

# BENALLA

## RURAL CITY COUNCIL

### BENALLA RURAL CITY

# BUDGET 2015-16



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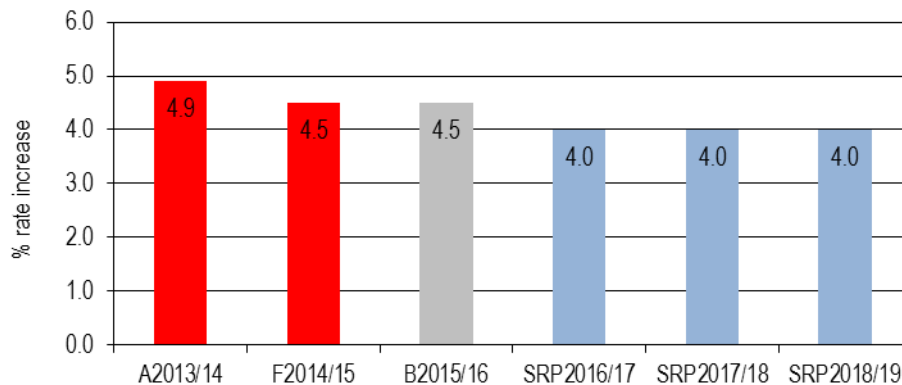
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## Executive summary

The Council has prepared a Budget for the 2015/16 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 revenue increase, operating result, cash and investments, capital works, financial position and the financial sustainability of the Council.

### 1. Rates

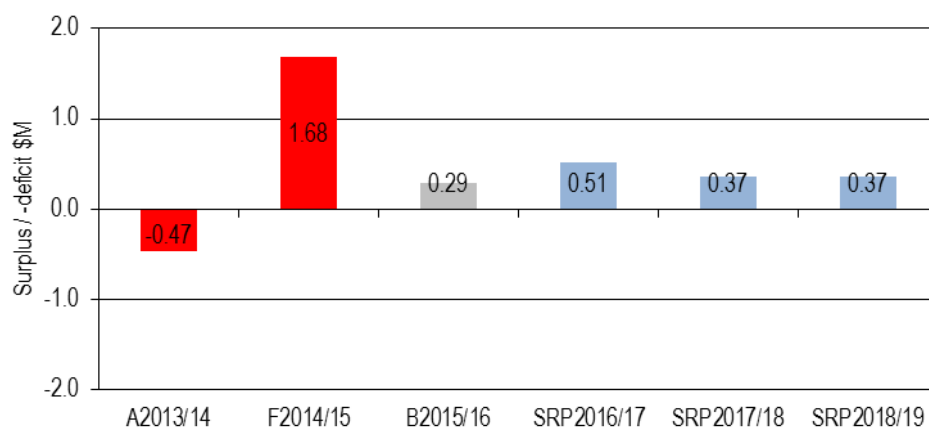


A = Actual F = Forecast B = Budget SRP = Strategic Resource Plan estimates

Total rates and charges revenue is budgeted to increase by 4.5% for the 2015/16 year, to \$15.406 million, including \$0.04 million generated from supplementary rates. Of the 4.5% increase, 2.5% will be allocated to the capital projects program and 2.0% 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.

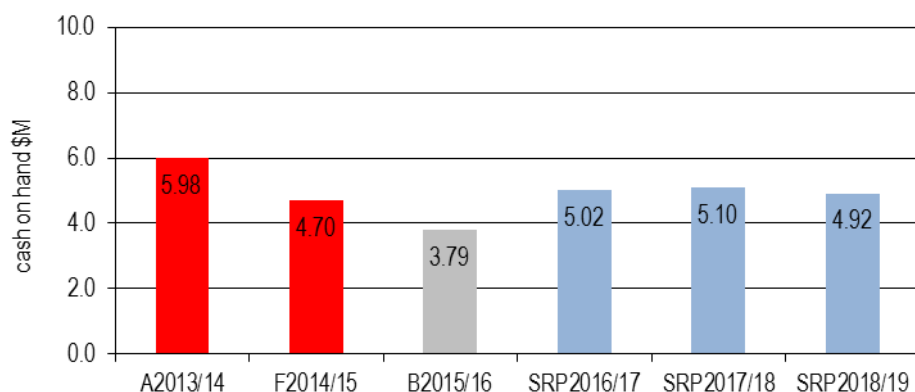
To fund the increase in rates and charges revenue it is proposed that general rate revenue increase by 5.5%, the municipal charge be set at \$226.20 and waste management charges decrease by (5.6%). Section 9 of this report "Rating Strategy" provides a more detailed analysis of the general rate increase.

## 2. Operating result



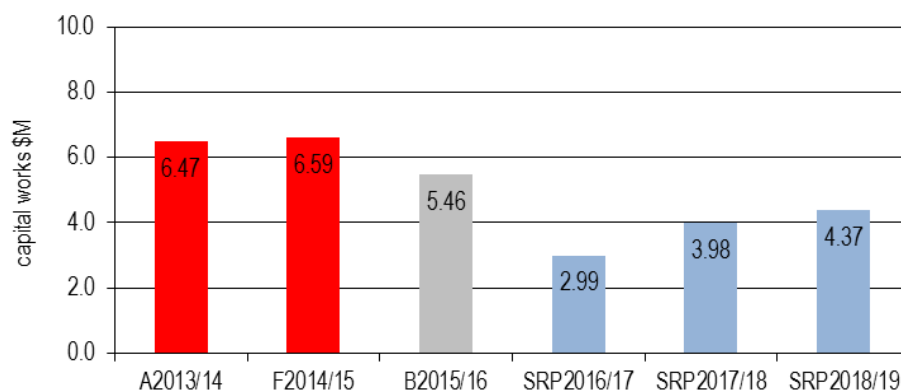
The expected operating result for the 2015/16 year is a surplus of \$0.288 million, which is a decrease of \$1.394 million over 2014/15. The unfavourable decreased operating result is due mainly to the new landfill cell being depreciated by 70%, \$1.385 million in 2015/16. The adjusted underlying result, which excludes items such as non-recurrent capital grants and non-cash contributions is a deficit of \$1.483 million - refer to section 7 of this summary for further information. (The forecast operating result for the 2014/15 year is a surplus of \$1.682 million).

## 3. Cash and investments



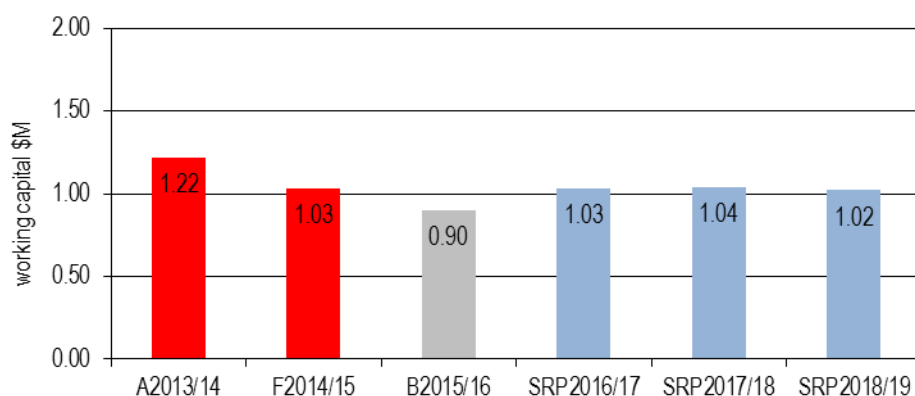
Cash and investments are expected to decrease by \$0.91 million during the year to \$3.79 million as at 30 June 2016. This is due mainly to the carried forward component of the 2014/15 capital works program and the completion of the Civic Precinct Revitalisation projects. The Council's Strategic Resource Plan had provided for rehabilitation works at the Landfill to be undertaken in 2016/17. These works have been brought forward to 2015/16 which has also impacted on the timing of cash flow.

#### 4. Capital works



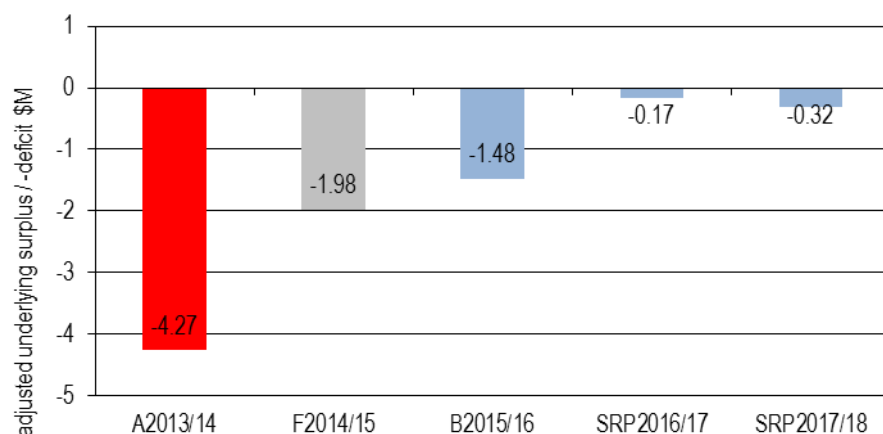
The capital works program for the 2015/16 year is expected to be \$5.46 million. Of the capital funding required \$1.822 million will come from Council operations, \$1.771 million from external grants, \$0.5 million from new loans and \$1.37 million from carried forward funds.

#### 5. Financial position



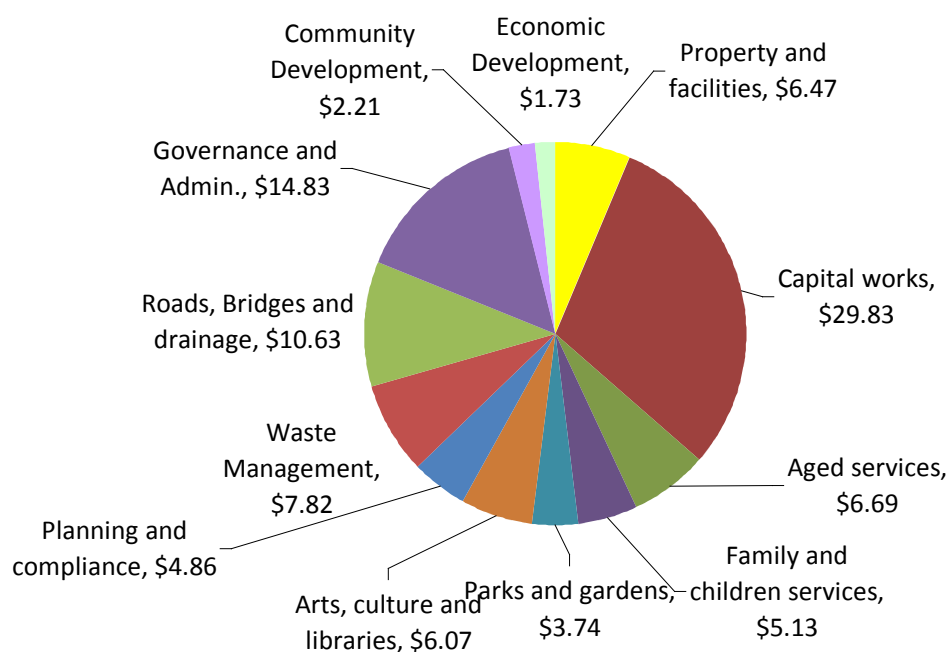
The financial position is expected to improve with net assets (net worth) to increase by \$0.288 million to \$206.879 million although net current assets (working capital) will reduce by \$0.824 million to (\$0.648) million as at 30 June 2016. This is mainly due to a number of projects exceeding budget \$0.355 million and \$0.6 million of landfill rehabilitation works being brought forward from 2016/17. The net current asset ratio is budgeted to be equal to 0.90 as at 30 June 2016. This indicator will project up to 1.02 by the end of the 2018/19 financial year. (Net Assets is forecast to be \$206.591 million as at 30 June 2015). 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 2015/16 to 2018/19 has been developed to assist the 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 the 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 the 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, 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 Regulations which support the Act.

The 2015/16 budget, which is included in this report, is for the year 1 July 2015 to 30 June 2016 and is prepared in accordance with the Act and Regulations. The budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Statement of Capital Works. These statements have been prepared for the year ending 30 June 2016 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards. The 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 April 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 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 30 June 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	Apr
5. Public notice advising intention to adopt budget	Apr
6. Budget available for public inspection and comment	Apr
7. Public submission process undertaken	Apr/May
8. Submissions period closes (28 days)	May
9. Submissions considered by Council/Committee	Jun
10. Budget and submissions presented to Council for adoption	Jun
11. Copy of adopted budget submitted to the Minister	Jul
12. Revised budget where a material change has arisen	Sep-Jun

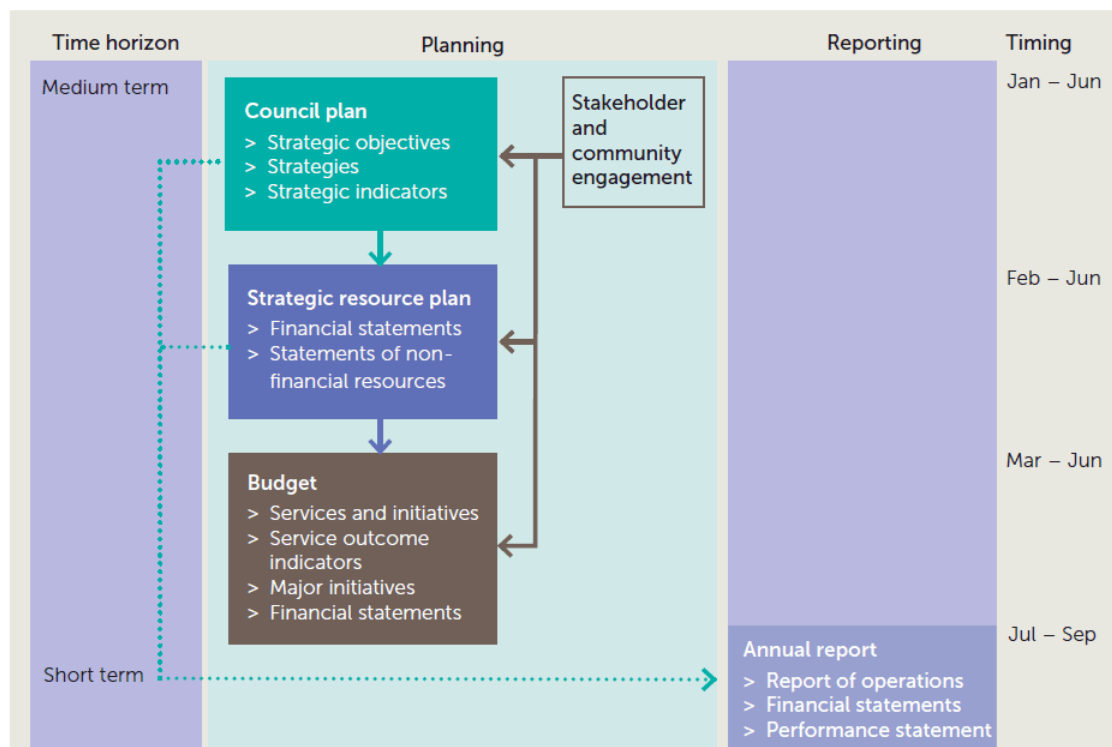


## 1. Linkage to the Council Plan

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.

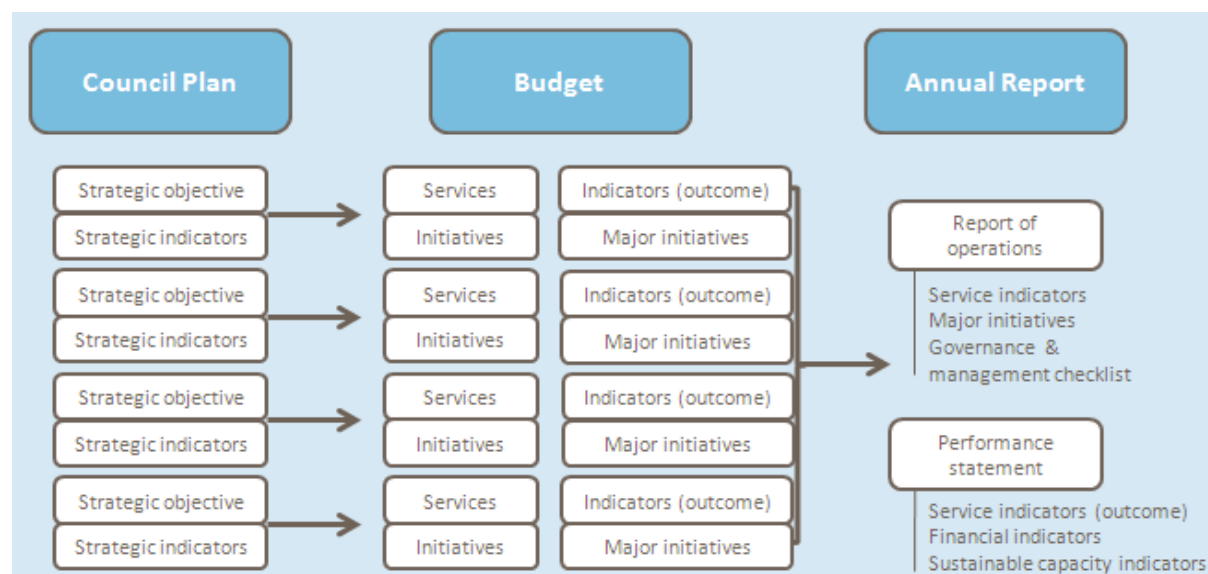
## 1.3 Strategic objectives

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 Library operations, which provides library services to Benalla Rural City residents in partnership with the High Country Library Corporation.	650 (30) <b>620</b>
Benalla Art Gallery	The Benalla Art Gallery is a Council owned and operated facility providing cultural and tourism benefits to the Rural City.	460 (178) <b>282</b>
Benalla Performing Arts and Convention Centre	Management and Operation of the Benalla Performing Arts and Convention Centre (BPACC).	713 (445) <b>268</b>
Community Development	Coordinates and supports community planning and development activities. Engages with young people and partners with service providers.	600 (146) <b>454</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.	3,438 (2,396) <b>1,043</b>
<b>Aged and Disability Services:</b>		
<ul style="list-style-type: none"> <li>▪ Food Services</li> <li>▪ Home and Community Care Assessment Services</li> <li>▪ Homecare</li> <li>▪ Planned Activity Groups</li> <li>▪ Volunteer Transport</li> </ul>		
<b>Family and Children Services:</b>		
<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>▪ Maternal and Child Health</li> </ul>		

## 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 Culture 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	Responsible for the management and maintenance of the Council's properties, open spaces, reserves and buildings.	2,787
	Maintains the Geographical Information Systems which provide computer based mapping and aerial photography.	(158) <b>2,630</b>
Development	Land Use <b>Planning Services</b> to manage development in accordance with the Benalla Planning Scheme and the Planning and Environment Act.	1,459
	Municipal Building Surveyor Services to meet statutory obligations in accordance with the Local Government Act and Building Regulations.	(401) <b>1,459</b>
	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.	
	Provision of professional Environmental <b>Health Services</b> to meet Council's statutory obligations with respect to the Health Act, and Environment Protection Act.	

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

### Services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
	Responsible for the Council's Asset Management requirements including its Road Management Plan.	3,255 <u>(1,472)</u> 1,783
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

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Economic Development and Tourism	Develops and implements initiatives that strengthen and develop Benalla Rural City's business and tourism sectors.	535 (32) <b>503</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 Culture 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	Includes waste collection, recycling programs, EPA licenced landfill operation, and waste minimisation programs in accordance with state and regional plans and policies.  Area also includes sustainability and environment activities: climate change, roadside vegetation, energy and water conservation; and water quality.  Operating result is offset by required capital expenditure.	3,693 <u>(3,953)</u> <b>(260)</b>

### 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)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

## 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

Business area	Description of services provided	Expenditure (Revenue)
		Net Cost \$'000
Communications	Community engagement in accordance with the Council's Communication and Consultation Strategy.	197 (0) <b>197</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 Culture 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.	405 (0) <b>405</b>
Chief Executive Officer	Chief Executive Officer, Mayor and Councillor support.	674 (0) <b>674</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.	450 (5) <b>445</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.	1,183 (15,885) <b>(14,702)</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.	1,487 (3) <b>1,484</b>

### Initiatives

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



## 2.6 Strategic Objective 6: Our Organisation (continued)

### 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>	13,597
<b>Area</b>	235,225 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>	7,425
<b>Number of Employees</b>	126 EFT
<b>Number of Councillors</b>	7

### **3. Budget influences (continued)**

#### **Economy**

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.

#### **Amenity and lifestyle**

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.

#### **Industrial Land**

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)**

#### **Ageing population**

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).

#### **Disadvantage**

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 1.5%
- Indexation freeze on Financial Assistance Grants
- continued receipt of the Australian Government's Roads to Recovery funding.
- receipt of a \$1 million grant per year from the Victorian Government for Country Roads and Bridges as provided for in the Strategic Resource Plan. The Victorian Government has indicated that this funding will not continue
- Legislative compliance including the Environmental Protection Authority landfill levy and licensing reform
- repayment of Council's Unfunded Superannuation Liability
- reduction in interest rates and ability to generate revenue from funds invested
- a focus on limiting rate increases by the Victorian State Government
- little detail currently available on capital grants available from the State Government.

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 Redevelop
  - Visitor Information Centre Redevelopment.

### **3. Budget influences (continued)**

As part of the Council Plan 2013-17 (2014 Review), the redevelopment of the Benalla Art Gallery was made a priority project to be advanced to a 'shovel ready' status.

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.

The budget includes consideration of a number of long term strategies and contextual information to assist Council to prepare the Budget in a proper financial management context. These include a Strategic Resource Plan for 2015/16 to 2018/19 (Section 8.), Rating Information (Section 9.) and Other Long Term Strategies (Section 10.) including borrowings, rating and infrastructure.

## 4. Analysis of operating budget

This section analyses the operating budget including expected income and expenses of the Council for the 2015/16 year.

### 4.1 Budgeted income statement

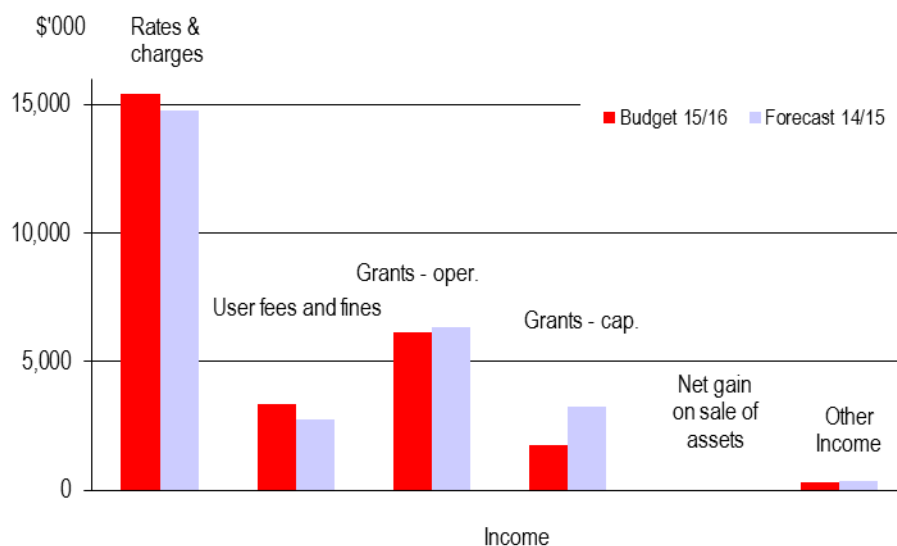
	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Total income	4.2	27,849	26,942	(907)
Total expenses	4.3	(26,167)	(26,654)	(487)
<b>Surplus (deficit) for the year</b>		<b>1,682</b>	<b>288</b>	<b>(1,394)</b>
Grants – capital non-recurrent	4.2.4	(3,663)	(1,771)	1,892
Contributions - non-monetary assets		0	0	0
Capital contributions - other sources		0	0	0
<b>Adjusted underlying surplus (deficit)</b>	<b>4.1.1</b>	<b>(1,981)</b>	<b>(1,483)</b>	<b>498</b>

#### 4.1.1 Adjusted underlying deficit (\$0.50 million decrease)

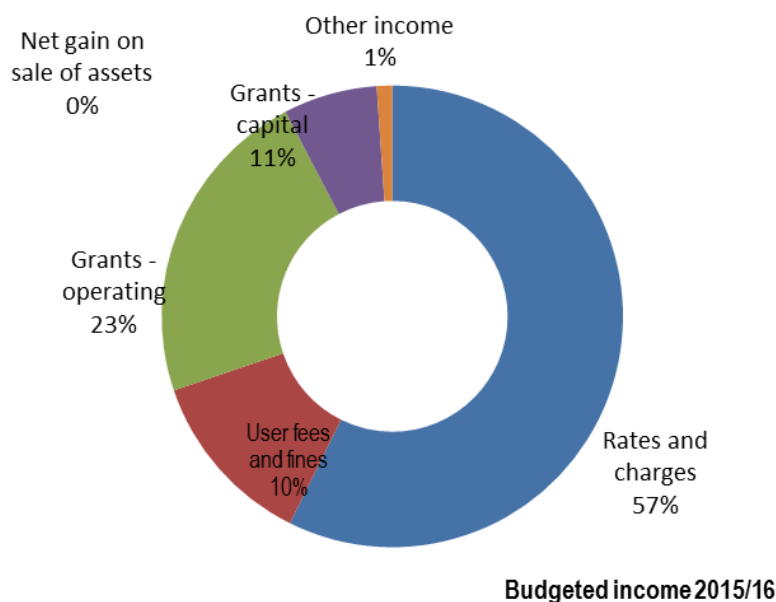
The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions, and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The adjusted underlying result for the 2015/16 year is a deficit of \$1.48 million which is a decrease of \$0.50 million from the 2014/15 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

### 4.2 Income

Income Types	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Rates and charges	4.2.1	14,748	15,406	658
User fees and fines	4.2.2	2,758	3,354	596
Grants - operating	4.2.3	6,318	6,121	(197)
Grants - capital	4.2.4	3,663	1,771	(1,892)
Net gain on sale of assets		0	0	0
Other income	4.2.5	362	290	(72)
<b>Total income</b>		<b>27,849</b>	<b>26,942</b>	<b>(907)</b>



Source: Appendix A



#### 4.2.1 Rates and charges (\$0.658 million increase)

It is proposed that general rate income be increased by 4.5% or \$0.658 million over 2015/16 to \$15.406 million. Supplementary rates are forecast to increase by \$0.002 million over 2015/16 to \$0.040 million. Section 9. "Rating Information" includes a more detailed analysis of the rates and charges to be levied for 2015/16. Information on rates and charges specifically required by the Regulations is included in Appendix B.

#### 4.2.2 User fees and fines (\$0.596 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 1.5% 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 (\$0.197 million decrease)**

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 decreased by 3% or \$0.197 million compared to 2014/15. Significant movements in grant funding are summarised below:

Grant Funding Types	Forecast		
	Actual	Budget	Variance
	2014/15	2015/16	
	\$'000	\$'000	\$'000
Aged and Disability	927	958	31
Arts and Culture	140	140	0
Community Development	272	143	(129)
Emergency Services	14	14	0
Family and Childrens	825	881	56
Landfill	50	0	(50)
L2P Program	45	45	0
Regional Living Expo	10	0	(10)
Roadside Weed Spraying	31	0	(31)
School Crossing	22	22	0
Street Life	15	0	(15)
Victorian Grants Commission	3,759	3,826	67
Youth Services	24	12	(12)

Increases or decreases in specific operating grant funding reflect expected demand for these services. The Federal Government has frozen indexation on Victoria Grants Commission (VGC) funding.

#### **4.2.4 Grants - capital (\$1.892 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 have decreased by 52% or \$1.892 million compared to 2014/15 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 2015/16 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).

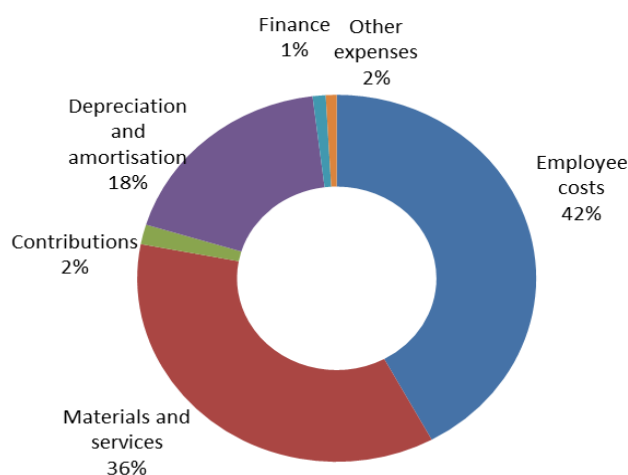
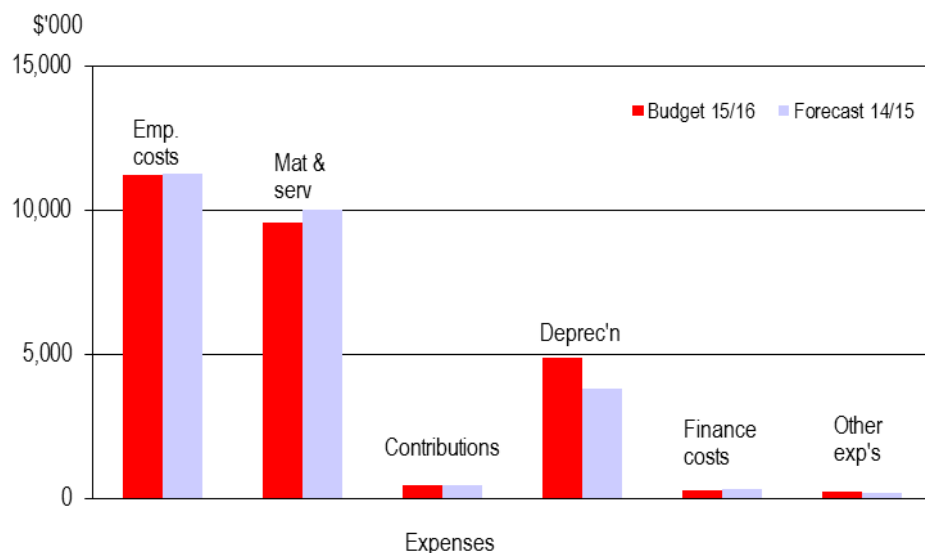
#### 4.2.5 Other income (\$0.072 million decrease)

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 decrease by 20% or \$0.072 million compared to 2014/15.

### 4.3 Expenses

Expense Types	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
Employee costs	4.3.1	11,283	11,221	(62)
Materials and services	4.3.2	10,017	9,565	(452)
Contributions		495	464	(31)
Depreciation and amortisation	4.3.3	3,821	4,888	1,067
Finance costs		327	281	(46)
Other expenses		224	235	11
<b>Total expenses</b>		<b>26,167</b>	<b>26,654</b>	<b>487</b>



Budgeted expenses 2015/16

Source: Appendix A

#### 4.3.1 Employee costs (\$0.062 million decrease)

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 decrease by 1% or \$0.062 million compared to 2014/15. This decrease relates mainly to:

- Reduced employee costs at Community Services to reflect current service levels and funding arrangements.
- Reduction of two Community Development positions for which grant funding ended.

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

Department	Budget 2015/16 \$'000
Infrastructure	1,952
Community Services	2,529
Development	1,256
Facilities	1,203
People and Performance	820
Arts, Communications and Events	942
Finance	618
Community Development	333
Economic Development and	
Tourism	356
Office of Chief Executive	328
Development & Environment	550
Corporate and Community	334
<b>Total</b>	<b>11,221</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	3.61	2	1.4	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>126</b>	<b>82</b>	<b>42.01</b>	<b>1.99</b>

#### 4.3.2 Materials and services (\$0.452 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 4.5% or \$0.452 million compared to 2014/15 which is mainly due to a storm and bushfire event taking place in 2014/15 \$0.28 million and savings measures undertaken \$0.223 million.

#### 4.3.3 Depreciation and amortisation (\$1.067 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. It is estimated that the new landfill cell will be 70% full at year end and depreciated by \$1.385 million. 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.

## 5. Analysis of budgeted cash position

This section analyses the expected cash flows from the operating, investing and financing activities of Council for the 2015/16 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 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
<b>Cash flows from operating activities</b>	5.1.1			
<i>Receipts</i>				
Rates and charges		14,748	15,406	658
User fees and fines		3,150	3,843	693
Grants - operating		6,318	6,121	(197)
Grants - capital		3,663	1,771	(1,892)
Interest		227	121	(106)
Other receipts				0
		<b>28,106</b>	<b>27,262</b>	(844)
<i>Payments</i>				
Employee costs		(11,158)	(11,181)	(23)
Other payments		(10,972)	(10,569)	403
		<b>(22,130)</b>	<b>(21,750)</b>	380
<b>Net cash provided by operating activities</b>		<b>5,976</b>	<b>5,512</b>	(464)
<b>Cash flows from investing activities</b>	5.1.2			
Proceeds from sales of property, infrastructure, plant & equip				0
Repayment of loans and advances				0
Deposits				0
Payments for property, infrastructure, plant and equipment		(6,592)	(5,462)	1,130
<b>Net cash used in investing activities</b>		<b>(6,592)</b>	<b>(5,462)</b>	1,130
<b>Cash flows from financing activities</b>	5.1.3			
Finance costs		(327)	(281)	46
Proceeds from borrowings		1,000	500	(500)
Repayment of borrowings		(1,343)	(1,174)	169
<b>Net cash used in financing activities</b>		<b>(670)</b>	<b>(955)</b>	(285)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,286)</b>	<b>(905)</b>	381
Cash and cash equivalents at the beg of the year		5,981	4,695	(1,286)
<b>Cash and cash equivalents at end of the year</b>	5.1.4	<b>4,695</b>	<b>3,790</b>	(905)

Source: Appendix A

### 5.1.1 Operating activities (\$0.464 million decrease)

The decrease in cash inflows from operating activities is due mainly to a \$1.5 million decrease in capital grants. The State Government announced that Country Roads and Bridges funding will not continue. The decrease in cash inflows has been offset by increased landfill admission fees.

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 2013/14 \$'000	Budget 2014/15 \$'000	Variance \$'000
<b>Surplus (deficit) for the year</b>	<b>1,682</b>	<b>288</b>	(1,394)
Depreciation	3,821	4,888	1,067
Loss (gain) on sale of assets			0
Net movement in current assets and liabilities	473	336	(137)
<b>Cash flows available from operating activities</b>	<b>5,976</b>	<b>5,512</b>	(464)

### 5.1.2 Investing activities (\$1.13 million decrease)

The decrease in net cash outflows of \$1.13 million is mainly due to the planned completion of a number of Civic Precinct Revitalisation Projects in 2014/15. Capital works expenditure is disclosed in section 10 of this budget report.

### 5.1.3 Financing activities (\$0.29 million decrease)

The decrease in net cash outflows of \$0.290 million is mainly due to \$0.500 million less in loans being drawn down in 2015/16.

### 5.1.4 Cash and cash equivalents at end of the year (\$0.905 million decrease)

Overall, total cash and investments is forecast to decrease by \$0.905 million to \$3.790 million as at 30 June 2016, reflecting the completion of the Civic Precinct Revitalisation projects and landfill rehabilitation works being brought forward from 2016/17.

## 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 2016 that it will have cash and investments of \$3.790 million, which have been restricted as shown in the following table.

		Forecast Actual 2015 \$'000	Budget 2016 \$'000	Variance \$'000
	Ref			
<b>Total cash and investments</b>		<b>4,695</b>	<b>3,790</b>	(905)
Restricted cash and investments				0
- Statutory reserves		0	0	0
- Discretionary reserves	5.2.1	(140)	(210)	(70)
- Cash held to carry forward capital works	5.2.2	(1,369)	0	1,369
<b>Unrestricted cash and investments</b>	5.2.3	<b>3,186</b>	<b>3,580</b>	<b>394</b>

### 5.2.1 Discretionary reserves (\$0.210 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 (\$1.369 million)

An amount of \$1.369 million is forecast to be held at 30 June 2015 to fund capital works budgeted but not completed in the 2014/15 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 2016, as it is expected that the capital works budget in the 2015/16 financial year will be fully completed.

### 5.2.3 Unrestricted cash and investments (\$3.580 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

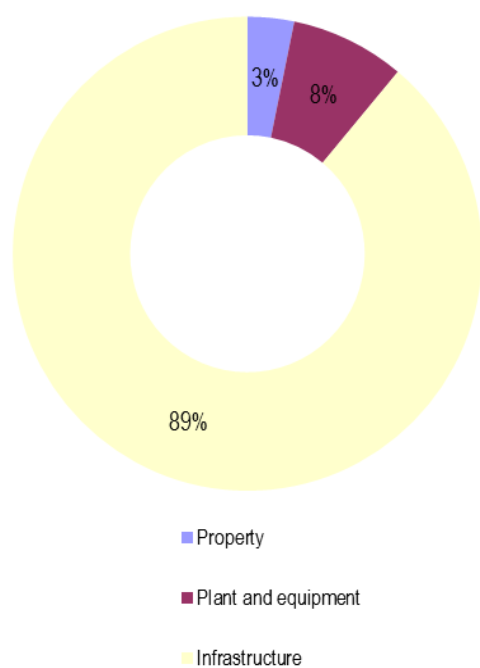
This section analyses the planned capital works expenditure budget for the 2014/15 year and the sources of funding for the capital budget.

### 6.1 Capital works expenditure

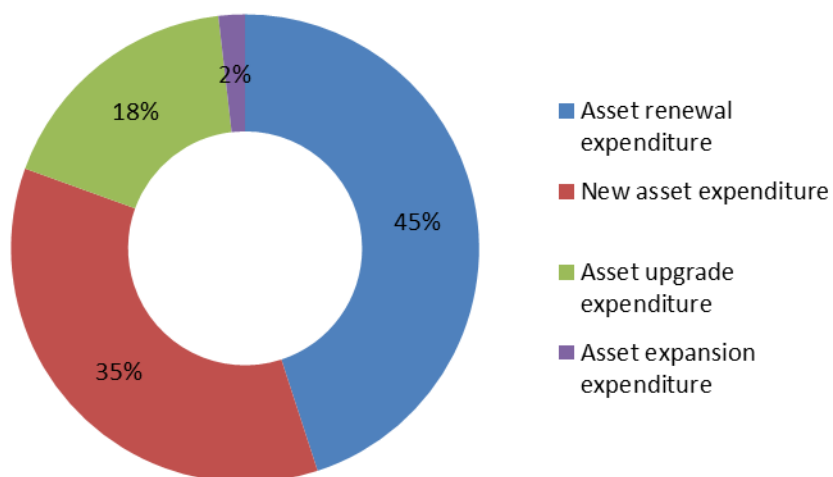
Capital Works Areas	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
<b>Works carried forward</b>	6.1.1			
<b>Property</b>				
Buildings		93	20	73
Total property		93	20	73
<b>Plant and equipment</b>				
Plant, machinery and equipment			40	(40)
Computers and telecommunications		78	120	(42)
Total plant and equipment		78	160	(82)
<b>Infrastructure</b>				
Roads			50	(50)
Footpaths and cycleways			80	(80)
Drainage			354	(354)
Airport			225	(225)
Rec, leisure and community facilities			80	(80)
Parks, open space and streetscapes				0
Off street car parks				0
Landfill		428	400	28
Total infrastructure		428	1,189	(761)
<b>Total works carried forward</b>		599	1,369	(770)
<b>New works</b>				
<b>Property</b>	6.1.2			
Buildings		1,615	135	1,480
Land			20	(20)
Total property		1,615	155	1,460
<b>Plant and equipment</b>	6.1.3			
Plant, machinery and equipment		58	65	(7)
Computers and telecommunications		150	205	(55)
Library books				0
Total plant and equipment		208	270	(62)
<b>Infrastructure</b>	6.1.4			
Roads		1,482	853	629
Bridges		835	1,025	(190)
Landfill		1,150	700	450
Airport			260	(260)
Footpaths and cycleways		185		185
Drainage		250		250
Rec, leisure and community facilities			468	(468)
Parks, open space and streetscapes		268		268
Off street car parks			300	(300)
Other infrastructure			62	(62)
Total infrastructure		4,170	3,668	502
<b>Total new works</b>		5,993	4,093	1,900
<b>Total capital works expenditure</b>		6,592	5,462	1,130
<b>Represented by:</b>				
Asset renewal expenditure	6.1.5	2,712	2,457	255
New asset expenditure	6.1.5	1,943	1,942	1
Asset upgrade expenditure	6.1.5	1,937	963	974
Asset expansion expenditure	6.1.5	0	100	(100)
<b>Total capital works expenditure</b>		6,592	5,462	1,130



### Budgeted capital works 2015/16



### Budgeted capital works 2015/16



Source: Appendix A

### **6.1.1 Carried forward works (\$0.599 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 \$0.599 million of capital works will be incomplete and be carried forward into the 2015/16 year. The most significant projects include the Landfill (\$0.428 million).

### **6.1.2 Property (\$0.155 million)**

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

For the 2015/16 year, \$0.155 million will be expended on building and building improvement projects.

### **6.1.3 Plant and equipment (\$0.27 million)**

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

For the 2015/16 year, \$0.27 million will be expended on plant, equipment and other projects. The more significant projects include upgrade and replacement of information technology (\$0.205 million) and ongoing cyclical replacement of small plant (\$0.065 million).

### **6.1.4 Infrastructure (\$3.668 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 2015/16 year, \$1.025 million will be expended on bridges and \$0.853 million on road projects. The more significant projects include federally funded Roads to Recovery projects (\$1.37 million) for road resheeting, patching, resealing.

\$0.700 million will be expended on Landfill cell construction and rehabilitation works.

Other infrastructure expenditure includes \$0.468 million on the Rocket Park redevelopment, \$0.30 million on a car park at 2 Mair Street and \$0.26 million on Benalla Aerodrome redevelopment.

### **6.1.5 Asset renewal (\$2.457 million), new assets (\$1.942 million), upgrade (\$0.963 million)**

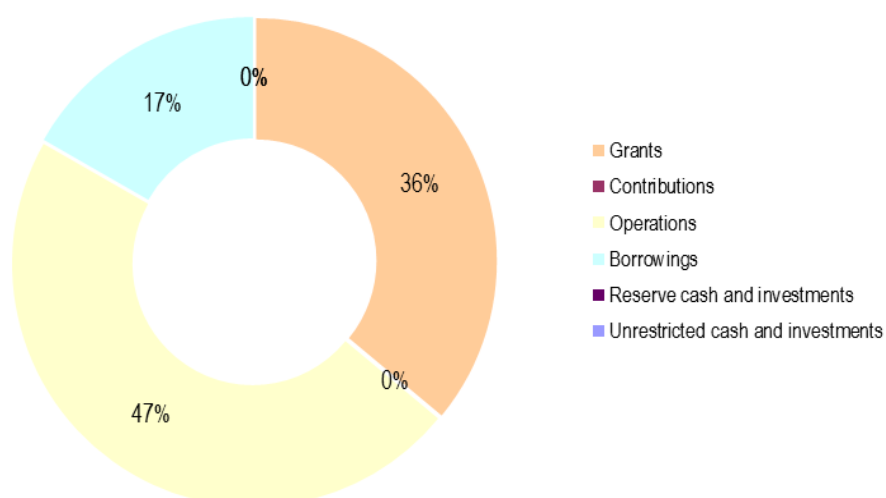
A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion. Expenditure on asset renewal is expenditure on an existing asset, or on replacing an existing asset that returns the service of the asset to its original capability. Expenditure on new assets does not have 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 (\$1.10 million), Children's Adventure Park precinct (0.300 million) and construction of the 2 Mair Street Car Park (\$0.300 million). The remaining capital expenditure represents renewals and upgrades of existing assets.

## 6.2 Funding sources

Sources of funding	Ref	Forecast Actual 2014/15 \$'000	Budget 2015/16 \$'000	Variance \$'000
<b>Works carried forward</b>				
<b>Current year funding</b>				
Grants		1,000	375	625
Contributions				0
Borrowings				0
Council cash				0
- operations		1,799	994	805
- proceeds on sale of assets				0
- reserve cash and investments				0
- unrestricted cash and investments				0
<b>Total works carried forward</b>	6.2.1	<b>2,799</b>	<b>1,369</b>	<b>1,430</b>
<b>New works</b>				
<b>Current year funding</b>				
Grants	6.2.2	1,982	1,771	211
Contributions				0
Borrowings		1,000	500	500
Council cash				0
- operations	6.2.3	811	1,822	(1,011)
- proceeds on sale of assets				
- reserve cash and investments				
- unrestricted cash and investments				
<b>Total new works</b>		<b>3,793</b>	<b>4,093</b>	<b>(300)</b>
<b>Total funding sources</b>		<b>6,592</b>	<b>5,462</b>	<b>1,130</b>

**Budgeted total funding sources 2015/16**



Source: Appendix A

### **6.2.1 Carried forward works (\$1.369 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 \$1.369 million of capital works will be incomplete and be carried forward into the 2015/16 year. The most significant projects include the Landfill (\$0.400 million), Devenish Drainage (\$0.354 million).

### **6.2.2 Grants - Capital (\$1.771 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 (\$1.370 million), and other small grants (\$0.401 million).

### **6.2.3 Council cash - operations (\$1.822 million)**

Council generates cash from its operating activities, which is used as a funding source for the capital works program. It is forecast that \$1.822 million will be generated from operations to fund the 2015/16 capital works program.

## 7. Analysis of budgeted financial position

This section analyses the movements in assets, liabilities and equity between 2014/15 and 2015/16. It also considers a number of key performance indicators.

### 7.1 Budgeted balance sheet

	Ref	Forecast Actual 2015 \$'000	Budget 2016 \$'000	Variance \$'000
<b>Current assets</b>	7.1.1			
Cash and cash equivalents		4,695	3,790	(905)
Trade and other receivables		1,972	2,002	30
Financial assets		0	0	0
Other assets		65	66	1
<b>Total current assets</b>		<b>6,732</b>	<b>5,858</b>	<b>(874)</b>
<b>Non-current assets</b>	7.1.1			
Investment in associates		485	485	0
Property, infrastructure, plant and equipment		214,000	213,974	(26)
<b>Total non-current assets</b>		<b>214,485</b>	<b>214,459</b>	<b>(26)</b>
<b>Total assets</b>		<b>221,217</b>	<b>220,317</b>	<b>(900)</b>
<b>Current liabilities</b>	7.1.2			
Trade and other payables		2,394	2,430	(36)
Trust funds and deposits		598	607	(9)
Interest-bearing loans and borrowings		1,174	1,043	131
Provisions		2,390	2,426	(36)
<b>Total current liabilities</b>		<b>6,556</b>	<b>6,506</b>	<b>50</b>
<b>Non-current liabilities</b>	7.1.2			
Interest-bearing loans and borrowings		5,786	5,244	542
Provisions		2,284	1,688	596
<b>Total non-current liabilities</b>		<b>8,070</b>	<b>6,932</b>	<b>1,138</b>
<b>Total liabilities</b>		<b>14,626</b>	<b>13,438</b>	<b>1,188</b>
<b>Net assets</b>		<b>206,591</b>	<b>206,879</b>	<b>288</b>
<b>Equity</b>	7.1.4			
Accumulated surplus		128,921	129,273	352
Asset revaluation reserve		77,530	77,397	(133)
Other reserves		140	209	69
<b>Total equity</b>		<b>206,591</b>	<b>206,879</b>	<b>288</b>

Source: Appendix A

#### 7.1.1 Current Assets (\$0.874 million decrease) and Non-Current Assets (\$0.026 million decrease)

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 \$0.874 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 decrease in this balance is attributable to the net result of the capital works program (\$4.862 million of new assets) and depreciation of assets (\$4.888 million).

### **7.1.2 Current Liabilities (\$0.050 million decrease) and Non Current Liabilities (\$1.138 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 2014/15 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 \$0.500 million in new loans and repay loan principal of \$1.174 million over the year.

The landfill rehabilitation provision will reduce as rehabilitation works totalling \$0.600 million are planned.

### **7.1.3 Working Capital (\$0.824 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 Actual 2015 \$'000	Budget 2016 \$'000	Variance \$'000
<b>Current assets</b>	6,732	5,858	874
<b>Current liabilities</b>	6,556	6,506	50
<b>Working capital</b>	176	(648)	824
Restricted cash and investment current assets			
- Statutory reserves	0	0	0
- Discretionary reserves	(140)	(209)	69
<b>Unrestricted working capital*</b>	<b>36</b>	<b>(857)</b>	<b>893</b>

Council is also projected to hold \$0.209 million in discretionary reserves at 30 June 2016. 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 (\$0.288 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 \$0.288 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 2016 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 2014/15 levels and have been adjusted for inflation.
- Trade creditors to remain consistent with 2014/15 levels and have been adjusted for inflation. Payment cycle is 30 days.
- Other debtors and creditors to remain consistent with 2014/15 levels.
- Employee entitlements to be increased by employee cost growth of 5%.
- Repayment of loan principal to be \$1.174 million and new loans \$0.500 million.
- Total capital expenditure to be \$5.462 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 2015/16 to 2018/19 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

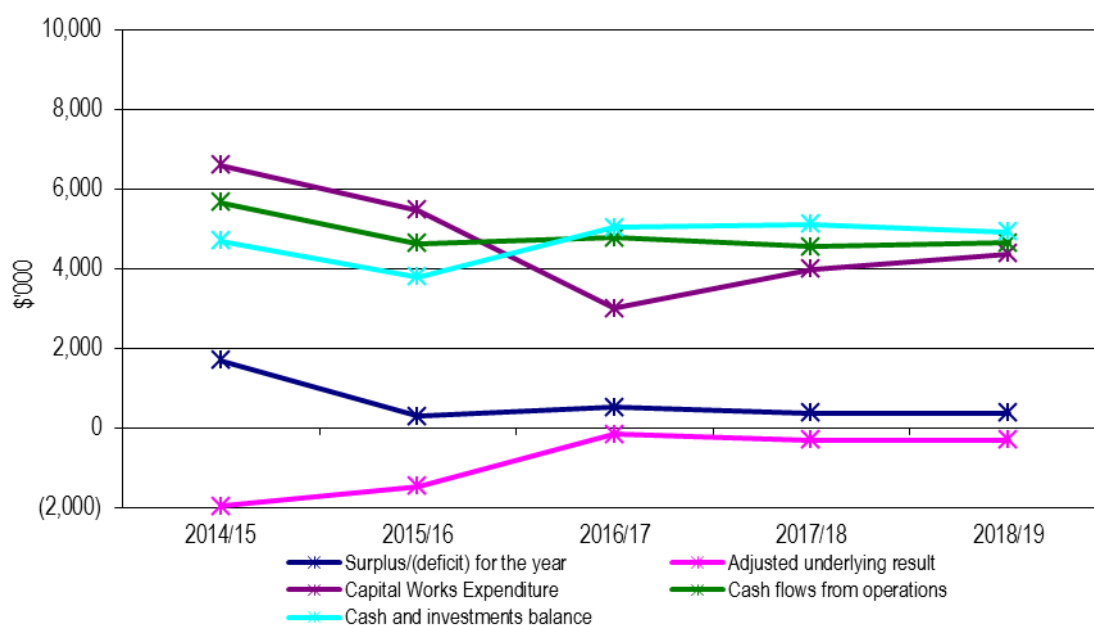
The following table summarises the key financial results for the next four years as set out in the SRP for years 2015/16 to 2018/19. Appendix A includes a more detailed analysis of the financial resources to be used over the four year period.

Indicator	Forecast	Budget	Strategic Resource Plan			Trend
	Actual		Projections			
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	+/-o/-
Surplus/(deficit) for the year	1,682	288	513	367	365	-
Adjusted underlying result	(1,981)	(1,483)	(172)	(319)	(321)	+
Cash and investments balance	4,695	3,790	5,022	5,102	4,915	o
Cash flows from operations	5,976	4,912	5,000	4,747	4,851	-
Capital works expenditure	6,592	5,462	2,989	3,980	4,370	-

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 \$3.790 million to \$4.915 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 4%, in line with that expected of comparable councils
- **Borrowing strategy (section 10)** – Borrowings are forecast to decrease to \$4.8 million over the four year period. This includes new borrowings of \$2.0 million.
- **Infrastructure strategy (section 10)** - Capital expenditure over the four year period will total \$16.8 million at an average of \$4.2 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.

Context of the organisation's objectives.

3		Notes	Forecast	Strategic Resource Plan				
Indicator	Measure		Actual 2014/15	Budget 2015/16	Projections Projections			Trend +/-
Operating position								
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-8.2%	-5.9%	-0.7%	-1.2%	-1.1%	+
Liquidity								
Working Capital	Current assets / current liabilities	2	102.7%	90.0%	103.2%	103.9%	102.1%	+
Unrestricted cash	Unrestricted cash / current liabilities		100.5%	87.2%	99.2%	98.9%	96.3%	+
Obligations								
Loans and borrowings	Interest bearing loans and borrowings / rate revenue	3	47.2%	40.8%	35.8%	31.5%	27.7%	+
Loans and borrowings	Interest and principal repayments on interest bearing loans and borrowings / rate revenue		9.1%	7.6%	6.5%	5.9%	5.5%	+
Indebtedness	Non-current liabilities / own source revenue		45.2%	36.4%	30.6%	26.5%	23.7%	+
Asset renewal	Asset renewal expenditure / depreciation	4	71.0%	50.3%	32.8%	41.7%	45.8%	-
Stability								
Rates concentration	Rate revenue / adjusted underlying revenue	5	53.0%	57.2%	59.2%	59.8%	60.5%	-
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.6%	0.6%	0.7%	0.7%	0.7%	o
Efficiency								
Expenditure level	Total expenditure / no. of property assessments		\$3,537	\$3,590	\$3,576	\$3,701	\$3,811	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$1,314	\$1,100	\$1,100	\$1,100	\$1,100	o
Workforce turnover	No. of permanent staff resignations & terminations / average no. of permanent staff for the financial year		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 2015/16 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 2015/16 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 Actual 2014/15	Budget 2015/16	Strategic Resource Plan Projections		
			2016/17	2017/18	2018/19
Employee costs (\$'000)					
- Operating	11,283	11,221	11,782	12,371	12,990
- Capital	0	0	0	0	0
Total	11,283	11,221	11,782	12,371	12,990
Employee numbers (EFT)	127	126	125	125	125

## **9. Rating Strategy**

### **9.1 Strategy development**

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).

Council is currently undertaking a review of the rating strategy and has developed a draft Revenue and Rating Strategy Discussion Paper. A Focus Group, comprised of community representatives and Councillors has been formed to undertake a review of the Discussion Paper prior to its release to the community for comment and formal submissions.

#### **Current Principles of Equity and Fairness**

Council has previously 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 4.0% and will be applied as follows:

▪ Maintain existing services	2.0%
▪ Additional capital projects funding	2.0%
<b>Total</b>	<b>4.0%</b>

To fund the increase in rates and charges revenue it is proposed that general rate revenue increase by 5.5%, the municipal charge increases by 5.7% to \$226.20 and the waste management revenue reduces by -5.6%.

#### 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%
2014/15	Budget	5.0%
<b>2015/16</b>	<b>Budget</b>	<b>4.0%</b>
2016/17	Projected	4.0%
2017/18	Projected	4.0%

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

### **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 2015/16 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 2015/16 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 2015/16 financial year based on the current January 2014 general valuation property valuation totals.

Rating Category	Cents in the dollar 2015/16	Cents in the dollar 2014/15	Change Cents in the dollar	Change %
Residential (Benalla)	0.519	0.491	0.028	5.7%
Residential (Rural Township)	0.452	0.428	0.024	5.7%
Business	0.701	0.663	0.038	5.7%
Vacant Land (Benalla)	0.997	0.944	0.053	5.7%
Vacant Land (Rural Township)	0.654	0.619	0.035	5.7%
Rural – Non Farming	0.421	0.398	0.023	5.7%
Rural – Farmland	0.390	0.369	0.021	5.7%
Cultural & Recreational	0.395	0.374	0.021	5.7%

### 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 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 60 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 \$214.00 to \$226.20 per property and will generate revenue of \$1.688 million, which equates to approximately 12.5% of the total general rates and municipal charge revenue budgeted for the 2015/16 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
- a new organics collection service for the Benalla Urban area
- 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. Council is currently updating the waste collection service across the municipality and will implement a roll-out of new bins to property owners, effective from the 1 July 2014.

The following table reflects the transition from the existing service to the new service post 1 July 2015, with revised bin sizes and collection frequencies being introduced.



## 9. Rating Strategy (continued)

Type of charge	Per Serviced Property			
	2015/16 \$	2014/15 \$	Change \$	Change %
Waste Management Charge including 40 Lt Bin	NA	135	NA	NA
Waste Management Charge including 80 Lt Bin	NA	135	NA	NA
Waste Management Charge including 140 Lt Bin	NA	290	NA	NA
Waste Management Charge including 240 Lt Bin	NA	425	NA	NA
Additional Waste Recycling Bin	NA	95	NA	NA
<b>New Waste Services - Urban</b>				
80lt Organic-80lt Waste, Recycle	200	NA	NA	NA
120lt Organic-80lt Waste, Recycle	225	NA	NA	NA
240lt Organic-80lt Waste, Recycle	275	NA	NA	NA
80lt Organic-120lt Waste, Recycle	250	NA	NA	NA
120lt Organic-120lt Waste, Recycle	300	NA	NA	NA
240lt Organic-120lt Waste, Recycle	350	NA	NA	NA
80lt Organic-240lt Waste, Recycle	400	NA	NA	NA
120lt Organic-240lt Waste, Recycle	450	NA	NA	NA
240lt Organic-240lt Waste, Recycle	500	NA	NA	NA
<b>New Waste Services - Rural</b>				
80lt Waste, Recycle	200	NA	NA	NA
120lt Waste, Recycle	300	NA	NA	NA
240lt Waste, Recycle	500	NA	NA	NA

## **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.

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 to be effective from 1 July 2015 is 9.5%.

*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.

#### Funding of 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
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
2014/15	Budget	1,982	1000	811	3,793
<b>2015/16</b>	<b>Budget</b>	<b>1,771</b>	<b>500</b>	<b>1,822</b>	<b>4,093</b>
2016/17	Projected	685	500	1,804	2,989
2017/18	Projected	685	500	2,795	3,980
2018/19	Projected	685	500	3,185	4,370

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

## 10.2 Borrowings

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.

### Current year borrowings

The following table sets out the proposed borrowings for the 2015/16 year, based on the budgeted financial position as at 30 June 2016.

Year		New Loans \$'000	Principal Repaid \$'000	Total Loans \$'000	Interest Expense \$'000	Net Current Assets %	Indebtedness %
2014/15	Forecast	1,000	1,343	6,961	327	103%	45%
<b>2015/16</b>	<b>Budget</b>	<b>500</b>	<b>1,174</b>	<b>6,287</b>	<b>281</b>	<b>90%</b>	<b>36%</b>
2016/17	Projected	500	1,043	5,743	236	103%	31%
2017/18	Projected	500	985	5,259	202	104%	27%
2018/19	Projected	500	955	4,804	213	102%	24%
					<b>Target</b>	<b>&gt;100%</b>	<b>&lt;60%</b>

The 2015/16 Budget includes the drawdown of \$0.5 million in additional loan funding to fund the 2015/16 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

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.

### Employee costs

The following table sets out the proposed level and costs of human resources to be maintained over the next four years.

Indicator	Forecast Actual 2014/15	Budget 2015/16	Strategic Resource Plan Projections		
			2016/17	2017/18	2018/19
Employee costs (\$'000)					
- Operating	11,283	11,221	11,782	12,371	12,990
- Capital	0	0	0	0	0
Total	11,283	11,221	11,782	12,371	12,990
Employee numbers (EFT)	127	126	125	125	125

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Total employee costs are projected to increase by 5%. This includes Enterprise Agreement pay rises, annual banding increases, end of band payments and increases in annual Work Cover premiums.

The decrease of 2 full-time equivalent employees in the Community Development Department over the next four years is due to grant funding ending.

The organisational structure is subject to an annual review based on the availability of funding and the functions of the Council to be carried out.

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	63
B	Rates and charges	70

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## **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 2015/16 to 2018/19 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:

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

# Comprehensive Income Statement

For the four years ending 30 June 2019

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Income</b>					
Rates and charges	14,748	15,406	16,022	16,663	17,329
Statutory fees and fines	0	0	0	0	0
User fees	2,758	3,354	3,905	3,956	4,008
Grants - Operating	6,318	6,121	6,157	6,249	6,343
Grants - Capital	3,663	1,771	685	685	685
Contributions - monetary	0	0	0	0	0
Contributions - non-monetary	0	0	0	0	0
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	0		0	0	0
Fair value adjustments for investment property	0	0	0	0	0
Share of net profits/(losses) of associates and joint ventures	0	0	0	0	0
Other income	362	290	293	296	298
<b>Total income</b>	<b>27,849</b>	<b>26,942</b>	<b>27,062</b>	<b>27,849</b>	<b>28,663</b>
<b>Expenses</b>					
Employee costs	11,284	11,221	11,782	12,371	12,990
Materials and services	10,017	9,565	9,724	9,884	10,052
Bad and doubtful debts	0	0	0	0	0
Depreciation and amortisation	3,821	4,888	4,097	4,295	4,295
Borrowing costs	327	281	236	202	213
Other expenses	718	699	710	730	748
<b>Total expenses</b>	<b>26,167</b>	<b>26,654</b>	<b>26,549</b>	<b>27,482</b>	<b>28,298</b>
<b>Surplus/(deficit) for the year</b>	<b>1,682</b>	<b>288</b>	<b>513</b>	<b>367</b>	<b>365</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>					
Net asset revaluation increment /(decrement)	0	0	0	0	0
Share of other comprehensive income of associates and joint ventures	0	0	0	0	0
<b>Items that may be reclassified to surplus or deficit in future periods (detail as appropriate)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive result</b>	<b>1,682</b>	<b>288</b>	<b>513</b>	<b>367</b>	<b>365</b>



**Balance Sheet**

For the four years ending 30 June 2019

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2015	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4,695	3,790	5,022	5,102	4,915
Trade and other receivables	1,972	2,002	2,032	2,062	2,093
Other financial assets	0	0	0	0	0
Inventories	0	0	0	0	0
Non-current assets classified as held for sale	0	0	0	0	0
Other assets	65	66	67	68	69
<b>Total current assets</b>	6,732	5,858	7,121	7,232	7,077
<b>Non-current assets</b>					
Trade and other receivables	0	0	0	0	0
Investments in associates and joint ventures	485	485	485	485	485
Property, infrastructure, plant & equipment	214,000	213,974	212,866	212,551	212,626
Investment property	0	0	0	0	0
Intangible assets	0	0	0	0	0
<b>Total non-current assets</b>	214,485	214,459	213,351	213,036	213,111
<b>Total assets</b>	221,217	220,317	220,472	220,268	220,188
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	2,394	2,430	2,467	2,504	2,541
Trust funds and deposits	598	607	622	637	653
Provisions	2,390	2,426	2,825	2,865	2,826
Interest-bearing loans and borrowings	1,174	1,043	985	955	911
<b>Total current liabilities</b>	6,556	6,506	6,899	6,961	6,931
<b>Non-current liabilities</b>					
Provisions	2,284	1,688	1,423	1,247	1,244
Interest-bearing loans and borrowings	5,786	5,244	4,758	4,301	3,889
<b>Total non-current liabilities</b>	8,070	6,932	6,181	5,548	5,133
<b>Total liabilities</b>	14,626	13,438	13,080	12,509	12,064
<b>Net assets</b>	206,591	206,879	207,392	207,759	208,124
<b>Equity</b>					
Accumulated surplus	128,921	129,273	129,717	130,014	130,309
Reserves	77,670	77,606	77,675	77,745	77,815
<b>Total equity</b>	206,591	206,879	207,392	207,759	208,124

## Statement of Changes in Equity

For the four years ending 30 June 2019

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2016</b>				
Balance at beginning of the financial year	206,591	128,921	77,397	273
Surplus/(deficit) for the year	288	288	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	(70)	-	70
<b>Balance at end of the financial year</b>	<b>206,879</b>	<b>129,139</b>	<b>77,397</b>	<b>343</b>
<b>2017</b>				
Balance at beginning of the financial year	206,879	129,139	77,397	343
Surplus/(deficit) for the year	513	513	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	(70)	-	70
<b>Balance at end of the financial year</b>	<b>207,392</b>	<b>129,582</b>	<b>77,397</b>	<b>413</b>
<b>2018</b>				
Balance at beginning of the financial year	207,392	129,582	77,397	413
Surplus/(deficit) for the year	367	367	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	(70)	-	70
<b>Balance at end of the financial year</b>	<b>207,759</b>	<b>129,877</b>	<b>77,397</b>	<b>483</b>
<b>2019</b>				
Balance at beginning of the financial year	207,759	129,877	77,397	483
Surplus/(deficit) for the year	365	365	-	-
Net asset revaluation increment/(decrement)	-	-	-	-
Transfer to other reserves	-	-	-	-
Transfer from other reserves	-	(70)	-	70
<b>Balance at end of the financial year</b>	<b>208,124</b>	<b>130,172</b>	<b>77,397</b>	<b>553</b>

## Statement of Cash Flows

For the four years ending 30 June 2019

	Forecast Actual 2014/15 \$'000 Inflows (Outflows)	Budget 2015/16 \$'000 Inflows (Outflows)	Strategic Resource Plan Projections		
			2016/17 \$'000 Inflows (Outflows)	2017/18 \$'000 Inflows (Outflows)	2018/19 \$'000 Inflows (Outflows)
<b>Cash flows from operating activities</b>					
Rates and charges	14,748	15,406	16,022	16,663	17,329
Statutory fees and fines					
User fees	3,150	3,843	4,451	4,509	4,569
Grants - operating	6,318	6,121	6,157	6,249	6,343
Grants - capital	3,663	1,771	685	685	685
Contributions - monetary					
Interest received	227	121	121	121	121
Dividends received					
Trust funds and deposits taken					
Other receipts					
Net GST refund / payment	(286)	(349)	(405)	(410)	(415)
Employee costs	(11,158)	(11,181)	(11,648)	(12,230)	(12,841)
Materials and services	(10,686)	(10,220)	(10,383)	(10,562)	(10,749)
Trust funds and deposits repaid					
Other payments	0	(600)	0	(278)	(191)
<b>Net cash provided by/(used in) operating activities</b>	5,976	4,912	5,000	4,747	4,851
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	(6,592)	(4,862)	(2,989)	(3,980)	(4,370)
Proceeds from sale of property, infrastructure, plant and equipment					
Payments for investments					
Proceeds from sale of investments					
Loan and advances made					
Payments of loans and advances	(327)	(281)	(236)	(202)	(213)
Net cash provided by/ (used in) investing activities	(6,919)	(5,143)	(3,225)	(4,182)	(4,583)
<b>Cash flows from financing activities</b>					
Finance costs					
Proceeds from borrowings	1,000	500	500	500	500
Repayment of borrowings	(1,343)	(1,174)	(1,043)	(985)	(955)
Net cash provided by/(used in) financing activities	(343)	(674)	(543)	(485)	(455)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	(1,286)	(905)	1,232	80	(187)
Cash and cash equivalents at the beginning of the financial year	5,981	4,695	3,790	5,022	5,102
<b>Cash and cash equivalents at the end of the financial year</b>	4,695	3,790	5,022	5,102	4,915

## Statement of Capital Works

For the four years ending 30 June 2019

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Property</b>					
Land	0	20	0	0	0
Land improvements	0	0	0	0	0
<b>Total land</b>	0	20	0	0	0
Buildings	1,708	155	263	377	414
Heritage buildings	0	0	0	0	0
Building improvements	0	0	0	0	0
Leasehold improvements	0	0	0	0	0
<b>Total buildings</b>	1,708	155	263	377	414
<b>Total property</b>	1,708	175	263	377	414
<b>Plant and equipment</b>					
Heritage plant and equipment	0	0	0	0	0
Plant, machinery and equipment	58	105	738	441	484
Fixtures, fittings and furniture	0	0	0	0	0
Computers and telecommunications	228	325	0	0	0
Library books	0	0	0	0	0
<b>Total plant and equipment</b>	286	430	738	441	484
<b>Infrastructure</b>					
Roads	1,482	903	1,793	1,726	1,896
Bridges	835	1025	0	0	0
Footpaths and cycleways	185	80	0	0	0
Drainage	250	354	113	402	441
Recreational, leisure and community facilities		548	82	44	48
Waste management	1578	1100	0	654	718
Parks, open space and streetscapes	268		0	336	369
Aerodromes		485	0	0	0
Off street car parks		300	0	0	0
Other infrastructure		62	0	0	0
<b>Total infrastructure</b>	4,598	4,857	1,988	3,162	3,472
<b>Total capital works expenditure</b>	6,592	5,462	2,989	3,980	4,370
<b>Represented by:</b>					
New asset expenditure	1,943	1,942	1,063	1,415	1,554
Asset renewal expenditure	2,712	2,457	1,345	1,790	1,966
Asset expansion expenditure	0	100	55	73	80
Asset upgrade expenditure	1,937	963	527	702	770
<b>Total capital works expenditure</b>	6,592	5,462	2,989	3,980	4,370

## Statement of Human Resources

For the four years ending 30 June 2019

	Forecast Actual	Budget	Strategic Resource Plan Projections		
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
<b>Staff expenditure</b>					
Employee costs - operating	11,283	11,221	11,782	12,371	12,990
Employee costs - capital	0	0	0	0	0
<b>Total staff expenditure</b>	11,283	11,221	11,782	12,371	12,990
	FTE	FTE	FTE	FTE	FTE
<b>Staff numbers</b>					
Employees	127	126	125	125	125
Total staff numbers	127	126	125	125	125

## 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

	2015/16 \$	2014/15 \$
New borrowings (other than refinancing)	500,000	1,000,000
Debt redemption	1,174,000	1,343,000

### 2 Rates and charges

Differential rating ratios being applied in 2015/16 are the same as the 2014/15 year. The base rate, Residential (Benalla) has increased by 5.7% 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	2015/16 Cents/\$CIV	2014/15 Cents/\$CIV
Residential (Benalla)	0.519	0.491
Residential (Rural Township)	0.452	0.428
Business	0.701	0.663
Vacant Land (Benalla)	0.997	0.944
Vacant Land (Rural Township)	0.654	0.619
Rural – Non Farming	0.421	0.398
Rural – Farmland	0.390	0.369
Cultural and Recreational Land	0.395	0.374

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

<b>Differential Rating Category</b>	<b>2015/16 \$</b>	<b>2014/15 \$</b>
Residential (Benalla)	5,090,351	4,850,966
Residential (Rural Township)	152,622	144,030
Business	1,887,542	1,811,486
Vacant Land (Benalla)	266,683	229,104
Vacant Land (Rural Township)	6,041	5,870
Rural – Non Farming	1,410,235	1,318,175
Rural – Farmland	2,928,567	2,775,186
Cultural and Recreational Land	17,725	16,770
Provision for Supplementary Rates	30,899	29,507

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

	<b>2015/16 \$</b>	<b>2014/15 \$</b>
Total rates to be raised	11,790,665	11,181,093

**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**

<b>Differential Rating Category</b>	<b>2015/16 Change %</b>	<b>2014/15 Change %</b>
Residential (Benalla)	5.7%	2.6%
Residential (Rural Township)	5.7%	2.6%
Business	5.7%	2.6%
Vacant Land (Benalla)	5.7%	2.6%
Vacant Land (Rural Township)	5.7%	2.6%
Rural - Non Farming	5.7%	2.6%
Rural – Farmland	5.7%	2.6%
Cultural and Recreational Land	5.7%	2.6%

**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) reflects the level of housing development which has occurred during 2014/15. Consolidation of some adjoining Rural-Farmland assessments has reduced the number of assessments in that category.

Differential Rating Category	2015/16	2014/15
Residential (Benalla)	4,553	4,539
Residential (Rural Township)	215	214
Business	461	464
Vacant Land (Benalla)	154	140
Vacant Land (Rural Township)	18	19
Rural - Non Farming	1,160	1,152
Rural – Farmland	1,294	1,306
Cultural and Recreational Land	1	1
<b>Total number of assessments</b>	<b>7,856</b>	<b>7,835</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 final year that these valuations will be used for rating purposes. All properties will then be revalued as at the 1 January 2016, with those revised valuations being first used for the 2016/17 year.

**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	2015/16 \$	2014/15 \$
Residential (Benalla)	980,011,000	987,064,000
Residential (Rural Township)	33,774,000	33,686,000
Business	269,182,000	273,035,000
Vacant Land (Benalla)	26,741,000	24,280,000
Vacant Land (Rural Township)	923,000	948,000
Rural - Non Farming	335,189,000	331,135,000
Rural – Farmland	751,756,400	752,918,400
Cultural and Recreational Land	4,490,000	4,490,000
<b>Total</b>	<b>2,402,066,400</b>	<b>2,407,556,400</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	
	2015/16 \$	2014/15 \$
Municipal Charge	226.20	214
Waste Management Charge including 40 Lt Bin	NA	135
Waste Management Charge including 80 Lt Bin	NA	135
Waste Management Charge including 140 Lt Bin	NA	290
Waste Management Charge including 240 Lt Bin	NA	425
Additional Waste Recycling Bin	NA	95
<b>New Waste Services – Urban Area</b>		
80lt Organic-80lt Waste, Recycle	200	NA
120lt Organic-80lt Waste, Recycle	225	NA
240lt Organic-80lt Waste, Recycle	275	NA
80lt Organic-120lt Waste, Recycle	250	NA
120lt Organic-120lt Waste, Recycle	300	NA
240lt Organic-120lt Waste, Recycle	350	NA
80lt Organic-240lt Waste, Recycle	400	NA
120lt Organic-240lt Waste, Recycle	450	NA
240lt Organic-240lt Waste, Recycle	500	NA
<b>New Waste Services – Rural Area</b>		
80lt Waste, Recycle	200	NA
120lt Waste, Recycle	300	NA
240lt Waste, Recycle	500	NA

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, organics waste collection, 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 kerbside waste collection service.

Council has adopted a new Waste Services Policy to standardise operational and administrative procedures relating to the waste service.

The service provides residents with a comprehensive range of waste bin sizes to encourage waste minimisation and the new 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	2015/16 \$	2014/15 \$
Municipal Charge	1,688,535	1,591,172
Waste Management Charge including 40 Lt Bin	NA	10,125
Waste Management Charge including 80 Lt Bin	NA	120,555
Waste Management Charge including 140 Lt Bin	NA	1,335,450
Waste Management Charge including 240 Lt Bin	NA	565,250
Additional Waste Recycling Bin	NA	2,755
Provision for Supplementary Charges	NA	7,000
<b>New Waste Services – Urban and Rural Areas</b>		
80lt Organic-80lt Waste, Recycle	291,200	NA
120lt Organic-80lt Waste, Recycle	85,725	NA
240lt Organic-80lt Waste, Recycle	40,425	NA
80lt Organic-120lt Waste, Recycle	76,000	NA
120lt Organic-120lt Waste, Recycle	1,175,400	NA
240lt Organic-120lt Waste, Recycle	58,800	NA
80lt Organic-240lt Waste, Recycle	39,600	NA
120lt Organic-240lt Waste, Recycle	52,650	NA
240lt Organic-240lt Waste, Recycle	107,000	NA
<b>Total</b>	<b>3,615,335</b>	<b>3,632,307</b>

**2.10 The estimated total amount to be raised by rates and charges:  
\$15,406,000**

**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
- 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 2015/16 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 and 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
- is used for one or a combination of the listed farming pursuits
- is used primarily by a business that has a significant and substantial commercial purpose or character
- 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
0.00390	\$2,928,567	24.84%

**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 & 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
0.00997	\$266,683	2.26%

**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), GRZ – General Residential 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 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.

**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
0.00654	\$6,041	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.)

Properties located adjacent to established Township precincts, with a land area of generally less than 5ha and located in the Farm Zone – FZ, will be included in this category.

### 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 and 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
0.00519	\$5,090,351	43.17%

**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, GRZ – General Residential 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 and 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
0.00452	\$152,622	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.

Properties located adjacent to established Township precincts, with a land area of generally less than 5ha and located in the Farm Zone – FZ, will be included 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 and 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
0.00701	\$1,887,542	16.01%

**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 (ie GRZ – General Residential Zone) 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 and 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
0.00421	\$1,410,235	11.96%

**Geographic Location:**

Situated in a Rural location (excluding areas immediately adjacent to rural township precincts) 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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