets		0	(218)	(218)
Capital contributions - other sources	10.2.4	(160)	(55)	105
Adjusted underlying surplus (deficit)		1,326	1,014	(312)

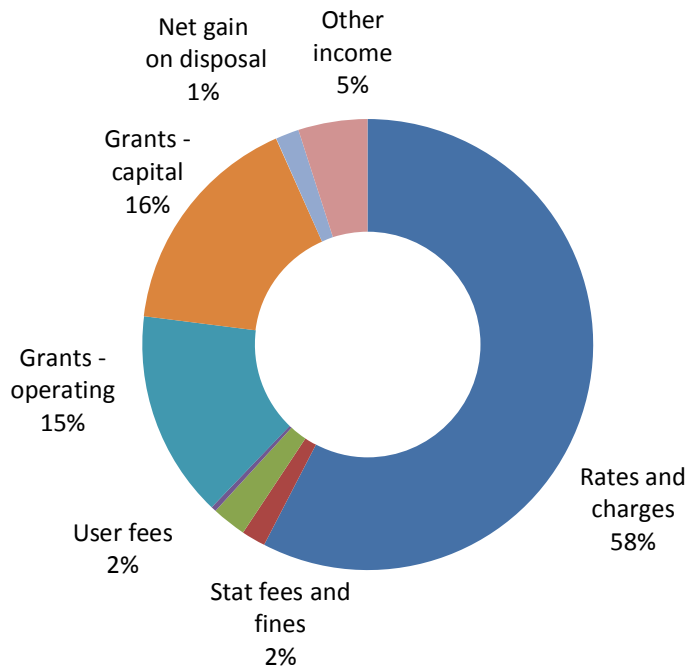
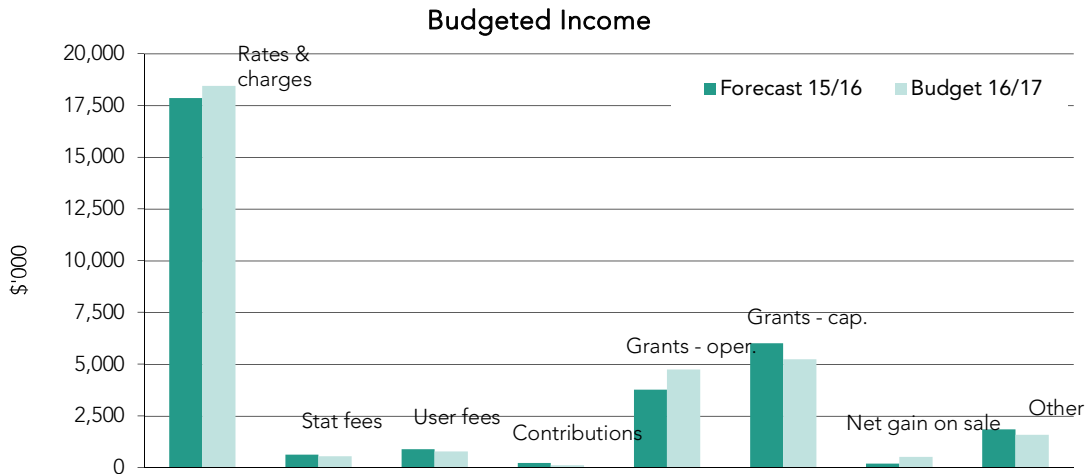
10.1.1 Adjusted underlying deficit (\$0.31 million decrease)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result.

The adjusted underlying result for the 2016/17 year is a surplus of \$1.01 million which is a decrease of \$0.31 million from the 2015/16 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

10.2 Income

Income Types	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Rates and charges	10.2.1	17,868	18,464	596
Statutory fees and fines	10.2.2	646	554	(92)
User fees	10.2.3	908	792	(116)
Contributions - monetary	10.2.4	238	122	(116)
Grants - operating	5.1.1	3,782	4,753	971
Grants - capital	5.1.2	6,023	5,242	(781)
Net gain on disposal of property, infrastructure, plant & equip.	10.2.5	205	536	331
Other income	10.2.6	1,861	1,596	(265)
Total income		31,530	32,058	528



10.2.1 Rates and charges (\$596,000 increase)

Rates and supplementary rates relate to income generated from levying municipal rates under the Local Government Act 1987 on all rateable land within the Shire. Waste charges include garbage collection, kerbside recycling and a general waste management charge that covers the cost of managing the transfer stations, transporting materials, public place bins, disposing of waste using tip vouchers, street cleaning, rehabilitating closed landfills and other waste management services.

It is proposed that rates income be increased by a 2.5% or \$389,000 increase in the rate per dollar of capital improved value plus a 0.8% or \$114,000 increase in revenue from 2015/16 supplementary rates. The 0.8% increase in revenue from supplementary valuations which arises predominantly from the rating of new buildings rated for the first time in 2015/16 represents the growth in Council's rate base. In addition, \$170,000 is forecast for supplementary rates to be charged in 2016/17.

Waste charges will remain at the same level as 2015/16 and result in a 3.3% or \$78,000 decrease in waste charges income. The decrease in waste charge income is due to the lesser than anticipated take up of the expanded kerbside collection program.

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

10.2.2 Statutory fees and fines (\$92,000 decrease)

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 decrease by 14% or \$92,000 compared to 2015/16. Compliance fees will increase by \$40,000 due in part to the local government elections being held in 2016/17.

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

10.2.3 User fees (\$116,000 decrease)

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include aged care charges, building fees, waste service charges, tourism association memberships and tourism charges.. In setting the budget, the key principle for determining the level of user charges has been to increase in line with appropriate cost drivers which for many of Council's services in increase in employee costs.

User charges are projected to decrease by 2% or \$116,000 over 2015/16. The main area contributing to the decrease is aged care services (\$48,000) and planning services having a significantly high amount of income in 2015/16.

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

10.2.4 Contributions - monetary (\$122,000 decrease)

Contributions relate to monies paid by developers in regard to public resort and recreation, drainage and car parking in accordance with planning permits issued for property development and monies paid by community organisations contributing towards the upgrade of community facilities.

Contributions are projected to decrease by \$122,000 or 49% compared to 2015/16 due to the reduced amount of community contribution towards projects in the 2016/17 year.

10.2.5 Net gain on disposal of property, infrastructure, plant and equipment (\$331,000 increase)

Proceeds from the disposal of Council assets is forecast to be \$2.53 million for 2016/17 and relate to the planned cyclical replacement of part of the plant and vehicle fleet (\$181,1000) and sale of surplus properties to fund capital works (\$2,345,000). The written down value of assets sold is forecast to be \$1,989,000.

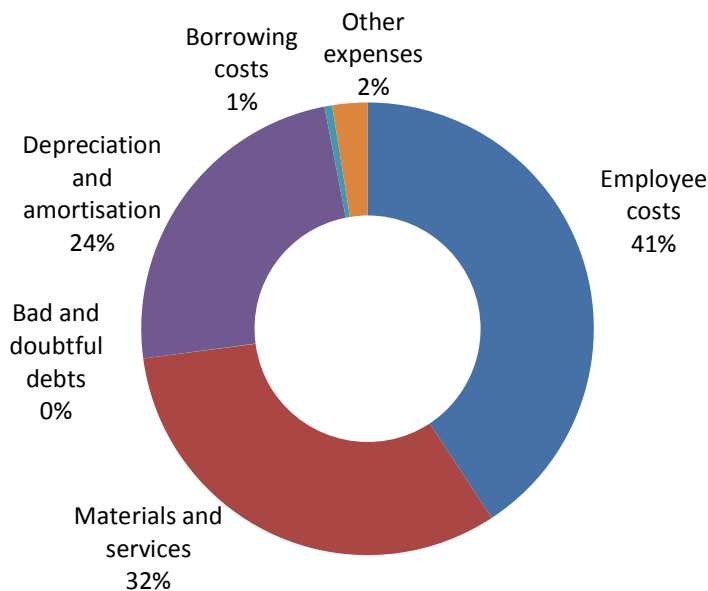
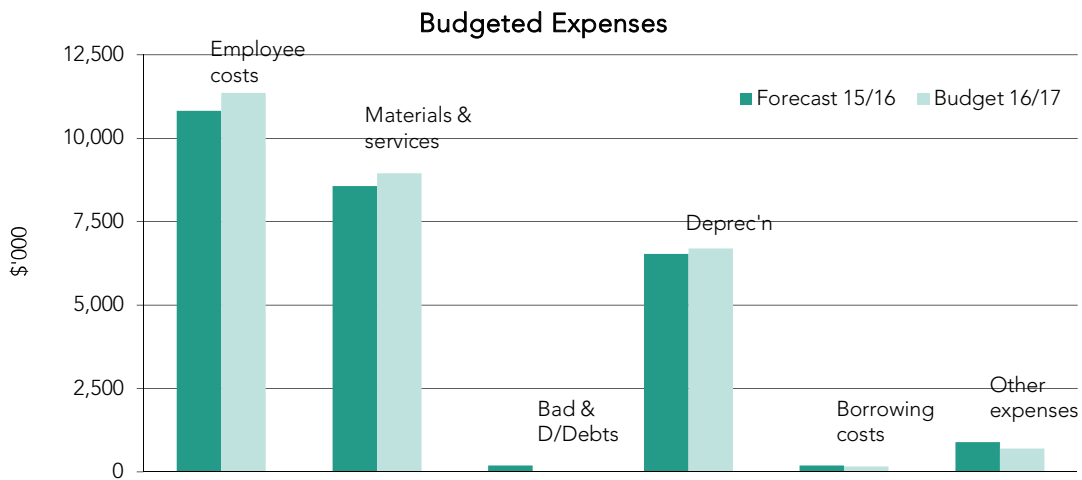
10.2.6 Other income (\$265,000 decrease)

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

Other income is forecast to decrease by 5% or \$265,000 compared to 2015/16. Rental income is forecast to increase by 11% or \$111,000. The decrease in other income items is due mainly to payments from the State Revenue Office for the purchase of valuation data (\$90,000).

10.3 Expenses

Expense Types	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Employee costs	10.3.1	10,823	11,354	531
Materials and services	10.3.2	8,568	8,949	381
Bad and doubtful debts	10.3.3	192	6	(186)
Depreciation and amortisation	10.3.4	6,530	6,694	164
Borrowing costs	10.3.5	186	155	(31)
Other expenses	10.3.6	889	697	(193)
Total expenses		27,189	27,855	666



10.3.1 Employee costs (\$531,000 increase)

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

Employee costs are forecast to increase by 4.9% or \$531,000 compared to 2015/16. This increase relates to three key factors:

- Renegotiation of Council's Enterprise Agreement
- Utilisation of contract staff to run the transfer stations. The cost of this change to service delivery in 2016/17 will be \$0.26 million which will be offset by a saving in external contract costs
- Reduction in carried forward operating projects of \$200,000.
- Reduced employee costs in 2015/16 from savings achieved and vacancies totalling \$338,000.

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

Department	Budget 2016/17 \$'000	Comprises	
		Permanent Full Time \$'000	Permanent Part Time \$'000
Community Services	3,106	1,409	1,697
Corporate Services	1,995	1,381	614
Executive Services	1,412	965	447
Infrastructure	3,819	3,602	218
Total permanent staff expenditure	10,332	7,356	2,976
Casuals and other expenditure	1,022		
Total operational employee costs	11,354		

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
Community Services	37.81	15	22.8
Corporate Services	22.67	15	7.7
Executive Services	14.41	9	5.4
Infrastructure	47.75	45	2.8
Total	122.64	84	38.6
Casuals and other	0.75		
Total operational staff	123.39		

10.3.2 Materials and services (\$381,000 increase)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to increase by 4.4% or \$381,000 compared to 2015/16.

External contracts are forecast to increase by 9.3% or \$313,000 compared to 2015/16. The main area contributing to this increase is the operational projects proposed in the budget, along with the carry forward of project from 2015/16. This has been offset by the cessation of the transfer station operating contract.

Utility costs relate to telecommunications, including usage of telephones and other utilities such as water, gas and electricity. Utility costs are forecast to decrease by 5.4% or \$26,000 compared to 2015/16 resulting from expected savings in telecommunication costs following the completion of the VOIP project and electricity costs savings following additional solar installations and favourable renegotiation of Council's electricity contract with its supplier.

10.3.3 Bad and doubtful debts (\$186,000 decrease)

Bad and doubtful debts is projected to reduce due to resolution of a dispute.

10.3.4 Depreciation and amortisation (\$164,000 increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of \$164,000 for 2016/17 is due to a higher level of works in progress at year end and revision of the expected cost of depreciation for 2016/17. Refer to Section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2016/17 year.

10.3.5 Borrowing costs (\$31,000 decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the reduction in borrowings due to repayment of principal in accordance with loan agreements plus Council's additional debt repayments over the past two financial years. Although there will be a new loan in 2016/17, this will be taken out in June, so the borrowing costs will not increase from this until 2017/18.

10.3.6 Other expenses (\$193,000 decrease)

Other expenses relate to a range of unclassified items including contributions to community groups, advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items. Other expenses are forecast to decrease by 22% or \$193,000 compared to 2015/16.

11. Analysis of budgeted cash position

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

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

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

11.1 Budgeted cash flow statement

	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Cash flows from operating activities	11.1.1			
<i>Receipts</i>				
Rates and charges		17,515	18,464	948
User fees and fines		1,355	1,346	(9)
Grants - operating		3,782	4,753	971
Grants - capital		6,023	5,242	(781)
Interest		372	280	(92)
Other receipts		1,408	1,421	13
		30,455	31,505	1,050
<i>Payments</i>				
Employee costs		(11,135)	(11,354)	(219)
Other payments		(10,608)	(9,646)	962
		(21,743)	(21,000)	743
Net cash provided by operating activities		8,712	10,505	1,794
Cash flows from investing activities	11.1.2			
Payments for property, infrastructure, plant & equip.		(9,931)	(19,318)	(9,387)
Proceeds from sale of property, infrastructure, plant & equipment		301	2,526	2,225
Payments for investments		(11,014)	(9,500)	1,514
Proceeds from investments		3,000	18,100	15,100
Loans and advances made		0	0	0
Repayments of loans and advances		0	0	0
Net cash used in investing activities		(17,643)	(8,192)	9,452
Cash flows from financing activities	11.1.3			
Finance costs		(186)	(155)	31
Proceeds from borrowings		0	3,405	3,405
Repayment of borrowings		(390)	(410)	(20)
Net cash provided by/(used in) financing activities		(577)	2,840	3,417
Net decrease in cash and cash equivalents		(9,509)	5,154	14,663
Cash and cash equivalents at the beginning of the year		13,439	3,931	(9,509)
Cash and cash equivalents at end of the year	11.1.4	3,931	9,085	5,154

11.1.1 Operating activities (\$1,794,000 decrease)

The decrease in cash inflows from operating activities is due mainly to a decrease in capital grants to fund the capital works program and a \$948,000 increase in rates and charges, which is due to an increase in rate debtors in 2015/16.

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

	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Surplus (deficit) for the year	5,401	4,422	(980)
Depreciation	6,530	6,694	164
Gain on disposal of property, infrastructure, plant & equipment	(205)	(536)	(331)
Finance costs	186	155	(31)
Non-monetary contributions	(1,060)	(218)	842
Net movement in other assets and liabilities	(2,141)	(12)	2,129
Cash flows available from operating activities	8,712	10,505	1,794

11.1.2 Investing activities (\$9,452,000 decrease)

The large decrease in payments for investing activities represents the planned return of cash from term deposits to cash and cash equivalents at year end, partially offset by a large increase in capital works expenditure disclosed in section 10 of this budget report. Proceeds from sale of assets are forecast to increase by \$2,225,000 due to the proposed sale of Council properties.

11.1.3 Financing activities (\$3,417,000 increase)

The increase in cash provided by financing activities is due to borrowing \$3.405 million to partially fund property acquisitions.

11.1.4 Cash and cash equivalents at end of the year (\$5,154,000 increase)

Overall, total cash and cash equivalents is forecast to increase by \$5.1 million to \$9.1 million at 30 June 2017, however the major increase is due to a reduction in other financial assets (including term deposits) by \$8.6 million. Overall there is a net reduction of \$3.45 million in cash and other financial assets. This reflects the use of cash held at the start of the year, from grants received in advance and retained earnings, used to fund part of Council's capital works to enhance existing and create new infrastructure. This is consistent with Council's Strategic Resource Plan (see Section 8), which forecasts a reduction in the capital works program from 2018/19 onwards to balance future cash budgets.

11.2 Restricted and unrestricted cash and investments

Cash and investments held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2016 it will have cash and investments of \$13.26 million, which has been restricted as shown in the following table.

	Ref	Forecast Actual 2016 \$'000	Budget 2017 \$'000	Variance \$'000
Total cash and investments		13,258	9,812	(3,446)
Restricted cash and investments				
- Statutory reserves	11.2.1	(669)	(494)	175
- Cash held to carry forward capital works	11.2.2	(1,764)	0	1,764
- Trust funds and deposits		(1,034)	(1,034)	0
Unrestricted cash and investments	11.2.3	9,791	8,284	(1,507)
- Discretionary reserves	11.2.4	(1,789)	(1,594)	195
Unrestricted cash adjusted for discretionary reserves	11.2.5	8,002	6,690	(1,312)

11.2.1 Statutory reserves (\$494,000)

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. Statutory reserves comprise the Resort and recreation reserve (open space) and car parking reserve. The decrease forecast for 2016/17 represents developer contributions received, less projects funded out of the open space reserve including Clunes netball court lighting (\$5,414), Creswick soccer lighting (\$40,000), Newlyn oval irrigation (\$3,500), Daylesford oval irrigation (\$25,000), Wombat Hill permanent water supply (\$20,000), Park Lake landscape improvements (\$5,260), Wombat hill botanic gardens stage 1 works (\$45,943), Daylesford community park improvements (\$50,000).

11.2.2 Cash held to carry forward capital works

There is no amount shown as cash held to fund carry forward works at 30 June 2017, as it is expected that the capital works budget in the 2016/17 financial year will be fully completed. An amount of \$1.76 million is forecast to be held at 30 June 2016 to fund capital works and operating projects budgeted but not completed in the 2015/16 financial year or due to grants received in advance. Section 6.1 contains further details on the capital works program.

11.2.3 Unrestricted cash and investments (\$8.28 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.

11.2.4 Discretionary reserves (\$1.59 million)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. During the 2016/17 year \$255,000 is budgeted to be transferred to and \$850,000 from Discretionary reserves. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan. Discretionary reserves includes the Waste management reserve, Mineral springs financial reserve and Debt management reserve.

11.2.5 Unrestricted cash adjusted for discretionary reserves (\$6.69 million)

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

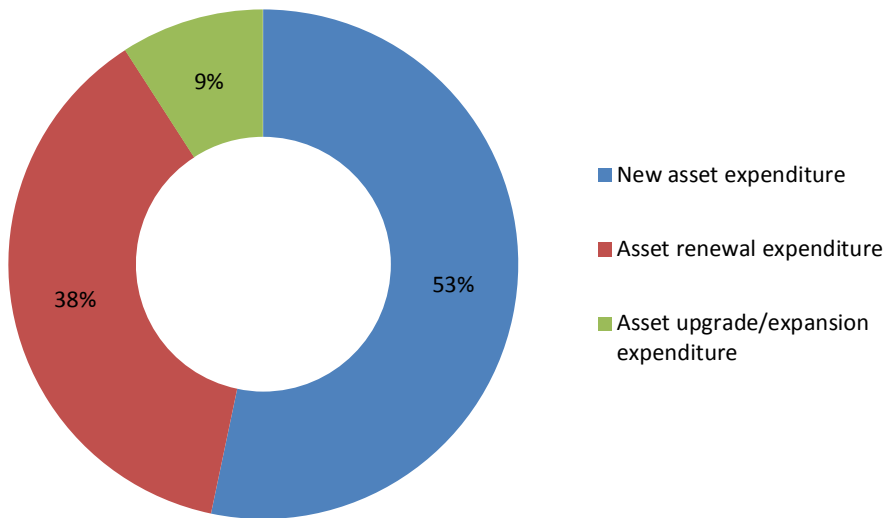
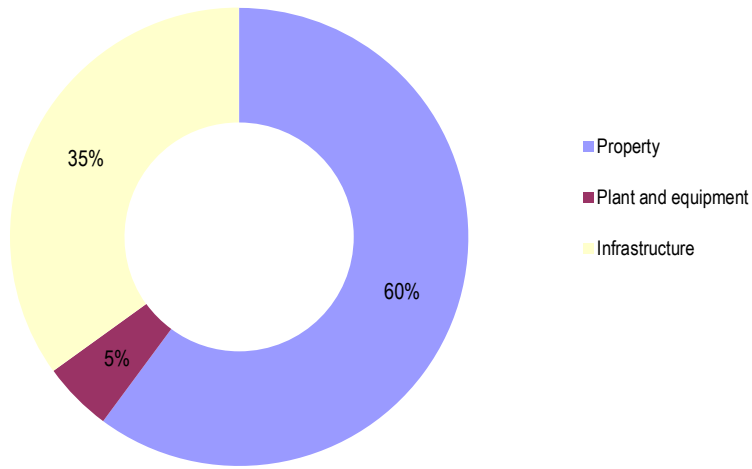
12. Analysis of capital budget

This section analyses the planned capital expenditure budget for the 2016/17 year and the sources of funding for the capital budget.

12.1 Capital works

Capital Works Areas	Ref	Forecast Actual 2015/16 \$'000	Budget 2016/17 \$'000	Variance \$'000
Property	12.1.1			
Land		0	6,345	6,345
Land improvements		110	98	(12)
Total land		110	6,443	6,333
Buildings		2,645	3,453	808
Heritage buildings		0	0	0
Building improvements		1,043	1,851	808
Leasehold improvements		0	0	0
Total buildings		3,688	5,304	1,615
Total property		3,798	11,747	7,948
Plant and equipment	12.1.2			
Heritage plant and equipment		0	0	0
Plant, machinery and equipment		1,034	755	(279)
Fixtures, fittings and furniture		0	0	0
Computers and telecommunications		210	157	(53)
Library books		68	53	(15)
Total plant and equipment		1,312	965	(347)
Infrastructure	12.1.3			
Roads		4,974	3,785	(1,189)
Bridges		430	153	(277)
Footpaths and cycleways		255	295	40
Drainage		150	165	15
Recreational, leisure and community		343	695	351
Waste management		0	0	0
Parks, open space and streetscapes		1,059	1,692	633
Off street car parks		0	0	0
Other infrastructure		50	40	(10)
Total infrastructure		7,261	6,824	(437)
Total capital works expenditure		12,372	19,536	7,164
Represented by:				
New asset expenditure	12.1.4	738	10,411	9,673
Asset renewal expenditure	12.1.4	7,406	7,344	(61)
Asset upgrade/expansion expenditure	12.1.4	4,228	1,780	(2,448)
Total capital works expenditure		12,372	19,536	7,164

Budgeted capital works 2016/17



12.1.1 Property (\$11.7 million)

The property class comprises buildings and building improvements including community facilities, municipal offices and mineral spring reserves facilities.

For the 2016/17 year, \$11.7 million will be expended on building and land and building improvement projects. The more significant projects include Trentham Community Hub (\$1.30 million), Hepburn Community and Council Services Hub including land acquisition (\$8.05 million), Waste management Facility Construction (\$0.40 million) and increase in the Building Structures and Renewal Program to \$1.14 million).

12.1.2 Plant and equipment (\$0.97 million)

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

For the 2016/17 year, \$965,000 will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of the plant and vehicle fleet (\$555,000), upgrade and replacement of information technology (\$157,000) library material purchases (\$53,000) and the National Flagship Bioenergy Facility (\$200,000).

12.1.3 Infrastructure (\$6.82 million)

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

For the 2016/17 year, \$3.78 million will be expended on road projects. The more significant projects include local road rehabilitation (\$1.35 million) including federally funded Roads to Recovery projects (\$0.70 million), road resheeting (\$0.45 million), road resealing (\$0.85 million) and East Street Bridge Underpass (\$0.80 million).

\$295,000 million will be expended on footpath and cycleway projects. This will include improvement and renewal (\$95,000) and expansion (\$200,000).

\$695,000 will be expended on recreational, leisure and community facilities. The more significant projects include Newlyn and Daylesford Ovals irrigation (130,000), Creswick soccer lighting (\$160,000), adventure playground Creswick (\$100,000) and pump track Creswick (\$140,000).

\$1.96 million will be expended on parks, open space and streetscapes, including \$940,000 on streetscapes at Trentham, Glenlyon and Hepburn, Lake Daylesford improvements (\$330,000) and mineral spring improvement works (\$248,000).

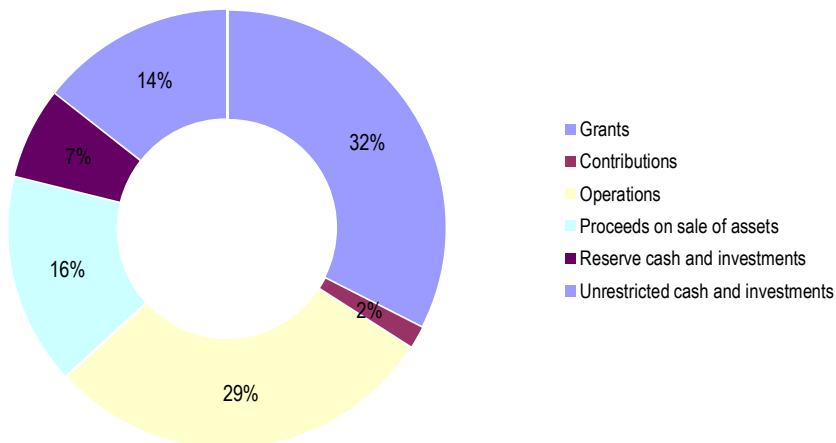
12.1.4 Asset renewal (\$7.34 million), new assets (\$10.4 million), upgrade/expansion (\$1.78 million)

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

12.2 Funding sources

Sources of funding	Ref	Forecast	Budget	Variance
		Actual 2015/16 \$'000	2016/17 \$'000	\$'000
Capital Works Program				
Current year funding				
Grants	12.2.2	4,615	5,242	627
Contributions		0	253	253
Borrowings		0	3,405	3,405
Council cash				
- operations	12.2.3	4,902	4,699	(204)
- proceeds on sale of assets	12.2.4	301	2,526	2,225
- reserve cash and investments	12.2.5	740	1,085	346
- unrestricted cash and investments	12.2.6	1,814	2,326	512
Total funding sources		12,372	19,536	7,164

Budgeted total funding sources 2016/17



12.2.1 Carried forward works (\$1.48 million)

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, grant approval and extended consultation. For the 2015/16 year it is forecast that \$1.48 million of capital works will be incomplete and be carried forward into the 2016/17 year. The more significant projects include the East St Railway Underpass (\$375,000), Trentham Community Hub Construction (\$300,000) and the Bath House Deck Extension (\$338,000).

12.2.2 Grants - Capital (\$5.24 million)

Capital grants include monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions for 2016/17 are budgeted to be received for the Trentham Community Hub (\$1.00 million), Hepburn Community and Council Services Hub (\$0.43 million), the National Flagship Bioenergy Facility (\$0.2 million), Roads to Recovery projects (\$0.70 million), East Street bridge underpass (\$0.40 million), Glenlyon Streetscape (\$0.35 million) and Lake Daylesford improvements (\$0.20 million). In addition, Council receives \$1.41 million from the Commonwealth Government as recurrent capital funding for local roads. Section 5.1.2 contains further details on capital grants.

12.2.3 Council cash - operations (\$4.7 million)

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$4.7 million will be generated from operations to fund the 2016/17 capital works program. This amount equates to the cash generated from operating activities as set out in Section 11 'Analysis of Budgeted Cash Position' adjusted for capital grants and borrowing costs.

12.2.4 Council cash - proceeds from sale of assets (\$2.53 million)

Proceeds from sale of assets include motor vehicle sales in accordance with Council's fleet renewal policy of \$0.18 million and forecast land property sales of \$2.35 million.

12.2.5 Reserve cash - reserve cash and investments (\$1.085 million)

Council has cash reserves, which it is currently using to fund its annual capital works program. The reserves include monies set aside for specific purposes such as the Resort and recreation reserve (open space), Waste management reserve, Mineral springs financial reserve and Debt management reserve. For 2016/17 \$1.085 million will be used to fund part of the new capital works program including the waste management facility construction (\$0.40 million), Hepburn Hub (\$0.45 million) and various open space eligible projects (\$0.24 million).

12.2.6 Council cash - unrestricted cash and investments (\$2.33 million)

In addition to reserve investments, Council has uncommitted cash and investments which represent unrestricted cash and investments and funds preserved from the previous year mainly as a result of grants and contributions being received in advance, and operational savings achieved and not spent. It is forecast that \$1.27 million will be available from the 2015/16 year and \$1.03 million from prior years to fund capital works in the 2016/17 year.

13. Analysis of budgeted financial position

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

13.1 Budgeted balance sheet

	Ref	Forecast Actual 2015 \$'000	Budget 2017 \$'000	Variance \$'000
Current assets	13.1.1			
Cash and cash equivalents		3,931	9,085	5,154
Trade and other receivables		2,823	2,817	(6)
Financial assets		9,327	727	(8,600)
Other assets		126	126	0
Total current assets		16,207	12,755	(3,452)
Non-current assets	13.1.1			
Property, infrastructure, plant and equipment		223,439	234,507	11,068
Intangible assets		630	536	(94)
Total non-current assets		224,069	235,043	10,974
Total assets		240,275	247,798	7,522
Current liabilities	13.1.2			
Trade and other payables		1,608	1,608	0
Trust funds and deposits		1,034	1,034	0
Provisions		1,679	1,679	0
Interest-bearing loans and borrowings		415	476	(62)
Other Liabilities		105	105	0
Total current liabilities		4,840	4,901	(62)
Non-current liabilities	13.1.2			
Provisions		449	449	0
Interest-bearing loans and borrowings		2,300	5,234	(2,934)
Other Liabilities		116	101	15
Total non-current liabilities		2,865	5,784	(2,934)
Total liabilities		7,705	10,685	(2,995)
Net assets		232,571	237,113	4,527
Equity	13.1.4			
Accumulated surplus		141,824	146,616	4,792
Reserves		90,747	90,497	(250)
Total equity		232,571	237,113	4,542

13.1.1 Current Assets (\$3.4 million decrease) and Non-Current Assets (\$11.0 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$3.4 million during the year mainly to fund the capital works program, including property acquisition, during the year.

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.

Financial assets are cash deposits with an original maturity date greater than 4 months from the date of lodgement. Financial assets are funds in addition to cash and cash equivalents and comprise the investment of funds held in trust and funds set aside annually to provide for the future repayment of Council interest only loan in 2021. these deposits usually attract a higher investment return.

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. other assets are not expected to change significantly in the budget.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The \$11.1 million increase in this balance is attributable to the net result of the capital works program (\$19.5 million), depreciation of assets (\$6.6 million), sale of property, plant and equipment (\$2.4 million) and asset revaluation movement (\$0.12 million). Intangible assets comprise Council's corporate software. The \$94,000 decrease represents amortisation of these assets.

13.1.2 Current Liabilities (\$62,000 increase) and Non Current Liabilities (\$2.93 million increase)

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

Trust funds and deposits and Other Liabilities are funds that Council has received in advance of providing a service or completing some other obligation. These liabilities are budgeted to remain consistent with 2015/16 levels. Non-current Other liabilities include rental income received in advance and are forecast to decrease in accordance with agreed terms.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are not expected to increase due to more active management of entitlements.

Interest-bearing loans and borrowings are borrowings of Council. Council is budgeting to take out new borrowings of \$3.405 million and repay loan principal of \$409,000 over the year.

13.1.3 Working Capital (\$3.5 million decrease)

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

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

	Forecast Actual 2015 \$'000	Budget 2017 \$'000	Variance \$'000
Current assets	16,207	12,755	3,452
Current liabilities	4,840	4,901	(62)
Working capital	11,367	7,854	3,514
Restricted cash and investment current assets			
- Statutory reserves	(669)	(494)	(175)
- Cash used to fund carry forward capital works	(1,764)	0	(1,764)
- Trust funds and deposits	(1,034)	(1,034)	0
Unrestricted working capital	7,900	6,326	1,574

In addition to the restricted cash shown above, Council is also projected to hold \$1,594,000 in discretionary reserves at 30 June 2017. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

13.1.4 Equity (\$4.5 million increase)

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of \$3.9 million results directly from the operating surplus for the year plus any movements from Other reserves.

During the year an amount of \$370,000 (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. The asset revaluation reserve is forecast to increase by \$120,000.

Long Term Strategies

This section includes the following analysis and information.

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

14. Strategic resource plan

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

14.1 Plan development

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

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

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

- to maintain existing service levels;
- to maintain consistency in future rises of rates and charges;
- to maintain an annual budget surplus;
- to achieve an underlying cash budget surplus of not less than \$250,000 per annum, before including carry forward;
- to maintain a responsible and sustainable asset management program.

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

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

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

14.2 Financial resources

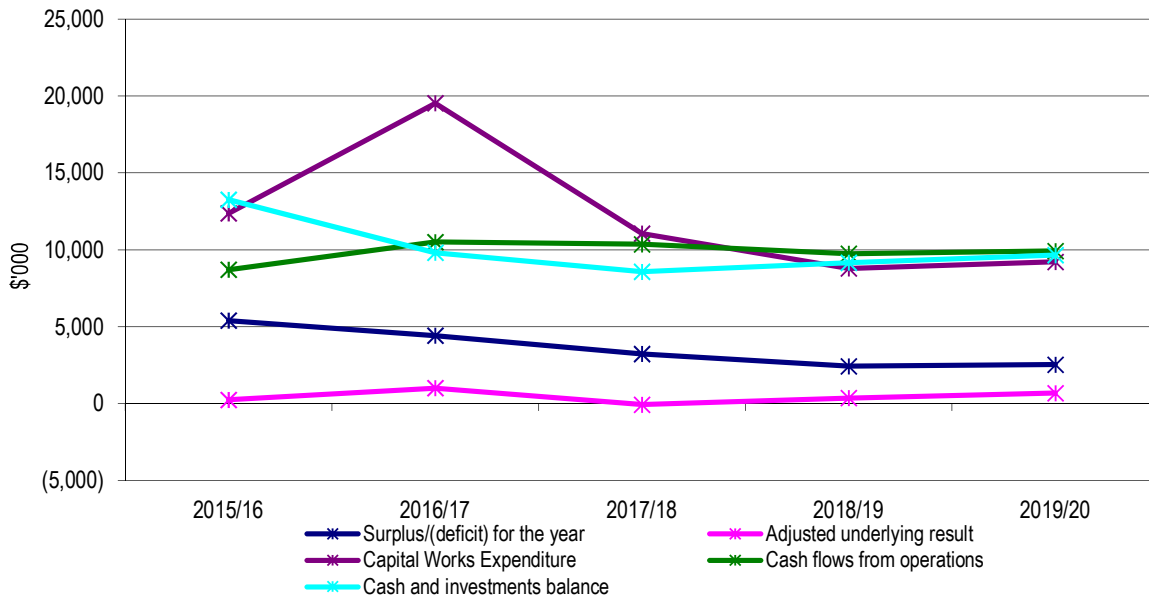
The following table summarises the key financial results for the next four years as set out in the SRP for years 2016/17 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2015/16	2016/17	2017/18	2018/19	2019/20	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	5,401	4,422	3,231	2,430	2,538	-
Adjusted underlying result	248	1,014	(65)	365	681	o
Cash and investments balance	13,258	9,812	8,574	9,165	9,657	-
Cash flows from operations	8,712	10,505	10,363	9,753	9,926	-
Capital works expenditure	12,372	19,536	11,057	8,798	9,219	o

Key to Forecast Trend:

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

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



The key outcomes of the Plan are as follows:

- **Financial sustainability (Section 11)** - Cash and investments is forecast to decrease over the four year period from \$13.2 million to \$9.6 million, which indicates a reduction in the cash held to fund carry forward projects.
- **Rating levels (Section 15)** – Modest rate increases are forecast over the four years at an average of 2.5% in line with State Government rate capping.
- **Service delivery strategy (Section 16)** – Service levels have been maintained throughout the four year period. Despite this, operating surpluses are forecast to trend downward over the four years. This is reflective of the downward trend of capital grants in each of these years. However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a small surplus in each year of the four year period. The underlying result is a measure of financial sustainability and is an important measure as once-off capital items can often mask the operating result.
- **Borrowing strategy (Section 16)** – Borrowings are forecast to increase from \$2.7 million to \$4.8 million over the four year period. This includes new borrowings of \$3.405 million in 2016/17.
- **Infrastructure strategy (Section 16)** - Capital expenditure over the four year period will total \$48.6 million at an average of \$12.1 million. Excluding construction of the two community hubs and the bioenergy facility, the average is \$8.9 million.

15. Rating information

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

15.1 Rating context

In developing the Strategic Resource Plan (referred to in Section 14.), rates and charges were identified as an important source of revenue, accounting for 56% of the total revenue received by Council annually (2016/17). 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 Hepburn 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. The following table shows a history of rate rises for the last five years.

Year	Hepburn Shire Council
2011/12	6.0%
2012/13	4.5%
2013/14	4.0%
2014/15	4.0%
2015/16	4.0%
Average increase	4.5%

15.2 Future rate increases

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

Year	General Rate Increase %	Municipal Charge Increase \$'000	Garbage Charge Increase \$'000	Recycling Charge Increase \$'000	Total Rates Raised \$'000
2015/16	4.00	0	5	5	17,515
2016/17	2.50	0	4	5	18,464
2017/18	2.50	0	5	5	19,048
2018/19	2.50	0	4	4	19,719
2019/20	2.50	0	4	4	20,414

15.3 Rating structure

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

- Property values, form the central basis of rating under the *Local Government Act 1989*;
- Differential rates applicable to each property type;
- Special rates and charges to be levied as deemed necessary;
- A fixed municipal charge per property to cover some of the administrative costs of the Council;
- An allowance for rebates and concessions;
- A user pays component to reflect usage of certain services provided by Council.

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

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

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

The draft rating structure comprises nine differential rates being general, farming, commercial, industrial, mixed use, vacant land township, vacant land other, vacant premises commercial and vacant premises industrial and a rate concession for recreational land and trust for nature land. 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 commercial, industrial and mixed use rates are set at 116% of the general rate, and vacant land township rates are set at 125% of the general rate, the farm rate is set at 65% of the general rate, the trust for nature is set at 50% of the general rate and the rate concession for recreational land is set at 50% of the general rate.

The Shire's rating strategy declares "a discounted differential of less than 100% will be available for eligible rural properties". The basis for this decision is that:

- Rate relief should continue to be provided to the farming/agriculture sector because of its importance both to the local economy and as a characteristic of the local environment.
- Council understands that the higher land component inherent in farming properties contributes to their relatively higher value, however this may be disproportionate compared to the income generated.

To support low income ratepayers in the Shire, the fixed fee for both the Municipal Charge and the Environmental Charge was abolished four years ago. Given that some areas of the Shire are in the top 10% of the most disadvantaged communities in the State, the removal of such fixed charges is recognition of

The waste management charge, kerbside garbage and kerbside recycling charges are set to recover the costs associated with this area of service. The kerbside collection charges and commercial garbage collection charge are a service charge and only those who are provided with the service pay. The waste management charge, however, is a special charge that applies to all properties. Council considers that it is equitable that all properties make a standard contribution covering the costs of the transfer stations and any other costs associated with keeping the Shire clean and tidy. . This includes street cleaning and street litter bin collection and the provision of tip vouchers where a garbage collection service is not taken up and/or unavailable. Limited free tip vouchers are provided to those properties who do not receive a kerbside collection (12 vouchers) and those receiving the fortnightly service (2 vouchers).

The following table summarises the rates to be determined for the 2016/17 year. A more detailed analysis of the rates to be raised is contained in Section 7 "Statutory Disclosures".

Rate type	How applied	2015/16	2016/17	Total Raised \$000's	Change
Residential rate	Cents/\$ CIV	0.4219	0.3978	10,542	-5.7%
Farm rate	Cents/\$ CIV	0.2743	0.2586	1,700	-5.7%
Commercial rate	Cents/\$ CIV	0.4895	0.4614	2,067	-5.7%
Industrial rate	Cents/\$ CIV	0.4895	0.4614	102	-5.7%
Mixed use rate	Cents/\$ CIV	0.4895	0.4614	275	-5.7%
Vacant land - township rate	Cents/\$ CIV	0.5275	0.4973	571	-5.7%
Vacant land - other rate	Cents/\$ CIV	0.4219	0.3978	672	-5.7%
Trust for nature rate	Cents/\$ CIV	0.2110	0.1989	16	-5.7%
Recreational rate	Cents/\$ CIV	0.2110	0.1989	16	-5.7%
Municipal charge	\$/ property	\$0	\$0	-	0.0%
Kerbside collection - Garbage (Weekly)	\$/ property	\$126	\$126	648	1.3%
Kerbside collection - Garbage (Fortnightly)	\$/ property	\$106	\$106	164	-29.4%
Kerbside collection - Recycling (Fortnightly)	\$/ property	\$45	\$45	311	-9.1%
Commercial Garbage Charge	\$/ property	\$280	\$280	59	0.1%
Waste Management Improved Charge	\$/ property	\$109	\$109	983	3.7%
Waste Management Unimproved Charge	\$/ property	\$109	\$109	169	-11.7%

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

15.4 General revaluation of properties

During the 2015/16 year, a revaluation of all properties within the municipality was carried out and will apply from 1 July 2016 for the 2016/17 year. The outcome of the general revaluation has been a significant change in property valuations throughout the municipality. Overall, property valuations across the municipal district have increased by 9.5%. Of this increase, residential properties have increased by 10.3%, farm properties by 8.1%, commercial properties by 6.0% , industrial properties by 15.7%, mixed use properties by 1.8% and vacant land by 12.1%.

The following table summarises the valuation changes between the 2014 and 2016 general revaluations for residential properties by suburb, together with the rating changes between the 2015/16 and 2016/17 years based on a 2.5% average rate increase and the valuation movements listed.

Suburb	Valuation Change (Decrease)	Rating Change (Decrease)
Daylesford / Hepburn	8.2%	
Creswick	6.1%	
Clunes	8.0%	
Trentham	12.0%	
Other	10.2%	
Average residential	9.0%	4.0%
Average business	5.9%	-0.1%

In deliberating over the setting of the differential rate structure for the 2016/17 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 4% in residential rates and a 0.1% reduction in business rates for the 2016/17 year.

In view of the outcomes of the general revaluation of all properties within the Council's municipal district during the 2015/16 year, Council has chosen not to make any changes to the existing rate differential. In aggregate, total rates and charges will increase by 3.3% including supplementary valuations compared to 2015/16. This will be achieved by reducing the rate in the dollar by 5.7% to offset the 9.5% increase in property valuations across the municipal district following the general revaluation.

16. Summary of other strategies

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

16.1 Borrowings

In developing the Strategic Resource Plan SRP (see Section 14), borrowings was identified as an important funding source for capital works programs. In the past, Council has borrowed to finance large infrastructure projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs. With Council cash reserves now forecast to be \$9.8 million at 30 June 2017, it has been necessary to reconsider the issue of borrowings.

The SRP includes the results of the 'obligations' indicators that are part of the prescribed financial reporting indicators. The outcome of the analysis highlighted that a debt of \$3.405 million could be comfortably accommodated. Council has forecast to borrow these funds in 2016.17 as funding toward acquisition of The Rex and adjoining property for the Hepburn Hub.

The following table sets out future proposed borrowings, based on the forecast financial position of Council as at 30 June 2016.

Year	New Borrowings \$'000	Principal Paid \$'000	Interest Paid \$'000	Balance 30 June \$'000
2015/16	0	390	186	2,715
2016/17	3,405	410	155	5,710
2017/18	0	476	267	5,234
2018/19	0	300	264	4,934
2019/20	0	90	326	4,845

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

	2015/16 \$	2016/17 \$
Total amount borrowed as at 30 June of the prior year	3,105,281	2,715,026
Total amount proposed to be borrowed	0	3,405,000
Total amount projected to be redeemed	(390,255)	(409,779)
Total amount of borrowings as at 30 June	2,715,026	5,710,248

16.2 Infrastructure

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

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

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

At present, Council is similar to most municipalities in that it is presently unable to fully fund asset renewal requirements based on calculated asset depreciation rates. The Infrastructure Strategy is endeavouring to provide a sufficient level of annual funding to meet ongoing asset renewal needs to deliver a reduction in the overall renewal gap. Over recent years, Council has reduced its asset renewal gap in relation to its roads infrastructure to manageable levels. In coming years, Council will focus on reducing its asset renewal gap in relation to its building assets by allocating additional renewal funding to this asset class.

In updating the Infrastructure Strategy for the 2016/17 year, the following influences have had a significant impact:

- Limited financial resources to fund capital expenditure programs
- Achieving a manageable level of asset renewal requirements with regard to road infrastructure
- Availability of significant Federal funding for upgrade of roads
- The planned construction of Community Hubs at Daylesford and Trentham
- The amount of backlog of building asset renewal required to be actioned. Council has allocated an additional \$500,000 towards building renewal in 2016/17.

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
2015/16	12,372	6,023	0	6,348	0
2016/17	19,536	5,242	218	10,671	3,405
2017/18	11,057	5,403	0	5,654	0
2018/19	8,798	4,172	0	4,626	0
2019/20	9,219	3,964	0	5,255	0

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

16.3 Service delivery

The key objectives in Council's Strategic Resource Plan (referred to in Section 14.) which directly impact the future service delivery strategy are to maintain existing service levels and to achieve a breakeven operating result within five to six years. The Rating Information (see Section 15.) also refers to modest rate increases into the future. With these key objectives as a basis, a number of internal and external influences have been identified through discussions with management which will have a significant impact on the scope and level of services to be provided over the next four years.

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

	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
Consumer Price Index	2.5	2.5	2.5	2.5
Average Weekly Earnings	4.5	4.5	4.5	4.5
Engineering Construction Index	3.2	3.2	3.2	3.2
Non-residential Building Index	3.5	3.5	3.5	3.5
Rate increases	2.5	2.5	2.5	2.5
Property growth	1.0	1.0	1.0	1.0
Wages growth	3.0	3.0	3.0	3.0
Government funding	2.0	2.0	2.0	2.0
Statutory fees	2.5	2.5	2.5	2.5
Investment return	5.0	5.0	5.0	5.0

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
2015/16	5,401	1,325	(17,755)
2016/17	4,422	1,014	(16,950)
2017/18	3,231	(65)	(18,531)
2018/19	2,430	365	(18,510)
2019/20	2,538	681	(18,614)

Service levels have been maintained throughout the Strategic Resource Plan with operating surpluses forecast to trend downward over the four years. This is reflective of the downward trend of capital grants in each of these years. However, excluding the effects of capital items such as capital grants and contributions, the adjusted underlying result is a small surplus in each year of the four year period. The net cost of the services provided to the community increases from \$16.9 million to \$18.6 million over the four year period.

Appendix A

Fees and charges schedule

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

The Fees and Charges are grouped by functional area and include:

- Environmental Health
- Town Planning
- Building Services
- Domestic and Commercial Waste
- Infrastructure
- Compliance
- Visitor Information Centres
- Swimming Pools
- Community Services
- Daylesford Arc
- Libraries
- Home and Community Care Services
- Functions in Council Reserves and Facilities
 - All Reserves and Facilities
 - Victoria Park, Daylesford
 - Wombat Hill Botanic Gardens
 - Lake Daylesford Foreshore
 - Doug Lindsay Reserve
 - Creswick Town Hall
 - Clunes Town Hall
 - Daylesford Town Hall
 - Clunes Community Centre
 - Creswick Hub
 - The Warehouse – Clunes
- Photocopying/Printing
- Rates Information
- Freedom of Information
- Dishonoured Payments

All items include GST, except where denoted with an *

Shading denotes statutory fees as determined by legislation and therefore subject to any change in legislation.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
ENVIRONMENTAL HEALTH		
CLASS 1: High risk unpackaged food supplied to vulnerable people Premises include: Child Care, Kindergartens, Aged Care and Nursing Homes	\$438.00	\$452.00
CLASS 2: Handling unpackaged high risk potentially hazardous foods		
2(A) Premises include: Cafes, Caterers, Supermarket, Groceries, Fast Food	\$382.00	\$394.00
2(B) Accommodation Centres, Food Vehicles	\$314.00	\$324.00
2(C) Community Groups, Sporting Clubs both serving full meals (½ Annual Fee of Class 2(B))	\$157.00	\$162.00
CLASS 3: Handling and supplying low risk unpackaged foods		
3(A) Milk Bars, Convenience Stores, Fruit Stall, Pre-packaged	\$234.00	\$242.00
3(B) Seasonal Kiosks, Community Groups, Sporting Clubs (½ Annual Fee of Class 3(A))	\$117.00	\$122.00
CLASS 4: Low risk to public health packaged food (includes Newsagents, Pharmacies, Video Stores)		
Hairdressers, Beauty Parlours*	\$127.00	\$131.00
Skin Penetration*	\$276.00	\$285.00
Prescribed Accommodation – hotels/motels, recreation camps, B&Bs (NOT self contained or exclusive use of Units, Villas, Houses)*		
6 to 10 persons*	\$240.00	\$247.00
Over 10 persons*	\$298.00	\$307.00
Caravan Parks* (3 Yearly Fee)	as per Sched 5 of the Residential Tenancies Act	as per Sched 5 of the Residential Tenancies Act
New Premises Registration	\$219.00	\$226.00
Transfer of Registration*	50% of annual registration fee	
Special Visit – Pre-purchase inspections*	\$185.00	\$192.00
New Septic Tank systems*	\$500.00	\$517.00
Alterations to Septic Tank systems*	\$240.00	\$247.00
Extension of Time for Septic Permit	\$140.00	\$144.00
Property Enquiries/Plan Search – Commercial (site history/copies of permits/copies of endorse plans/etc)*	\$83.00	\$85.00
Property Enquiries/Plan Search –Residential (site history/copies of permits/copies of endorse plans/etc)*	\$83.00	\$85.00
Written request for General Advice	\$83.00	\$85.00
Special request for inspection – septic, food premises	\$160.00	\$165.00

NOTES

Reduction of fees may be considered for Community Groups on application.

A late fee will apply for late applications and payments of annual registrations at a rate of 50% of the annual registration fee applicable if the application and/or fee is not received within 14 days of the due date.

Full registration fees are to be paid up until 31 August. Registrations after this date, i.e. from 1 September onwards are only required to pay 50% of the full fee.

Description of Charge		Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
TOWN PLANNING			
Part 1: Prescribed Statutory Fees (subject to change by State Government)			
Applications for Planning Permits (Regulation 7)			
Class	Application Type		
1	Use Only	\$502.00	
To develop land or to use and develop land for a single dwelling per lot or to undertake development ancillary to the use of the land for a single dwelling per lot if the estimated cost of development included in the application is:			
2b	> \$10,000 - \$100,000*	\$239.00	
3b	> \$100,001*	\$490.00	
To develop land (other than for a single dwelling per lot) if the estimated cost of development included in the application is:			
4c	< \$10,000*	\$102.00	
5d	> \$10,000 – \$250,000*	\$604.00	
6e	> \$250,001 – \$500,000*	\$707.00	
7e	> \$500,001 – \$1,000,000*	\$815.00	
8e	> \$1,000,001 – \$7,000,000*	\$1,153.00	
9e	> \$7,000,001 – \$10,000,000*	\$4,837.00	
10e	> \$10,000,001 – \$50,000,000*	\$8,064.00	
11e	> \$50,000,000*	\$16,130.00	
Subdivision			
12	To subdivide existing building*	\$386.00	
13f	To subdivide land into two (2) lots*	\$386.00	
14	To effect a realignment of a common boundary between lots or to consolidate two or more lots*	\$386.00	
15g	To subdivide land (3 or more lots)*	\$781.00	
16	To remove restriction (within the meaning of the <i>Subdivision Act 1988</i>) over land if the land has been used or developed for more than 2 years before the date of the applications in a manner which would have been lawful under the <i>Planning and Environment Act 1987</i> but for the existence of the restriction*	\$249.00	
17h	To create, vary or remove a restriction within the meaning of the <i>Subdivision Act 1988</i> ; or To create or remove a right of way*	\$541.00	
18h	To create, vary or remove an easement other than a right of way: To vary or remove a condition in the nature of an easement other than a right of way in a Crown grant*	\$404.00	

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
TOWN PLANNING		
Class Description (Regulations 7 & 8)		
	Notes for classes of fees under Regulations 7 & 8, not additional fees	
a	Applications for permit under Section 47, other than an application under Section 96(1) of the <i>Planning & Environment Act 1987</i>	
b	Other than an application to subdivide land	
c	Other than an application to undertake development ancillary to the use of the land for a single dwelling per lot or an application to subdivide land	
d	Other than a Class 2 application; or a Class 3 application; or an application to subdivide land	
e	Other than a Class 3 application; or an application to subdivide land	
f	Other than a Class 12 application	
g	Other than a Class 12 application; or a Class 13 application; or a Class 14 application	
h	Other than a Class 16 application	
i	Other than a Class 4 application	
j	Other than a Class 5 application	
k	Other than a permit to develop land or to use and develop land for a single dwelling per lot or to undertake development ancillary to the use of the land for a single dwelling per lot	
l	Other than an application to subdivide land	
m	Other than a permit to undertake development ancillary to the use of the land for a single dwelling per lot where the total estimated cost of the development originally permitted and the additional development to be permitted by the amendment is not more than \$10,000 or an application to subdivide land	
n	Other than a Class 3 application or a Class 4 application	
o	Other than a class for application	
Applications for Planning Permits (Regulation 7)		
Class	Application Type	
Combined Permit Applications		
The fee for an application for any combination of the classes of application outlined above is the sum arrived at by adding the highest of the fees, which would have applied if separate applications had been made, plus 50% of each of the other fees that would have applied if separate applications had been made		Fee to be determined dependant on the combination of application submitted
Fees to Amend Applications after Notice has been Given (Regulation 8A)		
Amend an application for a permit after notice has been given under Section 52 for every Class of application (other than a Class 4 application) set out in the table in Regulation 8*	\$102.00	
Amend an application to amend a permit after notice has been given under Section 52 for every class of application (other than a Class 5 application) set out in the table in Regulation 8B*	\$102.00	

Description of Charge		Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
TOWN PLANNING			
Applications for Amendments to Permits (Regulation 8B)			
	To amend a permit to use land if that amendment is to change the use of which the land may be used*	\$502.00	
2k	To amend a permit: a) To change the statement of what the permit allows; or b) To change any or all of the conditions which apply to the permit: or c) In any way not otherwise provide for in regulation 8B*	\$502.00	
Amended Plans Single Dwelling on a lot less than 500 square metres			
3l	To amend a permit to develop land or to use and develop land for a single dwelling per lot or to undertake development ancillary to the use of the land for a single dwelling per lot if the estimated cost of any additional development to be permitted by the amendment is:		
	> \$10,000 – \$100,000*	\$239.00	
	> \$100,001*	\$490.00	
Amended Plans Two (2) or more dwellings or industrial or Commercial Developments			
5m	To amend a permit to develop land if the estimated cost of any additional development to be permitted by the amendment is \$10,000 or less*	\$102.00	
To amend a permit if the estimated cost of any additional development to be permitted by the amendment is:			
	> \$10,000 – \$250,000*	\$604.00	
7o	> \$250,001 – \$500,000*	\$707.00	
8g	> \$500,000*	\$815.00	
Amendment to Permit & Plans Subdivision			
9	To amend a permit to: a) subdivide an existing building; or b) subdivide land into two (2) lots; or c) effect realignment of a common boundary between lots or to consolidate two (2) or more lots*	\$386.00	

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)	
TOWN PLANNING			
Amendments to Planning Schemes (Regulation 6)			
Stage 1	<ul style="list-style-type: none"> • Considering a request to amend a planning scheme; and • Taking action required by Division 1 of Part 3 of the Planning and Environment Act 1987; and • Considering any submissions which do not seek a change to the amendment; and • If applicable, abandoning the amendments in accordance with Section 28* 	\$798.00	
Stage 2	<ul style="list-style-type: none"> • Considering submissions which seek a change to a amendment and where necessary referring the submissions to a panel; and • Providing assistance to a panel in accordance with Section 158; and • Making a submission in accordance with Section 24(b) and • Considering the report in accordance with Section 27; and • After considering submissions and the report in accordance with Section 27, if applicable, abandoning the amendment* 	\$798.00	
Stage 3	<ul style="list-style-type: none"> • Adopting an amendment or a part of a amendment in accordance with Section 29: and • Submitting the amendment for approval in accordance with Section 31* 	\$524.00	
Stage 4	<ul style="list-style-type: none"> • Considering a request to approve a amendment in accordance with Section 35; and • Giving notice of approval of an amendment in accordance with Section 36* 	\$798.00	
	<p>Note: Fees for Stages 1, 2 & 3 are paid to the planning authority by the person who requested the amendment. The fee for Stage 4 is paid to the Minister by the person who requested the amendment.</p>		

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
TOWN PLANNING		
Combined Permit Application and Planning Scheme Amendment		
The fee for an application for a planning permit combined with a request for amendment of a planning scheme, made in accordance with Section 96A, is the sum arrived at by adding the higher of the fees plus 50% of the lower of the fees which would have applied if separate applications had been made.		
If the application for a planning permit is for any combination of the classes of application outlined previously, the fee for the planning permit is for the purposes of this calculation is the higher of the fees which would have applied if separate applications for permits had been made.		
Certificates of Compliance (Regulation 10)		
Application for a Certificate of Compliance under Section 97N*	\$147.00	
Planning Certificates (Regulation 11)		
Application of a Planning Certificate under Section 198*	18.20	
Satisfaction Matters (Regulation 12)		
Determining a matter where a planning scheme specifies that the matter must be done to the satisfaction of a Responsible Authority or Referral Authority*	\$102.00	
Part 2: Administrative Charges (Non Statutory Fees)		
Enquiries		
Written request for Heritage Control advice	\$83.00	\$86.00
Written request for Demolition Control advice (Section 29A – Form 8)	\$83.00	\$86.00
Written request for General Planning advice	\$83.00	\$86.00
Request for email aerial photographs	\$31.00	\$32.00
Property Enquiries/Plan Search – Commercial (Site history/copies of permits/copies of endorse plans/etc)	\$83.00	\$86.00
Property Enquiries/Plan Search – Residential (Site history/copies of permits/copies of endorse plans/etc)	\$83.00	\$86.00
Extension of Time		
Extension of Time for permits – 1st request	\$140.00	\$145.00
Extension of Time for permits – 2nd request	\$140.00	\$145.00
Extension of Time for permits – 3rd request	\$140.00	\$145.00
Subsequent requests	\$140.00	\$145.00
Refunds		
Cancellation of application when no work carried out	Refund ¾ of application fee	Refund ¾ of application fee
Cancellation after direction to advertise but before commenced	Refund ½ of application fee	Refund ½ of application fee
Cancellation after advertising commenced	No Refund	No Refund
Cancellation due to prohibited proposal	Full Refund	Full Refund
Secondary Consent	\$214.00	\$221.00
Advertising – A3 Notice	\$52.00	\$54.00
Advertising – Letters to adjoining owners	\$10.50	\$11.00

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
TOWN PLANNING		
Advertising – Notice in Newspaper	Invoice to Applicant	Invoice to Applicant

NOTES

Statutory Fees

These fees are cumulative unless otherwise stated. If your application or request falls into several categories the highest fee and half the lower fee are payable.

Administrative charges for photocopying and printing

These charges are in accordance with those published by Hepburn Shire Council and subject to amendment. Please contact the Planning Customer Service for the list of charges.

The preceding sections are a summary of the fees prescribed under the Planning and Environment (Fees) Regulations 2000, and is not a complete representation of these Regulations or other legislative provisions. Reference should be made to the Regulations to obtain the complete wording of individual fee Regulations and other Regulations (which include waiving and rebating provisions). Please visit www.dms.dpc.vic.gov.au or select link provided Victorian Law Today Statutory Rule for more details on amended Planning and Environment (Fees) Regulations 2000 setting out the new fees.

Shading denotes statutory fees as determined by legislation and therefore subject to any change in legislation.

Fee for amending a planning permit application depends on the Schedule of fees as per the Planning & Environment Regulations (Fees).

Fee for lodging amended subdivision plans at certification stage depends on the schedule of fees as per the Planning & Environment Regulations (Fees).

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
BUILDING SERVICES		
Residential		
New Dwelling	\$426 plus \$4.50 per m ² (plus levy & lodgement fee) (Minimum \$990.00)	\$440 plus \$4.65 per m ² (plus levy & lodgement fee) (Minimum \$1,049.00)
Alteration to Dwelling	\$426 plus \$4.50 per m ² (plus levy & lodgement fee) (Minimum \$990.00)	\$440 plus \$4.65 per m ² (plus levy & lodgement fee) (Minimum \$1,049.00)
Addition to a Dwelling	\$373 plus \$4.30 per m ² (plus levy & lodgement fee) (Minimum \$533.00)	\$385 plus \$4.45 per m ² (plus levy & lodgement fee) (Minimum \$555.00)
Units	(Minimum \$960.00 per unit)	(Minimum \$992.00 per unit)
Garages/Carports up to \$10,000	\$426.00 (plus lodgement fee)	\$440.00 (plus lodgement fee)
Garages/Carports over \$10,000	\$480.00 (plus lodgement fee & levy)	\$496.00 (plus lodgement fee & levy)
Swimming Pools	\$426.00	\$440.00
Solid Fuel heaters	\$187.00	\$193.00
Restump	\$266.00	\$275.00
Building Reg 326 (2) statutory fee	\$49.90	
Lodgement Fees (Payable on Council & Private Building Surveyor Projects)*	\$37.40	
Conducting an assessment for compliance under AS3959 (Bushfire Code)	\$234.00	\$242.00
Commercial/Industrial		
All works under \$5,000	\$374.00	\$386.00
Works valued \$5,000 – \$30,000	\$534.00	\$551.00
Works valued \$30,000 – \$250,000	\$Cost x 0.25% plus \$481 (Minimum \$586)	\$Cost x 0.25% plus \$496 (Minimum \$605)
Works valued \$250,000 – \$500,000	\$Cost x 0.25% plus \$962	\$Cost x 0.25% plus \$994
Works valued over \$500,000	\$Cost x 0.25% plus \$1,714	\$Cost x 0.25% plus \$1,770
Lodgement Fees (Commercial/Industrial)*	\$37.40	
Demolition		
Single Storey Building	\$320.00 plus (Sec 29A fee \$62.50)	\$330.00 plus (Sec 29A fee \$63.00)
Any other building more than one storey	\$293.00 plus (Sec 29A fee \$62.50)	\$303.00 plus (Sec 29A fee \$63.00)

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
Other Permits/Services		
Fences and signs	\$224.00	\$231.00
Swimming Pool Reports (Existing)	\$214.00	\$220.00
Request for variation of siting*		
Any other service not otherwise provided for (per Hour)	\$176.00	\$181.50
Extension of Time for a Permit	\$214.00	\$250.00
Amendment to a Building Permit	\$214.00	\$250.00
Inspection associated with lapsed permits (per inspection)	\$160.00	\$176.00
State Government Building Levy Cost recovery of levy*	\$1.28 per \$1,000 of construction value	
Requests for Information		
Property Certificates (last 10 years information)*		
Temporary Structures	\$266.00	\$275.00
Copies of Plans from Building files*	\$83.00	\$85.00
Written Advice	\$83.00	\$85.00
Any other service	POA	POA
Other Fees		
Issue Building Notice		\$385.00
Issue Building Order		\$550.00

NOTES

1. Square metres calculated on total floor
2. Cost of works determined by Relevant Building Surveyor, unless contract applies.
3. All fees quoted (unless determined by legislation) are a minimum basis.

Shading denotes statutory fees as determined by legislation and therefore subject to any change in legislation.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
DOMESTIC & COMMERCIAL WASTE – TIPPING FEES		
Domestic and Commercial Waste		
Standard Garbage Bag (approx 120 litre)	New fee	\$5.00
Car/Boot Load (½ m³ max)	\$18.00	\$18.00
Utility/Small Trailer (1.0 m³ max)	\$36.00	\$36.00
Small Truck/Tandem Trailer (2.0 m³ max)	\$72.00	\$72.00
Other Loads that are non-commercial / m³	\$36.00	\$36.00
Commercial or Industrial Waste	Not accepted	Not accepted
Clean Green Waste up to ½ m³	\$9.00	\$9.00
Clean Green Waste / m³	\$18.00	\$18.00
Woody Weeds / m3	New fee	\$36.00
Recyclables (2.0 m³ max)	No charge	No charge
Tyres		
Car	\$4.00	\$4.00
Light Truck	\$30.00	\$30.00
Truck	\$60.00	\$60.00
Tractor – Small	\$130.00	\$130.00
Tractor – Large	\$200.00	\$200.00
Rims only	No charge	No charge
Other		
Paint	No charge	No charge
Oil	No charge	No charge
Batteries	No charge	No charge
Scrap steel	No charge	No charge
Non ferrous metals	No charge	No charge
Car bodies	No charge	No charge
Refrigerators and freezers (Degassed)	\$10.00	\$10.00
Refrigerators and freezers (Gassed)	\$10.00	\$10.00
Televisions / Computer ⁺	\$6.00	No charge
Other E-Waste Item	\$6.00	\$6.00
Mattresses	\$25.00	\$25.00
Sale of Garbage Bins (Delivered)		
120 or 140 ltr bin	\$55.00	\$55.00
240 ltr bin	\$70.00	\$70.00

⁺ Government Subsidy scheme conditions apply

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
INFRASTRUCTURE		
Legal Point of Discharge*	\$62.50	
Consent to Work on Road where speed greater than 50 kph		
Works on road, shoulder or pathway (max speed greater than 50 kph)	\$583.20	
Road but NOT on roadway, shoulder or pathway	\$319.60	
Minor works on a road, shoulder or pathway	\$126.60	
Minor works but NOT on a road, shoulder or pathway	\$81.60	
Consent to Work on Road where speed not more than 50 kph		
Works on road, shoulder or pathway	\$319.60	
Road but NOT on roadway, shoulder or pathway	\$81.60	
Minor works on a road, shoulder or pathway	\$126.50	
Minor works but NOT on a road, shoulder or pathway	\$81.60	
Street Signage (Tourist Accommodation)		
Blade supply and installation	New fee	\$220.00
Blade plus pole supply and installation	New fee	\$275.00

Shading denotes statutory fees as determined by legislation and therefore subject to any change in legislation.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
COMPLIANCE AND LOCAL LAWS		
Animal Registration Fees		
Dog – Full fee*	\$85.00	\$88.00
Dog – Discounted fee*#	\$28.00	\$29.00
Cat – Full fee*	\$72.00	\$74.00
Cat – Discounted fee*#	\$24.00	\$25.00
Replacement Tag	\$8.00	\$8.00
Domestic animal business registration*	\$132.00	\$136.00
Domestic Animal Impound Release Fees		
Unregistered dog not desexed*	\$154.00	\$159.00
Unregistered dog desexed*	\$154.00	\$159.00
Registered dog not desexed*	\$154.00	\$159.00
Registered dog desexed*	\$154.00	\$159.00
Unregistered cat not desexed*	\$105.00	\$108.00
Unregistered cat desexed*	\$105.00	\$108.00
Registered cat not desexed*	\$105.00	\$108.00
Registered cat desexed*	\$105.00	\$108.00
Live Stock Impounding - Agistment Fees		
Medium animals (sheeps/goats)*	\$1.60 per day, per animal	\$1.60 per day, per animal
Large animals (cows/horses)*	\$2.00 per day, per animal	\$2.00 per day, per animal
Sustenance fees	At cost	At cost
Identification tags	At cost	At cost
Vet costs	At cost	At cost
Transport contractor fees	At cost	At cost
Live Stock Impounding - Release Fees		
Medium animals (sheeps/goats)*	up to 3: \$50.00 4 or over: \$100.00	up to 3: \$50.00 4 or over: \$100.00
Large animals (cows/horses)*	up to 3: \$100.00 4 or over: \$300.00	up to 3: \$100.00 4 or over: \$300.00
Abandoned Vehicles		
Impounded vehicle release fee	New fee	\$100.00
Fire Prevention		
Private grass slashing administration fee which is in addition to the contractor's charge	\$145.00	\$150.00
Costs of works to clear property	At contractors cost	At contractors cost
Failing to comply with notice	10 penalty units	10 penalty units
Parking Fines		
Overstaying time*	0.5 penalty unit	0.5 penalty unit
In No Parking area*	0.5 penalty unit	0.5 penalty unit
Not within parking bay*	0.5 penalty unit	0.5 penalty unit
Not completely within parking bay*	0.5 penalty unit	0.5 penalty unit

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
COMPLIANCE AND LOCAL LAWS		
Other		
Tradesperson Parking Permit*	\$25.00 per day	\$25.00 per day
A-Frame Signage*	Daylesford CBD \$102 per year Outside Daylesford CBD \$51 per year	Daylesford CBD \$105 per year Outside Daylesford CBD \$53 per year
Table & Two chairs*	Daylesford CBD \$186 per year in trading zone (up to 3 sets) Above 3 sets a further \$186 Outside Daylesford CBD \$93 per year in trading zone (up to 3 sets) Above 3 sets a further \$93	Daylesford CBD \$186 per year in trading zone (up to 3 sets) Above 3 sets a further \$192 Outside Daylesford CBD \$96 per year in trading zone (up to 3 sets) Above 3 sets a further \$93
Goods for Display or Sale*	Daylesford CBD \$164 per year Outside Daylesford CBD \$82 per year	Daylesford CBD \$169 per year Outside Daylesford CBD \$84 per year
Wind Barriers*	Daylesford CBD \$100 per year Outside Daylesford CBD \$50 per year	Daylesford CBD \$100 per year Outside Daylesford CBD \$50 per year
Cat Cage Hire*	\$80 Bond refundable on return of cage	\$80 Bond refundable on return of cage
Skip Bin Permit	Over 7 days: \$100.00	Over 7 days: \$100.00
Busking Permit	\$15.00 per day \$100.00 per year	\$15.00 per day \$100.00 per year
Street Stalls ⁺	\$10.00 per day	\$10.00 per day
Hoarding / Fencing Permit	1 - 7 days: \$100.00 8 - 14 days: \$180.00 15 - 21 days: \$250.00 22 - 28 days: \$310.00 29 - 35 days: \$360.00 > 35 days: \$400.00	1 - 7 days: \$100.00 8 - 14 days: \$180.00 15 - 21 days: \$250.00 22 - 28 days: \$310.00 29 - 35 days: \$360.00 > 35 days: \$400.00
Other Local Law Permits (not separately identified) issued in accordance with the provisions of General Local Law No 2	To range from \$10 to \$500, depending on permit requested	To range from \$10 to \$500, depending on permit requested

The discounted fees only apply if the animal meets certain eligibility criteria (e.g. Micro-chipped and desexed)

+ Fees may be waived for Community Not for Profit organisations on application

Denotes statutory fees as determined by legislation and therefore subject to any change in legislation.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
VISITOR INFORMATION CENTRES		
Level One VIC fees	\$120.00	\$124.00
Level One VIC fees (commercial property ratepayer)	\$0.00	\$0.00
Level One VIC Volunteer fees	\$0.00	\$0.00
Level Two VIC fees	\$170.00	\$176.00
Level Two VIC fees (commercial property ratepayer)	\$0.00	\$0.00
Level Two VIC Volunteer fees	\$0.00	\$0.00
Level Three VIC fees	\$210.00	\$220.00
Level Three VIC fees (commercial property ratepayer)	\$40.00	\$50.00
Level Three VIC Volunteer fees	\$0.00	\$10.00
Level Four VIC fees	\$395.00	\$410.00
Level Four VIC fees (commercial property ratepayer)	\$225.00	\$240.00
Level Four VIC Volunteer fees	\$145.00	\$160.00
Level Five VIC fees	\$505.00	\$523.00
Level Five VIC fees (commercial property ratepayer)	\$335.00	\$353.00
Level Five VIC Volunteer fees	\$255.00	\$273.00
Cube Display - 12 month period	\$120.00	\$125.00
Window Display - 2 week period	\$100.00	\$105.00
Special Conditions VIC fees for Volunteers		
To be entitled to the discount, a business must provide a volunteer to be on the permanent roster, or complete a minimum of twelve shifts per annum on the emergency roster		
SWIMMING POOLS		
Family Season Ticket	\$149.00	\$153.00
Adult Season Ticket	\$95.00	\$97.00
Concession Season Entry	\$72.00	\$74.00
Child Season Ticket	\$62.00	\$64.00
Family Day Entry	New fee	\$12.00
Adult Day Entry	\$4.60	\$5.00
Concession Day Entry	\$4.00	\$4.00
Child Day Entry	\$3.50	\$3.50
Spectators Day Entry	\$1.00	\$1.00
School Entry per student	\$1.70	\$2.00
COMMUNITY SERVICES		
Marquee Hire		
5m x 5m	\$100.00	\$100.00
Bonds		
Marquee*	\$330.00	\$330.00

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)	
DAYLESFORD ARC			
Court Hire		Regular Hire	Casual Hire
Court 1 per hour	\$44.00	\$25.75	\$48.60
Court 2 per hour	\$44.00	\$25.75	\$48.60
Court 3 per hour	\$33.00	\$19.15	\$36.00
Spectator / Event Attendance	Variable	Not set by Council	
Squash Court Rental	\$14.00	\$14.70	\$16.80
Racquet Hire	\$4.00	Not set by Council	
School Holiday Program per child	\$12.00	Not set by Council	
Sports Clinics	\$7.50	Not set by Council	
Group Fitness	\$13.00	Not set by Council	
Group Fitness Concession	\$11.00	Not set by Council	
Theatre			
Theatre	\$110.00	\$115.50	\$132.00
Kiosk (Multipurpose canteen)	\$29.00	\$18.75	\$31.20

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
LIBRARIES		
Fines	\$0.25 cents per day per item to a maximum of \$5.00	\$0.30 cents per day per item to a maximum of \$5.00
Holds	Free (Maximum of 30 holds)	Free (Maximum of 30 holds)
Inter Library Loans	\$2.00 plus other charges incurred*	\$3.00 plus other charges incurred*
Inter Library Loans - Universities	\$18.50	\$18.50
Replacement card	\$2.00	\$2.00
Photocopying A3	\$0.45	\$0.50
Photocopying A4	\$0.25	\$0.25
Colour printing A4	\$1.10	\$1.15
Colour printing A3	\$1.70	\$1.75
Scanning	Free	Free
Fax receiving	\$0.45	\$0.50
Fax sending <ul style="list-style-type: none"> • 1st page • Additional pages 	\$2.35 \$1.20	\$2.40 \$1.25
Lost or damaged items	Cost of replacement plus processing fee	Cost of replacement plus processing fee
Processing fee	\$5.50	\$6.00
Debt Collection charge	\$16.00	\$15.00
Book Covering	\$5.80 per item	\$8.00 per item
Book Club Package <ul style="list-style-type: none"> • Private Book Club • Library Book Club 	\$140.00 per club per year \$44.00 per person per year	\$150 per club per year \$48.00 per person per year
Book Sales	From \$0.20 per item	From \$0.20 per item
Events	Variable fee from Free to \$80.00	Variable fee from Free to \$80.00

Note GST is applicable unless it is the copying of official documents.

Description of Charge	Fee/Charge 2015/16 (inc GST)			Fee/Charge 2016/17 (inc GST)		
HOME AND COMMUNITY CARE SERVICES (HACC SERVICES)						
	Low*	Medium	High	Low*	Medium	High
Planned Activity Group*	\$7.30	\$13.20	\$18.00	\$7.30	\$13.20	\$18.00
Housekeeping*	\$5.80	\$13.60	\$30.00	\$5.80	\$13.60	\$30.00
Personal Care*	\$4.00	\$8.00	\$30.00	\$4.00	\$8.00	\$30.00
Respite Care*	\$2.90	\$4.40	\$30.00	\$2.90	\$4.40	\$30.00
Property Maintenance*	\$11.10	\$16.50	\$30.00	\$11.10	\$16.50	\$30.00
DISABILITY SERVICES (DAY PROGRAMS)						
Community Access	\$7.30 Per Day			Per Day		

HACC Fees are assessed in accordance with a scale of fees appropriate to the consumer's level of income, amount of service used, and any changes in circumstances and ability to pay. The Victorian HACC Fees Policy states that the fee system is a tiered system, which utilises three income tiers, and thus three charge rates – Low, Medium and High. Income levels are set by the State on an annual basis which forms the base for us to assess an clients ability to pay. Clients are asked to declare their income levels and fees are set accordingly.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
FUNCTIONS IN COUNCIL RESERVES AND FACILITIES		
ALL RESERVES AND FACILITIES		
Bonds		
Keys*	\$50.00	\$50.00
Meetings*	\$100.00	\$100.00
Functions*	\$200.00	\$200.00
Functions with alcohol*	\$500.00	\$500.00
Functions with alcohol >200*	\$1,000.00	\$1,000.00
Insurance admin fee (if no Certificate of Currency is provided) {charged once per annum for regular users}	\$50.00	\$55.00
ALL RESERVES		
Personal training / year (2x/wk)	\$168.00	\$170.00
VICTORIA PARK, DAYLESFORD		
Function (1 Day or part there of)	\$830.00	\$855.00
Function (2 Days or part there of)	\$1,180.00	\$1,220.00
Function (2+ Days)	\$1,180.00 for first 2 days + \$300.00 per day thereafter	\$1,220.00 for first 2 days + \$310.00 per day thereafter
Club Room Hire (Meetings)	\$120.00	Under review
Football Club	\$1,540.00	Under review
Cricket Club	\$413.00	Under review
WOMBAT HILL BOTANIC GARDENS		
Wedding (1 Day or part thereof)	\$180.00	\$185.00
LAKE DAYLESFORD FORESHORE		
Wedding (1 Day or part there of)	\$180.00	\$185.00
CRESWICK TOWN HALL		
Hepburn Shire Community Not for Profit	Hire fees to be waived in accordance with Council Policy Number 48 (bond and if applicable insurance fees must still be paid).	
<i>Fees based on 1 day hire or part there of</i>		
Rehearsals/Regular user	\$36.00	\$38.00
Regular User - Use of Kitchen	\$50.00	\$50.00
Meetings	\$120.00	\$125.00
Functions – Use of Kitchen	\$140.00	\$145.00
Function with alcohol	\$170.00	\$250.00

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
FUNCTIONS IN COUNCIL RESERVES AND FACILITIES		
CLUNES TOWN HALL		
Hepburn Shire Community Not for Profit	Hire fees to be waived in accordance with Council Policy Number 48 (bond and if applicable insurance fees must still be paid).	
<i>Fees based on 1 day hire or part there of</i>		
Rehearsals/Regular user (no Kitchen Use)	\$36.00	\$38.00
Regular User - Use of Kitchen	\$50.00	\$50.00
Meetings / Functions (no Kitchen Use)	\$120.00	\$125.00
Functions – Use of Kitchen	\$140.00	\$145.00
Function with alcohol	\$170.00	\$250.00
DAYLESFORD TOWN HALL		
Hepburn Shire Community Not for Profit	Hire fees to be waived in accordance with Council Policy Number 48 (bond and if applicable insurance fees must still be paid).	
<i>Fees based on 1 day hire or part there of</i>		
Rehearsals	\$57.00	\$96.00
Meetings	\$186.00	\$192.00
Functions	\$225.50	\$250.00
Function with alcohol	\$275.00	\$350.00
Set up Day	\$94.00	\$96.00
Senior Citizens Room	\$94.00	\$96.00
Senior Citizens Crockery	\$62.00	\$64.00
PA System	\$46.00	\$48.00
CLUNES COMMUNITY CENTRE		
Football Netball Club	\$2,480.00	\$2,600.00
Cricket Club	\$565.00	\$585.00
Wesley College	\$2,985.00	\$3,100.00
Oval Lights (per hour)	\$8.50	\$8.95
Rehearsals/Regular user (1 Day or part there of)	\$36.00	\$38.00
Meetings (1 Day or part there of)	\$120.00	\$125.00
Functions (1 Day or part there of)	\$140.00	\$145.00
Function with alcohol (1 Day or part there of)	\$170.00	\$200.00

Description of Charge	Fee/Charge 2015/16 (inc GST)			Fee/Charge 2016/17 (inc GST)		
FUNCTIONS IN COUNCIL RESERVES AND FACILITIES						
CRESWICK HUB						
	Local Community	Community / Not for Profit / Government	Private or Commercial	Local Community	Community / Not for Profit / Government	Private or Commercial
Meeting Room						
Regular (per hour)	\$5.70	\$14.50	\$29.00	\$6.00	\$15.00	\$30.00
Casual (per hour)	\$14.00	\$28.00	\$45.00	\$14.50	\$29.00	\$46.50
Weekend (per hour) Fri evenings, Sat, Sun & Public Holidays	\$17.00	\$34.00	\$55.00	\$18.00	\$35.50	\$57.00
THE WAREHOUSE - CLUNES						
	Local Community	Community / Not for Profit / Government	Private or Commercial	Local Community	Community / Not for Profit / Government	Private or Commercial
Community Meeting Room - Ullumburra						
Regular (per hour)	\$5.70	\$14.50	\$29.00	\$6.00	\$15.00	\$30.00
Casual (per hour)	\$14.00	\$28.00	\$45.00	\$14.50	\$29.00	\$46.50
Weekend (per hour) Fri evenings, Sat, Sun & Public Holidays	\$17.00	\$34.00	\$55.00	\$18.00	\$35.50	\$57.00
Community Activity Room - Esmond Gallery						
Regular (per hour)	\$11.50	\$23.00	\$40.00	\$12.00	\$24.00	\$41.50
Casual (per hour)	\$23.00	\$40.00	\$57.00	\$24.00	\$41.50	\$59.00
Weekend (per hour) Fri evenings, Sat, Sun & Public Holidays	\$27.50	\$55.00	\$68.00	\$28.50	\$57.00	\$70.50
Weekly Hire	\$460.00	\$920.00	\$2,280.00	\$475.50	\$950.50	\$2,355.50
Museum Fees	Adult	Concessions/ Student	Family	Adult	Concessions/ Student	Family
Museum Entry	\$5.00	\$4.00	\$10.00	\$5.00	\$4.00	\$10.00
Guided Tour	\$5.00	\$3.00	N/A	\$5.00	\$4.00	N/A

A minimum hire of one hour will be charged to allow for set up and pack up.

Description of Charge	Fee/Charge 2015/16 (inc GST)	Fee/Charge 2016/17 (inc GST)
PHOTOCOPYING / PRINTING		
A4 per side – Black & White	\$0.50	\$0.50
A4 per side - Colour	\$1.45	\$1.50
A3 per side – Black & White	\$1.25	\$1.30
A3 per side - Colour	\$2.25	\$2.30
Tender documents	\$54.00	\$55.00
Note: GST is applicable unless copying official documents.		
RATES INFORMATION		
Land information certificate*	\$24.80	25.40
Duplicate/Reprint Rates Notice	\$11.00	\$12.00
Rate search 15 years	\$60.00	\$62.00
Rate search 30 Years	\$120.00	\$124.00
FREEDOM OF INFORMATION		
Freedom of information access supervision fee (per ¼ hr)*	1.5 fee units per hour or part of an hour	1.5 fee units per hour or part of an hour
Freedom of information search fee (per hr)*	1.5 fee units per hour or part of an hour	1.5 fee units per hour or part of an hour
Photocopying Charge (Black & White A4)	\$0.20	
Freedom of Information lodgement fee*	\$27.20	
*Denotes statutory fees as determined by legislation and therefore subject to any change in legislation.		
COMMUNITY HOUSING		
Community housing units	Rents are calculated at 25% of household income except for Centrelink family related payments. Effective from 24 July 2011, the rebated rent is calculated at 15% of	Rents are calculated at 25% of household income except for Centrelink family related payments. Effective from 24 July 2011, the rebated rent is calculated at 15% of
DISHONoured PAYMENTS		
Direct Debit fee	\$16.00	\$18.00
Dishonoured Cheque Fee	\$16.00	\$18.00

Appendix B

Revised budget process

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

Under the Act, the revised budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2016/17 revised budget, which is included in this report, is for the year 1 July 2016 to 30 June 2017 and is prepared in accordance with the Act and Regulations. The revised budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ended 30 June 2016 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The revised 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 revised budget.

A 'proposed' revised budget has been prepared as a result of a proposal to acquire land and take out borrowings for consideration by Council in August 2016 for approval 'in principle'. Council is then required to give 'public notice' that it intends to 'adopt' the revised budget. It must give 28 days notice of its intention to adopt the proposed revised budget and make the revised 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 revised budget and any submission must be considered before adoption of the revised budget by Council.

The final step is for Council to adopt the revised budget after receiving and considering any submissions from interested parties, which is planned for October 2016. A copy of the revised budget must be submitted to the Minister within 28 days after adoption.