

# BENALLA

RURAL CITY COUNCIL

## BENALLA RURAL CITY

# BUDGET 2014-15

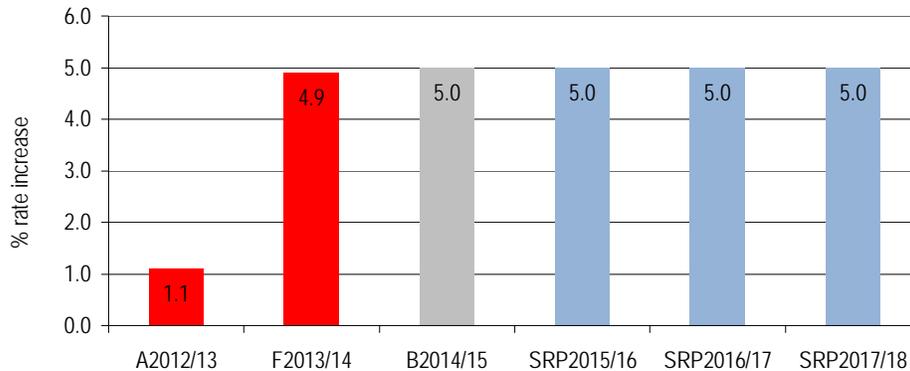


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## Executive summary

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

### 1. Rates



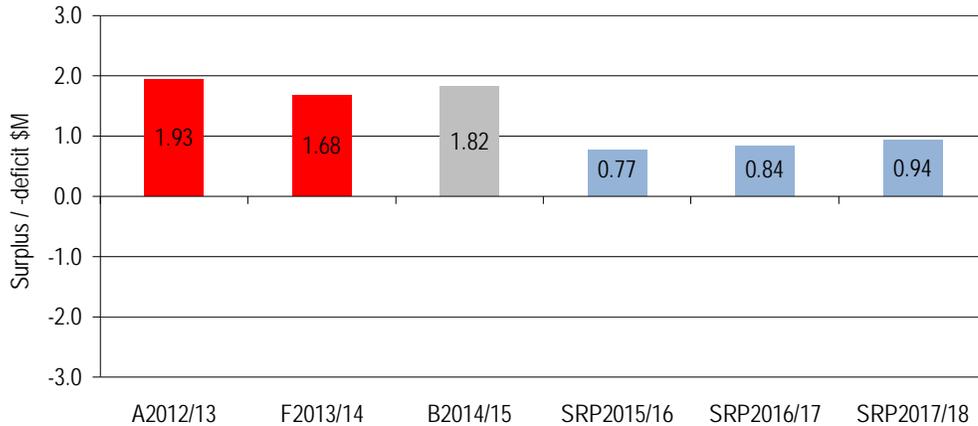
A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

Total rates and charges revenue is budgeted to increase by 5% for the 2014/15 year, to \$14.813 million, including \$0.045 million generated from supplementary rates. Of the 5% increase, 4% will be allocated to the capital projects program and 1% to maintain existing service levels.

The Strategic Resource Plan 2013-17 provided for a 5% increase, 3% to be applied to maintaining existing services and 2% to the capital projects program. Of the 3% allocation to maintain existing services 2% has been reallocated to fund capital works at the Benalla Landfill. A strategic review of service levels will be undertaken and efficiencies identified within operational spend to ensure operating budgets are maintained within the 1% increase.

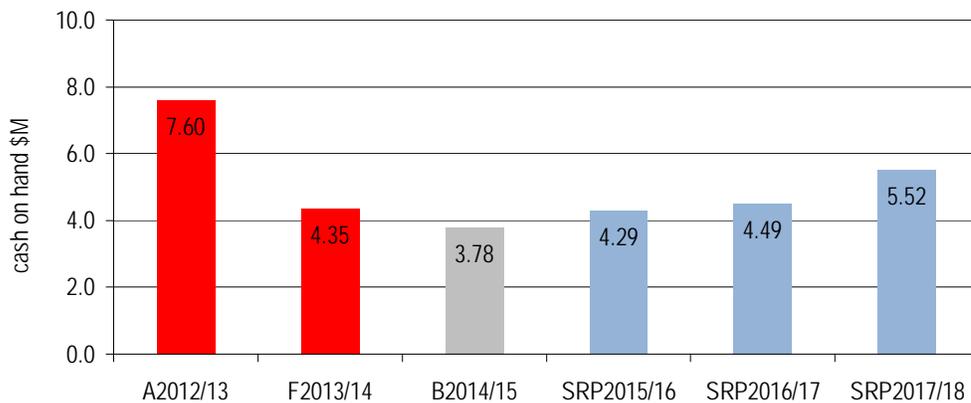
To fund the increase in rates and charges revenue it is proposed that general rate revenue increase by 5.1%, the municipal charge be set at \$214 and waste management charges increase by 5.6%. Section 9 of this report "Rating Strategy" provides a more detailed analysis of the general rate increase.

## 2. Operating result



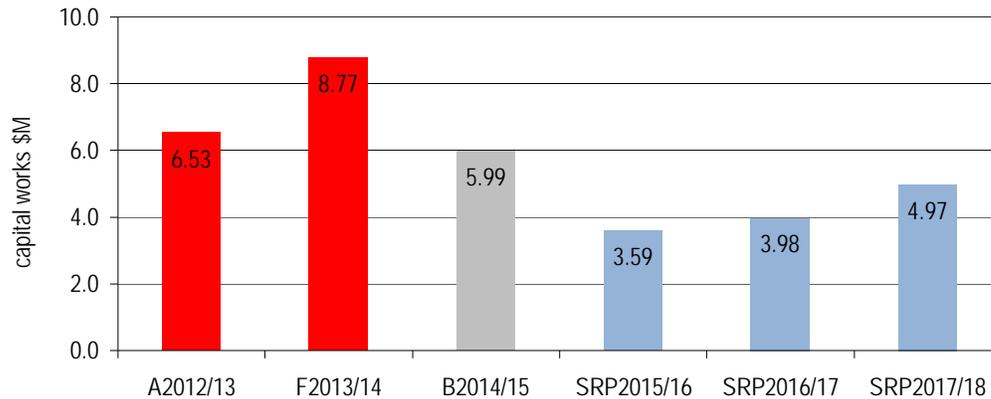
The expected operating result for the 2014/15 year is a surplus of \$1.82 million, which is an increase of \$0.137 million over 2013/14. The improved operating result is due mainly to decreased materials and services expenses which is budgeted to decrease by \$0.642 million. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a deficit of \$1.165 million - refer to section 6 of this summary for further information. (The forecast underlying result for the 2013/14 year is a deficit of \$1.312 million).

## 3. Cash and investments



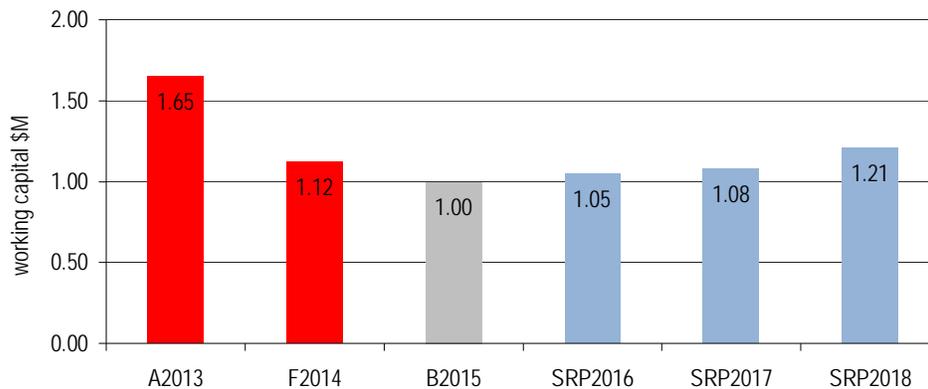
Cash and investments are expected to decrease by \$0.568 million during the year to \$3.781 million as at 30 June 2015. This is due mainly to the carried forward component of the 2013/14 capital works program and the completion of the Civic Precinct Revitalisation projects. The reduction in cash and investments is in line with Council's Strategic Resource Plan. (Cash and investments are forecast to be \$4.349 million as at 30 June 2014).

#### 4. Capital works



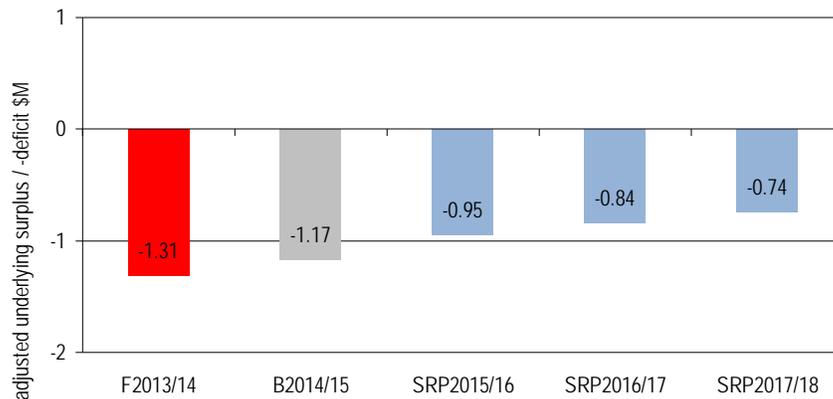
The capital works program for the 2014/15 year is expected to be \$5.99 million. Of the capital funding required \$0.811 million will come from Council operations, \$1.982 million from external grants, \$1 million from new loans and \$2.2 million from carried forward funds.

#### 5. Financial position



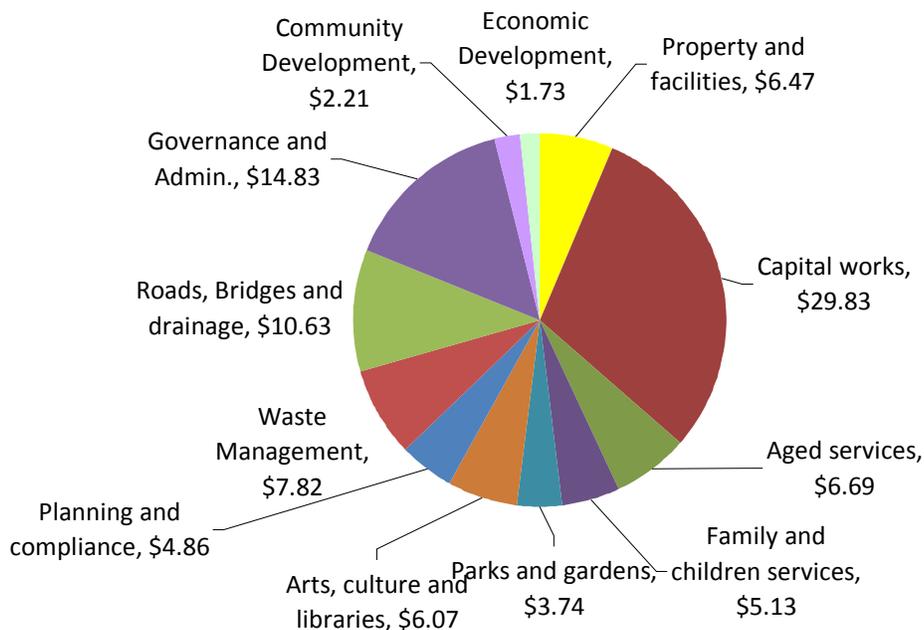
The financial position is expected to improve with net assets (net worth) to increase by \$1.82 million to \$199.99 million although net current assets (working capital) will reduce by \$0.67 million to \$0.03 million as at 30 June 2015. This is mainly due to the use of capital grants received in advance, now being used to fund the capital works program. The net current asset ratio is budgeted to be equal to 1.00 as at 30 June 2015. This indicator will project up to 1.21 by the end of the 2017/18 financial year. (Total equity is forecast to be \$198.18 million as at 30 June 2014). Section 7 of this report provides a more detailed analysis of the budgeted financial position.

## 6. Financial sustainability



A high level Strategic Resource Plan for the years 2014/15 to 2017/18 has been developed to assist Council in adopting a budget within a longer term prudent financial framework. The key objective of the Plan is financial sustainability in the medium to long term, while still achieving the Council's strategic objectives as specified in the Council Plan. The adjusted underlying result, which is a measure of financial sustainability, shows a decreasing deficit over the four year period.

## 7. Council expenditure allocations



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

This budget has been developed through a rigorous process of consultation and review and management endorses it as financially responsible. More detailed budget information is available throughout this document.

## Budget processes

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

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2014/15 budget, which is included in this report, is for the year 1 July 2014 to 30 June 2015 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a budgeted Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works.

These statements have been prepared for the year ended 30 June 2015 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards.

The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information Council requires in order to make an informed decision about the adoption of the budget.

In advance of preparing the budget, Officers firstly review and update Council's long term financial projections. Financial projections for at least four years are ultimately included in Council's Strategic Resource Plan, which is the key medium-term financial plan produced by Council on a rolling basis.

The preparation of the budget, within this broader context, begins with Officers preparing the operating and capital components of the annual budget during January and February.

A draft consolidated budget is then prepared and various iterations are considered by Council at informal briefings during March and April. A 'proposed' budget is prepared in accordance with the Act and submitted to Council in May for approval 'in principle'.

Council is then required to give 'public notice' that it intends to 'adopt' the budget. It must give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its internet web site. A person has a right to make a submission on any proposal contained in the budget and any submission must be considered before adoption of the budget by Council.

To assist interested persons to understand the budget and make a submission if they wish, Council officers provide the opportunity to meet in person. The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties.

The budget is required to be adopted by 31 August and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Budget process	Timing
1. Officers update Council's long term financial projections	Dec/Jan
2. Officers prepare operating and capital budgets	Jan/Feb
3. Councillors consider draft budgets at informal briefings	Mar/Apr
4. Proposed budget submitted to Council for approval	May
5. Public notice advising intention to adopt budget	May
6. Budget available for public inspection and comment	May
7. Public submission process undertaken	May/Jun
8. Submissions period closes (28 days)	Jun
9. Submissions considered by Council/Committee	Jun
10. Budget and submissions presented to Council for adoption	Jul
11. Copy of adopted budget submitted to the Minister	Jul
12. Revised budget where a material change has arisen	Sep-Jun

## 1. Linkage to the Council Plan

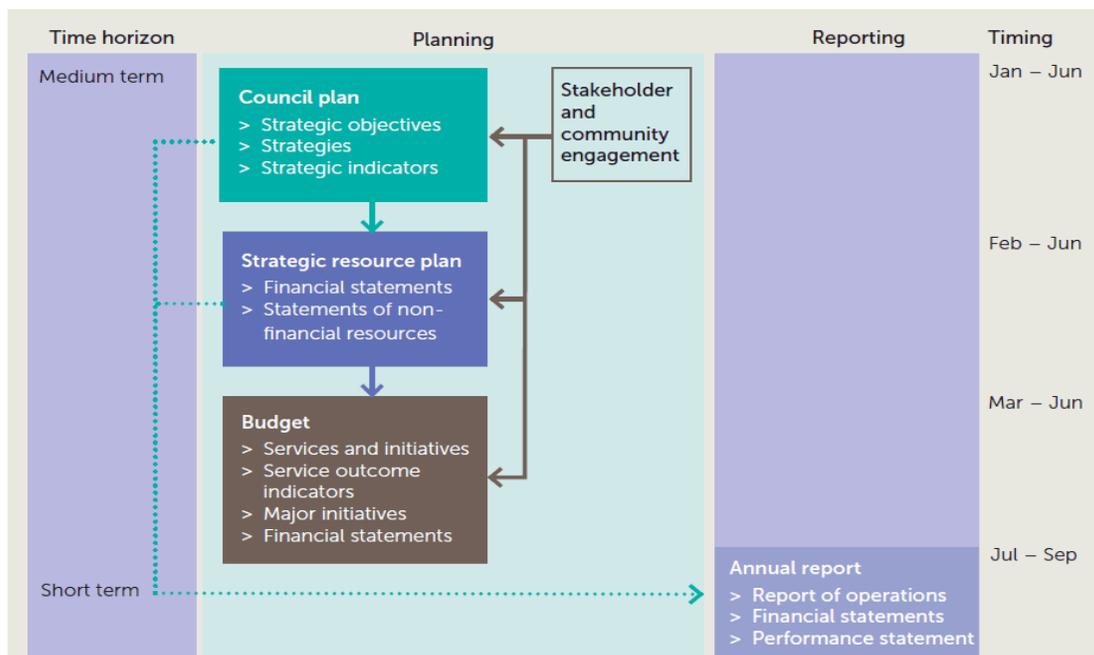
This section describes how the Annual Budget links to the achievement of the Council Plan within an overall planning framework. This framework guides the Council in identifying community needs and aspirations over the long term (Vision 2030), medium term (Council Plan) and short term (Annual Budget) and then holding itself accountable (Audited Statements).

### 1.1 Planning and accountability framework

The Strategic Resource Plan, included in 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 then framed within the Strategic Resource Plan, taking into account the services and initiatives included in the Annual Budget which contribute to achieving the strategic objectives specified in the Council Plan.

The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Transport, Planning and Local Infrastructure

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

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes. The Council Plan, including the Strategic Resource Plan, is required to be completed by 30 June following a general election and is reviewed each year in advance of the commencement of the Annual Budget process.

## 1.2 Vision, Purpose & Values

### Our vision

A sustainable, thriving and cohesive community where lifestyle, culture, health and wellbeing are important.

### Our purpose

Through leadership and quality service, we will seek to meet the needs and aspirations of our entire community with a focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.

Sound financial management, accountability and good governance will underpin the delivery of services and infrastructure whilst we protect and develop our social, environmental and cultural character.

### Our values

- **Leadership** - We will provide strong, caring and innovative leadership.
- **Openness and honesty** - We will act with integrity, transparency and truthfulness.
- **Respect** - We will respect the Community, Councillors and Council staff.
- **Fairness and Equity** - We will make decisions based on sound research and information, and participative decision making which meet the needs of the whole community.
- **Accountability** - We act conscientiously to govern for the community of the Benalla Rural City, making plans and decisions based on sound evidence.

## 1.3 Strategic objectives

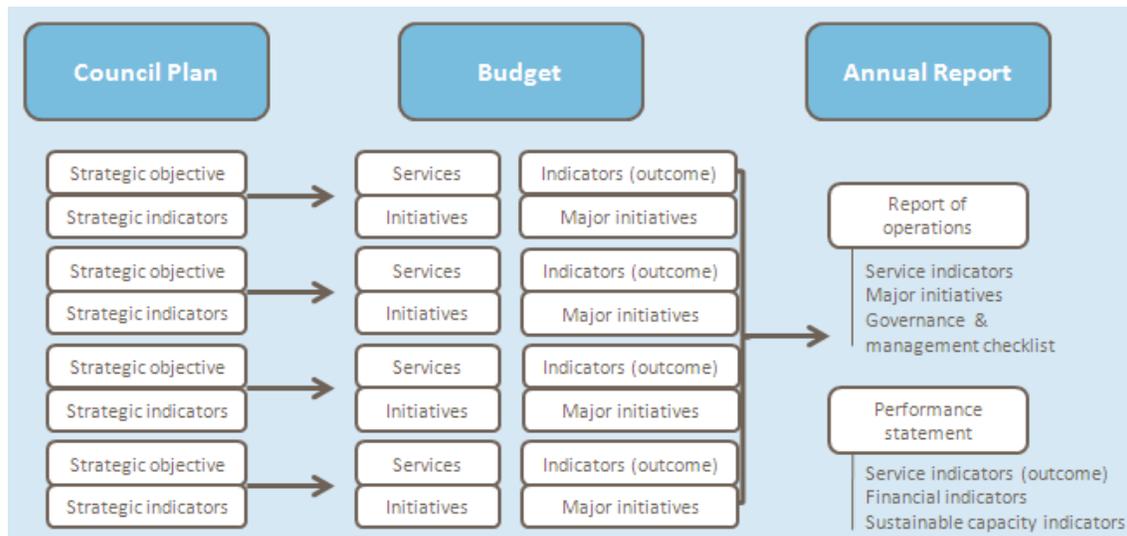
The Council has identified strategic objectives across six key areas that provide the framework for our commitment to meeting the needs and aspirations of our community. Our strategic objectives are outlined in the Council Plan for the 2013-17 years. The following table lists the six Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Our Community	We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.
2. Places and Spaces	We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City
3. Our Economy	We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.
4. Our Natural Environment	We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.
5. Community Engagement and Working Together	We will actively and openly communicate and engage with our community and work collaboratively with others through strategic partnerships and relationships.
6. Our Organisation	We will be a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our community

## 2. Services, initiatives and service performance indicators

This section provides a description of the services and initiatives to be funded in the Budget for the 2014/15 year and how these will contribute to achieving the strategic objectives specified in the Council Plan as set out in Section 1.

It also includes a number of initiatives, major initiatives and service performance outcome indicators. The Strategic Resource Plan (SRP) is part of and prepared in conjunction with the Council Plan. The relationship between these components of the Budget and the Council Plan, along with the link to reporting in the Annual Report, is shown below.



Source: Department of Transport, Planning and Local Infrastructure

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

## 2.1 Strategic Objective 1: Our Community

To achieve our strategic objective of building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life the Council will coordinate the following activities, initiative and key strategic activities.

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Arts and Events	Includes Benalla Festival and Benalla <b>Library</b> operations, which provides library services to Benalla Rural City residents in partnership with the High Country Library Corporation.	544 (11) <b>533</b>
Benalla Art Gallery	The Benalla Art Gallery is a Council owned and operated facility providing cultural and tourism benefits to the Rural City.	456 (157) <b>299</b>
Benalla Performing Arts and Convention Centre	Management and Operation of the Benalla Performing Arts and Convention Centre (BPACC).	709 (495) <b>215</b>
Community Development	Coordinates and supports community planning and development activities. Engages with young people and partners with service providers.	559 (130) <b>429</b>
Community Services	Delivers a range of services to enhance, independence, dignity, connectedness, health and wellbeing. The services provided are available to residents of all ages, cultures and socio-economic backgrounds.  Aged and Disability Services: <ul style="list-style-type: none"> <li>▪ Food Services</li> <li>▪ <b>Home and Community Care</b> Assessment Services</li> <li>▪ Homecare</li> <li>▪ Planned Activity Groups</li> <li>▪ Volunteer Transport</li> </ul> Family and Children Services: <ul style="list-style-type: none"> <li>▪ Enhanced Home Visiting</li> <li>▪ Family Day Care</li> <li>▪ Family Services</li> <li>▪ In-Home Family Day Care</li> <li>▪ <b>Maternal and Child Health</b></li> </ul>	3,812 (2,648) <b>1,164</b>

## 2.1 Strategic Objective 1: Our Community (continued)

### Initiatives

1. Implement the development of expanded and modern library and community resource services and facilities with the establishment of the Sir Edward 'Weary' Dunlop Learning Centre.
2. Identify opportunities and implement initiatives to develop community strength, capacity, independence and resilience.
3. Implement the *Benalla Rural City Youth Strategy* to ensure a whole of Council and community approach to youth related issues.
4. Establish a Council Youth Advisory Committee.
5. Implement a positive ageing strategy that emphasises the contribution of people, places and participation to building and sustaining a positive approach to ageing in our community.

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Arts Communication and Events	Satisfaction	Community satisfaction rating for our performance in providing libraries.	Community satisfaction rating out of 100 with how Council has performed in community development activities.
Community Development	Satisfaction	Community satisfaction rating for our performance in community development activities.	Community satisfaction rating out of 100 with how Council has performed in community development activities.
Community Development	Satisfaction	Community satisfaction rating for our performance in providing youth services and activities.	Community satisfaction rating out of 100 with how Council has performed in providing youth services.
Community Development	Established	Council Youth Advisory Committee established.	Committee established.
Community Services	Satisfaction	Community satisfaction rating for our performance in providing elderly support services.	Community satisfaction rating out of 100 with how Council has performed in community development activities.
Home and Community Care	Participation	Participation in HACC service (Percentage of the municipal target population who receive a HACC service)	[Number of people that received a HACC service / Municipal target population for HACC services] x100
		Participation in HACC service by CALD people (Percentage of the municipal target population in relation to CALD people who receive a HACC service)	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100

## 2.1 Strategic Objective 1: Our Community (continued)

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Maternal and Child Health	Participation	Participation in the MCH service (Percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100
		Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100
Libraries	Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100

## 2.2 Strategic Objective 2: Places and Spaces

To achieve our strategic objective of providing community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City Council will coordinate the following activities, initiative and key strategic activities.

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Facilities	<p>Responsible for the management and maintenance of the Council's properties, open spaces, reserves and buildings.</p> <p>Maintains the Geographical Information Systems which provide computer based mapping and aerial photography.</p>	<p>2,915</p> <p>(163)</p> <p><b>2,752</b></p>
Development	<p>Land Use <b>Planning Services</b> to manage development in accordance with the Benalla Planning Scheme and the Planning and Environment Act.</p> <p>Municipal Building Surveyor Services to meet statutory obligations in accordance with the Local Government Act and Building Regulations.</p> <p>Coordination of Council's statutory obligations in relation the Domestic and Feral and Nuisance <b>Animal Act</b>, Road Regulations, Environment Protection Act, Country Fire Authority Act.</p> <p>Provision of professional Environmental <b>Health Services</b> to meet Council's statutory obligations with respect to the Health Act, and Environment Protection Act.</p>	<p>1,444</p> <p>(337)</p> <p><b>1,107</b></p>

## 2.2 Strategic Objective 2: Places and Spaces (continued)

### Services

Business area	Description of services provided	Expenditure (Revenue) <b>Net Cost</b> \$'000
	Responsible for the Council's Asset Management requirements including its <b>Road Management</b> Plan.	3,727 (981) <b>2,747</b>
Infrastructure	Implementation of major and minor works project management, supervision and delivery. Management and strategic implementation of maintenance and repair activities: <ul style="list-style-type: none"> <li>▪ urban roads, drains and footpaths</li> <li>▪ rural roads, drains and bridges</li> <li>▪ signage, street sweeping</li> <li>▪ minor construction works</li> <li>▪ asset inspection programs</li> <li>▪ plant.</li> </ul>	

### Initiatives

1. Facilitate appropriate land use development and protection of environmental values through planning processes, particularly the *Benalla Planning Scheme*.
2. Maintain, enhance and promote Council facilities and open space areas to enable maximum community use, benefit and enjoyment and to meet safety standards.
3. Develop a recreation and open space strategy to identify priority future developments across our Rural City.
4. Develop and implement a strategy for the management of street trees.

## 2.2 Strategic Objective 2: Places and Spaces (continued)

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Development		Community satisfaction rating for our performance in town planning policy and approvals.	Community satisfaction rating out of 100 with how Council has performed in town planning policy and approvals.
Facilities	Satisfaction	Community satisfaction rating for our performance in providing recreational facilities.	Community satisfaction rating out of 100 with how Council has performed in community development activities.
Facilities	Completion	Recreation and Open Space Strategy completed	Strategy completed.
Facilities	Completion	Management of Street Trees strategy completed.	Strategy adopted by the Council.
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities (Number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
Statutory planning	Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Roads	Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads.
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

## 2.3 Strategic Objective 3: Our Economy

To achieve our strategic objective of supporting, promoting and encouraging the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community Council will coordinate the following activities, initiatives and key strategic activities.

### Services

<b>Business area</b>	<b>Description of services provided</b>	<b>Expenditure (Revenue) Net Cost \$'000</b>
Economic Development and Tourism	Develops and implements initiatives that strengthen and develop Benalla Rural City's business and tourism sectors.	473 (11) <b>462</b>
	Partners with key stakeholders including the Benalla Business Network, North East Tourism and government departments.	

### Initiatives

1. Prepare a Benalla Art Gallery Master Plan.
2. Develop a strategy to retain, support, promote and grow our local businesses, attract new businesses, and support industry innovation and diversification.
3. Support, promote and participate in local, regional and state-wide tourism and population attraction initiatives.
4. Establish a long term strategic approach for the ongoing development of Enterprise Park and the Benalla Airport.
5. Develop the tourism potential of our iconic community-owned assets, including the Benalla Art Gallery, Benalla Botanical Gardens and Lake Benalla.

## 2.3 Strategic Objective 3: Our Economy (continued)

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Arts Communication and Events	Completion	Benalla Art Gallery Master Plan completed.	Benalla Art Gallery Master Plan completed.
Economic Development and Tourism	Satisfaction	Community satisfaction rating for our performance in relation to economic (business) development.	Community satisfaction rating out of 100 with how Council has performed in economic (business) development.
Economic Development and Tourism	Participation	Participation in events to promote Benalla Rural City outside the region.	Attend at least two events a year.
Economic Development and Tourism	Established	Strategic approach started.	Strategic approach started.
Economic Development and Tourism	Satisfaction	Community satisfaction rating for our performance in relation to tourism promotion and support.	Community satisfaction rating out of 100 with how Council has performed in relation to tourism promotion and development.
Economic Development	Economic activity	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	[Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100

## 2.4 Strategic Objective 4: Our Natural Environment

To achieve our objective of taking a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future Council will coordinate the following activities, initiatives and key strategic activities.

### Services

Service Category	Description of activities	Expenditure (Revenue) Net Cost \$'000
Development and Environment	<p>Includes waste collection, recycling programs, EPA licenced landfill operation, and waste minimisation programs in accordance with state and regional plans and policies.</p> <p>Area also includes sustainability and environment activities: climate change, roadside vegetation, energy and water conservation; and water quality.</p> <p>Operating result is offset by required capital expenditure.</p>	<p>2,767</p> <p><u>(2,988)</u></p> <p><b>(221)</b></p>

### Initiatives

1. Involve and inform the community on environmental issues, strategies and opportunities for reducing our environmental impact.
2. Increase the recovery of resources, minimise waste disposal to landfill and promote opportunities for new waste management facilities.
3. Review, adopt and implement the *Roadside Vegetation Management Plan* taking into account conservation values and public safety expectations.

## 2.4 Strategic Objective 4: Our Natural Environment (continued)

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Development and Environment	Performance	Community satisfaction rating for our performance in environmental sustainability.	Community satisfaction rating out of 100 with how Council has performed in relation environmental sustainability.
Development and Environment	Performance	Community satisfaction rating for our performance in waste management.	Community satisfaction rating out of 100 with how Council has performed in relation to waste management.
Development and Environment	Review	Roadside Vegetation Management Plan reviewed.	Review completed.
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)	$\left[ \frac{\text{Weight of recyclables and green organics collected from kerbside bins}}{\text{Weight of garbage, recyclables and green organics collected from kerbside bins}} \right] \times 100$

## 2.5 Strategic Objective 5: Community Engagement and Working Together

To achieve our strategic objective of actively and openly communicating and engaging with our community and working collaboratively with others through strategic partnerships and relationships the following initiatives and key strategic activities will be supported.

### Service

<b>Business area</b>	<b>Description of services provided</b>	<b>Expenditure (Revenue) Net Cost \$'000</b>
Communications	Community engagement in accordance with the Council's Communication and Consultation Strategy.	279 (0)
		<b>279</b>

### Initiatives

1. Continue to improve the effectiveness of our engagement with the whole community, including young people, in our decision making process.
2. Facilitate the development of a long-term Community Plan to identify common community values, aspirations and priorities for the future, and integrate into our business planning framework.
3. Actively participate in relevant regional forums and collaborations including the Hume Region Local Government Network and Hume Regional Management Forum.

## 2.5 Strategic Objective 5: Community Engagement and Working Together (continued)

### Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
Arts Communication and Events	Satisfaction	Community satisfaction rating for our performance in community consultation and engagement.	Community satisfaction rating out of 100 for how Council has performed in relation to community consultation and engagement.
Community Development	Completion	Community Plan completed.	Community Plan completed.
Chief Executive Officer	Attendance	Attend meetings of Hume Region Local Government Network and Hume Regional Management Forum.	100% attendance.
Governance	Satisfaction	Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community

## 2.6 Strategic Objective 6: Our Organisation

To achieve our strategic objective of being a high performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best value service to our community the following initiatives and key strategic activities will be supported.

### Services

Service Category	Description of activities	Expenditure (Revenue) Net Cost \$'000
Corporate and Community	Includes the General Manager Corporate and Community and associated support. Also includes the governance function.	412 <u>(0)</u> <b>412</b>
Chief Executive Officer	Chief Executive Officer, Mayor and Councillor support.	668 <u>(15)</u> <b>653</b>
Customer Relations	Includes Customer Relations functions in accordance with Council's Customer Service Strategy and associated Charter and maintenance of customer request system.  Provides document management, including the creation, scanning, maintenance, archiving and disposal of all corporate records together the administration of incoming and outgoing mail.  Also includes the operations of the Benalla Civic Centre and Benalla Drill Hall Community Activity Centre.	428 <u>(5)</u> <b>423</b>
Finance	Provides financial based services including the management of Council's finances, coordination of procurement activities, raising and collection of debtors, repayment of loans and forward financial planning.  Also delivers property based services including the valuation of properties throughout the municipality and agreements over Council controlled property.	1,133 <u>(1,578)</u> <b>(445)</b>
People and Performance	Includes human resource management support for the organisation and training and development for staff.  Delivers information technology services and support to Council staff and various work locations.  This Department Is also responsible for ensuring the achievement of corporate objectives in regard to Risk Management, Insurance and Occupational Health and Safety.	1,422 <u>(0)</u> <b>1,422</b>

## Initiatives

1. Continue to implement strategies to attract, retain and develop staff to create a high performance organisation.
2. Pursue innovation and efficiency in our systems and processes.
3. Actively advocate for our community in our relationships with State and Federal Governments and statutory authorities.
4. Maintain viable and sustainable income sources through our revenue strategy and by seeking additional grant funding.

## Service Performance Outcome Indicators

Service	Indicator	Performance Measure	Computation
People and Performance	Turnover	Staff turnover rate.	Higher than 5% and less than 10%
People and Performance	Satisfaction	Community satisfaction rating on our interaction and responsiveness in dealing with the public (customer service).	Community satisfaction rating out of 100 for how Council has performed in relation to customer service.
Chief Executive	Satisfaction	Community satisfaction rating on our performance in relation to advocacy (lobbying on behalf of the community).	Community satisfaction rating out of 100 for how Council has performed in relation to advocacy.
Finance	Sustainability	The result of the most recent published financial sustainability risk assessment undertaken by Victorian Auditor-General's Office following its review of the audited statements	Low Risk Sustainability Assessment.

## 2.7 Performance Statement

The service performance indicators detailed in the preceding pages will be reported on within the Performance Statement which is prepared at the end of the year as required by section 132 of the Act and included in the 2014/15 Annual Report.

The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in section 8) and sustainable capacity, which are not included in this budget report. The full set of prescribed performance indicators are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the report of operations.

### 3. Budget influences

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

<b>Population</b>	13,643
<b>Area</b>	235,059 hectares
<b>Climate</b>	Temperature ranges from average winter minimum of 3°C to an average summer maximum of 31°C. Rainfall is within 600-700mm average with most rain falling in the spring and winter.
<b>Townships</b>	Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Thoona, Tatong, Winton
<b>How far from Melbourne</b>	193 kms north east of Melbourne – an easy two hour drive
<b>Major industries</b>	Manufacturing, construction, agriculture, retail and health
<b>Number of businesses</b>	330 commercial businesses and 70 Industrial businesses
<b>Rateable properties</b>	7,835
<b>Number of Employees</b>	127 EFT
<b>Number of Councillors</b>	7

### 3. Budget influences (continued)

The largest employing industries are manufacturing, agriculture, retail and construction. The largest employer in the Rural City is the manufacturing industry which includes Thales Australia, D&R Henderson Pty Ltd, Schneider Electric (Australia) Pty Ltd, and a wide variety of smaller manufacturing businesses.

The Agriculture industry is historically a significant contributor to the municipality's economy.

Making up the remainder of key employers is Benalla's diverse mix of retailers with the fastest growing employment sector being the health services industry.

Benalla is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. The central lake, botanical gardens and riverine parklands, walking paths, and an attractive and vibrant centre, are the key features.

The Rural City offers exciting recreational and cultural opportunities including the Benalla Aquatic Centre, Benalla Indoor Recreation Centre, Benalla Art Gallery, Benalla Performing Arts and Convention Centre.

Benalla also has quality schools, colleges, Goulburn Ovens Institute of TAFE, the Benalla Hospital, and a Community Care Centre.

Benalla Rural City is also home to the Benalla Racing Club, The Gliding Club of Victoria, Winton Motor Raceway, Benalla Golf Club, Benalla Bowling Club, and the Benalla Lawn Tennis Club.

Benalla has appropriately zoned industrial land adjoining the Airport and smaller land at Enterprise Park. The Council is considering development options for the remaining 70 hectares of the Business Park.

For industries requiring larger allotments, substantial property is available along the Benalla Yarrawonga Road. The land is a greenfield site, however, natural gas, power and water are available. Much of the land adjoins the dual standard gauge Melbourne Sydney rail line.

### 3. Budget influences (continued)

The population is ageing and the city has a greater proportion of older people than Regional Victoria. Overall in 2011, 22.1% of the population was aged between 0 and 17, and 29.2% were aged 60 years and over, compared with 23.5% and 24.2% respectively for Regional Victoria. (Source: Australian Bureau of Statistics, Census of Population and Housing).

The Benalla Rural City is ranked as the 17th most disadvantaged local government area in Victoria and the 13th most disadvantaged community in Regional Victoria. (Source: Australian Bureau of Statistics, Socio-Economic Index for Areas). A separate report by Tony Vinson, *Dropping off the edge; the distribution of disadvantage in Australia* identified Benalla in the top 40 most disadvantaged communities in Victoria.

#### **Housing**

Benalla has a full range of residential options. Median price of a vacant house block appears to have been relatively stable at around \$90,000-\$95,000. House buyers have numerous options within the \$200,000-\$350,000 bracket.

The number of homes is increasing. While more housing stock is available, the population has remained fairly stable due to decreasing household sizes. Trends show that the number of one and two person households is increasing. Further growth is expected with the completion of the Benalla Urban Growth Project which will enable residential development to take place.

#### **Occupation**

The size of Benalla Rural City's labour force in 2011 was 6,335 persons, which was 58 more than in 2006. Of the 2011 labour force, 3,489 (58%) were full time workers and 2,404 (40%) were employed part time.

Between 2006 and 2011, the number of people employed in Benalla Rural City showed an increase of 104 and the number unemployed showed a decrease of 46 persons. In the same period, the number of people in the labour force showed an increase of 58 (0.9%) persons.

Overall, 95.1% of the labour force was employed (53.4% of the population aged 15+) and 4.9% unemployed (2.8% of the population aged 15+) compared with 94.8% and 5.2% respectively for Regional Victoria. (Source: Australian Bureau of Statistics, Employment Status).

### 3. Budget influences (continued)

A number of external influences have been taken into consideration, as they are likely to impact significantly on the services delivered by Council in the budget period. These budget influences include:

- employee cost growth of 5% - this increase provides for Enterprise Agreement pay rises, annual banding increases, end of band payments and increases in annual WorkSafe premiums
- CPI is projected to be 2.5%
- continued receipt of the Australian Government's Roads to Recovery funding of \$678,000 per year
- receipt of a \$1 million grant per year from the Victorian Government for Country Roads and Bridges
- Legislative compliance including the Environmental Protection Authority landfill levy and licensing reform
- repayment of Council's Unfunded Superannuation Liability.

The following internal influences have impacted on the setting of the 2013/14 Budget:

The 2013-17 Strategic Resource Plan was prepared on the basis of:

- Reducing Council debt by the end of the current Council term to a Indebtedness ratio of <35%.
- Fully funding the completion of the following projects:
  - Civic Precinct Revitalisation Project
    - Sir Edward 'Weary' Dunlop Learning Centre
    - Customer Service Centre
    - Civic Centre
  - and associated streetscaping and parking
  - Benalla Town Hall Restoration.
- That no other major project be undertaken pending the completion of the above projects, subject to the following projects being advanced to shovel ready status (that is, feasibility, planning and design):
  - Benalla Aquatic Centre Redevelopment
  - Enterprise Park Subdivision
  - Benalla Airport Redevelopment
  - Visitor Information Centre Redevelopment.

### 3. Budget influences (continued)

The key budget principles for the preparation of departmental budgets included:

- the Rating Strategy consider the principles of equity and fairness
- existing fees and charges to be increased in line with inflation or market levels
- grants to be based on confirmed funding levels
- new revenue sources to be identified where possible
- service levels to be maintained with an aim to use less resources through innovation and efficiency
- new initiatives or new employee proposals which are not cost neutral to be justified through a business case
- community services programs are to be serviced only to the maximum of funded target levels.

Under *the Local Government Act 1989* (the Act), the Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about the rates and charges that Council intends to levy as well as a range of other information required by the Local Government (Finance and Reporting) Regulations 2004 which support the Act.

The Budget is for the year 1 July 2014 to 30 June 2015 and is prepared in accordance with the Act and Regulations. The Budget includes standard statements being a budgeted Income Statement, Balance Sheet, Changes in Equity, Cash Flows, Capital Projects and Human Resources. These statements have been prepared in accordance with Australian Accounting Standards, the Act and Regulations.

The Budget also includes consideration of a number of strategies to assist Council in considering the Budget in a proper financial management context. These include a Strategic Resource Plan, Rating Strategy (section 9), Infrastructure Strategy, Debt Management Strategy, and Human Resources Strategy (section 10).

## 4. Analysis of operating budget

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

### 4.1 Budgeted income statement

		Forecast		
	Ref	Actual	Budget	Variance
		2013/14	2014/15	
		\$'000	\$'000	\$'000
Total income	4.2	26,978	27,224	246
Total expenses	4.3	(25,298)	(25,407)	(109)
<b>Surplus (deficit) for the year</b>		<b>1,680</b>	<b>1,817</b>	137
Grants – capital non-recurrent	4.2.4	(5,110)	(2,982)	(3,354)
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources	4.2.5	(250)	0	610
<b>Adjusted underlying surplus (deficit)</b>		<b>(3,680)</b>	<b>(1,165)</b>	<b>(2,607)</b>

#### 4.1.1 Adjusted underlying deficit (\$2.607 million decrease)

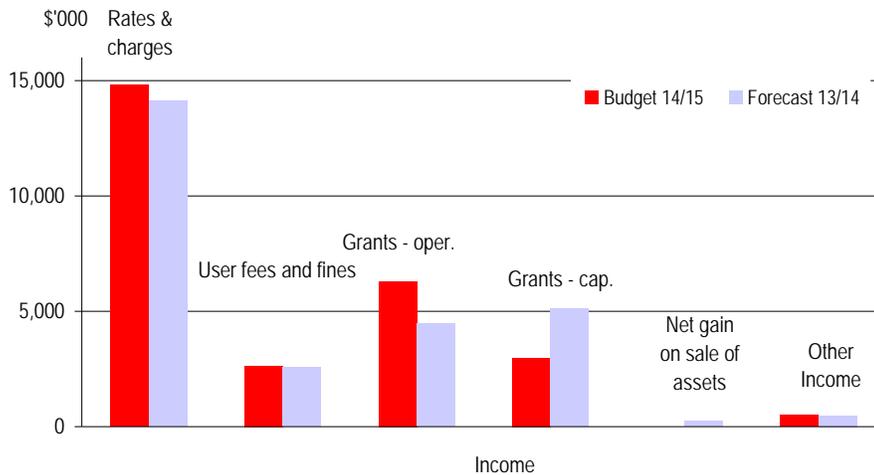
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources.

It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result.

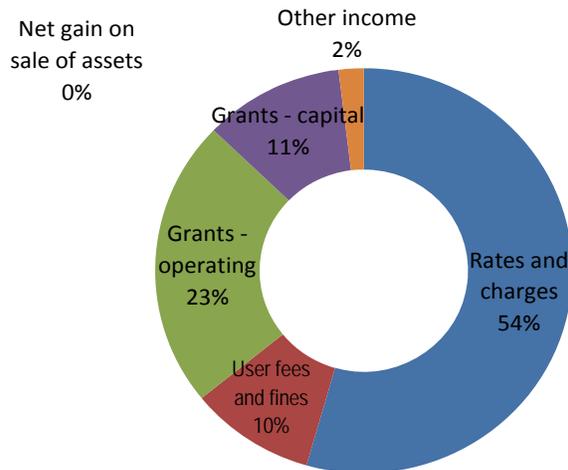
The adjusted underlying result for the 2014/15 year is a deficit of \$1.17 million which is a decrease of \$2.607 million from the 2013/14 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

### 4.2 Income

		Forecast		
Income Types	Ref	Actual	Budget	Variance
		2013/14	2014/15	
		\$'000	\$'000	\$'000
Rates and charges	4.2.1	14,108	14,813	705
User fees and fines	4.2.2	2,574	2,637	63
Grants - operating	4.2.3	4,452	6,295	1,843
Grants - capital	4.2.4	5,110	2,982	(2,128)
Net gain on sale of assets	4.2.5	250	0	(250)
Other income	4.2.6	484	497	13
<b>Total income</b>		<b>26,978</b>	<b>27,224</b>	246



Source: Appendix A



Budgeted income 2014/15

#### 4.2.1 Rates and charges (\$0.705 million increase)

It is proposed that general rate income be increased by 5% or \$0.705 million over 2014/15 to \$14.813 million. Supplementary rates are forecast to decrease by \$0.020 million over 2014/15 to \$0.045 million. Section 9. "Rating Information" includes a more detailed analysis of the rates and charges to be levied for 2014/15. Information on rates and charges specifically required by the Regulations is included in Appendix B.

#### 4.2.2 User fees and fines (\$0.063 million increase)

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, Public Health and Wellbeing Act 2008 registrations and parking fines. Increases in statutory fees are made in accordance with legislative requirements.

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

Council plans to increase user charges for all areas by 2.5% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

#### 4.2.3 Grants - operating (\$1.843 million increase)

Operating grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers. Overall, the level of operating grants has increased by 23% or \$1.843 million compared to 2013/14. Significant movements in grant funding are summarised below:

Grant Funding Types	Forecast	Budget	Variance
	Actual	2014/15	
	2013/14	2014/15	
	\$'000	\$'000	\$'000
Aged and Disability	1,018	1,043	25
Arts and Culture	140	140	0
Community Development	58		(58)
Emergency Services	13	13	0
Family and Childrens	851	872	21
School Crossing	40	41	1
Senior Citizens	7	7	0
Victorian Grants Commission	1,893	3,746	1,853
Youth Services	23	24	1

Increases in specific operating grant funding reflect expected increased demand for these services. The increase in Victoria Grants Commission (VGC) funding relates to \$1.798 million of the 2013/14 allocation being received in advance in 2012/13. The VGC funding for 2014/15 is based on the estimated allocation provided by the VGC. Operating grants are further classified in the Financial Statements in Appendix A according to whether they are received each year (recurrent) or received on a once-off or short term basis (non-recurrent).

#### 4.2.4 Grants - capital (\$2.128 million decrease)

Capital grants include all monies received from State, Federal and community sources for the purposes of funding the capital works program. Overall the level of capital grants has decreased by 11% or \$2.128 million compared to 2013/14 due mainly to specific funding for some large capital works projects. Section 6. "Analysis of Capital Budget" includes a more detailed analysis of the grants and contributions expected to be received during the 2014/15 year. Capital grants are further classified in the Financial Statements in Appendix A according to whether they are received each year (recurrent) or received on a once-off or short term basis (non-recurrent).

#### 4.2.5 Net gain on sale of assets (\$0.25 million decrease)

Proceeds from the sale of Council assets is forecast to be \$0.25 million for 2013/14 and relates to the sale of surplus land.

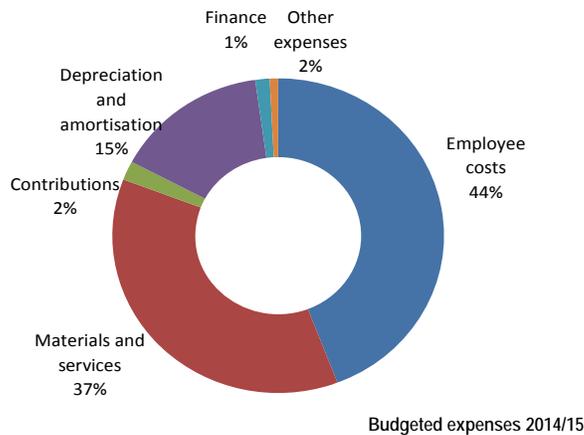
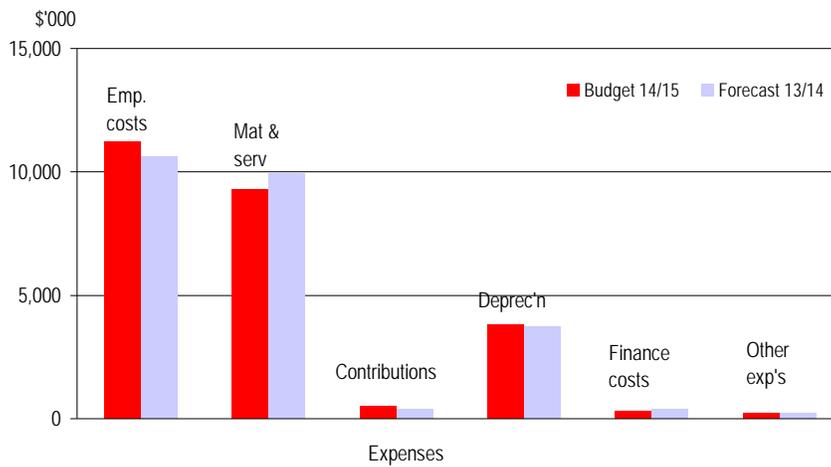
#### 4.2.6 Other income (\$0.013 million increase)

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

Other income is forecast to increase by 2% or \$0.013 million compared to 2013/14

#### 4.3 Expenses

Expense Types	Ref	Forecast		Variance \$'000
		Actual	Budget	
		2013/14 \$'000	2014/15 \$'000	
Employee costs	4.3.1	10,645	11,233	588
Materials and services	4.3.2	9,946	9,304	(642)
Contributions	4.3.3	382	497	115
Depreciation and amortisation	4.3.4	3,728	3,821	93
Finance costs	4.3.5	377	327	(50)
Other expenses		220	225	5
<b>Total expenses</b>		<b>25,298</b>	<b>25,407</b>	<b>109</b>



Source: Appendix A

### 4.3.1 Employee costs (\$0.588 million increase)

Employee costs include all labour related expenditure such as wages and salaries, end of band payments, annual Work Cover premiums, Fringe Benefits Tax and on-costs such as allowances, leave entitlements, employer superannuation, rostered days off, etc.

- Employee costs are forecast to increase by 5.5% or \$0.588 million compared to 2013/14. This increase relates to four key factors:
- Renegotiation of Council's Enterprise Bargaining Agreement (EBA) which provides for an increase of 3.8% estimated to cost \$0.368 million in 2014/15
- Funding the Business Development Officer and Family Liaison Worker positions which were previously grant funded \$0.118 million
- Restructuring costs at BPACC to maintain Arts Victoria funding and maximise potential revenue at this venue \$0.066 million.
- The new part time Contracts and Procurement Officer (Equivalent Full Time 0.5) and the new Resilient Community Coordinator (EFT 0.5) positions \$0.072 million.

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

<b>Department</b>	<b>Budget 2014/15 \$'000</b>
Infrastructure	2,151
Community Services	2,576
Development	1,129
Facilities	1,120
People and Performance	857
Arts, Communications and Events	805
Finance	588
Community Development	621
Economic Development and Tourism	358
Office of Chief Executive	309
Development & Environment	406
Corporate and Community	313
<b>Total</b>	<b>11,233</b>

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

Department	Budget FTE	Permanent Full Time	Comprises	
			Permanent Part Time	Casual
Infrastructure	26.5	26	0.5	0
Community Services	29.67	5	24.46	0.21
Development	12.66	9	2.26	1.4
Facilities	15	11	4	0
People and Performance	10.1	8	2.1	0
Arts, Communications and Events	10.11	6	3.94	0.17
Finance	6.05	5	1.05	0
Community Development	4.61	2	2.4	0.21
Economic Development and Tourism	3.3	2	1.3	0
Office of Chief Executive	2	2	0	0
Development & Environment	4	3	1	0
Corporate and Community	3	3	0	0
<b>Total</b>	<b>127</b>	<b>82</b>	<b>43.01</b>	<b>1.99</b>

#### 4.3.2 Materials and services (\$0.642 million decrease)

Materials and services include the purchases of consumables, payments to contractors for the provision of services and utility costs. Materials and services are forecast to decrease by 6.5% or \$0.642 million compared to 2013/14 which is mainly due to \$0.525 million of unspent grant funding from 2012/13 being carried forward into 2013/14. All operating budgets are increasing by 2.5% for inflation of external costs, however offsetting this increase is a reduction of 2% to be redirected towards funding capital works at the Landfill.

#### 4.3.3 Contributions (\$0.115 million increase)

Council's contribution to the High Country Library Corporation (HCLC) is increasing by \$0.078 million in 2014/15. A new staff member is being employed to support the expanded service resulting from the opening of the Sir Edward 'Weary' Dunlop Learning Centre and the annual contribution to the HCLC is increasing by 6%.

#### 4.3.4 Depreciation and amortisation (\$0.093 million increase)

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. Depreciation is budgeted to increase in line with the movement of assets and external inflation of asset acquisitions. Refer to section 6. 'Analysis of Capital Budget' for a more detailed analysis of Council's capital works program for the 2014/15 year.

#### 4.3.5 Finance costs (\$0.05 million decrease)

Borrowing costs relate to interest charged by financial institutions on funds borrowed. The reduction in borrowing costs results from the planned reduction in borrowings due to repayment of principal in accordance with loan agreements and lower bank fees resulting from the Banking Services Tender.

## 5. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2014/15 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

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

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

### 5.1 Budgeted cash flow statement

	Ref	Forecast Actual 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	5.1.1			
<i>Receipts</i>				
Rates and charges		14,108	14,813	705
User fees and fines		2,890	2,960	70
Grants - operating		4,451	6,295	1,844
Grants - capital		5,110	2,982	(2,128)
Interest		374	384	10
Other receipts				0
		<b>26,933</b>	<b>27,434</b>	501
<i>Payments</i>				
Employee costs		(10,528)	(11,109)	(581)
Other payments		(10,747)	(10,230)	517
		<b>(21,275)</b>	<b>(21,339)</b>	(64)
<b>Net cash provided by operating activities</b>		<b>5,658</b>	<b>6,095</b>	437
<b>Cash flows from investing activities</b>	5.1.2			
Proceeds from sales of property, infrastructure, plant & equip		250	0	(250)
Repayment of loans and advances				0
Deposits				0
Payments for property, infrastructure, plant and equipment		(8,773)	(5,993)	2,780
<b>Net cash used in investing activities</b>		<b>(8,523)</b>	<b>(5,993)</b>	2,530
<b>Cash flows from financing activities</b>	5.1.3			
Finance costs		(377)	(327)	50
Proceeds from borrowings		1,215	1,000	(215)
Repayment of borrowings		(1,228)	(1,343)	(115)
<b>Net cash used in financing activities</b>		<b>(390)</b>	<b>(670)</b>	(280)
<b>Net decrease in cash and cash equivalents</b>		<b>(3,255)</b>	<b>(568)</b>	2,687
Cash and cash equivalents at the beg of the year		7,604	4,349	(3,255)
<b>Cash and cash equivalents at end of the year</b>	5.1.4	<b>4,349</b>	<b>3,781</b>	(568)

Source: Appendix A

### 5.1.1 Operating activities (\$0.437 million increase)

The increase in cash inflows from operating activities is due mainly to a \$1.844 million increase in operating grants. An advanced payment of \$1.798 million relating to the 2013/14 VGC Allocation was received in 2012/13. The increase in cash inflows also relates to a \$0.705 million increase in rates and charges, which is in line with the rate increase of 5%. This increase has been offset by a reduction in capital grants which were received to fund non-recurring Civic Precinct Revitalisation projects.

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

	Forecast		
	Actual	Budget	Variance
	2013/14	2014/15	
	\$'000	\$'000	\$'000
<b>Surplus (deficit) for the year</b>	<b>1,680</b>	<b>1,817</b>	137
Depreciation	3,728	3,821	93
Loss (gain) on sale of assets			0
Net movement in current assets and liabilities	250	457	207
<b>Cash flows available from operating activities</b>	<b>5,658</b>	<b>6,095</b>	437

### 5.1.2 Investing activities (\$2.53 million decrease)

The decrease in net cash outflows of \$2.53 million is mainly due to the planned completion of a number of Civic Precinct Revitalisation Projects in 2013/14. Capital works expenditure is disclosed in section 10 of this budget report.

### 5.1.3 Financing activities (\$0.28 million decrease)

The increase in net cash outflows of \$0.280 million is mainly due to \$0.215 million more in loans being drawn down in 2013/14 and increased loan repayments of \$0.115 million.

### 5.1.4 Cash and cash equivalents at end of the year (\$0.568 million decrease)

Overall, total cash and investments is forecast to decrease by \$0.568 million to \$3.782 million as at 30 June 2015, reflecting the part completion of the Civic Precinct Revitalisation projects.

## 5.2 Restricted and unrestricted cash and investments

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2015 it will have cash and investments of \$3.78 million, which has been restricted as shown in the following table.

		Forecast		
	Ref	Actual 2014 \$'000	Budget 2015 \$'000	Variance \$'000
<b>Total cash and investments</b>		<b>4,349</b>	<b>3,781</b>	(568)
Restricted cash and investments				0
- Statutory reserves		0	0	0
- Discretionary reserves	5.2.1	(70)	(140)	(70)
- Cash held to carry forward capital works	5.2.2	(1,000)	0	1,000
<b>Unrestricted cash and investments</b>	5.2.3	<b>3,279</b>	<b>3,641</b>	<b>362</b>

### 5.2.1 Discretionary reserves (\$0.140 million)

These funds are shown as discretionary reserves as, although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

A reserve of \$0.070 million is to be made annually over the next 10 years to re-instate the compensation of \$695,000 received from Goulburn Murray Water in relation to the transfer of assets of the decommissioned Lake Mokoan Inlet Channel. The funding received under the terms of the agreement was to compensate the Council for the ongoing renewal of these assets and was not restricted.

In the short term, the Council utilised the excess cash to part fund the acquisition of the former Australia Post building at 1 Bridge Street East, Benalla. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

### 5.2.2 Cash held to fund carry forward capital works (\$1 million)

An amount of \$1 million is forecast to be held at 30 June 2014 to fund capital works budgeted but not completed in the 2013/14 financial year. Section 6.2 contains further details on capital works funding. There is no amount shown as cash held to fund carry forward works at 30 June 2015, as it is expected that that the capital works budget in the 2014/15 financial year will be fully completed.

### 5.2.3 Unrestricted cash and investments (\$3.641 million)

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

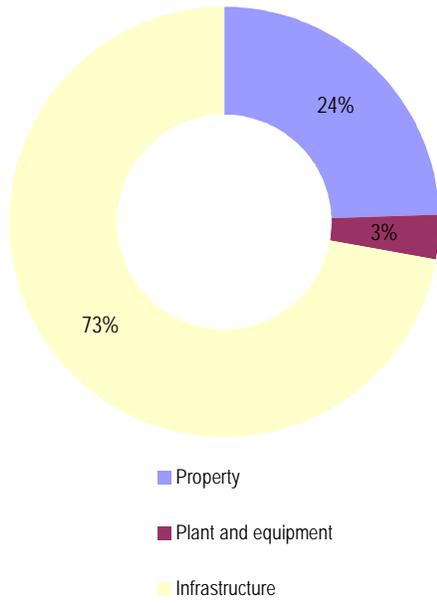
## 6. Analysis of capital budget

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

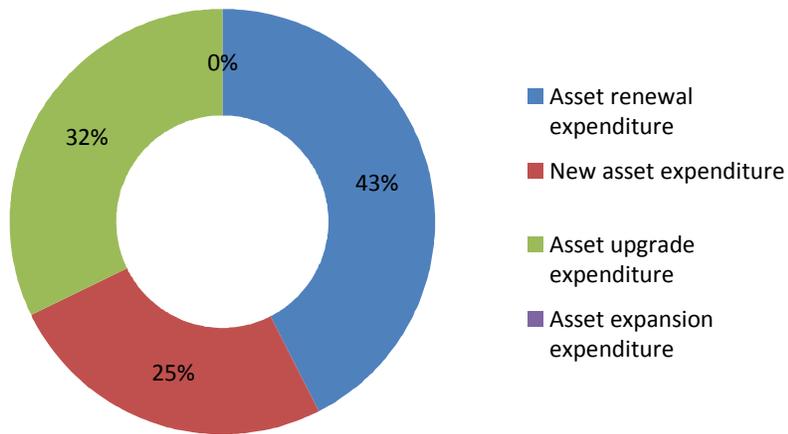
### 6.1 Capital works expenditure

Capital Works Areas	Ref	Forecast		Variance
		Actual 2013/14 \$'000	Budget 2014/15 \$'000	
<b>Works carried forward</b>	6.1.1			
<b>Property</b>				
Buildings		4,348	1,200	3,148
Total property		4,348	1,200	3,148
<b>Plant and equipment</b>				
Plant, machinery and equipment				0
Computers and telecommunications		185		185
Total plant and equipment		185	0	185
<b>Infrastructure</b>				
Roads		331	200	131
Footpaths and cycleways		25		25
Drainage		81	50	31
Airport			100	(100)
Rec, leisure and community facilities				0
Parks, open space and streetscapes		25		25
Off street car parks				0
Landfill		275	650	(375)
Total infrastructure		737	1,000	(263)
<b>Total works carried forward</b>		5,270	2,200	3,070
<b>New works</b>				
<b>Property</b>	6.1.2			
Buildings		(67)	265	(332)
Land		12		12
Total property		(55)	265	(320)
<b>Plant and equipment</b>	6.1.3			
Plant, machinery and equipment			58	(58)
Computers and telecommunications		120	150	(30)
Library books				0
Total plant and equipment		120	208	(88)
<b>Infrastructure</b>	6.1.4			
Roads		1,601	1,282	319
Bridges		345	968	(623)
Landfill		651	500	151
Airport		226	0	226
Footpaths and cycleways		10	185	(175)
Drainage		5	250	(245)
Rec, leisure and community facilities		548		548
Parks, open space and streetscapes		52	135	(83)
Off street car parks				0
Other infrastructure				0
Total infrastructure		3,438	3,320	118
<b>Total new works</b>		3,503	3,793	(290)
<b>Total capital works expenditure</b>		8,773	5,993	2,780
<b>Represented by:</b>				
Asset renewal expenditure	6.1.5	3,948	2,541	1,407
New asset expenditure	6.1.5	50	1,515	(1,465)
Asset upgrade expenditure	6.1.5	4,775	1,937	2,838
Asset expansion expenditure	6.1.5			0
<b>Total capital works expenditure</b>		8,773	5,993	2,780

### Budgeted capital works 2014/15



### Budgeted capital works 2014/15



Source: Appendix A

### **6.1.1 Carried forward works (\$5.270 million)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2013/14 year it is forecast that \$5.270 million of capital works will be incomplete and be carried forward into the 2014/15 year. The most significant projects include the Civic Precinct redevelopment (\$4.166 million), road projects (\$0.355 million) and the Landfill (\$0.275 million).

### **6.1.2 Property (\$0.265 million)**

The property class comprises buildings and building improvements including community facilities, municipal offices, sports facilities and pavilions

For the 2014/15 year, \$0.265 million will be expended on building and building improvement projects.

### **6.1.3 Plant and equipment (\$0.208 million)**

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

For the 2014/15 year, \$0.208 million will be expended on plant, equipment and other projects. The more significant projects include ongoing cyclical replacement of small plant (\$0.058 million) and upgrade and replacement of information technology (\$0.150 million).

### **6.1.4 Infrastructure (\$3.320 million)**

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

For the 2014/15 year, \$1.282 million will be expended on road projects. The more significant projects include federally funded Roads to Recovery projects (\$0.674 million) for road resheeting, patching, resealing and the Council funded sealing of the 15 Mair Street carpark. The main bridge project is the Ackerly Avenue bridge overlay funded by the State Government's Country Roads and Bridges Initiative (\$0.700 million).

\$0.500 million will be expended on Landfill cell construction and rehabilitation works.

\$0.250 million will be expended on the Devenish drainage project.

Other infrastructure expenditure includes \$0.185 million on footpaths and cycleways, including construction of the Benalla - Winton Wetlands Shared Pathway and 170-178 Bridge Street footpath, \$0.135 million on open space projects including the Street Light Retrofit program, Rocket Park Redevelopment and Winton Community project.

**6.1.5 Asset renewal (\$2.541 million), new assets (\$1.515 million), upgrade (\$1.937 million)**

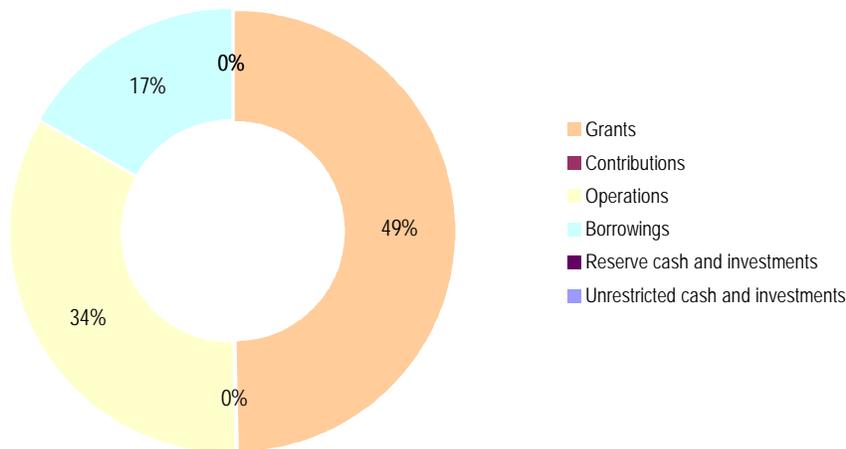
A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have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

The major projects included in the above categories, which constitute expenditure on new assets, are the Landfill cell construction and rehabilitation works (\$1.15 million) and construction of the 15 Mair Street Car Park (\$0.200 million). The remaining capital expenditure represents renewals and upgrades of existing assets.

## 6.2. Funding sources

Sources of funding	Ref	Forecast		Variance
		Actual 2013/14 \$'000	Budget 2014/15 \$'000	
<b>Works carried forward</b>				
<b>Current year funding</b>				
Grants		2,720	1,000	1,720
Contributions				0
Borrowings				0
Council cash				0
- operations		2,300	1,200	1,100
- proceeds on sale of assets		250		250
- reserve cash and investments				0
- unrestricted cash and investments				0
<b>Total works carried forward</b>	6.2.1	<b>5,270</b>	<b>2,200</b>	<b>3,070</b>
<b>New works</b>				
<b>Current year funding</b>				
Grants	6.2.2	2,762	1,982	780
Contributions				0
Borrowings		500	1,000	(500)
Council cash				0
- operations	6.2.3	241	811	(570)
- proceeds on sale of assets				
- reserve cash and investments				
- unrestricted cash and investments				
<b>Total new works</b>		<b>3,503</b>	<b>3,793</b>	<b>(290)</b>
<b>Total funding sources</b>		<b>8,773</b>	<b>5,993</b>	<b>2,780</b>

### Budgeted total funding sources 2014/15



Source: Appendix A

### **6.2.1 Carried forward works (\$2.2 million)**

At the end of each financial year there are projects which are either incomplete or not commenced due to factors including planning issues, weather delays and extended consultation. For the 2014/15 year it is forecast that \$2.2 million of capital works will be incomplete and be carried forward into the 2014/15 year. Significant projects include the Sir Edward 'Weary' Dunlop Learning Centre (\$1.2 million), Landfill cell construction (\$0.650 million) and 15 Mair Street Carpark (\$0.240 million).

### **6.2.2 Grants - Capital (\$1.982 million)**

Capital grants include all monies received from State and Federal sources for the purposes of funding the capital works program. Significant grants and contributions are budgeted to be received for Roads to Recovery projects (\$0.630 million), Country Roads and Bridges Initiative (\$1 million) and other small grants (\$0.352 million).

### **6.2.3 Council cash - operations (\$0.811 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$0.811 million will be generated from operations to fund the 2014/15 capital works program.

## 7. Analysis of budgeted financial position

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

### 7.1 Budgeted balance sheet

	Ref	Forecast Actual 2014 \$'000	Budget 2015 \$'000	Variance \$'000
<b>Current assets</b>	7.1.1			
Cash and cash equivalents		4,349	3,781	(568)
Trade and other receivables		2,354	2,413	59
Financial assets		0	0	0
Other assets		67	68	1
<b>Total current assets</b>		<b>6,770</b>	<b>6,262</b>	<b>(508)</b>
<b>Non-current assets</b>	7.1.1			
Investment in associates		465	465	0
Property, infrastructure, plant and equipment		205,412	207,584	2,172
<b>Total non-current assets</b>		<b>205,877</b>	<b>208,049</b>	<b>2,172</b>
<b>Total assets</b>		<b>212,647</b>	<b>214,311</b>	<b>1,664</b>
<b>Current liabilities</b>	7.1.2			
Trade and other payables		2,225	2,281	(56)
Trust funds and deposits		444	455	(11)
Interest-bearing loans and borrowings		1,228	1,174	54
Provisions		2,171	2,324	(153)
<b>Total current liabilities</b>		<b>6,068</b>	<b>6,234</b>	<b>(166)</b>
<b>Non-current liabilities</b>	7.1.2			
Interest-bearing loans and borrowings		6,217	5,927	290
Provisions		2,180	2,151	29
<b>Total non-current liabilities</b>		<b>8,397</b>	<b>8,078</b>	<b>319</b>
<b>Total liabilities</b>		<b>14,465</b>	<b>14,312</b>	<b>153</b>
<b>Net assets</b>		<b>198,182</b>	<b>199,999</b>	<b>1,817</b>
<b>Equity</b>	7.1.4			
Accumulated surplus		129,366	131,247	1,881
Asset revaluation reserve		68,746	68,613	(133)
Other reserves		70	139	69
<b>Total equity</b>		<b>198,182</b>	<b>199,999</b>	<b>1,817</b>

Source: Appendix A

#### 7.1.1 Current Assets (\$0.508 million decrease) and Non-Current Assets (\$2.172 million increase)

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$0.568 million during the year mainly to fund the capital works program during the year.

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

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc which has been built up by Council over many years. The increase in this balance is attributable to the net result of the capital works program (\$5.993 million of new assets), depreciation of assets (\$3.821 million) and the sale through sale of property, plant and equipment (\$0.25 million).

### 7.1.2 Current Liabilities (\$0.166 million increase) and Non-Current Liabilities (\$0.319 million decrease)

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to remain consistent with 2013/14 levels.

Provisions include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are only expected to increase marginally due to more active management of entitlements despite factoring in an increase for Collective Agreement outcomes.

Interest-bearing loans and borrowings are borrowings of Council. The Council is budgeting to borrow \$1 million in new loans and repay loan principal of \$1.343 million over the year.

### 7.1.3 Working Capital (\$0.673 million decrease)

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

	Forecast		Variance
	Actual	Budget	
	2014	2015	
	\$'000	\$'000	\$'000
<b>Current assets</b>	6,770	6,262	508
<b>Current liabilities</b>	6,069	6,234	(165)
<b>Working capital</b>	701	28	673
Restricted cash and investment current assets			
- Statutory reserves	0	0	0
- Discretionary reserves	(70)	(139)	69
<b>Unrestricted working capital*</b>	<b>631</b>	<b>(111)</b>	<b>742</b>

Council is also projected to hold \$0.139 million in discretionary reserves at 30 June 2015. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes.

#### **7.1.4 Equity (\$1.817 million increase)**

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

- Asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- Other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the Accumulated Surplus of the Council to be separately disclosed.
- Accumulated surplus which is the value of all net assets less Reserves that have accumulated over time. The increase in accumulated surplus of \$1.817 million results directly from the operating surplus for the year.

#### **7.2 Key assumptions**

In preparing the Budgeted Balance Sheet for the year ending 30 June 2015 it was necessary to make a number of assumptions about assets, liabilities and equity balances. The key assumptions are as follows:

- Trade and other receivables to remain consistent with 2013/14 levels and have been adjusted for inflation.
- Trade creditors to remain consistent with 2013/14 levels and have been adjusted for inflation. Payment cycle is 30 days.
- Other debtors and creditors to remain consistent with 2013/14 levels
- Employee entitlements to be increased by employee cost growth of 5%.
- Repayment of loan principal to be \$1.343 million and new loans \$1 million.
- Total capital expenditure to be \$5.993 million.

### **8. Strategic resource plan and financial performance indicators**

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

#### **8.1 Plan development**

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

Council has prepared a Strategic Resource Plan (SRP) for the four years 2014/15 to 2017/18 as part of its ongoing financial planning to assist in adopting a budget within a longer term framework. The SRP takes the strategic objectives and strategies as specified in the Council Plan and expresses them in financial terms for the next four years.

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

- Continuous improvement of service delivery within available resources
- Effectively manage Council's risk
- Increase capital projects funding to manage Council's renewal gap
- Improve the liquidity of Council.

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

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

The SRP is updated annually through detailed sensitivity analysis to achieve the key financial objectives.

## 8.2 Financial resources

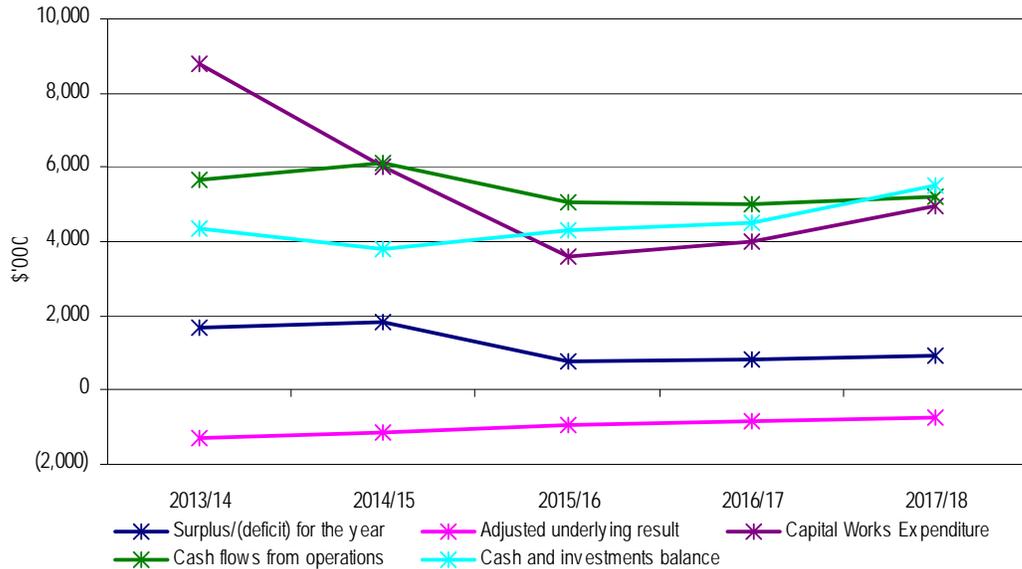
The following table summarises the key financial results for the next four years as set out in the SRP for years 2014/15 to 2017/18. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2013/14	2014/15	2015/16	2016/17	2017/18	+/-
	\$'000	\$'000	\$'000	\$'000	\$'000	
Surplus/(deficit) for the year	1,680	1,817	769	836	938	-
Adjusted underlying result	(1,312)	(1,165)	(950)	(842)	(740)	+
Cash and investments balance	4,349	3,781	4,307	4,509	5,532	+
Cash flows from operations	5,658	6,095	5,076	4,985	5,208	-
Capital works expenditure	8,773	5,993	3,593	3,982	4,972	-

Key to Forecast Trend:

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

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



The key outcomes of the SRP are as follows:

- **Financial sustainability (section 5)** - Cash and investments is forecast to increase marginally over the four year period from \$3.781 million to \$5.532 million, which indicates a balanced budget on a cash basis in each year.
- **Rating levels (section 9)** – Modest rate increases are forecast over the four years at an average of 5%, in line with that expected of comparable councils
- **Borrowing strategy (section 10)** – Borrowings are forecast to reduce from \$7.102 million to \$6.9 million over the four year period. This includes new borrowings of \$4.00 million.
- **Infrastructure strategy (section 10)** - Capital expenditure over the four year period will total \$18.54 million at an average of \$4.635 million.

### 8.3 Financial performance indicators

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

Indicator	Measure	Notes	Forecast	Budget	Strategic Resource Plan			Trend +/-
			Actual 2013/14	2014/15	Projections 2015/16 2016/17 2017/18			
<b>Operating position</b>								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-6.5%	1.8%	2.9%	3.0%	3.2%	+
<b>Liquidity</b>								
Working Capital	Current assets / current liabilities	2	111.6%	100.4%	105.0%	107.7%	120.7%	+
Unrestricted cash	Unrestricted cash / current liabilities		54.0%	58.4%	62.7%	63.9%	76.1%	+
<b>Obligations</b>								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	52.8%	47.9%	41.3%	36.0%	40.2%	+
Loans and borrowings	Interest and principal repayments / rate revenue		11.4%	11.3%	9.5%	8.0%	7.1%	+
Indebtedness	Non-current liabilities / own source revenue		48.2%	45.0%	38.8%	33.6%	36.1%	+
Asset renewal	Asset renewal expenditure / depreciation	4	105.9%	66.5%	51.4%	79.3%	59.9%	-
<b>Stability</b>								
Rates concentration	Rate revenue / adjusted underlying revenue	5	59.4%	57.3%	57.7%	58.5%	59.2%	o
Rates effort	Rate revenue / property values (CIV)		0.6%	0.6%	0.6%	0.7%	0.7%	o
<b>Efficiency</b>								
Expenditure level	Total expenditure / no. of assessments		\$3,265	\$3,243	\$3,340	\$3,456	\$3,578	+
Expenditure level	Specific purpose grants expended / Specific purpose grants received		100.0%	100.0%	100.0%	100.0%	100.0%	o
Revenue level	Residential rate revenue / No. of residential assessments		\$1,597	\$1,580	\$1,580	\$1,580	\$1,580	+
Workforce turnover	No. of resignations & terminations / average no. of staff		3.8%	3.8%	3.8%	3.8%	3.8%	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 significantly in 2014/15 year due to a run down in cash reserves to fund the capital program. The trend in later years is to remain steady at an acceptable level.

**3 Debt compared to rates** - Trend indicates Council's reducing reliance on debt against its annual rate revenue through redemption of long term debt.

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

**5 Rates concentration** - Reflects extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates Council will become more reliant on rate revenue compared to all other revenue sources.

## 8.4 Non-financial resources

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

Indicator	Forecast	Strategic Resource Plan			
	Actual 2013/14	Budget 2014/15	Projections		
			2015/16	2016/17	2017/18
Employee costs (\$'000)					
- Operating	10,645	11,233	11,757	12,344	12,960
- Capital	0	0	0	0	0
Total	10,645	11,233	11,757	12,344	12,960
Employee numbers (EFT)	126	127	127	125	125

## 9. Rating Strategy

The key objective of the Rating Strategy is to ensure that all rateable land makes a fair and equitable contribution to the cost of carrying out the functions of the Council (services and infrastructure).

### Principles of Equity and Fairness

Council has adopted the following principles which have ongoing relevance in annual budget and rating strategy decisions.

1. Council has a role in the wellbeing and an obligation for the safety of all under the relevant Acts.
2. The amount of rates (including municipal charge and garbage levy) paid by a ratepayer should have regard to the benefit that the user receives from, or has access to, the services provided by Council.
3. Council will not accept cost shifting from other levels of government.
4. Rate increases (i.e. the quantum of the General Rate, Municipal Charge and Waste Management Charge) should take into account increases in the cost of living e.g. consumer price index, average weekly earnings, construction price index, building price index, local government cost index and reflect community need and ability to pay.
5. The rates should be set by balancing the community's needs and ability to pay, both within and across categories, not a pre-determined budget or long-term plan.
6. Rating categories and differentials should be utilised to achieve equity and fairness within the current rating strategy.
7. The rating strategy should recognise people's ability to pay and be flexible enough to cater for those in hardship.
8. Council should not accept capital grants before considering the long-term implications of the grant, fully costing and disclosing the operating cost and gaining community support.
9. The setting of the rates must be transparent and the model used should be consistent from year to year.
10. Council should demonstrate how it has responded to community submissions in a public forum before adopting the budget.

## 9. Rating strategy (continued)

11. Council should provide adequate time to consult with the community and adequate time for the community to respond prior to finalising the proposed budget and long term plan and should present alternatives and options.
12. Council should act responsibly to limit the debt burden for future generations.
13. The presentation and reporting of the budget, long-term plan and associated consultation process should be consistent from year to year. All statutory changes should be fully explained.
14. The fairness and equity of the rating strategy should be assessed against the equity and fairness principles on an annual basis.

### 9.2 Rates and charges

Rates and charges revenue includes the General Rate, Municipal Charge and Waste Management Charges.

In order to achieve the objectives of the Council Plan the proposed increase in total rates and charges revenue is equal to 5.0% and will be applied as follows:

▪ Additional capital projects funding	4.0%
▪ Maintain existing services	1.0%
<b>Total</b>	<b>5.0%</b>

To fund the increase in rates and charges revenue it is proposed that general rate revenue increase by 5.1%, the municipal charge increases by 3.8% to \$214.00 and the waste management revenue increases by 5.6%.

## 9. Rating strategy (continued)

### Total rates and charges revenue increase

Year		%
2004/05	Budget	9.4%
2005/06	Budget	10.0%
2006/07	Budget	8.5%
2007/08	Budget	6.3%
2008/09	Budget	8.6%
2009/10	Budget	4.5%
2010/11	Budget	5.5%
2011/12	Budget	9.6%
2012/13	Budget	0.9%
2013/14	Budget	5.0%
<b>2014/15</b>	<b>Budget</b>	<b>5.0%</b>
2015/16	Projected	5.0%
2016/17	Projected	5.0%
2017/18	Projected	5.0%

### General Rate

The General Rate is levied according to the Capital Improved Value (CIV) of each property. A different rate has been set for each category. The general valuation of land for rating purposes was calculated at 1 January 2014.

Council is required as part of the annual budget process to specify the objectives of each differential rate and to identify and define the types and classes of land and the reasons for the level of rate being applied to each differential category. Identification can include criteria such as land use, geographic location, planning scheme zoning and the types of buildings situated on the land.

The key objective of the current rating system is to ensure that all rateable land makes a fair contribution to the cost of carrying out the functions of the Council, including the:

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

Council considers that the equitable imposition of rates and charges supports the efficient carrying out of the Council functions. Council has previously considered the various valuation bases available and determined to apply the Capital Improved Value in order that a range of Differential Rates can be applied to part fund the operations of Council.

Differential Rating Guidelines which were issued by the Minister for Local Government and gazetted on 26 April 2013, have been reviewed and considered by Council in the further development of the Differential Rating system for the 2014/15 year.

## 9. Rating strategy (continued)

A general review of the definitions, criteria and objectives of the various differential rating categories has been undertaken to ensure they clearly detail the characteristics of the land subject to each differential rate.

The general rate differentials proposed for the 2014/15 are the same as the prior year.

Differential Category	Ratio
Residential (Benalla)	100%
Residential (Rural Township)	87%
Business	135%
Vacant Land (Benalla)	192%
Vacant Land (Rural Township)	126%
Rural – Non Farming	81%
Rural – Farmland	75%
Cultural & Recreational	76%

The following table sets out the proposed rate in the dollar to be levied for each type of rating category for the 2014/15 financial year based on the current January 2014 general valuation property valuation totals.

Rating Category	Cents in the dollar 2014/15	Cents in the dollar 2013/14	Change Cents in the dollar	Change %
Residential (Benalla)	0.491	0.479	0.012	2.6%
Residential (Rural Township)	0.428	0.417	0.011	2.6%
Business	0.663	0.646	0.017	2.6%
Vacant Land (Benalla)	0.944	0.919	0.025	2.6%
Vacant Land (Rural Township)	0.619	0.603	0.016	2.6%
Rural – Non Farming	0.398	0.388	0.010	2.6%
Rural – Farmland	0.369	0.359	0.010	2.6%
Cultural & Recreational	0.374	0.364	0.010	2.6%

### Farm Rate Eligibility

An administrative process has been determined which provides for owners of property of less than 40ha to lodge an Application for Farm Rate, to be reviewed by the Contract Valuers to determine their eligibility or not, for inclusion in the Rural – Farmland differential rating category. Properties of 40ha or more are automatically included in the Rural-Farmland category.

## 9. Rating Strategy (continued)

### Municipal Charge

The Municipal Charge is levied as a fixed amount on all properties and is designed to apportion some of the fixed running costs or administration costs of Council evenly to all property owners. Rural property owners whose farming enterprise are subject to multiple rate notices are only liable to pay the municipal charge on one rate assessment, subject to the number of residences contained on the farm enterprise.

Applications for the Single Farm Enterprise Exemption must be lodged with Council within 30 days of the issue of the annual valuation and rate notice.

Approved Single Farm Enterprise applications will also be applied to amounts levied for the Fire Services Property Levy – Fixed Charge component.

Revenue generated by the Municipal Charge is limited to a maximum of 20% of the total general rates and municipal charge revenue derived by Council.

The Municipal Charge is proposed to increase from \$208.60 to \$214.00 per property and will generate revenue of \$1.591 million, which equates to approximately 12.5% of the total general rates and municipal charge revenue budgeted for the 2014/15 financial year.

### Waste Management Charges

Waste Management Charges account for the various costs associated with the provision of waste management services, including:

- a recycling service in accordance with State Government Best Practice Guidelines;
- waste disposal;
- management, development, rehabilitation and operation of Council's landfill in accordance with Environment Protection Authority Licence;
- waste minimisation promotion and education;
- management and administration of waste and recycling collection contracts;
- the provision of a weekly kerbside waste collection service.

Council provides residents with a range of waste bin sizes to encourage waste minimisation and the proposed Waste Management Charges reflect these options.

Type of charge	Per Serviced Property			
	2014/15 \$	2013/14 \$	Change \$	Change %
Waste Management Charge including 40 Lt Bin	135	125	10	8%
Waste Management Charge including 80 Lt Bin	135	125	10	8%
Waste Management Charge including 140 Lt Bin	290	277	13	4.7%
Waste Management Charge including 240 Lt Bin	425	400	25	6.3%
Additional Waste Recycling Bin	95	75	20	26.7%

## **9. Rating Strategy (continued)**

The Waste Management Charge applies to all urban and rural properties where a waste collection service is available or provided by Council, whether or not the service is used by the property owner.

Owners of Commercial properties can be exempted from Councils Waste Collection Service once they confirm in writing the details of the alternate private contractor servicing their property.

Reducing the amount of waste disposed to landfill is the primary aim of the Victorian Government Waste Management Strategy 'Towards Zero Waste' and is reflected in the Regional Waste Management Plan.

The opportunity for property owners to down-size their waste service is available annually in May leading up to the start of the next years billing cycle.

### **9.3 Requirements for the Payment of Rates and Charges, Fire Services Property Levy and Penalty Interest**

All rates and charges are required to be paid by the instalment due dates which are 30 September, 30 November, 28 February and 31 May. Property owners who pre-pay their four instalments (amounts as detailed on the annual valuation rate and levy notice, being the combined Council charges and Fire Services Property Levy) by 30 September will receive a prompt payment incentive equal to 2% of their current Council Rates and Charges levied. An allowance of 5 days is provided to ensure that all payments made via the external payment facilities have been received and processed.

The Annual Lump Sum payment option is not provided by Council for Council Rates and Charges or for the Fire Services Property Levy.

As provided for in the Act, penalty interest is levied on amounts not paid by the instalment due date. An allowance of 5 days is provided before interest is applied to ensure that all payments made via the various external payment facilities have been received and processed. These interest provisions apply to Council charges and the Fire Services Property Levy on a consistent basis.

The current approved interest rate is 11.5% per annum and is effective from 1 July 2014.

*Further information relating to the rates to be raised is contained in Appendix B "Statutory Disclosures".*

## 10. Other strategies

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

### 10.1 Infrastructure Strategy

#### Asset management and infrastructure renewal gap

The renewal and risk components of the Infrastructure Strategy are based the various asset management plans which are being developed in line with the actions of the Council Plan. These plans will address specific asset categories including footpaths, playgrounds, bridges, drains, trees, sportsgrounds, parks, gardens and reserves.

As a result of the continued asset management planning undertaken by Council, it has been identified that a significant gap exists between the current levels of funding for infrastructure renewal works and that required to satisfactorily sustain Council's assets.

#### New works and major projects

In addition to renewal works, it is important to recognise community need for new and expanded public assets to the standard which the community expects. Council has previously resolved that it will undertake broad-based community consultation prior to proceeding with major capital projects.

The continued availability of funding for road infrastructure from the Australian Government has had a significant impact in controlling the infrastructure renewal gap which is an important focus of the Infrastructure Strategy.

The following table summarises Council's funding sources for capital projects.

Year		Capital Grants \$'000	New Loans \$'000	Council Operations \$'000	Capital Projects \$'000
2005/06	Budget	2,943	1,500	183	4,626
2006/07	Budget	628	1,000	362	1,990
2007/08	Budget	732	1,000	343	2,075
2008/09	Budget	628	1,000	978	2,606
2009/10	Budget	1,259	500	1,207	2,966
2010/11	Budget	3,941	750	1,373	6,064
2011/12	Budget	5,845	1,966	1,660	9,471
2012/13	Budget	5,238	750	2,223	8,211
2013/14	Budget	3,832	500	1,091	5,423
<b>2014/15</b>	<b>Budget</b>	<b>1,982</b>	<b>1,000</b>	<b>811</b>	<b>3,793</b>
2015/16	Projected	1,720	500	1,373	3,593
2016/17	Projected	1,678	500	1,804	3,982
2017/18	Projected	1,678	500	2,794	4,972

Section 6 of this report “Analysis of capital budget” provides further analysis of the capital works program.

## 10.2 Debt Management Strategy

Loan funds have been identified as an important funding source for capital projects. It will be necessary to continue supplementing rate revenue funding of capital projects with loan funds.

The following table sets out the proposed borrowings for the 2014/15 year, based on the budgeted financial position as at 30 June 2015.

Year		New Loans \$'000	Principal Repaid \$'000	Total Loans \$'000	Interest Expense \$'000	Net Current Assets %	Indebtedness %
2013/14	Forecast	1,215	1,228	7,445	377	112%	49%
<b>2014/15</b>	<b>Budget</b>	<b>1,000</b>	<b>1,343</b>	<b>7,101</b>	<b>327</b>	<b>101%</b>	<b>45%</b>
2015/16	Projected	500	1,174	6,428	298	105%	39%
2016/17	Projected	500	1,043	5,885	258	108%	34%
2017/18	Projected	2,000	985	6,900	228	121%	36%
					<b>Target</b>	<b>&gt;100%</b>	<b>&lt;60%</b>

The 2014/15 Budget includes the drawdown of \$1.0 million in additional loan funding to fund the 2014/15 Capital Projects Program.

Council's long term goal is to increase Council's liquidity and reduce its reliance upon loan funding to fund capital projects. *The required disclosure is included in Appendix B “Statutory Disclosures”.*

### 10.3 Human Resources Strategy

Human resources are an important part of Council's operations. Council will continue to maintain an appropriate level of human resources to facilitate the provision of services.

The following table sets out the proposed level and costs of human resources to be maintained during the 2014/15 year compared to previous budgets.

<b>Budget Year</b>	<b>Total Employee numbers EFT</b>	<b>Total Employee costs \$'000</b>
2013/14	126	10,645
<b>2014/15</b>	<b>127</b>	<b>11,233</b>
2015/16	127	11,757
2016/17	125	12,344
2017/18	125	12,960

The budgeted increases in EFT for the 2014/15 budget year are as follows:

- Part-time Contracts and Procurement Officer (EFT 0.5).
- Part-time Resilient Communities Coordinator (EFT 0.5). This position is funded by the State Government.
- Part-time Rural Access Worker (EFT 0.7). This position is funded by the State Government.

The organisational structure is subject to an annual review based on the availability of funding and the organisation's needs.

In respect of employee numbers EFT represents the 'Equivalent to Full-Time' staff working a 38 hour week.

## Appendices

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

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

The contents of the appendices are summarised below:

Appendix	Nature of information	Page
A	Budgeted Statements	61
B	Rates and charges	68

## **Appendix A**

### **Budgeted statements**

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

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

The appendix includes the following budgeted information:

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

## Budgeted Comprehensive Income Statement

For the four years ending 30 June 2018

	Forecast	<b>Budget</b>	Strategic Resource Plan		
	Actual		Projections		
	2013/14	<b>2014/15</b>	2015/16	2016/17	2017/18
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Income</b>					
Rates and charges	14,108	<b>14,813</b>	15,554	16,331	17,148
User fees and fines	2,574	<b>2,637</b>	2,701	2,767	2,834
Contributions - cash					
Contributions - non-monetary assets					
Grants - Operating (recurrent)	4,113	<b>5,948</b>	6,097	6,249	6,405
Grants - Operating (non-recurrent)	339	<b>347</b>	356	365	374
Grants - Capital (recurrent)	1,887	<b>1,630</b>	1,720	1,678	1,678
Grants - Capital (non-recurrent)	3,223	<b>1,352</b>			
Net gain on disposal of property, infrastructure, plant and equipment					
Other income	484	<b>497</b>	509	522	535
Fair value adjustments for investment property	0	<b>0</b>	0	0	0
Share of net profits/(losses) of associated and joint ventures accounted for by the equity method	250	<b>0</b>	0	0	0
<b>Total income</b>	<b>26,978</b>	<b>27,224</b>	<b>26,937</b>	<b>27,912</b>	<b>28,974</b>
<b>Expenses</b>					
Employee costs	10,645	<b>11,233</b>	11,757	12,344	12,960
Materials and services	9,946	<b>9,304</b>	9,461	9,697	9,942
Contributions	382	<b>497</b>	503	526	549
Bad and doubtful debts					
Depreciation and amortisation	3,728	<b>3,821</b>	3,917	4,015	4,115
Finance costs	377	<b>327</b>	298	258	228
Other expenses	220	<b>225</b>	231	236	242
<b>Total expenses</b>	<b>25,298</b>	<b>25,407</b>	<b>26,167</b>	<b>27,076</b>	<b>28,036</b>
<b>Surplus (deficit) for the year</b>	<b>1,680</b>	<b>1,817</b>	<b>770</b>	<b>836</b>	<b>938</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit:</b>					
Impairment of fire impacted infrastructure	0	<b>0</b>	0	0	0
Net asset revaluation increment /(decrement)	0	<b>0</b>	0	0	0
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	0	<b>0</b>	0	0	0
<b>Comprehensive result</b>	<b>1,680</b>	<b>1,817</b>	<b>770</b>	<b>836</b>	<b>938</b>

## Budgeted Balance Sheet

For the four years ending 30 June 2018

	Forecast	Budget	Strategic Resource Plan		
	Actual 2014 \$'000	2015 \$'000	Projections		
			2016 \$'000	2017 \$'000	2018 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4,349	<b>3,781</b>	4,292	4,494	5,517
Trade and other receivables	2,354	<b>2,413</b>	2,474	2,535	2,599
Financial assets					
Inventories					
Other assets	67	<b>68</b>	70	72	74
<b>Total current assets</b>	<b>6,770</b>	<b>6,262</b>	<b>6,836</b>	<b>7,101</b>	<b>8,190</b>
<b>Non-current assets</b>					
Trade and other receivables	0	<b>0</b>	0	0	0
Investments in associates	465	<b>465</b>	465	465	465
Property, infrastructure, plant & equipment	205,412	<b>207,584</b>	207,260	207,226	208,083
Investment property					
Intangible assets					
<b>Total non-current assets</b>	<b>205,877</b>	<b>208,049</b>	<b>207,725</b>	<b>207,691</b>	<b>208,548</b>
<b>Total assets</b>	<b>212,647</b>	<b>214,311</b>	<b>214,561</b>	<b>214,792</b>	<b>216,738</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	2,225	<b>2,281</b>	2,338	2,396	2,456
Trust funds and deposits	444	<b>455</b>	466	478	490
Provisions	2,171	<b>2,324</b>	2,661	2,737	2,886
Interest-bearing loans and borrowings	1,228	<b>1,174</b>	1,043	985	955
<b>Total current liabilities</b>	<b>6,068</b>	<b>6,234</b>	<b>6,508</b>	<b>6,596</b>	<b>6,787</b>
<b>Non-current liabilities</b>					
Provisions	2180	<b>2,151</b>	1,900	1,693	1,464
Interest-bearing loans and borrowings	6,217	<b>5,927</b>	5,385	4,900	5,945
<b>Total non-current liabilities</b>	<b>8,397</b>	<b>8,078</b>	<b>7,285</b>	<b>6,593</b>	<b>7,409</b>
<b>Total liabilities</b>	<b>14,465</b>	<b>14,312</b>	<b>13,793</b>	<b>13,189</b>	<b>14,196</b>
<b>Net assets</b>	<b>198,182</b>	<b>199,999</b>	<b>200,768</b>	<b>201,603</b>	<b>202,542</b>
<b>Equity</b>					
Accumulated surplus	129,366	<b>131,247</b>	131,946	132,712	133,581
Reserves	68,816	<b>68,752</b>	68,822	68,891	68,961
<b>Total equity</b>	<b>198,182</b>	<b>199,999</b>	<b>200,768</b>	<b>201,603</b>	<b>202,542</b>

## Budgeted Statement of Changes in Equity

For the four years ending 30 June 2018

	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	\$'000	\$'000	\$'000	\$'000
<b>2015</b>				
Balance at beginning of the financial year	198,182	129,366	68,613	203
Adjustment on change in accounting policy	0	-	-	-
Comprehensive result	1,817	1,817	-	-
Net asset revaluation increment(decrement)	0	-	-	-
Impairment losses on revalued assets	0	-	-	-
Reversal of impairment losses on revalued assets	0	-	-	-
Transfer to reserves	0	133	-	(133)
Transfer from reserves	0	(69)	-	69
<b>Balance at end of the financial year</b>	<b>199,999</b>	<b>131,247</b>	<b>68,613</b>	<b>139</b>
<b>2016</b>				
Balance at beginning of the financial year	199,999	131,247	68,613	139
Adjustment on change in accounting policy	0	-	-	-
Comprehensive result	770	770	-	-
Net asset revaluation increment(decrement)	0	-	-	-
Impairment losses on revalued assets	0	-	-	-
Reversal of impairment losses on revalued assets	0	-	-	-
Transfer to reserves	0	-	-	-
Transfer from reserves	0	(70)	-	70
<b>Balance at end of the financial year</b>	<b>200,769</b>	<b>131,947</b>	<b>68,613</b>	<b>209</b>
<b>2017</b>				
Balance at beginning of the financial year	200,769	131,947	68,613	209
Adjustment on change in accounting policy	0	-	-	-
Comprehensive result	836	836	-	-
Net asset revaluation increment(decrement)	0	-	-	-
Impairment losses on revalued assets	0	-	-	-
Reversal of impairment losses on revalued assets	0	-	-	-
Transfer to reserves	0	-	-	-
Transfer from reserves	0	(70)	-	70
<b>Balance at end of the financial year</b>	<b>201,605</b>	<b>132,711</b>	<b>68,613</b>	<b>279</b>
<b>2018</b>				
Balance at beginning of the financial year	201,605	132,711	68,613	279
Adjustment on change in accounting policy	-	-	-	-
Comprehensive result	938	938	-	-
Net asset revaluation increment(decrement)	-	-	-	-
Impairment losses on revalued assets	-	-	-	-
Reversal of impairment losses on revalued assets	-	-	-	-
Transfer to reserves	-	-	-	-
Transfer from reserves	-	(70)	-	70
<b>Balance at end of the financial year</b>	<b>202,542</b>	<b>133,579</b>	<b>68,613</b>	<b>349</b>

## Budgeted Statement of Cash Flows

For the four years ending 30 June 2018

	Forecast	Budget	Strategic Resource Plan		
	Actual		Projections		
	2013/14	2014/15	2015/16	2016/17	2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000
	Inflows	Inflows	Inflows	Inflows	Inflows
	(Outflows)	(Outflows)	(Outflows)	(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	14,108	<b>14,813</b>	15,554	16,331	17,148
User fees and fines	2,890	<b>2,960</b>	3,032	3,106	3,181
Contributions - cash					
Grants - operating	4,451	<b>6,295</b>	6,452	6,614	6,779
Grants - capital	5,110	<b>2,982</b>	1,720	1,678	1,678
Interest	374	<b>384</b>	393	403	413
Other receipts					
Net GST refund / payment	(263)	<b>(269)</b>	(276)	(282)	(289)
Employee costs	(10,527)	<b>(11,109)</b>	(11,627)	(12,207)	(12,817)
Materials and consumables					
External contracts	(10,485)	<b>(9,961)</b>	(10,128)	(10,391)	(10,662)
Utilities					
Other payments			(44)	(267)	(223)
Net cash provided by operating activities	5,658	<b>6,095</b>	5,076	4,985	5,208
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment	(8,773)	<b>(5,993)</b>	(3,593)	(3,982)	(4,972)
Proceeds from sale of property, plant and	250	<b>0</b>	0	0	0
Trust funds and deposits					
Repayment of loans and advances					
Net cash used in investing activities	(8,523)	<b>(5,993)</b>	(3,593)	(3,982)	(4,972)
<b>Cash flows from financing activities</b>					
Finance costs	(377)	<b>(327)</b>	(298)	(258)	(228)
Proceeds from borrowings	1,215	<b>1,000</b>	500	500	2,000
Repayment of borrowings	(1,228)	<b>(1,343)</b>	(1,174)	(1,043)	(985)
Net cash provided by (used in) financing activities	(390)	<b>(670)</b>	(972)	(801)	787
<b>Net (decrease) increase in cash &amp; cash equivalents</b>	(3,255)	(568)	511	202	1,023
Cash and cash equivalents at beginning of the financial year	7,604	<b>4,349</b>	3,781	4,292	4,494
<b>Cash and cash equivalents at end of the financial year</b>	4,349	<b>3,781</b>	4,292	4,494	5,517

## Budgeted Statement of Capital Works

For the four years ending 30 June 2018

	Forecast	<b>Budget</b>	Strategic Resource Plan		
	Actual		Projections		
	2013/14	<b>2014/15</b>	2015/16	2016/17	2017/18
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Property</b>					
Land	12	0	0	0	0
Land improvements	0	0	0	0	0
<b>Total land</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Buildings	4,281	1,465	200	360	350
Building improvements	0	0	0	0	0
Leasehold improvements	0	0	0	0	0
Heritage buildings	0	0	0	0	0
<b>Total buildings</b>	<b>4,281</b>	<b>1,465</b>	<b>200</b>	<b>360</b>	<b>350</b>
<b>Total property</b>	<b>4,293</b>	<b>1,465</b>	<b>200</b>	<b>360</b>	<b>350</b>
<b>Plant and equipment</b>					
Plant, machinery and equipment	0	58	62	830	738
Fixtures, fittings and furniture	0	0	0	0	0
Computers and telecommunications	305	150	120	150	150
Heritage plant and equipment	0	0	0	0	0
Library books	0	0	0	0	0
<b>Total plant and equipment</b>	<b>305</b>	<b>208</b>	<b>182</b>	<b>980</b>	<b>888</b>
<b>Infrastructure</b>					
Roads	1,931	1,482	2,230	2,335	2,335
Bridges	345	968	0	0	0
Footpaths and cycleways	35	185	0	0	0
Drainage	86	300	100	15	100
Recreational, leisure and community facilities	548	0	0	0	0
Waste management	926	1,150	856	262	1,269
Parks, open space and streetscapes	77	135	25	30	30
Aerodromes	226	100	0	0	0
Off street car parks		0	0	0	0
Other infrastructure		0	0	0	0
<b>Total infrastructure</b>	<b>4,174</b>	<b>4,320</b>	<b>3,211</b>	<b>2,642</b>	<b>3,734</b>
<b>Total capital works expenditure</b>	<b>8,772</b>	<b>5,993</b>	<b>3,593</b>	<b>3,982</b>	<b>4,972</b>
<b>Represented by:</b>					
New asset expenditure	50	<b>1,515</b>	681	512	2,157
Asset renewal expenditure	3,948	<b>2,541</b>	2,012	3,185	2,465
Asset expansion expenditure	0	<b>0</b>	0	0	0
Asset upgrade expenditure	4,775	<b>1,937</b>	900	285	350
<b>Total capital works expenditure</b>	<b>8,773</b>	<b>5,993</b>	<b>3,593</b>	<b>3,982</b>	<b>4,972</b>

**Budgeted Statement of Human Resources**  
For the four years ending 30 June 2018

	Forecast Actual	<b>Budget</b>	Strategic Resource Plan Projections		
	2013/14	<b>2014/15</b>	2015/16	2016/17	2017/18
	\$'000	<b>\$'000</b>	\$'000	\$'000	\$'000
<b>Staff expenditure</b>					
Employee costs - operating	10,645	<b>11,233</b>	11,757	12,344	12,960
Employee costs - capital	0	<b>0</b>	0	0	0
<b>Total staff expenditure</b>	<b>10,645</b>	<b>11,233</b>	<b>11,757</b>	<b>12,344</b>	<b>12,960</b>
	EFT	<b>EFT</b>	EFT	EFT	EFT
<b>Staff numbers</b>					
Employees	126	<b>127</b>	127	125	125
<b>Total staff numbers</b>	<b>126</b>	<b>127</b>	<b>127</b>	<b>125</b>	<b>125</b>

## Appendix B

This appendix presents information required pursuant to the Local Government Act 1989 and the Local Government Regulations in respect to Council's Budget.

### 1. Borrowings

	2014/15 \$	2013/14 \$
New borrowings (other than refinancing)	1,000,000	1,215,000
Debt redemption	1,343,000	1,228,000

### 2. Rates & charges

Differential rating ratios being applied in 2014/15 are the same as the 2013/14 year. The base rate, Residential (Benalla) has increased by 2.6% with all other differential rating categories increasing by a similar percentage.

#### 2.1 The proposed general rate in the dollar for each differential rate to be levied:

Differential Rating Category	2014/15 Cents/\$CIV	2013/14 Cents/\$CIV
Residential (Benalla)	0.491	0.479
Residential (Rural Township)	0.428	0.417
Business	0.663	0.646
Vacant Land (Benalla)	0.944	0.919
Vacant Land (Rural Township)	0.619	0.603
Rural – Non Farming	0.398	0.388
Rural – Farmland	0.369	0.359
Cultural and Recreational Land	0.374	0.364

## 2.2 The estimated amount to be raised by each type of rate to be levied:

Differential Rating Category	2014/15 \$	2013/14 \$
Residential (Benalla)	4,850,966	4,708,474
Residential (Rural Township)	144,030	135,859
Business	1,811,486	1,664,842
Vacant Land (Benalla)	229,104	225,814
Vacant Land (Rural Township)	5,870	5,350
Rural – Non Farming	1,318,175	1,219,109
Rural – Farmland	2,775,186	2,618,817
Cultural and Recreational Land	16,770	16,373
Provision for Supplementary Rates	29,507	47,813

## 2.3 The estimated total amount to be raised by rates

	2014/15 \$	2013/14 \$
Total rates to be raised	11,181,093	10,642,451

## 2.4 The proposed percentage change in the rate in the dollar for each type of rate to be levied, compared to that of the previous financial year

Differential Rating Category	2014/15 Change %	2013/14 Change %
Residential (Benalla)	2.6%	4.3%
Residential (Rural Township)	2.6%	4.3%
Business	2.6%	4.3%
Vacant Land (Benalla)	2.6%	4.3%
Vacant Land (Rural Township)	2.6%	4.3%
Rural - Non Farming	2.6%	4.3%
Rural – Farmland	2.6%	4.3%
Cultural and Recreational Land	2.6%	4.3%

## 2.5 The number of assessments for each type of rate to be levied compared to the previous year:

The increase in the number of rate assessments is due to the sale of residential lots within Benalla. Growth within the Residential (Benalla) and the reduction in the Vacant Land (Benalla) category reflects the level of housing development which has occurred during 2013/14. Consolidation of some adjoining Rural-Farmland assessments has maintained the number of assessments in that category.

Differential Rating Category	2014/15	2013/14
Residential (Benalla)	4,539	4,489
Residential (Rural Township)	214	213
Business	464	463
Vacant Land (Benalla)	140	145
Vacant Land (Rural Township)	19	19
Rural - Non Farming	1,152	1,117
Rural – Farmland	1,306	1,302
Cultural and Recreational Land	1	1
<b>Total number of assessments</b>	<b>7,835</b>	<b>7,749</b>

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

All properties were valued as part of the 2014 General Valuation process, with the relevant date of all valuations being 1 January 2014, with the effective date and first use of the new valuations being 1 July 2014. This year is the first year that these valuations will be used for rating purposes.

## 2.7 The estimated total value of land in respect of which each type of rate is to be levied compared with the previous year:

Differential Rating Category	2014/15 \$	2013/14 \$
Residential (Benalla)	987,064,000	983,520,000
Residential (Rural Township)	33,686,000	32,619,000
Business	273,035,000	257,597,909
Vacant Land (Benalla)	24,280,000	24,567,000
Vacant Land (Rural Township)	948,000	887,000
Rural - Non Farming	331,135,000	314,384,000
Rural – Farmland	752,918,400	729,368,400
Cultural and Recreational Land	4,490,000	4,500,000
<b>Total</b>	<b>2,407,556,400</b>	<b>2,347,443,309</b>

## 2.8 The proposed unit amount to be levied for each type of charge under section 162 of the Act:

Type of Charge	Per Serviced Property	
	2014/15 \$	2013/14 \$
Municipal Charge	214	208.60
Waste Management Charge including 40 Lt Bin	135	125
Waste Management Charge including 80 Lt Bin	135	125
Waste Management Charge including 140 Lt Bin	290	277
Waste Management Charge including 240 Lt Bin	425	400
Additional Waste Recycling Bin	95	75

The Waste Management Charges account for the various costs associated with the provision of waste management services including: a recycling service in accordance with State Government Best Practice Guidelines, waste disposal, management, development, rehabilitation and operation of Council's landfill in accordance with Environment Protection Authority Licence, waste minimisation promotion and education, management and administration of waste and recycling collection contracts and the provision of a weekly kerbside waste collection service.

Council provides residents with a range of waste bin sizes to encourage waste minimisation and the above Waste Management Charges reflect these options.

The Waste Collection Charge applies to all urban and rural properties where a waste collection service is available or provided by Council, whether or not the service is used by the property owner.

Owners of Commercial properties can be exempted from Councils Waste Collection Service once they confirm in writing the details of the alternate private contractor servicing their property.

The opportunity for property owners to down-size their waste service is available annually in May leading up to the start of the next years billing cycle.

## 2.9 The estimated amounts to be raised for each type of charge to be levied compared to the previous year:

Type of Charge	2014/15 \$	2013/14 \$
Municipal Charge	1,591,172	1,533,406
Waste Management Charge including 40 Lt Bin	10,125	9,500
Waste Management Charge including 80 Lt Bin	120,555	109,250
Waste Management Charge including 140 Lt Bin	1,335,450	1,276,693
Waste Management Charge including 240 Lt Bin	565,250	527,600
Additional Waste Recycling Bin	2,755	2,100
Provision for Supplementary Charges	7,000	7,000
<b>Total</b>	<b>3,632,307</b>	<b>3,465,549</b>

**2.10 The estimated total amount to be raised by rates and charges:  
\$14,813,400**

**2.11 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 additional supplementary valuations – new dwellings, swimming pools, building extensions etc and the rezoning of land (Amendment C27 approved 22 May 2013)
- The variation of returned levels of value (e.g. valuation objections and 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: and
- Reductions in property valuations resulting from the creation of conservation covenants by Trust for Nature (Victoria).

### **3. Differential Rates**

#### **3.1 Rates to be levied**

Council considers that the equitable imposition of rates and charges supports the efficient carrying out of the Council functions. Council has previously considered the various valuation bases available and determined to apply the Capital Improved Value in order that a range of Differential Rates can be applied to part fund the operations of Council.

Differential Rating Guidelines which were issued by the Minister for Local Government and gazetted on 26 April 2013, have been reviewed and considered by Council in the further development of the Differential Rating system for the 2014/15 year. A general review of the definitions, criteria and objectives of the various differential rating categories has been undertaken to ensure they clearly detail the characteristics of the land subject to each differential rate.

The rate and amount payable in relation to land in each differential category are detailed in the above statutory disclosures. Each differential rate payable is determined by multiplying the Capital Improved Value (CIV) of each property by the relevant percentages indicated in the Table in item 2.1.

Details of the objectives of each differential rate, the types of classes of land, which are subject to each differential rate and the uses of each differential rate are set out in the following pages.

## 3.2 RURAL - FARMLAND

### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

### Types and Classes:

Any land which is “farm land” within the meaning of section 2(1) of the Valuation of Land Act 1960. i.e.

- is not less than 2 ha in area unless it forms part of a larger farming enterprise, and
- is used for one or a combination of the listed farming pursuits, and
- is used primarily by a business that has a significant and substantial commercial purpose or character, and
- which operates with the intention and prospect of making a profit from its farming activities.

Properties between 2 and 40ha, unless that property forms part of a larger farming enterprise of 40ha+, are to complete an application for Farm Rate to be approved prior to inclusion in the Rural – Farmland category. Properties of 40ha or more are automatically allocated the Rural-Farmland category.

### Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 75% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00369	\$2,775,186	24.82%

**Geographic Location:** Wherever located within the municipal district.

**Use of Land:** Any use permitted under the Benalla Planning Scheme.

### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme will be FZ – Farming Zone, RCZ – Rural Conservation Zone or subject to an approved land use activity, RLZ – Rural Living Zone or LDRZ – Low Density Residential Zone or IN1Z – Industrial One Zone.

**Types of Buildings:** All buildings which are now constructed on the land or which are constructed prior to the expiry of the Financial Year.

### 3.3 VACANT LAND (BENALLA)

#### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health and community services and
- provision of general administration and support services.

#### Types and Classes:

Any land on which no improvements (excluding sheds and other minor constructions) have been constructed and is land where a permit to build a dwelling is assured.

#### Use and Level of Differential rate:

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 192% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00944	\$229,104	2.05%

#### Geographic Location:

Situated in the Benalla urban area.

#### Use of Land:

Any use permitted under the Benalla Planning Scheme.

#### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be LDRZ – Low Density Residential Zone (situated adjacent to the Benalla urban area), R1Z – Residential 1 Zone, or MUZ – Mixed Use Zone.

### 3.4 VACANT LAND (RURAL TOWNSHIP)

#### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

#### Types and Classes:

Any land on which no improvements (excluding sheds and other minor constructions) have been constructed.

#### Use and Level of Differential Rate:

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 126% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00619	\$5,870	0.05%

#### Geographic Location:

Situated in a Rural Township location.

#### Use of Land:

Any use permitted under the Benalla Planning Scheme.

#### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be TZ – Township Zone or LDRZ – Low Density Residential Zone (situated in a Rural Township.)

### 3.5 RESIDENTIAL (BENALLA)

#### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

#### Types and Classes:

Any land used primarily for residential purposes.

#### Use and Level of Differential rate:

The differential rate will be used to fund some of those items of expenditure described in the Budget adopted by Council.

The level of the differential rate is the base rate which Council considers is necessary to achieve the objectives specified above, in conjunction with all other categories of property.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00491	\$4,850,966	43.39%

#### Geographic Location:

Situated in the Benalla urban area.

#### Use of Land:

Any use permitted under the Benalla Planning Scheme.

#### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be LDRZ – Low Density Residential Zone, R1Z – Residential 1 Zone, UFZ – Urban Floodway Zone or MUZ – Mixed Use Zone. Residences established in other zones with existing non-conforming rights are also eligible for inclusion in this category.

#### Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of the Financial Year.

### 3.6 RESIDENTIAL (RURAL TOWNSHIP)

#### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

#### Types and Classes:

Land used primarily for residential purposes.

#### Use and Level of Differential rate:

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 87% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00428	\$144,030	1.29%

#### Geographic Location:

Situated in a Rural Township location.

#### Use of Land:

Any use permitted under the Benalla Planning Scheme.

#### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be TZ – Township Zone or LDRZ – Low Density Residential Zone. Residences established in other zones with existing non-conforming rights are also eligible for inclusion in this category.

#### Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of the Financial Year.

### 3.7 BUSINESS

#### Objective:

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

#### Types and Classes:

Any land used primarily for a commercial or industrial business purpose.

#### Use and Level of Differential rate:

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 135% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00663	\$1,811,486	16.20%

#### Geographic Location:

Wherever located within the municipal district.

#### Use of Land:

Any use permitted under the Benalla Planning Scheme.

#### Planning Scheme Zoning:

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme will be, C1Z – Commercial 1 Zone, C2Z – Commercial 2 Zone, IN1Z – Industrial 1 Zone, IN2Z – Industrial 2 Zone, TZ – Township Zone, IN3Z – Industrial 3 Zone or MUZ – Mixed Use Zone. Businesses established in other zones with existing non-conforming rights are also eligible for inclusion in this category.

#### Types of Buildings:

All buildings which are now constructed on the land or which are constructed prior to the expiry of the Financial Year.

### 3.8 RURAL - NON FARMING

**Objective:**

To ensure that all rateable land makes an equitable financial contribution to the cost of carrying out the functions of Council as identified in the Council Plan, Strategic Resource Plan and Annual Budget, including the:

- construction and maintenance of public infrastructure,
- development and provision of health & community services and
- provision of general administration and support services.

**Types and Classes:**

Any land used primarily for rural living and/or non farming purposes.

**Use and Level of Differential rate:**

The differential rate will be used to fund some of those items of budgeted expenditure. The level of the differential rate is the level which Council considers is necessary to achieve the objectives specified above – currently 81% of the Residential (Benalla) base rate.

Level of Rate	Amount of Rates Raised	Proportion of Total Rates
0.00398	\$1,318,175	11.79%

**Geographic Location:**

Situated in a rural location within the municipal district.

**Use of Land:**

Any use permitted under the Benalla Planning Scheme.

**Planning Scheme Zoning:**

The zoning applicable to each rateable land within this category, as determined by consulting maps referred to in the Benalla Planning Scheme, will be RLZ – Rural Living Zone or FZ – Farming Zone or RCZ – Rural Conservation Zone or UFZ – Urban Floodway Zone.

**Types of Buildings:**

All buildings which are now constructed on the land or which are constructed prior to the expiry of the Financial Year.

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