

MOUNT ALEXANDER SHIRE COUNCIL

BUDGET 2018/2019



Mayor's introduction

Councillors are pleased to release the Budget 2018/2019 to the community. This financially responsible budget is in the second year of our Council Plan 2017-2021. It builds on the extensive planning we have undertaken and the efficiencies we have delivered over a number of years. It outlines the services and capital works we will deliver to achieve our vision:

**Mount Alexander:
Innovative, Creative, Connected.**

The Council Plan 2017-2021 sets out our vision for the full term of the Council, under the adopted pillars of **Our People, Our Place, Our Economy**. The focus of this year's budget will be on the completion of a number of prior commitments and planning for the future.

The budget details the resources required over the next year to fund the large range of services we provide to the community. It includes details of capital expenditure allocations to improve and renew our shire's physical infrastructure, buildings and assets, as well as funding for a range of operational projects. These allocations take into account the considerable amount of work we have been doing to audit the conditions of our physical assets to prioritise our investment.

As your Councillors, it is our role to listen to community sentiment and understand your priorities. We consistently hear that council's services are extremely valued by the community, but we also need to be financially responsible. In response, Council continues to ensure our services meet community needs and are delivered as efficiently and effectively as possible. Council will continue to identify sustainable cost savings that will enable us to deliver high quality, responsive and accessible services to the community while increasing our advocacy efforts to ensure we receive our fair share of government funding, and transition to future service delivery methods.

The proposed budget proposes a rate increase of 2.25%. This is in line with the State Government Fair Go Rates System (FGRS) which has capped rate increases by Victorian councils to 2.25% in 2018/2019. Council has not applied to the Essential Services Commission for a rate cap variation.

The increase in annual waste charges, of between 3.7% and 7.0%, reflects the rising costs of waste management, global recycling challenges, payment of the State Government landfill levy and the cost of rehabilitating current cells in the landfill.

In this budget we have allocated funding of \$11.35 million (including carry-forward projects) for the capital works program. Highlights of the capital program include:

- * Roads (\$3.6M) – includes the annual program of local road resealing work to maximise the integrity and life of our roads (\$1.05M), and a program to rehabilitate part of our unsealed road network (\$550,000), as well as pavement rehabilitation works on Metcalfe-Redesdale Road and Urquhart Street, Castlemaine (\$1.17M).
- * Bridges (\$830,000) – including the construction of two new concrete bridges on Campbells Creek-Fryers Road and undertaking various designs for future works.
- * Completion of Stage 2 construction of a multipurpose pavilion at Wesley Hill Recreation Reserve and associated access and safety works (\$1.73M), and construction of new floodlights at Doug Powell Oval at Wesley Hill (\$400,000), with \$250,000 State Government and community contributions.

The proposed budget includes a number of new and continuing initiatives to be encouraging innovative, creativity and strong, resilient and connected communities including:

- * Additional investment of \$100,000 for community building repairs and maintenance,
- * Undertake data collection on park trees including the identification, recording and assessment of tree health (\$120,000),
- * Preparation of a Developer Contribution Plan for Harcourt, that will collect financial contributions towards infrastructure upgrades to accommodate the town's growth (\$40,000).
- * Resourcing to deliver the State Government funded Supported Playgroups Program and support implementation of the Early Years Plan (\$96,000 – Council funded \$40,000).
- * \$80,000 in additional road base materials to support increased unsealed road maintenance,
- * Preparation and publishing of updated Maldon Design Guidelines (in-house resources).

As an aging community the care of our elderly is very important. There are significant changes to aged and disability care being brought in by the Commonwealth Government and we are planning for the challenges of those changes.

The third year of operations under the Fair Go Rates System coincides with the finalisation of changes to our rating strategy which was adopted in 2016. This means that while Council proposes a rate increase that is in line with the 2.25% rate increase, the actual rate increase for each ratepayer varies as council removes the municipal charge. 2018/2019 is also a general revaluation year for the shire, where all property values have been reviewed. Council receives no additional revenue as a result of the revaluation. The result is simply a redistribution of rates payable between all properties.

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. Council has continued to invest significantly in capital works while remaining within the rate cap and reducing debt. No new borrowings are budgeted for 2018/2019.

I encourage you to read the remainder of this document to understand our investment and the services we are committed to delivering.

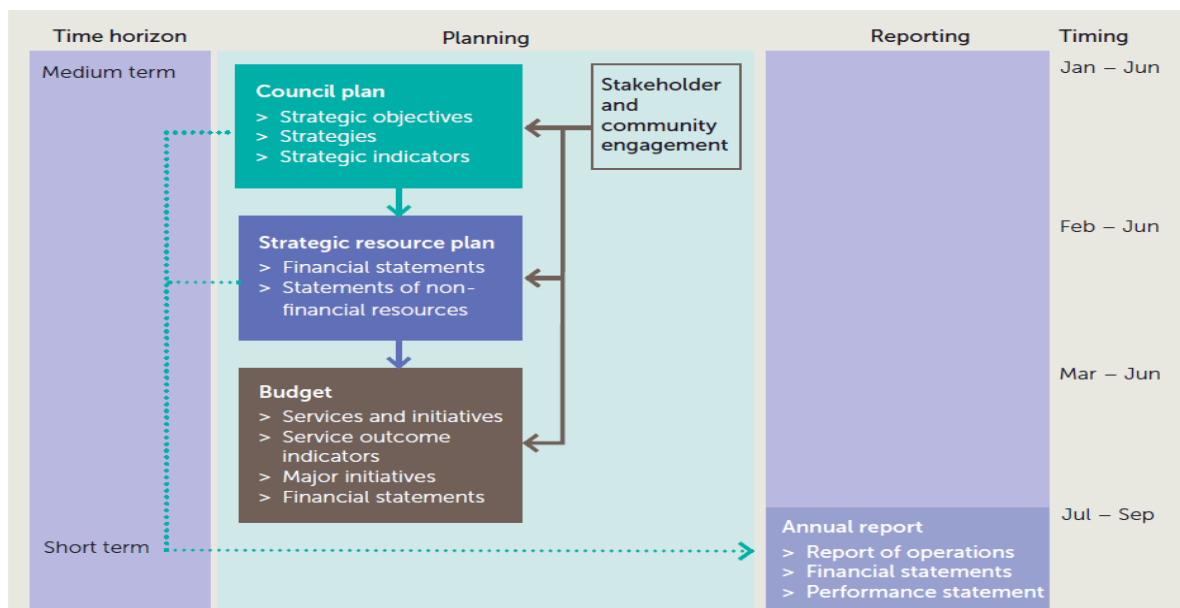
Cr Bronwen Machin
Mayor

1. Link to the Council Plan

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

1.1 Planning and accountability framework

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



Source: Department of Environment, Land, Water and Planning

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

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

1.2 Our purpose

Our vision

Mount Alexander:
Innovative, Creative, Connected.

Our principles

Mount Alexander Shire Council will:

- * Listen to our communities, respect their views and respond openly and responsibly
- * Insist on integrity, equity, and fairness in delivering services and facilities
- * Be progressive and innovative
- * Advocate for our shire and collaborate with others for the benefit of our region.

1.3 Pillars

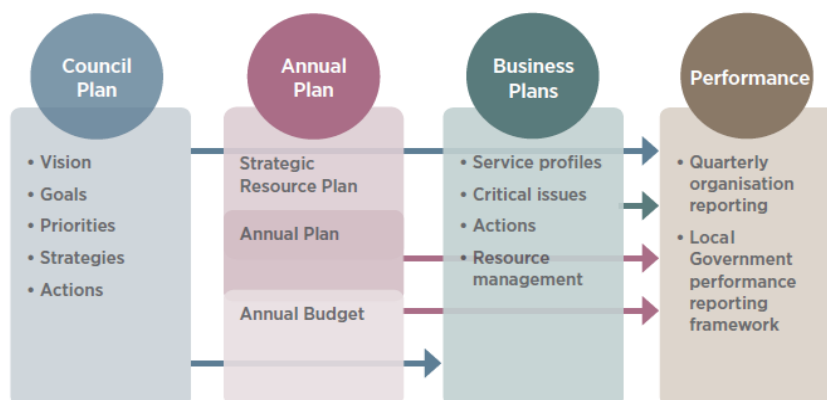
Council delivers activities and initiatives under major service categories. Each contributes to the achievement of one of the pillars as set out in the four year Council Plan 2017-2021. The three pillars as described in the Council Plan are:

Our people	<ul style="list-style-type: none"> - socially connected, safe and inclusive communities - local services that support the needs of our community - improved health and wellbeing - a welcoming place for all
Our place	<ul style="list-style-type: none"> - well managed assets for now and into the future - a clean and green community - well planned for growth
Our economy	<ul style="list-style-type: none"> - a creative and innovative economy - great opportunities for education and technology - an innovative and sustainable organisation



2. Services and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2018/2019 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, other 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:



The tables below provides Council's net operating costs to deliver on-going and one off projects.

2.1 Our People

Population | Health | Wellbeing | Support | Resilience | Partnerships | Social services | Connections

Service area	Description of services provided	2017/2018		2018/2019	
		Exp	Rev	Budget	Budget
		\$'000		\$'000	
Aged and Disability Services	Assesses and plans services for older people and people with disabilities to enable them to remain living independently. This includes home care services, personal care services, respite services, delivered meals, home safety and social support programs for isolated older people.	Exp	2,401	2,427	
		Rev	2,041	1,972	
		NET	360	455	
Civic Compliance	Improves safety and amenity in the shire by supervising school crossings, control of domestic animals and livestock, regulating parking, issuing local law permits and infringement notices, and providing information and advice to the community.	Exp	777	647	
		Rev	382	408	
		NET	395	239	
Communication	Provides information to the community about our programs and services through media, social media, advertising, newsletters and web. Assists and provides advice to staff on sharing information and engagement with the community.	Exp	344	355	
		Rev	-	-	
		NET	344	355	
Community Partnerships	Works with local residents, community organisations and service providers to build community capacity and strengthen our engagement with the community.	Exp	506	505	
		Rev	-	-	
		NET	506	506	
Corporate Support	Provides policy, systems and support in the areas of continuous improvement, corporate planning and performance reporting.	Exp	554	531	
		Rev	52	41	
		NET	502	489	
Customer Service	Assists customers with general enquiries, shares information, registers community requests for service and processes payments.	Exp	346	351	
		Rev	-	-	
		NET	346	351	

2.1 Our People (cont.)

Service area	Description of services provided		2017/2018 Budget \$'000	2018/2019 Budget \$'000
Emergency Management	Develops and implements strategies to increase the emergency management capability of the shire and community. Undertakes prevention measures to reduce risk from hazards.	<i>Exp</i>	271	259
		<i>Rev</i>	135	134
		<i>NET</i>	136	125
Environmental Health	Conducts inspections and maintains registrations for food and public health businesses, including registration and approval of temporary food permits, assessment of septic tank applications and investigates complaints.	<i>Exp</i>	381	411
		<i>Rev</i>	142	143
		<i>NET</i>	239	268
Executive	Strategically manages the organisation in keeping with the requirements of good governance, legislation and strategic policy.	<i>Exp</i>	1,003	1,009
		<i>Rev</i>	-	-
		<i>NET</i>	1,003	1,009
Library Operations	Provides accessible information and resources for the recreational, cultural, educational and social development of our community. The service is provided by Goldfields Library Corporation via the library located in Castlemaine.	<i>Exp</i>	495	516
		<i>Rev</i>	20	19
		<i>NET</i>	475	497
Maternal and Child Health	Provides consultations, information, referrals, advice and support for children from birth to school age and their families.	<i>Exp</i>	216	335
		<i>Rev</i>	155	203
		<i>NET</i>	62	132
Organisational Capability	Provides strategic and operational organisation development support including human resource and industrial relations strategies, policies and procedures.	<i>Exp</i>	1,173	1,181
		<i>Rev</i>	6	6
		<i>NET</i>	1,167	1,176
Records	Stores, retrieves and archives records and ensures legislative and privacy requirements are met.	<i>Exp</i>	312	315
		<i>Rev</i>	-	-
		<i>NET</i>	312	315
Youth Development	Works in partnership with young people and the community, organisations and service providers to support and promote initiatives, activities and programs that strengthen young people's connections and place within the community.	<i>Exp</i>	126	167
		<i>Rev</i>	43	87
		<i>NET</i>	83	80

Major initiatives

1) Resourcing to deliver the State Government funded Supported Playgroups Program and support implementation of the Early Years Plan (\$96,000 – Council funded \$40,000).

2) State and Federal Governments will continue to part fund the Home and Community Care and Commonwealth Home Support Program to deliver quality and innovative programs in aged and disability services.

Other initiatives

3) To provide support to projects that acknowledge, enhance and protect our local indigenous culture, both past and present (\$10,000).

4) Construction of an off-lead Dog Park (\$60,000).

5) To support the community in preparing and responding to emergency events, Council will partner with communities, agencies and neighbouring municipalities to strengthen emergency and disaster planning, awareness and preparedness. An Emergency Management Coordinator has been funded by the State Government until 2020 (\$120,000 grant funded).

2.1 Our People (cont.)

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Wellbeing - Families and Children	Participation	Participation in MCH service (Percentage of children enrolled who participate in the MCH)	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
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



2.2 Our Place

Buildings | Sport and recreation facilities | Roads | Footpaths | Drainage | Trails | Playgrounds | Gardens | Natural environment | Waste | Recycling | Heritage

Service area	Description of services provided		2017/2018 Budget \$'000	2018/2019 Budget \$'000
Active Communities	Provides advice on local recreational needs and facility use and planning, while running special projects and events to promote and develop healthy physical activity in the shire and support sports and recreation clubs.	<i>Exp</i>	795	954
		<i>Rev</i>	1	110
		<i>NET</i>	794	843
Community Buildings and Property Management	Prepares maintenance and management programs for our buildings, pavilions and other community assets to maximise value and use. The service also facilitates management and strategic planning for our building, land, commercial and community leases and licences.	<i>Exp</i>	768	797
		<i>Rev</i>	95	108
		<i>NET</i>	673	689
Environment and Sustainability	Develops environmental policy, coordinates and implements environmental projects and works with other services to improve our environmental performance, including climate change initiatives.	<i>Exp</i>	278	352
		<i>Rev</i>	-	32
		<i>NET</i>	278	320
Infrastructure	Designs, contract manages and supervises our capital works program. Undertakes safety and condition inspections of roads, bridges and footpaths, and maintains the asset management system while overseeing community infrastructure development.	<i>Exp</i>	675	766
		<i>Rev</i>	321	127
		<i>NET</i>	354	639
Parks and Gardens	Manages key parks and recreation areas including Castlemaine Botanical Gardens, Maldon Gardens and Victory Park, and provides tree pruning, planting and removal in addition to planning and strategies.	<i>Exp</i>	1,912	1,944
		<i>Rev</i>	-	-
		<i>NET</i>	1,912	1,944
Recreation Facilities	Oversees the management, use and development of sports grounds and pavilions. Provides advice on recreational needs, facility use and planning to provide access to well-maintained sporting and recreation facilities.	<i>Exp</i>	228	236
		<i>Rev</i>	83	82
		<i>NET</i>	145	154
Roads and Paths	Undertakes maintenance and renewal of our roads, bridges, paths and drainage. This includes maintenance grading, patrol patching, periodic gravel and bituminous resurfacing, road and intersection renewals, road markings, signage, drain clearance and street sweeping.	<i>Exp</i>	2,857	3,239
		<i>Rev</i>	867	632
		<i>NET</i>	1,990	2,607
Street Beautification	Manages street trees, coordinates new lighting installations and maintains public toilets. The service also provides annual inspections, programming and implementation of power line clearance requirements in Castlemaine and Maldon.	<i>Exp</i>	257	245
		<i>Rev</i>	49	41
		<i>NET</i>	207	204
Waste Management	Manages the waste management facilities at Castlemaine and Maldon. Provides kerbside waste, recycling collection and develops and implements waste and resource recovery strategies.	<i>Exp</i>	2,323	3,070
		<i>Rev</i>	4,261	4,535
		<i>NET</i>	(1,938)	(1,466)

2.2 Our Place (cont.)

Major initiatives

- 1) Undertake data collection on park trees including the identification, recording and assessment of tree health (\$120,000).
- 2) Construction of two new concrete bridges on Campbells Creek-Fryers Road (\$790,000).
- 3) Completion of Stage 2 construction of a multipurpose pavilion at Wesley Hill Recreation Reserve, including associated access and safety works (\$1.73M).
- 4) Construction of new floodlights to Doug Powell Oval, Wesley Hill Recreation Reserve (\$400,000) with \$250,000 State Government and community contributions.
- 5) Continue to deliver minor improvements to streetscapes in our Small Towns (\$100,000).
- 6) Construction of a new district level play space at Victory Park (\$326,000); and playspace design for Harcourt (\$60,000).
- 7) Annual program of local road resealing work to maximise the integrity and life of our roads (\$1.05M).
- 8) Annual program to rehabilitate part of our unsealed road network (\$550,000).
- 9) Reconstruction works on Metcalfe-Redesdale Road and Urquhart Street including the Lyttleton Street roundabout (\$1.17M).
- 10) Design and begin construction of a new Resource Recovery Centre at the Castlemaine Waste Facility (\$600,000).

Other initiatives

- 11) Additional investment for community building facilities repairs and maintenance (\$100,000).
- 12) Increased weed management activities along urban waterways, and improve inspections and maintenance of walking trails (\$48,750).
- 13) Continue rolling five-year asset data, including the condition and revaluation program to manage our drainage network in 2018/2019 (\$100,000).
- 14) Additional road base materials to support increased road maintenance (\$80,000).
- 15) Construction of drainage works along Moscript Street (\$312,000) as well as and Saint Street Stage 2 drainage works (\$160,000).
- 16) Various footpath and streetscape works across the shire (\$395,000).
- 17) Upgrade of disabled parking spaces to comply with Australian Standards (\$86,000).
- 18) Implement strategic communications plan to improve communication and engagement with the community (in-house resources).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (The number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Roads	Satisfaction	Satisfaction with sealed local roads	Community satisfaction rating out of 100 on how Council has performed on the condition of sealed local roads
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

2.3 Our Economy

Business | Economy | Jobs | Education | Creativity | Innovation | Tourism | Culture | Events

Service area	Description of services provided		2017/2018	2018/2019
			Budget \$'000	Budget \$'000
Building Services	Provides building compliance services including emergency management responsibilities, fire safety inspections, swimming pool barrier audits and investigates complaints and illegal works.	<i>Exp</i>	245	177
		<i>Rev</i>	67	75
		<i>NET</i>	178	102
Cultural Development	Provides advocacy and support to help develop arts, cultural and creative activities across the shire.	<i>Exp</i>	226	238
		<i>Rev</i>	12	16
		<i>NET</i>	214	222
Economic Development	Undertakes initiatives to build the local economy including support for the growth of local businesses and industry networks along with reducing barriers for business development. Works towards creating and maintaining an environment that ensures the shire is a desirable location for people to visit, work, live and invest.	<i>Exp</i>	574	526
		<i>Rev</i>	-	-
		<i>NET</i>	574	526
Financial Services	Manages finances through the preparation and monitoring of the budget, payment of accounts, procurement of services, raising and collection of rates and charges and valuation of properties.	<i>Exp</i>	1,596	1,788
		<i>Rev</i>	571	570
		<i>NET</i>	1,025	1,218
Governance	Coordinates Council meetings, Councillor related activities and provides support and oversight of compliance with the Local Government Act.	<i>Exp</i>	500	482
		<i>Rev</i>	10	5
		<i>NET</i>	490	477
Information Services	Provides, supports and maintains cost effective communications and IT systems enabling Council to deliver services in a productive and efficient way.	<i>Exp</i>	842	872
		<i>Rev</i>	-	-
		<i>NET</i>	842	872
Planning Services	Manages land use and development in the municipality in accordance with the Mount Alexander Planning Scheme. The service provides planning information and advice, assesses planning permit applications and undertakes compliance activities. Develops and implements urban and rural planning strategy and maintains an effective planning scheme through regular reviews and planning scheme amendments, while ensuring appropriate support for our heritage.	<i>Exp</i>	1,233	1,433
		<i>Rev</i>	258	326
		<i>NET</i>	975	1,107
Tourism Services	Provides visitor information, marketing and industry development for the shire. Supports economic and social benefits of tourism through operation of Visitor Information Centres in Castlemaine and Maldon. Provides accommodation and tour booking services.	<i>Exp</i>	329	323
		<i>Rev</i>	147	93
		<i>NET</i>	182	230

2.3 Our Economy (cont.)

Major initiatives

- 1) Implement an events grants program and increase resourcing of community events throughout the shire (\$31,750).
- 2) Undertake works to improve production capabilities and safety at the Phee Broadway Theatre, following consultation with key local theatre group members (\$50,000).
- 3) Stage 2 of conservation works at the Market Building in Castlemaine – ensuring investment in our historic past (\$230,000).
- 4) Continuation of design and construction of the Maldon Streetscape works (\$195,000).

Other initiatives

- 5) Preparation of a Developer Contribution Plan for Harcourt to enable collection of financial contributions towards infrastructure upgrades to accommodate the town's growth (\$40,000).
- 6) Prepare and publish updated Maldon Design Guidelines (in-house resources).
- 7) Assist in the successful delivery of the Regional Centre for Culture, and implement the At Home Phee Residency Program.
- 8) Continue to invest in a modern, integrated software platform that will allow council to more efficiently deliver all core functions and take advantage of new technologies to deliver improved services (\$200,000).
- 9) Support the Castlemaine Goods Shed Project (\$15,000).

Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT 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 Council decisions in relation to planning applications] x100
Governance	Satisfaction	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)

2.4 Reconciliation with budgeted operating result

	(Net Cost) Revenue \$'000	Expenditure \$'000	Revenue \$'000
Our People	(5,995)	9,008	3,013
Our Place	(5,935)	11,602	5,666
Our Economy	(4,754)	5,839	1,085
Total	(16,685)	26,449	9,764
Expenses added in:			
Depreciation	(8,521)		
Net (gain) / loss on disposal of assets	485		
Deficit before funding sources	(24,721)		
Funding sources added in:			
Rates revenue	18,769		
Rates interest	120		
Capital works income	2,255		
Unallocated Victorian Grants Commission	1,612		
Total funding sources	22,756		
Operating surplus/(deficit) for the year	(1,965)		
Less			
Capital grants	(2,101)		
Capital contributions	(154)		
Underlying surplus/(deficit) for the year	(4,220)		

3. Financial Statements

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

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

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



Comprehensive Income Statement

For the four years ending 30 June 2022

	NOTES	Budget	Budget	Strategic Resource Plan Projections		
		2017/2018 \$'000	2018/2019 \$'000	2019/2020 \$'000	2020/2021 \$'000	2021/2022 \$'000
Income						
Rates and charges	4.1.1(a)	22,255	23,044	23,999	25,035	25,810
Statutory fees and fines	4.1.2	839	997	1,022	1,047	1,074
User fees	4.1.3	1,212	898	925	953	981
Grants - Operating	4.1.4(a)	4,502	4,722	7,297	7,500	7,708
Grants - Capital	4.1.4(b)	3,754	2,101	4,736	5,166	1,207
Contributions - monetary		60	70	71	73	74
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(475)	(485)	(495)	(506)	(516)
Other income	4.1.5	725	927	894	864	878
Total income		32,872	32,274	38,450	40,132	37,216
Expenses						
Employee costs	4.1.6	13,940	14,621	15,130	15,656	16,201
Materials and services	4.1.6	8,530	9,327	9,100	9,328	9,561
Depreciation and amortisation	4.1.8	7,071	8,521	8,105	8,191	8,278
Bad and doubtful debts		7	6	5	6	6
Borrowing costs		223	194	194	252	253
Other expenses	4.1.10	1,358	1,569	1,192	1,352	1,144
Total expenses		31,129	34,238	33,727	34,785	35,443
Surplus/(deficit) for the year		1,743	(1,964)	4,723	5,347	1,773
Other comprehensive income						
Net asset revaluation increment		1,238	-	69	-	471
Share of other comprehensive income of associates		20	(1)	20	20	20
Total comprehensive result		3,001	(1,965)	4,812	5,367	2,264

Balance Sheet

For the four years ending 30 June 2022

		Budget	Budget	Strategic Resource Plan Projections		
	NOTES	2017/2018 \$'000	2018/2019 \$'000	2019/2020 \$'000	2020/2021 \$'000	2021/2022 \$'000
Assets						
Current assets						
Cash and cash equivalents		10,061	9,706	7,230	5,584	7,041
Trade and other receivables		3,162	2,690	3,202	3,322	3,076
Inventories		70	70	70	70	70
Non-current assets classified as held for sale		75	75	75	75	75
Total current assets	4.2.1	13,368	12,541	10,576	9,051	10,262
Non-current assets						
Investments in associates		767	767	787	807	827
Property, infrastructure, plant & equipment		312,073	312,667	322,773	330,428	328,814
Intangible assets		470	447	423	400	376
Total non-current assets	4.2.1	313,310	313,881	323,983	331,634	330,017
Total assets		326,678	326,421	334,560	340,685	340,279
Liabilities						
Current liabilities						
Trade and other payables		2,045	1,661	1,650	1,714	1,728
Trust funds and deposits		827	819	811	802	794
Provisions		2,455	3,397	2,892	4,864	3,346
Interest-bearing liabilities	4.2.3	534	538	1,913	1,158	2,327
Total current liabilities	4.2.2	5,861	6,415	7,266	8,538	8,195
Non-current liabilities						
Provisions		1,936	1,209	1,208	186	185
Interest-bearing liabilities	4.2.3	3,811	3,282	5,760	6,268	3,941
Total non-current liabilities	4.2.2	5,747	4,491	6,968	6,454	4,126
Total liabilities		11,608	10,906	14,233	14,992	12,321
Net assets		315,070	315,516	320,326	325,694	327,958
Equity						
Accumulated surplus		112,604	115,857	122,462	128,455	130,984
Reserves	4.3.1	202,466	199,659	197,865	197,239	196,974
Total equity		315,070	315,516	320,326	325,694	327,958

Statement of Changes in Equity

For the four years ending 30 June 2022

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
NOTES	\$'000	\$'000	\$'000	\$'000
2018/2019 Budget				
Balance at beginning of the financial year	317,481	111,397	195,688	10,396
Surplus / (deficit) for the year	(1,965)	(1,965)	-	-
Net asset revaluation increment / (decrement)	-	-	-	-
Transfers to / (from) other reserves	-	6,425	-	(6,425)
Balance at end of the financial year	315,516	115,857	195,688	3,971
2019/2020				
Balance at beginning of the financial year	315,516	115,857	195,688	3,971
Surplus / (deficit) for the year	4,742	4,742	-	-
Net asset revaluation increment / (decrement)	69	-	69	-
Transfers to / (from) other reserves	-	1,863	-	(1,863)
Balance at end of the financial year	320,326	122,462	195,757	2,108
2020/2021				
Balance at beginning of the financial year	320,326	122,462	195,757	2,108
Surplus / (deficit) for the year	5,367	5,367	-	-
Net asset revaluation increment / (decrement)	-	-	-	-
Transfers to / (from) other reserves	(0)	626	-	(626)
Balance at end of the financial year	325,694	128,455	195,757	1,482
2021/2022				
Balance at beginning of the financial year	325,694	128,455	195,757	1,482
Surplus / (deficit) for the year	1,793	1,793	-	-
Net asset revaluation increment / (decrement)	471	-	471	-
Transfers to / (from) other reserves	0	735	-	(735)
Balance at end of the financial year	327,958	130,984	196,227	747

Statement of Cash Flows

For the four years ending 30 June 2022

	Budget		Strategic Resource Plan Projections		
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	Notes	\$'000	\$'000	\$'000	\$'000
	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities					
Rates and charges	23,541	23,647	23,840	25,100	26,156
Statutory fees and fines	886	1,023	1,015	1,050	1,088
User fees	1,911	921	919	955	994
Grants - operating	4,762	4,845	7,249	7,519	7,811
Grants - capital	3,971	2,156	4,705	5,179	1,223
Contributions - monetary	201	70	71	73	74
Interest received	435	435	392	352	356
Trust funds and deposits	12	(8)	(8)	(8)	(8)
Other receipts	2,024	1,984	2,724	2,460	2,412
Employee costs	(14,259)	(15,245)	(15,543)	(16,044)	(16,624)
Materials and services	(9,415)	(9,870)	(9,507)	(9,718)	(9,971)
Other payments	(5,147)	(5,675)	(2,485)	(1,931)	(3,474)
Net cash provided by / (used in) operating activities 4.4.1	8,922	4,282	13,371	14,988	10,037
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	(13,978)	(12,145)	(19,801)	(16,429)	(7,464)
Proceeds from sale of property, infrastructure, plant and equipment	275	272	275	275	275
Loans and advances	-	(1)	20	20	20
Net cash provided by / (used in) investing activities 4.4.2	(13,703)	(11,874)	(19,506)	(16,134)	(7,169)
Cash flows from financing activities					
Finance costs	(222)	(194)	(194)	(252)	(253)
Proceeds from borrowings	-	-	4,533	1,700	-
Repayment of borrowings	(501)	(525)	(680)	(1,948)	(1,158)
Net cash provided by / (used in) financing activities 4.4.3	(723)	(719)	3,659	(500)	(1,411)
Net increase / (decrease) in cash & cash equivalents	(5,504)	(8,311)	(2,476)	(1,646)	1,457
Cash and cash equivalents at the beginning of the financial year	15,565	18,017	9,706	7,230	5,584
Cash and cash equivalents at the end of the financial year	10,061	9,706	7,230	5,584	7,041

Statement of Capital Works

For the four years ending 30 June 2022

	NOTES	Budget	Budget	Strategic Resource Plan Projections		
		2017/2018 \$'000	2018/2019 \$'000	2019/2020 \$'000	2020/2021 \$'000	2021/2022 \$'000
Property						
Land improvements		1,661	292	1,127	1,416	779
Total land improvements		1,661	292	1,127	1,416	779
Buildings		3,803	3,433	9,725	10,299	1,878
Total buildings		3,803	3,433	9,725	10,299	1,878
Total property		5,464	3,725	10,852	11,716	2,657
Plant and equipment						
Plant, machinery and equipment		931	905	943	715	830
Computers and telecommunications		844	331	153	271	233
Total plant and equipment		1,775	1,236	1,098	989	1,067
Infrastructure						
Roads		2,799	3,600	2,490	1,831	1,856
Bridges		1,174	829	780	796	812
Footpaths and cycleways		881	460	344	347	354
Drainage		535	903	113	100	116
Waste management		50	600	3,210	97	99
Total infrastructure		5,439	6,392	6,939	3,173	3,241
Total capital works expenditure	4.5.1	12,678	11,353	18,889	15,878	6,965
Represented by:						
New asset expenditure		1,193	1,484	2,083	2,774	384
Asset renewal expenditure		8,632	8,438	9,473	7,223	5,373
Asset expansion expenditure		-	844	3,590	2,709	-
Asset upgrade expenditure		2,853	587	3,744	3,172	1,198
Total capital works expenditure	4.5.1	12,678	11,353	18,889	15,878	6,955

Statement of Human Resources

For the four years ending 30 June 2022

	Budget	Budget	Strategic Resource Plan Projections		
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	13,940	14,621	15,130	15,656	16,201
Employee costs - capital	862	818	847	876	907
Total staff expenditure	14,802	15,439	15,976	16,532	17,108
Staff numbers	FTE	FTE	FTE	FTE	FTE
Employees	161.4	163.6	163.6	163.6	163.6
Total staff numbers	161.4	163.6	163.6	163.6	163.6

Council has allocated additional resources of 2.20 FTE in the 2018/2019 budget, being a full-time grants co-ordinator, early year's project officer and additional resources for community events. These additional positions amount to expenditure \$223,000 offset by grant funding of \$165,000.

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

Department	Budget	Permanent		Casual
	2018/2019	Full Time	Part time	
	\$'000	\$'000	\$'000	\$'000
Business Performance	1,103	632	470	-
Communications and Customer Services	1,053	615	408	30
Community Partnerships	946	461	472	13
Community Places and Spaces	749	319	429	-
Community Wellbeing	1,874	393	1,481	-
Development Services	1,732	968	764	-
Economy and Culture	495	232	263	-
Executive	935	819	116	-
Healthy Environments	1,630	1,271	359	-
Infrastructure	2,485	2,349	136	-
Organisational Capability	944	705	227	11
Total permanent staff expenditure	13,946	8,765	5,126	55
Casuals, temporary and other expenditure	675			
Capitalised labour costs	818			
Total expenditure	15,439			

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

Department	Budget	Permanent		Casual
	2018/2019	Full Time	Part time	
Business Performance	11.3	6.0	5.3	-
Communications and Customer Services	12.2	6.2	5.7	0.3
Community Partnerships	8.7	4.0	4.6	0.1
Community Places and Spaces	7.3	2.9	4.4	-
Community Wellbeing	25.0	5.0	20.0	-
Development Services	18.9	10.4	8.5	-
Economy and Culture	5.0	2.0	3.0	-
Executive	5.4	4.0	1.4	-
Healthy Environments	20.2	16.0	4.2	-
Infrastructure	31.6	29.7	2.0	-
Organisational Capability	9.7	7.0	2.6	0.1
Total permanent staff	155.3	93.2	61.6	0.5
Capitalised labour	8.3			
Total staff	163.6			



4. Notes to the financial statements

This section presents detailed information on the material components of the financial statements.

4.1 Comprehensive Income Statement

4.1.1 Rates and charges

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has been an important component of the Strategic Resource Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2018/2019 the FGRS cap has been set at 2.25%. The cap applies to both general rates and municipal charges, and is calculated on the basis of Council's average rates and charges.

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

To achieve these objectives while maintaining service levels and a strong capital works program, the average general rate will increase by 2.25% in line with the rate cap. Waste service charges are not subject to the State Government cap and will increase between 3.7% and 7.0%.

This will raise total rates and charges for 2018/2019 to \$23.04 million

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

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Change \$'000	%
General rates*	17,120	18,709	1,589	9.28%
Municipal charge*	1,079	-	(1,079)	-100.00%
Waste management charge	3,996	4,275	279	6.98%
Supplementary rates and rate adjustments	60	60	-	0.00%
Total rates and charges	22,255	23,044	789	3.55%

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

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

Type or class of land	2017/2018 cents/\$CIV	2018/2019 cents/\$CIV	Change %
General rate for rateable residential properties	0.3520	0.4145	17.8%
General rate for rateable farm properties	0.3520	0.4145	17.8%
General rate for rateable commercial properties	0.4576	0.5389	17.8%
General rate for rateable farm properties on Land Management Rate	0.3168	0.3316	4.7%
General rate for rateable vacant land	0.7796	0.8290	6.3%

Rates in the dollar are subject to minor amendments when the general revaluation is completed. Final rates will be adopted by Council at its meeting on 26 June 2018.

4.1.1 Rates and Charges (cont.)

4.1.1(c) 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	2017/2018	2018/2019	Change	
	\$'000	\$'000	\$'000	%
Residential	12,237	13,288	1,051	8.6%
Farm	940	1,215	275	29.3%
Commercial	1,496	1,594	98	6.6%
Land management	1,126	1,076	(50)	-4.4%
Vacant land	1,318	1,536	218	16.5%
Total amount to be raised by general rates	17,117	18,709	1,592	9.3%

4.1.1(d) The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year:

Type or class of land	2017/2018	2018/2019	Change	
	Number	Number	Number	%
Residential	8,849	8,933	84	0.9%
Farm	487	540	53	10.9%
Commercial	483	496	13	2.7%
Land management	467	448	(19)	-4.1%
Vacant land	1,177	1,227	50	4.2%
Total number of assessments	11,463	11,644	181	1.6%

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

4.1.1(f) The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year:

Type or class of land	2017/2018	2018/2019	Change	
	\$'000	\$'000	\$'000	%
Residential	3,139,304	3,204,704	65,400	2.1%
Farm	241,104	293,220	52,116	21.6%
Commercial	295,259	295,779	520	0.2%
Land management	361,182	324,432	(36,750)	-10.2%
Vacant land	169,072	185,225	16,153	9.6%
Total value of land	4,205,921	4,303,360	97,439	2.3%

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

Type of Charge	Per Rateable	Per Rateable	Change	
	Property	Property		
	2017/2018	2018/2019	\$'000	%
Municipal charge	\$ 94	\$ -	(94)	-100.0%

Council has removed the municipal charge in 2018/2019, as per the adopted Rating Strategy 2016-2021.

4.1.1 Rates and Charges (cont.)

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

Type of Charge	2017/2018	2018/2019	Change	
	\$	\$	\$	%
Municipal charge	1,079	-	(1,079)	-100.0%

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

Type of Charge	Per Rateable Property	Per Rateable Property	Change	
	2017/2018	2018/2019	\$	%
	\$	\$	\$	%
Kerbside collection 80 litre bin	405	420	15	3.7%
Kerbside collection 140 litre bin	570	610	40	7.0%

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

Type of Charge	2017/2018	2018/2019	Change	
	\$	\$	\$	%
Kerbside collection 80 litre bin	930	1,007	77	8.3%
Kerbside collection 140 litre bin	3,066	3,268	202	6.6%
Total	3,996	4,275	279	6.98%

4.1.1(k) Fair Go Rates System Compliance

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

	2018/2019
Total Rates	\$ 18,199,000
Number of rateable properties	11,463
Base Average Rates	\$ 1,588
Maximum Rate Increase (set by the State Government)	2.25%
Capped Average Rate	\$ 1,623
Maximum General Rates and Municipal Charges Revenue	\$ 18,902,304
Budgeted General Rates and Municipal Charges Revenue	\$ 18,769,000

4.1.1(l) 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 (2018/2019: estimated \$60,000 and 2017/2018: \$60,000)
- * 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
- * Changes of use of land such that residential land becomes business land and vice versa.

4.1.1 Rates and Charges (cont.)

4.1.1(m) 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 0.4145% (0.4145 cents in the dollar of CIV) for all rateable general and residential properties
- * A general rate of 0.4145% (0.4145 cents in the dollar of CIV) for all rateable farming properties
- * A general rate of 0.5389% (0.5389 cents in the dollar of CIV) for rateable commercial properties
- * A general rate of 0.3316% (0.3316 cents in the dollar of CIV) for all rateable farming properties on land management rate
- * A general rate of 0.8290% (0.8290 cents in the dollar of CIV) for all rateable vacant residential land

Rates in the dollar are subject to minor amendments when the general revaluation is completed. Final rates will be adopted by Council at its meeting on 26 June 2018.

4.1.1(n) General rate

General rates include residential properties and home based businesses that are conducted at residential premises. Vacant land that is not farm land and cannot be developed for residential purposes is also classified as general.

4.1.1(o) General farm rate

The general farm rates applies to land with an area greater than 20 hectares that undertakes farming activity. Properties on the farm rate are able to apply for a single farm enterprise concession where only one municipal charge is paid though there is more than one assessment.

4.1.1(p) Commercial land rate

Commercial land is any land, which is occupied for the principal purpose of carrying out the manufacture or production of, or trade in, goods or services. The Commercial rate is set at 130% of the general rate.

4.1.1(q) Land management rate

The Land Management rate is a concession available to properties currently rated as a farm with an area greater than 20 hectares, or properties who operate a farm business, that have or will undertake a pest and weed control program. It is available upon annual application and the rate is set at 80% of the general rate.

4.1.1(r) Vacant land rate

The vacant land rate applies to rateable residential land that does not have a dwelling and is set at 200% of the general rate.

4.1.1(s) Trust For Nature Covenants (TFNC)

The Trust For Nature Covenants receive a 100% rebate for that portion of land covered by a TFNC.

4.1.2 Statutory fees and fines

	Budget	Budget	Change	
	2017/2018	2018/2019	\$'000	%
	\$'000	\$'000	\$'000	%
Animal control	186	204	18	9.9%
Planning permit and fees	257	330	73	28.4%
Health registrations	131	124	(6)	-4.8%
Local laws	72	129	56	78.0%
Parking fines	63	70	7	11.1%
Other fines	131	140	9	7.1%
Total statutory fees and fines	839	997	158	18.8%

Statutory fees and fines relate mainly to fees and fines levied in accordance with legislation and include animal registrations, public health registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements. Revenue from statutory fees is budgeted to increase by \$158,000 (18.8%) compared to 2017/2018, including additional planning related fees due to significant increases adopted by the State budget.

4.1.3 User fees

	Budget	Budget	Change	
	2017/2018	2018/2019	\$'000	%
	\$'000	\$'000	\$'000	%
Home and community care	463	383	(80)	-17.3%
Tourism services	133	74	(59)	-44.4%
Facility hire	81	63	(18)	-22.3%
Waste management services	265	260	(5)	-2.0%
Other fees and charges	270	118	(152)	-56.2%
Total user fees	1,212	898	(314)	-25.9%

User charges relate to the recovery of service delivery costs by charging fees to the users of Council's services. These include the use of recreation and other community facilities and the provision of home and community care services. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels.

\$140,000 of income previously classified as user fees is now classified as other income, accounting for the majority of the yearly changes.

4.1.4 Grants

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

	Budget		Change	
	2017/2018 \$'000	2018/2019 \$'000	\$'000	%
Grants were received in respect of the following:				
Commonwealth funded grants	5,301	5,351	49	1%
State funded grants	2,955	1,473	(1,483)	-50%
Total grants received	8,257	6,823	(1,433)	-17%
(a) Operating grants				
Recurrent - Commonwealth Government				
Financial Assistance	2,308	2,467	159	7%
Early Years	-	5	5	100%
Aged and Disability	1,234	1,325	91	7%
Recurrent - State Government				
Youth	43	61	18	43%
Early Years	155	198	44	28%
Emergency Management	120	120	-	0%
Aged and Disability	335	262	(74)	-22%
Other Grants	71	149	78	109%
Total recurrent grants	4,267	4,587	321	8%
Non-recurrent - State Government				
Infrastructure	235	110	(125)	-53%
Youth	-	25	25	100%
Total non-recurrent grants	235	135	(100)	-43%
Total operating grants	4,502	4,722	220	5%
(b) Capital grants				
Recurrent - Commonwealth Government				
Roads to Recovery	1,759	1,554	(205)	-12%
Total recurrent grants	1,759	1,554	(205)	-12%
Non-recurrent - Commonwealth Government				
Bridges	-	197	197	100%
Non-recurrent - State Government				
Buildings	75	100	25	33%
Drainage	-	54	54	100%
Recreation and leisure	1,920	196	(1,724)	-90%
Total non-recurrent grants	1,995	547	(1,448)	-73%
Total capital grants	3,754	2,101	(1,653)	-44%
Total grants	8,256	6,822	(1,433)	-17%

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 will increase by \$220,000 compared to 2017/2018.

Capital grants include all monies received from state, federal and community sources for the purposes of funding the capital works program. Overall capital grants will decrease by \$1.65M compared to 2017/2018 due in part to the receipt of funding for the Wesley Hill Recreation Reserve redevelopment (\$1.9 million).

4.1.5 Other income

	Budget	Budget	Change	
	2017/2018	2018/2019	\$'000	%
Interest	435	435	-	0.0%
Rent	95	107	12	12.5%
Other	195	385	189	97.0%
Total other income	725	927	202	27.9%

\$140,000 of income previously classified as user fees is now classified as other income, accounting for the majority of the yearly changes.

4.1.6 Employee costs

	Budget	Budget	Change	
	2017/2018	2018/2019	\$'000	%
Wages and salaries	12,227	12,841	614	5.0%
WorkCover insurance	149	180	31	21.0%
Superannuation	1,136	1,172	36	3.2%
Fringe Benefits Tax	86	60	(26)	-30.3%
Other	342	369	27	8.0%
Total employee costs	13,940	14,621	681	4.9%

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 and workers compensation insurance. Employee costs are budget to increase by 4.9% or \$681,000 compared to 2017/2018

A summary of human resources expenditure and full-time equivalent (FTE) categorised according to the organisational structure of council is included at section 3.

Council has allocated additional resources of 2.20 FTE in the 2018/2019 budget, being a full-time grants co-ordinator, early year's project officer and additional resources for community events. These additional positions amount to expenditure \$223,000 (1.6%) offset by grant funding of \$165,000.

4.1.7 Materials and services

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Change \$'000	%
Service providers	5,274	6,128	854	16.2%
Materials	1,286	1,234	(51)	-4.0%
Utilities	431	451	21	4.8%
Office administration	289	296	7	2.3%
Information technology	388	437	49	12.5%
Insurance	322	326	4	1.2%
Plant costs	541	455	(86)	-15.9%
Total materials and services	8,530	9,327	796	9.3%

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are budgeted to increase by \$796,000 or 9.3% compared to 2017/2018 budget. This increase is mainly due to the completion in 2017/2018 of number of one off projects including undertaking data collection on park trees for the identification, recording and assessment of tree health (\$120,000); preparation of a Developer Contribution Plan for Harcourt, to collect financial contributions towards infrastructure upgrades to accommodate the towns growth (\$40,000); continued increased investment in the maintenance of roads (\$80,000) and community buildings (\$100,000); as well increased waste contracts of \$500,000.

These increases have been offset by savings across the organisation, which reflects the tightening fiscal environment as a result of prior year grant freezes (Federal Government) and the Fair Go Rates System (State Government).

4.1.8 Depreciation and amortisation

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Change \$'000	%
Property	1,217	2,370	1,152	94.6%
Plant and equipment	600	600	-	0.0%
Infrastructure	5,189	5,396	207	4.0%
Intangible assets	65	155	90	138.7%
Total depreciation and amortisation	7,071	8,521	1,450	20.5%

Depreciation is an accounting measure and is a non-cash item, which attempts to allocate the depreciable value of an asset over its useful life for Council's property, plant and equipment and infrastructure assets such as roads and drains. There has been a significant increase in the depreciation of buildings due to a revaluation of all building assets effective 1 July 2017 and a change in accounting standards which require buildings to be valued and depreciated based on components rather than as a whole site.

4.1.9 Other expenses

	Budget	Budget	Change	
	2017/2018	2018/2019	\$'000	%
	\$'000	\$'000	\$'000	%
Auditors remuneration	79	74	(5)	-6.6%
Councillors allowances	230	224	(6)	-2.5%
Library contribution	495	516	21	4.2%
Contribution - fee waivers	5	13	8	140.7%
Contribution - community grants	341	369	28	8.1%
Contribution - other	19	19	-	0.0%
Government levies payable	189	354	165	87.7%
Total other expenses	1,358	1,569	211	15.5%

Other expenses relate to a range of unclassified items including contributions to community groups, councillor allowances, advertising, insurances, motor vehicle registrations and other miscellaneous expenditure items.

4.1.10 Operating Budget

	Ref	Budget	Budget	Variance
		2017/2018	2018/2019	\$'000
		\$'000	\$'000	\$'000
Total income	4.1	32,872	32,274	(599)
Total expenses	4.1	(31,129)	(34,238)	(3,109)
Surplus / (deficit) for the year		1,743	(1,964)	(3,707)
Grants – non-recurrent capital	4.1.4.b	(3,000)	(682)	2,318
Adjusted underlying surplus / (deficit)		(1,257)	(2,646)	(1,389)
<i>Reconciling Items</i>				
VGC Grants - paid early		2,308	2,467	159
Reconciled underlying surplus / (deficit)		1,051	(179)	(1,230)

Adjusted underlying surplus / (deficit) - (\$2.64M deficit)

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2018/2019 year is proposed to be a deficit of \$179,000 improving to surpluses in future financial years.

4.2 Balance Sheet

4.2.1 Assets

Current assets (\$827,000 decrease) and non-current assets (\$571,000 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 \$827,000 during the year.

Trade and other receivables are monies owed to council by ratepayers and others. Short term debtors are expected to have a minor decrease during 2018/2019 as outstanding debts continue to be paid to council.

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

4.2.2 Liabilities

Current liabilities (\$554,000 increase) and non-current liabilities (\$1.26 million decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are not expected to change significantly.

Provisions include accrued long service leave and annual leave entitlements. These employee entitlements are only expected to increase marginally due to active management of leave.

Interest-bearing loans and borrowings will decrease due to principal repayments.

4.2.3 Borrowings

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

	2017/2018	2018/2019
	\$	\$
Amount borrowed as at 30 June of the prior year	4,846	4,345
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	(501)	(525)
Amount of borrowings as at 30 June	4,345	3,820

4.3 Statement of Changes in Equity

4.3.1 Reserves

Restricted and unrestricted cash and investments

Some cash and cash equivalents held by council are restricted in part and are not fully available for Council's operations. The budgeted cash flow statement indicates Council estimates that at 30 June 2019 it will have cash and investments of \$9.71 million, which are restricted as shown in the following table.

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Variance \$'000
Total cash and investments	10,061	9,706	(355)
Restricted cash and investments			
- Statutory reserves	(858)	(429)	429
- Cash held to fund carry forward capital works	(500)	-	500
- Trust funds and deposits	(827)	(819)	8
Unrestricted cash and investments	7,876	8,458	582
- Discretionary reserves	(5,397)	(3,542)	1,855
Unrestricted cash adjusted for discretionary reserves	2,479	4,916	2,437

A reduction in discretionary reserves exists as funds included within the Waste Reserve are expended during 2018/2019 completing capping works.

4.3.2 Equity

Equity (\$446,000 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 representing 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 results directly from the operating surplus for the year, and net result of reserve transfers.

4.4 Statement of Cash Flows

4.4.1 Net cash flows provided by/used in operating activities

Operating activities (\$4.64 million decrease)

The decrease in cash inflows from operating activities is due mainly to the decrease in government grants to be received as well as additional other payments in relation to the capping of cells at the Castlemaine Landfill (carry-forward from 2017/2018 budget and funded from the waste reserve).

The net cash flows from operating activities does not equal the surplus (deficit) for the year as the expected revenues and expenses of council include non-cash items which have been excluded from the Cash Flow Statement.

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Variance \$'000
Surplus (deficit) for the year	1,743	(1,964)	(3,707)
Depreciation	7,071	8,521	1,450
Loss (gain) on disposal of property, infrastructure, plant and equipment	(475)	(485)	(10)
Finance costs	223	194	(29)
Net movement in current assets and liabilities	360	(1,983)	(2,343)
Cash flows available from operating activities	8,922	4,282	(4,640)

4.4.2 Net cash flows provided by/used in investing activities

The payments for investing activities represents the capital works expenditure as disclosed in section 4.5 of this budget report.

4.4.3 Net cash flows provided by/used in financing activities

For 2018/2019 no new borrowings are proposed.

4.5 Capital works program

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

4.5.1 Summary

	Budget 2017/2018 \$'000	Budget 2018/2019 \$'000	Change \$'000	%
Property	5,464	3,725	(1,739)	-31.8%
Plant and equipment	1,775	1,236	(539)	-30.4%
Infrastructure	5,438	6,392	954	17.5%
Total	12,676	11,353	(1,323)	-10.4%

	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Loans \$'000
Property	3,725	1,434	1,578	267	451	290	154	3,285	-
Plant and equipment	1,236	50	1,085	-	100	-	-	1,236	-
Infrastructure	6,392	-	5,775	577	37	1,811	-	4,578	-
Total	11,353	1,484	8,438	844	587	2,101	154	9,099	-

4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources				
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Loans \$'000	
PROPERTY										
Land Improvements										
Botanical Garden irrigation system	95	95	-	-	-	-	-	95	-	
Dog park construction	60	60	-	-	-	-	-	60	-	
Small town streetscape and improvements	140	45	45	25	25	-	-	140	-	
Buildings and Structures										
Community buildings and facilities	398	-	347	52	-	-	4	394	-	
Priority pool works program	120	-	120	-	-	-	-	120	-	
Solar systems priority sites	25	25	-	-	-	-	-	25	-	
Wesley Hill Recreation Reserve redevelopment - Stage 2	283	60	104	60	60	-	-	283	-	
Town Hall and Civic Centre	211	-	72	130	8	-	-	211	-	
Castlemaine Market Building conservation works - Stage 2	230	-	230	-	-	100	-	130	-	
Doug Powell Oval floodlight construction	400	400	-	-	-	100	150	150	-	
Playspace works	106	65	41	-	-	-	-	106	-	
Victory Park play space construction	326	326	-	-	-	90	-	237	-	
TOTAL PROPERTY	2,394	1,076	959	267	93	290	154	1,950	-	
PLANT AND EQUIPMENT										
Plant, Machinery and Equipment										
Motor vehicle replacement	360	40	320	-	-	-	-	360	-	
Major plant replacement	545	-	545	-	-	-	-	545	-	
Computers and Telecommunications										
Server renewal program	60	-	60	-	-	-	-	60	-	
Workstation renewal program	70	10	60	-	-	-	-	71	-	
Integrated corporate platform	200	-	100	-	100	-	-	200	-	
TOTAL PLANT AND EQUIPMENT	1,235	50	1,085	-	100	-	-	1,236	-	

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Loans \$'000
INFRASTRUCTURE									
Roads									
Road rehabilitation and design	1,624	-	1,600	24	-	1,460	-	164	-
Gravel roads - bell-mouth sealing program	96	-	96	-	-	-	-	96	-
Accessible car parking upgrades	86	-	80	6	-	-	-	86	-
Local roads resealing	1,049	-	1,049	-	-	-	-	1,049	-
Gravel road renewal - resheeting	550	-	550	-	-	-	-	550	-
Bridges									
Campbells Creek Fryers Road Bridge construction	709	-	709	-	-	197	-	512	-
Bridge designs - various locations within Shire	120	-	120	-	-	-	-	120	-
Footpaths and Cycleways									
Footpath rehabilitation and construction	396	-	307	62	27	-	-	396	-
Footpath design	60	-	60	-	-	-	-	60	-
Drainage									
Drainage rehabilitation and construction	450	-	250	190	10	154	-	296	-
Saint St - Stage 2	141	-	141	-	-	-	-	141	-
Drainage upgrade Moscript Street Campbells Creek	312	-	312	-	-	-	-	312	-
Waste Management									
Castlemaine Resource Recovery Centre (design & construct)	600	-	400	200	-	-	-	600	-
TOTAL INFRASTRUCTURE	6,194	-	5,675	482	37	1,811	-	4,383	-
TOTAL CAPITAL WORKS	9,823	1,126	7,719	749	229	2,101	154	7,569	-

4.5.3 Works carried forward from the 2017/18 year

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New \$'000	Renewal \$'000	Upgrade \$'000	Expansion \$'000	Grants \$'000	Contrib. \$'000	Council cash \$'000	Borrowings \$'000
PROPERTY									
Land Improvements									
Wesley Hill Recreation Reserve redevelopment	1,335	358	619	-	358	-	-	1,335	-
TOTAL PROPERTY	1,335	358	619	-	358	-	-	1,335	-
INFRASTRUCTURE									
Roads									
Maldon streetscape	195	-	100	95	-	-	-	195	-
TOTAL INFRASTRUCTURE	195	-	100	95	-	-	-	195	-
TOTAL CARRIED FORWARD CAPITAL WORKS 2017/18	1,530	358	719	95	358	-	-	1,530	-

5. Financial performance indicators

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

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	+/-
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	9.27%	-6.91%	-13.5%	0.0%	0.5%	1.6%	+
Liquidity									
Working capital	Current assets / current liabilities	2	194%	228%	195%	146%	106%	125%	-
Unrestricted cash	Unrestricted cash / current liabilities	3	115%	145%	127%	78%	46%	66%	-
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue		22.5%	19.5%	16.6%	32.0%	29.7%	24.3%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		2.4%	3.2%	3.1%	3.6%	8.8%	5.5%	-
Indebtedness	Non-current liabilities / own source revenue		24.8%	22.9%	17.3%	25.9%	23.1%	14.3%	+
Asset renewal	Asset renewal expenses / asset depreciation	4	70.7%	122.1%	99.0%	116.9%	88.2%	64.9%	-
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue		59.7%	67.7%	71.4%	62.4%	62.4%	69.4%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.5%	43.4%	43.6%	44.0%	42.2%	42.5%	o

Indicator	Measure	Notes	Actual	Forecast	Budget	Strategic Resource Plan Projections			Trend
			2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	+/-
Efficiency									
Expenditure level	Total expenses/ no. of property		\$2,830	\$2,716	2,940	\$2,845	\$2,883	\$2,885	o
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		11.15%	12.00%	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

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. Improvement in financial performance expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2. Working capital

The proportion of current liabilities represented by current assets. Working capital is forecast to decrease due to a reduction in cash reserves to fund the capital program. The trend in later years is to remain steady at an acceptable level.

3. Unrestricted cash

The reduction is due to cash reserves being utilised to fund significant capital works.

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.



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