



MOUNT ALEXANDER SHIRE COUNCIL
BUDGET
2019/2020



MOUNT ALEXANDER
SHIRE COUNCIL

Mayor's Introduction

Councillors are pleased to release the Budget 2019/2020 to the community. It outlines the services, works and capital investments needed to deliver on our commitments and achieve our vision of an innovative, creative and connected shire in the Council Plan 2017-2021.

The proposed \$43.63 million budget outlines the resources needed to deliver more than 100 services to the community under the adopted pillars of Our People, Our Place and Our Economy. In addition to delivering core programs and services, our focus is on continuing to improve the physical assets in towns across the shire.

The budget includes an allocation of \$16.72 million for capital works, including carry-forward projects, to improve infrastructure such as our roads, bridges, drains, footpath and trail networks. It includes strong investment in our community facilities as places where people can socialise and connect, be creative or get some exercise to improve their health and wellbeing. The upgrades follow a considerable amount of work to audit our assets over the past few years to help us prioritise investment based on their condition and community needs.

Some highlights of the capital works program include:

- Road rehabilitation works on Bendigo-Sutton Grange Road, Sutton Grange Road and North Harcourt Road, and an upgrade to Specimen Gully Road in Barkers Creek
- Replacement of bridges in Froomes Road, Castlemaine and Eagles Road in Harcourt
- Construction and design of female friendly change-rooms at Harcourt Recreation Reserve and the Bill Woodfull Reserve in Maldon, respectively
- Further preparatory works, including approvals and land access issues, to prepare for future construction of flood levees and related waterway landscaping in Castlemaine and Campbells Creek, with assistance from the Victorian Government
- Works to finalise the walking and cycle track, and complete the missing links, on the Campbells Creek Trail, dependant on Federal Government funding
- Construction of footpaths in William Street Castlemaine, Ray Street in Castlemaine, as part of our plan to link the McKenzie Hill growth area, as well as a pedestrian crossing in Forest Street near Camp Reserve
- Construction of a play space at Stanley Park North in Harcourt and replacement of the playground at Morissey Reserve near the Westend Hall in Castlemaine
- Continuing works to improve the streetscapes in our towns including Harcourt, Taradale, Elphinstone, Chewton, Campbells Creek, Guildford, Newstead, Maldon and Castlemaine.

The proposed budget also includes a number of new and continuing initiatives to encourage a strong, resilient and connected community including:

- Continued support for community lunches in Maldon, Newstead and Castlemaine
- Implementation of our Early Years Plan and the State Government funded Supported Playgroups Program
- Delivery of valued aged and disability services, despite significant changes in the sector due to the Commonwealth Government's Aged Care Reform program
- A new part-time position for an Equity and Inclusion Officer to protect human rights, and meet legislative requirements under the *Victorian Charter of Human Rights and Responsibilities Act*
- A Walking and Cycling Strategy review to guide future investment and decision-making
- Funding to manage and maintain trees across the shire, to minimise risk and preserve the significant trees at Castlemaine Botanical Gardens
- A review of groundwater bores at recreation reserves to determine options for water supply
- A feasibility study investigating the capacity of the Wesley Hill Stadium to meet indoor sports needs for residents.

Mayor's Introduction continued

As your Councillors, it is our role to listen to the community, understand your priorities and be financially responsible. It's a tough job to meet the needs of everyone but will we continue to do our best to identify sustainable cost savings and deliver high quality services, while continuing to advocate for a fair share of State and Federal funding.

The 2019/2020 budget proposes an increase to average rate income of 2.5%, in line with the State Government's Fair Go Rates System (FGRS) which has capped rate increases at 2.5% in 2019/2020. Council has not applied to the Essential Services Commission for a variation in the four year history of rate capping, and has not budgeted any new borrowings for 2019/2020.

While Council has proposed an increase to average rate income of 2.5%, the actual increase for each ratepayer will vary due to the amount of their individual property valuation. The Victorian Government now requires all properties to be revalued annually, which will result in a redistribution of rates payable based on the change to a property's value.

Kerbside bin collection charges will increase by an average of 3% per property. It has been difficult to minimise the costs for users of the service while tackling a general rise in the costs of waste management in the face of global recycling challenges, the State Government landfill levy and costs associated with rehabilitating cells in the landfill.

Council endorses this budget as financially responsible. It was developed through a rigorous process of consultation and review by staff and Councillors. Decisions were informed by feedback from ratepayers and residents and our obligations to meet legislative requirements under the pressures of the Fair Go Rates System.

I encourage you to read this document to understand the significant investment in capital works and the programs and services we will deliver in the financial year ahead. You can also have a say on the priorities in the budget by making a submission.

Cr Bronwen Machin
Mayor

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Disclaimer

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

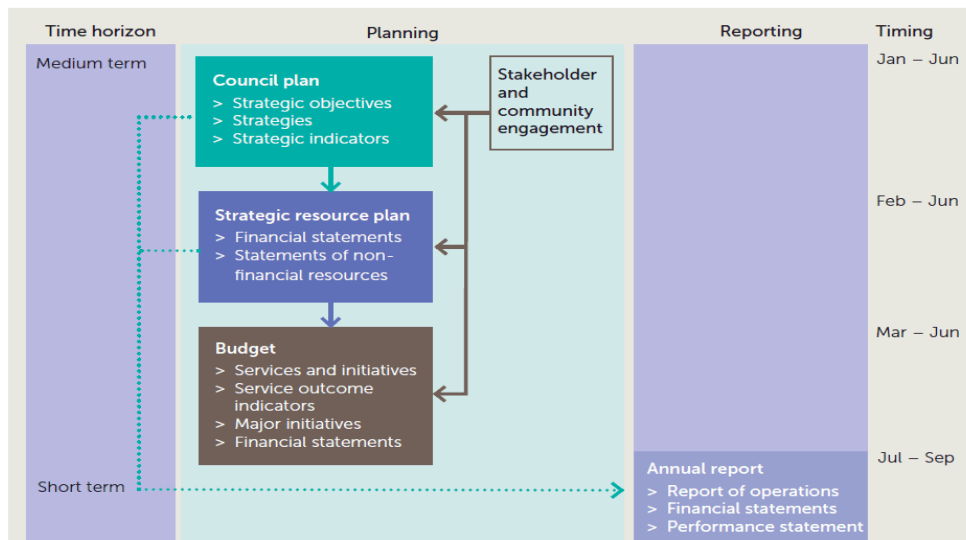
The model budget, including financial statements, has been prepared in accordance with the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*. While every effort has been made to ensure that the information contained in this document has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

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

1.1.2 Key planning considerations

Service level planning

Although councils have a legal obligation to provide some services— such as animal management, local roads, food safety and statutory planning—most council services are not legally mandated, including some services closely associated with councils, such as libraries, building permits and sporting facilities. Further, over time, the needs and expectations of communities can change. Therefore councils need to have robust processes for service planning and review to ensure all services continue to provide value for money and are in line with community expectations. In doing so, councils should engage with communities to determine how to prioritise resources and balance service provision against other responsibilities such as asset maintenance and capital works.

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

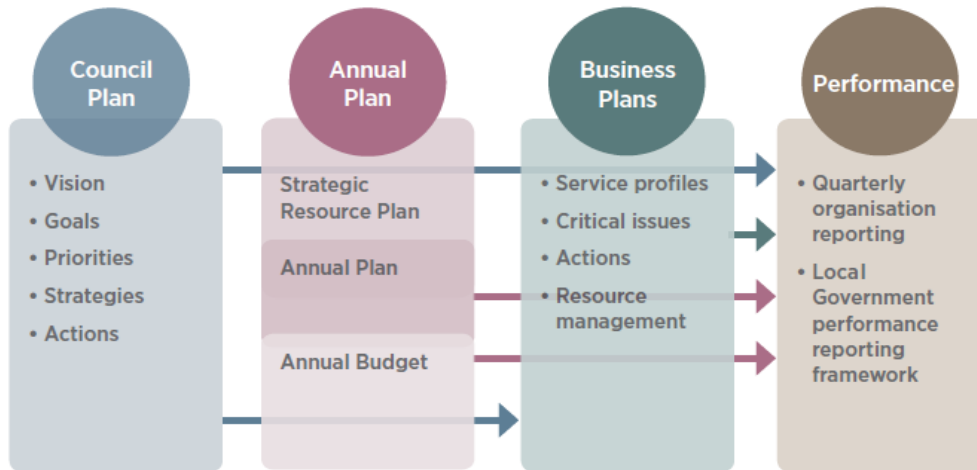
Council delivers activities and initiatives under major service categories. Each contributes to the achievement of one of the pillars as set out in the four year Council Plan 2017-2021. The three pillars described in the Council Plan are:

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 2019/2020 year and how these will contribute to achieving the strategic objectives outlined in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives, initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



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

Services

Service area	Description of services provided		2018/2019	2019/2020
			Budget \$'000	Budget \$'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.	<i>Exp</i>	2,402	2,348
		<i>Rev</i>	1,972	2,042
		NET	430	306
Community Safety and Amenity	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.	<i>Exp</i>	641	800
		<i>Rev</i>	408	449
		NET	233	350
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.	<i>Exp</i>	351	354
		<i>Rev</i>	-	-
		NET	351	354
Community Partnerships	Works with local residents, community organisations and service providers to build community capacity and strengthen our engagement with the community.	<i>Exp</i>	500	470
		<i>Rev</i>	-	-
		NET	500	470
Venue Coordination and Events	Provides hire and management services for public venues, as well as cleaning and maintenance of public restrooms.	<i>Exp</i>	651	677
		<i>Rev</i>	41	37
		NET	610	640

2.1 continued

Service area	Description of services provided		2018/2019	2019/2020
			Budget \$'000	Budget \$'000
Customer Service	Assists customers with general enquiries, shares information, registers community requests for service and processes payments.	<i>Exp</i>	376	411
		<i>Rev</i>	-	-
		NET	376	411
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>	256	238
		<i>Rev</i>	134	129
		NET	122	109
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>	322	317
		<i>Rev</i>	143	146
		NET	179	170
Executive	Strategically manages the organisation in keeping with the requirements of good governance, legislation and strategic policy.	<i>Exp</i>	997	1,038
		<i>Rev</i>	-	-
		NET	997	1,038
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>	516	527
		<i>Rev</i>	19	19
		NET	497	508
Maternal and Child Health	Provides consultations, information, referrals, advice and support for children from birth to school age and their families.	<i>Exp</i>	331	333
		<i>Rev</i>	203	247
		NET	128	86
Organisational Capability	Provides strategic and operational organisation capability support including human resource and industrial relations strategies, policies and procedures.	<i>Exp</i>	1,442	1,541
		<i>Rev</i>	6	1
		NET	1,436	1,540
Records	Stores, retrieves and archives records and ensures legislative and privacy requirements are met.	<i>Exp</i>	313	308
		<i>Rev</i>	-	-
		NET	313	308
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>	166	159
		<i>Rev</i>	87	65
		NET	79	94

Major Initiatives

- 1) State Government funding will continue to support delivery of the Supported Playgroups Program and implementation of the Early Years Plan (\$93,930 - Council funded \$37,471)
- 2) Federal and State Governments will continue to part fund the Commonwealth Home Support Program and Home and Community Care Program to deliver quality and innovative programs in aged and disability services until 30 June 2020.

Other Initiatives

- 3) The creation of a new part time position to enable the organisation to continue to develop a strategic and operational understanding of its legislative responsibilities under the *Victorian Charter of Human Rights and Responsibilities Act (2006)* (\$35,440).
- 4) We will continue to support the community lunch programs in Maldon and Castlemaine, and will offer support to the Newstead program for the first time.

2.1 continued

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
Wellbeing - Families and Children	Participation	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

Services

Service area	Description of services provided		2018/2019	2019/2020
			Budget \$'000	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>	947	1,299
		<i>Rev</i>	110	68
		<i>NET</i>	837	1,231
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>	795	775
		<i>Rev</i>	108	188
		<i>NET</i>	687	587
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>	205	199
		<i>Rev</i>	63	32
		<i>NET</i>	142	167
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>	794	947
		<i>Rev</i>	168	190
		<i>NET</i>	626	757
Parks and Gardens	Manages key parks and recreation areas including Castlemaine Botanical Gardens, Maldon Gardens and Victory Park, as well as managing street trees, tree planting and removal, in addition to planning and strategies.	<i>Exp</i>	2,245	2,278
		<i>Rev</i>	-	-
		<i>NET</i>	2,245	2,278
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>	236	255
		<i>Rev</i>	82	132
		<i>NET</i>	154	123
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>	3,232	3,031
		<i>Rev</i>	632	1,872
		<i>NET</i>	2,600	1,159
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>	3,067	3,019
		<i>Rev</i>	4,535	4,712
		<i>NET</i>	(1,468)	(1,693)

2.2 continued

Major Initiatives

- 1) Replacement of bridges in Froomes Road and Eagles Road (\$1.48 million), subject to Federal Government contributions of \$744,000
- 2) Construction of female change rooms at the Harcourt Recreation Reserve (\$673,000)
- 3) \$2.98 million for a number of road rehabilitation and upgrade projects, including Bendigo-Sutton Grange Road, Specimen Gully Road, Sutton Grange Road and North Harcourt Road. These works are budgeted to be part funded by the Roads to Recovery Program (\$900,000) and the Fixing Country Roads Program (\$1.39 million)
- 4) \$342,000 of works on recreation facilities, including swimming pools
- 5) Further preparatory works, including approvals and land access issues, to prepare for future construction of flood levees and related waterway landscaping in Castlemaine and Campbells Creek, utilising \$417,000 of State Government funding, as well as stage two drainage works in Saint Street (\$796,000)
- 6) Finalisation of the Campbells Creek walking and cycling trail (\$643,000), subject to Federal Government funding of \$500,000
- 7) Footpath renewal and construction works (\$593,500) across a range of sites including major works at William Street, Ray Street and Camp Reserve at Forest Street
- 8) \$430,625 construction of a new play space in Stanley Park North, Harcourt with \$250,000 funding being contributed by the State Government, as well as the replacement of the existing playground in Morrissey Reserve.

Other Initiatives

- 9) \$80,000 for design works for the Harcourt streetscape project
- 10) Local road resealing and gravel road resheeting (\$1.53 million)
- 11) \$20,000 to trial public place recycling bins
- 12) An additional \$44,000 for rural roadside weed management
- 13) An additional \$120,000 for tree management and maintenance for both street trees and the Botanic Gardens
- 14) \$49,500 for a review of the Walking and Cycling Strategy to better inform future decisions and works.

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

Services

Service area	Description of services provided		2018/2019	2019/2020
			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>	176	196
		<i>Rev</i>	75	100
		<i>NET</i>	101	96
Cultural Development	Provides advocacy and support to help develop arts, cultural and creative activities across the shire.	<i>Exp</i>	227	219
		<i>Rev</i>	16	7
		<i>NET</i>	211	212
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>	521	528
		<i>Rev</i>	-	-
		<i>NET</i>	521	528
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>	1,485	1,457
		<i>Rev</i>	570	588
		<i>NET</i>	915	868
Governance	Coordinates Council meetings, Councillor related activities and provides support and oversight of compliance with the Local Government Act.	<i>Exp</i>	480	586
		<i>Rev</i>	5	-
		<i>NET</i>	475	586
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>	869	998
		<i>Rev</i>	-	-
		<i>NET</i>	869	998
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>	1,418	1,417
		<i>Rev</i>	326	353
		<i>NET</i>	1,092	1,064
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>	320	370
		<i>Rev</i>	93	125
		<i>NET</i>	227	245

Major Initiatives

- 1) \$270,000 for streetscape design and construction works, including design for Maldon and construction across a number of small towns across our Shire
- 2) \$774,800 building works across a range of facilities, including replacing the floor in the Castlemaine library, numerous works to ensure compliance of public buildings with the *Disability and Discrimination Act*, and further Market Building conservation works.

Other Initiatives

- 3) Upgrade to the stage lighting at the Town Hall (\$25,000)
- 4) Minor works to renew facilities at the Maldon Visitor Information Centre and the Castlemaine Maternal and Child Health Centre (\$75,000).

2.3 continued

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	(6,387)	9,521	3,135
Our Place	(4,610)	11,804	7,194
Our Economy	(4,598)	5,770	1,173
Total	(15,595)	27,096	11,501

Expenses added in:

Depreciation	(8,800)
Net (gain) / loss on disposal of assets	(394)

Deficit before funding sources (24,789)

Funding sources added in:

Rates and charges revenue	19,510
Rates interest	170
Capital works income	4,488
Unallocated Victorian Grants Commission	3,232

Total funding sources 27,399

Operating surplus/(deficit) for the year 2,611

Less

Capital grants	(4,459)
Capital contributions - non-monetary	(29)

Underlying surplus/(deficit) for the year (1,877)

3. Financial Statements

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2019/2020 has been supplemented with projections to 2022/2023 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

Pending Accounting Standards

The 2019/2020 budget has been prepared based on the accounting standards applicable at the date of preparation. This means that pending accounting standards that will be in effect from the 2019/2020 financial year have not been considered in the development of the budget.

Standards that are likely to impact on the 2019/2020 financial statements, not considered in the preparation of the budget include:

- *AASB 16 Leases*
- *AASB 15 Revenue from Contracts with Customers*, and
- *AASB 1058 Income of Not for Profit Entities*.

While it is not possible to determine the precise impact of these standards at this time, the broad impact on Council is estimated to be as follows:

- *AASB 16 Leases* – Introduces a single lessee accounting model whereby the Council will be required to recognise a right of use asset and associated liability for leases longer than 12 months, except those considered to be of low value.
- *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not for Profit Entities* – Change the way that Councils recognise income and also address matters such as grant funding, contribution of assets and volunteer services. A key change is replacement for some transactions of the criteria of control as a determinant of the timing of income recognition, with the criteria of satisfying performance obligations in an enforceable agreement. These new standards have the potential to impact the timing of how the Council recognises income.



Comprehensive Income Statement

For the four years ending 30 June 2023

	NOTES	Budget	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Rates and charges	4.1.1	23,044	23,185	23,927	24,547	25,234	25,939
Statutory fees and fines	4.1.2	997	1,148	1,023	1,049	1,075	1,102
User fees	4.1.3	1,022	1,177	1,130	1,164	1,199	1,235
Grants - operating	4.1.4	4,722	4,915	7,191	7,622	7,833	8,050
Grants - capital	4.1.4	2,101	1,775	4,459	4,166	4,707	4,528
Contributions - monetary	4.1.5	70	227	120	122	125	127
Contributions - non-monetary	4.1.5	-	-	29	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		(485)	(485)	(394)	(250)	(250)	(320)
Other income	4.1.6	803	972	838	852	866	881
Total income		32,274	32,914	38,323	39,273	40,789	41,542
Expenses							
Employee costs	4.1.7	14,621	13,905	15,162	15,694	16,244	16,813
Materials and services	4.1.8	9,327	10,044	10,143	10,694	10,737	10,975
Depreciation and amortisation	4.1.9	8,521	8,681	8,800	8,890	8,887	8,884
Bad and doubtful debts		6	23	18	16	17	17
Borrowing costs		194	194	164	171	279	263
Other expenses	4.1.10	1,569	1,568	1,424	1,452	1,482	1,511
Total expenses		34,238	34,415	35,711	36,917	37,645	38,463
Surplus/(deficit) for the year		(1,964)	(1,501)	2,612	2,356	3,144	3,079
Other comprehensive income							
Items that will not be reclassified to surplus or deficit in future periods							
Share of other comprehensive income of associates and joint ventures		(1)	(1)	(1)	20	20	20
Total comprehensive result		(1,965)	(1,502)	2,611	2,376	3,164	3,099

Balance Sheet

For the four years ending 30 June 2023

	NOTES	Budget	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Current assets							
Cash and cash equivalents		9,706	14,318	7,772	12,089	9,421	13,170
Trade and other receivables		2,690	3,345	3,226	3,230	3,386	3,420
Inventories		70	70	70	70	70	70
Non-current assets classified as held for sale		75	75	75	75	75	75
Total current assets	4.2.1	12,541	17,808	11,142	15,464	12,952	16,735
Non-current assets							
Investments in associates		767	766	766	766	766	766
Property, infrastructure, plant & equipment		312,667	341,455	348,915	348,335	351,165	349,961
Intangible assets		447	443	286	126	66	6
Total non-current assets	4.2.1	313,881	342,664	349,967	349,227	351,997	350,733
Total assets		326,422	360,472	361,109	364,691	364,949	367,468
Liabilities							
Current liabilities							
Trade and other payables		1,661	1,696	1,759	1,847	1,866	1,910
Trust funds and deposits		819	814	806	798	790	782
Provisions		3,397	3,752	5,019	4,366	2,088	2,032
Interest-bearing liabilities	4.2.3	538	487	482	1,542	567	507
Total current liabilities	4.2.2	6,415	6,749	8,066	8,553	5,311	5,231
Non-current liabilities							
Provisions		1,209	4,573	1,759	335	341	347
Interest-bearing liabilities	4.2.3	3,282	3,438	2,961	5,105	5,360	4,853
Total non-current liabilities	4.2.2	4,491	8,011	4,720	5,440	5,701	5,200
Total liabilities		10,906	14,760	12,786	13,993	11,012	10,431
Net assets		315,516	345,712	348,323	350,698	353,937	357,037
Equity							
Accumulated surplus		115,857	106,686	113,382	118,185	123,015	125,016
Reserves	4.3.1	199,659	239,026	234,941	232,513	230,922	232,020
Total equity	4.3.2	315,516	345,712	348,323	350,698	353,937	357,036

Statement of Changes in Equity

For the four years ending 30 June 2023

	NOTES	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019 Forecast					
Balance at beginning of the financial year		347,214	103,284	225,809	18,121
Surplus/(deficit) for the year		(1,502)	(1,502)	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(4,269)	-	4,269
Transfers from other reserves		-	9,173	-	(9,173)
Balance at end of the financial year		345,712	106,686	225,809	13,217
2020 Budget					
Balance at beginning of the financial year		345,712	106,686	225,809	13,217
Surplus/(deficit) for the year		2,611	2,611	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves	4.3.1	-	(1,317)	-	1,317
Transfers from other reserves	4.3.1	-	5,402	-	(5,402)
Balance at end of the financial year	4.3.2	348,323	113,382	225,809	9,132
2021					
Balance at beginning of the financial year		348,323	113,382	225,809	9,132
Surplus/(deficit) for the year		2,376	2,376	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(1,362)	-	1,362
Transfers from other reserves		-	3,790	-	(3,790)
Balance at end of the financial year		350,698	118,185	225,809	6,704
2022					
Balance at beginning of the financial year		350,698	118,185	225,809	6,704
Surplus/(deficit) for the year		3,164	3,164	-	-
Net asset revaluation increment/(decrement)		75	-	75	-
Transfers to other reserves		-	(3,911)	-	3,911
Transfers from other reserves		-	5,577	-	(5,577)
Balance at end of the financial year		353,937	123,015	225,884	5,038
2023					
Balance at beginning of the financial year		353,937	123,015	225,884	5,038
Surplus/(deficit) for the year		3,099	3,099	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves		-	(1,223)	-	1,223
Transfers from other reserves		-	125	-	(125)
Balance at end of the financial year		357,036	125,016	225,884	6,136

Statement of Cash Flows

For the four years ending 30 June 2023

	Notes	Budget	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities							
Rates and charges		23,647	23,185	24,285	24,655	25,316	26,063
Statutory fees and fines		1,022	1,148	1,038	1,053	1,078	1,107
User fees		921	1,177	1,147	1,169	1,203	1,241
Grants - operating		4,845	4,915	7,299	7,656	7,859	8,089
Grants - capital		2,156	1,775	4,526	4,184	4,722	4,550
Contributions - monetary		70	-	-	-	-	-
Interest received		435	575	546	554	563	571
Trust funds and deposits		(8)	(5)	(8)	(8)	(8)	(8)
Other receipts		1,984	624	418	422	430	439
Employee costs		(15,245)	(13,905)	(15,831)	(16,378)	(16,981)	(17,556)
Materials and services		(9,870)	(10,045)	(8,222)	(9,056)	(9,036)	(9,606)
Other payments		(5,675)	(1,568)	(2,982)	(4,620)	(3,829)	(1,607)
Net cash provided by/(used in) operating activities	4.4.1	4,282	7,876	12,215	9,632	11,318	13,283
Cash flows from investing activities							
Payments for property, infrastructure, plant and equipment		(12,145)	(11,778)	(18,387)	(8,643)	(13,281)	(8,922)
Proceeds from sale of property, infrastructure, plant and equipment		272	247	272	275	275	198
Loan and advances made		(1)	-	(1)	20	20	20
Net cash provided by/ (used in) investing activities	4.4.2	(11,874)	(11,531)	(18,116)	(8,348)	(12,986)	(8,704)
Cash flows from financing activities							
Finance costs		(194)	(194)	(164)	(171)	(279)	(263)
Proceeds from borrowings		-	-	-	3,500	833	-
Repayment of borrowings		(525)	(477)	(482)	(296)	(1,553)	(567)
Net cash provided by/(used in) financing activities	4.4.3	(719)	(671)	(646)	3,033	(1,000)	(829)
Net increase/(decrease) in cash & cash equivalents		(8,311)	(4,326)	(6,546)	4,317	(2,668)	3,749
Cash and cash equivalents at the beginning of the financial year		18,017	18,644	14,318	7,772	12,089	9,421
Cash and cash equivalents at the end of the financial year		9,706	14,318	7,772	12,089	9,421	13,170

Statement of Capital Works

For the four years ending 30 June 2023

	NOTES	Budget	Forecast	Budget	Strategic Resource Plan Projections		
		2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
Land improvements		292	-	140	416	904	663
Total land		292	-	140	416	904	663
Buildings		3,433	3,263	2,259	1,469	1,878	1,960
Total buildings		3,433	3,263	2,259	1,469	1,878	1,960
Total property		3,725	3,263	2,399	1,885	2,782	2,622
Plant and equipment							
Plant, machinery and equipment		905	631	1,025	715	847	828
Computers and telecommunications		331	386	389	250	270	250
Total plant and equipment		1,236	1,017	1,414	965	1,117	1,078
Infrastructure							
Roads		3,600	5,023	5,398	2,031	2,153	2,130
Bridges		829	204	2,436	796	942	982
Footpaths and cycleways		460	363	1,599	508	759	673
Drainage		903	826	1,152	569	309	475
Other infrastructure		-	-	518	-	-	-
Recreation, leisure and community facilities		-	836	1,014	398	58	59
Waste management		600	246	785	705	3,862	-
Total infrastructure		6,392	7,498	12,902	5,008	8,083	4,319
Total capital works expenditure	4.5.1	11,353	11,778	16,715	7,858	11,982	8,020
Represented by:							
New asset expenditure		1,484	1,484	1,698	481	259	480
Asset renewal expenditure		8,438	8,863	10,154	5,751	8,945	7,345
Asset expansion expenditure		844	844	148	460	94	98
Asset upgrade expenditure		587	587	4,714	1,166	2,685	98
Total capital works expenditure	4.5.1	11,353	11,778	16,715	7,858	11,982	8,020
Funding sources represented by:							
Grants		2,101	1,775	4,459	1,666	4,707	4,528
Contributions		154	227	-	-	-	-
Council cash		9,098	9,776	12,256	2,692	6,442	3,492
Borrowings		-	-	-	3,500	833	-
Total capital works expenditure	4.5.1	11,353	11,778	16,715	7,858	11,982	8,020

Statement of Human Resources

For the four years ending 30 June 2023

	Budget		Strategic Resource Plan Projections		
	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000
Staff expenditure					
Employee costs - operating	14,621	15,162	15,694	16,244	16,813
Employee costs - capital	818	724	737	750	763
Total staff expenditure	15,439	15,886	16,430	16,993	17,575
Staff numbers	FTE	FTE	FTE	FTE	FTE
Employees	163.6	166.3	166.3	166.3	166.3
Total staff numbers	163.6	166.3	166.3	166.3	166.3

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

Department	Comprises			
	Budget	Permanent		Casual
	2019/20	Full Time	Part time	
	\$'000	\$'000	\$'000	\$'000
Business Performance	1,252	870	382	-
Communications and Customer Services	1,306	575	679	52
Community Partnerships	910	131	736	43
Community Places and Spaces	1,873	608	1,265	-
Community Wellbeing	1,972	1,972	-	-
Development Services	2,062	1,288	757	17
Economy and Culture	454	252	202	-
Executive	968	908	60	-
Infrastructure	2,706	2,585	121	-
Organisational Capability	1,000	940	60	-
Total permanent staff expenditure	14,503	10,129	4,262	112
Other employee expenses	659			
Capitalised labour costs	724			
Total expenditure	15,886			

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

Department	Comprises			
	Budget	Permanent		Casual
	2019/20	Full Time	Part time	
Business Performance	12.0	8.0	4.0	-
Communications and Customer Services	15.4	5.6	9.3	0.5
Community Partnerships	9.8	2.0	7.4	0.4
Community Places and Spaces	22.1	18.9	3.2	-
Community Wellbeing	23.8	6.0	17.8	-
Development Services	21.5	12.6	8.7	0.2
Economy and Culture	4.4	2.0	2.4	-
Executive	5.7	5.0	0.7	-
Infrastructure	33.3	31.9	1.4	-
Organisational Capability	10.2	6.6	3.6	-
Total permanent staff expenditure	158.3	98.6	58.6	1.1
Capitalised labour costs	8.0			
Total staff	166.3			

4. Notes to the financial statements

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

4.1 Comprehensive Income Statement

4.1.1 Rates and charges

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

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The Fair Go Rates System (FGRS) sets out the maximum amount councils may increase rates in a year. For 2019/2020 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 community.

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.5% in line with the rate cap.

This will raise total rates and charges for 2019/2020 to \$23.93 million.

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

	2018/2019 Budget	2019/2020 Budget	Change	
	\$'000	\$'000	\$'000	%
General rates*	18,709	19,520	811	4.33%
Waste management charge	4,275	4,417	142	3.32%
Supplementary rates and rate adjustments	100	30	(70)	-70.00%
Trust for Nature rebate	(40)	(40)	0	0.00%
Total rates and charges	23,044	23,927	883	3.83%

*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	2018/2019 cents/\$CIV	2019/2020 cents/\$CIV*	Change
General rate for rateable residential properties	0.37900	0.35440	-6.49%
General rate for rateable farm properties	0.37900	0.35440	-6.49%
General rate for rateable land management properties	0.30320	0.28352	-6.49%
General rate for rateable commercial properties	0.49270	0.46072	-6.49%
General rate for rateable vacant land properties	0.75800	0.70880	-6.49%

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 12 June 2019.

4.1.1 continued

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	2018/2019	2019/2020	Change	
	\$'000	\$'000	\$'000	%
Residential	13,288	14,156	868	6.53%
Farm	1,215	1,087	(128)	-10.53%
Land management	1,076	1,305	229	21.28%
Commercial	1,594	1,450	(144)	-9.03%
Vacant land	1,536	1,522	(14)	-0.91%
Total amount to be raised by general rates	18,709	19,520	811	4.33%

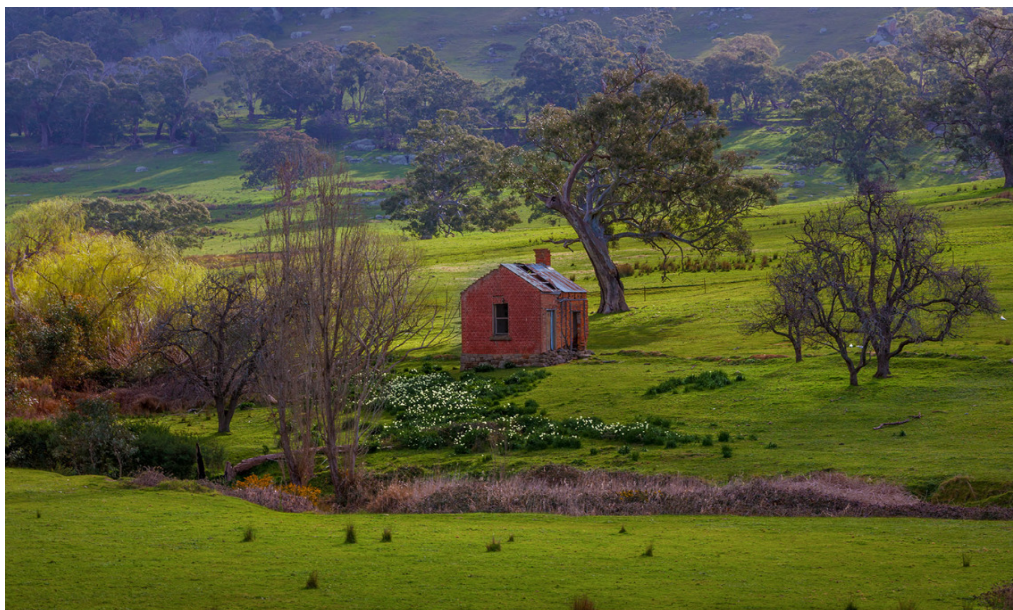
4.1.1(d) The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2018/2019	2019/2020	Change	
	Number	Number	Number	%
Residential	8,933	8,968	35	0.39%
Farm	540	480	(60)	-11.11%
Land management	448	522	74	16.52%
Commercial	496	545	49	9.88%
Vacant land	1,227	1,215	(12)	-0.98%
Total number of assessments	11,644	11,730	86	0.74%

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	2018/2019	2019/2020	Change	
	\$'000	\$'000	\$'000	%
Residential	3,204,704	3,994,274	789,570	24.64%
Farm	293,220	307,017	13,797	4.71%
Land management	295,779	460,158	164,379	55.57%
Commercial	324,432	314,649	(9,783)	-3.02%
Vacant land	185,225	214,682	29,457	15.90%
Total value of land	4,303,360	5,290,780	987,420	22.95%



4.1.1 continued

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

Type of Charge	Per Rateable Property	Per Rateable Property	Change	
	2018/2019	2019/2020		
	\$	\$	\$	%
Kerbside collection 80 litre bin	420	433	13	3.10%
Kerbside collection 140 litre bin	610	628	18	2.95%

4.1.1(h) 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	2018/2019	2019/2020	Change	
	\$'000	\$'000	\$'000	%
Kerbside collection 80 litre bin	1,007	1,137	130	12.87%
Kerbside collection 140 litre bin	3,268	3,280	12	0.37%
Total	4,275	4,417	142	3.32%

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

	2018/2019	2019/2020	Change	
	\$'000	\$'000	\$'000	%
Residential	13,288	14,156	868	6.53%
Farm	1,215	1,087	(128)	-10.53%
Land management	1,076	1,305	229	21.28%
Commercial	1,594	1,450	(144)	-9.03%
Vacant land	1,536	1,522	(14)	-0.91%
Supplementary rates	100	30	(70)	-70.00%
Kerbside collection 80 litre bin	1,007	1,137	130	12.87%
Kerbside collection 140 litre bin	3,268	3,280	12	0.37%
Trust for Nature rebate	(40)	(40)	0	0.00%
Total rates and charges	23,044	23,927	883	3.83%

4.1.1(j) Fair Go Rates System Compliance

Mount Alexander Shire Council is required to comply with the State Government's Fair Go Rates System (FGRS). The table below details the budget assumptions consistent with the requirements of the Fair Go Rates System.

	2019/2020
	\$'000
2018/2019 annualised rates	\$ 19,098
Number of rateable properties as at 30 June 2019	11,761
Base Average Rate	\$ 1,623.82
Maximum Rate Increase (set by the State Government)	2.50%
Capped Average Rate	\$ 1,664.41
Maximum General Rates and Municipal Charges Revenue	\$ 19,527
Budgeted General Rates and Municipal Charges Revenue	\$ 19,520
Budgeted Supplementary Rates	\$ 30
Budgeted Total Rates and Municipal Charges Revenue	\$ 19,550

4.1.1 continued

4.1.1(k) 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 (2019/2020: estimated \$30,000 and 2018/2019: \$100,000)
- 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(l) 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 0.3544% (0.3544 cents in the dollar of CIV) for all rateable general and residential properties
- * A general rate of 0.3544% (0.3544 cents in the dollar of CIV) for all rateable farming properties
- * A general rate of 0.46072% (0.46072 cents in the dollar of CIV) for rateable commercial properties
- * A general rate of 0.28352% (0.28352 cents in the dollar of CIV) for all rateable farming properties on land management rate
- * A general rate of 0.7088% (0.7088 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 12 June 2019.

4.1.1(m) Differential rates

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.

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.

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.

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.

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(n) 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		Change	
	2018/2019	2019/2020	\$'000	%
	\$'000	\$'000		
Animal control	204	207	3	1.60%
Planning permit and fees	330	348	18	5.41%
Health registrations	124	122	(2)	-1.48%
Local laws	129	114	(15)	-11.96%
Parking fines	70	104	34	47.91%
Other fines	140	128	(12)	-8.40%
Total statutory fees and fines	997	1,023	26	2.57%

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 \$54,000 (5.41%) compared to 2018/2019, predominately due to increased parking and other fines.

4.1.3 User fees

	Budget		Change	
	2018/2019	2019/2020	\$'000	%
	\$'000	\$'000		
Home and community care	383	398	15	3.85%
Tourism services	74	69	(5)	-6.35%
Facility hire	63	49	(14)	-21.45%
Engineering services	98	190	91	92.74%
Waste management services	260	295	35	13.62%
Other fees and charges	144	128.89	(15)	-10.35%
Total user fees	1,022	1,130	108	10.60%

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.

4.1.4 Grants

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

	Budget	Budget	Change	
	2018/2019	2019/2020	\$'000	%
	\$'000	\$'000	\$'000	%
Grants were received in respect of the following:				
Commonwealth funded grants	5,351	9,404	4,054	76%
State funded grants	1,473	2,246	773	53%
Total grants received	6,823	11,650	4,827	71%
(a) Operating Grants				
Recurrent - Commonwealth Government				
Financial Assistance	2,467	4,898	2,431	99%
Early Years	5	3	(2)	-33%
Aged and Disability	1,325	1,425	100	8%
Recurrent - State Government				
Youth	61	65	4	6%
Early Years	198	243	45	23%
Emergency Management	120	120	-	0%
Aged and Disability	262	213	(49)	-19%
Other Grants	149	55	(94)	-63%
Financial Assistance	-	46	46	100%
Community safety	-	55	55	100%
Total recurrent grants	4,587	7,123	2,536	55%
Non-recurrent - State Government				
Infrastructure	110	-	(110)	-100%
Youth	25	-	(25)	-100%
Social Housing	-	28	28	100%
Recreation and leisure	-	30	30	100%
Other	-	10	10	100%
Total non-recurrent grants	135	68	(67)	-50%
Total operating grants	4,722	7,191	2,469	52%
(b) Capital Grants				
Recurrent - Commonwealth Government				
Roads to Recovery	1,554	948	(606)	-39%
Total recurrent grants	1,554	948	(606)	-39%
Non-recurrent - State Government				
Buildings	100	8	(92)	-92%
Drainage	54	-	(54)	-100%
Land Improvement	-	417	417	100%
Road Rehabilitation	-	1,583	1,583	100%
Recreation and leisure	196	259	63	32%
Total non-recurrent grants	547	3,511	2,964	542%
Total capital grants	2,101	4,459	2,358	112%
Total grants	6,823	11,650	4,827	70.75%

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 \$2.47 million compared to 2018/2019.

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 increase by \$2.36 million compared to 2018/2019, generally due to funding expected to be received several State Government funding programs.

4.1.5 Contributions

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Monetary	70	120	50	71.43%
Non-monetary	-	29	29	100.00%
Total contributions	70	149	79	112.57%

Monetary contributions include open space contributions from developers. Non-monetary contributions include capital works required under lease agreements.

4.1.6 Other income

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Interest	435	546	111	25.52%
Rent	107	159	52	48.60%
Other	261	133	(128)	-49.18%
Total other income	803	838	35	4.32%

The decrease in the other category of other income is a result of a one-off reimbursement being received in 2018/2019 for the Doug Powell Oval lighting project (\$150,000). Additionally, Council is expecting greater interest to be received in 2019/2020 for investments and overdue rates.

4.1.7 Employee costs

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Wages and salaries	12,841	13,205	364	2.84%
WorkCover	180	310	130	72.22%
Superannuation	1,172	1,212	40	3.45%
Fringe Benefits Tax	60	61	1	1.67%
Other	368	374	6	1.58%
Total employee costs	14,621	15,162	541	3.70%

Employee costs include all labour related expenditure such as wages and salaries, and oncosts such as allowances, leave entitlements, employer superannuation, workers compensation insurance and rostered days off. Employee costs are budgeted to increase by 3.7%, or \$541,000, compared to 2018/2019.

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

4.1.8 Materials and services

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Service providers	6,128	6,646	518	8.46%
Materials	1,234	1,126	(108)	-8.78%
Utilities	451	599	148	32.73%
Office administration	296	310	14	4.84%
Information technology	437	535	98	22.33%
Insurance	326	310	(16)	-4.97%
Plant costs	454	617	163	35.90%
Other	1	1	0	0.00%
Total materials and services	9,327	10,143	816	8.75%

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 \$811,000 or 8.7% compared to the 2018/2019 budget. This increase is mainly due to increased cost of contract payments and utilities. In addition, changes to the waste management operating model will result in the cost of the EPA landfill levy being moved from other expenses (Note 4.1.10) to services providers (\$195,000).

4.1.9 Depreciation and amortisation

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Property	2,370	2,387	17	0.73%
Plant & equipment	795	801	6	0.76%
Infrastructure	5,201	5,455	254	4.88%
Intangibles	155	157	2	1.29%
Total depreciation and amortisation	8,521	8,800	279	3.28%

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 bridges due to a revaluation of all bridge assets effective 1 July 2018.

4.1.10 Other expenses

	Budget		Change	
	2018/2019	2019/2020		
	\$'000	\$'000	\$'000	%
Audit fees	74	81	7	9.46%
Councillors' allowances	224	219	(6)	-2.46%
Regional library contribution	516	527	11	2.12%
Contributions - fee waivers	13	26	13	100.00%
Contributions - community grants	369	369	0	0.01%
Contributions - other	19	43	24	124.53%
Government levies payable	354	159	(195)	-54.97%
Total other expenses	1,569	1,424	(145)	-9.27%

Other expenses relate to a range of unclassified items including contributions to community groups, councillor allowances, auditing fees and other miscellaneous expenditure items. Government levies payable will decrease by \$195,000 from 2018/2019 due to the landfill levy not being paid direct to EPA as per changes to the waste management operating model.

4.2 Balance Sheet

4.2.1 Assets

Current assets (\$6.67 million decrease) and non-current assets (\$7.3 million increase)

Cash and cash equivalents include cash held, such as petty cash or at-call bank accounts, and investments in deposits or other highly liquid investments with short term maturities. These balances are expected to decrease by \$6.72 million due to the significant capital works program being undertaken.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are expected to have a minor decrease during 2019/2020 as outstanding debts continued 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 extensive capital works program being undertaken, as well as depreciation.

4.2.2 Liabilities

Current liabilities (\$1.32 million increase) and non-current liabilities (\$3.29 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, as well as landfill rehabilitation. Overall provisions are expected to decrease as works commence on cell capping at the Castlemaine landfill (\$1.5 million).

Interest bearing liabilities will decrease due to principal repayments being made.

4.2.3 Borrowings

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

	2018/2019	2019/2020
	\$	\$
Amount borrowed as at 30 June of the prior year	4,402	3,925
Amount proposed to be borrowed	-	-
Amount projected to be redeemed	(477)	(482)
Amount of borrowings as at 30 June	3,925	3,443

4.3 Statement of changes in equity

4.3.1 Reserves

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 2020 it will have cash and investments of \$7.72 million, which are restricted as shown in the following table.

	Forecast	Budget	Variance
	2018/2019	2019/2020	
	\$'000	\$'000	\$'000
Total cash and investments	14,318	7,772	(6,546)
Restricted cash and investments			
- Statutory reserves	(1,120)	(915)	205
- Trust funds and deposits	(814)	(806)	8
Unrestricted cash and investments	12,384	6,051	(6,333)
- Discretionary reserves	(12,097)	(8,217)	3,880
Unrestricted cash adjusted for discretionary reserves	287	(2,166)	(2,453)

4.3.2 Equity

Equity (\$2.61 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 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 (\$4.34 million increase)

The increase in cash inflows from operating activities arises mainly because of the increase in government grants to be received - the 2019/2020 VGC grants expected to be fully received in 2019/2020 and not paid early (and received in June 2019). Capital grants are also expected to increase due to the Fixing Country Roads program. Other payments are expected to increase due to the capping of cells at the Castlemaine Landfill (funded from the waste reserve).

The net cash flows from operating activities does not equal the surplus (deficit) for the year as the surplus (deficit) for the year includes non-cash items which have been excluded from the Cash Flow Statement e.g. depreciation.

	Budget 2018/2019 \$'000	Budget 2019/2020 \$'000	Variance \$'000
Surplus (deficit) for the year	(1,964)	2,612	4,576
Depreciation	8,521	8,800	279
Loss (gain) on disposal of property, infrastructure, plant and equipment	(485)	(394)	91
Finance costs	194	164	(30)
Net movement in current assets and liabilities	(1,983)	1,034	3,017
Cash flows available from operating activities	4,282	12,215	7,932

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 2019/2020 no new borrowings are proposed.

4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2019/2020 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 2018/19 \$'000	Budget 2019/20 \$'000	Change \$'000	
Property	3,725	2,399	(1,326)	-35.60%
Plant and equipment	1,236	1,414	178	14.40%
Infrastructure	6,392	12,902	6,510	101.85%
Total	11,353	16,715	5,362	47.23%

	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	2,399	32	1,540	802	25	8	-	2,391	-
Plant and equipment	1,414	-	1,329	25	60	-	-	1,414	-
Infrastructure	12,902	1,662	7,289	3,889	63	4,451	-	8,451	-
Total	16,715	1,694	10,157	4,716	148	4,459	-	12,256	-

4.5.2 Current Budget

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY									
Land Improvements									
Levee design	40	-	-	40	-	-	-	40	-
Worksite environmental remediation	100	-	100	-	-	-	-	100	-
Buildings									
Castlemaine Market Building works	209	-	209	-	-	-	-	209	-
Priority pool works program	150	-	150	-	-	-	-	150	-
Solar systems priority sites	25	-	-	-	25	-	-	25	-
Female friendly change rooms	723	-	-	723	-	-	-	723	-
Library floor structure safety works	404	-	404	-	-	-	-	404	-
Machinery and equipment storage	27	27	-	-	-	-	-	27	-
Community buildings and facilities	607	5	563	39	-	-	-	607	-
TOTAL PROPERTY	2,285	32	1,426	802	25	-	-	2,285	-
PLANT AND EQUIPMENT									
Plant, Machinery and Equipment									
Motor vehicle replacement	335	-	335	-	-	-	-	335	-
Major plant replacement	690	-	690	-	-	-	-	690	-
Fixtures, Fittings and Furniture									
Town Hall stage lighting	25	-	-	25	-	-	-	25	-
Computers and Telecommunications									
Server and workstation renewal program	131	-	131	-	-	-	-	131	-
Integrated corporate platform	113	-	113	-	-	-	-	113	-
TOTAL PLANT AND EQUIPMENT	1,294	-	1,269	25	-	-	-	1,294	-

4.5.2 Current Budget continued

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
Roads									
Road rehabilitation	2,980	-	1,771	1,209	-	2,286	-	694	-
Local roads resealing	1,269	-	1,269	-	-	-	-	1,269	-
Gravel road resheeting	619	-	619	-	-	-	-	619	-
Pavement designs	288	-	126	162	-	-	-	288	-
Bridges									
Bridge designs	160	-	80	80	-	-	-	160	-
Eagles Road Bridge replacement	528	-	264	264	-	264	-	264	-
Froomes Road Bridge replacement	960	-	480	480	-	480	-	480	-
Footpaths and Cycleways									
Footpath rehabilitation and construction	1,400	1,159	147	94	-	500	-	900	-
Footpath design	90	90	-	-	-	-	-	90	-
Drainage									
Drainage rehabilitation and construction	182	-	27	155	-	-	-	182	-
Saint Street - Stage 2	170	-	-	170	-	-	-	170	-
Minor drainage works	30	-	-	30	-	-	-	30	-
Campbells Creek levee upgrade	626	-	-	626	-	417	-	209	-
Waste Management									
Resource Recovery Centre	145	-	73	36	36	-	-	145	-
Play Spaces and Recreation Facilities									
Morrissey Reserve play space	65	-	65	-	-	-	-	65	-
Stanley Park North play space	366	366	-	-	-	250	-	116	-
Other Infrastructure									
Small-town streetscapes	100	-	-	100	-	-	-	100	-
Maldon streetscapes rejuvenation	170	-	170	-	-	-	-	170	-
Harmony Way revitalisation	80	-	40	40	-	-	-	80	-
Public place recycling bins	20	20	-	-	-	-	-	20	-
TOTAL INFRASTRUCTURE	10,248	1,635	5,131	3,446	36	4,197	-	6,051	-
TOTAL NEW CAPITAL WORKS	13,826	1,667	7,825	4,273	61	4,197	-	9,629	-

4.5.3 Works carried forward from the 2018/2019 year

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY									
Castlemaine Market Building conservation works	52	-	52	-	-	8	-	45	-
Female Friendly Change Rooms Design	62	-	62	-	-	-	-	62	-
TOTAL PROPERTY	114	-	114	-	-	8	-	106	-
PLANT AND EQUIPMENT									
Computers and Telecommunications									
Integrated Corporate platform	120	-	60	-	60	-	-	120	-
TOTAL PLANT AND EQUIPMENT	120	-	60	-	60	-	-	120	-

4.5.3 Works carried forward from the 2018/2019 year continued

Capital Works Area	Project Cost \$'000	Asset expenditure types				Summary of Funding Sources			
		New	Renewal	Upgrade	Expansion	Grants	Contrib.	Council cash	Borrowings
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INFRASTRUCTURE									
Roads									
Maldon streetscape works	145	-	145	-	-	-	-	145	-
Harcourt Infrastructure	50	-	50	-	-	-	-	50	-
Safety improvement - Golden Point Road	48	-	48	-	-	48	-	-	-
Bridges									
Campbells Creek Fryers Road Bridge	788	-	788	-	-	197	-	591	-
Footpaths and Cycleways									
Castlemaine CBD Streetscape	108		54	27	27			108	
Drainage									
Corner Hargraves and Forest Streets	107	-	107	-	-	-	-	107	-
Saint Street stage 2	37	-	37	-	-	-	-	37	-
Waste Management									
Maldon e-waste infrastructure	40	-	40	-	-	-	-	40	-
Castlemaine Resource Recovery Centre	600	-	400	200	-	-	-	600	-
Play Spaces and Recreation Facilities									
Doug Powell Oval floodlights	19	19	-	-	-	-	-	19	-
Victory Park play space	432	-	216	216	-	9	-	423	-
Norwood Hill Recreation Reserve	110	-	110	-	-	-	-	110	-
Major Reserves Master Plan Review	15	-	15	-	-	-	-	15	-
Taradale Mineral Springs Recreation Reserve	8	8	-	-	-	-	-	8	-
Other Infrastructure									
Streetscape planning and design	148	-	148	-	-	-	-	148	-
TOTAL INFRASTRUCTURE	2,654	27	2,158	443	27	254	-	2,400	-
TOTAL CARRIED FORWARD CAPITAL WORKS FROM 2018/2019	2,888	27	2,332	443	87	262	-	2,626	-

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	Budget	Budget	Strategic Resource Plan Projections			Trend + / o / -
			2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	
Operating position									
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-5%	-13.5%	-5.5%	-5.2%	-4.3%	-3.9%	+
Liquidity									
Working Capital	Current assets / current liabilities	2	223%	195%	138.14%	181%	244%	320%	o
Unrestricted cash	Unrestricted cash / current liabilities	3	169%	183%	75.0%	123.7%	148.8%	222.5%	o
Obligations									
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	4	24%	16.6%	14%	27.1%	23.5%	20.7%	o
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		4%	3.1%	2.7%	1.9%	7.3%	3.2%	o
Indebtedness	Non-current liabilities / own source revenue		23%	17.3%	17.5%	19.6%	20.0%	17.8%	-
Asset renewal	Asset renewal expenses / Asset depreciation	5	89%	99%	115%	64.7%	100.7%	82.7%	o
Stability									
Rates concentration	Rate revenue / adjusted underlying revenue		54%	71.4%	62.5%	62.5%	61.9%	62.4%	o
Rates effort	Rate revenue / CIV of rateable properties in the municipality		44%	43.6%	37%	36.1%	35.2%	34.4%	-
Efficiency									
Expenditure level	Total expenses/ no. of property assessments		\$2,984	\$2,940	\$3,044	\$3,121	\$3,155	\$3,197	+
Revenue level	Residential rate revenue / no. of residential property assessments		\$1.39	\$1.49	\$1.58	\$1.60	\$1.63	\$1.65	+
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		15%	12%	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 increase again slightly.

3. Unrestricted Cash

Some cash held by council is restricted in part and is not fully available for Council's operations. The reduction from previous year is due to cash reserves being utilised to fund significant capital works.

4. Debt compared to rates

This ratio is anticipated to increase in 2020/2021 when further loan borrowings will be undertaken to fund works for the Resource and Recovery Station.

5. 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.